Solstice Advanced Materials, Inc. (SOLS)

Published November 28th, 2025, by Kody Kester

Key Metrics

Current Price:	$48	**5 Year Annual Expected Total Return:**	6.7%	**Market Cap:**	$7.6B
Fair Value Price:	$41	**5 Year Growth Estimate:**	10.0%	**Ex-Dividend Date:**	N/A[1]
% Fair Value:	117%	**5 Year Valuation Multiple Estimate:**	-3.0%	**Dividend Payment Date:**	N/A[1]
Dividend Yield:	0.0%	**5 Year Price Target**	$66	**Years Of Dividend Growth:**	N/A
Dividend Risk Score:	N/A	**Sector:** Materials		**Rating:**	Sell

Overview & Current Events

Solstice Advanced Materials, Inc. is a specialty chemicals and advanced materials company. The company was formed through the spinoff of Honeywell's (HON) advanced chemical and refrigerant solutions businesses. Just last month, HON completed the spinoff of Solstice Advanced Materials, Inc. under the ticker symbol SOLS. With around 4,000 employees and more than 3,000 customers in 120-plus countries and territories around the world, it's a global business. The company serves a variety of end markets: These include the HVAC, automotive, alternative energy, construction, chemicals, semiconductors, and life science & medical end markets. SOLS operates the following two segments:

1. Refrigerants & Applied Solutions: The RAS segment manufactures and sells low global warming potential refrigerants, solvents, aerosol materials, and blowing agents. It also provides LGWP refrigerants, aerosol propellants, cleaning solvents, and high-barrier pharmaceutical packaging materials under the eponymous Solstice brand, as well as the Genetron and Aclar brands. This segment made up approximately 72% of the $3.8 billion in net sales logged in 2024.
2. Electronic & Specialty Materials: The ESM segment provides electronic materials, laboratory life science chemicals, and high-strength fibers to customers in various end markets. Key brands include Spectra, Fludka, and Hydranal. The segment comprised the remaining 28% of its total 2024 net sales.

On November 6th, SOLS shared its earnings report for the third quarter ended September 30th, 2025. The company's net sales grew by 6.8% year-over-year to $969 million during the quarter. That was largely driven by a 9% increase in net sales in the RAS segment over the year-ago period in the quarter. Organic net sales rose by 5% year-over-year for the quarter, which was fueled by volume growth and favorable pricing in refrigerants. EMS segment net sales edged 2% higher over the year-ago period during the quarter. Strength in electronic materials was partially offset by lower volumes in healthcare packaging in the quarter. Adjusted standalone EBITDA decreased by 4.5% year-over-year for the quarter to $235 million. This was due to cost items during the quarter that are expected to be transitory in nature.

Growth on a Per-Share Basis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
EPS	-	-	-	-	-	-	-	-	-	-	***$2.27***	***$3.66***
DPS	-	-	-	-	-	-	-	-	-	-	***-***	***$0.73***
Shares[2]	-	-	-	-	-	-	-	-	-	-	***158.7***	***158.7***

As a spinoff, SOLS has a very brief time as a standalone publicly traded company (about one month to be more precise). Discerning future growth prospects requires considering the industry in which the company operates. The market research firm, Data Bridge Market Research, anticipates that the global refrigerant market will compound by 7.9% annually from $28.9 billion in 2025 to $53 billion by 2032. As a leader in the next generation of refrigerants (HFOs), we believe SOLS is positioned to capture market share over time. Other high-growth verticals, like semiconductors, are another growth catalyst for the company. This is why we think EPS can grow by 10% annually off our 2025 estimate.

[1] No dividend has been announced to date.

[2] Share count is in millions.

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Valuation Analysis

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Avg. P/E	-	-	-	-	-	-	-	-	-	-	***21.0***	***18.0***
Avg. Yld.	-	-	-	-	-	-	-	-	-	-	***-***	***1.1%***

Since there is no historical valuation precedent, valuing SOLS is tricky. We're reasonably confident in beginning our coverage with a fair value P/E ratio in the high teens, however. This is because the company looks to have plenty of growth catalysts in its base business of refrigerants and an equally strong growth outlook for end markets, such as semiconductors. From the current year P/E ratio of 21, shares appear to be somewhat overextended.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2030
Payout	-	-	-	-	-	-	-	-	-	-	***-***	***20%***

One key competitive advantage for SOLS is its intellectual property. The company's 5,700 and counting patents and pending applications across its portfolio protect its differentiated technologies across refrigerants, fibers (via Spectra), and packaging (Aclar). SOLS also provides high-value but low-volume materials. That means these inputs are critical, and quality matters more than cost. This market niche comes with high switching costs, which usually translates into customer loyalty.

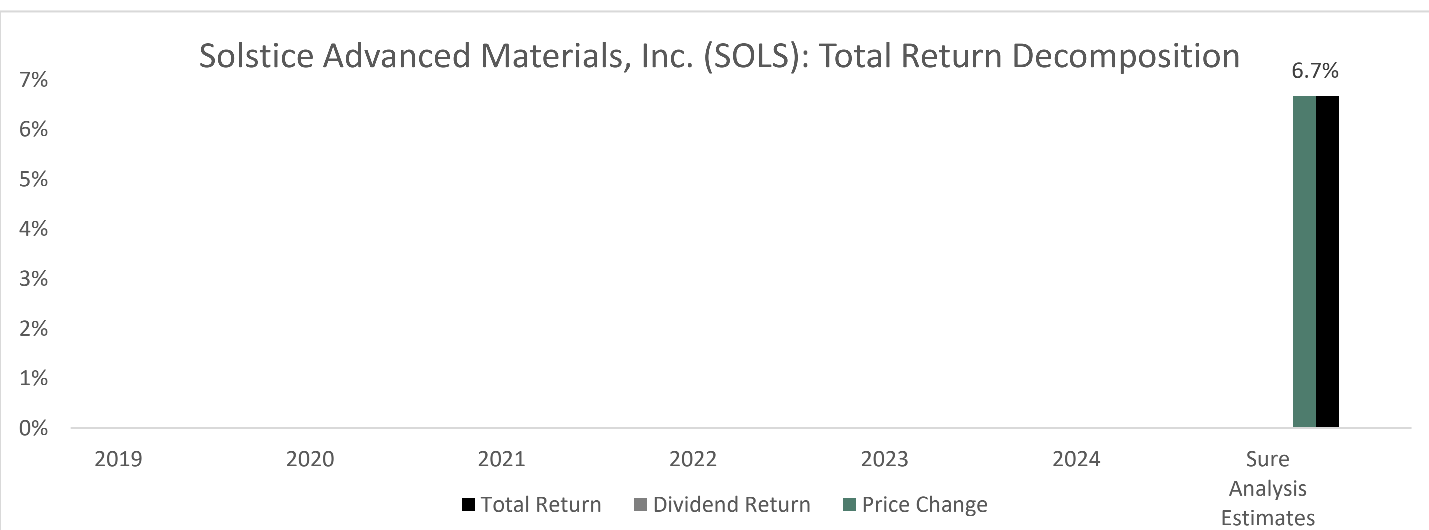
SOLS' financial health is also reasonably solid. As of September 30th, 2025, the company's net leverage ratio over the past 12 months was 1.5x. SOLS also had $1.5 billion in total liquidity against $2 billion in total debt. As a result, SOLS' inaugural credit rating from S&P was BB+ (one notch below investment-grade), with a BBB- issue-level rating on the senior secured credit facilities.

The company hasn't announced a dividend yet. However, we believe this will be announced next year. We anticipate that the starting payout ratio will be between 10% and 15%, with the potential to expand to around 20% by 2030.

Final Thoughts & Recommendation

SOLS' likely modest dividend yield, 10.0% annual EPS growth prospects, and 3.0% annual valuation multiple downside potential could position it for high-single-digit annual total returns through 2030. However, the lack of a dividend means we start the stock with a sell rating.

Total Return Breakdown by Year



Disclosure: This analyst has no position in the security discussed in this research report, and no plans to initiate one in the next 72 hours.

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Income Statement Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Revenue								3,587	3,649	3,770
Gross Profit								1,402	1,281	1,304
Gross Margin								39.1%	35.1%	34.6%
SG&A Exp.								-	-	398
D&A Exp.								153	221	217
Operating Profit								967	824	825
Operating Margin								27.0%	22.6%	21.9%
Net Profit								732	619	605
Net Margin								20.4%	17.0%	16.0%
Free Cash Flow								455	428	545
Income Tax								211	195	192

Balance Sheet Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Total Assets									4,657	5,004
Cash & Equivalents									606	661
Accounts Receivable									620	569
Inventories									552	558
Goodwill & Int. Ass.									887	872
Total Liabilities									1,629	1,822
Accounts Payable									772	778
Long-Term Debt									229	416
Shareholder’s Equity									3,111	3,258
LTD/E Ratio									0.08	0.14

Profitability & Per Share Metrics

Year	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Return on Assets										12.5%
Return on Equity										19.5%
ROIC										17.5%
Shares Out.										158.7
Revenue/Share								5.65	5.75	5.94
FCF/Share								0.72	0.67	0.86

Note: All figures in millions of U.S. Dollars unless per share or indicated otherwise.