ELEMENTIS’ PROPOSED $600m ACQUISITION OF MONDO MINERALS
LEADING INTEGRATED PRODUCER OF INDUSTRIAL TALC ADDITIVES

June 2018 | London
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ACQUISITION OF A HIGH QUALITY GROWTH PLATFORM

A SCARCE HIGH QUALITY BUSINESS WITH SUSTAINABLE POSITION

- Sustainable competitive advantage based on distinctive assets and low cost operations
- Proprietary purification technology and processing expertise
- Compelling innovation pipeline

ATTRACTIVE GROWTH POTENTIAL AND MARGINS

- Industrial talc market expected to grow at c. 7% per annum through to 2023¹
- Mondo EBITDA of margin 25%; accretive to Elementis’ margins
- Highly cash generative

A COMPLEMENTARY COMBINATION

- Mirrors Elementis’ hectorite value chain
- Mission critical additives that are a low percentage of customers’ costs
- Enlarged presence in Coatings with combination upsides

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¹ Source: Company market study
² For year ended 31 December 2017. Mondo definition of EBITDA may not be comparable to definition used by Elementis or other companies.
Mondo Minerals at a glance

**HIGH QUALITY NATURAL RESOURCE**
4 operating mines in Finland

**STRATEGIC PLANT POSITIONS**
Located in Finland and Holland

**ATTRACTION MARKETS**
Diverse applications

**COATINGS**

**PLASTICS**

**OTHER DIVERSIFIED**

**PAPER**

Enhanced Performance Through Applied Innovation
Mondo Minerals overview

A LEADING INTEGRATED PRODUCER OF INDUSTRIAL TALC ADDITIVES

INTRODUCTION TO MONDO MINERALS

- Integrated producer of industrial talc additives with #2 position globally¹
- Expertise in talc transformation and proprietary purification processes
- Talc brings valued properties: hydrophobicity, light weight strength, inertness
- Transformation from Finland Paper focus to diversified industrial customer base accomplished

2017 SALES BREAKDOWN

- COATINGS 27%
- PLASTICS 29%
- OTHER DIVERSIFIED 23%
- PAPER 21%

SUMMARY FINANCIALS

EBITDA (€m) / EBITDA margin (%)

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>EBITDA</td>
<td>29</td>
<td>31</td>
</tr>
<tr>
<td>EBITDA margin</td>
<td>24%</td>
<td>25%</td>
</tr>
</tbody>
</table>

1. Source: Company market study

Source: Mondo. Excludes €2m of Other Minerals sales

Source: Mondo. Mondo definition of EBITDA may not be comparable to definition used by Elementis or other companies.

Enhanced Performance Through Applied Innovation
Attractive growth markets
FOCUS ON INDUSTRIAL TALC ADDITIVES

TRANSFORMATION TO DIVERSE INDUSTRIAL MARKETS
Mondo gross talc sales split by end market (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Plastics</th>
<th>Coatings</th>
<th>Other Diversified</th>
<th>Paper</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>12%</td>
<td>25%</td>
<td>21%</td>
<td>41%</td>
</tr>
<tr>
<td>2017</td>
<td>29%</td>
<td>27%</td>
<td>23%</td>
<td>21%</td>
</tr>
</tbody>
</table>

Source: Mondo. Excludes Other Minerals sales

INDUSTRIAL TALC IS A GROWTH MARKET
Addressable talc market sales (€bn)

Industrial talc addressable market
2017-2023E CAGR

Source: Company market study

HIGHLIGHTS
MONDO OVERVIEW
AN ADVANCED BUSINESS
COMPLEMENTARY COMBINATION
FINANCING & PROCESS
Q&A

Enhanced Performance Through Applied Innovation
Structurally advantaged business

EFFICIENT INDUSTRIAL FOOTPRINT – LOW COST EUROPEAN PRODUCER

ADVANTAGED HIGH QUALITY RESERVES
- Large scale reserves in Europe
- c. 90% of ore from own reserves

EFFICIENT INDUSTRIAL FOOTPRINT
- All mining outsourced to mitigate operational risks
- Well invested, high quality asset base
- Optimised upstream logistics: plants adjacent to or in close proximity to reserves

GLOBAL LOGISTICS ADVANTAGE
- Direct water access in Amsterdam
- Cost effective route to global markets

Source: Mondo
Proprietary flotation process know-how

DELIVERS CONSISTENTLY HIGH PRODUCT QUALITY AT AN ATTRACTIVE COST

PROPRIETARY FLOTATION PROCESS

- Proprietary talc flotation developed since the 1960s
- Multi-stage separation and purification process separates talc from other minerals
- Reagent processes to make talc hydrophobic and facilitate separation
- Air bubbles injected, pushing targeted minerals to the surface

FLOATATION OVERVIEW

CUSTOMER BENEFITS

- Allows precise control over talc performance properties
- Systematically achieves consistent quality – c. 97% purity
- Produces high purity additives for high value applications

Source: Mondo
Compelling innovation pipeline

STRONG INNOVATION TRACK RECORD AND ATTRACTIVE PIPELINE

HIGH ASPECT RATIO (HAR) TALC

Need for lighter weight vehicles to decrease CO2 emissions and increase vehicle range

HAR talc improves plastics weight / stiffness ratio, supporting substitution of metal with plastics

Commercialisation in progress

BARRIER COATINGS

Need for sustainable coatings in food packaging

New talc based solution to replace oil/plastic based coatings and facilitate recycling

Increasing traction with customers
Mirrors Elementis’ hectorite value chain

OPPORTUNITY TO LEVERAGE ELEMENTIS’ EXPERTISE ACROSS THE VALUE CHAIN

OWNERSHIP OF UNIQUE RESOURCE

PROCESSING EXPERTISE

FORMULATION EXPERTISE

KEY ACCOUNT MANAGEMENT

COATINGS

PERSONAL CARE

ENERGY

MONDO

PLASTICS

LIFE SCIENCES

TALC

HECTORITE

ELEMENTIS

HIGHLIGHTS

MONDO OVERVIEW

AN ADVANTAGED BUSINESS

COMPLEMENTARY COMBINATION

FINANCING & PROCESS

Q&A

Enhanced Performance Through Applied Innovation
Complementary customer proposition

VALUE ADDED PRODUCTS THAT FORM A SMALL PART OF CUSTOMER FORMULATION COSTS

TALC IS BASED ON VALUE ADDED PRICING

Average selling price (per tonne) by product – indexed to 100

1. **Product Category 1**
   - c. 70
   - Price drivers: filler effect

2. **Product Category 2**
   - c. 200
   - Price drivers: consistency, purity

Average Mondo talc selling price: 100

TALC IS A SMALL PART OF CUSTOMER COSTS

Average indicative percentage of customer formulation cost

- ~ 6% on average

Source: Mondo

Source: Company market study
Complementary **end markets**

OPPORTUNITY TO LEVERAGE ELEMENTIS’ GLOBAL FOOTPRINT IN COATINGS

**SCALE**

- Combined c. $400m of Coatings sales\(^1\)

**KEY ACCOUNT MANAGEMENT**

- Opportunities to increase share of wallet and grow outside of Europe

**INNOVATION**

- Combined expertise and resources to unlock new formulation opportunities

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**2017 COATINGS SALES BY REGION**

![Bar chart showing sales by region](chart)

- **Asia**
- **Americas**
- **EMEA**

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1. For year ended 31 December 2017. Mondo Coatings sales of €33m converted to US dollars at an exchange rate of $1.20 per €1.00. Estimates only and subject to change.

Source: Elementis, Mondo
**Enhanced returns**

COMBINATION ACCRETIVE TO ELEMENTIS’ MARGINS

**A LEADING INDUSTRY MARGIN PROFILE**

*EBITDA margins (2017)*

<table>
<thead>
<tr>
<th>Chemicals Index</th>
<th>Mondo</th>
</tr>
</thead>
<tbody>
<tr>
<td>18%</td>
<td>25%</td>
</tr>
</tbody>
</table>

**ACCRETIVE TO ELEMENTIS MARGINS**

*EBITDA margins (2017)*

<table>
<thead>
<tr>
<th>Elementis</th>
<th>Mondo</th>
</tr>
</thead>
<tbody>
<tr>
<td>19%</td>
<td>25%</td>
</tr>
</tbody>
</table>

Source: Mondo, annual reports of respective companies
Chemicals Index calculated as average of underlying EBITDA margins as reported by AkzoNobel, Arkema, Clariant, Corbion, Croda, DSM, Forbo, Givaudan, Imerys, J. Matthey, Kemira, Lanxess, Lonza, Umicore, Solvay, Symrise, Synthomer, Vesuvius. Mondo definition of EBITDA may not be comparable to definition used by Elementis or other companies.

Source: Elementis, Mondo
Another step in portfolio transformation

CREATING A HIGHER QUALITY, HIGHER MARGIN GROUP WITH ATTRACTIVE GROWTH POTENTIAL

**ELEMENTIS PORTFOLIO TRANSFORMATION**

*Sales in $m*

- **US Colourants, Surfactants business disposals**
- **Step change in Personal Care materiality with successfully integrated 2017 SummitReheis acquisition**
- **Proposed complementary acquisition of Mondo**

### HIGHLIGHTS

**MONDO OVERVIEW**

**AN ADVANTAGED BUSINESS**

**COMPLEMENTARY COMBINATION**

**FINANCING & PROCESS**

**Q&A**

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**Source:** Elementis, Mondo

Note: 2017 sales adjusted to include 12 months of SummitReheis and Mondo; and to exclude Surfactants. Mondo Sales of €122m converted to US dollars at an exchange rate of $1.20 per €1.00. Estimates only and subject to change.

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- Enhanced Performance Through Applied Innovation
ATTRACTION EARNINGS AND VALUE CREATION OPPORTUNITY

**TRANSACTION TERMS**
- Enterprise value of $600m on cash free, debt free basis
- Equivalent to c. 13x EBITDA\(^1\)

**FINANCIAL IMPACT AND VALUE CREATION**
- Expected to be immediately accretive to Elementis’ margins and growth profile
- Accretive to adjusted earnings per share from first full year
- After tax returns exceeding weighted average cost of capital within first four years
- Attractive free cash flow generation supports Elementis’ balance sheet strength
- Opportunity to accelerate growth of both Elementis and Mondo and deliver modest pre-tax cost synergies

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1. Based on actual Jan-May 2018 EBITDA (annualized) including run-rate of modest pre-tax cost synergies.
Acquisition to be financed from a combination of new debt facilities and c. $280m rights issue underwritten on a standby basis at announcement

New debt will also be used to refinance Elementis’ and Mondo’s existing debt facilities

Enlarged Group’s net debt / EBITDA post-acquisition expected to be c. 2.75x at transaction close¹, with strong combined cash flow generation to drive material deleveraging profile

Acquisition will be a Class 1 transaction under the Listing Rules for Elementis and is therefore subject to the requirements of a Class 1 transaction, including being conditional upon the approval of Elementis’ shareholders

Elementis expects to publish a shareholder circular in connection with the acquisition and prospectus in connection with the rights issue in August 2018

Completion expected to take place by the end of the third quarter of 2018 following shareholder approval, rights issue and receipt of anti-trust / works council clearances

1. Estimates only and subject to change
Elementis & Mondo Minerals: winning combination

STRENGTHENS ELEMENTIS’ POSITION AS A HIGHER QUALITY, HIGHER MARGIN COMPANY WITH ATTRACTIVE GROWTH POTENTIAL, CONSISTENT WITH OUR REIGNITE GROWTH STRATEGY
Questions