

ELEMENTIS

A global specialty chemicals company

INNOVATION

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17 November 2021

INNOVATION | GROWTH | EFFICIENCY

Enhanced Performance Through Applied Innovation

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Agenda

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Innovation
Strategy



Innovation
In Action



Innovation
Pipeline

Key messages

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Innovation transformed since 2017

1

- ✓ **10%** more naturally derived products
- ✓ **30%** increase in speed to market
- ✓ **30%** rise in sales from new products

Innovation momentum delivering performance, efficiency & sustainability benefits

2

Examples from last 18 months:

- ✓ Natural skin care
- ✓ Protective coatings
- ✓ Barrier coatings

Innovation pipeline supports over \$100m of margin accretive revenue growth opportunities *

3

Examples over next 12 – 24 months:

- ✓ Personal care
- ✓ Decorative coatings
- ✓ Talc suspension

* Medium term ambition

Innovation Strategy

How our innovation model works

Innovation at the heart of value creation

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GROUP STRATEGY

INNOVATION

GROWTH

EFFICIENCY

MEDIUM TERM OBJECTIVES

PROFITABILITY

Adjusted operating
profit margin of 17%

CASH

Operating cash
conversion 90%+

LEVERAGE

Net debt/EBITDA
<1.5x

Global reach, local presence

ELEMENTIS

INNOVATION NETWORK

~\$15m

Annual R&D and technical spend

100

Scientists



CAPABILITIES

 Rheology

Science of flow

 Surface Chemistry

Science of surfaces and phase boundaries

 Formulation

Creation of desirable mixtures



> *Elementis Innovation video*

A powerful innovation model

ELEMENTIS

INNOVATION NETWORK



One **global** team

Integrated R&D and technical service

Standardised KPIs and screening



Distinctive shared **chemistries**

Technology transfers across segments

Attractive product **combinations**



Innovation through **collaboration**



*EVOLVED BY NATURE



Clear focus and ambition

INNOVATION STRATEGY

ELEMENTIS

Focus the innovation portfolio

- Growth platform focus
- Technologies with clear sustainability benefits
- Fewer but larger projects

Strengthen the innovation culture

- Commercial & technical alignment
- Fast moving & results driven
- Customer driven

Ambition

17%

of revenue from new products by 2025*

\$100m

of incremental revenue from growth platforms**

* Defined as products introduced in the last 5 years + patented + protected products (excluding Chromium)

** Medium term ambition

Growth linked to megatrends

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FOCUS THE INNOVATION PORTFOLIO

MEGATRENDS



Performance



Efficiency



Sustainability

GROWTH FIELDS & INNOVATION FOCUS

PERSONAL CARE

Skin Care

Asia Cosmetics

AP Actives



COATINGS

Premium Decorative

WB Industrial

Adhesives & Sealants



TALC

Long Life Plastics

Ceramics

Barrier Coatings



ELEMENTIS TECHNOLOGY COMPETENCIES

Rheology



Surface Chemistry



Formulation



Over \$100m of incremental revenue from growth opportunities

Linking innovation and sustainability

FOCUS THE INNOVATION PORTFOLIO

ELEMENTIS SUSTAINABILITY INDEX

- ✓ Sustainability drivers for all innovation projects and new product launches
- ✓ Sustainability rating for each project based on defined factors; cradle to grave scope
- ✓ Optimises innovation pipeline & supports customer labelling and product claims



COSMOS APPROVED



Thixatrol® AS8053
Hybrid Adhesives & Sealants

Overview

Score: High

Sourcing

HIGH

Naturally derived castor wax based (>75% bio based)
Ethically sourced material

Processing

HIGH

Lower heat activation – up to 30% energy savings
Up to 50% faster processing

Scope 3

MEDIUM

100% active ingredient (reduced transportation costs & emissions)

Customer driven & fast commercialisation

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STRENGTHEN THE INNOVATION CULTURE

Idea Generation

Pipeline Refinement
& Selection

Innovation
Portfolio Management

Customer Needs
& Market Direction

Customer
Collaboration
& Ideas

Concepts

Feasibility
Assessment

Proof of
concept

Scale-up and
Commercialize



GATE A

GATE B

GATE C

Customer Feedback

Average time from concept to market ~1.8 years



Giorgino D. Macalino
R&D Associate Director, The Estée Lauder Companies



> *Elementis Customer Testimonials*

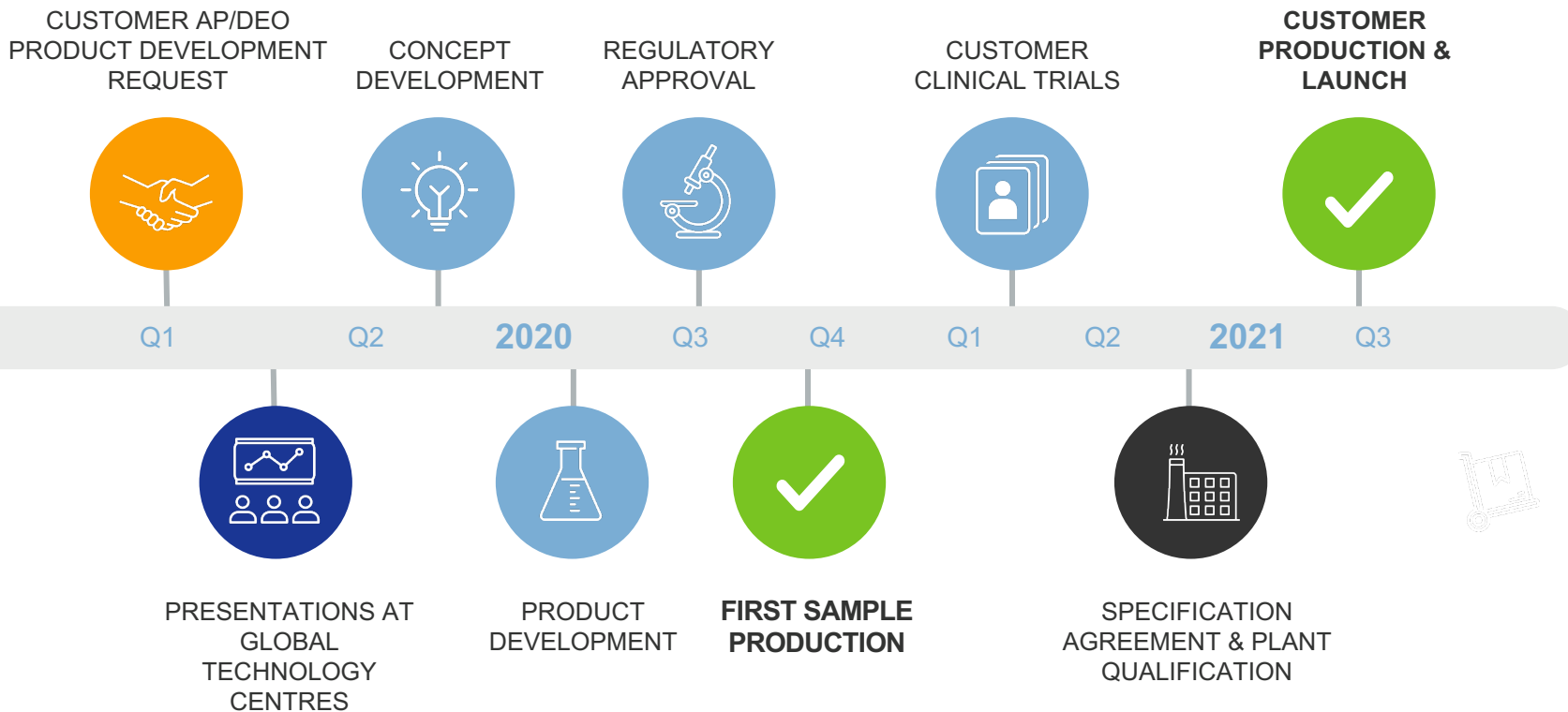
Elementis was the first company that we reached out to.



Innovation at speed & scale

STRENGTHEN THE INNOVATION CULTURE

ANTIPERSPIRANT ACTIVES REACH 9000 – 16 MONTHS FROM CONCEPT TO LAUNCH



REACH 9000

- Ultra high efficacy AP Active
- Our most activated aluminium only AP active
- Delivers long lasting sweat protection



Measure success

AMBITION

MORE NATURALLY DERIVED PRODUCTS...

Naturally derived products (% of revenue)



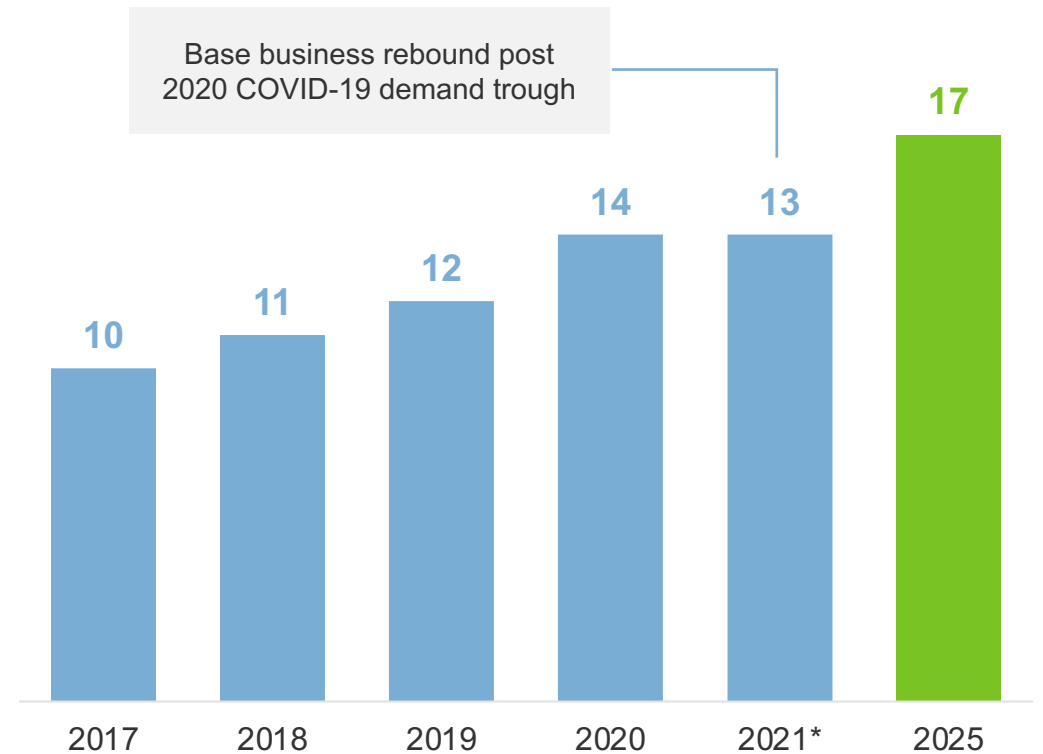
...INCREASED SPEED TO MARKET...

Average time to market (Years)



...AND MORE SALES FROM NEW PRODUCTS

New products as % of sales**



* September year to date

** Defined as products introduced in the last 5 years + patented + protected products (excluding Chromium)

Innovation In Action

Product launches in last 18 months



Natural skin care

TECHNOLOGY IN ACTION

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BENTONE HYDROCLAY™ 2100 – NATURAL RHEOLOGY MODIFIER FOR SKIN CARE

| | |
|----------------------------|--|
| MARKET NEED: | Naturally derived rheology modifier for skin care with premium performance |
| ELEMENTIS SOLUTION: | Bentone Hydroclay™ 2100, launched Q2 21 – easily dispersible hectorite additive that imparts thixotropic viscosity |



~\$500m
Rheology market for skin care

6%
Medium term skin care market growth rate

~\$70m
Addressable premium skin care market



[> Elementis Hectorite Animation](#)

Source: Kline & Company, management estimates



Natural skin care

VALUE DRIVERS AND CUSTOMER IMPACT

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BENTONE HYDROCLAY™ 2100 VS TRADITIONAL SYSTEMS



Performance

Luxurious touch & feel
Light texture & easy spreadability



Efficiency

Cold processable
Formulation flexibility



Sustainability

100% Natural
"Microplastic" free
COSMOS approved



Melissa Fleckenstein
Senior Technical Specialist, Personal Care



[> Elementis Hydroclay™ 2100 Demo](#)



Over 300
customers testing
Hydroclay 2100



Coatings

Protective coatings

TECHNOLOGY IN ACTION

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THIXATROL® PM 8058 – HIGH PERFORMANCE PROTECTIVE COATINGS

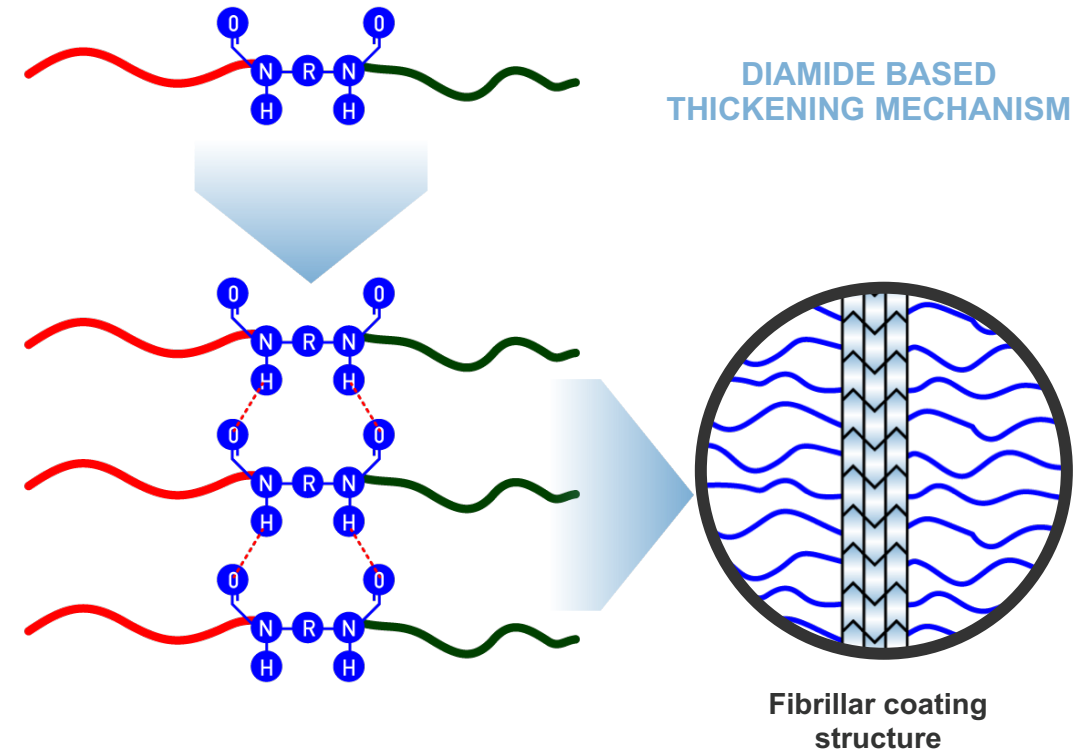
| | |
|---------------------|---|
| MARKET NEED: | A more environmentally friendly rheology modifier for protective coatings with enhanced performance credentials |
|---------------------|---|

| | |
|----------------------------|---|
| ELEMENTIS SOLUTION: | Thixatrol® PM 8058, launched Q1 21 – castor wax based thickener with improved sag resistance and lower required heat activation |
|----------------------------|---|

\$7bn
Market for protective coatings

5%
Anticipated market growth rate

~\$150m
Relevant market size for rheology modifiers



Source: Markets and Markets, management estimates



Coatings

Protective coatings

VALUE DRIVERS AND CUSTOMER IMPACT

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THIXATROL® PM 8058 VS TRADITIONAL SYSTEMS



Performance

Enhanced sag resistance
Thicker coating application



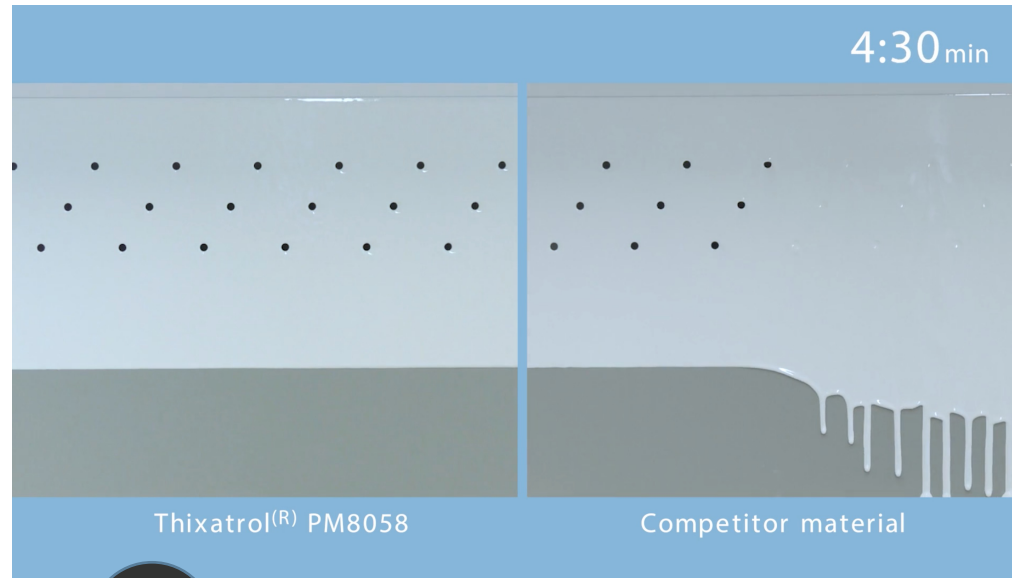
Efficiency

Improved formulation flexibility
Reduced customer production time



Sustainability

Naturally derived, bio based (>75%)
Lower temperature activation



[> Elementis Thixatrol® PM 8058 Demo](#)





Talc

Barrier coatings

TECHNOLOGY IN ACTION

FINNTALC C15B2 – TALC FOR BARRIER COATINGS

| | |
|----------------------------|---|
| MARKET NEED: | Regulatory action (e.g. EU Single Use Plastics Directive, China Plastics Ban) and consumer preferences seek to restrict single use plastics |
| ELEMENTIS SOLUTION: | Finntalc C15B2, launched Q3 20 – High purity and high lamellarity talc for water based barrier coatings |

~\$8bn

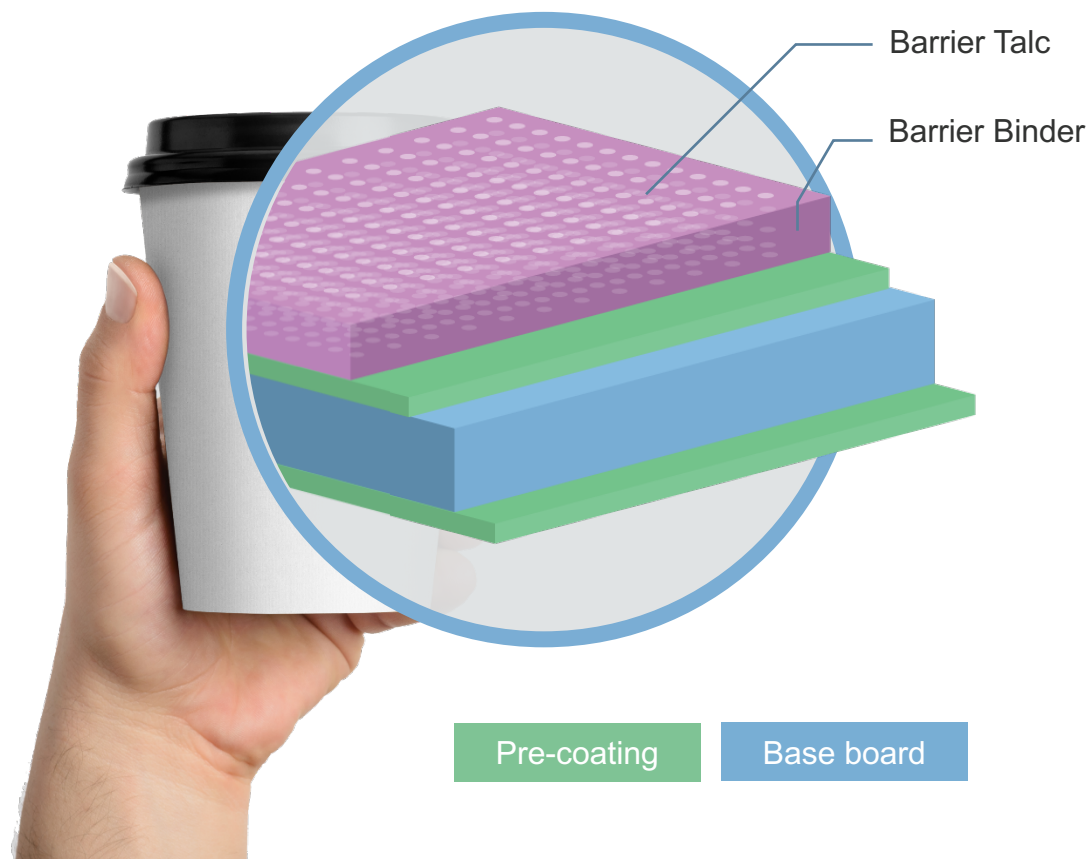
Global market for Barrier Coatings

~\$50m

WBBC* addressable market size

10%

Expected WBBC* annual growth rate

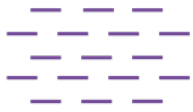


Pre-coating

Base board

Source: Smithers Pira, management estimates

* Water Based Barrier Coatings

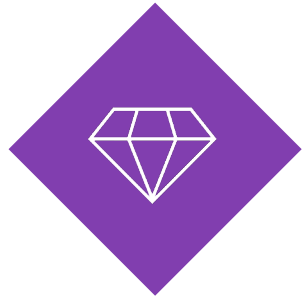


Talc

Barrier coatings

VALUE DRIVERS AND CUSTOMER IMPACT

FINNTALC C15B2 VS ALTERNATIVE SYSTEMS



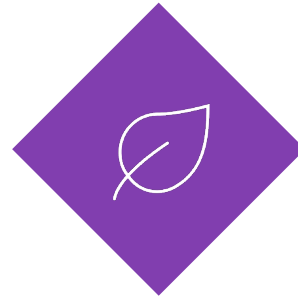
Performance

Excellent oil & grease resistance
Improved water vapour & oxygen barrier



Efficiency

Formulation flexibility
Easy to use slurry format



Sustainability

Natural material
Fully recyclable & compostable



Rapid growth in 2021, ~\$5m NBO pipeline

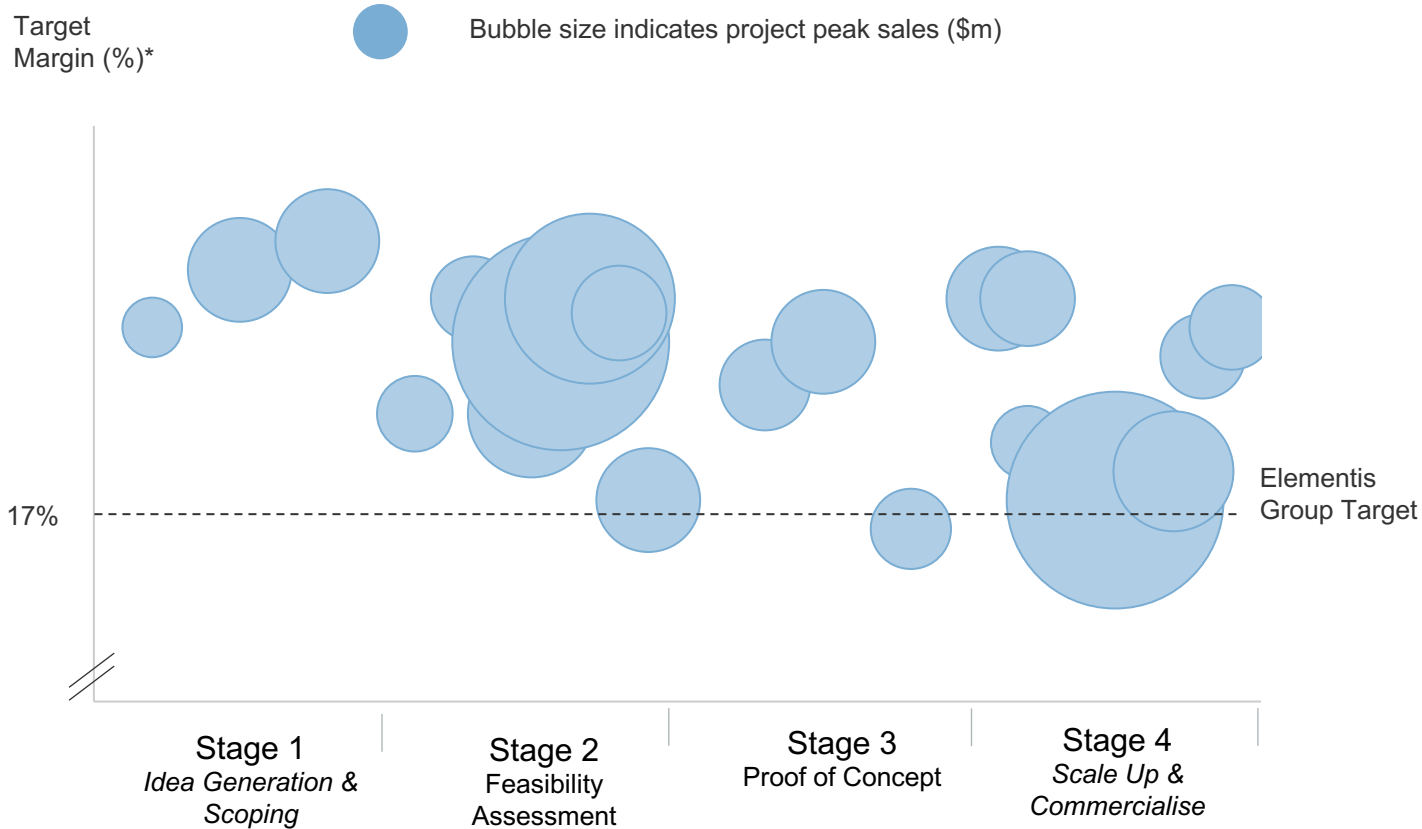
Innovation Pipeline

Product launches in the next 12 – 24 months

Well positioned, margin accretive pipeline

INNOVATION PIPELINE

TOP 20 INNOVATION PROJECTS - OVERVIEW



- Active management of innovation portfolio through digital platforms
- 60 active projects; ~15-20 new product launches in next twelve months
- Pipeline supports \$100m incremental medium term revenue opportunity



Smartsheet pipeline management platform

* Adjusted operating profit margin



New concept development

INNOVATION PIPELINE

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BENTONE PLUS LINE – RHEOLOGY COMBINED WITH ACTIVE INGREDIENTS

MARKET NEED:

Naturally derived personal care products with multisensory and multifunctional attributes

ELEMENTIS SOLUTION:

Hectorite based rheology modifiers combined with synergistic added value active ingredients



Tailored to market trends



Customer specific products



Increased speed to market

2022

Expected launch date

3

Products in late stage development



Coatings

Premium decorative coatings

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INNOVATION PIPELINE

RHEOLATE® PHX 7025 – ENHANCED SUSTAINABILITY CREDENTIALS

MARKET NEED:

Market leading performance characteristics & enhanced sustainability credentials

ELEMENTIS SOLUTION:

Rheolate® PHX 7025 – powdered associative thickener resulting in 75% reduction in transportation emissions

| | | | |
|---|--|---|--|
| <p>2019 One coat hide launch</p> | <p>2020 Biocide free launch</p> | <p>Q4 2021 Dry system launch</p> | |
| <p>#1 Deco Paint in Consumer Reports</p> | <p>1ST Preservative free NiSAT</p> | <p>1ST Powder to market</p> | |
| <p>9x YTD Revenue*</p> | <p>>\$1m sales in 2020</p> | <p>~\$500m Addressable target market</p> | |



Elementis Powdered Rheolate® PHX 7025 Animation

* 2020 revenue vs 2019



Talc

Talc suspension

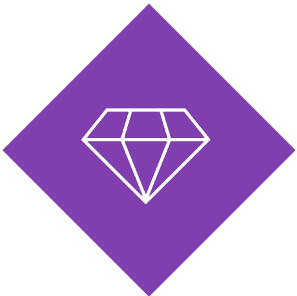
INNOVATION PIPELINE

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TALC SUSPENSION IN COATINGS

MARKET NEED: Paint industry looking to substitute powdered TiO₂ for health and safety reasons

ELEMENTIS SOLUTION: Suspension combination of TiO₂, Talc, wetting agents and dispersants



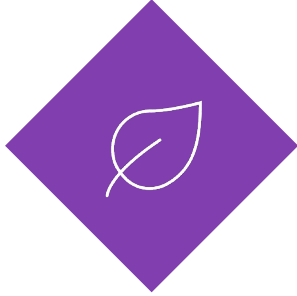
Performance

- Enhanced opacity
- Improved corrosion resistance



Efficiency

- Readily dispersible
- 30% reduction in time & energy costs



Sustainability

- Reduced TiO₂ handling
- Naturally derived materials

2022-23

Expected launch date

\$40m+

Addressable target market

Key messages

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* Medium term ambition