



**GLOBAL HIGH YIELD &  
LEVERAGED FINANCE  
CONFERENCE**

**FEBRUARY 2020**

*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 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 integrate acquisitions
- 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 the disposal of plastic 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;
- Information systems failures and cyber attacks; and
- Other factors affecting our business beyond our control, including, without limitation, changes in the general economy, changes in interest rates and changes in the rate of inflation.

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).

# CORE VALUES

**Collaboration    Innovation    Excellence**

**STRATEGY**

**Commercial  
Excellence**

**Operational  
Excellence**

**Globalization**

**Specialization**

# PERSONAL VALUES

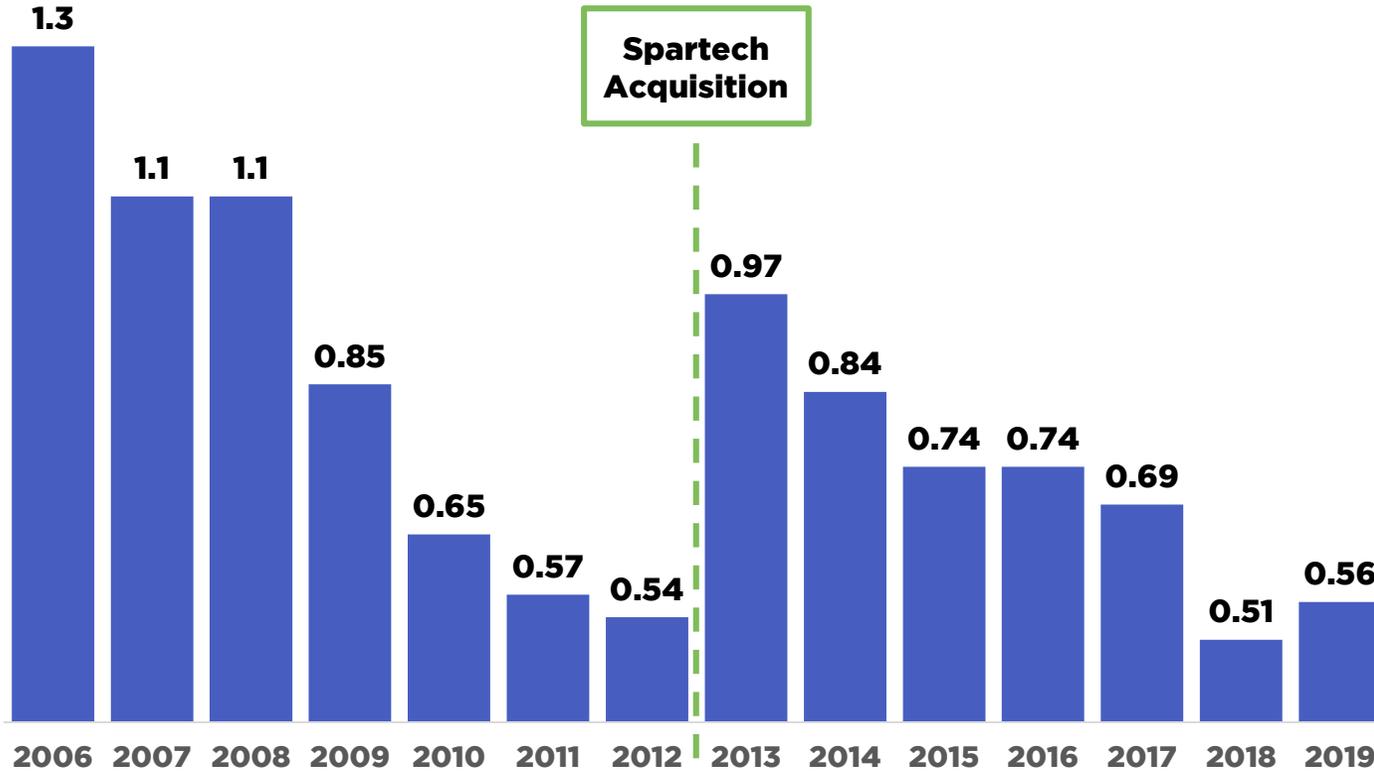
**Honesty    Respect    Integrity**

# VISION

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

# SAFETY FIRST

## Injuries per 100 Workers



# 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

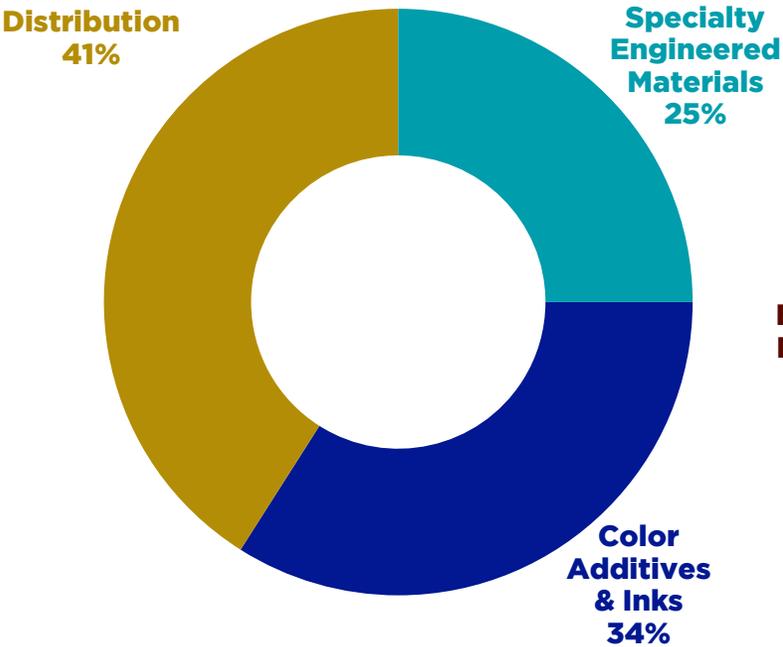
- Landmark portfolio transformation creates specialty growth company
- Sustainability / mega-trends drive above market growth

**2020 and Beyond**

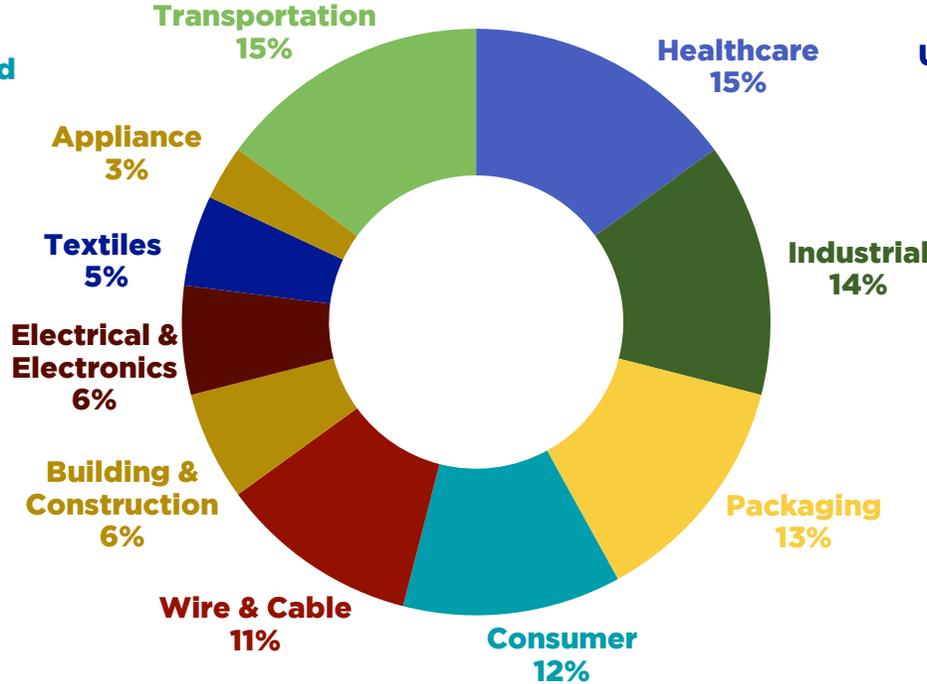
# POLYONE

## 2019 REVENUE | \$2.9 BILLION

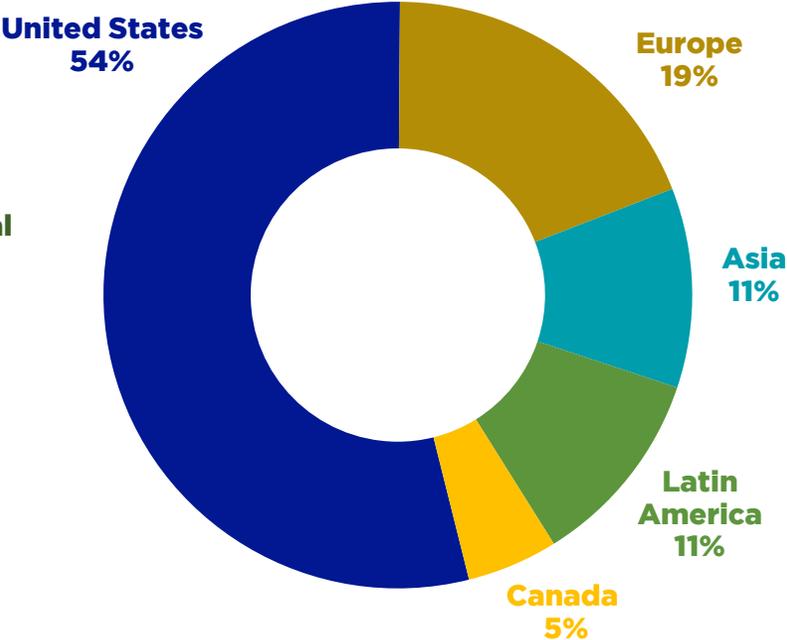
### Segment



### End Market

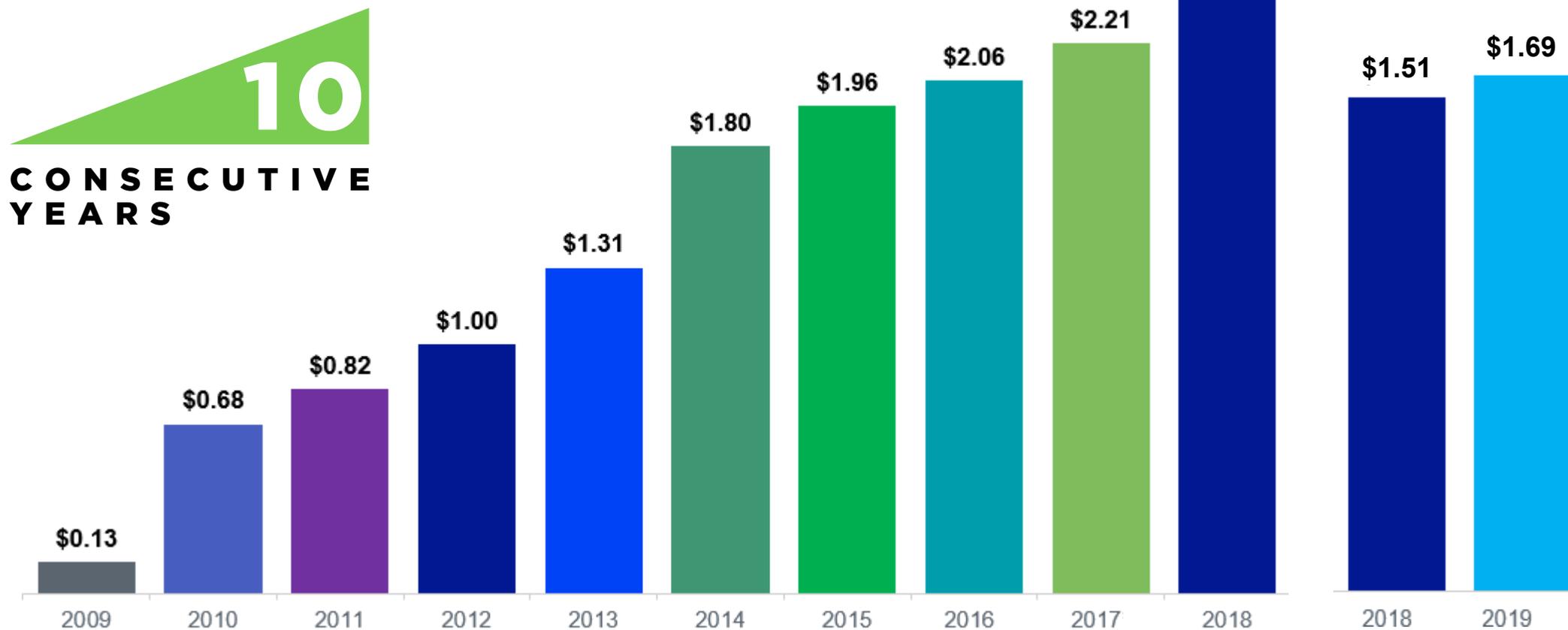


### Geography

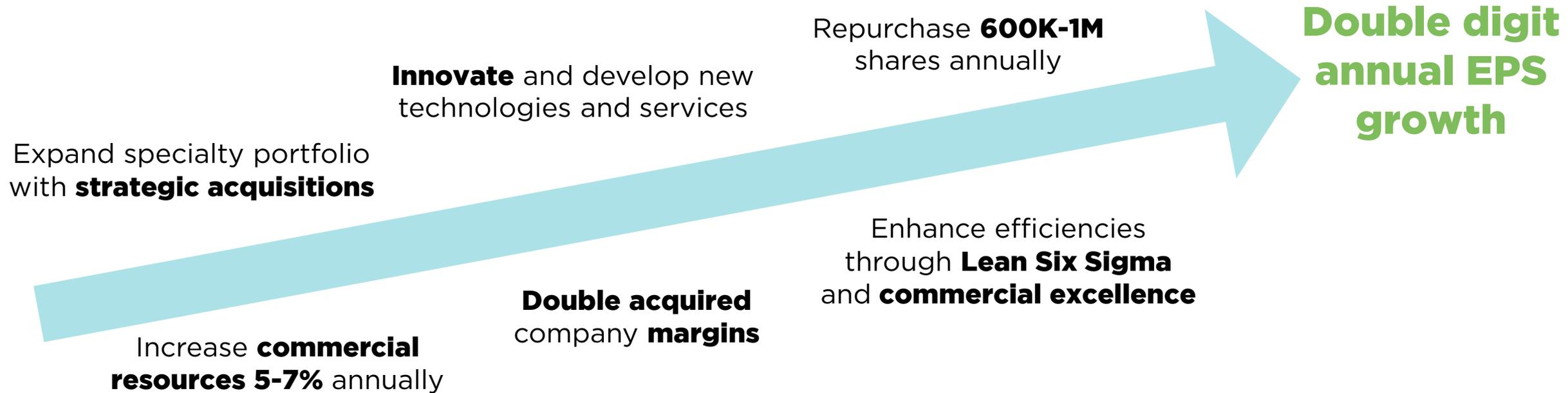


# PROOF OF PERFORMANCE

## ADJUSTED EPS EXPANSION



# SUSTAINABLE PATH TO DOUBLE-DIGIT EPS GROWTH



**PEOPLE**



**PRODUCTS**

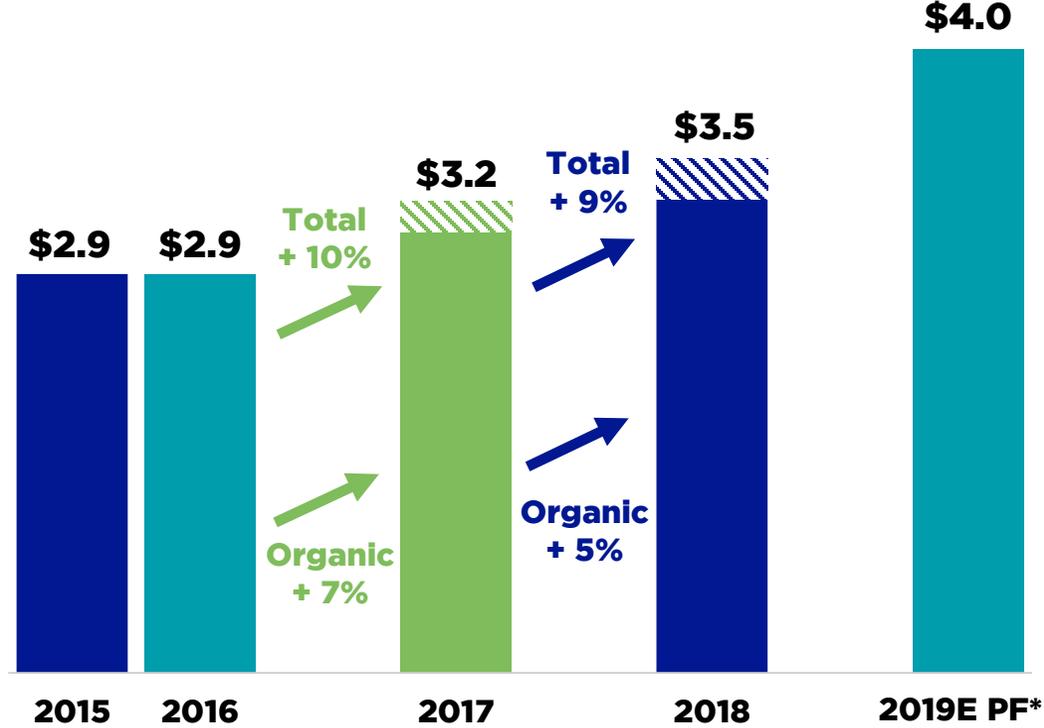
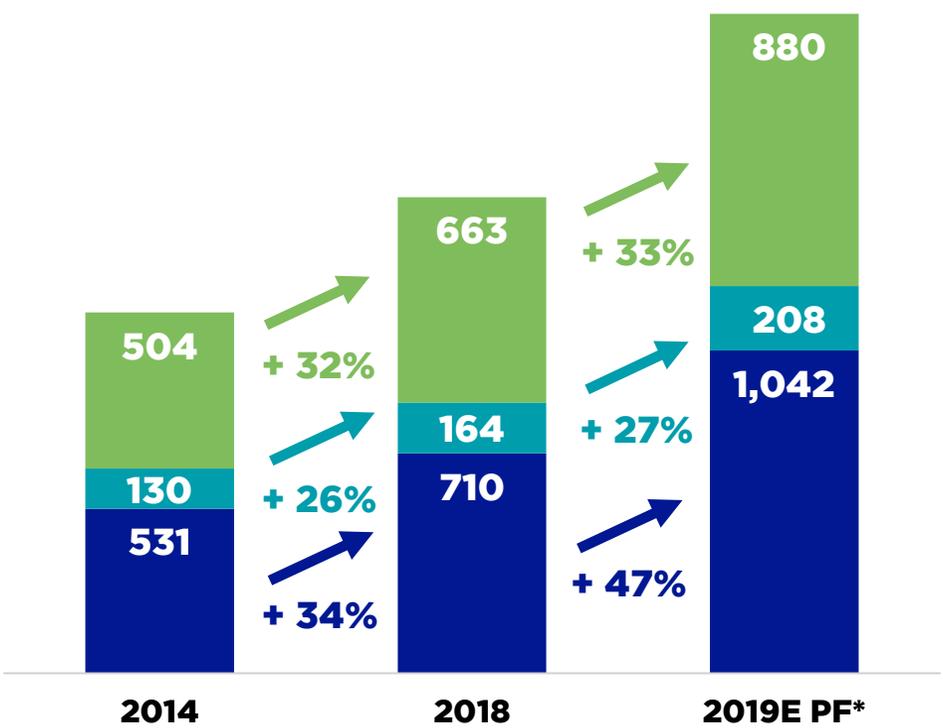


**PLANET**



**PERFORMANCE**

# EXPANSION OF COMMERCIAL RESOURCES DRIVING GROWTH



■ R&D / Technical ■ Marketing ■ Sales

Revenue in Billions

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



# THE EVOLVING CUSTOMER RELATIONSHIP

## Traditional Path



**Customer Service**



**Strategic Accounts/  
Field Sales**



**Business Development**

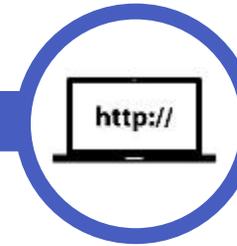
## Expanded Path



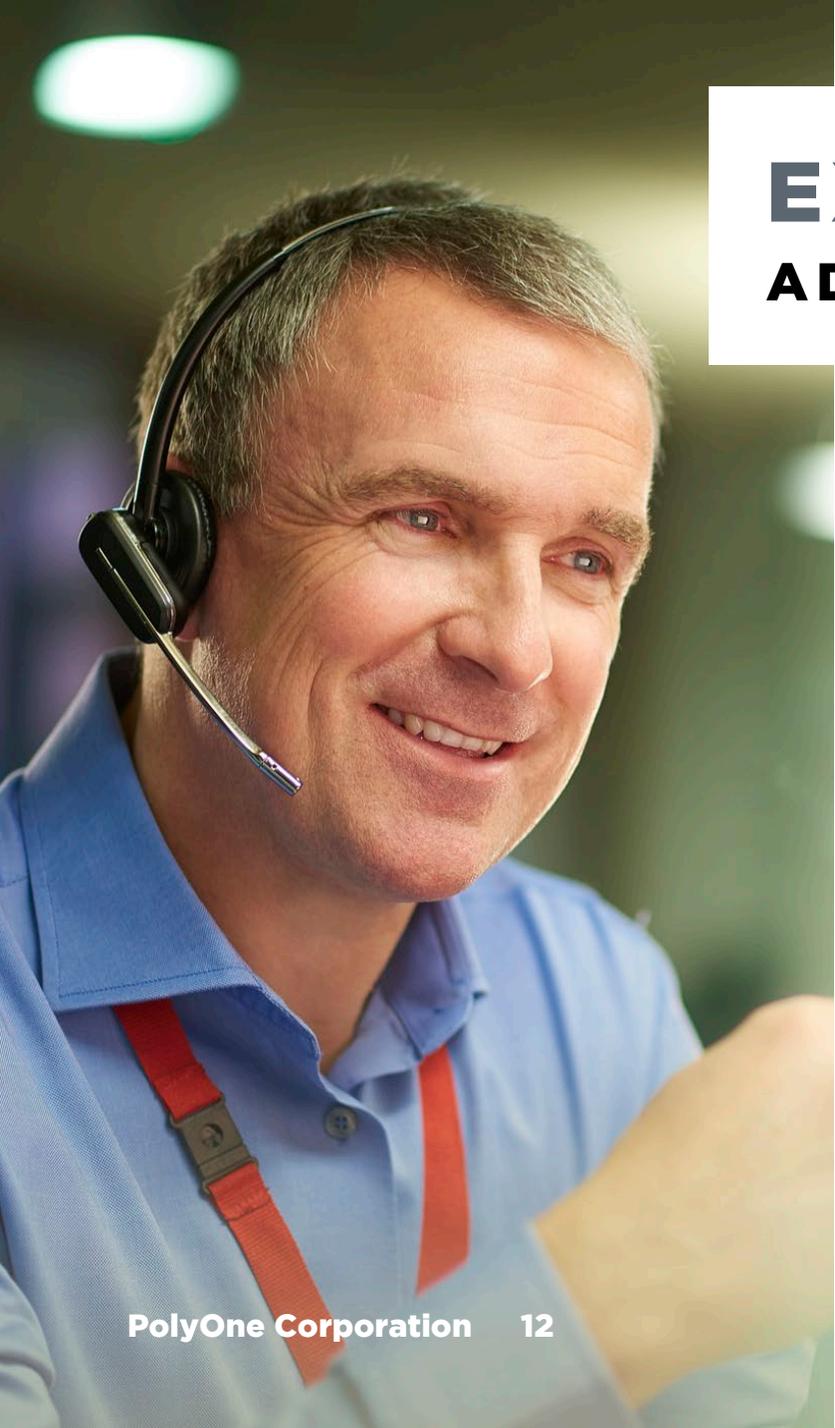
**Lead Specialists**



**Inside Sales**



**Web and Social Media**

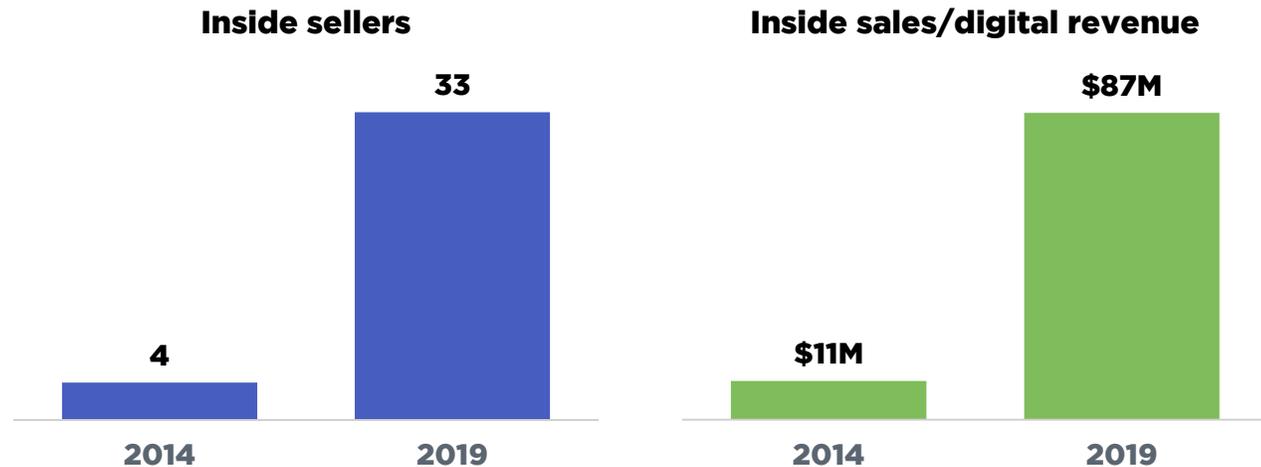


# EXPANDED PATH

## ADDING CUSTOMER TOUCHPOINTS

**Investments in digital and dedicated inside sales to improve customer experience**

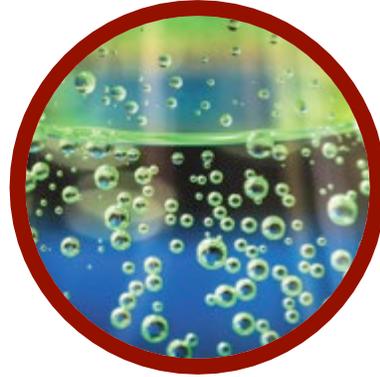
**110% increase in leads (from 6,000 to 12,700) driven by website, phone, and online chat**



# ALIGNING WITH TRENDS FOR GROWTH



**TRANSPORTATION**



**PACKAGING**



**HEALTHCARE**



**CONSUMER**

**Light-weighting**

**Facilitate alternative energy solutions**

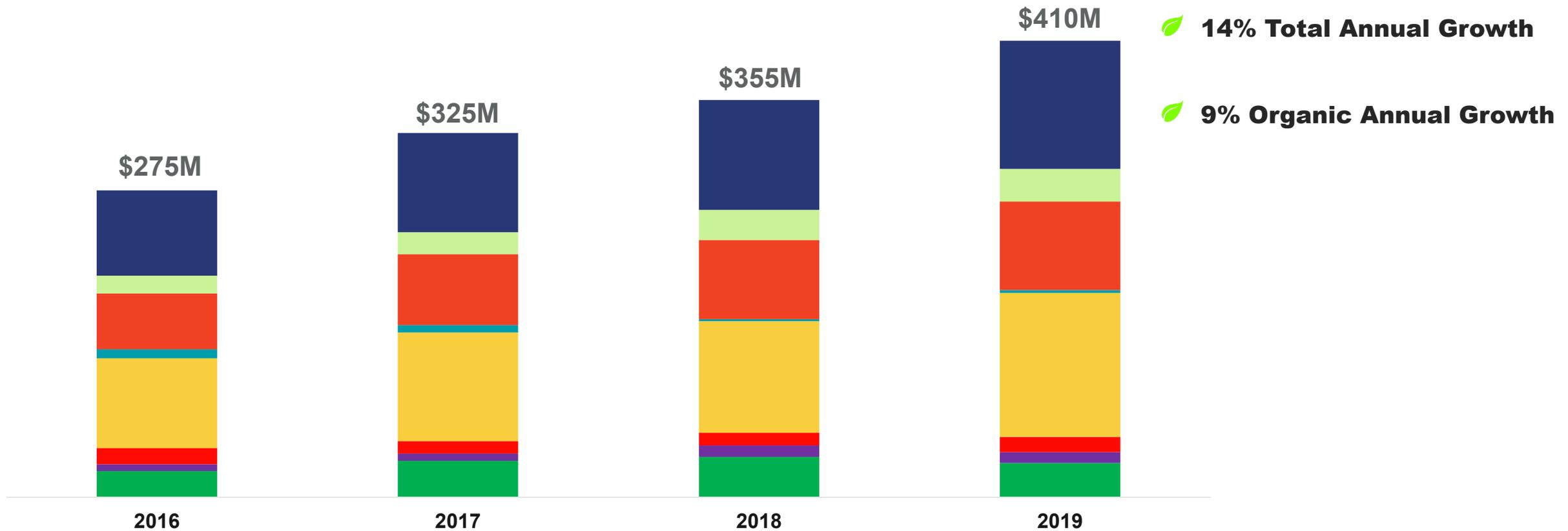
**Reduce packaging materials**

**Improve recyclability**

**Reduce spread of infection**

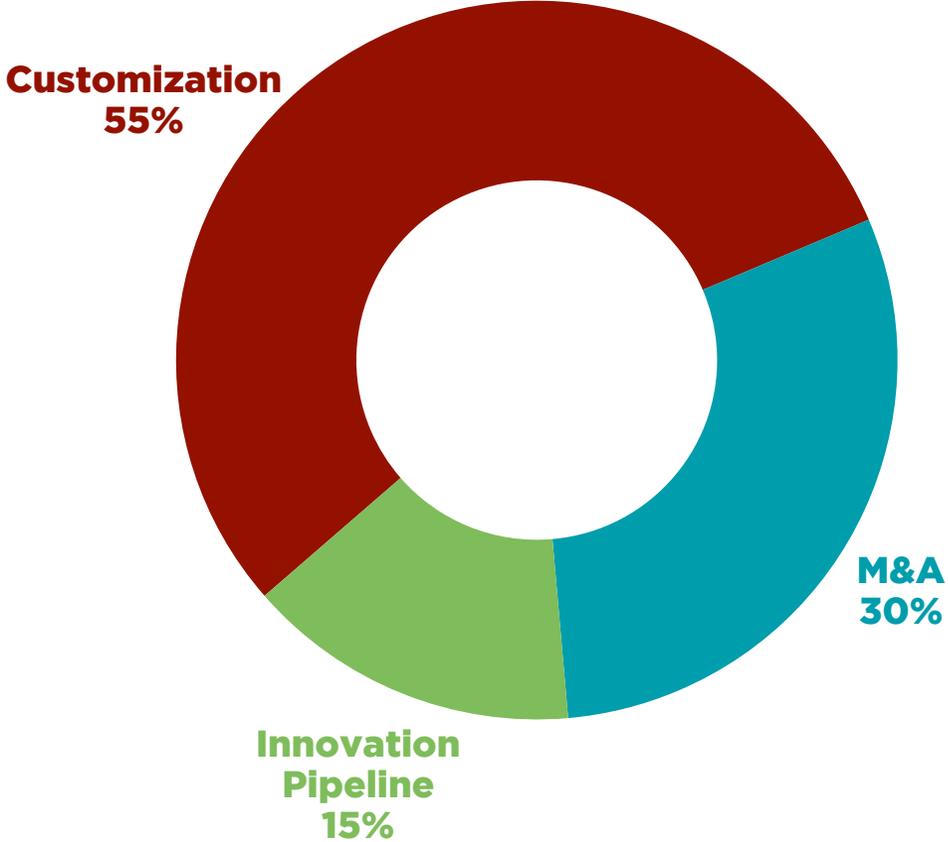
# REVENUE FROM SUSTAINABLE SOLUTIONS

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



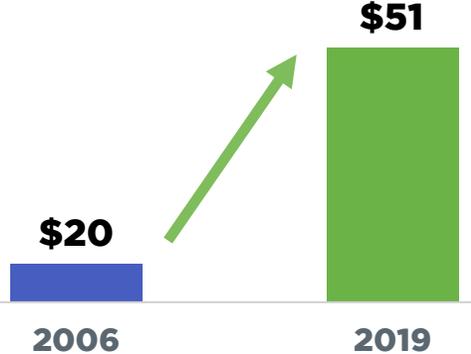
# INNOVATION

## Innovation comes from



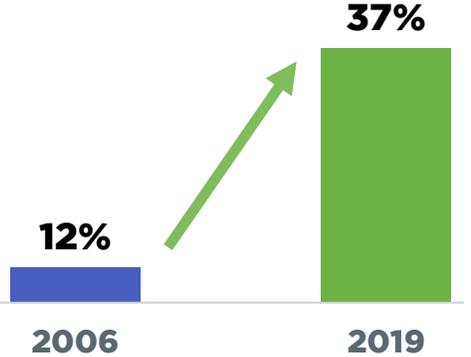
## Research & Development Spend

(\$ millions)



## Vitality Index

% of sales from products launched last 5 years



# 3 HORIZONS OF DEVELOPMENT

## INNOVATION

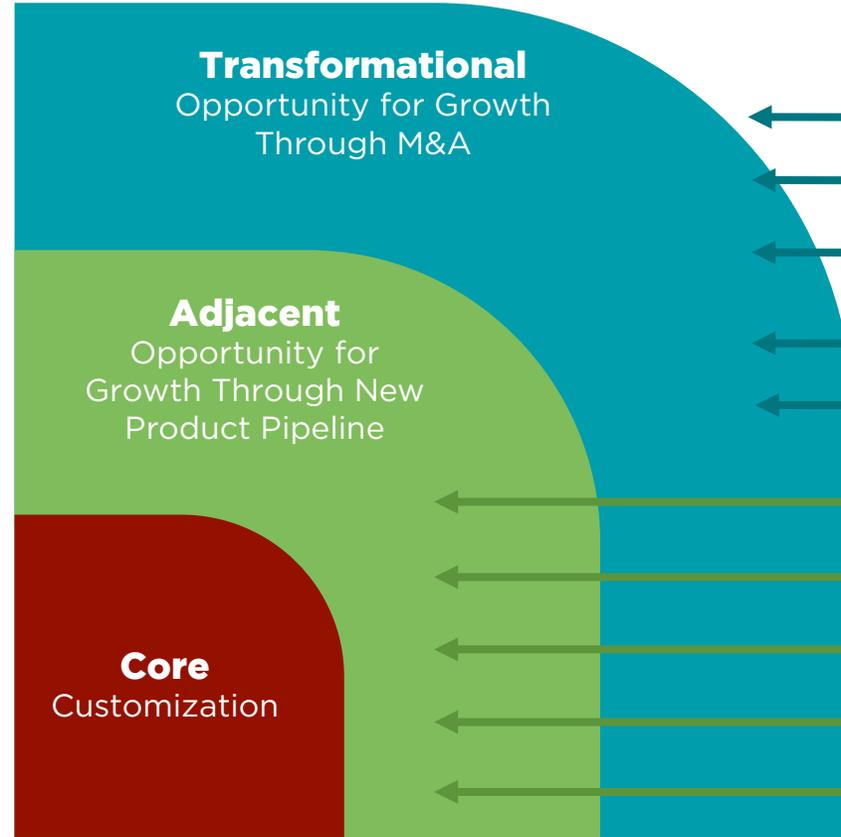
### Market

Create new markets, target new customer needs

Service adjacent markets and customers

Service existing markets and customers

### Technical



**Transformational**  
Opportunity for Growth  
Through M&A

**Adjacent**  
Opportunity for  
Growth Through New  
Product Pipeline

**Core**  
Customization

New technology development outside of and with our current base

Incremental development from existing base of technology

New development adjacent to current technology

Fiber-Line

ColorMatrix - Liquid Color & Additives

Gordon Composites/  
Polystrand - Composites

GLS - Thermoplastic Elastomers

PlastiComp

Non-Halogen Flame  
Retardants

Barrier Technologies

Fiber Colorants

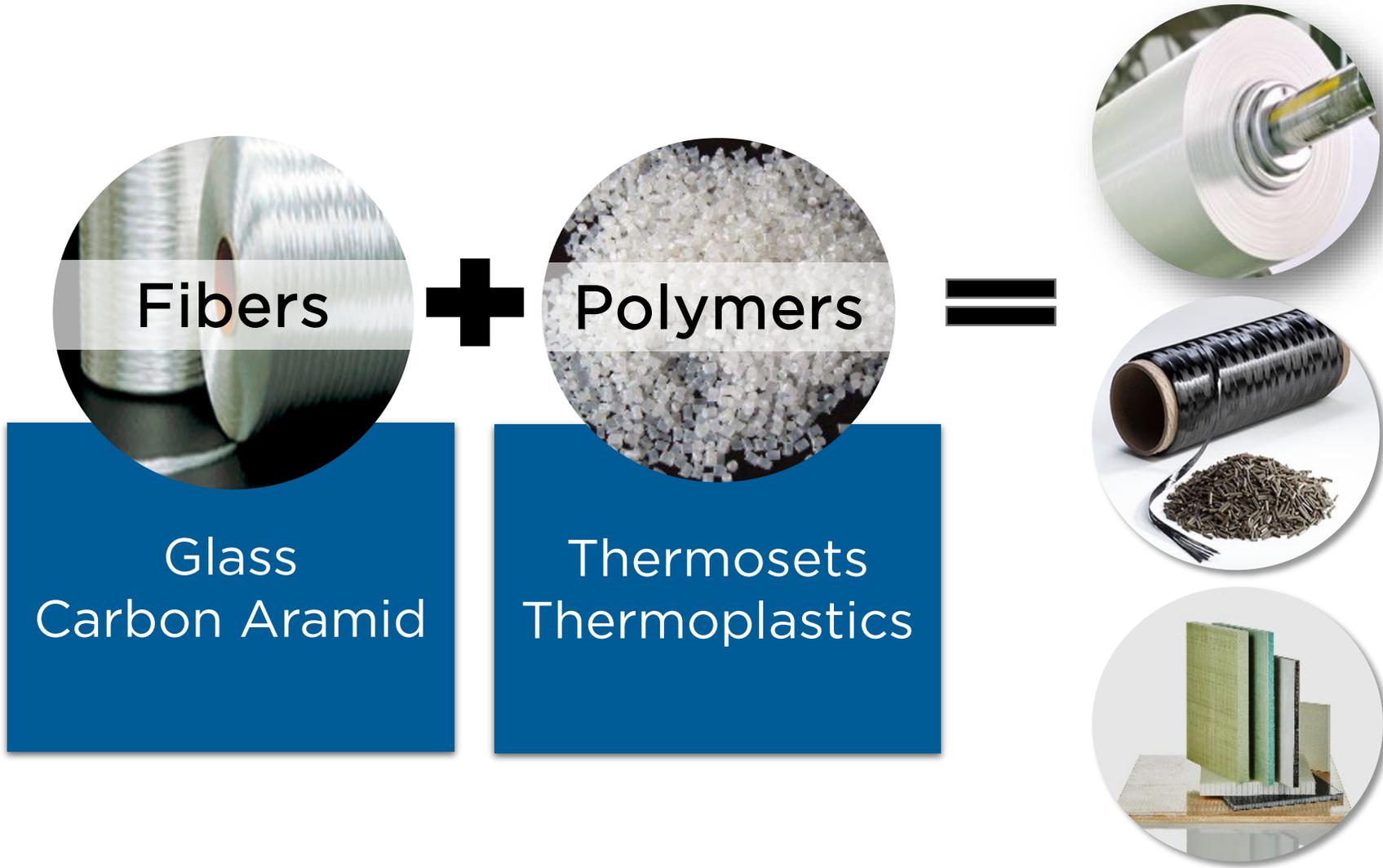
Advanced Composites

Thermoplastic Elastomers



**INNOVATION SPOTLIGHT:  
COMPOSITES**

# COMPOSITE MATERIALS

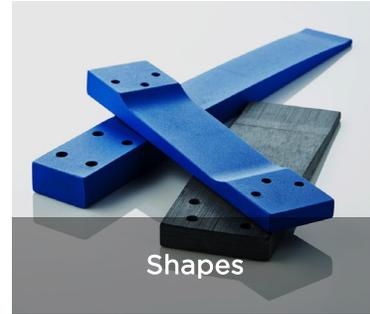


## Focused End Markets

- Wire & Cable / Electrical
- Consumer
- Transportation
- Industrial

# COMPOSITES PORTFOLIO

## DIVERSE CAPABILITIES AND SOLUTIONS SERVING MANUFACTURERS AND OEMS



# POLYONE APPLICATIONS IN FIBER OPTIC CABLES

**1. Loose buffer tube** - made of PBT, PTFE, Nylon 12, PP or other polymers. Holds multiple optical fibers

**3. Optical fibers** -Two parts of an optical fiber: core (carries the signal and cladding (reflects the signal to move it forward). Both parts are made of silica/glass or polymer

Fiber-Line Product

PolyOne Materials

**2. Buffer thread (inside tubes)**

- PET, Polyester, Kevlar yarns coated with Swellcoat (absorbs and blocks water)

**4. Central support member**

- Pultruded composite rod, often polymer coated

**5. Filler Yarns/Core Fillers (not visible)**

- PET, Polyester, Kevlar yarns coated with Swellcoat (absorbs and blocks water)

**6. Binder**

- PET, Polyester, Kevlar yarns coated with Swellcoat (absorbs and blocks water)

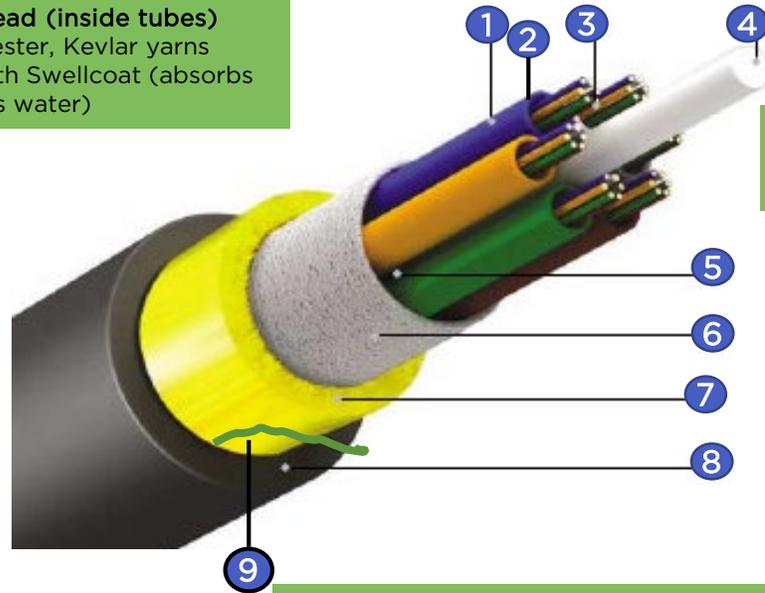
**7. Outer strength member**

- Base fiber of Kevlar, E-Glass, Zylon, Vectran LCP
- Often be coated with Fiber-Line coatings (Swellcoat, Bondcoat, Wearcoat)

**8. Cable jacket/sheath**- Made of PE

**9. Ripcords**

- Lubricated, color coated, various fibers
- Rips through any material including steel armor
- Made from Kevlar, Vectran LCP or PET polyester



# FIBER OPTICAL GROWTH DRIVERS

5G technology will be a leading growth driver in fiber optic cable for several years

## 5G vs. 4G

**10x**

Speed Increase

&

**8x**

More Antennae Required

## 5G Networks

- Enable lower latency, greater flexibility & efficiency
- Installation of these networks are in the very early stages
- Installation will start in urban hubs and will continue to expand into suburban and rural areas
- By 2025, only 14% of the world will have 5G connections
- Growth is expected over multi-year period

# INVEST-TO-GROW M & A STRATEGY



Low EH&S  
risk profile



New and  
complementary  
technologies



Leverage our  
global footprint



Strong  
customer  
relationships

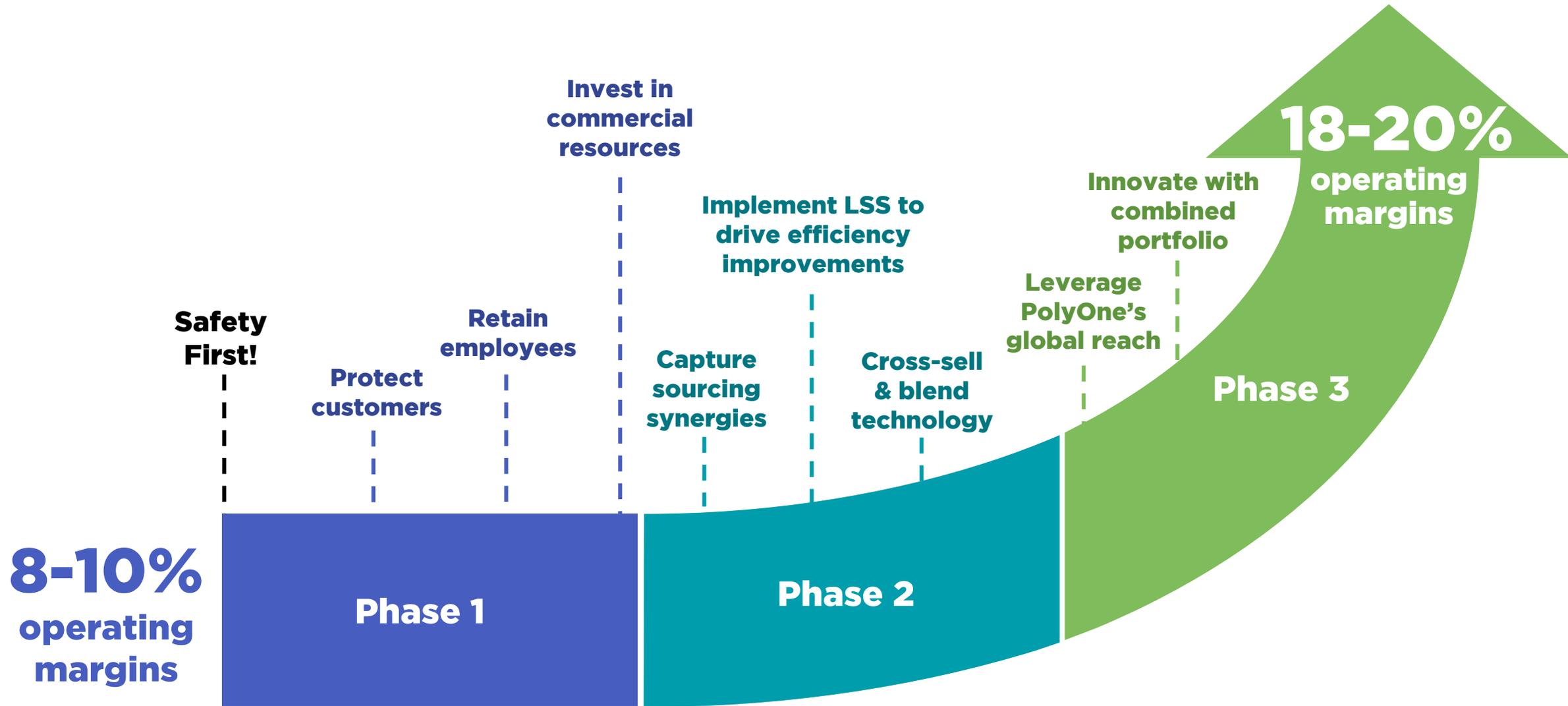


Motivated team  
with a specialty  
culture



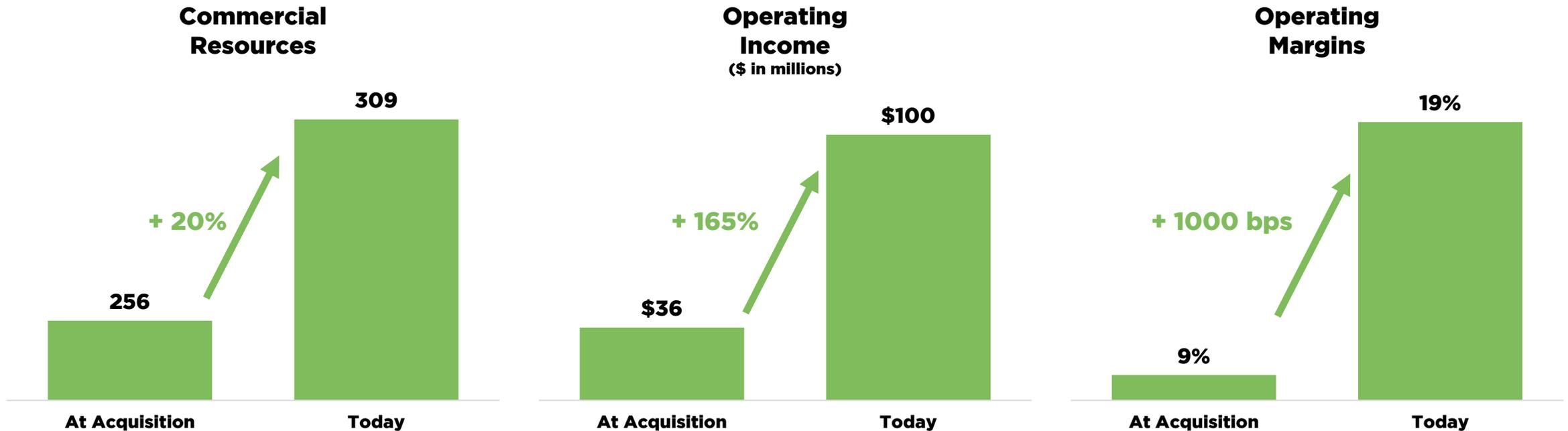
Foundational  
operating  
margins of  
**8-10% with  
ability to double**

# INVEST-TO-GROW M&A PLAYBOOK



# INVEST-TO-GROW PROOF OF PERFORMANCE

## Established Acquisitions (> 7 years)



# CLARIANT MASTERBATCH ACQUISITION DRIVES NEXT LEVEL SPECIALTY TRANSFORMATION

**ACCELERATING GROWTH WITH  
SUSTAINABLE SOLUTIONS**

*PolyOne*<sup>TM</sup>

# TRANSFORMATION HEADLINES

## PolyOne Announces Divestiture of Performance Products & Solutions

- Provides near-term deleveraging benefits
- Reduces exposure to cyclical end markets
- Raises \$600 million of after-tax proceeds to fund ongoing specialty transformation

## PolyOne Announces Agreement to Acquire Clariant Masterbatch Business

- Landmark portfolio transformation creates \$4 billion specialty growth company
- More than 85% of Adjusted EBITDA from specialty solutions
- Expects \$60 million of synergies
- Sustainable solutions drive above market growth

# 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

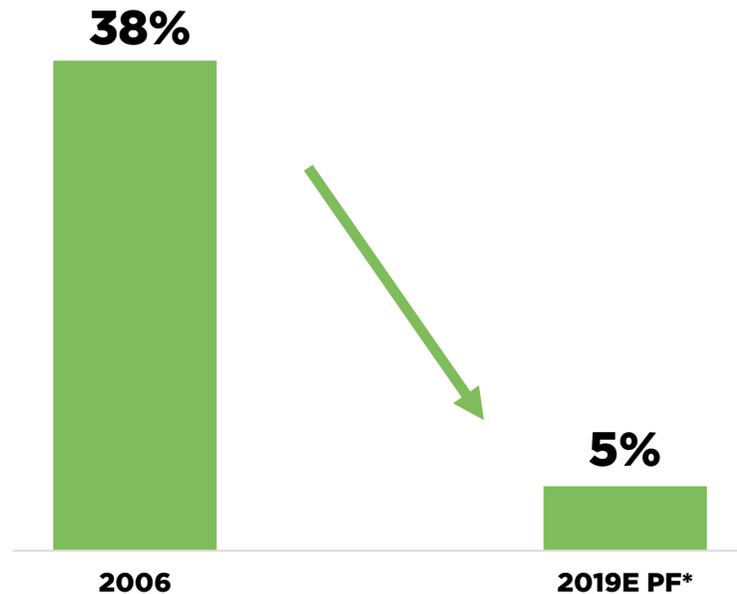
## Commercial Excellence

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

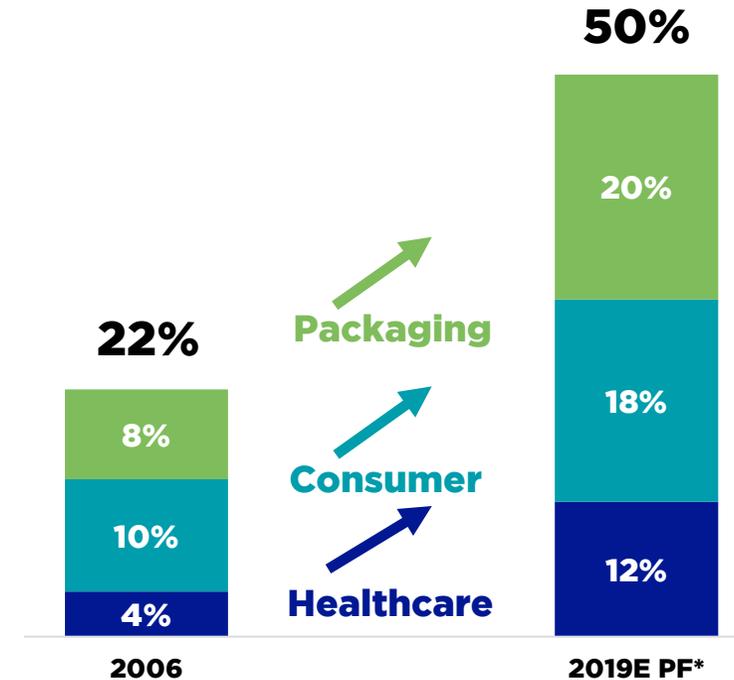
# END MARKET TRANSFORMATION

## Percentage of Total Revenue

### Building & Construction



### High Growth End Markets

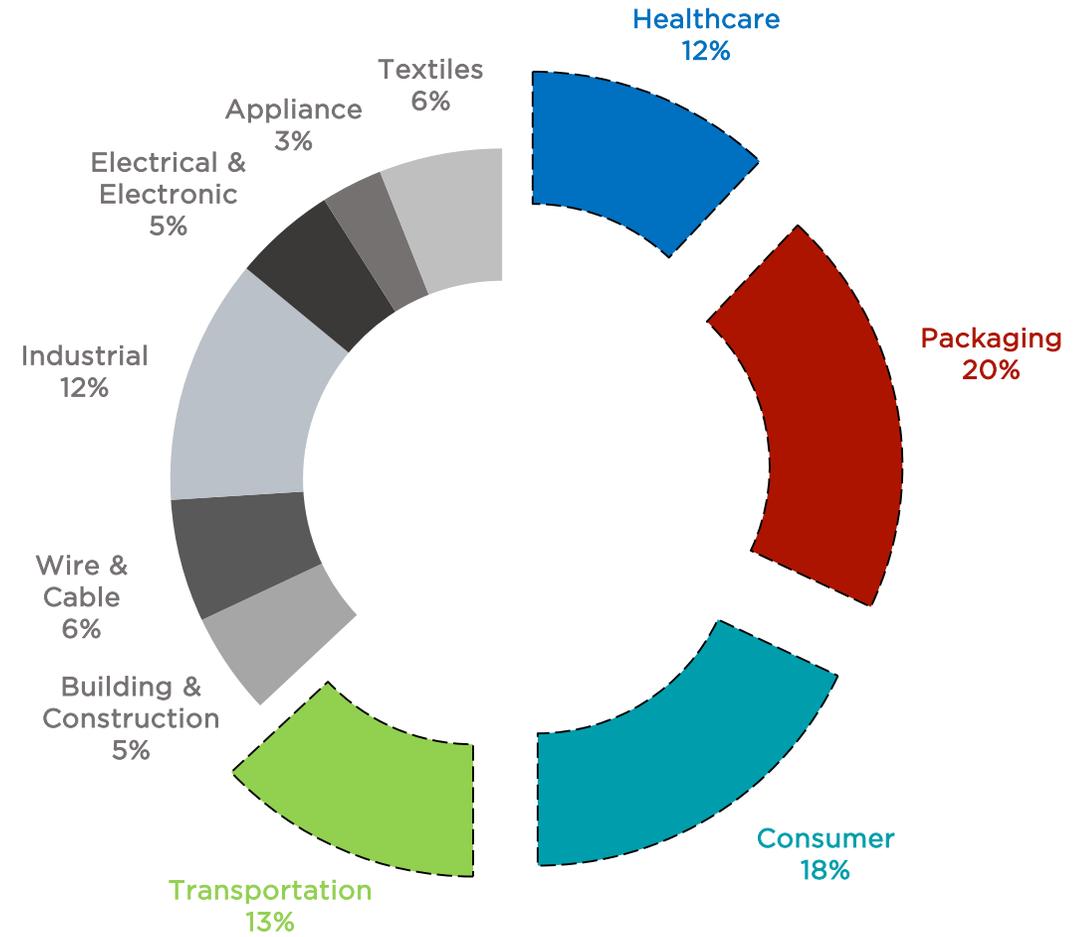
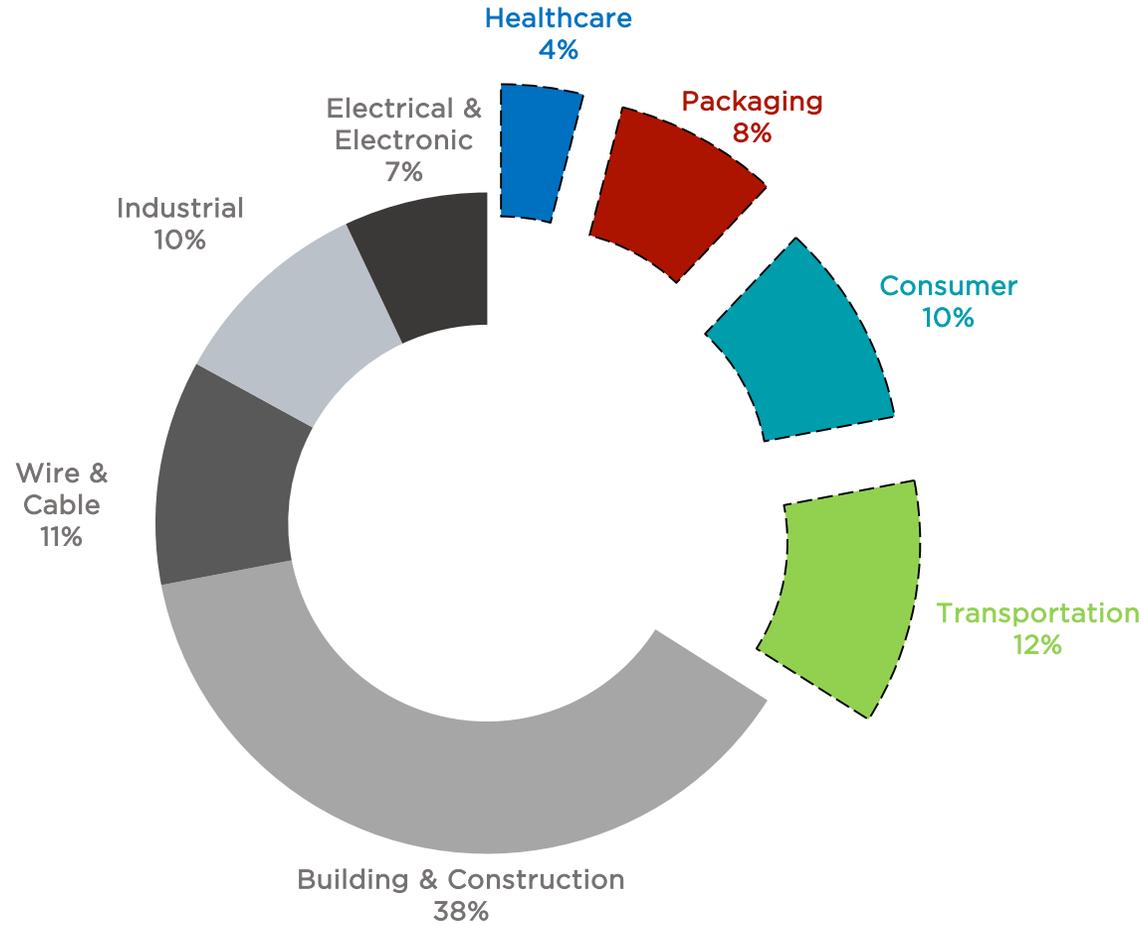


\* 2019E Pro Forma for PP&S Divestiture and Clariant Masterbatch business

# END MARKET TRANSFORMATION

**2006**

**2019E PF\***

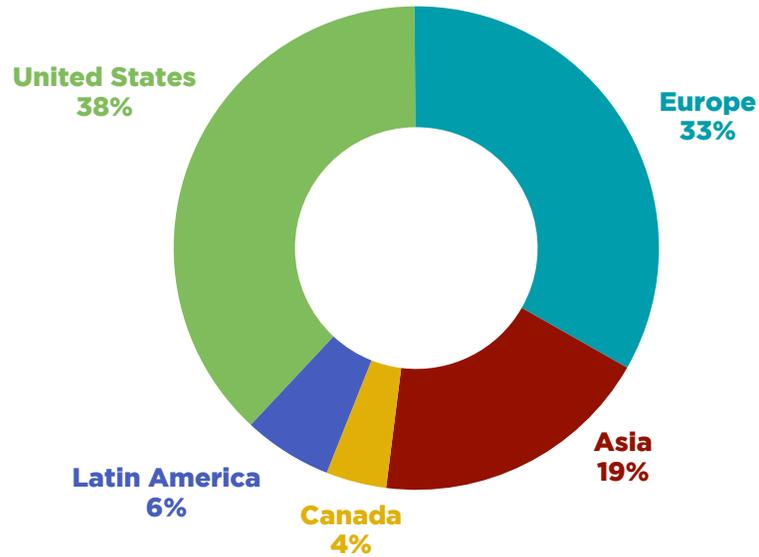


\* 2019E Pro Forma for PP&S Divestiture and Clariant Masterbatch business

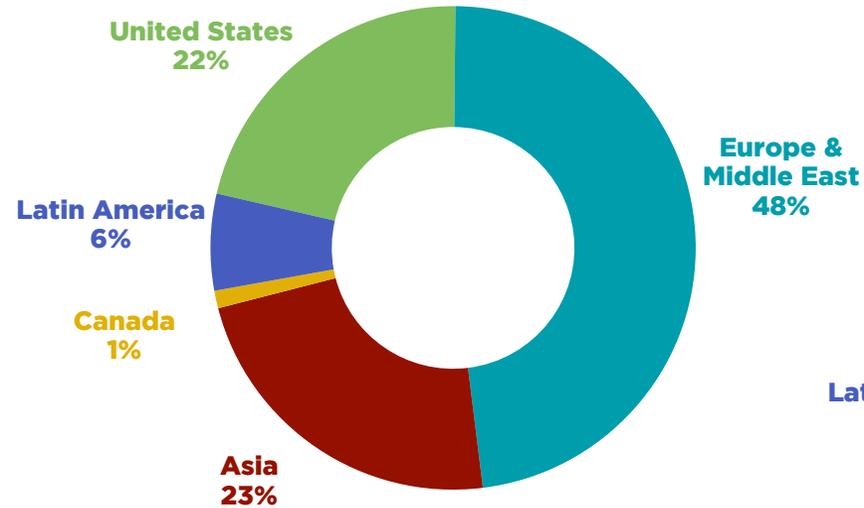
# COMPLEMENTARY GEOGRAPHIC PRESENCE

## Net Sales by Geographic Region

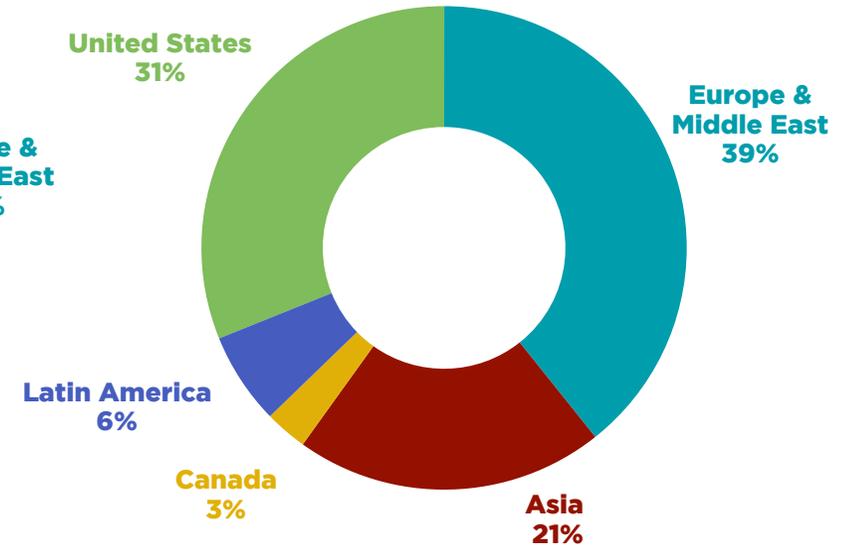
### Color & Engineered Materials



### Clariant Masterbatch Business



### Pro Forma Color & Engineered Materials



# 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



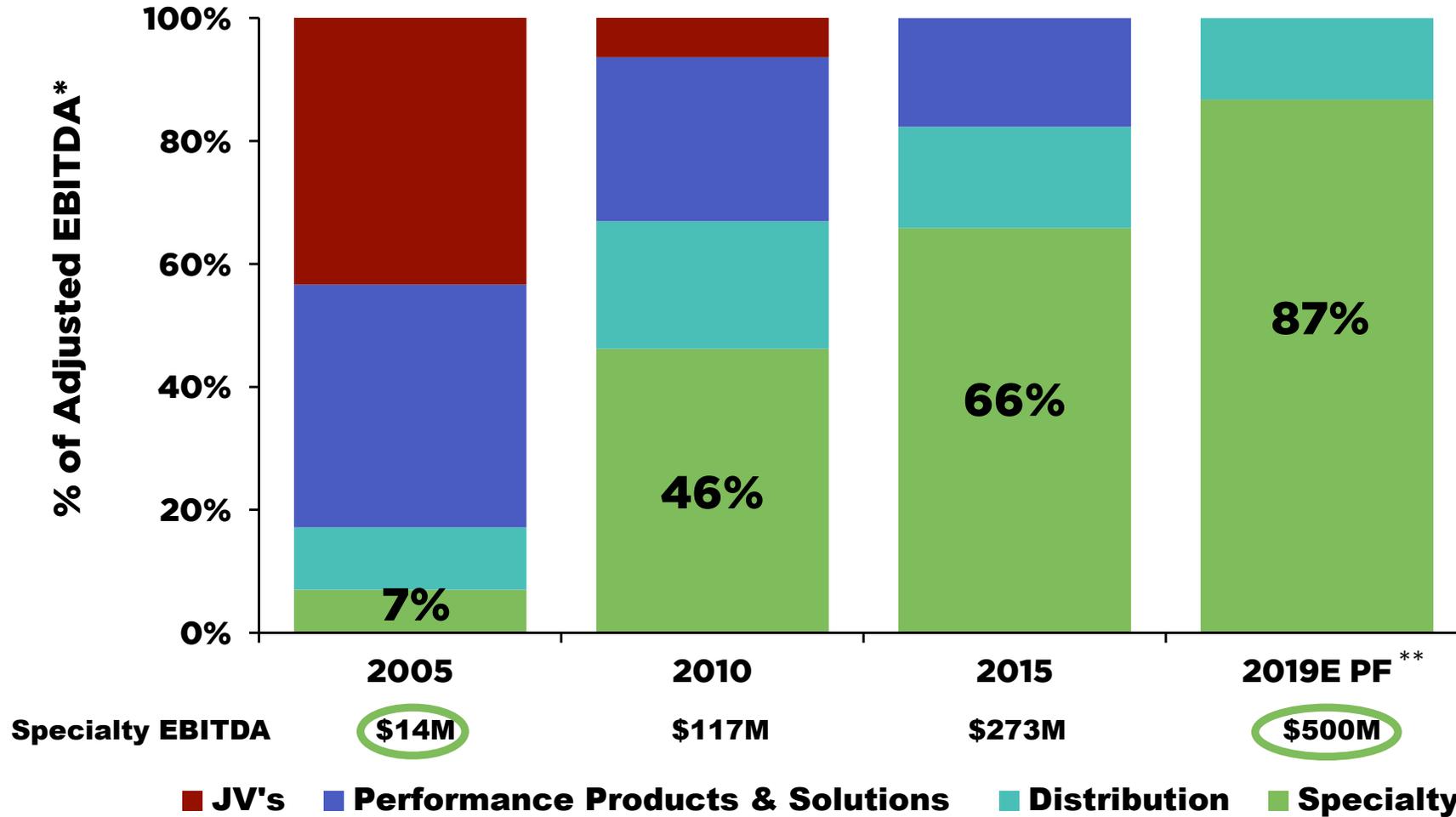
# POLYONE + CLARIANT MASTERBATCH BUSINESS

(\$ in millions)	PolyOne (Continuing Operations)	+	Clariant Color & Additive Masterbatch Business	+	Synergies	=	New PolyOne
2019 Total Sales	\$2,863		\$1,150				\$4,013
2019 Adjusted EBITDA % Margin	\$309 10.8%		\$130 11.3%		\$60		\$499 12.4%
2019 CapEx % Sales	\$68 2.4%						\$85 2.1%
2019 Free Cash Flow	\$161						\$250
2019 Adjusted EPS	\$1.69						\$2.22
2019 PF Adjusted EPS	\$1.69						\$2.54 <sup>(1)</sup>

\$0.85/share

(1) Excludes step-up of depreciation & amortization related to purchase accounting of transaction

# OVER 85% OF ADJUSTED EBITDA FROM SPECIALTY



\* Adjusted EBITDA is EBITDA excluding corporate costs and special items

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

# TRANSACTION OVERVIEW

## Transaction Value

- \$1.45 B net purchase price
- Represents 11.1x adjusted EBITDA (excluding synergies), 7.6x adjusted EBITDA (including synergies)

## Synergies

- Pre-tax synergies of \$60MM expected to be fully realized by the end of 2023
- Synergies realized from sourcing, operational, technology / commercial, and general administrative

## Financing

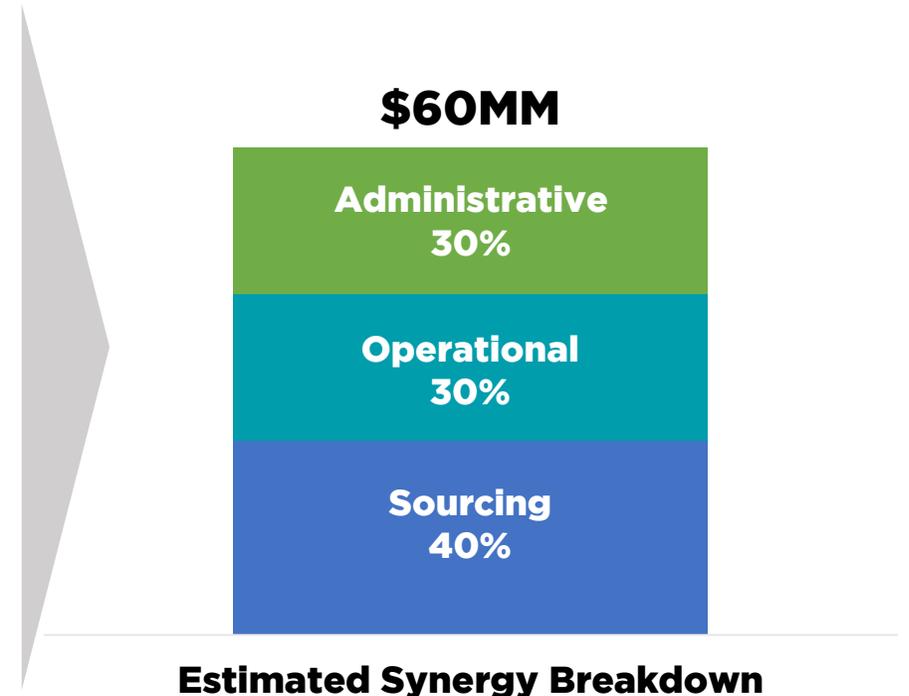
- Committed financing in place
- Permanent financing to be combination of available cash on-hand, new debt and equity component to limit leverage
- Equity issuance of \$500MM
- Target net leverage below 3.5x, 3.1x synergized

## Closing Conditions / Timing

- Expected mid-2020, subject to regulatory approvals and customary closing conditions

# SIGNIFICANT SYNERGY OPPORTUNITIES

- Expect EBITDA synergies of \$60MM
  - Proven integration expertise with a decade of acquisition experience
  - Administrative synergies reflect reduction of duplicative internal and third-party costs
- Run rate synergies of \$20MM by the end of Year 1 with \$60MM achieved by the end of Year 3
- Significant additional opportunity for geographical expansion
  - Clariant Masterbatch business has complementary regional presence in key growth areas including India & Southeast Asia
- Opportunity to accelerate growth with a combined portfolio of innovative solutions aligned with sustainability megatrends



# ATTRACTIVE FINANCING STRUCTURE

## Financing Summary

- \$465 million of cash from the balance sheet expected to fund a portion of the purchase price
- Bridge financing for remainder fully committed from Citi, Morgan Stanley and Wells Fargo
- Permanent financing expected to include a combination of long-term debt and new equity
- The timing of the permanent financing is subject to a number of factors, including, but not limited to, market conditions
- PolyOne is committed to preserving a strong balance sheet
  - Target net leverage at close below 3.5x, excluding synergies
- Pro forma capital structure positions PolyOne with flexibility to pursue continued growth strategy

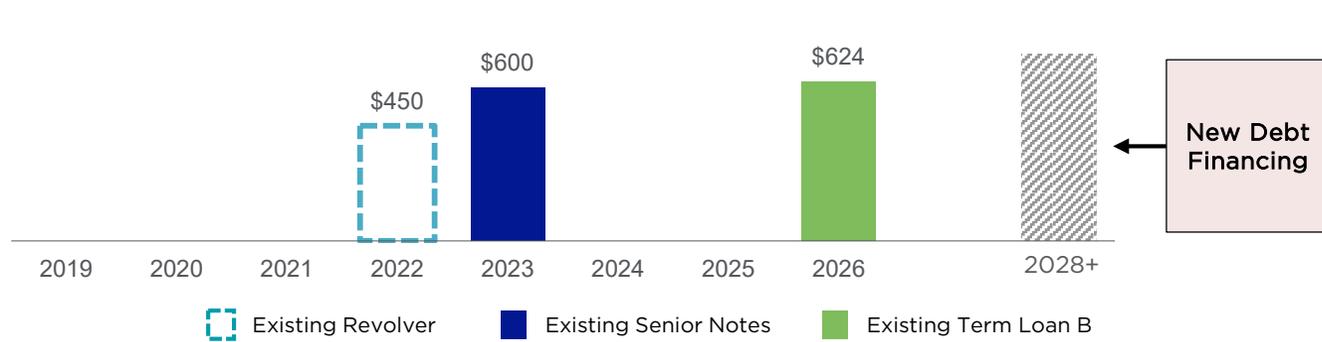
## Terms on New Debt

- New financing expected to have same or better covenant package than existing capital structure
- Capital structure would be “covenant lite”

## Capital Policy

- Transaction in line with PolyOne’s disciplined capital allocation policy
- Existing PolyOne dividend policy to be maintained
- Focus on deleveraging in the near term

## Attractive Debt Maturity Profile

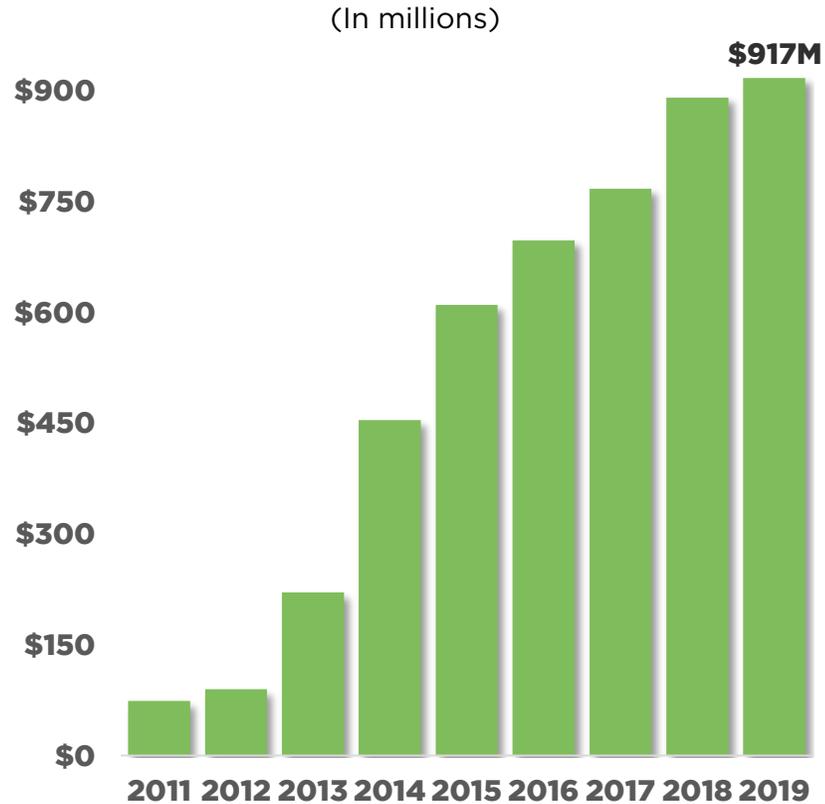


*PolyOne*<sup>TM</sup>

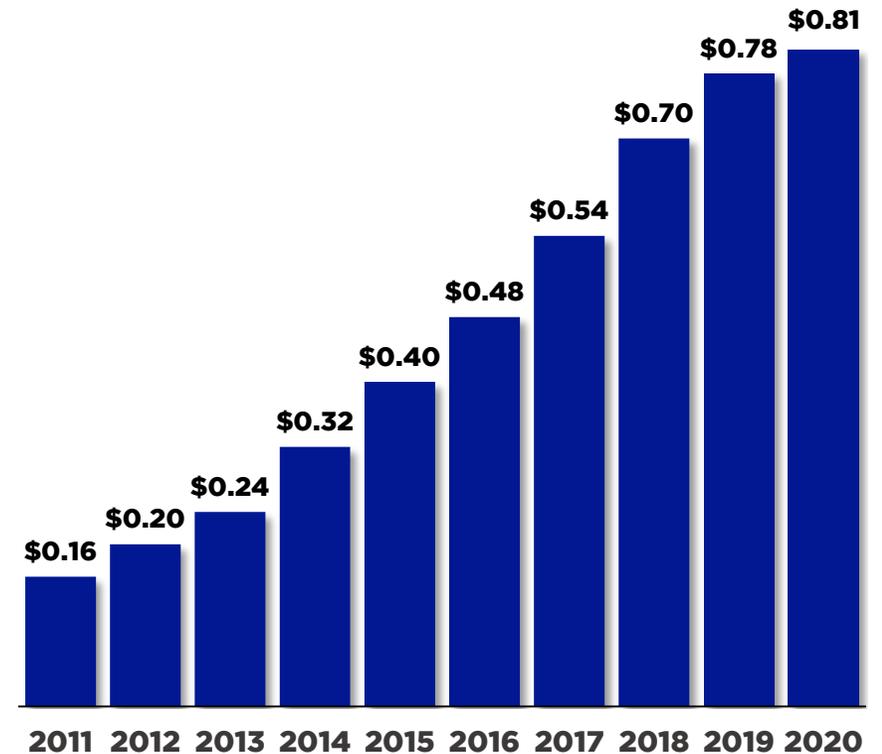
The logo features the word "PolyOne" in a white, elegant script font. A thick, white, brush-stroke-like underline is positioned beneath the text, starting under the 'P' and ending under the 'e'. The trademark symbol (TM) is located at the end of the word.

# RETURNING CASH TO SHAREHOLDERS OVER \$1.2 BILLION SINCE 2011

## Cumulative Share Repurchases



## Increasing Annual Dividend



# WHY INVEST IN POLYONE?

## THE NEW POLYONE: A SPECIALTY GROWTH COMPANY

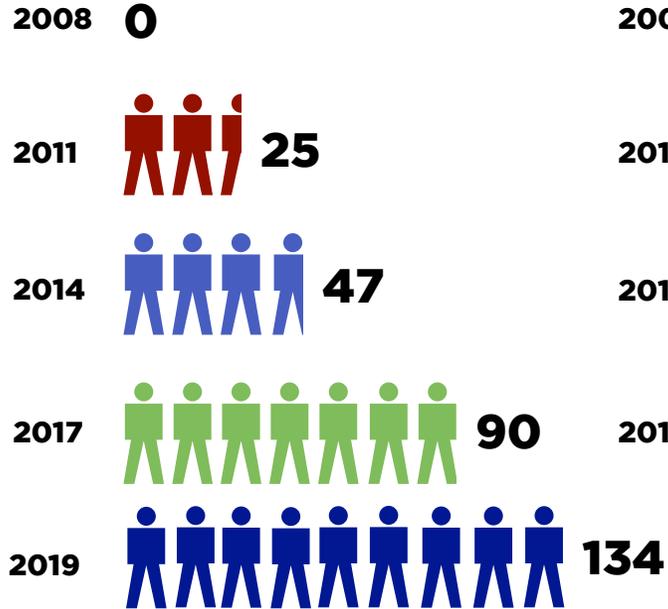
- Transformational M&A with PP&S divestment and pending acquisition of Clariant Masterbatch business
- Growing leadership position in attractive markets
- Innovation, technology and service are differentiators
- Capital management is a strength: Record-setting cash generation to continue for years
- Proven acquisition strategy with robust pipeline
- Commercial investments are fueling momentum and generating organic growth



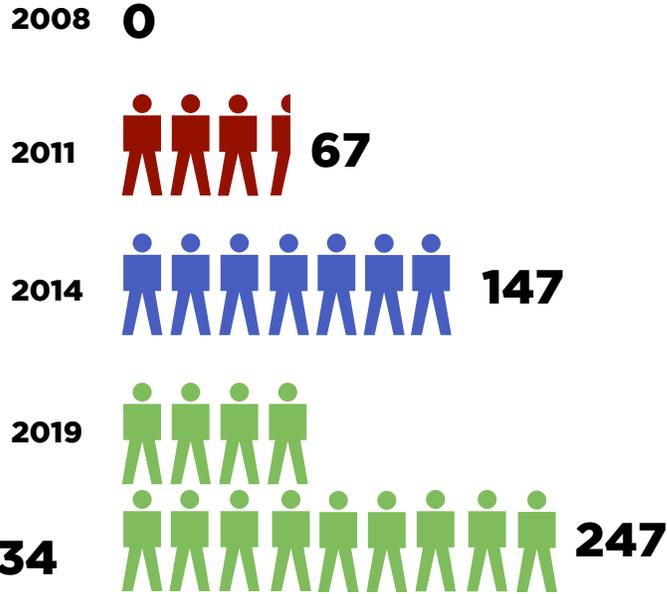
**SERVICE:  
THE TIMELESS  
DIFFERENTIATOR**

# TALENT DEVELOPMENT

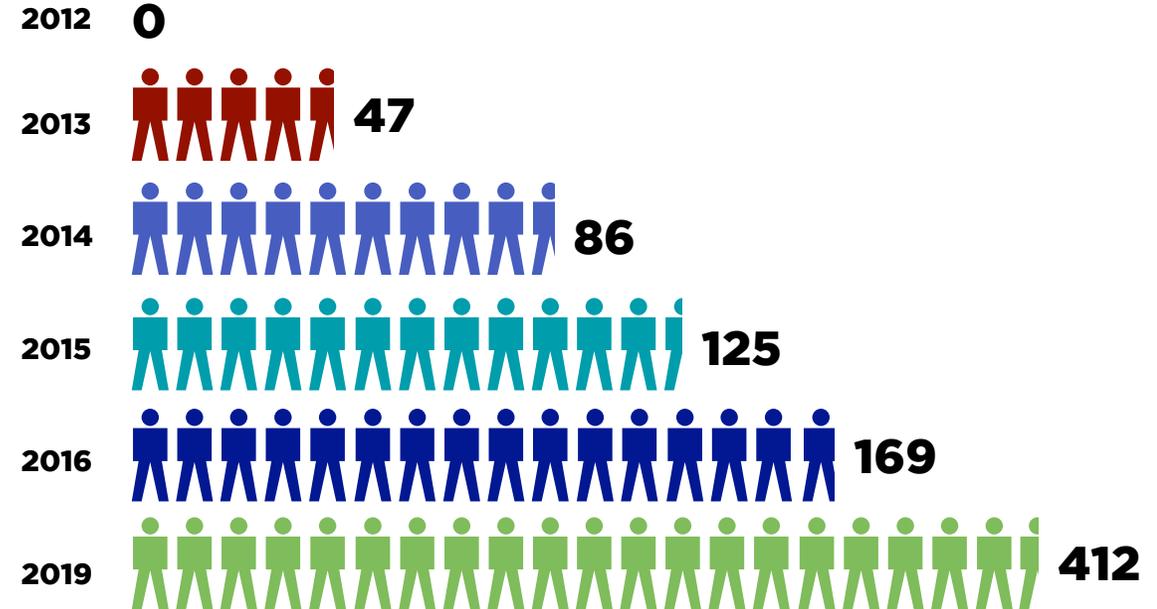
## Campus Hires



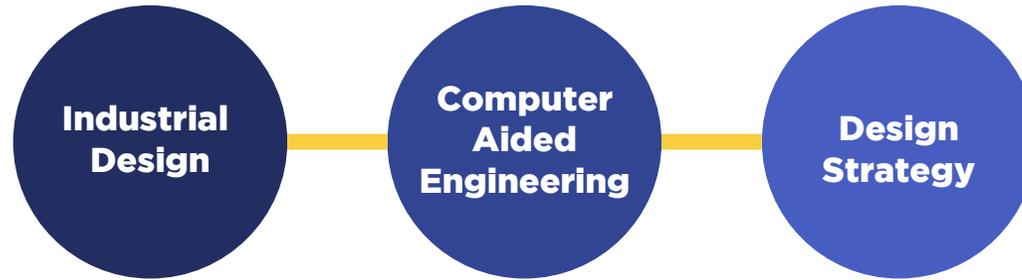
## PolyOne LSS Blackbelts



## Leadership Program Participants

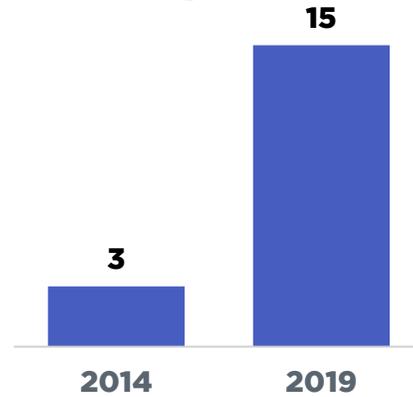


# IQ DESIGN

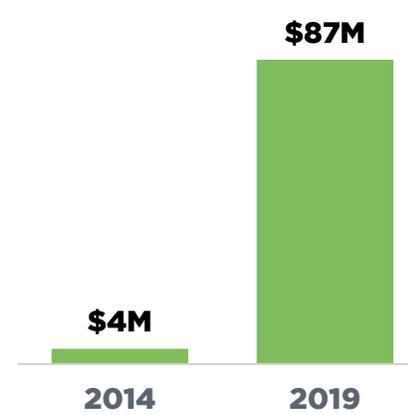


## A UNIQUE CUSTOMER EXPERIENCE

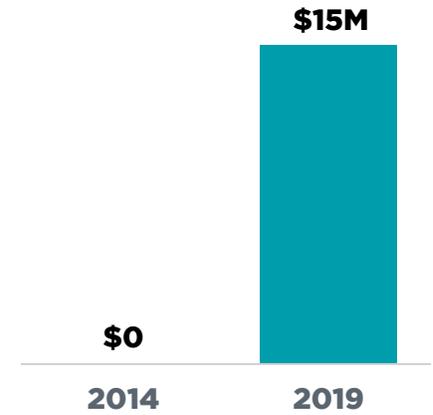
**Designers & Engineers**



**Opportunity funnel**



**Total Revenue**





# LSS CUSTOMER FIRST

Enables sales growth by building more intimate customer relationships, giving us insight to customers' needs, with a service that is not easily replicated

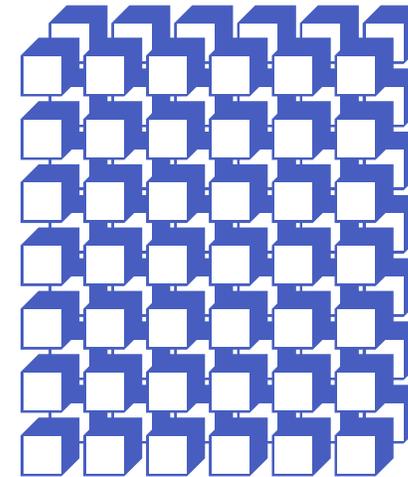
## Customer Engagements

2014



2

2019



210

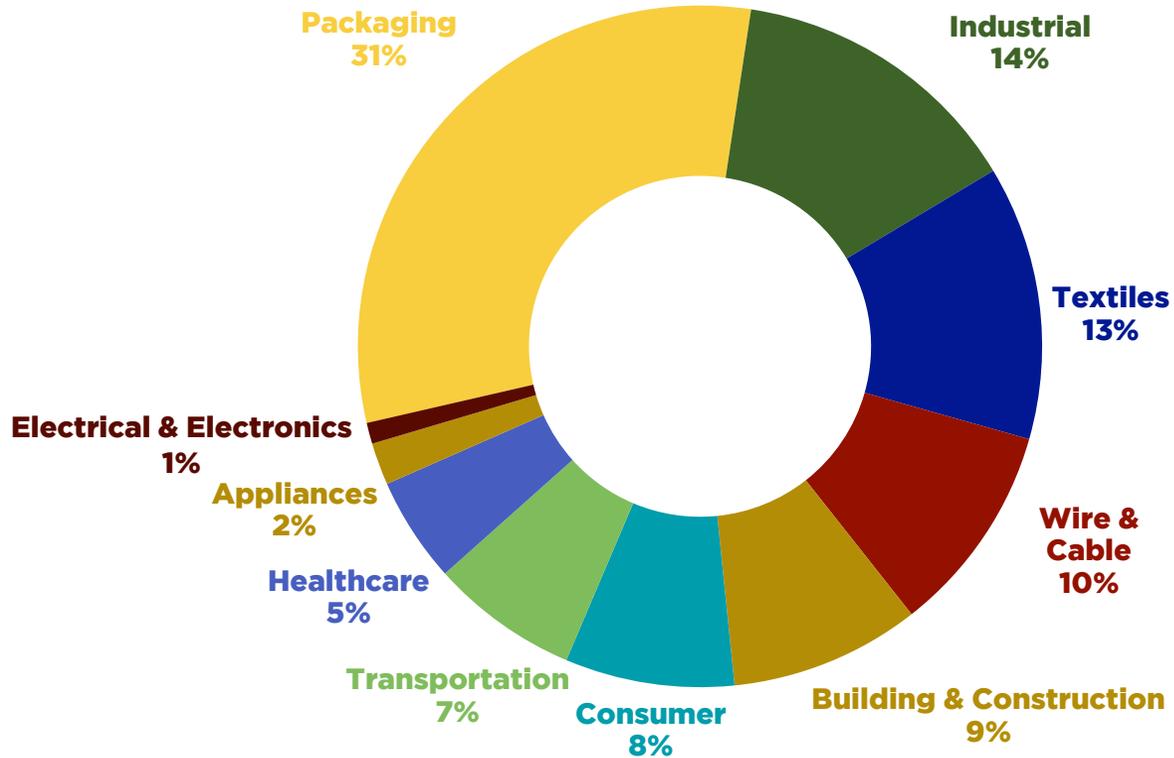


# SEGMENT HIGHLIGHTS

## INNOVATING WITH POLYONE

# COLOR, ADDITIVES & INKS

## END MARKETS & SOLUTIONS



**Solid  
Colorants**



**Liquid  
Colorants**



**Performance  
Additives**

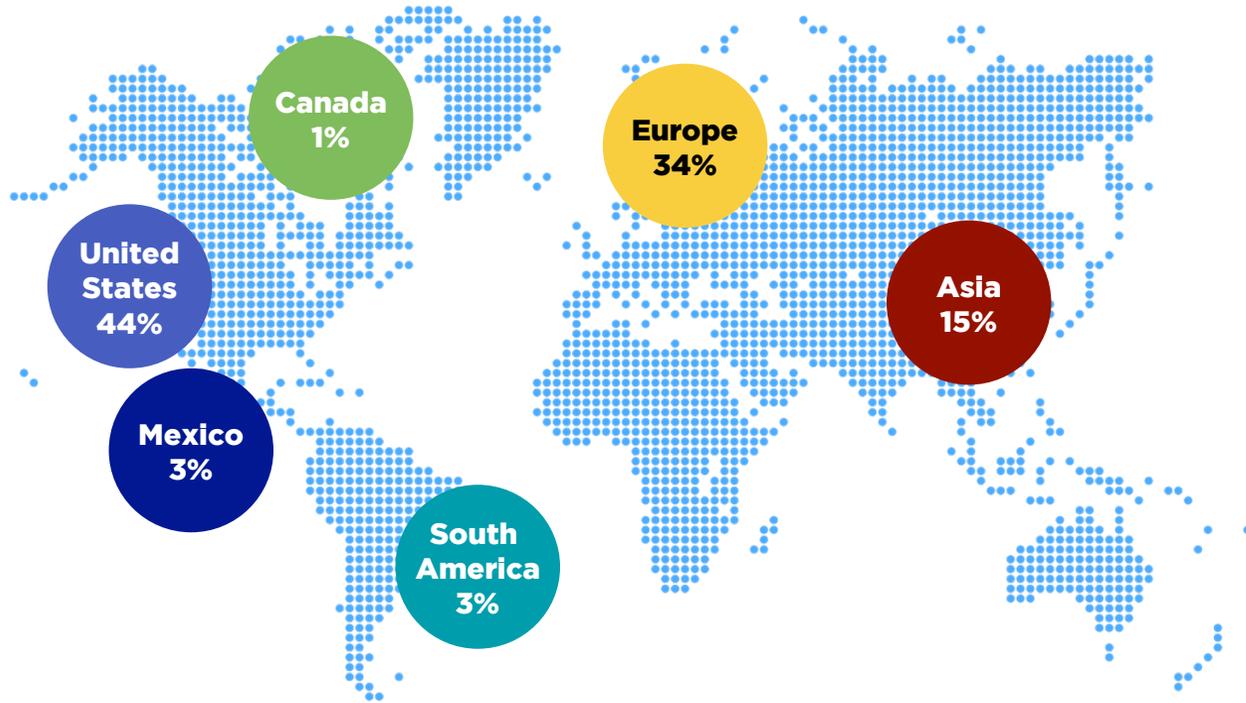


**Screen  
Printing Inks**

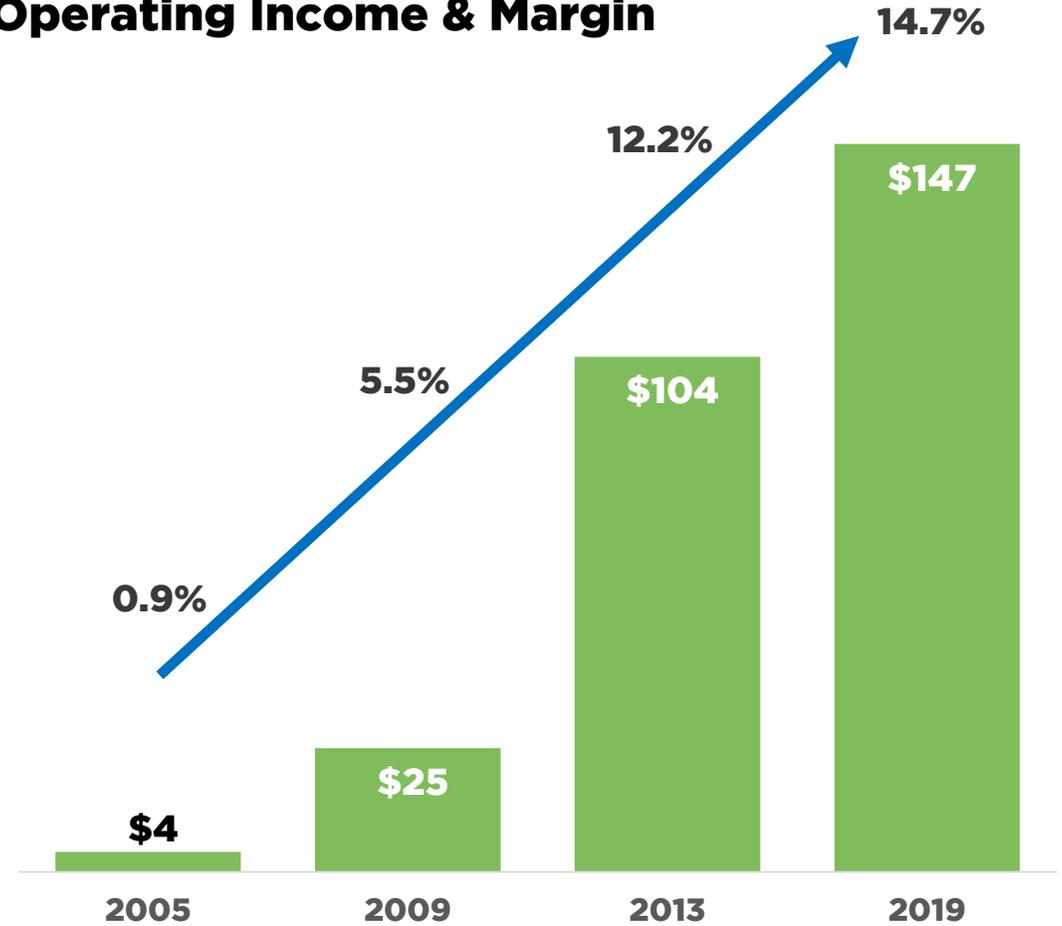
# COLOR, ADDITIVES & INKS

## 2019 REVENUE | OVER \$1 BILLION

### Revenue by Region

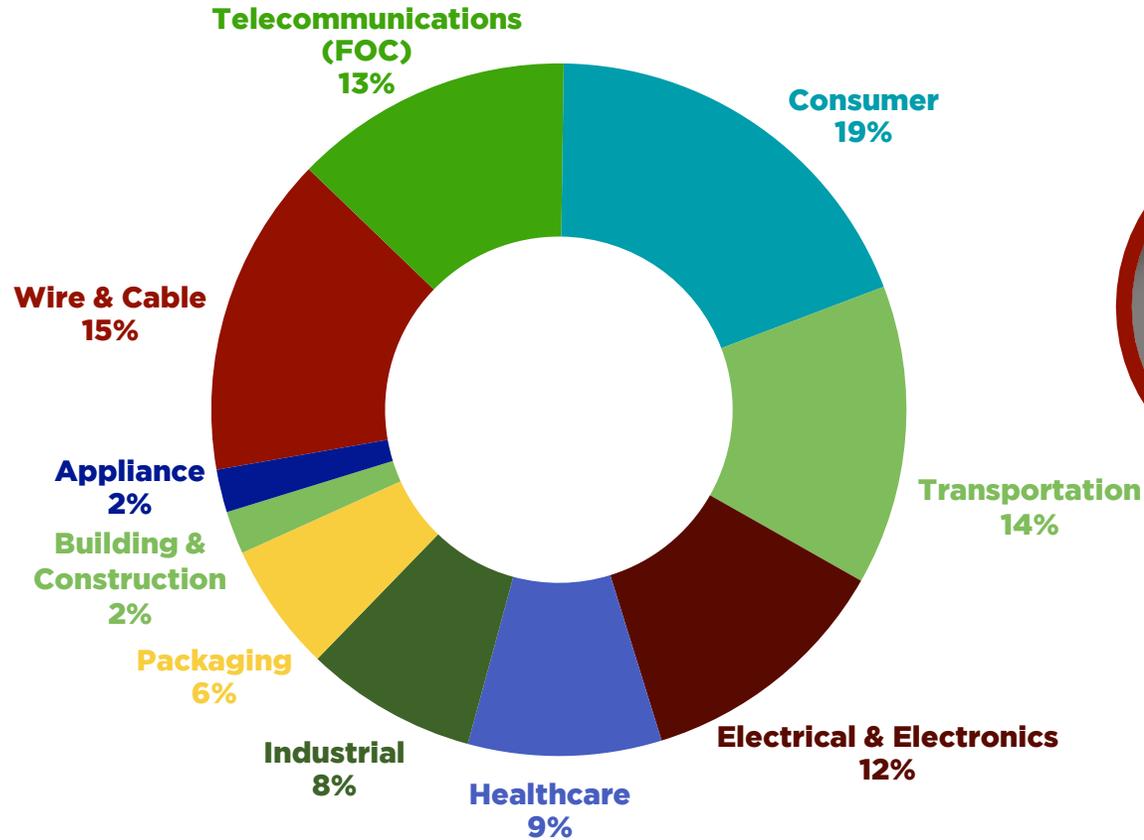


### Operating Income & Margin



# SPECIALTY ENGINEERED MATERIALS

## END MARKETS & SOLUTIONS



**Engineered Formulations**



**Advanced Composites**



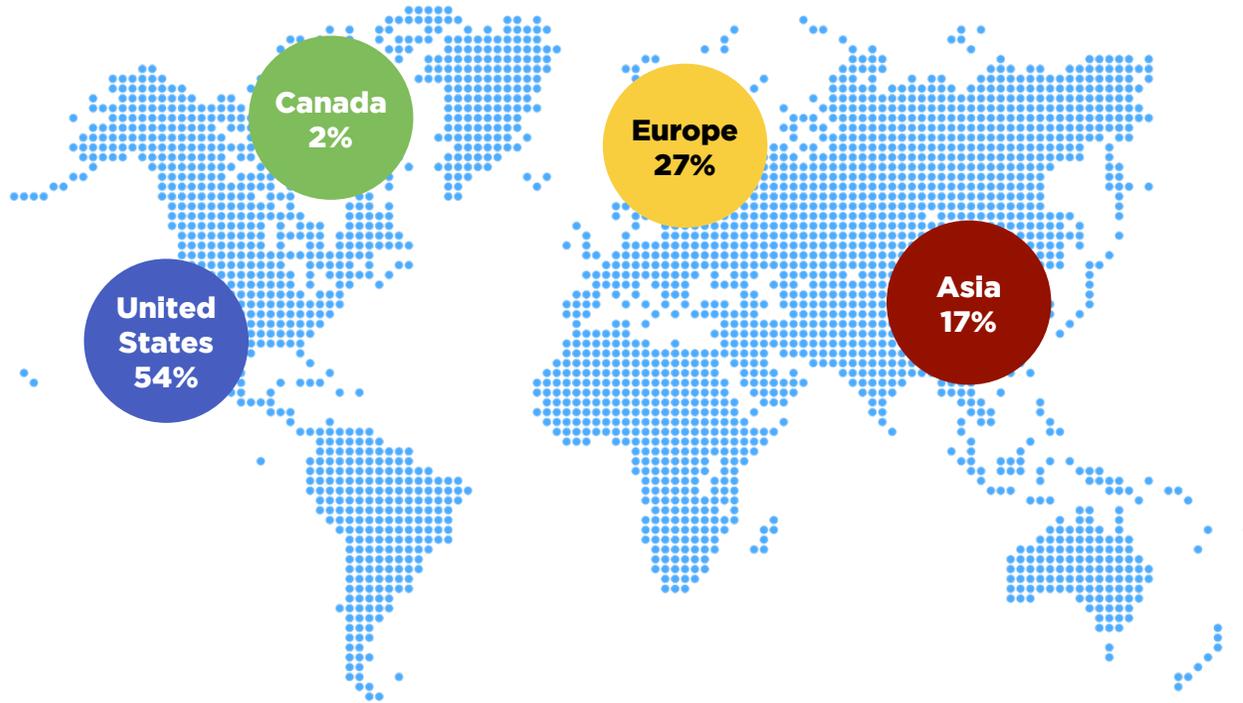
**Thermoplastic Elastomers**

Note: (FOC) refers to Fiber Optic Cabling

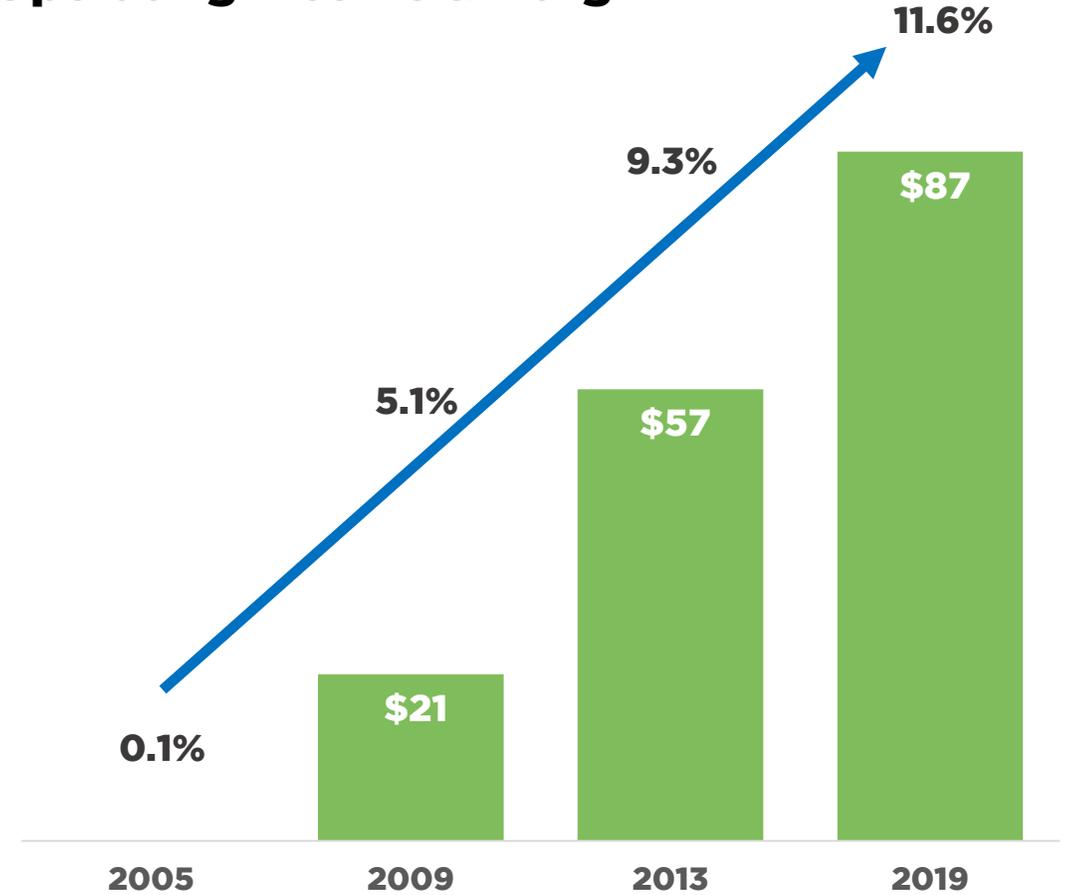
# SPECIALTY ENGINEERED MATERIALS

2019 REVENUE | \$750 MILLION

## Revenue by Region



## Operating Income & Margin

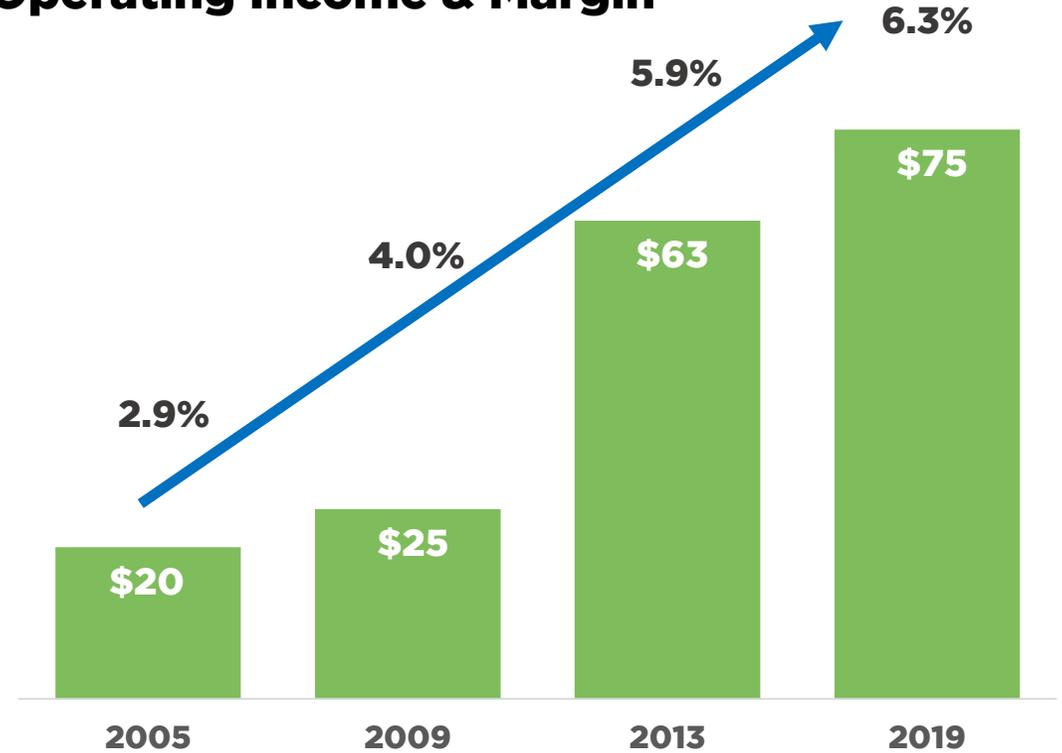
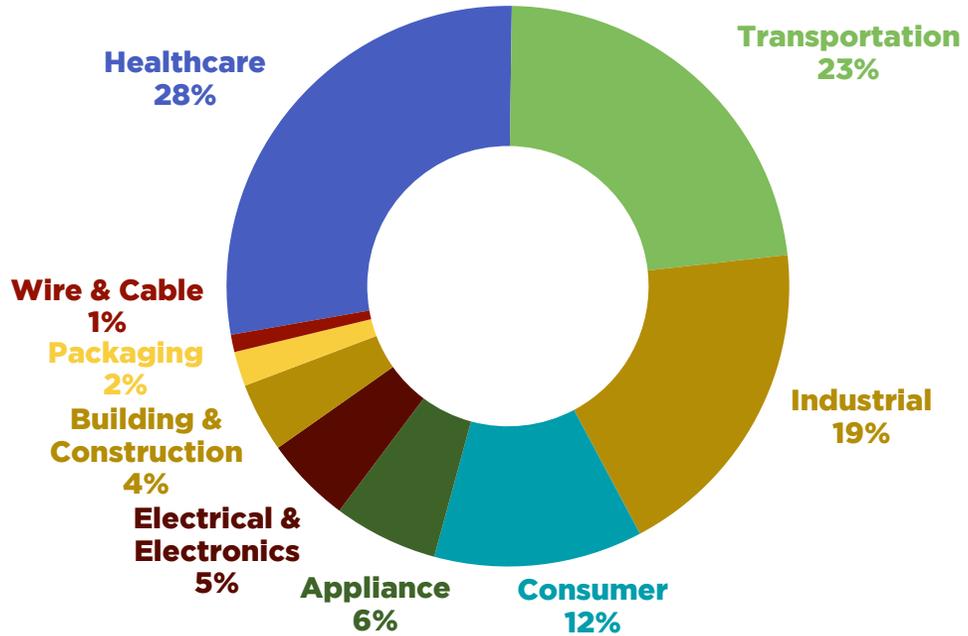


# DISTRIBUTION

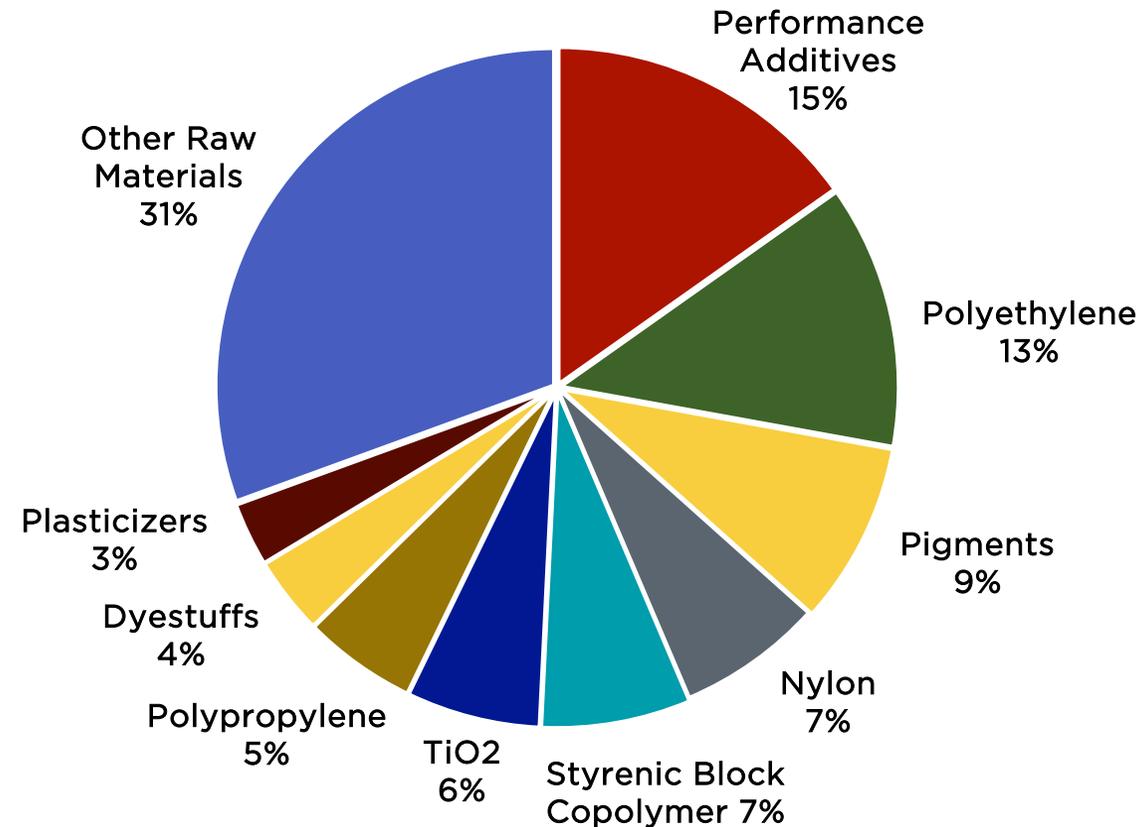
## END MARKETS & SUPPLIERS

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



# TARGET END MARKETS & APPLICATION EXAMPLES

# Target End Markets... Healthcare

**Structural Composites**

**Elastomeric Grips and Handles**

**Antimicrobial Technologies**

**Thermally Conductive Technologies**

**Anti-Counterfeiting Technologies**

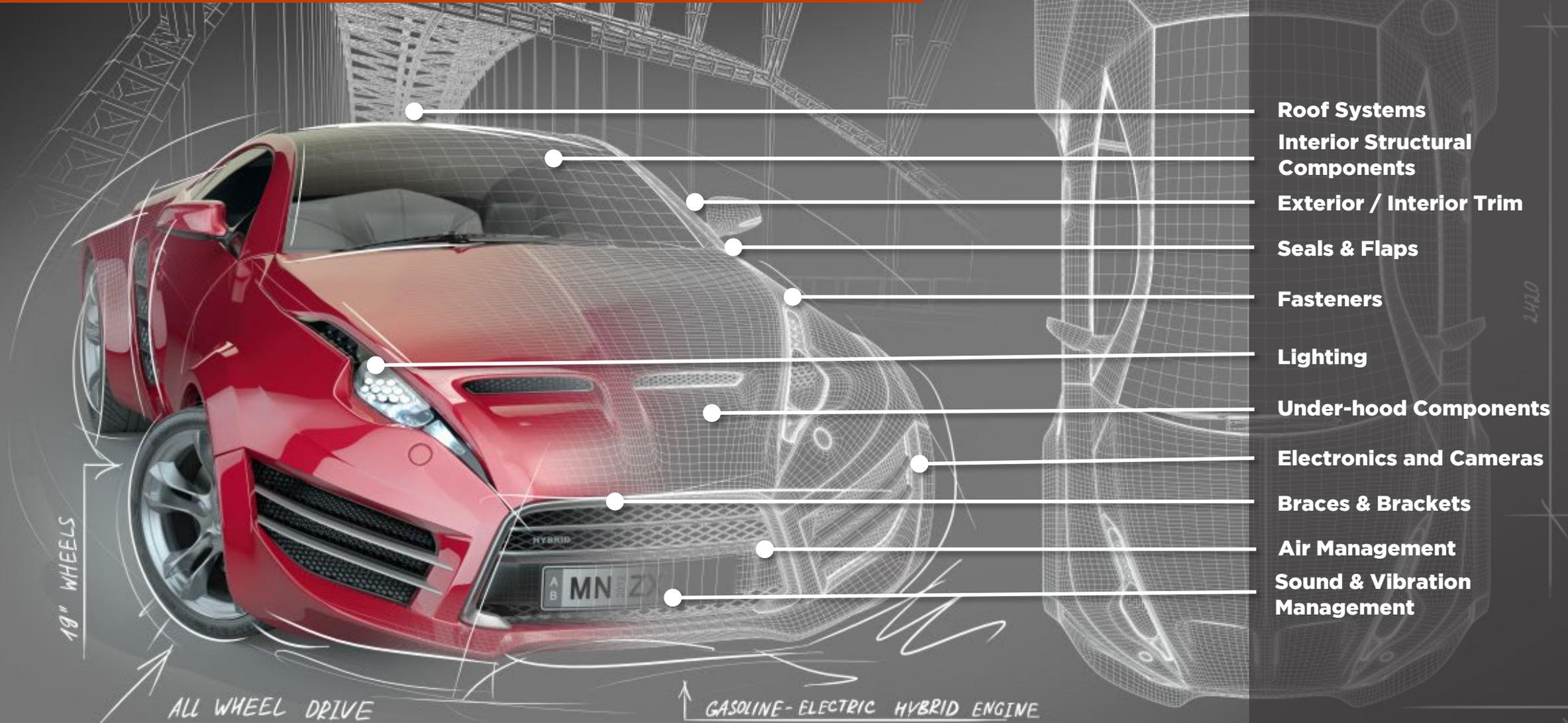
**Catheter Technologies**

**Chemical Resistant Technologies**

**Polymer Colorants**



# Target End Markets... Automotive



# Target End Markets... Consumer

**Elastomeric Grips and Handles**

**Polymer Colorants**

**Thermally Conductive Components**

**Structural Composite Components**



# Target End Markets... Packaging

**UV Light Barrier Technologies**

**Cap & Closure Colorants**

**Laser Marking Additives**

**Oxygen Scavenger  
Technologies**

**Antistatic Technologies**

**Process Optimization  
Technologies**

**Antioxidant Technologies**

**Density Modified  
Technologies**



**Gravitech™ Density Modified Polymers**

## **Luxury Packaging**

- Impart weight, sound and metallic finish to caps and closures for cosmetics and spirits applications
- Elevate quality and prestige perceptions among high-end consumers
- Eliminate time and cost associated with secondary operations and assembly



**OnColor™ Super Concentrates**

## **Optimize Color Usage**

- **Eliminate costs by increasing pigment density**
- **Enhance color performance without altering form and formulation**
- **Increase design capabilities by reducing weight and layer thickness**

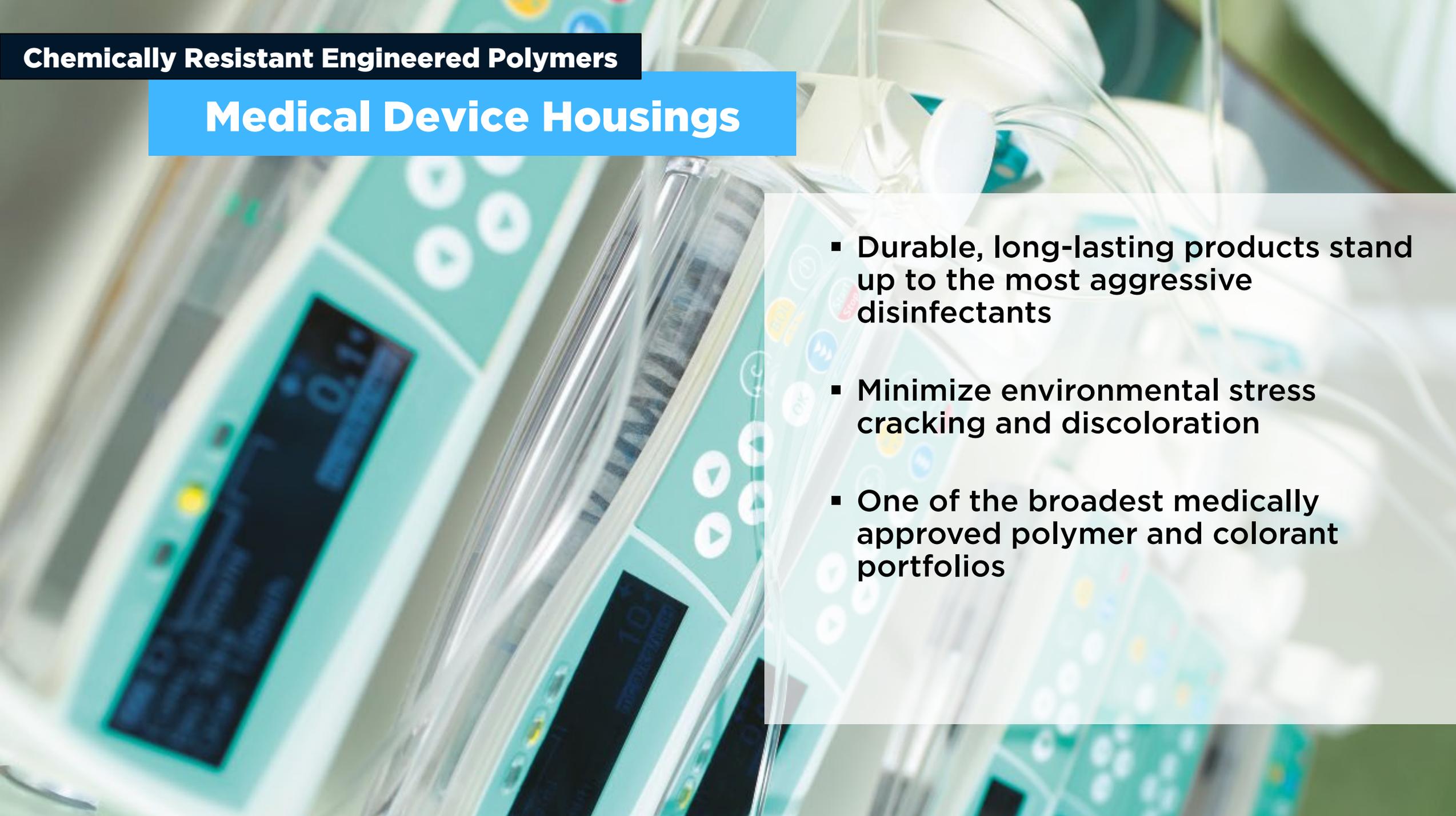


**WithStand™ Antimicrobial Technology**

## **Combat Bacteria Formation**

- **Inhibit microbial growth on polymer surfaces**
- **Enhance value of products and devices**
- **Highly versatile concentrate with the ability to be incorporated into a wide variety of products**



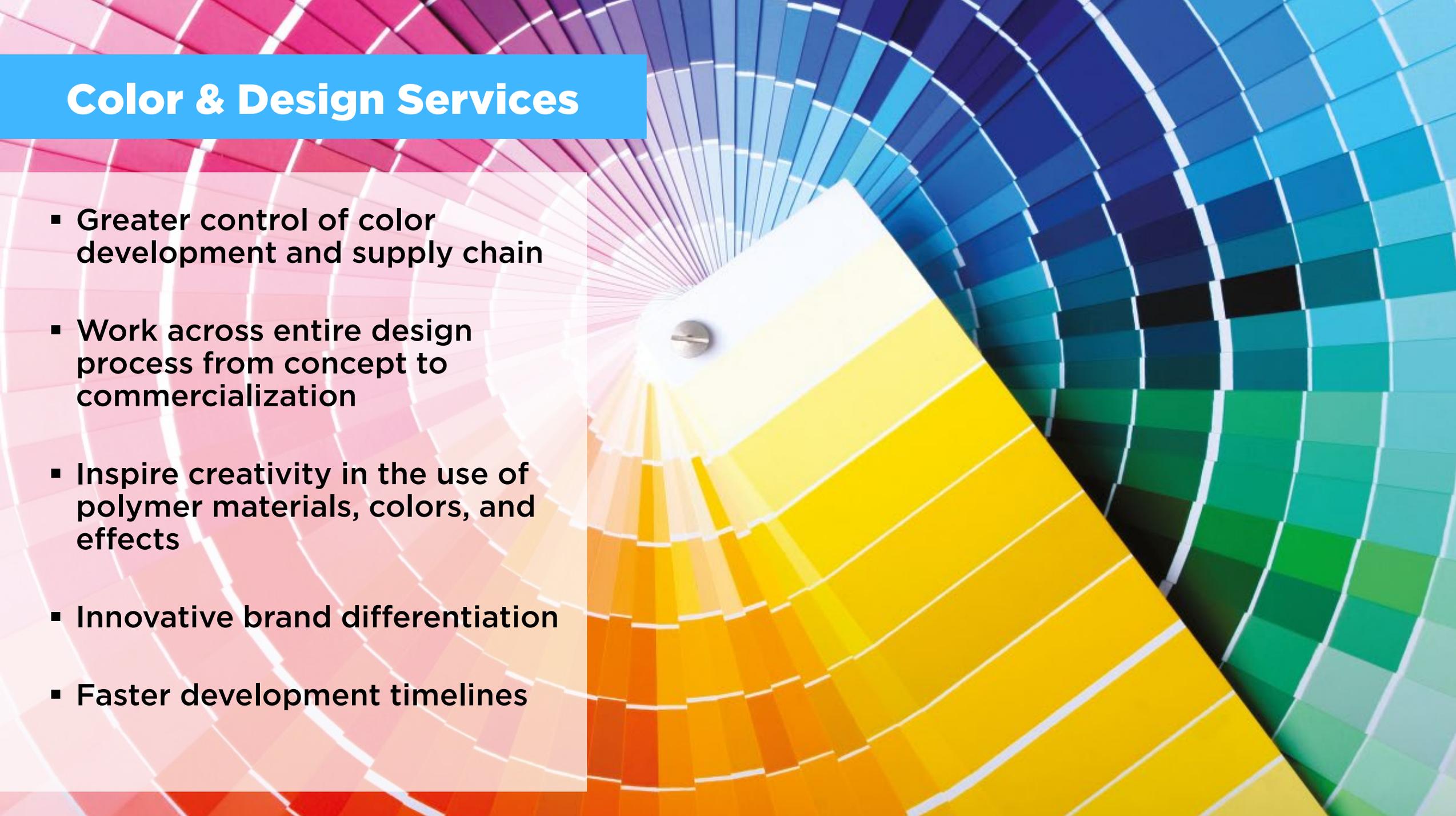
The background of the slide is a close-up, slightly blurred photograph of medical equipment. It features several teal-colored control panels with black digital displays and various buttons. A clear plastic tube or housing is visible in the foreground, partially obscuring the equipment. The overall scene is brightly lit, typical of a clinical or laboratory environment.

**Chemically Resistant Engineered Polymers**

## **Medical Device Housings**

- **Durable, long-lasting products stand up to the most aggressive disinfectants**
- **Minimize environmental stress cracking and discoloration**
- **One of the broadest medically approved polymer and colorant portfolios**

# Color & Design Services



- Greater control of color development and supply chain
- Work across entire design process from concept to commercialization
- Inspire creativity in the use of polymer materials, colors, and effects
- Innovative brand differentiation
- Faster development timelines

# Outdoor Applications

- Leading provider of high performance specialty materials for the recreational and sports & leisure industry
- Well positioned across all segments to address market needs
  - ✓ Metal to Polymer Conversion
  - ✓ Lightweighting
  - ✓ Thermal Management
  - ✓ Impact Performance



# Fiber Colorants



- **ColorMatrix Fiber Colorant Solutions**

- ✓ Proprietary advanced liquid color formulations and equipment enable greater efficiency and productivity
- ✓ Eliminates aqueous dyeing and its associated wastewater treatment

- **Solid Color Concentrates**

- ✓ Extrusion-spun fibers colored via solid masterbatch

*PolyOne*<sup>TM</sup>

The logo features the word "PolyOne" in a white, elegant script font. A thick, white, brush-stroke-like underline is positioned beneath the text, starting from the left and ending under the "e". A small "TM" trademark symbol is located to the right of the "e".

## 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**	Q4 2018**	2019	Q4 2019
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	\$ (1.3)	\$ 75.5	\$ 6.4
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	26.2	61.7	15.0
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)	(5.6)	(5.9)	4.9
Adjusted net income from continuing operations attributable to PolyOne common shareholders	<u>\$ 11.8</u>	<u>\$ 65.3</u>	<u>\$ 76.9</u>	<u>\$ 89.5</u>	<u>\$ 126.6</u>	<u>\$ 168.5</u>	<u>\$ 173.5</u>	<u>\$ 174.3</u>	<u>\$ 181.6</u>	<u>\$ 195.3</u>	<u>\$ 121.3</u>	<u>\$ 19.3</u>	<u>\$ 131.3</u>	<u>\$ 26.3</u>
Diluted shares	93.4	96.0	94.3	89.8	96.5	93.5	88.7	84.6	82.1	80.4	80.4	79.2	77.7	77.5
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	\$ 0.24	\$ 1.69	\$ 0.34

\* 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 PP&S.

(1) Special items include charges related to specific strategic initiatives or financial restructuring such as: consolidation of operations; debt extinguishment costs; costs incurred directly in relation to acquisitions or divestitures, including adjustments related to contingent consideration; employee separation costs resulting from personnel reduction programs, plant realignment costs, executive separation agreements; asset impairments; mark-to-market adjustments associated with actuarial gains and losses on pension and other post-retirement benefit plans; environmental remediation costs, fines, penalties and related insurance recoveries related to facilities no longer owned or closed in prior years; gains and losses on the divestiture of operating businesses, joint ventures and equity investments; gains and losses on facility or property sales or disposals; results of litigation, fines or penalties, where such litigation (or action relating to the fines or penalties) arose prior to the commencement of the performance period; one-time, non-recurring items; and the effect of changes in accounting principles or other such laws or provisions affecting reported results. Tax adjustments include the net tax benefit/(expense) from one-time income tax items, the set-up or reversal of uncertain tax position reserves and deferred income tax valuation allowance adjustments.

**Reconciliation of Non-GAAP Financial Measures (Unaudited)**  
(Dollars in millions)

Adjusted EBITDA is calculated as follows:

<b>Reconciliation of Adjusted EBITDA:</b>	<b>2019</b>
Net income from continuing operations attributable to PolyOne common shareholders	\$ 75.5
Interest expense, net	59.5
Depreciation and amortization	78.1
Income tax expense	33.7
<b>EBITDA</b>	<b>246.8</b>
Special items, before tax <sup>(1)</sup>	61.7
<b>Adjusted EBITDA</b>	<b>\$ 308.5</b>

(1) Special items include charges related to specific strategic initiatives or financial restructuring such as: consolidation of operations; debt extinguishment costs; costs incurred directly in relation to acquisitions or divestitures, including adjustments related to contingent consideration; employee separation costs resulting from personnel reduction programs, plant realignment costs, executive separation agreements; asset impairments; mark-to-market adjustments associated with actuarial gains and losses on pension and other post-retirement benefit plans; environmental remediation costs, fines, penalties and related insurance recoveries related to facilities no longer owned or closed in prior years; gains and losses on the divestiture of operating businesses, joint ventures and equity investments; gains and losses on facility or property sales or disposals; results of litigation, fines or penalties, where such litigation (or action relating to the fines or penalties) arose prior to the commencement of the performance period; one-time, non-recurring items; and the effect of changes in accounting principles or other such laws or provisions affecting reported results.

The following table reconciles the capital expenditures from the consolidated statement of cash flows to the amount from continuing operations presented herein:

	<b>2019</b>
Capital expenditures from continuing operations	\$ 67.6
Capital expenditures from discontinued operations	14.1
<b>Consolidated capital expenditures</b>	<b>\$ 81.7</b>