Hexion Inc.

First Quarter 2021 Results

May 12, 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.

First Quarter 2021
Financial Results

Craig Rogerson
Chairman, President and Chief Executive Officer

Overview of First Quarter 2021 Results

HEXION™

Three Months Ended March 31 *(Continuing Operations)*			
($ in millions)	**2020**	**2021**	**YoY Δ**
Total Revenue from Continuing Operations	**$ 687**	**$ 753**	**10%**
Net Income (Loss)	**(59)**	**11**	**nm**
Segment EBITDA (1)	**73**	**114**	**56%**
Segment EBITDA Margin	**10.6%**	**15.1%**	**450bps**

- Revenue from continuing operations totaled $753 million, an increase of 10% year over year
- Net income for the three months ended March 31, 2021 totaled $11 million compared to net loss of $59 million in the prior year period
- First quarter 2021 Segment EBITDA (1) from continuing operations of $114 million, increasing 56% year-over-year
  - Results reflect strength across the board
  - Q1'21 EBITDA margins exceeded 15% and increased 450 basis points YoY
- Strong liquidity of $483 million
- Completed sale of its Phenolic Specialty Resin, Hexamine and European-based Forest Products Resins businesses on April 30th for approximately $425 million to Black Diamond and Investindustrial including initial cash consideration of $304 million (2)

Favorable Underlying Demand Trends Continuing and Well-Positioned for Strong Q2'21

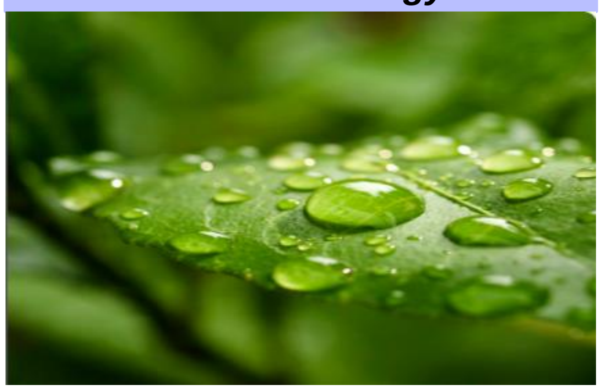
(1) Segment EBITDA is a non-GAAP financial measure. The closest GAAP financial measure is Net Loss A table that reconciles Segment EBITDA is at the end of this presentation. Segment EBITDA is defined as EBITDA (earnings before interest, income taxes, depreciation and amortization) adjusted for certain 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.

Hexion's Announces New Greenhouse Gas (GHG) Emission Goal as part of Sustainability Growth Platform

Strategic GHG Reduction Commitment Announced

- ***Hexion announced it has committed to reduce absolute carbon emissions by 20 percent by 2030***
- ***Commitment encompasses "Scope 1" and "Scope 2" emissions, which are direct and indirect greenhouse emissions from operations and consumed energy***



Minimizing Climate Change Impact

Hexion will strive to protect against climate change throughout its business lifecycle by efficiently using natural resources, optimizing existing processes and enhancing products and technologies through continuous innovation.

Enhancing Worker Safety/Well-being

By 2022, Hexion will offer a voluntary well-being program that addresses associate physical, mental, and financial well-being with the goal of 50% associate participation in the program by 2025. Hexion's Well-being index in the Gallup engagement survey will be in the 50th percentile. Hexion remains committed to "Get Zero, Get Home" and driving to zero associate and contractor recordable injuries.

Reducing Spills & Releases

Hexion has committed to reduce spill mass and releases by 80 percent by 2025.

Maintaining Product Stewardship

Hexion remains committed to implementing the Responsible Care Product Safety Code and will continue to be transparent and communicate to key stakeholders regarding its stewardship programs such as risk reviews and reduction of substances of concern.

Developing Innovative Sustainable Products

Hexion is committed that by 2030, all new products will incorporate sustainable attributes. A sustainable product is one that has one or more of the following attributes within the full value chain: improving energy efficiency, reducing material consumption, increasing use of sustainable raw materials, contributing to the circular economy and/or mitigating climate change, among others.

Coatings & Composites Segment: Latest Automotive Customer Application Highlights Alignment with Megatrends

HEXION™

Sustainability

Increasing **sustainability requirements** and **shifting customer preferences towards greener solutions** are driving a growing need for lighter, stronger, and higher performance materials

"Green" Auto Application

Sustainability trends drive continued adoption of Hexion's epoxy solutions in auto applications

- Hexion's composite materials most recently used in McLaren Carbon Fiber application
- Electric vehicle adoption reinforces long-term demand for innovative composite solutions, such as Hexion's EPIKOTE resin systems
- Lighter automotive components to increase fuel efficiency

Diversified Portfolio

Hexion's broad product portfolio is focused on addressing our customers' demands for more environmentally preferred solutions

- **EPIKOTE™ resin systems and EPIKURE™ curing agents for wind energy applications**

  Provides strength and fatigue performance for larger and heavier rotor blades
- **EPI-REZ™ Epoxy Waterborne Resins**

  Low-VOC emitting resins as substitutes for solvent-borne products
- **VeoVa™ Vinyl Esters**

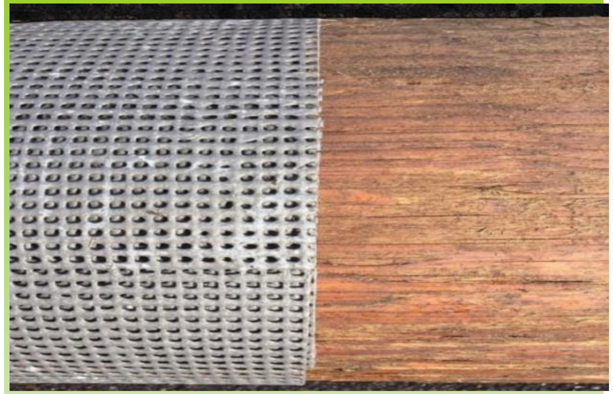
  Enhances decorative paints' aesthetics and durability

Adhesives Segment: Strong Q1’21 Results and Momentum Expected to Continue in Q2’21

Strong Q1’21 Demand in Americas

- Strong new residential construction and remodeling demand in N. America continues to drive positive results for wood adhesives business
  - Total housing starts for March were 1,739 (SAAR), an increase from prior year of 470K starts or 37%
  - Single family US housing starts for March were 1,238K (SAAR), an increase from prior year of 358K starts or ~41%
- Robust demand in Brazil in Q1’21
  - Restarted full operations at Montenegro, Brazil site

Capacity Expansions Progressing



- Additional expansion announced to support the growing demand for ArmorBuilt™ fire resistant wrap, a new product which greatly improves fire protection when applied to a substrate
- Progress continues on the Company’s expansion of its Brimbank, Australia site with production to begin in mid-2022
  - New capacity designed to meet the growing demand for phenolic resins that can serve in a variety of applications including as a component in fire-resistant cladding material for commercial, institutional and residential applications

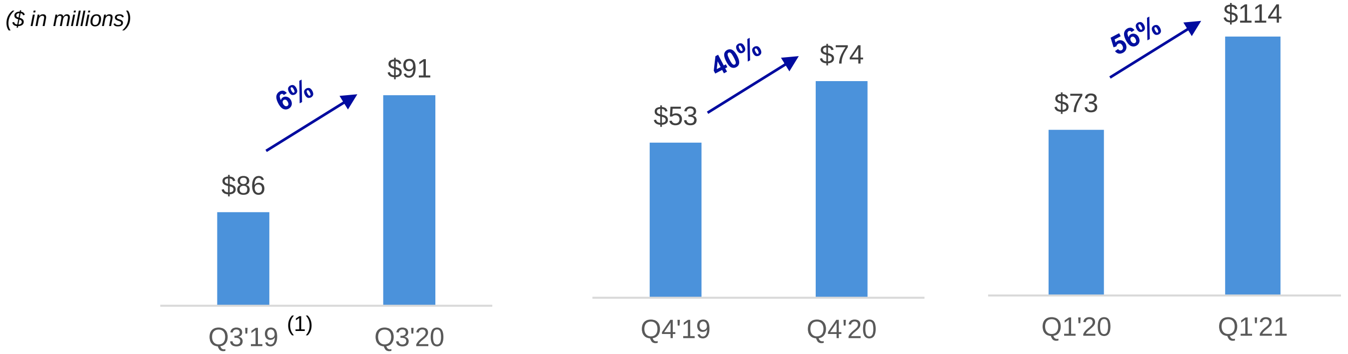
New Products Support Q1’21 Gains

- Earnings growth in Q1’21 reflected gains from extensive product trials at several major customers in 2020 for next generation OSB PF technology
  - New product competes against pMDI

Focused on Achieving FY’21 Priorities

HEXION™

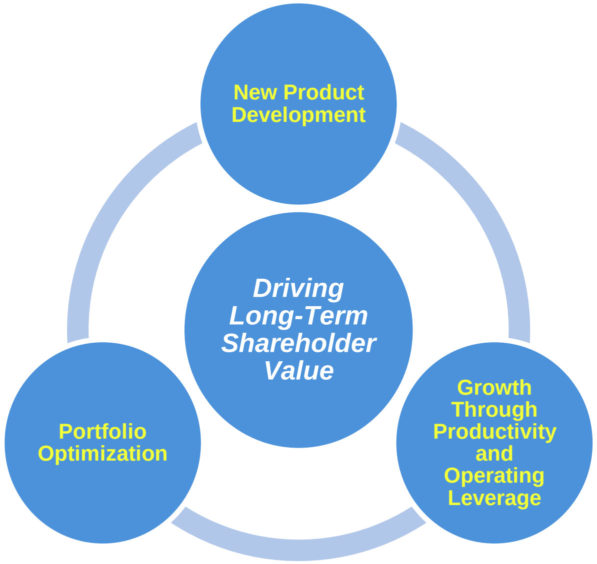
Diversified Portfolio Supports Third Consecutive Quarter of Solid YoY Segment EBITDA Increases



Notable Q1’21 Actions

- **Adhesives Segment:** Restarted Montenegro, Brazil site and capitalizing on strong N. America homebuilding demand
- **Coatings & Composites Segment:** Strong demand throughout epoxy value chain and global wind energy demand tailwinds
- **Strategic CapEx:** ArmorBuilt™ and Brimbank, Australia expansions continue to progress
- **Portfolio Optimization:** Executed divestiture on 4/30/21
- **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

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 Form 10-Q for the quarterly period ended September 30, 2019.

Hexion Inc.

First Quarter 2021 Financial Review

George Knight
Executive Vice President & Chief Financial Officer

Adhesives
First Quarter 2021 Segment Results

Three Months Ended March 31 *(Continuing Operations)*			
($ in millions)	**2020**	**2021**	**Δ**
Total Revenue From Continuing Operations	$ 329	$ 361	10%
Segment EBITDA(1) From Continuing Operations	55	68	24%
Segment EBITDA Margin	16.7%	18.8%	210bps

Q1'21 Revenue Comparison YoY *(Continuing Operations)*

Volume	Price/Mix	Currency Translation	Total
2%	8%	-- %	10%

Summary

- Revenue increased due to higher volumes and raw material price increases contractually passed through to our customers
- Q1'21 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
- Improving demand drove restarting full operations at Montenegro, Brazil site in Q1'21
- Strong increase in Q1'21 Segment EBITDA margins versus the prior year

(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. Segment EBITDA is defined and reconciled to Net Income (Loss) later in this presentation.

Coatings & Composites
First Quarter 2021 Segment Results

Three Months Ended March 31 *(Continuing Operations)*			
($ in millions)	**2020**	**2021**	**Δ**
Total Revenue From Continuing Operations	$ 358	$ 392	9%
Segment EBITDA[(1)] From Continuing Operations	39	65	67%
Segment EBITDA Margin	10.9%	16.6%	570bps

Q1'21 Revenue Comparison YoY *(Continuing Operations)*			
Volume	**Price/Mix**	**Currency Translation**	**Total**
(5)%	11%	3%	9%

<u>Summary</u>

- Sales increased due to raw material price increases and strategic pricing actions, while lower volumes reflected impact of winter storms
- Strong EBITDA performance for entire epoxy business, including base epoxy resins despite impact of winter storms
- Within specialty epoxy, increased Segment EBITDA reflects continued positive demand driven by wind energy demand
- Strong increase in Q1'21 Segment EBITDA margins

(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. Segment EBITDA is defined and reconciled to Net Income (Loss) later in this presentation.

Balance Sheet Update & Financial Summary

HEXION™

Summary

- Liquidity of $483 million, which includes $131 million of unrestricted cash and cash equivalents, as Q1'21
- Remain focused on prudently managing cash in 2021
  - Q1'21 capital expenditures of $24 million
  - FY'21 revised capital expenditures expected to be ~ $115 million to $125 million
  - Expect annual interest costs of ~ $85 million to $95 million
  - Expect cash taxes of ~ $20 million to $30 million
  - Remain focused on managing net working capital (NWC): expect increase in 1H'21 and decrease in 2H'21, consistent with historical trends
- Following the recent divestiture, Hexion used a portion of its net proceeds to repay EUR 125 million of the EUR-denominated Senior Secured Term Loan in early May
- \With no material debt maturities before 2026, Hexion benefits from the enhanced financial flexibility afforded by a long-dated maturity schedule

Strong Liquidity Despite Normal Seasonal Working Capital Build

(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.

Q1’21 Trends Continue Strong Momentum from 2H’20

Key 2020 Historical Accomplishments	Q1’21 Trend
▪ ***Top Quartile EHS***: In FY’20, drove our strongest Environmental Health and Safety performance in Company’s history	✔ ▪ ***Strong EHS start***
▪ ***24x7x365 Safety Focus:*** Hexion remains focused on associate safety and operating our plants safely	✔ ▪ ***Continue to operate safely despite pandemic***
▪ ***Solid Cash Generation:*** Despite prior year headwinds from the pandemic, Hexion generated cash from operations of $116 million in FY’20	✔ ▪ ***Earnings trends support solid cash generation in FY’21***
▪ ***Driving Sustainability:*** Introduced strategic sustainability goals in FY’20 and leveraging these metrics as framework for future growth	✔ ▪ ***Announced GHG reduction commitment***
▪ ***Responsible Chemistry:*** Responding to the ongoing Covid-19 crisis by supporting the communities in which we operate	✔ ▪ ***Continue to support communities where associates work & live***

Hexion is Well-Positioned To Drive Long-Term Growth

Appendices

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

($ in millions)

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Reconciliation:		
Net income (loss)	$ 11	$ (59)
Less: Net loss from discontinued operations	(1)	(3)
Net income (loss) from continuing operations	12	(56)
Income tax expense	16	(3)
Interest expense, net	24	26
Depreciation and amortization (1)	49	49
EBITDA	101	16
Adjustments to arrive at Segment EBITDA:		
Asset impairments	$ —	$ 16
Business realignment costs (2)	5	20
Transaction costs (3)	—	2
Realized and unrealized foreign currency losses	4	6
Other non-cash items (4)	10	11
Other (5)	(6)	2
Total adjustments	13	57
Segment EBITDA	$ 114	$ 73
Segment EBITDA:		
Adhesives	$ 68	$ 55
Coatings and Composites	65	39
Corporate and Other	(19)	(21)
Total	$ 114	$ 73

(1) For the three months ended March 31, 2020 accelerated depreciation of $2 has been included in "Depreciation and amortization."

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

($ in millions)

(2) Business realignment costs for the periods below included:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Severance costs	$ (1)	$ 8
In-process facility rationalizations	1	6
Contractual costs from exited business	2	—
Business services implementation	2	4
Legacy environmental reserves	(2)	2
Other	3	—

(3) For the three months ended March 31, 2020, transaction costs included certain professional fees related to strategic projects.

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

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Fixed asset write-offs	$ 1	$ 2
Stock-based compensation costs	6	5
Long-term retention programs	2	3
Other	1	1

(5) Other for the periods presented below included:

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Legacy and other non-recurring items	$ —	$ 2
IT outage recoveries, net	—	(1)
Gain on sale of assets	(4)	—
Financing fees and other	(2)	1

Free Cash Flow By Quarter

($ in millions)

	Three Months Ended March 31, 2021	Three Months Ended December 31, 2020	Three Months Ended September 30, 2020	Three Months Ended June 30, 2020
Net cash (used in) provided by operating activities	$ (44)	$ 156	$ (6)	$ 83
Capital expenditures	(28)	(40)	(28)	(29)
Free Cash Flow (1)	$ (72)	$ 116	$ (34)	$ 54

(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

HEXION™

($ in millions)

	March 31, 2021	December 31, 2020	September 30, 2020	June 30, 2020
Debt payable within one year	$ 52	$ 82	$ 77	$ 76
Long term debt	1,714	1,710	1,756	1,839
Total Debt [(1)]	$ 1,766	$ 1,792	$ 1,833	$ 1,915
Less: Unrestricted cash and cash equivalents	(131)	(200)	(154)	(291)
Net Debt [(2)]	$ 1,635	$ 1,592	$ 1,679	$ 1,624

(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 March 31, 2021

($ in millions)

Debt outstanding at March 31, 2021 and December 31, 2020 is as follows:

	March 31, 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 $6 of unamortized debt discount)	699	7	701	7
Senior Secured Term Loan - EUR due 2026 (includes $4 of unamortized debt discount)	495	—	515	—
Senior Notes:				
7.875% Senior Notes due 2027	450	—	450	—
Other Borrowings:				
Australia Facility due 2026(1)	30	—	—	30
Brazilian bank loans	1	22	2	22
Lease obligations (2)	39	13	42	14
Other	—	10	—	9
Total(3)	$ 1,714	$ 52	$ 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 $23 and an increase of $46 as of March 31, 2021 and December 31, 2020

Assets and Liabilities of Discontinued Operations

	March 31, 2021	December 31, 2020
Carrying amounts of major classes of assets held for sale:		
Accounts receivable	$ 86	$ 66
Finished and in-process goods	20	18
Raw materials and supplies	24	17
Other current assets	11	12
Total current assets	141	113
Investment in unconsolidated entities	6	5
Deferred tax assets	8	2
Other long-term assets	7	7
Property, plant and equipment, net	307	310
Operating lease assets	13	13
Goodwill	14	14
Other intangible assets, net	61	61
Discontinued operations impairment	(91)	(75)
Total long-term assets	325	337
Total assets held for sale	$ 466	$ 450
Carrying amounts of major classes of liabilities held for sale:		
Accounts payable	$ 69	$ 52
Income taxes payable	2	1
Accrued payroll	6	3
Current portion of operating lease liabilities	3	2
Other current liabilities	8	9
Total current liabilities	88	67
Long-term pension and post employment benefit obligations	35	36
Deferred income taxes	26	22
Operating lease liabilities	5	5
Other long-term liabilities	8	8
Total long-term liabilities	74	71
Total liabilities held for sale	$ 162	$ 138

Financial Results of Discontinued Operations

	Three Months Ended March 31, 2021	Three Months Ended March 31, 2020
Major line items constituting pretax income of discontinued operations:		
Net sales	$ 163	$ 145
Cost of sales (exclusive of depreciation and amortization)	137	121
Selling, general and administrative expense	11	11
Depreciation and amortization	—	9
Asset impairments	16	—
Business realignment costs	—	1
Other operating income, net	(1)	—
Income from discontinued operations before income tax, earnings from unconsolidated entities	—	3
Income tax expense	2	6
Loss from discontinued operations, net of tax	$ (2)	$ (3)
Earnings from unconsolidated entities, net of tax	1	—
Net loss attributable to discontinued operations	$ (1)	$ (3)

HEXION™