

April 8, 2021



PQ Group Holdings Details Strategy, Sustainability Goals and Growth Outlook through 2025; Unveils Future Rebranding as ecovyst

MALVERN, Pa.--(BUSINESS WIRE)-- PQ Group Holdings Inc. (NYSE:PQG), a leading integrated and innovative global provider of specialty catalysts, chemicals and services, today hosted a virtual investor conference. Belgacem Chariag, Chairman, President and Chief Executive Officer, and the Company's executive leadership presented their strategic vision for the future portfolio rebranded as ecovyst, a pure-play catalysts and services company with a sustainability-focused and industry-leading growth outlook, following the close of the sale of the Performance Chemicals business in 2021.

The key attributes of the ecovyst business portfolio include:

- High single-digit organic growth, Adjusted EBITDA margins in mid-to-high 30 percent range and strong cash conversion
- Leading customer positions delivering customized and proprietary sustainability solutions
- Favorable secular growth trends with organic and inorganic opportunities for accelerating growth

"With the announced sale of Performance Chemicals expected to close in 2021, we have nearly completed the transition of our business portfolio to one that is **Simpler + Stronger**," said Mr. Chariag. "With solid historical performance and momentum, we are prioritizing the next stage of our **Greening + Growing** vision for high growth and strong and sustainable margins. ecovyst will be a leaner, nimbler and more efficient company, with innovation resources focused on enabling solutions to customers' sustainability goals in the transition to cleaner fuels and a circular economy for plastics."

"Our two businesses, Ecoservices and Catalyst Technologies, have leading commercial, technical and proprietary expertise that positions them to outpace underlying favorable global trends in a target addressable market of nearly \$9 billion," Mr. Chariag added. "Consequently, by 2025, we are targeting an acceleration of our growth to achieve ecovyst total sales of more than \$1 billion¹, including approximately 10% contribution from inorganic tuck-in acquisitions, adjusted EBITDA margins in the high 30 percent range and cash conversion² of at least 80%."

¹Includes 50% share in the Zeolyst Joint Venture

² Cash conversion defined as Adjusted EBITDA less Capex/Adjusted EBITDA

Additional highlights from the presentations at the virtual investor conference included:

Ecoservices

Kurt Bitting, President, detailed the business proposition for Ecoservices, formerly Refining Services, which provides customers with critical products and services to meet increasingly stringent standards for clean fuels, vehicle fuel economy, and lower emissions. Ecoservices is the leading North American sulfuric acid regenerator, utilizing processing know-how and an extensive supply network to support the production of alkylate, a high value and clean gasoline blending component. Ecoservices is also the leading North American producer of specialty and high purity virgin sulfuric acid and supplies a number of diverse and growing end uses, including mining and nylon production, which contribute heavily to electrification and vehicle light weighting. More than 70% of Ecoservices' business is under long-term contracts with appropriate commercial terms including cost pass-throughs. With the recent acquisition of Chem32, it is also a leader in offsite catalyst pre-activation services, which support fuel desulfurization and the rapidly growing renewable fuels industry.

Ecoservices will continue to benefit from increasing demand for clean fuels and improved fuel economy. The favorable demand trends and unique ability to provide its customers with end-to-end quality and reliable services are expected to drive a sales compound annual growth rate (CAGR) of approximately 7% and an average adjusted EBITDA margin of approximately 39% from 2020 to 2025.

Catalyst Technologies

Tom Schneberger, President, provided a review of Catalyst Technologies, formerly Catalysts. This business is a leading innovator and producer of high performance, proprietary and customized catalysts for high performance polymers, cleaner fuels, emission control and novel renewable materials. This business benefits from close collaboration with customers, enabling the specification of new catalysts that support the production of improved materials and fuels.

Catalyst Technologies is also at the forefront of enabling current and future disruptive technologies for customers to advance their sustainability initiatives. Such technologies position this business with a differentiated portfolio of catalyst product offerings for polyethylene, traditional and renewable fuels, and other custom applications. With more than 70% percent of sales under one- to three-year term contracts, Catalyst Technologies is expected to deliver a sales CAGR of approximately 10% and an average Adjusted EBITDA margin of approximately 37% from 2020 to 2025.

Innovation and Sustainability

Ray Kolberg, VP of Technology and Business Development, described ecovyst's innovation portfolio strategy, which takes a balanced approach to new products that are market-focused, technology-advantaged or have step-out business potential.

More than 80% of the rich and relevant pipeline of ecovyst innovation projects is focused on providing customers new sustainability-focused products and processing applications as they work to transition to a cleaner economy.

Key competitive innovation advantages for ecovyst include a track record of collaboration with leading global customers and significant expertise in developing and advancing silica, zeolites and catalyst technologies from the lab to a pilot scale to full production.

Environmental Commitments

Belgacem Chariag also discussed a comprehensive set of ecovyst's sustainability goals, including a smaller environmental footprint by both 2025 and 2030. Key targets in this area include:

- 15% and 25% reduction in greenhouse gas intensity by 2025 and 2030, respectively;
- 40% lower hazardous waste by 2025, and 15% and 25% cuts in non-recyclable waste by 2025 and 2030, respectively; and
- 90% to 95% of innovation investment for safer, healthier, cleaner sustainability-focused end use solutions by 2025 and 2030, respectively.

Financial Performance and Goals

Mike Crews, Executive Vice President and Chief Financial Officer, reviewed the industry-leading financial performance from 2017 through 2019, with total ecovyst sales (including the 50% share of the Zeolyst Joint Venture sales) and Adjusted EBITDA CAGR and Adjusted EBITDA margin largely outpacing the relevant peer groups.

This historical growth was led by favorable secular demand trends and higher pricing on contract renewals for regeneration services in Ecoservices and strong demand across the catalyst portfolio in Catalyst Technologies, both of which are expected to continue. As a result, cash conversion improved substantially from 2017 to 2019. During this period, approximately half of the cash flow generation and net sale proceeds from portfolio actions were used for debt reduction, with the balance evenly split between organic business reinvestment and a return of capital to shareholders in the form of special dividends.

Mike Feehan, Vice President of Finance and Treasurer, and transitioning Vice President and CFO, outlined ecovyst's future financial goals and capital allocation plans. From 2020 to 2025, total ecovyst sales (including the 50% share of the Zeolyst Joint Venture) are projected to increase at a CAGR of approximately 8%. With Adjusted EBITDA increasing at a rate of approximately 11%, Adjusted EBITDA margins are expected to be in the 35% to 40% range, reflecting organic top line growth, operational improvements and a smaller corporate footprint. The favorable outlook is expected to be driven by continued positive secular business trends and high visibility for growth and free cash flows given ecovyst's long-term contracts and role in providing critical value-added products and services for leading global customers.

Cash conversion, which is projected to increase to at least 80%, would enable a focused capital allocation plan of reducing leverage by approximately 0.5x per year from an expected level of the high 3x range at end of 2021. Additionally, ecovyst plans to maintain flexibility to invest in accretive and/or strategic, inorganic tuck-in acquisitions focused on complementary technology, capacity and/or services within its two core businesses.

With the anticipated growth profile of total ecovyst sales and Adjusted EBITDA and leading margins and cash conversion rates higher than most of the relevant peer groups, a key

objective for the ecovyst strategy is to continue to close the current valuation discount and drive further value for shareholders.

For a replay of the webcast and reference materials including reconciliations to Non-GAAP measures, visit <http://investor.pqcorp.com/events-presentations>.

About PQ Group Holdings Inc.

PQ Group Holdings Inc. is a leading integrated and innovative global provider of specialty catalysts, chemicals and services. We support customers globally through our strategically located network of manufacturing facilities. We believe that our products, which are predominantly inorganic, and services contribute to improving the sustainability of the environment. We have three uniquely positioned specialty businesses: **Refining Services** provides sulfuric acid recycling to the North American refining industry; **Catalysts** serves the packaging and engineering plastics and the global refining, petrochemical and emissions control industries; and **Performance Chemicals** supplies diverse product end uses, including personal and industrial cleaning products, fuel efficient tires, surface coatings, and food and beverage products. For more information, see our website at <https://www.pqcorp.com>.

Presentation of Non-GAAP Financial Measures

In addition to the results provided in accordance with U.S. generally accepted accounting principles ("GAAP") throughout this press release, the company has provided non-GAAP financial measures — [total ecovyst sales], Adjusted EBITDA, Adjusted EBITDA margin and cash conversion (collectively, "Non-GAAP Financial Measures") — which present results on a basis adjusted for certain items. The company uses these Non-GAAP Financial Measures for business planning purposes and in measuring its performance relative to that of its competitors. The company believes that these Non-GAAP Financial Measures are useful financial metrics to assess its operating performance from period-to-period by excluding certain items that the company believes are not representative of its core business. These Non-GAAP Financial Measures are not intended to replace, and should not be considered superior to, the presentation of the company's financial results in accordance with GAAP. The use of the Non-GAAP Financial Measures terms may differ from similar measures reported by other companies and may not be comparable to other similarly titled measures. These Non-GAAP Financial Measures are reconciled from the respective measures under GAAP in the appendix below.

The company is not able to provide a reconciliation of the company's non-GAAP forward-looking financial information to the corresponding GAAP measures without unreasonable effort because of the inherent difficulty in forecasting and quantifying certain amounts necessary for such a reconciliation such as certain non-cash, nonrecurring or other items that are included in net income and EBITDA as well as the related tax impacts of these items and asset dispositions / acquisitions and changes in foreign currency exchange rates that are included in cash flow, due to the uncertainty and variability of the nature and amount of these future charges and costs.

Zeolyst Joint Venture

The company's zeolite catalysts product group operates through its Zeolyst Joint Venture,

which is accounted for as an equity method investment in accordance with GAAP. The presentation of the Zeolyst Joint Venture's sales represents 50% of the sales of the Zeolyst Joint Venture. The company does not record sales by the Zeolyst Joint Venture as revenue and such sales are not consolidated within the company's results of operations. However, the company's Adjusted EBITDA reflects the share of earnings of the Zeolyst Joint Venture that have been recorded as equity in net income from affiliated companies in the company's consolidated statements of income for such periods and includes Zeolyst Joint Venture adjustments on a proportionate basis based on the company's 50% ownership interest. Accordingly, the company's Adjusted EBITDA margins are calculated including 50% of the sales of the Zeolyst Joint Venture for the relevant periods in the denominator.

Notes on Forward-Looking Statements

Some of the information contained in this press release constitutes "forward-looking statements". Forward-looking statements can be identified by words such as "anticipates," "intends," "plans," "seeks," "believes," "estimates," "expects," "projects" and similar references to future periods. Forward-looking statements are based on our current expectations and assumptions regarding our business, the economy and other future conditions. Because forward-looking statements relate to the future, they are subject to inherent uncertainties, risks and changes in circumstances that are difficult to predict. Examples of forward looking statements include, but are not limited to, statements regarding the sale of the Performance Chemicals business segment, including the intended uses of proceeds therefrom, our future results of operations, financial condition, liquidity, prospects, growth, strategies, capital allocation programs, product and service offerings and end use demand trends, and 2025 goals. Our actual results may differ materially from those contemplated by the forward-looking statements. We caution you, therefore, against relying on any of these forward-looking statements. They are neither statements of historical fact nor guarantees or assurances of future performance. Important factors that could cause actual results to differ materially from those in the forward-looking statements include, but are not limited to, our ability to close on the sale of the Performance Chemicals business segment on our anticipated timeline, or at all, our ability to successfully integrate Chem32, regional, national or global political, economic, business, competitive, market and regulatory conditions, including the ongoing COVID-19 pandemic, tariffs, and trade disputes, currency exchange rates and other factors, including those described in the sections titled "Risk Factors" and "Management Discussion & Analysis of Financial Condition and Results of Operations" in our filings with the SEC, which are available on the SEC's website at www.sec.gov. Any forward-looking statement made by us in this press release speaks only as of the date on which it is made. Factors or events that could cause our actual results to differ may emerge from time to time, and it is not possible for us to predict all of them. We undertake no obligation to update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by applicable law.

View source version on businesswire.com:

<https://www.businesswire.com/news/home/20210408005290/en/>

Investor:

Nahla A. Azmy

(610) 651-4561

Nahla.Azmy@pgcorp.com

Source: PQ Group Holdings Inc.