

Fourth Quarter and Full Year 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 2023 cash flow outlook, including cash interest, cash taxes and net capex; full year 2023 financial guidance with respect to adjusted EBITDA on a constant currency basis, adjusted EPS, and free cash flow; Q1 2023 adjusted EBITDA growth vs. Q4 2022; year-over-year FX headwind; profit and cash flow positions; and demand inflection in second half of 2023. 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 the 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; price volatility and cost environment; 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 margin, adjusted EPS, adjusted common shares outstanding, free cash flow, net debt to adjusted EBITDA ratio, organic net sales growth, Q1 2023 guidance for adjusted EBITDA growth vs. Q4 2022, and full year 2023 guidance for adjusted EBITDA on a constant currency basis, adjusted EPS 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 February 21, 2023 (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.

Resilient, Above-Market Performance

5%

Organic net sales*
increase

8%

Constant currency adj.
EBITDA* growth

\$1.41

Adj. EPS*

\$253M

Free cash flow*

5%

Electronics Organic
net sales* increase

vs. **(11)%**

FY 22 global smartphone
shipment decline¹

5%

Industrial & Specialty
Organic
net sales* increase

vs.

4%

Global
Industrial Production
Growth²

Prudent Capital Allocation

COVENTYA



>\$10M realized
synergies in 2022

Enhanced global scale
and product breadth in
industrial metal finishing

~9X synergized
multiple³

\$230M

Cash returned to shareholders

\$78M

Dividends

\$151M

Share
repurchases

* 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 or appendix of this presentation

1. Based on preliminary IDC data as of Jan 2023

2. Based on Goldman Sachs Macroeconomic Research as of Feb 2023

3. Blended multiple, based on \$486 million purchase price for Coventya, \$23 million purchase price for HSO, LTM adj. EBITDA* at time of purchase and run-rate synergies realized to date

Fourth Quarter 2022 Financial Results



(\$ in millions)	Q4 2022	Q4 2021	YoY	Constant Currency*	Organic*
				YoY	YoY
Net Sales	\$574	\$647	(11%)	(3%)	3%
Electronics	338	410	(18%)	(11%)	0%
Industrial & Specialty	236	237	0%	10%	7%
GAAP Diluted EPS	\$0.05	\$0.02			
Adj. EBITDA*	\$108	\$125	(13%)	(2%)	
% margin	18.8%	19.3%	(50 bps)	20 bps	
Electronics	68	85	(19%)	(11%)	
% margin	20.3%	20.7%	(40 bps)	0 bps	
Industrial & Specialty	40	40	(1%)	16%	
% margin	16.7%	16.8%	(10 bps)	100 bps	
Adj. EPS*	\$0.29	\$0.32	(9%)		

- Organic net sales* increased 3% year-over-year driven by pricing activity and new wins in a softer volume environment
- Constant currency adj. EBITDA* decrease of 2% and adjusted EBITDA* margin increase of 20 bps
 - Continued price actions across Industrial & Specialty with moderating material and logistics costs
 - Impact of softness in high-end electronics on Circuitry and Semiconductor negatively impacted mix
- Excluding sales from pass-through metals of \$80 million in Assembly, adj. EBITDA* margin would have been 22%¹
- Strengthening US Dollar created 8% currency headwind to net sales and \$14 million to adj. EBITDA* year-over-year
- Adjusted EPS* decrease of 9% driven primarily by currency impacts

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

* See non-GAAP definitions and reconciliations in footnotes and the appendix

1. Calculation for adjusted EBITDA* margin excluding net sales from Assembly pass-through metals is \$108 million in adjusted EBITDA* divided by (\$574 million net sales less \$80 million metals net sales)

Full Year 2022 Financial Results



(\$ in millions)	FY 2022	FY 2021	YoY	Constant Currency*	Organic*
				YoY	YoY
Net Sales	\$2,549	\$2,400	6%	13%	5%
Electronics	1,604	1,583	1%	7%	5%
Industrial & Specialty	945	817	16%	26%	5%
GAAP Diluted EPS	\$0.75	\$0.82			
Adj. EBITDA*	\$527	\$525	0%	8%	
% margin	20.7%	21.9%	(120 bps)	(110 bps)	
Electronics	362	372	(3%)	3%	
% margin	22.6%	23.5%	(90 bps)	(90 bps)	
Industrial & Specialty	165	153	8%	21%	
% margin	17.4%	18.7%	(130 bps)	(90 bps)	
Adj. EPS*	\$1.41	\$1.38	2%		

- Organic net sales* increased 5% year-over-year driven by pricing activity and new customer wins despite volatile demand
- Constant currency adj. EBITDA* growth of 8%
 - 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 sales from pass-through metals of \$428 million in Assembly, adj. EBITDA* margin would have been 25%¹
- Strengthening US Dollar created 7% FX headwind to net sales and \$40 million FX headwind to adj. EBITDA* year-over-year
- Adjusted EPS* growth of 2%, reflecting an 8% headwind from FX

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

* See non-GAAP definitions and reconciliations in footnotes and the appendix

1. Calculation for adjusted EBITDA* margin excluding net sales from Assembly pass-through metals is \$527 million in adjusted EBITDA* divided by (\$2.55 billion net sales less \$428 million metals net sales)

Electronics Net Sales (\$ in millions)

	Net Sales (\$ in millions)	Organic Growth*	Key Drivers
Assembly	\$839	7%	Growth in power electronics and circuit board assembly products for industrial markets
Circuitry	\$497	4%	New customer wins, pricing actions and first-half weighted growth in memory disk business
Semiconductor	\$268	3%	Growth in wafer plating chemistries across mobile, automotive and telecom end-markets
Total	\$1,604	5%	

Industrial & Specialty Net Sales (\$ in millions)

	Net Sales (\$ in millions)	Organic Growth*	Key Drivers
Industrial	\$728	5%	Pricing actions and first half growth in construction and industrial end markets partially offset by reduced activity in Asia in second half
Graphics	\$150	0%	Pricing actions and new customer wins offsetting reduced industry activity
Energy	\$67	12%	Recovery in global drilling activity due to sustained higher energy prices
Total	\$945	5%	

* See non-GAAP definitions and reconciliations in footnotes and the appendix

Key Cash Flow Items

- **FY 2022 free cash flow* of \$253 million**
 - Q4 2022 free cash flow* of \$87 million
- ~\$25 million investment in working capital
 - Retained safety stocks to support customers in context of lengthened lead times and raw material scarcity in 1H '22
 - ~\$70 million release of cash in 2H '22
- Targeted capital investments in key growth initiatives for power electronics and graphics as well as customer equipment
 - 2022 includes ~\$5 million of asset disposals
 - Delays on certain projects pushed spend to FY 2023

FY 2022 Cash Flow Uses and FY 2023 Outlook

\$ millions	FY 2022	FY 2023
Cash Interest	\$47	~\$50
Cash Taxes	\$67	~\$80
Net Capex*	\$43	~\$70

Balance Sheet Management

- **Net debt to adj. EBITDA ratio* of 3.1x on a LTM basis as of December 31, 2022**
- Capital structure remains fully fixed-rate until 2024
- Paid \$78 million in dividends in FY 2022
- Repurchased ~8 million shares at average price of \$18.76 per share
 - ~2 million shares repurchased in Q4 2022
 - ~\$581 million of remaining authorization under stock repurchase program

Capital Structure at 12/31/22

Instrument	(in millions)
Term Loans	1,114
Senior Notes due 2028	800
Total Debt	\$1,914
Cash Balance	266
Net Debt	\$1,648
Adjusted Shares Outstanding ¹	243
Market Capitalization ²	\$4,422
Total Capitalization	\$6,070

Note: Totals may not sum due to rounding

* See non-GAAP definitions and reconciliations in the appendix

1. See p.10 for reconciliation to Adjusted Share Counts

2.. Based on Element Solutions' closing stock price of \$18.19 at December 30, 2022

FY Adj.
EBITDA*

Approximately flat at constant currency*

\$510 million to \$530 million¹

FY Adjusted
EPS*

\$1.40 - \$1.43

Free Cash
Flow*

\$275 million

Additional
Considerations

- Year-over-year FX headwind of approximately \$10 million at current FX rates
- Expect Q1 adj. EBITDA* increase of 1-3% vs Q4 2022
- Adj. EBITDA* growth weighted significantly towards second half

Resilient profit and cash flow in soft markets with demand inflection expected in second half

* See non-GAAP definitions and reconciliations in the appendix

1. Based on rates as of Feb 17, 2023

Appendix



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Reconciliation to Adjusted Share Counts

<i>(amounts in millions)</i>	Q4 2022	Q4 2021	FY 2022 (Average)	FY 2021 (Average)
Basic common shares outstanding	241	247	244	247
Number of shares issuable upon vesting of granted Equity Awards ¹	2	5	2	4
Adjusted common shares outstanding	243	251	247	251

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)	Q1 2022	Q2 2022	Q3 2022	Q4 2022	FY 2022
Net income attributable to common stockholders	\$56	\$65	\$53	\$13	\$187
Add (subtract):					
Net income attributable to the non-controlling interests	0	0	0	0	1
Income from discontinued operations, net of tax	—	(2)	—	—	(2)
Income tax expense	20	24	17	25	86
Interest expense, net	14	13	12	12	51
Depreciation expense	11	10	11	10	42
Amortization expense	31	30	29	29	120
EBITDA	132	141	122	89	485
Adjustments to reconcile to Adjusted EBITDA:					
Inventory step-up	1	—	—	—	1
Restructuring expense	2	1	3	3	10
Acquisition and integration expense	3	1	2	4	11
Foreign exchange loss (gain) on internal debt	2	(1)	3	5	8
Adjustment of stock compensation previously not probable	1	—	—	—	1
Unrealized loss (gain) on metals derivative contracts	2	(6)	2	3	1
Other, net	3	4	2	3	11
Adjusted EBITDA	\$145	\$140	\$134	\$108	\$527
Net Debt					\$1,648
Net Debt to Adjusted EBITDA Ratio					3.1x

Note: Totals may not sum due to rounding

Net Income Attributable to Common Stockholders

Reconciliation to Adj. EBITDA



(\$ millions)	Q1 2021	Q2 2021	Q3 2021	Q4 2021	FY 2021
Net income attributable to common stockholders	\$82	\$81	\$36	\$4	\$203
Add (subtract):					
Net (loss) income attributable to the non-controlling interests	—	—	(0)	1	0
(Income) loss from discontinued operations, net of tax	—	(2)	—	2	(0)
Income tax expense (benefit)	31	(32)	17	32	48
Interest expense, net	13	13	14	15	54
Depreciation expense	9	10	10	11	40
Amortization expense	30	30	32	32	124
EBITDA	165	100	109	96	470
Adjustments to reconcile to Adjusted EBITDA:					
Inventory step-up	—	2	4	6	13
Restructuring expense	2	2	1	7	12
Acquisition and integration (income) expense	(3)	6	7	4	14
Foreign exchange (gain) loss on internal debt	(28)	5	1	6	(17)
Adjustment of stock compensation previously not probable	—	14	8	3	24
Unrealized (gain) loss on metals derivative contracts	(0)	(1)	(1)	2	(0)
Other, net	1	5	2	1	9
Adjusted EBITDA	\$138	\$132	\$131	\$125	\$525

Note: Totals may not sum due to rounding

GAAP Net Income Reconciliation to Adjusted Diluted EPS



(\$ millions, except per share amounts)	Q4 2022	Q4 2021	FY 2022	FY 2021
Net income attributable to common stockholders	\$13	\$4	\$187	\$203
Net (loss) income from discontinued operations attributable to common stockholders	—	(2)	2	0
Net income from continuing operations attributable to common stockholders	13	6	185	203
Reversal of amortization expense	29	32	120	124
Adjustment to reverse incremental depreciation expense from acquisitions	1	1	2	3
Inventory step-up	—	6	1	13
Restructuring expense	3	7	10	12
Acquisition and integration expense	4	4	11	14
Foreign exchange loss (gain) on internal debt	5	6	8	(17)
Adjustment of stock compensation previously not probable	—	3	1	24
Unrealized loss (gain) on metals derivative contracts	3	2	1	(0)
Other, net	3	1	11	9
Tax effect of pre-tax non-GAAP adjustments	(10)	(12)	(33)	(36)
Adjustment to estimated effective tax rate	18	24	31	(2)
Adjusted net income attributable to common stockholders	\$69	\$79	\$348	\$347
Adjusted earnings per share	\$0.29	\$0.32	\$1.41	\$1.38
 Adjusted common shares outstanding¹	 243	 251	 247	 251

Note: Totals may not sum due to rounding
1. See p.10 for a reconciliation to Adjusted Share Counts

Organic Net Sales Growth Reconciliation



Three Months Ended December 31, 2022						
	Reported Net Sales Growth	Impact of Currency	Constant Currency	Change in Pass-Through Metals Pricing	Acquisitions	Organic Net Sales Growth
Electronics	(18)%	7%	(11)%	11%	—%	0%
Industrial & Specialty	0%	10%	10%	—%	(2)%	7%
Total	(11)%	8%	(3)%	7%	(1)%	3%

Twelve Months Ended December 31, 2022						
	Reported Net Sales Growth	Impact of Currency	Constant Currency	Change in Pass-Through Metals Pricing	Acquisitions	Organic Net Sales Growth
Electronics	1%	5%	7%	(1)%	(1)%	5%
Industrial & Specialty	16%	11%	26%	—%	(22)%	5%
Total	6%	7%	13%	0%	(8)%	5%

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

Free Cash Flow Reconciliation



<i>(dollars in millions)</i>	Q4 2022	Q4 2021	YTD 2022	YTD 2021
Cash flows from operating activities	\$101	\$121	\$296	\$326
Capital expenditures	(15)	(19)	(48)	(46)
Disposal of property, plant and equipment	1	—	5	—
Free cash flows	\$87	\$103	\$253	\$280

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 twelve months ended December 31, 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 \$18.7 million at December 31, 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 twelve months ended December 31, 2022, Electronics' consolidated results were positively impacted by \$9.7 million of pass-through metals pricing and \$13.5 million of acquisitions and Industrial & Specialty's consolidated results were positively impacted by \$175.9 million of acquisitions.

For the three months ended December 31, 2022, Electronics' consolidated results were negatively impacted by \$45.0 million of pass-through metals pricing and Industrial & Specialty's consolidated results were positively impacted by \$5.4 million of acquisitions.

The Company only provides first quarter 2023 guidance for adjusted EBITDA growth vs. Q4 2022 and full year 2023 guidance for adjusted EBITDA on a constant currency basis, adjusted EPS and free cash flow on a non-GAAP basis. Reconciliations of such forward-looking non-GAAP measures to GAAP are excluded in reliance upon the exception provided by Item 10(e)(1)(i)(B) of Regulation S-K 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 and acquisition-related expenses, share-based compensation amounts, non-recurring, unusual or unanticipated charges, expenses or gains, adjustments to inventory and other charges reflected in its reconciliation of historic numbers, the amount of which, based on historical experience, could be significant.