Solstice Advanced Materials, Inc. (SOLS)

Updated June 6th, 2026, by Kody Kester

Key Metrics

Current Price:	$80	**5 Year Annual Expected Total Return:**	4.8%	**Market Cap:**	$12.7B
Fair Value Price:	$54	**5 Year Growth Estimate:**	13.0%	**Ex-Dividend Date:**	08/26/26[1]
% Fair Value:	149%	**5 Year Valuation Multiple Estimate:**	-7.6%	**Dividend Payment Date:**	09/09/26[1]
Dividend Yield:	0.4%	**5 Year Price Target**	$99	**Years Of Dividend Growth:**	16[2]
Dividend Risk Score:	A	**Sector:** Materials		**Rating:**	Hold

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. Last October, 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 $3.89 billion in net sales logged in 2025.
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, Fluka, and Hydranal. The segment comprised the remaining ~28% of its total 2025 net sales.

On May 6, SOLS shared its earnings report for the first quarter ended March 31, 2026. The company's net sales climbed 10.5% higher year-over-year to $991 million during the quarter. That was powered by an 11.8% rise in RAS segment net sales to $711 million in the quarter. This was made possible by a 19% surge in refrigerants, 27% growth in nuclear revenues, and 9% topline growth in healthcare packaging. SOLS' ESM segment net also grew by 7.7% to $281 million for the quarter. That was fueled by a 21% rise in electronic materials from vigorous demand for depositions and thermal solutions in leading-edge applications. SOLS reported $0.63 in adjusted diluted EPS during the quarter, which came in $0.02 ahead of the analyst consensus.

Growth on a Per-Share Basis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
EPS	-	-	-	-	-	-	-	-	-	$1.49	***$2.70***	***$4.97***
DPS	-	-	-	-	-	-	-	-	-	-	***$0.30***	***$0.48***
Shares[3]	-	-	-	-	-	-	-	-	-	158.7	***158.8***	***152.0***

[1] Estimate dates based on past dividend dates.

[2] Dividend growth streak inherited from HON.

[3] Share count is in millions.

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As a spinoff, SOLS has a very brief time as a standalone publicly traded company. 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 13% annually through 2031, off an anticipated 2026 base of $2.70.

Valuation Analysis

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Avg. P/E	-	-	-	-	-	-	-	-	-	-	*29.7*	*20.0*
Avg. Yld.	-	-	-	-	-	-	-	-	-	-	*0.4%*	*0.5%*

Since there is no historical valuation precedent, valuing SOLS is tricky. We're reasonably confident with a fair value P/E ratio of approximately 20. 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 29.7, shares remain priced much higher than our fair value estimate.

Safety, Quality, Competitive Advantage, & Recession Resiliency

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	2031
Payout	-	-	-	-	-	-	-	-	-	-	*11%*	*10%*

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.

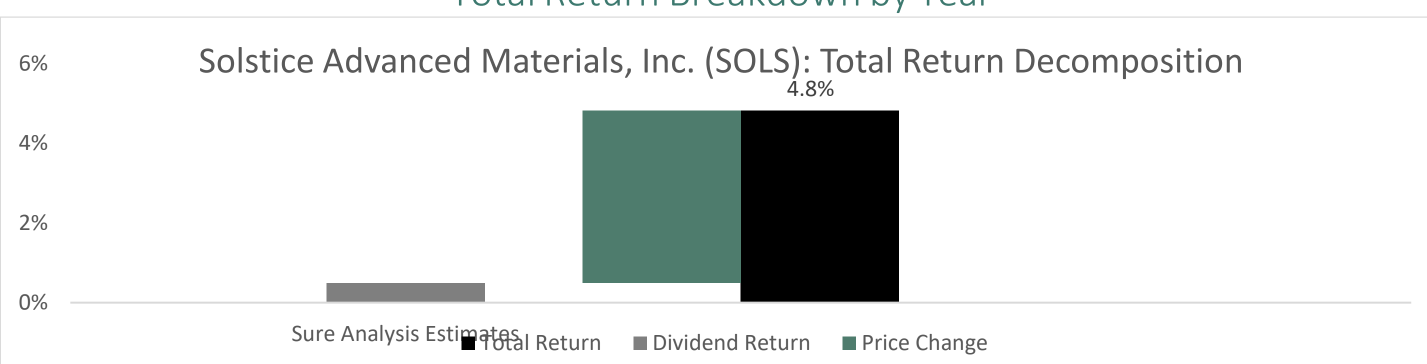
SOLS' financial health is also reasonably solid. As of March 31, 2026, the company's net leverage ratio over the past 12 months was 1.4x. SOLS also had $1.6 billion in total liquidity against nearly $2 billion in total debt. As a result, SOLS' inaugural credit rating from S&P was BB+ (one notch below investment-grade), with a BBB- issue-level rating on the senior secured credit facilities.

We believe that the company will hike its dividend by about 10% annually, off its 2026 base of $0.30. This gives it plenty of breathing room to fund organic growth, acquisitions, and incremental share repurchases as well.

Final Thoughts & Recommendation

SOLS' 0.4% dividend yield, 13.0% annual EPS growth prospects, and 7.6% annual valuation multiple downside potential could position it for 4.8% annual total returns through 2031. As a result, we're reiterating our Hold 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	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Revenue							3,587	3,649	3,770	3,886
Gross Profit							1,402	1,281	1,304	1,250
Gross Margin							39.1%	35.1%	34.6%	32.2%
SG&A Exp.							-	-	398	421
D&A Exp.							153	221	217	220
Operating Profit							967	824	825	732
Operating Margin							27.0%	22.6%	21.9%	18.8%
Net Profit							732	619	605	285
Net Margin							20.4%	17.0%	16.0%	7.3%
Free Cash Flow							455	428	545	101
Income Tax							211	195	192	362

Balance Sheet Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Total Assets								4,657	5,004	5,673
Cash & Equivalents								606	661	534
Accounts Receivable								620	569	645
Inventories								552	558	715
Goodwill & Int. Ass.								887	872	917
Total Liabilities								1,629	1,822	4,296
Accounts Payable								772	778	909
Long-Term Debt								229	416	2,495
Shareholder's Equity								3,111	3,258	1,411
LTD/E Ratio								0.08	0.14	1.78

Profitability & Per Share Metrics

Year	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
Return on Assets									12.5%	5.3%
Return on Equity									19.5%	12.5%
ROIC									17.5%	7.6%
Shares Out.										158.7
Revenue/Share							22.60	22.99	23.75	24.48
FCF/Share							2.87	2.70	3.43	0.64

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