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The Chemours Co. (CC)

Q1 2025 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning. My name is Michelle and I will be your conference operator today. I would like to welcome everyone to the Chemours Company First Quarter and Full Year 2025 Results Conference Call. Currently, all participants are in a 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 over to Brandon Ontjes, Vice President, Head of Strategy and Investor Relations for Chemours. You may begin your call.

Brandon Ontjes

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

Good morning, everybody. Welcome to the Chemours Company's first 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 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 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 is included in our press release issued yesterday evening. Also, we posted our earnings presentation to our website yesterday as well.

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. In starting off our call today, I want to highlight an announcement that was released concurrent with our earnings release yesterday evening regarding our strategic agreement with Navin Fluorine to produce our Opteon two-phase immersion cooling fluid. This manufacturing partnership leverages Navin's manufacturing expertise and Chemours' innovation in this space to address the data cooling center needs created by AI and next-generation chips. We'll share more about the development of Chemours' participation in this market later in the call, but I want to highlight this exciting development with you as we remain focused on executing our Pathway to Thrive, enabling growth pillar and serving the market. During today's call, I will begin by discussing our first quarter performance followed by Shane, who will provide details around our financial results and outlook. Finally, I will address the positive progress we've made on our Pathway to Thrive strategy before taking your questions.

Beginning with our results for the quarter. For our TSS business, we exceeded our overall expectations, delivering another strong quarter with a 40% year-over-year net sales increase in Opteon Refrigerants from increased demand for blends. Opteon Refrigerant blend demand has been even higher than expected as stationary OEMs build inventories and experience increased sell-through demand in connection with the 2025 transition mandate under the US AIM Act. This stronger than anticipated demand is also putting pressure on various areas of the supply chain, noticeably around cylinders used to ship and transport the R-454B blend for stationary aftermarket sales.

While we understand that there is tightness in the supply of cylinders used, we are increasing our line fill capacity in order to quickly fill cylinders as they arrive from our sources. We believe this situation will correct itself quickly and will not be a long-term issues for Chemours' ability to support the R-454B market transition. An important component to serving this increased customer demand has been directly correlated to the successful ramp of our 40% capacity expansion of Opteon feedstock at our Corpus Christi site. While we did experience a brief full site outage in January, this outage did not have an impact on our ability to serve the market. This outage was related to a third-party utility provider on-site that was outside of our control.

Incurring this unplanned outage in a very tight demand environment was not ideal. However, I want to highlight the impressive work from our team on-site to quickly get our plant up and running, ensuring no disruption to filling our customer orders. Altogether, our strong contribution from Opteon sales and performance during the quarter enabled our ability to drive margins of 30%, positioning us well as we move into peak cooling season for our TSS business over the next quarters.

Stepping back from our recent performance, I also want to touch on a few other topics related to TSS. In our last earnings call, I referenced broader cost inflation anticipated around R-32, which is an important feedstock for our Opteon Refrigerant blends and efforts underway to pass these costs through. Since our last update, we've been working closely with our customers to better align our agreements to address these headwinds inclusive of tariff

exposure. As a result, we will be able to successfully offset these elevated input costs through our pricing going forward.

Although we are reliant on third-party production of R-32, we have limited tariff exposure considering that we are able to source products directly in the US where needed with most of our shipments going to Mexico, where we can then sell directly to our customers. While having the highest tariff exposure for Chemours, it is this supply chain flexibility which allows us to be able to mitigate the exposure of tariffs on the TSS refrigerant portfolio of our business. As an asset-light business, TSS is advantaged with the flexibility to serve our customers using third-party products around the world and leverage different points of storage or blending to reduce tariff exposure.

Moving over to TT. In TT, our team remains focused on executing against our strategic priorities and delivering for our customers amid an evolving TiO₂ landscape in an uncertain macro and economic and regulatory environment. For the broader TiO₂ market, what has become apparent is a clear differentiation between those markets with fair trade regulations announced or in place versus those where actions against Chinese TiO₂ dumping has not yet been pursued.

For Chemours, North America, Europe and Brazil, which we categorize as our western markets, reflect those markets with a more robust set of fair trade regulations in place or are evaluating final implementation after a trial period. Over time, these western markets provide an added opportunity for Chemours with North America and Europe making up nearly 70% of global TiO₂ sales.

Speaking to the first quarter, these combined regions and countries actually drove a 12% sales increase sequentially from continued efforts to regain share and reflects the highest first quarter combined regional sales since 2022. Alternatively, in those markets not yet possessing or pursuing a fair trade regulatory framework, primarily in other parts of Asia and Latin America, we're experiencing a high level of Chinese TiO₂ product being dumped, driving lower pricing. In India more specifically, we know that while fair trade regulations are being considered, there's a large amount of Chinese-based TiO₂ products being exported to this region, driving near-term market dislocation. Our first quarter results reflected this impact with clear commercial volume strength in those western markets and with weaker sales in China, India and other parts of Asia and Latin America.

With the context around our view of the global market and where opportunities may develop as more countries adopt fair trade provisions, we also believe that Chinese capacity, while publicly announced, will not fully materialize in years ahead. This belief is based on Chinese producer awareness around the overcapacity and the challenges as to where these producers can sell products with key markets pursuing more fair trade regulations. This is further supported by a combination of other factors, such as plant idling and shutdowns, a persisting weak domestic market, along with impacts from higher sulfate pricing. To this, we are anticipating Chinese lower production levels in 2025, breaking a 10-year trend of increasing output.

As we continue to pursue opportunities in this transitioning global TiO₂ landscape, it brings back the importance of driving our low-cost TiO₂ position globally. In the first quarter, while we did continue to drive cost reductions, our cost savings realized were offset by the cold weather downtime we experienced earlier in the quarter. While this preserves the approximately \$40 million that we took out in the first quarter of 2024, we have to be even more aggressive in our cost-out and operational efforts to offset any potential near-term pricing volatility as we move through this transition and to protect our margins. Our work to drive incremental volumes across targeted markets and our laser-focus on cost-out efforts will be evident in our margins as the market gains more certainty.

Turning now to APM. As anticipated, we continue to see weakness in cyclical end markets and products serving the hydrogen market, which impacted our net sales for the quarter. Despite continued softness in the market, we

increased our adjusted EBITDA margin by 1 percentage point to 11%, driven by lower cost. As a further part of our strategy execution, we also advanced our portfolio management initiatives in APM, which I'll discuss in more detail later in today's call. At the corporate level, while we continue to remain focused on reducing costs, we did incur additional costs associated with legal preparation efforts in connection with upcoming litigation matters aligned with our strength in the long-term strategic pillar.

Before handing it off to Shane, I'd like to address some of the geopolitical and macroeconomic dynamics we are watching. As it pertains to recent tariff announcements, we've determined that provided there is not a material impact to consumer confidence, these regulatory actions are not expected to have a significant impact on our current outlook due to the mitigation plans we have in place. Previously, I referenced our mitigation plan for TSS. But in other parts of our business, notably in APM, we have implemented surcharges and are pursuing opportunities to sell products in place of Chinese-sourced products in the US.

In TT, we don't expect much impact from tariffs considering that TiO₂ is excluded, but continue to pursue efforts to protect US TiO₂ production in the markets we sell into. We also do not see any significant impact to TT raw material pricing due to tariffs. Across our portfolio, we are regularly monitoring the regulatory environment, ensuring the reliability of our supply and continuing ongoing advocacy efforts to highlight the importance of Chemours offerings across key markets. We are confident in the steps we are taking today, as well as our ability to be agile and adapt to these dynamic market conditions. We'll continue to evaluate further mitigation efforts as needed and are confident in our strong competitive position across our key markets.

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

Shane W. Hostetter

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

Thank you, Denise, and good morning, everyone. Before I get into the details of our results, I want to highlight that we have made certain revisions to our previously issued annual 2023 financials, as well as our quarterly and annual 2024 financials. These updates are included in our earnings disclosures and reconciliations of such can be found in our Form 10-Q. We will use these revised financials as points of comparison for our discussions today and going forward.

Now, let's take a closer look at our financial results, beginning with our quarterly performance. Our consolidated net sales for the first quarter were approximately \$1.4 billion, which were consistent with the prior year, as a 5% increase in volume was partially offset by a 4% price decline and a slight 1% currency headwind. For the first quarter, adjusted EBITDA was \$166 million, down from \$191 million in the prior year. This decrease was primarily driven by lower pricing across all businesses, primarily due to Freon weakness in TSS and regional pricing dynamics in TT, as well as unfavorable currency movements and lower volumes in APM. These headwinds were partially offset by higher TSS volumes in our Opteon Refrigerant blends, as well as lower costs in APM.

For the first quarter, Chemours reported a net loss of \$4 million or \$0.03 per diluted share, compared to net income of \$54 million or \$0.36 per diluted share in the prior year. The current quarter net loss and lower earnings were driven by the performance headwinds I just mentioned, as well as restructuring charges associated with the announced shutdown of APM's SPS Capstone business. Without these restructuring and other charges, our consolidated adjusted net income was \$19 million this quarter or \$0.13 per diluted share, which was down from \$47 million of adjusted net income or \$0.31 per diluted share in the prior year.

Now, let's turn to our business segment performance, starting with TSS. In the first quarter, TSS achieved net sales of \$466 million, a 3% increase from the prior year. This growth in sales was primarily driven by a 10%

volume increase, partially offset by a 6% price decline and a 1% currency headwind. The increase in TSS volumes were driven by a 40% year-over-year sales growth in our Opteon Refrigerants, which reflects the continued strength in our blends, driven by the transition of OEM stationary air conditioning equipment under the US AIM Act, paired with increased demand for our FP&O products, largely due to timing, partially offset by volume decrease in our Freon Refrigerants portfolio in connection with the US AIM Act transition.

The decrease in pricing year-over-year was primarily driven by lower Freon Refrigerant pricing caused by the elevated HFC inventory levels in the US market. First quarter adjusted EBITDA for TSS decreased by 6% to \$141 million, compared to the prior year. Adjusted EBITDA margin of 30% also decreased 3 percentage points. This decrease was driven primarily by the referenced Freon pricing weakness, partially offset by the increased demand for our Opteon Refrigerant blends.

Sequentially, TSS' net sales increased by 19%, which was driven by volume increase of 19% and a price increase of 1% with currency being a slight 1% headwind. Overall, volume and price increases were primarily related to typical seasonal trends across refrigerant portfolios amid the stationery transition under the US AIM Act.

Now, let's move to our TT segment. In the first quarter, TT's net sales increased 1% year-over-year to \$597 million, primarily due to a 6% increase in volume, partially offset by a 4% decrease in price and a 1% currency headwind. The increase in volume was primarily concentrated in western markets, where we've seen progress caused by the newly established fair trade regulations, whereas the decrease in price was across all markets. TT's first quarter adjusted EBITDA decreased 28% to \$50 million compared to the prior year, with adjusted EBITDA margin declining 4 percentage points to 8%. The decline in EBITDA was primarily driven by lower price. Also, we saw additional costs from plant downtime, primarily driven by cold weather at our US sites early in the quarter, which were offset by year-over-year cost savings in TT.

Sequentially, TT's first quarter net sales decreased by 6%, driven by a 3% decline in volume and a 3% decrease in price. While we did experienced stronger volumes in our primary markets of North America, Europe and Brazil, where fair trade regulations have been established, this was more than offset by weaker volumes in the rest of the world.

Turning to our APM segment. In the first quarter of 2025, APM reported net sales of \$294 million, a 3% decrease compared to the prior year. This decrease was primarily driven by a 2% currency headwind from the euro and a 1% decrease in volume, while pricing remained flat. The volume decrease was primarily driven by weakness in cyclical end markets and products serving the hydrogen market. APM's first quarter adjusted EBITDA increased 7% to \$32 million, compared to the prior year with adjusted EBITDA margin increasing by 1 percentage point. The increase was primarily due to lower costs, partially offset by unfavorable currency and lower volumes. Sequentially, net sales decreased by 9%, mainly due to a 9% volume decrease and a slight 1% currency headwind, partially offset by a 1% increase in price.

I also wanted to briefly touch on an announcement we previously discussed on our Q4 earnings call regarding the decision to exit our SPS Capstone business. In connection with this decision in early January, the company recorded charges of \$27 million, \$13 million of which are cash related and will be paid over the next couple of quarters. We remain on track to exit the SPS business by the end of the second quarter, pending regulatory approval.

Moving to our Other Segment. We recorded net sales of \$11 million and adjusted EBITDA of \$1 million in the first quarter. And lastly, our corporate expenses, as an offset to our adjusted EBITDA, totaled \$57 million in the first quarter, a slight increase compared to the prior year and higher than we had anticipated. The increase in

corporate expense in the quarter was primarily due to higher legal costs, which were not contemplated in our guidance. These were partially offset by lower costs associated with the Audit Committee's internal review and material weakness remediation completed in 2024.

Turning to our liquidity and an update I'd like to highlight on our capital allocation approach. As of March 31, 2025, our consolidated gross debt stood at \$4.1 billion with approximately \$1.1 billion in total liquidity. This includes \$464 million in unrestricted cash and cash equivalents, along with approximately \$623 million available under our revolving credit facility. Additionally, the company retained \$50 million in restricted cash and cash equivalents, all of which is held in escrow under the terms of the Memorandum of Understanding related to potential future legacy liabilities. On a trailing 12-month basis, our net leverage was 5 times adjusted EBITDA, reflecting an increase sequentially compared to 4.5 times at year-end.

Regarding our cash flow for the first quarter, we had operating cash outflows of \$112 million compared to outflows of \$290 million in the same quarter last year. The improvement in operating cash outflows was primarily due to the prior-year unwinding of year-end 2023 net working capital actions during the first quarter of 2024. Capital expenditures for the first quarter totaled \$84 million, a decrease of 18% compared to the prior year. This decrease was driven by lower capital expenditures across each of our businesses, as the company continues to narrow spend on only focused, strategic and essential areas.

As we anticipated coming into the first quarter, free cash flow reflected a use of \$196 million, primarily due to previously committed working capital investments, compared to a use of \$392 million in the prior year. Additionally, the company paid \$37 million in dividends to shareholders during the quarter. Related to this, I'll discuss our go-forward capital allocation strategy in more detail momentarily.

As part of our continued focus on our balance sheet and liquidity, we are pleased to announce an amendment and extension to our credit agreement, which further strengthens our liquidity profile and our financial flexibility. The amended credit facility extends revolver commitments to 2030 with a capacity of up to \$1 billion until October 2026. Following the completion of this amendment on May 2, the company's capacity under the revolving credit facility was increased \$300 million to a total of \$948 million. So this, combined with the cash at quarter-end would equal \$1.4 billion of accessible liquidity. This amendment to our credit agreement allows added liquidity flexibility along with our free cash flow to fund working capital and other focus areas like strategic growth projects while also balancing our efforts to get to targeted net leverage of below 3 times at mid-cycle.

Since I started with Chemours last year and we developed Pathway to Thrive, a focus of mine was to ensure we maintained a balanced and disciplined capital allocation policy to drive shareholder value. We have evaluated our dividend, its payout level, and other key metrics over a wide dispersion of financial and cash flow performance scenarios, including potential impacts from current uncertain macroeconomic conditions and volatile capital markets against the landscape of strategic priorities under Pathway to Thrive.

As a result of this review, the company believes a change in the balance between capital return to its shareholders and the flexibility of our balance sheet is critical to creating long-term value. Therefore, earlier this week, the board of directors declared a dividend for the second quarter at a reduced rate of \$0.0875 per share, reflecting a 65% reduction to our previous dividend level.

This action is not reflective of concerns or changes with regard to management's expectations of mid-cycle earnings or long-term cash generation. Rather, this aligns our dividend with the right balance sheet flexibility to drive long-term shareholder returns. Also this dividend level ensures Chemours continues its long-term practice of returning cash to its shareholders through dividends as part of our capital allocation strategy.

With these first quarter results in mind, I would now like to discuss our expectations for the second quarter of 2025, followed by our outlook for the full year. Beginning with TSS, for the second quarter, we expect overall TSS' net sales to increase sequentially in the low 20% range, driven by double-digit growth expected in both our Opteon and Freon Refrigerants, reflecting traditional seasonality. TSS' adjusted EBITDA is expected to increase approximately 30% sequentially, primarily driven by strong volume increases and favorable pricing impacts.

Looking ahead to the full year, we continue to anticipate strong 2025 results for TSS and improvement over 2024. The pattern of year-over-year double-digit net sales growth in Opteon Refrigerants will persist throughout the year, driven by volume expansion in our Opteon Refrigerant blends, whereas our Freon sales will continue to decline as we continue to balance quota allocations towards our low GWP offerings. To highlight this transition, our Freon sales in the US are projected to decrease by half in 2025 compared with the prior year, with no recovery in HFC pricing anticipated. With the mix shift to a higher concentration of Opteon, we continue to anticipate that adjusted EBITDA margins will continue to be around 30% for the remainder of 2025.

For our TT business, we expect TT's net sales to increase sequentially by high-single digits, driven by seasonal increase in volumes, primarily in our western markets. Adjusted EBITDA is also expected to increase in the low-40% range sequentially, due to the anticipated seasonal volume increase as well as operating tailwinds following the first quarter cold weather downtime at our US sites, which we don't anticipate to recur.

For the full year, we continue to expect 2025 results to be slightly better than 2024, while we navigate a very dynamic global landscape and continue to focus on executing our growth strategy across fair trade markets. Also we remain focused on executing our TT Transformation Plan with anticipated cost reductions becoming more pronounced in the second half.

For our APM business, we expect APM's net sales to increase in the low teens sequentially, with volumes across the segment expected to be seasonally higher in customer demand. Adjusted EBITDA is anticipated to remain consistent sequentially. For the full year, we expect the referenced weakness in cyclical end markets and products serving our hydrogen end markets to continue to impact APM's results. However, we expect tailwinds from our ongoing cost-out efforts and portfolio management initiatives to help alleviate some of these headwinds.

On a consolidated basis, we anticipate our second quarter net sales to increase in the low to mid-teens sequentially, and our consolidated adjusted EBITDA to increase between 40% to 45% sequentially. Also, we anticipate corporate expenses to decrease in the low-single digits sequentially. For our anticipated cash flow, we expect free cash flow to be slightly positive in the second quarter, with capital expenditures in the range of approximately \$50 million.

Turning to the full year 2025, we expect adjusted EBITDA to be in the range of \$825 million to \$950 million. This is compared to our previous guidance of \$825 million to \$975 million. We refined the top end of our adjusted EBITDA range as we consider the dynamic TT market landscape and its historical volatility, which was part of the initial factors that drove the broad range. For the high-end of our range, we would anticipate a more favorable demand environment for TT and APM, along with successful TSS pricing actions, input cost moderation, and some Freon pricing strength. Alternatively, for the low-end of our range, we would anticipate continued delay in TiO2 demand recovery, higher input cost pressures in TSS, and the impact of a weaker macroeconomic environment on the APM business.

As we highlighted earlier, due to mitigating actions taken by the team, announced tariffs are not anticipated to have a significant direct impact. And while we are not currently seeing evidence of more recessionary trends from

indirect tariff impacts, should a recession develop in the second half of 2025, the company anticipates that its 2025 adjusted EBITDA guidance range could be reduced.

Regarding cash flow for the full year 2025, we expect free cash flow conversion to be solidly positive for the full year with free cash flow conversion for the second half of the year expected to be in the range of 60% to 80%. Our cash flow expectations reflect some working capital unwind and lower investments in the second half of the year, consistent with the typical seasonality of our business. Also we expect full year capital expenditures to be in the range of \$225 million to \$275 million.

With that, I'll hand it back over to Denise to highlight an additional cash topic before she discusses our progress against Pathway to Thrive.

Denise M. Dignam

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

Thank you, Shane. Continuing from Shane's update on cash, I wanted to take a moment to highlight an additional topic which will provide a benefit for our cash flows in the coming years. With our new leadership team in place, we have been relentless in going through every single contractual commitment and point of spend across the enterprise. Nothing has been left untouched and I appreciate our team's patience as we rigorously exhaust every aspect of key spend. With these efforts ongoing and now infused in our DNA, one set of longer term commitments has stood out relating to the ongoing purchase of certain high-grade ore.

More specifically, two high-grade ore feedstock contracts were signed prior to the Kuan Yin closure and have represented a significant spend over that time, approaching \$200 million per year. Our primary purpose of purchasing those ore feedstock was for usage at our Kuan Yin site up until its closure in Q3 2023. Now through our innovation and operational capabilities, we are materially less reliant on this type of feedstock. As ore represents one of the highest input costs at our company, the reduction of high-grade ore as part of our feedstock is a significant opportunity for Chemours.

Looking ahead over the next two years, these contracts are set to expire, one at the beginning of 2026, and the second at the beginning of 2027. As these contracts roll-off, we derive significant longer term benefits. The first providing us with the ability to purchase high-grade ore at our discretion; and the second, providing us with an opportunity to consume excess that sits in inventory today. Based on this adjustment to our contractual commitments with the opportunity to shift our purchases to more cost-effective ore grades, we anticipate that this net cash flow benefit will approximate \$100 million to \$115 million considering existing market conditions.

Our efforts here, paired with Shane's leadership, are indicative of the continued diligence our team is conducting, relying on our core expertise in innovation and challenging historical processes to drive prudent capital allocation. To this point, I would like to highlight a few important updates around our execution progress. Under our operational excellence pillar, we continue to build on our cost-out efforts from previous years and are progressing well towards our \$125 million of run rate savings achievement in 2025 in view of our longer term \$250 million savings by 2027.

We continue to see the successful ramp up of our TSS Corpus facility to produce our key Opteon feedstock to support the low GWP transition underway in the US and Europe. More recently, we've added two new great additions to our team in a new Business President for TT, Damián Gumpel, and a new VP of Operations [indiscernible] (00:41:19) to oversee our centralized manufacturing center of excellence, where we will drive efficient and consistent operational performance across our businesses.

Turning to our second pillar, enabling growth. We remain committed to smartly investing in high-return, low-risk initiatives across our portfolio, while driving commercial effectiveness. Our efforts to drive Opteon growth as referenced are key part of this strategic pillar. This also pairs with our efforts to drive commercial growth as an essential effort as we face an evolving TiO2 fair market landscape and focus on driving the highest level of commercial effectiveness across our entire customer base.

Another critical development in our enabling growth pillar has been around our liquid cooling announcements, which include the Navin Fluorine manufacturing agreement for two-phase immersion cooling fluid, which I referenced earlier. This partnership will be foundational to our participation in this exciting liquid cooling space, enabling us the ability to expand our footprint over time.

While technology in this cooling space continues to quickly develop closely tied to the advancements in AI, we would like to clarify our growth expectations. As we shared in the past, we believe that while our participation in this space will develop in the near-term, it will have a more concentrated expansion later in the decade. This expansion will align with the increased power needs, heat emittance and server rack density associated with next-generation GPU and CPU chip advancements. More specifically, as the next generation of chips advance, new liquid cooling technologies will be essential to optimize chip performance and provide the lowest total cost of ownership compared to alternatives.

To participate in the liquid cooling market as it develops, we have expanded our offering to include two-phase direct-to-chip fluids. This additional direct-to-chip product will serve as a bridging technology from single-phase direct-to-chip to full immersion cooling. To highlight this, we've included a slide in our presentation to display the adoption timing of immersion cooling as AI develops in the years ahead. Over time, we believe two-phase immersion cooling will become more pronounced with the market adoption of the third and fourth generation of chips. Ultimately, as these chip technologies advance, two-phase immersion cooling becomes the most effective cooling solution.

To briefly touch on our two-phase direct-to-chip offering, this product will enable the use of higher efficiency fluids that can be retrofitted into existing single-phase direct-to-chip applications. Our participation in this market does not require any new capital investments, leveraging an existing product portfolio and R&D expertise. While an important incremental offering for the market, the portion of our anticipated sales in this space will serve as a smaller portion of our overall liquid cooling opportunity.

Based on our latest understanding of the market development over time and the TAM for liquid cooling, we now anticipate that the market will achieve a \$3 billion liquid cooling fluid market TAM by 2035 and \$1.5 billion by 2030. This refined TAM is reflective of the expected market for the fluid itself and excludes additional equipment which was included in our earlier estimate. Considering our positioning in the market as the only provider of next-generation immersion cooling fluids, we anticipate being a key participant. This could vary as AI and the underlying chip market develop. We remain very optimistic about our participation in this exciting market and look forward to sharing more with you as we grow in this space in future periods.

Under our portfolio management pillar, we continue to make notable progress under our previously announced European asset review through the exit of our SPS business and continue to review the remaining assets under consideration. Outside of our ongoing portfolio efforts, we also continue to focus on bringing our product to higher value applications, which was clear in APM's improved Performance Solutions results more than offsetting declines in APM Advanced Materials.

Lastly, in our fourth pillar, strengthening the long-term, we remain focused on advocating for the criticality of our chemistries, ensuring that we make measurable progress on addressing legacy liabilities, and use the best science, analytical methods and data to support our responsible manufacturing practices. In the first quarter, we engaged with policymakers and advanced advocacy efforts to highlight the importance of Chemours' essential chemistry amid the evolving US trade policy landscape and EU regulatory landscape. In parallel, we continued our ongoing commitment to responsible manufacturing practices. We also remain focused on actively resolving legacy liabilities, including ongoing preparation for upcoming litigation matters, including those related to the New Jersey DEP.

In our supplemental deck, we've included a slide highlighting the progress we've made to resolve legacy litigations since our inception as Chemours. We believe that this summary reflects the substantial progress we've made over time and a summary of what remains. We have this as a strategic pillar as we see it as a key area to resolve in order to drive shareholder value we will seek to resolve these matters as prudently as possible.

I'm proud of the significant progress we've made to-date in executing our Pathway to Thrive strategy. We believe our notable progress against each of these strategic pillars is essential to driving long-term success and value creation for Chemours across our three businesses. To add, I would like to briefly address a question I often receive around the current Chemours portfolio and if there's a quicker way to return shareholder value considering our existing composition?

I can assure you that management and the board have assessed all the possibilities with our business and we believe it is essential to drive execution of our transformation strategy. More specifically, resolving legacy litigation, improving our operational performance and stabilizing our balance sheet to enable such flexibility, as Shane conveyed, are essential components for these returns.

I would like to thank all our employees for their continued dedication and efforts that have made our progress this quarter possible and enabled us to continue advancing our Pathway to Thrive strategy. I look forward to providing future updates on our operational and financial performance, and delivery against our Pathway to Thrive.

We can now open the lineup for questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. [Operator Instructions] And our first question comes from John McNulty with BMO. Your line is open.

John P. McNulty

Analyst, BMO Capital Markets Corp.

Q

Yeah. Good morning and thanks for taking my question. So, I guess I had a question on the strategic venture that you announced yesterday on the Navin Fluorine. I think that's how you pronounce it. Can you help us to think about how much capacity they can provide you? I also know you were targeting commercialization and being able to deliver some products in 2026. I guess, can you help us to kind of frame that and how this fits into that, as well as if you have any orders at this point or expect to have any orders starting in 2026?

Denise M. Dignam

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

A

Hey, John. Thanks for the question. Yeah, we're super excited about the work we're doing with Navin. This really a critical step in our commercialization. As you saw in the deck, we kind of laid out the different steps for the commercialization. As we move into more field trials, this is going to be really important. We're investing about \$14 million in the asset and we've aligned the size of the asset really in two components. One is the stage of commercialization we're in, but also understanding that we want to refine the process technology for future scale-up. When you think about a field trial, think about 2 tons to 5 tons would be needed. We've announced the field trial with NTT. So, we have the opportunity to do dozens of field trials and we're positioned to add additional volume as we get those customer commitments after the field trials.

John P. McNulty

Analyst, BMO Capital Markets Corp.

Q

Got it. Okay. And then on TiO₂, I guess a couple of questions on that. One, did I hear right that you guys are expecting 2025 EBITDA to be up versus 2024? I thought that was what Shane said, but just wanted to clarify? And then maybe more importantly, on the ore savings that you're talking about, I think you said \$100 million to \$150 million. Is that working capital savings or is that actual cost that will hit the bottom line? And I guess in terms of the phasing in of that, it sounds like there are two contracts that you're dealing with, one comes to an end in 2026, one in 2027. Do they – does that saving phase-in evenly or is it lumpy from one year to the next? I guess how should we think about that?

Denise M. Dignam

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

A

John, thanks for the question. I'm going to kick it off and I'll turn it over to Shane. But I think, this is an example of the new management team and how we are leaving no stone unturned aligned with our operational excellence pillar. So, I'm going to – Shane?

Shane W. Hostetter

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

A

Yeah, thanks, John. There was a couple of questions there. The one specific item that you mentioned on TT, we did state that 2025 will be better than 2024 in TT from that side from an earnings perspective. Going into the high-grade ore and those contracts, I think I've been pretty transparent on optimizing cash conversion and really

thinking through how to do such. And this is really just an area we've honed-in on, as we continue to look at inventory spend. As you think about [ph] phasing as (00:51:59) such, it really is a cash flow oriented item. As we think about the back-end of 2026 is where you'll see some of that come in. And really, certainly, as you enter into 2027, given that's when the last contract is up, and the range of it's about \$100 million to \$150 million in cash flow.

John P. McNulty

Analyst, BMO Capital Markets Corp.

Q

Got it. Thanks very much for the color.

Operator: And our next question will come from John Roberts with Mizuho. Your line is open.

John Roberts

Analyst, Mizuho Securities USA LLC

Q

Thank you. Could you discuss maybe the timing on the dividend cut, why now? And why not just eliminate the dividend completely here?

Shane W. Hostetter

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

A

Sure. Thanks, John. Yeah, I've been pretty transparent through the last nine months about having a balanced and disciplined capital allocation policy on that side. And in those priorities, we really started with focused growth investments and prioritizing improving liquidity, as well as finally – fiscally and responsibly settling liabilities. We really believe the resizing of the dividend allows us the flexibility of the balance sheet to really execute on these priorities and really strategically grow the company through Pathway to Thrive.

As it relates to sizing and related to that, obviously you can think about there was a lot of discussion and deliberation analysis to get to what we felt was a comfortable reduction of the dividend. Notably, I think this really aligns us with an appropriate payout that are still attractive to the chems and industrial space while providing us a decent amount for flexibility in the balance sheet.

John Roberts

Analyst, Mizuho Securities USA LLC

Q

And then your Opteon competitor here in the US has announced a pretty hefty surcharge related to the tariffs. What are your pricing expectations for Opteon here near-term?

Denise M. Dignam

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

A

Thanks. We don't really talk about pricing – competitive pricing, but you can see, the proof is in our results. We're a really strong performer with our franchise. We're really focused on the transitions and supporting our customers.

John Roberts

Analyst, Mizuho Securities USA LLC

Q

Thank you.

Operator: And the next question comes from Pete Osterland with Truist. Your line is open.

Peter Osterland

Analyst, Truist Securities, Inc.

Q

Hey. Good morning. Thanks for taking the questions. First, just wanted to ask on TiO2 pricing. How have TiO2 prices been trending in the more regulated markets where you're seeing stronger volume growth? Was any of the sequential decline for pricing in the first quarter in those markets? And what are you expecting from pricing in those markets in the second quarter and beyond?

Denise M. Dignam

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

A

So, thanks, Pete, for the question. We really don't want to talk about forward pricing. What I can tell you is that we see stabilization in the – what we're calling the fair trade markets, we see stabilization in price and we see actually – we've had volume increases in those markets as well.

Peter Osterland

Analyst, Truist Securities, Inc.

Q

Great. Thanks. And then I just wanted to ask on segment margins in TT. Would there be any lingering impact from the weather-related outages that would roll into the second quarter? Do you have any higher cost inventories to work through? And if so, could you size the impact?

Shane W. Hostetter

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

A

Yeah. Thanks, Pete. Notably, we did had some one-time costs come through related to those weather items in Q1 that we've talked about this being kind of a one quarter item, whereby we will see some tailwinds, and that really contributes to the guide that we're seeing in growth in earnings from Q1 to Q2. Outside of that, we don't see impacts at this time related to any other operational issues.

Peter Osterland

Analyst, Truist Securities, Inc.

Q

Great. Thanks for the color.

Operator: And the next question comes from Laurence Alexander with research analyst. Your line is open.

Laurence Alexander

Analyst, Jefferies LLC

Q

Good morning. So, two quick ones. First, on the TiO2 side, what are you seeing in terms of effective capacity shutdowns in Asia? And can you just give a benchmark for how much you expect to come out of the market and how quickly? And then secondly, can you touch on deregulation and how – and just regulatory trends and how you're thinking about positioning for the next iteration of the Opteon lifecycle?

Denise M. Dignam

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

A

Sure. Thanks. Thanks, Laurence. Relative to TiO2, our intelligence is that we see a couple of hundred thousand tons coming out of the market. But I think that is – it's evolving, right? As there's more fair trade zones established, as we think about the finalization in Brazil and India, I think that will change. There's been a recognition by the industry in China themselves that there's an issue with supply. And just looking at trends with

other markets where – when you see this happening, you'd have seen China pull back on capacity increases, as well as shuttering. So, we see more to come in that area.

When it comes to deregulation, if you're referring to in the US, the AIM Act, we don't see any change there. Actually, the Trump administration signed the first AIM Act. And as we move forward, we're continuing our innovation and continuing to work on next-generation refrigerants that are going to be driving down global warming potential even more.

Laurence Alexander

Analyst, Jefferies LLC

Q

Thank you.

Operator: And the next question comes from Arun Viswanathan with RBC Capital. Your line is open.

Arun Viswanathan

Analyst, RBC Capital Markets LLC

Q

Great. Thanks for [indiscernible] (00:58:20) question. Congrats on the results there. So, just on TSS, first of all, just wanted to understand your comments a little bit more on the supply tightness in both the content – refrigerant content as well as cylinders. So, when do you expect some of this tightness to be alleviated and what measures are you taking to address that? It sounds like it's kind of short lived, but why do you believe that? And again, on the cylinder side, is there anything else you can do to source other cylinders? And then similarly on R-32, what can you do there to maybe broaden your supply base? Thanks.

Denise M. Dignam

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

A

Thanks for the question, Arun. Relative to the cylinders shortage, yeah, I first want to say this is not a Chemours issue. We're meeting all of our OEM commitments and servicing the aftermarket. One thing I just want to mention, outlooks aren't perfect. The last transition occurred 30 years ago. So, we're learning as we go, but we are pulling out all the stops. We've added additional shifts. We put in third-party operations and we see this normalizing in the next couple of months.

Arun Viswanathan

Analyst, RBC Capital Markets LLC

Q

And then, just [indiscernible] (00:59:37) on the updated capital allocation approach. So, maybe you can describe some of the opportunities from a CapEx perspective that you're pursuing that you thought that would be better use of your capital than the dividend. Maybe just quantify from a CapEx perspective and maybe some kind of returns metrics or anything like that we could use to see, how you came to that decision or how the board did at least? Thanks.

Denise M. Dignam

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

A

Thanks for the question. We're going to be spending our capital completely aligned with our Pathway to Thrive. We have high priority investments in our next-generation refrigerants, immersion cooling under our enabling growth. And I'm going to turn it over to Shane for maybe some more color.

Shane W. Hostetter

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

A

Yeah, sure. Arun, thank you. I think there's a mixture of two things, right? I really emphasize strategic growth, but also balance sheet flexibility as we talk about [ph] reasoning (01:00:37) for that dividend reduction. As we think about the growth initiatives, Denise just talked about some main items related to next-generation refrigerants as well as immersion cooling. Really excited about those capabilities as we think about emerging markets. We don't get into specific return hurdles on these calls, but I'd just really want to make sure, that we have obviously looking at such from a payback and IRR perspective that is comfortably over our weighted average cost of capital.

And also, Arun, you had asked earlier about kind of the dynamics of R-32. I think it's important, as we think about that supply dynamics that we emphasized, we have a pretty good network outside of the US as it relates to gaining R-32, as well as, we do significant amount of blending in areas outside of the US, namely in Mexico. And finally, we're working very well with our customers to think through those costs and thinking through the associated price to make sure that we return appropriate value from that to the market.

Arun Viswanathan

Analyst, RBC Capital Markets LLC

Q

Thanks.

Operator: And our next question comes from Josh Spector with UBS. Your line is open.

Joshua Spector

Analyst, UBS Securities LLC

Q

Yeah. Hi. Good morning. First, I wanted to follow-up on the agreement on the immersion cooling capacity. Just to be clear, it sounds like your answer to John was that's kind of small scale to get you out into field trials. I was curious, longer term is that more of a manufacturing partnership, where you can potentially get tolling agreements to scale that up in a capital light way for Chemours? Or would you still require Chemours to make a larger owned facility investment to scale that up?

Denise M. Dignam

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

A

Hey, Josh. Thanks for the question. Your read of what the purpose of this capacity and the size is right on. As we move forward into commercialization, we're always looking at how to best use our capital and what's the most prudent way. And we haven't decided yet on what the structure is going to be, but certainly we'll be looking for partnerships as – with customers as we go forward.

Joshua Spector

Analyst, UBS Securities LLC

Q

Okay. That makes sense. And just on TSS at a high level. If tariffs stay where they are today, is that a positive or a negative for Chemours? Just considering your production base and purchases versus the market at large, how would you characterize it?

Denise M. Dignam

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

A

I would say that it's really, not a negative or a positive. I mean, we basically have over the years developed great flexibility in our supply chain, we have lots of options. So, it's really not something that stands out.

Joshua Spector

Analyst, UBS Securities LLC

Q

Well, I guess what I'm trying to figure out is does the market ex-Chemours have more of a negative impact because there's more imports, maybe more of a US based? Does that benefit Chemours or would you say the same thing of the market at whole?

Denise M. Dignam

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

A

I think that I don't really have a strong opinion on that. I think, our main focus is really around transitioning to Opteon and that portfolio. So, I guess I would say I don't think from a competitive standpoint, it's really – I think it's more neutral.

Joshua Spector

Analyst, UBS Securities LLC

Q

Okay. Thank you.

Operator: And our next question comes from Duffy Fischer with Goldman Sachs. Your line is open.

Duffy Fischer

Analyst, Goldman Sachs & Co. LLC

Q

Yeah. Good morning. Couple of questions around TSS. So, first, on the pricing embedded in your Freon numbers from Q1. If you compare that to the Chinese pricing today, just to say, how much farther could you fall to a floor, what's the delta between your realized pricing and, let's say, commodity pricing in China today in Freon or HFC products?

Shane W. Hostetter

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

A

Hey, Duffy. This is Shane. So, as we think about the pricing, we talked about stability in pricing in the US on that side, we really have not gotten into kind of where the floor might be compared to the China pricing. But the most important thing to think about as it relates to the dynamics here is we're really focusing on the HFO side with Opteon and transferring that. That's really where our quota allocation is being distributed. We're in the aftermarket still on the HFCs and we'll continue to be diligent around that side. But at the same point is we're really excited about the transition and really the profitability and margin analysis on the HFO side under Opteon.

Duffy Fischer

Analyst, Goldman Sachs & Co. LLC

Q

Okay. And then can you explain the dynamics? It seems like what you're doing is you're bringing product into Mexico that might be from countries with higher tariffs in Mexico would have. And then, you're changing the product enough through blending that it would carry basically the Mexico equivalent coming into the US and not the origin country. Is that generally what the strategy is here with both HFO and HFC products?

Shane W. Hostetter

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

A

Duffy, the answer to that is yes. We are doing a lot of blending in areas like Mexico. I don't think the strategy is to bring it to Mexico to blend and bring it over to the US so as to do anything from circumvention side or any of that

side. It's really that our focus is the OEMs that are local to Mexico and other areas in that side, and that's where those products are going.

Duffy Fischer

Analyst, Goldman Sachs & Co. LLC

Okay. Thank you.

Q

Operator: And the next question comes from Vincent Andrews with Morgan Stanley. Your line is open.

Q

Good morning, everybody. Thanks for taking the time. This is [ph] Justin (01:06:42) on for Vincent. I was just hoping you could help us understand the assumptions within the low-end 60% and the high-end 80% cash flow conversion for 2H. How much of that range is just dependent on stronger or weaker EBITDA in the back half? And are there any working capital assumptions that changed from the low-end to the high-end of that guidance? Thank you.

Shane W. Hostetter

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

Yeah. Thank you. Great question on that side. I think the influence to the range is two factors. One is obviously just the unwind of the working capital and our execution upon the initiatives I talked about to really generate and emphasize cash flow – cash conversion. The other side of that is definitely dynamics between earnings on this lower versus higher range and the impacts to where working capital would go related to higher or lower sales on that side.

A

Understood. Thank you. And then, you cited lower investments in 2H within that cash flow framework. Is that incrementally lower investment or were those projects pushed out or cancelled? Or is that kind of the same level that you were expecting going into the year? Thank you.

Q

Shane W. Hostetter

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

Yeah. Thanks. I mean, this is really just fine-tuning the estimates as it relates to investments. I think there's two points there. On the script, I mentioned lower working capital investments. I think we talked about coming into the year in the first half, having committed working capital investments from the prior year that you see coming through inventory. In the back half, there's going to be lower investments given just our concerted effort to really make sure that we're spending on only critical and essential items and strategic items on that side. In the capital area, you'll notice I brought it down roughly about \$25 million from a year-to-date range. And that's really, again, making sure that we're just focused on what's essential from a capital perspective as well.

A

Wonderful. Thank you for the time.

Q

Operator: And the next question comes from Mike Leithead with Barclays. Your line is open.

Michael Leithead

Analyst, Barclays Capital, Inc.

Q

Great. Thanks. Good morning, team. First, I just wanted to poke on the TiO2 ore side of things. As you think bigger picture about your strategy, given ore seems to have been a headwind. How do you think about potentially back integrating more into the ore operations going forward?

Denise M. Dignam

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

A

Hey, Mike. Thanks for the question. As you know, we have mined, we are now about 15% backward integrated today. We're very focused on the productivity of those mines. But really our strategy and our core strength is really the diversity of ores that we can process. So, our work and our investments are really more on innovating, being able to process even cheaper ore. So, that's really our strategy versus more backward integration.

Michael Leithead

Analyst, Barclays Capital, Inc.

Q

Got it. That makes sense. And then second, on the liquid cooling front, if everything goes to plan from here today on your four-step pathway to serve the market, when would be the earliest adoption and sales we should see into data centers occur?

Denise M. Dignam

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

A

Yeah. I mean what we've said is that really it's really the back-end of the decade where we would start to see sales.

Michael Leithead

Analyst, Barclays Capital, Inc.

Q

Got it. Thank you.

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

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