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Fourth Quarter 2017 Business Update

Investor Presentation
February 8, 2018

Disclaimer

Statement Regarding Safe Harbor For Forward-Looking Statements

This presentation contains forward-looking statements, that is, information related to future, not past, events. Such statements generally include the words “believes,” “plans,” “intends,” “targets,” “will,” “expects,” “suggests,” “anticipates,” “outlook,” “continues,” or similar expressions. Forward-looking statements include, without limitation, expected financial positions; results of operations; cash flows; financing plans; business strategy; operating plans; capital and other expenditures; competitive positions; growth opportunities for existing products; benefits from new technology and cost reduction initiatives, plans and objectives; and markets for securities. For these statements, Grace claims the protections of the safe harbor for forward-looking statements contained in Section 27A of the Securities Act and Section 21E of the Exchange Act. Like other businesses, Grace is subject to risks and uncertainties that could cause its actual results to differ materially from its projections or that could cause other forward-looking statements to prove incorrect. Factors that could cause actual results to differ materially from those contained in the forward-looking statements include, without limitation: risks related to foreign operations, especially in emerging regions; the costs and availability of raw materials, energy and transportation; the effectiveness of its research and development and growth investments; acquisitions and divestitures of assets and businesses; developments affecting Grace’s outstanding indebtedness; developments affecting Grace's pension obligations; its legal and environmental proceedings; environmental compliance costs; Grace's ability to realize the anticipated benefits of the separation transaction; the inability to establish or maintain certain business relationships; the inability to hire or retain key personnel; natural disasters such as storms and floods, and force majeure events; changes in tax laws and regulations; the potential effects of cyberattacks; and those additional factors set forth in Grace's most recent Annual Report on Form 10-K, quarterly report on Form 10-Q and current reports on Form 8-K, which have been filed with the Securities and Exchange Commission and are readily available on the Internet at www.sec.gov. Reported results should not be considered as an indication of future performance. Readers are cautioned not to place undue reliance on Grace's projections and forward-looking statements, which speak only as of the dates those projections and statements are made. Grace undertakes no obligation to release publicly any revision to the projections and forward-looking statements contained in this announcement, or to update them to reflect events or circumstances occurring after the date of this presentation.

Non-GAAP Financial Terms

In this presentation, Grace presents financial information in accordance with U.S. generally accepted accounting principles (U.S. GAAP), as well as the non-GAAP financial information described in the Appendix. Grace believes that this non-GAAP financial information provides useful supplemental information about the performance of its businesses, improves period-to-period comparability and provides clarity on the information management uses to evaluate the performance of its businesses. In the Appendix, Grace has provided reconciliations of these non-GAAP financial measures to the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP. These non-GAAP financial measures should not be considered as a substitute for financial measures calculated in accordance with U.S. GAAP, and the financial results calculated in accordance with U.S. GAAP and reconciliations from those results should be evaluated carefully.

Highlights

GRACE

4Q17

- Sales up 4% YoY
- Adjusted gross margin - continued sequential improvement
- Adjusted EPS up 3% YoY
- Adjusted Free Cash Flow of $274.0 million for FY17, up 16%

FY18 Outlook

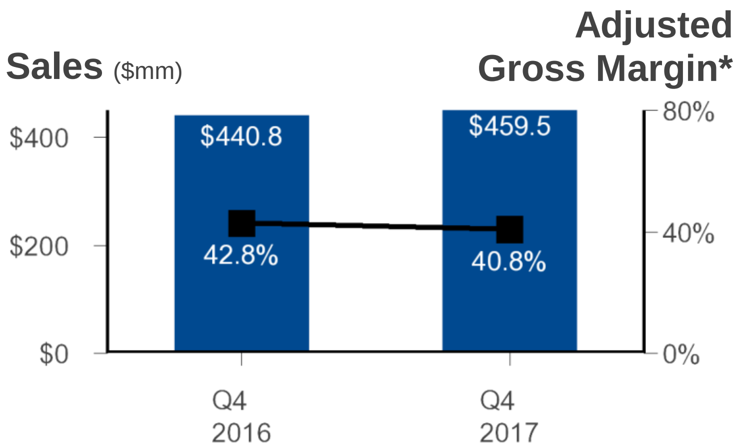
- Sales growth of 8%-10% (4%-6% organic)
- Adjusted EBIT of $440-$450 million, up 6%-9%
- Adjusted EPS of $3.72-$3.82 per share, up 9%-12%
- Adjusted Free Cash Flow of $210-$250 million, reflecting increased growth and productivity investments

(Assumes the anticipated polyolefin catalysts acquisition is completed by March 31, 2018 and an adjusted effective tax rate between 27%-28%)

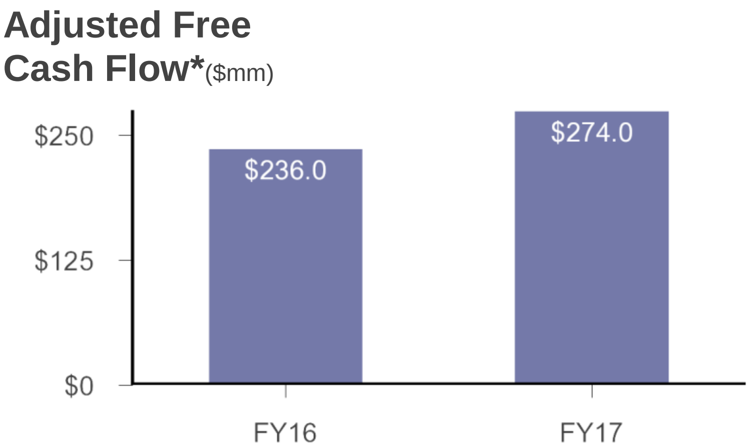
Capital Allocation

- Returned 45% of AFCF to shareholders in FY17
- Over $400 million available liquidity ending FY17
- Raising quarterly cash dividend 14% to $0.24 per share
- Acquisition of polyolefin catalysts business on track to close 1Q18

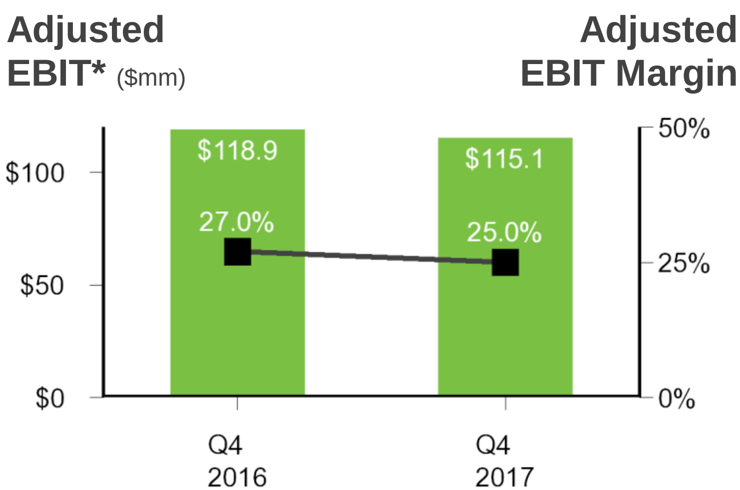
Q4 2017 Financial Performance



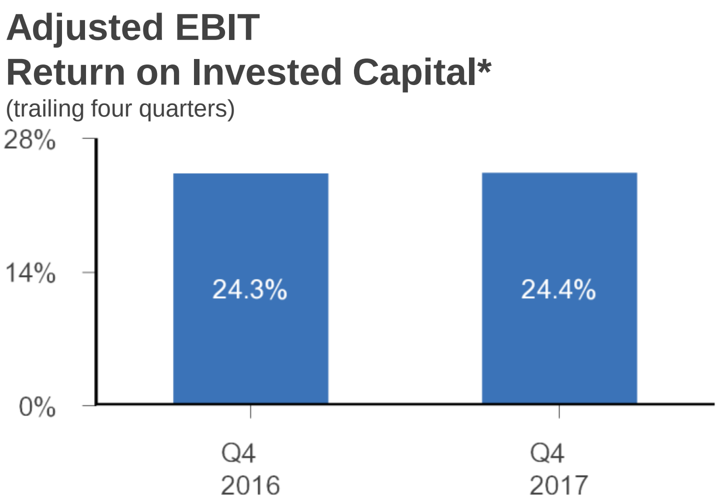
Sales growth of 4%, 6th consecutive quarter of YoY growth



FY17 AFCF at the high end of target range $265M-$275M



Tough compare against strong 4Q16



Adj. EBIT ROIC up 10 bps

*Definitions of non-GAAP financial terms and reconciliations to the closest GAAP term are provided in the Appendix

Catalysts Technologies – Q4 2017 Results

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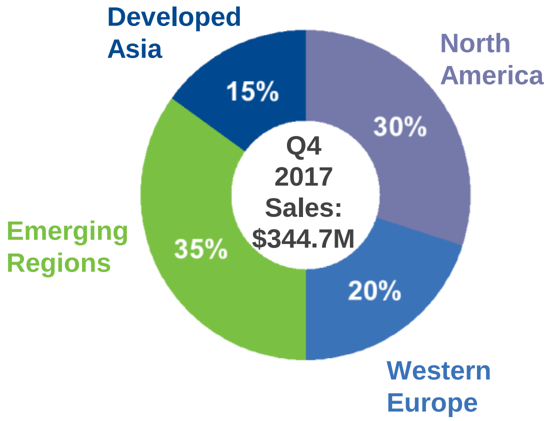
- Catalyst sales up 5% YoY
- SC sales up YoY, strong demand in PE, PP and licensing
- FCC prices up for FY17 excluding effect of customer mix
- ART earnings down versus record 4Q16, demand strong exiting 2017
- Gross margin up 70 bps QoQ

(in millions of dollars)	Q4 2016	Q4 2017	Q3 2017	Y/Y Change	Q/Q Change
Sales	**328.9**	**344.7**	**317.5**	**4.8%**	**8.6%**
Gross Margin	***43.5%***	***42.1%***	***41.4%***	***(140) bps***	***70 bps***
Operating Income	**107.7**	**109.3**	**103.6**	**1.5%**	**5.5%**
Operating Margin	***32.7%***	***31.7%***	***32.6%***	***(100) bps***	***(90) bps***



Factors Impacting Sales

Y/Y Change	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Volume	6.2%	13.0%	16.2%	6.8%	**4.3%**
Price	1.4%	0.8%	(0.2)%	(0.5)%	**(1.2)%**
Currency	(0.3)%	(1.1)%	(0.9)%	1.0%	**1.7%**
Total	**7.3%**	**12.7%**	**15.1%**	**7.3%**	**4.8%**

Materials Technologies – Q4 2017 Results

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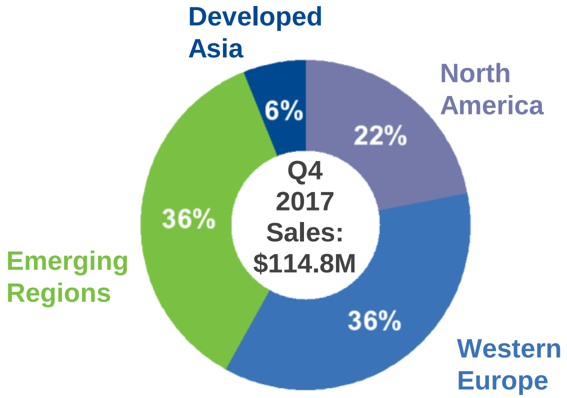
- Silica volume growth up 8% driven by coatings, petrochemicals and process adsorbents
- Regions:
  - Asia Pacific strong
  - North America strong
  - EMEA strengthening
  - LATAM mixed
- Pharma fine chemicals revenue and earnings down versus strong 4Q16
  - Securing pipeline - signed two key contracts in 4Q17



(in millions of dollars)	Q4 2016	Q4 2017	Q3 2017	Y/Y Change	Q/Q Change
Sales	**111.9**	**114.8**	**112.0**	**2.6%**	**2.5%**
Gross Margin	***40.6%***	***37.0%***	***38.4%***	***(360) bps***	***(140) bps***
Operating Income	**29.0**	**25.2**	**26.4**	**(13.1)%**	**(4.5)%**
Operating Margin	***25.9%***	***22.0%***	***23.6%***	***(390) bps***	***(160) bps***

Factors Impacting Sales

Y/Y Change	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Volume	3.0%	11.4%	1.5%	0.2%	**(0.6)%**
Price	(0.3)%	(0.6)%	(0.2)%	0.1%	**—%**
Currency	—%	(1.0)%	(0.8)%	2.7%	**3.2%**
Exited products	(8.1)%	(7.8)%	(3.3)%	—%	**—%**
Total	**(5.4)%**	**2.0%**	**(2.8)%**	**3.0%**	**2.6%**

Grace Business Results* – Q4 2017

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(in millions of dollars except EPS)	Q4 2016	Q4 2017	Y/Y Change	Q3 2017	Q/Q Change
Net Sales	440.8	459.5	4.2%	429.5	7.0%
Adjusted Gross Margin	42.8%	40.8%	(200) bps	40.6%	20 bps
Adjusted EBIT	118.9	115.1	(3.2)%	108.1	6.5%
Adjusted EBIT Margin	27.0%	25.0%	(200) bps	25.2%	(20) bps
Adjusted EBITDA Margin	33.0%	31.3%	(170) bps	31.8%	(50) bps
Adjusted EBIT ROIC*	24.3%	24.4%	10 bps	25.3%	(90) bps
Diluted EPS from continuing operations	0.25	(1.81)	NM	0.70	NM
Adjusted EPS	0.95	0.98	3.2%	0.90	8.9%

Sixth quarter in a row of top line growth; QoQ Adj. gross margin improvement

*Definitions of non-GAAP financial terms and reconciliations to the closest GAAP term are provided in the Appendix
NM - Not Meaningful

Grace Business Results* – FY 2017

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(in millions of dollars except EPS)	FY 2016	FY 2017	Y/Y Change
Net Sales	1,598.6	1,716.5	7.4%
Adjusted Gross Margin	43.1%	40.1%	(300) bps
Adjusted EBIT	400.3	414.0	3.4%
Adjusted EBIT Margin	25.0%	24.1%	(90) bps
Adjusted EBITDA Margin	31.3%	30.6%	(70) bps
Adjusted EBIT ROIC*	24.3%	24.4%	10 bps
Diluted EPS from continuing operations	1.52	0.16	(89.5)%
Adjusted EPS	3.10	3.40	9.7%

Strong top and bottom line growth for the year

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U.S. Tax Reform

- U.S. Tax reform enables greater competitiveness through lower U.S. tax rate, incentives for investment and global mobility of cash

- 4Q17 provisional charge of $143 million
  - Includes repatriation tax, write-down of U.S. deferred assets and implementation of territorial tax system
  - Represents provisional estimate. Subject to adjustment in 2018

- Enables use of our strong global balance sheet to fund growth and achieve capital allocation priorities more efficiently

- Impacts incorporated into our 2018 outlook
  - Adjusted ETR 27%-28%, excluding incremental anti-base erosion tax due to NOLs
  - Our low cash tax rate of 12%-15% extended by 2 years to 2026

U.S. Tax Reform extends Grace's favorable low cash taxes to 2026

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Grace 2018 Outlook

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(in millions of dollars except EPS)	2018 Outlook	Framework/Drivers
Sales Growth	8%-10% growth 4%-6% growth	Total with M&A Organic
Adjusted EBIT	$440 - $450	Volume growth; improving margins
Adjusted EPS	$3.72 - $3.82	Earnings growth and U.S. tax reform
Adjusted FCF	$210 - $250	Reflecting increased capital investment to support growth
Capital Expenditures	~$200	Growth capacity, productivity/reliability
Interest Expense	~$90	Debt refi and acquisition debt
Adjusted Effective Tax Rate Adjusted Cash Tax Rate	27% - 28% 12% - 15%	U.S. tax reform benefits AETR, extends low cash tax rate to 2026

Notes:
- Includes earnings, cash flow and additional financing costs of anticipated acquisition with March 31, 2018 close date
- Definitions of non-GAAP financial terms and reconciliations to the closest GAAP term are provided in the Appendix

Grace 2018 Outlook: Adjusted EPS Bridge YoY

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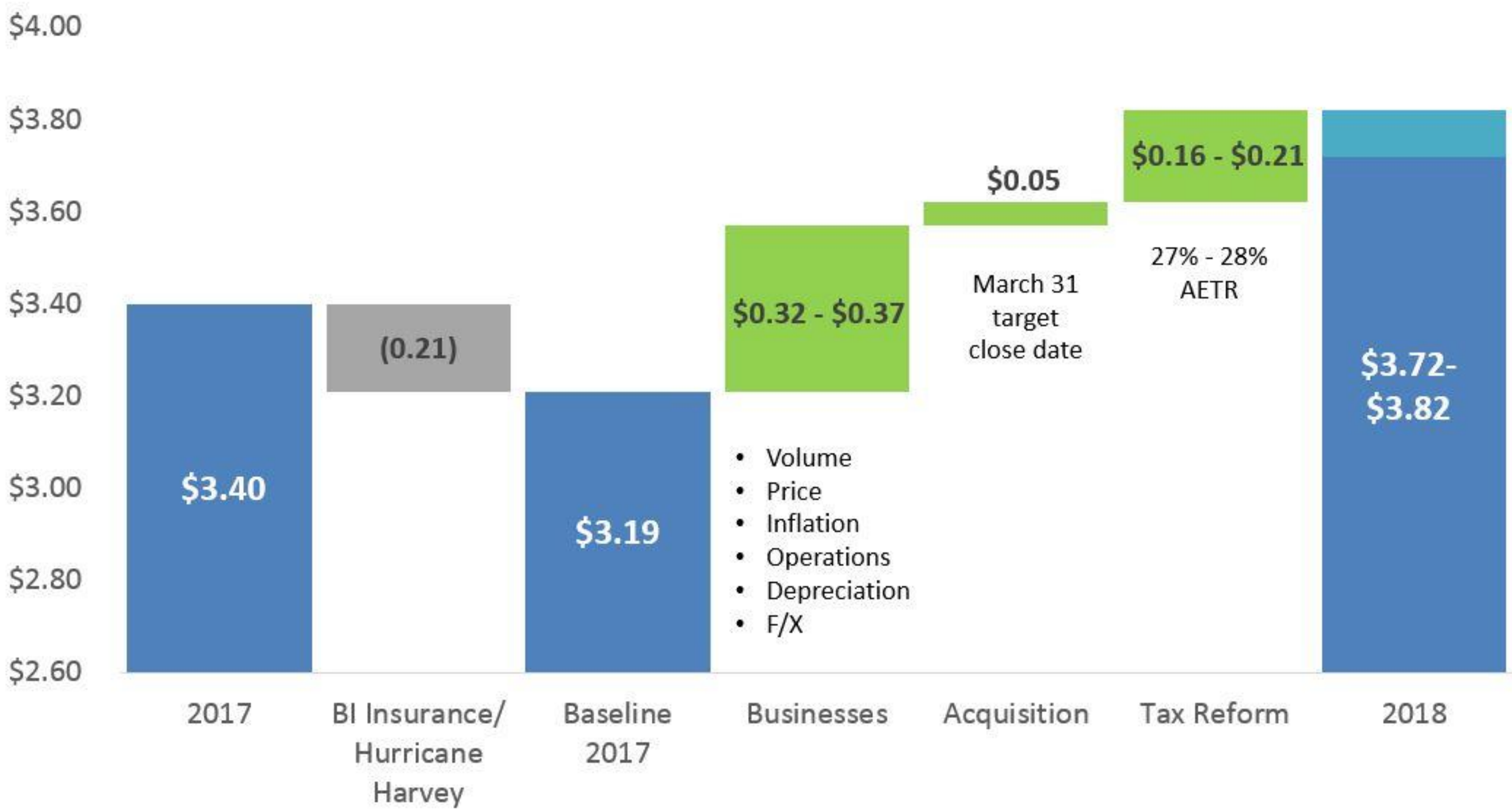
2018 EPS Guidance – Up 9%-12% YoY



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Non-GAAP Financial Terms

Adjusted EBIT means income from continuing operations attributable to W. R. Grace & Co. shareholders adjusted for interest income and expense; income taxes; costs related to legacy product, environmental and other claims; restructuring and repositioning expenses and asset impairments; pension costs other than service and interest costs, expected returns on plan assets, and amortization of prior service costs/credits; income and expense items related to divested businesses, product lines, and certain other investments; gains and losses on sales of businesses, product lines, and certain other investments; third-party acquisition-related costs and the amortization of acquired inventory fair value adjustment; and certain other items that are not representative of underlying trends.

Adjusted EBITDA means Adjusted EBIT adjusted for depreciation and amortization.

Adjusted EBIT Return On Invested Capital means Adjusted EBIT (on a trailing four quarters basis) divided by the sum of net working capital, properties and equipment and certain other assets and liabilities.

Adjusted Gross Margin means gross margin adjusted for pension-related costs included in cost of goods sold and the amortization of acquired inventory fair value adjustment.

Adjusted Earnings Per Share (Adjusted EPS) means diluted EPS from continuing operations adjusted for costs related to legacy product, environmental and other claims; restructuring and repositioning expenses and asset impairments; pension costs other than service and interest costs, expected returns on plan assets, and amortization of prior service costs/credits; income and expense items related to divested businesses, product lines, and certain other investments; gains and losses on sales of businesses, product lines, and certain other investments; third-party acquisition-related costs and the amortization of acquired inventory fair value adjustment; certain other items that are not representative of underlying trends; and certain discrete tax items.

Adjusted ETR means the effective tax rate on Adjusted EBIT less net interest expense, plus or minus certain discrete items (such as changes in tax laws and APB 23 reserves) and the incremental temporary increase to anti-base erosion taxes that results from our U.S. net operating losses.

Adjusted Free Cash Flow means net cash provided by or used for operating activities from continuing operations minus capital expenditures plus cash flows related to legacy product, environmental and other claims; cash paid for restructuring and repositioning; capital expenditures related to repositioning; cash paid for third-party acquisition-related costs; and accelerated payments under defined benefit pension arrangements.

Adjusted EBIT, Adjusted EBITDA, Adjusted EBIT Return On Invested Capital, Adjusted Gross Margin, Adjusted EPS and Adjusted Free Cash Flow do not purport to represent income or liquidity measures as defined under U.S. GAAP, and should not be considered as alternatives to such measures as an indicator of Grace's performance or liquidity.

Grace uses Adjusted EBIT as a performance measure in significant business decisions and in determining certain incentive compensation. Grace uses Adjusted EBIT as a performance measure because it provides improved period-to-period comparability for decision making and compensation purposes, and because it better measures the ongoing earnings results of its strategic and operating decisions by excluding the earnings effects of the legacy product, environmental and other claims; restructuring and repositioning activities; divested businesses; the effects of acquisitions; and certain other items that are not representative of underlying trends. Grace uses Adjusted EBITDA, Adjusted EBIT Return On Invested Capital, Adjusted Gross Margin, and Adjusted EPS as performance measures and may use these measures in determining certain incentive compensation. Grace uses Adjusted EBIT Return On Invested Capital in making operating and investment decisions and in balancing the growth and profitability of operations. Grace uses Adjusted Free Cash Flow as a liquidity measure to evaluate its ability to generate cash to support its ongoing business operations, to invest in its businesses, and to provide a return of capital to shareholders. Grace also uses Adjusted Free Cash Flow as a performance measure in determining certain incentive compensation. Grace is unable without unreasonable efforts to estimate the annual mark-to-market pension adjustment or 2017 net income, and without the availability of this significant information, Grace is unable to provide reconciliations for the forward-looking information set forth in the 2017 outlook, above.

These measures are provided to investors and others to improve the period-to-period comparability and peer-to-peer comparability of Grace’s financial results, and to ensure that investors and others understand the information Grace uses to evaluate the performance of its businesses. They distinguish the operating results of Grace's current business base from the costs of Grace's legacy product, environmental and other claims; restructuring and repositioning activities; divested businesses; and other items discussed above. These measures may have material limitations due to the exclusion or inclusion of amounts that are included or excluded, respectively, in the most directly comparable measures calculated and presented in accordance with U.S. GAAP and thus investors and others should review carefully the financial results calculated in accordance with U.S. GAAP.

Adjusted EBIT by Operating Segment:	2016	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	2017
Catalysts Technologies segment operating income	$ 367.8	$ 78.3	$ 87.5	$ 94.3	$ 107.7	$ 81.2	$ 101.3	$ 103.6	$ 109.3	$ 395.4
Materials Technologies segment operating income	104.0	20.6	28.0	26.4	29.0	24.8	24.2	26.4	25.2	100.6
Corporate costs	(59.4)	(13.2)	(16.3)	(14.9)	(15.0)	(16.1)	(18.3)	(18.5)	(16.1)	(69.0)
Gain on curtailment of postretirement plans related to current businesses	0.2	—	—	—	0.2	—	—	—	—	—
Certain pension costs(B)	(12.3)	(3.1)	(3.1)	(3.1)	(3.0)	(3.1)	(3.2)	(3.4)	(3.3)	(13.0)
Adjusted EBIT	**400.3**	**82.6**	**96.1**	**102.7**	**118.9**	**86.8**	**104.0**	**108.1**	**115.1**	**414.0**
(Costs) benefit related to legacy product, environmental and other claims	(35.4)	(4.4)	(6.7)	(13.1)	(11.2)	(2.1)	(14.9)	(8.5)	(5.3)	(30.8)
Restructuring and repositioning expenses	(38.6)	(13.6)	(9.4)	(5.6)	(10.0)	(2.3)	(5.4)	(9.3)	(9.7)	(26.7)
Accounts receivable reserve—Venezuela	—	—	—	—	—	—	—	(10.0)	—	(10.0)
Third-party acquisition-related costs	(2.5)	—	(2.5)	—	—	—	—	(0.4)	(2.5)	(2.9)
Amortization of acquired inventory fair value adjustment	(8.0)	—	—	(4.1)	(3.9)	—	—	—	—	—
Pension MTM adjustment and other related costs, net	(60.3)	0.2	0.7	0.2	(61.4)	(1.9)	—	—	(49.2)	(51.1)
Gain on sale of product line	1.7	—	0.7	—	1.0	—	—	(0.4)	0.4	—
Income and expense items related to divested businesses	0.1	(0.3)	0.1	(0.1)	0.4	(0.3)	(0.7)	(0.3)	(1.0)	(2.3)
Gain on curtailment of postretirement plans related to divested businesses	0.3	—	—	—	0.3	—	—	—	—	—
Loss on early extinguishment of debt	(11.1)	(11.1)	—	—	—	—	—	—	—	—
Interest expense, net	(80.5)	(21.8)	(19.4)	(19.4)	(19.9)	(19.3)	(19.5)	(20.2)	(19.5)	(78.5)
(Provision for) benefit from income taxes	(59.0)	(21.2)	(21.5)	(19.4)	3.1	(18.0)	(19.6)	(11.6)	(151.3)	(200.5)
Income (loss) from continuing operations attributable to W. R. Grace & Co. shareholders	**$ 107.0**	**$ 10.4**	**$ 38.1**	**$ 41.2**	**$ 17.3**	**$ 42.9**	**$ 43.9**	**$ 47.4**	**$ (123.0)**	**$ 11.2**

Appendix: Reconciliation of Non-GAAP Financial Measures (continued)

GRACE

Adjusted Free Cash Flow:	Q4 2016	Q4 2017
Net cash provided by (used for) operating activities	**267.5**	**319.2**
Capital expenditures	(116.9)	(125.2)
Free Cash Flow	**150.6**	**194.0**
Cash paid for legacy product, environmental and other claims	24.6	54.5
Cash paid for restructuring	16.0	13.8
Cash paid for repositioning	35.5	11.0
Cash paid for taxes related to repositioning	5.0	—
Cash paid for third-party acquisition-related costs	2.3	0.7
Capital expenditures related to repositioning	2.0	—
Adjusted Free Cash Flow	**236.0**	**274.0**

Calculation of Adjusted EBIT Return On Invested Capital (trailing four quarters):	Q4 2016	Q4 2017
Adjusted EBIT	**400.3**	**414.0**
Invested Capital:		
Trade accounts receivable	273.9	285.2
Inventories	228.0	230.9
Accounts payable	(195.4)	(210.3)
	306.5	**305.8**
Other current assets (excluding income taxes)	32.0	38.8
Properties and equipment, net	729.6	799.1
Goodwill	394.2	402.4
Technology and other intangible assets, net	269.1	255.4
Investment in unconsolidated affiliate	117.6	125.9
Other assets (excluding capitalized financing fees)	34.9	37.4
Other current liabilities (excluding income taxes, legacy environmental matters, accrued interest, and restructuring)	(144.4)	(144.6)
Other liabilities (excluding income taxes and legacy environmental matters)	(89.3)	(124.4)
Total invested capital	**1,650.2**	**1,695.8**
Adjusted EBIT Return On Invested Capital	**24.3%**	**24.4%**

GRACE

(In millions, except per share amounts)	**Three Months Ended December 31, 2017 Pre-Tax**	**2017 Tax at Actual Rate**	**2017 After-Tax**	**2017 Per Share**	**2016 Pre-Tax**	**2016 Tax at Actual Rate**	**2016 After-Tax**	**2016 Per Share**
Diluted Earnings Per Share (GAAP)				**$ (1.81)**				$ 0.25
Pension MTM adjustment and other related costs, net	**$ 49.2**	**$ 17.0**	**$ 32.2**	**0.47**	$ 61.4	$ 20.9	$ 40.5	0.58
Costs (benefit) related to legacy product, environmental and other claims	**5.3**	**2.0**	**3.3**	**0.05**	11.2	4.2	7.0	0.10
Restructuring and repositioning expenses	**9.7**	**2.9**	**6.8**	**0.10**	10.0	2.1	7.9	0.11
Amortization of acquired inventory fair value adjustment	**—**	**—**	**—**	**—**	3.9	1.5	2.4	0.03
Income and expense related to divested businesses	**1.0**	**0.3**	**0.7**	**0.01**	(0.4)	(0.1)	(0.3)	—
Gain on termination and curtailment of postretirement plans related to divested businesses	**—**	**—**	**—**	**—**	(0.3)	(0.1)	(0.2)	—
Third-party acquisition-related costs	**2.5**	**1.0**	**1.5**	**0.02**	—	—	—	—
Gain on sale of product line	**(0.4)**	**(0.1)**	**(0.3)**	**—**	(1.0)	(0.3)	(0.7)	(0.01)
Discrete tax items:								
Provisional charge related to the U.S. Tax Cuts and Jobs Act of 2017		**(143.0)**	**143.0**	**2.11**		—	—	—
Discrete tax items, including adjustments to uncertain tax positions		**(2.2)**	**2.2**	**0.03**		7.9	(7.9)	(0.11)
Adjusted EPS (non-GAAP)				**$ 0.98**				$ 0.95

	Twelve Months Ended December 31,							
	2017				2016			
(In millions, except per share amounts)	Pre-Tax	Tax Effect	After-Tax	Per Share	Pre-Tax	Tax Effect	After-Tax	Per Share
Diluted earnings per share from continuing operations				$ 0.16				$ 1.52
Costs (benefit) related to legacy product, environmental and other claims	$ 30.8	$ 11.4	$ 19.4	0.28	$ 35.4	$ 13.2	$ 22.2	0.31
Restructuring and repositioning expenses	26.7	8.9	17.8	0.26	38.6	11.6	27.0	0.38
Accounts receivable reserve—Venezuela	10.0	3.5	6.5	0.10	—	—	—	—
Pension MTM adjustment and other related costs, net	51.1	17.4	33.7	0.49	60.3	19.8	40.5	0.57
Income and expense items related to divested businesses	2.3	0.8	1.5	0.02	(0.1)	—	(0.1)	—
Loss on early extinguishment of debt	—	—	—	—	11.1	4.1	7.0	0.10
Third-party acquisition-related costs	2.9	1.1	1.8	0.03	2.5	0.7	1.8	0.03
Gain on sale of product line	—	—	—	—	(1.7)	(0.6)	(1.1)	(0.02)
Amortization of acquired inventory fair value adjustment	—	—	—	—	8.0	3.0	5.0	0.07
Gain on curtailment of postretirement plans related to divested businesses	—	—	—	—	(0.3)	(0.1)	(0.2)	—
Discrete tax items:								
Provisional charge related to the U.S. Tax Cuts and Jobs Act of 2017		(143.0)	143.0	2.10		—	—	—
Discrete tax items, including adjustments to uncertain tax positions		2.7	(2.7)	(0.04)		(9.8)	9.8	0.14
Adjusted EPS				$ 3.40				$ 3.10

