



# AVIENT CORPORATION

INVESTOR PRESENTATION

(NYSE: AVNT)

**AUGUST 2024**



# 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;
- Disruptions or inefficiencies in our supply chain, logistics, or operations;
- Changes in laws and regulations in jurisdictions where we conduct business, including with respect to plastics and climate change;
- Fluctuations in raw material prices, quality and supply, and in energy prices and supply;
- Demand for our products and services;
- 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;
- Our ability to achieve strategic objectives and successfully integrate acquisitions, including the implementation of a cloud-based enterprise resource planning system, S/4HANA;
- Other factors affecting our business beyond our control, including without limitation, changes in the general economy, changes in interest rates, changes in the rate of inflation, geopolitical conflicts and any recessionary conditions; and
- Other factors described in our Annual Report on Form 10-K for the year ended December 31, 2023 under Item 1A, "Risk Factors."

Any forward-looking statement speaks only as of the date on which such statement is made, and 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 Earnings Per Share, Adjusted EBITDA, Adjusted Free Cash Flow and adjusted EBITDA margins.

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).

When showing constant dollar figures on GAAP and non-GAAP financial measures, the foreign exchange impact is calculated by using current foreign exchange rates and applying them to the prior period results. Avient does not provide reconciliations of forward-looking non-GAAP financial measures, such as outlook for Adjusted EBITDA and Adjusted Earnings Per Share, 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.



# AVIENT OVERVIEW

## Company Overview

<b>9,300</b> Employees	<b>102</b> Manufacturing Sites	<b>20,000+</b> Customers
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- Innovating materials and processing solutions to solve our customers' challenges while enabling a sustainable world
- Broad portfolio of technologies with market leading positions and flexibility to anticipate and meet customer needs
- Focus is on organic revenue growth and margin expansion, following our successful portfolio transformation

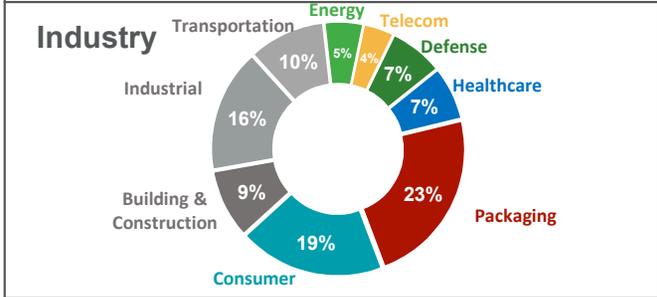
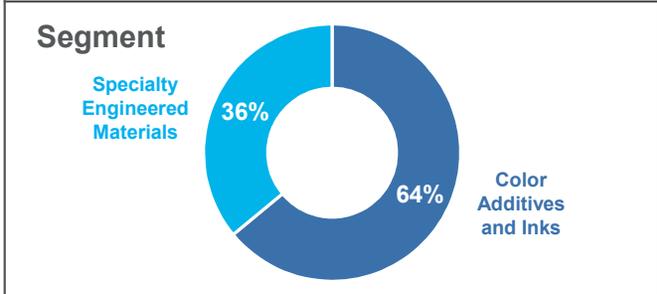
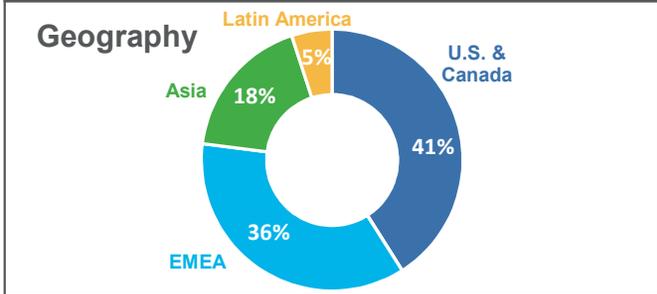
## 2023 Financial Results

<b>\$3.14B</b> Revenue	<b>\$2.36</b> Adjusted EPS
<b>\$502M</b> Adjusted EBITDA	
<b>16.0%</b> Adjusted EBITDA Margins	
<b>\$186M</b> Adjusted Free Cash Flow	

## 2024 Financial Guidance

<b>\$515 to \$540 million</b> Adjusted EBITDA
<b>\$2.55 to \$2.70</b> Adjusted EPS

## Revenue By:



# SUSTAINABILITY PERFORMANCE AND RECOGNITION

## Industry Sustainability Standards



## ESG Ratings Performance





**AUGUST 6, 2024  
WEBCAST  
PRESENTATION**

## Q2 2024 HIGHLIGHTS

- 5% organic sales growth supported by broad-based growth across all regions in both CAI and SEM segments
- Growth stemmed from gaining share, winning new product specifications and restocking in certain end markets
- Cost control and operational discipline expanded EBITDA margins by 100 bps
- EPS exceeded guidance by \$0.05 and increased 21% vs the prior year

Net Sales  
\$850 million



+3%  
(+5% ex FX)

Adj. EBITDA  
\$143 million



+9%

Adj. EPS  
\$0.76



+21%

Adj. EBITDA  
Margin  
16.9%



+100 bps

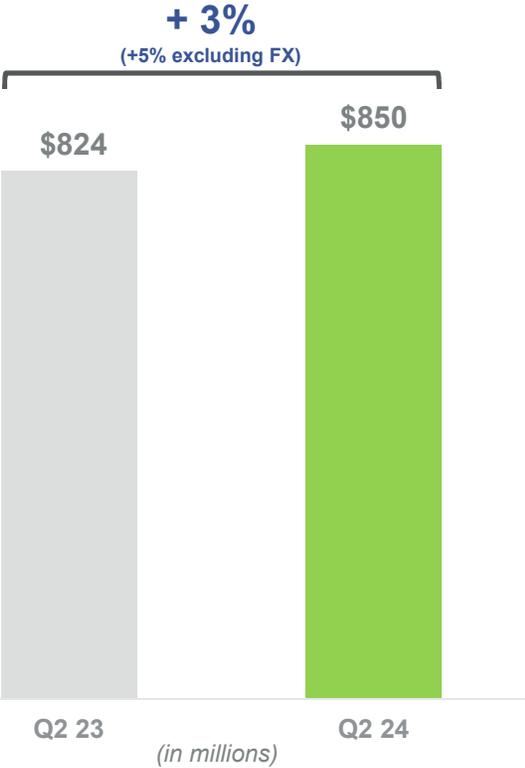


# **Q2 2024 RESULTS**

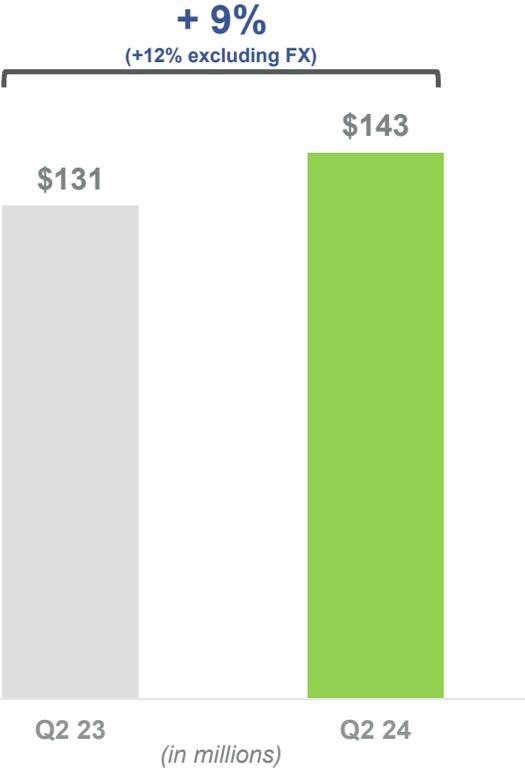
# Q2 2024 PERFORMANCE VS. Q2 2023

(TOTAL COMPANY)

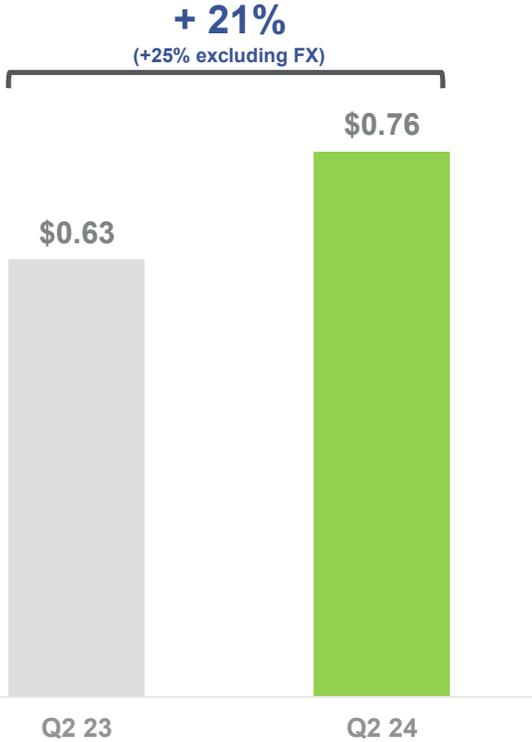
## Sales



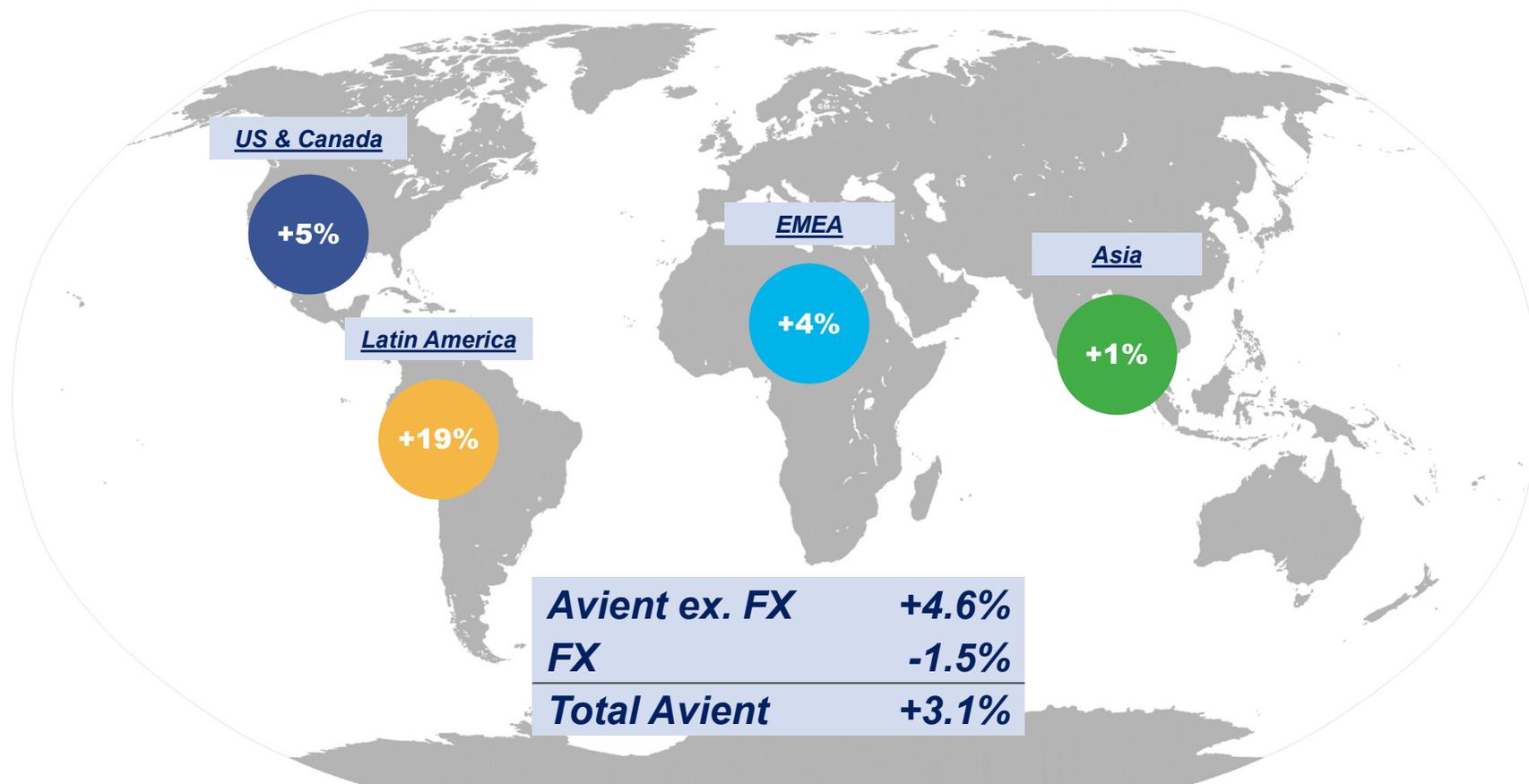
## Adjusted EBITDA



## Adjusted EPS



# Q2 2024 RESULTS – ORGANIC SALES BY REGION VS PY

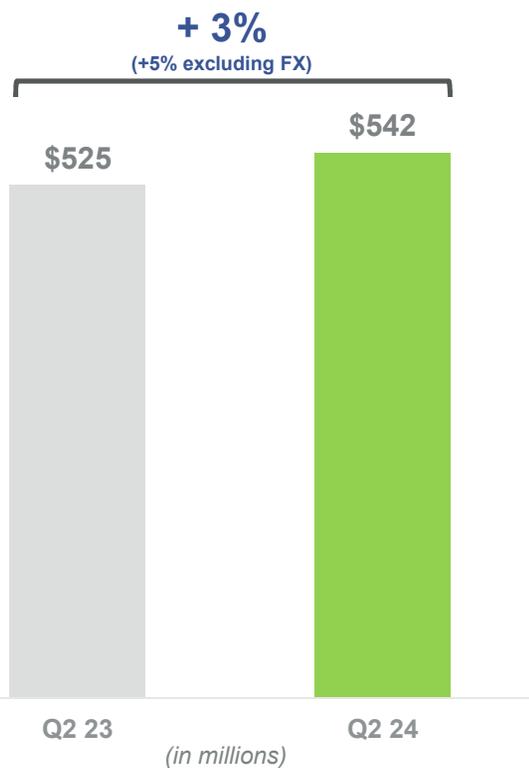


Note: Regional Sales Percentages exclude impact of foreign exchange

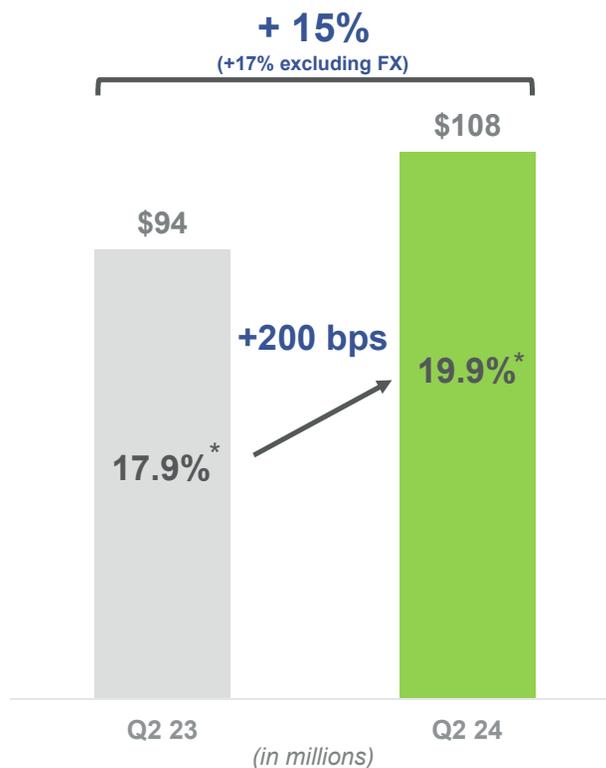
# Q2 2024 SEGMENT PERFORMANCE

(COLOR, ADDITIVES & INKS)

## Sales



## Adjusted EBITDA



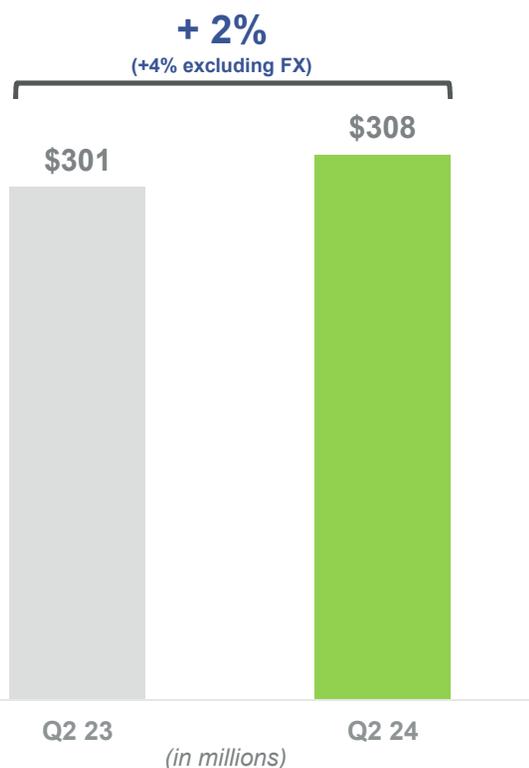
- Organic sales growth in all regions led by Americas
- Raw material deflation combined with cost reduction actions drove EBITDA margin expansion

\* Adjusted EBITDA Margin %

# Q2 2024 SEGMENT PERFORMANCE

(SPECIALTY ENGINEERED MATERIALS)

## Sales



## Adjusted EBITDA



- Sales growth in consumer, healthcare and building & construction end markets offset by weaker demand in telecommunications
- EBITDA margin expansion driven by positive end market mix as well as raw material deflation

\* Adjusted EBITDA Margin %



# 2024 GUIDANCE

## FY 2024 GUIDANCE

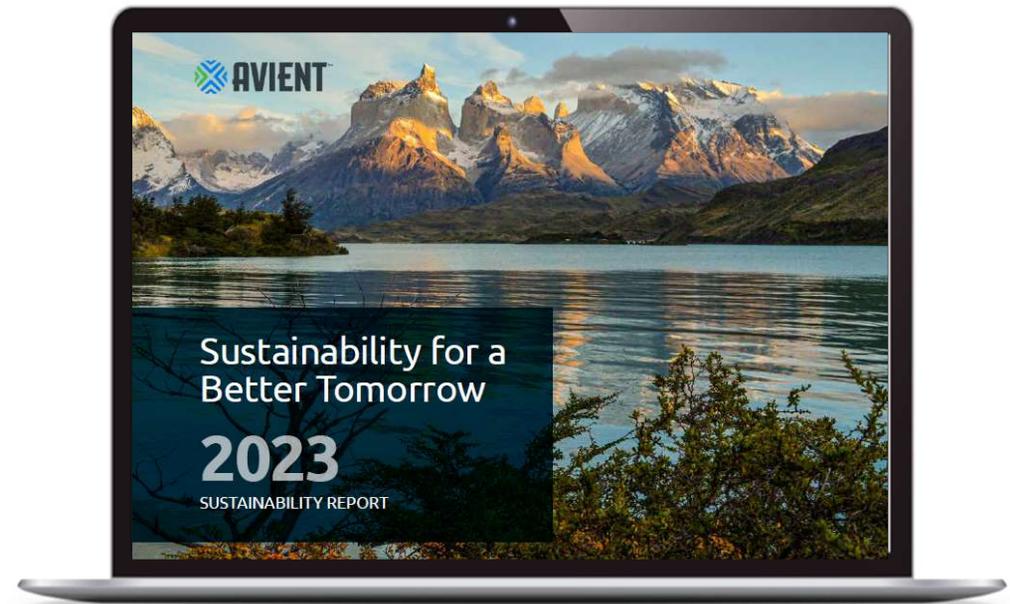
	Previous (May 7)	Current
Adjusted EBITDA	\$510 to \$535 million	\$515 to \$540 million
Adjusted EPS	\$2.50 to \$2.65	\$2.55 to \$2.70
Interest Expense	\$105 million	\$105 million
Adjusted Effective Tax Rate	23% to 25%	23% to 25%
Capital Expenditures	~\$140 million	~\$140 million

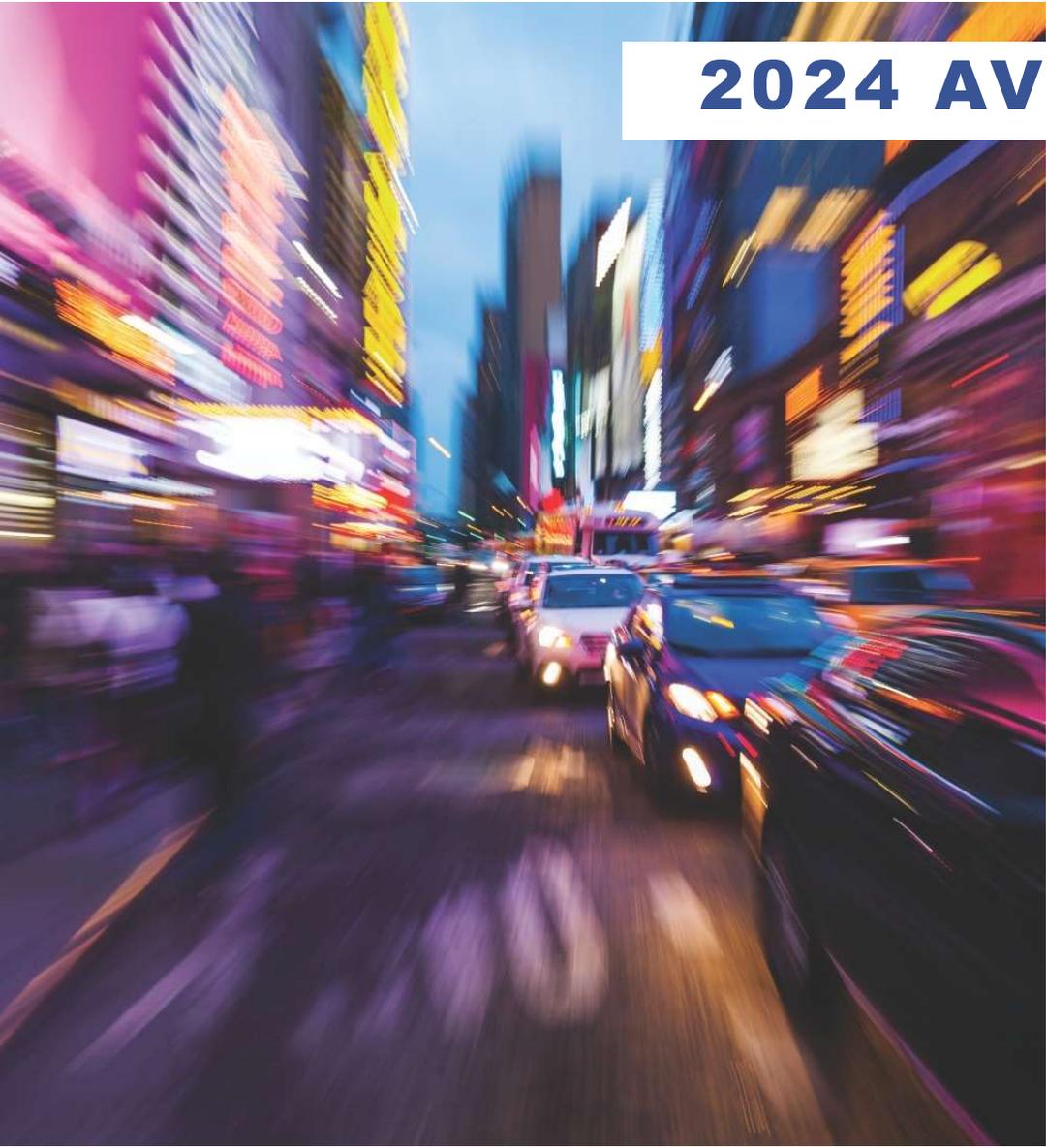
**Q3 2024: Adjusted EPS of \$0.62**

# 2023 SUSTAINABILITY REPORT

## Highlights

- Provides performance updates on 2030 Sustainability Goals
- Reduced company's Scope 1 & 2 GHG emissions by 48% since 2019
- Highlights ESG performance ratings, certifications, and awards, including recent upgrades by Ecovadis to Gold and CDP to A-
- Reflects Great Place to Work® culture focused on health, safety and employee engagement





# 2024 AVIENT INVESTOR DAY

- Investor Day to be held December 4, 2024 in New York, NY
- The focus will be to do a deep dive on the Company's strategy
- Further details to be communicated

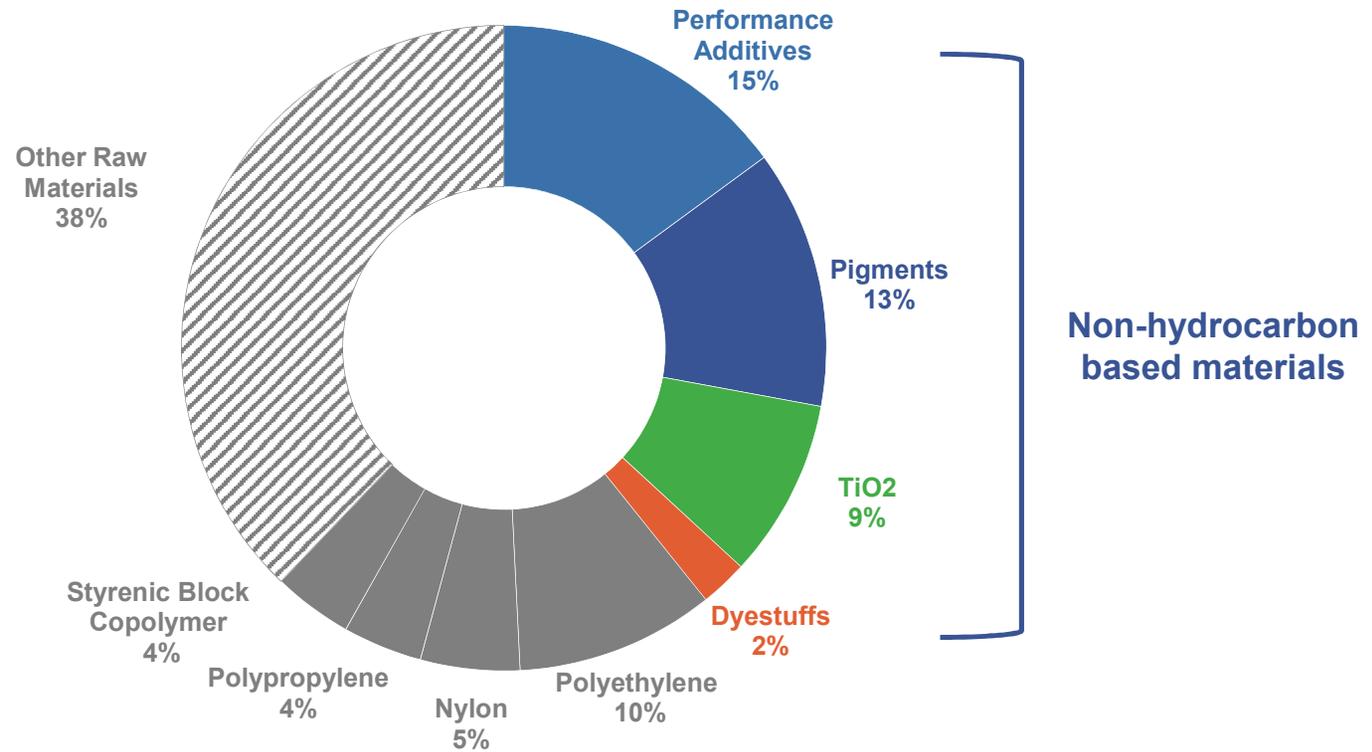






**APPENDIX**

# RAW MATERIAL BASKET



**~40% hydrocarbon based**

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



**SEGMENT DATA**

# 2023 SEGMENT, END MARKET AND GEOGRAPHY

## SEGMENT FINANCIALS

\$3,143M



Sales

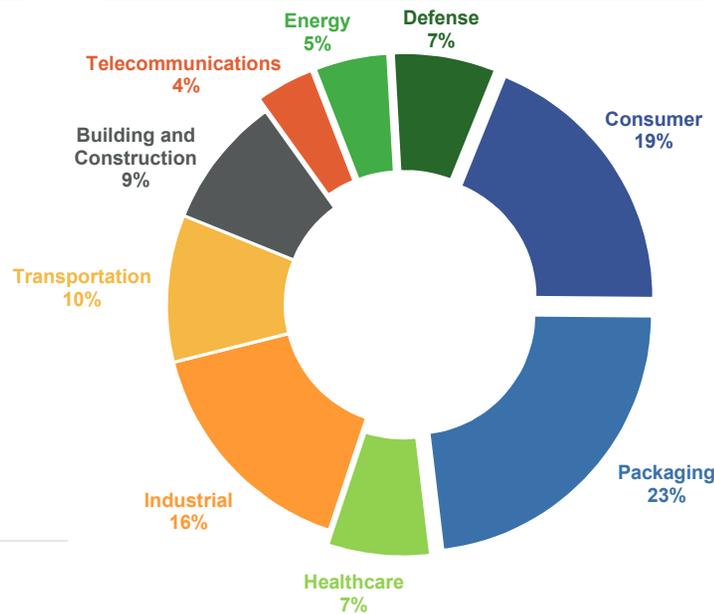
\$502M



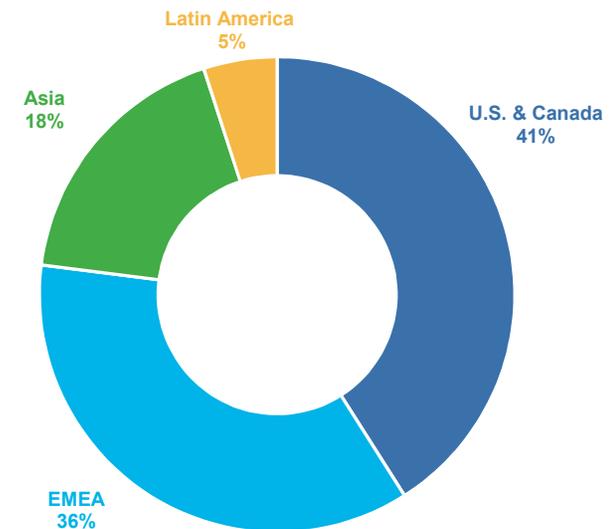
EBITDA<sup>(1)</sup>

- Specialty Engineered Materials
- Color Additives and Inks

## END MARKET REVENUE



## GEOGRAPHY REVENUE

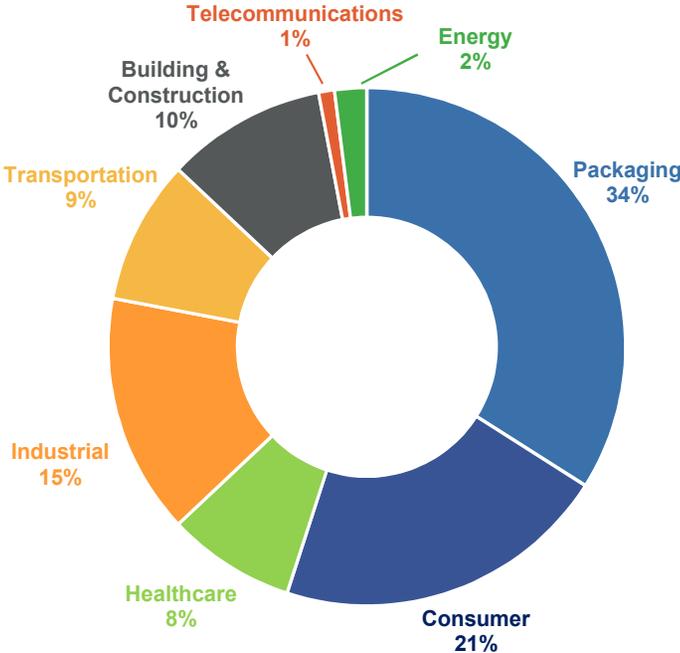


(1) Total company sales and adjusted EBITDA of \$3,143M and \$502M, respectively, include intercompany sales eliminations and corporate costs

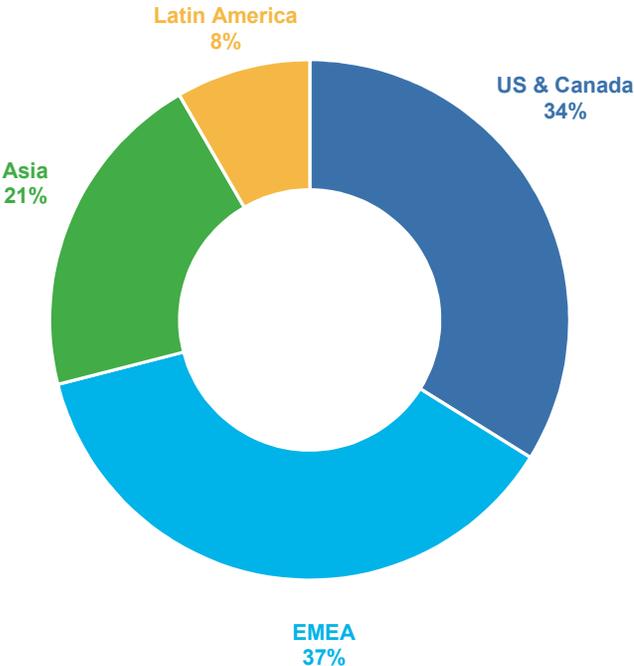
# COLOR, ADDITIVES & INKS

2023 REVENUE | \$2.0 BILLION

END MARKET



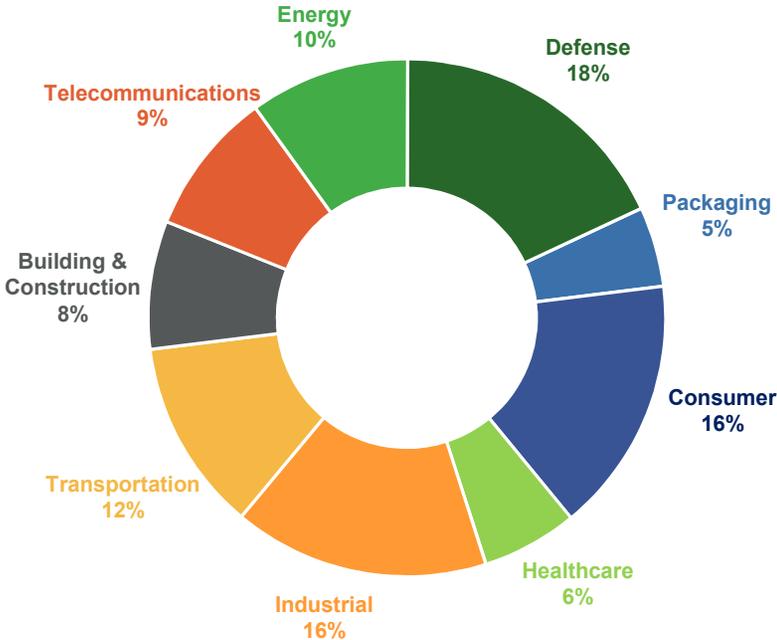
REGION



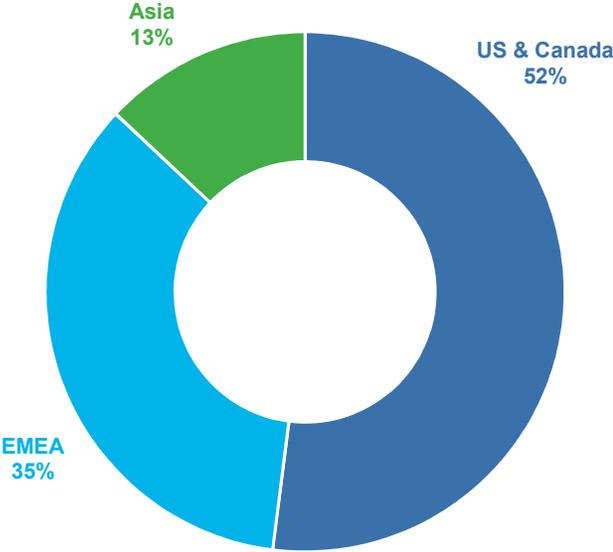
# SPECIALTY ENGINEERED MATERIALS

2023 REVENUE | \$1.1 BILLION

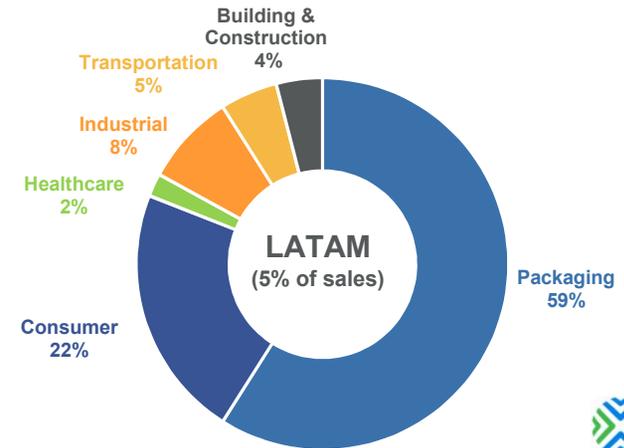
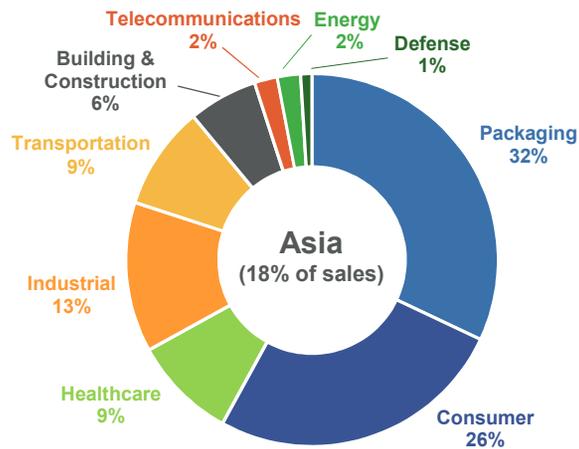
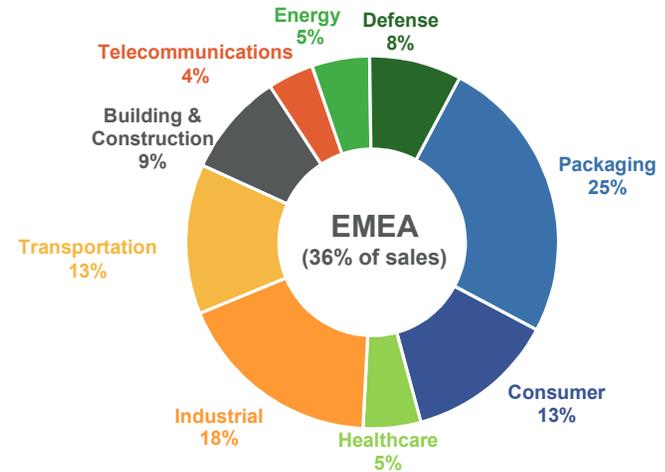
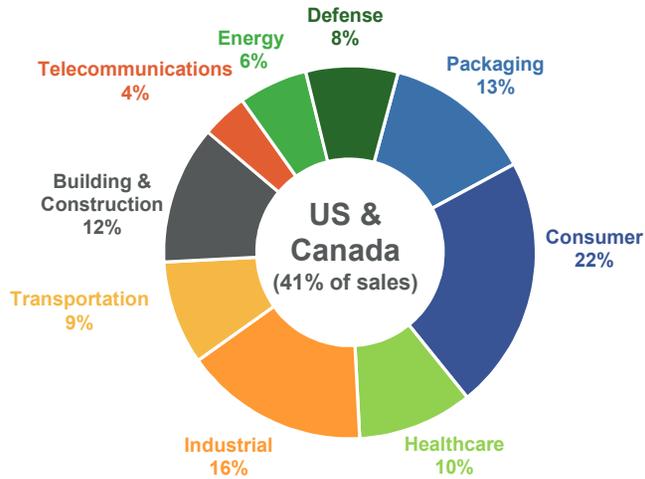
END MARKET



REGION



# 2023 AVIENT REGIONAL SALES BY END MARKET



**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 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. Further, as a result of Avient's portfolio shift to a pure play specialty formulator, it has completed several acquisitions and divestitures which have resulted in a significant amount of intangible asset amortization. Management excludes intangible asset amortization from adjusted EPS as it believes excluding acquired intangible asset amortization is a useful measure of current period earnings per share.

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,			
	2024		2023	
	\$	EPS	\$	EPS
Net income from continuing operations attributable to Avient shareholders	\$ 33.6	\$ 0.36	\$ 22.1	\$ 0.24
Special items, after-tax	21.8	0.24	19.6	0.21
Amortization expense, after-tax	14.8	0.16	16.2	0.18
Adjusted net income / EPS	<u>\$ 70.2</u>	<u>\$ 0.76</u>	<u>\$ 57.9</u>	<u>\$ 0.63</u>

Reconciliation to EBITDA and Adjusted EBITDA:	Three Months Ended June 30,	
	2024	2023
Net income from continuing operations – GAAP	\$ 33.8	\$ 22.3
Income tax expense	11.2	10.4
Interest expense, net	26.6	29.4
Depreciation & amortization	44.9	47.6
EBITDA from continuing operations	<u>\$ 116.5</u>	<u>\$ 109.7</u>
Special items, before tax	28.1	21.7
Interest expense included in special items	(1.0)	—
Depreciation & amortization included in special items	(0.3)	(0.1)
Adjusted EBITDA	<u>\$ 143.3</u>	<u>\$ 131.3</u>
Adjusted EBITDA as a percent of sales	16.9 %	15.9 %

**Three Months Ended  
June 30,**

**2024                      2023**

**Sales:**

Color, Additives and Inks	\$ 542.0	\$ 524.5
Specialty Engineered Materials	308.1	300.8
Corporate	(0.4)	(0.9)
<b>Sales</b>	<b>\$ 849.7</b>	<b>\$ 824.4</b>

**Operating income:**

Color, Additives and Inks	\$ 86.1	\$ 68.0
Specialty Engineered Materials	42.8	39.7
Corporate	(56.4)	(45.4)
<b>Operating income</b>	<b>\$ 72.5</b>	<b>\$ 62.3</b>

**Depreciation & amortization:**

Color, Additives and Inks	\$ 21.8	\$ 25.7
Specialty Engineered Materials	20.8	19.9
Corporate	2.3	2.0
<b>Depreciation &amp; amortization</b>	<b>\$ 44.9</b>	<b>\$ 47.6</b>

**Earnings before interest, taxes, depreciation and amortization (EBITDA):**

Color, Additives and Inks	\$ 107.9	\$ 93.7
Specialty Engineered Materials	63.6	59.6
Corporate	(54.1)	(43.4)
Other expense, net	(0.9)	(0.2)
EBITDA from continuing operations	116.5	109.7
Special items, before tax	28.1	21.7
Interest expense included in special items	(1.0)	—
Depreciation & amortization included in special items	(0.3)	(0.1)
<b>Adjusted EBITDA</b>	<b>\$ 143.3</b>	<b>\$ 131.3</b>

**Adjusted EBITDA as a percent of sales:**

Color, Additives and Inks	19.9 %	17.9 %
Specialty Engineered Materials	20.6 %	19.8 %

**Year Ended  
December 31, 2023**

**Reconciliation to Condensed Consolidated Statements of Income**

	<u>\$</u>	<u>EPS</u>
Net income from continuing operations attributable to Avient shareholders	\$ 75.8	\$ 0.83
Special items, after-tax	79.3	0.86
Amortization expense, after-tax	61.5	0.67
Adjusted net income / EPS	<u>\$ 216.6</u>	<u>\$ 2.36</u>

**Adjusted Free Cash Flow Calculation**

**December 31, 2023**

Cash provided by operating activities	\$ 201.6
Capital expenditures	(119.4)
Free cash flow	82.2
Taxes paid on gain on sale of business	104.1
Adjusted free cash flow	<u>\$ 186.3</u>

**Year Ended  
December 31, 2023**

**Sales:**

Color, Additives and Inks	\$ 2,007.4
Specialty Engineered Materials	1,138.2
Corporate	(2.8)
Sales	<u>\$ 3,142.8</u>

**Operating income:**

Color, Additives and Inks	\$ 259.9
Specialty Engineered Materials	142.5
Corporate	(205.6)
Operating income	<u>\$ 196.8</u>

**Depreciation & amortization:**

Color, Additives and Inks	\$ 98.3
Specialty Engineered Materials	81.5
Corporate	9.0
Depreciation & amortization	<u>\$ 188.8</u>

**Earnings before interest, taxes, depreciation and amortization (EBITDA):**

Color, Additives and Inks	\$ 358.2
Specialty Engineered Materials	224.0
Corporate	(196.6)
Other income, net	5.8
EBITDA from continuing operations	391.4
Special items, before tax	114.6
Interest expense included in special items	(2.3)
Depreciation & amortization included in special items	(1.9)
Adjusted EBITDA	<u>\$ 501.8</u>

Adjusted EBITDA as a percent of sales	16.0 %
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