element solutions

Second Quarter 2019

Earnings Presentation

August
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,” “should,” “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 outlook for its segments, end-markets and net sales; market expectations for the second half of 2019; impact of the loss of certain business; Q2 2019 YTD free cash flow and cash interest on an adjusted basis; working capital investment in Q3 2019; cash flow outlook; balance sheet capacity and opportunities for cash deployment, earnings growth and cash flow generation in 2H 2019; full year 2019 financial guidance, including Q3 2019 considerations for each segment, organic net sales expectations, anticipated translational FX impacts, constant currency adjusted EBITDA guidance and adjusted earnings per share (EPS) guidance; 2019 priorities; market positions to grow and convert earnings to free cash flow; and pathway to deliver on medium-term financial objectives.

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 August 2, 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 Q2 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.

Second Quarter 2019 Financial Results

Continuing Operations

($ in millions)	Q2 2019	Q2 2018	YoY	Constant Currency* YoY	Organic* YoY
Net Sales	**$457**	**$502**	***(9%)***	***(5%)***	***(6%)***
Electronics	268	296	*(9%)*	*(6%)*	*(6%)*
Industrial & Specialty	189	206	*(8%)*	*(5%)*	*(5%)*
GAAP Diluted EPS	**$0.06**	**$(0.17)**			
Adj. EBITDA*	**$101**	**$109**	***(8%)***	***(4%)***	
% margin	*22.0%*	*21.8%*	*20 bps*	*30 bps*	
Electronics	60	65	*(7%)*	*(3%)*	
% margin	*22.5%*	*22.0%*	*50 bps*	*70 bps*	
Industrial & Specialty	40	44	*(10%)*	*(6%)*	
% margin	*21.2%*	*21.6%*	*(40) bps*	*(40) bps*	
Adj. EPS*	**$0.21**	**$0.05**			

- Organic net sales* declined 6%, driven by persisting weakness in high-end smart phone and automotive markets as well as a broader economic slowdown in Asia
  - Organic net sales* declined less than volumes in key end-markets, reflecting a continued trend of out-performing end-markets
  - Lower year-over-year organic net sales* in Electronics due to lower volumes in Circuitry and Assembly, especially in China and Taiwan; Semiconductor impacted by timing of orders and general electronics market weakness
  - Industrial & Specialty impacted by weak global automotive markets, specific customer declines in Energy and softer newspaper markets in Graphics
- Constant currency adj. EBITDA* declined 4%, adj. EBITDA margin increased 30 bps
  - Product mix was a modest headwind due to weakness in Circuitry and Energy end-markets, which was partially offset by growth in high-margin advanced assembly products in Assembly
  - Continued realization of corporate cost savings and focus on functional cost containment; ~$4 million of additional corporate cost savings realized in Q2 2019
- ~$5 million year-over-year negative impact to adj. EBITDA* from FX translation in line with expectations
- Q2 2019 adj. EPS* of $0.21 increased year-over-year due to lower interest expense and lower share count

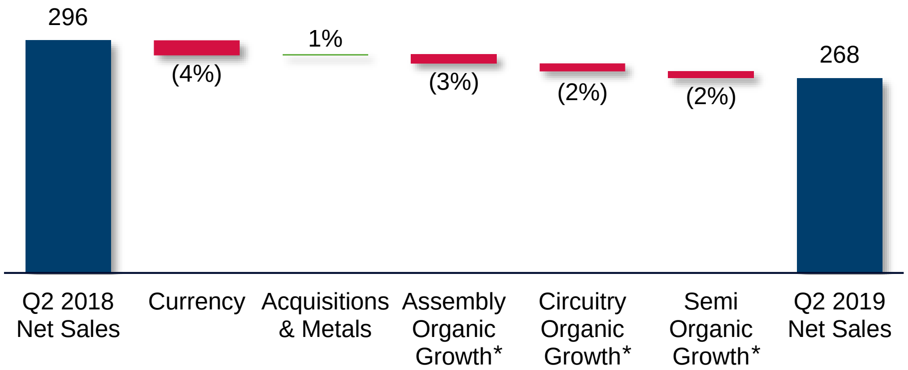
Note: Totals may not sum due to rounding or due to varying sizes of the two reportable segments

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

Second Quarter 2019 Segment Details

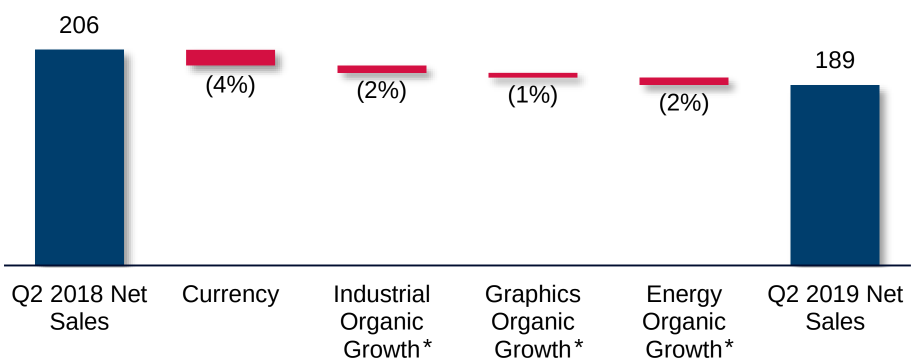
Market Commentary

Electronics Net Sales *($ in millions)*



- Weakness in Electronics end-markets consistent with trends seen in Q4 2018 and Q1 2019, reflecting a degree of stabilization
  - Q1 2019 global mobile phone shipments declined 6% year-over-year; Q2 2019 expected to be in line with Q1 2019
  - High-single digit declines in global automotive sales YTD May 2019, with double-digit declines in China
- Growth in advanced assembly products for the EV market was offset by declines in the Americas and Asia in Assembly
- Continued cautious approach by customers due to trade tensions and potential supply chain restrictions

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



- Continued manufacturing weakness in European Industrial markets, primarily in Northern and Central regions
- Declines in newspaper products partially offset by modest growth in packaging in Latin America from penetration of new products
- Energy was impacted by the loss of certain business from a specific customer in Q1 – net sales are expected to ramp across all regions in 2H 2019 due to current energy price stability and new wins
- Organic net sales* declines partially offset by share gains in water treatment products and pricing actions in certain markets

Source: Management estimates, industry reports
* See Non-GAAP footnote on p. 3

Balance Sheet and Cash Flow Considerations

Continuing Operations

Key Cash Flow Items

- Q2 2019 YTD free cash flow* from continuing operations of ~$86 million on an adjusted basis*, which excludes the impact of our prior capital structure for the month of January
- Q2 2019 YTD cash interest of $39M[1] includes ~$23M in semi-annual bond payments associated with the $800M Senior Notes due 2025
- Modest working capital investment on a year-to-date basis reflecting the slow net sales environment
  - Expect a slight build in Q3 2019 as businesses are expected to grow on a sequential basis

Balance Sheet Management

- Net debt to adj. EBITDA ratio* of 3.3x on a trailing twelve month basis as of June 30, 2019
- Net debt position further impacted by Q2 2019 cash flow activities:
  - Net Arysta post-closing proceeds, including certain adjustments and expenses associated with the sale[2]
  - 1.2 million shares repurchased at average price of $9.89 per share (~$11 million total)
- Balance sheet capacity expected to increase in line with earnings growth and cash flow generation in 2H 2019

Q2 2019 Cash Flow Uses and Outlook

$ millions	Q2 2019 YTD	2019E
Cash Interest	$39[1]	~$80
Cash Taxes	$35	~$85
Net Capex*	$11	~$30

Q2 2019 Capital Structure

Instrument	*(in millions)*
Corporate Revolver	$50
Term Loans and Other	747
Total First Lien Debt	**$797**
Total Unsecured Debt	**$800**
Total Debt	**$1,597**
Cash Balance	248
Net Debt	**$1,350**
Adjusted Shares Outstanding[3]	261
Market Capitalization[4]	$2,702
Total Capitalization	**$4,051**

Note: Totals may not sum due to rounding
* See Non-GAAP footnote on p. 3
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. Certain post-closing cash outflows associated with the sale of Arysta are expected to be made in the second half of 2019
3. See p.11 for reconciliation to Adjusted Share Counts
4. Based on Element Solutions' closing price of $10.34 at June 28, 2019, the last trading day of Q2 2019

Full Year 2019 Financial Guidance

Q2 2019 Update

	Electronics	Industrial & Specialty
Q3 2019 Considerations	▪ Modest seasonal pickup expected due to planned product launches – expectations for growth have moderated since Q1 ▪ Pressure from weaker global automotive production partially offset by continuous growth in electronic content per device and electric vehicle demand ▪ Inventory levels expected to normalize in Semiconductor supply chains	▪ Continued pressures from trade tensions and slowdown in global industrial production ▪ Weaker-than-expected ramp in packaging production in Graphics ▪ Market environment and performance in Energy expected to be in line with Q2 2019
FY Organic Net Sales* Expectations	**1 – 3% organic net sales* decline**	
FY Anticipated Translational FX Impacts	**~2% of net sales;** **~$15 million on adjusted EBITDA***	
FY Adj. EBITDA* Guidance	**~2 – 5% growth on a constant currency basis***	
FY Adjusted EPS* Guidance	**$0.83 – $0.86 adjusted EPS***	

* See Non-GAAP footnote on p.3

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

2019 Investor Day

Key Takeaways

High-Quality Businesses Positioned to Grow and Efficiently Convert Earnings to Free Cash Flow*:

Defensible, Leading Market Positions

Secular Growth Tailwinds

Auto Electronic Content

5G Technologies

Internet of Things

Environmental Considerations

Capable, Deep Leadership Team with a Performance and Ownership-Orientated Culture:

Element Solutions' Leadership Team

Deep Bench of Highly-Skilled Leaders

Office of the Chairman

- Martin E. Franklin, Executive Chairman
- Benjamin Gliklich, Chief Executive Officer
- Scot R. Benson, President & Chief Operating Officer

Functional Leadership

- John E. Capps, EVP, General Counsel & Secretary, ~25 years of experience
- Carey J. Dorman, Chief Financial Officer, ~10 years of experience
- Trisha Mount, VP, Project Management, ~30 years of experience
- Dustin Collins, VP, Information Technology, ~20 years of experience
- Michael Russnok, Chief Accounting Officer, ~20 years of experience

Commercial Leadership

- Joe D'Ambrisi, VP, Electronics, ~35 years of experience
- Michael Siegmund, VP, Industrial Solutions, ~35 years of experience
- Rick Ertmann, VP, Assembly & New Markets, ~35 years of experience
- Melanie Galloway, VP, Graphics Solutions, ~25 years of experience
- Steve Racca, VP, Energy Solutions, ~30 years of experience
- Blake Batley, Chief Sales Officer, ~25 years of experience
- Mike Goralski, VP, Supply Chain, ~25 years of experience

Challenge **C**ollaborate

Commit **C**hoose

Care

Clear Pathway to Deliver on our Medium-Term Financial Objectives:

Double adjusted EPS* to $1.36 by 2023

- **1-2% organic net sales growth* over end-markets**
- **1.5x net sales conversion to adjusted EBITDA***
- **Prudent deployment of excess cash flow**
- **Net debt ratio* below 3.5x adjusted EBITDA***
- **Consistent ROIC improvement every year**

* See this appendix for definitions, discussions of adjustments and reconciliations

Capital Structure

($ millions)			
Instrument	**Maturity**	**Coupon**	**6/30/2019**
Corporate Revolver	1/31/2024	LIBOR plus 2.25%	$50
First Lien Credit Facility - USD Term Loans[1]	1/31/2026	LIBOR plus 2.25%	746
Other Secured Debt			1
Total First Lien Debt			**$797**
Senior Notes due 2025	12/1/2025	5.875%	800
Other Unsecured Debt			—
Total Unsecured Debt			**$800**
Total Debt			**$1,597**
Cash Balance			$248
Net Debt			**$1,350**
Adjusted Shares Outstanding[2]			261
Market Capitalization[3]			**$2,702**
Total Capitalization			**$4,051**

Note: Totals may not sum due to rounding
1. Element Solutions swapped its floating term loan to fixed rate through January 2024. At June 30, 2019, approximately 97% of the debt was fixed and 3% was floating
2. See p.11 for reconciliation to Adjusted Share Counts
3. Based on Element Solutions' closing price of $10.34 at June 28, 2019, the last trading day of Q2 2019

Reconciliation to Adjusted Share Counts

(amounts in millions)	Q2 2019	Q2 2018
Basic outstanding common shares	**257**	**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 and exercise of Stock Options	0	1
Number of shares issuable upon vesting of granted Equity Awards[1]	2	4
Adjusted common shares outstanding	**261**	**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 Attributable to Common Stockholders Reconciliation to Adj. EBITDA (Continuing Operations)

($ millions)	Q2 2019	Q2 2018
Net income attributable to common stockholders	**$2**	**$12**
Add (subtract):		
Net loss to the non-controlling interests	(0)	(0)
Loss (income) from discontinued operations, net of tax	13	(61)
Income tax (benefit) expense	(7)	30
Interest expense, net	18	78
Depreciation expense	10	11
Amortization expense	28	28
EBITDA	**65**	**98**
Adjustments to reconcile to Adjusted EBITDA:		
Restructuring expense	3	2
Integration costs	0	4
Foreign exchange loss on foreign denominated external and internal long-term debt	29	5
Debt refinancing costs	0	—
Change in fair value of contingent consideration	1	1
Other, net	3	0
Adjusted EBITDA	**$101**	**$109**

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	Q3 2018	Q4 2019	LTM Q2 2019
Net income (loss) attributable to common stockholders	**$25**	**$(409)**	**$35**	**$(349)**
Add (subtract):				
Net income attributable to the non-controlling interests	1	3	1	5
(Income) loss from discontinued operations, net of tax	(14)	402	(50)	337
Income tax (benefit) expense	(17)	(19)	3	(33)
Interest expense, net	56	78	78	212
Depreciation expense	21	11	11	42
Amortization expense	57	28	27	112
EBITDA	**128**	**94**	**104**	**326**
Adjustments to reconcile to Adjusted EBITDA:				
Restructuring expense	4	1	2	7
Integration costs	2	5	2	9
Foreign exchange loss on foreign denominated external and internal long-term debt	0	4	5	10
Debt refinancing costs	61	—	1	62
Change in fair value of contingent consideration	3	1	(24)	(20)
Other, net	1	4	9	14
Adjusted EBITDA	**$199**	**$108**	**$99**	**$406**
Net debt				**$1,350**
Net debt to adjusted EBITDA ratio				**3.3x**

Note: Totals may not sum due to rounding

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

($ millions, except per share amounts)	Q2 2019	Q2 2018
Net income attributable to common stockholders	**$2**	**$12**
Net (loss) income from discontinued operations attributable to common stockholders	(13)	61
Net income (loss) from continuing operations attributable to common stockholders	**15**	**(49)**
Reversal of amortization expense	28	28
Adjustment to reverse incremental depreciation expense from acquisitions	2	3
Restructuring expense	3	2
Integration costs	0	4
Foreign exchange loss on foreign denominated external and internal long-term debt	29	5
Debt refinancing costs	0	—
Change in fair value of contingent consideration	1	1
Other, net	3	0
Tax effect of pre-tax non-GAAP adjustments	(18)	(14)
Adjustment to estimated effective tax rate	(9)	37
Adjustment to reverse loss attributable to certain non-controlling interests	—	(1)
Adjusted net income from continuing operations attributable to common stockholders	**$54**	**$15**
Adjusted earnings per share from continuing operations	**$0.21**	**$0.05**
Adjusted common shares outstanding[1]	***261***	***299***

Note: Totals may not sum due to rounding
1. See p.11 for a reconciliation to Adjusted Share Counts

Organic Net Sales Growth Reconciliation
(Continuing Operations)

	Three Months Ended June 30, 2019					
	Reported Net Sales Growth	Impact of Currency	Constant Currency	Change in Pass-Through Metals Pricing	Acquisitions	Organic Net Sales Growth
Electronics	(9)%	4%	(6)%	0%	0%	(6)%
Industrial & Specialty	(8)%	4%	(5)%	—%	—%	(5)%
Total	**(9)%**	**4%**	**(5)%**	**0%**	**0%**	**(6)%**

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 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% for 2019 and 34% for 2018. 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 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 equity grants with targets that are considered probable of achievement were vested at target and issued. 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 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 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 footnotes to the non-GAAP measures reconciliations 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 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 a $54 million adjustment 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 June 30, 2019, Electronics' and the Company's consolidated results were positively impacted by $1.0 million of acquisitions and $0.7 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 such 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.