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The Chemours Co. (CC)

Q3 2026 Earnings Call

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MANAGEMENT DISCUSSION SECTION

Operator: Good morning. My name is Marvin, and I'll be your conference operator today. I would like to welcome everyone to The Chemours Company Third Quarter 2026 Results Conference Call. Currently, all participants are in listen-only mode. A question-and-answer session will follow the conclusion of the prepared remarks. I would like to remind everyone that this conference call is being recorded.

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

Brandon Ontjes

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

Good morning, everybody. Welcome to The Chemours Company's third quarter 2026 earnings conference call. I'm joined today by Denise Dignam, Chemours' President, 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.

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During 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. Additionally, we also posted our earnings presentation on our website yesterday evening.

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 this morning.

On today's call, I'll start with highlights from our third quarter performance before turning it over to Shane to walk through our fourth quarter outlook and initial perspectives on 2027. I'll then close with an update on our strategic execution under Pathway to Thrive. Our third quarter results reflected strong year-over-year performance in Titanium Technologies and Advanced Performance Materials paired with disciplined commercial and operational execution across the company, despite weakening macroeconomic conditions across our key end markets. Net sales were up 3% year-over-year as expected driven by continued pricing momentum in TT, and growth of 26% in APM Performance Solutions business, more than offsetting the anticipated softness in TSS due to expected weaker demand in the North American stationary AC aftermarket for Opteon blends. Adjusted EBITDA was $200 million at the high end of our guidance range with all businesses contributing above expectations.

With this update, I also want to highlight the progress that we've made under Pathway to Thrive to derisk our balance sheet through continued efforts to reduce litigation exposure and address leverage. On the litigation front, we were able to reach a settlement with the State of North Carolina and 11 local entities to resolve claims of PFAS and other discharges from our Fayetteville Works site, as well as those unrelated to our site. In addition, we received final approval of the judicial consent order with the State of New Jersey. This was a meaningful step toward completing our settlement and establishing previously agreed funding from our MOU partners to support settlement payments over decades. These developments reflect our continued focus on derisking the balance sheet.

With this, let me expand on the quarter's business activities. In TSS, third quarter performance reflected the anticipated softness in the North American stationary AC aftermarket. Demand for Opteon blends was lower compared with the prior year period, which benefited from the initial channel fill associated with the stationary AC technology transition under the US AIM Act. While lower aftermarket volumes and higher input costs weighed on earnings in the quarter, we remain confident in the long-term fundamentals of TSS. We believe that the expanding installed base of lower GWP systems, and our advantaged position with HVAC OEMs and aftermarket distributors will provide a strong foundation for future growth. As the 2026 cooling season comes to a close in North America, we continue to build on our advantaged position managing the business with discipline, and positioning TSS to capture the attractive aftermarket opportunity in front of us. Looking further ahead, the business's attractive growth is underpinned by our innovation-led foundation and our intellectual property portfolio ensuring protection for the breadth of our Opteon products extending into the 2030s.

In TT, third quarter performance reflected strong commercial execution against a challenging demand backdrop. Many of our customers continue to navigate a persistently weak housing market and broader macroeconomic uncertainty across most key end markets. Even in this environment, the team delivered growth through a combination of pricing and volume improvement, with strength in North America, Latin America and Asia-Pacific

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outside of China more than offsetting softer demand in EMEA and China. This execution helped us deliver earnings above the high end of our range.

As an additional point, this quarter did include approximately $5 million of earnings, benefits from sales and cost timing between the third and fourth quarter. Importantly, global pricing increased 10% year-over-year in the third quarter, underscoring the success and discipline of the global pricing increases we executed over the past year.

Pricing improved across every region and was the primary driver of the significant year-over-year increase in earnings and margin. This performance demonstrates the value of our differentiated Ti-Pure products, consistent commercial approach and the ability to execute pricing actions while continuing to deliver the quality and service our customers expect.

While housing and other key end markets remain under pressure, we are confident in the actions we are taking to strengthen TT through the cycle. Our work to optimize our manufacturing circuit to demand with a focus on pricing execution, regulatory diligence and market selectivity, underpinned by cost reduction efforts, have been key elements to enhance the value in a competitive TiO2 market. We will continue to control what we can control and remain ready to capture the opportunity as market conditions change.

In APM, third quarter performance reflected continued progress toward a higher value portfolio mix. The business delivered year-over-year growth, despite mixed conditions across broader industrial end markets supported by pricing, improved volumes and strong momentum in Performance Solutions. This deliberate mix shift also contributed to meaningful year-over-year improvement in earnings and margin.

Notably, Performance Solutions sales increased 26% year-over-year and 8% sequentially, underscoring the robust demand signals we continue to see from certain end markets inclusive of those in the AI infrastructure and semiconductor space.

Continued order book strength across data center and semiconductor applications demonstrates the critical role of our differentiated products, now approaching nearly half of Performance Solutions, enabling increasingly complex, high-performance technologies.

As Performance Solutions becomes a larger part of APM, it reinforces our confidence in the business's path toward higher value growth and stronger earnings potential. More broadly, Chemours continues to expand its presence in attractive AI infrastructure end markets, inclusive of data centers and semiconductors, with differentiated offerings across APM's Performance Solutions business and TSS. As of today, we have seen strong growth markets with our sales concentration across TSS and APM now at 10%.

With that, I'll turn it over to Shane to walk through our outlook as we move into the fourth quarter.

Shane W. Hostetter

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

Thank you, Denise, and good morning, everyone. As shared in the earnings materials available on our investor website, I would now like to discuss our expectations as we look ahead.

Beginning with TSS, for the fourth quarter, we expect TSS' net sales to decline sequentially in the high-teens to low 20% range, reflecting traditional seasonal patterns as the North American cooling season concludes. We expect adjusted EBITDA to be between $105 million and $115 million, primarily reflecting the associated seasonal volume and mix impacts.

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As we look ahead, we are watching the economy closely and monitoring key demand drivers across TSS, including OEM stationary HVAC unit shipments in North America, as well as light-vehicle builds. Given the seasonality of the business, we expect better visibility into the aftermarket as we move further into the first quarter of 2027 when seasonal restocking comes more into view. While the near-term environment remains dynamic, we remain confident in the business's long-term fundamentals, supported by our positions with OEMs and the aftermarket distributors, and disciplined commercial execution.

For our TT business, we expect TT's net sales to decline sequentially in the high-single digits to low-teens percentage range, and adjusted EBITDA to range between $60 million and $65 million in the fourth quarter. These expectations reflect challenging end markets as well as normal seasonality, paired with the timing of earlier reference sales and cost benefits in the third quarter, which will negatively impact fourth quarter earnings.

While the sequential outlook reflects these timing and seasonal factors, we continue to see weaker demand volumes across our key regions, with some slight strength in Latin America, reflecting a challenging and competitive global demand environment. We also feel well-positioned on pricing, anticipated to be up high-single digits over the prior year following the three announced increases over the past year.

The traction achieved across regions reflects consistent execution, close customer engagement, and our focus on protecting the value of our Ti-Pure offerings. Longer term, we remain focused on controlling what we can control through commercial and operational agility, underpinning this value-focused approach. We are managing production to demand and advancing cost productivity across our manufacturing circuit to strengthen earnings and cash flow through the cycle.

Turning now to our APM business. For the fourth quarter, we expect APM's net sales to increase sequentially in the low to mid-teens percentage range, driven by continued strength in Performance Solutions. We expect adjusted EBITDA to be between $40 million and $45 million reflecting the benefit of higher sales, and continued cost and operational improvements across APM's manufacturing circuit. The circuit is currently working well, and our focus remains on consistent execution and reliable customer service. At the same time, the business is addressing broader demand tailwinds across AI infrastructure, data center, semiconductor and related end markets, where the quality and differentiated capabilities of our products continue to earn customer loyalty. These demand trends have strengthened the Performance Solutions order book, and continue to support strong momentum from attractive end markets. As we fulfill that demand and shift the portfolio towards higher value Performance Solutions products, we see a clear path to stronger earnings and sustained growth in APM.

Looking to our consolidated outlook, we now expect net sales to grow around 2% compared with 2025, and adjusted EBITDA to now be between $775 million and $800 million. As we move further into the fourth quarter, this outlook reflects broader pricing momentum in TT with seasonal volume decline, partially offset by anticipated cost [indiscernible] (00:12:59). Continued APM demand strength in high value end markets supported by operational improvements, and stationary aftermarket weakness in TSS, which we expect will result in modestly lower earnings to close the year.

Looking at liquidity, we now anticipate free cash flow conversion to be between 15% to 20%, which reflects capital expenditures between $220 million and $230 million. This free cash flow conversion outlook reflects notable recent developments, most of which were not in our previous outlook. First, the increase in restricted cash related to the PFAS insurance proceeds MOU in connection with the finalization of the Judicial Consent Order with the State of New Jersey, which we expect to be more than offset by related legal settlement payments to the State of New Jersey, and payments associated with our settlement with the state of North Carolina, both falling in the third

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and fourth quarters. These dynamics together with timing of our net working capital spend partly related to turnaround plans at APM have lowered our cash flow projections for the remainder of the year. Transaction taxes associated with the sale of our Kuan Yin property of approximately $25 million also impacted the third quarter with the remaining $5 million in the fourth quarter. Our net leverage ratio is now expected to be below 4.2 times adjusted EBITDA at the end of 2026. Related to our leverage position, we have continued to prioritize debt repayment. In the third quarter, we prepaid an additional €50 million of our euro term loan B, bringing total debt reduction for the year to €280 million. Additionally, as anticipated, we closed the sale of the final parcel of land associated with our former manufacturing facility in Kuan Yin, delivering the remaining approximately $56 million of consideration from the transaction. This land sale completed earlier than anticipated marks the conclusion of a multi-year effort by our team, and underscores our ability to right-size our operational footprint, drive cost cutting initiatives, maximize the value of our non-core assets, and deploy proceeds in a responsible fashion.

Going forward, we will continue to prioritize debt reduction as a key element of our capital allocation strategy, strengthening the Chemours' balance sheet and enhancing our long-term financial flexibility. The work to derisk our balance sheet is foundational to executing the four pillars of our Pathway to Thrive track. As we look ahead to 2027, we expect uncertain macroeconomic conditions to persist. We remain focused on controlling what we can control, and are confident in the cost measures we have taken and the improvements we are driving across our operational circuit through the Chemours Business System to strengthen our resilience and execution. Even in this challenging environment, we expect Chemours to deliver earnings growth in 2027.

With that, I'll turn the call back over to Denise for her closing remarks.

Denise M. Dignam

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

Thank you, Shane. As we move into the second half of our Pathway to Thrive strategy, we continue to make progress across all four pillars, operational excellence, enabling growth, portfolio management, and strengthening the long-term. Run rate cost savings improved operational stability and strong growth in TSS' Opteon low GWP refrigerants, TT and APM Performance Solutions all reflect our focus on execution over the course of Pathway to Thrive.

We also recently completed the sale of our former Kuan Yin site, strengthened our balance sheet debt reduction and reduced our litigation exposure to the North Carolina settlement and the final approval of the New Jersey Judicial Consent Order supported by our MOU partners. Importantly, the related payments are expected to occur over a decade under the MOU framework. We will continue to take a disciplined approach to addressing legacy matters in a way that protects our balance sheet. Additionally, we've strengthened the long-term of Chemours' through sustainability actions. As highlighted in our 2025 sustainability report published this past August, we have reduced air and water process emissions of chlorinated organic chemicals by 80% since 2018, keeping us on track toward our goal of 99% or greater reduction by 2030. This progress reflects our continued investment in advanced emissions detection and abatement technologies, and our commitment to responsible manufacturing, which protects our privilege to operate and positions Chemours to thrive for the long-term.

Over the same period, we have also reduced our Scope 1 and 2 greenhouse gas emissions by 57%, nearing our goal of a 60% reduction by 2030, which highlights our innovation. I also would like to highlight the launch of the Faizeon product portfolio, our two-phase liquid cooling fluids designed to help meet the rapidly growing cooling requirements of AI infrastructure, a new valuable end market for Chemours. We created the Faizeon brand to give our growing portfolio a clear, dedicated identity in the liquid cooling data center market, bringing together years of fluid development, technical expertise and industry collaboration under one brand.

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Looking ahead, I remain excited about our trajectory and the future value we will create. Our strength lies in our three market leading businesses, differentiated solutions and attractive end markets. Building on the progress we have made under Pathway to Thrive, we are well-positioned to deliver the long-term shareholder returns while extending our leadership in data center, semiconductor and related AI infrastructure markets, and realizing our potential growth markets such as liquid cooling and critical minerals.

Finally, we believe the future for Chemours is one of growth and exciting possibilities, and none of it would be possible without our employees around the world who live our values every day. I want to thank them for their continued focus, humility, transparency and tenacity.

With that, I'd like to open the line for your questions.

QUESTION AND ANSWER SECTION

Operator: Thank you. At this time, we'll conduct the question-and-answer session. [Operator Instructions] And our first question comes from the line of John McNulty of BMO. Your line is now open.

Caleb Boehnlein
Analyst, BMO Capital Markets Corp.

Q

Hey, good morning. This is Caleb on for John. Denise, you mentioned earlier that you saw higher input costs in TSS. Was that higher R-32, or was that something else? And then, maybe just looking to next year, what are your expectations for TSS input costs through the year? And what that looks like, with R-32 pricing in China and India looking like it's stepped up decently throughout the year? Thank you.

Denise M. Dignam
President, Chief Executive Officer & Director, The Chemours Co.

A

Sure. I mean, the primary input cost increase that we see is really sulfur. That's the beginning of the supply chain for our TSS business. But we've been really able to overcome that with our pricing efforts, with the excellent commercial work of the team. We don't see any further changes in those raw material inputs.

Caleb Boehnlein
Analyst, BMO Capital Markets Corp.

Q

Got you. Okay, thank you. And then, for APM, with the Q4 guide at $40 million to $45 million, that's above like the historical range you've talked about for business at $30 million to $40 million. Should we assume that that $40 million to $45 million range is kind of like the fair normalized run rate that we expect in 2027?

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

A

Hey, Caleb. Thanks. As we look at Q4, there is definitely strength in the Performance Solutions that's driving that business, and there's a little pent-up demand given some of the operational items that happened in Q2 and Q3. Looking ahead, right, we still feel confident in that $30 million to $40 million range per quarter going into next year.

Caleb Boehnlein
Analyst, BMO Capital Markets Corp.

Q

Okay. Thank you. I'll turn it over.

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Operator: Thank you. One moment for our next question. Our next question comes from the line of Aleksey Yefremov of Barclays. Your line is now open.

Ryan Weis
Analyst, Barclays Capital, Inc.

Q

Thanks, and good morning. This is Ryan Weis on for Aleksey. I just wanted to maybe dig into TSS a little bit more. I just get an understanding of, you talked about less favorable seasonality. How much of that kind of reflects normal seasonality that you see kind of 3Q to 4Q versus like the distributor destocking that you're seeing? And then, when do you kind of expect the channel inventory to clear? Thanks.

Denise M. Dignam
President, Chief Executive Officer & Director, The Chemours Co.

A

Yeah. So I think, first of all, let me just remind that this is a one-time transition. It's really the first time this has been done and kind of transitioned overnight. As you get into the fourth quarter, that's when that the market seasonality really start to see the aftermarket as a pretty low demand. We have seen some positive signs of orders have been coming in, in the fourth quarter, which gives us some confidence that the market has stabilized. The inventory is stabilized. But it's really going to take us till we get into the first quarter, I would say towards the end of the first quarter as we see the cooling season, in particular, in the Northern Hemisphere for us to really understand and get a better line of sight of demand, in particular, in the aftermarket.

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

A

And just to add on from a financial perspective, Aleksey (sic) [Ryan], to your question around seasonality. If you look at legacy seasonality in past quarters, from third quarter to fourth quarter, the drop in earnings is really aligned to what we're seeing here. And as Denise mentioned, I think it's less on the destocking, more just seasonality.

Ryan Weis
Analyst, Barclays Capital, Inc.

Q

Great. Thanks. And then, Denise, question for you. Just one of the trade regs kind of flagged increasing Chinese imports of TiO2 flowing into the US, following some of the anti-dumping duties that have maybe been placed in other countries. Have you guys seen any pressure from this to-date? And then, do you think that pursuing an ADD in the US would be something if current tariff protections aren't enough? Thank you so much.

Denise M. Dignam
President, Chief Executive Officer & Director, The Chemours Co.

A

Sure. Thanks for the question. I mean, imports into the US are still pretty modest, relative to places around the world. But I can tell you, we take a very, very serious stance on protecting the fair trade market. And I think it's been very successful. I mean, you see, when the trade barriers come up, the Chinese exports into their regions really weaken. And there's just a lot of trade actions going on. Japan and Australia have put an ADD investigation in. India ADD rates have been approved. There's strong ADD in the UK. EU is reevaluating the effectiveness and we have production in Mexico. And that's certainly an area where we are focused. The Trump administration in 2019 put in trade tariffs on the imports of TiO2 into the US, and just to kind of reinforce, we will aggressively defend the US market.

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Operator: One moment for our next question. Our next question comes from the line of Pete Osterland of Truist Securities. Your line is now open.

Peter Osterland
Analyst, Truist Securities, Inc.

Q

Hey, good morning. Thanks for taking the questions. So, first, on the formal launch of the liquid cooling portfolio. Curious as to the timing for announcing that now. Is this an indication that you're expecting a meaningful ramp for sales of these products near-term? And, maybe across the five products that you outlined on Slide 11, where are you seeing the most customer interest right now and how do you see that evolving over time?

Denise M. Dignam
President, Chief Executive Officer & Director, The Chemours Co.

A

Hey, thanks for the question. First of all, we're really excited about the launch of this brand. This is the first brand that Chemours has launched. So, we see this as a very strategic new market for us with significant long-term growth. We definitely see the momentum building as you see more advanced chips. As you look at what's going on in the market, there's definitely been a transition to single phase, direct to chip, but as you get higher rack densities, that's going to become an inefficient solution for the more advanced chips. You're going to need more water, more treatment of water, different size tubing. It's not going to be the most efficient. So, we think that there is, possibly in 2027, something clearly that we're working on with our customers that there could be a data center architecture designed for two-phase in 2027.

Peter Osterland
Analyst, Truist Securities, Inc.

Q

Very helpful. Thanks. And then just as a follow up, I wanted to ask on Pathway to Thrive. Could you share the run rate of the $250 million that you expect to have achieved exiting 2026? And for the rest of it, what are the major areas where you still have work to do to get to that target by the end of 2027?

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

A

Thanks. Appreciate the question. Yeah, we feel very confident in achieving those savings and we were ahead on that side. And as you think about what's driving that, it's really operational excellence. We introduced Chemours Business System, which I think has really been helpful from a lean mindset in driving out cost locally at the manufacturing sites, but also this is a global company-wide area where we've done a lot of perspectives around cost cutting and thinking through, making sure from a lean perspective it's not just in manufacturing, but it's across all BUs for the company.

Peter Osterland
Analyst, Truist Securities, Inc.

Q

Great. Thanks a lot.

Operator: Thank you. One moment for our next question. Our next question comes from the line of John Roberts of Mizuho. Your line is now open.

John Roberts
Analyst, Mizuho Securities USA LLC

Q

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Thank you. On APM, have you caught up with the delayed orders from the outage that you had earlier in the year? Or when do you think you'll get caught up? And how is that affecting the mix in that segment?

Denise M. Dignam
President, Chief Executive Officer & Director, The Chemours Co.

A

Yeah, I mean, I'm just going to say, across the semicon space and data center space, that demand is so robust. I think it's, for most people, it's hard to get caught up, right? It's just a tremendous demand. So, what we see is that we're running our assets extremely well, and that we're taking advantage of every opportunity. And we have a lot of strategic partners in this area. And it's incredibly important for us to meet their needs and to fulfill the demand. So, this idea of catching up, I don't think that going into 2027, there's just a huge pent up demand. And as you think about these AI chips and the need for memory, it really is out of control. So, I don't really see us necessarily catching up in some of these spaces. Next year, it's going to be continued strong demand.

John Roberts
Analyst, Mizuho Securities USA LLC

Q

All right. Thank you.

Operator: Thank you. One moment for our next question. Our next question comes from the line of Duffy Fischer of Goldman Sachs. Your line is now open.

Duffy Fischer
Analyst, Goldman Sachs & Co. LLC

Q

Yeah, good morning. First question, if you could help us with what you think the right baseline is for TSS in the back half. So last year you did $322 million of EBITDA, which obviously had some oversell in it. This year at the midpoint for your Q4, you're $246 million, which has some under-sell. As we go forward, what's the right baseline of EBITDA do you think that we should build off of into 2027 and 2028 for the second half of TSS?

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

A

Hey, Duffy, thank you very much. Appreciate that. As we think about the baseline stemming off of this, we think about the year ahead of us into 2027. We're looking at the markets from an underlying perspective, we feel very confident in the chillers market with significant growth. Denise just mentioned kind of the AI demand in the areas there. I see modest growth in the auto side just given, just overall light-vehicle sales, and then flattish residential and commercial. So, as we look ahead to 2027, we see this as more of kind of a modest top line growth on that side. But longer term, feel very confident. We continue to put forward that this is a GDP plus type business with margins above the 30% type range. And so really feel confident as we think about the aftermarket growth story as well as the stable base that we have within the OEMs and other.

Duffy Fischer
Analyst, Goldman Sachs & Co. LLC

Q

All right. And then if we jump to TiO2, two questions. Do you think the India ADD will be durable this time? And some of your peers are quite a bit larger in that market than you are? If it is durable, is that a market that becomes more interesting to you and will you push harder into that market?

Denise M. Dignam
President, Chief Executive Officer & Director, The Chemours Co.

A

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Yeah. I mean, I do think that the anti-dumping will be durable. It really was taken off just because of a technicality that they've resolved. So, I do think it will be durable. Although when you look at global pricing, India's been kind of the lowest pricing in the world. So, we have a very disciplined commercial approach where we are focused on fair trade regions, but also making sure we maximize the value for the company. So if opportunities arise, absolutely. But, I think that, that remains to be seen if that's a place where we decide to put more volume.

Duffy Fischer
Analyst, Goldman Sachs & Co. LLC

Q

Terrific. Thank you, guys.

Operator: Thank you. One moment for our next question. Our next question from the line of Josh Spector of UBS. Your line is now open.

James Cannon
Analyst, UBS Securities LLC

Q

Yeah. Hey, guys. You got James Cannon on for Josh. Thanks for taking my question. I wanted to take another one, just on what the underlying run rate in TSS is. And if I think about the moving pieces between a stronger first half, weaker second half this year, where do you guys think the full year nets out compared to the underlying stationary HVAC market?

Denise M. Dignam
President, Chief Executive Officer & Director, The Chemours Co.

A

Thanks, James. Maybe I'm going to turn it over to Shane for some of the detail. But I just really want to kind of take us back into really the strength of the TSS business and our longer term view of this being a GDP-plus business with greater than 30% EBITDA margins. This is a business that's driven by regulatory transitions. We have an advantaged position. There's significant growth still ahead. You can look at the aftermarket, but as well as you look at the continued trends that are needed in cooling. And we talked about liquid cooling in data centers, but there's also just the cooling needs in areas in the chillers in the data center. So we're very, very confident in the long-term trajectory of this business.

But I'll turn it over to Shane to give a little bit more detail on the next year.

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

A

Yeah. I appreciate it. James, I know you mentioned the run rate in TSS. I think as we look to 2027, right, we talked about growth in Chemours as this is on the script, but feel very confident in some tailwinds as we look at each one of the businesses. I mean, TT, if you look at the second half, right, is $85 million this quarter and then $60 million to $65 million. We think that second half is more representative going to 2027 specific to really strong pricing that we think is going to hold into the year. And then, APM, we talked earlier about it being run rate, the $30 million to $40 million. So really a good tailwind as we get in. That coupled with modest growth as I described given the overall macro changes between significant growth in chillers, slight auto growth and flattish residential, and we feel very confident that Chemours is going to grow next year.

James Cannon
Analyst, UBS Securities LLC

Q

Got it. Thank you.

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Operator: Thank you. One moment for our next question. Our next question comes from the line of Hassan Ahmed of Alembic Global Advisors. Your line is now open.

Hassan I. Ahmed
Analyst, Alembic Global Advisors LLC

Q

Morning, Denise and Shane. Question around TT. Obviously, pricing was decently strong. I mean, you guys were up 10% year-on-year and 4% sequentially. Could you comment a bit about just the sustainability of those sort of pricing moves that you've taken? I know you guys are guiding to sort of high-single digits to low sort of teens revenue declines Q4. But as we look at 2027, how sustainable are these pricing levels?

Denise M. Dignam
President, Chief Executive Officer & Director, The Chemours Co.

A

Yeah. Thanks, Hassan. As you know, we don't give forward guidance on pricing. But I will say we've been very successful with our pricing execution, which we started really December of 2025. So we've been very successful, and we are very much focused on protecting the progress that we've made. We're very deliberate and disciplined in our commercial efforts. And as you pointed out, you can see that in our results. We're also looking around the world and actually pleased to see that the Chinese producers have just recently done another price increase. So we're just confident in our actions and what we do to deliver value for the business.

Hassan I. Ahmed
Analyst, Alembic Global Advisors LLC

Q

Understood. And as a follow up, can you comment a bit on the cost curves? I know you guys, obviously, in 3Q within TT expanded your margins. But how are the marginal guys doing, particularly with sulfur still being an issue, sulfuric acid prices still being high. And part and parcel with that, are you guys seeing any further signs of rationalization in the global TiO2 space?

Denise M. Dignam
President, Chief Executive Officer & Director, The Chemours Co.

A

I mean, I would say from a cost curve perspective, certainly, the sulfur producers have moved to the right, and we continue to move to the left with all of our efforts. This has been our strategy as we kind of launched all of our efforts in TT in 2023, and we continue to drive and be on that trajectory. We think that's critically important for the business. As far as permanent shutdowns, I mean, we're not really sure you see things coming back, in particular, in Europe. What I will say is it still remains to be seen how successful those restarts will be. Customers are cautious about relying on those assets, and is the long-term sustainable. So, we just focus on our production and some of those assets, they, were shut down because they're high cost, that's not going to change. So, we really think the winning strategy is to continue on the current trajectory of driving our cost to the left-hand side of the curve.

Hassan I. Ahmed
Analyst, Alembic Global Advisors LLC

Q

Very helpful. Thank you so much.

Operator: Thank you. One moment for our next question. Our next question comes from the line of Vincent Andrews of Morgan Stanley. Your line is now open.

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Justin Pellegrino
Analyst, Morgan Stanley & Co. LLC

Q

Good morning. This is Justin Pellegrino on for Vincent. And thanks for taking question. I was just hoping you could discuss the drivers of the free cash flow guidance reduction a little bit more. You mentioned the items that are new for 3Q and 4Q, but 3Q came in a bit ahead of guidance. So, I was just hoping you could kind of parse out the split between 3Q and 4Q timing? And specifically, when the North Carolina settlement is expected, if that was in 3Q and 4Q? And just any other drivers that we should be considering within that guidance? Thank you.

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

A

Yeah, thanks for the question. Couple of specifics, right? So the North Carolina settlement is expected for the fourth quarter on that side. And so as I think about just taking a step back in where we're guiding, we're guiding to above 15% free cash flow. That is a reduction given we had settlements for New Jersey with the JCO signing. We had the North Carolina settlement, which would be in the fourth quarter. We have the EPA settlements, which will be in the fourth quarter as well. And then we also paid tax on the Kuan Yin proceeds in the third and fourth quarter. The way I look at this is without those items, we'd be closer to that 25% that we guided to in the third quarter. So, notably, we are seeing a little bit of reduction from free cash flow in the latter part. That is due to really timing as it relates to APM, TSS, planned maintenance activities as well as later sales in the fourth quarter, which we anticipate to collect, call it, in the first quarter. So, all in all, I'll just leave it as we really feel confident in the free cash flow characteristics of this business, and we'll look to build off the free cash flow conversion into the next year that we've established this year.

Justin Pellegrino
Analyst, Morgan Stanley & Co. LLC

Q

Fantastic. And then just more on CapEx. Given the $40 million reduction in guidance, can you just kind of fill us in on where we are relative to sustaining CapEx? And then if you have any preliminary expectations for 2027? That would be great. Thank you.

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

A

Yeah, I appreciate the question. As we think about CapEx, right, we are obviously looking at what needs to be spent to run and maintain the related assets and operations, and we're not impacting that, right? There's some items around maybe strategic areas that are not yet ready that we might have to spend next year, or the years after. As I think about 2027, we won't give specific guidance to CapEx, but I do not believe that it will be a large amount of increase into the given year, into next year.

Justin Pellegrino
Analyst, Morgan Stanley & Co. LLC

Q

Fantastic. Thank you.

Operator: We have reached the end of our question-and-answer session. Thank you for joining the Chemours' Third Quarter 2026 Results Conference Call. You may now disconnect.

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