FMC Corporation
2Q26 Earnings Webcast
July 30, 2026
As Prepared for Delivery

Introduction – Curt Brooks

Good morning and welcome to FMC Corporation's 2026 second quarter earnings call. Today's prepared remarks will be provided by Pierre Brondeau, Chairman, Chief Executive Officer and President, and Andrew Sandifer, Executive Vice President and Chief Financial Officer. After prepared comments, we will take questions. Our earnings release and today's slide presentation are available on the FMC Investor Relations 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” and “sales” refers to sales excluding India. 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.

<u>Operational Priorities Update – Pierre Brondeau (Slide 3)</u>

Thank you, Curt, and good morning, everyone.

In the second quarter, we continued to execute against our priorities. We delivered EBITDA above our guidance range, generated meaningful free cash flow and advanced several initiatives to strengthen our balance sheet. Sales were below our expectations as a challenging operating environment, including geopolitical uncertainty, unfavorable weather and low insect pressure, created additional pressure on both volume and price. Growers and channel partners remain focused on managing costs and working capital, which resulted in cautious purchasing patterns across many markets.

Against this backdrop, we continued to make progress on our four operational pillars: reducing debt, improving the competitiveness of our core portfolio, managing the post-patent transition for Rynaxypyr and growing new active ingredients. These pillars remain the foundation of the company's plan to improve earnings and cash generation while positioning FMC for future growth and the expanding contribution of its innovation pipeline.

With the equity investment from Tessenderlo Group marking the conclusion of the strategic review, we now have clarity on the path forward and are focused on execution. We made substantial progress during the quarter, particularly in strengthening our balance sheet through debt reduction.

Debt Reduction

Over the past several months, we announced the key components of our plan to generate $1 billion of proceeds to pay down debt. These include signing a definitive agreement for the sale of our India commercial business for $252 million, closing on a licensing agreement for rimisoxafen with Corteva for an upfront payment of $200 million, entering into a framework agreement for our Newark, Delaware property for $114 million, reaching an agreement with Tessenderlo Group for a $400 million minority equity investment, as well as progressing on several smaller asset sales.

Together, these actions are expected to significantly strengthen our balance sheet and liquidity position. Combined with the successful $1.2 billion secured bond offering we completed in May, they will provide greater financial flexibility as we continue to execute our strategy.

Andrew will discuss the impact on our balance sheet and cash flow in more detail shortly.

With debt reduction well underway, our attention remains on the operational actions that will improve business performance over time.

Improve Competitiveness

Turning to our second pillar, improving the competitiveness of our core portfolio.

Over the past year, we have focused on simplifying how we operate, improving the efficiency of our manufacturing and supply chain network, and reducing structural costs across the business. These actions are intended to strengthen our competitive position and better align our cost structure with the markets we serve.

As previously announced, our objective is to exit active ingredient and formulation production assets that are no longer cost competitive and transition production to lower-cost sources. While this work remains underway, we are increasingly confident in the value it will deliver. In addition, we have made meaningful progress in realigning our supply chain and are beginning to see benefits from those efforts.

Post-Patent Strategy

Moving to our third pillar, we remain focused on executing our post-patent strategy for Rynaxypyr.

We continue to see strong demand for our differentiated formulations and mixtures. Sales of these products grew more than 35 percent year-over-year during the second quarter.

We also remain focused on volume growth outpacing lower pricing as the market evolves. Despite increased generic competition, branded diamide sales excluding India were essentially flat year-over-year. Over time we expect branded diamides to grow in revenue as pricing stabilizes and we continue to take market share from older classes of insecticides. We are already seeing encouraging signs of volume growth. In the second quarter we saw very strong gains in hectares treated in key countries like Brazil where product-on-the-ground usage is up over 40 percent.

These results reinforce our confidence in our post-patent strategy.

Growth of New AIs

Our fourth pillar remains on track with our expectations.

During the quarter, we continued to advance registrations and commercialization efforts around the world, including securing registration of Isoflex active in the EU – with launches expected to begin in 2027. As we have discussed previously, the pace of growth for new technologies is influenced not only by customer adoption, but also by the timing of regulatory approvals and registrations – which are outside of our control.

We continue to see external validation of the value of our innovation pipeline. The licensing agreement for rimisoxafen with Corteva represents the third significant licensing agreement involving one of our proprietary active ingredients, following agreements for Isoflex active with Bayer and fluindapyr with Corteva.

Q2 2026 Results *(Slide 4),* Q2 2026 Regional Revenue Drivers *(Slide 5) and* Q2 2026 Adj. EBITDA Drivers *(Slide 6)*

Turning to our second quarter results, slides 4, 5 and 6 provide details of our performance.

The operating environment for crop chemicals remains challenging. Growers are faced with the difficult situation of low prices for many crops combined with higher costs for inputs such as fertilizer and fuel driven by the uncertain geopolitical environment. We are seeing growers respond to these margin pressures by carefully managing costs and reducing discretionary spending wherever possible. For crop chemicals that can mean trading down to a generic or reducing the number of applications.

In addition, data from our proprietary Arc farm intelligence insect monitoring platform provides unique visibility into field conditions and indicates lower insect pressure so far this year. With our current portfolio weighted more toward insecticides, this is especially relevant to FMC. We expect that over the next few years, the introduction and expansion of our new active ingredients will shift FMC to a more balanced portfolio with less reliance on insecticides and a stronger position in herbicides and fungicides.

Our second quarter revenue of $841 million excluding India was 1 percent lower than the low end of our guidance range. As we forecasted, there were reduced orders from diamide partners as well as expected registration losses in EMEA. However, we encountered additional volume headwinds in North America as strained margins drove careful purchasing behavior for growers of non-specialty crops. Excessive heat in EMEA also led to lower-than-expected demand.

We saw strong volume growth for new Rynaxypyr formulations, particularly in Brazil and North America. New actives showed good growth, but we do not expect the bulk of the year-on-year increase to occur until the fourth quarter when fluindapyr in LATAM and North America, as well as Isoflex in Australia will be in higher demand.

Second quarter pricing was down slightly more than our mid-single digit expectation due to greater-than-expected pressure on core legacy products. Similar to prior quarters, there was more pronounced pricing pressure in LATAM and, to a lesser degree, Asia.

New active ingredients and Cyazypyr delivered solid growth during the quarter, contributing to higher sales from our growth portfolio.

Turning to slide 6, we reported second quarter EBITDA of $153 million which was 2 percent above the high end of our guidance range driven by greater than expected cost favorability. This was primarily driven by spend discipline in non-manufacturing areas and a few favorable quarter-specific items.

Adjusted earnings per share of $0.26 was 62 percent lower than prior year due to the reduction in EBITDA and higher interest expense. The result was at the high end of our guidance range driven by EBITDA.

FY 2026 Financial Outlook *(Slide 7)*, Q3 2026 Financial Outlook *(Slide 8)*, Q4 2026 Financial Outlook (*Slide 9*)

Shifting to our forward guidance, our updated financial outlooks are on slides 7 through 9.

Starting with slide 7, full year sales are now expected to be $3.5 billion to $3.7 billion, a decline of 7 percent at the midpoint. We have updated our full year outlook to reflect the more challenging market conditions we've seen so far this year. We now expect more pricing pressure and less volume growth of core legacy products than our prior forecast. Volume is now expected to be in line with prior year as sales of new active ingredients and increased direct sales to growers in Brazil offset reduced diamide partner orders. Price is expected to decline mid to high-single digits consistent with what we observed in the first half. The removal of India is a 2 percent headwind and FX is expected to be a low-single digit tailwind.

Adjusted EBITDA is now expected to be between $620 million and $680 million. The 23 percent decline at the midpoint reflects lower price and an FX headwind partially offset by favorable costs.

Adjusted EPS is expected to be between $1.19 and $1.49 with the 55 percent decline at the midpoint reflecting both lower EBITDA and higher interest expense.

Given the uncertainty around the duration of the conflict in Iran and potential U.S. trade actions, we continue to assume that the Iran-related cost pressures and tariff-related benefits largely offset each other.

Turning to slide 8, we expect third quarter sales between $840 million and $900 million. We expect the market conditions that we observed in the second quarter to persist in the third quarter. The majority of the 9 percent midpoint sales decline is due to price, which is expected to be a mid to high-single digit headwind.

Volume is expected to be lower mainly driven by North America distributors managing inventory by shifting orders from Q3 to Q4.

In Brazil, we are continuing our strategy to lower our sales to distributors to favor co-ops and direct sales. This decision negatively impacts Q3 sales and favors Q4 sales. It reflects our intent to continue to stabilize the performance and predictability of Brazil sales as we enter Q4 and 2027.

We expect overall growth portfolio sales to increase in the quarter driven by solid performance from new active ingredients.

Third quarter EBITDA is expected to be between $120 million and $140 million. This represents a 45 percent decline at the midpoint – driven mainly by lower price with volume and FX acting as secondary headwinds.

Adjusted EPS is expected to be between $0.05 and $0.13, a decline of 90 percent at the midpoint driven by lower EBITDA and higher interest.

Slide 9 provides our outlook for the fourth quarter, which we expect will represent a return to year-over-year growth.

Sales are expected to be between $1.06 billion and $1.2 billion, an increase of 4 percent at the midpoint. We are not expecting major changes to market conditions and, as such, we are forecasting a price decrease similar to the first three quarters in the mid to high-single digits. We are expecting strong volume growth but it is not based on the assumption of sharp improvement in regional markets. About half of the volume growth is expected to come from increased direct sales in Brazil driven by new products and a more established sales force which has now been in place for over a year. The remaining half of fourth quarter volume growth is expected to come from new products as well as the shift in order timing by North America distributors from Q3 to Q4.

Fourth quarter EBITDA is expected to be between $275 million and $315 million, representing 5 percent growth at the midpoint. Lower price and an FX headwind are expected to be more than offset by favorable costs and higher volume. We are expecting strong cost favorability due to cost mitigation actions including lower raw materials.

Adjusted EPS is expected to be between $1.09 and $1.33. This represents a 1 percent increase at the midpoint as higher EBITDA more than offsets elevated interest expense.

I’ll now turn the call over to Andrew.

Selected Financial Results

Thanks, Pierre.

I’ll start this morning with free cash flow and slide 10.

Cash Flow Results and Outlook ***(Slide 10)***

Free Cash Flow in the second quarter was $357 million, $318 million higher than the prior year period.

Included in free cash flow this quarter is the $200-million-dollar prepayment from Corteva as part of the licensing agreement for Rimisoxafen that was finalized in June. This payment is reflected in the “change in other operating assets and liabilities, net” line on our cash flow statement and as a long-term advance payment liability on our balance sheet. As a result, it does not impact working capital.

While the specific structure of the rimisoxafen licensing agreement may not recur, we expect licensing and collaboration agreements to remain a regular part of our business model and an important contributor to operating cash flow over time.

We intend to pursue additional opportunities to license molecules from our portfolio and to enter collaborations that allow us to share the cost of developing earlier-stage active ingredients.

The reality is that our pipeline contains more high-quality active ingredients than we can fund and develop in a timely manner on our own. As a result, partnerships such as our licensing agreements with Corteva for rimisoxafen and fluindapyr, and with Bayer for Isoflex active, as well as future co-development arrangements, are becoming an increasingly important part of our operating model. These collaborations help accelerate the development and commercialization of new technologies while also providing a meaningful source of operating cash generation.

Beyond the prepayment from Corteva, free cash flow in the second quarter also benefitted from lower receivables overall with strong collections in Asia, including from India, and EMEA, as well as lower cash taxes.

We are updating our 2026 free cash flow outlook to reflect both the updated EBITDA outlook and the Corteva prepayment. We now expect free cash flow to be in the range of $75 million to $225 million dollars, or $150 million at the midpoint.

Our free cash flow guidance also includes approximately $170 million in expected cash spending on restructuring, driven largely by the significant re-shaping of our manufacturing and supply network that is underway. Free cash flow excluding restructuring would be approximately $320 million in 2026 at the guidance midpoint.

While we do expect to have meaningful continued cash spending on restructuring in 2027, this should dramatically reduce in 2028 and beyond, greatly improving our free cash flow generation.

Moving next to the balance sheet and leverage.

The second quarter was a particularly active quarter on the financing front. In mid-April, we amended our existing revolving credit facility. In mid-May, we completed a $1.2 billion senior secured bond offering. We were pleased with the strong demand for the offering. Significant oversubscription allowed us to meaningfully increase the size and reduce the rate of the offering from launch. Proceeds from the bond offering were used to redeem the $500 million in senior notes that were to mature in October as well as to reduce borrowings under our revolver.

We ended the second quarter with gross debt of approximately $4.3 billion, down $250 million from the prior quarter end. Cash on hand increased $86 million to $477 million, resulting in Net Debt of approximately $3.8 billion, down $339 million from the prior quarter end. Net debt to trailing twelve month EBITDA was 5.1 times.

As we described on the April call, the most recent amendment to our revolving credit agreement included changes to our covenant leverage metrics. The maximum total leverage ratio is not measured formally for the second or third quarter under the terms of the amendment, but would have been approximately 5.6 times. The maximum total leverage covenant will be reinstated in the fourth quarter at 6.75 times through December 31, 2027. Secured debt to trailing twelve-month EBITDA was 1.66 times as compared to a covenant limit of 3.5 times. Minimum interest coverage ratio was 2.78 times as compared to a covenant minimum of 2.0 times.

Looking now to year-end debt levels. Based on our free cash flow guidance; together with proceeds from the India sale, Delaware site sale-leaseback and the Tessenderlo equity investment; and after reflecting dividends, financing fees and transaction costs; we expect to end 2026 with net debt of approximately $2.6 billion. At the midpoint of our EBITDA guidance, this would suggest year-end 2026 net debt to trailing twelve months EBITDA of roughly 4 times. While this is still meaningfully higher than where we would like to be long term, we believe FMC will be well positioned to further improve leverage metrics as we return to EBITDA growth in 2027 and maintain a relentless focus on driving free cash flow from the business.

As a result of the financing actions completed in the quarter, we have substantial available liquidity. Borrowings under our revolving credit facility were $250.5 million at June 30th. With letters of credit backed by the revolver of $188.6 million, we had more than $1.56 billion of borrowing capacity available under the revolver. We are comfortably in compliance with our covenant metrics. Our next bond maturity is three years away, with $500 million of notes due in October 2029. We feel confident that all the financing and strategic actions we are taking this year are greatly strengthening the financial foundation of the company.

Lastly, moving to the income statement.

Second Quarter Sales benefitted from a 2 percent currency tailwind, primarily coming from strengthening of the Brazilian Real.

Looking ahead, we expect FX to move from being a tailwind in the first half to being relatively neutral in the second half, resulting in a low-single-digit FX impact on revenue for the full year.

Second quarter interest expense of $71.3 million was up $10 million, with the impact of financing activity in the quarter partially offset by interest income and lower foreign interest expense.

We now expect full-year 2026 interest expense to be in the range of $275 million to $285 million, up approximately $40 million vs. the prior year at the midpoint due to the impacts of the recent financing activity partially offset by lower foreign interest expense.

We continue to expect depreciation and amortization for full year 2026 to be between $160 million and $170 million.

The effective tax rate on adjusted earnings in the second quarter was 17 percent, in line with our expected full-year effective tax rate of 16 to 18 percent.

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

Concluding Remarks – Pierre

Thank you, Andrew.

To close, the 2026 market environment will continue to be challenging.

We are using these challenging conditions to improve the performance of some critical countries by repositioning their business.

We are strengthening FMC's financial foundation, advancing the actions tied to our operational pillars and maintaining a clear focus on execution.

The work underway will allow our core business to become competitive again while our new technology portfolio becomes a larger part of the company. The work undertaken in 2026 will position FMC to return to growth as early as 2027 and beyond.

With that we are happy to take your questions.