



# AVIENT CORPORATION

FOURTH QUARTER 2020 RESULTS  
AND 2021 FINANCIAL GUIDANCE

(NYSE: AVNT)

**FEBRUARY 9, 2021**



# 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;
- 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;
- Our ability to continue to pay cash dividends including at the increased rate;
- Our ability to consummate and successfully integrate acquisitions;
- 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: 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 the Company and each business segment and to allocate resources.

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.avient.com](http://www.avient.com).

The Company 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 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.

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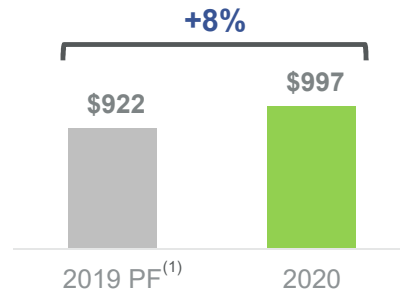
Unless otherwise stated, Operating Income, EBITDA and EPS figures included in this presentation are adjusted to exclude the impact of special items as defined in our quarterly earnings releases.



# Q4 2020 ORGANIC PERFORMANCE

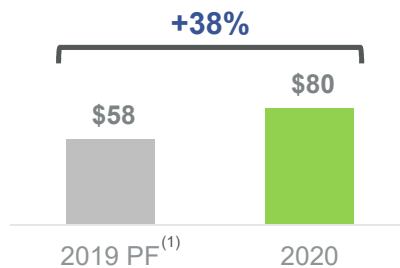
(\$ in millions except EPS)

**Sales**



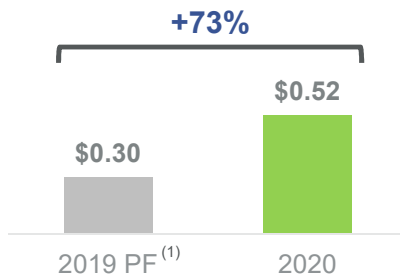
- Record 4<sup>th</sup> quarter sales, adjusted operating income and adjusted EPS performance

**Adjusted Operating Income**



- All segments delivered year-over-year sales and operating income growth, led by consumer and healthcare end markets

**Adjusted EPS**



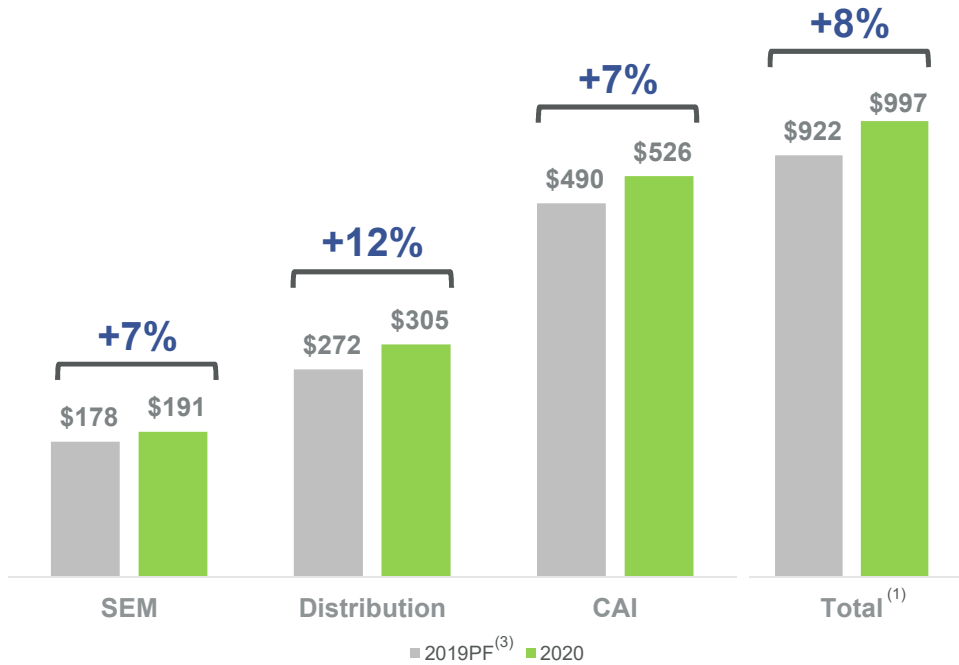
- Clariant Masterbatch integration synergy capture ahead of schedule: \$5 million realized in 2020

(1) Financial information is pro forma to include a full year of Clariant Masterbatch business acquisition

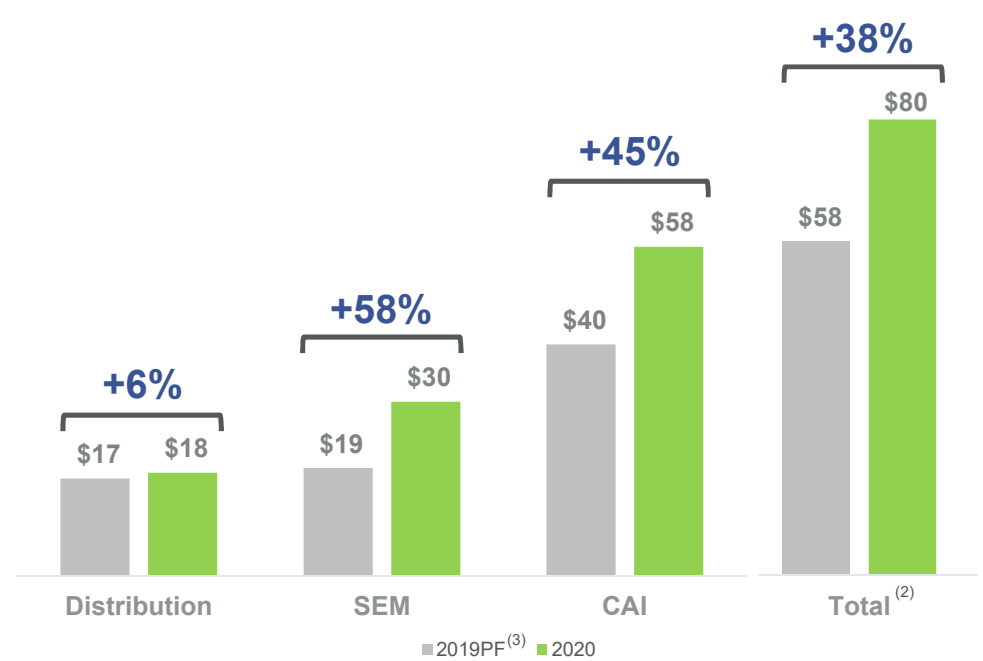
# Q4 2020 SEGMENT PERFORMANCE

## Sales

(\$ in millions)



## Operating Income



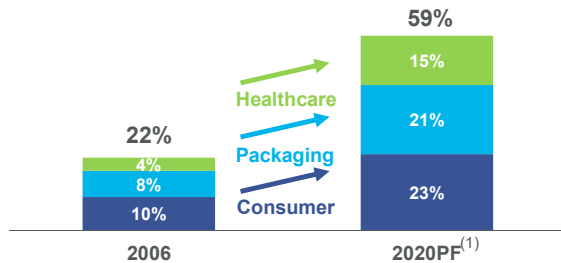
- (1) Total company sales include intercompany sales eliminations  
 (2) Total company reflects adjusted operating income and includes corporate costs  
 (3) Financial information is pro forma to include a full year of Clariant Masterbatch business acquisition

## 2020 HIGHLIGHTS

- Completed transformational Clariant Masterbatch acquisition and created new brand name Avient
- Increased pro forma adjusted EPS 11% from \$1.74 to \$1.93 as an essential supplier during the pandemic and due to growth in demand for consumer applications
- Specialty Engineered Materials delivered record operating income on gains from composites
- Achieved record free cash flow, increased dividend for 10<sup>th</sup> year in a row and delevered from 3.5x to 2.7x net debt to pro forma adjusted EBITDA
- Culture is everything: Certified as a Great Place to Work<sup>®</sup>

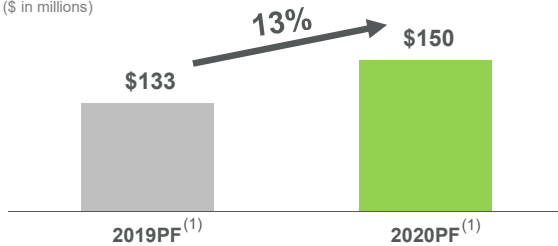
# CLARIANT MASTERBATCH: TRANSFORMATIONAL ACQUISITION

## Avient Portfolio Transformation

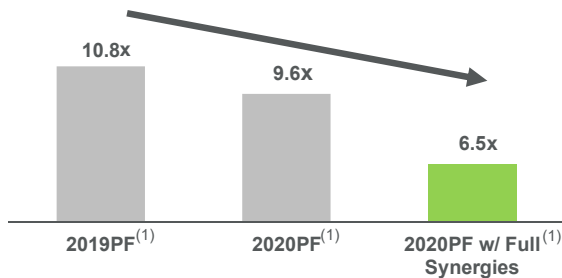


## Clariant MB EBITDA Growth

(\$ in millions)



## Purchase Price Multiple



- Acquisition of Clariant Masterbatch significantly expands presence in healthcare, packaging and consumer end markets
- Strength of portfolio – 13% EBITDA growth as an essential supplier in COVID response and recovery
- Acquisition completed on July 1, 2020 for \$1.4 billion. Purchase price multiple rapidly declining on strength of business and synergy capture

(1) Financial information is pro forma to include a full year of Clariant Masterbatch business acquisition



# EBITDA MARGIN EXPANSION



- Composites and Outdoor High Performance applications drove positive mix within SEM
- Clariant Masterbatch synergy realization under way and expected to drive further margin expansion in 2021
- Portfolio transformation to high growth end markets with focus on sustainable solutions megatrend

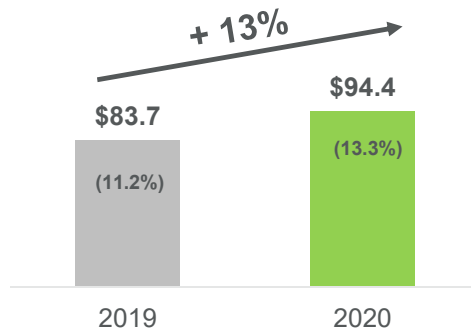
(1) Financial information is pro forma to include a full year of Clariant Masterbatch business acquisition  
 (2) Total company reflects adjusted EBITDA margins



# SPOTLIGHT: COMPOSITES

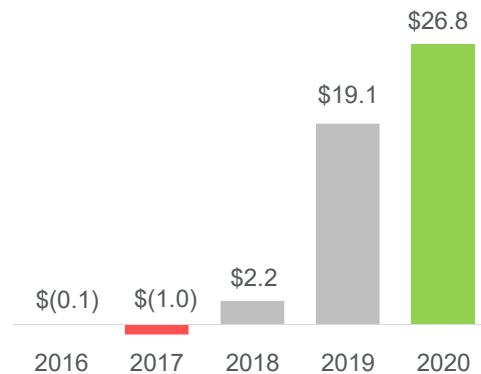
(\$ in millions)

**SEM  
Operating  
Income**  
(OI % of Sales)



- SEM delivers a record year in 2020 – 13% operating income growth and over 200 bps in margin expansion year-over-year

**Composites  
Performance**  
(Operating Income)



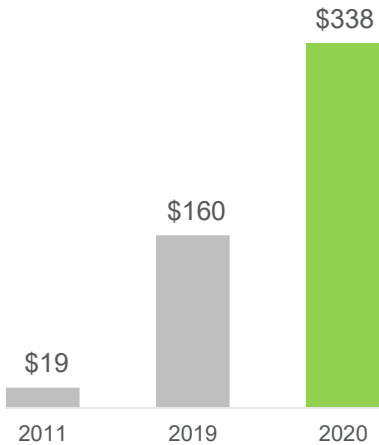
- Prior investments in composites platform and outdoor high performance applications paying off, resulting in substantial growth over the last two years



# FREE CASH FLOW AND CAPITAL ALLOCATION

## Free Cash Flow

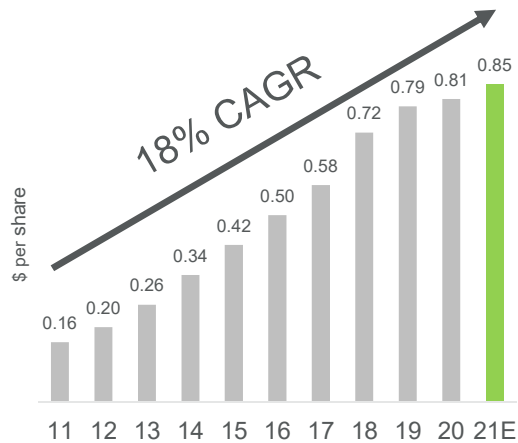
**~\$338MM**



Cash Generation

## Dividends

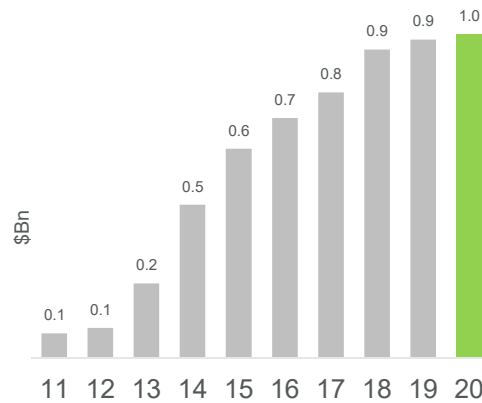
**~\$350MM**  
PAID OVER LAST 10 YEARS



Growing Dividend

## Share Repurchases

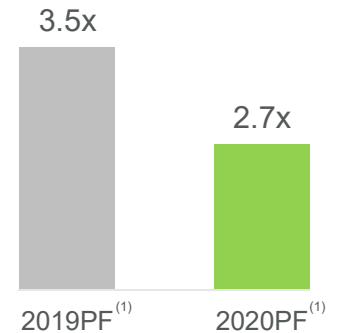
**~\$1Bn**  
REPURCHASED  
OVER LAST 10 YEARS



Cumulative Buybacks

## Deleveraging

**2.7x**  
NET LEVERAGE



Net Leverage

(1) Financial information is pro forma to include a full year of Clariant Masterbatch business acquisition

# GREAT PLACE TO WORK!



Our employees have spoken!  
Our company culture is amazing and our  
Great Place to Work Certification™ proves it.

Source: 2020 Great Place to Work Trust Index® Survey



The background features a large, white, stylized 'X' shape that divides the space into four quadrants. Each quadrant contains a different type of financial chart: the top-left shows a candlestick chart with a white line; the top-right shows a candlestick chart with a white line and a dotted trend line; the bottom-left shows a bar chart with white bars; and the bottom-right shows a bar chart with white bars. The overall color scheme is dark blue and black with white and light blue accents.

# 2021 OUTLOOK

## CLARIANT INTEGRATION & COST SYNERGIES UPDATE

Synergies (\$ millions)	Initial Three-Year Estimate	Revised Three-Year Estimate	2021 Expected Realization
Administrative	\$ 18	\$ 20	\$ 15
Sourcing	24	30	15
Operational	18	25	5
<b>Total Synergies</b>	<b>\$ 60</b>	<b>\$ 75</b>	<b>\$ 35</b>

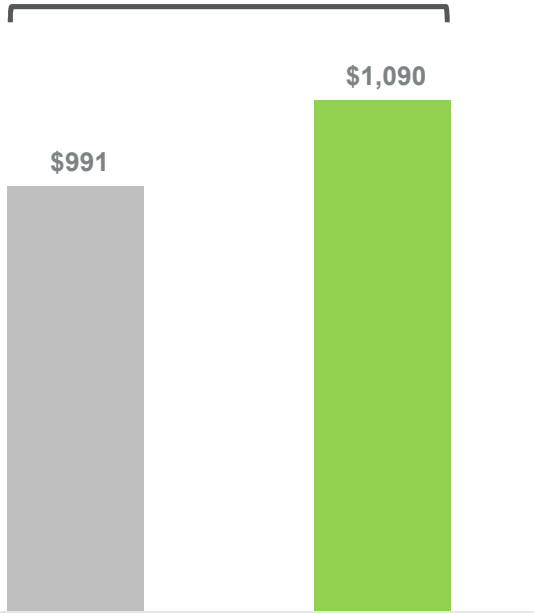
- Integration going extremely well: synergy target increased from \$60 million to \$75 million
- \$5 million of synergies in 2020 and expect to realize \$35 million in 2021
- Relentless focus on guiding principles of safety first, employee collaboration and exceeding customer expectations
- Future revenue synergies are not part of these estimates and represent additional growth over the long term

# ORGANIC GROWTH PROJECTIONS – Q1

(TOTAL COMPANY)

## Sales

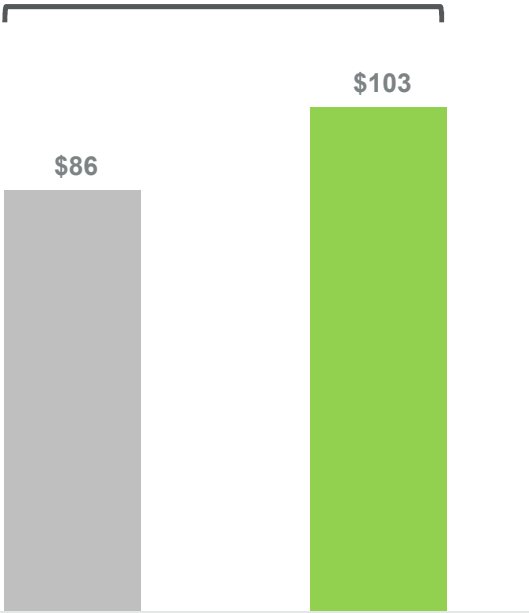
+ 10%



(in millions)

## Adjusted Operating Income

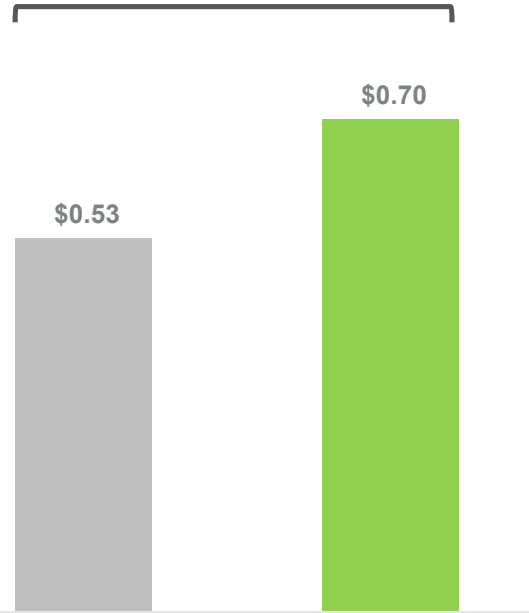
+ 20%



(in millions)

## Adjusted EPS

+ 32%



(1) Financial information is pro forma to include a full year of Clariant Masterbatch business acquisition



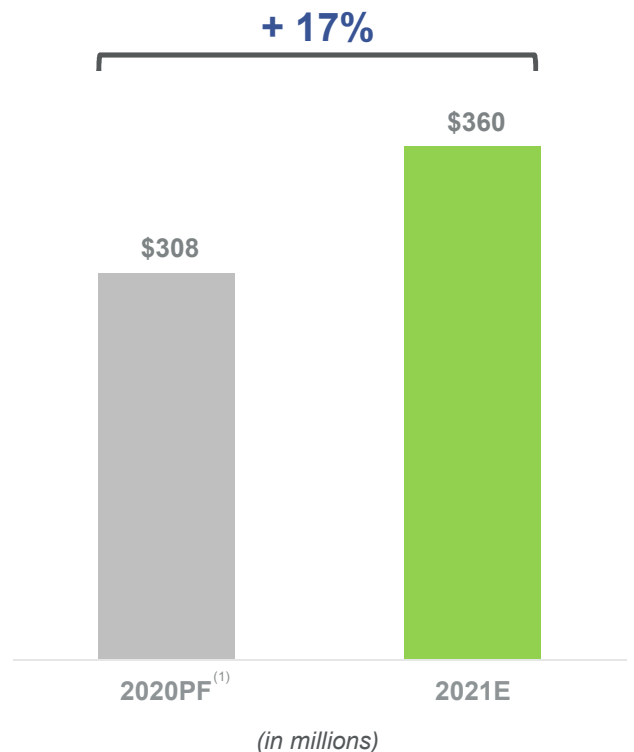
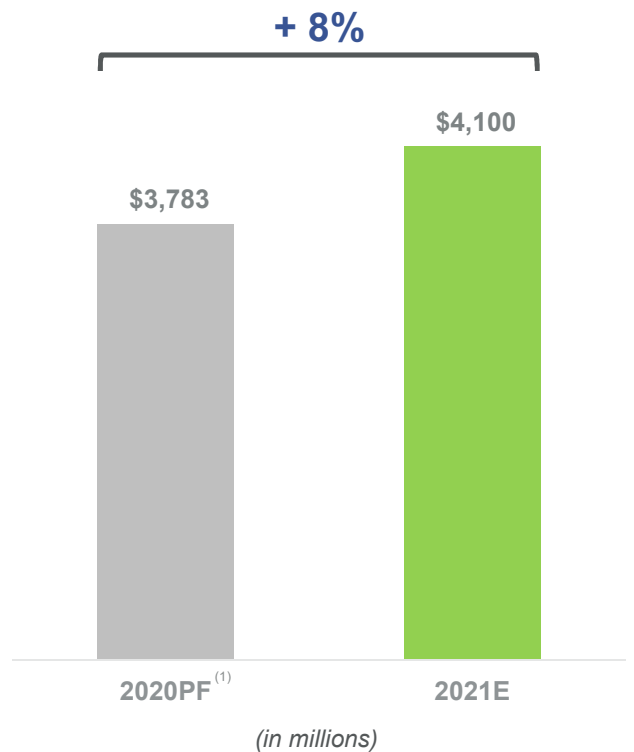
# ORGANIC GROWTH PROJECTIONS – FULL YEAR

(TOTAL COMPANY)

## Sales

## Adjusted Operating Income

## Adjusted EPS



(1) Financial information is pro forma to include a full year of Clariant Masterbatch business acquisition



# 2021 ORGANIC SALES AND OPERATING INCOME

## (TOTAL COMPANY)

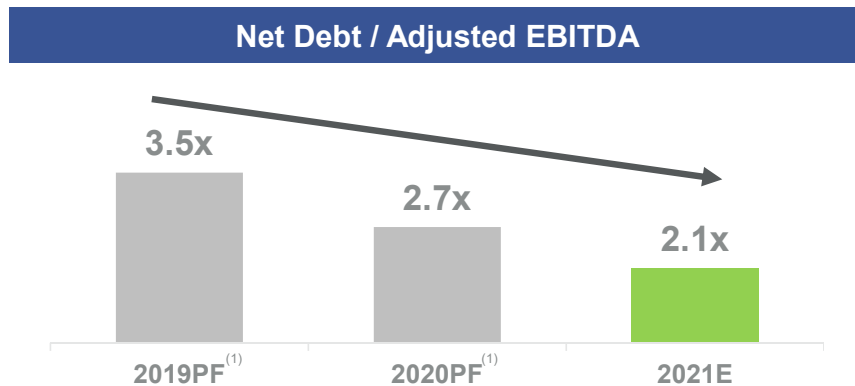
<i>\$ millions</i>	Sales	Growth Rate	Adjusted Operating Income
<b>2020 Pro forma<sup>(1)</sup></b>	<b>\$3,783</b>		<b>\$308</b>
Sustainable Solutions	60	11%	24
Healthcare	60	11%	18
Composites	20	10%	10
Growth in Emerging Regions	50	7%	11
Other (GDP growth)	82	5%	11
<b>Sub-total</b>	<b>\$4,055</b>	<b>7%</b>	<b>\$382</b>
COVID Response Applications <sup>(2)</sup>	(25)	-	(11)
Outdoor High Performance Applications	(15)	-	(7)
Asia Payroll Tax Subsidy (COVID)	-	-	(4)
FX Impact	85	-	7
Synergies	-	-	30
Incentives, Travel, Other Employee Costs	-	-	(37)
<b>2021 Estimated</b>	<b>\$4,100</b>	<b>8%</b>	<b>\$360</b>

- (1) Financial information is pro forma to include a full year of Clariant Masterbatch business acquisition  
(2) COVID Response Applications: facemasks, personal protective equipment



# CASH FLOW AND LEVERAGE

(\$ millions)	2020	2021E
Adjusted EBITDA	382	510
Working Capital: Source / (Use)	116	(30)
Cash Taxes	(40)	(53)
Interest Paid	(67)	(76)
CapEx	(62)	(75)
CapEx for Synergy Capture	(2)	(20)
Restructuring for Synergy Capture	(11)	(25)
Other	22	19
<b>Free Cash Flow</b>	<b>338</b>	<b>250</b>



- Asset light business generates significant free cash flow
- Cash generation in 2021 partially offset by restructuring activities to capture synergies associated with the Clariant Masterbatch acquisition
- Cash flow deployed to M&A, opportunistic share repurchases and balance sheet / leverage reduction





# 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 21,000 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.

**21,000+**  
CUSTOMERS

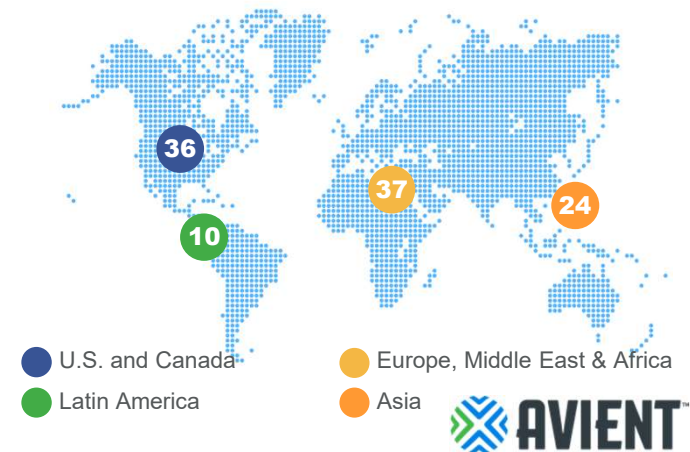
## Superior Design Capabilities & Advanced Analytics

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.**



## 2021 PROJECTIONS

- **8% increase in sales drives 24% increase in adjusted EPS to \$2.40** (\$2.70 excluding step-up depreciation and amortization) as a result of continued growth in sustainable solutions and synergy capture
- Clariant synergy capture ahead of schedule: **\$35M** of savings planned from Clariant Masterbatch acquisition
- **Adjusted EBITDA of \$510M** – highest level in company history
- Deleveraging ahead of schedule – **2.1x** net debt to adjusted EBITDA by the end of 2021



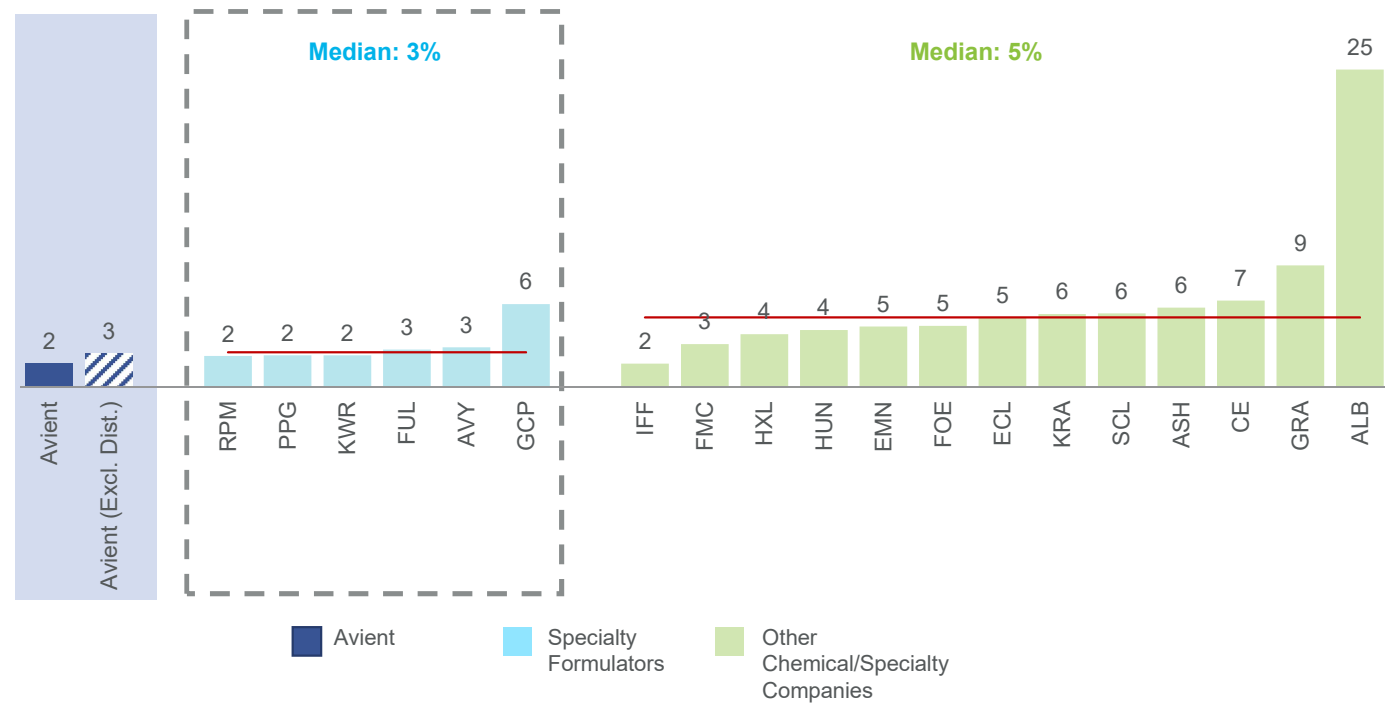
# PEER COMPARISONS

# 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 (%)

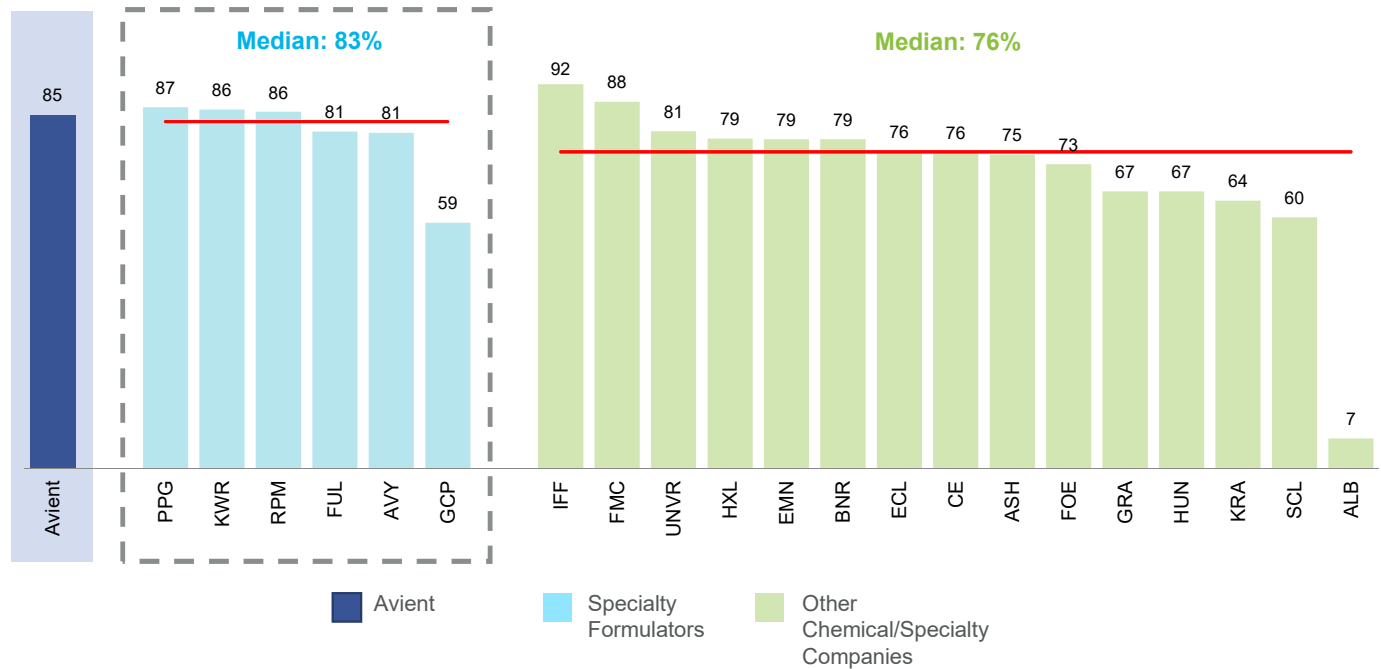


Source: Peer data per Bloomberg market data as of February 5, 2021  
Avient reflects 2021 estimated revenue of \$4,100M and excludes one-time synergy capture CAPEX (\$20M)



# HIGH FREE CASH FLOW CONVERSION

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



Source: Peer data per Bloomberg market data as of February 5, 2021  
Avient reflects 2021 estimated EBITDA of \$510M and excludes one-time synergy capture CAPEX (\$20M)

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

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

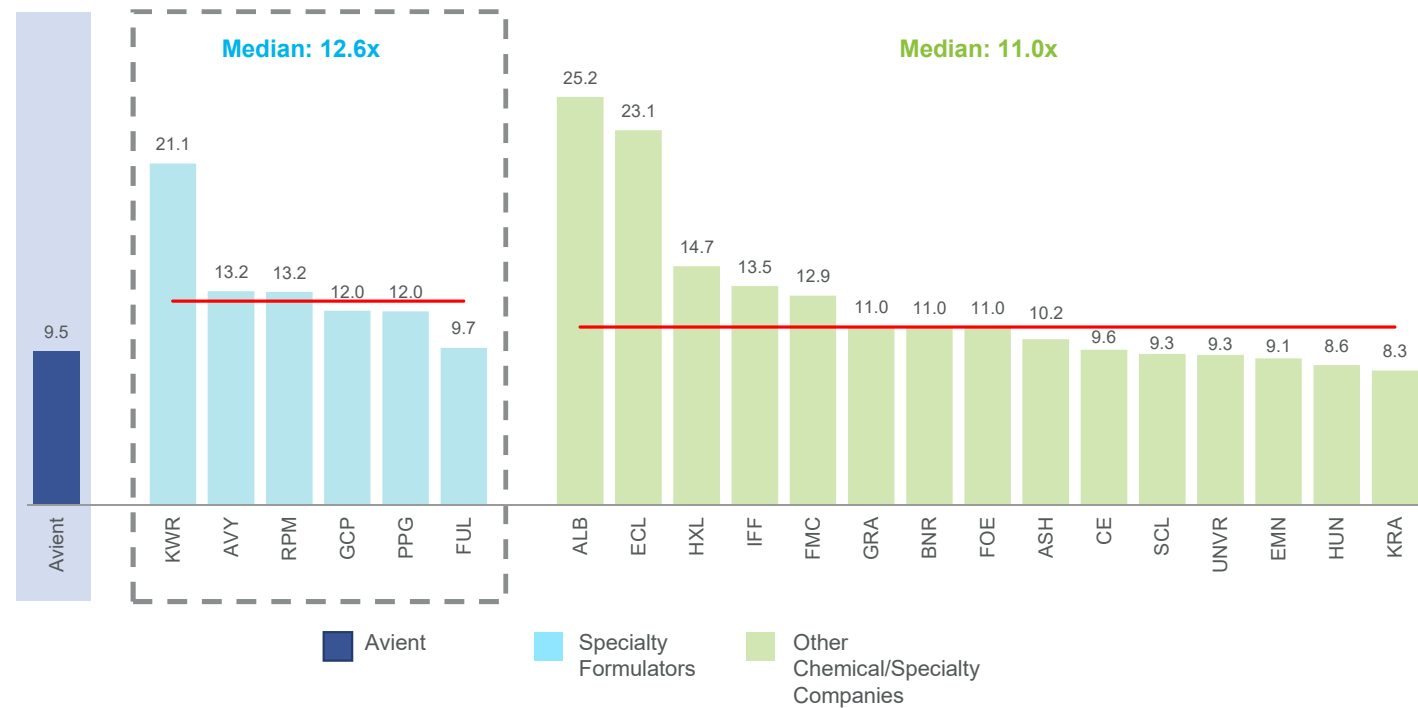
Our free cash flow supports shareholder value creation through investing in R&D for organic growth, completing bolt-on acquisitions, and returning cash to shareholders via our dividend program and opportunistic share repurchases.

# 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 / 2021E EBITDA



Source: Peer data per Bloomberg market data as of February 5, 2021  
Avient reflects 2021 estimated EBITDA of \$510M







## 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 2021 we expect substantial earnings growth and strong cash flow generation as we emerge from the COVID-19 pandemic. 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 2021 revenue growth of 8% and long-term growth in excess of GDP
- Clariant Masterbatch cost synergy capture will result in significant near-term benefit

In addition, we remain committed to increasing annual dividends in line with earnings growth and opportunistically 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.





**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.

Avient acquired the Clariant Masterbatch business (CMB) on July 1, 2020 (the "Acquisition Date"). To provide comparable financial results, the Company references "pro forma" financial metrics, which include the business results of CMB for periods prior to the Acquisition Date. Management believes this provides comparability of the performance of the combined businesses.

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 of EBITDA by Segment	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
<b>Sales:</b>				
Color, Additives and Inks	\$ 525.8	\$ 226.7	\$ 1,502.9	\$ 1,003.8
Specialty Engineered Materials	190.6	177.5	708.8	745.7
Distribution	305.1	272.4	1,110.3	1,192.2
Corporate and eliminations	(24.5)	(18.0)	(79.9)	(79.0)
Sales	<u>\$ 997.0</u>	<u>\$ 658.6</u>	<u>\$ 3,242.1</u>	<u>\$ 2,862.7</u>
<b>Operating income:</b>				
Color, Additives and Inks	\$ 57.5	\$ 27.2	\$ 180.8	\$ 147.4
Specialty Engineered Materials	30.4	18.8	94.4	83.7
Distribution	18.0	17.0	69.5	75.4
Corporate and eliminations	(40.9)	(42.5)	(155.4)	(149.7)
Operating Income	<u>\$ 65.0</u>	<u>\$ 20.5</u>	<u>\$ 189.3</u>	<u>\$ 156.8</u>
<b>Items Below Operating Income in Corporate:</b>				
Other income, net	\$ 11.7	\$ 10.7	\$ 24.3	\$ 12.1
<b>Depreciation &amp; amortization:</b>				
Color, Additives and Inks	\$ 27.3	\$ 10.7	\$ 75.1	\$ 42.7
Specialty Engineered Materials	7.4	7.0	30.0	29.5
Distribution	0.3	0.1	0.7	0.5
Corporate and eliminations	2.8	1.0	9.3	5.4
Depreciation & Amortization	<u>\$ 37.8</u>	<u>\$ 18.8</u>	<u>\$ 115.1</u>	<u>\$ 78.1</u>
<b>EBITDA:</b>				
Color, Additives and Inks	\$ 84.8	\$ 37.9	\$ 255.9	\$ 190.1
Specialty Engineered Materials	37.8	25.8	124.4	113.2
Distribution	18.3	17.1	70.2	75.9
Corporate and eliminations	(26.4)	(30.8)	(121.8)	(132.2)
EBITDA	<u>\$ 114.5</u>	<u>\$ 50.0</u>	<u>\$ 328.7</u>	<u>\$ 247.0</u>
<b>EBITDA as a % of sales:</b>				
Color, Additives and Inks	16.1 %	16.7 %	17.0 %	18.9 %
Specialty Engineered Materials	19.8 %	14.5 %	17.6 %	15.2 %
Distribution	6.0 %	6.3 %	6.3 %	6.4 %
Corporate and eliminations	nm	nm	nm	nm
Total Company	<u>11.5 %</u>	<u>7.6 %</u>	<u>10.1 %</u>	<u>8.6 %</u>

nm - not meaningful

	Three Months Ended December 31,		Year Ended December 31,	
	2020	2019	2020	2019
<b>Reconciliation to Adjusted EBITDA:</b>				
Net income from continuing operations – GAAP	\$ 74.7	\$ 6.4	\$ 133.8	\$ 75.7
Income tax expense	(17.3)	12.9	5.2	33.7
Interest expense	19.3	11.9	74.6	59.5
Depreciation and amortization from continuing operations	37.8	18.8	115.1	78.1
EBITDA	\$ 114.5	\$ 50.0	\$ 328.7	\$ 247.0
Special items, before tax	4.2	15.0	66.2	61.7
Interest expense included in special items	—	—	(10.1)	—
Accelerated depreciation included in special items	(0.7)	—	(3.2)	—
Adjusted EBITDA	<u>\$ 118.0</u>	<u>\$ 65.0</u>	<u>\$ 381.6</u>	<u>\$ 308.7</u>

	Three Months Ended December 31, 2020		
	Avient	Special Items	Adjusted Avient
<b>Reconciliation of Adjusted Earnings per Share:</b>			
Sales	\$ 997.0	\$ —	\$ 997.0
Operating income	\$ 65.0	\$ 14.6	\$ 79.6
Interest expense, net	(19.3)	—	(19.3)
Other income, net	11.7	(10.4)	1.3
Income taxes	17.3	(30.9)	(13.6)
Net income from continuing operations attributable to Avient shareholders	<u>\$ 74.2</u>	<u>\$ (26.7)</u>	<u>\$ 47.5</u>
Weighted average diluted shares			92.1
Adjusted EPS - excluding special items			<u>\$ 0.52</u>

<b>Reconciliation of Adjusted EBITDA from continuing operations:</b>			
Operating income and other income, net	\$ 76.7	\$ 4.2	\$ 80.9
Depreciation and amortization	37.8	(0.7)	37.1
EBITDA from continuing operations	<u>\$ 114.5</u>	<u>\$ 3.5</u>	<u>\$ 118.0</u>
EBITDA as a % of sales			11.8 %

**Three Months Ended  
December 31, 2019**

<b>Reconciliation of Pro Forma Adjusted Earnings per Share:</b>	<b>Avient</b>	<b>Special Items</b>	<b>Adjusted Avient</b>	<b>Clariant MB Pro Forma Adjustments<sup>(1)</sup></b>	<b>Pro Forma Adjusted Avient</b>
Sales	\$ 658.6	\$ —	\$ 658.6	\$ 263.5	\$ 922.1
Operating income	\$ 20.5	\$ 24.6	\$ 45.1	\$ 13.2	\$ 58.3
Interest expense, net	(11.9)	—	(11.9)	(11.1)	(23.0)
Other income, net	10.7	(9.6)	1.1	—	1.1
Income taxes	(12.9)	4.9	(8.0)	(0.5)	(8.5)
Net income from continuing operations attributable to Avient shareholders	<u>\$ 6.4</u>	<u>\$ 19.9</u>	<u>\$ 26.3</u>	<u>\$ 1.6</u>	<u>\$ 27.9</u>
Weighted average diluted shares					77.5
Impact to diluted shares from January 2020 equity offering					15.3
Pro forma weighted average diluted shares					<u>92.8</u>
Pro forma adjusted EPS					<u>\$ 0.30</u>

**Reconciliation of Pro Forma Adjusted EBITDA from continuing operations:**

Operating income and other income, net	\$ 31.2	\$ 15.0	\$ 46.2	\$ 13.2	\$ 59.4
Depreciation and amortization	18.8	—	18.8	15.1	33.9
EBITDA from continuing operations	<u>\$ 50.0</u>	<u>\$ 15.0</u>	<u>\$ 65.0</u>	<u>\$ 28.3</u>	<u>\$ 93.3</u>
EBITDA as a % of sales					10.1 %

(1) - Pro forma adjustments for the periods prior to the acquisition date (July 1, 2020) and to give effects of the financing for the acquisition

**Year Ended  
December 31, 2020**

<b>Reconciliation of Pro Forma Adjusted Earnings per Share:</b>	<b>Avient</b>	<b>Special Items</b>	<b>Adjusted Avient</b>	<b>Clariant MB Pro Forma Adjustments<sup>(1)</sup></b>	<b>Pro Forma Adjusted Avient</b>
Sales	\$ 3,242.1	\$ —	\$ 3,242.1	\$ 540.4	\$ 3,782.5
Operating income	\$ 189.3	\$ 73.7	\$ 263.0	\$ 45.0	\$ 308.0
Interest expense, net	(74.6)	10.1	(64.5)	(18.1)	(82.6)
Other income, net	24.3	(17.6)	6.7	—	6.7
Income taxes	(5.2)	(41.4)	(46.6)	(6.2)	(52.8)
Net income attributable to noncontrolling interests	(1.8)	—	(1.8)	—	(1.8)
Net income from continuing operations attributable to Avient shareholders	<u>\$ 132.0</u>	<u>\$ 24.8</u>	<u>\$ 156.8</u>	<u>\$ 20.7</u>	<u>\$ 177.5</u>
Weighted average diluted shares					90.6
Impact to diluted shares from January 2020 equity offering					1.5
Pro forma weighted average diluted shares					<u>92.1</u>
Pro forma adjusted EPS					<u>\$ 1.93</u>

**Reconciliation of Pro Forma Adjusted EBITDA from continuing operations:**

Operating income and other income, net	\$ 213.6	\$ 56.1	\$ 269.7	\$ 45.0	\$ 314.7
Depreciation and amortization	115.1	(3.2)	111.9	30.1	142.0
EBITDA from continuing operations	<u>\$ 328.7</u>	<u>\$ 52.9</u>	<u>\$ 381.6</u>	<u>\$ 75.1</u>	<u>\$ 456.7</u>
EBITDA as a % of sales					12.1 %

(1) - Pro forma adjustments for the periods prior to the acquisition date (July 1, 2020) and to give effects of the financing for the acquisition

**Year Ended  
December 31, 2019**

<b>Reconciliation of Pro Forma Adjusted Earnings per Share:</b>	<b>Avient</b>	<b>Special Items</b>	<b>Adjusted Avient</b>	<b>Clariant MB Pro Forma Adjustments<sup>(1)</sup></b>	<b>Pro Forma Adjusted Avient</b>
Sales	\$ 2,862.7	\$ —	\$ 2,862.7	\$ 1,118.6	\$ 3,981.3
Operating income	\$ 156.8	\$ 71.7	\$ 228.5	\$ 72.9	\$ 301.4
Interest expense, net	(59.5)	—	(59.5)	(33.4)	(92.9)
Other income, net	12.1	(10.0)	2.1	—	2.1
Income taxes	(33.7)	(5.9)	(39.6)	(9.1)	(48.7)
Net income attributable to noncontrolling interests	(0.2)	—	(0.2)	—	(0.2)
Net income from continuing operations attributable to Avient shareholders	<u>\$ 75.5</u>	<u>\$ 55.8</u>	<u>\$ 131.3</u>	<u>\$ 30.4</u>	<u>\$ 161.7</u>
Weighted average diluted shares					77.7
Impact to diluted shares from January 2020 equity offering					15.3
Pro forma weighted average diluted shares					<u>93.0</u>
Pro forma adjusted EPS					<u>\$ 1.74</u>

**Reconciliation of Pro Forma Adjusted EBITDA from continuing operations:**

Operating income and other income, net	\$ 168.9	\$ 61.7	\$ 230.6	\$ 72.9	\$ 303.5
Depreciation and amortization	78.1	—	78.1	60.3	138.4
EBITDA from continuing operations	<u>\$ 247.0</u>	<u>\$ 61.7</u>	<u>\$ 308.7</u>	<u>\$ 133.2</u>	<u>\$ 441.9</u>
EBITDA as a % of sales					11.1 %

(1) - Pro forma adjustments for the periods prior to the acquisition date (July 1, 2020) and to give effects of the financing for the acquisition

**Three Months Ended  
March 31, 2020**

<b>Reconciliation of Pro Forma Adjusted Earnings per Share:</b>	<b>Avient</b>	<b>Special Items</b>	<b>Adjusted Avient</b>	<b>Clariant MB Pro Forma Adjustments<sup>(1)</sup></b>	<b>Pro Forma Adjusted Avient</b>
Sales	\$ 711.5	\$ —	\$ 711.5	\$ 279.4	\$ 990.9
Operating income	52.8	9.7	62.5	23.0	85.5
Interest expense, net	(9.4)	—	(9.4)	(12.8)	(22.2)
Other income, net	1.6	(0.1)	1.5	—	1.5
Income taxes	(11.9)	(1.0)	(12.9)	(2.4)	(15.3)
Net income from continuing operations attributable to Avient shareholders	<u>\$ 33.1</u>	<u>\$ 8.6</u>	<u>\$ 41.7</u>	<u>\$ 7.8</u>	<u>\$ 49.5</u>
Weighted average diluted shares					86.7
Impact to diluted shares from January 2020 equity offering					6.1
Pro forma weighted average diluted shares					<u>92.8</u>
Pro forma adjusted EPS					<u>\$ 0.53</u>

(1) - Pro forma adjustments for the periods prior to the acquisition date (July 1, 2020) and to give effects of the financing for the acquisition

Reconciliation of pro forma sales, operating income, and EBITDA:	Three Months Ended December 31, 2019			Year Ended December 31, 2019		
	CAI	Clariant MB Pro Forma Adjustments <sup>(1)</sup>	Pro Forma CAI	CAI	Clariant MB Pro Forma Adjustments <sup>(1)</sup>	Pro Forma CAI
	Sales	\$ 226.7	\$ 263.5	\$ 490.2	\$ 1,003.8	\$ 1,118.6
Operating income	\$ 27.2	\$ 13.2	\$ 40.4	\$ 147.4	\$ 72.9	\$ 220.3
EBITDA	\$ 37.9	\$ 28.3	\$ 66.2	\$ 190.1	\$ 133.2	\$ 323.3
EBITDA as a % of sales			13.5 %			15.2 %

(1) - Pro forma adjustments for the periods prior to the acquisition date (July 1, 2020) and to give effects of the financing for the acquisition

Reconciliation of pro forma sales, operating income, and EBITDA:	Year Ended December 31, 2020		
	CAI	Clariant MB Pro Forma Adjustments <sup>(1)</sup>	Pro Forma CAI
	Sales	\$ 1,502.9	\$ 540.4
Operating income	\$ 180.8	\$ 45.0	\$ 225.8
EBITDA	\$ 255.9	\$ 75.1	\$ 331.0
EBITDA as a % of sales			16.2 %

(1) - Pro forma adjustments for the periods prior to the acquisition date (July 1, 2020) and to give effects of the financing for the acquisition

Free cash flow, defined as cash provided by operating activities excluding items associated with acquisitions and divestitures, less capital expenditures, is considered a non-GAAP financial measure. Management believes, however, that free cash flow, which measures our ability to generate additional cash from our business operations, is an important financial measure for use in evaluating the company's financial performance. Free cash flow should be considered in addition to, rather than as a substitute for, consolidated net income as a measure of our performance and net cash provided by operating activities as a measure of our liquidity.

Free Cash Flow Calculation	Year Ended December 31, 2020
Cash provided (used) by operating activities	\$ 221.6
Capital expenditures	(63.7)
Free Cash Flow	157.9
Payment of post-acquisition date earnout liability	38.1
Taxes paid on gain on divestiture	142.0
Adjusted Free Cash Flow	\$ 338.0

Free Cash Flow Calculation	Year Ended December 31, 2019		
	Total	Discontinued Operations	Continuing Operations
Cash provided by operating activities	\$ 300.8	\$ 74.4	\$ 226.4
Capital expenditures	81.7	14.1	67.6
Free Cash Flow	\$ 219.1	\$ 60.3	\$ 158.8