HUNTSMAN
Enriching lives through innovation

**Huntsman Corporation (NYSE – HUN)**
**First Quarter 2024 Prepared Comments**
**May 2, 2024**

On May 3, 2024, at 9:00 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 2024 financial results news release. These are their prepared remarks to accompany our results. They should be read together with the first quarter 2024 financial results news release and the slides detailing our first quarter 2024 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 2, 2024.

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 the 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 2024 revenues of $1.5 billion and adjusted EBITDA of $81 million. First quarter net loss attributable to Huntsman was $37 million and operating cash flow from continuing operations was a use of $63 million.

**Slide 5: Polyurethanes**

Adjusted EBITDA for our **Polyurethanes** division in the first quarter was $39 million. While adjusted EBITDA was below first quarter 2023 due to lower margins, our sales volumes improved by 9%, the first time in the past two years that volumes were higher year-over-year. Typically, volumes in our Polyurethanes business decline 5% to 10% in the first quarter compared to the fourth quarter owing to seasonality, but this year volumes improved 3% quarter-over-quarter. As quarterly volume comparisons are favorable sequentially and year-over-year, we do believe that demand trends are starting to slowly move in the right direction for our Polyurethanes business.

Despite a modestly improving demand environment, lower MDI pricing negatively impacted margins during the quarter versus the first quarter of last year. When compared to the fourth quarter of 2023, our improved earnings were driven by better margins, volumes, and equity earnings. Polyurethanes adjusted EBITDA margin was 4% for the quarter, which is still well below average, however an improvement versus quarter four of last year and heading in the right direction.

Our European volumes improved year-over-year due to some improving demand trends and favorable comparisons versus the prior year. Specifically, volumes in the region increased 9% driven by insulation, composite wood products, and the adhesive and coatings businesses. Pricing in the region has likewise increased, while natural gas costs have declined, although benzene prices remain at elevated levels. Overall, we see profitability in the region improving off a depressed level. In addition, the completed restructuring initiatives are having a positive impact on margins and are more than offsetting fixed cost inflation.

Year-over-year volumes in Asia were relatively flat with lower sales into insulation, partially offset by improved sales into elastomers and furniture. The first quarter is the seasonally weakest in Asia due to Chinese New Year but we saw some improvement in MDI pricing immediately following the New Year and pricing has since been relatively stable despite a moderate growth environment. Our near-term expectations in the region are for moderate growth and relative price stability continuing through the second quarter. Our PO/MTBE Joint Venture contributed $13 million during the quarter, and we expect second quarter equity income to improve moderately compared to the first quarter.

In North America, which experienced the largest amount of destocking during 2023, we saw sharply higher volumes of 25% year-over-year due to a modest improvement in underlying demand, the absence of destocking, and some business wins. Pricing was relatively stable in the region with some upward movement now occurring due primarily to higher raw material costs, driven by benzene. Two-thirds of our Polyurethanes Americas portfolio is construction, approximately 40% of which is currently commercial and 60% is residential. Approximately 75% of our residential exposure is directly related to new construction. Destocking in these markets throughout most of 2023 was intense, but now that it appears over, our outlook for the Americas region is improving. As a result, and as we communicated our intent last quarter, we have now successfully started up our third line at our Geismar facility that we idled last year. We will be disciplined and increase our production rates only as demand dictates.

Our global automotive business, which represents approximately 15% of the Polyurethanes portfolio, was in-line with the prior year period. We are seeing strength in our China automotive business, including electric vehicles, and relatively stable volumes in our Americas and European regions. We believe that recent business wins in automotive will allow us to grow above the market and expect our automotive business to grow in the low single digits in 2024 even if the market shows no growth. Our global elastomers platform represents approximately 10% of our Polyurethanes portfolio and is delivering solid profitability well above the business segment average.

Looking forward, we believe Polyurethanes will benefit for years to come from the global drive for better energy conservation and efficiency. We remain well positioned to bring energy-saving solutions to both residential and commercial construction markets, as well as innovative improvements to the lightweighting of automobiles. As a result, we expect this business to return to average cycle profitability when our markets fully recover.

Together with the positive secular trends that impact our demand, the more than $60 million in divisional cost savings we achieved over the last two years will enhance our operational leverage as volumes return to a more normalized environment. We will evaluate additional opportunities to reduce costs if our returns do not improve to a level above our cost of capital.

The second quarter is a seasonally stronger quarter and we currently expect volume improvement versus the prior year to be up high single digits. We also anticipate margins to improve compared to the first quarter. We expect Polyurethanes adjusted EBITDA for the second quarter to be in the range of $70 million to $80 million.

**Slide 6: Performance Products**

Our **Performance Products** division reported adjusted EBITDA of $42 million for the first quarter as lower margins impacted overall profitability compared to first quarter of 2023. However, similar to Polyurethanes, our Performance Products division saw year-over-year volume growth for the first time since the first quarter of 2022. Total sales volumes increased 4% year-over-year in the first quarter as growth in fuels and lubes, industrial, and construction related markets experienced modest underlying demand improvement and the absence of destocking in the respective channels. Volumes were also positively impacted by some business wins in certain markets and regions. Pricing in certain product lines and regions, in particular in European Maleic anhydride, remain competitive, placing pressure on profitability compared to the prior year period despite improvements in demand.

We are focused on improving our volume in certain core markets and regions, and we are starting to see the benefits of these initiatives. In addition to some share gain, the continued absence of destocking will make for favorable year-over-year volume comparisons as we move through 2024. Our average unit margins in the first quarter are also stable to slightly better compared to the fourth quarter after declining for the last several quarters. Our average unit margin across the entire division remains well above pre-pandemic levels, which bodes well as we move off the bottom of the demand cycle.

Capital investments into our differentiated Performance Amines product lines, including into the U.S. semiconductor market, continue to move toward completion and commissioning over the next year. These capital investments, once fully ramped up, will further strengthen Performance Products in these markets, positioning it well for growth in the years to come.

We expect the second quarter for Performance Products to be similar to the first quarter and in the range of $40 million to $50 million.

**Slide 7: Advanced Materials**

Our **Advanced Materials** division reported adjusted EBITDA of $43 million in the quarter, in-line with our expectations. Overall sales volumes decreased 4% year-over-year, as weakness in our general industrial, infrastructure coatings, and commodity markets offset volume growth in aerospace, automotive, and power. Returns for the division remained relatively stable for the quarter versus the prior year, delivering 16% Adjusted EBITDA margins, an improvement compared to the fourth quarter.

Aerospace revenue grew 6% year-on-year primarily due to commercial aerospace related sales. Demand for our products is predominantly tied to wide body production rates, which has a strong backlog of orders and positive demand dynamics as we look out over the next several years. We expect growth in this business segment for the full year.

Industrial activity is now showing some signs of modest improvement which will help to improve overall demand for our products. We are seeing decent demand in our power and automotive businesses on the back of increased infrastructure spending and increasing electronic penetration in automotive.

Advanced Materials remains our primary focus as we look for bolt-on acquisitions to expand the overall portfolio, drive sales growth, and improve the overall returns of the business. Organic growth projects such as Miralon® continue to meet milestones that will allow us to scale up and further commercialize this technology. We are starting to make in-roads into multiple markets with Miralon®, including batteries and industrial adhesives. We remain very positive about the prospects for this business over the coming years.

We expect Advanced Materials adjusted EBITDA in the second quarter to be in line with the second quarter of 2023 and land in the range of $48 million to $53 million, delivering consistency of margin, similar to the first quarter.

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

Adjusted EBITDA for the first quarter was $81 million compared to $44 million in the fourth quarter of 2023 and $136 million in the first quarter of 2023. Revenues increased 5% compared to the prior quarter and declined 8% compared to the prior year.

Volumes increased 5% sequentially, better than a typical seasonal decline in activity. Volumes improved 7% year-on-year following an end to de-stocking. Approximately 55% of our volumes in the first quarter went into construction, as residential, commercial or infrastructure related sales. Sequentially, volumes were up 13% in North America, 16% in Europe and down 9% in Asia principally as a result of seasonality, including the Chinese New Year. Year-on-year volumes improved in both the Americas and European regions, following the end of de-stocking, particularly in construction, as well as some business wins in both regions. Asia was relatively flat year-on-year.

Sequentially, unit margins improved as MDI price increases in Europe and Asia, combined with a decrease in natural gas related costs more than offset a negative mix impact across the portfolio. All divisions saw sequential improvement in unit margins and Advanced Materials also saw an improvement year-on-year as price declines in the business segment were more than offset by year-on-year benefits to raw materials.

In local currency, price/mix declined year-on-year in Polyurethanes by 16%, Performance Products down 17% and Advanced Materials down 6%. Sequentially, compared to the fourth quarter, price/mix was relatively flat for all divisions. Raw material costs were lower than in the first quarter last year with reduced cost of Natural Gas, particularly in Europe. Sequentially, raw materials impacting our costs were slightly lower with benzene relatively flat across quarters, although Benzene has since risen and is currently a cost headwind in the second quarter.

Our cost target in 2024 is to ensure that a $60 million year-on-year benefit from our cost optimization program offsets inflation excluding any year-on-year impact from non-cash employee benefits. Note that in 2023, non-cash incentive compensation expense provided a $20 million tailwind as a result of reduced performance. In the first quarter, SG&A costs were below last year's level, more than offsetting inflation and sequentially, SG&A costs were higher due to an increase in non-cash incentive compensation expense.

The impact on Adjusted EBITDA from foreign exchange was flat both year-on-year and sequentially, as movements across our larger currency exposures canceled each other out. In the corporate expense line, LIFO was negative in the first quarter and $3 million worse both sequentially and year-on-year.

As we previously stated, we had hoped to conclude our exit from Russia in 2023 but, indicated that precise timing was uncertain and subject to relevant approvals from the Russian authorities which have not been secured. At this time, it remains unclear when approvals to close a deal might be forthcoming.

Our adjusted effective tax rate for the quarter was 57%. We incurred a small negative change to our valuation allowance of $2 million, which due to our low first quarter adjusted net income led to a high adjusted effective tax rate. For our full year 2024 adjusted effective tax rate outlook, we are currently trending slightly lower than the modeling range of 34% to 37% provided and expect to provide an update to our full year tax guidance on our second quarter earnings call.

**Slide 9: Cash Flow and Liquidity Considerations**

Cash flow from operations for the first quarter was an outflow of $63 million compared to an outflow of $122 million in the prior year period. Primary working capital was a cash outflow in the quarter of $95 million compared to a cash outflow of $148 million in the prior year period. Our inventory volumes were well controlled at 5% below our first quarter 2023 ending balance and 8% above the prior quarter due to a normal seasonal build ahead of the warmer construction season. We remain focused on controlling our inventory levels throughout 2024 as we progress our corporate-wide supply chain program.

Capital expenditure was $42 million for the first quarter, as we progressed process safety and reliability projects alongside growth projects in our Performance Products division. We continue to expect to spend approximately $200 million in capital expenditures in 2024, compared to an annual level of depreciation and amortization of approximately $280 million. Free cash flow for the quarter was an outflow of $105 million compared to an outflow of $168 million in the prior year period.

As we indicated on our prior earnings call, our focus for 2024 will be on disciplined cash management and maintaining our investment grade balance sheet. In addition to an approximate $30 million reduction in year-on-year capital expenditure, we expect to spend approximately $30 million less cash on restructuring as well as $35 million less cash spend on pension contributions and incentive compensation for 2023 performance.

During the first quarter, we previously disclosed that we closed on our announced transaction to restructure our crude MDI joint venture (SLIC) in China. Accounting for the transaction saw a small benefit to net income and adjusted EBITDA and an increase in notes payable. Under Chinese regulations, we are now working through a period of liquidating the SLIC joint venture and returning cash to the relevant partners, which we currently expect to conclude in the first half of 2025.

Adjusted diluted earnings per share was a loss of 6 cents per share for the quarter. We raised our annual dividend during the quarter to $1.00 per share and our dividend yield is currently approximately 4%. We do not anticipate repurchasing any shares during the first half of the year. Our focus in 2024 is on improving our cash delivery and we will evaluate any share repurchases on a quarter-to-quarter basis. Our balance sheet remains strong, and we closed the quarter with $1.6 billion in available liquidity compared to $1.7 billion at the end of 2023.

This concludes our prepared remarks regarding the first quarter 2024 results and our current outlook. We look forward to updating the market when we report our second quarter 2024 results.

**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, increased energy costs in Europe, inflation and resulting monetary tightening in the US, 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, 2023, 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.*