

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**FORM 8-K
CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934**

Date of Report (Date of earliest event reported): March 11, 2020



HEXION INC.

(Exact Name of Registrant as Specified in Its Charter)

New Jersey

(State or Other Jurisdiction of Incorporation)

1-71

(Commission File Number)

13-0511250

(I.R.S. Employer Identification No.)

180 East Broad Street, Columbus, Ohio

(Address of Principal Executive Offices)

43215-3799

(Zip Code)

614-225-4000

(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class
None

Trading Symbol(s)

Name of each exchange on which registered
None

Indicate by check mark whether the registrant is an emerging growth company as defined in as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 2.02 Results of Operations and Financial Condition

As previously disclosed in the Hexion Inc. (the "Company") 2019 Annual Report on Form 10-K, effective in the first quarter of 2020, the Company changed its reportable segments around its two growth platforms: Adhesives; and Coatings and Composites, which consist of the following businesses:

- **Adhesives:** these businesses focus on the global adhesives market. They include the Company's global wood adhesives business, including: forest products resin assets in North America, Latin America, Europe, Australia and New Zealand; global formaldehyde; and the global phenolic specialty resins business, which now also includes the oilfield technologies group.
- **Coatings and Composites:** these businesses focus on the global coatings and composites market. They include the Company's base and specialty epoxy resins and Versatic™ Acids and Derivatives businesses.

This Current Report on Form 8-K includes additional detail on changes described above and supplemental unaudited historical business segment net sales and Segment EBITDA (earnings before interest, income taxes, depreciation and amortization) information to reflect the Company's change in reportable segments. The Company did not operate under this segment structure for any of these prior periods and will begin to report comparative results under the new structure with the filing of its Quarterly Report on Form 10-Q for the quarter ending March 31, 2020. Corporate and Other will continue to be a reportable segment.

This Current Report includes the Company's revised net sales and Segment EBITDA by reportable segment for the the periods July 2, 2019 through December 31, 2019, January 1, 2019 through July 1, 2019 and for the years ended December 31, 2018 and 2017, and for all quarters in fiscal year 2017, 2018 and 2019 to reflect the new reportable segments (furnished hereunder as Exhibit 99.1 and incorporated herein by reference).

The information contained in this Current Report shall not be deemed to be "filed" for the purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act") or otherwise subject to the liabilities of that section, nor shall it be incorporated by reference into a filing under the Securities Act of 1933, or the Exchange Act.

Forward Looking Statements

This Current Report contains forward-looking statements within the meaning of and made pursuant to the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Exchange Act, as amended. In addition, our management may from time to time make oral forward-looking statements. All statements, other than statements of historical facts, are forward-looking statements. Forward-looking statements may be identified by the words "believe," "expect," "anticipate," "project," "might," "plan," "estimate," "may," "will," "could," "should," "seek" or "intend" and similar expressions. Forward-looking statements reflect our current expectations and assumptions regarding our business, the economy and other future events and conditions and are based on currently available financial, economic and competitive data and our current business plans. Actual results could vary materially depending on risks and uncertainties that may affect our operations, markets, services, prices and other factors as discussed in the Risk Factors section of our filings with the Securities and Exchange Commission (the "SEC"). While we believe our assumptions are reasonable, we caution you against relying on any forward-looking statements as it is very difficult to predict the impact of known factors, and it is impossible for us to anticipate all factors that could affect our actual results. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, a weakening of global economic and financial conditions, interruptions in the supply of or increased cost of raw materials, the loss of, or difficulties with the further realization of, cost savings in connection with our strategic initiatives, the impact of our indebtedness, our failure to comply with financial covenants under our credit facilities or other debt, pricing actions by our competitors that could affect our operating margins, changes in governmental regulations and related compliance and litigation costs and the other factors listed in the Risk Factors section of our SEC filings. For a more detailed discussion of these and other risk factors, see the Risk Factors section of our most recent filings made with the SEC. All forward-looking statements are expressly qualified in their entirety by this cautionary notice. The forward-looking statements made by us speak only as of the date on which they are made. Factors or events that could cause our actual results to differ may emerge from time to time. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits

<u>Exhibit No.</u>	<u>Description</u>
99.1	"Realignment of Hexion Reportable Segments in Fiscal Year 2020."

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HEXION INC.

Date: March 11, 2020

/s/ George F. Knight

George F. Knight

Executive Vice President and Chief Financial Officer



Realignment of Hexion Reportable Segments in Fiscal Year 2020

As previously disclosed in the Hexion Inc. (the "Company") 2019 Annual Report on Form 10-K, effective in the first quarter of 2020, the Company changed its reportable segments around its two growth platforms: Adhesives; and Coatings and Composites, which consist of the following businesses:

- **Adhesives:** these businesses focus on the global adhesives market. They include the Company's global wood adhesives business, including: forest products resin assets in North America, Latin America, Europe, Australia and New Zealand; global formaldehyde; and the global phenolic specialty resins business, which now also includes the oilfield technologies group.
- **Coatings and Composites:** these businesses focus on the global coatings and composites market. They include the Company's base and specialty epoxy resins and Versatic™ Acids and Derivatives businesses.

This Current Report on Form 8-K includes supplemental unaudited historical business segment net sales and Segment EBITDA (see definition below) information to reflect the Company's change in reportable segments. The Company did not operate under this segment structure for any of these prior periods and will begin to report comparative results under the new structure with the filing of its Quarterly Report on Form 10-Q for the quarter ending March 31, 2020. Corporate and Other will continue to be a reportable segment.

The Company revised its Net Sales and Segment EBITDA by reportable segment, in the Current Report herein, for the the periods July 2, 2019 through December 31, 2019, January 1, 2019 through July 1, 2019 and for the years ended December 31, 2018 and 2017, and for all quarters in fiscal year 2017, 2018 and 2019 to reflect the new reportable segments. Corporate and Other will continue to be a reportable segment.

Segment EBITDA

Segment EBITDA is defined as EBITDA (earnings before interest, income taxes, depreciation and amortization) adjusted to exclude certain non-cash and non-recurring expenses. Segment EBITDA is an important measure used by the Company's senior management and board of directors to evaluate operating results and allocate capital resources among segments. Segment EBITDA is also the profitability measure used to set management and executive incentive compensation goals. Corporate and Other primarily represents certain corporate, general and administrative expenses that are not allocated to the other segments. Segment EBITDA should not be considered a substitute for net (loss) income or other results reported in accordance with U.S. GAAP. Segment EBITDA may not be comparable to similarly titled measures reported by other companies. The total Company's net sales, net (loss) income and total Segment EBITDA did not change for any of the historical periods disclosed under this new reportable segment presentation.

Fresh Start Accounting Presentation for Fiscal Year 2019

Upon emerging from Chapter 11 on July 1, 2019 ("Effective Date") and qualifying for the application of fresh-start accounting, at the Effective Date, Hexion's assets and liabilities were recorded at their estimated fair values which, in some cases, were significantly different than amounts included in the Company's financial statements prior to the Effective Date. Accordingly, Hexion's financial condition and results of operations on and after the Effective Date are not directly comparable to our financial condition and results of operations prior to the Effective Date. References to "Successor" or "Successor Company" relate to the financial position and results of operations of the reorganized Company subsequent to the Effective Date. References to "Predecessor" or "Predecessor Company" refer to the financial position and results of operations of the Company on or before the Effective Date.

Revised Annual Segment Information (unaudited):

Net Sales as previously reported ⁽¹⁾ :	Successor		Predecessor					
	July 2, 2019 to December 31, 2019		January 1, 2019 to July 1, 2019	Year Ended December 31,				
				2018	2017			
Forest Products Resins	\$	710	\$	775	\$	1,682	\$	1,539
Epoxy, Phenolic and Coating Resins		886		1,003		2,115		2,052
Total	\$	1,596	\$	1,778	\$	3,797	\$	3,591
Net Sales revised for segment change⁽¹⁾:								
Adhesives	\$	966	\$	1,060	\$	2,304	\$	2,162
Coating and Composites		630		718		1,493		1,429
Total	\$	1,596	\$	1,778	\$	3,797	\$	3,591

(1) Intersegment sales are not significant and, as such, are eliminated within the selling segment.

Segment EBITDA as previously reported:	Successor		Predecessor					
	July 2, 2019 to December 31, 2019		January 1, 2019 to July 1, 2019	Year Ended December 31,				
				2018	2017			
Forest Products Resins	\$	129	\$	152	\$	285	\$	257
Epoxy, Phenolic and Coating Resins		75		111		226		174
Corporate and Other		(37)		(30)		(71)		(66)
Total	\$	167	\$	233	\$	440	\$	365
Segment EBITDA revised for segment change:								
Adhesives	\$	144	\$	167	\$	311	\$	272
Coating and Composites		60		96		200		159
Corporate and Other		(37)		(30)		(71)		(66)
Total	\$	167	\$	233	\$	440	\$	365

Depreciation and Amortization expense as previously reported:	Successor		Predecessor					
	July 2, 2019 to December 31, 2019		January 1, 2019 to July 1, 2019	Year Ended December 31,				
				2018	2017			
Forest Products Resins	\$	51	\$	20	\$	44	\$	40
Epoxy, Phenolic and Coating Resins		57		30		69		85
Corporate and Other		2		2		4		4
Total	\$	110	\$	52	\$	117	\$	129
Depreciation and Amortization expense revised for segment change:								
Adhesives	\$	64	\$	30	\$	69	\$	83
Coating and Composites		44		20		44		42
Corporate and Other		2		2		4		4
Total	\$	110	\$	52	\$	117	\$	129

Capital Expenditures as previously reported ⁽¹⁾ :	Successor		Predecessor					
	July 2, 2019 to December 31, 2019		January 1, 2019 to July 1, 2019	Year Ended December 31,				
				2018	2017			
Forest Products Resins	\$	20	\$	12	\$	31	\$	40
Epoxy, Phenolic and Coating Resins		34		30		56		73
Corporate and Other		4		1		3		5
Total	\$	58	\$	43	\$	90	\$	118
Capital Expenditures revised for segment change⁽¹⁾:								
Adhesives	\$	31	\$	20	\$	45	\$	72
Coating and Composites		23		22		42		41
Corporate and Other		4		1		3		5
Total	\$	58	\$	43	\$	90	\$	118

(1) Includes capitalized interest costs that are incurred during the construction of property and equipment.

Total Assets as previously reported:	Successor		Predecessor		
	December 31, 2019		December 31, 2018	December 31, 2017	
	Forest Products Resins	\$	1,986	\$	779
Epoxy, Phenolic and Coating Resins		1,733		1,031	1,100
Corporate and Other		427		151	117
Total	\$	4,146	\$	1,961	\$ 2,097

Total Assets revised for segment change:	Successor		Predecessor			
	December 31, 2019		December 31, 2018	December 31, 2017		
	Adhesives	\$	2,348	\$	1,082	\$
Coating and Composites		1,371		728		741
Corporate and Other		427		151		117
Total	\$	4,146	\$	1,961	\$	2,097

Revised Quarterly Segment Information (unaudited):

Net Sales as previously reported ⁽¹⁾ :	Successor		Predecessor							
	Three Months Ended December 31, 2019 ⁽²⁾	July 2, 2019 through September 30, 2019	Three Months Ended							
			July 1, 2019	June 30, 2019	March 31, 2019					
Forest Products Resins	\$	343	\$	367	\$	—	\$	380	\$	395
Epoxy, Phenolic and Coating Resins		417		469		—		512		491
Total	\$	760	\$	836	\$	—	\$	892	\$	886

Net Sales revised for segment change ⁽¹⁾ :	Successor		Predecessor							
	Three Months Ended December 31, 2019 ⁽¹⁾	July 2, 2019 through September 30, 2019	Three Months Ended							
			July 1, 2019	June 30, 2019	March 31, 2019					
Adhesives	\$	462	\$	504	\$	—	\$	517	\$	543
Coating and Composites		298		332		—		375		343
Total	\$	760	\$	836	\$	—	\$	892	\$	886

(1) Intersegment sales are not significant and, as such, are eliminated within the selling segment.

(2) Results for three months ended December 31, 2019 were not individually disclosed in prior filings but can be calculated.

Segment EBITDA as previously reported:	Successor		Predecessor							
	Three Months Ended December 31, 2019 ⁽¹⁾	July 2, 2019 through September 30, 2019	Three Months Ended							
			July 1, 2019 ⁽²⁾	June 30, 2019	March 31, 2019					
Forest Products Resins	\$	63	\$	66	\$	18	\$	66	\$	68
Epoxy, Phenolic and Coating Resins		24		50		—		59		52
Corporate and Other		(19)		(17)		—		(13)		(17)
Total	\$	68	\$	99	\$	18	\$	112	\$	103

Segment EBITDA revised for segment change:	Successor		Predecessor							
	Three Months Ended December 31, 2019 ⁽¹⁾	July 2, 2019 through September 30, 2019	Three Months Ended							
			July 1, 2019 ⁽²⁾	June 30, 2019	March 31, 2019					
Adhesives	\$	72	\$	72	\$	18	\$	73	\$	76
Coating and Composites		15		44		—		52		44
Corporate and Other		(19)		(17)		—		(13)		(17)
Total	\$	68	\$	99	\$	18	\$	112	\$	103

(1) Results for three months ended December 31, 2019 were not individually disclosed in prior filings but can be calculated.

(2) Includes \$18 of Segment EBITDA impact related to deferred revenue that was accelerated on July 1, 2019 as part of Fresh Start accounting.

Net Sales as previously reported⁽¹⁾:

	Three Months Ended			
	December 31, 2018⁽²⁾	September 31, 2018	June 30, 2018	March 31, 2018
Forest Products Resins	\$ 414	\$ 431	\$ 431	\$ 406
Epoxy, Phenolic and Coating Resins	490	521	564	540
Total	\$ 904	\$ 952	\$ 995	\$ 946

Net Sales revised for segment change⁽¹⁾:

Adhesives	\$ 557	\$ 582	\$ 591	\$ 574
Coating and Composites	347	370	404	372
Total	\$ 904	\$ 952	\$ 995	\$ 946

(1) Intersegment sales are not significant and, as such, are eliminated within the selling segment.

(2) Results for three months ended December 31, 2018 were not individually disclosed in prior filings but can be calculated.

Segment EBITDA as previously reported:

	Three Months Ended			
	December 31, 2018⁽¹⁾	September 31, 2018	June 30, 2018	March 31, 2018
Forest Products Resins	\$ 66	\$ 76	\$ 76	\$ 67
Epoxy, Phenolic and Coating Resins	18	66	72	70
Corporate and Other	(18)	(14)	(20)	(19)
Total	\$ 66	\$ 128	\$ 128	\$ 118

Segment EBITDA revised for segment change:

Adhesives	\$ 70	\$ 81	\$ 84	\$ 76
Coating and Composites	14	61	64	61
Corporate and Other	(18)	(14)	(20)	(19)
Total	\$ 66	\$ 128	\$ 128	\$ 118

(1) Results for three months ended December 31, 2018 were not individually disclosed in prior filings but can be calculated.

Net Sales as previously reported⁽¹⁾:

	Three Months Ended			
	December 31, 2017⁽²⁾	September 31, 2017	June 30, 2017	March 31, 2017
Forest Products Resins	\$ 380	\$ 386	\$ 395	\$ 378
Epoxy, Phenolic and Coating Resins	515	528	517	492
Total	\$ 895	\$ 914	\$ 912	\$ 870

Net Sales revised for segment change⁽¹⁾:

Adhesives	\$ 536	\$ 541	\$ 552	\$ 533
Coating and Composites	359	373	360	337
Total	\$ 895	\$ 914	\$ 912	\$ 870

(1) Intersegment sales are not significant and, as such, are eliminated within the selling segment.

(2) Results for three months ended December 31, 2017 were not individually disclosed in prior filings but can be calculated.

Segment EBITDA as previously reported:

	Three Months Ended			
	December 31, 2017⁽¹⁾	September 31, 2017	June 30, 2017	March 31, 2017
Forest Products Resins	\$ 62	\$ 66	\$ 68	\$ 61
Epoxy, Phenolic and Coating Resins	31	45	46	52
Corporate and Other	(19)	(15)	(14)	(18)
Total	\$ 74	\$ 96	\$ 100	\$ 95

Segment EBITDA revised for segment change:

Adhesives	\$ 67	\$ 68	\$ 72	\$ 65
Coating and Composites	26	43	42	48
Corporate and Other	(19)	(15)	(14)	(18)
Total	\$ 74	\$ 96	\$ 100	\$ 95

(1) Results for three months ended December 31, 2017 were not individually disclosed in prior filings but can be calculated.