

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

### BELGACEM CHARIAG, STRATEGY OVERVIEW

#### Slide 1: Introduction

Thanks, Nahla, and good morning everyone.

- We are truly excited to have you join us today and hope that you and your families are safe and well.
- Through the latter part of 2020 and the first quarter of 2021, we accelerated our PQ transformation strategy with the execution of some key essential steps. The initial result of this transformation is what we have envisioned for the “Target PQ” that we briefly introduced in our recent communications.
- Today, we’re here to introduce what the new entity will look like upon close of the Performance Chemicals transaction. You will hear our strategic vision and growth plans as we embark on this new journey as a pure-play catalysts and services company.

*Before we start our program today, I would like to share a short opening video.*

- This morning, we are introducing ecovyst, our new brand for the projected portfolio. I will provide an overview of ecovyst and our strategy, and then introduce the other members of the team who will cover the business and financial outlook in greater detail.

#### Slide 2: Transition Nearly Complete

First, I’d like to offer a brief run-down of how we arrived here.

- Just about two years ago, we embarked on a strategic review of our four specialty chemical businesses and our platform of innovation and customer

collaboration. We identified pathways and a timeline to transform PQ into a Simpler + Stronger portfolio.

- The first step was to focus on improving operational and financial performance and reducing capital intensity. We also divested non-core assets within each business, optimizing our asset utilization and generating cash.
- This improved execution on multiple fronts enabled us to accelerate or “fast track” our targeted repositioning of the entire company. We completed the sale of Performance Materials at an attractive valuation, signed an agreement to sell Performance Chemicals also at an attractive valuation, and acquired a niche catalyst activation business with unique and promising growth potential, to complement our portfolio offerings.
- This transition is now nearly complete with the sale of Performance Chemicals on track to close later this year, subject to customary approvals and conditions. Going forward, ecovyst will consist of two businesses that position us as an innovative pure-play catalyst and services company.

### **Slide 3: ecovyst is ...**

We have made tremendous progress delivering on the steps leading to our goal of becoming Simpler + Stronger.

- We are now leaner and structured for operating with the highest level of efficiency. We are also nimbler as we position ourselves to be responsive and fast adapting to the rapidly changing business environments. Innovation and customer centric collaboration have been our historic strength, and will now evolve into an even higher level of focus and purpose.
- Further, we are prioritizing and accelerating our growing and greening initiatives, and are putting sustainability for a safer, cleaner, healthier world at the forefront of our forward strategy.

#### **Slide 4: ecovyst Business Proposition...**

- We have initially focused on driving cultural change and improving execution on multiple fronts. We now have a strong foundation from which to accelerate our future objectives.
- Our long history of innovation expertise and close customer collaboration supports the development of proprietary catalysts and services.
- It is these critical and tailored products and solutions that enable us to be specified into customer production processes.
- We have demonstrated our ability to generate strong cash flow and highly visible recurring revenues at favorable margins. This is largely due to long-term contracts with appropriate commercial terms, including minimum volume guarantees and cost pass-through.
- Further, we have been and continue operating in a growth environment. Demand for our products and services is driven largely by favorable secular global growth trends, resulting from a rapid transition to a cleaner economy.
- As a result, we anticipate high single-digit top-line growth organically with strong and sustainable margins, plus inorganic growth opportunities.

#### **Slide 5: We Are a Focused Pure-Play**

We are now ready to move to a new chapter.

- Upon close of the Performance Chemicals transaction later this year, we will officially become ecovyst, a pure-play catalyst and services company.
- ecovyst is a catalyst for positive change with technologies that will play a critical role in supporting ecological health, and propelling expansion and growth for our customers.
- ecovyst has two industry-leading businesses, Ecoservices and Catalyst Technologies, formerly known respectively as Refining Services and Catalysts. The products and services of these two businesses have proven

track records and command number one or two positions with our customers.

- Let's take a closer look at each of these businesses.

## **Slide 6: Ecoservices**

Beginning with Ecoservices.

- With significant sulfuric acid processing know-how and an extensive network, we are the largest player in North America with a market share of more than 50 percent. We provide end-to-end regeneration services or recycling of spent acid for alkylation producers. It is important to note that Alkylate is benefitting from a demand shift to higher-octane gasoline as it is a critical fuel component in meeting higher standards for fuel efficiency and lower emissions.
- Additionally, we provide specialty grade high purity virgin sulfuric acid for a number of diverse and growing end uses. Among them are mining, particularly copper for electronics applications, production of lead acid batteries for all types of vehicles, water treatment, and agricultural products.
- Given our demonstrated reliability and the value of our products and services, we have historically earned Adjusted EBITDA margins in the range of high 30s to low 40s percent.

## **Slide 7: Catalyst Technologies**

As for Catalyst Technologies.

- With the significantly long lead time required for customer collaboration, this business is a leader in engineering proprietary and customized technologies for cleaner fuels, emissions control and waste reduction.
- Our silica-based catalysts are specified by the largest global polyethylene

licensors and producers, supporting their requirements for higher performance in terms of durability and light weighting.

- We also have a 50 percent interest in the 33-year joint venture with Shell, where we have leading expertise in zeolite-based catalyst technology for tightening environmental standards for global fuel emissions.
- Historical Adjusted EBITDA margins have been in the mid- to high-30 percent range.

### **Slide 8: ecovyst Businesses are Complementary and Well Positioned to Enable Change**

These two businesses are highly complementary,

- And while each of these businesses has strong attributes on a stand-alone basis, they benefit from the complementarity of the combination in the portfolio. We expect this shared value to increase, as we advance our plans to expand our product and service offerings to accelerate customers' transition to a sustainability-driven future.
- Our competitive advantage across the two businesses is our industry-leading commercial and technical expertise in silicas, zeolites, sulfur and catalysts technology.
- This expertise developed from a long history and track record of customization and commercialization of many new products, processes and applications for emission controls, shifting fuel mix, and environmentally friendly polymers, as well as a wide array of other industrial applications.

### **Slide 9: Change is Accelerating in the Industries We Serve, and Our Customers Must Adapt**

We are enthusiastic about the future prospects in terms of the underlying global fundamental trends favoring our businesses.

- With growing evidence and concerns regarding the pace of climate change

and air quality levels, we are positioning for three key trends over the next few decades where we can be part of the solution:

- The first is increasing standards and obligations for manufacturers to make meaningful efforts to reduce the environmental footprint of their activities;
- Second is a shift to cleaner energy sources, particularly for the transportation industry;
- And third is the growing urgency for recycling solutions for plastics.
- These dynamics create a momentum for extended and new emerging end uses, which requires strategic considerations and clear prioritization.

#### **Slide 10: ecovyst Selects High-Growth, High-Margin Segments**

To expand on this point, I would like to highlight a sample-set of ecovyst's competitive advantages in serving various key demand end uses.

- We play from a position of strength, collaborating with key global customers and deliberately focusing on niche products and services offerings. We have a differentiated business proposition, as a result of either proprietary technology positions or processing know-how and strategically located infrastructure.
- This differentiated business proposition has and will continue to enable us not only to grow in excess of end use demand trends, but also to gain additional market share as we move into applications adjacencies with our customers, and deliver sustainable margins.
- Some of the key points to note related to our approach are:
  - First, the entire market potential is large with some sub-markets being more commoditized and with slower growth, which we are not targeting.
  - Second, we intend to focus on the high growth, high return markets, where we are already strategically positioned in the supply chain.

- And third, these market segments exceed \$9 billion of long-term opportunities or potential for ecovyst. Our expansion into these target areas would be largely driven by existing organic investments and select tuck-in acquisitions.

### **Slide 11: Portfolio Serving Long-Term Sustainable Trends**

Our portfolio continues to aggressively minimize the environmental impact of our footprint and operational network, while we also innovate with our products and services to support customers' performance requirements and serve their long term sustainable trends.

- Ecoservices helps customers avoid landfilling or deep well disposal of approximately 1.5 million tons of spent acid. On an annual basis, this is more than any other similar entity in the world. We are also one of the largest consumers of sulfur by-products, enabling them to be converted to other applications.
  - All our sites operate to ensure optimum energy efficiency, including burning waste materials and recovering process heat to produce steam, which we use to co-generate electricity to power our operations. This drastically reduces our need for purchasing natural gas to power our facilities by nearly 50%.
  - Further, Ecoservices has world class low sulfur dioxide emissions, through the use of high conversion and tail gas best available scrubber technology, thereby reducing SO<sub>2</sub> emissions from its sites, achieving 99.9% or better control efficiencies.
- Catalysts Technologies helps our customers meet evolving regulatory requirements for the reduction of sulfur from diesel fuel, and reduction of NO<sub>x</sub> emissions from diesel engines through our custom zeolites. Similarly, our specialty zeolites and silica-supported catalysts enable our customers to improve fuel economy and utilize renewable resources, through development of lightweight polymers and renewable transportation fuel.

## **Slide 12: We Are Committed to and Acting on Key Sustainability Goals**

As for our future operations footprint and impact commitments, let me frame some of our key objectives over the next few years:

- We are particularly proud of our health and safety performance and unwavering in our commitment to the health and safety of our employees, contractors, the communities in which we operate and our customers.
- As we support our customers in achieving their own sustainability goals, we anticipate improving our environmental performance and have implemented a comprehensive set of sustainability goals for 2025 and 2030.
- Let's highlight a few of these goals:
  - In terms of de-carbonization, we have been focused on optimal energy efficiency and lowering the emissions profiles for over a decade. We already procure more than 30% of our electricity consumption for Catalyst Technologies from renewable sources, and will be increasing our reliance on renewables over time.
  - On greenhouse gas emissions intensity, we are already a considerably lower emitter than our peers. But we will not stand still. Over the next decade, we are targeting a further reduction of 15% by 2025 and at least 25% by 2030. Our businesses will continue to investigate new ways to recover heat from our processes and incorporate a lower carbon emissions strategy.
  - Regarding waste generation, while we are currently lower than our peers, we will reduce our hazardous waste by 40% by 2025 while also reducing our non-recyclable waste by 15%.

## **Slide 13: Innovation Continues to Be Integral to Future Growth**

And key to all of this is our innovation platform.



- With decades of proven expertise and success, we rely on a market- and customer-based approach to managing the development of our pipeline. This has been critical to driving our growth through the timely introduction of products and solutions, particularly with changing trends in the key area of sustainability.
- About 80% of the Phase 1 to Phase 3 projects currently in our pipeline are focused on providing sustainability solutions to our customers.
- Our strong partnerships enable us to provide the necessary support to our customers at every step of the journey: from critical technology support during the laboratory phase to pilot scale development, to serving as a trusted supplier during commercial scale use.

#### **Slide 14: Inorganic Growth is Integral to the Strategy**

So far, I have discussed our organic strength and attributes. Now I'll briefly cover our plans to supplement our growth through inorganic acquisitions.

- We will focus on tuck-in acquisitions within our two businesses that will diversify our technical and services capabilities while also participating in the growth with our customers and driving higher value for our shareholders.
- We have identified a pipeline of attractive opportunities that would be strategic, accretive, or both, such as the recent Chem32 acquisition by Ecoservices.
- And while we cannot predict timing, we believe that over the next few years, we will be complementing our growth with some small size inorganic bolt-on acquisitions.

#### **Slide 15: ecovyst – a Growing Pure-Play Catalyst and Services Company**

So, bringing this all together:

- We're now a Simpler + Stronger company with market-leading positions in

our two businesses.

- We have demonstrated our execution capabilities delivering strong organic growth and sustainable margins.
- We have good organic growth prospects, aided by favorably growing environmental trends and sustainability needs of our customers.
- Through 2025, we expect to sustain a high single digit average annual organic growth with mid-to-high 30's percent average adjusted EBITDA margins.
- Including potential inorganic additions and reflecting our strong operating leverage, we are anticipating a low-double-digit Adjusted EBITDA growth.
- By 2025, we are forecasting total sales to exceed \$1Billion, Adjusted EBITDA margins to be in the high 30's and cash conversion to be at or exceed the 80% percent range.
- Finally, with leading business positions, growth and margins that are consistently higher than relevant peers, we believe that our share price should re-rate higher to close the significant relative valuation discount.

### **Slide 16: ecovyst Team**

Let me conclude my remarks by briefly introducing the rest of the team here with me today:

- Next you will hear from Kurt Bitting of Ecoservices and Tom Schneberger of Catalyst Technologies as they provide you with a deep dive into each of these businesses. They will be followed by Ray Kolberg, who will discuss our innovation and sustainability platform. Mike Crews and Mike Feehan will follow Ray and provide more details on our financial outlook.
- At the end, I will offer some closing commentary before we turn to your questions. With that, I will turn this over to Kurt.