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# EDITED TRANSCRIPT

- Q2 2016 Hexion Inc Earnings Call

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**Craig Morrison** *Hexion Inc - Chairman, President and CEO*

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**Chris Roger** *Bank of America Merrill Lynch - Analyst*

**Tarek Hamid** *J.P. Morgan - Analyst*

**Owen Douglas** *Baird - Analyst*

**James Finnerty** *Citi - Analyst*

**Nilesh Mandhare** *Onex Credit Partners - Analyst*

**Roger Spitz** *Bank of America Merrill Lynch - Analyst*

**Karl Blunden** *Goldman Sachs - Analyst*

**Dustin Shapir** *Oak Hill - Analyst*

**David Troyer** *Seaport - Analyst*

**Derek Ching** *Goldman Sachs - Analyst*

## PRESENTATION

### Operator

Welcome to the Hexion Second Quarter 2016 Earnings Conference.

(Operator Instructions)

Now, I would to welcome and turn the call to Mr. John Kompa Investor Relations for Hexion. Please, you may begin.

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### John Kompa - Hexion Inc - IR

Good morning and welcome to the Hexion Inc. Second Quarter 2016 Conference call. Leading today's call will be Craig Morrison, Chairman, President and CEO; George Knight, Executive Vice President and Chief Financial Officer and Mark Bidstrup, Senior Vice President and Treasurer.

As a reminder, this call is also being webcast and the slides referenced in today's conference call are available through the hexion.com website under the investor relations section of Hexion Inc. A replay of this call will be available for one week and the replay dial-in information is contained in our latest earnings release.

Before we start, I'd like to review information about forward-looking statements and the use of non-GAAP information as part of this call. As you know, some of our comments today may include statements about our expectations for the future.

Those expectations are subject to known and unknown risks, uncertainties and other factors that may cause the Company's actual results and performance to be materially different from any future results or performance suggested by these expectations.



The slide you now see gives you more information on the assumptions and the factors we consider in making those forward-looking statements. We can't guarantee the accuracy of any forecast or estimates and we undertake no obligation to update any forward-looking statements during the quarter, except as otherwise required by law.

For more information on our risk factors, please see our earnings press release and our SEC filings. In addition, some of our comments may reference non-GAAP financial measures. A reconciliation of the most directly [comparable] GAAP financial measure and other associative disclosures are contained in our earnings release and on our website.

Our earnings release and our recent SEC filings are available on the internet at [hexion.com](http://hexion.com). With that, I'll now turn the call over to Craig Morrison to discuss our financial results.

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**Craig Morrison** - *Hexion Inc - Chairman, President and CEO*

On page 4, our second quarter 2016 revenues decreased 12% \$952 million reflecting lower selling prices from decline in raw material costs, softer volumes in oilfield proppants and the negative impact of the strengthening U.S. Dollar.

Hexion posted net income of \$150 million compared to a net loss of \$2 million in the prior year period primarily due to the gains on the sale of businesses. Segment EBITDA totals \$130 millions, a 2% decrease or a 1% increase on a constant currency basis. In our epoxy segments, segment EBITDA decreased by \$5 million as higher volumes in our specialty epoxy resins had improved results in our Versatic Acids and Derivatives business partially offset softer oilfield proppants results.

Our global forest product's EBITDA rose by \$1 million despite \$2 million in currency headwinds that continue demand softness in Latin America. Turning to slide 5, our second quarter results were supported by continued gains in several key specialty product lines.

Our specialty epoxy resins business had another good quarter supported by strong demand from the wind energy sector. Our Versatic Acids business is performing well and continues to rebound after supplier force majeure last year. Our North American forest products business also posted year over year EBITDA gain supported by our new formaldehyde sites and modest growth in housing demand.

We continue to aggressively drive our productivity initiatives and the timing remains on track. As of June 30th, we have \$36 million of structural cost savings in process. We expect to achieve these actions over the next 6 to 18 months. At quarter end, we had cash and available borrowings of \$501 million.

In the second quarter, we also took actions to strategically streamline our portfolio through the sale of our Performance Adhesives, Powder & Acrylic Coatings and Monomers business, as well as our interest in the HA-International, LLC a foundry joint venture. We plan to use the proceeds from this sale to invest back into the business and for general corporate purposes.

Turning to slide 6, at our combined raw material index, you can see that our total raw material costs increased slightly by 3% on a sequential basis. When considering our three raw -- major raw materials, the average price for phenol, methanol and urea declined 2%, 38% and 32% respectively in the first half of 2016 versus the first half of 2015.

We continue to expect that raw material will remain favorable in 2016. Turning to slide 7, we highlighted the strong performance of our specialty epoxy business driven by the strong demand from the wind energy market. You can see that our 2015 and first half 2016 volumes both grew by 8% over prior year periods.

We are extremely well-positioned globally in this business due to our manufacturing footprint, leading technology and our ability to leverage infrastructure investments over the last few years such as in Brazil, China and Germany that continue to pay dividends for us today. We also remain confident in our ability to drive structural cost reductions and are focused on achieving the incremental \$36 million of cost savings. The closure of our Norco site occurred in the second quarter of 2016. Site consolidation programs are also occurring in Latin America and Europe.

I'll now turn the call over to George Knight to further discuss our financial results. George?

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**George Knight** - *Hexion Inc - EVP and CFO*

Thank you, Craig. Turning to our epoxy, phenolic and coating resins segment, second quarter 2016 revenue totaled \$613 million reflecting a 10% decrease from the prior year due to a negative price/mix impact of 9% and lower volumes of 1%. Segment EBITDA decreased by \$5 million compared to the prior year as higher volumes in our specialty epoxy business and improved segment EBITA in Versatics partially offsets softer base epoxy resins and oilfield proppant results. Segment EBITDA margins improved by 60 basis points.

Turning to the next slide, in our forest products resins segment second quarter 2016 sales totaled \$339 million, a 16% decline from the prior year with negative price/mix of 10% primarily due to the pass through of raw material price decreases, lower volumes of 3% and negative currency translation of 3%.

Segment EBITDA increased by 2% as EBITDA gains in our North American forest product resins offset currency headwinds and softness in Latin America business. Excluding the negative \$2 million currency impact, segment EBITDA increased by 5%. Segment EBITDA margins improved by 330 basis points.

Regarding our balance sheet, our cash plus borrowing availability under our credit facilities was \$501 million at quarter end. Our first half 2016 capital expenditure investments totaled \$61 million. We now expect our CapEx to be approximately \$120 million to \$125 million in 2016.

Net working capital totaled \$480 as of June 30th up from year-end 2015, reflecting sequential improvement in segment EBITDA and higher volumes from seasonality. Net working capital still reflects a modest 14% of sales. Working capital trends are consistent with historical movements. While working capital is expect to decline in the second half, we still expect a slight increase in net working capital overall for 2016.

I'll now turn the call back to Craig to wrap up.

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**Craig Morrison** - *Hexion Inc - Chairman, President and CEO*

Thanks, George. Turning to slide 13, in summary, our second quarter 2016 EBITDA gained 1% on a constant currency basis as key parts of our specialty product portfolio continue to perform well.

In particular, specialty epoxy and Versatic Acids and Derivatives businesses continue to demonstrate strong financial performance. We are also pleased to successfully complete the sale of our PAC business and our interests in a joint venture as part of our efforts to streamline our portfolio during the quarter.

We continue to drive structural costs out of our business and are targeting an additional \$36 million of in-process cost savings. In closing, we continue to prudently manage our balance sheet, and our liquidity levels of \$501 million remain strong. Let me now turn it over to the operator for any questions that you might have. Operator.

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## QUESTIONS AND ANSWERS

### Operator

(Operator Instructions)

And we do ask you as a courtesy to others that you limit your questions to one and one follow up, and if needed get back in the queue.



And our first question is from the line of Tarek Hamid with J.P. Morgan.

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**Tarek Hamid** - *J.P. Morgan - Analyst*

Good morning, guys. So on the specialty epoxy business just given the growth that you've seen in that over the last two years, do you feel like you have the capacity you need to keep up for 2016-17? Or do you need to direct some more investment into additional [national] capacity there?

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**Craig Morrison** - *Hexion Inc - Chairman, President and CEO*

We have been investing in some capacity in Asia and other locations, and we think for the immediate term - short to middle term - we have adequate capacity. But ultimately, over probably 12-24 months we'll have to look at additional investments. The good news about that type of investment is it's relatively modest. It's not high levels of CapEx as you'd have in our base epoxy businesses, for instance. So we feel that's very manageable within the normal CapEx spend would have in a normal year.

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**Tarek Hamid** - *J.P. Morgan - Analyst*

Probably are you comfortable with your current split of market based epoxy sales versus specialty sales? Or do you think it will continue to go towards higher specialty concentrations?

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**Craig Morrison** - *Hexion Inc - Chairman, President and CEO*

I think our objective is naturally to migrate towards the specialty epoxy sales because the margins are improved, but that takes time. And we'll continue to look to move in that direction, but it won't be a rapid movement.

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**Tarek Hamid** - *J.P. Morgan - Analyst*

Got it. And then, just on the balance sheet, looks like you repurchased about \$109 million more over 1 1/2 lanes during the quarter?

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**Unidentified Company Representative**

Yes, we purchased about 100 million, Tarek. Face amount, \$121, so we had a \$21 million gain for the quarter.

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**Tarek Hamid** - *J.P. Morgan - Analyst*

Maybe just talk a little bit about how you weigh your target minimum liquidity level versus continued bond repurchases and managing that maturity profile.

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**Unidentified Company Representative**

We try to balance between liquidity, and we have been opportunistic as you've seen on the bond market to take advantage of the pricing there. From a liquidity level, we've operated at a lot of different levels over the years. The \$500 million that we have now is more than adequate, and we'll just continue to manage that going forward as we look at potential uses of holding [the] liquidity versus investing it.



**Tarek Hamid** - *J.P. Morgan - Analyst*

Fair enough. Thank you guys, that was helpful.

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**Operator**

And our next question is from the line of Roger Spitz with Bank of America Merrill Lynch.

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**Chris Roger** - *Bank of America Merrill Lynch - Analyst*

Hello, this is Chris Roger on for Roger. Thank you for taking my questions. My first question is can you describe the year over year or sequential change in the fortunes of the base epoxy resin business? Or if there's anything of particular interest among [EPI], BPA, or LER?

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**Craig Morrison** - *Hexion Inc - Chairman, President and CEO*

I would say the base epoxy for the quarter was weaker than the prior year. Both on a margin basis as well as milder weaker on a volume basis. When you look at that, the precursors - the BPA, ECH financially held up better. And we saw more of the pressure on year over year basis in the major resins, the LER and SER. I would say that the BPA, ECH was a stronger market year over year, and there was more margin compression on a year over year basis on the major resins.

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**Chris Roger** - *Bank of America Merrill Lynch - Analyst*

Thank you, and just one follow up. How much of the reported EBITDA included the assets that were sold?

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**Craig Morrison** - *Hexion Inc - Chairman, President and CEO*

Can you repeat the question please?

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**Unidentified Company Representative**

How much of the reported EBITDA was--

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**Chris Roger** - *Bank of America Merrill Lynch - Analyst*

Included in the assets sold in the quarter?

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**Unidentified Company Representative**

Through the second quarter, it was about \$13 million.

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**Chris Roger** - *Bank of America Merrill Lynch - Analyst*

Great, thank you, that's all my questions.

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**Operator**

And our next question is from the line of Bill Hoffman with RBC Capital Markets. Please go ahead.

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**Bill Hoffman** - *RBC Capital Markets - Analyst*

Hello, thank you, good morning, guys. Craig can you talk just a little bit more on the base epoxy resins business. We've got some of your competitors out there talking about stronger results in the second half of the year - you guys have closed Norco. We're thinking that market conditions should be improving, is that what you're seeing? Or are economic conditions just too weak to pull that business up at this point?

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**Craig Morrison** - *Hexion Inc - Chairman, President and CEO*

Well, I would say there's no doubt we'll benefit. As we have noted in the presentation, Norco will be favorable on a total year basis by about \$20 million, so that's a nice positive wind at our back. As far as market conditions, we're not seeing a significant improvement.

We're - that's something that can be very sensitive, capacity goes down in Asia or if a major competitor takes a turnaround of some type and therefore capacity tightens up for a period of time.

But I would not say that the macroeconomic conditions relative to global economy are a favorable wind at our back at this point. I don't see the second half being a significant improvement on what we're seeing. I would not forecast that at this time.

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**Bill Hoffman** - *RBC Capital Markets - Analyst*

OK, thank you for that. In the forest products segment, the formaldehyde plants, one are they operating well to your expectations? And two, it looks like the weakness in Latin America has pretty much offset the any benefit there. Can you just talk about your thoughts on where that's going to go [slog] forward?

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**Craig Morrison** - *Hexion Inc - Chairman, President and CEO*

I mean the two plants on the Gulf Coast started up as expected and are capable of running at their capacity. So there were no problems with the start-up. I would say that some of their end use markets that we feed into have been impacted by capacity coming online, such as BPO, et cetera, in China, and that has weakened overall demand in North America formaldehyde year over year.

We are up significantly as the downstream usage for some of our customers that was anticipated in North America did, in fact, take demand from our new sites. You're right. In Latin America, the plant started up fine, it's running as expected in sense of capability, but that capacity's not really required given the current market conditions. We do think in the longer term, the medium term, that capacity will be absorbed as that continues to be a strong growth market. As you know overall Brazil has been very soft due to the recession that they're currently experiencing.

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**Bill Hoffman** - *RBC Capital Markets - Analyst*

If I could just ask one more. Obviously the eight and seven-eighths go current in February 18-ish, just to address, [currently] your current thoughts on addressing that?

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**Unidentified Company Representative**

Yes, I mean we're looking at a lot of different options right now. Really nothing to report or discuss today though, Bill.



**Bill Hoffman** - RBC Capital Markets - Analyst

OK, thank you.

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**Operator**

And our next question is from the line of Unidentified Participant^ with [Jefferies].

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**Unidentified Participant**

Hello guys, just a quick follow-up on [Bill's] question. Is there anything that precludes you or limits the amount of bonds that you can buyback at the one and half lean level there?

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**Unidentified Company Representative**

Well our liquidity. No, understood. So nothing in the indentures that you currently have outstanding that would limit repurchases there.

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**Unidentified Company Representative**

That's correct.

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**Unidentified Participant**

OK and then what is your restrictive payment basket capacity currently, do you know?

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**Unidentified Company Representative**

Yes, we're not in a position to talk about that today.

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**Unidentified Participant**

OK. And then lastly for me, do you guys have any outages that you expect to see in Q4 -- excuse me, in the second half of this year? I know Q4 tends to be a quarter where you end up seeing some of that so I'm curious what the schedule is for that.

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**Unidentified Company Representative**

Yes, I mean turnarounds for us occur in the base epoxy resin business and we do have some of those planned in the second half of the year but that's normal so if you looked at seasonal trends for us, that would normally be absorbed and that would be--

(Multiple Speakers)

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**Unidentified Company Representative**

This year as well.

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**Unidentified Participant**

So nothing at -- nothing significantly different from a cost perspective as to what you saw last year?

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**Unidentified Company Representative**

Yes, and it would be slightly down from prior year meaning the amount of turnaround spend would be decreased this year compared to last year but we still will have turnarounds.

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**Operator**

And our next question is from the line of Karl Blunden with Goldman Sachs.

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**Derek Ching - Goldman Sachs - Analyst**

Good morning guys this is Derek Ching on for Karl. My first question is on specialty epoxies. I mean clearly a very strong first half for you guys, but where's your visibility into that market for the second half? Or in other words would you expect the strength that you saw in first half to carry over into back half or how should we think about that?

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**Unidentified Company Representative**

Yes, it was a very, very strong -- when energy demands specifically in Asia but also other parts of the world, we are projecting that will generally continue into the second half of the year that the outlook remains positive. It could -- we can slightly, just because you can always have a little bit of ups and downs, but overall we would project it will remain a very positive year for us and especially epoxy. Driven by wind energy is the primary factor.

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**Derek Ching - Goldman Sachs - Analyst**

Got it. And then on proppants, I know a couple of your competitors in that space reported negative EBITDA for the second quarter and I know historically you've shied away from talking to the profitability of your business but high level, can you just speak to whether your business was EBITDA positive for the quarter and whether you are looking at any improvements as you move into the third quarter?

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**Unidentified Company Representative**

Yes, in general like you said, we don't disclose but we're feeling the same pressures everybody else is feeling in the market and like others have commented, we think the market has reached trough conditions. We do not see uplift occurring in the second half of the year. It doesn't mean it can't occur. Obviously a macro-economic or even a geopolitical event could -- or artificially tighten that market and drive improvement.

But we don't see the underlying demand when you look at the capacity and the production that's going on globally. We don't see the conditions existing that would significantly improve oil pricing or drilling conditions at this time in the second half of the year. So I think it will continue to be a market that's under a lot of duress for the remainder of the year.

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**Operator**

And our next question comes from the line of [Brian Lawley] with Barclays.

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**Unidentified Participant**

Hello good morning guys, how are you?

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**Unidentified Company Representative**

Morning [Brian], [I'm fine].

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**Unidentified Participant**

Maybe if I could first following up on [Chris's] question from before, but on the asset sales, I guess is it possible to get on this call or sometime in the future, but quarterly EBITDA pro forma for the asset sales. You know you show that 53 on an LTM basis, but is it possible to get maybe some of the organic data on a pro forma basis and then maybe additive to that is it safe to assume that a 13 this quarter would have all been in the [EPCR] segment? Is that fair?

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**Unidentified Company Representative**

Yes, the -- all the EBITDA would be in the EPCD segment. Yes, we'll take a look at your question there [Brian] on the pro formas for the sales to give you better visibility.

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**Unidentified Participant**

Yes, so just a -- having a better sense as your report future quarters what the write apples to apples--

[Multiple Speakers]

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**Unidentified Company Representative**

Sure.

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**Unidentified Participant**

Would be helpful. And then I guess on, moving to the [EPCR] margins, obviously up year over year but the -- it looks like they're down just a percent, 90 basis points or so quarter over quarter. Could you maybe walk through some of the drivers on that front and if maybe you could get some volume and price color on a quarter over quarter basis. Again we see it on a year over year but anything you could send out would be helpful.

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**Unidentified Company Representative**

Yes, I think when you look at it, there's a couple of major drivers. One is the oil field business continued to decline on both a volume and a margin basis and that's the biggest, one of the biggest, I'd say one of the two biggest drivers was on a quarter over quarter basis, the oil field, although we are seeing it flatten out.

The other one was the base epoxy and that also is driven by turnarounds that occur in one quarter versus another quarter so that was a significant driver there. In terms of other businesses, those two would be the major drivers on both the volume and margin compression basis on a quarter-over-quarter.



**Operator**

David Troyer, Seaport.

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**David Troyer - Seaport - Analyst**

A couple of questions. George, you said that \$500 was more than adequate liquidity. Previously I believe you had said somewhere around \$300 million - maybe it was \$200 million, was adequate liquidity. That number may have decreased a little bit pro forma for asset sales, but I'm wondering if you'd be willing to quantify what you think your excess liquidity is.

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**George Knight - Hexion Inc - EVP and CFO**

Yes, I think we probably have more than doubled the liquidity we need right now.

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**David Troyer - Seaport - Analyst**

And that's [in pro form] asset sales? The liquidity needs of the asset sales?

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**George Knight - Hexion Inc - EVP and CFO**

That's correct.

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**David Troyer - Seaport - Analyst**

Then, when you were talking about bond by backs did you mention if there had been any activity after the quarter closed? If I understand the timing right, you've received about a \$150 million of cash and \$75 million of a note, but right at quarter end - right at June 30th. Is that right and was there any activity after the quarter closed?

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**George Knight - Hexion Inc - EVP and CFO**

We don't comment on activity after the quarter ends. But just to clarify on the cash, we closed the performance adhesive sale at the end of June so we would have received \$220 million at that point in time. Previously we received, at the end of May, the \$61 million and the \$75 million note at that point.

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**Operator**

Owen Douglas, Baird.

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**Owen Douglas - Baird - Analyst**

Just a little clarification. Earlier in the call you said that the assets that were sold had about \$13 million of EBITDA. Was that in the second quarter of 2016 and how does that compare to 2015?

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**George Knight** - *Hexion Inc - EVP and CFO*

That was the second quarter of 2016 and compared to 2015 it was closer to \$10 or \$11.

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**Owen Douglas** - *Baird - Analyst*

Going back to the base epoxy business, can you provide an update? Is that business still EBITDA positive?

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**Unidentified Company Representative**

We don't talk specifically about businesses and their specific EDITDA. We're just commenting on the fact it's under more pressure on a year-over-year basis [then] a prior quarter basis than previously.

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**Operator**

James Finnerty, Citi.

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**James Finnerty** - *Citi - Analyst*

On the \$75 million note receivable, can you give us any further details there in terms of maturity? If there any interest due on that, etcetera?

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**Unidentified Company Representative**

It's a short term note and we expect to have it fully collected by year end.

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**Operator**

Nilesh Mandhare, Onex Capital Partners [sic- Onex Credit Partners].

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**Nilesh Mandhare** - *Onex Credit Partners - Analyst*

Most of my questions have been answered, thank you.

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**Operator**

Roger Spitz, Bank of America Merrill Lynch.

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**Roger Spitz** - *Bank of America Merrill Lynch - Analyst*

Do you have a new minimum maintenance CAPEX that we should be thinking about? I think you previously said \$100 million, but you've sold some assets. Some of it was in equity accounting so it wasn't included, but you sold a number of [keys to share]. Is there a new maintenance CAPEX number?

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**Unidentified Company Representative**

With some of the sales and the closures, it's probably in the \$80 million range now.

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**Operator**

[Tim Rackey], [Alcentra].

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**Unidentified Participant**

Are there any other plant closers that are potentially being contemplated or things that you might do? Are there any other asset sales or obvious candidates, things that you're looking at that might happen in the either the medium or longer term?

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**Unidentified Company Representative**

We always look at optimizing the manufacturing footprint and network, but we really don't comment on specifics because just because you assess something doesn't mean it's going to occur or not occur. So we have nothing to announce at this time.

And the same thing with the portfolio, we always assess the portfolio for optimization or acquisitions, and have nothing to announce at this time.

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**Unidentified Participant**

Quick follow up on that, the Norco closure. That \$20 million is in the \$36, the pro forma cost saves?

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**Unidentified Company Representative**

That is correct.

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**Operator**

Karl Blunden, Goldman Sachs.

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**Karl Blunden - Goldman Sachs - Analyst**

What was the EBITDA contribution from the new forest product plants for the quarter?

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**Unidentified Company Representative**

[It was] about \$3 million.

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**Operator**

Dustin Shapir, Oak Hill.

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**Dustin Shapir** - Oak Hill - Analyst

Do the first [lien notes] currently have a first lien on that not receivable from the HA [sic - see slide 5, HAI] sale?

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**Unidentified Company Representative**

Yes, they would have a first lien on all the assets.

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**Dustin Shapir** - Oak Hill - Analyst

Anything on the horizon to suggest a slowdown in wind energy in China?

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**Unidentified Company Representative**

Not at this point. Again, the Chinese government does have the levers that they can slow down or accelerate. It's difficult to see much past the end of the year. Over all, when you look at their comments and their build levels that they're anticipating, it looks like it will continue in a very positive environment over the next 4 to 5 years as energy continues to be a huge need for them and they have environmental issues. We continue to view the overall environment over the next 4 to 5 year as a positive environment.

Having said that, they are very capable of slowing down for 6 to 12 months if they decided that for a short period of time they've over built, that's where you have very limited visibility. But we consider it a positive environment through the end of the year and a positive environment in the longer term. Could they manipulate that market sometime in 2017? The answer's yes, we just don't have visibility whether or not they will.

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**Operator**

(Operator Instructions). David Troyer, Seaport.

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**David Troyer** - Seaport - Analyst

I suppose when we get to [spy quarter] segment pro forma for asset sales will be better equipped to answer this question, but in anticipation can you tell us whether you think the normal seasonality, pro forma for the asset sales will be greater than previously, less than previously or similar? I guess I'm really focused on how the fourth quarter might evolved from a seasonality standpoint after [Acid] is gone.

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**Unidentified Company Representative**

We would expect the trend to be similar.

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**Operator**

[Tim Rackey], [Alcentra].

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**Unidentified Participant**

On the wind question earlier, is there any reason - and I think you have some kind of technical advantage and [everybody's guess is they think] this is a high margin business. Are there additional competitors in Asia that are nipping at your heels or potentially brining on capacity that could change the pricing and margin dynamic in that business?

**Unidentified Company Representative**

There are local competitors. They are very capable competitors, they've been there for quite a while now. Our objective, like most specialty chemical companies is to continue to innovate and differentiate. The blades continue to grow in size to where now they're over 100 meters long, which require very technical capability in the resin and the technical service around that, and I think we differentiate in both of those.

We continue to innovate and develop the next generation of product. It is a high margin business and we think, for the foreseeable future, we will continue to have a technical and techservice capability advantage.

**Operator**

And ladies and gentlemen, the concludes our Q&A session for today. I will turn the call back to Mr. Craig Morrison for any final remarks.

**Craig Morrison - Hexion Inc - Chairman, President and CEO**

We'd like to thank you for participating in today's call and we'll look forward to talking to you at the end of the next quarter.

**Operator**

Ladies and gentlemen, this concludes our program for today. You may all disconnect.

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