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The Chemours Co. (CC)

Q2 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning. My name is Jericho and I'll be your conference operator today. I would like to welcome everyone to The Chemours Company Second Quarter 2025 Results Conference Call. Currently all participants are in listen-only mode. A question-and-answer session will follow the conclusion of the prepared remarks. I would like to remind everyone that this conference call is being recorded.

I would now like to hand the conference call over to Brandon Ontjes, Vice President, Head of Strategy and Investor Relations for Chemours. You may begin your conference.

Brandon Ontjes

Vice President & Head-Strategy & Investor Relations, The Chemours Co.

Good morning, everybody. Welcome to The Chemours Company's Second Quarter 2025 Earnings Conference Call. I'm joined today by Denise Dignam, Chemours' President and Chief Executive Officer and our Senior Vice President and Chief Financial Officer, Shane Hostetter. Before we start, I would like to remind you that the comments made on this call as well as in the supplemental information provided on our website, contain forward-looking statements that involve risks and uncertainties as described in Chemours' SEC filings. 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, we'll 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 is included in our press release issued yesterday evening. Additionally, we also posted our earnings presentation and prepared financial remarks on our website yesterday evening. The prepared financial remarks are intended to largely replace management's quarterly financial prepared remarks, allowing for additional time for your questions. With that, I will turn the call over to Denise Dignam.

Denise M. Dignam

President & Chief Executive Officer & Director, The Chemours Co.

Thank you, Brandon, and thank you everyone for joining us. During today's call, I will begin by discussing our second quarter performance, including meaningful progress on our Pathway to Thrive strategy. I'll then turn it over to Shane who will provide details around our outlook. Finally, I will share some closing remarks before taking your questions. As you saw in our announcement on August 4, we reached a settlement with the state of New Jersey, continuing the notable progress we've made under our strengthening the long-term pillar of Chemours' Pathway to Thrive strategy. The settlement reached with New Jersey announced with DuPont and Corteva is a significant step forward as it resolves all environmental claims, including those related to PFAS across four current and former operating sites and all statewide claims. Chemours' share of the settlement on a net present value basis is approximately \$250 million, reflecting a 25-year payment timeframe. In connection with this settlement earlier this week, Chemours also established a new agreement with DuPont and Corteva to acquire the rights to Chemours' insurance proceeds, which will provide approximately \$150 million to fund the payments for the New Jersey settlement. The combination of these insurance proceeds and the release of approximately \$50 million in restricted cash from the 2021 MOU escrow account fully funds \$200 million of Chemours' New Jersey payment obligation, which covers our obligations through at least 2030. The present value of payments remaining after 2030 by Chemours for the New Jersey settlement, not considering the potential for additional insurance

recoveries is approximately \$80 million. This settlement is a meaningful step forward in our continued efforts to address the overall legacy PFAS and other environmental claims. We will continue to work in partnership with DuPont and Corteva to resolve such matters in the best interest of our stakeholders.

In addition to this achievement, we also delivered strong second quarter results, surpassing our expectations with improved performance across each of our three businesses. In closing out the quarter, our results came in stronger driven by the following: increased demand for Opteon tied to the 2025 transition; TT sales ahead of our expectations with sequential volume growth across all of our regions and favorable pricing in APM from Performance Solutions and new higher value applications as well as solid sales execution for our SPS Capstone product line winddown which is on track for the third quarter. However, with the strong momentum, we must acknowledge that we've had a significant impact from discrete operational issues in TT and APM, most of which were caused by external events but some were due to controllable operational matters. We've taken actions to address these issues, which I will speak to later in the call.

Now turning to each segment's performance in the quarter, starting with TSS. Our TSS business delivered another impressive quarter driven by continued momentum in the transition to Opteon Refrigerant. Net sales of Opteon Refrigerants grew 65% year-over-year, supported by seasonal demand and the impact of the 2025 US AIM Act transition mandate for residential and light commercial stationary air conditioning. This performance contributed to a 35% adjusted EBITDA margin, underscoring the strength of our differentiated portfolio and ability to capture profitable growth as the market continues to shift towards lower global warming potential solutions. While in the last quarter we highlighted challenges in the air conditioning aftermarket around cylinder constraints and product availability, I am proud of the TSS team's ability to remain steadfast and customer-focused during this time.

As a point of emphasis, our team's ability to be resourceful and solutions-focused to meet the needs of our customers was key to delivering these better-than-expected results. Looking ahead, we expect continued Opteon demand growth in the second-half, moderated by typical seasonality with an unwavering, strong regulatory framework to drive the transition within additional stationary subsectors. Driven by this transition, at the end of the second quarter we're now seeing Opteon Refrigerants make up 75% of total refrigerants revenues, up from 57% in the prior year quarter with superior positioning in the market.

One area I also want to highlight is around the ramp-up of our Opteon YF capacity expansion at our Corpus Christi site. This important investment has been key to securing the capacity to be able to support the growth we're experiencing during this regulatory transition. Through the second quarter, we remain ahead of our target of half the overall expansion project we plan to have available this year. The team's ability to drive this performance is a clear illustration of our strategic execution under our operational excellence pillar and what we're looking to achieve across all of our sites. To this, a big thank you to all those at our corporate site who have been part of driving this performance and remain focused on our continued ramp-up efforts. Altogether, an industry-leading performance from TSS, outpacing our Q2 expectations and setting a solid foundation for the second-half.

Moving to TT. In the second quarter, TT delivered overall results ahead of our previous guidance with sequential net sales up 10%, supported by increased volumes of 9% paired with overall flat pricing. In this weaker demand environment, our team executed well, securing increased volumes across all of our regions. While we are proud of this result, it had some discrete operational issues, one being the rail line service interruption which is now resolved and the others caused by a gap of operational discipline in this low demand environment. The teams have now instituted a series of actions to rectify these issues. However, we do anticipate that some of these issues will impact our third quarter result. These recent challenges to run our plants at optimal levels have taken us off our transformation plan and a refocus on our cost out diligence is well underway. I am confident that the

team is taking the right steps to drive long-term improvements through these actions, and I will speak to the efforts we're taking through our manufacturing COE later in this call. From a broader market perspective, in-line with our expectations from last quarter, we are beginning to see the effects of Chinese producer capacity rationalization. This change in the global supply environment paired with recent fair trade actions have provided opportunities in Western markets where our teams have been able to drive commercial opportunities. While we find ourselves in a challenging environment and a global market that is in transition, our team has been diligent in efforts around commercial excellence and our long-term winning strategy.

Turning now to APM. Despite continued weakness in cyclical end-markets impacting Advanced Materials and products serving the hydrogen market under Performance Solutions, APM delivered a notable performance in the second quarter. APM's performance reflects our continued focus on strategic execution under our portfolio management pillar where we continue to shift our product mix to higher value applications in growing end-markets and optimize our asset footprint. In our Performance Solutions portfolio, APM saw a sequential sales increase of 14% driven by product sales into the data center cable market with Advanced Materials seeing a 20% sequential sales increase, primarily driven by stronger pricing in the SPS Capstone product line in connection with the product line's planned exit in the third quarter. The impact of this strategic execution on our bottom line is evident in our adjusted EBITDA margin, increasing from 11% in the first quarter of 2025 to 14% in the second quarter. Our performance in the second quarter is indicative of how we view the APM business going forward: continuing to drive and improve quality of earnings across our strategic pillars with an added emphasis on portfolio management. However, as we move into the third quarter, I want to highlight an issue that we've had at our Washington Works site related to a local power outage. This event caused an unplanned full shutdown of our site. After an initial restart and following further assessment, our team identified damage to a critical piece of equipment that resulted in an unscheduled downtime into mid-August. When these circumstances occur, our emphasis is on the safety of our employees and our surrounding community as we work through the repairs and a planned restart. Shane will speak to the impacts on our Q3 outlook shortly.

Overall, I couldn't be more proud of the execution from all of our teams in achieving these results for the second quarter, illustrating Chemours' collective focus on strategic execution. I know we will continue to keep the same focus as we move into the second-half of the year.

With that, I'll turn it over to Shane to walk through our outlook.

Shane W. Hostetter

Chief Financial Officer & Senior Vice President, The Chemours Co.

Thank you, Denise, and good morning, everyone. As shared in our earnings materials as well as the supplemental prepared financial remarks available on our investor website, I would like to now discuss our expectations for the third quarter followed by our outlook for the full-year 2025. Beginning with TSS, for the third quarter we expect TSS' net sales to decrease sequentially in the mid single-digit percentage range driven by traditional seasonality, primarily concentrated in our Freon Refrigerants. TSS' adjusted EBITDA is also expected to decrease in the low-teens percentage range sequentially primarily driven by the seasonality I mentioned as well as overall product mix.

For our TT business, we expect TT sequential net sales to decrease in the low single-digit percentage range driven by seasonality and regional sales mix with volumes expected to remain stable. Adjusted EBITDA is expected to decline in the low-teens percentage range sequentially due to lower sales paired with certain operational disruptions. Cost associated with these operational issues are anticipated to approximate \$15 million in the third quarter. As we look past the third quarter, we expect our operations to improve driven by broader COE efforts, which Denise will speak to later.

For our APM business, we expect APM's net sales to decrease in the mid-teens percentage range sequentially due to production constraints associated with the Washington Works downtime. Adjusted EBITDA is expected to approximate \$15 million in the third quarter considering the lower sales as well as additional costs from the referenced site outage, which will approximate \$20 million. On a consolidated basis, we anticipate our third quarter net sales to decrease 4% to 6% sequentially, with consolidated adjusted EBITDA expected to range between \$175 million to \$195 million. Also, we anticipate corporate expenses to decrease approximately 5% compared to the second quarter. Our capital expenditures for the third quarter are expected to be in the range of \$50 million with free cash flow conversion expected to be between 60% and 80%.

Turning to the full-year 2025, we expect to deliver adjusted EBITDA of \$775 million to \$825 million in 2025. Our capital expenditures are anticipated to approximate \$250 million and our free cash flow conversion for the second-half of the year is expected to be between 60% to 80%, driven by seasonal impacts as well as improvements to our net working capital. Also, the company's overall net leverage ratio is anticipated to continue to improve throughout 2025.

With that, I'll hand it back over to Denise for final remarks.

Denise M. Dignam

President & Chief Executive Officer & Director, The Chemours Co.

Thank you, Shane. I'm proud of the significant progress we've made to-date in executing our Pathway to Thrive strategy, however, we still have work to do. While we've made great strides in resolving legacy litigation in this quarter supported by overall strong business performance, operational excellence is a pillar where we continue to place our focus. Our efforts have driven clear success in certain instances as is exemplified in our ramp-up at Corpus. But while many of our recent operational impacts have been caused by outside events, we have to continue to reduce business interruptions and strengthen our resilience. We have really ramped up the engagement of our manufacturing COE with my direct involvement. As a former operations leader at Chemours, knowing our asset base, I believe we have room to improve our own performance to be better prepared for the unexpected. By engaging our COE, I've outlined our priorities in the following phases. First, realignment of experienced resources, creating more effective alignment of in-house manufacturing expertise to drive focus to the highest operational priorities in our circuit. This phase is now complete. Second, solidifying foundational capabilities, connecting people, processes and data to enhance performance and achieve top reliability benchmarks. Third, building advance operational capabilities with more effective use of technology to enable us to be an industry-leading manufacturing enterprise. I believe these are the keys to drive improved operational excellence under Pathway to Thrive, ensuring we drive resilient operational consistency moving forward.

I want to thank all our employees for their unwavering commitment and hard work, which have been instrumental in driving our progress this quarter and advancing our Pathway to Thrive strategy. There is no question that the Chemours team's dedication to keeping our customers first and driving strategic execution ensures that we will have continued outstanding performance like we did in the current quarter.

With that, we can now open the line up for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. We will begin the question-and-answer session. [Operator Instructions] Our first question comes from John McNulty from BMO Capital Markets. Please go ahead.

John P. McNulty

Analyst, BMO Capital Markets Corp.

Q

Yeah. Good morning. Thanks for taking my question. So I guess I wanted to dig into the outlook for the full-year. Because based on your 3Q guide, the implications are that 4Q really doesn't have much of the usual seasonal dip. And I guess some of that's probably tied to the – hopefully the absence of one-time items in APM and TiO2 but it still doesn't quite bridge me there. So I guess how should I be thinking about the good guys, the things that kind of help to offset that usual seasonal pattern from 3Q down to 4Q?

Denise M. Dignam

President & Chief Executive Officer & Director, The Chemours Co.

A

Thanks for the question, John. I'm going to turn it over to Shane to talk.

Shane W. Hostetter

Chief Financial Officer & Senior Vice President, The Chemours Co.

A

Yeah. Yeah. Thanks, John. As you mentioned, I mean, just doing math, right, we pointed to midpoint at roughly \$185 million for the third quarter and that kind of puts a midpoint at \$195 million for the fourth quarter. Just to note, right, that we had about \$35 million of operational items between TT and APM in the third quarter. You add that back, which we are doing everything from an operational perspective and everything looks good so that that will not repeat into Q4, you will see a seasonal decline. I would say, as you mentioned, some of the positives that we do see for the fourth quarter that are offsetting some of that normal seasonality. I think the strength in TSS, as we look ahead, as demand continues to ramp up with the regulatory change is going to be a positive and we'll continue to execute across both the other businesses as well as we end the year.

John P. McNulty

Analyst, BMO Capital Markets Corp.

Q

Okay. Fair enough. And then I guess just maybe if I could follow up. Maybe we can talk a little bit more about TSS. It looks like a lot of moving parts. I mean you guys – clearly, you blew out kind of your own expectations, our expectations, pretty much everyone's expectations on that one. I guess can you help us to unpack the drivers there? It sounds like a lot of it may have been some of the aftermarket improvement and the ability to access that or target that market. Can you speak to how – maybe how big that bucket was, how much was just the regulatory shift for the OEM side and maybe some of the catch-up around the raw material cost that you were dealing with, with the OEMs? And I guess also to that, how much of that do you feel like is – I hesitate to say one-time but maybe might not be recurring just because of all the cylinder issues as we look to 2026 and how much of it do you think carries over and continues in terms of the strength that you're seeing?

Denise M. Dignam

President & Chief Executive Officer & Director, The Chemours Co.

A

Thanks, John, for the question. Yeah. We are super proud of the TSS team for how we've executed. There's clearly – the transition has come on strong. But I would say our performance, we have outperformed our expectations for the market and we have a lot of confidence. Clearly, there were some shortage. There was some

what we think is potentially some hoarding going on because of the shortages but we still are really confident in the growth for the rest of the year and see double-digit growth throughout the year. And we have a lot of confidence going into 2026. We have to consider competitive dynamics. But I would say that, yeah, there were some hoarding, maybe a one-time issue, short-term issue with the aftermarket but we don't think that's going to have a big impact on the rest of the year.

John P. McNulty

Analyst, BMO Capital Markets Corp.

Q

Got it. Great. Thanks very much for the color.

Operator: Our next question comes from Pete Osterland from Truist Securities. Please go ahead.

Peter Osterland

Analyst, Truist Securities, Inc.

Q

Hey. Good morning and thanks for taking the questions. My first question is on TT. Are your operations and earnings in that business more vulnerable to being disrupted right now just given that you're also working on some pretty substantial cost improvement efforts? And I guess is there any portion of your cost-cutting target that you're finding you might need to delay or cancel in order to focus on maximizing reliability?

Denise M. Dignam

President & Chief Executive Officer & Director, The Chemours Co.

A

Hey. Thanks for the question. Yeah. Absolutely. From a cost out perspective, I would say absolutely no concerns. I don't think that there's anything relative to our cost out efforts that have impacted the reliability of our operations. We're really focused on productivity and we're really confident in that.

I would say looking at TT, the overall market is definitely a challenge and – but we have a lot of confidence in our strategy. We're focused on our cost out, driving to lowest cost, gaining share in fair trade markets. We definitely have had some issues, discrete issues in operational performance. But I just want to make sure everyone knows I'm fully engaged in the operational aspects of the business. We have a clear plan and I have confidence that we're going to fix these issues and kind of have them behind us.

Peter Osterland

Analyst, Truist Securities, Inc.

Q

Very helpful. Thanks. And then just as a follow-up on the full-year guidance. Could you give us a bit more color on what's happening with the APM outage? I mean you mentioned it as one of the drivers for hitting the low- or the high-end of the full-year EBITDA guide. So just wondering how much visibility you have there into the total earnings impact and the timeframe and how much of this is under your control?

Denise M. Dignam

President & Chief Executive Officer & Director, The Chemours Co.

A

Yeah. I would say the actual issue that occurred was a bit outside of our control, although we really pride ourselves on trying to be resilient for all of those things. I would look at it – first of all, the second quarter was a really good performance by the business. I would anchor back to that the issue that's happened at Washington Works is really a blip. It's something that happened from a power outage that really shouldn't have happened. So think of that as a one-time \$20 million impact. But this business is really focused on making progress against the

third pillar, portfolio management and commercial excellence. You saw that in the second quarter and that's what I would expect as we go into the fourth quarter. This should be isolated to the third quarter.

Peter Osterland

Analyst, Truist Securities, Inc.

Great. Thanks a lot.

Q

Operator: Our next question comes from John Roberts from Mizuho. Please go ahead.

John Roberts

Analyst, Mizuho Securities USA LLC

Yeah. Thank you. Maybe one for Shane. On slide 7, on liquidity, I guess I never really thought of insurance proceeds as a source of liquidity. Does the \$150 million insurance rights that you sold only relate to existing claims, or did you sell forward any rights to insurance for potential future claims or how do we think about insurance adding to your liquidity?

Q

Shane W. Hostetter

Chief Financial Officer & Senior Vice President, The Chemours Co.

Hey, John. Yeah. So related to the \$150 million of insurance that we talked about in the New Jersey settlement, this was related to past claims as it relates to obviously the New Jersey settlement for natural resources. The \$150 million is an advance from Corteva and DuPont that will be realized throughout the next five years as we talked about to offset the payments underneath the New Jersey settlement. So as we think about what these are, these are areas where we feel very good about giving the actual amounts from the insurance carriers down the way. The \$150 million is just a piece of the total pie. We noted in the slide that there's about \$750 million out there. It's not to say we're going to get \$750 million. We feel very comfortable with the first \$300 million, hence why we were receiving the \$150 million upfront.

A

Operator: Our next question comes from Arun Viswanathan from RBC Capital Markets. Please go ahead.

Arun Viswanathan

Analyst, RBC Capital Markets LLC

Great. Thanks for taking my question. Hope you guys are well. I guess I wanted to ask about the slide that you put out on some of the longer-term priorities. So it looks like you have guidance or line of sight to greater than 5% sales growth in the next few years. So does that start as soon as 2026?

Q

And then I guess maybe if you were to think about how that shapes up, I imagine maybe high single-digit growth can continue in TSS but that could be offset by more moderate growth in the other two segments. And then along with that, if you could potentially provide some updates, if there are any on the portfolio review as well, that would be great. Thanks.

Denise M. Dignam

President & Chief Executive Officer & Director, The Chemours Co.

Thanks, Arun. Relative to the 5% sales growth, we definitely see that impacting in 2026. Definitely TSS, we see significant growth. But if you look at our second pillar around enabling growth, a lot of work going on around commercial excellence. You saw in the second quarter with APM, all the pricing efforts that are going on and that's going to continue.

A

Relative to our portfolio work, we're still, as we've announced, working on the review of our European asset and we've given some updates relative to the exit of the SPS portfolio, which there are three sites where that business operates and that's well underway. So we feel really good about that portfolio work.

Arun Viswanathan

Analyst, RBC Capital Markets LLC

Q

Thanks for that. And then if I could, just as a follow-up then. So if it does start in the 2026 period and it's driven by the TSS, does that also imply that maybe as that mix continues to grow of Opteon above 70% of TSS, you could see some margin growth as well and so the EBITDA growth should be well above that 5% level, maybe high single-digits? How should we think about how that translates, how the sales growth translates to EBITDA maybe even EPS growth? Thanks.

Shane W. Hostetter

Chief Financial Officer & Senior Vice President, The Chemours Co.

A

Yeah. Thanks, Arun. We – obviously we're not giving guide as it relates to the bottom line here on a longer-term base but we always strive for growth on the bottom line above our top line rate on that side, some of which could come from margin expansion. But as we look at TSS, we're really excited about the business and its perspectives and feel great about being above that 30% EBITDA margin.

Arun Viswanathan

Analyst, RBC Capital Markets LLC

Q

Thanks a lot.

Operator: Our next question comes from Josh Spector from UBS. Please go ahead.

Joshua Spector

Analyst, UBS Securities LLC

Q

Yeah. Hi. Good morning. I want to try again on some of the TSS questions to some extent. If I kind of think about where we came into the year. I mean Shane you just made this comment again, 30%-plus EBITDA margins. Our math looks like you're running closer to the 32% now, top line assumptions, initially longer-term thinking, high single-digits, maybe now you're running mid-teens. So of what you're doing this year, is this a base from a margin perspective and a top line perspective that you build off of into 2026, 2027? Or to John's question earlier, is there a little bit of giveback on either of those point sales or margins because of some of the outperformance in the aftermarket this year?

Shane W. Hostetter

Chief Financial Officer & Senior Vice President, The Chemours Co.

A

So, yeah, thanks for the question, Josh. I'll address the margins first as we think ahead. We come back to the 30% but – and as you just talked about, run rate 32%. We have some delay in some of the raw material cost increase where we priced ahead a bit. So we will see a little bit of impact there but we still feel very good with where we're going to exit the year as we think about run rates above 30%. Looking ahead and longer-term, I think we're excited about the business and think about the prospects of just overall further adoption in the aftermarket driving performance. That said, that is – we do believe there'll be more competitive dynamics going forward. So we're not committing to any growth numbers at this time but we'll just continue to execute and really believe that

TSS is going to be a strong growth enabler for our company going forward underneath the next three years under our strategy.

Joshua Spector

Analyst, UBS Securities LLC

Q

Okay. Thanks for that. And if I could just follow up on the PFAS comments specifically around insurance. Can you just give us a little bit more framework of if when that can apply? I guess it appears this was maybe a bit more specific with the sites in New Jersey or Jersey. I don't know if it was product-related. Basically, can this apply to a settlement in North Carolina or anything else you have down the pike, which then maybe extend the MOU funds further out or how should we think about that?

Shane W. Hostetter

Chief Financial Officer & Senior Vice President, The Chemours Co.

A

So a couple of things there, Josh, right? So as I look at these insurance and I mentioned a total of \$750 million where that number is the gross number, we'll have to think through what the carriers will ultimately provide and will settle for on that side. Under the MOU, this does extend the amount of items underneath the MOU and provide more cover there. As we think about the applicability and where this is, we're really much focused on the New Jersey settlement at this time, right, and think that this is a really good advance to help us cover the next five years from a cash flow perspective. The specific areas is around product liability and other areas, which were applicable to the natural resources underneath in New Jersey. And so we'll continue to look at other avenues to try and apply this elsewhere. But just really focused on New Jersey at this time.

Joshua Spector

Analyst, UBS Securities LLC

Q

Okay. Thank you.

Operator: Our next question comes from Duffy Fischer from Goldman Sachs. Please go ahead.

Duffy Fischer

Analyst, Goldman Sachs & Co. LLC

Q

Yeah. Good morning. I was hoping you could talk first about what your strategy is in TiO₂ currently? Historically, you've been stronger on price and have given up volume to peers in weak periods. This quarter, if you look, your pricing year-over-year was 4% weaker than your biggest competitor, Western competitor, your volumes were 10% better. So, it's pretty clear you are much more aggressive in the market than they were this quarter. Is that a structural change in your strategy to be more volume-driven? And if so do you think there will be a competitive response from them?

Denise M. Dignam

President & Chief Executive Officer & Director, The Chemours Co.

A

Thanks for the question, Duffy. I mean we are really confident and clear in our strategy and when we started this we really looked at we need to be lowest cost manufacturer. We took out our high-cost capacity and we talked about the fact that we are going to continue to do that in our assets and we're going to gain share in fair trade markets. We look whenever we have an opportunity, we have a very diligent process. We evaluate all opportunities. I'm confident in our strategy to driving lower cost and achieving share gain in those fair trade markets. I really can't comment on what the response of the competitors will be. But I think it's been really positive signs when you think about what's going on with the capacity that's been taken out of the market. We believe

there's at least 400 kilotons that have been taken out. And just even looking at the export data from China, significant reductions year-over-year, quarter-over-quarter, even into Brazil and in India [indiscernible] (00:47:37). We still do not have the firm duties or tariffs in place. So again we're focused on lowest cost and gaining share in fair trade zones.

Duffy Fischer

Analyst, Goldman Sachs & Co. LLC

Q

Great. Thanks. And then maybe just to jump to TSS. Last year, your sequential sales, Q2 to Q3 were down about 10% but the decremental margin was roughly equal to the segment average. This year, your sales were down less but your decremental margin looks like it's double what the segment average is. So is that a mix shift issue? Is that something around the R-454B issues? Why is the decremental so much greater this than last year?

Shane W. Hostetter

Chief Financial Officer & Senior Vice President, The Chemours Co.

A

Yeah. Thanks, Duffy. It's really a mix shift. As we look at the Freon roll-off last year, [ph] up from (00:48:31) the pricing, quoting that was so dramatic from the decline, went right to the bottom line versus a shift in kind of the volumes this year.

Duffy Fischer

Analyst, Goldman Sachs & Co. LLC

Q

Okay. Thank you, guys.

Operator: Our next question comes from Hassan Ahmed from Alembic Global. Please go ahead.

Hassan I. Ahmed

Analyst, Alembic Global Advisors LLC

Q

Good morning, Denise and Shane. I just wanted to revisit the earlier question, get a little more granular around TT and the 9% sequential uptick you guys saw in volumes versus one of your largest competitors sequentially reporting a 2% decline. I mean my understanding is that that Europe sort of became the battleground, with the whole sort of antidumping stuff going on over there. And it just seems that you guys were very aggressive on pricing. So, again sort of revisiting some of the stuff that you said earlier, I mean, my fear is that could this potentially signal a walking away from the whole sort of value-over-volume strategy that the industry saw painstakingly sort of evolved into over the last five, six years?

Denise M. Dignam

President & Chief Executive Officer & Director, The Chemours Co.

A

Hassan, thanks for the question. I wouldn't jump to the conclusion that this is a dropping of price. I would focus on our strategy, our overall strategy of commercial excellence and really winning in the marketplace based on the value proposition that we offer.

Hassan I. Ahmed

Analyst, Alembic Global Advisors LLC

Q

Understood. Understood. And if I could just sort of follow up with, again sticking to the TiO2 side of things. I mean, can you just give me your views both on the supply side and the demand side of things, as you see them sort of progressing 2026 and beyond? And more particularly, you guys mentioned some capacity rationalization particularly in China. So if you could sort of expand on that a bit more on the supply side. And on the demand

side, obviously it appears that over the last couple of years, we are well-below normal levels on the demand side. So how do you see the cycle evolving 2026 and beyond, both from the supply and the demand side of things?

Denise M. Dignam

President & Chief Executive Officer & Director, The Chemours Co.

A

Yeah, [ph] Ahmed (00:51:10) I'll just take demand first. I mean from a demand standpoint, we don't see anything for this year, any big trigger this year. Certainly, we look at certain indicators like everyone else does and expect to see some improvement next year but really nothing in the short-term. I think the story really is on the supply side. There's been significant capacity that's been taken out of the market starting initially with us. But we see at least 400 kilotons from China coming out, which has really gives a more balanced supply demand picture. But also on top of that, the tariffs and duties and the real differentiation between the fair trade markets and the non-fair trade markets, definitely I would say over the next couple of years is a very improving trend.

Hassan I. Ahmed

Analyst, Alembic Global Advisors LLC

Q

Very helpful, Denise. Thank you so much.

Operator: Our next question comes from Laurence Alexander from Jefferies. Please go ahead.

Daniel Rizzo

Analyst, Jefferies LLC

Q

Hey, guys. It's Dan Rizzo on for Laurence. Thank you for taking my question. So in terms of PFAS, what's like kind of the next? Is North Carolina, I don't know, coming up soon or is I mean – are you in negotiations or what can we – what's the timeline and what can we expect maybe in terms of another announcement if there's anything you can tell us?

Denise M. Dignam

President & Chief Executive Officer & Director, The Chemours Co.

A

Sure. Hey, I really appreciate this question. I first want to start with New Jersey is a major milestone for us and we are just really pleased for just a whole host of reasons. If you look at the comprehensive settlement, this was four former and current [indiscernible] (00:52:59). You talked about North Carolina and West Virginia. So already with New Jersey, we have four behind us and two more in the future. It's a 25-year payment at NPV value. So it puts more – I'll say more under our MOU in addition to the advancement of insurance of \$150 million with no cash interest payments, along with the escrow giving us also more room under the MOU and no payment at least through 2030. So just incredible.

And then you go to, well, the \$16.5 million that's been pointed out – \$16.5 million that was pointed out in the settlement that's the PFAS allocation for New Jersey. It really aligns well with the allocation of liability that came from the water district settlement in the 3% to 7% range. So really – we can't underestimate the importance of this. So when you think about what's next, I talked about the four sites behind us. There's two North Carolina and West Virginia when you think of the big milestones for the states. And then beyond that would be personal injury. And we're following a process or in settlement discussions but all we'll say here is that overall we have the same interest in resolving all of our outstanding litigation and liabilities in the same spirit and manner that we did for New Jersey. This is clear examples of executing on our strengthening the long-term pillar and bringing confidence and clarity to our stakeholders and it really reflects our resolve to derisk our portfolio.

Daniel Rizzo

Analyst, Jefferies LLC

Q

And the 3% to 7% I mean is that the blueprint we should think or just – I mean obviously anything can happen. But is that the blueprint we should think of going forward when we're thinking about how North Carolina and West Virginia might shake out?

Denise M. Dignam

President & Chief Executive Officer & Director, The Chemours Co.

A

As you said, we can't project it out. But certainly the blueprint we think about and really it's demonstrating throughout the settlement that it's holding.

Daniel Rizzo

Analyst, Jefferies LLC

Q

Great. Thank you very much.

Operator: Our next question comes from Jeffrey Zekauskas from JPMorgan. Please go ahead.

Jeffrey J. Zekauskas

Analyst, JPMorgan Securities LLC

Q

Thanks very much. In some of the press and legal accounts of the New Jersey settlement, it's talked about as a \$2.5 billion settlement and that I think a \$1.2 billion remediation fund has to be set up and a \$475 million reserve fund has to be set up. Are there claims on you for those or how do those amounts relate to the settlement amounts that have been agreed to?

Shane W. Hostetter

Chief Financial Officer & Senior Vice President, The Chemours Co.

A

Yeah. Thanks, Jeffrey. So as you mentioned the reconciliation to what we provided versus what the state provided, they're the same numbers. They're just differently presented, the two big items that you mentioned. So there is a remediation fund of, call it, \$1.2 billion in the state's numbers. What that is, is really kind of a reference, a surety or a backstop for future remediation efforts over many years, right, in this side. Just to note, as we think about that, that's really already in our ongoing cash flow on what we're actually doing on a day-to-day basis at these plants to make sure they're operating appropriately and remediating those environmental items. The other area outside of the \$1.2 billion was about a \$0.5 billion reserve fund. That is a backstop for the surety of which Corteva and DuPont have to post in that side.

Jeffrey J. Zekauskas

Analyst, JPMorgan Securities LLC

Q

So are there cash flow claims that are in addition to the \$500 million in net present value that you're responsible for? Or how exactly do those remediation and reserve funds affect your future cash flow if they do affect them?

Shane W. Hostetter

Chief Financial Officer & Senior Vice President, The Chemours Co.

A

So, Jeffrey, in our ongoing results, right, so we have monitoring, we have maintenance, we have other areas to remediate these plants. And so they're in our ongoing – in our past cash flow and will be on our ongoing cash flow for some time. That is depending upon the agreement of how to remediate these sites, which we will have

conversations on in the future. And just to note, the \$1.2 billion is the high-end of that surety, right? So we believe it will be a lower amount, which will be discussed within this one-year description underneath the agreement.

Jeffrey J. Zekauskas

Analyst, JPMorgan Securities LLC

Okay.

Q

Denise M. Dignam

President & Chief Executive Officer & Director, The Chemours Co.

And maybe to add a little bit to the top-end, how that top-end was derived. We have done assessments based on science and they're at the low-end of the range. We have – it's not like we've gone into this blind, right? So we've done our assessment work.

A

In order to get the settlement done, the timing didn't really allow for a lot of diligence and reconciliation between what New Jersey thought and what our science would tell us. So we established this range and as you'll see in the [ph] JPO (00:58:45), just a really practical process to align and we're really happy with that outcome.

Jeffrey J. Zekauskas

Analyst, JPMorgan Securities LLC

Okay. And then lastly your CapEx is roughly \$250 million this year, roughly. What's a normalized level for you when you think about the next few years? Where do you think your capital expenditures normally will be?

Q

Shane W. Hostetter

Chief Financial Officer & Senior Vice President, The Chemours Co.

Yeah. Thanks, Jeffrey. Yes. We've had – we expect around \$250 million as we've guided. I would note that's lower than any recent periods and I think more as a history. The outlook depends upon some strategic growth initiatives which we've had very focused spend in this given year and we'll continue to very much focused on that side. I do think, as we look ahead, there may be a little bit more CapEx but it's not going to be anything past the range of where we're at from now and past history. It's not going to get out of bounds. The efforts here is really to be strategic on what is really needed to operate our sites, both safety and being compliant as well as very much focused on the strategic growth initiatives that are very much focused.

A

Jeffrey J. Zekauskas

Analyst, JPMorgan Securities LLC

So does that mean \$350 million?

Q

Shane W. Hostetter

Chief Financial Officer & Senior Vice President, The Chemours Co.

Yeah, Jeffrey. I'm not going to give a guide, long-range from a CapEx perspective. I do think if you look in the past, right, so this is the lowest [ph] per area (01:00:15). I do think we'll have potentially a little bit more as we look ahead. But I'm not going to give a range to the high- and low-end at this point.

A

Jeffrey J. Zekauskas

Analyst, JPMorgan Securities LLC

Okay. Great. Thank you.

Q

Operator: Our next question comes from Vincent Andrews from Morgan Stanley. Please go ahead.

Justin Pellegrino

Analyst, Morgan Stanley & Co. LLC

Q

Good morning. This is Justin Pellegrino on for Vincent. Wanted to shift back over to TT for a second and ask if you could give us kind of the competitive dynamics in the different regions around the world. And then within the countries that have put in place the fair trade or the anti-dumping duties, have you seen some duties be more effective than others and kind of what are driving those differences? Thank you.

Denise M. Dignam

President & Chief Executive Officer & Director, The Chemours Co.

A

Thanks for the question, Justin. So relative to the competitive dynamic, I would say on an overall perspective, in the regions where we call the fair trade markets, it's more of the multinational competitors, excluding the Chinese manufacturers. I would say it's pretty competitive in those non-fair trade markets. There's a lot of pressure from Chinese producers in those areas...

Shane W. Hostetter

Chief Financial Officer & Senior Vice President, The Chemours Co.

A

Pricing.

Denise M. Dignam

President & Chief Executive Officer & Director, The Chemours Co.

A

Can you repeat the second part of your question? I'm sorry.

Justin Pellegrino

Analyst, Morgan Stanley & Co. LLC

Q

Yeah. Just within countries or regions that have put in anti-dumping duties, is there any differences between the regions or within the duties that they've put in place? And if there are any differences, what's driving those differences?

Denise M. Dignam

President & Chief Executive Officer & Director, The Chemours Co.

A

Yeah. Thank you. I would say that where the duties have been put in, they've been very effective. So in the US, in Europe, there's a time for transition, right? So once they come in and you say like when did Europe finally, probably took a good nine months for inventories to be worked down. But you can see the signs of how these are going to be effective in other regions where – that are contemplating the or have preliminary rulings around tariffs or anti-dumping duties. As I mentioned earlier, you can just look at the exports into India. You can see the drop there. You can look at the exports into Brazil. You see the drops there. So I would say when the rules become final, we have a lot of confidence in the effectiveness of those.

Justin Pellegrino

Analyst, Morgan Stanley & Co. LLC

Q

Wonderful. Thank you.

Operator: We have reached the end of our question-and-answer session. Thank you for joining the Chemours' second quarter 2025 results conference call. You may now disconnect.

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