



**POLYONE**  
**INVESTOR**  
**PRESENTATION**  
**JUNE 2018**

*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:

- 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 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;
- 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

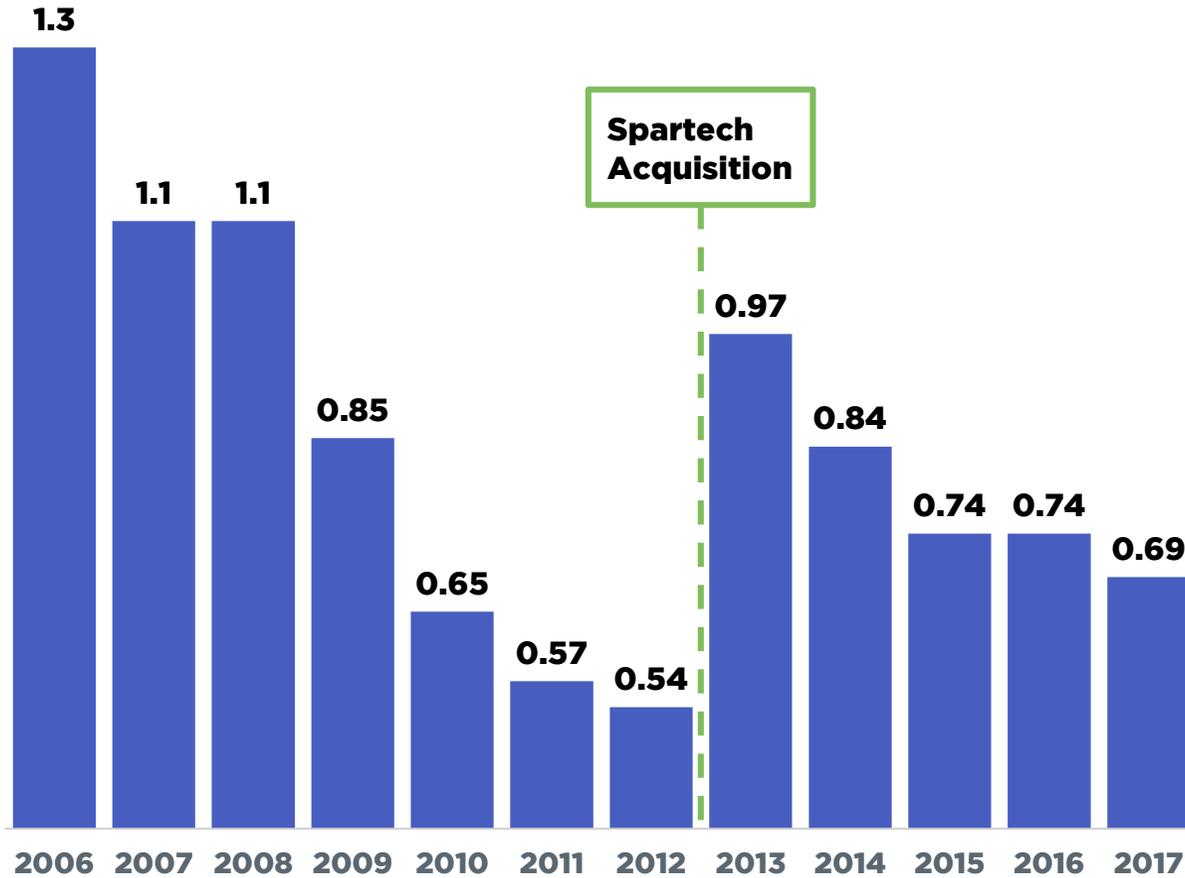
**Honesty    Respect    Integrity**

# VISION

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

# SAFETY FIRST

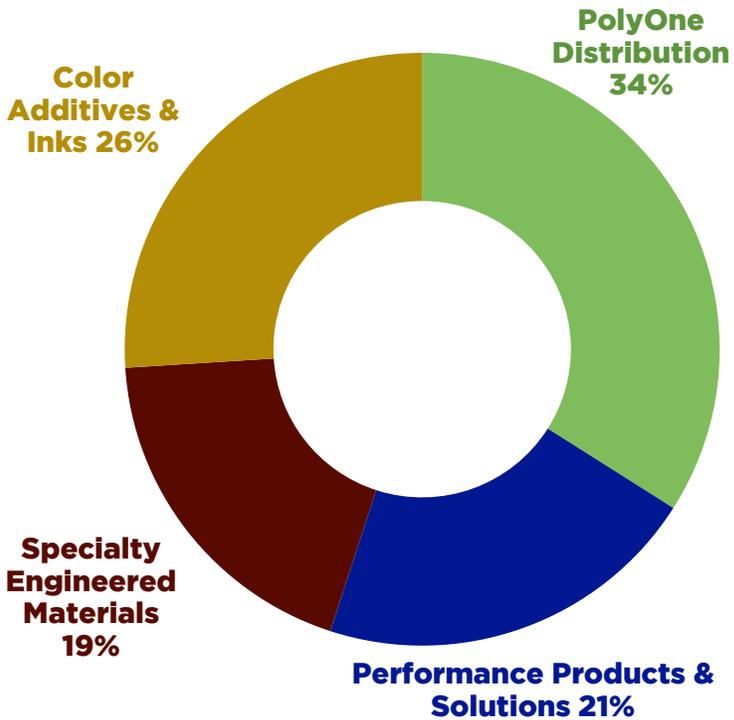
## Injuries per 100 Workers



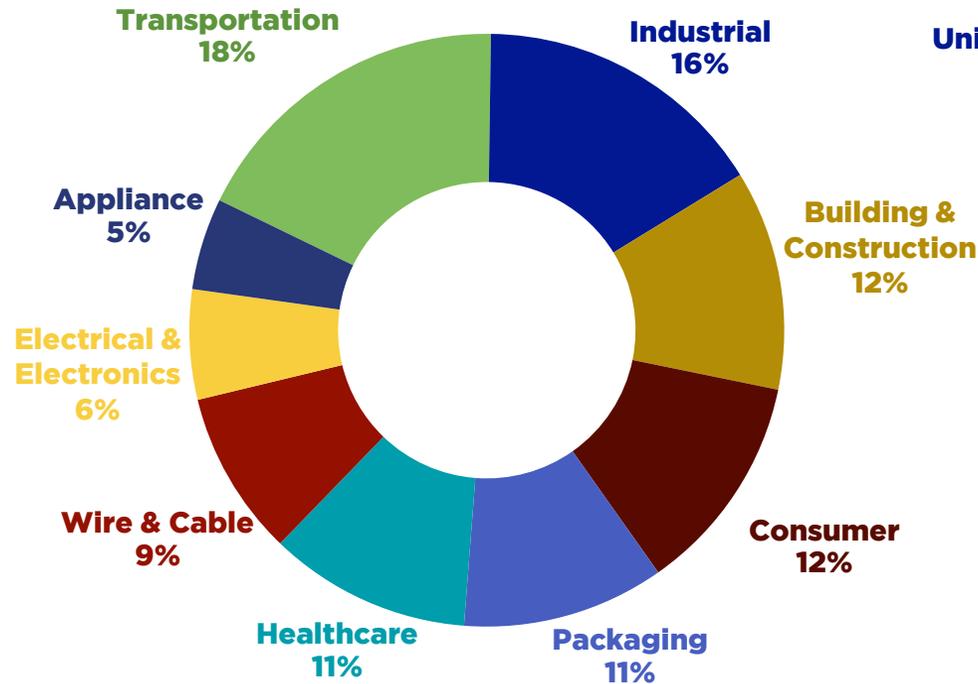
# POLYONE

## 2017 REVENUE | \$3.2 BILLION

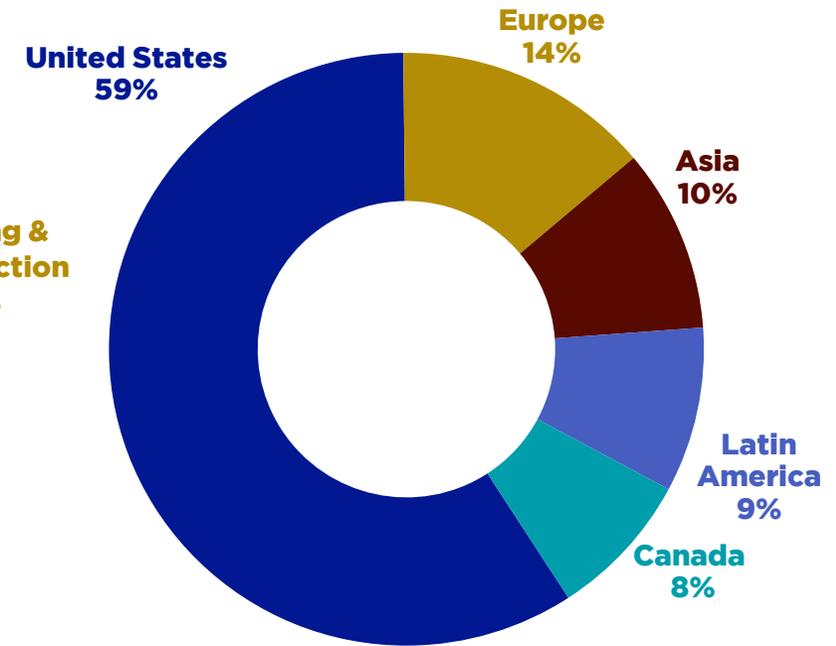
### Segment



### End Market

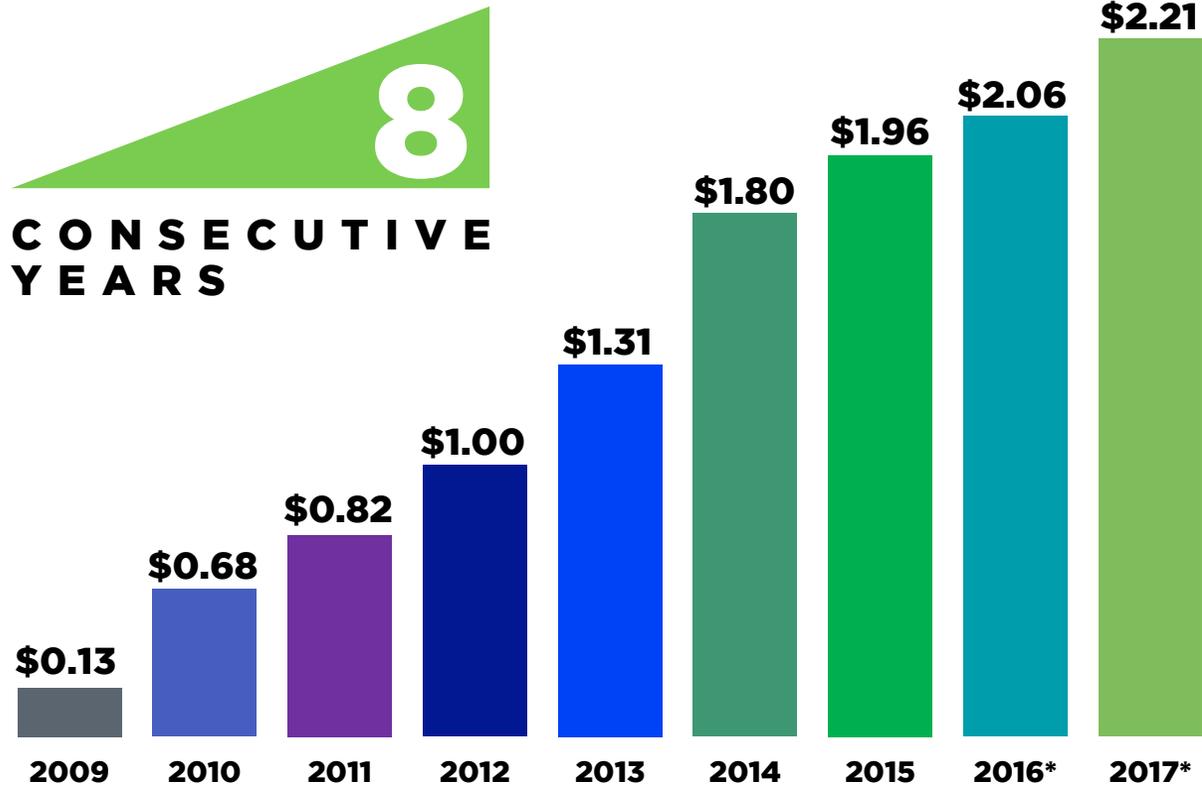


### Geography



# PROOF OF PERFORMANCE

## ADJUSTED EPS EXPANSION

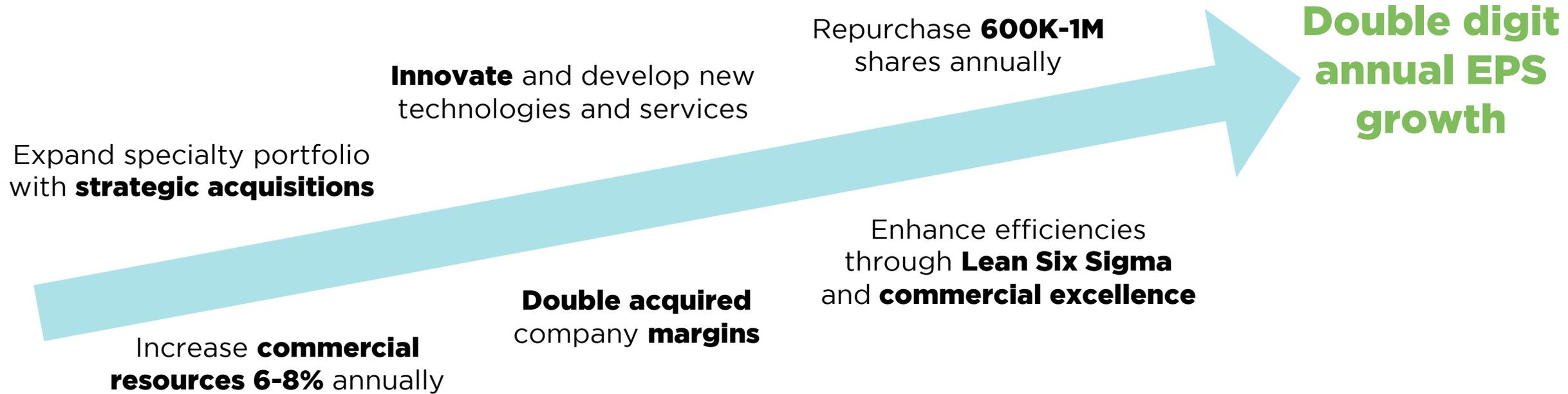


\*Pro Forma for sale of DSS

\*\*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

	2006 “Where we were”	2017 “Where we are”
<b>ROIC**</b>	<b>5.0%</b>	<b>14.0%</b>
<b>Operating Income % of Sales</b>		
<b>Color, Additives &amp; Inks</b>	<b>1.7%</b>	<b>15.5%</b>
<b>Specialty Engineered Materials</b>	<b>1.1%</b>	<b>12.1%</b>
<b>Performance Products &amp; Solutions</b>	<b>4.3%</b>	<b>10.7%</b>
<b>Distribution</b>	<b>2.6%</b>	<b>6.3%</b>

# SUSTAINABLE PATH TO DOUBLE-DIGIT EPS GROWTH



  
**PEOPLE**

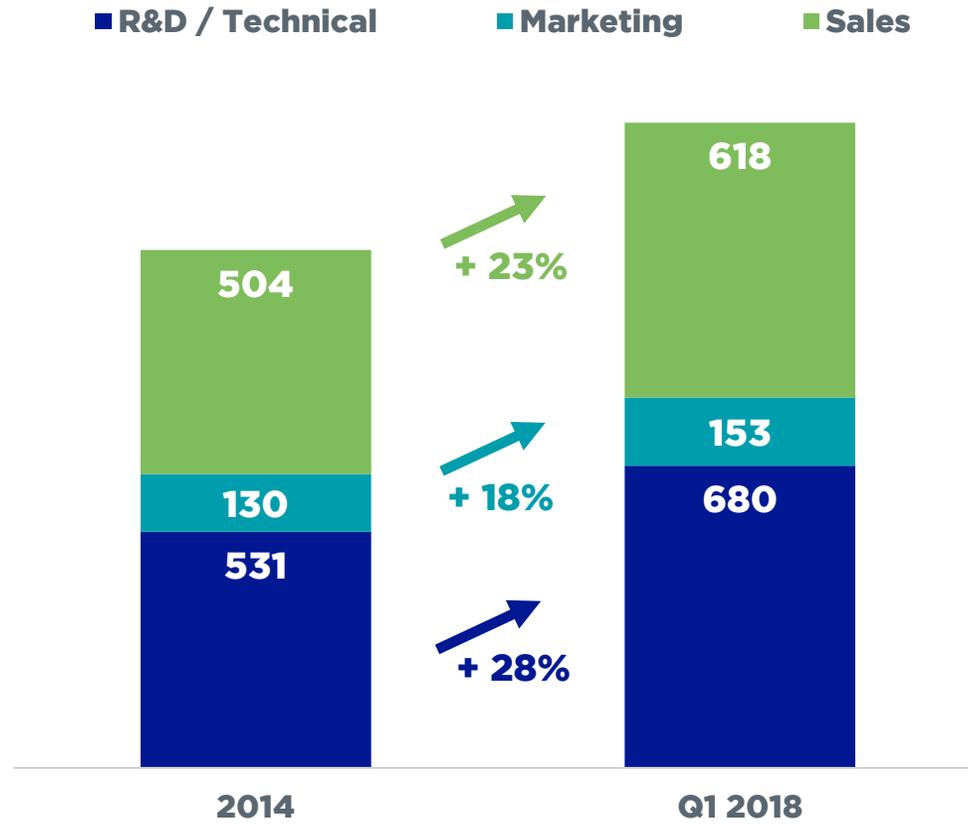
  
**PRODUCTS**

  
**PLANET**

  
**PERFORMANCE**

# INVESTMENT IN COMMERCIAL RESOURCES DRIVING GROWTH

## Increased commercial headcount



## Generating opportunities

**35%**

more sales calls

**25%**

more marketing campaigns

**1,000**

new customers, expanding customer base by 5%

**\$1.0B**

increase in new opportunities

## Enhancing efficiency

**8%**

reduction of average territory size, enabling greater customer focus

**20%**

more prospecting calls

# THE EVOLVING CUSTOMER RELATIONSHIP

## Traditional Path



**Customer Service**



**Strategic Accounts/  
Field Sales**



**Business Development**

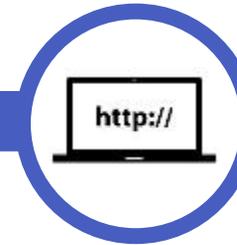
## Expanded Path



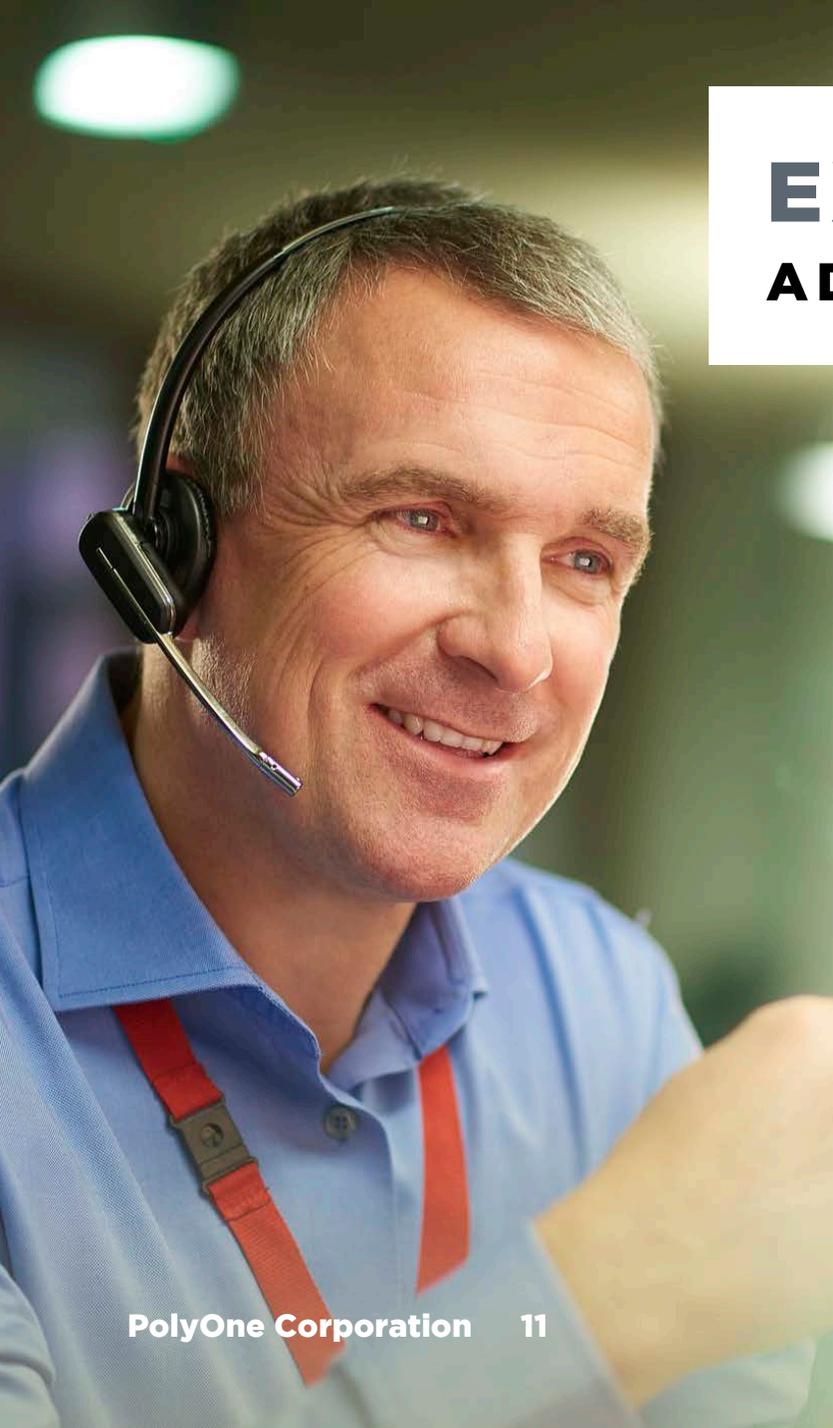
**Lead Specialists**



**Inside Sales**



**Web and Social Media**

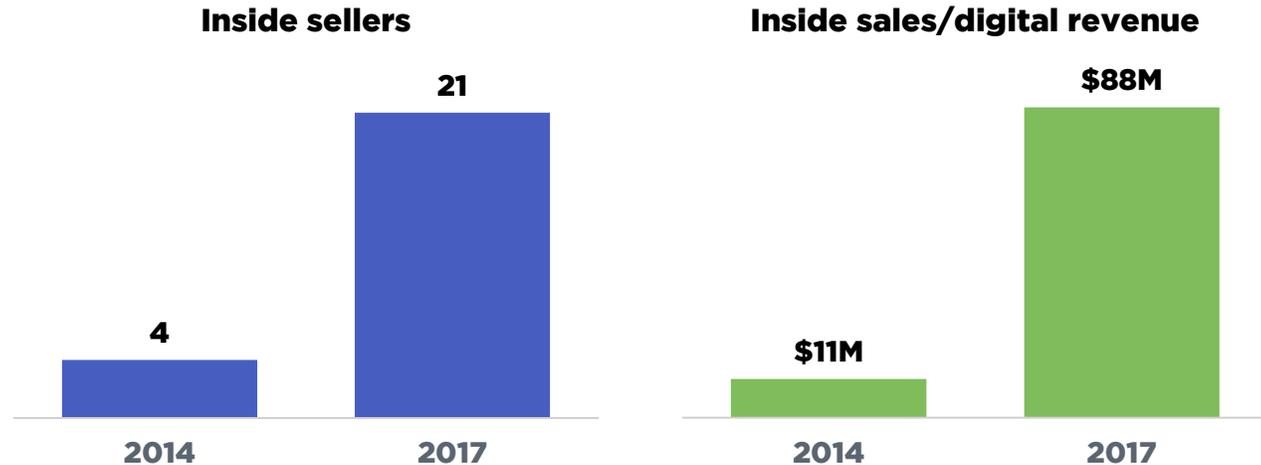


# EXPANDED PATH

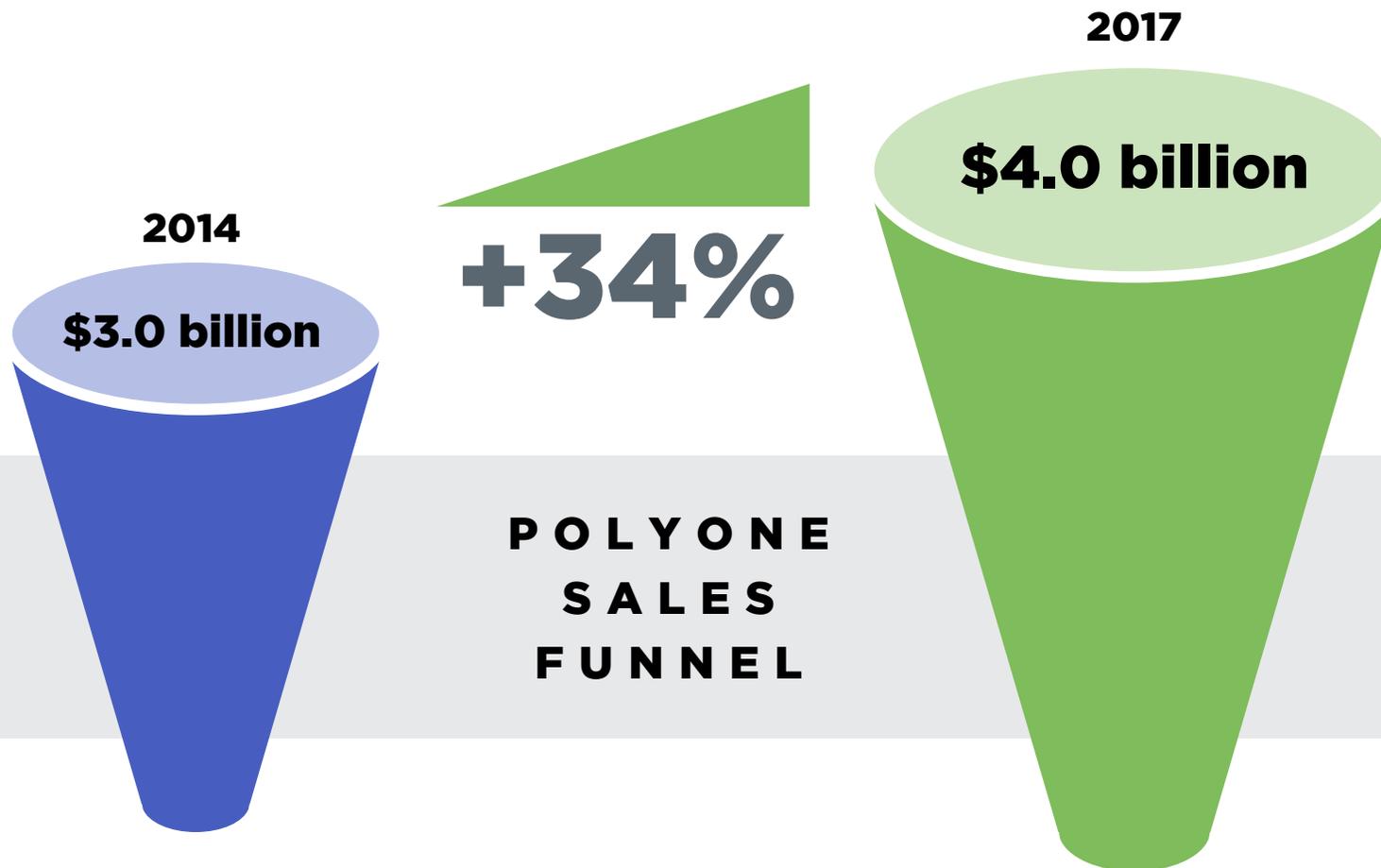
## ADDING CUSTOMER TOUCHPOINTS

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

**80% increase in leads (from 6,000 to 11,000) driven by website, phone, and online chat**



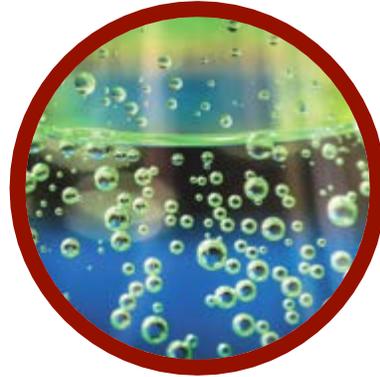
# NEW RESOURCES FUELING THE FUTURE



# ALIGNING WITH TRENDS FOR GROWTH



**TRANSPORTATION**



**PACKAGING**



**HEALTHCARE**



**CONSUMER**

**Light-weighting**

**Facilitate alternative energy solutions**

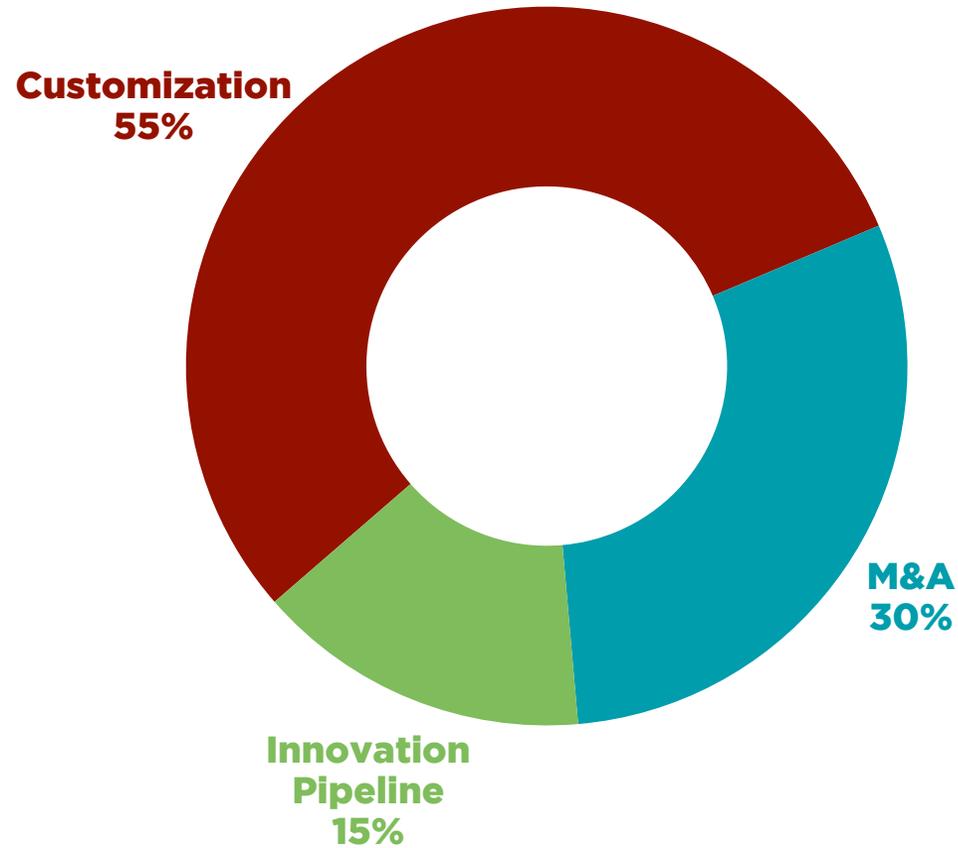
**Reduce packaging materials**

**Improve recyclability**

**Reduce spread of infection**

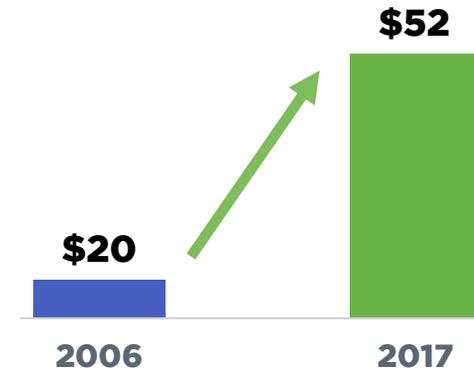
# INNOVATION

## Innovation comes from



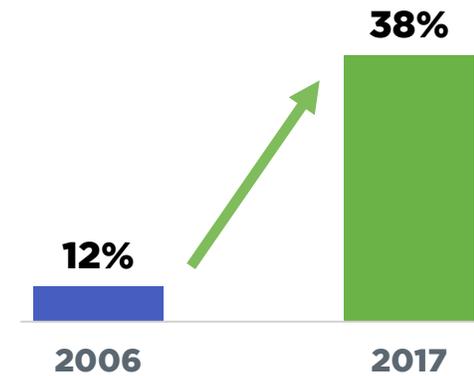
## Research & Development Spend

(\$ millions)



## Vitality Index

% of sales from products launched last 5 years



# 3 HORIZONS OF DEVELOPMENT

## INNOVATION

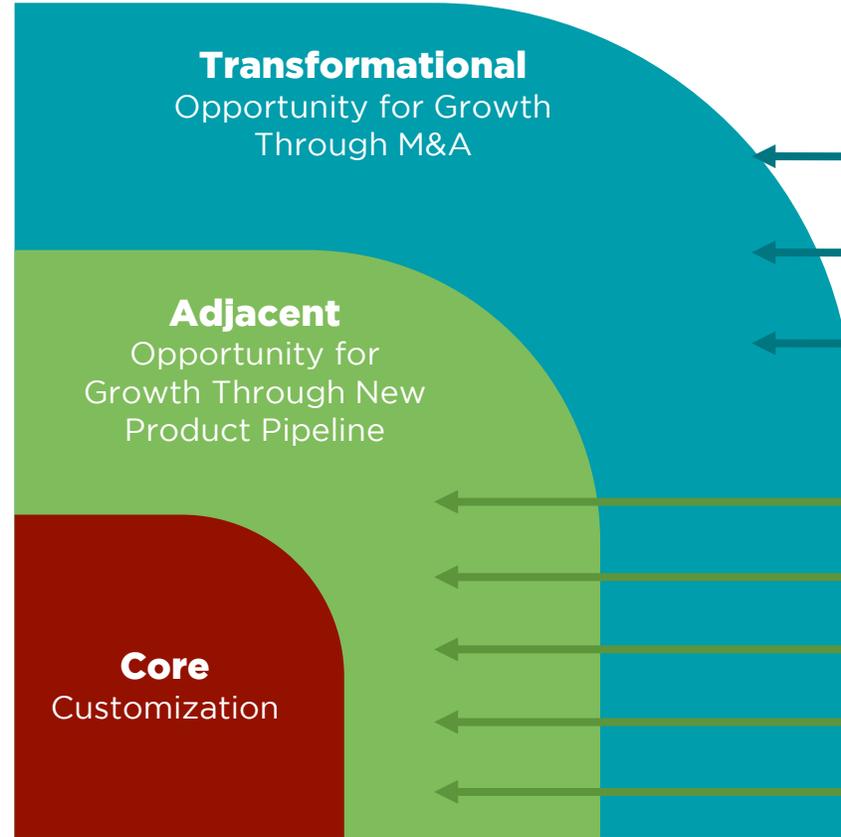
### Market

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

ColorMatrix - Liquid  
Color & Additives

Gordon Composites/  
Polystrand - Composites

GLS - Thermoplastic Elastomers

Non-Halogen Flame  
Retardants

Barrier Technologies

Fiber Colorants

Advanced Composites

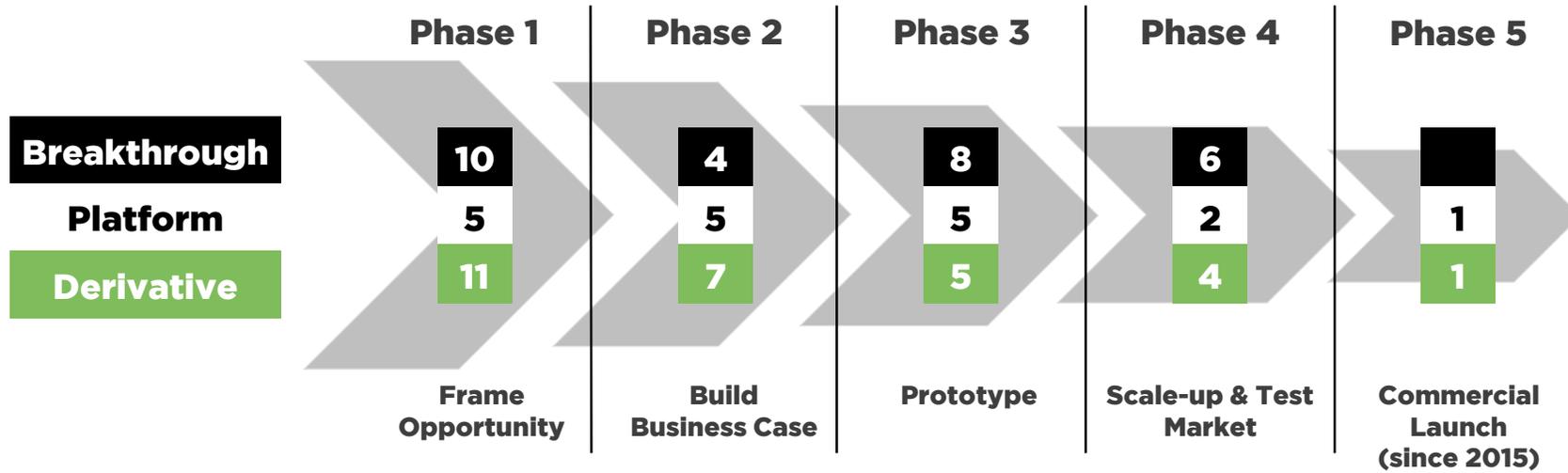
Thermoplastic Elastomers

New technology  
development  
outside of and with  
our current base

Incremental  
development  
from existing  
base of  
technology

New development  
adjacent to current  
technology

# INNOVATION PIPELINE



Number of Projects	26	16	20	15	2	79
Total Addressable Market (\$ millions)	-	-	\$1,230	\$1,170	\$440	\$2,840



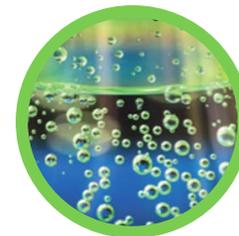
**ADVANCED  
COMPOSITES**



**THERMOPLASTIC  
ELASTOMERS**



**FLAME  
RETARDANT  
POLYMERS**



**BARRIER  
MATERIALS**

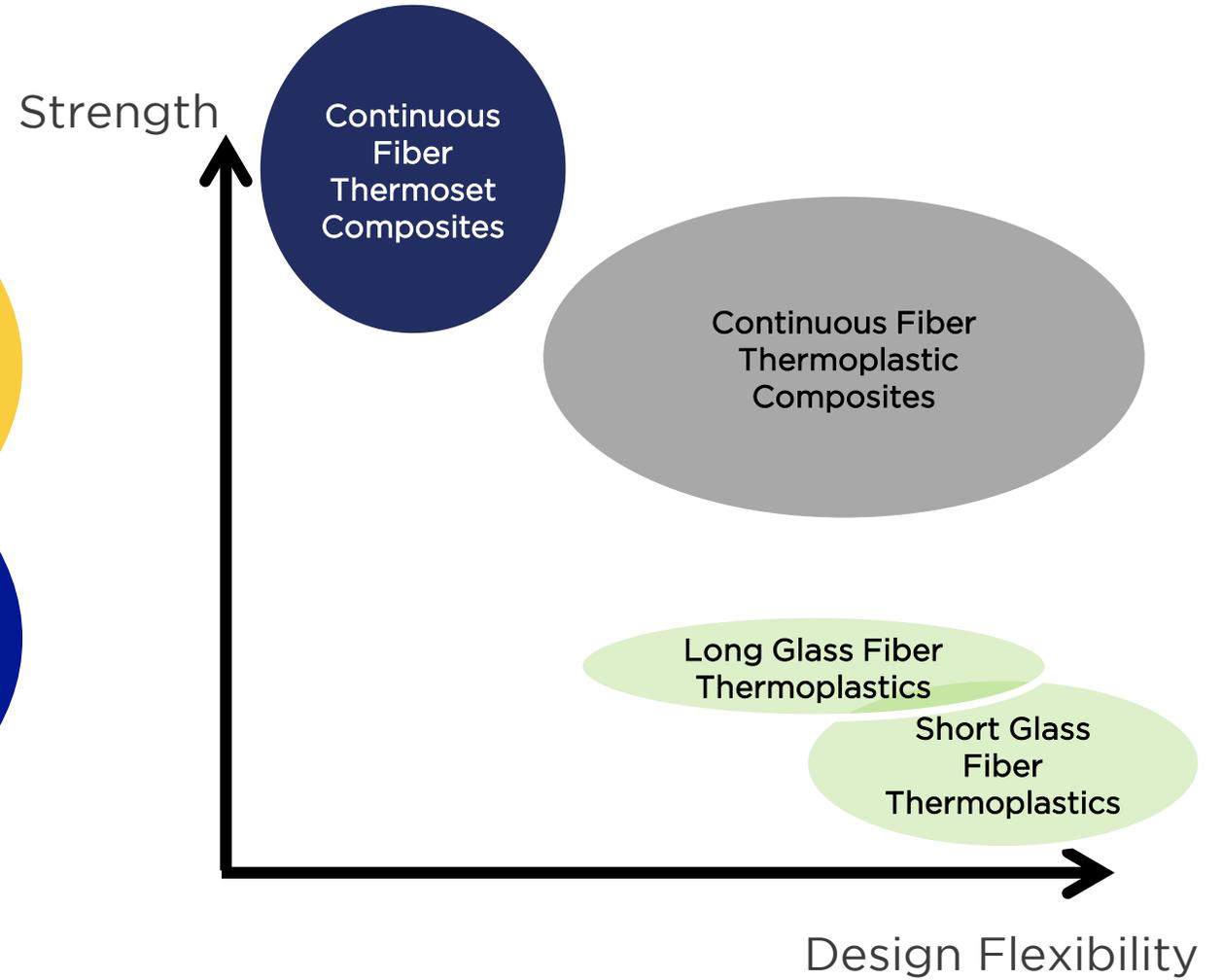
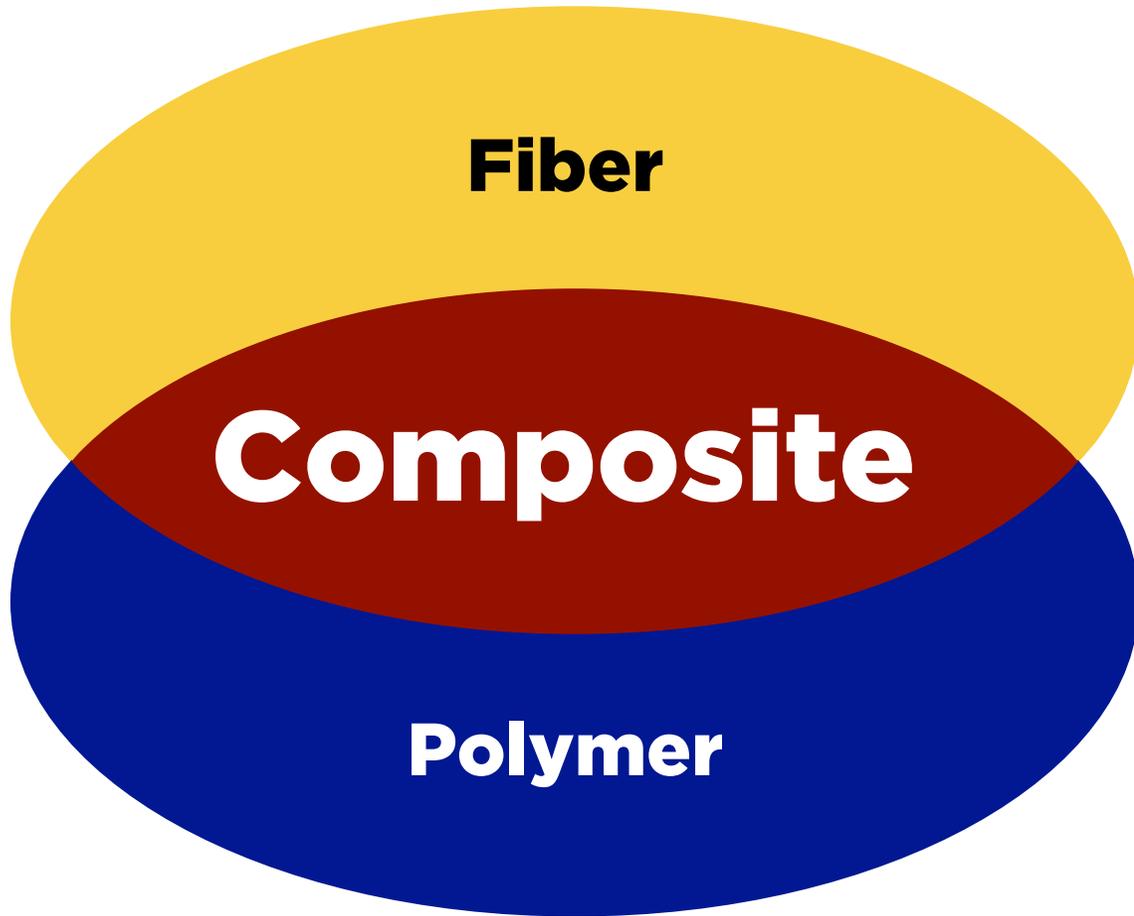


**COLORANT  
TECHNOLOGIES**

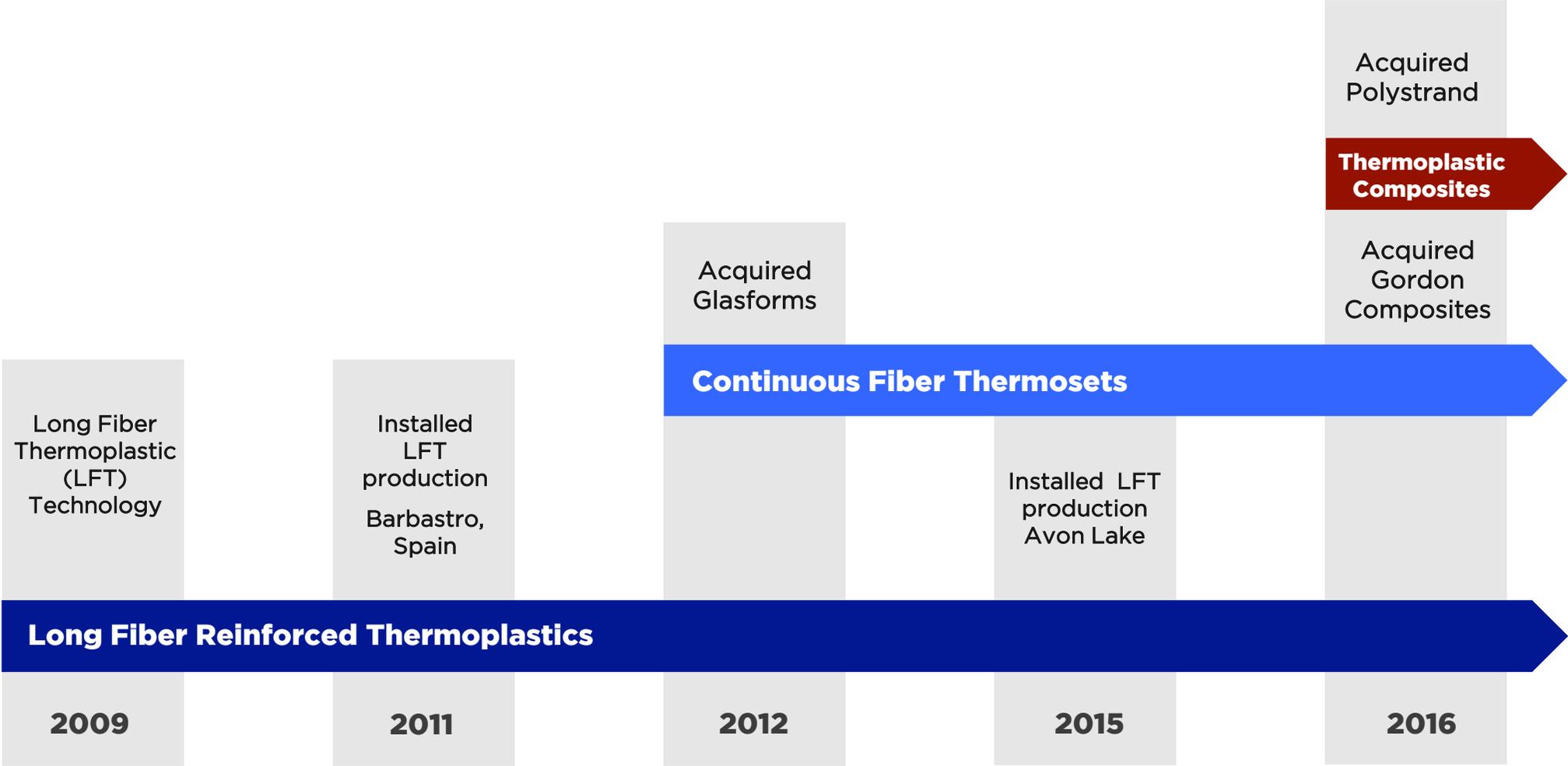


**INNOVATION SPOTLIGHT:  
COMPOSITES**

# COMPOSITES REFRESHER



# STRATEGIC INVESTMENT HISTORY



# COMPOSITES IN TRANSPORTATION



## RAIL

Flooring  
Door Panels  
Side Walls

**HAMMERHEAD™**  
MARINE COMPOSITE PANELS



## WATERCRAFT

Bulkheads and Transoms  
Ceilings and Hatches  
Doors and Cabinetry



## HEAVY TRUCK

Flooring & Side Panels  
Aerodynamic Fairings  
Seat and Bunk  
Reinforcements

# INVEST-TO-GROW M & A STRATEGY



Low EH&S  
risk profile



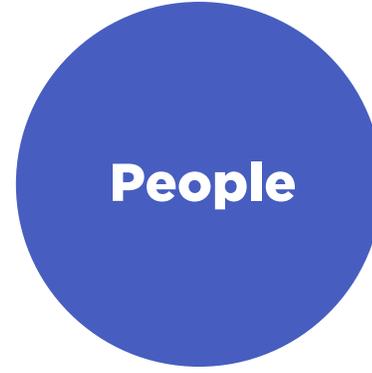
New and  
complementary  
technologies



Leverage our  
global footprint



Strong  
customer  
relationships

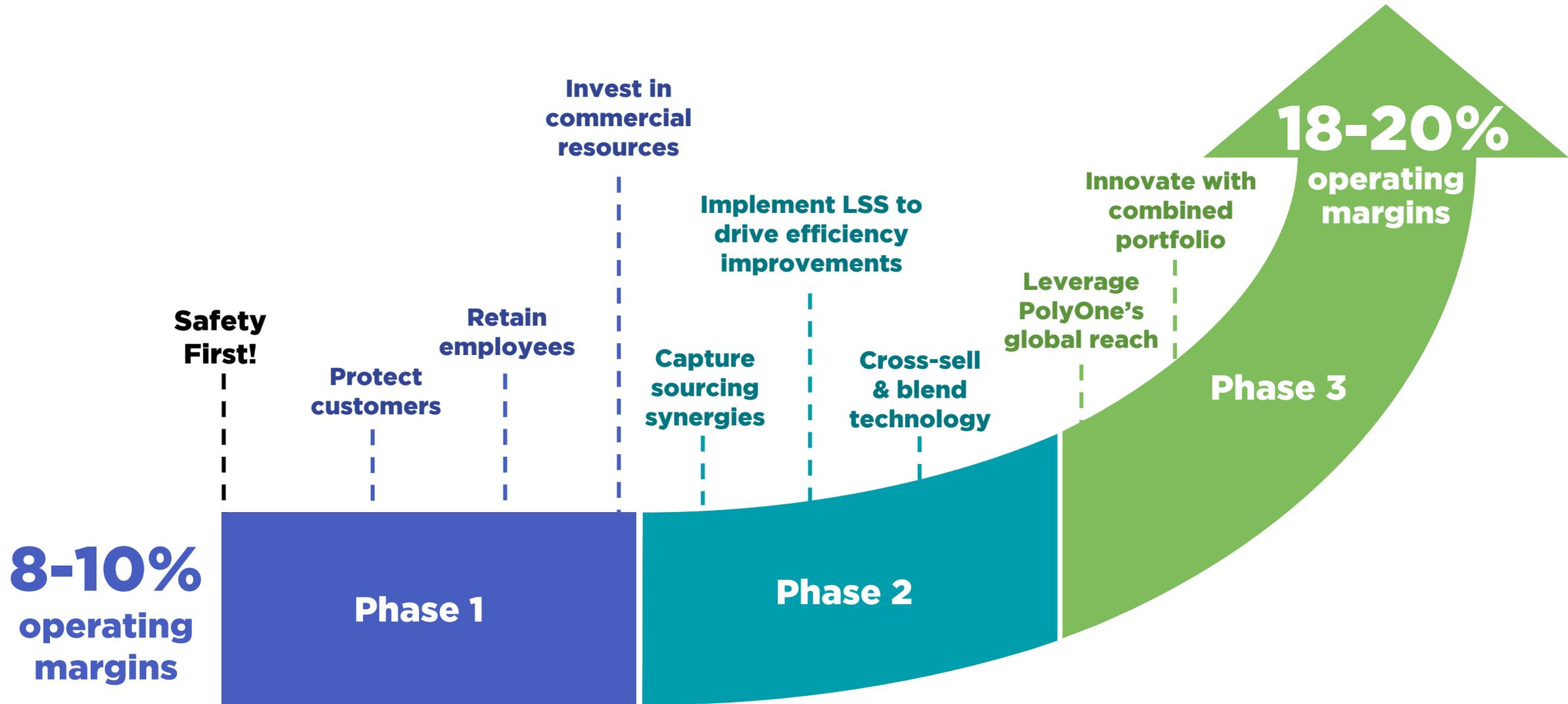


Motivated team  
with a specialty  
culture



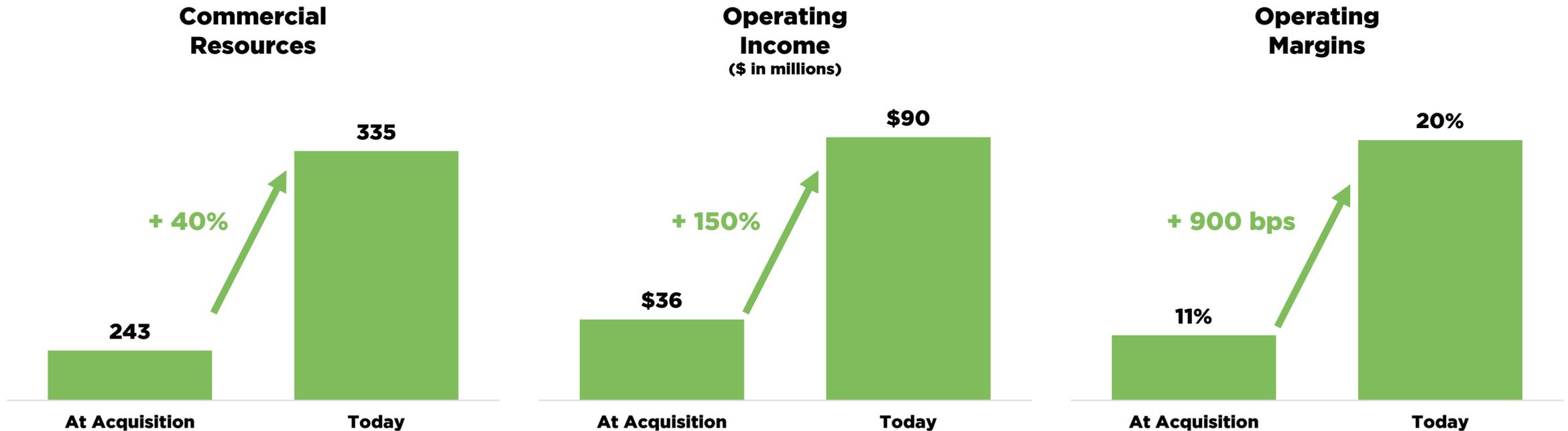
Foundational  
operating  
margins of  
**8-10% with  
ability to double**

# INVEST-TO-GROW M&A PLAYBOOK



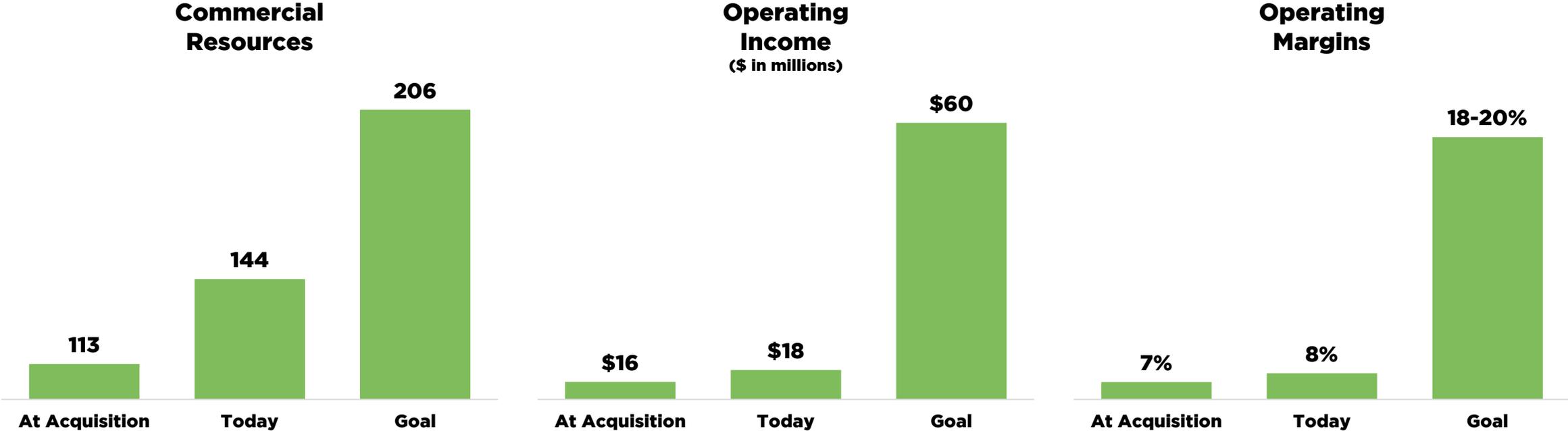
# INVEST-TO-GROW PROOF OF PERFORMANCE

## Established Acquisitions (> 7 years)



# INVEST-TO-GROW DRIVING THE FUTURE

## Recent Acquisitions (< 2 years)



# STRONG PIPELINE

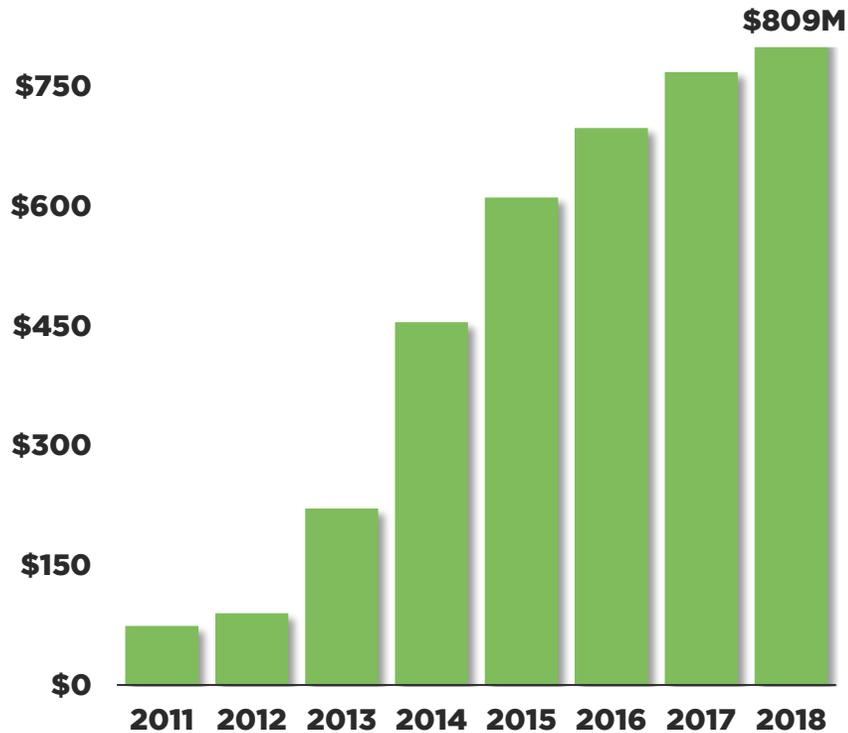
## DRIVEN BY FRAGMENTED MARKET

Average Company Size	# of Possibilities	Rationale
<b>&lt;\$50M</b>	>250	<ul style="list-style-type: none"><li>• Local to regional footprint</li><li>• Niche technology focus</li><li>• Concentrated customer base</li></ul>
<b>\$50M-\$200M</b>	150	<ul style="list-style-type: none"><li>• Regional to global footprint</li><li>• 1-3 specialty technologies</li><li>• Diversified customer base</li></ul>
<b>&gt;\$200M</b>	30	<ul style="list-style-type: none"><li>• Global footprint with local service</li><li>• Diverse specialty technologies</li><li>• Highly diversified customer &amp; market portfolio</li></ul>

# RETURNING CASH TO SHAREHOLDERS OVER \$1 BILLION SINCE 2011

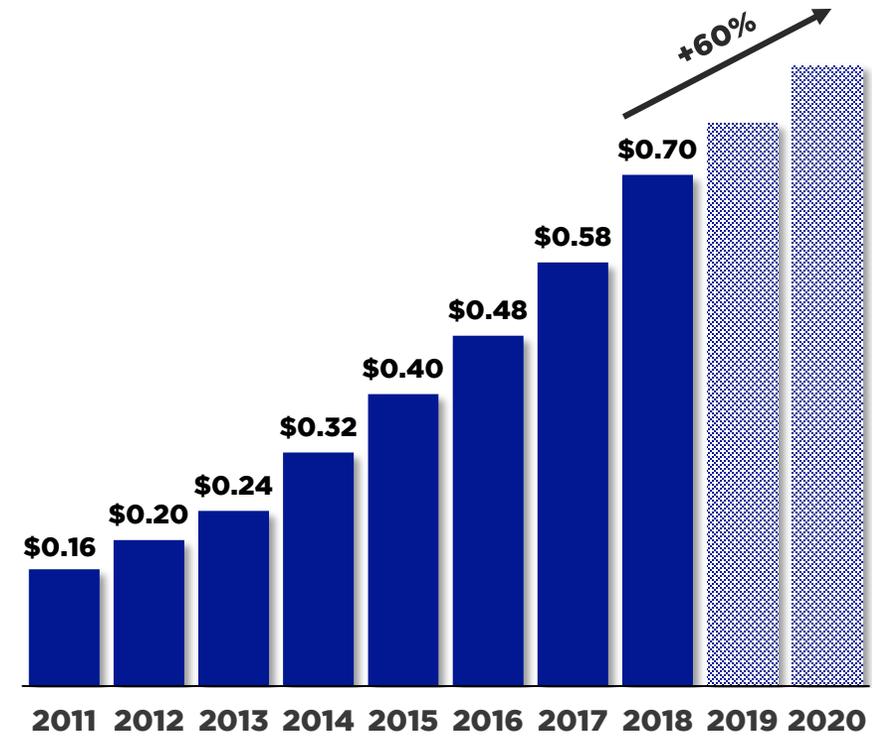
## Cumulative Share Repurchases

(In millions)

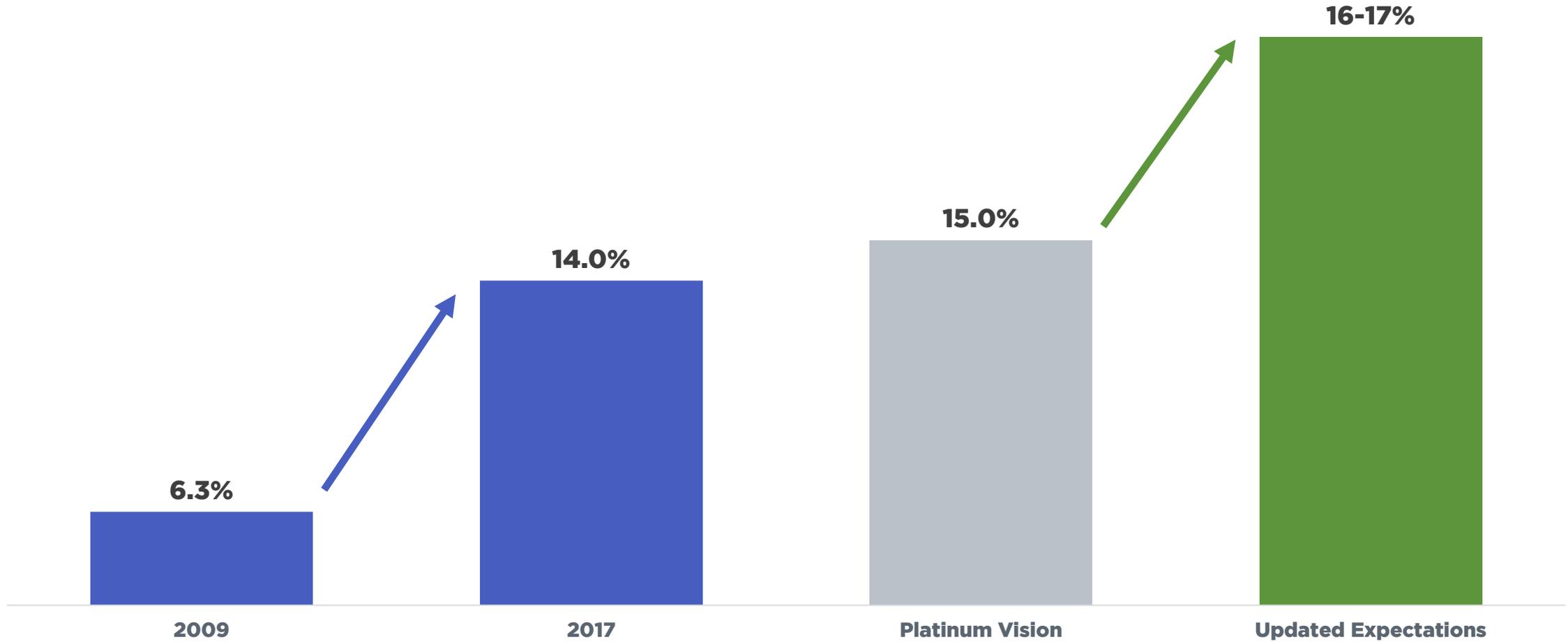


## Increasing Annual Dividend

3-Year Dividend Plan



# ROIC DRIVES SHAREHOLDER RETURN



# WHY INVEST IN POLYONE?

## THE NEW POLYONE: A SPECIALTY GROWTH COMPANY

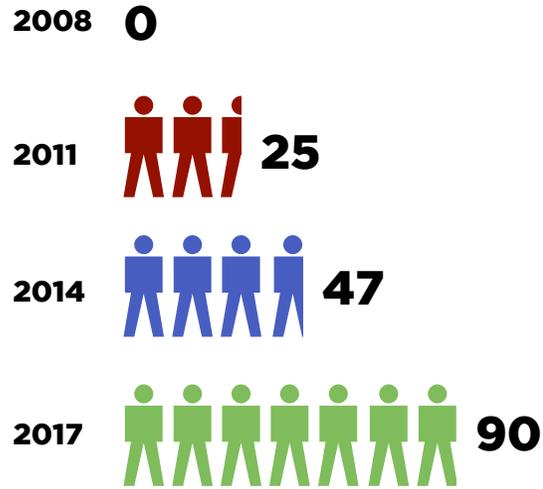
- Growing leadership position in attractive markets
- Innovation, technology and service are differentiators
- Capital management is a strength: Record-setting cash generation to continue for years
- Expand ROIC while increasing invested capital
- Proven acquisition strategy with robust pipeline
- Commercial investments are fueling momentum and generating organic growth



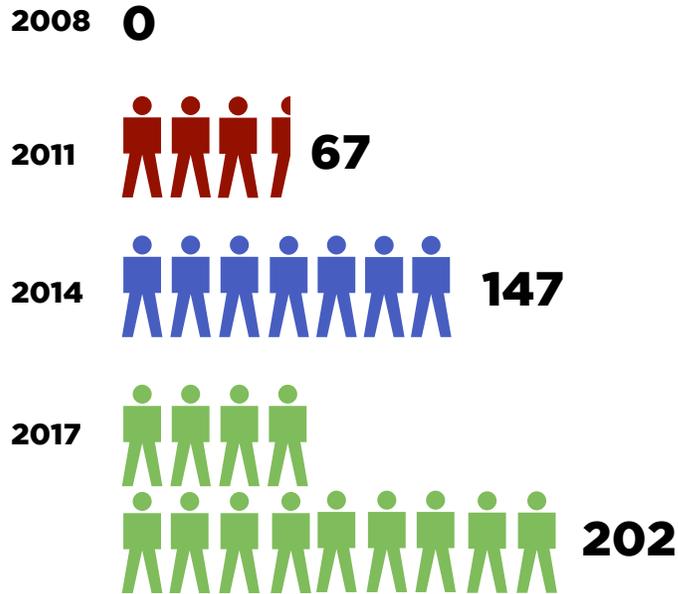
**SERVICE:  
THE TIMELESS  
DIFFERENTIATOR**

# TALENT DEVELOPMENT

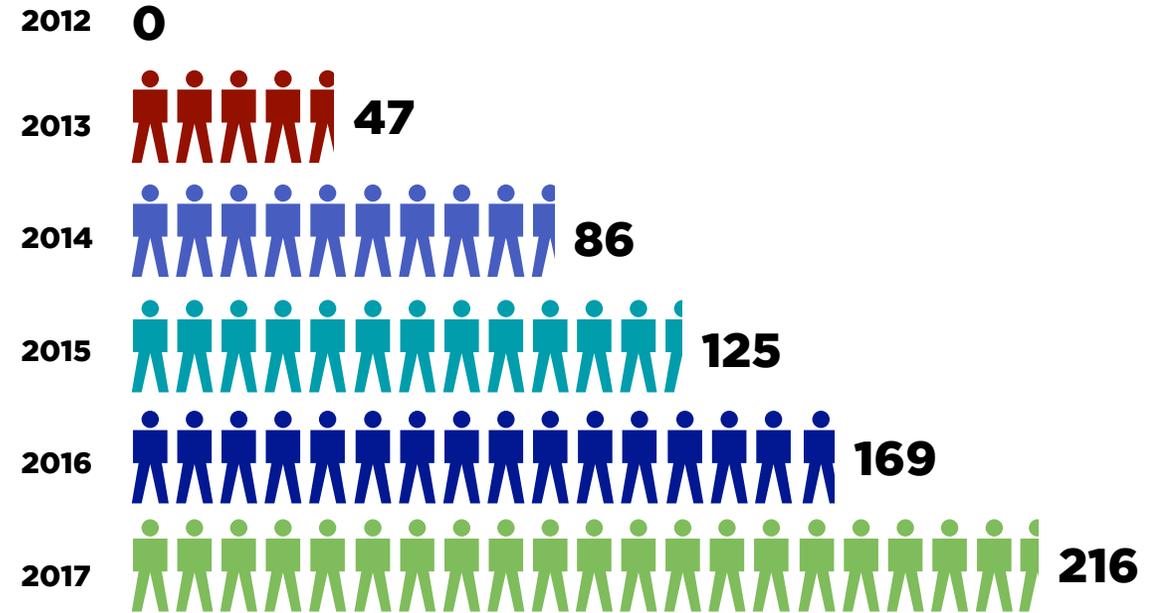
## Campus Hires



## PolyOne LSS Blackbelts



## Leadership Program Participants

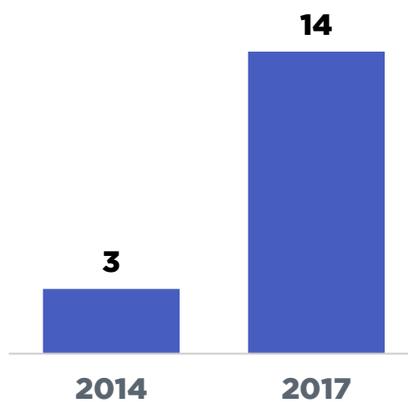


# IQ DESIGN LABS

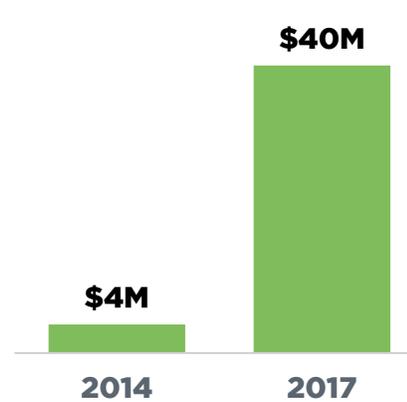


**A UNIQUE CUSTOMER EXPERIENCE**

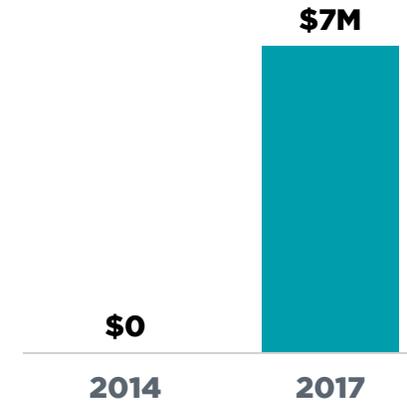
**Industrial designers**



**Opportunity funnel**



**New business 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

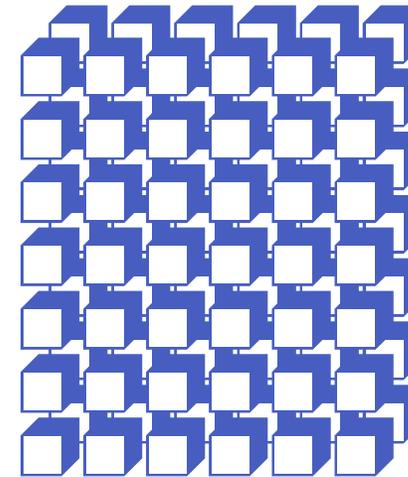
## Customer Projects

2014



2

2017



85



# **3D PRINTING** **BRINGING NEW IDEAS TO LIFE**

Enables validation of fit and function

Shortens design cycle and time to market

Avoids tooling rework

Drives innovation

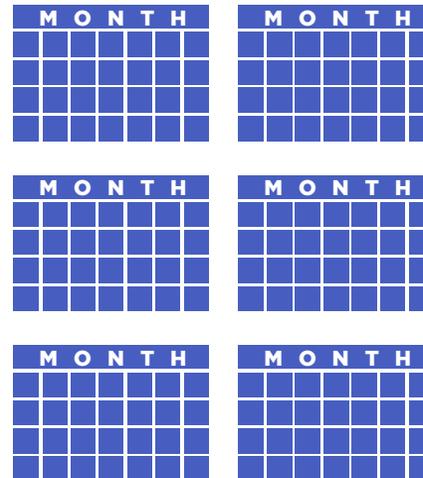
Delivers substantial customer value

# COLORMATRIX SELECT™

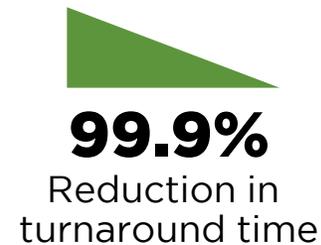
Innovative system for processors and OEMs to develop colors in real time

Complete system that provides customers with the freedom to match, prototype and produce color entirely within their own facility

From concept to production



Traditional Timeline  
**up to 24 weeks**



PolyOne ColorMatrix  
Select™  
**6 hours**

“Being able to create color and produce parts in 1 day is **unheard of in this industry**”

-CEO, Industry Leader

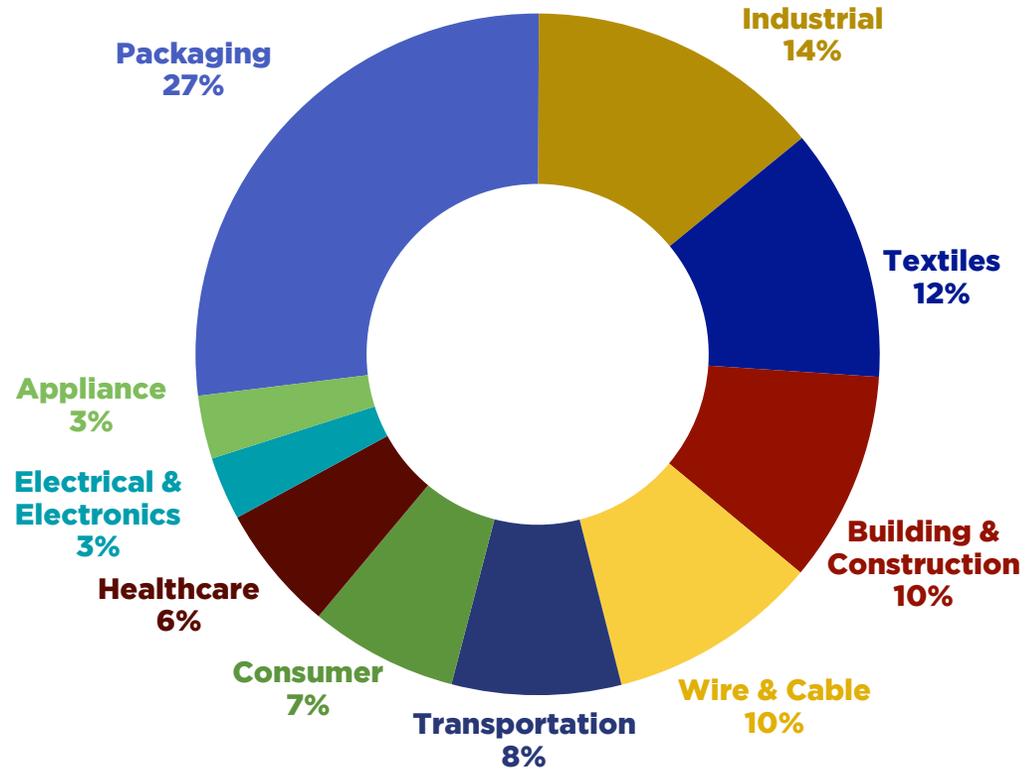


# SEGMENT HIGHLIGHTS

## INNOVATING WITH POLYONE

# COLOR, ADDITIVES & INKS

## END MARKETS & SOLUTIONS



**Solid  
Colorants**



**Liquid  
Colorants**



**Performance  
Additives**

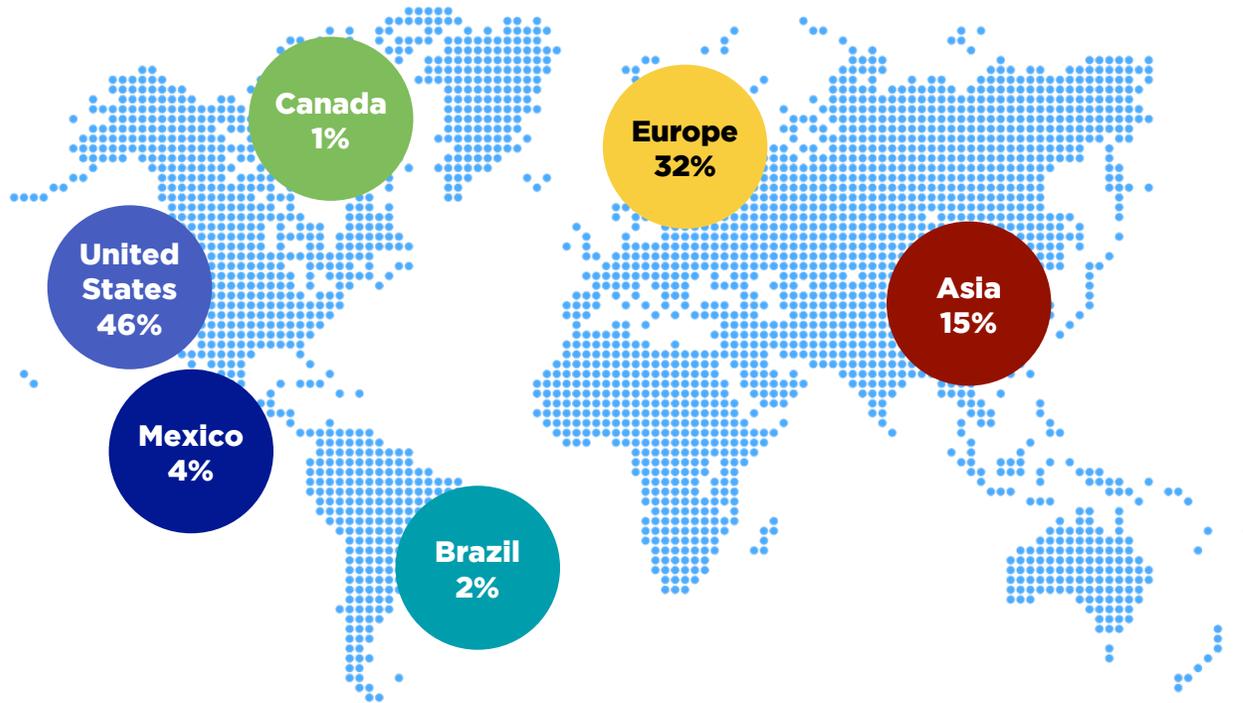


**Screen  
Printing Inks**

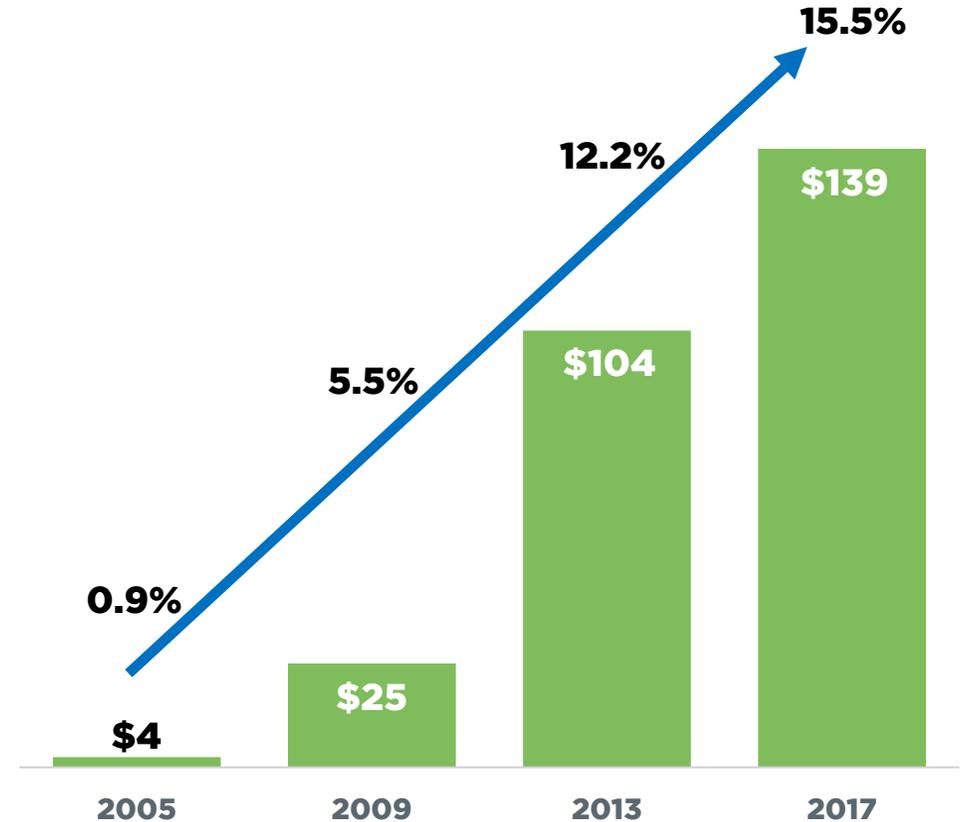
# COLOR, ADDITIVES & INKS

2017 REVENUE | \$893 MILLION

## Revenue by Region

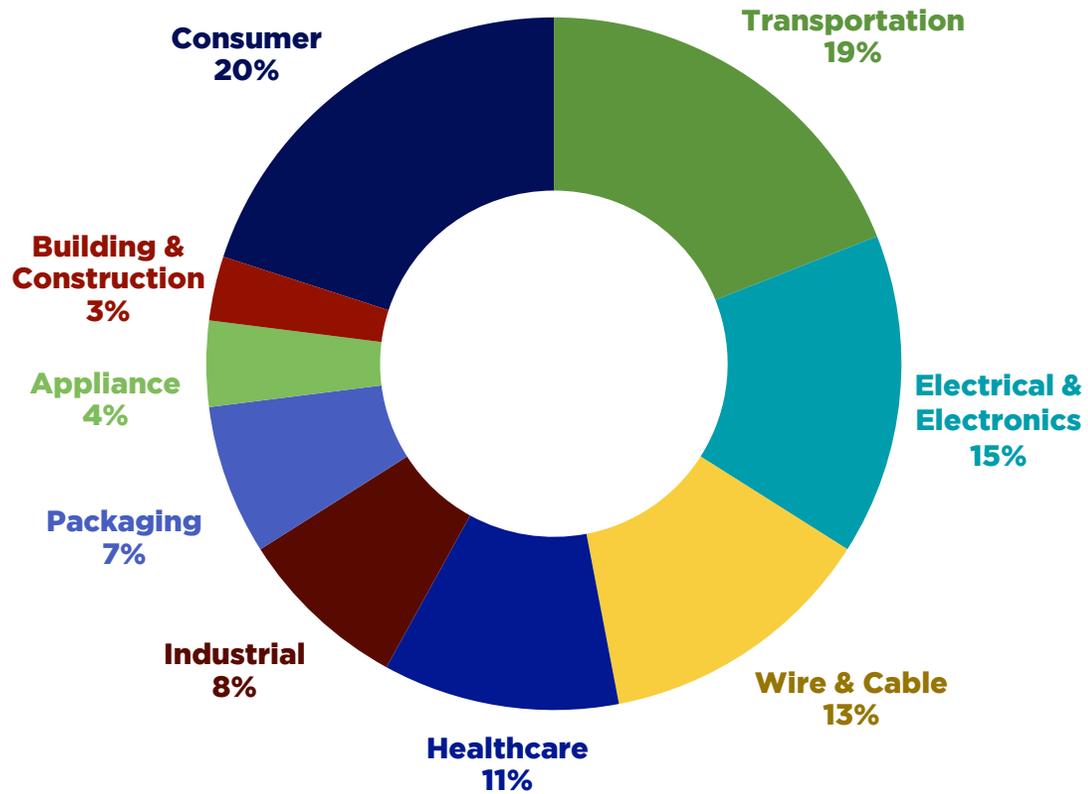


## Operating Income & Margin



# SPECIALTY ENGINEERED MATERIALS

## END MARKETS & SOLUTIONS



**Engineered Formulations**



**Advanced Composites**

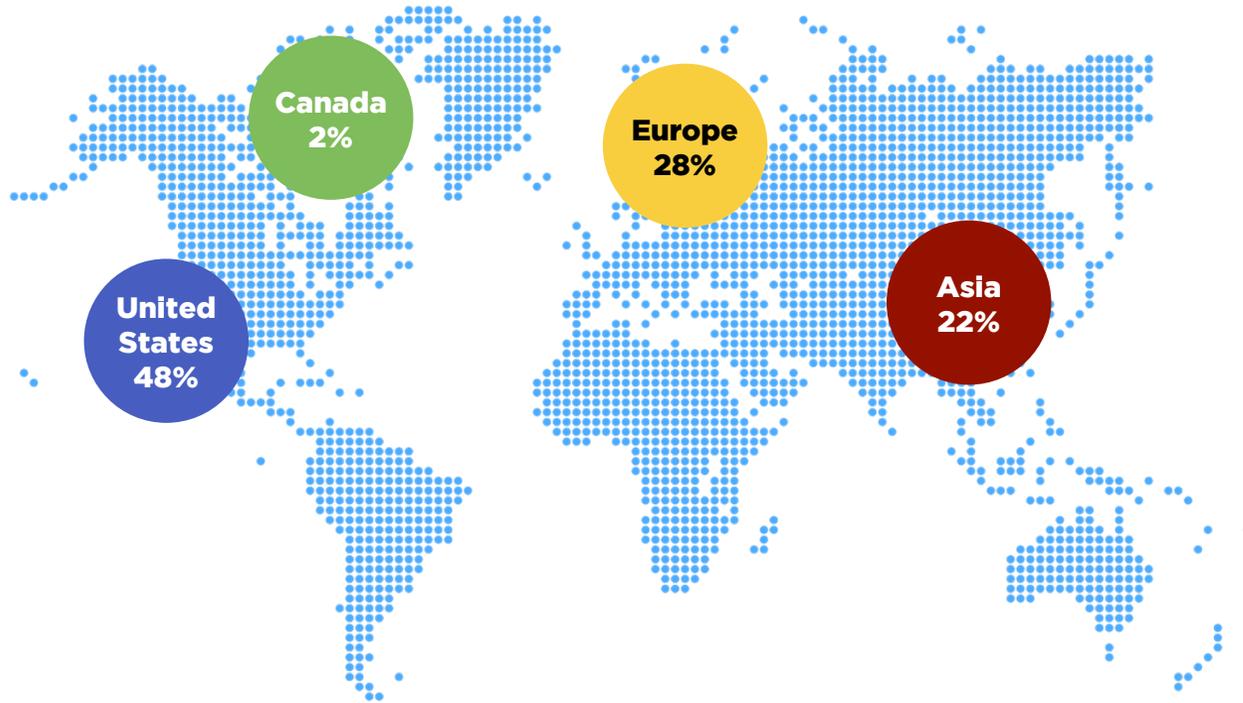


**Thermoplastic Elastomers**

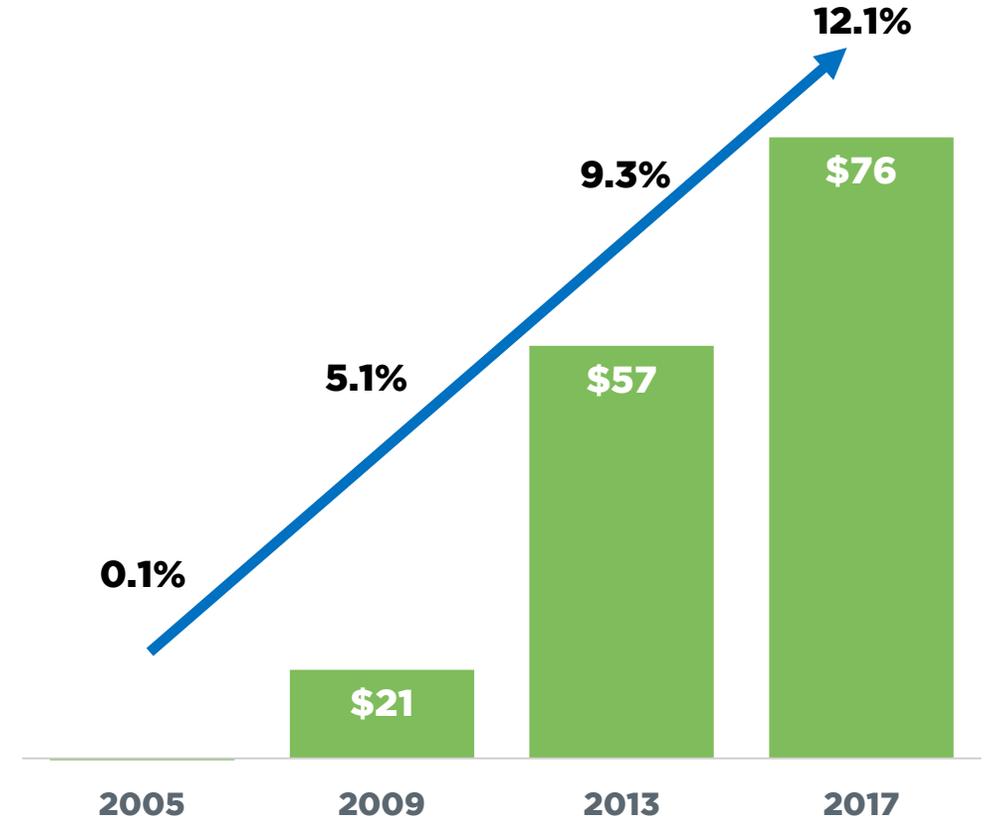
# SPECIALTY ENGINEERED MATERIALS

2017 REVENUE | \$624 MILLION

## Revenue by Region

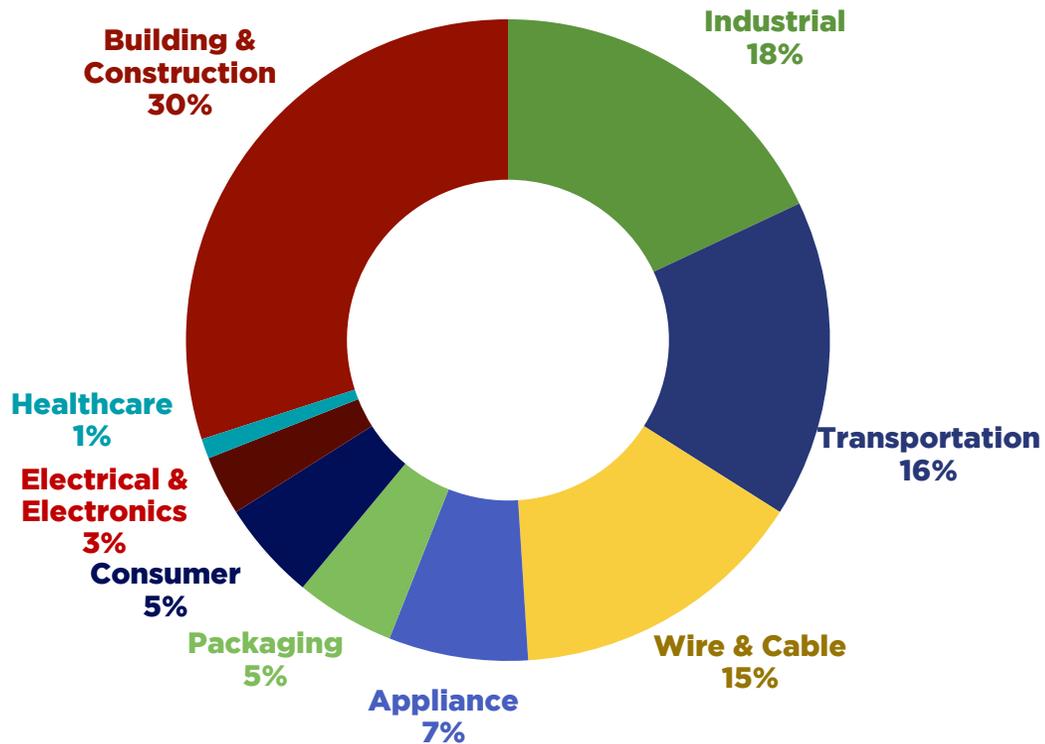


## Operating Income & Margin



# PERFORMANCE PRODUCTS & SOLUTIONS

## END MARKETS & SOLUTIONS



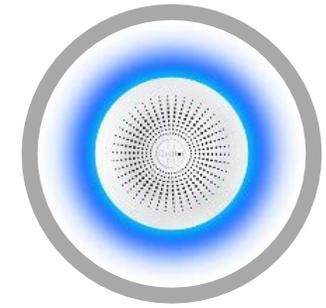
**Specialty Vinyl Solutions**



**Flame Retardant Polymers**



**Healthcare Formulations**

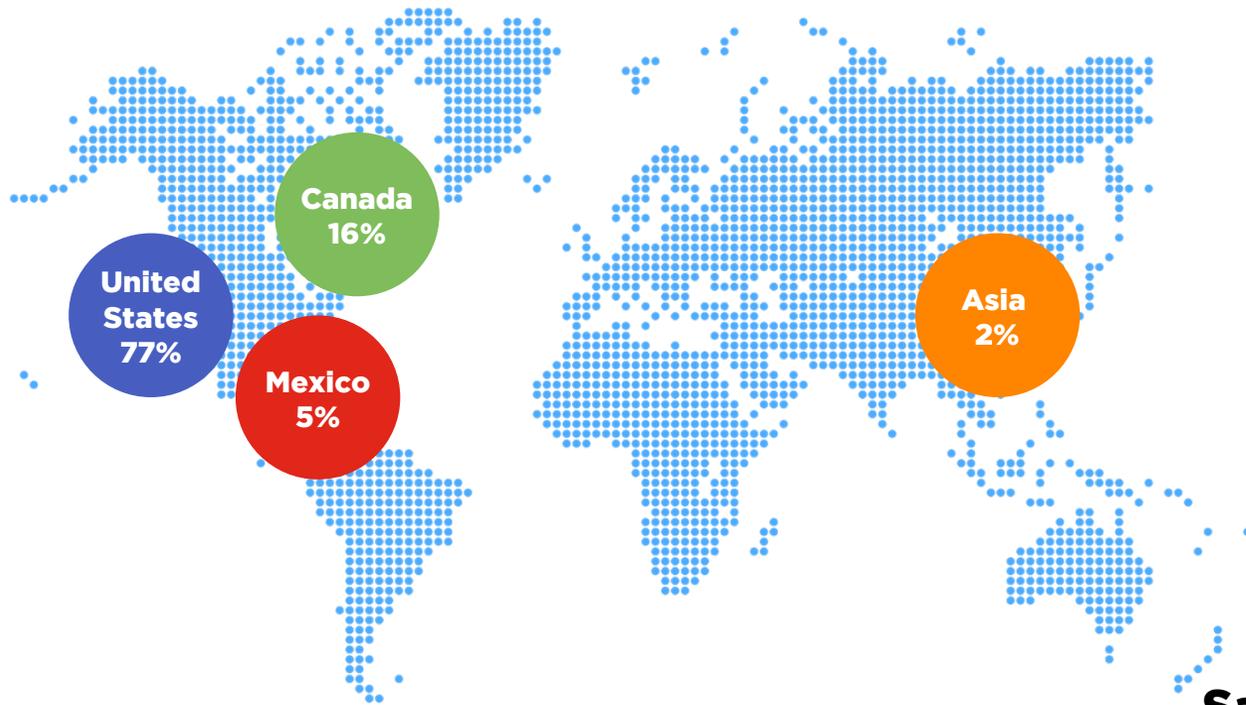


**Smart Device Materials**

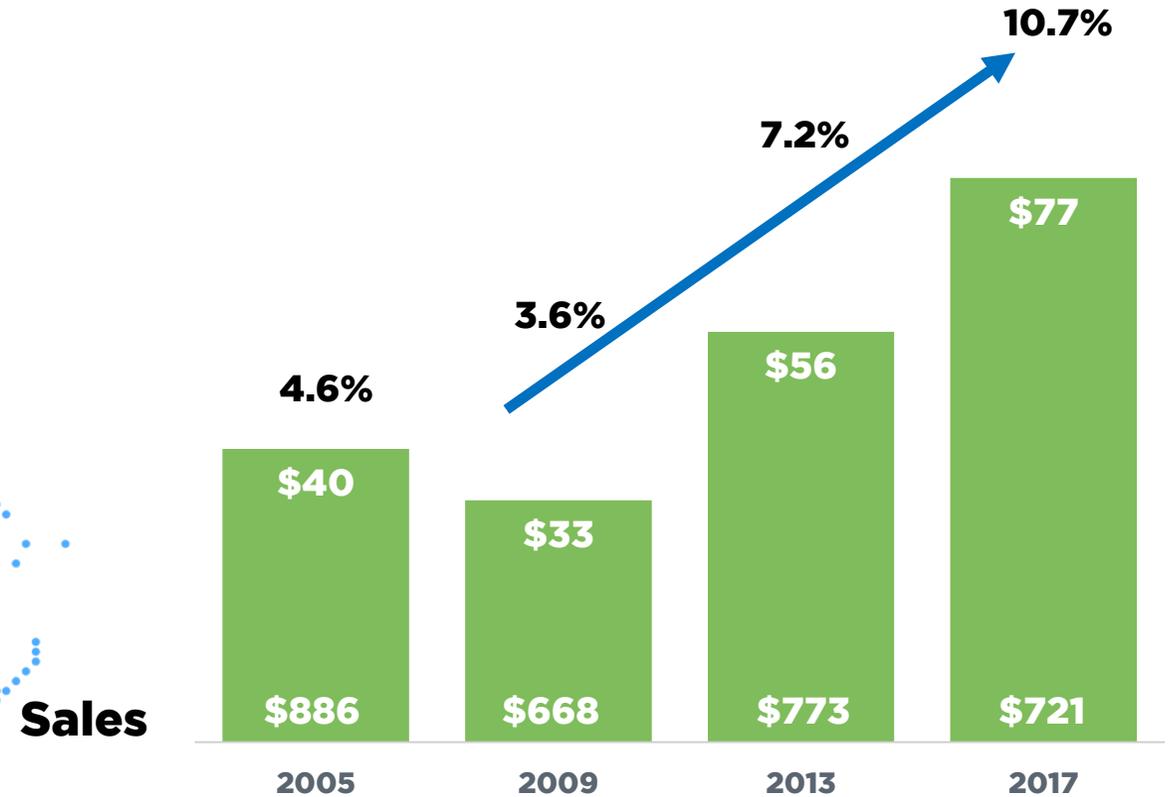
# PERFORMANCE PRODUCTS & SOLUTIONS

## 2017 REVENUE | \$721 MILLION

### Revenue by Region



### Operating Income & Margin

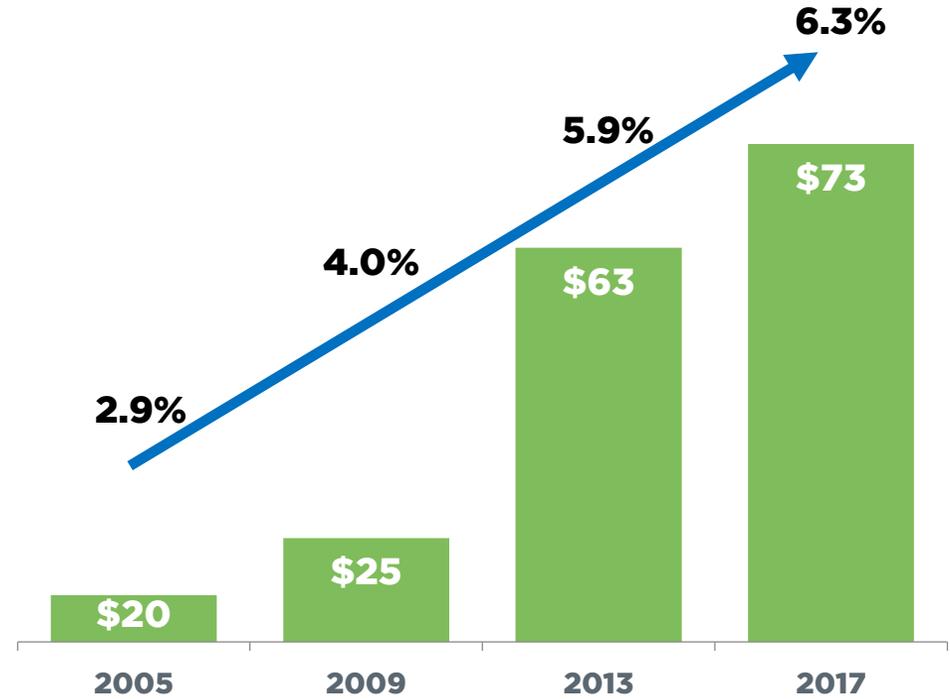
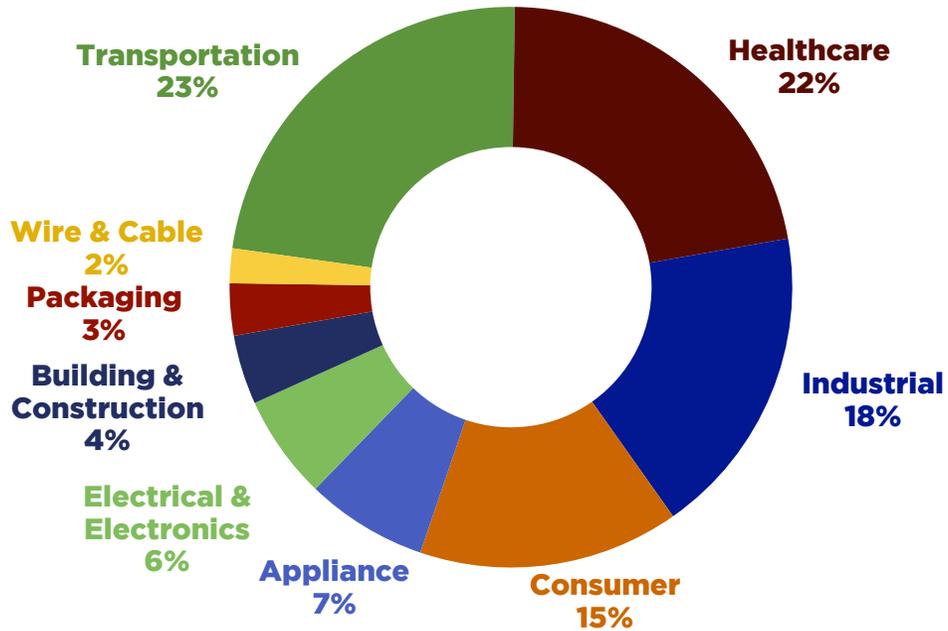


# DISTRIBUTION

## END MARKETS & SUPPLIERS

2017 Revenue | \$1.2 Billion

Operating Income & Margin





# TARGET END MARKETS & APPLICATION EXAMPLES

# Target End Markets... Healthcare

**Structural Composites**

**Elastomeric Grips and Handles**

**Antimicrobial Technologies**

**Thermally Conductive Technologies**

**Anti-Counterfeiting Technologies**

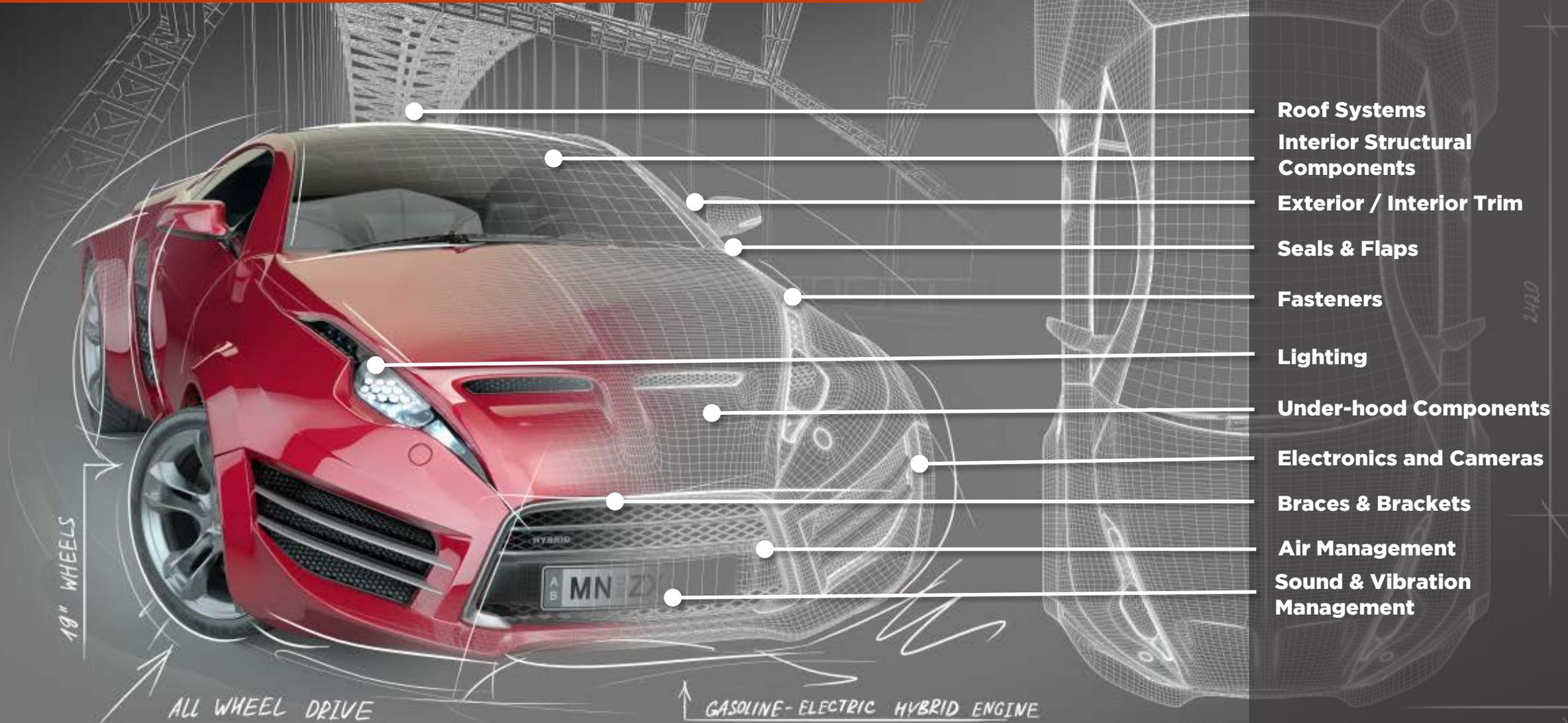
**Catheter Technologies**

**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**

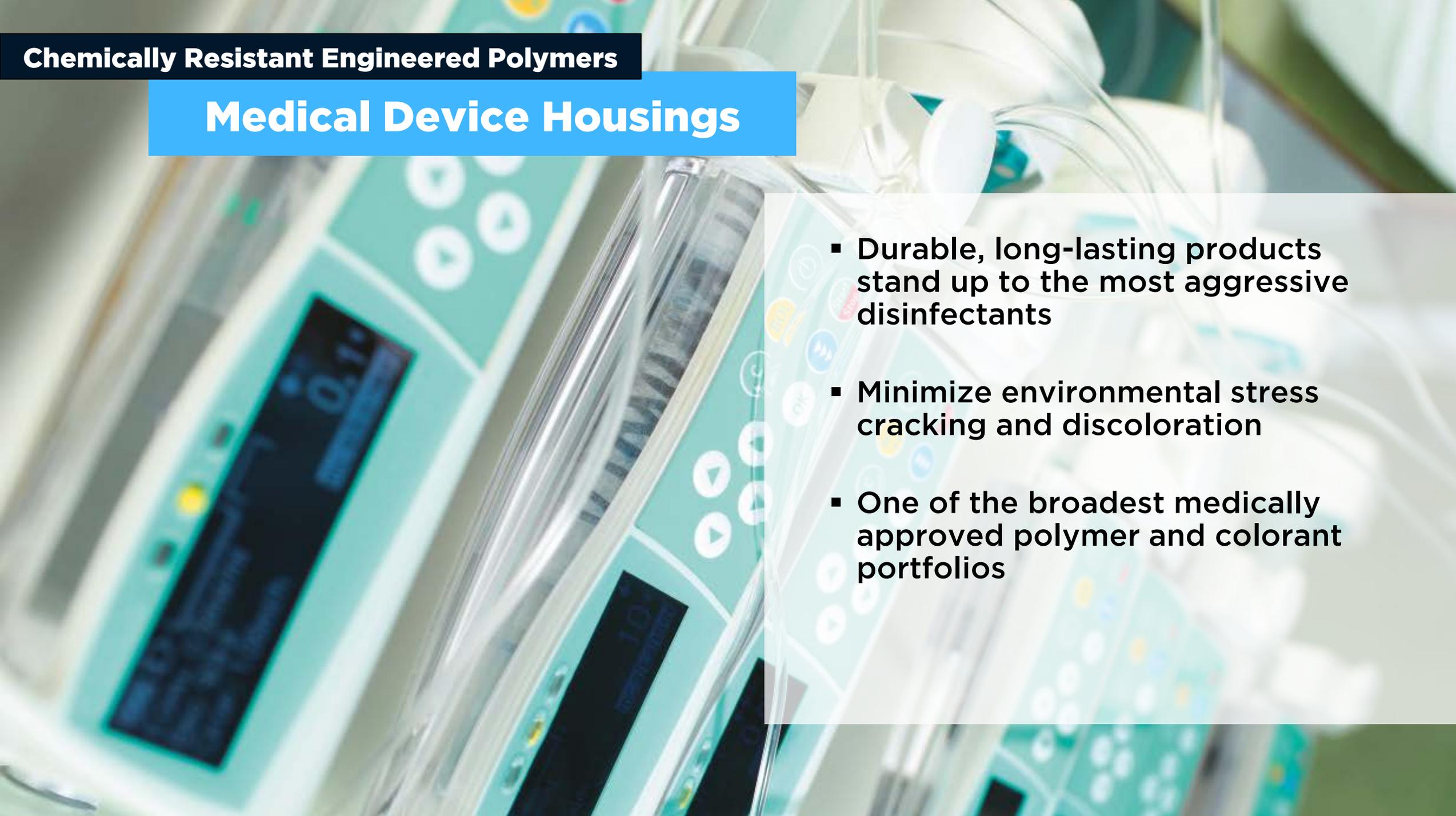


**WithStand™ Antimicrobial Technology**

## **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**



A close-up, slightly blurred photograph of medical equipment, likely an infusion pump or similar device. The image shows a clear plastic housing, a digital display screen, and various control buttons and dials. The background is a soft-focus view of the device's control panel, featuring several circular buttons and a larger screen. The overall color palette is dominated by light blues, greys, and whites, with some yellow and red accents on the buttons.

**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**

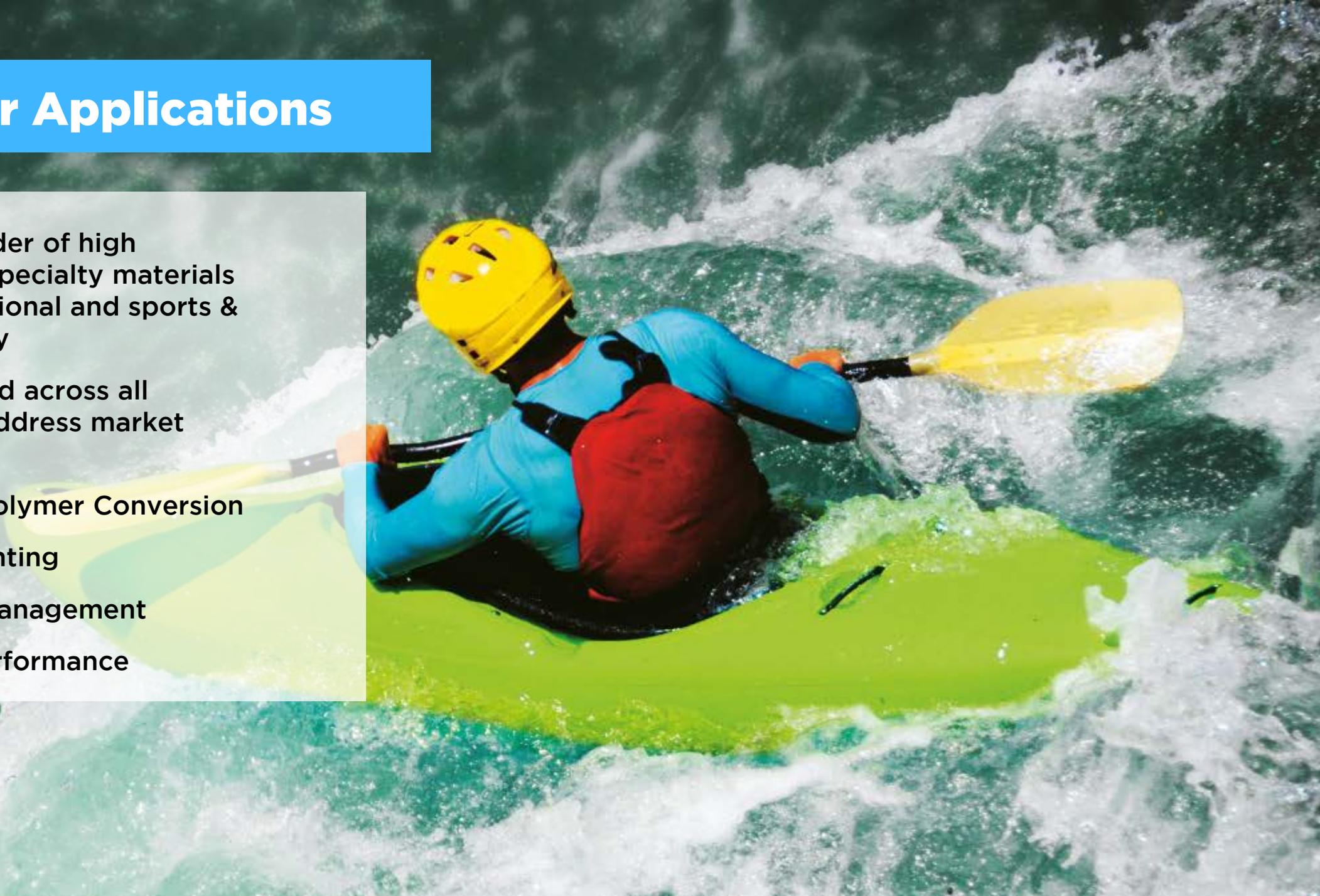


# Color & Design Services

- 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

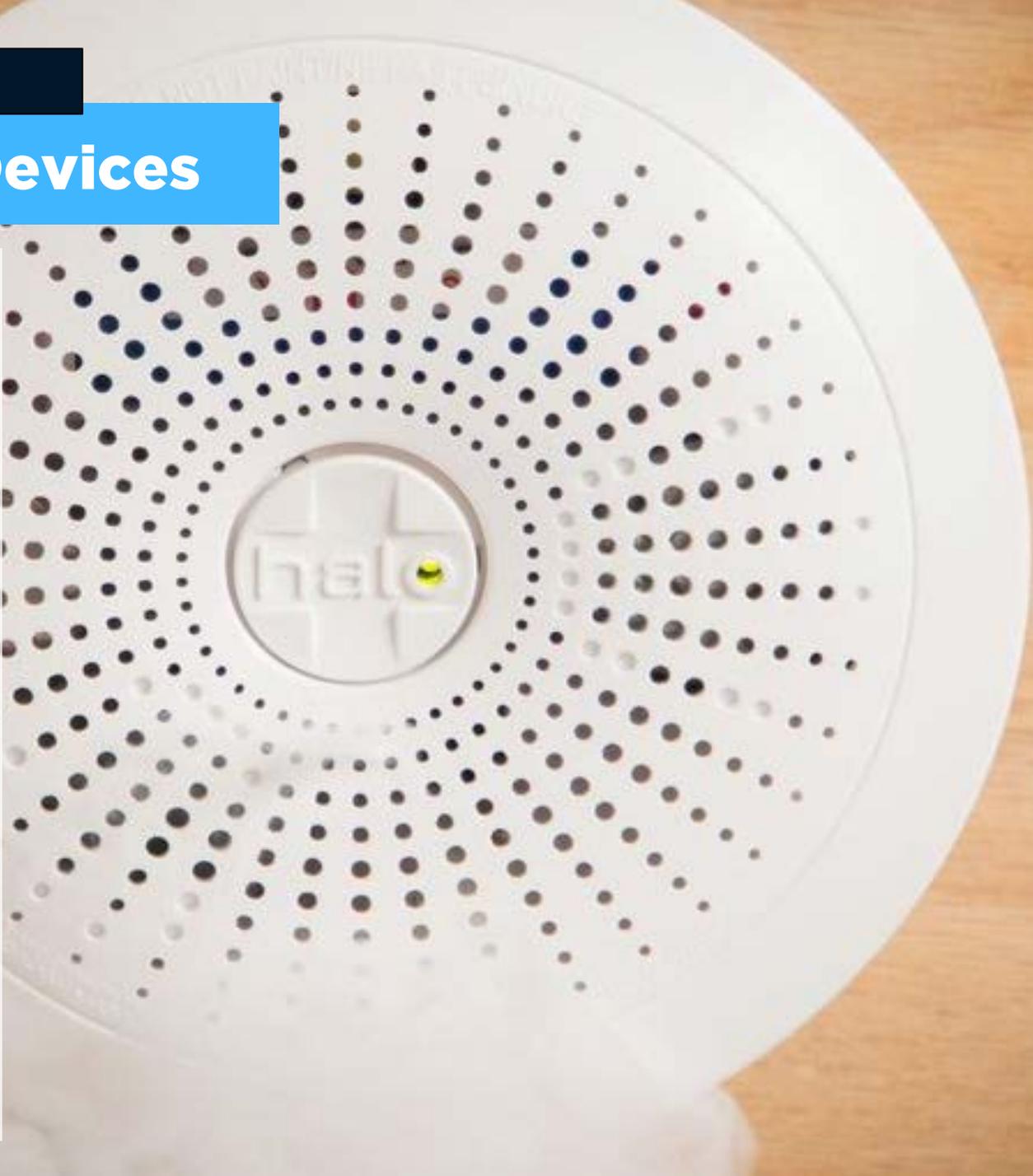
- ✓ Proprietary advanced liquid color formulations and equipment enable greater efficiency and productivity
- ✓ Eliminates aqueous dyeing and its associated wastewater treatment

## ▪ Solid Color Concentrates

- ✓ Extrusion-spun fibers colored via solid masterbatch

## **Smart Home Devices**

- High flame retardancy to meet strict UL standards
- Greater processing and design flexibility
- Specialized additives provide long term color stability
- Diffusive lens materials improve light dispersion



## 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
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
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
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)
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>
Diluted shares	93.4	96.0	94.3	89.8	96.5	93.5	88.7	84.6	82.1
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

\* 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.

Adjusted EBITDA and net debt to adjusted EBITDA is calculated as follows:

(In millions)	Year Ended December 31, 2017
Income from continuing operations, before income taxes	\$ 212.3
Interest expense, net	60.8
Depreciation and amortization	82.8
Special items impact on income from continuing operations, before income taxes <sup>(1)</sup>	32.9
Adjusted EBITDA	<u>\$ 388.8</u>
Senior secured revolving credit facility	\$ 56.5
Senior secured term loan due 2022	637.5
Total Secured Debt	694.0
Less: Cash and cash equivalents	(243.6)
Net Secured Debt	<u>\$ 450.4</u>
Short-term and current portion of long-term debt	\$ 32.6
Long-term debt	1,290.9
Total Debt	1,323.5
Less: Cash and cash equivalents	(243.6)
Net Debt	<u>\$ 1,079.9</u>
Total Secured Debt / Adjusted EBITDA	1.8
Net Secured Debt / Adjusted EBITDA	1.2
Total Debt / Adjusted EBITDA	3.4
Net Debt / Adjusted EBITDA	2.8

(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.