Capital Markets Day
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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.
INTRODUCTION

PAUL WATERMAN, CEO

INNOVATION | GROWTH | EFFICIENCY

Enhanced Performance Through Applied Innovation
Focus for today

INNOVATION  GROWTH  EFFICIENCY

MEDIUM TERM PERFORMANCE OBJECTIVES
<table>
<thead>
<tr>
<th>Time</th>
<th>Session</th>
<th>Presenter</th>
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<tbody>
<tr>
<td>2.40 PM</td>
<td>Innovation</td>
<td>Joe Lupia, SVP Technology</td>
</tr>
<tr>
<td>2.55 PM</td>
<td>Personal Care – White Space Opportunities</td>
<td>Marci Brand, SVP Personal Care</td>
</tr>
<tr>
<td>3.10 PM</td>
<td>Talc – Global Ambition</td>
<td>Christian Kather, SVP Talc</td>
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<tr>
<td>3.25 PM</td>
<td>Coatings – High Value Participation</td>
<td>Luc van Ravenstein, SVP Coatings</td>
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<tr>
<td>3.40 PM</td>
<td>Break</td>
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<tr>
<td>3.55 PM</td>
<td>Break out sessions</td>
<td>Personal Care – Sensory Bar</td>
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<tr>
<td></td>
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<td>Talc – Value Chain &amp; Application Overview</td>
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<td>Coatings – Innovation In Action</td>
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<tr>
<td>4.40 PM</td>
<td>Efficiency &amp; Simplification</td>
<td>Ajeeth Enjeti, SVP Strategy &amp; Transformation</td>
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<tr>
<td>4.55 PM</td>
<td>Financial Framework</td>
<td>Ralph Hewins, CFO</td>
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<tr>
<td>5.10 PM</td>
<td>Wrap up</td>
<td>Paul Waterman, CEO</td>
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<td>5.15 PM</td>
<td>Q&amp;A</td>
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A deeply experienced team
Values drive our culture & behaviour

**SAFETY**
Our Way of Life
We are committed to providing a safe environment for all.

**SOLUTIONS**
Creating Value for Our Customers
We make a difference through our expertise, responsiveness and focus on quality.

**AMBITION**
Passion for Excellence
We are innovative, courageous and driven in everything we do.

**RESPECT**
We Do the Right Thing
We care for our colleagues, customers, communities and environment.

**TEAM**
The Power of Collaboration
We work, grow and succeed together.
Safety first

IMPROVED SAFETY PERFORMANCE

<table>
<thead>
<tr>
<th>Injuries</th>
<th>TRIR</th>
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<tbody>
<tr>
<td>18</td>
<td>1.2</td>
</tr>
<tr>
<td>16</td>
<td>1</td>
</tr>
<tr>
<td>14</td>
<td>0.8</td>
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<tr>
<td>12</td>
<td>0.6</td>
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<tr>
<td>10</td>
<td>0.4</td>
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<tr>
<td>8</td>
<td>0.2</td>
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<td>6</td>
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Note: Total Recordable Incident Rate (incidents per 200,000 hours worked)

SAFETY IN ACTION

- New HSE information management solution
- Safety training & audits
- Capital investments to reduce/eliminate risk

Enhanced Performance Through Applied Innovation
Sustainability focus

SUSTAINABILITY ACHIEVEMENTS

Top 7% of global chemicals companies for CSR

FTSE4Good Member since 2009

Certified user of sustainable palm oil and member of RSPO

Full commitment

Above average performance

ELEMENTIS PRODUCTS ENABLING CHANGE

Natural personal care ingredients | Hectorite replacing synthetics

Reduced vehicle emissions | Talc for vehicle light weighting

Lower coatings VOCs | Additives enabling waterborne transition

Renewable energy production | Defoamers for bio-ethanol production
What we set out to do in 2016…

- **Pursue Best Growth Opportunities**
- **Pursue Supply Chain Transformation**
- **Innovate for High Margins & Distinctiveness**
- **Create a Culture of High Performance**
Progress since 2016

- **Pursue Best Growth Opportunities**
- **Pursue Supply Chain Transformation**
- **Innovate for High Margins & Distinctiveness**
- **Create a Culture of High Performance**

| 9% Global Key Account sales CAGR | 10% Cosmetics sales CAGR | Coatings portfolio improvement | Acquired global leaders in AP actives & Talc |
Progress since 2016

Pursue
Best Growth Opportunities

Pursue
Supply Chain Transformation

Innovate
for High Margins & Distinctiveness

Create
a Culture of High Performance

Exited disadvantaged assets – over $60m of proceeds

Global organoclay repositioning - $3m savings p.a

Acquired cost advantaged site in India

$30m working capital savings on track
Progress since 2016

- **Pursue Best Growth Opportunities**
- **Pursue Supply Chain Transformation**
- **Innovate for High Margins & Distinctiveness**
- **Create a Culture of High Performance**

- Transformed pipeline management process
- New skin care products
- Next generation Coatings products
Progress since 2016

- **Pursue**
  - Best Growth Opportunities

- **Pursue**
  - Supply Chain Transformation

- **Innovate**
  - for High Margins & Distinctiveness

- **Create**
  - a Culture of High Performance

- New leadership & talent management
- Globalised functions & businesses
- Coatings transformation
- New digital capabilities
Elementis today

- **Personal Care**
  - Rheology modifiers
  - AP actives
  - #1 Global Supplier

- **Coatings**
  - Rheology modifiers
  - High value additives
  - #1 Global Supplier

- **Talc**
  - Talc based additives
  - #2 Global Supplier

- **Chromium**
  - Chromium chemicals
  - #1 North America

- **Energy**
  - Rheology modifiers for drilling
  - #1 Global Supplier

~80% OF GROUP EARNINGS*

*Excluding corporate costs
Chromium & Energy

CHROMIUM – A STRONG CASH GENERATOR

- Sole producer in North America
- High return on capital
- Strong cash generation

ENERGY – AN INTEGRATED NICHE

- Leader in rheology modifiers - critical to drilling success
- Leverages integrated organoclay network
- Global technical expertise
A focus on premium performance additives…

Enhanced performance through applied innovation
…with a strong platform for growth
Our focus going forward

<table>
<thead>
<tr>
<th>INNOVATION</th>
<th>GROWTH</th>
<th>EFFICIENCY</th>
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<tbody>
<tr>
<td>Distinctiveness</td>
<td>Personal Care</td>
<td>Fit-for-purpose organisation</td>
</tr>
<tr>
<td>Materiality</td>
<td>Talc</td>
<td>Operational efficiency</td>
</tr>
<tr>
<td>Speed</td>
<td>Coatings</td>
<td>Digitisation</td>
</tr>
</tbody>
</table>
Medium term Group performance objectives

**MARGIN IMPROVEMENT**
Adjusted Operating Profit Margin
- Current: 15.2%
- Target: 17%

**CASH CONVERSION**
Operating Cash Conversion***
- Current: 83%
- Target: 90% plus

**DE-LEVERAGEAGING**
Net Debt / EBITDA
- Current: 2.8x*
- Target: Under 1.5x

* Last twelve months to 30 June 19  ** Last three year average  *** Calculated as (adjusted EBITDA – capex – working capital change) / adjusted operating profit
Elementis investment proposition

Transformed portfolio

Innovation focus

Material growth opportunities

Strong cash generation
INNOVATION

JOE LUPIA, SVP TECHNOLOGY

INNOVATION | GROWTH | EFFICIENCY

Enhanced Performance Through Applied Innovation
Innovation drives growth

<table>
<thead>
<tr>
<th>KPI</th>
<th>2016</th>
<th></th>
<th>2019</th>
<th></th>
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<tbody>
<tr>
<td><strong>DISTINCTIVENESS</strong></td>
<td></td>
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<td></td>
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<tr>
<td>Advantaged products in portfolio*</td>
<td>32%</td>
<td></td>
<td>45%</td>
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<tr>
<td><strong>MATERIALITY</strong></td>
<td></td>
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<tr>
<td>% of budget spent on top 10 projects</td>
<td>20%</td>
<td></td>
<td>35%</td>
<td></td>
</tr>
<tr>
<td><strong>SPEED</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average time from concept to market</td>
<td>2.5 years</td>
<td></td>
<td>1.5 years</td>
<td></td>
</tr>
</tbody>
</table>

* Classified as products that deliver improved performance, lower operational costs and enhanced sustainability to customers

Enhanced Performance Through Applied Innovation
Technology - Global reach, local presence
Accelerating in premium applications

INNOVATION IN PERSONAL CARE

Natural ingredients – clean solutions
- Innovating with nature
- 85% of portfolio - natural or naturally derived
  - Clean solutions

Bentone Luxe® – skincare
- Globally approved naturally derived gel
- Rheology & emulsification
  - Rapid global launch

AP Actives – innovation leadership
- Improved efficacy
- Pre blended actives
  - New gel formats

Mondana® – a touch of nature
- Pure talc ingredient
- 100% natural exfoliant
  - Gentle & effective skin treatment
Leveraging our capabilities

INNOVATION IN TALC

Innovating Faster
- Industrial & decorative coatings
- Boost stain & scrub resistance
- Wood coating benefits

Highly Delaminated Talc
- High end long life auto applications
- Lighter composites
- Electric vehicle enabler

Barrier Coatings
- Replacement of single use plastics
- Talc formulations for food packaging
- Sustainable recycling

Synergy in action
- Hectorite & Talc surface chemistry
- Unique surface modified Talc
- Energy applications
Performance & sustainability improvement
INNOVATION IN COATINGS

Waterborne Industrial
- Low VOC technology
- Environmentally friendly
- Delivers on performance

Rheolate® HX - premium decorative
- Novel one coat application
- Enhanced stain resistance
- Preservative free

Bio Cellulose – natural rheology
- Microfibrillated cellulose
- High performance
- Green and profitable

Disruptive creation
- New, safer coatings
- Isocyanate free
- New patented coating
Innovation Impact

NEW PRODUCTS AS % OF SALES

<table>
<thead>
<tr>
<th>Year</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>2025</th>
</tr>
</thead>
<tbody>
<tr>
<td>Value</td>
<td>10</td>
<td>12</td>
<td>14</td>
<td>16</td>
</tr>
</tbody>
</table>

Note: New products defined as products launched within the last 5 years, patented and protected products (excludes Chromium)
Key Messages

Innovation focus on distinctiveness, materiality and speed

Attractive medium term innovation opportunities in Personal Care, Talc & Coatings

KPIs*

60% Distinctive products**

15% New products as % of sales

** Classified as products that deliver improved performance, lower operational costs and enhanced sustainability to customers

* By 2025
WHITE SPACE OPPORTUNITIES

MARCI BRAND, SVP
Personal Care Overview

KEY FIGURES (2018)

- **$210m** NET SALES
- **$52m** OPERATING PROFIT*
- **24.8%** MARGIN*

**SALES BY BUSINESS**
- 51%
- 49%

**SALES BY REGION**
- 36%
- 14%
- 50%

*Adjusted operating profit  ** Excludes dental and pharma businesses

SOURCE OF COMPETITIVE ADVANTAGE

**COSMETICS**
- Unique hectorite clay resource
- Formulation expertise
- Global reach & customer intimacy

**ANTI-PERSPIRANT (AP) ACTIVES**
- Formulation expertise
- Global #1 – scope & scale
- Innovation leadership & strong pipeline
Cosmetics – Natural & Growing

NATURAL RHEOLOGICAL MODIFIERS DRIVING GROWTH

~$1bn

SYNTHETIC ORGANIC POLYMERS
SILICA
CELLULOSE DERIVATIVES
CLAYS
NATURAL GUMS & STARCHES

2018

Hectorite organoclays

Natural: x2 growth rate of synthetics

Source: Kline.
Note: Excludes Oral Care Market

ELEMENTIS COSMETICS – A STRONG TRACK RECORD

FUTURE GROWTH
ASIA | SKINCARE | TALC

Enhanced Performance Through Applied Innovation

Personal Care | 32
Cosmetics in Asia

GROWTH OPPORTUNITY

**TREND:** COSMETICS PREMIUMISATION IN ASIA

- Asia: 40% of global cosmetics market, growing c. 6% p.a
  - Expanding middle class
  - Premium product focus
  - Skin care

**OPPORTUNITY:** ELEMENTIS GROWING RAPIDLY

- Elementis in Asia - growing 3x market
  - Natural ingredients
  - Premium products
  - Customer collaboration
- Further growth supported by:
  - Sales force investment
  - Dedicated technical service
  - Product innovation

* Medium term objective
Hectorite clay for skin care
GROWTH OPPORTUNITY

TREND: NATURAL SKIN CARE INGREDIENTS

- Skin care c.50% of the rheology* market, growing at ~6% p.a
- Strong demand for premium products that are
  - Natural
  - Clean
  - Sustainable

OPPORTUNITY: A NEW APPLICATION FOR HECTORITE

- Hectorite traditionally used in colour cosmetics & well suited to skin care
  ✓ Natural
  ✓ White
  ✓ Formulation flexibility
- New products – double skin care sales

~$10m of incremental sales**

* Rheology modifiers for personal care applications

* Medium term objective
Talc as a natural ingredient
GROWTH OPPORTUNITY

TREND: ALTERNATIVE, NATURAL INGREDIENTS

- Talc in Cosmetics
  - Natural
  - Chemically inert
  - Hydrophobic

OPPORTUNITY: HIGH PURITY TALC FOR COSMETICS

- New business area opened up by Elementis distribution and R&D capability
- Mondana® – ideal for colour cosmetics & APDO*
  - Long lasting
  - Crisp colours
  - Soft & smooth

$10m revenue synergies by 2023

* Anti-perspirant deodorant
AP Actives – A well positioned market leader

**ELEMENTIS THE LEADER IN A GROWING NICHE**

- **Elementis**
  - **~$200m**
  - **2018**
  - Medium term outlook: ~ 4-5% p.a. growth

**APDO* GROWTH DRIVEN BY EMERGING MARKETS**

- **APDO Market CAGR**
  - **HIGH**
  - **EUROPE**
  - **SOUTH AMERICA**
  - **ASIA**

* Anti-perspirant deodorant

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Enhanced Performance Through Applied Innovation

Personal Care | 37
**AP Actives market growth**

**GROWTH OPPORTUNITY**

**TREND:** STRONG DEMAND IN ASIA & LATAM

- Population growth
- Rising disposable incomes
- Increased product penetration

**OPPORTUNITY:** COST EFFECTIVELY SERVE GROWTH

- Elementis - global market & technology leader
- Growth strategy
  - Global key account alignment
  - Advantaged manufacturing plant in India – H2 2020 ramp up
  - Strong new product pipeline

~$90m emerging market, 6% growth p.a
AP Actives innovation leadership

GROWTH OPPORTUNITY

**TREND:** PREMIUM PRODUCT PERFORMANCE

- Consumers demand premium AP:
  - Long lasting/clinical strength
  - Multi-functionality
  - Skin care benefits
  - Natural/green/clean

**OPPORTUNITY:** DELIVER INNOVATION VALUE ADD

Enhanced Performance Through Applied Innovation

Elementis driving category innovation
Key Messages

A market leader in Cosmetics and AP actives with strong competitive advantages

Material growth opportunities in Asia, Skin Care, AP actives & Talc

Innovation focus on natural ingredients

Medium term financial outlook:

GDP++ organic revenue growth

Stable operating profit margin*

*Adjusted operating profit
GLOBAL AMBITION
CHRISTIAN KATHER, SVP
Talc Overview

KEY FIGURES (2018)

$158m  
NET SALES

$25m  
OPERATING PROFIT*

15.5%  
MARGIN*

SALES BY BUSINESS

Paper  74%
Industrial talc  19%
Other minerals  7%

SALES BY REGION

Asia  86%
Americas  7%
Europe  7%

SOURCE OF COMPETITIVE ADVANTAGE

- Proven track record in industrial talc growth
- Unique processing and formulation capabilities
- High quality, backward integrated operating model
- Customer service, quality and consistency

*Adjusted operating profit
Talc – follows a performance additive logic

<table>
<thead>
<tr>
<th>Verticals (% of 2018 Talc sales*)</th>
<th>Valued Properties</th>
<th>Share of Total Formulation Cost</th>
<th>Customers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plastics (30%)</td>
<td>Stiffness</td>
<td>Up to 10%</td>
<td>Total, GS Caltex, LyondellBasell, Borealis</td>
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<tr>
<td></td>
<td>Inertness</td>
<td></td>
<td></td>
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<tr>
<td></td>
<td>Mechanical resistance</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Colour consistency</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Coatings (27%)</td>
<td>Mechanical resistance</td>
<td>1 – 3%</td>
<td>BASF, AkzoNobel, Alkemel, LyondellBasell</td>
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<tr>
<td></td>
<td>Sheen Opacity</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Hydrophobicity</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Technical Ceramics (7%)</td>
<td>Lower firing temperature</td>
<td>c.5%</td>
<td>NGK, JSW</td>
</tr>
<tr>
<td>Other Diversified (16%)</td>
<td>Inertness</td>
<td>c.1%</td>
<td>Mondelez International, Wrigley, UPM, KotkaMills</td>
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<tr>
<td></td>
<td>Whiteness</td>
<td></td>
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<tr>
<td>Paper (20%)</td>
<td>Printability</td>
<td>c.10%</td>
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<td></td>
<td>Barrier effect</td>
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Talc adds critical performance features to a highly diverse set of end-markets…

* Yet talc constitutes only a small portion of the overall formulation cost for the customer

* Excluding other minerals
Consistent industrial Talc growth

Note: graph shown in constant currency
Successful Talc integration

- **People**
  - All key employees retained

- **Processes**
  - Talc integrated with Elementis global teams

- **Cost Synergies**
  - $2m run rate on track

- **Revenue Synergies**
  - $20-25m by 2023 on track

$18m of new business opportunities and strengthened distributors in Asia & America
An attractive market & Elementis is well positioned to grow

A NICHE MARKET, GROWTH TRACK RECORD

<table>
<thead>
<tr>
<th>Global industrial talc market</th>
<th>$1.1bn</th>
</tr>
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<tbody>
<tr>
<td>Elementis market share</td>
<td>11%</td>
</tr>
<tr>
<td>Industry CAGR*</td>
<td>5%</td>
</tr>
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</table>

ELEMENTIS WELL POSITIONED TO ACCELERATE GROWTH

1. Global expansion
2. Long life plastics
3. Technical ceramics
4. Barrier coatings

* 2013 – 18 CAGR
Global expansion
GROWTH OPPORTUNITY

TREND: TALC INCREASINGLY A GLOBAL MARKET

- High quality & technical support demanded on a global basis

OPPORTUNITY: GLOBALISE & ACCELERATE TALC SALES

- Expand in Asia & Americas
- Elementis global capabilities
  - Asset base
  - Marketing & distribution
  - Technical support

Sales By Geography

Significant headroom for growth
Long life plastics driving sustainability

**GROWTH OPPORTUNITY**

**TREND:** TALC SUPPORTS VEHICLE LIGHT WEIGHTING

- Plastics replacing metal parts - lighten cars & reduce CO2 emissions
- Talc usage in plastics growing
  - Reinforce strength without adding weight
  - Improve feel & quality

**OPPORTUNITY:** MARKET SHARE GAIN

- Grow market share from 7%:
  - Win with global customers on quality & consistency
  - Grow into customers’ global footprint

![Average Talc Per Vehicle]

<table>
<thead>
<tr>
<th>Year</th>
<th>Average Talc (kg)</th>
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<tbody>
<tr>
<td>2013</td>
<td>12</td>
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<tr>
<td>2018</td>
<td>14</td>
</tr>
<tr>
<td>2023</td>
<td>16</td>
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～$600m
Addressable market
Technical ceramics supported by regulation

GROWTH OPPORTUNITY

TREND: TIGHTENING ENVIRONMENTAL REGULATION

- Emerging market regulation to support catalytic convertor demand
- Talc a key component of ceramic body for catalyst convertors
  - Prevents cracking
  - Controls pore size

OPPORTUNITY: SERVE A GROWING, PREMIUM APPLICATION

- Elementis is the leading global supplier of talc for technical ceramics:
  - Unique product quality
  - Global supply and technical support

~$50m addressable market growing 5% p.a
Barrier Coatings
GROWTH OPPORTUNITY

**TREND:** REPLACE SINGLE USE PLASTICS IN EUROPE

- EU legislation & consumer behaviour reducing plastics in food packaging
- Talc can replace oil/plastics in food packaging

**OPPORTUNITY:** TALC FOR BARRIER COATINGS

- Elementis talc well positioned for use in barrier dispersion coatings
  - High purity
  - High lamerlarity
- Product live with Scandinavian food retailers & testing with major packaging companies

### TALC

- Protects food
- Prevents leakage
- Enables recycling

---

$8bn global barrier coatings market growing at 5% p.a
Key Messages

Global #2 in Talc serving growing high end industrial applications

Significant synergy potential with Elementis’ global reach, customer relationships & innovation expertise

Medium term financial outlook:

- GDP++ organic revenue growth
- Improving operating profit margin*

*Adjusted operating profit

Clear growth opportunities: long life plastics, technical ceramics and barrier coatings
HIGH VALUE PARTICIPATION
LUC VAN RAVENSTEIN, SVP

INNOVATION | GROWTH | EFFICIENCY
Coatings Overview

**KEY FIGURES (2018)**

- **$362m** NET SALES
- **$53m** OPERATING PROFIT*
- **14.5%** MARGIN*

**SALES BY BUSINESS**
- Decorative: 30%
- Industrial: 70%

**SALES BY REGION**
- Asia: 27%
- Americas: 42%
- Europe: 31%

**SOURCE OF COMPETITIVE ADVANTAGE**

- Global leader in rheology
- Unique hectorite resource
- Complementary high value additive technology
- Global reach & customer intimacy

*Adjusted operating profit
Global Coatings transformation complete

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<tr>
<td>1</td>
<td>Increased customer intimacy</td>
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<td>Joint innovation initiatives</td>
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<td>Exciting GKAM* pipeline</td>
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<td>2</td>
<td>Simplified product portfolio</td>
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<td></td>
<td>Working capital savings</td>
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<td></td>
<td>Increased specialty focus</td>
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<td>3</td>
<td>Leaner, global team</td>
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<td>One global team</td>
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<tr>
<td></td>
<td>Nimble, transparent &amp; aligned</td>
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*A Global Key Account Management*
Well positioned in premium Coatings additives

Elementis Competes in a High Value Niche

- Elementis solutions are essential for high performance Coatings
- We provide a systems approach to resolve customer challenges
  - Critical rheology modifiers
  - Supported by selected additives

Critical to end product performance, but < 5% of customer formulation costs
**Premium additives: deliver critical performance improvement**

<table>
<thead>
<tr>
<th>Selected Sub-Segment</th>
<th>Valued Properties</th>
<th>Market need addressed</th>
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<tbody>
<tr>
<td><strong>Rheology Modifiers</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Organoclays</td>
<td>Paint storage and improved application</td>
<td>Premiumisation, Efficiency, Sustainability</td>
</tr>
<tr>
<td>Synthetic Thickeners</td>
<td>Enabling premium, VOC-free paints</td>
<td>Premiumisation, Efficiency, Sustainability</td>
</tr>
<tr>
<td>Organic Thixotropes</td>
<td>Faster, more sustainable processes Hybrid sealants and premium protective coatings</td>
<td>Premiumisation, Efficiency, Sustainability</td>
</tr>
<tr>
<td><strong>Additives</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Defoamers</td>
<td>Prevent paint film defects, faster processes</td>
<td>Premiumisation, Efficiency, Sustainability</td>
</tr>
<tr>
<td>Wetting Agents</td>
<td>Facilitate substrate adhesion without foaming</td>
<td>Premiumisation, Efficiency, Sustainability</td>
</tr>
<tr>
<td>Dispersing Agents</td>
<td>Improved aesthetics, stable formulations</td>
<td>Premiumisation, Efficiency, Sustainability</td>
</tr>
</tbody>
</table>

**FUTURE GROWTH**

- PREMIUM DECORATIVE
- WATERBORNE INDUSTRIAL
- ADHESIVES & SEALANTS
**Premium decorative coatings**

**GROWTH OPPORTUNITY**

**TRENDS:** DECORATIVE PREMIUMISATION

**SOLUTION:** ELEMENTIS RHEOLATE® HX RHEOLOGY SERIES

- **One coat hide**
  - Breakthrough performance in single coat

- **Stain resistance**
  - Step change in stain resistance

- **Sustainability**
  - VOC & preservative free coatings

---

**$400m** addressable market
15-20% share aim*

* Medium term
**Waterborne industrial additives**

**GROWTH OPPORTUNITY**

**TREND:** FROM SOLVENT TO WATER

- Strong momentum for conversion to waterborne
  - Environmental
  - Regulation
- Challenge: requires entirely new formulations with similar/improved performance

**OPPORTUNITY:** INTEGRATED TECHNOLOGY SOLUTIONS

- Elementis enables effective conversion to waterborne
  - Rheology leadership
  - Novel waterborne additives
  - Un-equalled Asia presence

---

**China waterborne wood coatings**

- **2018**
- **2019**
- **2020**
- **2021**
- **2022**
- **2023**

- 14% CAGR

**$40m**

New business pipeline
**Hybrid Adhesives & Sealants**

**GROWTH OPPORTUNITY**

**TREND:** A GROWTH MARKET FOR PREMIUM ADHESIVES

- Fast growth market supported by clear megatrends:
  - Replace nuts & bolts
  - Energy efficiency regulations
  - Demographics
  - Light weighting materials

**OPPORTUNITY:** ADVANCED THIXATROL® TECHNOLOGY

- Thixatrol® well positioned vs traditional additives
  - **Performance** – improved adhesion
  - **Efficiency** – lower temperature activation
  - **Sustainability** – naturally derived (castor wax)

---

$150m addressable market, growing at 7% per annum

**Enhanced Performance** Through Applied Innovation
Trend: More Sustainable Coatings

- Talc in Coatings enables
  - Improved durability & mechanical resistance
  - Lower VOC & higher solid coatings

Opportunity: Customer, Geography, Innovation

- Talc is a natural fit for Elementis coatings
  - $12m new business opportunities
  - 30 new global distributors

$10-15m of revenue synergies by 2023
Key Messages

**Leading supplier of high value additives, critical to performance**

**Clear growth opportunities:** premium decorative, waterborne industrial, adhesives & sealants & talc

**Transformation programme complete bringing margin improvement and focused growth**

**Medium term financial outlook:**

- **GDP+** organic revenue growth
- **Improving** operating profit margin*

*Adjusted operating profit
EFFICIENCY & SIMPLIFICATION

AJEETH ENJETI, SVP
Savings driven by efficiency and simplification

Fit for purpose organisation
Simple and lean

Operational efficiency
Supply chain improvements

Digital implementation
Faster and easier

$15m of savings by 2022
Fit for purpose organisation

**APPROACH**

- Streamlined structure
- Increased spans of control, reduced management layers
- Aligned job levels

100 roles eliminated

~$5M savings
## Operational efficiency - $10m savings

<table>
<thead>
<tr>
<th>OPPORTUNITY</th>
<th>VOLUME REALLOCATION</th>
<th>PROCUREMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td>INDIA PLANT</td>
<td>Internal volumes optimised</td>
<td>Optimise warehouse &amp; logistics</td>
</tr>
<tr>
<td></td>
<td>Tariff neutral</td>
<td>Raw material supply competition</td>
</tr>
<tr>
<td></td>
<td>Closer to new growth markets</td>
<td></td>
</tr>
<tr>
<td>ACTION</td>
<td>Shift volumes to India</td>
<td>Global volume optimisation</td>
</tr>
<tr>
<td></td>
<td></td>
<td>Supplier and asset review</td>
</tr>
</tbody>
</table>

**Enhanced Performance Through Applied Innovation**
Digital implementation

<table>
<thead>
<tr>
<th></th>
<th>2016</th>
<th>TODAY</th>
</tr>
</thead>
<tbody>
<tr>
<td>Website</td>
<td>Old website</td>
<td>E-commerce ready</td>
</tr>
<tr>
<td>CRM</td>
<td>No CRM</td>
<td>CRM, price management, AI</td>
</tr>
<tr>
<td>HR</td>
<td>Multiple legacy platforms</td>
<td>Global human capital management</td>
</tr>
<tr>
<td>Project management</td>
<td>MS tools</td>
<td>Global digital project management</td>
</tr>
<tr>
<td>Ops tools</td>
<td>Regional solutions</td>
<td>One global demand planning and HSE management system</td>
</tr>
<tr>
<td>ERP</td>
<td>Disparate ERP systems</td>
<td>Consolidation</td>
</tr>
</tbody>
</table>
Digital platforms for performance management

Salesforce CRM supports sales and performance management

- Pipeline value ($m) up 22% within six months of launch
- 2019 - $20m new business closed YTD
- Next steps – Continued focus on closing opportunities & margin profile

Demand and supply chain planning management

- Delivered incremental cash savings of $5m in 2019
- Critical tool for overall working capital improvement program
- Next steps – Forecasting improvements for working capital gains
Savings driven by efficiency and simplification

- **Fit for purpose organisation**
  - Simple and lean

- **Operational efficiency**
  - Supply chain improvements

- **Digital implementation**
  - Faster and easier

$15m of savings by 2022
FINANCIAL FRAMEWORK
RALPH HEWINS, CFO

INNOVATION | GROWTH | EFFICIENCY

Enhanced Performance Through Applied Innovation
### Medium term Group performance objectives

<table>
<thead>
<tr>
<th>Objective</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Margin Improvement</strong></td>
<td>15.2%*</td>
</tr>
<tr>
<td>(Adjusted Operating Profit Margin)</td>
<td>17%</td>
</tr>
<tr>
<td><strong>Cash Conversion</strong></td>
<td>83%**</td>
</tr>
<tr>
<td>(Operating Cash Conversion)</td>
<td>90% plus</td>
</tr>
<tr>
<td><strong>De-Leveraging</strong></td>
<td>2.8x*</td>
</tr>
<tr>
<td>(Net Debt / EBITDA)</td>
<td>Under 1.5 x</td>
</tr>
</tbody>
</table>

* Last twelve months to 30 June 19  
** Last three year average  
*** Calculated as (adjusted EBITDA – capex – working capital change) / adjusted operating profit
**Attractive organic growth potential**

<table>
<thead>
<tr>
<th>Market Growth</th>
<th>Elementis Opportunities</th>
<th>Growth Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>GDP +</td>
<td>Asia Cosmetics, Skin care, AP Actives</td>
<td>GDP ++</td>
</tr>
<tr>
<td>GDP</td>
<td>Premium deco, Industrial waterborne, Adhesives &amp; Sealants</td>
<td>GDP+</td>
</tr>
<tr>
<td>GDP +</td>
<td>Global expansion, Plastics share gain, Technical ceramics, Revenue synergy</td>
<td>GDP ++</td>
</tr>
<tr>
<td>Industrial production</td>
<td>Growth in Chrome Oxide</td>
<td>In line with market</td>
</tr>
<tr>
<td>Oil price dependent</td>
<td>Eastern hemisphere expansion</td>
<td>In line with market</td>
</tr>
</tbody>
</table>

**Enhanced Performance Through Applied Innovation**
Margin improvement opportunity

ADJUSTED OPERATING PROFIT MARGIN

- 2019 LTM: 15.2%
- Net Organic Growth*: 
- Organisation Efficiencies: 
- Supply Chain Efficiencies: 
- Medium Term: 17%

* Net of fixed cost inflation
Strong operating cash flow to continue

OPERATING CASH CONVERSION

<table>
<thead>
<tr>
<th>Year</th>
<th>Conversion Rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>2016 - 18</td>
<td>83%</td>
</tr>
<tr>
<td>2019 onwards</td>
<td>90% +</td>
</tr>
</tbody>
</table>

**Adjusted operating profit:** Underlying growth

**Capex:** ~$50m per annum

**Working capital:** $30m underlying reduction by 2020

Note: Operating cash conversion calculated as (adjusted EBITDA – capex – working capital change) / adjusted operating profit
Growth & productivity capex focus

CAPEC SPEND ON GROWTH & PRODUCTIVITY

- Maintenance & HSE
- Growth & Productivity

HIGH RETURN CAPEX PROJECT EXAMPLE

US Organoclay Optimisation
- St Louis & Charleston production consolidation
- Start up H1 2019
- $8m spend
- IRR 25%+
$30m working capital improvement by 2020

**Actions to Date**

- **Complexity**
  - Reduced SKUs

- **Service Level Agreements**
  - 2018 roll out

- **Inventory**
  - Make to order, pack to order
  - New demand planning tools

**Working Capital Savings Progress**

<table>
<thead>
<tr>
<th>Year</th>
<th>2018</th>
<th>2019</th>
<th>2020</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total</td>
<td>12</td>
<td>23</td>
<td>30</td>
</tr>
</tbody>
</table>

More working capital progress to come post 2020
Disciplined capital allocation

**STRONG CASH FLOW**
- INVEST FOR GROWTH
- SHAREHOLDER RETURNS
- DEBT REDUCTION

**CAPITAL INVESTMENTS**
- ~5% of sales
- Typical returns 20%+ IRR on growth & productivity capex

**SHAREHOLDER RETURNS**
- Progressive dividend policy
- Normally at least 2 times dividend cover
- Seek additional returns when net debt structurally below 1x EBITDA

**DEBT REDUCTION**
- Medium term ambition below 1.5x
- Further reduction in long term
WRAP UP

PAUL WATERMAN, CEO
Elementis value creation framework

INNOVATION | GROWTH | EFFICIENCY

MEDIUM TERM OBJECTIVES

PROFITABILITY
Adjusted operating profit margin of 17%

CASH
Operating cash conversion 90%+

LEVERAGE
Net debt/EBITDA <1.5x
Capital Markets Day

INNOVATION | GROWTH | EFFICIENCY

Enhanced Performance Through Applied Innovation