element solutions

Fourth Quarter and Full Year 2019

Earnings Presentation

February 2020

Legal Notices

SAFE HARBOR

Unless otherwise specified, the results included in this presentation exclude discontinued operations relating to the Company's former Agricultural Solutions business sold on January 31, 2019.

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,” “can have,” “likely,” “potential,” “target,” “hope,” “goal,” “priority” or “guidance” and variations of such words and similar expressions, and relate in this presentation, without limitation, to the Company’s cost avoidance and cost savings initiatives; impact of the loss of certain business in Q1 2019; outlook for its segments, end-markets and net sales; FY 2020 cash flow outlook, including cash interest, cash taxes and net capex; full year 2020 financial guidance, including Q1 2020 considerations for each segment, organic net sales expectations, anticipated translational FX headwinds, constant currency adjusted EBITDA guidance; adjusted earnings per share (EPS) guidance; and 2020 priorities.

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. 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 Company's ability to realize the expected benefits from its cost containment and cost savings measures; business and management strategies; debt and debt leverage ratio; shares repurchases; expected returns to stockholders; and the impact of acquisitions, divestitures, restructurings, refinancings, and other unusual items, including the Company's ability to raise and/or retire new debt and/or equity and 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 Element Solutions' periodic and other reports 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, free cash flow on an adjusted basis, normalized free cash flow, guidance related to constant currency adjusted EBITDA and adjusted EPS, net debt to adjusted EBITDA ratio, organic net sales growth and organic net sales growth expectations. 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 26, 2020 (the “Release”), a copy of which can be found on the Company’s website at www.elementsolutionsinc.com. This presentation should be read in conjunction with the Release.

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

In addition, this presentation includes FY 2019 and Q4 2019 free cash flow and cash interest information for the Company’s continuing operations on an adjusted basis assuming a close of the Arysta transaction and the implementation of the Company’s new capital structure on January 1, 2019. This data is provided for informational purposes only and is not necessarily, and should not be assumed to be, an indication of the results that may be achieved in the future.

Full Year 2019 Highlights

Successful Execution against 2019 Priorities

Successful Launch of Element Solutions

- Developed and reinforced identity, internally and externally
- Consistent communication of vision, strategy and culture
- Consolidated leadership team with focus on operational excellence and prudent capital allocation

Delivery of Financial Commitments and Strategic Initiatives

4%

Organic net sales decline*

Outperformance

against unit growth in key end-markets

3%

Constant currency adj. EBITDA growth*

$0.88

*Adj. EPS**

Compelling Free Cash Flow Growth

$238M

*Free cash flow on an adjusted basis[1]**

~20%

Year-over-year growth[2]

Capital Allocation to Compound Long-Term Shareholder Value

~15%

Of outstanding common stock repurchased

kester®

Strategic acquisition with identified commercial and functional synergies

* 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. Free cash flow excludes the impact of prior capital structure for the month of January 2019
2. Assumes growth over 2018 normalized free cash flow of $198 million, which excludes the impact of Arysta and assumes the Company’s current capital structure had been in place as of January 1, 2018

Fourth Quarter 2019 Financial Results

($ in millions)	Q4 2019	Q4 2018	YoY	Constant Currency* YoY	Organic* YoY
Net Sales	**$455**	**$478**	***(5%)***	***(4%)***	***(4%)***
Electronics	272	282	*(4%)*	*(3%)*	*(4%)*
Industrial & Specialty	183	196	*(7%)*	*(6%)*	*(6%)*
GAAP Diluted EPS	**$0.29**	**$(0.05)**			
Adj. EBITDA*	**$102**	**$99**	***3%***	***5%***	
% margin	*22.5%*	*20.7%*	*180 bps*	*190 bps*	
Electronics	63	58	*7%*	*8%*	
% margin	*23.0%*	*20.7%*	*230 bps*	*230 bps*	
Industrial & Specialty	40	41	*(2%)*	*0%*	
% margin	*21.7%*	*20.7%*	*100 bps*	*120 bps*	
Adj. EPS*	**$0.22**	**$0.03**			

- Organic net sales* declined 4% year-over-year, primarily due to weak global demand in automotive markets impacting both segments
  - Persisting soft demand, primarily in automotive markets, drove year-over-year declines in Assembly and Circuitry, partially offset by growth in memory disk business
  - Semiconductor was approximately flat year-over-year
  - Industrial declines related to global weakness in industrial manufacturing markets
  - Declines in Graphics were muted by modest growth in flexible packaging
  - Energy impact by weakness in Latin America
- Constant currency adj. EBITDA* growth of 5% and adj. EBITDA* margin expansion of 190 bps
  - Favorable year-over-year product mix in both segments
  - Continued positive impact from cost avoidance and cost savings initiatives
- Q4 2019 adj. EPS* of $0.22 reflects lower interest expense and fewer shares outstanding year-over-year

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 the appendix

Full Year 2019 Financial Results

($ in millions)	FY 2019	FY 2018	YoY	Constant Currency* YoY	Organic* YoY
Net Sales	**$1,836**	**$1,961**	***(6%)***	***(4%)***	***(4%)***
Electronics	1,086	1,158	*(6%)*	*(4%)*	*(4%)*
Industrial & Specialty	750	804	*(7%)*	*(3%)*	*(3%)*
GAAP Diluted EPS	**$0.30**	**$(0.27)**			
Adj. EBITDA*	**$417**	**$421**	***(1%)***	***3%***	
% margin	*22.7%*	*21.5%*	*120 bps*	*140 bps*	
Electronics	253	248	*2%*	*6%*	
% margin	*23.3%*	*21.4%*	*190 bps*	*210 bps*	
Industrial & Specialty	164	173	*(5%)*	*(1%)*	
% margin	*21.8%*	*21.5%*	*30 bps*	*50 bps*	
Adj. EPS*	**$0.88**	**$0.17**			

- Organic net sales* declined 4%, driven by a broad industrial slowdown in Asia, primarily China, and global demand softness in high-end smart phone and automotive markets
  - ~1 - 2% out-performance of organic net sales* versus unit volumes in key end-markets
  - Organic net sales* decline in Electronics primarily due to weakness in Asia in Assembly and Circuitry; Semiconductor impacted by lower net sales of precious metals related products
  - Industrial & Specialty impacted by weak automotive production, particularly in Europe and China, lower newspaper net sales in Graphics and weakness in the Americas in Energy
- Constant currency adj. EBITDA* growth of 3% and adj. EBITDA* margin expansion of 140 bps
  - Modest gross margin expansion due to favorable product mix in Electronics and supply chain cost management
  - Realized targeted corporate cost savings and other opex cost avoidance
- ~$60 million and ~$15 million year-over-year headwind to net sales and adj. EBITDA*, respectively, due to weakness of CNY, EUR and GBP
- FY 2019 adj. EPS* of $0.88 reflects lower interest expense from new capital structure and fewer shares outstanding

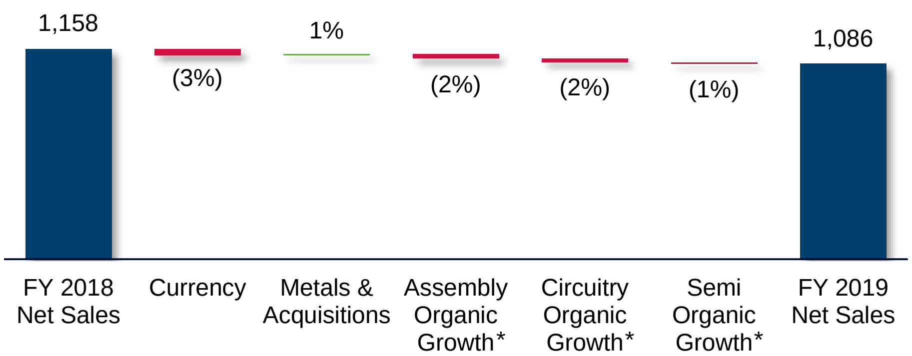
Note: Totals may not sum due to rounding or due to varying sizes of the two reportable segments

* See non-GAAP definitions and reconciliations in the appendix

Full Year 2019 Segment Details

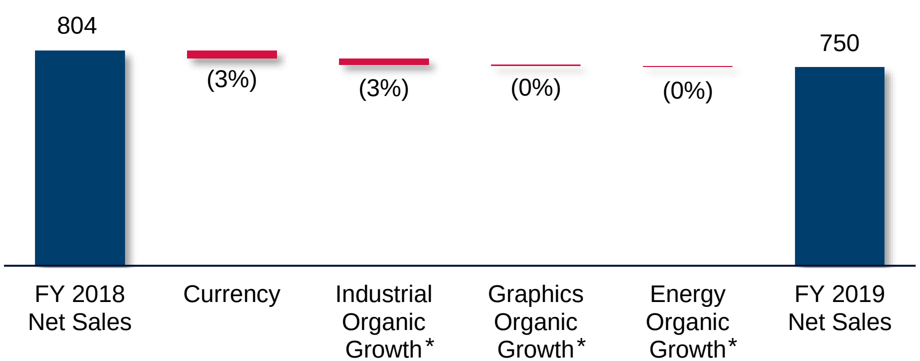
Market Commentary

Electronics Net Sales *($ in millions)*



- **Assembly**: demand weakness in broader electronics markets, particularly in Asia and the Americas, was partially offset by increased demand for assembly products for automotive electronics markets
- **Circuitry**: declines primarily due to weakness within the high-end mobile phone markets in Asia, primarily China and Taiwan; lower demand from memory disk customers
- **Semiconductor**: weakness in the broad semiconductor market; continued strength in advanced assembly products, primarily related to 5G infrastructure and automotive electronics

Industrial & Specialty Net Sales *($ in millions)*



- **Industrial**: soft customer demand in automotive markets and general industrial manufacturing weakness primarily drove lower net sales in all regions, particularly in Europe and Asia
- **Graphics**: modest growth in packaging, particularly in Europe and Latin America, offset by lower newspaper net sales
- **Energy**: lower year-over-year growth primarily due to the impact from the loss of certain business related to a specific customer in Q1 2019; higher net sales in Europe and Asia related to fill and drilling activity

Source: Management estimates

* See non-GAAP definitions and reconciliations in the appendix

Balance Sheet and Cash Flow Considerations

Continuing Operations

Key Cash Flow Items

- FY 2019 free cash flow* from continuing operations on an adjusted basis* of $238 million, which excludes the impact of prior capital structure for the month of January 2019
    - Q4 2019 free cash flow* of $72 million
- FY 2019 cash interest of $72 million[1] reflects positive impact of successful cash repatriation activities on liquidity
- Q4 2019 and FY 2019 working capital release in line with lower year-over-year organic net sales*

Balance Sheet Management

- Net debt to adj. EBITDA ratio* of 3.2x on a LTM basis as of December 31, 2019
- Completed the acquisition of Kester for ~$64 million, net of cash, working capital and other closing adjustments
- Repriced Term Loan to reduce annual borrowing cost by ~$2 million
- Repurchased 44.8 million shares (~15% of total common shares outstanding) in 2019 at average price of $11.33 per share
    - ~1 million shares repurchased in Q4 2019
    - ~$243 million of remaining authorization under share repurchase program

FY 2019 Cash Flow Uses and FY 2020 Outlook

$ millions	FY 2019	FY 2020
Cash Interest	$72[1]	~$70
Cash Taxes	$71	~$80
Net Capex*	$25	~$30

FY 2019 Capital Structure

Instrument	*(in millions)*
Corporate Revolver	$—
Term Loans	742
Other	1
Total First Lien Debt	**$743**
Total Unsecured Debt	**$800**
Total Debt	**$1,543**
Cash Balance	190
Net Debt	**$1,353**
Adjusted Shares Outstanding[2]	255
Market Capitalization[3]	$2,974
Total Capitalization	**$4,327**

Note: Totals may not sum due to rounding
* See non-GAAP definitions and reconciliations in the appendix
1. Cash interest is adjusted to reflect the Company's new capital structure by assuming that the sale of Arysta had closed and the new credit agreement had been in place on January 1, 2019
2. See p.12 for reconciliation to Adjusted Share Counts
3. Based on Element Solutions' closing stock price of $11.68 at December 31, 2019

Full Year 2020 Financial Guidance

As of January 2020

	Electronics	Industrial & Specialty
FY 2020 Considerations	▪ Expect modest year-over-year growth in volumes of high-end mobile devices and electronic wearables, in line with expected product launches ▪ Continued penetration of electronic content in automobiles and growth in electric vehicle production ▪ All verticals expected to benefit from growth in 5G-related infrastructure and consumer devices	▪ Flat to slightly down global automotive production ▪ Demand recovery in Asia, offset by weakening European industrial environment ▪ Growth in packaging markets in Graphics and modest growth in global Energy business
FY Organic Net Sales* Expectations	**~1% organic net sales* growth**	
FY Anticipated Translational FX Headwinds	**~1% on net sales** **~1% on adjusted EBITDA***	
FY Adj. EBITDA* Guidance	**~2 – 4% growth on a constant currency basis***	
FY Adjusted EPS* Guidance	**$0.93 – $0.97 adjusted EPS***	

* See non-GAAP definitions and reconciliations in the appendix

2020 Priorities

- **Execution and Operating Rhythm**
- **Delivery of Financial Commitments**
- **Compelling Free Cash Flow Growth**
- **Capital Allocation to Compound Long-Term Shareholder Value**

Appendix

Capital Structure

($ millions) Instrument	Maturity	Coupon	12/31/2019
Corporate Revolver	1/31/2024	LIBOR plus 2.25%	$—
First Lien Credit Facility - USD Term Loans[1]	1/31/2026	LIBOR plus 2.00%	742
Other Secured Debt			1
Total First Lien Debt			**$743**
Senior Notes due 2025	12/1/2025	5.875%	800
Total Unsecured Debt			**$800**
Total Debt			**$1,543**
Cash Balance			$190
Net Debt			**$1,353**
Adjusted Shares Outstanding[2]			255
Market Capitalization[3]			**$2,974**
Total Capitalization			**$4,327**

Note: Totals may not sum due to rounding
1. Element Solutions swapped its floating term loan to fixed rate through January 2024, which could vary due to changes in the Euro and the U.S. Dollar exchange rate. At December 31, 2019, approximately 100% of the debt was fixed
2. See p.12 for reconciliation to Adjusted Share Counts
3. Based on Element Solutions' closing stock price of $11.68 at December 31, 2019

Reconciliation to Adjusted Share Counts

(amounts in millions)	Q4 2019	Q4 2018	FY 2019 (Average)	FY 2018 (Average)
Basic outstanding common shares	**250**	**289**	**254**	**288**
Number of shares issuable upon conversion of PDH Common Stock	—	4	—	4
Number of shares issuable upon conversion of Series A Preferred Stock	2	2	2	2
Number of shares issuable upon vesting of granted Equity Awards[1]	2	4	3	5
Adjusted common shares outstanding	**255**	**299**	**258**	**299**

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 (Loss) Attributable to Common Stockholders Reconciliation to Adj. EBITDA

($ millions)	Q1 2019	Q2 2019	Q3 2019	Q4 2019	FY 2019
Net income (loss) attributable to common stockholders	**$23**	**$2**	**$(7)**	**$74**	**$92**
Add (subtract):					
Net income (loss) attributable to the non-controlling interests	1	0	—	0	1
(Income) loss from discontinued operations, net of tax	(27)	13	1	0	(13)
Income tax (benefit) expense	(10)	(7)	57	21	61
Interest expense, net	38	18	17	17	91
Depreciation expense	10	10	10	11	42
Amortization expense	28	28	28	28	113
EBITDA	**63**	**65**	**107**	**152**	**386**
Adjustments to reconcile to Adjusted EBITDA:					
Amortization of inventory-step-up	—	—	—	1	1
Restructuring expense	3	3	7	2	14
Acquisition and integration costs	1	0	1	(1)	2
Foreign exchange (gain) loss on foreign denominated external and internal long-term debt	(28)	29	1	(33)	(32)
Debt refinancing	61	0	—	1	62
Change in fair value of contingent consideration	2	1	1	(21)	(17)
Other, net	(3)	3	(1)	2	1
Adjusted EBITDA	**$99**	**$101**	**$115**	**$102**	**$417**

Note: Totals may not sum due to rounding

Net Income (Loss) Attributable to Common Stockholders Reconciliation to Adj. EBITDA

($ millions)	Q1 2018	Q2 2018	Q3 2018	Q4 2018	FY 2018
Net income (loss) attributable to common stockholders	**$37**	**$12**	**$(409)**	**$35**	**$(324)**
Add (subtract):					
Net income (loss) attributable to the non-controlling interests	1	0	3	1	5
(Income) loss from discontinued operations, net of tax	(47)	(61)	402	(50)	243
Income tax expense (benefit)	10	30	(19)	3	24
Interest expense, net	77	78	78	78	311
Depreciation expense	12	11	11	11	45
Amortization expense	29	28	28	27	112
EBITDA	**118**	**98**	**94**	**104**	**415**
Adjustments to reconcile to Adjusted EBITDA:					
Restructuring expense	2	2	1	2	6
Acquisition and integration costs	1	4	5	2	12
Foreign exchange (gain) loss on foreign denominated external and internal long-term debt	(8)	5	4	5	6
Debt refinancing	—	—	—	1	1
Gain on sale of equity investment	(11)	—	—	—	(11)
Change in fair value of contingent consideration	1	1	1	(24)	(22)
Other, net	2	0	4	9	14
Adjusted EBITDA	**$104**	**$109**	**$108**	**$99**	**$421**

Note: Totals may not sum due to rounding

GAAP Net Income (Loss) Reconciliation to Adjusted Diluted EPS

($ millions, except per share amounts)	Q4 2019	Q4 2018	FY 2019	FY 2018
Net income (loss) attributable to common stockholders	**$74**	**$35**	**$92**	**$(324)**
Net income (loss) from discontinued operations attributable to common stockholders	0	48	13	(246)
Net income (loss) from continuing operations attributable to common stockholders	**74**	**(13)**	**79**	**(79)**
Reversal of amortization expense	28	27	113	112
Adjustment to reverse incremental depreciation expense from acquisitions	2	2	9	10
Amortization of inventory step-up	1	—	1	—
Adjustment to interest expense	—	—	20	—
Restructuring expense	2	2	14	6
Acquisition and Integration costs	(1)	2	2	12
Foreign exchange (gain) loss on foreign denominated external and internal long-term debt	(33)	5	(32)	6
Debt refinancing costs	1	1	62	1
Gain on sale of equity investment	—	—	—	(11)
Change in fair value of contingent consideration	(21)	(24)	(17)	(22)
Other, net	2	9	1	14
Tax effect of pre-tax non-GAAP adjustments	5	(8)	(47)	(44)
Adjustment to estimated effective tax rate	(5)	7	23	42
Adjustment to reverse attributable to certain non-controlling interests	—	(1)	1	1
Adjusted net income from continuing operations attributable to common stockholders	**$56**	**$8**	**$228**	**$49**
Adjusted earnings per share from continuing operations	**$0.22**	**$0.03**	**$0.88**	**$0.17**
Adjusted common shares outstanding[1]	***255***	***299***	***258***	***299***

Note: Totals may not sum due to rounding

1. See p.12 for a reconciliation to Adjusted Share Counts

Quarterly Results Overview

($ millions)	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2019 Q3	2019 Q4
Net Sales								
Electronics	$288	$296	$292	$282	$266	$268	$280	$272
Industrial & Specialty	205	206	197	196	194	189	185	183
Total Net Sales	**$493**	**$502**	**$489**	**$478**	**$460**	**$457**	**$465**	**$455**
Adjusted EBITDA								
Electronics	$60	$65	$65	$58	$56	$60	$74	$63
Industrial & Specialty	44	44	43	41	42	40	42	40
Total Adjusted EBITDA	**$104**	**$109**	**$108**	**$99**	**$99**	**$101**	**$115**	**$102**

Organic Net Sales Growth Reconciliation

	Three Months Ended December 31, 2019					
	Reported Net Sales Growth	Impact of Currency	Constant Currency	Change in Pass-Through Metals Pricing	Acquisitions	Organic Net Sales Growth
Electronics	(4)%	1%	(3)%	0%	(1)%	(4)%
Industrial & Specialty	(7)%	1%	(6)%	—%	—%	(6)%
Total	**(5)%**	**1%**	**(4)%**	**0%**	**(1)%**	**(4)%**

	Twelve Months Ended December 31, 2019					
	Reported Net Sales Growth	Impact of Currency	Constant Currency	Change in Pass-Through Metals Pricing	Acquisitions	Organic Net Sales Growth
Electronics	(6)%	3%	(4)%	0%	(1)%	(4)%
Industrial & Specialty	(7)%	3%	(3)%	—%	—%	(3)%
Total	**(6)%**	**3%**	**(4)%**	**0%**	**0%**	**(4)%**

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

Non-GAAP Definitions

Adjusted Earnings Per Share (EPS): Adjusted EPS is a key metric used by management to measure operating performance and trends. In particular, 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 (loss) income from continuing operations 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 and the step-up depreciation associated with fixed assets, both recognized in purchase accounting for acquisitions. Further, the Company adjusts its effective tax rate to 27% and 34% for the three and twelve months ended December 31, 2019 and 2018, respectively, as described in the Release. Lastly, the 2019 adjusted EPS total is based on the Company's new capital structure by assuming that the sale of Agricultural Solutions had closed and the new credit agreement had been in place on January 1, 2019. 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. Adjusted common shares outstanding consists of common shares outstanding, plus the shares that would be issued if all convertible stock was converted to common stock, stock options were vested and exercised, and equity grants with targets that are considered probable of achievement were vested at target level and issued.

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 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 premium, discounts and debt issuance costs, which totaled $22.4 million at December 31, 2019, 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. Free cash flow on an adjusted basis adjusts one-time cash operating expenses, including for Q4 2019 YTD free cash flow, a $38 million adjustment for the MacDermid contingent consideration payment and payment for employee expenses associated with the Arysta sale that do not qualify for discontinued operations and adjustments of $54 million for 2019 interest payments to reflect the Company's new capital structure by assuming that the Arysta transaction had closed and the new credit agreement had been in place on January 1, 2019. 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 use 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 December 31, 2019, Electronics' and the Company's consolidated results were positively impacted by $4.2 million of acquisitions and negatively impacted by $0.3 million of pass-through metals pricing.

For the twelve months ended December 31, 2019, Electronics' and the Company's consolidated results were positively impacted by $7.8 million of acquisitions and negatively impacted by $1.2 million of pass-through metals pricing.

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The Company only provides adjusted EBITDA guidance, adjusted EPS guidance and organic net sales growth expectations 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 certain amounts that are necessary for such reconciliations, including adjustments that could be made for restructurings, refinancings, 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 its reconciliation of historic numbers, the amount of which, based on historical experience, could be significant.