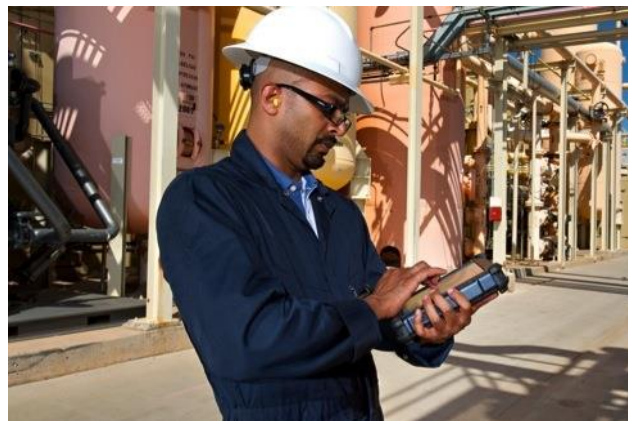




May 11, 2017

# 1Q 2017 Earnings Presentation

ADVANSix



# Forward Looking Statements

*This presentation contains certain statements that may be deemed “forward-looking statements” within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. All statements, other than statements of historical fact, that address activities, events or developments that our management intends, expects, projects, believes or anticipates will or may occur in the future are forward-looking statements. Forward-looking statements may be identified by words like “expect,” “anticipate,” “estimate,” “outlook”, “project,” “strategy,” “intend,” “plan,” “target,” “goal,” “may,” “will,” “should” and “believe” or other variations or similar terminology. Although we believe forward-looking statements are based upon reasonable assumptions, such statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results or performance of the company to be materially different from any future results or performance expressed or implied by such forward-looking statements. Such risks and uncertainties include, but are not limited to: our inability to achieve some or all of the anticipated benefits of the spin-off from Honeywell including uncertainty regarding qualification for expected tax treatment, indebtedness incurred in connection with the spin-off, and operating as an independent, publicly traded company; fluctuations in our stock price; general economic and financial conditions in the U.S. and globally; growth rates and cyclicalities of the industries we serve; the impact of scheduled turnarounds and significant unplanned downtime and interruptions of production or logistics operations as a result of mechanical issues or other unanticipated events such as fires, severe weather conditions, and natural disasters; price fluctuations and supply of raw materials; adverse trade and tax policies; extensive environmental, health and safety laws that apply to our operations; litigation associated with chemical manufacturing and our business operations generally; loss of significant customer relationships; protection of our intellectual property and proprietary information; cybersecurity incidents; failure to maintain effective internal controls; and prolonged work stoppages as a result of labor difficulties. You are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this release. Such forward-looking statements are not guarantees of future performance, and actual results, developments and business decisions may differ from those envisaged by such forward-looking statements. We identify the principal risks and uncertainties that affect our performance in our filings with the Securities and Exchange Commission, including our Annual Report on Form 10-K for the year ended December 31, 2016.*

## **Non-GAAP Financial Measures**

*This presentation includes certain non-GAAP financial measures intended to supplement, not to act as substitutes for, comparable GAAP measures. Reconciliations of non-GAAP financial measures to GAAP financial measures are provided in the appendix of the presentation. Investors are urged to consider carefully the comparable GAAP measures and the reconciliations to those measures provided. Non-GAAP measures in this presentation may be calculated in a way that is not comparable to similarly-titled measures reported by other companies.*

# Highlights

- Strong 1Q17 Results: Sales \$377M, Net Income \$27M, Cash Flow From Operations \$31M
- Robust Operating Performance And Strong Production Output Across Manufacturing Sites
- Tightened Supply Conditions Across Nylon And Intermediates; Nitrogen Fertilizer Fundamentals Remain Challenging
- 2017 Plant Turnarounds Expected To Be In-Line With Historical Levels In Total
- Disciplined Reinvestment In The Business To Create Further Shareowner Value

# 1Q 2017 Financial Summary

## Improved Sales, Earnings And Cash Flow

(\$ Millions, Except Per Share Amounts)	1Q 2016	1Q 2017	Comments
<b>Sales</b>	\$299.8	\$376.7	<ul style="list-style-type: none"> <li>Volume +4%, Price +22%               <ul style="list-style-type: none"> <li>Raw Material Pass Through +19%, Market Pricing +3%</li> </ul> </li> </ul>
<b>EBITDA</b> Margin %	\$53.3 17.8%	\$57.1 15.2%	<ul style="list-style-type: none"> <li>Improved Production Volume and Favorable Market Pricing</li> <li>\$15.5M Benefit 1Q16 – Termination of LT Supply Agreement</li> <li>EBITDA Margin Up 260 bps ex-Prior Year One-Time Benefit</li> </ul>
<b>Net Income</b>	\$27.4	\$27.3	<ul style="list-style-type: none"> <li>Interest Expense \$1.5M</li> </ul>
<b>EPS</b>	\$0.90	\$0.88	<ul style="list-style-type: none"> <li>Share Count 30.9 Million (Diluted)</li> </ul>
<b>Free Cash Flow</b>	(\$20.6)	(\$2.0)	<ul style="list-style-type: none"> <li>Cash Flow From Operations \$31M, Up \$27M vs. Prior Year</li> <li>Capex \$33M, Up \$9M vs. Prior Year</li> </ul>

See Appendix in this presentation for a reconciliation of EBITDA, EBITDA Margin, EBITDA and EBITDA Margin excluding prior year one-time benefit, and Free Cash Flow, which are non-GAAP measures;

Free cash flow = net cash provided by operating activities less capital expenditures

# Nylon Market Outlook

Market Fundamentals Have Tightened But Remain Dynamic

## Nylon

### What We're Seeing

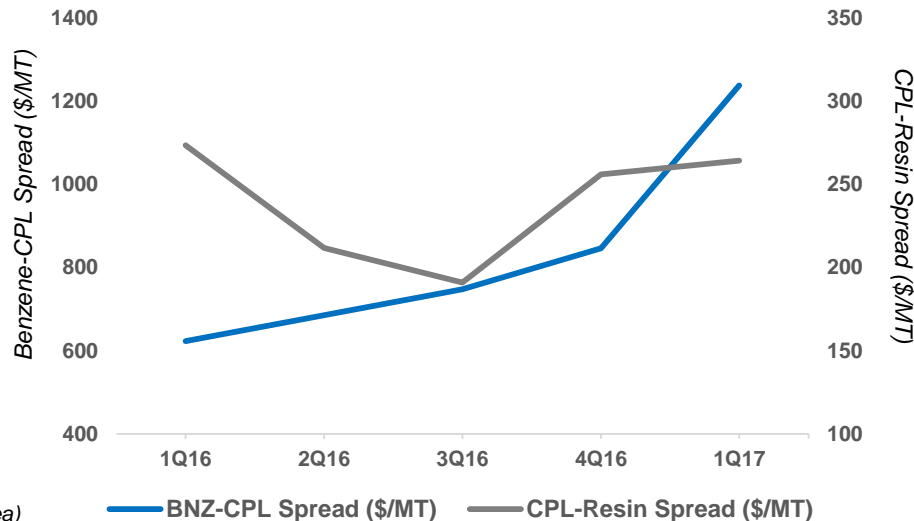
- Pricing/Spreads more regionalized – tighter supply conditions in U.S. and Europe, China supply/demand volatility
- Price increases covering raws plus

### What We're Expecting

- 2Q17 industry supply tight due to planned/unplanned outages
- Cautious 2H17 pricing outlook
- Resin pricing continues to track underlying caprolactam

## Key Industry Spreads (1)

	1Q17 YoY	1Q17 vs. 4Q16
Asia BNZ-CPL	99%	46%
Asia CPL-Resin	(3%)	3%



(1) As reported in Tecnon OrbiChem – Caprolactam Asia Import Contract (Taiwan & S. Korea)

# Ammonium Sulfate (AS) Market Outlook

Sequential Pricing Improvement; Remain Cautious On 2017 Spring Season

## Ammonium Sulfate

### What We're Seeing

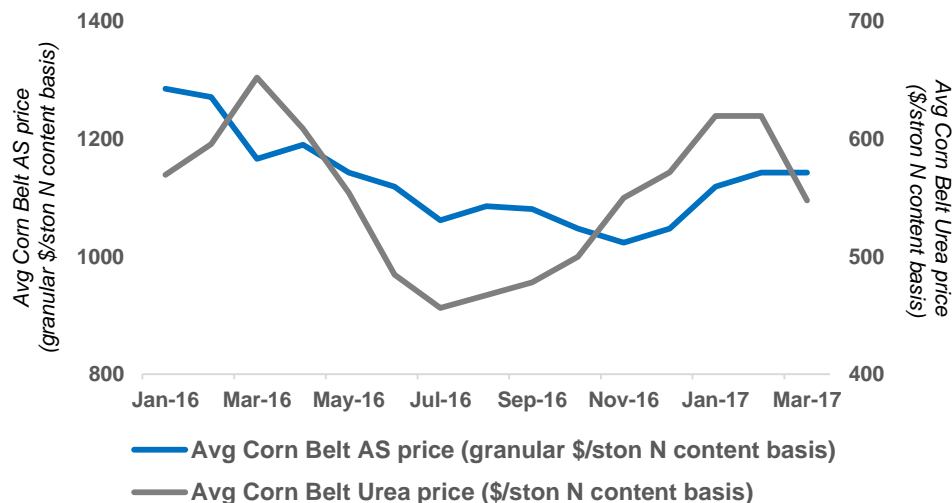
- Nitrogen demand down with increased supply YoY, weakening urea prices
- Cautious buying behavior
- Weather contributing to slow start to season

### What We're Expecting

- Challenging agriculture fundamentals throughout 2017
- North America AS supply/demand fundamentals balanced through '16/'17 season
- AS pricing stable sequentially, down YoY in 2017

## Key Industry Prices <sup>(1)</sup>

	1Q17 YoY	1Q17 vs. 4Q16
Corn Belt Granular AS	(-9%)	9%
Corn Belt Urea	(-2%)	10%



(1) As reported in Blue, Johnson

# Chemical Intermediates Market Outlook

## Phenol / Acetone Demand Steady

### Chemical Intermediates

#### What We're Seeing

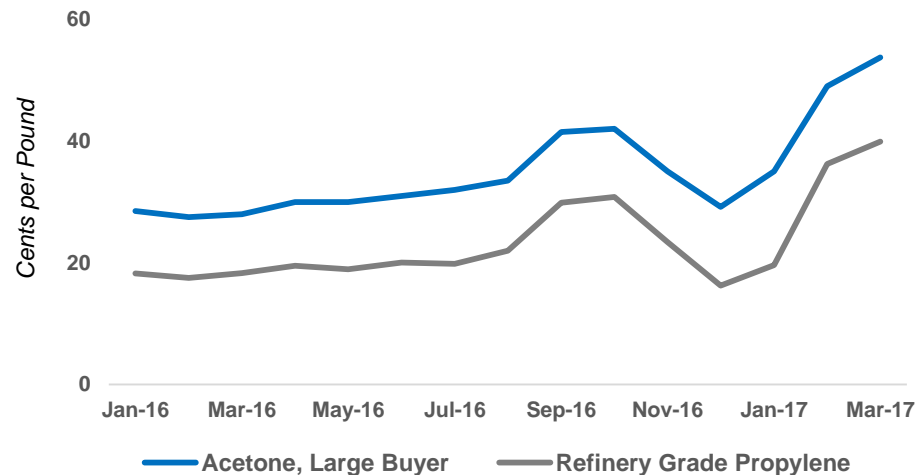
- Acetone demand strength; Industry turnaround activities tighten supply
- Refinery grade propylene (RGP) up significantly in 1Q17

#### What We're Expecting

- Stable North America market environment
- Acetone supply/demand comes into balance 2H17

### Key Industry Prices (1)

	<u>1Q17 YoY</u>	<u>1Q17 vs. 4Q16</u>
Acetone, Large Buyer	64%	30%
Refinery Grade Propylene	77%	36%

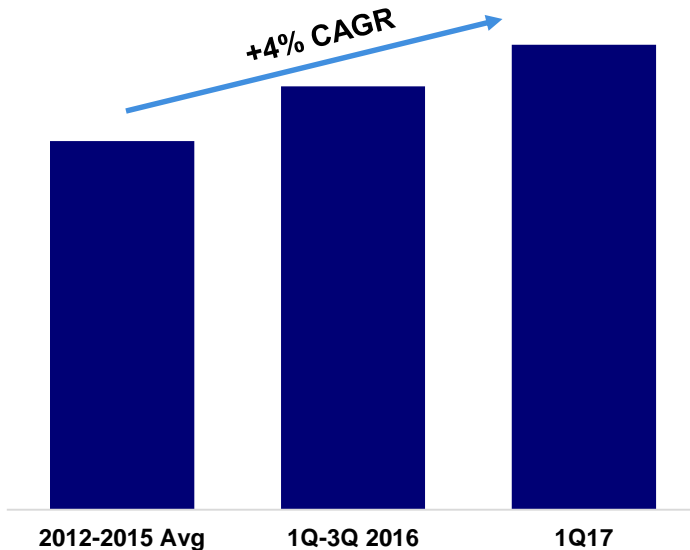


(1) As reported in IHS Markit

# Operational Excellence

Driving Higher Uptime, More Stable Production And Higher Returns

## Annualized Plant Production



- **Turnarounds Key To Safe, Sustainable And Improved Operations**
  - Focused Maintenance Capex Drives More Stable Production, Higher Returns
  - Driving Maturity Of Our Mechanical Integrity Programs, Turnaround Excellence
  - Critical Equipment Initiative Enhances Long-Term, Reliable Supply Position
- **Hopewell 2017 Plant Production Rates Expected At Or Above Historical Production**
  - Expect To Benefit From Upgrades And Reliability Improvements
- **2017 Planned Turnarounds Expected To Be In-Line With Historical Levels In Total**
  - Expect \$30-\$35M Impact To Pre-Tax Income Across All Manufacturing Sites In Total
  - Hopewell 2017 Planned Turnarounds Scheduled For 2Q17 And 4Q17 (Weighted More To 4Q17)
- **Frankford Annual Turnaround Completed In 2Q17 On Time And On Budget**
  - Executed Safely And Efficiently – Currently Operating At Planned Production Rates

Frankford Annual Capacity: 1.1B lbs Phenol  
Hopewell Annual Capacity: 795M lbs Caprolactam  
Chesterfield Annual Capacity: 440M lbs Nylon 6 Resin

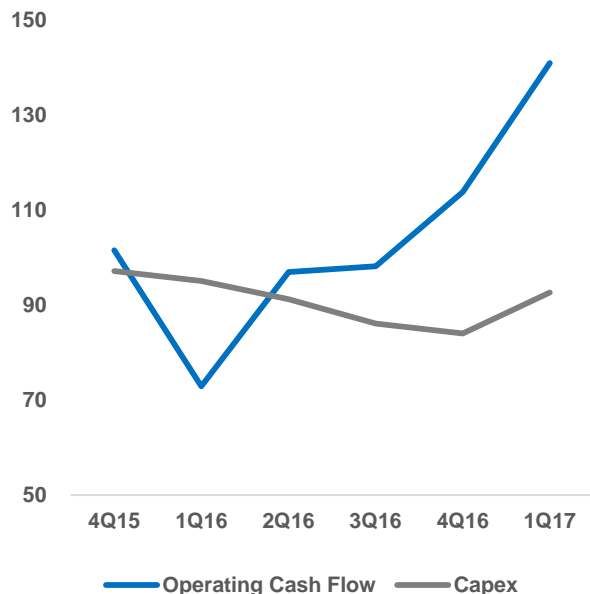


# Cash Flow

## Cash Flow Trend Improving, Focus On Disciplined Reinvestment In The Business

### Trailing 12-Month Cash Flow

(\$ Millions)



### Quarterly and Annual Drivers

- Improved Plant Production Rates In 2017, Driving Higher-Value Product Mix
- Target ~20x Working Capital Turns
- Spring/Fall Plant Turnarounds (2017 Scheduled For 2Q/4Q), Inventory Builds/Drawdowns
- 4Q Ammonium Sulfate Pre-Buy Advances For Spring Season
- Deployment Timing Of Committed Capex vs. Cash Outflow

### Uses of Cash

- Maintaining Optionality In Early Days Of Company
- ~\$90M Mandatory Debt Principal Payments Over ~4.5 Years
- ~\$20M Pension Contributions In 2017 – Provides Flexibility In Future Periods
- Base Capex Driving Returns Through Safe, Stable Operations
  - Maintenance Capex ~2% of ~\$3B Estimated Replacement Value
  - Elevated HSE Spending Through 2018 – NOx Control Program
- High Return Capex To Further Improve Mix, Yield, Throughput And Cost
- Longer-Term Disciplined M&A Framework To Build On ASIX Core Strengths

# Summary

- Improved Sales, Earnings And Cash Flow In 1Q17 – Tightened Supply/Demand Environment And Improved Production Output
- Nylon And Intermediates Price Increases, While Nitrogen Fertilizer Fundamentals Remain Challenging
- 2017 Plant Turnarounds Expected To Be In-Line With Historical Levels In Total
- Disciplined Reinvestment In The Business To Create Further Shareowner Value

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## Appendix: Reconciliation of non-GAAP Measures to GAAP Measures

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# Reconciliation Of Net Cash Provided By Operating Activities To Free Cash Flow

(in \$ thousands)

	Three Months Ended March 31,	
	2017	2016
Net Cash Provided by Operating Activities	\$ 31,206	\$ 4,041
Expenditures for Property, Plant and Equipment	(33,214)	(24,626)
Free Cash Flow <sup>(1)</sup>	<u>\$ (2,008)</u>	<u>\$ (20,585)</u>

*(1) Free Cash Flow is a non-GAAP measure and defined as Net Cash provided by Operating Activities less Capital Expenditures. The Company believes that this metric is useful to investors and management as a measure to evaluate our ability to generate cash flow from business operations and the impact that this cash flow has on our liquidity.*

# Reconciliation Of Net Income To EBITDA

(in \$ thousands)

	<b>Three Months Ended March 31,</b>	
	<b>2017</b>	<b>2016</b>
Net Income	\$ 27,293	\$ 27,394
Interest Expense	1,539	-
Income Taxes	16,948	16,157
Depreciation and Amortization	11,296	9,788
EBITDA <sup>(2)</sup>	57,076	53,339
Prior Year One-Time Benefit <sup>(3)</sup>	-	15,500
EBITDA Excluding Prior Year One-Time Benefit	<u>\$ 57,076</u>	<u>\$ 37,839</u>
Sales	\$ 376,704	\$ 299,830
EBITDA Margin <sup>(4)</sup>	15.2%	17.8%
EBITDA Margin Excluding Prior Year One-Time Benefit	<u>15.2%</u>	<u>12.6%</u>

(2) EBITDA is a non-GAAP measure and defined as Net Income before Interest, Income Taxes, Depreciation and Amortization

(3) Prior Year One-Time Benefit reflects the \$15.5 million one-time benefit in 1Q 2016 related to the termination of a long-term supply agreement

(4) EBITDA Margin is defined as EBITDA divided by Sales

*The Company believes these non-GAAP financial measures provide meaningful supplemental information as they are used by the Company's management to evaluate the Company's operating performance, enhance a reader's understanding of the financial performance of the Company, and facilitate a better comparison among fiscal periods and performance relative to its competitors, as these non-GAAP measures exclude items that are not considered core to the Company's operations.*