Hexion Inc.

Second Quarter 2021 Results

August 11, 2021

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" 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, uncertainties related to COVID-19 and the impact of our responses to it 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.

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

Hexion Inc.
Second Quarter 2021 Financial Results & Strategic Actions

Craig Rogerson
Chairman, President and Chief Executive Officer

Overview of Second Quarter 2021 Results

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Three Months Ended June 30 *(Continuing Operations)*			
($ in millions)	**2020**	**2021**	**YoY ∆**
Total Revenue from Continuing Operations	**$ 535**	**$ 852**	**59%**
Net Income (Loss)	**(42)**	**38**	**nm**
Segment EBITDA (1)	**56**	**160**	**186%**
Segment EBITDA Margin	**10.5%**	**18.8%**	**830bps**

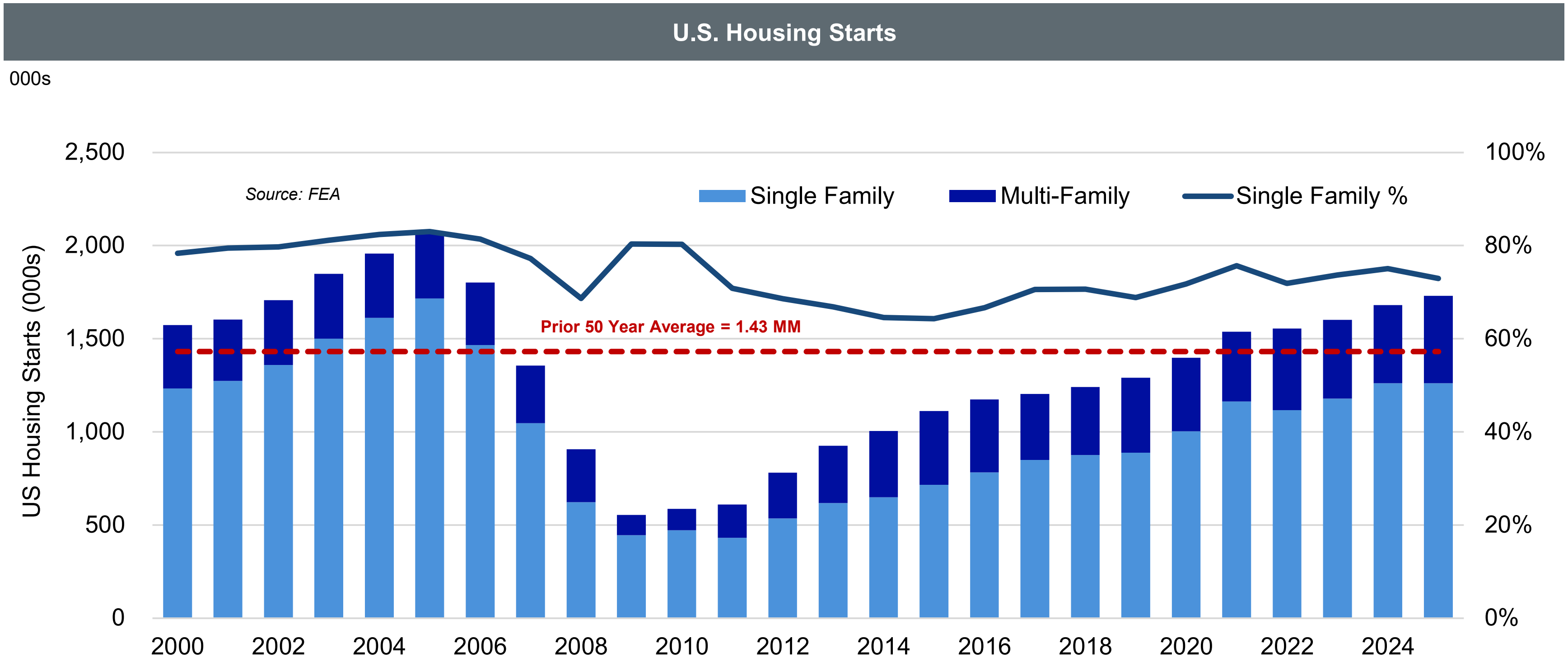
- On August 2, 2021, Hexion Holdings Corporation ("Hexion Holdings"), the indirect parent of Hexion Inc., announced it had submitted a draft Form S-1 registration statement on a confidential basis to the U.S. Securities and Exchange Commission for a proposed public offering of its common stock later this year
- Revenue from continuing operations totaled $848 million, an increase of 59% year over year
- Net income totaled $38 million for the three months ended June 30, 2021 compared to net loss of $42 million in the prior year period
- Second quarter 2021 Segment EBITDA (1) from continuing operations of $160 million, increasing 186% year-over-year, and improving 40% sequentially compared to Q1'21
  - Results reflect strength throughout the portfolio, as well as impact of COVID-19 on prior year period
  - Q2'21 EBITDA margins approached 19% and increased 830 basis points YoY
- Following completion of its recent divestiture, Hexion used $150 million of the net proceeds to pay down the aggregate principal of the EUR-denominated tranche Senior Secured Term Loan; net debt to Pro Forma EBITDA leverage ratio was 3.0 times (LTM 6/30/21)

Continuing to Drive Year-on-Year Earnings Growth and Well-Positioned for Strong Q3'21

(1) Segment EBITDA is a non-GAAP financial measure. The closest GAAP financial measure is Net 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. Segment EBITDA is defined and reconciled to Net Loss later in this presentation.

(2) In addition, the Buyer assumed approximately $31 million of certain liabilities, net of preliminary working capital and other closing adjustments as part of the Purchase Agreement. A subsequent post-closing adjustment to the initial cash considerations will be made in accordance with the Purchase Agreement.

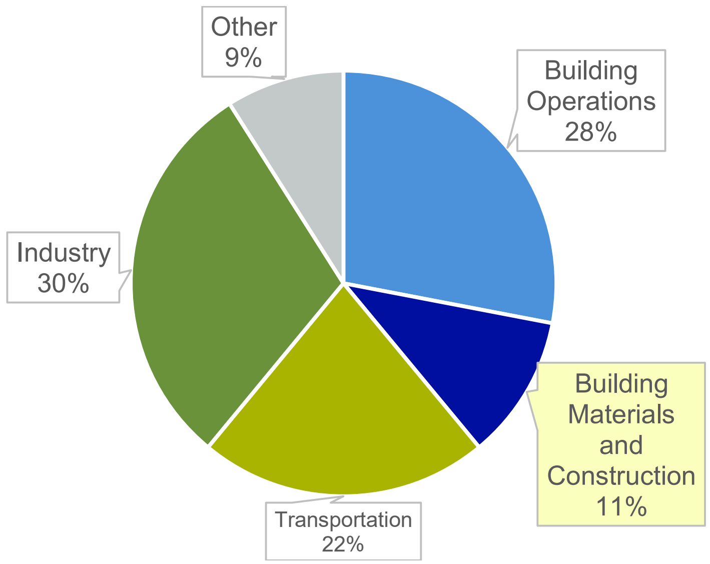
Adhesives Segment: Strong Q2'21 Results and Momentum Expected to Continue in 2H'21

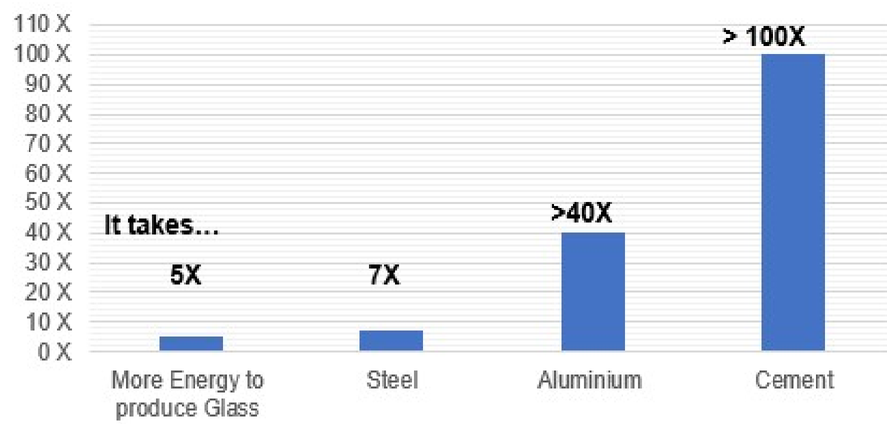


- Strong new residential construction and remodeling demand in N. America continues to drive positive results for wood adhesives business
  - Total housing starts for June were 1,643 (SAAR), an increase from prior year of 370K starts or 29%
  - Single family US housing starts for June were 1,160 (SAAR), an increase from prior year of 257K starts or ~29%
- Forest Economic Advisors (FEA) forecast housing starts to increase by around 350K over the next 5 years

Benefits of Wood Construction Support Strong Adhesives Segment Results

Global CO2 Emissions by Sector[1]	CO2 of Materials Compared to Wood[2]





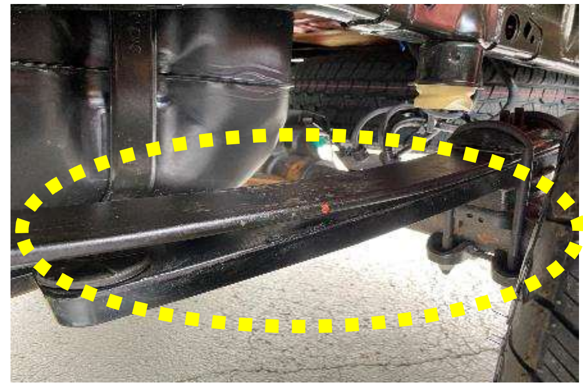
Sustainable Attributes of Wood-based Construction: Inherently lower CO2 Emissions When Used as a Building Product and Less Energy Intensive Compared to other Building Materials

(1) © 2018 2030, Inc/Architecture 2030. All Rights Reserved. Data Sources: UN Environment Global Status Report 2017; EIA International Energy Outlook 2017
(2) https://www.lowtechmagazine.com/what-is-the-embodied-energy-of-materials.html; https://news.climate.columbia.edu/2012/05/09/emissions-from-the-cement-industry/

Coatings & Composites Segment: Composite Leaf Spring Application in New Ford F-150 Model

Strategic Partnership with Rassini

- An EPIKOTE™ epoxy resin system from Hexion has been specified by Rassini for an innovative rear suspension system found in Ford Motor Company's new 2021 model of the F-150 pickup truck
- Rassini has developed and manufactures the hybrid rear suspension, which consists of a parabolic main steel leaf supported by a composite helper
  - With this hybrid suspension, the same stiffness and durability as a conventional multi-steel leaf spring pack is achieved, while realizing a significant weight reduction
  - In addition to the positive impact this has on the vehicle's overall carbon footprint and payload increase, the lighter weight component leaves provide a smoother engagement, less friction and noise
- In partnership with industry developers, Hexion is constantly adapting its composite resin portfolio to answer manufacturers' increasing need for strong yet lightweight alternatives to metal, that can be produced at faster speeds



Focused on Achieving FY’21 Priorities

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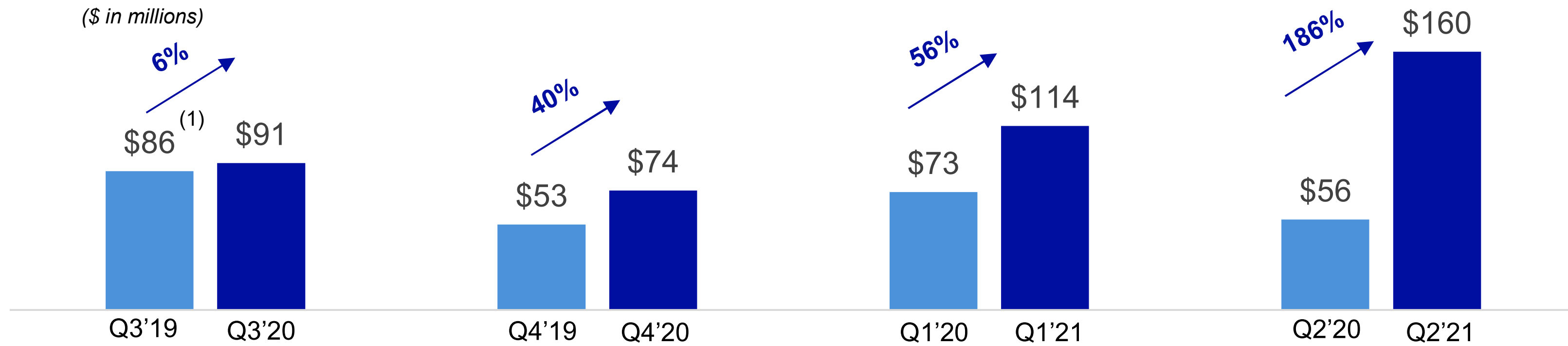
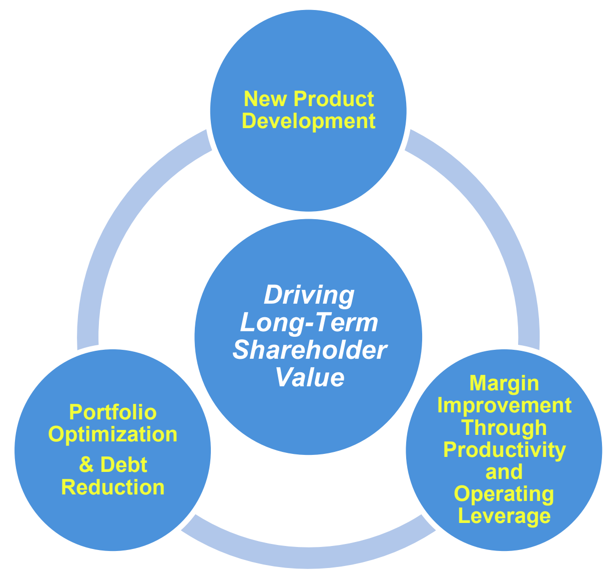
Diversified Portfolio Supports Fourth Consecutive Quarter of Solid YoY Segment EBITDA Increases



Strategic Q2’21 Actions

- **Strategic CapEx:** ArmorBuilt™ and Brimbank, Australia expansions, as well as various “self-help” investments with minimal market risk
- **Portfolio Optimization:** Executed divestiture on 4/30/21
- **Margin improvement:** Q2’21 Segment EBITDA margins approaching 19%
- **Debt Reduction:** Term loan paydown drove LTM Pro forma EBITDA to Net Debt ratio of 3.0x
- **Maximize long term shareholder value:** Hexion Holdings submitted a draft Form S-1 registration statement on a confidential basis for a proposed public offering of its common stock later this year; the planned registered public offering is part of Hexion’s and its Board of Directors’ ongoing and continuous strategic review and evaluation of opportunities to enhance shareholder value

Driving Shareholder Value: Strategic Approach



(1) Third Quarter 2019 excludes $18 million of Segment EBITDA related to deferred revenue that was accelerated on July 1, 2019 as part of Fresh Start accounting. Segment EBITDA is a non-GAAP financial measure. The closest GAAP financial measure is Net Loss A table that reconciles Segment EBITDA is included in Hexion’s F

(2) orm 10-Q for the quarterly period ended September 30, 2019.

Hexion Inc.

Second Quarter 2021 Financial Review

George Knight
Executive Vice President & Chief Financial Officer

Adhesives
Second Quarter 2021 Segment Results

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Three Months Ended June 30 *(Continuing Operations)*

($ in millions)	**2020**	**2021**	**Δ**
Total Revenue	$ 252	$ 409	62%
Segment EBITDA[1]	43	75	74%
Segment EBITDA Margin	17.1%	18.3%	120bps

Q2'21 Revenue Comparison YoY *(Continuing Operations)*

Volume	**Price/Mix**	**Currency Translation**	**Total**
32%	23%	7%	62%

Summary

- Revenue increased due to higher volumes and raw material price increases contractually passed through to our customers
- Q2'21 Segment EBITDA reflected continued positive demand in North American from residential construction and repair and remodeling markets, strong YoY improvement in Latin America resins, as well as gains in global formaldehyde business
- Solid increase in Q2'21 Segment EBITDA margins versus the prior year

(1) Segment EBITDA is a non-GAAP financial measure. The closest GAAP financial measure is Net Loss (Income). 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. Segment EBITDA is defined and reconciled to Net Loss (Income) later in this presentation.

Coatings & Composites
Second Quarter 2021 Segment Results

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Three Months Ended June 30 *(Continuing Operations)*			
($ in millions)	**2020**	**2021**	**Δ**
Total Revenue	$ 283	$ 443	57%
Segment EBITDA [1]	26	108	315%
Segment EBITDA Margin	9.2%	24.4%	1,520bps

Q2'21 Revenue Comparison YoY *(Continuing Operations)*

Volume	Price/Mix	Currency Translation	Total
5%	44%	8%	57%

Summary

- Sales increased due to raw material price increases and pricing actions
- Strong EBITDA performance for entire epoxy business reflecting ongoing pricing actions and positive demand
- Versatic Acids™ and Derivatives business continues to experience strong growth in architectural coatings
- Strong increase in Q2'21 Segment EBITDA margins

(1) Segment EBITDA is a non-GAAP financial measure. The closest GAAP financial measure is Net Loss (Income). 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. Segment EBITDA is defined and reconciled to Net Loss (Income) later in this presentation.

Balance Sheet Update & Financial Summary

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Summary

- Liquidity of $646 million, which includes $286 million of unrestricted cash and cash equivalents, as Q2'21
- Remain focused on prudently managing cash in 2021
  - Q2'21 capital expenditures of $28 million
  - FY'21 capital expenditures expected to be ~ $115 million to $125 million
  - Expect annual interest costs of ~ $85 million to $95 million
  - Expect cash taxes of ~ $30 million to $40 million
  - Remain focused on managing net working capital (NWC):[1] expect decrease in 2H'21, consistent with historical trends
- Hexion used a portion of its net proceeds to repay $150 million of the EUR-denominated Senior Secured Term Loan in early May following completion of the sale of its Phenolic Specialty Resin, Hexamine and European-based Forest Products Resins businesses

Net Debt to Pro Forma EBITDA Leverage Ratio Stands at 3.0x[2]

(1) Net working capital is defined as accounts receivable and inventories less accounts payable. Management believes that this non-GAAP measure is useful supplemental information. This non-GAAP measure should be considered by the reader in addition to but not instead of, the financial statements prepared in accordance with GAAP.

(2) LTM 6/30/21

FY'21 Priorities: Focused on Driving Shareholder Value

Committed to Driving Shareholder Value	Q2'21 Trend
• Leverage 2H'20 recovery momentum to drive topline and earnings growth in FY'21	• ***Q2'21 Sales and Segment EBITDA increased 59% and 186%, respectively vs. prior year*** ✓
• Maintain strong cost discipline	• ***Lean cost structure supports increased Segment EBITDA margin*** ✓
• Drive significant free cash flow [(1)] in FY'21	• ***Expect to drive significant free cash flow in 2021*** ✓
• Leverage strategic growth cap ex, including self-help productivity investments, and new product development initiatives to continue to drive margin improvement	• ***Targeted cap ex contributing to current earnings and positions company for future growth*** ✓
• Maintain a disciplined approach to capital allocation to reduce net debt; continue to target net debt to EBITDA ratio of < 3.0x	• ***Debt reduction remains strategic priority; portion of sale proceeds used to reduce debt; net debt to PF EBITDA ratio of 3.0x (LTM 6/30/21)*** ✓
• Drive to maximize long term shareholder value through potential bolt-on and/or more transformational transactions, debt reduction, and potential opportunistic open market share repurchases in FY'21	• ***Submitted a draft Form S-1 registration statement for a proposed public offering of its common stock later this year*** ✓

(1) Free cash flow is a non-GAAP financial measure and is a liquidity measure used by the Company. Free cash flow is defined by the Company as net cash provided by (used in) operating activities from continuing operations less capital expenditures on property, plant and equipment. Free cash flow is defined and reconciled later in this presentation.

Appendices

Reconciliation of Net Income (Loss) to Segment EBITDA (Unaudited)

($ in millions)

	Three Months Ended June 30, 2021	Three Months Ended March 31, 2021	Three Months Ended December 31, 2020	Three Months Ended September 30, 2020
Reconciliation:				
Net income (loss)	$ 38	$ 11	$ (35)	$ (94)
Less: Net (loss) income from discontinued operations	(4)	(1)	2	(68)
Net income (loss) from continuing operations	$ 42	$ 12	$ (37)	$ (26)
Income tax expense (benefit)	9	16	6	17
Interest expense, net	24	24	24	25
Depreciation and amortization [2]	51	49	48	47
EBITDA	$ 126	$ 101	$ 41	$ 63
Adjustments to arrive at Segment EBITDA:				
Business realignment costs [3]	8	5	12	19
Transaction costs [4]	7	—	2	1
Realized and unrealized foreign currency losses (gains)	—	4	(3)	(3)
Unrealized losses on pension and OPEB plan liabilities [5]	—	—	4	—
Other non-cash items [6]	15	10	14	6
Other [7]	4	(6)	4	5
Total adjustments	34	13	33	28
Segment EBITDA	$ 160	$ 114	$ 74	$ 91
Segment EBITDA:				
Adhesives	$ 75	$ 68	$ 58	$ 58
Coatings and Composites	108	65	36	50
Corporate and Other	(23)	(19)	(20)	(17)
Total	$ 160	$ 114	$ 74	$ 91

Reconciliation of Net Income (Loss) to Segment EBITDA (Unaudited)

($ in millions)

(1) "Net income (loss)" and "Net (loss) income from discontinued operations" for the three months ended September 30, 2020 have been revised to reflect the correction of an immaterial error.

(2) For the three months ended June 30, 2021 and 2020, accelerated depreciation of $2 and less than $1, respectively, has been included in "Depreciation and amortization."

(3) Business realignment costs for the periods presented below included:

	Three Months Ended June 30, 2021	Three Months Ended March 31, 2021	Three Months Ended December 31, 2020	Three Months Ended September 30, 2020
Severance costs	$ 1	$ (1)	$ 2	$ 4
In-process facility rationalizations	1	1	1	3
Contractual costs from exited business	2	2	2	2
Business services implementation	1	2	4	6
Legacy environmental reserves	2	(2)	1	4
Other	1	3	2	—

(4) For the periods presented, transaction costs include certain professional fees related to strategic projects and the cost associated with the set up of our transition services agreement.

(5) Represents non-cash losses resulting from pension and postretirement benefit plan liability remeasurements.

(6) Other non-cash items for the periods presented below included:

	Three Months Ended June 30, 2021	Three Months Ended March 31, 2021	Three Months Ended December 31, 2020	Three Months Ended September 30, 2020
Fixed asset write-offs	$ 4	$ 1	$ 6	$ —
Stock-based compensation costs	9	6	4	4
Long-term retention programs	2	2	2	1
Other	—	1	2	1

Reconciliation of Net Income (Loss) to Segment EBITDA (Unaudited)

($ in millions)

(7) Other items for the periods presented below included:

	Three Months Ended June 30, 2021	Three Months Ended March 31, 2021	Three Months Ended December 31, 2020	Three Months Ended September 30, 2020
Legacy and other non-recurring items	$ 2	$ —	$ 2	$ 2
IT outage recoveries, net	—	—	—	—
Gain on sale of assets	—	(4)	—	—
Financing fees and other	2	(2)	2	3

Free Cash Flow By Quarter

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($ in millions)

	Three Months Ended June 30, 2021	Three Months Ended March 31, 2021	Three Months Ended December 31, 2020	Three Months Ended September 30, 2020
Net cash (used in) provided by operating activities	$ 38	$ (44)	$ 156	$ (6)
Capital expenditures	(30)	(28)	(40)	(28)
Free Cash Flow (1)	8	$ (72)	$ 116	$ (34)

(1) Free cash flow is a liquidity measure used by the Company and is defined by the Company as net cash (used in) provided by operating activities, less capital expenditures on property, plant and equipment.

Net Debt by Quarter

($ in millions)

	June 30, 2021	March 31, 2021	December 31, 2020	September 30, 2020
Debt payable within one year	$ 43	$ 52	$ 82	$ 77
Long term debt	1,567	1,714	1,710	1,756
Total Debt (1)	$ 1,610	$ 1,766	$ 1,792	$ 1,833
Less: Unrestricted cash and cash equivalents	(286)	(131)	(200)	(154)
Net Debt (2)	$ 1,324	$ 1,635	$ 1,592	$ 1,679

(1) Total debt represents the sum of "Debt payable within one year" and "Long-term debt" on the Condensed Consolidated Balance Sheets. Certain components of total debt are denominated in foreign currencies.

(2) Net debt represents "Total Debt" as defined above less "Unrestricted cash and cash equivalents" on the Condensed Consolidated Balance Sheets.

Debt at June 30, 2021

($ in millions)

	June 30, 2021		December 31, 2020	
	Long-Term	Due Within One Year	Long-Term	Due Within One Year
Senior Secured Credit Facilities:				
ABL Facility	$ —	$ —	$ —	$ —
Senior Secured Term Loan - USD due 2026 (includes $5 and $6 of unamortized debt discount)	698	7	701	7
Senior Secured Term Loan - EUR due 2026 (includes $3 and $4 of unamortized debt discount)	353	—	515	—
Senior Notes:				
7.875% Senior Notes due 2027	450	—	450	—
Other Borrowings:				
Australia Facility due 2026(1)	30	—	—	30
Brazilian bank loans	1	18	2	22
Lease obligations (2)	35	13	42	14
Other	—	5	—	9
Total(3)	$ 1,567	$ 43	$ 1,710	$ 82

(1) In February 2021, the Company extended its Australian Term Loan Facility through February 2026.

(2) Lease obligations include finance leases and sale leaseback financing arrangements.

(3) The foreign exchange translation impact of the Company's foreign currency denominated debt instruments resulted in a decrease of $13 as of June 30, 2021 compared to December 31, 2020.

Assets and Liabilities of Discontinued Operations

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	December 31, 2020
Carrying amounts of major classes of assets held for sale:	
Accounts receivable	$ 66
Finished and in-process goods	18
Raw materials and supplies	17
Other current assets	12
Total current assets	113
Investment in unconsolidated entities	5
Deferred tax assets	2
Other long-term assets	7
Property, plant and equipment, net	310
Operating lease assets	13
Goodwill	14
Other intangible assets, net	61
Discontinued operations impairment	(75)
Total long-term assets	337
Total assets held for sale	$ 450
Carrying amounts of major classes of liabilities held for sale:	
Accounts payable	$ 52
Income taxes payable	1
Accrued payroll	3
Current portion of operating lease liabilities	2
Other current liabilities	9
Total current liabilities	67
Long-term pension and post employment benefit obligations	36
Deferred income taxes	22
Operating lease liabilities	5
Other long-term liabilities	8
Total long-term liabilities	71
Total liabilities held for sale	$ 138

Financial Results of Discontinued Operations

	Three Months Ended June 30, 2021	Three Months Ended June 30, 2020	Six Months Ended June 30, 2021	Six Months Ended June 30, 2020
Major line items constituting pretax income of discontinued operations:				
Net sales	$ 53	$ 97	$ 216	$ 242
Cost of sales (exclusive of depreciation and amortization)	46	84	183	205
Selling, general and administrative expense	5	10	16	21
Depreciation and amortization	—	9	—	18
Loss on sale of business	10	—	10	—
Asset impairments	—	—	16	—
Business realignment costs	—	—	—	1
Other operating income, net	—	(1)	—	(1)
Operating (loss) income	(8)	(5)	(9)	(2)
Other non-operating income, net	(5)	—	(5)	—
Loss from discontinued operations before income tax, earnings from unconsolidated entities	(3)	(5)	(4)	(2)
Income tax expense (benefit)	1	(5)	2	1
Loss from discontinued operations, net of tax	$ (4)	$ —	$ (6)	$ (3)
Earnings from unconsolidated entities, net of tax	—	—	1	—
Net loss attributable to discontinued operations	$ (4)	$ —	$ (5)	$ (3)

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