Global Specialty Engineered Materials
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At a Glance
Global Specialty Engineered Materials

2011 Revenue: $0.6 Billion

- United States: 36%
- Europe: 36%
- Asia: 20%
- Canada: 2%
- Latin America: 6%

2011 Revenue by Industry Segment

- Transportation: 21%
- Electric & Electronics: 14%
- Wire & Cable: 14%
- Consumer: 21%
- Packaging: 5%
- Industrial: 6%
- HealthCare: 5%
- Misc: 3%
- Appliance: 6%
- Building & Construction: 3%

Expanding Profits
Operating Income % of Sales

- 2006: 1.1%
- 2007: 1.3%
- 2008: 3.4%
- 2009: 5.1%
- 2010: 9.6%
- 2011: 8.0%
- 2015 Target: 12-16%
Value Proposition

• GSEM is a global leader providing complete specialty solutions encompassing innovative technologies and services to enable customer success

Transformation Highlights

• Dramatic turnaround of the Engineered Materials business through mix improvement and specialty focus

• GLS acquisition successfully integrated, having more than doubled earnings in 3 years

• PolyOne culture and strategy now engrained worldwide

• Expansion into healthcare with dedicated resources

> $15B Addressable Market
Key Differentiators

PolyOne, Global Specialty Engineered Materials

- Polymer design, formulation and service expertise
- Broad, global technology base and regional centers of excellence
- Ten innovation centers around the world
- Specialty brand leadership with PolyOne, GLS, NEU and ECCOH
- Ability to leverage global key account team
EM North America Transformation

**From Volume**
Commodity-driven product portfolio

**To Value**
Specialty technology and solutions

- **Volume**
  - 2006
  - 2011
  - 7% annual decline

- **Sales**
  - 2006
  - 2011
  - 2% CAGR

- **Gross Margin $**
  - 2006
  - 2011
  - 22% CAGR
GLS Integration Success

- Provided access to new customers in specialized, high-growth markets such as healthcare and consumer

- Strategic partner to many of the world’s best-known companies

- Complementary global footprint provided additional cross-selling opportunities

- Opportunity to expand margins and drive working capital improvement while remaining customer-focused

Operating Income

<table>
<thead>
<tr>
<th>Year</th>
<th>Operating Income ($)</th>
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<tbody>
<tr>
<td>2007</td>
<td>$12</td>
</tr>
<tr>
<td>2011</td>
<td>$29</td>
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25% CAGR

Working Capital % of Sales

<table>
<thead>
<tr>
<th>Year</th>
<th>Working Capital % of Sales</th>
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</thead>
<tbody>
<tr>
<td>2007</td>
<td>16.9%</td>
</tr>
<tr>
<td>2011</td>
<td>8.2%</td>
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Areas of Focus
Global Specialty Engineered Materials

- Investment in dedicated healthcare team to drive penetration and growth
- Leverage product portfolio globally & win specialty business in targeted markets
- Aggressively commercialize specialty innovation platforms
- Utilize our innovation centers to influence OEM design

(Revenue in $ millions)
Key Innovations
Global Specialty Engineered Materials

• Carbon Nanotube Formulations
  ✓ Applications: Semiconductor equipment, hard drives
  ✓ Customer benefits: Scrap cost reduction and clean conductivity

• Thermally Conductive Solutions
  ✓ Applications: Sockets and bulb holders for LED lighting
  ✓ Customer benefits: Cost reduction, energy saving, and design flexibility

• FDA-Regulated TPEs
  ✓ Applications: Food packaging seals, intravenous delivery systems, medical stoppers, prefilled syringes
  ✓ Customer benefits: Clean and safe elastomers for highly regulated applications
Critical Imperatives and 2015 Goal
Global Specialty Engineered Materials

Critical Imperatives

• Commercialize critical new technology platforms
• Manage the mix as we continue to drive the transformation
• Global translation of commercial successes

2015 Goal

• 12 - 16% return on sales