



Hexion Inc.

First Quarter 2016 Results

May 13, 2016

Forward-Looking Statements

Hexion Inc.



Certain statements in this presentation are 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 Securities Exchange Act of 1934, 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,” “intend” or 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, including transactions with our affiliate, Momentive Performance Materials Inc., the impact of our substantial 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 in our most recent Annual Report on Form 10-K and our other 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.

This presentation contains non-GAAP financial information. Reconciliation to GAAP is included at the end of the presentation.



Hexion Inc.

Overview of First Quarter 2016 Results

Craig O. Morrison
Chairman, President and Chief Executive Officer

First Quarter 2016 Results



	Quarter Ended March 31		
(\$ in millions)	2015	2016	Δ
Revenue	\$1,079	\$909	(16)%
Segment EBITDA ⁽¹⁾	127	122	(4)%

- Revenue decreased 16% to \$909 million reflecting the negative impact of the strengthening U.S. Dollar, softer volumes in oilfield proppants and lower selling prices from the decline in raw material costs
 - On a constant currency basis, revenue decreased 11% for the quarter

- Total Segment EBITDA⁽¹⁾ decreased 4% to \$122 million
 - On a constant currency basis, total Segment EBITDA increased 2% for the quarter
 - In EPCD, improvement in our specialty epoxy and Versatic™ Acids and Derivatives businesses partially offset softer oilfield proppants results and the impact of the U.S. dollar strengthening
 - Forest Products Segment EBITDA reflected currency headwinds, an extended customer turnaround and Latin America volatility

- Last of three new formaldehyde sites came online in February 2016; approximately \$125 million investment will begin to drive earnings growth in 2016 and beyond

(1) Segment EBITDA is a non-GAAP financial measure. The closest GAAP financial measure is Net Income (Loss). A table that reconciles Segment EBITDA is at the end of this presentation. Segment EBITDA is defined as EBITDA (earnings before interest, income taxes, depreciation and amortization) adjusted for certain non-cash and other income and expenses. Segment EBITDA is the primary performance measure used by the Company's senior management, the chief operating decision-maker and the board of directors to evaluate operating results and allocate capital resources among segments.

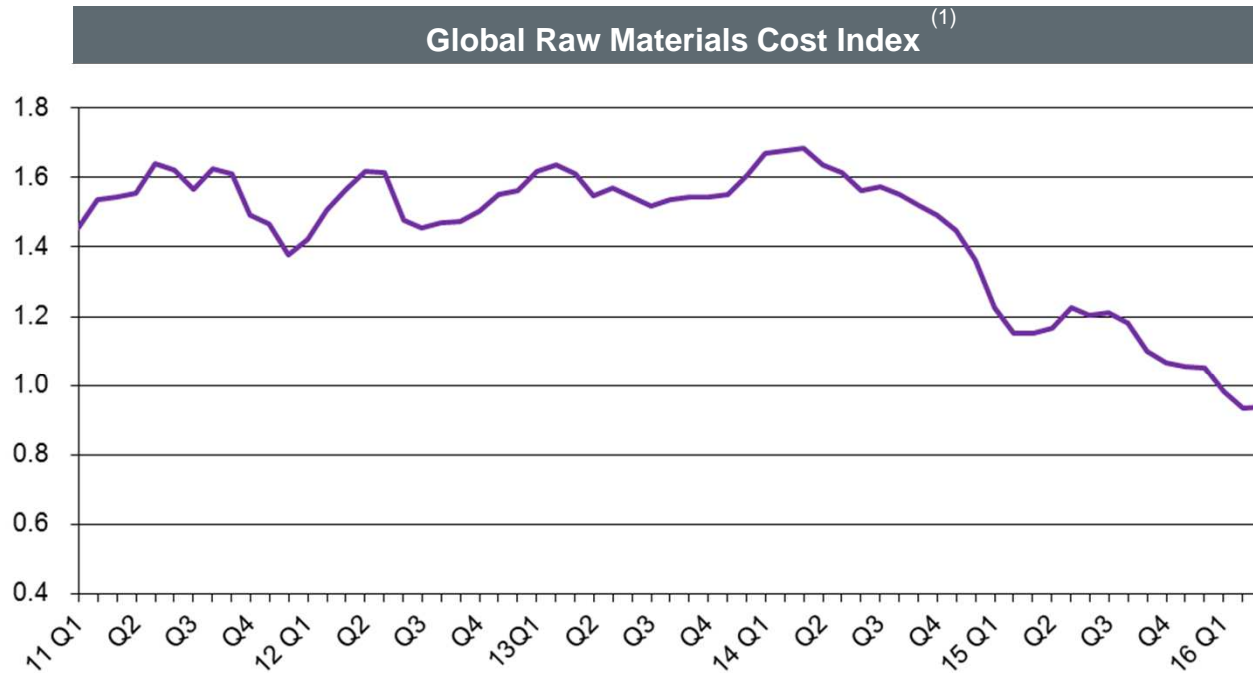
First Quarter 2016 Results



- Continued gains in key specialty product lines
 - Strong demand from wind energy provides positive YoY gains
 - Versatic™ Acid and Derivatives demand rebounds after supplier force majeure
- Structural cost savings program remains on track: \$38 million of structural cost savings remain in process as of March 31, 2016
- Cash and available borrowings of \$418 million as of March 31, 2016
- On March 21, 2016, Hexion entered into a definitive agreement for the sale of its Performance Adhesives, Powder Coatings, Additives & Acrylic Coatings and Monomers businesses for \$226 million



Overview of Raw Materials Environment



Summary

- Q1'16 total raw material pricing decreased approximately 10 percent globally on a sequential basis from Q4'15

(1) Source: Includes content supplied by IHS Chemical, Copyright © IHS Chemical 2013; ICIS, Copyright © ICIS 2013. All rights reserved

Leading Provider of Specialty Epoxies Serving the Wind Energy Market

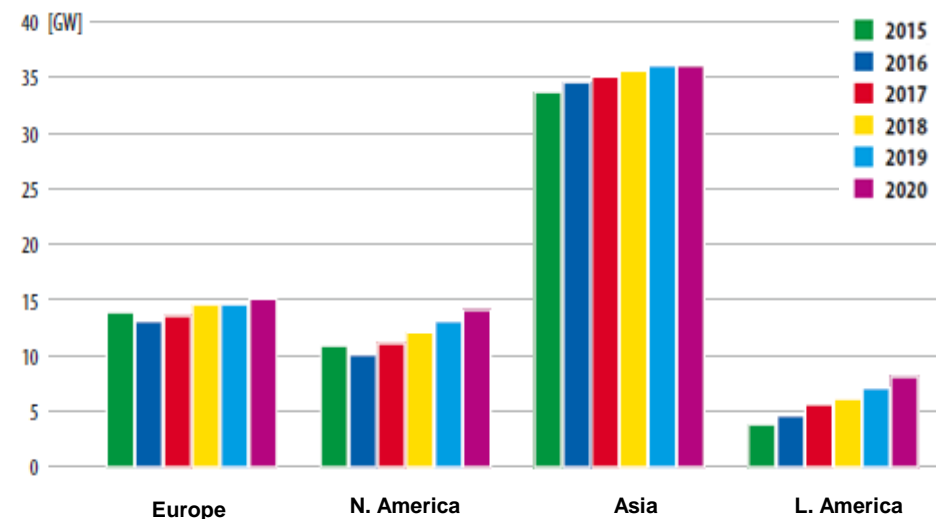


Specialty Epoxy: Well Positioned in Wind Energy

- Complete solutions provider for composite systems in wind turbines
 - Rotor blade infusion systems
 - Bonding pastes
- Leading supplier to wind energy customers in China
 - Wind energy installations drive demand
 - China, the largest overall market for wind power since 2009, retained the top spot in 2015 followed by Europe and North America ⁽¹⁾
- Hexion is well positioned to continue to serve China-based wind energy customers and all other major regions of the world
 - Strong specialty epoxy resin volume growth in FY'15 and 1Q'16
- Leveraging global footprint, technology and infrastructure investments



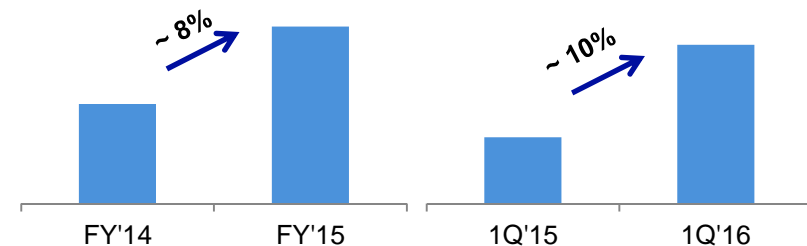
Wind Energy Market Forecast By Region ⁽¹⁾



Strong Wind Energy Demand Supports Volume Gains

(Volume kMT)

Specialty Epoxy Resin Volume



(1) Source: Global Wind Energy Council: "GWEC – Global Wind 2015 Report". Reflects annual additions to installed capacity by region.

Successfully Executing Against Strategic Growth Plan & Driving Structural Cost Savings

Key Growth Plan Principles

- Invest behind our leading specialty technologies
- Partner with leading Blue Chip customers
- Focus on highest ROI investment opportunities
- Drive execution through proven process management capabilities

Summary of New Formaldehyde Plants

Location	Initial Production	Comments
Curitiba, Brazil	3Q'15	<ul style="list-style-type: none"> • Direct pipeline to customer site
Geismar, La. (BASF)	4Q'15	<ul style="list-style-type: none"> • Contracted volumes
Luling, La. (Monsanto)	1Q'16	<ul style="list-style-type: none"> • Investment Grade Customers

Strategically Invested ~ \$125 million in Three New Formaldehyde Sites to Enhance Global Footprint

Structural Cost Savings Program Remains on Track

- Identified ~ \$35 million in additional productivity targets at year-end 2015; \$38 million of structural cost savings remain in process as of March 31, 2016
 - Site rationalization at Norco remains on track for closure at end of June; expected to add \$20 million in Segment EBITDA on a run rate basis
 - Continually evaluating network for efficiency opportunities





Hexion Inc.

Financial Review

George Knight
Executive Vice President
and Chief Financial Officer

Epoxy, Phenolic and Coating Resins First Quarter 2016 Segment Results



(\$ in millions)	Quarter Ended March 31		
	2015	2016	Δ
Revenue	\$ 674	\$ 575	(15)%
Segment EBITDA ⁽¹⁾	85	83	(2)%
Segment EBITDA Margin	12.6%	14.4%	180bps

1Q'16 Sales Comparison YoY			
Volume	Price/Mix	Currency Translation	Total
(2)%	(10)%	(3)%	(15)%

Summary

- Sales declined primarily due to lower volumes from softer oilfield proppants demand, currency translation headwinds and pass through of lower raw materials
- Posted YoY gains in our specialty epoxy and Versatic™ Acids and Derivatives businesses

(1) Segment EBITDA excludes in-process synergies. Segment EBITDA is defined as EBITDA 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 segments. Segment EBITDA is defined and reconciled to Net Income later in this presentation

Forest Products Resins

First Quarter 2016 Segment Results



	Quarter Ended March 31		
(\$ in millions)	2015	2016	Δ
Revenue	\$ 405	\$ 334	(18)%
Segment EBITDA	61	56	(8)%
Segment EBITDA Margin	15.1%	16.8%	170bps

1Q'16 Sales Comparison YoY			
Volume	Price/Mix	Currency Translation	Total
(5)%	(5)%	(8)%	(18)%

Summary

- Sales decreased primarily due to raw material price decreases passed through to customers and negative foreign currency translation
- EBITDA reflects currency headwinds, unplanned formaldehyde customer outages, and softness in L. America business

Summary

- Substantial liquidity: cash plus borrowing availability of \$418 million at March 31, 2016
- 1Q'16 capital expenditures of \$27 million
 - Projected 2016 capital expenditures to be lower than 2015
- Continued focus on appropriately managing working capital
 - Net working capital (NWC) increase reflects sequential EBITDA improvement and the result of increased volumes in the first quarter of 2016 compared to the fourth quarter of 2015
 - Despite increase, NWC still reflects a modest 14% of sales
 - Continue to expect a slight increase in net working capital in 2016 with an increase in the 1H'16 and a decrease in 2H'16, which is consistent with historical trends

Continued Focus on Prudent Management of Balance Sheet

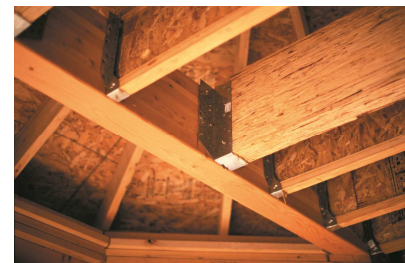


Hexion Inc. Closing Remarks

First Quarter 2016 Closing Remarks



- Q1'16 reported Segment EBITDA decreased 4% to \$122 million; 2% gain on a constant currency basis
- Successfully completed strategic investments in global forest products network: three new formaldehyde sites came online on-time and on-budget
- Focused on achieving additional productivity targets; \$38 million of structural cost savings remain in process as of March 31, 2016
- Strong liquidity of \$418 million as of March 31, 2016



Ongoing Productivity and Growth in Key Specialty Products Driving YoY Segment EBITDA Gains On a Constant Currency Basis

Appendices

Reconciliation of Non-GAAP Financial Measures



	Three Months Ended March 31,	
	2016	2015
Segment EBITDA:		
Epoxy, Phenolic and Coating Resins	\$ 83	\$ 85
Forest Products Resins	56	61
Corporate and Other	(17)	(19)
Total	\$ 122	\$ 127
Reconciliation:		
Items not included in Segment EBITDA:		
Business realignment costs	\$ (3)	\$ (3)
Gain on extinguishment of debt	23	—
Realized and unrealized foreign currency losses	(2)	(3)
Other	(17)	(18)
Total adjustments	1	(24)
Interest expense, net	(79)	(77)
Income tax expense	(7)	(26)
Depreciation and amortization	(35)	(34)
Accelerated depreciation	(46)	—
Net loss	\$ (44)	\$ (34)

Debt at March 31, 2016



(\$ in millions)

	March 31, 2016		December 31, 2015	
	Long-Term	Due Within One Year	Long-Term	Due Within One Year
ABL Facility	\$ 80	\$ —	\$ —	\$ —
Senior Secured Notes:				
6.625% First-Priority Senior Secured Notes due 2020 (includes \$4 of unamortized debt premium at both March 31, 2016 and December 31, 2015)	1,554	—	1,554	—
10.00% First-Priority Senior Secured Notes due 2020	315	—	315	—
8.875% Senior Secured Notes due 2018 (includes \$1 and \$2 of unamortized debt discount at March 31, 2016 and December 31, 2015, respectively)	917	—	995	—
9.00% Second-Priority Senior Secured Notes due 2020	574	—	574	—
Debentures:				
9.2% debentures due 2021	74	—	74	—
7.875% debentures due 2023	189	—	189	—
Other Borrowings:				
Australia Facility due 2017	29	4	29	3
Brazilian bank loans	5	37	5	42
Capital leases	9	1	9	1
Other	4	26	5	34
Unamortized debt issuance costs	(47)	—	(51)	—
Total	\$ 3,703	\$ 68	\$ 3,698	\$ 80

