

2022 interim results



INNOVATION | GROWTH | EFFICIENCY

Cautionary statement

This presentation, the presentation materials and discussion may contain certain forecasts, projections and forward looking statements – that is, statements related to future, not past events – in relation to, or in respect of the financial condition, operations or businesses of Elementis plc (the 'Company').

Any such statements involve risk and uncertainty because they relate to future events and circumstances. There are many factors that could cause actual results or developments to differ materially from those expressed or implied by any such forward looking statements, including, but not limited to, matters of a political, economic, business, competitive or reputational nature. Nothing in this presentation, presentation materials and discussion should be construed as a profit estimate or profit forecast. Elementis does not undertake any obligation to update or revise any forward looking statement to reflect any change in circumstances or expectations.

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

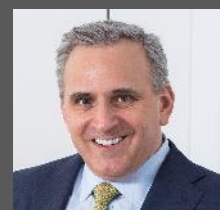


HIGHLIGHTS

PAUL WATERMAN, CEO



INNOVATION | GROWTH | EFFICIENCY



Paul Waterman



Ralph Hewins

Key messages

ELEMENTIS

1

Strong Coatings
& Personal Care
performance

2

Challenging Talc
market conditions
offset underlying
progress

3

Pricing actions
address rapid
cost inflation

4

Significant
leverage reduction
to 2.4x with further
progress in H2

5

Full year guidance
towards the top
end of
expectations

6

Chromium
strategic review
update around
year end



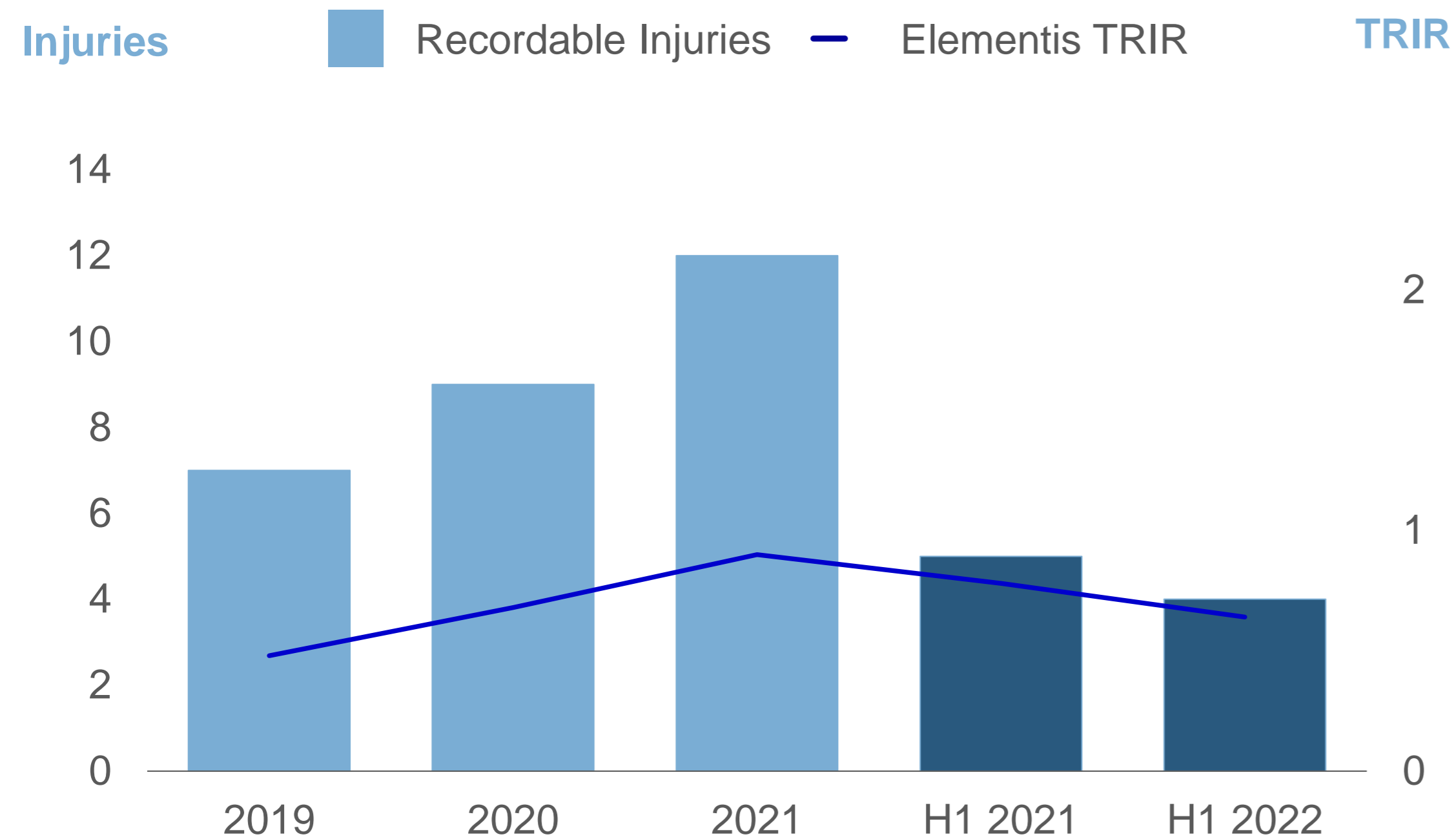
Paul Waterman



Ralph Hewins

Continued focus on safety

SAFETY PERFORMANCE



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

HIGHLIGHTS

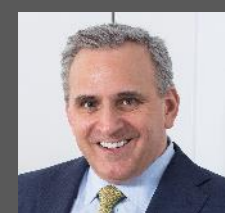
Performance

- Improved first half performance
- 83% of plants with zero employee injuries
- India plant 1,200,000 worker hours injury free



Safety Initiatives

- Global safety week campaign
- Hazard recognition plus training
- Updated HSE policy



Paul Waterman



Ralph Hewins

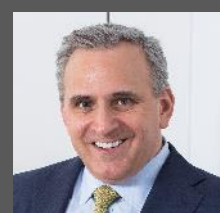
Strong performance

ELEMENTIS

H1 2022 FINANCIAL OVERVIEW

\$m	H1 21	H1 22	% Change
Sales	452	478	+6%
Operating profit*	54	66	+21%
Operating margin*	12.0%	13.7%	+170bps
Profit before tax*	40	53	+34%
Diluted EPS*	5.5c	7.1c	+29%
Net debt	415	393	-5%
Net debt / EBITDA	3.0x	2.4x	

* After adjusting items



Paul Waterman



Ralph Hewins

Proactive supply chain actions

ELEMENTIS

CONTINUED CHALLENGES IN 2022

	CHALLENGES	ELEMENTIS ACTIONS
RAW MATERIALS & ENERGY 	Raw material shortages Cost increases	<ul style="list-style-type: none">✓ Alternative suppliers✓ Price increases✓ Hedging
LOGISTICS 	Port congestion Lack of rail cars	<ul style="list-style-type: none">✓ Surcharges✓ Air freight✓ Pre booked shipping
OPERATIONS 	Labour shortages China COVID-19 lockdowns	<ul style="list-style-type: none">✓ Productivity investments✓ Manufacturing flexibility✓ Temporary labour



Paul Waterman



Ralph Hewins

Strategy implementation on track

ACHIEVEMENTS

INNOVATION

 10 new product launches

 New products 14% of sales vs 13% in H1 2021


 10+ alternative raw materials qualified

 NXTLEVEL product launches

GROWTH


 \$36m of new business won

 Record Coatings margins at 21%


 32% decorative coatings growth*

 23% Personal Care revenue growth*

EFFICIENCY

 India AP Actives plant ramp up on track

 45 global process improvement projects implemented

 \$10m of cost savings by 2023 on track

 \$10m of working capital savings by 2023 on track

* Constant currency sales growth



Paul Waterman



Ralph Hewins

ELEMENTIS

A global specialty chemicals company

SEGMENT PERFORMANCE



INNOVATION | GROWTH | EFFICIENCY

Enhanced Performance Through Applied Innovation



Personal Care performance

STRONG EARNINGS AND MARGIN IMPROVEMENT

ELEMENTIS

\$m			H1 22 vs H1 21 % Change
	H1 21	H1 22	Constant Currency ¹
Sales	89	106	+23%
Operating profit*	19	26	+42%
Operating margin*	21.6%	24.5%	



* After adjusting items ¹ Adjusted for constant currency



Paul Waterman



Ralph Hewins



Personal Care performance

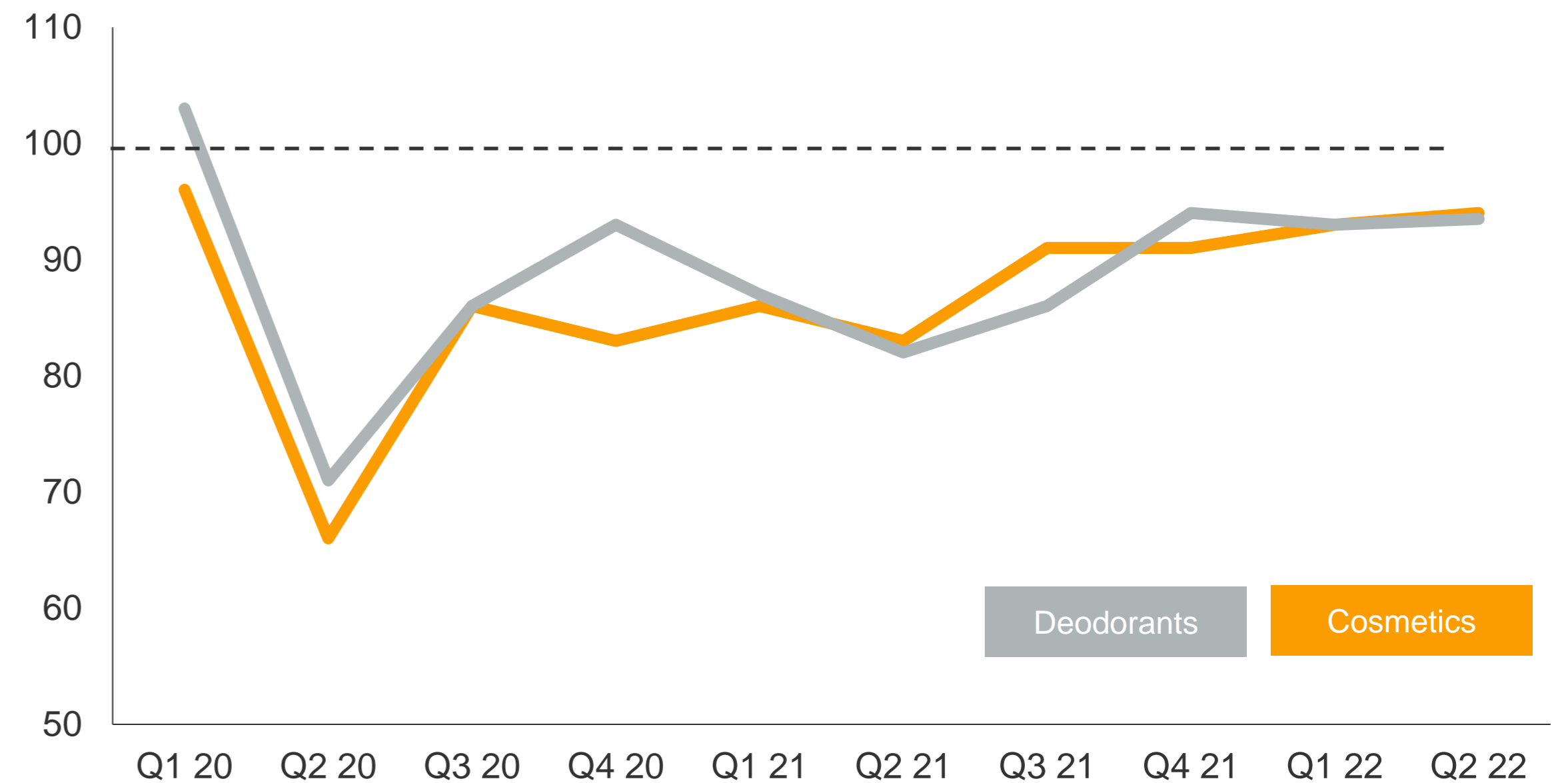
DEMAND RECOVERY CONTINUES

CATEGORY REVENUE BACK TO 2019 LEVELS...

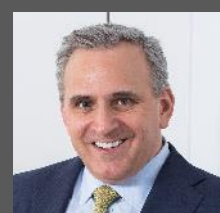


...BUT VOLUMES STILL RECOVERING

European Retail Volumes Growth (y-o-y)



Source: Nielsen European Retail Sales Data Note: 2019 = 100



Paul Waterman



Ralph Hewins



Personal Care performance

STRATEGIC PROGRESS



SKIN CARE

23% revenue growth*

Strong growth for recent launches

\$15m NBO pipeline



AP ACTIVES

India ramp up on track – good progress on customer qualification

Creates resilient & highly competitive global supply chain

New product momentum – Reach 9000 & Reach 701L



ASIA

18% revenue growth*

New Japan compliant gels

India sales investment



* Constant currency year on year revenue growth



Paul Waterman



Ralph Hewins



Personal Care performance



STRONG SKIN CARE MOMENTUM TOWARDS MEDIUM TERM TARGET

NEW PRODUCT LAUNCHES...

...WITH MARKET LEADING ATTRIBUTES...

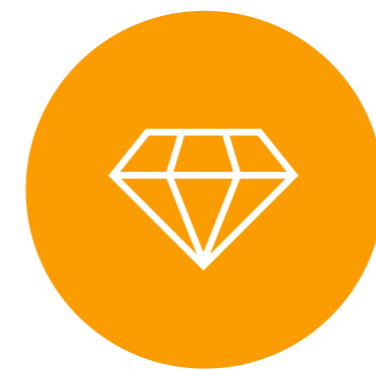
...DRIVES SKIN CARE GROWTH



**BENTONE®
LUXE**
4 New Products



**BENTONE
HYDROCLAY™**
4 New Products



PERFORMANCE

Luxurious touch & feel
Light texture & easy spreadability



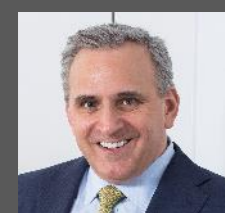
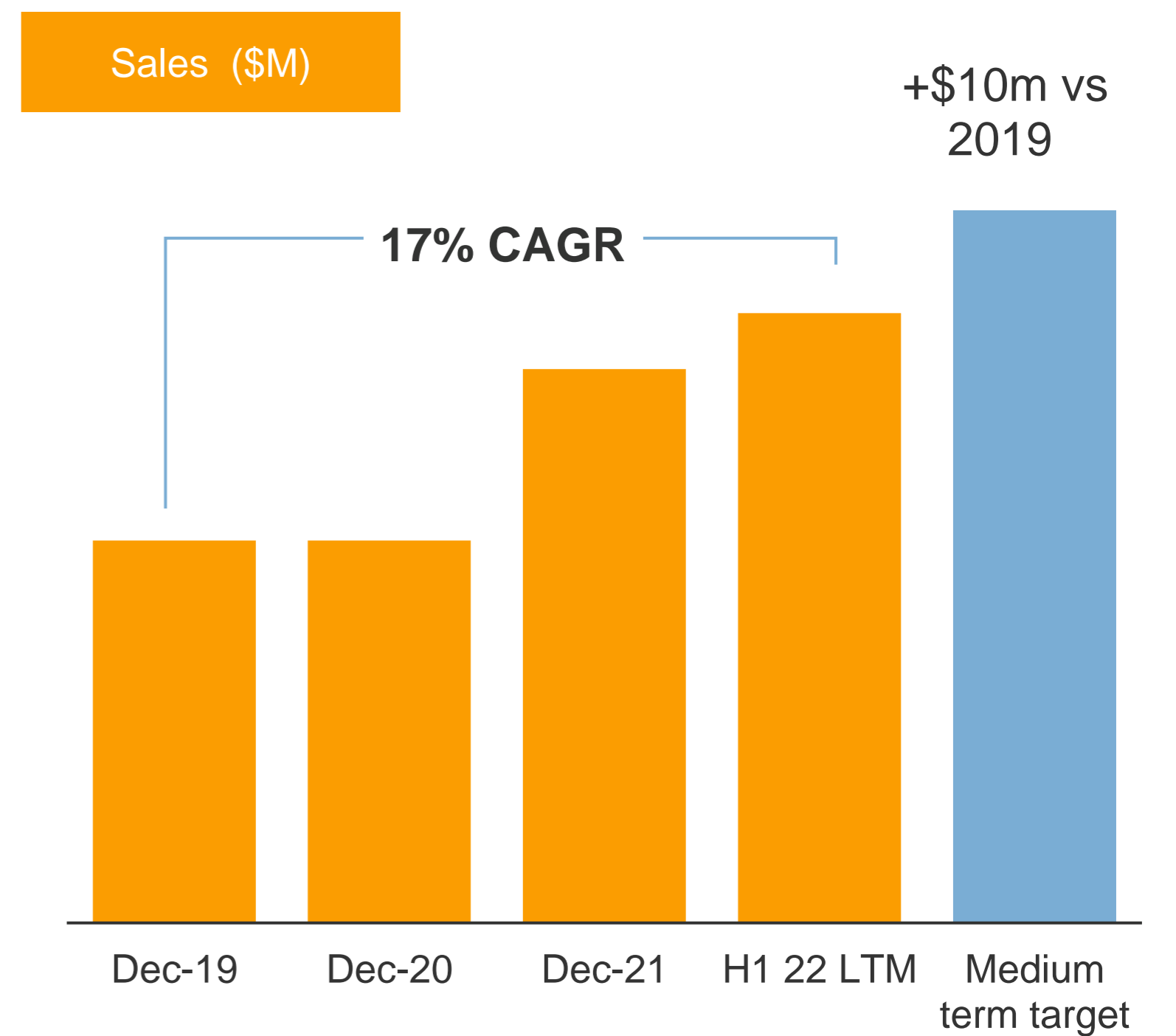
EFFICIENCY

Cold processable
Formulation flexibility



SUSTAINABILITY

Natural/naturally derived
COSMOS approved



Paul Waterman



Ralph Hewins



Coatings performance

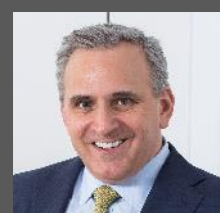
RECORD EARNINGS & MARGINS

ELEMENTIS

			H1 22 vs H1 21 % Change
	\$m	H1 21	H1 22
Sales	197	209	+9%
Operating profit*	33	44	+37%
Operating margin*	16.7%	20.9%	



*After adjusting items ¹ Adjusted for constant currency



Paul Waterman



Ralph Hewins



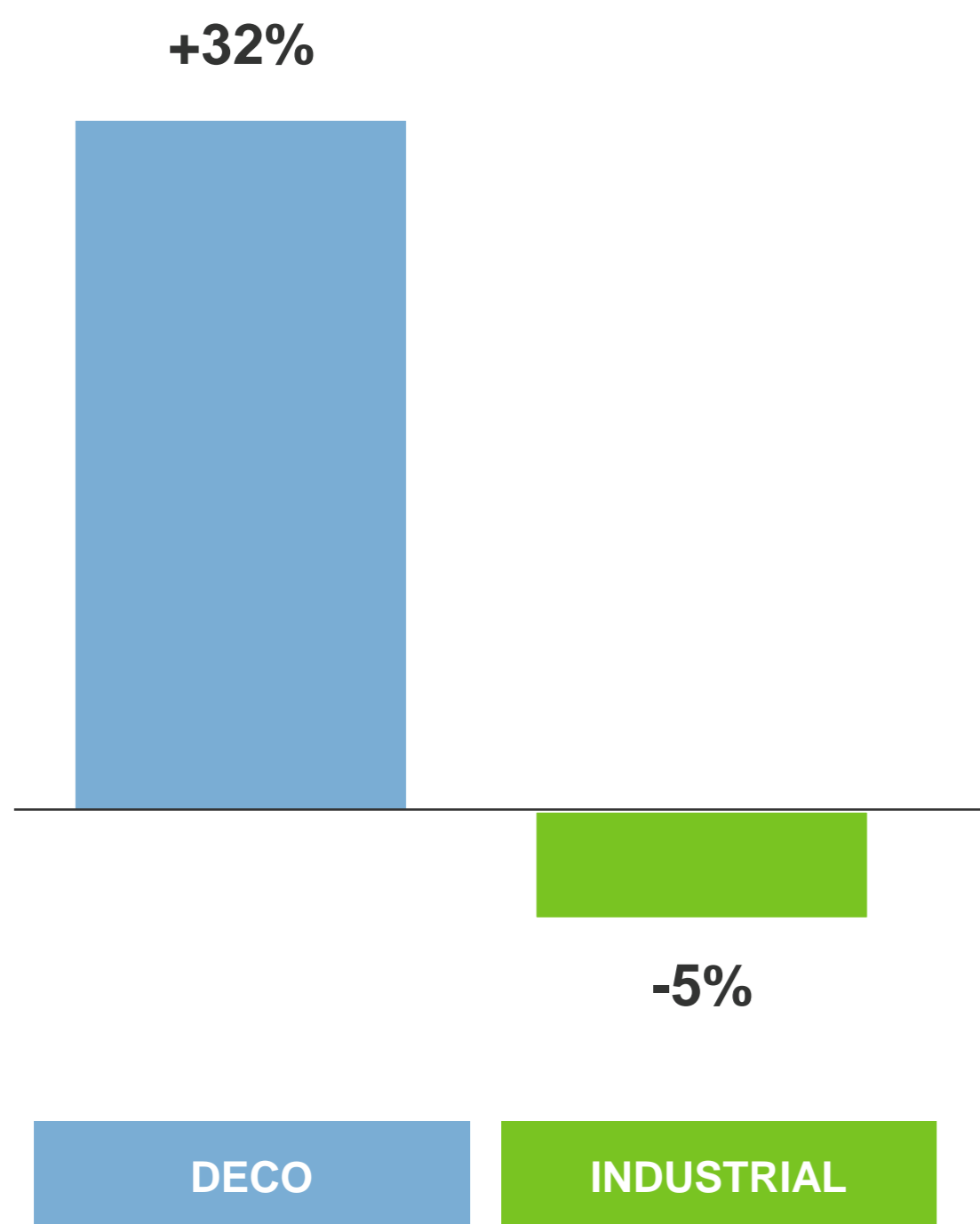
Coatings

Coatings performance

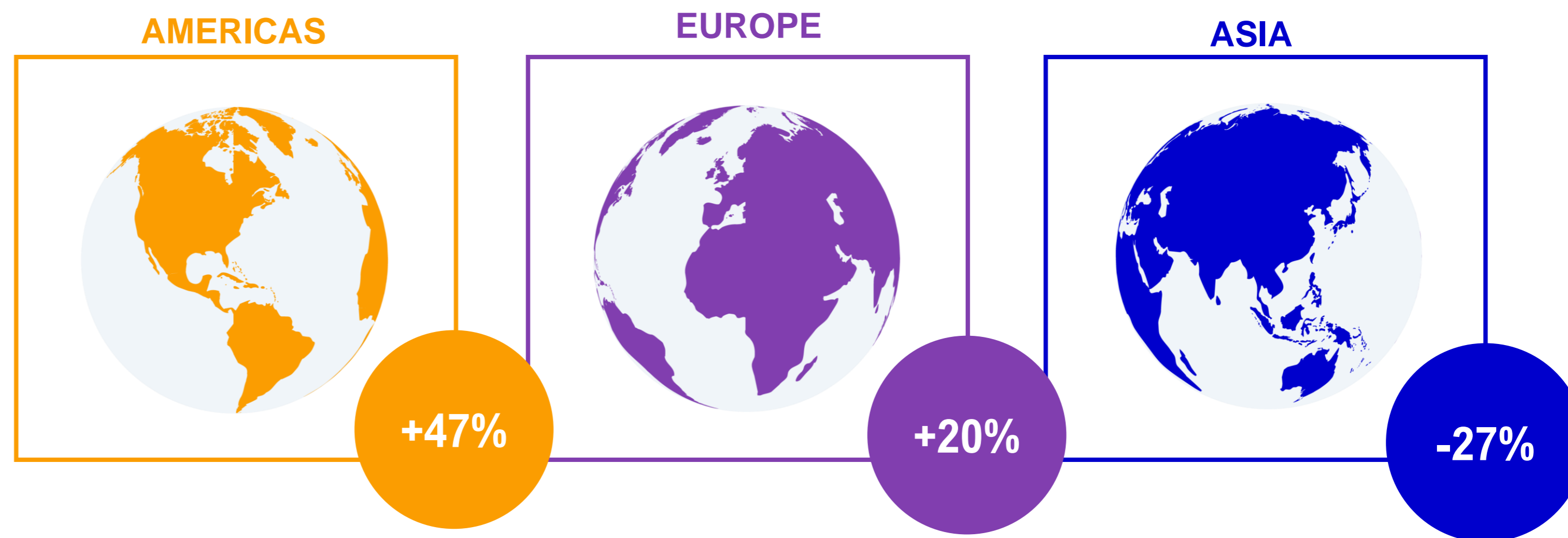
ELEMENTIS

INNOVATION DRIVES SHARE GAIN IN NORTH AMERICA DECORATIVE COATINGS

SECTOR GROWTH*



REGIONAL GROWTH*



GLOBAL KEY ACCOUNTS*



* H1 22 vs H1 21 constant currency sales growth, excluding Energy



Paul Waterman



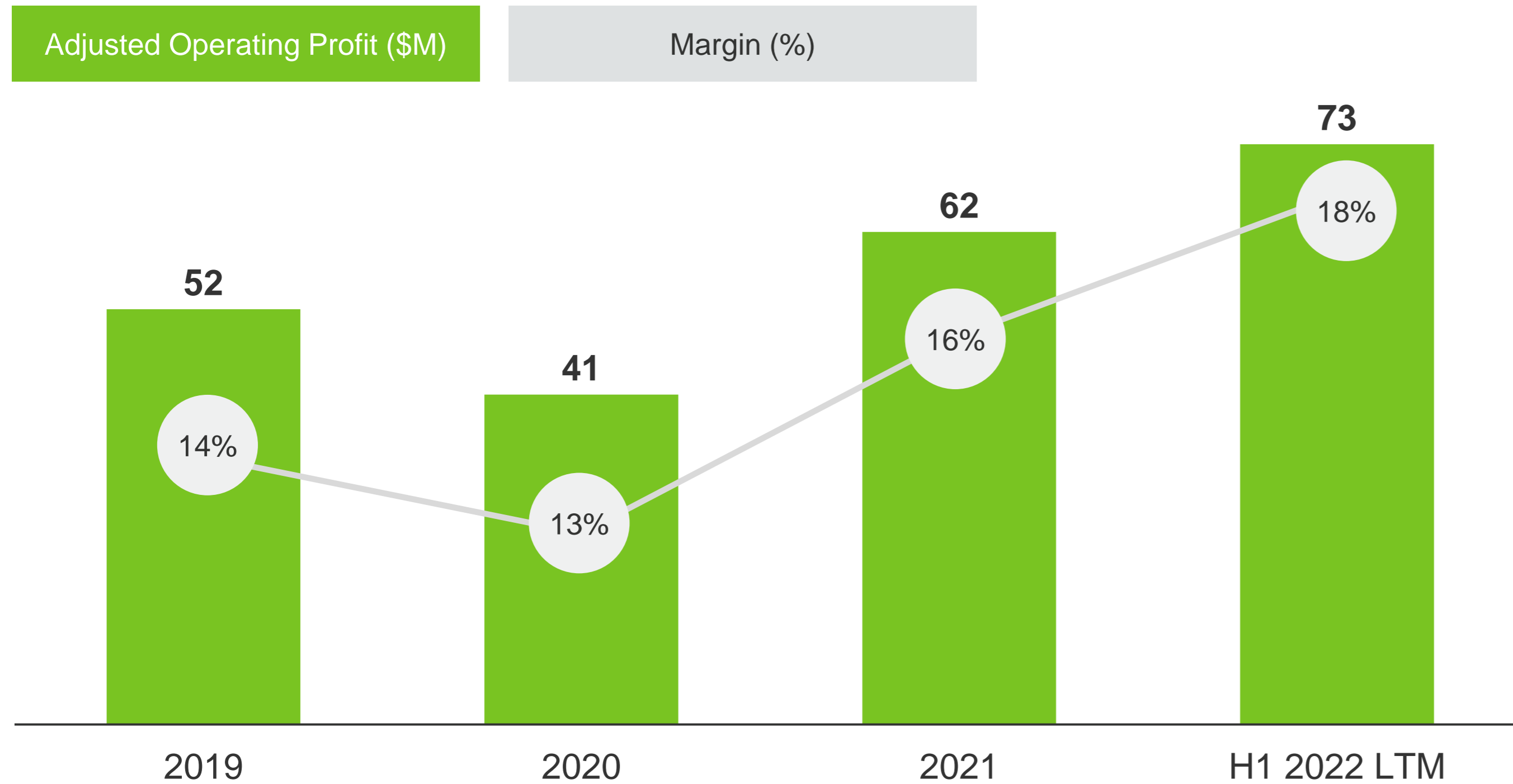
Ralph Hewins



Coatings performance

STRATEGIC PROGRESS DRIVES SUSTAINED BUSINESS QUALITY IMPROVEMENT

COATINGS PERFORMANCE



ACCELERATED INNOVATION

4 new products launched in H1 22
Waterborne industrial & Thixatrol[®] expansion



NEW BUSINESS MOMENTUM

\$17m delivered in H1
Growth platforms revenue +23% y-o-y



CAPACITY EXPANSIONS

Hsinchu LTOT capacity expansion complete
New Martinsville debottlenecking complete
Doubling Livingston NiSAT capacity by year end

Note: Energy related activities comprise under 10% of Coatings H1 2022 LTM adjusted operating profit

LTOT: Low temperature organic thixotrope



Paul Waterman



Ralph Hewins



Coatings performance

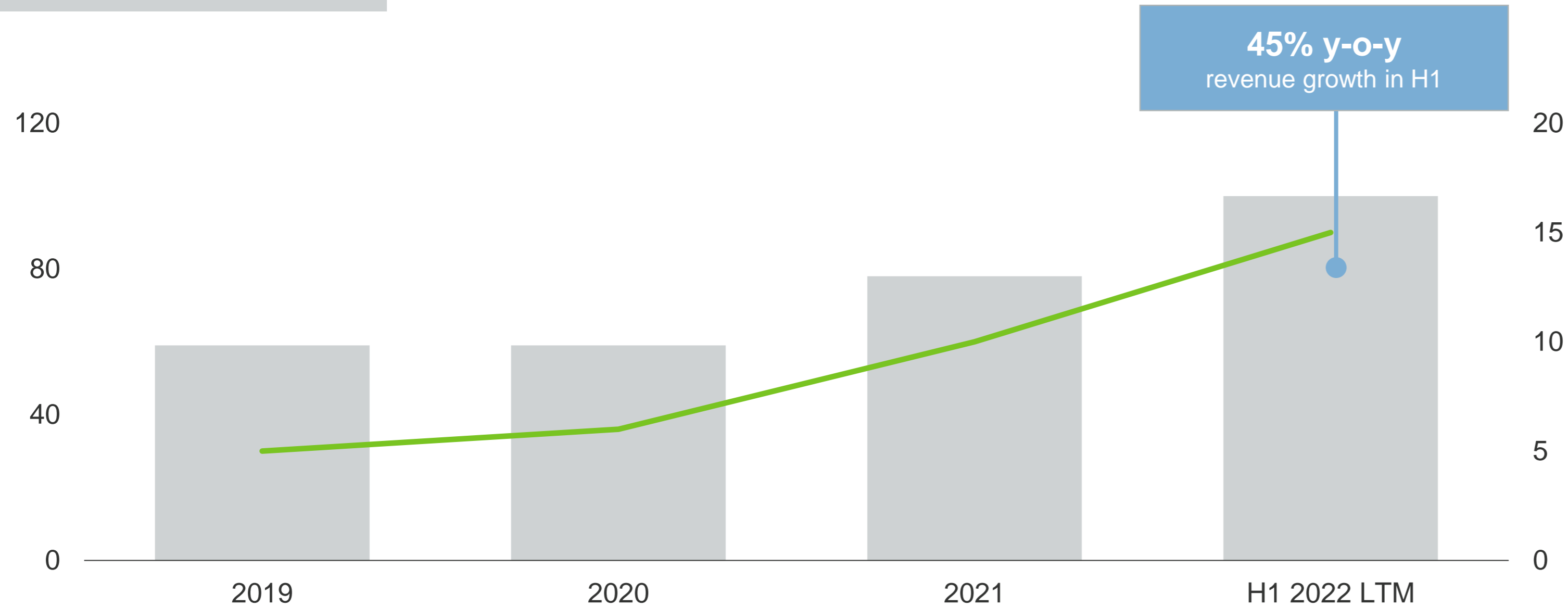
ELEMENTIS

CONTINUED GLOBAL KEY ACCOUNT GROWTH

SIX GLOBAL KEY ACCOUNTS – DEDICATED EFFORT DRIVES GROWTH

of joint development projects

Sales (\$,m)



PARTNERSHIP MENTALITY

Elementis wide prioritisation
Global alignment



INNOVATION FOCUS

R&D teams integrated into GKAM teams
15 live joint development projects

AGILITY & RELIABILITY

Flat organisational structure
Multi regional production
Sole global organoclay producer



Paul Waterman



Ralph Hewins



Talc

Talc performance

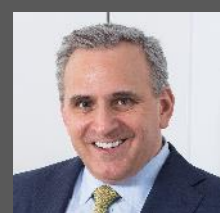
ELEMENTIS

WEAK FIRST HALF PERFORMANCE AS EXPECTED

			H1 22 vs H1 21 % Change
	H1 21	H1 22	Constant Currency ¹
\$m			
Sales	77	73	+4%
Operating profit*	8	3	-63%
Operating margin*	10.3%	3.7%	

* After adjusting items

¹ Adjusted for constant currency



Paul Waterman



Ralph Hewins

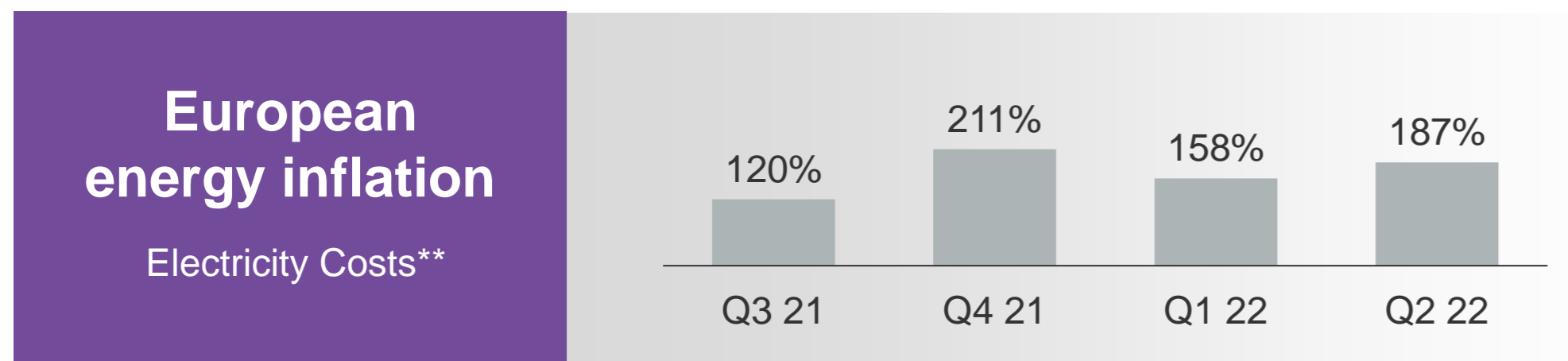
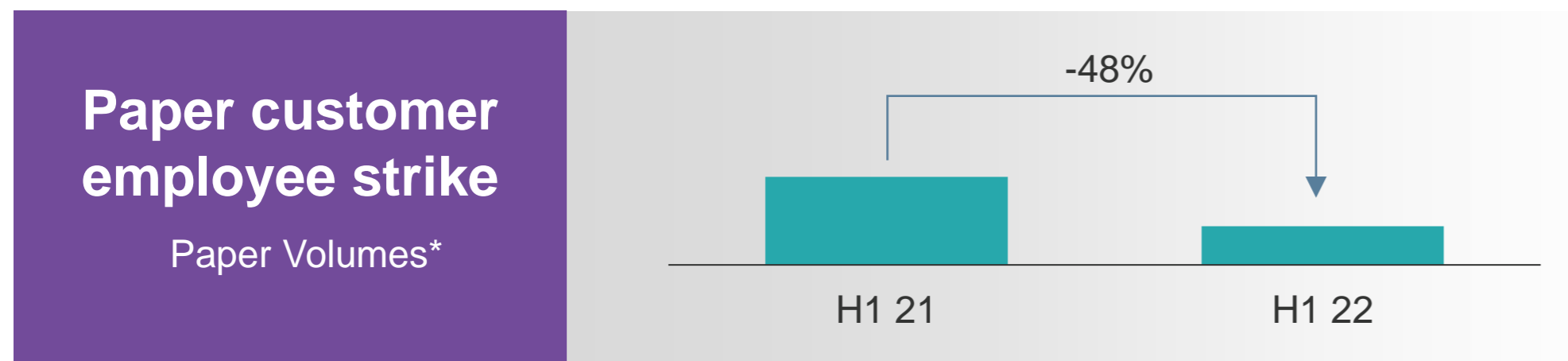
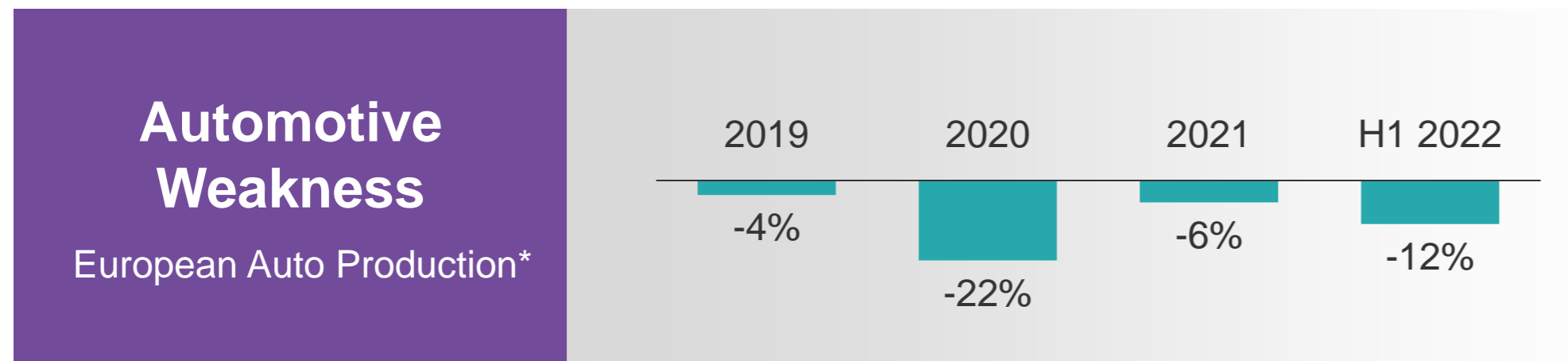


Talc

Talc performance

SECOND HALF PERFORMANCE IMPROVEMENT EXPECTED

SIGNIFICANT MACRO CHALLENGES...



* % year on year change

** % year on year change based on average market electricity costs in Finland and the Netherlands

Source: IHS Automotive LV Production

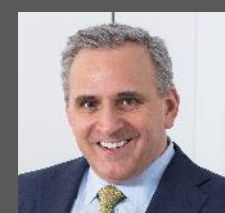
...BUT SELF HELP TO DRIVE H2 IMPROVEMENT

Sequential volume improvement

- ✓ Paper customer production restart
- ✓ Technical ceramics order timing
- ✓ New business wins

Full benefit from implemented price increases

- ✓ 10-15% in Q4 2021
- ✓ 5-10% surcharges in Q1 22
- ✓ 5-10% in Q2 22



Paul Waterman



Ralph Hewins



Talc

Talc performance

WELL POSITIONED FOR LONG TERM GROWTH



STRONG FUNDAMENTALS UNCHANGED...

Attractive industry structure

- ✓ #2 global player in niche market

Strong customer service, quality & consistency

- ✓ High customer loyalty

Material growth opportunities

- ✓ Asia & Americas expansion
- ✓ Long life plastics, technical ceramics & barrier coatings
- ✓ \$21m of revenue synergies delivered, on track to \$25m by 2023

...AND TRACK RECORD OF GROWTH



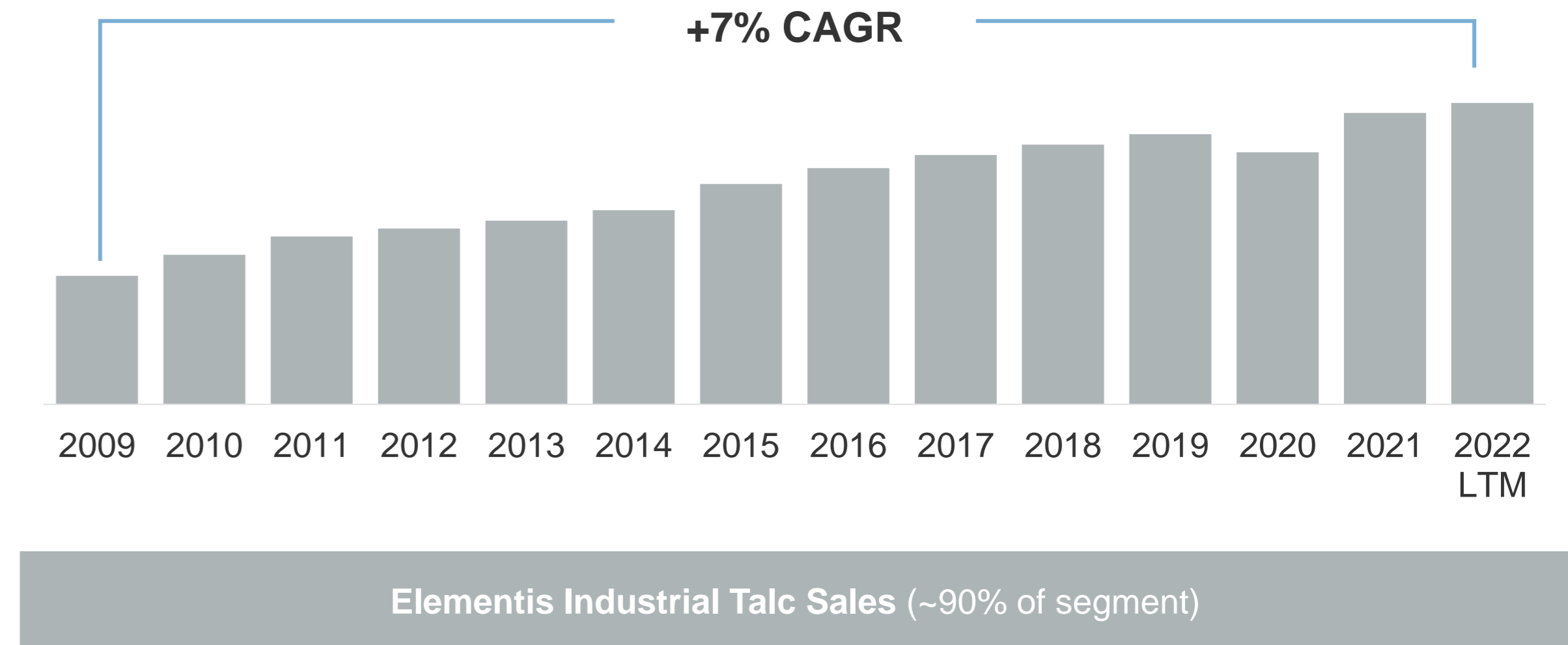
Market Share Gains



Mix Improvement



Pricing Power



Paul Waterman



Ralph Hewins



Chromium

Chromium performance

ELEMENTIS

PRICING MOMENTUM OFFSET BY REDUCED PRODUCTION VOLUMES

\$m			H1 22 vs H1 21 % Change
	H1 21	H1 22	Constant currency ¹
Sales	90	91	1%
Operating profit*	5	4	-9%
Operating margin*	5.1%	4.6%	



* After adjusting items

¹ Adjusted for constant currency



Paul Waterman



Ralph Hewins



Chromium

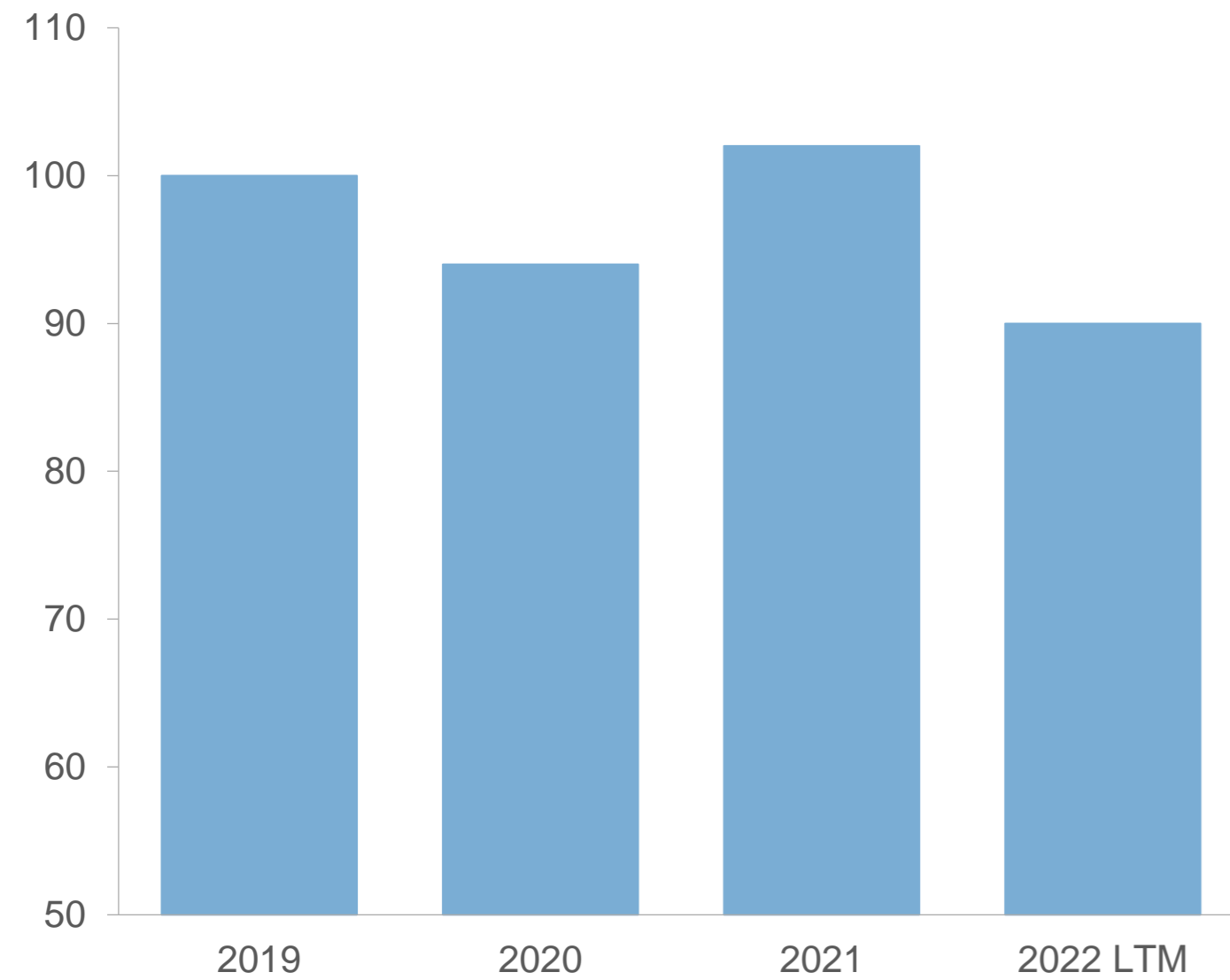
Chromium performance

ELEMENTIS

FIRST HALF HEADWINDS BUT INDUSTRY FUNDAMENTALS IMPROVING

MAINTENANCE IMPACTS VOLUMES

Elementis Chromium Volumes

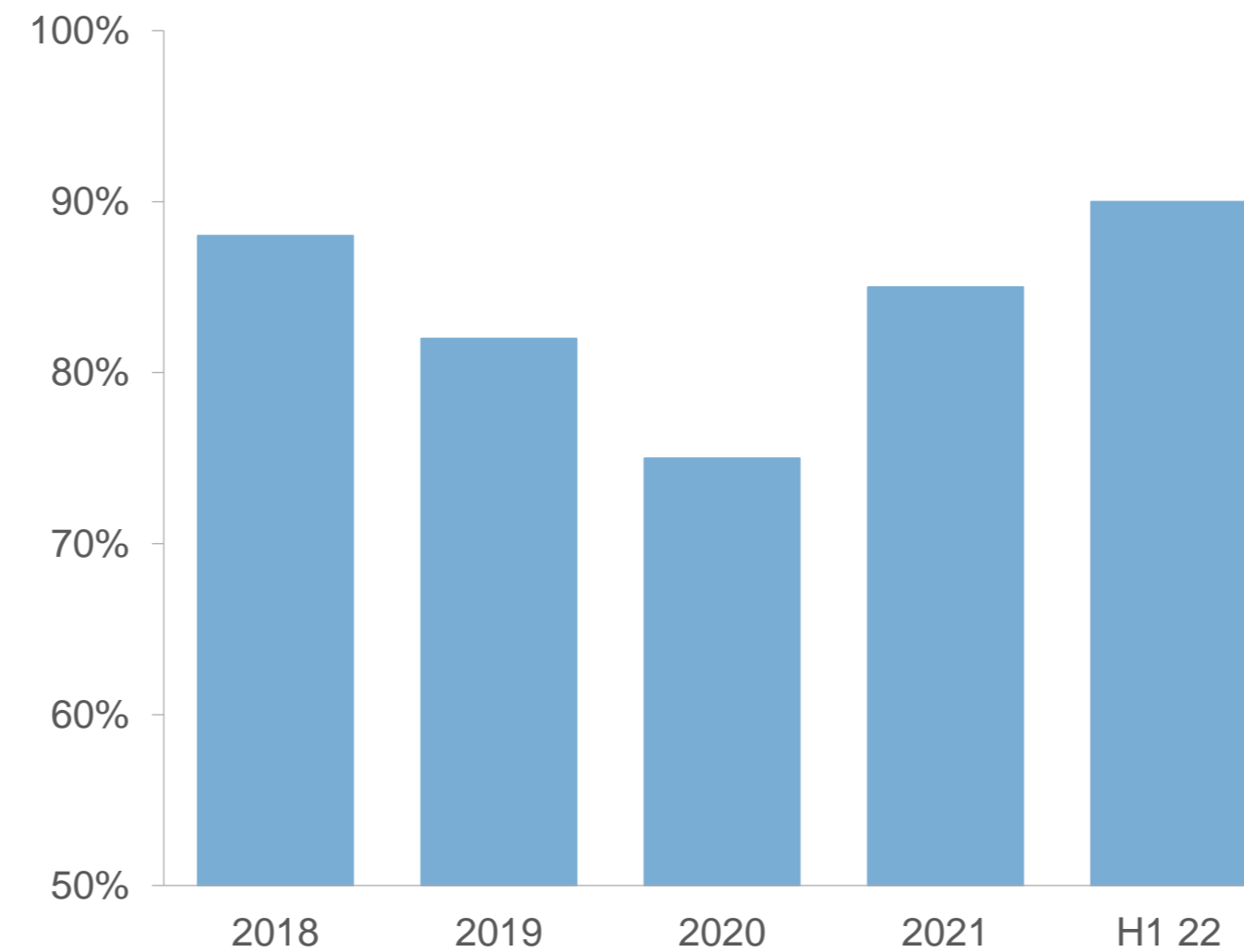


Source: Elementis

2019 = 100

GLOBAL UTILISATION IMPROVING

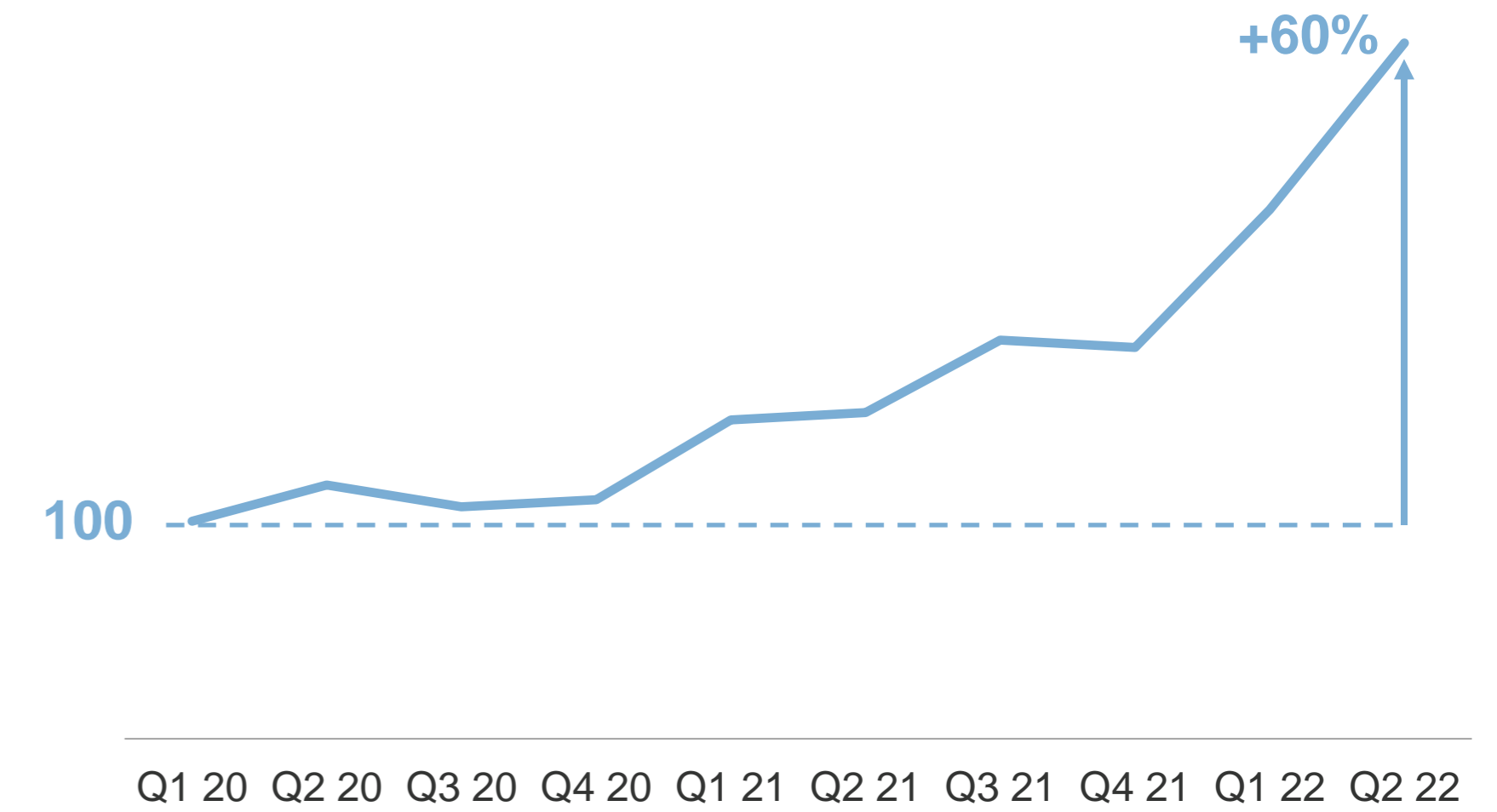
Chromium Industry Capacity Utilisation



Source: Elementis

INPUT COSTS ACCELERATING

Raw Material Index



Source: Elementis

Note: Raw materials are a weighted market cost index of chrome ore, soda ash & sulphuric acid



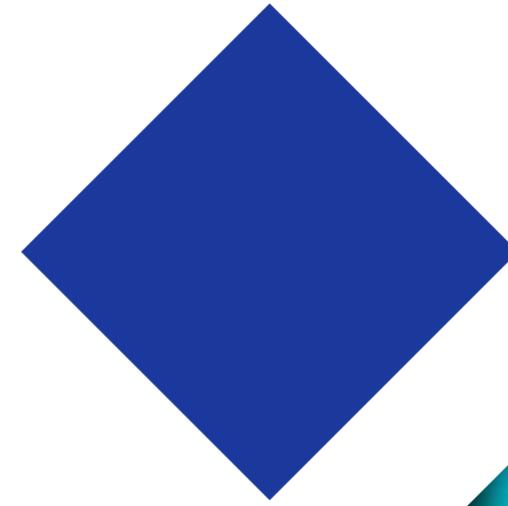
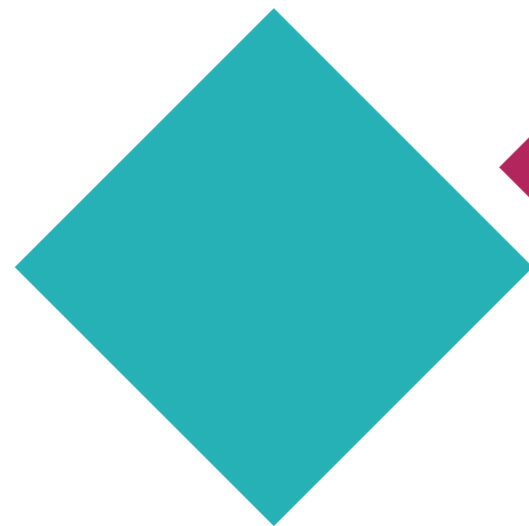
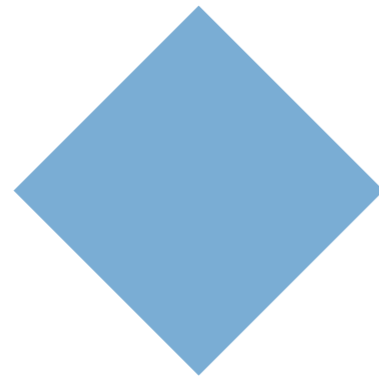
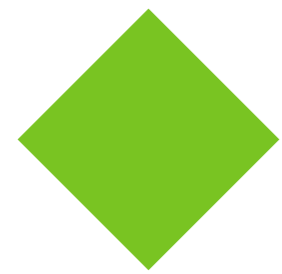
Paul Waterman



Ralph Hewins

GROUP FINANCIALS

RALPH HEWINS, CFO



INNOVATION | GROWTH | EFFICIENCY



Paul Waterman

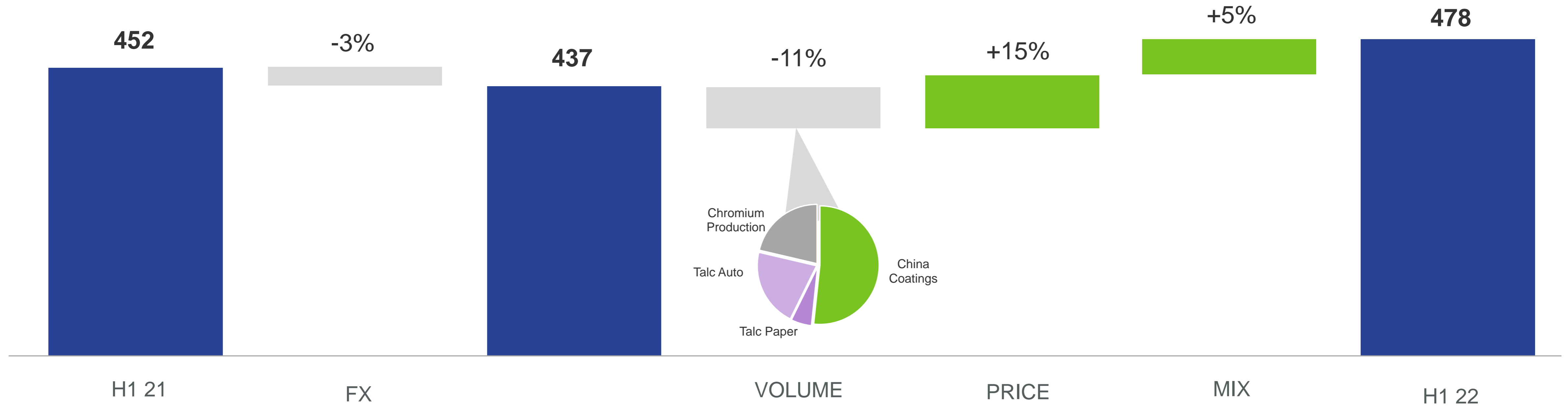


Ralph Hewins

Group revenue

STRONG PRICE/MIX DRIVES 9% UNDERLYING GROWTH

REVENUE \$m



Paul Waterman

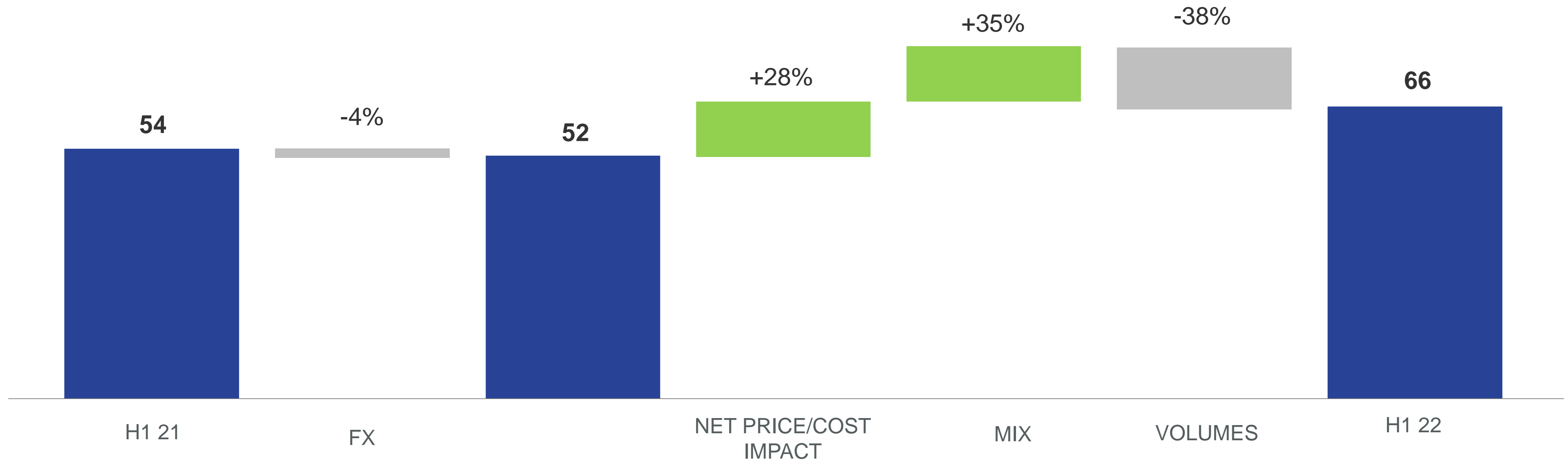


Ralph Hewins

Group operating profit

PRICING ACTIONS MORE THAN OFFSET COST INFLATION

ADJUSTED OPERATING PROFIT \$m



Paul Waterman

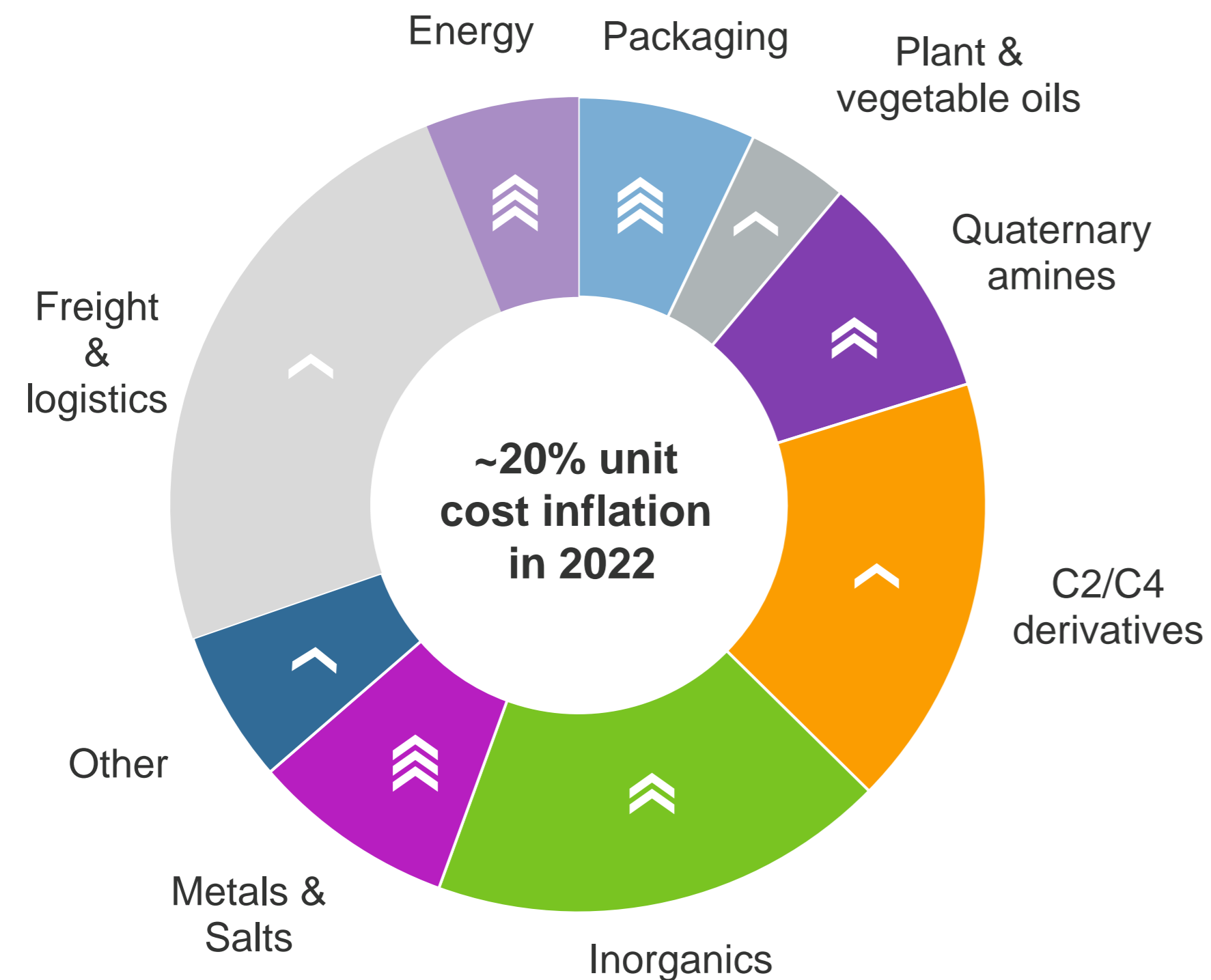


Ralph Hewins

Proactive margin management

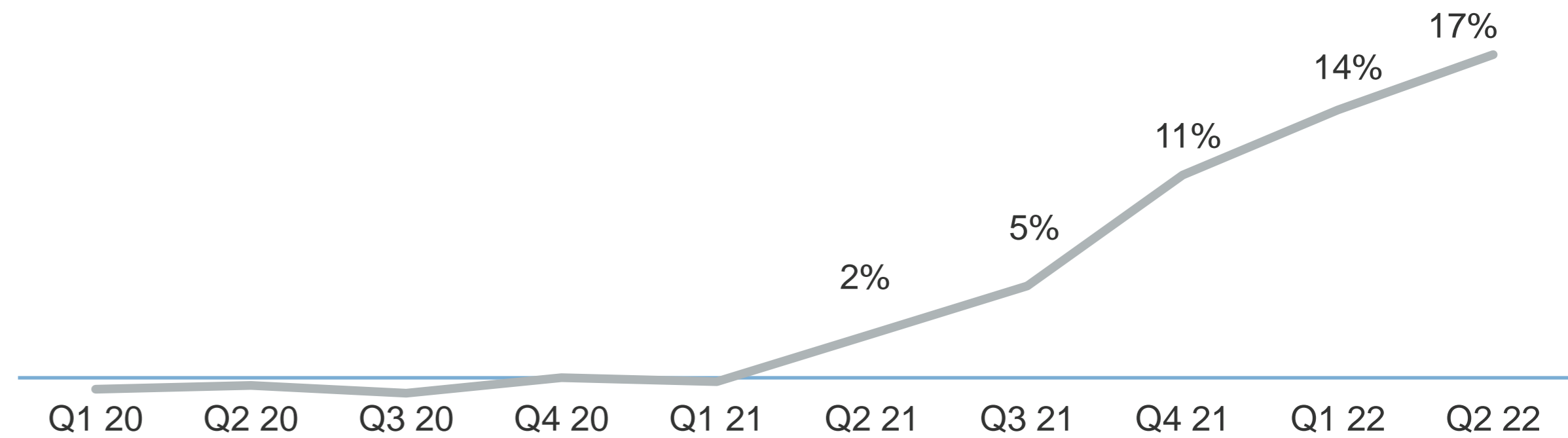
PRICING ACTIONS FULLY MITIGATE COST INFLATION

BREAKDOWN OF SPEND & TREND



ACTIONS TAKEN

ELEMENTIS REALISED PRICING



10+ alternative raw material supplier qualified



Price increases to defend margins



H2 pricing under review

Note: Graph shows year on year price impact only (i.e. excludes mix) for the Group



Paul Waterman



Ralph Hewins

Ongoing cost savings

ELEMENTIS

\$10M OF SAVINGS BY 2023 ON TRACK



INDIA AP ACTIVES PLANT

- Lower unit cost of production
- Avoid tariffs
- Improved access to growing Asian markets

CONTINUOUS IMPROVEMENT

- Process automation
- De-bottlenecked production lines
- Improved energy efficiency

PROCUREMENT

- Logistics optimisation
- Increased global purchasing strategy
- Revised make vs buy strategy



Paul Waterman



Ralph Hewins

Cash flow

ELEMENTIS

FURTHER DELEVERAGING PROGRESS

\$m	H1 21	H1 22
EBITDA	80	90
Change in working capital	(27)	(49)
Capital expenditure	(24)	(22)
Operating Cash Flow	30	20
Pensions	1	0
Interest	(12)	(9)
Tax related payments	(24)	(11)
Other	(1)	(4)
Free Cash Flow	(7)	(5)
One off items	(6)	(1)
Currency fluctuations	5	13
Net Cash Flow	(7)	8
Net Balance Sheet Debt	415	393
Net debt/EBITDA*	3.0x	2.4x

Working capital outflow to secure critical inventories

FY 22 capex guidance remains \$50-55m

Leverage down from 3.0x to 2.4x

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

Note: Table may not cast due to rounding



Paul Waterman

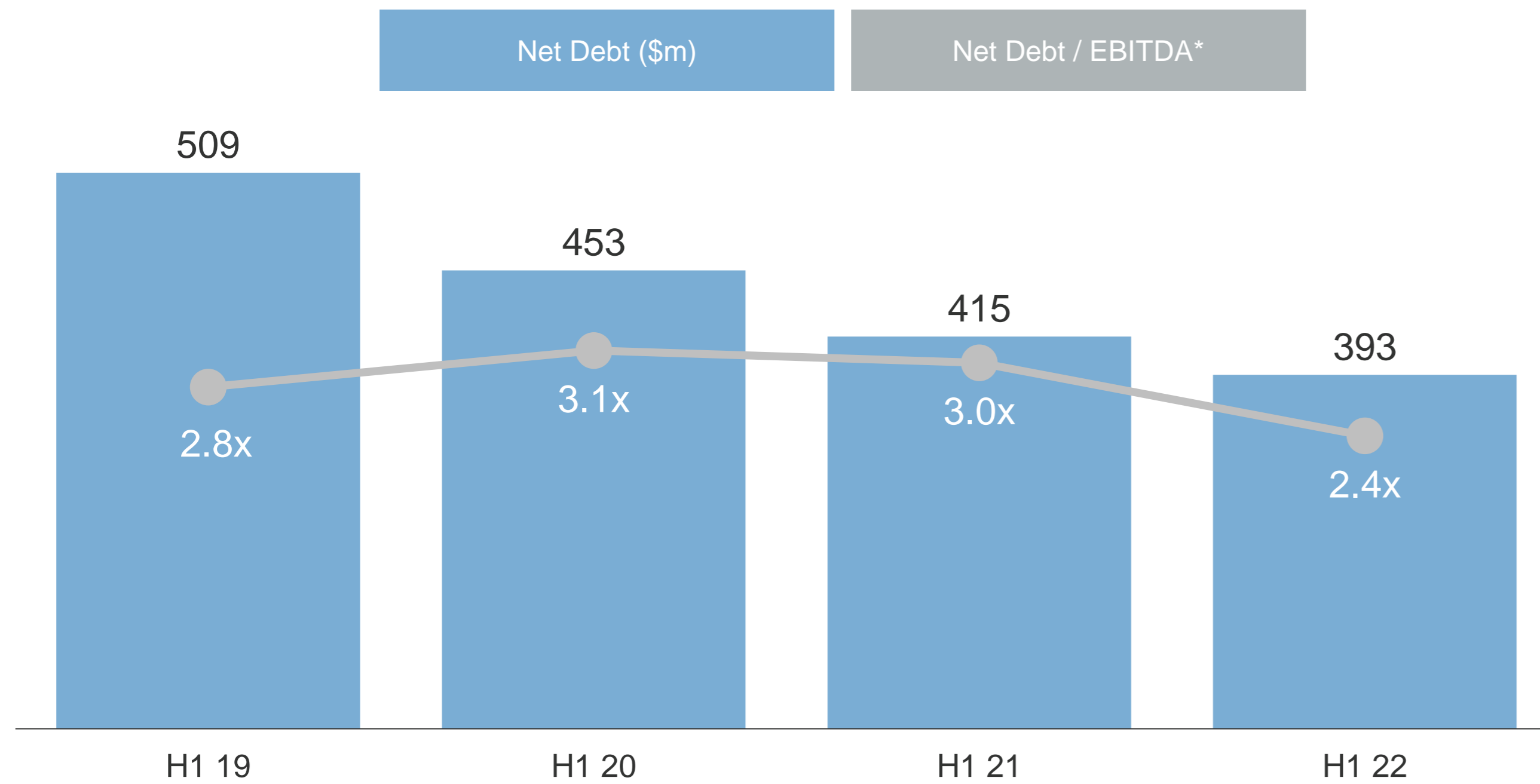


Ralph Hewins

Financial leverage

FURTHER DEBT AND LEVERAGE REDUCTION EXPECTED IN H2

NET DEBT AND LEVERAGE EVOLUTION



* Excluding finance leases on a pre IFRS 16 basis, and EBITDA on a last twelve months basis

H2 DEBT REDUCTION DRIVERS



Working capital improvement



EBITDA delivery



Paul Waterman

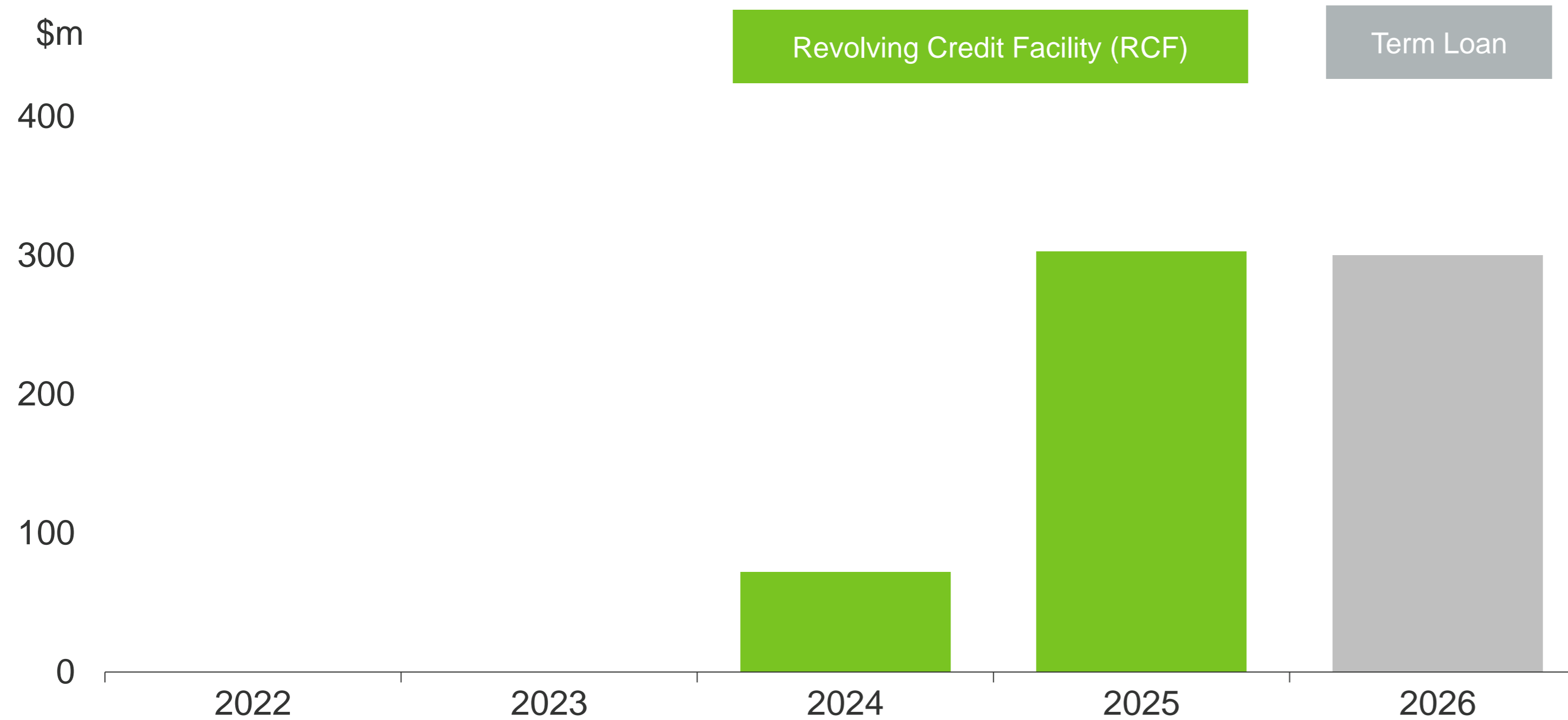


Ralph Hewins

Debt refinancing

SUCCESSFUL REFINANCING OF TERM LOAN

Debt maturity profile



\$300m term loan refinanced and maturity extended from 2023 to 2026*

\$375m RCF unchanged

Blended interest rate of ~4%

* Additional one year extension option to 2027 agreed

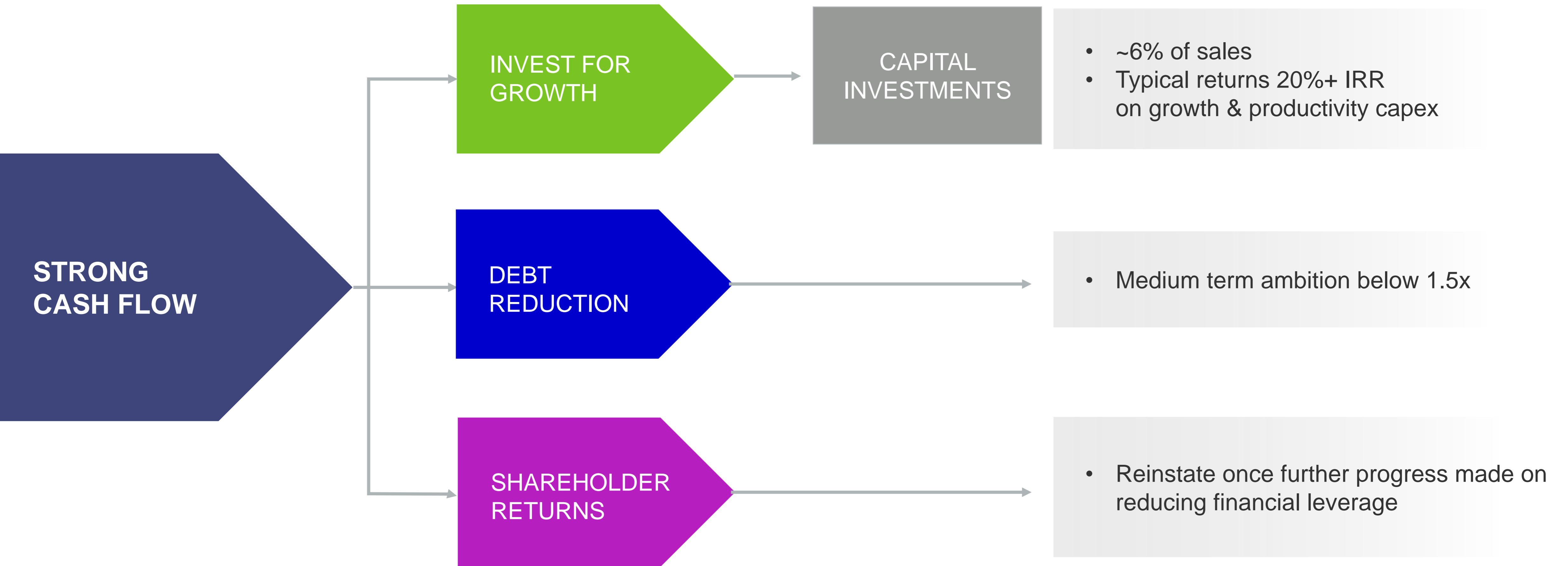


Paul Waterman



Ralph Hewins

Disciplined capital allocation



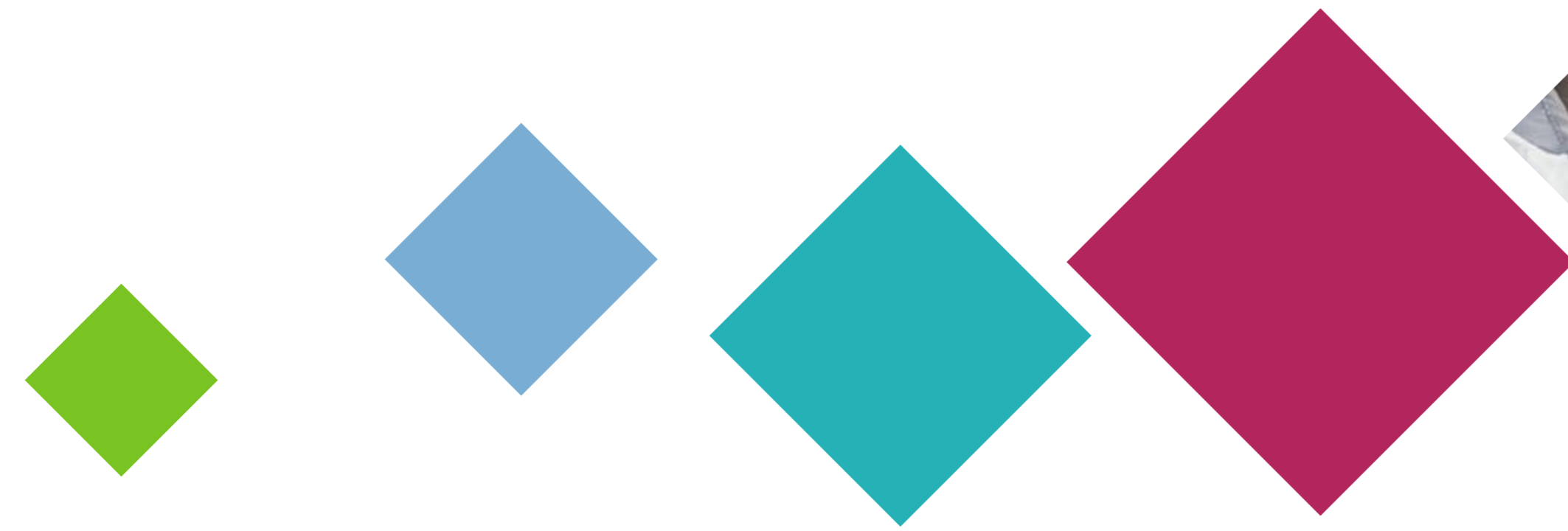
Paul Waterman



Ralph Hewins

OUTLOOK & PRIORITIES

PAUL WATERMAN, CEO



INNOVATION | GROWTH | EFFICIENCY



Paul Waterman



Ralph Hewins

Strategic priorities

ELEMENTIS

FOCUSED ON DELIVERY OF THE HIGHEST VALUE OPPORTUNITIES

INNOVATION



Over 20 new product launches annually



Accelerated GKAM joint development



Drive new products revenue to 17% of sales by 2025



Support manufacturing process optimisation

GROWTH



Secure \$50m of new business wins annually



Complete Coatings capacity expansions



Accelerate growth in Asia



Talc globalisation and synergy delivery

EFFICIENCY



Complete India AP Actives ramp up



\$10m of cost savings by 2023



Complete single global ERP consolidation by 2023



\$10m of working capital savings by 2023



Paul Waterman



Ralph Hewins

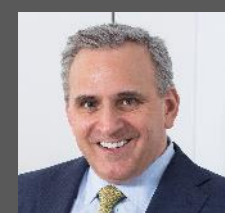
2022 Outlook

ON TRACK FOR IMPROVED FULL YEAR FINANCIAL PERFORMANCE & DELEVERAGING

PRIORITIES & GUIDANCE

 <p>Focus on strategy implementation & continued self help actions</p>	 <p>External supply chain & cost environment to remain challenging</p>	 <p>Steady demand at present, but mindful of global economic risks</p>	 <p>FY 22 performance expected to be towards the top end of consensus expectations*</p> <p>On track to make further progress reducing leverage</p>
--------------------------------------------------------------------------------------------------------------------------------------------------------------	---------------------------------------------------------------------------------------------------------------------------------------------------------------	------------------------------------------------------------------------------------------------------------------------------------------------------------	----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------

* Consensus adjusted operating profit range of \$107m to \$125m with an average of \$115m

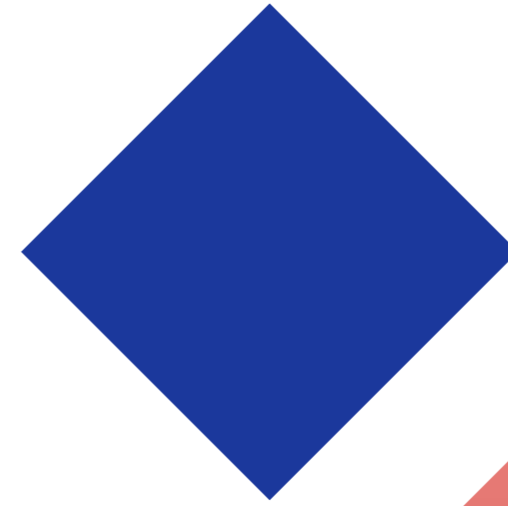
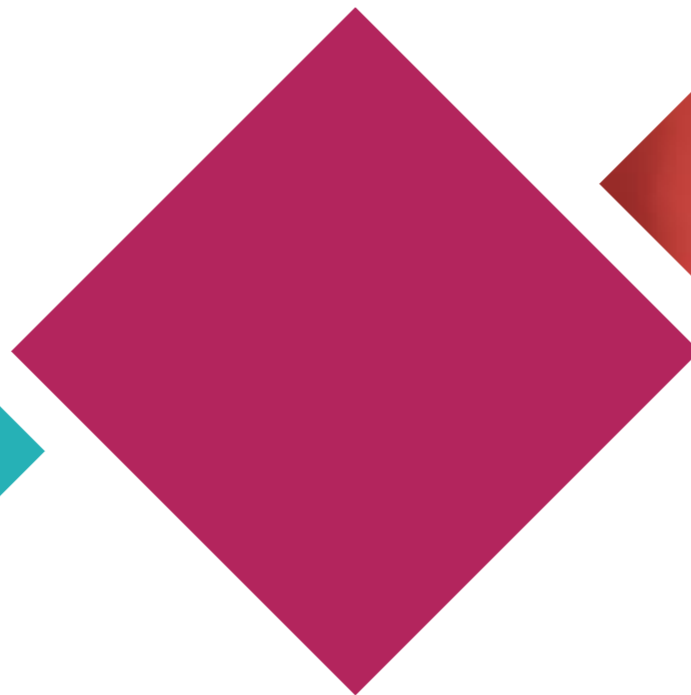
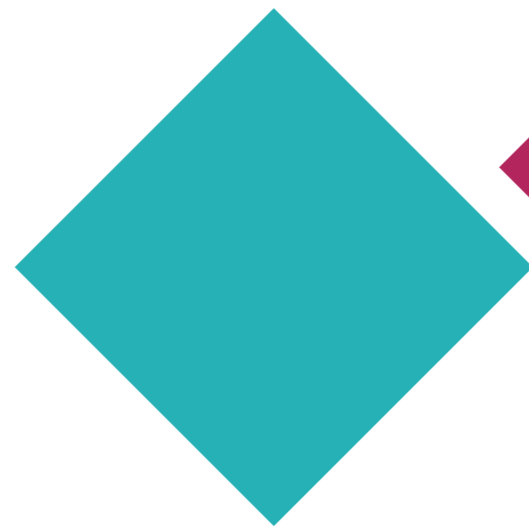
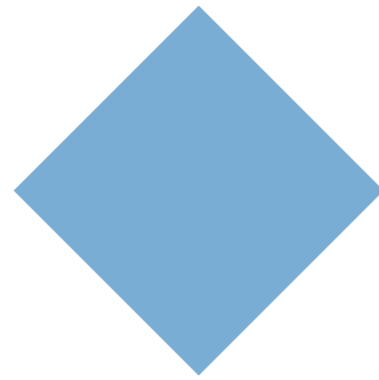
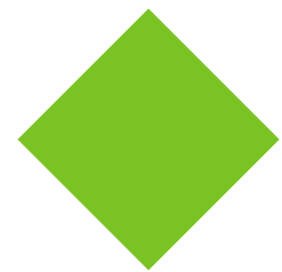


Paul Waterman



Ralph Hewins

Q&A



INNOVATION | GROWTH | EFFICIENCY



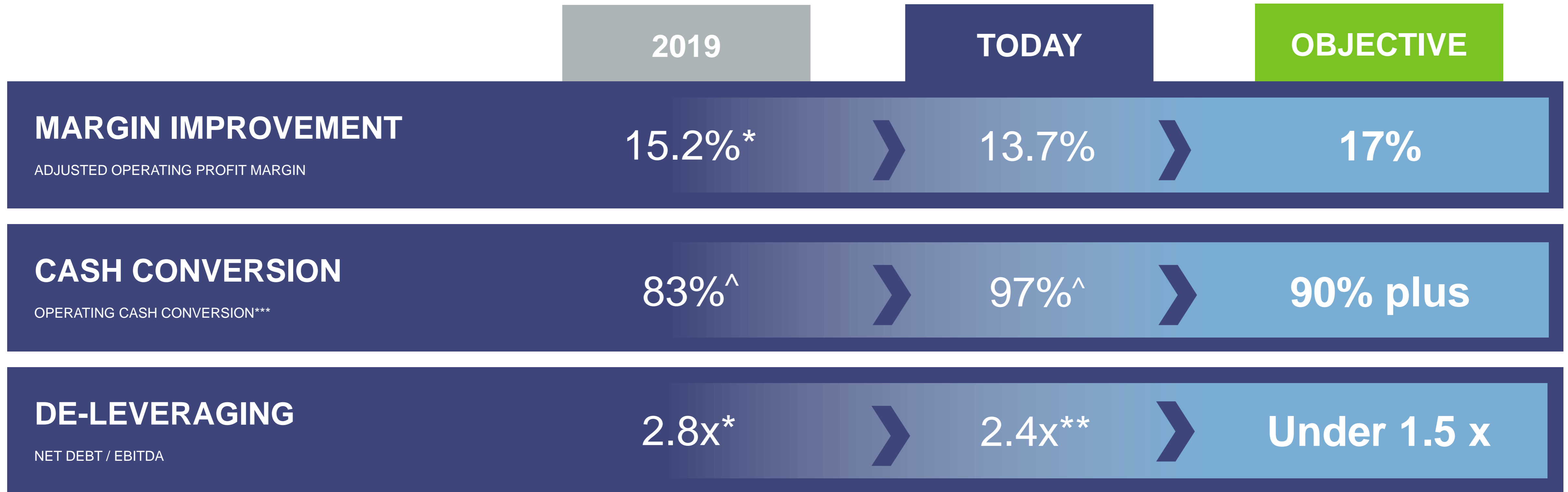
Paul Waterman



Ralph Hewins

Medium term Group performance objectives

ELEMENTIS



* Last twelve months to 30 June 2019

** Last twelve months to 30 June 22

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

^ Last three year average

Tax charge

\$m	H1 21	H1 22
Underlying tax charge	7.5	11.9
Tax charge: adjusting items	(0.6)	(5.1)
Reported tax charge	6.9	6.8
Underlying tax rate	18.7%	22.3%

FY 22 tax guidance 22-23%

Medium term P&L adjusted 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

Note: Table may not cast due to rounding's

Adjusting items

\$m Expense/(Income)	H1 21	H1 22
Amortisation of intangibles arising on acquisition	8	8
Environmental provisions	(2)	-
Business transformation	3	3
Impairment of PPE	0	23
Net P&L adjusting items*	9	34

\$8m amortisation of acquired intangibles

Non cash fixed asset impairment—nickel bio-leaching plant

* Impact on operating profit

FY 22 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 – Adjusted effective rate 22-23%

CASH

- Net interest \$20m to \$25m
- Capex \$50-55m