



PolyOne Investor Presentation

Deutsche Bank 2013 Global Industrials and Basic Materials Conference

June 12, 2013



Collaboration. Innovation. Excellence.™

Forward – Looking Statements



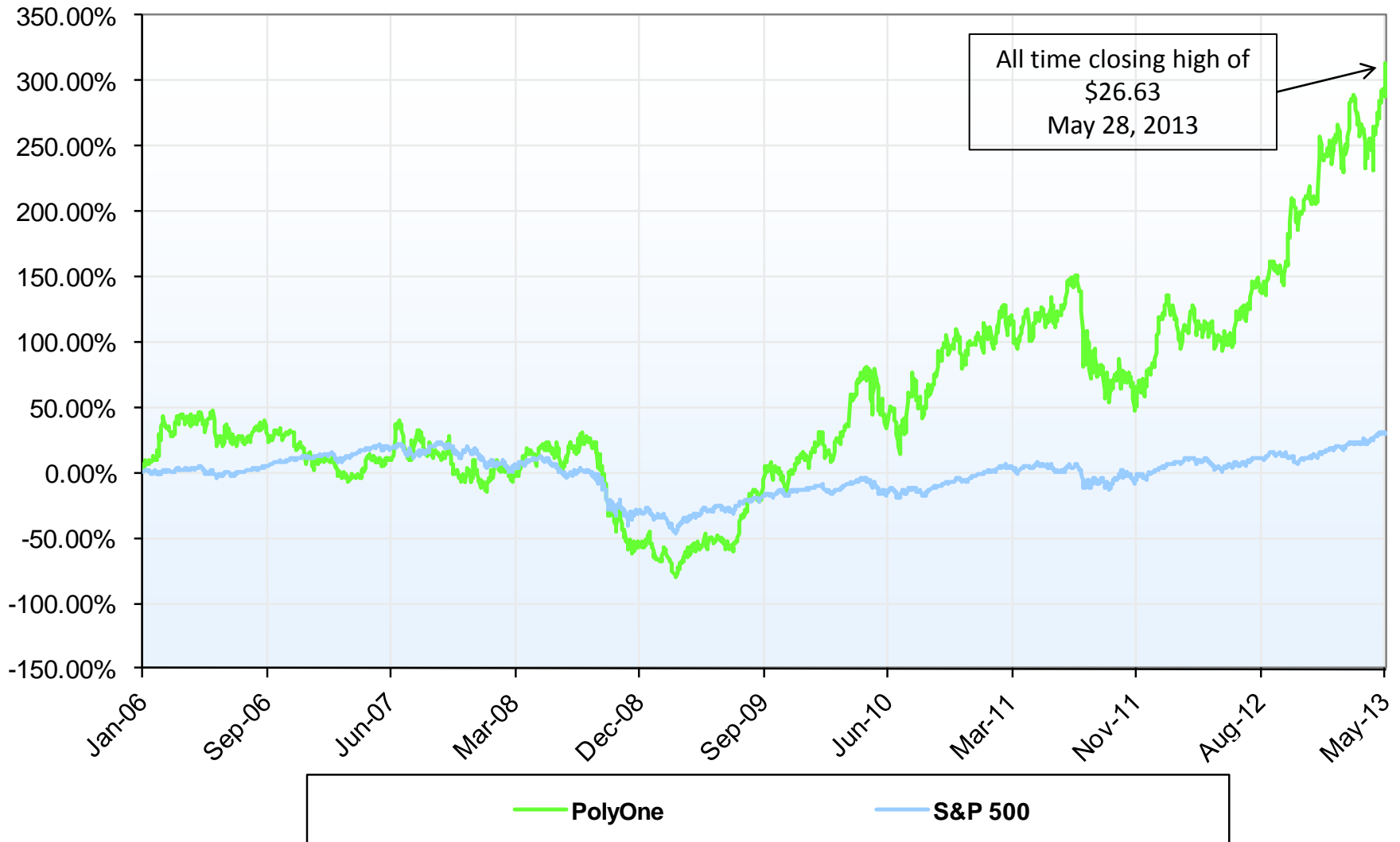
- In this presentation, statements that are not reported financial results or other historical information are “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give current expectations or forecasts of future events and 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 time required to consummate the divestiture of our resin assets and the satisfaction or waiver of conditions in the sale agreement;
 - ✓ Any material adverse changes in the business supporting the resin assets being sold;
 - ✓ The ability to obtain required regulatory or other third-party approvals and consents and otherwise consummate the proposed divestiture
 - ✓ Our ability to achieve the strategic and other objectives relating to the acquisition of Spartech Corporation, including any expected synergies; our ability to successfully integrate Spartech and achieve the expected results of the acquisition, including, without limitation, the acquisition being accretive;
 - ✓ Disruptions, uncertainty or volatility in the credit markets that could adversely impact the availability of credit already arranged and the availability and cost of credit in the future;
 - ✓ The financial condition of our customers, including the ability of customers (especially those that may be highly leveraged and those with inadequate liquidity) to maintain their credit availability;
 - ✓ The speed and extent of an economic recovery, including the recovery of the housing market;
 - ✓ Our ability to achieve new business gains;
 - ✓ The amount and timing of repurchases, if any, of PolyOne common shares and our ability to pay regular quarterly cash dividends and the amounts and timing of any future dividends;
 - ✓ The effect on foreign operations of currency fluctuations, tariffs, and other political, economic and regulatory risks;
 - ✓ Changes in polymer consumption growth rates in the markets 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, employee productivity goals, and an inability to raise or sustain prices for products or services;
 - ✓ An inability to maintain appropriate relations with unions and employees; 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.

- 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, earnings before interest, tax, depreciation and amortization (EBITDA), adjusted EBITDA, net debt, Specialty platform operating income, Specialty platform gross margin percentage, adjusted operating income, return on invested capital, net debt/ EBITDA, and the exclusion of corporate charges in certain calculations. In certain cases throughout this presentation, we have presented GAAP and non-GAAP financial measures adjusted to reflect full-year 2012 Pro forma results, including Spartech and Glasforms and excluding discontinued operations.
- PolyOne's chief operating decision makers use 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.

Strategy and Execution Drive Results



- Since 2006, PolyOne stock has expanded approximately 300% vs. a 30% increase in the S&P 500



Four Pillar Strategy

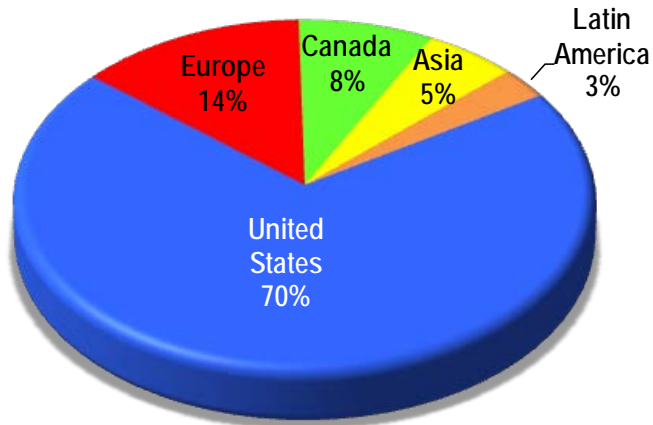


**The World's Premier Provider of Specialized
Polymer Materials, Services & Solutions**

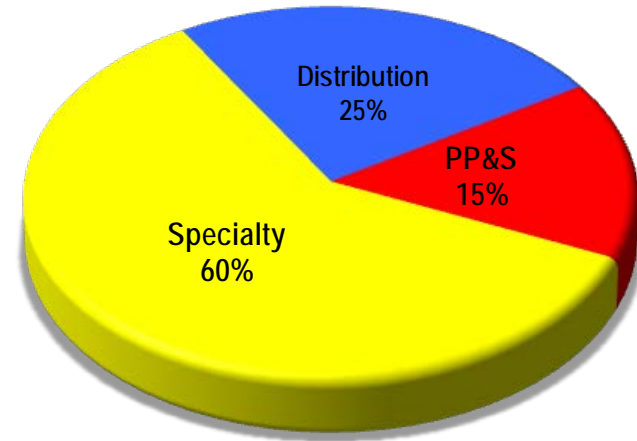
- Substantial organic mix improvement drives 29% increase in first quarter EPS – 14th consecutive quarter of double-digit EPS growth
- Completed acquisition of Spartech
- Announced the creation of a new Specialty segment – Designed Structures and Solutions
- Completed the sale of our non-core resin assets
- Realigned our Specialty Coatings business into our GCAI segment



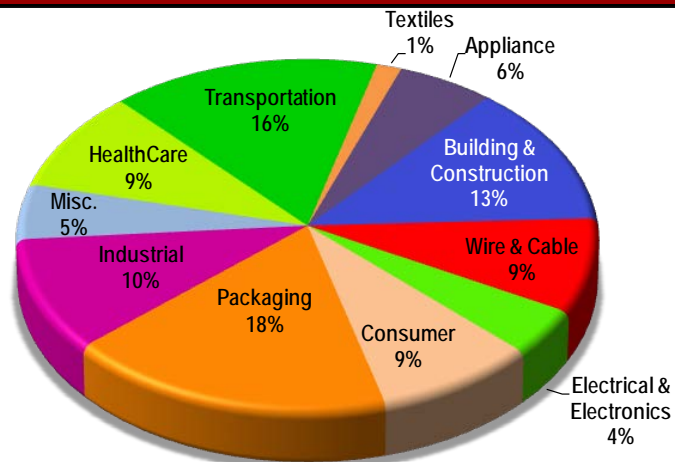
2012 Revenues: \$4.0 Billion*



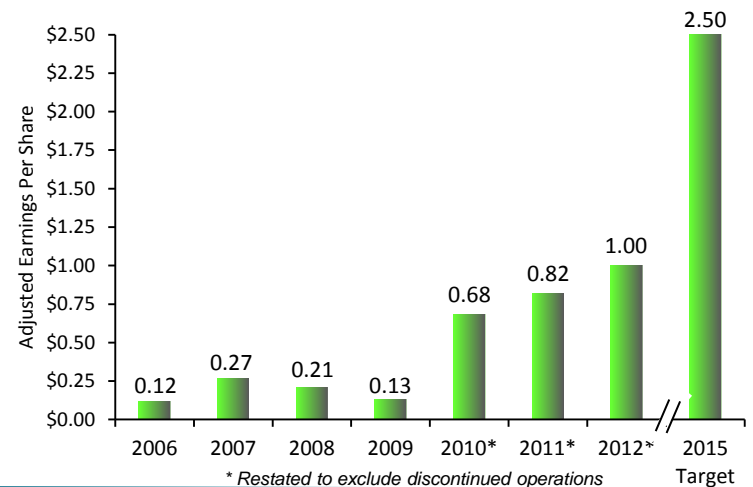
2012 Revenues: \$4.0 Billion*



End Markets*

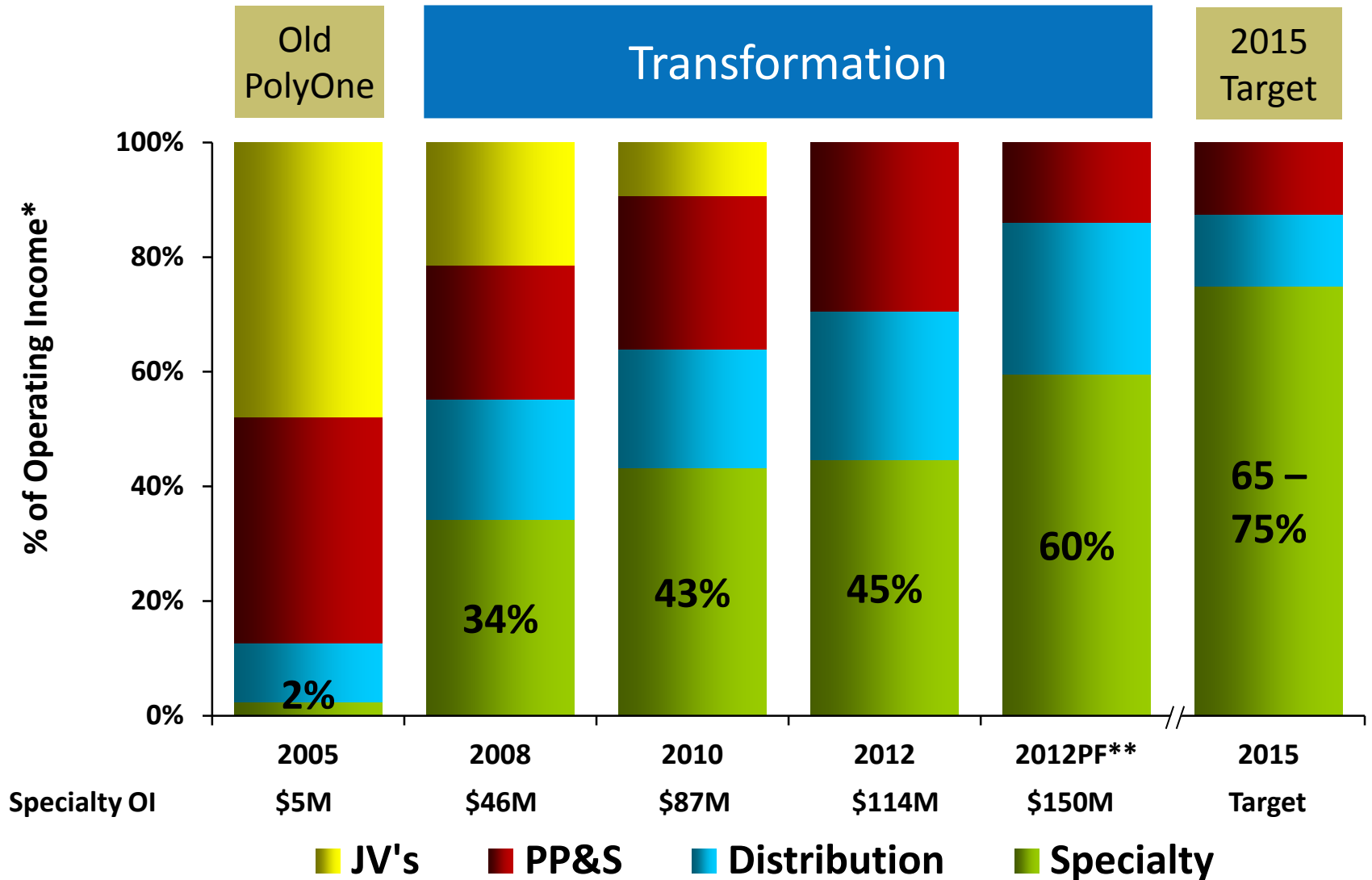


EPS



* Pro Forma includes FY2012 results for Spartech (11/03/12 YE) and Glasforms & excludes resin assets

Mix Shift Highlights Specialty Transformation



*Operating Income excludes corporate charges and special items

**Pro Forma results include Spartech and Glasforms acquisitions, Specialty Coatings reclass and excludes resin assets

Proof of Performance & 2015 Goals



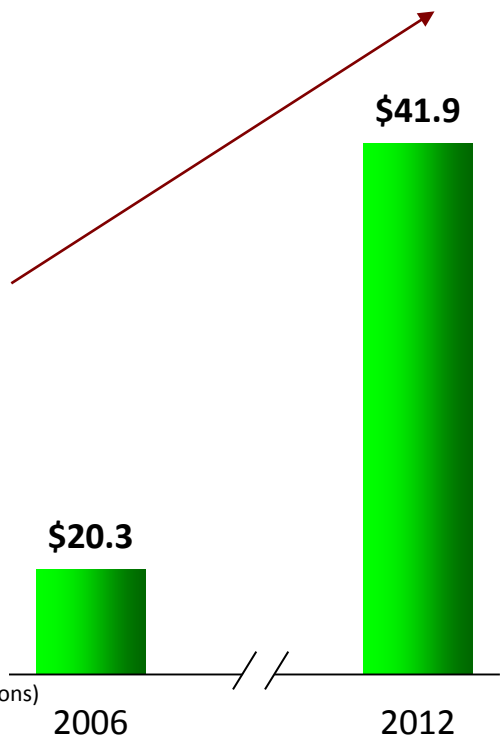
	2007	Q1 2013	2015 Target
1) Operating Income %			
Specialty:			
Global Color, Additives & Inks	4.6%	11.7%	12 – 16%
Global Specialty Engineered Materials	1.3%	10.1%	12 – 16%
Designed Structures & Solutions	--	4.6%	8 – 10%
Performance Products & Solutions	6.1%	8.1%	9 – 12%
Distribution	3.0%	6.0%	6 – 7.5%
2) Specialty Platform % of Operating Income	20%	60%	65 – 75%
3) ROIC* (after-tax)	7%	9.2%	15%
4) Adjusted EPS Growth	N/A	29%	Double Digit Expansion

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

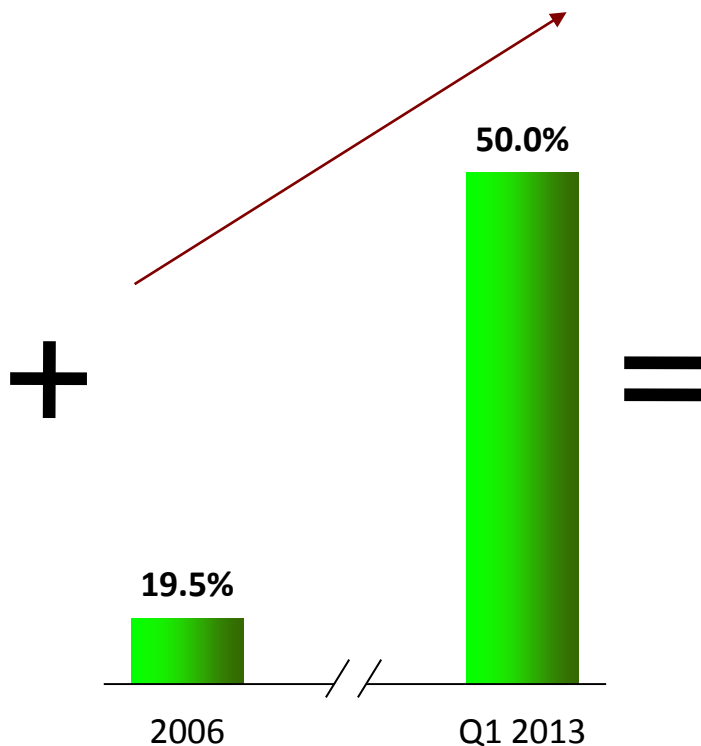
Innovation Drives Earnings Growth



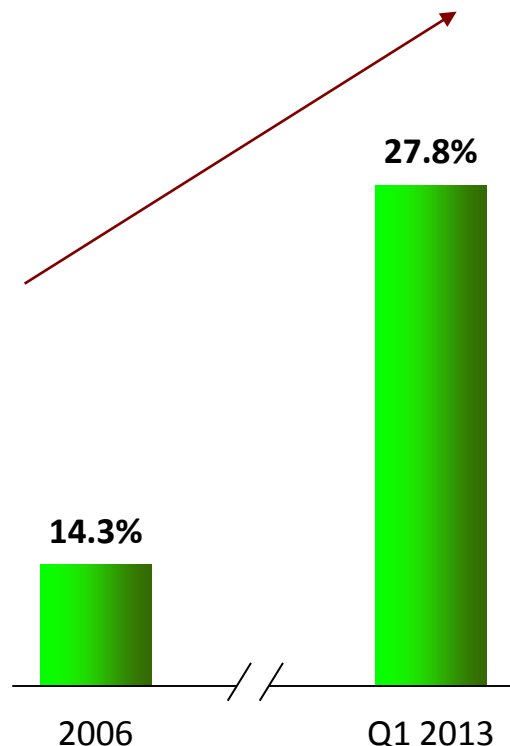
Research & Development Spending



Specialty Platform Vitality Index Progression*



Specialty Platform Gross Margin %



+ =

*Percentage of Specialty Platform revenue from products introduced in last five years

Positioned for Strong Growth



2015 Target

Rev: \$5B

Adj. EPS: \$2.50

Assumptions

- Operating margins in mid-range of 2015 targets
- No global recession
- No investment in incremental PP&S capacity
- Completion of 2-3 midsize accretive acquisitions
- Housing starts at 85% of 50 year norm by 2015
- Mid single digit revenue CAGR
- Remain comfortably below 3X Net Debt / EBITDA

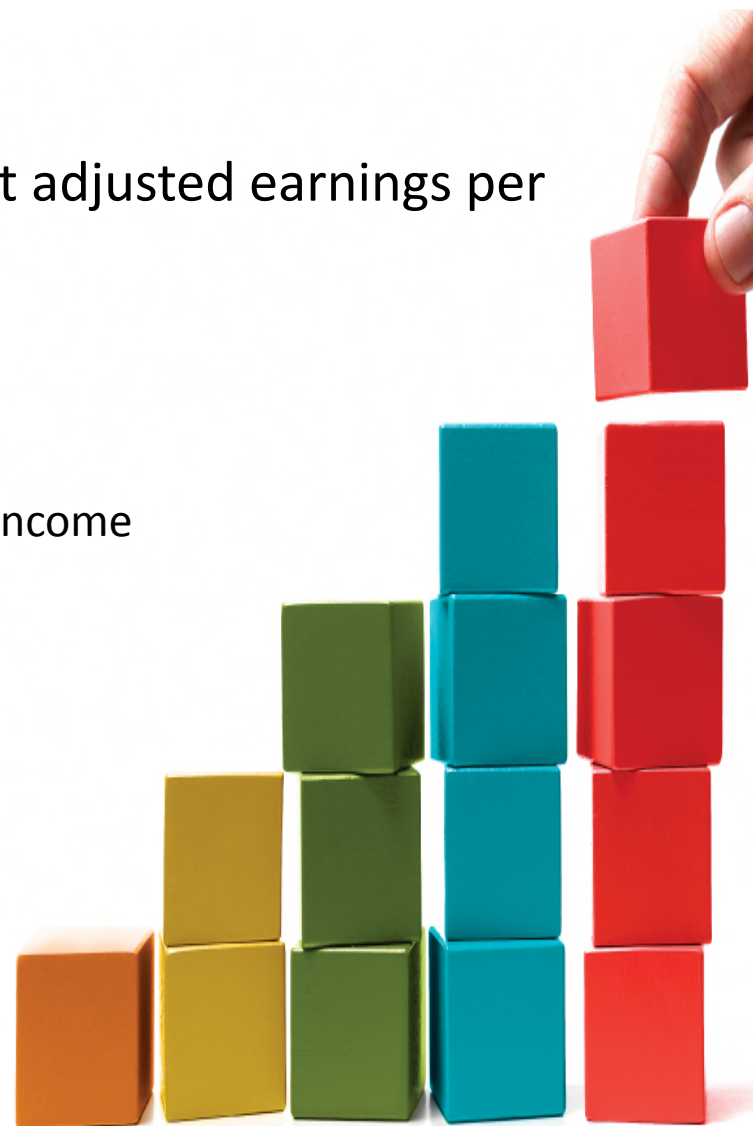


2012

Rev: \$2.9B

Adj. EPS: \$1.00

- 14th consecutive quarter of double digit adjusted earnings per share growth
- 29 percent increase in adjusted EPS
 - ✓ 34 percent increase in Specialty operating income
 - ✓ Growth from all regions
 - ✓ Virtually all organic growth
- Strengthened our financial position



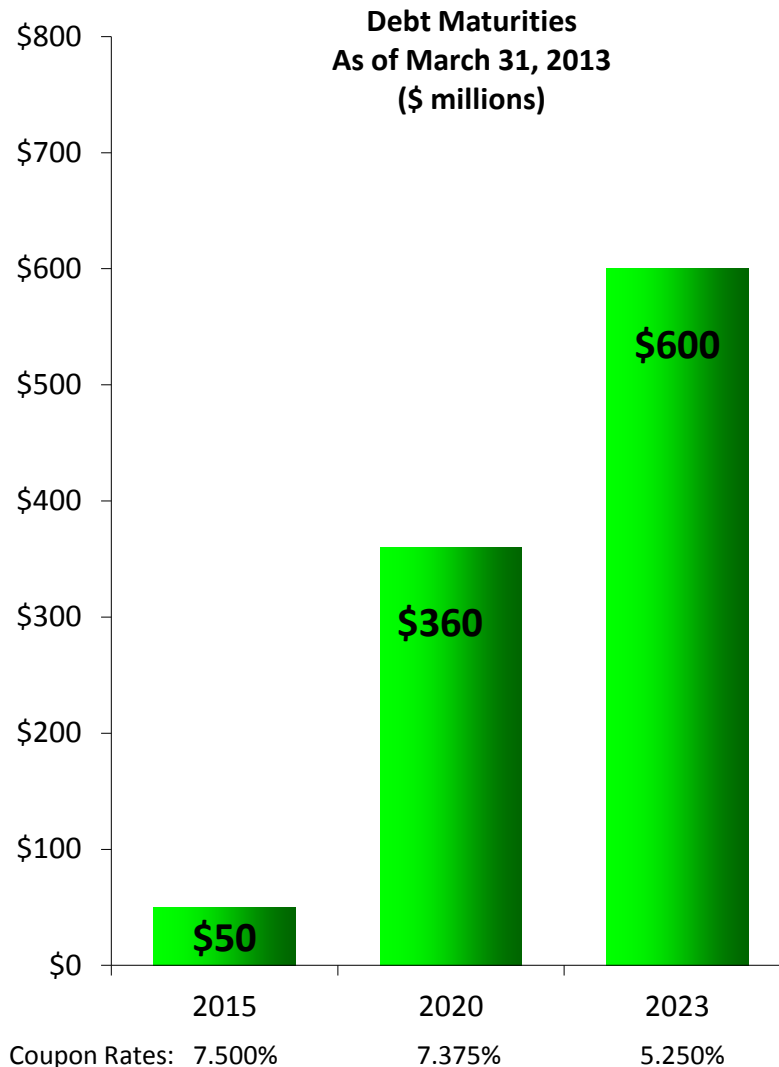
Debt Maturities & Liquidity Summary – 3/31/13



- Total Debt at 3/31/13 **\$1,056**
 Less: Cash **169**
 Net Debt **\$887**

- Available Liquidity
 Cash **\$169**
 ABL Availability **285**
 Total Liquidity **\$454**

- Net Debt / EBITDA = 2.7x*



*Pro Forma TTM with no synergies related to Spartech acquisition & excludes resin assets

Organic Growth

- Expanding our sales, marketing, and technical capabilities is top priority
- Investing in operational and LSS initiatives (including synergy capture)
- CAPEX

Acquisitions

- Targets that expand our:
 - Specialty offering
 - End market presence
 - Geographic footprint
- Synergy opportunities
- Adjacent material solutions

Dividends

- Introduced a quarterly dividend in Q1 2011 and increased in Q1 2012 (25%) and Q1 2013 (20%)
- Objective of maintaining and growing

Share Repurchase

- Repurchased 840k shares in Q1 2013
- 19.1 million shares are available for repurchase under the current authorization

Cash Balance = \$169M

Net Debt / EBITDA* = 2.7x

*TTM with no synergies related to the Spartech acquisition

Why Invest In PolyOne?



- Strong past performance demonstrates that our strategy and execution are working
- Megatrends align with our strengths
- Innovation and services provide differentiation and competitive advantage
- Strong and proven management team driving growth and performance
- Addressable market exceeds \$40 billion

The New PolyOne: A Specialty Growth Company
2015 Target: \$2.50 Adjusted EPS

Reconciliation of Non-GAAP Financial Measures (Unaudited)

(Dollars in millions, except per share data)

Below is a reconciliation of non-GAAP financial measures to the most directly comparable measures calculated and presented in accordance with U.S. GAAP. Senior management uses adjusted operating income, adjusted EPS, and working capital 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.

Platform operating income mix percentage	2005Y*	2006Y*	2007Y*	2008Y*	2009Y*	2010Y*	2011Y*
Global Specialty Engineered Materials	\$ 0.4	\$ 3.9	\$ 4.9	\$ 17.6	\$ 20.6	\$ 49.7	\$ 45.9
Global Color, Additives and Inks	4.3	8.9	25.7	28.1	25.2	37.7	43.4
Specialty Platform	\$ 4.7	\$ 12.8	\$ 30.6	\$ 45.7	\$ 45.8	\$ 87.4	\$ 89.3
Performance Products and Solutions	75.7	64.2	65.8	31.3	33.1	54.0	62.4
Distribution	19.5	19.2	22.1	28.1	24.8	42.0	56.0
SunBelt Joint Venture	91.9	102.9	34.8	28.6	25.5	18.9	5.0
Corporate	(51.5)	34.5	(73.3)	(425.1)	7.9	(27.7)	20.3
Operating income (loss) GAAP	\$ 140.3	\$ 233.6	\$ 80.0	\$ (291.4)	\$ 137.1	\$ 174.6	\$ 233.0
Less: Corporate operating expense (income)	51.5	(34.5)	73.3	425.1	(7.9)	27.7	(20.3)
Operating income excluding Corporate	\$ 191.8	\$ 199.1	\$ 153.3	\$ 133.7	\$ 129.2	\$ 202.3	\$ 212.7

Specialty platform operating mix percentage	2%	6%	20%	34%	35%	43%	42%
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Platform operating income mix percentage	2012Y*	2012PF**
Global Specialty Engineered Materials	\$ 47.0	\$ 47.7
Global Color, Additives and Inks	66.8	81.6
Designed Structures & Solutions	--	20.9
Specialty Platform	\$ 113.8	\$ 150.2
Performance Products and Solutions	74.9	37.4
Distribution	66.0	66.0
Corporate	(87.6)	(87.9)
Operating income GAAP	\$ 167.1	\$ 165.7
Less: Corporate operating expense	87.6	87.9
Operating income excluding Corporate	\$ 254.7	\$ 253.6
	45%	60%

* Historical results include the Resin and Specialty Coatings businesses within the Performance Products and Solutions segment.

** Pro Forma results include Spartech and Glasforms acquisitions, Specialty Coatings reclass and excludes the Resin business assets.

Specialty platform operating mix percentage

Platform sales and operating income (OI)	2006Y*	2007Y*	2008Y*	2009Y*	2010Y*	2011Y*
Global Specialty Engineered Materials Sales	\$ 345.3	\$ 384.4	\$ 514.0	\$ 402.9	\$ 517.4	\$ 575.1
Global Color, Additives and Inks Sales	531.8	560.5	554.3	459.8	527.4	544.6
Specialty Platform Sales	\$ 877.1	\$ 944.9	\$ 1,068.3	\$ 862.7	\$ 1,044.8	\$ 1,119.7
Performance Products and Solutions Sales	1,166.2	1,086.8	1,001.4	667.7	776.3	865.4
PolyOne Distribution Sales	732.8	744.3	796.7	625.1	911.9	996.5
Corporate and Eliminations	(153.7)	(133.3)	(127.7)	(94.8)	(111.1)	(118.1)
Total Sales	\$ 2,622.4	\$ 2,642.7	\$ 2,738.7	\$ 2,060.7	\$ 2,621.9	\$ 2,863.5
Global Specialty Engineered Materials OI	\$ 3.9	\$ 4.9	\$ 17.6	\$ 20.6	\$ 49.7	\$ 45.9
Global Color, Additives and Inks OI	8.9	25.7	28.1	25.2	37.7	43.4
Specialty Platform OI	\$ 12.8	\$ 30.6	\$ 45.7	\$ 45.8	\$ 87.4	\$ 89.3
Performance Products and Solutions OI	64.2	65.8	31.3	33.1	54.0	62.4
PolyOne Distribution OI	19.2	22.1	28.1	24.8	42.0	56.0
Sunbelt Joint Venture OI	102.9	34.8	28.6	25.5	18.9	5.0
Corporate and eliminations	(4.6)	(25.5)	(28.9)	(40.8)	(32.5)	(26.4)
Special items in OI	39.1	(47.8)	(396.2)	48.7	4.8	46.7
Operating income (loss) GAAP	\$ 233.6	\$ 80.0	\$ (291.4)	\$ 137.1	\$ 174.6	\$ 233.0
Sunbelt equity income	(107.0)	(40.8)	(32.5)	(29.7)	(23.1)	(5.7)
Special items in OI	(39.1)	47.8	396.2	(48.7)	(4.8)	(46.7)
Operating income adjusted	\$ 87.5	\$ 87.0	\$ 72.3	\$ 58.7	\$ 146.7	\$ 180.6

Global Specialty Engineered Materials - OI % of sales	1.1%	1.3%	3.4%	5.1%	9.6%	8.0%
Global Color, Additives and Inks - OI % of sales	1.7%	4.6%	5.1%	5.5%	7.1%	8.0%
Specialty platform OI - % of sales	1.5%	3.2%	4.3%	5.3%	8.4%	8.0%
PP&S operating OI - % of sales	5.5%	6.1%	3.1%	5.0%	7.0%	7.2%
Distribution OI - % of sales	2.6%	3.0%	3.5%	4.0%	4.6%	5.6%
PolyOne OI adjusted - % of sales	3.3%	3.3%	2.6%	2.8%	5.6%	6.3%

Platform sales and operating income (OI)	2012Y*	2012PF**	Q1 2013
Global Specialty Engineered Materials Sales	\$ 543.6	\$ 773.0	\$ 159.8
Global Color, Additives and Inks Sales	703.5	828.5	205.3
Designed Structures & Solutions	--	850.6	41.5
Specialty Platform Sales	\$ 1,247.1	2,452.1	406.6
Performance Products and Solutions Sales	837.0	696.1	159.7
PolyOne Distribution Sales	1,030.3	1,030.3	268.0
Corporate and Eliminations	(121.8)	(121.6)	(33.2)
Total Sales	\$ 2,992.6	\$ 4,056.9	\$ 801.1

Global Specialty Engineered Materials OI	\$ 47.0	\$ 47.7	\$ 16.2
Global Color, Additives and Inks OI	66.8	81.6	24.1
Designed Structures & Solutions	--	20.9	1.9
Specialty Platform OI	\$ 113.8	\$ 150.2	\$ 42.2
Performance Products and Solutions OI	74.9	37.4	13.0
PolyOne Distribution OI	66.0	66.0	16.2
Corporate and eliminations	(33.7)	(40.0)	(14.3)
Special items in OI	(53.9)	(53.9)	(16.6)
Operating income - GAAP	\$ 167.1	\$ 159.7	\$ 40.5
Special items in OI	53.9	53.9	16.6
Operating income adjusted	\$ 221.0	\$ 213.6	\$ 57.1

Global Specialty Engineered Materials - OI % of sales	8.6%	6.1%	10.1%
Global Color, Additives and Inks - OI % of sales	9.5%	9.8%	11.7%
Designed Structures & Solutions	--	2.5%	4.6%
Specialty platform OI % of sales	9.1%	6.1%	10.4%
PP&S operating OI % of sales	9.0%	5.4%	8.1%
Distribution OI % of sales	6.4%	6.4%	6.0%
PolyOne OI adjusted, % of sales	7.4%	5.3%	7.1%

* Historical results include the Resin and Specialty Coatings businesses within the Performance Products and Solutions segment.

** Pro Forma results include Spartech and Glasforms acquisitions, Specialty Coatings reclass and excludes the Resin business assets.

Adjusted EPS	2006Y	2007Y	2008Y	2009Y	2010Y***	2011Y***	2012Y***
*Net Income attributable to PolyOne common shareholders	\$ 130.9	\$ 40.9	\$ (417.0)	\$ 106.7	\$ 152.5	\$ 153.4	\$ 53.3
SunBelt equity earnings, after tax	(68.5)	(26.1)	(20.8)	(19.0)	(14.7)	(3.7)	-
Special items, after tax	(21.2)	41.4	310.0	(31.0)	15.8	(30.5)	35.7
Tax adjustments	(30.0)	(30.7)	147.2	(44.9)	(88.3)	(42.3)	0.5
Adjusted net income	\$ 11.2	\$ 25.5	\$ 19.4	\$ 11.8	\$ 65.3	\$ 76.9	\$ 89.5
Diluted shares	92.8	93.1	92.7	93.4	96.0	94.3	89.8
Adjusted EPS	\$ 0.12	\$ 0.27	\$ 0.21	\$ 0.13	\$ 0.68	\$ 0.82	\$ 1.00

*** Restated results to exclude the Resin business.

Average Debt	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Average
PolyOne Debt	\$ 706.4	\$ 705.8	\$ 705.2	\$ 706.9	\$ 1055.5	\$ 776.0
Average Equity	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013	Average
PolyOne shareholders' equity	\$ 611.3	\$ 604.3	\$ 629.3	\$ 629.1	\$ 871.8	\$ 669.2