

PolyOne Investor Presentation

March 2017



PolyOne[™]

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 realize anticipated savings and operational benefits from the realignment of assets, including the closure of manufacturing facilities;
 - ✓ The timing of closings and shifts of production to new facilities related to asset realignments and any unforeseen loss of customers and/or disruptions of service or quality caused by such closings and/or production shifts;
 - ✓ Separation and severance amounts that differ from original estimates;
 - ✓ Amounts for non-cash charges related to asset write-offs and accelerated depreciation realignments of property, plant and equipment, that differ from original estimates;
 - ✓ Our ability to identify and evaluate acquisition targets and consummate acquisitions;
 - ✓ The ability to successfully integrate acquired companies into our operations, retain the management teams of acquired companies, retain relationships with customers of acquired companies, and achieve the expected results of such acquisitions, including whether such businesses will be accretive to our earnings;
 - ✓ 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 financial condition of our customers, including the ability of customers (especially those that may be highly leveraged and those with inadequate liquidity) to maintain their credit availability;
 - ✓ The speed and extent of an economic recovery, including the recovery of the housing market;
 - ✓ Our ability to achieve new business gains;
 - ✓ 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 achieve or delays in achieving or achievement of less than the anticipated financial benefit from initiatives related to working capital reductions, cost reductions and employee productivity goals;
 - ✓ An inability to raise or sustain prices for products or services;
 - ✓ An inability to maintain appropriate relations with unions and employees;
 - ✓ Our ability to continue to pay cash dividends;
 - ✓ The amount and timing of repurchases of our common shares, if any; 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, Specialty platform operating income percentage, 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.

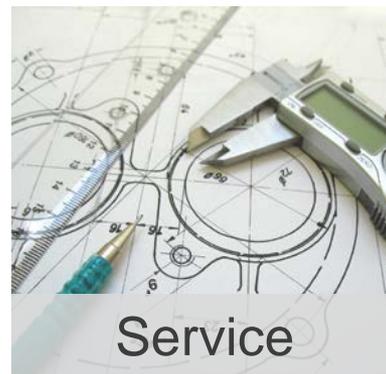
What We Do



Inputs



Formulation
Expertise



Service



Value

Base resins
Additives
Modifiers
Pigments

Expertise in
Polymer
Materials,
Services and
Solutions

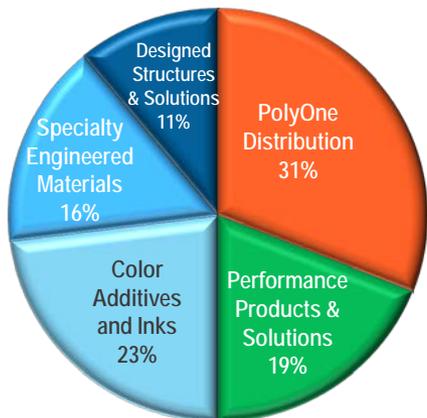
InVisiOSM Color
Services
IQ Design Labs
LSS Customer
First

OEMs
Brand Owners
Processors
Assemblers

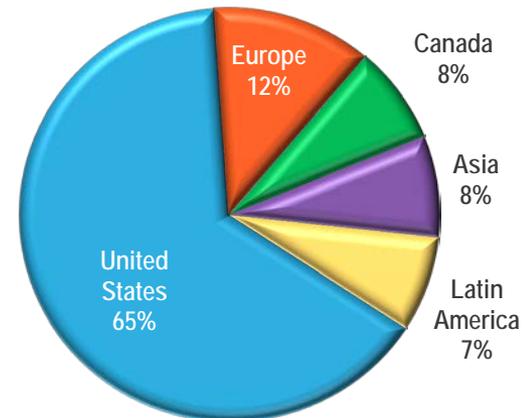
Driving customer value with specialty products & services

At a Glance

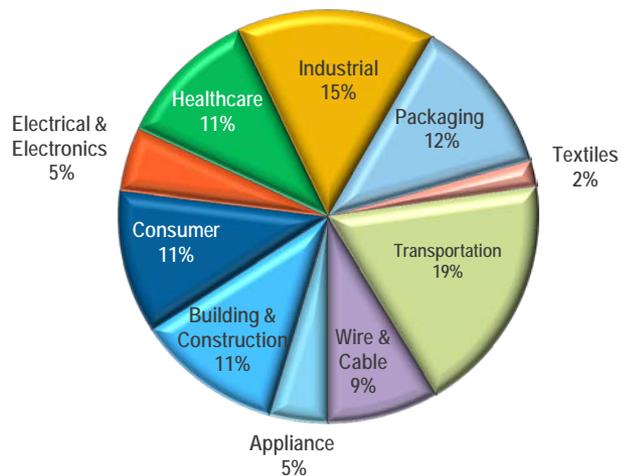
2016 Revenue (\$3.3 Billion) by Segment



2016 Revenue by Geography



2016 Revenue by End Market



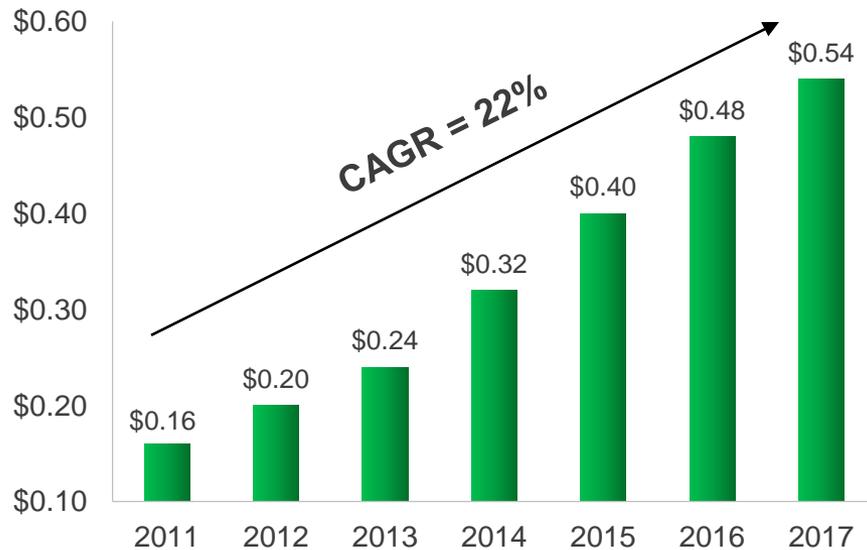
Adjusted Earnings Per Share



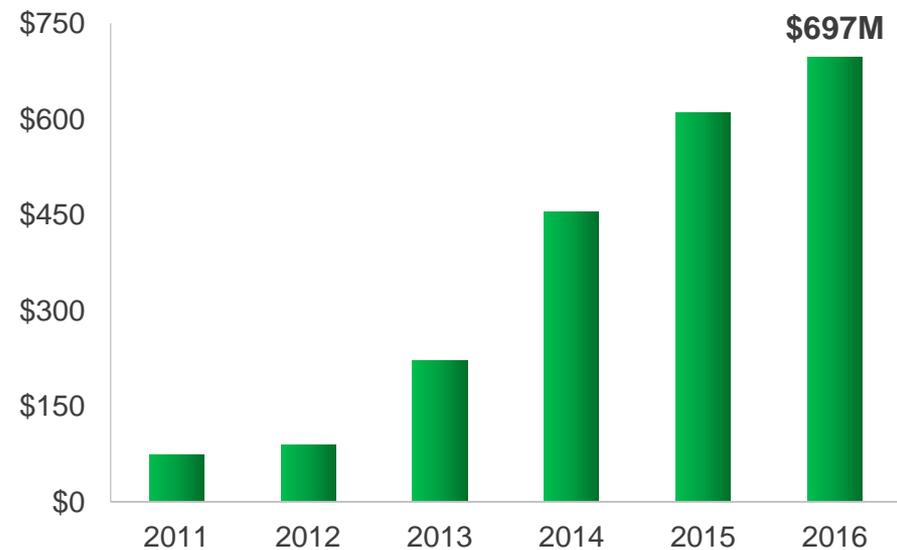
Returning Cash to Shareholders

- Since 2011, we have returned nearly \$850 million to shareholders
 - ✓ \$150 million returned through dividends
 - ✓ \$697 million returned through share repurchases

Annual Dividend*

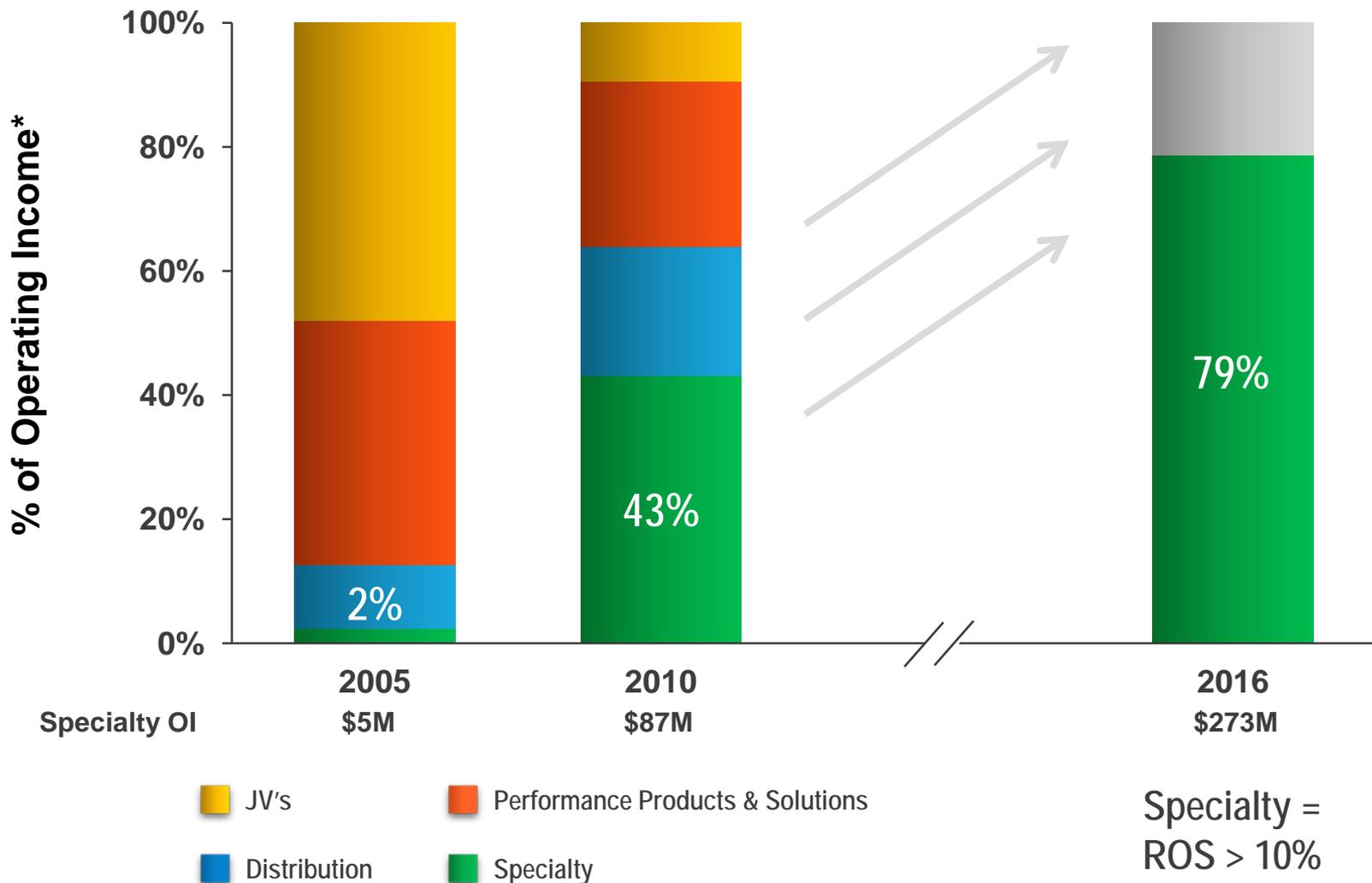


**Cumulative Share Repurchases
(in millions)**



*Initiated in 2011

Mix Shift Highlights Specialty Transformation



*Operating Income excludes corporate charges and special items

Proof of Performance & 2020 Platinum Vision

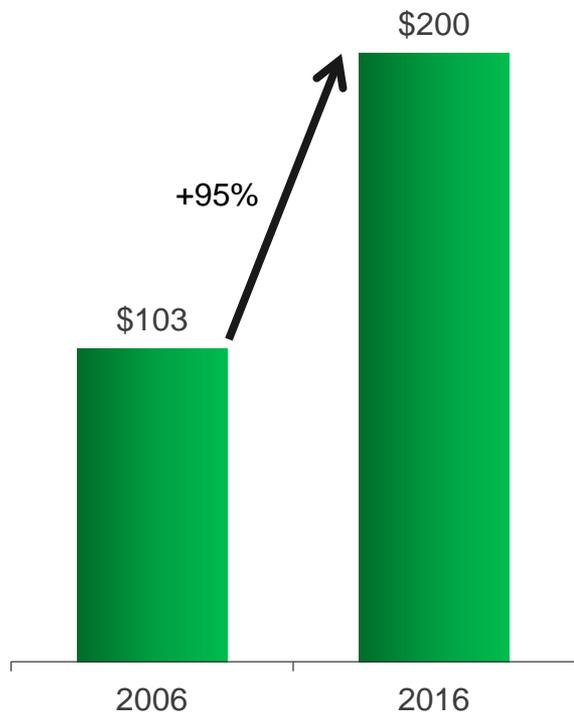
	2006 “Where we were”	2016 “Where we are”	2020 Platinum Vision
Operating Income % of Sales			
Color, Additives & Inks	1.7%	16.0%	20%+
Specialty Engineered Materials	1.1%	14.3%	20%+
Performance Products & Solutions	5.5%	11.1%	12 – 14%
Distribution	2.6%	6.4%	6.5 – 7.5%
Designed Structures & Solutions	N/A	-0.9%	8 – 10%
ROIC*	5.0%	12.9%	15%

Consistently Deliver Double Digit Annual EPS Growth

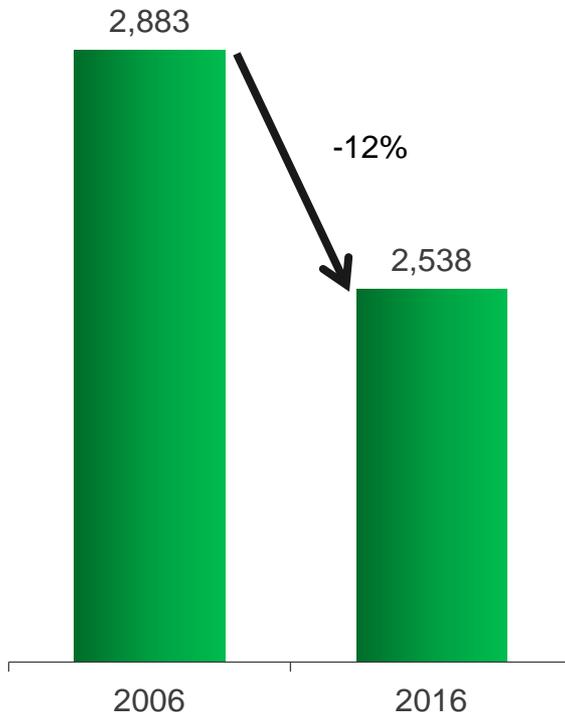
**ROIC is defined as TTM adjusted OI after tax divided by the sum of average debt and equity less cash over a 5 quarter period*

Ours is Not a Cost Cutting Story

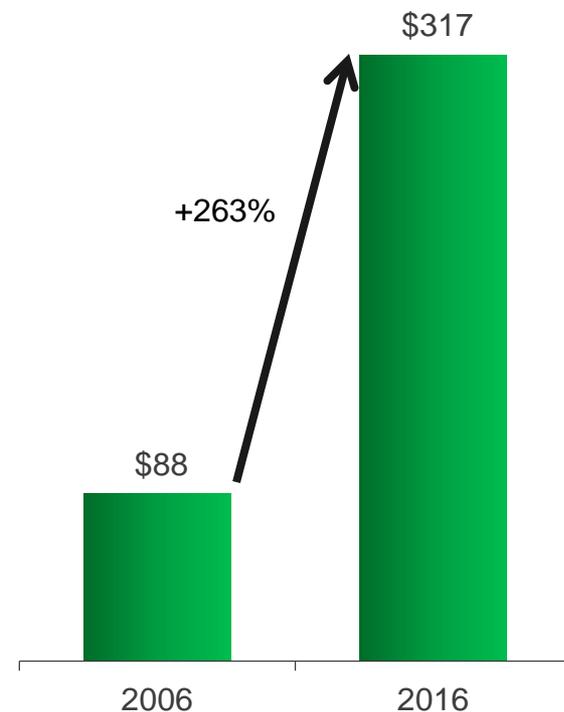
**Commercial, R&D
and Marketing
Spending (\$M)**



**Volume
(lbs in millions)**

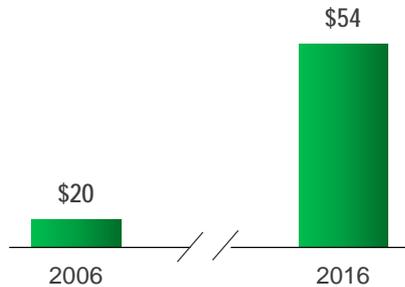


**Adjusted
Operating Profit (\$M)**

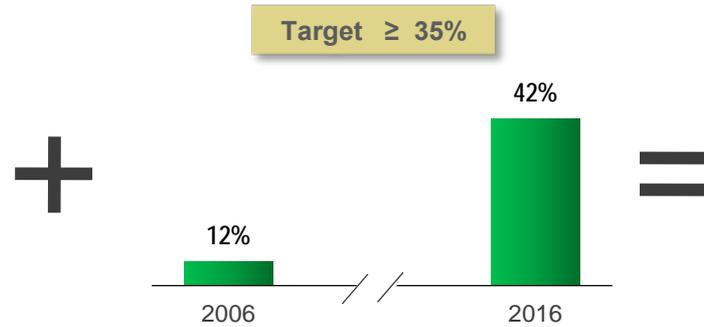


Innovation Drives Earnings Growth

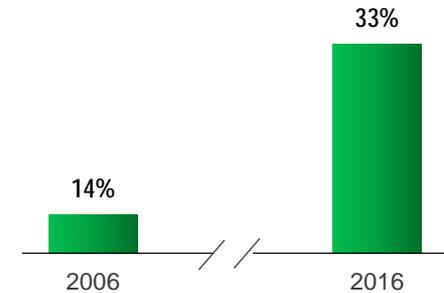
Research & Development Spending (\$ millions)



Specialty Platform Vitality Index Progression*

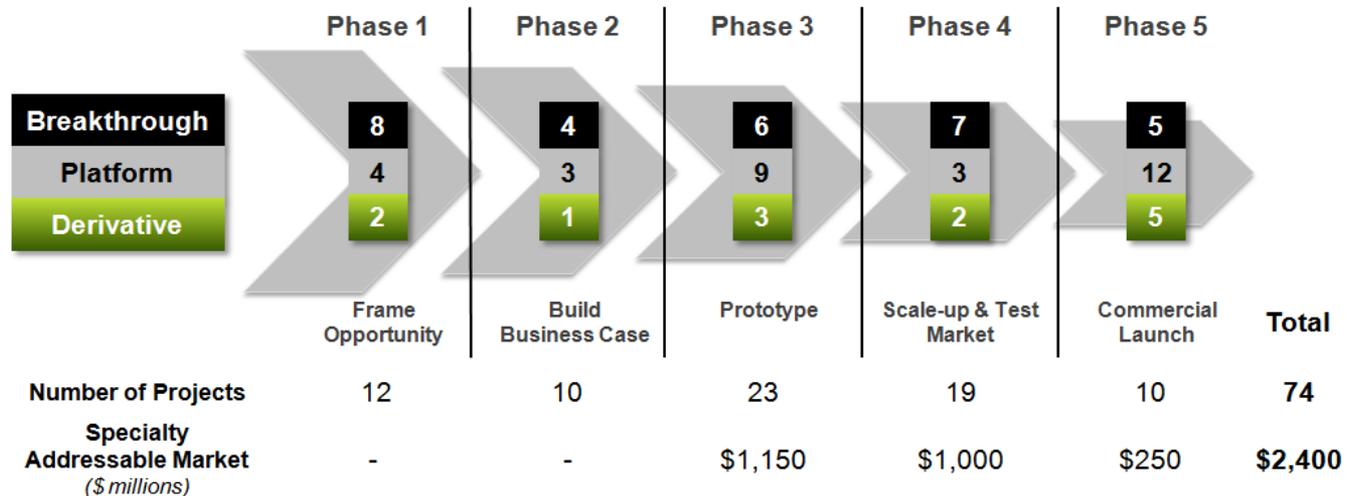


CAI & SEM Gross Margin

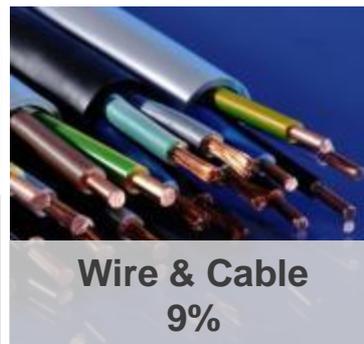
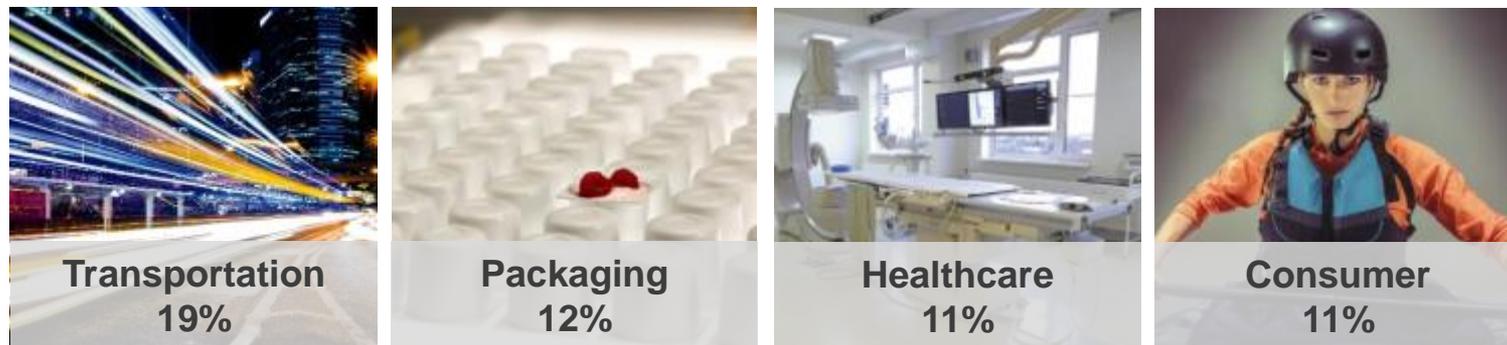


*Specialty Platform revenue from products introduced in last five years

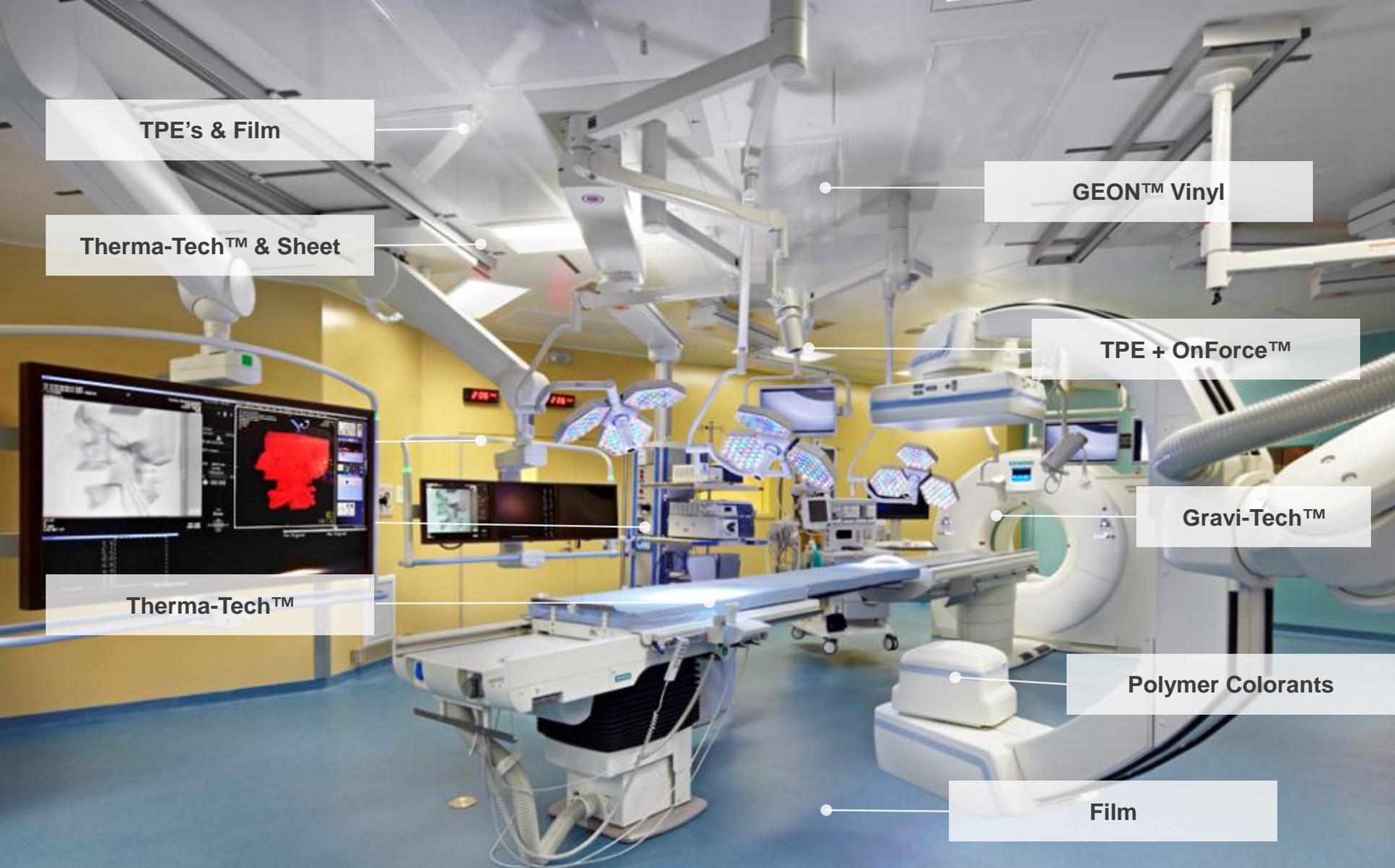
Innovation Pipeline Potential



Primary Industries Served



2016 Revenue: \$3.3 Billion



TPE's & Film

Therma-Tech™ & Sheet

Therma-Tech™

GEON™ Vinyl

TPE + OnForce™

Gravi-Tech™

Polymer Colorants

Film

Target End Markets... Healthcare



Sound & Vibration Management

Roof Systems

Interior & Exterior Trim

Interior Structural Components

Underhood Components

Air management

Electronics & Cameras

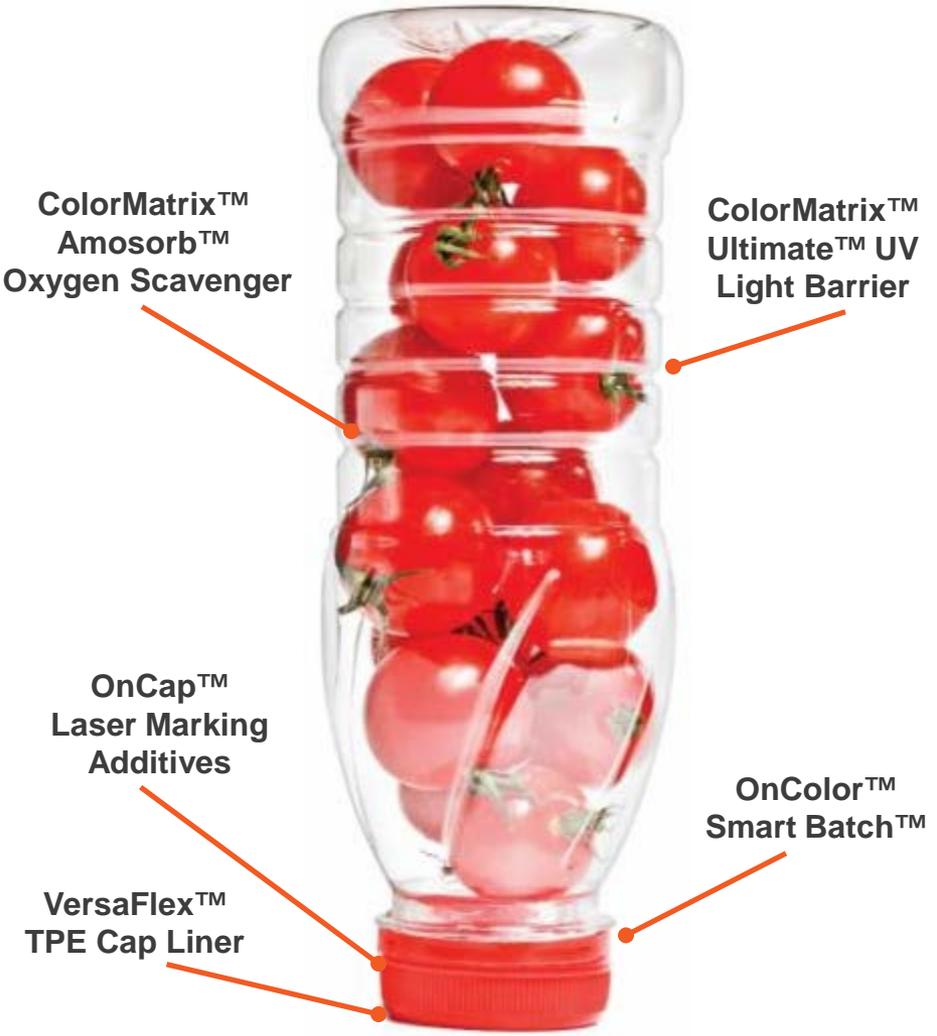
Lighting

Fluid Handling

Fuel Handling Systems

Structural Braces & Brackets

Target End Markets... Automotive



Target End Markets... Packaging

Outdoor Recreation Product Sales

\$120.7 Billion

APPAREL, FOOTWEAR, EQUIPMENT, VEHICLES, ACCESSORIES, SERVICES

Trips and Travel-Related Spending

\$524.8 Billion

FOOD/DRINK, TRANSPORTATION, ENTERTAINMENT/ACTIVITIES, LODGING, SOUVENIRS/GIFTS/MISC.



+



=

\$646 Billion Direct Sales

Source: Outdoor Industry Association



OnForce (SEM)

Advanced Composites (SEM)

TPE + OnForce (SEM)

TPE Vibration Dampening (SEM/GLS)



Sheet (DSS)

Advanced Composites (SEM)

Polymer Colorants (CAI)

Thermoplastic Elastomers (SEM)

Thermoplastic Elastomers (SEM)

TPE & Film (SEM + DSS)

Polymer Colorants (CAI)

Thermatech (SEM)

Advanced Composites (SEM)

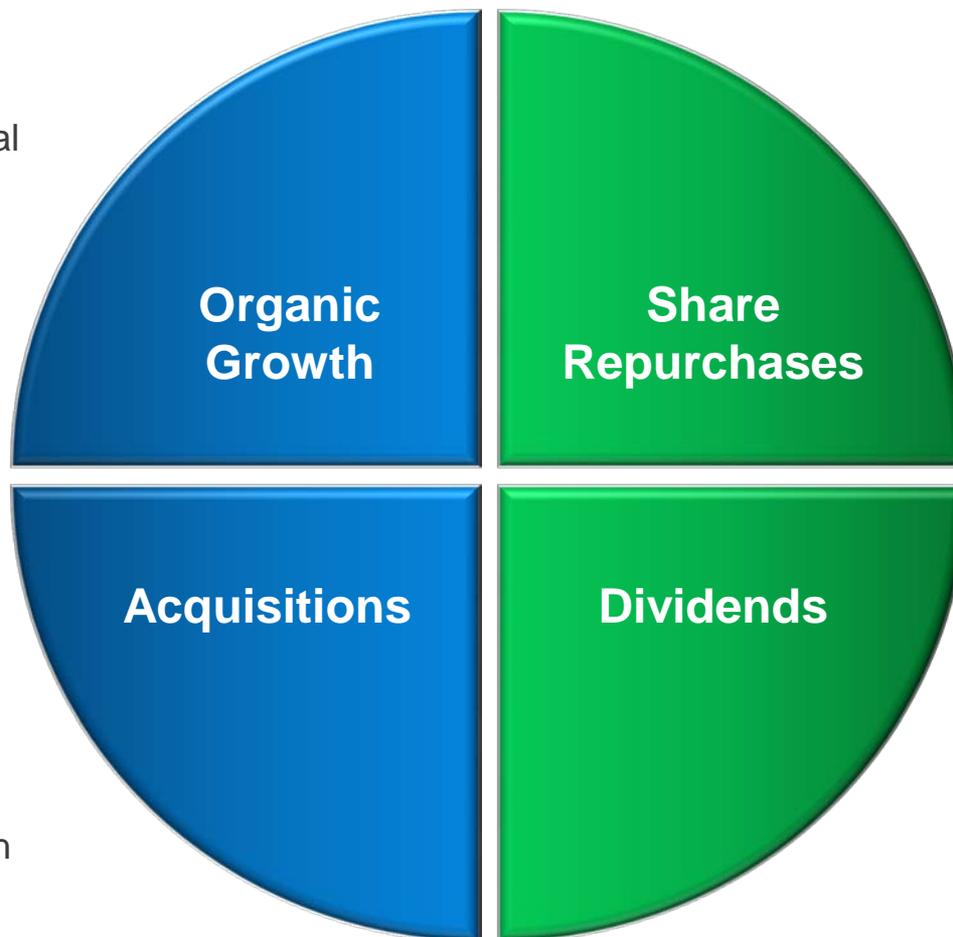
TPE + OnForce (SEM)

OnForce (SEM)

Target End Markets... Consumer

Free Cash Flow and Strong Balance Sheet Fund Investment / Shareholder Return

- Expanding our sales, marketing, and technical capabilities
- Investing in operational and LSS initiatives
- ~60 - 70% of capital expenditures fund growth initiatives



- Targets that expand our:
 - Specialty offerings
 - End market presence
 - Geographic breadth
- Growth synergies
- Adjacent material solutions

- Repurchased 1.2 million shares in Q4 2016
- Repurchased 18.8 million shares since early 2013
- 8.5 million shares are available for repurchase under the current authorization

- Increased annual dividend by 12.5% to \$0.54 per share, representing the sixth consecutive year of dividend growth

Why Invest In PolyOne?

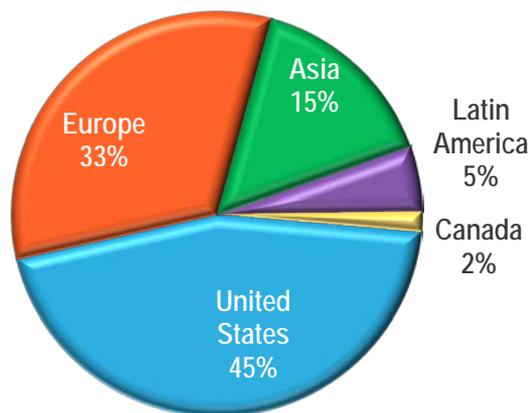
- Addressable market exceeds \$40 billion
- Strong performance demonstrates that our strategy and execution are working
- Megatrends and emerging opportunities align with strengths
- Innovation and services provide differentiation, incremental pricing power and competitive advantage
- Strategic balance between reinvestment for growth and returning cash to shareholders
- Strong and proven management team driving growth and performance

The New PolyOne: A Specialty Growth Company

Segment Highlights

At a Glance: Color, Additives & Inks

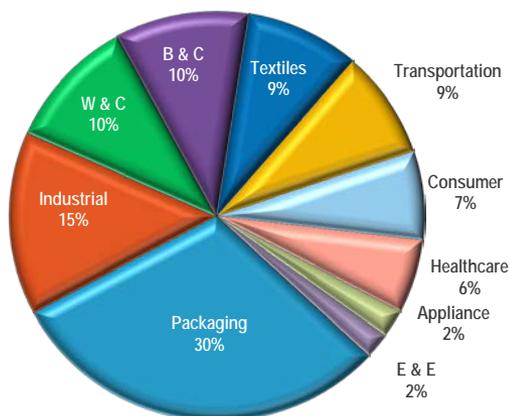
2016 Revenue: \$0.8 Billion



Key Applications

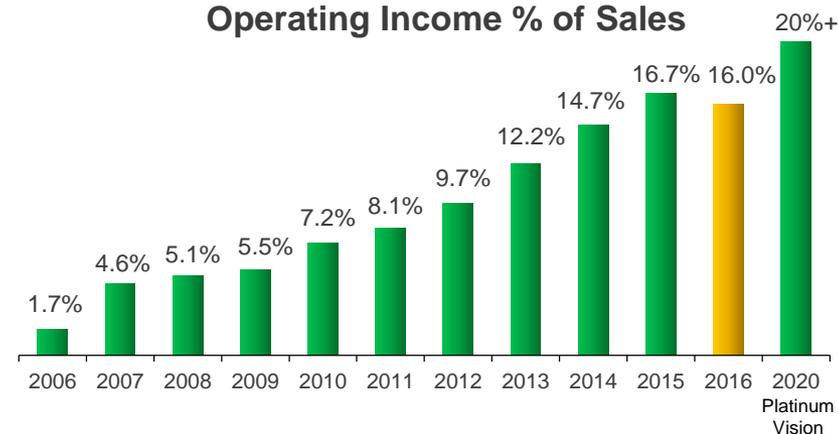


2016 Revenue by Industry



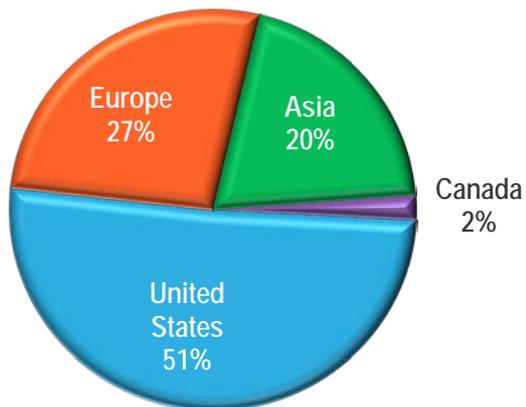
Expanding Profits

Operating Income % of Sales



At a Glance: Specialty Engineered Materials

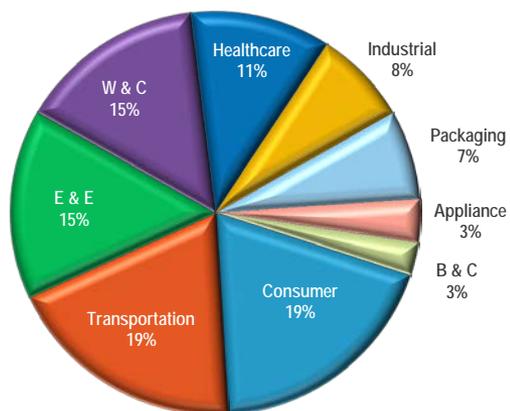
2016 Revenue: \$0.6 Billion



Key Applications

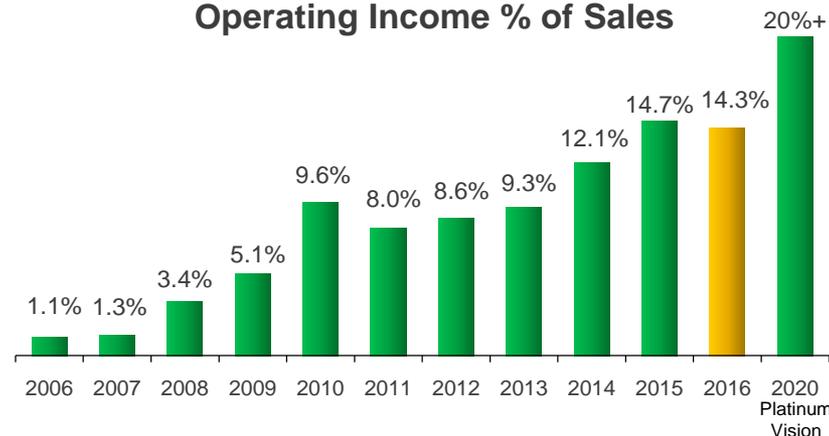


2016 Revenue by Industry



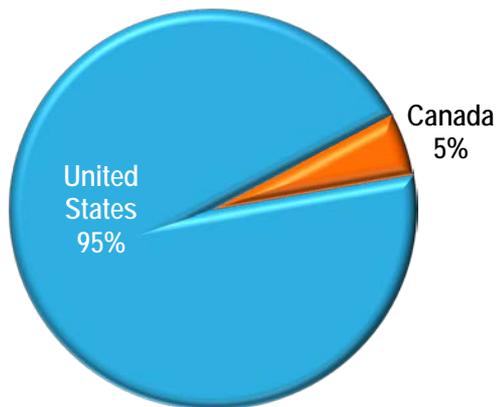
Expanding Profits

Operating Income % of Sales



At a Glance: Designed Structures & Solutions

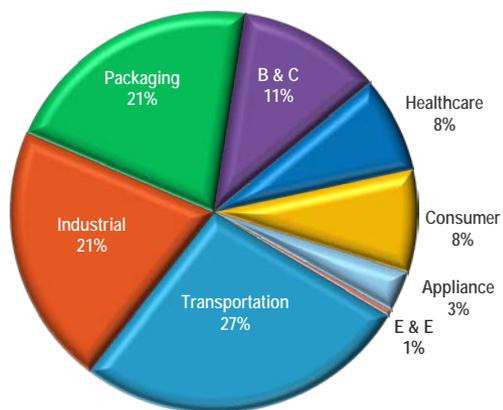
2016 Revenue: \$0.4 Billion



Key Applications

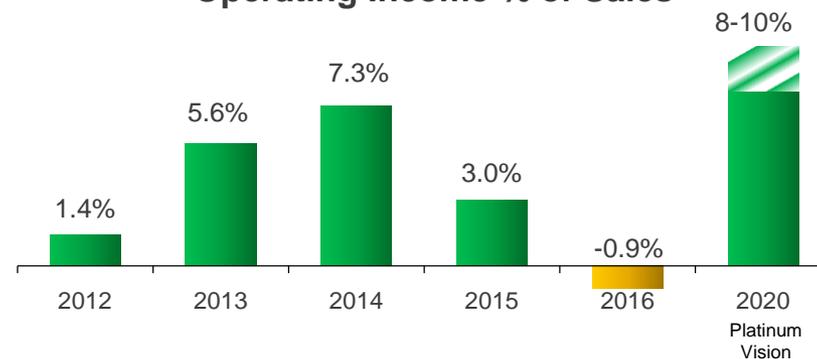


2016 Revenue by Industry



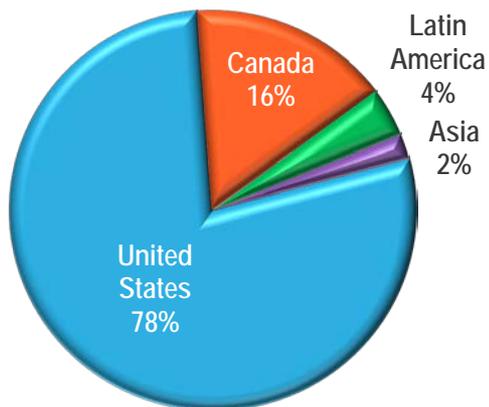
Expanding Profits

Operating Income % of Sales



At a Glance: Performance Products & Solutions

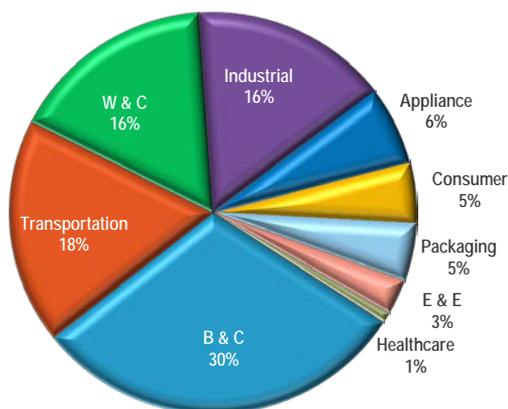
2016 Revenue: \$0.7 Billion



Key Applications

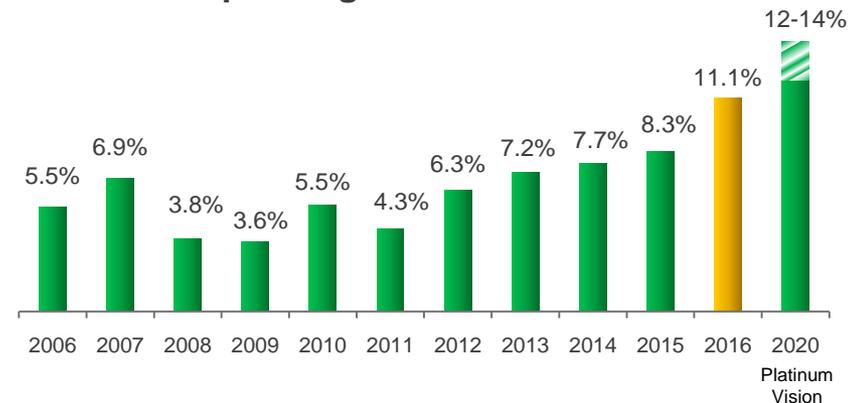


2016 Revenue by Industry



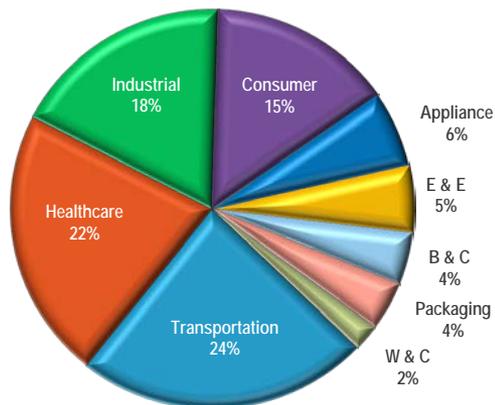
Expanding Profits

Operating Income % of Sales



At a Glance: Distribution

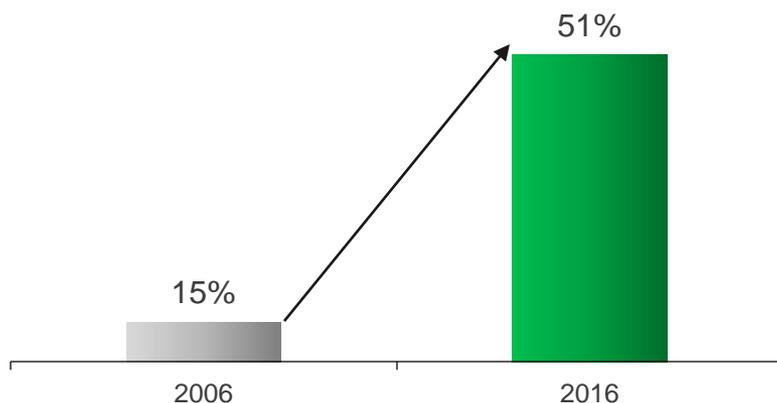
2016 Revenue: \$1.1 Billion



Key Suppliers

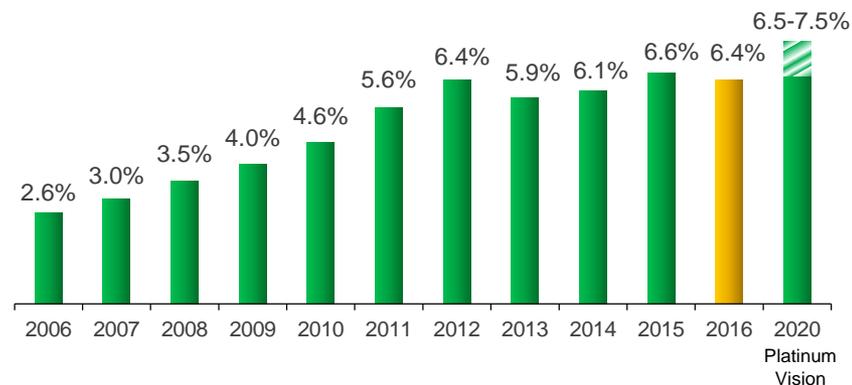


ROIC



Expanding Profits

Operating Income % of Sales



Application Examples

Luxury Packaging

with Gravitech Density Modified Polymers

- 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



Optimize Color Usage

with OnColor Super Concentrates

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



Combat Bacteria Formation

with WithStand Antimicrobial Technology

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



Medical Device Housings

with Chemically Resistant Engineered Polymers

- 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



Source: Outdoor Industry Association

Fiber Colorants

Solutions for clothing, apparel, footwear, automotive & sporting goods

■ 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



High-Barrier Packaging Containers



- Capability to extrude up to 13 layers
- Strong oxygen and moisture vapor transmission protection
- Can be made symmetrical or asymmetrical to meet customized needs of broad variety of applications
- Barrier protection and superior sensory properties

Reconciliation of Non-GAAP Financial Measures (Unaudited)

(Dollars in millions, except per share data)

Senior management uses comparisons of adjusted net income attributable to PolyOne common shareholders, adjusted earnings per share (EPS) attributable to PolyOne common shareholders and operating income before special items to assess performance and allocate resources because senior management believes that these measures are useful in understanding current profitability levels and that current levels may serve as a base for future performance. 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 for each fiscal year end.

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

	<u>2009*</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Net income attributable to PolyOne common shareholders	\$ 106.7	\$ 152.5	\$ 153.4	\$ 53.3	\$ 94.0	\$ 78.0	\$ 144.6	\$ 165.2
Joint venture equity earnings, after tax	(19.0)	(14.7)	(3.7)	—	—	—	—	—
Special items, before tax ⁽¹⁾	(48.7)	24.2	(48.1)	55.1	46.3	164.2	87.6	35.5
Special items, tax adjustments ⁽¹⁾	(27.2)	(96.7)	(24.7)	(18.9)	(13.7)	(73.7)	(58.7)	(20.7)
Adjusted net income 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>\$ 180.0</u>
Diluted shares	93.4	96.0	94.3	89.8	96.5	93.5	88.7	84.6
Adjusted EPS attributable to PolyOne common shareholders	\$ 0.13	\$ 0.68	\$ 0.82	\$ 1.00	\$ 1.31	\$ 1.80	\$ 1.96	\$ 2.13

Adjusted operating income is calculated as follows:

	<u>2006*</u>	<u>2016</u>
Operating income	\$ 233.6	\$ 281.9
Special items ⁽¹⁾	(39.1)	35.3
Joint venture equity earnings	(107.0)	0.0
Adjusted operating income	<u>\$ 87.5</u>	<u>\$ 317.2</u>

* 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.

(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; 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; the effect of changes in accounting principles or other such laws or provisions affecting reported results and tax adjustments. Tax adjustments include the net tax expense/benefit from one-time income tax items, the set-up or reversal of uncertain tax position reserves and deferred income tax valuation allowance adjustments.