# Target PQ (ecovyst) Virtual Investor Conference: April 8, 2021

## MIKE CREWS AND MIKE FEEHAN – FINANCIAL PERFORMANCE AND GOALS

### Slide 1:  Introduction

Thank you Ray, and good morning everyone. Before I begin the presentation, I want to say what a privilege it's been to serve as CFO of this company over the past six years. It's been an honor to play a role in a business that creates value, overcomes headwinds, reshapes the portfolio, and positions itself for substantial growth going forward.

Today is also a great opportunity to demonstrate our deep bench and introduce you to another Mike – Mike Feehan. Mike is our current Vice President of Finance and Treasurer and has been with PQ for more than 14 years, seeing the company through a number of changes and improvements. He has a deep knowledge of the business after wearing both the controller and treasurer hats over time, and he's worked directly for me for nearly six years now. I believe many of you on the research side met Mike during the IPO process, and he also has a strong relationship with fixed income investors. He's looking forward to developing similar relationships with equity investors and the analyst community.

### Slide 2:  Key Takeaways

We are excited to speak with you today about our track record of performance and – more importantly – ecovyst's strong growth opportunities that lie ahead.

Today we will discuss:
- Our ability to grow the topline and the sources of that growth;
- The repositioning of the portfolio into catalysts and services, which consistently generate very high margins and cash flows;
- And our plan to invest those cash flows, organically and inorganically, for faster growth;
- We will also demonstrate that an expanded peer set is called for, which reflects our higher growth and margin profile, and also is deserving of a higher trading multiple.

**Slide 3: Solid Financial Performance and Sustainable Adjusted EBITDA Margins Exceeding Peers**

From 2017 to 2019, the ecovyst businesses grew topline and Adjusted EBITDA by 7% each; this was led by higher pricing on contract renewals for regeneration services, strong hydrocracking catalyst demand and steady growth in polyolefin catalyst products. And these are all trends that we expect to continue going forward.

Adjusted EBITDA margins for this business are strong and resilient, totaling 35% in 2019 and averaging 34% over the period. This is outpacing our specialty chemical peers by more than 50 percent. As Mike Feehan will further discuss in a few minutes, we have expanded our peer set to include other chemical companies with similar margin and/or operating profiles, and you can see that we compare favorably to those as well.

**Slide 4: Robust Cash Conversion and Portfolio Actions Enabled Optimal Capital Allocation**

We've reviewed topline growth, Adjusted EBITDA growth and expanding margins. These dynamics translate into high cash conversion rates. Since 2017, our cash conversion rate has expanded by 500 bps and actually improved in 2020, as we have tightly managed costs and capital spending through the pandemic.

Overall "Legacy PQ" generated an estimated $2.7 billion in cash flow and net proceeds from our asset sales since the IPO… and that strong cash position was allocated in a very disciplined fashion:

- Half was used for debt reduction.
- A quarter was reinvested in the business, for both capital expenditures and our recent Chem32 acquisition.
- And the rest has been allocated to special dividends.
- When the sale of the Performance Chemicals business is completed later this year, and the related dividend is determined, we will have paid out between $585 and $685 million in special dividends to shareholders.

That’s a strong track record of high growth, great margins and significant free cash flow from these businesses. And we believe that the best is yet to come.

With that, I will turn the presentation over to Mike Feehan to review our future growth opportunities.

**Slide 5: Introduction**

Thank you very much, Mike, and good morning everyone. While there’s no question that Mike Crews leaves big shoes to fill, I am excited to dive right in. I look forward to meeting those of you who I don’t know yet… and I am thrilled about the direction of the new ecovyst!

**Slide 6: Top-Line Organic Growth and Operational Improvements Drive Higher Adjusted EBITDA and Margins**

As you just heard from the business leaders, our expectation is for Ecoservices growth to be driven by the continued strong demand for alkylate used for high octane gasoline, rising nylon requirements for light weighting vehicles, as well as industrial and mining demand in our virgin sulfuric acid business.

The Catalyst Technologies trajectory is expected to lead the way with low double-digit sales growth, particularly through our preferred technology and custom catalyst product offerings in polyolefin and other chemical catalysts. Growth in our Zeolyst Joint Venture will be driven by the shift to renewable fuels as well as further demand for increasingly cleaner, traditional fuels.

For the 2020 to 2025 period, these top-line drivers are expected to increase our compounded annual sales growth to 8%. And coupled with a smaller corporate footprint and tightly managed fixed costs, we expect to increase our Adjusted EBITDA growth to 11% while expanding margins throughout the same period to be in the high 30’s by 2025.

**Slide 7: Strong Cash Conversion to Fund Future Growth and Pay Down Debt**

Turning to the cash performance, you'll see that rising cash conversion rates from 2017 to 2019 are expected to escalate, growing to an estimated 80% by 2025.

The increase is expected to occur primarily on Adjusted EBITDA growth across both businesses, led by Catalyst Technologies. In addition, we have moderate capital investments in the coming years. Several growth and debottlenecking projects have recently been completed and we are beginning to see the benefit in sales and Adjusted EBITDA growth.

Shifting over to our capital allocation strategy:

- We expect to continue to generate strong free cash flow
- And we believe ecovyst will have numerous organic and inorganic opportunities for growth:
    - Internally, we expect to have multiple future investment opportunities, including capacity and product line expansions across the businesses.
    - Externally, we will continue to target bolt-on acquisitions such as Chem32, which is highly synergistic from a commercial perspective.
- Our filters for bolt-on acquisitions include new technologies that are accretive and/or strategic to our existing businesses, while being manageable from a capital requirement perspective.

While much of our focus over the next several years will be on growth, we will also tightly manage our leverage. We expect to end 2021 with a leverage ratio in the high 3's as a multiple of Adjusted EBITDA. Then, as we go forward beyond 2021, we expect to reduce our leverage by ½ turn a year primarily from the strong Adjusted EBITDA growth.

**Slides 8-10: ecovyst Delivers Best in Class Metrics but Remains Undervalued vs. Peers**

Now that the new company has a portfolio focused on catalysts and services with higher growth and stronger margins, it is important that the consideration for identifying peer companies to ecovyst are well scoped within the relevant and comparable industries.

We surveyed a spectrum of companies with similar financial metrics, including growth, margins and cash conversion rates, along with a similar environmentally focused profile.  As a result, we identified additional peer sets in the electronic chemicals and recycling & environmental services spaces.

We believe these selected public companies best represent an appropriate peer set for ecovyst given their comparable financial metrics, business profile, and end uses.

In comparing the peer data, this analysis suggests that, even after a positive share price performance in recent months – and an even better total shareholder return given both recent and planned special dividends – a further re-rating of ecovyst's valuation is necessary.

As we have demonstrated today, ecovyst is a unique and compelling investment. We have a proven track record of good growth in both sales and Adjusted EBITDA, high margins and strong cash conversion.

Each of these key financial metrics is expected to improve over the coming years validating the rationale that these metrics define a far more attractive profile than our peers.

At our current share price, ecovyst is trading at a discount to those peers.
That suggests that an investor buying into ecovyst today can expect to receive higher topline growth, higher Adjusted EBITDA growth, leading margins… as well as a likely upcoming special dividend – and they can also hope to take part in closing the valuation gap as our multiple improves over time.

**Slide 12:  2025 Goals – Targeting Across-the-Board Improvements Moving Forward**

To tie this all together, we are very excited about the growth we see for ecovyst over the next few years.  By 2025, we expect revenue to be over a billion dollars with only approximately 10% of that coming from M&A.  And our already strong cash conversion, margins and growth rates are expected to accelerate, further differentiating us from our peers.

With that, I would like to thank you for your attention and turn the mic back to Belgacem.