element solutions

Third Quarter 2019

Earnings Presentation

November
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,” “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 containment and cost savings initiatives; outlook for its segments, end-markets and net sales; market expectations and working capital release; impact of the loss of certain business in Q1 2019; Q3 2019 YTD free cash flow and cash interest on an adjusted basis; working capital investment in Q4 2019; cash flow outlook; full year 2019 financial guidance, including Q4 2019 considerations for each segment, organic net sales expectations, anticipated translational FX impacts, constant currency adjusted EBITDA guidance; adjusted earnings per share (EPS) guidance; and 2019 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 anticipated benefits, efficiencies and cost savings expected from the sale of its Agricultural Solutions business; 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 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, 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 November 7, 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 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 YTD Q3 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.

Third Quarter 2019 Financial Results

Continuing Operations

($ in millions)	Q3 2019	Q3 2018	YoY	Constant Currency* YoY	Organic* YoY
Net Sales	**$465**	**$489**	***(5%)***	***(3%)***	***(2%)***
Electronics	280	292	*(4%)*	*(2%)*	*(1%)*
Industrial & Specialty	185	197	*(6%)*	*(4%)*	*(4%)*
GAAP Diluted EPS	**$(0.02)**	**$(0.02)**			
Adj. EBITDA*	**$115**	**$108**	***6%***	***9%***	
% margin	*24.8%*	*22.2%*	*260 bps*	*260 bps*	
Electronics	74	65	*14%*	*16%*	
% margin	*26.3%*	*22.2%*	*410 bps*	*420 bps*	
Industrial & Specialty	42	44	*(4%)*	*(2%)*	
% margin	*22.6%*	*22.1%*	*50 bps*	*50 bps*	
Adj. EPS*	**$0.26**	**$0.05**			

- Organic net sales* declined 2%, driven primarily by lower global automotive production and a continued slowdown in broader industrial end-markets
  - Circuitry was approximately flat year-over-year organically*, while Assembly and Semiconductor were impacted by demand softness in the overall electronics market, particularly in Asia
  - Modest year-over-year organic growth* in both Graphics and Energy was offset by lower demand in Industrial, particularly in Europe and Asia
- Constant currency adj. EBITDA* growth of 9% and adj. EBITDA* margin expansion of 260 bps
  - Favorable year-over-year product mix in Electronics
  - Cost containment and cost savings initiatives continue to drive strong operating expense improvements
- Q3 2019 adj. EPS* of $0.26 reflects lower interest expense and fewer shares outstanding

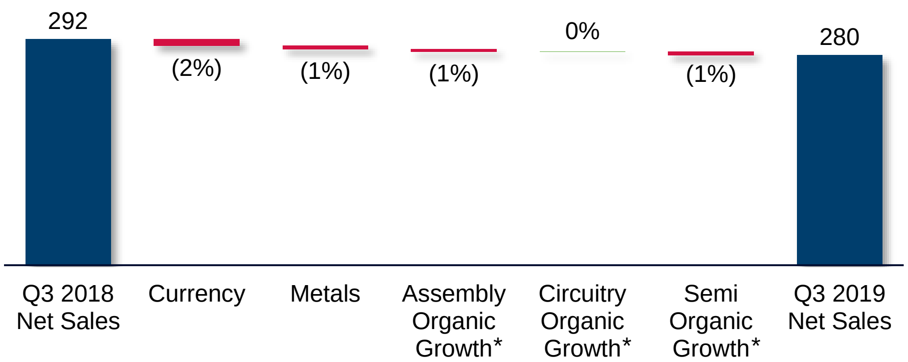
Note: Totals may not sum due to rounding or due to varying sizes of the two reportable segments

* 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

Third Quarter 2019 Segment Details

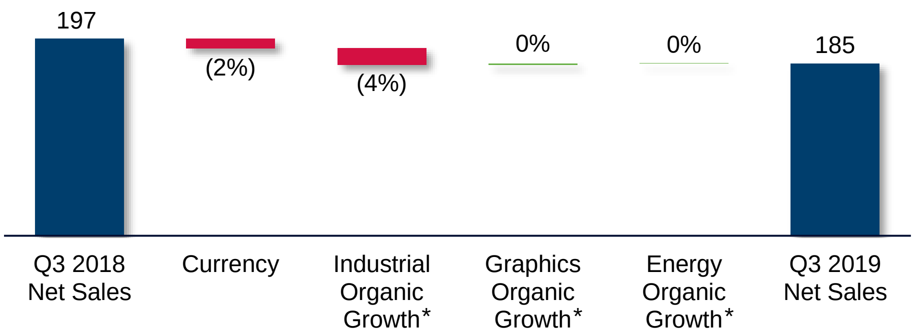
Market Commentary

Electronics Net Sales *($ in millions)*



- Persisting demand softness in major end-markets
- **Assembly**: pressure from trade tensions affecting mid to small scale customers; stable year-over-year demand from large OEM customers
- **Circuitry**: growth in the Americas and Europe offset by lower net sales in Asia, particularly China; strong sequential growth in high-end markets, particularly Korea
- **Semiconductor**: growth in advanced assembly products offset by lower precious metals prices and softness in advanced packaging markets

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



- **Industrial**: net sales declines in all regions, particularly Europe and Asia due to general industrial contraction and soft customer demand in automotive markets
- **Graphics**: growth primarily driven by packaging in Latin America and European regions as well as a partial demand recovery for screen products
- **Energy**: higher net sales in Europe and Asia related to fill and drilling activity; lower drilling activity in North America and continued impact from the loss of certain business related to a specific customer in Q1 2019

Source: Management estimates

* See non-GAAP definitions and reconciliations in the appendix

Balance Sheet and Cash Flow Considerations

Continuing Operations

Key Cash Flow Items

- Q3 2019 free cash flow* from continuing operations of $80 million
- Q3 2019 YTD free cash flow* from continuing operations on an adjusted basis* of ~$166 million, which excludes the impact of prior capital structure for the month of January
- Q3 2019 YTD cash interest of $44 million[1] reflects positive impact of undrawn corporate revolver as well as successful cash repatriation activities
- Modest working capital investment on a YTD basis
  - Expect to release working capital in Q4 2019, consistent with typical seasonal patterns

Balance Sheet Management

- Net debt to adj. EBITDA ratio* of 3.3x on a trailing twelve month basis as of September 30, 2019
- ~5.6 million shares repurchased in Q3 2019 at an average price of $9.06 per share (~$51 million total)
  - Repurchased 43.8 million shares YTD
  - ~$254 million of remaining authorization under our share repurchase program

Q3 2019 Cash Flow Uses and Outlook

$ millions	Q3 2019 YTD	2019E
Cash Interest	$44[1]	~$75
Cash Taxes	$55	~$80
Net Capex*	$18	~$30

Q3 2019 Capital Structure

Instrument	*(in millions)*
Corporate Revolver	$—
Term Loans	744
Other	1
Total First Lien Debt	**$745**
Total Unsecured Debt	**$800**
Total Debt	**$1,545**
Cash Balance	200
Net Debt	**$1,345**
Adjusted Shares Outstanding[2]	256
Market Capitalization[3]	$2,602
Total Capitalization	**$3,947**

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.10 for reconciliation to Adjusted Share Counts
3. Based on Element Solutions' closing stock price of $10.18 at September 30, 2019

Full Year 2019 Financial Guidance

Q3 2019 Update

	Electronics	Industrial & Specialty
Q4 2019 Considerations	▪ Expect overall market to return to 1H 2019 demand levels ▪ Lower sequential and year-over-year organic net sales* expected across all verticals – in line with seasonal patterns and softer end-markets	▪ Persisting pressure expected from trade tensions and slowdown in global industrial manufacturing, impacting all verticals ▪ Automotive production expected to be lower year-over-year and sequentially in Q4 2019
	Continued cost containment to reflect commercial environment and protect margins	
FY Organic Net Sales* Expectations	**~4% organic net sales* decline**	
FY Anticipated Translational FX Impacts	**~3% of net sales** **~$20 million on adjusted EBITDA*** ***(~$5 million of additional FX headwinds impacting second half 2019 results)***	
FY Adj. EBITDA* Guidance	**~2 – 5% growth on a constant currency basis***	
FY Adjusted EPS* Guidance	**$0.84 – $0.87 adjusted EPS***	

* See non-GAAP definitions and reconciliations in the appendix

2019 Priorities

Successful Launch of Element Solutions

Delivery of Financial Commitments and Strategic Initiatives

Compelling Free Cash Flow Growth

Capital Allocation to Compound Long-Term Shareholder Value

Appendix

Capital Structure

($ millions)			
Instrument	**Maturity**	**Coupon**	**9/30/2019**
Corporate Revolver	1/31/2024	LIBOR plus 2.25%	$—
First Lien Credit Facility - USD Term Loans[1]	1/31/2026	LIBOR plus 2.25%	744
Other Secured Debt			1
Total First Lien Debt			**$745**
Senior Notes due 2025	12/1/2025	5.875%	800
Total Unsecured Debt			**$800**
Total Debt			**$1,545**
Cash Balance			$200
Net Debt			**$1,345**
Adjusted Shares Outstanding[2]			256
Market Capitalization[3]			**$2,602**
Total Capitalization			**$3,947**

Note: Totals may not sum due to rounding
1. Element Solutions swapped its floating term loan to fixed rate through January 2024. At September 30, 2019, approximately 100% of the debt was fixed
2. See p.10 for reconciliation to Adjusted Share Counts
3. Based on Element Solutions' closing stock price of $10.18 at September 30, 2019

Reconciliation to Adjusted Share Counts

(amounts in millions)	Q3 2019	Q3 2018
Common shares outstanding	**251**	**288**
Number of shares issuable upon conversion of PDH Common Stock	—	4
Number of shares issuable upon conversion of Series A Preferred Stock	2	2
Number of shares issuable upon vesting of granted Equity Awards[1]	3	5
Adjusted common shares outstanding	**256**	**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 Loss Attributable to Common Stockholders Reconciliation to Adj. EBITDA (Continuing Operations)

($ millions)	Q3 2019	Q3 2018
Net loss attributable to common stockholders	**$(7)**	**$(409)**
Add (subtract):		
Net income attributable to the non-controlling interests	—	3
Loss from discontinued operations, net of tax	1	402
Income tax expense (benefit)	57	(19)
Interest expense, net	17	78
Depreciation expense	10	11
Amortization expense	28	28
EBITDA	**107**	**94**
Adjustments to reconcile to Adjusted EBITDA:		
Restructuring expense	7	1
Integration costs	1	5
Foreign exchange loss on foreign denominated external and internal long-term debt	1	4
Change in fair value of contingent consideration	1	1
Other, net	(1)	4
Adjusted EBITDA	**$115**	**$108**

Note: Totals may not sum due to rounding

Net Debt to Adj. EBITDA Ratio Reconciliation on a Trailing Twelve Month Basis (Continuing Operations)

($ millions)	YTD 2019	Q4 2018	LTM Q3 2019
Net income attributable to common stockholders	**$18**	**$35**	**$53**
Add (subtract):			
Net income attributable to the non-controlling interests	1	1	2
Income from discontinued operations, net of tax	(13)	(50)	(64)
Income tax expense	40	3	43
Interest expense, net	74	78	151
Depreciation expense	31	11	42
Amortization expense	85	27	112
EBITDA	**235**	**104**	**339**
Adjustments to reconcile to Adjusted EBITDA:			
Restructuring expense	13	2	15
Integration costs	3	2	5
Foreign exchange loss on foreign denominated external and internal long-term debt	2	5	7
Debt refinancing costs	61	1	62
Change in fair value of contingent consideration	3	(24)	(21)
Other, net	(1)	9	8
Adjusted EBITDA	**$315**	**$99**	**$413**
Net debt			**$1,345**
Net debt to adjusted EBITDA ratio			**3.3x**

Note: Totals may not sum due to rounding

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

($ millions, except per share amounts)	Q3 2019	Q3 2018
Net loss attributable to common stockholders	**$(7)**	**$(409)**
Net loss from discontinued operations attributable to common stockholders	(1)	(403)
Net loss from continuing operations attributable to common stockholders	**(6)**	**(6)**
Reversal of amortization expense	28	28
Adjustment to reverse incremental depreciation expense from acquisitions	2	2
Restructuring expense	7	1
Integration costs	1	5
Foreign exchange loss on foreign denominated external and internal long-term debt	1	4
Change in fair value of contingent consideration	1	1
Other, net	(1)	4
Tax effect of pre-tax non-GAAP adjustments	(11)	(15)
Adjustment to estimated effective tax rate	43	(11)
Adjustment to reverse attributable to certain non-controlling interests	—	2
Adjusted net income from continuing operations attributable to common stockholders	**$66**	**$15**
Adjusted earnings per share from continuing operations	**$0.26**	**$0.05**
Adjusted common shares outstanding[1]	***256***	***299***

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

Organic Net Sales Growth Reconciliation (Continuing Operations)

	Three Months Ended September 30, 2019					
	Reported Net Sales Growth	Impact of Currency	Constant Currency	Change in Pass-Through Metals Pricing	Acquisitions	Organic Net Sales Growth
Electronics	(4)%	2%	(2)%	1%	—%	(1)%
Industrial & Specialty	(6)%	2%	(4)%	—%	—%	(4)%
Total	**(5)%**	**2%**	**(3)%**	**1%**	**—%**	**(2)%**

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 nine months ended September 30, 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 and capital lease obligations, excluding unamortized premium, discounts and debt issuance costs, 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 of one-time cash operating expenses, including for Q3 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 September 30, 2019, Electronics' and the Company's consolidated results were negatively impacted by $2.5 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.