TRINSEO™

# Fourth Quarter & Full Year 2013 Earnings Summary

**March 10, 2014**

™ Trademark

# Introductions & Disclosure Rules

## Introductions

- Chris Pappas, President & CEO
- John Feenan, Executive Vice President & CFO

### Disclosure Rules

The forward looking statements contained in this presentation involve risks and uncertainties that may affect the Company's operations, markets, products, services, prices and other factors. These risks and uncertainties include, but are not limited to, economic, competitive, legal, governmental and technological factors. Accordingly, there is no assurance that the Company's expectations expressed in such forward looking statements will be realized. The Company assumes no obligation to provide revisions to any forward looking statements in this presentation should circumstances change.

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

# Agenda

- **Business Overview**
- **Financial Review**
- **2014 Focus**
- **Q&A**

# Trinseo Business Overview

**FY'13 Revenue: $5,307MM**
**FY'13 Adj EBITDA: $303MM**

## Emulsion Polymers
**Revenue: $1,963MM**
**Adj EBITDA: $220MM**

### Latex
**Revenue: $1,341MM**
**Adj EBITDA: $106MM**

**Market position:** #1 Globally in SB Latex

**End markets:**
- Coated paper and packaging board
- Carpet and artificial turf backings
- Tape saturation
- Cement modification
- Building products



### Synthetic Rubber
**Revenue: $622MM**
**Adj EBITDA: $113MM**

**Market position:** Top 3 SSBR Globally

**End markets:**
- Performance tires
- Standard tires
- Polymer modification
- Technical rubber goods



## Plastics
**Revenue: $3,344MM**
**Adj EBITDA: $150MM**

### Styrenics
**Revenue: $2,305MM**
**Adj EBITDA: $148MM**

**Market position:** #3 Polystyrene Globally

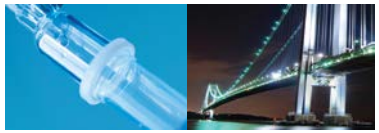
**End markets:**
- Appliances
- Consumer goods
- Construction/sheet
- Packaging
- Automotive
- Consumer electronics



### Engineered Polymers
**Revenue: $1,038MM**
**Adj EBITDA: $2MM**

**Market position:** Leading Player

**End markets:**
- Automotive
- Consumer electronics
- Construction/sheet
- Electrical and lighting
- Medical devices

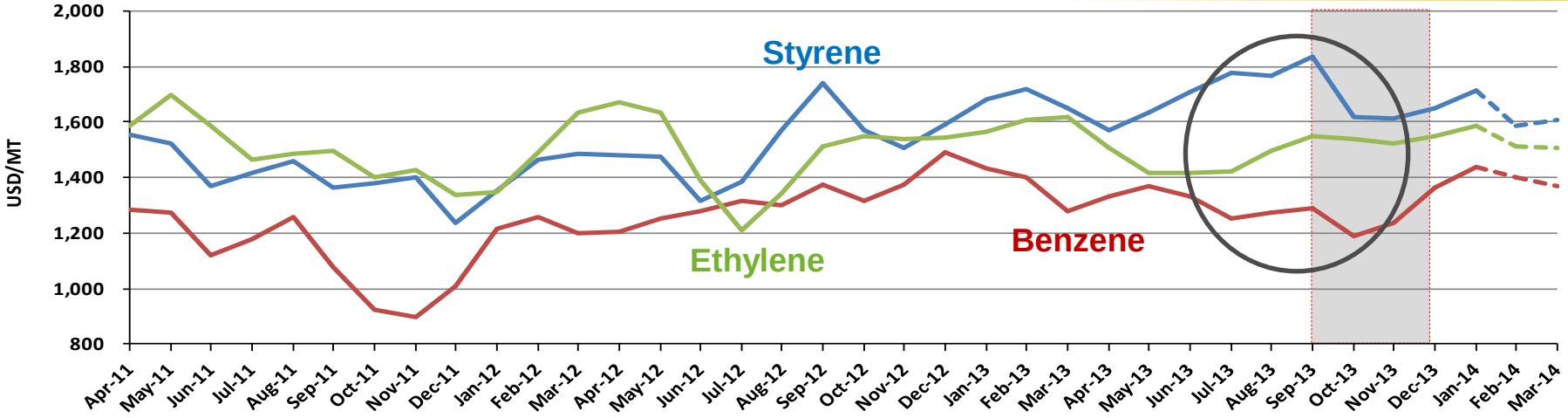


**$5+ billion in annual revenue, world leader in the production of latex, rubber and plastics**

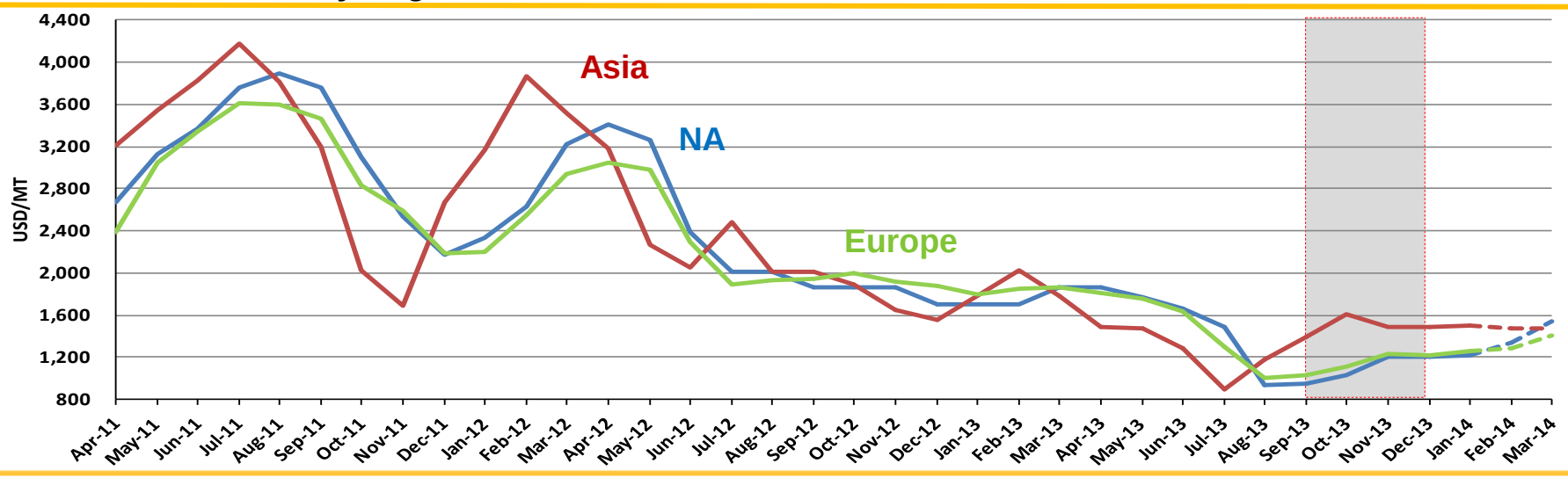
Note: Division and Segment EBITDA excludes Corporate Segment Adjusted EBITDA of $(66)MM. Inventory revaluation EBITDA impact was $(22)MM and $(19)MM for Emulsion Polymers and Plastics, respectively. Totals may not sum due to rounding.

# Key Raw Material Trends

## Ethylene, Styrene, and Benzene Prices - Europe




## Butadiene Prices by Region




Source: IHS Chemical, Trinseo

# Financial Review

**John Feenan**

**EVP & CFO**

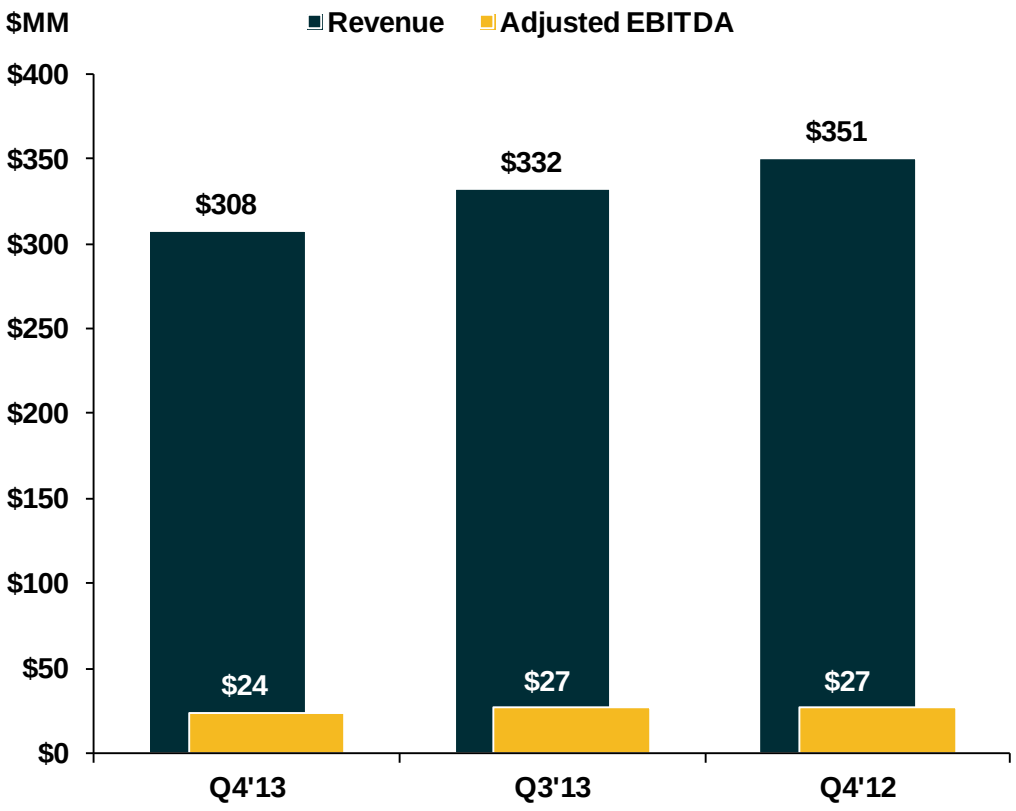
™ Trademark

# Trinseo Quarterly Results

| *$MM* | Q4'13 | Q3'13 | Q4'12 | F/(U) vs. Q3'13 | F/(U) vs. Q4'12 |
|---|---|---|---|---|---|
| **Volume (MMlbs)** | **1,218** | **1,282** | **1,237** | | |
| **Revenue** | **$1,245** | **$1,309** | **$1,320** | **(5)%** | **(6)%** |
| *Volume* | | | | *(5)%* | *(2)%* |
| *Price* | | | | *(1)%* | *(6)%* |
| *FX* | | | | *2%* | *3%* |
| **Adjusted EBITDA ex. JV** | **89** | **79** | **44** | | |
| JV Dividends | 15 | 8 | 5 | | |
| **Adjusted EBITDA** | **$104** | **$87** | **$49** | | |
| *Adjusted EBITDA Margin* | *8%* | *7%* | *4%* | | |

Note: Inventory revaluation EBITDA impact of $12MM, $(26)MM and $(2)MM for Q4'13, Q3'13, and Q4'12, respectively. Totals may not sum due to rounding.

# Latex




**Revenue Bridge**

| | Volume | Price | FX | Total |
|---|---|---|---|---|
| YoY | (4)% | (10)% | 2% | **(12)%** |
| QoQ | (7)% | (2)% | 1% | **(7)%** |

## Year-over-Year Highlights

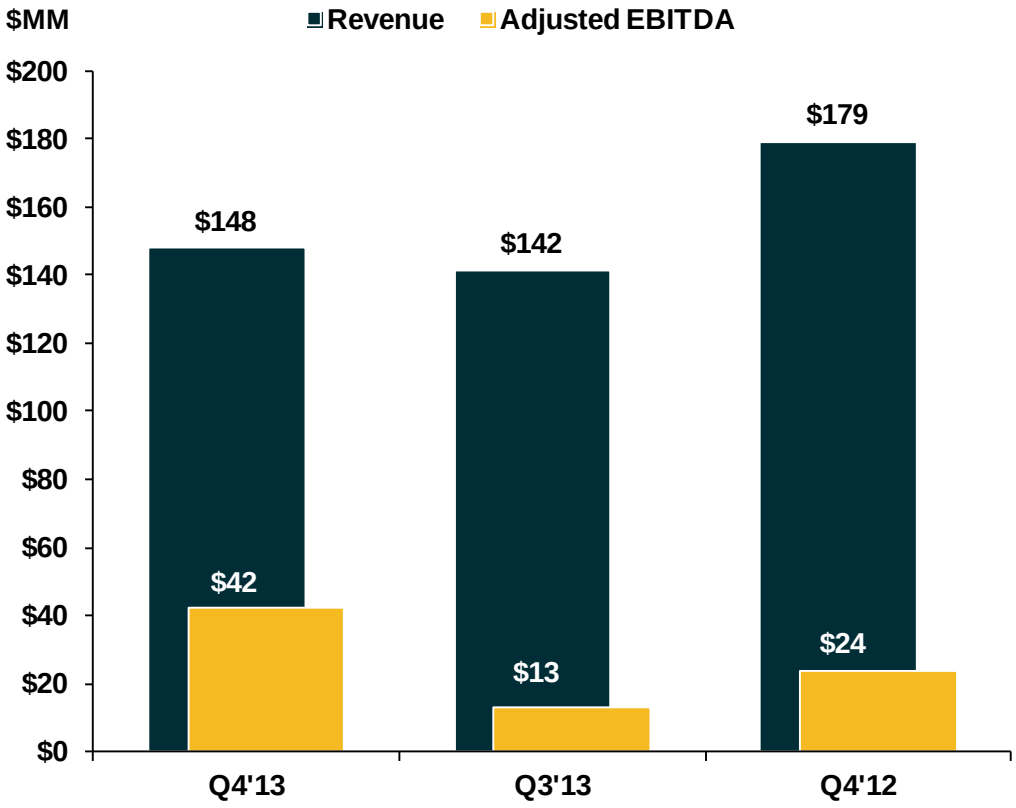
- *Revenue down due to the pass-through of lower butadiene cost and lower volume in Europe and North America paper*
- *Adjusted EBITDA down due to lower volume in Europe and North America paper*

## Sequential Highlights

- *Revenue down due to the pass-through of lower styrene cost and seasonality*
- *Adjusted EBITDA down due to seasonality*

Note: Totals may not sum due to rounding.

# Synthetic Rubber




**Revenue Bridge**

| | Volume | Price | FX | Total |
|---|---|---|---|---|
| YoY | (3)% | (18)% | 3% | **(18)%** |
| QoQ | 3% | (1)% | 2% | **4%** |

## Year-over-Year Highlights

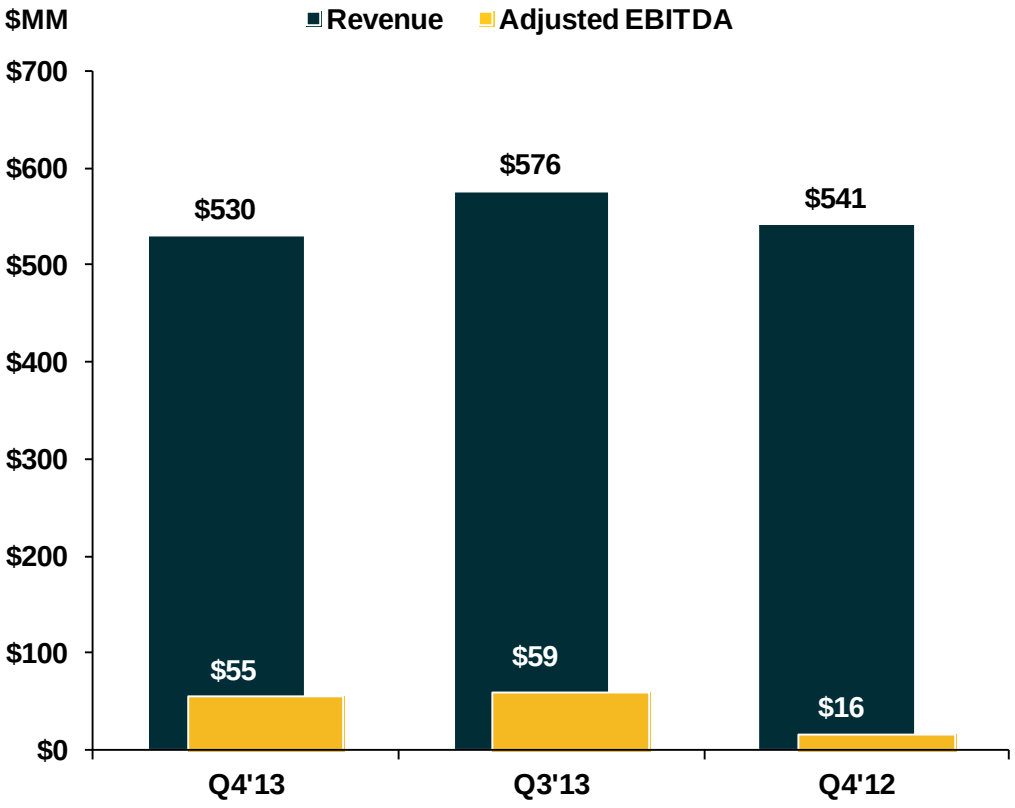
- *Revenue down due mostly to the pass-through of lower butadiene cost*
- *Adjusted EBITDA up due to SSBR volume and favorable inventory revaluation*

## Sequential Highlights

- *Revenue up due primarily to higher SSBR volume*
- *Adjusted EBITDA up due to more favorable inventory revaluation and SSBR volume*

Note: Totals may not sum due to rounding.

# Styrenics




**Revenue Bridge**

| | Volume | Price | FX | Total |
|---|---|---|---|---|
| YoY | (3)% | (2)% | 3% | **(2)%** |
| QoQ | (8)% | (2)% | 2% | **(8)%** |

## Year-over-Year Highlights

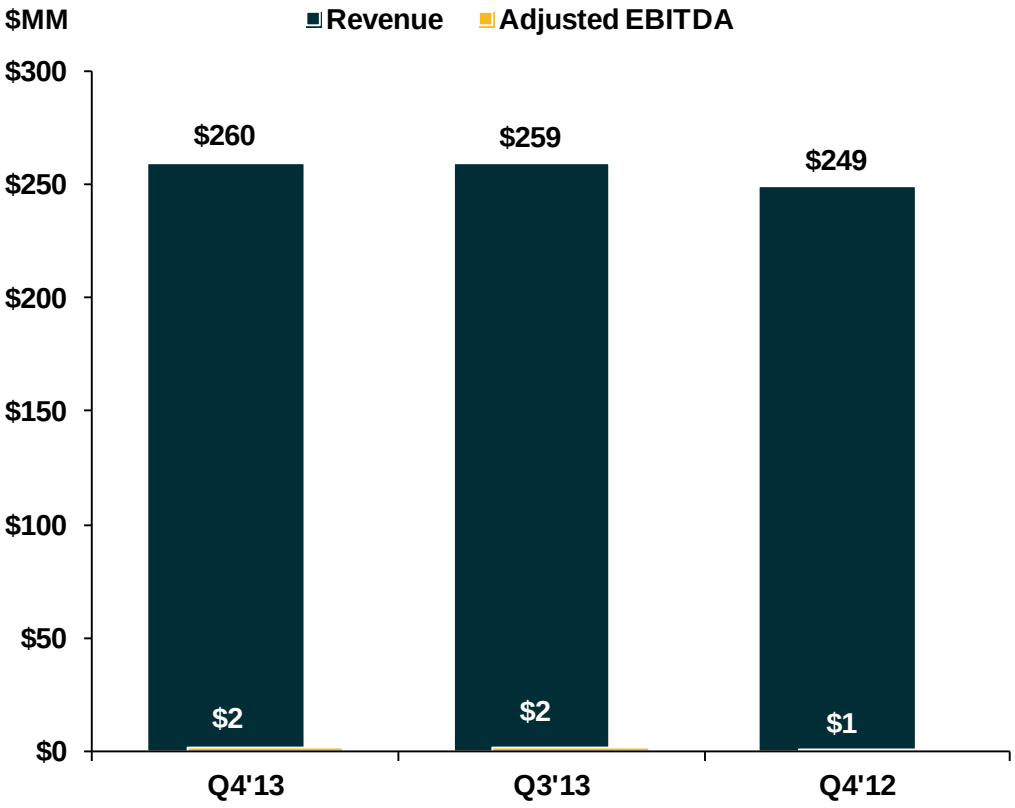
- *Revenue down due to prior year styrene monomer related sales and EPS divestiture*
- *Adjusted EBITDA up due to higher styrene production and polymer margins and higher JV Dividends*

## Sequential Highlights

- *Revenue down due to the pass-through of lower styrene cost as well as seasonality, the EPS divestiture and lower styrene monomer sales*
- *Adjusted EBITDA down on lower styrene production margins*

Note: Totals may not sum due to rounding.

# Engineered Polymers




**Revenue Bridge**

| | Volume | Price | FX | Total |
|---|---|---|---|---|
| YoY | 4% | (2)% | 2% | **4%** |
| QoQ | (1)% | 0% | 2% | **0%** |

## Year-over-Year Highlights

- *Revenue up due to higher volume to the automotive and building & construction markets; price lower on raw material pass-through*
- *Adjusted EBITDA up due to lower raw material cost which was mostly offset by higher fixed cost*

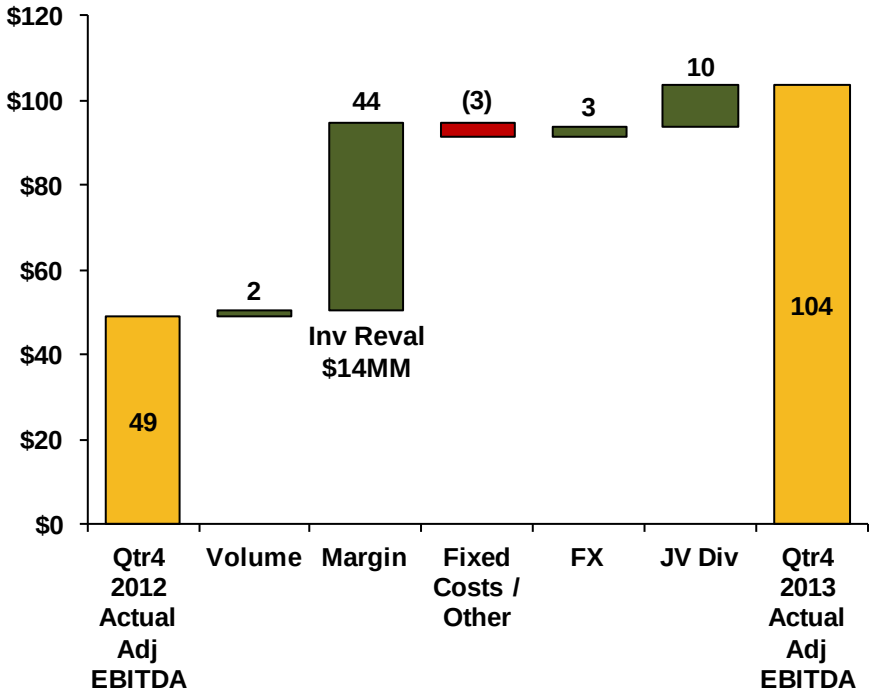
## Sequential Highlights

- *Revenue flat as lower volume was offset by currency*
- *Adjusted EBITDA flat on higher margin offset by higher fixed cost*

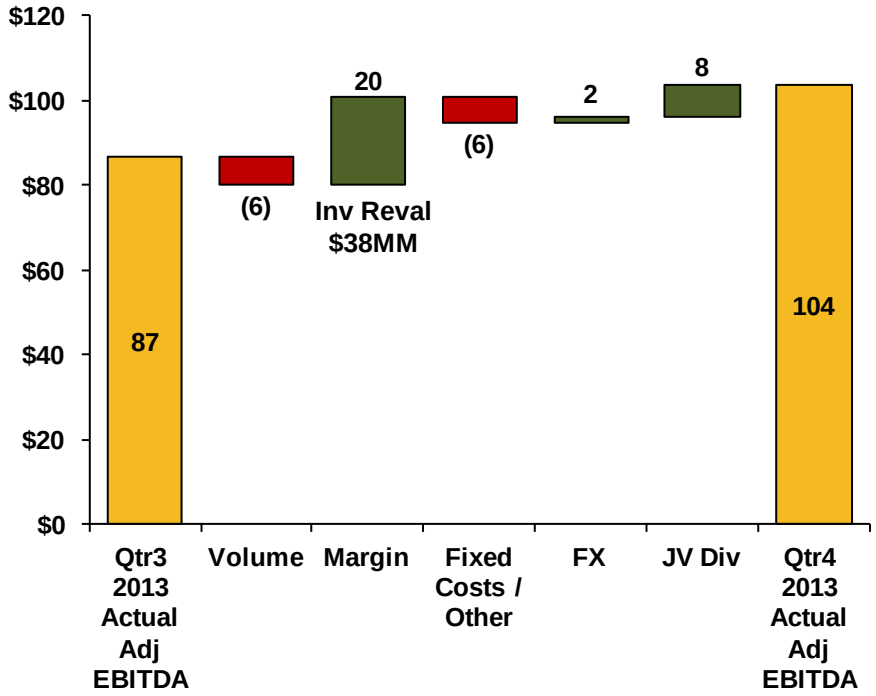
Note: Totals may not sum due to rounding.

# Adjusted EBITDA Bridges

## Q4'13 versus Q4'12

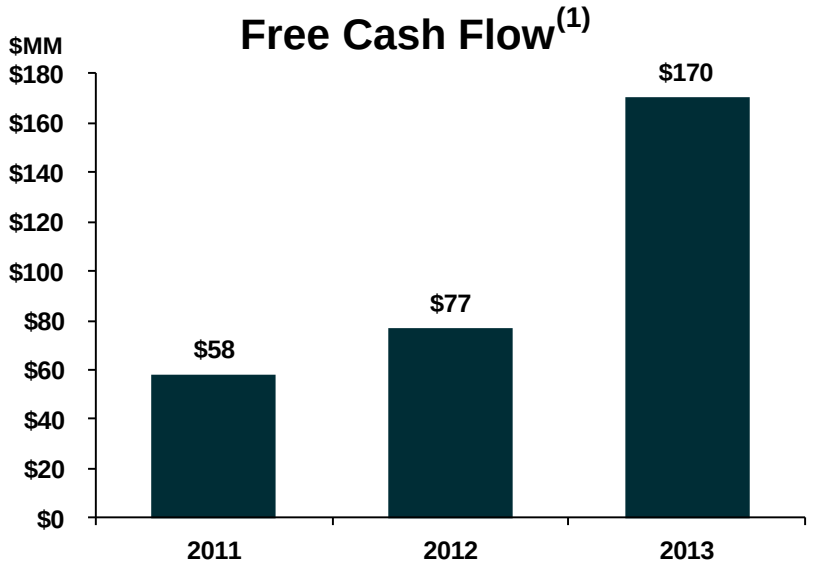


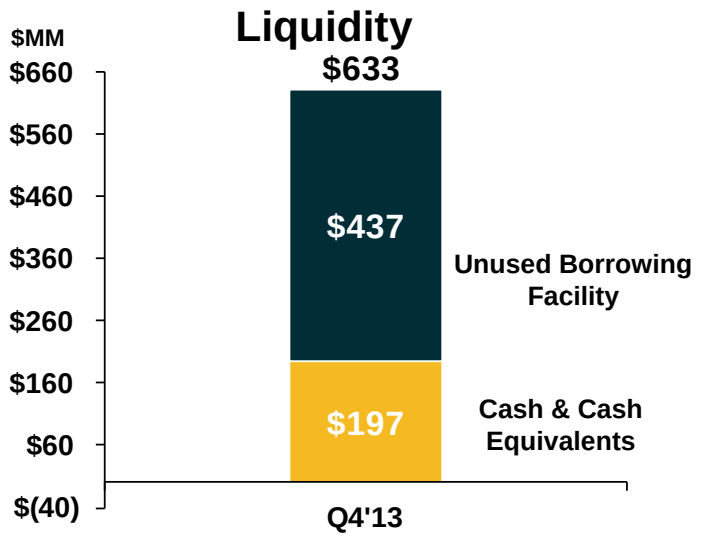

## Q4'13 versus Q3'13




Note: Totals may not sum due to rounding.

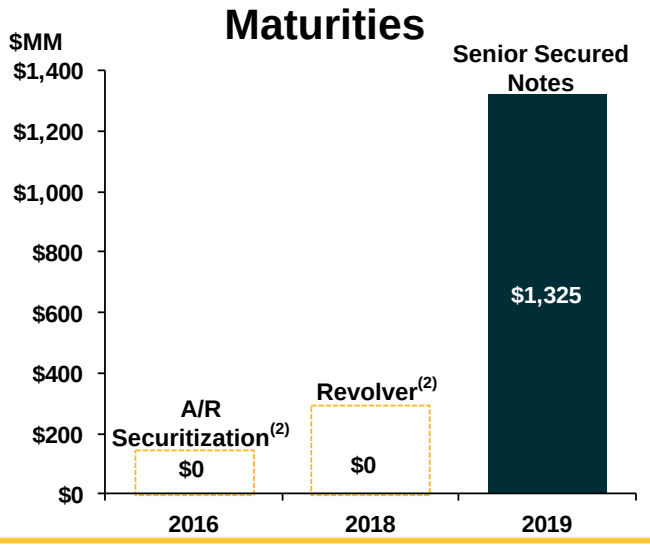
# Balance Sheet and Cash Flow




## Highlights

- *Q4 free cash flow of $109 million*
- *Record liquidity of $633 million*
- *No near-term maturities*




(1)FCF = cash from operating activities + cash from investing activities – change in restricted cash
(2)A/R Securitization facility commitment of $200MM (limited to $144MM at Q4'13) and Revolving Credit facility commitment of $300MM ($293MM available at Q4'13). *Totals may not sum due to rounding.

# 2014 Focus

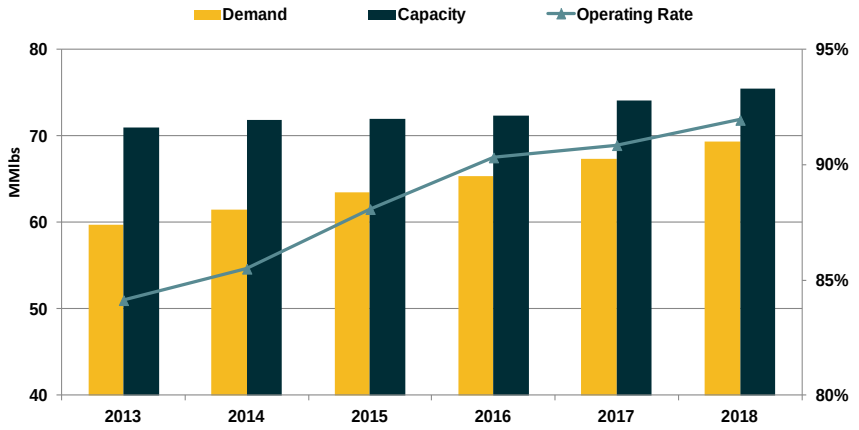
**Chris Pappas**

**President & CEO**

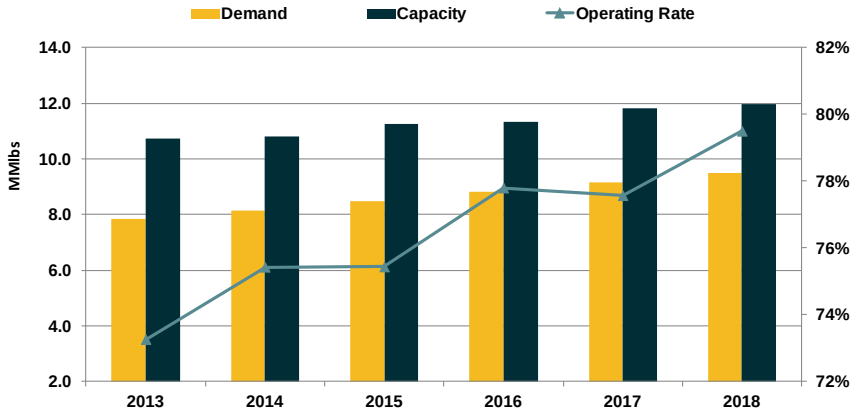
™ Trademark

# Operating rates are improving

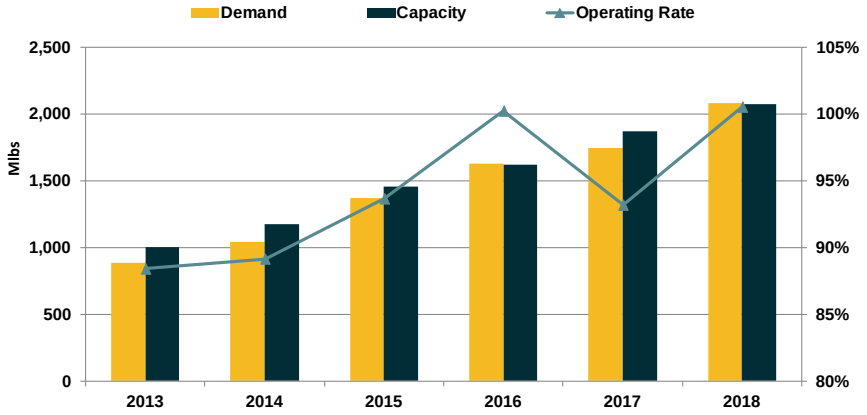
## Styrene




## Polycarbonate



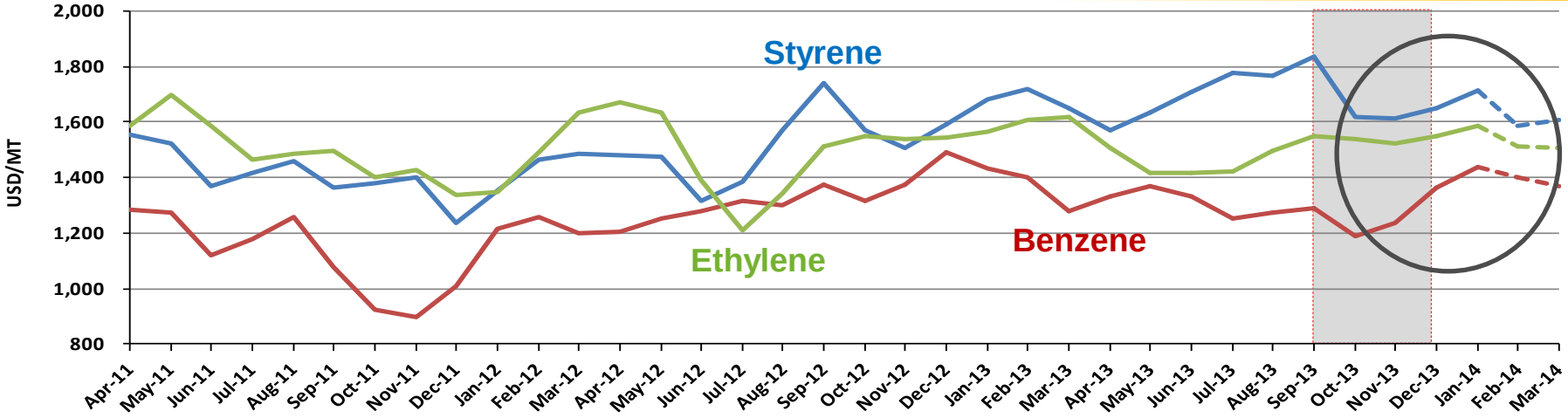

## Enhanced SSBR



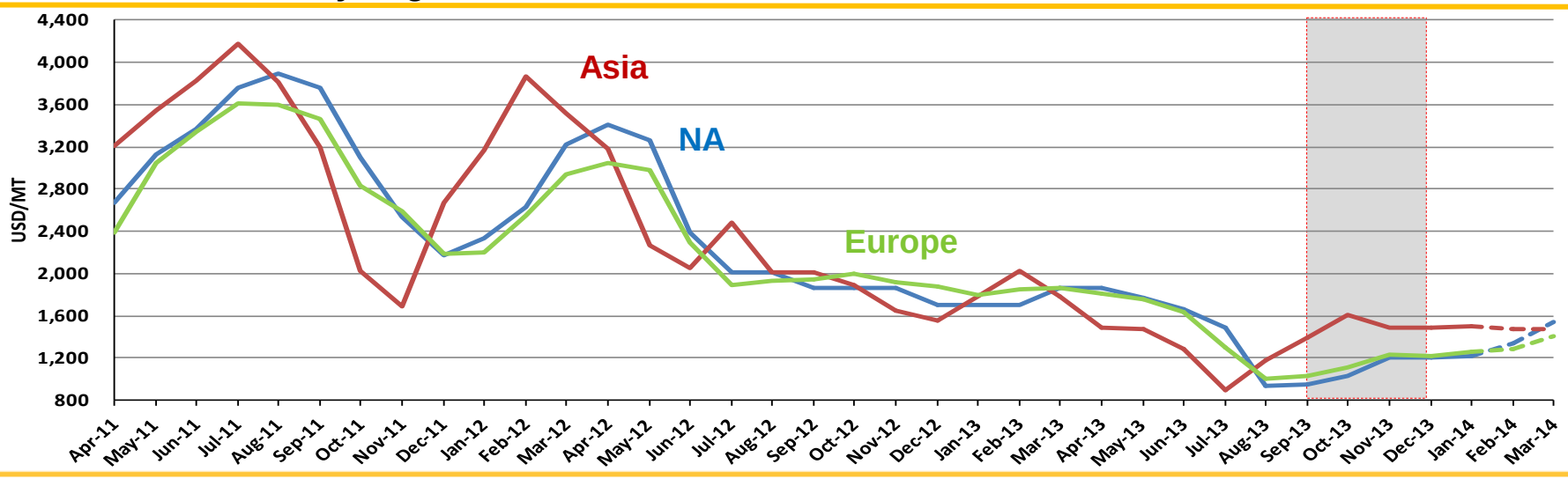

Sources: Styrene & Polycarbonate - IHS Chemical; Enhanced SSBR – LMC International / Trinseo

# Key Raw Material Trends

## Ethylene, Styrene, and Benzene Prices - Europe




## Butadiene Prices by Region




Source: IHS Chemical, Trinseo

# 2014 Segment Overview

- **Latex – Offset declining Europe and North America paper markets with growth in other markets and from new technologies**
- **Synthetic Rubber – Sell out SSBR capacity via market recovery and differentiated technologies**
- **Styrenics – Offset expected lower styrene margins with continued price, volume and mix management**
- **Engineered Polymers –**
  - **Improve Polycarbonate profitability via price and cost**
  - **Grow Automotive and Compounds & Blends through product differentiation**

# 2014 Objectives and Priorities

| | |
|---|---|
| **EH&S/ Responsible Care®** | • Continuously improve EH&S results |
| **Financial Performance** | • Sequentially improve EBITDA<br>• Deliver all capital projects on budget and on time<br>• Optimize working capital levels<br>• Drive cash generation |
| **Portfolio Management and Strategic Growth** | • Reinforce company strategy to employees<br>• Implement strategic transformational projects<br>• Continually upgrade mix of customers, products and assets to improve business results |
| **Productivity/Efficiency /Cost Management** | • Offset inflation with cost savings through productivity and efficiency gains (Staying Fit)<br>• Imbed Staying Fit program as a work process and mindset |
| **Organizational Effectiveness** | • Continue succession planning process<br>• Design leader and employee orientation programs to support growth and development in a cost-effective manner |




# Q&A

™ Trademark

# Appendix

™ Trademark

# US GAAP to Non-GAAP Reconciliation

| *$MM* | 2013 | 2012 | Q4'13 | Q3'13 | Q4'12 |
|---|---|---|---|---|---|
| **Net Income (Loss)** | **(22.2)** | **30.3** | **10.6** | **4.9** | **(0.5)** |
| Interest Expense, net | 132.0 | 110.0 | 33.1 | 32.9 | 29.1 |
| Provision for (benefit from) income taxes | 21.8 | 17.5 | 13.8 | 6.0 | (11.8) |
| Depreciation and amortization | 95.2 | 85.6 | 24.2 | 23.2 | 22.7 |
| **EBITDA** | **226.8** | **243.4** | **81.7** | **67.0** | **39.5** |
| Loss on extinguishment of long-term debt | 20.7 | - | - | - | - |
| Transition, strategic and other items | 35.8 | 22.0 | 13.6 | 6.8 | 2.6 |
| Fees paid pursuant to the advisory agreement | 4.7 | 4.6 | 1.2 | 1.2 | 1.2 |
| Equity in (earnings) losses of unconsolidated subsidiaries, net of dividends | (15.6) | (6.2) | 2.8 | (7.7) | (2.2) |
| Stock based compensation and other employee costs | 16.4 | 5.1 | (2.1) | 7.5 | (1.3) |
| Foreign currency losses, net | 14.5 | 21.8 | 6.7 | 11.9 | 8.9 |
| **Adjusted EBITDA** | **303.3** | **290.7** | **103.9** | **86.7** | **48.7** |
| **Adjusted EBITDA by Segment** | | | | | |
| Latex | 106.2 | 125.5 | 24.3 | 26.6 | 26.8 |
| Synthetic Rubber | 113.5 | 111.1 | 42.0 | 12.8 | 23.9 |
| Styrenics | 148.0 | 75.9 | 54.9 | 59.2 | 16.2 |
| Engineered Polymers | 1.9 | 32.4 | 1.9 | 2.0 | 0.7 |
| Unallocated Corporate | (66.3) | (54.2) | (19.2) | (13.9) | (18.9) |
| **Adjusted EBITDA** | **303.3** | **290.7** | **103.9** | **86.7** | **48.7** |