

MOMENTIVE[™]
inventing possibilities

MPM HOLDINGS INC. (“Momentive”)
Fourth Quarter and Fiscal Year 2017
Earnings Conference Call
February 8, 2018



Forward Looking Statements

MPM Holdings Inc. (“Momentive”)

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, including statements related to our transformation and restructuring activities, growth and productivity initiatives, anticipated cost savings, growth, and market recovery, the impact of work stoppage and other incidents on our operations and competitiveness. 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,” “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 most recent Annual Report on Form 10-K and our other 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 impact of work stoppage and other incidents on our operations, changes in governmental regulations or interpretations thereof and related compliance and litigation costs, adverse rulings in litigation, difficulties with transformation and strategic initiatives, including transactions with our affiliate, Hexion Inc, pricing actions by our competitors that could affect our operating margins, the impact of our growth and productivity investments, our ability to realize the benefits there from, and the timing thereof, our ability to obtain additional financing, and the other factors listed in the Risk Factors section of our SEC filings. 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.

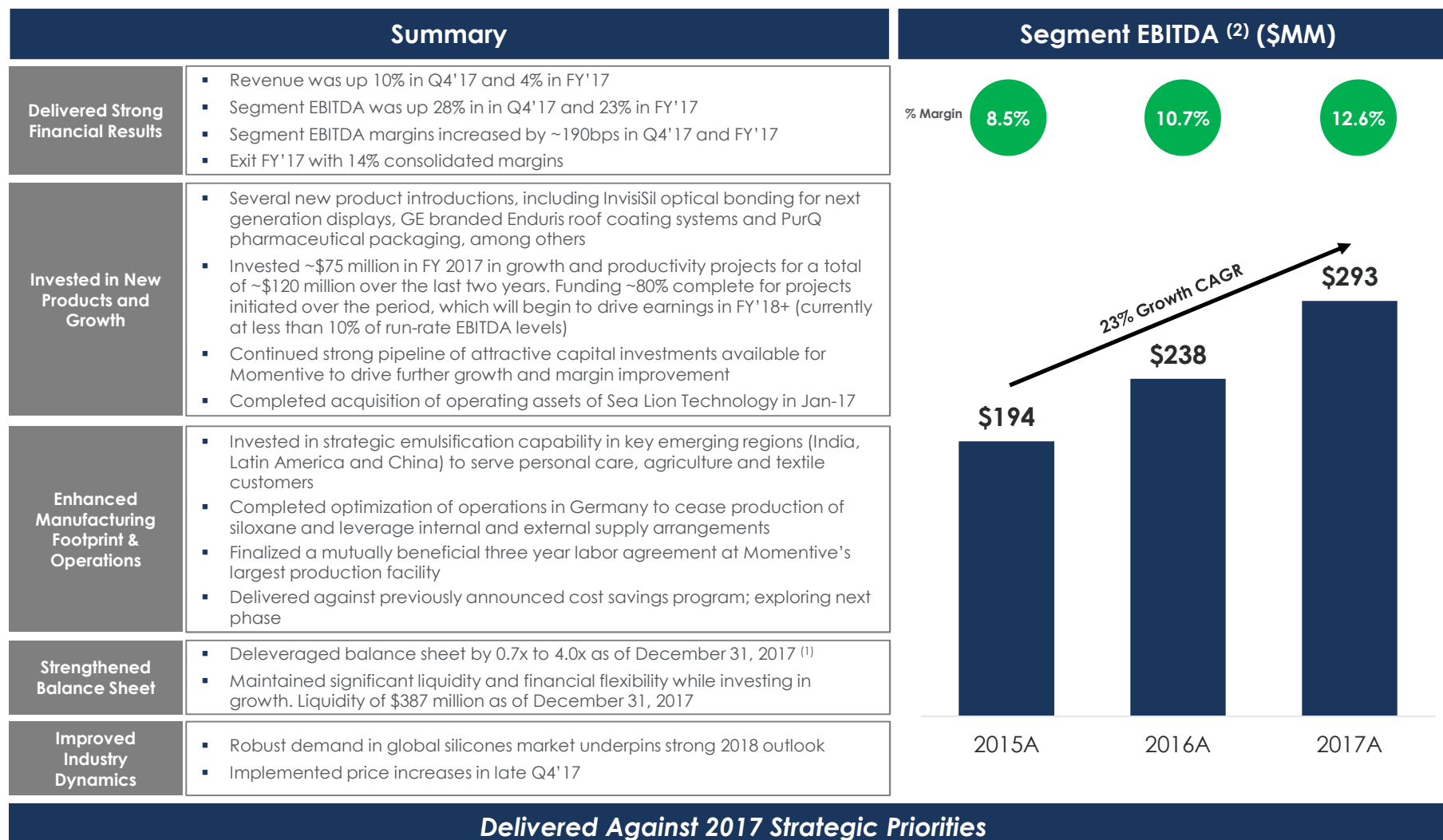
This presentation contains non-GAAP financial information. Reconciliation to GAAP is included at the end of the presentation. Note: our results are preliminary and unaudited and final audited financials will be included in our Annual Report on Form 10-K.

MOMENTIVE

OVERVIEW OF FOURTH QUARTER AND FISCAL YEAR 2017 RESULTS



Momentive: Fiscal Year 2017 in Review



Delivered Against 2017 Strategic Priorities

¹ Defined as total principal value of debt less cash and cash equivalents divided by Segment EBITDA

² 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.

Overview of Fourth Quarter 2017 Results

- Strong net sales growth across the specialty portfolio with 10% consolidated year-over-year improvement due to volume gains in Performance Additives and the specialty portion of the Company's Formulated and Basic Silicones product portfolio
- Segment EBITDA growth of 28% driven by volume growth in the specialty portion of the Company's Formulated and Basic Silicones product portfolio, operating leverage within the Quartz Technologies segment and strategic capital investments
- Started commissioning of NXT* capacity expansion in Leverkusen. Production will ramp in first half of 2018
- Robust order book and momentum across all business units

Summary Financials

(\$ in millions)

	<u>Q4'16</u>	<u>Q4'17</u>	<u>YoYΔ</u>
Net Sales	\$544	\$599	10%
Net (Loss) Income	(\$118)	\$19	--
Total Segment EBITDA	\$65	\$83	28%
<i>Segment EBITDA Margin</i>	<i>12.0%</i>	<i>13.9%</i>	<i>190bps</i>

Exiting Q4 '17 With 28% YoY Growth and 14% Margins

Overview of Fiscal Year 2017 Results

- Strong net sales growth across the specialty portfolio with 4% consolidated year-over-year improvement
 - Reflects strong growth in specialties, partially offset by a strategic reduction in low margin products
- Segment EBITDA growth of 23% driven by volume growth in the specialty portion of the Company's Formulated and Basic Silicones product portfolio, operating leverage within the Quartz Technologies segment and strategic capital investments
- Growth capital funding largely complete for projects initiated over the last two years, with the associated earnings impact to begin in 2018+
- Pricing actions were announced across the silicones portfolio in late Q4' 17 and are expected to be realized in 2018

Summary Financials

(\$ in millions)

	<u>FY'16</u>	<u>FY'17</u>	<u>YoYΔ</u>
Net Sales	\$2,233	\$2,331	4%
Net (Loss) Income	(\$163)	--	--
Total Segment EBITDA	\$238	\$293	23%
<i>Segment EBITDA Margin</i>	10.7%	12.6%	190bps

Strong Earnings and Margin Growth Supported by Industry Trends

Fourth Quarter and Fiscal Year 2017 Performance Additives Results

- Continued strong volume growth across the portfolio driven by consumer, automotive and personal care end markets with net sales up 9% in the quarter and 6% in FY'17
- Performance Additives Segment EBITDA was \$188 million in FY'17, an increase of 1% over prior year, reflecting temporary raw material lead / lag being addressed by pricing actions and the one-time impact of hurricane Harvey
- Q4'17 pricing actions will benefit margins in FY '18
 - Order book remains very robust
 - Late Q4'17 pricing actions, coupled with growth initiatives, should fully recoup margin degradation in 2017

Segment Financials						
(\$ in millions)						
	Q4'16	Q4'17	YoYΔ	FY'16	FY'17	YoYΔ
Net Sales	\$211	\$230	9%	\$849	\$900	6%
Segment EBITDA	\$48	\$48	0%	\$187	\$188	1%
<i>Segment EBITDA Margin</i>	22.7%	20.9%	(180bps)	22.0%	20.9%	(110bps)

Net Sales Comparison (YoY)				
	Volume	Price / Mix	Foreign Ex.	Total
4Q '17	11%	(4%)	2%	9%
FY'17	7%	(1%)	--	6%

Continued Growth in High Margin Performance Additives Segment

Fourth Quarter and Fiscal Year 2017 Formulated and Basic Silicones Results

- Net sales growth of 11% in the quarter and 1% for the year
 - Growth in the quarter reflected strong volume gains in specialties on flat basics sales
 - Slightly lower volume gains in specialties for the full year, partially offset by an intentional reduction in basics sales that began in late 2016
 - Volume gains in specialties driven by increased demand in electronic materials, elastomers, and sealants and coatings end markets
- Significant EBITDA growth and margin expansion in the quarter and full year driven by the same factors impacting net sales and strategic capital investments

Segment Financials						
(\$ in millions)						
	Q4'16	Q4'17	YoYΔ	FY'16	FY'17	YoYΔ
Net Sales	\$287	\$319	11%	\$1,212	\$1,229	1%
Segment EBITDA	\$20	\$34	70%	\$70	\$105	50%
<i>Segment EBITDA Margin</i>	7.0%	10.7%	370bps	5.8%	8.6%	280bps

Net Sales Comparison (YoY)				
	Volume	Price / Mix	Foreign Ex.	Total
4Q '17	0%	10%	1%	11%
FY'17	(4%)	5%	--	1%

Reflects specialties growth, offset by basics reduction
Substantially all mix impact

Significantly Improved Results Due to Strategic Actions to Improve Segment Profitability

Fourth Quarter and Fiscal Year 2017 Quartz Technologies Results

- Net sales up 9% in Q4 and 17% in FY'17 driven by improved demand in semiconductor and aerospace end markets
- Quartz Technologies Segment EBITDA up 43% in Q4 and 100% in FY'17 driven by the increase in net sales, operating leverage and manufacturing efficiencies
 - Reflects full benefit of 2016 restructuring initiatives
 - Improved yields in quartz production processes
 - Benefits from LEAN and other continuous improvement initiatives
- Continued strong outlook heading into FY'18 supported by end market demand and expected yield improvements
- Leveraging expertise in ultra-high purity quartz, Momentive launched PurQ, a portfolio of high purity pharmaceutical packaging solutions

Segment Financials

(\$ in millions)

	Q4'16	Q4'17	YoYΔ	FY'16	FY'17	YoYΔ
Net Sales	\$46	\$50	9%	\$172	\$202	17%
Segment EBITDA	\$7	\$10	43%	\$20	\$40	100%
Segment EBITDA Margin	15.2%	20.0%	480bps	11.6%	19.8%	820bps

Net Sales Comparison (YoY)

	Volume	Price / Mix	Foreign Ex.	Total
4Q '17	9%	--	--	9%
FY'17	18%	--	--	18%

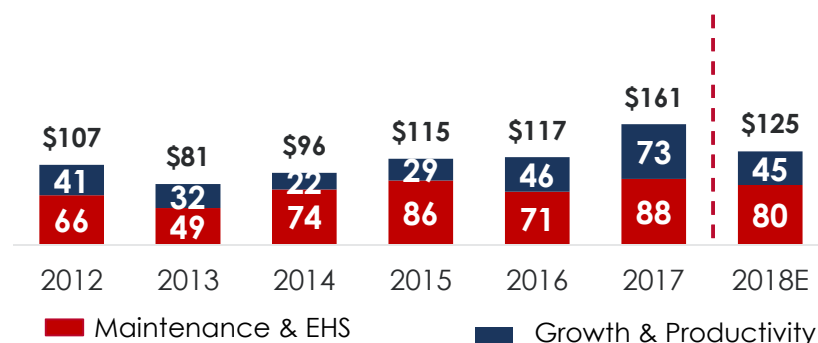
Improved Results from Increased Sales, Cost Controls, and Improved Manufacturing Efficiencies

Capital Investment Program Update

Summary

- Over the last several years, Momentive has made significant capital investments to accelerate and facilitate the growth of its specialty product portfolio and to enhance its global manufacturing network
 - Robust capital allocation framework and process. Focus on 25%+ ROI opportunities
- Growth investments since beginning of 2016 have been ~80% funded and a number of key projects have been recently completed and are ramping up production. Current portfolio of projects is at less than 10% of estimated run-rate EBITDA levels providing significant near-term earnings visibility and upside
 - Notably, in FY 2015-2017, Momentive invested ~\$35 million to globalize and double its NXT Silane production capacity. This production expansion has commissioned and will ramp up production and product qualification over the first half of FY 2018
 - NXT is a leading additive for green tire applications. Over the last several years, NXT revenues have grown at over 20% CAGR
- Momentive has significant flexibility over its capital expenditures. Annual maintenance requirements of \$65-75 million per annum

Annual Capital Expenditure (\$MM)



2016-2017 Key Growth Project Detail

NXT Tire Silanes Facility	NextGen Weatherable Hardcoats	Electronic Materials Capacity Expansion
GE Branded Enduris Roof Coatings	Sealants Capacity Expansion	Optical Bonding for NextGen Displays
Ultra Pure Quartz Pharmaceutical Packaging	Urethane Additives and Specialty Fluids Capacity Expansion	Coatings and LSR Capacity Expansion

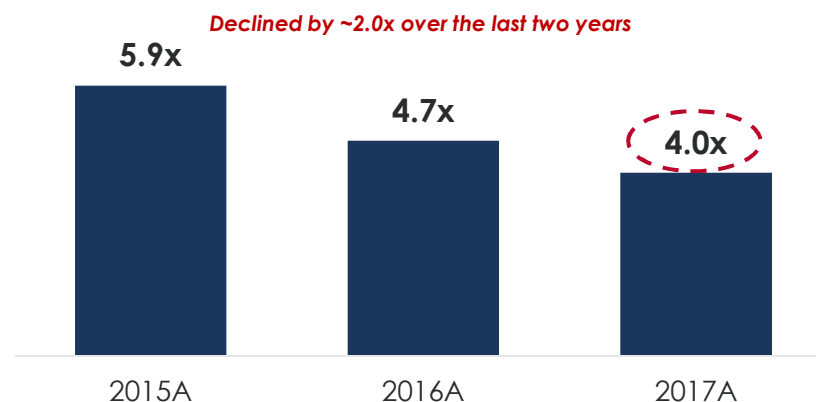
>20 significant, discrete growth projects since beginning of 2016
Representing total growth capex spend of ~\$120 million
~80% is deployed
Less than 10% of realizable EBITDA in 2017A financials

Balance Sheet Update

Summary

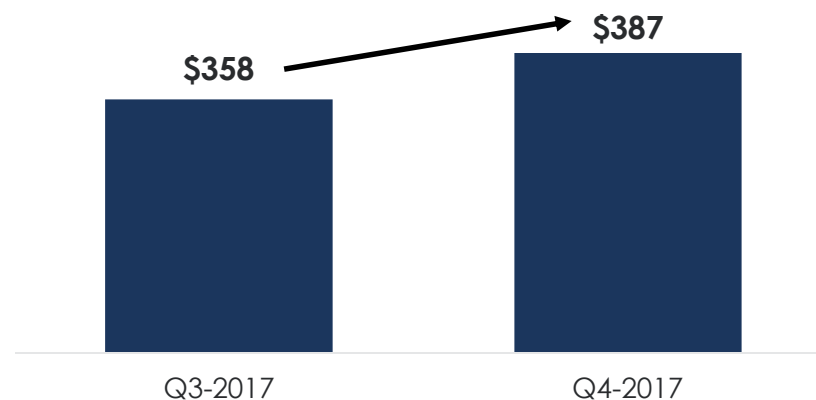
- Net leverage of 4.0x as of December 31, 2017
- Momentive has a proven track record of deleveraging. Over the last two years, Momentive has deleveraged by 1.0x per annum on average
- Significant liquidity of \$387 million as of December 31, 2017 up \$358 million from September 30, 2017 due to free cash flow generation
- Going forward, Momentive remains focused on continuing to balance opportunistic and accretive growth investments with its commitment to continued deleveraging and maintaining significant financial flexibility

Net Debt / LTM Segment EBITDA (x) ⁽¹⁾



Liquidity (\$MM)

Continue to Maintain Significant Liquidity and Financial Flexibility



¹ Based on Segment EBITDA.

Fourth Quarter and Full Year 2017 Closing Remarks

Key Takeaways

- Continued strong top and bottom line financial results and margin expansion
- Significant growth capital investments in FY 2015-2017 have been largely funded and will begin to deliver earnings growth in 2018 and beyond
- Strong balance sheet with significant financial flexibility. Net leverage and liquidity of 4.0x and \$387 million as of December 31, 2017
- Focused on continued execution of strategy to accelerate profitable growth and transform global operations
- Robust outlook for FY 2018 driven by strong demand, solid and improving industry fundamentals and embedded upside from growth investments

Momentive Strategies

Accelerate Profitable Growth

Established relationships with blue chip customers drive next generation solutions

Targeting investments in emerging markets

Growth capital investment in specialty products

Strategic acquisitions

Profitability Enhancement

Transform global operations

Improving operating rates

Silicones market growth supported by global megatrends and substitution effects

Multi-faceted strategy driving significant growth and margin expansion

APPENDICES

Reconciliation of Non-GAAP Financial Measures

(in millions)

	<u>Quarter Ended December 31,</u>		<u>Year Ended December 31,</u>	
	<u>2017</u>	<u>2016</u>	<u>2017</u>	<u>2016</u>
Net income (loss)	\$ 19	\$ (118)	\$ —	\$ (163)
Interest expense, net	20	19	80	76
Income tax expense	4	14	15	18
Depreciation and amortization	37	53	154	185
Gain on extinguishment and exchange of debt	—	—	—	(9)
Items not included in Segment EBITDA:				
Non-cash charges and other income and expense	\$ 8	\$ 11	\$ 12	\$ 26
Unrealized (gains) losses on pension and postretirement benefits	(6)	28	(5)	33
Restructuring and discrete costs	—	57	36	70
Reorganization items, net	1	1	1	2
Segment EBITDA	<u>\$ 83</u>	<u>\$ 65</u>	<u>\$ 293</u>	<u>\$ 238</u>

Debt at December 31, 2017

(in millions)

Debt outstanding as of December 31, 2017 and 2016 is as follows:

	2017		2016	
	Long-Term	Due Within One Year	Long-Term	Due Within One Year
Senior Secured Credit Facilities:				
ABL Facility	\$ —	\$ —	\$ —	\$ —
Secured Notes:				
3.88% First Lien Notes due 2021 (includes \$85 and \$105 of unamortized debt discount at December 31, 2017 and 2016, respectively)	1,015	—	995	—
4.69% Second Lien Notes due 2022 (includes \$25 and \$30 of unamortized debt discount at December 31, 2017 and 2016, respectively)	177	—	172	—
Other Borrowings:				
China bank loans at 4.1% at both December 31, 2017 and 2016	—	36	—	36
Total debt ⁽¹⁾	<u>\$ 1,192</u>	<u>\$ 36</u>	<u>\$ 1,167</u>	<u>\$ 36</u>

(1) Momentive Performance Materials Inc. ("MPM") is the issuer of all debt obligations and the secured notes are fully and unconditionally guaranteed by certain subsidiaries of MPM.



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