



AVIENT CORPORATION

RECAST FINANCIAL INFORMATION TO
REFLECT DISTRIBUTION AS A
DISCONTINUED OPERATION

(NYSE: AVNT)

SEPTEMBER 27, 2022



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Reflects US GAAP (GAAP) Income Statements recast for Avient Distribution as a discontinued operation.

Slide 4 - Adjusted Financial Information Recast for Avient Distribution as a Discontinued Operation

Reflects adjusted financial information recast for Avient Distribution as a discontinued operation and includes the use of non-GAAP financial measures, including adjusted gross margin, selling and administrative expense, operating income, net income, and earnings per share ("EPS"). Adjusted amounts exclude the impact of special items (see definition below and slide 9 for a summary).

Slide 5 - Segment Data Recast for Avient Distribution as a Discontinued Operation

Reflects segment data recast for Avient Distribution as a discontinued operation. Certain corporate costs previously allocated to Avient Distribution will be retained by Avient and have been recast as costs in continuing operations. The costs are now shown in Corporate and eliminations. Further, intercompany sales and related margin between Avient Distribution and other segments have been adjusted to reflect the impacts of Avient Distribution as a discontinued operation.

Slides 6 - 8 - Non-GAAP Reconciliations for Recast Historical Results

Reflects a reconciliation of each non-GAAP financial measure with the most directly comparable GAAP financial measure for these recast historical financial results.

Slide 9 – Special Items Detail

Summary of special items detail. 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; settlement gains or losses and 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; and the effect of changes in accounting principles or other such laws or provisions affecting reported results. Senior management believes these measures 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.

GAAP INCOME STATEMENT RECAST FOR AVIENT DISTRIBUTION AS A DISCONTINUED OPERATION

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021 YTD	Q1 2022	Q2 2022	YTD 2022
Sales	\$ 826.0	\$ 864.5	\$ 818.0	\$ 807.1	\$ 3,315.6	\$ 892.2	\$ 891.0	\$ 1,783.2
Cost of sales	562.9	615.9	602.4	590.5	2,371.7	637.8	630.1	1,267.9
Gross margin	263.1	248.6	215.6	216.6	943.9	254.4	260.9	515.3
Selling and administrative	168.7	166.2	162.8	166.4	664.1	152.2	160.8	313.0
Operating income	94.4	82.4	52.8	50.2	279.8	102.2	100.1	202.3
Interest expense, net	(19.3)	(19.5)	(19.0)	(17.5)	(75.3)	(16.9)	(16.2)	(33.1)
Other income (expense), net	1.6	1.1	1.6	(5.3)	(1.0)	(0.6)	1.6	1.0
Income before income taxes	76.7	64.0	35.4	27.4	203.5	84.7	85.5	170.2
Income tax (expense) benefit	(16.3)	(13.8)	(2.0)	(16.2)	(48.3)	(20.0)	(22.7)	(42.7)
Net income from continuing operations	60.4	50.2	33.4	11.2	155.2	64.7	62.8	127.5
Net income from discontinued operations, net of income taxes	19.3	19.2	19.2	17.7	75.4	19.8	21.9	41.7
Net income	79.7	69.4	52.6	28.9	230.6	84.5	84.7	169.2
Net (income) loss attributable to noncontrolling interests	(0.4)	(0.6)	0.3	0.9	0.2	(0.3)	-	(0.3)
Net income attributable to Avient common shareholders	\$ 79.3	\$ 68.8	\$ 52.9	\$ 29.8	\$ 230.8	\$ 84.2	\$ 84.7	\$ 168.9
Earnings per share attributable to Avient common shareholders - Basic								
Continuing operations	\$ 0.66	\$ 0.54	\$ 0.37	\$ 0.13	\$ 1.70	\$ 0.70	\$ 0.69	\$ 1.39
Discontinued operations	\$ 0.21	\$ 0.21	\$ 0.21	\$ 0.20	\$ 0.83	\$ 0.22	\$ 0.24	\$ 0.46
Total	\$ 0.87	\$ 0.75	\$ 0.58	\$ 0.33	\$ 2.53	\$ 0.92	\$ 0.93	\$ 1.85
Earnings per share attributable to Avient common shareholders - Diluted								
Continuing operations	\$ 0.65	\$ 0.54	\$ 0.37	\$ 0.13	\$ 1.69	\$ 0.70	\$ 0.68	\$ 1.38
Discontinued operations	\$ 0.21	\$ 0.20	\$ 0.20	\$ 0.19	\$ 0.82	\$ 0.21	\$ 0.24	\$ 0.45
Total	\$ 0.86	\$ 0.74	\$ 0.57	\$ 0.32	\$ 2.51	\$ 0.91	\$ 0.92	\$ 1.83

(In millions, except per share data)

ADJUSTED FINANCIAL INFORMATION RECAST FOR AVIENT DISTRIBUTION AS A DISCONTINUED OPERATION

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021 YTD	Q1 2022	Q2 2022	YTD 2022
Sales	\$ 826.0	\$ 864.5	\$ 818.0	\$ 807.1	\$ 3,315.6	\$ 892.2	\$ 891.0	\$ 1,783.2
Cost of sales	565.1	603.3	585.1	584.6	2,338.1	632.0	632.1	1,264.1
Gross margin	260.9	261.2	232.9	222.5	977.5	260.2	258.9	519.1
Selling and administrative	164.1	164.6	160.1	161.1	649.9	151.3	157.0	308.3
Operating income	96.8	96.6	72.8	61.4	327.6	108.9	101.9	210.8
Interest expense, net	(19.3)	(19.5)	(19.0)	(17.5)	(75.3)	(16.9)	(16.2)	(33.1)
Other income (expense), net	1.6	1.1	1.5	4.1	8.3	(0.7)	0.7	0.0
Income before income taxes	79.1	78.2	55.3	48.0	260.6	91.3	86.4	177.7
Income tax expense	(16.1)	(16.3)	(10.2)	(12.8)	(55.4)	(20.2)	(20.4)	(40.6)
Net income from continuing operations	63.0	61.9	45.1	35.2	205.2	71.1	66.0	137.1
Net (income) loss attributable to noncontrolling interests	(0.4)	(0.6)	0.3	0.9	0.2	(0.3)	-	(0.3)
Adjusted Net income attributable to Avient common shareholders - continuing operations	\$ 62.6	\$ 61.3	\$ 45.4	\$ 36.1	\$ 205.4	\$ 70.8	\$ 66.0	\$ 136.8
Adjusted earnings per share attributable to Avient common shareholders - Diluted	\$ 0.68	\$ 0.66	\$ 0.49	\$ 0.39	\$ 2.23	\$ 0.77	\$ 0.72	\$ 1.48
Weighted average diluted Shares	92.2	92.4	92.2	92.4	92.1	92.3	92.1	92.2

(In millions, except per share data)

SEGMENT DATA RECAST FOR AVIENT DISTRIBUTION AS A DISCONTINUED OPERATION

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021 YTD	Q1 2022	Q2 2022	2022 YTD
Sales:								
Color, Additives and Inks	\$ 609.3	\$ 624.4	\$ 586.6	\$ 581.3	\$ 2,401.6	\$ 649.5	\$ 649.1	\$ 1,298.6
Specialty Engineered Materials	214.7	238.9	231.7	226.3	911.6	243.1	242.3	485.4
Corporate and Eliminations	2.0	1.2	(0.3)	(0.5)	2.4	(0.4)	(0.4)	(0.8)
Sales	826.0	864.5	818.0	807.1	3,315.6	892.2	891.0	1,783.2
Gross Margin:								
Color, Additives and Inks	\$ 197.5	\$ 193.4	\$ 172.1	\$ 164.5	\$ 727.5	\$ 192.1	\$ 193.4	\$ 385.5
Specialty Engineered Materials	63.1	68.1	61.4	58.3	250.9	68.4	66.0	134.4
Corporate and Eliminations	2.5	(12.9)	(17.9)	(6.2)	(34.5)	(6.1)	1.5	(4.6)
Gross Margin	263.1	248.6	215.6	216.6	943.9	254.4	260.9	515.3
Selling and Administrative Expense:								
Color, Additives and Inks	\$ 108.7	\$ 107.1	\$ 105.3	\$ 103.3	\$ 424.4	\$ 97.6	\$ 99.8	\$ 197.4
Specialty Engineered Materials	30.5	32.3	31.4	31.2	125.4	30.1	30.8	60.9
Corporate and Eliminations	29.5	26.8	26.1	31.9	114.3	24.5	30.2	54.7
Selling and Administrative Expense	168.7	166.2	162.8	166.4	664.1	152.2	160.8	313.0
Operating Income:								
Color, Additives and Inks	\$ 88.8	\$ 86.3	\$ 66.8	\$ 61.2	\$ 303.1	\$ 94.5	\$ 93.6	\$ 188.1
Specialty Engineered Materials	32.6	35.8	30.0	27.1	125.5	38.3	35.2	73.5
Corporate and Eliminations	(27.0)	(39.7)	(44.0)	(38.1)	(148.8)	(30.6)	(28.7)	(59.3)
Operating Income	94.4	82.4	52.8	50.2	279.8	102.2	100.1	202.3
Earnings Before Interest, Taxes, Depreciation and Amortization (EBITDA):								
Color, Additives and Inks	\$ 116.2	\$ 111.6	\$ 93.4	\$ 87.6	\$ 408.8	\$ 120.5	\$ 119.5	\$ 240.0
Specialty Engineered Materials	40.4	43.9	37.9	35.1	157.3	46.1	42.9	89.0
Corporate and Eliminations	(25.3)	(39.5)	(41.9)	(34.6)	(141.3)	(26.8)	(26.0)	(52.8)
Other income (expense)	1.6	1.1	1.6	(5.3)	(1.0)	(0.6)	1.6	1.0
EBITDA	132.9	117.1	91.0	82.8	423.8	139.2	138.0	277.2

(In millions)

NON-GAAP RECONCILIATIONS FOR RECAST HISTORICAL RESULTS

	Three Months Ended March 31, 2021			Three Months Ended June 30, 2021			Three Months Ended September 30, 2021			Three Months Ended December 31, 2021			Year Ended December 31, 2021		
	Avient	Special Items	Adjusted Avient	Avient	Special Items	Adjusted Avient	Avient	Special Items	Adjusted Avient	Avient	Special Items	Adjusted Avient	Avient	Special Items	Adjusted Avient
Sales	\$ 826.0	\$ -	\$ 826.0	\$ 864.5	\$ -	\$ 864.5	\$ 818.0	\$ -	\$ 818.0	\$ 807.1	\$ -	\$ 807.1	\$ 3,315.6	\$ -	\$ 3,315.6
Gross margin	263.1	(2.2)	260.9	248.6	12.6	261.2	215.6	17.3	232.9	216.6	5.9	222.5	943.9	33.6	977.5
Selling and administrative expense	168.7	(4.6)	164.1	166.2	(1.6)	164.6	162.8	(2.7)	160.1	166.4	(5.3)	161.1	664.1	(14.2)	649.9
Operating income	94.4	2.4	96.8	82.4	14.2	96.6	52.8	20.0	72.8	50.2	11.2	61.4	279.8	47.8	327.6
Interest expense, net	(19.3)	-	(19.3)	(19.5)	-	(19.5)	(19.0)	-	(19.0)	(17.5)	-	(17.5)	(75.3)	-	(75.3)
Other income (expense), net	1.6	-	1.6	1.1	-	1.1	1.6	(0.1)	1.5	(5.3)	9.4	4.1	(1.0)	9.3	8.3
Income taxes	(16.3)	0.2	(16.1)	(13.8)	(2.5)	(16.3)	(2.0)	(8.2)	(10.2)	(16.2)	3.4	(12.8)	(48.3)	(7.1)	(55.4)
Net income (loss) attributable to noncontrolling interests	(0.4)	-	(0.4)	(0.6)	-	(0.6)	0.3	-	0.3	0.9	-	0.9	0.2	-	0.2
Net income from continuing operations attributable to Avient shareholders	\$ 60.0	\$ 2.6	\$ 62.6	\$ 49.6	\$ 11.7	\$ 61.3	\$ 33.7	\$ 11.7	\$ 45.4	\$ 12.1	\$ 24.0	\$ 36.1	\$ 155.4	\$ 50.0	\$ 205.4
Net income / EPS	\$ 0.65	0.03	\$ 0.68	\$ 0.54	0.13	\$ 0.66	\$ 0.37	0.13	\$ 0.49	\$ 0.13	\$ 0.26	\$ 0.39	\$ 1.69	0.54	\$ 2.23
Weighted-average diluted shares	92.2	92.2	92.2	92.4	92.4	92.4	92.2	92.2	92.2	92.4	92.4	92.4	92.1	92.1	92.1

(In millions, except per share data)

NON-GAAP RECONCILIATIONS FOR RECAST HISTORICAL RESULTS

	Three Months Ended March 31, 2022			Three Months Ended June 30, 2022			Six Months Ended June 30, 2022		
	Avient	Special Items	Adjusted Avient	Avient	Special Items	Adjusted Avient	Avient	Special Items	Adjusted Avient
Sales	\$ 892.2	\$ -	\$ 892.2	\$ 891.0	\$ -	\$ 891.0	\$ 1,783.2	\$ -	\$ 1,783.2
Gross margin	254.4	5.8	260.2	260.9	(2.0)	258.9	515.3	3.8	519.1
Selling and administrative expense	152.2	(0.9)	151.3	160.8	(3.8)	157.0	313.0	(4.7)	308.3
Operating income	102.2	6.7	108.9	100.1	1.8	101.9	202.3	8.5	210.8
Interest expense, net	(16.9)	-	(16.9)	(16.2)	-	(16.2)	(33.1)	-	(33.1)
Other (expense) income, net	(0.6)	(0.1)	(0.7)	1.6	(0.9)	0.7	1.0	(1.0)	0.0
Income taxes	(20.0)	(0.2)	(20.2)	(22.7)	2.3	(20.4)	(42.7)	2.1	(40.6)
Net income attributable to noncontrolling interests	(0.3)	-	(0.3)	-	-	-	(0.3)	-	(0.3)
Net income from continuing operations attributable to Avient shareholders	<u>\$ 64.4</u>	<u>\$ 6.4</u>	<u>\$ 70.8</u>	<u>\$ 62.8</u>	<u>\$ 3.2</u>	<u>\$ 66.0</u>	<u>\$ 127.2</u>	<u>\$ 9.6</u>	<u>\$ 136.8</u>
Net income / EPS	\$ 0.70	0.07	\$ 0.77	\$ 0.68	0.03	\$ 0.72	\$ 1.38	0.10	1.48
Weighted-average diluted shares	92.3	92.3	92.3	92.1	92.1	92.1	92.2	92.2	92.2

(In millions, except per share data)

NON-GAAP RECONCILIATIONS FOR RECAST ADJUSTED EBITDA

EBITDA Reconciliation	Q1 2021	Q2 2021	Q3 2021	Q4 2021	YTD 2021	Q1 2022	Q2 2022	YTD 2022
Net income from continuing operations – GAAP	\$ 60.4	\$ 50.2	\$ 33.4	\$ 11.2	\$ 155.2	\$ 64.7	\$ 62.8	\$ 127.5
Income tax expense	16.3	13.8	2.0	16.2	48.3	20.0	22.7	42.7
Interest expense, net	19.3	19.5	19.0	17.5	75.3	16.9	16.2	33.1
Depreciation and amortization from continuing operations	36.9	33.6	36.6	37.9	145.0	37.6	36.3	73.9
EBITDA	132.9	117.1	91.0	82.8	423.8	139.2	138.0	277.2
Special items, before tax	2.4	14.2	19.9	20.6	57.1	6.6	0.9	7.5
Depreciation and amortization included in special items	(0.6)	1.4	(0.9)	(1.6)	(1.7)	(2.1)	(1.1)	(3.2)
Adjusted EBITDA	\$ 134.7	\$ 132.7	\$ 110.0	\$ 101.8	\$ 479.2	\$ 143.7	\$ 137.8	\$ 281.5

(In millions)

SUMMARY OF SPECIAL ITEMS

	Q1 2021	Q2 2021	Q3 2021	Q4 2021	2021 YTD	Q1 2022	Q2 2022	2022 YTD
Cost of sales:								
Restructuring costs, including accelerated depreciation	\$ (1.8)	\$ (1.5)	\$ (5.3)	\$ (6.0)	\$ (14.6)	\$ (4.4)	\$ (2.6)	\$ (7.0)
Environmental remediation costs	(0.5)	(12.5)	(9.4)	(0.5)	(22.9)	(2.0)	(3.0)	(5.0)
Reimbursement of previously incurred environmental costs	4.5	-	-	-	4.5	0.6	7.6	8.2
Acquisition related adjustments	-	1.4	(2.6)	0.6	(0.6)	-	-	-
Impact on cost of sales	2.2	(12.6)	(17.3)	(5.9)	(33.6)	(5.8)	2.0	(3.8)
Selling and administrative expense:								
Restructuring, legal and other	(1.3)	(1.4)	-	(4.2)	(6.9)	2.0	(1.7)	0.3
Acquisition/divestiture related costs	(3.3)	(0.2)	(2.7)	(1.1)	(7.3)	(2.9)	(2.1)	(5.0)
Impact on selling and administrative expense	(4.6)	(1.6)	(2.7)	(5.3)	(14.2)	(0.9)	(3.8)	(4.7)
Impact on operating income	(2.4)	(14.2)	(20.0)	(11.2)	(47.8)	(6.7)	(1.8)	(8.5)
Other income, net	-	-	0.1	(9.4)	(9.3)	0.1	0.9	1.0
Impact on income before income taxes	(2.4)	(14.2)	(19.9)	(20.6)	(57.1)	(6.6)	(0.9)	(7.5)
Income tax benefit on above special items	0.9	3.4	4.6	4.1	13.0	1.7	0.2	1.9
Tax adjustments	(1.1)	(0.9)	3.6	(7.5)	(5.9)	(1.5)	(2.5)	(4.0)
Impact of special items on net income	\$ (2.6)	\$ (11.7)	\$ (11.7)	\$ (24.0)	\$ (50.0)	\$ (6.4)	\$ (3.2)	\$ (9.6)

(In millions)