



NOTE: This transcript reflects a clarification of a statement in the Q&A section. The clarification is with respect to certain Freon™ blend sales and has been edited in the transcript below.

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 Fourth Quarter 2024 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 call over to Brandon Ontjes, Vice President of Investor Relations for Chemours. You may begin your conference.

Brandon Ontjes – VP, Head of Strategy & Investor Relations

Good morning, everybody. Welcome to the Chemours Company's fourth quarter and full year 2024 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 supplemental information provided on our website, contain forward-looking statements and involve risks and uncertainties as described in our 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 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 adjusted is included in our press release issued this morning. Also we have posted our earnings presentation to our website earlier today.

With that, I will turn the call over to Denise Dignam.

Denise Dignam – President & Chief Executive Officer

Thank you, Brandon, and thank you, everyone, for joining us. Over the past few months, we've been focused on executing against the refreshed corporate strategy that we outlined on our last earnings call, which we call Pathway to Thrive. Today, we are excited to share our results from the fourth quarter and full year 2024, as well as the significant progress we've made against our strategic pillars in just a few short months.



Shane and I will begin by discussing our fourth quarter and full year performance. We will then provide a view of the first quarter and share some thoughts around the outlook for the full year of 2025. Next, we will discuss the progress we've made on our strategy in more detail and take your questions.

Beginning with our results, we delivered another quarter of strong performance building on our momentum from the last quarter. Across all our businesses we exceeded our adjusted EBITDA expectations for the quarter, demonstrating our continued focus on operational excellence and fulfilling our shareholder commitments.

For our TSS business, we again achieved a quarterly sales record driven by 23% year-over-year growth in Opteon Refrigerants driven by the US AIM Act and EU F-Gas regulatory transitions underway. Our TSS earnings came in above our expectations driven by this continued Opteon adoption and supported by a favorable product mix and lower cost in the fourth quarter. In light of strong adoption, I'm pleased to share that we recently completed the expansion at our Corpus Christi site where we produce or meet Opteon refrigerant and are in the process of ramping this added capacity to support market demand.

In TT, our team remains focused on driving strong commercial performance and advancing cost reduction efforts under the TT Transformation Plan. As we had guided, we saw a sequential decline in our net sales driven by seasonal volume trends and regional mix. As we reflect on the year, even with the headwinds we saw in the first half of the year, our TT Transformation Plan has yielded clear results with approximately \$140 million in annual savings, exceeding our initial target of \$125 million.

While we continue to experience a weaker macro environment, the cost savings we achieved in TT more than offset weaker pricing during the year, enabling us to deliver a net 1 percentage point increase in adjusted EBITDA margins, bringing us to 12% for the year. Under the operational excellence pillar of our Pathway to Thrive strategy, we will continue to execute cost reduction efforts at an efficient and orderly pace. We expect TT will achieve at least another \$60 million in run rate savings by the end of 2025, representing approximately half of the \$125 million corporate-wide target we set out for the upcoming year.

In APM, sales for the quarter were softer than anticipated due to weaker conditions in more economically sensitive end markets combined with weaker demand for Nafion membranes in our hydrogen end markets, negatively impacting our performance solutions portfolio. However, much of the sequential weakness in performance solutions was offset by the encouraging progress we are seeing in our newly constructed high purity Teflon PFA resin production line, which serves semiconductor customers. Our earnings in APM were driven by better than expected cost performance, primarily due to favorable inventory adjustments and true ups in the quarter.

At the corporate level, I am pleased to share that we fully remediated our four material weaknesses in internal control, which were identified in connection with the audit committee's internal review in early 2024. The remediation of these material weaknesses has been a significant undertaking for our organization and is symbolic of the final step needed to move past the events of the prior year and is reflective of efforts under our strengthen the long term strategic pillar.



I also want to take a moment to highlight two recently announced updates to our executive team. First, I'd like to welcome Damián Gumpel as President of Chemours TT business. Most recently, Damián served as the Vice President of Corporate strategy at the Olin Corporation and previously led on global epoxy business. Damián's strategic experience, business leadership and transformation background will help us continue to build on the success of our existing transformation plan and contribute significantly to advancing Chemours' strategy. We're looking forward to him officially joining the team in early March.

Second, I want to highlight the appointment of Diane Picho, our Chief Enterprise Enablement Officer, to taking on the role of Interim TT Business President in March 2024. Diane has made significant contributions to building on a strong foundation for the TT business. In her new role, Diane will be focused on the execution of the operational excellence and growth enablement pillars of Pathway to Thrive strategy, working across our businesses to deliver results. Diane brings over 40 years of business leadership across Chemours business segments, and I can attest firsthand to her effective and collaborative leadership style.

The appointment of Damián and Diane helps further solidify our leadership team and put us on the path to drive long term value for our shareholders.

Now I'll turn it over to Shane to walk through our financial results.

Shane Hostetter – SVP, Chief Financial Officer

Thank you, Denise, and good morning, everyone. Let's take a closer look at our financial results, beginning with our quarterly performance. Our consolidated net sales for the fourth quarter were approximately \$1.4 billion, down 1% compared to the prior year quarter. This decrease was driven by a 3% decline in pricing, partially offset by a 2% increase in volume with currency impacts remaining 4%.

Turning to adjusted EBITDA for the fourth quarter, we saw an increase from \$176 million in the prior year to \$179 million this quarter. This increase was primarily driven by cost savings realized through the TT Transformation Plan, favorable inventory adjustments and true ups in APM, and increased volumes in TSS, partially offset by lower pricing across all our businesses.

For the fourth quarter, Chemours reported a net loss of \$8 million or \$0.05 per diluted share, compared to a net loss of \$18 million or \$0.12 per diluted share in the prior year. Our consolidated adjusted net income came in at \$15 million this quarter, or \$0.11 per diluted share, which was down from \$46 million of adjusted net income in the prior year quarter or \$0.31 per diluted share, largely due to favorable tax impacts due to a lower effective tax rate in the prior year.

Now let's turn to our full year results. Our consolidated net sales for the full year 2024 were approximately \$5.8 billion, down 5% compared to the prior year. This decrease was driven by a 4% pricing decrease and a 1% decrease due to portfolio changes made during 2023, which reflects the sale of our glycolic acid business in 2023.

Currency impacts were flat year-over-year, as well as our volumes, as solid increases in TSS and TT were offset by weaker volumes in APM. Adjusted EBITDA for the full year was \$786 million



compared to \$1 billion in the prior year. The decrease year-over-year was primarily driven by pricing decreases across all businesses, unfavorable currency impacts, portfolio changes, and higher costs in TSS and corporate expenses related to the audit committee's internal review and remediation. These increased costs were more than offset by cost savings realized through the TT Transformation Plan.

For the full year, Chemours reported net income of \$86 million or \$0.57 per diluted share, compared to a net loss of \$238 million or \$1.60 per diluted share in the prior year. As a reminder, the loss in 2023 was primarily due to costs related to the settlement of the US Public Water System class actions suit. Our consolidated adjusted net income for the full year came in at \$182 million or a \$1.21 per diluted share, which was down from \$425 million of adjusted net income last year, or \$2.82 per deluded share, primarily due to the prior year elevated earnings drivers I previously outlined.

Now, let's turn to our business segment performance, starting with TSS. In the fourth quarter, as Denise mentioned, TSS again achieved record net sales of \$390 million, a 3% increase from the prior year. This growth was primarily driven by a volume increase of 7%, which was partially offset by a price decrease of 4%, with currency impacts remaining flat year-over-year. The increase in volume was driven by 23% year-over-year sales growth in our Opteon Refrigerants, which reflects continued strength in demand ahead of the transition to new low GWP stationary air conditioning equipment starting in 2025 as mandated under the US AIM Act.

Year-over-year pricing remained lower, similar to previous quarters due to soft pricing in our Freon Refrigerants due to elevated HFC inventory levels which continue to persist in the market. TSS's fourth quarter adjusted EBITDA decreased slightly by 1% to \$123 million compared to the prior year. Adjusted EBITDA margin also decreased 1 percentage point to 32%. This decrease was driven primarily by the aforementioned pricing weakness, partially offset by lower costs that we don't anticipate will recur in the first quarter of 2025. Sequentially, TSS net sales decreased by 17%, which was driven by a volume decrease of 13% and a price decrease of 4%.

Overall, volume and price decreases were primarily related to typical seasonal trends across our refrigerant portfolios, combined with lower demand for our FP&O products during the quarter.

Turning to full year results for TSS. Net sales for the full year were \$1.8 billion, a 1% decrease from the prior year. This decline was primarily driven by a price decrease of 3%, which was partially offset by a 2% volume increase while currency impacts remained flat year-over-year. The decrease in price for the full year was primarily related to softer Freon Refrigerant prices, partially offset by stronger Opteon Refrigerants prices.

Volume growth for the full year was driven by higher demand within the Opteon Refrigerants portfolio due to continued stationary and automotive end market adoption, partially offset by volume decrease in the Freon Refrigerant portfolio in connection with the previously mentioned HFC step downs under the US AIM Act and EU F-Gas regulation. TSS's full year adjusted EBITDA decreased by 16% from the prior year to \$576 million, resulting in an adjusted EBITDA margin of 31%. This decrease was primarily driven by the softer Freon Refrigerant prices that I mentioned,



higher costs associated with purchasing non-Corpus based, low GWP refrigerant, near term quota allowances, lower fixed cost absorption in TSS's HFC product line, as well as other input costs.

Now let's move to our TT segment, beginning with quarterly results. In the fourth quarter, TT's net sales fell 3% year-over-year to \$632 million, primarily due to a 2% decrease in pricing and a 1% decrease in volume. While currency impact remained flat year-over-year. Adjusted EBITDA for the fourth quarter increased 20% to \$77 million compared to the prior year, with adjusted EBITDA margin improving by 2 percentage points to 12%. Cost savings realized through our TT Transformation Plan drove this boost in earnings and was partially offset by the previously mentioned decreases in pricing and volume.

Sequentially, TT's fourth quarter net sales decreased by 6%, driven by a 4% decline in volume and a 2% decrease in price. Turning to full year results, TT's net sales fell 4% year-over-year to \$2.6 billion, primarily due to a 5% decrease in pricing, partially offset by 1% increase in volume. Adjusted EBITDA for the full year increased 8% to \$312 million compared to the prior year, with adjusted EBITDA margin improving by 1 percentage point to 12%. This earnings increase was primarily driven by approximately \$140 million of cost savings realized through the TT Transformation Plan during the year, which, as Denise mentioned earlier, exceeded our original commitment.

The impact from the TT Transformation Plan was partially offset by the previously highlighted decrease in pricing. Also, TT's full year adjusted EBITDA includes \$26 million of costs across the second and third quarters related to the unplanned weather related downtime at our Altamira, Mexico manufacturing site. Since these disruptions at our site occurred over the summer, I am pleased to say that our operations have run well and we have fully supported our customer demand.

Turning to our APM segment. In the fourth quarter of 2024, APM reported net sales of \$324 million, a 1% decline compared to the prior year. This decrease was largely driven by a 3% decline in price, which was partially offset by a 2% increase in volume while currency impacts remained flat. APM's volume increase was primarily related to our recent capacity expansion in high purity Teflon PFA, which more than offset the weaker demand that we saw for our products serving the hydrogen market in the quarter.

The pricing decrease stemmed from product mix connected to more economically sensitive end markets across the segment. APM's adjusted EBITDA in the fourth quarter increased 20% to \$48 million, while adjusted EBITDA margin rose 3 percentage points to 15%. This increase was primarily due to favorable inventory adjustments and true ups in the fourth quarter that are not expected to recur, which were partially offset by the aforementioned decrease in price due to overall product mix.

Sequentially, net sales decreased by 8%, driven by a 6% volume decrease and a 2% decline in price, with currency impacts remaining flat. Turning to full year results in APM. Net sales were \$1.3 billion, reflecting a 9% decrease compared to the prior year. This decline was primarily driven by a 5% decrease in pricing, as well as a 3% decrease in volume with currency also creating a slight 1% headwind.



The decline in volumes for the full year was primarily due to weaker demand in the hydrogen market that I mentioned earlier, as well as lower volumes in more economically sensitive end markets. The price decrease seen during the year was due to product mix connected to the same economically sensitive end markets across the broad segment.

APM's adjusted EBITDA for the full year decreased 41% to \$161 million, resulting in an adjusted EBITDA margin decrease of 7 percentage points to 12%. This decrease in adjusted EBITDA was primarily due to the previously mentioned decreases in pricing, as well as lower sales volumes and the related impact of lower volumes on fixed cost absorption, which further contributed to the earnings decrease.

Regarding our APM segment, we continue to closely evaluate this business to reduce costs and identify opportunities to further optimize our footprint and enhance shareholder value as part of our pathway to thrive corporate strategy. Denise will discuss recent actions taken by the team in more detail shortly.

Moving to our Other Segment. We recorded net sales of \$13 million and break even adjusted EBITDA for the fourth quarter. For the full year, our Other Segment recorded net sales and adjusted EBITDA of \$54 million and \$8 million respectively. And finally, our corporate expenses. An offset to our adjusted EBITDA totaled \$69 million in the fourth quarter, which represents a \$20 million increase from the prior year. This increase was mainly driven by changes in reserves related to legacy asbestos matters in the fourth quarter.

For the full year, corporate expenses totaled \$255 million, a \$43 million increase versus the prior year. This increase was primarily due to costs associated with the audit committee's internal review and related remediation, as well as asbestos reserves recorded in the fourth quarter, which are not anticipated to recur.

Turning to our balance sheet and liquidity. As of December 31, 2024, our consolidated gross debt stood at \$4.2 billion, with approximately \$1.4 billion in total liquidity. This includes \$713 million in unrestricted cash and cash equivalents, along with approximately \$640 million available under our revolving credit facility. Additionally, the company repaid \$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 remained unchanged at 4.4 times adjusted EBITDA sequentially. For the fourth quarter, our cash provided by operating activities was \$138 million compared to \$482 million in the same quarter last year. Elevated cash flow in the prior year quarter was driven by the actions from previous management as previously disclosed.

Capital expenditures for the quarter totaled \$109 million compared to \$135 million in the prior year, driven by additional capital expenditures on APM's Teflon PFA expansion in the prior year, and efforts to focus capital spend on critical areas in the quarter. Additionally, the company paid \$36 million in dividends to shareholders during the quarter.

For the full year we had outflows of our operating cash of \$633 million compared to operating cash inflows of \$556 million in the prior year. The higher usage of operating cash flow reflects the release



of the \$592 million of restricted cash and cash equivalents related to the US Public Water System class action suit settlement following its final judgment and also cash impacts due to the unwinding of the 2023 year-end net working capital actions.

Capital expenditures for the full year totaled \$360 million compared to \$370 million in the prior year. During the year, the company also paid \$148 million in dividends to shareholders. I did want to take a moment to convey that we have been very focused on our balance sheet liquidity and have taken actions in recent months to ensure that we are well-positioned in our debt structure to solidify this. As we move ahead, we do not anticipate any liquidity concerns or events that would impact liquidity related compliance concerns with our banking covenants.

Overall, we're encouraged by the progress we made to our fourth quarter, including the strong performance the team delivered. Although we saw a challenging dynamics in certain end markets and geographies that impacted our top line, we were able to exceed our adjusted EBITDA expectations across all our businesses as we continue to control what we can control and focus on our commitments to both strengthen our operational execution and enhance overall cost efficiencies.

With this fourth quarter and full year results in mind, I would now like to move to discuss our expectations for the first quarter of 2025 and our outlook for the full year. Beginning with TSS. For the first quarter, we expect overall TSS net sales to increase sequentially driven by double-digit growth in Opteon Refrigerants, partially offset by a decrease in Freon Refrigerants in connection with the ongoing US AIM Act and EU F-Gas regulatory transitions.

Sequentially, TSS's adjusted EBITDA is expected to increase slightly, reflecting impacts from increased costs from a forced outage at our Corpus site and additional input costs associated with the site's ramp up of the new Opteon capacity expansion, which are both expected to have negative impacts from our first quarter's margins.

Looking further ahead, we anticipate overall 2025 results to be improved versus 2024 with the pattern of year-over-year double digit net sales growth in Opteon Refrigerants to persist throughout the year, driven by volume expansion in our Opteon Refrigerants blends. The strength in Opteon sales will come from the continued regulatory driven demand amid the transition from a broader set of legacy HFC products to more targeted available options for low GWP products such as Chemours HFO Opteon brand or alternatives such as R32.

For HFC pricing, we continue to anticipate that US Freon prices will remain at low levels into 2025. While we continue to monitor increasing input costs, primarily from R32 and regulatory headwinds around the world, absent significant changes, we continue to anticipate that adjusted EBITDA margins will remain around 30% for the remainder of 2025.

For our TT business. In the first quarter, we expect volumes to remain stable sequentially. However, the segment's projected regional sales mix will result in lower net sales for the quarter. We expect adjusted EBITDA to decrease sequentially as a result of this regional mix, as well as operational headwinds related to cold weather downtime at our US sites in January, further contributing to this



decline. Despite these headwinds, we remain committed to our TT cost reduction targets for the full year.

For the full year, we expect 2025 results to be better than 2024, with improvements becoming more evident in the second half of the year. We will continue to control what we can control through our cost out programs and a focus on driving commercial excellence as evidenced in our share gains once more, particularly in Europe. Furthermore, we've used the disruptions we faced in 2024 to improve our operational planning, and we are well-positioned to meet customer orders moving forward.

For our APM business, we expect our top line to be impacted by softer demand across the segment, driven by the continued weakness in cyclical end markets as well as our products that serve the hydrogen and semiconductor markets. Adjusted EBITDA is also anticipated to decrease sequentially due to lower net sales during the quarter, further impacted by an unfavorable product mix. We also anticipate incurring additional costs in the first quarter as a result of an outage from scheduled major plant maintenance that extended into the beginning of 2025.

Of note, as I mentioned earlier, the fourth quarter comparison period for APM did include favorable inventory adjustments and other true ups which are not anticipated to recur in the first quarter. On a consolidated basis, for the first quarter, we anticipate net sales to be flat to slightly down sequentially with adjusted EBITDA also expected to be slightly down sequentially. This expectation includes a sequential decrease in corporate expenses as an offset to adjusted EBITDA of approximately 30% compared with the fourth quarter, inclusive of the fourth quarter costs associated with legacy asbestos matters. We anticipate these corporate costs in the first quarter of 2025 to be more reflective of the corporate cost expectation for the remainder of the year.

Regarding our liquidity expectations for the first quarter, we expect operating cash flow to reflect a net usage consistent with traditional seasonality. We also expect capital expenditures to be in the range of \$80 million.

Turning to the full year 2025, we expect adjusted EBITDA to be in the range of \$825 million to \$975 million. For the high end of our range, we would anticipate a more favorable macroeconomic environment for TT and APM, along with TSS pricing actions, success, input cost moderation, and Freon pricing strength. Alternatively, for the lower end of our range, we would anticipate a worsening macroeconomic environment, higher input cost pressures in TSS, and increased local regulatory pressure on the APM business. These current expectations for adjusted EBITDA do not include significant changes in the broader regulatory landscape.

Regarding cash flow for the full year, operating cash flow is expected to improve as the year progresses and more than fund anticipated capital expenditures ranging from \$250 million to \$300 million, while also ensuring dividend funding subject to board approval quarterly.

With that, I'll hand it back over to Denise to discuss recent progress for our Pathway to Thrive strategy.

Denise Dignam



Thank you, Shane. Last quarter we shared our refreshed strategy for Chemours' Pathway to Thrive. This strategy is intended to capitalize on our business's fundamental strengths, our incredible talent, and our competitive differentiators to enhance shareholder value creation. Chemours' strategy is focused on four pillars, operational excellence, enabling growth, portfolio management and strengthening the long term, all rooted in a foundation of balanced and disciplined capital allocation.

Efforts to execute our strategy well underway when we shared it in our Q3 call and we've continued to take steps to structure the organization around its pillars to meet shareholder expectations. In addition to appointing Damián as TT Business President and Diane as Chief Enterprise Enablement Officer, we've also established a transformation office that is fully dedicated to driving results within each pillar of our strategy.

Starting with operational excellence, we continue to target incremental run rate cost savings of greater than \$250 million across the company starting this year and building through 2027. As a reminder, this overall cost savings plan comprises an additional \$125 million in cost savings under our TT Transformation Plan and \$125 million in targeted cost savings spread evenly across the other businesses and corporate. Of our total \$250 million cost target, we remain on track to deliver half of these run rate cost savings by the end of 2025.

As we progress further into the year, we'll look to provide regular updates on those savings which remain focused on optimizing our asset footprint and reducing overhead cost. These efforts tie into our portfolio management pillar, which I will speak to shortly.

Our ability to execute a broader cost out program, which has been a focus of mine since moving into the CEO role, is rooted in our transformational expertise, as exemplified in our success through our TT Transformation Plan continuing under Pathway to Thrive. To further emphasize our long term efforts to drive down costs in TT, I want to highlight the announcement we made in December around our agreement with PCC Group to build and operate a chlor-alkali facility on the grounds of our TiO₂ plant in DeLisle, Mississippi. We believe that this asset-light approach, working closely with a trusted partner in the chlorine space, will continue to bolster our efforts to become one of the world's lowest cost TiO₂ producers providing sizable operating cost advantages once the plant is operational in 2028. This plant adds to our vertically integrated chlorine positioning at our new Johnsonville site to ensure US domestic supply of TiO₂.

More broadly, we have focused efforts on reducing corporate overhead costs, taking a zero based budget approach to these costs. While reducing costs in an area of focus that we can control, we are also looking at improvements to drive further operational efficiencies. By using a standardized execution model to centers of excellence, we will drive best practices across our organization and help continue our momentum.

Turning to our second pillar, enabling growth. Chemours remains committed to smartly investing in high return, low risk initiatives across our portfolio while driving commercial effectiveness. We are targeting a revenue CAGR of over 5% from 2024 through 2027, assuming no significant macro events over that time. As we shared at our last earnings call, we are prioritizing expansion in



attractive spaces with a focus data center cooling, next generation refrigerant, semiconductor fabrication, and the development of next generation EV batteries.

And as we saw this past quarter, we've already taken positive steps to expand our presence in the semiconductor space through successful capacity expansion of our high purity Teflon PFA line in our APM business. I'm pleased to say that the production ramp up of this asset has proceeded well. With our focus on growth, I wanted to highlight the continued strength in demand for Opteon Refrigerants, which experienced double-digit growth in 2024 and which we anticipate will continue through 2025.

As mentioned previously, we have completed a 40% expansion at Corpus Christi, of which half will be available in 2025 with the remaining capacity available in 2026. With this added capacity, we believe we will be well-positioned to meet customer demand driven by the growth in Opteon in connection with the regulatory transition to low GWP refrigerants. Taken together, these actions reflect important steps towards achieving our targeted sales growth over the coming years and enhancing our competitive positioning in high growth areas.

We will continue to closely evaluate all investments to ensure a disciplined capital allocation approach aligned with our strategy, and continue to expect our investments to be funded by organic cash flow generation and cost savings realized across all our businesses.

Our third strategic pillar, portfolio management, is reflective of our ongoing commitment to optimize our existing businesses and assets by shifting our focus from products to applications in higher growth, higher margin markets with the goal of enhancing shareholder value. As I shared on our last earnings call, these efforts included an evaluation of our existing footprint to ensure we have an optimal asset base that is aligned with our future needs.

In connection with these efforts, we are announcing a strategic review of our APM European asset footprint with a focus on creating value for shareholders and improving the quality of earnings as we continue to aggressively reduce cost and improve our overall profitability. Our focus is on enhancing our asset footprint to provide the highest level of shareholder value.

While announcing the strategic review today, we started to take initial steps around our APM European assets in the third quarter. Those activities included the write down of certain assets and putting our hydrogen focus Nafion expansion on long term hold. Adding to these earlier actions, in January of 2025, we made the decision to exit our Surface Protection Solutions or SPS Capstone business. This action was taken due to regulatory changes and uncertainty that have caused reduced demand and market de-selection. We expect our manufacturing activities for SPS products to cease by the end of second quarter of this year pending local regulatory approval.

Once complete, we expect the annualized revenue loss to be approximately \$80 million to \$90 million going forward, with a challenging operating environment compounded by increased costs, making SPS economics unfavorable going forward. In connection with the SPS exit, we expect to incur total restructuring charges of approximately \$60 million, of which half are expected to be cash payments. The cash payments associated with this exit are expected to be incurred throughout late 2025 and 2026.



While these decisions are never easy, we believe these actions and continued evaluation of our portfolio are critical to ensure Chemours long term success and drive shareholder value. These actions also help us strengthen the overall Chemours portfolio and enable us to allocate capital to areas of the business, generating a more positive return. We anticipate completing a review of our European APM asset base by the end of 2025 and we'll share updates as we progress.

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. Our efforts in these areas are embedded at all levels of the company, and we engage with our regulatory stakeholders to support science-based regulation of our industry that provides clear standards that are supported by sound science and research.

I'm proud of the significant progress we have made to date in executing our Pathway to Thrive strategy over the short course of a few months. We remain confident that our continued focus on the key pillars of our corporate strategy will drive strong operational and financial performance across our three businesses and ultimately position Chemours for long term success and value creation. This progress was only made possible through the dedication and efforts of our employees, and I would like to thank our entire team for their hard work and efforts that have allowed us to bring this strategy forward as we continue delivering trusted chemistry.

I look forward to providing additional updates on our operational and financial performance and our continued progress executing our Pathway to Thrive strategy in the months to come.

Question & Answer Section

Operator

Thank you. [Operator Instructions] And our first question will come from Arun Viswanathan with RBC Capital Markets. Your line is now open.

Arun Viswanathan – Analyst

Great. Thanks for taking my question. Hope you guys are well. So I guess first off, I wanted to understand maybe the bridge from 2024 to 2025 EBITDA guidance. If I remember correctly, there were about \$80 million or so of one timers in 2024. So if we add that back, you know, it seems like there's about \$40 million or 50 million of extra growth in the midpoint of your new range for 2025. Am I right in that assessment? And then if so, how would you kind of characterize that additional growth? Thanks.

Denise Dignam

Thanks. Thanks, Arun. Appreciate the question. So, first of all, I just want to start with talking about this year and what we're excited about. I mean, when we look at this year, the transition to the low GWP technology and the stationary aftermarket -- and the stationary market is really exciting for us. We also see green shoots in our TT business and we're really laser focused on delivering on Pathway to Thrive.



As you say, there's some things to explain relative to the bridge from 2024 to 2025. And I'm going to turn it over to Shane to give you a little bit more color on that.

Shane Hostetter

Yeah. Thanks, Arun. You mentioned a number of onetime costs, which, yeah, we don't anticipate recurring next year. However, you know, you probably saw the Q1 guidance. We are anticipating some operational headwinds in Q1 related to, you know, in TSS site specific forced outage, some weather related items in TT, especially in January here in long dated plant shutdown in APM, that's about \$15 million to 20 million going in Q1.

But I'd say, as I think ahead, you know, we don't anticipate these to recur. We anticipate seasonality in TSS and TT in Q2 and Q3. And as Denise mentioned, very excited about the Opteon adoption, especially in commercial and stationary refrigerants. And then further, we're going to control we can control, continued to do align Pathway to Thrive and continue to reduce costs and manage that accordingly.

Arun Viswanathan

Okay. Thanks for that. And then just a follow up to that. So looks like your second half, I think you mentioned, should be a little bit stronger than the first half. So it sounds like you could be exiting second half at a \$500 million or so plus run rate of EBITDA. If you annualize that, you get to a \$1 billion plus for 2026. Am I thinking about that the right way? And what would that require? Is that kind of maybe a better pricing Freon environment or maybe capitalizing on the capacity growth that you've had in TSS? Or would it also require some better TT markets? Thanks.

Shane Hostetter

Thanks, Arun. You know, I mean, I think it's early to give anything related to 2026 at this point. But as I think about kind of your math in 2025 and, you know, areas that we believe are going to help us with that guidance that we talked about for the full year. Certainly the additional capacity, you know, at Corpus Christi from an Opteon perspective is contributing to that. You know, we brought a PFA line on as well which going to help, continuing that cost out program as we've talked about as well. And then also we are seeing, as Denise talked about, some green shoots in TT as relates to share. But also thinking through, you know, a back half weighted, you know, in some market recovery as we look at the underlying KPIs.

All right. Thanks a lot.

Operator

And the next question will come from Josh Spector with UBS. Your line is open.

Josh Spector - Analyst

Yeah. Hi, good morning. I wanted to follow up on TT. So you mentioned a couple of times green shoots in that business that you're seeing, but volumes aren't improving in your forecast sequentially. And you talked about some regional mix headwinds. So I think from the outside in, it



looks like your TT business is maybe getting worse, but you're calling out green shoots. Can you help us understand kind of what's going on within that? Thanks.

Denise Dignam

Sure. Yeah. Thanks. Thanks, Josh. Appreciate the question. Yeah, going into, so first of all, we delivered a very strong fourth quarter. Coming into the first quarter, there's really a regional mix impact. When we talk about some of the green shoots we're seeing, it's really around some share gain that we're seeing in Europe. I would say it's still early days as you think about the antidumping impact. But if you look at the exports from China as they go into Europe or even into Brazil, you see that there's quite a decline. And not just the decline in overall volume, but a decline in the high purity, high quality TiO₂. So there's a lot of inventory that had to be worked out, but you can see that decline occurring, which, you know, we're well-positioned. We're -- we have a great value proposition and a great franchise around reliable -- reliability, security of supply.

The other thing that, you know, first of all, we're going into, you know, the second quarter is generally a better season for the coatings market. And some of the macros that we look at, you know, the housing market index has increased again in January. It's the highest level it's been at in nine months. And historically that correlates to coatings demand. So that's what we mean when we say green shoots. And we are, you know, we absolutely are, you know, are not saying that, that feeling like we're in weak.

The -- as I said, the first quarter has a lot more to do with regional mix. And, you know, we're committed to our pathway to thrive and continuing to drive cost out in TT.

Josh Spector

Thanks. Just a follow up. Just the regional mix to be specific, is that selling more into Europe and less into North America? Or what's the change? And is that temporary for first quarter? And does that reverse or is that a permanent shift?

Denise Dignam

Yeah, I would say that that's accurate. And then I would definitely expect that the shift as we enter the seasonal coatings market in the US.

Operator

And our next question will come from Hassan Ahmed with Alembic Global Advisors. Your line is now open.

Hassan Ahmed - Analyst

Good morning, Denise and Shane. You know, I just wanted to dig a bit deeper into the prior questions about TT and guidance, you know, 2025 guidance in particular. I mean, from the sounds of it, it seems, you know, obviously, you know, we haven't really seen much of an impact from the antidumping side of it. I'm just trying to get a more granular view with regards to, you know, what



you're baking gain in your 2025 guidance in terms of TT pricing, volumes, and a potential boost from any sort of antidumping related market share gains?

Denise Dignam

Yeah, thanks. Thanks, Hassan. I mean, from a, you know, what, we're baking and we're not baking in any large, you know, macro change. What we're saying is that we are seeing signs and these things take time. There's inventory that has to work down. If you look at the China into the EU 2027 and into Brazil, you can see that they are declining, which creates opportunity for us.

Hassan Ahmed

Understood. Understood. And as a follow up, I mean, you know, as I sort of talked to industry consultants, you know, TiO₂ consultants, they seem to be pretty large divergences in what they're baking in in terms of supply additions globally, right, particularly as they relate to China. You know, be it some of the supply additions that happened in 2024, be it some of the supply additions they are baking in for 2025 and beyond. I mean, can you sort of give us a view or a Chemours' view of what the supply picture looks like? You know, whether there is sort of forecasted tightness in utilization rates on a going forward basis?

Denise Dignam

Thanks, Hassan. Yeah, I mean, I would say that we're not anticipating any significant increase in supply and it really depends on, you know, that the utilization is going to depend on what happens with demand, which as we're saying, we, right now where we are -- we're cautiously optimistic, I would say. But we would need some more macro signs to see utilization pickup.

Hassan Ahmed

So, I mean -- I mean, just to get, sorry to follow up, but just to get a bit more specific. I mean, you know, some people have numbers north of sort of, you know, 0.5 million tons baked in for 2025 supply additions, while others have the number at 150,000 to 200,000. I mean, you know, I mean, those are major swings. Which camp are you guys in?

Denise Dignam

I'm not exactly sure I understand your question.

Hassan Ahmed

In terms of -- in terms of net capacity additions for 2025 in TiO₂?

Denise Dignam

Yeah. I mean, it would definitely be on the low side.

Operator

And our next question will come from John McNulty with BMO. Your line is open.



John McNulty - Analyst

Yeah. Thanks for taking my question. So I guess first one would just be around your CapEx. You're looking for, you know, \$250 million to \$300 million, so down a reasonable amount from 2024. Is it fair to assume that your CapEx budget doesn't include any CapEx for the data center opportunity that you've been talking about? And can you give us a little bit of color or thought on the timing for FID on that and any other updates around the two phase immersion cooling platform that you've been building out?

Shane Hostetter

Yeah, John, thanks. You know, I'll take care of the CapEx and then Denise can go into immersion cooling update. As far as the CapEx go, as you mentioned, \$250 million to \$300 million is what we guided. You know, we continue to think about how to continue our growth initiatives and maintain asset light where possible. So if you think about, you know, Denise talked a little bit about the PCC and agreement in TT and the unique way we did that. So, you know, as we think about just going forward, we're laser focused on our liquidity and CapEx is one of those as well. And then, Denise, you want to go?

Denise Dignam

Sure. You know, relative to how we're doing with in emerging cooling, we're really still very excited about the space. We have significant value chain engagement. And, you know, we think this is going to be a large part or a big part of the overall liquid cooling demand. And I know you know this, but it's really going to be kicking in more towards the end of the decade because there will be requirement for new data centers. The relative to the -- at our asset plan, we've talked about that before that, you know, we're going to be giving updates. You know, we remain focused on achieving commercialization by next year.

We, you know, our underlying -- in our -- we have an underlying plan. Right now, there's some confidentiality around our process and intellectual property. And so there's some things that we're not really ready to disclose around the molecule. But we look forward very soon to be giving an update on that.

John McNulty

Great. Thanks very much for the color on that. And then just maybe on the TSS side, it sounds like there's a pretty wide range of outcomes as you're looking out to 2025, both on Opteon. And it sounds like there's some pretty solid volume growth there. I guess, can you help us to think about that? As well as, you know, where you think we may be in the Freon inventory kind of destocking? When do you think we may be getting through that where we might see price starting to inflect, since it seems like that's a big part of the range of outcomes that you've got for the year.

Denise Dignam

Thanks, John. First, I'm going to start with Freon. Last year was a unique year for us, for Freon because there was a delay that was really unexpected with the technology transition world where things were pushed out a year. The sell through was pushed out. So we were really impacted by



Freon. Coming into this year, right, we're trying to use our quota really for the low GWP refrigerant. So, you know, as we said in our strategy, we are much less dependent on Freon this year. And as a matter of fact, by the end of the year, Freon sales for certain types of blends are going to only be outside of the US and Europe. [edited]

So, but if we turn to the Opteon side, you saw a 23% growth in the fourth quarter. You can expect, you know, at least that kind of growth this year. But one thing and we're committed to a 30% margin in this space. One thing to keep in mind and kind of going back to when things transitioned to load and to the HFO technology for the auto OEMs, this is a year where the -- where it's the OEM year, where the aftermarket space where you have more obviously pricing flexibility is lower. So it's about a 10%. Really what we're doing with the OEMs is securing our share for the long term. With that said, we still do have opportunity to pass through raw material price increases even to the OEM part of the market.

Operator

And our next question will come from Vincent Andrews with Morgan Stanley. Your line is open.

Vincent Andrews - Analyst

Hi. Can I ask you, in the fourth quarter, you mentioned that you had some non-recurring benefits from inventory true ups in APM as well as, I guess some non-recurring cost benefits in TSS? Could you tell us what those were and in particular to the inventory? Can you talk about what triggered that or how that happened and what discretion you had related to it?

Shane Hostetter

Yeah. Sure, Vincent. Yeah. As I think about some of the benefits we saw, you know, there were kind of one time in nature. I mentioned the items in APM and TSS. I mean, these are really around inventory valuation items that happened in the fourth quarter and some reserve changes, there in the range of about \$5 million to \$10 million as I think about, you know, kind of sizing them up. But I would say, I mean, there's more benefits. But, you know, we also had some items in our corporate costs that were onetime in nature related to asbestos reserves as well. I mean, as you can think about, you know, the additional corporate costs, I mean, that was in the range of \$10 million to 15 million as well. So just trying to give some a little bit of color on the positives and negatives we saw from a onetime items in Q4.

Vincent Andrews

Okay. And then if I could just ask on TT, you know, point taken on what's happening so far in Europe and Brazil in terms of the direction of Chinese exports. But, you know, if we're a year from now, where do you envision those Chinese exports that don't go to Brazil or Europe any more? Where do you think they wind up? Do you envision China cutting production or do you envision those going into other markets? And if they go into other markets, what happens to the TiO₂ that was previously servicing those other markets?



Denise Dignam

And what you can see in the data as it's going to Asia and the Middle East. I think time will tell, you know, based on how prolonged, you know, the recurrence of the, the uptick in the market when that happens. I think there are some concern of customers around the profitability of some of these, the Chinese producers and how long they can sustain within the the narrow margins.

Operator

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

John Roberts - Analyst

Thank you. I guess we have now have an ex, DuPont or back at the EPA and a key position here. Do you think that changes any of the complexion around the PFAS activity over the next few years? And maybe give us an update on the upcoming New Jersey trial?

Denise Dignam

Sure. You know, relative to that EPA, we're really, as you know, that the rule came out relative to maximum concentration limits around specific molecules, that we're really not science-based. We're really glad the Trump administration, the EPA is, has come up and put those in abeyance for 60 days. So we're really hopeful for a good dialogue on science-based targets.

Relative to the New Jersey trial. You know, we -- that is, you know, set for May, and we continue to prepare. And, you know, as always, there's -- you're getting ready for trial. There's also opportunity for settlement as well.

John Roberts

Okay. And then what's happening in the existing small fluorochemical based immersion cooling markets? 3M is exiting. So what are their existing customers doing? And is there anyone stepping into that space here as they exit?

Denise Dignam

Yeah. For the chemistry that 3M producers, there are Chinese producers. There are, I would say, some pretty significant corrosion issues with that product. So while it's -- you know, it's in the market, there's definitely big room for improvement.

Operator

And the next question will come from Laurence Alexander with Jefferies. Your line is open.

Laurence Alexander - Analyst

So good morning. I would just like to flesh out the regulatory comments about, you know, the downside risks for 2025 for APM. Can you just flesh out what -- if there's any particular timeline or events you're looking for or decisions that would? And then how much of a swing in your forecast



that would have -- that scenario would entail? And also, can you put that in context in terms of what is APM pacing over, say, the next three to five years?

Shane Hostetter

Yeah. Laurence, thanks. Yeah, I mentioned that, you know, as I think about the range provided within the low end to the high end. From a low end, the \$825 million I put. The -- when I mentioned regulatory pressures in APM, that's really making sure, you know, just from an operational perspective. You know, Denise just talked about, you know, some of the science-based items we were discussing with the EPA. You know, we are excited about, you know, kind of developing that and having further conversations. But, you know, if there is some other conversations that go the other way, that's really what we were getting at is potential regulatory pressure there.

As I think about, you know, your latter question around the next several years in APM. We're really committed to taking a look at just overall portfolio in line with Pathway to Thrive. And APM is certainly part of that and making sure that the, you know, product pipelines we're operating are optimized from a return basis and thinking through, you know, the next steps, whether that be, you know, changes in portfolio like we just talked about with SPS or putting hydrogen on a long term hold. We're really committed to making sure that that business is optimized from a return portfolio.

Operator

And our next question will come from Jeff Zekauskas with JPMorgan. Your line is open.

Jeff Zekauskas - Analyst

Thanks very much. Your inventories were \$1.47 billion in the quarter, which I think is up 12% sequentially and about 10% year-over-year. Your sales are down. What's going on with that number? Why is it so high?

Shane Hostetter

Yeah. Thanks, Jeff. I think there's a confluence of a couple events here, I would say. One is we did have a lot of planned maintenance activities at the end of the year. So we did build up inventories through that side that will continue to work down as we look into 2025. I think other aspects of this is really some related items in TSS around our quota and which will continue to work down in 2025. And then outside of that was some select purchases within TT to think through where their inventory balances are.

I will say this, you know, as we think about the path ahead of us from a liquidity, we are focused on making sure that we optimize our working capital going forward and thinking about days conversion. And I think there's opportunities within that inventory balance.

Jeff Zekauskas

So you've talked about your possible cash flows for 2025 and you said you should cover your dividend of \$150 million. CapEx is roughly \$275 million, so total it up, that's \$425 million. Is that



your expectation with your EBITDA, you know, between \$825 million and over \$900 million? Or is there something that would lead you to have that would put pressure on your cash flows? Or that -- that's kind of what you're expecting? Do you have an aspiration for 2025 cash flow?

Shane Hostetter

Yeah. Thanks, Jeff. Certainly we have an aspiration, you know, as we think about cash flow. We did not provide that, you know, externally. You know, as we've talked about transparency, we're very happy with providing annual guidance on EBITDA. You know, as I think about what we talked about from cash flow was, you know, we expect to, you know, from that perspective to at least cover the CapEx and dividends. That's right, just making sure that we give confidence on, you know, balancing strategic growth and debt paydown with other priorities of the company, i.e., and making sure that we fund the organic CapEx as well as providing returns to shareholders.

Operator

And our last question will come from Pete Osterland with Truist. Your line is now open.

Peter Osterland - Analyst

Hey, good morning and thanks for taking the questions. First, on the cost savings realized from the TT Transformation Plan in 2024, what drove the upside versus your original target? And as you've begun working on optimizing your cost structure through the new cost savings plan, are you finding any areas of the business where you think there may be upside to this target as well? Thank you.

Shane Hostetter

Yeah. Thanks, Pete. You know, as I think about just the, you know, the TT Transformation Plan in total, you know, very proud of the team, you know, just executing above the target. You know, we saw some positives as it relates to just overall manufacturing related costs and thinking through, you know, mainly around those fixed cash costs in the operation side. We're not -- you know, as we think about the Pathway to Thrive targets of \$250 million, we're still very focused on achieving those. You know, as we continue on this path, you know, and if we see any upsides, you know, commit to being transparent around that and thinking through if there is that side.

You know, we are the first part of this and we're very excited about, you know, the organization put around the Pathway to Thrive, whether it be the committed transformation teams or the other areas from a pillars that are leading such. And I'm confident that they can meet those targets and exceed in certain circumstances.

Peter Osterland

Great. Thanks. And then just a quick follow up on free cash flow. It looks like you're guiding for free cash flow to be positive this year. Is that the assumption at the middle of the EBITDA guidance range or do you expect to be free cash flow positive even at the low end?

Shane Hostetter



Yeah. I mean, I -- it's a great question, Pete. I mean, I think from a positive free cash flow, I indicated such given that, you know, with the overall guidance was that we can fund our CapEx as well as the dividends go. You know, I think that, you know, if it is at the lower range, we can take other actions to think through working capital and making sure that we're balancing such. So committed to positive free cash flow and making sure that we're going forward very focused on balancing spend to get it to there.

Operator

We have reached the end of our question-and-answer session. Thank you for joining Chemours Company fourth quarter 2024 earnings call. You may now disconnect.