

2023 Full Year results

7 March 2024



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.

The use of 'market' or 'markets' in this presentation, presentation materials and discussion is as a broad and generic term to describe, for example, market sectors, market segments, geographic areas, demand or end-use applications, rather than in a legal sense. No use of the term 'market' should be considered to represent the views of Elementis on the legal definition of a market (either by geographic area or product) under any legal framework, including competition or anti-trust laws.

Agenda

Introduction and highlights

Paul Waterman

Segmental performance

Paul Waterman

Group financials

Ralph Hewins

Strategic priorities and outlook

Paul Waterman

Q&A

Paul Waterman and Ralph Hewins



Introduction and highlights

Paul Waterman

Key messages

Resilient business performance

Pricing and cost reduction offset weak demand environment

Personal Care

Performance driven by new business and growth in Asia

Performance Specialties

Coatings volumes impacted by destocking and weak demand

Talc performance recovery

Continued financial progress

Operating margin 14.6%

Net debt to EBITDA reduced to 1.4x

Dividend reinstated

2026 targets

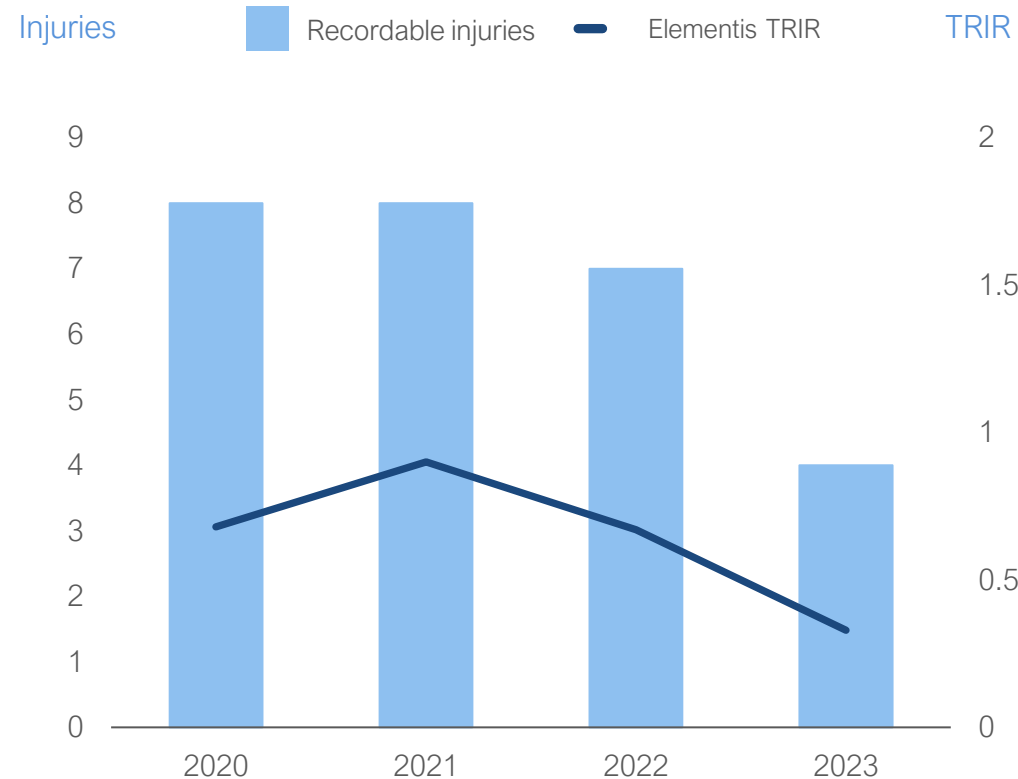
19%+ operating profit margin

>90% operating cash conversion

>20% return on capital (exc. goodwill)

Strong safety focus

Safety performance



2023 highlights



Performance

- 50% injury reduction
- 90% of sites had no injuries
- 40%+ sites >5 years without injuries



Safety initiatives

- Process Safety Management improvement plan on track
- Global HSE framework gap analysis completed, enhanced HSE standards published
- Global Safety Week and CEO Award executed

Notes: All historical data excludes Chromium. TRIR = Total Recordable Incident Rate (incidents per 200,000 hours worked).

Resilient performance

\$m (unless stated otherwise)	2022	2023	Change
Revenue	736	713	(3)%
Adjusted operating profit	101	104	3%
Adjusted operating margin	13.6%	14.6%	100bps
Adjusted profit before tax	81	84	4%
Adjusted diluted EPS (cents)	10.9	10.8	(1)%
Net debt	367	202	(45)%
Net debt to EBITDA ¹	2.2x	1.4x	
Dividend per share (cents)	-	2.1	

Note: 1. Net debt/EBITDA pre IFRS 16.

Strategic progress



Innovation

12

new products
launched

14%

revenues from
innovation sales

28

joint development
projects



Growth

\$51m

new business
won

10%

Personal Care Asia
revenue growth

\$363m

new business pipeline
– highest ever



Efficiency

\$10m

cost savings
delivered

Fit for future

global restructuring
announced in Q3 23

One

JD Edwards global
ERP completed

Improving sustainability profile: 68% of revenues from products classed as natural or naturally derived

Sustainability progress



Environment

- Scope 1 and 2 emissions¹ reduced 7%, Scope 3 emissions verified
- 2030 water and GHG Scope 1 and 2 emission reduction targets met
- On track to publish science-based emission targets by early 2025



Our people

- Gender diversity across senior leadership² increased to 37%
- Fit for the Future restructuring: proactive communication and support
- Voluntary attrition reduced to 9%



Responsible business

- Aligned supply chain standards to new Business Partner Code of Conduct
- Implemented new third-party risk screening system to mitigate ESG & compliance risks
- Held first global Ethics & Compliance week to promote “Speak Up, Listen Up, Follow Up” employee engagement

ESG ratings



Gold

Notes: 1. Market based GHG emissions; 2. Executive Committee and direct reports.

Segmental performance

Paul Waterman

Personal Care performance

Resilient sales and operating performance

\$m	2022	2023	Change (constant currency)
Revenue	212	209	(2)%
Operating profit ¹	49	50	0%
Operating margin ¹	23.2%	24.1%	

- Volumes impacted by destocking in H2
- Improved mix/price and cost management driving higher margin
- \$15m of new business

Note: 1. After adjusting items.

Personal Care performance

Strategic progress



Colour Cosmetics

- 15% revenue growth
- Indie brands and emerging markets
- New product momentum: Bentone® Plus Glow



Asia

- 10% revenue growth
- >80% increase in NBO pipeline
- Six countries, delivering double-digit revenue growth



Skin Care

- 4% revenue growth
- Sun care growth
- New product momentum: Bentone Hydroclay™ 700



AP Actives

- Revenue 14% down reflecting input-driven price adjustment and destocking
- High efficacy actives growth
- India plant at full production

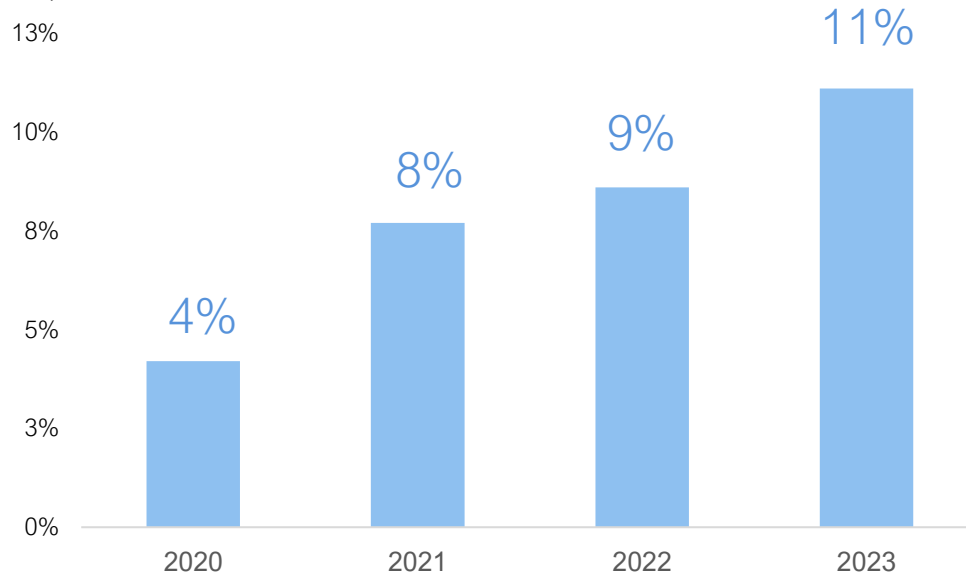


Personal Care performance

Continued innovation driving sales and new business pipeline

Growing innovation sales

New products¹ as a % of sales.

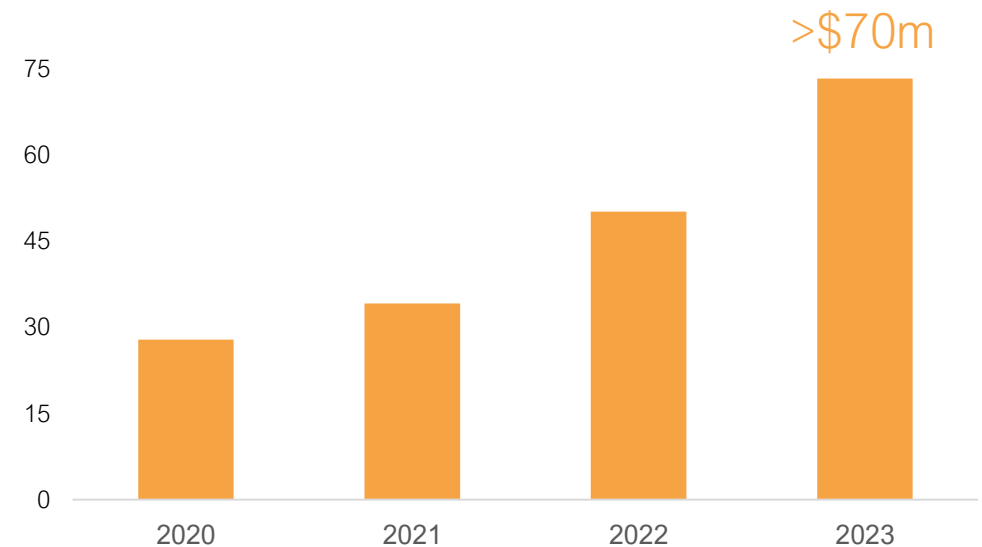


28 new products launched since 2020

Note: 1. Defined as products launched within the last 5 years, patented and protected products.

Record new business pipeline driven by growth platforms

New business pipeline² in \$m.



Note: 2. Defined as expected sales to a new customer, and/or expected sales from a new product, that are considered new for a period of 12 months.



Personal Care

2023 new products

ELEMENTIS



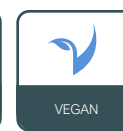
Bentone Hydroclay™ 700: Versatility through synergy

- Combination of high-purity hectorite and xanthan gum offers ultimate stability and sensory benefits
- High electrolyte and pH tolerance allows formulation robustness and versatility
- 100% natural and COSMOS approved



BENTONE® PLUS GLOW: Radiance unleashed!

- In Cosmetics Asia 2023 Bronze award winner
- Based on patent pending hectorite gel technology paired with naturally-derived active ingredients
- Enables formulators to create products with a variety of textures
- Supports industry trends of skin glow, skinification and sustainability



Unique chemistry, sustainable solutions

Introduction and highlights

Segmental performance

Group financials

Strategic priorities

Outlook



Performance Specialties

Talc recovery and NBO offset Coatings de-stocking

ELEMENTIS

\$m	2022	2023	Change (constant currency)
Revenue	525	504	(4)%
Operating profit ¹	70	70	0%
Operating margin ¹	13.3%	13.9%	

- Improved Talc financial performance
- \$36m of new business
- Self help actions driving margin improvement

Note: 1. After adjusting items.

Coatings performance

Margins resilient in continued weak demand environment



\$m	2022	2023	Change (constant currency)
Revenue	389	368	(5)%
Operating profit ¹	70	56	(20)%
Operating margin ¹	18.1%	15.3%	

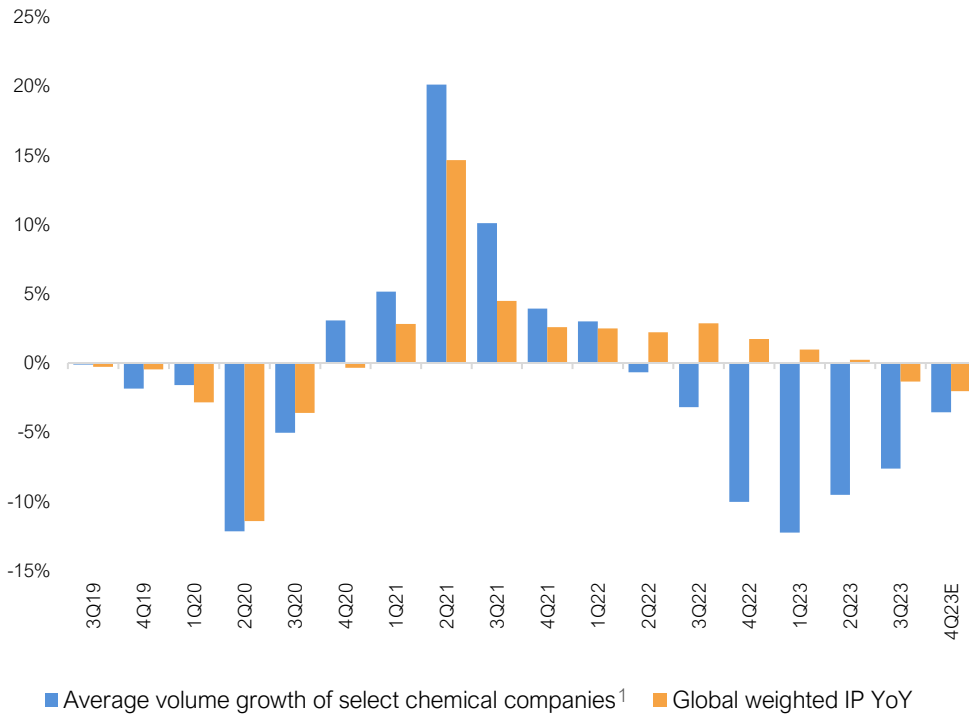
- Destocking continued throughout 2023
- Price and cost management offset negative operating leverage
- Strong new business performance

Note: 1. After adjusting items.

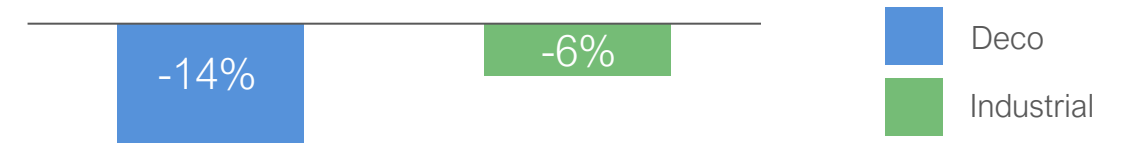
Coatings performance

Weak demand and destocking across all markets and regions

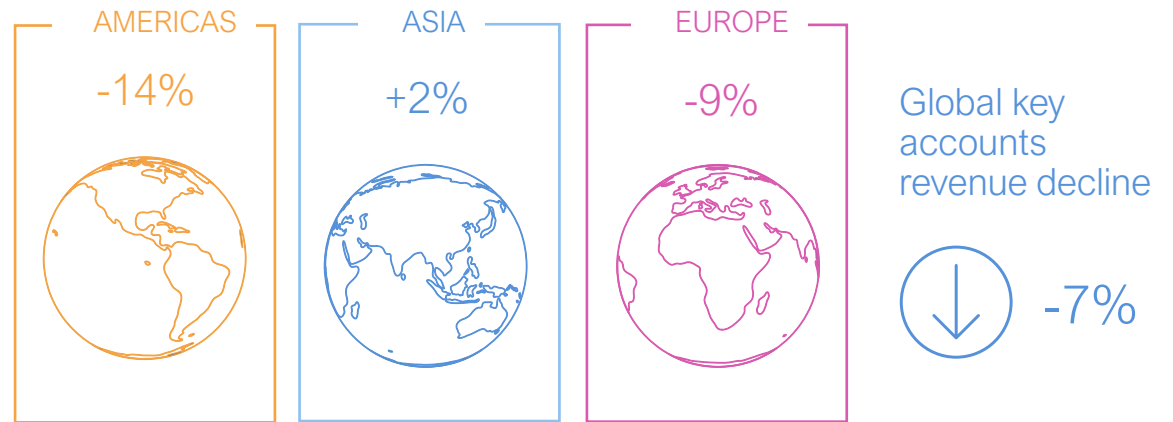
Demand environment



Sector sales performance²



Mixed performance across the regions²



Source: JP Morgan.

Note: 1. Includes BASF, Clariant, Lanxess, Arkema, DSM, Covestro, Evonik, Solvay, Wacker (chemicals only); 2. Constant currency, excluding Energy business.

Coatings performance

Strategic progress

Innovative products...

...driving new business momentum



Rheolate® PHX 7025

- Safer and more environmentally-friendly paints with superior performance benefits
- This powdered NiSAT product was launched in Q2 2023; >50 customers sampled



Benaqua® 5000

- Launched in Q1 2023, hectorite-based Benaqua® 5000 provides up to 50%¹ better sag resistance in tile mortars for construction market



Dapro® BIO 9910

- 96% biobased defoamer for a wide range of water-based paint and coatings applications
- Launched in H1, offering innovative anti-foaming technology

Five
new products
launched

\$33m
new business generated

\$240m
new business pipeline

Note: 1. Elementis insight.



Talc

Talc performance

Financial recovery driven by self help

ELEMENTIS

\$m	2022	2023	Change (constant currency)
Revenue	136	136	(2)%
Operating profit ¹	(0.4)	14	n/m
Operating margin ¹	n/m	10.3%	

- Ongoing weak demand
- Profit recovery driven by price / mix and cost management
- Prioritising value over volume

Note: 1. After adjusting items.



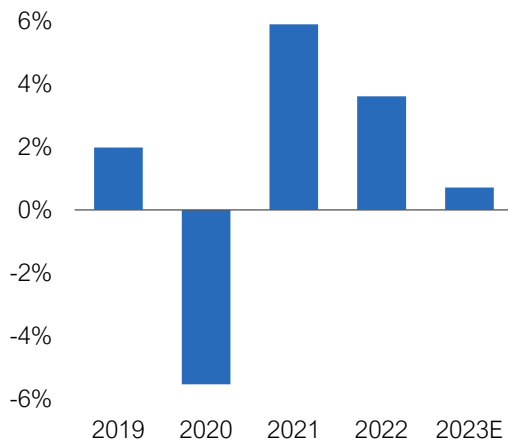
Talc

Talc performance

Volume decline across key markets

EU real GDP growth YoY

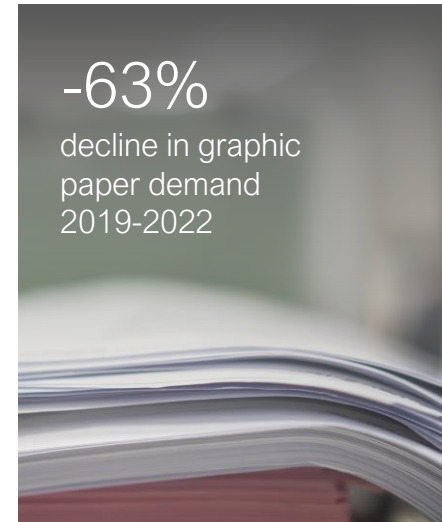
Post-Covid rebound has lost its momentum



European light vehicle production (units)



European graphic paper demand (tonnes)



European industrial coatings (litres)



Sources: Statista, Advancy, S&P Global, Orr Boss Global Coatings Market January 2023.



Talc

Talc performance

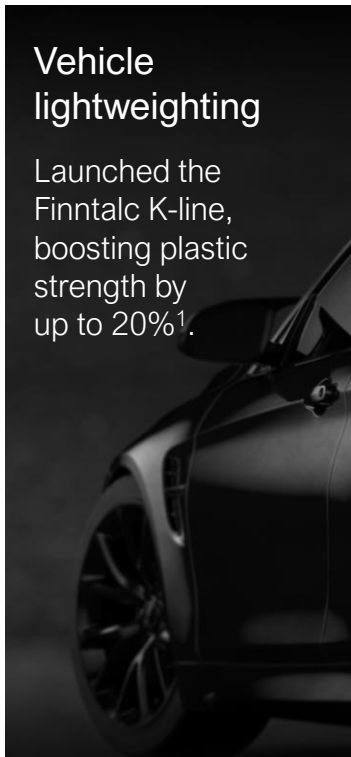
Further progress expected in 2024

Focus on high value segments

Actions in progress

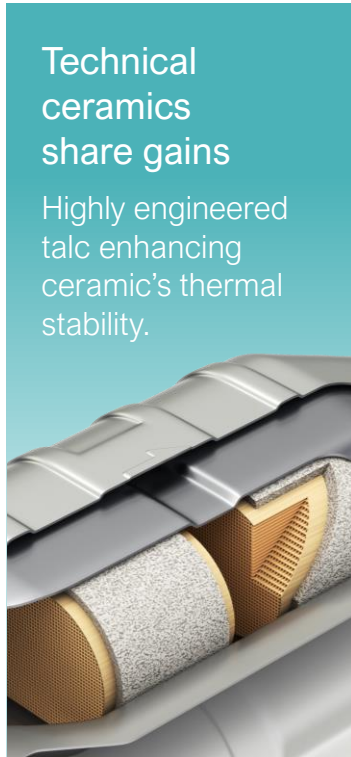
Vehicle lightweighting

Launched the Finntalc K-line, boosting plastic strength by up to 20%¹.



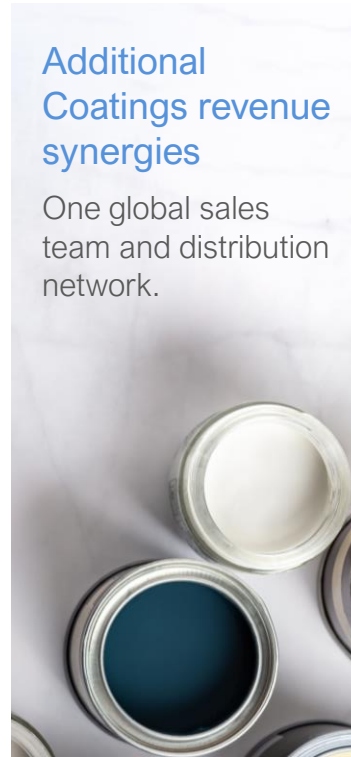
Technical ceramics share gains

Highly engineered talc enhancing ceramic's thermal stability.



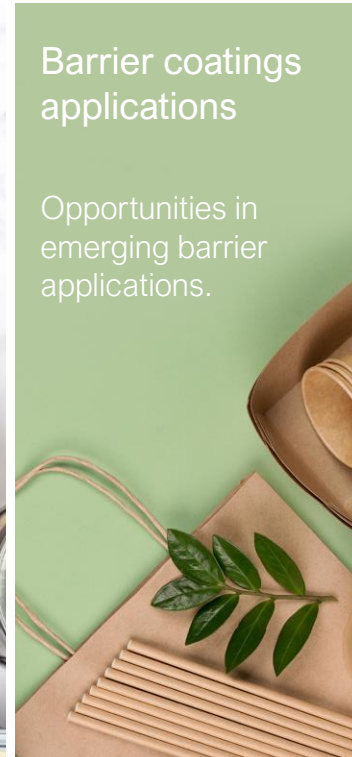
Additional Coatings revenue synergies

One global sales team and distribution network.



Barrier coatings applications

Opportunities in emerging barrier applications.



- Execute further efficiencies under announced cost programmes
- Ongoing price optimisation
- Deliver imminent NBOs, c.\$4m in technical ceramics

\$50m
new business pipeline

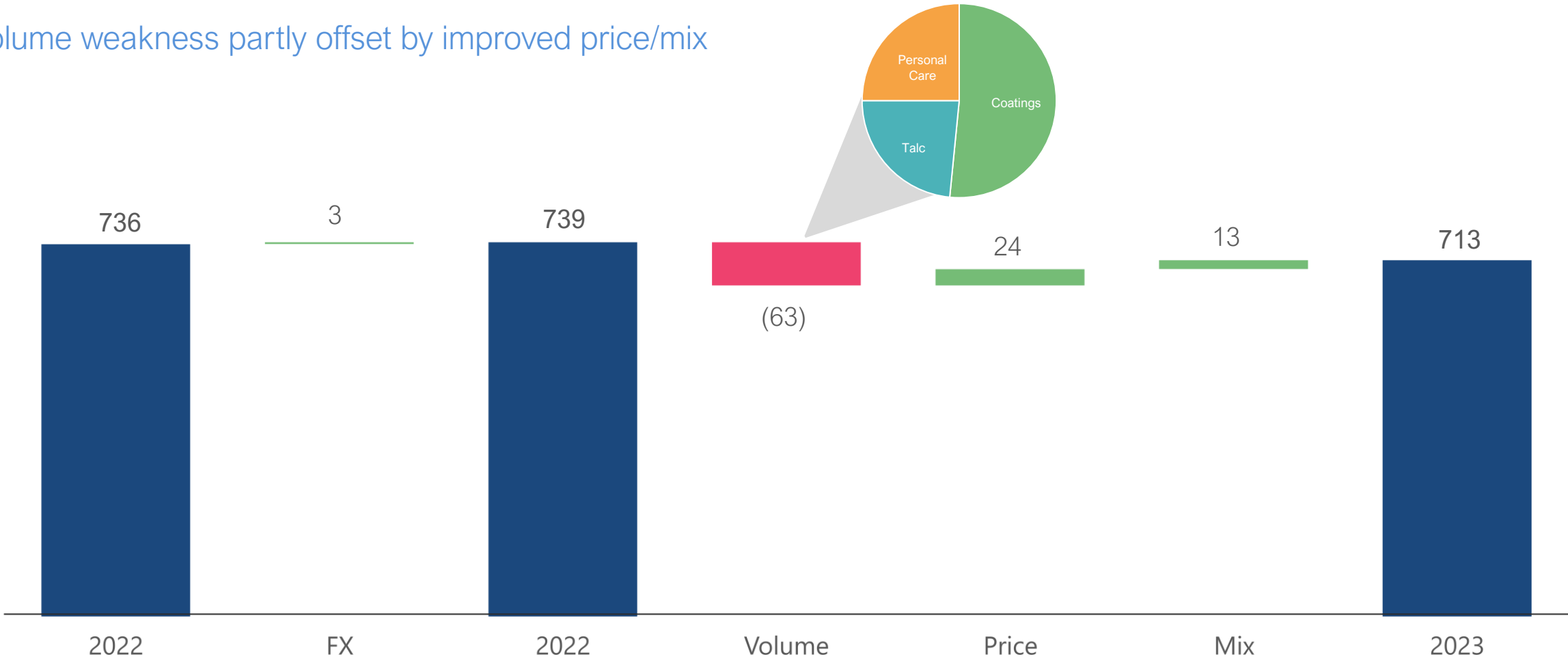
Note: 1. Elementis insight.

Group financials

Ralph Hewins, CFO

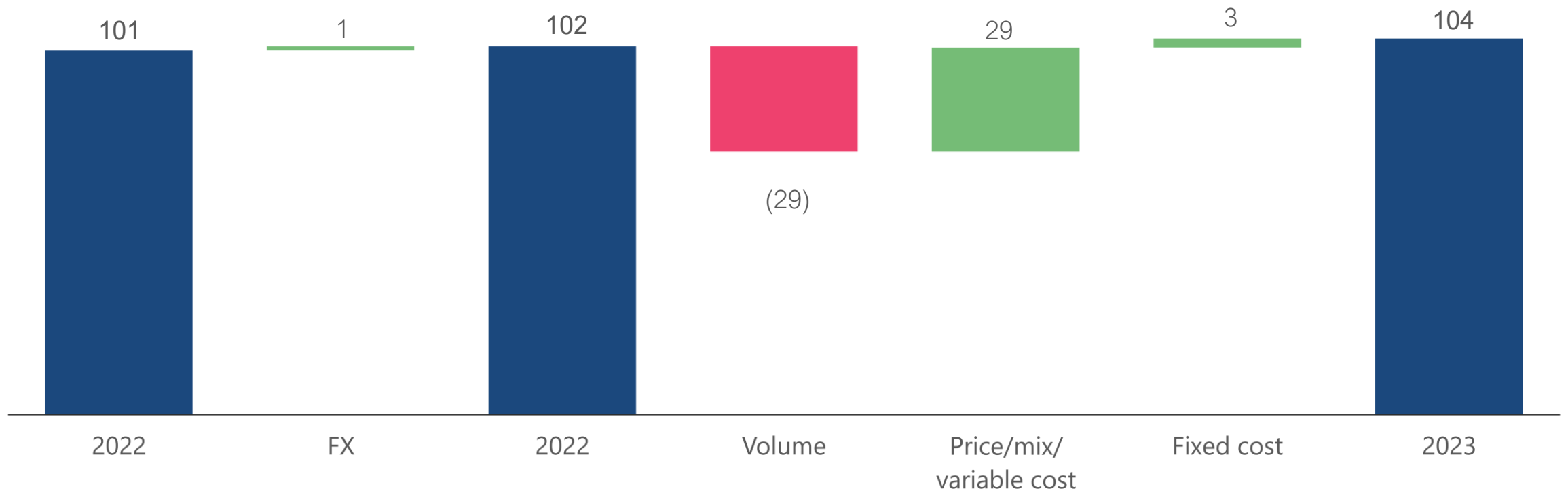
Group revenue (\$m)

Volume weakness partly offset by improved price/mix



Group operating profit (\$m)

Profit resilient, supported by self-help actions



Note: Totals may not cast due to rounding.

Continued focus on efficiency



\$10m cost savings in 2023

- \$4m Chromium stranded costs removed
- \$1m Talc / Coatings synergies
- \$5m of continuous improvement, procurement, cost management



Additional \$30m cost savings in 2024/2025

- \$20m Fit for the Future organisational restructuring
 - Portugal R&D/support centre on track
 - Financial outsourcing on track
- \$10m procurement and supply chain efficiencies
 - AP Actives plants consolidation
 - Continuous improvement

Cash flow

Strong second half working capital performance

\$m	2022	2023
EBITDA	142	146
Change in working capital	(43)	2
Capital expenditure	(33)	(38)
Operating Cash Flow	66	110
Pensions	(1)	(3)
Interest	(14)	(18)
Tax related payments	(13)	(27)
Other	(12)	(18)
Free Cash Flow	25	44
Acquisitions and disposals	-	139
Currency fluctuations	10	(6)
Discontinued operations	(2)	(12)
Net Cash Flow	34	165
Net debt	367	202
Net debt/EBITDA ¹	2.2x	1.4x

Working capital inflow \$49m in H2 2023, reflecting normal seasonality and improved inventory levels

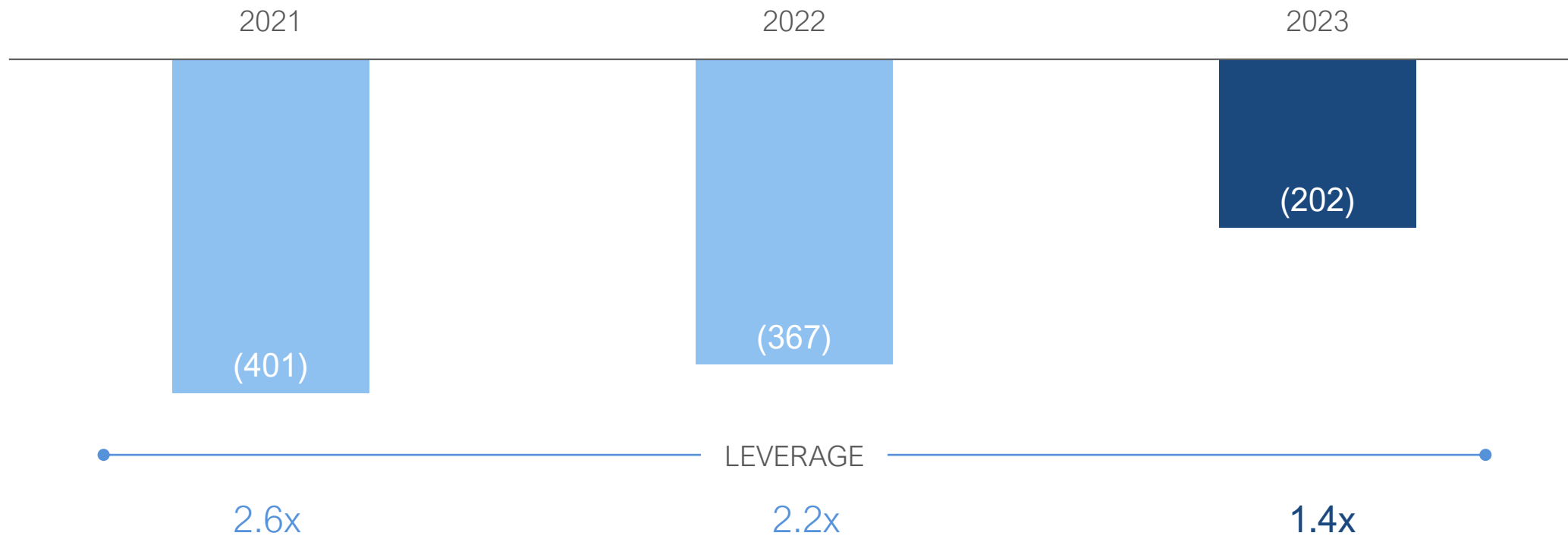
Higher tax payments reflect tax on disposal of Chromium and reduced tax attributes

\$139m Chromium disposal proceeds

Notes: 1. Adjusted EBITDA excl. IFRS 16. Table may not cast due to rounding.

Material improvement in financial leverage

Net debt to EBITDA evolution (\$m)¹



Note: 1. Excluding finance leases on a pre IFRS 16 basis.

Disciplined capital allocation

Priorities for sustainable growth and shareholder returns



Organic growth

Capex c.\$40m p.a. focusing on growth and productivity



Progressive dividend

Dividend reinstated - 2023 final dividend of 2.1 cents



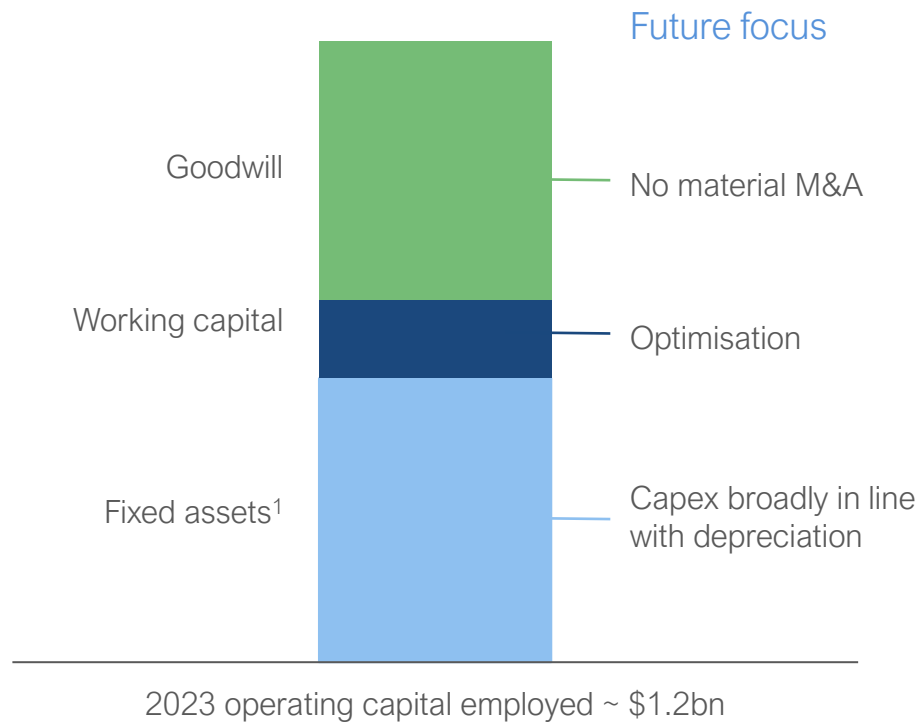
Additional returns

Potential for additional shareholder returns

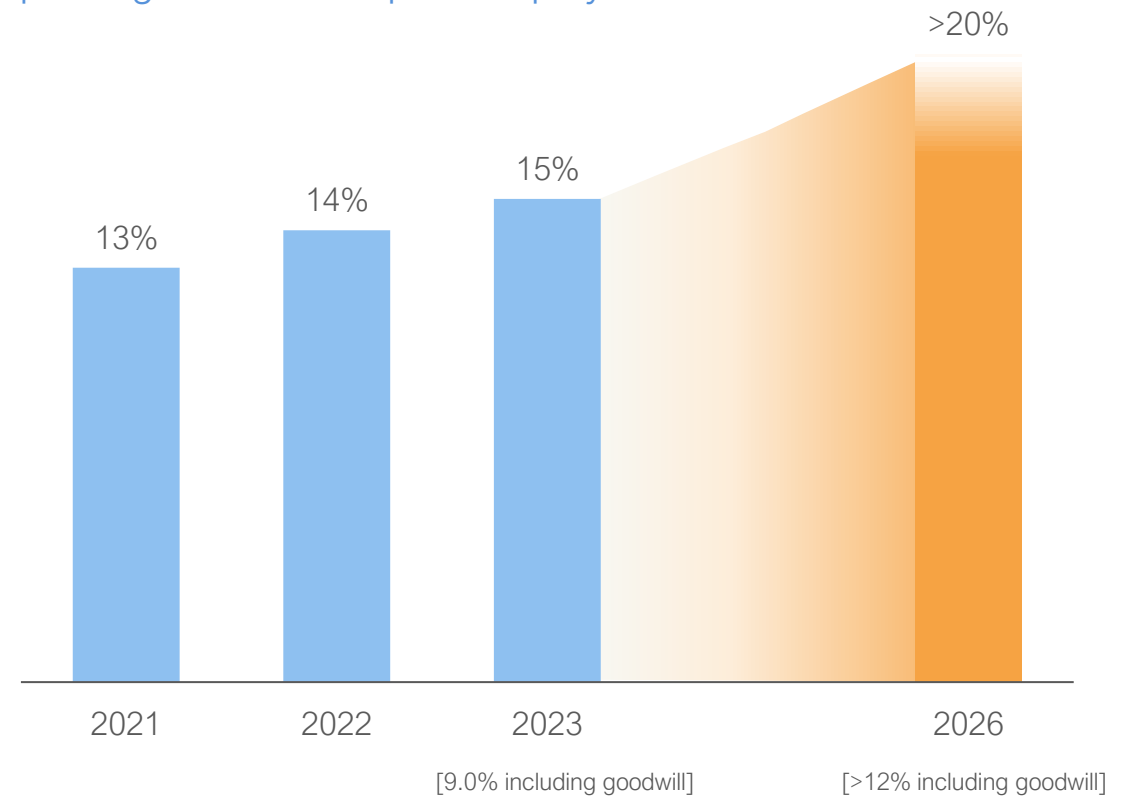
Return on capital employed

Targeting >20%, driven by capital discipline and earnings growth

Disciplined capital allocation



Improving return on capital employed

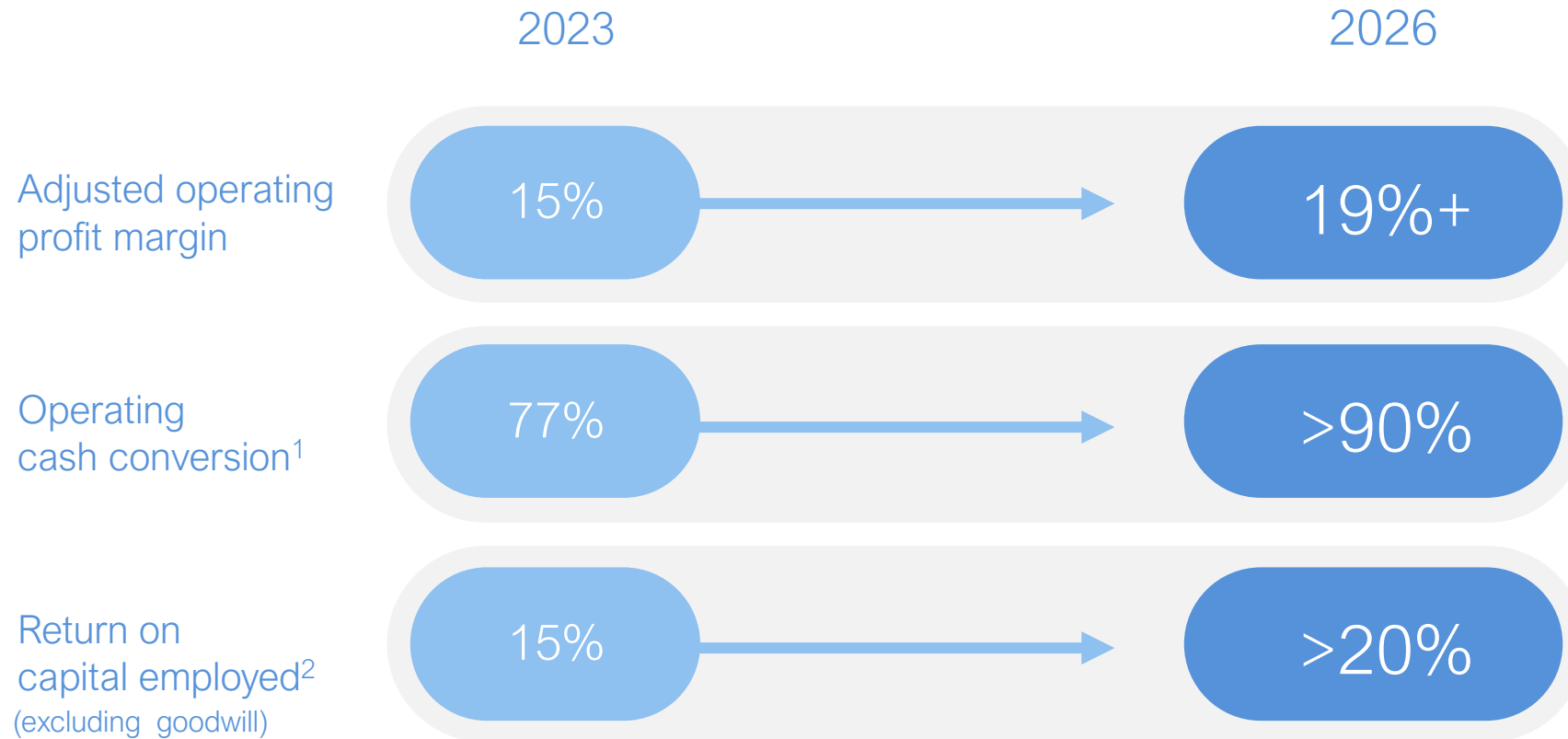


Note: 1. Fixed assets includes operating provisions.

Strategic priorities and outlook

Paul Waterman

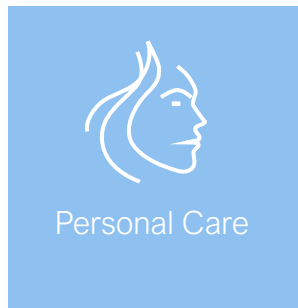
2026 financial targets



Notes: 1. Operating cash conversion is calculated as a three-year average. Annual cash conversion: 2023 of 106%, 2022 of 55% and 2021 of 70%.

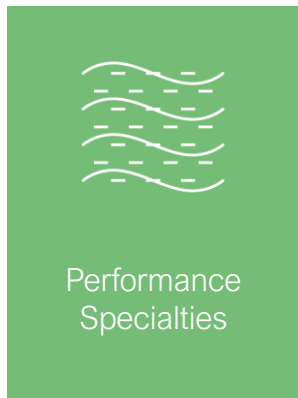
2. ROCE: 2026 of >12% including goodwill, 2023 of 9% including goodwill.

\$90m above market revenue growth



Skincare	Natural solutions to replace synthetic ingredients
Colour cosmetics	Skinification, individualisation, speed-to-market
Antiperspirants	High-efficacy and natural products

9	15+	\$45m
joint development projects	new products launched by 2026	new business ¹ 2024-2026



Architectural coatings	Expand share in premium segment
Industrial coatings	Expand sustainable coatings
Adhesives, sealants & construction additives	Offering more sustainable product solutions
Talc	Gain share in selected target segments

19	35+	\$100m
joint development projects	new products launched by 2026	new business ¹ 2024-2026

Note: 1. New business pipeline represents gross potential.

Efficiency: \$30m cost savings by 2025



Fit for the future
organisational
restructuring

\$20m
annual savings

\$7m in 2024
\$13m in 2025



Global Supply Chain
and Procurement
programmes

\$10m
annual savings

\$5m in 2024
\$5m in 2025

Outlook

Good start to the year, demand environment remains uncertain

Growth underpinned by \$360m of NBO pipeline and 15 new products in 2024

Continued self-help - pricing actions to defend margins

Efficiency programme on track, \$12m of cost savings in 2024

Focused on CMD objectives delivery

Q&A

Appendices

Business model and differentiators

FY 2023 technical guidance

Adjusting items

Net debt: IFRS 16 reconciliation



Business model and differentiators

Business model

- Two focused businesses
- Integrated model
- Customer centric and innovation focus
- Sustainable solutions
- Strong cash generation

Differentiators



Formulation expertise

Holistic optimisation of formulation to achieve desired functionality and end product performance



Rheology

Critical to end product performance - makes ingredients work together



Hectorite

Natural white clay mineral, with superior rheology in water and oil-based systems

Tax charge and 2024 technical guidance

Tax charge

\$m	2022	2023
Adjusted tax charge	16.1	19.9
Tax charge: adjusting items	(8.3)	(8.4)
Reported tax charge	7.8	11.5
Adjusted tax rate ¹	20.0%	23.5%

Notes:

1. Impact on continuing operating profit.

2. Excludes Other Expenses of c.\$2m (2023 and 2024) related to pension administrative costs.

2024 technical guidance

P&L items

- Depreciation of c.\$40-45m (of which c.\$5.0m is IFRS 16 related)
- Amortisation of c.\$15m (of which majority is amortisation of acquired intangibles)
- Net finance costs² of c.\$24m (2023: \$17m)
- Adjusted effective tax rate of c.26%

Cash

- Interest of c.\$21m (2023: \$18m)
- Capex of c.\$40m (2023: \$38m)

Adjusting items

\$m Expense/(Income)	2022	2023
Amortisation of intangibles arising on acquisition	15	13
Environmental provisions	(4)	6
Business transformation/other	5	26
Impairment (Goodwill/PPE)	126	-
Net P&L adjusting items¹	142	45

2023 cash component of adjusting items of c.\$6m (2022: \$5m)

Environmental provisions increase offset by discount rates

Note: 1. Impact on continuing operating profit

Net debt IFRS 16 reconciliation

2023	Pre-IFRS 16 Basis	Post-IFRS 16 Basis
Bank loans and overdraft	(268)	(268)
Lease liabilities	-	(36)
Cash and cash equivalents	66	66
Net Debt	(202)	(238)
Adjusted operating profit on total operations	104	104
Add: Depreciation and amortisation on total operations	56	56
Less: Amortisation in adjusting items on total operations	(13)	(13)
Less: Lease payments on total operations	(7)	-
Adjusted EBITDA on total operations	140	147
Net Debt/EBITDA ratio	1.4x	1.6x