KRATON PERFORMANCE POLYMERS, INC.
SECOND QUARTER 2013 EARNINGS CONFERENCE CALL

August 1, 2013

Kraton
Giving Innovators Their Edge

Forward-Looking Statement Disclaimer

This presentation includes forward-looking statements that reflect our plans, beliefs, expectations and current views with respect to, among other things, future events and financial performance. Forward-looking statements are often characterized by the use of words such as “outlook,” “believes,” “estimates,” “expects,” “projects,” “may,” “intends,” “plans” or “anticipates,” or by discussions of strategy, plans or intentions, including statements regarding raw material price environment; butadiene prices; expectations regarding future spreads between FIFO and ECRC, and statements regarding selected 2013 P&L estimates.

All forward-looking statements in this presentation are made based on management's current expectations and estimates, which involve known and unknown risks, uncertainties and other important factors that could cause actual results to differ materially from those expressed in forward-looking statements. These risks and uncertainties are more fully described in in our latest Annual Report on Form 10-K, including but not limited to “Part I, Item 1A. Risk Factors” and “Part I, Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations” therein, and in our other filings with the Securities and Exchange Commission, and include, but are not limited to, risks related to: conditions in the global economy and capital markets; declines in raw material costs; limitations in the availability of raw materials we need to produce our products in the amounts or at the prices necessary for us to effectively and profitably operate our business; competition in our end-use markets, from other producers of SBCs and from producers of products that can be substituted for our products; our investment in the joint venture with FPCC; and other risks, factors and uncertainties described in this press release and our other reports and documents; and other factors of which we are currently unaware or deem immaterial. Readers are cautioned not to place undue reliance on forward-looking statements. Forward-looking statements speak only as of the date they are made, and we assume no obligation to update such information in light of new information or future events.

GAAP Disclaimer

This presentation includes the use of both GAAP and non-GAAP financial measures. The non-GAAP financial measures are EBITDA, Adjusted EBITDA, Adjusted EBITDA at ECRC, Gross Profit at ECRC and Adjusted Net Income (or earnings per share). A table included in this presentation reconciles each of these non-GAAP financial measures with the most directly comparable GAAP financial measure. For additional information on the impact of the spread between the FIFO basis of accounting and ECRC, see Management's Discussion and Analysis of Financial Condition and Results of Operations in our Quarterly Report on Form 10-Q for the quarter ended June 30, 2013.

We consider these non-GAAP financial measures important supplemental measures of our performance and believe they are frequently used by investors, securities analysts and other interested parties in the evaluation of our performance and/or that of other companies in our industry, including period-to-period comparisons. Further, management uses these measures to evaluate operating performance, and our executive compensation plan bases incentive compensation payments on our Adjusted EBITDA and Adjusted EBITDA at ECRC performance, along with other factors.

These non-GAAP financial measures have limitations as analytical tools and in some cases can vary substantially from other measures of our performance. You should not consider them in isolation, or as a substitute for analysis of our results under GAAP in the United States. For EBIDTA, these limitations include: EBITDA does not reflect our cash expenditures, or future requirements for capital expenditures or contractual commitments; EBITDA does not reflect changes in, or cash requirements for, our working capital needs; EBITDA does not reflect the significant interest expense, or the cash requirements necessary to service interest or principal payments, on our debt; although depreciation and amortization are non-cash charges, the assets being depreciated and amortized will often have to be replaced in the future, and EBITDA does not reflect any cash requirements for such replacements; EBITDA calculations under the terms of our debt agreements may vary from EBITDA presented herein, and our presentation of EBITDA herein is not for purposes of assessing compliance or non-compliance with financial covenants under our debt agreements; and other companies in our industry may calculate EBITDA differently from how we do, limiting its usefulness as a comparative measure. As an analytical tool, Adjusted EBITDA is subject to all the limitations applicable to EBITDA. In addition, we prepare Adjusted EBITDA by adjusting EBITDA to eliminate the impact of a number of items we do not consider indicative of our on-going performance, but you should be aware that in the future we may incur expenses similar to the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items. As an analytical tool, Adjusted EBITDA at ECRC is subject to all the limitations applicable to EBITDA, as well as the following limitations: due to volatility in raw material prices, Adjusted EBITDA at ECRC may, and often does, vary substantially from EBITDA and other performance measures, including net income calculated in accordance with GAAP; and Adjusted EBITDA at ECRC may, and often will, vary significantly from EBITDA calculations under the terms of our debt agreements and should not be used for assessing compliance or non-compliance with financial covenants under our credit agreement. Because of these and other limitations, EBITDA, Adjusted EBITDA and ECRC Adjusted EBITDA should not be considered as a measure of discretionary cash available to us to invest in the growth of our business. As a measure of our performance, Gross Profit at ECRC is limited because it often varies substantially from gross profit calculated in accordance with GAAP due to volatility in raw material prices. Finally, we prepare Adjusted Net Income by adjusting net income to eliminate the impact of a number of items we do not consider indicative of our on-going performance, but you should be aware that in the future we may incur expenses similar to the adjustments in this presentation. Our presentation of Adjusted Net Income should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

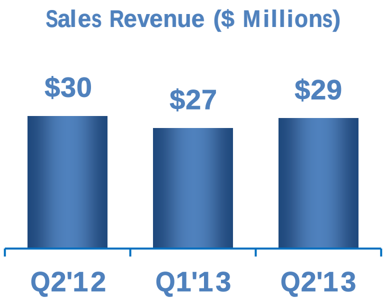
Second Quarter 2013 Financial Summary

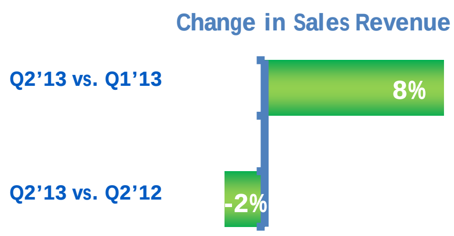
($ millions, except volume and per share data)	Q2'13	Q2'12	Change
Sales volume (kT)	77.5	77.2	0.3
Sales revenue	$ 334.5	$ 375.8	$ (41.2)
Net income attributable to Kraton	$ 3.8	$ 12.4	$ (8.6)
Earnings per diluted share (1)	$ 0.12	$ 0.38	$ (0.26)
Adjusted earnings per diluted share (1)	$ 0.15	$ 0.46	$ (0.31)
Adjusted EBITDA(1)	$ 29.7	$ 45.0	$ (15.4)
Adjusted EBITDA at ECRC (1)	$ 32.0	$ 31.0	$ 1.0
Net cash provided by operating activities	$ 16.3	$ 12.7	$ 3.7

(1) The spread between the FIFO basis of accounting and the ECRC basis decreased earnings per diluted share and adjusted earnings per diluted share by $0.08 in the second quarter 2013 and increased earnings per diluted share and adjusted earnings per diluted share by $0.32 in the second quarter 2012. See reconciliation of net income and earnings per diluted share under GAAP to EBITDA, Adjusted EBITDA, Adjusted EBITDA at Estimated Current Replacement Cost (ECRC), adjusted net income and adjusted earnings per diluted share in the attached appendix.

End Use Review

Cariflex™

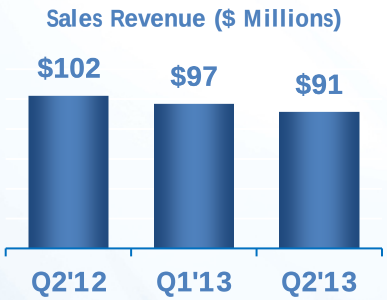


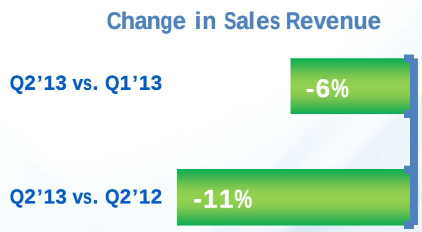


Q2'13 vs. Q2'12

- Sales volume decreased slightly, largely due to order timing
- Average sales price increased
- Currency movements adversely impacted revenue by $1.5 million

Advanced Materials



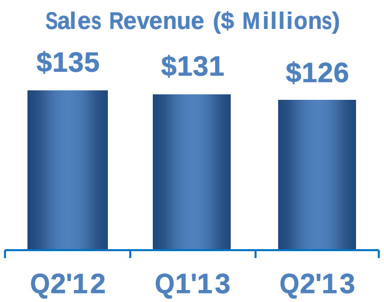


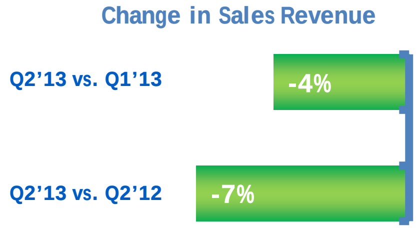
Q2'13 vs. Q2'12

- Sales volume increased 3%
- Average selling prices decreased, associated primarily with lower average butadiene costs
- Currency movements adversely impacted revenue by $1.0 million

End Use Review

Adhesives, Sealants & Coatings

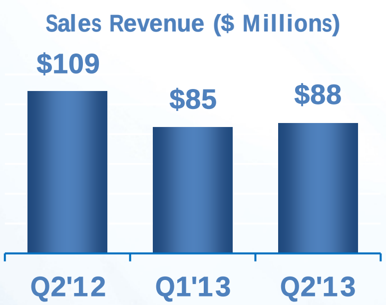




Q2’13 vs. Q2’12

- Sales volume decreased 1%
- Average selling price declined, driven by reductions in pricing for butadiene and isoprene
- Currency movements adversely impacted revenue by $0.9 million

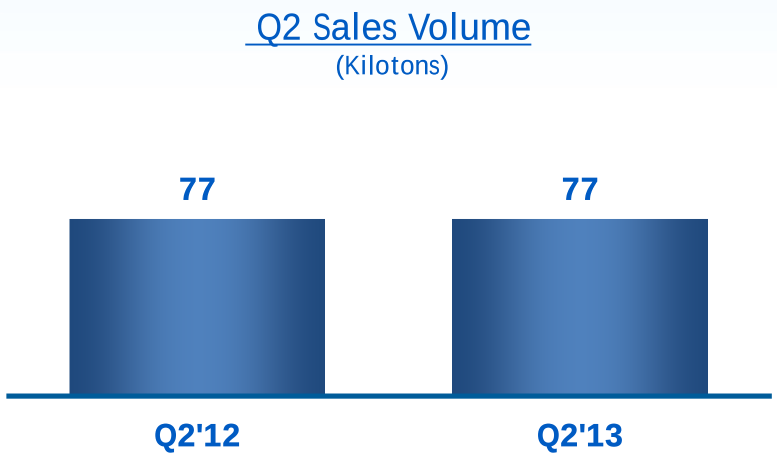
Paving & Roofing

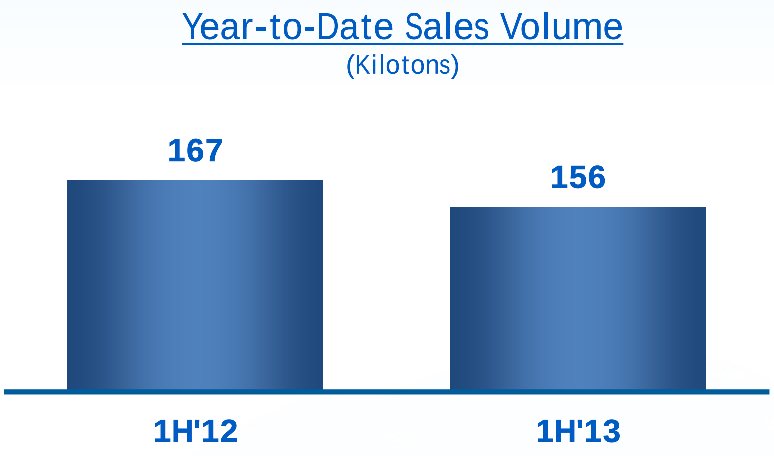


Q2’13 vs. Q2’12

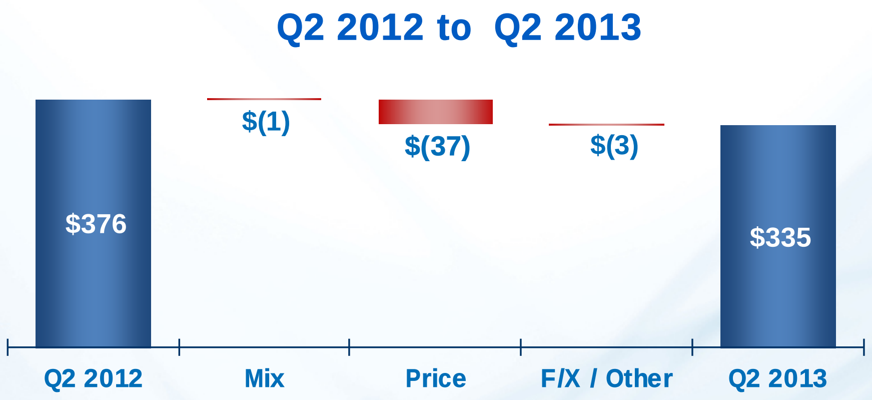
- Sales volume flat
- Average selling price declined, driven by lower average butadiene pricing
- Currency movements favorably impacted revenue by $0.4 million

Sales Volume and Sales Revenue





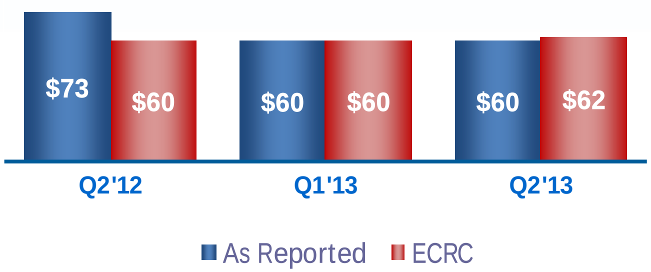
Sales Revenue Bridges



Second Quarter Gross Profit and Adjusted EBITDA[1]

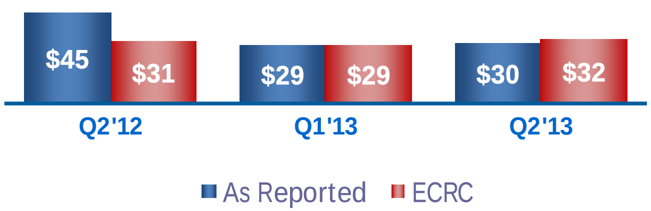
$ in millions

Gross Profit and Gross Profit at ECRC[1]



	Q2'12	Q1'13	Q2'13
Margin	**19.6%**	**17.6%**	**17.9%**
Margin at ECRC	**15.8%**	**17.8%**	**18.6%**

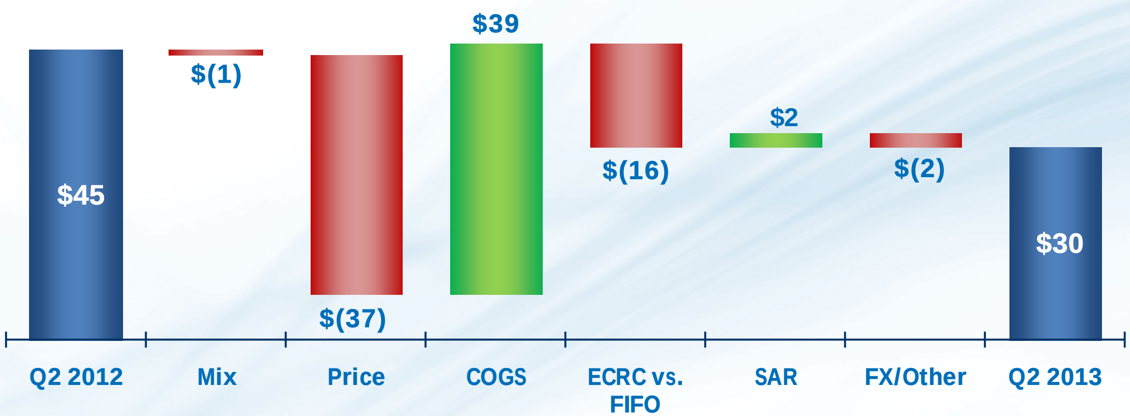
Adjusted EBITDA and Adjusted EBITDA at ECRC[1]



	Q2'12	Q1'13	Q2'13
Margin	**12.0%**	**8.4%**	**8.9%**
Margin at ECRC	**8.3%**	**8.6%**	**9.6%**

Adjusted EBITDA[1] Bridge

Q2 2012 to Q2 2013

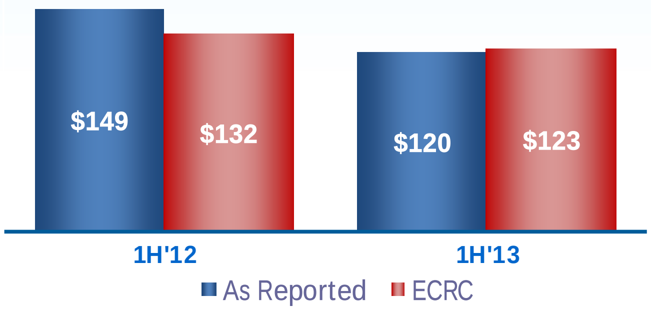


(1) See reconciliation of Net Income (Loss) to EBITDA, Adjusted EBITDA and Adjusted EBITDA at Estimated Current Replacement Cost (ECRC) and reconciliation of Gross Profit to Gross Profit at ECRC in the attached appendix.

YTD Gross Profit and Adjusted EBITDA[(1)]

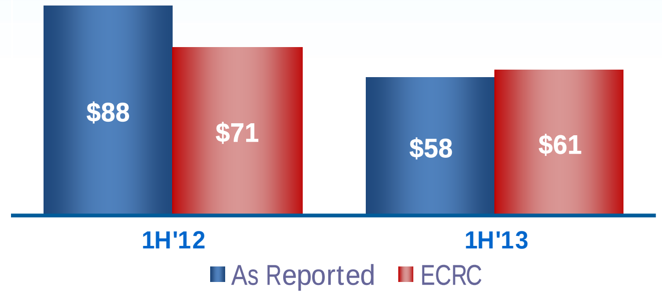
$ in millions

Gross Profit and Gross Profit at ECRC[(1)]



	1H'12	1H'13
Margin	**19.0%**	**17.8%**
Margin at ECRC	**16.8%**	**18.2%**

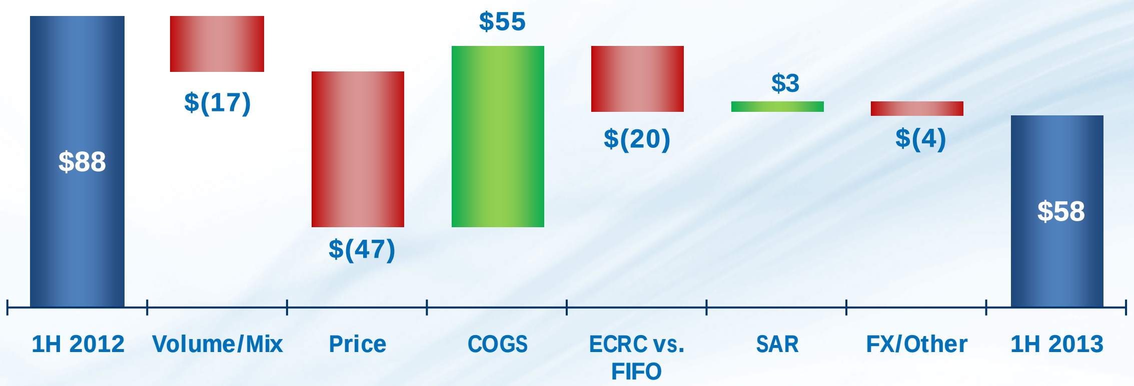
Adjusted EBITDA and Adjusted EBITDA at ECRC[(1)]



	1H'12	1H'13
Margin	**11.2%**	**8.6%**
Margin at ECRC	**9.0%**	**9.1%**

Adjusted EBITDA[(1)] Bridge

1H 2012 to 1H 2013



(1) See reconciliation of Net Income (Loss) to EBITDA, Adjusted EBITDA and Adjusted EBITDA at Estimated Current Replacement Cost (ECRC) and reconciliation of Gross Profit to Gross Profit at ECRC in the attached appendix.

Earnings Per Diluted Share and Adjusted Earnings per Diluted Share[1]

$ in thousands except per share data

	Three Months Ended June 30, 2013		Three Months Ended June 30, 2012		Six Months Ended June 30, 2013		Six Months Ended June 30, 2012	
	After Tax	Per Diluted Share	After Tax	Per Diluted Share	After Tax	Per Diluted Share	After Tax	Per Diluted Share
Net income attributable to Kraton and earnings per diluted share	$ 3,829	$ 0.12	$ 12,407	$ 0.38	$ 81	$ -	$ 28,760	$ 0.89
Adjusted net income and adjusted earnings per diluted share (1)	$ 4,953	$ 0.15	$ 14,987	$ 0.46	$ 7,061	$ 0.22	$ 30,808	$ 0.95
Positive (negative) impact of spread between FIFO and ECRC	$ (2,544)	$ (0.08)	$ 10,511	$ 0.32	$ (3,150)	$ (0.10)	$ 14,548	$ 0.45
Positive (negative) effect associated with ability to utilize net operating losses	$ 3,056	$ 0.09	$ 122	$ 0.01	$ (4,558)	$ (0.14)	$ 262	$ 0.01

(1) Refer to attached appendix for reconciliation of net income and earnings per diluted share to adjusted net income and adjusted earnings per diluted share

Cash Flow and Balance Sheet

$ in millions

	Three Months Ended		Six Months Ended	
	6/30/13	6/30/12	6/30/13	6/30/12
EBITDA[1]	$ 26.5	$ 39.3	$ 52.6	$ 81.0
Interest	(0.5)	(1.7)	(15.1)	(12.2)
Taxes	(0.8)	(9.6)	(5.5)	(10.9)
Working capital	(8.9)	(15.3)	(36.4)	10.9
Operating cash flow	16.3	12.7	(4.4)	68.7
Investing activities	(21.5)	(11.4)	(38.9)	(21.8)
Free cash flow	(5.2)	1.3	(43.4)	46.9
JV funding from FPCC	-	-	15.2	-
Financing	(41.7)	(1.9)	(102.3)	95.0
Currency	(0.6)	(4.9)	(4.0)	(2.6)
Change in cash	(47.4)	(5.5)	(134.5)	139.4
Beginning cash	136.1	233.5	223.2	88.6
Ending cash	$ 88.7	$ 228.0	$ 88.7	$ 228.0

Note: May not foot due to rounding

- ABL availability at June 30, 2013 of $206 million and total liquidity of $274 million
- Net debt[2] of $284 million at 6/30/13
  - Total debt reduced $97 million since 12/31/12
- Net debt to net capitalization[2] was 36.9% at 6/30/13
- Net Debt[2] to TTM Adjusted EBITDA was 3.4x at 6/30/13
- Cash conversion cycle consistent over periods, change in working capital is due to period-over-period change in cost of raw materials, production volume and timing of payments

(1) See reconciliation of net income attributable to Kraton to EBITDA in the attached appendix
(2) See reconciliation of Net Debt and Net Debt to Net Capitalization in the attached appendix. Excludes cash in our joint venture, Kraton Formosa Polymers Corporation, which is not available to the company

Selected 2013 Estimates(1)

Interest expense	~ $32 million(2)
Research & development	~ $35 million
SG&A	~ $100 million
Depreciation and amortization	~ $60 million
2H'13 tax provision (dollar basis)	Similar to 1H'13
Capex	$80-$85 million
Cash investment in FPCC JV	~ $42 million

(1) Management's estimates. These estimates are forward-looking statements and speak only as of August 1, 2013. Management assumes no obligation to update these estimates in light of new information or future events.
(2) Includes $5.7 million associated with the Q1'13 debt refinancing.

APPENDIX

August 1, 2013

Giving Innovators Their Edge

Reconciliation of Net Income (Loss) Attributable to Kraton to Adjusted Net Income

$ in thousands except per share data

	Three Months ended June 30, 2013		Three Months ended March 31, 2013		Three Months ended June 30, 2012	
	After Tax	Per Diluted Share	After Tax	Per Diluted Share	After Tax	Per Diluted Share
NetIncome (loss) attributable to Kraton and Earnings (loss) per Diluted Share	$ 3,829	$ 0.12	$ (3,748)	$ (0.12)	$ 12,407	$ 0.38
Add:						
Restructuring and other charges[(a)]	1,124	0.03	136	-	749	0.02
Storm related charges[(b)]	-	-	-	-	1,831	0.06
Settlement of interest rate swap[(c)]	-	-	697	0.02	-	-
Write-off of debt issuance cost[(d)]	-	-	5,023	0.16	-	-
Adjusted Net Income and Adjusted Earnings per Diluted Share	$ 4,953	$ 0.15	$ 2,108	$ 0.07	$ 14,987	$ 0.46

Note – The sum of the EPS adjustments may not equal adjusted earnings per diluted share due to rounding

a) Includes charges related to severance expense and evaluation of acquisition transactions.
b) Reflects the storm related charge at our Belpre, Ohio facility.
c) Reflects interest expense related to the termination and settlement of an interest rate swap agreement in connection with the refinancing of our credit facility.
d) Reflects interest expense related to the write-off of unamortized debt issuance costs in connection with the refinancing of our credit facility.

Reconciliation of Net Income (Loss) Attributable to Kraton to EBITDA, Adjusted EBITDA and Adjusted EBITDA at ECRC

$ in Thousands

	Three months ended 6/30/2013	Three months ended 3/31/2013	Three months ended 6/30/2012
Net income (loss) attributable to Kraton	$ 3,829	$ (3,748)	$ 12,407
Net income (loss) attributable to noncontrolling interest	148	(76)	-
Consolidated net income (loss)	3,977	(3,824)	12,407
Add:			
Interest expense, net	5,909	13,298	7,773
Income tax expense	905	1,446	3,269
Depreciation and amortization expenses	15,741	15,098	15,885
EBITDA	$ 26,532	$ 26,018	$ 39,334
EBITDA	$ 26,532	$ 26,018	$ 39,334
Add (deduct):			
Storm related charges[1]	-	-	2,817
Restructuring and other charges [2]	1,124	136	1,006
Non-cash compensation expense	2,007	2,523	1,857
Adjusted EBITDA	$ 29,663	$ 28,677	$ 45,014
Add:			
Spread between FIFO and ECRC	$ 2,304	$ 507	$ (13,966)
Adjusted EBITDA at ECRC [3]	$ 31,967	$ 29,184	$ 31,048

1. Reflects the storm related charge at our Belpre, Ohio facility.
2. Includes charges related to severance expense and charges associated with evaluation of acquisition transactions.
3. Adjusted EBITDA at estimated current replacement cost (ECRC) is Adjusted EBITDA net of the impact of the spread between the FIFO basis of accounting and ECRC. Although we report our financial results using the FIFO basis of accounting, as part of our pricing strategy, we measure our business performance using the estimated current replacement cost of our inventory and cost of goods sold. In addition, volatility in the cost of raw materials affects our results of operations and the period-over-period comparability of our results of operations. Therefore, we provide the spread between FIFO and ECRC, and we present Adjusted EBITDA at ECRC as another supplemental measure of our performance. We believe this additional adjustment provides helpful information to investors, securities analysts and other interested parties in evaluating period-over-period comparisons of our performance.

Reconciliation of Net Income Attributable to Kraton to EBITDA, Adjusted EBITDA and Adjusted EBITDA at ECRC

$ in Thousands

	Six months ended 6/30/2013	Six months ended 6/30/2012
Net income attributable to Kraton	$ 81	$ 28,760
Net income attributable to noncontrolling interest	72	-
Consolidated net income	153	28,760
Add:		
Interest expense, net	19,207	14,472
Income tax expense	2,351	6,001
Depreciation and amortization expenses	30,839	31,734
EBITDA	$ 52,550	$ 80,967
EBITDA	$ 52,550	$ 80,967
Add (deduct):		
Settlement gain[1]	-	(6,819)
Property tax dispute[2]	-	6,211
Storm related charges[3]	-	2,817
Restructuring and other charges [4]	1,260	1,062
Non-cash compensation expense	4,530	3,737
Adjusted EBITDA	$ 58,340	$ 87,975
Add:		
Spread between FIFO and ECRC	$ 2,811	$ (17,338)
Adjusted EBITDA at ECRC [5]	$ 61,151	$ 70,637

1. Reflects the benefit of the LBI settlement.
2. Reflects a charge associated with the resolution of the property tax dispute in France.
3. Reflects the storm related charge at our Belpre, Ohio facility.
4. Include charges related to severance expenses, fees associated with the public offering of our senior notes and evaluation of acquisition transactions.
5. Adjusted EBITDA at estimated current replacement cost (ECRC) is Adjusted EBITDA net of the impact of the spread between the FIFO basis of accounting and ECRC. Although we report our financial results using the FIFO basis of accounting, as part of our pricing strategy, we measure our business performance using the estimated current replacement cost of our inventory and cost of goods sold. In addition, volatility in the cost of raw materials affects our results of operations and the period-over-period comparability of our results of operations. Therefore, we provide the spread between FIFO and ECRC, and we present Adjusted EBITDA at ECRC as another supplemental measure of our performance. We believe this additional adjustment provides helpful information to investors, securities analysts and other interested parties in evaluating period-over-period comparisons of our performance.

Reconciliation of Net Debt and Net Debt to Net Capitalization(1)

($ Millions)	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13
Total Debt	$400	$396	$394	$393	$492	$490	$448	$448	$391	$351
Less: Cash(2)	$36	$67	$46	$89	$233	$228	$202	$223	$105	$67
Net Debt	$364	$329	$349	$304	$258	$262	$246	$225	$286	$284
Equity (2)	$499	$556	$571	$518	$546	$539	$532	$492	$483	$485
Add: Net Debt	$364	$329	$349	$304	$258	$262	$246	$225	$286	$284
Net Capitalization	$863	$885	$920	$822	$805	$801	$778	$717	$769	$768
Net Debt to Net Capitalization	**42.2%**	**37.2%**	**37.9%**	**37.0%**	**32.1%**	**32.7%**	**31.6%**	**31.4%**	**37.2%**	**36.9%**

(1) May not foot due to rounding
(2) Excludes JV cash and noncontrolling interest beginning in Q1 2013

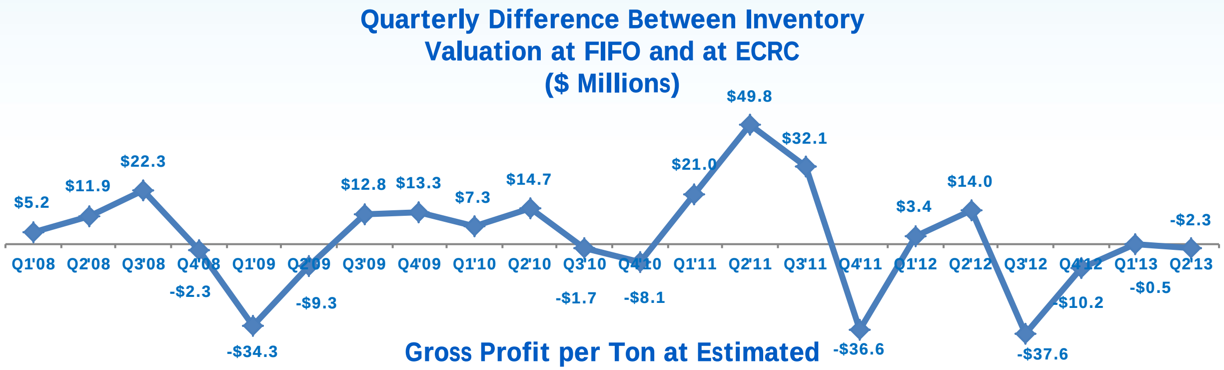
Reconciliation of Gross Profit to Gross Profit at Estimated Current Replacement Cost

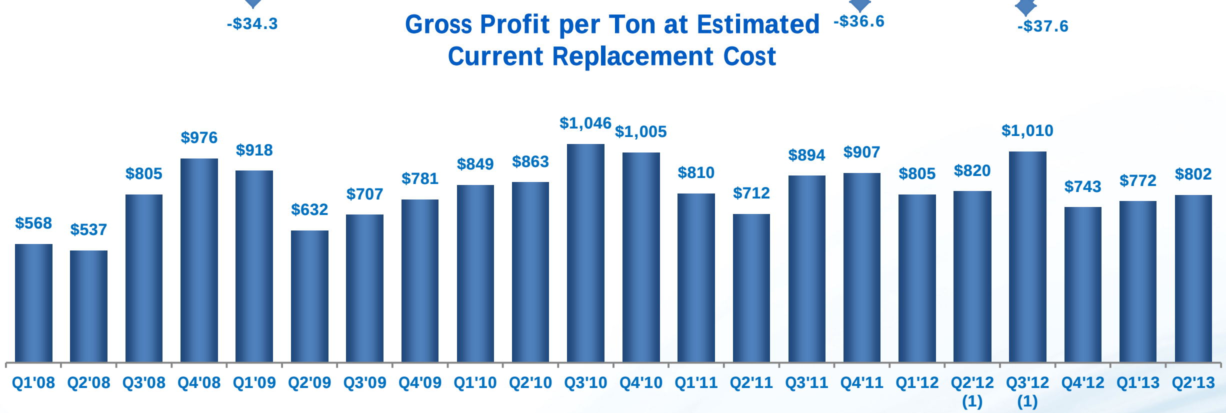
($ Millions, except Gross Profit/Ton)	Q1'08	Q2'08	Q3'08	Q4'08	Q1'09	Q2'09	Q3'09	Q4'09	Q1'10	Q2'10	Q3'10	Q4'10
Sales Volume (Kilotons)	76.8	94.2	89.6	52.6	47.1	71.4	80.9	61.0	72.9	86.2	80.9	67.1
Gross Profit @ FIFO	$ 48.79	$ 62.55	$ 94.45	$ 48.97	$ 8.93	$ 35.76	$ 69.97	$ 60.87	$ 69.13	$ 89.13	$ 82.88	$ 59.37
ECRC to FIFO	$ 5.18	$ 11.94	$ 22.33	$ (2.31)	$ (34.32)	$ (9.30)	$ 12.77	$ 13.28	$ 7.26	$ 14.69	$ (1.72)	$ (8.08)
Gross Profit @ ECRC (1)	$ 43.60	$ 50.60	$ 72.12	$ 51.28	$ 43.25	$ 45.06	$ 57.20	$ 47.59	$ 61.87	$ 74.44	$ 84.60	$ 67.45
Gross Profit/Ton @ECRC	$568.13	$537.20	$ 805.03	$975.70	$917.58	$631.54	$707.38	$780.55	$849.01	$ 863.45	$1,045.50	$1,005.10
Gross Profit/Ton @ FIFO	$635.64	$663.97	$1,054.24	$931.79	$189.51	$501.16	$865.32	$998.39	$948.60	$1,034.09	$1,024.21	$ 884.71

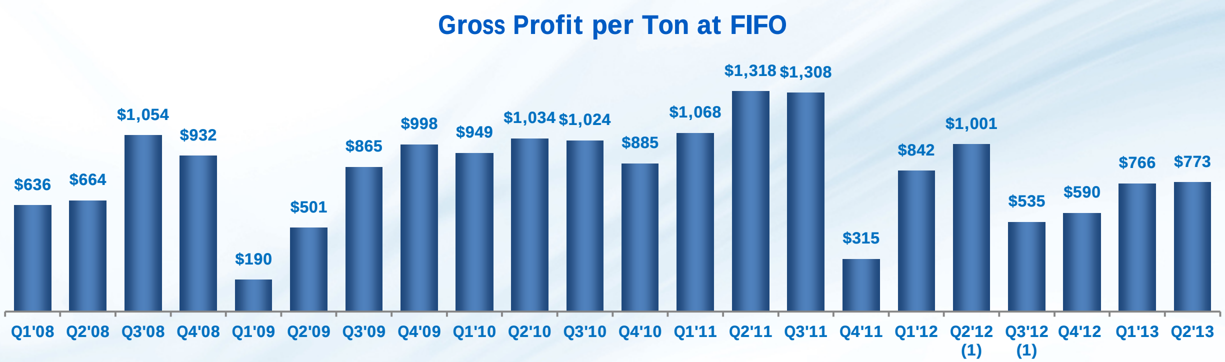
($ Millions, except Gross Profit/Ton)	Q1'11	Q2'11	Q3'11	Q4'11	Q1'12	Q2'12	Q3'12	Q4'12	Q1'13	Q2'13
Sales Volume (Kilotons)	81.3	82.3	77.6	61.9	89.6	77.2	79.3	67.2	78.2	77.5
Gross Profit @ FIFO	$ 86.9	$ 108.4	$ 101.5	$ 19.5	$ 75.5	$ 73.5	$ 42.8	$ 39.7	$ 59.9	$ 59.9
ECRC to FIFO	$ 21.0	$ 49.8	$ 32.1	$ (36.6)	$ 3.4	$ 14.0	$ (37.6)	$ (10.2)	$ (0.5)	$ (2.3)
Gross Profit @ ECRC (1)	$ 65.8	$ 58.6	$ 69.4	$ 56.1	$ 72.1	$ 59.5	$ 80.4	$ 49.9	$ 60.4	$ 62.2
Gross Profit/Ton @ECRC	$ 810	$ 712	$ 894	$ 907	$ 805	$ 771	$ 1,014	$ 743	$ 772	$ 802
Gross Profit/Ton @ FIFO	$ 1,068	$ 1,318	$ 1,308	$ 315	$ 842	$ 952	$ 539	$ 590	$ 766	$ 773

(1) Gross Profit at ECRC is gross profit net of the impact of the spread between the FIFO basis of accounting and ECRC. Although we report our financial results using the FIFO basis of accounting, as part of our pricing strategy, we measure our business performance using the estimated current replacement cost of our inventory and cost of goods sold. In addition, volatility in the cost of raw materials affects our results of operations and the period-over-period comparability of our results of operations. Therefore, we provide Gross Profit at ECRC as another supplemental measure of our performance. We believe this adjustment provides helpful information to investors, securities analysts and other interested parties in the evaluating period-over-period comparisons of our performance.

Monomer Volatility







(1) Excludes impact of Belpre storm-related charge and severance charge aggregating $3.8 million in the second quarter 2012 and $(0.3) million in the third quarter of 2012.