

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT
PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

July 30, 2020
Date of Report (Date of Earliest Event Reported)



The Chemours Company
(Exact Name of Registrant as Specified in Its Charter)

Delaware
(State or Other Jurisdiction
Of Incorporation)

001-36794
(Commission
File Number)

46-4845564
(I.R.S. Employer
Identification No.)

1007 Market Street
Wilmington, Delaware 19801
(Address of principal executive offices)

Registrant's telephone number, including area code: (302) 773-1000

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

| <u>Title of Each Class</u> | <u>Trading Symbol(s)</u> | <u>Name of Exchange on Which Registered</u> |
|---------------------------------|--------------------------|---|
| Common Stock (\$0.01 par value) | CC | New York Stock Exchange |

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition.

On July 30, 2020, The Chemours Company (the “Company”) issued a press release regarding its second quarter 2020 financial results. A copy of the press release is furnished hereto as Exhibit 99.1.

The information furnished with this report on Form 8-K, including Exhibit 99.1, shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that section, and it will not be deemed incorporated by reference into any registration statement or other document filed under the Securities Act of 1933, as amended, or the Exchange Act, except as expressly set forth by specific reference in such a filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 [Press release dated July 30, 2020.](#)

104 The cover page from this Current Report on Form 8-K, formatted in Inline XBRL.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

THE CHEMOURS COMPANY

By: /s/ Sameer Ralhan

Sameer Ralhan

Senior Vice President, Chief Financial

Officer and Treasurer

Date: July 30, 2020



The Chemours Company Reports Second Quarter 2020 Results Strong Improvement in Free Cash Flow Despite Weak Global Demand; COVID-19 Response Plan Remains on Track

WILMINGTON, Del., July 30, 2020 /PRNewswire/ -- The Chemours Company (Chemours) (NYSE: CC), a global chemistry company with leading market positions in Fluoroproducts, Chemical Solutions and Titanium Technologies, today announced its financial results for the second quarter 2020.

Second Quarter 2020 Highlights

- Net Sales of \$1.1 billion
- Net Income of \$24 million, with EPS of \$0.15
- Adjusted Net Income of \$30 million, with Adjusted EPS of \$0.18
- Adjusted EBITDA of \$166 million
- Free Cash Flow of \$50 million, a \$167 million improvement from prior year
- On July 29th, the company's board of directors approved a Q3 dividend of \$0.25 per share, consistent with the prior quarter

Update on COVID-19 Response Plan

- All Chemours sites remain operational
- Maintaining health and safety measures across our sites
- On target to reduce FY 2020 costs by \$160 million
- On target to reduce FY 2020 CAPEX by ~\$125 million, from approx. \$400 million to approx. \$275 million
- Preserving strong balance sheet, ample liquidity of \$1.4 billion with no near-term senior debt maturities

"Our results in the second quarter reflect disciplined execution of our cash generation strategy in spite of the significant impact of COVID-19 on global demand," said Chemours President and CEO Mark Vergnano. "We remain focused on both our employees' safety and fully supporting our customers' needs. At the same time, the team has reduced costs and improved operating efficiencies through this difficult period. These efforts combined with our strong liquidity position give us tremendous confidence that we will be in a strong position to respond when market conditions improve."

Second quarter 2020 net sales were \$1.1 billion in comparison to \$1.4 billion in the prior-year second quarter. Results were driven primarily by lower volume across all segments. Second quarter net income was \$24 million, resulting in EPS of \$0.15. Adjusted Net Income was \$30 million, resulting in Adjusted EPS of \$0.18, down \$0.54 from the prior year, inclusive of a \$13 million charge related to our Fayetteville facility. Adjusted EBITDA for the second quarter 2020 was \$166 million in comparison to \$283 million in the previous year second quarter, a result of lower volumes and prices, idle production charges, lower fixed cost absorption and limited F-Gas quota sales, partially offset by stronger operational performance and lower cost, driven by FY2020 cost reduction plan in response to COVID-19, on year-over-year basis.

Fluoroproducts

Fluoroproducts segment net sales in the second quarter were \$523 million in comparison to \$711 million in the prior year. Volume and price declined 22 percent and 3 percent, respectively, on a year-over-year basis. Lower volumes were primarily driven by the impact of COVID-19 on global automotive OEMs and industrial end-markets. Segment Adjusted EBITDA of \$97 million decreased 46 percent versus the prior-year quarter, negatively impacted by higher costs driven by idle production and minimal F-gas quota sales due to illegal imports of HFC refrigerants into the EU. This was partially offset by cost reductions across the business and improved operational performance.

Chemical Solutions

Chemical Solutions segment net sales were \$82 million, a 37 percent decrease versus the prior-year second quarter. Volumes were down 16 percent year-over-year primarily driven by COVID-19 related mine closures. Portfolio was down 18 percent year-over-year primarily driven by the Methylamines and Methylamides business divestiture in the fourth quarter of 2019. Lower average prices were primarily driven by regional customer mix. Adjusted EBITDA of \$19 million was 19 percent higher in comparison to the prior-year quarter, reflecting a 1100 bps improvement in margins to 23 percent from 12 percent in the prior-year primarily due to portfolio management actions and lower costs.



Titanium Technologies

Titanium Technologies segment net sales in the second quarter were \$488 million in comparison to \$567 million in the prior-year quarter. Volumes were down 9 percent versus the prior-year second quarter, a result of softer demand primarily in Europe, Latin America and Asia. North America was relatively flat, as the DIY trends helped support the end-market demand in the region. Global average selling prices were flat sequentially and down 5 percent on a year-over-year basis. Segment Adjusted EBITDA decreased by 26 percent to \$94 million, in comparison to \$127 million in last year's second quarter, negatively impacted by fixed cost under-absorption.

Corporate and Other

Corporate and Other in the second quarter 2020 represented a \$44 million offset to Adjusted EBITDA, versus a \$40 million offset in the prior-year quarter. This increase was attributable to higher costs associated with environmental remediation matters partially offset by reductions in compensation expense and lower external spend.

Liquidity

As of June 30, 2020, consolidated gross debt was \$4.4 billion. Debt, net of \$1 billion cash, was \$3.3 billion, resulting in a net leverage ratio of approximately 3.7 times on a trailing twelve-month Adjusted EBITDA basis. Total liquidity was \$1.4 billion, comprised of \$1 billion of cash and \$399 million of revolver capacity.

Cash provided by operating activities for the second quarter of 2020 was \$111 million, up \$104 million from \$7 million in the prior-year quarter. Capital expenditures for the second quarter 2020 were \$61 million, versus \$124 million in last year's second quarter. Free Cash Flow for the second quarter 2020 was a \$50 million inflow versus the prior-year quarter of a \$117 million outflow, an improvement of \$167 million.

Outlook

Vergnano concluded: "The first half of 2020 has been one of the most difficult periods in our short history. I am proud of the way Chemours has responded and our ability to focus and execute through these uncertain times. The outlook for the second half, while improving, remains unclear. Looking ahead, as we navigate this uncertain time, we remain focused on the execution of our short-term response plan and long-term strategy. The Chemours Team will continue to work in strong partnership with our customers to deliver the full potential of our value proposition, because we win only if our customers win."

Conference Call

As previously announced, Chemours will hold a conference call and webcast on Friday, July 31, 2020 at 8:30 AM EDT. The webcast and additional presentation materials can be accessed by visiting the *Events & Presentations* page of Chemours' investor website, investors.chemours.com. A webcast replay of the conference call will be available on the Chemours investor website.



About The Chemours Company

The Chemours Company (NYSE: CC) is a global leader in titanium technologies, fluoroproducts, and chemical solutions, providing its customers with solutions in a wide range of industries with market-defining products, application expertise and chemistry-based innovations. Chemours ingredients are found in plastics and coatings, refrigeration and air conditioning, mining, and general industrial manufacturing. Our flagship products include prominent brands such as Teflon™, Ti-Pure™, Krytox™, Viton™, Opteon™, Freon™ and Nafion™. In 2019, Chemours was named to Newsweek's list of America's Most Responsible Companies. The company has approximately 7,000 employees and 30 manufacturing sites serving approximately 3,700 customers in over 120 countries. Chemours is headquartered in Wilmington, Delaware and is listed on the NYSE under the symbol CC.

For more information, we invite you to visit chemours.com or follow us on Twitter @Chemours or LinkedIn.

Non-GAAP Financial Measures

We prepare our financial statements in accordance with Generally Accepted Accounting Principles (GAAP). Within this press release, we may make reference to Adjusted Net Income (Loss), Adjusted EPS, Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, Adjusted Effective Tax Rate, Return on Invested Capital and Net Leverage Ratio which are non-GAAP financial measures. The company includes these non-GAAP financial measures because management believes they are useful to investors in that they provide for greater transparency with respect to supplemental information used by management in its financial and operational decision making.

Management uses Adjusted Net Income (Loss), Adjusted EPS, Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, Adjusted Effective Tax Rate, Return on Invested Capital and Net Leverage Ratio to evaluate the company's performance excluding the impact of certain noncash charges and other special items which we expect to be infrequent in occurrence in order to have comparable financial results to analyze changes in our underlying business from quarter to quarter.

Accordingly, the company believes the presentation of these non-GAAP financial measures, when used in conjunction with GAAP financial measures, is a useful financial analysis tool that can assist investors in assessing the company's operating performance and underlying prospects. This analysis should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. This analysis, as well as the other information in this press release, should be read in conjunction with the company's financial statements and footnotes contained in the documents that the company files with the U.S. Securities and Exchange Commission. The non-GAAP financial measures used by the company in this press release may be different from the methods used by other companies. For more information on the non-GAAP financial measures, please refer to the attached schedules or the table, "Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures" and materials posted to the company's website at investors.chemours.com.

Forward-Looking Statements

This press release contains forward-looking statements, within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, which involve risks and uncertainties. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical or current fact. The words "believe," "expect," "will," "anticipate," "plan," "estimate," "target," "project" and similar expressions, among others, generally identify "forward-looking statements," which speak only as of the date such statements were made. These forward-looking statements may address, among other things, the outcome or resolution of any pending or future environmental liabilities, the commencement, outcome or resolution of any regulatory inquiry, investigation or proceeding, the initiation, outcome or settlement of any litigation, changes in environmental regulations in the U.S. or other jurisdictions that affect demand for or adoption of our products, anticipated future operating and financial performance, business plans, prospects, targets, goals and commitments, capital investments and projects, plans for dividends or share repurchases, sufficiency or longevity of intellectual property protection, cost reductions or savings targets, plans to increase profitability and growth, our ability to make acquisitions, integrate acquired businesses or assets into our operations, and achieve anticipated synergies or cost savings, all of which are subject to substantial risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Forward-looking statements are based on certain assumptions and expectations of future events that may not be accurate or realized. These statements are not guarantees of future performance. Forward-looking statements also involve risks and uncertainties that are beyond Chemours' control. In addition, the current COVID-19 pandemic has significantly impacted the national and global economy and commodity and financial markets. The full extent and impact of the pandemic is unknown and to date has included extreme volatility in



financial and commodity markets, a significant slowdown in economic activity, and increased predictions of a global recession. The public and private sector response has led to significant restrictions on travel, temporary business closures, quarantines, stock market volatility, and a general reduction in consumer and commercial activity globally. Matters outside our control have affected our business and operations and may or may continue to limit travel of employees to our business units domestically and internationally, adversely affect the health and welfare of our personnel, significantly reduce the demand for our products, hinder our ability to provide goods and services to customers, cause disruptions in our supply chains, adversely affect our business partners or cause other unpredictable events. Additionally, there may be other risks and uncertainties that Chemours is unable to identify at this time or that Chemours does not currently expect to have a material impact on its business. Factors that could cause or contribute to these differences include the risks, uncertainties and other factors discussed in our filings with the U.S. Securities and Exchange Commission, including in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 and in our Annual Report on Form 10-K for the year ended December 31, 2019. Chemours assumes no obligation to revise or update any forward-looking statement for any reason, except as required by law.

**CONTACT:****INVESTORS**

Jonathan Lock
VP, Corporate Development and Investor Relations
+1.302.773.2263
investor@chemours.com

NEWS MEDIA

Alvenia Scarborough
Sr. Director of Corporate Communications and Brand Marketing
+1.302.773.4507
media@chemours.com

The Chemours Company
Interim Consolidated Statements of Operations (Unaudited)
(Dollars in millions, except per share amounts)

| | Three Months Ended June 30, | | Six Months Ended June 30, | |
|---|------------------------------------|--------------|----------------------------------|---------------|
| | 2020 | 2019 | 2020 | 2019 |
| Net sales | \$ 1,093 | \$ 1,408 | \$ 2,398 | \$ 2,784 |
| Cost of goods sold | 894 | 1,085 | 1,901 | 2,165 |
| Gross profit | 199 | 323 | 497 | 619 |
| Selling, general, and administrative expense | 110 | 136 | 235 | 292 |
| Research and development expense | 20 | 19 | 44 | 41 |
| Restructuring, asset-related, and other charges | 17 | 7 | 28 | 15 |
| Total other operating expenses | 147 | 162 | 307 | 348 |
| Equity in earnings of affiliates | 7 | 8 | 14 | 16 |
| Interest expense, net | (53) | (52) | (107) | (103) |
| Other income (expense), net | 14 | 16 | (1) | 55 |
| Income before income taxes | 20 | 133 | 96 | 239 |
| (Benefit from) provision for income taxes | (4) | 37 | (28) | 50 |
| Net income | 24 | 96 | 124 | 189 |
| Net income attributable to Chemours | \$ 24 | \$ 96 | \$ 124 | \$ 189 |
| Per share data | | | | |
| Basic earnings per share of common stock | \$ 0.15 | \$ 0.58 | \$ 0.75 | \$ 1.14 |
| Diluted earnings per share of common stock | 0.15 | 0.57 | 0.75 | 1.12 |

The Chemours Company
Interim Consolidated Balance Sheets (Unaudited)
(Dollars in millions, except per share amounts)

| | June 30, 2020 | December 31, 2019 |
|--|-----------------|-------------------|
| Assets | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,031 | \$ 943 |
| Accounts and notes receivable, net | 540 | 674 |
| Inventories | 1,074 | 1,079 |
| Prepaid expenses and other | 72 | 81 |
| Total current assets | 2,717 | 2,777 |
| Property, plant, and equipment | 9,296 | 9,413 |
| Less: Accumulated depreciation | (5,873) | (5,854) |
| Property, plant, and equipment, net | 3,423 | 3,559 |
| Operating lease right-of-use assets | 273 | 294 |
| Goodwill and other intangible assets, net | 171 | 174 |
| Investments in affiliates | 175 | 162 |
| Other assets | 275 | 292 |
| Total assets | \$ 7,034 | \$ 7,258 |
| Liabilities | | |
| Current liabilities: | | |
| Accounts payable | \$ 651 | \$ 923 |
| Short-term and current maturities of long-term debt | 19 | 134 |
| Other accrued liabilities | 486 | 484 |
| Total current liabilities | 1,156 | 1,541 |
| Long-term debt, net | 4,327 | 4,026 |
| Operating lease liabilities | 224 | 245 |
| Deferred income taxes | 58 | 118 |
| Other liabilities | 610 | 633 |
| Total liabilities | 6,375 | 6,563 |
| Commitments and contingent liabilities | | |
| Equity | | |
| Common stock (par value \$0.01 per share; 810,000,000 shares authorized; 189,551,590 shares issued and 164,232,355 shares outstanding at June 30, 2020; 188,893,478 shares issued and 163,574,243 shares outstanding at December 31, 2019) | 2 | 2 |
| Treasury stock, at cost (25,319,235 shares at June 30, 2020 and December 31, 2019) | (1,072) | (1,072) |
| Additional paid-in capital | 872 | 859 |
| Retained earnings | 1,290 | 1,249 |
| Accumulated other comprehensive loss | (435) | (349) |
| Total Chemours stockholders' equity | 657 | 689 |
| Non-controlling interests | 2 | 6 |
| Total equity | 659 | 695 |
| Total liabilities and equity | \$ 7,034 | \$ 7,258 |

The Chemours Company
Interim Consolidated Statements of Cash Flows (Unaudited)
(Dollars in millions)

| | Six Months Ended June 30, | |
|--|----------------------------------|---------------|
| | 2020 | 2019 |
| Cash flows from operating activities | | |
| Net income | \$ 124 | \$ 189 |
| Adjustments to reconcile net income to cash provided by (used for) operating activities: | | |
| Depreciation and amortization | 160 | 154 |
| Gain on sales of assets and businesses | — | (3) |
| Equity in earnings of affiliates, net | (11) | (15) |
| Amortization of debt issuance costs and issue discounts | 5 | 5 |
| Deferred tax (benefit) provision | (70) | 2 |
| Asset-related charges | 11 | — |
| Stock-based compensation expense | 9 | 14 |
| Net periodic pension cost | 6 | 1 |
| Defined benefit plan contributions | (14) | (13) |
| Other operating charges and credits, net | (3) | 1 |
| Decrease (increase) in operating assets: | | |
| Accounts and notes receivable, net | 128 | (16) |
| Inventories and other operating assets | 33 | (70) |
| (Decrease) increase in operating liabilities: | | |
| Accounts payable and other operating liabilities | (223) | (287) |
| Cash provided by (used for) operating activities | 155 | (38) |
| Cash flows from investing activities | | |
| Purchases of property, plant, and equipment | (167) | (257) |
| Proceeds from sales of assets and businesses, net | — | 1 |
| Foreign exchange contract settlements, net | 4 | — |
| Cash used for investing activities | (163) | (256) |
| Cash flows from financing activities | | |
| Proceeds from accounts receivable securitization facility | 12 | — |
| Proceeds from revolving loan | 300 | 150 |
| Debt repayments | (134) | (6) |
| Payments on finance leases | (3) | — |
| Purchases of treasury stock, at cost | — | (322) |
| Proceeds from exercised stock options, net | 5 | 8 |
| Payments related to tax withholdings on vested stock awards | (2) | (30) |
| Payments of dividends to the Company's common shareholders | (82) | (83) |
| Distributions to non-controlling interest shareholders | (4) | — |
| Cash provided by (used for) financing activities | 92 | (283) |
| Effect of exchange rate changes on cash and cash equivalents | 4 | 6 |
| Increase (decrease) in cash and cash equivalents | 88 | (571) |
| Cash and cash equivalents at January 1, | 943 | 1,201 |
| Cash and cash equivalents at June 30, | \$ 1,031 | \$ 630 |
| Supplemental cash flows information | | |
| Non-cash investing and financing activities: | | |
| Changes in property, plant, and equipment included in accounts payable | \$ 25 | \$ (25) |
| Obligations incurred under build-to-suit lease arrangement | — | 30 |

The Chemours Company
Segment Financial and Operating Data (Unaudited)
(Dollars in millions)

Segment Net Sales

| | <u>Three Months Ended June 30,</u> | | <u>Increase / (Decrease)</u> | <u>Three Months Ended March 31,</u> | <u>Sequential Increase / (Decrease)</u> |
|------------------------|------------------------------------|-----------------|----------------------------------|---|---|
| | <u>2020</u> | <u>2019</u> | | <u>2020</u> | |
| Fluoroproducts | \$ 523 | \$ 711 | \$ (188) | \$ 600 | \$ (77) |
| Chemical Solutions | 82 | 130 | (48) | 92 | (10) |
| Titanium Technologies | 488 | 567 | (79) | 613 | (125) |
| Total Net Sales | \$ 1,093 | \$ 1,408 | \$ (315) | \$ 1,305 | \$ (212) |

Segment Adjusted EBITDA

| | <u>Three Months Ended June 30,</u> | | <u>Increase / (Decrease)</u> | <u>Three Months Ended March 31,</u> | <u>Sequential Increase / (Decrease)</u> |
|------------------------------|------------------------------------|---------------|----------------------------------|---|---|
| | <u>2020</u> | <u>2019</u> | | <u>2020</u> | |
| Fluoroproducts | \$ 97 | \$ 180 | \$ (83) | \$ 140 | \$ (43) |
| Chemical Solutions | 19 | 16 | 3 | 15 | 4 |
| Titanium Technologies | 94 | 127 | (33) | 138 | (44) |
| Corporate and Other | (44) | (40) | (4) | (36) | (8) |
| Total Adjusted EBITDA | \$ 166 | \$ 283 | \$ (117) | \$ 257 | \$ (91) |

| | | | |
|-------------------------------|-----|-----|-----|
| Adjusted EBITDA Margin | 15% | 20% | 20% |
|-------------------------------|-----|-----|-----|

Quarterly Change in Net Sales from the three months ended June 30, 2019

| | <u>June 30, 2020 Net Sales</u> | <u>Percentage Change vs. June 30, 2019</u> | <u>Percentage Change Due To</u> | | | |
|-----------------------|------------------------------------|--|---------------------------------|---------------|-----------------|------------------|
| | | | <u>Price</u> | <u>Volume</u> | <u>Currency</u> | <u>Portfolio</u> |
| Total Company | \$ 1,093 | (22)% | (4)% | (16)% | —% | (2)% |
| Fluoroproducts | \$ 523 | (26)% | (3)% | (22)% | (1)% | —% |
| Chemical Solutions | 82 | (37)% | (3)% | (16)% | —% | (18)% |
| Titanium Technologies | 488 | (14)% | (5)% | (9)% | —% | —% |

Quarterly Change in Net Sales from the three months ended March 31, 2020

| | <u>June 30, 2020 Net Sales</u> | <u>Percentage Change vs. March 31, 2020</u> | <u>Percentage Change Due To</u> | | | |
|-----------------------|------------------------------------|---|---------------------------------|---------------|-----------------|------------------|
| | | | <u>Price</u> | <u>Volume</u> | <u>Currency</u> | <u>Portfolio</u> |
| Total Company | \$ 1,093 | (16)% | (1)% | (15)% | —% | —% |
| Fluoroproducts | \$ 523 | (13)% | —% | (12)% | (1)% | —% |
| Chemical Solutions | 82 | (11)% | (7)% | (4)% | —% | —% |
| Titanium Technologies | 488 | (20)% | —% | (20)% | —% | —% |

The Chemours Company
Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures (Unaudited)
(Dollars in millions)

Adjusted EBITDA and Adjusted Net Income to GAAP Net Income Reconciliation

Adjusted earnings before interest, taxes, depreciation, and amortization (“Adjusted EBITDA”) is defined as income (loss) before income taxes, excluding the following items: interest expense, depreciation, and amortization; non-operating pension and other post-retirement employee benefit costs, which represents the components of net periodic pension (income) costs excluding the service cost component; exchange (gains) losses included in other income (expense), net; restructuring, asset-related, and other charges; (gains) losses on sales of businesses or assets; and, other items not considered indicative of the Company’s ongoing operational performance and expected to occur infrequently. Adjusted Net Income is defined as net income (loss) attributable to Chemours, adjusted for items excluded from Adjusted EBITDA, except interest expense, depreciation, amortization, and certain provision for (benefit from) income tax amounts.

| | Three Months Ended | | | Six Months Ended | | |
|---|--------------------|---------------|---------------|------------------|---------------|--|
| | June 30, | | March 31, | June 30, | | |
| | 2020 | 2019 | 2020 | 2020 | 2019 | |
| Net income attributable to Chemours | \$ 24 | \$ 96 | \$ 100 | \$ 124 | \$ 189 | |
| Non-operating pension and other post-retirement employee benefit income | (1) | (3) | — | (1) | (6) | |
| Exchange (gains) losses, net | (6) | 9 | 24 | 19 | 3 | |
| Restructuring, asset-related, and other charges | 17 | 7 | 11 | 28 | 15 | |
| Gain on sales of assets and businesses | — | (2) | — | — | (2) | |
| Transaction costs | — | 1 | 2 | 2 | 1 | |
| Legal and environmental charges (1) | 1 | 8 | 10 | 12 | 38 | |
| Adjustments made to income taxes (2) | (2) | 7 | (19) | (22) | 1 | |
| Benefit from income taxes relating to reconciling items (3) | (3) | (3) | (10) | (13) | (11) | |
| Adjusted Net Income (4) | 30 | 120 | 118 | 149 | 228 | |
| Interest expense, net | 53 | 52 | 54 | 107 | 103 | |
| Depreciation and amortization | 82 | 78 | 79 | 160 | 154 | |
| All remaining provision for income taxes (4) | 1 | 33 | 6 | 7 | 60 | |
| Adjusted EBITDA | \$ 166 | \$ 283 | \$ 257 | \$ 423 | \$ 545 | |
| Adjusted effective tax rate (4) | 3% | 22% | 5% | 4% | 21% | |

- (1) Legal charges pertains to litigation settlements, PFOA drinking water treatment accruals, and other legal charges. Environmental charges pertains to management’s assessment of estimated liabilities associated with on-site remediation, off-site groundwater remediation, and toxicity studies related to Fayetteville. The six months ended June 30, 2020 includes \$8 based on the aforementioned assessment associated with certain estimated liabilities at Fayetteville. The three and six months ended June 30, 2019 includes \$7 and \$34, respectively, for the approved final Consent Order associated with certain matters at Fayetteville. See “Note 16 – Commitments and Contingent Liabilities” to the *Interim Consolidated Financial Statements* in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2020 for further details.
- (2) Includes the removal of certain discrete income tax impacts within our provision for income taxes, such as shortfalls and windfalls on our share-based payments, historical valuation allowance adjustments, unrealized gains and losses on foreign exchange rate changes, and other discrete income tax items.
- (3) The income tax impacts included in this caption are determined using the applicable rates in the taxing jurisdictions in which income or expense occurred and represents both current and deferred income tax expense or benefit based on the nature of the non-GAAP financial measure.
- (4) Adjusted effective tax rate is defined as all remaining provision for income taxes divided by pre-tax Adjusted Net Income.

The Chemours Company
Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures (Unaudited)
(Dollars in millions, except per share amounts)

Adjusted Earnings per Share to GAAP Earnings per Share Reconciliation

Adjusted earnings per share ("EPS") is calculated by dividing Adjusted Net Income by the weighted-average number of common shares outstanding. Diluted Adjusted EPS accounts for the dilutive impact of stock-based compensation awards, which includes unvested restricted shares. Diluted Adjusted EPS considers the impact of potentially-dilutive securities, except in periods in which there is a loss because the inclusion of the potentially-dilutive securities would have an anti-dilutive effect.

| | Three Months Ended | | | Six Months Ended | | |
|--|---------------------------|--------------------|--------------------|-------------------------|--------------------|--|
| | June 30, | | March 31, | June 30, | | |
| | 2020 | 2019 | 2020 | 2020 | 2019 | |
| Numerator: | | | | | | |
| Net income attributable to Chemours | \$ 24 | \$ 96 | \$ 100 | \$ 124 | \$ 189 | |
| Adjusted Net Income | 30 | 120 | 118 | 149 | 228 | |
| Denominator: | | | | | | |
| Weighted-average number of common shares outstanding - basic | 164,648,103 | 164,118,816 | 164,247,449 | 164,448,226 | 165,982,289 | |
| Dilutive effect of the Company's employee compensation plans | 765,838 | 2,822,810 | 1,010,542 | 888,190 | 3,508,621 | |
| Weighted-average number of common shares outstanding - diluted | <u>165,413,941</u> | <u>166,941,626</u> | <u>165,257,991</u> | <u>165,336,416</u> | <u>169,490,910</u> | |
| Basic earnings per share of common stock | \$ 0.15 | \$ 0.58 | \$ 0.61 | \$ 0.75 | \$ 1.14 | |
| Diluted earnings per share of common stock | 0.15 | 0.57 | 0.61 | 0.75 | 1.12 | |
| Adjusted basic earnings per share of common stock | 0.18 | 0.73 | 0.72 | 0.91 | 1.38 | |
| Adjusted diluted earnings per share of common stock | 0.18 | 0.72 | 0.71 | 0.90 | 1.35 | |

The Chemours Company
Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures (Unaudited)
(Dollars in millions)

Free Cash Flows to GAAP Cash Flow Provided by Operating Activities Reconciliation

Free Cash Flows is defined as cash flows provided by (used for) operating activities, less purchases of property, plant, and equipment as shown in the consolidated statements of cash flows.

| | Three Months Ended | | | Six Months Ended | |
|---|---------------------------|-----------------|------------------|-------------------------|-----------------|
| | June 30, | | March 31, | June 30, | |
| | 2020 | 2019 | 2020 | 2020 | 2019 |
| Cash provided by (used for) operating activities | \$ 111 | \$ 7 | \$ 44 | \$ 155 | \$ (38) |
| Less: Purchases of property, plant, and equipment | (61) | (124) | (106) | (167) | (257) |
| Free Cash Flows | \$ 50 | \$ (117) | \$ (62) | \$ (12) | \$ (295) |

Return on Invested Capital Reconciliation

Return on Invested Capital ("ROIC") is defined as Adjusted EBITDA, less depreciation and amortization ("Adjusted EBIT"), divided by the average of invested capital, which amounts to net debt, or debt less cash and cash equivalents, plus equity.

| | Twelve Months Ended June 30, | |
|---|-------------------------------------|-----------------|
| | 2020 | 2019 |
| Adjusted EBITDA (1) | \$ 898 | \$ 1,321 |
| Less: Depreciation and amortization (1) | (315) | (296) |
| Adjusted EBIT | \$ 583 | \$ 1,025 |

| | As of June 30, | |
|---------------------------------|-----------------------|-----------------|
| | 2020 | 2019 |
| Total debt | \$ 4,346 | \$ 4,208 |
| Total equity | 659 | 829 |
| Less: Cash and cash equivalents | (1,031) | (630) |
| Invested capital, net | \$ 3,974 | \$ 4,407 |
| Average invested capital (2) | \$ 4,116 | \$ 3,989 |

| | | |
|-----------------------------------|-----|-----|
| Return on Invested Capital | 14% | 26% |
|-----------------------------------|-----|-----|

- (1) Reconciliations of Adjusted EBITDA to net income attributable to Chemours are provided on a quarterly basis. See the preceding table for the reconciliation of Adjusted EBITDA to net income attributable to Chemours.
- (2) Average invested capital is based on a five-quarter trailing average of invested capital, net.