Trinseo Investor Day Transcript - November 11, 2016

00:00

Dave Stasse: Good morning. I'm Dave Stasse the Vice President of Treasury and Investor Relations with Trinseo and I would like to thank all of you for coming to our first Investor Day. We have a very good agenda that Chris will go over with you shortly. I do have a couple of disclosure and other announcements to make real quickly. I do want to let you know the presentation is being video webcast so you are aware it will be live video webcast and we will be taking questions from people on the webcast. Last thing we do ask is that there is no flash photography… From a disclosure perspective, I do want let you know our slides are posted on the company's Investor Relations website, in the webcast viewer, and by means of an 8K Filing with the Securities and Exchange Commission. A replay of today's webcast will be archived on our Investor Relations website shortly following the conclusion of today's event and that replay will be available until November 11, 2017.

Our disclosure rules, as you can see here, and a cautionary note on forward-looking statements are all in slide three of your books. During these presentations, we may make certain forward-looking statements including issuing Guidance and describing our future expectations. We must caution you that actual results could differ materially from what is being described or implied in these statements. Factors that could cause actual results to differ include, but are not limited to, factors set forth on our Annual Report on Form 10-K, under the item 1A "Risk Factors." Today's presentation includes certain non-GAAP measurements. These measures, when referenced, should not be viewed as an alternative to GAAP measures of performance or liquidity and a reconciliation of these non-GAAP measurements is provided in the Appendix of your presentation. So with that, I will now hand the presentation over to Chris Pappas.

02:11

Chris Pappas: Thank you, David. Well, good morning everybody and I want to add my welcome and thank you for joining us as Dave said to our first ever Investor Day as Trinseo. Now, we have had several of these types of events before but this is our first one as a fully public company. So I want to thank you for joining us. I first of all want to thank the Trinseo group who put this together and the St. Regis who of course helped. I will tell you that our folks were in this room at 1:00 am starting to set up. So, I was asleep so I will probably be fine, but

some of them will be a little tired by about 2:00 pm, but they did a magnificent job and I want to thank them for that.

Today is also Veteran's Day and I appreciate you coming on a holiday. Although I know for the Equity Markets that you work all of the time and today the Markets are open. I did just want to take a minute and recognize that it's Veteran's Day and just from Trinseo thank all of the Veterans, probably some in this room I know we have some that work for us, for your service to the country we really appreciate it and especially during times like this. It is Veteran's Day and we ought to take note of that.

I'm going to say a couple of things and then we are going to move to a short video, that describes some of the things, products, and technologies of Trinseo. Before we get to that, there are a lot of Trinseo people in the room today. You're going to get a chance to meet many of them. Either as you talk in the room or as you converse at some of the table tops and I hope you do. And this is done with purpose. We wanted our Business Directors and our technology leaders here and we want you meet them.

We hope that you see a couple of things in these people when you talk to them. Number one, I hope you get a sense of their pride in what they've accomplished over six years to take this company from a disconnected group of businesses to a fully operating $4 billion a year public company. You've heard me say this many times, that was not an easy task. The Trinseo people in this room and many others got the job done and they did an incredible job. And I think you'll get a sense of that when you talk to them during the break and hopefully during lunch and times like that.

Number two, I hope you get a feel for their commitment to two things: one, delivering results quarter by quarter. And two, delivering results as we enter the next phase of Trinseo. I'm going to talk a little about that in my opening comments, but I want you get a sense from all of our folks how they feel about delivering not only quarter to quarter result which they've done, but how are they going to deliver the next phase of Trinseo that we're going to talk about through the course of this morning. And I hope you get a good feel that they believe in not only the sustainability of EBITDA in Basic Plastics and Feedstocks, they believe deeply in the new growth targets we put out for Performance Materials, and they believe deeply we are going to manage and shepherd our cash and cash flow in a smart disciplined way for Shareholder value. That's really what we expect you to get out of today. So with that as short intro, I think we are

going to move now to the video and then I'll come back and we'll review the agenda and we'll go through the program.

06:05

'DAY IN THE LIFE' VIDEO

08:55

Chris Pappas: I don't think there's too much brand new on that video for most of you who know the industry, but I do think it clearly shows you that we're involved in many many applications and in many parts of the consumer oriented consumption chain. We'll talk some about that later. By the way, most of those "actors" are all Trinseo employees and it's pretty nice to see our Head of Compensation for HR as a medical technician. I kind of like that transition for him.

Okay, so let's get started and look at the agenda. It's pretty straight forward. I will give a little bit of an introduction, I'm going to have Martin Pugh, our Chief Operating Officer, talk a little bit about our new segmentation and introduce a couple of the key speakers. Tim Stedman will be talking about Basic Plastics and Feedstocks. We'll have a break. You'll have a chance during the break to talk one-on-one and in group form with the Trinseo people that are here around the product showcases. Then we will have Hayati Yarkadas who will talk about Performance Materials, the new growth agenda there. And then Barry Niziolek will talk about Cash Deployment. I'll give a little wrap up and then we'll have time for Q&As. I'll ask that if you can think about holding your Q&A's until the end or of course during the breakout session that we have planned in the middle here. There are 3 other executive team members for Trinseo in the audience: Jeff Denton is here, Catherine Maxey is here, and Marilyn Horner who I have worked with for over 15 years. Jeff and Catherine were with Trinseo from day one and I knew Jeff back at Dow even before that so lots of good connections and relationships here amongst our team. We already went through disclosure rules.

Okay, on slide 5 is in this position of the deck on purpose: Safety and Sustainability. Everybody talks about this in the chemical industry and generally speaking, chemical companies are quite devoted and driven by these primary attributes. At Trinseo, number one, we have performed as a free standing company no less than the top quartile and often in the top decile of the chemical companies in the United States as it relates to the basic metrics for EH&S and responsible care.

And our sustainability record is also outstanding and I hope you read our Sustainability Report which we publish once a year. I believe strongly that the attributes and the behaviors in the business process that drives success in chemicals, in sustainability, EH&S, in safety, environmental, etc. are absolutely critical and cultural to what drives business success in the chemical industry. I think at Trinseo, one of the reasons we've been delivering our financial results and our business results is because we apply the same focus and the same energy around keeping our plants safe, keeping our people safe, keeping the environmental safe, we take that mindset and we apply it to business. And believe me, there is a connection because the thought processes and behaviors are the same and if you can deliver results like we've had in this arena and use that focus you can deliver business results like the ones we have. So take a look at some of these numbers, I'd like you read our Sustainability Report, we do extraordinarily well in this area and we're very proud of it.

Now, I talked about this journey that the company has been on and the phasing of the company. This is the pictorial view of that. You know that at one stage we were carved out, we call that Emerge. A lot of work had to be done to set the company up. You've heard me talk about this many times. But we were also in an environment where we were controlling costs, not spending a lot of money, our Basic Plastics and Feedstocks business' operating rates were quite low. The margins attributable to those products therefore were low and we had a lot of work to do on the capital structure of the company. We then went into what we called Buildup Mode where we spent a couple of years improving our operating capability, the operating rates of Basic Plastics & Feedstocks began to improve as the consolidation effects that industry took hold. We controlled our capital, we worked on our Balance Sheet Cap Structure, we had two years in what we call Sustain, where we were controlling our costs. Rising Basic Plastics & Feedstocks operating rates were driving our EBITDA and EPS higher.

We had very good Performance Materials performance, organic growth and otherwise, 5% per year as committed. We were controlling our capital, we put in a public like debt structure, we put in a dividend, distributions, share buybacks, migrating now to a fully public operating company.

Now, where are we today? Today we are at this phase where we're looking at optimizing and growing and what you're going to hear about today are continuing to control costs, you're going to hear about the sustainability of Basic Plastics and Feedstocks, why is it that that EBITDA and the cash flow from that business can not only stay where it is, but perhaps rise as operating rates rise. Why do we believe we can deliver higher growth and Performance Materials? What are the products, technologies, and investments that we are going to make to make that

happen? You're going to hear about that today. How are we going to think about our portfolio going forward? What are some things we are going to do to optimize the portfolio? Perhaps change the portfolio? What are we going to do with our cash? We're generating a lot of cash, we expect to generate a lot more cash. What are we going to do with our cash? What's our capital deployment strategy going forward? What are some of our ideas and thoughts about M&A and where does that play into the deployment of cash and the use of cash for the company going forward? And, of course, how do we feel about our dividend? What's our thought process on that? Barry will cover all of those aspects when he gets into the capital deployment section.

You know all of our numbers, I hope, this is a snapshot of our Q3 LTM. I don't want to go through the number so much as to reiterate a couple of points here for all of you. Number one, we operate with the two divisions and you know that. Basic Plastics & Feedstocks more driven by operating rate in terms of margin; operating rate drives margin. Performance Materials technology, innovation, customer intimacy, specifying products that tends to drive margin on that side. You've heard us talk about that many times. Strategic intent: invest and grow Performance Materials, optimize and take cash out of Basic Plastics & Feedstocks. We would look at a consolidative or synergistic type move on Basic Plastics, but otherwise we are not investing capital for growth in that business. We are, however, investing capital for growth in Performance Materials.

This slide shows the new segmentation that we talked about at our Quarterly call. We'll talk more about that through the day. We now are going to give you as Investors and Analysts full detail on Basic Plastics. We used to report that in an aggregated segment, we're now are going to report staring Fourth Quarter, Basic Plastics, Feedstocks which is substantially our styrene business and American Styrenics which is of course, is our joint venture in the Styrenics business in the United States. So we are unpacking, unbundling the Basics Plastics and Feedstocks segment into three and we're doing that for a purpose. We think it's better disclosure, we think it's more clarity about how the company's performing, and frankly I'm hopeful that you'll be able to get a better sense of the scale and contribution for each of these things and how you might value the company as a result of that. And we'll talk some more about that towards the end of the day.

Now this is the company in a snapshot, you know the products we are in, we have the #1 SB Latex position in the world, we are #1 in Styrene in Europe, great Synthetic Rubber business,

you can see our geographic split as you know heavily weighted to Europe. On the other side of the chart you can see the market segments we're in. The key takeaway from this: we are in consumer spending market segments. Everything we do is in an arena where the consumer spends and buys products that we supply materials to. And that creates, because of the diversity, an environment where obviously that's the economic driver of our results at a macro level. So, mining, minerals, those kinds of activities are not the businesses that we are in. We're obviously in appliances, automotive, tires, cars, electronics, packaging, all of these things that are consumer spending oriented. And we're in a diverse set of them. So, we are in consumer spending and we're in a diverse set of applications and markets related to that.

We've delivered very good financial results and that's a function of not only the people in this room, but everybody in the company. You can see our net income and the history of our net income, you can see our adjusted EBITDA and the history of that. You can see our EPS and the upward slope to Earnings Per Share. And importantly, you can see our cash generation and free cash flow has also been on the rise and is expected to continue and perhaps even rise going forward. Very good financial results we are quite proud of that.

Now, this is a bridge that goes from the period of 2014 when the company had about $260M of adjusted EBITDA to our guidance for the end of this year, midpoint guidance of $590M of adjusted EBITDA and it walks you through the components of change that have occurred over that two year window that are driving that growth. And in this case, we broke down for you the new segmentation approach where we show Performance Materials which has contributed to $42M of EBITDA growth over that period. Basic Plastics: Polystyrene, Polycarbonate, ABS, $180M of EBITDA improvement. Feedstocks which is Styrene Monomer largely for us or almost completely about $100M and our joint venture about $85M. So now you have the complete picture of what components and Basic Plastics have contributed to this change of EBITDA over this two year period.

You'll also notice that we did this with about a $60M headwind in currency and we did it at a time when the general economic conditions of the world were not that robust. China was slowing down and is continuing to slow down, but this was not a period where you would characterize the world's economy as being particularly robust and we were able to deliver these kinds of results and the reason is because in Performance Materials, we work and focus on segments that have high growth, that we can deliver products and technology that are

advantaged and you're going to hear about that. And we had a fundamental view that rising operating rates in Basic Plastics: Polycarbonate, Polystyrene, rising operating rates in Feedstock in Styrene Monomer would drive profitability up and that is exactly what has happened. We were talking about this over 2 ½ years ago and we are quite pleased to see that the results that we contemplated have actually come to pass and you'll hear a lot more about why we believe these dynamics are going to continue for Trinseo going forward.

Okay, key themes for today, pretty straight forward I have already mentioned them. Sustainability, BP&F. What is it about Styrene, Polystyrene, Polycarbonate, ABS Why are those products going to continue to deliver relatively strong EBITDA? Why are the operating rates going to stay healthy in those businesses and for how long? And we're going to give you our detailed view of that in a few minutes. Why do we believe we can take Performance Materials from a business that we had committed 5% year over year…EBITDA growth, and delivered, to a business where we are now moving to an almost 10% EBITDA growth from here to 2019? You're going to hear Hayati talk about delivering $100M of higher EBITDA in 2019 than in 2016 from Performance Materials. Step change in growth and investments that back it up in committed projects. And then, as I said, Barry is going to talk our approach to Cash Capital Deployment. Couple words to think about: discipline, patience, thoughtful, the kinds of things we believe we've demonstrated so far. We are going to take our time. We are going to be patient. We are going to be disciplined. We're going to think hard. We've worked hard. We have worked very hard to get to where we are with this company and we're going to be thoughtful about moving through this next phase and Barry will talk some more about that.

Now, with that I'm going to turn it over to Martin Pugh, who's our Chief Operating Officer and I might add, my dear friend. I met Martin in 1989 when I was working for Dow Chemical and I moved to Europe and we lived very close to each other, a few houses away. Our families got to know each other. He is a tremendous businessman, a wonderful person, a great executive that I've worked with on and off since 1989 and most importantly, a right-hand man and a true friend. I couldn't be happier to have you on the team and over to you, my friend.

23:57

Martin Pugh: Thank you for that very nice welcome, Chris, and good morning ladies and gentlemen. It's a pleasure for me to be here today. What I'd like to do is take you through three things today. So, I'm going to remind you about the segmentation, the new segmentation that

Chris touched on and we announced in our Earnings release last week. I'm going to introduce you to the team when we get there. And there's a lot of them sitting in the back I'm going to run you through so you can meet them. And then I'm going to introduce our two speeches that are coming from our two new Business Presidents. So that's the order of my play today.

I will start now with the segmentation. So, we've got three things that we've changed in order to really improve transparency to you. We think this really will help and I'm sure you can see that from some of the numbers you already saw in Chris' chart. The first change really is to unbundle Basic Plastics and Feedstocks into three areas so let me start with Feedstocks first because that is the one that I know is very interesting for you and that makes up Styrene for us. And so you can see the styrene business split out there in Feedstocks, you also see Basic Plastics split out and you've seen the recovery of the Basic Plastics business on Chris' chart, the $180M. $90M of that being the change in polycarbonate that you'll remember when that turned around. And then splitting out Americas Styrenics, our joint venture, as well. What you see in the styrene part of this is the styrene contributes when we put together the Americas Styrenics portion of styrene contributes about 20% of our overall EBITDA; and that's been more or less the number over the last couple of years.

The other change, the second change we've made is splitting our ABS profitability. Now our ABS business with the change we've made here, we've changed around $25M, we've moved from Basic Plastics into Performance Plastics. And we've done that because that is our business that goes into our automotive business globally so in from dedicated plants both in Europe and in North America, its dedicated products that comes out of those lines. They go straight to our Tier One customers and then are manufactured generally into the interior of automotive which you'll hear more about later from Hayati. So that we feel is a business that goes straight into Performance Plastics, or straight into Automotive as such, and we feel it makes sense to split that out. If I was to compare that with, for example, the polycarbonate business, where our polycarbonate products that go into Performance Plastics. They get taken from the polycarbonate plant and are then compounded or blended. So they go through another transformation process, so we take those and transfer those across at market price. They are then compounded and blended, and then go into the Performance Plastics applications. So this split of ABS, we feel, is a very logical thing to do and something that makes sense putting that in the automotive business.

The last change that we have made is just a name change for our Latex business, so we now call that Latex Binders business because that is the functionality that these products perform.

So they are almost exclusively are binding things together. So that's where we are on segmentation.

If we now move forward to the organization that we have and I want to introduce you to a few people we have got over the years as we developed the organization, I'm extremely proud of the organization we have today. We have a lot of very talented people that are really committed and dedicated and have delivered the results that you have seen over the last couple of years. So let me just introduce you to them, one by one, and I'll have them stand up. We'll start at the left. So our Latex Binders business is run by Jan Muller and he has a R&D counterpart, Christian Page. Thank you. And then if we go to the Synthetic Rubbers business, we have Samer Al Jabi and he has an R&D counterpart too, Sandra Hofmann. The Performance Plastics business is run by Dagmar Van Heur and he also has an R&D counterpart, a Technical Service and Development Director who covers all plastics, Tony Samurkas. And then as we move over to the other side of the house, on Basic Plastics, Francesca Reverberi who runs our Basic Plastics business. And then our Feedstocks business, that is run by Mike Cromack. We also have our two Manufacturing Directors here. So the Manufacturing Director for our Performance Materials business, Tim Thomas. And the Manufacturing Director for our Basic Plastics & Feedstocks business, Frans Kempenaars. And the last two introductions, I will do are our two business Finance Directors so for Performance Materials, Sean Bannon. And for Basic Plastics and Feedstocks, Hubi Windegger. Thank you very much.

What I wanted to just as well remind you of, and I think you know it, we run our businesses through obviously Business Directors that have full P&L responsibility, have cash responsibility for their businesses, they run those on a business team principle, we think this is the right way to run our businesses, it's a very successful model in my mind. It is something I've been used to over the years and this is the way we run our business. I would love you to take the opportunity at the break, or at lunchtime, to go to the back to the tabletops, chat to the people, these are the experts in our businesses so whatever you want to know about our applications and where we are, please do talk to them in the break.

So now let me move over and talk about the two major presentations of the day that you are going to see. Let me introduce, first of all, Tim Stedman, who is our Business President for Basic Plastics. Tim has been with the company for a little more than a year now. He comes with a great pedigree with experience with ExxonMobil. Having worked in manufacturing jobs, marketing jobs, commercial jobs, and business roles. His last role was running the base chemicals business for Europe for ExxonMobil. So, an ideal fit for this Basic Plastics &

Feedstocks business. I think you're going to see today an awful lot of passion from Tim around this business and why he believes this business is going to be sustainable. He's going to tackle, I think, a number of the topics that I've heard that you're interested in. So, once we get into the Styrene business then I'm sure he's going to hit things like supply and demand, he's going to talk about operating rate drivers, he's going to talk about impact of China. Going to talk the impact of the change of ownership in companies, he's going to tell you why we believe that there's absolutely no correlation between crude and styrene. And he'll talk to you about overall styrene profitability and turnarounds and how we see the future for styrene. He's also going to talk to you about the Basic Plastics business and the turnaround we've had there and a lot about our differentiated and leading products that we have in the key markets we have here. I'm sure you're going to enjoy that.

Then we get to investing for Growth and Performance Materials and Hayati Yarkadas. Hayati also has been with us for just over a year, he comes with again a great pedigree from the DuPont Organizations so he's spent quite a lot of time in a variety of roles as well and living in a number of different locations in the world and has really come into this and I know is very very excited about the future of the Performance Materials business. He is going to talk to you about each of our divisions and let me just run through quickly one example from each of our businesses because I think you're going to hear a lot more about this from him. There are rather special some of these business so let me start with the Rubber business. SSBR business in rubber, is for me is something that is quite rare in this industry, because we have a situation where the market that we are in, which is business performance tires is growing somewhere in the 8-10% region so this is a very fast growing area. You couple that with the situation of a very high margin product, so this is a really high margin for us, and a situation where we sold out as a company. Then we are in a very unusual situation and a very exciting situation and so we've announced our new 50,000 tons expansion of SSBR, which you will have read a few weeks ago, this is the name of the game for us is to obviously have more volume in that business. Hayati will take you through much more detail in that, but I think it's very exciting and unusual to have that level of market growth in those sort of margins. The second thing I want to mention is to when I get into the Latex Binders business, I want you to look at the careful positioning that we have been doing taking our business away from a declining graphical paper market and moving that in to growth areas which are both higher margin and higher growth levels for us. So, you are going to see that move from graphical paper moving into the board business and moving into the adhesives and construction business. And that's where we are very careful in

the positioning that we are doing to improve the overall profitability of that business. And then last but not least, the Performance Plastics business, we've recently announced our new capacity coming on in China on ABS. And this business is very very important for reasons I touched on it in the new segmentation. ABS going into automotive is absolutely critical for us and it's one of our key strategic areas. We have a lot of global OEMs that we work with that are in China and want to see us have that capacity in China. And so we've put that plant in place it's primarily for the automotive business. We are very excited about it. It will give us a differentiation again from everybody else having that global capability on ABS. So, very excited about the growth levels in Performance Materials. As Chris mentioned, almost doubling our targets from where we were previously and Hayati is going take you through and certainly get you excited about this. So with that, that's all I had to say today. And I will turn it over to Tim. Thank you very much.

37:18

Tim Stedman: Good morning. Thank you very much for that introduction, Martin, and thank you very much for your attention as I do this presentation this morning. You know I'd like to thank you for the attention you're going to give because I'm very excited about this business. As Martin said I've been here about a year. Now before that I had 23 years with ExxonMobil covering all kinds of different parts of this industry including, as Martin alluded to, selling ethylene and benzene most recently to, amongst others, the Styrene industry. And in that regard, I used to sit there thinking, "What are they doing? What are they up to?" Well, the interesting thing now is that a year later I've got the opportunity and the privilege to present to you regarding 'what are we doing, what are we up to'. And my sincere hope is that by the end of this presentation you will share my confidence and our confidence in the future of this business. The sustainability of what we're about in Styrene and then also in Basic Plastics as well. So I'm going to spend the next 45 minutes going through Basic Plastics and Feedstocks looking at the foundations, the fundamentals of this business and basically pulling that apart and giving you some further insight into what are the various elements that give us that confidence. I'm going to talk in four sections talking about styrene and Feedstocks to begin with and then the three parts of Basic Plastics. I'll tie in American Styrenics, AmSty, at the end.

So first, let me talk about and set the scene with a kind of overall structure of where Basic Plastics and Feedstocks fit in to the overall picture of the industry and also Trinseo. So you can see on this slide, the light blue shaded area is the place that Trinseo fits into the broader industry structure. Within that, I've highlighted several parts of this in red is the Basic Plastics

business so Polystyrene, ABS and SAN which make up our copolymers business, and then polycarbonate. In yellow, are the elements of Feedstocks. So that's the styrene that we make, but also what we procure and then also the procurement activities associated with benzene and ethylene.

Let's turn to some of the numbers, so what you cans see here is from the volume side is relatively flat, relatively stable over this period. With some retrenchment in some areas being offset by growth in others. When you look at the EBITDA though, what you see is a real step change over this time period. From $15M of adjusted EBITDA in 2014 to what we're saying $353M for Q3 last 12 months. So very significant step change as Chris mentioned earlier. So what's this driven by? Well, the first thing is around styrene monomer operating rates or more importantly as I think I'm going to help you understand, effective operating rates. What's really going on underneath the surface of styrene? We're going to spend some time on that. We've also go the turnaround in the polycarbonate business. That's related to some of the actions that we've taken as well in terms of retrenchment out of the supply in Freeport in North America, renegotiation of various contracts that have contributed to a substantial turn around; order of magnitude $90M in that business. And then we have the continued growth of ABS and you're going to hear me talk a lot about ABS, I'm very excited about it. You're going to hear about what is it? What are the elements of ABS that make us confident in the future in that business as well and the growth potential there. Polystyrene has had sustained contribution during this time period and as you're aware American Styrenics, AmSty, has been very strong in terms of the performance in here. So these elements together build up into the results that we've seen over the last couple of years.

But let me start trying to unpack this now and I'll turn first of all to Feedstocks, now what we've seen here in terms of EBITDA again is the substantial improvement over that time period. Again, fundamentals, you're going to hear me say it again and again over the next few slides, it's about increased effective operating rates. But what we've also seen and this is very important to actually understand is that we have also been taking steps to improve our efficiency, to make sure we are ahead of the game in terms of what we can get out of this business. And you're going to hear about what we've done in this area as well to try and improve that.

Now, you can't really talk about styrene without mentioning benzene. Principle raw material, we use benzene and ethylene the ratio is 3:1. And so understanding benzene, understanding what's going on there is pretty fundamental to understanding where we are going with styrene. Well, you'll be very pleased to know that I'm not going to go through this chart in any detail. The real message from this chart is the complexity of the benzene supply situation. You have multiple different sources of benzene, the traditional ones of steam cracking, the refineries in terms of reformate, you got steel mills, you have paraxylene complexes. Adding to that, aromatic extractions, all of these different factors that play in to what is happening with benzene. Key thing to remember here is that in vast majority, benzene is a byproduct. There's only a couple of units here that actually are on purpose and they represent a very small percentage of the overall supply.

So, let's look at benzene in terms of what it's used in. As I'm sure that most of you, or all of you are aware, the overwhelming proportion of benzene goes to styrene. About 50% today and this shows, you know the breakdown of the different derivatives whether it's styrene, cumene, cyclohexane, etc. 50% today, but that is declining because some of those other derivatives are growing faster than styrene. And I'll talk more about styrene growth later. But it's also important to understand where this is coming from, in terms of where that supply is coming from. And I'm referring back now to that rather complicated chart before. As I mentioned, historically benzene came from steam crackers, very significant proportion, but that's going down. [And that's the cracker that produces around a yield of 20% benzene. An ethane cracker, as it's being built on the East Coast at the moment is less than 1%. So the percentage of benzene that's coming from those steam cracker sources is declining. At the same time, what you're seeing is increases in reformate and in paraxylene supply, the chain related to the polyester chain. Again, it's a byproduct. So benzene is important to us, but really the fundamental question is "without all of that complexity going on, with all of that dynamism going on in that industry, is there any change for us? Are we expecting anything different?" And here, our view is very much aligned with consultants where we say, "actually, in the foreseeable future through the balance of the decade. Really what we would describe as a comfortable supply situation for benzene." In other words, we are not expecting, they are not expecting, any shocks on the benzene front. That's something very important that I would like you to bear in mind.

So, enough of benzene, let's talk about styrene that's what we're here to talk about today in this first section. Well, here you have a chart which shows basically what the predominant derivatives are. Three quarters of styrene is used in three things: polystyrene, EPS, and ABS.

Clearly we are involved in two of those. We believe that the growth rate of styrene overall is about 2% per year going forward.

But I accept you may not want to take our word for that, so on this next page, what I've done is I'm sharing with you, we have got the permission from a number of these consultants to share their view on what they think styrene and some of these key derivatives are going to grow at. So here you see Wood Mackenzie, Argus, and ICIS and their view of styrene, polystyrene, EPS, and ABS. And what you can see here is that 2 out of the 3 are very much aligned with our view. Indeed, actually we got permission from IHS to add their view to this, but it was not in time to add on to this chart and actually they're very much aligned with Argus and ICIS in terms of around the 2%. So actually it's 3 out of 4 that are saying 2% per year going forward through the balance of the decade. What you can see on the right-hand side is how that demand is split by region. So predominantly Asia, and you can see that the dominance of Asia is going to increase when you look at the growth rates in different regions going forward. So, Asia is a big piece of the pie and it's going to be an increasing piece of the pie going forward and you'll see that in all of the derivatives as well.

So let's now talk about styrene production. Now styrene is not as complicated as benzene in terms of understanding all of these different routes. There are two different main routes for getting styrene. The first one is Ethylbenzene Styrene Monomer (EBSM), that's the predominant route today. The second one is Propylene Oxide Styrene Monomer so tied in to the propylene oxide and polyolyfin derivative chain and although that derivative chain is growing 3-3.5% per year, although it's growing the proportion of styrene that's coming from POSM is not. Because POSM is not the preferred route for producing PO and those derivatives. It's not going to be the preferred route so it's a pretty stable breakdown between those two. Now I've mentioned effective operating rates at the beginning. I'm probably going to say that one almost ever slide. Not going to be bashful about that, but in terms of understanding effective operating rate, we need to understand how the rationale of production differs between these two technologies and within these technologies. POSM is basically driven by PO demand. Supply those dynamics there. You don't drive POSM rates to styrene monomer, you drive it to PO. On the EBSM, in order to really understand what's really going on there, you need to look below the surface, a lot like I said about benzene, you have to look below the surface in order to understand it. And that is what I'm going to be unpacking over the next couple of pages. What is going on that defines effective operating rates?

So first, let me talk about competitiveness. So on the left hand side of this page, we have our view of total production cost. Various different units around the world for styrene. What you see on the left-hand side is in the Middle East, then you see North America including AmSty, so our 50% share of AmSty, you have Europe in the middle and then you have the highest cost on the right-hand side predominantly China. Key thing to bring out of this, our share of AmSty, you look at that and you can see about, there is no scale on here so let me give you a feel for it, about a $200, a couple hundred dollar, ton motive force between the left and right hand side. Significantly, it means you have export advantage if there is an export opportunity. Which of course if you look at the right-hand side chart which is now showing net trade, you can see that actually there is an export opportunity because China is going to be importing styrene through the balance of this decade and actually going on beyond that if you run this out further. This basically is from Wood Mackenzie and you can see that China is going to be a very significant net importer over this time. So that is giving us with our share of American Styrenics an excellent position for exporting in to that region. Now, I said Europe's in the middle. So what does that mean for us? Well, let me tell you what we are doing. I mentioned this right at the beginning, we are continuing to drive efficiency of our units so we are pushing our plants over towards that left-hand side…that is one of the things we are investing in and we are committed to.

So, we are here to talk about sustainable margins in styrene, what drives it? Well, I have got a couple of different snapshots of two different important products here. Polystyrene on the one side of styrene and benzene on the other side. So if you look at the left-hand chart, what you can see with a polystyrene type product is there is a very clear correlation between operating rates and margins. Operating rate goes up, margin goes up. Pretty simple. If you look on the right-hands side you see a similar chart for benzene. Absolutely no correlation whatsoever between operating rate as defined by total demand divided by nameplate capacity and margin. So where does styrene sit? Well, the answer is somewhere between the two and so if we are going to understand styrene going forward and where we think it's going to go, you need to understand, as I said, beneath the surface what is really happening? What is driving effective operating rates in styrene? And it's some of these factors. Underlining supply and demand is a real factor, you have to understand that. The structure of the industry, integrated versus nonintegrated, the type of capacity that's being put into place. How old are the assets? What about planned outages? What about unplanned outages? How do those all relate together to give you an effective operating rate which will drive margin.

So let's start off with just looking at the high level underling operating rate and I think many of you have seen this chart, the information from IHS. That most of this is the global operating rate, demand divided by nameplate capacity and what I've plotted along the bottom is the European NORM: Normal Over Margin Material. You can see the definition at the bottom of the side there. So some people have looked at that and said there is no correlation, what's the correlation? You're NORM, your margin over raw material has been higher in these last few years where you're operating in the mid 80% than it was in previous years and yet apparently global operating rate has come down. That's because this is a high level global operating rate and it's not effective operating rate, we have to go deeper. And that's what I'm going to do.

Before I do that, let me address one question. I've heard several times people have ask, "Is it just crude? Is that all that it is?" Well, I'm not going to spend a lot of time on the next page because I believe a picture is worth a thousand words. I don't think there is any correlation here that you can't possibly see. Now, I've overlade crude with those same norms. It's not about crude.

So let's start looking at some of these other factors that I've mentioned. Dealt with underlining operating rates, or that high level one, let's talk about the change in ownership structure, the shift from integrated to nonintegrated. Historically, styrene units tend to be built on the back of steam crackers, they were fully integrated big players like Dow and you know what we've seen in the last few years is a real shift. In the blue here is the impact of the non-Chinese, nonintegrated players. Who are they? Well, a couple of the big ones, us and Styrolution. In the yellow you've got the impact of Chinese independence, nonintegrated people and I'll talk more about those later on during the presentation. Let me just dwell on this blue area. Is this just kind of some academic exercise? It looks nice, they've changed ownership. So what? Well, what I want to do on the next page is give you a very clear example of what that has meant to us in Trinseo.

So here we have a before and after. Beforehand, how this operation worked, how did actually play out? Well, the primary goal was to move cracker length. The tail doesn't wag the dog, you know? The big money. The big investment. That's in the cracker, get rid of those cracker products, styrene had to play its role. Now, we focus on the margin of styrene. We're not just volume driven, we are looking at margin. We want to make money out of styrene. That is an essential piece of our business. Previously the profitability was defined by the integrated value change. You can kind of molded things together. We've talked about the fact that we've got a market based reference pricing. Our businesses have to stand on their own two feet and

styrene is no different. We have to make the right decision for the profitability of styrene. Previously, run for cash. Wasn't a core business. Now, it's pretty essential to our existence. Right? We wouldn't be here today talking about it if that wasn't the case. It's a foundational business for Trinseo. We invest in productivity, we invest in reliability, and we invest in efficiency. The things that we need to do to make ourselves stronger, more sustainable. Previously, processes around styrene were driven by the cracker processes, the sight processes. Now that may sound a bit airy fairy, but let me give you a tangible example of who that changes in this world. Last year, because we saw an opportunity, because we were nimble, because we had that flexibility, we were are able to move a major styrene turnaround, planned outage and shorten it in order to take advantage of what was happening and we saw happening in the broader structure of the industry. Direct impact of EBITDA on the bottom line. That's the kind of activity that you can do when you're this situation. One of the things that this impacts on, guess what? Effective operating rates. It has an impact on what really is going on.

So let's talk about Chinese capacity. In the last 15 years, the styrene industry has added 9.5 million tons of capacity. Out of that 9.5 million tons, 7 million was in China. What does it look like? Well, the vast majority of it is very small, as this chart suggests. You can see the red is China. The red are the tiny units. World scale unit, 500,000 - 600,000 tons. Most of the Chinese units, significantly smaller than that. 40% of the installed capacity in China is less than 100,000 tons. By the end of this decade, the average size of a Chinese styrene unit, as estimated by Wood Mackenzie, will be half the size of a world scale unit. Very significant. The other thing about this is that they're building it in a very strange way by comparison to the history. History was that you build integrated units, what they're doing is that they're building nonintegrated units or units that are integrated into refineries. The refinery ones run at the rate the refinery is going to operate at. Again, the tail doesn't wag the dog. The nonintegrated ones not only sit on the right-hand side of that cost curve, the most expensive part of that area, but they can only run to both the availability of feed and the economics of the feed. And so as a result, you see this gray line which is the impact as estimated by Wood Mackenzie of the actual Operating Rate in China. Guess what? That has a direct impact on the effective operating rates in the rest of the world. More to that point.

Let's turn and talk about the age of the assets. I mentioned this earlier. Here we have a chart that shows the different age and different assets from different parts of the world. You see the new ones, mainly China, older ones which are the big units tend to be in the rest of the world. Something in the range of ¾ of the styrene monomer units in North America are older than 30

years. It's a pretty significant piece. Now that has some impact we've seen it just recently, we've seen it in the last few weeks. The impact of unplanned outages related to, in some part, the age of these units. In addition to that, you have planned outages. So these units have to go down for regular outages. For maintenance, turn arounds as we call them in the industry. This chart depicts over the last few years in the shaded area is the average from '13 to '15 what would have been unplanned outages; now these are a mix of planned and unplanned, I'll accept. But the average is that dotted line and you can see that the yellow bars are mainly 2016. One of things I'd like to draw your attention to is the 4th Quarter of 2016. Very very low. No I admit, that there has been some impact recently that hasn't been fully baked in there. And that actually highlights some of the challenges that we've been facing because clearly this has a huge impact on effective operating rates. One of the challenges we got is that people don't announce these things ahead of time, they don't announce planned outages, turnarounds ahead of time. They certainly don't announce unplanned ones. And so trying to predict the level is a really important part of trying to understand what is going on with effective operating costs. What I would say is that the level you'll typically get is probably not dissimilar to what you can see in that shaded area going forward. You may have some questions in that area later.

Let's talk about though what could change all of this. What could change it is a big investment wave. People start building, they see that norms are up, let's go for it, let's build something. Well, this is our analysis of what the current European norms would translate to in terms of in INR returns in a grassroots unit we scale. Say, 5,000 - 6,000 tons based on what 'we've seen at this time. We can see in the bars is the INR, the little line at the bottom is the undiscounted payback years. You can see that for any major producer this doesn't look like a very attractive investment. Let me reiterate something that Chris has said before. We are not going to invest in styrene. It's just not there. So, we do not see a significant wave coming based on these kind of numbers.

So let me bring up a conclusion, so I'm going to reference back to Martin. One of the things with the re-segmentation was try to give you some insight in to how important styrene was in our overall structure. Including AmSty, it's about 20% of our EBITDA, that's the estimate. What we are seeing here is that improvements in underlining and effective operating rates driven by those factors that I've talked about. Limited new capacity, change in integration structure, the impact of the Chinese capacity, etc. etc. Now the chart on the right-hand side I want to draw your attention to because this is a chart from Wood Mackenzie. They estimated the impact just of that Chinese factor. The Chinese non-integration scale etc. in this chart and you can see over

this period what their estimate is of Chinese operating rates as a result of that and therefore the consequent impact on effective operating rates in the rest of the world. And you can see that that line is pretty high. Now, what I've done is I've overlade our own personal view of some of these other factors that I've talked about to give you this gray area of where we think effective operating rates are going to be based on those other factors coming in to play. So you can see, this is fundamental to why we believe that styrene is sustainable because we are in this area. We think that margins have improved, but they are below investment levels and so we view this as being part of the path over the next few years. Now I want to just highlight the last thing on this page, regardless of this we are going to keep going and investing in efficiency and reliability cost in margin discipline in this business to make sure we are staying ahead of this game. We are staying ahead of just what the industry margins will give us. We'll capture those extra bits of value. Okay, so that's styrene.

So now let me talk a bit about Basic Plastics. I'm going to do this and cover the three businesses in there over the next few minutes. So let's start with some numbers. The chart on the left-hand side gives you some of our revenue over the last 12 months up to the 3rd Quarter of '16. So about $1.4B and you can see the split between the various regions. So predominantly Europe with about 25% of Asia Pacific and a small section in North America. I just wanted to highlight that to you because this is Trinseo's Basic Plastics business according to that new segmentation. So what it doesn't include is AmSty. So that's the reason why there is relatively small proportion of North America in this. We have our key products in this, polystyrene, so the high impact version and the general purpose version. We have copolymers, ABS and SAN, I'm going to be talking mostly about ABS when we get to that portion, polycarbonate. You can see on the right-hand side you've got some of the split by key applications. And again, in line with what Chris said, these consumer products applications and I'll take you through as we go though. There are some pictures of some of the things we are involved in if you're unfamiliar with those. What we're seeing here in terms of fundamentals is stable, or even increasing operating rates in polystyrene and ABS and polycarbonate. With limited new capacity coming in. And we are leveraging leading positions that we have in polystyrene and ABS. And I'll be talking about some of the differentiation we have in some of those areas because that becomes a very important factor in terms of reinforcing that leadership.

So, let me talk a little bit about the results here. Again trade volumes, pretty stable. We've retrenched out of polycarbonate but we've grown significantly in ABS. But what you see is the big story around adjusted EBITDA and here that is driven by the improvement in polycarbonate

operating rates as well as that retrenchment. That decision to exit the manufacturing agreement in Freeport. The unit was shut down there. Some of the other renegotiations that we've done have really impacted the turnaround in the polycarbonate business. We've taken asset strategy decisions as well in polystyrene. We've focused heavily on margin vs. volume; on polystyrene in Asia. Picking the right battles and we've leveraged our premium position in ABS. All of which I will go into later on, but let's start with polystyrene.

So this chart basically gives you a global overview of our polystyrene footprint including AmSty this time. So, you can see here the various split in capacity share that we have in different parts of the world. In North America, AmSty has about a 30% capacity share…Europe we are at 20%, in Asia we are about 4-5%. Now what that starts to do is gives you a feel for the level of consolidation in these industries. In North America, three players make up 80% of the capacity. Just a few years ago, you needed five players to get up to that. In Europe, what you're seeing is the beginning of consolidation. Now incidentally, in the last 10 years in both Europe and North America something in the region of 22-23% of nameplate capacity has been rationalized. So you're seeing that process starting. The number of players in Europe has dropped and we are in a very good position, in part because of the products we sell. In Asia, you can see that consolidation is a long way off. So it's about picking your battles, picking the areas you want to have a leadership position in.

So let's talk about Europe. Here I'm showing IHS data on demand by key applications. What you can see is that it's pretty flat. Now if you get the ruler right, you can see there is a slight decline in the first half of the decade and a slight increase in the second half of the decade. About 1% per year growth in the second half of the decade is what they would estimate and what we would concur with that. Now what we have is a 20% capacity share in this market, but that doesn't tell the whole story because what we continue to do is assure targeted grade development to ensure we actually have leadership positions in certain key applications. So for example, we are #1 for HIPS in larger appliances, fridges, fridge liners. Now, for those of you in the room, they'll have some examples of those in the back. We have an example of a fridge liner that you can look at. We have it for a #2 position for XPS in insulation and insulation boards. Insulation is a key area where what you're seeing is legislating driving improvements in home quality, driving the need for that. And we also have a strong position in packaging. We continue to do grade development in order to make sure that we have maintain that leadership position. In the Appendix, you'll see some examples of ABS, and for AmSty, the type of grade development that we're doing so you can look at those afterwards.

In Asia, we have again a leading position in key applications. We are a small player in the market. 4, 5% of capacity share, but when you look at the places where we are #1 it is some of these areas that we are growing very strongly. You look at electronics and appliances, big part of the market growing at 2.5% per year. We're #1 in larger appliances, we are #1 in printers. We have a very strong position there. Again, down to our product differentiation. We also have an excellent position in toys and packaging. And we also have a geographic differentiation because we are the sole producer in Indonesia. The Japanese OEMs are important in Indonesia. And so both for them, and for the local suppliers, we have a unique position there which we are able to use as a source of differentiation.

Now when we talk about polystyrene one of the questions that typically comes up is what about substitution. So, isn't it going to be substituted? Well, I think the key message here and this is a snapshot of some of the work we do to kind finger on the pulse of this is to say that actually the stuff that could be easily substituted has been substituted. The things that are easy to do are actually gone and now we have areas that actually polystyrene has some pretty unique attributes which are very very valuable. Stiffness, toughness, for those of you that buy in multipacks of yogurt, it's about 'snapability' that allows you to do that. These are things that actually provide unique attributes of polystyrene that other products struggle to deliver. And so when we look at this, what we see is that there is a risk of sort of 3%, something like that, of our volume that is potentially substituted. But that involves investment by costumers, they have to make sure they change their machines in order to do that and technically it's not always that straightforward. In fact, actually it becomes rather difficult in certain applications. But fundamentally we look at this substitution question, we build that into our demand projections and so those demand numbers which I gave you an earlier are consistent with this analysis. We view the risk as pretty small in terms of the go forward position.

So, polystyrene, the summary. Strong position in target segments. We have a very successful regional strategy that's tailored to that. We have an excellent relationship with our customers, partnership with our customers, we have high quality. We are very reliable. And that's what our customers love. North America has consolidated. Europe is consolidating, there may be more to come. But certainly what we are seeing in both markets is rationalization of capacity that has occurred. Pretty significant levels as I've mentioned. We manage our exposure to the China market by picking the battles that we want to fight and then making sure we have some differentiations to support that and we have unique sole producer position in Indonesia. In terms of technical development, some of you may have seen that a few weeks ago we launched a

new product in polystyrene, STRYON X-TECH. This is for fridge liners, it's actually again, an example you can see in the back. You know, let me give you an example of what that…provides our customers. That allows our customers to down gage the inner liners of our fridges by 10%. They use 10% less product to get the same outcome. What does that do? It reinforces our leadership position. It makes sure that we are still the supplier of choice in those areas. And so we see this as a stable businesses, delivering consistent performance in cash over the coming years.

Let me move on and talk about polycarbonate. So polycarbonate is about a 4M ton market globally. 60% of this one is in Asia, no surprise there, based on the things we've said already. About half of a million tons of it is in Europe. They really are focus market and that is continuing to grow, 2.2% per year. That order of magnitude. Now, our focus in Basic Plastics and carbonate is to support the Performance Materials business. This is a key product for compounding. Polycarbonate is a unique material. Tough, transparent, excellent process ability. Fantastic product for Performance Materials to actually drive growth through. And again, you can see lots of examples of what they can do with it. However, we also have a fantastic Basic Plastics business because we sell polycarbonate direct and our key target area there is sheet extruders because our competitors in polycarbonate, SABIC and Covestro, are downstream integrated into sheet extrusion. Guess what? Our customers for sheet extrusions like us because we are the independent supplier to the independent producers. It's a unique position. Even though we are relatively small by comparison to those two big competitors. We are #3 player in Europe, but we leverage that strength, independence, and again, customer engagement to make sure we have a very solid business here.

Talking about application on the left-hand side, you see this is for Europe, the demand breakdown by End Market. The thing I'd like you to note here is that it's very diverse. Lots of different consumer applications here as well as some in construction in terms of sheet, where some of that goes to construction, all of these are growing. The only exception is optical media which continues to decline, but overall we have a 2% growth per year in this market and basically no capacity being added. On the right-hand side, you see the capacity position of the various producers and you can see we are relatively small by comparison to SABIC and Covestro. However, we have that unique position, the independent producer to the independent customers and that is a key strategic advantage we have.

So let's talk a little bit about Supply and Demand dynamics on polycarbonate. Let me explain the chart on the left-hand side first of all because this may be a little bit of a different way of

showing this than to what you may have seen before. It's purely a snapshot of regional supply and demand. So what you've got in each of the three megaregions is what the supply position is and what the demand positions is. What that tells you is that Asia is short, Asia needs to import. Now, if you add on top of that the fact that Asia is growing very strongly, and it's not adding capacity at a level that actually can keep up with that, you have a general flow of material into Asia. Indeed, some of the applications in Asia are growing very very strongly, 6+%. And so, Asia is adding capacity, but it's fairly gradual and so you're going to need those imports and what you see going forward on the right-hand side is a fairly stable operating rate line. It goes up and down a little bit. Generally speaking we would say it's up overall. But you're in a region where the operating rate is at a point where there is real value in that level. It's at a level where it generates real value in this business. So we see a pretty stable business through the balance of this decade on polycarbonate.

So when you look at this overall, again our primary focus is supporting Performance Plastics. Performance Plastics, by the way, let me just throw that out is growing in their demand for polycarbonate from us by about 8-10% per year, that's the order of magnitude. So that gives you an indication of the opportunity over here and our job number one, provide that product to them. Number two, provide product to our strategic partners who are those independent sheet extruders. Those are the key people that we are trying to support with our unique position that we have in the market. We do that off the basis of outstanding quality and service, and therefore our overall view given that supply and demand dynamic is that this is a stable business where new capacity is going to get consumed by growth and so we should see a pretty stable performance in terms of that ongoing EBITDA generation through the rest of this decade.

Let me now turn to ABS, the heart of the copolymers business. You've got some pictures here of some of the various applications that it's used in. There are some actual real life examples in the back there which I encourage you to go and look at. This is a market of about 8M tons. Again, guess what? The majority of it in Asia; 75% in this case. The European market is about 1M tons, just over, and we represent about 20% of that from a capacity point of view. But that's a bit misleading because actually, again, we have a story here of us being #1 in some of the target segments that we are really focused on. So edge bands and opaque sheets. Again, you can see some of the applications that they are used in. Now this is based on our differentiated product. We have a unique product in this area which I'm going to give you some insight to on the upcoming pages, but again, it's supported by that customer engagement. Really supporting what they want. An ongoing development associated with that.

So, in terms of ABS supply and demand dynamics, again this little chart reflects back on what I just said. So, roundabout 75% in Asia overall and not a big surprise there, but when you look at the supply and demand in terms of what's happening on in the demand front. Bear in mind, 8M tons, 3% per year growth overall globally, 240,000 tons a year I need, each year of new capacity to stay stable from an operating rate perspective. What you see on this chart on the right-hand side of this page is that actually over the next few year we are well below 240,000 tons per year. In other words, operating rates are going to go up. You can see our capacity that we are going to be putting in Zhangjiagang, China. Talk some more about that in a moment. But the key message here is operating rates are up because supply at 2.4% over this time and demand is over 3%.

However, that still doesn't tell the whole story because I said we have a unique product. Well, here is the world of ABS. The world of ABS is split into 2 groups: Emulsion ABS and Mass ABS. And you can see that Emulsion is the big piece of it. Mass ABS, 10%, that's where we play. That's where our Magnum ABS plays. And you can see that little chart where we represent a significant portion of that business. But what is Magnum Mass ABS? So what? Isn't ABS, just ABS? Well, they say a picture tells a thousand words. On the left-hand side you have Magnum mass ABS and on the right-hand side you've got Emulsion ABS. you can see the color difference. They are different products. Now, what's a color difference? When you look at opaque sheets, those are colored, customers are wanting to change different colors. Edge bands for tables needs to be color matched to the top of the able. So, they are going to color. So if you have got a low base color, guess what? You're need to add less pigment. If you have a stable color, mass ABS is a continuous process, Emulsion ABS is a batch process. So mass ABS has a much more stable color then I don't have to keep tweaking my color process. I don't have to spend time, effort, money, actually adjusting it to get that same end color. When I'm looking at a bathtub which is made out of ABS. One of the things that water does is it helps identify blemishes in the surface. So what you want is a blemish free surface. Magnum mass ABS gives you low gels, gels give you blemishes. So this provides the ability of our customers to give a low blemish product. Easier to control, lower for their cost, all kinds of reasons why this is a premium product as far as our customers are concerned and we continue to take that and stretch that product further. And again, you'll see in the Appendix some examples of that grade development that we're doing.

So this leads us to believe in terms of ABS, we have a really solid foundation in terms of Magnum ABS. superior majority of the market. Supply and demand fundamentals are getting

better. That's just straight forward, there aren't enough plants being built to be able to change that in the next couple of years. We see in the next several years the capacity condition well below what the market is actually going at. We are continuing to drive the innovation. One of the goals in my business, we, my business still drives the ABS unit for the Performance Materials business even though it's over there so we continue to innovate together. So, how can we make that materials performance better for the Performance Plastics businesses as well? And we are building a new unit in China. So we are going to be adding 75,000 tons of Magnum mass ABS capability in China, driven for to support the auto business that Hayati will talk about later. But it also provides an opportunity for the Basic Plastics businesses to grow as well. So this is a growth platform for us. It'll be up and running by the middle of next year to give you a feel for it by the end of the decade that will generate somewhere in the region of $14-15M additional EBITDA.

Let me just touch on Americas Styrenics before I close. So here you see again the step change in EBITDA contribution. This is our share of AmSty. And you can see the step change over those years. The fundamentals are the same of what I've just gone through. You saw the position they've had on that cost curve. You've seen the impact they've had on the operating rates, on styrene, they're very similar in terms of their development of polystyrene grades, their leadership position, again you'll see some slides in the Appendix. And it's all of those same fundamentals that lead to a strong performance in AmSty and a reason for belief going forward.

So let me conclude. We've seen that solid performance in Basic Plastics, the step change performance in Basic Plastics, built on that solid foundations. Those improving operating rates, those effective operating rates, our leadership position in some of our key products in key markets both in product and a geographic perspective. You've seen a continued strong performance of AmSty. But let me just share one thing with you that's not on this page because actually I think it's really really important. As I've said, I've been here a year. This has given me a year to absorb to see what's going on and let me tell you one of the things that's most impressive…are the people. The enthusiasm, the commitment, the ownership, the passion that they've got, the desire to actually do better, the can-do spirit. It's those things combined with the fundamentals that we've been talking about that give me personally, and I know that Chris and Martin and the rest of the leadership team, those things that lead us to believe in the substantiality of those business. So, we view this as a sustainable EBITDA business, cash generation very good, potential as Chris mentioned, for some upside depending on what happens to those effective operating rates and I'll hope you agree that this new segmentation

provides insight and transparency on what's really going on in Basic Plastics and Feedstocks. So thank you very much for you attention and I think now we have some time for questions.

01:29:32

Frank Mitsch, **Wells Fargo Securities**: I was struck by the charts on styrene monomer where you were showing the capacity growth in China. A couple of million tons over the next 5 years. Why are they building so much?

Tim Stedman: I think one of the things you have to bear in mind is that you need an order of, let's say 5-600,000 tons of capacity just to stand still. If you're growing 2% per year you've got 25-26M tons of total demand. Then that's what you're going to have to have. And there are all kinds of different drivers where they would build at. But I think fundamental piece is more around are you going to see an investment wave. There I would relate you back to those charts that I've showed you where what you see is you know the elements to provide that investment wave just are not there. They're really not there in terms of major producers saying, "Yeah let's get in there and build a lot of capacity." So, they're building it for all kinds of different reasons…because again there is a small scale units that may be tied to a refinery. They may have benzene that they need to get rid of. A little bit, like I've described, how we used to be integrated but these are all a number of different reasons. But again, 5-600,000 tons doesn't change anything in terms of that overall picture. Is there going to be an investment wave? We don't believe so. The fundamentals are not there to do that. You may say, "as yet," but certainly the number today do not support significant investment in those new capacity.

Frank Mitsch: You've certainly made that comment with respect to the European side of the situation and that no one there is going to do any grassroots investments. And I just have another question on the styrene monomer business, you did outline planned and unplanned outages in that business and also the age of assets being fairly old. Where does Trinseo stand in relative to the average in terms of aging assets?

Tim Stedman: So the two assets in Europe, one is '91 and the other is '99. St. James, AmSty, I think one is older '60s…and one is early '90s. Here's the key thing, it's about keep investing in those assets, renewing them, making sure that they're reliable and that's what eve been successful with an that's what we are committed to. And that's what you're going to continue to

see these planned outages happening going forward. You're not going to see some tail off of that. Because people have to do that based on regulations, they have to change capitalists. Those things are going to happen. And so this is going to continue to occur going forward. And so you can run older units, we have demonstrated that you can run old units efficiently and effectively if you keep focusing and keep investing. But in general what we have seen is that some of those older units have issues and we have seen, even now and more recently some issues with those older units either directly or with insularly equipment.

Frank Mitsch: Just a comment. The unit that started up in '99, that's a big combination of DOW to authorize that product. Back in '95, which was a great year and they went forward with it.

Dave Begleiter, Deutsche Bank: Can you discuss polystyrene profitability? How it has progressed in the last couple of years? What's your expectation of that by region of the rest of the decade?

Tim Stedman: What I would say there is that our general view of polystyrene ability is one of *stability*. What we have is a consolidation that's happened in both Europe and North America which underlines that. In Asia, profitability is a little more challenged, but that is where you need to pick your battles. So what we are doing is limiting our exposure to that China market, really focusing in on the areas where we have an advantage so, for example, in some of the appliances…and leveraging Indonesia where we have a unique geographical advantage. So in terms of the overall picture, I would say relatively stable is really our view on polystyrene over this period. Not a huge amount of change, puts and takes basically.

Dave Begleiter: And just on the Magnum and Mass, what's the price premium on your Magnum product versus the Emulsion or standard product and who else is adding capacity on the Mass side?

Tim Stedman: on the Magnum side, nobody. And I think that's important because just having access to mass technology does not mean you make a Magnum product. What we're doing, you'll see in the Appendix, the smooth and ultra-smooth products the thing we're working on. This is to get that beautiful finish that you have; the blemish free finish. Those are things we have, not to have a mass plant that gives you that as we've seen in other parts of the world. So, there is some talk of Mass capacity coming in and I'll believe it because we're adding as well. In this market, which is 8M tons there is a real opportunity for our mass ABS, our Magnum product and it can go in there and add value directly into both existing and new applications and so the

amount that is out there and announced is relatively small when you consider that 8M ton market.

Dave Begleiter: and the price premium for Magnum and mass?

Tim Stedman: Depends a little bit by application. Let's call it 3 figures.

Vincent Andrews, Morgan Stanley: Could you just give a little more detail on what drives that cost curve differential between the US all of the way on the left-end and then, obviously Asia on the right where they are actually adding capacity. And, then as a follow up to that, you did give the European investment return, but where is it for a Middle East producer? For a US producer? Presumably is lower cost.

Tim Stedman: Okay, so there are two questions there. One is about the cost curve, one is about the return for those producers. Let me deal with the first one. Really this comes down to a mixture of energy and feedstock. In terms of why they are on the left-hand side. They have that built in advantage, we know a lot about the reason why there are all of these majors building steam crackers in the US Gulf Coast at the moment. So, again, it's a little bit back to that same story. The investment one is really interesting and I'm really pleased you asked that question because it brings out a very important point. Because you'd look at that you'd say, "Wow! Based on those European norms, the guys in the US they've got an even greater return." Not quite because any one building in the US will have to be building uniquely to ship to China. That's the only thing you build for, there is no demand for additional styrene capacity in the US. You've already saw so much of it gets exported. So if I'm looking at wanting to build capacity in North America, I'm building it on the basis of two things: exported styrene and imported benzene. North America is an importer of benzene. So I'm not going to say 'never' but that doesn't feel like a very fantastic investment basis for me. And so I think that it's unlikely that it's going to happen. Let me just mention because you mentioned the Chinese producers on the right-hand side. I want to add one thing there. This is very unusual. In most commodity markets that I've been involved in, polyolifines, paraxylene value chain, what you typically see is 'Chinese producers' getting in, but building world scale or super world scale units and highly efficient new technologies integrated, etc. so in other words, they build stuff on the low end side of the supply curve, the cost curve, that's where they normally sit. This market is quite different because what you're seeing is small nonintegrated units that are being added on the high cost, right-hand side of the supply curve and then not able to run full based on the results of it. So it's a very very unique market from that perspective when adding some of those other commodities.

Vincent Andrews: Just a follow up. Point well taken on the exportation of styrene and the importation of benzene. Do you have an actual number of what the return would be even if someone wanted to do all of that?

Tim Stedman: I don't have it here, no, maybe we can follow up on that.

Chris Pappas: We have commented on those numbers, Vince, on the Quarterly call. I'm pretty sure I have this right. We said that over the last 30 months, now this about two quarters ago, that there were about six periods of a month where the margins in North America were high enough to support IRR investment, including the cost of exporting. So even over that period where styrene margins have lifted and the US has had the advantage of ethylene which is only ¼ of the molecules Tim mentioned. There has not been a continuous period of time where the returns have been substantial enough to consider building and that gives us some sense or review that the building of styrene in North America is also very unlikely. Especially when you consider the players and their motivations and their history and their drivers and those kinds of things. We can certainly speak for AmSty, they will not build styrene monomer ever.

Eric Petrie, Citi Group: You showed estimated outages of about 10%, 13-15, but styrene margins were roughly flat from 2000 to 2010. What's the shift in comparison to the outages then to now?

Tim Stedman: if you just look at planned outages, then it's very difficult to get an absolute number, but talk in the range from 7-9% as being the normal range for planned outages, and so highly unlikely that that has changed and highly unlikely that that will change going forward either by the way. What you have on top of that is unplanned outages, but as I mentioned this isn't a situation where you can simply take one factor in isolation and focus on that and say that will define everything. It's a combination of factors. So when you look back in history, two of the things that have changed very significantly that add to this thesis around effective operating rates is that Chinese capacity impact and that, as you can see from the Wood Mac slides, has been an increasing factor over the past few years. And then the second thing, which again has been very significant over the past couple of years, is this nature of the rest of the world nonintegrated producers. And so if you just look at one factor and try and do one factor to norm, you end up kind of missing those other elements with effective operating rate.

Chris Pappas: and over that period, Eric, that underlining operating rate was rising. As another fundamental factor. So you have underling operating rates rising and everything else that Tim has talked about.

Eric Petrie: And then, if I can have a follow up. What is your assumed underlined ethylene price and cost curve for the different regions?

Tim Stedman: Basically it's been 2016 averages which have been put in there for the different regions. I don't have the numbers in front of me, but we can get that as a follow up if necessary but it's basically, you can look it up, it's the averages in those regions.

Chris Pappas: Remember, effective operating rate in our thesis drives margin. Higher effective operating rates independent of input costs can drive margin. So ethylene rates are interesting, but if the effective operating rates are up, whatever you believe about ethylene, down or up, the effective operating rate is going to drive the fundamental margin of styrene.

Eric Petrie: Do you have a rough sensitivity of a 1% effective operating rate change to your EBITDA?

Tim Stedman: I believe it's too complicated to actually get into that because you know, these are the gray zone on that final chart. This s not something that is easy to calculate mathematically. What you have to do is you have to look at those various elements and basically bring them together in order to make an assessment of what that impact is going to be. But there isn't a "1% equals this."

Eric Petrie: Lastly, is there any risk that the Middle East capacity and exports to China as well as potentially to Europe?

Tim Stedman: I can't talk for Middle East producers, but let me make a couple of comments because I think that what you see in the middle east is investments that are really linked to strategic investments that are made so when you look at the Saudis, what are they interested in doing? They are interested in developing downstream value chains in order to be able to build employment within the country. I would put forward the thesis that this is not a strategic investment for them so it's unlikely that you're going to see significant investment. The other thing that i would highlight to you, I'll go back to that piece about light feed crackers and benzene. Light feed crackers don't produce much benzene. Styrene is 3:1 reliant on benzene. So again when you've got that element in there as well so, I can't talk to them, but I think that those factors play into the discussion of what I do expect anything in that region. Certainly, I think another point that is critical is it takes 3-4 years, probably 4 years to build a world scale styrene unit. When I'm looking at this through the balance of the decade, I don't think we are going to see one coming in.

Chris Pappas: Eric, what we do know, to your point about percentages is the results. So and you have the chart right here. Now that we've given you new segmentation, you can clearly calculate the change in styrene contribution to Trinseo over that period of time. Because you have all of the numbers. First of all we gave you all of the history. Second, we gave you the segmentation. Third, we've disclosed in our 10k the rough percentage of what AmSty does that's styrene. In 2014, it was 5%. So all you have to do is a little math and it's very simple and you can see the step change in this company as comprised of our direct reporting by feedstocks as segment and by taking America Styrenics direct reporting and apply that ratio and you can see the step change in styrene contribution. You can also see that in the last two years that it's been about 20% of our projected EBITDA. Including those two things together. So we've given you on purpose, for clarity, the segmentation and all of the math you need to exactly calculate that change. Now, applying that step change in EBITDA a precise percent of that operating rate, I would suggest as Tim has said, not an exact science. But clearly effective operating rates are up and that's why that step change is occurring both in our Feedstocks business and in AmSty styrene business year over year. You can actually look at the effective operating rates and make that calculation. I would encourage not to be that precise, but it's certainly available mathematically to go look at. [pause] We do know, we have 1.4M tons of styrene between our production, AmSty's production, and our Asia cost spaced exposure; 1.4M tons. We also know that a $50 change in margin on 1.4M tons is $70M of EBITDA that we know. That's just very simple math.

1:48:04:

MORNING BREAK

2:27:28

Hayati Yarkadas: Good morning, everyone. Seems like we've got the majority of us back. And I'm hoping you got to enjoy the session in the break-out and had a sense for what kind of products and applications that Trinseo is in and what exciting market segments that we are participating in. I am very happy and delighted to be talking about our Performance Materials Division and I've been here for a little over a year, as Martin said, and we have three great businesses. I've seen specialty businesses in my former career, as mentioned earlier, and I can tell you we have tremendous opportunities of growth and a very strong base in each of the businesses which I will detail over the next 45 minutes or so. What I'll do is I'll give you a brief overview of the division first and then our growth projectory going forward over the next three years, $100M growth that Chris alluded to that we are planning on doing in the division. And

then I'm going to dive into each of our three strong businesses that we have in the division: Synthetic Rubber business, latex binders business, and Performance Plastic business. And get into specifics of all of the actions that we are taking as we speak, committed actions in each business, to grow these businesses in total $100M over the next three years.

Let's get the basic overview of the division first. Performance Materials Division has $2B in sales and fairly spread over three geographies and I'm sure it's not surprising to you EMEA is a stronghold for us with our heritage. What is interesting about our division, like we've seen in the Basic Plastics and Feedstocks Division, we call on a number of different markets and applications. We are not dependent on only one market, however, there are markets that are very important for us like automotive, which is about ¼ of our sales for the whole division. Tires. I'm sure you've seen the two tires that we've brought in. One performance tire and one standard tire and tires is a very important market for us which I will talk more about. Our Latex Binders business participates into multiple applications. Graphical paper is one, not the only one, board applications, liquid paper applications, and various applications like adhesives and construction. We also play into textile with our latex and binders business and our Performance Plastics business has a very strong base in electronics, medical, and various other application some of the samples that I'm sure you have seen in the breakout. We report in three business segments as you know very well, our rubber business, Performance Plastics, and latex binders business…What "binds" these three business in performance materials division? Three things: all of these business have very strong customer centric business model. We produce special formulations, special products, specified in applications of our customers. Customers at the center of all of these businesses. Particularly in rubber, I'll talk about in a minute, the customer collaboration is at the highest level of collaboration that I have seen in various specialty businesses that I have been on. The second one is innovation. Innovation is critical in each of these businesses and that's why we have spent a majority of our RND in the company in these three businesses. Third one is the fact that the products, our sales in each businesses, are driven by consumer expenditure, consumer driven applications. We're not in mining as Chris mentioned, we are very little in energy except in LED lighting, so mostly consumer driven, automotive, packaging, food packaging and various other applications. Those are the three things that makes these business, very exciting business that I have been enjoying in the last one year since I have joined the company.

Let me tell you about what our plans are for growth for performance materials division over the next three years. Our plan is to grow the division by $100M over the next three years. That

means, 9% CAGR and EBITDA growth for the same period. $75M of that are growth actions that we have committed already in the company. The actions that are in the play which I will specify and get into details as we go into each business going forward. $25M of that are the prospective opportunities that we are looking at every day. There are a number of them, I'll give you a few examples of that, M&A, particularly M&A have two businesses: Performance Plastics and binders fall into that category as well. So in total, we are very convinced with our opportunities and the markets that we play and positions that we have in each markets in each of the three businesses that we will deliver $100M growth in performance materials Division.

I'm going to give you a snipit of a high level list of those actions that I have referred to. On the left-hand side, you're seeing committed actions and organic growth items that I am highlighting. Obviously our investment in SSBR, our differentiated product that goes into our performance tires market that are being sold out for the last two years. We have announced that over the last few weeks and we are very excited that we are receiving extremely positive feedback from our customers that we have made that decision and that investment is in place. And also our pilot plant investment, so rubber is contributing very strongly to the $70M on the lefthand side. And our ABS investment that both Martin and Tim talked about. Differentiated Magnum ABS investment which is strategically done for automotive business. It will help us to produce the same products, same quality, same low consistency in China for our global customers in Asia. That we have been supplying from our plants in North America and Europe. And our organic growth actions, very strong pipeline that we have in both Performance Plastics and Latex business makes us very confident in total that $75M with in the timeframe is achievable in the division. I'm highlighting two examples of prospective opportunities. The actions that we are looking, but not committed yet, still studying in the division that will make up in total the $25M. We have compounded facilities in Performance Plastics and we will look at optimizing those facilities. We believe we'll have fixed cost savings there, I'll get into details of the Performance Plastics business when I get there. And a number of bolt-on M&As, very specific, targeted, thoughtful bolt-on M&As, for latex binders business to grow our presence in the markets that we are targeting…and our Performance Plastics business in medical and some of our applications that we would like to accelerate our growth.

With that, I would like to shift the gear now getting into the specifics in each business. I will start with Synthetic Rubber business which I'm sure you have all have seen the examples of the tires in the tire section that we have showcased in the showcase area during the breakout. Let me give you the basic numbers first, the Synthetic Rubber business is at $400M business in sales,

very strong presence in the MBA and a strong presence in other regions. We have a number of products that we supply to our customers but its special focus and investment in our differentiated SSBR product. And you've also invested in our PBR product the last two years and the progress we are making is very good on the trials that we have with our customers. On the application side, as we all know Synthetic Rubber goes into multiple applications, not only tires. However, our play with our Synthetic Rubber products particularly SSBR, our differentiated SSBR product is in tires. More predominately is in performance tires. I think you've heard me using the term "performance tires" just about five times since I started and I think it deserves to be explained a bit and let me make an attempt on that.

Performance tires, first of all, half of the tires produced today globally are considered to be performance tires. The market grows 8-10% and we see that growth rate continuing going forward over the next number of years with various fundamental and strong drivers which I will get into on the next slide, so any tire that is higher in field efficiency so better fuel efficiency, better in safety so driven by grip. First one is also driven by rolling resistance tires or in size, some of our customers will call the size of our tires with over 17" rim size performance tires. Other manufacturers have different definitions, put that all together for us performance tires market are the market that is under tremendous evolution. There are huge requirement from the tires to perform and contribute to fuel efficiency of cars and safety of cars. More importantly, for us, what that means for Trinseo, to make performance tires contribute to those performance characteristics, performance tires require special materials including an expansible part of tread in performance tires of our differentiated SSBR product.

Let me talk a little bit about what drives the growth in performance tires. Essentially, one thing: it's really a legislation. Legislation on CO2 emissions, very strong in Europe and it's spreading to other countries and a legislation on labeling. If you walk into an appliance store in Europe, at least where I live, if you want to buy a refrigerator, you'll see a huge label on energy efficiency of refrigerator. From A to G and consumer has choice to buy higher or mid-level energy efficient refrigerators. Exactly the same thing happening with tires. It's been mandatory in Europe since 2012 and it's spreading on a voluntary or mandatory to other parts of the world. Both fuel efficiency, tire labeling which is mainly fuel efficiency…and as well as CO2 emission are to do with the rolling resistance of tires. A 30% reduction in rolling resistance of tires reduces fuel consumption by 6%. Just to scale that in your mind what that means, the SSBR products that we have launched and sold in the market place over the last 10 years contributed to just about 30% reduction in rolling resistance. But are not stopping there. In our pipeline there are a

number of new products that we are working on and we expect to contribute a further reduction in rolling resistance by another 20-30% with next generation of our products that are going to be commercial as early as starting from next year.

Moving on to a little bit the whole Synthetic Rubber market that I was talking about earlier. Synthetic Rubber market is about 14M ton market, as I mentioned, and Synthetic Rubber goes into multiple applications. Our focus is at the top of the pyramid where both margins and growth rates are significantly more attractive compared to other applications for Synthetic Rubber. We have a state of our world class facility in Germany that we are expanding and very capable with our Rnd application that is focused on delivering new attributes and higher performance. Rolling resistance, grip, noise, particularly focusing on SSBR.

Let's look at SSBR a little bit more. Not every SSBR types are created equally. There are various types of SSBR that go into three essential market segments. Almost each of them a similar size. Our focus on the right-hand side bar and a bit on the middle part where the performance tires use the differentiated SSBR products. Tracked in terms of growth rates, utilization rates, and we expect supply and demand to stay tight for differentiated SSBR products that are used in high performance tires. You might be asking "who are your competitors in the SSBR market?" There are very few competitors that we compete with. Mostly from Japan. When you look at the announced capacity expansions and market growth rate we are very confident about the supply and demand tightness in this market space going forward.

Another factor that is very important that I'd like to make a note of on the slide. Development cycles and product life cycles in the tire industry are very alone. Similar to automotive industry. It takes a couple of years to develop or improve an SSBR polymer. A year to specify and qualify an entire platform and then that tire will be in the market place for at least 5-10 years. Given the number of tire players we know…it is critical that Trinseo has that close collaboration and relationship with the tire manufactures. That's exactly what we have with the key players that is dating back to decades of working together in some cases our customers our people working at customers facilities helping develop those next generation of tires. We're proud to say that we have that relationship with our customers and it's been extremely useful in our success in SSBR market.

Now let's get into the specifics of how are going to grow synthetic market over the next three years. Our plan is to grow our rubber business by $25M over the next three years. No surprise to you most of that is going to come from SSBR. As I said earlier, we've been sold out in SSBR

for the last two years. Last time we added capacity in Germany it was commercial early 2013 and we filled that asset in less than two years. So I'm extremely pleased that we made the announcement and the decision to add another train to our facility in Germany with 50,000 ton capacity. That means 30% increase in our capacity for differentiated SSBR and it's going to be commercial in January 2018. And we also announced an investment in a pilot plant, same facility, for SSBR. Contribution from that is going to be $5M and the SSBR expansion that I mentioned earlier $10M in the timeframe and $20M by 2020 when the line fully ramps up. Pilot plant is going to help us in two dimensions: one, it's going to release some capacity from our commercial assets that we are using for scale up as we speak and speed up our innovation. Innovation is critical, this business is about innovation so we expect to deliver a significant amount of EBITDA growth from next generation of our SSBR and our Neodymium products going forward. However the growth, in tire, in Synthetic Rubber business and our other two businesses is not going to stop in 2019. There are a number of other opportunities that we are working on that we are going to deliver beyond the timeframe that we are sharing here. One that I want to highlight here. Our first investment that we are doing in SSBR is in Germany, however our customers want us to be in Asia. Their growing in Asia, Asian tires performance market is growing a bit higher than 8-10%, our global customers are investing in Asia so our next step is to establish SSBR capacity in Asia. we have looked at a number of opportunities and we are making a lot progress on this project which we hope to talk about over the next couple of months. And we will also explore potential other M&A opportunities in rubber business going forward.

So in summary, in Synthetic Rubber we operate in a very attractive market. Performance materials market grows 8-10%. Very exciting opportunity for us in the Synthetic Rubber business. We have very differentiate in a strong position in that market place with our differentiated offering in SSBR that's getting better and better and we are investigating in that. And we are investigating in the whole business to grow the Synthetic Rubber business by 25M over the next three years.

With that, I want to move on to the second business in my portfolio. Our latex binders business. Overview first, it's close to a billion dollar business, a $900M business in sales. Very fairly spread across geographies. A number of key products: SB Latex where we are global #1 in terms of production of sales and a growing presence in SA Latex and a number of growing chemistries. The point I would like you to take from this slide, most important point actually is this business is a multi-segment business. We have a large presence in graphical paper, which

we know is a challenge and I'll talk about in a second, but we are also in a lot of other markets that are growing and we have a very strong position on those markets. Textiles, board, liquor board applications, adhesive and construction, and a number of other applications.

Let me talk a bit more about the markets we serve in the latex binders business. Latex binders go into four essential markets: three of those four markets are growing. Graphical paper, as I mentioned is challenged. It's attracting about 3% globally. Flattish in Asian and 4-5% decline in North America and Europe. However, if you look at the adhesives and construction market, where we have a small base but growing very very rapidly. It's growing at 5%. Textile is growing at 1%. And board and specialty applications is growing at GDP and some of the specialty applications, liquid board packaging is growing a lot more than 3%. So it's multi-segment market, it's not only graphical paper, and the other three are growing for us in the market place. And Trinseo enjoys global #1 position in three of the four markets that we serve. Given such different markets that latex binders go into our latex management team lead by Jan and his management team has employed, what I would call a differential growth strategy. That's been the source of our success for the last couple of years in the binders business which has shown a tremendous turnaround over the last two years. Let me say a bit more about that.

Graphical paper market is about 40% of our businesses. Decline is there in the market place and we believe it's going to continue. What we have been doing in this market is taking out costs of our assets and reducing a number of our assets. Back three years ago, we have had 13 latex binders assets around the world. We have taken four of them out without losing any volume margin in graphical paper or any of the other segments. We have taken $10M cost out of this business over the last two years. And that is going to remain our focus for the graphical paper part of our business. However, we're going to continue to grow our board, textile, and aggressively in adhesives and construction market. We'd like to maintain our #1 position in both board and textile and bring us some bolt-on additions to our portfolio to accelerate the growth in our adhesive and construction market. To be honest with you, adhesive and construction segment has been growing 5%, pretty much at the market rate. We believe we can grow at 10% or even more than that in that segment. That's what you're looking at bringing additional chemistries and excess to those applications which are various applications to accelerate our growth. So over the next couple of years, as we've seen for the last couple of years, we see the shift in terms of profile of our business. Margin profile. Moving more towards graphical paper getting smaller, adhesive and construction getting larger in our portfolio and remaining strong position in both textile and board applications. Lastly on latex spun binders. So how are we

going to grow this business going forward by 20M over the next three years? Similar format as rubber. We've got a number of organic growth and committed growth actions in place that we are pursuing. 13 of that 20 million is going to come from this pillar, one of the two pillars. The second pillar is our continued focus on fixed cost. We will take another $7M cost out of our graphical paper business in latex binders over the next three years. That cost discipline in this business is not going to go away. On the organic growth, we have a global #1 position in board as I mentioned and we have a number of differentiated products, patented, very strong IP positions. Like our multilayered technology for packaging. Like our very strong position, significantly stronger than our position overall board in liquid packaging boards which is growing a lot more than overall board market. Textile, our aim is to continuing growing with the market place. We have a strong positon and we'd like to maintain that. On the prospective opportunities for the latex Binders business, a number of opportunities we're looking at, but one I'd like to highlight is in the M&A as I mentioned earlier. That is to accelerate the growth in adhesives and construction market with a bolt-on formulation addition, chemistry addition, or in some cases access to certain sub-applications in particularly construction and to a certain extent adhesive.

In summary for latex binders, business, it's not one segment. Multi-segments, four segments that we serve that latex binders go into and three of the four are growing. And we have global leadership in three of the four segments. Our pipeline is full in the segments of board textiles, adhesive and construction in a number of projects that we are working on that we are confident in delivering. And a fixed cost focus on the declining graphical market is going to continue to be an important part of our strategy. And M&A, as I mentioned, bolt-on to accelerated growth in adhesives and construction.

Moving on to our third, last but not least, Performance Plastics business. A bit of overview first. $700M business in sales fairly spread across three geographies, very strong position in North America and Europe. And about ¾ of the business is in automotive. As you can see automotive is a very important market for us, both for tires and Performance Plastics. And the other quarter is a multiple of different applications. We call that Consumer Essential Markets; consumer electronics, in medical applications, in lighting and in electrical applications and various others. The number of products that we offer in Performance Plastics; one that I'd like to highlight is our differentiated Magnum ABS product which is allowed us to have a very strong position in automotive interior applications. Some of the examples that you might have seen in the breakout. Our products and solutions and compounds that we offer call on to the key trends in the industry. What are those? Light weighting in automotive, the use of plastics in automotive is

increasing and our plastics and polymers in compounds serve to the trend in the industry. Lighting efficiency with LED, our polycarbonate, special polycarbonate compounds and blends that go into that market. That's the market, that trend that drives our growth in that industry. Recycled products more and more our end customers are requiring either postindustrial or post-consumer industry that are offered in some of our blends in our portfolio.

Looking at the markets a bit deeper that we serve in Performance Plastics. All of the markets that we serve, the key markets that we serve, the use of plastics is growing at about 10%. Automotive driven by light weighting, LEDs driven by light efficiency. Consumer Electronics, shorter life cycles, driving growth overall and medical and aging population all over the world. So our products address the key trends and the markets we serve are very attractive markets. Particularly automotive and growing in other segments. We have very strong relationship with major OEMs. In automotive, actually we have been in automotive with our products for a number of decades. Those allowed us to establish very strong relationships and that is expanding beyond our automotive into other areas in the Consumer Essential Markets.

Looking at some of the key products, I'm not going to go through this slide, all of it, but just to highlight one or two. ABS is critical, you heard it from Tim, both for basic plastics and Performance Plastics. You have a differentiated position with color, with gel, low consistency and that has helped us to be very successful actually in #1 place in automotive interior application applications for ABS. that product goes into automotive interiors, medical devices and multiple other applications. Our PC compounds, ignition resistant PC compounds, are used in LED lenses and housing as well as medical applications.

Looking at the trends a bit more, I think I mentioned that already both for automotive and for consumer electronics, the key drivers in automotive is fuel efficiency. Very similar to rubber discussion we had earlier. Fuel consumption is one of the key challenges that automotive companies are facing. They are looking at every part in the car, including tires, and anything that can be light weighted from steel, aluminum, to plastics. Car companies are persuing. And that's driven the use of plastics in cars from 200kg from average vehicle, that we believe is going to go up to at least 50% over the next couple of years. And that trend, for us based on our view, remains as part of the industry trend going forward. Similarly, globalization of our customers. Our customers design and OEM designed a product in California, and they get manufactured in five different countries. They expect us to deliver the same product for the same mold in interior applications or exterior applications in cars in five different countries with the same specs. So that is one of the key drivers why we made the decision to invest in our

ABS facility in China. In Consumer Essential Markets, I think I covered most of it. Short of product life cycles and driving growth of plastics in those products and products growing in aging population. And a change of a care point in medical applications is increasing a number of medical devices using plastics.

First, the growth cannot from in Performance Plastics. Starting with Automotive, as I mentioned we play in three essential areas in cars. In interiors of cars where we have a global leadership position with PC, PC ABS, and our differentiated Magnum ABS products. Very strong position in North America, Europe, and a strong position in Asia in a fragmented market place. We think the penetration of plastics, our plastics and interiors, this has been fairly high so our plan is to continue growing in interiors with car bills. However, the additional growth in Performance Plastics is going to come from geographic expansion. Our ABS investment in China as we discussed early and us penetrating with our products into further parts of cars like exterior applications where we have a play and that's opening a great opportunity for us to grow further. And same structural applications. What are those? Anything that is not chose which is metal, we call them "semi-structural applications." Tailgates, doorframes, front end motor carriers used to be made of metals and aluminum, OEMs are converting and light weighting our parts with our plastics, into plastic parts. That is going to be an essential part of our growth going forward with our long glass fiber products and we've been in the market place for a while and we've been innovating and adding new products to our long glass fibers portfolio.

In the Consumer Essential Markets were are in various application, in lighting, in medical applications, in various accessories for phones and pads. And we've established a very strong position in Consumer Electronics. We expect that to continue growing in the market place. However, with the pipeline we have and the costumer we are focusing on, we expect the medical and electric lighting to be the growth engine of this part of Performance Plastics market. Which is a quarter of our business.

Lastly, our growth trajectory and plan for Performance Plastics. Our plan is to grow Performance Plastics by $30M over the next three years. $25M of which is going to come from organic growth from automotive, particularly in exterior, growth in a sharing market with the car build and semi structural applications that I talked about earlier. And the $5M impact within the timeframe is the contribution from our ABS facility in China which will contribute $15M when it's ramped up by the end of the decade as mentioned earlier. We are looking at a number of perspective opportunities in Performance Plastics. Number one, mentioned earlier, is looking at our compounding facilities and further optimizing our footprint, which could contribute up to $5M

of EBITDA by 2019. And bolt-on acquisitions to accelerate our growth in certain select markets that we are targeting in Performance Plastics.

I would like to take us back to the slide that I started with the performance materials division level. Our plan is to grow the division by $100M over the next three years. This is cut across three businesses with very attractive markets and strong positions that we have in each market. Makes us very confident that 75 of which is coming from those committed actions that we will be delivering that over the timeframe. A number of perspectives, some of which I went through, and more of them to come as we go and look at other opportunities in the division. Thank you very much. That is all I had in the Performance and I'm looking forward to your questions.

3:09:02

Dave Begleiter, Deutsche Bank: Given the high growth and high margins in rubber and ABS, why are you not seeing more competition and more capacity coming in to these markets over the next few years?

Hayati Yarkadas: That's a great question and as mentioned earlier by Tim, not all ABS is created equally. We are playing in an ABS Market, with low color, low gel, and we have improved our product offering over the last year significantly. Even though there has been some announcement in expansion in Emulsion ABS we see very little investments in the Mass ABS technology that we are driving in our markets, both for basic plastics and for Performance Plastics.

Dave Begleiter: And for rubber as well?

Hayati Yarkadas: And for SSBR. Sorry, I missed that part. The industry is growing 8-10% and that's fairly spread across the regions. The last investment we made was in 2013, and we filled that line in less than two years. And there are a number of announced expansions in the SSBR capacity, but very few on the differentiated SSBR Capacity that has come from Asia and if you look at supply and known expansion in the industry, we see that supply and demand is staying pretty tight as I've shown earlier.

3:10:41

Mike Sison, Keybank: In Latex, it's interesting that you see places to grow now. I think in the past, it's a tough place to grow for what it's worth. Can you delve into the adhesives and

construction side of the business where this technology fits in and what areas could it replace and generate some growth? Or compliment chemicals where it can replace and grow?

Hayati Yarkadas: Excellent questions. Thank you, Mike for asking that. Let me start with adhesive and construction, in adhesive and construction latex binders go into various applications. Goes into tiles. Goes into cement, walls, and separators, as a binder. There are a number of different chemistries used depending on the application, depending on the region. And that market overall, latex binders in adhesive and construction is growing about 5% as I've shown. We've grown with the market for the last couple of years; that doesn't make me happy. We need to be growing faster than that. That's why we are putting more effort into application development and we are looking at adding some additional chemistries and some application development capabilities with the bolt-on acquisition. But if you look at the other two segments, we talked about graphical paper, but board is growing nicely, GDP, and textile is about 1-2% a bit different from region to region. Within the board, there are sub-segments like liquid board packaging where our market share is significantly higher, I won't give you a number, it is significantly higher than our market share in the overall board market and is growing more like 5-6%. Particularly in Asia. Driven by hygiene standards, food packaging, dairy packaging, etc. those are the applications that our products go into. Okay?

3:12:47

Frank Mitsch, **Wells Fargo Securities**: Very impressive growth rates that you talked about and yet the EBITDA that was laid out for 2017 suggested that performance materials really wouldn't show much growth. Can you reconcile the two for us and then I'll have a follow up.

Hayati Yarkadas: Absolutely. Another great question, thank you, Frank. In 2017, based on our guidance that we provided on our Earnings call, two of the three businesses: Latex binders business and Performance Plastics business is growing at about 6-7% in line. However, because of the investment that we are making in rubber which is going to cost us in rubber business about $15M with interruption the asset that we are reconfiguring and the fixed cost elements all of the investment we are doing, rubber business in '17 is going backward, but a significant increase of course. As the new SSBR line starts in January '18 and going forward. That's the main reason. Otherwise, we would have seen 6-7% growth on this division with the guidance.

Frank Mitsch: All right. And, with respect to the $25M perspective opportunities, what sort of, as you look at bolt-on acquisitions, what sort of EBITDA multiples is the marketplace requiring right now to get there?

Hayati Yarkadas: Interesting one. The companies that we are looking at, Frank, both in Performance Plastics and latex binders. These are generally small to medium size companies. Generally privately owned companies. Very strong in one geography, or one application, or one area of technologies and the evaluations go anywhere between 7 to 15, okay, we haven't bought anybody yet, based on earlier discussions. We can be very careful in terms of who we busy. Technology fit, synergies. Can they help us grow that particular application that we are looking at, targeted applications? That's the drive that is what's driving our effort in M&A.

Chris Pappas: So, Frank, we have to have, I think Hayati said it pretty clearly. The multiples to do those bolt-ons are obviously going to be our multiple. They're not necessarily *that* high above the multiple of our performance materials business if you compare it to external benchmarks. And in order to have a successful acquisition in that environment, we would have to have the rational that Hayati mentioned which is rapid global growth, rapid leverage to upside in our system rapid in our system that exists in the smaller companies today. That equation has to make sense.

3:16:01

Eric Petrie, Citi Group: With the announced SSBR Capacity expansion and your supply demand projections, are you maintaining your market share? Are you gaining your market share with your deal? And what is it?

Hayati Yarkadas: That's a tough one. With the new expansion coming in that's going to help us to maintain our market share globally. If we didn't do it, we would be losing market share. That's pretty straight forward. But we are not going to be stopping with this investment alone. We look at Asia and we see our potential, not only to grow with market, but also take market share in the marketplace. But i am not going to comment on the market share or market for the number of SSBR.

Eric Petrie: And secondly, in your Performance Plastics, of your total volumes what are you interior verses your exterior in your semi structural? And is there EBITDA of margin uplift of those two latter categories?

Hayati Yarkadas: The simple answer to your last question is "yes." And your first question, I'd say more than 60-70% of our business in interior is in Performance Plastics, automotive part. The rest is in exterior semi structural applications as we are growing in those applications.

3:17:40

Mike Sison, Keybank: When you think about the acquisition opportunities, $25M in EBITDA, doesn't seem like you need to put a lot of capital to get there. I the opportunity bigger? Can you talk about the size? I mean, we're in a pretty good M&A market, could it be a lot bigger as an opportunity?

Hayati Yarkadas: Mike, first of all, not all of that $25M is about M&A. We have a number of other opportunities we are working as we speak, but they are not finalized yet, some of that is M&A. Could that be a lot bigger than $25M? I'll tell you something. We are looking at this every day and I won't be surprised if that number is going to be getting bigger as we continue to look at both the M&A and other opportunities. And M&A, it is binary, it is not linear, it's a big larger company and larger EBITDA, that number is bigger. That's all I have to say on that one. [pause] Barry? Thank you so much.

3:19:18

Barry Niziolek: Before I dive into our Cash Deployment plan, I thought it might be beneficial just for perspective to go through some recent history to reiterate on some points that Chris had covered. So, initial public offering, June of 2014. Between March and September of this year the remaining 80% of shares, held by Bain, was sold into the public marketplace. If I look back and I think of going back to 3rd Quarter of 2015, starting in the 3Rd Quarter, through 3rd Quarter of 2016, and average free cash flow was $90M a Quarter. So, take a look back on history, everything that we have accomplished from an operating performance standpoint and all of the intrinsic momentum that we have going forward from an operational standpoint carries forward into us going forward into a fully publicly traded company as of September of this year. So, points that were raised around things around our capital structure, public capital structure put into place. When we think about what we have done, sale of the PE equity into the marketplace and then also putting in what we think is an attractive share return of cash to investors, all in a fairly tight period of time. So we all feel good about that.

There's four key messages that I'd like you to take away. First, this company is generating significant free cash flow. However, I suspect many of you in the room have already realized that and that's why you're sitting here. We are at target net leverage ratio of one to two times.

We have ample liquidity of $90M of liquidity. And finally, as we go forward, we are going to balance our cash deployment between investing for growth and productivity with return of cash to shareholders.

Let's take a look back on our last four years of strong financial performance. If we start from and EBITDA standpoint, EBITDA has grown significantly and we've use that EBITDA from a standpoint of generating cash to strongpoint our Balance Sheet. Think of our Balance Sheet and that leverage has come down to 1.2. Capital structure: we're about $1.2B of debt on our Balance Sheet and the composition of that is about a $500M term loan that's due in 2021. Another $700M of bonds that are due in 2022. Economically right now, it really isn't economically feasible for us to make any debt refinances at this time. Cash from operations and our cash generation capability, as we announced and gave our guidance for the remainder of 2016, we expect to have about $350M of free cash flow. Our cash flow yield is 16%. One of the highest, if not the highest, in the chemical sector.

So, from a cash standpoint, the company is at a pivot point. And from that pivot point from strength in the Balance Sheet to moving forward with growth and moving forward with a return of cash to shareholders with that balance. So if we go down our uses of cash and we start with cash expenditures from what was primarily a maintenance of from CAPEX standpoint to one that will also fund growth and productivity. You've heard the programs from Tim and from Hayati. From a liquidity standpoint, one that's been improving to one that we believe is a strong position. $900M of what we're comfortable with. As of the end of the end of the 3rd Quarter we have $466M of cash on our Balance Sheet. And in addition to another $425M of committed credit facilities. Dividends in June of 2016, were declared our first dividends from the last two Quarters, dividends were declared. M&A was not even on the radar screen a few years ago. And you've heard Hayati speak to some of the opportunities that we are actively pursuing in a targeted disciplined fashion around M&A. Those M&A activities, as you've heard will be complimentary either from a product standpoint, a geographical standpoint, or a technology standpoint. And then finally, you'll have to admit from a purchase standpoint that becomes a challenge from balance to growth and productivity with returning our cash to our shareholders for long-term shareholder growth.

Year to Date 2016, we have returned 91% of our free cash flow to investors, from either dividends or share repurchase. That's about 9% of outstanding shares. In addition, as we mentioned last week, our Board authorized an approved repurchase of the remaining 2.7M

shares that we received shareholder approval from back in June. And of course we have our quarterly dividend, annualized dividend of a $1.20 per share.

So with that, there are some cash deployment principles that we are going to follow. I'm going to stress a few points as we move forward from a cash deployment principle standpoint that Chris used the words correctly that it's going to be disciplined, that it's going to be thoughtful and the whole point is to maximize shareholder value. We are going to build on our strong financial performance, focus on business cash flows as you've heard. Those business cash flows will keep a tight control over CAPEX and our working capital. Capital expenditures will fund growth and productivity initiatives in addition to our maintenance initiatives. Dividend is our plan is to have a sustainable dividend that we will going to grow over time and keep at a level that we are comfortable with, through business conditions, various positions and economic conditions. Targeted M&A is going to be very focused, again as you've heard. We will pursue M&A activities. Not only performance materials, some of the technologies and products that Hayati had highlighted, but also if there is a consolidation or an synergistic opportunity in BP&F, we will pursue that. And then finally, balancing those growth opportunities with share repurchase. All will be done in a disciplined fashion in order to maximize shareholder value.

Let's take a look at cash availability. As our estimate over the next couple of years is starting with the left-hand side of this chart, we are estimating that we will end the year with about $560M of cash on our Balance Sheet. So as we peer into 2017, and we look at our cash from operations, the $415M dollar number is similar to the $580M EBITDA number that we provided last week in our guidance for 2017. So from about the $580 you deduct about $75M from our interest payments, $90M for our cash taxes, that gets you to the $415. CAPEX, we are estimating it to be about $175M to fund the growth initiative that you've heard about and also from a productivity standpoint that we will continue to fund and maintenance. Finally included in this number is about $55M of Dividends which is about our current level of dividends that we have declared. At the end of two years, our estimate is that we will have about $725M of cash to be used for additional growth opportunities and our return to shareholders. Think of the other thing, is you'll notice the dotted line on there is what we're planning on and what we need to run our daily operations is about $200M on a typical month basis is our best estimate.

So I want to delve a little bit into capital spending and also into dividends, but we'll start with Capital spending. If we walk across this chart and we talked about $40M what we are comfortable with, a base level of maintenance, EH&S, and regulatory. You've heard Tim speak to how important it is for us to protect the cash generation capabilities in our BP&F and our

facilities…We have ample cash to ensure the run ability of those plants and particularly the reliability of those plants. IT, you'll see the IT number will be coming down in 2017 from the $55M to the $30M. That decrease is predominantly from the successful completion and start up on November 1 of our ERP system. It's something that I really proud about from an organizational standpoint. It's the final phase of a startup of an ERP system. It's on time, on budget, with no customer disruption. So something we are really proud of. The remaining $105M is for the growth of productivity initiative that you've heard of as we drive into 2017 and forward.

In June of this year, I mentioned that our Board authorized first dividend ever for Trinseo. Our plan is to maintain and grow that dividend over a period of time. Again, we want to do it at a point that we are comfortable at maintaining for various points in the business and economic cycle.

We think of managing through different business and economical conditions, here's a chart that if you look at the left-hand side, this is a base cash flow number that kind of equates to an EBITDA breakeven point for us. From a cash standpoint. So starting with CAPEX, we said "what's the minimum level of maintenance plus growth and productivity that we will look to?" We estimated that to be about $80M. We still have the $75M of interest payments. Taxes because we would be working off of a lower level. Cash taxes we estimate to be about $30M. Maintaining our current dividend level of about $55M gives us a breakeven EBITDA cash flow number of about $240M. When you look across and you see what Trinseo and what this company has been performing at from an EBITDA standpoint for about the last two years and what we have projected into 2017, you can see there is significant cash flow for us to manage through both the dividend, growth, and the remaining balance of cash due to shareholders as we move into the future.

There are a lot of questions about our targeted M&A and again, it's going to be done in a disciplined fashion and I think you can see here from the summary of M&A focused on technologies, products, and focused on geographic areas where we believe there will be the highest growth. Some of it will be each of the businesses, predominantly in performance materials. That is the focus. The Latex, Performance Plastics, and Synthetic Rubber. but the start on a highlight, if there is a synergistic opportunity here or a consolidation opportunity we see in BP&F, we will pursue it. This is our best estimate, as we look at peering through the next couple of years, how we will balance investment with return of cash to shareholders. So our best estimate is when you think of one of the many M&A opportunities that are on our horizon,

we're estimating the aggregate to be about the $200-300M range. That's a hypothesis we have and it's based off of items that are being pursued and I want to highlight that it's an aggregate number. Share repurchases, I've mentioned a number of times, we are going to balance that with growth versus return of cash to shareholders. And dividend, an attractive yield and payout relative to our peer group and we'll maintain it during our various business and economic positions.

So, finally, I wanted to end with how I began. So if you look at our cash deployment and our key points, there are four key points. We are generating significant free cash flow. We have ample liquidity. We are at our target ratio of one to two and as we go forward with the cash that we are generating, we intend to balance that with our cash investment and our return to shareholders to maximize long-term value. So, in some respects I've got the easy part. it's nice walking in and having cash like this, it's a high-level problem to have. The important thing to emphasize is we are going to manage our cash in a disciplined fashion to maximize our shareholder value. So with that, I will open it up to questions.

3:33:26

UNANNOUNCED PARTICIPANT: Regarding the cash, the buyback of stock, I know many firms are doing it and what does the company gain from it? It may raise the price of the stock a little bit, would it be an idea perhaps not to benefit the stockholders to keep it in reserve in case there is a severe economic downturn? I know you have a good cash reserve. And what does the company gain and is it connected with any plans for the principles in stock? is it connection with any option plan for stocks in principles? In terms of buyback, is it helpful to the company?

Barry Niziolek: I think let's go back to the two slides I think will be helpful, and the two slides as we look at our cash projections off of our EBITDA. Think about the cash balance that we have. This is the balance, right? There's the balance of looking at growth and the balance of any kind of investment that we have in M&A activity with return to shareholders. You can see with a minimum balance $725M after maintaining that significant cash balance. To your point regarding any potential downturn, that's the whole purpose of this chart. When you take a look at this chart, we are saying "look, to manage our business arguably on a base cash flow level it's about $250M. Looking at the $250M and our projections for EBITDA you can see that we have significant cash flows. I think you'll have to agree from returning cash to investors is in the best interest of the investors. And you can see that there is still room for any kind of economic downturn or change in business conditions that we have ample room driving forward.

3:35:20

Dave Begleiter, Deutsche Bank: Thank you. And Barry, two things: of the cash we have, how much is overseas and I know on tax you have a pretty low tax rate today any potential to further lower the tax rate going forward?

Barry Niziolek: It's a pretty sweet business as you know. About 60% of our revenues are in Europe and that's where the cash is. We don't have a trapped cash issue. So the cash is there and I think as you look at our…bonds, roughly about half of them are Euro-denominated. So there's not a trapped cash issue, David. Second from a tax rate standpoint, if you look at the jurisdiction, we are a Luxembourg Corporation so that provides some tax advantage and as we are go forward we are confident that we can manage our tax rate in that 22-23%.

Dave Stasse: I'd like to add just one more thing to that if you don't mind, Dave. As a Luxembourg based company our debt is issued out of Luxembourg, our buybacks and dividends are paid out of Luxembourg so our primary large cash needs are in Luxembourg so we don't have repatriation issue. as it stands the vast majority of our cash is overseas and we have the access to get all of that over to Luxembourg as needed for any of these debts served as buybacks served, etc. So the overseas issues is not really an issue for us. I just wanted to point out one other thing. Can you go to slide 86, Barry? ...I just want to make a very important point. you'll notice that the 2018 numbers on this chart, effectively cash flow and dividends are the same numbers as on 2017. Just don't want that to be interpreted as guidance. We did that for illustrative purposes only just to show a point. we are not giving guidance now for obviously 2018 cash flow. It's a very important point, but we just did it again for illustrative purposes.

Barry Niziolek: and one other point on this chart, just to highlight, is that 2018 is for illustrative purposes. also to highlight the repurchase of 2.7M shares that the Board authorized that we spoke of last week on our call is *not* deducted from this number.

Chris Pappas: in either '17 or '18.

Barry Niziolek: yes. [pause] Any other questions?

3:37:56

UNNANOUCNED PARTICPANT: I just had a question on cash flow usage if you happen to have, say we have upsized styrene margins and you have much more cash than anticipated, what should we anticipate as the use of that cash? Would it go more towards organic growth?

More towards repurchases? I don't know, any color there if you happen to have more cash than is in your base plan?

Barry Niziolek: If you think of some of the growth from a CAPEX standpoint, the 175 that Hayati talked about predominately the projects are already in the 175. So as we look forward, again the best I can say is we are going to balance it. So if we are generating more cash, absolutely. If we are looking at relatively growth investments relative to what we have in a disciplined thoughtful fashion. We just aren't just going to go out and start doing things because we have the cash. It's going to be controlled, it's going to be disciplined. So we look at it from an opportunistic standpoint, that I think if we are going to be the return, so from a flipside that's going to be the balance that's going to be returning it to shareholders.

Chris Pappas: Maybe just to add one thing to that and first of all just coming back to this slide, David made a very important point and Barry did that this is illustrative for '18 especially there is no EBITDA guidance that we are giving you for '18, I want to be crystal clear on that and David was. However, the CapEx number that we put up here is our expected CapEx for '18. We've already given that number and of course our interest expense, unless we are going to change our Cap structure is of course known in '18 as well. And the dividend rate is of course staged Dividend rate, but I think you guys get that. But on this question on cash and what if margins and cash flow rises substantially. I think if anything as Barry said and as I have said, we have shown patience, discipline and we have not been unwilling to allow cash to collect on our balance sheet. We have not been unwilling to do that and we would of course, if that presented itself, that would not stimulate us, in other words, having cash on the balance sheet, would not stimulate us to do something in an M&A environment that we didn't think was very thoughtful and truly shareholder accretive. When our multiple is where it is today, which is about 5 times EBITDA, that's where share repurchases look attractive obviously compared to the growth in Capital. But if we have investments that have high return we are going to put our money there as you have heard from Hayati today. So it's a balance.

Barry Niziolek: Okay. Any more questions? Chris?

3:41:06

Chris Pappas: Thank you. I'm just going to quickly wrap up and make a few points here that we have made before but I want to emphasize a couple of them. Number one, this is a picture of the guidance we gave on our Earning call. It's laid out a bit differently, but it's essentially the same thing of course. We guided to in 2017 in EBITDA to $580M that equates to a net income

of $310M. I should say we guided to a net income of $310M which is $580M of EBITDA. In EPS, diluted at $6.78 that number includes no further share buybacks, that's at the current share count, and cash and operations of $415M. Underneath that $580M of adjusted EBITDA, which is essentially flat to our expected outcome for this year, we guided basic plastics down slightly year over year due to investments we are making in ABS which you have heard about and other investments. We guided Feedstocks flat, that is our Styrene business flat. And we guided American Styrenics flat. So we took that approach to basic plastics and feedstocks and the guidance. And you already heard the question from Frank, answered by Hayati, about the decomposition of the flat guidance of performance materials from the '16 expected outcome to the '17. Now I haven't done an exhaustive study of this, but I have done a little work and think we have been one of the few chemical companies that have already given guidance of 2017. I want you to just think about that for a second and think about history of our guidance, at least so far, to be relatively accurate. We run businesses that have can have significant movements in margins, particularly styrene, and giving guidance for company is something I thinks is very important, but I also think we are doing more than some of our peers and we are happy to do that. But I want to make sure you understand and have an idea of our guidance and how we give it. But I want to show something about Styrene monomer here in a minute that will help you understand how we do it. Let me give you some numbers that our in our Appendix and in our website of styrene. I want you think about some of these numbers for just a minute. In 2015, in our feedstock's segment, which you now have the numbers. The quarterly EBIDTA for Feedstocks goes like this: 5, 35, 7, 3. Quarter one, Quarter two, Quarter Three, Quarter Four. Those numbers you have. Resegmented data. That sum is $50M. In 2016: 21, 33, 13, "?" we don't know the fourteen number yet for Feedstocks. There is a number of outages going in this industry. Who knows? We'll see how things progress through the end of the year. What's the point in me giving you those numbers? Obviously styrene moves around quarter to quarter. In 2015, our styrene EBITDA was about $50M. And in 2016 through three quarters it about $67M. So I made the point earlier…I think what we are trying to do is give you guys the data. Give you guys the segmentation. Give you the mechanisms under which how our styrene business works. That's why we give you the footnotes on those gray bars so that you can start to get a more discrete and clear feel about how that comes together. And what I would encourage you to think about and I know it's very hard. Rather than getting excited or disappointed about a particular quarter in styrene when the margin of that three month window is large because of unplanned outages for example or a heavy turnaround season or on the contrary where that number is particularly low in a Quarter because there may be low unplanned outages. I would

encourage you not too get too excited about the upside and too excited about the lower number. But I would encourage you to think about the aggregate for the year and is that business, as now segmented and shown, is that business moving in the direction that we have said? Which is year over year improvement in styrene margins leading to EBITDA improvement year over year. And that's really been our fundamental thesis. Without trying to say every quarter is going to be better in styrene from quarter to quarter. We know that's not the case because of all of those complex dynamics that Tim has talked about. That in a three month period can create interesting dynamics. That why I just gave you those numbers. And now you have them for American Styrenics as well. So you have all of the data you need to look at this.

Now that leads me to this philosophical approach to giving guidance for styrene. And these are really some of the same numbers that I was talking about, but in our 2016 guidance for the company for BP&F, Basic Plastics and Feedstocks, what we have done is we've said we think, sorry in our 2017 guidance, we think the level of styrene margin EBITDA will be about the same as it was in 2016. That's our current guidance for the year for that segment if you will. However, we recognize there might be higher planned outages in 2017. It's not clear yet what the rate of planned outages is going to be in '17 compared to '16. We have a sense of that. There are things we know about that people have talked about. Turnarounds in the first Quarter, we don't know too much about the back of the year, but that's an unknown. Of course the bigger unknown is unplanned outages. Those both, if the planned outages of next year are greater than the planned outages of next year, all else equal, you would expect a higher EBITDA. Obviously if there are unplanned outages next year, we have had very few this year. Right now is the first time, this year, right now, right this moment in November, where we've had any real unplanned outages in styrene. Last year we had a bunch of them. This year, we have had none until right now. We'll see next year. I want you to think about that number in the context of that. And incidentally, we put on this chart, American Styrenics styrene in the 2016 number and we did that on the basis of taking their aggregate EBITDA and using that percentage that they've disclosed of EBITDA of styrene 45%.

Now, the other thing on this chart that I think is very important to pick out is while the total EBITDA our business and American Styrenics in 2015 is going to be just a little bit higher in '16. In '15, remember we talked about this, $60M roughly of unplanned outages so in the absence of unplanned outages from '15 to '16 the styrene business moved up almost $80M in margin. Okay? And again, for '17, we have guided to flat and we have said we'll see how outages developed.

I'll add one more thing to make your life a little more interesting as you try to try and forecast styrene with precision, which I would encourage you not to do, and that is inventory. Inventory flows in these large commodities, Tim touched on it, can have significant changes to EBITDA. Why? Because the inventory chains of these businesses are long. And the volume of inventory, whether it's styrene monomer, polystyrene, ABS, finished goods is high. And so in periods when inventories are being lowered which is what we have been experiencing over the last few months. In fact, inventory levels for China styrene have been as low as they've been in at least five years. that creates an apparent lack of demand that is not necessarily real it's artificial in the form of inventory reduction creating an apparent drop in demand and a lower effective operating rate. And as those industry dynamics swing the other way, as the market believes maybe the prices are going up and they want to build inventory, you have the reverse effect. You also have to think about harmonizing that through the system. I think any of those of you who have been in the business for the length of time I've been in it, which is now 39 years I might add, do understand that dynamic. So, that's our philosophy, that's how we ended up there and we'll have to see how the world develops. We are pretty confident that styrene monomer, polystyrene, polycarbonate, those kinds of products are moving in the right direction. This is strictly styrene guidance that we are showing here. For all of the reasons that Tim mentioned.

Key takeaways from this, and then I want to show you a very hypothetical model just for the fun of it. Basic Plastics and Feedstocks margins are expected to be sustainable and have growth potential. I think Tim Stedman did an outstanding job of covering that topic. And I'm hopeful that all of you, number one appreciate his knowledge, his expertise, his knowledge and the way he unbundled and unpacked and gave you all of the components of that and you get a sense of why we have that belief. I think he did an outstanding job. Performance materials is tracking to higher growth. I think Hayati did a tremendous job of explaining how we're going to get $100M of EBITDA in 2019 above 2016. And he showed you projects that are happening, committed capital and he also said there is about $25M of that $100M that we think we can do, but we haven't specifically landed on how exactly to get there. We believe we can do it. And he said 2020 will be higher than that because if you looked at his numbers, the SSBR contribution in 2019 from the new plant is not yet equal to the full contribution which is going to be in 2020 and the same is true for ABS. So we already have built into 2020 the filling of SSBR and the filling of ABS which will raise 2020 compared to 2019. And I think Barry did an outstanding job on our third objective which was explaining our philosophy on cash deployment. I thought there were great questions on that. This question about "is buying shares good for shareholders versus

spending money on great projects," is a fantastic traditional question. We have tried to be balanced about that. We believe our shares are undervalued, we believe they have been undervalued and that's why we have been doing that program the way we have. We'll be looking at that as we go forward, we have authorization to do more. But we are trading at 5xs EBITDA, guys, so that's pretty well from our point of view in terms of evaluation.

That brings me to this chart. I'm not in the business, nor is the company in the business of predicting evaluations or anything else, but I want to provide framework now that we have resegmented and given all of the information acquired to think about our company in a more segmented way, we have done here a, I will stress, purely hypothetical view of the way somebody might think about the businesses we are in. I think we have taken a pretty market based and conservative approach and I'll just go through it for the sake of illustrative purposes. Number one, we took our feedstocks business and said "maybe that should trade at a discount to a company like Lyondell which of course is a large public, I will add commoditized chemical company, basic plastics type company. We said that America Styrenics would have a multiple that's a blend of their styrene business at that multiple and their plastics business and the multiple that we have for our basic plastics business which is the same as Lyondell's overall multiple. We just blended the AmSty EBITDA into that combination. And then latex we have public markers, we have a pure play company practically that trades at this kind of multiple. We have pure play public companies in compounded engineer polymers that traded the multiple we have here. And we have one transaction in Synthetic Rubber, a large transactions recently that went at 7.3 times. I think our business is worth more than that because I think that transaction had a mix of rubbers that were not the same quality of ours. But nevertheless that's a public transaction, that's a marker, if you do that math, simple math, we have a multiple of about six and a half. You've heard me say this many times, I think we have a pathway to equity growth in this company that is at least two pronged and eventually maybe a third prong. Prong Number One: deliver sustainable and/or growing EBITDA in Basic Plastics and Feedstocks. Deliver higher growth rates in performance materials; you've heard about that today. Those two, in my opinion, should over time lift the multiple of the company and if the EBITDA is rising with rising multiples, obviously the math would suggest that's an equity upside to the company. The third possible leg is for us to think about deploying cash in the future in a way once our multiple perhaps his higher where M&A becomes more appropriate tool for us to use to drive shareholder value. You've heard me say many times M&A, other than small bolt-on, is really hard for us today. It doesn't make a lot of sense. We have upside to multiple by proving our

theses. we have upside to EBITDA by proving our thesis. There's a lot of equity growth in that. You've heard me also say this many times, large M&A is hard to do in the chemical industry and do well. The world is littered with mistakes and the world has few successes and we are going to be patient and thoughtful about it and if we accrete cash on the Balance sheet along the way, that won't be the worst problem to have as a company.

Thank you for your attention and if you have any last questions, we are open to those. We do have some lunch and we'd love for you to spend some more time with our people looking at the displays. Any final questions from anybody? David?

3:57:23

Dave Begleiter, Deutsche Bank: Chris, just on consolidated potential on basic plastics and feedstocks, are they thinking a more AmSty type venture type in Europe? Is that more likely? Or is it something else, maybe just a little more color?

Chris Pappas: I guess first of all, in the Americas, there really isn't any more room for further consolidation of Styrenics. Okay? So that industry structure is already pretty well set. In Europe there is the potential for further consolation and we would be interested in that and whether it would take the form of an AmSty or something else, it'd be pretty hard to tell. It's conceivable in that arena that it could happen. In Asia, there is tons of room for consolidation. We want no part in that. Our Styrenics thought process is very simple. The U.S. is structured well, doing well and is the highest profitable region for polystyrene and styrene today. For those reasons and others that Tim talked about. Europe is the next most profitable region for similar reasons. Could perhaps get better with structural change, who knows? Asia is the worst. It's the worst place to be for styrene. It's the worst place to be for polystyrene. What's the good news for us? We're not there. We're not there in styrene and it's our smallest footprint for polymer and we don't want to be bigger there. It is not going to get better anytime soon. It is highly fragmented. We are not interested in working through that problem. If others are, good luck. Our goal in Styrenics is to build ABS differentiate ABS in Asia and to be less important in polystyrene. Not consolidate, not get bigger in that region. Okay? Very different in the three regions, yeah.

3:59:33

Okay, thank you all very much for your attendance and interest.