

# Spartech Corporation

4<sup>th</sup> Quarter and Fiscal Year Results

*Conference Call  
December 13, 2011*

CUSTOM SHEET  
& ROLLSTOCK

PACKAGING  
TECHNOLOGIES

COLOR & SPECIALTY  
COMPOUNDS

# Safe Harbor Statement

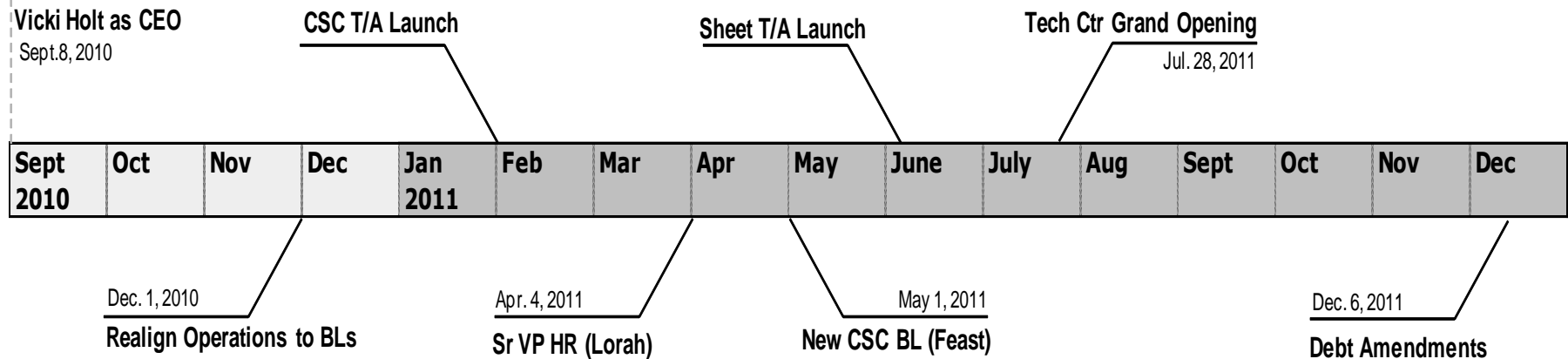
## Spartech: Forward-Looking Statements

Statements in this presentation that are not purely historical, including statements that express the Company's belief, anticipation or expectation about future events, are forward-looking statements. "Forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995 relate to future events and expectations and include statements containing such words as "anticipates," "believes," "estimates," "expects," "would," "should," "will," "will likely result," "forecast," "outlook," "projects," and similar expressions. 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 from our forward-looking statements are as follows:

- (a) Adverse changes in economic or industry conditions, including global supply and demand conditions and prices for products of the types we produce
- (b) Our ability to compete effectively on product performance, quality, price, availability, product development, and customer service
- (c) Adverse changes in the markets we serve, including the packaging, transportation, building and construction, recreation and leisure, and other markets, some of which tend to be cyclical
- (d) Volatility of prices and availability of supply of energy and raw materials that are critical to the manufacture of our products, particularly plastic resins derived from oil and natural gas, including future impacts of natural disasters
- (e) Our inability to manage or pass through to customers an adequate level of increases in the costs of materials, freight, utilities, or other conversion costs
- (f) Our inability to achieve and sustain the level of cost savings, productivity improvements, gross margin enhancements, growth or other benefits anticipated from our improvement initiatives
- (g) Our inability to collect all or a portion of our receivables with large customers or a number of customers
- (h) Loss of business with a limited number of customers that represent a significant percentage of our revenues
- (i) Restrictions imposed on us by instruments governing our indebtedness, the possible inability to comply with requirements of those instruments and inability to access capital markets
- (j) Possible asset impairments
- (k) Our inability to predict accurately the costs to be incurred, time taken to complete, operating disruptions therefrom, potential loss of business or savings to be achieved in connection with production plant consolidations and line moves
- (l) Adverse findings in significant legal or environmental proceedings or our inability to comply with applicable environmental laws and regulations
- (m) Our inability to develop and launch new products successfully
- (n) Possible weaknesses in internal controls

We assume no responsibility to update our forward-looking statements.

# Key Events and Priorities for 2011



- **Operating Performance**

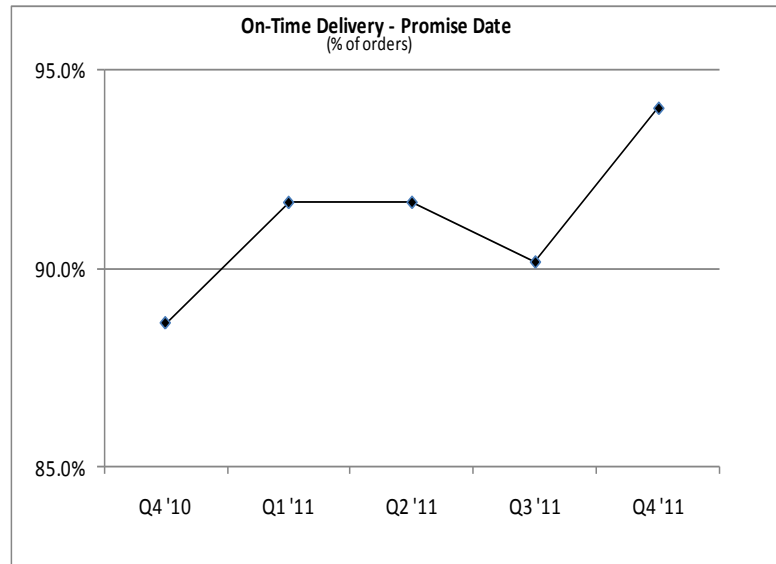
1. Back to Basics in Operations (safety model)
2. Optimize Formulations/Material Mix (regrind/reprocessed material usage)
3. Meet Organic Growth Targets (Extreme™ TPO, Spectar PETG, TPR, Barrier Packaging)

- **Customer Focused Growth**

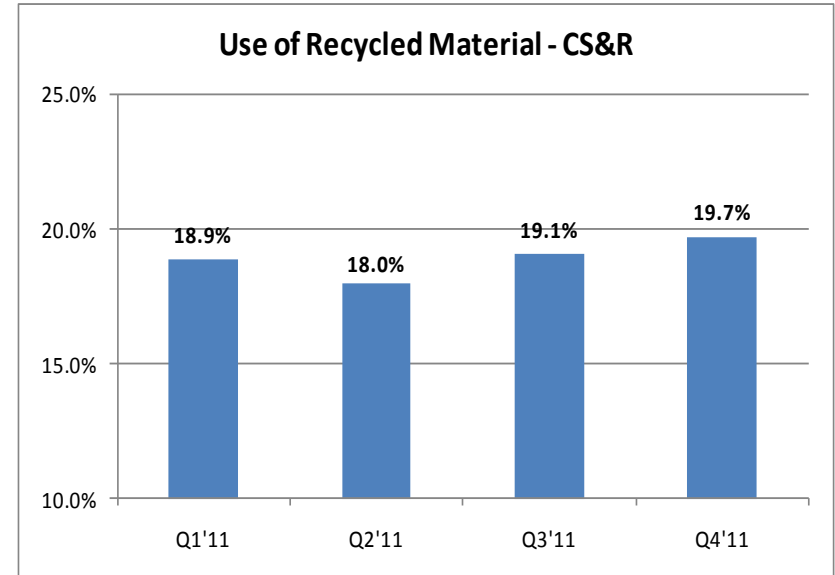
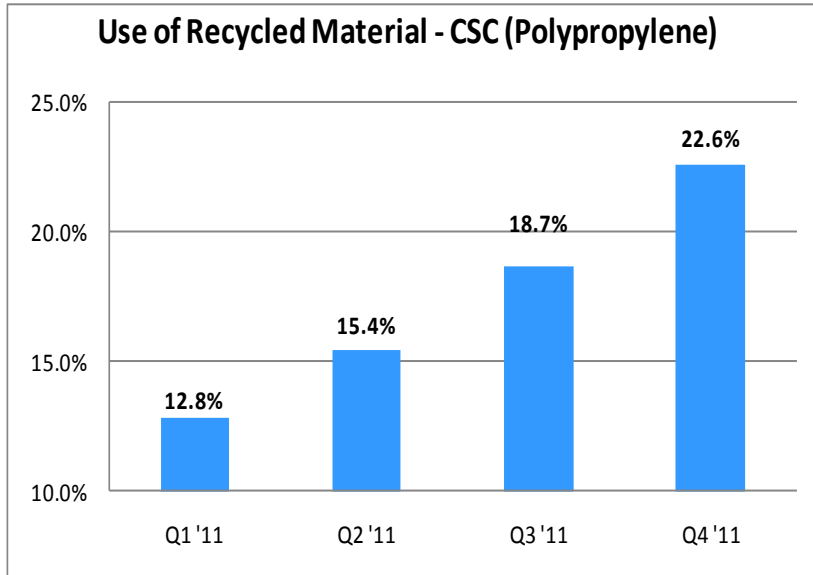
4. Technology & Innovation Center (material science expertise, processing knowledge, creative design capabilities)
5. Develop Cross Business Unit Selling initiative
6. Engage Customers at a Different Level (P&L and brand owners)

# Back to Basics Initiative

- Engagement and Process:
  - Explaining importance of metrics and sharing metrics at the line level (visuals)
  - More structured review of daily/weekly KPIs and training across the operations
  - On-time-delivery was a key area of focus in our back to basics initiative for 2011:
- Improving infrastructure:
  - Standard work processes
  - Correct bill of materials (formulations)
  - Consistent and constant messaging
- Cultural Journey:
  - Developing processes to improve
  - Invest in equipment/maintenance
  - Process engineers/lean leadership



# Optimizing Material Utilization

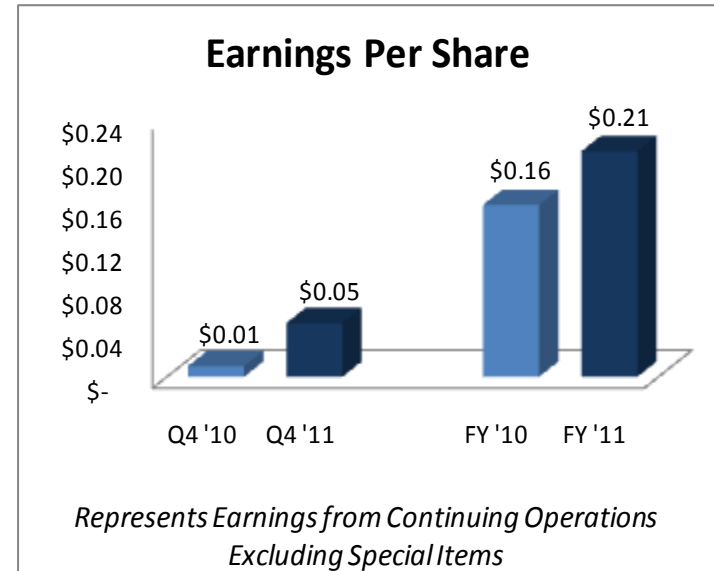


- Focus on optimizing material usage
  - Effective sourcing of recycled materials
  - Efficient production using recycled materials
  - Development of alternative materials

# 2011 Results Overview

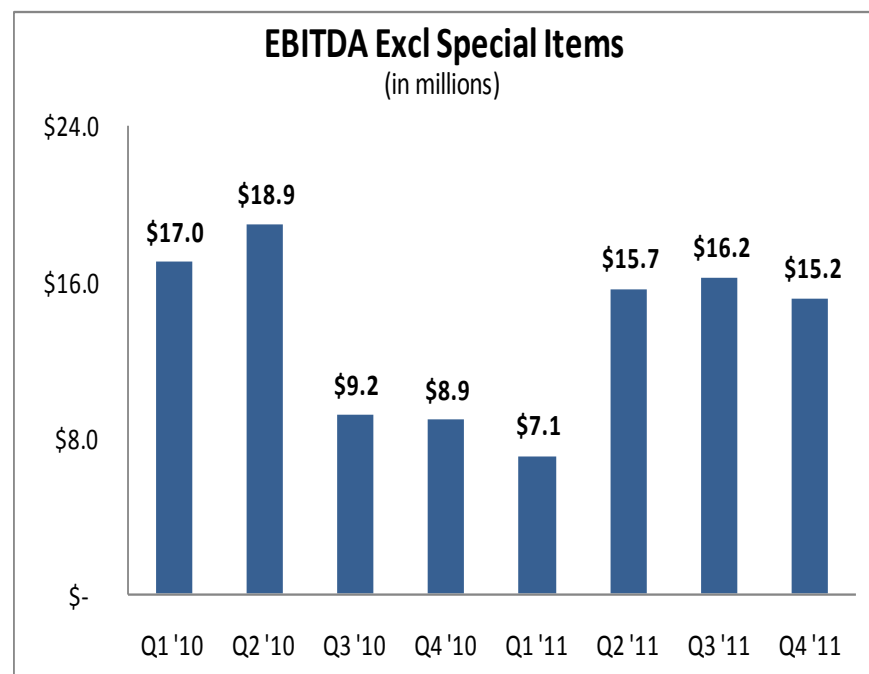
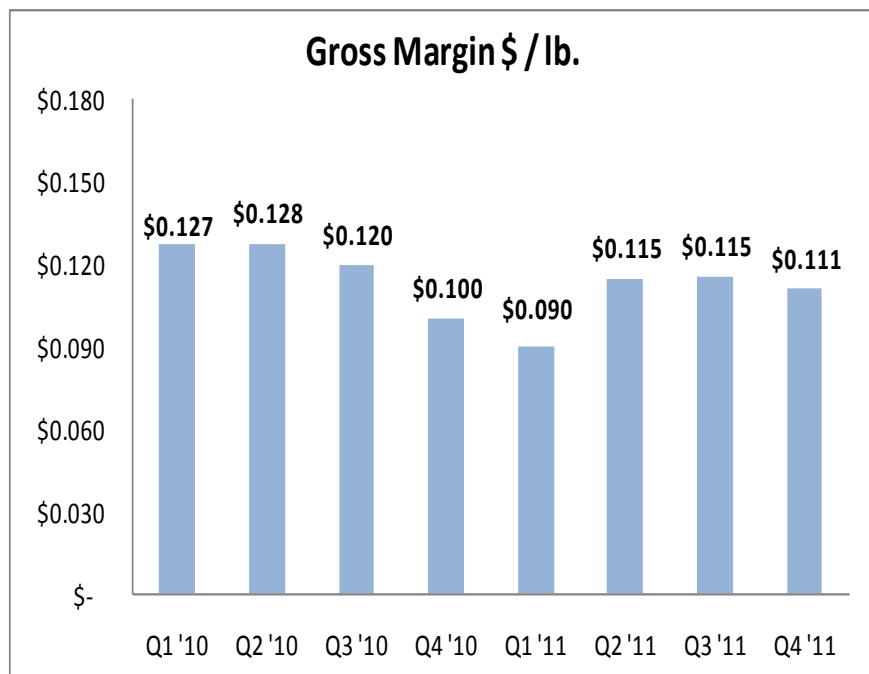
(\$ in Millions)	Q4 2011		FY 2011	
	\$	Change	\$	Change
Net Sales	293.2	+13%	1,102.3	+8%
Operating Earnings	6.2	+\$6.1	21.4	+\$4.1

*Represents Continuing Operations Excluding Special Items*



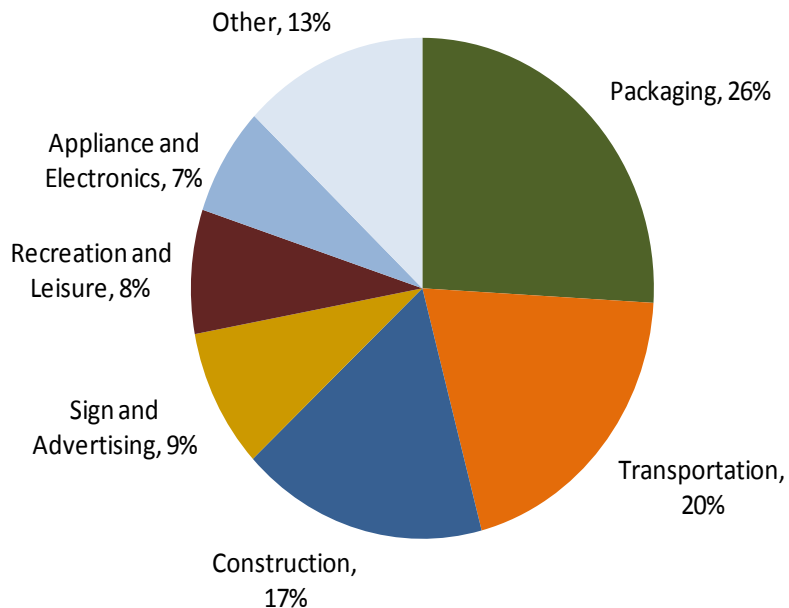
- **Sales** – revenue up 13% in Q4 2011 (price/mix +14%, volume -1%). Excluding the impact of a prolonged slowdown at a material handling customer, underlying volume increased 4%. Strong Color & Specialty Compounds sales and greater % of specialty and differentiated products drove increase.
- **Gross Margin** – substantial improvement per pound in Q4 2011 of 11.1¢ compared to 10.0¢ in the prior year quarter. Greater percentage of higher margin products, efficiencies from CSC business, offset by increasing costs and lack of obsolete inventory write-off that occurred in 2010.
- **SG&A** – decreased \$4.7 million due to benefit of \$1.0 million bad debt adjustment and lower labor and professional fees.

# Spartech Q4 2011 Results – Quarterly Trends








- Gross Margin and EBITDA is improving from weak performance in late 2010
- Progress on Back-to-Basics initiatives in Color & Specialty Compounds are being realized today, similar efforts ongoing at Custom Sheet & Rollstock
- Shift to specialty products are starting to provide benefits in mix

# Diversified Markets Served



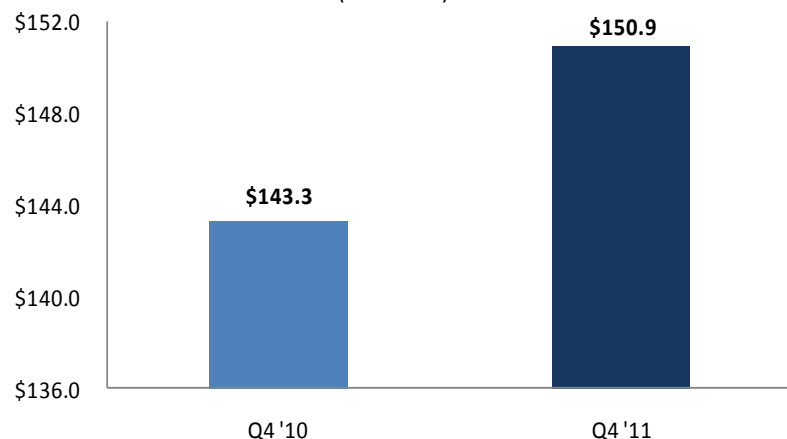
**Note:** Data based on Fiscal Year 2011 Sales

Products	Market	Volume
	<b>Packaging</b> Food • Medical • Consumer	<b>Stable/ Moderate</b>
	<b>Transportation</b> Auto • Heavy Truck • Aerospace • Ag & Construction Vehicles • Rail • Bus	<b>Higher</b>
	<b>Construction</b> Roofing • Wall Coverings • Skylights • Bath & Shower • Pressure Pipe	<b>Resident. Weak/ Commerc. Solid</b>
	<b>Sign/Adver./Graphic Arts</b> Int.Ext. Signage • Lenticular • Point-of-Purchase display • Gift Cards	<b>Flat/ Program Based</b>
	<b>Recreation &amp; Leisure</b> Coolers • Recreational Vehicles • Marine • Pool & Spa	<b>Recovery from Weak Levels</b>

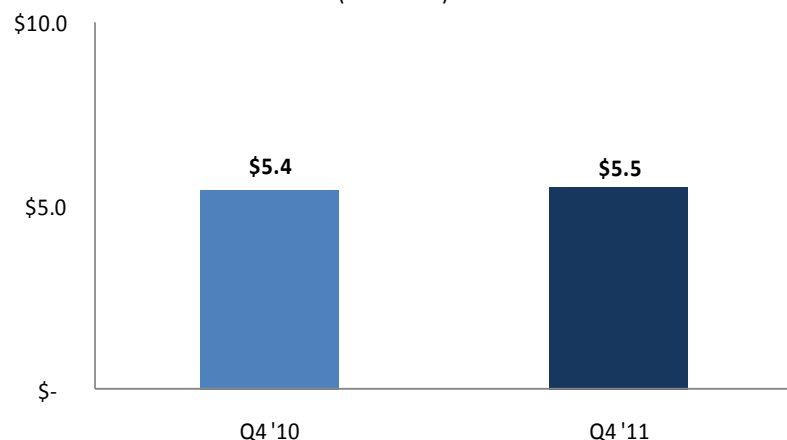


# Spartech Q4 2011 Results – Custom Sheet & Rollstock

**Net Sales \$- Sheet**  
(in millions)

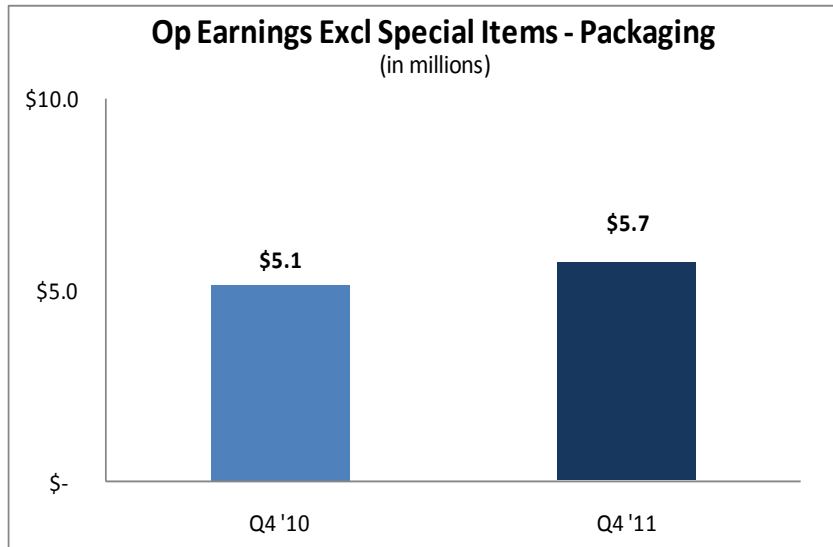
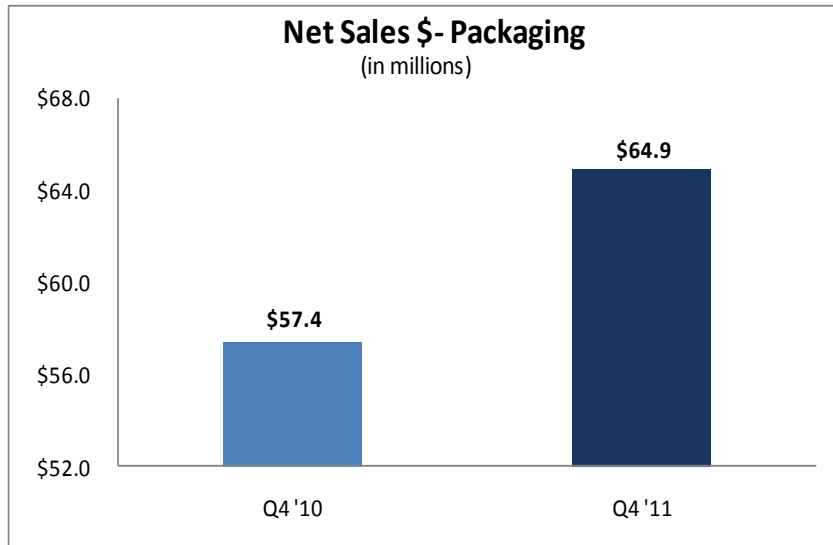


**Op Earnings Excl Special Items - Sheet**  
(in millions)



- Sales up 5% due to a increase in price mix (+15%) offset by decrease in volume (-10%).
- Excluding the impact from one material handling customer, volume was flat...the increase in transportation and recreation & leisure markets offset decreases in the appliance and building products sectors.
- Conversion costs were up for freight, and repairs & maintenance.
- Earnings increase from comparison of 2010 inventory write offs and favorable bad debt in 2011, offset by lower volume and cost increases.
- Sheet Turnaround efforts have been launched at 6 largest plants, focus on changeovers and material utilization.

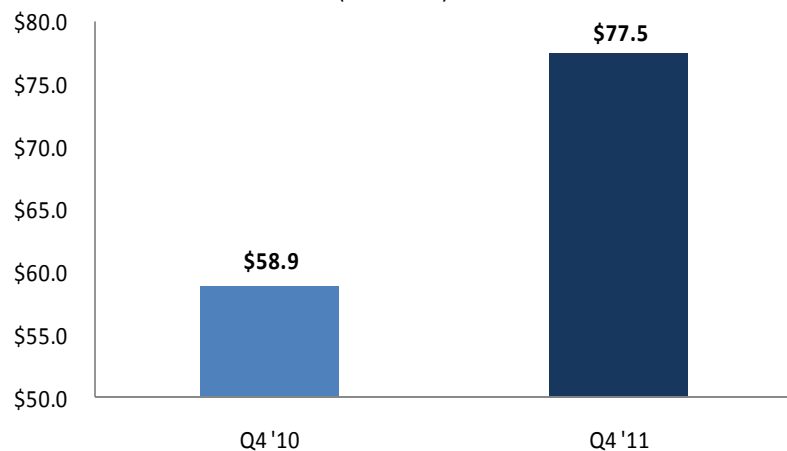
# Spartech Q4 2011 Results – Packaging Technologies



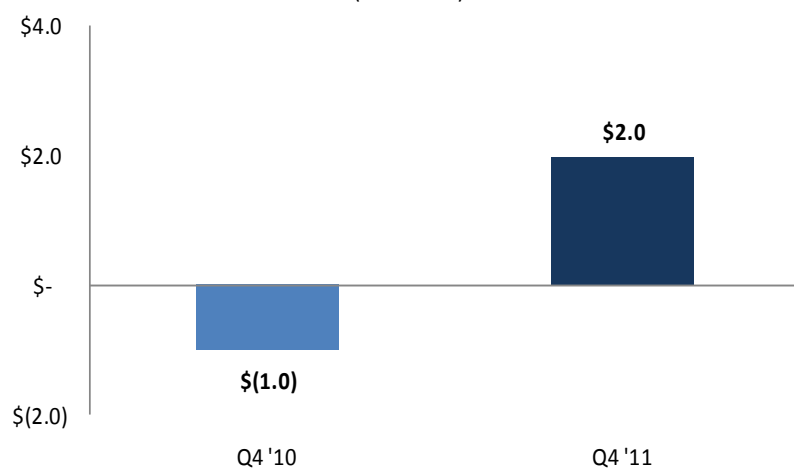
- Sales increased 13% due to higher selling prices (+14%) and slightly lower volume (-1%).
- Sales and operating earnings benefiting from greater mix of higher margin business.
- Earnings up \$600K with greater mix of higher margin business net of cost increases.
- Continued progress in engaging customers at a new level:
  - Supplier recognition awards
  - Adding capacity in Mexico and California for berry packaging
  - Strong response to Spartech's IQ PKG™ (intelligent packaging design center)

# Spartech Q4 2011 Results – Color & Specialty Compounds

**Net Sales \$- CSC**  
(in millions)



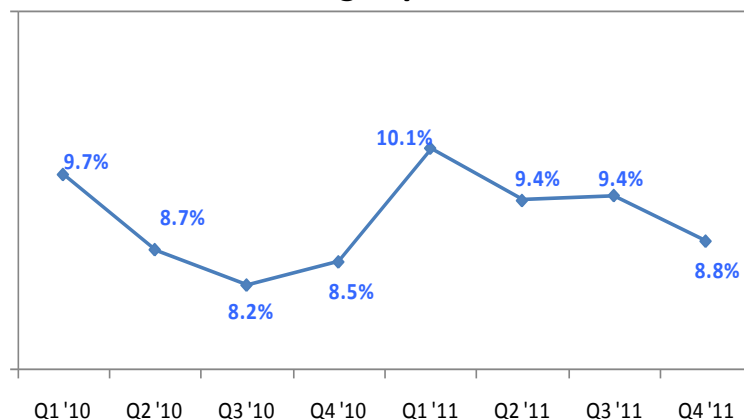
**Op Earnings Excl Special Items - CSC**  
(in millions)



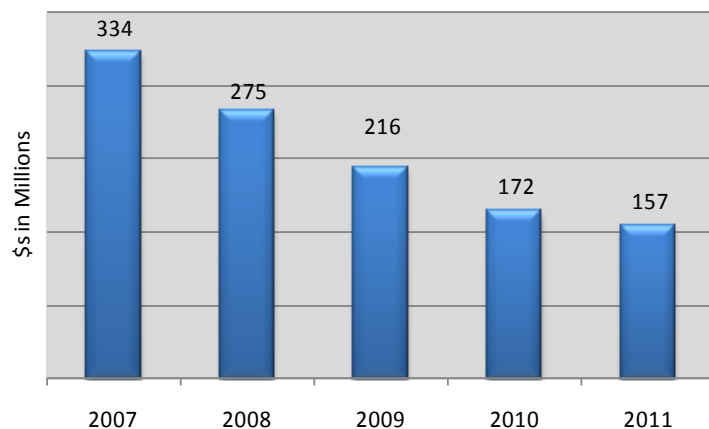
- Sales up 32% due to higher volume (+19%) and increase in price/mix (+13%).
- Volume increases from construction (commercial applications) and automotive sector led the improvement.
- Earnings up \$3.0M related to the increased volume supported by better on-time delivery, recycled material utilization, and yield loss rate.
- Continue to see improvements in timeliness of pass through of resin price increases and operating efficiencies.
- Turnaround efforts led to second quarter of significant earnings improvement.

# Spartech 2011 – Cash Flow Performance

**Working Capital % of Sales**



**Consolidated Debt**



	2010	2011	
	(\$ in Millions)		
Op CF	\$39.3	\$42.3	+8%
CapEX	21.4	29.1	
FCF	\$17.9	\$13.2	

- Q4 paid down \$7 million in debt while funding \$10 million in CapEx
- Continued debt pay down along with increasing the funding of CapEx to support investments in capacity and capabilities in higher margin products
- Invested in inventory during year, but brought back to the low end of our typical 9-10% level at year end

# Spartech 2011 Results – Summary

- Results benefitting from Color & Specialty Compounds turnaround efforts
- Sheet & Rollstock turnaround efforts started in June are beginning to show results in underlying metrics
- Packaging foundation for growth is in full swing leveraging IQ PKG™
- Shifting focus to specialty and differentiated products
- Commercialized new products: EnviroAir™, Rejuven8™, Royalite RG50™, Reinforce™, WeatherPro™ SG
- Supplier awards received from Danone Canada and Becton Dickinson
- Sustainability teams supporting introduction of first Corporate Sustainability Report for 2011
- Solid cash flow with increased financial flexibility

# 2012 Strategic Priorities

- **Delight Customers**
  - Continuous improvement in customer satisfaction (quality, OTD)
  - Increase pace of new product development and commercialization
  - Solve problems and deliver solutions with Tech Center and innovations
- **Enhance Margins**
  - Bring full resources to business decisions (data, empowerment, teamwork)
  - Back-to-Basics to Continuous Improvement (yields, process, assets)
  - Value for Value Delivered (improve mix, increase alternative material)
- **Drive Growth**
  - Close on Cross Business Unit Selling opportunities
  - Extend customer engagement into new products and relationships
  - Invest in enhanced capabilities and capacity for specialty products

# Supplemental Slides

---

CUSTOM SHEET  
& ROLLSTOCK

PACKAGING  
TECHNOLOGIES

COLOR & SPECIALTY  
COMPOUNDS

# Vision and Values

## Our Vision and Mission

---

### *Our Vision:*

*"To be the leading supplier of sustainable plastic sheet, compounding and packaging solutions, known for the highest standard of quality, cost competitiveness and innovation."*



### *Our Mission:*

We will strive to ensure that SparTech is recognized for a value-driven performance culture focused on:

- Being our customers' most valued supplier
- Consistently delivering on our individual and company-wide commitments and thereby generating sustainable and top-tier returns for our shareholders
- The commitment of every employee in the company to continuous improvement in all we do
- Being an innovative company that provides value-added solutions to our customers
- Providing a great place for our team members to contribute, learn, grow and be challenged, respected, appreciated and fulfilled

## Our Values – One SparTech Culture

---

### *Safety*

Safety is everyone's first responsibility and we are committed to a safe workplace and operating environment

### *Performance Culture*

We embrace a performance culture, set challenging goals and deliver on our commitments

### *Customer Satisfaction*

We are committed to delighting our customers with the highest level of product quality, value, service and innovative solutions

### *Ethics*

We will conduct our business with professionalism and uncompromising integrity

### *Teamwork*

We embrace teamwork as a means to achieve our shared goals and maximize our potential

### *Respect*

We respect the dignity, views and contributions of all employees. We value diversity and create an environment where opinions are expressed and respected.

### *Corporate Sustainability*

We accept our responsibility for the future through environmentally sound business practices, the development of sustainable solutions and employee participation in the community



# Historical Quarterly Income Statement

<i>Continuing Operations (in millions US\$)</i>	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11	Q3 11	Q4 11
Sales	\$ 242.6	\$ 225.2	\$ 268.5	\$ 269.6	\$ 259.6	\$ 234.8	\$ 282.6	\$ 291.7	\$ 293.2
Total Costs	210.6	198.3	237.6	241.7	236.7	216.4	255.5	265.1	268.0
Gross Margin	\$ 31.9	\$ 26.8	\$ 30.9	\$ 27.9	\$ 22.9	\$ 18.4	\$ 27.1	\$ 26.7	\$ 25.2
EBITDA (excl. special items) (a)	\$ 22.2	\$ 17.0	\$ 19.0	\$ 9.2	\$ 8.9	\$ 7.1	\$ 15.7	\$ 16.2	\$ 15.2
Net Earnings (excl. special items) (a)	4.6	2.4	3.9	(1.5)	0.3	(1.3)	3.2	3.1	1.4
Diluted EPS (excl. special items) (a)	\$ 0.15	\$ 0.08	\$ 0.13	\$ (0.05)	\$ 0.02	\$ (0.04)	\$ 0.10	\$ 0.10	\$ 0.05
Pounds Sold	228.1	210.6	242.1	233.8	228.5	203.9	235.9	231.2	227.2
Per Pound Metrics									
Sales	\$ 1.063	\$ 1.069	\$ 1.109	\$ 1.153	\$ 1.136	\$ 1.152	\$ 1.198	\$ 1.262	\$ 1.290
Gross Margin	0.140	0.127	0.128	0.119	0.100	0.091	0.115	0.115	0.111
Cash Flow from Operations	\$ 19.1	\$ 8.9	\$ 10.6	\$ 15.6	\$ 4.2	\$ 7.7	\$ 0.6	\$ 16.9	\$ 17.1
Capital Expenditures	(1.3)	(3.4)	(4.2)	(5.4)	(8.4)	(8.0)	(6.2)	(5.0)	(9.9)
Free Cash Flow (a)	\$ 17.8	\$ 5.5	\$ 6.4	\$ 10.2	\$ (4.2)	\$ (0.3)	\$ (5.6)	\$ 11.9	\$ 7.2

(a) See slide 18 for disclosure regarding Non-GAAP financial measures.

# Historical Annual Income Statement

<i>Continuing Operations (in millions US\$)</i>	2007 (a)	2008	2009	2010	2011
Sales	\$ 1,363.9	\$ 1,321.2	\$ 926.8	\$ 1,022.9	\$ 1,102.3
Total Costs	1,213.8	1,204.9	810.5	914.3	1,004.9
Gross Margin	\$ 150.1	\$ 116.2	\$ 116.3	\$ 108.6	\$ 97.4
EBITDA (excl. special items) (b)	\$ 107.6	\$ 66.2	\$ 75.2	\$ 54.0	\$ 54.2
Net Earnings (excl. special items) (b)	31.7	4.9	9.0	5.1	6.4
Diluted EPS (excl. special items) (b)	\$ 0.99	\$ 0.16	\$ 0.29	\$ 0.16	\$ 0.21
Pounds Sold	1,347	1,166	860	915	898
<i>Per Pound Metrics</i>					
Sales	\$ 1.013	\$ 1.133	\$ 1.077	\$ 1.118	\$ 1.227
Gross Margin	0.111	0.100	0.135	0.119	0.108
Cash Flow from Operations	\$ 104.0	\$ 96.6	\$ 65.3	\$ 39.3	\$ 42.3
Capital Expenditures	34.7	17.3	8.1	21.4	29.1
Free Cash Flow (b)	\$ 69.3	\$ 79.3	\$ 57.2	\$ 17.9	\$ 13.2

(a) Due to the Company's accounting calendar, the Company had 53 weeks in 2007.  
The Company's next 53 week year will occur in 2012.

(b) See slide 18 for disclosure regarding Non-GAAP financial measures.

# Non-GAAP Financial Measures

Within this presentation, we have included free cash flow, earnings before interest, taxes, depreciation and amortization (“EBITDA”), operating earnings (loss) excluding special items and net earnings (loss) per dilutive share excluding special items, which are non-GAAP measurements. Special items include goodwill impairments, fixed asset and other intangible asset impairments, restructuring and exit costs, tax benefits on restructuring of foreign operations, former CEO separation expense, and charges for the early extinguishment of debt. We use these measurements to assess our ongoing operating results without the effect of these adjustments and compare such results to our planned operating results. We believe that these measurements are useful to investors because they help them compare our results to previous periods and provide an indication of underlying trends in the business. Such non-GAAP measurements are not recognized in accordance with generally accepted accounting principles (GAAP) and should not be viewed as an alternative to GAAP measures of performance. The following slides reconcile GAAP to non-GAAP measures with the exception of free cash flow which is reconciled within the presentation.

# Non-GAAP Financial Measures

<i>Continuing Operations (in millions US\$)</i>	Q4 09	Q1 10	Q2 10	Q3 10	Q4 10	Q1 11	Q2 11	Q3 11	Q4 11
<b>Net Earnings (Loss) (GAAP)</b>	\$ 2.2	\$ 4.7	\$ 4.5	\$ (3.8)	\$(55.1)	\$ (1.8)	\$ 2.8	\$ 3.0	\$(27.4)
Goodwill Impairments, net of tax	-	-	-	-	45.0	-	-	-	28.4
Restructuring and Exit Costs, net of tax	0.4	0.4	1.0	1.8	1.3	0.5	0.3	0.1	0.4
Fixed Asset and Other Intangible Asset Impairments, net of tax	2.0	-	-	-	8.3	-	-	-	-
Separation Expense, net of tax	-	-	-	-	0.8	-	-	-	-
Debt Extinguishment Costs, net of tax	-	-	-	0.5	-	-	-	-	-
Tax Benefit on Restructuring of Foreign Operations	-	(2.8)	(1.6)	-	-	-	-	-	-
<b>Net Earnings (excl. special items)</b>	\$ 4.6	\$ 2.4	\$ 3.9	\$ (1.5)	\$ 0.3	\$ (1.3)	\$ 3.2	\$ 3.1	\$ 1.4
Interest Expense, net	3.7	3.5	3.2	2.8	2.5	2.6	2.7	2.8	2.9
Income Tax Expense (Benefit)	3.5	1.5	2.3	(1.0)	(2.6)	(2.2)	1.8	2.6	1.8
Depreciation and Amortization	10.4	9.6	9.5	8.9	8.8	8.1	8.0	7.7	9.0
<b>EBITDA (excl. special items)</b>	\$ 22.2	\$ 17.0	\$ 19.0	\$ 9.2	\$ 8.9	\$ 7.1	\$ 15.7	\$ 16.2	\$ 15.2
<b>Earnings Per Share-Diluted (GAAP)</b>	\$ 0.07	\$ 0.15	\$ 0.15	\$(0.12)	\$(1.79)	\$(0.06)	\$ 0.09	\$ 0.10	\$(0.89)
Goodwill Impairments, net of tax	-	-	-	-	1.47	-	-	-	0.93
Restructuring and Exit Costs, net of tax	0.01	0.02	0.03	0.06	0.04	0.02	0.01	-	0.01
Fixed Asset and Other Intangible Asset Impairments, net of tax	0.07	-	-	-	0.27	-	-	-	-
Separation Expense, net of tax	-	-	-	-	0.03	-	-	-	-
Debt Extinguishment Costs, net of tax	-	-	-	0.01	-	-	-	-	-
Tax Benefit on Restructuring of Foreign Operations	-	(0.09)	(0.05)	-	-	-	-	-	-
<b>Earnings Per Share-Diluted (excl. special items)</b>	\$ 0.15	\$ 0.08	\$ 0.13	\$(0.05)	\$ 0.02	\$(0.04)	\$ 0.10	\$ 0.10	\$ 0.05

# Non-GAAP Financial Measures

<i>Continuing Operations (in millions US\$)</i>	2007	2008	2009	2010	2011
<b>Net Earnings (Loss) (GAAP)</b>	\$ 28.8	\$ (171.6)	\$ 3.3	\$ (49.6)	\$ (23.4)
Goodwill Impairments, net of tax	-	168.8	-	45.0	28.4
Restructuring and Exit Costs, net of tax	0.8	1.5	3.2	4.5	1.4
Fixed Asset and Other Intangible Asset Impairments, net of tax	1.0	6.2	2.4	8.3	-
Separation Expense, net of tax	1.1	-	-	0.8	-
Early Extinguishment of Debt, net of tax	-	-	-	0.5	-
Tax Benefit on Restructuring of Foreign Operations	-	-	-	(4.4)	-
<b>Net Earnings (excl. special items)</b>	\$ 31.7	\$ 4.9	\$ 9.0	\$ 5.1	\$ 6.4
Interest Expense, net	16.4	19.4	15.4	12.0	10.9
Income Tax Expense (Benefit)	20.3	(1.3)	9.5	0.3	4.0
Depreciation and Amortization	39.2	43.3	41.3	36.6	32.8
<b>EBITDA (excl. special items)</b>	\$ 107.6	\$ 66.2	\$ 75.2	\$ 54.0	\$ 54.2
<b>Earnings Per Share-Diluted (GAAP)</b>	\$ 0.90	\$ (5.67)	\$ 0.11	\$ (1.63)	\$ (0.76)
Goodwill Impairments, net of tax	-	5.57	-	1.47	0.93
Restructuring and Exit Costs, net of tax	0.02	0.05	0.10	0.15	0.04
Fixed Asset and Other Intangible Asset Impairments, net of tax	0.03	0.21	0.08	0.27	-
Separation Expense, net of tax	0.03	-	-	0.03	-
Early Extinguishment of Debt	-	-	-	0.01	-
Tax Benefit on Restructuring of Foreign Operations	-	-	-	(0.14)	-
<b>Earnings Per Share-Diluted (excl. special items)</b>	\$ 0.99	\$ 0.16	\$ 0.29	\$ 0.16	\$ 0.21

# Non-GAAP Financial Measures

<i>in millions US\$</i>	Three Months Ended October 29, 2011			Three Months Ended October 30, 2010		
	Operating Earnings (Loss) (GAAP)	Special Items	Operating Earnings (Loss) Excluding Special Items (Non-GAAP)	Operating Earnings (Loss) (GAAP)	Special Items	Operating Earnings (Loss) Excluding Special Items (Non-GAAP)
Custom Sheet and Rollstock	\$ (35.2)	\$ 40.7	\$ 5.5	\$ 3.5	\$ 1.9	\$ 5.4
Packaging Technologies	5.7	-	5.7	(49.1)	54.2	5.1
Color and Specialty Compounds	1.6	0.4	2.0	(16.8)	15.8	(1.0)
Corporate	(7.0)	-	(7.0)	(10.8)	1.4	(9.4)
<b>Total</b>	<b>\$ (34.9)</b>	<b>\$ 41.1</b>	<b>\$ 6.2</b>	<b>\$ (73.1)</b>	<b>\$ 73.3</b>	<b>\$ 0.1</b>

<i>in millions US\$</i>	Twelve Months Ended October 29, 2011			Twelve Months Ended October 30, 2010		
	Operating Earnings (Loss) (GAAP)	Special Items	Operating Earnings (Loss) Excluding Special Items (Non-GAAP)	Operating Earnings (Loss) (GAAP)	Special Items	Operating Earnings (Loss) Excluding Special Items (Non-GAAP)
Custom Sheet and Rollstock	\$ (16.1)	\$ 41.1	\$ 24.9	\$ 25.1	\$ 3.3	\$ 28.4
Packaging Technologies	23.6	0.2	23.8	(30.9)	53.5	22.6
Color and Specialty Compounds	1.5	1.3	2.9	(18.4)	20.2	1.8
Corporate	(30.3)	-	(30.3)	(37.0)	1.5	(35.5)
<b>Total</b>	<b>\$ (21.3)</b>	<b>\$ 42.6</b>	<b>\$ 21.4</b>	<b>\$ (61.1)</b>	<b>\$ 78.5</b>	<b>\$ 17.3</b>