Q1 2022 Earnings Prepared Comments

Jonathan Lock, The Chemours Company, Senior Vice President, Chief Development Officer

Welcome to The Chemours Company's First Quarter 2022 earnings conference call. I'm joined today by Mark Newman, President and Chief Executive Officer, and Sameer Ralhan, Senior Vice President and Chief Financial Officer.

Before we start, I'd like to remind you that comments made on this call, as well as the supplemental information provided in our presentation and on our website, contain forward-looking statements that involve risks and uncertainties, including the impact of Covid-19 on our business and operations, and the other risks and uncertainties described in the 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 these remarks, management will refer to certain non-GAAP financial measures that we believe are useful to investors evaluating the company's performance. A reconciliation of non-GAAP terms and adjustments are included in our release and at the end of this presentation.

With that, I'll turn the call over to our CEO Mark Newman who will review the highlights from the First quarter.

Mark Newman, The Chemours Company, President and Chief Executive Officer

I am excited to be with you today and to report our first quarter results. We had an outstanding first quarter – and it took every one of our 6,400 employees to deliver these great results. So, before I go any further, I would like to recognize all our people across our global sites for their hard work to start 2022 well. Your collaboration and dedication to execution has been nothing short of heroic as we build momentum for another great year

So now let's go to the highlights. We delivered strong first quarter Net Sales and Adjusted EBITDA growth. We grew the top-line by 23% and increased Adjusted EBITDA by 50%. More importantly, we did this on the back of solid contributions from all our businesses – led by Thermal and Specialized Solutions and Advanced Performance Materials. The results in those two segments highlight some of the structural shifts underway in the markets we serve, and our ability to deliver the right chemistry to meet the evolving demands of the market. In TSS, we have the confluence of strong market demand, the AIM Act implementation and product and regional mix. In APM, after the turnaround we executed in 2021, we are focused on meeting growing demand for our products in clean energy and advanced electronics, including our position as a critical part of the US and global semiconductor supply chain with our Teflon PFA polymers.

In our Titanium Technologies segment, we continue to manage through ore constraints, which we now believe will be with us through the second half. Demand remains strong for our Ti-Pure™ products and the benefits of our TVS strategy are paying off for both Chemours and our customers – supply certainty, product quality, and predictability are the mutually beneficial outcomes of this unique strategy. We have the best book of business we have ever had in this franchise and have done an excellent job providing the best service levels for our contracted customers.

Our results have come against the backdrop of a very difficult macro-environment, and I would also like to thank our supply chain partners and suppliers who have helped make our performance possible. Our capital allocation policy continues to generate value for shareholders. In the quarter we repurchased $146 million dollars' worth of shares, and plan to complete the 2018 share repurchase authorization by the end of the second quarter. In addition, our Board has approved a new $750 million dollar share repurchase authorization through 2025. We are focused on driving high cash conversion from our earnings and applying our cash against our four priorities to drive long-term shareholder value creation. Finally, as a result of the stellar first quarter performance, we are also raising our full year Adjusted EBITDA guidance by 12% and our full year Free Cash Flow to greater than $550 million dollars. We will cover this in more detail at the end of our prepared remarks. Let me turn it over to Sameer to take us through the results.

Sameer Ralhan, The Chemours Company, Senior Vice President, Chief Financial Officer

Results in the first quarter reflect solid demand across our key end-markets, notwithstanding macro-headwinds related to both the conflict in Ukraine and COVID-19 logistics issues. Q1 net sales of $1.8 billion dollars were up 23% year-over-year, and up 12% on a sequential basis. Price growth was driven by solid demand, which continues to exceed our ability to supply in many cases. Product mix improvements also contributed to the price growth in the quarter, as we shifted mix into higher value applications and end markets. Volumes were up 4% over the prior year, reflecting sustained demand for our portfolio of products. GAAP and Adjusted EPS were $1.43 and $1.46 per share, respectively. Adjusted EBITDA increased by $135 million dollars to $403 million dollars in the first quarter, driven by higher pricing and volumes, with currency being a slight headwind. Adjusted EBITDA Margin rose to 23% on a company wide basis, up 400 bp from 19% in the prior year, as price continues to outpace cost. Free Cash Flow in the quarter was a use of ($104) million dollars. Our cash performance in the quarter reflects increased Net Working Capital to support robust demand and more normal seasonal inventory patterns than in prior years.

On April 27th, our Board of Directors approved a second quarter 2022 dividend of $0.25 per share. This amount is unchanged from the prior quarter and will be payable to shareholders of record as of May 16, 2022.

First quarter 2022 Adjusted EBITDA was $403 million dollars, up $135 million dollars from the same period in 2021.Pricing momentum was strong across the businesses, driven by market and regulatory dynamics in TSS, demand for high value applications in APM, and contractual price increases alongside higher Flex/Distribution price in TT. Volumes were a modest, though positive, contributor to our results, demand increase across the board partially offset by continued headwinds of Automotive OEM demand and ore constraints. Higher year-over-year costs in the quarter were attributable to raw material cost inflation and supply chain issues.

In aggregate, we continue to see price ahead of cost driven by strong underlying demand for our products and our company wide focus on ensuring that we stay ahead of raw material cost inflation. As a result, net contribution of pricing actions vs. higher costs was positive again in the quarter.

Our cash position, liquidity and balance sheet remain strong. Our cash balance at the end of the First quarter was $1.15 billion dollars, down from $1.45 billion dollars in the prior quarter. Operating Cash Flow was approximately breakeven in the first quarter. Our strong operating earnings in the quarter were offset by working capital increase to support higher demand and seasonality. CAPEX was $106 million dollars.

In the first quarter we returned approximately $184 million of cash to shareholders through $40 million dollars of dividends and $144 million dollars of share repurchases. We expect to complete the remaining portion of our 2018 share repurchase authorization within the first half of this year.

Net-leverage of 1.8x times on a trailing twelve-month basis stayed flat from the prior quarter. Total liquidity stands at $1.9 billion dollars, including revolver availability of ~$900 million dollars. These cash balances are not inclusive of $100 million in restricted cash in an escrow account which is part of Chemours MOU Commitments.

Moving to the next chart, I will cover the business segment highlights, starting with Titanium Technologies.

Ti-Pure pigment demand showed continued strength in almost all end-markets and geographies in the first quarter. While we were pleased with our commercial and operating performance again this quarter, ore limitations prevented us from fully using the power of our circuit to maximize margins.

From the business perspective, our TVS strategy continues to enable stronger and deeper customer relationships over time. Customers see the value in partnering with Chemours so that they can focus on creating the best products for their customers.

Turning to the numbers, first quarter Net sales rose 28% year-over-year to $928 million dollars, in spite of production constraints related to ore availability. Price increased 24% vs. the prior year and 4% sequentially, reflecting strong demand across all end markets and in all geographies.

Volume was up 6% year-over-year and improved 3% sequentially, with gains across nearly all of our primary sales channels. Adjusted EBTIDA for the segment rose 24% year-over-year to $206 million dollars, driven higher by favorable pricing from contractual price adjustments, as well as price improvements in our Flex and distribution channels. Adjusted EBITDA Margin was at 22% - increased raw material costs, logistics and sub-optimal production across the circuit due to ore constraints impacted profitability.

As we look ahead, we continue to expect strong demand in the face of challenging macroeconomic conditions. We now expect to be ore constrained into the second half of 2022 but believe this impact will be partially offset by continued price momentum. We anticipate demand strength continuing in all regions and end-markets, as well as seasonality in our architectural coatings end markets.

Thermal and Specialized Solutions delivered exceptional year-over-year growth with contributions across the business excluding the automotive OEM end markets that we all know are suffering from semi-con and other supply chain constraints. The underlying improvement demonstrates our ability to serve our customers through challenging supply conditions and the quality of the Chemours TSS portfolio as they transition to more climate friendly Opteon™ solutions.

Looking more closely at the results, First Quarter Net Sales increased by 40% year-over-year to $425 million dollars. Price was a 40% on a year-over-year basis, primarily as a result of tight market conditions and pricing focus in anticipation of further inflationary pressures. Additionally, as you are likely aware, Q1 represents the start of stronger seasonal demand; this alongside favorable mix all contributed to the robust results. Volumes increased 1% year-over-year despite the headwinds from lower automotive OEM demand.

Segment Adjusted EBITDA of $174 million dollars in the quarter was up 93% vs the prior year. Adjusted EBITDA margins of 41% increase from the prior year by 1100 bps more than offsetting elevated raw material, inflation, and logistics costs.

Looking ahead, we expect a more typical seasonal pattern for TSS, with a larger first half than second half. TSS is extremely well positioned to support the continued adoption of our climate friendly, low

GWP Opteon™ solutions as the structural shift away from legacy refrigerants accelerates in the coming years.

Our APM business is stronger today than it has ever been, benefitting from a strong base built on solid operations, technology leadership, and cutting-edge application development in high growth areas including clean energy and advanced electronics.

In the quarter, we posted record Net Sales of $385 million dollars. First quarter sales were up 16% year-over-year and 11% on a sequential basis, driven primarily by 15% price improvement. Price in the quarter reflects strong demand for our products, impact of mix shift with increasing demand from higher value applications, and actions to help offset raw material cost inflation.

Volume growth was up 3% year-over-year and 6% on a sequential basis, as we continued to operate in an environment where demand outstrips resource availability.

Segment Adjusted EBITDA was a record $88 million dollars, a $30 million dollar increase over last year's first quarter. The year-over-year Adjusted EBITDA growth demonstrates the operating leverage we are seeing in this business and highlights the earning potential of this business as we drive the top-line growth. Adjusted EBITDA Margin of 23% improved 600 bps versus the prior-year quarter, despite the impact of rising costs related to raw material and supply chain issues.

Looking ahead – customer and end market demand remain strong around the world. In the face of supply chain constraints our commercial teams will continue to optimize our product mix to target the highest value applications and most strategic customers. We anticipate strong continued demand throughout the year, and our value-based pricing and supply chain integration to offset rising raw material and logistics costs over time. With that I'll turn things over to Mark to discuss the updated 2022 guidance.

Mark Newman, The Chemours Company, President and Chief Executive Officer

We are updating our guidance for the full year to reflect the outstanding performance in the first quarter and the momentum we feel across our businesses. We now believe that our full year 2022 Adjusted EBITDA will be between $1.475 billion and 1.575 billion dollars, versus our prior guidance of

$1.3 billion to $1.425 billion dollars. Our revised guidance is up 12% from our original 2022 guidance, and up 16% from 2021 levels, at the mid-point of our new range of $1.525 billion dollars. In addition, we are raising our Free Cash Flow guidance to be greater than $550 million dollars, up from greater than $500 million dollars previously. This will be the third year we have generated in excess of $500 million dollars in Free Cash Flow.

We are increasing our full year guide at a time of significant economic uncertainty from the conflict in Ukraine, COVID19 shutdowns in China, and the prospect of rising interest rates and inflationary impacts on consumers. Based on our Q1 performance, normal seasonality and current outlook on ore constraints in TT, we would anticipate being towards the middle of the range of our new guide but believe the lower end of our guide is possible only to the extent the economic uncertainties have more significant impact on supply chain constraints or customer demand in the second half of this year.

Our team remains focused on building momentum in our three industry leading businesses and delivering another great year consistent with our updated guidance. Beyond the current year, we are focused on driving long term shareholder value through our four key priorities.

- Priority 1 is to Improve TT earnings through the cycle, while growing with strategic customers. We have the best book of contracted business in our history and are now focused on additional steps that will reduce earnings and cashflow volatility through the cycle while liberating capacity for our most strategic customers in high value applications.
- Priority 2 is to Drive secular growth in TSS and APM behind class leading products and innovative chemistry. The structural changes underway to low global warming refrigerants, propellants and foaming agents is in the early innings and our TSS team is poised, through our innovation and capacity availability, to capture significant growth in the years to come. Similarly, our APM business is at the heart of the material science driving advances in clean energy and advanced electronics, including servicing the explosive demand for semiconductors. In many cases such as Nafion™ membranes for Hydrogen, or Teflon PFA for semiconductor infrastructure, our products are unique solutions to society's biggest

challenges, and we are focused on manufacturing these products in the most sustainable way. Our installed capacity and industry leading chemistry position us uniquely to win in hydrogen, electric vehicles and semiconductors like few in the industry.

- Priority 3 is to Continue to manage and resolve legacy liabilities consistent with the Chemours/Dupont/Corteva MOU. With this agreement in place, we will continue to put legacy issues behind us, and work collaboratively with all stakeholders, including the communities in which we operate to ensure a sustainable future for Chemours.
- Finally, Priority 4 is to Return the majority of the Free Cash Flow we generate to our shareholders through a steady diet of share repurchases and a stable dividend. We are transforming Chemours through the investments in our first three priorities but believe consistent cash returns to shareholders will compound our value creation over time. My entire leadership team is focused on these priorities, and we are excited at the number of levers we have to drive shareholder returns in the years to come.

In closing, we are clearly proud of how we started 2022 on the back of significantly improved results in 2021. But what I am most proud of is the energy and optimism I feel from every employee in Chemours to work together to create a better world through the power of our chemistry. And in addition to our outstanding financial results, we are a different kind of chemistry company, making a difference in our communities while striving to be the greatest place to work for every one of our 6400 amazing employees. It’s my honor to lead such a great team and I could not be more excited about where we are going from here.

Forward-Looking Statements

This presentation contains forward-looking statements, within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, 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 for our segments individually and our company as a whole, business plans, prospects, targets, goals and commitments, capital investments and projects and target capital expenditures, 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, which has had, and we expect will continue to have a negative impact on our financial results. The full extent and impact of the pandemic is still being determined and to date has included significant volatility in financial and commodity markets and a severe disruption in economic activity. The public and private sector response has led to travel restrictions, temporary business closures, quarantines, stock market volatility, and interruptions in consumer and commercial activity globally. Matters outside our control have affected our business and operations and may or may continue to hinder our ability to provide goods and services to customers, cause disruptions in our supply chains, adversely affect our business partners, significantly reduce the demand for our products, adversely affect the health and welfare of our personnel 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 Annual Report on Form 10-K for the year ended December 31, 2021. Chemours assumes no obligation to revise or update any forward-looking statement for any reason, except as required by law.

We prepare our financial statements in accordance with Generally Accepted Accounting Principles (“GAAP”). Within this presentation we may make reference to Adjusted Net Income, Adjusted EPS, Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, Adjusted Effective Tax Rate, Return on Invested Capital (ROIC) 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. Further information with respect to and reconciliations of such measures to the nearest GAAP measure can be found in the appendix hereto. Management uses Adjusted Net Income, Adjusted EPS, Adjusted EBITDA, Adjusted EBITDA Margin, Free Cash Flow, Adjusted Effective Tax Rate, ROIC 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.

Additional information for investors is available on the company’s website at investors.chemours.com