HUNTSMAN
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Huntsman Corporation (NYSE – HUN)
First Quarter 2025 Prepared Comments
May 1, 2025

On May 2, 2025, at 10:00 a.m. ET, Peter Huntsman, Chairman, President and CEO, and Phil Lister, Executive Vice President and CFO, will host a public question-and-answer session with analysts accessible on our website or by telephone as detailed in our first quarter 2025 financial results news release. These are their prepared remarks to accompany our results. They should be read together with the first quarter 2025 financial results news release and the slides detailing our first quarter 2025 financial results, both of which were publicly issued and posted on our website (www.huntsman.com/investors) after the close of NYSE trading on May 1, 2025.

This document, the accompanying slides, and the call/webcast include certain forward-looking statements about our projections or expectations for the future. All such statements are forward-looking statements and, while they reflect our current expectations, they involve risks and uncertainties and are not guarantees of future performance. You should review our filings with the SEC for more information regarding factors that could cause actual results to differ materially from these projections or expectations. We do not plan on publicly updating or revising any forward-looking statements during the quarter.

We also refer to certain non-GAAP financial measures such as adjusted EBITDA, adjusted net income or loss and free cash flow. You can find reconciliations to the most directly comparable GAAP financial measures in our earnings release which has been posted to our website at www.huntsman.com/investors.

Slide 4: Overview

Huntsman reported first quarter 2025 revenues of $1.4 billion and adjusted EBITDA of $72 million. First quarter net loss attributable to Huntsman of $5 million and operating cash flow from continuing operations was a use of $71 million.

Slide 5: Polyurethanes

Adjusted EBITDA for our **Polyurethanes** division in the first quarter was $42 million. Our sales volumes improved 3% year-over-year. This volume growth was slightly below our expectations due primarily to a softer than expected start to the construction season and softer orders as customer uncertainty around tariffs impacted many of our key markets.

Adjusted EBITDA in the first quarter improved versus the prior year on the back of higher volumes, higher average margins, and cost savings which were partially offset by lower equity earnings from our commodity PO/MTBE joint venture in China. Adjusted EBITDA margin in the quarter was 5%, consistent with the fourth quarter. We consider margins to be well below mid-cycle average with significant upside anticipated once the industry cycle improves.

Our European volumes decreased by low single digits year over year primarily due to continued low construction-related demand and the start of the once-in-ever four-year cluster turnaround at our Rotterdam, The Netherlands facility. This turnaround is now complete and the impact to EBITDA is consistent with our previously communicated projection of about $15 million spread over the first and second quarter. We would expect a modest margin improvement in the second quarter in this region due to lower benzene and natural gas. Additionally, cost reduction initiatives we previously announced, including site rationalization and workforce reductions, continue to move forward. We will continue to be aggressive in getting the cost structure in this region aligned with the realities of the European polyurethanes market and government policies.

Year-over-year volumes in Asia improved mid-single digits driven by growth in elastomers, adhesives and coatings, and automotive. Despite the modest volume growth in the China market, average MDI prices fell sharply in the region starting in March. The falling prices were primarily due to the impact of tariffs on MDI shipped from China to the U.S. Less MDI is currently being exported out of China leading to excess product in China, coupled with reduced exports of finished consumer goods out of China, such as appliances. As a result, profitability in China fell in March and the trend continued in the early part of the second quarter although prices appear to have now stabilized. Benzene prices also fell, but the decline was not enough to offset lower MDI pricing. Lower margins in China are offsetting the modest margin improvement in both the Americas and Europe. We believe that the China market will remain challenged in the near term until some trade certainty emerges. The brightest spot in the Chinese market remains automotive, which grew at mid single digits year on year and where we have built good supply relationships with Chinese OEMs over the years. While government fiscal stimulus has been discussed and some sector specific programs have been implemented, we have not seen a meaningful impact in our key markets to date. As anticipated, our PO/MTBE joint venture was close to break-even equity income for the first quarter. This was significantly below the prior year due to very low MTBE margins.

North American volume growth improved 2% year-over-year due to a small improvement in underlying demand and some business wins. Pricing and margins were relatively stable quarter over quarter, but slightly down versus the prior year period due to mix. Our Polyurethanes Americas portfolio is significantly weighted towards construction end markets and has exposure into the North American automotive sector. We saw significant uncertainty in customer order patterns resulting from different tariff pronouncements, as well as a continuing impact from heightened interest rates. As a result, our North American MDI business did not experience the typical seasonal volume improvement in March and this trend has continued into the first part of the second quarter. This lower-than-expected level of demand has kept U.S. MDI balanced for the time being despite the decline of Chinese imports into the market. We would expect pricing and profitability to improve in this region as and when demand in our key markets increases but we are not waiting for business fundamentals to eventually recover and are taking proactive steps to reduce fixed costs to improve profitability and the returns of some of our downstream businesses exposed to construction, including North American spray insulation.

Our global automotive business, which represents approximately 15% of the Polyurethanes portfolio by volume, grew slightly year-over-year in the first quarter. Higher volumes in our China and European automotive business were offset by weakness in our Americas business. Our automotive business slowed through the quarter as customer uncertainty increased due to changing tariffs. Our global elastomers platform represents approximately 10% of our Polyurethanes portfolio and grew in the quarter and delivered solid profitability well above the business segment margin average.

Regarding tariffs, any effects on end market growth will have the largest impact. In general, we supply products within the region they are manufactured. Polyurethanes is also impacted by potential changes in competitive trade flow given that Chinese exports move into and around both the U.S. and European regions. We would expect our U.S. based business to be a beneficiary of MDI tariffs on Chinese material over the long term as MDI imports from China into the U.S. represented about 20% of industry demand in 2024. In a normal demand environment, we would expect that a reduction of these imports would allow for increased prices and profitability over time. A possible offset to any benefit in the U.S. is increased competition in China due to fewer exports, as well as slower large MDI markets such as appliances. It is also possible that the European market, as well as the Canadian, Mexican, and South American markets, become more competitive as Chinese exports to those markets increase due to trade barriers erected in the U.S. In the near term the impact from tariffs has been negative, as weak demand in the U.S. is challenging pricing initiatives and China profitability is falling. However, longer-term as demand improves in the United States we would expect to see a net benefit from the change in trade flows given our larger production position in the United States.

Regardless of the current tariff uncertainty, once global construction and industrial markets recover, we expect our Polyurethanes business to return towards average cycle profitability, well above our current returns. And, as stated earlier, while we expect markets to eventually recover, we are not sitting idly but are aggressively reducing costs across our PU network, and specifically in Europe, which has by far the lowest returns. While we expect the savings achieved over the past two years to continue providing us quality benefits going forward, we are looking to and will do more.

As a result of an expectation for the challenging environment to continue in the near term, we expect a minimal seasonal improvement in overall demand. Visibility remains uncomfortably low and order patterns are volatile. As a result we are projecting Polyurethanes adjusted EBITDA for the second quarter to be similar to the first quarter, in the range of $35 million to $50 million.

Slide 6: Performance Products

Our Performance Products division reported adjusted EBITDA of $30 million for the first quarter. Total sales volumes decreased 16% year-over-year driven primarily by an unplanned outage at our European maleic anhydride facility during the quarter. Excluding the outage, volumes would have declined just 4% versus the prior year and lower volumes were primarily in the construction and industrial markets, partially offset by modest growth of ethyleneamines going into the fuel and lubes market.

Despite the lower volumes in the first quarter, relatively consistent unit margins kept EBITDA margins relatively stable at 12%, albeit still well below what we would consider mid-cycle profitability. We would expect adjusted EBITDA margins to quickly improve when volumes return in the business segment's core markets as unit margins have remained strong.

As noted previously, we are continuing to focus on improving sales across key strategic markets and, additionally, we will begin delivering on recent capital investments. At the same time, we are aggressively controlling costs and limiting discretionary spending. As we announced last quarter, we are assessing strategic options for our Moers, Germany, maleic anhydride facility. This analysis is moving along at pace, and we still expect to announce a decision on a path forward for Moers by the middle of this year.

The capital projects in this segment for semiconductor and polyurethane catalysts markets are complete. While they are in different stages of commissioning or commercialization, we have already qualified products with customers and we expect the combined impact to EBITDA from these two projects to be $5 to $10 million in the second half of this year and another $10 to $15 million in 2026. This is slightly below our initial expectations due to the lower demand and tariff uncertainty that we are currently seeing across both markets. As demand improves and tariff clarity improves, we would expect a higher contribution to EBITDA from these projects.

We expect limited sequential improvement in volumes due to trade uncertainty, and volumes are expected to be down versus the prior year. Performance Products adjusted EBITDA for the second quarter is currently expected to be in the range of $30 million to $40 million.

Slide 7: Advanced Materials

Our **Advanced Materials** division reported adjusted EBITDA of $36 million in the quarter. This result was below our expectations due to lower-than-expected volumes in the coatings and automotive markets, due in large part to a fire at a large automotive-related customer during the first quarter. Overall sales volumes increased slightly year-over-year, and higher volumes in power and certain other industrial markets were mostly offset by weakness in infrastructure coatings, aerospace, and automotive.

Our aerospace segment, historically one of our strongest, continues to be hampered by lower wide body production rates and disruptions in the global supply chain we do not control. We anticipate that uncertainty regarding tariffs across a complex global market combined with existing supply chain problems will further depress orders in the short term and also adds to the difficulty in forecasting in the near term. Longer term, we expect the OEMs to ramp up production of their wide body platforms and will see growth in our products. Wide body planes are our largest application in this market.

We remain positive about the underlying long-term fundamentals in our power segment, which is experiencing solid and consistent levels of demand. We expect sustained and growing investment into the power grid globally to meet the growing demand for power generation and increased consumption. However, the positive dynamics in our power business are being more than offset by the substantial headwinds the division is facing in automotive and other industrial markets that are linked to industrial production related activity around the world.

Advanced Materials remains our primary focus for bolt-on acquisitions to expand the overall portfolio, drive innovation sales growth, and improve the overall returns of the business. We will also continue with low capital organic projects and R&D investments, such as those employing our MIRALON® technology. That said, increasing returns through improved sales growth and cost discipline will be our near-term priority over any significant investments. We remain highly positive about the long-term prospects for Advanced Materials over the coming years. For the second quarter we expect Advanced Materials adjusted EBITDA to be in the range of $35 million to $40 million.

Slide 8: Year-over-Year & Quarter-over-Quarter

Adjusted EBITDA for the first quarter was $72 million compared to $81 million in the first quarter of 2024 and $71 million in the fourth quarter of 2024. Revenues decreased 4% compared to the prior year and declined 3% compared to the prior quarter. Adjusted EBITDA margin was flat with the prior quarter at 5%.

Volumes declined 1% year-on-year with growth in Polyurethanes and Advanced Materials being more than offset by a decline in Performance Products. Sequentially, volumes also declined by approximately 1% with growth in Performance Products offset by a seasonal movement in Polyurethanes. Year-on-year volumes were flat in North America, down 13% in Europe, and up 10% in Asia. Sequentially, regional volumes saw small declines in North America and Europe partially offset by slight growth in Asia. Automotive volumes, which represent approximately 15% of our portfolio, increased 2% year-on-year and 4% sequentially. Construction volumes declined 4% year on year with a seasonally driven quarter on quarter decline of 6%.

In the first quarter, construction constituted approximately 55% of global sales volumes and approximately 50% of revenue. Approximately 60% of our construction revenue globally derives from commercial or infrastructure sales, and approximately 40% comes from sales into residential end markets. By region, approximately 40% of total construction revenue sales took place in North America with a majority into residential housing, 25% to 30% in Europe driven by commercial sales and approximately 20% in Asia where the majority of sales were for the infrastructure and commercial markets.

In local currency, price/mix in Polyurethanes declined 3% from the first quarter 2024 to the first quarter 2025, Performance Products increased by 5%, and Advanced Materials was down 4%, driven by mix with lower Aerospace sales as a percentage of the portfolio. Sequentially, price/mix was down slightly by 1% driven by mix. Variable unit margins were up slightly compared to the fourth quarter with an improvement in raw materials pricing, offset by some negative pricing and mix. Equity income from our Chinese PO/MTBE joint venture was lower than both the prior quarter and prior year due to continued weak MTBE margins. As indicated in the fourth earnings call, the recent performance of our Chinese PO/MTBE joint venture will have a negative year-over-year impact on the cash dividends we expect to receive from the joint venture in 2025.

SG&A costs were 6% below the first quarter 2024, with cost savings from restructuring and productivity improvements exceeding inflation. Non-cash incentive compensation accruals in the first quarter were similar to the prior year.

The restructuring actions we announced in our Polyurethanes business during the fourth quarter are on track. These include closing two downstream facilities in Europe, one in Germany and one in the UK. During the second quarter, we also announced the closure of our Boisbriand, Canada plant. As we stated on our last earnings call, we expect to achieve between $40 million to $50 million of savings with approximately $25 million of that secured in 2025 and a run rate of approximately $35 million by year end. At the end of first quarter, we had achieved annualized savings of approximately $20 million. In addition to these fixed cost savings, we are on track to achieve structural in-year savings of $30 million related to variable costs.

In the second quarter, we expect to double our target of $40 to $50 million of savings from the current restructuring program, on track to be delivered fully by year end 2026, to approximately $100 million with an enhanced program. We will communicate details and include the target run rate, in-year savings and associated cash cost with this enhanced program on our next earnings call.

Corporate expense in the first quarter was a decrease of $7 million to $36 million compared to the first quarter of 2024 due to lower corporate overheads costs.

Our adjusted effective tax rate for the quarter was not meaningful due to the low level of adjusted operating income. Going forward in 2025, our adjusted effective rate will be driven by the level and the mix of geographical income, particularly how much adjusted operating income is generated in Europe and the United States compared to China.

Slide 10: Cash Flow and Liquidity Considerations

Cash flow from operations for the first quarter was an outflow of $71 million compared to an outflow of $63 million in the prior year period. Primary working capital was a net outflow during the quarter of $198 million with a seasonal outflow, payment of our annual insurance premiums, and a build in inventory ahead of turnarounds at our Rotterdam, Geismar and Conroe facilities. As discussed on our prior earnings call, we expect a cash benefit in 2025 of approximately $30 million from our supply chain financing program and extension to accounts payable terms. Trailing twelve months, cash flow from operations as a percentage of adjusted EBITDA was 68%.

Capital expenditures during the first quarter were $36 million, down from $51 million in the fourth quarter and below the spend in the first quarter of 2024. As we highlighted last quarter, we are targeting to spend between $180 million and $190 million in 2025 and, given economic conditions, we are already looking to manage to the lower end of that range. Critical maintenance and mandatory safety and environmental spend is approximately $150 million with a most of the remaining spend attributed to the completion of our catalyst investment in Hungary, as well as projects in our Advanced Materials division. Depreciation and Amortization is expected to run at approximately $295 million in 2025.

Free cash flow in the first quarter was an outflow of $107 million compared to an outflow of $105 million in the first quarter of 2024 and the last twelve months of free cash flow is $99 million.

During the second quarter we will have a higher outflow of cash taxes, with approximately $40 million of one-time cash to be paid related to the 2017 TCJA and German taxes from prior years.

Adjusted diluted earnings per share was negative 11 cents per share for the quarter. Our quarterly dividend is currently 25 cents per share, an annual payout of $1.00 per share, and, given share price levels, our dividend is currently yielding between 7% and 8%. As projected on our prior call, we received approximately $75 million in cash payments related to the Linde/Praxair legal case and the liquidation of our China Crude MDI JV. These payments and additional initiatives we are actively working on will further supplement our cash generation during this period of economic uncertainty.

We did not repurchase any shares in the first quarter and do not anticipate repurchasing any shares until our earnings and cash generation appreciably improve. Our focus remains on cash management and protecting our balance sheet.

During the first quarter we paid approximately $315 million to satisfy and discharge our 10-year €300 million senior notes due in April 2025. We have some first quarter borrowings on our revolver and our securitization program and now have bond maturities in 2029, 2031 and 2034. As expected, our net debt leverage increased to 4.0 times at the end of the first quarter and we closed the quarter with $1.3 billion in available liquidity. We had $334 million of cash at the end of the first quarter, similar to the fourth quarter of 2024.

This concludes our prepared remarks regarding the first quarter 2025 results and our current outlook. We look forward to updating the market when we report our second quarter 2025 results.

About Huntsman:
Huntsman Corporation is a publicly traded global manufacturer and marketer of differentiated and specialty chemicals with 2024 revenues of approximately $6 billion from our continuing operations. Our chemical products number in the thousands and are sold worldwide to manufacturers serving a broad and diverse range of consumer and industrial end markets. We operate more than 60 manufacturing, R&D and operations facilities in approximately 25 countries and employ approximately 6,300 associates within our continuing operations. For more information about Huntsman, please visit the company's website at www.huntsman.com.

Social Media:
Twitter: www.twitter.com/Huntsman_Corp
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Forward-Looking Statements:
This press release includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These forward-looking statements include statements concerning our plans, objectives, goals, strategies, future events, future revenue or performance, capital expenditures, financing needs, plans or intentions relating to acquisitions, divestitures or strategic transactions, business trends and any other information that is not historical information. When used in this press release, the words "estimates," "expects," "anticipates," "likely," "projects," "outlook," "plans," "intends," "believes," "forecasts," or future or conditional verbs, such as "will," "should," "could" or "may," and variations of such words or similar expressions are intended to identify forward-looking statements. These forward-looking statements, including, without limitation, management's examination of historical operating trends and data, are based upon our current expectations and various assumptions and beliefs. In particular, such forward-looking statements are subject to uncertainty and changes in circumstances and involve risks and uncertainties that may affect the Company's operations, markets, products, prices and other

factors as discussed in the Company's filings with the Securities and Exchange Commission (the "SEC"). Significant risks and uncertainties may relate to, but are not limited to, high energy costs in Europe, inflation and high capital costs, geopolitical instability, volatile global economic conditions, cyclical and volatile product markets, disruptions in production at manufacturing facilities, reorganization or restructuring of the Company's operations, including any delay of, or other negative developments affecting the ability to implement cost reductions and manufacturing optimization improvements in the Company's businesses and to realize anticipated cost savings, and other financial, operational, economic, competitive, environmental, political, legal, regulatory and technological factors. Any forward-looking statement should be considered in light of the risks set forth under the caption "Risk Factors" in our Annual Report on Form 10-K for the year ended December 31, 2024, which may be supplemented by other risks and uncertainties disclosed in any subsequent reports filed or furnished by the Company from time to time. All forward-looking statements apply only as of the date made. Except as required by law, the Company undertakes no obligation to update or revise forward-looking statements to reflect events or circumstances that arise after the date made or to reflect the occurrence of unanticipated events.