



# **Wells Fargo Securities**

## **Industrial & Construction Conference**

**May 7, 2014**

# Company Overview

## Olin Corporation

	Q1 2014	FY 2013	FY 2012
<b>Revenue:</b>	\$ 577	\$ 2,515	\$ 2,185
<b>Adj. EBITDA:</b>	\$ 92	\$ 425	\$ 373
<b>EPS (Diluted):</b>	\$ .37	\$ 2.21	\$ 1.85

### Chlor Alkali

A Leading North American Producer of Chlorine and Caustic Soda

	Q1'14	FY 2013	FY 2012
<b>Revenue:</b>	\$ 308	\$ 1,331	\$ 1,411
<b>EBITDA:</b>	\$ 60	\$ 306	\$ 352

### Chemical Distribution

A Leading Distributor of Caustic Soda and Midwest Bleach Producer

	Q1'14	FY 2013	4Mos '12
<b>Revenue:</b>	\$ 69	\$ 406	\$ 156
<b>EBITDA:</b>	\$ 3	\$ 25	\$ 10

### Winchester

A Leading North American Producer of Small Caliber Ammunition

	Q1'14	FY 2013	FY 2012
<b>Revenue:</b>	\$ 201	\$ 778	\$ 618
<b>EBITDA:</b>	\$ 42	\$ 158	\$ 69

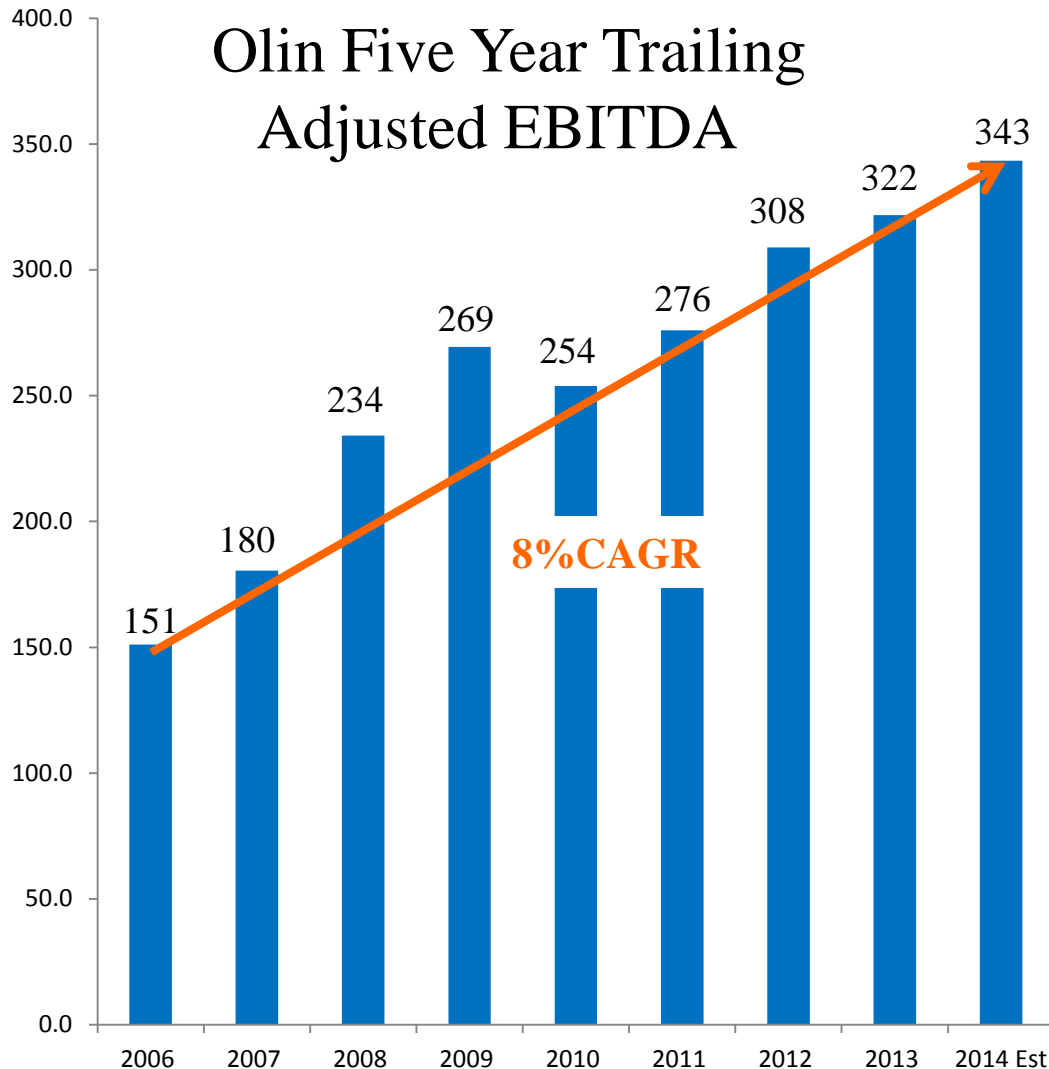
All financial data are for the 3 months ended March 31, 2014 and for the 12 months ended December 31, 2013 and 2012 except for 2012 Chemical Distribution results. Chemical Distribution results for 2012 are for the period beginning August 22, 2012 (acquisition date) through December 31, 2012. Data are presented in millions of U.S. dollars except for earnings per share. Additional information is available at [www.olin.com](http://www.olin.com).

# Investment Rationale

- Leading Positions In:
  - Chlorine and Caustic Soda
  - Industrial Bleach
  - Burner Grade Hydrochloric Acid
  - Small Caliber Ammunition
- History of Successful Acquisitions and Delivering Synergies:
  - Pioneer Companies – August 31, 2007
  - SunBelt – February 28, 2011
  - K. A. Steel Chemicals Inc. – August 22, 2012
- Compelling Financials:
  - Strong EBITDA and Free Cash Flow
  - Solid Balance Sheet
  - Fully Funded Pension Plan, No Material Debt Maturities Until 2016
  - 350th Consecutive Quarterly Common Dividend Declared

# Growing EBITDA

Olin Five Year Trailing  
Adjusted EBITDA



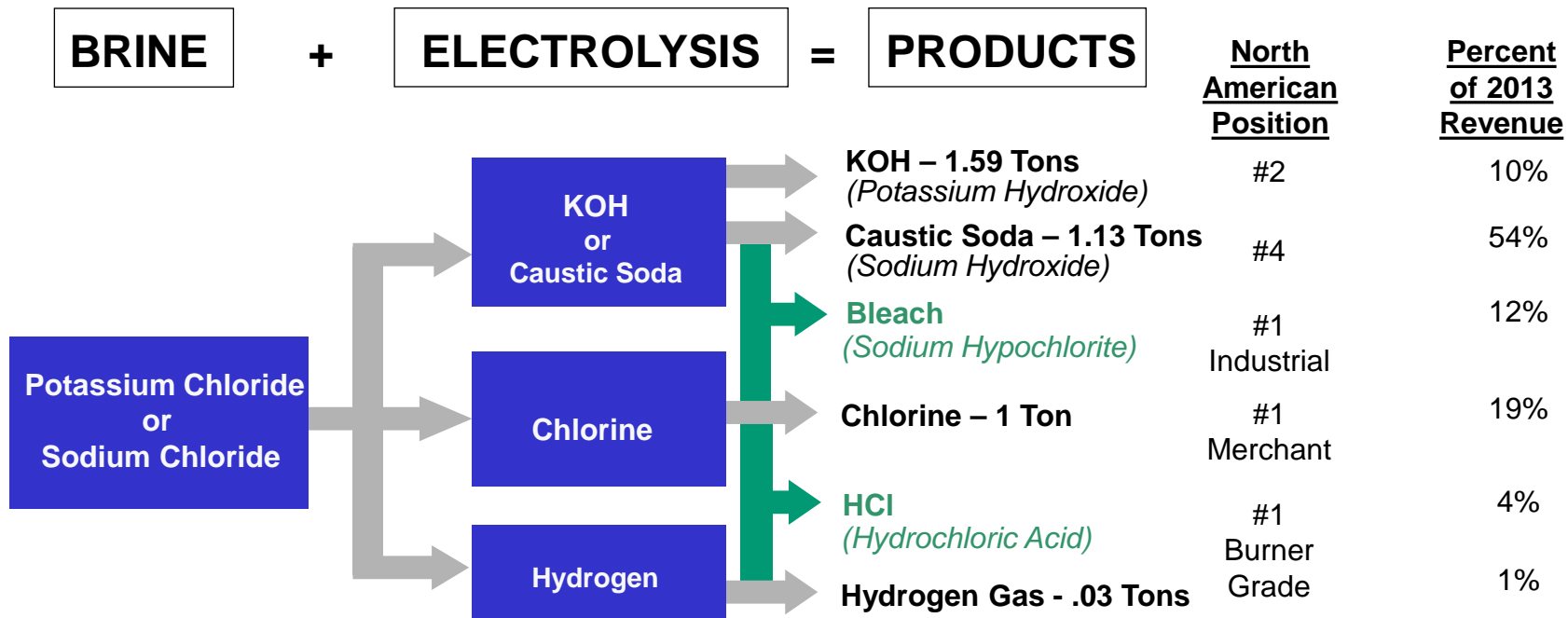
- Olin has successfully completed the immediately accretive acquisitions of Pioneer, SunBelt and KA Steel
- Downstream bleach and HCl growth have increased earnings and margins
- Winchester is benefiting from high customer demand and lower costs
- Centerfire relocation to MS expected to increase Winchester EBIT by \$35 to \$40 million annually by 2016
- FY 2013 EBITDA of \$425 million was the highest level of EBITDA in the Company's 100+ year history
- FY 2014 EBITDA is expected to be in the \$375 to \$425 million range

# Capital Projects Driving EBITDA Growth

- Bleach Initiative
  - HyPure<sup>®</sup> plants in McIntosh, AL & Niagara Falls, NY were completed in 2012; and a Henderson, NV plant was completed in 2013; all are operating at full rate
  - We are capable of converting more than 17% of our chlor-alkali capacity into higher margin bleach
  - In 2013, bleach consumed 10% of total system ECU capacity
- Hydrochloric Acid
  - We put into service a new HCl burner at our Henderson, NV facility in 2013 raising our ability to convert 13% of our chlorine capacity into HCl
  - In 2013, HCl consumed 7% of our total system chlorine capacity
- Winchester Centerfire Relocation
  - 3+ years into a 5 year project, a new 500,000 sq. ft. building has been built, all pistol ammunition and some rifle ammunition is being produced in Oxford, MS
  - Relocation cost savings in 2014 are expected to be between \$22 and \$26 million and \$35 to \$40 million annually upon completion beginning in 2016

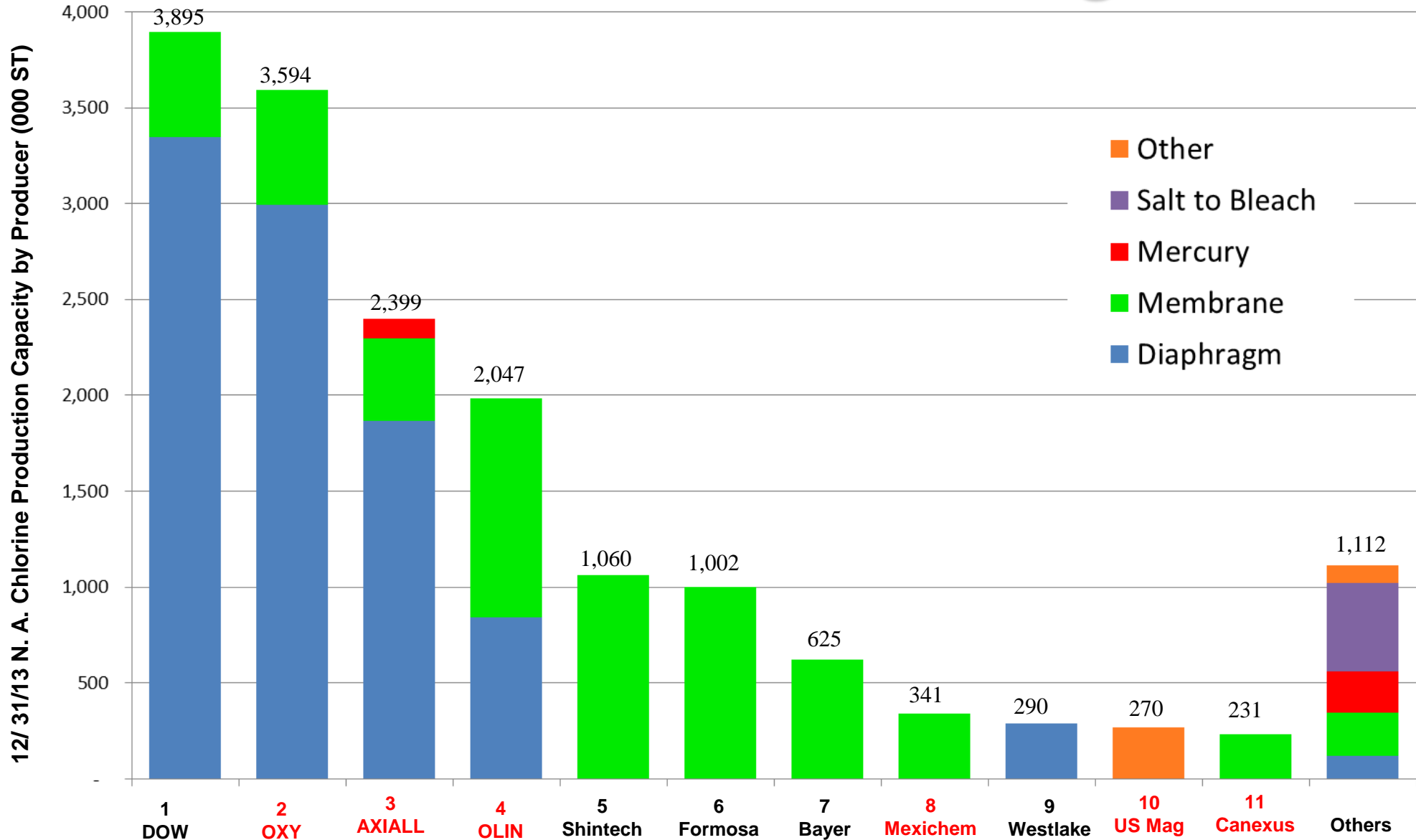
# Chlor Alkali Process

## Raw Materials



ECU = Electrochemical Unit; a unit of measure reflecting the chlor alkali process outputs of 1 ton of chlorine, 1.13 tons of 100% caustic soda and .03 tons of hydrogen.

# North American Chlor Alkali Producers & Technologies



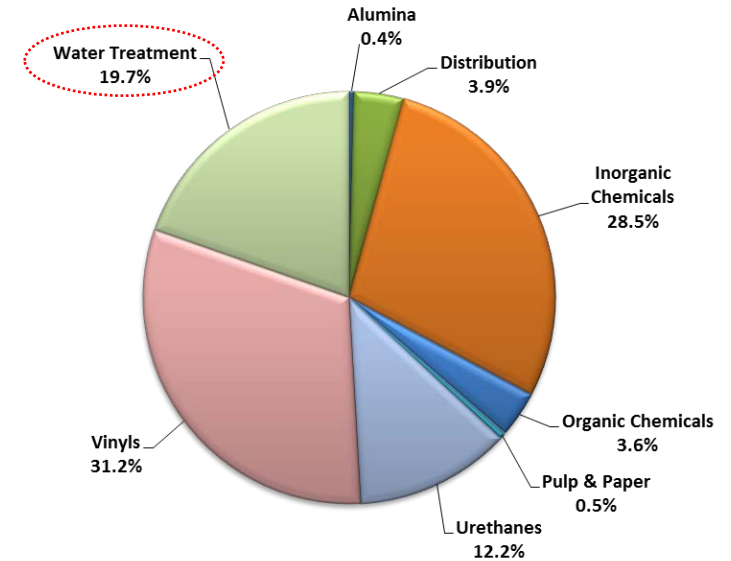
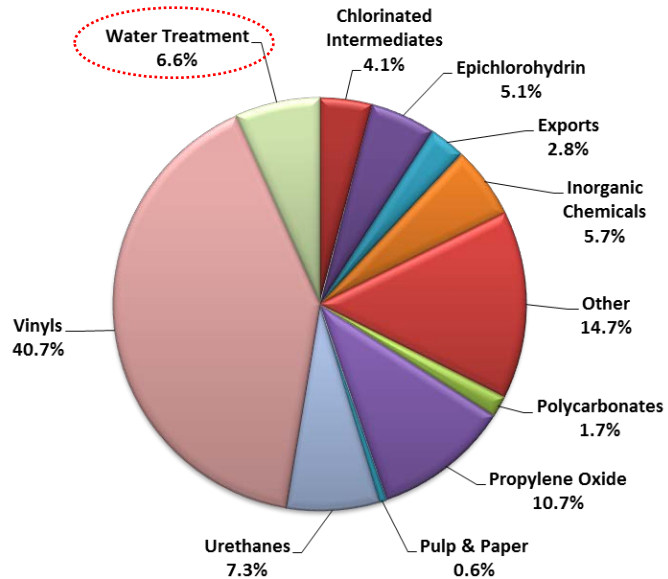
Note: **Red label** indicates routine seller of merchant chlorine via rail car.

# Diverse Customer Base

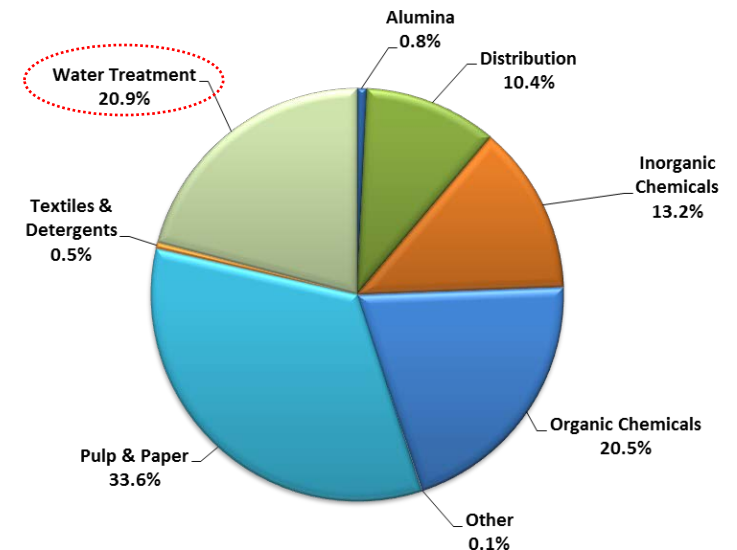
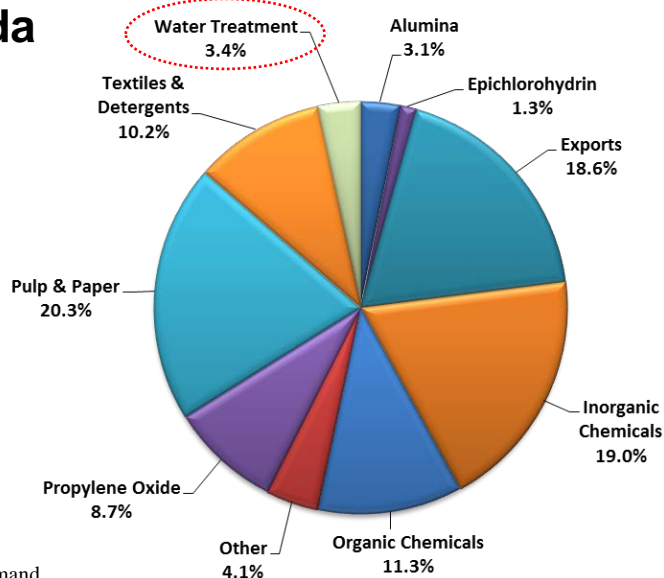
## North American Industry

## Olin Corporation

### Chlorine



### Caustic Soda



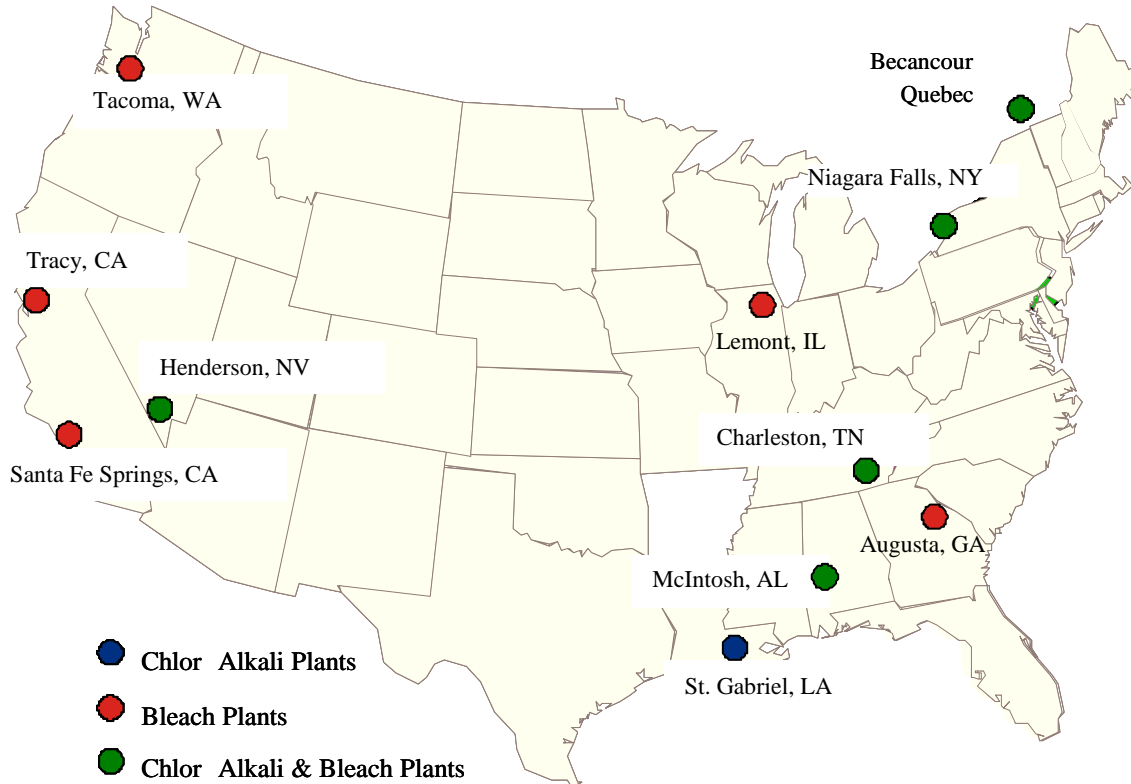
Source: IHS and Olin 2013 demand.

Chlorine: "Inorganics" includes: Titanium dioxide and bromine.

Caustic Soda: "Organics" includes: MDI, TDI, polycarbonates, synthetic glycerin, sodium formate, monosodium glutamate. "Inorganics" includes: titanium dioxide, sodium silicates, sodium cyanide.



# Olin's Geographic Advantage



Location	12/31/13 Chlorine Capacity (000s ST)
McIntosh, AL	426 Diaphragm
McIntosh, AL - SunBelt	352 Membrane
Becancour, Quebec	297 Diaphragm 65 Membrane
Niagara Falls, NY	300 Membrane
Charleston, TN	208 Membrane
St. Gabriel, LA	246 Membrane
Henderson, NV	153 Diaphragm
<b>Total</b>	<b>2,047</b>
<i>Membrane</i>	57%
<i>Diaphragm</i>	43%

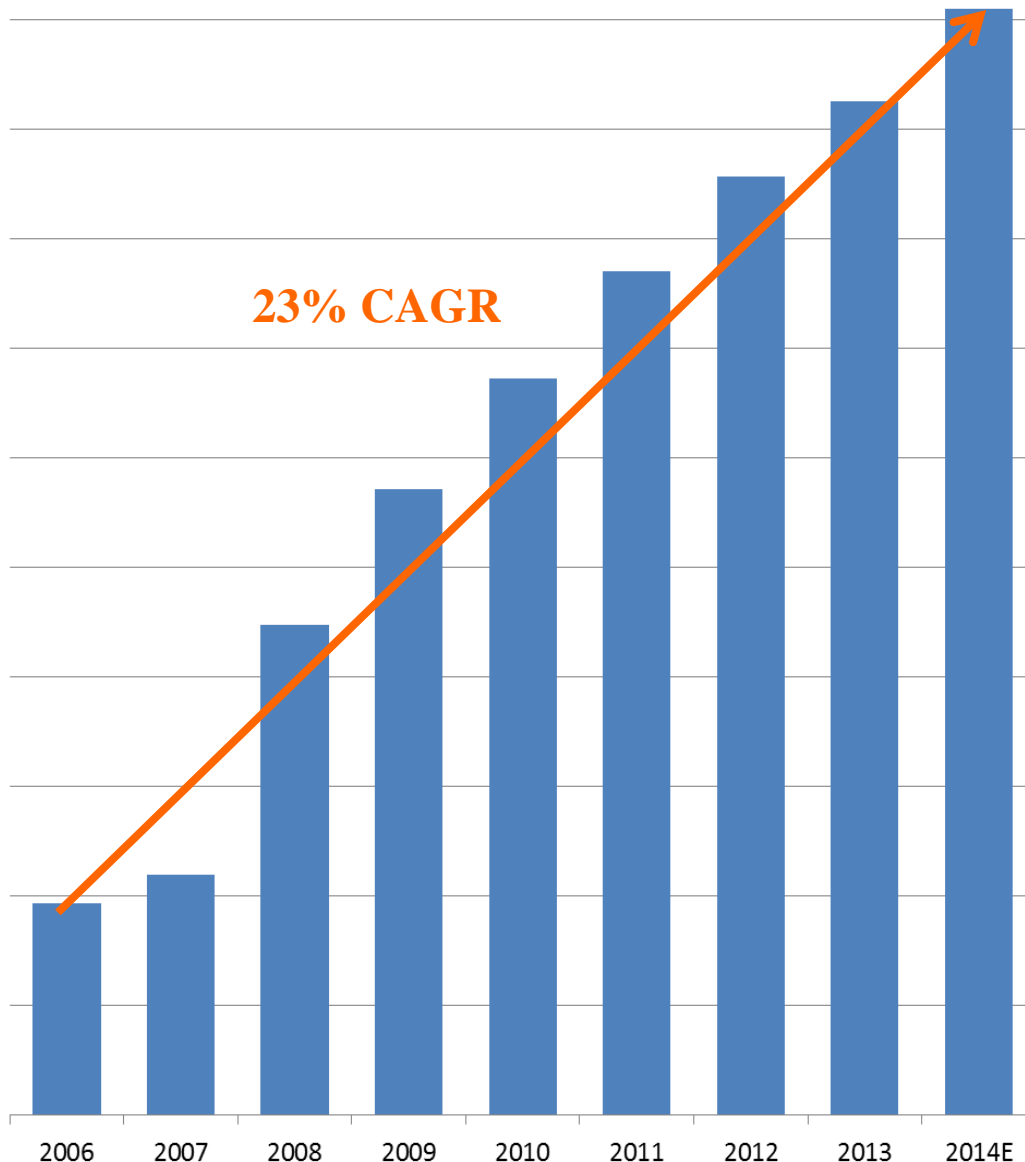
- Access to regional customers including bleach and water treatment
- Access to alternative energy sources
  - Hydroelectric, coal, natural gas and nuclear

# Industrial Bleach Initiative

- Appeal of Industrial Bleach
  - Bleach utilizes both chlorine and caustic soda in an ECU ratio
  - Demand is seasonal, but not cyclical
  - Bleach commands a premium price over an ECU
- Olin Advantages
  - Regional nature of the bleach business benefits Olin's geographic profile
  - Olin's proprietary railcar technology extends geographic reach
  - KA Steel's Midwest bleach manufacturing & distribution completes coverage
- Olin Actions
  - Olin is the leading North American bleach producer
  - Our 3 new HyPure<sup>®</sup> bleach investments have added 50% more bleach capacity to the Olin system, extending product shelf life and lowering freight costs
  - Q1 2014 bleach shipments increased 6% over Q1 2013 shipments; marking 25 consecutive quarters of year-over-year increases in bleach shipments

# Bleach Growth is a Key Objective

Olin Bleach Historical Sales Volume (DT)



## Olin's Bleach Accomplishments

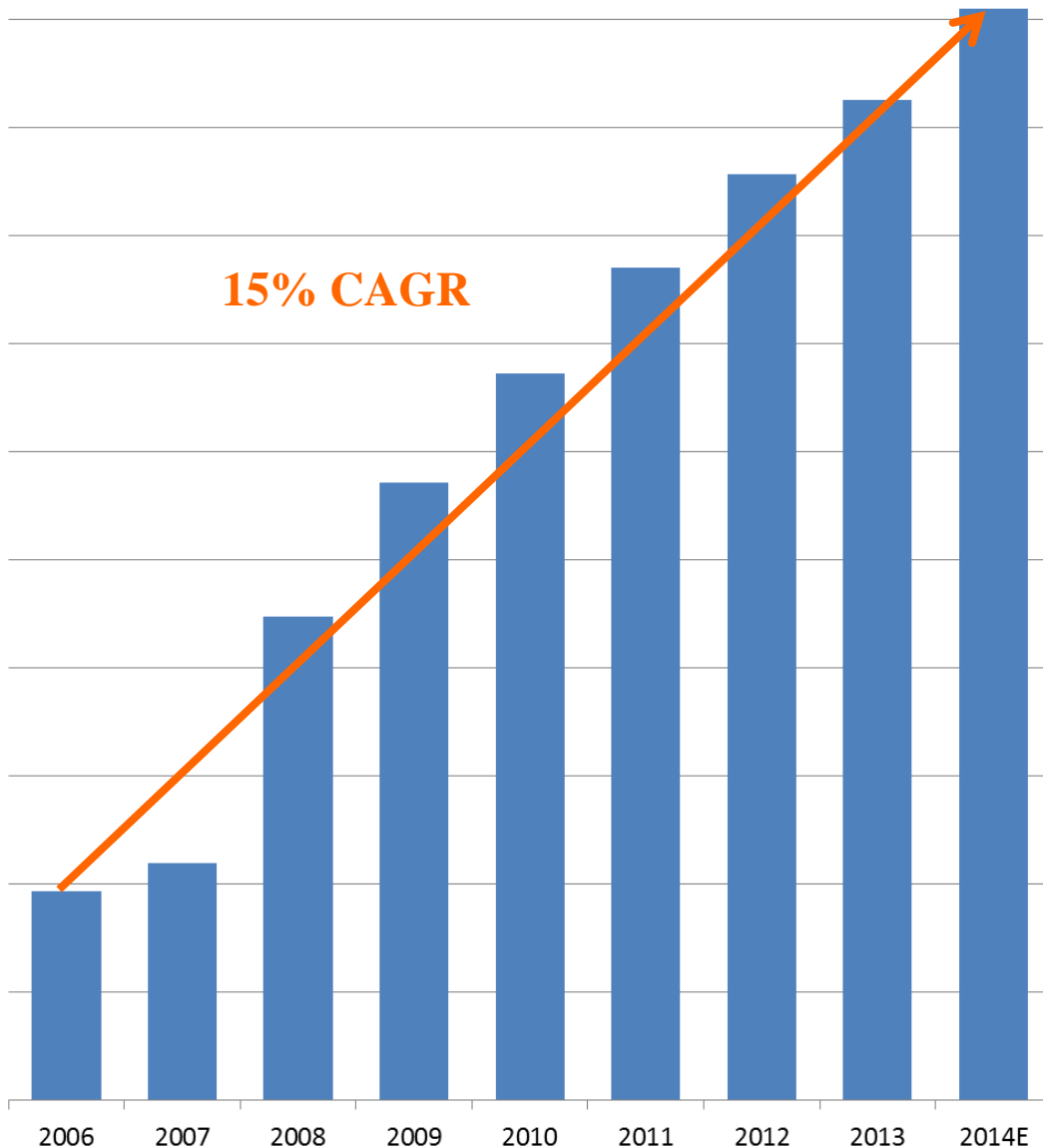
- Olin bleach volumes have delivered steady growth since 2006
- Key bleach target segments include waste and drinking water treatment, consumer products, food, farming and pool chemicals
- Our capacity to convert ECUs into higher margin bleach now exceeds 17%
- Olin HyPure® bleach and proprietary rail car design provides:
  - Increased product stability and extended shelf life
  - A potential new category of downstream consumer products
  - Reduced transportation costs
  - Expanded bleach shipping radius
  - An enhancement to our geographic advantage over competitors

# Hydrochloric Acid

- Olin is the leading producer of Burner-grade HCl in North America with 5 manufacturing facilities in the United States and Canada
- Currently 25% of HCl supply is “Burner-grade” or “on-purpose” HCl
- By-product HCl accounts for 75% of the market supply, but availability is subject to urethane and fluorocarbon demand
- Burner grade HCl is a reliable source, and while a small cost component in oil and gas exploration, is critical to the process
- HCl is used in processing steel, artificial sweeteners, pharmaceuticals, food, ores and minerals; and in water, wastewater and brine treatments
- Olin converted 7% of its chlorine capacity into higher margin HCl and now has the capability to consume 13% of its chlorine to make HCl
- Q1 2014 HCl shipments were 44% higher than Q1 2013 shipments

# Growing HCl Demand

Olin Bleach Historical Sales Volume (DT)



## North American HCl Supply

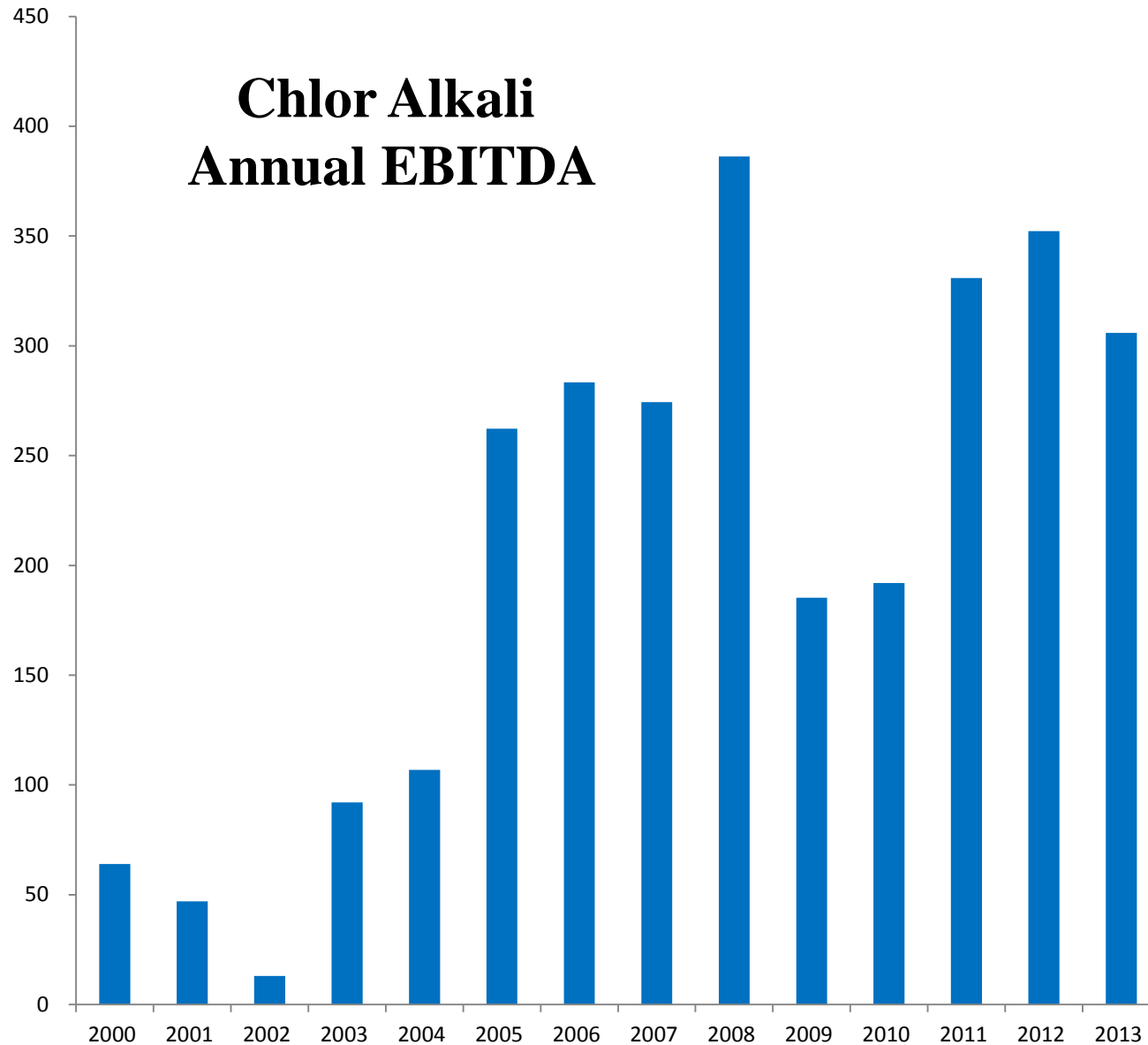
- Burner acid expansions represent the majority of new supply coming online, approaching 13% of 2014 capacity
- Burner operating rates are higher than by-product, supplying approximately 25% of North American demand
- By-product HCl availability is less reliable
- Olin is ideally positioned to serve the West & North through our expanded rail fleet and distribution capabilities

## North American HCl Demand

- Oil and gas exploration and production continues to grow as transportation infrastructure catches up with demand
- Steel industry is recovering, but utilization rates remain low with growing imports
- Diverse, smaller demand segments are tracking with GDP growth

# EBITDA Improvement

## Chlor Alkali Annual EBITDA



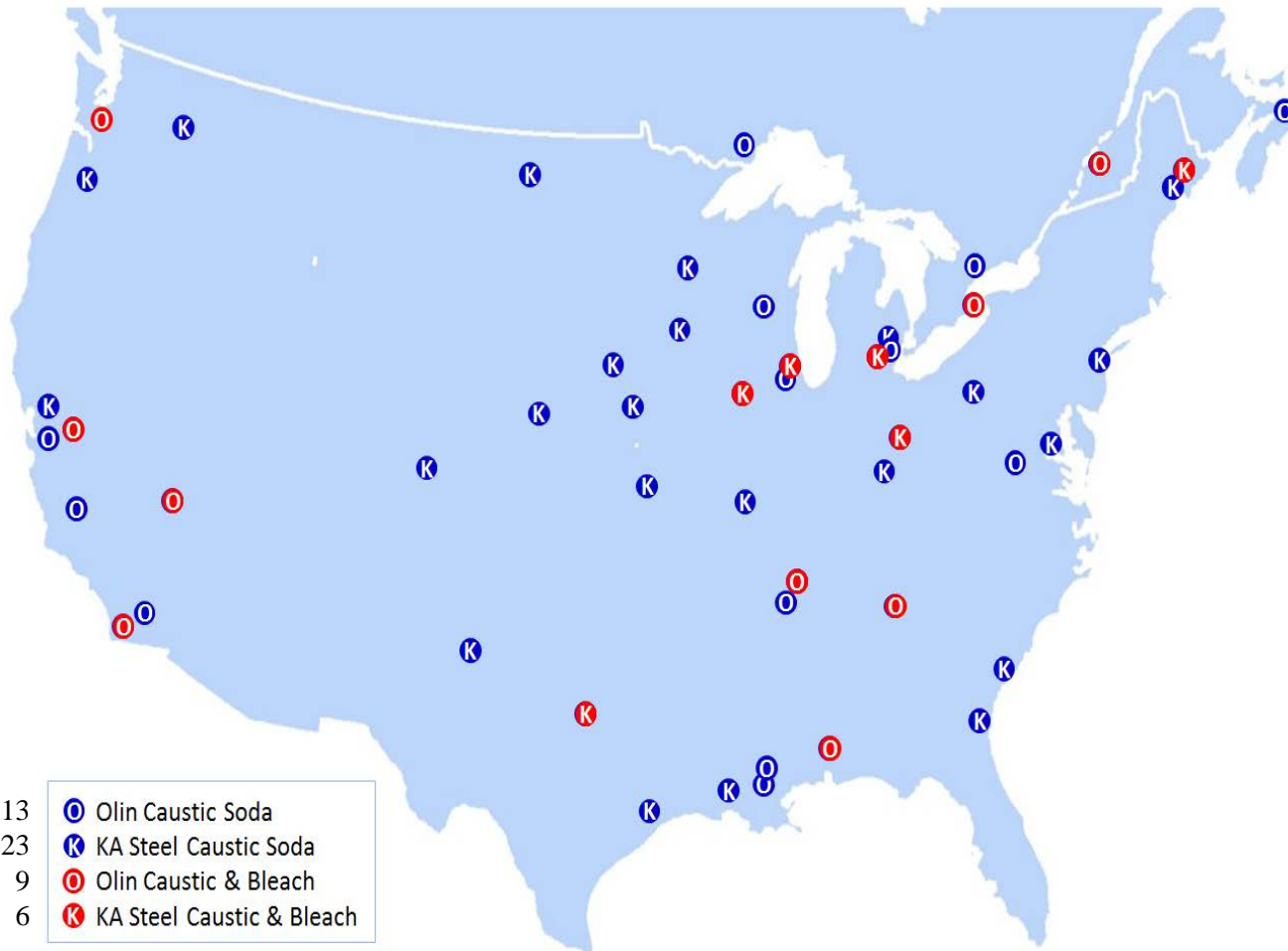
## Higher Peaks and Higher Troughs

- Industry consolidation
- Capacity rationalization
- Olin Bleach and HCl initiatives have reduced the cyclical nature of the business, and at the same time, increased profit margins
- Trough EBITDA levels have improved approximately \$200 million during the 2009-2010 trough period as compared to the 2002 trough period

# KA Steel Acquisition

- KA Steel is one of the largest distributors of caustic soda in North America and manufactures and sells bleach in the Midwest
- On August 22, 2012, we acquired KA Steel for \$312 million in cash, subject to post-closing adjustments, and created Chemical Distribution segment
- The Section 338(h)(10) tax election provides a \$60 million NPV tax benefit to Olin; when considering this and the expected synergies, Olin paid an EBITDA multiple of approximately 4 times
- Q1 2014 Chemical Distribution results were negatively impacted by extreme weather
- The Chlor Alkali and Chemical Distribution segments are expected to generate approximately \$35 million of synergies annually
- Chemical Distribution generated after tax cash flow of approximately \$30 million in 2013 and was cash positive in Q1 2014

# Complimentary Asset Footprints



Only 3 locations out of 51 overlap

- KA Steel caustic distribution infrastructure is a strong fit with Olin's chlor alkali assets:
  - Mature supply relationships
  - 90,000 tons of storage capacity
  - Expanded geographic coverage
  - Logistical savings
- Provides scale and flexibility
- Access to new customers, regions and industry segments
- Combined network is capable of supporting higher caustic volumes
- KA Steel adds approximately 50,000 tons of bleach capacity
- Following the Q2 2013 start-up of the Henderson, NV HyPure<sup>®</sup> plant, Olin now has over 350,000 tons of value added bleach capacity



# Winchester

Hunters & Recreational Shooters

Products	Retail	Distributors	Mass Merchants	Law Enforcement	Military	Industrial
Rifle	✓	✓	✓	✓	✓	N/A
Handgun	✓	✓	✓	✓	✓	N/A
Rimfire	✓	✓	✓	✓	✓	✓
Shotshell	✓	✓	✓	✓	✓	✓
Components	✓	✓	✓	✓	✓	✓

## Brands

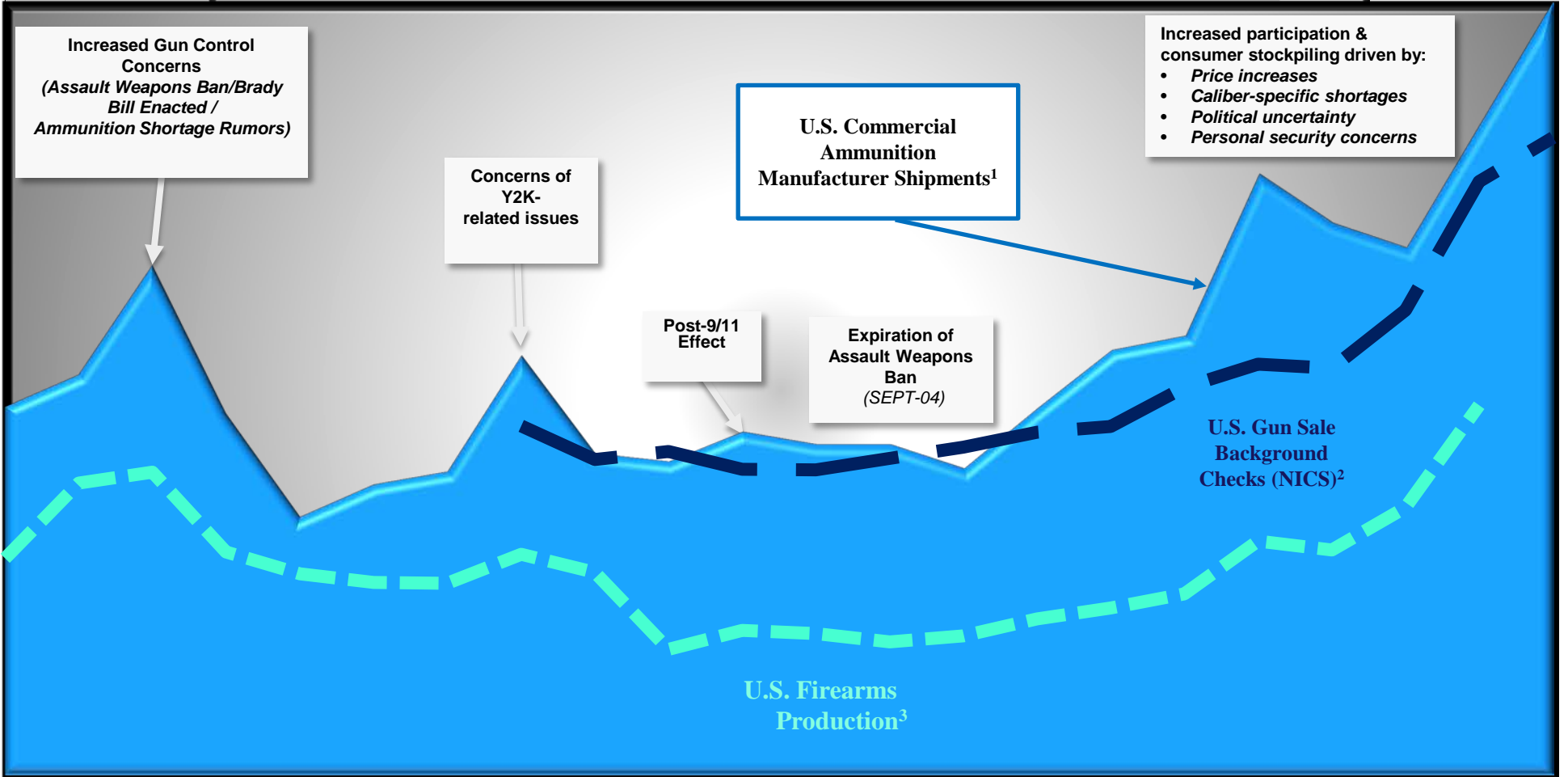


## Winchester Strategy

- Cost Reduction
  - Centerfire relocation
  - Once completed, we expect \$35-\$40 million of lower operating costs
  - \$17 million of cost savings were realized in 2013
  - Expect \$22-\$26 million of savings in 2014
- New Product Development
  - Continue to develop new product offerings
  - Maintain reputation as a new product innovator
- Provide returns in excess of cost of capital

# Strong Correlation Between Firearms & Ammunition Sales

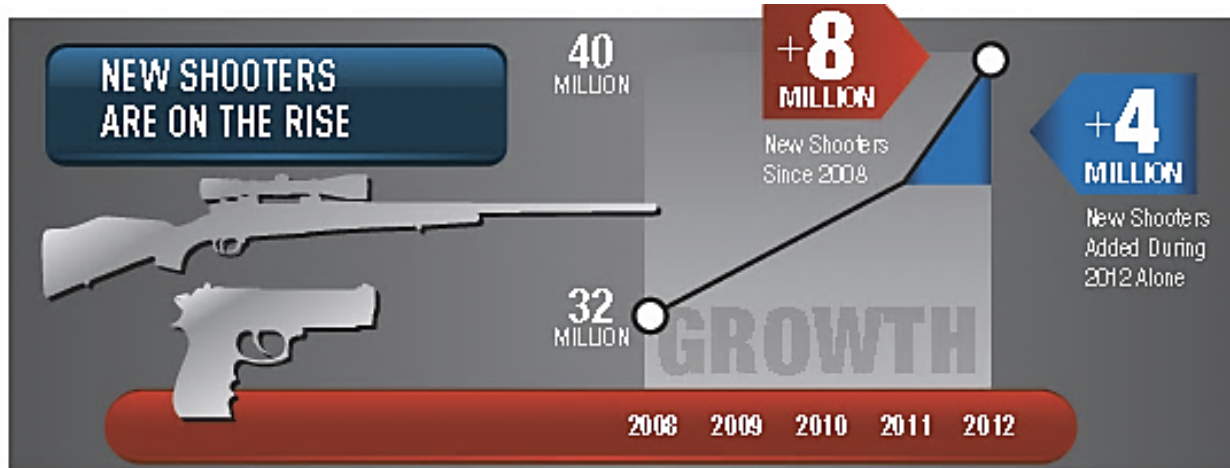
- Data Correlations**
- U.S. Commercial Ammunition Mfr. Shipments & NICS Checks: +94% (1999-2013)
  - U.S. Commercial Ammunition Mfr. Shipments & U.S. Firearms Production: +71% (1992-2012)
  - NICS Checks & U.S. Firearms Production: +93% (1999 – 2012)



1992 1993 1994 1995 1996 1997 1998 1999 2000 2001 2002 2003 2004 2005 2006 2007 2008 2009 2010 2011 2012 2013

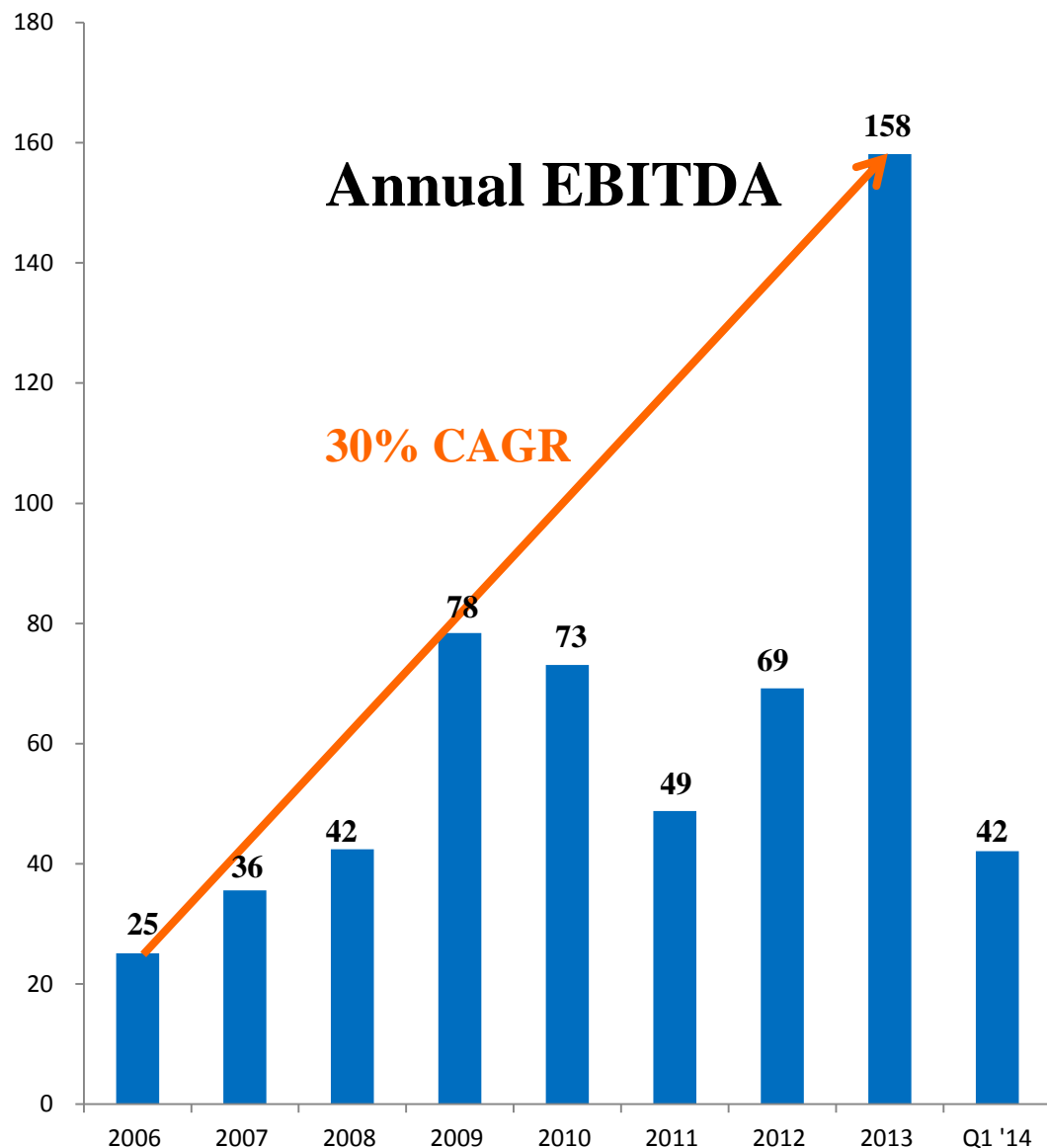
<sup>1</sup>Estimated based on National Shooting Sports Foundation (NSSF) Trade Statistics Program Ammunition Manufacturer Surveys, Department of Commerce U.S. Import Statistics, and internal Winchester estimates. 2013 reflects estimate based on first-half, 2013 data.  
<sup>2</sup>Reflect the FBI's National Instant Criminal background check System statistics (NICS).  
<sup>3</sup>Reflects production reported on Bureau of Alcohol, Tobacco, Firearms and Explosives' Annual Firearms Manufacturing and Export Reports. Latest data available for 2012.

# Growing Shooting Sports Participation Increases Installed Base



Data and Comparisons Courtesy NSSF report on U.S. Sport Shooting Participation in 2012.  
New Shooters defined as those taking first shot between 2008 and 2012.

# Winchester Is Growing



- The surge that began in Q4 2012 continued through 2013 resulting in record full year EBITDA
- Currently, sales are limited by product availability
- Commercial backlog at the end of Q1 2014 was greater than \$400 million
- Centerfire relocation cost savings increased Winchester EBIT by \$17 million in 2013, 2014 savings are expected to be \$22 to \$26 million
- Once completed in 2015 / 2016, we estimate annual cost savings to be in the \$35 to \$40 million range
- After completion, we expect that Winchester will generate \$110 to \$125 million of annual EBITDA in a normal, non-surge period

# Centerfire Relocation

- The decision to relocate Winchester's centerfire operations, including 1,000 jobs, was made on November 3, 2010
- The 500,000 square foot facility was opened in October 2011, the relocation of pistol ammunition manufacturing is complete, rifle manufacturing has been initiated, and the project is on schedule and on budget to be completed late 2015 or early 2016
- Year-over-year 2013 profit improvement resulting from the relocation savings were approximately \$22 million (2013 savings of \$17 million vs. 2012 additional cost of \$5 million)
- 2014 relocation cost savings expected to be \$22 to \$26 million
- We now expect \$35 to \$40 million in lower operating costs by the completion of our relocation effort in late 2015 or early 2016

# Strong Balance Sheet

- Q1 2014 cash of \$247 million reflects Q1 spending of:
  - \$19 million on CAPEX;
  - \$83 million of normal, seasonal working capital needs; and
  - \$31 million distributed to shareholders in the form of common stock dividends and common share repurchases
- No material debt maturities until 2016, and total debt due between now and 6/1/16 is less than \$25 million
- The Olin defined benefit pension plans remain fully funded with no contributions expected for several years
- 2014 CAPEX forecast reduced to the \$85 to \$95 million range
- 2014 Depreciation and Amortization expense is expected to be in the \$135 to \$140 million range

# Profit Outlook

- Full year 2014 EBITDA is expected to be \$375 to \$425 million
- Record 2013 EBITDA was driven by the successful completion of several strategic initiatives in 2012, the on-going bleach and HCl growth initiatives, KA Steel synergies, strong Winchester results and cost savings associated with the centerfire relocation to Oxford, MS
- 2013 bleach sales consumed 10% of our ECU capacity, while year-over-year bleach sales have increased for 25 consecutive quarters
- 2013 HCl sales consumed 7% of our chlorine capacity, and Q1 2014 HCl sales increased 44% compared to Q1 2013 HCL sales
- We expect that in 2014 we will realize more cost synergies and a higher level of bleach, HCl and KOH sales through our Chemical Distribution business
- The latest demand surge is now expected to last at least until the end of Q3 2014, and when coupled with higher relocation savings, the outlook for 2014 earnings is promising for Winchester

# Forward-Looking Statements

This presentation contains estimates of future performance, which are forward-looking statements and actual results could differ materially from those anticipated in the forward-looking statements. Some of the factors that could cause actual results to differ are described in the business and outlook sections of Olin's Form 10-K for the year ended December 31, 2013 and Olin's First Quarter 2014 Form 10-Q. These reports are filed with the U.S. Securities and Exchange Commission.