Chemours™

The Chemours Company Reports Fourth Quarter and Full Year 2017 Results; Robust Performance Across All Segments and Key Financial Metrics

Fourth Quarter 2017 Highlights

- Net Sales of $1.6 billion, up 19%
- Net Income of $228 million, up $458 million with EPS of $1.19 per diluted share, up $2.45 per diluted share
- Adjusted Net Income of $229 million, up $196 million with Adjusted EPS of $1.19 per diluted share, up $1.01 per diluted share
- Adjusted EBITDA of $394 million, up 65%

Full Year 2017 Highlights

- Net Sales of $6.2 billion, up 15%
- Net Income of $746 million, up $739 million with EPS of $3.91 per diluted share, up $3.87 per diluted share
- Adjusted Net Income of $729 million, up $516 million with Adjusted EPS of $3.82 per diluted share, up $2.66 per diluted share
- Adjusted EBITDA of $1.4 billion, up 73%
- Cash provided by operating activities of $639 million, up $45 million after $335 million August 2017 legal settlement payment

Other Highlights

- Share repurchases of approximately $150 million since December 1, 2017, including $34 million completed in January 2018
- Expecting higher EPS and Free Cash Flow from impact of tax reform, on reaffirmed 2018 Adjusted EBITDA outlook

Wilmington, Del., February 14, 2018 – The Chemours Company (Chemours) (NYSE: CC), a global chemistry company with leading market positions in titanium technologies, fluoroproducts and chemical solutions, today announced financial results for the fourth quarter and full-year 2017.

Chemours President and CEO Mark Vergnano said: “We ended the year with tremendous momentum in all three of our segments, which contributed to a great fourth quarter and an incredible 2017. In Fluoroproducts, the combination of increased adoption of Opteon™ refrigerants, higher demand for our fluoropolymers, and higher base refrigerant pricing led to significant segment-level growth. Chemical Solutions profitability improved on strong demand in most product lines, which, along with lower costs, more than made up for the impact from the 2016 divestitures and site closure. Finally, we saw customer preference for our Ti-Pure™ TiO_2 translate into higher volumes in Titanium Technologies. At the same time, we worked closely with our customers to price our Ti-Pure™ pigment toward the value-in-use we believe it should reflect.”

“With 2017 Adjusted EBITDA of $1.4 billion and our net leverage position below 2 times, we believe our annual performance illustrated the success of our transformation plan, surpassing our earnings improvement targets by over $300 million and our leverage target by more than a turn of Adjusted EBITDA,” continued Vergnano.

“This positive momentum enabled us to begin executing on our new capital allocation strategy immediately. Following our December investor day through January 2018, we repurchased approximately $150 million of shares under our $500 million share repurchase authorization, demonstrating our current financial strength and confidence in our future,” commented Vergnano. “We have ample flexibility to continue repurchasing the balance of our shares and pursue accretive growth investments across the company.”

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Fourth quarter net sales were $1.6 billion, a 19 percent increase from $1.3 billion in the prior-year quarter. Higher prices, primarily for Ti-Pure™ titanium dioxide, added 10 percent to revenue, while volume across all segments grew revenue by 8 percent. Favorable currency in the quarter resulted in a 2 percent revenue increase. Fourth quarter net income of $228 million increased $458 million in comparison to last year's fourth quarter net loss of $230 million. The fourth quarter of 2016 was impacted by the $335 million legal settlement charge. Fourth quarter 2017 diluted earnings per share was $1.19, compared to a loss of $1.26 per diluted share in last year's fourth quarter, which also reflected the impact of last year's legal settlement charge. Adjusted EBITDA for the fourth quarter of 2017 was $394 million, a 65 percent increase from $239 million in the fourth quarter of 2016. This improvement reflected the same factors that drove revenue increases in the quarter.

Full-year 2017 net sales were $6.2 billion, a 15 percent increase from $5.4 billion in 2016. Volume growth across all segments, added 11 percent to revenue, driven primarily by the adoption of Opteon™ refrigerants. Higher prices, primarily for Ti-Pure™ titanium dioxide, increased revenue by an additional 8 percent. Currency was negligible on a year-over-year basis, while portfolio effects of divestitures and site closure within Chemical Solutions were a 4 percent headwind in 2017. Full-year 2017 net income of $746 million increased $739 million in comparison to net income of $7 million in the prior year. Diluted earnings per share for 2017 was $3.91, compared to $0.04 per diluted share in 2016. Last year's net income and diluted earnings per share included a gain of $254 million from the sale of businesses in the Chemical Solutions segment recorded during 2016, but were also unfavorably impacted by the legal settlement charge recorded during the fourth quarter. Adjusted EBITDA for 2017 was $1.4 billion, a 73 percent increase compared to $822 million in 2016. This improvement was primarily the result of higher prices and increased volume across all businesses, partially offset by higher spending on transformation activities, performance-based compensation, and certain higher raw material costs.

Fluoroproducts
Fluoroproducts segment sales in the fourth quarter were $656 million, an increase of 15 percent versus the prior-year quarter. Volume increased compared to last year's fourth quarter due to continued adoption of Opteon™ refrigerants and greater demand for base refrigerants and fluoropolymers. Higher average prices of base refrigerants and favorable year-over-year pricing for fluoropolymer products were mostly offset by Opteon™ contractual pricing adjustments. Segment Adjusted EBITDA was $159 million, up 43 percent versus the prior-year quarter, a result of higher prices and volume.

For the full year, Fluoroproducts segment sales were $2.7 billion, a 17 percent increase versus the prior year. Strong adoption of Opteon™ refrigerants and increased demand for fluoropolymers drove the volume increase. Higher average prices of base refrigerants were partially offset by lower average price of Opteon™ mobile refrigerants and fluoropolymer products. Segment Adjusted EBITDA was $669 million, up 50 percent versus the prior year, reflecting higher price and increased volumes, modestly offset by higher expenses related to transformation initiatives, increased performance-based compensation, and water treatment costs.

Chemical Solutions
Chemical Solutions segment sales in the fourth quarter 2017 were $134 million, a 3 percent increase versus the prior-year quarter. Strong demand for Performance Chemicals & Intermediates products was partially offset by lower Mining Solutions volume due to planned maintenance during the quarter. Higher pricing was driven by improvements in the Performance Chemicals & Intermediates businesses. Segment Adjusted EBITDA was $20 million compared to $9 million in the prior-year quarter with the increase primarily related to higher volume of retained businesses, lower fixed costs, and higher licensing income.

For the full year, Chemical Solutions segment sales were $571 million, a 26 percent decline versus the prior year. Higher demand for Mining Solutions and Performance Chemicals & Intermediates products and modestly higher pricing for Performance Chemicals & Intermediates products were offset by a reduction of sales associated with divestitures and site closure in 2016. Segment Adjusted EBITDA was $57 million compared to $39 million in 2016 with the increase primarily related to lower costs across the segment and improved profitability at the Belle, West Virginia facility.

Titanium Technologies

In the fourth quarter, Titanium Technologies segment sales were $785 million, a 26 percent increase versus the prior-year quarter, driven by higher global average selling prices, as well as increased year-over-year volume for Ti-Pure™ titanium dioxide. Segment Adjusted EBITDA was $261 million, a 66 percent year-over-year improvement, also a result of higher Ti-Pure™ titanium dioxide pricing and volume.

For the full year, Titanium Technologies segment sales were $3.0 billion, an increase of 25 percent versus the prior-year, driven by increased global average selling prices and higher demand for Ti-Pure™ titanium dioxide. Higher pricing and volumes also contributed to an 85 percent increase in segment Adjusted EBITDA to $862 million. These results were partially offset by an increase in certain raw material costs, higher distribution expenses, and higher expenses related to transformation initiatives and performance-based compensation.

Corporate and Other

Corporate and Other represented a negative $46 million of Adjusted EBITDA, $8 million higher than last year's fourth quarter. This increase was primarily related to higher environmental and transformation-related spending and performance-based compensation. For the full year, Corporate and Other represented a negative $166 million of Adjusted EBITDA versus a negative $128 million in the prior year, a result of higher legal defense costs, transformation-related costs and performance-based compensation costs.

The company realized a cash tax rate of approximately 8 percent during the fourth quarter, and 9 percent for the 2017 fiscal year. The impact of recent US tax reform was immaterial in 2017 as we recognized a benefit from the remeasurement of our net U.S. deferred tax liability, which was almost fully offset by the net impact of the "toll charge." The company now expects a moderately lower effective tax rate going forward.

Liquidity

As of December 31, 2017, gross consolidated debt was approximately $4.1 billion. Debt, net of $1.6 billion cash, was approximately $2.6 billion, resulting in a net debt-to-Adjusted EBITDA ratio of approximately 1.8 times on a trailing twelve-month basis.

Cash provided by operating activities for the fourth quarter of 2017 was $303 million, versus $269 million in the fourth quarter of 2016. Free Cash Flow (FCF) for the fourth quarter was $138 million versus the previous year quarter of $166 million. The lower FCF was primarily related to higher capital spending in 2017 versus 2016.

For the full year 2017, cash provided by operating activities was $639 million, reflecting the $335 million legal settlement payment completed in August 2017. This was in comparison to $594 million in 2016, which included a $190 million benefit of the prepayment received from DuPont. Full-year Free Cash Flow was $228 million, $28 million lower than the previous year. Excluding the 2016 DuPont prepayment and the 2017 settlement payment, 2017 Free Cash Flow of $563 million represented a $497 million improvement versus the previous year.

Outlook
The company expects to deliver 2018 Adjusted EBITDA within a range of $1.7 to $1.85 billion, a 25 percent increase at the midpoint over 2017. Additionally, the company anticipates Adjusted EPS and Free Cash Flow to benefit from the recent United States tax reform. Adjusted EPS is now expected to be within a range of $4.95 to $5.60, and Free Cash Flow is expected to be greater than $600 million.

Conference Call
As previously announced, Chemours will hold a conference call and webcast on Thursday, February 15, 2018 at 8:30 AM EST. The webcast and additional presentation materials can be accessed by visiting the *Events & Presentations* page of Chemours' investor website, investors.chemours.com. A webcast replay of the conference call will be available on the Chemours investor website.

About The Chemours Company
The Chemours Company (NYSE: CC) helps create a colorful, capable and cleaner world through the power of chemistry. Chemours is a global leader in titanium technologies, fluoroproducts and chemical solutions, providing its customers with solutions in a wide range of industries with market-defining products, application expertise and chemistry-based innovations. Chemours ingredients are found in plastics and coatings, refrigeration and air conditioning, mining and general industrial manufacturing, and electronics. Our flagship products include prominent brands such as Teflon™, Ti-Pure™, Krytox™, Viton™, Opteon™, Freon™ and Nafion™. Chemours has approximately 7,000 employees and 26 manufacturing sites serving approximately 4,000 customers in North America, Latin America, Asia-Pacific and Europe.

Chemours is headquartered in Wilmington, Delaware and is listed on the NYSE under the symbol CC. For more information please visit chemours.com.

Non-GAAP Financial Measures
We prepare our financial statements in accordance with Generally Accepted Accounting Principles ("GAAP"). Within this press release, we may make reference to Adjusted Net Income (Loss), Adjusted EPS, Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow, Return on Invested Capital (ROIC) and Net Leverage Ratio which are non-GAAP financial measures. The company includes these non-GAAP financial measures because management believes they are useful to investors in that they provide for greater transparency with respect to supplemental information used by management in its financial and operational decision making.

Management uses Adjusted Net Income (Loss), Adjusted EPS, Adjusted EBITDA, Adjusted EBITDA margin, Free Cash Flow, ROIC and Net Leverage Ratio to evaluate the company's performance excluding the impact of certain noncash charges and other special items which we expect to be infrequent in occurrence in order to have comparable financial results to analyze changes in our underlying business from quarter to quarter.

Accordingly, the company believes the presentation of these non-GAAP financial measures, when used in conjunction with GAAP financial measures, is a useful financial analysis tool that can assist investors in assessing the company's operating performance and underlying prospects. This analysis should not be considered in isolation or as a substitute for analysis of our results as reported under GAAP. This analysis, as well as the other information in this press release, should be read in conjunction with the company's financial statements and footnotes contained in the documents that the company files with the U.S. Securities and Exchange Commission. The non-GAAP financial measures used by the company in this press release may be different from the methods used by other companies. For more information on the non-GAAP financial measures, please refer to the attached schedules or the table, "Reconciliation of Non-GAAP Financial Measures to GAAP Financial Measures" and materials posted to the company's website at investors.chemours.com.

Forward-Looking Statements

This press release contains forward-looking statements, within the meaning of the safe harbor provisions of the U.S. Private Securities Litigation Reform Act of 1995, which involve risks and uncertainties. Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to a historical or current fact. The words "believe," "expect," “will,” "anticipate," "plan," "estimate," "target," "project" and similar expressions, among others, generally identify "forward-looking statements," which speak only as of the date such statements were made. These forward-looking statements may address, among other things, the outcome or resolution of any pending or future environmental liabilities, the commencement, outcome or resolution of any regulatory inquiry, investigation or proceeding, the initiation, outcome or settlement of any litigation, changes in environmental regulations in the U.S. or other jurisdictions that affect demand for or adoption of our products, anticipated future operating and financial performance, business plans and prospects, capital investments and projects, plans for dividends or share repurchases, sufficiency or longevity of intellectual property protection, cost savings targets, plans to increase profitability and growth, our ability to make acquisitions, integrate acquired businesses or assets into our operations, and achieve anticipated synergies or cost savings, and our outlook for net sales, Adjusted EBITDA, Adjusted EPS, Free Cash Flow, and Return on Invested Capital, all of which are subject to substantial risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. Forward-looking statements are based on certain assumptions and expectations of future events that may not be accurate or realized. These statements are not guarantees of future performance. Forward-looking statements also involve risks and uncertainties that are beyond Chemours' control. Additionally, there may be other risks and uncertainties that Chemours is unable to identify at this time or that Chemours does not currently expect to have a material impact on its business. Factors that could cause or contribute to these differences include the risks, uncertainties and other factors discussed in our filings with the U.S. Securities and Exchange Commission, including in our Annual Report on Form 10-K for the year ended December 31, 2017. Chemours assumes no obligation to revise or update any forward-looking statement for any reason, except as required by law.

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