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Q4 2015 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning. My name is Keith and I'll be your conference operator today. At this time, I'd like to welcome everyone to The Chemours Company Fourth Quarter 2015 Earnings Call. All lines have been placed on mute to prevent any background noise. After the speakers' remarks, we will have a question-and-answer session. [Operator Instructions]

Thank you. Alisha Bellezza, Director of Investor Relations, you may begin your conference.

Alisha Bellezza
Director-Investor Relations

Thank you, Keith and good morning, everyone. I'd like to welcome you to The Chemours Company 2015 fourth quarter earnings conference call. I'm joined today by Mark Vergnano, President and Chief Executive Officer; and Mark Newman, Senior Vice President and Chief Financial Officer.

Before we begin, let me remind you that comments on this call as well as the supplemental information provided in our presentation and on our website will contain forward-looking statements that involve risks and uncertainties, including those described in our documents Chemours has filed with the SEC.

These forward-looking statements are not guarantees of future performance and are based on certain assumptions and expectations of future events that may not be realized. Actual results may differ and Chemours undertakes no duty to update any forward-looking statements as a result of future developments or new information.

During the course of this call, management will refer to certain non-GAAP financial measures that we believe are useful to investors evaluating the company's performance. Historical results prior to July 1, 2015 are presented on a standalone basis from DuPont's historical results and are subject to certain adjustments and assumptions as indicated and may not be an indicator of future performance.

A reconciliation of non-GAAP terms and adjustments are included in our release and at the end of this presentation that accompanied our remarks. This includes an updated segment sales and EBITDA schedule reflecting our current allocations and definitions.

I'll now turn the call over to Mark Vergnano.

Mark P. Vergnano
President, Chief Executive Officer & Director

Thanks, Alisha, and good morning, everyone. Thank you, all for joining us today. I'd like to start with some highlights then turn the call over to Mark Newman, who will review company performance for the fourth quarter and full year 2015, as well as provide a brief litigation and liquidity update. After that, I will conclude the call with additional details on each segment, providing update of our transformation plan and discuss our 2016 outlook.

Within weeks of becoming an independent company, we rolled out our five point transformation plan, which has become our roadmap to drive significant improvement in our company's performance. I'm pleased to say that we are making significant progress on all fronts of this plan, as we stay focused on the things that are within our control.

Within six months, we were able to reduce over $100 million of controllable costs. We made several portfolio decisions as a result of our Chemical Solutions' strategic review and are on track to complete that work by mid-2016. We reached mechanical completion of our Altamira TiO2 facility, we delivered the expected working capital unwind of nearly $400 million. And as we start 2016, we have gained additional liquidity and flexibility in our capital structure through an agreement with DuPont and an amended credit facility with our lenders.

In short, in spite of continued headwinds from unfavorable currency movements and a weak TiO2 pricing environment, we continue to follow our transformation roadmap. We believe this steadfast focus will deliver our target improvements in adjusted EBITDA through 2017 and allow us to de-lever as we've planned.

I will now turn the call over to Mark Newman to cover our financial results.

Mark E. Newman

Chief Financial Officer & Senior Vice President

Thanks, Mark. Turning to slide three, in the fourth quarter, we generated nearly $1.4 billion of revenue and a $132 million in adjusted EBITDA and reported a GAAP net loss of $86 million after recording $88 million of restructuring and impairment charges in the quarter. In the quarter, we were pleased with cash generation that resulted in a $175 million of free cash flow primarily the result of a networking capital release.

The impact of unfavorable currency movements and lower TiO2 prices overshadowed almost all other items, contributing to lower sales and adjusted EBITDA versus the previous year and sequentially. The strong U.S. dollar not only depressed our top line performance, but added challenges to markets in which some of our largest competitors are benefiting from lower cost to due to a stronger dollar. This was particularly true in our Fluoroproducts segment this quarter.

Our Corporate and Other segment experienced higher sequential costs and resulted in negative $26 million of adjusted EBITDA. If you recall, our third quarter expenses were unusually low. We believe that this quarter is a closer representation of a run rate, adjusted EBITDA for the segment, but we continue to anticipate some variability from quarter to quarter.

Finally, in the quarter, we generated a $12 million sequential benefit from technology and licensing activities. These are periodic activities that the businesses occasionally undertake, but particularly – particular success this quarter.

Now, turning to the full year review on slide four. First recall that this fiscal year is a combination of two quarters on a standalone basis from DuPont's historical results and two quarters as an independent public company. We generated $5.7 billion of revenue and $573 million of adjusted EBITDA, recorded a GAAP net loss of $90 million after approximately $358 million of restructuring and impairment charges and interest expense of a $132 million.

The majority of the restructuring impairment charges that we recorded were associated with the portfolio actions and decisions related to the Chemical Solutions' strategic review.

Currency and lower pricing were the biggest challenges in 2015, representing nearly $580 million in headwinds versus 2014 results. Despite this, our EBITDA margin remained double-digit, supported by our transformation cost reduction efforts.

In the fourth quarter, we began to see the benefits of company-wide working capital initiatives, helping to deliver the unwind, which we expect will provide permanent working capital improvements in 2016. 2015 was another year of high capital spending across the company at $519 million, approximately $70 million was associated with separation-related spending and about $150 million related to the construction of our new TiO2 line at our Altamira facility in Mexico. With mechanical completion done, most of the spending for the project is now behind us.

Let me now take a step back and provide some additional perspective on the fourth quarter. Turning to slide five, on a year-over-year basis, adjusted EBITDA declined by $73 million to $132 million. Currency headwinds reduced adjusted EBITDA by approximately $66 million with more than half of that on the Titanium Technologies segment.

Lower selling prices across the company reduced adjusted EBITDA by $100 million. Almost $90 million of this impact was attributable to the decline in TiO2 pricing across all regions. Additionally, the impact of faster pricing of lower raw materials in Chemical Solutions was a significant factor in the quarter.

Despite the higher year-over-year volumes of TiO2, we saw lower demand for certain fluoropolymers, especially for consumer electronics applications. Additionally, as regulated, we experienced lower quarter mandated volumes of base refrigerants versus the previous year. We did realize lower raw material prices year-over-year, but the reduction was notably lower than selling price declines.

While Mark will go through more details of our cost reduction efforts in a few minutes, I would like to point out that we continued to see momentum gaining to realize our targeted fixed cost reductions with over $50 million realized in the fourth quarter. In total, we saw over $100 million of lower fixed costs versus last year. And finally, as I mentioned earlier, we benefited $11 million year-over-year from licensing activity that took place in the quarter.

Turning to slide six, on a sequential basis, adjusted EBITDA was $37 million below that of the third quarter. Currency headwinds reduced adjusted EBITDA by approximately $7 million, mostly related to movements in the emerging market currencies.

Price continued to be a headwind in all segments. During the fourth quarter, in Titanium Technologies, excluding currency, we saw a global average TiO2 pricing decline by another 3% translating into a $23 million decline. As we mentioned in December, our Fluoroproducts segment was unfavorably impacted by increased competition driven in large part by a strong U.S. dollar. This translated into approximately 5% lower prices sequentially or about $28 million. Finally, Chemical Solutions saw lower selling prices as a result of lower pass-through raw material costs.

Fourth quarter and first quarters are typically seasonally lower for both TiO2 and refrigerant volumes. In the fourth quarter, TiO2 volumes were just slightly below that of the third quarter, as higher volume in Latin America as higher volumes in Latin America offset lower volumes in the Northern Hemisphere markets. Refrigerants were lower as expected. We also saw a weakness in some industrial fluoropolymer demand, particularly for consumer electronics.

Sequentially, we saw over $50 million of cost savings related to Edge Moor closure as well as some additional people related fixed costs, consistent with our transformation plan target. However, these lower expenses were partially offset by a $16 million increase in Corporate and Other expenses. This was primarily related to the timing of the certain legacy liabilities and other payments. As we go forward, we will incur between $20 million and $30 million per quarter of expenses that will flow through this segment. Finally, as previously mentioned, we benefited from technology and licensing activity in the quarter.

Before I turn to our balance sheet, let me provide a brief update on some litigation matters. In November, 2015, we described our legacy litigation matters. Recently, a few rulings were made on some of those matters.

First, we were granted a summary judgment on the Valspar case, and the judge dismissed the case. As expected, Valspar has filed an appeal to the Third Circuit. We think, the opinion granted in a summary judgment is very strong and we feel confident that it will be upheld on appeal.

Regarding PFOA, personal injury claims, as anticipated, the trial court denied our motion for a new trial on the Bartlett case. We will now proceed with our appeal to the Sixth Circuit Court of Appeals. We expect this process will take about 12 months. So as we have said, it will likely take until sometime in 2017 to determine a conclusion for this first case.

As previously disclosed by DuPont, who'll remain the named defendant, the second bellwether case was settled in January for an amount significantly below the incremental costs of preparing for this trial. We settled without admission of liability and believe this is the most effective use of our resources to support the overall strategy and continue defending the MDO cases.

These additional bellwether cases are scheduled to take place this year in May, August and November. The court has recently ordered that after April 2017, 40 individual cases will be tried per year. This initial timing is intended to allow the Bartlett appeal process to conclude prior to the beginning of any trials outside the initial bellwether. It is important to note that these 40 trials will be of individual plaintiffs, with each required to prove his/her own case.

We continue to expect this PFOA litigation will take place over multiple years, given the indemnity to DuPont, we will continue to defend against this litigation. In the meantime, we are focused on our transformation plan to deliver earnings improvement and over time reduce the leverage on our balance sheet.

On slide seven, you will – you see that we began the quarter with $215 million cash balance. During the quarter, we generated $302 million in cash from operations including nearly $400 million of reduced working capital needs driven by a $186 million of lower accounts receivable, $48 million of lower inventory and a $165 million in higher account payable balances. The operating cash flow supported a $127 million of capital expenditures in the quarter and resulted in a $175 million of free cash flow.

As we have previously discussed, several of the restructuring charges that we took in the quarter result in additional deferred tax benefits. We expect that these will translate into lower cash tax rates in 2016 and 2017 as those benefits are realized for cash tax purposes.

On slide eight, we've summarized the key terms of the liquidity agreement with DuPont and a recent credit facility amendment for our revolver facility. In January, we entered into an agreement with DuPont, which extinguished the cash and working capital true-ups originally contemplated in the separation agreement. Additionally, DuPont prepaid a $190 million in February to Chemours for certain goods and services expected to be delivered over the next 12 months to 15 months.

In total, these components provide additional liquidity in the first half of the year, a time that we generally see seasonally driven working capital usage. Leveraging the liquidity support from DuPont, we worked with our lenders to amend our revolving credit facility, a notable change in the terms is a shift to a leverage covenant calculation based solely on our senior secured net debt. The amendment also reduced the minimum levels of interest expense coverage ratio. We believe the amended covenant ratios provide adequate headroom for us to access our revolver going forward. Additionally, by extended the time horizon, and the amount of allowable add backs through 2017, we have enhanced our ability to implement our transformation plans.

Finally, as part of the amendment, we agreed to reduce the total revolving credit commitment to $750 million. We believe that the combination of these two agreements provide significant liquidity enhancement to support our businesses and allow us to drive the transformation plan forward.

And now, I'll turn the call back to Mark.

Mark P. Vergnano
President, Chief Executive Officer & Director

Thanks, Mark. On slide nine, you can see that in the fourth quarter, we generated $589 million in revenue and $62 million in adjusted EBITDA from the Titanium Technologies segment. We maintained a double-digit margin in spite of continued challenging TiO2 market conditions and currency movements. We have this margin profile primarily because of our industry leading, low cost operating position enhanced by the benefits of our planned cost reductions.

We were able to increase our volumes year-over-year and the sequential seasonal decline was minimal. With the mechanical completion of Altamira reached last December, we remain on track to begin commercial operations in the middle of this year.

As stated previously, we will operate the new line at Altamira to its full capacity, to take advantage of the cost benefits. However, we will dial back production at our other sites to offset the new Altamira production until customer demand in overall market conditions improve.

At the end of December, we announced the modest price increase across all of our TiO2 product lines, effective January 1, or as contracts allow. We see this increase as a step to reset prices back to levels from the fall of last year on a path toward more sustainable margins, that'll allow us to continue investing in our business and supporting our customer needs. We are working with customers worldwide to implement this increase. The full impact of which will be apparent in the second quarter as many first quarter prices were agreed prior to our announcement.

Moving to slide 10, during the fourth quarter, our Fluoroproducts segment generated $515 in revenue and $80 million in adjusted EBITDA. The year-over-year profitability improvement was driven primarily by the benefits from transformation cost savings. Sequentially, these savings help to mitigate weaker market conditions, driven by seasonality, currency and soft end market demand for consumer electronics and oil and gas applications.

We sold a small breakeven business in Sweden during the quarter. Although inconsequential, it does reinforce our drive to simplify Chemours and focus our attention on our core investable businesses. Based on our signed use contracts with key OEMs, we have excellent visibility into the ramp up of Opteon refrigerants sales as we look into 2016. We know that needs of our OEM customers will grow significantly in the second half of 2016 to meet the regulatory requirements in Europe.

For stationary refrigerants, we will continue to position our existing product lines to maximize value opportunities of these matured technologies are phased out and supply is limited by government issued quotas. In addition, we continue to work on developing new Opteon based plans that provide our customers with low global warming potential differentiating products.

Fluoroproducts' financial performance will also be bolstered by our ongoing cost reduction initiatives that we expect to be a driver of this segment's 2016 performance. Let me now review the Chemical Solutions segment on slide 11. In the quarter, we saw volume gains in cyanides and sulfur on a year-over-year basis. As Mark mentioned licensing activity was benefit in the quarter, was about half of that from the Chemical Solutions segment.

Improved operating cost in our methylamines business were favorable in the quarter. Combined these more than offset the pricing impact and delivered sequentially and year-over-year stronger EBITDA performance in the quarter. Our strategic review of this segment led us to several decisions in the quarter. First, we're pleased to announce the sale of our Beaumont Aniline facility to Dow for a $140 million of growth proceeds. We expect this transaction to be completed by the end of the first quarter.

We also announced our decision of retain and improve the cost position of our methylamines business Belle, West Virginia and we believe that with the progress demonstrated this quarter, we continue to move closer to a breakeven condition. Finally, we also described our plan closure of our Reactive Metals business located in Niagara, New York. Activities to prepare the exit of the sites are just beginning, but we expect to complete the process by year end. Ultimately, we believe this will enhance our adjusted EBITDA by approximately $20 million per year, beginning in 2017.

In the past quarter, we continued the progress in transforming Chemours into a higher valued chemistry company by taking strategic portfolio actions, as I just described and further reducing cost, as you can see on slide 12. This slide outlines the activities that we expect will reduce cost by $350 million through 2017 versus 2015. As you can see our goal is not dependant on any one bucket, but rather a broad set of opportunities. Last December, we described the initiatives that will deliver a $165 million of lower cost in 2016. With our recent actions, we have taken measures to achieve and will deliver our $200 million cost target for 2016. In fact, as of today, we believe there is less than a $100 million of activities yet to announce to achieve the 2017 target as well.

Let me quickly touch on the progress of the other aspects of our transformation plan. In addition to portfolio actions that I already covered, we are pursuing our $150 million of EBITDA improvements from growth. We expect to see a meaningful ramp up in Opteon sales during the middle and later part of 2016 and into 2017 contributing a $100 million of the growth by the end of 2017. Altamira will provide us annual benefits based on the low cost process technology and our ability to optimize ore grades across our entire production network.

We expect to deliver the remaining $50 million of EBITDA from this and our planned cyanide expansion. Overall, we remain confident in our five-point transformation plan and are very pleased with our progress thus far. Now, let me discuss our 2016 outlook and the variables that could influence our performance.

We expect full year EBITDA to be greater than what we achieved in 2015. Based on our success in 2015 of reducing cost, we are confident that our cost savings initiatives are on track for 2016. In addition to adjusted EBITDA performance, we are working to drive a notable improvement and working capital productivity and on a path to reduce our capital spending to $350 million in 2017.

Combined with our lower cash tax rate, we expect to generate modestly positive free cash flow for the year. We are starting with an excellent base of businesses that have leading market positions in the industries in which we participate. We'll build from that base and remain focused on delivering the initiatives that are within our control while acknowledging those that are not.

We will continue to pursue our TiO_2 price increase announced in December 2015, but acknowledge, it takes some time to implement these changes across our customer contracts around the world. Again, we believe this increase moves pricing in the right direction to help improve margins and support maintenance and reinvestment for this business. We expect to see the impact beginning with our second quarter results. Currency is expected to be a headwind in 2016, besides currency and TiO2 pricing, we continue to see competitive pressures on some of our fluoropolymer product lines and we'll have reduced quotas per existing regulations in place, lowering our volume of base refrigerants versus 2015.

On the positive side, we are confident on the growth aspects of our plan. We have excellent visibility on the ramp up of Opteon's EBITDA contribution in 2016 and 2017 based on our order book. And given our extensive process technology know-how, we expect Altamira to quickly demonstrate its benefits.

In summary, we continue to focus on what we can control, namely cost reductions, reduced capital expenditures, divestitures and our focused growth initiatives. We remain confident in our five-point transformation plan and have made significant progress thus far. We will continue to work hard on transforming Chemours into the higher value chemistry company, we expected to be.

Now we will open up the call for your questions.

QUESTION AND ANSWER SECTION

Operator: [Operator Instructions] Your first question comes from line of Bob Koort with Goldman Sachs. Your line is open.

Christopher Evans
Goldman Sachs & Co.
Q

Good morning, everyone. This is Chris Evans on for Bob. Just a quick question on the TiO2 volume growth. My understanding was 4Q2014 was a pretty strong comp from some pull forward from 1Q2015, making the 6% maybe even a little more impressive. Can you describe the dynamic here? Are you just gaining market share or is there a demand rebound? I mean, what's – how did you get those good volumes?

Mark P. Vergnano
President, Chief Executive Officer & Director
A

Hey, Chris. I would say we're trying to get ourselves to the capacity share that we deserve. So, from that standpoint, I would say our market share probably lagged in the beginning of the year and as we went through the year, we want to get to that capacity share that was rightfully ours. So we drove to that toward the end of the year.

Christopher Evans
Goldman Sachs & Co.
Q

Got you. And I guess on pricing, I'm kind of curious to know, how your TiO2 inventory levels are and for the industry and if you think those are supportive based on historical levels?

Mark P. Vergnano
President, Chief Executive Officer & Director
A

Yeah. I would say, our inventory levels right now are sort of normalized. We haven't done anything significantly different with our inventory levels. So we usually have somewhere around two months of inventory that's normal for us and that's probably where we are right now. So I don't see that having any influence on the market right now.

Christopher Evans
Goldman Sachs & Co.

Q

Got you. Thanks.

Operator: Your next question comes from the line of Duffy Fischer from Barclays. Your line is open.

Duffy Fischer
Barclays Capital, Inc.

Q

Yeah. Good morning, fellows.

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Hi, Duffy.

Duffy Fischer
Barclays Capital, Inc.

Q

Question on the TiO_2 side of things, when you look back historically, 10 years, 20 years, how often have price increases been successful in this type of an operating rate environment?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Yeah. I would say, you have to look at this a little bit differently, because if you were just purely looking this at an operating rate situation, you might come to a different conclusion. But the industry right now is at a place and we're at a place that we've really need to drive this price increase and we're dedicated to it to be able to support our customers going forward.

So if you look at the industry as a whole, I don't think anyone right now is making much money except ourselves. And if you look at our returns right now, we just are right at double-digit, which is a little bit lower than our cost of capital. So for us to be able to invest in this industry, for us to be able to support our customers growth, we believe the price increase makes sense. So, that's what our driver is right now, Duffy , to be able to get behind this price increase and move it through the industry.

Duffy Fischer
Barclays Capital, Inc.

Q

Okay. An then, did I understand correctly, that when Altamira comes up that 200kt, roughly speaking you think you'll turn down the rest of the asset base about equal to that 200kt, so that your volumes don't go up in the back half of the year?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Yes. Yeah, obviously we're not going to get to the 200kt right off the bat with Altamira, you got to ramp up as we're bringing it up. Now, we feel very confident about it, because it's a second line at an existing facility with known technology and folks who know how to operate those lines. But we're not going to ramp up right to 200kt, but your logic is exactly right. As we bring that up, we'll take down that same amount of capacity throughout the circuit, until the market improves or our customer needs increase.

Duffy Fischer
Barclays Capital, Inc.

Q

Okay. And then one just on the legal side of things in the 8-K, there was a snippet in there that you guys have indemnified the officers in the board against the lawsuits. And I was wondering one, is that around the PFOA or is that something different and is that in response to a particular filed case already?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

No. Duffy, that was – that's very standard, in fact if you read those indemnifications they're very normal standard throughout the industry. We have a brand new board, so the board had looked at the indemnifications that were in place that sort of came over from DuPont and they just wanted it to be standard with the rest of the industry. So one, don't read anything into that, and two, it had nothing to do with anything specific, it was very much just a general upgrade to get us to standard.

Duffy Fischer
Barclays Capital, Inc.

Q

Great. Thanks. fellows.

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Sure.

Operator: Your next question comes from line of Laurence Alexander with Jefferies. Your line is open.

Q

Hi, this is [ph] Jeff Nolan (31:39) for Lawrence. On Opteon, can you talk about the market share dynamics? Is it reasonable to assume that you can get half of the market share in the business or are you going to be significantly higher or lower? How do you think about the gives and takes there?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Yeah. As I have said sort of in the remarks, we've a really good visibility, because a lot of this was contracted with OEMs. So we'll have at least 50% share going forward based on where we are right now with the contracts with customers.

Q

And then, what do you see the reasonable bogie for working capital as you use source of cash in 2016 and then longer term?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

So as we look at 2016, and I'll let Mark opine on this as well. As we look at 2016, we see an opportunity in front of us, that could be as much as $200 million of working capital improvement based on all the work we've done over the last three months or four months to really find opportunities primarily in inventory and accounts receivable.

Now, we want to get the lion's share of that in 2016, we're not going to be able get all of it. But that's what we're looking at is, sort of our target. Mark, I don't know if you have anything else you want to add?

Mark E. Newman
Chief Financial Officer & Senior Vice President

A

Yeah. Thanks, Mark. So I'd say, as we look at 2016, to get to being free cash flow positive, really there's three contributors. The first is obviously EBITDA improvement, the second as Mark mentioned is working capital and then the third is, we're on a trajectory to reduce our CapEx down to the $350 million in 2017. And so if you think about it, this year, if you exclude spin related CapEx, we're at $450 million. And so, we're trying to get down to that $350 million level by next year. So all three factors contribute.

I just say inside the company, there is a huge focus on working capital. You saw that, we delivered on the unwind in Q4. We've actually been free cash flow positive for the last two quarters. So we're really focused on not just having the seasonal unwind, which we got in Q4, but in getting to free cash flow positive for the full year in 2016.

Q

Thank you.

Operator: Your next question comes from the line of Rogers Spitz with Bank of America. Your line is open.

Roger Neil Spitz
Bank of America Merrill Lynch

Q

Thank you. When you talk about getting your fair share of the market in TiO_2, are you getting that in some way other than via price?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Yeah. I think from our standpoint, when you look at our product mix, we have a very solid product mix with very high quality. We do developments specific for customers. So, absolutely I mean, you look at the quality of the product line we have, you look at where we are located around the world to be able to service our customers, and you look at the enhancements that we bring to the product. Those are the major components of how we drive share.

Roger Neil Spitz
Bank of America Merrill Lynch

Q

Thank you, Mark. The other question is, in the refrigerant gases business, can you speak about the typical seasonality of that business perhaps ordering the quarters and maybe suggesting from the weakest of the strongest quarter, what rough percent strength is the weakest versus the strongest quarter?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Yeah. So, the refrigerants business flows with heat. So, your second quarter going into your third quarter by far are the strongest quarters, by far the weakest quarter is the first quarter. And so, if you look in general at our business, and if you look at how we're sort of looking at 2016, the first quarter is going to be the weakest quarter for Chemours overall, and refrigerants as well as TiO2, both play into that; that's normal seasonality from that standpoint.

The other thing you have to also look at in our first quarter, why it's going to be the weakest quarter for the year is, the delta in TiO2 price will be the most dramatic in that quarter. Almost, too, if you go back to the first quarter of 2015 to the first quarter of 2016, you're talking about over $400 a ton, in price delta, price and currency delta, during that period.

So, just to sort of wrap it up, first quarter is going to be the weakest quarter for us overall, from a refrigerant standpoint. You'll see that ramp up in the second quarter and third quarter.

Roger Neil Spitz — Q
Bank of America Merrill Lynch

Thank you very much.

Operator: Your next question comes from the line of Edlain Rodriguez from UBS. Your line is open.

Edlain Rodriguez — Q
UBS Securities LLC

Thank you. Good morning, guys. Just one quick question on fluoropolymers, I mean, Mark, you've talked about like lower volume there. I mean what's really driving the weakness there and do you expect to see a rebound in this market any time soon?

Mark P. Vergnano — A
President, Chief Executive Officer & Director

Yeah. I would say, there were two things that sort of affected us in the fourth quarter. One was, we saw the consumer electronics industry slow down for us a little bit. And we had a lot applications into the consumer electronics industry. We were no different than anyone else there, if you talked to a lot of folks, I'm sure they gave you that same feedback around that industry.

We also saw a little bit of margin pressure, primarily because the currency coming out of – competitive products coming out of both Japan and Europe. That I think has subsided. So I think it's really about us getting back into the consumer electronics markets. We're very aggressive in there in terms of a lot of a new application development; I think we'll build that back as we go through the year. But that really was what affected that fourth quarter number.

Edlain Rodriguez — Q
UBS Securities LLC

Okay. And one last one on TiO2. I mean in terms of capacity reduction, I mean do you think the industry needs more capacity curtailments or whatever has been announced so far, you think that's it?

Mark P. Vergnano — A
President, Chief Executive Officer & Director

Yeah. I don't know what's going to happen, but I know from our standpoint, we like the circuit that we have. We made our reductions last year with our Edge Moor facility, but we believe we have a very, very strong set of assets going forward. There still is a little bit of overhang of supply in the industry, but now I think you're getting to a point where there's pretty expensive capacity to take out, primarily in Europe because of social costs.

I was in China last week, and there is capacity still coming out of China, I mean I was very encouraged, I spent most of my week in the marketplace. And capacity is coming out of China, it's usually the smaller sulfate producers, either driven off of environmental regs that are requiring them to shut down or the fact that they just can't make money. So I think that's – other folks are seeing that too. So I think you're seeing some come out, but a large chunk of capacity coming out, I just don't have visibility for that.

Edlain Rodriguez
UBS Securities LLC

Q

Okay. Thank you very much.

Operator: Your next question comes from the line of Don Carson with Susquehanna Financial. Your line is open.

Don Carson
Susquehanna Financial Group LLLP

Q

Yes, Mark, a question on pricing. I assume that it takes about 90 days to put through a TiO_2 price increase. What's the trend of pricing this quarter, do you expect pricing to still be down somewhat sequentially?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

The way we're looking at pricing, Don, right now, is as you said – we'll have a much better visibility on price in the March timeframe, so it's a little bit early. But outside of North America, we do have a lot of contracts that we could implement price increases effective earlier in the year. So we're seeing good momentum from that standpoint. We've seen, like I said, I was China, we're seeing price increases occur in China. We're seeing good volume so far, normal volume pattern right now in the quarter as we're halfway through. So I'm very optimistic in terms of where we are around that. Our team is dedicated right now to drive this price increase; we think it's the right thing to do. So we're seeing positive signs from that standpoint. But as you said, we're not going to have clarity until March.

Don Carson
Susquehanna Financial Group LLLP

Q

Okay. And then finally, can you talk a bit about ore cost, what the trends were in 2015 in terms of how much lower they were and what's your outlook is for 2016 based both on your contracts as well as rationalizing some of your non-Altamira production, which I assume you'll run lower grade ores?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Right. And we've – I would say it's going to be relatively flat. We saw some slight reductions during the year in 2015, but as we look at 2016, we're looking at relatively flat ore costs. And as you said, how we utilize our ore is going to be the biggest factor in terms of our overall cost. So we continue to use the lower ore grades where we can. But just from a pure purchasing point of view, I would say think of it as flat through 2016.

Don Carson
Susquehanna Financial Group LLLP

Q

Great. Thank you.

Operator: Your next question comes from the line of Jeff Zekauskas from JPMorgan. Your line is open.

Jeffrey J. Zekauskas
JPMorgan Securities LLC

Q

Thanks very much. Did your TiO2 tons grow this year, or did they shrink this year?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

You mean in 2015?

Jeffrey J. Zekauskas
JPMorgan Securities LLC

Q

Yes. 2015 versus 2014.

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Relatively flat.

Jeffrey J. Zekauskas
JPMorgan Securities LLC

Q

Flat. So, if your assessment that you lost share or that the TiO2 industry in 2015 didn't grow [indiscernible] (41:32).

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Yeah. I would say the market was pretty flat, Don – I'm sorry, Jeff. When you...

Jeffrey J. Zekauskas
JPMorgan Securities LLC

Q

Sure.

Mark P. Vergnano
President, Chief Executive Officer & Director

A

...when you think about the year, the market really didn't grow that much during the year. We're anticipating 2016 to be a stronger year from that standpoint. But 2015 really was flat.

Jeffrey J. Zekauskas
JPMorgan Securities LLC

Q

Okay. And then lastly, your first quarter volumes, I think in 2015 were relatively weak. If the case that in volume terms in TIO2, you should have a relatively easy first quarter comparison or is that not the case?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

From a volume perspective?

Jeffrey J. Zekauskas
JPMorgan Securities LLC

Q

Volume perspective.

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Yeah, we should do better in the first quarter of 2016 than 2015 from a volume perspective. But, you got to remember, price is going to be a big delta here. So price is the bigger driver. It's almost $400 a ton delta first quarter this year versus first quarter last year when you put currency and price together. That's going to be the bigger issue for us. But from a volume perspective, we should be a little bit stronger. As I said, we used 2015 throughout the year, we regained some share to get us to the right capacity share. We were probably weaker in the beginning of the year.

Jeffrey J. Zekauskas
JPMorgan Securities LLC

Q

Okay. And then lastly, what is it that you are providing DuPont for the $190 million they're giving you?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

A big smile.

Jeffrey J. Zekauskas
JPMorgan Securities LLC

Q

What are the goods and services they get, and how much was the extinguishment or working capital true-ups? How much lower were they – than you expected if you – if they were lower?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Yeah, Mark is going to...

Mark E. Newman
Chief Financial Officer & Senior Vice President

A

It's Mark Newman here. I'll handle that.

Jeffrey J. Zekauskas
JPMorgan Securities LLC

Q

Sure.

Mark E. Newman
Chief Financial Officer & Senior Vice President

A

So obviously, the cash true-up we disclosed was $49 million.

Jeffrey J. Zekauskas
JPMorgan Securities LLC

Q

Okay.

Mark E. Newman
Chief Financial Officer & Senior Vice President

A

The working capital true-up was on the discussion and we never really publicly disclosed an amount. So we were able through our discussions with DuPont to have both of those go away without payment. And then the prepayment really provides liquidity in the first half for goods that we will supply them over the next 12 months. So it really helped to deal with the working capital online that we see.

And candidly, we were able to leverage that into a meaningful discussion with our banks around an amendment of our revolving credit facility. So as we sit here today, we have full access to our reduced revolver of $750 million. We do have some letters of credit on our revolver that reduced the net amount down to $625 million. But if you think about it, we ended the year at $360 million in cash, we then get help from DuPont in terms of no money leaving the system on the true-up.

And additional liquidity with respect to that pre-buy and then we have full access to our revolver of $750 million. So, we really set the stage, so that our leadership group can focus all of our efforts now on driving the transformation plan and really not having to worry about liquidity, as we move through 2016.

Mark P. Vergnano
President, Chief Executive Officer & Director

A

And Jeff, the $190 million also, just to give you a context -

Jeffrey J. Zekauskas
JPMorgan Securities LLC

Q

Yeah.

Mark P. Vergnano
President, Chief Executive Officer & Director

A

These are very typical goods and services. We sell materials to DuPont that they utilize like sulfuric acid for their Kevlar facility. We share a lot of facilities where we're the landlord and they're the tenant. And so, there's a lot of utilities that go across. So just normal course of business throughout the year between the two companies.

Jeffrey J. Zekauskas
JPMorgan Securities LLC

Q

Okay. Great. Thank you so much.

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Sure.

Operator: Your next question comes from the line of Brian Lalli from Barclays. Your line is open.

Brian J. Lalli
Barclays Capital, Inc.
Q

Hey, good morning, guys.

Mark P. Vergnano
President, Chief Executive Officer & Director
A

Hi, Brian.

Brian J. Lalli
Barclays Capital, Inc.
Q

Thanks for the time. Mark Newman, appreciating that there obviously are a lot of puts and takes related to TiO2 and refrigerants in FX. Given your confidence and you restated again on this call around the $200 million of cost improvement. I guess, is there a level that you'd be willing to talk about that you'd be disappointed to not reach from a 2016 EBITDA standpoint. I mean, is a number of $700 million a level that we should be thinking about. Again, I'm just sort of thinking about where you ended plus $200 million and maybe what comes out of that from the headwind perspective?

Mark E. Newman
Chief Financial Officer & Senior Vice President
A

Yeah. So Brian, we're really not interested in trying to peg an EBITDA number out there other than we will improve over 2016. The one fact that that you need think about is, we're starting the year where the exit TiO2 price in 2015 is $200 a ton lower than the average in 2015, right. So on about 1 million tons you're starting with a $200 million price headwind. And so, while you're setting yourself up with a $200 million cost reduction you have a pretty significant price headwind to overcome.

Obviously, throughout the year our goal is to reduce the amount of that headwind and throughout the year, we would expect cost reduction and the ramp up of Opteon to also have an accretive impact. But in terms of how it plays out for the full year I think at this point we're not willing to say anything more other than we expect full year adjusted EBITDA to be better for all of those factors.

Mark P. Vergnano
President, Chief Executive Officer & Director
A

And to your point, Brian, as Mark said, so you start with that $200 a ton headwind off of the average price from last year on TiO2. But – everything in our control, that we've talked about are the things that we're driving, the ramp up on Opteon, the cost reductions. But the things we just don't know how to play at are currency, demand in TiO2 price. So that's why we believe we're going to be above last year, from that standpoint. And some of those things go our way from a tailwind standpoint. It could be above that.

Brian J. Lalli
Barclays Capital, Inc.
Q

Yeah. And I guess – as it sort of dovetails into the free cash flow positive guidance and that's what I was sort of backing into, I guess Mark, you commented earlier that there could be some components around that, that are working capital related, is it safe to assume that the $190 million is not in that number, the $190 million from DuPont that is?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

It is not.

Mark E. Newman
Chief Financial Officer & Senior Vice President

A

Yeah, that's correct.

Brian J. Lalli
Barclays Capital, Inc.

Q

It is not. Okay. But then -

Mark E. Newman
Chief Financial Officer & Senior Vice President

A

In fact, there's no DuPont and just to clarify. In the $399 million working capital unwind in Q4, there's also no DuPont impact, because that's all non-cash.

Brian J. Lalli
Barclays Capital, Inc.

Q

Got it. So, I mean again, can we sort of – we can get through our own models and figure out the components of cash flow and obviously working capital as a delta and that might triangulate to something on the EBITDA side, is that – is there anything else in there that you're putting in your free cash flow estimate?

Mark E. Newman
Chief Financial Officer & Senior Vice President

A

Yeah. I think the ingredients for free cash flow, obviously is EBITDA – it is CapEx, it is working capital. We've also just disclosed in our liquidity chart that we expect our restructuring payments to be a little over $100 million in 2016. So if you put all that into your calculus – you can solve for what might be an EBITDA number depending on what you think the other factors are.

Brian J. Lalli
Barclays Capital, Inc.

Q

Understood. And then just one last housekeeping from me. The sale of the Aniline facility to Dow, one I guess, is there a number that you could disclose in terms of what that's going to hit? I mean, that's not going to hit in the first quarter, right, I mean that's going to be a positive cash item as related to the balance sheet. Just what should we model in, I guess is what I'm saying that number?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Yeah, it's going to be in the first quarter. So, we have met all our closing conditions with Dow, so we'll go forward with the – with the sale there. We have announced previously that's $140 million from the standpoint of gross proceeds of that. We're going to have a pretty healthy net result off of that primarily because we're in a loss carry-forward condition in the U.S. So, it's going to be – it's going to be the $130 million to $140 million.

Brian J. Lalli
Barclays Capital, Inc.

Q

Okay. That's great, Mark. Thanks for the – thanks for the time, guys.

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Yeah.

Operator: Your next question comes from the line of Lauren Gallagher with Credit Suisse. Your line is open.

Lauren K. Gallagher
Credit Suisse Securities (USA) LLC (Broker)

Q

Hi, guys. Thanks for taking the time. First question kind of revolves around the Fluoroproducts business, simply related to consumer electronics and your attempt to build the book there. I guess as you look out to 2016, do you expect more of the demand or more of the demand growth to be in the second half of the year or how do you think about the timing of – of that business recovering?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Yeah. That doesn't have as much of a cycle as our fluorochemical business or our TiO2 business. So, this is really application development related and introduction by our customers and their customers. So, I would say it's probably not going to be a build-out from a seasonality standpoint, it's really going to hit as these applications hit. So I think, it's going to be fairly steady throughout the year, Lauren.

Lauren K. Gallagher
Credit Suisse Securities (USA) LLC (Broker)

Q

Great. And then a follow-up regarding the $190 million with DuPont. Is that affectively for the all the services you provide for them over the next 12 months to 15 months or is there more cash that would essentially come through?

Mark E. Newman
Chief Financial Officer & Senior Vice President

A

Yeah. Lauren, it's Mark Newman. It's U.S. goods and services. So, as Mark alluded to, it is really primarily around our supply to them of intermediates, as well as where we have tenant agreements on shared facility sites. So, we would expect $190 million to unwind over the next 12 months or so.

Lauren K. Gallagher
Credit Suisse Securities (USA) LLC (Broker)

Q

Okay. Great. Thank you for the time.

Mark E. Newman
Chief Financial Officer & Senior Vice President

A

You're welcome.

Operator: Your next question comes from the line of Bill Hoffman with RBC Capital Markets. Your line is open.

Bill Hoffmann
RBC Capital Markets LLC

Q

Hi, yeah, thanks, good morning. Just a couple of more questions on the Fluoroproducts business. In general, you talked about it through the Opteon roll in the second half of the year. I Just wonder if you can give us some kind of context on, like how to think about that from a dollar to EBITDA standpoint.

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Yeah. What we had said in the past, and which is no different than how we see things is, Opteon in a 2017 timeframe is going to be about $100 million EBITDA opportunity for us, and we're going to ramp up to that throughout 2016. So, it's – because it's really predicated on the 2017 model of your cars in Europe, you're going to see that ramp up occur really in the second quarter primarily, with the fourth quarter probably being the strongest going into that. So, you won't get to that full $100 million to year-end 2017, but you're going to be ramping up toward the end of the year, toward that, if that helps Bill.

Bill Hoffmann
RBC Capital Markets LLC

Q

Yeah. Absolutely. And then you'd just – with regards to the fluorochemicals, you talked about the competitive pressures. Your general thought there was that, those pressures have abated. Why do you think that is the case, just because the currency obviously hasn't changed much here?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Yeah. I was alluding to the fluoropolymers side from that standpoint.

Bill Hoffmann
RBC Capital Markets LLC

Q

Yeah.

Mark P. Vergnano
President, Chief Executive Officer & Director

A

And what I say is we saw – I wouldn't say they're abated from the pressures, I would say what's abated is the drop that we saw. So, we're sort of at steady state now -

Bill Hoffmann
RBC Capital Markets LLC

Q

Okay.

Mark P. Vergnano
President, Chief Executive Officer & Director

A

– from that standpoint, and we secured our customers, there are some price gives that had to be made there, but form the standpoint, we're pretty much at a steady state on our fluoropolymers business right now.

Bill Hoffmann
RBC Capital Markets LLC

Q

Okay. And then just final question on that, on the whole Fluoroproducts business the cost saves, how much of that is targeted towards that segment?

Mark P. Vergnano
President, Chief Executive Officer & Director
A

Of our total $200 million?

Bill Hoffmann
RBC Capital Markets LLC
Q

Yes.

Mark E. Newman
Chief Financial Officer & Senior Vice President
A

I'd say, we haven't tried to peg to our three business units. But we have cost saves across the three BUs and our corporate staffs. I would say TiO2 and fluoro represent our two biggest businesses. And so, I would expect the majority of our cost saves would be in those two businesses.

Bill Hoffmann
RBC Capital Markets LLC
Q

Okay. Thank you for your help.

Mark P. Vergnano
President, Chief Executive Officer & Director
A

Sure.

Operator: Your next question comes from the line of P.J. Juvekar from Citi. Your line is open.

Eric B. Petrie
Citigroup Global Markets, Inc. (Broker)
Q

Hi. Good morning, Mark. This is Eric Petrie on for P.J.

Mark P. Vergnano
President, Chief Executive Officer & Director
A

Yeah.

Eric B. Petrie
Citigroup Global Markets, Inc. (Broker)
Q

You made a comment in your slides that you expect volumes to return in TiO2 to more GDP type growth rates versus a flat market in 2015. What gives you the degree of confidence that it returns to that run rate?

Mark P. Vergnano
President, Chief Executive Officer & Director
A

Well, I think, what we said is over time, we see that getting there and if you just look at the last 50 years of data, you would see that the correlation to TiO2 volumes and GDP are spot on. So, if you look over that period of time, you'll see there are perturbations where the volume of TiO2 sort of drops underneath GDP and then all of a sudden it will try to make that up and that's exactly what we're seeing over the next couple of years. We'll get back to that GDP line. It's just history.

Eric B. Petrie
Citigroup Global Markets, Inc. (Broker)

Q

And then – I appreciate your comments about what you're seeing in China. Do you have any sense as to how much sulfate capacity is being taken offline per year and do you see any risks with that being replaced with chloride technology?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

I think in time you are going to see chloride technology replace sulfate technology; it's not going to happen short term. And I'm even more convinced of that now, that it's not going to happen short term. But in time, that's going to happen. We've seen – it's so hard to get real data out of China around that, but we've seen people talk about anything from 400,000 tons to 500,000 tons coming out. I can't verify that for you, but I think other reports have come out around those numbers.

Eric B. Petrie
Citigroup Global Markets, Inc. (Broker)

Q

Okay. And last, if I may, what – you prior stated that Altamira was going to deliver $20 million to $70 million of net cost to EBITDA. Where do you stand on that range based on current ore prices today and -

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Yeah -

Eric B. Petrie
Citigroup Global Markets, Inc. (Broker)

Q

Oh, sorry. And your plans to shutter the equivalent amount of capacity throughout the remainder of your production lines?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Yeah. So first of all, we're probably at the lower end of the range based on where the market is today and where ore prices are, so we're at lower part of that range as we're going forward.

And the other piece, we are not shuttering any capacity. We have the ability to operate our facilities at lower ore blends, which brings our variable costs down and it takes our output down out the back end. So, this is how we meter our facilities, which is pretty unique to Chemours versus a lot of other folks. Because these ore blends really dictate how much product comes out of the back end, but it also affects your variable costs coming in. So it's a sort of an elegant way for us to be able to meter the capacity of the overall circuit.

Eric B. Petrie
Citigroup Global Markets, Inc. (Broker)

Q

Okay. Thanks.

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Sure.

Operator: And we have time for one more question. Your last question will come from the line of James Finnerty from Citigroup. Your line is open.

James P. Finnerty
Citigroup Global Markets, Inc. (Broker)

Q

Hi. Good morning, Marks. How is it going?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Hey, James, how are you doing.

Mark E. Newman
Chief Financial Officer & Senior Vice President

A

Hey, hi.

James P. Finnerty
Citigroup Global Markets, Inc. (Broker)

Q

I'm doing all right. Just squeeze one at the very end. Just want to get a bit more clarity on the enhanced liquidity agreement with DuPont. Can you tell us how it came about? Was it something that DuPont approached you with or was it something that you sort of proposed to DuPont?

And a follow up question is to clarify how much sales are there between Chemours and DuPont on an annual basis?

Mark E. Newman
Chief Financial Officer & Senior Vice President

A

So, James, let me – this is Mark Newman, let me start. We had to settle up with DuPont on the true-ups that were in the Master Separation Agreement. So, we knew prior to yearend, or by yearend, we would need to settle with them with respect to these two items. As a result of that and discussions that came out of that discussion, we agreed that this liquidity enhancement, which is essentially a commercial pre-buy of their U.S. requirements, would be very helpful and could be leveraged into a more substantive discussion with our lenders on a credit amendment.

So, I'd say it started really with the premise that we needed to agree on how to handle the true-ups. It led to an enhanced liquidity arrangement, which in turn led to an improved credit amendment facility. And again, the $190 million represents a one-year on U.S. goods and services.

Mark P. Vergnano
President, Chief Executive Officer & Director

A

James, just – probably when you look at – it's hard to peg an exact number because some of this is utilities, but it's – it's under $300 million.

James P. Finnerty
Citigroup Global Markets, Inc. (Broker)

Q

Okay. Okay, and just sort of more of a qualitative question. Should we expect DuPont to sort of offer this type of support going forward or do you think this is a sort of a one-time event?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

I wish I could answer that question for you, but I don't know. I don't think this is something that's going to be a regular basis from them, but we'll see from that standpoint. I really can't answer that as definitively, but I look at this as – this was an opportunity, as Mark said. We had to discuss the true-ups anyway, so there was a logical time and place to have this conversation. I don't expect us to walk into their offices every quarter to talk about this.

James P. Finnerty
Citigroup Global Markets, Inc. (Broker)

Q

Great. I guess so, but I guess it was a true unrelated third party, this wouldn't be occurring, so this [indiscernible] (60:32) relationship must play into it.

Mark E. Newman
Chief Financial Officer & Senior Vice President

A

On that point, the $190 million is an arm's length pre-buy so, I mean it's not -

James P. Finnerty
Citigroup Global Markets, Inc. (Broker)

Q

Great.

Mark E. Newman
Chief Financial Officer & Senior Vice President

A

There's nothing un-market about it.

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Right.

James P. Finnerty
Citigroup Global Markets, Inc. (Broker)

Q

And then just one last question on China. You talked about the capacity coming out over there, 400,000 tons to 500,000 tons per third party consultants. Net-net, do you think capacity in China in 2015 and 2016 is flat, down or up, what's taking into kind of additions?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

Yeah. It's hard to tell, right. So I would say it's somewhere flattish, maybe even a little bit down, but somewhere in there.

James P. Finnerty
Citigroup Global Markets, Inc. (Broker)

Q

And, sorry, one last question in terms of the currency in China that helps the weakening in Yuan. Has that that impacted exports out of China in recent months? Have you seen any impact from that?

Mark P. Vergnano
President, Chief Executive Officer & Director

A

It looks like exports out of China are about 3% down year-on-year and we're not seeing a whole big difference going on right now versus what we've seen before. But thanks, thanks for the questions, James.

Mark P. Vergnano
President, Chief Executive Officer & Director

So as I said in my previous remarks, we remained confident in our Five-Point Transformation Plan. We will continue working hard on transforming Chemours into a higher value chemistries company. Thanks for all your questions and thank you for your continued interest in Chemours. Talk to you next time.

Operator: Ladies and gentlemen, this concludes today's conference call. You may now disconnect.