

2020 results



INNOVATION | GROWTH | EFFICIENCY

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The Company is the holding company for a number of operationally distinct and autonomous subsidiaries that conduct the day-to-day business of the different segments of the Elementis Group. The use of 'Elementis' in this presentation to describe one or more of those subsidiaries, or the Elementis Group as a whole, does not in any way detract from the legal, functional and operational separateness of the entities that comprise the Elementis Group.

Results agenda

ELEMENTIS

INTRODUCTION

Paul Waterman

HIGHLIGHTS & SEGMENT PERFORMANCE

Paul Waterman

GROUP FINANCIALS

Ralph Hewins

OUTLOOK & PRIORITIES

Paul Waterman

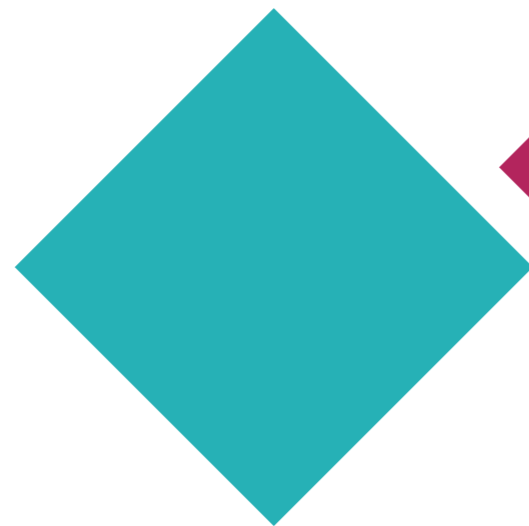
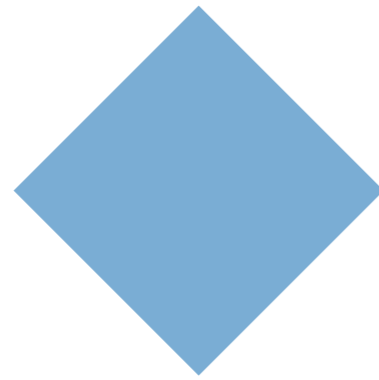
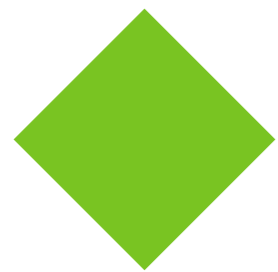
QUESTIONS

Paul Waterman & Ralph Hewins



HIGHLIGHTS

PAUL WATERMAN, CEO



INNOVATION | GROWTH | EFFICIENCY



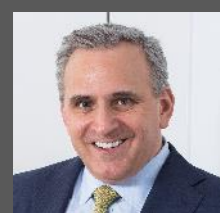
Paul Waterman



Ralph Hewins

Key messages

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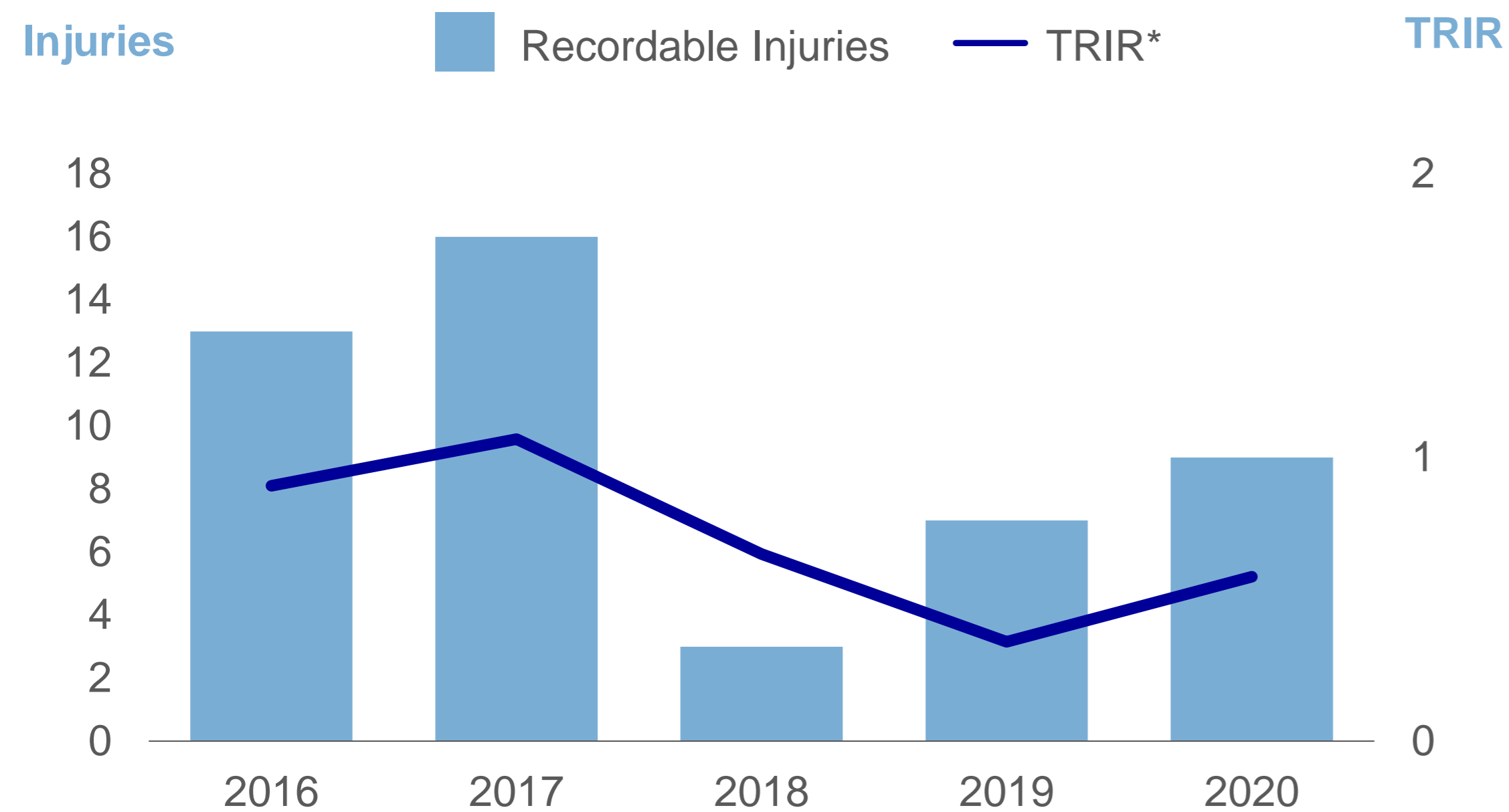


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Ralph Hewins

SAFETY PERFORMANCE



Note: Total Recordable Incident Rate (incidents per 200,000 hours worked)

* Two year moving average

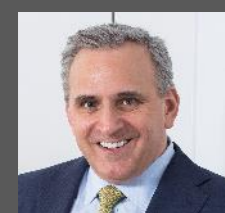
HIGHLIGHTS

Performance

- Nine recordable injuries
- Two lost time accidents

Safety Initiatives

- Proactive COVID-19 response
- Global TogetherSAFE campaign



Paul Waterman



Ralph Hewins

Sustainability focus

TAKING ACTION TO DELIVER 2030 TARGETS

WITHIN OUR OPERATIONS...



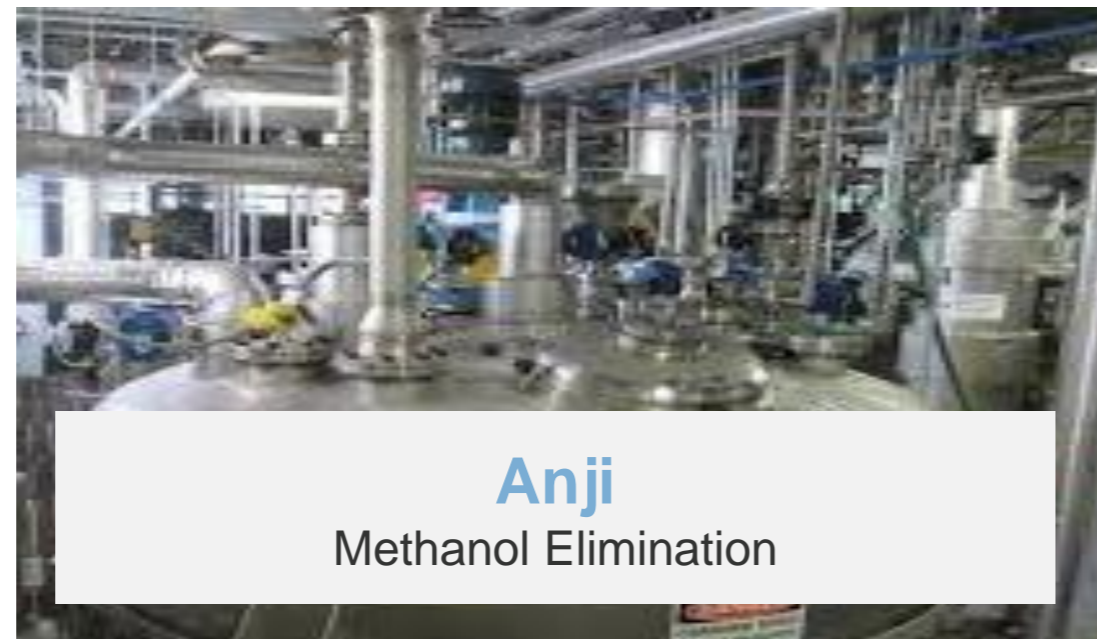
Newberry Springs
Solar Panel Installation



New Martinsville
Solvent Recycling



Castle Hayne
Improved Kiln Insulation



Anji
Methanol Elimination

...AND PRODUCT PORTFOLIO



NATURAL PERSONAL CARE INGREDIENTS
Hectorite replacing synthetics



REDUCED VEHICLE EMISSIONS
Talc for vehicle light weighting



LOWER VOC COATINGS
Additives enabling waterborne transition



Paul Waterman



Ralph Hewins

Significant net debt reduction

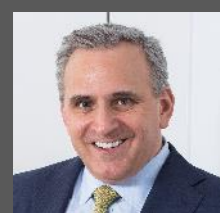
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2020 FINANCIAL OVERVIEW

\$m	2019	2020	% Change
Sales	874	751	- 14%
Operating profit*	123	82	- 34%
Operating margin*	14.1%	10.9%	- 320ps
Diluted EPS*	12.4c	6.5c	-48%
Dividends per share**	2.80c	-	-
Net debt	454	408	-10%

* After adjusting items

**2019 final dividend cancelled in response to COVID-19 so only 2019 interim dividend shown



Paul Waterman

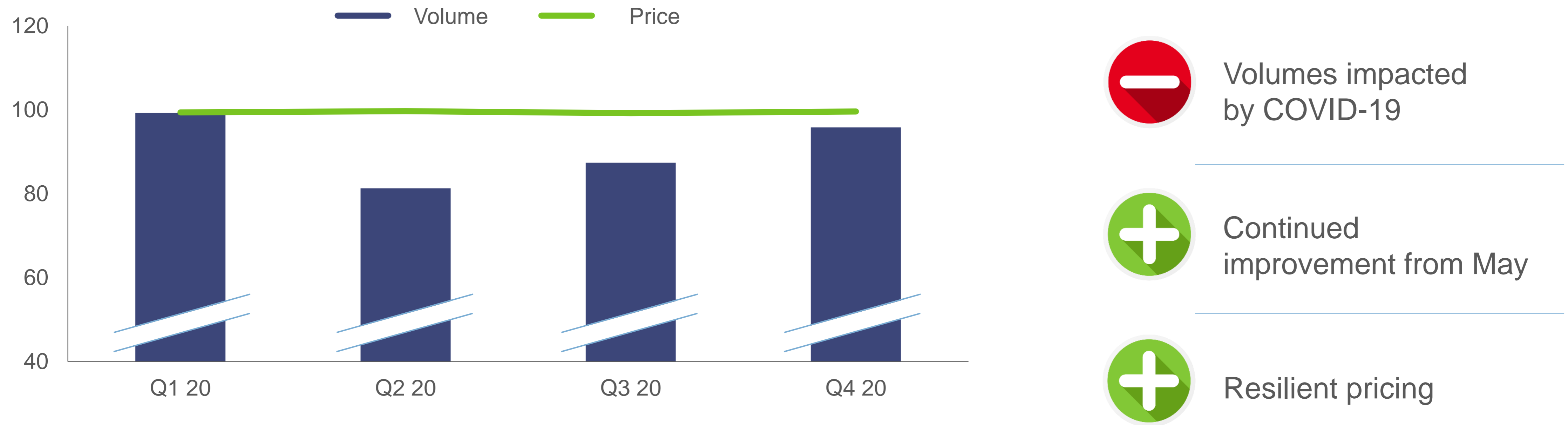


Ralph Hewins

May trough, demand improvement thereafter

DEMAND EVOLUTION

ELEMENTIS GROUP - REVENUE DEVELOPMENT Y-O-Y



Note: Graph shows change on prior year comparative (=100).



Paul Waterman

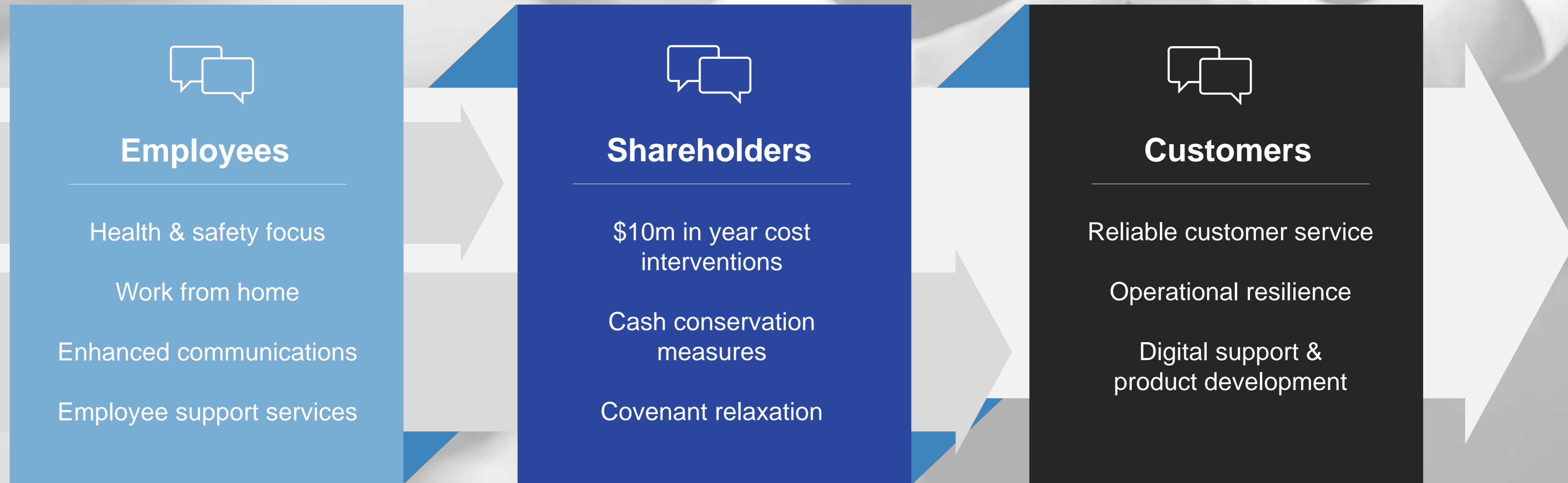


Ralph Hewins

Swift COVID-19 response

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ADDRESSING THE NEEDS OF ALL OUR STAKEHOLDERS



Paul Waterman



Ralph Hewins

Strategy implementation on track

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2020 ACHIEVEMENTS

INNOVATION



12 new product launches



New products up from 12% to 14% of sales



2 new open innovation partnerships



New Personal Care labs in Asia & South America

GROWTH



Coatings transformation complete



\$30m of NBOs closed



Strong skin care pipeline



Talc sales up 18% in China

EFFICIENCY



2019 organisation restructuring; \$5m savings delivered in 2020



Working capital - \$7m delivered to reach \$30m target



Restructured global supply chain & procurement



Accelerated global supply chain savings; \$10m in 2021



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Ralph Hewins

Innovation accelerating, improving product quality

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COMBINATION OF NEW PRODUCTS & OPEN INNOVATION



Distinctive new technologies

- Personal Care – high efficacy AP active
- Coatings – premium deco NiSATs
 - Talc – barrier coatings



AQDOT partnership

- Smart odour control & fragrance release
- Supramolecular chemistry
- Product synergies under evaluation



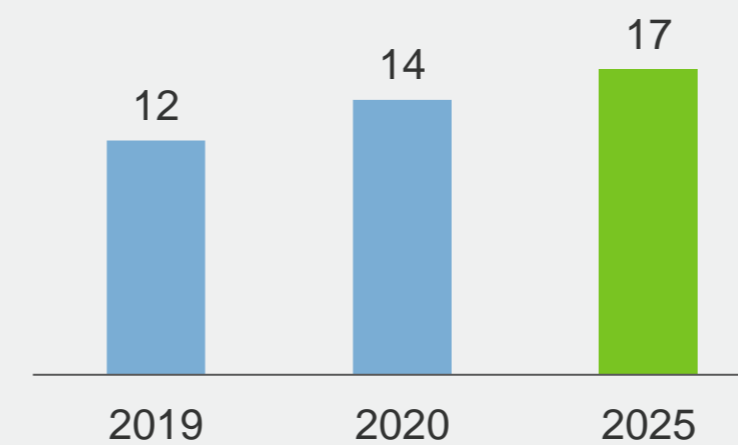
NXTLEVEL partnership

- Biobased solvent replacement
- Levulinic acid technology
- 2021 Coatings launches

Increased ambition

- New products – resilient performance
- 2021: Over 20 product launches
- Target increased from 15% to 17%

New products as
% of sales



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A global specialty chemicals company

SEGMENT PERFORMANCE



INNOVATION | GROWTH | EFFICIENCY

Enhanced Performance Through Applied Innovation



Personal Care performance

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MARGINS RESILIENT DESPITE WEAK MARKET CONDITIONS

			2020 vs 2019 % Change
\$m	2019	2020	Like for like ¹
Sales	195	161	-9%
Operating profit*	43	34	-20%
Operating margin*	21.9%	20.9%	



* After adjusting items ¹ Adjusted for constant currency and business disposals (Dental gypsum plant)



Paul Waterman



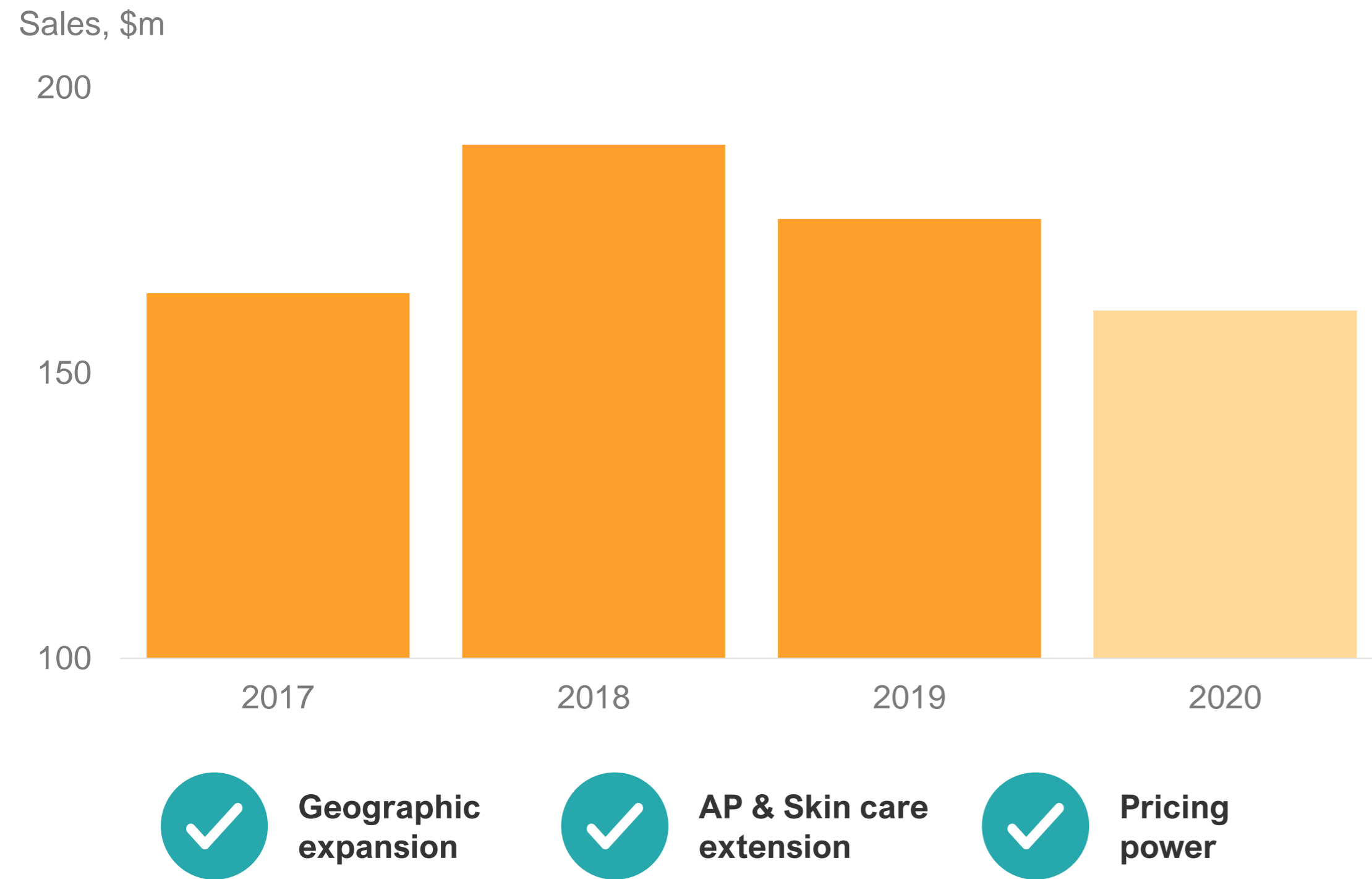
Ralph Hewins



Personal Care performance

GROWTH TO RESUME ONCE COVID-19 RESTRICTIONS EASE

2020 SALES IMPACTED...



...BY COVID-19 HEADWINDS

-21%
Cosmetics Retail Sales

RETAIL CLOSED

STAY AT HOME

-8%
Deodorants Retail Sales

Note: Adjusted for dental gypsum plant sale in December 2019

Source: Nielsen European Retail Sales Data



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Personal Care performance

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STRATEGIC PROGRESS



5 new product launches

Mid 2021 start up on track

Direct customer focus

AQDOT strategic innovation partnership

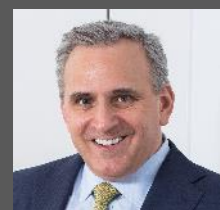
Reduces production costs and mitigates tariffs

Additional sales, marketing & technical resources

5+ launches planned for 2021

Creates lowest cost global supply chain

New Shanghai lab to open H1 21



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Ralph Hewins



Coatings

Coatings performance

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STANDOUT MARGIN INCREASE IN A CHALLENGING MARKET ENVIRONMENT

			2020 vs 2019 % Change
	2019	2020	Constant Currency ¹
\$m			
Sales	320	296	-7%
Operating profit*	48	47	-2%
Operating margin*	15.1%	15.9%	

* After adjusting items ¹ Adjusted for constant currency



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Coatings performance



CONTINUED SELF HELP DELIVERING IMPROVED PERFORMANCE

BUSINESS IMPROVEMENT CONTINUES...



Improved product portfolio

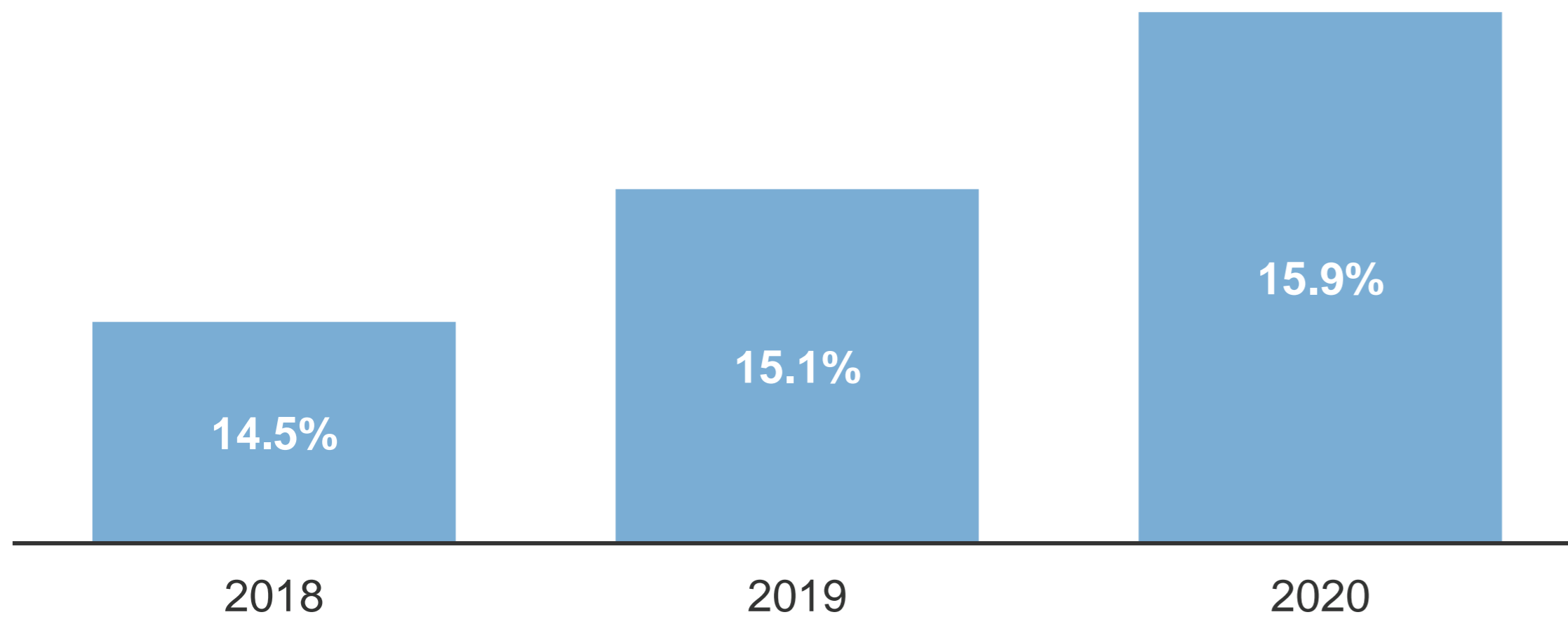


\$5m + of cost savings



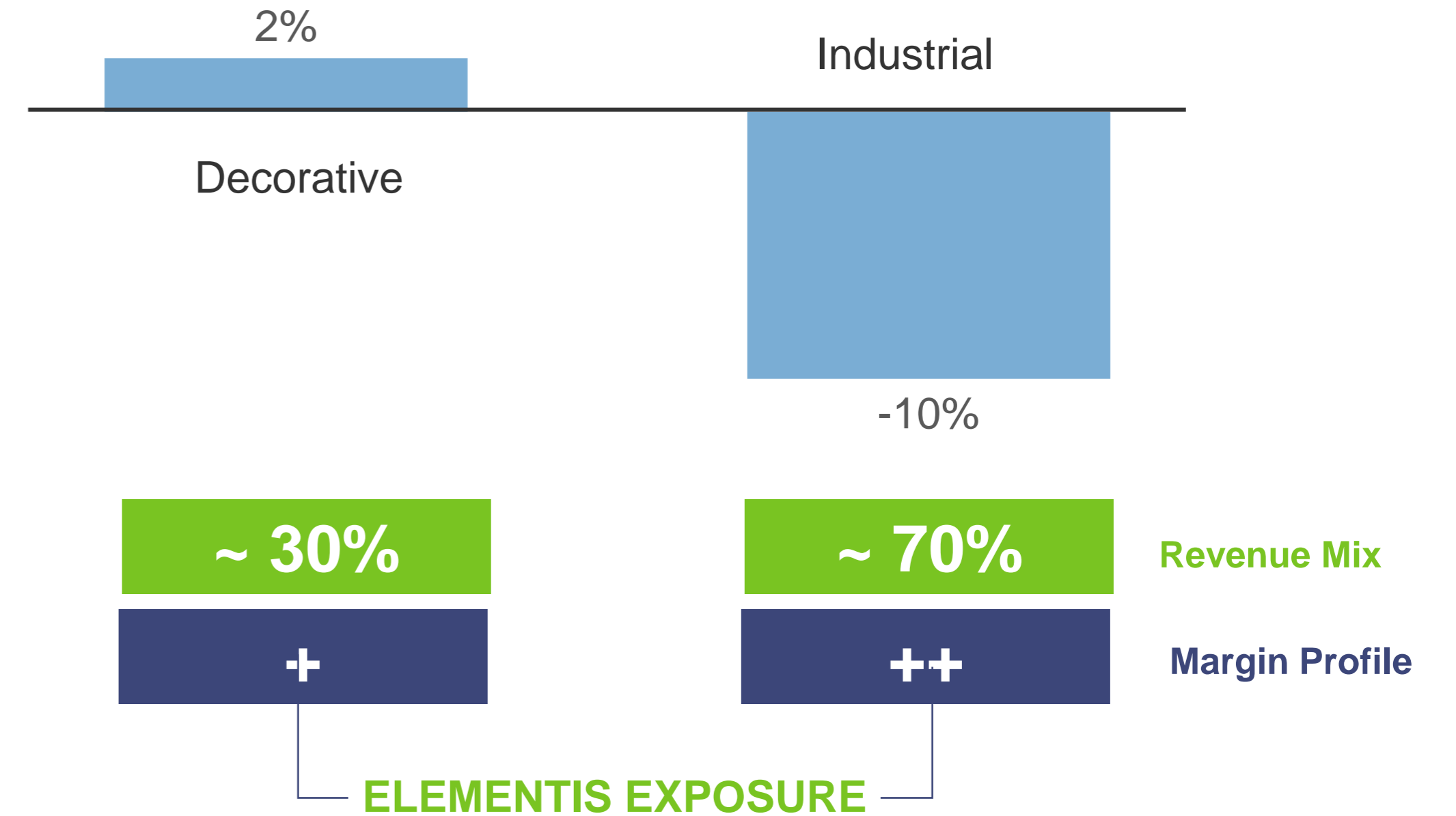
New product impact

ADJUSTED OPERATING PROFIT MARGIN (%)



... DESPITE COVID-19 HEADWINDS

2020 MARKET PERFORMANCE BY VOLUME (Y-o-Y)*



* Elementis estimates



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Coatings performance

STRATEGIC PROGRESS

ELEMENTIS



NEW BUSINESS OPPORTUNITIES

Technology growth platforms volumes +6%
\$15m delivered in 2020; \$15m plus for 2021



ACCELERATED INNOVATION

6 new products launched in 2020; over 10 for 2021
NXTLEVVEL Biochem partnership



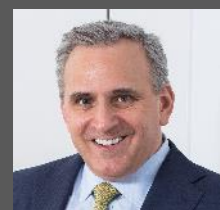
SE ASIA GROWTH

Increased local & direct presence
8 new sales & technical staff



GLOBAL KEY ACCOUNT MANAGEMENT

7 global strategic accounts
Revenue stable on 2019



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Ralph Hewins



Talc

Talc performance

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RESULTS NEGATIVELY IMPACTED BY Q2 INDUSTRIAL SHUTDOWNS

			2020 vs 2019 % Change
\$m	2019	2020	Constant Currency ¹
Sales	151	133	-13%
Operating profit*	26	17	-36%
Operating margin*	17.1%	12.5%	



* After adjusting items

¹ Adjusted for constant currency



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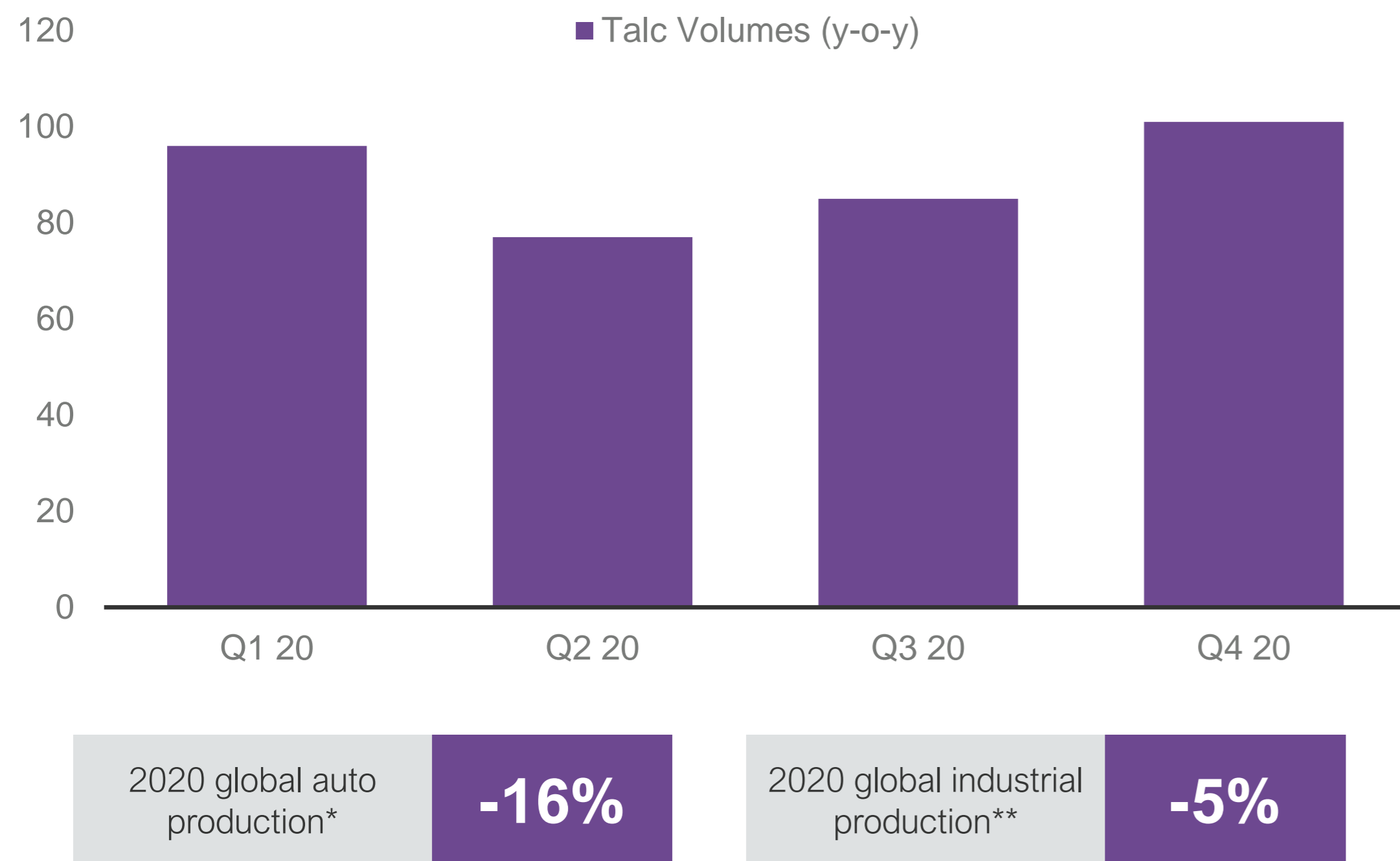
Talc

Talc performance

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H2 RECOVERY STRONG, WELL POSITIONED TO RESUME LONG TERM GROWTH

DEMAND IMPROVEMENT FROM Q2 TROUGH...



Note: Graph shows change on prior year comparative (=100).

* Source: IHS Automotive

** Source: Wood Mackenzie

...AND BUSINESS FUNDAMENTALS REMAIN STRONG

Attractive industry structure

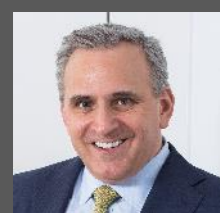
- ✓ #2 global player in growing market

Strong customer service, quality & consistency

- ✓ High customer loyalty

Material growth opportunities

- ✓ Asia & Americas expansion
- ✓ Long life plastics, technical ceramics & barrier coatings
- ✓ \$20-25m synergy delivery on track



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Talc

Talc performance

STRATEGIC PROGRESS

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GLOBAL EXPANSION

\$10m of new business

18% China growth

Sales resources to support
Asia & Americas growth

INNOVATION PROGRESS

Barrier coatings
30+ live customer projects

High grade **ceramics** for gasoline
particulate filters

Pre-dispersed talc for coatings

SYNERGY DELIVERY

\$7m revenue delivery

Coatings:
60 new customers, 13 new countries

Expanded **distributor** coverage:
Canada, US and China



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Chromium

Chromium performance

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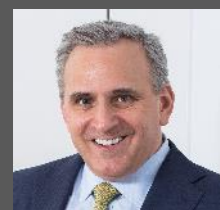
LOWEST GLOBAL INDUSTRY CAPACITY UTILISATION SINCE 2009

			2020 vs 2019 % Change
\$m	2019	2020	Constant Currency ¹
Sales	171	147	-14%
Operating profit*	18	6	-69%
Operating margin*	10.6%	3.8%	



* After adjusting items

¹ Adjusted for constant currency



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Chromium

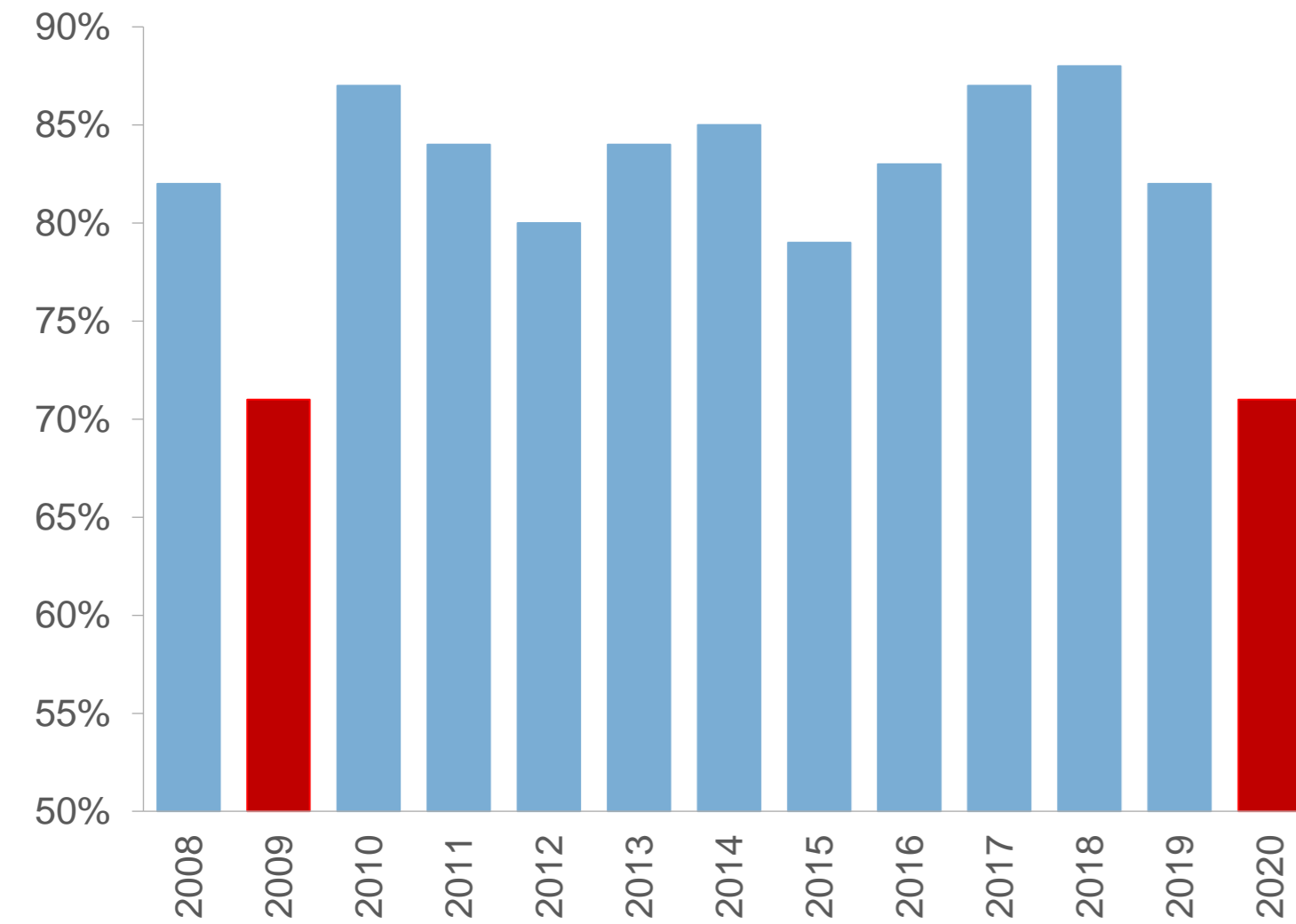
Chromium performance



WEAK INDUSTRY PRICING BUT NORTH AMERICA STABLE & Q4 REBOUND

WEAKEST UTILISATION SINCE 2009

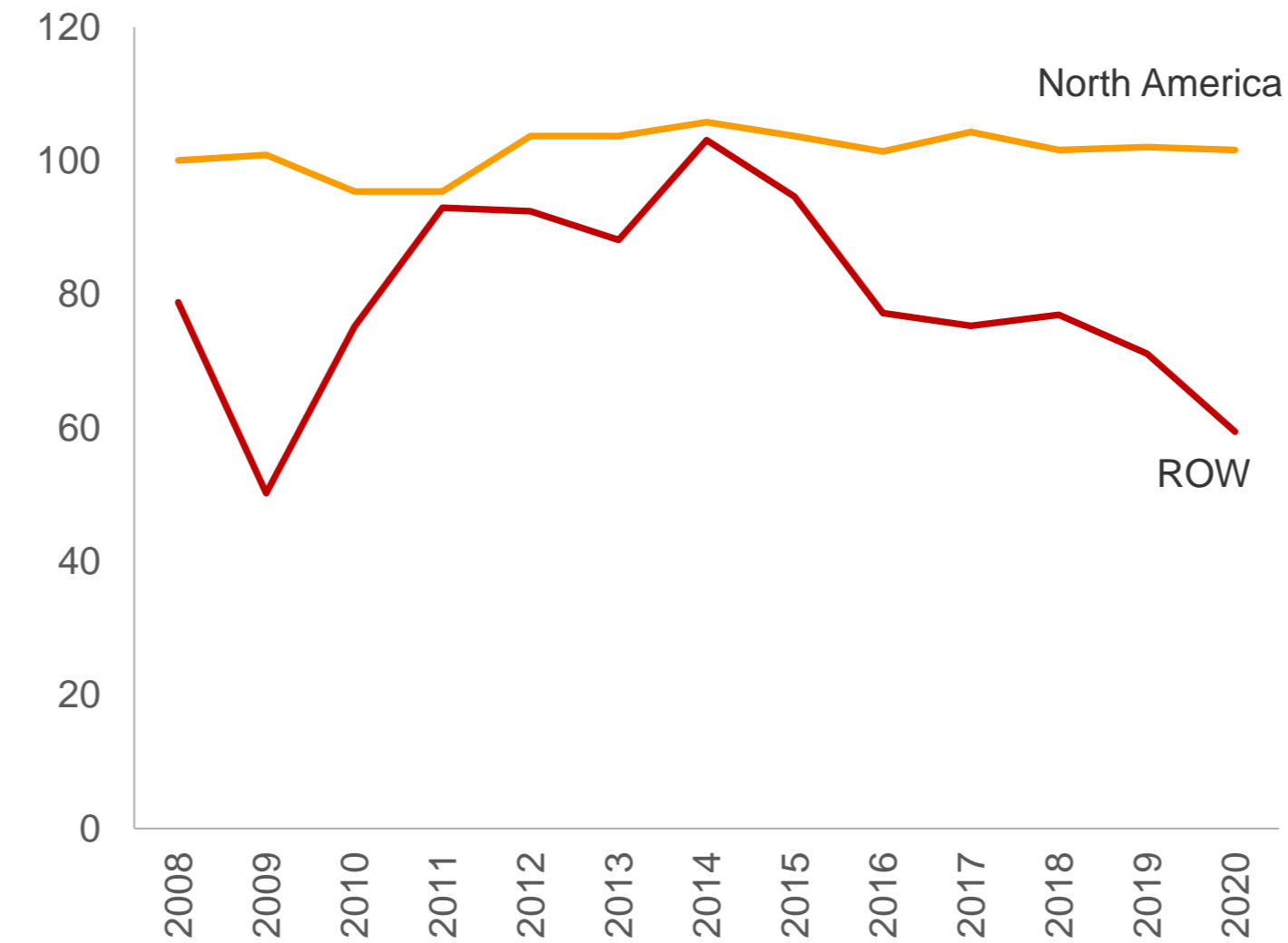
Chromium Industry Capacity Utilisation



Source: Elementis

NORTH AMERICA REMAINS STABLE

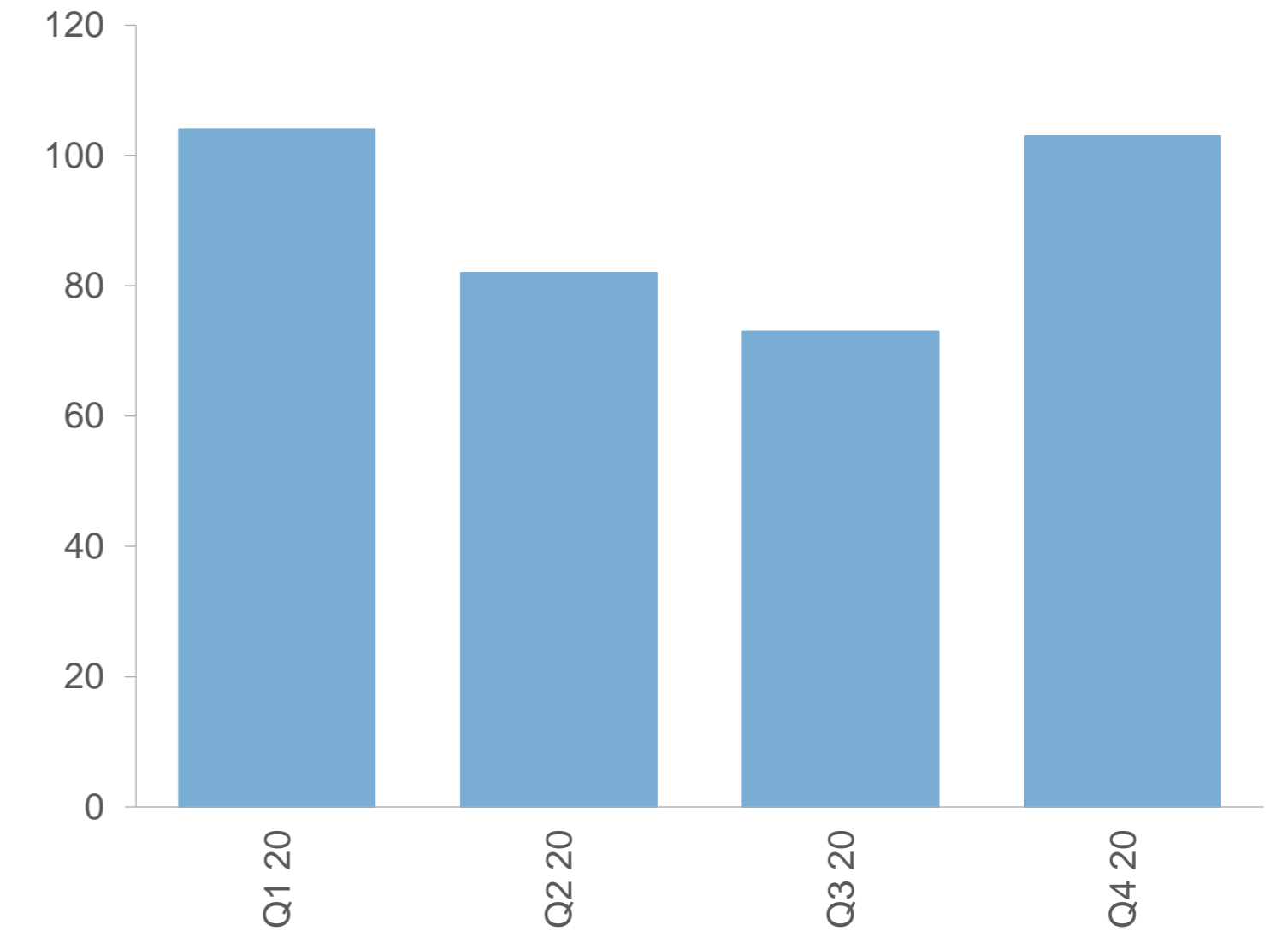
Elementis Contribution Margin % Indexed



Source: Elementis

Q4 VOLUME PICK UP

Elementis Chromium Volumes (Y-o-Y)*



Source: Elementis
* PY period = 100



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Energy

Energy performance

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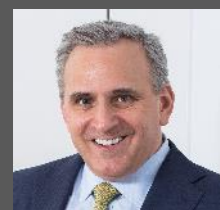
RESTRUCTURED TO RESTORE FUTURE PROFITABILITY

			2020 vs 2019 % Change
	2019	2020	Constant Currency ¹
\$m			
Sales	47	24	-49%
Operating profit*	4	-6	n/a
Operating margin*	8.2%	-24%	



* After adjusting items

¹ Adjusted for constant currency



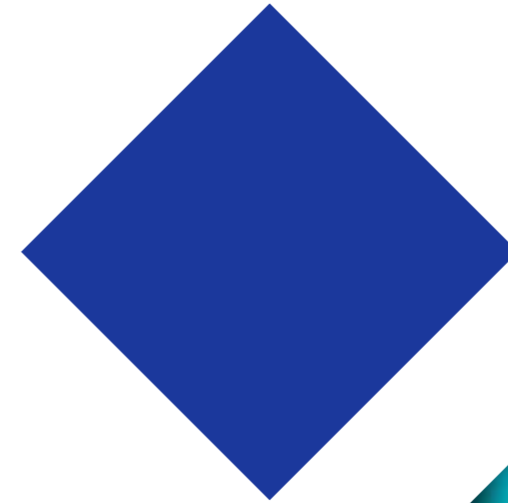
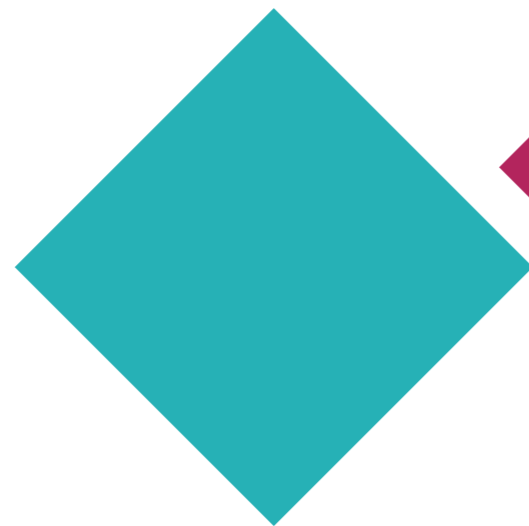
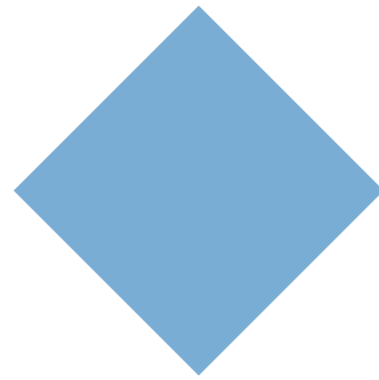
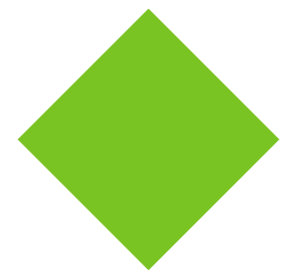
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GROUP FINANCIALS

RALPH HEWINS, CFO



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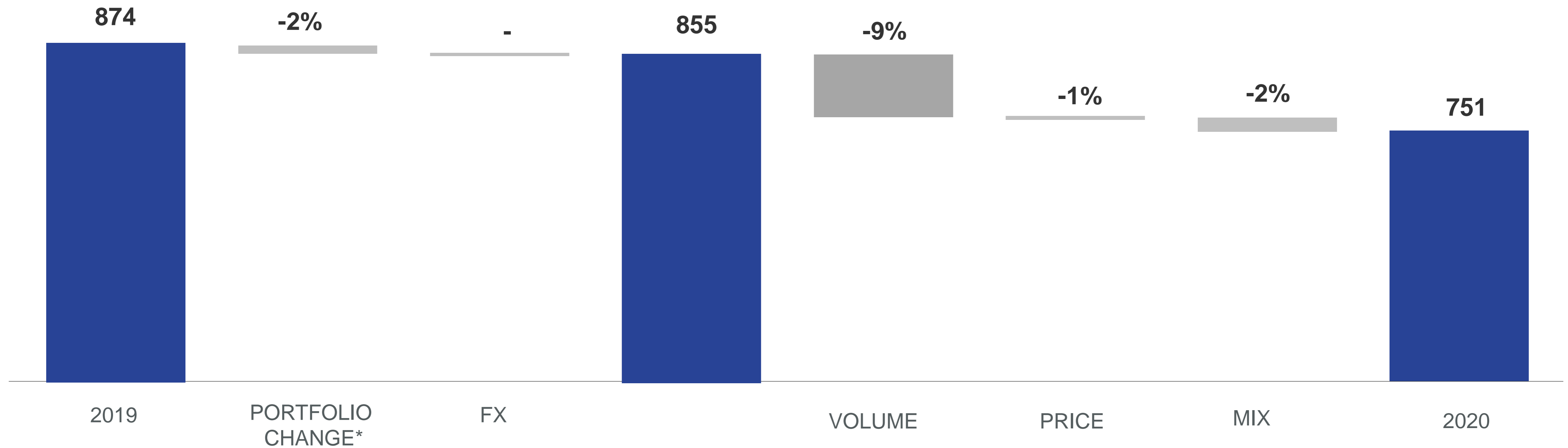


Ralph Hewins

Group revenue

COVID-19 IMPACTS VOLUMES

REVENUE \$m



* Portfolio change includes the disposal of the Dental gypsum plant in December 2019



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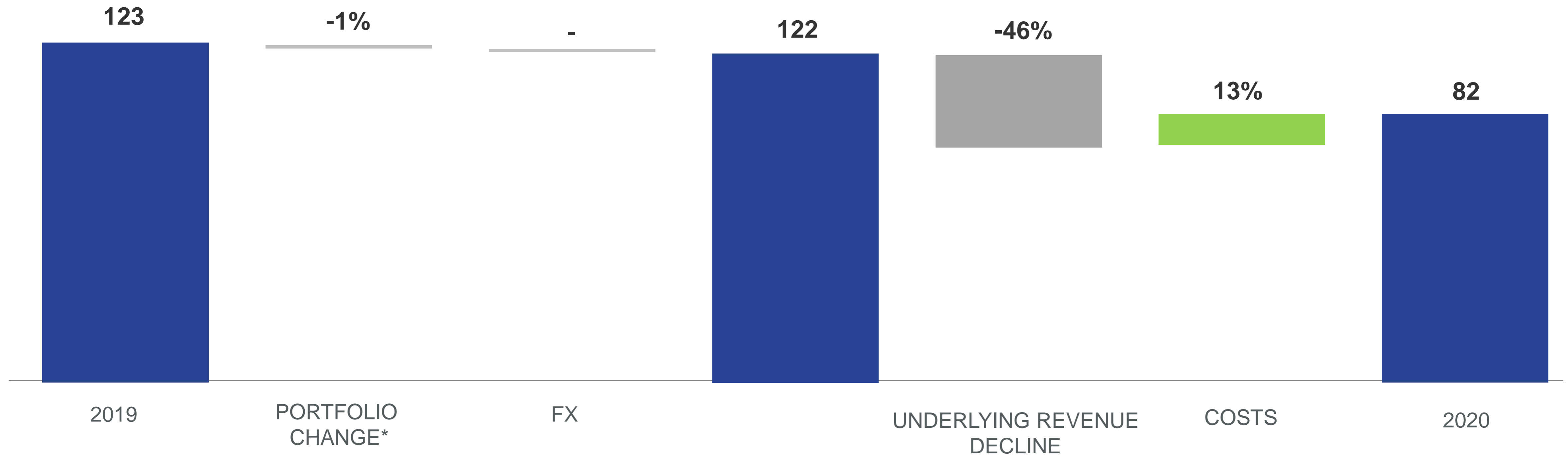


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Group operating profit

PROACTIVE COST MANAGEMENT MITIGATES REVENUE DECLINE

ADJUSTED OPERATING PROFIT \$m



* Portfolio change includes the disposal of the Dental gypsum plant in December 2019



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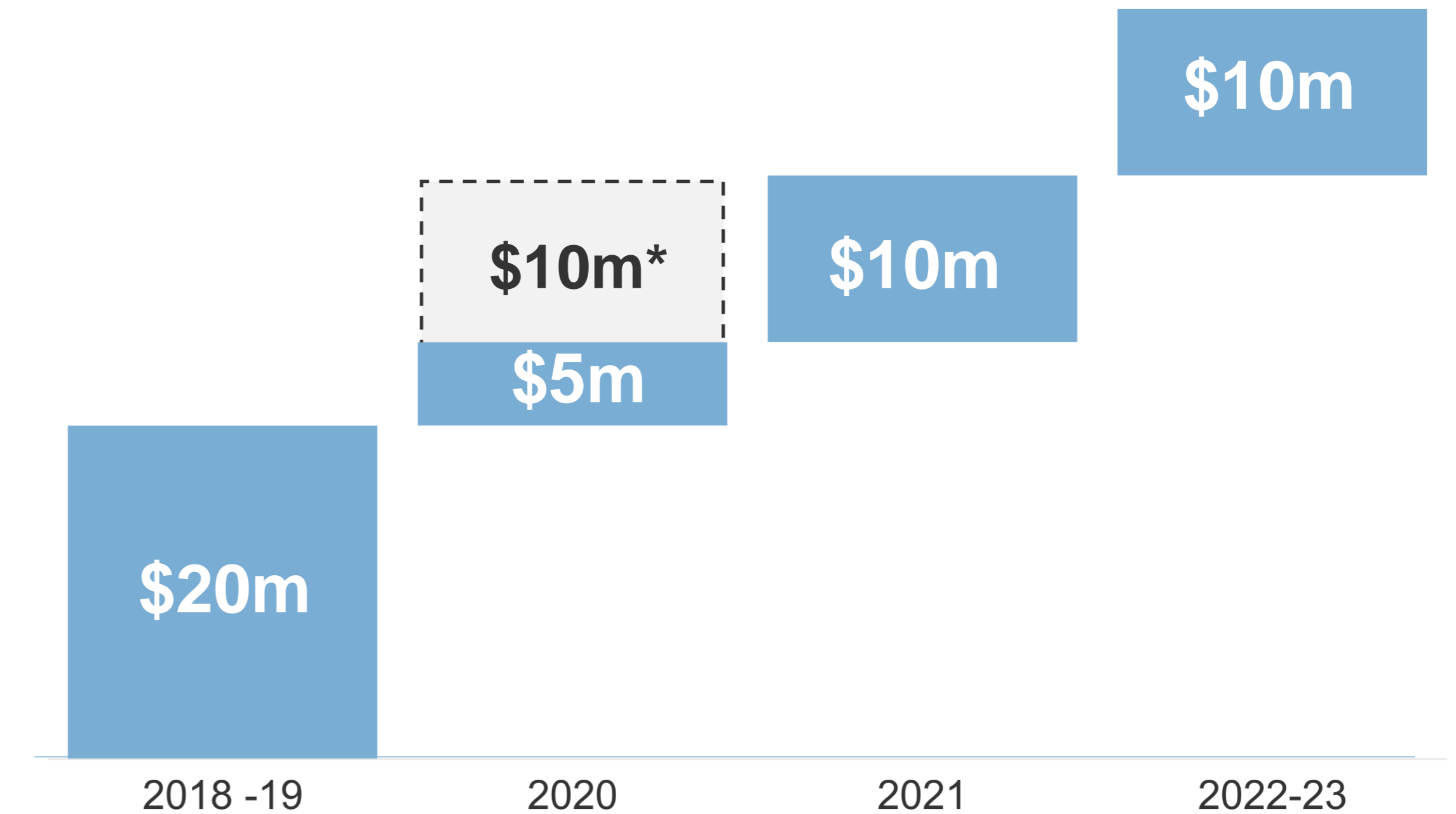
A track record of cost reduction

\$20M OF FURTHER EFFICIENCIES 2021 – 2023

GLOBAL SUPPLY CHAIN IMPROVEMENTS...

2018/19	Procurement savings Plant efficiencies, warehouse closures Acquisition synergies
2020	Organisational restructuring
2021	St Louis / Charleston consolidation Chromium manufacturing efficiency
2022/23	India plant start up Manufacturing continuous improvement Global procurement agenda

...TO DRIVE \$45M OF SAVINGS SINCE 2018



* Temporary 2020 COVID-19 response cost savings



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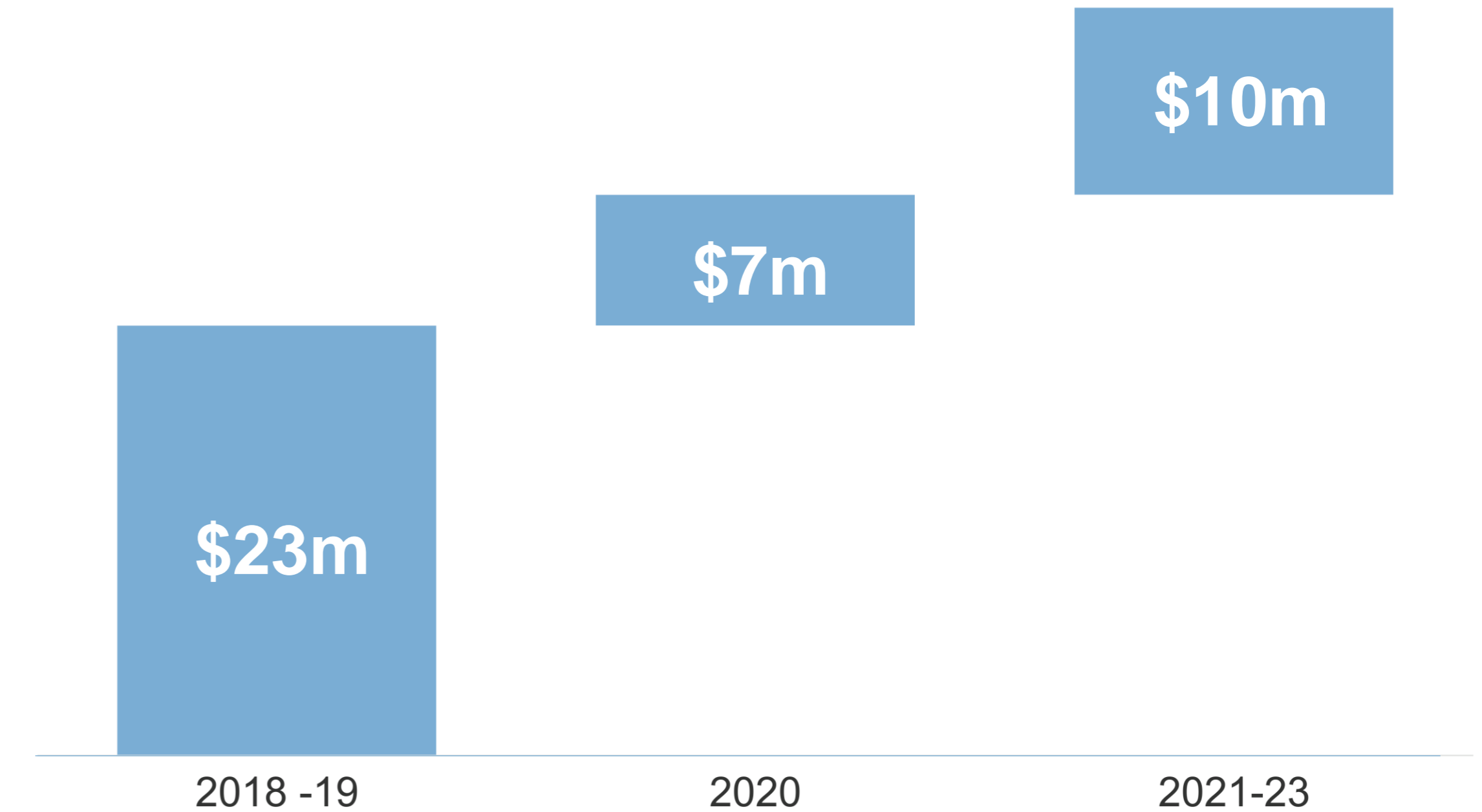
A track record of working capital reduction

\$10M OF FURTHER REDUCTION 2021 - 2023

OPERATIONAL IMPROVEMENTS...

...TO DRIVE \$40M OF SAVINGS SINCE 2018

2018/19	Complexity reduction Service level agreements
2020	Statistical demand planning
2021/23	Inventory management



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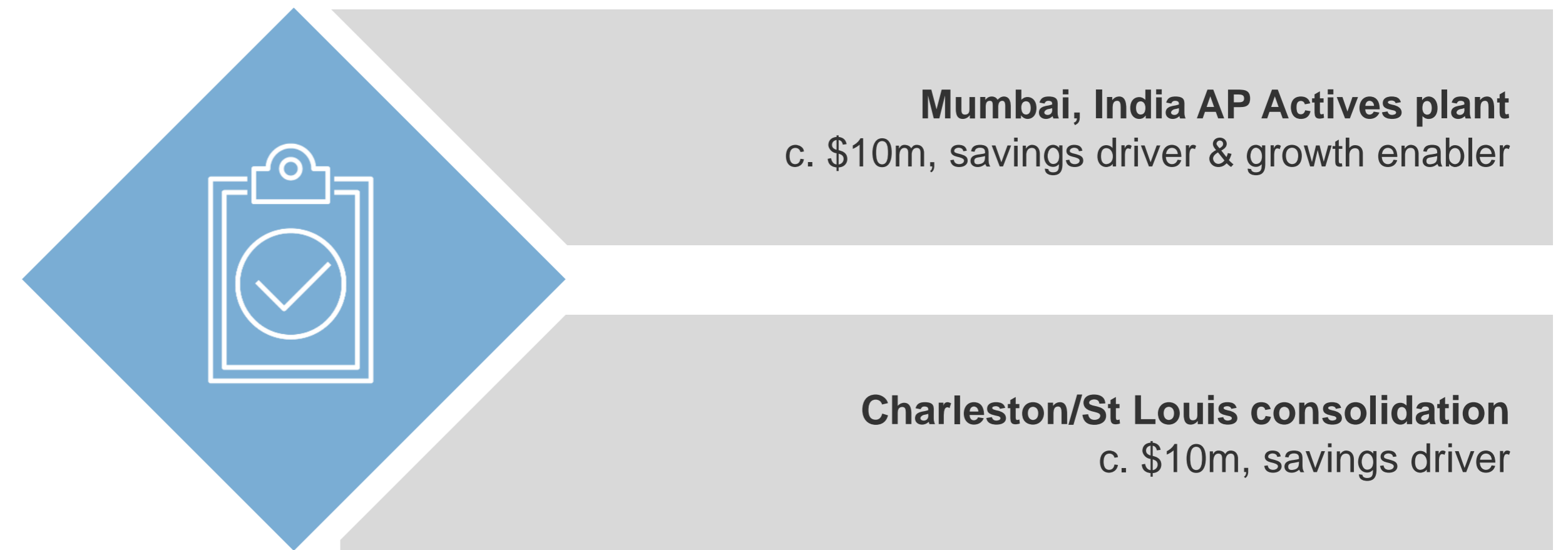
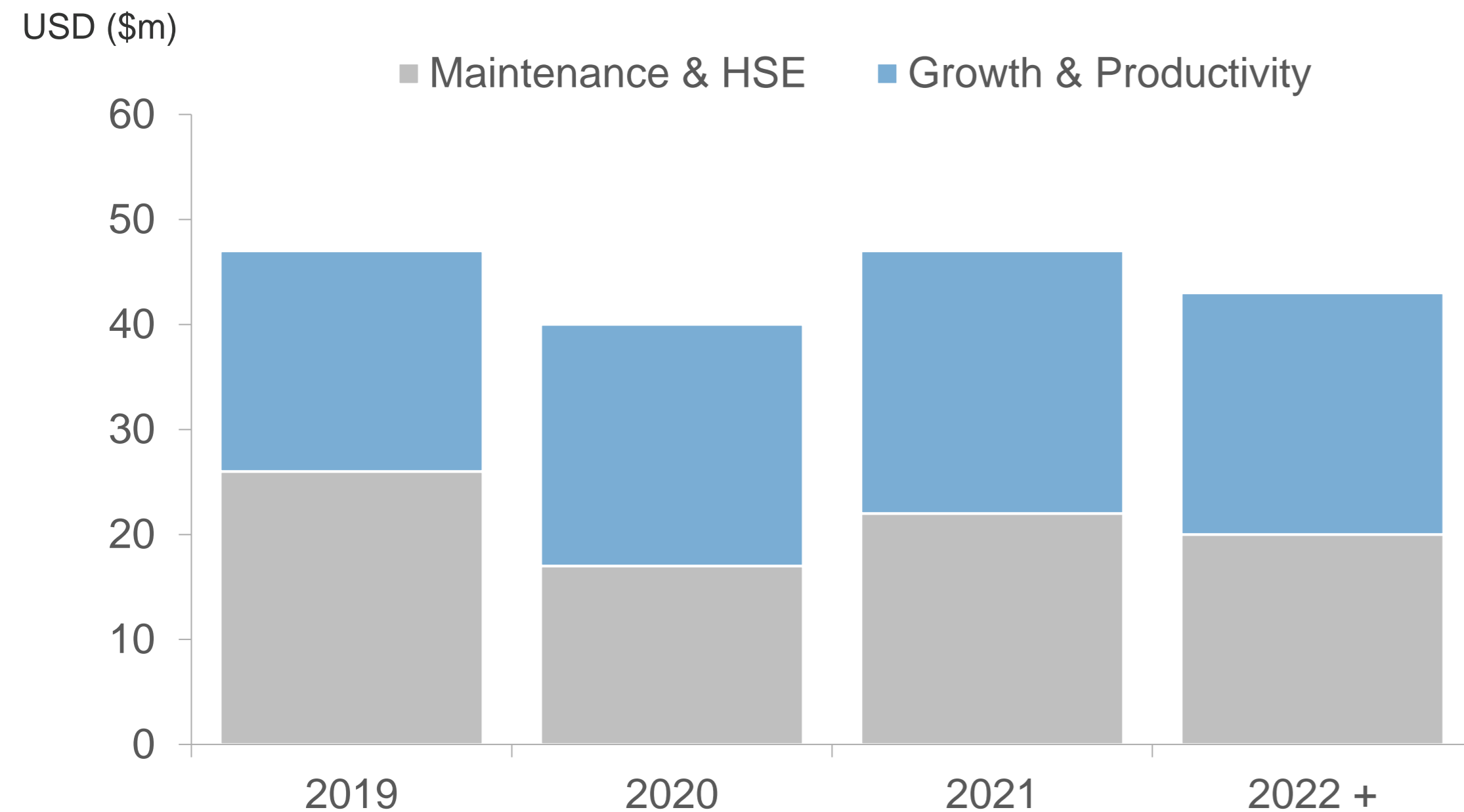
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Growth capex focus

SPEND FOCUSED ON GROWTH & PRODUCTIVITY INVESTMENTS

TYPICAL CAPEX \$40-45M

TWO PLANT PROJECTS DRIVE 2021 SPEND



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Cash flow

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\$46M NET DEBT REDUCTION IN A CHALLENGING DEMAND ENVIRONMENT

\$m	2019	2020
EBITDA	175	133
Change in working capital	32	19
Capital expenditure	(47)	(40)
Operating Cash Flow	160	112
Pension deficit payments	(1)	-
Interest	(25)	(24)
Tax & Other	(14)	(17)
Free Cash Flow	120	71
Dividends	(49)	-
Acquisitions and disposals	(2)	-
One off items	(30)	(12)
Currency fluctuations	5	(13)
Net Cash Flow	44	46
Net Balance Sheet Debt	454	408
Net debt/EBITDA*	2.7x	3.2x

Strong working capital management

Tight capex discipline

Absorbed \$13m currency translation headwind

\$20m EU state aid impact in 2021

* Based on last twelve months adjusted pro forma EBITDA excl. IFRS 16



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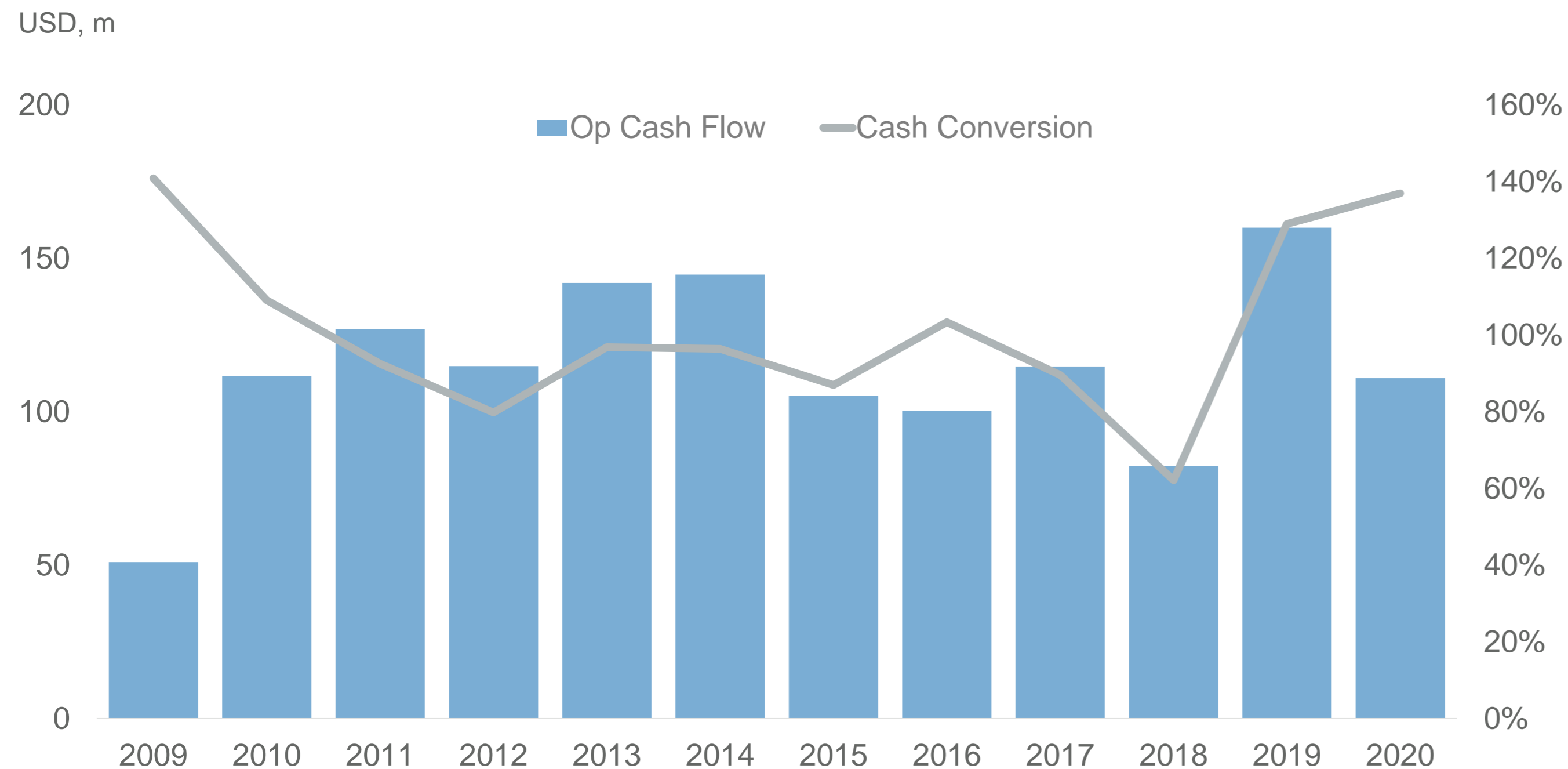


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Financial leverage

HIGHLY CASH GENERATIVE BUSINESS MODEL TO DRIVE FURTHER DEBT REDUCTION

OPERATING CASH FLOW OVER THE CYCLE



2020 operating cash conversion: **137%**

Average 3 year operating cash conversion: **105%**

Leverage expected to reduce in 2021

Note: Cash conversion calculated as: (adjusted EBITDA – capex – working capital change) / adjusted operating profit

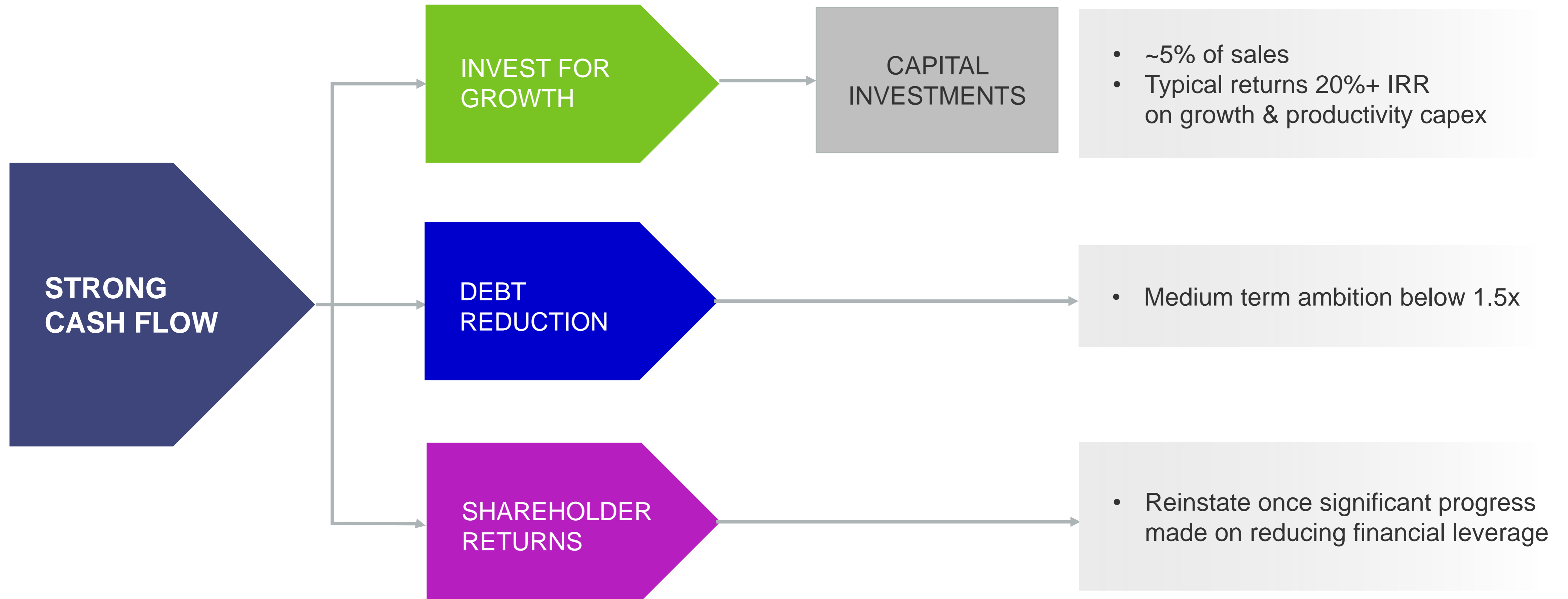


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Disciplined capital allocation



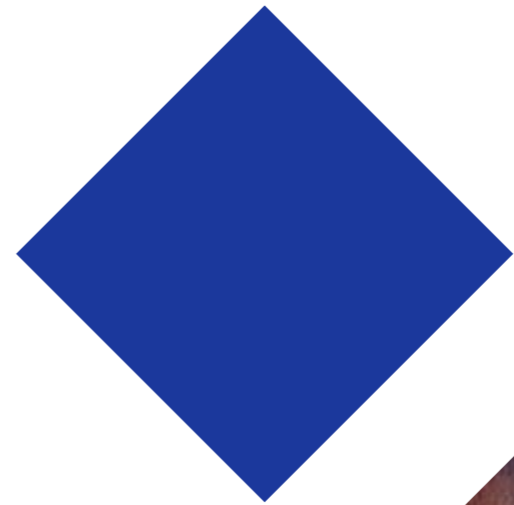
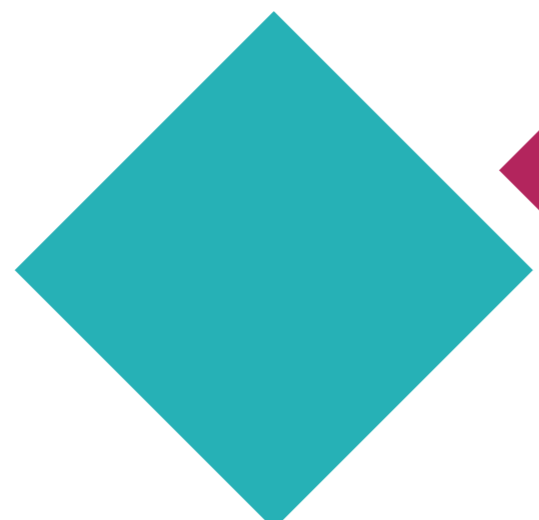
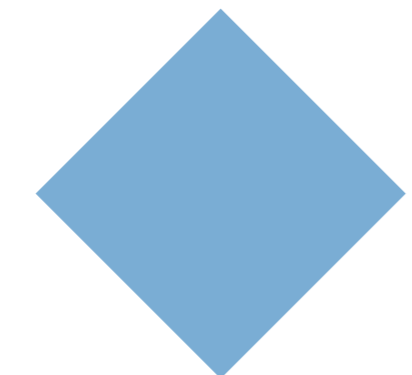
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Ralph Hewins

OUTLOOK & PRIORITIES

PAUL WATERMAN, CEO



INNOVATION | GROWTH | EFFICIENCY



Paul Waterman



Ralph Hewins

Elementis today



Personal Care

#1
Global Supplier

Rheology modifiers
AP actives



Coatings*

#1
Global Supplier

Rheology modifiers
High value additives



Talc

#2
Global Supplier

Talc based
additives



Chromium

#1
North America

Chromium
chemicals



GROWTH



CASH GENERATION

*Moving forward Energy to be integrated into Coatings for reporting



Paul Waterman



Ralph Hewins




2021 Outlook & Priorities

IMPROVED FINANCIAL PERFORMANCE & DELEVERAGING




OUTLOOK

- 1 Maintain focus on strategy implementation / self help
- 2 Demand recovery, linked to COVID-19


INNOVATION

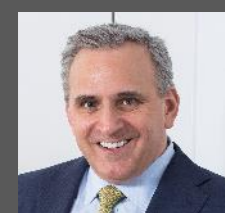
-  20 + new product launches
-  Leverage open innovation
-  Open 2 new Personal Care labs

GROWTH

-  Secure \$30m + of NBOS
-  Start up India plant
-  Accelerate in emerging markets

EFFICIENCY

-  Deliver \$10m of savings
-  Complete Charleston & St Louis consolidation
-  Underpin working capital delivery



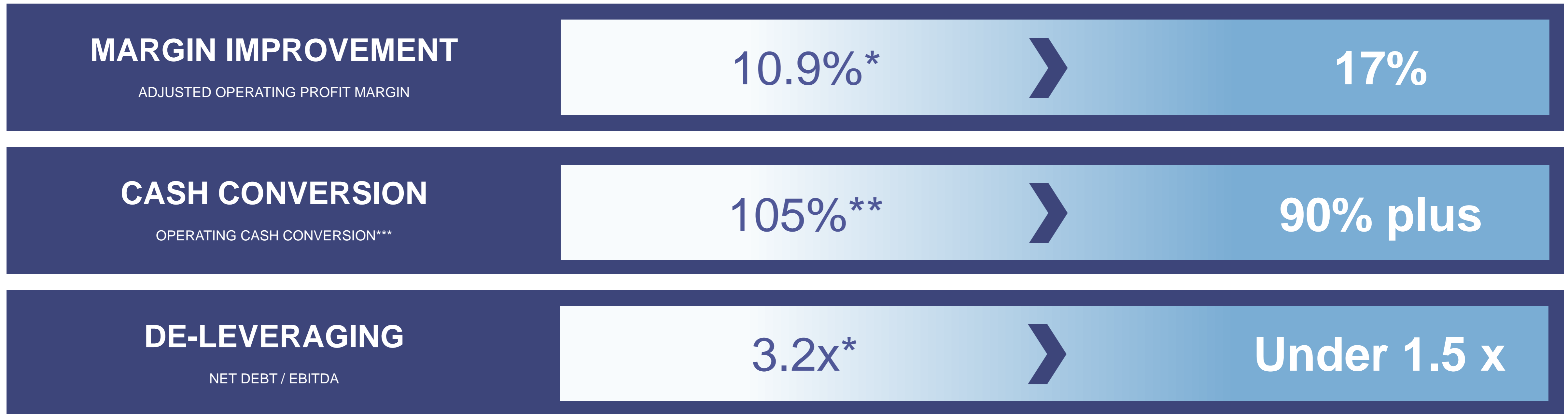
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Medium term Group performance objectives

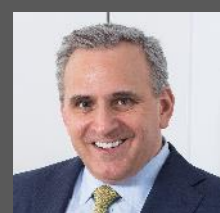
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* Last twelve months to 31 December 20

** Last three year average

*** Calculated as (adjusted EBITDA – capex – working capital change) / adjusted operating profit



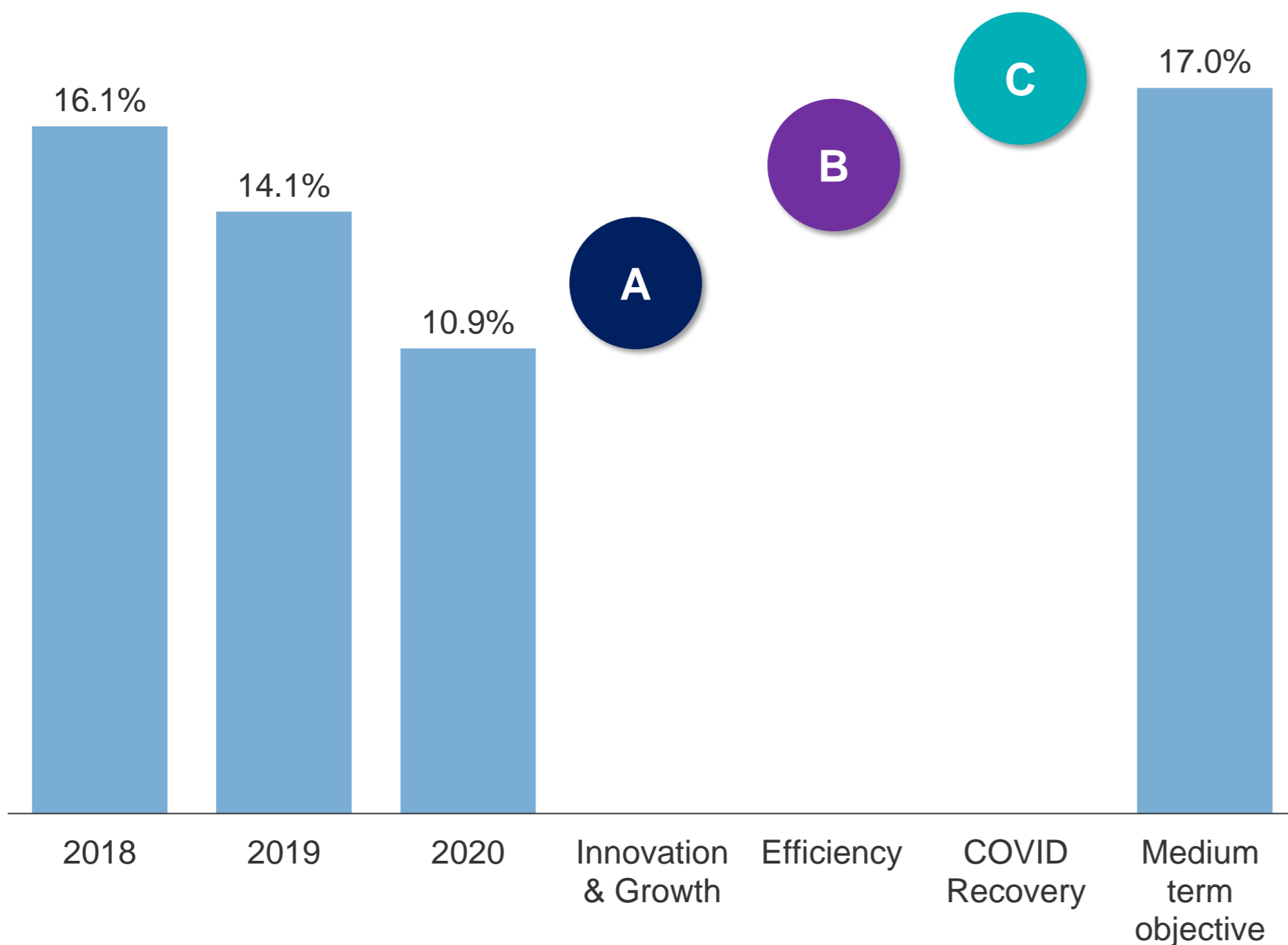
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Value creation pathway

PATH TO MEDIUM TERM OPERATING MARGIN %



A

INNOVATION & GROWTH

Increasing proportion of revenue from **new products** with performance & sustainability benefits

Revenue growth opportunities of over \$100m

Skin Care
Asia Cosmetics
AP Actives

Premium decorative
WB industrial
Adhesives & sealants

Global expansion
Technical ceramics
Plastics
Synergies

B

EFFICIENCY

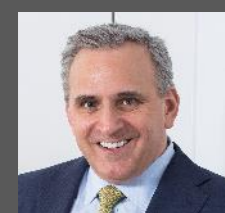
\$10m annual supply chain savings in 2021

St Louis & Charleston consolidation | Chromium efficiency

Additional \$10m annual savings by 2023

India plant | Global procurement

Continuous improvement capability

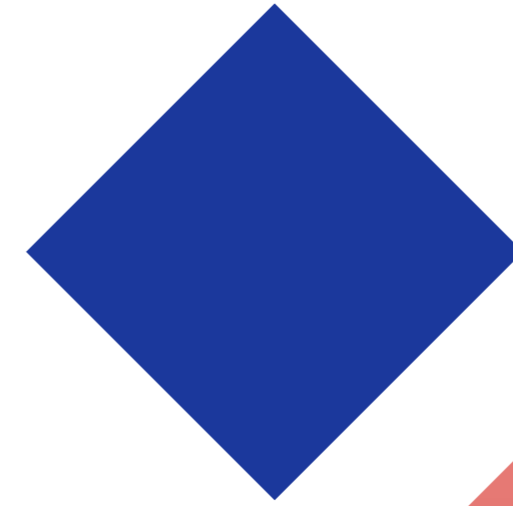
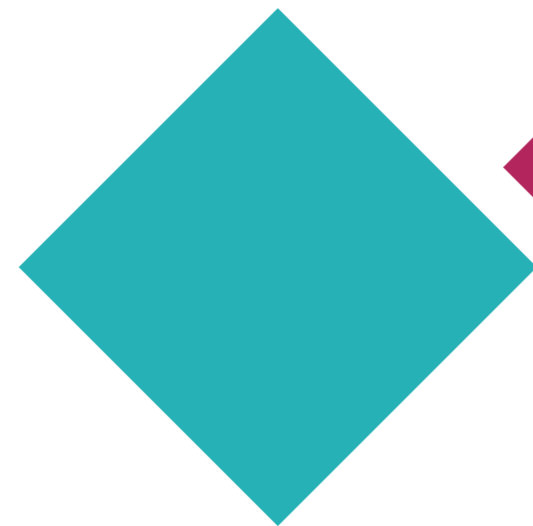
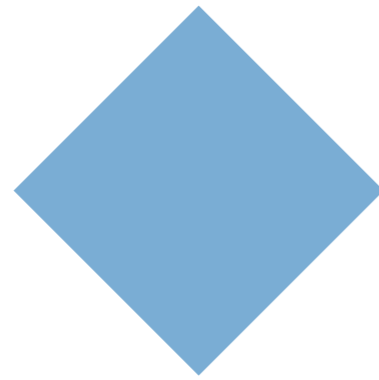


Paul Waterman



Ralph Hewins

Q&A



INNOVATION | GROWTH | EFFICIENCY



Paul Waterman

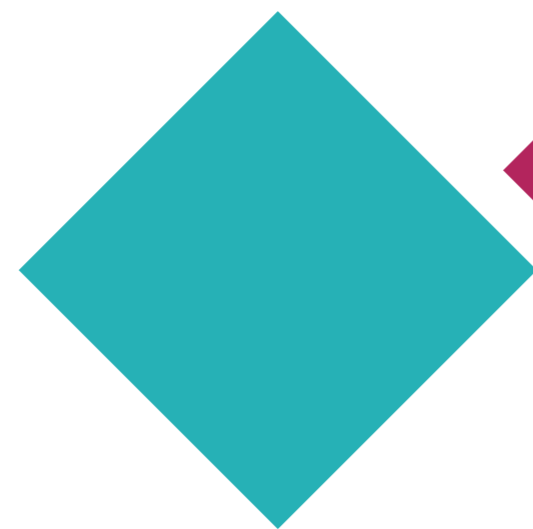
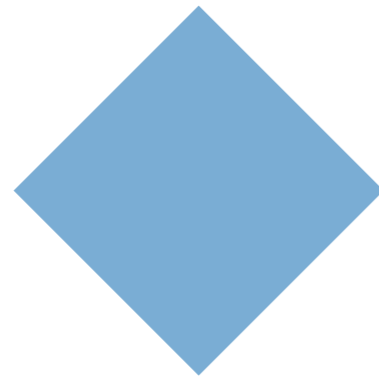


Ralph Hewins

ELEMENTIS

A global specialty chemicals company

Appendix



INNOVATION | GROWTH | EFFICIENCY

Enhanced Performance Through Applied Innovation

Accelerating sustainability implementation

2030 TARGETS



GHG EMISSIONS

25%

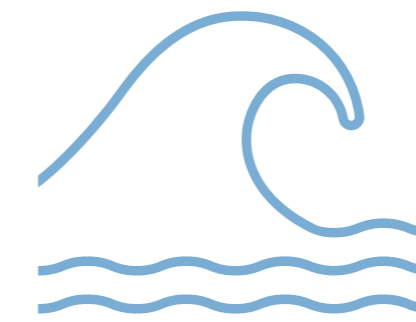
Reduction in GHG emissions



ENERGY

20%

Increase in energy efficiency



WATER

10%

Reduction in water usage



WASTE

10%

Reduction of waste

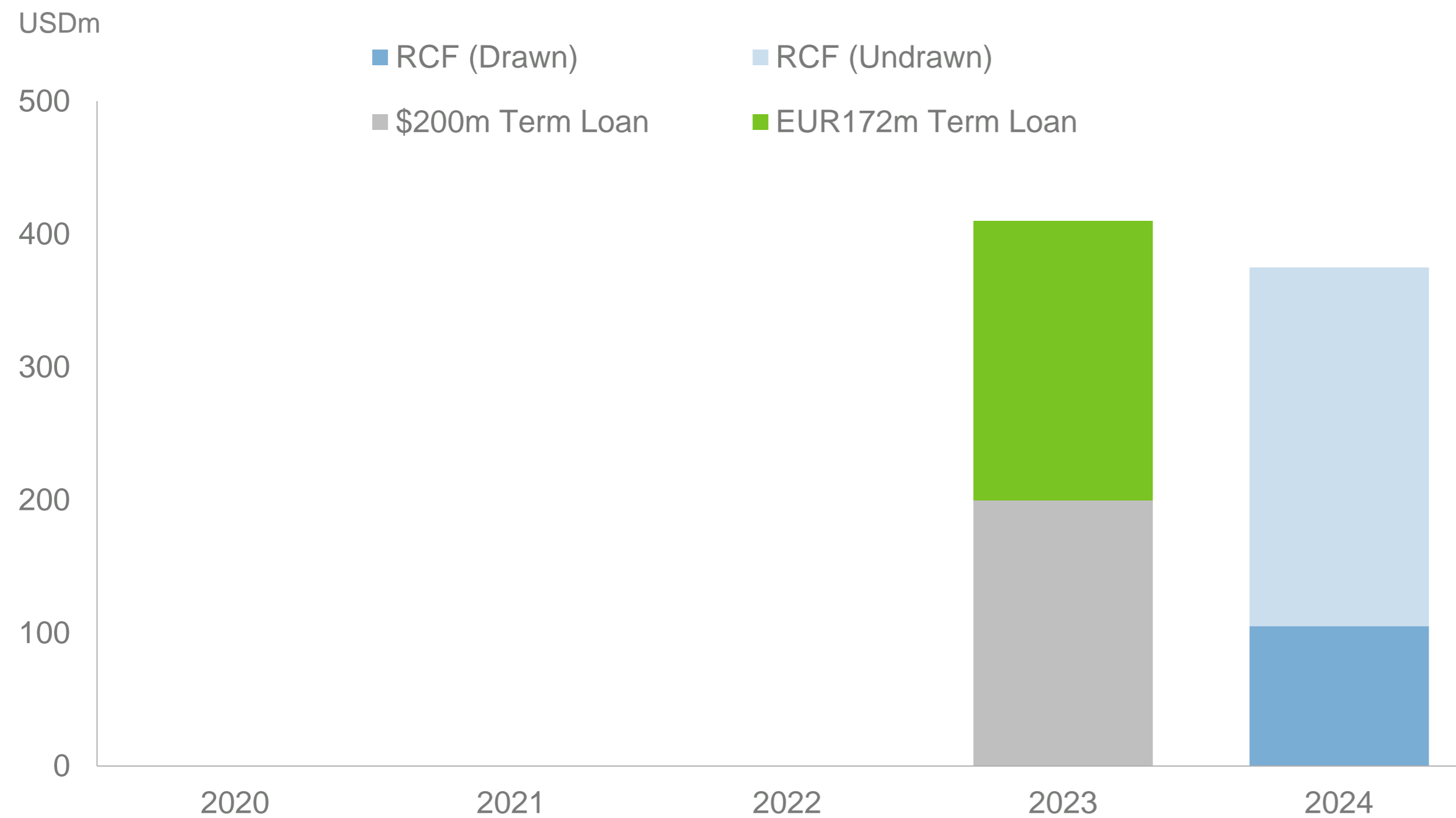
Ultimate goal = carbon neutrality

Note: Targets are volume based metrics (e.g. joules/tonne of production) set against 2019 baseline

Debt facilities & liquidity

STRONG LIQUIDITY POSITION

DEBT MATURITY PROFILE AT 31 DECEMBER 2020



Over \$350m of immediately available liquidity including c.\$100m of cash & c.\$250m of undrawn RCF

Banking covenants:

- 1) Net debt/EBITDA of <3.75x in 2021 and <3.25x thereafter
- 2) Interest cover > 3x

Tax charge

EFFECTIVE TAX RATE 27%

ELEMENTIS

\$m	2019	2020
Underlying tax charge	21	14
Tax charge: adjusting items	(6)	(16)
Reported tax charge/(credit)	15	(2)
Underlying tax rate	22.1%	26.9%

Tax rate in line with 2020 guidance

Medium term P&L effective tax rate guidance remains 22-23% until 2023, and 25-26% thereafter due to anticipated increase in UK corporation tax rates from April 2023

Adjusting items

\$m Expense/(Income)	2019	2020
Amortisation of intangibles arising on acquisition	19	15
Environmental provisions	5	7
Business transformation & restructuring	7	24
Impairment of goodwill	-	60
M&A and disposal costs	-	4
Release of contingent consideration	(9)	-
Net P&L adjusting items*	22	110

H1 2020 goodwill impairment –
Talc (\$33m) and Energy (\$27m):
WACC increase & COVID-19 impact
on timing of profit delivery

\$24m business transformation &
restructuring costs – Charleston plant
closure

\$12m cash impact from adjusting items

* Impact on operating profit

FY 21 Technical Guidance

P&L

- Depreciation – c.\$50m
(of which c.\$5m is IFRS 16 related)
- Amortisation – c.\$15m (of which majority is amortisation of acquired intangibles)
- Tax – Effective rate 22-23%

CASH

- Net interest c.\$25m
- Capex \$45 - 50m
- One off \$20m tax payment in respect EU state aid