

ELEMENTIS

A global specialty chemicals company

Sale of Chromium business

30 NOVEMBER 2022

INNOVATION | GROWTH | EFFICIENCY

Enhanced Performance Through Applied Innovation

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Transaction overview

- Strategic review of Chromium business launched in April 2022
- Culminated in agreement to sell business to Yildirim Group
- Enterprise Value of \$170m
 - 7.3 x EBITDA
- Transaction subject to US Regulatory approval,
 - expected before end of Q1 2023
- Completes our transition to a pure Specialty Chemicals company
- Improves Group's ESG profile

Transaction details

Transaction details:

	\$m	
Enterprise Value	170	7.3x EBITDA (12 months to 30 June 2022)
Environmental Liabilities transferred	(35)	
Other Liabilities transferred	(8)	
Equity Value	127	
Transaction Costs	(8)	
Net Cash Proceeds	119	Subject to customary Working Capital & other closing adjustments
Tax arising on disposal	(12)	

- \$7m costs previously allocated to Chromium will revert to Group – majority expected to be phased out by end 2023
- Eaglescliffe site in UK excluded from sale

Transaction impact

- Proceeds to be used to reduce Net Debt, in line with Capital Allocation priorities
- Expected impact of sale of Chromium

\$m	Full Year 2021			LTM to 30 June 2022		
	Actual	Chromium	Pro-Forma*	Actual	Chromium	Pro-Forma*
Sales	880	171	709	906	171	735
Adj. Operating Profit	107**	14***	93*	118**	14***	104*
Adj. Operating Margin %	12.1%	8.3%	13.0%	13.0%	8.0%	14.2%
Net Debt (excl. IFRS 16)	401	-119	282	393	-119	274
Net Debt/EBITDA (excl. IFRS 16)	2.6 x	-	2.2 x	2.4 x	-	2.0 x

* After reflecting Chromium transaction

** Includes Corporate Costs (FY 2021: \$20m; LTM to 30 June 2022: \$21m)

*** Includes \$7m costs allocated to Chromium that will revert to Group; majority expected to be phased out by end 2023

Transaction completes transition to pure Specialty Chemicals company

- Higher quality earnings & margins, lower volatility
- Strongly cash generative
- Lower leverage
- Enhanced sustainability profile

Implementing a consistent, focused strategy : **Innovation + Growth + Efficiency**

- Built on strong differentiated, advantaged, competitive positions
- Driving value creation
 - New Products, New Business, Global Key accounts : driving sales growth & expanding margins

Achieving our financial targets & generating shareholder value