

September 1, 2021



Element Solutions Inc Announces Closing of Coventya Acquisition

- *Enhances Element Solutions' Industrial Solutions business with greater scale, customer reach and technologies*
- *Introduces attractive new growth opportunities in complementary end-markets*
- *On an annualized basis, transaction expected to add approximately \$0.07 to the Company's adjusted EPS before synergies; approximately 5% accretion based on 2021 adjusted EPS guidance of \$1.35 or greater*
- *Net leverage ratio expected to be below 3x at year-end 2021*

MIAMI--(BUSINESS WIRE)-- Element Solutions Inc (NYSE:ESI) ("Element Solutions" or the "Company"), a global and diversified specialty chemicals company, announced today that it has closed its previously announced acquisition of Coventya Holding SAS ("Coventya"), a global provider of specialty chemicals for the surface finishing industry. Coventya joins MacDermid Enthone Industrial Solutions and will be reported within the Company's Industrial & Specialty segment.

Coventya is expected to generate annual sales of approximately \$190 million and adjusted EBITDA of greater than \$35 million for its fiscal year 2021 ending in September. Including annualized synergies of at least \$15 million expected to be achieved within two years, the purchase price represents less than 10x Coventya's projected fiscal year 2021 adjusted EBITDA. The total consideration of approximately \$500 million was funded with \$400 million of additional Term Loan B debt and cash on hand. The add-on tranche of Term Loan B matures in January 2026 and has an effective interest rate of less than 2% after giving effect to cross-currency swaps into fixed-rate euro-denominated debt.

President and Chief Executive Officer Benjamin Gliklich said, "We are excited to welcome Coventya and its talented people to the Element Solutions family. The more time we spend with the Coventya team, the more enthusiastic we have become about the potential from this combination. We believe our MacDermid Enthone Industrial Solutions business will benefit significantly from Coventya's added scale and complementary product offerings, and so will our customers from a larger, more comprehensive set of solutions and deeper technical know-how. On an annualized basis, we expect the acquisition to be approximately 5% accretive to our adjusted EPS, based on our previously announced guidance of \$1.35 or greater for 2021 before the impact of the acquisition. This accretion does not include run rate cost synergies of at least \$15 million that we expect to realize within the next two years."

Mr. Gliklich continued, "Within our end-markets, opportunities of this magnitude are rare, and we are thrilled to have executed against one consistent with our acquisition strategy of investing in markets we know and acquiring businesses we believe are better under our

ownership at attractive valuations. Our strategy of balancing operational excellence with prudent capital allocation continues to deliver. Strong execution and prudent balance sheet management since the inception of Element Solutions have allowed us to fund this transaction without additional equity while being on track to maintain our net debt below 3.0x adjusted EBITDA at year end 2021.”

About Element Solutions Inc

Element Solutions Inc is a leading specialty chemicals company whose businesses supply a broad range of solutions that enhance the performance of products people use every day. Developed in multi-step technological processes, these innovative solutions enable customers' manufacturing processes in several key industries, including consumer electronics, power electronics, semiconductor fabrication, communications and data storage infrastructure, automotive systems, industrial surface finishing, consumer packaging and offshore energy. More information about Element Solutions is available at www.elementsolutionsinc.com.

Non-GAAP Financial Measures

This press release includes the following financial measures which are not calculated in accordance with GAAP: adjusted EBITDA, adjusted earnings per share (“EPS”) and net debt to adjusted EBITDA ratio. These measures are defined as follows:

Adjusted EBITDA: Adjusted EBITDA is defined as EBITDA (earnings before interest, provision for income taxes, depreciation and amortization), 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. Management believes adjusted EBITDA provides investors with a more complete understanding of the long-term profitability trends of Element Solutions' business and facilitate comparisons of its profitability to prior and future periods.

Adjusted EPS: Adjusted EPS 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, incremental depreciation associated with the step-up of fixed assets and incremental cost of sales associated with the step-up of inventories recognized in purchase accounting for acquisitions. Further, the Company adjusts its effective tax rate.

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 discounts and debt issuance costs, less cash, divided by adjusted EBITDA.

The Company does not provide a quantitative reconciliation 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 reconciliation, including adjustments that could be made for restructurings, refinancings, divestitures, impairments, integration and acquisition-related expenses, share-based compensation amounts, non-recurring, unusual or unanticipated charges, expenses or gains, adjustments to inventory and other charges

reflected in the reconciliation of historic numbers, the amount of which, based on historical experience, could be significant.

Forward-looking Statements

This press release contains forward-looking statements, including, but not limited to, statements relating to Industrial Solutions' enhanced business with greater scale, customer reach and technologies; attractive new growth opportunities in complementary end-markets; Coventya's annual sales and adjusted EBITDA for its fiscal year 2021; expected benefits from the Coventya acquisition, including business potential, added scale and complementary product offerings, anticipated annualized synergies of at least \$15 million expected to be achieved within two years, the addition of approximately \$0.07 to the Company's adjusted EPS before synergies, or approximately 5% accretion based on the Company's previously announced adjusted EPS guidance of \$1.35 or greater for 2021 before the impact of the acquisition; expected benefits from the acquisition for the Company's customers; the Company's strategy of balancing operational excellence with prudent capital allocation; and maintaining a net debt leverage ratio below 3.0x at year end 2021. These statements are based on management's estimates and assumptions with respect to financial performance and future events, and are believed to be reasonable, though are inherently difficult to predict. Actual results could differ materially from those projected as a result of certain factors including, without limitation, market and other general economic conditions, Element Solutions' perception of future availability of financing as well as factors included in its 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.

View source version on businesswire.com:

<https://www.businesswire.com/news/home/20210901005628/en/>

Investor Relations Contact:

Varun Gokarn

Senior Director, Strategy and Finance

Element Solutions Inc

1-561-406-8465

IR@elementsolutionsinc.com

Media Contact:

Liz Cohen

Managing Director

Kekst CNC

1-212-521-4845

Source: Element Solutions Inc