

ecovyst



Second Quarter 2022

July 29, 2022—11 am ET

YOUR CATALYST FOR POSITIVE CHANGE™

Legal Discussion



Continuing Operations

Financial results are presented on a continuing operations basis, which excludes the Performance Materials business and Performance Chemicals business unless otherwise indicated.

Forward-Looking Statements

Some of the information contained in this presentation, the conference call during which this presentation is reviewed and any discussions that follow 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, our future results of operations, financial condition, liquidity, prospects, growth, strategies, capital allocation programs (including our share repurchase program), product and service offerings, including the impact of COVID-19 pandemic on such items, expected end use demand trends and financial 2022 outlook. 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, 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, effects of inflation, the ongoing war in Ukraine, and other factors, including those described in the sections titled “Risk Factors” and “Management’s 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 presentation, the conference call during which this presentation is reviewed and any discussions that follow 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.

Non-GAAP Financial Measures

This presentation includes certain non-GAAP financial measures, including adjusted EBITDA, adjusted EBITDA margin, adjusted free cash flow, leverage ratio and cash conversion, which are provided to assist in an understanding of our business and its performance. These non-GAAP financial measures should be considered only as supplemental to, and not as superior to, financial measures prepared in accordance with GAAP. Non-GAAP financial measures should be read only in conjunction with consolidated financials prepared in accordance with GAAP. Reconciliations of non-GAAP measures to the relevant GAAP measures are provided in the appendix of this presentation. The Company is not able to provide a reconciliation of the Company’s non-GAAP financial guidance 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.

Legal Discussion Continued



Supply Share and Industry Information

Certain statistical information used in this presentation is based on independent industry publications, reports by research firms or other published independent sources. Some statistical information is also based on our good faith estimates which are derived from management's knowledge of our industry and such independent sources referred to above. Certain supply share statistics, ranking and industry information included in this presentation, including the size of certain markets and our estimated supply share position and the supply share positions of our competitors, are based on management estimates. These estimates have been derived from our management's knowledge and experience in the industry and end uses into which we sell our products, as well as information obtained from surveys, reports by research firms, our customers, distributors, suppliers trade and business organizations and other contacts in the industries into which we sell our products. We believe these data to be accurate as of the date of this presentation. However, this information may prove to be inaccurate because this information cannot always be verified with complete certainty due to the limitations on the availability and reliability of raw data, the voluntary nature of the data gathering process and other limitations and uncertainties. Unless otherwise noted, all of our supply share position and industry information presented in this presentation herein is an approximation based on management's knowledge and is based on our, or, in the case supply share position information excludes volume attributable to manufacturers who produce primarily for their own consumption. In addition, references to various end uses into which we sell our products are based on how we define the end uses for our products.

Zeolyst Joint Venture

Zeolyst International and Zeolyst C.V. (our 50% owned joint ventures that we refer to collectively as the "Zeolyst Joint Venture"), are accounted for as an equity method investment in accordance with GAAP. The presentation of the Zeolyst Joint Venture's sales in this presentation represents 50% of the sales of the Zeolyst Joint Venture. We do not record sales by the Zeolyst Joint Venture as revenue and such sales are not consolidated within our results of operations. However, our adjusted EBITDA reflects our share of the earnings of the Zeolyst Joint Venture that have been recorded as equity in net income from affiliated companies in our consolidated statements of income for such periods and includes Zeolyst Joint Venture adjustments on a proportionate basis based on our 50% ownership interest. Accordingly, our adjusted EBITDA margins are calculated including 50% of the sales of the Zeolyst Joint Venture for the relevant periods in the denominator.

Key Messages



-  **1 Substantial Q2 2022 Sales and Adjusted EBITDA Growth of 45%^{1,2} and 38%^{1,2}**
-  **2 Contractual cost pass-through and pricing actions offsetting inflationary pressure**
-  **3 Anticipate favorable underlying growth trends and stable outlook for balance of 2022**
-  **4 Strong cash generation and balanced capital allocation strategy**
-  **5 Believe portfolio is well-positioned to capitalize on growth from sustainability trends and low carbon technologies**

1. Sales change percentage and Adjusted EBITDA percentage change includes proportionate 50% share of sales from the Zeolyst Joint Venture
2. Percentage growth is compared to Q2 2021

Delivered Strong Operating and Financial Performance

Q2 2022 Key Highlights^{1,2}

45%

Sales Growth
vs. 2021¹

38%

Adj. EBITDA Growth
vs. 2021^{1,2}

80%

Cash
Conversion^{3,4}

2.8x

Leverage Ratio⁵

#1 or #2

Supply Share Position

\$236 Mln

Liquidity⁶



1. Sales change percentage and Adjusted EBITDA percentage change includes proportionate 50% share of sales from the Zeolyst Joint Venture
2. See Appendix for Reconciliations of non-GAAP measures.
3. Cash Conversion = Adjusted EBITDA - Capex as a % of Adjusted EBITDA
4. Cash Conversion is calculated on a TTM basis
5. Leverage Ratio = (Total debt – Cash and cash equivalents) / Adjusted EBITDA
6. Liquidity = Cash on hand + Availability on revolving ABL facility

Demand Fundamentals Remain Favorable

	End Use	Key Products	2021 Total Sales	Demand Trend		Industry Growth Rate	2022 Anticipated Demand Drivers
				Q2'22 Vs Q1'22	Q3'22E vs Q2'22		
Ecoservices	CLEAN FUELS	Regeneration For Alkylation	~32%			~4%	Rebounding gasoline demand and exports Increasing U.S. refinery utilization to >90%
	INDUSTRIAL	Virgin Sulfuric Acid for Automotive, Mining & Industrial	~28%			~5%	Green infrastructure and vehicle electrification driving high mining metals demand
	CAWT	Catalyst Activation & Waste Treatment	~7%			> 25%	Global Renewable Diesel share of total Diesel expected to increase from 2% in 2019 to 5% in 2025
Catalyst Technologies	POLYMERS	Packaging and Engineered Plastics	~14%			~4%	PE growth driven by global demand for film and packaging
	CLEAN FUELS/AIR	Catalyst for Emissions Control and Hydrocracking				~4%	Global refinery utilization driving strong demand for HCC catalyst. Regulations driving demand for reduced emissions in HDD
			Catalyst for Renewable Fuels	~15%			> 25%

Flat/Low single digit increase Mid/High single digit increase



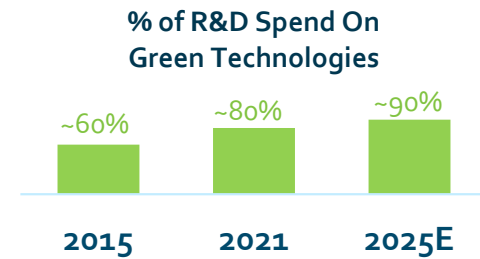
Sources: EIA, Goldman Sachs, HIS, LMC, IMF, IEA, Global Data, BCC, EPA

Well Positioned for Future Growth - Meeting Industry Needs for Sustainable Technologies



Sustainability Focused

- 75% of current end use sales address customer and consumer demand for more sustainable products and services
- More than 80% of innovation investment focused on products and services that enhance sustainability



Global Sustainability Trend

Our products provide solutions that...

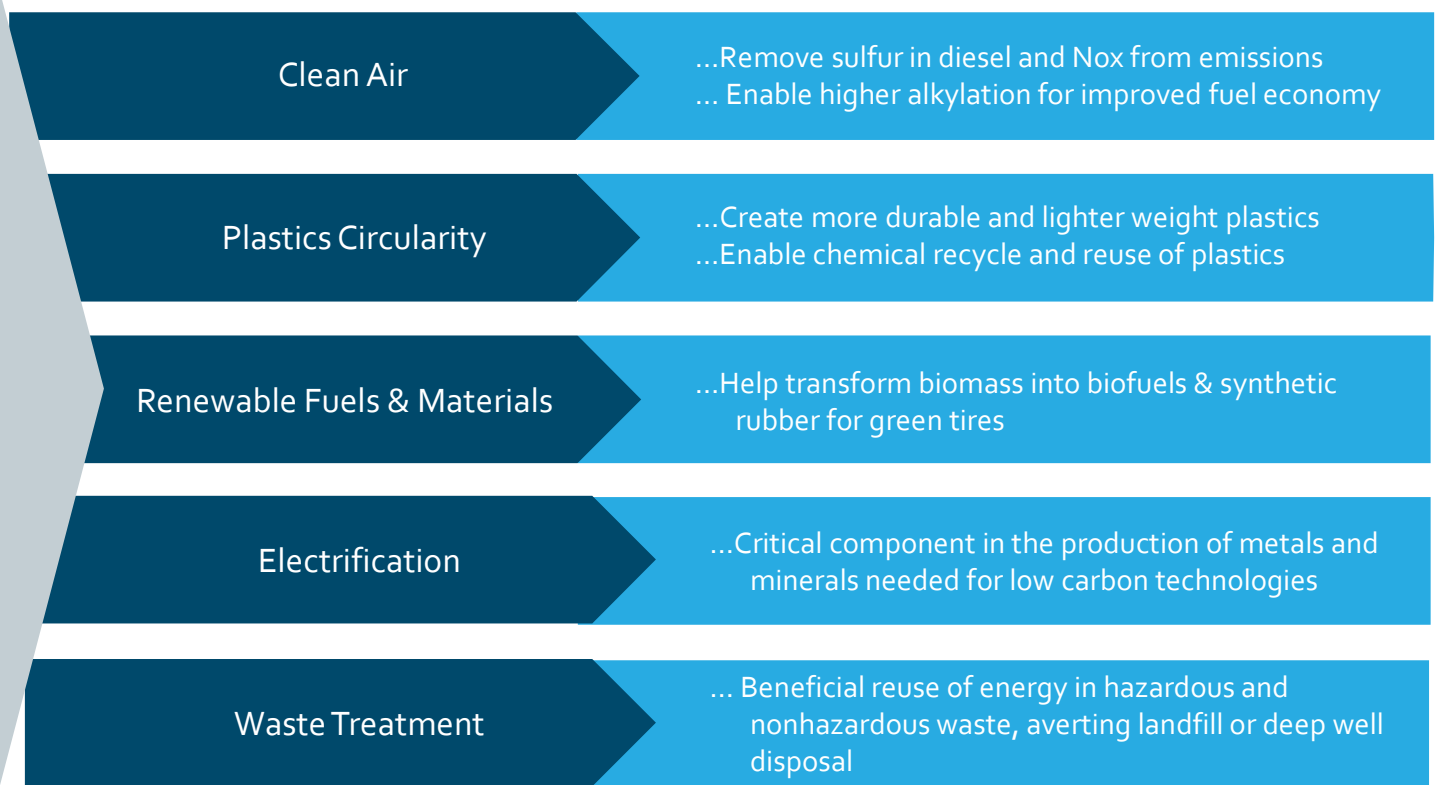
3 GOOD HEALTH AND WELL BEING

6 CLEAN WATER AND SANITATION

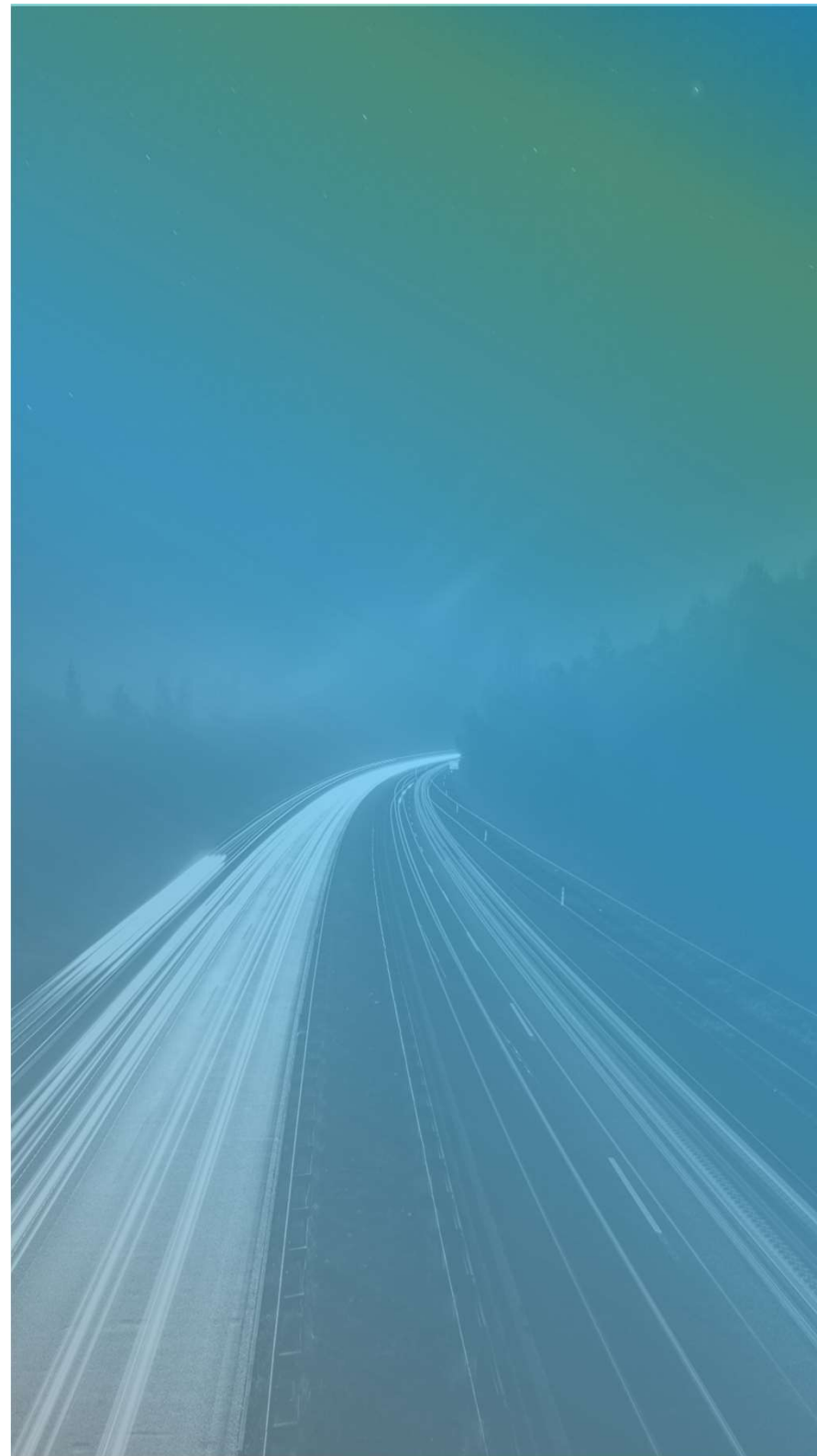
7 AFFORDABLE AND CLEAN ENERGY

11 SUSTAINABLE CITIES AND COMMUNITIES

13 CLIMATE ACTION



**Second Quarter 2022
Financial Performance**



Financial Performance – Q2 2022

Second Quarter Financial Results

(\$ in millions)	Second Quarter 2022	Second Quarter 2021	\$ Change	% Change
Ecovyst Sales	225.2	147.0	78.2	53.2
Zeolyst JV Sales	35.9	33.2	2.7	8.2
Adjusted EBITDA ¹	72.9	52.7	20.2	38.3
Adjusted EBITDA Margin ^{1,2} (%)	27.9	29.3		(140 bps)


(\$ in millions)	\$ Change	% Change
Sales Change Factors ³		
Volume	19.6	13.4
Price (ex sulfur pass-through)	22.9	15.5
Price impact of sulfur pass-through	36.6	24.9
Currency	(0.9)	(0.6)

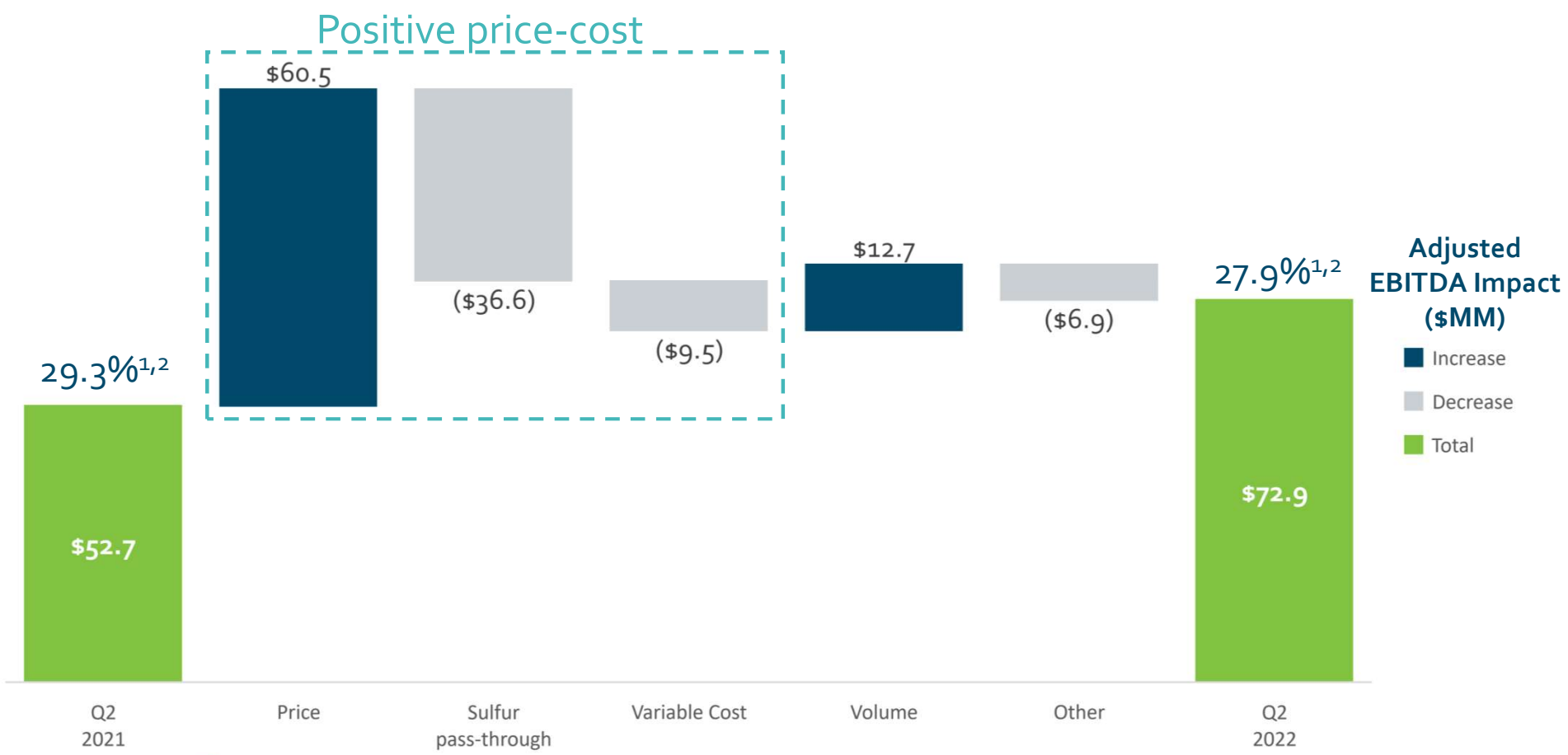


1. See Appendix for Reconciliations of non-GAAP measures.
2. Adjusted EBITDA margin calculation includes proportionate 50% share of sales from the Zeolyst Joint Venture
3. Sales Change Factors exclude the Zeolyst Joint Venture

Adjusted EBITDA Bridge – Q2 2022



 Ecoservices unit margins expanded with contractual cost pass-through and Catalyst Technologies margins stable with strong pricing power



1. See Appendix for Reconciliations of non-GAAP measures.
 2. Adjusted EBITDA margin calculation includes proportionate 50% share of sales from the Zeolyst Joint Venture

Ecoservices - Q2 2022 Financial Performance

(\$ in millions)	Second Quarter 2022	Second Quarter 2021	\$ Change	% Change
Ecoservices Sales	193.0	120.8	72.2	59.8
Adjusted EBITDA ¹	60.0	40.5	19.5	48.1
Adjusted EBITDA Margin ¹ (%)	31.1	33.5		(240 bps)

Ecoservices Highlights

- Strong demand for virgin sulfuric acid driven by diversified industrial needs and mining for metals, with increased demand for alkylate and higher refinery utilization driving growth in regeneration services
- Sales up 60% reflecting an increase in volume and higher average selling prices, largely associated with the contractual cost pass-through of higher variable costs, including sulfur, natural gas and freight
- Adjusted EBITDA up 48% reflecting the drop through of higher sales volume, improved pricing and cost efficiencies
 - The \$37 million pass-through of higher sulfur costs unfavorably impacted Adjusted EBITDA margins by 840 basis points.

Catalyst Technologies – Q2 2022 Financial Performance



(\$ in millions)	Second Quarter 2022	Second Quarter 2021	\$ Change	% Change
Silica Catalysts Sales	32.2	26.2	6.0	22.9
Zeolyst JV Sales	35.9	33.2	2.7	8.2
Adjusted EBITDA ¹	21.4	20.7	0.7	3.4
Adjusted EBITDA Margin ^{1,2} (%)	31.4	34.9		(350 bps)

Catalyst Technologies Highlights

- Demand remained positive with continued growth in polyethylene catalyst; high refinery utilization continued to support hydrocracking and niche custom catalyst sales
- Price increases implemented late in 2021 and an energy surcharge program helped to mitigate inflationary pressures
- Growth in Adjusted EBITDA reflects higher sales volume and higher average selling prices partially offset by unfavorable product mix and higher production costs

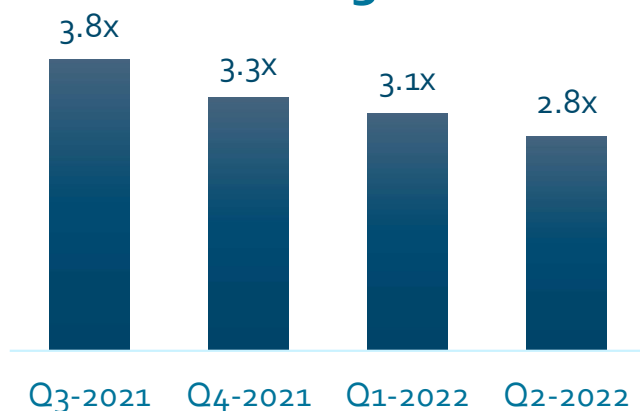


1. See Appendix for Reconciliations of non-GAAP measures.
 2. Adjusted EBITDA margin calculation includes proportionate 50% share of sales from the Zeolyst Joint Venture

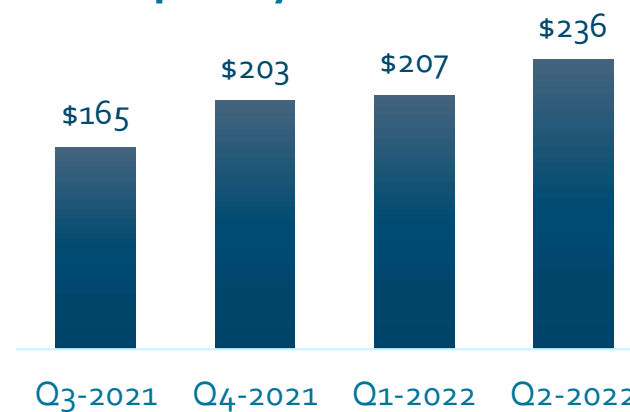
Leverage & Liquidity



Net Leverage Ratio¹



Liquidity² (\$ Millions)



Leverage Ratio

- Strong cash generation has provided for leverage reduction of one full turn over the past three quarters
- No meaningful debt maturities until 2028
- Interest rate exposure limited by caps

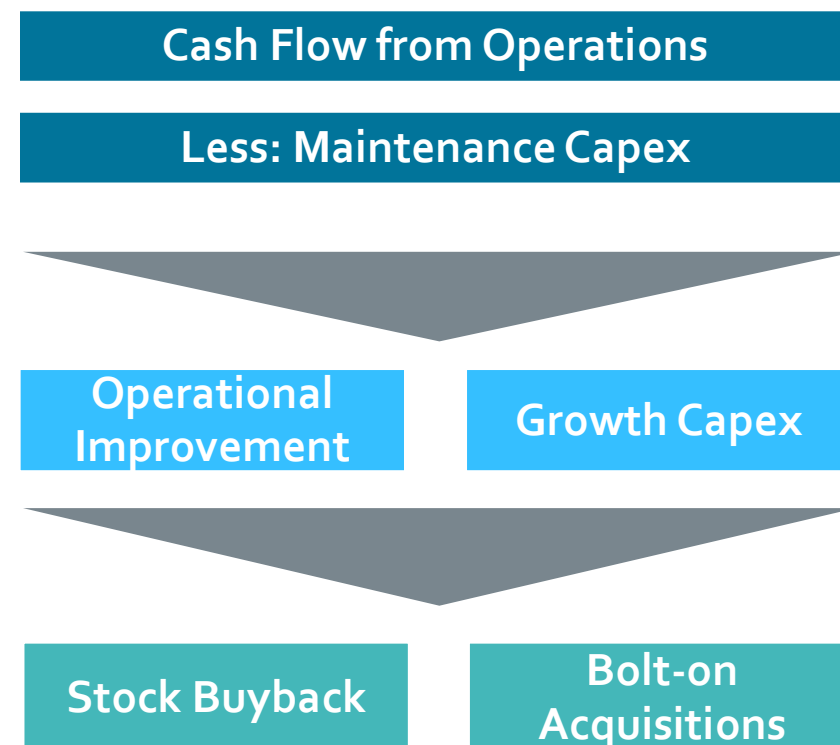
Liquidity

- 43% increase in Liquidity since Q3 2021
- Adequate Liquidity for potential additional bolt-on acquisitions and opportunistic share repurchases

Balanced Capital Allocation Strategy to Support Growth Initiatives and Drive Shareholder Return

Strong free cash flow generation provides financial flexibility and supports a balanced capital allocation strategy focused on:

- Operational improvements & organic growth initiatives
- Accretive bolt-on opportunities
- Share repurchases
 - \$450 million share repurchase authorization to support opportunistic open market purchases or directed, negotiated purchases from sponsors, including in conjunction with secondary offerings
 - Repurchased 893,123 shares during the second quarter at an average price of \$9.88 per share



Ecovyst 2022 Outlook



Ecovyst ¹			
(\$ in millions, except per share)	2021 Actual	Q1 2022 Prior Guidance	Q2 2022 Updated Outlook
Sales ²	\$611	\$810 - \$830	\$830 - \$850
Zeolyst JV Sales	\$131	\$150 - \$160	\$135 - \$145
Adjusted EBITDA ³	\$228	\$260 - \$270	\$265 - \$275
Adjusted Free Cash Flow ^{3,4}	\$93	\$115 - \$125	\$115 - \$125
Capital Expenditures	\$62	\$55 - \$65	\$55 - \$65
Depreciation & Amortization			
Ecovyst	\$80	\$80 - \$90	\$80 - \$90
Zeolyst JV	\$16	\$15 - \$18	\$15 - \$18

Adjusted EBITDA Growth of 19%
In 2022 from 2021
Assuming midpoint of guidance

- Raising 2022 Outlook

- Increasing GAAP sales on favorable pricing, including the impact from the passthrough of higher sulfur costs
- Lowering Zeolyst JV sales based on timing of certain customer sales
- Upgrading Adjusted EBITDA on strong demand and favorable pricing

1. Represents continuing operations for Ecoservices and Catalyst Technologies, including unallocated Corporate, except otherwise noted
2. GAAP sales only; Excludes proportionate 50% share of the Zeolyst Joint Venture sales
3. See Appendix for Reconciliations of non-GAAP measures
4. For 2021, includes the proportionate share of cash generation from the discontinued operations of the Performance Chemicals business through the transaction close date of August 1, 2021



Summary



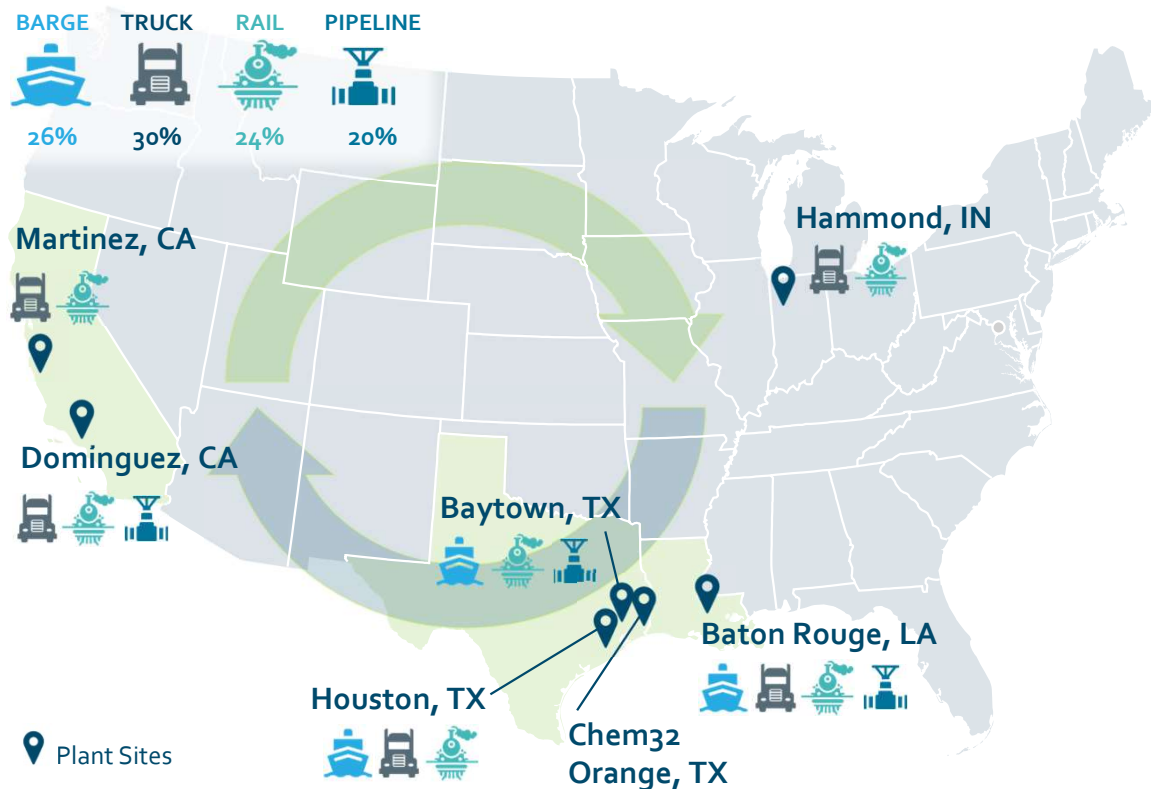
- 1** Positive demand trends expected to continue in second half of 2022
- 2** Leadership positions, longstanding customer relationships and order backlog provide good near-term visibility
- 3** Mitigating inflationary pressures through contractual cost pass-through and pricing actions
- 4** Well-positioned to capitalize on future growth opportunities

APPENDIX

Ecoservices: North American Leader in Sulfuric Acid Recycling and Related Services with Key Competitive Position in Gulf Coast and California

NEAR-TERM GROWTH FACTORS

- Existing customer re-contracting, and favorable alkylate fundamentals expected to drive growth for regeneration services
- Rising virgin acid consumption for electrification and green infrastructure enabling materials mining
- Increasing demand for sustainable waste solutions from industrials benefitting Treatment Services
- Accelerating off site Catalyst Activation demand from renewable fuels producers and traditional refineries



UNRIVALED SUPPLY INFRASTRUCTURE

- Managing end to end supply chain & customer inventories
- Production redundancy in key refining locations enables the highest degree of reliability

FAVORABLE CUSTOMER POSITIONS

- Long-term contracts with cost pass-through
- Typically, 100% of supply for customer sites
- Take-or-pay and capacity reservation fees

Catalyst Technologies: Global Leader in Tailored Catalyst Solutions

NEAR-TERM GROWTH FACTORS

- Preferred technology and increasing product offerings for strengthening & light weighting of materials projected to drive growth in polyethylene catalysts
- Growing demand for renewable fuels
- Increasing regulation driving reduction in vehicle emissions
- New product launches supporting the ongoing product development and collaboration with customers



FLEXIBLE MANUFACTURING NETWORK

- Improved manufacturing network efficiencies
- Continued debottlenecking production capacity for sold out product lines

FAVORABLE CUSTOMER POSITIONS

- Believe growing faster than market with existing polyethylene customers
- Strong growth in custom catalysts; diversified across multiple chemical processes
- Collaborating on multiple product development projects for new offerings in renewable fuels and materials and recycling of polymers

Quarterly Segment Sales, Adjusted EBITDA and Margins

(\$ in millions, except %)	Three Months Ended		Six Months Ended	Three Months Ended		Six Months Ended
	March 31, 2022	June 30, 2022	June 30, 2022	March 31, 2021	June 30, 2021	June 30, 2021
Sales:						
Ecoservices	154.0	193.0	347.0	100.2	120.8	221.0
Silica Catalysts	25.7	32.2	57.9	26.4	26.2	52.6
Total sales	179.7	225.2	404.9	126.6	147.0	273.6
Zeolyst Joint Venture sales	29.0	35.9	64.9	29.0	33.2	62.2
Adjusted EBITDA:						
Ecoservices	49.3	60.0	109.3	33.0	40.5	73.5
Catalyst Technologies	17.0	21.4	38.4	18.5	20.7	39.2
Total Segment Adjusted EBITDA	66.3	81.4	147.7	51.5	61.2	112.7
Corporate	(7.1)	(8.5)	(15.6)	(9.2)	(8.5)	(17.6)
Total Adjusted EBITDA	59.2	72.9	132.1	42.3	52.7	95.0
Adjusted EBITDA Margin:						
Ecoservices	32.0%	31.1%	31.5%	32.9%	33.5%	33.3%
Catalyst Technologies ¹	31.1%	31.4%	31.3%	33.4%	34.9%	34.2%
Total Adjusted EBITDA Margin^{1,2}	28.4%	27.9%	28.1%	27.2%	29.3%	28.3%



1. See Appendix for Reconciliations of non-GAAP measures.
 2. Totals include corporate costs
 * Rounding discrepancies may arise when rounding results from dollars (in thousands) to dollars (in millions)

Sales and Adjusted EBITDA Major Change Factors

Sales

Sales (in \$ millions and %)	Three Months Ended June 30, 2022						Six Months Ended June 30, 2022					
	Ecovyst		Ecoservices		Silica Catalysts		Ecovyst		Ecoservices		Silica Catalysts	
Sales:	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Volume	19.6	13.3	16.2	13.4	3.4	13.0	33.5	12.2	32.8	14.8	0.7	1.3
Price/Mix	59.5	40.5	56.0	46.4	3.5	13.4	98.9	36.1	93.2	42.2	5.7	10.8
Currency	(0.9)	(0.6)	—	—	(0.9)	(3.5)	(1.1)	(0.4)	—	—	(1.1)	(2.1)
Sales Change	78.2	53.2	72.2	59.8	6.0	22.9	131.3	47.9	126.0	57.0	5.3	10.0

Adjusted EBITDA

Adj. EBITDA (in \$ millions and %)	Three Months Ended June 30, 2022						Six Months Ended June 30, 2022					
	Ecovyst		Ecoservices		Catalyst Technologies		Ecovyst		Ecoservices		Catalyst Technologies	
Adj EBITDA:	\$	%	\$	%	\$	%	\$	%	\$	%	\$	%
Volume/Mix	12.8	24.3	8.6	21.2	4.1	19.8	20.1	21.2	18.7	25.4	1.3	3.3
Price	60.6	115.0	56.0	138.3	4.6	22.2	100.1	105.4	93.3	126.9	6.8	17.3
Variable Cost	(46.2)	(87.7)	(39.0)	(96.3)	(7.1)	(34.3)	(77.3)	(81.4)	(67.2)	(91.4)	(10.0)	(25.5)
Currency	(0.5)	(0.9)	0.0	—	(0.5)	(2.4)	(0.7)	(0.7)	0.0	—	(0.7)	(1.8)
Other	(6.5)	(12.4)	(6.1)	(15.1)	(0.4)	(1.9)	(5.1)	(5.4)	(9.0)	(12.2)	1.8	4.6
Adj EBITDA Change	20.2	38.3	19.5	48.1	0.7	3.4	37.1	39.1	35.8	48.7	(0.8)	(2.1)

1. Totals include corporate costs

* Rounding discrepancies may arise when rounding results from dollars (in thousands) to dollars (in millions)



Reconciliation of Net (Loss) Income to Segment Adjusted EBITDA

	Three Months Ended		Six Months Ended	Three Months Ended		Six Months Ended
(\$ in millions, except %)	March 31, 2022	June 30, 2022	June 30, 2022	March 31, 2021	June 30, 2021	June 30, 2021
Reconciliation of net income (loss) from continuing operations to Segment Adjusted EBITDA						
Net income (loss) from continuing operations	7.9	19.2	27.1	(2.8)	(7.9)	(10.6)
Provision (benefit) for income taxes	5.7	7.3	13.0	(5.2)	7.7	2.5
Interest expense, net	8.5	8.9	17.3	10.5	8.7	19.2
Depreciation and amortization	19.5	19.7	39.2	19.5	20.0	39.5
EBITDA	41.6	55.1	96.6	22.0	28.5	50.6
Joint venture depreciation, amortization and interest(a)	4.1	4.0	8.1	3.6	3.7	7.3
Amortization of investment in affiliate step-up(b)	1.6	1.6	3.2	1.7	1.6	3.3
Debt extinguishment costs	—	—	—	—	11.7	11.7
Net loss on asset disposals(c)	0.1	0.6	0.7	0.8	1.6	2.4
Foreign currency exchange losses (gains)(d)	0.6	0.5	1.1	5.1	(1.2)	3.9
LIFO expense (benefit)(e)	0.2	0.2	0.4	(0.3)	(0.5)	(0.7)
Transaction and other related costs(f)	4.3	0.8	5.1	0.5	0.6	1.1
Equity-based compensation	7.3	5.4	12.7	6.3	6.3	12.6
Restructuring, integration and business optimization expenses(g)	0.4	4.7	5.1	2.3	0.1	2.3
Defined benefit plan pension benefit(h)	(0.6)	(0.6)	(1.1)	(0.6)	(0.6)	(1.2)
Other(i)	(0.4)	0.6	0.2	0.9	0.9	1.7
Adjusted EBITDA	59.2	72.9	132.1	42.3	52.7	95.0
Unallocated corporate costs	7.1	8.5	15.6	9.2	8.5	17.6
Total Segment Adjusted EBITDA¹	66.3	81.4	147.7	51.5	61.2	112.6

EBITDA Adjustments by Line Item						
EBITDA	41.6	55.1	96.6	22.0	28.5	50.6
Cost of goods sold	(0.6)	(0.6)	(1.2)	(0.3)	(0.5)	(0.8)
Selling, general and administrative expenses	7.5	5.4	12.9	6.3	6.3	12.6
Other operating expense, net	4.9	7.0	11.9	3.8	2.9	6.7
Equity in net (income) from affiliated companies	1.6	1.6	3.2	1.7	1.6	3.3
Other expense, net ²	0.1	0.4	0.6	5.2	10.2	15.3
Joint venture depreciation, amortization and interest(a)	4.1	4.0	8.1	3.6	3.7	7.3
Adjusted EBITDA	59.2	72.9	132.1	42.3	52.7	95.0

1. For additional information with respect to each adjustment, see "Reconciliation of Non-GAAP Financial Measures"

2. Other expense (income), net includes debt extinguishment costs

* Rounding discrepancies may arise when rounding results from dollars (in thousands) to dollars (in millions)



Adjusted Free Cash Flow

(\$ in millions)	Full Year 2021 ¹	Six months ended June 30, 2022
Cash flow from Operations before interest and tax	200.7	88.4
Less: Cash paid for taxes	11.8	19.8
Less: Cash paid for interest ²	59.0	15.8
Cash Flow from Operations	129.9	52.8
Less: Purchases of property, plant and equipment ³	91.0	25.8
Free Cash Flow	38.9	27.0
Plus: Proceeds from sale of assets	0.3	—
Plus: Net interest proceeds on currency swaps	2.3	—
Plus: Cash paid for costs related to segment disposals	46.0	14.1
Plus: Cash paid for debt financing costs included in cash from operating activities	5.7	—
Adjusted Free Cash Flow	93.2	41.1

1. Includes proportionate shares of cash generation from discontinued operations for the period presented. 2021 actual includes Performance Chemicals through transaction close date of August, 1, 2021
2. Excludes net interest proceeds on swaps designated as net investment hedges
3. Excludes the Company's proportionate 50% share of capital expenditures from the Zeolyst Joint Venture

* Rounding discrepancies may arise when rounding results from dollars (in thousands) to dollars (in millions)

Descriptions for Reconciliation of Non-GAAP Financial Measures

- a) We use Adjusted EBITDA as a performance measure to evaluate our financial results. Because the Catalyst Technologies segment includes our 50% interest in the Zeolyst Joint Venture, we include an adjustment for our 50% proportionate share of depreciation, amortization and interest expense of the Zeolyst Joint Venture.
- b) Represents the amortization of the fair value adjustments associated with the equity affiliate investment in the Zeolyst Joint Venture as a result of the combination of the businesses of Ecovyst Inc. and Eco Services Operations LLC in May 2016. We determined the fair value of the equity affiliate investment and the fair value step-up was then attributed to the underlying assets of the Zeolyst Joint Venture. Amortization is primarily related to the fair value adjustments associated with fixed assets and intangible assets, including customer relationships and technical know-how.
- c) When asset disposals occur, we remove the impact of net gain/loss of the disposed asset because such impact primarily reflects the non-cash write-off of long-lived assets no longer in use.
- d) Reflects the exclusion of the foreign currency transaction gains and losses in the statements of income primarily related to the non-permanent intercompany debt denominated in local currency translated to U.S. dollars.
- e) Represents non-cash adjustments to the Company's LIFO reserves for certain inventories in the U.S. that are valued using the LIFO method, which we believe provides a means of comparison to other companies that may not use the same basis of accounting for inventories.
- f) Relates to certain transaction costs, including debt financing, due diligence and other costs related to transactions that are completed, pending or abandoned, that we believe are not representative of our ongoing business operations.
- g) Includes the impact of restructuring, integration and business optimization expenses which are incremental costs that are not representative of our ongoing business operations.
- h) Represents adjustments for defined benefit pension plan (benefit) costs in our statements of income. All of our defined benefit pension plan obligations are under defined benefit pension plans that are frozen. As such, we do not view such income or expenses as core to our ongoing business operations.
- i) Other costs consist of certain expenses that are not core to our ongoing business operations, including environmental remediation-related costs, capital and franchise taxes. Included in this line-item are rounding discrepancies that may arise from rounding from dollars (in thousands) to dollars (in millions).

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