FINAL TRANSCRIPT

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PRESENTATION

Operator

Good morning, ladies and gentlemen, and welcome to the third quarter 2011 earnings release conference call for FMC Corporation. Phone lines will be placed on a listen-only mode throughout the conference. After the speakers' presentation, there will be a question-and-answer period. (Operator Instructions) As a reminder, today's conference call is being recorded. I would now like to turn the conference over to your host, Mr. Brennen Arndt. Please go ahead.

Brennen Arndt - *FMC Corp - IR*

Gregg, thank you and welcome, everyone, to FMC's third quarter 2011 conference call and webcast. Joining me today are Pierre Brondeau, President, Chief Executive Officer and Chairman; Milton Steele, President Agricultural Products; and Kim Foster, Executive Vice President and Chief Financial Officer. Pierre will begin the call with a review of our third-quarter performance. Pierre will then turn the call over to Milton, who will provide an in-depth review of the current performance and outlook for Industrial Products group as well as share his insights into the growth strategies that underpin Agricultural Products sustainable premium performance. Following Milton, Kim will report on our financial position, and Pierre will complete the call by providing our outlook for the balance of the year and by taking your questions. Joining Pierre, Milton, and Kim for the Q&A session will be Michael Wilson, President Specialty Chemicals group, and Mark Douglas, President Industrial Chemicals group.

A reminder that our discussion today will include statements that are forward-looking and subject to various risks and uncertainties concerning specific factors summarized in FMC's 2010 form 10-K, our most recent form 10-Q and other SEC filings. This information represent our best judgment based on today's information. Actual results may vary based on these risks and uncertainties.

Our current 2011 outlook statement, which provides our guidance for both the full year and the fourth quarter of 2011, was posted this morning in our website available at fmc.com. Also on our website, you will find the definition of certain non-GAAP financial terms that we'll refer to during today's conference call under the heading entitled Glossary of Financial Terms, as well as a reconciliation to GAAP of those non-GAAP figures we will use today. It's now my pleasure to turn the call over to Pierre Brondeau. Pierre?

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

Thank you, Brennen, and good morning, everyone. As you saw in our earnings release, we delivered another quarter of strong performance. We saw healthy demand across our businesses and diverse end markets, especially in rapidly developing economies. We see rich opportunities for organic growth and made good progress advancing our external growth initiatives. Consistent with our Vision 2015 objectives, we are making focused investments that will raise our growth trajectory.

In Agricultural products, we established a joint venture in Argentina, Ruralco Soluciones, to directly access the country's large and growing agrochemical market. We also formed collaborations with Christian Hansen and Marrone Bio Innovations in agricultural biologicals. In BioPolymer, we announced an agreement to acquire Biogroup, the leading natural colors and specialty nutrition ingredients producer to broaden our portfolio in food ingredients in pharmaceutical. In peroxygens, we completed the purchase of the Persulfates business of RheinPerChemie to accelerate our [shift to] high end margin specialties. In soda ash, we formed Natronx Technologies in partnership with Church & Dwight and Tata Chemicals to manufacture and market sodium based dried solvents for air pollution control in electric utility and industrial boiler operations.

In addition to these investments, to support our organic growth opportunities and focused external initiatives, we repurchased $100 million of our stock in the third quarter. We look for a strong finish to 2011 with key performance metrics on or above trend line towards realizing our Vision 2015 objectives. Going forward, we see a promising pipeline of small to mid-sized companies to further advance our external growth initiatives. We also continue to evaluate attractive organic growth opportunities to selectively employ capital. We'll provide a more detailed view of this next quarter as we outline our 2012 capital plan.

Moving to performance in third quarter of 2011. Sales of $862 million increased by $117 million, or 16% versus last year, excluding the prior impact of exited businesses. Sales increased in all businesses and all regions. Adjusted earnings of $1.39 per diluted share increased 18%, versus the year-ago quarter.

Looking at sales on the regional basis, Latin America led sales growth, up 26%, followed closely by Asia, which was up 23%. Sales in EMEA increased 16%, and sales in North America were up 5%. Our gross margin of $287 million increased by $33 million, or 13% versus last year. On a percent basis, our 33% gross margin equaled that of last year as higher selling prices offset increased costs. SG&A of $107 million increased $11 million, or 12%, due to increased spending on targeted growth initiatives in our Agricultural Products business, and, to a lesser extent, foreign exchange. Adjusted earnings before interest and tax of $149 million increased $16 million, or 12% above last year.

Let's take a more detailed look at the performance of operating segments in the quarter. First, let me start with Specialty Chemicals. Third-quarter revenue of $218 million increased 8% versus last year, driven by higher selling prices across the segments, and volume growth in pharmaceutical excipients and lithium specialties. Segment earnings of $47.6 million were 1% higher than the prior quarter, as the strong commercial performance was largely offset by higher raw material and energy costs, and weather-related operating impact at our Argentina lithium facility, incurred early in the quarter. In BioPolymer, we realized higher selling prices across all 3 product lines. These broad-based pricing gains more than offset higher raw material costs, principally higher wood pulp and seaweed costs.

On the demand side, microcrystalline cellulose, or MCC, continues to realize the highest growth rate with demand increases in both food and pharmaceutical markets. In food ingredients, we continue to see robust demand growth in dairy and beverage markets in Asia, especially China. In pharmaceutical excipients, our growth position serving generic manufacturers in India continues to offer the highest growth. In the third quarter, we also benefited from higher sales serving European pharmaceutical companies.

As I mentioned, BioPolymer took a significant step toward realizing it's Vision 2015 objectives. Last week we announced an agreement to acquire South Pole Biogroup, the leading natural color and nutrition ingredient producer based in Chile. Biogroup operates biocolor and bionutrition businesses and has extensive expertise in extracting specialty components from natural raw materials for various food applications. We intend to use BioPolymer's global resource to rapidly grow Biogroups' businesses and to create new growth platforms to become a major player in the dynamic natural colors and nutritional ingredient market which are projected to exceed $1 billion by 2015. The Biogroup acquisition is expected to close by year end.

Moving to lithium. Sales gains were driven by higher selling prices in both lithium primaries and specialties, and volume gains in energy storage and synthesis markets. The Asian energy storage market continues to be the highest growth driver, supplemented by steady growth in butyllithium and other downstream products, which serve polymer and pharmaceutical (inaudible) markets. In last quarter's call, we outlined our expectations of lithium earnings in the third quarter would be impacted by the severe weather-related operational challenges that occurred in the first half of the year at our Argentina lithium mines. That was the case, and lithium's earnings in this year's third quarter were lower than those of a year ago. However, beginning in the fourth quarter, these operational impacts are now behind us. The 30% capacity expansion project underway in Argentina continues on schedule. We plan to begin operation by the end of the fourth quarter, and have product entering the market mid next year.

Moving now to Industrial Chemicals. Third-quarter revenue of $264 million increased 12%, excluding the prior year impact of exited businesses driven by higher selling prices for soda ash and peroxygen and volume growth in soda ash as we brought our Granger facility on line early in the quarter. Segment earnings of $36 million increased 20% due to the broad-based sales gain and the continued mix shift towards specialty peroxygen partially offset by the move of longwall mining equipment in soda ash and the hydrogen feedstock disruption in the peroxygens business.

In soda ash, sales gains were primarily due to higher selling prices and volume gains in export markets. During the quarter, ANSAC, the soda ash export organization, continued to benefit from Chinese exporter cost pressures and the addition to price export business above delivered cash cost. Energy disruptions in China have tightened market conditions, allowing Chinese producers to increase prices in both domestic and export markets. In the US, producers continue to run at full capacity, and domestic sales and earnings growth continued to benefit from higher selling price in 2011 contracts. Our Granger plant we started in early July and is running well as it ramps production to an annual rate of 500,000 tons by mid-fourth quarter.

However, even with this Granger volume entering the market, US soda ash producers are forecast to remain supply constrained beyond 2011. In June, ANSAC announced a price increase effective July 1 or as contracts allow. They are realizing some early successes, as a result, our global average selling price in the fourth quarter was modestly higher than that of the third quarter. We have included this benefit in the fourth quarter outlook for Industrial Chemicals.

In the domestic soda ash market, we have announced 2 price increases. As is the case every year, they will have very little impact in 2011 results since the vast majority of domestic contracts have prices fixed for the calendar year. However, these announcements do form the basis for 2012 contract negotiations which typically occur in the November and December months. So in summary, we see favorable conditions for soda ash continuing well beyond 2011.

Moving to our peroxygens business. Our global peroxygens team continues to deliver strong quarterly results, while meeting its longer-term objective of shifting its portfolio towards specialty. In third quarter, higher selling prices were achieved across all product lines. In hydrogen peroxides, sales growth in Europe was strong versus last year. In persulfates, one of the specialty products, higher sales in the oil and gas segment was the primary driver. Peroxygens earnings benefited from sales gain and the continued favorable mix shift toward specialties, partially offset by feedstock disruptions. These issues have now been resolved. Shifting our Peroxygens portfolio towards specialty is central to our growth and operating margins objective for Industrial Chemicals. We took an important step forward towards meeting these objectives on October 4, when we completed the purchase of European persulfates business of RheinPerChemie. This acquisition broadens our peroxygen portfolio and significantly enhances the globalization of our specialty peroxygens initiative in environmental, electronics and food safety.

Let's now move to our Agricultural Products segment. For an in-depth review of the performance and sustainability of its highly successful business model, I'll turn the call over to Milton Steele. Milton?

Milton Steele - *FMC Corp - President of Agricultural Products Group*

Thank you, Pierre, and good morning, everyone. I'm pleased to be with you today to report on the current performance and outlook for our Agricultural Products group. After updating you on our third-quarter performance and outlook for the balance of the year, I will provide insights into the growth strategies that underpin our Vision 2015 objective of approximately doubling EBIT over the next 5 years, while keeping our margins at the same high level they are today.

First, let me review Ag's third-quarter performance. Third-quarter revenue of $382 million increased 24% versus last year's quarter. We posted sales gains in all regions. Our highest sales growth was in Latin America, which increased 31%. Growth was particularly robust in Brazil, driven by continued strong market conditions in key crops such as sugar cane, cotton and soybeans. This exceptional start to the 2011, 2012 crop season reflects strong commodity prices, growth in planted acres and our industry-leading positions in sugar cane and cotton. Based on current market dynamics, we are optimistic that the strong start to the Brazil season will translate into a well above average 2011, 2012 crop season in Brazil.

Our internal and external growth initiatives both contributed to the sales improvement in the quarter. In Asia, sales were also up significantly in the quarter, increasing 18% versus last year, driven by newly launched products, our market access initiatives and favorable market conditions in most key countries, including India, Pakistan, China and Thailand. Sales and earnings growth in Asia had been outstanding in 2011, and we remain confident of continued momentum for the rest of the year and into 2012.

In North America, high insecticide volumes drove a 9% sales increase. As expected, herbicide volumes were down in the quarter due to less favorable weather conditions in several market segments. And in Europe, revenues were up 17% in the quarter, driven by strong herbicide volumes partially offset by some insecticide sales which shifted to the second quarter. Segment earnings of $81 million increased 8% versus the prior-year quarter. This performance is better than the flat guidance provided during the second quarter conference call, a result of stronger expected sales in Brazil and Asia. As expected, the incremental profits from our broad-based sales growth were partially offset by higher costs that impacted margins, and year-on-year earnings growth in the quarter. Raw material cost increases were mostly covered by the price increases we implemented during the quarter and will be fully offset in the next few quarters.

Consistent with our focused growth initiatives, we increased SG&A and R&D spending. In the third quarter, the spending was largely variable in nature and related to the timing of significant product and technology introductions as well as sales commissions. With Latin America and Asia delivering robust sales growth, stronger than that in North America and EMEA, margins were also affected by less favorable product and geographic mix. Additionally, our results were unfavorably impacted by a currency-related adjustment, due to the rapid devaluation of the Brazilian real at the very end of the quarter. So with these effects, our year-to-date EBIT margin of 26.1% is in line with the approximately 25% EBIT margin that's an integral part of our Vision 2015 objectives.

Regarding our outlook, as we look ahead to the fourth quarter 2011, we expect segment earnings to increase in the low teens, led by growth in Latin America, partially offset by increased spending on targeted growth initiatives and higher raw material costs. And for the full year 2011, we expect to achieve our eighth consecutive year of record earnings, with full-year profits up approximately 10%, driven by strong market conditions in most regions, share gains in our proprietary herbicides and growth in new and recently introduced products. We will achieve these record earnings despite headwinds of more than $65 million, stemming from higher manufacturing costs, primarily raw materials, loss of sales and profits due to the suspension of bifenthrin sales for all of 2011 in the EU-27 while this product goes through its re-registration process, and increased SG&A and R&D investment associated with our Vision 2015 growth initiatives.

Overall, I am pleased with our performance in 2011. We have largely offset rising raw material costs with targeted price increases. We have advanced our major growth initiatives across the business. I like what I see in our organic growth opportunities and our pipeline of external growth initiatives, too. We have invested significant resources in people, promotions and customer relationships to launch new products, and we have significantly increased our R&D investments to support growth in 2012 and beyond.

Let me now shift gears and review with you the Agricultural Products growth strategy and share with you my confidence that our strategy will continue to generate industry top quartile performance and significant sales and earnings growth. Our differentiated strategy focuses on a number of core elements, which include an open innovation model, globally competitive sourcing, customer intimacy in core market segments, and importantly, an agile organization that rapidly adapts to change in business conditions. We believe our strategy is unique to the industry and enables us to consistently deliver premium EBIT performance. The interdependent synergistic linkages between each strategic element are difficult to emulate by competitors, and thus provide a sustainable platform for profitable growth. Our earnings growth over the past 8 years is testament to the success of our strategy, and I'm confident this will continue over the foreseeable future.

Let me peel back the layers so you can perhaps better understand how we employ our strategy to win in a highly competitive space. When we implemented our differentiated strategy, we broke an industry paradigm. The conventional wisdom was that to be successful, one either had to invent new active ingredients and/or genetically modified products, or one needed to be a generic manufacturer primarily competing on cost. We pursued a different path. We believed premium performance could come from new models for innovation and manufacturing. We were convinced customers would reward those who could deliver an exceptional, sustainable level of service. Customer intimacy times 10, if you will.

We believed greater shareholder returns would be derived from the more agnostic approach to innovation, and by employing a variable manufacturing structure to be globally cost competitive with anybody in the industry. We also believed that consistently meeting customers needs with deliberate focus, passion and innovative solutions would provide-- would prove to be a vital element in our success. Fortunately, we have been correct on all counts.

Fueled by our differentiated strategy, we will continue to deliver sales growth, maintain our premium EBIT margins and fully meet or exceed our Vision 2015 objectives. As a quick reminder, our Vision 2015 objectives in FMC Ag Products are to grow sales to $2.3 billion, an increase of more than $1 billion over the 5-year period, nearly double EBIT to $575 million, thereby maintaining our premium EBIT margin at approximately 25%, and derive 30% to 40% of our 2015 sales from products and services introduced over the prior 5-year period.

So with that review as a backdrop, let me outline how we intend to deliver our Vision 2015 objectives through our unique differentiated strategy. The first element of our strategy is the open innovation model that I mentioned earlier. Said more concisely, we are an aggregator of technologies, we don't do basic discovery, we do applied innovation. We scout the world for technologies and products that complement to our current offerings. We acquire licenses or co-develop them then apply them to our key focus markets. This is not to suggest that we do not innovate inside FMC, we most certainly do, but in ways that others do not.

There are 2 principle paths for innovation in our business. First, market innovation. This means taking existing products and finding new applications. Combining them with third-party product to create new pre-mixes and formulations, all finding novel ways to deliver the product to the target site. Most of our market innovation is done in a decentralized manner by FMC people who know their customers and what they want. Our people are supported by innovation centers in the US, China and India. Our market innovation has exceed expectations, and given the projects in our pipeline, I expect this trend to continue for many years to come.

The second path is product innovation. Our scientists pursue access to new proprietary active ingredients and/or yield-enhancing technologies. This is done in a more centralized basis in our New Jersey innovation center and in some cases, in our innovation center in Shanghai. We have a robust pipeline of new active ingredients and technologies that have the potential to transform our Ag business' long-term global competitive position.

The next core element of our differentiated strategy is to be globally cost competitive. As most of you know, over the past 12 years, we have transformed our manufacturing operations to a virtual manufacturing model. We owned very few assets to produce active ingredients for key intermediates. Today, more than 100 people in Asia support our virtual manufacturing model, and our FMC global procurement organization ensures we source low cost raw materials. Our success with this virtual model is predicated on strong relationships with key manufacturing partners. Many have been with us since the inception of our model in 2000. We're able to produce globally cost competitive products with our partners operating sites in China, India, Mexico and Vietnam.

Today, our manufacturing cost structure is more than 90% variable. This cost structure delivers significant benefits when we gain access to new chemistry. To illustrate, using a simple scale, the initial manufacturing cost of the recently acquired product was $100. Through the use of our virtual manufacturing operations, and by applying FMC's ingenuity, we were able to lower the products manufactured cost from $100 to $20, an 80% cost reduction. This is a great example of why our key strategic elements are interrelated and as a result, highly sustainable.

The third core element of our strategy is probably the hardest to quantify and model. But in my view, it is an essential differentiating component that sets us apart from the global chemical crop protection industry. I am referring to customer intimacy. Our focused technical and commercial resources are truly differentiated and very hard to replicate. In FMC Ag products, we form lasting relationships with our customers built on a deep understanding of their technologies, their business model and their profitability drivers. As a result, we have developed products, technologies and solutions that lead to a disproportionate share of their crop protection expenditures. We've been able to do this for a number of products and markets. Sugarcane and cotton markets in Brazil are excellent examples where today we have leading market positions.

And finally, the fourth core element of our strategy is a flat, agile, empowered and adaptable organization. Our people are central to our strategy and our success. We have a culture of [success] with adaptation. We firmly believe that our culture of ready for anything, provides FMC with a vital long-term competitive edge, an edge that we work hard to maintain.

These 4 core strategic elements may seem simple, but if so, why haven't competitors been able to copy them consistently? We know it isn't for a lack of trying, and that a number have attempted to replicate our approach, but few, if any, competitors have consistently accomplished this so far. We believe our differentiated and defensible market position stems from the series of core competencies we have developed and honed over many years. They include customer intimacy, virtual manufacturing, a culture of alliances across our value chain, market innovations while striving for global cost competitiveness and embracing change through our ready for anything culture. They are not easily developed, acquired and institutionalized within a business. Moreover, we believe the most defensible barrier is the way we leverage each element of our business model into an integrated strategy. Each element is interrelated and critical to consistently delivering top line growth, while maintaining margins that are among the highest in industry.

Now, as you might expect, we're often asked about our ability to deliver premium EBIT margins year after year. It's often posed along the lines of, yes these are terrific margins, but what's going to happen when key products come off patent and your margins are squeezed by hundreds of basis points? Well, the truth is that more than 80% of our sales are generated from active ingredients that are already off patent. We preserve margins by differentiating off patent active ingredients through new formulations of those active ingredients, or creation of new pre-mixes, often with other proprietary products. Also, in the way we take them to market, in the way we innovate, in the way we manufacture.

For these newly created formulations of pre-mixes, we often secure proprietary positions through means such as taking protection on novel formulations that delivers the unpatented active ingredient in a novel way, regulatory data protection, which essentially gives us exclusivity for marketing a specific application that could last 5 years or more, depending on the country, or linkage with the proprietary or full patented active ingredients in the pre-mix. Approximately 40% of our sales are generated from products that have some form of proprietary position. So with 20% of our sales derived from patented products, and an additional 40% of sales from products with proprietary protection, approximately 60% of our sales are derived from products that are truly differentiated and have a competitive barrier in the marketplace.

Now let me outline the major strategic initiatives we are focusing on to achieve our Vision 2015 objectives while growing sales and maintaining top quartile margins. They are focus on selected crops, successful market and product innovation, enhancing market access, operational excellence and growth in adjacent spaces. Innovation, market access and operational excellence are the organic EBIT growth initiatives embedded in Vision 2015. We have a rich pipeline of these initiatives, which are expected to deliver about $150 million of incremental EBIT over the next 5 years. Today, we've identified and are pursuing opportunities that represent EBIT growth potential of more than $300 million at maturity. If we look over the last 7 to 8 years, our capture rate on organic growth projects has been greater than 60%. A success rate of 50% should therefore generate incremental profits of about $150 million by 2015.

The first and largest area of organic growth opportunity is market innovation. We have many projects in this pipeline, each has been vetted, approved, monitored and is under implementation today. The EBIT potential of each opportunity ranges from $5 million to $50 million. If we are successful in implementing all of these over the next 5 years, it would result in more than 150 new product registrations.

The next element is product innovation, comprised of new technologies and new active ingredients with intellectual property protection. Today, we're looking at about 2 dozen different technologies that can be applied to increase agricultural yields and/or provide improved performance in non-agricultural markets, such as public health. Let me highlight an example of product innovation. This is the launch of our new bed bug monitor for our non-crop business. This product was just launched in October and will meet a critical need of our customers. Sales of this product could reach more than $20 million by 2015.

The third organic growth area is operational excellence. This is focused on productivity improvement along the entire supply chain. We expect a significant contribution to our business over the next 5 years from supply chain improvements and further gains in working capital productivity.

And the last organic component is market access. We have a handful of well-defined projects to increase our competitiveness and enhance the way we reach our customers in key markets. Our recent investments in our Argentina JV is a good example of the type of market access projects we are pursuing.

Finally, let me touch briefly on our focused and disciplined external growth initiatives. They comprise product line acquisitions by in-licensing, co-development investments, accessing third-party active ingredients and entering adjacent spaces. Today, we are targeting external growth to generate EBIT growth of approximately $130 million by 2015. We continue to aggressively pursue product line and technology acquisitions that are complimentary to our portfolio. An example of this would be the 2 products we gained access to from the Japanese agricultural chemical company, Kumiai. Together these products could generate sales of over $150 million with attractive margins by 2015.

And finally, there's adjacent spaces. We're aggressively pursuing growth opportunities in adjacent spaces. An example is biologicals. Today, we are testing more than 20 biological products. As Pierre mentioned, we formed 2 exciting biological collaborations, Marrone Bio Innovations for novel biological fungicide, and with Christian Hansen, a premier global bioscience company in a long-term collaborative partnership. We expect to have our first commercial sales from both these partnerships in 2012.

So that's the story of FMC Ag products, an agile, innovative, customer-focused, adaptive Company, doubling profits over the 2010, 2015 period while maintaining premium margins. The most important thought I want to leave you with is that our differentiated strategy is a winning and proven strategy that is supported by consistently strong results. I am absolutely confident that we will continue to deliver sales growth and premium margins for the foreseeable future. Thanks for your time, and I look forward to taking your questions. I'll now turn the call over to Kim Foster, and we'll be happy to answer any questions during the Q&A. Kim?

Kim Foster - *FMC Corp - CFO, EVP*

Thanks, Milton, and good morning, everyone. Today I'll report on our cash flow, our recent refinancing actions and update you on our share repurchase program. First cash flow. Our forecast for free cash flow is reaffirmed at $200 million to $225 million. A reminder that free cash flow is determined -- is defined as after all uses except acquisitions, dividends and share repurchase.

Moving to our recent refinancing, on August 5 we announced that we executed a $1.5 billion 5-year credit agreement. This agreement includes options to increase the available amount to $2.25 billion and extend the maturity for up to an additional 2 years. It replaces 2 existing credit agreements that totaled $915 million that were scheduled to mature in August of 2012. This new financing commitment provide the essential foundation upon which we will continue to build our financial resources. Together with our strong balance sheet and significant cash flow, this agreement provides ample financial resources to support our attractive organic growth opportunities, to pursue our focused external growth opportunities, and to reward our shareholders with additional liquidity through share repurchases and a growing dividend stream.

Finally, share repurchases. In the third quarter, we repurchased 1.275 million shares, and open market transactions at a total cost of $100 million, consistent with the commitment we made during our last quarter conference call. This repurchase contributed approximately $0.01 a share to the quarterly results. At the beginning of the fourth quarter, we had approximately $200 million remaining under our existing Board authorization. Our strategy of returning cash to shareholders continues to balance prudent financial policy with the competing demands of organic growth investments and the capital needed to support selected external growth opportunities.

Before I close, let me make a comment on the third-quarter tax rate. The tax rate applied to the adjusted $1.39 per share of earnings was 29%. This is the same rate that we've been estimating and using throughout 2011. During the quarter, there was a tax benefit FMC realized associated with prior year tax matters. While this benefit was included in our GAAP results, we did not include the benefit in the adjusted earnings per share of $1.39. The schedules we included in the press release provides a detailed reconciliation of the GAAP to adjusted earnings. With that, I'll now turn the call back to you, Pierre.

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

Thanks, Kim. Regarding our outlook for the fourth quarter, we anticipate a strong finish to the year. For the fourth quarter of 2011, we expect adjusted earnings of $1.30 to $1.40 per diluted share, a 23% increase above last year at the midpoint of this range. In Agricultural Products, we'll look for segment earnings to increase in the low teens led by growth in Latin America, partially offset by increased spending on targeted growth initiatives and higher raw materials costs. In Specialty Chemicals, we project earnings to increase in the mid teens as higher volume and selling price in-- followed by our polymer and lithium product line are partially offset by higher raw materials costs. In Industrial Chemicals, we expect earnings growth be approximately 50% for the fourth quarter, driven by higher selling prices in soda ash and peroxygen, the benefit of volume growth in soda ash export markets and the continued shift toward specialties in peroxygen.

Moving to our outlook for the full year 2011. We have raised the midpoint of the previous outlook, and now expect adjusted earnings of $5.70 to $5.80 per diluted share, a 16% increase above last year at the midpoint of this range. As Milton said, our Agricultural Products segment expects to achieve its eighth consecutive year of record earnings, up approximately 10% versus a year ago, driven by strong market conditions across most regions and the contribution of new and recently introduced products, while increased spending on growth initiatives and absorbing higher raw materials costs. Specialty Chemical is expected to deliver it's sixth consecutive year of record earnings up in the high single digits, led by the seventh consecutive year of record earnings in BioPolymer and sales gains in lithium specialties, partially offset by increased spending on growth initiatives and higher raw materials costs. And in our Industrial Chemicals segment, we expect the highest earning growth, up approximately 25% to 30%, driven by broad-based sales gain across soda ash and peroxygen and the continued favorable mix shift towards specialty peroxygen. With that, I thank you for your time and attention, and I'll be happy to take your questions.

QUESTIONS AND ANSWERS

Operator

(Operator Instructions) Mike Sison from KeyBanc.

Mike Sison - *KeyBanc Capital Markets - Analyst*

Hello, good morning, guys, nice quarter.

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

Thank you.

Mike Sison - *KeyBanc Capital Markets - Analyst*

In terms of soda ash, could you give us an idea of volume trends this quarter and heading into the fourth quarter? I know the export market remains strong, but the domestic, has it held a pretty well?

Mark Douglas - *FMC Corp - President Industrial Chemicals Group*

Yes, Mike, this is Mark. Domestic has been running at about 1% to 2% volume change year on year as we've gone through this year. We're really not seeing that changing at the moment. And your comments around export, we see the global markets running at about 4%, and that's been pretty consistent throughout this year. So bottom line for us on volume, no real change in terms of demand as we go through Q4.

Mike Sison - *KeyBanc Capital Markets - Analyst*

Okay, great. And so given that, the negotiations for price increases for soda ash into 2012, if volumes remains good, should be positive, right? Is that sort of how the math usually works when demand holds up?

Mark Douglas - *FMC Corp - President Industrial Chemicals Group*

Yes. I think your analysis is pretty good. Obviously, we're at the very, very early stages of negotiations for next year, and I don't have any news to convey at this call, we will have by the February call. But given the fact that we're in a sold-out position as is the rest of the soda ash industry in North America, yes, we have a very positive outlook for next year.

Mike Sison - *KeyBanc Capital Markets - Analyst*

Okay, great. And then 1 quick question on Specialty Chemicals, I think I understand why the leverage in earnings weren't as poignant as maybe you'd hoped in the third quarter, but if you take away the lithium issues, did BioPolymers have a pretty good quarter in terms of earnings growth?

Michael Wilson - *FMC Corp - President of Specialty Chemicals Group*

Yes, Mike, this is Michael Wilson, and BioPolymer did have a strong quarter, and in fact, saw margin improvement during the quarter year over year. So both benefits from price and volume.

Mike Sison - *KeyBanc Capital Markets - Analyst*

Okay. Great. Thank you.

Operator

Frank Mitsch from Wells Fargo.

Frank Mitsch - *Wells Fargo Securities - Analyst*

Hello, good morning, gentlemen. Just sticking with Specialty Chemicals, I think you had guided that you thought it would be up 5% year over year, and it was up just over a percent, and I know you mentioned the lithium mine outage or the lithium mine issues, but that was kind of early on in the quarter. Can you help quantify where the delta was in Specialty Chemicals versus the original expectations?

Michael Wilson - *FMC Corp - President of Specialty Chemicals Group*

Yes, Frank, this is Michael Wilson. And really all of the EBIT margin compression we saw in the quarter was related to lithium and associated with the operational issues we had in Argentina. I think we guided at the last call that we expected that to be about a $3 million impact and I would say it was in that range but maybe a bit to the high side of $3 million, and that was really the issue.

Frank Mitsch - *Wells Fargo Securities - Analyst*

All right, so it was all on the lithium side then?

Michael Wilson - *FMC Corp - President of Specialty Chemicals Group*

Yes.

Frank Mitsch - *Wells Fargo Securities - Analyst*

Okay.

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

Yes I think it's impossible -- it's very possible -- is it very important for us, Frank, to make it very clear, the Specialty business, the food, pharma and BioPolymer were very strong and exactly where we're expecting. The margin compression was solely due to the lithium business. And we can vary surely say that those issues are behind us going into the fourth quarter, but there was absolutely nothing we were not forecasting on the BioPolymer side.

Frank Mitsch - *Wells Fargo Securities - Analyst*

Okay, terrific. And then just 2 questions on the Ag business, we had heard from another company that there was some pull forward from the fourth quarter into the third quarter in terms of their Latin American Ag results. It didn't sound like that was the case with FMC, would you confirm that?

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

Yes, Frank. It is not the case for FMC. We are obviously seeing a very strong start of the Latin American season. In the third quarter, but those are not sales which were taken from the fourth quarter, we're expecting a very strong fourth quarter. And I think we can also say today that we are looking forward to very strong first quarter in 2012, so there is no pulling forward of sales into the third quarter.

Frank Mitsch - *Wells Fargo Securities - Analyst*

That's great, Pierre. And then lastly, margins came off a little bit on the Ag side, but obviously the top line was phenomenal, I guess some of this was raw material push. Can you talk a little bit more about the raw material price pressures and what your expectations are there?

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

Yes. I mean, not to add anything to what I'm saying, but we are seeing raw materials -- we are seeing raw materials pressure -- let me a little bit qualify all of that in general. If you look at all of the headwind we had, the currency impact, the raw material pricing, the mix effect were about a $30 million to $35 million headwind. On the raw materials front, we pretty, much not all the way, but pretty much covered with price increase most of the cost increases. It's going to take a few quarters to really say that we are all covered 100%, just because as you know, when cost increase, the price always come with a little lag and usually stick a little bit beyond when raw materials price goes down. so the time effect should balance us out with a good coverage of raw material. We believe the pressure will be here on raw material for the next couple of quarters, so that's about the visibility we have, and we intend to fully cover that with price.

Frank Mitsch - *Wells Fargo Securities - Analyst*

Terrific. Thank you.

Operator

Dmitry Silversteyn from Longbow Research.

Dmitry Silversteyn - *Longbow Research - Analyst*

Good morning. I just want to confirm a couple of things. First of all, the longwall move, that's all done and the start-up costs associated with the Granger, that's all behind us in the third quarter so we should be looking at the cleaner numbers in the fourth quarter?

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

That's correct.

Dmitry Silversteyn - *Longbow Research - Analyst*

And what was the-- can you qualify the impact of that on the third-quarter profitability?

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

The impact on the third quarter of the move was about $4 million.

Dmitry Silversteyn - *Longbow Research - Analyst*

Okay. And the start of costs for Granger, were they also expensed or were they capitalized?

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

Most of them were capitalized in the first half of the year. And I think they were mostly expenses in the third quarter, but being more than offset by the benefit of selling product from the expansion.

Dmitry Silversteyn - *Longbow Research - Analyst*

Got it. Okay, great, that's good to hear. The 30% addition of lithium, it sounds like it's on track. I'm assuming your pre-selling some of the capacity as it comes online, what kind of utilization do you expect to see in 2012, or second half of 2012, as that product starts getting-- finding its way into the market?

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

I don't know if I should say fortunately or unfortunately, but when we talk with our team today, we believe we'll be again out of capacity by the time we close in 2012 or start onto 2013.

Dmitry Silversteyn - *Longbow Research - Analyst*

Okay. So you're looking at perhaps another expansion in 2013 or so?

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

We're going to look-- right now we are making decisions around the large expansion we have to do for lithium business. So we're expecting to make a decision sometime in December for a larger expansion, mostly done in the capital trenches, expecting a start-up of the new plan by 2014.

Dmitry Silversteyn - *Longbow Research - Analyst*

Okay, very good. And then finally, we've seen some inventory collection related, let's hope, weakness in the electronics markets, everything from semi conductors to printed wiring boards, have you begun to see anything or do you expect to see anything similar in the lithium storage device market as far as rechargeable batteries for some of these electronic devices?

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

Not that we can see today. As you know, we've always been of all of the lithium suppliers, the most conservative Company in term of our forecast of the penetration of lithium in the energy storage. Today, we are not changing our view in term of the 2015 and 2020 numbers, but we have to say that the curve or the growth is increasing. Versus our initial models with maybe sales being stronger in energy storage in 2013 and 2014 than what we're expecting.

Dmitry Silversteyn - *Longbow Research - Analyst*

So again, my question, Pierre, had more to do with like current applications for iPhones and iPads and whatnot. 2008, 2009, they were a little bit surprised by the inventory correction in the lithium channel from the battery manufacturers, are there any-- we are seeing some weakness in various portions of electronics, it's assumed that it's inventory correction related to not necessarily end market demand related. Are you seeing anything like that or do you-- being a little bit further back, are you still to see it?

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

No, we-- 2 things. We are not seeing it today, so we have no indication that there is a slowdown in that field which is impacting us. Now, we have to be careful because if you look at lithium, we are very early in the supply chain. So we are not a good indicator. So overall, we're operating at 100% capacity utilization. So we are pushing back on orders, if anything. So we're not a very good indicator, but we have no evidence whatsoever that there is a slowdown.

Dmitry Silversteyn - *Longbow Research - Analyst*

Okay. That's very good. Thank you.

Operator

Mike Harrison from First Analysis.

Mike Harrison - *First Analysis Securities - Analyst*

Hi, good morning.

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

Hi, Mike.

Mike Harrison - *First Analysis Securities - Analyst*

Was hoping that we could talk a little bit about raw material versus pricing in the BioPolymers business. How much margin pressure were you seeing in the quarter compared to where you'd prefer to be in that business? And maybe how much was raw material up and how much was pricing up on a year-over-year basis?

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

Michael, can give some more details around the quantification. What I want to say, as it was said in the script, we covered more than 100% of the price increase, but-- of the cost increase, but still creates a dilution just by the mathematical formula. Michael, you want to give more detail?

Michael Wilson - *FMC Corp - President of Specialty Chemicals Group*

Well I was just going to say that in both the quarter and for the year to date in BioPolymer, we have more than recovered all the raw material and energy cost increases with higher pricing. So without quantifying it, we're ahead on price.

Mike Harrison - *First Analysis Securities - Analyst*

And then looking at the lithium side of that business, Michael, as you look at the next round of capacity expansion, something that might come on stream, more like 2014, how likely is it that you would look at a resource outside Hombre Muerto?

Michael Wilson - *FMC Corp - President of Specialty Chemicals Group*

I think in terms of our own expansion, I think that our next expansion is most likely in all probability to be at Hombre Muerto and not outside there. So for the one that Pierre referenced in the 2014 timeframe. I think for an expansion that we might need beyond that, and right now that's probably looking like 2017, we probably would consider other resource options in addition to further expansion in Argentina.

Mike Harrison - *First Analysis Securities - Analyst*

And then in terms of the recent price increase announcement you guys have done on lithium, you announced I believe a 20% increase on primaries pricing, how much realization have you been getting here in the quarter and could we see you get a little bit more traction maybe as some of your contracts roll over at the end of the year?

Michael Wilson - *FMC Corp - President of Specialty Chemicals Group*

Yes and just for clarification I think we announced a 20% increase on lithium carbonate, and our range of increases from 15% to the 25% on the other lithium salts, and then on downstream Butyllithium, we had announced an 8% increase. Most of our contracts, not quite to the degree that you see in soda ash, our annual contracts so a lot of that negotiation is going to be going on in the fourth quarter, so I don't really have a quantification of it. But I would say we are seeing traction in the price increase discussions, and fully anticipate that we're going to have higher pricing in 2012 versus 2011.

Mike Harrison - *First Analysis Securities - Analyst*

All right. Thank you very much.

Operator

Laurence Alexander from Jefferies.

Laurence Alexander - *Jefferies & Company - Analyst*

Good morning. 3 quick things. First on peroxygens, how much of a drag on the quarter was the feedstock interruptions expense?

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

The cost for us of the hydrogen interruption was about $2 million.

Laurence Alexander - *Jefferies & Company - Analyst*

Okay. And then on the Ag business, as you look out towards 2012, 2013, to what extent is the current growth rates -- or are the current growth rates sustainable? Or are you essentially pulling growth forward from the next couple of years, because of either market dynamics or the way you're going to market?

Milton Steele - *FMC Corp - President of Agricultural Products Group*

Laurence, hi, it's Milton here. We are very, very sure that we're not bring sales forward, and I wouldn't know how to do -- bring 2013 into 2011. I'm also very, very optimistic about the outlook for the Ag business, driven by strong commodity prices, low stock to use ratios, the market model, the strong positions we have in our core markets, our innovation efforts of bringing us new products as well. So I am very optimistic that we can continue these growth rates both on macro conditions, external to the industry, and what's going on in our own business.

Laurence Alexander - *Jefferies & Company - Analyst*

Maybe just to flush that out a little bit more if we could, the-- over the last few years, you really expanded your competitive advantage against your competitors through your shift in strategy and pretty solid execution. You're now seeing the competitors talk a lot more about various versions of the right product, right acre intimacy strategies. What can you do to continue to expand your lead in Ag so that you can maintain the growth rates above the end market growth?

Milton Steele - *FMC Corp - President of Agricultural Products Group*

Laurence, I hope I covered a lot of this in my outlook and obviously, they'll be posted on the web, but really, our strategy is not easily replicable. If it was, there'd be a lot of folks copying what we do every day. It takes a lot of time to institutionalize the elements of our strategy. And while they are trying to catch up with us, if you like, and it's kind of you to say that, we spend an awful lot of time and a lot of money coming up with the next series of innovations, the next product -- additions to our product line, the next technologies. So we're not really sitting still on that element of our business, it's an absolute key focus of us. And we have a pretty robust pipeline. So I'm again confident that we can continue to compete competitively and profitably in this industry.

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

I think just to -- Milton said it, and I won't insist on that, it is not an easily replicable strategy. Just a few points again, going asset light for any other company is a very difficult process and a very expensive process and it takes time. Having the relationship with companies to do technology scouting and having partnership and licensing, you build that over a number of years. Having the core competencies and formulation, because we have become over time formulations expert, that's where we focus. It's a something which takes time. And then last one, we are really growth focused, which is not something you can do. So I believe we do have a sustainable advantage on the way we're operating in the Ag business.

Laurence Alexander - *Jefferies & Company - Analyst*

And then lastly just very quickly, given the current market valuations, any shift in your perspective on doing slightly larger M&A?

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

No, no shift. I think the interesting thing is that companies do have market value, which are lower today, but the premium and the (inaudible) are still high, so we are continuing with our focused approach, small companies, medium-sized companies, product line acquisition, where we can have more of the synergies being growth synergies, like all those acquisition we have acquired. We are sticking right now with our $800 million external growth strategy between now and 2015 coming from the small and medium-sized acquisition, we're not shifting to bigger acquisition.

Laurence Alexander - *Jefferies & Company - Analyst*

Thank you.

Operator

Peter Butler from Glen Hill Investments.

Peter Butler - *Glen Hill Investment Research - Analyst*

Hi, good morning.

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

Hello, Peter.

Peter Butler - *Glen Hill Investment Research - Analyst*

Pierre, compared to your 2015 projections that you made at your analyst meeting, how much of the -- how much sales potential has been added? It seems like across the board almost, you talk about additional opportunities, and so how much has been added to your projections, and what are-- what's the biggest increments-- what are the biggest increments there? And are they-- these increments expected to have better than average or better than company average margins and returns?

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

Yes, Peter. I think today, if you remember, Vision 2015, we last year at the Company had about $3 billion in sales and we were contemplating organic growth taking us to about $4.2 billion. Today, we could see our way to $4.6 billion, $4.7 billion in organic growth, with an additional $400 million to $500 million. But it would highly depend upon decisions we would make around capital investment, which we have not made. We still have a discussion with our Board in December. So by the end of December, we should have a very clear idea of what we will be undertaking and when. So those opportunities do depend upon the speed at which we realize some of the capital investments we could make. But yes, we could see our way if all goes well and if we would do all of the capital we want to so or we possibly could do to $4.6 billion.

Peter Butler - *Glen Hill Investment Research - Analyst*

Pierre, at [Rohm and Haas], you were very, very successful in building a world-class electronic materials business. Do you see similar possibilities to build any of FMC's current businesses into similar power houses?

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

What we will be doing with FMC is making the businesses we have in ag, food, pharmaceutical, lithium and industrial, we intend to make those businesses stronger with a broader product line. The only place where we will have a slightly new business, but mostly with technology which are currently within the portfolio or we could acquire, would be in environmental solutions. So we'll bring -- we are looking to and contemplating the possibility to create a growth platform in air, water and ground remediation, and we do have some good ideas on how to build that, but this is a few months away. Now, it will not be to the extent of what was done in [electrical] materials, where we built a $2.5 billion. I think the difference between FMC today and Rohm and Haas 10 years ago is that we do have the businesses which have growth potential organically and inorganically, Rohm and Haas did not have. So I think we need to branch out of our core businesses to have a good growth story.

Peter Butler - *Glen Hill Investment Research - Analyst*

Okay. Good quarter. Thanks for the help.

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

Thanks, Peter.

Operator

Rosemarie Morbelli from Gabelli & Company.

Rosemarie Morbelli - *Gabelli & Co. - Analyst*

Good morning and congratulations on a great quarter.

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

Thank you.

Rosemarie Morbelli - *Gabelli & Co. - Analyst*

Kim, just going back to what you just said about the $800 million of external revenues between -- that you are expecting, is that between 2010 and 2015 or is that from today's level following the small acquisitions you have already made?

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

Well it's from 2010 to 2015. Now that being said, the small acquisitions we do today will represent little growth in term of sales because they are small companies. But they are very interesting growth platforms, so it's going to be an organic growth based on inorganic growth. So we'll buy some companies and we'll grow them. But the $800 million is from the 2010 numbers to the 2015 numbers.

Rosemarie Morbelli - *Gabelli & Co. - Analyst*

Okay. And then -- thanks, that's helpful. And then, I was wondering if you could touch a little more on your peroxygens going towards customers in the oil and gas area? And I am assuming that fits into your -- just I mean, recently made comments about wanting to go into environmental solutions?

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

Mark, please.

Mark Douglas - *FMC Corp - President Industrial Chemicals Group*

Yes, Rosemarie, this is Mark. In some degree, yes, there would be a potential environmental play in oil and gas area, whether it is for biocidal uses or for fracking chemicals. Both of those are of interest to us, and we do have applications there today with our technologies. So the environmental field crosses over there, so there may well be an overlap.

Rosemarie Morbelli - *Gabelli & Co. - Analyst*

Now you have the technologies, do you actually have any business currently, or is that to come?

Mark Douglas - *FMC Corp - President Industrial Chemicals Group*

No, we have a business in both a biocide application and in some of the fracking chemicals itself.

Rosemarie Morbelli - *Gabelli & Co. - Analyst*

Could you give us a feel for the size of that business today?

Mark Douglas - *FMC Corp - President Industrial Chemicals Group*

Yes, it's very small. It's embryonic right now.

Rosemarie Morbelli - *Gabelli & Co. - Analyst*

Okay. And still in that category, could you touch a little more on the sodium-based products that you are going to be working on as a tandem with a TATA and Church & Dwight regarding dry sorbents for air pollution control and electric utilities? Is that competing -- well first of all, what are you expecting to remove from the air? Let's start with that.

Mark Douglas - *FMC Corp - President Industrial Chemicals Group*

Yes, that is a new application for us with our partners in terms of using trona for removing acid gas from utilities. It is a technology that's used today and we're expanding. We will have a new plant on stream by the end of 2012, which will have about a 400,000 ton capacity. This is all driven by legislation in the US. And it uses our key raw material, which is trona, which we mine in Wyoming.

Rosemarie Morbelli - *Gabelli & Co. - Analyst*

Is that when you say is removing acid gas, is that also removing mercury or that is totally a different issue?

Mark Douglas - *FMC Corp - President Industrial Chemicals Group*

Yes, mercury is obviously an issue that's getting a lot of press and we did not play in the field with our ground trona.

Rosemarie Morbelli - *Gabelli & Co. - Analyst*

Okay. Thank you very much. Oh, and 1 last question, if I may, are you done with the stock repurchase for this year and-- or are we going to see a little more in the fourth quarter? And which number of shares should we -- well, I guess I just saw in your press release, 72 million shares, so you are expecting the number of shares to increase from Q3 to Q4, is that correct?

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

We -- well first, as Kim said, we completed the $100 million share repurchase, and we made a commitment in term of share repurchase and return of cash to shareholders in a 5-year period between 2010 and 2015, so we are not finished for what we can do over a 5-year period. So we always look at the possibility to move out or stay on schedule. So it's something we constantly look at, but something we will be talking about in the months to come in term of when is the next action we'll be undertaking in term of share repurchase. But it's something we constantly have in front of us, and we'll be letting you know when the next one will come.

Rosemarie Morbelli - *Gabelli & Co. - Analyst*

And the shares outstanding, is that on a fully diluted basis and therefore, is that because of options?

Kim Foster - *FMC Corp - CFO, EVP*

Rosemarie, this is Ken, I'm sorry I didn't hear your question, could you ask again?

Rosemarie Morbelli - *Gabelli & Co. - Analyst*

The 72 million shares that you are looking at for the quarter, I think?

Kim Foster - *FMC Corp - CFO, EVP*

Yes, that's the full-year forecast.

Rosemarie Morbelli - *Gabelli & Co. - Analyst*

That is the full-year forecast? Okay. All right. Thank you.

Operator

Kevin McCarthy from Bank of America.

Kevin McCarthy - *BofA Merrill Lynch - Analyst*

Yes, good afternoon. How much of the incremental 500 kilotons per annum of capacity at Granger would have been loaded in the fourth quarter?

Mark Douglas - *FMC Corp - President Industrial Chemicals Group*

Kevin, this is Mark. We are running at pretty close now in the fourth quarter to our 500,000 ton capacity, because obviously that's been skewed. I would guess roundabout 175,000 tons as we went through the quarter as a rough guess.

Kevin McCarthy - *BofA Merrill Lynch - Analyst*

Okay. So just so I understand, the 500 kilotons would have been something like 125 max in the quarter and so you're saying between 30% and 40% of that would've been running?

Mark Douglas - *FMC Corp - President Industrial Chemicals Group*

Yes, because we ramped up July 1 basically, and it was a ramp up as we move through the quarters. So we were slow at the beginning of the quarter getting up to decent rates at the end of the quarter, and now we're moving along at just below the 500,000 ton rate.

Kevin McCarthy - *BofA Merrill Lynch - Analyst*

Great. And then shifting gears to Specialty Chemicals, Pierre, based on your prepared remarks, it struck me that it seems as though demand for microcrystalline cellulose is running stronger than it would be for Carrageenan and alginates, is that correct? And if so, what is driving that disparity?

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

Yes, it is correct. That is the product line which is by far the fastest growing product line and more than the other 2. It is linked to the applications and the markets that product line is serving, especially on the food side, the growth in China and the dairy market, which is 1 of the reasons for which in addition to the 2 expansions we've been doing a over the current sites in Europe and North America, we are looking at making the decision in between now and the end of the year for an expansion in Asia where we have the fastest growth.

Kevin McCarthy - *BofA Merrill Lynch - Analyst*

Okay and then final question, if I may, relates to Europe. I think you commented that your sales in EMEA increased 16%. And Milton, if I heard you right, I think you said Ag was up 17%, which implies that the sum of Industrial and Specialties would've been up let's say mid teens. I don't think of you as exporting an awful lot of soda ash to Europe, so could you comment on what's driving the strength regionally for you in Europe? Many of the other chemical companies that we follow actually have negative volumes in the quarter.

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

Yes. Most of the growth outside of Ag in Europe is driven by BioPolymer. That is really the product line today which is the fastest growing product line. If I look quarter on quarter, we are for overall specialty in Europe, we are in the high teens.

Kevin McCarthy - *BofA Merrill Lynch - Analyst*

Okay. Thank you very much.

Operator

And there are no further questions. Mr. Brondeau, please continue.

Pierre Brondeau - *FMC Corp - Chairman, President, CEO*

All right. Well thank you very much for your time and your interest. Just let me reiterate in a few words where I believe FMC is at. I think we are off a good quarter, and we are contemplating today a solid fourth quarter with very healthy demand in the markets we are serving. All in all, we are pleased with where we stand, and we believe we are on line with our 2015 objective or even above this objectives at all levels. Whether it is on the organic growth, financial ratios, cash returns to our shareholders and even external growth where we are very pleased with the progress made to date and the pipeline we have in front of us. So on those words, I want to thank all of you for your time, and in a few months.

Operator

Ladies and gentlemen, that does conclude your conference for today. Thank you for your participation and for using AT&T Executive Teleconference. You may now disconnect.