

Huntsman CORP
Form 10-Q
April 28, 2016

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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, 2016

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 ☐

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 ☐

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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
o

Non-accelerated filer o
(Do not check if a
smaller reporting
company)

Smaller reporting
company o

Huntsman
International LLC

Large accelerated
filer o

Accelerated filer
o

Non-accelerated filer ☒
(Do not check if a
smaller reporting
company)

Smaller reporting
company o

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 ☒

On April 20, 2016, 238,163,547 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.

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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HUNTSMAN INTERNATIONAL LLC AND SUBSIDIARIES
QUARTERLY REPORT ON FORM 10-Q FOR THE QUARTERLY PERIOD
ENDED MARCH 31, 2016**

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Table of Contents**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, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents(a)	\$ 208	\$ 257
Restricted cash(a)	10	12
Accounts and notes receivable (net of allowance for doubtful accounts of \$29 and \$26, respectively), (\$493 and \$438 pledged as collateral, respectively)(a)	1,558	1,420
Accounts receivable from affiliates	14	29
Inventories(a)	1,689	1,692
Prepaid expenses	70	112
Other current assets(a)	281	312
Total current assets	3,830	3,834
Property, plant and equipment, net(a)	4,437	4,446
Investment in unconsolidated affiliates	344	347
Intangible assets, net(a)	106	86
Goodwill	123	116
Deferred income taxes	424	418
Other noncurrent assets(a)	576	573
Total assets	\$ 9,840	\$ 9,820
LIABILITIES AND EQUITY		
Current liabilities:		
Accounts payable(a)	\$ 999	\$ 1,034
Accounts payable to affiliates	28	27
Accrued liabilities(a)	652	686
Current portion of debt(a)	103	170
Total current liabilities	1,782	1,917
Long-term debt(a)	4,724	4,625
Notes payable to affiliates	1	1
Deferred income taxes	425	422
Other noncurrent liabilities(a)	1,223	1,226
Total liabilities	8,155	8,191
Commitments and contingencies (Notes 12 and 13)		
Equity		
Huntsman Corporation stockholders' equity:		
Common stock \$0.01 par value, 1,200,000,000 shares authorized, 250,770,770 and 249,483,541 shares issued and 236,271,202 and 237,080,026 shares outstanding, respectively	3	3
Additional paid-in capital	3,439	3,407
Treasury stock, 12,607,223 and 11,162,454 shares, respectively	(150)	(135)
Unearned stock-based compensation	(28)	(17)

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Accumulated deficit	(504)	(528)
Accumulated other comprehensive loss	(1,261)	(1,288)
Total Huntsman Corporation stockholders' equity	1,499	1,442
Noncontrolling interests in subsidiaries	186	187
Total equity	1,685	1,629
Total liabilities and equity	\$ 9,840	\$ 9,820

(a)

At March 31, 2016 and December 31, 2015, respectively, \$21 and \$34 of cash and cash equivalents, \$10 and \$12 of restricted cash, \$30 and \$26 of accounts and notes receivable (net), \$37 and \$54 of inventories, \$5 each of other current assets, \$303 and \$307 of property, plant and equipment (net), \$37 and \$36 of intangible assets (net), \$42 and \$38 of other noncurrent assets, \$77 and \$82 of accounts payable, \$30 and \$27 of accrued liabilities, \$17 and \$15 of current portion of debt, \$123 and \$137 of long-term debt, and \$54 each of other noncurrent liabilities from consolidated variable interest entities are included in the respective balance sheet captions above. See "Note 4. 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,	
	2016	2015
Revenues:		
Trade sales, services and fees, net	\$ 2,321	\$ 2,560
Related party sales	34	29
Total revenues	2,355	2,589
Cost of goods sold	1,939	2,139
Gross profit	416	450
Operating expenses:		
Selling, general and administrative	223	246
Research and development	37	42
Other operating expense (income)	5	(8)
Restructuring, impairment and plant closing costs	13	93
Total expenses	278	373
Operating income	138	77
Interest expense	(50)	(56)
Equity in income of investment in unconsolidated affiliates	1	2
Loss on early extinguishment of debt		(3)
Other income (loss)	1	(1)
Income from continuing operations before income taxes	90	19
Income tax expense	(27)	(2)
Income from continuing operations	63	17
Loss from discontinued operations	(1)	(2)
Net income	62	15
Net income attributable to noncontrolling interests	(6)	(10)
Net income attributable to Huntsman Corporation	\$ 56	\$ 5

Basic income (loss) per share:

Income from continuing operations attributable to Huntsman Corporation common stockholders	\$ 0.24	\$ 0.03
Loss from discontinued operations attributable to Huntsman C		