



**HUNTSMAN**

Enriching lives through innovation

# 1Q23 Earnings Summary

May 5, 2023

**1<sup>st</sup> Quarter 2023**

# Earnings Summary

**Conference Call**

Friday, May 5, 2023  
10:00 a.m. ET

**Webcast Link:**

<https://event.choruscall.com/mediaframe/webcast.html?webcastid=B4kYPWdx>

**Participant dial-in numbers:**

Domestic callers: (877) 402-8037  
International callers: (201)378-4913





# General Disclosure

## Forward-Looking Statements

This presentation 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 or strategic transactions, business trends and any other information that is not historical information. When used in this presentation, 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 U.S. Securities and Exchange Commission. 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, 2022, 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.

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This presentation contains financial measures that are not in accordance with generally accepted accounting principles in the U.S. (“GAAP”), including adjusted EBITDA, adjusted EBITDA from discontinued operations, adjusted net income (loss), adjusted diluted income (loss) per share, free cash flow, adjusted effective tax rate, and net debt. For more information on the non-GAAP financial measures used by the Company and referenced in this presentation, including definitions and reconciliations of non-GAAP measures to GAAP, please refer to “Non-GAAP Reconciliation” hyperlink available in the “Financials” section of the Company’s website at [www.huntsman.com/investors](http://www.huntsman.com/investors).

The Company does not provide reconciliations of forward-looking non-GAAP financial measures to the most comparable GAAP financial measures on a forward-looking basis because the Company is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing and amount of certain items, such as, but not limited to, (a) business acquisition and integration expenses, (b) merger costs, and (c) certain legal and other settlements and related costs. Each of such adjustments has not yet occurred, are out of the Company’s control and/or cannot be reasonably predicted. For the same reasons, the Company is unable to address the probable significance of the unavailable information.

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## 1Q23 Earnings Summary

# Highlights



(\$ in millions, except per share amounts)

	1Q23	1Q22
Revenues	\$ 1,606	\$ 2,192
Net income attributable to Huntsman Corporation	\$ 153	\$ 223
Adjusted net income	\$ 37	\$ 237
Diluted income per share	\$ 0.83	\$ 1.04
Adjusted diluted income per share	\$ 0.20	\$ 1.10
Adjusted EBITDA	\$ 136	\$ 387
Net cash (used in) provided by operating activities from continuing operations	\$ (122)	\$ 67
Free cash flow from continuing operations	\$ (168)	\$ 3

# 1Q23

## (\$122M)

Operating Cash Flow  
from Continuing  
Operations

## \$153M

Net Income  
Attributable to  
Huntsman

## \$136M

Adjusted EBITDA

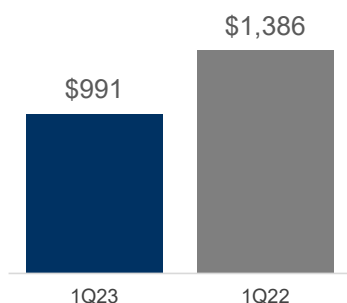
## \$1.6B

Revenues

# 1Q23 Earnings Summary

## Polyurethanes

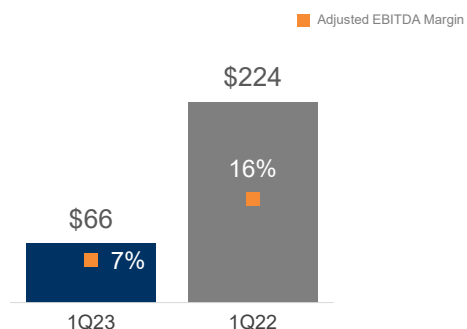
### Revenues



### Highlights

- Volumes decreased 21% year over year, all regions were down with the Americas region showing the biggest decline
- Automotive volumes improved year over year
- Most non-construction markets improved sequentially in Europe and Americas
- Lower fixed costs partially offset MDI margin pressure year over year

### Adjusted EBITDA



### 2Q23 Outlook

- Second quarter 2023 adjusted EBITDA estimated to be between \$85 million and \$100 million
- Continued construction headwinds in North America
- Margin benefits from lower costs partially offset by higher benzene QoQ
- Growth in automotive volumes

### 1Q23 LTM

**\$4.7B** Sales Revenue

**\$470M** Adj. EBITDA

**10%** Adj. EBITDA Margin

### 1Q23 Y/Y Change

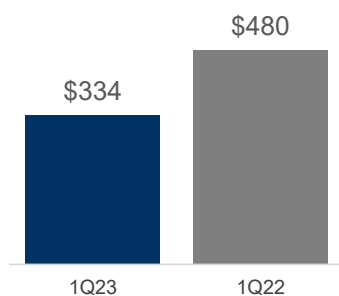
**↓28%** Sales Revenue

**↓71%** Adj. EBITDA

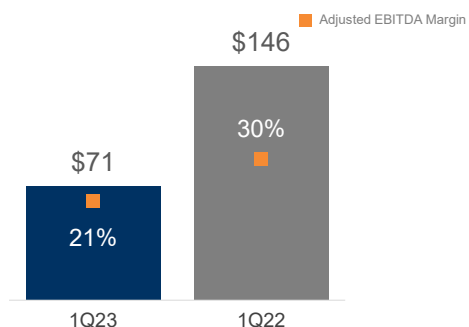
## 1Q23 Earnings Summary

# Performance Products

### Revenues



### Adjusted EBITDA



### Highlights

- Volumes decreased 31% due to continued weak demand across all regions and many end markets including construction, coatings & adhesives, and industrial markets.
- Unit margins improved slightly across the portfolio versus prior year
- Sequential volume improvement in Performance Amines driven particularly by coatings and adhesives and in Europe and Asia

### 2Q23 Outlook

- Second quarter 2023 adjusted EBITDA estimated to be between \$60 million and \$70 million
- Lower volumes compared to prior year, but reduced destocking and stable to slightly up sequential demand in all regions
- Adjusted EBITDA margins remain in the 20%-25% range

### 1Q23 LTM

**\$1.6B** Sales Revenue

**\$394M** Adj. EBITDA

**25%** Adj. EBITDA Margin

### 1Q23 Y/Y Change

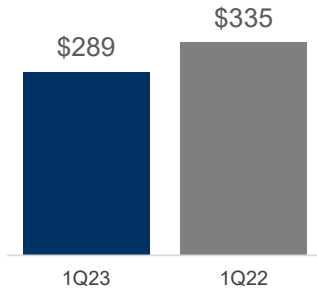
**↓30%** Sales Revenue

**↓51%** Adj. EBITDA

## 1Q23 Earnings Summary

# Advanced Materials

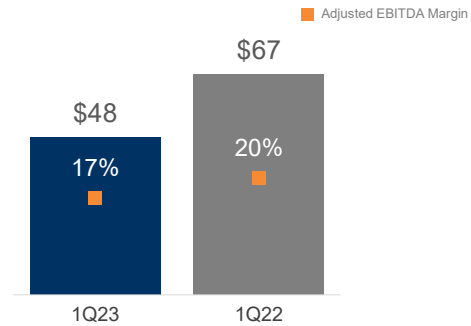
### Revenues



### Highlights

- Volumes decreased 21% year over year, driven by destocking in the Americas (infrastructure and general industry) and deselection of certain commodity products
- Higher prices offset raw material increase
- Aerospace volumes flat year over year due to timing of order patterns

### Adjusted EBITDA



### 2Q23 Outlook

- Second quarter 2023 adjusted EBITDA estimated to be between \$50 million and \$56 million
- Positive trends in aerospace and automotive markets
- China demand improving sequentially

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### 1Q23 LTM

**\$1.2B** Sales Revenue

**\$214M** Adj. EBITDA

**17%** Adj. EBITDA Margin

### 1Q23 Y/Y Change

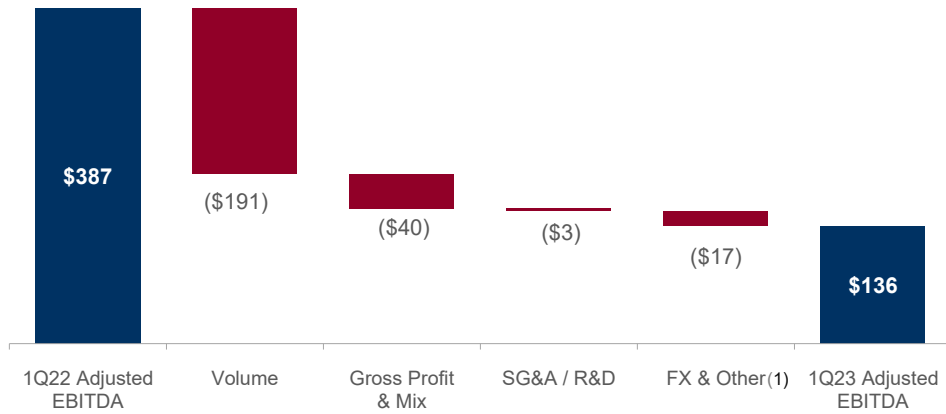
**↓14%** Sales Revenue

**↓28%** Adj. EBITDA

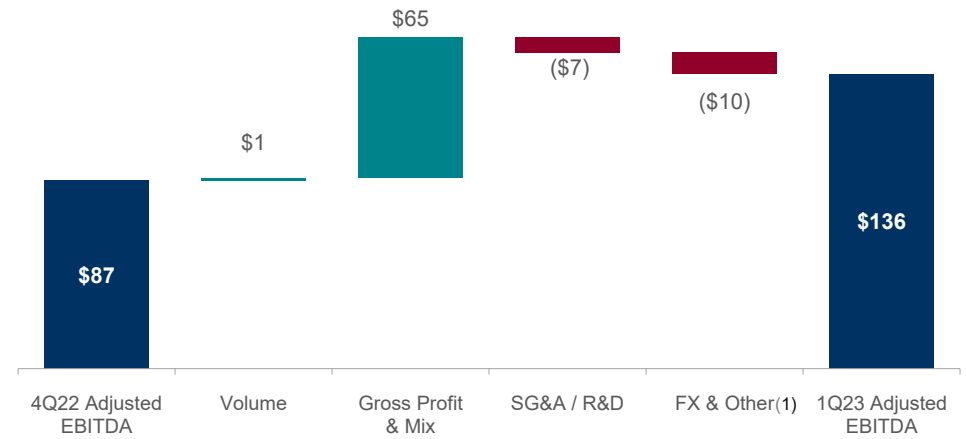
1Q23 Earnings Summary

# Adjusted EBITDA Bridge

## Year / Year – By Account



## Quarter / Quarter – By Account



(1) Includes equity income, minority interest and pension related interest costs and expected asset returns



## 1Q23 Earnings Summary

# Cost Realignment & Synergy Plans on Track

Delivery of ~\$280M Run Rate Benefits Targeted by End of 2023

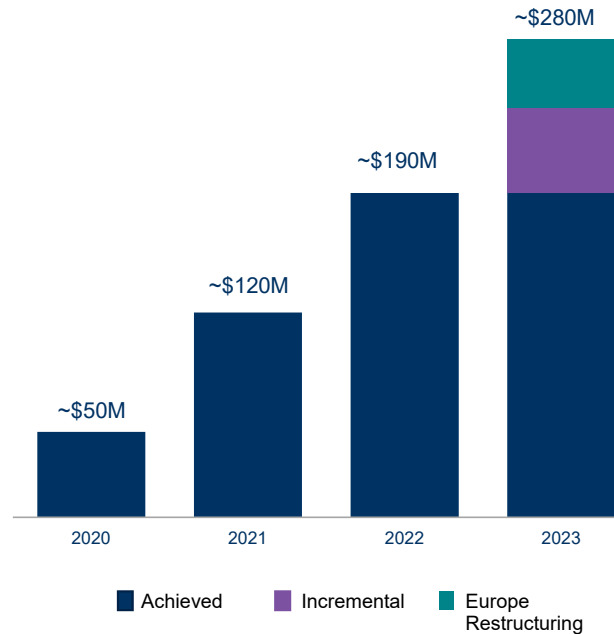
Announced Initiatives	Benefits	Expected Completion
M&A Synergies & 2020 Optimization Initiatives	~\$140M	Q1 2023
GBS Expansion & Polyurethanes and Supply Chain Optimization	~\$100M	End of 2023
European Restructuring	~\$40M	End of 2023
<b>Total</b>	<b>~\$280M</b>	

GBS = Global Business Services

Year	2020	2021	2022	2023	2024
Cumulative In Year Impact	~\$30M	~\$100M	~\$140M	~\$220M	~\$280M

\$80M in year cost optimization benefit, excluding inflation and pension impact

## Annualized Run Rate



## Commentary

**~\$240M** 1Q23 Annualized Run Rate

European Restructuring works council negotiations have been completed. Initiative on track for \$40M YE run rate benefit.

Expanding our GBS hubs in Costa Rica and Poland as recruitment continues. Completed transition to IT managed services during 1Q23.

Completed the divestment of SE Asia Polyurethanes end of March 2023.

Focused on execution across entire program in 2023 amid persistently high inflationary environment.

On track to meet or exceed \$280M annualized run rate by year end 2023.

## 1Q23 Earnings Summary

# Cash Flow and Liquidity Considerations

Earnings and Cash Flow	1Q22	1Q23	2022	LTM
Adjusted EBITDA	\$387	\$136	\$1,155	\$904
Cash Flow From Operations <sup>(1)</sup>	\$67	(\$122)	\$892	\$703
Capital Expenditures	(\$64)	(\$46)	(\$272)	(\$254)
Free Cash Flow <sup>(1)</sup>	\$3	(\$168)	\$620	\$449
Free Cash Flow Conversion			54%	50%

Reflects continuing operations

Equity Return	1Q22	1Q23
Diluted Shares Outstanding	215	184
Share Repurchases	\$210	\$101
Dividend Per Share	\$0.2125	\$0.2375

Capital Structure	1Q22	1Q23
Liquidity	\$2,257	\$2,040
Net Debt	\$743	\$905
LTM Net Debt Leverage	0.5x	1.0x
Credit Ratings	Baa3 / BB+ / BBB	Baa3 / BBB- / BBB

Amounts in millions

Note 1: Includes net cash proceeds from the Albemarle settlement of ~\$80 million in 2022

## 1Q23 Commentary

- Closed Textile Effects transaction on February 28, 2023
  - Approximately \$500 million net cash impact expected after tax and customary closing statement adjustments
- Repurchased ~3.5 million shares for ~\$101 million
- Capital expenditures of \$46 million
  - Organic investments in Performance Products progressing on track targeting energy saving insulation, semi-conductors and electric vehicles
- Diluted earnings per share of \$0.83 and adjusted diluted earnings per share of \$0.20
- Effective tax rate was 20% and adjusted tax rate was 19%

1Q23 Earnings Summary

## 2Q23 Outlook Summary

### 2Q23 Adjusted EBITDA

Polyurethanes	<i>\$85M – \$100M</i>
Performance Products	<i>\$60M – \$70M</i>
Advanced Materials	<i>\$50M – \$56M</i>
Corporate	<i>~(\$45M)</i>
<b>Total</b>	<b><i>~\$150M – \$180M</i></b>



# 2023 Additional Modelling Considerations

## Adjusted EBITDA/ Income Statement

Full Year Corporate & Other	~\$175M
In Year Cost Optimization Benefit	~\$80M, <i>excluding inflation</i>
Pension Expense	~\$40M <i>Headwind YoY</i>
Interest Expense	<i>Similar to 2022</i>
Depreciation & Amortization	~\$280M
2023 Adj. Effective Tax Rate	24% - 26%
Long-Term Adj. Effective Tax Rate	22% - 24%

## Cash Flow

Dividends from Equity Affiliates	~\$15M <i>Headwind YoY</i>
Pension Contributions	~\$10M <i>Tailwind YoY</i>
Cash Interest	<i>Similar to 2022</i>
Cash Tax Rate	<i>Slight Headwind YoY</i>
Cash Related to Cost Optimization	~\$40M <i>Headwind YoY (excl capex)</i>
Capital Expenditures	\$240M - \$250M
Net Working Capital	<i>Driven by economic activity and raw material costs 2023 v 2022</i>

## 2023 Expectations

### Positives

- Improving fundamentals in automotive, aerospace, and government investments in core energy conservation markets
- Polyurethanes Geismar splitter investment
- Attractive shareholder return (dividend and share buybacks)
- Strong balance sheet for bolt-on acquisition optionality

### Challenges

- Global Construction demand under pressure
- Europe: Volatile and high energy costs coupled with demand destruction
- High inflation pressures margins and consumer spending
- Expected lower Adjusted EBITDA versus 2022

## 1Q23 Earnings Summary

# Financials and Reconciliation



USD In millions	1Q21	2Q21	3Q21	4Q21	FY21	1Q22	2Q22	3Q22	4Q22	FY22	1Q23	1Q23 LTM
<b>Segment Revenues:</b>												
Polyurethanes	\$ 1,068	\$ 1,155	\$ 1,403	\$ 1,393	\$ 5,019	\$ 1,386	\$ 1,353	\$ 1,257	\$ 1,071	\$ 5,067	\$ 991	\$ 4,672
Performance Products	305	371	399	410	1,485	480	492	434	307	1,713	334	1,567
Advanced Materials	278	299	304	317	1,198	335	336	328	278	1,277	289	1,231
<b>Total Reportable Segments' Revenues</b>	<u>1,651</u>	<u>1,825</u>	<u>2,106</u>	<u>2,120</u>	<u>7,702</u>	<u>2,201</u>	<u>2,181</u>	<u>2,019</u>	<u>1,656</u>	<u>8,057</u>	<u>1,614</u>	<u>7,470</u>
Intersegment Eliminations	(7)	(8)	(9)	(8)	(32)	(9)	(11)	(8)	(6)	(34)	(8)	(33)
<b>Total Revenues</b>	<u>\$ 1,644</u>	<u>\$ 1,817</u>	<u>\$ 2,097</u>	<u>\$ 2,112</u>	<u>\$ 7,670</u>	<u>\$ 2,192</u>	<u>\$ 2,170</u>	<u>\$ 2,011</u>	<u>\$ 1,650</u>	<u>\$ 8,023</u>	<u>\$ 1,606</u>	<u>\$ 7,437</u>
<b>Segment Adjusted EBITDA:</b>												
Polyurethanes	\$ 207	\$ 208	\$ 246	\$ 218	\$ 879	\$ 224	\$ 229	\$ 138	\$ 37	\$ 628	\$ 66	\$ 470
Performance Products	63	88	103	105	359	146	152	110	61	469	71	394
Advanced Materials	44	58	48	54	204	67	67	58	41	233	48	214
<b>Total Reportable Segments' Adjusted EBITDA</b>	<u>314</u>	<u>354</u>	<u>397</u>	<u>377</u>	<u>1,442</u>	<u>437</u>	<u>448</u>	<u>306</u>	<u>139</u>	<u>1,330</u>	<u>185</u>	<u>1,078</u>
Corporate and Other	(50)	(48)	(48)	(50)	(196)	(50)	(38)	(35)	(52)	(175)	(49)	(174)
<b>Total Adjusted EBITDA</b>	<u>\$ 264</u>	<u>\$ 306</u>	<u>\$ 349</u>	<u>\$ 327</u>	<u>\$ 1,246</u>	<u>\$ 387</u>	<u>\$ 410</u>	<u>\$ 271</u>	<u>\$ 87</u>	<u>\$ 1,155</u>	<u>\$ 136</u>	<u>\$ 904</u>

Data reflects the continuing operations of Huntsman Corporation and treats the textile effects business as discontinued operations.



## 1Q23 Earnings Summary

# Financials and Reconciliation

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USD In millions	1Q21	2Q21	3Q21	4Q21	FY21	1Q22	2Q22	3Q22	4Q22	FY22	1Q23	1Q23 LTM
<b>Net income (loss)</b>	<b>\$ 100</b>	<b>\$ 172</b>	<b>\$ 225</b>	<b>\$ 607</b>	<b>\$ 1,104</b>	<b>\$ 240</b>	<b>\$ 242</b>	<b>\$ 115</b>	<b>\$ (74)</b>	<b>\$ 523</b>	<b>\$ 166</b>	<b>\$ 449</b>
Net income attributable to noncontrolling interests	(17)	(16)	(16)	(10)	(59)	(17)	(14)	(15)	(17)	(63)	(13)	(59)
<b>Net income (loss) attributable to Huntsman Corporation</b>	<b>83</b>	<b>156</b>	<b>209</b>	<b>597</b>	<b>1,045</b>	<b>223</b>	<b>228</b>	<b>100</b>	<b>(91)</b>	<b>460</b>	<b>153</b>	<b>390</b>
Interest expense from continuing operations	19	18	15	15	67	14	16	16	16	62	18	66
Income tax expense from continuing operations	30	37	34	90	191	60	65	30	31	186	11	137
Income tax expense from discontinued operations	4	5	9	3	21	5	2	7	5	19	15	29
Depreciation and amortization from continuing operations	68	69	68	73	278	67	68	72	74	281	69	283
Depreciation and amortization from discontinued operations	6	4	4	4	18	4	4	3	1	12	-	8
Business acquisition and integration expenses and purchase accounting inventory adjustments	9	5	5	3	22	6	4	1	1	12	1	7
(Income) costs associated with the Albermarle Settlement, net	-	-	-	(465)	(465)	1	1	1	-	3	-	2
EBITDA from discontinued operations, net of tax	(23)	(26)	(19)	(20)	(88)	(27)	(19)	(9)	12	(43)	(137)	(153)
(Gain) loss on sale of businesses/assets	-	(30)	-	-	(30)	4	7	16	(27)	-	-	(4)
Income from transition services arrangements	(1)	(3)	(2)	(2)	(8)	(1)	(1)	-	-	(2)	-	(1)
Fair value adjustments to Venator investment, net	19	6	3	-	28	2	-	7	3	12	1	11
Loss on early extinguishment of debt	-	27	-	-	27	-	-	-	-	-	-	-
Certain legal and other settlements and related expenses (income)	2	8	-	3	13	12	2	1	(8)	7	1	(4)
Certain nonrecurring information technology implementation costs	1	3	2	2	8	2	1	1	1	5	2	5
Amortization of pension and postretirement actuarial losses	19	18	19	18	74	12	10	10	17	49	8	45
Restructuring, impairment and plant closing and transition costs (credits)	24	12	-	9	45	3	27	14	52	96	(6)	87
Plant incident remediation costs (credits)	4	(3)	2	(3)	-	-	(5)	1	-	(4)	-	(4)
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$ 264</b>	<b>\$ 306</b>	<b>\$ 349</b>	<b>\$ 327</b>	<b>\$ 1,246</b>	<b>\$ 387</b>	<b>\$ 410</b>	<b>\$ 271</b>	<b>\$ 87</b>	<b>\$ 1,155</b>	<b>\$ 136</b>	<b>\$ 904</b>
<b>Non-GAAP Adjusted EBITDA Margin information:</b>												
Revenue	\$ 1,644	\$ 1,817	\$ 2,097	\$ 2,112	\$ 7,670	\$ 2,192	\$ 2,170	\$ 2,011	\$ 1,650	\$ 8,023	\$ 1,606	\$ 8,485
Adjusted EBITDA	264	306	349	327	1,246	387	410	271	87	1,155	136	1,395
<b>Non-GAAP Adjusted EBITDA Margin</b>	<b>16%</b>	<b>17%</b>	<b>17%</b>	<b>15%</b>	<b>16%</b>	<b>18%</b>	<b>19%</b>	<b>13%</b>	<b>5%</b>	<b>14%</b>	<b>8%</b>	<b>16%</b>
<b>GAAP Net Income Margin</b>	<b>6%</b>	<b>9%</b>	<b>11%</b>	<b>29%</b>	<b>14%</b>	<b>11%</b>	<b>11%</b>	<b>6%</b>	<b>-4%</b>	<b>7%</b>	<b>10%</b>	<b>5%</b>

Data reflects the continuing operations of Huntsman Corporation and treats the textile effects business as discontinued operations.