

Huntsman CORP  
Form 10-Q  
April 26, 2017  
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 10 Q

(Mark One)

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

For the quarterly period ended March 31, 2017

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number	Exact Name of Registrant as Specified in its Charter, Principal Office Address and Telephone Number	State of Incorporation or Organization	I.R.S. Employer Identification No.
001 32427	Huntsman Corporation 10003 Woodloch Forest Drive The Woodlands, Texas 77380 (281) 719-6000	Delaware	42 1648585
333 85141	Huntsman International LLC 10003 Woodloch Forest Drive The Woodlands, Texas 77380 (281) 719-6000	Delaware	87 0630358

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Huntsman Corporation	YES	NO
Huntsman International LLC	YES	NO

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Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Huntsman Corporation	YES	NO
Huntsman International LLC	YES	NO

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Huntsman Corporation	Large accelerated filer	Accelerated filer	Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company	Emerging growth company
Huntsman International LLC	Large accelerated filer	Accelerated filer	Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company	Emerging Growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 7(a)(2)(B) of the Securities Act.

Huntsman Corporation	YES	NO
Huntsman International LLC	YES	NO

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Huntsman Corporation	YES	NO
Huntsman International LLC	YES	NO

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On April 19, 2017, 239,748,757 shares of common stock of Huntsman Corporation were outstanding and 2,728 units of membership interests of Huntsman International LLC were outstanding. There is no trading market for Huntsman International LLC's units of membership interests. All of Huntsman International LLC's units of membership interests are held by Huntsman Corporation.

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This Quarterly Report on Form 10-Q presents information for two registrants: Huntsman Corporation and Huntsman International LLC. Huntsman International LLC is a wholly-owned subsidiary of Huntsman Corporation and is the principal operating company of Huntsman Corporation. The information reflected in this Quarterly Report on Form 10-Q is equally applicable to both Huntsman Corporation and Huntsman International LLC, except where otherwise indicated. Huntsman International LLC meets the conditions set forth in General Instructions H(1)(a) and (b) of Form 10-Q and, to the extent applicable, is therefore filing this form with a reduced disclosure format.



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FORWARD LOOKING STATEMENTS

With respect to Huntsman Corporation, certain information set forth in this report contains “forward looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995, Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. All statements other than historical factual information are forward looking statements, including without limitation statements regarding: projections of revenue, expenses, profit, profit margins, tax rates, tax provisions, cash flows, pension and benefit obligations and funding requirements, our liquidity position or other projected financial measures; management’s plans and strategies for future operations, including statements relating to anticipated operating performance, cost reductions, restructuring activities, new product and service developments, competitive strengths or market position, acquisitions, divestitures, business separations, spin offs, or other distributions, strategic opportunities, securities offerings, stock repurchases, dividends and executive compensation; growth, declines and other trends in markets we sell into; new or modified laws, regulations and accounting pronouncements; outstanding claims, legal proceedings, tax audits and assessments and other contingent liabilities; foreign currency exchange rates and fluctuations in those rates; general economic and capital markets conditions; the timing of any of the foregoing; assumptions underlying any of the foregoing; and any other statements that address events or developments that we intend or believe will or may occur in the future. In some cases, forward looking statements can be identified by terminology such as “believes,” “expects,” “may,” “will,” “should,” “anticipates” or “intends” or the negative of such terms or other comparable terminology, or by discussions of strategy. We may also make additional forward looking statements from time to time. All such subsequent forward looking statements, whether written or oral, by us or on our behalf, are also expressly qualified by these cautionary statements.

All forward looking statements, including without limitation management’s examination of historical operating trends, are based upon our current expectations and various assumptions. Our expectations, beliefs and projections are expressed in good faith and we believe there is a reasonable basis for them, but there can be no assurance that management’s expectations, beliefs and projections will result or be achieved. All forward looking statements apply only as of the date made. We undertake no obligation to publicly update or revise forward looking statements whether because of new information, future events or otherwise, except as required by securities and other applicable law.

There are a number of risks and uncertainties that could cause our actual results to differ materially from the forward looking statements contained in or contemplated by this report. Any forward looking statements should be considered in light of the risks set forth in “Part II. Item 1A. Risk Factors” below and “Part I. Item 1A. Risk Factors” in our Annual Report on Form 10 K for the year ended December 31, 2016.



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## PART I. FINANCIAL INFORMATION

## ITEM 1. CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## HUNTSMAN CORPORATION AND SUBSIDIARIES

## CONDENSED CONSOLIDATED BALANCE SHEETS

(In Millions, Except Share and Per Share Amounts)

	March 31, 2017	December 31, 2016
<b>ASSETS</b>		
Current assets:		
Cash and cash equivalents(a)	\$ 457	\$ 414
Restricted cash(a)	12	11
Accounts and notes receivable (net of allowance for doubtful accounts of \$28 and \$27, respectively), (\$460 and \$437 pledged as collateral, respectively)(a)	1,471	1,402
Accounts receivable from affiliates	37	33
Inventories(a)	1,486	1,344
Prepaid expenses	63	60
Other current assets(a)	309	291
Total current assets	3,835	3,555
Property, plant and equipment, net(a)	4,186	4,212
Investment in unconsolidated affiliates	336	332
Intangible assets, net(a)	82	66
Goodwill	122	121
Deferred income taxes	412	396
Other noncurrent assets(a)	515	507
Total assets	\$ 9,488	\$ 9,189
<b>LIABILITIES AND EQUITY</b>		
Current liabilities:		
Accounts payable(a)	\$ 1,125	\$ 1,071
Accounts payable to affiliates	37	31
Accrued liabilities(a)	632	616
Current portion of debt(a)	61	60
Total current liabilities	1,855	1,778
Long-term debt(a)	4,161	4,135
Notes payable to affiliates	—	1
Deferred income taxes	437	427
Other noncurrent liabilities(a)	1,386	1,381
Total liabilities	7,839	7,722
Commitments and contingencies (Notes 13 and 14)		

## Equity

## Huntsman Corporation stockholders' equity:

Common stock \$0.01 par value, 1,200,000,000 shares authorized, 252,328,698 and 250,802,175 shares issued and 238,152,916 and 236,370,347 shares outstanding, respectively	3	3
Additional paid-in capital	3,504	3,447
Treasury stock, 12,607,223 shares	(150)	(150)
Unearned stock-based compensation	(29)	(17)
Accumulated deficit	(300)	(325)
Accumulated other comprehensive loss	(1,576)	(1,671)
Total Huntsman Corporation stockholders' equity	1,452	1,287
Noncontrolling interests in subsidiaries	197	180
Total equity	1,649	1,467
Total liabilities and equity	\$ 9,488	\$ 9,189

- (a) At March 31, 2017 and December 31, 2016, respectively, \$28 and \$25 of cash and cash equivalents, \$10 each of restricted cash, \$33 and \$27 of accounts and notes receivable (net), \$42 and \$46 of inventories, \$6 and \$5 of other current assets, \$279 and \$284 of property, plant and equipment (net), \$32 and \$31 of intangible assets (net), \$37 each of other noncurrent assets, \$86 and \$90 of accounts payable, \$32 and \$34 of accrued liabilities, \$21 and \$14 of current portion of debt, \$104 and \$114 of long term debt, and \$77 and \$76 of other noncurrent liabilities from consolidated variable interest entities are included in the respective balance sheet captions above. See "Note 5. Variable Interest Entities."

See accompanying notes to condensed consolidated financial statements.



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## HUNTSMAN CORPORATION AND SUBSIDIARIES

## CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In Millions, Except Per Share Amounts)

	Three months ended March 31,	
	2017	2016
Revenues:		
Trade sales, services and fees, net	\$ 2,428	\$ 2,321
Related party sales	41	34
Total revenues	2,469	2,355
Cost of goods sold	2,003	1,939
Gross profit	466	416
Operating expenses:		
Selling, general and administrative	228	223
Research and development	37	37
Restructuring, impairment and plant closing costs	36	13
Business separation expenses	9	-
Other operating (income) expense, net	(6)	5
Total expenses	304	278
Operating income	162	138
Interest expense	(48)	(50)
Equity in income of investment in unconsolidated affiliates		