

Elementis 2026 Half Year Results

Thursday, 30th July 2026

Introduction and Highlights

Luc van Ravenstein, CEO, Elementis

Welcome. Good morning. Thank you for joining us. I am Luc van Ravenstein, CEO of Elementis, and you know Kath, our CFO. It is great to share Elementis' results for the first half of 2026. There are a lot of good things happening.

Agenda

Here is a summary of the progress at H1. Kath will then cover the financials. I will then talk about how we are driving growth. Then there will be a Q&A at the end. Let us get straight into it.

Strong H1 performance

Sharpened focus as a 'pure-play' in specialty chemicals

It is a strong performance. One year into Elevate Elementis, a strategy we launched last year, we are making great progress on all fronts. Revenue up 5% at organic constant currency, profit up 16%, a significant increase, and margins at 23%.

In terms of portfolio, we are making great strides. We completed the pharma sale in June and started a share buyback. We acquired Alchemy, a fast-growing, high-margin skincare business. We now have the right portfolio, an excellent global manufacturing footprint that gives us supply resilience, so we can fully focus on growth.

This all means we are confident of meeting expectations for 2026 full year. The order book into Q3 is solid, and that is in mixed markets.

New Elementis

High-quality pure-play specialty chemicals business

This is the new Elementis. You can see the transformation over the last years. We have sold Talc, chromium, and pharma. This gives us a unique high-quality portfolio. Elementis today is a pure-play specialty chemicals leader in large and growing markets.

Additives are a small part of formulations, typically 1% to 2%, but they are critical for performance. So think strong margins.

Also think growth. We focus on areas that make us special and where we can win. That is hectorite, rheology and formulations.

Rheology is critical for our customers' products. That is about getting the right stability and texture. Hectorite is a unique and versatile mineral that enhances performance in a wide range of applications. Our formulations are the expertise we have built up over a long period for our customers. That is our secret sauce.

Elevate Elementis strategy is on track Strategic priorities and financial ambitions

This is Elevate Elementis, the strategy we launched this time last year. We talked about three strategic priorities to create value:

- The first one is accelerating top line growth;
- The second is getting closer to our customers so we are their first choice; and
- The third one is creating a simpler and leaner Elementis.

We are taking big strides forward in all of these areas. I will come back to that later.

On the right side, you see our financial ambitions. We are now hitting a lot of these targets. Mid-single digit growth through the cycle. We are at 4.7% organic constant currency revenue growth.

Adjusted operating profit margins of 23% plus. We are there at the half year, but that does not mean it is job done. Kath will go into more details on this. Three-year operating cash conversion greater than 90%. We are at 95%. ROCE greater than 30%. We are getting very close there.

That is our priorities and our progress. It is early days, but the strategy is working. You see that in our numbers, but you also feel it when you talk to our Elementis colleagues. Our people know this is a special time here, and they feel the freedom to win.

Financial Performance

Kath Kearney-Croft, CFO, Elementis

Strong financial performance

Thank you, Luc, and good morning, everyone. Firstly, I would like to say we are pleased that we are able to present a strong set of financials in the first half.

A couple of housekeeping points around the presentation of the financials. Following the sale of the pharmaceutical manufacturing business, this is now reported as discontinued operations. The 2025 H1 P&L and cash flow figures have been restated for continuing operations and used for comparison purposes.

I wanted to briefly show and overview the key metrics for H1 2026. Most of these items we will cover in the following slides, so we would not go into detail here other than highlighting. Mid-single digit revenue growth contributed to strong growth in adjusted operating profit and a 140 basis improvement in margins.

In combination with lower net finance costs and a lower number of shares following the buyback last year and the start of the current share buyback, adjusted earnings per share was up 28.8% to \$0.085. We have experienced mixed conditions in the first half, but the team's focus on performance and delivery is evident, and we are starting to see the delivery of the Elevate Elementis strategy.

Group revenue

Strong performance in challenging market conditions

As we turn to look at Group revenue, you will see that despite the mixed backdrop, we have delivered a strong performance with overall revenue up 9.4% on a reported basis and 4.7% on an organic constant currency basis to \$318.2 million.

Bridging from 2025, we had a favourable FX tailwind of approximately \$9.8 million. The contribution of Alchemy was \$3.5 million. Volumes were up \$16 million, primarily in Coatings, with strong demand in Asia and EMEA, partially offset by the weak demand environment in North America. The muted growth in Personal Care was also impacted in Americas due to isolated weak demand in Q1.

On pricing, we delivered \$6.8 million across both businesses, a testament to the specialty nature of our portfolio and ability to price accordingly in response to the inflationary impacts of the Middle East war.

Turning lastly to mix. This was down \$8.7 million, primarily in Coatings, as we see the benefit of our local-for-local strategy. For example, NiSATs in China. NiSATs are additives for premium decorative coatings. This strategy has benefited volumes, absolute profit, and margin improvement, but comparatively lower prices result in downward pressure on revenue mix.

In Personal Care, the negative mix was due to a product mix weighted towards lower price but higher margin products. We anticipate that we are slightly more weighted in H1 than recent years due to the strong Asia demand in both Personal Care and Coatings, and the timing of customer promotional activity in AP Actives alongside the ongoing macroeconomic uncertainty.

Group adjusted operating profit

Higher volume drop-through with margin growth supported by self-help actions

Moving on to operating profit. We delivered strong operating profit growth, which increased by 16.4% to \$73.2 million. Within this, we benefited from favourable FX of \$2.6 million and the contribution of Alchemy.

Higher volumes resulted in \$6.4 million drop-through to operating profit, representing a 40% drop-through. The net price/mix impact was broadly neutral after pricing offset inflationary cost increases.

Our ongoing self-help savings initiatives resulted in savings of \$1.3 million in the first half, bringing the total since Elevate Elementis was launched this time last year to \$7.3 million.

As part of the strategy, we also stated that we would invest an incremental \$6 million in R&D over 2026 and 2027. We started this in H1 with an additional spend of \$0.8 million and expect more to come in the second half. Taking the savings and incremental R&D spend together, the first half savings are a net \$0.5 million of the \$4 million we committed to in 2026. We are on track to complete this by year-end.

As noted earlier, our strong profit performance helped drive higher margins, increasing 140 basis points to 23%. The anticipated H1 weighting will moderate this margin in H2 and for the full year.

Now let us take a deeper look into the reporting segments.

Personal Care performance Strong revenue, profit and margin delivery

Starting with Personal Care. Revenue was up 2.9% on an organic constant currency basis to \$109.2 million, with strong growth in cosmetics, particularly in skincare in Asia. EMEA saw good growth, whilst North America growth was muted, particularly due to the isolated weaker demand in Q1.

AP Actives revenue was flat, with volume increases offset by mix due to a lower price product mix. In addition, there was the benefit of the Alchemy acquisition and FX tailwinds. Good progress was made in adjusted operating profit, with a 3.1% organic constant currency improvement, with pricing offsetting inflationary increases, improved profitability from product mix despite the downward pressure on revenue, and cost savings contributing. In addition, there was the benefit of the Alchemy acquisition.

The higher profits in turn helped to drive a higher margin, which was up 30 basis points to 38.1%. Compared to the reported margins last year, Personal Care now includes a circa 380 basis point improvement due to the sale of the pharmaceutical manufacturing business.

Lastly, on this slide, I wanted to highlight that Alchemy, acquired in November 2025, is performing well, fully integrated into Elementis and on track for sustainable double-digit growth. Progress is also being made with the wider portfolio.

Coatings performance Continued margin progression

Now moving on to the Coatings segment. We delivered a strong performance in revenue, particularly compared to the mixed market backdrop, with 5.6% organic constant currency growth to \$209 million.

We saw particularly strong growth in Asia and EMEA, partially offset by continued weak demand in North America, linked to weak construction activity. Our local-for-local strategy, which I referenced earlier, primarily benefited Coatings and especially our Asia and LATAM regions.

We also saw good growth in the energy sector, which was helped by the ongoing improvements in the last year at St. Louis. The combination of higher volumes, profitable mix, and cost savings has driven a strong profit and margin uplift in this segment, with organic constant currency operating profit up 18.7% to \$43.2 million and a 250 basis point increase in margins to 20.7%.

Disciplined cash generation while investing for growth

Taking a look at free cash flow. A key feature of this business is its strong cash flow generation, and I am pleased to report that we have continued to generate good free cash flow whilst investing for growth.

Looking at the key components, the seasonal working capital outflow in the first half has been driven by a combination of higher receivables and inventory. Higher receivables are due to the revenue growth, particularly in Q2, which was up circa 7%, alongside no factoring in June 2026 compared to \$16 million in June 2025.

Inventories are higher, reflecting raw material pre-buys and inflation linked to the Middle East conflict. However, we have had a specific focus on inventory in the last six months, and I am pleased to say that the quality of inventory mix has improved, and we continue to take actions to manage inventory closely.

CAPEX increased versus last year as we have continued to invest in growth CAPEX and complete our new Porto office and labs, which the team moved into last week. As a result of these movements, our adjusted operating cash flow was \$29.8 million compared to \$41.3 million last year.

As we move down the cash flow statement, it is worth calling out two items. Firstly, our cash taxes were higher due to an IRS refund in 2025 relating to a claim to utilise net operating losses for prior periods. Adjusting items were \$7.1 million lower following a lower level of restructuring, implementing Elementis' simplification and leaner strategy, for which actions have finished at the end of H1. There will be some P&L charges in H2 and cash outflow in H2 and 2027.

In addition, we sold the Middletown site in New York, which was closed in 2024, resulting in a circa \$3.5 million net cash inflow for the half.

Robust balance sheet gives capital allocation optionality Net debt to EBITDA ratio improved

Our balance sheet remains robust, and net debt has reduced to \$163.8 million and 1.1 times leverage. Looking at the key movements from left to right, we started the year with a net debt balance of \$185.4 million. Adding back the free cash flow generated of \$13.3 million, as well as the \$32.7 million of the combined net proceeds from the sale of the pharma manufacturing business and its cash outflow during our ownership. We had an increase in cash available for distribution of \$46 million. Of this amount, we used \$6.7 million to repurchase shares, \$4.1 million from the share buyback programme started in early June, and the remainder for the purchase of 1.3 million shares by the employee share options trust.

The 2025 final dividend was paid in May, and there is a small FX impact on net debt. The share buyback programme is ongoing, and we expect to finish towards the end of the year or early next year.

Capital allocation

Now turning to capital allocation. Our aim is to maximise return on invested capital while maintaining a strong balance sheet and strategic optionality. In relation to investments, our CAPEX programme continues to be focused on investing for growth and productivity. We are continuing to invest in R&D and are in progress to increase total spend from 2% of revenue to 3% by the end of 2027.

To complement these organic growth investments, we will selectively pursue bolt-on acquisitions, and we continue to look for opportunities in this area, whilst being mindful of our Elevate Elementis targets.

Return on capital employed at the end of June was 29.4%, a 100 basis point improvement on the prior year continuing operations ROCE and close to our minimum 30% target.

On dividends, our policy is for a payout ratio of around 30% of adjusted earnings on a full-year basis. As we announced this morning, the Board has approved an interim dividend of \$0.015, representing a 15.4% increase on last year.

In considering future additional returns, we will assess several factors, including prevailing market conditions, our existing progressive dividend policy, the investment requirements of the business, and our desire to maintain leverage at around 1 times net debt to EBITDA over time, which we continue to anticipate we will achieve by the end of 2026.

I would now like to hand you back to Luc, who will take you through the rest of the presentation. Thank

you.

Elevate Elementis

Luc van Ravenstein, CEO, Elementis

Generate value with our winning differentiators

Thank you, Kath. I am going to get into the three priorities for our strategy, Elevate Elementis:

Growth; Customers; and a leaner platform to move forward.

Before I do, let me come back to why Elementis is unique, and these are the winning differentiators that I mentioned before.

Going from right to left, formulation solutions. This is our expertise we have built up over years for our customers' formulations. It is about how we deliver value to help our customers day in, day out, make better cosmetics or paints.

Then rheology, where Elementis is the global leader. We have the broadest portfolio in the industry. This is about two-thirds of our business, and it is a crucial component of any formulation.

Then Hectorite. It is unique, highly efficient. It is very versatile. It is being used in mascara, drilling muds, lipsticks and self-levelling coatings. That is the red piece of the pie underneath. It is now one-third of our sales, and that is good for our margins. Also hectorite has given us exciting growth. What is so special about it?

Hectorite: a unique source of value creation Double-digit revenue growth through the cycle

Hectorite is natural, pure and unique. I would not go through all of these benefits here, but we are confident that hectorite will deliver double-digit growth through the cycle. This is why.

We have a unique access to pure hectorite. We own the largest commercially viable, high-grade deposit in the world. Our current known resources will last for more than 50 years, and this is a competitive advantage to us.

It is not an asset only. We do not typically sell straight hectorite. We formulate it, blend it, and this is where we innovate and add value. We are building three-in-one systems to bring together rheology with other functional additives, such as skincare, for example. So customers get easier-to-use products.

Also hectorite has a unique composition that allows us to get into a lot of new and exciting opportunities, also outside of Coatings and Personal Care. For example, it removes PFAS, the forever chemical, from wastewater. We have demonstrated on a pilot scale that it is highly efficient. That is a snapshot of hectorite. We are just scratching the surface here on hectorite, and we are going to do much more of this.

H1 progress against Elevate Elementis Driving our three priorities

These are our three strategic priorities. We have some key deliverables to advance in these three areas. Let me talk you through them.

Accelerate sustainable growth Significant addressable market and accelerating Hectorite launches in skin and suncare

Let us start with growth. I want to give you a feel for how hectorite launches are driving growth, because we are always obsessing about finding new applications. A great example is skincare. This is a large market, \$800 million for rheology, and sustainability is critical here.

Premium textures are a sweet spot for hectorite. A few years ago, we had hardly any sales here, so we invested in resources. We hired sales and R&D people from the skincare industry that talk our customer's language. We launched new products such as HYDROCLAY that are a great fit for this application. Last year we had about 3% share here, so plenty of room to grow.

This year we have seen a significant uptick. We have had a sales increase by 12% in the first half, but maybe even more exciting is the amount of end products launched, including hectorite, that jumped up by 25%. There were more than 800 new skincare and sun care products on the shelves in H1 that include our hectorite, and that is a great leading indicator for expected sales.

We brought some samples for you, self-tanning cream that includes hectorite. Think of that as an early Christmas present.

We developed that with a regional champion. We benefit from our local-for-local model. We have got great customer relationships, and this has gone from zero to millions in one year.

First choice for customers OTIF and St. Louis progress

First choice for customers. This is something that is critical to accelerate growth. We want to be best-in-class in terms of service levels for our customers.

Let me come back to the targets we set last year. There were two areas that needed our attention, OTIF, on-time, in-full, improving that performance, and St. Louis, our biggest site in the US, where we make organoclays.

One year on, this is a snapshot of the early benefits. On OTIF, at the end of 2024, we were at 76%. We moved it up to 88% this H1, so we are getting close.

On St. Louis, we have made leadership changes to add know-how. We are applying best practices from other sites. That is not rocket science, but it is working. About 99% of our production is right first time now. That is a big improvement, and it supported our growth. It is critical for the confidence of our people on the road with customers. A great example is CHARGUARD. That is a product that stops wires and cables from burning by preventing dripping.

You see an image on the right-hand side here. This is a totally new application coming out of St. Louis. It has generated \$1.5 million of business in H1, and it is all self-help.

Simpler, leaner Elementis Simplification, agility and speed of execution

The focus for us is on sustainable growth, but there was also a significant opportunity to simplify Elementis, making it a leaner, more agile company.

The structure now is leaner. For example, a much smaller top management team, but we also streamlined several functions. On the other hand, we have invested in growth, particularly in innovation and sales. The net cost savings were about \$0.5 million towards our target of \$4 million for the year.

That is a run-through of how this Elevate Elementis programme works in practice. We are very excited by the early results we are seeing.

Summary and outlook 'New Elementis' coming through in our performance

We will bring this all together. This is a strong performance in H1. We are on track for Elevate Elementis. We are now a pure-play leader in specialty chemicals, and you see that coming through in our results. We are confident of hitting our full-year 2026 expectations, and that is in spite of mixed markets.

Let me end where I started: growth. I said earlier, people ask me what makes us different? They ask me what about our growth agenda? That is exactly what we will get into for our Product Innovation Day. Date in the diary is 3rd November. It is at our new state-of-the-art lab in Porto, Portugal.

We want you to get a better feel for how Elementis will accelerate growth. We will go deeper into how our products work, innovation, how we work with our customers and we partner up with them. It is also a great opportunity for all of you to meet our teams.

With that, we will take your questions.

Thank you very much.