

FMC Corporation
2Q25 Earnings Webcast
July 31, 2025
As Prepared for Delivery

Introduction – Curt Brooks

Good morning, everyone, and welcome to FMC Corporation's second quarter earnings call. Joining me are Pierre Brondeau, Chairman and Chief Executive Officer, Andrew Sandifer, Executive Vice President and Chief Financial Officer, and Ronaldo Pereira, President. Today, Pierre will review our second quarter performance and provide outlooks for the third quarter and fourth quarter. Andrew will provide an overview of select financial results. After our 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 on these risks and uncertainties.

Today's discussion and the supporting materials will include references to adjusted EPS, adjusted EBITDA, free cash flow, organic revenue growth and revenue excluding India – all of which are non-GAAP financial measures. Please note that as used in today's discussion, "earnings" means "adjusted earnings", "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 Pierre.

Business Review – Pierre Brondeau (Slide 3)

Thank you, Curt, and good morning, everyone.

Our goal during the first half of the year was to take a number of actions that would favorably position the company to deliver

growth starting in the second half of the year and beyond. These are listed on slide 3. We have accomplished these critical objectives while delivering on all of our financial commitments.

We believe the level of FMC products in the distribution channels has normalized in most countries which will enable the implementation of our growth strategy.

We have laid out a clear strategy for Rynaxypyr with key components well underway, including lower manufacturing costs and introducing new formulations.

Our additional sales route in Brazil, focused on direct sales to large corn and soybean growers, has a fully trained staff, with initial customer engagement already underway. Commercial activities have commenced, and we anticipate seeing early results starting in the third quarter as Brazil's next growing season begins.

The strategies for our core portfolio and growth portfolio platforms are clearly defined, and Q2 results are in line with these plans. Each region, sub-region and country has actionable strategies in place unique to their geographies.

Demand for our new actives - fluindapyr and Isoflex® - is very strong, and we have put the appropriate level of support in place to deliver on our targets. Just today we received registration for Fundatis® herbicide containing Isoflex® active in Great Britain. The team is preparing for launch, and we anticipate sales beginning in August. Dodhylex™ active has been introduced with meaningful sales expected to begin in 2027. In fact, the first shipment was invoiced this month. Finally, Q4 of this year will see the first full-scale commercial pilot of the pheromones.

With these objectives completed we are focusing on additional ways to improve the business starting with addressing the challenges that we face in India. I will speak to the actions we are taking regarding our commercial business in that country in more detail in a moment, but first I will walk through some highlights from our second quarter.

Q2 2025 Results (Slide 4), Q2 2025 Adj. EBITDA Drivers (Slide 5) and Q2 2025 Regional Revenue Drivers (Slide 6)

Our second quarter results are detailed on slides 4, 5 and 6. Results overall were at the higher end of our expectations with EBITDA and EPS slightly exceeding the high end of our guidance.

Second quarter sales were 1% higher than prior year driven by volume growth of 6%. We view channel destocking for our products as completed in most countries as we believe customers have reached their targeted levels of inventory. In the first half of the year, our active management of FMC product sales into the channel, combined with strong use of product-on-the-ground, laid a solid foundation for growth in the second half.

Price in the second quarter was down 3% with over half of the decline due to pricing adjustments made to diamide partners on “cost-plus” contracts to account for lower manufacturing costs. FX was a mild headwind of 1%. Our growth portfolio was the driver of higher sales with the core portfolio essentially flat. The growth portfolio’s high-single digit increase confirms the strong expectations we have for the new active ingredients.

Our second quarter adjusted EBITDA of \$207 million was 2% higher than prior year. As shown on slide 5, gains were driven by lower costs attributed to COGS tailwinds from lower raw materials, better fixed cost absorption and restructuring actions. Cost favorability more than offset price and FX headwinds, as well as a modestly unfavorable product mix within the core portfolio.

Our second quarter adjusted earnings per share of \$0.69 was 10% higher than prior year, driven mainly by EBITDA growth and lower interest expense.

On a regional basis, our strongest growth came from EMEA driven by higher volumes of herbicides, diamide partner sales and branded Cyazypyr®. This was not surprising as many countries in EMEA were the first to reach targeted inventory levels in the channel. Latin America revenue increased slightly versus prior year as the region wrapped up the 2024-2025 growing season. North America sales declined 5% due to expected destocking in Canada. In the U.S., there was solid volume growth of branded products following destocking actions and delayed purchases during the first quarter. Asia was down due to lower pricing as well as lower volumes driven by ongoing destocking in India.

You have heard me talking about challenges in India since I have been back. We believe that for FMC, there is a much stronger way to operate in this country.

India has always been a difficult market to operate in. It is characterized by a fragmented distribution channel serving tens of millions of growers, intense generic competition, and a complex

regulatory environment. This market requires a high level of working capital in a challenging price environment.

Between 2021 and 2023, we anticipated strong growth of Rynaxypyr® as we expected continued process patent protection post the expiration of the composition of matter patent. However, generics penetrated much faster than expected when, unlike in almost all other countries, we were unable to enforce our process patents. This prevented us from executing our strategy and significantly increased an already high level of working capital while slowing down the movement of our products through the distribution channel.

Given that India generates very limited EBITDA and has substantial working capital, we have made the decision to change how we operate in this market. After a thorough process that considered multiple options, management and the Board made the decision to initiate the divestment of our commercial business in India.

Following the sale of the business, we expect to quickly regain commercial momentum in India via a business-to-business model. As soon as the transaction is closed, we expect to supply for the

short and mid-term the eventual buyer products requiring FMC owned registrations as well as products where FMC has favorable manufacturing cost. Most importantly, we expect to provide the buyer access to our IP-protected products including our four new active ingredients and advanced diamide formulations. With a partner better structured for growth in India, we expect molecules like Dodhylex™, which have a strong potential in the country, to gain strong growth as soon as we get the registration. In addition, we retain our active ingredients global manufacturing and global research in India.

We believe that the decision will enable faster resolution of our current challenges, reduce risk and volatility in future periods, free up cash for debt repayment, result in a stronger balance sheet, and allow us to more readily deploy resources to other growth areas. Over time, it will also permit us to shift our India portfolio toward differentiated technologies with less working capital exposure.

FY 2025 Financial Outlook (Slide 7)

Turning to slide 7, our full year guidance. As Andrew will explain further in a moment, our reported revenue will include India. However, we are excluding India from revenue guidance given

the uncertainties of managing that business while selling it. India will be excluded from adjusted EBITDA and adjusted EPS.

Revenue excluding India is guided to be down 2% versus prior year reported results as a mid-single digit price decline and a flat to low-single digit FX headwind are anticipated to be offset by volume growth mainly in the second half. Adjusted EBITDA is expected to be 1% higher at the midpoint as lower costs and volume growth are mostly offset by price and FX headwinds. Adjusted earnings per share are expected to be flat to prior year at the midpoint.

In summary, the only change to our guidance is to remove second half sales from India. Other than this, we are maintaining guidance across all metrics – sales, EBITDA, EPS and free cash flow.

Q3 2025 Financial Outlook (Slide 8)

Turning to slide 8, in Q3 we expect revenue excluding India to be down 1% versus reported prior year results. We anticipate healthy volume growth and a minor tailwind from FX. Price is expected to be down mid-single digits, including adjustments to diamide partner contracts. The India exclusion is a 6% reduction. For our branded products, price headwinds are amplified by the fact that

volume growth in LATAM is increasing the number of customers qualifying for rebates versus last year. It is not a like-for-like price decrease.

Adjusted EBITDA is expected to grow substantially, up 14% at the midpoint as significant cost favorability and volume growth more than offset pricing and FX headwinds. Lower costs are expected from COGS tailwinds including lower raw materials, better fixed cost absorption and restructuring actions. Adjusted EPS is expected to be 28% higher than prior year at the midpoint, driven by higher EBITDA.

Q4 2025 Financial Outlook (Slide 9)

Slide 9 shows our guidance for the fourth quarter. We anticipate revenue excluding India to be 5% higher at the midpoint as strong volume growth and a minor FX tailwind are partially offset by a low-single digit price decline and a negative 6% impact from the India exclusion. Volume growth is estimated to come mostly from the growth portfolio.

Adjusted EBITDA is expected to be 4% higher at the midpoint as lower costs more than offset lower pricing. Costs are expected to be favorable, but not to the same magnitude that we are

expecting in the third quarter. Adjusted EPS is expected to be 3% lower than prior year as the EBITDA increase is more than offset by higher taxes and interest expense.

I will now turn it over to Andrew to cover details on cash flow and other items.

Selected Financial Results

Thanks, Pierre.

Before I review the customary key financial items, I would like to provide some additional context on the guidance and financial reporting implications of the sale of our India commercial business.

We have concluded that the India sale meets the conditions to treat the assets of the business as “held for sale” for financial reporting purposes, effective with the third quarter. However, the business is not material enough to FMC’s results to be classified as a discontinued operation. As such, the results of the business will continue to be presented in the Company’s GAAP operating results until a transaction is completed.

As Pierre described earlier, our guidance for the remainder of 2025 excludes India. Our reported revenue will continue to include the sales of the India commercial business, however, we will also provide revenue excluding India as we report each quarter. Guided and reported Adjusted EBITDA and Adjusted EPS will exclude the results of the business.

During the third quarter, we will evaluate the assets related to the sale for impairment, and if necessary, we will record the assets at the lower of their carrying value or estimated fair value less costs to sell, in our third quarter financial statements. While we have not yet completed this analysis, it is possible that we will record an impairment of the business in the third quarter.

With that additional context, let me proceed to a review of some key income statement items.

FX was overall a 1% headwind to revenue growth in the second quarter, with tailwinds from a strengthening Euro more than offset by a weakening Brazilian Real.

Interest expense for the second quarter was \$61 million, down over \$2 million compared to the prior year period, primarily driven by lower debt balances.

The effective tax rate on adjusted earnings was 14% in the second quarter, in line with our continued expectation of a full-year effective tax rate of 13% to 15%.

For full-year 2025 we expect FX to be flat to a minor headwind at revenue with continued weakness in the Brazilian Real and Canadian dollar more than offsetting a strong Euro.

We now expect full-year 2025 interest expense to be in the range of \$215 million to \$235 million, down more than \$10 million compared to the prior year, but up slightly from our prior guidance, reflecting the higher interest rate on the recently completed subordinated debt offering.

We have also revised our outlook for depreciation and amortization for full year 2025 to \$170 million to \$180 million, a slight reduction from prior guidance to reflect the timing of new assets coming on-line.

The net result of these refinements is that our full-year 2025 EPS guidance is unchanged.

Moving next to the balance sheet and leverage.

In May, we successfully completed the sale of \$750 million of subordinated notes due in 2055. The transaction was leverage-neutral, with proceeds from the offering used to redeem the May 2026 senior notes and to pay down commercial paper. The structure of these notes is such that they are treated as 50% equity by all three rating agencies, immediately improving our metrics with them. This offering was an important step into supporting our investment grade credit rating as we transition to more substantial EBITDA growth in the second half of 2025 and in 2026. All three ratings agencies reaffirmed their investment grade ratings in conjunction with this offering.

We ended the second quarter with gross debt of approximately \$4.2 billion, up \$160 million from the prior quarter. Cash on hand increased \$123 million to \$438 million, resulting in Net Debt of approximately \$3.7 billion, essentially flat to the prior quarter. Gross debt to trailing twelve-month EBITDA was 4.8 times at quarter end, while net debt to EBITDA was 4.3 times.

Relative to our leverage covenant, which includes adjustments to both the numerator and denominator, leverage was 4.8 times as compared to a covenant limit of 5.25 times. As a reminder, our covenant leverage limit will remain at 5.25 times through September 30th, then step down to 5.0 times at year-end. We continue to expect covenant leverage to return to approximately 3.7 times by year end, essentially flat to the prior year.

We expect to show meaningful improvement in our leverage metrics in 2026 from a combination of EBITDA growth and debt reduction. Debt reduction will come from proceeds from the sale of our India commercial business as well as free cash flow above that required to fund the dividend.

Cash Flow Results and Outlook (Slide 10)

Moving on to free cash flow and slide 10.

Free Cash Flow in the second quarter was \$40 million, \$241 million lower than the prior year period. Cash from operations was down significantly, primarily due to the absence of the significant inventory reduction seen in the prior year.

We continue to expect free cash flow of \$200 million to \$400 million for 2025, a decrease of \$313 million at the midpoint. Cash from operations is the key driver of the decrease, with normalization of working capital after the pronounced correction in 2024. Capital additions are also expected to be up somewhat, with continued focus on only the most essential projects and capacity expansion for new products. Cash used by discontinued operations is also up slightly, but in line with our multi-year average.

And with that, I'll hand the call back to Pierre.

Concluding Remarks – Pierre

Thank you, Andrew.

We are now at an inflection point where we are shifting our focus towards revenue and EBITDA growth for the second half of the year and 2026. The reset of the company announced at the beginning of the year is essentially done. We have met all of the objectives we set for the first half of the year. The execution of the India plan will complete the turnaround of the company. We are now positioned for strong performance going forward and are

confident in reaching our 2025 targets, with our 2027 outlook intact.

With that, we're now ready to take your questions.