Final Full Year 2018 Financial Results

February
2019

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,” “normalized,” “can have,” “likely,” “potential,” “target,” or variation of such words and similar expressions, and relate in this presentation, without limitation, to the Company’s new capital structure; normalized adjusted earnings per share (EPS); normalized free cash flow; and tax rate.

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 the forward-looking statements include, but are not limited to, the Company's ability to realize the anticipated benefits, efficiencies and cost savings expected from the recent sale of its Agricultural Solutions business; the impact of this transaction on the Company's share price and market volatility; the Company’s ability to retain customers and suppliers, retain or hire key personnel, and maintain relationships with customers, suppliers and lenders; the success of the Company’s leadership transition and go-forward structure and strategy; 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 Information

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, normalized adjusted EPS, normalized operating cash flow and organic net sales growth. 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 the Company's earnings release dated February 28, 2019 (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 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. 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. The principal limitations 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 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. Please see the appendix to this presentation for a more detailed description of each non-GAAP financial measure used by the Company, including the adjustments reflected in each of them and the reason why it believes such non-GAAP measures are useful to investors.

In addition, this presentation includes FY 2018 normalized adjusted EPS and normalized free cash flow information for Element Solutions assuming the Company's new capital structure post-closing of the Arysta transaction which closed on January 31, 2019. This information 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.

2018 Full-Year Financial Results

Continuing Operations

FY 2018 Results

($ in millions)	FY 2018	FY 2017	YoY%	Constant Currency[1]* YoY%	Organic[2]* YoY%
Net Sales	**$1,961**	**$1,879**	***4%***	***3%***	***3%***
Electronics	1,158	1,123	*3%*	*2%*	*2%*
Industrial & Specialty	803	756	*6%*	*5%*	*5%*
GAAP Diluted EPS	**$(0.27)**	**$(0.68)**			
Adj. EBITDA*	**$421**	**$401**	***5%***	***4%***	
% margin	*21.5%*	*21.4%*	*10 bps*	*— bps*	
Electronics	248	233	*6%*	*5%*	
% margin	*21.4%*	*20.8%*	*60 bps*	*50 bps*	
Industrial & Specialty	173	168	*3%*	*2%*	
% margin	*21.5%*	*22.2%*	*(70) Bps*	*(70) bps*	
Adj. EPS*	**$0.14**	**$0.04**			
Normalized Adj. EPS*	**$0.66**[3,6]				

FY 2018 Normalized Free Cash Flow*

($ in millions)	FY 2018
Net cash flows used in operating activities of continuing operations	**$(1)**
Less: Net Capital Expenditures[4]	(24)
Plus: Cash Interest	293
Less: Normalized Cash Interest[5,6]	~(70)
Normalized Free Cash Flow*	**$198**

- Net sales grew 4% year-over-year in FY 2018, driven by strong performance in Industrial, Assembly and Energy verticals
  - Industrial saw stable growth in Europe and the Americas; Asia was impacted by slower automotive markets
  - Energy and Graphics benefitted from a healthy demand environment and new customer wins
  - Mixed results in Electronics; strong growth in the Assembly and Semiconductor verticals was partially offset by declines in Circuitry due to lower global demand for high-end mobile phones and a broad macro weakness in Asia
- Constant currency adj. EBITDA growth* of 4% year-over-year in FY 2018 was in line with organic net sales growth*
  - Contribution from organic net sales growth was partially offset by negative product mix and higher raw material costs
  - ~$5 million of corporate cost savings realized in FY 2018
- Assuming the Company's new capital structure post Arysta transaction, normalized free cash flow* for FY 2018 would have been approximately $198 million

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

* The financial measures, on this chart and on subsequent charts, are not in accordance with GAAP. For definitions of these non-GAAP measures, discussions of adjustments and reconciliations, please refer to the appendix of this presentation.

1. Constant currency, on this chart and subsequent charts, refers to the financial results of the current period translated at the prior period exchange rates
2. Organic net sales growth, on this chart and subsequent charts, excludes the impact of currency, changes due to the pass-through pricing of certain metals, acquisitions and/or divestitures, as applicable
3. See p.8 for reconciliation of Normalized Adj. EPS
4. Net capital expenditures includes capital expenditures of $28M less proceeds from disposals of property, plant and equipment of $4M
5. Assumes the Company's new capital structure post-Arysta transaction, which closed on January 31, 2019: $800M of 5.875% senior notes, $750M term loan (including the effect of an interest rate swap and a net investment hedge) and no draw on the corporate revolver
6. Does not reflect the repurchase of 37 million shares announced on February 4, 2019

Appendix

4Q 2018 Financial Results

Continuing Operations

4Q 2018 Financial Results

($ in millions)	4Q 2018	4Q 2017	YoY%	Constant Currency* YoY%	Organic* YoY%
Net Sales	**$478**	**$489**	***(2)%***	***1%***	***1%***
Electronics	282	294	*(4)%*	*(1)%*	*(1)%*
Industrial & Specialty	196	195	*1%*	*4%*	*4%*
GAAP Diluted EPS	**$(0.05)**	**($0.06)**			
Adj. EBITDA*	**$99**	**$104**	***(5)%***	***(1)%***	
% margin	*20.7%*	*21.2%*	*(50) bps*	*(40) bps*	
Electronics	58	63	*(8)%*	*(5)%*	
% margin	*20.7%*	*21.5%*	*(80) bps*	*(80) bps*	
Industrial & Specialty	41	40	*1%*	*5%*	
% margin	*20.7%*	*20.7%*	*— bps*	*20 bps*	
Adj. EPS*	**$0.02**	**$0.02**			
Normalized Adj. EPS*	**$0.15[1,2]**				

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

* See Non-GAAP footnote on p.4

1. See p.8 for reconciliation of Normalized Adj. EPS
2. Does not reflect the repurchase of 37 million shares announced on February 4, 2019

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

($ millions)	Q4 2018	Q4 2017	FY 2018	FY 2017
Net income (loss) attributable to common stockholders	**$35**	**$(142)**	**$(324)**	**$(296)**
Add (subtract):				
Net income (loss) attributable to the non-controlling interests	1	(4)	5	1
(Income) loss from discontinued operations, net of tax	(50)	127	243	104
Income tax expense (benefit)	3	(89)	24	(69)
Interest expense, net	78	81	311	337
Depreciation expense	11	12	45	46
Amortization expense	27	28	112	110
EBITDA	**104**	**13**	**415**	**233**
Adjustments to reconcile to Adjusted EBITDA:				
Restructuring expense	2	7	6	24
Acquisition and integration costs	2	0	12	4
Legal settlement gains	—	(0)	—	(11)
Foreign exchange loss on foreign denominated external and internal long-term debt	5	4	6	53
Debt refinancing costs	1	69	1	83
Pension plan settlement	—	11	—	11
Gain on sale of equity investment	—	—	(11)	—
Change in fair value of contingent consideration	(24)	0	(22)	3
Other, net	9	0	14	2
Adjusted EBITDA	**$99**	**$104**	**$421**	**$401**

Note: Totals may not sum due to rounding

GAAP Net Income (Loss) Reconciliation to Adjusted Diluted EPS and Normalized Adjusted Diluted EPS (Continuing Operations)

element solutions

($ millions, except per share amounts)	Q4 2018	Q4 2017	FY 2018	FY 2017
Net income (loss) attributable to common stockholders	**$35**	**$(142)**	**$(324)**	**$(296)**
Net income (loss) from discontinued operations attributable to common stockholders	48	(123)	(246)	(102)
Net loss from continuing operations attributable to common stockholders	**(13)**	**(18)**	**(79)**	**(194)**
Reversal of amortization expense	27	28	112	110
Restructuring expense	2	7	6	24
Acquisition and integration costs	2	0	12	4
Legal settlement	—	(0)	—	(11)
Foreign exchange loss on foreign denominated external and internal long-term debt	5	4	6	53
Debt refinancing costs	1	69	1	83
Pension plan settlement	—	11	—	11
Gain on sale of equity investment	—	—	(11)	—
Change in fair value of contingent consideration	(24)	0	(22)	3
Other, net	9	0	14	2
Tax effect of pre-tax non-GAAP adjustments	(8)	(42)	(40)	97
Adjustment to estimated effective tax rate	7	(51)	42	22
Adjustment to reverse income attributable to certain non-controlling interests	(1)	(1)	1	2
Adjusted net income from continuing operations attributable to common stockholders	**$7**	**$7**	**$43**	**$11**
Adjusted earnings per share from continuing operations	**$0.02**	**$0.02**	**$0.14**	**$0.04**
Adjustments to arrive at normalized earnings per share:				
Interest expense savings based on illustrative capital structure[1,4]	59		237	
Tax effect of interest expense adjustment[2]	(20)		(81)	
Normalized adjusted net income from continuing operations attributable to common stockholders	**$46**		**$199**	
Normalized adjusted earnings per share from continuing operations	**$0.15**[4]		**$0.66**[4]	
Adjusted shares outstanding[3,4]	***301***	***300***	***302***	***300***

Note: Totals may not sum due to rounding

1. Assumes the Company's new capital structure post-Arysta transaction, which closed on January 31, 2019: $800M of 5.875% senior notes, $750M term loan (including the effect of an interest rate swap and a net investment hedge) and no draw on the corporate revolver
2. Assumes tax rate of 34%
3. See p.9 for a reconciliation to Adjusted Share Counts
4. Does not reflect the repurchase of 37 million shares announced on February 4, 2019

Reconciliation to Adjusted Share Counts

(amounts in millions)	Q4 2018	Q4 2017	FY 2018 (Average)	FY 2017 (Average)
Basic outstanding common shares	**289**	**287**	**288**	**287**
Number of shares issuable upon conversion of PDH Common Stock	4	5	4	5
Number of shares issuable upon conversion of Series A Preferred Stock	2	2	2	2
Number of shares issuable upon vesting and exercise of Stock Options	1	1	1	1
Number of shares issuable upon vesting of granted Equity Awards	6	5	7	5
Adjusted common shares outstanding	**301**	**300**	**302**	**300**

Note: Totals may not sum due to rounding

Organic Net Sales Growth Reconciliation

Continuing Operations

	Three Months Ended December 31, 2018					
	Reported Net Sales Growth	Impact of Currency	Constant Currency	Change in Pass-Through Metals Pricing	Acquisitions	Organic Net Sales Growth
Electronics	(4)%	3%	(1)%	0%	(1)%	(1)%
Industrial & Specialty	1%	3%	4%	—%	—%	4%
Total	**(2)%**	**3%**	**1%**	**0%**	**0%**	**1%**

	Twelve Months Ended December 31, 2018					
	Reported Net Sales Growth	Impact of Currency	Constant Currency	Change in Pass-Through Metals Pricing	Acquisitions	Organic Net Sales Growth
Electronics	3%	(1)%	2%	0%	(1)%	2%
Industrial & Specialty	6%	(1)%	5%	—%	—%	5%
Total	**4%**	**(1)%**	**3%**	**0%**	**0%**	**3%**

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 earnings per share is defined as net income (loss) 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 recognized in purchase accounting for acquisitions. Further, the Company adjusts its effective tax rate to 34% for 2018 and 35% for 2017. The resulting adjusted net income available to stockholders is divided by the number of shares of outstanding common stock as of the period end plus the number of shares that would be issued if all the Company's convertible stock were converted to common stock, stock options were vested and exercised, and awarded equity grants were vested and issued. Adjusted earnings per share is a key metric used by management to measure operating performance and trends. In particular, the exclusion of certain expenses in calculating adjusted earnings per share facilitates operating performance comparisons on a period-to-period basis.

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.

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 as described in the footnotes to the non-GAAP measures reconciliations in the Release. Adjusted EBITDA also includes 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.

Normalized Free Cash Flow: Free cash flow is defined as net cash flows provided by operating activities less net capital expenditures. Net capital expenditures include capital expenditures less proceeds from disposal of property, plant and equipment. Normalized free cash flow adjusts for the anticipated impact of the Arysta sale on the Company's capital structure. Management believes normalized free cash flow provides investors with a helpful perspective on the operating cash flow of the Company after making the capital investments required to support ongoing business operations. Normalized free cash flow does not represent cash flow available for discretionary expenditures as it does not take into account certain mandatory cash outflows, such as debt repayments at maturity. Management uses normalized free cash flow as a measure to assess both business performance and overall 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, 2018, Electronics' and the Company's consolidated results were positively impacted by $5.7 million of acquisitions and negatively impacted by $3.4 million of pass-through metals pricing.

For the three months ended December 31, 2018, Electronics' and the Company's consolidated results were positively impacted by $2.2 million of acquisitions and negatively impacted by $1.4 million of pass-through metals pricing.