Chemours™

The Chemours Company Reports Third Quarter 2016 Results; Significant Earnings and Margins Increases Driven by Progress on Transformation Plan and Improved Market Conditions

Third Quarter 2016 Highlights

- Net Sales of $1.4 billion
- Net Income of $204 million, or $1.11 per diluted share, including gain on asset sales of $169 million, impairment charges of $46 million, interest expense of $51 million and restructuring costs of $14 million
- Adjusted EBITDA of $268 million
- Adjusted Net Income of $112 million, or $0.61 per diluted share

Other Highlights

- Continued progress on all transformation plan objectives, including cost reductions, growth initiatives and portfolio rationalization
- Improved cash from operating activities by ~$440 million year-to-date
- Retired $315 million of long term debt through October 31, 2016
- Generated ~$685 million in gross proceeds from Chemical Solutions divestitures
- Increased full-year Adjusted EBITDA outlook to be between $740 and $775 million based on a net income range of approximately $265 to $290 million

Wilmington, Del., November 6, 2016 – The Chemours Company (Chemours) (NYSE: CC), a global chemistry company with leading market positions in titanium technologies, fluoroproducts and chemical solutions, today announced financial results for the third quarter 2016.

Chemours President and CEO Mark Vergnano said, “We continue to make excellent progress on all aspects of our transformation plan, realizing an incremental $60 million of cost savings during the quarter. We are benefiting from the Opteon™ refrigerant ramp up and the expansion of our low-cost TiO_2 capacity at Altamira, while at the same time, delivering our planned cost reductions.” He continued, “We successfully completed the Chemical Solutions portfolio review during the quarter, generating substantial proceeds. And, in the quarter, our Titanium Technologies business benefited from more favorable market conditions, while the fluoropolymers market remained challenged. Transformation initiatives are pervasive throughout the company and our results speak for themselves.”

Third quarter net sales were $1.4 billion, a decrease of 6 percent from $1.5 billion in the prior-year quarter, primarily due to the impact of divestitures. Third quarter net income was $204 million, or $1.11 per diluted share, versus net loss of $29 million, or ($0.16) per diluted share in the prior-year quarter. Adjusted EBITDA for the third quarter was $268 million versus $169 million in the prior-year quarter. Benefits from cost reductions, improved average prices in Titanium Technologies and improved profitability in Fluoroproducts was partially offset by the loss of Adjusted EBITDA from the asset sales within Chemical Solutions.

Sequentially, sales increased 1 percent to $1.4 billion in the third quarter. Third quarter net income was $222 million higher, or $1.21 per diluted share, versus the second quarter net loss of $18 million or ($0.10) per diluted share. The sales improvement was largely driven by higher seasonal volumes in Titanium Technologies and Fluoroproducts supplemented by higher TiO_2 pricing. Third quarter Adjusted EBITDA increased $81 million from $187 million in the second quarter of 2016. Improved pricing in Titanium Technologies and Opteon™ refrigerant growth in Fluoroproducts were the primary drivers of the improved sequential performance, which were partially offset by unfavorable Corporate and Other expenses.

Titanium Technologies

In the third quarter, Titanium Technologies segment sales were $625 million, a 1 percent increase versus the prior-year quarter. Improved year-over-year global average TiO_2 pricing increased sales 2 percent which was partially offset by minimal currency headwinds. Year-over-year, TiO_2 volume was higher in all regions outside of China. Segment Adjusted EBITDA was $144 million, an 80 percent increase over the prior-year quarter. The increase in Adjusted EBITDA was primarily due to the benefits of price increases, transformation plan cost savings, and operational efficiencies.

Sequentially, versus the second quarter of 2016, sales increased 5 percent and Adjusted EBITDA increased $33 million, or 30 percent. The increase in sales was due to slightly stronger volumes and a higher global average price increase of approximately 3 percent. A volume increase of 2 percent was the result of stronger demand primarily in Asia and Latin America. Higher Adjusted EBITDA was driven by the benefits of global average price increases, stronger volumes and better utilization resulting in lower costs.

Fluoroproducts

Fluoroproducts segment sales in the third quarter were $591 million, an increase of 3 percent versus the prior-year quarter. A substantial increase in demand for Opteon™ refrigerants was mostly offset by government-imposed volume reductions of base refrigerants as well as competitive pricing pressure within fluoropolymers. Segment Adjusted EBITDA was $143 million, a 57 percent improvement versus the prior-year quarter. Increased contributions from Opteon™ refrigerants and transformation cost reductions were partially offset by unfavorable pricing and mix within our fluoropolymers product lines.

Sequentially, versus the second quarter of 2016, sales and Adjusted EBITDA increased 3 percent and 36 percent, respectively. The Opteon™ refrigerants ramp up and strong demand for certain fluoropolymers products more than offset regulatory-driven lower demand in base refrigerant sales. In addition to Opteon™ refrigerant growth, the increase in Adjusted EBITDA was primarily attributed to cost reductions.

Chemical Solutions

In the third quarter, Chemical Solutions segment sales were $182 million, a 38 percent decline versus the prior-year quarter. Lower sales were driven by the divestitures of the Clean and Disinfect business, Sulfur Products and Beaumont Aniline facility, as well as reduced average prices based on contractual pass-through terms. Segment Adjusted EBITDA was $9 million, $1 million above the prior-year quarter, reflecting lower operating costs partially offset by the impacts of the divestitures.

Sequentially, sales decreased 15 percent versus the second quarter of 2016, while Adjusted EBITDA was $2 million lower driven primarily by portfolio changes completed in the current quarter.

In the third quarter, we completed the sales of Sulfur Products and the Clean and Disinfect business to Veolia and LANXESS, respectively, for combined proceeds of approximately $544 million. Also, consistent with the company's plan to streamline the portfolio and deliver cost savings in 2017, the company ceased production at the Niagara Reactive Metals facility at the end of September.

Corporate and Other

Corporate and Other represented a negative $28 million of Adjusted EBITDA, an increase of $18 million versus the prior-year quarter. Higher expenses were primarily related to performance-related compensation adjustments and other miscellaneous expenses in the quarter. Versus the second quarter of 2016, Corporate and Other expenses declined $12 million largely due to timing of expenses.

The company realized a cash tax rate of approximately 16 percent in the quarter. For the full year 2016, the company expects its cash tax rate to be in the low-twenties on a percentage basis, taking into consideration the company’s anticipated geographic mix of earnings and implications of all divestitures during the year.

Liquidity

As of September 30, 2016, gross consolidated debt was $3.8 billion. Debt, net of cash, was $2.8 billion. In the quarter, the company retired approximately $115 million of its bonds. Cash balances were $957 million at September 30, 2016. In October 2016, the company retired an additional $107 million of its bonds, resulting in over $315 million of total long term debt retired year-to-date. As a result, the company expects to save approximately $19 million annually from lower interest obligations.

Improved inventory management along with the start of seasonal working capital unwind drove strong progress in working capital results and led to free cash flow of $132 million, up $124 million versus the previous-year quarter. Year-to-date working capital[1] performance and free cash flow improved by $448 million and $601 million, respectively, versus the prior-year.

Outlook

"We remain disciplined and focused on executing our Five-Point Transformation Plan,” Vergnano commented. “We expect the transformation plan improvements, along with a stronger price environment for TiO_2 and increased Opteon™ refrigerants adoption to continue to enhance earnings, despite loss of earnings from divestitures, base refrigerant sales timing and unfavorable Fluoropolymers mix. We now expect full-year 2016 Adjusted EBITDA to be between $740 million and $775 million. We are pleased with the progress we have made year-to-date, and believe we are in a stronger position as we move forward.”

[1]$93 million of remaining benefit from DuPont prepayment included

Conference Call

As previously announced, Chemours will hold a conference call and webcast on Monday, November 7, 2016 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) helps create a colorful, capable and cleaner world through the power of chemistry. Chemours 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 oil refining operations and general industrial manufacturing. Our flagship products include prominent brands such as Teflon™, Ti-Pure™, Krytox™, Viton™, Opteon™ and Nafion™. Chemours has approximately 8,000 employees across 25 manufacturing sites serving more than 5,000 customers in North America, Latin America, Asia-Pacific and Europe. Chemours is headquartered in Wilmington, Delaware and is listed on the NYSE under the symbol CC. For more information please visit chemours.com.

Non-GAAP Financial Measures

We prepare our financial statements in accordance with Generally Accepted Accounting Principles (“GAAP”). Within this press release, we make reference to Adjusted Net Income (Loss), Adjusted Diluted Income (Loss) per share and Adjusted EBITDA and Free Cash Flow, which are non-GAAP financial measures. Free Cash Flow is defined as Cash from Operations minus cash used for PP&E purchases. 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 Diluted Income (Loss) per share, Adjusted EBITDA and Free Cash Flow to evaluate the company's performance excluding the impact of certain non-cash 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 website at investors.chemours.com.

Forward-Looking Statements

This press release contains forward-looking statements, which often may be identified by their use of words like "plans," "expects," "will," "believes," "intends," "estimates," "anticipates" or other words of similar meaning. These forward-looking statements address, among other things, our anticipated future operating and financial performance, business plans and prospects, transformation plans, resolution of environmental liabilities, litigation and other contingencies, plans to increase profitability, our ability to pay or the amount of any dividend, and target leverage that 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 not guarantees of future performance and are based on certain assumptions and expectations of future events which may not be realized. The matters discussed in these forward-looking statements also are subject to risks, uncertainties and other factors that could cause actual results to differ materially from those projected, anticipated or implied in the forward-looking statements, as further described in our filings with the Securities and Exchange Commission, including our annual report on Form 10-K for the fiscal year ended December 31, 2015. Chemours undertakes no duty to update any forward-looking statements.

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