

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

**FORM 8-K**

**CURRENT REPORT**

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

**Date of Report (Date of earliest event reported): August 14, 2018**

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**MPM HOLDINGS INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**333-201338**  
(Commission File  
Number)

**47-1756080**  
(I.R.S. Employer  
Identification No.)

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**MOMENTIVE PERFORMANCE MATERIALS INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**  
(State or other jurisdiction of  
incorporation or organization)

**333-146093**  
(Commission File  
Number)

**20-5748297**  
(I.R.S. Employer  
Identification No.)

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**260 Hudson River Road**  
**Waterford, NY 12188**  
(Address of principal executive offices including zip code)

**(518) 233-3330**  
(Registrant's telephone number, including area code)

**Not Applicable**  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
  - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
  - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
  - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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**Item 2.02 Results of Operations and Financial Condition**

On August 14, 2018, MPM Holdings Inc. ("Momentive") issued a news release announcing its results for the second quarter ended June 30, 2018. A copy of the News Release is being furnished as Exhibit 99.1 to this current report.

**Item 9.01 Financial Statements and Exhibits**

(d) Exhibits

Exhibit 99.1 [News Release, dated August 14, 2018, announcing Momentive's financial results for the second quarter ended June 30, 2018.](#)

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**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, each of the Registrants has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

MPM HOLDINGS INC.

/s/ Erick R. Asmussen

\_\_\_\_\_  
Erick R. Asmussen

Chief Financial Officer

MOMENTIVE PERFORMANCE MATERIALS INC.

/s/ Erick R. Asmussen

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Erick R. Asmussen

Chief Financial Officer

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Date: August 14, 2018

## EXHIBIT INDEX

<u>Exhibit</u>	<u>Description</u>
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99.1

News Release dated August 14, 2018 titled "Momentive Announces Second Quarter 2018 Results."



260 Hudson River Road  
Waterford, NY 12188  
momentive.com

## NEWS RELEASE

FOR IMMEDIATE RELEASE

### Momentive Announces Second Quarter 2018 Results

#### Second Quarter Highlights:

- Net sales of \$704 million, a 19% increase year-over-year
- Segment EBITDA of \$113 million, a 53% increase year-over-year
- Segment EBITDA margin of 16.1%, a 360bp increase year-over-year
- Reduced net leverage<sup>1</sup> to 3.2x as of June 30, 2018. Significant liquidity of \$448 million

WATERFORD, N.Y. (August 14, 2018) - MPM Holdings Inc. (“Momentive” or the “Company”) (OTCQX: MPMQ) today announced results for the second quarter ended June 30, 2018.

“Our second quarter results demonstrate progress against our clearly defined competitive strategy to drive segment EBITDA growth and margin improvement, as well as market uplift from our Formulated and Basic Silicones segment,” said Jack Boss, Chief Executive Officer and President. “We continue to see tremendous growth in our basics products driven by continued optimization and favorable market dynamics, as well as growth in our specialty applications, driven by end-market pull and prior capital investment.”

“In addition, we recently completed the commissioning process for our NXT\* capacity expansion, and production is expected to ramp up in the second half of 2018. This will reinforce our leadership position in automotive tire applications and enable new product offerings.”

Mr. Boss concluded, “As we look out into the remainder of 2018, we expect strong demand, solid industry fundamentals, pricing tailwinds from realization of previously implemented increases, and continued margin improvement from increased specialty sales, cost optimization and favorable trends in basics products.”

#### Second Quarter 2018 Results

*Net Sales.* Net sales for the three months ended June 30, 2018 were \$704 million, an increase of 19% compared with \$594 million in the prior year. The increase was driven by improved market dynamics in our basics end markets and volume gains across nearly all of Momentive’s segments, which reflected the benefits of our strategic growth investments and increased demand in the automotive, agriculture, personal care, electronic, and industrial end markets.

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<sup>1</sup> Defined as total principal value of debt less cash and cash equivalents divided by Segment EBITDA.

*Net Income.* Net income for the three months ended June 30, 2018 was \$39 million compared with net income of \$19 million in the prior year period.

*Segment EBITDA.* Segment EBITDA for the three months ended June 30, 2018 was \$113 million, an increase of 53% compared with \$74 million in the prior year period. The increase in Segment EBITDA was driven by significantly improved market dynamics in our basics end markets and the benefits of prior strategic investments in our specialty capabilities, partially offset by one-time production issues relating to silanes and headwinds in the urethane additives end-market.

## Segment Results

The following tables reflect net sales and Segment EBITDA by reportable segment for the second quarter and six months ended June 30, 2018 and 2017. See “Non-U.S. GAAP Measures” and Schedule 4 to this release for further information regarding Segment EBITDA and for a reconciliation of net income (loss) to Segment EBITDA.

### Net Sales <sup>(1)</sup>: (in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Performance Additives	\$ 250	\$ 228	\$ 498	\$ 448
Formulated and Basic Silicones	399	314	756	589
Quartz Technologies	55	52	107	101
<b>Total</b>	<b>\$ 704</b>	<b>\$ 594</b>	<b>\$ 1,361</b>	<b>\$ 1,138</b>

<sup>(1)</sup> Intersegment sales are not significant and, as such, are eliminated within the selling segment.

### Segment EBITDA: (in millions)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Performance Additives	\$ 50	\$ 48	\$ 104	\$ 95
Formulated and Basic Silicones	63	27	104	51
Quartz Technologies	12	10	21	17
Corporate	(12)	(11)	(22)	(20)
<b>Total</b>	<b>\$ 113</b>	<b>\$ 74</b>	<b>\$ 207</b>	<b>\$ 143</b>

## Global Restructuring Program and Siloxane Production Transformation

In March 2018, the Company announced a restructuring initiative totaling \$15 million in estimated annual run rate cost reductions with approximately \$8 million to be realized in 2018. The initiative targeted primarily selling, general, and administrative cost reductions.

## **Liquidity and Balance Sheet**

At June 30, 2018, Momentive had net debt, which is total debt less cash and cash equivalents, of approximately \$1.1 billion. In addition, at June 30, 2018, Momentive had \$448 million in liquidity, including \$201 million of unrestricted cash and cash equivalents, and \$247 million of availability under its senior secured asset-based revolving loan facility (the "ABL Facility") (undrawn, with \$53 million letters of credit outstanding). Momentive expects to have adequate liquidity to fund its operations for the foreseeable future from cash on its balance sheet, cash flows provided by operating activities and amounts available for borrowings under the ABL Facility.

## **Earnings Call**

Momentive will host a teleconference to discuss second quarter 2018 results on Tuesday, August 14, 2018, at 10 a.m. Eastern Time. Interested parties are asked to dial-in approximately 10 minutes before the call begins at the following numbers:

U.S. Participants: (844) 309-6571  
International Participants: (484) 747-6920  
Participant Passcode: 2255028

Live Internet access to the call and presentation materials will be available through the Investor Relations section of the Company's website: [www.momentive.com](http://www.momentive.com). A replay of the call will be available for three weeks beginning at 2 p.m. Eastern Time on August 14, 2018. The playback can be accessed by dialing (855) 859-2056 (U.S.) and +1 (404) 537-3406 (International). The passcode is 2255028. A replay also will be available through the Investor Relations section of the Company's website.

## **Non-U.S. GAAP Measures**

Segment EBITDA is defined as EBITDA (earnings before interest, income taxes, depreciation and amortization) adjusted for certain non-cash and certain other income and expenses. Segment EBITDA is an important measure used by the Company's senior management and board of directors to evaluate operating results and allocate capital resources among segments. Segment EBITDA should not be considered a substitute for net income (loss) or other results reported in accordance with accounting principles generally accepted in the United States ("GAAP"). Segment EBITDA may not be comparable to similarly titled measures reported by other companies. See Schedule 4 to this release for a reconciliation of net income (loss) to Segment EBITDA.

Adjusted EBITDA is defined as EBITDA adjusted for certain non-cash and certain non-recurring items and other adjustments calculated on a pro-forma basis, including the expected future cost savings from business optimization or other programs and the expected future impact of acquisitions, in each case as determined under the governing debt instrument. The Company believes that including the supplemental adjustments that are made to calculate Adjusted EBITDA provides additional information to investors about the Company's ability to comply with its financial covenants and to obtain additional debt in the future. Adjusted EBITDA is not a defined term under GAAP. Adjusted EBITDA is not a measure of financial condition, liquidity or profitability, and should not be considered as an alternative to net income (loss) determined in accordance with

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GAAP or operating cash flows determined in accordance with GAAP. Additionally, Adjusted EBITDA is not intended to be a measure of free cash flow for management's discretionary use, as it does not take into account certain items such as interest and principal payments on the Company's indebtedness, depreciation and amortization expense (because the Company uses capital assets, depreciation and amortization expense is a necessary element of the Company's costs and ability to generate revenue), working capital needs, tax payments (because the payment of taxes is part of the Company's operations, it is a necessary element of the Company's costs and ability to operate), non-recurring expenses and capital expenditures. Fixed Charges under the indentures should not be considered as an alternative to interest expense. See Schedule 5 to this release for a reconciliation of net income to Adjusted EBITDA and the calculation of the Adjusted EBITDA to Fixed Charges ratio.

### **Forward-Looking and Cautionary Statements**

Certain statements in this press release 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 the realization of our cost savings in connection 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.

### **About Momentive**

Momentive is a global leader in silicones and advanced materials, with a 75 plus year heritage of being first to market with performance applications that support and improve everyday life. Momentive delivers science-based solutions for major

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industries, by linking its custom technology platforms to allow the creation of unique solutions for customers. Additional information is available at [www.momentive.com](http://www.momentive.com).

**Contact**

**Media and Investors:**

John Kompa

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\*NXT is a trademark of Momentive Performance Materials Inc.

*(See Attached Financial Statements)*

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MPM HOLDINGS INC.

SCHEDULE 1: CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS (Unaudited)

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net sales	\$ 704	\$ 594	\$ 1,361	\$ 1,138
Cost of sales	531	459	1,034	905
Gross profit	173	135	327	233
Costs and expenses:				
Selling, general and administrative expense	86	84	172	167
Research and development expense	18	16	35	31
Restructuring and discrete costs	2	(5)	3	—
Other operating (income) expense, net	(3)	(1)	(2)	4
Operating income	70	41	119	31
Interest expense, net	20	20	40	39
Non-operating (income) expense, net	(6)	(2)	(3)	(2)
Reorganization items, net	4	—	5	—
Income (loss) before income taxes and earnings from unconsolidated entities	52	23	77	(6)
Income tax expense	13	4	19	5
Income (loss) before earnings from unconsolidated entities	39	19	58	(11)
Earnings from unconsolidated entities, net of taxes	—	—	1	—
Net income (loss)	\$ 39	\$ 19	\$ 59	\$ (11)

MPM HOLDINGS INC.

SCHEDULE 2: CONDENSED CONSOLIDATED BALANCE SHEETS (Unaudited)

<b>(In millions, except share data)</b>	<b>June 30, 2018</b>	<b>December 31, 2017</b>
<b>Assets</b>		
Current assets:		
Cash and cash equivalents (including restricted cash of \$1 at both June 30, 2018 and December 31, 2017)	\$ 202	\$ 174
Accounts receivable (net of allowance for doubtful accounts of \$3 and \$4 at June 30, 2018 and December 31, 2017, respectively)	372	323
Inventories:		
Raw materials	164	153
Finished and in-process goods	300	292
Other current assets	44	51
Total current assets	1,082	993
Investment in unconsolidated entities	20	19
Deferred income taxes	11	11
Other long-term assets	14	11
Property, plant and equipment:		
Land	78	77
Buildings	375	338
Machinery and equipment	1,133	1,135
	1,586	1,550
Less accumulated depreciation	(433)	(383)
	1,153	1,167
Goodwill	215	216
Other intangible assets, net	280	300
Total assets	\$ 2,775	\$ 2,717
<b>Liabilities and Equity</b>		
Current liabilities:		
Accounts payable	\$ 305	\$ 286
Debt payable within one year	35	36
Interest payable	12	12
Income taxes payable	9	7
Accrued payroll and incentive compensation	55	68
Other current liabilities	101	103
Total current liabilities	517	512
Long-term liabilities:		
Long-term debt	1,204	1,192
Pension and postretirement benefit liabilities	323	335
Deferred income taxes	64	60
Other long-term liabilities	73	74
Total liabilities	2,181	2,173
<b>Equity</b>		
Common stock - \$0.01 par value; 70,000,000 shares authorized; 48,163,690 and 48,121,634 shares issued and outstanding at June 30, 2018 and December 31, 2017, respectively	—	—
Additional paid-in capital	870	868
Accumulated other comprehensive income (loss)	(29)	(18)
Accumulated deficit	(247)	(306)
Total equity	594	544
Total liabilities and equity	\$ 2,775	\$ 2,717

## MPM HOLDINGS INC.

## SCHEDULE 3: CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (Unaudited)

(In millions)	Six Months Ended June 30,	
	2018	2017
<b>Cash flows provided by (used in) operating activities</b>		
Net income (loss)	\$ 59	\$ (11)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	80	75
Gain on insurance proceeds received for capital	(3)	—
Unrealized actuarial (gains) losses from pensions and other post retirement liabilities	(2)	1
Deferred income tax expense (benefit)	5	(9)
Unrealized foreign currency (gains) losses	(2)	(4)
Amortization of debt discount and ABL deferred financing costs	12	12
Stock based compensation	2	2
Other non-cash adjustments	(1)	5
Net change in assets and liabilities:		
Accounts receivable	(54)	(43)
Inventories	(23)	(27)
Accounts payable	27	36
Income taxes payable	3	(1)
Other assets, current and non-current	8	(4)
Other liabilities, current and non-current	(19)	(44)
Net cash provided by (used in) operating activities	92	(12)
<b>Cash flows used in investing activities</b>		
Capital expenditures	(60)	(77)
Capital reimbursed from insurance proceeds	3	—
Purchases of intangible assets	(1)	(2)
Dividend from MPM	1	1
Purchase of a business	—	(9)
Net cash used in investing activities	(57)	(87)
<b>Cash flows used in financing activities</b>		
Net short-term debt repayments	(1)	—
ABL financing fees	(4)	—
Net cash used in financing activities	(5)	—
Increase (decrease) in cash, cash equivalents, and restricted cash	30	(99)
Effect of exchange rate changes on cash, cash equivalents, and restricted cash	(2)	3
Cash, cash equivalents, and restricted cash at beginning of period	174	228
Cash, cash equivalents, and restricted cash at end of period	\$ 202	\$ 132
<b>Supplemental disclosures of cash flow information</b>		
Cash paid for:		
Interest	\$ 28	\$ 28
Income taxes, net of refunds	11	14
Non-cash investing activity:		
Capital expenditures included in accounts payable	\$ 17	\$ 21

MPM HOLDINGS INC.

SCHEDULE 4: RECONCILIATION OF NET INCOME (LOSS) TO SEGMENT EBITDA (Unaudited)

(In millions)	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net income (loss)	\$ 39	\$ 19	\$ 59	\$ (11)
Interest expense, net	20	20	40	39
Income tax expense	13	4	19	5
Depreciation and amortization	40	37	80	75
Items not included in Segment EBITDA:				
Non-cash charges and other income and expense	\$ (3)	\$ (2)	\$ 3	\$ 4
Unrealized (gains) losses on pension and postretirement benefits	(2)	—	(2)	1
Restructuring and discrete costs	2	(4)	3	30
Reorganization items, net	4	—	5	—
Segment EBITDA	<u>\$ 113</u>	<u>\$ 74</u>	<u>\$ 207</u>	<u>\$ 143</u>

MOMENTIVE PERFORMANCE MATERIALS INC.

SCHEDULE 5: RECONCILIATION OF LAST TWELVE MONTHS NET INCOME TO ADJUSTED EBITDA (Unaudited)

(In millions)	June 30, 2018 LTM Period
Net income	\$ 71
Interest expense, net	81
Income tax expense	29
Depreciation and amortization	159
EBITDA	340
Adjustments to EBITDA	
Restructuring and discrete costs <sup>(a)</sup>	9
Reorganization items, net <sup>(b)</sup>	6
Unrealized gains on pension and postretirement benefits <sup>(c)</sup>	(8)
Pro forma cost savings <sup>(d)</sup>	15
Non-cash charges <sup>(e)</sup>	11
Adjusted EBITDA	\$ 373
Adjusted EBITDA less Capital Expenditures and Cash Taxes	\$ 197
Pro forma fixed charges <sup>(f)</sup>	\$ 56
Ratio of Adjusted EBITDA to Fixed Charges <sup>(g)</sup>	6.66
Pro forma Fixed Charge Coverage Ratio <sup>(h)</sup>	3.52

- (a) Primarily includes expenses related to our global restructuring program, siloxane production transformation, and certain other non-operating income and expenses.
- (b) Represents professional fees related to our reorganization.
- (c) Represents non-cash actuarial gains resulting from pension and postretirement liability curtailment and re-measurements.
- (d) Represents estimated cost savings, on a pro forma basis, from initiatives implemented or being implemented by management.
- (e) Includes primarily the effects of foreign exchange gains and losses and impacts of asset impairments and disposals, and stock-based compensation expense.
- (f) Reflects pro forma interest expense based on outstanding indebtedness and interest rates at June 30, 2018 adjusted for applicable restricted payments.
- (g) MPM's ability to incur additional indebtedness, among other actions, is restricted under the indentures governing our notes, unless MPM has an Adjusted EBITDA to Fixed Charges ratio of at least 2.0 to 1.0. As of June 30, 2018, we were able to satisfy this test and incur additional indebtedness under these indentures.
- (h) Represents Pro forma Fixed Charge Coverage Ratio (the "FCCR") as defined in the credit agreement for the ABL Facility. If the availability under the ABL Facility is less than the greater of (a) 12.5% of the lesser of the borrowing base and the total ABL Facility commitments at such time and, (b) \$27, then the FCCR must be greater than 1.0 to 1.0.