



**POLYONE  
INVESTOR  
PRESENTATION**

**2020 WELLS FARGO  
INDUSTRIALS CONFERENCE**

*PolyOne*<sup>™</sup>

# FORWARD LOOKING STATEMENTS

In this presentation, statements that are not reported financial results or other historical information are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give current expectations or forecasts of future events and are not guarantees of future performance. They are based on management’s expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. They use words such as “will,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” and other words and terms of similar meaning in connection with any discussion of future operating or financial performance condition, and/or sales.

Factors that could cause actual results to differ materially from those implied by these forward-looking statements include, but are not limited to:

- our ability to identify and evaluate acquisition targets and consummate and successfully integrate acquisitions, including the Clariant Masterbatch Business and the Clariant India Masterbatch Business (collectively, the “Business”);
- the current and potential impact of the COVID-19 pandemic on our business, results of operations, financial position or cash flows;
- the time required to consummate the acquisitions of the Clariant Masterbatch Business and the Clariant India Masterbatch Business (collectively, the “Acquisitions”);
- the satisfaction or waiver of conditions in the share purchase agreement to acquire the Clariant Masterbatch Business and the business transfer agreement to acquire the Clariant India Masterbatch Business;
- any material adverse changes in the Business;
- the ability to obtain required regulatory or other third-party approvals and consents and otherwise consummate the Acquisitions;
- our ability to achieve the strategic and other objectives relating to the Acquisitions, including any expected synergies;
- our ability to achieve the expected results of the Acquisitions, including, without limitation, the Acquisitions being accretive;
- disruptions, uncertainty or volatility in the credit markets that could adversely impact the availability of credit already arranged and the availability and cost of credit in the future;
- the effect on foreign operations of currency fluctuations, tariffs and other political, economic and regulatory risks;
- changes in polymer consumption growth rates and laws and regulations regarding plastics in jurisdictions where we conduct business;
- changes in global industry capacity or in the rate at which anticipated changes in industry capacity come online;
- fluctuations in raw material prices, quality and supply, and in energy prices and supply;
- production outages or material costs associated with scheduled or unscheduled maintenance programs;
- unanticipated developments that could occur with respect to contingencies such as litigation and environmental matters;
- an inability to raise or sustain prices for products or services;
- an inability to achieve or delays in achieving or achievement of less than anticipated financial benefit from initiatives related to acquisition and integration, working capital reductions, cost reductions and employee productivity goals;
- our ability to pay regular quarterly cash dividends and the amounts and timing of any future dividends;
- information systems failures and cyberattacks; and
- other factors described in our Annual Report on Form 10-K for the year ended December 31, 2019 under Item 1A, “Risk Factors.”

The above list of factors is not exhaustive.

We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised to consult any further disclosures we make on related subjects in our reports on Form 10-Q, 8-K and 10-K that we provide to the Securities and Exchange Commission.



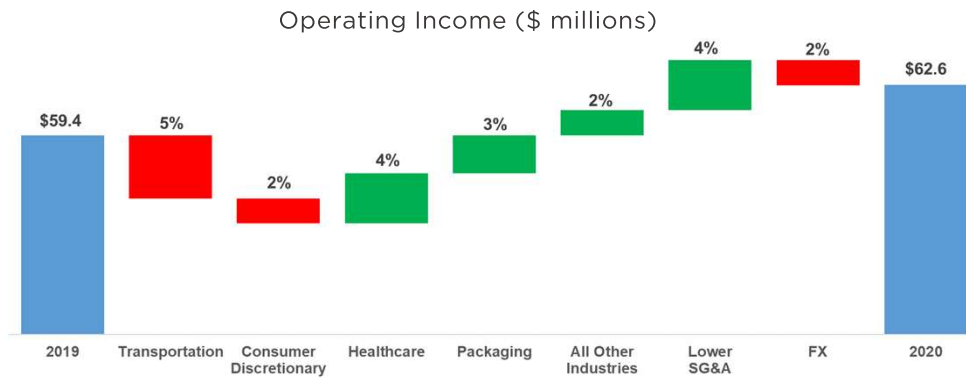
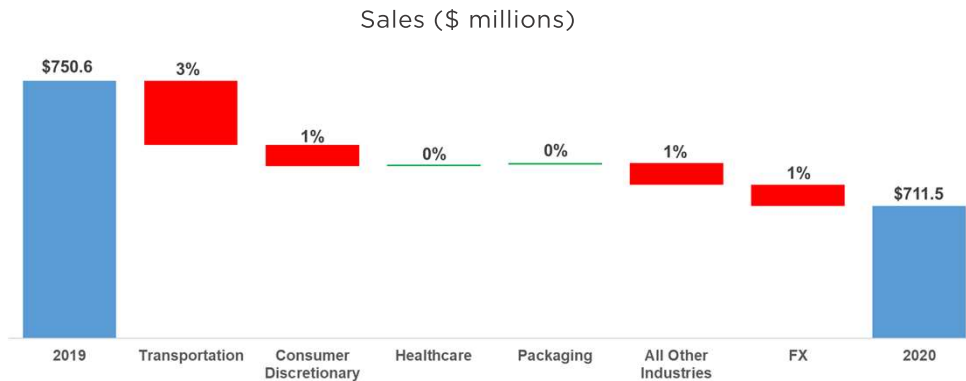
## USE OF NON-GAAP MEASURES

- This presentation includes the use of both GAAP (generally accepted accounting principles) and non-GAAP financial measures. The non-GAAP financial measures include: adjusted EPS, adjusted operating income, and return on invested capital.
- PolyOne's chief operating decision maker uses these financial measures to monitor and evaluate the ongoing performance of the Company and each business segment and to allocate resources. In addition, operating income before special items and adjusted EPS are components of various PolyOne annual and long-term employee incentive plans.
- A reconciliation of each non-GAAP financial measure with the most directly comparable GAAP financial measure is attached to this presentation which is posted on our website at [www.polyone.com](http://www.polyone.com).

# UPDATE ON THE COVID-19 PANDEMIC

- Our priority remains on the health and safety of our associates, customers, communities and all of our many stakeholders
- PolyOne continues to strictly adhere to government guidelines and protocols. Within our company, we have enacted social distancing practices, travel and visitor restrictions, digital and remote work arrangements and extensive cleaning and disinfecting procedures at our facilities – all with the intent to prevent spread of the virus
- 59 out of 61 PolyOne manufacturing facilities around the world continue to serve our customers as we are an essential source of supply related to the COVID-19 response and recovery
- PolyOne materials enable food, beverage and medical supplies to continue to be produced, packaged, shipped and used. This includes masks, protective garments, medical tubing and packaging for personal care products. In addition, our materials allow for infrastructure, telecommunications and technology to function

# FIRST QUARTER 2020 IN REVIEW



- Adjusted EPS from continuing operations improved 23% to \$0.53 compared to \$0.43 in the prior year first quarter
- Operating income increased 5% as improved margins in all segments and cost containment actions offset a 5% sales decline related to the COVID-19 pandemic
- Sales were most significantly impacted by a decline in automotive demand
- Demand in packaging and healthcare markets was stable and benefited from positive mix and lower raw material costs
- Ended the first quarter with a cash balance of \$1.28 billion that exceeds our total debt obligation of \$1.23 billion



## OVERVIEW OF RECENT EVENTS

- February equity offering of 15.3 shares at \$33.75 generated total proceeds of \$517 million (\$497 million net of fees)
- Finished the first quarter with strong results exceeding expectations, April sales down 16% as projected due to the Covid-19 impact on demand
- Completed \$650 million senior notes offering with an interest rate of 5.75%
- The Clariant Masterbatch acquisition remains compelling and we are working towards closing the deal this summer



# CLARIANT MASTERBATCH STRATEGIC RATIONALE

# FIT WITH FOUR PILLAR STRATEGY

## Specialization

- Innovation-led organization with heavy emphasis on R&D
- World-class expertise in color formulation
- Strong presence in specialty end markets including Consumer, Packaging and Healthcare

## Globalization

- Diverse geographic portfolio with an established presence in every major region
- Expands PolyOne's ability to serve customers in key growth areas including India, China and Southeast Asia

## People

Experienced and talented associates with a winning mentality

## Operational Excellence

- Extensive manufacturing footprint with 46 facilities
- Organizational focus on optimizing supply chain to better serve customers
- Color design expertise

## Commercial Excellence

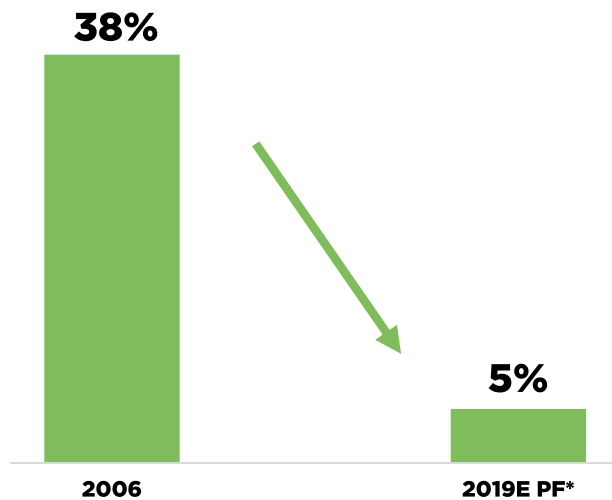
- Value-focused salesforce with vast experience marketing and commercializing specialty technologies
- Diverse customer portfolio with established OEM's



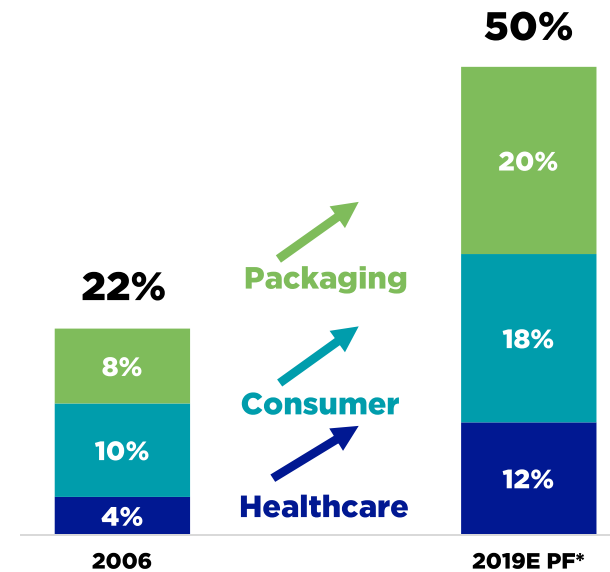
# END MARKET TRANSFORMATION

## Percentage of Total Revenue

### Building & Construction



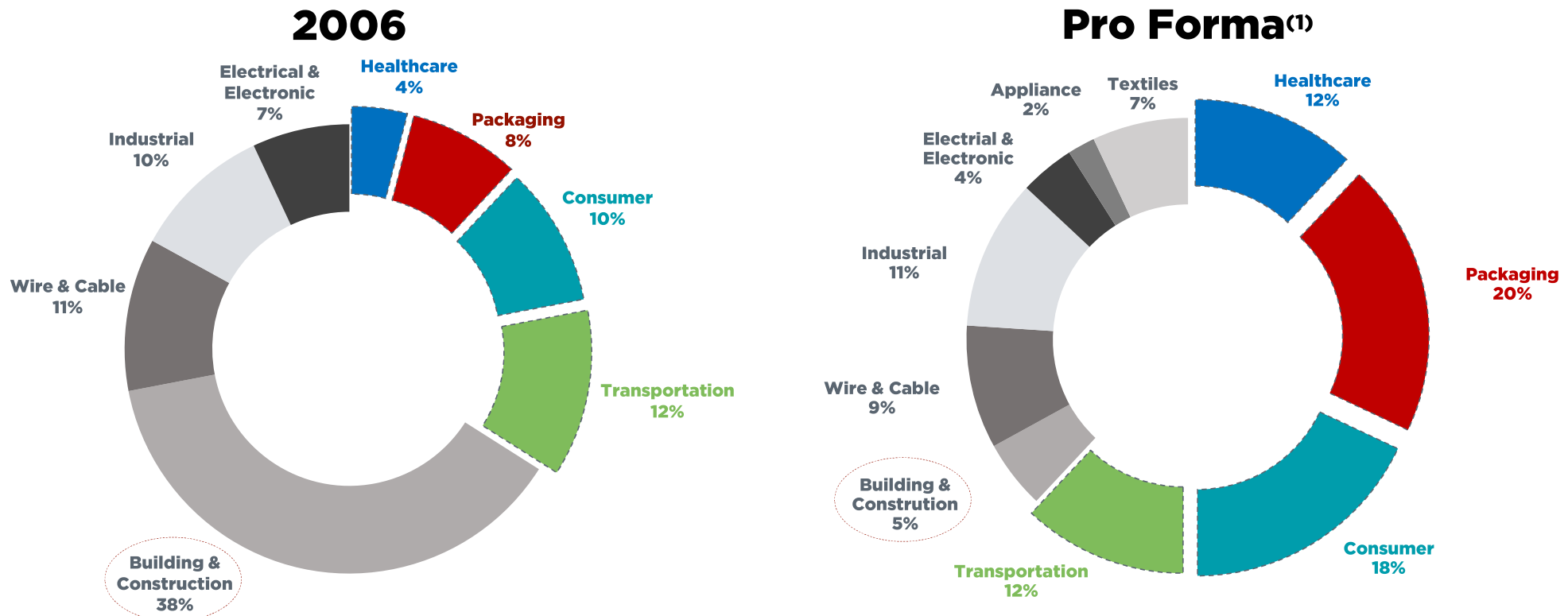
### High Growth End Markets



\* 2019E Pro Forma for PP&S Divestiture and Clariant Masterbatch business

# END MARKET TRANSFORMATION

## Net Sales by End Market



(1) Pro forma for PP&S Divestiture and the Clariant Masterbatch acquisition using 2019 financial information.

# UNIFIED FOCUS ON SUSTAINABILITY

## PolyOne

- Uses packaging additives & colorants to improve recyclability and enhance automated sorting
- Combines UV-blocking additive colorants & other barriers to prevent spoilage and waste
- Produces infrared absorbing additives that reduce energy requirements for bottle manufacturing



Improved Recyclability



Reduced Material Requirements



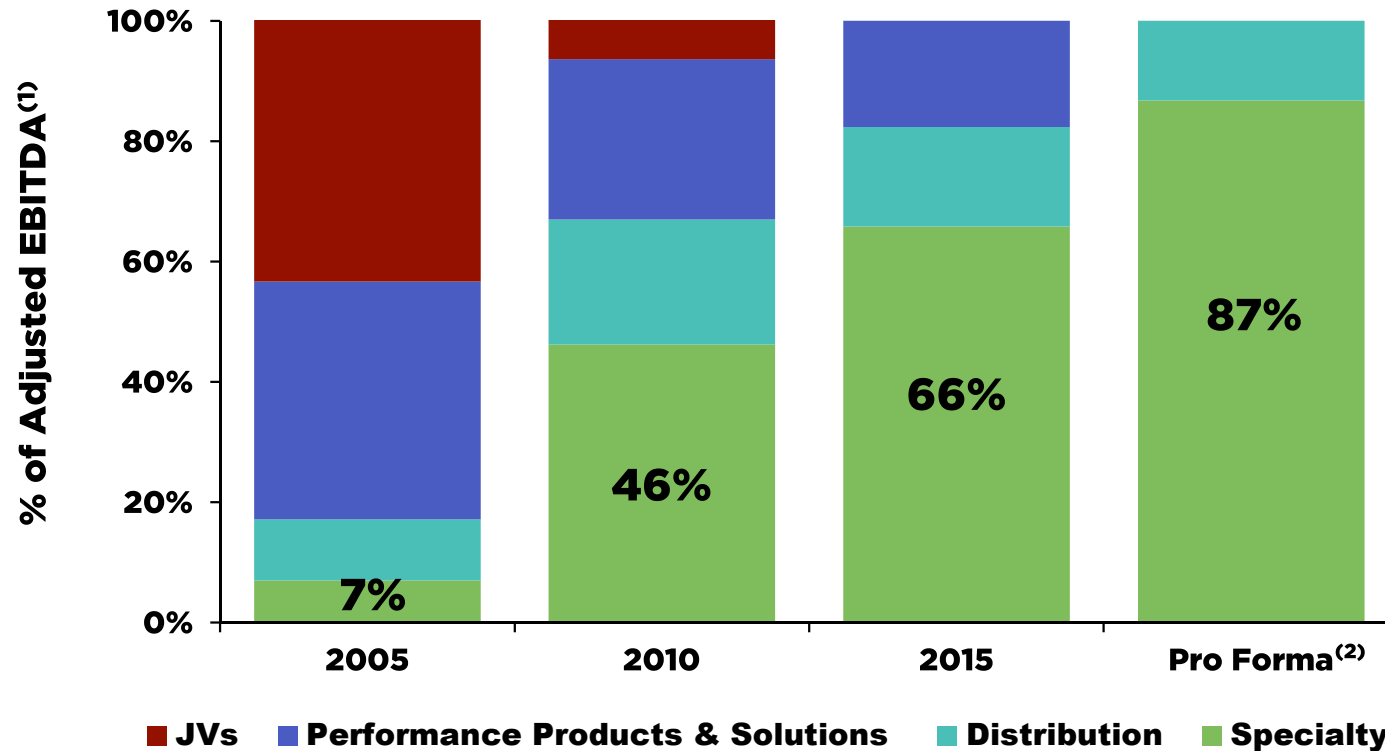
Reduced Energy Use

## Clariant Masterbatch Business

- Building mini-recycling plants to facilitate customer projects on design for recycling - CycleWorks
- Manufactures oxygen scavengers to extend shelf-life of perishable items and reduce material requirements
- Offers spin-dyeing solutions that use significantly less water than traditional methods, allowing for sustainable coloration of textiles



# OVER 85% OF ADJUSTED EBITDA FROM SPECIALTY



(1) Adjusted EBITDA is EBITDA excluding corporate costs and special items.

(2) Pro forma for PP&S Divestiture and the Clariant Masterbatch acquisition with estimates synergies using 2019 financial information.

## **THE NEW POLYONE: A SPECIALTY GROWTH COMPANY**

- Landmark portfolio transformation: > 85% of Adjusted EBITDA from specialty solutions
- World-class innovation, technology and service are differentiators
- Sustainability initiatives and alignment with megatrends drive above market growth in key end markets and applications
- Capital management is a strength - proven track record of expanding ROIC while increasing invested capital

**Transaction expected to add \$0.85 to pro forma adjusted EPS**



# **SUSTAINABILITY AT POLYONE**

**PEOPLE, PRODUCTS, PLANET, PERFORMANCE**

# CORE VALUES

**Collaboration    Innovation    Excellence**

# VISION

To be the world's premier provider of specialized polymer materials, services and sustainable solutions

**STRATEGY**

**Commercial Excellence**

**Operational Excellence**

**Globalization**

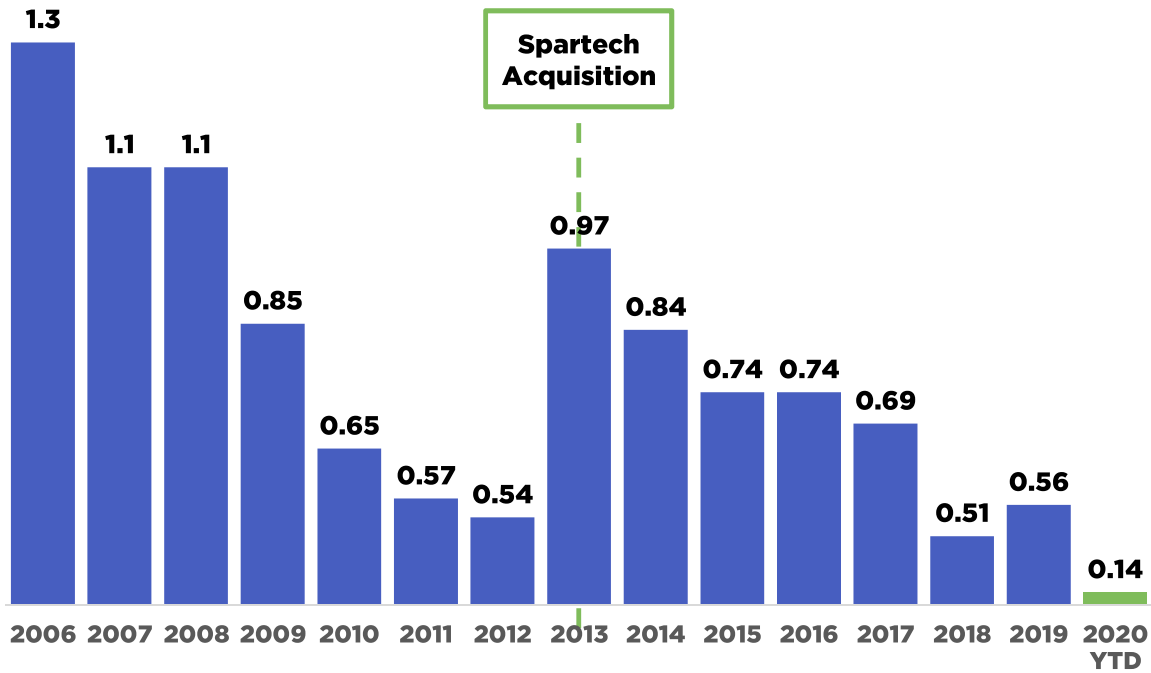
**Specialization**

# PERSONAL VALUES

**Honesty    Respect    Integrity**

# SAFETY FIRST

## Injuries per 100 Workers





# GREAT PLACE TO WORK



# COMMODITY TO SPECIALTY TRANSFORMATION

## Volume

- Volume driven, commodity production
- Heavily tied to cyclical end markets
- Performance largely dependent on non-controlling joint ventures

**2000-2005**

## Value

- Shift to value-based selling & an innovative culture
- New leadership team appointed
- Implementation of four pillar strategy
- Investment in commercial training and innovation
- Faster growing, high margin focus

**2006 - 2013**

## Transformation

- Accelerated growth with world class vitality index
- Significant commercial resource additions
- Expanded margins with specialty focus
- Acquired strategic, bolt-on companies to expand technology offerings and improve geographic breadth

**2013 - 2019**

## The Future

- Landmark portfolio transformation creates specialty growth company
- Sustainability / mega-trends drive above market growth

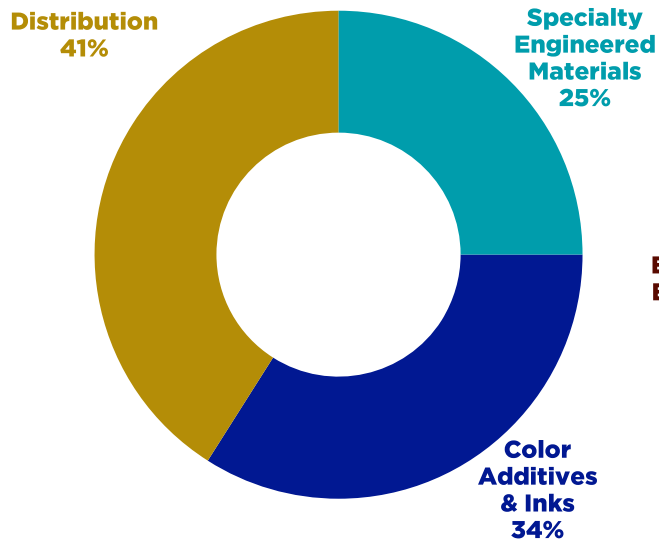


**2020 and Beyond**

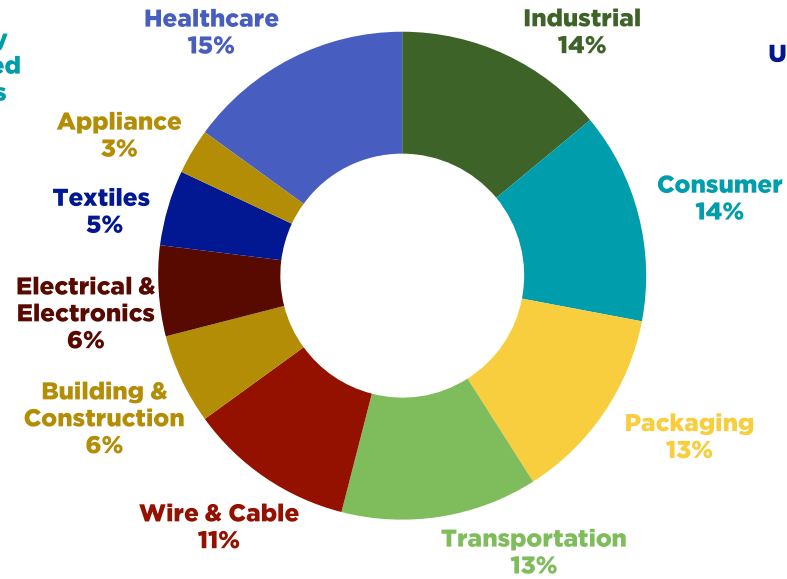
# POLYONE

## 2019 REVENUE | \$2.9 BILLION

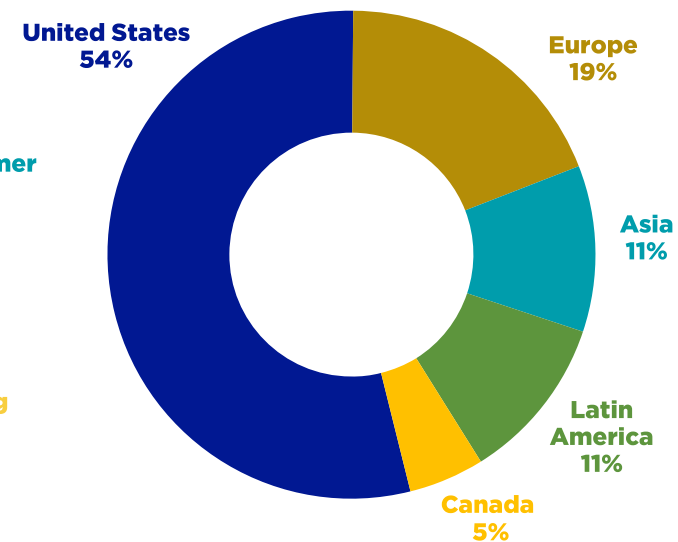
### Segment



### End Market

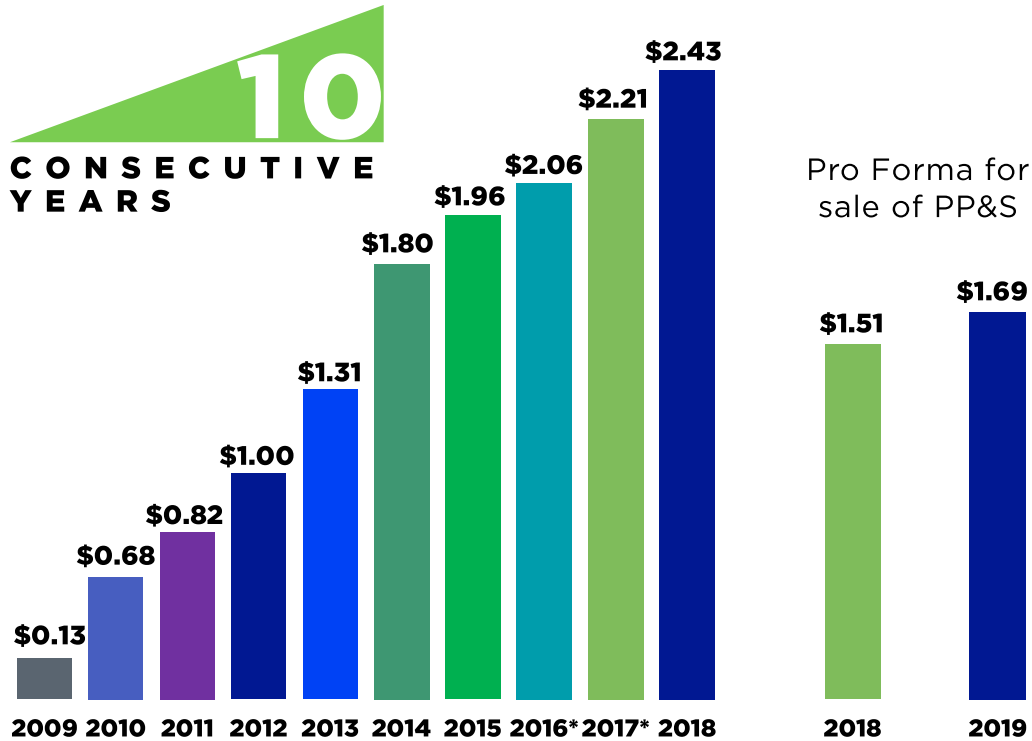


### Geography



# PROOF OF PERFORMANCE

## ADJUSTED EPS EXPANSION



### Operating Income % of Sales

Color, Additives & Inks

**2006**

**1.7%**

**2019**

**14.7%**

Specialty Engineered Materials

**1.1%**

**11.6%**

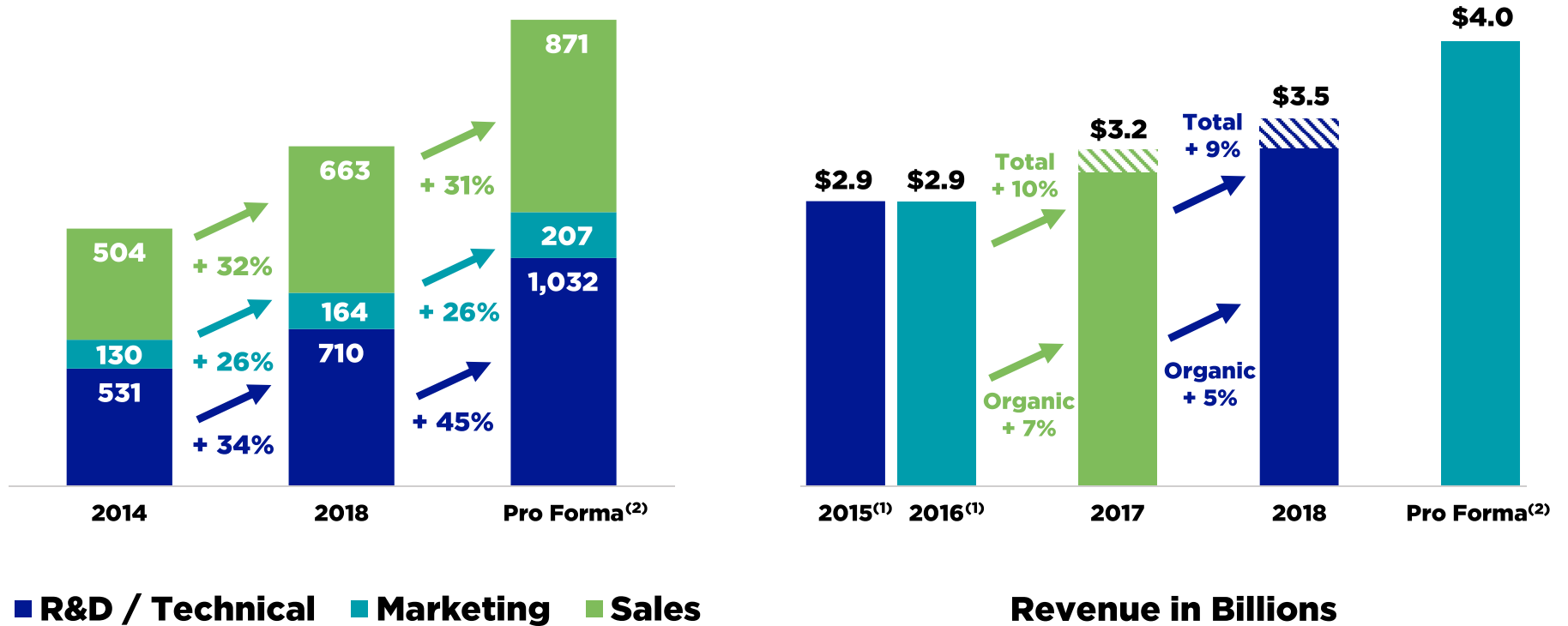
Distribution

**2.6%**

**6.3%**

\* Pro Forma for sale of DSS

# EXPANSION OF COMMERCIAL RESOURCES DRIVING GROWTH

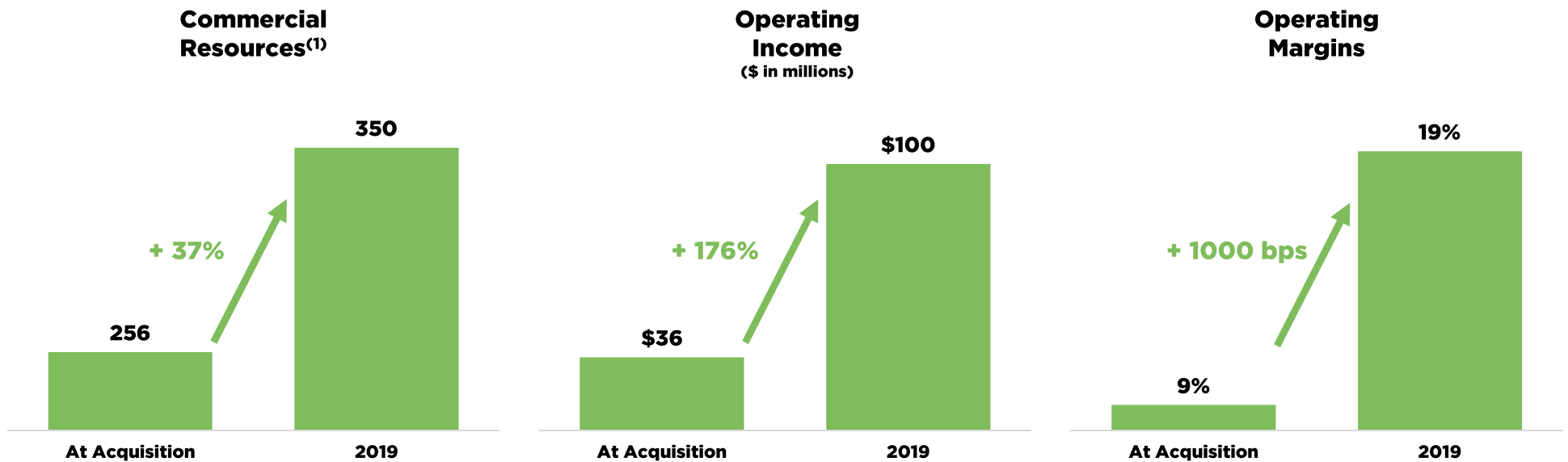


(1) Pro Forma for sale of Designed Structures and Solutions (DSS) segment

(2) Pro Forma for PP&S Divestiture and Clariant Masterbatch business using 2019 financial information

# PRIOR ACQUISITIONS HISTORY

## Established Acquisitions (> 7 years)

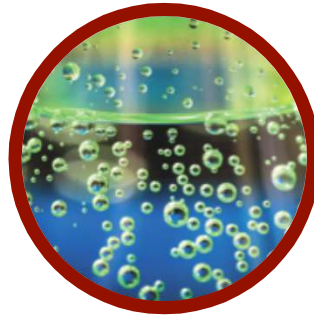


(1) Commercial Resources include headcount in R&D / Technical, Marketing and Sales related positions.

# ALIGNING WITH TRENDS FOR GROWTH



**TRANSPORTATION**



**PACKAGING**



**HEALTHCARE**



**CONSUMER**

**Light-weighting**

**Facilitate alternative energy solutions**

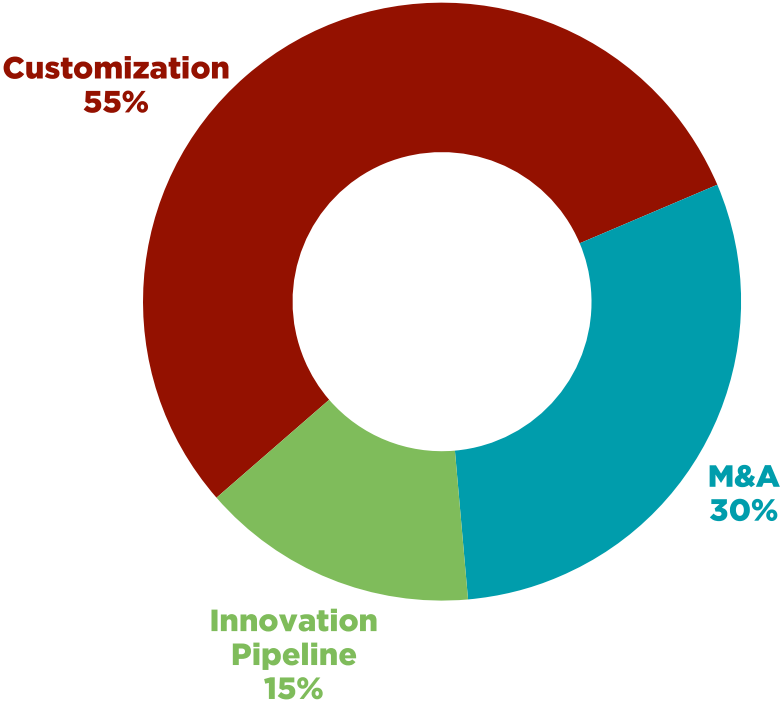
**Reduce packaging materials**

**Improve recyclability**

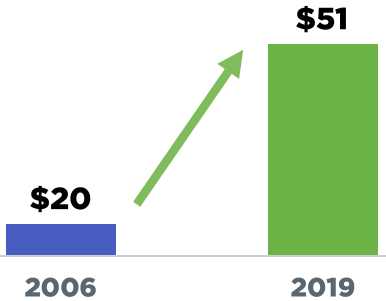
**Reduce spread of infection**

# INNOVATION

## Innovation comes from

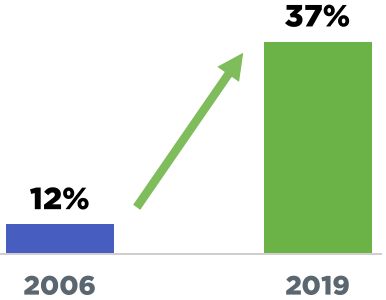


## Research & Development Spend (\$ millions)



## Vitality Index

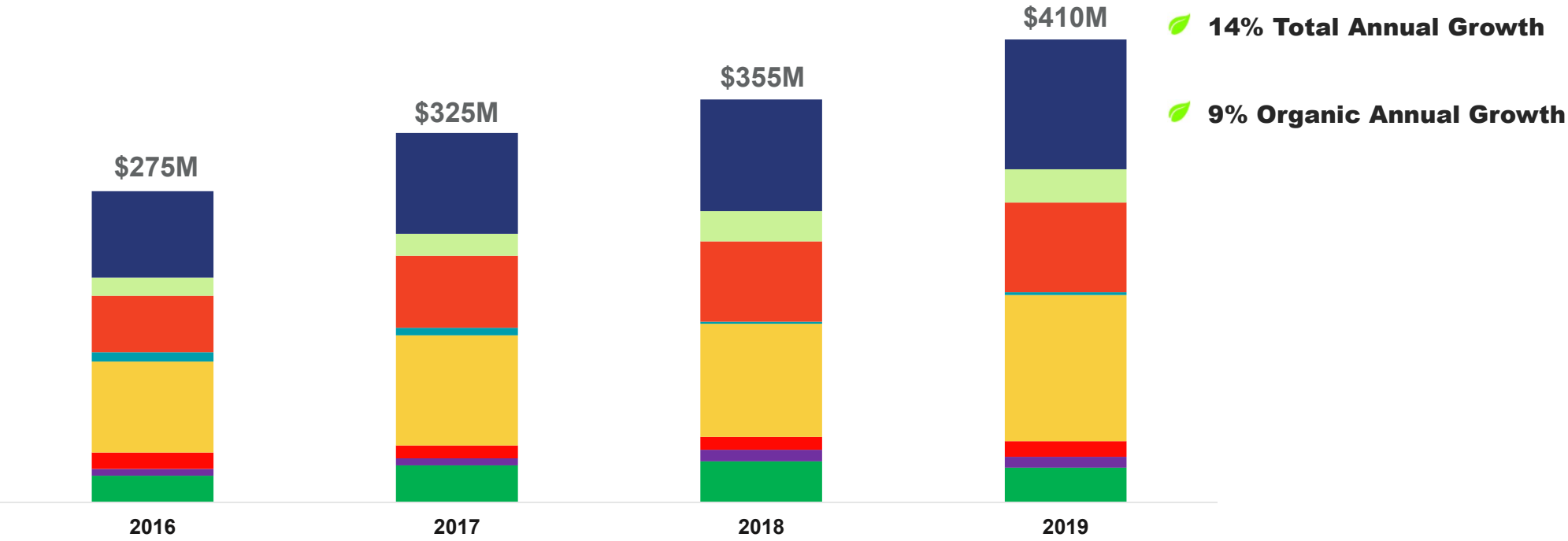
% of sales from products launched last 5 years





# REVENUE FROM SUSTAINABLE SOLUTIONS

- Lightweighting
- Reduced Material Requirements
- Improved Recyclability
- Renewable Energy Applications
- Eco-conscious
- Bio-derived Content
- Reduced Energy Use
- VOC Reduction

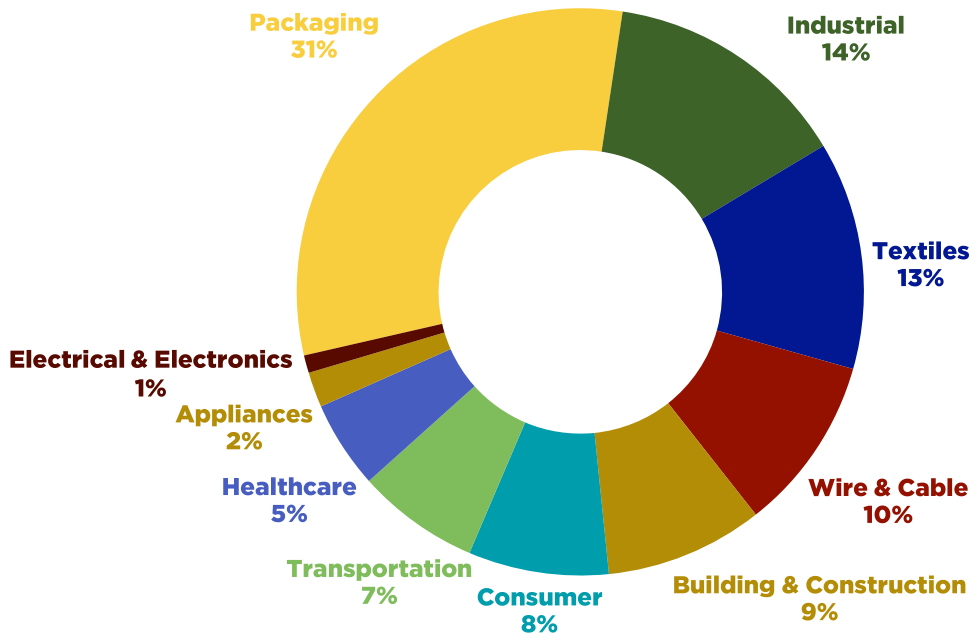




**SEGMENT HIGHLIGHTS**  
**INNOVATING WITH POLYONE**

# COLOR, ADDITIVES & INKS

## END MARKETS & SOLUTIONS



**Solid  
Colorants**



**Liquid  
Colorants**



**Performance  
Additives**

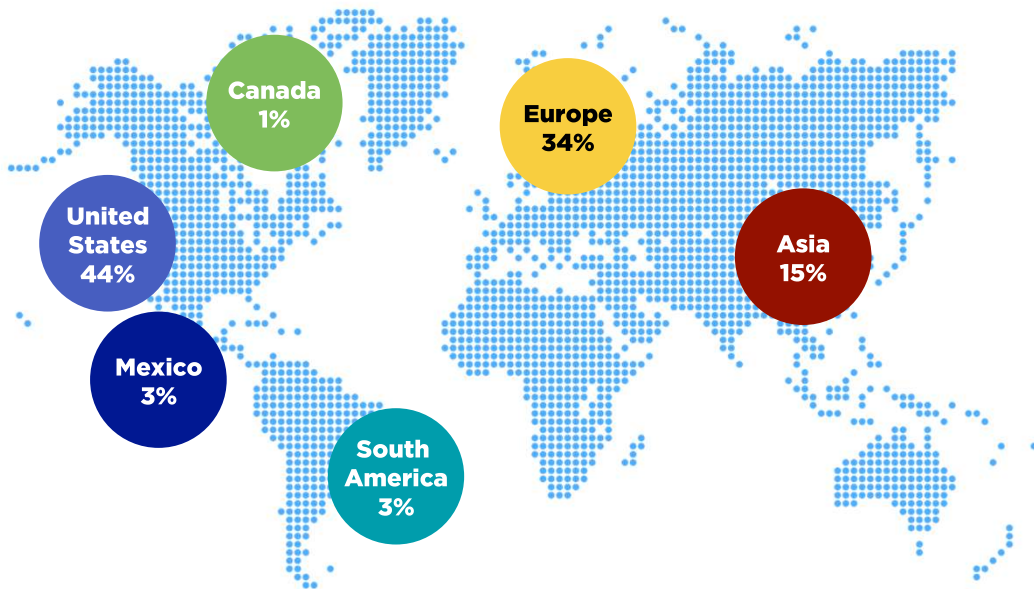


**Screen  
Printing Inks**

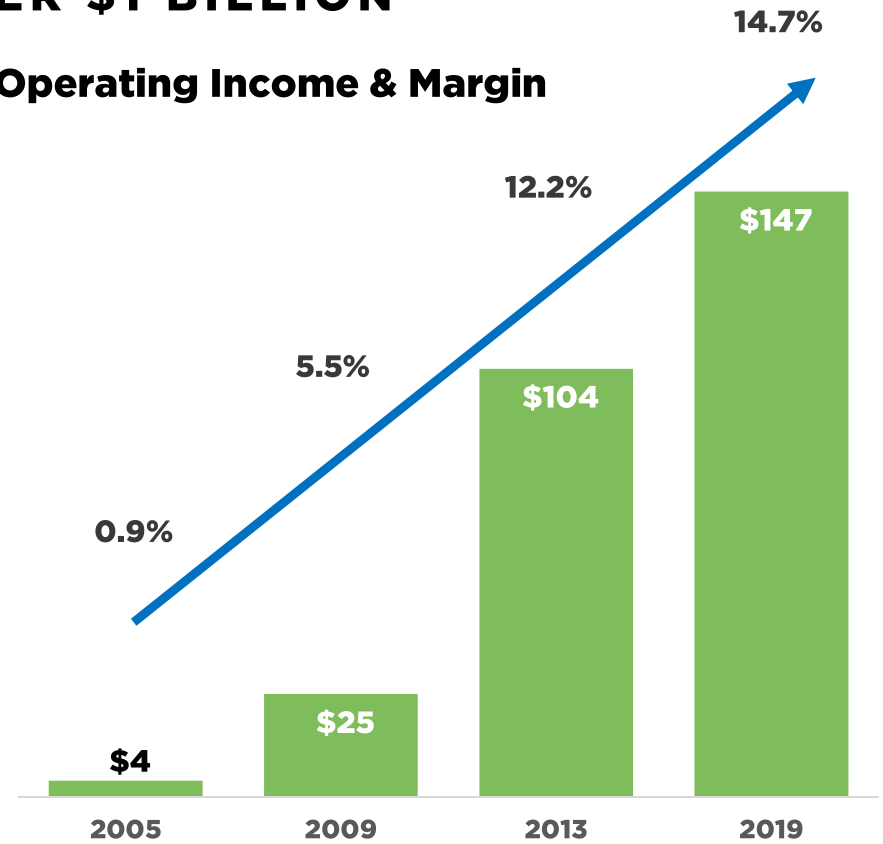
# COLOR, ADDITIVES & INKS

## 2019 REVENUE | OVER \$1 BILLION

### Revenue by Region

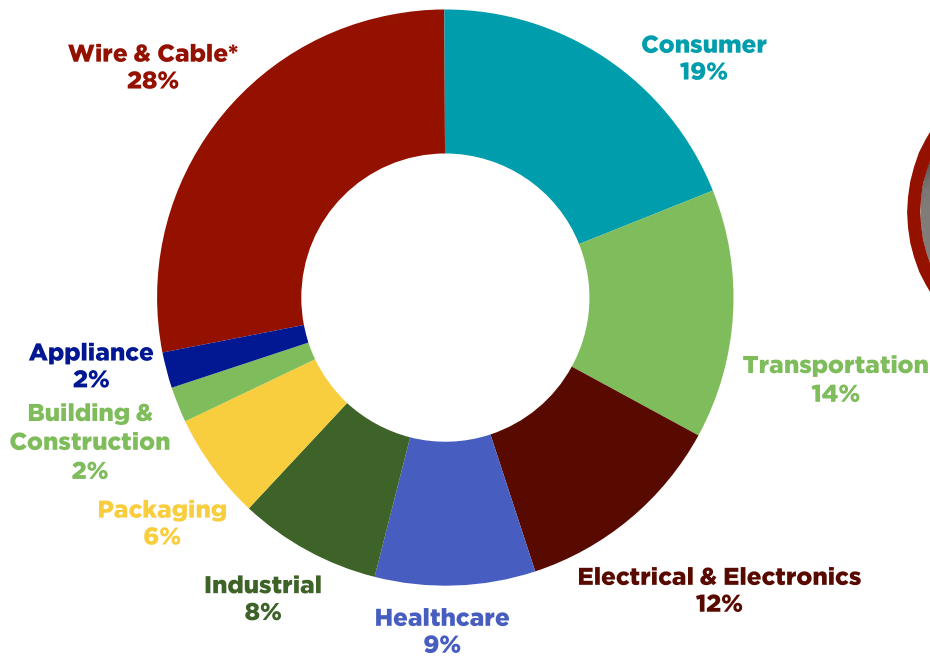


### Operating Income & Margin



# SPECIALTY ENGINEERED MATERIALS

## END MARKETS & SOLUTIONS



**Engineered Formulations**



**Advanced Composites**



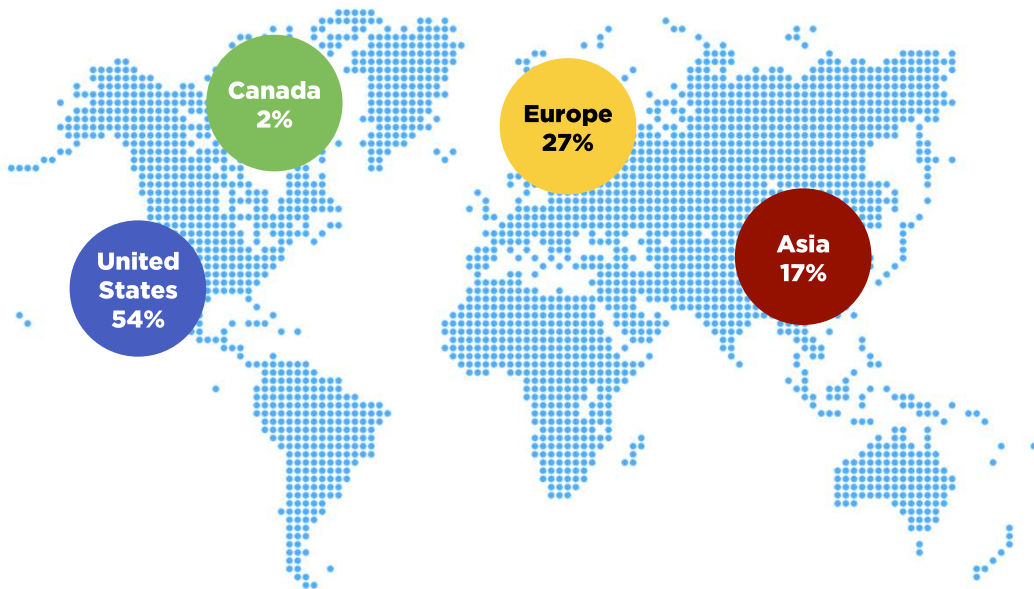
**Thermoplastic Elastomers**

\*Note: Approximately 50% of Wire and Cable sales are associated with Fiber Optic Cabling

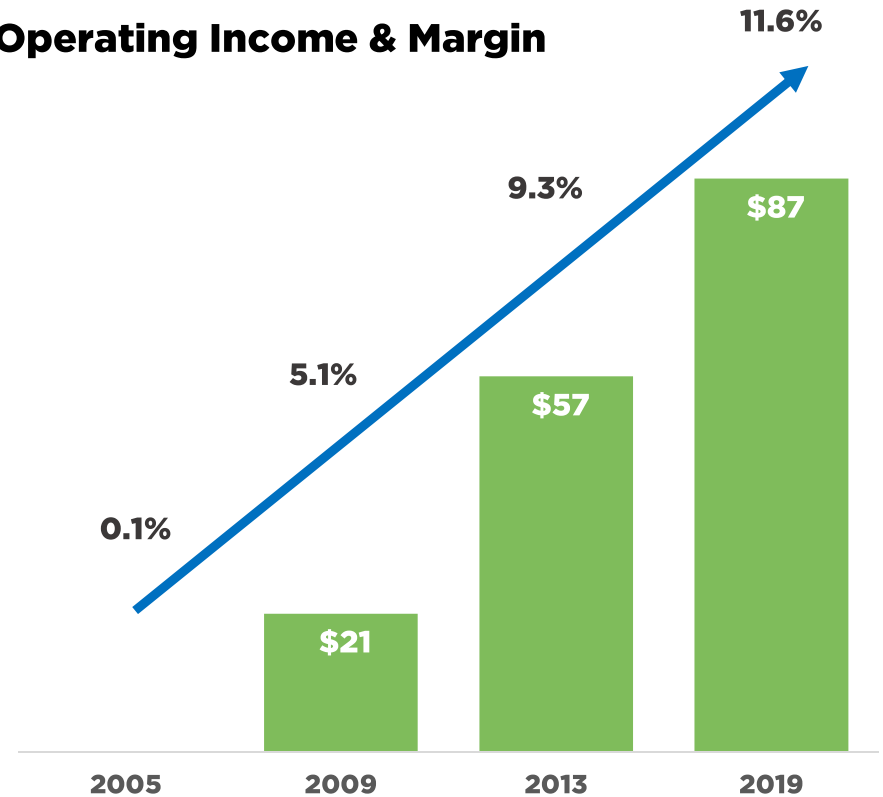
# SPECIALTY ENGINEERED MATERIALS

2019 REVENUE | \$750 MILLION

Revenue by Region



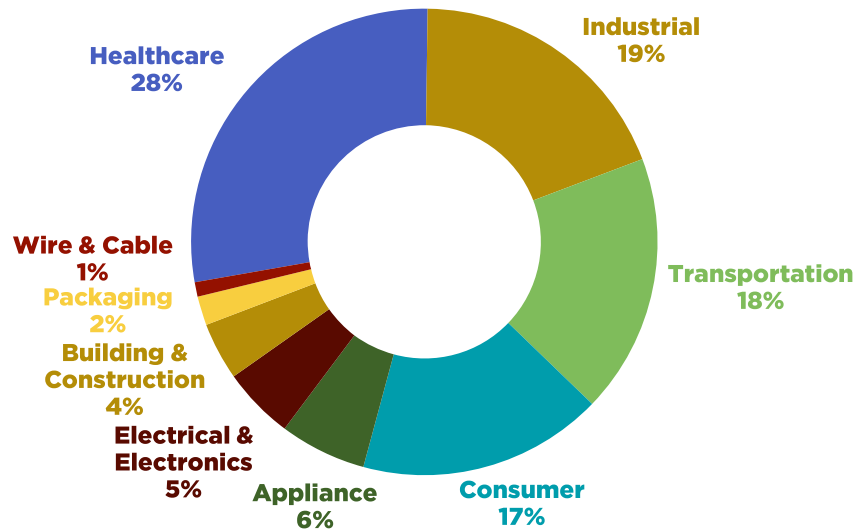
Operating Income & Margin



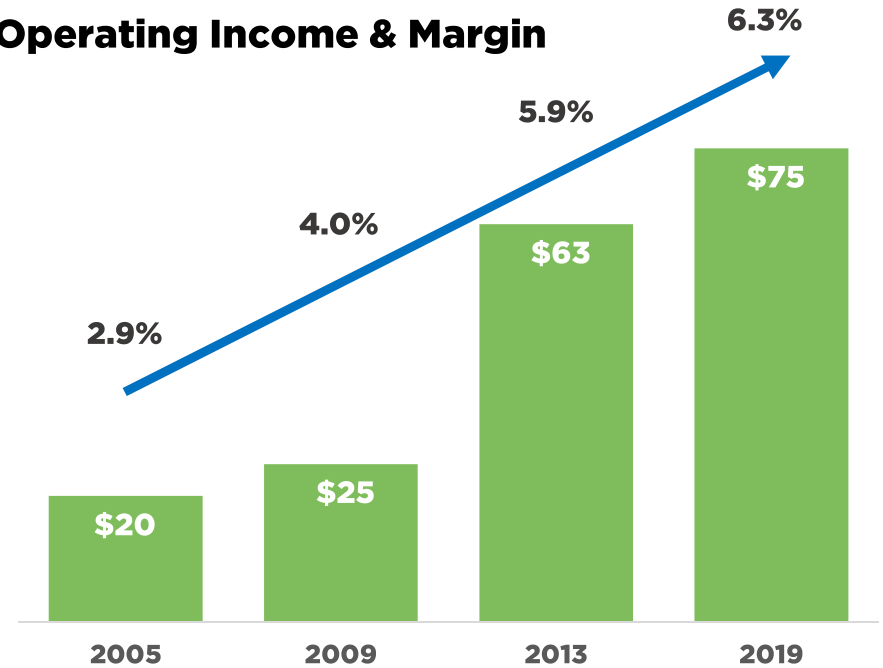
# DISTRIBUTION

## END MARKETS & SUPPLIERS

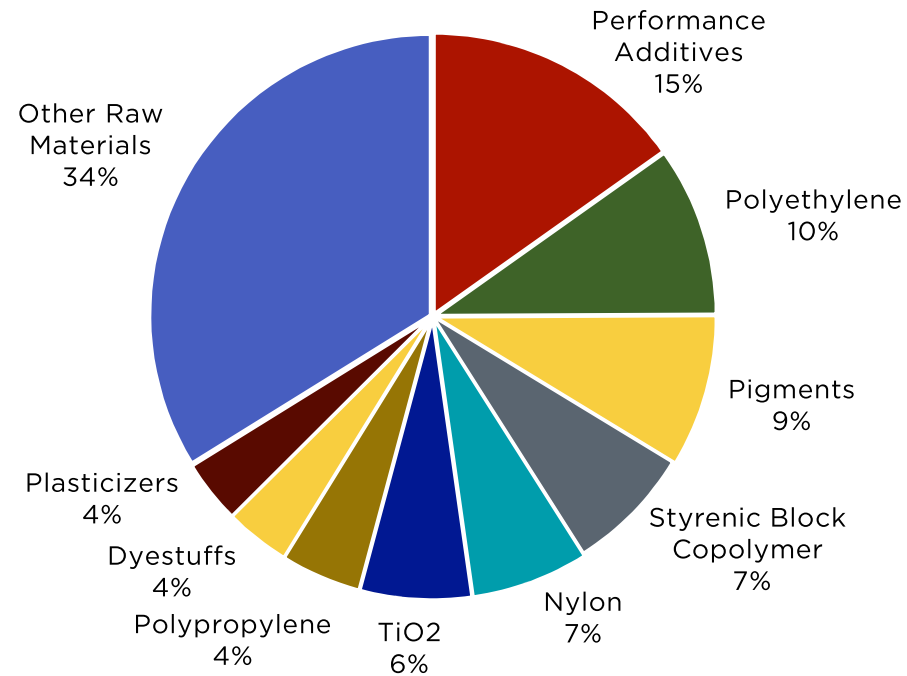
2019 Revenue | \$1.2 Billion



Operating Income & Margin



# OVERVIEW OF RAW MATERIAL PURCHASES



\$900 million of raw material purchases in 2019 excluding Distribution business

Note: All figures exclude divested PP&S business



*PolyOne*<sup>TM</sup>

**Reconciliation of Non-GAAP Financial Measures (Unaudited)**  
(Dollars in millions, except per share data)

Senior management uses comparisons of adjusted net income from continuing operations attributable to PolyOne shareholders and diluted adjusted earnings per share (EPS) from continuing operations attributable to PolyOne shareholders, excluding special items, to assess performance and facilitate comparability of results. Senior management believes these measures are useful to investors because they allow for comparison to PolyOne's performance in prior periods without the effect of items that, by their nature, tend to obscure PolyOne's operating results due to the potential variability across periods based on timing, frequency and magnitude. Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation from, or solely as alternatives to, financial measures prepared in accordance with GAAP. Below is a reconciliation of these non-GAAP financial measures to their most directly comparable financial measures calculated and presented in accordance with GAAP.

Adjusted EPS attributable to PolyOne common shareholders is calculated as follows:

	2009*	2010*	2011*	2012*	2013*	2014*	2015*	2016**	2017**	2018	2018***	Q1 2019***	2019	Q1 2020
Net income from continuing operations attributable to PolyOne common shareholders	\$ 106.7	\$ 152.5	\$ 153.4	\$ 53.3	\$ 94.0	\$ 78.0	\$ 144.6	\$ 166.4	\$ 173.5	\$ 161.1	\$ 87.7	\$ 22.4	\$ 75.5	\$ 33.1
Joint venture equity earnings, after tax	(19.0)	(14.7)	(3.7)	—	—	—	—	—	—	—	—	—	—	—
Special items, before tax <sup>(1)</sup>	(48.7)	24.2	(48.1)	55.1	46.3	164.2	87.6	23.8	32.9	59.5	58.7	12.2	61.7	9.6
Special items, tax adjustments <sup>(1)</sup>	(27.2)	(96.7)	(24.7)	(18.9)	(13.7)	(73.7)	(58.7)	(15.9)	(24.8)	(25.3)	(25.1)	(1.2)	(5.9)	(1.0)
Adjusted net income from continuing operations attributable to PolyOne common shareholders	\$ 11.8	\$ 65.3	\$ 76.9	\$ 89.5	\$ 126.6	\$ 168.5	\$ 173.5	\$ 174.3	\$ 181.6	\$ 195.3	\$ 121.3	\$ 33.4	\$ 131.3	\$ 41.7
Diluted shares	93.4	96.0	94.3	89.8	96.5	93.5	88.7	84.6	82.1	80.4	80.4	78.2	77.7	86.7
Adjusted EPS attributable to PolyOne common shareholders	\$ 0.13	\$ 0.68	\$ 0.82	\$ 1.00	\$ 1.31	\$ 1.80	\$ 1.96	\$ 2.06	\$ 2.21	\$ 2.43	\$ 1.51	\$ 0.43	\$ 1.69	\$ 0.48

\* Historical results are shown as presented in prior filings and have not been updated to reflect subsequent changes in accounting principle, discontinued operations or the related resegmentation.

\*\* Pro forma for sale of Designed Structures and Solutions segment (DSS).

\*\*\* Pro forma for sale of Performance Products and Solutions segment (PP&S).

Senior management has referenced adjusted EPS excluding the impact of additional shares issued in February 2020. On January 28, 2020, prior to the issuance of the additional shares, the Company provided guidance for adjusted EPS for the first quarter of 2020. This guidance excluded the impact of the additional shares subsequently issued in February. Accordingly, for purposes of comparability to the January 28, 2020 guidance, and prior year, management has referenced adjusted EPS excluding the impact of the additional shares issued in February. In addition, and again for comparability, adjusted EPS also excludes the benefit of interest income earned on cash raised in connection with the February share issuance.

Below is a reconciliation of this non-GAAP financial measure to the most directly comparable financial measure calculated and presented in accordance with GAAP.

Reconciliation to Adjusted EPS Excluding Special Items and Impacts of February 2020 Equity Offering	Three Months Ended March 31, 2020	
Net income from continuing operations – GAAP	\$	33.1
Special items, after tax <sup>(1)</sup>		8.6
After tax interest income earned on equity proceeds, included in Interest expense, net		(0.7)
Adjusted net income excluding special items and impact of interest income on equity proceeds	\$	41.0
Diluted weighted-average shares used to compute earnings per common share		86.7
Weighted-average impact of 15.3 million shares issued in February 2020 equity offering		(9.3)
Diluted weighted-average shares excluding impact of shares issued in February 2020 equity offering		77.4
Adjusted EPS - excluding special items and the net impact of equity offering	\$	0.53