

Second Quarter 2024

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 the Company’s high-end electronics pipeline; capex trend; key drivers; FY 2024 cash flow outlook, including cash interest, cash taxes and net capex; full year 2024 financial guidance for adjusted EBITDA, adjusted EPS and free cash flow as well as additional considerations related to full year 2024 constant currency adjusted EBITDA growth, FX headwinds and market trends, in particular with respect to mobile phone markets; execution in pricing and strategic positioning; and adjusted EBITDA expectation for 2024.

These projections and statements reflect 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 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.

NON-GAAP FINANCIAL MEASURES

To supplement its financial measures prepared in accordance with generally accepted accounting principles in the United States (“GAAP”), the Company presents the following non-GAAP financial measures: EBITDA, adjusted EBITDA, adjusted EBITDA margin, adjusted EPS, adjusted common shares outstanding, free cash flow, net leverage ratio, organic net sales growth, full year 2024 guidance for adjusted EBITDA, constant currency adjusted EBITDA growth, and free cash flow; and Q2 2024 financial guidance for adjusted EBITDA. 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 29, 2024 (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 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 the Company reports in accordance with GAAP. Investors are encouraged to review the definitions and 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.

Q2 Highlights

- Constant currency Adj. EBITDA* growth of 21%
- Constant currency Adj. EBITDA* margins +250 bps
- 22% organic net sales growth* in Circuitry Solutions
- Robust growth in high-end electronics pipeline driven by advanced packaging & Kuprion

(\$ in millions)	Q2 2024	Q2 2023	YoY	Constant Currency*	Organic*
				YoY	YoY
Net Sales	\$613	\$586	5%	7%	4%
Electronics	392	356	10%	13%	7%
Industrial & Specialty	221	230	(4)%	(1)%	(1)%
GAAP Diluted EPS	\$0.38	\$0.11			
Adj. EBITDA*	\$135	\$116	16%	21%	
<i>% margin</i>	22.1%	19.8%	230 bps	250 bps	
Electronics	92	76	21%	26%	
<i>% margin</i>	23.6%	21.5%	210 bps	250 bps	
Industrial & Specialty	43	40	7%	12%	
<i>% margin</i>	19.4%	17.3%	210 bps	240 bps	
Adj. EPS*	\$0.36	\$0.31	16%		

- Organic net sales* increased 4% year-over-year
- Constant currency adj. EBITDA* increase of 21% and adjusted EBITDA* margin increase of 250 bps
 - Circuitry Solutions mix benefits and industrial raw materials deflation drove improved gross margins in both segments
 - Excluding net sales from Assembly pass-through metals (\$99 million), adj. EBITDA* margin would have been 26%¹
- Adjusted EPS* increase of 16%

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 appendix of this presentation

1. Calculation for adjusted EBITDA* margin excluding net sales from Assembly pass-through metals is \$135 million in adjusted EBITDA* divided by (\$613 million net sales less \$99 million metals net sales)

Electronics

	Net Sales <i>(\$ in millions)</i>	Organic Growth*	Key Drivers
Assembly	\$198	2%	Improving consumer electronics demand, continued weakness in western automotive electronic markets
Circuitry	\$122	22%	Strong demand in high-performance computing, data storage and certain consumer electronics markets
Semiconductor	\$72	2%	Increased utilization rates at major OSATs driving demand for wafer plating and packaging solutions; softer power electronics demand from EV customers
Total	\$392	7%	

Industrial & Specialty

	Net Sales <i>(\$ in millions)</i>	Organic Growth*	Key Drivers
Industrial	\$165	(3)%	Lower commodity price-based surcharges year-over-year and demand softness in Western automotive, construction and general industrial end markets
Graphics	\$37	1%	Growth in demand for flexographic plates in North America, further weakness in newsprint
Energy	\$19	9%	Increased drilling and production activity
Total	\$221	(1)%	

Note: Totals may not sum due to rounding

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

Key Cash Flow Items

- **Q2 2024 free cash flow*** of \$52 million
- **Working capital investment of \$33 million**
 - Increase primarily driven by sequential revenue acceleration
 - Inventories impacted by higher tin prices
- Capex trend reflects progress on several strategic capacity expansion and applications development initiatives

Q2 2024 Cash Flow Uses and FY 2024 Outlook

<i>\$ millions</i>	1H 2024	FY 2024
Cash Interest	\$33	~\$65
Cash Taxes	\$40	~\$85
Net Capex*	\$34	\$50 - \$60

Balance Sheet Management

- **Net debt to adj. EBITDA ratio*** of 3.2x on a LTM basis as of June 30, 2024
- Capital structure remains fully fixed-rate until 2025 (and greater than 80% through 2028) with no maturities until 2028
 - Term loan effective interest rate of 3.2% at June 30, 2024

Q2 2024 Capital Structure

Instrument	<i>(in millions)</i>
Term Loans	\$1,144
Senior Notes due 2028	800
Total Debt	\$1,944
Cash Balance	309
Net Debt	\$1,635
Adjusted Shares Outstanding ¹	245
Market Capitalization ²	\$6,631
Total Capitalization	\$8,266

Note: Totals may not sum due to rounding

* See non-GAAP definitions and reconciliations in the appendix

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

2. Based on Element Solutions' closing stock price of \$27.12 at June 28, 2024, the last business day of the quarter

Full Year 2024 Financial Guidance

As of July 2024



FY Adj. EBITDA*

\$530 million to \$545 million

**FY Adjusted
EPS***

\$1.40 to \$1.46

**FY Free Cash
Flow***

\$280 million to \$300 million

**Additional
Considerations**

- Guidance implies 15% constant currency adjusted EBITDA growth at midpoint
- Expect year-over-year FX headwind of approximately \$15 million at mid-July rates
- Quarterly phasing in second half dependent on smartphone platform production ramp
- Upside to the midpoint of the full year adj. EBITDA guidance range should mobile phone markets accelerate

Strong execution in pricing and strategic positioning in electronics markets driving record adjusted EBITDA expectation for 2024

* See non-GAAP definitions in the appendix

Appendix



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Reconciliation to Adjusted Share Counts



<i>(amounts in millions)</i>	Q2 2024	Q2 2023
Basic common shares outstanding	242	242
Number of shares issuable upon vesting of granted Equity Awards ¹	2	2
Adjusted common shares outstanding	245	244

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 Reconciliation to Adjusted EBITDA



<i>(\$ millions)</i>	Q2 2024	Q2 2023
Net income	\$93	\$30
Add (subtract):		
Income from discontinued operations, net of tax	(2)	(3)
Income tax (benefit) expense	(18)	21
Interest expense, net	14	12
Depreciation expense	10	10
Amortization expense	30	31
EBITDA	129	101
Adjustments to reconcile to Adjusted EBITDA:		
Restructuring expense	4	2
Acquisition and integration expense	3	4
Foreign exchange gains on intercompany loans	(4)	(9)
Kuprion Acquisition research and development charge	—	16
Other, net	4	2
Adjusted EBITDA	\$135	\$116
Net income margin %	15.2%	5.1%
Adjusted EBITDA margin %	22.1%	19.8%

Note: Totals may not sum due to rounding

Net Income Reconciliation to Adjusted EPS



<i>(\$ millions, except per share amounts)</i>	Q2 2024	Q2 2023
Net income	\$93	\$30
Income from discontinued operations, net of tax	(2)	(3)
Net (income) lost attributable to non-controlling interests	(0)	0
Reversal of amortization expense	30	31
Adjustment to reverse incremental depreciation expense from acquisitions	0	0
Restructuring expense	4	2
Acquisition and integration expense	3	4
Foreign exchange gains on intercompany loans	(4)	(9)
Kuprion Acquisition research and development charge	—	16
Other, net	4	2
Tax effect of pre-tax non-GAAP adjustments	(7)	(9)
Adjustment to estimated effective tax rate	(32)	12
Adjusted net income	\$89	\$76
Adjusted earnings per share	\$0.36	\$0.31
Adjusted common shares outstanding¹	245	244

Note: Totals may not sum due to rounding
 1. See p.8 for a reconciliation to Adjusted Share Counts

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



(\$ millions)	YTD 2024	Q3 2023	Q4 2023	LTM Q2 2024
Net income	\$149	\$(32)	\$77	\$195
Add (subtract):				
(Income) loss from discontinued operations, net of tax	(2)	—	1	(1)
Income tax (benefit) expense	(4)	15	(40)	(29)
Interest expense, net	28	13	12	54
Depreciation expense	20	12	11	43
Amortization expense	60	33	31	124
EBITDA	252	41	92	386
Adjustments to reconcile to Adjusted EBITDA:				
Inventory step-up	—	—	3	3
Restructuring expense	6	2	5	13
Acquisition and integration expense	5	5	4	14
Foreign exchange (gains) losses on intercompany loans	(11)	7	(2)	(6)
Debt refinancing costs	—	—	8	8
Goodwill impairment	—	80	—	80
Kuprion Acquisition research and development charge	4	—	—	4
Other, net	6	(1)	10	15
Adjusted EBITDA	\$262	\$134	\$120	\$516
Net Debt				\$1,635
Net Debt to Net Income Ratio				8.4x
Net Debt to Adjusted EBITDA Ratio				3.2x

Note: Totals may not sum due to rounding

Organic Net Sales Growth Reconciliation



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%

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

Free Cash Flow Reconciliation



<i>(\$ millions)</i>	Q2 2024	Q2 2023	2024 Outlook
Cash flows from operating activities	\$67	\$81	~\$330-\$360
Capital expenditures	(15)	(14)	~(50)-(60)
Proceeds from disposal of property, plant and equipment	—	—	—
Free cash flow	\$52	\$67	~\$280-\$300

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 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. 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 Company uses a non-GAAP effective tax rate of 20%, as described in the Release. 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. Without taking into account these benefits 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.

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.

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 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 flows from operations as a measure of profitability or liquidity.

Net Debt to Net Income and Net Debt to Adjusted EBITDA Ratios: Net debt is a non-GAAP measure and is comprised of total debt (current installments of long-term debt, revolving credit facilities and long-term debt), excluding unamortized discounts and debt issuance costs, which totaled \$16.0 million at June 30, 2024, less cash. For the non-GAAP reconciliation of Net debt, please refer to the "Q2 2024 Capital Structure" table on page 5. Net debt to net income ratio and net debt to adjusted EBITDA ratio is net debt divided by net income and adjusted EBITDA, respectively.

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 measure 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.

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, 2024, Electronics' consolidated results were positively impacted by \$16.3 million of pass-through metals pricing and \$3.3 million of acquisitions.

The Company provides financial guidance with respect to adjusted EBITDA, constant currency adjusted EBITDA growth and adjusted EPS 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 reconciliation of historic numbers, the amount of which, based on historical experience, could be significant.