



# AVIENT CORPORATION

(NYSE: AVNT)

**OCTOBER 2020**



# DISCLAIMER

## 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 impact of the COVID-19 pandemic has on our business, results from operations, financial condition and liquidity;
- Our ability to achieve the strategic and other objectives relating to the acquisition of Clariant’s Masterbatch business, including any expected synergies;
- Our ability to successfully integrate Clariant’s Masterbatch business and achieve the expected results of the acquisition of Clariant’s Masterbatch business, including, without limitation, the acquisition being accretive;
- Disruptions, uncertainty or volatility in the credit markets that could adversely impact the availability of credit already arranged and the availability and cost of credit in the future;
- The effect on foreign operations of currency fluctuations, tariffs and other political, economic and regulatory risks;
- Changes in polymer consumption growth rates and laws and regulations regarding 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;
- An ability to achieve or delays in achieving or achievement of less than the anticipated financial benefit from initiatives related to acquisitions and integration, working capital reductions, cost reductions, and employee productivity goals;
- 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: free cash flow and adjusted EBITDA.

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.

The Company does not provide reconciliations of forward-looking non-GAAP financial measures, such as outlook for adjusted EBITDA, adjusted earnings per share and free cash flow, to the most comparable GAAP financial measures on a forward-looking basis because the Company is unable to provide a meaningful or accurate calculation or estimation of reconciling items and the information is not available without unreasonable effort. This is due to the inherent difficulty of forecasting the timing and amount of certain items, such as, but not limited to, restructuring costs, environmental remediation costs, acquisition-related costs, and other non-routine costs. Each of such adjustments has not yet occurred, are out of the Company’s control and/or cannot be reasonably predicted. For the same reasons, the Company is unable to address the probable significance of the unavailable information.

Unless otherwise stated, EBITDA and EPS figures included in this presentation are adjusted to exclude the impact of special items as defined in our quarterly earnings releases.

# WHO WE ARE – VISION, STRATEGY, CULTURE

Avient Corporation (NYSE: AVNT) provides specialized and sustainable material solutions that transform customer challenges into opportunities, bringing new products to life for a better world.

Examples include:

- Barrier technologies that preserve the shelf-life and quality of food, beverages, medicine and other perishable goods through high-performance materials that require less plastic
- Light-weighting solutions that replace heavier traditional materials like metal, glass and wood, which can improve fuel efficiency in all modes of transportation
- Breakthrough technologies that minimize wastewater, improve the recyclability of materials and advance a circular economy
- Composite solutions to support accelerated growth of 5G / fiber-optic infrastructure investment as the world demands greater and faster connectivity

Avient employs approximately 9,100 associates and is certified ACC Responsible Care® and a founding member of the Alliance to End Plastic Waste.



## OUR VISION

At Avient, we create specialized and sustainable material solutions that transform customer challenges into opportunities, bringing new products to life for a better world.

## OUR STRATEGY

### Specialization

Differentiates us through unique value-creating offerings to our customers.

### Globalization

Positions us to serve our customers consistently, everywhere in the world.

### Operational Excellence

Empowers us to respond to the voice of the customer with relentless continuous improvement.

### Commercial Excellence

Governs our activities in the marketplace to deliver extraordinary value to our customers.

## OUR CULTURE

### Core Values

Collaboration. Innovation. Excellence.

These core values, which begin with our individual decisions and actions, focus our attention on putting the customer first by creating genuine value through collaboration, innovation and an unwavering commitment to excellence. We will uphold these values with the utmost integrity in all that we do.

### Personal Values

Integrity. Honesty. Respect.

These personal values begin with each of us—the judgments and decisions we make as individuals affect the way Avient is viewed in the marketplace and in the communities where we work.



# BETTER TOGETHER: POLYONE AND CLARIANT MASTERBATCH

Just a few months ago, we completed the acquisition of the Clariant Masterbatch business, the largest acquisition in the 20-year history of our company.

We did so at a time when the world craves a more sustainable planet, unprecedented innovation and economic growth. It's also a time where people seek strong relationships, diverse perspectives and an opportunity to accept the most pressing challenges of today.

It's in this spirit that we joined legacy PolyOne and the Clariant Masterbatch business, two complementary businesses, and formed a new one that we've named Avient.

As one, we are better positioned than ever before to lead and to make a positive difference.



## Key Data

2020 PF Sales <sup>(1)</sup>	\$3.7 billion
2020 PF EBITDA <sup>(1)</sup>	\$425 million (\$500M w/synergies)
Free Cash Flow	\$240 million

**87% of EBITDA from specialty applications**

We are better together through:

**Keeping Safety First** — PolyOne and Clariant are both ACC Responsible Care® companies, and nothing is more important than the health, safety and well-being of our people.

**Investing in Innovation** — Specialty companies invest to grow, so we ensure our resources are concentrated on material science for high-growth end markets, poised for value creation in the long term.

**Operating Globally, Serving Locally** — As a truly global company, we have operations and technical expertise around the world to efficiently serve our customers...wherever they may need us.

**Leveraging Service as Our Timeless Differentiator** — We serve our customers with excellence to build trusting, lasting and collaborative relationships.

**Leading in Sustainability** — PolyOne and Clariant are both founding members of the Alliance to End Plastic Waste, and we are committed to meeting the needs of the present without compromising the ability of future generations to do the same.

**Being a Great Place to Work** — We listen to feedback from our associates then take action in building our high-performance culture and being a global employer of choice.

**Supporting Diversity and Inclusion** — All associates are valued and encouraged to bring their true selves to work every day, and ensuring equal access and opportunity will contribute to our organization's success.

**Thriving as a Specialty Growth Company** — Performance is inextricably linked to the investments we make in People, Products and Planet. Solidifying Avient as a specialty growth company ensures ongoing longevity and value creation for our associates, customers, communities and shareholders.

These endeavors are made possible by the joining of our businesses.

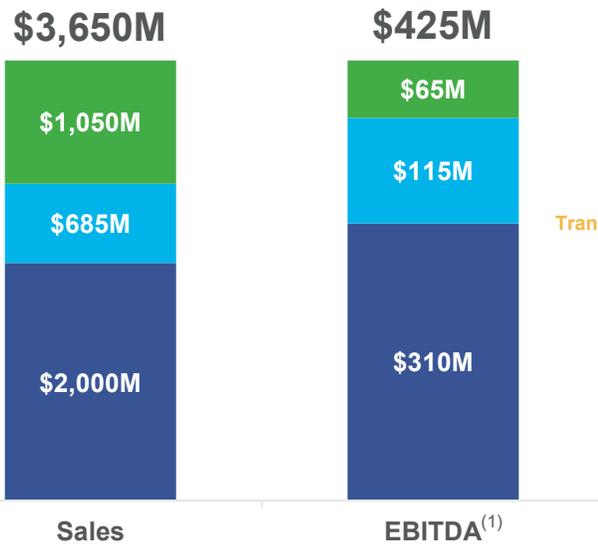
**We are better together.**

**We are Avient.**

(1) Estimated Pro forma for the acquisition of the Clariant Masterbatch business

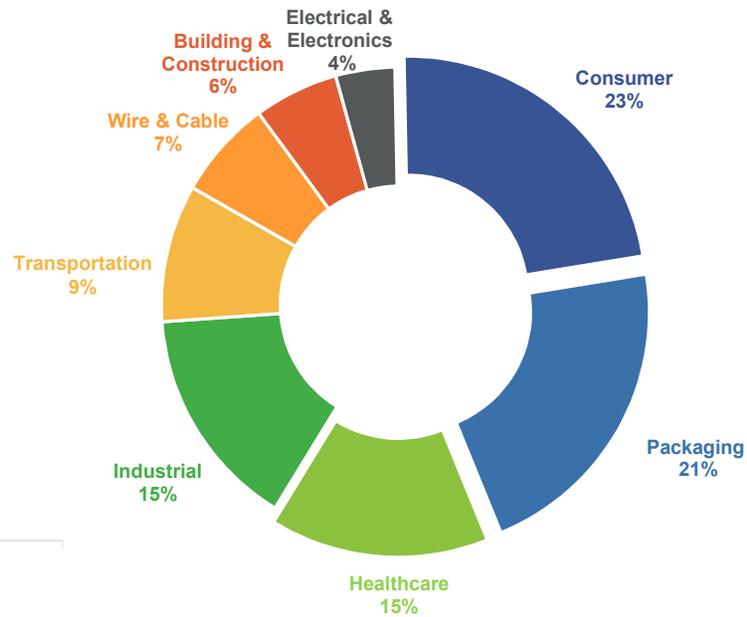
# SEGMENT, END MARKET AND GEOGRAPHY

## SEGMENT FINANCIALS

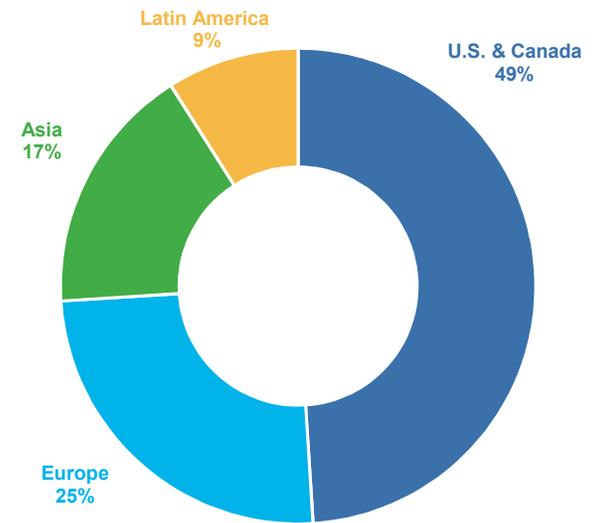


- Distribution
- Specialty Engineered Materials
- Color Additives and Inks

## END MARKET REVENUE



## GEOGRAPHY REVENUE



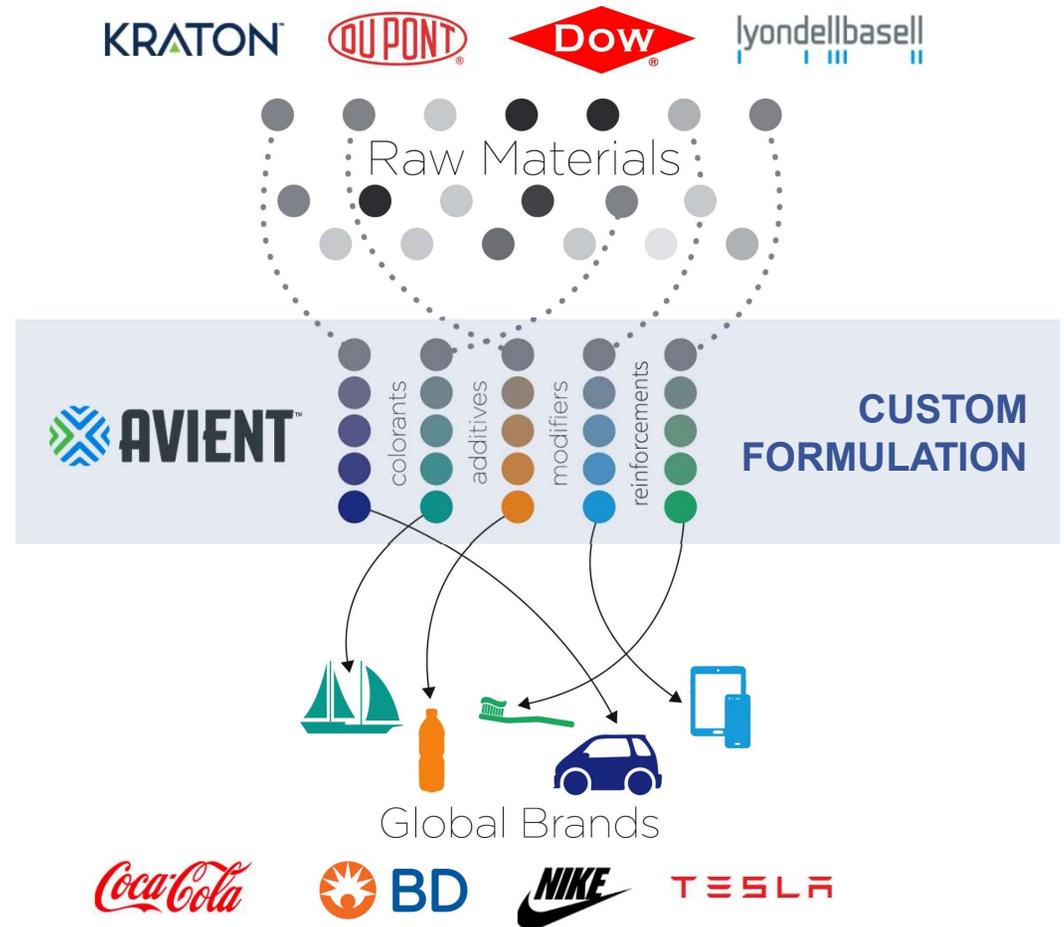
All data reflects 2020 estimate and Pro forma for acquisition of the Clariant Masterbatch business.  
 (1) The total company sales and EBITDA of \$3,650M and \$425M, respectively, include intercompany sales eliminations and corporate costs

# WHAT WE DO: MATERIAL SCIENCE

Innovation is the lifeblood of a specialty company. We create specialized and sustainable material solutions that transform customer challenges into opportunities, bringing new products to life for a better world.

We partner with Brand Owners / OEMs, processors and assemblers to enable their goals in applications like packaging, healthcare, consumer goods, transportation, wire & cable, building & construction and textiles. Our customers value the breadth of our solutions as we can tap into a broad array of raw materials to solve their specific needs. Our formulation expertise supports material science decisions, while our processing expertise guides customers to use the materials properly. Lastly, our design capabilities ensure that the application is designed perfectly for the specific end use.

**Challenge Accepted.**



# WHY AVIENT WINS

At Avient, we've built a culture of winning and how we do so is unique, lasting and difficult to replicate. It's why customers choose us. And we have over 16,000 who do.

Whether it's an ambitious start-up bringing a new product to market, or a large, multi-national OEM looking for consistency and reliability of global supply, Avient is built for long-term partnerships. Tenure of our relationships with multi-national OEMs exceeds 15 years. Big or small, we earn customers, and we keep them.

Speed to market is essential today, and Avient plays a crucial role in our customers' success. Our exceptional polymer scientists and design engineers are integral to their product development process. We iterate fast and often. Design times can be less than three days for colorants.

Ultimately, it's about delivery – on time, efficient, and to the exact quality specifications that our customers demand. With over 100 Avient production and distribution facilities, all operating with the rigor of Lean Six Sigma principles and excellence, we are proud to serve our valued customers wherever they need us. That's winning. That's Avient.

## Deep Customer Relationships & Application Know-How

We sell solutions not commodities.

**16,000+**  
CUSTOMERS

## Superior Design Capabilities & Advanced Analytics

We iterate fast and often.

**>75%** of sales  
ARE CUSTOMIZED SOLUTIONS  
TO UNIQUE SPECIFICATIONS

## Global Footprint Strategically Aligned to Serve Customers

We produce locally, serve globally.





## AVIENT'S VALUE CREATION LEVERS

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Exposure to high growth end markets

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Investment in commercial resources and innovation

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Strong free cash flow generation / capital deployment

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Clariant Masterbatch synergies

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COVID recovery

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Re-Rating: Current share price valuation

**Avient is poised for near-term and long-term shareholder value creation.**



## FUTURE GROWTH IN EXCESS OF GDP IS DRIVEN BY:

Our company is positioned to sustainably **grow at a rate that exceeds GDP**. We will do so through our investments and focus on sustainable solutions for high-growth markets, including healthcare, consumer, packaging and composites/5G. These investments also consider our global footprint, and we are positioned very well and strategically from a regional perspective.

Growth Drivers	2020E Revenue (\$ Millions)	Long-Term Growth Rate
Sustainable Solutions	\$ 550	8–12%
Healthcare	520	8–10%
Composites / 5G	200	10%
Growth in Emerging Regions	650	5%
Other (GDP growth)	1,730	2–3%
<b>Pro Forma Avient</b>	<b>\$ 3,650</b>	<b>6.5%</b>

# SUSTAINABLE SOLUTIONS

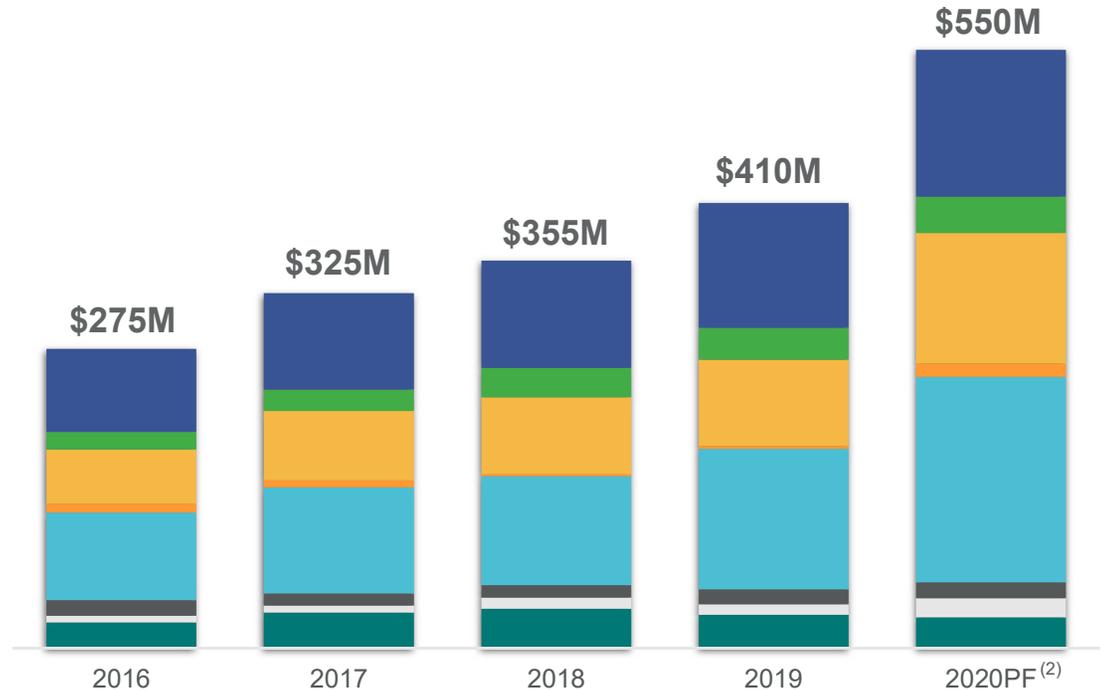
Avient has a highly technical and broad portfolio of material solutions that help our customers—and our planet—be more sustainable.

These sustainable solutions make up a growing portfolio for our company, as demand for them increases across the globe. Our innovation efforts and collaboration with customers have increased in lockstep. As a result, revenue from sustainable solutions has increased at an organic compounded annual growth rate of 9% from 2016-2019.

For pro forma 2020, we expect to deliver \$550 million in sustainable solutions sales, as defined using criteria aligned with the FTC 2012 Guide for the Use of Environmental Marketing Claims. These sales not only yield value for our shareholders, but also for the planet through the eight key areas where our material science has the most impact.

As we look to the future, we expect sales of our sustainable solutions to accelerate and grow at an 8-12% CAGR, furthering the win-win benefit trend for both Avient and our planet.

Revenue from Sustainable Solutions<sup>(1)</sup> 2016–2020



## Eight Ways Avient Enables Sustainability



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

(1) Avient Sustainable Solutions definitions aligned with FTC 2012 Guide for the Use of Environmental Marketing Claims ("Green Guides")  
 (2) 2020 is estimated and Pro forma to include full year of the Clariant Masterbatch business

# INVESTMENT IN COMMERCIAL RESOURCES

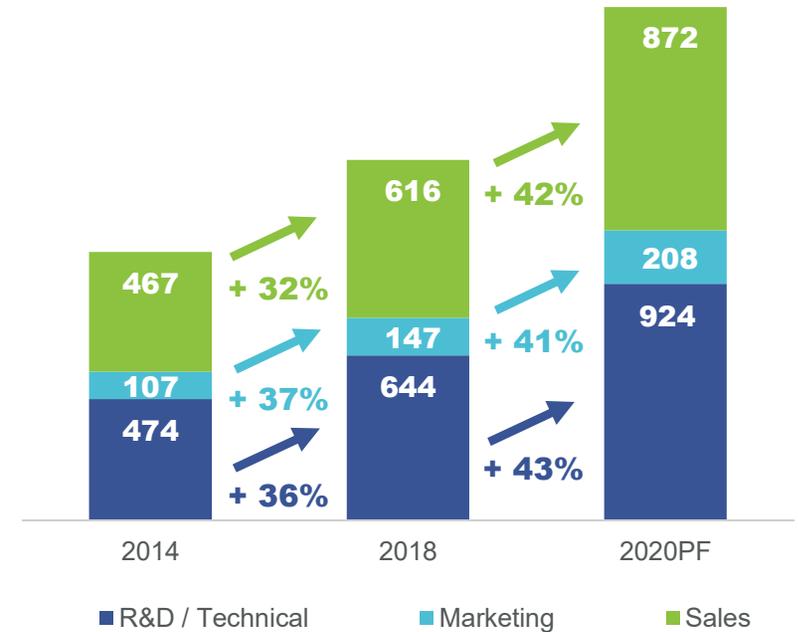
## DRIVES INNOVATIVE PRODUCT PORTFOLIO AND SALES GROWTH

Our world-class **vitality index of 37%** represents sales from products introduced in the last five years. This performance is not by chance. Rather, it's reflective of consistent, strategic investments in our portfolio...and people.

Commercial Excellence is part of our four-pillar strategy, and we invest, hire, train and measure performance accordingly. We leverage a **high-touch, collaborative customer service model**, where our ratio of technology to sales associates is 1.1, driving rapid customer response and customization.

It's how we innovate best for them. **It's why we win.**

### Commercial Resources

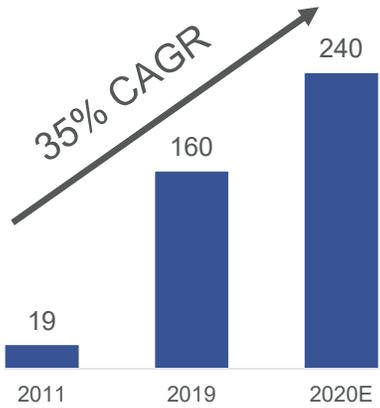


Headcount figures are Pro forma for the sale of Designed Structures and Solutions (DSS) and Performance Products and Solutions (PP&S) segments and the acquisition of the Clariant Masterbatch business. 2020PF data as of August 31, 2020.

# RETURNING VALUE TO SHAREHOLDERS

## Free Cash Flow

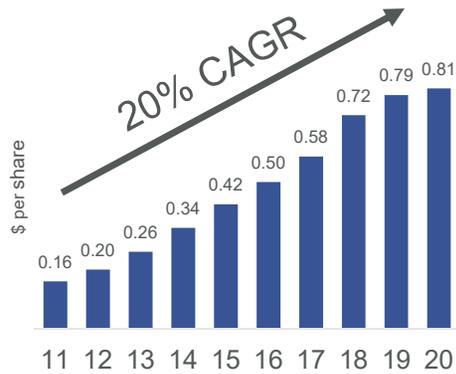
**~\$240MM**



**Cash Generation**

## Dividends

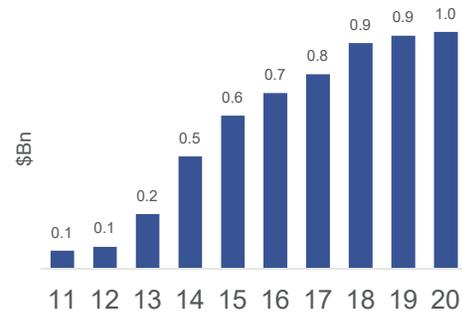
**~\$350MM  
PAID OVER LAST 10 YEARS**



**Growing Dividend**

## Share Repurchases

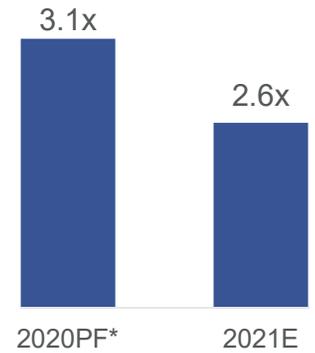
**~\$1Bn  
REPURCHASED  
OVER LAST 10 YEARS**



**Cumulative Buybacks**

## Deleveraging

**2.6x  
TARGET NET  
LEVERAGE BY 2021**



**Net Leverage**

Strong track record of cash generation put to work in M&A and return to shareholders while modestly levered



## CLARIANT INTEGRATION & COST SYNERGIES UPDATE

Another unique value creation lever at Avient is **synergy capture** with our recent acquisition of Clariant Masterbatch. Actions are already underway in three primary categories: Administrative, Sourcing and Operations.

At the time of acquisition, we estimated \$60 million. We've since identified additional cost reduction opportunities and have **updated our estimate to \$75 million**.

It's important to note that future revenue synergies through increased innovation and commercial excellence are not part of these estimates and will represent additional growth over the long term.

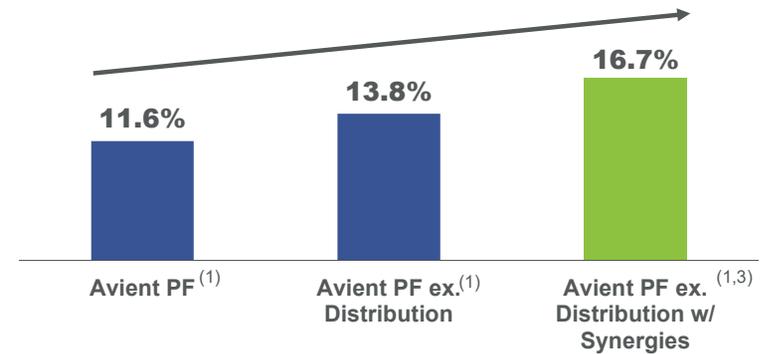
Synergies	Initial Estimate (\$ Millions)	Revised Estimate (\$ Millions)
Administrative	\$ 18	\$ 20
Sourcing	24	30
Operational	18	25
<b>Total Synergies</b>	<b>\$ 60</b>	<b>\$ 75</b>

# EBITDA Margin Expansion and EPS Accretion

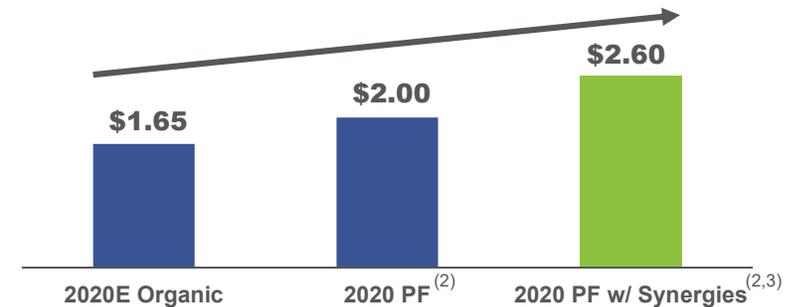
The cost synergies from the Clariant Masterbatch acquisition will help drive substantial margin expansion. Excluding our Distribution segment and pro forma with synergies, **EBITDA margins at Avient will exceed 16%.**

Immediately accretive to EPS, the acquisition is expected to deliver **\$0.95 of incremental adjusted EPS** upon full synergy realization.

## EBITDA as % of Sales



## Adjusted EPS



(1) 2020 estimate and Pro forma for acquisition of the Clariant Masterbatch business  
 (2) Adjusted EPS excludes step up D&A for the Clariant Masterbatch acquisition  
 (3) Assumes \$75MM in synergies

# COMPLEMENTARY TECHNOLOGIES AND CUSTOMERS DRIVE REVENUE SYNERGIES

The complementary aspects of our combined businesses are unquestionable. From technology portfolios to end markets to geographies and distribution channels, this acquisition made perfect sense. It's at the heart of why we are better together.

There are significant revenue opportunities generated from the combined color and additive technology strengths of the two legacy companies. In addition, the cross-selling opportunities that leverage Avient's Engineered Materials and Distribution segments will identify and deliver additional growth.

We estimate in excess of \$50 million dollars of new application sales by 2025, exclusively generated from the joining of our portfolios and technology teams.

- Barrier technology
- Functional additives
- Processing aids
- Flame retardants
- Light-weighting additives

## Complementary Technologies



- Clariant's approved formulations and certified facilities
- Legacy PolyOne's leading share in distribution channels

## Healthcare Solutions



- Clariant's position in SE Asia, Latin America, Germany & Italy
- Legacy PolyOne's position in U.S., Canada and China

## Regional Strengths

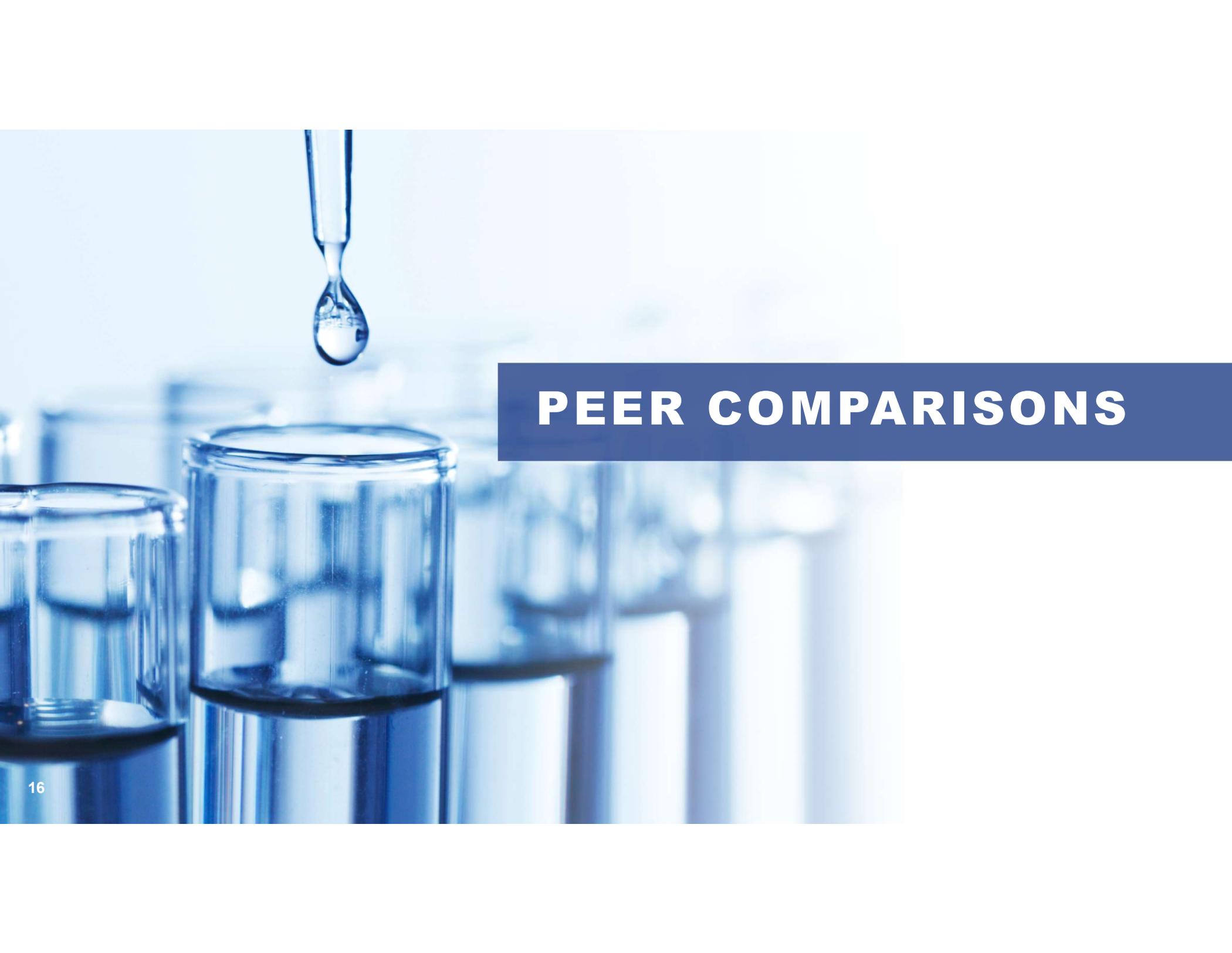


- Solutions with Avient's engineered materials customers
- Avient's distribution channels

## Segment Cross-selling



**Revenue synergy opportunities in excess of \$50MM by 2025**



# PEER COMPARISONS

# AVIENT IS ASSET LIGHT

As a specialty formulator, we don't require significant capital investment, as compared to the base resin raw material suppliers we purchase from. Even more, our manufacturing capabilities are flexible and easily adaptable to changing customer needs.

As we grow, we can add capacity with minimal investment. Whether an additional line at an existing manufacturing plant, or a new facility in a growing region, we ramp-up quickly and cost-efficiently.

**Capex / Revenue**  
2021E (%)

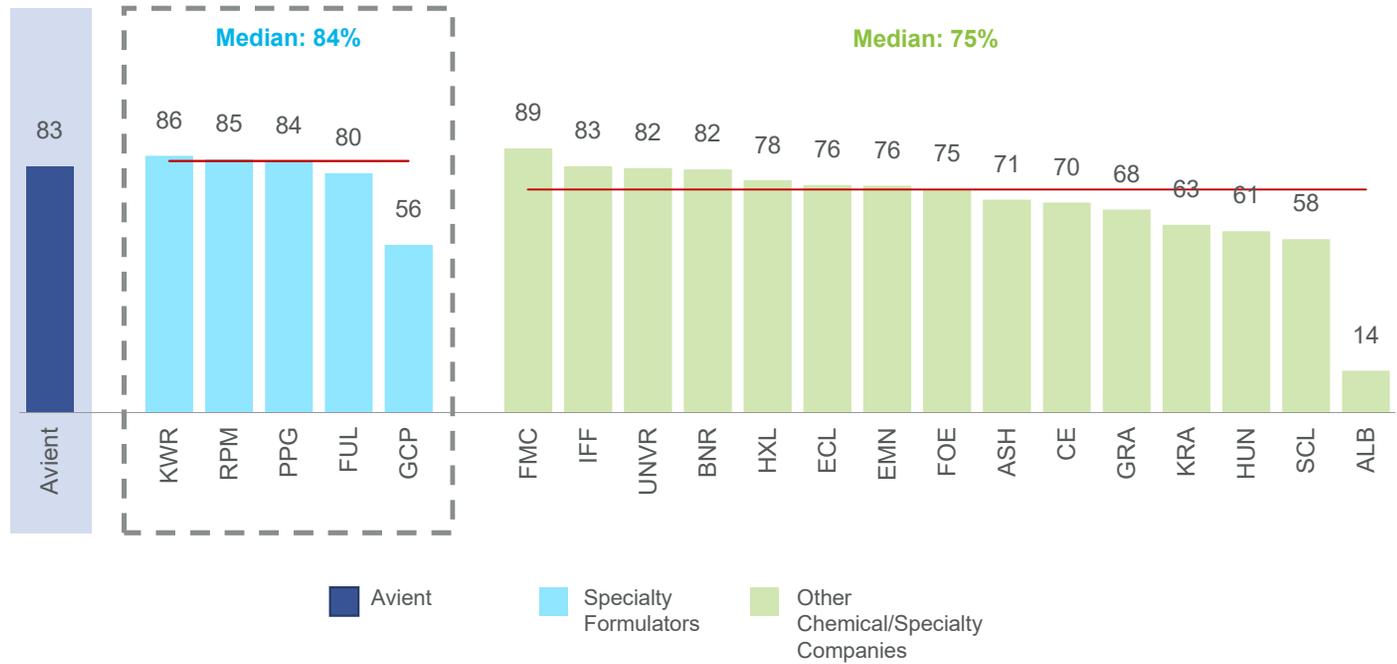


Source: Capital IQ market data as of August 24, 2020



# HIGH FREE CASH FLOW CONVERSION

Free Cash Flow Conversion <sup>(1)</sup>  
2021E (%)



Being asset light helps us to generate strong free cash flow that is in line with specialty formulators.

Our free cash flow supports shareholder value creation through investing in R&D for organic growth, completing bolt-on acquisitions, and returning cash to shareholders via our dividend program and opportunistic share repurchases.

Source: Capital IQ market data as of August 24, 2020

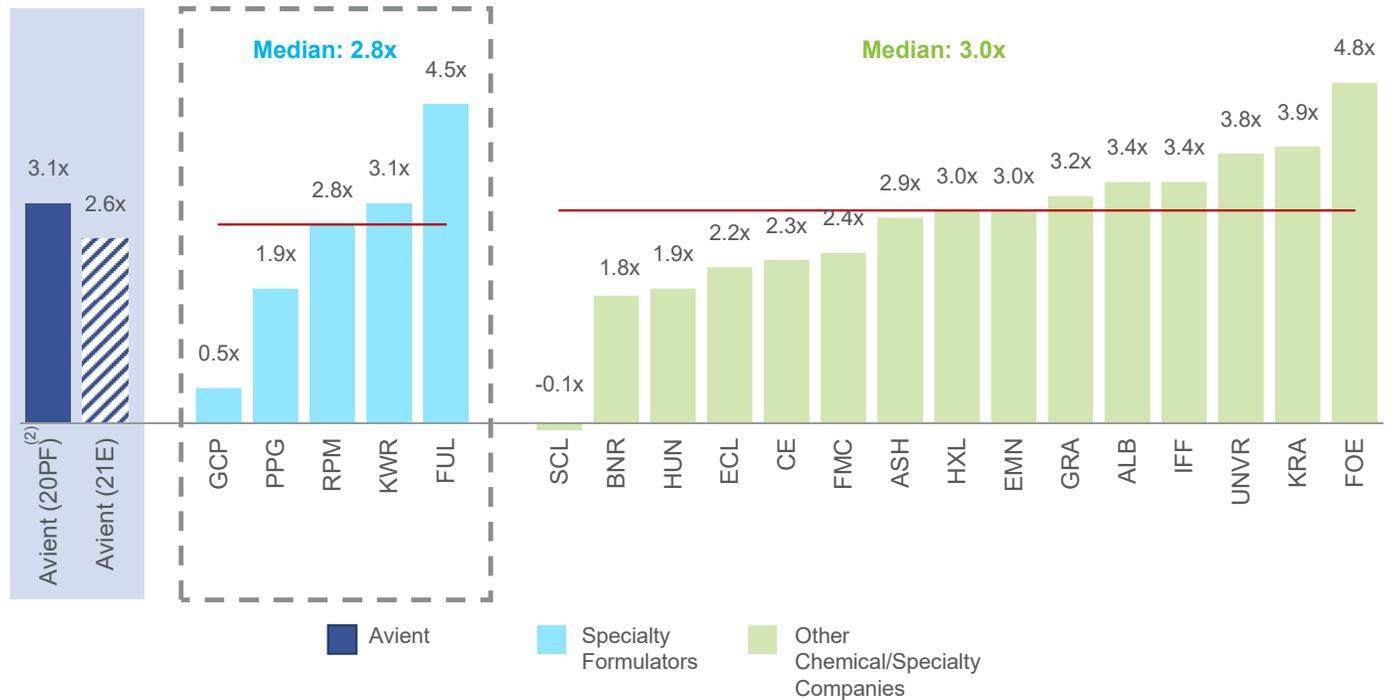
1. Free cash flow conversion calculated as (EBITDA – Capex) / EBITDA

# AVIENT IS MODESTLY LEVERED

We typically operate at 2.5–3.0x net debt to EBITDA. At times, we will exceed that level for strategic acquisitions that generate sufficient cash flow. We then de-lever back below 3.0x within two years.

Such is the case with the Clariant Masterbatch acquisition, where strong free cash flow will allow us to de-lever quickly.

Net Debt / 2021E EBITDA <sup>(1)</sup>



Source: Capital IQ market data as of August 24, 2020

1. Leverage is calculated as Total Debt – Cash / EBITDA
2. 2020 Pro forma for the acquisition of the Clariant Masterbatch business



# THE CURRENT AVIENT VALUATION DISCONNECT

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Our transformation and business model are still being understood, and as a result, we are currently trading at a **discount to peer companies**

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Our financial metrics are consistent with specialty formulator peers, yet our EBITDA multiple is at a 6.1x discount to peer companies

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Ongoing synergy capture is another value creation lever that is unique to Avient

**This creates a compelling investment opportunity**

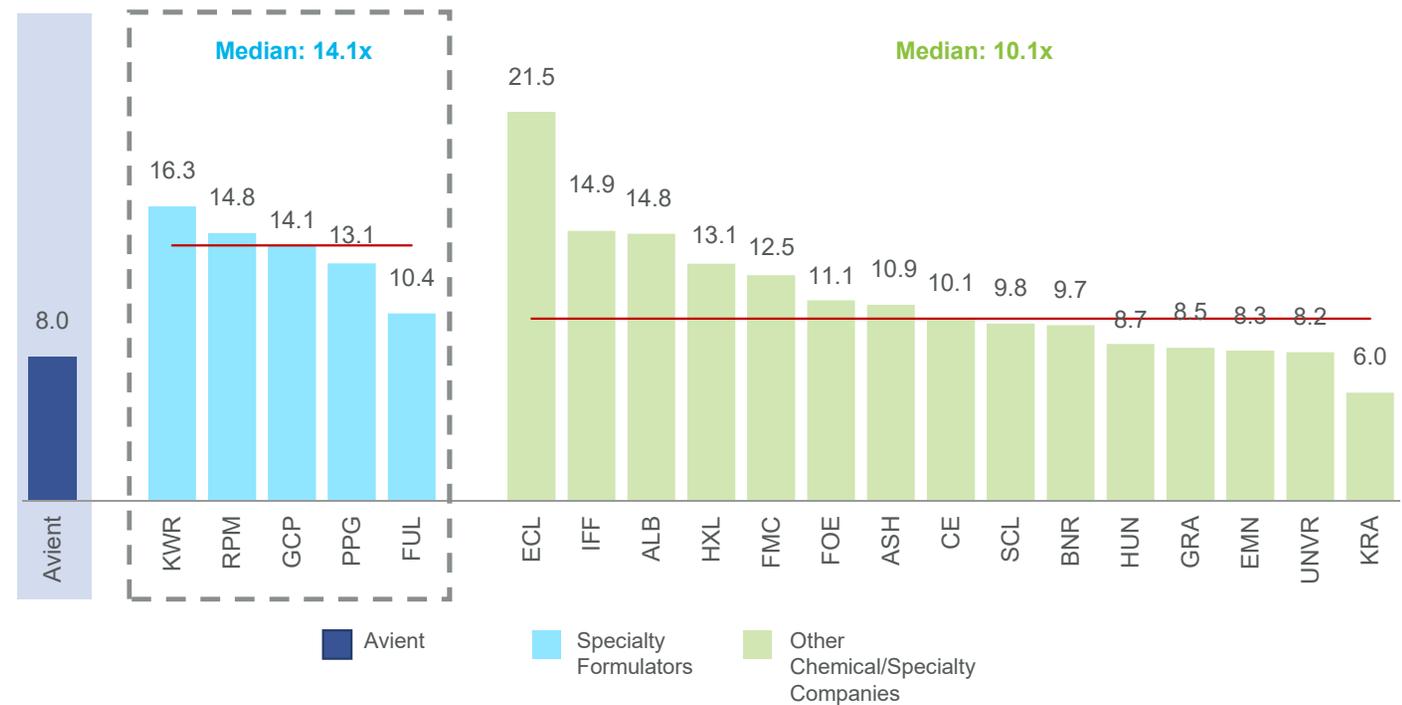


# OUR VALUATION VERSUS PEERS

Our current valuation implies an EBITDA multiple that is significantly below specialty formulator peers and our historic valuations, when the company had considerable exposure to more cyclical and challenging end markets.

With the Clariant Masterbatch acquisition and divestment of the PP&S business, our exposure is now concentrated in less-cyclical and high-growth markets, with increased geographic diversification and a more specialized portfolio that can significantly expand EBITDA margins.

Total Enterprise Value <sup>(1)</sup> / 2021E EBITDA <sup>(2)</sup>



Source: Capital IQ market data as of August 24, 2020

1. Avient Total Enterprise Value Pro forma for acquisition of Clariant Masterbatch business and tax payments associated with the PP&S divestiture per Company filings, resulting in a cash adjustment from the June 30, 2020 balance sheet of ~\$1,520MM
2. Consensus EBITDA of \$460M per Bloomberg





## SUMMARY: WHY INVEST IN AVIENT?

We are a specialty formulator that enables many of the world's products through innovation and custom solutions. We take great pride in our essential role and responsibility—to our people, our customers, our planet and our shareholders.

In the near term we expect substantial earnings and cash flow gains as we emerge from the COVID-19 pandemic. But more significantly, we will deliver for our stakeholders through multiple value creation levers—many of which are unique to Avient:

- Demand for sustainable solutions, healthcare, and composites, together with Clariant Masterbatch revenue synergies, that will drive long-term revenue growth in excess of GDP
- Our differentiated technology, service and global reach are competitive advantages
- Our asset-light and high-touch business model yields stable and high free cash flow conversion
- Clariant Masterbatch cost synergy capture will result in significant near-term benefit

In addition, we remain committed to increasing annual dividends and buying back shares, all while remaining modestly levered.

Simply put...

We solve customers' most pressing material science challenges.

We create value for our stakeholders and we love to win.

**We are Avient.**



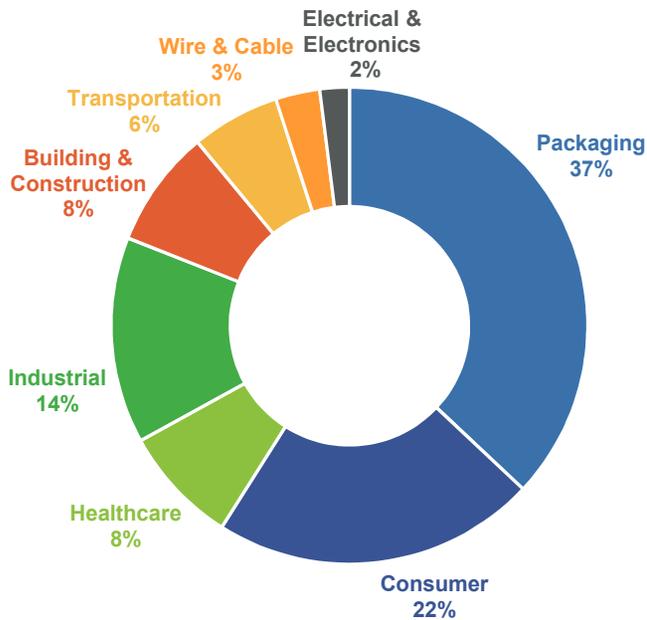


# SEGMENT HIGHLIGHTS

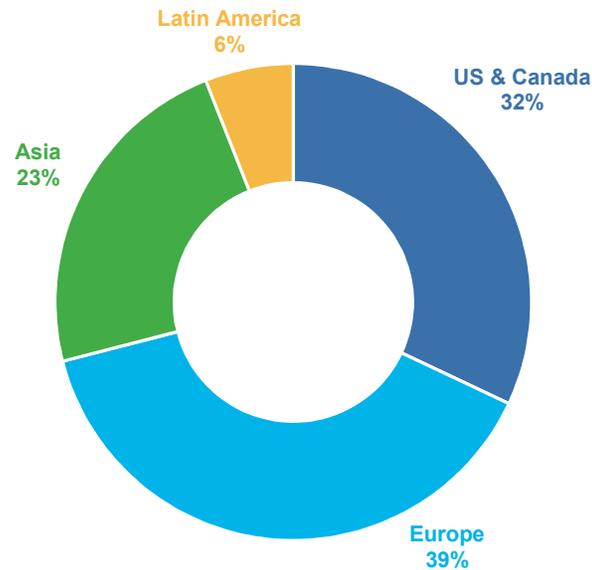
# COLOR, ADDITIVES & INKS

2020 PF REVENUE | \$2.0 BILLION

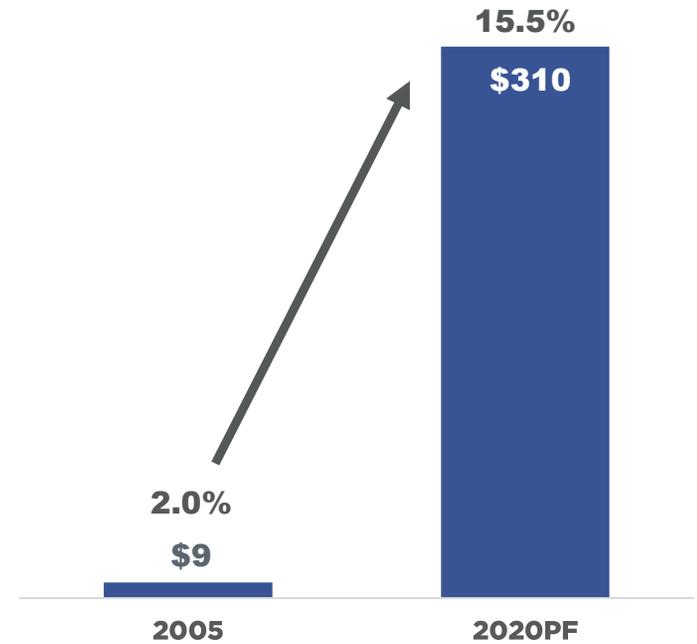
## END MARKET



## REGION



## EBITDA DOLLAR & MARGIN EXPANSION

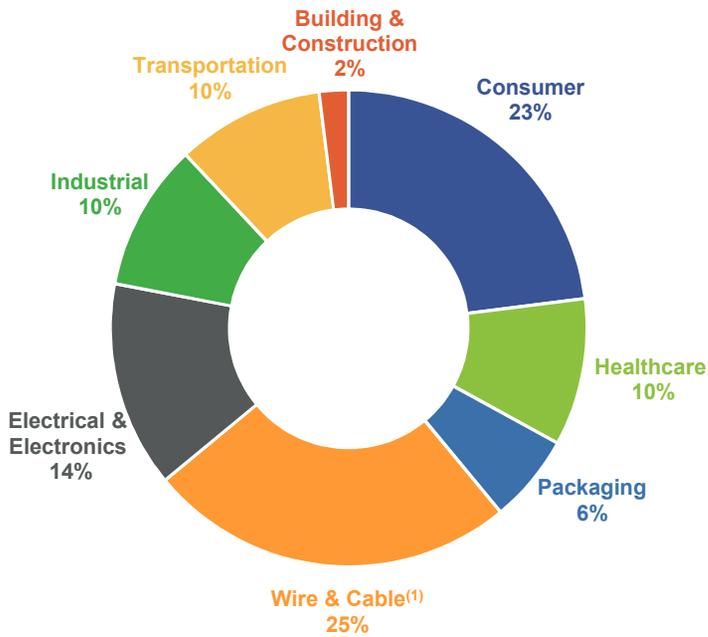


2020 figures Pro forma estimates for acquisition of the Clariant Masterbatch business

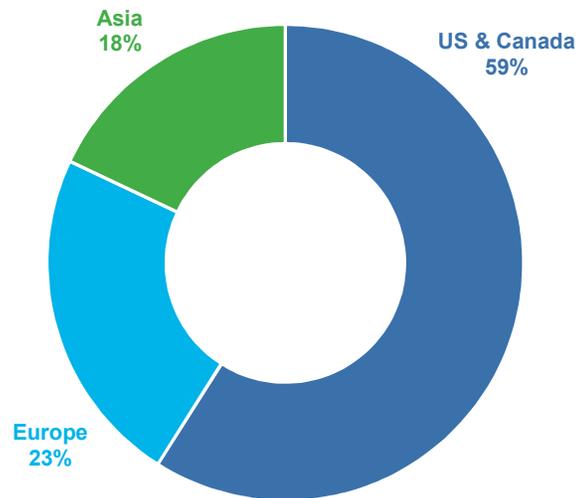
# SPECIALTY ENGINEERED MATERIALS

2020E REVENUE | \$685 MILLION

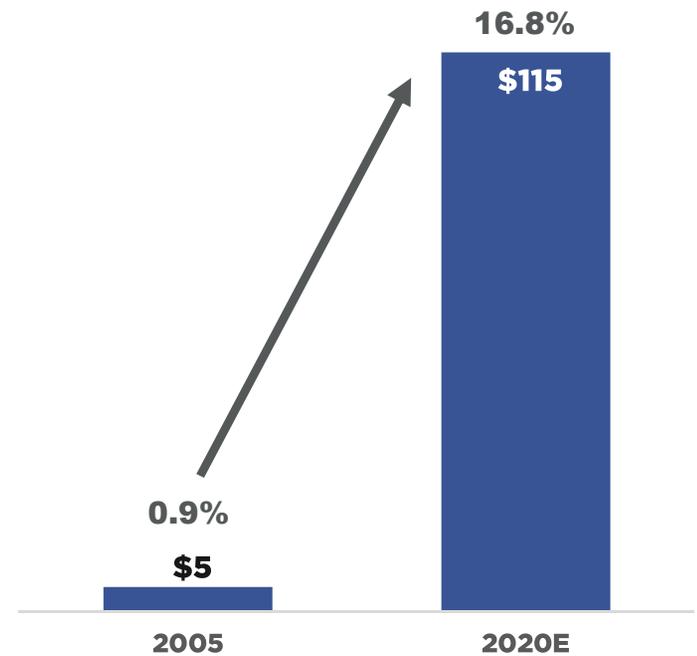
## END MARKET



## REGION



## EBITDA DOLLAR & MARGIN EXPANSION

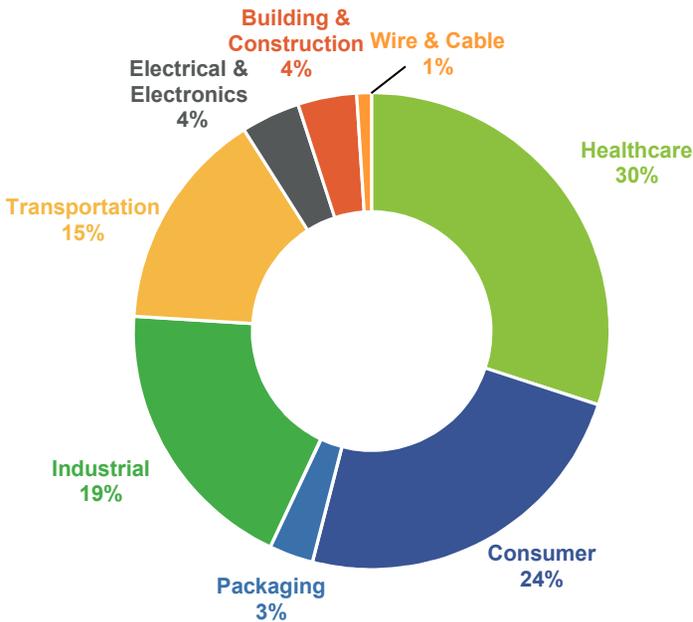


(1) Approximately 50% of Wire and Cable sales are associated with Fiber Optic Cabling

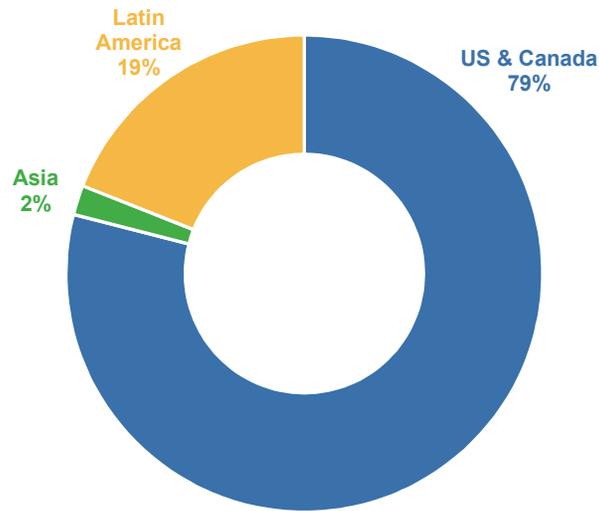
# DISTRIBUTION

2020E REVENUE | \$1.05 BILLION

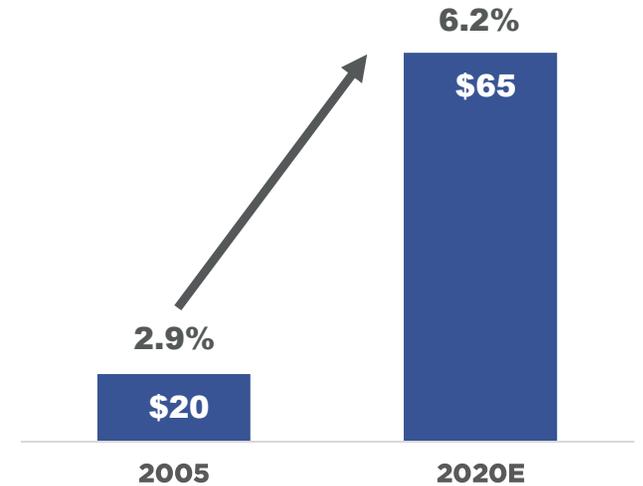
## END MARKET



## REGION



## EBITDA DOLLAR & MARGIN EXPANSION



## KEY SUPPLIERS

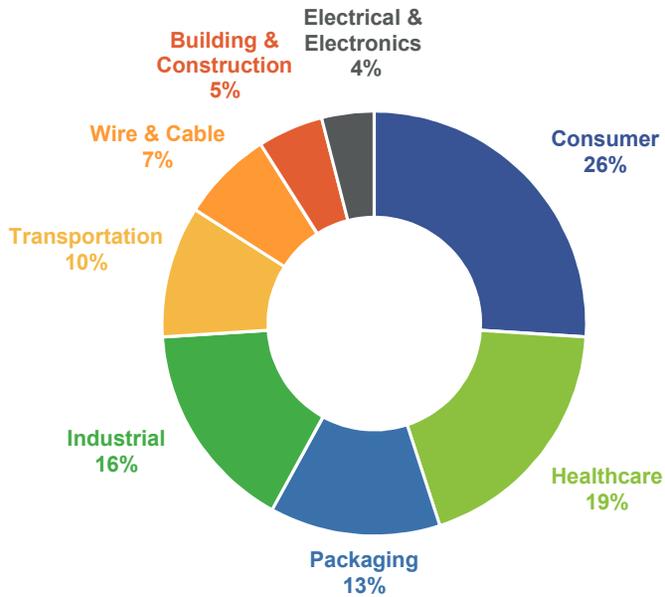


# TOTAL COMPANY REGIONAL SALES

## BY END MARKET

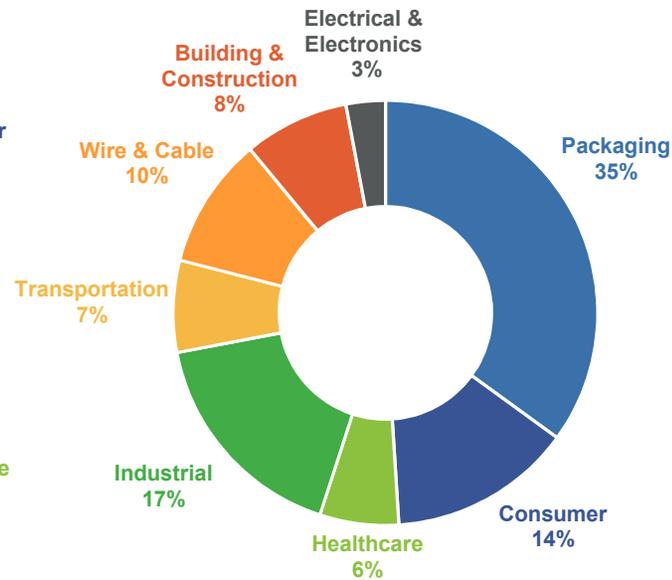
### AMERICAS

(58% of sales)



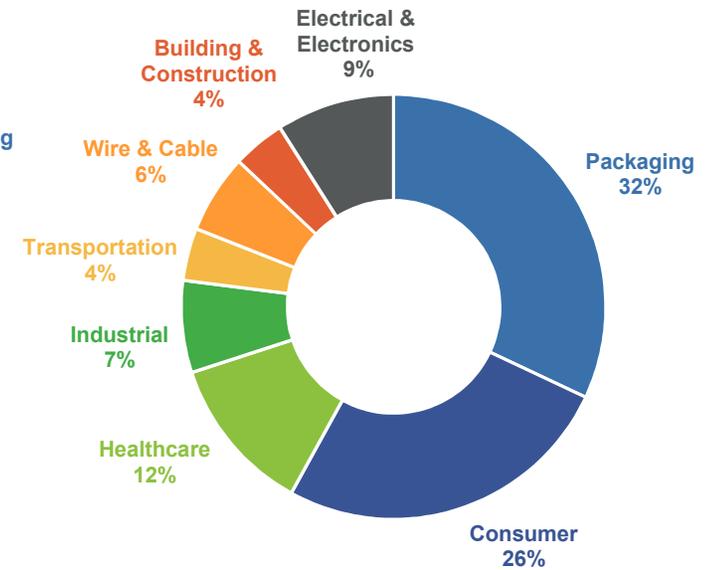
### EUROPE

(25% of sales)



### ASIA

(17% of sales)



2020 figures Pro forma estimates for acquisition of the Clariant Masterbatch business