FMC Corporation

2Q21 Earnings Webcast

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As Prepared for Delivery

Introduction – Michael Wherley

Thank you and good morning everyone. Welcome to FMC Corporation's second quarter earnings call. Joining me today are Mark Douglas, President and Chief Executive Officer, Andrew Sandifer, Executive Vice President and Chief Financial Officer, and Zack Zaki, FMC's new Director of Investor Relations. Mark will review our second quarter results, provide our outlook for the remainder of 2021 and discuss our diamides business. Andrew will provide an overview of select financial items. Following the prepared remarks, we will take questions.

Our earnings release and today's slide presentation are available on our website, and the prepared remarks from today's discussion will be made available after the call.

Let me remind you that today's presentation and discussion will include forward-looking statements that are subject to various risks and uncertainties concerning specific factors, including but not limited to those factors identified in our earnings release and in our filings with the Securities and Exchange Commission. Information presented represents our best judgment based on today's understanding. Actual results may vary based upon these risks and uncertainties.

Today's discussion and the supporting materials will include references to adjusted EPS, adjusted EBITDA, adjusted cash from operations, free cash flow and organic revenue growth – all of which are non-GAAP financial measures. Please note that as used in today's discussion, "earnings" means "adjusted earnings" and "EBITDA" means "adjusted EBITDA". A reconciliation and definition of these terms, as well as other non-GAAP financial terms to which we may refer during today's conference call, are provided on our website.

With that, I will now turn the call over to Mark.

Business Review – Mark Douglas

Thank you, Michael, and good morning everyone.

Our second quarter results – revenue up 8 percent, EBITDA up 2 percent, and EPS up 5 percent year over year – were slightly ahead of our guidance. These results were fundamentally driven by volume, reflecting robust demand for FMC products around the world. Innovation continues to be a catalyst for growth. New products introduced in the last 12 months contributed $30 million in sales growth in the quarter and our Plant Health products – including biologicals – posted Q2 sales growth in the high-teens.

We continue to expect a very strong second half of 2021, driven by robust volume growth. We have lowered our full-year earnings guidance due to the continued acceleration of raw material, packaging and logistics costs. We will go into more detail on this later.

I'd like to take a moment to provide a COVID-19 update on our business. All our manufacturing facilities and distribution warehouses remain operational and properly staffed. Our research laboratories and greenhouses also have continued to operate throughout the pandemic. We are resuming in-office operations where permitted by local authorities. In June, we introduced flexible work arrangements to facilitate the return of all staff to our headquarters in Philadelphia as well as some other locations in adherence with local guidelines.

We continue to have zero transmissions of the virus in our facilities, but I want to acknowledge that we have lost employees to the pandemic and our employees also have lost family members. Thankfully, that number of affected employees has been small. Our thoughts are with employees that have been impacted directly by COVID-19, and we are thankful for everyone who continues to work safely at FMC.

FMC Reported Financial Results ***(Slide 3)***

Turning to our Q2 results on slide 3. We reported $1.2 billion in second-quarter revenue, which reflects an 8 percent increase on a reported basis and a 4 percent increase organically. Asia and Latin America posted the largest growth, at 20 and 15 percent, respectively. Our fungicides grew over 50 percent in the quarter – driven by the Xyway™ launch in the U.S. Fungicides represented 8 percent of total sales in Q2, versus 5 percent of our sales in the prior year period.

Adjusted EBITDA was $347 million, an increase of 2 percent compared to the prior-year period and $2 million above the midpoint of our guidance range. EBITDA margins were 28 percent, a decrease of 150 basis points compared to the prior year, reflecting the impact of continued and accelerating cost headwinds.

Adjusted earnings were $1.81 per diluted share in the quarter, an increase of 5 percent versus Q2 2020, and also 3 cents above the midpoint of our guidance range.

The year-over-year increase was primarily driven by the increase in EBITDA and lower interest expense.

Q2 2021 Revenue Up 8%, Up 4% Organically ***(Slide 4)***

Moving now to slide 4. Despite the unfavorable weather conditions in several regions, Q2 revenue increased by 8 percent versus prior year, driven by a 4 percent volume increase and a 4 percent tailwind from foreign currencies. Pricing was essentially flat year over year.

Sales in Asia increased 20 percent year over year and 13 percent organically, driven by double-digit growth in India, Australia, Indonesia and Pakistan. Insecticides contributed the greatest growth – including Altacor® for cotton, and herbicide sales were also very strong, driven by share gains in India for soybean and sugarcane applications as well as robust sales in Australia.

In Latin America, sales increased 15 percent year over year and 12 percent organically. Mexico and Colombia each posted double-digit growth, driven by strength of our

products on specialty crops. We also had a shift of diamide partner sales to Latin America from North America, similar to what occurred in Q1, which boosted the year-over-year growth rate.

EMEA sales increased 3 percent year over year but declined 3 percent organically as FX was a significant tailwind in the period. Diamides grew well and we saw strong sales of herbicides for cereals and sugar beets. However, this wasn't enough to offset the late start of spring which resulted in lost applications for the FMC portfolio that will not be regained during this season.

In North America, sales decreased 7 percent year over year and 8 percent organically. Similar to Q1, the year-over-year sales decline in Q2 was due to the shift of diamide partner sales from North America to other regions. Excluding revenue from our global diamide partnerships, our U.S. and Canada crop business grew greater than 20 percent, driven by an approximate $25 million contribution

from two new products – Xyway™ fungicide and Vantacor™ insect control for specialty crops.

Q2 2021 Adj. EBITDA Increased 2% ***(Slide 5)***

Turning now to the second quarter EBITDA bridge on slide 5. EBITDA in the quarter was up 2 percent year over year due to the volume contribution of $42 million, largely offset by a $35 million cost headwind. The cost headwind continues to be driven by increases in raw material, packaging and logistics costs and the very modest reversal of some of the temporary cost savings from 2020. Pricing was essentially flat versus prior year.

Market Outlook for 2021

Turning to our view of the overall market conditions for 2021. We now expect the global crop protection market will be up mid-single digits – on a U.S. dollar basis – which is slightly higher than our prior forecast and the most bullish we have been on the overall market for the past few years. The reason for the change is our view that the Latin American market will now grow in the high-single

digits, versus low-single digits before. Basic crop fundamentals remain strong, especially in that region.

We continue to anticipate mid-single digit growth in the EMEA market, low- to mid-single digit growth in the Asian market and low-single digit growth in the North American market.

FY 2021 and Q3/Q4 Earnings Outlook ***(Slide 6)***

Turning to slide 6 and the review of FMC's full-year 2021 and Q3 / Q4 earnings outlook.

FMC full-year 2021 earnings are now expected to be in the range of $6.54 to $6.94 per diluted share, a year-over-year increase of 9 percent at the midpoint. This is down 31 cents at the midpoint versus our prior forecast. Consistent with past practice, we do not factor in any benefit from potential future share repurchases in our EPS guidance.

Our 2021 revenue forecast remains in the range of $4.9 to $5.1 billion, an increase of 8 percent at the midpoint versus 2020.

EBITDA is now expected to be in the range of $1.29 billion to $1.35 billion, representing 6 percent year-over-year growth at the midpoint. This is a $50 million reduction at the mid-point, compared to our prior forecast, due to continued acceleration of costs for raw materials, packaging and logistics. This includes spending more to procure certain raw materials and intermediates from alternate sources when there is limited availability at our preferred suppliers.

Despite dry and cold conditions in certain parts of Brazil during Q2, we are bullish for the second half in Latin America, especially for soybeans and cotton. In Brazil, our channel inventories are at more normal levels for this point in the season, following the actions we took in Q1 this year, and we already have received nearly 70 percent

of the orders needed to deliver our full-year forecast in Brazil.

Guidance for Q3 implies year-over-year sales growth of 8 percent at the midpoint on a reported basis and 7 percent organically. We are forecasting EBITDA growth of 5 percent at the midpoint versus Q3 2020, and EPS is forecast to be up 7 percent year-over-year.

Guidance for Q4 implies year-over-year sales growth of 20 percent at the midpoint on a reported basis, with no FX impact anticipated. We are forecasting EBITDA growth of 35 percent at the midpoint versus Q4 2020, and EPS is forecast to be up 46 percent year-over-year. It is worth noting that about half of this growth is going to be driven by the return of business we missed in Q4 2020 due to supply chain issues in North America and weather impact in Latin America.

Projected FY 2021 Adj. EBITDA and Revenue Drivers (YOY) ***(Slide 7)***

Turning to slide 7, and full-year EBITDA and revenue drivers. Revenue is expected to benefit from 6 percent volume growth, a 1 percent contribution from higher prices and a 1 percent benefit from FX. We continue to expect broad growth across all regions, except EMEA, and a very strong second half of 2021.

We have raised our forecast for 2021 revenue contribution from products launched in the last 12 months to $130 million – from $100 million before. This includes launches of Overwatch® herbicide, Xyway™ fungicide, as well as Vantacor™ and Elevest® insect controls.

Our EBITDA bridge shows an increase of about $50 million in the expected impact from costs, versus our May forecast. We continue our cost control actions to limit the net cost headwind.

As we stated throughout the year, the R&D spending in our forecast is what is needed to keep all projects on a critical path to commercialization, but this year-over-year

increase will be closer to $20 million, rather than the $30 to $40 million we had previously indicated, as we limit overall cost increases.

Relative to our prior guidance bridge in May, we raised the anticipated volume contribution and lowered our benefit from pricing to reflect our decision to take volume with our high-margin portfolio.

Projected Q3/Q4 2021 Adj. EBITDA and Revenue Drivers (YOY) ***(Slide 8)***

Moving to slide 8, where you see the Q3 and Q4 drivers. On the revenue line for the third quarter, we are expecting a 6 percent contribution from volume, 1 percent contribution from price and 1 percent benefit from FX.

We have a very strong revenue outlook for Q4, driven by five main elements:

- First, we forecast a strong recovery for our U.S. and Brazil businesses, following the weak Q4 2020 in those

countries. This contributes about half of the total growth in the quarter.

- Second, new products will be a major factor –Xyway™ fungicide, new diamide formulations – Elevest® and Vantacor™ insect controls – and Fluindapyr fungicide for non-crop applications in the U.S., Overwatch® herbicide in Australia and Authority® NXT herbicide in India.
- Third, strong crop fundamentals – we expect a strong Q4 in North America and Latin America, driven by good fundamentals for a variety of crops. In Brazil, this includes cotton, as growers have indicated a 15 percent increase in hectares for the upcoming season.
- Fourth, improved market access and expansions into new geographies and crops – this is having a significant impact in India, Indonesia, Philippines, Vietnam, Eastern Europe and Russia.
- Fifth, price increases will help offset the FX headwind from last year and the higher costs from raw materials this year. We are already holding orders for Brazil and U.S. that are at higher year-over-year prices.

Much of our forecasted Q4 EBITDA growth will come directly from the volume and pricing growth I just described. Although we are seeing a large increase in costs in Q4 on a year-over-year basis, we are taking actions to reduce SG&A and R&D to offset a portion of the raw material and supply chain cost headwinds we are facing.

I will now turn the call over to Andrew.

Selected Financial Results – Andrew Sandifer

Thanks, Mark.

Let me start this morning with a few highlights from the income statement.

FX was a stronger than expected tailwind to revenue growth in the quarter, at 4 percent versus our expectations of a 1 percent tailwind, as the U.S. dollar weakened against all major currencies relevant to FMC.

Interest expense for the quarter was $32.6 million, down $8.1 million from the prior year period, driven by the benefit of lower LIBOR rates and lower foreign debt balances. With continued low interest rates, we now expect interest expense to be between $130 and $135 million for the full year.

Our effective tax rate on adjusted earnings for the second quarter was 13.5 percent, as anticipated, and in line with our continued expectation for full-year tax rate.

Moving next to the balance sheet and liquidity.

Gross debt at quarter end was 3.8 billion dollars, up roughly $200 million from the prior quarter. Gross debt to trailing twelve month EBITDA was 3.2 times at the end of the second quarter, while net debt to EBITDA was 2.6 times. The difference between gross debt and net debt metrics is much larger than usual this quarter as we had significant cash that we were not able to return to the United States prior to quarter end. We are exploring

repatriation alternatives for this cash in the third quarter. Both leverage metrics were above our targeted full-year average leverage levels due to seasonality of working capital and will improve through the remainder of the year.

Q2 Cash Flow Results and 2021 Cash Flow Outlook

(Slide 9)

Moving on to slide 9 and cash flow and cash deployment.

Free cash flow for the second quarter was $204 million. Adjusted cash from operations was lower than the prior-year period, in large part due to timing changes of certain tax payments. Inventory was higher, reflecting the accelerating cost of raw materials as well as increased inventory levels, particularly of diamides, as we prepare for a very strong second half. However, the growth in inventory was offset by increased payables. Capital additions were somewhat higher as we continue to ramp up spending following deferral of projects last year due to COVID. Legacy and transformation spending was down

substantially, with the benefit of the completion of our SAP program.

With the reduction in our outlook for full-year EBITDA, we are similarly adjusting downward our expectations for free cash flow to a range of $480 to $570 million, with the vast majority of this cash flow coming in the fourth quarter. Our outlook for adjusted cash from operations has weakened further than EBITDA, driven by somewhat higher than expected working capital due to shifts in timing of sales to the later part of the second half of the year, which will shift some collections into the following year, as well as higher inventory, driven partially by elevated raw material costs. Our outlook for capital additions, as well as for legacy and transformation, has improved slightly.

We returned $87 million to shareholders in the quarter via $62 million in dividends and $25 million of share repurchases, buying back 212 thousand shares in the quarter at an average price of $118.10 per share. Year to date, we have returned $224 million to shareholders

through dividends and repurchases. For the full year, we continue to anticipate paying dividends of roughly $250 million and now expect to repurchase a total of $350 to $450 million of FMC shares this year, with the outlook for repurchases down slightly reflecting the lowered EBITDA guidance.

And with that, I will hand the call back to Mark.

Diamide Section – Mark Douglas

Thank you, Andrew.

Today we will provide an update on the progress of our diamide growth strategy. Since we launched FMC as a pure-play agricultural sciences company, diamides have been a core part of the business. Rynaxypyr® and Cyazypyr® actives have grown to be almost 40 percent of FMC total sales today.

Insecticide Market 2007-2030F ***(Slide 11)***

Turning to slide 11 and some basic data on the insecticides market, which has grown by 83 percent from 2007 to 2019 and is approximately $17 billion in value today. Following the broad crop protection market drop in 2015, insecticides have grown 2 percent per year. We expect this to accelerate in the next decade to 3.3 percent CAGR, as higher value technologies take more share from older insecticides that are being phased out by regulators. We believe by 2030 the insecticides market will expand by about $7 billion versus 2019 to $24 billion in total.

Market Shares by Key Active Ingredient Classes ***(Slide 12)***

Moving to slide 12, we show the year-by-year revenue of the major insecticide active ingredient classes from 2014 through 2019 as reported by AgbioInvestor, and the respective share gains and losses over the period.

FMC diamides Rynaxypyr® and Cyazypyr® actives make up well over 80 percent of the entire diamides class, which includes a few other smaller active ingredients. Our

diamides have grown to about 10 to 11 percent of the total insecticide market, and the total diamides class has gained 2 percent share from 2017 to 2019 to reach 13 percent of the total insecticides market.

Conversely, organophosphates and neonicotinoids have lost overall share.

Diamide Revenue Breakdown ***(Slide 13)***

Turning to slide 13, we show the geographic breakdown of our $1.8 billion in diamide sales in 2020. This is all Rynaxypyr® and Cyazypyr® active sales, and includes FMC sales of branded products and sales to partners. Asia makes up nearly 40 percent of our diamides business today, with North America a little over a quarter of sales and EMEA and Latin America between 15 and 20 percent each. FMC diamides have grown well above the market in all regions since we acquired them in 2017.

On the right is the crop breakdown for our diamides. It should be no surprise that fruits & vegetables and rice

make up about 50 percent of our current revenues. This is why the diamides are so strong in Asia, since that market is about 30 percent rice and 30 percent fruits & vegetables.

Diamide Strategy Delivering Strong Growth from both FMC Branded and Partners ***(Slide 14)***

Turning to slide 14 and our diamides commercial strategy, which we have discussed many times over the past two years. We have long-term supply agreements with five key multinational companies, including the UPL deal we announced in March of this year. We also have 50 local agreements in various countries, and we have another 15 potential agreements currently under discussion.

These agreements are helping significantly expand the market for our diamides. Our partners give us access to customers we do not currently serve. They also have access to certain active ingredients that can be formulated with our diamides to expand the market, beyond what FMC has access to.

The $1.8 billion diamide revenue in 2020 was roughly 60 percent through our own commercial activities – which we label as FMC Branded on these charts – and 40 percent through our global and local partners. Since we acquired these products, our diamide growth has been evenly split between FMC branded business and sales to our partners, which demonstrates how complementary these two routes to markets are.

We have been very deliberate in driving our growth through our partnership model. The success of this model is shown by the fact that company EBITDA margins expanded 100 basis points from 2018 to 2020, even as these partners were growing significantly, confirming this strategy is not margin dilutive.

The other aspect of having sales to partners represent $700 million of our annual revenue can add more volatility in timing of demand. As such, revenues can be impacted by shifts in partner demand across geographies and in

time periods. We have structured the contracts with partners to have extended duration. Many of the agreements go through the end of the decade and some go beyond that timeframe.

Diamide Growth Drivers – New Innovations ***(Slide 15)***

Moving to slide 15, here are several highlights of how we have grown the FMC branded portion of our diamide sales. New formulations, new registrations, label extensions and improved market access will drive growth, not only for the diamides, but for all FMC active ingredients.

Earlier this year, we launched the novel, patent pending Vantacor™ insect control formulation in the U.S. which has already exceeded our original forecasts. Vantacor™ insect control provides a much higher concentration than prior Rynaxypyr® active formulations, offering improved mixing, less packaging and an improved sustainability profile. We see compelling opportunities in several crops and plan to launch Vantacor™ insect control around the world,

including Australia where we just received regulatory approval. We will continue to introduce other new mixtures and innovative formulations in all regions, with 11 more launches expected by 2026.

We are also developing new product offerings for our patented PrecisionPac® and 3RIVE 3D® systems, which are expected to launch during the next five years. Furthermore, we continue to expand our precision agriculture platform with additional services provided to growers and dealers through Arc™ farm intelligence.

Diamide Growth Drivers – Registrations / Label Extensions ***(Slide 16)***

Moving to slide 16, where we provide an update on our registrations and label extension strategy for our FMC branded diamides. A product registration from regulators is required in every country where we wish to sell, and each specific crop to be treated must be further approved by regulators in that country. Every product use approved by regulators equals a new slice of addressable market.

Today, we have approximately 2,700 approved uses across all products based on Rynaxypyr® active and 1,100 across all products based on Cyazypyr® active. We currently have 600 regulatory submissions under review, and another 230 that we plan to submit to regulators from 2021 to 2025. We anticipate nearly 600 of these will achieve regulatory approval in the next 5 years.

Diamide Patent Profile ***(Slide 17)***

Moving to slide 17 and the diamide patent estate. Rynaxypyr® active is covered by 21 patent families, with a total of 639 granted and pending patents. Together with Cyazypyr® active-related patents, we have over 30 patent families and close to 1,000 granted and pending patents, filed in 76 countries worldwide.

Rynaxypyr® and Cyazypyr® actives are complex molecules to produce. We have patented many of these steps, and several of these intermediate process patents run well past the expiration of the AI composition of matter patents.

The fastest route to market for a competitor to enter the market for generic Rynaxypyr® active or Cyazypyr® active is to register their product by relying on FMC's product data. To do so, they will also be required to demonstrate that their product has the same profile as FMC's Rynaxypyr® or Cyazypyr® actives. To meet these stringent regulatory requirements for such difficult-to-manufacture molecules, the AI's will have to be made the way we are making it, which is protected by FMC process patents.

Diamide Patent Timelines ***(Slides 18-19)***

Our patent portfolio includes extensive coverage of key intermediate chemicals, commercial and alternative manufacturing processes, mixtures and formulations. Slides 18 and 19 show the patent timelines for the top five markets: Taking into account our patents and regulatory requirements, we do not expect to see sales by a legitimate generic competitor that uses the approved manufacturing process – which would rely on our Rynaxypyr® active product data – before 2026 in Europe, Brazil, India and China, and 2027 for the U.S. Using that

same approach for Cyazypyr® active on slide 19, we do not expect to see sales by legitimate generic competitors until 2026 for Brazil, China and India, 2027 for Europe, and 2028 for the U.S. It is important to note the process and intermediate patents are critical, as it is extremely difficult to produce these compounds without these intermediates.

Enforcing Our Intellectual Property ***(Slide 20)***

Moving to slide 20, we are confident that our patent portfolio is enforceable. This is evident in a recent favorable injunction restraining Natco in India from making or selling any product containing Rynaxypyr® active. Notably, the court also ordered Natco not to use our patented processes to make Rynaxypyr® active. We anticipate that this is the first of many successful enforcements of our diamide process patents. To date, we have enforced our patents and obtained preliminary injunctions or settlements against six infringers in India, and we have commenced litigation against four infringers in China.

Beyond patent enforcement, we have also had a variety of other successful court decisions that support our strategy. For example, we have obtained an injunction against Brazilian regulators to respect our Rynaxypyr® active data exclusivity, which will postpone action on all generic Rynaxypyr® activeapplications filed while our data exclusivity was still in force – effectively delaying their registration approval date by years.

In addition to our legal strategy, we have also adopted a comprehensive regulatory advocacy strategy that includes notifying regulators about companies that do not have permission to produce. As a result of these efforts, multiple countries have decided not to accept any applications for registration of Rynaxypyr® active products prior to the AI's patent expiration, and others have decided to require additional data and proof of legitimate manufacturing rights in the source country as part of the application process.

So, to recap on the diamides:

- First, the insecticide market continues to grow and our diamides will continue to take share.
- Second, our partner strategy is accelerating the growth of diamides and smoothing the transition to post-patent business later this decade.
- Third, our patent estate is strong and will remain in place for a long time.
- Fourth, we are successfully defending our patents and will continue to enforce our IP.
- Fifth, diamides will continue to be a meaningful contributor to FMC's growth throughout this decade and beyond.

Concluding Remarks

To conclude our prepared remarks, despite the continued headwinds from costs, we continue to deliver excellent volume growth around the world, driven by the significant success of new product introductions as well as an increasingly robust market.

Our mid- to long-term growth story is firmly rooted in the strength of our current portfolio, the diamide expansion we just outlined, and the significant growth we anticipate from our new product pipeline over the next decade.

As you've seen in the press release earlier this morning, we announced our target to achieve net-zero greenhouse gas emissions by 2035. This is a bold step for our company and reflects our deep commitment to sustainability.

Finally, I would like to take this opportunity to thank Michael Wherley for his commitment to FMC over the last 8 years and wish him great success in his next career move.

I will now turn the call back to the operator for questions.

Closing – Michael Wherley

That is all the time that we have for the call today. Thank you and have a good day.