

February 15, 2017



# Huntsman Announces Fourth Quarter and Full Year 2016 Results; Delivers a Record \$686 Million of Free Cash Flow

THE WOODLANDS, Texas, Feb. 15, 2017 /PRNewswire/ --

## Fourth Quarter 2016 Highlights

- Net income was \$137 million compared to \$9 million in the prior year period and \$64 million in the prior quarter.
- Adjusted EBITDA was \$256 million compared to \$240 million in the prior year period and \$272 million in the prior quarter.
- Diluted income per share was \$0.53 compared to \$0.02 in the prior year period and \$0.23 in the prior quarter.
- Adjusted diluted income per share was \$0.30 compared to \$0.51 in the prior year period and \$0.38 in the prior quarter.
- Net cash provided by operating activities was \$240 million. Free cash flow generation was \$117 million.
- On December 30, 2016, we completed the sale of our European surfactants business for an enterprise value of \$225 million.
- On December 30, 2016, we made a \$260 million early repayment of debt.

## Full Year 2016 Highlights

- Net income was \$357 million compared to \$126 million in the prior year.
- Adjusted EBITDA was \$1,127 million compared to \$1,221 million in the prior year.
- Net cash provided by operating activities was \$1,088 million compared to \$575 million in the prior year. Free cash flow generation was \$686 million compared to negative free cash flow of \$30 million in the prior year.
- We repaid \$560 million of debt during the year from cash generation and proceeds from the sale of our European surfactants business. This represents a 12% reduction in debt during 2016.

| In millions, except per share amounts | Three months ended |         |               | Twelve months ended |          |
|---------------------------------------|--------------------|---------|---------------|---------------------|----------|
|                                       | December 31,       |         | September 30, | December 31,        |          |
|                                       | 2016               | 2015    | 2016          | 2016                | 2015     |
| Revenues                              | \$2,395            | \$2,332 | \$ 2,363      | \$ 9,657            | \$10,299 |
| Net income                            | \$ 137             | \$ 9    | \$ 64         | \$ 357              | \$ 126   |
| Adjusted net income <sup>(1)</sup>    | \$ 72              | \$ 124  | \$ 91         | \$ 377              | \$ 492   |

|                                                  |         |         |         |          |          |
|--------------------------------------------------|---------|---------|---------|----------|----------|
| Diluted income per share                         | \$ 0.53 | \$ 0.02 | \$ 0.23 | \$ 1.36  | \$ 0.38  |
| Adjusted diluted income per share <sup>(1)</sup> | \$ 0.30 | \$ 0.51 | \$ 0.38 | \$ 1.57  | \$ 2.00  |
| Adjusted EBITDA <sup>(1)</sup>                   | \$ 256  | \$ 240  | \$ 272  | \$ 1,127 | \$ 1,221 |
| Net cash provided by operating activities        | \$ 240  | \$ 188  | \$ 405  | \$ 1,088 | \$ 575   |
| Free cash flow <sup>(3)</sup>                    | \$ 117  | \$ (29) | \$ 300  | \$ 686   | \$ (30)  |

See end of press release for footnote explanations

Huntsman Corporation (NYSE: HUN) today reported fourth quarter 2016 results with revenues of \$2,395 million, net income of \$137 million and adjusted EBITDA of \$256 million.

Peter R. Huntsman, our President and CEO, commented:

*"At the beginning of 2016, we announced our intent to generate more than \$350 million of free cash flow. We delivered a record \$686 million of free cash flow in 2016, including \$117 million during the fourth quarter. We used this cash, together with proceeds from the sale of our European surfactants business, to repay \$560 million in debt, significantly strengthening our balance sheet.*

*"As I look at the past year, I am impressed by the quality of earnings that our businesses have achieved and how we are positioned moving into 2017. MDI urethanes continues to show steady and impressive growth, with differentiated MDI sales volumes growing 6% compared to last year and representing 85% of MDI urethanes EBITDA. Advanced Materials and Textile Effects have become solid performers with steady and modestly improving earnings. Our Performance Products business is poised for recovery in 2017. As TiO2 prices have rebounded, our Pigments and Additives division saw earnings double from 2015 and we expect earnings to improve meaningfully in 2017, due largely to price increases in TiO2 and the cumulative benefits of restructuring.*

*"We are also delivering on our commitment to separate the TiO2 business through the spin-off of Venator. We continue to make steady progress with the IRS to allow Huntsman to retain a 40% economic interest in Venator."*

## **Segment Analysis for 4Q16 Compared to 4Q15**

### *Polyurethanes*

The increase in revenues in our Polyurethanes division for the three months ended December 31, 2016 compared to the same period in 2015 was primarily due to higher MDI average selling prices and higher MDI sales volumes. MDI average selling prices increased sharply in Asia primarily as a result of a competitor's outage. MDI sales volumes increased primarily due to higher demand in the Americas region. The decrease in adjusted EBITDA was primarily due to lower MTBE margins, partially offset by higher MDI margins and sales volumes.

### *Performance Products*

The decrease in revenues in our Performance Products division for the three months ended December 31, 2016 compared to the same period in 2015 was primarily due to lower average selling prices. Average selling prices decreased primarily in response to lower raw material costs and competitive market conditions. The decrease in adjusted EBITDA was primarily due to lower margins in our amines and maleic anhydride businesses.

### *Advanced Materials*

The decrease in revenues in our Advanced Materials division for the three months ended December 31, 2016 compared to the same period in 2015 was due to lower sales volumes and lower average selling prices. Sales volumes decreased primarily due to soft demand for low value business in our coatings and construction market, partially offset by growth in our electrical and electronic markets. Average selling prices decreased primarily as a result of lower raw material costs. Adjusted EBITDA increased as lower costs for raw materials and fixed costs more than offset lower sales volumes and lower average selling prices.

### *Textile Effects*

Revenues in our Textile Effects division for the three months ended December 31, 2016 compared to the same period in 2015 were essentially flat as lower local currency average selling prices were offset by higher sales volumes. Average selling prices decreased primarily due to lower raw material costs. Sales volumes increased in Asia, Europe and South America. The increase in adjusted EBITDA was primarily due to higher volumes and lower raw material costs.

### *Pigments and Additives*

The increase in revenues in our Pigments and Additives division for the three months ended December 31, 2016 compared to the same period in 2015 was due to higher average selling prices and higher volumes. Average selling prices increased primarily due to improved business conditions for titanium dioxide. Sales volumes increased broadly across all of the business. The increase in adjusted EBITDA was primarily due to higher average selling prices for titanium dioxide and lower costs resulting from restructuring savings.

### *Corporate, LIFO and Other*

Adjusted EBITDA from Corporate, LIFO and Other decreased by \$14 million to a loss of \$52 million for the three months ended December 31, 2016 compared to a loss of \$38 million for the same period in 2015. The decrease in adjusted EBITDA was primarily the result of an increase in LIFO inventory valuation expense and an increase in unallocated foreign currency exchange losses.

## **Liquidity, Capital Resources and Outstanding Debt**

As of December 31, 2016, we had \$1,208 million of combined cash and unused borrowing capacity compared to \$1,023 million as of December 31, 2015.

We repaid \$560 million in debt during 2016, including an early repayment of \$260 million on our 2015 Extended Term Loan B on December 30, 2016.

During 2016 we spent \$421 million on capital expenditures compared to \$663 million in 2015. We expect to spend approximately \$400 million annually on capital expenditures in 2017.

## Income Taxes

During the three months ended December 31, 2016, we recorded an income tax expense of \$29 million. During the same period we paid \$11 million in cash for income taxes.

In 2016, our adjusted effective tax rate was 22%. We expect our long term adjusted effective tax rate will be approximately 30%. We believe our 2017 adjusted effective tax rate will be slightly less than the long term rate.

## Earnings Conference Call Information

We will hold a conference call to discuss our fourth quarter 2016 financial results on Wednesday, February 15, 2017 at 10:00 a.m. ET.

Call-in numbers for the conference call:  
U.S. participants (888) 713 - 4209  
International participants (617) 213 - 4863  
Passcode 207 418 41#

In order to facilitate the registration process, you may use the following link to pre-register for the conference call. Callers who pre-register will be given a unique PIN to gain immediate access to the call and bypass the live operator. You may pre-register at any time, including up to and after the call start time. To pre-register, please go to:

<https://www.theconferencingservice.com/prereg/key.process?key=PKGK6Q9D7>

## Webcast Information

The conference call will be available via webcast and can be accessed from the company's website at [ir.huntsman.com](http://ir.huntsman.com).

## Replay Information

The conference call will be available for replay beginning February 15, 2017 and ending February 22, 2017.

Call-in numbers for the replay:  
U.S. participants (888) 286 - 8010  
International participants (617) 801 - 6888  
Replay code 30397182

**Table 1 – Results of Operations**

| In millions, except per share amounts | Three months ended |      | Twelve months ended |      |
|---------------------------------------|--------------------|------|---------------------|------|
|                                       | December 31,       |      | December 31,        |      |
|                                       | 2016               | 2015 | 2016                | 2015 |

|                                                                 |               |             |               |              |
|-----------------------------------------------------------------|---------------|-------------|---------------|--------------|
| <b>Revenues</b>                                                 | \$2,395       | \$2,332     | \$9,657       | \$10,299     |
| Cost of goods sold                                              | 1,988         | 1,956       | 7,979         | 8,451        |
| <b>Gross profit</b>                                             | 407           | 376         | 1,678         | 1,848        |
| Operating expenses                                              | 180           | 282         | 932           | 1,141        |
| Restructuring, impairment and plant closing (credits) costs     | (6)           | 81          | 81            | 302          |
| Spin-off separation expenses                                    | 18            | -           | 18            | -            |
| <b>Operating income</b>                                         | 215           | 13          | 647           | 405          |
| Interest expense                                                | (50)          | (47)        | (202)         | (205)        |
| Equity in income of investment in unconsolidated affiliates     | 1             | 1           | 5             | 6            |
| Loss on early extinguishment of debt                            | -             | -           | (3)           | (31)         |
| Other income                                                    | 1             | 3           | 1             | 1            |
| <b>Income (loss) before income taxes</b>                        | 167           | (30)        | 448           | 176          |
| Income tax (expense) benefit                                    | (29)          | 39          | (87)          | (46)         |
| <b>Income from continuing operations</b>                        | 138           | 9           | 361           | 130          |
| Loss from discontinued operations, net of tax <sup>(2)</sup>    | (1)           | -           | (4)           | (4)          |
| <b>Net income</b>                                               | 137           | 9           | 357           | 126          |
| Net income attributable to noncontrolling interests, net of tax | (9)           | (5)         | (31)          | (33)         |
| <b>Net income attributable to Huntsman Corporation</b>          | <u>\$ 128</u> | <u>\$ 4</u> | <u>\$ 326</u> | <u>\$ 93</u> |

|                                          |        |        |         |          |
|------------------------------------------|--------|--------|---------|----------|
| <b>Adjusted EBITDA<sup>(1)</sup></b>     | \$ 256 | \$ 240 | \$1,127 | \$ 1,221 |
| <b>Adjusted net income<sup>(1)</sup></b> | \$ 72  | \$ 124 | \$ 377  | \$ 492   |

|                                                        |         |         |         |         |
|--------------------------------------------------------|---------|---------|---------|---------|
| <b>Basic income per share</b>                          | \$ 0.54 | \$ 0.02 | \$ 1.38 | \$ 0.38 |
| <b>Diluted income per share</b>                        | \$ 0.53 | \$ 0.02 | \$ 1.36 | \$ 0.38 |
| <b>Adjusted diluted income per share<sup>(1)</sup></b> | \$ 0.30 | \$ 0.51 | \$ 1.57 | \$ 2.00 |

**Common share information:**

|                                                      |     |     |     |     |
|------------------------------------------------------|-----|-----|-----|-----|
| Basic shares outstanding                             | 236 | 239 | 236 | 243 |
| Diluted shares                                       | 241 | 241 | 240 | 245 |
| Diluted shares for adjusted diluted income per share | 241 | 241 | 240 | 245 |

See end of press release for footnote explanations

**Table 2 – Results of Operations by Segment**

|                          | Three months ended |        |          | Twelve months ended |          |          |
|--------------------------|--------------------|--------|----------|---------------------|----------|----------|
|                          | December 31,       |        | Better / | December 31,        |          | Better / |
| In millions              | 2016               | 2015   | (Worse)  | 2016                | 2015     | (Worse)  |
| <b>Segment Revenues:</b> |                    |        |          |                     |          |          |
| Polyurethanes            | \$ 964             | \$ 909 | 6%       | \$3,667             | \$ 3,811 | (4)%     |
| Performance Products     | 515                | 552    | (7)%     | 2,126               | 2,501    | (15)%    |
| Advanced Materials       | 246                | 256    | (4)%     | 1,020               | 1,103    | (8)%     |

|                            |                       |                       |           |                       |                        |             |
|----------------------------|-----------------------|-----------------------|-----------|-----------------------|------------------------|-------------|
| Textile Effects            | 184                   | 186                   | (1)%      | 751                   | 804                    | (7)%        |
| Pigments & Additives       | 491                   | 453                   | 8%        | 2,139                 | 2,160                  | (1)%        |
| Corporate and eliminations | <u>(5)</u>            | <u>(24)</u>           | n/m       | <u>(46)</u>           | <u>(80)</u>            | n/m         |
| <b>Total</b>               | <b><u>\$2,395</u></b> | <b><u>\$2,332</u></b> | <b>3%</b> | <b><u>\$9,657</u></b> | <b><u>\$10,299</u></b> | <b>(6)%</b> |

**Segment Adjusted EBITDA<sup>(1)</sup>:**

|                           |                      |                      |           |                       |                        |             |
|---------------------------|----------------------|----------------------|-----------|-----------------------|------------------------|-------------|
| Polyurethanes             | \$ 130               | \$ 141               | (8)%      | \$ 569                | \$ 573                 | (1)%        |
| Performance Products      | 68                   | 76                   | (11)%     | 316                   | 460                    | (31)%       |
| Advanced Materials        | 50                   | 48                   | 4%        | 223                   | 220                    | 1%          |
| Textile Effects           | 14                   | 13                   | 8%        | 73                    | 63                     | 16%         |
| Pigments & Additives      | 46                   | -                    | n/m       | 130                   | 61                     | 113%        |
| Corporate, LIFO and other | <u>(52)</u>          | <u>(38)</u>          | (37)%     | <u>(184)</u>          | <u>(156)</u>           | (18)%       |
| <b>Total</b>              | <b><u>\$ 256</u></b> | <b><u>\$ 240</u></b> | <b>7%</b> | <b><u>\$1,127</u></b> | <b><u>\$ 1,221</u></b> | <b>(8)%</b> |

*n/m = not meaningful*

*See end of press release for footnote explanations*

**Table 3 – Factors Impacting Sales Revenue**

| Three months ended<br>December 31, 2016 vs. 2015  |                                      |                  |                      |                                |          |
|---------------------------------------------------|--------------------------------------|------------------|----------------------|--------------------------------|----------|
|                                                   | Average Selling Price <sup>(a)</sup> |                  | Sales Mix<br>& Other | Sales<br>Volume <sup>(b)</sup> | Total    |
|                                                   | Local<br>Currency                    | Exchange<br>Rate |                      |                                |          |
| Polyurethanes                                     | 4%                                   | (1)%             | 0%                   | 3%                             | 6%       |
| <i>Polyurethanes, adj</i>                         |                                      |                  |                      | 9%                             | 12% (e)  |
| Performance Products                              | (5)%                                 | 0%               | (3)%                 | 1%                             | (7)%     |
| <i>Performance Products, adj</i>                  |                                      |                  |                      | 6%                             | (2)% (e) |
| Advanced Materials                                | (2)%                                 | 0%               | 1%                   | (3)%                           | (4)%     |
| Textile Effects                                   | (8)%                                 | (1)%             | 0%                   | 8%                             | (1)%     |
| Pigments & Additives                              | 7%                                   | (1)%             | (3)%                 | 5%                             | 8%       |
| Total Company                                     | 1%                                   | (1)%             | 0%                   | 3%                             | 3%       |
| <i>Total Company, adj</i>                         |                                      |                  |                      | 7%                             | 7% (e)   |
| Twelve months ended<br>December 31, 2016 vs. 2015 |                                      |                  |                      |                                |          |
|                                                   | Average Selling Price <sup>(a)</sup> |                  | Sales Mix<br>& Other | Sales<br>Volume <sup>(b)</sup> | Total    |
|                                                   | Local<br>Currency                    | Exchange<br>Rate |                      |                                |          |
| Polyurethanes                                     | (9)%                                 | (1)%             | (5)%                 | 11%                            | (4)%     |

|                                      |      |      |      |      |       |           |
|--------------------------------------|------|------|------|------|-------|-----------|
| <i>Polyurethanes, adj</i>            |      |      |      | 6%   | (9)%  | (c)(e)    |
| Performance Products                 | (8)% | (1)% | (4)% | (2)% | (15)% |           |
| <i>Performance Products, adj</i>     |      |      |      | 0%   | (13)% | (e)       |
| Advanced Materials                   | (2)% | (2)% | 3%   | (7)% | (8)%  |           |
| Textile Effects                      | (6)% | (3)% | (1)% | 3%   | (7)%  |           |
| Pigments & Additives                 | (4)% | (1)% | 0%   | 4%   | (1)%  |           |
| <i>Pigments &amp; Additives, adj</i> |      |      |      | 3%   | (2)%  | (d)       |
| Total Company                        | (7)% | (1)% | (3)% | 5%   | (6)%  |           |
| <i>Total Company, adj</i>            |      |      |      | 4%   | (7)%  | (c)(d)(e) |

(a) Excludes sales from tolling arrangements, by-products and raw materials.

(b) Excludes sales from by-products and raw materials.

(c) Excludes volume impact from the planned maintenance at our PO/MTBE facility that occurred in 1H15.

(d) Excludes volume impact from nitrogen tank incident at our Uerdingen, Germany facility in 3Q15.

(e) Excludes volume impact from weather related and other production outages in 2H16.

**Table 4 – Reconciliation of U.S. GAAP to Non-GAAP Measures**

|                                                                         | EBITDA             |               | Income Tax<br>(Expense) Benefit |              |
|-------------------------------------------------------------------------|--------------------|---------------|---------------------------------|--------------|
|                                                                         | Three months ended |               | Three months ended              |              |
|                                                                         | December 31,       |               | December 31,                    |              |
| In millions, except per share amounts                                   | 2016               | 2015          | 2016                            | 2015         |
| <b>Net income</b>                                                       | \$ 137             | \$ 9          |                                 |              |
| Net income attributable to noncontrolling interests                     | (9)                | (5)           |                                 |              |
| <b>Net income attributable to Huntsman Corporation</b>                  | 128                | 4             |                                 |              |
| Interest expense                                                        | 50                 | 47            |                                 |              |
| Income tax expense (benefit) from continuing operations                 | 29                 | (39)          | (29)                            | 39           |
| Income tax benefit from discontinued operations <sup>(2)</sup>          | (1)                | (3)           |                                 |              |
| Depreciation and amortization                                           | 110                | 102           |                                 |              |
| Acquisition and integration expenses, purchase accounting adjustments   | 2                  | 22            | -                               | (6)          |
| Loss from discontinued operations, net of tax <sup>(2)</sup>            | 2                  | 3             | N/A                             | N/A          |
| (Gain) loss on disposition of businesses/assets                         | (97)               | 1             | 14                              | -            |
| Loss on early extinguishment of debt                                    | -                  | -             | -                               | -            |
| Certain legal settlements and related expenses                          | 2                  | 1             | (1)                             | -            |
| Plant incident remediation costs, net                                   | 3                  | 1             | (1)                             | -            |
| Business separation costs                                               | 18                 | -             | (5)                             | -            |
| Amortization of pension and postretirement actuarial losses             | 16                 | 18            | (2)                             | (3)          |
| Restructuring, impairment, plant closing and transition (credits) costs | (6)                | 83            | -                               | 3            |
| <b>Adjusted<sup>(1)</sup></b>                                           | <b>\$ 256</b>      | <b>\$ 240</b> | <b>\$ (24)</b>                  | <b>\$ 33</b> |

Adjusted income tax expense (benefit)<sup>(4)</sup>

Net income attributable to noncontrolling interests, net of tax

**Adjusted pre-tax income<sup>(1)</sup>**

**Adjusted effective tax rate**

|                                                                       | <b>EBITDA</b>                                        | <b>Income Tax<br/>(Expense) Benefit</b>              |
|-----------------------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|
|                                                                       | <b>Three months ended<br/>September 30,<br/>2016</b> | <b>Three months ended<br/>September 30,<br/>2016</b> |
| In millions, except per share amounts                                 |                                                      |                                                      |
| <b>Net income</b>                                                     | \$ 64                                                |                                                      |
| Net income attributable to noncontrolling interests                   | (9)                                                  |                                                      |
| <b>Net income attributable to Huntsman Corporation</b>                | 55                                                   |                                                      |
| Interest expense                                                      | 52                                                   |                                                      |
| Income tax benefit from continuing operations                         | (1)                                                  | 1                                                    |
| Depreciation and amortization                                         | 113                                                  |                                                      |
| Acquisition and integration expenses, purchase accounting adjustments | 8                                                    | (4)                                                  |
| Loss from discontinued operations, net of tax <sup>(2)</sup>          | 1                                                    | N/A                                                  |
| Gain on disposition of businesses/assets                              | (22)                                                 | 2                                                    |
| Loss on early extinguishment of debt                                  | 1                                                    | -                                                    |
| Certain legal settlements and related expenses                        | -                                                    | -                                                    |
| Plant incident remediation costs, net                                 | 4                                                    | -                                                    |
| Amortization of pension and postretirement actuarial losses           | 16                                                   | (4)                                                  |
| Restructuring, impairment, plant closing and transition costs         | 45                                                   | (11)                                                 |
| <b>Adjusted<sup>(1)</sup></b>                                         | <b>\$ 272</b>                                        | <b>\$ (16)</b>                                       |

Adjusted income tax expense<sup>(4)</sup>

Net income attributable to noncontrolling interests, net of tax

**Adjusted pre-tax income<sup>(1)</sup>**

**Adjusted effective tax rate**

|                                                        | <b>EBITDA</b>                                        | <b>Income Tax<br/>(Expense) Benefit</b>              |
|--------------------------------------------------------|------------------------------------------------------|------------------------------------------------------|
|                                                        | <b>Twelve months ended<br/>December 31,<br/>2016</b> | <b>Twelve months ended<br/>December 31,<br/>2015</b> |
| In millions, except per share amounts                  |                                                      |                                                      |
| <b>Net income</b>                                      | \$ 357                                               | \$ 126                                               |
| Net income attributable to noncontrolling interests    | (31)                                                 | (33)                                                 |
| <b>Net income attributable to Huntsman Corporation</b> | 326                                                  | 93                                                   |



|                                                                       |              |                 |                 |              |
|-----------------------------------------------------------------------|--------------|-----------------|-----------------|--------------|
| Interest expense                                                      | 202          | 205             |                 |              |
| Income tax expense from continuing operations                         | 87           | 46              | (87)            | (46)         |
| Income tax benefit from discontinued operations <sup>(2)</sup>        | (2)          | (2)             |                 |              |
| Depreciation and amortization                                         | 432          | 399             |                 |              |
| Acquisition and integration expenses, purchase accounting adjustments | 23           | 53              | (7)             | (13)         |
| Loss from discontinued operations, net of tax <sup>(2)</sup>          | 6            | 6               | N/A             | N/A          |
| (Gain) loss on disposition of businesses/assets                       | (119)        | 2               | 16              | -            |
| Loss on early extinguishment of debt                                  | 3            | 31              | (1)             | (11)         |
| Certain legal settlements and related expenses                        | 3            | 4               | (1)             | (1)          |
| Plant incident remediation costs, net                                 | 1            | 4               | -               | (1)          |
| Business separation costs                                             | 18           | -               | (5)             | -            |
| Amortization of pension and postretirement actuarial losses           | 65           | 74              | (12)            | (17)         |
| Restructuring, impairment, plant closing and transition costs         | 82           | 306             | (19)            | (36)         |
|                                                                       | <u>\$</u>    | <u>\$</u>       | <u>\$</u>       | <u>\$</u>    |
| <b>Adjusted<sup>(1)</sup></b>                                         | <u>1,127</u> | <u>\$ 1,221</u> | <u>\$ (116)</u> | <u>(125)</u> |

Adjusted income tax expense<sup>(4)</sup>

Net income attributable to noncontrolling interests, net of tax

**Adjusted pre-tax income<sup>(1)</sup>**

**Adjusted effective tax rate**

See end of press release for footnote explanations

**Table 5 – Selected Balance Sheet Items**

| In millions                        | December 31,<br>2016 | September 30,<br>2016 | December 31,<br>2015 |
|------------------------------------|----------------------|-----------------------|----------------------|
| Cash                               | \$ 425               | \$ 450                | \$ 269               |
| Accounts and notes receivable, net | 1,435                | 1,466                 | 1,449                |
| Inventories                        | 1,344                | 1,444                 | 1,692                |
| Other current assets               | 351                  | 392                   | 424                  |
| Property, plant and equipment, net | 4,212                | 4,298                 | 4,446                |
| Assets held for sale               | -                    | 121                   | -                    |
| Other assets                       | <u>1,422</u>         | <u>1,536</u>          | <u>1,540</u>         |
| <b>Total assets</b>                | <u>\$ 9,189</u>      | <u>\$ 9,707</u>       | <u>\$ 9,820</u>      |
| Accounts payable                   | \$ 1,102             | \$ 1,026              | \$ 1,061             |
| Other current liabilities          | 616                  | 655                   | 686                  |
| Current portion of debt            | 60                   | 88                    | 170                  |
| Long-term debt                     | 4,135                | 4,468                 | 4,625                |
| Liabilities held for sale          | -                    | 30                    | -                    |

|                                     |                        |                        |                        |
|-------------------------------------|------------------------|------------------------|------------------------|
| Other liabilities                   | 1,809                  | 1,669                  | 1,649                  |
| Total equity                        | <u>1,467</u>           | <u>1,771</u>           | <u>1,629</u>           |
| <b>Total liabilities and equity</b> | <b><u>\$ 9,189</u></b> | <b><u>\$ 9,707</u></b> | <b><u>\$ 9,820</u></b> |

**Table 6 – Outstanding Debt**

| In millions                              | December 31,<br>2016   | September 30,<br>2016  | December 31,<br>2015   |
|------------------------------------------|------------------------|------------------------|------------------------|
| <b>Debt:</b>                             |                        |                        |                        |
| Senior credit facilities                 | \$ 1,967               | \$ 2,234               | \$ 2,454               |
| Accounts receivable programs             | 208                    | 218                    | 215                    |
| Senior notes                             | 1,812                  | 1,873                  | 1,850                  |
| Variable interest entities               | 128                    | 134                    | 151                    |
| Other debt                               | <u>80</u>              | <u>97</u>              | <u>125</u>             |
| <b>Total debt - excluding affiliates</b> | <b><u>4,195</u></b>    | <b><u>4,556</u></b>    | <b><u>4,795</u></b>    |
| Total cash                               | <u>425</u>             | <u>450</u>             | <u>269</u>             |
| <b>Net debt- excluding affiliates</b>    | <b><u>\$ 3,770</u></b> | <b><u>\$ 4,106</u></b> | <b><u>\$ 4,526</u></b> |

**Table 7 – Summarized Statement of Cash Flows**

| In millions                                            | Three months ended<br>December 31,<br>2016 | Twelve months ended<br>December 31,<br>2016 2015 |                      |
|--------------------------------------------------------|--------------------------------------------|--------------------------------------------------|----------------------|
| <b>Total cash at beginning of period<sup>(a)</sup></b> | <b>\$ 450</b>                              | <b>\$ 269</b>                                    | <b>\$ 870</b>        |
| Net cash provided by operating activities              | 240                                        | 1,088                                            | 575                  |
| Net cash provided by (used in) investing activities    | 68                                         | (202)                                            | (600)                |
| Net cash used in financing activities                  | (326)                                      | (723)                                            | (562)                |
| Effect of exchange rate changes on cash                | (7)                                        | (6)                                              | (16)                 |
| Change in restricted cash                              | <u>-</u>                                   | <u>(1)</u>                                       | <u>2</u>             |
| <b>Total cash at end of period<sup>(a)</sup></b>       | <b><u>\$ 425</u></b>                       | <b><u>\$ 425</u></b>                             | <b><u>\$ 269</u></b> |
| <b>Supplemental cash flow information:</b>             |                                            |                                                  |                      |
| Cash paid for interest                                 | \$ (66)                                    | \$ (205)                                         | \$ (225)             |
| Cash paid for income taxes                             | (11)                                       | (40)                                             | (126)                |

|                                                |              |               |               |
|------------------------------------------------|--------------|---------------|---------------|
| Cash paid for capital expenditures             | (131)        | (421)         | (663)         |
| Depreciation and amortization                  | 110          | 432           | 399           |
| Changes in primary working capital:            |              |               |               |
| Accounts and notes receivable                  | \$ (29)      | \$ (35)       | \$ 121        |
| Inventories                                    | 37           | 283           | 179           |
| Accounts payable                               | 72           | 56            | (157)         |
| Total cash provided by primary working capital | <u>\$ 80</u> | <u>\$ 304</u> | <u>\$ 143</u> |

|                                                                                                | Three months ended<br>December 31,<br>2016 | Twelve months ended<br>December 31,<br>2016 | 2015           |
|------------------------------------------------------------------------------------------------|--------------------------------------------|---------------------------------------------|----------------|
| <b>Free cash flow<sup>(3)</sup>:</b>                                                           |                                            |                                             |                |
| Net cash provided by operating activities                                                      | \$ 240                                     | \$1,088                                     | \$ 575         |
| Capital expenditures                                                                           | (131)                                      | (421)                                       | (663)          |
| All other investing activities excluding acquisition and disposition activities <sup>(b)</sup> | -                                          | 11                                          | 58             |
| Non recurring separation costs <sup>(c)</sup>                                                  | 8                                          | 8                                           | -              |
| Total free cash flow                                                                           | <u>\$ 117</u>                              | <u>\$ 686</u>                               | <u>\$ (30)</u> |
| Adjusted EBITDA                                                                                | \$ 256                                     | \$1,127                                     | \$1,221        |
| Capital expenditures                                                                           | (131)                                      | (421)                                       | (663)          |
| Capital reimbursements                                                                         | 3                                          | 31                                          | 15             |
| Interest                                                                                       | (66)                                       | (205)                                       | (225)          |
| Income taxes                                                                                   | (11)                                       | (40)                                        | (126)          |
| Primary working capital change                                                                 | 80                                         | 304                                         | 143            |
| Restructuring                                                                                  | (18)                                       | (103)                                       | (198)          |
| Pensions                                                                                       | (24)                                       | (87)                                        | (114)          |
| Maintenance & other                                                                            | 28                                         | 80                                          | (83)           |
| Total free cash flow <sup>(3)</sup>                                                            | <u>\$ 117</u>                              | <u>\$ 686</u>                               | <u>\$ (30)</u> |

(a) Includes restricted cash.

(b) Represents "Acquisition of business, net of cash acquired", "Cash received from purchase price adjustment for business acquired", and "Proceeds from sale of business/assets".

(c) Represents payments associated with one-time costs of the proposed spin-off of our Pigments & Additives business.

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#### Footnotes

- (1) We use adjusted EBITDA to measure the operating performance of our business and for planning and evaluating the performance of our business segments. We provide adjusted net income because we feel it provides meaningful insight for the investment community into the performance of our business. We believe that net income (loss) is the performance measure calculated and presented in accordance with generally accepted accounting principles in the U.S. ("GAAP") that is most directly comparable to adjusted EBITDA and adjusted net income. Additional information with respect to our use of each of these financial measures follows:

Adjusted EBITDA, adjusted net income (loss) and adjusted diluted income (loss) per share, as used herein, are not necessarily comparable to other similarly titled measures of other companies.

Adjusted EBITDA is computed by eliminating the following from net income (loss): (a) net income attributable to noncontrolling interest, net of tax; (b) interest; (c) income taxes; (d) depreciation and amortization; (e) acquisition and integration expenses, purchase accounting adjustments; (f) EBITDA from discontinued operations; (g) loss (gain) on disposition of businesses/assets; (h) loss on early extinguishment of debt; (i) certain legal settlements and related expenses; (j) plant incident remediation costs (credits), net; (k) business separation costs; (l) amortization of pension and postretirement actuarial losses (gains) and; (m) restructuring, impairment, plant closing and transition costs (credits). The reconciliation of adjusted EBITDA to net income (loss) is set forth in Table 4 above.

Adjusted net income (loss) and adjusted diluted income (loss) per share are computed by eliminating the after tax impact of the following items from net income (loss): (a) net income attributable to noncontrolling interest; (b) acquisition and integration expenses, purchase accounting adjustments; (c) impact of certain foreign tax credit elections; (d) loss (income) from discontinued operations; (e) discount amortization on settlement financing associated with the terminated merger; (f) loss (gain) on disposition of businesses/assets; (g) loss on early extinguishment of debt; (h) certain legal settlements and related expenses; (i) plant incident remediation costs (credits), net; (j) business separation costs; (k) amortization of pension and postretirement actuarial losses (gains); and (l) restructuring, impairment, plant closing and transition costs (credits). The income tax impacts, if any, of each adjusting item represent a ratable allocation of the total difference between the unadjusted tax expense and the total adjusted tax expense, computed without consideration of any adjusting items using a with and without approach. We do not adjust for changes in tax valuation allowances because we do not believe it provides more meaningful information than is provided under GAAP. The reconciliation of adjusted net income (loss) to net income (loss) is set forth in Table 4 above.

- (2) During the first quarter 2010 we closed our Australian styrenics operations; results from associated business are treated as discontinued operations.
- (3) Management internally uses a free cash flow measure: (a) to evaluate the Company's liquidity, (b) to evaluate strategic investments, (c) to plan stock buyback and dividend levels and (d) to evaluate the Company's ability to incur and service debt. Free cash flow is not a defined term under U.S. GAAP, and it should not be inferred that the entire free cash flow amount is available for discretionary expenditures. The Company defines free cash flow as cash flow provided by operating activities less cash flow used in investing activities, excluding merger and acquisition activities. Free cash flow is typically derived directly from the Company's condensed consolidated statement of cash flows; however, it may be adjusted for items that affect comparability between periods.

## **About Huntsman:**

*Huntsman Corporation is a publicly traded global manufacturer and marketer of differentiated chemicals with 2016 revenues of approximately \$10 billion. 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 100 manufacturing and R&D facilities in approximately 30 countries and employ approximately 15,000 associates within our 5 distinct business divisions including the Pigments and Additives division that we intend to spin-off as Venator Materials Corporation. For more information about Huntsman, please visit the company's website at [www.huntsman.com](http://www.huntsman.com).*

## **Social Media:**

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Facebook: [www.facebook.com/huntsmancorp](https://www.facebook.com/huntsmancorp)

LinkedIn: [www.linkedin.com/company/huntsman](https://www.linkedin.com/company/huntsman)

## **Forward-Looking Statements:**

*Statements in this release that are not historical are forward-looking statements. These*

*statements are based on management's current beliefs and expectations. The forward-looking statements in this release are subject to uncertainty and changes in circumstances and involve risks and uncertainties that may affect the company's operations, markets, products, services, prices and other factors as discussed in the Huntsman companies' filings with the U.S. Securities and Exchange Commission. Significant risks and uncertainties may relate to, but are not limited to, volatile global economic conditions, cyclical and volatile product markets, disruptions in production at manufacturing facilities, reorganization or restructuring of Huntsman's operations, including any delay of, or other negative developments affecting, the spin-off of Venator Materials Corporation, the ability to implement cost reductions and manufacturing optimization improvements in Huntsman businesses and realize anticipated cost savings, and other financial, economic, competitive, environmental, political, legal, regulatory and technological factors. The company assumes no obligation to provide revisions to any forward-looking statements should circumstances change, except as otherwise required by applicable laws.*

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# HUNTSMAN

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