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Operator: Good day and welcome to the DuPont Fourth Quarter 2019 earnings call. Today's conference is being recorded and at this time I would like to turn the conference over to Lori Koch. Please go ahead.

Lori Koch: Good morning, everyone. Thank you for joining us for DuPont's fourth quarter and full year 2019 earnings conference call. We are making this call available to investors and media via webcast. We have prepared slides to supplement our comments during this conference call. These slides are posted on the investor relations section of DuPont website and through the link to our webcast.

Joining me on the call today are Marc Doyle, Chief Executive Officer, Jean Desmond, our Chief Financial Officer and Ed Breen, Executive Chair. Please read the forward looking statement disclaimer contained in this slide.

During our call, we will make forward looking statements regarding our expectations or predictions about the future. Because these statements are based on current assumptions and factors that involve risk and uncertainty our actual performance and results may differ materially from our forward looking statements.

Our third quarter Form 10Q as updated by our current and periodic report include detailed discussions of principle risks and uncertainties which may cause such differences. Unless otherwise specified all historical financial measures presented today exclude significant items. We

will also refer to non-GAAP measures. A reconciliation to the most directly comparable GAAP financial measure is included in our press release. I'll now turn the call over to Marc.

Marc Doyle: Good morning everyone and thanks for joining us. I'll quickly run through an overview of 2019 and how we executed against our key priorities. I'll then cover our priorities and expectations for 2020 including the actions we are taking in light of our expectations for a slow start to 2020 given further price pressure in our nylon business and unplanned outages, which have already been resolved at our largest S&C site. Our teams are intently focused on addressing these items to return to a more normal growth pattern after Q1.

Starting on Slide 2, the team delivered sound full year results within a macro environment dominated by the China tariff situation, which significantly challenged two of our key end markets, auto and electronics, resulting in both demand contraction and inventory destocking. As we navigated the market uncertainty, our team continued to stay focused on the levers within our control, including price discipline and cost actions, nicely mitigating the impact of volume declines on earnings.

Our full year net sales of $21.5 billion we're down 5% in total, and down 2% organically with price up 2% and volume down 4% while full year operating EBITDA of $5.6 billion was down 4%. Our strong operating discipline resulted in gross margin expansion of greater than 50 basis points and operating EBITDA margin expansion of 10 basis points for the year.

Adjusted EPS of $3.80 per share was down 7%, reflecting lower segment income, currency headwinds and the higher tax rate. This was partially offset by lower depreciation and a lower share account, due to both share repurchases completed in the first half of the year from the Dow DuPont program and $750 million at repurchases we made since our separation on June 1st.

Slide 3 provides more detail on our top line results for the year, both the pluses and minuses. Our performance in each of our underlying businesses was consistent with market trends and this slide highlights the themes we have talked about throughout the year, including our strength in 5G which is reflected in our interconnect solutions business, the continued momentum in water solutions and the steady growth of our food and beverage business.

We continue to make high return investments in R&D, CAPEX and M&A in these and other areas to drive further innovation led growth, including opportunities to expand our content in next generation smartphones, and hybrid and electric vehicles. Offsetting these were lower results in our semiconductor technologies business and our T&I segment and lower sales in our health and bio sciences business, primarily from pronounced slowdowns in North America bioethanol and probiotics markets.

Moving to adjusted the EPS results on Slide 4, within our segment results pricing gains, synergies and cost savings were more than offset by the impact of softer volumes, lower equity affiliate income and higher year-over-year planned maintenance costs, particularly in the back half of the year in S&C.

Currency was a $0.16 headwind for the year, below that line items had a net neutral impact to our adjusted EPS driven by an increase in the tax rate, offset by benefits from lower depreciation and amortization, and a lower share count.

I'll now cover how we executed against our 2019 priorities on Slide 5. As I've mentioned, the past year was a challenge given macro conditions, negatively impacting about 40% of our portfolio, which led to weaker results versus our expectations going into the year. However, we did deliver

strong results in key end markets such as water, 5G, aerospace, medical and plant based meats, where the market fundamentals remain sound.

Our continued commitment to a best in class cost structure was a key driver of our ability to expand both gross and operating EBITDA margins. We delivered greater than $500 million in annual savings from synergy programs and the restructuring program we launched in the second quarter of 2019. These initiatives did help to improve our operating leverage, but we still have more work to do here.

We also made significant progress this past year on our portfolio strategy, announcing our agreement to merge our nutrition and bio sciences business with IFF creating the de facto leader in the food and beverage space with the broadest technology and product offerings. Ed will speak further about this transaction later in the call.

Additionally, we further refined our portfolio through the announcement of the divestment of three businesses during the year. Free cash flow conversion was strong this year, and we reported greater than 100% conversion on an underlying basis for the past two quarters.

Finally, while I'm pleased that our 2019 ROIC of 29% reflects marked improvement from 2017 when the portfolio was first put together, our 2019 performance was not as strong as our prior year results due to weakened working capital performance, lower segment earnings and a higher tax rate. Both working capital and segment earnings are key focus areas for improvement moving forward and critical components over 2020 priorities, which I'll discuss on the next slide. As noted, we know we have more work to do and some of our key value creation drivers. I am disappointed with our operational leverage as we exited the year and the slow start to 2020. And I'll provide more detail on the actions we're taking to return to growth, which is more in line with our expectations in a moment.

Growth through innovation is a key component of our strategy and we will continue to drive competitive advantage and sustainable top line expansion through our application development engine and deep customer relationships. Through our differentiated investment, we aim to increase demand by advancing several key technical milestones in our major R&D platforms such as 5G, microbiome and auto electrification.

To ensure we can meet additional demand generated by these programs, we will continue to implement key capacity expansions. R&D initiatives and investments in innovation will also contribute to our 2030 sustainability initiatives and we look forward to reporting progress towards these goals.

Our operating model enabled us to be agile and proactively respond to the dynamic market environment in 2019. This will be just as if not more important in 2020. Particular focus areas this year are continuing to advance productivity initiatives using digital tools and process simplification and right sizing the organization.

With a high performing operating model focused on innovation and defined targets for working capital improvement, we expect to enable further improvement in both ROIC and free cash flow conversion. Active portfolio management remains a key component of our strategy. Ed will address this in more depth during his remarks.

Slide 7 details the actions underway as well as those actions we expect to put in place in response to both the macro environment and our operating challenges. We expect that the completion of the Dow DuPont synergies and the 2019 restructuring plan will provide approximately $215 million of gross cost savings in 2020. These programs are well defined and the teams are executing the actions needed to deliver these savings.

We are also planning further cost reductions this year to enable us to better maintain our operating leverage as we committed. These actions will also start to address the stranded costs, we expect following completion of the N&B transaction. We anticipate approximately $90 million of savings from these initiatives.

In addition, we have launched a project to consolidate our asset footprint, which we expect to generate a total of greater than $150 million of savings over a three year period with the first impact beginning in 2021. I will share more information on these items as they continue to take shape.

Before I turn the call over to Jean to discuss the fourth quarter, I'll cover our first quarter and full year guidance, starting with organic growth on Slide 8. For the full year, we expect sales of $21.5 billion to $22.0 billion, which is up slightly on an organic growth basis. We anticipate a return to more normal growth in all our core segments except T&I, which is being impacted by continued weakness in the automotive market, and nylon industry headwinds, which I'll cover when reviewing EPS expectations.

E&I is expected to deliver two to 5% organic growth as memory markets returned to a more normal growth profile in the back half of the year. Next generation smartphones with higher content of our materials continue to penetrate the market and we already started to see these volumes in the second half of last year.

N&B is expected to grow 3% to 4% organically with strong volumes across all three businesses, led by a return to growth in our probiotics business from the actions we're taking to win new business in North America, as well as the strong Chinese market continued acceleration of our offerings into the alternative meat market and strength in food enzymes.

S&C is also expected to grow 2% to 3% organically from continued strong demand and water solutions further pricing gains and resolution of the raw material supply shortages that limited production in the back half of last year in safety solutions.

Non-core is expected to decline 3% to 5% organically from lower demand for trichlorosilane to the Hemlock semiconductor joint venture and for Sorona in carpet and apparel applications.

Moving to full year adjusted EPS expectations on Slide 9, this year, we expect adjusted EPS of $3.70 to $3.90 per share as higher volumes, cost reductions and productivity improvements are offset by net headwinds from discrete items in 2019 and lower nylon prices coupled with a weaker nylon mix. From a quarterly perspective, these headwinds are most pronounced in the first quarter, which I'll cover on the next slide.

I'll now go into further detail on the nylon dynamics were facing. Nylon industry fundamentals were weaker in the second half of 2019 as lower demand, coupled with improved industry supply reliability, negatively impacted our discretionary pricing power. We anticipate a similar operating environment as we enter 2020 and forecast T&I segment prices will be down about mid-single digits, primarily due to lower year-over-year nylon prices and weaker mix resulting in pricing headwinds of approximately $200 million to $250 million.

For context in 2018 T&I segment earnings were up 20% as steady demand coupled with industry wide supply disruption, and force majeures in nylon 66 and key raw materials fueled higher prices, with our pricing peaking in the first quarter of 2019.

With the supply issues resolved, and weak auto build forecasts for 2020, market prices for nylon have been pressured and are expected to continue to decline as the year progresses, with the most significant impact in the first half of 2020. Additionally, weakened demand in our core markets has

resulted in a shift towards more opportunistic, lower margin nylon sales, so that we can fill our assets resulting in a weaker mix of products sold.

We have and continue to implement a series of actions to moderate the pricing impact, focused on productivity and asset utilization. While we anticipate a challenging 2020 for T&I, we remain constructive on our mid to long term outlook, aerospace, healthcare and auto electrification continue to provide steady demand and our deep innovation capabilities have us have us well positioned for renewed growth as markets recover. In summary, our T&I expectations for this year are disappointing, but I'm confident that we will continue to take the right actions to drive sustainable long term growth.

Moving to Q1 on Slide 10, as I noted, our growth headwinds are most pronounced in the first quarter and predominantly encompass declines from lower discrete item gains, weaken nylon dynamics, and unplanned outages in S&C. Once we get past the first quarter, we expect the nylon headwinds to abate given the peak of nylon pricing was in Q1 of last year.

In addition our Kevlar assets that are causing the headwinds in S&C are already back up and running. These dynamics coupled with the 2020 cost actions that will start to ramp after the first quarter give us confidence that we can return to a more normal pattern of growth beyond the first quarter.

This quarter, we anticipate sales to decline in the mid-single digits, and adjusted EPS to be in the range of $0.70 to $0.74 per share. The top and bottom line declines are driven by nylon headwinds and the unplanned outages in our S&C segment. Additionally, there were approximately $80 million or $0.08 per share of discrete items in the first quarter of 2019 that will not repeat.

Jean will cover some additional guidance detail in her comments and in the appendix we have provided segment level commentary, as well as some additional modeling specifics. I'll now turn the call over to her.

Jean Desmond: Thanks Marc. Starting on Slide 11, we closed the quarter about where we expected from a top line and EPS perspective. As we mentioned on our mid-December call our operating EBITDA was going to be at the low end of the range, which is consistent with our reported results. In total, operating EBITDA of $1.4 billion was down 14% versus the prior year, driven by lower gains in our non-core segments associated with customer settlements from our Hemlock Semiconductor joint venture, as well as lower nylon pricing in our T&I segment. I'll get into further segment detail in a few moments.

While many of the market challenges that Marc mentioned for the year also impacted our fourth quarter, the team's disciplined focus on driving price and executing on our cost saving initiatives delivered results. Because of the focus in these two areas, our teams were able to hold gross margins flat with the fourth quarter 2018 despite 20 basis points of gross margin headwinds from softness in auto and lower nylon pricing.

Slide 12 provides additional detail on the top line performance for the quarter. Net sales of $5.2 billion were in line with our expectations and down 2% organically versus the prior year. Our electronics and imaging business had the strongest results this quarter led by further expansion of our content and the newer high speed high frequency phones, which generated greater than $1.00 per phone of additional sales for us.

We also continue to see strength in our water solutions business, which was up in the low teens driving overall organic growth in the S&C segment. A few additional bright spots I would highlight from the quarter are in our nutrition and bio sciences segments. These include our offerings into

the alternative or plant based meat market, which is included in the food and beverage business, and our animal nutrition and food enzymes business, both of which fall into our health and by biosciences business.

Moving to the fourth quarter adjusted EPS on Slide 13, fourth quarter adjusted EPS of $0.95 was down 34%. I will highlight two items within the segment results that are specific to the fourth quarter. First is lower equity affiliate income specifically our Hemlock Semiconductor joint venture within the non-core segment. Equity affiliate income on an adjusted basis declined about $120 million or 42% to $166 million. This decline is mostly attributable to lower income associated with customer settlements from the Hemlock joint venture.

These settlements were at their peak in 2018 and have trailed off substantially in 2019. We expect another significant decline into 2020 from further reductions in the customer settlement and declines in underlying results as customers are released from the contracts. Also specific to the fourth quarter was the price decline in transportation and industrial segments.

Also we started to see sequential pricing pressure earlier this year, following the peak in first quarter 2019. The year-over- year price only moved negative on us in the fourth quarter at down 2%. Tax was a headwind in the quarter due to a lower rate in the prior year, driven by benefits from the Dow DuPont transaction that did not repeat. Our full year rate of 21% is in line with our expectations.

Turning to the balance sheet on Slide 14, you'll see that our net debt increased slightly to $15.9 billion, mostly attributable to lower cash balances at the end of the year. In the fourth quarter, we closed three acquisitions in the water space for a total of about $175 million and we made $185 million pension contribution. It was triggered by the stand up of new DuPont.

Share repurchases in the quarter, we're about $290 million, bringing our total repurchases since June 1st to $750 million. Including the pension contribution, which is reflected in operating cash flows, our fourth quarter free cash flow conversion was greater than 100%, again exceeding our target of greater than 90%.

On the slide, you can see the trend of working capital over the past five quarters. While I'm pleased that our working capital has improved in the back half of 2019, we're still above yea 2018 levels and not where we need to be. This remains a key focus area of mine in 2020 to free up cash. We've put in place the working capital improvement targets of 10% for the current year.

Shifting to a review of segment results, and starting with electronics and imaging on Slide 15. Fourth quarter net sales were the strongest of the year at $937 million and we're up 3% versus the prior year. Strength was led by our interconnect solutions business where our advanced materials are supporting the launch of next generation smartphones. Low teens growth in the interconnect business in the second half of '19 is a proof point that we have market leading innovative solutions to support the development of 5G technologies.

The strength in interconnect solutions was partially offset by softness in semiconductor technology similar to what we saw the third quarter of 2019. Our semiconductor business is about half exposed to memory, which remains sluggish. However, the overall semiconductor market is on a positive trajectory, as evidenced by our sequential improvement the last two quarters, and we expect the recovery to continue returning to more normal growth in the back half of this year.

Fourth quarter operating EBITDA for the segment was $293 million, a decrease of 9% from pro forma operating EBITDA of $321 million in the year ago period. The mix shift between strength in interconnect solutions, and softness in semiconductor technology, the highest margin business within E&I created margin pressure, leading to the EBITDA decline.

Moving to the nutrition and biosciences on Slide 16, net sales of $1.5 billion were flat on an organic basis, with 1% price improvement, offset by 1% volume decline. For the fourth quarter strength in food enzymes, animal nutrition and our meat free offering, each of which were up mid to high single digits in the quarter were able to offset market driven weakness in protein, probiotics and bio refineries and supply chain disruptions in sweeteners.

Fourth quarter operating EBITDA for the segment was $323 million, a decrease of 2% from pro forma operating EBITDA, of $330 million in a year ago period. Productivity and pricing gains were more than offset by manufacturing headwinds, unfavorable product mix and lower volume. The unfavorable product mix was partially the result of softness in the North America probiotics market. Our business consistent with the market was down on a year-over-year basis for both the quarter and the year.

We are working with channel partners accelerating initiatives to get the North American market back on track. While the North American market recovers, we expect the probiotics growth will continue to be fueled from Asia Pacific, where current market penetration is low as compared to other regions but growing steadily. For the year probiotic sales in China were up over 30%.

Our transportation and industrial results on Slide 17 reflect lower auto builds and weak demand in electronics and modest continued destocking in the automotive channel. Net sales of $1.2 billion, we're down 9% versus the prior year. Fourth quarter operating EBITDA for the segment was $277 million, a decrease of 19% from pro forma operating EBITDA of $344 million in the year ago period, with cost reductions and lower raw material costs being more than offset by lower volume and price headwinds.

Turning to the results of safety and construction on Slide 18, net sales of $1.3 billion were up 1% on an organic basis. Volumes are mixed with strength in areas such as water solution, or double digit volume gains on strong demand for ion exchange, and reverse osmosis membranes, industrial markets are more than offset by volume declines in safety solutions, and continued softness in shelter solutions. Safety solution demand remains steady across most product lines. However, planned maintenance downtime and raw material disruptions in the supply chain limited production volumes.

Fourth quarter operating EBITDA for the segment total $311 million flat with the year ago period, with pricing gains and productivity actions being offset by higher manufacturing costs, primarily from costs associated with planned maintenance, and lower volumes.

I'll close with a few comments on our cash generation need in 2020 on Slide 19. We continue to expect to generate strong cash flows with a conversion rate greater than 90%. While many of the Dow DuPont transaction related items are behind us, we will start to incur costs associated with our recently announced N&B transactions.

Our commercial paper balances at year-end were about $1.8 billion. I'm committed to bringing these balances down throughout the year. And finally, shareholder remuneration remains an important aspect of our overall capital allocation policy. While our current forecast has the majority of cash that we generate from normal operations going towards paying down commercial paper balances and the N&B transaction costs, we are targeting reducing working capital by about 10% this year, which along with future non-core divestments would be targeted for share buyback. With that, I'll now turn the call over to Ed.

Ed Breen: Thanks, Jean. This morning, I'll provide an update on the N&B and IFF transaction, as well as say a few words on PFAS and the Chemours litigation. I continue to be excited about the value

creation potential of our transaction with IFF and have confidence in the strong strategic logic for this combination. As a proof point, we have already heard from several large customers about their excitement over the portfolio breadth and technology depth of the new combined company.

As you can see on Slide 20, we have already begun working on the integration and rigorous processes are being run to ensure this goes smoothly. As you know, DuPont and the N&B team specifically has a lot of experience in this area starting 10 years ago with the integration of Danisco into DuPont, and then more recently, executing the complex integration of the Dow and FMC portfolios with our business in addition to the former nutrition and health, and industrial biosciences businesses.

We know how to do this and will execute the same playbook that has worked so well for us in the past. Some of the key short-term milestones that have already been completed are the establishment of the executive steering team, and the appointment of leaders for key work streams, including separation and integration, core financials, IT separation and stand up, legal entity work and talent selection.

Teams of both IFF and N&B are well staffed, and I am confident we will stay on track with our plans. Beyond the N&B transaction, we continue to believe our portfolio presents many ways to create shareholder value and we continue to assess our options.

I'll close with a few words on the Chemours lawsuit and PFAS. We continue to believe our potential risk exposure remains contained and I feel it's worthwhile to underscore that point, while also updating a couple items that we discussed on our last call.

Regarding the Ohio MDL personal injury claims, two related cases are currently being tried together in Ohio as we speak. Chemours continues to indemnify and defend these cases and others subject to a limited cost sharing agreement.

As I mentioned last time, we still have not contributed a penny in excess of the $25 million trigger and by default, Chemours has not spent more than $25 million. With respect to the South Carolina MDL, most of these cases are tied to allegations of PFAS containing firefighting foam use over the last 60 years. These suits relate largely to P-F-O-S chemical that neither Chemours or historical DuPont ever made or sold.

The same is true for firefighting foam. Historical DuPont was not a manufacturer of foam, but for a limited period, along with numerous others providing ingredients to foam manufacturers. This ingredient could lead to trace amounts of PFOA, but absolutely no PFOS which is the primary concern.

We continue to believe that the exposure of historical DuPont or Chemours is negligible compared to those that manufacturer, marketed and sold these materials. We also continue to defend ourselves against various natural resource damages cases, most of which are in states where we never had a manufacturing presence, these claims in the focus on foam or generic PFAS containing products. We take these cases very seriously and monitor developments closely.

However, we still believe that direct impacts to DuPont are limited and are being managed appropriately. As to the Chemours suit in late December the Delaware Chancery Court heard our arguments to dismiss the case and send it to arbitration. We thought our argument went well and we expect a decision by the end of this quarter or early next.

I'll now turn it to Lori to open for Q&A.

Lori Koch: Thank you, Ed. With that, let's move on to your questions. First, I would like to remind you that our forward looking statements apply to both our prepared remarks and the following Q&A. We will allow for one question per person. Operator, please provide the Q&A instructions.

Operator: Thank you. And if you would like to ask a question please signal by pressing star 1 on your telephone keypad. If you are using a speakerphone, please make sure that your mute function is turned off to allow your signal to reach our equipment. Again that is star 1 to ask a question. And we will take our first question from John Inch with Gordon Haskett. Please go ahead.

John Inch: Thank you. Good morning, everybody. Yes, thank you. Good morning, everybody.

Ed Breen: Good morning.

John Inch: You sound like you have a little bit of a cold. I hope you haven't been to Wuhan, China recently.

Ed Breen: No, but I do have a bad cold, so I apologize.

John Inch: It could be a lot worse. So, understanding some of the first quarter of 2020 compares issues such as the one-timers. Still if I annualize the midpoint of your first quarter guide. You get about 90 cents short of your fiscal year estimate. So, I'm just curious, what are the key drivers of your post 1Q growth assumptions - your confidence level there? And then just secondly, your $1 billion working capital opportunity that you call out in the slides. Is that tied to your 2021 asset footprint rationalization initiative, are these two discrete buckets that lead to two discrete streams of benefit. Thank you.

Marc Doyle: Yes. Thanks, John for that question. This is Marc. Let me take it to give Ed voice a bit of a break and then he can jump in and I'll ask Jean to take the working capital question. You know, just starting with the first quarter, you're right; it is an abnormally weak quarter. But I'll tell you in terms of the second quarter on, we do have strong confidence in our forecast.

We're not assuming a recovery for the markets here. We've got a number of things that are really under our control happening from Q1 to Q2, and, you know, it starts with sort of the typical seasonal lift that happens from 1Q to 2Q most every year, but also we've got a significant change in the one-timer's because there is a sizable settlement associated with the Hemlock joint venture in the second quarter which is worth about $80 million in EBITDA.

And then on top of that, the S&C manufacturing headwinds that we had that hit us in the first quarter are largely behind us now. So, we're confident that the S&C business will be back to sort of normal supply against continued strong demand.

And then final kicker, the cost actions we announced here which we've kicked off are going to start to deliver in the second quarter and that will be worth another about 5 cents per share going forward per quarter. So, when we wrap these things up, it provides us confidence that the second quarter is going to be kind of back to a more normal earnings environment.

Jean Desmond: Yes. So, in terms of working capital, really it's separate and apart from the asset rationalization. This is the working capital opportunity that we identified at the time we brought the portfolios together. Now, unfortunately as we went through the separation process was Dow, DuPont and Corteva, our working capital balances actually increase with all the system freezes we had and we built inventory and then as we came into '19 and we saw slowdowns in some of our markets that exacerbated the problem.

So, we are taking a very, very strong effort in 2020 to reduce working capital, by as I said 10%. We've got teams activate it to do that effort and you should see that benefit separate and apart from these others. I would think, longer-term with the asset rationalization se will have additional working capital benefits, but those will be further out past 2020.

Operator: And we'll hear next from Jeff Sprague with Vertical Research. Please go ahead.

Jeff Sprague: Thanks. Yes. Thank you. Good morning, everyone. Just wanted to kind of come back to manufacturing, the S&C item, as you said, it sounds like it gets ironed out, you also you mentioned some manufacturing issues in N&B, we've heard a few of these over the last several quarters. I wonder if you could just address Marc, you know, whether kind of the manufacturing side of the equation is, you know, largely kind of settled here post separation. You know, is there any particular disruptions going on as you try to get after synergies. It would just be nice, not have to kind of talk about these issues?

Marc Doyle: Yes. Yes. Thanks, Jeff. Couldn't agree more. You know, I'd call some of this, particularly like in N&B, these things are abnormal that happened once in a blue moon. S&C is the one that's really been the most pronounced and you know it's a few quarters running now. But for different reasons. So if you -- if I take you back to last year, we had a real strong first half in S&C and then we did run into a disruption in our supply chain for key material in Kevlar raw material, supplier disruption and that was part of the weakness in the third quarter.

The fourth quarter, we had a planned maintenance sort of a two-year every two year maintenance cycle on Nomex but that had an earnings impact in the quarter and now we've got a subsequent outage again in the Kevlar manufacturing line and it's a little bit connected to that raw material

shortage because our inventories were so tight. After that, that a small disruption in manufacturing here has really had a bigger impact on the quarter.

And so, to your question on the kind of operational stability, I'd say, first of all by and large 180 manufacturing sites around the world. We've got strong performance. We're making investments in productivity. We're making investments in digital. I've got confidence in our operations leadership around the world. Our safety performance by the way was a record last year for us as a company in the history of the company.

And so, I think the team are doing the blocking and tackling. The Kevlar issues and S&C are extremely frustrating to us and to our Kevlar business team, but we feel pretty good. Just in terms of where the units running right now and given a couple of months to catch back up with inventory, we think we'll be able to weather any future disruption there. And so, hopefully this is behind us and as you said, we won't be talking about this every quarter.

Operator: And next we will hear from Vincent Andrews with Morgan Stanley. Please go ahead.

Vincent Andrews: Thank you. Ed, if I could ask you on the PFAS, the personal injury cases, originally there was, you know, there was a settlement of personal injury cases a few years ago. So, I'm just curious why not settle these cases. I mean we've subsequently seen the jackpots that are going against Bayer and the glyphosate cases, so why not settle these and how confident are you that this doesn't spiral into something that we don't want to deal with?

Ed Breen: Yes. So, thanks for the question, Vincent. Look, there's about 60 of these cases outstanding. These two are in trial right now. I can't necessarily forecast the outcome, but there is always the opportunity here to settle and settlement usually happens kind of in this window of time. So, it's

possible that that will be the outcome. So, we'll just have to see over the next ensuing weeks, how that plays out, but obviously we're very cognizant of the point that the question that you just asked.

Operator: And next we'll hear from David Begleiter with Deutsche Bank. Please go ahead.

David Begleiter: Thank you. Good morning. Ed, can you address the issue in terms of the discount in the share price due to PFOA and the potential and desire to do additional tax efficient transactions for the portfolio perhaps of the electronics franchise? Thank you.

Ed Breen: Yes, so let me go back, maybe just high-level to the IFF transaction and just talk about that a moment also. You all have done the math and I read it all your reports. But you just do the math, IFF as it stands right now and RemainCo DuPont trades at about eight times. So, I think this will play out. Just on the IFF transaction as we get closer to it. I would also mention, I really believe and we're hearing this from our customers. Pretty broadly that we've created the de facto leading platform in the industry. By way, it's incumbent upon us and IFF to elegantly pull this merger off with each other and we will do that. I know we have to prove that to everybody, I understand that. But IFF also trades at a discount to the top peer set in the industry by about 500 basis points. So, I think there is great leverage here in creating this phenomenal company, both the value we're getting initially out of it and the value that can be created over the next couple of years with that transaction, but having still said that we trade at eight times of RemainCo.

Let me just say this, and I don't want to get into too much detail on it, but we're actively in conversations with others. I like tax efficient transactions that we like creating global leading companies and we are very agnostic, we want to do the right thing for our shareholders and also we'll pursue those opportunities and we're assessing that with our Board as we speak.

Operator: Next we'll hear from Steve Tusa with J.P. Morgan. Please go ahead.

Steve Tusa: Good morning, guys.

(Crosstalk)

Ed Breen: Good morning, Steve.

Steve Tusa: Just on the kind of news flow that's out there. You know, it was, it seem to be kind of the discussion that you guys were looking at on the back of the last question, something around the, you know, T&I business. But then there was some news floated to that, there was, you know, something perhaps on the electronic side, can you just talk about, I mean is it that, is the situation with your portfolio, kind of that fluid that, you know, you can kind of pivot from one to the other like that. I know there's a bit of a restriction on how much you can actually, you know, sell down with that with that EBITDA floor. But maybe, you know, is it really kind of that fluid?

Ed Breen: No, actually it's not as fluid is that sounds. It's a shame that those kind of leaks occur and it's also not great for our employees to be hearing one rumor after another to be honest with you. So, I don't want to comment in too much detail but by way Steve, to your point, we do have an agreement with Corteva that we ought to maintain $2.5 billion of EBITDA that stays with the liability.

Having said that doesn't mean we can't separate things if we want to and I'm not saying we are, but if we want to, we can separate into different businesses, but we would have to leave $2.5 billion of EBITDA liability with – it could be two entities, by the way we leave it with. So, we have a fair amount of flexibility in front of us. But – so, we don't have to hold it in one entity if we don't want to.

Operator: And next we'll hear from Steve Byrne with Bank of America. Please go ahead.

Steve Byrne: Yes, thank you. In the spirit of your comments about innovation, Marc, I wondered if you had any thoughts about using some of your technologies to maybe take a little more of a proactive stance on these PFAS liabilities. For example, using your skills in water treatment to help these municipalities that have PFAS unrelated to legacy DuPont sites, but just for goodwill like, three, Fayetteville pulls water that's got 20 parts per trillion PFO a PFOS and its upstream from the Chemours plant or use your capabilities in probiotics to develop bacteria that can degrade these chlorinated compounds in these industrial wastewater treatment plants. Your thoughts on that.

Marc Doyle: Yes, yes. Thanks, Steve. It's a great question. And actually we published some commitments as new DuPont late last year and those included kind of our commitments for use of PFAS in our products and manufacturing and the my perspective on this is, is that this isn't so much about health effects, at the low levels of exposure, we're talking about, but the fact that these long chain chemicals are bio accumulative, is just unacceptable these days to all of us.

And so, we made a statement, you know, that included that we would be ending all use in our product lines; we'd be driving the use of PFAS free fire-fighting foams at all of our manufacturing sites to be a leader there and we made a commitment around our water business and just to your point, we've been pretty active in the water space. Now, this is, as you're probably aware the heritage Dow Water Solutions business, been a leader in the global water industry for decades.

We've been of course investing aggressively in that business because the growth is fantastic, and those acquisitions we made last year. Of course, sort of further strengthen our portfolio now so that we've got offerings that span from US to Ion Exchange to reverse osmosis.

And Ion Exchange in RO in particular are pretty effective techniques for removal of traits PFAS compounds. And so, one of the commitments we made in the that document last year was to provide technology including royalty free licenses to certain pieces of IP that we had around the

PFAS area. We're also working very actively on product developments that would allow our materials, our components to be targeted to clean up activities. And so just as you said, we're trying to do the right thing, working around the country and areas where there is need here.

Ed Breen: By the way, I would just add, as a point back to the whole PFAS conversation and you know, we've been sued by the State of Michigan and just to make a point back to my prepared remarks, we had no manufacturing facility there that used any of those materials. It's more of a firefighting foam case. And so, I think as it plays out in the facts clearly on the table. We had nothing to do in that state with any of that.

Operator: And next we'll hear from Jonas Oxgaard with Bernstein. Please go ahead.

Jonas Oxgaard: Well, thank you. I was curious about the automotive. So, a two-part question on if we strip out the nylon impact what does that business look like in 2020? And what underlying automotive market growth do you use for that outlook?

Marc Doyle: Yes, thanks, Jonas, it's a good question. So, you know, just starting with the underlying market growth, we're assuming our planning assumption is a continued slight contraction in the auto industry for 2020 like minus 1% with respect to builds this year. So, that's another contraction versus the more significant contraction last year when you strip out nylon pricing.

We are expecting our engineering plastics to continue to grow from a volume perspective, a little bit faster than the market. We're expecting destocking - we're seeing that destocking is pretty well ended. And so, that provides some sequential improvement in the situation. And then on top of that, we're benefiting from some of the growth drivers, like auto electrification and EV sales were up double digits, last year, expected to be up double-digits this year. We're seeing our growth into

electric vehicles growing even faster than that. And so, that's starting to become a more significant driver.

So, you're absolutely right. The nylon pricing dynamics are so significant they're kind of overwhelming a lot of the positives. But there are some bright spots or green shoots there underneath that. On top of that I just add, you know, given the nylon situation, we are taking some pretty aggressive action around cost control and that includes productivity actions in the sites, the production sites, but also the G&A costs at the business level, to try to tighten up the belt as much as we can to mitigate some of that pricing downside that we're seeing.

Operator: Next we'll hear from John McNulty with BMO Capital Markets. Please go ahead.

John McNulty: Thanks for taking my question. So with regard to the non-core assets, can you give us an update on how the sales are looking there? And I understand the Hemlock businesses is a little bit more complicated, but is that something you feel like you can get pulled off by the end of the year this year? Thanks.

Marc Doyle: Yes. Thanks, John. This is Marc. I'll take that. Yes. So, you know, we feel pretty confident we're going to continue to make progress and like we said, the last couple of quarters. My expectation is you'll see kind of a steady drip of progress here across the businesses and non-core. Hard to time, obviously a lot of work behind the scenes on transactions. A lot of rumors, I saw that there was a new one this week that came out. I'd say ignore the rumors, but have confidence that we're working hard to execute the non-core divestitures and, you know, we should see progress quarter-by-quarter here.

Operator: Next, we'll hear from Christopher Parkinson with Credit Suisse. Please go ahead.

Christopher Parkinson: Great, thank you. Within the S&C segment, you've obviously had good margin progress over the last few years. But more recently, obviously faced some procurement challenges; you know, outages, etcetera. Can you just walk us through your intermediate to long-term expectations for S&C margins, just given the current asset footprint, procurement strategy evolution. And then also the growth outlook for and mix expectations for both on an eventual rebound for Safety Solutions and momentum in RO membranes in water. Just any color would be greatly appreciated. Thank you.

Marc Doyle: Yes. Thanks, Chris. Yes, absolutely right. We had great progress on S&C margins, you know, through '18, first half of '19. We've stumbled a bit now in the last few quarters. And as I said earlier, the majority of that is really operational issues in the aramids business and Safety Solutions. We are pretty confident that that's behind us when you look at the demand environment.

So, we've got three primary markets that we're exposed to safety, water and shelter, no big trajectory change year-over-year in the market environments. So, the demand is still very strong and water strong in safety, kind of pockets of weakness and shelter, but no big trajectory change. And so, in that environment, with the operational issues resolved, we feel pretty good that we'll see the margins come back to what we said is the kind of operating range that we expect sort of mid to high 20s range.

And then going forward as water grows, you know, Water segment margins are strong, a little bit above the average. With the acquisitions we made. We've got some further upside to drive margin improvement. And so, I would expect that to provide longer-term lift in terms of what we could expect margins to continue to do.

So, I'm feeling pretty good. You know we got through some issues here, we should see with continued demand, you know, the margin strengthened and then we've got some longer-term upside on top of that.

Jean Desmond: And maybe just to follow-up on Marc's comments, if you look at Safety within Safety & Construction has the highest margins and our largest capital investment that we're making. We've talked about before the tie back line eight that we're building in Luxembourg, so obviously that's not an impact on 2020, but if we go towards the future. And we look at the needs for tie back for medical packaging and for protective garments, we'll see, you know, I think will have the capacity to meet what we expect to be continued strong demand in that space.

Marc Doyle: That will be accretive to margins over time as we get the new asset up and running and filled. Thanks.

Operator: Next, we'll hear from Bob Koort with Goldman Sachs. Please go ahead.

Male: Hi, everyone. This is – oh, go ahead, Bob.

Bob Koort: Hi guys. Quick question on the nylon issue, I know you guys got out of nylon commodity years ago within Vista. I guess I'd assume that engineering polymers business maybe had a little bit more downstream high value, you know, offering. So, why is it that you're exposed to that nylon pricing risk and not really passing through whatever you need to in order to recover that.

And then secondly that you talked about trying to keep tax leakage at a minimum. Do you also worry about value leakage here if you try to monetize some of these assets when they're not exactly pumping with us all cylinders going at the present time? Thanks.

Marc Doyle: Yes. Thanks Bob. I'll take the first one and then turn it over to Ed, give Ed a chance for his voice to prepare itself. Yes, it's a great question on nylon. You know, so, just to be clear, this isn't raw material cost fluctuations so, there is not exactly a pass-through, but you could challenge fairly are we getting the value for our nylon compounds, which we call the trade name Zytel. Zytel is a differentiated product. It's a market-leading product; it's got unique properties in terms of temperature mechanical for applications.

Automotive is sort of the highest value space sizable market, where Zytel is used. So, what's really happening here is us making the decision, that to continue to stay in the game for new qualifications in the auto space. We do have competitors that are at lower price. We've got to move price a little closer to where now the competitors are in order to continue to be re-qualified for future applications. And so, it's a delicate balance. I mean we do try to price for value, but at the end of the day, we're not the only supplier of nylon compositions in the market. And so, that's the kind of balance here that's happening.

Ed Breen: Yes, to the other question. Look, the way I would answer it is very similar to what we did with IFF. We have great franchises that we have in our respective industries and let me just use electronics now as an example. The premier companies are trading literally 600 to 700 basis points above ours. We have a great franchise and electronics. If we were to do something in one of our other businesses, it was a tax advantage transaction. We would get the equivalent value out of it. Just like we did in the IFF transaction with the right appropriate multiple that industry should have. So, whether the industry is up a little right now or down a little bit right now is sort of your irrelevant in one of those deals as long as you lock in the proper multiple that you deserve in that industry. So again, I'm not saying we're doing something tomorrow, we're assessing our options we are talking to people here. But clearly, we can get the value out of a transaction if we want to do something. If by the way, if we were outright going to sell something right now it take cash for it. Yes, you got assesses the industry opposite down at all that, are you getting the proper value at

the right time. But just going back to the transaction, we already announced. We don't have to worry about that. In that we think we're creating long-term great value by creating the de facto world leader in that industry and that's the type the things we're looking at.

Operator: Next, we will hear from John Roberts with UBS. Please go ahead.

John Roberts: Thank you. You noted a big mix effect in the Electronics & Imaging segment. Is that lower margins in the Imaging segment versus Electronics, a wide range of margins within Electronics?

Marc Doyle: Yes, it's more of the latter, so the semi, we've got three businesses there. Interconnect Solutions, Semiconductor Technologies and Image Solutions as you said, and the Semiconductor Technologies business is the highest margin segment and the margins are about 700 basis points over higher than the average for E&I. So, it's a pretty significant mix effect semi as you know was soft all year.

I'd say the benefit is that, we did see some sequential improvement now two quarters running in the semi business and so, as we've seen from the semi companies out there we're starting to see the signs of a recovery here for 2020. And so, we're confident that some growth in semi, as well as the, the margin mix improvement will be a key kicker for E&I this year.

Operator: And we will take our final question from PJ Juvekar with Citi. Please go ahead.

PJ Juvekar: Yes, hi, good morning. And I want to go back to…

(Crosstalk)

PJ Juvekar: Yes, good morning. So, you know, you are seeing compression in line in nylon pricing. A lot of these Engineered Materials start out of the specialties and then get commoditized over time. Are you seeing commoditization in nylon or is there a new China competition or is it just that the capacity that was down is starting back?

Marc Doyle: Yes, it's really that. Yes, good question, PJ, this is Marc. I'll take that. I mean there is no change. No significant change in the competitive environment, still the same group of major suppliers globally all fairly sizable multinationals. This is really the demand environment and automotive being so soft for an extended period that's really impacting the pricing dynamics. And so, you know, for us in terms of actions to take, I mean I talked about cost and productivity.

We've got to continue to develop high-value applications, so, you know, diversifying out of automotive; automotive is a great space for nylon because of the temperature mechanical properties but we are focused on industrial applications obviously electric vehicles. That core will continue to create value. We still think the competitive dynamics globally are good here, but it's really, as I said, it's really the demand environment that's causing the pain.

Lori Koch: Thank you, everyone for joining our call. For your reference, a copy of our transcript will be posted on DuPont's website. This concludes our call.

Operator: And this concludes today's conference. Thank you for your participation and you may now disconnect.