



# AVIENT CORPORATION

SECOND QUARTER 2022 RESULTS

(NYSE: AVNT)

**JULY 26, 2022**



# DISCLAIMER

## Forward-Looking Statements

Certain statements contained in or incorporated by reference into this presentation constitute “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. You can identify these statements by the fact that they do not relate strictly to historic or current facts. 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 condition, performance and/or sales. In particular, these include statements relating to future actions; prospective changes in raw material costs, product pricing or product demand; future performance; estimated capital expenditures; results of current and anticipated market conditions and market strategies; sales efforts; expenses; the outcome of contingencies such as legal proceedings and environmental liabilities; and financial results.

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

- 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;
- The current and potential future impact of the COVID-19 pandemic on our business, results of operations, financial position or cash flows, including without any limitation, any supply chain and logistics issues;
- Changes in polymer consumption growth rates and laws and regulations regarding plastics in jurisdictions where we conduct business;
- 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;
- Our ability to pay regular quarterly cash dividends and the amounts and timing of any future dividends;
- Information systems failures and cyberattacks;
- Amounts for cash and non-cash charges related to restructuring plans that may differ from original estimates, including because of timing changes associated with the underlying actions;
- Any material adverse changes in the equity and assets of Koninklijke DSM N.V.’s protective materials business (“the Dyneema Business”);
- Our ability to achieve the strategic and other objectives relating to the acquisition of the Dyneema Business and the possible sale of the Distribution business segment; and
- Other factors described in our Annual Report on Form 10-K for the year ended December 31, 2021 and our Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2022 under Item 1A, “Risk Factors.”

## 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, free cash flow and adjusted EBITDA.

Avient’s chief operating decision maker uses these financial measures to monitor and evaluate the ongoing performance of Avient and each business segment and to allocate resources.

A reconciliation of each historical 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.avient.com](http://www.avient.com).

Avient does not provide reconciliations of forward-looking non-GAAP financial measures, such as outlook for Adjusted EBITDA, Adjusted Earnings Per Share, Adjusted Operating Income and Free Cash Flow, to the most comparable GAAP financial measures on a forward-looking basis because Avient 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 Avient’s control and/or cannot be reasonably predicted. For the same reasons, Avient is unable to address the probable significance of the unavailable information.

## Pro Forma Financial Information

Avient acquired the Clariant Color business on July 1, 2020 (the “Acquisition Date”). To provide comparable financial results, Avient references “pro forma” financial metrics, which include the business results of Clariant Color for periods prior to the Acquisition Date. We also reference “pro forma” financial metrics, which include the results of the proposed Dyneema Business acquisition and the potential sale of the Distribution business. Management believes this provides comparability of the performance of the combined businesses.

2 Unless otherwise stated, Adjusted Operating Income, Adjusted EBITDA and Adjusted EPS figures included in this presentation exclude the impact of special items as defined in our quarterly earnings releases.





**SECOND QUARTER 2022  
RESULTS**

# Q2 2022 PERFORMANCE

(TOTAL COMPANY)

## Sales

**+ 5%**  
(+ 10% excluding FX)



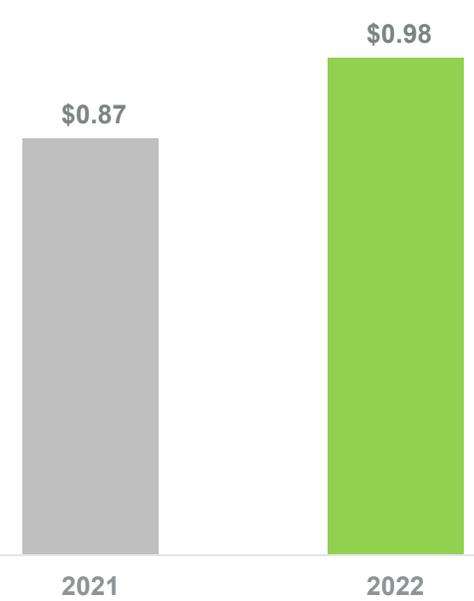
## Adjusted Operating Income

**+ 10%**  
(+ 16% excluding FX)

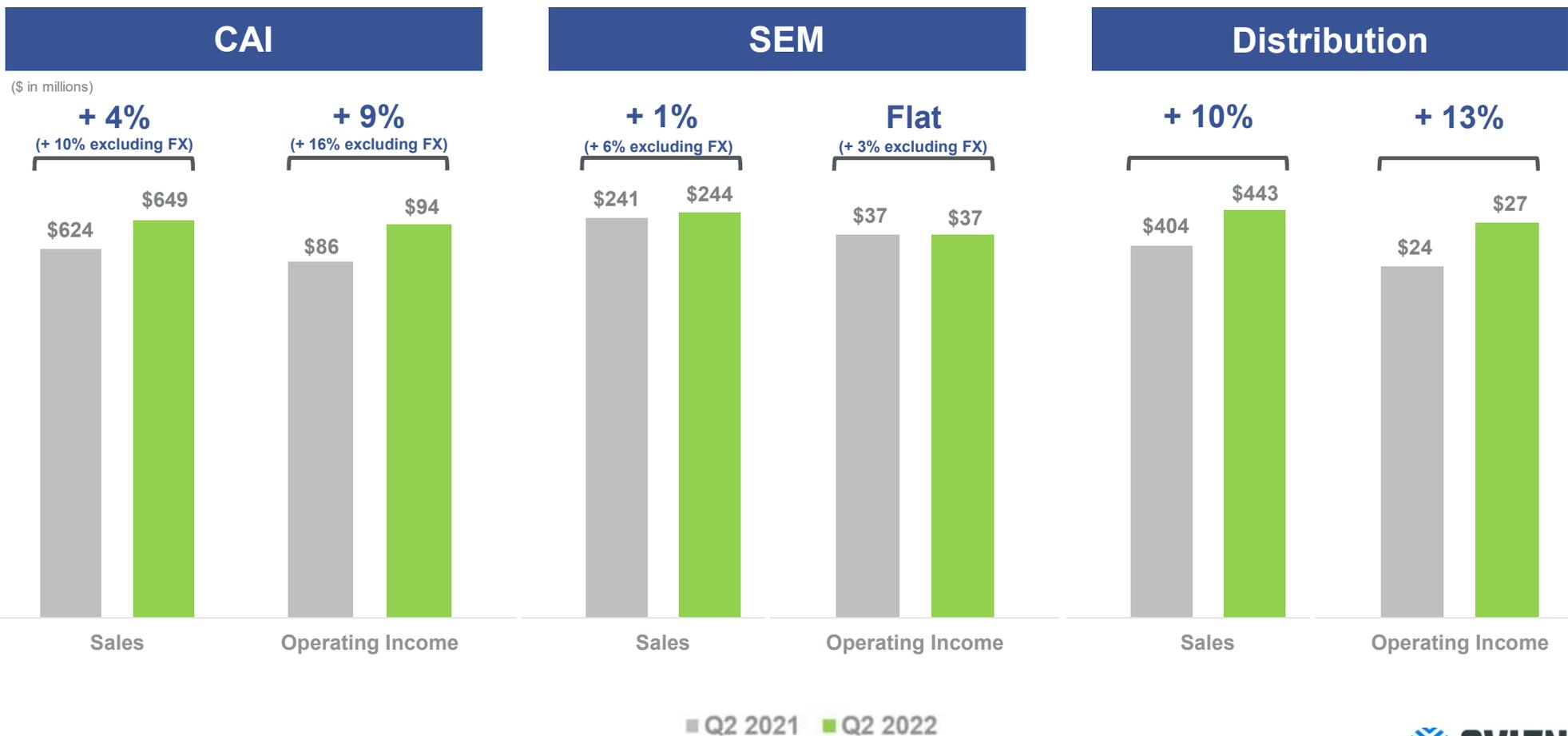


## Adjusted EPS

**+ 13%**  
(+ 20% excluding FX)



# Q2 2022 SEGMENT PERFORMANCE



# Q2 2022 SALES AND OPERATING INCOME

(TOTAL COMPANY)

<i>\$ millions</i>	Sales	Growth Rate	Adjusted Operating Income
<b>Q2 2021</b>	<b>\$1,235</b>		<b>\$122</b>
Sustainable Solutions	17	7%	7
Healthcare	23	14%	5
Composites (ex Outdoor High Performance)	10	20%	4
Growth in Asia / LATAM	5	3%	1
Other	69	11%	5
<b>Sub-total</b>	<b>\$1,359</b>	<b>10%</b>	<b>\$144</b>
Outdoor High Performance Impact	(9)		(5)
Wage Inflation and Overtime			(7)
Other Supply Chain Costs			(2)
Clariant Color Integration Synergies			7
Incentives, Other Employee Costs			4
FX	(48)		(7)
<b>Q2 2022</b>	<b>\$1,302</b>	<b>5%</b>	<b>\$134</b>



# Q2 EBITDA BRIDGE

<i>\$ millions</i>	<b>Adjusted EBITDA</b>							
<b>Q2 2021</b>	<b>\$ 159</b>							
<b>Demand</b>	<b>(29)</b>	<table border="1"> <tr> <td>China Lockdowns / Russia Impact</td> <td style="text-align: right;">\$ (14)</td> </tr> <tr> <td>Outdoor High Performance</td> <td style="text-align: right;">(5)</td> </tr> <tr> <td>Transportation</td> <td style="text-align: right;">(5)</td> </tr> </table>	China Lockdowns / Russia Impact	\$ (14)	Outdoor High Performance	(5)	Transportation	(5)
China Lockdowns / Russia Impact	\$ (14)							
Outdoor High Performance	(5)							
Transportation	(5)							
<u>CAI:</u>								
<i>Price / Mix</i>	87	✓						
<i>Inflation</i>	(58)							
<u>SEM:</u>								
<i>Price / Mix</i>	36	✓						
<i>Inflation</i>	(24)							
<u>Distribution:</u>								
<i>Price / Mix</i>	45	✓						
<i>Inflation</i>	(41)							
<b>Net Price Benefit</b>	<b>45</b>							
<b>Wage Inflation and Overtime</b>	<b>(7)</b>							
<b>Other Supply Chain Costs</b>	<b>(2)</b>							
<b>Clariant Color Integration Synergies</b>	<b>7</b>							
<b>Incentives, Other Employee Costs</b>	<b>4</b>							
<b>FX</b>	<b>(7)</b>							
<b>Q2 2022</b>	<b>\$ 170</b>							

Price increases more than offsets raw material and supply chain impacts

## Q2 EPS BRIDGE

<b>Q2 '21 Adjusted EPS</b>	<b>\$</b>	<b>0.87</b>
Color, Additives and Inks		0.11
Specialty Engineered Materials		0.01
Distribution		0.03
Corporate Costs		0.01
F/X		(0.05)
<b>Segment OI</b>	<b>\$</b>	<b>0.11</b>
Interest Expense		0.03
Tax Rate		(0.03)
<b>Q2 '22 Adjusted EPS</b>	<b>\$</b>	<b>0.98</b>

# 2021 SUSTAINABILITY REPORT

## Key Updates

- Provided progress on 2030 Sustainability Goals
- Emphasized commitment to U.N. Global Compact & fulfilled Communication of Progress (COP) requirements
- New Sustainability Strategy overview page including our 2022 AIP ESG metrics
- New ESG Performance page with ESG ratings, awards, and certifications
- Increased disclosures on carbon emissions, including disclosure of Climate Change Scenario Analysis
- Added new Product Stewardship and Chemical Management policies
- Enhanced data reporting for Workforce Demographics
- Improved social disclosures on human rights, dependent care and special leave and strategic training management



*Launching integrated sustainability website in parallel with report*

*Aligned with leading reporting frameworks*



# ESG PERFORMANCE & AWARDS

## ESG Ratings Performance *(as of 6/30/22)*



**SUSTAINALYTICS\***  
a Morningstar company

**RATED**

**84<sup>th</sup>**  
PERCENTILE  
in Specialty  
Chemicals

**ISS ESG** Quality Score

<b>ENVIRONMENTAL</b>	<b>2</b>
<b>SOCIAL</b>	<b>1</b>
<b>GOVERNANCE</b>	<b>3</b>



## ESG Awards and Certifications





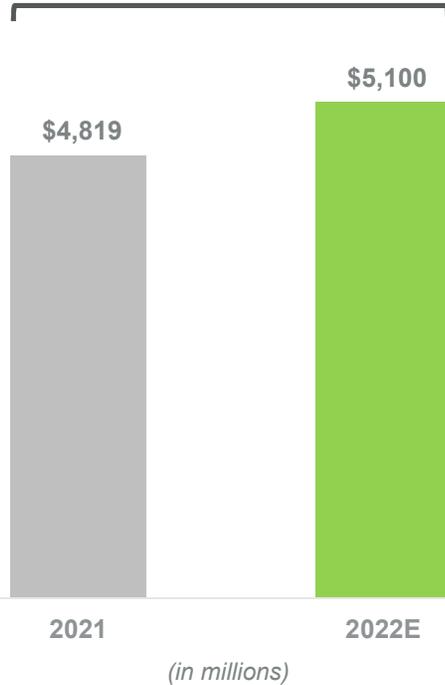
# 2022 OUTLOOK

# FY 2022 GUIDANCE

(TOTAL COMPANY: CURRENT PORTFOLIO)

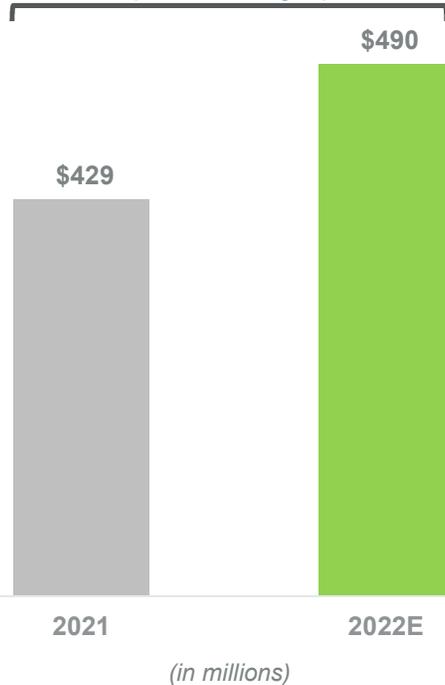
## Sales

**+ 6%**  
(+ 9% excluding FX)



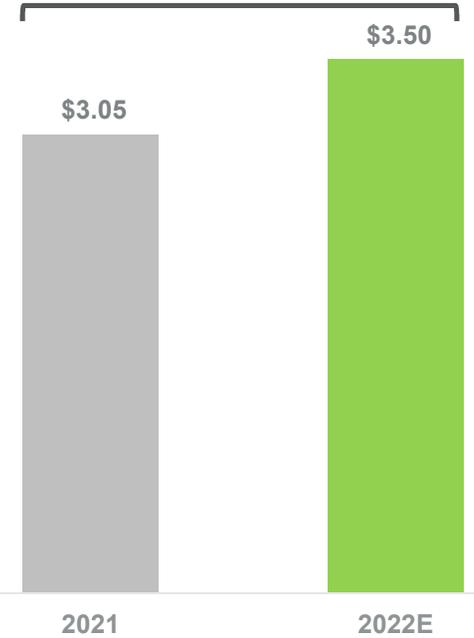
## Adjusted Operating Income

**+ 14%**  
(+ 18% excluding FX)



## Adjusted EPS

**+ 15%**  
(+ 20% excluding FX)



# CASH FLOW / LEVERAGE

(\$ millions)	2022E	
<b>Cash Flow from Operating Activities</b>	<b>\$</b>	<b>400</b>
<u>Less:</u>		
<i>Run-Rate CapEx</i>		(90)
<i>CapEx for Clariant Integration</i>		(10)
<i>CapEx for IT System Upgrade</i>		(15)
<b>Total CapEx</b>		<b>(115)</b>
<b>Free Cash Flow</b>	<b>\$</b>	<b>285</b>
<b>Adjusted EBITDA</b>	<b>\$</b>	<b>635</b>
<b>Net Debt / Adjusted EBITDA</b>		<b>1.6x</b>

## DYNEEMA / DISTRIBUTION UPDATES



- Strong performance so far in 2022 in-line with our modeling
- Acquisition to be finalized as early as September 1, pending standard regulatory process and closing conditions



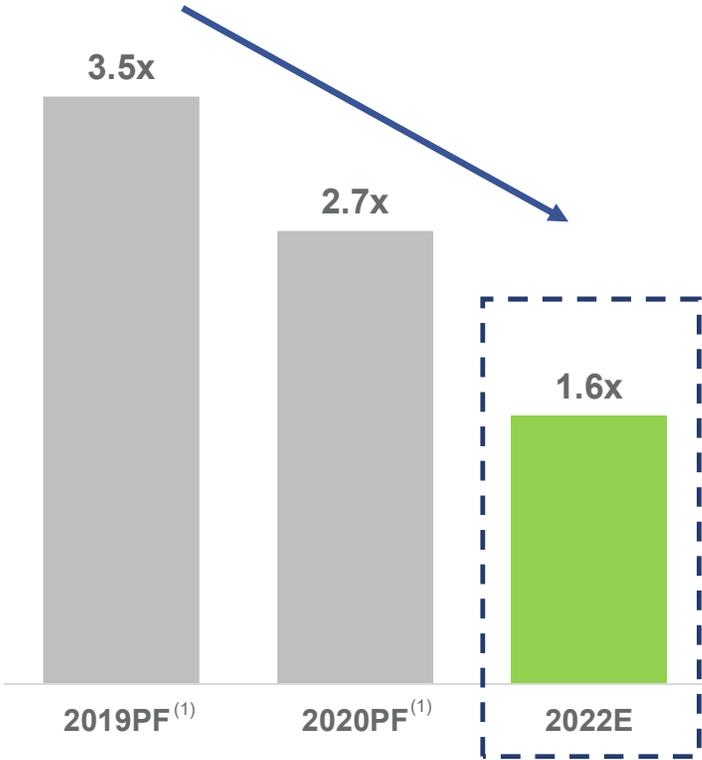
- Encouraging interest thus far from potential buyers for world-class business with a strong track record
- Second round bids due in August

# PRO FORMA MODELING UPDATE

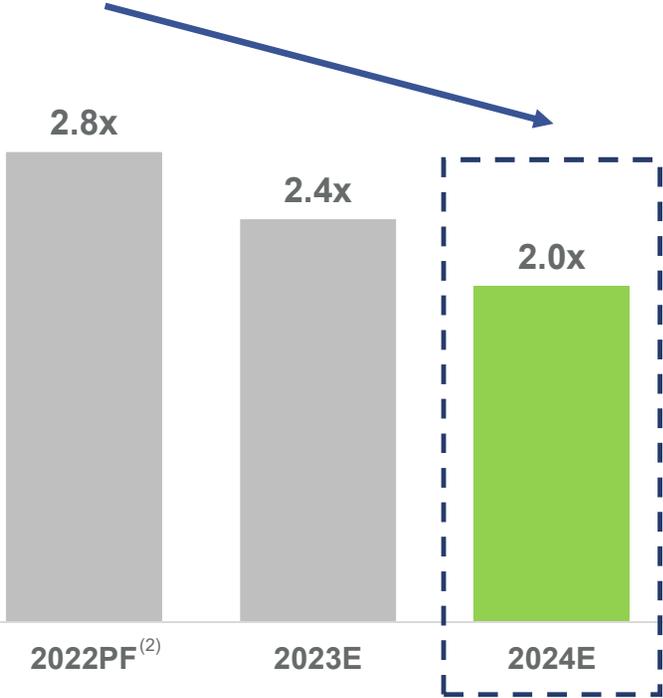
2022E (\$M)	Forecast	Dyneema	Forecast + Dyneema	Sale of Distribution	Pro Forma 2022
Revenue	\$ 5,100	\$ 415	\$ 5,515	\$ (1,635)	\$ 3,880
Adjusted EBITDA	635	130	765	(109)	656
EBITDA %	12%	31%	14%	7%	17%
<b>Adj. EPS</b>	<b>\$ 3.50</b>				
<b>Adj. EPS (ex Amort &amp; Financing)</b>	<b>\$ 3.96</b>	<b>\$ 0.82</b>	<b>\$ 4.78</b>	<b>\$ (0.88)</b>	<b>\$ 3.90</b>
Impact of Financing - April Announcement	-	(0.47)	(0.47)	0.30	(0.17)
Incremental Interest Expense Since Announcement	-	(0.22)	(0.22)		(0.22)
<b>Adj. EPS (ex Amort)</b>	<b>\$ 3.96</b>	<b>\$ 0.13</b>	<b>\$ 4.09</b>	<b>\$ (0.58)</b>	<b>\$ 3.51</b>
<b>Pro Forma Leverage (12/31/2022E)</b>					
Net Debt / Adjusted EBITDA	1.6x		3.4x		2.8x

# TWO-YEAR LEVERAGE MODEL

Clariant Color Acquisition



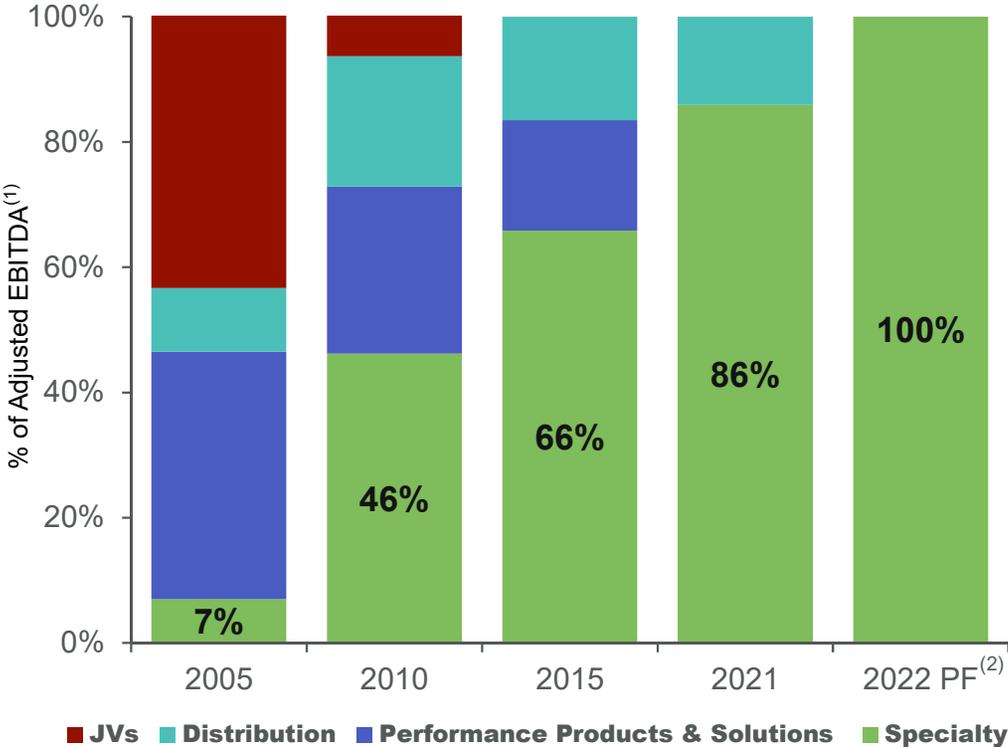
Dyneema® Acquisition



(1) Pro forma for the acquisition of the Clariant Color business  
 (2) Pro forma for the acquisition of Dyneema® and potential divestiture of Distribution, including repayment of senior notes due 2023 and Term Loan



# OUR SPECIALTY JOURNEY CONTINUES



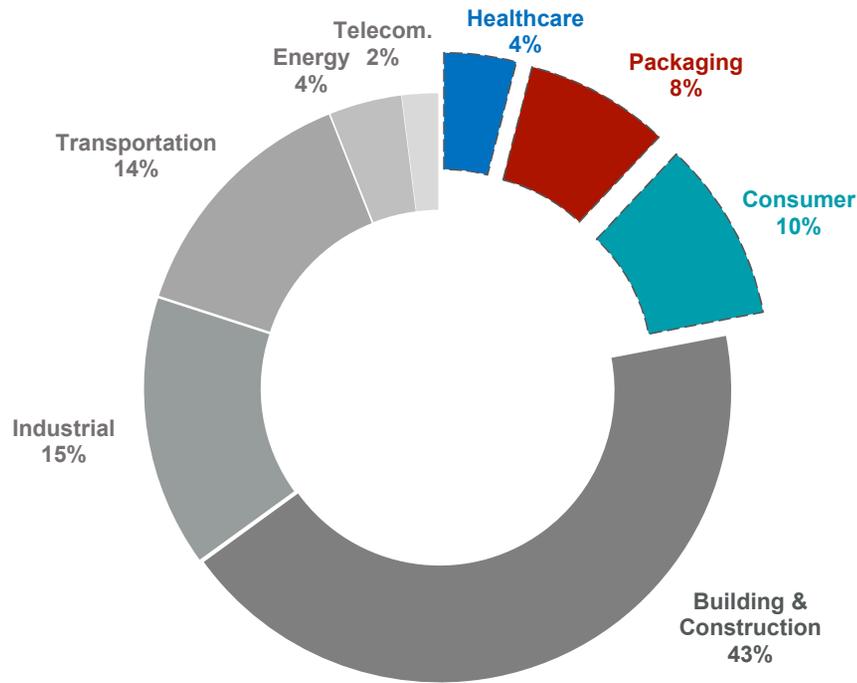
- Dyneema® brings leading technology and brand with **the World’s Strongest Fiber™**, deep history of **application development** and **strong management team** focused on specialty applications
- Dyneema® transaction is aligned with our previously stated acquisition goal of expanding our **composites** and **fiber capabilities**
- Similar to our other technology expansion acquisitions, Dyneema® allows us to leverage our **invest-to-grow** strategy
- The possible sale of our Distribution business also presents potential benefits with respect to leverage and EBITDA margins

(1) Adjusted EBITDA is EBITDA excluding corporate costs and special items  
 (2) Pro forma for the acquisition of Dyneema® and potential divestiture of Distribution

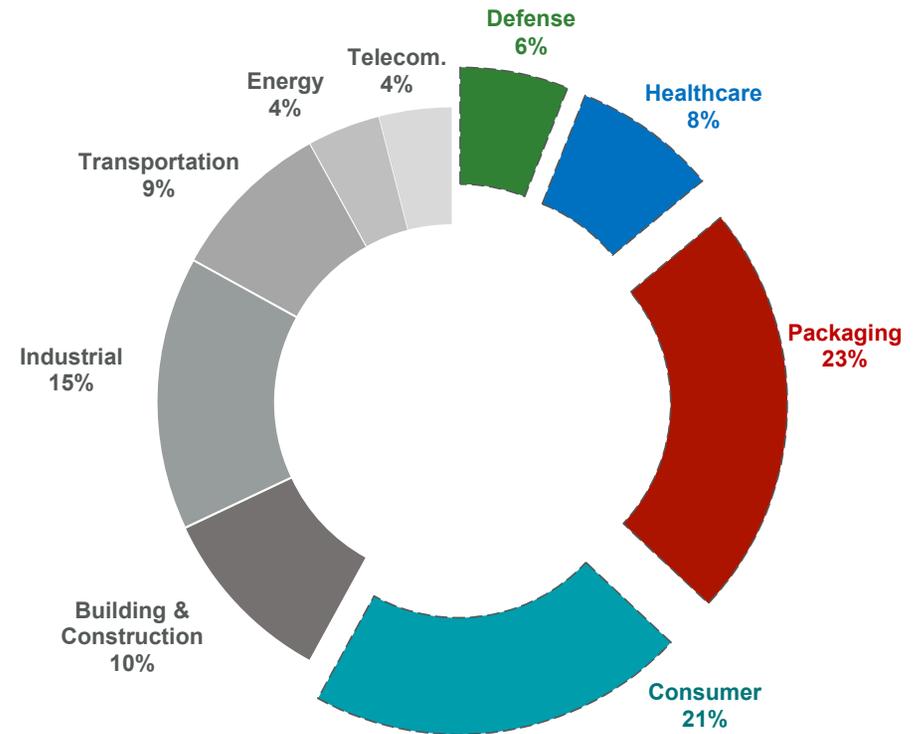


# END MARKET TRANSFORMATION TO LESS CYCLICAL INDUSTRIES (WITH DYNEEMA, EX. DISTRIBUTION)

2006



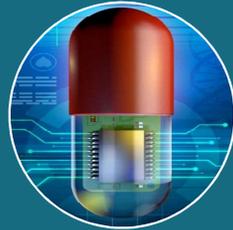
2022 Pro forma



# END-MARKET FOCUS FOR NEW INNOVATION



Semiconductors



Robotics



Healthcare

*Interconnected disruptive markets with massive innovation needs*

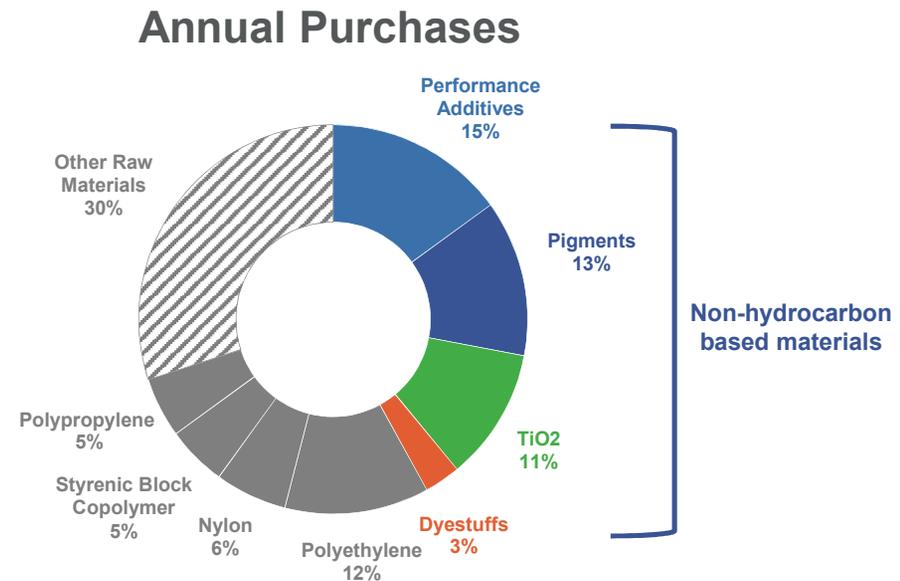




**APPENDIX**

# RAW MATERIAL AND SUPPLY CHAIN UPDATE

- Significant raw material price inflation and tight inventory continued in Q2 2022, although at a slightly lesser rate compared to the prior quarter
  - For Q2 2022, the average cost of key hydrocarbon based materials was up 15%, roughly the same as the average cost of non-hydrocarbon based materials.
- Continued supply chain challenges persisted during Q2 related to raw material spot purchases, freight constraints and productivity loss as a result of these shortages. However, these impacts have moderated as of late.



**~40% hydrocarbon based**

(Grey shaded materials are hydrocarbon based, includes portion of "Other Raw Materials")

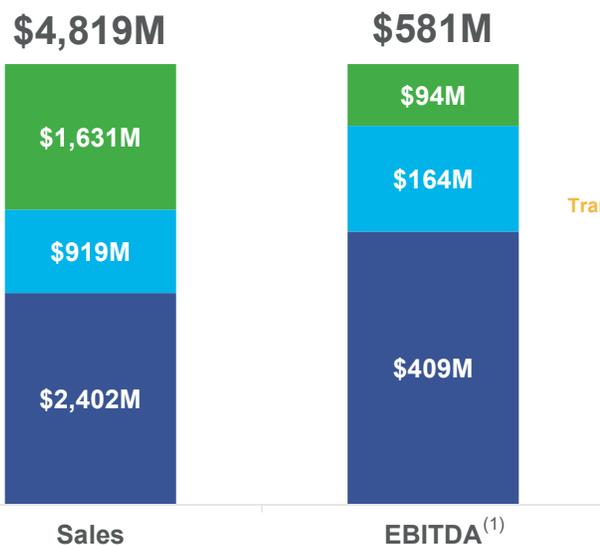
*Based on 2021 purchases, excludes Distribution business*



# SEGMENT DATA

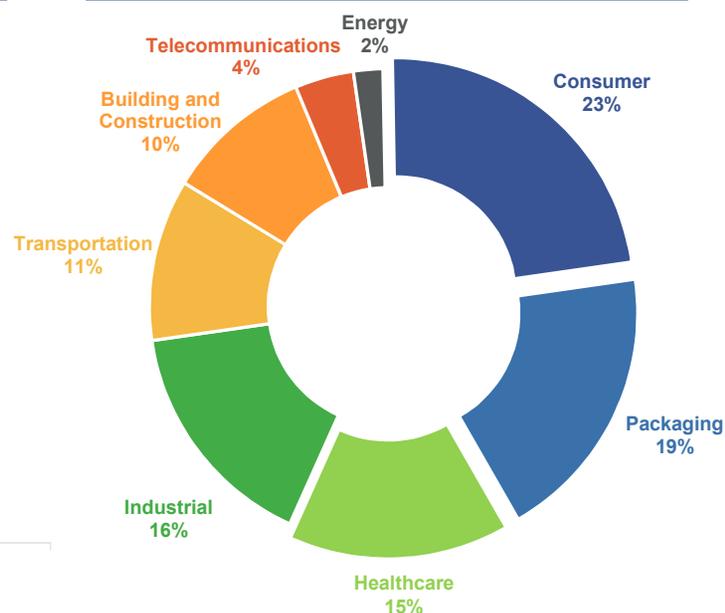
# 2021 SEGMENT, END MARKET AND GEOGRAPHY

## SEGMENT FINANCIALS

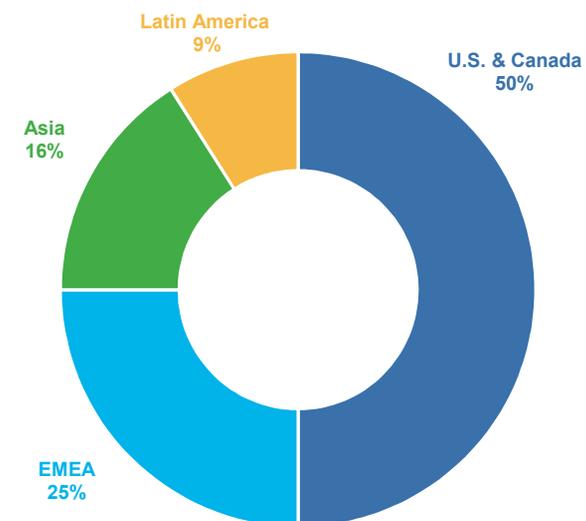


- Distribution
- Specialty Engineered Materials
- Color Additives and Inks

## END MARKET REVENUE



## GEOGRAPHY REVENUE

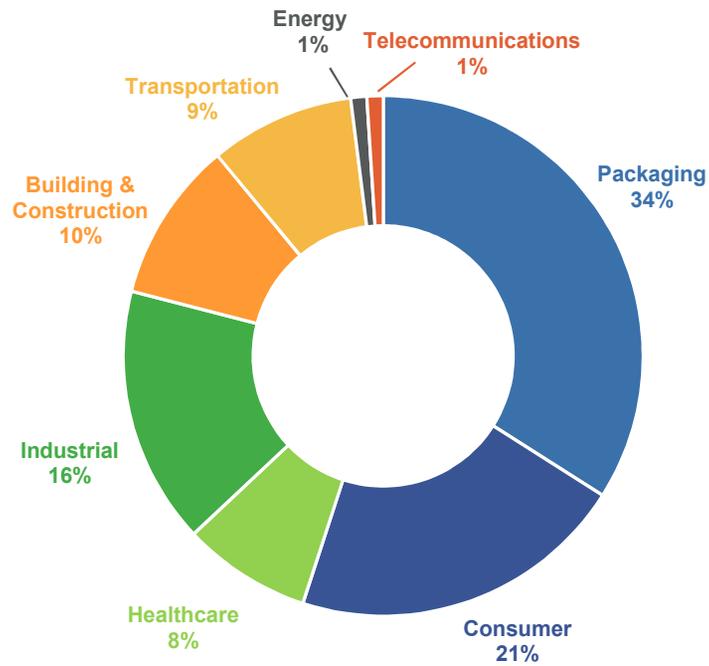


(1) Total company sales and adjusted EBITDA of \$4,819M and \$581M, respectively, include intercompany sales eliminations and corporate costs

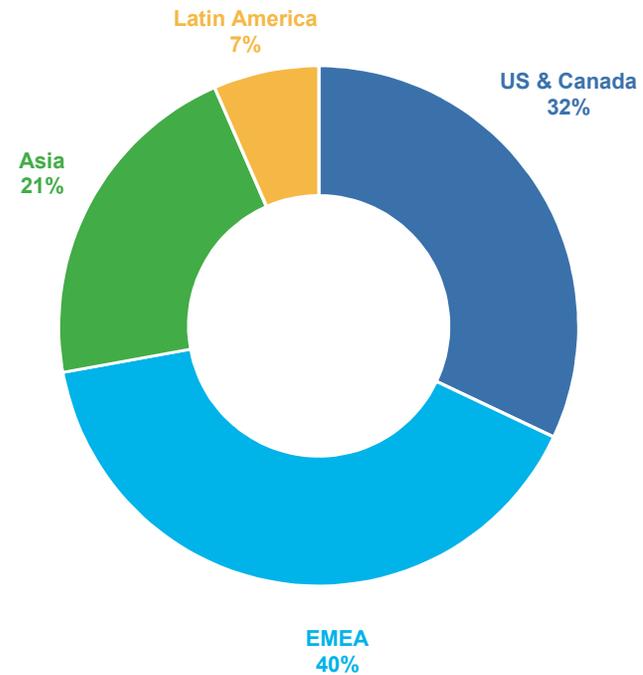
# COLOR, ADDITIVES & INKS

## 2021 REVENUE | \$2.4 BILLION

### END MARKET



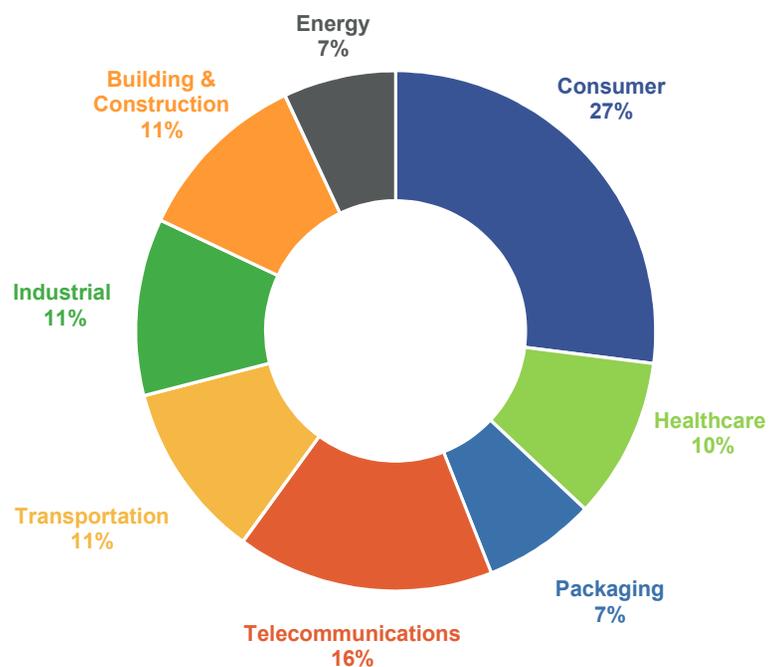
### REGION



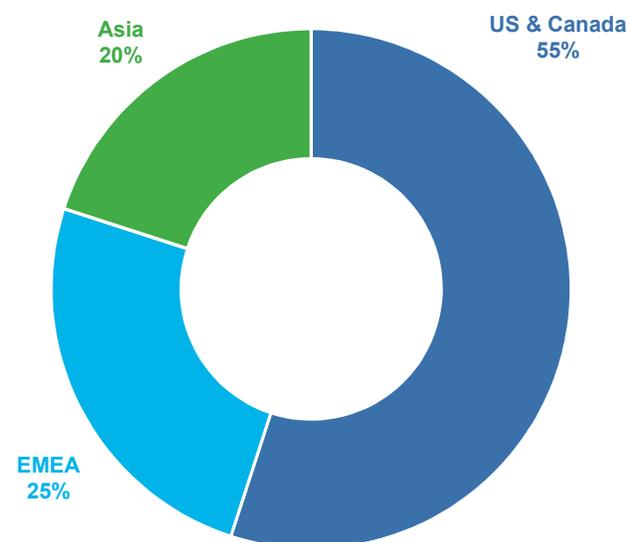
# SPECIALTY ENGINEERED MATERIALS

2021 REVENUE | \$919 MILLION

## END MARKET



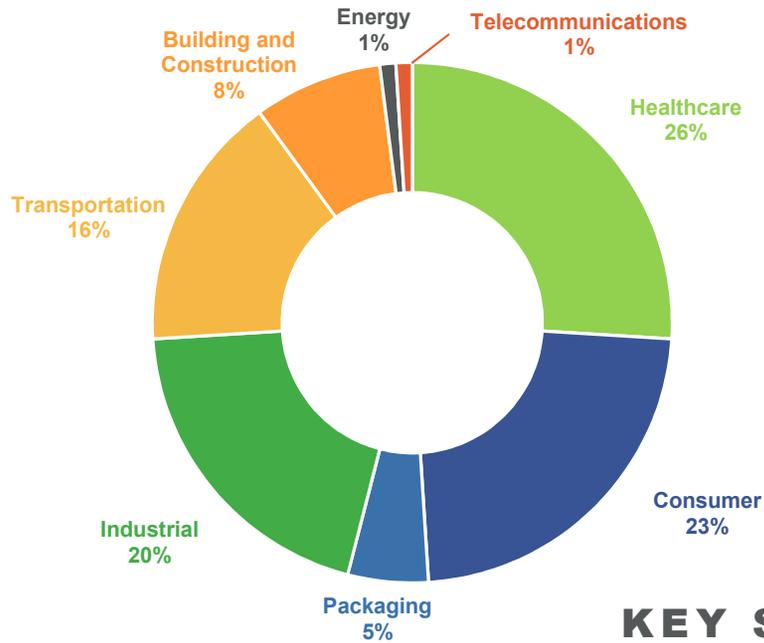
## REGION



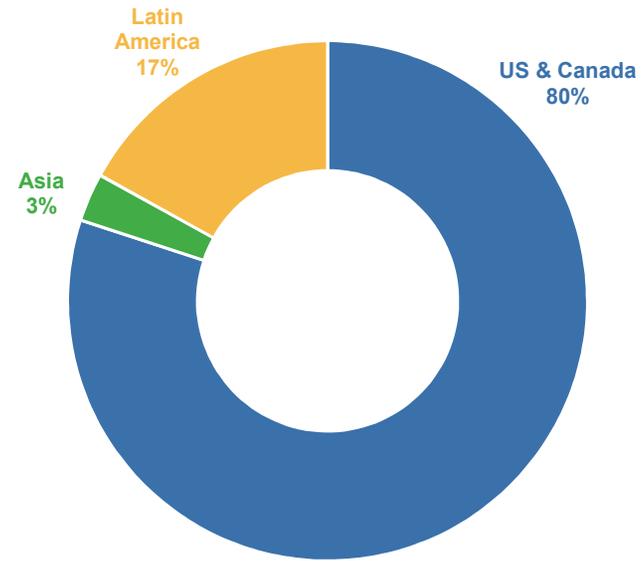
# DISTRIBUTION

2021 REVENUE | \$1.6 BILLION

## END MARKET



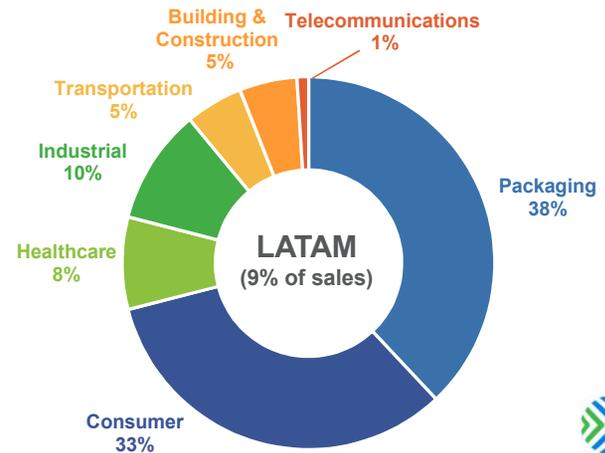
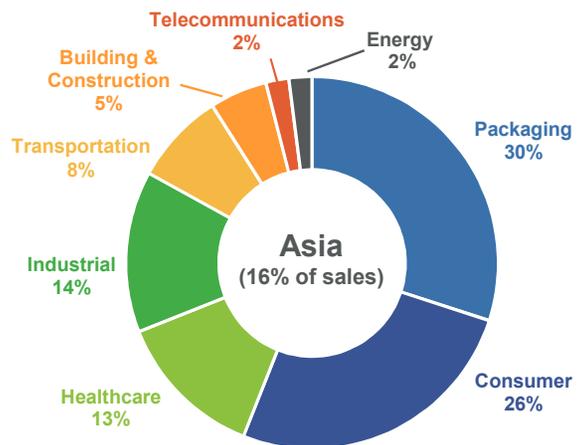
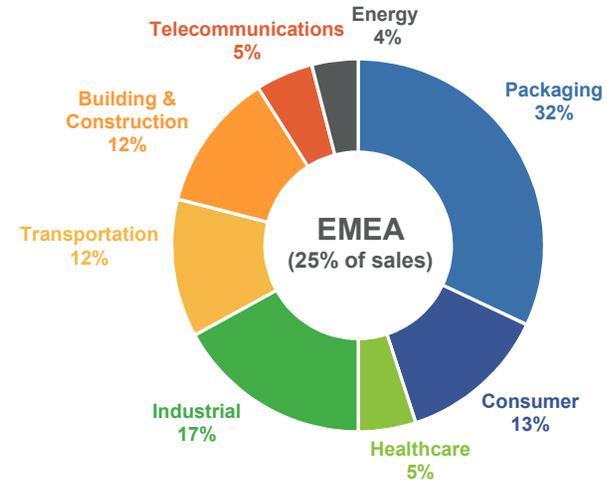
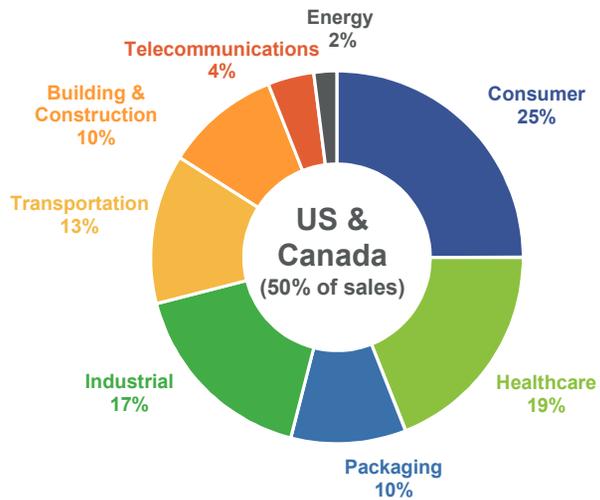
## REGION



## KEY SUPPLIERS



# TOTAL COMPANY REGIONAL SALES BY END MARKET



All charts reflect 2021 financials



**Reconciliation of Non-GAAP Financial Measures  
(Unaudited)**

(Dollars in millions, except for per share data)

Senior management uses comparisons of adjusted net income from continuing operations attributable to Avient shareholders and diluted adjusted earnings per share (EPS) from continuing operations attributable to Avient shareholders, excluding special items, to assess performance and facilitate comparability of results. Senior management also uses 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 how it may serve as a basis for future performance. In addition, operating income before the effect of special items is a component of Avient's annual and long-term employee incentive plans and is used in debt covenant computations. We also monitor earnings (defined as net income from continuing operations) before interest, taxes, depreciation and amortization (EBITDA) and adjusted EBITDA (EBITDA before the impact of special items) as a supplement to our GAAP measures. EBITDA and Adjusted EBITDA are non-GAAP financial measures that management uses in evaluating operating performance.

Senior management believes the measures described above are useful to investors because they allow for comparison to Avient's performance in prior periods without the effect of items that, by their nature, tend to obscure Avient's operating results due to the potential variability across periods based on timing, frequency and magnitude. The presentation of these non-GAAP measures is not intended to be considered in isolation from, as a substitute for, or as superior to, the financial information prepared and presented in accordance with U.S. GAAP. 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. The presentation of these measures may be different from non-GAAP financial measures used by other companies.

A reconciliation of these measures to their most directly comparable GAAP measures is provided in the tables below.

Reconciliation to Condensed Consolidated Statements of Income	Three Months Ended June 30, 2022		Three Months Ended June 30, 2021	
	\$	EPS	\$	EPS
Net income attributable to Avient shareholders	\$ 84.7	\$ 0.92	\$ 68.8	\$ 0.74
Special items, after tax	5.1	0.06	11.7	0.13
Adjusted net income / EPS - excluding special items	89.8	0.98	80.5	0.87
FX adjustment	n/a	n/a	\$ (4.9)	\$ (0.05)
Adjusted net income / EPS - excluding special items, adjusted for FX	<u>\$ 89.8</u>	<u>\$ 0.98</u>	<u>\$ 75.6</u>	<u>\$ 0.82</u>

Reconciliation to Consolidated Statements of Income	Three Months Ended June 30,			
	2022		2021	
	Results	Results	FX Adjustment	FX Adjusted Results
<b>Sales:</b>				
Color, Additives and Inks	\$ 649.1	\$ 624.4	\$ (35.8)	\$ 588.6
Specialty Engineered Materials	243.9	240.6	(10.5)	230.1
Distribution	443.2	404.4	(0.2)	404.2
Corporate and eliminations	(33.8)	(34.2)	(1.2)	(35.4)
Sales	<u>\$ 1,302.4</u>	<u>\$ 1,235.2</u>	<u>\$ (47.7)</u>	<u>\$ 1,187.5</u>
<b>Operating income:</b>				
Color, Additives and Inks	\$ 93.6	\$ 86.3	\$ (5.2)	81.1
Specialty Engineered Materials	36.6	37.3	(1.3)	36.0
Distribution	27.1	23.7	—	23.7
Corporate and eliminations	(27.8)	(39.2)	0.2	(39.0)
Operating income	129.5	108.1	(6.3)	101.8
Special items in operating income	4.3	14.2	—	14.2
Adjusted operating income	<u>\$ 133.8</u>	<u>\$ 122.3</u>	<u>\$ (6.3)</u>	<u>\$ 116.0</u>

**Three Months Ended  
June 30, 2022**

<b>Reconciliation to Condensed Consolidated Statements of Income</b>	<b>GAAP Results</b>	<b>Special Items</b>	<b>Adjusted Results</b>
Operating Income	\$ 129.5	\$ 4.3	\$ 133.8
Income before income taxes	\$ 114.7	\$ 3.4	\$ 118.1
Income tax expense - GAAP	(30.0)	—	(30.0)
Income tax impact of special items	—	(0.8)	(0.8)
Tax adjustments	—	2.5	2.5
Net income attributable to noncontrolling interests	—	—	—
Net income attributable to Avient shareholders	<u>\$ 84.7</u>	<u>\$ 5.1</u>	<u>\$ 89.8</u>
EPS	\$ 0.92	0.06	\$ 0.98
Weighted-average diluted shares	92.1	92.1	92.1

**Three Months Ended  
June 30, 2021**

<b>Reconciliation to Condensed Consolidated Statements of Income</b>	<b>GAAP Results</b>	<b>Special Items</b>	<b>Adjusted Results</b>
Operating Income	\$ 108.1	\$ 14.2	\$ 122.3
Income before income taxes	\$ 89.8	\$ 14.2	\$ 104.0
Income tax expense - GAAP	(20.4)	—	(20.4)
Income tax impact of special items	—	(3.4)	(3.4)
Tax adjustments	—	0.9	0.9
Net income attributable to noncontrolling interests	(0.6)	—	(0.6)
Net income attributable to Avient shareholders	<u>\$ 68.8</u>	<u>\$ 11.7</u>	<u>\$ 80.5</u>
EPS	\$ 0.74	0.13	\$ 0.87
Weighted-average diluted shares	92.4	92.4	92.4

**Three Months Ended  
September 30, 2021**

<b>Reconciliation to Condensed Consolidated Statements of Income</b>	<b>GAAP Results</b>	<b>Special Items</b>	<b>Adjusted Results</b>
Operating income	\$ 78.7	\$ 20.0	\$ 98.7
Income from continuing operations before income taxes	\$ 61.1	\$ 19.9	\$ 81.0
Income tax expense - GAAP	(8.5)	—	(8.5)
Income tax impact of special items	—	(4.6)	(4.6)
Tax adjustments	—	(3.6)	(3.6)
Net income attributable to noncontrolling interests	0.3	—	0.3
Net income from continuing operations attributable to Avient shareholders	<u>\$ 52.9</u>	<u>\$ 11.7</u>	<u>\$ 64.6</u>
Net income / EPS	\$ 0.57	\$ 0.13	\$ 0.70
Weighted-average diluted shares	92.2	92.2	92.2

Reconciliation of EBITDA by Segment	Year Ended December 31, 2021	
<b>Operating income:</b>		
Color, Additives and Inks	\$	303.1
Specialty Engineered Materials		132.0
Distribution		93.2
Corporate and eliminations		(147.1)
Operating income	\$	<u>381.2</u>
<b>Items below OI in Corporate:</b>		
Other income, net	\$	(1.3)
<b>Depreciation &amp; amortization:</b>		
Color, Additives and Inks	\$	105.7
Specialty Engineered Materials		31.7
Distribution		0.8
Corporate and eliminations		7.7
Depreciation & Amortization	\$	<u>145.9</u>
<b>EBITDA:</b>		
Color, Additives and Inks	\$	408.8
Specialty Engineered Materials		163.7
Distribution		94.0
Corporate and eliminations		(140.7)
EBITDA	\$	<u>525.8</u>

Reconciliation to EBITDA and Adjusted EBITDA:	Three Months Ended June 30,		Year Ended December 31,
	2022	2021	2021
Net income from continuing operations – GAAP	\$ 84.7	\$ 69.4	\$ 230.6
Income tax expense	30.0	20.4	74.0
Interest expense	16.2	19.5	75.3
Depreciation and amortization from continuing operations	36.5	33.8	145.9
EBITDA	\$ 167.4	\$ 143.1	\$ 525.8
Special items, before tax	3.4	14.2	57.1
Depreciation and amortization included in special items	(1.1)	1.4	(1.7)
Adjusted EBITDA	\$ 169.7	\$ 158.7	\$ 581.2