



CreditRiskMonitor’s warning of Hexion Inc.’s (“Hexion”) bankruptcy risk was determined by a combination of factors:

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MONTHLY AVERAGE FRISK® SCORE

CreditRiskMonitor's FRISK® score had been warning of financial stress at Hexion Inc. for more than a year.

We issued a special High Risk Report, dated November 29, 2018, as conditions continued to deteriorate and become more troubling.

The company ultimately filed for bankruptcy on April 1, 2019.

| Business Name | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2018 | 2019 | 2019 | 2019 | 2019 |
|---------------|------|------|------|------|------|------|------|------|------|------|------|------|------|
| | APR | MAY | JUN | JUL | AUG | SEP | OCT | NOV | DEC | JAN | FEB | MAR | APR |
| Hexion Inc. | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |

BANKRUPT!

The FRISK® score is 96% accurate* in predicting the risk of corporate failure/bankruptcy over a 12-month horizon. All FRISK® scores are recalculated every night for each subsequent 12-month period.

| Probability of bankruptcy within 12 months | | | |
|--|--------|-------|--------|
| | FRISK® | From | To |
| Best | 10 | 0.00% | 0.12% |
| | 9 | 0.12% | 0.27% |
| | 8 | 0.27% | 0.34% |
| | 7 | 0.34% | 0.55% |
| | 6 | 0.55% | 0.87% |
| Worst | 5 | 0.87% | 1.40% |
| | 4 | 1.40% | 2.10% |
| | 3 | 2.10% | 4.00% |
| | 2 | 4.00% | 9.99% |
| | 1 | 9.99% | 50.00% |

While the percentage risk of bankruptcy varies at each FRISK® score, 96% of public companies that eventually go bankrupt enter the FRISK® "red zone" prior to filing. A FRISK® score of 5 or less is an important warning sign.

* FRISK® score accuracy of 96% is based on backtesting of U.S. public companies; results may vary by country.

THE FRISK® SCORE COMPONENTS

At the core of the CreditRiskMonitor process is our 96% accurate FRISK® score, which indicates a company's level of financial stress on a scale of 1 to 10, based on the probability of bankruptcy over a 12-month horizon. When available, the FRISK® score incorporates a number of powerful risk indicators including:

A “Merton” type model using stock market capitalization and volatility

Financial ratios, including those used in the Altman Z”-Score Model

Bond agency ratings from Moody's, Fitch, DBRS, & Morningstar

Crowdsourced CreditRiskMonitor Usage Data

Crowdsourcing has enhanced the accuracy and timeliness of the FRISK® score. We collect and analyze data patterns from thousands of CreditRiskMonitor subscribers, including professionals from more than 35% of the Fortune 1000 and other large corporations worldwide.

The crowdsourcing advantage is even more powerful in our FRISK® score since many of the professionals who use our service are credit managers:

- Credit managers control one of the largest sources of working capital going into a company
- They are not held to the same “Fair Disclosure” restrictions that prevent non-disclosed information sharing on public companies
- Credit managers use a variety of non-public information sources such as their own company’s management and sales representatives to be alerted to concerns in a public company’s performance
- It is commonly known credit managers confidentially share information with other credit managers, thus collectively, their behavior helps to provide advanced insight to financial problems in public companies

[Read more in Credit Research Foundation’s quarterly journal article, “Assessing Public Company Financial Risk by Crowdsourcing the Research of Credit Professionals”](#)

COMPANY REPORT DETAIL

Hexion Inc.

180 E Broad St Fl 26

Phone: (614) 225-4000

Columbus, OH 43215-3707 United States

Filed for Bankruptcy on 4/1/2019
Case #19-10687, filed in the U.S. Bankruptcy Court for the District of Delaware

This is a **Subsidiary**, click [here](#) for the Parent Company

Latest Financial Statements as of 9/30/2018

Business Summary

Hexion Inc., formerly Momentive Specialty Chemicals Inc., is a producer of thermosetting resins, or thermosets, adhesive and structural resins and coatings. The Company operates in two segments: Epoxy, Phenolic and Coating Resins and Forest Products Resins. Its products include civil engineering adhesives, electronics resins, electrical castings, composite epoxy resins, floor coatings, waterborne coatings (EPI-REZTM Epoxy Waterborne Resins) and electrocoat (LER, SER and bisphenol-A (BPA)), among others. The Company provides an array of thermosets and associated technologies. Its products are used in various applications, such as forest products, architectural and industrial paints, packaging, consumer products, composites and automotive coatings. Various industry sectors that it serves include industrial/marine, construction, consumer/durable goods, automotive, wind energy, aviation, electronics, architectural, civil engineering, repair/remodeling and oil and gas field support. The Company operates as a subsidiary of Apollo Global Management LLC.

(Source: 10-K)

Employees: 4,300 (as of 12/31/2017)

Incorporated:

Federal Tax Id: 130511250

Credit Score History

[Why are these scores different?](#)

Auditor Information

| Score/ Index | 2018 | | | | | | | | | | | | 2019 | | | | | |
|----------------------|------|---|---|---|-------|---|---|---|---|---|---|---|------|-------|-----|----|----|----|
| | A | M | J | J | A | S | O | N | D | J | F | M | A | J | F | M | A | |
| FRISK® Score* | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | |
| DBT Index | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | DBT | DBT | | | |
| Z"-Score | -3.8 | | | | -3.95 | | | | | | | | | -3.67 | Z" | Z" | Z" | Z" |

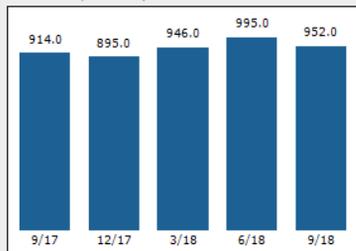
Last Audit: 12/31/2017

Auditors: PricewaterhouseCoopers LLP

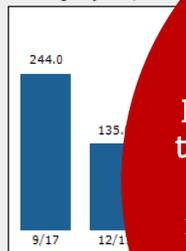
Opinion: **Unqualified**

*FRISK® Scores are month-end

Net Sales(millions)

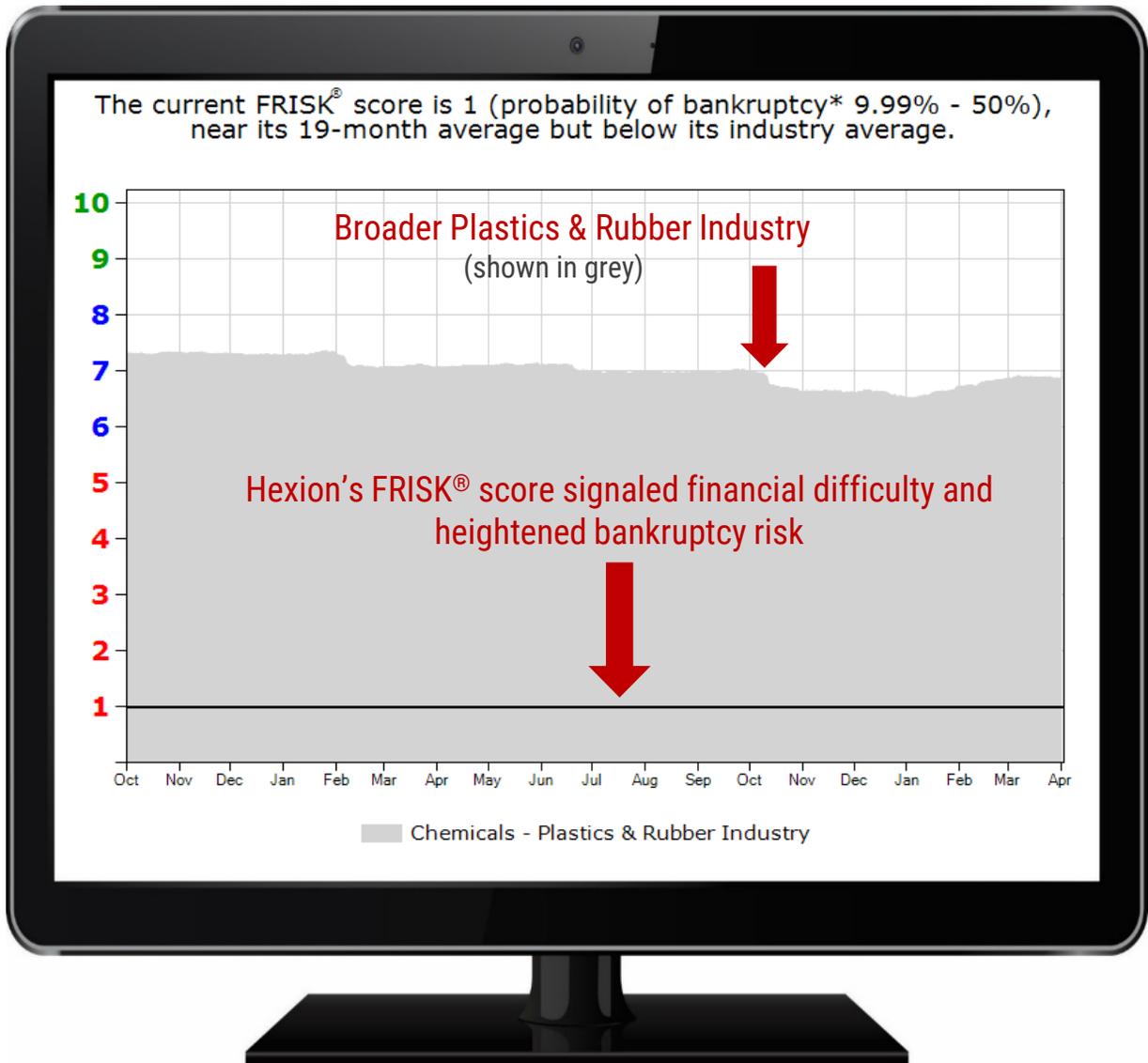


Working Capital (million)



The FRISK® score is a 96% accurate method by which to monitor public company bankruptcy risk. Payment performance, captured by the Days Beyond Terms (DBT) index, is not an effective indicator of financial stress for publicly traded companies since they often continue to pay on time right up until their bankruptcy filing. This is what's commonly called the "Cloaking Effect."

FRISK® DEEP DIVE



The FRISK® score relative to the broader Plastics & Rubber industry raised an additional red flag signaling heightened risk relative to peers, as well...

MAKING IMMEDIATE ATTENTION REQUIRED.

FRISK® STRESS INDEX

| Rank | Business Name | Country | FRISK score |
|------|----------------------------------|----------------|-------------|
| 1 | Hexion Inc | United States | 1 |
| 2 | China Lumena New Materials Corp | Hong Kong | 2 |
| 3 | Elerindo Wabantenama Tbk PT | Indonesia | 2 |
| 4 | Saesny SA Industria de Plasticos | Brazil | 2 |
| 5 | Shokco Co Ltd | Japan | 2 |
| 6 | Carclo plc | United Kingdom | 3 |
| 7 | Hindustan Fluorocarbons Ltd | India | 3 |
| 8 | Kraton Corp | United States | 3 |
| 9 | Rang Dong Plastic JSC | Vietnam | 3 |
| 10 | Scanwell Corporation Bhd | Malaysia | 3 |
| 11 | Signet Industries Limited | India | 3 |
| 12 | TPL Plastech Limited | India | 3 |
| 13 | Yang Yaxing Chemical Co., Ltd. | China | 3 |
| 14 | Argentina Sociedad Anonima | Argentina | 3 |
| 15 | ... | ... | 3 |

FRISK® Stress Index - SIC classification: Plastics materials, synthetic resins, and nonvulcanizable elastomers

Primary industry codes only Primary and secondary industry codes

Businesses From: All Businesses CLEAR

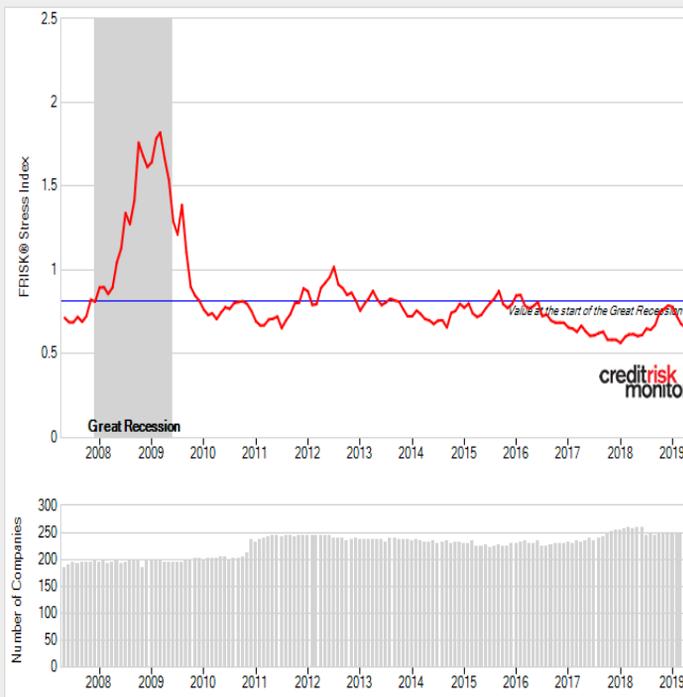
In Industry: SIC 2821: Plastics materials, synthetic resins, and nonvulcanizable elastomers

Country: All Countries

UPDATE RESULTS

Scale: Auto

Total Companies in all months **366**



The FRISK® Stress Index shows the collective probability of failure in a group of companies (such as an industry, country or portfolio) over the next 12 months. It is designed to show trends in risk level across groups of companies and is shown on a zero to 50 scale, with 50 being the most risky.

The average probability of failure for SIC code 2821 (Plastics materials, synthetic resins, and nonvulcanizable elastomers) reflects an industry subsector with low risk. But, Hexion had continued to struggle, as evidenced by its FRISK® score of 1.

PEER ANALYSIS ON ALTERNATE SUPPLIERS AND CUSTOMERS

Hexion Inc. demonstrates bottom quartile ranking in key financial ratios (shown in red) vs. its industry peers.

The Peer Analysis expands to provide a ranking of a company's competitors, which can help provide options for alternate suppliers or new customers.

| Peer Analysis | | | | | | |
|---|---------------------------|------------------------|---------------|------------------|--------|-----------|
| [SIC: 2821] [Calendar Year/Quarter: 2018.3] | | | | | | |
| Businesses in Peer Group: 1431 | Ranking Within Peer Group | Number Of Peers Ranked | Company Value | Peer Group Range | | |
| | | | | Low | Median | High |
| ZScore | 498 | 510 | -3.67 | -78.04 | 3.67 | 495.88 |
| Performance ratios: | | | | | | |
| Net Sales (Thousands of U.S. Dollars) | 31 | 56 | 952,000 | 855 | 1,103 | 1,103 |
| Gross Margin % Of Sales | 322 | 511 | 16.39 | -758.63 | | |
| Gross Margin % Of Sales -- TTM | 361 | 526 | 15.73 | -152.43 | | |
| SG&A % Of Sales | 192 | 506 | 7.56 | 0.07 | | |
| SG&A % Of Sales -- TTM | 193 | 521 | 8.21 | 0.13 | | |
| Operating Margin % Of Sales | 238 | 525 | 7.35 | -936.69 | | |
| Operating Margin % Of Sales TTM | 313 | 539 | 5.76 | -268.47 | | |
| EBITDA Margin Of Sales | 102 | 269 | 13.45 | -359.34 | | |
| EBITDA Margin Of Sales -- TTM | 169 | 299 | 9.32 | -369.69 | | |
| Net Profit Margin % Of Sales | 485 | 525 | -1.89 | -2,829.30 | | |
| Net Profit Margin % Of Sales - TTM | 504 | 539 | -3.72 | -683.20 | | |
| Pre-tax Income % Of Sales | 480 | 525 | -1.26 | -2,835.40 | 6.43 | 1,037.20 |
| Effective Tax Rate | 13 | 523 | -50.00 | -9,285.71 | 20.66 | 1,277.07 |
| Depreciation % Of Prop/Plant/Equipment | 341 | 415 | 13.64 | 0.00 | 9.59 | 32.92 |
| Capital Expense % Of Prop/Plant/Equipment | 156 | 388 | 8.94 | 0.01 | 11.36 | 39,726.70 |
| Interest Coverage | 222 | 250 | 1.54 | -45.19 | 9.85 | 7,700.57 |
| Interest Coverage -- TTM | 260 | 290 | 1.06 | -311.55 | 9.67 | 8,422.53 |
| Liquidity ratios: | | | | | | |
| Cash Ratio | 393 | 537 | 0.16 | -0.45 | 0.2 | 4.61 |
| Quick Ratio | 337 | 526 | 0.77 | 0.01 | | |
| Current Ratio | 354 | 537 | 1.40 | 0.05 | | |
| Efficiency ratios: | | | | | | |
| Accounts Receivable Turnover | 131 | 530 | 8.14 | 0.00 | | |
| Days Sales Outstanding | 140 | 525 | 44.86 | 0.00 | | |
| % of Inventory Financed by Vendors | 198 | 488 | 98.74 | 0.00 | | |
| % of Inventory Financed by Vendors -- TTM | 166 | 493 | 105.91 | 0.00 | | |
| Inventory Turnover | 109 | 535 | 8.56 | 0.00 | | |
| Inventory Turnover TTM | 94 | 535 | 9.18 | 0.00 | | |
| Days Sales in Inventory | 109 | 508 | 42.64 | 0.65 | | |
| Inventory to Working Capital | 369 | 531 | 1.32 | -205.88 | 0.55 | 187.60 |
| Accounts Payable Turnover | 174 | 495 | 8.08 | 0.00 | 6.47 | 310.23 |
| Accounts Payable Turnover -- TTM | 190 | 501 | 8.36 | 0.00 | 6.68 | 185.27 |
| Leverage & debt coverage: | | | | | | |
| Total Debt to Equity Ratio | N/A | 506 | N/A | 0.00 | 0.40 | 46.30 |
| Debt to Tangible Equity Ratio | N/A | 491 | N/A | 0.00 | 0.45 | 55.21 |
| Total Debt to Assets Ratio | 511 | 512 | 1.80 | 0.00 | 0.21 | 12.73 |
| Short-Term Debt % of Total Debt | 26 | 483 | 2.21 | 0.00 | 60.01 | 100.00 |
| Short-Term Debt % of Working Capital | 176 | 501 | 27.91 | -33,797.97 | 28.34 | 22,168.16 |
| Liabilities to Net Worth Ratio | N/A | 516 | N/A | 0.00 | 1.03 | 72.33 |
| Total Liabilities to Equity Ratio | N/A | 521 | N/A | 0.00 | 0.94 | 60.67 |
| TTM EBITDA Over Total Debt | 247 | 278 | 0.09 | -1.88 | 0.38 | 327.00 |
| Net Debt Over TTM EBITDA | 254 | 263 | 10.41 | -23.48 | 1.56 | 292.89 |

| Ranking within Peer Group by: Interest Coverage | Company Name | Country |
|---|---|----------------|
| 1 | Chongchem Industrial Co Ltd | South Korea |
| 2 | Grand Pacific Petrochemical Corp. | Taiwan |
| 3 | Chilrenong Chemical Corp. | South Korea |
| 4 | Saudi Basic Industries Corporation S.B.I.C. | Saudi Arabia |
| 5 | Chongchem Industrial Co Ltd | Taiwan |
| 6 | Chongchem Industrial Co Ltd | Thailand |
| 7 | Chongchem Industrial Co Ltd | United Kingdom |
| 8 | Yongjin Chemicals Company Limited | Thailand |
| 9 | ADAMA | Vietnam |
| 10 | Paracetin S.A.I.C. | Argentina |
| 11 | NIPPON SHOKUBAI CO., LTD. | Japan |
| 12 | Wester Industries Berhad | Malaysia |
| 13 | Petro Chemical Ind Co Ltd | South Korea |
| 14 | Techniques International Corp | United States |

| Ranking within Peer Group by: Net Debt to Equity Ratio | Company Name | Country |
|--|-----------------------------|-------------|
| 1 | Green Global Co Ltd | South Korea |
| 2 | WISDOM CO. LTD | South Korea |
| 3 | Yaku-Paku Industries Berhad | Malaysia |
| 4 | Chongchem Industrial Co Ltd | South Korea |
| 5 | M&B SE | Germany |
| 6 | Alfa Co | Vietnam |
| 7 | Chongchem Industrial Co Ltd | South Korea |
| 8 | ADAMA | Vietnam |
| 9 | Chongchem Industrial Co Ltd | South Korea |
| 10 | ROYAL CO | South Korea |
| 11 | Chongchem Industrial Co Ltd | South Korea |
| 12 | Chongchem Industrial Co Ltd | South Korea |
| 13 | Chongchem Industrial Co Ltd | South Korea |
| 14 | Chongchem Industrial Co Ltd | South Korea |

Green - Ranked in Upper Quartile of Peer Group
 White - Ranked in the Middle Two Quartiles of Peer Group
 Red - Ranked in Lower Quartile of Peer Group
 Orange - Confidential
 Grey - Data is Not Available

TTM = trailing 12 months
 N/A = Not Available

QUARTERLY PERFORMANCE RATIOS

Net losses
in each of the
last five fiscal
quarters

Poor interest
coverage ratio
& negative free
cash flow

Performance Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

| Period Ended | 3 mos 9/30/2018 | 3 mos 6/30/2018 | 3 mos 3/31/2018 | 3 mos 12/31/2017 | 3 mos 9/30/2017 |
|-----------------------------------|--------------------|--------------------|--------------------|---------------------|--------------------|
| Net Sales \$ | \$952,000 | \$995,000 | \$946,000 | \$895,000 | \$914,000 |
| % change | -4.32% | 5.18% | 5.70% | -2.08% | 0.22% |
| Gross Margin \$ | \$156,000 | \$166,000 | \$157,000 | \$117,000 | \$117,000 |
| % change | -6.02% | 5.73% | 34.19% | 0.00% | -12.69% |
| % of sales | 16.39% | 16.68% | 16.60% | 13.07% | 12.80% |
| change as % of incremental sales | n/m | 18.37% | 78.43% | n/m | -850.00% |
| SG&A \$ | \$72,000 | \$77,000 | \$82,000 | \$80,000 | \$75,000 |
| % change | -6.49% | -6.10% | 2.50% | 6.67% | 0.00% |
| % of sales | 7.56% | 7.74% | 8.67% | 8.94% | 8.21% |
| change as % of incremental sales | n/m | -10.20% | 3.92% | n/m | 0.00% |
| Operating margin \$ | \$70,000 | \$73,000 | \$76,000 | (\$1,000) | \$18,000 |
| % change | -4.11% | -3.95% | 7,700.00% | -105.56% | -55.00% |
| % of sales | 7.35% | 7.34% | 8.03% | -0.11% | 1.97% |
| change as % of incremental sales | n/m | -6.12% | 150.98% | n/m | -1,100.00% |
| EBITDA \$ | \$128,000 | \$93,000 | \$107,000 | \$25,000 | \$77,000 |
| % change | 37.63% | -13.08% | 328.00% | -67.53% | 5.48% |
| % of sales | 13.45% | 9.35% | 11.31% | 2.79% | 8.42% |
| change as % of incremental sales | n/m | -28.57% | 160.78% | n/m | 200.00% |
| EBIT \$ | \$71,000 | \$65,000 | \$77,000 | (\$5,000) | \$21,000 |
| % change | 9.23% | -15.58% | 1,640.00% | -123.81% | -53.33% |
| % of sales | 7.46% | 6.53% | 8.14% | -0.56% | 2.30% |
| change as % of incremental sales | n/m | -24.49% | 160.78% | n/m | -1,200.00% |
| Pre-tax income \$ | (\$12,000) | (\$19,000) | (\$6,000) | (\$87,000) | (\$61,000) |
| % change | 36.84% | -216.67% | 93.10% | -42.62% | -64.86% |
| % of sales | -1.26% | -1.91% | -0.63% | -9.72% | -6.67% |
| change as % of incremental sales | n/m | -26.53% | 158.82% | n/m | -1,200.00% |
| Net income (loss) \$ | (\$18,000) | (\$22,000) | (\$13,000) | (\$88,000) | (\$70,000) |
| % change | 18.18% | -69.23% | 85.23% | -25.71% | -105.88% |
| % of sales | -1.89% | -2.21% | -1.37% | -9.83% | -7.66% |
| change as % of incremental sales | n/m | -18.37% | 147.06% | n/m | -1,800.00% |
| Tax expense \$ | \$6,000 | \$3,000 | \$8,000 | \$4,000 | \$9,000 |
| Effective tax rate | -50.00% | -15.79% | -133.33% | -4.60% | -14.75% |
| Depreciation expense \$ | \$29,000 | \$28,000 | \$30,000 | \$30,000 | \$29,000 |
| % of sales | 3.05% | 2.81% | 3.17% | 3.35% | 3.17% |
| % of capital expenses | 152.63% | 155.56% | 120.00% | 96.77% | 100.00% |
| % of PP&E, net (annualized) | 13.64% | 12.74% | 13.16% | 13.03% | 12.66% |
| Capital expenditures \$ | \$19,000 | \$18,000 | \$25,000 | \$31,000 | \$29,000 |
| % change | 5.56% | -28.00% | -19.35% | 6.90% | 7.41% |
| % of PP&E, net (annualized) | 8.94% | 8.19% | 10.96% | 13.46% | 12.66% |
| % of working capital (annualized) | 26.95% | 26.13% | 47.28% | 65.44% | 45.67% |
| Interest coverage ratio | 1.54 | 1.11 | 1.29 | 0.30 | 0.94 |
| % change | 39.30% | -14.13% | 322.83% | -67.53% | 5.48% |
| Free cash flow \$ | (\$26,000) | \$23,000 | (\$108,000) | \$21,000 | (\$39,000) |
| % change | -213.04% | 121.30% | -614.29% | 153.85% | 62.50% |
| Source: | 10-Q 11/13/2018 | 10-Q 8/7/2018 | 10-Q 5/14/2018 | 10-K 3/2/2018 | 10-Q 11/14/2017 |

QUARTERLY LEVERAGE RATIOS

Substantial negative tangible net worth in each of the last five quarters

Leverage Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

| Period Ended | 9/30/2018 | 6/30/2018 | 3/31/2018 | 12/31/2017 | 9/30/2017 |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|
| Total debt \$ | \$3,794,000 | \$3,760,000 | \$3,769,000 | \$3,709,000 | \$3,733,000 |
| % change | 0.90% | -0.24% | 1.62% | -0.64% | 0.92% |
| Stockholders' equity \$ | (\$2,801,000) | (\$2,777,000) | (\$2,739,000) | (\$2,741,000) | (\$2,659,000) |
| % change | -0.86% | -1.39% | 0.07% | -3.08% | -2.31% |
| Tangible net worth \$ | (\$2,939,000) | (\$2,919,000) | (\$2,886,000) | (\$2,895,000) | (\$2,817,000) |
| % change | -0.69% | -1.14% | 0.31% | -2.77% | -1.66% |
| Total assets \$ | \$2,107,000 | \$2,086,000 | \$2,145,000 | \$2,097,000 | \$2,156,000 |
| % change | 1.01% | -2.75% | 2.29% | -2.74% | -1.15% |
| Total debt to assets ratio | 1.80 | 1.80 | 1.76 | 1.77 | 1.73 |
| % change | -0.10% | 2.58% | -0.66% | 2.15% | 2.09% |
| Tangible assets \$ | \$1,969,000 | \$1,944,000 | \$1,998,000 | \$1,988,000 | \$1,980,000 |
| % change | 1.29% | -2.70% | 2.83% | 0.50% | 0.40% |
| Short-term debt \$ | \$84,000 | \$82,000 | \$66,000 | \$66,000 | \$66,000 |
| % change | 2.44% | 24.24% | -47.20% | 0.00% | 0.00% |
| Short-term debt % of total debt | 2.21% | 2.18% | 1.75% | 1.75% | 1.75% |
| % change | 1.52% | 24.54% | -48.04% | 0.00% | 0.00% |
| Short-term debt % of working capital | 27.91% | 31.18% | 22.92% | 22.92% | 22.92% |
| % change | -10.49% | 36.05% | -75.25% | 0.00% | 0.00% |
| Total liabilities \$ | \$4,908,000 | \$4,863,000 | \$4,884,000 | \$4,838,000 | \$4,815,000 |
| % change | 0.93% | -0.43% | 0.95% | 0.48% | 0.73% |
| Total debt to EBITDA ratio (annualized) | 7.41 | 10.11 | 8.81 | 37.09 | 12.12 |
| % change | -26.69% | 14.78% | -76.26% | 206.02% | -4.32% |
| Source: | 10-Q | 10-Q | 10-Q | 10-K | 10-Q |
| | 11/13/2018 | 8/7/2018 | 5/14/2018 | 3/2/2018 | 11/14/2017 |

Total debt to assets ratio affords creditors little degree of protection from loss

QUARTERLY LIQUIDITY RATIOS AND RATES OF RETURN

Meager cash and quick ratios

Liquidity Ratios - Sequential Quarters

(Thousands of U.S. Dollars)

| Period Ended | 9/30/2018 | 6/30/2018 | 3/31/2018 | 12/31/2017 | 9/30/2017 |
|-------------------------------|--------------------|--------------------|--------------------|------------------|--------------------|
| Current assets \$ | \$1,058,000 | \$1,013,000 | \$1,023,000 | \$940,000 | \$999,000 |
| % change | 4.44% | -0.98% | 8.83% | -5.91% | -1.67% |
| % of short-term debt | 1,259.52% | 1,235.37% | 1,550.00% | 752.00% | 825.62% |
| Current liabilities \$ | \$757,000 | \$750,000 | \$735,000 | \$805,000 | \$755,000 |
| % change | 0.93% | 2.04% | -8.70% | 6.62% | 0.40% |
| Working capital \$ | \$301,000 | \$263,000 | \$288,000 | \$135,000 | \$244,000 |
| % change | 14.45% | -8.68% | 113.33% | -44.67% | -7.58% |
| % of sales (annualized) | 7.90% | 6.61% | 7.61% | 3.77% | 6.67% |
| Cash \$ | \$121,000 | \$114,000 | \$95,000 | \$97,000 | \$100,000 |
| % change | 6.14% | 20.00% | -2.06% | -3.00% | -9.09% |
| % of short-term debt | 144.05% | 139.02% | 143.94% | 77.60% | 82.64% |
| Cash ratio | 0.16 | 0.15 | 0.13 | 0.12 | 0.13 |
| % change | 5.13% | 17.56% | 7.30% | -9.06% | -9.43% |
| Quick assets \$ | \$584,000 | \$587,000 | \$599,000 | \$559,000 | \$600,000 |
| % change | -0.51% | -2.00% | 7.16% | -6.83% | -1.15% |
| % of short-term debt | 695.24% | 715.85% | 907.58% | 447.20% | 495.87% |
| Quick ratio | 0.77 | 0.78 | 0.82 | 0.69 | 0.79 |
| % change | -1.43% | -3.96% | 17.37% | -12.62% | -1.55% |
| Current ratio | 1.40 | 1.35 | 1.39 | 1.17 | 1.32 |
| % change | 3.47% | -2.95% | 19.19% | -11.75% | -2.07% |
| Source: | 10-Q 11/13/2018 | 10-Q 8/7/2018 | 10-Q 5/14/2018 | 10-K 3/2/2018 | 10-Q 11/14/2017 |

Unable to generate any positive returns

Rate of Return - Sequential Quarters

(Thousands of U.S. Dollars)

| Period Ended | 3 mos 9/30/2018 | 3 mos 6/30/2018 | 3 mos 3/31/2018 | 3 mos 12/31/2017 | 3 mos 9/30/2017 |
|----------------------------------|--------------------|--------------------|--------------------|---------------------|--------------------|
| Return on total assets | -0.86% | -1.04% | -0.61% | -4.14% | -3.23% |
| % change | 17.43% | -69.67% | 85.19% | -28.20% | -104.32% |
| Return on tangible assets | -0.92% | -1.12% | -0.66% | -4.47% | -3.49% |
| % change | 17.58% | -69.20% | 85.23% | -27.82% | -103.52% |
| Source: | 10-Q 11/13/2018 | 10-Q 8/7/2018 | 10-Q 5/14/2018 | 10-K 3/2/2018 | 10-Q 11/14/2017 |

YEAR-OVER-YEAR STATEMENT OF CASH FLOWS

Negative cash from operating activities

Statement of Cash Flows - Year-over-Year - Standardized - Year to Date

(Thousands of U.S. Dollars)

| Period Ended | 9 mos 9/30/2018 | 9 mos 9/30/2017 | 9 mos 9/30/2016 | 9 mos 9/30/2015 | 9 mos 9/30/2014 |
|--|--------------------|--------------------|--------------------|--------------------|---------------------------|
| | | | | | Reclassified 9/30/2015 |
| Cash Flows from Operating Activities: | | | | | |
| Net income | (\$52,000) | (\$146,000) | \$59,000 | (\$29,000) | (\$66,000) |
| Depreciation/depletion | 115,000 | 112,000 | 228,000 | 102,000 | 109,000 |
| Deferred taxes | 0 | (1,000) | 3,000 | 2,000 | (2,000) |
| Non-cash Items | (16,000) | 5,000 | (324,000) | 3,000 | 29,000 |
| Changes in working capital | (96,000) | (175,000) | (97,000) | (12,000) | (202,000) |
| Total cash from operating activities | (49,000) | (205,000) | (131,000) | 66,000 | (132,000) |
| Cash Flows from Investing Activities: | | | | | |
| Capital expenditures | (62,000) | (86,000) | (91,000) | (122,000) | (133,000) |
| Other investing cash flow items, total | 50,000 | 5,000 | 314,000 | 8,000 | (72,000) |
| Total cash from investing activities | (12,000) | (81,000) | 223,000 | (114,000) | (205,000) |
| Cash Flows from Financing Activities: | | | | | |
| Financing cash flow items | (1,000) | (25,000) | 0 | n/a | 0 |
| Issuance/retirement of debt, net | 88,000 | 227,000 | (195,000) | 88,000 | 64,000 |
| Total cash from financing activities | 87,000 | 202,000 | (195,000) | 88,000 | 64,000 |
| Foreign exchange effects | (4,000) | 5,000 | 1,000 | (9,000) | (5,000) |
| Net change in cash | 22,000 | (79,000) | (102,000) | 31,000 | (278,000) |
| Net cash-beginning balance | 115,000 | 179,000 | 228,000 | 156,000 | 379,000 |
| Net cash-ending balance | \$137,000 | \$100,000 | \$126,000 | \$187,000 | \$101,000 |
| Supplemental Disclosures: | | | | | |
| Cash interest paid | \$219,000 | \$205,000 | \$210,000 | \$214,000 | \$215,000 |
| Cash taxes paid, supplemental | \$12,000 | \$10,000 | \$20,000 | \$12,000 | \$23,000 |
| Source: | 10-Q 11/13/2018 | 10-Q 11/14/2017 | 10-Q 11/14/2016 | 10-Q 11/9/2015 | 10-Q 11/9/2015 |

NEWS ALERTS: A TIMELINE OF CONCERNING HEADLINES

| | | |
|--|-------------------|--|
| <p>Net loss for the period ended 12/31/2017 was \$88M; net loss for the year-to-date period increased 516% to \$234M compared with a net loss of \$38M for the equivalent 12 months in the previous year.</p> | | |
| 3/28/2018 | CRMZ News Service | Hexion Inc -- updated financials available |
| <p>For the period ending 3/31/2018, the Company reported a net loss of \$13M.</p> | | |
| 6/1/2018 | CRMZ News Service | Hexion Inc -- updated financials available |
| <p>Hexion Inc. reported a net loss of \$22M for the period ending 6/30/2018; net loss for the year-to-date period was \$35M.</p> | | |
| 10/2/2018 | CRMZ News Service | Hexion Inc -- updated financials available |
| <p>The Company reported a net loss of \$18M for the period ending 9/30/2018; net loss for the year-to-date period was \$53M.</p> | | |
| 11/29/2018 | CRMZ News Service | Hexion Inc -- updated financials available |
| <p>Hexion entered into a separation agreement with its Chief Operating Officer and Executive Vice President</p> | | |
| 3/22/2019 | CRMZ News Service | HEXION INC. FILES (8-K) Disclosing Change in Directors or Principal Officers |
| <p>Hexion Inc. files for bankruptcy.</p> | | |
| 4/1/2019 | CRMZ News Service | Hexion Inc: Chapter 11 Petition filed on 4/1/2019 |

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