

# A. Schulman Fiscal 2014 Annual Meeting

Bernard Rzepka, Executive Vice President & Chief Operating Officer  
December 12, 2014

# Cautionary Note on Forward-Looking Statements



A number of the matters discussed in this document that are not historical or current facts deal with potential future circumstances and developments and may constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements can be identified by the fact that they do not relate strictly to historic or current facts and relate to future events and expectations. Forward-looking statements contain such words as "anticipate," "estimate," "expect," "project," "intend," "plan," "believe," and other words and terms of similar meaning in connection with any discussion of future operating or financial performance. Forward-looking statements are based on management's current expectations and include known and unknown risks, uncertainties and other factors, many of which management is unable to predict or control, that may cause actual results, performance or achievements to differ materially from those expressed or implied in the forward-looking statements. Important factors that could cause actual results to differ materially from those suggested by these forward-looking statements, and that could adversely affect the Company's future financial performance, include, but are not limited to, the following:

- worldwide and regional economic, business and political conditions, including continuing economic uncertainties in some or all of the Company's major product markets or countries where the Company has operations;
- the effectiveness of the Company's efforts to improve operating margins through sales growth, price increases, productivity gains, and improved purchasing techniques;
- competitive factors, including intense price competition;
- fluctuations in the value of currencies in minor areas where the Company operates;
- volatility of prices and availability of the supply of energy and raw materials that are critical to the manufacture of the Company's products, particularly plastic resins derived from oil and natural gas;
- changes in customer demand and requirements;
- effectiveness of the Company to achieve the level of cost savings, productivity improvements, growth and other benefits anticipated from acquisitions, joint ventures and restructuring initiatives;
- escalation in the cost of providing employee health care;
- uncertainties regarding the resolution of pending and future litigation and other claims;
- the performance of the global automotive market as well as other markets served;
- further adverse changes in economic or industry conditions, including global supply and demand conditions and prices for products; and
- operating problems with our information systems as a result of system security failures such as viruses, computer "hackers" or other causes.

The risks and uncertainties identified above are not the only risks the Company faces. Additional risk factors that could affect the Company's performance are set forth in the Company's Annual Report on Form 10-K for the fiscal year ended August 31, 2014. In addition, risks and uncertainties not presently known to the Company or that it believes to be immaterial also may adversely affect the Company. Should any known or unknown risks or uncertainties develop into actual events, or underlying assumptions prove inaccurate, these developments could have material adverse effects on the Company's business, financial condition and results of operations.



# Use of Non-GAAP Financial Measures



This presentation includes certain financial information determined by methods other than in accordance with accounting principles generally accepted in the United States ("GAAP"). These non-GAAP financial measures include adjusted EBITDA, net income from continuing operations per diluted share excluding certain items, operating income excluding certain items and return on invested capital. Return on invested capital is calculated as net operating profit after tax excluding certain items divided by total assets less cash, goodwill and noninterest bearing liabilities. These non-GAAP financial measures are considered relevant to aid analysis and understanding of the Company's results and business trends. However, non-GAAP measures are not in accordance with, nor are they a substitute for, GAAP measures. The most directly comparable GAAP financial measures for these purposes are net income from continuing operations, net income from continuing operations per diluted share, operating income and return on invested capital calculated based on GAAP operating income. The Company's non-GAAP financial measures are not meant to be considered in isolation or as a substitute for comparable GAAP financial measures, and should be read only in conjunction with the Company's consolidated financial statements prepared in accordance with GAAP.

While the Company believes that these non-GAAP financial measures provide useful supplemental information to investors, there are very significant limitations associated with their use. These non-GAAP financial measures are not prepared in accordance with GAAP, may not be reported by all of the Company's competitors and may not be directly comparable to similarly titled measures of the Company's competitors due to potential differences in the exact method of calculation. The Company compensates for these limitations by using these non-GAAP financial measures as supplements to GAAP financial measures and by reviewing the reconciliations of the non-GAAP financial measures to their most comparable GAAP financial measures.



# FISCAL 2013 VS. FISCAL 2014 Results



Metric	Fiscal 2013	Fiscal 2014
Volume (lbs)	1.9B	2.1B
Sales	\$2.1B	\$2.5B
Adjusted EBITDA*	\$120.7M	\$145.9M
ROIC*	11.3%	12.2%
Adjusted EPS*	\$1.83	\$2.36

**Record Year!**

\* Metrics are on a non-GAAP basis.

\*\* Goals communicated during the April 2014 Investor Day



# Fiscal 2014 Milestones



- ✓ Management Team Changes/Additions
  - In July, Bernard Rzepka named Chief Executive Officer (effective 1/1/15)
  - James Irwin named Senior Director Corporate Business Development
  
- ✓ Given our strong balance sheet, solid cash flow generation and excellent leverage position, we have the ability to:
  - Execute on our bolt-on acquisition strategy
  - Explore opportunities for transformational acquisitions
  
- ✓ During fiscal 2014, the Company repurchased approximately 40,000 shares, for a total cost of \$1.1 million. The Company has \$55 million remaining under its current share repurchase program as of August 31, 2014.
  
- ✓ In April, we held an Investor Day & Global Supplier Day in NYC and updated investors on current business and provided long-term growth targets for fiscal 2018



# Fiscal 2014 Milestones Continued



## ✓ COMPANY CONTINUED WITH SUCCESSFUL BOLT-ON ACQUISITION STRATEGY

### **The Perrite Group (Sept. 2013 / Purchase price \$52M)**

- Furthers strategic expansion of Custom Performance Color and Engineered Plastics businesses in APAC segment

### **Network Polymers (Dec. 2013 / Purchase price \$49.5M)**

- Strengthens Company's U.S. business and leverages existing A. Schulman products to a wider customer base

### **Prime Colorants (Dec. 2013 / Purchase price \$15.1M)**

- Expands Company's custom color capabilities in the U.S., as well as further transformed the U.S. operations from commodity products to a business focused on niche products and services.

### **Ferro's Specialty Plastics business (July 2014 / Purchase price \$91M)**

- Strategically expanded the Company's geographic footprint with four facilities located in the U.S. and one facility located in Spain
- Diversifies the Company's product mix and strengthens its position in a broad range of attractive product markets.



# Fiscal 2015 Events To Date

 *A. Schulman*

- ✓ **Acquisition of Compco (Sept. 2014 / Purchase price \$6.7M)**
  - Australian manufacturer of specialty masterbatches and custom color expands the capabilities in APAC region and marks Company's first entry into the growing pipe and highly regulated wire and cable markets. Also provides additional growth into key markets that include packaging.
  
- ✓ **In October, we increased our regular quarterly cash dividend by 2.5% to \$0.205 per share.**
  - On an annualized basis, this represented a yield of approximately 2.7% & continues our unbroken track record of consistently providing dividends to our shareholders since the Company went public in 1972.
  
- ✓ **Continued realignment of assets to better meet market needs**
  - Headcount reductions in EMEA related to back office & support functions
  - SG&A reductions in the Americas
  - Announced closure of Stryker, Ohio facility



# Fiscal 2015 Events To Date Continued



- ✓ **In November, named Brent Middleton General Manager, Canada & U.S.A. to provide focused attention to key growth market**
  
- ✓ **Doubled masterbatch production capacity in China to accommodate growing demand**
  - Expected to ramp up in next several months
  - Will enhance Company's ability to serve the needs of the packaging and personal care & hygiene industries in China



# Execution Priorities – 3“S”

## Safety

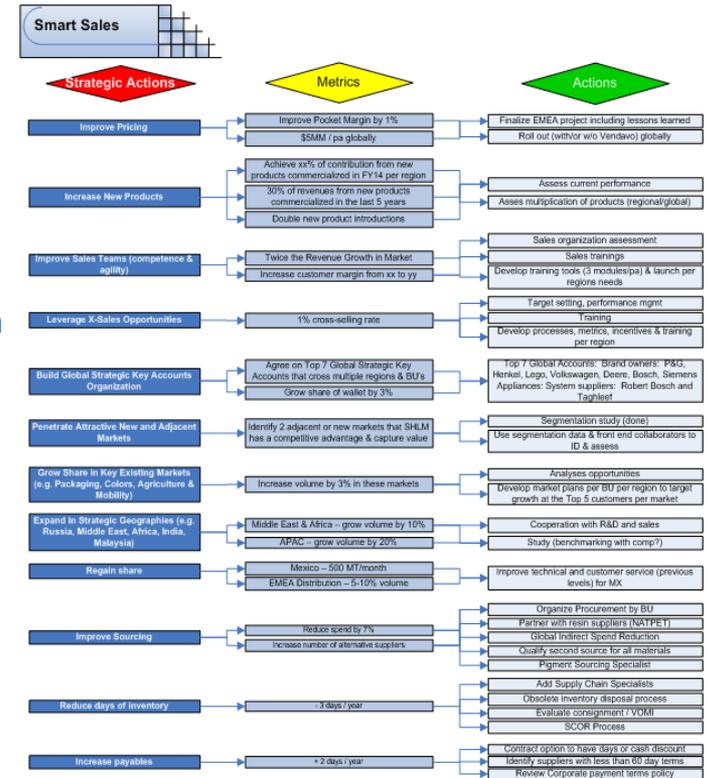
- ✓ We believe that safety encompasses high achievement in **quality** and **productivity**. We have a keen eye on keeping our safety and quality standards high to ensure we optimize productivity at all facilities.

## Smart Sales

- ✓ We will find better ways to increase sales, meet customers' needs and **create industry-leading products and services** that will win in the marketplace. To work smarter we will invest in new tools, training and encourage collaboration internally which will allow us to profitably grow.

## Smart Savings

- ✓ We continue to successfully manage our costs, examine the return on all of our investments and use our cash efficiently to support growth. We **prudently restructure when appropriate** and drive the **concept of savings** throughout all levels in our organization.



# SHLM 2018 Targets

Metric	Commitment Made at Investor Day	Fiscal 2014 Actual	Fiscal 2018 Target**
Sales	\$2.4 - \$2.5B	\$2.5B	\$3.6 - \$3.7B
Adjusted EBITDA*	\$140 - \$147M	\$145.9M	\$270 - \$284M
ROIC*	12% - 12.5%	12.2%	15% - 16%
Adjusted EPS*	\$2.31 - \$2.36	\$2.36	\$4.50 - \$4.75

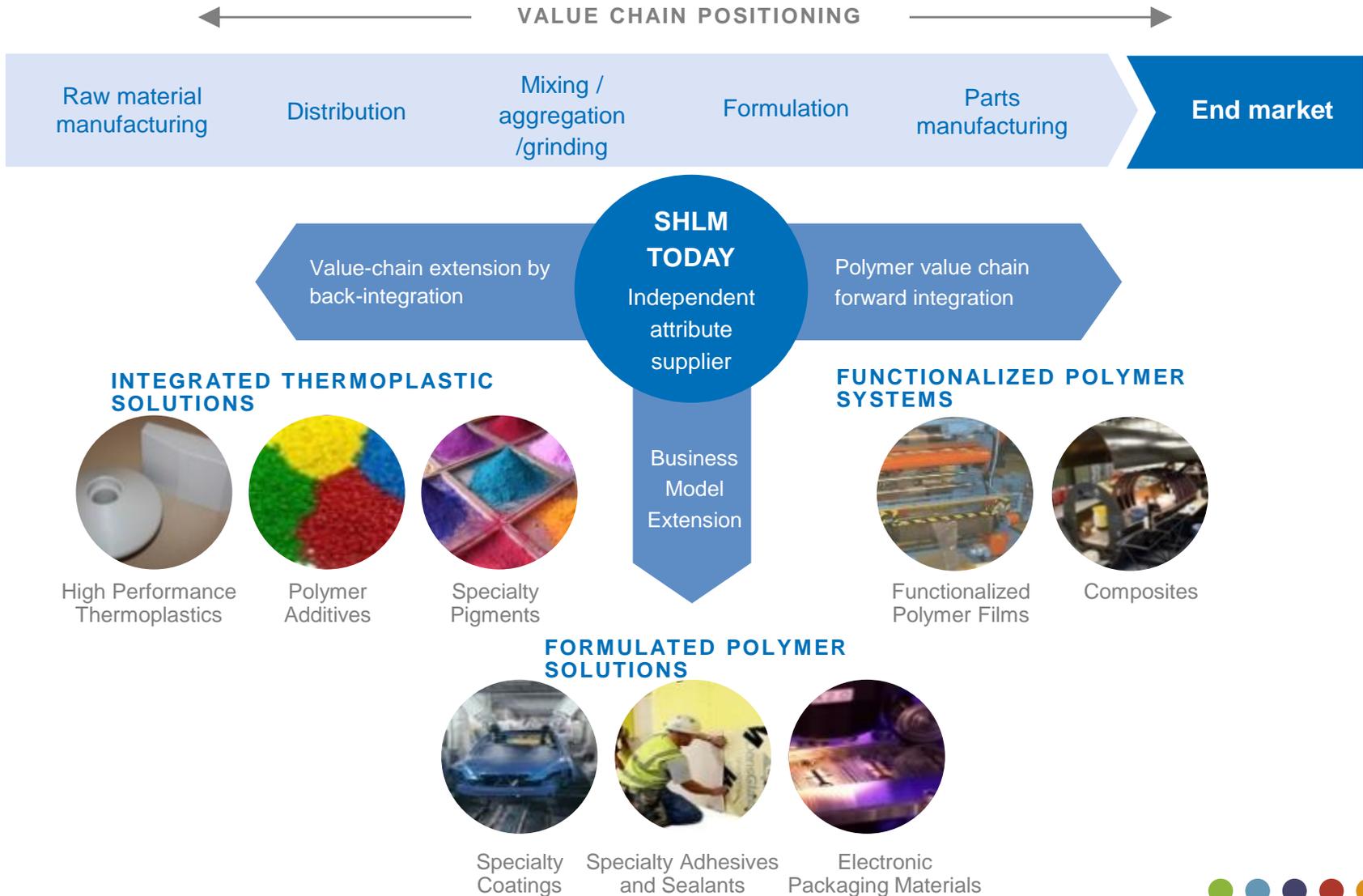
**The Company Expects FY15 Adjusted EPS Guidance To Be In The Range Of \$2.60 - \$2.65 Per Diluted Share**

\* Metrics are on a non-GAAP basis.

\*\* Goals communicated during the April 2014 Investor Day



# Each Pathway Would Build on Current Business to Transform SHLM

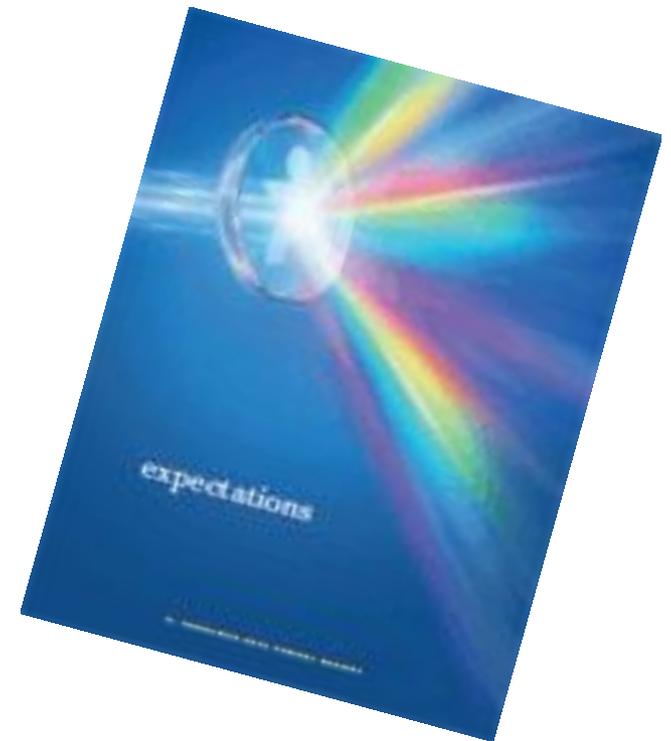


# EXPECTATIONS

A. Schulman has expectations for a **strong future through its continued pursuit of acquisitions and organic growth** initiatives.

Continue to evolve into **THE #1 Plastics and Material Solutions Company.**

**EVOLUTION** and not **Revolution** with clear focus on **EXECUTION!**



**Thank You!**