

Second Quarter 2022

Earnings Presentation



Enabling Technology.
Growing Sustainably.

SAFE HARBOR

Please note that in this presentation, we may discuss events or results that have not yet occurred or been realized, commonly referred to as forward-looking statements. The Private Securities Litigation Reform Act of 1995 provides a safe harbor for forward-looking statements made by or on behalf of the Company. Such discussion and statements will often contain words such as “expect,” “anticipate,” “project,” “will,” “should,” “believe,” “intend,” “plan,” “assume,” “estimate,” “predict,” “seek,” “continue,” “outlook,” “may,” “might,” “aim,” “can have,” “likely,” “potential,” “target,” “hope,” “goal,” “priority,” “guidance” or “confident” and variations of such words and similar expressions, and relate in this presentation, without limitation, to capex expectations in the second half of 2022; FY 2022 cash flow outlook, including cash interest, cash taxes and net capex; full year 2022 financial guidance, including FY adjusted EBITDA, FY adjusted EPS and FY free cash flow; Q3 2022 financial guidance for adjusted EBITDA and constant currency adjusted EBITDA growth; possibility of additional COVID-related headwinds or shutdowns; annual FX headwind to adjusted EBITDA; working capital release in the second half of 2022; capital allocation; and earnings growth from solid execution and synergy realization. These projections and statements are based on management's estimates, assumptions or expectations with respect to future events and financial performance and are believed to be reasonable, though are inherently uncertain and difficult to predict. Such projections and statements are based on the assessment of information available as of the current date, and the Company does not undertake any obligations to provide any further updates. Actual results could differ materially from those expressed or implied in the forward-looking statements if one or more of the underlying estimates, assumptions or expectations prove to be inaccurate or are unrealized. Important factors that could cause actual results to differ materially from those suggested by these forward-looking statements include, but are not limited to, the duration and scope of the COVID-19 pandemic; the efficacy, availability and/or public acceptance of vaccines and treatments targeting COVID-19 and/or its variants; governments', businesses', and individuals' actions in response to the pandemic; the general impact of the pandemic and the invasion of Ukraine by Russia on economic activity, including financial market instability and disruption of global supply chains, and on the Company's customers, employees, suppliers, vendors and other stakeholders; inflation and fluctuations in foreign exchange rates; business and management strategies; outstanding debt and debt leverage ratio; shares repurchases; debt and/or equity issuance or retirement; returns to stockholders; and the impact of acquisitions, divestitures, restructurings, refinancings, impairments and other unusual items, including the Company's ability to integrate and obtain the anticipated benefits, results and synergies from these items or other related strategic initiatives. Additional information concerning these and other factors that could cause actual results to vary is, or will be, included in the Company's periodic and other reports filed with the Securities and Exchange Commission. The Company undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

NON-GAAP FINANCIAL MEASURES

To supplement the financial measures prepared in accordance with generally accepted accounting principles in the United States (“GAAP”), the Company uses the following non-GAAP financial measures: EBITDA, adjusted EBITDA, adjusted EBITDA growth, adjusted EBITDA margin, adjusted EPS, adjusted common shares outstanding, free cash flow, net debt to adjusted EBITDA ratio, organic net sales growth, full year 2022 guidance for adjusted EBITDA, adjusted EPS and free cash flow, and Q3 2022 guidance for adjusted EBITDA and constant currency adjusted EBITDA growth. The Company also evaluates and presents its results of operations on a constant currency basis. The definitions and reconciliations of these non-GAAP measures to the most directly comparable financial measures calculated and presented in accordance with GAAP can be found in the footnotes and appendix of this presentation and in the Company's earnings release dated July 27, 2022 (the “Release”), a copy of which can be found on the Company's website at www.elementsolutionsinc.com. This presentation should be read in conjunction with the Release.

Management internally reviews each of these non-GAAP measures to evaluate performance on a comparative period-to-period basis in terms of absolute performance, trends and expected future performance of the Company's businesses and believes that these non-GAAP measures provide investors with an additional perspective on trends and underlying operating results on a period-to-period comparable basis. The Company also believes that investors find this information helpful in understanding the ongoing performance of its operations separate from items that may have a disproportionate positive or negative impact on its financial results in any particular period. These non-GAAP financial measures, however, have limitations as analytical tools, and should not be considered in isolation from, a substitute for, or superior to, the related financial information that the Company reports in accordance with GAAP. Investors are encouraged to review the reconciliations of these non-GAAP financial measures to their most comparable GAAP financial measures included herein and in the Release, and not to rely on any single financial measure to evaluate the Company's businesses.

Second Quarter 2022 Financial Results



(\$ in millions)	Q2 2022	Q2 2021	YoY	Constant Currency*	Organic*
				YoY	YoY
Net Sales	\$677	\$587	15%	23%	6%
Electronics	439	395	11%	16%	8%
Industrial & Specialty	238	192	24%	35%	2%
GAAP Diluted EPS	\$0.25	\$0.32			
Adj. EBITDA*	\$140	\$132	7%	13%	
% margin	20.7%	22.5%	(180) bps	(170) bps	
Electronics	102	94	8%	13%	
% margin	23.1%	23.7%	(60) bps	(60) bps	
Industrial & Specialty	39	38	2%	13%	
% margin	16.3%	19.9%	(360) bps	(320) bps	
Adj. EPS*	\$0.38	\$0.35	9%		

- Organic net sales* increased 6% year-over-year driven by pricing activity and new wins in declining unit environment
- Constant currency adj. EBITDA* growth of 13% and adj. EBITDA* margin decrease of 170 bps
 - Pass-through metals pricing headwind of ~100 bps
 - Year-over-year impact of additional raw material, logistics inflation and product mix headwinds within Industrial Solutions partially offset by synergy realization
- Excluding net sales from Assembly pass-through metals of \$123 million, adj. EBITDA* margin would have been 25%¹
- Adjusted EPS* growth of 9%

Note: Totals may not sum due to rounding or due to varying sizes of the two reportable segments

* These financial measures, on this slide and on subsequent slides, are not prepared in accordance with GAAP. For definitions, discussions of adjustments and reconciliations, please refer to the footnotes and appendix of this presentation

1 – Calculation for adj. EBITDA* margin excluding net sales from Assembly pass-through metals is \$140 million in adj. EBITDA* divided by (\$677 million net sales less \$123 million metals net sales)

Second Quarter 2022 Segment Details



Electronics

	Net Sales (\$ in millions)	Organic Growth*	Key Drivers
Assembly	\$228	3%	Growth from EV customers and pricing actions, partially offset by impact of China lockdowns and automotive market weakness
Circuitry	\$136	14%	Strong demand in data storage and activity in high-end electronics in Korea and the Americas
Semiconductor	\$75	13%	Persisting growth in wafer plating chemistries
Total	\$439	8%	

Industrial & Specialty

	Net Sales (\$ in millions)	Organic Growth*	Key Drivers
Industrial	\$182	1%	Pricing and surcharges across most markets offsetting automotive production declines and China weakness
Graphics	\$40	2%	New customer wins driving growth in slow market
Energy	\$16	2%	Modest recovery in deep-water drilling activity
Total	\$238	2%	

Note: Totals may not sum due to rounding

*See non-GAAP definitions and reconciliations in the appendix

Key Cash Flow Items

- **Q2 2022 free cash flow*** of \$66 million
 - \$37 million investment in working capital reflected elevated safety stock levels and supply chain disruptions
 - Anticipated capex weighted to second half of 2022 and lower than initially guided
 - Synergy realization driving modest use of cash

1H 2022 Cash Flow Uses and FY 2022 Outlook

\$ millions	1H 2022	FY 2022
Cash Interest	\$25	~\$55
Cash Taxes	\$32	~\$85
Net Capex*	\$18	~\$50

Note: Totals may not sum due to rounding

* See non-GAAP definitions in the appendix

1. See p.8 for reconciliation to Adjusted Share Counts

2. Based on Element Solutions' closing stock price of \$17.80 at June 30, 2022

Balance Sheet Management

- **Net debt to adj. EBITDA ratio*** of 3.2x on a LTM basis as of June 30, 2022
 - Including the estimated fair value in cross-currency swaps, net debt to adj. EBITDA ratio* would be 3.0x
- Repurchased approximately \$43 million of shares in Q2 2022 with cash on hand
 - Reduces share count by ~2.2 million shares
 - Remaining authorization of \$670 million at June 30, 2022

Q2 2022 Capital Structure

Instrument	(in millions)
Corporate Revolver	\$0
Term Loans	1,120
Total First Lien Debt	1,120
Senior Notes due 2028	800
Other	5
Total Debt	\$1,924
Cash Balance	216
Net Debt	\$1,709
Adjusted Shares Outstanding ¹	248
Market Capitalization ²	\$4,418
Total Capitalization	\$6,127

Full Year 2022 Financial Guidance

Updated as of July 2022



**FY Adjusted
EBITDA***

\$565 million to \$575 million¹

**FY Adjusted
EPS***

\$1.52-\$1.55

**FY Free Cash
Flow***

Approximately \$270 million

**Additional
Considerations**

- Expect Q3 2022 adj. EBITDA* of approximately \$140 million or approximately 20% constant currency growth*
- Full year guidance assumes no additional COVID-related headwinds or shutdowns
- Expect annual FX headwind to adj. EBITDA* of greater than \$35 million
- Free cash flow* guidance assumes release of working capital in the second half, in line with historical seasonal trends

Earnings growth from solid execution and synergy realization despite weaker macro environment and FX headwinds

* See non-GAAP definitions in the appendix
1. Based on July 15, 2022 exchange rates

Appendix



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Reconciliation to Adjusted Share Counts



<i>(amounts in millions)</i>		Q2 2022	Q2 2021
Basic common shares outstanding		246	248
Number of shares issuable upon vesting of granted Equity Awards ¹		2	5
Adjusted common shares outstanding		248	252

Note: Totals may not sum due to rounding

1. Equity awards with targets that are considered probable of achievement vested at target level

Net Income Attributable to Common Stockholders

Reconciliation to Adj. EBITDA



(\$ millions)	Q2 2022	Q2 2021
Net income attributable to common stockholders	\$65	\$81
Add (subtract):		
Net income attributable to non-controlling interests	0	—
Income from discontinued operations, net of tax	(2)	(2)
Income tax expense (benefit)	24	(32)
Interest expense, net	13	13
Depreciation expense	10	10
Amortization expense	30	30
EBITDA	141	100
Adjustments to reconcile to Adjusted EBITDA:		
Inventory step-up	—	2
Restructuring expense	1	2
Acquisition and integration expense	1	6
Foreign exchange (gain) loss on internal debt	(1)	5
Adjustment of stock compensation previously not probable	—	14
Unrealized gain on metals derivative contracts	(6)	(1)
Other, net	4	5
Adjusted EBITDA	\$140	\$132

Note: Totals may not sum due to rounding

Net Debt to Adj. EBITDA Ratio Reconciliation on a Trailing Twelve Month Basis



(\$ millions)	YTD 2022	Q3 2021	Q4 2021	LTM Q2 2022
Net income attributable to common stockholders	\$121	\$36	\$4	\$161
Add (subtract):				
Net income (loss) attributable to non-controlling interests	1	(0)	1	1
(Income) loss from discontinued operations, net of tax	(2)	-	2	(0)
Income tax expense	44	17	32	93
Interest expense, net	27	14	15	56
Depreciation expense	21	10	11	42
Amortization expense	61	32	32	125
EBITDA	273	109	96	478
Adjustments to reconcile to Adjusted EBITDA:				
Inventory step-up	1	4	6	11
Restructuring expense	3	1	7	11
Acquisition and integration expense	4	7	4	15
Foreign exchange loss on internal debt	1	1	6	8
Adjustment of stock compensation previously not probable	1	8	3	12
Unrealized (gain) loss on metals derivative contracts	(4)	(1)	2	(3)
Other, net	6	2	1	10
Adjusted EBITDA	\$285	\$131	\$125	\$540
Net Debt				\$1,709
Net Debt to Adjusted EBITDA Ratio				3.2x
Estimated fair value of cross-currency swaps				86
Net Debt inclusive of cross-currency swaps				\$1,623
Net Debt to Adjusted EBITDA Ratio inclusive of cross-currency swaps				3.0x

Note: Totals may not sum due to rounding

GAAP Net Income Reconciliation to Adjusted Diluted EPS



(\$ millions, except per share amounts)	Q2 2022	Q2 2021
Net income attributable to common stockholders	\$65	\$81
Net income from discontinued operations attributable to common stockholders	2	2
Net income from continuing operations attributable to common stockholders	63	79
Reversal of amortization expense	30	30
Adjustment to reverse incremental depreciation expense from acquisitions	1	1
Inventory step-up	—	2
Restructuring expense	1	2
Acquisition and integration expense	1	6
Foreign exchange (gain) loss on internal debt	(1)	5
Adjustment of stock compensation previously not probable	—	14
Unrealized gain on metals derivative contracts	(6)	(1)
Other, net	4	5
Tax effect of pre-tax non-GAAP adjustments	(6)	(13)
Adjustment to estimated effective tax rate	6	(41)
Adjusted net income attributable to common stockholders	\$94	\$88
Adjusted earnings per share	\$0.38	\$0.35
Adjusted common shares outstanding¹	248	252

Note: Totals may not sum due to rounding

1. See p.8 for a reconciliation to Adjusted Share Counts

Organic Net Sales Growth Reconciliation



	Three Months Ended June 30, 2022					
	Reported Net Sales Growth	Impact of Currency	Constant Currency	Change in Pass-Through Metals Pricing	Acquisitions	Organic Net Sales Growth
Electronics	11%	5%	16%	(7)%	(1)%	8%
Industrial & Specialty	24%	11%	35%	—%	(33)%	2%
Total	15%	7%	23%	(5)%	(12)%	6%

Note: Totals may not sum due to rounding or due to varying sizes of the two reportable segments

Free Cash Flow Reconciliation

(\$ millions)	Q2 2022	Q2 2021
Cash flows from operating activities	\$74	\$80
Capital expenditures	(12)	(9)
Proceeds from disposal of property, plant and equipment	3	—
Free cash flows	\$66	\$72

Note: Totals may not sum due to rounding

Adjusted Earnings Per Share (EPS): Adjusted EPS is a key metric used by management to measure operating performance and trends as management believes the exclusion of certain expenses in calculating adjusted EPS facilitates operating performance comparisons on a period-to-period basis. Adjusted EPS is defined as net income attributable to common stockholders adjusted to reflect adjustments consistent with the Company's definition of adjusted EBITDA. Additionally, the Company eliminates the amortization associated with intangible assets, incremental depreciation associated with the step-up of fixed assets and incremental cost of sales associated with the step-up of inventories recognized in purchase accounting for acquisitions. Further, the Company adjusts its effective tax rate to 20% for the three and six months ended June 30, 2022 and 2021, respectively, as described in the Release. The resulting adjusted net income is then divided by the Company's adjusted common shares outstanding. Adjusted common shares outstanding represent the shares outstanding as of the balance sheet date for the quarter-to-date period and an average of each quarter for the year-to-date period, plus shares issuable upon exercise or vesting of all outstanding equity awards (assuming a performance achievement target level for equity awards with targets considered probable).

Constant Currency: Management discloses net sales and adjusted EBITDA on a constant currency basis by adjusting results to exclude the impact of changes due to the translation of foreign currencies of its international locations into U.S. dollar. Management believes this non-GAAP financial information facilitates period-to-period comparison in the analysis of trends in business performance, thereby providing valuable supplemental information regarding its results of operations, consistent with how the Company evaluates its financial results.

The impact of foreign currency is calculated by converting the Company's current-period local currency financial results into U.S. dollar using the prior period's exchange rates and comparing these adjusted amounts to its prior period reported results. The difference between actual growth rates and constant currency growth rates represents the impact of foreign currency translation.

EBITDA and Adjusted EBITDA: EBITDA represents earnings before interest, provision for income taxes, depreciation and amortization. Adjusted EBITDA is defined as EBITDA, excluding the impact of additional items included in GAAP earnings which the Company believes are not representative or indicative of its ongoing business, including unrealized gains/losses on metals derivative contracts, or are considered to be associated with its capital structure, as described in the Release. Adjusted EBITDA for each segment also includes an allocation of corporate costs, such as compensation expense and professional fees. Management believes adjusted EBITDA and adjusted EBITDA margin provide investors with a more complete understanding of the long-term profitability trends of the Company's business and facilitate comparisons of its profitability to prior and future periods. However, these measures, which do not consider certain cash requirements, should not be construed as an alternative to net income or cash flow from operations as a measure of profitability or liquidity.

Net Debt to Adjusted EBITDA ratio: Net debt to adjusted EBITDA ratio is defined as total debt (current installments of long-term debt, revolving credit facilities and long-term debt), excluding unamortized discounts and debt issuance costs, which totaled \$21.0 million at June 30, 2022, less cash divided by adjusted EBITDA.

Free Cash Flow: Free cash flow is defined as net cash flows from operating activities less net capital expenditures. Net capital expenditures include capital expenditures less proceeds from the disposal of property, plant and equipment. Management believes that free cash flow, which measures the Company's ability to generate cash from its business operations, is an important financial measure in evaluating the Company's financial performance. However, free cash flow should be considered in addition to, rather than as a substitute for, net cash provided by operating activities as a measure of the Company's liquidity.

Organic Net Sales Growth: Organic net sales growth is defined as net sales excluding the impact of foreign currency translation, changes due to the pass-through pricing of certain metals and acquisitions and/ or divestitures, as applicable. Management believes this non-GAAP financial measure provides investors with a more complete understanding of the underlying net sales trends by providing comparable net sales over differing periods on a consistent basis.

For the three months ended June 30, 2022, Electronics' consolidated results were positively impacted by \$29.0 million of pass-through metals pricing and \$3.3 million of acquisitions and Industrial & Specialty's consolidated results were positively impacted by \$64.2 million of acquisitions.

The Company only provides full year 2022 financial guidance for adjusted EBITDA, adjusted EPS and free cash flow, and Q3 2022 financial guidance for adjusted EBITDA and constant currency adjusted EBITDA growth on a non-GAAP basis and does not provide reconciliations of these forward-looking non-GAAP measures to GAAP due to the inherent difficulty in forecasting and quantifying, without unreasonable efforts, certain amounts that are necessary for such reconciliations, including adjustments that could be made for restructurings, refinancings, impairments, divestitures, integration-related expenses, share-based compensation amounts, non-recurring, unusual or unanticipated charges, expenses or gains, adjustments to inventory and other charges reflected in the reconciliation of historic numbers, the amount of which, based on historical experience, could be significant.