UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

☒ **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the quarterly period ended September 30, 2020

OR

☐ **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**
For the transition period from __________ to __________

Commission file number: 001-36272

Element Solutions Inc
(Exact name of Registrant as specified in its charter)

Delaware	**37-1744899**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

500 East Broward Boulevard,	**Suite 1860**	**33394**
Fort Lauderdale, Florida		(Zip Code)
(Address of principal executive offices)		

Registrant's telephone number, including area code: **(561) 207-9600**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading symbol(s)	Name of each exchange on which registered
Common Stock, par value $0.01 per share	ESI	New York Stock Exchange

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes ☒ No ☐

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	☒	Accelerated filer	☐
Non-accelerated filer	☐	Smaller reporting company	☐
		Emerging growth company	☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes☐ No ☒

Number of shares of common stock outstanding at October 21, 2020:247,213,182

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GLOSSARY OF DEFINED TERMS

Terms	Definitions
Element Solutions; We; Us; Our; the Company	Element Solutions Inc, a Delaware corporation, and, where the context requires, its subsidiaries or operating businesses.
Arysta	Arysta LifeScience Inc., a former subsidiary which operated the Agricultural Solutions business prior to the Arysta Sale.
Arysta Sale	Sale of 100% of the issued and outstanding shares of common stock of Arysta and its subsidiaries to UPL Corporation Ltd., a wholly-owned subsidiary of UPL Limited, on January 31, 2019 for an aggregate purchase price of $4.28 billion in cash, after post-closing adjustments.
ASU	Accounting Standards Update.
Board	Element Solutions' board of directors.
Credit Agreement	Credit Agreement, dated as of January 31, 2019, as amended on November 26, 2019, among, inter alia, Element Solutions and MacDermid, as borrowers, certain subsidiaries of Element Solutions and the lenders from time to time parties thereto, and Barclays Bank PLC, as administrative agent and collateral agent.
DMP Acquisition	Acquisition of 100% of the issued and outstanding shares of Industrial Water Treatment Solutions Corporation, a provider of turnkey wastewater treatment and recycle and reuse solutions across multiple manufacturing industries, on July 1, 2020 from IWTS, LLC.
EBITDA	Earnings before interest, taxes, depreciation and amortization.
ESPP	Element Solutions Inc 2014 Employee Stock Purchase Plan.
Exchange Act	Securities Exchange Act of 1934, as amended.
FASB	Financial Accounting Standards Board.
GAAP	U.S. Generally Accepted Accounting Principles.
Kester Acquisition	Acquisition of 100% of the outstanding equity interests and certain assets of the Kester business on December 2, 2019, a global supplier of advanced technology assembly materials used in electronics assembly and semiconductor application, for $63.6 million net of cash, working capital and other closing adjustments, from Illinois Tool Works Inc.
MacDermid	MacDermid, Incorporated, a Connecticut corporation.
NYSE	New York Stock Exchange.
OEM	Original Equipment Manufacturer.
Quarterly Report	This quarterly report on Form 10-Q for the three and nine months ended September 30, 2020.
RSUs	Restricted stock units issued by Element Solutions from time to time under its amended and restated 2013 Incentive Compensation Plan.
SEC	Securities and Exchange Commission.
Series A Preferred Stock	Element Solutions' 2,000,000 shares of Series A convertible preferred stock, which were converted into shares of Element Solutions' common stock on February 25, 2020, on a one-for-one basis, upon request of Mariposa Acquisition, LLC and Berggruen Holdings Ltd. and affiliates.
2019 Annual Report	Element Solutions' annual report on Form 10-K for the fiscal year ended December 31, 2019, filed with the SEC on February 28, 2020.
3.875% USD Notes Indenture	The indenture, dated August 18, 2020, governing the 3.875% USD Notes due 2028.
3.875% USD Notes due 2028	Element Solutions' $800 million aggregate principal amount of 3.875% senior notes due 2028, denominated in U.S. dollars, issued on August 18, 2020.
5.875% USD Notes Indenture	The indenture, dated November 24, 2017, governing the 5.875% USD Notes due 2025.
5.875% USD Notes due 2025	Element Solutions' $800 million aggregate principal amount of 5.875% senior notes due 2025, denominated in U.S. dollars, issued on November 24, 2017 and fully redeemed on September 4, 2020.

Forward-Looking Statements

This Quarterly Report contains forward-looking statements that can be identified by words such as "expect," "anticipate," "project," "will," "should," "believe," "intend," "plan," "assume," "estimate," "predict," "seek," "continue," "outlook," "may," "might," "aim," "can have," "likely," "potential," "target," "hope," "goal" or "priority" and variations of such words and similar expressions. Many of the forward-looking statements include, but are not limited to, statements, beliefs, projections and expectations regarding the impact of the coronavirus (COVID-19) pandemic on the global economy, our business, net sales, customers, suppliers, vendors, stock price, and governmental responses to the pandemic; our business and management strategies; share repurchases; cost containment and cost savings; the impact of new accounting standards and accounting changes; our dividend policy and dividend declarations; our hedging activities; timing and outcome of environmental and legal matters; goodwill and other intangible assets; impairments; price volatility and cost environment; liquidity, cash flows and capital resources; funding sources; capital expenditures; debt and debt leverage ratio; off-balance sheet arrangements and contractual obligations; general views about future operating results; expected returns to stockholders; risk management programs; future prospects; and other events or developments that we expect or anticipate will occur in the future.

Forward-looking statements provide current expectations of future events based on certain assumptions and include any statement that does not directly relate to any historical or current fact. These statements are not guarantees of future performance and our actual results may differ materially from the results contemplated by these statements. A discussion of such risks and uncertainties includes, without limitation, the risks set forth in Part II, Item 1A, *Risk Factor*s, of this Quarterly Report and in Part I, Item 1A, *Risk Factors,* of our 2019 Annual Report. Any forward-looking statement is based only on information currently available and speaks only as of the date on which it is made. We undertake no obligation to update or revise any forward-looking statement, whether as a result of new information, future events or otherwise. Please consult any further disclosures on related subjects in our SEC filings.

Non-GAAP Financial Measures

This Quarterly Report contains non-GAAP financial measures, such as Adjusted EBITDA and operating results on a constant currency and organic basis. Non-GAAP financial measures should not be considered in isolation from, as a substitute for, or superior to, performance measures calculated in accordance with GAAP. For definitions of these non-GAAP financial measures and additional information on why they are presented, their respective limitations and reconciliations to their most comparable applicable GAAP measures, see "*Non-GAAP Financial Measures*" in the *Management's Discussion and Analysis of Financial Condition and Results of Operations* section in Part I, Item 2, and Note 14, *Segment Information*, to the unaudited Condensed Consolidated Financial Statements, both included in this Quarterly Report.

PART I. FINANCIAL INFORMATION

Item 1. Condensed Consolidated Financial Statements

ELEMENT SOLUTIONS INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(Unaudited)
(dollars in millions, except per share amounts)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net sales	$ 477.5	$ 464.7	$ 1,317.1	$ 1,381.2
Cost of sales	274.0	259.0	753.8	784.2
Gross profit	203.5	205.7	563.3	597.0
Operating expenses:				
Selling, technical, general and administrative	134.8	128.8	373.4	397.6
Research and development	10.1	10.0	37.2	31.9
Total operating expenses	144.9	138.8	410.6	429.5
Operating profit	58.6	66.9	152.7	167.5
Other (expense) income:				
Interest expense, net	(17.1)	(17.4)	(50.7)	(73.7)
Foreign exchange loss	(3.5)	(1.2)	(42.1)	(2.4)
Other (expense) income, net	(49.1)	2.9	(50.4)	(46.2)
Total other expense	(69.7)	(15.7)	(143.2)	(122.3)
(Loss) income before income taxes and non-controlling interests	(11.1)	51.2	9.5	45.2
Income tax benefit (expense)	47.3	(57.2)	37.4	(40.0)
Net income (loss) from continuing operations	36.2	(6.0)	46.9	5.2
(Loss) income from discontinued operations, net of tax	(0.2)	(0.9)	(1.1)	13.2
Net income (loss)	36.0	(6.9)	45.8	18.4
Net income attributable to non-controlling interests	—	—	—	(0.6)
Net income (loss) attributable to common stockholders	$ 36.0	$ (6.9)	$ 45.8	$ 17.8
Earnings (loss) per share				
Basic from continuing operations	$ 0.15	$ (0.02)	$ 0.19	$ 0.02
Basic from discontinued operations	—	(0.01)	—	0.05
Basic attributable to common stockholders	$ 0.15	$ (0.03)	$ 0.19	$ 0.07
Diluted from continuing operations	$ 0.15	$ (0.02)	$ 0.19	$ 0.02
Diluted from discontinued operations	—	(0.01)	—	0.05
Diluted attributable to common stockholders	$ 0.15	$ (0.03)	$ 0.19	$ 0.07
Weighted average common shares outstanding				
Basic	248.9	254.4	249.4	259.9
Diluted	249.1	254.4	250.1	262.4

See accompanying notes to the Condensed Consolidated Financial Statements

ELEMENT SOLUTIONS INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(Unaudited)
(dollars in millions)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2020	2019	2020	2019
Net income (loss)	$ 36.0	$ (6.9)	$ 45.8	$ 18.4
Other comprehensive income (loss)				
Foreign currency translation:				
Other comprehensive income (loss) before reclassifications	50.6	(47.8)	39.9	46.3
Reclassifications	—	—	—	479.8
Total foreign currency translation adjustments	50.6	(47.8)	39.9	526.1
Pension and post-retirement plans:				
Other comprehensive (loss) income before reclassifications, net of tax expense (benefit) of $0.0 for the three months ended September 30, 2020 and 2019, and $0.5 and $0.0 for the nine months ended September 30, 2020 and 2019, respectively	—	—	(0.5)	—
Reclassifications, net of tax expense (benefit) of $0.0 for the three and nine months ended September 30, 2020 and 2019, respectively	—	—	—	(2.1)
Total pension and post-retirement plans	—	—	(0.5)	(2.1)
Derivative financial instruments:				
Other comprehensive (loss) income before reclassifications, net of tax expense of $ 0.6 and $0.0 for the three months ended September 30, 2020 and 2019, respectively and $0.6 and $0.0 expense for the nine months ended September 30, 2020 and 2019, respectively	(2.1)	(7.9)	(39.5)	(35.6)
Reclassifications, net of tax expense (benefit) of $0.0 for the three months ended September 30, 2020 and 2019, and $0.0 and $1.4 for the nine months ended September 30, 2020 and 2019, respectively	4.3	0.6	9.6	(4.8)
Total unrealized loss arising on qualified hedging derivatives	2.2	(7.3)	(29.9)	(40.4)
Other comprehensive income (loss)	52.8	(55.1)	9.5	483.6
Comprehensive income (loss)	88.8	(62.0)	55.3	502.0
Comprehensive income attributable to the non-controlling interests	—	—	—	(40.8)
Comprehensive income (loss) attributable to common stockholders	$ 88.8	$ (62.0)	$ 55.3	$ 461.2

See accompanying notes to the Condensed Consolidated Financial Statements

ELEMENT SOLUTIONS INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)
(dollars in millions)

	September 30, 2020	December 31, 2019
Assets		
Cash and cash equivalents	$ 248.4	$ 190.1
Accounts receivable, net of allowance for doubtful accounts of $11.1 and $8.8 at September 30, 2020 and December 31, 2019, respectively	366.0	363.9
Inventories	211.9	199.6
Prepaid expenses	24.4	18.3
Other current assets	87.6	50.3
Current assets of discontinued operations	8.3	11.2
Total current assets	946.6	833.4
Property, plant and equipment, net	234.6	264.8
Goodwill	2,189.6	2,179.6
Intangible assets, net	860.1	944.4
Other assets	88.9	95.7
Non-current assets of discontinued operations	7.0	6.5
Total assets	$ 4,326.8	$ 4,324.4
Liabilities and stockholders' equity		
Accounts payable	$ 103.8	$ 96.8
Current installments of long-term debt and revolving credit facilities	7.7	7.8
Accrued expenses and other current liabilities	172.8	155.1
Current liabilities of discontinued operations	18.1	34.1
Total current liabilities	302.4	293.8
Debt	1,509.7	1,513.2
Pension and post-retirement benefits	49.2	50.8
Deferred income taxes	77.1	119.6
Other liabilities	145.4	127.7
Total liabilities	2,083.8	2,105.1
Commitments and contingencies (Note 11)		
Stockholders' Equity		
Preferred stock - Series A	—	—
Common stock: 400.0 shares authorized (2020: 261.2 shares issued; 2019: 258.4 shares issued)	2.6	2.6
Additional paid-in capital	4,120.8	4,114.2
Treasury stock (2020: 12.5 shares; 2019: 8.3 shares)	(117.1)	(78.9)
Accumulated deficit	(1,490.7)	(1,536.5)
Accumulated other comprehensive loss	(271.0)	(280.5)
Total stockholders' equity	2,244.6	2,220.9
Non-controlling interests	(1.6)	(1.6)
Total equity	2,243.0	2,219.3
Total liabilities and stockholders' equity	$ 4,326.8	$ 4,324.4

See accompanying notes to the Condensed Consolidated Financial Statements

ELEMENT SOLUTIONS INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(Unaudited)
(dollars in millions)

	Nine Months Ended September 30,	
	2020	**2019**
Cash flows from operating activities:		
Net income	$ 45.8	$ 18.4
Net (loss) income from discontinued operations, net of tax	(1.1)	13.2
Net income from continuing operations	46.9	5.2
Reconciliation of net income from continuing operations to net cash flows provided by operating activities:		
Depreciation and amortization	120.5	115.8
Deferred income taxes	(41.2)	(0.1)
Foreign exchange loss (gain)	40.4	(17.8)
Other, net	61.8	84.3
Changes in assets and liabilities, net of acquisitions:		
Accounts receivable	(3.6)	2.7
Inventories	(8.9)	(15.2)
Accounts payable	8.2	3.9
Accrued expenses	(3.0)	(66.0)
Prepaid expenses and other current assets	(25.3)	(7.5)
Other assets and liabilities	(1.5)	(13.2)
Net cash flows provided by operating activities of continuing operations	194.3	92.1
Cash flows from investing activities:		
Capital expenditures	(21.7)	(18.2)
Proceeds from disposal of property, plant and equipment	1.7	—
Acquisition of business, net of cash acquired	(9.0)	—
Proceeds from Arysta Sale (net of cash $148.7 million)	—	4,281.8
Other, net	(2.4)	6.7
Net cash flows (used in) provided by investing activities of continuing operations	(31.4)	4,270.3
Cash flows from financing activities:		
Debt proceeds, net of discount	800.0	749.1
Repayments of borrowings	(805.9)	(4,605.0)
Change in lines of credit, net	—	(24.9)
Repurchases of common stock	(35.7)	(496.1)
Payment of financing fees	(44.7)	(39.5)
Other, net	(1.5)	(8.6)
Net cash flows used in financing activities of continuing operations	(87.8)	(4,425.0)
Cash flows from discontinued operations:		
Net cash flows used in operating activities of discontinued operations	(14.7)	(154.1)
Net cash flows used in investing activities of discontinued operations	—	(5.0)
Net cash flows provided by financing activities of discontinued operations	—	4.8
Net cash flows used in discontinued operations	(14.7)	(154.3)
Effect of exchange rate changes on cash, cash equivalents and restricted cash	(2.1)	1.7
Net increase (decrease) in cash, cash equivalents and restricted cash	58.3	(215.2)
Cash, cash equivalents and restricted cash at beginning of period [1]	190.1	415.5
Cash, cash equivalents and restricted cash at end of period	$ 248.4	$ 200.3

[1] Includes cash, cash equivalents and restricted cash of discontinued operations of $181.9 million at December 31, 2018.

See accompanying notes to the Condensed Consolidated Financial Statements

ELEMENT SOLUTIONS INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(Unaudited)
(dollars in millions, except share amounts)

Three Months Ended September 30, 2020	Preferred Stock		Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity	Non-controlling Interests	Total Equity
	Shares	Amount	Shares	Amount		Shares	Amount					
Balance at June 30, 2020	—	$ —	261,044,440	$ 2.6	$ 4,118.7	12,189,913	$ (114.0)	$ (1,526.7)	$ (323.8)	$ 2,156.8	$ (1.7)	$ 2,155.1
Net income	—	—	—	—	—	—	—	36.0		36.0	—	36.0
Other comprehensive income, net of taxes	—	—	—	—	—	—	—	—	52.8	52.8	—	52.8
Exercise/ vesting of share based compensation	—	—	110,009	—	—	43,290	(0.5)	—	—	(0.5)	—	(0.5)
Issuance of common stock under ESPP	—	—	29,565	—	0.3	—	—	—	—	0.3	—	0.3
Repurchases of common stock	—	—	—	—	—	237,629	(2.6)	—	—	(2.6)	—	(2.6)
Equity compensation expense	—	—	—	—	1.8	—	—	—	—	1.8	—	1.8
Balance at September 30, 2020	—	$ —	261,184,014	$ 2.6	$ 4,120.8	12,470,832	$ (117.1)	$ (1,490.7)	$ (271.0)	$ 2,244.6	$ (1.6)	$ 2,243.0

Three Months Ended September 30, 2019	Preferred Stock		Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity	Non-controlling Interests	Total Equity
	Shares	Amount	Shares	Amount		Shares	Amount					
Balance at June 30, 2019	2,000,000	$ —	258,323,823	$ 2.6	$ 4,109.4	1,667,541	$ (16.8)	$ (1,604.0)	$ (258.4)	$ 2,232.8	$ (1.6)	$ 2,231.2
Net loss	—	—	—	—	—	—	—	(6.9)	—	(6.9)	—	(6.9)
Other comprehensive loss, net of taxes	—	—	—	—	—	—	—	—	(55.1)	(55.1)	—	(55.1)
Exercise/ vesting of share based compensation	—	—	38,953	—	—	—	—	—	—	—	—	—
Issuance of common stock under ESPP	—	—	32,078	—	0.2	—	—	—	—	0.2	—	0.2
Repurchases of common stock	—	—	—	—	—	5,628,000	(51.1)	—	—	(51.1)	—	(51.1)
Equity compensation expense	—	—	—	—	2.2	—	—	—	—	2.2	—	2.2
Balance at September 30, 2019	2,000,000	$ —	258,394,854	$ 2.6	$ 4,111.8	7,295,541	$ (67.9)	$ (1,610.9)	$ (313.5)	$ 2,122.1	$ (1.6)	$ 2,120.5

See accompanying notes to the Condensed Consolidated Financial Statements

ELEMENT SOLUTIONS INC AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY (continued)
(Unaudited)
(dollars in millions, except share amounts)

Nine Months Ended September 30, 2020	Preferred Stock		Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity	Non-controlling Interests	Total Equity
	Shares	Amount	Shares	Amount		Shares	Amount					
Balance at December 31, 2019	2,000,000	$ —	258,428,333	$ 2.6	$ 4,114.2	8,277,198	$ (78.9)	$ (1,536.5)	$ (280.5)	$ 2,220.9	$ (1.6)	$ 2,219.3
Net income	—	—	—	—	—	—	—	45.8	—	45.8	—	45.8
Other comprehensive income, net of taxes	—	—	—	—	—	—	—	—	9.5	9.5	—	9.5
Exercise/ vesting of share based compensation	—	—	667,550	—	0.2	213,517	(2.5)	—	—	(2.3)	—	(2.3)
Issuance of common stock under ESPP	—	—	88,131	—	0.8	—	—	—	—	0.8	—	0.8
Preferred stock conversion	(2,000,000)	—	2,000,000	—	—	—	—	—	—	—	—	—
Repurchases of common stock	—	—	—	—	—	3,980,117	(35.7)	—	—	(35.7)	—	(35.7)
Equity compensation expense	—	—	—	—	5.6	—	—	—	—	5.6	—	5.6
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	—	—	—
Balance at September 30, 2020	—	$ —	261,184,014	$ 2.6	$ 4,120.8	12,470,832	$ (117.1)	$ (1,490.7)	$ (271.0)	$ 2,244.6	$ (1.6)	$ 2,243.0

Nine Months Ended September 30, 2019	Preferred Stock		Common Stock		Additional Paid-in Capital	Treasury Stock		Accumulated Deficit	Accumulated Other Comprehensive (Loss) Income	Total Stockholders' Equity	Non-controlling Interests	Total Equity
	Shares	Amount	Shares	Amount		Shares	Amount					
Balance at December 31, 2018	2,000,000	$ —	289,316,170	$ 2.9	$ 4,062.1	341,967	$ (3.5)	$ (1,195.4)	$ (756.9)	$ 2,109.2	$ 71.9	$ 2,181.1
Net income	—	—	—	—	—	—	—	17.8	—	17.8	0.6	18.4
Other comprehensive loss, net of taxes	—	—	—	—	—	—	—	—	(6.0)	(6.0)	—	(6.0)
Arysta Sale	—	—	—	—	(5.7)	—	—	—	463.3	457.6	(46.6)	411.0
Exercise/ vesting of share based compensation	—	—	1,968,471	—	1.9	170,989	(1.9)	—	—	—	—	—
Conversion of shares of common stock of Platform Delaware Holdings, Inc. into common stock	—	—	4,019,710	0.1	41.1	—	—	—	(13.9)	27.3	(27.3)	—
Issuance of common stock under ESPP	—	—	90,503	—	0.8	—	—	—	—	0.8	—	0.8
Repurchases of common stock	—	—	(37,000,000)	(0.4)	—	6,782,585	(62.5)	(433.3)	—	(496.2)	—	(496.2)
Equity compensation expense	—	—	—	—	11.6	—	—	—	—	11.6	—	11.6
Changes in non-controlling interests	—	—	—	—	—	—	—	—	—	—	(0.2)	(0.2)
Balance at September 30, 2019	2,000,000	$ —	258,394,854	$ 2.6	$ 4,111.8	7,295,541	$ (67.9)	$ (1,610.9)	$ (313.5)	$ 2,122.1	$ (1.6)	$ 2,120.5

See accompanying notes to the Condensed Consolidated Financial Statements

1. BACKGROUND AND BASIS OF PRESENTATION

Background

Element Solutions was incorporated in Delaware in January 2014 and its shares of common stock, par value $0.01 per share, trade on the NYSE under the ticker symbol "ESI."

Element Solutions is a leading global specialty chemicals company whose businesses supply a broad range of solutions that enhance the performance of products people use every day. Developed in multi-step technological processes, the innovative solutions of the Company's businesses enable customers' manufacturing processes in several key industries, including electronic circuitry, semiconductor, communications infrastructure, automotive systems, industrial surface finishing, consumer packaging and offshore energy. Element Solutions delivers its products to customers through its sales and service workforce, regional distributors and manufacturing representatives.

Basis of Presentation

The accompanying unaudited Condensed Consolidated Financial Statements have been prepared in accordance with GAAP. In the opinion of management, these unaudited Condensed Consolidated Financial Statements reflect all adjustments that are normal, recurring and necessary for a fair statement of the Company's financial position, results of operations and cash flows for interim periods, but are not necessarily indicative of the results of operations that may be expected for the year ending December 31, 2020. These unaudited Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and the related notes thereto included in the Company's 2019 Annual Report.

The process of preparing the Company's unaudited Condensed Consolidated Financial Statements requires the use of estimates and judgments that affect the reported amount of assets, liabilities, net sales and expenses. These estimates and judgments are based on historical experience, future expectations and other factors as well as assumptions the Company believes to be reasonable under the circumstances. These estimates and judgments are reviewed on an ongoing basis and revised as necessary; however, the business and economic uncertainty resulting from the COVID-19 pandemic has made such estimates and judgments more difficult to determine. Actual amounts may differ materially from these estimates.

Certain other prior year amounts have been reclassified to conform to the current year's presentation.

2. RECENT ACCOUNTING PRONOUNCEMENTS

Recently Issued Accounting Pronouncements Not Yet Adopted

Income Taxes (Topic 740) - In December 2019, the FASB issued ASU No. 2019-12, *"Simplifying the Accounting for Income Taxes,"* which removes certain exceptions related to the approach for intraperiod tax allocation, the recognition of deferred tax liabilities for outside basis differences and clarifies the accounting for transactions that result in a step-up in the tax basis of goodwill. The guidance is effective as of January 1, 2021, with early adoption permitted. The Company is evaluating the impact of the guidance on the Condensed Consolidated Financial Statements.

3. DISCONTINUED OPERATIONS

The Arysta Sale was completed on January 31, 2019. In connection with the Arysta Sale, the Company agreed to retain certain liabilities associated with legal and tax proceedings, primarily related to an Arysta subsidiary in Brazil. The Company does not expect to incur any material losses as a result of these proceedings. However, the resolutions of these matters may take several years and, to the extent not covered by insurance, may adversely impact the Company's financial position or results of operations. The Company may record an additional gain or loss in the future as it settles certain remaining tax assets and liabilities associated with the Arysta Sale.

The following table details the components comprising net (loss) income from the Company's discontinued operations attributable to common stockholders:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in millions)	2020	2019	2020	2019 [1]
Net sales	$ —	$ —	$ —	$ 65.3
Cost of sales	—	—	—	(45.5)
Selling, technical, general and administrative	—	(0.4)	—	(37.8)
Research and development	—	—	—	(4.6)
(Loss) gain on Arysta Sale	—	(0.1)	—	2.4
Operating loss	—	(0.5)	—	(20.2)
Other, net	(0.2)	0.7	(1.7)	9.4
(Loss) income from discontinued operations, before income taxes	(0.2)	0.2	(1.7)	(10.8)
Income tax (expense) benefit	—	(1.1)	0.6	24.0
Net (loss) income from discontinued operations attributable to common stockholders	$ (0.2)	$ (0.9)	$ (1.1)	$ 13.2

[1] *Includes activity through January 31, 2019, when the Arysta Sale was completed, and certain post-closing adjustments relating to, among other things, cash, indebtedness and working capital as of the closing date.*

4. INVENTORIES

The major components of inventory, on a net basis, were as follows:

(dollars in millions)	September 30, 2020	December 31, 2019
Finished goods	$ 122.1	$ 118.5
Work in process	26.5	22.6
Raw materials and supplies	63.3	58.5
Total inventories	$ 211.9	$ 199.6

5. PROPERTY, PLANT AND EQUIPMENT

The major components of property, plant and equipment were as follows:

(dollars in millions)	September 30, 2020	December 31, 2019
Land and leasehold improvements	$ 51.3	$ 68.6
Buildings and improvements	133.9	113.5
Machinery, equipment, fixtures and software	240.9	220.0
Construction in process	20.7	16.0
Total property, plant and equipment	446.8	418.1
Accumulated depreciation	(212.2)	(153.3)
Property, plant and equipment, net	$ 234.6	$ 264.8

For the three months ended September 30, 2020 and 2019, the Company recorded depreciation expense of $10.7 million and $10.1 million, respectively. For the nine months ended September 30, 2020 and 2019, the Company recorded depreciation expense of $31.7 million and $30.8 million, respectively.

During the third quarter of 2020, the Company met the requirements to classify a dormant facility in New Jersey, included in its Electronics segment, as held for sale. The current assets held for sale represent the net book value of the land of $17.2 million and the building of $2.7 million as of September 30, 2020. No impairment was identified. The Company received an initial deposit of $3.6 million, which is included in "Other, net" in the Condensed Consolidated Statements of Cash Flows as a cash inflow from investing activities.

6. GOODWILL AND INTANGIBLE ASSETS

Goodwill

The changes in the carrying amount of goodwill were as follows:

(dollars in millions)	Electronics	Industrial & Specialty	Total
Balance at December 31, 2019	$ 1,223.4	$ 956.2 (1)	$ 2,179.6
Acquisition (2)	—	6.8	6.8
Purchase accounting adjustments (3)	(1.6)	—	(1.6)
Foreign currency translation	17.7	(12.9)	4.8
Balance at September 30, 2020	$ 1,239.5	$ 950.1	$ 2,189.6

(1) Includes accumulated impairment losses of $46.6 million.

(2) On July 1, 2020, the Company completed the DMP Acquisition. which was not material to our Condensed Consolidated Financial Statements, and therefore, the purchase price allocation, pro forma and post-acquisition results of operations have not been presented.

(3) During the second quarter of 2020, the Company recorded a step-up of fixed assets of $1.4 million for the Kester Acquisition. The impact of this acquisition on the Company's results of operations was not material.

Indefinite-Lived Intangible Assets

The carrying value of indefinite-lived intangible assets other than goodwill, which consisted solely of tradenames, was $68.0 million and $104 million at September 30, 2020 and December 31, 2019, respectively.

During the first quarter of 2020, the Company determined that the useful life of one of its tradenames no longer met the criteria of an indefinite-lived asset and concluded no indication of impairment. Subsequently, the Company started amortizing this tradename over 15 years, consistent with other similar finite-lived assets.

Finite-Lived Intangible Assets

Intangible assets subject to amortization were as follows:

	September 30, 2020			December 31, 2019		
(dollars in millions)	Gross Carrying Amount	Accumulated Amortization	Net Book Value	Gross Carrying Amount	Accumulated Amortization	Net Book Value
Customer relationships	$ 957.0	$ (404.8)	$ 552.2	$ 959.1	$ (351.4)	$ 607.7
Developed technology	384.4	(225.3)	159.1	380.5	(194.8)	185.7
Tradenames	89.4	(9.4)	80.0	51.5	(4.9)	46.6
Other	1.6	(0.8)	0.8	1.6	(1.6)	—
Total	$ 1,432.4	$ (640.3)	$ 792.1	$ 1,392.7	$ (552.7)	$ 840.0

For the three months ended September 30, 2020 and 2019, the Company recorded amortization expense on intangible assets of $30.5 million and $28.1 million, respectively. For the nine months ended September 30, 2020 and 2019, the Company recorded amortization expense on intangible assets of $88.8 million and $84.9 million, respectively.

On March 9, 2020, the Company acquired a new subsea production control fluid designed to complement its Energy Solutions business for a purchase price of $6.3 million in cash. The Company may pay an additional $4.5 million upon the achievement of certain milestones associated with the potential certification and marketing of this product. As the acquisition did not meet the accounting definition of a business and this product is still in development with no alternative future use, the amount paid was expensed to research and development in the Condensed Consolidated Statements of Operations.

7. DEBT

The Company's debt obligations consisted of the following:

(dollars in millions)	Maturity Date	Interest Rate	September 30, 2020	December 31, 2019
USD Term Loans (1)	2026	LIBOR plus 2.00%	$ 729.0	$ 733.4
Senior Notes - USD 800 million (2)	2028	3.875%	787.7	—
Senior Notes - USD 800 million (3)	2025	5.875%	—	786.7
Borrowings under the Revolving Credit Facility	2024	LIBOR plus 2.25%	—	—
Other			0.7	0.9
Total debt			1,517.4	1,521.0
Less: current installments of long-term debt and revolving credit facilities			7.7	7.8
Total long-term debt			$ 1,509.7	$ 1,513.2

(1) Term loans, net of unamortized discounts and debt issuance costs of $8.0 million and $9.1 million at September 30, 2020 and December 31, 2019, respectively. Weighted average effective interest rate of 2.3% and 2.2% at September 30, 2020 and December 31, 2019, respectively, including the effects of interest rate swaps and net investment hedges. See Note 8, Financial Instruments, for further information regarding the Company's interest rate swaps and net investment hedges.

(2) Senior notes, net of unamortized debt issuance costs of $12.3 million at September 30, 2020. Weighted average effective interest rate of 4.1% at September 30, 2020.

(3) Senior notes, net of unamortized discount and debt issuance costs of $13.3 million at December 31, 2019. Weighted average effective interest rate of 6.2% at December 31, 2019.

Credit Agreement

The Company is a party to the Credit Agreement, which provides for senior secured credit facilities in an aggregate principal amount of $1.08 billion, consisting of a revolving facility in an aggregate principal amount of $330 million maturing in 2024 and a term loan in an aggregate principal amount of $750 million maturing in 2026.

Borrowings under the Credit Agreement bear interest at a rate per annum equal to a Base Rate, as defined in the Credit Agreement, plus, in each case, an applicable rate equal to a spread of 1.00% with respect to Base Rate Loans and a spread of 2.00% with respect to Eurocurrency Rate Loans. The Company is required to pay a commitment fee in respect of any undrawn portion of the revolving facility of 0.50% per annum, subject to a stepdown to 0.375% based on the Company's first lien net leverage ratio.

The Company's obligations under the Credit Agreement are guaranteed, jointly and severally, by certain of the Company's domestic subsidiaries and secured by a first-priority security interest in substantially all of the assets of the Company and MacDermid, as borrowers, and the guarantors, including mortgages on material real property, subject to certain exceptions.

Covenants, Events of Default and Provisions

The Credit Agreement contains customary representations and warranties, and affirmative and negative covenants, including limitations on additional indebtedness, dividends, and other distributions, entry into new lines of business, use of loan proceeds, capital expenditures, restricted payments, restrictions on liens on the assets of the borrowers or any guarantor, transactions with affiliates, amendments to organizational documents, accounting changes, sale and leaseback transactions and dispositions. To the extent the borrowers have total outstanding borrowings under the revolving facility (subject to certain exceptions) greater than 30% of the commitment amount under the revolving facility, the Company's first lien net leverage ratio should not exceed 5.0 to 1.0, subject to a right to cure.

The Credit Agreement requires the borrowers to make mandatory prepayments of borrowings, subject to certain exceptions, as described in the Credit Agreement. In addition, the Credit Agreement contains customary events of default that include, among others, non-payment of principal, interest or fees, violation of covenants, inaccuracy of representations and warranties, failure to make payment on, or defaults with respect to, certain other material indebtedness, bankruptcy and insolvency events, material judgments and change of control provisions. Upon the occurrence of an event of default, and after the expiration of any applicable grace period, payment of any outstanding loans under the Credit Agreement may be accelerated and the lenders could foreclose on their security interests in the assets of the borrowers and the guarantors.

At September 30, 2020, the Company was in compliance with the debt covenants contained in the Credit Agreement and had full availability of its unused borrowing capacity of $325 million, net of letters of credit, under the revolving facility.

3.875% USD Notes due 2028

On August 18, 2020, the Company completed a private offering of $800 million aggregate principal amount of 3.875% senior notes due 2028. The net proceeds from this offering and cash on hand were used to pay for the full redemption of the Company's $800 million aggregate amount of 5.875% USD Notes due 2025 on September 4, 2020. In connection with the redemption, the Company expensed $45.7 million in "Other (expense) income, net" in the Consolidated Statement of Operations, consisting of a make-whole premium of $33.6 million, which is a cash outflow from financing activities in the Condensed Consolidated Statements of Cash Flows, and the write-off of debt issuance costs and original issue discount of $12.1 million.

The 3.875% USD Notes due 2028 are governed by the 3.875% USD Notes Indenture, which provides, among other things, for customary affirmative and negative covenants, events of default and other customary provisions. The notes accrue interest at a rate of 3.875% per annum, payable semi-annually in arrears, on March 1 and September 1 of each year, beginning on March 1, 2021, and will mature on September 1, 2028, unless earlier repurchased or redeemed. Pursuant to the indenture, the Company has the option to redeem the 3.875% USD Notes due 2028 prior to their maturity, subject to, in certain cases, the payment of an applicable make-whole premium. The 3.875% USD Notes due 2028 are fully and unconditionally guaranteed on a senior unsecured basis by generally all of the Company's domestic subsidiaries that guarantee the obligations of the borrowers under the Credit Agreement.

Lines of Credit and Other Debt Facilities

The Company has access to various revolving lines of credit, short-term debt facilities and overdraft facilities worldwide which are used to fund short-term cash needs. There were no amounts outstanding under such facilities at September 30, 2020 or December 31, 2019. The Company had letters of credit outstanding of $6.2 million and $5.7 million at September 30, 2020 and December 31, 2019, respectively, of which $5.5 million and $5.3 million at September 30, 2020 and December 31, 2019, respectively, reduced the borrowings available under the various facilities. At September 30, 2020 and December 31, 2019, the availability under these facilities totaled approximately $349 million and $351 million, respectively, net of outstanding letters of credit.

8. FINANCIAL INSTRUMENTS

Derivatives and Hedging

In the normal course of business, the Company is exposed to risks relating to changes in foreign currency exchange rates, commodity prices and interest rates. Derivative financial instruments, such as foreign currency exchange forward contracts, commodities futures contracts, interest rate swaps and net investment hedges are used to manage the risks associated with changes in the conditions of those markets. All derivatives are recognized in the Condensed Consolidated Balance Sheets at fair value. The counterparties to the Company's derivative agreements are major international financial institutions. The Company continually monitors its derivative positions and the credit ratings of its counterparties and does not anticipate nonperformance on their part.

Foreign Currency

The Company conducts a significant portion of its business in currencies other than the U.S. dollar and a portion of its business in currencies other than the functional currencies of its subsidiaries. As a result, the Company’s operating results are impacted by foreign currency exchange rate volatility.

At September 30, 2020, the Company held foreign currency forward contracts to purchase and sell various currencies in order to mitigate such foreign currency exposure with the U.S. dollar and British pound. The Company has not designated any foreign currency exchange forward contracts as eligible for hedge accounting and, as a result, changes in the fair value of foreign currency forward contracts are recorded in the Condensed Consolidated Statements of Operations as "Other (expense) income, net." The total notional value of foreign currency exchange forward contracts held at September 30, 2020 and December 31, 2019 was approximately $213.3 million and $74.2 million, respectively, with settlement dates generally within one year. The market value of the foreign currency forward contracts was a $0.9 million net current liability at September 30, 2020 and a $0.7 million net current asset at December 31, 2019.

Commodities

As part of its risk management policy, the Company enters into commodities futures contracts for the purpose of mitigating its exposure to fluctuations in prices of certain metals used in the production of its finished goods. The Company held futures contracts to purchase and sell various metals, primarily tin and silver, with a notional value of $35.4 million and $28.6 million at September 30, 2020 and December 31, 2019, respectively. The market value of the metals forward contracts was $0.7 million net current asset at September 30, 2020 and $0.4 million net current liability at December 31, 2019. Substantially all contracts outstanding at September 30, 2020 had delivery dates within one year. The Company has not designated these derivatives as hedging instruments and, accordingly, records changes in their fair values in the Condensed Consolidated Statements of Operations as "Other (expense) income, net."

Realized gains and losses on derivative contracts are accounted for as "Operating activities" in the Condensed Consolidated Statements of Cash Flows.

Interest Rates

The Company entered into interest rate swaps to effectively fix the floating rate of the interest payments associated with its $750 million term loan under the Credit Agreement through January 2024. These contracts were designated as a cash flow hedge. All interest payments to be paid during the last two years preceding the maturity date of this term loan (February 2024 to January 2026) will revert back to a floating rate of interest.

The Company also entered into cross-currency swaps to effectively convert the $750 million term loan under the Credit Agreement, a U.S. dollar denominated debt obligation, into fixed-rate euro-denominated debt. Under these contracts, which expire in January 2024, the Company is obligated to make periodic euro-denominated coupon payments to the hedge counterparties on an aggregate initial notional amount of €662 million, in exchange for periodic U.S. dollar-denominated coupon payments from these hedge counterparties on an aggregate initial notional amount of $750 million. The Company has also designated these contracts as a net investment hedge of the foreign currency exposure of a portion of its net investment in its European operations.

The net result of the above hedges is an interest rate of approximately2.3%, which could vary due to changes in the euro and the U.S. dollar exchange rate.

Changes in the fair value of a derivative instrument that is designated as, and meets all the required criteria of, a cash flow hedge are recorded in "Other comprehensive (loss) income" and reclassified from "Accumulated other comprehensive loss" into earnings as the underlying hedged item affects earnings. Amounts reclassified into earnings related to interest rate swaps are included in the Condensed Consolidated Statements of Operations as "Interest expense, net." Changes in the fair value of a derivative instrument that is designated as, and meets all the required criteria of, a net investment hedge are recorded in "Foreign currency translation" in "Accumulated other comprehensive loss" offsetting the translation adjustment attributable to the hedged portion of the Company’s net investment in its European operations.

For the three and nine months ended September 30, 2020, the Company's interest rate swaps and cross-currency swaps were deemed highly effective. The Company expects to reclassify $17.5 million of expense associated with its interest rate swaps from "Accumulated other comprehensive loss" to "Interest expense, net" in the Condensed Consolidated Statements of Operations within the next twelve months.

Fair Value Measurements

The following table presents the Company’s financial assets and liabilities that are measured at fair value on a recurring basis:

(dollars in millions)	Balance sheet location	Classification	September 30, 2020	December 31, 2019
Asset Category				
Foreign exchange not designated as hedging instruments	Other current assets	Level 2	$ 3.1	$ 0.9
Metals contracts not designated as hedging instruments	Other current assets	Level 2	1.9	0.3
Cross currency swaps designated as net investment hedge	Other current assets	Level 2	17.5	18.4
Available for sale equity securities	Other assets	Level 1	—	0.3
Total			$ 22.5	$ 19.9
Liability Category				
Foreign exchange not designated as hedging instruments	Accrued expenses and other current liabilities	Level 2	$ 4.0	$ 0.2
Metals contracts not designated as hedging instruments	Accrued expenses and other current liabilities	Level 2	1.2	0.7
Interest rate swaps designated as cash flow hedging instruments	Accrued expenses and other current liabilities	Level 2	17.5	6.9
Interest rate swaps designated as cash flow hedging instruments	Other liabilities	Level 2	38.3	19.7
Cross currency swaps designated as net investment hedge	Other liabilities	Level 2	6.8	0.3
Total			$ 67.8	$ 27.8

The following methods and assumptions were used to estimate the fair value of each class of the Company’s financial assets and liabilities:

Derivatives - Derivative assets and liabilities include foreign currency, metals, interest rate swaps and cross currency swaps. The values are determined using pricing models based upon observable market inputs, such as market spot and futures prices on over-the-counter derivative instruments, market interest rates, and consideration of counterparty credit risk.

Available for sale equity securities - Available for sale equity securities classified as Level 1 assets are measured using quoted market prices at the reporting date multiplied by the quantity held.

There were no significant transfers between the fair value hierarchy levels for the three and nine months ended September 30, 2020.

The carrying value and estimated fair value of the Company’s long-term debt totaled $1.52 billion and $1.51 billion, respectively, at September 30, 2020. At December 31, 2019, the carrying value and estimated fair value totaled $1.52 billion and $1.58 billion, respectively. The carrying values noted above include unamortized discounts and debt issuance costs. The estimated fair value of long-term debt is measured using quoted market prices at the reporting date multiplied by the gross carrying amount of the related debt, which excludes unamortized discounts and debt issuance costs. Such instruments are valued using Level 2 inputs.

9. STOCKHOLDERS' EQUITY

Preferred Stock

The Company is authorized to issue 5 million shares of preferred stock. The Board had designated 2 million of those shares as "Series A Preferred Stock." At December 31, 2019, a total of 2 million shares of Series A Preferred Stock were issued and outstanding. All outstanding shares of Series A Preferred Stock were converted into shares of common stock of the Company during the first quarter of 2020.

Repurchases of Common Stock

During the three months ended September 30, 2020, as part of its previously-announced $750 million share repurchase program, the Company repurchased approximately 0.2 million shares of its common stock for approximately $2.6 million, at an average price of approximately $11.24 per share. During the nine months ended September 30, 2020, the Company repurchased approximately 4.0 million shares of its common stock for approximately $35.7 million, at an average price of approximately $8.96 per share. The repurchases were funded from cash on hand and the shares were allocated to treasury shares. The remaining authorization under the Company's share repurchase program was approximately $207 million at September 30, 2020.

On October 6, 2020, the Company repurchased 1.5 million shares of its common stock at $11.50 per share or an aggregate purchase price of approximately $17.3 million. The repurchase was funded from cash on hand and the shares were allocated to treasury shares.

10. EARNINGS (LOSS) PER SHARE

Basic and diluted earnings per share are based on the weighted average number of shares of common stock and potential common stock outstanding during the period. Potential common stock, for purposes of determining diluted earnings per share, assumes the issuance of all potentially dilutive share equivalents using the if-converted or treasury stock method.

A computation of earnings (loss) per share from continuing operations and weighted average shares of the Company's common stock outstanding for the three and nine months ended September 30, 2020 and 2019 is as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(dollars in millions, except per share amounts)	2020	2019	2020	2019
Net income (loss) from continuing operations	$ 36.2	$ (6.0)	$ 46.9	$ 5.2
Net income attributable to the non-controlling interests	—	—	—	(0.6)
Net income (loss) from continuing operations attributable to common stockholders	$ 36.2	$ (6.0)	$ 46.9	$ 4.6
Basic weighted average common shares outstanding	248.9	254.4	249.4	259.9
Denominator adjustments for diluted EPS:				
Number of shares issuable upon conversion of Series A Preferred Stock	—	—	0.4	2.0
Number of stock options and RSUs	0.2	—	0.3	0.5
Denominator adjustments for diluted EPS	0.2	—	0.7	2.5
Diluted weighted average common shares outstanding	249.1	254.4	250.1	262.4
Earnings (loss) per share from continuing operations attributable to common stockholders:				
Basic	$ 0.15	$ (0.02)	$ 0.19	$ 0.02
Diluted	$ 0.15	$ (0.02)	$ 0.19	$ 0.02

For the three and nine months ended September 30, 2020 and 2019, the following securities were not included in the computation of diluted shares outstanding because the effect would be anti-dilutive or because performance targets and/or market conditions were not yet achieved for RSUs contingent upon performance:

	Three Months Ended September 30,		Nine Months Ended September 30,	
(shares in millions)	2020	2019	2020	2019
Shares issuable for the contingent consideration	—	4.9	—	4.9
Shares issuable upon conversion of Series A Preferred Stock	—	2.0	—	—
Shares issuable upon vesting of RSUs and exercise of stock options	4.5	5.0	4.7	4.3
Total	4.5	11.9	4.7	9.2

11. CONTINGENCIES, ENVIRONMENTAL AND LEGAL MATTERS

Environmental Matters

The Company is involved in various claims relating to environmental matters at current and former plants and waste management sites. The Company engages or participates in remedial and other environmental compliance activities at certain of these sites. At other sites, it has been named as a potential responsible party pursuant to the federal Superfund Act and/or state Superfund laws comparable to the federal law for site remediation. The Company analyzes each individual site, considering the number of parties involved, the level of its potential liability or contribution relating to the other parties, the nature and magnitude of the hazardous wastes involved, the method and extent of remediation, the potential insurance coverage, the estimated legal and consulting expense with respect to each site and the time period over which costs are likely to be incurred. Based on this analysis, the Company estimates the clean-up costs and related claims for each site. The estimates are based in part on discussions with other potential responsible parties, governmental agencies and engineering firms.

The Company accrues for environmental matters when it is probable that a liability has been incurred and the amount of the liability can be reasonably estimated based on current laws and existing technologies. The accruals are adjusted periodically as assessment and remediation efforts progress or as additional technical or legal information becomes available. The Company's environmental liabilities, which are included in the Condensed Consolidated Balance Sheets as "Accrued expenses and other current liabilities" and "Other liabilities," totaled $11.0 million and $12.0 million at September 30, 2020 and December 31, 2019, respectively, primarily driven by environmental remediation, clean-up costs and monitoring of sites that were either closed or disposed of in prior years. While uncertainty exists with respect to the amount and timing of its ultimate environmental liabilities, the Company does not currently anticipate any material losses in excess of the amount recorded. However, it is possible that new information about the sites, such as results of investigations, could make it necessary for the Company to reassess its potential exposure related to these environmental matters.

The Company believes it is not possible to develop an estimate of the range of reasonably possible environmental loss in excess of the Company's recorded liabilities and is unable to ascertain the ultimate aggregate amount of monetary liabilities or financial impacts with respect to these matters.

Legal Matters

From time to time, the Company is involved in various legal proceedings, investigations and/or claims in the normal course of its business. Although it cannot predict with certainty the ultimate resolution of these matters, which involve judgments that are inherently subjective, the Company believes that their resolutions, to the extent not covered by insurance, will not, individually or in the aggregate, have a material adverse effect on its consolidated financial position, results of operations or cash flows.

12. INCOME TAXES

The Company's quarterly income tax provision is measured using an estimate of its consolidated annual effective tax rate, adjusted in the current period for discrete income tax items, within the periods presented. The comparison of the Company's income tax provision between periods is significantly impacted by tax law changes, the level and mix of earnings and losses by tax jurisdiction, foreign income tax rate differentials and discrete items.

On July 23, 2020, the U.S. Treasury Department released regulations relating to the treatment of income that is subject to a high rate of foreign tax under the U.S. global intangible low-taxed income ("GILTI") and subpart F income regimes, and on July 28, 2020, it released new regulations relating to Internal Revenue Code section 163(j) and the related interest expense limitations. The Company has evaluated the impact of these new regulations on its Condensed Consolidated Financial Statements and calculated an estimated $42 million tax benefit from these regulations related to the 2018 and 2019 tax years producing an increase to the Company's net operating loss carryforwards. The Company recorded these impacts in the third quarter of 2020.

For the three months ended September 30, 2020, the Company recognized an income tax benefit of $47.3 million, as compared to income tax expense of $57.2 million in the prior year. The tax benefit for the three months ended September 30, 2020 was driven by the benefit from the new regulations noted above, and to a lesser extent, the impacts from the GILTI provisions related to the 2020 tax year, a valuation allowance on tax attribute carryforwards and a tax on unremitted earnings related to non-U.S. jurisdictions. The tax expense for the three months ended September 30, 2019 represented tax on the Company's pre-tax income based on its estimated full year annual effective tax rate, which included the negative impact of U.S. GILTI provisions and an accrual of a valuation allowance on interest limitation carryforwards.

For the nine months ended September 30, 2020, the Company recognized an income tax benefit of $37.4 million, as compared to income tax expense of $40.0 million in the prior year. The tax benefit for the nine months ended September 30, 2020 was driven by the tax benefit from the new regulations noted above, and to a lesser extent, the negative impact of the GILTI provisions related to the 2020 tax year, an accrual of a valuation allowance on tax attribute carryforwards and tax on unremitted earnings related to non-U.S. jurisdictions, partially offset by the recognition of a benefit associated with the expiration of a statute of limitations. The tax expense for the nine months ended September 30, 2019 represented tax on the Company's pre-tax income based on its estimated full year annual effective tax rate, which included the negative impact of U.S. GILTI provisions, an accrual of a valuation allowance on interest limitation carryforwards and a benefit from the release of a valuation allowance.

13. RELATED PARTY TRANSACTIONS

The Company is a party to an Advisory Services Agreement with Mariposa Capital, LLC, an affiliate of one of its founder directors, whereby Mariposa Capital, LLC is entitled to receive an annual fee of $3 million and reimbursement for expenses. This agreement is automatically renewed for successive one year terms unless either party notifies the other in writing of its intention not to renew no later than 90 days prior to the expiration of the applicable term. The fee is recorded in the Condensed Consolidated Statements of Operations as "Selling, technical, general and administrative" expense.

14. SEGMENT INFORMATION

The Company's operations are organized into two reportable segments: Electronics and Industrial & Specialty. These segments represent businesses for which separate financial information is utilized by the chief operating decision maker, or CODM, for purposes of allocating resources and evaluating performance.

The Company allocates resources and evaluates the performance of its operating segments based primarily on net sales and Adjusted EBITDA. Adjusted EBITDA for each segment is defined as earnings before interest, taxes, depreciation and amortization, as further adjusted for additional items included in GAAP earnings which the Company believes are not representative or indicative of each of its segments' ongoing business or are considered to be associated with its capital structure. Adjusted EBITDA for each segment also includes an allocation of corporate costs, such as compensation expense and professional fees.

Results of Operations

The following table summarizes financial information regarding each reportable segment’s results of operations, including disaggregated external net sales by product category:

(dollars in millions)	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Net sales:				
Electronics				
Assembly Solutions	$ 155.0	$ 137.3	$ 393.2	$ 407.7
Circuitry Solutions	101.0	102.4	286.7	285.4
Semiconductor Solutions	50.8	40.3	149.0	120.7
Total Electronics	306.8	280.0	828.9	813.8
Industrial & Specialty				
Industrial Solutions	121.0	125.5	330.5	396.0
Graphics Solutions	33.6	40.1	106.8	113.1
Energy Solutions	16.1	19.1	50.9	58.3
Total Industrial & Specialty	170.7	184.7	488.2	567.4
Total net sales	$ 477.5	$ 464.7	$ 1,317.1	$ 1,381.2
Adjusted EBITDA:				
Electronics	$ 72.0	$ 73.6	$ 196.5	$ 190.4
Industrial & Specialty	29.8	41.8	100.2	124.1
Total Adjusted EBITDA	$ 101.8	$ 115.4	$ 296.7	$ 314.5

The following table reconciles "Net income (loss) attributable to common stockholders" to Adjusted EBITDA:

(dollars in millions)	Three Months Ended September 30, 2020	Three Months Ended September 30, 2019	Nine Months Ended September 30, 2020	Nine Months Ended September 30, 2019
Net income (loss) attributable to common stockholders	$ 36.0	$ (6.9)	$ 45.8	$ 17.8
Add (subtract):				
Net income attributable to the non-controlling interests	—	—	—	0.6
Loss (income) from discontinued operations, net of tax	0.2	0.9	1.1	(13.2)
Income tax (benefit) expense	(47.3)	57.2	(37.4)	40.0
Interest expense, net	17.1	17.4	50.7	73.7
Depreciation expense	10.7	10.1	31.7	30.8
Amortization expense	30.5	28.1	88.8	84.9
EBITDA	47.2	106.8	180.7	234.6
Adjustments to reconcile to Adjusted EBITDA:				
Amortization of inventory step-up	1.0	—	2.4	—
Restructuring expense	1.3	6.8	5.6	12.6
Acquisition and integration costs	0.4	0.8	8.3	2.5
Foreign exchange loss on foreign denominated external and internal long-term debt	2.3	1.1	43.2	1.5
Debt refinancing costs	45.7	—	45.7	61.0
Change in fair value of contingent consideration	—	0.5	—	3.4
Other, net	3.9	(0.6)	10.8	(1.1)
Adjusted EBITDA	$ 101.8	$ 115.4	$ 296.7	$ 314.5

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

This Management's Discussion and Analysis of Financial Condition and Results of Operations section should be read in conjunction with the unaudited Condensed Consolidated Financial Statements and related notes included in this Quarterly Report, and the Consolidated Financial Statements, related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations section and other disclosures contained in our 2019 Annual Report. This discussion contains forward-looking statements that involve risks and uncertainties. Actual results may differ materially from those discussed in these forward-looking statements. Factors that might cause a difference include, but are not limited to, those discussed in "Forward-Looking Statements" and Part II, Item 1A, "Risk Factors" of this Quarterly Report, and in Part I, Item 1A, "Risk Factors" of our 2019 Annual Report.

Overview

Our Business

Element Solutions Inc, incorporated in Delaware in January 2014, is a leading global specialty chemicals company whose businesses supply a broad range of solutions that enhance the performance of products people use every day. Developed in multi-step technological processes, the innovative solutions of our businesses enable customers' manufacturing processes in several key industries, including electronic circuitry, semiconductor, communications infrastructure, automotive systems, industrial surface finishing, consumer packaging and offshore energy. Substantially all of our businesses' products are consumed by our customers as part of their production process, providing us with reliable and recurring revenue streams as the products are replenished in order to continue production. Our customers use our innovation as competitive advantages, relying on us to help them navigate through fast-paced, high-growth markets. Our product development and product extensions are expected to continue to drive sales growth in both new and existing markets, while expanding margins, by continuing to offer high customer value propositions.

We generate revenue through the formulation and sale of our businesses' chemistry solutions by our extensive global network of specially-trained scientists and engineers. While our chemistries typically represent only a small portion of our customers' costs, they are integral to our customers' manufacturing processes and overall product performance. We leverage these close relationships with our customers and OEMs to execute our growth strategy and identify opportunities for new products. These new products are developed and created by drawing upon our intellectual property portfolio and technical expertise. We believe that our customers place significant value on the consistency and quality of our brands, which we capitalize on through significant market share, customer loyalty and supply chain access. Lastly, operational risks and switching costs make it difficult for our customers to change suppliers which allows us to retain customers and maintain our market positions.

Our Operations

Our operations are organized into two segments: Electronics and Industrial & Specialty, which are each described below:

Electronics – The Electronics segment researches, formulates and delivers specialty chemicals and materials for all types of electronics hardware, from complex printed circuit board designs to new interconnection materials. In mobile communications, computers, automobiles and aerospace equipment, Electronics' products are an integral part of the electronics manufacturing process and the functionality of end-products. The segment's "wet chemistries" for metallization, surface treatments and solderable finishes form physical circuitry pathways and its "assembly materials," such as solders, pastes, fluxes and adhesives, join those pathways together.

The segment provides specialty chemical solutions through the following businesses:

Assembly Solutions	As a global supplier of solder technologies, fluxes, cleaners and other attachment materials for the electronics assembly industry, we develop innovative materials that join electronic circuits in high volume device manufacturing. Our high-performing interconnect materials are used to assemble consumer electronics from circuit boards, discrete electronic components, connectors and integrated circuit substrates.
Circuitry Solutions	As a global supplier of chemical formulations to the electronics industry, we design and manufacture proprietary liquid chemical processes ("baths") used by our customers to manufacture printed circuit boards. Our product portfolio is focused on specialized consumable chemical processes, such as surface treatments, circuit formation, primary metallization, electroplate and final finishes.
Semiconductor Solutions	As a global supplier to the semiconductor industry, we provide advanced copper interconnects, die attachment, wafer bump processes and photomask technologies to our customers for integrated circuit fabrication and semiconductor packaging.

Industrial & Specialty – The Industrial & Specialty segment provides customers with Industrial Solutions, which include chemical systems that protect and decorate metal and plastic surfaces; Graphics Solutions, which include consumable chemicals that enable printing image transfer on flexible packaging materials; and Energy Solutions, which include chemistries used in water-based hydraulic control fluids in offshore energy production. Industrial & Specialty's fully consumable products are used in the aerospace, automotive, construction, consumer electronics, consumer packaged goods and oil and gas production end markets.

The segment provides specialty chemical solutions through the following businesses:

Industrial Solutions	As a global supplier of industrial metal and plastic finishing chemistries, we primarily design and manufacture chemical systems that protect and decorate surfaces. Our high-performance functional coatings improve resistance to wear and tear, such as hard chrome plating of shock absorbers for cars or provide corrosion resistance for appliance parts. Our decorative performance coatings apply finishes for parts in various end markets such as automotive interiors or jewelry surfaces. As part of our broader sustainable solutions platform, we also provide both chemistry and equipment for turnkey wastewater treatment and recycle and reuse solutions.
Graphics Solutions	As a supplier of consumable materials used to transfer images on to consumer packaging materials, our products are used to improve print quality and printing productivity. We produce and market photopolymers through an extensive line of flexographic plates that are used in the consumer packaging and printing industries.
Energy Solutions	As a global supplier of specialized fluids to the offshore energy industry, we produce water-based hydraulic control fluids for major oil and gas companies and drilling contractors to be used in offshore deep-water production and drilling applications.

Recent Developments

Senior Notes Refinancing

During the third quarter of 2020, we completed a private offering of $800 million aggregate principal amount of 3.875% USD Notes due 2028 and the subsequent full redemption of our 5.875% USD Notes due 2025. The 200 basis point reduction in interest rate reduces our annual interest payments by $16.0 million. In connection with the redemption, we expensed $45.7 million, consisting of a make-whole premium of $33.6 million and the write-off of debt issuance costs and original issue discount of $12.1 million, which was recorded in "Other (expense) income, net" in the Consolidated Statement of Operations.

Launch of MacDermid Envio Solutions

During the third quarter of 2020, we launched MacDermid Envio Solutions, a new business within our Industrial & Specialty segment which focuses on helping customers to reduce their environmental impact through proprietary chemistry and equipment for turnkey wastewater treatment and the recovery of metals and other valuable materials.

COVID-19 Update

In December 2019, a novel strain of coronavirus was reported in Wuhan, China which has since spread throughout the world. In an effort to contain COVID-19 or slow its spread, governments in multiple countries have enacted various measures in response to the pandemic. These actions and the global health crisis caused by COVID-19 have negatively impacted, and continue to negatively impact, business activity across the globe. We also took certain proactive actions, including travel restrictions and heightened sanitary and social distancing policies at our locations around the world, to protect the health and safety of our employees. These actions resulted in a decrease of discretionary expenses, including travel and entertainment expenses, as health and safety protocols were adopted worldwide. In addition, we implemented certain actions to lower our cost structure, including temporary employee salary reductions and furloughs, and other actions intended to mitigate the economic impact of COVID-19 and preserve capital and liquidity.

Due to the impact of the pandemic and related actions, we experienced weaker demand during the second quarter of 2020 as compared to the same period in 2019, but overall market conditions improved sequentially in the third quarter of 2020, primarily in the automobile end market. The ultimate extent of the impact of COVID-19 on our business or our future results of operations, financial condition, expected cash flows and/or stock price is currently unknown and will depend on numerous and evolving factors that are highly uncertain, vary by market and cannot be accurately predicted or quantified at this time, including the duration and spread of the pandemic, new information concerning its transmission and severity, evolving macroeconomic factors, actions taken or that might be taken to contain or reduce its repercussions and the general impact of the pandemic on our customers, employees, suppliers, vendors, stakeholders and operations, as well as the demand for our products and services.

Repurchases of Common Stock

During the three months ended September 30, 2020, we repurchased approximately 0.2 million shares of our common stock for approximately $2.6 million, at an average price of approximately $11.24 per share. The remaining authorization under our previously-announced $750 million share repurchase program was approximately $207 million at September 30, 2020. On October 6, 2020, we repurchased 1.5 million shares of our common stock at $11.50 per share or an aggregate purchase price of approximately $17.3 million.

Recent Accounting Pronouncements

A summary of recent accounting pronouncements is included in Note 2,*Recent Accounting Pronouncements*, to our unaudited Condensed Consolidated Financial Statements included in this Quarterly Report.

Non-GAAP Financial Measures

To supplement our financial results presented in accordance with GAAP in this Management's Discussion and Analysis of Financial Condition and Results of Operations section, we present certain non-GAAP financial measures, such as operating results on a constant currency and organic basis and Adjusted EBITDA. Management internally reviews each of these non-GAAP measures to evaluate performance on a comparative period-to-period basis in terms of absolute performance, trends and expected future performance with respect to our business. We believe these non-GAAP financial measures, which are each further described below, provide investors with an additional perspective on trends and underlying operating results on a period-to-period comparable basis. We also believe that investors find this information helpful in understanding the ongoing performance of our operations separate from items that may have a disproportionate positive or negative impact on our financial results in any particular period or are considered to be associated with our capital structure.

These non-GAAP financial measures, however, have limitations as analytical tools and should not be considered in isolation from, or a substitute for, or superior to, the related financial information that we report in accordance with GAAP. The principal limitation of these non-GAAP financial measures is that they exclude significant expenses and income that are required by GAAP to be recorded in our financial statements and may not be comparable to similarly titled measures of other companies due to potential differences in calculation methods. In addition, these measures are subject to inherent limitations as they reflect the exercise of judgment by management about which items are excluded or included in determining these non-GAAP financial measures. Investors are encouraged to review the definitions and reconciliations of these non-GAAP financial measures to their most comparable GAAP financial measures included in this Quarterly Report and not to rely on any single financial measure to evaluate our business.

Constant Currency

We disclose operating results, from net sales through operating profit and Adjusted EBITDA, on a constant currency basis by adjusting to exclude the impact of changes due to the translation of foreign currencies of our international locations into U.S. dollars. Management believes this non-GAAP financial information facilitates period-to-period comparison in the analysis of trends in business performance, thereby providing valuable supplemental information regarding our results of operations, consistent with how we internally evaluate our financial results.

The impact of foreign currency translation is calculated by converting our current-period local currency financial results into U.S. dollars using the prior period's exchange rates and comparing these adjusted amounts to our prior period reported results. The difference between actual growth rates and constant currency growth rates represents the estimated impact of foreign currency translation.

Organic Net Sales Growth

Organic net sales growth is defined as net sales excluding the impact of foreign currency translation, changes due to the pass-through pricing of certain metals and acquisitions and/or divestitures, as applicable. Management believes this non-GAAP financial measure provides investors with a more complete understanding of the underlying net sales trends by providing comparable net sales over differing periods on a consistent basis.

For a reconciliation of reported net sales growth to organic net sales growth, see "*Net Sales*" within the "Results of Operations" section below.

Adjusted EBITDA

We define Adjusted EBITDA as EBITDA (earnings before interest, provision for income taxes, depreciation and amortization), excluding the impact of additional items included in GAAP earnings which we believe are not representative or indicative of our ongoing business or are considered to be associated with our capital structure. Management believes Adjusted EBITDA provides investors with a more complete understanding of the long-term profitability trends of our business and facilitates comparisons of our profitability to prior and future periods.

For a reconciliation of "Net income (loss) attributable to common stockholders" to Adjusted EBITDA, and more information about the adjustments made, see Note 14, *Segment Information*, to the unaudited Condensed Consolidated Financial Statements included in this Quarterly Report.

Results of Operations

Three and nine months ended September 30, 2020 as compared to the three and nine months ended September 30, 2019

	Three Months Ended September 30,		% Change			Nine Months Ended September 30,		% Change		
(dollars in millions)	**2020**	**2019**	**Reported**	**Constant Currency**	**Organic**	**2020**	**2019**	**Reported**	**Constant Currency**	**Organic**
Net sales	$ 477.5	$ 464.7	3%	2%	(2)%	$ 1,317.1	$ 1,381.2	(5)%	(3)%	(7)%
Cost of sales	274.0	259.0	6%	5%		753.8	784.2	(4)%	(3)%	
Gross profit	203.5	205.7	(1)%	(1)%		563.3	597.0	(6)%	(5)%	
Gross margin	*42.6 %*	*44.3 %*	*(170) bps*	*(160) bps*		*42.8 %*	*43.2 %*	*(40) bps*	*(50) bps*	
Operating expenses	144.9	138.8	4%	4%		410.6	429.5	(4)%	(4)%	
Operating profit	58.6	66.9	(12)%	(12)%		152.7	167.5	(9)%	(7)%	
Operating margin	*12.3 %*	*14.4 %*	*(210)bps*	*(200)bps*		*11.6 %*	*12.1 %*	*(50)bps*	*(40)bps*	
Other expense, net	(69.7)	(15.7)	(nm)			(143.2)	(122.3)	17%		
Income tax benefit (expense)	47.3	(57.2)	(nm)			37.4	(40.0)	(nm)		
Net income (loss) from continuing operations	36.2	(6.0)	(nm)			46.9	5.2	(nm)		
(Loss) income from discontinued operations, net of tax	(0.2)	(0.9)	(78)%			(1.1)	13.2	(nm)		
Net income (loss)	$ 36.0	$ (6.9)	(nm)			$ 45.8	$ 18.4	(nm)		
Adjusted EBITDA	$ 101.8	$ 115.4	(12)%	(11)%		$ 296.7	$ 314.5	(6)%	(4)%	
Adjusted EBITDA margin	*21.3 %*	*24.8 %*	*(350)bps*	*(330)bps*		*22.5 %*	*22.8 %*	*(30)bps*	*(10)bps*	

(nm) Calculation not meaningful.

Net Sales

Net sales in the third quarter of 2020 increased by 3% on a reported basis, 2% on a constant currency basis and decreased 2% on an organic basis. Electronics' consolidated results were positively impacted by $13.6 million of acquisitions and $4.3 million of pass-through metals pricing, and Industrial & Specialty's consolidated results were positively impacted by $3.9 million of acquisitions.

The following table reconciles GAAP net sales growth to constant currency and organic net sales growth:

	Three Months Ended September 30,		% Change					
(dollars in millions)	**2020**	**2019**	**Reported Net Sales Growth**	**Impact of Currency**	**Constant Currency**	**Pass-Through Metals Pricing**	**Acquisitions**	**Organic Net Sales Growth**
Electronics:								
Assembly Solutions	$ 155.0	$ 137.3	13%	0%	13%	(3)%	(8)%	1%
Circuitry Solutions	101.0	102.4	(1)%	(1)%	(3)%	—%	—%	(3)%
Semiconductor Solutions	50.8	40.3	26%	(1)%	25%	—%	(6)%	19%
Total	$ 306.8	$ 280.0	10%	(1)%	9%	(2)%	(5)%	2%
Industrial & Specialty:								
Industrial Solutions	$ 121.0	$ 125.5	(4)%	0%	(4)%	—%	(3)%	(7)%
Graphics Solutions	33.6	40.1	(16)%	1%	(16)%	—%	—%	(16)%
Energy Solutions	16.1	19.1	(16)%	2%	(14)%	—%	—%	(14)%
Total	$ 170.7	$ 184.7	(8)%	0%	(7)%	—%	(2)%	(10)%
Total	$ 477.5	$ 464.7	3%	0%	2%	(1)%	(4)%	(2)%

NOTE: Totals may not sum due to rounding.

Electronics' net sales in the third quarter of 2020 increased 10% on a reported basis and 2% on an organic basis.

- Assembly Solutions: net sales increased 13% on a reported basis and 1% on an organic basis. The Kester Acquisition and pass through metals pricing had a positive impact on reported revenue of 8% and 3% respectively. Foreign exchange did not have a material impact on reported revenue. The increase in organic net sales was primarily due to recovery in the automotive end market from COVID-19 weakness, which included increased global customer activity.
- Circuitry Solutions: net sales declined 1% on a reported basis and 3% on an organic basis. Foreign exchange had a positive impact of 1% on reported revenue. The decrease in organic net sales was primarily due to prior-year strength in high-end mobile markets in Korea, partially offset by share gains and recovery from COVID-19 weakness in China and continued demand for memory disk products.
- Semiconductor Solutions: net sales increased 26% on a reported basis and 19% on an organic basis. Foreign exchange and the Kester Acquisition had a positive impact on reported revenue of 1% and 6%, respectively. The increase in organic net sales was primarily due to higher net sales of advanced plating chemistries containing precious metals and continued strength in products used for 5G telecom infrastructure.

Industrial & Specialty's net sales in the third quarter of 2020 declined 8% on a reported basis and 10% on an organic basis.

- Industrial Solutions: net sales declined 4% on a reported basis and 7% on an organic basis. The DMP Acquisition had a positive 3% impact on reported revenue. Foreign exchange did not have a material impact on reported revenue. The decrease in organic net sales was primarily due to COVID-19-related demand weakness in European automotive, global consumer durables, aerospace and oil & gas end markets. Overall, market conditions improved in the later part of the quarter, primarily in Asia and the Americas automotive end markets.
- Graphics Solutions: net sales declined 16% on a reported and organic basis. Foreign exchange had a negative impact of 1% on reported revenue. The decrease in organic net sales was primarily due to lower volumes of ancillary products, such as screen printing and newspaper plates as well as reductions of product offerings and delayed marketing campaigns by CPG companies.

- Energy Solutions: net sales declined 16% on a reported basis and 14% on an organic basis. Foreign exchange had a negative impact of 2% on reported revenue. The decrease in organic net sales was primarily due to oil demand weakness leading to decreased production volumes in Europe and Asia.

Year to date, net sales decreased by 5% on a reported basis, 3% on a constant currency basis and 7% on an organic basis. Electronics' consolidated results were positively impacted by $42.5 million of acquisitions and negatively impacted by $3.8 million of pass-through metals pricing, and Industrial & Specialty's consolidated results were positively impacted by $3.9 million of acquisitions.

The following table reconciles GAAP net sales growth to constant currency and organic net sales growth:

	Nine Months Ended September 30,		% Change					
(dollars in millions)	**2020**	**2019**	**Reported Net Sales Growth**	**Impact of Currency**	**Constant Currency**	**Pass-Through Metals Pricing**	**Acquisitions**	**Organic Net Sales Growth**
Electronics:								
Assembly Solutions	$ 393.2	$ 407.7	(4)%	1%	(2)%	1%	(9)%	(10)%
Circuitry Solutions	286.7	285.4	0%	1%	1%	—%	—%	1%
Semiconductor Solutions	149.0	120.7	23%	0%	23%	—%	(6)%	17%
Total	$ 828.9	$ 813.8	2%	1%	3%	0%	(5)%	(2)%
Industrial & Specialty:								
Industrial Solutions	$ 330.5	$ 396.0	(17)%	1%	(15)%	—%	(1)%	(16)%
Graphics Solutions	106.8	113.1	(6)%	2%	(4)%	—%	—%	(4)%
Energy Solutions	50.9	58.3	(13)%	3%	(9)%	—%	—%	(9)%
Total	$ 488.2	$ 567.4	(14)%	2%	(12)%	—%	(1)%	(13)%
Total	$ 1,317.1	$ 1,381.2	(5)%	1%	(3)%	0%	(3)%	(7)%

NOTE: Totals may not sum due to rounding.

Year to date, Electronics' net sales increased 2% on a reported basis and declined 2% on an organic basis.

- Assembly Solutions: net sales declined 4% on a reported basis and 10% on an organic basis. The Kester Acquisition had a positive impact on reported revenue of 9%. Pass through metals pricing and foreign exchange had a negative impact on reported revenue of 1%. The decrease in organic net sales was primarily due to weak demand related to COVID-19 production slowdowns in all regions we serve, which impacted key end-markets such as automotive and consumer electronics, and the partial closure of our India manufacturing facility in the second quarter of 2020.
- Circuitry Solutions: net sales remained relatively flat on a reported basis and increased 1% on an organic basis. Foreign exchange had a negative impact of 1% on reported revenue. The increase in organic net sales was primarily due to strong demand from memory disk customers and continued strength in 5G-related products. The first quarter of 2020 was impacted by COVID-19-related demand weakness in China.
- Semiconductor Solutions: net sales increased 23% on a reported basis and 17% on an organic basis. The Kester Acquisition had a positive impact on reported revenue of 6%. Foreign exchange did not have a material impact on reported revenue. The increase in organic net sales was primarily due to growth in advanced packaging and increased demand for advanced assembly products, driven by 5G telecom infrastructure and data center markets.

Year to date, Industrial & Specialty's net sales declined 14% on a reported basis and 13% on an organic basis.

- Industrial Solutions: net sales declined 17% on a reported basis and 16% on an organic basis. The DMP Acquisition had a positive impact of 1% on reported revenue. Foreign exchange had a negative impact of 1% on reported revenue. The decrease in organic net sales was primarily due to automotive production slowdowns due to COVID-19 in key regions and demand weakness in construction and general industrial manufacturing markets.

- Graphics Solutions: net sales declined 6% on a reported basis and 4% on an organic basis. Foreign exchange had a negative impact of 2% on reported revenue. The decrease in organic net sales was primarily due to lower volumes of ancillary products, such as screen printing and newspaper plates, as well as reductions of product offerings and delayed marketing campaigns by CPG customers.
- Energy Solutions: net sales declined 13% on a reported basis and 9% on an organic basis. Foreign exchange had a negative impact of 3% on reported revenue. The decrease in organic net sales was primarily due to demand weakness in the Americas and Europe due to volatility in the price of oil and the impact of the loss of certain business in the first quarter of 2019, which had a negative impact of approximately 2% on organic net sales growth.

Gross Profit

	Three Months Ended September 30,		% Change		Nine Months Ended September 30,		% Change	
(dollars in millions)	2020	2019	Reported	Constant Currency	2020	2019	Reported	Constant Currency
Gross profit								
Electronics	$ 130.4	$ 120.9	8%	7%	$ 344.7	$ 338.6	2%	2%
Industrial & Specialty	73.1	84.8	(14)%	(13)%	218.6	258.4	(15)%	(14)%
Total	$ 203.5	$ 205.7	(1)%	(1)%	$ 563.3	$ 597.0	(6)%	(5)%
Gross margin								
Electronics	42.5 %	43.2 %	(70) bps	(70) bps	41.6 %	41.6 %	0 bps	(10) bps
Industrial & Specialty	42.8 %	45.9 %	(310) bps	(290) bps	44.8 %	45.5 %	(70) bps	(70) bps
Total	42.6 %	44.3 %	(170) bps	(160) bps	42.8 %	43.2 %	(40) bps	(50) bps

Electronics' gross profit in the third quarter of 2020 increased by 8% on a reported basis and 7% on a constant currency basis. The constant currency increase in gross profit was primarily driven by the Assembly business, including the Kester Acquisition. The decrease in gross margin was primarily due to unfavorable product mix in Assembly and Circuitry Solutions, as a result of prior year strength in high-end mobile markets in Korea, and the impact of higher net sales of products containing precious metals.

Industrial & Specialty's gross profit in the third quarter of 2020 decreased by 14% on a reported basis and 13% on a constant currency basis. The constant currency decrease in gross profit was primarily driven by lower net sales volumes in Industrial Solutions due to weak automotive markets related to COVID-19. The decrease in gross margin was primarily due to lower net sales in Energy Solutions and Graphics Solutions whose products have higher gross margins.

Year to date, Electronics' gross profit increased by 2% on a reported and constant currency basis. The constant currency increase in gross profit for the period was driven by growth in telecom and data storage markets and was partially offset by lower demand in automotive and mobile phone markets. Gross margin remained relatively flat as strength in 5G-related products offset higher raw materials prices.

Year to date, Industrial & Specialty's gross profit decreased by 15% on a reported basis and 14% on a constant currency basis. The constant currency decrease in gross profit was primarily driven by lower net sales in Industrial Solutions. The decrease in gross margin was primarily due to unfavorable product mix and higher raw material prices.

Operating Expenses

(dollars in millions)	Three Months Ended September 30, 2020	2019	% Change Reported	Constant Currency	Nine Months Ended September 30, 2020	2019	% Change Reported	Constant Currency
Selling, technical, general and administrative	$ 134.8	$ 128.8	5%	4%	$ 373.4	$ 397.6	(6)%	(5)%
Research and development	10.1	10.0	1%	0%	37.2	31.9	17%	17%
Total	$ 144.9	$ 138.8	4%	4%	$ 410.6	$ 429.5	(4)%	(4)%
Operating expenses as % of Net sales								
Selling, technical, general and administrative	28.2 %	27.7 %	50 bps	50 bps	28.4 %	28.8 %	(40) bps	(50) bps
Research and development	2.1 %	2.2 %	(10) bps	(10) bps	2.8 %	2.3 %	50 bps	50 bps
Total	30.3 %	29.9 %	40 bps	40 bps	31.2 %	31.1 %	10 bps	0 bps

Operating expenses in the third quarter of 2020 increased 4% on a reported and constant currency basis. The increase was driven primarily by higher incentive compensation accruals of $11.4 million on a constant currency basis as the increased pace of recovery in the business required an updated assessment of our expected annual incentive compensation accruals, partially offset by cost containment initiatives across our businesses to mitigate the impact of COVID-19-related slowdowns, including lower travel expenses, which decreased $3.4 million on a constant currency basis, and lower personnel expenses, including temporary employee salary reductions and furloughs.

Year to date, operating expenses decreased 4% on a reported and constant currency basis. The decrease was driven primarily by cost containment initiatives across the business to mitigate the impact of COVID-19-related slowdowns, including lower travel expenses, which decreased $12.6 million on a constant currency basis, and lower personnel expenses, including the impact of temporary employee salary reductions and furloughs. This was partially offset by higher incentive compensation accruals of $12.6 million on a constant currency basis as well as an increase in research and development related to the acquisition of a new subsea production control fluid designed to complement our Energy Solutions business for $6.3 million. See Note 6, *Goodwill and Intangible Assets*, for additional information.

Other (Expense) Income

(dollars in millions)	Three Months Ended September 30, 2020	2019	Nine Months Ended September 30, 2020	2019
Other (expense) income				
Interest expense, net	$ (17.1)	$ (17.4)	$ (50.7)	$ (73.7)
Foreign exchange loss	(3.5)	(1.2)	(42.1)	(2.4)
Other (expense) income, net	(49.1)	2.9	(50.4)	(46.2)
Total	$ (69.7)	$ (15.7)	$ (143.2)	$ (122.3)

Interest Expense, Net

For the nine months ended September 30, 2020, net interest expense decreased $23.0 million primarily due to the pay down of our then existing credit facilities on January 31, 2019 in connection with the Arysta Sale. The private offering of $800 million aggregate principal amount of 3.875% USD Notes due 2028 and the subsequent full redemption of our 5.875% USD Notes due 2025 during the third quarter of 2020 will lower our annual interest payments by $16.0 million.

Foreign Exchange Loss

For the three months ended September 30, 2020, foreign exchange loss increased $2.3 million primarily due to the remeasurement of euro- and Taiwan dollar-denominated intercompany balances.

For the nine months ended September 30, 2020, foreign exchange loss increased $39.7 million primarily due to the remeasurement of euro- and British pound-denominated intercompany balances.

Other (Expense) Income, Net

For the three and nine months ended September 30, 2020, other expense, net included $45.7 million related to the redemption of our 5.875% USD Notes due 2025. For the nine months ended September 30, 2019, other expense, net of $46.2 million included $61.0 million of debt refinancing costs related to the pay down of our then existing credit facilities in connection with the Arysta Sale, partially offset by a $11.7 million gain on derivative contracts associated with the refinancing of our non-U.S. dollar-denominated third-party debt.

Income Tax

The comparison of the Company's income tax provision between periods is significantly impacted by the level and mix of earnings and losses by tax jurisdiction, foreign income tax rate differentials and discrete items. See Note 12, *Income Taxes*, for further information.

Other Comprehensive Income (Loss)

Other comprehensive income for the three months ended September 30, 2020 totaled $52.8 million, as compared to a loss of $55.1 million in the prior year. The change was driven primarily by foreign currency translation gains associated with the Chinese yuan and euro, partially offset by foreign currency translation losses associated with the British pound.

Other comprehensive income for the nine months ended September 30, 2020 totaled $9.5 million, as compared to income of $484 million in the prior year. The change was driven primarily by realized foreign currency translation losses resulting from the Arysta Sale of $480 million in 2019, as well as foreign currency translation gains associated with the Chinese yuan and euro, partially offset by foreign currency translation losses associated with the Brazilian real.

Segment Adjusted EBITDA Performance

	Three Months Ended September 30,		% Change		Nine Months Ended September 30,		% Change	
(dollars in millions)	**2020**	**2019**	**Reported**	**Constant Currency**	**2020**	**2019**	**Reported**	**Constant Currency**
Adjusted EBITDA:								
Electronics	$ 72.0	$ 73.6	(3)%	(3)%	$ 196.5	$ 190.4	3%	5%
Industrial & Specialty	29.8	41.8	(28)%	(26)%	100.2	124.1	(19)%	(17)%
Total	$ 101.8	$ 115.4	(12)%	(11)%	$ 296.7	$ 314.5	(6)%	(4)%
Adjusted EBITDA margin:								
Electronics	23.4 %	26.3 %	(290) bps	(290) bps	23.7 %	23.4 %	30 bps	40 bps
Industrial & Specialty	17.6 %	22.6 %	(500) bps	(460) bps	20.5 %	21.9 %	(140) bps	(110) bps
Total	21.3 %	24.8 %	(350) bps	(330) bps	22.5 %	22.8 %	(30) bps	(10) bps

For the three months ended September 30, 2020, Electronics' Adjusted EBITDA decreased 3% on a reported and constant currency basis. The constant currency decrease was driven primarily by higher general and administrative expenses related to increased incentive compensation, partially offset by higher gross profits. Industrial & Specialty's Adjusted EBITDA decreased 28% on a reported basis and 26% on a constant currency basis. The constant currency decrease was driven primarily by lower gross profit.

For the nine months ended September 30, 2020, Electronics' Adjusted EBITDA increased 3% on a reported basis and 5% on a constant currency basis. The constant currency increase was driven primarily by higher gross profit, as well as lower general and administrative expenses. Industrial & Specialty's Adjusted EBITDA decreased 19% on a reported basis and 17% on a constant currency basis. The constant currency decrease was driven primarily by lower gross profit.

Liquidity and Capital Resources

Our primary source of liquidity during the nine months ended September 30, 2020 was available cash generated from operations. Our primary uses of cash and cash equivalents were to fund operations, debt service obligations, capital expenditures, working capital, and to fund $35.7 million of repurchases of our common stock. Following the full redemption of our 5.875% USD Notes due 2025 on September 4, 2020, our first significant debt principal payment totaling $800 million is not due until 2028 and relates to our 3.875% USD Notes due 2028.

We expect to pay a 5 cents per share dividend on a quarterly basis which equates to approximately 20% of our expected annual free cash flow (net cash flows provided by operating activities less net capital expenditures). However, the actual declaration of any cash dividends, as well as their amounts and timing, will be subject to final determination by the Board.

We believe that our cash and cash equivalents and cash generated from operations, supplemented by our availability under our lines of credit, including our revolving credit facility under the Credit Agreement, will be sufficient to meet our working capital needs, interest payments, capital expenditures, potential dividend payments and other business requirements for at least the next twelve months. However, working capital cycles and/or future repurchases of our common stock and/or acquisitions may require additional funding, which may include future debt and/or equity offerings. Our long-term liquidity may be influenced by our ability to borrow additional funds, renegotiate existing debt and raise equity under terms that are favorable to us.

We may from time to time seek to repurchase our equity and/or to retire or repurchase our outstanding debt through cash purchases and/or exchanges for equity, in open market purchases, privately negotiated transactions or otherwise. Such repurchases or exchanges, if any, will depend on prevailing market conditions, our liquidity requirements, contractual restrictions, applicable restrictions under our various financing arrangements and other factors.

During the nine months ended September 30, 2020, approximately 73% of our net sales were generated from non-U.S. operations, and we expect a large portion of our net sales to continue to be generated outside of the U.S. As a result, our foreign subsidiaries will likely continue to hold a substantial portion of our cash. We expect to manage our worldwide cash requirements based on available funds among the many subsidiaries through which we conduct business and the cost effectiveness with which those funds can be accessed. We may transfer cash from certain international subsidiaries to the U.S. and/or other international subsidiaries when we believe it is cost effective to do so.

We continually review our domestic and foreign cash profile, expected future cash generation and investment opportunities, which support our current designation of a portion of these funds as being indefinitely reinvested, and reassess whether there are demonstrated needs to repatriate a portion of these funds being held internationally. If, as a result of our review, we determine that all or a portion of the funds require repatriation, we may be required to accrue additional taxes. Of our $248 million of cash and cash equivalents at September 30, 2020, $208 million was held by our foreign subsidiaries. During the nine months ended September 30, 2020, domestic cash was primarily used for debt service obligations and to fund repurchases of our common stock.

The following is a summary of our cash flows provided by (used in) operating, investing, and financing activities of continuing operations during the periods indicated:

	Nine Months Ended September 30,	
(dollars in millions)	**2020**	**2019**
Cash provided by operating activities	$ 194.3	$ 92.1
Cash (used in) provided by investing activities	$ (31.4)	$ 4,270.3
Cash used in financing activities	$ (87.8)	$ (4,425.0)

Operating Activities

The increase in net cash flows provided by operating activities of $102.2 million was driven primarily by higher cash operating profits (net income adjusted for non-cash items), including $50.1 million of lower interest payments and the payment of contingent consideration liability of $30.9 million during 2019.

Investing Activities

The decrease in net cash flows provided by investing activities was primarily driven by the Arysta Sale in 2019, which generated $4.28 billion.

Financing Activities

During the nine months ended September 30, 2020, we used cash on-hand to fund repurchases of our common stock for an aggregate purchase price of $35.7 million and to fund $44.7 million of financing fees. The financing fees consisted of a make-whole premium of $33.6 million associated with the full redemption of the 5.875% USD Notes due 2025 and $11.1 million in debt issuance costs associated with the 3.875% USD Notes due 2028. During the nine months ended September 30, 2019, cash flows used in financing activities were primarily driven by the pay down of approximately $4.60 billion of debt from a combination of proceeds of the Arysta Sale and a $750 million term loan under the Credit Agreement. These cash inflows were also used to fund the repurchases of our common stock for an aggregate purchase price of $496 million. In addition, $39.5 million was used to fund the repurchase and extinguishment fees related to our debt pay down and to fund the debt issuance costs associated with the Credit Agreement. Cash inflows from borrowings under our revolving credit facility were $24.9 million in 2019.

Financial Borrowings

Credit Facilities & Senior Notes

At September 30, 2020, we had $1.52 billion of indebtedness, net of unamortized discounts and debt issuance costs, which primarily included:

- $788 million of 3.875% USD Notes due 2028; and
- $729 million of term debt arrangements outstanding under our term loans.

Availability under the revolving credit facility of the Credit Agreement and various lines of credit and overdraft facilities totaled $349 million at September 30, 2020, net of outstanding letters of credit.

Covenants

At September 30, 2020, we were in compliance with the customary affirmative and negative covenants, events of default and other customary provisions of the Credit Agreement, as well as with the covenants included in the 3.875% USD Notes Indenture.

Off-Balance Sheet Transactions

We use customary off-balance sheet arrangements, such as letters of credit. For additional information regarding letters of credit, see Note 7, *Debt*, to our unaudited Condensed Consolidated Financial Statements included in this Quarterly Report.

Item 3. Quantitative and Qualitative Disclosures about Market Risk

The quantitative and qualitative disclosures about market risk required by this item have not changed materially from those disclosed in our 2019 Annual Report. For a discussion of our exposure to market risk, refer to Part II, Item 7A, *Quantitative and Qualitative Disclosures about Market Risk*, contained in our 2019 Annual Report.

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures

Our management is responsible for establishing and maintaining disclosure controls and procedures as defined in Rules 13a-15 (e) and 15d-15(e) under the Exchange Act. As required by Rule 13a-15(b) of the Exchange Act, management, including our

CEO and CFO, has evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this Quarterly Report. The term “disclosure controls and procedures,” as defined in Rules 13a-15(e) and 15d-15(e) under the Exchange Act, means controls and other procedures of a company that are designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the SEC’s rules and forms. Disclosure controls and procedures include, without limitation, controls and procedures designed to ensure that information required to be disclosed by a company in the reports that it files or submits under the Exchange Act is accumulated and communicated to the company’s management, including its CEO and CFO, as appropriate, to allow timely decisions regarding required disclosure. Based on that evaluation, our CEO and CFO have concluded that the Company’s disclosure controls and procedures were effective as of the end of the period covered by this Quarterly Report.

(b) Changes to Internal Control Over Financial Reporting

As required by Rule 13a-15(d) under the Exchange Act, our management, including our CEO and CFO, has evaluated the Company’s internal control over financial reporting to determine whether any changes occurred during the quarter covered by this Quarterly Report have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

There have been no changes in our internal control over financial reporting that occurred during the quarter covered by this Quarterly Report that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

Item 1. Legal Proceedings

From time to time, we are involved in legal proceedings, investigations and/or claims that are incidental to the operation of our businesses. In particular, we are involved in various claims relating to environmental matters at a number of current and former plant sites and waste management sites. See Note 11, *Contingencies, Environmental and Legal Matters*, to the unaudited Condensed Consolidated Financial Statements included in this Quarterly Report for more information and updates.

Item 1A. Risk Factors

Other than the risk factor set forth below, there have been no material changes from the risk factors disclosed under the heading “Risk Factors” in our 2019 Annual Report.

The extent of the impact of the COVID-19 pandemic on our results of operations and overall financial performance remains uncertain and subject to change.

The outbreak of COVID-19 has evolved into a global pandemic that negatively impacts the global economy, disrupts global supply chains and creates significant volatility in commercial and financial markets. The extent to which the coronavirus pandemic will continue to impact our business or our future results of operations, financial condition, expected cash flows and/or stock price is currently unknown and will depend on numerous and evolving factors that are highly uncertain, vary by market and cannot be accurately predicted or quantified at this time, including the duration and spread of the pandemic; new information concerning its transmission and severity; actions taken or that might be taken by governments, businesses or individuals to contain or reduce its repercussions and mitigate its economic implications; evolving macroeconomic factors, including general economic uncertainty, unemployment rates, and recessionary pressures; decreased consumer spending levels; reduction or changes in customer demand for our products and services; our ability to manufacture, sell and provide our products and services, including as a result of travel restrictions, closed borders, operating restrictions imposed on our facilities or reduced ability of our employees to continue to work efficiently; increased operating costs (whether as a results of changes to our supply chain or increases in employee costs or otherwise); collectability of customer accounts; additional and prolonged devaluation of other countries' currencies relative to the dollar; and the general impact of the pandemic on our customers, employees, suppliers, vendors and other stakeholders. Additionally, customers might defer decision making, delay orders or seek to renegotiate or terminate existing agreements. Further, our management is focused on mitigating the impact of the pandemic, which has required and will continue to require a substantial investment of time and resources across our Company and could delay other value-added initiatives. These factors could materially adversely affect our future business and our future results of operations, financial condition, expected cash flows and/or stock price, and the actual results that we will experience may differ materially from our estimates. In addition, a prolonged decline in the value of our stock price could result in an impairment of goodwill or intangible assets, which at September 30, 2020 had a carrying value of $2.19 billion and $860 million, respectively.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Recent Purchases of Equity Securities by the Issuer and Affiliated Purchases

The following table provides information about purchases by the Company during the three months ended September 30, 2020 of equity securities of the Company:

Period	Total Number of Shares Purchased	Average Price Paid Per Share	Total Number of Shares Purchased as Part of a Publicly Announced Repurchase Program	Approximate Dollar Value of Shares that May Yet be Purchased Under the Repurchase Program[1] *(in millions)*
July 1 - July 31	—	$ —	—	$ 210
August 1 - August 31	—	$ —	—	$ 210
September 1 - September 30	237,629	$ 11.24	237,629	$ 207
Total	237,629	$ 11.24	237,629	$ 207

[1] In July 2018, the Board authorized a program to repurchase up to $750 million of the Company's common stock, of which $543 million had been utilized as of September 30, 2020. The Company's share repurchase program does not require the repurchase of any specific number of shares, and shares repurchases are made opportunistically at the discretion of the Company. This program does not have an expiration date but may be suspended or terminated by the Board at any time.

The table above excludes shares purchased by the Company in connection with tax withholdings associated with the vesting of RSUs as these shares were not issued or considered share repurchases under our share repurchase program.

Item 3. Defaults Upon Senior Securities

None

Item 4. Mine Safety Disclosures

None

Item 5. Other Information

None

Item 6. Exhibits

The following exhibits are filed or furnished as part of this Quarterly Report:

Exhibit Number	Description
3.1(a)	Certificate of Incorporation dated January 22, 2014 (filed as Exhibit 3.1 of Post-Effective Amendment No. 1 to the Registration Statement on Form S-4 (File No. 333-192778) filed on January 24, 2014, and incorporated herein by reference)
3.1(b)	Certificate of Amendment of Certificate of Incorporation dated June 12, 2014 (filed as Exhibit 3.1 of the Current Report on Form 8-K filed on June 13, 2014, and incorporated herein by reference)
3.1(c)	Certificate of Amendment of Certificate of Incorporation dated January 31, 2019 (filed as Exhibit 3.1 of the Current Report on Form 8-K filed on February 5, 2019, and incorporated herein by reference)
3.2	Amended and Restated By-laws (filed as Exhibit 3.2 of the Current Report on Form 8-K filed on February 5, 2019, and incorporated herein by reference)
4.1	Indenture, dated as of August 18, 2020, by and among the Company, the Guarantors and Computershare Trust Company, N.A. (filed as Exhibit 4.1 of the Current Report on Form 8-K filed on August 18, 2020, and incorporated herein by reference)
4.2	Form of 3.875% USD Notes due 2028 (included as Exhibit A to Exhibit 4.1 hereto, filed as Exhibit 4.1 of the Current Report on Form 8-K filed on August 18, 2020, and incorporated herein by reference)
31.1*	Principal Executive Officer Certification Pursuant to Exchange Act Rules 13a-14 and 15d-14 as adopted pursuant to the Section 302 of the Sarbanes-Oxley Act of 2002
31.2*	Principal Financial Officer Certification Pursuant to Exchange Act Rules 13a-14 and 15d-14 as adopted pursuant to the Section 302 of the Sarbanes-Oxley Act of 2002
32.1**	Principal Executive Officer and Principal Financial Officer Certifications Pursuant to 18 U.S.C. Section 1350 as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002
101.SCH**	Inline XBRL Taxonomy Extension Schema Document
101.CAL**	Inline XBRL Extension Calculation Linkbase Document
101.DEF**	Inline XBRL Taxonomy Extension Definition Linkbase Document
101.LAB**	Inline XBRL Taxonomy Extension Label Linkbase Document
101.PRE**	Inline XBRL Taxonomy Extension Presentation Linkbase Document
101. INS**	Inline XBRL Instance Document - the instance document does not appear in the Interactive Data File because its XBRL tags are embedded within the Inline XBRL documents
104**	Cover Page Interactive Data File (formatted as Inline XBRL and included in Exhibits 101)

* Filed herewith.

** Furnished herewith.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized this October 28, 2020.

ELEMENT SOLUTIONS INC

By: /s/ Michael Russnok

Michael Russnok
Chief Accounting Officer
(Principal Accounting Officer)

Exhibit 31.1

Certification of Principal Executive Officer
Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Benjamin Gliklich, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Element Solutions Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2020

/s/ Benjamin Gliklich

Benjamin Gliklich
Chief Executive Officer

Exhibit 31.2

Certification of Principal Financial Officer
Pursuant to Section 302 of Sarbanes-Oxley Act of 2002

I, Carey J. Dorman, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Element Solutions Inc;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:

   (a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

   (a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

   (b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: October 28, 2020

/s/ Carey J. Dorman

Carey J. Dorman
Chief Financial Officer

Exhibit 32.1

CERTIFICATION
OF
CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER
PURSUANT TO 18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

I, Benjamin Gliklich, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Element Solutions Inc on Form 10-Q for the fiscal quarter ended September 30, 2020 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Element Solutions Inc.

Date:	October 28, 2020
By:	/s/ Benjamin Gliklich
Name:	Benjamin Gliklich
Title:	Chief Executive Officer

I, Carey J. Dorman, certify, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002, that the Quarterly Report of Element Solutions Inc on Form 10-Q for the fiscal quarter ended September 30, 2020 fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, and that the information contained in such Quarterly Report on Form 10-Q fairly presents in all material respects the financial condition and results of operations of Element Solutions Inc.

Date:	October 28, 2020
By:	/s/ Carey J. Dorman
Name:	Carey J. Dorman
Title:	Chief Financial Officer