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First Quarter 2016 Business Update

Investor Presentation
April 27, 2016

Performance Driven.

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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 protection 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 materially differ from those contained in the forward-looking statements include, without limitation: risks related to foreign operations, especially in emerging regions; the cost and availability of raw materials and energy; the effectiveness of its research and development and growth investments; acquisitions and divestitures of assets and gains and losses from dispositions; developments affecting Grace’s outstanding indebtedness; developments affecting Grace's funded and unfunded pension obligations; its legal and environmental proceedings; uncertainties that may delay or negatively impact the separation transaction or cause the separation transaction to not occur at all; uncertainties related to the company’s ability to realize the anticipated benefits of the spin-off; the inability to establish or maintain certain business relationships and relationships with customers and suppliers or the inability to retain key personnel during the period leading up to and following the separation transaction; costs of compliance with environmental regulation; 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 the date thereof. Grace undertakes no obligation to publicly release 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

These slides contain certain “non-GAAP financial terms” which are defined in the Appendix.

Reconciliations of non-GAAP terms to the closest GAAP term (i.e., net income) are provided in the Appendix.

Highlights

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1Q16

- Adjusted EBIT of $82.6 million up 16%
- Adjusted EBIT margin of 22.8% up 480 bps YoY
- Adjusted EPS of $0.57 versus $0.41 last year
- Adjusted Free Cash Flow of $74.1 million
- Currency impact of $9M of sales in the quarter

FY16

- Affirming full year 2016 outlook:
  - Adjusted EBIT of $400M -$420M
  - Adjusted EBITDA of $500M - $520M
  - Adjusted EPS of $3.02 -$3.21 per share
  - Adjusted Free Cash Flow of at least $250M

Capital Allocation

- Received $750M in cash from GCP spin-off
- Paid down $600M of term loans year-to-date
- Stock buy back of $15M or 210,000 shares year-to-date
- Declaring quarterly cash dividend of $0.17 per share
- Signed purchase agreement for BASF polyolefin catalyst business

Note: The prior year quarter (1Q15) is on a discontinued operations basis (adjusting for the separation of GCP Applied Technologies Inc.) and includes approximately $9M of additional operating costs.

1Q16 vs. 1Q15 Adjusted EBIT Margin

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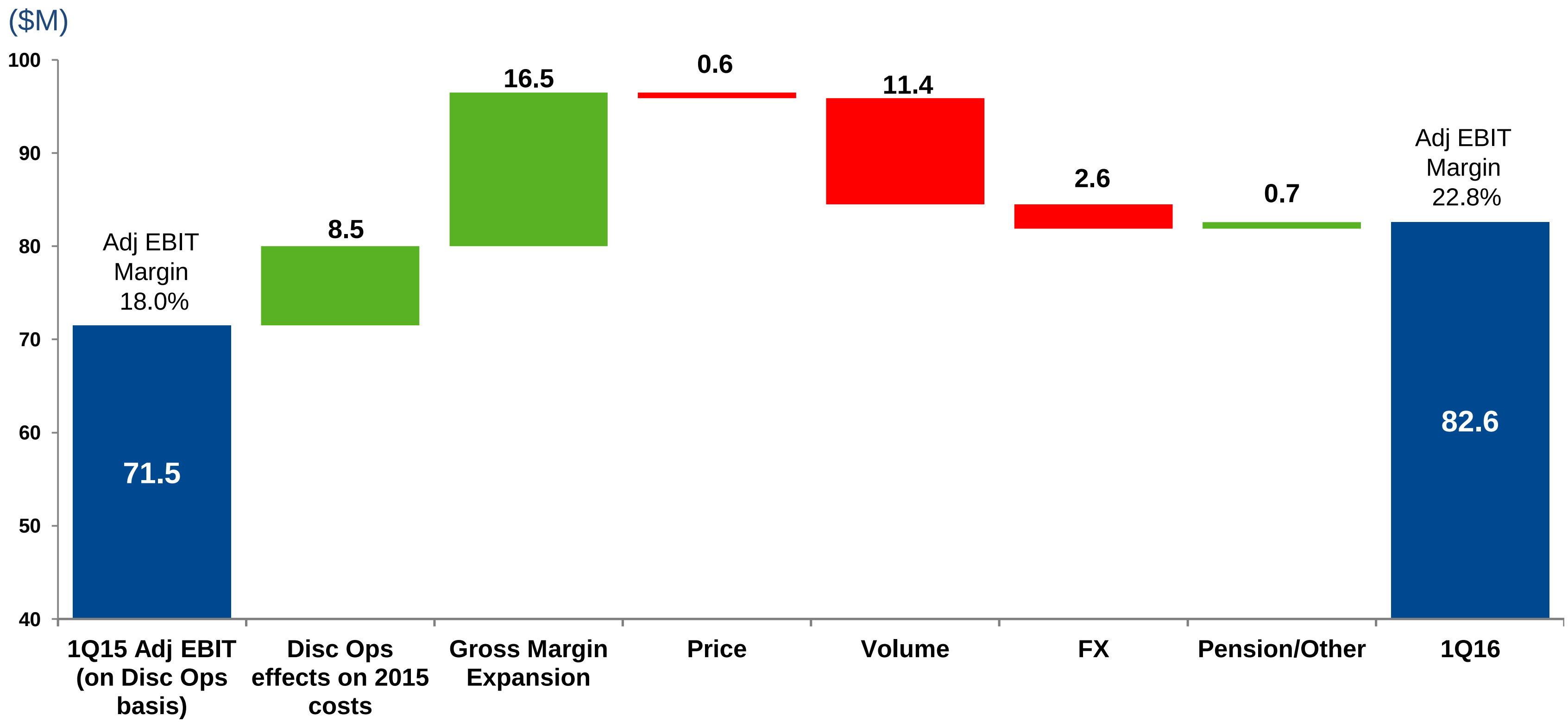

Significant Gross Margin expansion through capturing and retaining productivity and deflation

Catalysts Technologies – Q1 2016 Results

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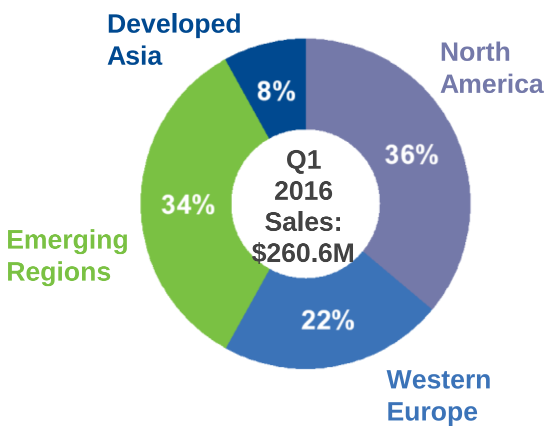
- Total catalyst volume down as expected including reducing 10,000 tons of capacity in January
- Lower price is primarily due to metal deflation in specialty catalysts
- Adjusted Gross Margin up 460 bps YoY and 30 bps QoQ
- ART joint venture contributed $6.9 million to segment operating income

(in millions of dollars)	Q1 2015	Q1 2016	Q4 2015	Y/Y Change	Q/Q Change
Sales	**281.0**	**260.6**	**306.5**	**(7.3)%**	**(15.0)%**
Adjusted Gross Margin	***38.8%***	***43.4%***	***43.1%***	***460 bps***	***30 bps***
Operating Income	**73.7**	**78.3**	**100.6**	**6.2%**	**(22.2)%**
Operating Margin	***26.2%***	***30.0%***	***32.8%***	***380 bps***	***(280) bps***



Factors Impacting Sales

Y/Y Change	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Volume	3.7%	(1.5)%	(8.2)%	0.2%	**(5.0)%**
Price	0.2%	(0.1)%	(0.4)%	(1.1)%	**(0.8)%**
Currency	(5.1)%	(6.0)%	(4.8)%	(3.3)%	**(1.4)%**
Total	**(1.2)%**	**(7.6)%**	**(13.4)%**	**(4.2)%**	**(7.2)%**

Materials Technologies – Q1 2016 Results

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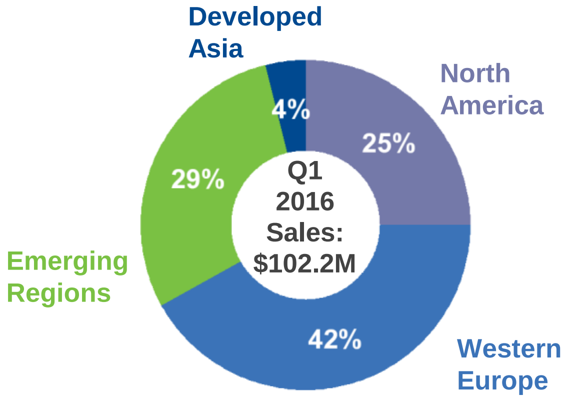
- Sales down 7% on constant currency basis
- Adjusted gross margin up 110 bps YoY
- Regions (Ex FX):
  - down slightly in North America and Europe
  - up slightly in Latin America despite a weak economy there
  - down to a greater degree in Asia

(in millions of dollars)	Q1 2015	Q1 2016	Q4 2015	Y/Y Change	Q/Q Change
Sales	**116.0**	**102.2**	**118.3**	**(11.9)%**	**(13.6)%**
Adjusted Gross Margin	***38.3%***	***39.4%***	***40.0%***	***110 bps***	***(60) bps***
Operating Income	**23.9**	**20.6**	**25.6**	**(13.8)%**	**(19.5)%**
Operating Margin	***20.6%***	***20.2%***	***21.6%***	***(40) bps***	***(140) bps***



Factors Impacting Sales

Y/Y Change	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016
Volume	(0.6)%	(1.6)%	(5.0)%	9.8%	**(8.1)%**
Price	1.5%	0.8%	0.8%	(0.2)%	**0.7%**
Currency	(9.0)%	(11.3)%	(9.6)%	(9.4)%	**(4.4)%**
Total	**(8.1)%**	**(12.1)%**	**(13.7)%**	**0.2%**	**(11.8)%**

Grace Business Results* – Q1 2016

(in millions of dollars except EPS)	Q1 2015	Q1 2016	Y/Y Change	Q4 2015	Q/Q Change
Net Sales	397.0	362.8	(8.6)%	424.8	(14.6)%
Adjusted Gross Margin	38.6%	42.3%	370 bps	42.2%	10 bps
Adjusted EBIT	71.5	82.6	15.5%	107.4	(23.1)%
Adjusted EBIT Margin	18.0%	22.8%	480 bps	25.3%	(250) bps
Adjusted EBITDA Margin	24.4%	29.2%	480 bps	31.0%	(180) bps
Adjusted EBIT ROIC	NA	25.2%	NA	24.0%	120 bps
Diluted EPS from continuing operations	0.41	0.10	(75.6)%	0.39	(74.4)%
Adjusted EPS	0.41	0.57	39.0%	0.74	(23.0)%

Strong Margins; Good Growth in Earnings

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

Q1 2016 Financial Performance

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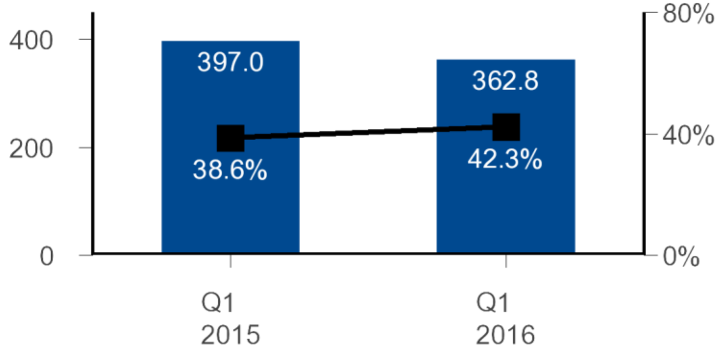
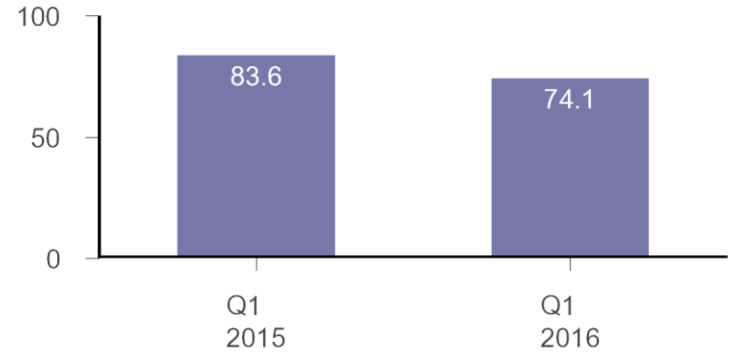
Sales ($mm) **Adjusted Gross Margin**



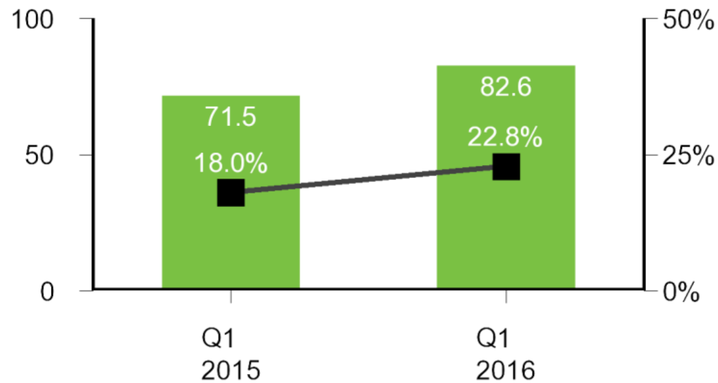
Strong gross margin up 370 bps

Adjusted Free Cash Flow* ($mm)



30% of FY16 AFCF $250M target achieved

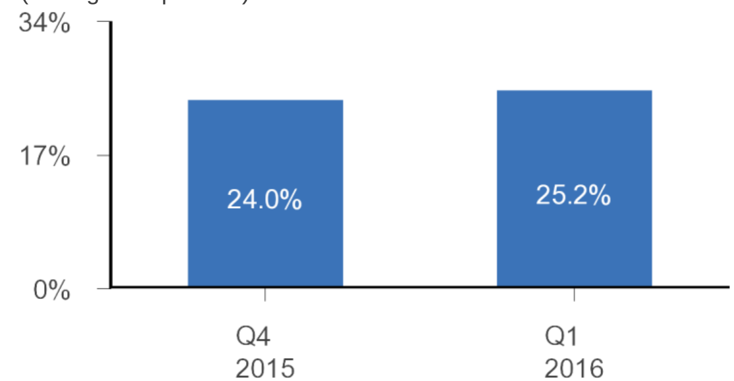
Adjusted EBIT* ($mm) **Adjusted EBIT Margin**



Strong Adj. EBIT Margin up 480 bps

Adjusted EBIT Return on Invested Capital*

(trailing four quarters)



ROIC up 120 bps sequentially

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Non-GAAP Financial Terms

Adjusted EBIT means net income from continuing operations adjusted for: interest income and expense; income taxes; costs related to Chapter 11 and asbestos; restructuring and repositioning expenses and related 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; and certain other unusual or infrequent items that are not representative of underlying trends.

Adjusted EBITDA means Adjusted EBIT adjusted for depreciation and amortization.

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 Chapter 11 and asbestos, cash paid for restructuring and repositioning, accelerated payments under defined benefit pension arrangements, and expenditures for legacy items. 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.

Adjusted Earnings Per Share (EPS) means Diluted EPS from continuing operations adjusted for costs related to Chapter 11 and asbestos; restructuring and repositioning expenses and related 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; certain other unusual or infrequent items that are not representative of underlying trends; and certain discrete tax items.

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 and loss in Venezuela included in cost of goods sold.

We use Adjusted EBIT as a performance measure in significant business decisions and in determining certain incentive compensation. We use 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 our strategic and operating decisions by excluding the earnings effects of our Chapter 11 proceedings, asbestos liabilities, restructuring activities, and divested businesses.

Adjusted EBIT, Adjusted EBITDA, Adjusted Free Cash Flow, Adjusted EPS, Adjusted EBIT Return On Invested Capital, and Segment Gross Margin do not purport to represent income measures as defined under U.S. GAAP, and should not be used as alternatives to such measures as an indicator of our performance. These measures are provided to investors and others to improve the period-to-period comparability and peer-to-peer comparability of our financial results, and to ensure that investors understand the information we use to evaluate the performance of our businesses. We have provided in the following tables a reconciliation of these non-GAAP measures to the most directly comparable financial measure calculated and presented in accordance with U.S. GAAP.

Adjusted EBIT has material limitations as an operating performance measure because it excludes Chapter 11 and asbestos-related costs and may exclude income and expenses from restructuring activities and divested businesses, which historically have been material components of our net income. Adjusted EBITDA also has material limitations as an operating performance measure because it excludes the impact of depreciation and amortization expense. Our business is substantially dependent on the successful deployment of capital, and depreciation and amortization expense is a necessary element of our costs. We compensate for the limitations of these measurements by using these indicators together with net income as measured under U.S. GAAP to present a complete analysis of our results of operations. Adjusted EBIT and Adjusted EBITDA should be evaluated together with net income measured under U.S. GAAP for a complete understanding of our results of operations.

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

Adjusted EBIT by Operating Segment:	**2015**	**Q1 2015**	**Q2 2015**	**Q3 2015**	**Q4 2015**	**Q1 2016**
Catalysts Technologies segment operating income	347.3	73.7	86.6	86.4	100.6	78.3
Materials Technologies segment operating income	96.9	23.9	23.8	23.6	25.6	20.6
Corporate costs	(79.9)	(20.8)	(23.0)	(22.3)	(13.8)	(13.2)
Gain on termination and curtailment of postretirement plans related to current businesses	1.9	—	—	1.9	—	—
Certain pension costs	(20.4)	(5.3)	(5.0)	(5.1)	(5.0)	(3.1)
Adjusted EBIT	**345.8**	**71.5**	**82.4**	**84.5**	**107.4**	**82.6**
(Costs) benefit related to Chapter 11 and asbestos, net	(5.6)	9.7	(2.7)	(6.1)	(6.5)	(1.7)
Pension MTM adjustment and other related costs, net	(30.5)	(4.2)	—	—	(26.3)	0.2
Gain on termination and curtailment of postretirement plans related to divested businesses	2.6	—	—	2.6	—	—
Restructuring expenses and asset impairments	(11.3)	(5.2)	(1.1)	(2.5)	(2.5)	(8.5)
Repositioning expenses	(9.1)	(0.3)	(3.1)	(2.7)	(3.0)	(5.1)
Income and expense items related to divested businesses	1.0	0.7	(0.4)	0.7	—	(3.0)
Interest expense, net	(99.1)	(24.5)	(24.6)	(25.1)	(24.9)	(32.9)
Provision for income taxes	(69.8)	(17.5)	(17.9)	(17.7)	(16.7)	(24.4)
Net income from continuing operations attributable to W. R. Grace & Co. shareholders	**124.0**	**30.2**	**32.6**	**33.7**	**27.5**	**7.2**

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Adjusted Free Cash Flow:	**Q1 2015**	**Q1 2016**
Net cash (used for) provided by operating activities	**(382.6)**	**69.6**
Capital expenditures	(33.0)	(34.4)
Free Cash Flow	**(415.6)**	**35.2**
Cash paid for Chapter 11 and asbestos	491.4	1.1
Cash paid for repositioning	3.1	29.0
Cash paid for restructuring	0.6	4.5
Cash paid for legacy items	4.1	1.4
Capital expenditures related to repositioning	—	0.3
Cash paid for taxes related to repositioning	—	2.6
Adjusted Free Cash Flow	**83.6**	**74.1**

Calculation of Adjusted EBIT Return On Invested Capital (trailing four quarters):	**Q4 2015**	**Q1 2016**
Adjusted EBIT	**345.8**	**356.9**
Invested Capital:		
Trade accounts receivable	254.5	209.1
Inventories	198.8	211.8
Accounts payable	(157.8)	(159.8)
	295.5	**261.1**
Other current assets (excluding income taxes)	43.2	38.6
Properties and equipment, net	645.3	627.4
Goodwill	336.5	336.6
Technology and other intangible assets, net	227.5	224.2
Investment in unconsolidated affiliate	103.2	110.6
Other assets (excluding capitalized financing fees)	31.8	36.3
Other current liabilities (excluding income taxes, environmental remediation related to asbestos and divested businesses, Chapter 11, restructuring, and accrued interest)	(160.0)	(126.2)
Other liabilities (excluding environmental remediation related to asbestos and divested businesses)	(81.4)	(90.9)
Total invested capital	**1,441.6**	**1,417.7**
Adjusted EBIT Return On Invested Capital	**24.0%**	**25.2%**

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(In millions, except per share amounts)	Three Months Ended March 31, 2016 Pre-Tax	2016 Tax Effect	2016 After-Tax	2016 Per Share	2015 Pre-Tax	2015 Tax Effect	2015 After-Tax	2015 Per Share
Diluted Earnings Per Share from continuing operations attributable to W.R. Grace & Co. (GAAP)				**$ 0.10**				$ 0.41
Loss on early extinguishment of debt	**$ 11.1**	**$ 4.1**	**$ 7.0**	**0.10**	$ —	$ —	$ —	—
Restructuring expenses	**8.5**	**2.9**	**5.6**	**0.08**	5.2	1.8	3.4	0.05
Repositioning expenses	**5.1**	**1.8**	**3.3**	**0.05**	0.3	0.1	0.2	—
Income and expense items related to divested businesses	**3.0**	**1.1**	**1.9**	**0.03**	(0.7)	(0.2)	(0.5)	(0.01)
Costs related to Chapter 11 and asbestos, net	**1.7**	**0.7**	**1.0**	**0.01**	(9.7)	(3.6)	(6.1)	(0.08)
Pension MTM adjustment and other related costs, net	**(0.2)**	**(0.1)**	**(0.1)**	**—**	4.2	1.5	2.7	0.04
Discrete tax items:								
Discrete tax items, including adjustments to uncertain tax positions		**(13.9)**	**13.9**	**0.20**		(0.3)	0.3	—
Adjusted EPS (non-GAAP)				**$ 0.57**				$ 0.41

