

PolyOne Investor Presentation

November 2017

PolyOne[™]

Forward Looking Statements

- *In this presentation, statements that are not reported financial results or other historical information are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give current expectations or forecasts of future events and are not guarantees of future performance. They are based on management’s expectations that involve a number of business risks and uncertainties, any of which could cause actual results to differ materially from those expressed in or implied by the forward-looking statements. They use words such as “will,” “anticipate,” “estimate,” “expect,” “project,” “intend,” “plan,” “believe,” and other words and terms of similar meaning in connection with any discussion of future operating or financial performance and/or sales.*
- *Factors that could cause actual results to differ materially from those implied by these forward-looking statements include, but are not limited to:*
 - *Our ability to identify and evaluate acquisition targets and consummate acquisitions;*
 - *The ability to successfully integrate acquired companies into our operations, retain the management teams of acquired companies, retain relationships with customers of acquired companies, and achieve the expected results of such acquisitions, including whether such businesses will be accretive to our earnings;*
 - *Disruptions, uncertainty or volatility in the credit markets that could adversely impact the availability of credit already arranged and the availability and cost of credit in the future;*
 - *Our ability to achieve new business gains;*
 - *The effect on foreign operations of currency fluctuations, tariffs and other political, economic and regulatory risks;*
 - *Changes in polymer consumption growth rates and laws and regulations regarding the disposal of plastic in jurisdictions where we conduct business;*
 - *Changes in global industry capacity or in the rate at which anticipated changes in industry capacity come online;*
 - *Fluctuations in raw material prices, quality and supply and in energy prices and supply; production outages or material costs associated with scheduled or unscheduled maintenance programs;*
 - *Unanticipated developments that could occur with respect to contingencies such as litigation and environmental matters;*
 - *An inability to achieve or delays in achieving or achievement of less than the anticipated financial benefit from initiatives related to working capital reductions, cost reductions and employee productivity goals;*
 - *Information systems failures and cyber attacks;*
 - *Our ability to continue to pay regular cash dividends and the amounts and timing of any future dividends; and*
 - *Other factors affecting our business beyond our control, including, without limitation, changes in the general economy, changes in interest rates and changes in the rate of inflation.*
- *The above list of factors is not exhaustive.*
- *We undertake no obligation to publicly update forward-looking statements, whether as a result of new information, future events or otherwise. You are advised to consult any further disclosures we make on related subjects in our reports on Form 10-Q, 8-K and 10-K that we provide to the Securities and Exchange Commission.*

Use of Non-GAAP Measures

- *This presentation includes the use of both GAAP (generally accepted accounting principles) and non-GAAP financial measures. The non-GAAP financial measures include: adjusted EPS, Specialty platform operating income percentage, adjusted operating income, and return on invested capital.*
- *PolyOne's chief operating decision maker uses these financial measures to monitor and evaluate the ongoing performance of the Company and each business segment and to allocate resources. In addition, operating income before special items and adjusted EPS are components of various PolyOne annual and long-term employee incentive plans.*
- *A reconciliation of each non-GAAP financial measure with the most directly comparable GAAP financial measure is attached to this presentation which is posted on our website at www.polyone.com.*
- *All DSS results are now reported under discontinued operations.*

Driving customer value

What We Do

Specialty products & services

INPUTS

Base resins
Additives
Modifiers
Pigments



FORMULATION EXPERTISE

*Expertise in
Polymer
Materials,
Services and
Solutions*



SERVICE

*InVisiOSM Color
Services*
IQ Design Labs
*LSS Customer
First*

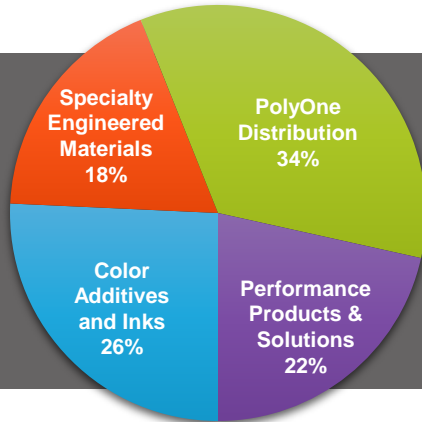


VALUE

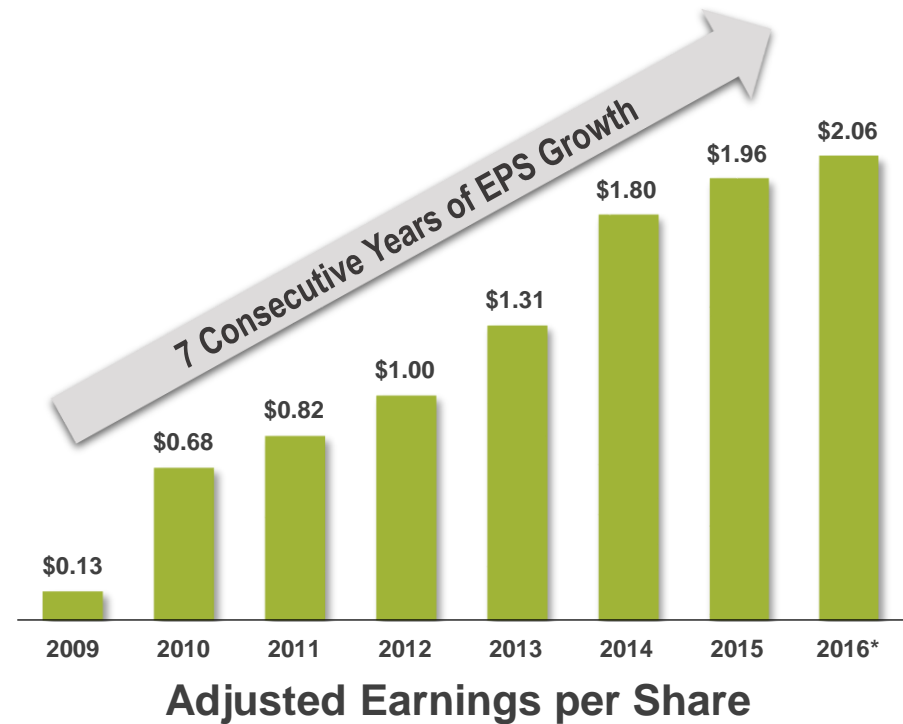
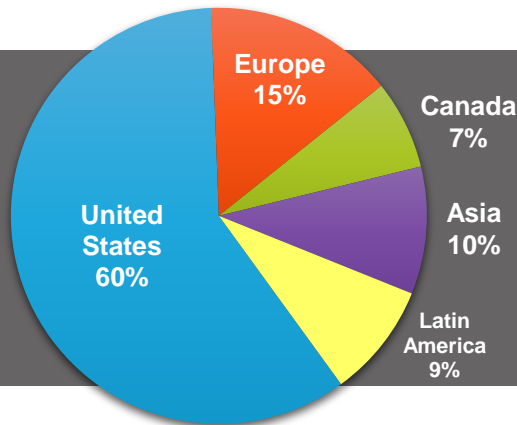
OEMs
Brand Owners
Processers
Assemblers

PolyOne At a Glance

2016
Revenue by
Segment

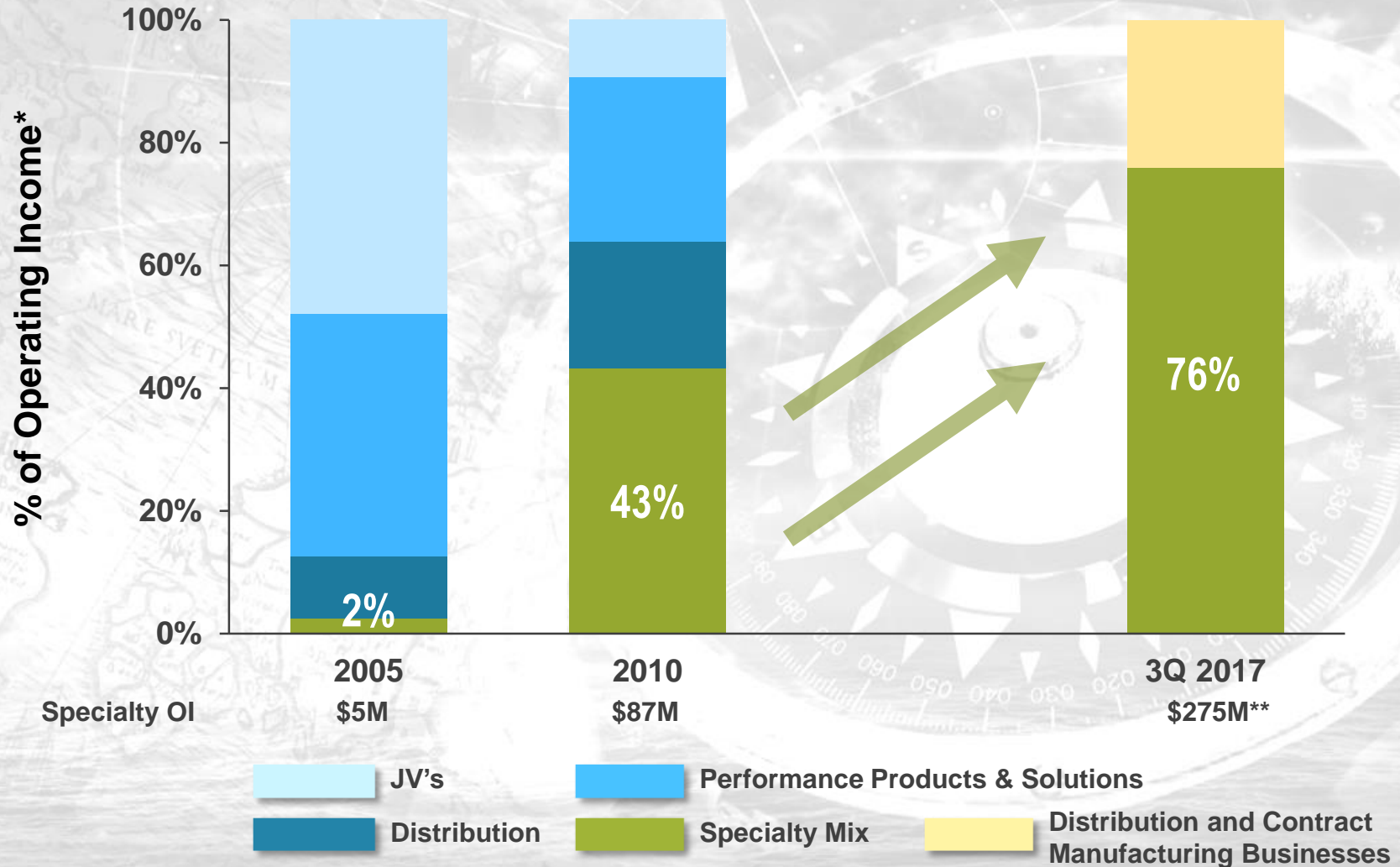


2016
Revenue by
Geography



*Recast for DSS in discontinued operations

Mix Shift Highlights Specialty Transformation

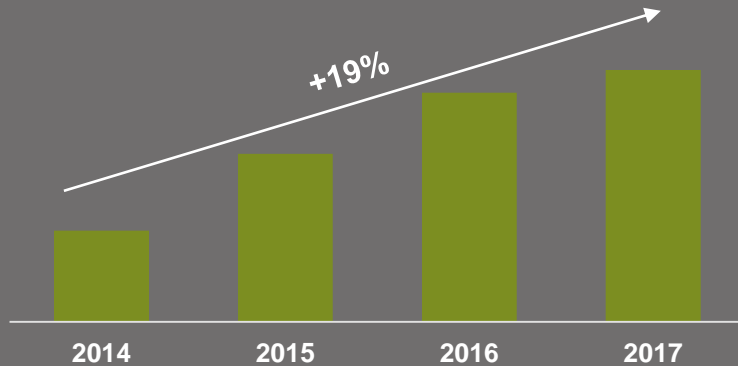


*Operating Income excludes corporate charges and special items

**LTM 3Q 2017

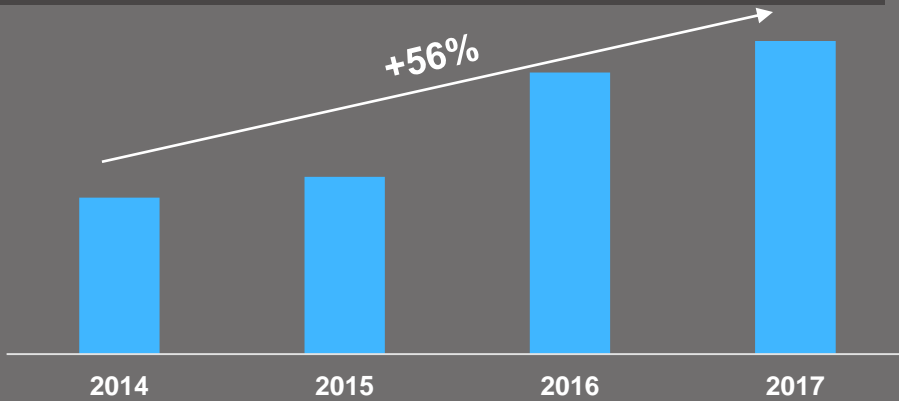
Driving Growth

Commercial Resource Additions*

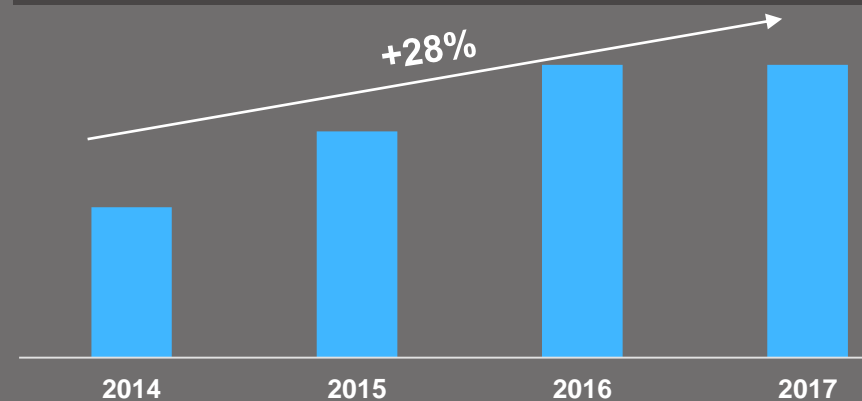


- Refreshed training curriculum for sales force
- Upgraded capabilities to generate and capture new business leads
- Expanded R&D resources to focus on key platforms

Sales Opportunity Funnel (in billions)



Total Sales Calls



*Sales, Marketing & Technology headcount

Proof of Performance & 2020 Platinum Vision

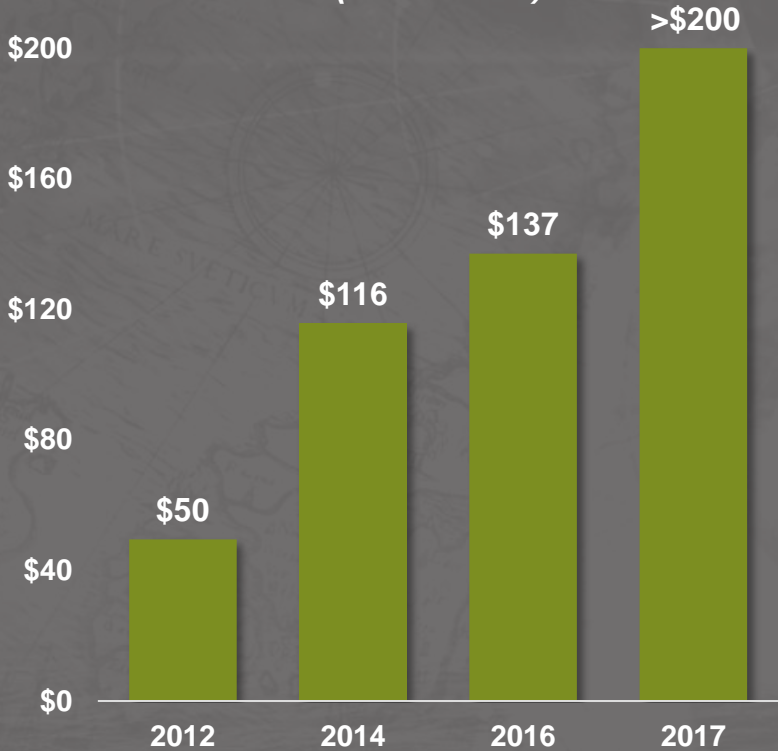
	2006 “Where we were”	YTD 2017 “Where we are”	2020 Platinum Vision
ROIC*	5.0%	13.8%	15%
Operating Income % of Sales			
Color, Additives & Inks	1.7%	16.4%	20%+
Specialty Engineered Materials	1.1%	13.1%	20%+
Performance Products & Solutions	5.5%	11.4%	12 - 14%
Distribution	2.6%	6.6%	6.5 – 7.5%

Consistently Deliver Double Digit Annual EPS Growth

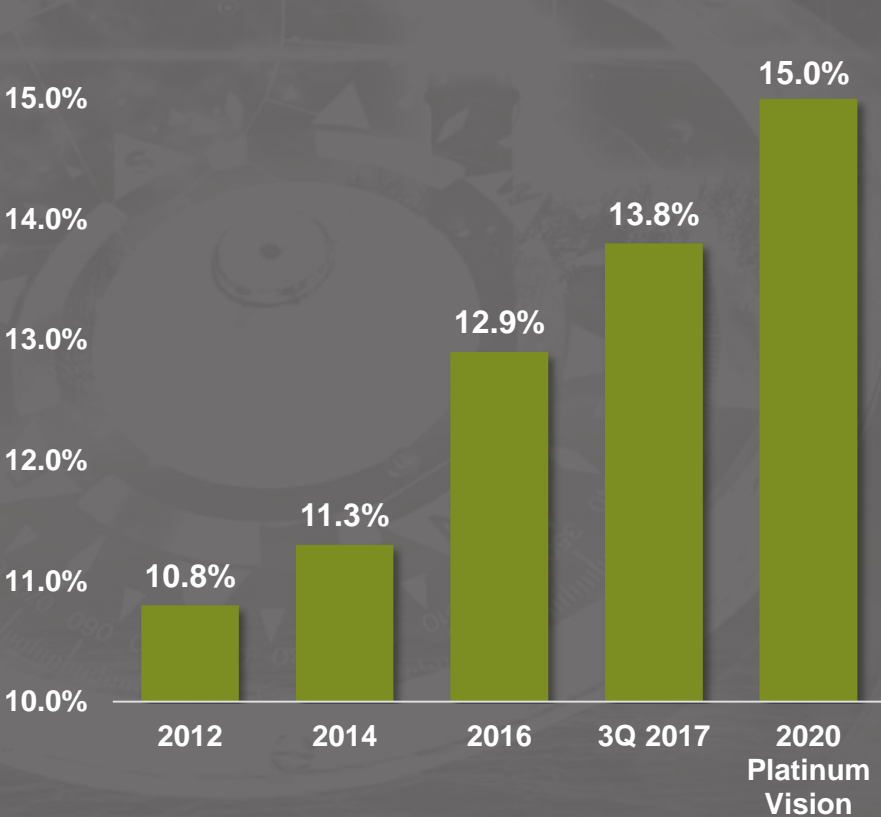
**ROIC is defined as TTM adjusted OI after tax divided by the sum of average debt and equity less cash over a 5 quarter period*

Free Cash Flow and Improving Returns

Free Cash Flow (in millions)

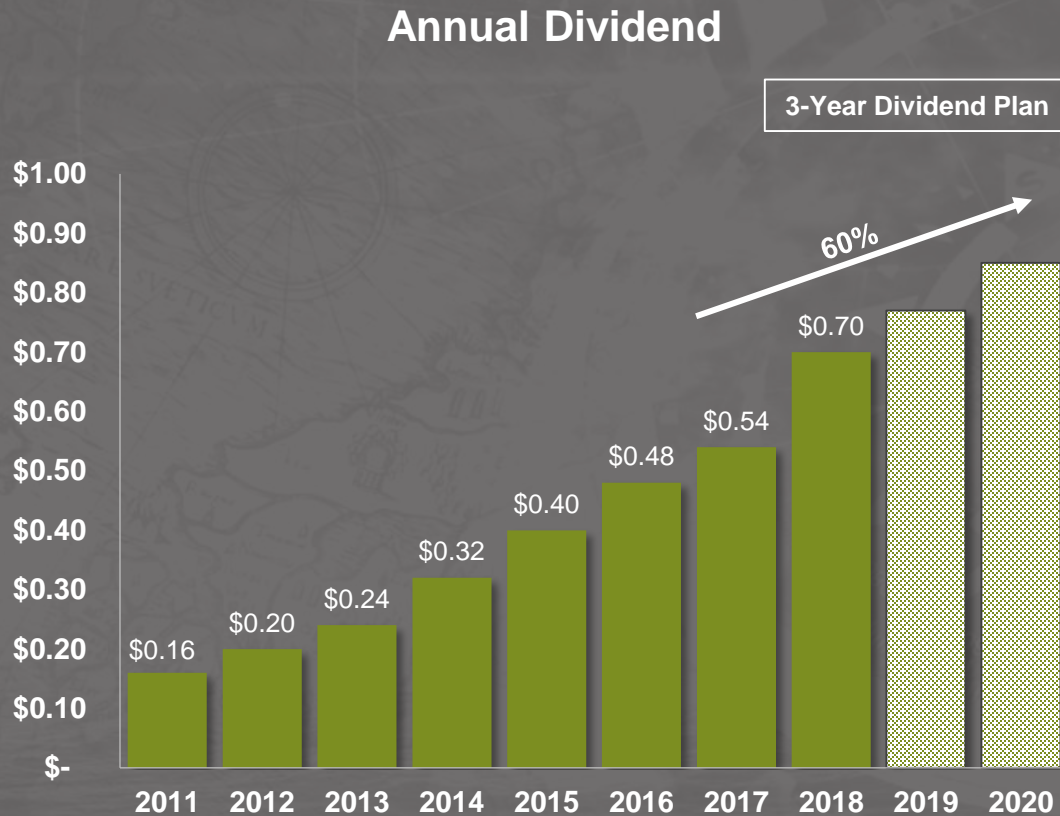


ROIC*



*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

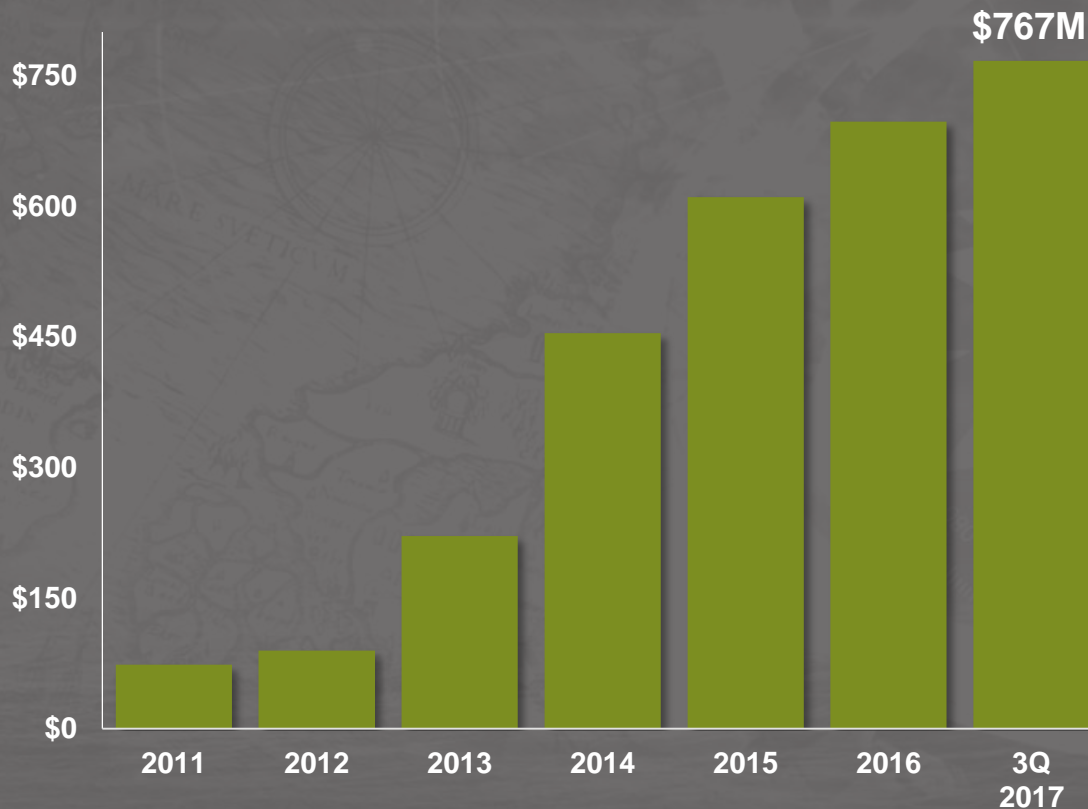
7 Consecutive Years of Increased Dividends



- Announced 30% increase to dividend in October 2017, reflecting strong and sustainable cash flow as well as confidence in future earnings growth
- Expect to increase annual dividend 60% or more cumulatively over next three years

Returning Cash to Shareholders

Cumulative Share Repurchases
(in millions)



- Since 2011, we have returned over \$950 million to shareholders
 - \$192 million returned through dividends
 - \$767 million returned through share repurchases
- Have repurchased 20.8 million shares since early 2013

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

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

Organic Growth

Share Repurchases

- Repurchased 2.0 million shares YTD 2017
- Repurchased 20.8 million shares since early 2013
- 6.5 million shares are available for repurchase under the current authorization

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

Acquisitions

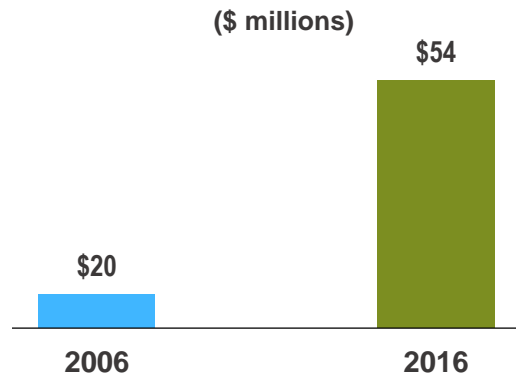
Dividends

- Increased annual dividend by 30% to \$0.70 per share, representing the seventh consecutive year of dividend growth

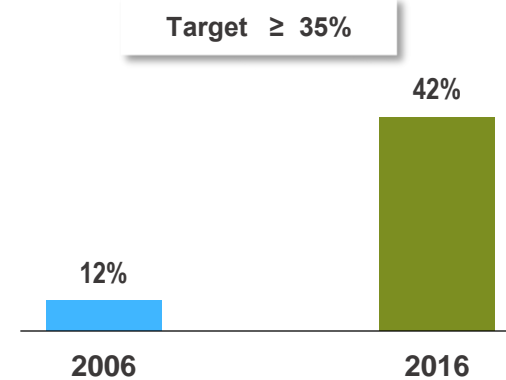
Innovation Drives Earnings Growth

Total Specialty Addressable Market of over \$2.6 Billion

Research & Development Spending



Vitality Index Progression*



*Specialty Platform revenue from products introduced in last five years

Innovation Pipeline Potential



Key Innovation Growth Drivers

Composites

- *Polymer formulation and process engineering create a pipeline for next generation materials*
- *Drive to replace aluminum and steel with plastics without compromising on strength*

Barrier Additive Technology

- *Drive to prevent oxygen, light and UV rays from affecting contents in PET packaging, extending shelf life*
- *\$200m addressable market*

Fiber Colorants

- *60% of world fiber consumption is synthetic, need to simplify manufacturing and eliminate waste*
- *\$300m addressable market*

Flame Retardant Polymers

- *Increasing regulatory drive for halogen replacements*
- *\$400m addressable market*

Strengthening relationships:

- *Providing LSS services to small/medium sized customers*
 - *54% of associates trained in LSS, with over 125 active black belts*
 - *Have trained over 30 customers in LSS methodology*
- *Providing training in Customer Centric Selling Skills with customers*
- *Providing Industrial design and color services to small/medium sized customers*
- *On time delivery above 95%*



POSITIVE CHANGE
Our LSS program can impact positive change in your organization by improving quality, flexibility, efficiency and speed.

REAL RESULTS

- \$5MM** reduction in working capital —Larsen OEM
- \$2MM** production cost savings —Minize modler
- 300%** Increase in new product introductions —Wahr market OEM

TAILORED PROGRAMS
We offer:

- AWARENESS AND CULTURAL TRANSFORMATION**
 - Process improvement
 - Executive leadership training
- TRAINING**
 - Black Belt, Green Belt or Kaizen Leader training
 - PolyOne Master Black Belt mentoring and coaching
- PROJECT IDENTIFICATION, PRIORITIZATION AND EXECUTION**
 - Value stream / process mapping
 - PolyOneLSS project

PROVIDE RESOURCES
We've received the following:

- PROCESS IMPROV**
 - 2008 Best Start-Up Excellence Program (Ultron Container Network)
 - 2012 Best Business Excellence Program (Ultron Backhoe Network)
- OVERALL OPERAT**
 - 2002 and 2004 Top Manufacturing Corp
 - 2010 through 2015 Capital 879 Award
 - 2014 Best Emerging Maintenance Progra

LSS WORKS FOR US...

TRAINING

- 3,265 PolyOne associates trained in LSS
- 5% of our full time active population
- 502 project leaders developed (Black Belt, Green Belt, Kaizen)

PROJECTS

- Over 2,000 projects completed to date
- Projects executed in every region: Business and Area: Legal, HR, Sales, Finance, Marketing, Technology, Supply Chain, Operations and IT

...AND OUR CUSTOMERS

\$500MM manufacturer

- Trained an employee in kaizen leadership program
- Facilitated kaizen event that increased production levels by 92%, saved \$100,000 in production cost, and improved safety and floor space utilization while reducing downtime and scrap/rework

\$50MM sporting goods manufacturer

- Developed a comprehensive design engineering process to prioritize opportunities and reduce product cycle time, improving speed to market
- Helped to design a new production line that created annual direct labor savings of \$400,000 and improved productivity by 150%

Testimonials:

- "This experience was really eye-opening for us. We were able to solve a persistent problem with PolyOne's help." —David, Minize custom mobility facility
- "Kaizen stream mapping and LSS support allowed us to reduce manufacturing cost and still keep quality high." —Gordon, Wahr Manufacturing
- "With this training, we have been able to reduce warehouse space, reduce open by 50% for a key account, and just as important, our associates are 'excited' by the process!" —Steven, Wahr, Larsen custom mobility facility
- "This changed my life for the better and could not have come at a better time. There was a lot of valuable knowledge and the format was interactive." —Steven, Wahr, Larsen custom mobility facility

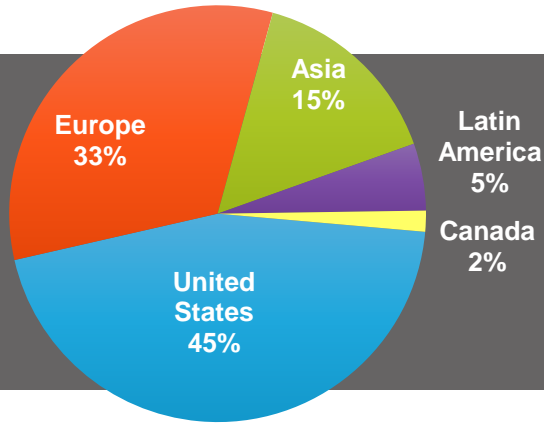
Why Invest In PolyOne?

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

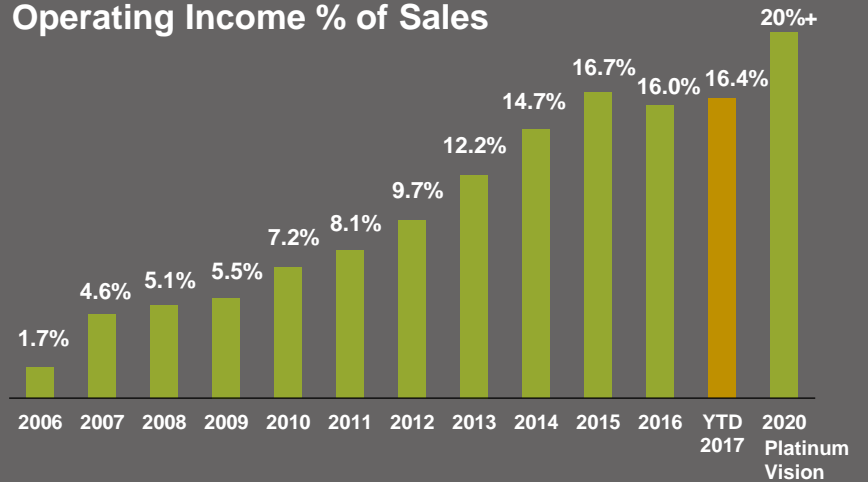
Segment Highlights

At a Glance

2016
Revenue:
\$0.8 Billion



Operating Income % of Sales



Key End Markets (% of revenue)

Packaging
(30%)



Industrial
(15%)



Wire & Cable
(10%)



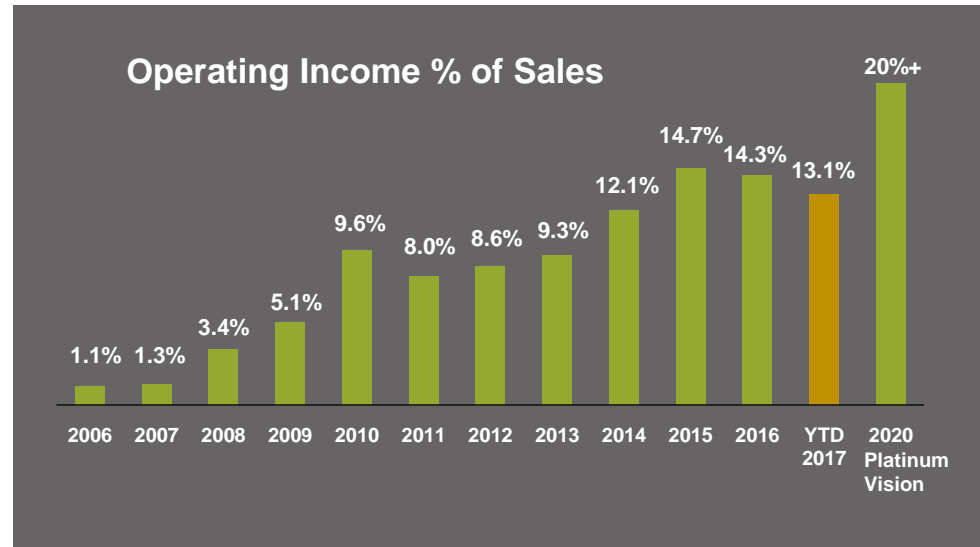
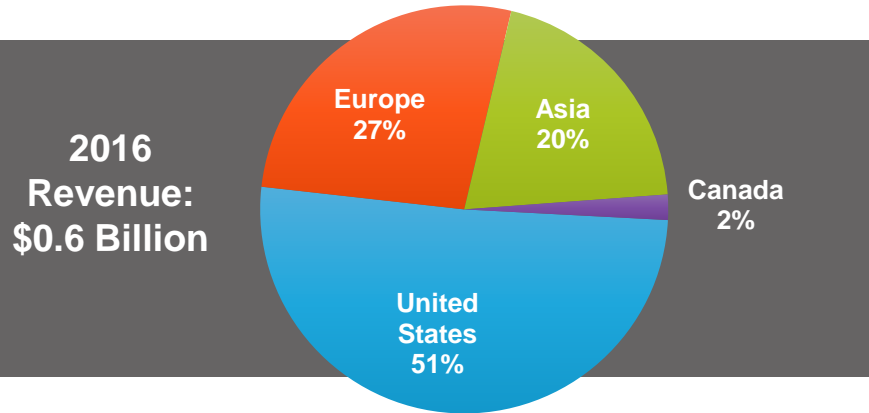
Textiles
(9%)



Transportation
(9%)



At a Glance



Key End Markets (% of revenue)

**Consumer
(19%)**



**Transportation
(19%)**



**Electrical & Electronics
(15%)**



**Wire & Cable
(15%)**

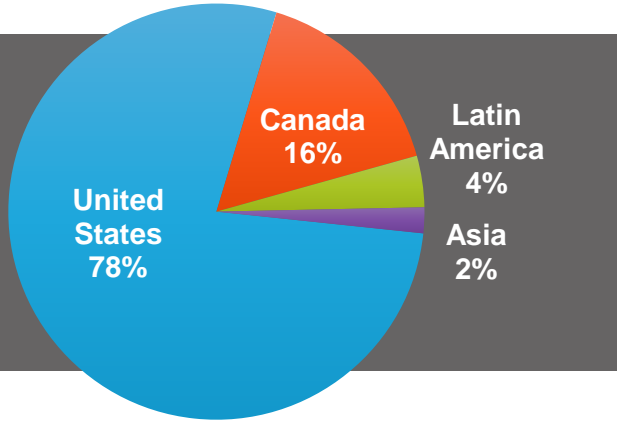


**Healthcare
(11%)**

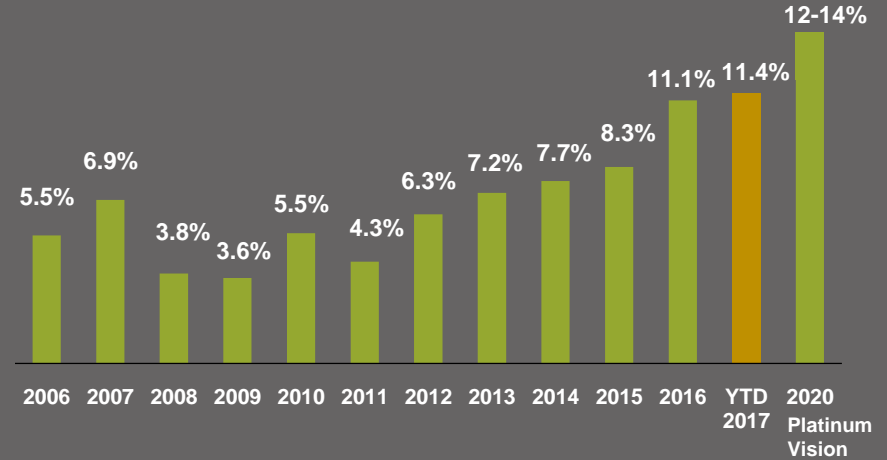


At a Glance

2016
Revenue:
\$0.7 Billion



Operating Income % of Sales



Key End Markets

(% of revenue)

Building & Construction
(30%)



Transportation
(18%)



Wire & Cable
(16%)



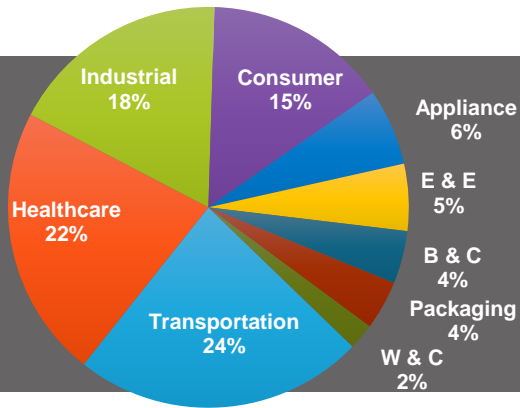
Industrial
(16%)



Distribution

At a Glance

2016
Revenue:
\$1.1 Billion



Key
Suppliers



EASTMAN



**INEOS
STYROLUTION**

PolyOne

DOW CORNING



ROIC

36%

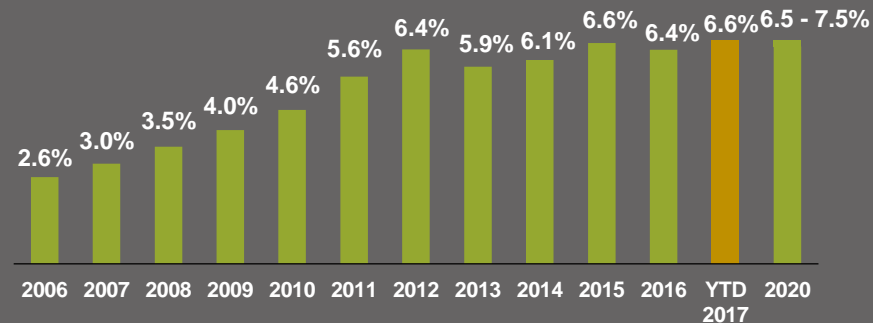
4%

2006

2016

*After-Tax ROIC

Operating Income % of Sales



Target End Markets & Application Examples

Target End Markets... Healthcare

A photograph of a modern hospital operating room. The room is brightly lit with overhead surgical lights. A surgical table is the central focus, covered with a white cloth. Various medical equipment, including monitors and control panels, are visible around the table. The floor is polished and reflective.

Elastomeric Grips and Handles

Structural Composites

Chemical Resistant Technologies

Thermally Conductive Technologies

Polymer Colorants

Antimicrobial Technologies

Anti-Counterfeiting Technologies

Target End Markets... Automotive



Under-hood Components

Interior Structural Components

Sound & Vibration Management

Roof Systems

Air Management

Electronics and Cameras

Lighting

Fluid Handling

Interior Trim

Exterior Trim

Braces & Brackets

Fasteners

Seals & Flaps

Target End Markets... Packaging

A woman in a pink shirt is standing in a supermarket aisle, examining a green bottle. She is holding the bottle with both hands. The aisle is filled with shelves of various products, including bottles and boxes. The background is slightly blurred, focusing attention on the woman and the bottle she is holding.

UV Light Barrier Technologies

Cap & Closure Colorants

Laser Marking Additives

Oxygen Scavenger Technologies

Antistatic Technologies

Process Optimization Technologies

Antioxidant Technologies

Density Modified Technologies

Target End Markets... Consumer

Structural Composite Components

Elastomeric Grips and Handles

Thermally Conductive Components

Polymer Colorants



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



Optimize Color Usage

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



A photograph of a modern operating room with blue lighting. In the foreground, a patient is lying on a table covered with a white sheet. To the right, there are several medical monitors on a stand, displaying vital signs. A large surgical light fixture is visible in the upper left. The room is filled with various medical equipment and cables.

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

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

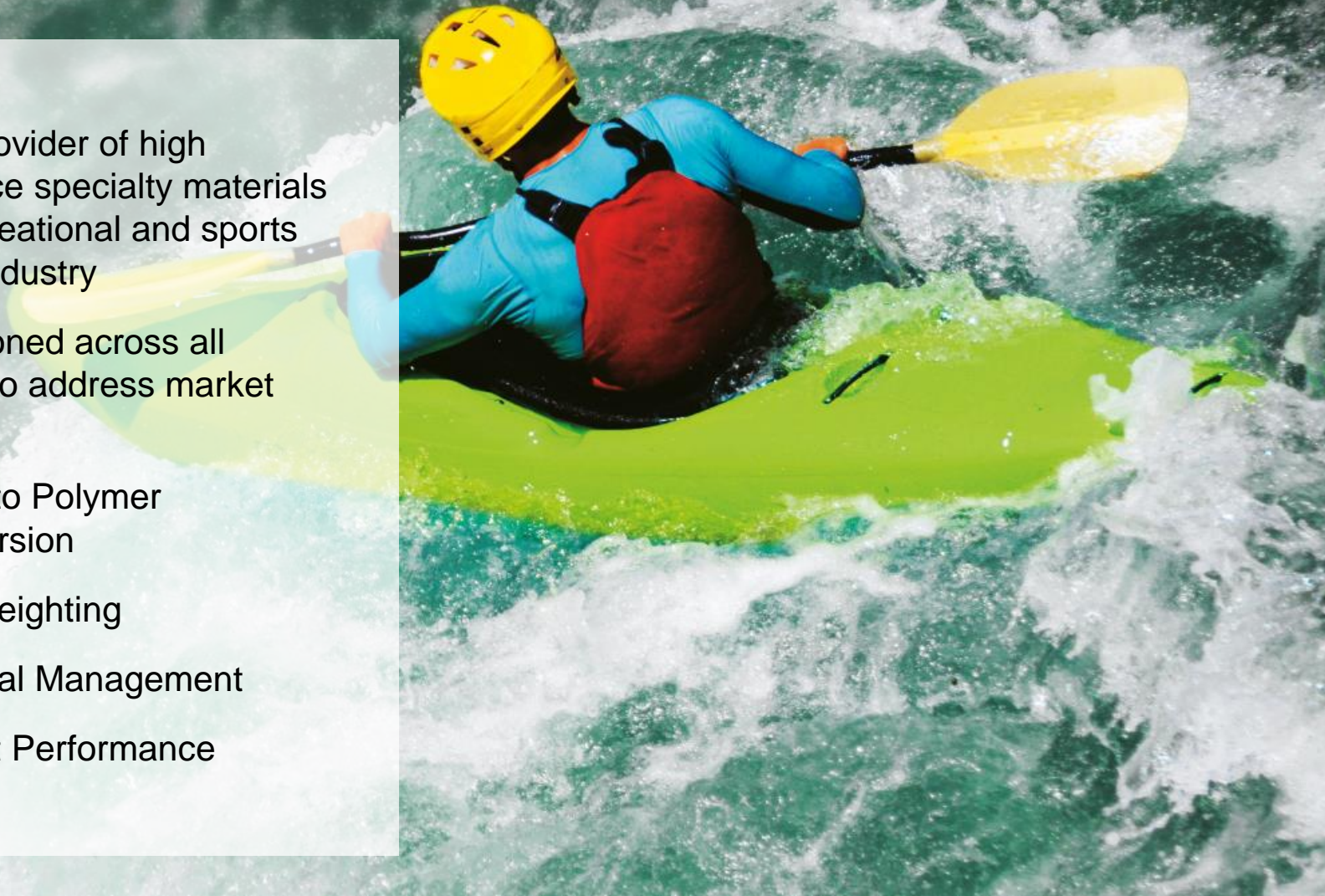
Color & Design Services



- 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 common shareholders, adjusted earnings per share (EPS) attributable to PolyOne common shareholders and adjusted earnings before interest, taxes, depreciation and amortization (EBITDA) to assess performance and allocate resources because senior management believes that these measures are useful in understanding current profitability levels and that current levels may serve as a base for future performance. Senior management believes these measures are useful to investors because they allow for comparison to PolyOne's performance in prior periods without the effect of items that, by their nature, tend to obscure PolyOne's operating results due to the potential variability across periods based on timing, frequency and magnitude. Non-GAAP financial measures have limitations as analytical tools and should not be considered in isolation from, or solely as alternatives to, financial measures prepared in accordance with GAAP. Below is a reconciliation of these non-GAAP financial measures to their most directly comparable financial measures calculated and presented in accordance with GAAP for each fiscal year end.

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

	2009*	2010*	2011*	2012*	2013*	2014*	2015*	2016
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
Joint venture equity earnings, after tax	(19.0)	(14.7)	(3.7)	—	—	—	—	—
Special items, before tax ⁽¹⁾	(48.7)	24.2	(48.1)	55.1	46.3	164.2	87.6	23.8
Special items, tax adjustments ⁽¹⁾	(27.2)	(96.7)	(24.7)	(18.9)	(13.7)	(73.7)	(58.7)	(15.9)
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>
Diluted shares	93.4	96.0	94.3	89.8	96.5	93.5	88.7	84.6
Adjusted EPS attributable to PolyOne common shareholders	\$ 0.13	\$ 0.68	\$ 0.82	\$ 1.00	\$ 1.31	\$ 1.80	\$ 1.96	\$ 2.06

* 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.