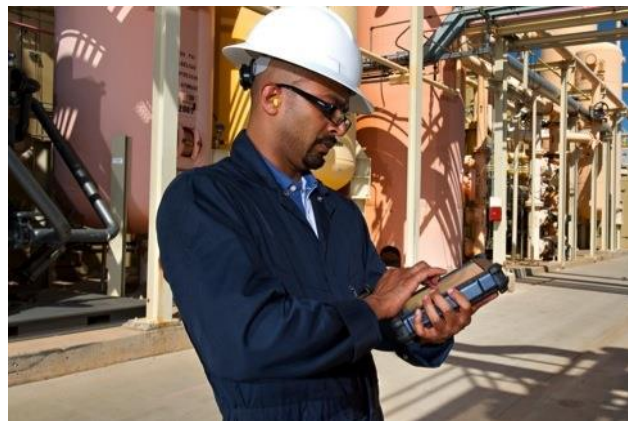




March 3, 2017

# 4Q 2016 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 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; loss of significant customer relationships; protection of our intellectual property and proprietary information; 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 Registration Statement on Form 10 and our Annual Report on Form 10-K for the year ended December 31, 2016 to be filed with the SEC.*

## **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

- First Full Quarter As Independent Company Following Successful Spin
- 4Q16 Strong Cash Flow Improvement
- 4Q16 Planned Turnaround And Extended Outage Drove ~\$64M Impact To Pre-Tax Income
- 1Q17 Plant Production Rates On Plan
- Recent Nylon Price Increases, Ammonium Sulfate Stabilizing
- Sustainable Low Cost Position Supports Outperformance

# 4Q 2016 Financial Summary

## Strong Cash Generation Despite Significant Extended Outage Impact

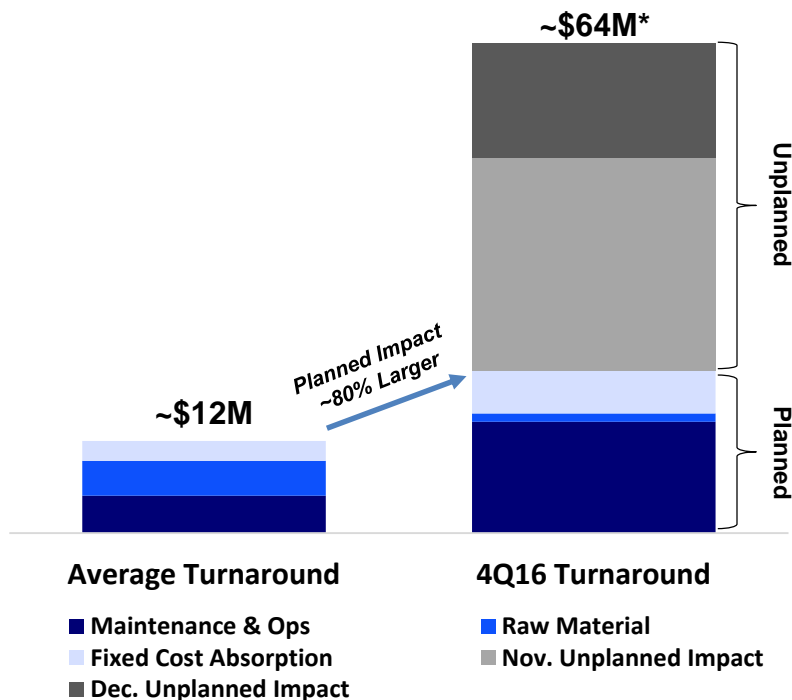
(\$ Millions, Except Per Share Amounts)	4Q 2015	4Q 2016	Comments
<b>Sales</b>	\$315.9	\$259.3	<ul style="list-style-type: none"> <li>Volume (18%), Price ~Flat                             <ul style="list-style-type: none"> <li>– 4Q16 Unplanned Outages (23%)</li> <li>– Market Pricing (2%), Raw Material Pass Through +2%</li> </ul> </li> </ul>
<b>EBITDA</b> Margin %	\$33.1 10.5%	(\$29.6) (11.4%)	<ul style="list-style-type: none"> <li>~\$64M Impact of 4Q16 Planned Turnaround and Unplanned Outages</li> </ul>
<b>Net Income</b>	\$15.3	(\$24.7)	<ul style="list-style-type: none"> <li>Interest Expense \$1.8M</li> </ul>
<b>EPS (Diluted)</b>	\$0.50	(\$0.81)	<ul style="list-style-type: none"> <li>Share Count 30.5 Million</li> </ul>
<b>Free Cash Flow</b>	\$2.4	\$20.1	<ul style="list-style-type: none"> <li>Cash Flow From Operations \$47M (Up 49%), Capex \$27M</li> <li>Debt Levels Down (~\$43M) vs. 3Q16</li> </ul>

See Appendix in this presentation for a reconciliation of EBITDA, EBITDA Margin, and Free Cash Flow, which are non-GAAP measures;  
Free cash flow = net cash provided by operating activities less capital expenditures

# 4Q 2016 Plant Turnaround Impact

Supporting Improved Uptime And Higher Utilization Rates Going Forward

## Pre-Tax Income Impact



## Comments

- **Extensive 4Q 2016 Planned Turnaround**
  - Semi-Annual Hopewell Outage Including Scheduled 18-month Ammonia Plant Overhaul And Utility Shutdown
  - Chesterfield Biennial Turnaround And Frankford Annual Turnaround
- **Completed And Commissioned ~\$90M Of Capital Projects Over Past 1-2 Years**
  - Replace And Upgrade Critical Equipment, Install NOx Controls, Reduce Safety Risks, And Address Mechanical Integrity
- **Additional Downtime In November / December**
  - Depletion Of Buffer Inventories Resulted In Force Majeure With Customers
- **Plants Running At Planned Rates In 1Q17**
- **2017 Planned Spring And Fall Turnarounds In Total Expected To Be In-Line With Historical Levels**

Average Turnaround = Average Hopewell Turnaround Impact For Last Nine Turnarounds Dating Back To Beginning Of 2012

\*Includes ~\$13M Of Lost Sales

# Full Year 2016 Financial Summary

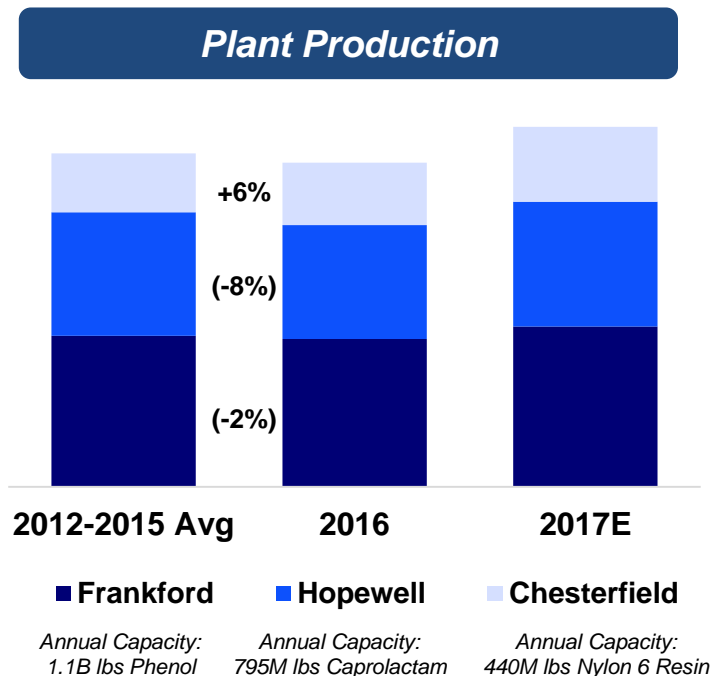
## Strong Cash Flow Improvement

(\$ Millions, Except Per Share Amounts)	<u>FY 2015</u>	<u>FY 2016</u>	<b>Comments</b>
<b>Sales</b>	\$1,329.4	\$1,191.5	<ul style="list-style-type: none"> <li>• Volume (1%), Price (9%)               <ul style="list-style-type: none"> <li>– 4Q16 Unplanned Outages (5%)</li> <li>– Market Pricing (5%), Raw Material Pass Through (4%)</li> </ul> </li> </ul>
<b>EBITDA</b> Margin %	\$136.6 10.3%	\$96.0 8.1%	<ul style="list-style-type: none"> <li>• ~\$64M Impact of 4Q16 Planned Turnaround and Unplanned Outages</li> </ul>
<b>Net Income</b>	\$63.8	\$34.1	<ul style="list-style-type: none"> <li>• Higher Depreciation, Interest Expense</li> </ul>
<b>EPS (Diluted)</b>	\$2.09	\$1.12	<ul style="list-style-type: none"> <li>• Share Count 30.5 Million</li> </ul>
<b>Free Cash Flow</b>	\$4.4	\$29.7	<ul style="list-style-type: none"> <li>• Cash Flow From Operations \$114M</li> <li>• Capex \$84M</li> </ul>

See Appendix in this presentation for a reconciliation of EBITDA, EBITDA Margin, and Free Cash Flow, which are non-GAAP measures;  
Free cash flow = net cash provided by operating activities less capital expenditures

# Plant Performance

## Higher Utilization Rates Expected In 2017



- Improved Production Rates Expected Across All Three of Our Major Manufacturing Sites in 2017
  - Hopewell 2017 Plant Production Rates Expected At or Above Historical Production
- 1Q17 Planned Plant Production Rates on Track
- New Polymer Line Investment Contributing to Chesterfield Production Rates
- Maintenance Excellence, Mechanical Integrity and Critical Equipment Initiative Key to Safe, Sustainable Operations

\*2016 change % vs. 2012-2015 average

# Nylon Market Outlook

Recent Price Increases; Market Fundamentals Tightening But Remain Dynamic

## Nylon

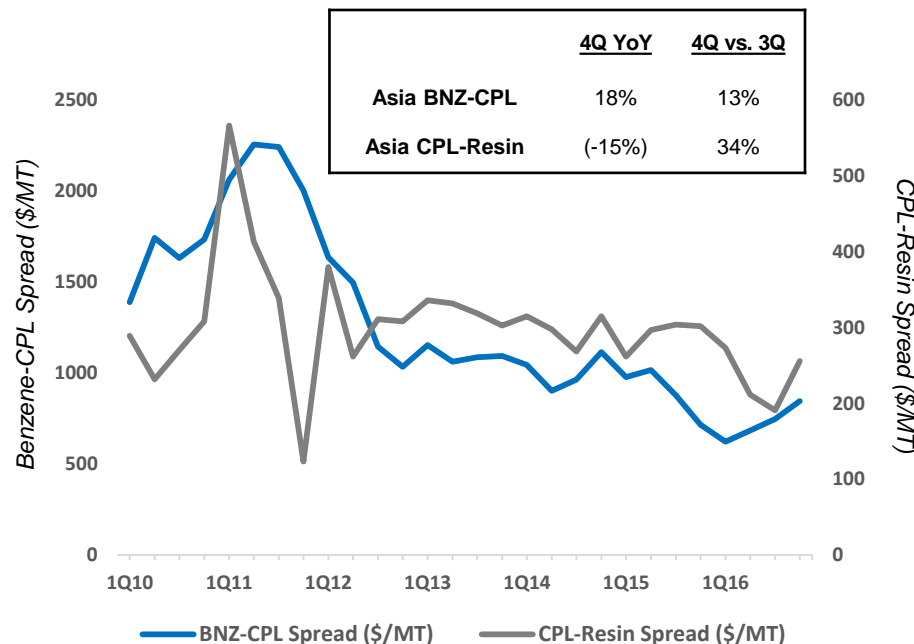
### What We're Seeing

- Tighter supply conditions in U.S.
- China Caprolactam utilization remains low due to environmental considerations
- Price increases covering raws+

### What We're Expecting

- Asia BNZ-CPL spreads improve ~25% in 1H17 vs. 4Q16
- Cautious 2H17 outlook
- Hopewell 2017 production at or above historical rates

## Key Industry Spreads (1)



(1) As reported in Tecnon OrbiChem



# Ammonium Sulfate (AS) Market Outlook

Sequential Pricing Improvement; Remain Cautious On 2017 Planting Season

## Ammonium Sulfate

### What We're Seeing

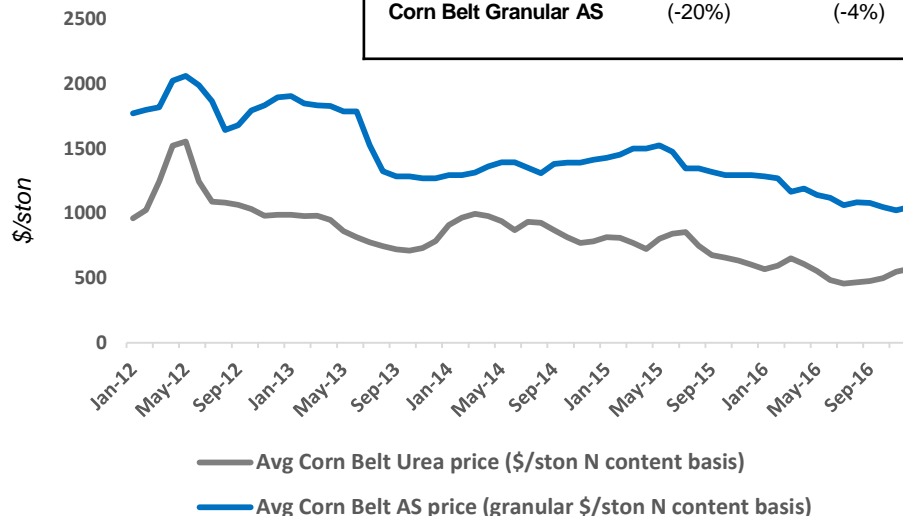
- Anti-dumping ruling limiting Chinese imports
- Cautious farmer buying behavior
- Nitrogen prices firmed but remain at multi-year lows

### 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 (1)

	<u>4Q YoY</u>	<u>4Q vs. 3Q</u>
Corn Belt Urea	(-14%)	16%
Corn Belt Granular AS	(-20%)	(-4%)



(1) As reported in Blue, Johnson

# Chemical Intermediates Market Outlook

## Stable End Market Environment

### Chemical Intermediates

#### What We're Seeing

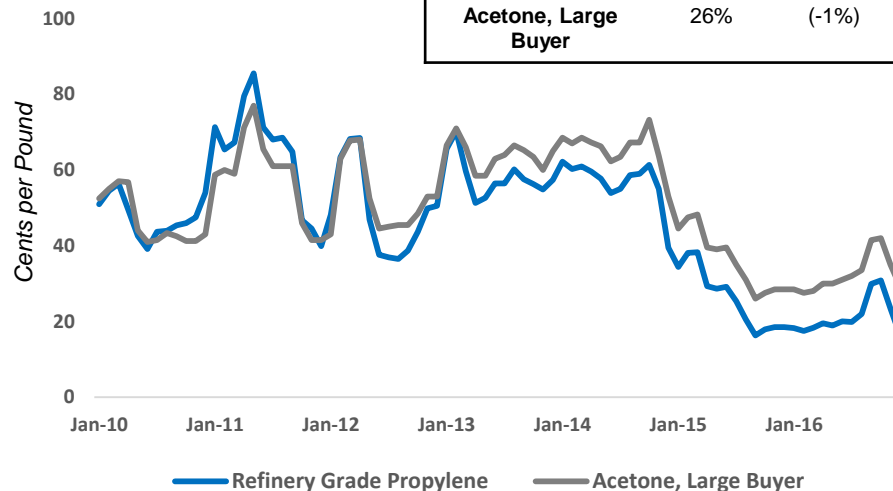
- Phenol/Acetone demand steady; North America industry utilization ~80%
- Refinery grade propylene (RGP) dropped to 2016 low in December

#### What We're Expecting

- Stable North America market environment
- Acetone supply/demand in balance

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

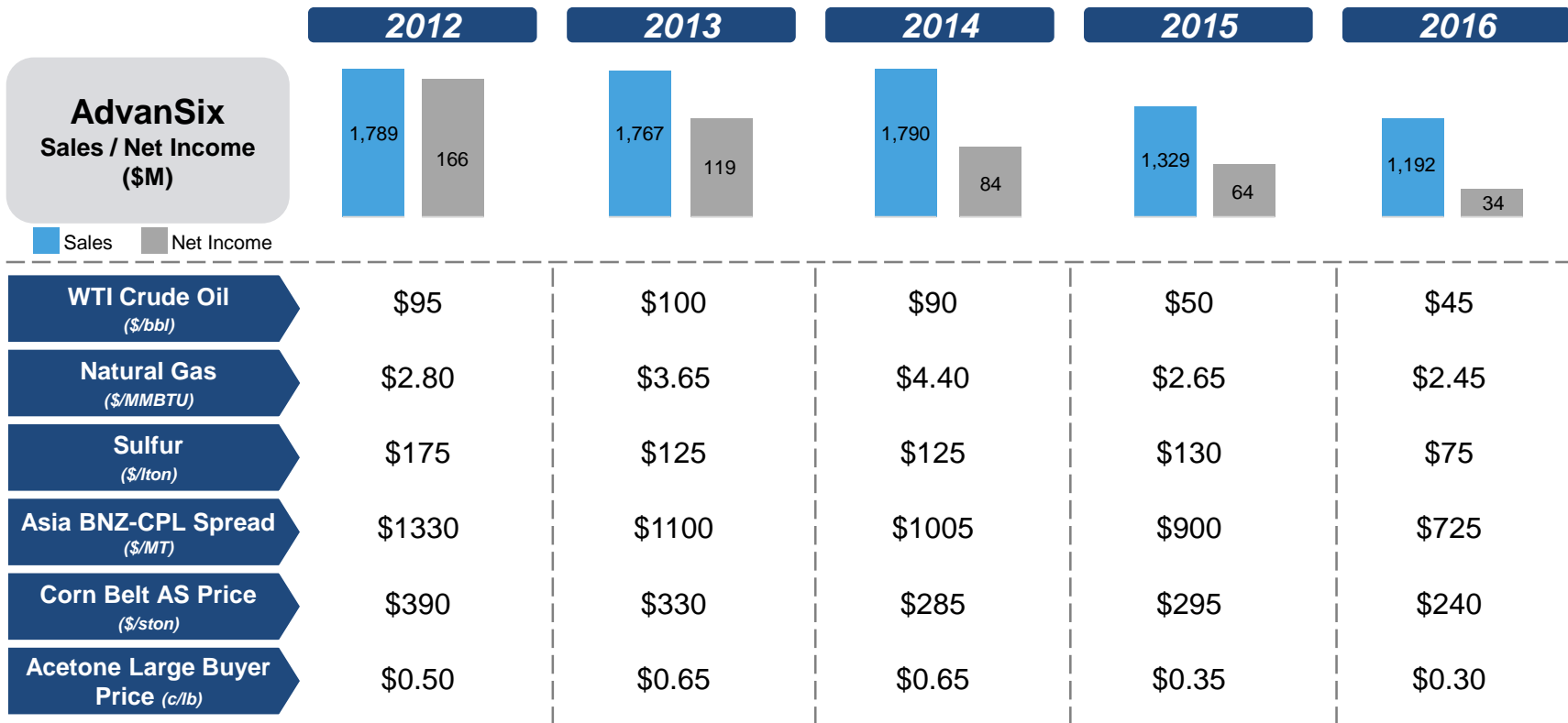
	<u>4Q YoY</u>	<u>4Q vs. 3Q</u>
<b>Refinery Grade Propylene</b>	29%	(-2%)
<b>Acetone, Large Buyer</b>	26%	(-1%)



(1) As reported in IHS Markit

# AdvanSix Financial Drivers







## Raws And Industry Pricing/Spreads Key Performance Considerations



Industry inputs represent approximate annual averages; Sources: IHS Markit, Tecnon OrbiChem, Blue, Johnson

# 1H 2017 Framework

Improved Plant Production, Higher Raw Materials, Monitoring Market Pricing

	1H17 vs. 1H16	Comments
Nylon Spreads		Industry price increases for caprolactam and resin
Ammonium Sulfate Pricing		Prices stabilizing sequentially but remain headwind YoY
Raw Materials		Raw materials pass-through benefits top-line
Plant Production Volume		Plants operating at target
Capital Expenditures		Expect ~\$90M in full year 2017, elevated HSE spend
Working Capital		Targeting ~20x turns

# Summary

- 2016 Results Impacted By Significant Extended 4Q16 Turnaround Activities
- Positioned For Improved Uptime And Higher Utilization Rates Going Forward
- Strong Cash Flow Improvement In Dynamic End Market Environment
- Capex Remains Elevated Near-Term – 2017 Outlook ~\$90M
- Price Increases Across Nylon Chain, While Fertilizer Fundamentals Remain Challenging

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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 December 31,		Years Ended December 31,	
	2016	2015	2016	2015
Net Cash Provided by Operating Activities	\$ 47,273	\$ 31,688	\$ 113,740	\$ 101,536
Expenditures for Property, Plant and Equipment	(27,150)	(29,246)	(84,009)	(97,144)
Free Cash Flow <sup>(1)</sup>	<u>\$ 20,123</u>	<u>\$ 2,442</u>	<u>\$ 29,731</u>	<u>\$ 4,392</u>

(1) Free Cash Flow is 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)

	Three Months Ended December 31,		Years Ended December 31,	
	2016	2015	2016	2015
Net Income	\$ (24,714)	\$ 15,338	\$ 34,147	\$ 63,776
Interest Expense	1,847	-	1,847	-
Income Taxes	(17,084)	8,739	19,628	36,461
Depreciation and Amortization	10,365	9,034	40,329	36,410
EBITDA <sup>(2)</sup>	\$ (29,586)	\$ 33,111	\$ 95,951	\$ 136,647
Sales	\$ 259,323	\$ 315,865	\$ 1,191,524	\$ 1,329,409
EBITDA Margin <sup>(3)</sup>	(11.4%)	10.5%	8.1%	10.3%

(2) EBITDA is defined as Net Income before Interest, Income Taxes, Depreciation and Amortization

(3) 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 the non-GAAP measures exclude items that are not considered core to the Company's operations.*