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FMC beats Q2 EBITDA guidance despite sales decline, cuts full-year outlook amid prolonged market weakness

30 July 2026 | News

Crop protection giant advances $1 billion balance sheet overhaul, strengthens cash generation, and sharpens focus on technology-led growth despite persistent pricing pressure and softer global demand

FMC Corporation delivered second-quarter results that exceeded its profitability guidance despite another challenging quarter for the global crop protection industry, demonstrating stronger-than-expected operational execution even as weaker demand, pricing pressure, and cautious farmer spending continued to weigh on financial performance.

The U.S.-based agrochemical company reported second-quarter revenue of $ 867 million, representing a 17 per cent year-on-year decline, while revenue excluding its India business fell 20 per cent to $ 841 million. Organic sales contracted 22 per cent, reflecting softer demand across several key markets and lower partner orders for diamide insecticides. Despite the revenue slowdown, FMC generated Adjusted EBITDA of $ 153 million, exceeding the upper end of its guidance range. The performance was supported by disciplined cost management, operational efficiencies, and favorable cash generation, helping offset the impact of lower volumes and pricing.

Chief Executive Officer Pierre Brondeau said the company had made meaningful progress in strengthening its financial position during the quarter and has now completed its strategic review, allowing management to focus fully on improving competitiveness, expanding its innovation pipeline, and positioning the business for long-term growth.

Legacy Products Face Pressure While Innovation Portfolio Gains Momentum

FMC's core crop protection portfolio remained under pressure as growers, particularly in North America, reduced purchasing amid tighter farm economics and weaker commodity margins. Sales volumes declined 10 per cent, largely due to reduced diamide partner orders and softer demand for mature product lines. Prices also fell 7 per cent, reflecting continued competitive pricing across legacy products and previously announced pricing adjustments for Rynaxypyr, one of the company's flagship insecticide active ingredients.

However, the company's innovation strategy continued to show resilience.

Its growth portfolio recorded mid-single-digit growth, driven by increasing demand for recently introduced active ingredients and strong performance from Cyazypyr, partially offsetting weaker sales within its Plant Health business. Excluding India, branded Rynaxypyr sales remained broadly stable as newer product formulations continued gaining market acceptance. The results highlight FMC's ongoing transition from dependence on legacy chemistry toward a portfolio increasingly anchored by differentiated technologies and next-generation crop protection solutions.

Cash Generation Emerges as a Bright Spot

Although profitability declined year over year, FMC delivered one of its strongest cash performance quarters in recent years.

Cash generated from operations reached $ 363 million, an increase of $ 297 million compared with the same period last year. Free cash flow improved to $ 357 million, supported by stronger operating cash flow and a $ 200 million upfront payment received under the company's licensing agreement for the herbicide active ingredient rimisoxafen. The cash performance reflects FMC's broader effort to improve financial flexibility while reducing leverage following a difficult operating environment over the past two years.

$1 Billion Balance Sheet Strategy Takes Shape

Perhaps the most significant development during the quarter was the execution of multiple transactions aimed at strengthening FMC's balance sheet. The company announced several strategic initiatives expected to generate approximately $ 1 billion for debt reduction, including the $ 252 million sale of its India commercial business, a $ 200 million licensing agreement with Corteva for rimisoxafen, a $ 114 million sale-and-leaseback transaction involving its Newark, Delaware property, and a planned $ 400 million equity investment by Tessenderlo Group.

Together with smaller planned asset disposals, these initiatives are expected to materially reduce debt while providing greater financial flexibility to invest in research, innovation, and future growth opportunities. Following these actions, FMC's Board of Directors concluded the strategic alternatives review initiated earlier this year, signaling management's confidence in its standalone transformation strategy.

Challenging Markets Force Lower 2026 Guidance

Despite outperforming quarterly EBITDA expectations, FMC revised its full-year outlook downward to reflect a more difficult global operating environment. The company now expects 2026 revenue excluding India to range between $ 3.50 billion and $ 3.70 billion, representing a 7 per cent decline at the midpoint compared with the previous year. Adjusted EBITDA guidance has been reduced to $ 620 million to $ 680 million, while adjusted earnings per share are now projected between $ 1.19 and $ 1.49.

Management attributed the lower outlook primarily to continued pricing pressure across global crop protection markets, cautious purchasing behavior among distributors, and weaker farmer demand resulting from ongoing macroeconomic uncertainty. Price realization is expected to remain under pressure throughout the year, particularly following planned pricing actions for Rynaxypyr, although management expects overall volumes excluding India to remain broadly stable.

Growth Expected to Return in the Fourth Quarter

While the third quarter is expected to remain difficult—with lower distributor purchases in North America as customers delay orders closer to the application season—FMC anticipates a stronger finish to the year. Fourth-quarter revenue is forecast to return to year-on-year growth, supported by increased direct sales in Brazil, stronger demand for recently launched active

ingredients, and distributor orders shifting from the third quarter into the final months of the year.

Management also expects higher volumes and continued cost discipline to more than offset ongoing pricing pressure, resulting in improved EBITDA and a modest recovery in earnings during the fourth quarter.

Strategic Focus Remains on Long-Term Competitiveness

Although FMC continues to navigate one of the most challenging operating environments in recent years, the company remains focused on four strategic priorities: reducing debt, improving the competitiveness of its core product portfolio, managing the post-patent transition of Rynaxypyr, and accelerating commercialization of new active ingredients.

The second-quarter results underscore the contrasting realities facing the global crop protection sector. While weaker agricultural markets continue to pressure revenue and profitability, companies with disciplined cost structures, strong technology pipelines, and proactive balance sheet management are positioning themselves to emerge stronger when market conditions improve.