



# Third Quarter 2017 Financial Results

November 2, 2017

## Introductions

- **Chris Pappas, President & CEO**
- **Barry Niziolek, Executive Vice President & CFO**
- **David Stasse, Vice President, Treasury & Investor Relations**

## Disclosure Rules

*Cautionary Note on Forward-Looking Statements.* This presentation contains forward-looking statements including, without limitation, statements concerning plans, objectives, goals, projections, strategies, future events or performance, and underlying assumptions and other statements, which are not statements of historical facts or guarantees or assurances of future performance. Forward-looking statements may be identified by the use of words like “expect,” “anticipate,” “intend,” “forecast,” “outlook,” “will,” “may,” “might,” “potential,” “likely,” “target,” “plan,” “contemplate,” “seek,” “attempt,” “should,” “could,” “would” or expressions of similar meaning. Forward-looking statements reflect management’s evaluation of information currently available and are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Factors that might cause such a difference include, but are not limited to, those discussed in our Annual Report on Form 10-K, under Part I, Item 1A — “Risk Factors” and elsewhere in that report. As a result of these or other factors, our actual results may differ materially from those contemplated by the forward-looking statements. Therefore, we caution you against relying on any of these forward-looking statements. The forward-looking statements included in this presentation are made only as of the date hereof. We undertake no obligation to publicly update or revise any forward-looking statement as a result of new information, future events or otherwise, except as otherwise required by law.

This presentation contains financial measures that are not in accordance with generally accepted accounting principles in the US (“GAAP”) including Adjusted EBITDA, Adjusted Net Income, Adjusted EPS, and Free Cash Flow. We believe these measures provide relevant and meaningful information to investors and lenders about the ongoing operating results of the Company. Such measures when referenced herein should not be viewed as an alternative to GAAP measures of performance or liquidity. We have provided a reconciliation of these measures to the most comparable GAAP metric in the Appendix section of this presentation.

## Q3 2017 Operational Results Exceeded Expectations

- Business fundamentals remain strong across portfolio
- Higher level of unplanned styrene outages

## Debt Refinancing

- Successfully completed in Q3
- Cash interest savings of \$25 million per year

## Continued Progress on Performance Materials Growth Targets

- Completed Acquisition of API Plastics
- Latex Binders improvement
- Synthetic Rubber SSBR expansion, pilot plant, and new products
- ABS plant in China

## 2017 Outlook

- Net Income of \$280MM to \$288MM, Diluted EPS of \$6.23 to \$6.41
- Adj EBITDA\* of \$605MM to \$615MM, Adj EPS\* of \$7.53 to \$7.71
- Strong third quarter performance
- Tight polycarbonate and ABS markets

## 2018 Outlook

- Net Income of \$343MM to \$367MM, Diluted EPS of \$7.66 to \$8.20
- Adj EBITDA\* of \$620MM to \$650MM, Adj EPS\* of \$7.66 to \$8.20
- Outlook excludes significant styrene unplanned outages

# Q3 2017 Financial Results & Highlights



Net Income:

**\$33MM**

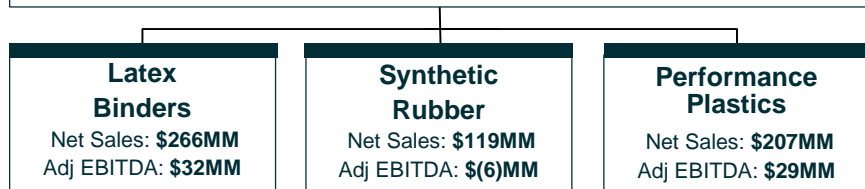
Adj EBITDA\*:

**\$166MM**

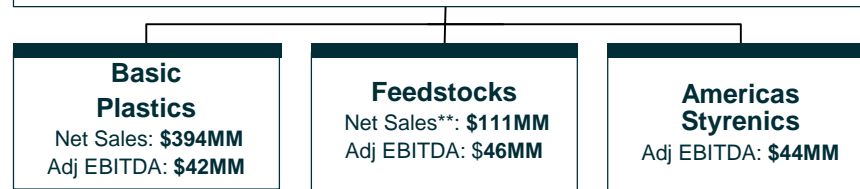
EPS / Adj EPS\*:

**\$0.74 / \$2.18**

## Performance Materials



## Basic Plastics & Feedstocks



- Overall strong fundamental business conditions
- Latex Binders improvement, particularly in Asia
- Synthetic Rubber in line with guidance; EBITDA impacted by \$25 million unfavorable net timing
- Performance Plastics performance driven by strong volumes and pricing initiatives

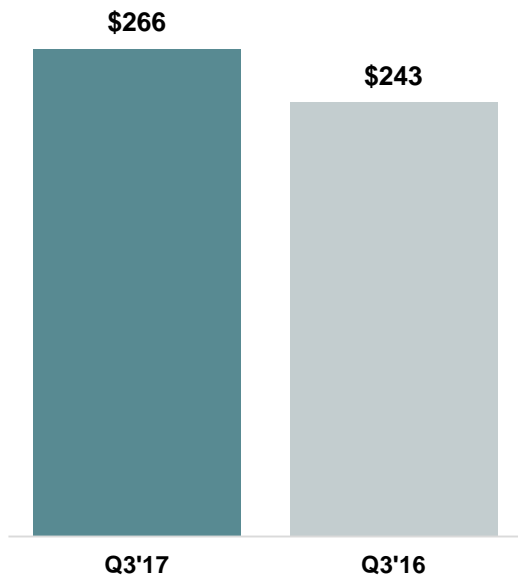
- Continued favorable supply / demand dynamics in Basic Plastics
- Very strong styrene margins due to unplanned industry outages
- Record AmSty performance

Note: Division and Segment Adjusted EBITDA excludes Corporate Adjusted EBITDA of (\$22) million. Totals may not sum due to rounding.

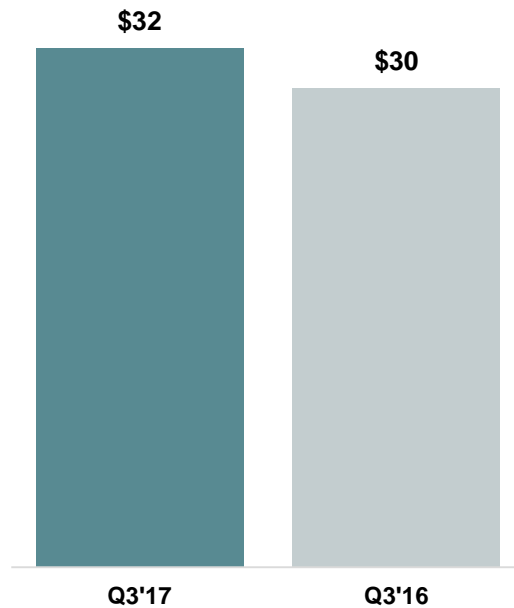
\* Includes \$24 million pre-tax unfavorable net timing impact; see Appendix for reconciliation of non-GAAP measures.

\*\* Net Sales represents sales to external customers only; however, the majority of the Feedstocks segment Adj EBITDA is driven by margin on internal transfers

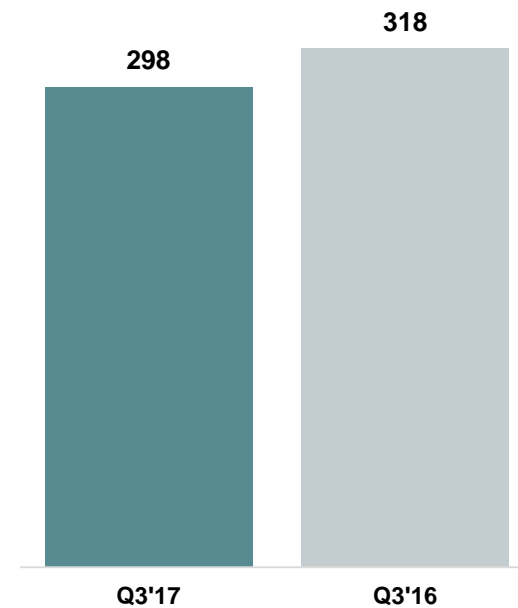
### Net Sales (\$MM)



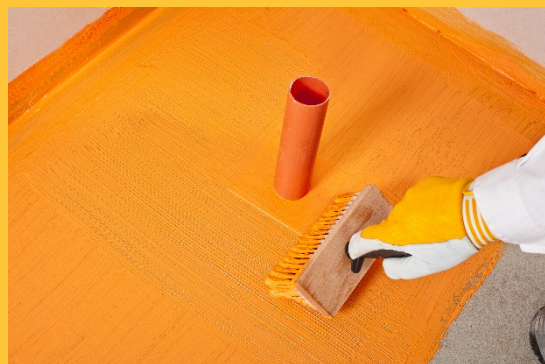
### Adjusted EBITDA (\$MM)



### Volume (MM Lbs)



Vol	Price	FX	Portfolio	Total
(4%)	15%	2%	(4%)	10%



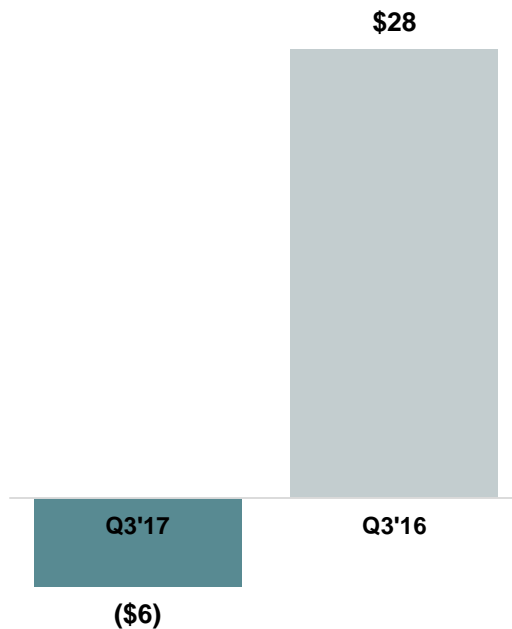
- Higher Adjusted EBITDA vs prior year primarily due to higher margin in Asia
- Diversified chemistries and geography, cost actions, and raw material tailwinds more than offsetting declines in coated paper

### Net Sales (\$MM)

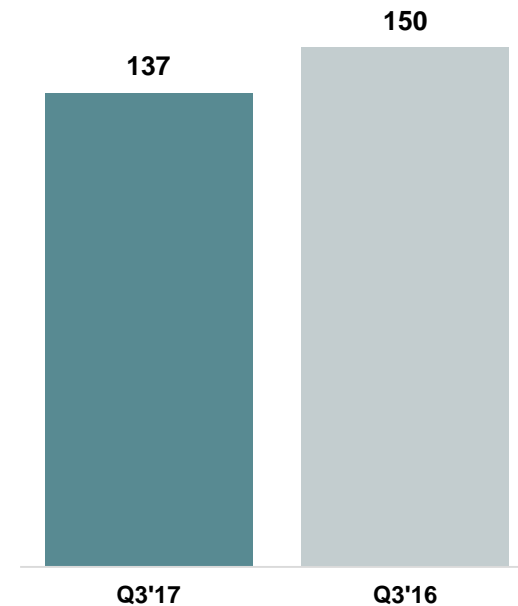


Vol	Price	FX	Total
(8%)	9%	5%	5%

### Adjusted EBITDA (\$MM)

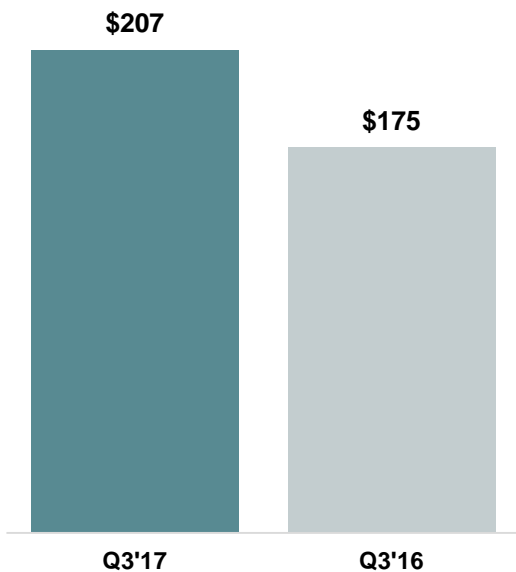


### Volume (MM Lbs)

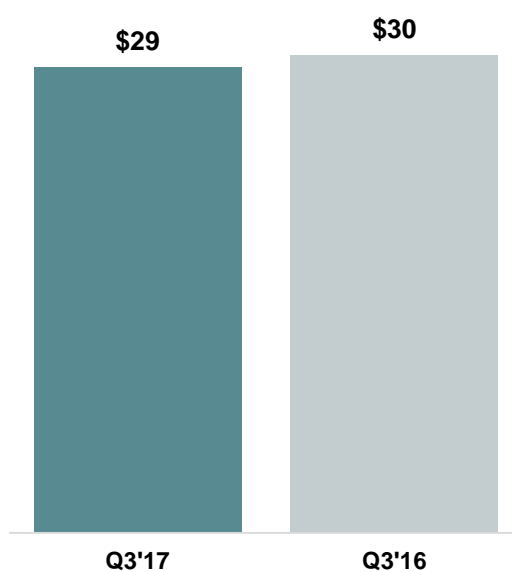


- Adjusted EBITDA in Q3 2017 includes \$25 million of unfavorable net timing from declining butadiene
- \$8 million impact from SSBR expansion, customer destocking

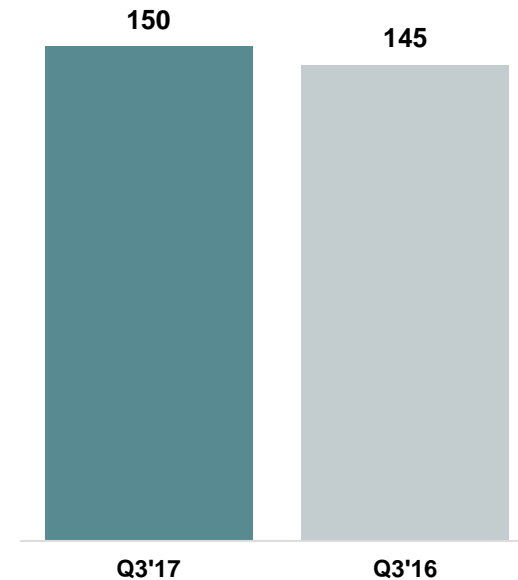
### Net Sales (\$MM)



### Adjusted EBITDA (\$MM)



### Volume (MM Lbs)

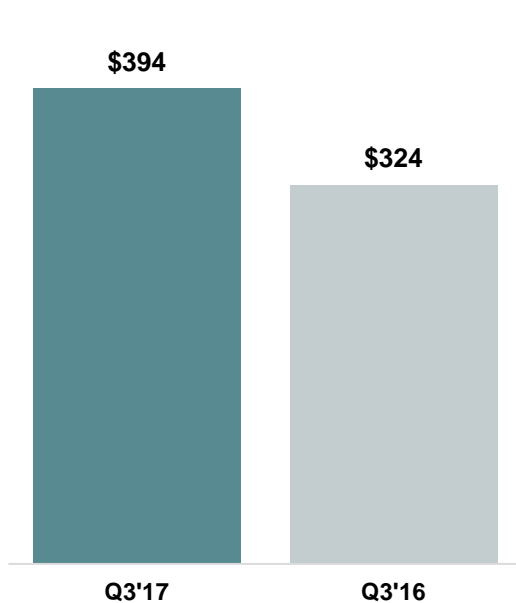


Vol	Price	FX	Portfolio	Total
7%	7%	3%	1%	18%

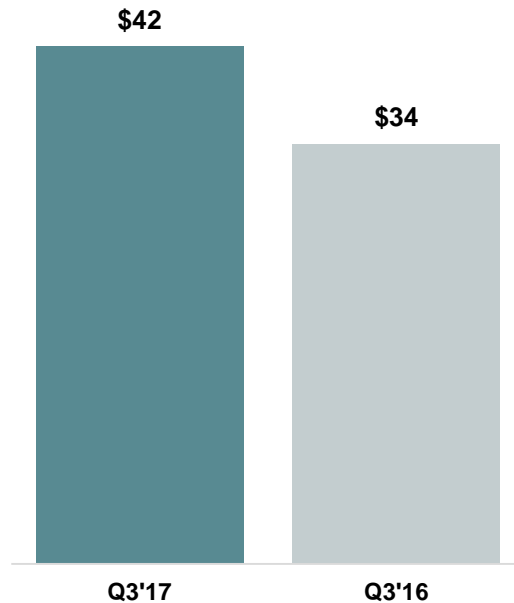


- Net sales increase vs prior year driven by higher volumes in North America automotive and Asia consumer electronics as well as raw material pass through

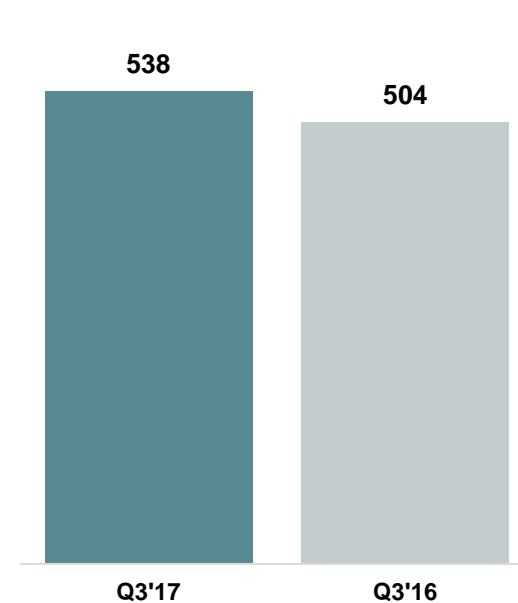
### Net Sales (\$MM)



### Adjusted EBITDA (\$MM)



### Volume (MM Lbs)



Vol	Price	FX	Total
7%	10%	4%	22%

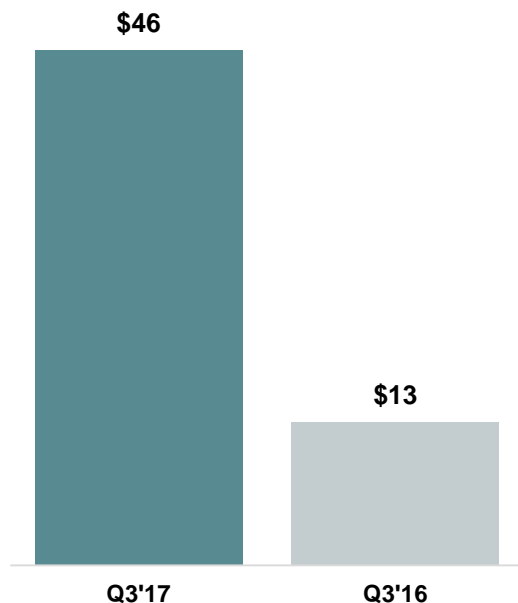


- Net sales increase vs prior year due to higher polystyrene and copolymer sales volume as well as the pass through of higher raw material costs
- Adjusted EBITDA higher than prior year due primarily to higher polycarbonate margin



## FEEDSTOCKS

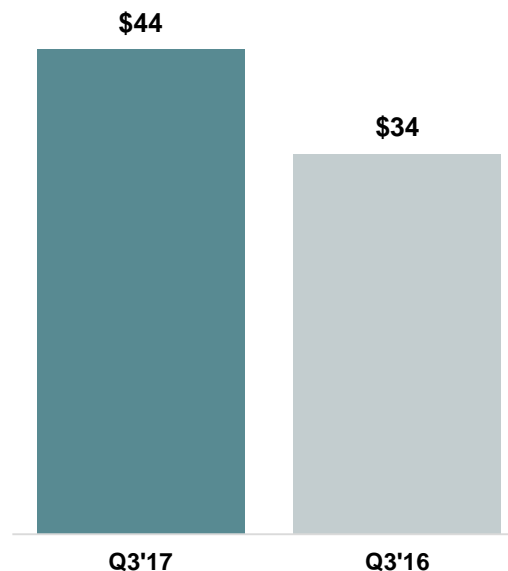
Adjusted EBITDA (\$MM)



- Approximately \$30 million from unplanned styrene outages; includes favorable \$15 million attributable to Hurricane Harvey

## AMERICAS STYRENICS

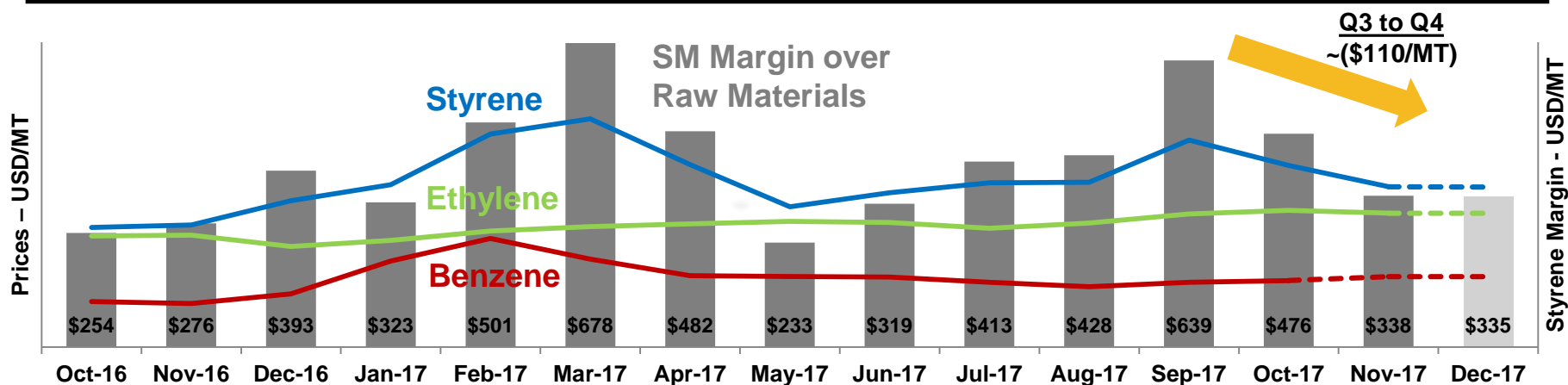
Adjusted EBITDA (\$MM)



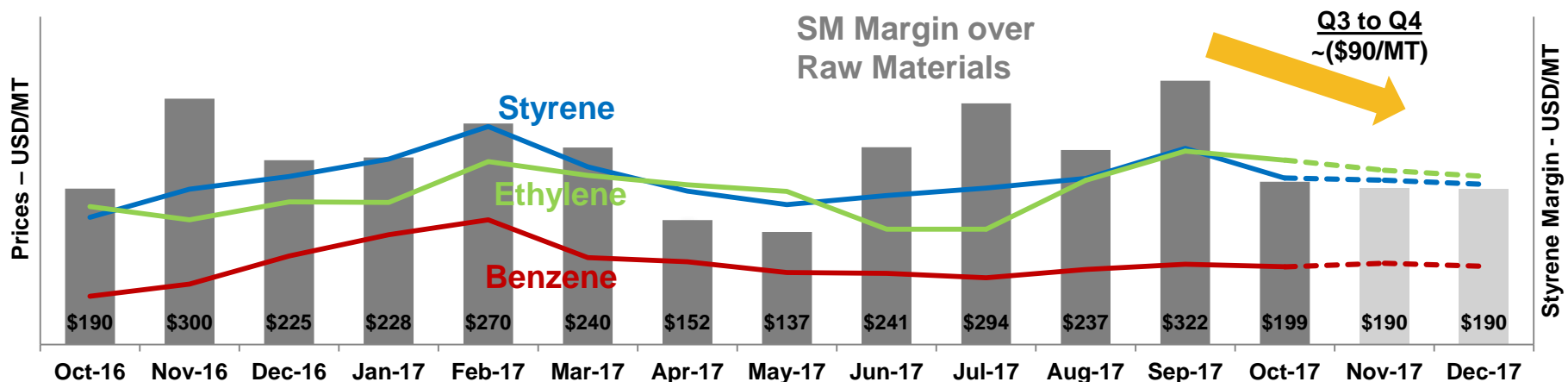
- Higher YoY styrene margin
- \$35 million dividend received in Q3

# Western Europe and Asia Styrene Margin Trends

## Western Europe Margin (1)



## Asia Margin (2)



Trinseo's Feedstocks reporting segment captures styrene monomer margin through both internally produced and cost-based purchases of styrene. Annually, we produce nearly 700 kilotons of styrene in Western Europe and purchase approximately 300 kilotons of styrene in Asia with cost-based economics. With all other inputs remaining equal, a \$50 per metric ton change in styrene margins would be expected to impact the Feedstocks reporting segment's annual Adjusted EBITDA by approximately \$35 million in Europe and approximately \$15 million in Asia. Other factors that could impact the Feedstocks segment Adjusted EBITDA include, but are not limited to, utilities, freight, manufacturing costs, overhead costs, discounts of styrene, benzene, and ethylene, as well as raw material timing.

**SOURCE:** Western Europe Styrene, Benzene, Ethylene Prices: ICIS. Asia Styrene, Benzene, Ethylene prices: IHS. Styrene margin over raw materials: Trinseo. (1) Styrene: W. Europe Contract Monthly Market (Delivered W. Europe); Benzene: 50% W. Europe Spot Avg (CIF NW Europe / Basis ARA) and 50% W. Europe Contract – Market (FOB/CIF W. Europe); Ethylene: W. Europe Contract – Market Pipeline (Delivered W. Europe). (2) Styrene: NE Asia Avg Spot Posting (CFR China); Benzene: NE Asia Spot Avg (FOB S. Korea); Ethylene: NE Asia Spot Avg (CFR NE Asia). Styrene margin over raw materials: Styrene less (80% \* Benzene) less (30% \* Ethylene).

# Q4 and Full Year 2017 Outlook

		<u>Q4 Adj EBITDA*</u> (\$MM)	<u>FY Adj EBITDA*</u>	<u>Fourth Quarter Assumptions</u>
<b>Performance Materials</b>	<b>Latex Binders</b>	~\$25	~\$130	<ul style="list-style-type: none"> <li>• Lower volume in Q4 due to seasonality</li> </ul>
	<b>Synthetic Rubber</b>	~\$25	~\$95	<ul style="list-style-type: none"> <li>• Return to normalized volumes</li> <li>• Includes ~\$5 million expense related to SSBR expansion</li> </ul>
	<b>Performance Plastics</b>	~\$30	~\$110	<ul style="list-style-type: none"> <li>• Increased seasonal demand in consumer electronics</li> <li>• Raw materials moderating</li> </ul>
<b>Basic Plastics &amp; Feedstocks</b>	<b>Basic Plastics</b>	~\$30	~\$145	<ul style="list-style-type: none"> <li>• Seasonally lower volumes</li> <li>• Strong polycarbonate margin from market tightness</li> </ul>
	<b>Feedstocks</b>	~\$15	~\$100	<ul style="list-style-type: none"> <li>• Sequentially lower following Q3 unplanned outages</li> </ul>
	<b>Americas Styrenics</b>	~\$35	~\$125	<ul style="list-style-type: none"> <li>• Moderating styrene margins through Q4</li> </ul>
<b>Corporate</b>		~(\$22)	~(\$95)	
<b>Net Income</b>		<b>\$68 - \$77</b>	<b>\$280 - \$288</b>	
<b>Adjusted EBITDA*</b>		<b>\$130 - \$140</b>	<b>\$605 - \$615</b>	
<b>Net Timing Impact</b>		<b>minimal</b>	<b>~(\$25)</b>	

\* See Appendix for reconciliation of non-GAAP measures

- Net income of \$343 million to \$367 million; Adjusted EBITDA\* of \$620 million to \$650 million
  - Assumes no net timing impacts
  - Includes about 35% of Performance Materials \$100MM growth target
  - Assumes no significant unplanned styrene outages
  
- Effective Tax Rate of ~22%
  
- Cash Items
  - Capital Expenditures ~ \$150 million
  - Cash Paid for Income Taxes ~ \$100 million
  - Cash Paid for Interest ~ \$50 million

\* See Appendix for reconciliation of non-GAAP measures.



# Appendix

## Profitability Outlook

<u>(In \$millions, unless noted)</u>	Three Months Ended	Year Ended	Year Ended
	<u>Dec 31, 2017</u>	<u>Dec 31, 2017</u>	<u>Dec 31, 2018</u>
Adjusted EBITDA	130 - 140	605 - 615	620 - 650
Interest expense, net	(15)	(70)	(60)
Provision for income taxes	(18) - (20)	(75) - (77)	(97) - (103)
Depreciation and amortization	(29)	(109)	(120)
Reconciling items to Adjusted EBITDA	--	(71)	--
<b>Net Income</b>	<b>68 - 77</b>	<b>280 - 288</b>	<b>343 - 367</b>
Reconciling items to Net Income	--	58	--
Adjusted Net Income	68 - 77	339 - 347	343 - 367
Weighted avg shares - diluted (MM)	44.8	45.0	44.8
EPS - diluted (\$)	1.53 - 1.71	6.23 - 6.41	7.66 - 8.20
Adjusted EPS (\$)	1.53 - 1.71	7.53 - 7.71	7.66 - 8.20

## Free Cash Flow Outlook

<u>(In \$millions)</u>	Year Ended
	<u>Dec 31, 2017</u>
Cash provided by operating activities	400
Capital expenditures	<u>(160)</u>
Free Cash Flow	240

NOTE: For definitions of non-GAAP measures as well as descriptions of reconciling items from Net Income to Adjusted EBITDA and to Adjusted Net Income, refer to the accompanying Exhibit 99.1 – Press Release, November 2, 2017. Totals may not sum due to rounding.

# US GAAP to Non-GAAP Reconciliation



<i>(in \$millions, unless noted)</i>	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	2014	2015	2016
<b>Net Income (Loss)</b>	<b>37.7</b>	<b>0.8</b>	<b>52.1</b>	<b>43.1</b>	<b>76.7</b>	<b>95.8</b>	<b>67.3</b>	<b>78.5</b>	<b>117.3</b>	<b>60.2</b>	<b>33.2</b>	<b>(67.3)</b>	<b>133.6</b>	<b>318.3</b>
Interest expense, net	28.9	25.6	19.5	19.3	18.9	18.8	18.8	18.4	18.2	18.7	18.4	124.9	93.2	75.0
Provision for (benefit from) income taxes	17.9	7.5	21.2	23.6	21.9	28.6	16.0	20.5	29.3	18.8	8.3	19.7	70.2	87.0
Depreciation and amortization	22.5	21.7	23.0	29.5	23.2	24.9	23.8	24.7	24.7	26.3	29.2	103.7	96.8	96.4
<b>EBITDA</b>	<b>107.0</b>	<b>55.6</b>	<b>115.8</b>	<b>115.5</b>	<b>140.7</b>	<b>168.1</b>	<b>125.9</b>	<b>142.1</b>	<b>189.5</b>	<b>124.0</b>	<b>89.1</b>	<b>181.0</b>	<b>393.8</b>	<b>576.7</b>
Loss on extinguishment of long-term debt	-	95.2	-	-	-	-	-	-	-	-	65.3	7.4	95.2	-
Other items	1.3	0.6	0.3	-	1.8	0.3	0.3	(6.8)	-	-	1.6	38.4	2.2	(4.4)
Restructuring and other charges	0.5	(0.1)	0.1	0.2	0.7	1.1	16.8	4.9	2.1	1.1	1.5	10.0	0.8	23.5
Net (gains) / losses on dispositions of businesses and assets	-	-	-	-	-	12.9	0.3	1.8	(9.9)	-	0.2	(0.6)	-	15.1
Acquisition transaction and integration costs	-	-	-	-	-	-	-	-	-	1.1	3.8	-	-	-
Fees paid pursuant to advisory agreement	-	-	-	-	-	-	-	-	-	-	-	25.4	-	-
Asset impairment charges or write-offs	-	-	-	-	-	-	-	-	-	-	4.3	-	-	-
<b>Adjusted EBITDA</b>	<b>108.8</b>	<b>151.3</b>	<b>116.2</b>	<b>115.7</b>	<b>143.2</b>	<b>182.4</b>	<b>143.3</b>	<b>142.0</b>	<b>181.7</b>	<b>126.2</b>	<b>165.8</b>	<b>261.6</b>	<b>492.0</b>	<b>610.9</b>
<u>Adjusted EBITDA to Adjusted Net Income</u>														
Adjusted EBITDA	108.8	151.3	116.2	115.7	143.2	182.4	143.3	142.0	181.7	126.2	165.8	261.6	492.0	610.9
Interest expense, net	28.9	25.6	19.5	19.3	18.9	18.8	18.8	18.4	18.2	18.7	18.4	124.9	93.2	75.0
Provision for (benefit from) income taxes - Adjusted	18.3	25.5	22.3	18.7	22.4	28.8	21.4	22.0	29.5	19.2	21.0	29.4	84.9	94.6
Depreciation and amortization - Adjusted	22.3	21.6	22.1	23.4	22.6	24.9	23.3	24.7	24.2	25.8	28.6	99.6	89.3	95.4
<b>Adjusted Net Income</b>	<b>39.3</b>	<b>78.6</b>	<b>52.3</b>	<b>54.3</b>	<b>79.3</b>	<b>109.9</b>	<b>79.8</b>	<b>76.9</b>	<b>109.8</b>	<b>62.5</b>	<b>97.8</b>	<b>7.7</b>	<b>224.6</b>	<b>345.9</b>
<i>Wtd Avg Shares - Diluted (000)</i>	<i>48,851</i>	<i>48,907</i>	<i>48,989</i>	<i>49,067</i>	<i>49,086</i>	<i>47,857</i>	<i>46,961</i>	<i>45,754</i>	<i>45,313</i>	<i>44,995</i>	<i>44,782</i>	<i>43,476</i>	<i>48,970</i>	<i>47,478</i>
<i>Adjusted EPS - Diluted (\$)</i>	<i>0.80</i>	<i>1.61</i>	<i>1.07</i>	<i>1.11</i>	<i>1.62</i>	<i>2.30</i>	<i>1.70</i>	<i>1.68</i>	<i>2.42</i>	<i>1.39</i>	<i>2.18</i>	<i>0.18</i>	<i>4.59</i>	<i>7.28</i>
<u>Adjustments by Statement of Operations Caption</u>														
Loss on extinguishment of long-term debt	-	95.2	-	-	-	-	-	-	-	-	65.3	7.4	95.2	-
Cost of sales	-	-	-	-	-	-	-	-	-	-	2.4	-	-	-
Selling, general and administrative expenses	1.8	0.5	0.4	0.2	2.5	1.4	17.1	4.9	2.1	2.2	7.6	41.3	3.0	25.9
Other expense (income), net	-	-	-	-	-	12.9	0.3	(5.0)	(9.9)	-	1.4	31.9	-	8.3
<b>Total EBITDA Adjustments</b>	<b>1.8</b>	<b>95.7</b>	<b>0.4</b>	<b>0.2</b>	<b>2.5</b>	<b>14.3</b>	<b>17.4</b>	<b>(0.1)</b>	<b>(7.8)</b>	<b>2.2</b>	<b>76.7</b>	<b>80.6</b>	<b>98.2</b>	<b>34.2</b>
<u>Free Cash Flow Reconciliation</u>														
Cash provided by operating activities					84.9	94.8	145.0	79.0	(25.7)	62.3	158.3	117.2	353.2	403.7
Capital expenditures					(26.4)	(26.7)	(29.5)	(41.2)	(36.0)	(38.2)	(34.6)	(98.6)	(109.3)	(123.9)
<b>Free Cash Flow</b>					<b>58.4</b>	<b>68.1</b>	<b>115.5</b>	<b>37.8</b>	<b>(61.7)</b>	<b>24.1</b>	<b>123.7</b>	<b>18.6</b>	<b>243.9</b>	<b>279.8</b>

NOTE: Totals may not sum due to rounding.

# Selected Segment Information



<i>(in \$Millions, unless noted)</i>	Q1'15	Q2'15	Q3'15	Q4'15	Q1'16	Q2'16	Q3'16	Q4'16	Q1'17	Q2'17	Q3'17	2014	2015	2016	Q3'17 LTM
Latex Binders	305	312	307	308	299	310	318	309	301	287	298	1,193	1,233	1,236	1,194
Synthetic Rubber	162	153	152	134	146	148	150	159	179	158	137	568	601	604	632
Performance Plastics	150	150	144	146	143	154	145	137	155	148	150	581	590	579	590
Performance Materials	617	616	603	588	588	613	613	604	634	592	585	2,342	2,423	2,419	2,416
Basic Plastics	585	557	493	525	570	539	504	506	500	521	538	2,174	2,160	2,118	2,065
Feedstocks	209	151	231	165	194	195	207	163	168	238	206	693	755	759	776
Basic Plastics & Feedstocks	793	708	724	690	764	734	711	669	668	760	744	2,867	2,915	2,877	2,840
<b>Trade Volume (MMLbs)</b>	<b>1,411</b>	<b>1,323</b>	<b>1,327</b>	<b>1,277</b>	<b>1,352</b>	<b>1,347</b>	<b>1,324</b>	<b>1,273</b>	<b>1,302</b>	<b>1,352</b>	<b>1,329</b>	<b>5,210</b>	<b>5,339</b>	<b>5,296</b>	<b>5,256</b>
Latex Binders	238	248	255	226	209	232	243	241	289	292	266	1,261	966	925	1,088
Synthetic Rubber	129	115	126	104	102	111	113	124	163	174	119	634	475	451	580
Performance Plastics	197	185	180	181	169	184	175	166	185	190	207	821	743	693	747
Performance Materials	565	548	561	510	480	528	531	531	637	656	592	2,716	2,184	2,069	2,415
Basic Plastics	375	411	364	327	343	363	324	323	381	382	394	1,978	1,478	1,353	1,480
Feedstocks	78	69	103	60	71	79	81	64	87	107	111	434	310	294	369
Basic Plastics & Feedstocks	454	480	467	387	414	442	405	387	468	489	505	2,412	1,788	1,647	1,848
<b>Net Sales</b>	<b>1,018</b>	<b>1,029</b>	<b>1,028</b>	<b>897</b>	<b>894</b>	<b>970</b>	<b>935</b>	<b>917</b>	<b>1,104</b>	<b>1,145</b>	<b>1,097</b>	<b>5,128</b>	<b>3,972</b>	<b>3,717</b>	<b>4,264</b>
Latex Binders	21	15	24	18	19	21	30	24	37	36	32	97	79	94	129
Synthetic Rubber	26	18	27	21	23	30	28	29	46	28	(6)	137	93	111	98
Performance Plastics	30	28	20	30	35	38	30	32	27	23	29	85	108	136	112
Performance Materials	77	61	72	69	77	90	88	86	110	87	56	320	280	341	339
Basic Plastics	14	39	25	37	38	43	34	33	39	32	42	(15)	116	148	146
Feedstocks	5	35	7	3	21	33	13	14	42	(1)	46	(21)	51	80	101
Americas Styrenics	35	41	32	27	33	38	34	31	18	30	44	50	135	136	123
Basic Plastics & Feedstocks	55	115	65	67	92	113	81	78	99	61	131	15	302	364	369
Corporate	(23)	(25)	(21)	(20)	(25)	(21)	(26)	(22)	(27)	(22)	(22)	(73)	(90)	(95)	(93)
<b>Adjusted EBITDA</b>	<b>109</b>	<b>151</b>	<b>116</b>	<b>116</b>	<b>143</b>	<b>182</b>	<b>143</b>	<b>142</b>	<b>182</b>	<b>126</b>	<b>166</b>	<b>262</b>	<b>492</b>	<b>611</b>	<b>616</b>
<b>Adj EBITDA Variance Analysis</b>															
<b>Net Timing* Impacts - Fav/(Unfav)</b>															
Latex Binders	6	(5)	0	2	(0)	(4)	2	2	(8)	1	(5)	0	4	(0)	(10)
Synthetic Rubber	(6)	1	1	(1)	(4)	3	1	6	16	(4)	(25)	(0)	(5)	6	(7)
Performance Plastics	11	1	(3)	5	4	(4)	(1)	0	(9)	(2)	1	(3)	15	(0)	(9)
Performance Materials	12	(3)	(2)	7	(0)	(5)	2	8	(0)	(5)	(28)	(3)	14	5	(25)
Basic Plastics	(12)	10	(9)	(4)	(3)	2	1	1	11	(6)	1	(24)	(15)	2	7
Feedstocks	(8)	12	(13)	(3)	(2)	4	1	4	11	(11)	4	(24)	(13)	7	8
Basic Plastics & Feedstocks	(20)	22	(22)	(7)	(4)	6	3	5	22	(17)	5	(47)	(27)	9	15
<b>Net Timing* Impacts - Fav/(Unfav)</b>	<b>(9)</b>	<b>19</b>	<b>(24)</b>	<b>(0)</b>	<b>(4)</b>	<b>0</b>	<b>5</b>	<b>14</b>	<b>22</b>	<b>(23)</b>	<b>(24)</b>	<b>(50)</b>	<b>(14)</b>	<b>15</b>	<b>(11)</b>

\*Net Timing is the difference between Raw Material Timing and Price Lag. Raw Material Timing represents the timing of raw material cost changes flowing through cost of goods sold versus current pricing. Price Lag represents the difference in revenue between the current contractual price and the current period price.

NOTE: Totals may not sum due to rounding.