

Chemours Co
Form 10-Q
May 03, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2017

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-36794

The Chemours Company

(Exact Name of Registrant as Specified in Its Charter)

Delaware 46-4845564
(State or other Jurisdiction of (I.R.S. Employer

Incorporation or Organization) Identification No.)

1007 Market Street, Wilmington, Delaware 19899

(Address of Principal Executive Offices)

(302) 773-1000

(Registrant's Telephone Number)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that registrant was required to submit and post such files.) Yes No

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Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer,” “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer Accelerated Filer
Non-Accelerated Filer Smaller reporting company
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the Registrant is a shell company (as defined by Rule 12b-2 of the Exchange Act). Yes No

The Registrant had 184,463,611 shares of common stock, \$0.01 par value, outstanding at April 28, 2017.

The Chemours Company

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PART I. FINANCIAL INFORMATION

Item 1. INTERIM CONSOLIDATED FINANCIAL STATEMENTS

The Chemours Company

Interim Consolidated Statements of Operations (Unaudited)

(Dollars in millions, except per share amounts)

	Three Months Ended March 31,	
	2017	2016
Net sales	\$1,437	\$1,297
Cost of goods sold	1,079	1,095
Gross profit	358	202
Selling, general and administrative expense	144	133
Research and development expense	19	23
Restructuring and asset-related charges, net	12	17
Total expenses	175	173
Equity in earnings of affiliates	7	5
Interest expense, net	(51)	(57)
Other income, net	34	93
Income before income taxes	173	70
Provision for income taxes	22	19
Net income	151	51
Less: Net income attributable to noncontrolling interests	1	—
Net income attributable to Chemours	\$150	\$51
Per share data		
Basic earnings per share of common stock	\$0.82	\$0.28
Diluted earnings per share of common stock	\$0.79	\$0.28
Dividends per share of common stock	\$0.03	\$0.03

See accompanying notes to the interim consolidated financial statements.

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The Chemours Company

Interim Consolidated Statements of Comprehensive Income (Unaudited)

(Dollars in millions)

	Three Months Ended March 31,					
	2017		2016			
	Pre-Tax	Tax	After-Tax	Pre-Tax	Tax	After-Tax
Net income	\$173	\$(22)	\$ 151	\$70	\$(19)	\$ 51
Other comprehensive income (loss):						
Unrealized loss on net						
investment hedge	(10)	—	(10)	(7)	—	(7)
Cumulative translation						
adjustments	103	—	103	19	—	19
Defined benefit plans, net:						
Effect of foreign						
exchange rates	(10)	2	(8)	(5)	1	(4)
Reclassifications to net						
income ¹ :						
Amortization of loss	5	(1)	4	4	(1)	3
Defined benefit plans, net	(5)	1	(4)	(1)	—	(1)
Other comprehensive income	88	1	89	11	—	11
Comprehensive income	261	(21)	240	81	(19)	62
Less: Comprehensive income attributable to noncontrolling						
interests	1	—	1	—	—	—
Comprehensive income attributable to Chemours	\$260	\$(21)	\$ 239	\$81	\$(19)	\$ 62

¹These other comprehensive income components are included in the computation of net periodic benefit costs (refer to Note 15 for further information).

See accompanying notes to the interim consolidated financial statements.

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The Chemours Company

Interim Consolidated Balance Sheets

(Dollars in millions, except per share amounts)

	March 31, 2017 (Unaudited)	December 31, 2016
Assets		
Current assets:		
Cash and cash equivalents	\$ 898	\$ 902
Accounts and notes receivable - trade, net	921	807
Inventories	822	767
Prepaid expenses and other	70	77
Total current assets	2,711	2,553
Property, plant and equipment	8,123	7,997
Less: Accumulated depreciation	(5,290)	(5,213)
Net property, plant and equipment	2,833	2,784
Goodwill and other intangible assets, net	169	170
Investments in affiliates	149	136
Other assets	420	417
Total assets	\$ 6,282	\$ 6,060
Liabilities and equity		
Current liabilities:		
Accounts payable	\$ 941	\$ 884
Current maturities of long-term debt	14	15
Other accrued liabilities	780	872
Total current liabilities	1,735	1,771
Long-term debt, net	3,538	3,529
Deferred income taxes	140	132
Other liabilities	511	524
Total liabilities	5,924	5,956
Commitments and contingent liabilities		
Equity		
Common stock (par value \$0.01 per share; 810,000,000 shares authorized)	2	2
Additional paid-in capital	808	789
Retained earnings (accumulated deficit)	31	(114)
Accumulated other comprehensive loss	(488)	(577)
Total Chemours stockholders' equity	353	100
Noncontrolling interests	5	4
Total equity	358	