

Third 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 FY 2022 global consumer electronics markets forecast; FY 2022 cash flow outlook, including cash interest, cash taxes and net capex; full year 2022 financial guidance with respect to adjusted EBITDA, adjusted EPS, constant currency adjusted EBITDA growth and free cash flow; Q4 2022 considerations, including sales decline and financial guidance with respect to adjusted EBITDA on a constant currency basis and FX headwind, including 2023 expectation. These projections and statements are based on management’s estimates, assumptions and 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 to management as of the current date, and management 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 periodic and other reports of Element Solutions filed with the Securities and Exchange Commission. Element Solutions 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 margin, adjusted EPS, adjusted common shares outstanding, free cash flow, net debt to adjusted EBITDA ratio, organic net sales growth, financial guidance with respect to Q4 2022 adjusted EBITDA and Q4 2022 adjusted EBITDA constant currency growth, full year 2022 adjusted EBITDA, adjusted EPS, constant currency adjusted EBITDA growth and free cash flow. 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 October 26, 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 these non-GAAP measures to evaluate performance on a comparative period-to-period basis in terms of absolute performance, trends and expected future performance with respect to the Company’s business 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 or are considered to be associated with its capital structure. 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.

Third Quarter 2022 Financial Results



(\$ in millions)	Q3 2022	Q3 2021	YoY	Constant Currency*	Organic*
				YoY	YoY
Net Sales	\$619	\$616	0%	9%	5%
Electronics	388	412	(6)%	1%	5%
Industrial & Specialty	231	205	13%	26%	6%
GAAP Diluted EPS	\$0.22	\$0.15			
Adj. EBITDA*	\$134	\$131	2%	11%	
% margin	21.6%	21.2%	40 bps	40 bps	
Electronics	91	96	(5)%	2%	
% margin	23.5%	23.3%	20 bps	20 bps	
Industrial & Specialty	42	35	22%	38%	
% margin	18.4%	16.9%	150 bps	160 bps	
Adj. EPS*	\$0.36	\$0.34	6%		

- Organic net sales* increased 5% year-over-year driven by pricing activity and new wins in a soft volume environment
- Constant currency adj. EBITDA* growth of 11% and adjusted EBITDA* margin increase of 40 bps
 - Pass-through metals pricing tailwind of ~60 bps
 - Majority of losses from impact of sharp decline in tin prices that impacted Assembly and overall Electronics gross profit recaptured in adj. EBITDA* via metals hedges
 - Year-over-year impact of additional raw material and logistics inflation as well as mix headwinds impacted profitability
 - Pressure on gross profit margins offset by cost actions reducing OPEX
- Excluding net sales from Assembly pass-through metals of \$93 million, adj. EBITDA* margin would have been 25%¹
- Strengthening US Dollar created 9% headwind to net sales and \$12 million headwind to adj. EBITDA* year-over-year
- Adjusted EPS* growth of 6%

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 adjusted EBITDA* margin excluding net sales from Assembly pass-through metals is \$134 million in adjusted EBITDA* divided by (\$619 million net sales less \$93 million metals net sales)

Third Quarter 2022 Segment Details



Electronics

	Net Sales (\$ in millions)	Organic Growth*	Key Drivers
Assembly	\$197	9%	Growth in power electronics partially offset by softness in consumer electronics; global consumer electronics markets forecasted down 5% YoY in 2022
Circuitry	\$125	1%	New wins and surcharge pricing offset by demand weakness in Asia. Global mobile unit sales have declined more than 10% YoY. Memory disk market slowed substantially
Semiconductor	\$66	3%	Growth in advanced packaging and wafer plating business, offset by China demand weakness
Total	\$388	5%	

Industrial & Specialty

	Net Sales (\$ in millions)	Organic Growth*	Key Drivers
Industrial	\$177	7%	Pricing actions offset volume declines primarily in Europe
Graphics	\$38	(3)%	Reduced customer activity partially offset by pricing actions
Energy	\$16	15%	Recovery in global drilling activity due to sustained higher energy prices
Total	\$231	6%	

Note: Totals may not sum due to rounding

* See non-GAAP definitions and reconciliations in the appendix

Sources: Management estimates, Prismark, UBS Research, Gartner

Key Cash Flow Items

- **Q3 2022 free cash flow* of \$116 million**
 - \$38 million release of working capital driven by sequential decline in sales, commodity prices and modest reduction in safety stocks
 - Capex of \$11 million; lower than anticipated due to project timing

YTD 2022 Cash Flow Uses and FY 2022 Outlook

\$ millions	YTD 2022	FY 2022
Cash Interest	\$44	~\$50
Cash Taxes	\$46	~\$75
Net Capex*	\$29	~\$50

Note: Totals may not sum due to rounding

* See non-GAAP definitions in the appendix

1. See p.9 for reconciliation to Adjusted Share Counts

2. Based on Element Solutions' closing stock price of \$16.27 at September 30, 2022

Balance Sheet Management

- **Net debt to adj. EBITDA ratio* of 3.1x on an LTM basis as of September 30, 2022**
 - Including the estimated fair value in cross-currency swaps, net debt to adj. EBITDA ratio* would be 2.9x
- Repurchased approximately \$55 million in shares in Q3 with cash on hand
 - Reduced share count by 3 million shares in Q3; 6 million year-to-date
 - Remaining authorization of \$616 million at Sep 30, 2022

Q3 2022 Capital Structure

Instrument	(in millions)
Corporate Revolver	\$0
Term Loans	1,117
Total First Lien Debt	1,117
Senior Notes due 2028	800
Other	2
Total Debt	\$1,919
Cash Balance	234
Net Debt	\$1,685
Adjusted Shares Outstanding ¹	245
Market Capitalization ²	\$3,989
Total Capitalization	\$5,674

FY Adj. EBITDA*

\$525 million to \$530 million¹

**FY Adjusted
EPS***

\$1.40 to \$1.42

**FY Free Cash
Flow***

Approximately \$250 million

**Q4 2022
Considerations**

- Sales expected to decline sequentially due to FX, metal price, typical seasonality and ongoing end-market softness
- Expect adj. EBITDA* to be approximately flat year-over-year on a constant currency basis*
- At September 30 rates, FX represents a year-over-year headwind of approximately \$15 million

**In declining end-market environment, expect full year 2022 constant
currency adj. EBITDA* growth of 8%**

Appendix



Enabling Technology.
Growing Sustainably.

	% of Adj. EBITDA*	9/30/2022	6/30/2022	12/31/2021	FY21 Realized
CNY / USD	35%	7.11	6.70	6.35	6.45
USD / EUR	20%	0.98	1.05	1.14	1.18
USD / GBP	5%	1.11	1.22	1.35	1.38
TWD / USD	5%	31.75	29.74	27.67	27.95
JPY / USD	3%	145	136	115	110
FY21 Adj. EBITDA* based on these rates		\$455	\$485	\$515	\$525

At current rates, expect an additional FX headwind in FY23 of \$30 million

* See non-GAAP definition in this appendix

Reconciliation to Adjusted Share Counts



<i>(amounts in millions)</i>		Q3 2022	Q3 2021
Basic common shares outstanding		243	248
Number of shares issuable upon vesting of granted Equity Awards ¹		2	5
Adjusted common shares outstanding		245	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)	Q3 2022	Q3 2021
Net income attributable to common stockholders	\$53	\$36
Add (subtract):		
Net income (loss) attributable to non-controlling interests	0	(0)
Income from discontinued operations, net of tax	—	—
Income tax expense	17	17
Interest expense, net	12	14
Depreciation expense	11	10
Amortization expense	29	32
EBITDA	122	109
Adjustments to reconcile to Adjusted EBITDA:		
Inventory step-up	—	4
Restructuring expense	3	1
Acquisition and integration expense	2	7
Foreign exchange loss on internal debt	3	1
Adjustment of stock compensation previously not probable	—	8
Unrealized loss (gain) on metals derivative contracts	2	(1)
Other, net	2	2
Adjusted EBITDA	\$134	\$131

Note: Totals may not sum due to rounding

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



(\$ millions)	YTD 2022	Q4 2021	LTM Q3 2022
Net income attributable to common stockholders	\$175	\$4	\$178
Add (subtract):			
Net income attributable to non-controlling interests	1	1	1
(Income) loss from discontinued operations, net of tax	(2)	2	(0)
Income tax expense	60	32	92
Interest expense, net	40	15	54
Depreciation expense	32	11	43
Amortization expense	91	32	123
EBITDA	395	96	491
Adjustments to reconcile to Adjusted EBITDA:			
Inventory step-up	1	6	7
Restructuring expense	6	7	13
Acquisition and integration expense	6	4	10
Foreign exchange loss on internal debt	3	6	9
Adjustment of stock compensation previously not probable	1	3	4
Unrealized (gain) loss on metals derivative contracts	(2)	2	0
Other, net	8	1	9
Adjusted EBITDA	\$419	\$125	\$543
Net Debt			\$1,685
Net Debt to Adjusted EBITDA Ratio			3.1x
Estimated after-tax fair value of cross-currency swaps ¹			121
Net Debt inclusive of cross-currency swaps			\$1,564
Net Debt to Adjusted EBITDA Ratio inclusive of cross-currency swaps			2.9x

Note: Totals may not sum due to rounding

1. Assumes 20% tax rate on fair value of \$151 million

GAAP Net Income Reconciliation to Adjusted Diluted EPS



(\$ millions, except per share amounts)	Q3 2022	Q3 2021
Net income from continuing operations attributable to common stockholders	\$53	\$36
Reversal of amortization expense	29	32
Adjustment to reverse incremental depreciation expense from acquisitions	1	1
Inventory step-up	—	4
Restructuring expense	3	1
Acquisition and integration expense	2	7
Foreign exchange loss on internal debt	3	1
Adjustment of stock compensation previously not probable	—	8
Unrealized loss (gain) on metals derivative contracts	2	(1)
Other, net	2	2
Tax effect of pre-tax non-GAAP adjustments	(8)	(11)
Adjustment to estimated effective tax rate	3	7
Adjusted net income attributable to common stockholders	\$89	\$86
Adjusted earnings per share	\$0.36	\$0.34
Adjusted common shares outstanding¹	245	252

Note: Totals may not sum due to rounding

1. See p.9 for a reconciliation to Adjusted Share Counts

Organic Net Sales Growth Reconciliation



	Three Months Ended September 30, 2022					
	Reported Net Sales Growth	Impact of Currency	Constant Currency	Change in Pass-Through Metals Pricing	Acquisitions	Organic Net Sales Growth
Electronics	(6)%	7%	1%	4%	—%	5%
Industrial & Specialty	13%	13%	26%	—%	(21)%	6%
Total	0%	9%	9%	3%	(7)%	5%

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

Free Cash Flow Reconciliation



(\$ millions)	Q3 2022	Q3 2021
Cash flows from operating activities	\$127	\$92
Capital expenditures	(11)	(10)
Free cash flows	\$116	\$81

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 nine months ended September 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 \$19.8 million at September 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 September 30, 2022, Electronics' consolidated results were negatively impacted by \$18.3 million of pass-through metals pricing and Industrial & Specialty's consolidated results were positively impacted by \$41.9 million of acquisitions.

The Company only provides Q4 2022 guidance for constant currency adjusted EBITDA and full year 2022 guidance for adjusted EBITDA, adjusted EPS, constant currency adjusted EBITDA growth and free cash flow, 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.