



**Element Solutions Inc
Announces 2024 Second Quarter Financial Results**

- *Net sales of \$613 million, an increase of 5% on a reported basis or 4% on an organic basis from the second quarter of 2023*
- *Reported net income of \$93 million, compared to \$30 million in the same period last year, an increase of 213% on a reported basis*
- *Adjusted EBITDA of \$135 million, compared to \$116 million in the same period last year, an increase of 16% on a reported basis and 21% on a constant currency basis*
- *Second quarter 2024 cash flows from operating activities of \$67 million and free cash flow of \$52 million*

Miami, Fla., July 29, 2024 -- Element Solutions Inc (NYSE:ESI) (“Element Solutions” or the “Company”), a global and diversified specialty chemicals company, today announced its financial results for the three and six months ended June 30, 2024.

Executive Commentary

President and Chief Executive Officer Benjamin Gliklich commented, “Element Solutions delivered an exceptional second quarter. Earnings growth accelerated despite an only modest recovery in consumer electronics and subdued global industrial markets. Our business was propelled by strong demand for high-performance computing applications, data centers and semiconductor fabrication. These high-value end-markets drove favorable mix which, combined with year-over-year raw material price declines, drove substantial margin expansion. The rapid evolution in the electronics industry is creating new sources of high-value demand, and we are capitalizing on those opportunities. Our addressable markets are growing substantially, and we have positioned ourselves to benefit disproportionately from that growth. This quarter is the output from several years of solid execution in terms of strategy and margin recapture.”

Mr. Gliklich continued, “We recently increased our adjusted EBITDA guidance range to \$530 million to \$545 million, which translates to approximately 15% constant currency growth at the midpoint. While improving, overall electronics markets are closer to trough than the long-term trend. Should the broader electronics market recovery continue and, in particular, should mobile phone demand accelerate, we believe we will deliver full-year adjusted EBITDA above the midpoint of that range. Looking ahead, a multi-year recovery in electronics seems likely. Given that outlook and the foundation laid by several years of strong strategic execution, we have growing confidence for several years of record earnings ahead.”

Second Quarter 2024 Highlights (compared with second quarter 2023)

- Net sales on a reported basis for the second quarter of 2024 were \$613 million, an increase of 5% over the second quarter of 2023. Organic net sales increased 4%.
 - Electronics: Net sales increased 10% to \$392 million. Organic net sales increased 7%.
 - Industrial & Specialty: Net sales decreased 4% to \$221 million. Organic net sales decreased 1%.
- Second quarter of 2024 earnings per share (EPS) performance:
 - GAAP diluted EPS was \$0.38, as compared to \$0.11 for the same period last year.
 - Adjusted EPS was \$0.36, as compared to \$0.31 for the same period last year.
- Reported net income for the second quarter of 2024 was \$93 million, as compared to \$30 million for the second quarter of 2023, an increase of 213%.
 - Net income margin increased by 1,010 basis points to 15.2%.
- Adjusted EBITDA for the second quarter of 2024 was \$135 million, as compared to \$116 million for the second quarter of 2023, an increase of 16%. On a constant currency basis, adjusted EBITDA increased 21%.

- Electronics: Adjusted EBITDA was \$92 million, an increase of 21%. On a constant currency basis, adjusted EBITDA increased 26%.
- Industrial & Specialty: Adjusted EBITDA was \$43 million, an increase of 7%. On a constant currency basis, adjusted EBITDA increased 12%.
- Adjusted EBITDA margin increased by 230 basis points to 22.1%. On a constant currency basis, adjusted EBITDA margin increased by 250 basis points.

Updated 2024 Guidance

In June 2024, the Company increased its full year 2024 adjusted EBITDA expectation to an updated range of \$530 million to \$545 million. In addition, the Company expects its full year 2024 free cash flow to be in the range of \$280 million to \$300 million.

Conference Call

Element Solutions will host a webcast/dial-in conference call to discuss its 2024 second quarter financial results at 8:30 a.m. (Eastern Time) on Tuesday, July 30, 2024. Participants on the call will include President and Chief Executive Officer Benjamin Gliklich and Chief Financial Officer Carey J. Dorman.

To listen to the call by telephone, please dial 888-510-2346 (domestic) or 646-960-0111 (international) and provide the Conference ID: 3799230. The call will be simultaneously webcast at www.elementsolutionsinc.com. A replay of the call will be available after completion of the live call at www.elementsolutionsinc.com.

About Element Solutions

Element Solutions Inc is a leading global specialty chemicals company whose businesses supply a broad range of solutions that enhance the performance of products people use every day. Developed in multi-step technological processes, these innovative solutions enable customers' manufacturing processes in several key industries, including consumer electronics, power electronics, semiconductor fabrication, communications and data storage infrastructure, automotive systems, industrial surface finishing, consumer packaging and offshore energy.

More information about the Company is available at www.elementsolutionsinc.com.

Forward-Looking Statements

This release is intended to qualify for the safe harbor from liability established by the Private Securities Litigation Reform Act of 1995 as it contains "forward-looking statements" within the meaning of the federal securities laws. These 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. Examples of forward-looking statements include, but are not limited to, statements, beliefs, projections or expectations regarding new sources of high-value demand in the electronic industry; capitalizing on opportunities; addressable markets growth; market position and expected growth benefits; broader electronics market recovery; full year 2024 adjusted EBITDA performance; future record earnings; non-GAAP effective tax rate; and full year 2024 guidance for adjusted EBITDA, constant currency adjusted EBITDA growth and free cash flow. 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 war between Russia and Ukraine, the Israel-Hamas conflict and other hostilities in the Middle-East as well as actions in response thereto and their impact on market conditions and the global economy; the continuing economic impact of the coronavirus (COVID-19) and its variants on the global economy and supply chains; price volatility and cost environment; inflation and fluctuations in foreign exchange rates; outstanding debt and debt leverage ratio; shares repurchases; debt and/or equity issuance or retirement; expected 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.

ELEMENT SOLUTIONS INC
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
<i>(dollars in millions, except per share amounts)</i>				
Net sales	\$ 612.7	\$ 586.1	\$ 1,187.7	\$ 1,160.5
Cost of sales	345.5	357.6	675.5	704.2
Gross profit	<u>267.2</u>	<u>228.5</u>	<u>512.2</u>	<u>456.3</u>
Operating expenses:				
Selling, technical, general and administrative	155.4	147.0	304.5	295.9
Research and development	15.6	28.9	33.7	41.4
Total operating expenses	<u>171.0</u>	<u>175.9</u>	<u>338.2</u>	<u>337.3</u>
Operating profit	96.2	52.6	174.0	119.0
Other (expense) income:				
Interest expense, net	(14.3)	(12.0)	(28.2)	(23.7)
Foreign exchange gains	5.0	9.0	12.9	13.9
Other expense, net	(12.7)	(1.6)	(15.0)	(1.3)
Total other expense	<u>(22.0)</u>	<u>(4.6)</u>	<u>(30.3)</u>	<u>(11.1)</u>
Income before income taxes and non-controlling interests	74.2	48.0	143.7	107.9
Income tax benefit (expense)	<u>17.5</u>	<u>(21.2)</u>	<u>4.0</u>	<u>(38.1)</u>
Net income from continuing operations	91.7	26.8	147.7	69.8
Income from discontinued operations, net of tax	<u>1.6</u>	<u>2.9</u>	<u>1.6</u>	<u>2.9</u>
Net income	93.3	29.7	149.3	72.7
Net (income) loss attributable to non-controlling interests	<u>(0.1)</u>	<u>0.2</u>	<u>(0.1)</u>	<u>0.1</u>
Net income attributable to common stockholders	<u>\$ 93.2</u>	<u>\$ 29.9</u>	<u>\$ 149.2</u>	<u>\$ 72.8</u>
Earnings per share				
Basic from continuing operations	\$ 0.38	\$ 0.11	\$ 0.61	\$ 0.29
Basic from discontinued operations	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>
Basic attributable to common stockholders	<u>\$ 0.39</u>	<u>\$ 0.12</u>	<u>\$ 0.62</u>	<u>\$ 0.30</u>
Diluted from continuing operations	\$ 0.38	\$ 0.11	\$ 0.61	\$ 0.29
Diluted from discontinued operations	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>	<u>0.01</u>
Diluted attributable to common stockholders	<u>\$ 0.39</u>	<u>\$ 0.12</u>	<u>\$ 0.62</u>	<u>\$ 0.30</u>
Weighted average common shares outstanding				
Basic	242.1	241.4	242.0	241.1
Diluted	242.5	241.7	242.5	241.6

ELEMENT SOLUTIONS INC
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

<i>(dollars in millions)</i>	June 30,	December 31,
	2024	2023
Assets		
Cash and cash equivalents	\$ 309.3	\$ 289.3
Accounts receivable, net of allowance for doubtful accounts of \$11.6 and \$12.6 at June 30, 2024 and December 31, 2023, respectively	480.7	461.8
Inventories	335.4	298.9
Prepaid expenses	29.0	32.5
Other current assets	147.6	115.0
Total current assets	1,302.0	1,197.5
Property, plant and equipment, net	297.6	296.9
Goodwill	2,285.6	2,336.7
Intangible assets, net	806.6	879.3
Deferred income tax assets	149.2	120.5
Other assets	141.4	143.2
Total assets	\$ 4,982.4	\$ 4,974.1
Liabilities and stockholders' equity		
Accounts payable	\$ 146.2	\$ 140.6
Current installments of long-term debt	11.5	11.5
Accrued expenses and other current liabilities	214.5	217.3
Total current liabilities	372.2	369.4
Debt	1,916.8	1,921.0
Pension and post-retirement benefits	25.3	28.1
Deferred income tax liabilities	103.8	108.9
Other liabilities	175.6	202.4
Total liabilities	2,593.7	2,629.8
Stockholders' equity		
Common stock: 400.0 shares authorized (2024: 267.1 shares issued; 2023: 266.2 shares issued)	2.7	2.7
Additional paid-in capital	4,206.2	4,196.9
Treasury stock (2024: 25.0 shares; 2023: 24.6 shares)	(349.4)	(341.9)
Accumulated deficit	(1,073.2)	(1,183.3)
Accumulated other comprehensive loss	(413.2)	(345.9)
Total stockholders' equity	2,373.1	2,328.5
Non-controlling interests	15.6	15.8
Total equity	2,388.7	2,344.3
Total liabilities and stockholders' equity	\$ 4,982.4	\$ 4,974.1

ELEMENT SOLUTIONS INC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)

<i>(dollars in millions)</i>	Three Months Ended		Six Months Ended	
	June 30,	March 31,	June 30,	
	2024	2024	2024	2023
Cash flows from operating activities:				
Net income	\$ 93.3	\$ 56.0	\$ 149.3	\$ 72.7
Net income from discontinued operations, net of tax	1.6	—	1.6	2.9
Net income from continuing operations	91.7	56.0	147.7	69.8
Reconciliation of net income to net cash flows provided by operating activities:				
Depreciation and amortization	40.1	40.3	80.4	80.2
Deferred income taxes	(37.4)	(5.4)	(42.8)	2.5
Foreign exchange gains	(4.7)	(7.8)	(12.5)	(16.1)
Incentive stock compensation	3.6	4.1	7.7	7.7
Other, net	1.3	3.7	5.0	23.5
Changes in assets and liabilities, net of acquisitions:				
Accounts receivable	(27.4)	(4.8)	(32.2)	(0.4)
Inventories	(20.1)	(23.9)	(44.0)	(39.6)
Accounts payable	14.3	0.7	15.0	10.5
Accrued expenses	13.5	(14.5)	(1.0)	(11.9)
Prepaid expenses and other current assets	(9.3)	6.7	(2.6)	2.0
Other assets and liabilities	1.0	3.1	4.1	6.2
Net cash flows provided by operating activities	66.6	58.2	124.8	134.4
Cash flows from investing activities:				
Capital expenditures	(14.5)	(19.0)	(33.5)	(22.9)
Proceeds from disposal of property, plant and equipment	—	—	—	0.5
Acquisitions, net of cash acquired	—	(3.9)	(3.9)	(188.3)
Other, net	(6.4)	—	(6.4)	(3.0)
Net cash flows used in investing activities	(20.9)	(22.9)	(43.8)	(213.7)
Cash flows from financing activities:				
Debt proceeds	—	—	—	150.0
Repayments of borrowings	(2.9)	(2.9)	(5.8)	(5.8)
Dividends	(19.4)	(20.0)	(39.4)	(38.7)
Payment of financing fees	—	(2.1)	(2.1)	(0.7)
Other, net	0.9	(7.7)	(6.8)	(7.5)
Net cash flows (used in) provided by financing activities	(21.4)	(32.7)	(54.1)	97.3
Net cash flows provided by operating activities of discontinued operations	1.6	—	1.6	2.9
Effect of exchange rate changes on cash and cash equivalents	(2.9)	(5.6)	(8.5)	(4.1)
Net increase (decrease) in cash and cash equivalents	23.0	(3.0)	20.0	16.8
Cash and cash equivalents at beginning of period	286.3	289.3	289.3	265.6
Cash and cash equivalents at end of period	\$ 309.3	\$ 286.3	\$ 309.3	\$ 282.4

ELEMENT SOLUTIONS INC
ADDITIONAL FINANCIAL INFORMATION
(Unaudited)

I. SEGMENT RESULTS

<i>(dollars in millions)</i>	Three Months Ended June 30,					Six Months Ended June 30,				
	2024	2023	Reported	Constant Currency	Organic	2024	2023	Reported	Constant Currency	Organic
Net Sales										
Electronics	\$ 391.7	\$ 355.8	10%	13%	7%	\$ 740.9	\$ 695.4	7%	9%	6%
Industrial & Specialty	221.0	230.3	(4)%	(1)%	(1)%	446.8	465.1	(4)%	(2)%	(2)%
Total	\$ 612.7	\$ 586.1	5%	7%	4%	\$1,187.7	\$1,160.5	2%	5%	2%

Net Income

Total	\$ 93.3	\$ 29.7	213%	\$ 149.3	\$ 72.7	105%
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Adjusted EBITDA

Electronics	\$ 92.2	\$ 76.3	21%	26%	\$ 176.1	\$ 149.0	18%	23%
Industrial & Specialty	42.9	39.8	7%	12%	86.0	79.4	8%	12%
Total	\$ 135.1	\$ 116.1	16%	21%	\$ 262.1	\$ 228.4	15%	19%

	Three Months Ended June 30,			Constant Currency		Six Months Ended June 30,			Constant Currency	
	2024	2023	Change	2024	Change	2024	2023	Change	2024	Change
Net Income Margin										
Total	15.2%	5.1%	1,010bps			12.6%	6.3%	630bps		

Adjusted EBITDA Margin

Electronics	23.6%	21.5%	210bps	23.9%	250bps	23.8%	21.4%	240bps	24.1%	270bps
Industrial & Specialty	19.4%	17.3%	210bps	19.7%	240bps	19.2%	17.1%	210bps	19.5%	240bps
Total	22.1%	19.8%	230bps	22.3%	250bps	22.1%	19.7%	240bps	22.4%	270bps

II. CAPITAL STRUCTURE

(dollars in millions)

	Maturity	Interest Rate	June 30, 2024
Instrument			
Term Loans	(1) 12/18/2030	SOFR plus 2.00%	\$ 1,144.3
Total First Lien Debt			1,144.3
Senior Notes due 2028	9/1/2028	3.875%	800.0
Total Debt			1,944.3
Cash Balance			309.3
Net Debt			\$ 1,635.0
Adjusted Shares Outstanding	(2)		244.5
Market Capitalization	(3)		\$ 6,630.8
Total Capitalization			\$ 8,265.8

- (1) Element Solutions swapped its floating term loan rate to a fixed rate for all of its outstanding term loans through the use of interest rate swaps and cross-currency swaps which mature in January 2025 or December 2028, as applicable. At June 30, 2024, 100% of the Company's debt was fixed.
- (2) See "Adjusted Common Shares Outstanding at June 30, 2024 and 2023" following the footnotes under the "Adjusted Earnings Per Share (EPS)" reconciliation table below.
- (3) Based on the closing price of the shares of Element Solutions of \$27.12 at June 28, 2024, which was the last business day of the quarter.

III. SELECTED FINANCIAL DATA

<i>(dollars in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
Interest expense	\$ 17.1	\$ 14.5	\$ 33.5	\$ 27.8
Interest paid	8.4	4.5	32.6	25.8
Income tax (benefit) expense	(17.5)	21.2	(4.0)	38.1
Income taxes paid	25.3	18.8	39.5	31.5
Capital expenditures	14.5	13.8	33.5	22.9
Proceeds from disposal of property, plant and equipment	—	—	—	0.5

Non-GAAP Measures

To supplement its financial measures prepared in accordance with GAAP, Element Solutions presents in this release the following non-GAAP financial measures: EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted EPS, adjusted common shares outstanding, free cash flow, organic net sales growth, full year 2024 guidance for adjusted EBITDA, constant currency adjusted EBITDA growth and free cash flow. The Company also evaluates and presents its results of operations on a constant currency basis.

Management internally reviews these non-GAAP measures to evaluate performance and liquidity 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 as well as their ability to generate cash separate from items that may have a disproportionate positive or negative impact on its financial results in any particular period or that 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 Element Solutions reports in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in the Company's financial statements and may not be completely comparable to similarly titled measures of other companies due to potential differences in calculation methods. In addition, these measures are subject to inherent limitations as they reflect the exercise of judgment by management about which items are excluded or included in determining these non-GAAP financial measures. Investors are encouraged to review the definitions and reconciliations of these non-GAAP financial measures to their most comparable GAAP financial measures included in this press release, and not to rely on any single financial measure to evaluate the Company's businesses.

The Company provides full year 2024 guidance for adjusted EBITDA and constant currency adjusted EBITDA growth only 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 reconciliations of historic numbers, the amount of which, based on historical experience, could be significant.

Constant Currency:

The Company 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 internally evaluates its financial results.

The impact of foreign currency translation 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 estimated impact of foreign currency translation.

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.

The following table reconciles GAAP net sales growth to organic net sales growth for the three and six months ended June 30, 2024:

	Three Months Ended June 30, 2024					
	Reported Net Sales Growth	Impact of Currency	Constant Currency	Change in Pass-Through Metals Pricing	Acquisitions	Organic Net Sales Growth
Electronics	10%	3%	13%	(5)%	(1)%	7%
Industrial & Specialty	(4)%	3%	(1)%	—%	—%	(1)%
Total	5%	3%	7%	(3)%	(1)%	4%

	Six Months Ended June 30, 2024					
	Reported Net Sales Growth	Impact of Currency	Constant Currency	Change in Pass-Through Metals Pricing	Acquisitions	Organic Net Sales Growth
Electronics	7%	3%	9%	(2)%	(1)%	6%
Industrial & Specialty	(4)%	2%	(2)%	—%	0%	(2)%
Total	2%	2%	5%	(1)%	(1)%	2%

NOTE: Totals may not sum due to rounding.

For the three months ended June 30, 2024, Electronics' consolidated results were positively impacted by \$16.3 million of pass-through metals pricing and \$3.3 million of acquisitions. For the six months ended June 30, 2024, Electronics' consolidated results were positively impacted by \$16.8 million of pass-through metals pricing and \$8.1 million of acquisitions and Industrial & Specialty's consolidated results were positively impacted by \$0.5 million of acquisitions.

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 adjusted to reflect adjustments consistent with the Company's definition of adjusted EBITDA. Additionally, the Company eliminates amortization expense 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, as applicable, recognized in purchase accounting for acquisitions.

Further, the Company adjusts its effective tax rate to 20%, as described in footnote (7) under the reconciliation table below. This effective tax rate, which reflects the Company's estimated long-term expectations for taxes to be paid on its adjusted non-GAAP earnings, is consistent with how management evaluates the Company's financial performance. The Company also believes that providing a fixed rate facilitates comparisons of business performance from period to period. This non-GAAP effective tax rate is lower than the average of the statutory tax rates applicable to the Company's jurisdictional mix of earnings, primarily because it reflects tax benefits derived from U.S. tax attribute carryforwards, which consist of operating losses and tax credits.

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).

The following table reconciles GAAP "Net income" to "Adjusted net income" and presents the number of adjusted common shares outstanding used in calculating adjusted EPS for each period presented below:

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2024	2023	2024	2023
<i>(dollars in millions, except per share amounts)</i>				
Net income	\$ 93.3	\$ 29.7	\$ 149.3	\$ 72.7
Income from discontinued operations, net of tax	(1.6)	(2.9)	(1.6)	(2.9)
Net (income) loss attributable to non-controlling interests	(0.1)	0.2	(0.1)	0.1
Reversal of amortization expense	(1) 29.8	31.0	60.0	60.6
Adjustment to reverse incremental depreciation expense from acquisitions	(1) 0.4	0.4	0.7	0.8
Restructuring expense	(2) 3.5	1.9	5.8	4.2
Acquisition and integration expense	(3) 3.3	4.4	5.0	8.3
Foreign exchange gains on intercompany loans	(4) (3.9)	(8.5)	(10.7)	(14.1)
Kuprion Acquisition research and development charge	(5) —	15.7	3.9	15.7
Other, net	(6) 3.6	1.5	5.8	2.5
Tax effect of pre-tax non-GAAP adjustments	(7) (7.3)	(9.3)	(14.1)	(15.6)
Adjustment to estimated effective tax rate	(7) (32.3)	11.6	(32.7)	16.5
Adjusted net income	\$ 88.7	\$ 75.7	\$ 171.3	\$ 148.8
Adjusted earnings per share	(8) \$ 0.36	\$ 0.31	\$ 0.70	\$ 0.61
Adjusted common shares outstanding	(8) 244.5	243.9	244.5	243.9

- (1) The Company eliminates the amortization expense associated with intangible assets and incremental depreciation associated with the step-up of fixed assets recognized in purchase accounting for acquisitions. The Company believes these adjustments provide insight with respect to the cash flows necessary to maintain and enhance its product portfolio.
- (2) The Company adjusts for costs of restructuring its operations, including those related to its acquired businesses. The Company adjusts these costs because it believes they are not reflective of ongoing operations.
- (3) The Company adjusts for costs associated with acquisition and integration activity, including costs of obtaining related financing, legal and accounting fees and transfer taxes. The Company adjusts these costs because it believes they are not reflective of ongoing operations.
- (4) The Company adjusts for foreign exchange gains and losses on intercompany loans because it expects the period-to-period movement of the applicable currencies to offset on a long-term basis and because these gains and losses are not fully realized due to their long-term nature. The Company does not exclude foreign exchange gains and losses on short-term intercompany and third-party payables and receivables.
- (5) The Company adjusts for research and development costs associated with contingent consideration and the purchase accounting related to the acquisition of Kuprion, Inc. The Company adjusts these costs because it believes they are not reflective of ongoing operations.
- (6) The Company's adjustments include highly inflationary accounting losses for its operations in Turkey of \$0.3 million and \$5.9 million for the three months ended June 30, 2024 and 2023, respectively and \$2.1 million and \$6.4 million for the six months ended June 30, 2024 and 2023, respectively. In addition, the Company adjusts for certain professional consulting fees and unrealized gains/losses on metals derivative contracts. The Company adjusts for highly inflationary accounting impacts for its operations in Turkey and unrealized gains/losses on metals derivative contracts as it believes it provides a more meaningful comparison of its performance between periods. The Company adjusts for certain professional consulting fees because it believes they are not reflective of ongoing operations.
- (7) The Company uses a non-GAAP effective tax rate of 20%. This rate, which reflects the Company's estimated long-term expectations for taxes to be paid on its adjusted non-GAAP earnings, is consistent with how management evaluates the Company's financial performance. The Company also believes that providing a fixed rate facilitates comparisons of business performance from period to period. This non-GAAP effective tax rate is lower than the average of the statutory tax rates applicable to the Company's jurisdictional mix of earnings, primarily because it reflects tax benefits derived from U.S. tax attribute carryforwards, which consist of operating losses and tax credits. These economic benefits are expected to recur through 2028. Without taking into account these benefits derived from its U.S. tax attribute carryforwards and other similar adjustments, the Company projects its non-GAAP effective tax rate would be 24.6% based on its estimated results for the full year 2024. This rate would have resulted in a \$0.04 reduction in Adjusted EPS for the six months ended June 30, 2024.

- (8) The Company defines "Adjusted common shares outstanding" as the number of shares of its common stock 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 the shares issuable upon exercise or vesting of all outstanding equity awards (assuming a performance achievement target level for equity awards with targets considered probable). The Company adjusts the number of its outstanding common shares for this calculation as it believes it provides a better understanding of its results of operations on a per share basis. See the table below for further information.

Adjusted Common Shares Outstanding at June 30, 2024 and 2023

The following table shows the Company's adjusted common shares outstanding at each period presented:

<i>(amounts in millions)</i>	June 30,		Year-to-Date Average June 30,	
	2024	2023	2024	2023
	Basic common shares outstanding	242.1	241.5	242.1
Number of shares issuable upon vesting of granted Equity Awards	2.4	2.4	2.4	2.4
Adjusted common shares outstanding	244.5	243.9	244.5	243.9

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 or are considered to be associated with its capital structure, as described in the footnotes located under the "Adjusted Earnings Per Share (EPS)" reconciliation table above. 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.

The following table reconciles GAAP "Net income" to "Adjusted EBITDA" for each of the periods presented:

<i>(dollars in millions)</i>	Three Months Ended June 30,		Six Months Ended June 30,	
	2024	2023	2024	2023
	Net income	\$ 93.3	\$ 29.7	\$ 149.3
<i>Add (subtract):</i>				
Income from discontinued operations, net of tax	(1.6)	(2.9)	(1.6)	(2.9)
Income tax (benefit) expense	(17.5)	21.2	(4.0)	38.1
Interest expense, net	14.3	12.0	28.2	23.7
Depreciation expense	10.3	10.1	20.4	19.6
Amortization expense	29.8	31.0	60.0	60.6
EBITDA	128.6	101.1	252.3	211.8
<i>Adjustments to reconcile to Adjusted EBITDA:</i>				
Restructuring expense	(2)	3.5	5.8	4.2
Acquisition and integration expense	(3)	3.3	5.0	8.3
Foreign exchange gains on intercompany loans	(4)	(3.9)	(10.7)	(14.1)
Kuprion Acquisition research and development charge	(5)	—	3.9	15.7
Other, net	(6)	3.6	5.8	2.5
Adjusted EBITDA	\$ 135.1	\$ 116.1	\$ 262.1	\$ 228.4

NOTE: For the footnote descriptions, please refer to the footnotes located under the "Adjusted Earnings Per Share (EPS)" reconciliation table above.

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 for evaluating the Company's liquidity. Free cash flow should be considered as an additional measure of liquidity to, rather than as a substitute for, net cash provided by operating activities.

The following table reconciles "Cash flows from operating activities" to "Free cash flow" for the periods presented and the Company's free cash flow outlook for the full year 2024:

<i>(dollars in millions)</i>	Three Months Ended		Six Months Ended		Outlook
	June 30,		June 30,		
	2024	2023	2024	2023	
Cash flows from operating activities	\$ 66.6	\$ 80.9	\$ 124.8	\$ 134.4	~\$330-\$360
Capital expenditures	(14.5)	(13.8)	(33.5)	(22.9)	~(50)-(60)
Proceeds from disposal of property, plant and equipment	—	—	—	0.5	~0
Free cash flow	\$ 52.1	\$ 67.1	\$ 91.3	\$ 112.0	~\$280-\$300

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