



Proposed Acquisition of Citadel Plastics Holdings, Inc.

March 16, 2015



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 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;
- operating problems with our information systems as a result of system security failures such as viruses, computer "hackers" or other causes;
- our ability to consummate the acquisition of Citadel Plastics and the timing of the closing of such acquisition;
- the failure to obtain the necessary debt financing arrangements set forth in the commitment letter received in connection with the acquisition of Citadel Plastics;
- the impact of the indebtedness incurred to finance the transaction;
- integration of the business of Citadel Plastics with our existing business, including the risk that the integration will be more costly or more time consuming and complex than anticipated;
- our ability to achieve the anticipated synergies, cost savings and other benefits from the acquisition of Citadel Plastics;
- transaction and acquisition-related costs incurred in connection with the acquisition of Citadel Plastics and related transactions; and
- substantial time devoted by management to the integration of Citadel Plastics after the closing of such acquisition.

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 Measures

This presentation includes certain financial information determined by methods other than in accordance with accounting principles generally accepted in the United States ("GAAP"). The non-GAAP financial measure of adjusted EBITDA is 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 measure for these purposes is net income attributable to A. Schulman, Inc. The Company's non-GAAP financial measure of adjusted EBITDA is 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 non-GAAP measures are useful supplemental information to investors, there are very significant limitations associated with its use. 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.

Citadel Plastics Holdings, Inc. ("Citadel") historical and projected EBITDA in this presentation is not reflective of benefits from anticipated post acquisition synergies. Additionally, Citadel revenue includes its ownership interest in a joint venture in China as if the joint venture was consolidated at a 50% level.



Citadel Transaction Summary



- A. Schulman has signed a definitive agreement to acquire all of the issued and outstanding capital stock of privately held Citadel Plastics Holdings, Inc. for \$800 million.
- Citadel is a leading North American specialty engineered plastics company that produces thermoset composites and engineered plastic materials for specialty product applications spanning multiple industries including transportation, industrial & construction, consumer, electrical, energy and healthcare & safety.
- Citadel has 1,200 employees and operates 21 manufacturing facilities around the world, including 10 engineered plastic facilities in the U.S. and Canada and 11 thermoset composite plants – seven in North America, one in Germany, one in Brazil, and a joint venture consisting of two plants in China.
- We expect this transaction to close in A. Schulman's third quarter of fiscal 2015 and will be accretive within 12 months of ownership.
- The total transaction values Citadel at 10.6x FYE 2014 Adjusted EBITDA of approximately \$75 million
- Synergies of approximately \$25 million drives multiple to 8x



A. Schulman & Citadel: An Excellent Strategic Fit



- Citadel generates significant revenues in the U.S., enhancing A. Schulman's regional scale and efficiencies, as well as balancing our current geographic footprint.
- Citadel also gives A. Schulman a second growth platform with its industry-leading, added-value specialty thermoset composites business.
- Citadel's product offering not only enhances our existing portfolio, but presents attractive expansion opportunities in other fast-growing sectors such as aerospace, medical, LED lighting and oil & gas.
- Through this acquisition our portfolio becomes more highly specialized, which will enable us to better serve our customers.
- Like A. Schulman, Citadel enjoys long-time relationships with an impressive and diverse list of blue-chip OEMs



Citadel Meets All Of A. Schulman's Acquisition Criteria



Citadel's Business Overview

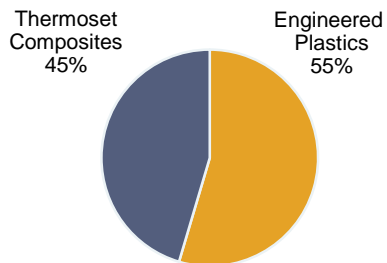


Business Description

- Citadel is a leading plastics material science business, providing custom engineered solutions for specialized applications
- Material agnostic solution provider, with an unmatched array of technical and formulation capabilities
- Customized solutions are provided to a diverse base of multi-national OEMs for use across a variety of attractive applications
- Company was built through a series of acquisitions and has a global footprint, including a leading N.A. market position
- Has been a portfolio company of HGGC and Charlesbank since 2012 and is headquartered in West Chicago, IL

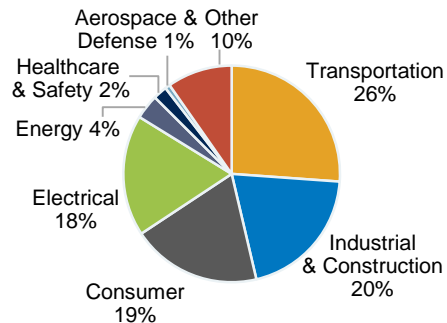
2014 Pro Forma Revenue Split

Product



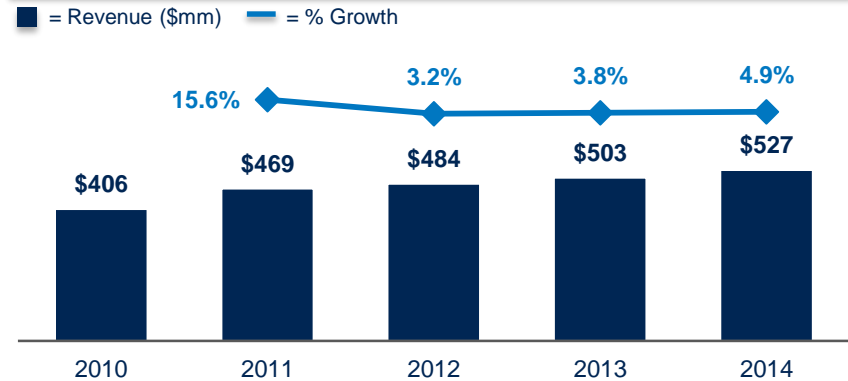
Total Revenues = \$527mm

End Market

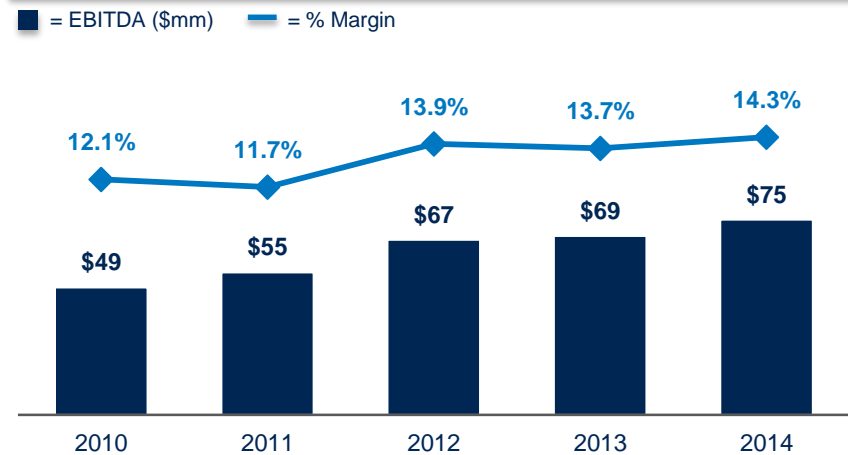


Total Revenues = \$527mm

Historical Pro Forma Revenue












Historical Pro Forma EBITDA



Citadel's Business Segments



2014E Proforma Revenue / EBITDA (\$mm)
EBITDA Margin (%)
Material
Capabilities
End Markets
Select Applications

Engineered Plastics	Thermoset Composites
\$288 / \$32	\$239 / \$43
11%	18%
<ul style="list-style-type: none"> ■ Polyolefins, engineered TP's ■ Meltable, compression and injection-molded ■ Glass / mineral filled 	<ul style="list-style-type: none"> ■ Used in compression and injection molding ■ Highly filled compound, using short glass or carbon fibers ■ BMC, TMC, SMC ■ High performance composites
<ul style="list-style-type: none"> ■ Flame retardance ■ Recyclable / remeltable ■ Color matching / custom color ■ High impact resistance 	<ul style="list-style-type: none"> ■ Heat / chemical / electrical resistance ■ Used in smaller, complex parts: easy to mold but with high resistance ■ Used in larger parts: high structural strength due to long fibers
<ul style="list-style-type: none"> ■ Consumer ■ Electrical ■ Industrial & Construction 	<ul style="list-style-type: none"> ■ Healthcare & Safety ■ Transportation
<ul style="list-style-type: none"> ■ Consumer ■ Electrical ■ Industrial & Construction 	<ul style="list-style-type: none"> ■ Industrial & Construction ■ Transportation ■ Healthcare & safety
 <p>Hand Drills</p>  <p>Engine Components</p>  <p>Recreational Equipment</p>  <p>Lawn & Garden</p>	 <p>Auto Front Lighting</p>  <p>Circuit Breakers</p>  <p>Food Service</p>  <p>Blender Base</p>  <p>Aircraft Seating</p>



Citadel's Global Market Access Anchored by Established North American Presence



Citadel's Global Footprint

US/CAN: 15 Facilities

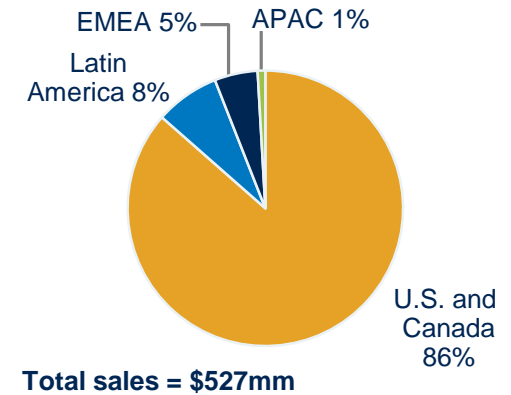
LatAm: 3 Facilities

EMEA: 1 Facility

APAC: 2 Facilities



2014 Revenue by Geography








































- Established North American presence
- Access to emerging growth geographies
- Full-scale manufacturing capabilities worldwide

Citadel Operates 21 Facilities Worldwide with Majority In North America



Citadel's Unparalleled Ability to Match Customers' Needs With Material Solutions

Key End Markets

End Market	% of Revenue	Key Applications	Representative Customers
	<ul style="list-style-type: none"> 26% 	<ul style="list-style-type: none"> Forward Lighting Systems Exterior Luggage Systems Trolley/Body Panels Throttle Bodies Transmission Sensors 	    
	<ul style="list-style-type: none"> 20% 	<ul style="list-style-type: none"> Concrete reinforcement HVAC In-ground utility vaults Valve housings Street / industrial lighting 	   
	<ul style="list-style-type: none"> 19% 	<ul style="list-style-type: none"> Lawn & garden Dishware Appliances Power tools 	    
	<ul style="list-style-type: none"> 18% 	<ul style="list-style-type: none"> Circuit breakers, switches Insulators Backup batteries Electric motors 	    
	<ul style="list-style-type: none"> 4% 	<ul style="list-style-type: none"> Frac plug components Centralizers, float valves Fuel cell plates Lithium-ion battery components 	  
	<ul style="list-style-type: none"> 2% 	<ul style="list-style-type: none"> Patient handling systems and hospital bed components Sterilizing equipment CT scanners, wheel chair lifts 	   
	<ul style="list-style-type: none"> 1% 	<ul style="list-style-type: none"> Semi-structural aircraft components Weapon hand guards 	   



Snapshot of A. Schulman and Citadel



Business Overview

- Leading international supplier of high-performance plastic compounds and resins
- Proprietary and custom-formulated engineered plastic compounds, color concentrates, and performance-enhancing additives
- Serves a variety of end markets, including the consumer, packaging, industrial and automotive applications
- Publicly traded (NASDAQ: SHLM)

- Leading material science expert, providing custom engineered solutions for specialized applications
- Material agnostic with an unmatched array of technical and formulation capabilities
- Customized solutions are provided to a diverse base of multi-national OEMs for use across a variety of attractive applications
- Owned by HGGC / Charlesbank

- Leading supplier of high performance thermoplastic compounds and thermoset composites
- Highly diversified across end markets, products and geographies
- Superior technical and formulation capabilities
- Combined footprint of 63 global production facilities maximizing growth opportunities and operating leverage and customer intimacy

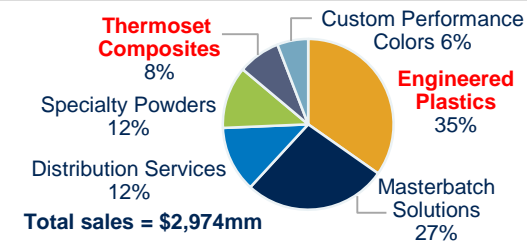
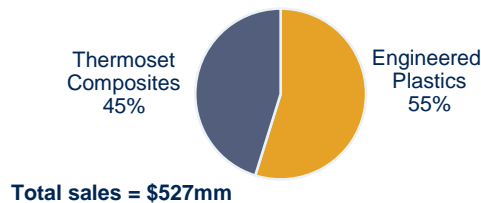
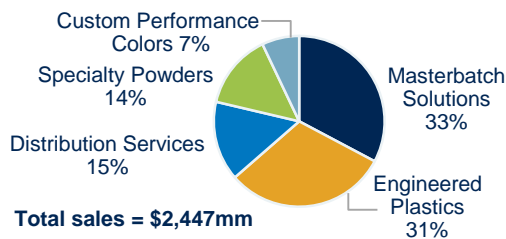
Summary Financials

FY 2014 Revenue: \$2,447 million
FY 2014 EBITDA: \$146 million

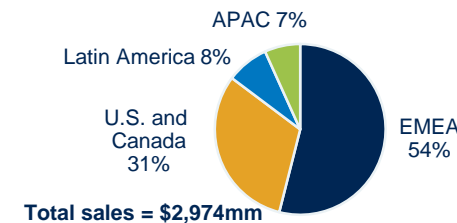
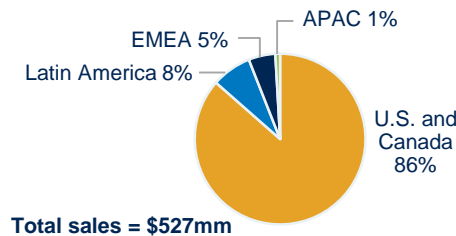
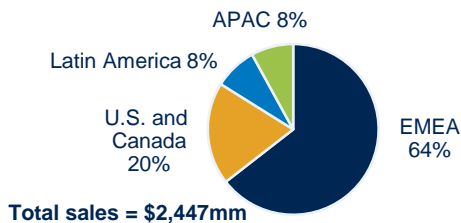
CY 2014 Revenue: \$527 million
CY 2014 EBITDA: \$75 million

PF 2014 Revenue: \$2,974million (+22%)
PF 2014 EBITDA: \$223 million (+51%)

Revenue by Segment



Revenue by Region

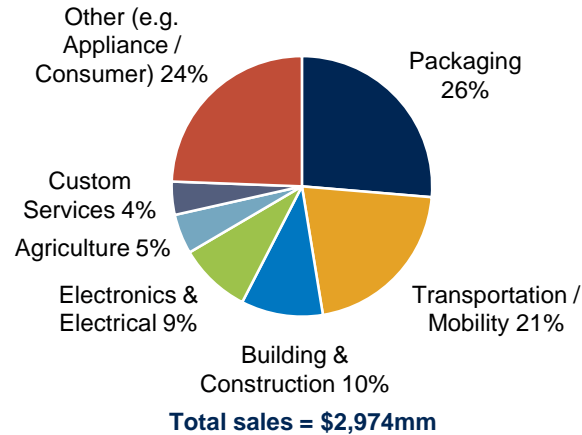


Pro Forma Financial Snapshot of A. Schulman and Citadel

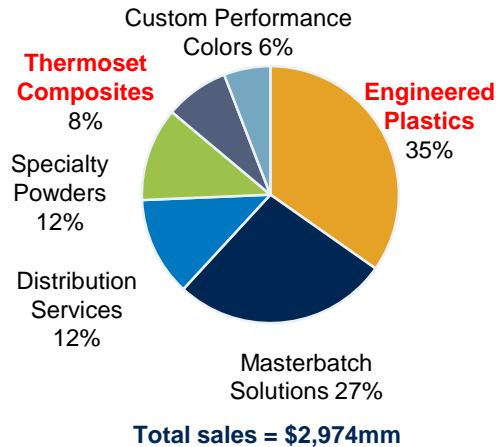


2014 Pro Forma Revenue

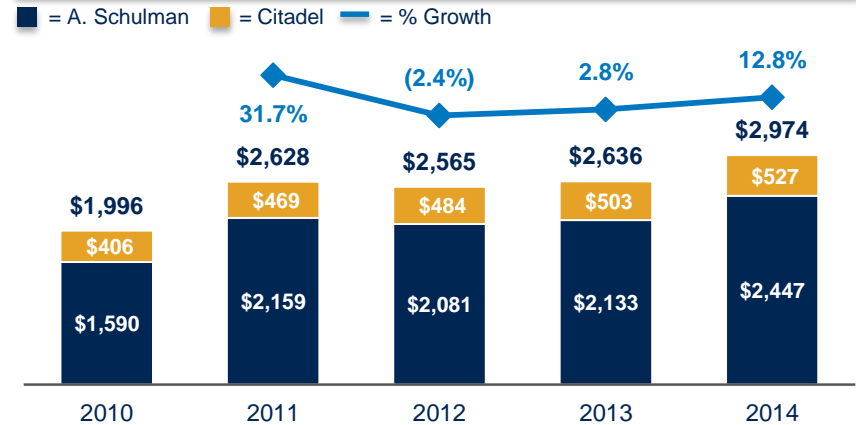
End Markets



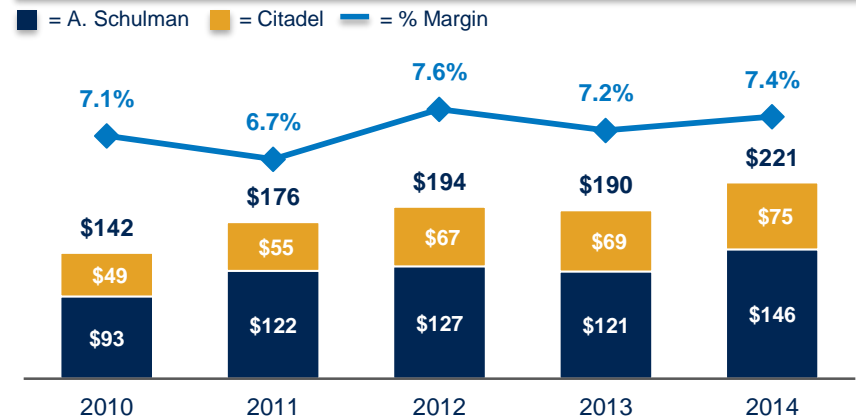
Products



Historical Pro Forma Revenue (\$mm)



Historical Pro Forma EBITDA (\$mm)



Key Transaction Terms



PURCHASE PRICE	\$800 Million
FINANCING	Debt financed primarily with long-term debt and senior notes
FUNDING	Fully-committed financing from JP Morgan Chase Bank, N.A. and Bank of America Merrill Lynch
TIME TO ACCRETION	Accretive in first 12 months post closing
CLOSING CONDITIONS	Subject to customary closing conditions and regulatory approvals
TRANSACTION CLOSE	Expected to close in third quarter of A. Schulman's fiscal 2015 year



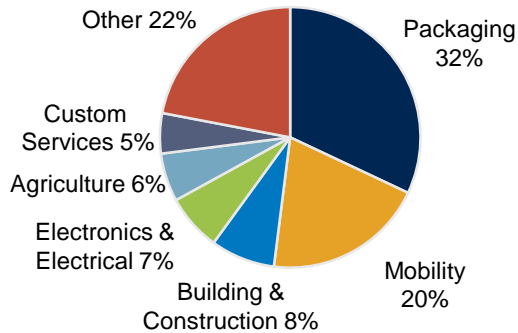
APPENDIX



Greater Diversification of Customers, End Markets & Geographies will further strengthen the “New A. Schulman”

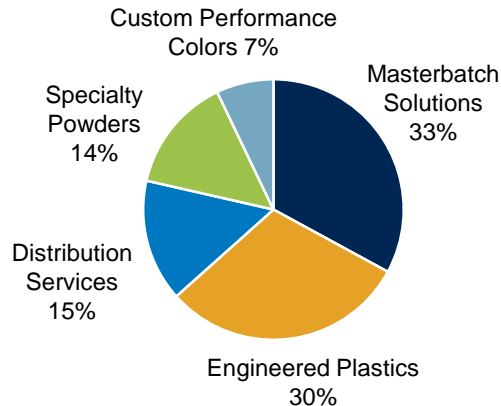


End Markets

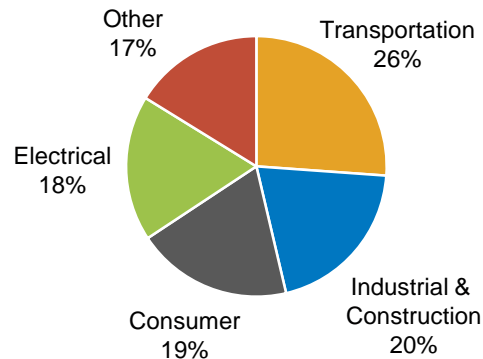


2014A sales = \$2,447mm

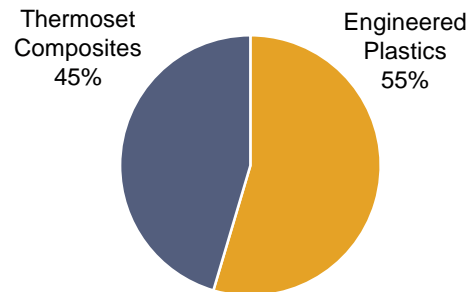
Products



2014A sales = \$2,447mm



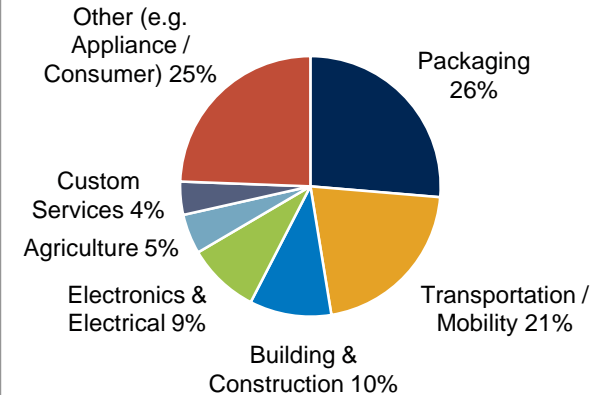
2014 sales = \$527mm



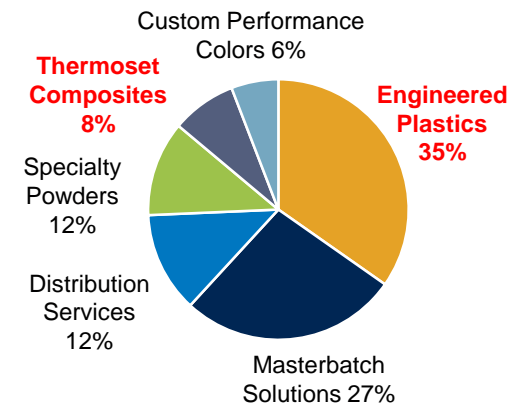
2014 sales = \$527mm



Pro Forma



2014A sales = \$2,974mm



2014A sales = \$2,974mm



Reconciliation of GAAP to Non-GAAP Financial Measures: *A. Schulman* Adjusted EBITDA

	A. Schulman, Inc.		
	Fiscal Year Ended August 31,		
	2014	2013	2012
	Unaudited & In Thousands		
Net income attributable to A. Schulman, Inc.	\$ 56,193	\$ 26,099	\$ 50,887
(Income) loss from discontinued operations, net of tax	(3,202)	6,671	860
Interest expense, net	8,217	7,162	7,675
Income tax expense	18,542	19,733	13,918
Depreciation and amortization	48,569	41,091	39,310
Certain items:			
Costs related to acquisitions	6,021	2,661	1,425
Restructuring and related costs	9,618	13,687	9,256
Accelerated depreciation	107	1,058	-
Asset impairment	104	1,873	3,392
Curtailement and settlement (gains) losses	214	333	(310)
Inventory step-up	1,468	138	677
Adjusted EBITDA	<u>\$ 145,851</u>	<u>\$ 120,506</u>	<u>\$ 127,090</u>
Net sales	\$ 2,446,998	\$ 2,133,402	\$ 2,081,272
Adjusted EBITDA as a % of net sales	6.0%	5.6%	6.1%

