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First Quarter 2018 Earnings Presentation

April 25, 2018

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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.

1Q18 Highlights

Fred Festa
Chairman and Chief Executive Officer

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1Q18 Highlights

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1Q18 Financial Highlights

- Solid 1Q; broad-based demand strength reinforces investment thesis
- Sales up 8.4% YoY; up 4.2% on constant currency
- Pricing actions taking hold; up 150 bps across company
- Signed two new polypropylene process licenses
- Operating Excellence initiatives benefiting business performance

Strategic Highlights

- Closed single-site polyolefin catalysts acquisition on April 3rd
- Completed $950M capital raise to fund acquisition and refinance term loans; lowered overall borrowing cost by 50 bps
- Raising full-year 2018 sales and earnings outlook; reflects solid 1Q and confidence in demand and operations
  - Sales outlook up to 9 - 11%, from 8 - 10%
  - Adj. EPS outlook up $0.13 to $3.85 - $3.95

Solid Start to 2018; Positive Momentum

Strategic Update and Business Review

Hudson La Force
President and Chief Operating Officer

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1 **Invest to accelerate growth and extend our competitive advantages**

2 **Invest in great people to strengthen our high-performance culture**

3 **Formalize the Grace Value Model to drive operating excellence**

4 **Acquire to build our technology and manufacturing capabilities for our customers**

Progress on Strategic Initiatives

- Clear strategy to drive profitable growth ☑
- Value selling initiatives improving growth rates, pricing and margins ☑
- Operating Excellence improving manufacturing throughput and availability ☑
  - Grace Manufacturing System (GMS) now being implemented in 5 plants
- Key growth and Operating Excellence investments on track ☑
- Polyolefin catalysts acquisition off to a strong start ☑

Executing on Growth and Profitability Initiatives

CATALYSTS TECHNOLOGIES – 1Q 2018 RESULTS

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Summary Financial Results

($M)	1Q 2018	1Q 2017	YoY Change
Sales	**$315.8**	**$293.8**	**7.5%**
Specialty Catalysts	132.4	115.4	14.7%
Refining Technologies	183.4	178.4	2.8%
Gross Margin	***41.5%***	***39.2%***	***230 bps***
Operating Income	**92.1**	**81.2**	**13.4%**
Operating Margin	***29.2%***	***27.6%***	***160 bps***

Factors Impacting Sales

YoY Change	1Q 2018
Volume	2.8%
Price	1.7%
Currency	3.0%
Total	7.5%

- Solid demand in polyolefin and refining catalysts, ahead of expectations
- Mix shift to petrochemicals and clean fuels continues with polyolefin catalysts acquisition and organic shifts in FCC and ART
- Two new polypropylene process licenses signed in the quarter
- FCC prices up over 2%, in line with our expectation of 1%-2% annually
- Strong backlog for ART hydroprocessing catalysts; good visibility to full year

Note: 1Q18 CT sales by geography: NA 30%, Western Europe 20%, Emerging Regions 38%, Dev. Asia 12%

MATERIALS TECHNOLOGIES – 1Q 2018 RESULTS

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Summary Financial Results

($M)	1Q 2018	1Q 2017	YoY Change
Sales	**$115.7**	**$104.2**	**11.0%**
Coatings	41.7	35.1	18.8%
Consumer/Pharma	29.9	30.5	(2.0)%
Chemical Process	37.7	33.9	11.2%
Other	6.4	4.7	
Gross Margin	***36.3%***	***39.1%***	***-280 bps***
Operating Income	**24.1**	**24.8**	**(2.8)%**
Operating Margin	***20.8%***	***23.8%***	***-300 bps***

Factors Impacting Sales

YoY Change	1Q 2018
Volume	2.8%
Price	0.6%
Currency	7.6%
Total	**11.0%**

- Silica sales volumes up 7% driven by coatings, process adsorbents, petrochemicals
- Silica prices up 0.7%, starting to realize benefits of pricing activity
- Mix shift to faster growth segments
- Rebuilt pharma fine chemicals sales pipeline; 85% of full-year sales secured
- Regions
  - North America: solid and improving
  - Asia Pacific: robust demand
  - EMEA: improving
  - Latin America: mixed

Note: 1Q18 MT sales by geography: NA 20%, Western Europe 39%, Emerging Regions 35%, Dev. Asia 6%

ADJUSTED EBIT BRIDGE TO 2018 OUTLOOK

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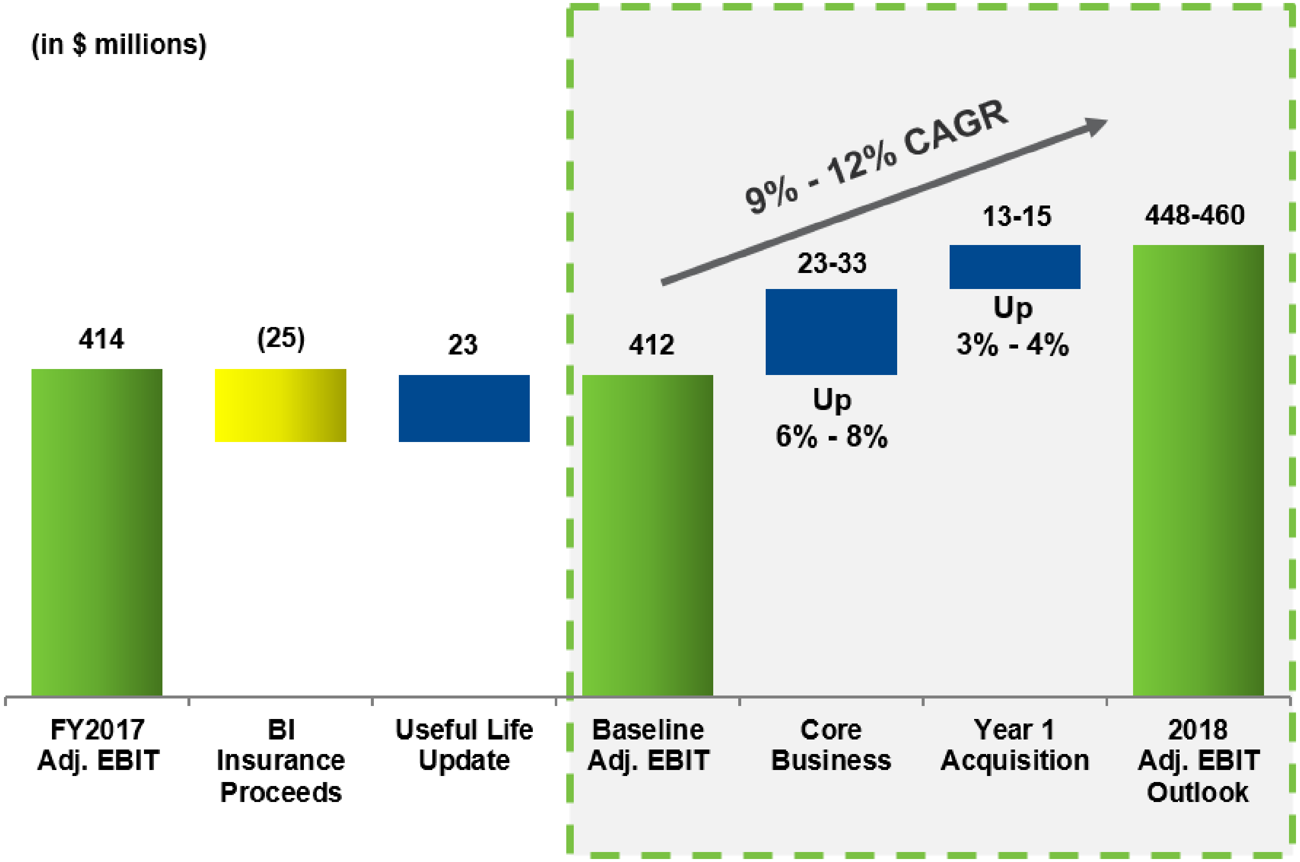

Raising Outlook on Strong Start

UPDATED USEFUL LIFE POLICY

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Rationale and Process

- Engaged Big 4 accounting firm to conduct useful life benchmarking study:
  - Line-by-line assessment of capitalized assets
  - Physical inspection of assets at largest plants
  - Benchmarking against widely-accepted professional and governmental reference data

Useful Life Analysis Results

- Extended average useful life estimate for machinery and equipment from 9 years to 18 years
- Estimate unchanged for other categories

Asset Category	Previous	Updated
Buildings	20 – 30 years	No change
IT Equipment	3 – 7 years	No change
Machinery and Equipment	**3 – 10 years**	**5 – 25 years**
Furniture & Fixtures	5 – 10 years	No change

Financial Impact

- Applying new useful lives for machinery and equipment to existing and new assets effective Jan. 1, 2018
  - In line with our actual operating experience
  - In line with benchmarks and peer group practice
- Accounting for as a change in estimate; no restatement of prior periods
  - Reduces 2018 depreciation expense by $23M, consistent with original 2018 outlook
  - 1Q18 depreciation expense was reduced by $2.7M, or $0.03 per share

Improving the Accuracy of Our Product Costs and Investment Decisions

Financial Review and Outlook

Tom Blaser
Senior Vice President and Chief Financial Officer

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1Q 2018 FINANCIAL PERFORMANCE

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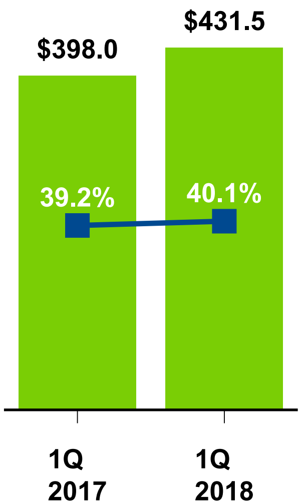
($M except EPS)

Sales and Adj. Gross Margin

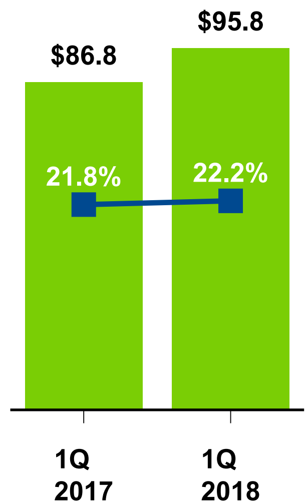
Up 4%, on constant currency



- Sales up 8%; up 4% on constant currency
- Volume up 2.7%
- Price up 1.5%
- 90 bps margin improvement

Adj. EBIT and Adj. EBIT Margin

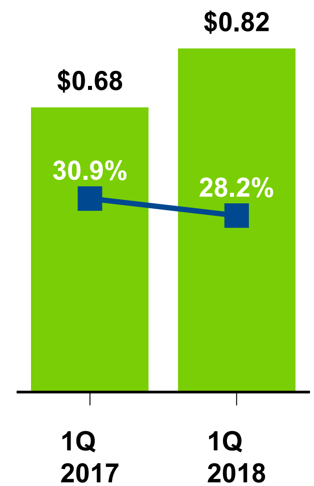
Up 40 bps



- Gross profit up 11%
- Pricing and productivity more than offset inflation
- Adj. EBIT up 10%

Adj. EPS and Adj. ETR

Up 21%



- Taxes contribute $0.04 per share to year-over-year change

Adj. Free Cash Flow

Up 10%

- Strong cash flow
- Capex up $19M as planned
- Returned $51M to shareholders
- Strong Adj. EBIT ROIC of 24.7%

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

CAPITAL ALLOCATION AND FINANCING UPDATE

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Capital Allocation

- Completed \$416M polyolefin catalysts acquisition on Apr. 3rd
- Invested \$50M in capital projects; more than 50% on growth and productivity
- Repurchased ~514,000 shares for \$35M; avg. price of \$68/share
- Paid \$16M in cash dividends, up 14%

Refinancing Update

- Completed \$950M financing; established new \$400M, 5-year revolver
- Proceeds and cash-on-hand used to pay off prior term loans, fund the acquisition and make \$50M voluntary contribution to U.S. pension plan
- Lowered overall borrowing costs by 50 bps; fixed debt at 85% of total
- Net leverage of ~3.2x by year end 2018

Executing on Our Disciplined Capital Allocation Framework

2018 FINANCIAL OUTLOOK – UPDATED

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($M except EPS)	2018 Outlook as of 3/2/18	2018 Outlook as of 4/25/18	Notes to Updated Assumptions
Sales Growth	8% - 10% (total) 4% - 6% (organic)	9% - 11% 5% - 7%	- Strong market demand - Improved pricing
Adj. EBIT	$440 - $450	$448 - $460	
Adj. EPS	$3.72 - $3.82	$3.85 - $3.95	
Adj. FCF	$210 - $250	$225 - $250	
Depreciation & Amortization	NA	~$110	- Estimate, approximates 2017 level - Acquisition accounting still being finished
Adj. Effective Tax Rate Adj. Cash Tax Rate	27% - 28% 12% - 15%	28% 12% - 15%	- At upper end of ETR range - Refining GILTI /FDII analysis

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

Closing Remarks

Fred Festa
Chairman and Chief Executive Officer

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CLOSING REMARKS

- Solid 1Q
- Executing on strategic initiatives
- Expect 2Q Adj. EPS growth of 13% - 15%, year-over-year
- Raising 2018 Adj. EPS outlook by $0.13 to $3.85 - $3.95 per share

Appendix

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Appendix: Definitions and Reconciliations of Non-GAAP Measures

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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.

Net Sales, constant currency means the period-over-period change in net sales calculated using the foreign currency exchange rates that were in effect during the previous comparable period.

Adjusted EBIT, Adjusted EBITDA, Adjusted EBIT Return On Invested Capital, Adjusted Gross Margin, Adjusted EPS, Adjusted Free Cash Flow and Net Sales, constant currency 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 uses Net Sales, constant currency as a performance measure to compare current period financial performance to historical financial performance by excluding the impact of foreign currency exchange rate fluctuations that are not representative of underlying business trends and are largely outside of its control. 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.

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

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Adjusted EBIT by Operating Segment:	2017	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018
Catalysts Technologies segment operating income	$ 395.4	$ 81.2	$ 101.3	$ 103.6	$ 109.3	$ 92.1
Materials Technologies segment operating income	100.6	24.8	24.2	26.4	25.2	24.1
Corporate costs	(69.0)	(16.1)	(18.3)	(18.5)	(16.1)	(16.6)
Gain on curtailment of postretirement plans related to current businesses	—	—	—	—	—	—
Certain pension costs(B)	(13.0)	(3.1)	(3.2)	(3.4)	(3.3)	(3.8)
Adjusted EBIT	**414.0**	**86.8**	**104.0**	**108.1**	**115.1**	**95.8**
(Costs) benefit related to legacy product, environmental and other claims	(30.8)	(2.1)	(14.9)	(8.5)	(5.3)	(1.5)
Restructuring and repositioning expenses	(26.7)	(2.3)	(5.4)	(9.3)	(9.7)	(5.6)
Accounts receivable reserve—Venezuela	(10.0)	—	—	(10.0)	—	—
Third-party acquisition-related costs	(2.9)	—	—	(0.4)	(2.5)	(0.9)
Amortization of acquired inventory fair value adjustment	—	—	—	—	—	—
Pension MTM adjustment and other related costs, net	(51.1)	(1.9)	—	—	(49.2)	—
Gain on sale of product line	—	—	—	(0.4)	0.4	—
Income and expense items related to divested businesses	(2.3)	(0.3)	(0.7)	(0.3)	(1.0)	(0.5)
Gain on curtailment of postretirement plans related to divested businesses	—	—	—	—	—	—
Loss on early extinguishment of debt	—	—	—	—	—	—
Interest expense, net	(78.5)	(19.3)	(19.5)	(20.2)	(19.5)	(18.9)
(Provision for) benefit from income taxes	(200.5)	(18.0)	(19.6)	(11.6)	(151.3)	(24.8)
Income (loss) from continuing operations attributable to W. R. Grace & Co. shareholders	**$ 11.2**	**$ 42.9**	**$ 43.9**	**$ 47.4**	**$ (123.0)**	**$ 43.6**

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

Adjusted Free Cash Flow:	1Q 2017	1Q 2018
Net cash provided by (used for) operating activities	**35.9**	**89.0**
Capital expenditures	(31.0)	(50.1)
Free Cash Flow	**4.9**	**38.9**
Cash paid for legacy product, environmental and other claims	40.7	6.3
Cash paid for restructuring	3.8	3.2
Cash paid for repositioning	0.6	4.6
Cash paid for taxes related to repositioning	—	—
Cash paid for third-party acquisition-related costs	—	2.1
Capital expenditures related to repositioning	—	—
Adjusted Free Cash Flow	**50.0**	**55.1**

Calculation of Adjusted EBIT Return On Invested Capital (trailing four quarters):	Q4 2017	1Q 2018
Adjusted EBIT	**414.0**	**423.0**
Invested Capital:		
Trade accounts receivable	285.2	269.1
Inventories	230.9	256.2
Accounts payable	(210.3)	(217.3)
	305.8	**308.0**
Other current assets (excluding income taxes)	42.1	43.9
Properties and equipment, net	799.1	829.4
Goodwill	402.4	405.2
Technology and other intangible assets, net	255.4	251.6
Investment in unconsolidated affiliate	125.9	132.2
Other assets (excluding capitalized financing fees)	37.4	44.3
Other current liabilities (excluding income taxes, legacy environmental matters, accrued interest, and restructuring)	(158.6)	(157.8)
Other liabilities (excluding legacy environmental matters)	(113.7)	(142.7)
Total invested capital	**1,695.8**	**1,714.1**
Adjusted EBIT Return On Invested Capital	**24.4%**	**24.7%**

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

(In millions, except per share amounts)	2018 Pre-Tax	2018 Tax at Actual Rate	2018 After-Tax	2018 Per Share	2017 Pre-Tax	2017 Tax at Actual Rate	2017 After-Tax	2017 Per Share
	Three months ended March 31,							
Diluted Earnings Per Share (GAAP)				**$ 0.64**				$ 0.63
Costs (benefit) related to legacy product, environmental and other claims	**$ 1.5**	**$ 0.4**	**$ 1.1**	**0.02**	$ 2.1	$ 0.8	$ 1.3	0.02
Restructuring and repositioning expenses	**5.6**	**1.1**	**4.5**	**0.07**	2.3	0.8	1.5	0.02
Income and expense related to divested businesses	**0.5**	**0.1**	**0.4**	**0.01**	0.3	0.1	0.2	—
Third-party acquisition-related costs	**0.9**	**0.3**	**0.6**	**0.01**	—	—	—	—
Pension MTM adjustment and other related costs, net	**—**	**—**	**—**	**—**	1.9	0.7	1.2	0.02
Discrete tax items:								
GILTI NOL impact		**(4.7)**	**4.7**	**0.07**		—	—	—
Discrete tax items, including adjustments to uncertain tax positions		**—**	**—**	**—**		0.5	(0.5)	(0.01)
Adjusted EPS (non-GAAP)				**$ 0.82**				$ 0.68