Huntsman Corporation (NYSE – HUN)
Second Quarter 2025 Prepared Comments
July 31, 2025

On August 1, 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 second quarter 2025 financial results news release. These are their prepared remarks to accompany our results. They should be read together with the second quarter 2025 financial results news release and the slides detailing our second 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 July 31, 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 second quarter 2025 revenues of $1.5 billion and adjusted EBITDA of $74 million. Second quarter net loss attributable to Huntsman was $158 million and operating cash flow from continuing operations was $92 million.

Slide 5: Polyurethanes

Adjusted EBITDA for our **Polyurethanes** division in the second quarter was $31 million. Our sales volumes declined 2% year-over-year. Overall sales volumes were below expectations due to softer than expected demand across all three regions on the back of weaker global construction trends as well as weaker automotive volumes in our Americas and European regions.

Typically, overall volumes seasonally improve by approximately 8% to 10% in the second quarter versus the first quarter. This quarter, our sequential improvement was only 3%, primarily driven by business wins in certain high-volume construction-related markets, but the softer volumes overall were caused by stretched consumer affordability in US residential construction, continued poor demand in Europe and an uncertain trade environment. These factors resulted in increased competitive intensity in the Polyurethanes industry during the quarter.

Adjusted EBITDA in the second quarter declined versus the prior year primarily due to pricing pressure in an increased competitive environment, partially offset by lower raw materials and fixed cost savings. In addition, our earnings were negatively impacted as we reduced our inventory to account for weaker macro-economic conditions and we had a $20 million year-over-year reduction in equity earnings from our PO/MTBE Joint Venture. Adjusted EBITDA margin in the quarter was 3%. We consider these margins to be well below mid-cycle average with significant upside once the industry cycle improves.

Our European volumes decreased low single digit year-over-year primarily due to continued low construction-related demand and the once-in-ever four-year cluster turnaround at our Rotterdam, Netherlands facility. Excluding the impact of the turnaround, volumes were largely flat with the prior year. We had anticipated a modest improvement in margins due to lower raw material costs, but a more intense competitive environment driven by domestic producers more than offset any raw material benefit. Imports from China into the region have remained relatively stable this year despite lower imports into the U.S. Profitability in the region did not improve and remains below breakeven on an adjusted EBITDA basis. As announced in May, we have aggressively expanded our current cost reduction initiatives in Europe covering site rationalization and workforce reductions. And we will remain aggressive in driving the cost structure in Europe to align with the realities of the polyurethanes market and the impact of European government policies.

Year-over-year volumes in Asia were relatively stable compared to the prior year as growth in our insulation and automotive businesses in the region offset lower volumes in other markets. Average Chinese MDI prices declined sequentially but improved modestly by the end of the quarter, compared to the low point in April. We believe the decline in prices was primarily due to the fact that MDI, which would have been exported to the U.S. but for tariffs, remained in China and had to be absorbed into the market. Operating rates have now adjusted and prices are on a more positive trajectory but remain below the pricing levels seen at the beginning of the year. As a result, margins in the region declined in the second quarter versus the first quarter. Looking at pricing dynamics today, we anticipate that China should be relatively stable in the third quarter. The brightest spot in the Chinese market remains automotive, which grew year on year and where we have built good Tier 1 and OEM supply relationships aligned with the Chinese market move into electric vehicles and hybrids.

While broader Chinese 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 we pointed out in last quarter's earnings call, our PO/MTBE joint venture lowered profitability in the second quarter. This was significantly below the prior year due to low MTBE margins.

North American volumes were flat year-over-year as some business wins were offset by weakness in the construction and automotive markets. We did see some margin improvement in the region due to lower benzene costs but this was offset by the earnings impact of managing our inventories to a lower level of demand. Pricing in the region was relatively stable. As a result of lower demand conditions, the U.S. MDI market did not tighten despite the decline of Chinese imports into the market. Nearly half of these declines have been offset by European producers increasing imports into the North American markets. We do expect pricing and profitability to improve in North America as and when demand in our key construction and automotive markets increases. That said, we are not waiting for business fundamentals to improve and we are taking proactive steps to reduce fixed costs and drive up the profitability and 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, contracted 4% in the second quarter with tariff uncertainty impacting North American production and consequently sales, stable demand in Europe, and growth in Asia. Our global elastomers platform represents approximately 10% of our Polyurethanes portfolio and continues to deliver solid profitability, well above the business segment margin average.

We still expect our U.S. based business to benefit from MDI tariffs on Chinese material over the long term as Chinese imports of MDI into the U.S. represented about 20% of industry demand in 2024. In a normal demand environment, we would expect the reduction of these imports would lead to some increase in prices and profitability over time. Pricing in the Americas, as well as in other parts of the world, will depend on global demand-supply dynamics, as well as the potential redirection of Chinese MDI product flows across the globe. A possible offset to any benefit in the U.S. is increased competition in China due to fewer exports, as well as increased competition in other regions outside of the United States.

Regardless of current trade 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 recover eventually, we are still aggressively reducing costs across our PU network with a focus on Europe, which has by far the lowest returns. We expanded our cost reduction program this past quarter in response to this prolonged challenging environment and we expect the majority of savings to be complete by the end of 2026, with the full annual benefit realized in 2027. In addition, we expect the savings achieved over the past two to three years to continue providing benefits going forward.

Should current market conditions persist for the remainder of the third quarter, we are projecting Polyurethanes adjusted EBITDA to increase from the second quarter to a range of $35 million to $50 million.

Slide 6: Performance Products

Our Performance Products division reported an adjusted EBITDA of $32 million for the second quarter. Total sales volumes decreased 9% year-over-year driven primarily by operating rates and the closure of our European maleic anhydride facility in Moers, Germany. Excluding the closure, volumes would have declined 1% versus the prior year. During the second quarter, the division also benefited from the reversal of $7 million of a non-cash loss contingency accrual recorded in our US operations.

Profitability in the division was negatively impacted by margin pressure in our European Maleic business, as well as continued competitive pressure in various amines markets. . We do not expect these competitive pressures to soften materially in the near term. Also impacting profitability is the low level of demand across most of the division's markets, which are well below pre-COVID levels. As we committed on our prior earnings call, we did drive down our inventories during the quarter to align with a lower demand environment resulting in a negative impact to earnings. Once volume begins to improve in a material way, we would expect profitability in this division to quickly move higher. And, it should be noted, average volumes for the division did modestly improve quarter over quarter.

The construction phase of our capital growth projects for the semiconductor industry and for catalysts are now complete, and we expect both investments to contribute to profitability over the coming years. At the same time, we are aggressively controlling other costs, making some headcount reductions and limiting discretionary spending. Additionally, as previously referenced, we completed the previously announced closure of our Moers, Germany, maleic anhydride facility. European maleic reported a $10 million EBITDA loss in 2024. In addition to the $77 million non-cash asset impairment charge, the closure of this facility will have a cash cost of an estimated $10 million which will be spread out over the next few years.

We do not expect sequential improvement in volumes quarter-over-quarter and volumes will be down year-over-year due to the EU Maleic closure. Performance Products adjusted EBITDA for the third quarter is currently expected to be in the range of $20 million to $30 million.

Slide 7: Advanced Materials

Our **Advanced Materials** division reported adjusted EBITDA of $45 million in the second quarter. This was a solid result in a challenging operating environment and above our expectations, due primarily to higher sales into the power and industrial markets. Overall sales volumes declined by 3% compared to the prior year primarily due to lower sales into the coatings and aerospace markets.

Our aerospace segment was well down year-over-year and continues to be hampered by lower wide body production rates and disruptions in the global supply chain. We have always said that quarter to quarter volumes will be volatile, and the uncertainty in order patterns across a complex global market, combined with existing supply chain problems and destocking, has further depressed orders in the short term. That said, we remain confident in the direction of aerospace and we continue to benefit from the business wins we have achieved with new applications directed into the interior of planes. Longer term, we expect OEMs to ramp up production of their wide body platforms and we will see growth in both our composite and adhesive products. Wide body planes are our largest application in this market.

We remain positive about the underlying fundamentals in our power segment over the long-term, where we are experiencing solid and consistent levels of demand growth across all our regions. We expect to see sustained investment into the power grid globally to meet the growing demand for power generation and increased consumption.

The positive dynamics in our power business are being partially offset by headwinds in other markets that are linked to industrial production-related activity around the world. However, we would note that, apart from aerospace, most of our industrial markets improved in the second quarter versus the first quarter. Indeed, we also managed to grow our automotive volumes sequentially and year over year as business wins offset some of the issues industry has been facing.

Advanced Materials remains our primary focus for future bolt-on acquisitions to expand the portfolio, drive innovation sales growth, and improve overall returns in the business. We will also continue moving forward with organic projects and R&D investments, such as those employing our

MIRALON® technology. That said, other than continuing our investment in MIRALON®, our near-term priorities will be increasing returns through improved sales growth and cost discipline. We remain positive about the long-term prospects for Advanced Materials over the coming years. Due to some typical seasonality, we expect the third quarter to be modestly lower than the second quarter and adjusted EBITDA to be in the range of $40 million to $45 million.

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

Adjusted EBITDA for the second quarter was $74 million compared to $131 million in the second quarter of 2024 and $72 million in the first quarter of 2025. Revenues decreased 7% compared to the prior year and increased 3% compared to the prior quarter. Adjusted EBITDA margin of 5% was flat with the prior two quarters.

Volumes declined 4% year-over-year with all divisions experiencing a decline. Excluding the impact of closing our Moers, Germany maleic anhydride facility, volumes declined 2%. The decline was most pronounced in Europe with North America and Asia flat. Globally, all our key markets showed decline offsetting modest growth in Asia automotive. Sequentially, volumes increased 5%, reflecting a muted seasonal improvement and market share gains between the first and second quarters. Typically, we would expect a more meaningful improvement due to seasonality driven primarily by our global construction businesses. Global automotive volumes, which reflect approximately 15% of our portfolio, decreased 5% year-over-year and were flat quarter-over-quarter.

In the second quarter, construction represented 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 came from North America sales mostly into residential housing, 25% to 30% from Europe driven by commercial sales, and approximately 20% from Asia where the majority of sales were for the infrastructure and commercial markets.

In local currency, price/mix in Polyurethanes declined 5% from the second quarter 2024 to the second quarter 2025, Performance Products decreased by 1%, and Advanced Materials was down 3%, driven by mix with 25% lower Aerospace sales volumes. Sequentially, price/mix was down 4% driven by pricing pressures and unfavorable mix, and variable unit margins were flat. Equity income from our Chinese PO/MTBE joint venture was a slight adjusted EBITDA loss for the second quarter. As indicated in the fourth earnings call, the recent performance of our Chinese PO/MTBE joint venture is having a negative year-over-year impact on the cash dividends we expect to receive from the joint venture in 2025.

SG&A costs were 9% lower than in the second quarter 2024, benefiting from our cost savings initiatives and lower non-cash incentive compensation accruals. Adjusted EBITDA also benefited from the non-cash impact of a reduction in a loss contingency accrual in our Performance Products division. The highlighted non-cash adjusted EBITDA benefits were offset by the negative earnings impact associated with the reduction in inventory in the quarter to a level reflective of the current demand environment.

Our global restructuring programs, which we doubled from our last quarter update, are now expected to deliver approximately $100 million of annualized run rate savings by the end of 2026. The full program includes the closure of seven sites, including three downstream polyurethane facilities in Europe and the Middle East, one plant in Canada, one site in the U.S., a sales and administrative office in Germany, and our Moers maleic anhydride facility. Most of the incremental restructuring is taking place in Europe and will include headcount reductions and further utilization of our low-cost global business service hubs. Total costs related to all current programs are expected to be approximately $120 million of which $20 million is capital expenditures to be absorbed within our regular capital expenditure guidance. At the end of the second quarter, we achieved annualized run rate savings of approximately $40 million and have spent $15 million to date. In addition to these cost savings, which are spread across plant costs and SG&A, we remain on track to achieve structural in-year savings of $30 million related to variable costs.

Corporate expense in the second quarter was a decrease of $13 million to $34 million compared to the second quarter of 2024 due to lower corporate overhead costs due, in part, to cost saving initiatives, lower non-cash incentive compensation accruals and transactional foreign exchange benefits.

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 depend on the level and 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 second quarter was an inflow of $92 million compared to an inflow of $55 million in the prior year period. Primary working capital was a net inflow during the quarter of $100 million, primarily driven by a reduction in inventory. As discussed on our prior earnings call, we expect a cash benefit in 2025 of approximately $30 million from our supply chain financing program, including the extension to accounts payable terms. Trailing twelve months cash flow from operations as a percentage of adjusted EBITDA was 90%.

Capital expenditures during the second quarter were $37 million, down from $50 million in the prior year period and similar to the spend in the first quarter of 2025. We continue to be prudent with our capital expenditures and are targeting spend at the low end of the $180-$190 million range we guided to at the beginning of 2025. Critical maintenance, cybersecurity risk mitigation, and mandatory safety and environmental spend is approximately $150 million with 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 $290 million in 2025.

Free cash flow in the second quarter was $55 million compared to $5 million in the second quarter of 2024 and the last twelve months of free cash flow is $149 million. As guided, during the second quarter, we had a higher outflow of cash taxes due to one-time cash paid related to the 2017 TCJA and German taxes from prior years. Our net debt leverage increased to 4.7 times at the end of the second quarter due to a reduction in the last 12 months EBITDA and we closed the quarter with $1.3 billion in available liquidity. We had $399 million of cash on hand at the end of the second quarter compared to $335 million at the end of 2024. Our net debt at the end of June was approximately $1.6 billion of which approximately $1.5 billion was long term debt related to our senior notes maturing in 2029, 2031 and 2034.

Adjusted diluted loss per share was 20 cents for the quarter. Our quarterly dividend is currently 25 cents per share, an annual payout of $1.00 per share. Cash management initiatives continue to progress as our focus remains on cash management and protecting our balance sheet.

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