

Elementis plc
Interim results for the six months ended 30 June 2024

Strong H1 delivery underpins upgrade to full-year guidance

Elementis plc ("Elementis" or the "Group"), today announces its results for the six months ("the first half" or "the period") ended 30 June 2024.

Strong financial performance

- Revenue up 5% to \$383 million, driven by improved volumes and mix.
- Adjusted operating profit up 24% to \$65 million with strong Personal Care and Coatings performance.
- Statutory operating loss was \$11 million, reflecting \$66 million impairment of assets in Talc.
- Adjusted operating margin of 17.0%, up from 14.4%, benefiting from improved mix and cost management actions as well as some restocking by customers in the period.
- Net debt of \$196 million reduced 3% since 31 December 2023. Net debt¹ to EBITDA of 1.3x.
- Interim dividend of 1.1 cents per share, in line with dividend policy.

Strategic progress and Talc strategic review

- Good progress against target of \$90 million above market revenue growth by end 2026. Expecting to deliver \$20-25 million in 2024.
- Nine products launched in the first half, and \$29 million of new business delivered.
- Efficiency programmes ahead of schedule, with \$7 million cost savings delivered in H1.
- Announcing a strategic review of the Talc business.

Outlook: confidence in achieving 2026 targets

- Following a strong first half performance, we expect the full year performance to be slightly above the top end of the current range of market expectations².
- Annual cost savings of \$15 million expected in 2024 (was \$12 million), with further \$15 million in 2025.
- Continued confidence in delivery of 2026 financial targets:
 - Adjusted operating profit margin of 19%+
 - Three-year average operating cash conversion above 90%
 - ROCE (excluding goodwill) above 20%

Financial Summary

Six months ended 30 June	Adjusted results ⁴				Statutory results (IFRS)		
	2024	2023	Change	Change constant currency	2024	2023	Change
Revenue (\$m)	383	364	5%	5%	383	364	5%
Operating profit/(loss) (\$m)	65	53	24%	24%	(11)	44	n/m
Diluted earnings/(loss) per share (c)	6.1	5.6	9%		(6.3)	4.3	n/m
Net debt ¹ (\$m)	196	255	(23)%				
Net debt ¹ to EBITDA ³	1.3x	2.0x					
Ordinary dividend per share (c)	1.1	-	n/m		1.1	-	n/m

Commenting on the results, Paul Waterman, CEO, said:

“Elementis delivered a strong first half performance, reflecting both continued strategic progress and the benefits of self-help actions. We delivered a much-improved operating margin of 17%, which takes us significantly closer to our 2026 target of 19%+ and demonstrates the progress we are making as a high quality, high value specialty additives business.

Personal Care delivered a record first half performance, a result of innovative product launches and new business success. Coatings delivered a strong performance, helping to offset the challenges in the Talc business. Today we are announcing the strategic review of Talc to establish whether the full potential of Talc can best be delivered as part of Elementis, or via a divestment.

In the first half we have made good progress against our 2026 targets. Our efficiency programmes are ahead of plan and we now expect to deliver \$15 million savings this year and an additional \$15 million of savings in 2025. We remain on track to deliver \$90 million of above market revenue growth by 2026, with \$20-\$25 million to come this year.

Following a strong performance in the first half, we are upgrading our profit expectations for the full year and remain confident in delivering our 2026 targets.”

Further information

A presentation for investors and analysts will be held at 09.00 am GMT on 1 August 2024 via a live webcast and can be accessed via a link: https://www.investis-live.com/elementis_H1_2024.

Conference call dial in details:

UK: +44 (0) 20 3936 2999

Other: [Global Dial-In Numbers](#)

Participant access code: 202482

UK (toll-free): +44 800 358 1035

Enquiries

Investors: Eva Hatfield, Elementis plc

Tel: +44 (0) 7553 340380

Press: Martin Robinson/Olivia Peters, Teneo

Tel: +44 (0) 20 7353 4200

Notes:

1. Net debt stated as at the end of period. Pre IFRS 16 basis, refer to unaudited information on page 34 for further information.
2. Based on company compiled consensus dated 30 July 2024, adjusted operating profit of \$118 million (range \$115-120 million) and adjusted operating margin of 15.8% for the financial year 2024.
3. Earnings before interest, tax, depreciation and amortisation, refer to unaudited information on page 34 for further information.
4. Adjusted figures exclude the adjusting items set out in Note 5.

Chief Executive Officer's overview

Financial performance

Elementis delivered a strong financial performance in the first half, with revenue of \$383 million, up 5% on the prior period (H1 2023: \$364 million). Adjusted operating profit increased 24% to \$65 million (H1 2023: \$53 million) and adjusted operating margin improved by 260bps to 17.0% (H1 2023: 14.4%). Growth in profit was largely driven by self-help actions including improved product mix, lower costs and some improvement in volumes. Statutory operating loss was \$11 million (H1 2023: profit of \$44 million), due to \$66 million of Talc assets impairment in the period.

Personal Care

Personal Care saw a record first half performance, with profit growth of 22% on constant currency basis to \$34 million (H1 2023: \$27 million). Asia cosmetics remains a strong growth driver, with sales up over 30% in the period. We saw strong growth in China as well as other Asian markets, driven by new product launches as well as route to market changes, direct relationships with fast growing local companies and Chinese exporters. In Skin Care, we launched our new Bentone Hydroluxe™ 360, an all-in-one hectorite based solution for suspension and stability challenges in natural formulations. We are confident this launch will allow us to further expand our share in the fast-growing natural rheology market. We also saw good performance in AP Actives, which benefited from the ramp up of the plant in India. We launched a recycled aluminium active product, with improved sustainability profile, and have a patent pending on a new deodorant active, which will allow us to enter a new market segment.

The adjusted operating profit margin improved to 29% (H1 2023: 25%), driven by \$10 million of higher value new business and self-help actions. Our strong margin demonstrates the quality of this business, which today represents around 45% of Elementis profit (pre central costs).

Performance Specialties

Performance Specialties revenues and adjusted operating profit increased in the first half, largely driven by Coatings. Adjusted operating profit margin improved to 16% (H1 2023: 14%).

Coatings

Coatings performance, which represents approximately half of Elementis revenues, continued to improve sequentially, supported by growth platforms and modest restocking in the first half.

All regions saw revenue growth in the first half, with Asia up 25% on constant currency basis, driven by higher volumes, while Americas and EMEA revenues increased 8% and 7% respectively on a constant currency basis. We have seen benefits from recent investments into our NiSAT (non-ionic synthetic associative thickener) capacity expansion (Livingston capacity doubled in 2023), which increased further in the first half when we expanded our production in Songjiang, China. Elementis is now the only specialty chemical company with a global production of NiSATs on three continents.

The higher operating profit margin of 19% (H1 2023: 14%), reflects self-help actions and better product mix.

Talc

Talc experienced challenged conditions in the first half, driven by weak, but improving demand in European end markets, further impacted by a nationwide strike across Finland, which closed all ports in the country for a month. As a result, we incurred additional logistics costs in fulfilling customer orders. We estimate the adverse profit impact of the strike at c.\$3 million. As a result, operating margin declined to 5% (H1 2023: 13%). Looking ahead, we continue to see attractive growth opportunities in higher value talc applications.

We are announcing a strategic review of Talc business, to establish whether the full potential of Talc can best be delivered as part of Elementis, or via a divestment.

Balance Sheet

We maintained a strong balance sheet, with net debt reducing to \$196 million (31 December 2023: \$202 million). As a result, the net debt to EBITDA ratio reduced to 1.3x (31 December 2023: 1.4x). The Board declared an interim dividend of 1.1 cents.

Strategic progress

We have made good progress on our three-pillar strategy of Innovation, Growth and Efficiency, positioning Elementis as a higher quality specialty chemical company.

We are recognised as a global leader in developing performance driven additives that help address our customers' most challenging needs. We do this by focusing on creating solutions for our customers that deliver product performance improvements and efficiency gains, while also offering improved sustainability benefits. In the first half, we have launched nine products and delivered \$29 million of higher quality new business supporting the strong growth in the period.

At the November 2023 CMD, we communicated the growth and efficiency initiatives that will underpin our performance through 2026. The growth programme focuses on seven growth platforms across Personal Care and Performance Specialties, targeting \$90 million of above market revenue growth by 2026. We are six months into the 3-year programme and are making good progress, expecting to deliver \$20-25 million of above market revenue growth in 2024.

\$90 million of above market revenue growth by 2026

Personal Care growth platform progress

Progress in the period has been driven by innovative products including Bentone Hydroluxe™ 360, which is a hectorite-based solution for suspension and stability challenges in skin care natural formulations. Launched in April, this product captured the highest interest at in-cosmetics Global in Paris. We are already working on the second product of the Hydroluxe series which will help us grow market share in a fast-growing natural rheology market.

In Colour Cosmetics, we saw continued strong growth in Asia, with revenues up over 30% in the first half. This was supported by expansion of sales, marketing and technical capabilities in this region. In addition, we benefited from stock building by our distributors in the period. We saw strong recovery in China, especially across the bigger local players and distributors. We have also made changes to our route to market setup and now serve more of our customers on a direct basis. We will continue to invest in this region to support further growth.

In AP Actives, we saw 16% revenue growth across our high-efficacy antiperspirant actives, which allow 72 to 96-hour sweat protection claims. In addition, we launched our first active using waste aluminium. This product has an improved sustainability profile, leading to sustainability benefits for our customers, and ourselves. We also have a patent pending on a new deodorant active, which will provide odour and sweat reduction benefits, and will provide access to a new market for deodorant actives, estimated at c.\$80 million.

Performance Specialties growth platform progress

In the first half, we completed the expansion of our existing facility in Songjiang (China), significantly expanding our production of architectural coatings' NiSAT technology in Asia. With our unique global footprint, we are well positioned to penetrate the Asia premium architectural market and capture demand for sustainable ingredients in this region.

Across industrial coatings, we continue to focus on leveraging the unique benefits of hectorite in the fast-growing powder coatings market. Hectorite provides sustainability and durability benefits, while offering desired effects for our customers, allowing it to substitute commonly used per- and polyfluoroalkyl substances ("PFAS"). PFAS are increasingly detected as environmental pollutants, with some linked to negative effects on human health. We are already working with over 30 new customers, looking to expand our capabilities in Portugal and China, to support our growth in this market.

Adhesives, sealants and construction additives represent a relatively new area for Elementis. We have identified attractive growth opportunities in this market. Recent growth has been supported by the success of our Thixatrol range – natural, castor-based rheology additives. We believe these products are also an excellent alternative to fumed silica, providing material sustainability and efficiency benefits. Going forward we will continue to invest in expanding our capabilities globally to grow our share in this attractive market.

In Talc, we continue to focus on higher-margin applications that require talc of high and consistent quality. These include, for example, long-life plastics and technical ceramics. In the first half, we launched a new Finntalc K line product, aimed at automotive plastic lightweighting. In technical ceramics, highly engineered grade of talc is required to get the right efficiency. We have demonstrated the quality, purity, and consistency needed in this market, and built a solid base, and we have the opportunity to grow further.

\$30 million of annual cost savings by 2025

In November 2023, we announced efficiency programmes that will deliver \$30 million of cost savings over 2024 and 2025. These are progressing faster - we now expect to deliver \$15 million of cost savings in 2024 and another \$15 million next year. This compares to \$12 million in 2024 and \$18 million in 2025, which we announced in November.

Fit for the future organisational restructuring

The main efficiency programme is the Fit for the future restructuring, which will deliver \$20 million of cost savings across the two years. This is ahead of plan. We have seen 40% of the planned redundancies completed.

We are building a new R&D and support centre in Porto. Recruitment is now around 90% complete. We are also on track in moving around 20 transactional finance roles to an outsourcer in India. During this change, we continue to focus on, and monitor our “implementation health metrics” (voluntary attrition, employee engagement, knowledge transfer and gender diversity) which continue to be positive.

Global Supply Chain and Procurement

A further \$10 million annual savings across 2024 and 2025 are coming from supply chain optimisation and procurement savings. In March, we announced the closure of one of our AP Actives plants in the US, consolidating our manufacturing footprint. The Middletown plant closed in June, as expected. The closure underpins a large part of the expected cost savings and will directly benefit the AP Actives business. Our dedicated continuous improvement team identified over 90 projects, generating over \$1 million of cost savings in the first half.

Across procurement, we implemented global category management strategies, focusing on direct and indirect spend. We are currently implementing a new digital vendor management system, which is expected to go live in Q3 24, leading to better transparency and reduced administration costs.

Progress on financial targets

In November, we set out new 2026 financial targets, and I am pleased to report that Elementis delivered good progress against those in the first half. The adjusted operating margin increased to 17% (H1 2023: 14%). Three-year average operating cash conversion was 81% (H1 2023: 97%) and return on capital employed (“ROCE”) excluding goodwill increased to 18% (H1 2023: 13%). ROCE including goodwill was 10% (H1 2023: 8%).

The strong first half performance gives us confidence in delivery of our 2026 financial targets:

- Adjusted operating profit margin of 19%+
- Three-year average operating cash conversion above 90%
- ROCE (excluding goodwill) above 20%.

Outlook

We delivered a strong first half, driven by self-help actions and more normalised volumes post destocking. We also benefited from some restocking by customers in the period, which is not expected to recur in the second half. We assume a stable macroeconomic environment for the remainder of the 2024 financial year, and no acceleration in demand.

Our growth and efficiency programmes are progressing well. We expect to deliver \$15 million of cost savings in 2024, with a further \$15 million in 2025.

Following a strong first half performance, we expect the full year performance to be slightly above the top end of the current range of market expectations (\$115-120 million). We remain confident in delivering our 2026 financial targets.

Finance report

Revenue

Six months ended 30 June (\$m)	2024	Effect of exchange rates	Increase/ (decrease) 2024	2023
<i>Coatings</i>	199.5	(0.2)	18.7	181.0
<i>Talc</i>	68.5	0.4	(2.9)	71.0
Performance Specialties	268.0	0.2	15.8	252.0
Personal Care	114.6	0.5	2.3	111.8
Revenue	382.6	0.7	18.1	363.8

Operating profit

Six months ended 30 June (\$m)	2024 Operating (loss)/profit	Adjusting items	2024 Adjusted operating profit/(loss) ¹	2023 Operating profit/(loss)	Adjusting items	2023 Adjusted operating profit/(loss) ¹
<i>Coatings</i>	35.3	3.2	38.5	24.9	0.5	25.4
<i>Talc</i>	(65.7)	68.8	3.1	6.3	2.7	9.0
Performance Specialties	(30.4)	72.0	41.6	31.2	3.2	34.4
Personal Care	28.7	4.9	33.6	23.1	4.3	27.4
Central costs	(9.5)	(0.5)	(10.0)	(10.5)	1.2	(9.3)
Operating (loss)/profit	(11.2)	76.4	65.2	43.8	8.7	52.5

1. After adjusting items - see Note 5.

Adjusted operating profit

Six months ended 30 June (\$m)	Operating profit 2024 ¹	Effect of exchange rates	Increase/ (decrease) 2024	Operating profit/(loss) 2023 ¹
<i>Coatings</i>	38.5	(0.1)	13.2	25.4
<i>Talc</i>	3.1	(0.2)	(5.7)	9.0
Performance Specialties	41.6	(0.3)	7.5	34.4
Personal Care	33.6	0.2	6.0	27.4
Central costs	(10.0)	–	(0.7)	(9.3)
Adjusted operating profit	65.2	(0.1)	12.8	52.5

1. After adjusting items - see Note 5.

Group results

Revenue increased 5% (on both reported and constant currency basis) to \$382.6 million (H1 2023: \$363.8 million) due to higher volumes and improved mix.

Adjusted operating profit increased 24% on a constant currency basis and 24% on a reported basis, to \$65.2 million (H1 2023: \$52.5 million), driven by cost savings, improvement in product and customer mix and higher volumes. Statutory operating loss was \$11.2 million (H1 2023: profit of \$43.8 million), driven by impairment of assets. The reported loss after tax from continuing operations for the half year was \$37.2 million (H1 2023: profit of \$25.7 million).

Business performance overview

Personal Care

Personal Care revenue increased 3% (or 2% on constant currency basis) to \$114.6 million (H1 2023: \$111.8 million), reflecting continued growth in Cosmetics.

Adjusted operating profit increased 23% (or 22% on constant currency basis) to \$33.6 million (H1 2023: \$27.4 million), benefiting from self-help cost and price management and route to market optimization as well as restocking activity by some customers in the first half. In addition, we delivered \$10 million of higher value new business in the period. As a result, the adjusted operating margin increased to 29.3% (H1 2023: 24.5%).

Performance Specialties

Performance Specialties revenue increased 6% (on both reported and constant currency basis) to \$268.0 million (H1 2023: \$252.0 million), largely driven by volume and mix benefits in Coatings, offsetting weaker revenues in Talc. Adjusted operating profit increased by 21% (or 22% on constant currency basis) to \$41.6 million (H1 2023: \$34.4 million) and adjusted operating margin improved to 15.5% (H1 2024: 13.7%).

Coatings

Overall revenue increased 10% (on both reported and constant currency basis) to \$199.5 million (H1 2023: \$181.0 million), supported by growth platforms and modest restocking.

Adjusted operating profit increased 52% (on both reported and constant currency basis) to \$38.5 million (H1 2023: \$25.4 million), reflecting improved mix and cost management. Adjusted operating margin improved to 19.3% (H1 2023: 14.0%), supported by self-help actions and new business contribution.

Coatings also includes our Energy business, which accounts for around 10% of total Coatings sales.

Talc

Talc revenue reduced 4% (on both reported and constant currency basis) to \$68.5 million (H1 2023: \$71.0 million) reflecting continued weak demand as well as the impact of a Finnish transport workers' union strike, which closed ports and stopped railway freight traffic for four weeks. The strike also resulted in higher logistics costs in the first half, contributing to a 66% reduction (or 65% on constant currency basis) in adjusted operating profit to \$3.1 million (H1 2023: \$9.0 million). The adjusted operating margin reduced to 4.5% (H1 2023: 12.7%).

Central costs

Central costs are those costs that are not identifiable as expenses of a particular business segment and comprise expenditures of the Board of Directors and corporate head office. Adjusted central costs increased to \$10.0 million (H1 2023: \$9.3 million), largely driven by higher variable remuneration due to improved performance.

Adjusting items

In addition to the statutory results, the Group uses alternative performance measures, such as adjusted operating profit and adjusted diluted earnings per share, to provide additional useful analysis of the performance of the Group. The Board considers these non-GAAP measures as an alternative way to measure the Group's performance. Adjusting items in the six months ended 30 June 2024 resulted in a charge of \$76.1 million before tax (H1 2023: \$10.2 million). The key categories of adjusting items are summarised below. For more information on adjusting items and the Group's policy for adjusting items, please see Note 5.

Six months ended 30 June 2024 (\$m) Credit/(charge)	Coatings	Talc	Performance Specialties	Personal Care	Central costs	Total
Business transformation	(0.3)	-	(0.3)	(0.8)	(0.9)	(2.0)
Environmental provisions	-	-	-	-	1.4	1.4
Impairment of assets	-	(66.1)	(66.1)	-	-	(66.1)
Settlement of Brazil customs matter	(2.9)	-	(2.9)	-	-	(2.9)
Amortisation of intangibles arising on acquisitions	-	(2.7)	(2.7)	(4.1)	-	(6.8)
Total charge to operating loss	(3.2)	(68.8)	(72.0)	(4.9)	0.5	(76.4)
Unwind of discount on restructuring provision	-	-	-	-	(0.3)	(0.3)
Interest on EU state aid receivables	-	-	-	-	0.6	0.6
Total	(3.2)	(68.8)	(72.0)	(4.9)	0.8	76.1

Charges of \$76.4 million (H1 2023: \$8.7 million) to operating profit were classified as adjusting items, principally driven by an impairment of assets.

Business transformation

Business transformation costs of \$2.0 million (H1 2023: \$1.2 million) primarily included a charge of \$0.8 million recognised in respect of the closure of the Middletown plant, which was announced in March 2024. In addition, charges of \$0.2 million were incurred in relation to the sale of the Eaglescliffe site, announced in March 2024, and charges of \$0.3 million were recognised for the closure of the Charleston plant, announced in November 2020. A charge of \$0.3 million in relation to the Fit for the future restructuring programme was also included. See Note 5 for further detail.

Environmental provisions

The Group's environmental provision is calculated on a discounted cash flow basis and reflects the time period over which spending is estimated to take place. A credit of \$1.4 million (H1 2023: charge of \$0.4 million) to the environmental provision reflects the impact of changes in discount rates (H1 2023: credit of \$0.8 million). There was no additional remediation work identified (H1 2023: charge of \$1.2 million).

Impairment of assets

Talc performance was adversely impacted by continued weak end market demand and strike action in Finland. Accordingly, a new business plan was prepared for the Talc segment which resulted in an impairment of assets. Of the total impairment of \$66.1 million, \$25.0 million was recorded against intangible assets and \$41.1 million was recorded against property, plant and equipment. See Note 5 for further detail.

Settlement of the Brazil customs matter

The Group agreed a settlement with the Brazilian tax authorities in relation to a customs matter, of which \$2.9 million (H1 2023: nil) has been recognised as an adjusting item. See Note 30 in 2023 Annual Report and Accounts for further detail.

Amortisation of intangibles arising on acquisitions

Amortisation of \$6.8 million (2023: \$7.1 million) represents the charge in respect of the Group's acquired intangible assets.

Interest on EU state aid receivable

Finance income of \$0.6 million has been recognised in respect of interest due if the EU state aid case settles in favour of the Group. See Note 14 for further details on the tax recoverable asset.

An explanation of other adjusting items relating to the previous period can be found within the Finance Report of the 2023 Annual Report and Accounts.

Hedging

The Group uses cash flow hedges to manage exposure to interest rate and commodity price risks, particularly those associated with US dollar and euro interest payments and aluminium and nickel pricing. In H1 2024 interest rate and commodity price movements resulted in a net gain from hedge transactions of \$4.8 million (H1 2023: \$2.7 million) recycled to the income statement.

Other expenses

Other expenses are administration costs incurred and paid by the Group's pension schemes that largely relate to former employees of legacy businesses. These costs were \$1.0 million in the first half of 2024 (H1 2023: \$0.5 million).

Net finance costs

Six months ended 30 June (\$m)	2024	2023
Finance income	0.1	0.4
Finance cost of borrowings	(12.9)	(7.5)
	(12.8)	(7.1)
Net pension finance income	0.5	-
Discount unwind on provisions	(1.2)	(0.5)
Fair value movement on derivatives	-	(0.1)
Interest on EU state aid receivable	0.6	-
Interest on lease liabilities	(0.7)	(0.7)
Net finance costs	(13.6)	(8.4)

Net finance costs increased to \$13.6 million (H1 2023: \$8.4 million). This was largely due to higher net interest costs of \$12.8 million compared with the prior period (H1 2023: \$7.1 million), which benefited from more favourable hedging arrangements. Net pension finance income was \$0.5 million (H1 2023: \$nil). The unwind of discount on provisions of \$1.2 million (H1 2023: \$0.5 million) was higher as a result of additional provisions for restructuring and rehabilitation which were recorded in H2 2023. The interest on lease liabilities of \$0.7 million remained in line with the prior period.

Taxation

Six months ended 30 June	\$m	2024 Effective rate %	\$m	2023 Effective rate %
Reported tax charge/(credit)	11.4	(44.2)	9.2	26.4
Adjusting items tax credit	(2.1)	-	(2.6)	-
Adjusted tax charge	13.5	26.8	11.8	26.2

The Group incurred a tax charge of \$13.5 million (H1 2023: \$11.8 million) on adjusted profit before tax, resulting in an effective tax rate of 26.8% (H1 2023: 26.2%). The higher effective tax rate was largely due to the increase in the UK corporation tax rate to 25% from April 2023.

Tax on adjusting items largely relates to the amortisation of intangible assets and the Fit for the future restructuring programme.

The medium-term expectation for the Group's adjusted effective tax rate remains around 26%.

Earnings per share

To aid comparability of the underlying performance of the Group, earnings per share ("EPS") reported under IFRS is adjusted for items classified as adjusting.

Six months ended 30 June	2024	2023
(Loss)/profit after tax (\$m)	(37.2)	25.7
Adjusting items net of tax (\$m)	74.0	7.6
Adjusted profit after tax (\$m)	36.8	33.3
Weighted average number of shares for the purposes of basic EPS (m)	587.9	585.1
Effect of dilutive shares options (m)	12.3	10.6
Weighted average number of shares for the purposes of diluted EPS (m)	600.2	595.7
Basic EPS before adjusting items (cents)	(6.3)	4.4
Diluted EPS before adjusting items (cents)	(6.3)	4.3
Adjusted basic EPS (cents)	6.3	5.7
Adjusted diluted EPS (cents)	6.1	5.6

Adjusted diluted EPS increased 9% to 6.1 cents (H1 2023: 5.6 cents), primarily due to a higher adjusted profit after tax. Basic loss per share before adjusting items of 6.3 cents (H1 2023: earnings of 4.4 cents) resulted from a current period loss.

Note 7 provides disclosure of EPS calculations, both including and excluding the effects of adjusting items, and the potential dilutive effects of outstanding and exercisable options.

Dividend

The Board has considered the strength of the balance sheet and the outlook for the remainder of the year. In line with the Group's dividend policy, the Board has declared an interim dividend of 1.1 cents per share, which will be paid in pounds sterling. A dividend of 0.86 pence per share has been determined by converting the 1.1 cents into pounds sterling using the forward rate of £1.00:\$1.2855 as determined on 30 July 2024. The interim dividend will be paid on 27 September 2024 to shareholders included on the share register on 16 August 2024.

Cash flow

As per the statutory cash flow statement, net cash inflow from operating activities rose to \$35.1 million (H1 2023: outflow of \$9.1 million). A net working capital outflow of \$20.9 million was lower compared to the prior period (H1 2023: \$46.2 million), due to a lower working capital outflow for creditors.

Net cash outflow in relation to investing activities was \$16.6 million (H1 2023: inflow of \$127.8 million), significantly below the prior period, which included \$139.2 million from the sale of the Chromium business.

Net cash outflow in relation to financing activities was \$15.4 million (H1 2023: \$106.5 million), lower than the prior period which included a repayment of borrowings following the sale of the Chromium business. H1 2024 includes \$12.1 million payment of dividends declared in H2 2023.

The adjusted cash flow, which excludes the effect of adjusting items from operating cash flow and is therefore distinct from the statutory cash flow referenced above, is summarised below. A reconciliation between statutory operating profit and EBITDA is shown in the alternative performance measures (“APM”) section (page 33).

Adjusted cash flow

Six months ended 30 June (\$m)	2024	2023
EBITDA ¹	85.1	74.0
Change in working capital	(20.9)	(46.2)
Capital expenditure	(16.7)	(13.8)
Adjusted operating cash flow	47.5	14.0
Pension payments	0.5	(0.9)
Interest	(14.5)	(10.8)
Tax	(8.2)	(10.7)
Adjusting items	(12.2)	(0.9)
Other ²	2.4	(2.3)
Free cash flow	15.5	(11.6)
Dividends paid	(12.1)	–
Acquisitions and disposals	–	139.2
Discontinued operations	–	(12.0)
Currency fluctuations	2.2	(4.3)
Movement in net debt	5.6	111.3
Net debt at start of period	(202.0)	(366.8)
Net debt at end of period	(196.4)	(255.5)

1. Earnings before interest, tax, adjusting items, depreciation and amortisation.

2. Other includes share-based payments, movement in provisions, movement in derivatives and payment of lease liabilities.

Adjusted operating cash flow increased to \$47.5 million (H1 2023: \$14.0 million), principally driven by a smaller working capital outflow of \$20.9 million compared to an outflow of \$46.2 million in H1 2023.

Free cash flow increased to \$15.5 million (H1 2023: outflow of \$11.6 million), primarily driven by improved operating cashflow, partly offset by increased adjusting items, net interest paid, and cash payments in respect of adjusting items.

Net debt decreased to \$196.4 million (H1 2023: \$255.5 million), a reduction of \$59.1 million on a pre-IFRS 16 basis. The net debt to adjusted EBITDA ratio decreased to 1.3x on a pre-IFRS 16 basis (H1 2023: 2.0x).

Working capital

	30 June 2024	31 December 2023
Working capital days		
Inventory	120	123
Debtors	44	38
Creditors	70	73
Average working capital to sales (%)	23.4	25.1

Total working capital increased to \$167.2 million (31 December 2023: \$147.2 million), driven by higher debtors and lower creditors. Debtor days increased to 44 (31 December 2023: 38 days), primarily driven by higher debtors. Inventory days and creditor days remained largely consistent.

Balance sheet

\$m	30 June 2024	31 December 2023
Property, plant and equipment	372.4	423.6
Other net assets	609.2	625.7
Net debt	(196.4)	(202.0)
Equity	785.2	847.3

Property, plant and equipment decreased to \$372.4 million (31 December 2023: \$423.6 million), largely due to the impairment of assets of \$41.1 million, depreciation of \$20.0 million offset by net capital expenditure of \$16.7 million and the impact of currency translation. Other net assets decreased by \$16.5 million mainly due to the impairment of intangible assets of \$25.0 million offset by higher working capital.

Equity decreased to \$785.2 million (31 December 2023: \$847.3 million), primarily as a result of the statutory loss in the period of \$37.2 million, net foreign exchange losses of \$7.4 million and dividends paid of \$12.1 million. The remainder of the movement relates principally to share-based payments and actuarial losses on pensions, net of the deferred tax impact.

Adjusted ROCE (excluding goodwill) increased to 18% (H1 2023: 13%), with higher adjusted operating profit and decreased total operating capital employed. Please refer to the APM section for further detail.

Provisions

The Group records a provision in the balance sheet when it has a present obligation as a result of past events, which is expected to result in an outflow of economic benefits in order to settle the obligation and the amount can be reliably estimated. The Group calculates provisions on a discounted basis. At 30 June 2024, the Group held provisions of \$49.5 million (31 December 2023: \$81.9 million) consisting of environmental provisions of \$34.6 million (31 December 2023: \$60.5 million), self-insurance provisions of \$0.4 million (31 December 2023: \$0.5 million), restructuring provisions of \$13.9 million (31 December 2023: \$20.1 million) and other provisions of \$0.6 million (31 December 2023: \$0.8 million).

The decrease in environmental provisions was largely driven by the classification of the provision for the Eaglescliffe site of \$20.8 million as held for sale at 30 June 2024 (refer to Note 16 for further details), \$3.0 million from the impact of change in discount rates (of which \$1.6 million has been capitalised to PPE), \$1.7 million of utilisation of provisions in the first half and \$1.0 million of foreign currency impacts.

The restructuring provision reflects the adjustments to head count and other costs of restructuring where a need to do so has been identified by management. The restructuring provision includes a provision for Fit for the future of \$13.2 million (31 December 2023: \$20.1 million) and a provision for the closure of the Middletown plant of \$0.7 million (31 December 2023: nil). These provisions are expected to be utilised by 30 June 2025.

Pensions and other post retirement plans

UK plan

The largest of the Group's retirement plans is the UK defined benefit pension scheme ("UK Scheme"), which at 30 June 2024 had a surplus, under IAS 19, of \$27.4 million (31 December 2023: \$38.7 million). The UK Scheme is relatively mature, with approximately two thirds of its gross liabilities represented by pensions in payment and is closed to new members. The reduction in net surplus was largely driven by losses on plan assets of \$27.5 million which were offset by liability adjustments, primarily due to lower discount rates, of \$16.6 million. Company contributions were \$ nil.

US plan

In the US, the Group reports two post retirement plans under IAS 19: a defined benefit pension plan with a net surplus at 30 June 2024 of \$4.5 million (31 December 2023: \$3.4 million), and a post retirement medical plan with a liability of \$2.9 million (31 December 2023: \$3.4 million). The US pension plans are smaller than the UK plan and at 30 June 2024 the overall surplus on the US plans increased by \$1.6 million, as a result of net actuarial gains of \$2.0 million, offset by current service costs of \$0.4 million.

Other plans

Other pension plans amounted to a liability of \$5.7 million (31 December 2023: \$5.6 million) and relate to pension arrangements for a relatively small number of employees in Germany, certain UK legacy benefits and one pension scheme acquired as part of the SummitReheis transaction in 2017.

Foreign currency

The financial information is presented in US dollars, the Group's reporting currency. The main dollar exchange rates relevant to the Group are set out below.

	30 June 2024	2024 average	30 June 2023	2023 average
Pounds sterling	0.79	0.79	0.79	0.82
Euro	0.93	0.92	0.92	0.93

Related party transactions

There were no material related party transactions entered into and there have been no material changes to the related party transactions disclosed in the Group's 2023 Annual Report and Accounts on page 180.

Directors' responsibility statement

A full list of the Directors can be found on the Elementis corporate website at: www.elementis.com.

The Directors confirm that to the best of their knowledge:

- The condensed set of financial statements set out in this Half-yearly financial report has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the United Kingdom.
- The condensed set of consolidated financial statements, which has been prepared in accordance with the applicable set of accounting standards, gives a true and fair view of the assets, liabilities, financial position and profit or loss of the issuer, or the undertakings included in the consolidation as a whole as required by DTR 4.2.4R; and
- The interim management report contained in this Half-yearly financial report includes a fair review of the information required by:
 - DTR 4.2.7R of the Disclosure and Transparency Rules, being an indication of the important events that have occurred during the first six months of the financial year and their impact on the condensed set of financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year.
 - DTR 4.2.8R of the Transparency Rules, being related party transactions that have taken place in the first six months of the current financial year and that have materially affected the financial position or performance of the entity during that period; and any changes in related party transactions described in the 2023 Annual Report and Accounts that could have a material effect on the financial position or performance of the entity during the first six months of the current financial year.

Approved by the Board on 31 July 2024 and signed on its behalf by:

Paul Waterman

CEO
31 July 2024

Ralph Hewins

CFO
31 July 2024

INDEPENDENT REVIEW REPORT TO ELEMENTIS PLC

Conclusion

We have been engaged by the company to review the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 which comprises the condensed consolidated income statement, the condensed consolidated statement of comprehensive income, the condensed consolidated balance sheet, the condensed consolidated cashflow statement, the condensed consolidated statement of changes in equity, and related notes 1 to 17.

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the half-yearly financial report for the six months ended 30 June 2024 is not prepared, in all material respects, in accordance with United Kingdom adopted International Accounting Standard 34 and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

Basis for Conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410 "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Financial Reporting Council for use in the United Kingdom (ISRE (UK) 2410). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

As disclosed in note 2, the condensed set of financial statements included in this half-yearly financial report has been prepared in accordance with United Kingdom adopted International Accounting Standard 34, "Interim Financial Reporting".

Conclusion Relating to Going Concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for Conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed.

This Conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410; however future events or conditions may cause the entity to cease to continue as a going concern.

Responsibilities of the directors

The directors are responsible for preparing the half-yearly financial report in accordance with the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.

In preparing the half-yearly financial report, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the review of the financial information

In reviewing the half-yearly financial report, we are responsible for expressing to the company a conclusion on the condensed set of financial statements in the half-yearly financial report. Our Conclusion, including our Conclusion Relating to Going Concern, are based on procedures that are less extensive than audit procedures, as described in the Basis for Conclusion paragraph of this report.

Use of our report

This report is made solely to the company in accordance with ISRE (UK) 2410. Our work has been undertaken so that we might state to the company those matters we are required to state to it in an independent review report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our review work, for this report, or for the conclusions we have formed.

Deloitte LLP
Statutory Auditor
Cambridge, United Kingdom
31/7/2024

Condensed consolidated income statement

for the six months ended 30 June 2024

\$m	2024 (unaudited)	2023 (unaudited)
Revenue	382.6	363.8
Cost of sales	(215.9)	(219.4)
Gross profit	166.7	144.4
Distribution costs	(63.1)	(58.7)
Administrative expenses	(114.8)	(41.9)
Operating (loss)/profit	(11.2)	43.8
Other expenses ¹	(1.0)	(0.5)
Finance income	1.2	1.8
Finance costs	(14.8)	(10.2)
(Loss)/profit before income tax	(25.8)	34.9
Tax	(11.4)	(9.2)
(Loss)/profit from continuing operations	(37.2)	25.7
Profit from discontinued operations	–	1.8
(Loss)/profit for the year	(37.2)	27.5
Attributable to:		
Equity holders of the parent	(37.2)	27.5
Earnings per share		
From continuing operations		
Basic (loss)/earnings (cents)	(6.3)	4.4
Diluted (loss)/earnings (cents)	(6.3)	4.3
From continuing and discontinued operations		
Basic (loss)/earnings (cents)	(6.3)	4.7
Diluted (loss)/earnings (cents)	(6.3)	4.6

1. Other expenses comprise administration expenses for the Group's pension schemes.

Condensed consolidated statement of comprehensive income

for the six months ended 30 June 2024

\$m	2024 (unaudited)	2023 (unaudited)
(Loss)/profit for the year	(37.2)	27.5
Other comprehensive income:		
Items that will not be reclassified subsequently to profit and loss:		
Remeasurements of retirement benefit obligations	(9.2)	(1.1)
Deferred tax associated with retirement benefit obligations	2.4	0.4
Items that may be reclassified subsequently to profit and loss:		
Exchange differences on translation of foreign operations	(9.9)	(4.2)
Effective portion of change in fair value of net investment hedge	2.6	12.6
Recycling of deferred foreign exchange gains on disposal	–	9.3
Effective portion of changes in fair value of cash flow hedges	2.6	10.5
Fair value of cash flow hedges transferred to income statement	(4.8)	(2.7)
Exchange differences on translation of share options reserves	(0.1)	0.3
Other comprehensive (loss)/income	(16.4)	25.1
Total comprehensive (loss)/income for the year	(53.6)	52.6
Attributable to:		
Equity holders of the parent	(53.6)	52.6

Condensed consolidated balance sheet

as at 30 June 2024

\$m	30 June 2024 (unaudited)	31 December 2023 (audited)
Non-current assets		
Goodwill and other intangible assets	615.2	650.6
Property, plant, and equipment	372.4	423.6
Tax recoverable	20.6	20.0
Financial assets	4.9	6.0
Deferred tax assets	19.6	19.6
Net retirement benefit surplus	31.9	42.1
Total non-current assets	1,064.6	1,161.9
Current assets		
Inventories	159.4	163.3
Trade and other receivables	118.6	101.8
Financial assets	3.2	7.4
Current tax assets	11.2	11.2
Cash and cash equivalents	59.3	65.8
Total current assets	351.7	349.5
Assets classified as held for sale	8.2	–
Total assets	1,424.5	1,511.4
Current liabilities		
Trade and other payables	(110.8)	(117.9)
Current tax liabilities	(17.5)	(13.6)
Lease liabilities	(6.1)	(5.9)
Provisions	(20.9)	(21.5)
Total current liabilities	(155.3)	(158.9)
Non-current liabilities		
Loans and borrowings	(260.5)	(264.7)
Retirement benefit obligations	(8.6)	(9.0)
Deferred tax liabilities	(133.9)	(138.7)
Lease liabilities	(30.6)	(30.3)
Provisions	(28.6)	(60.4)
Financial liabilities	(0.5)	(2.1)
Total non-current liabilities	(462.7)	(505.2)
Liabilities classified as held for sale	(21.3)	–
Total liabilities	(639.3)	(664.1)
Net assets	785.2	847.3
Equity		
Share capital	52.7	52.5
Share premium	239.2	239.2
Other reserves	61.2	70.1
Retained earnings	432.1	485.5
Total equity attributable to equity holders of the parent	785.2	847.3
Total equity	785.2	847.3

Condensed consolidated statement of changes in equity

for the six months ended 30 June 2024

\$m	Share capital	Share premium	Translation reserve	Hedging reserve	Other reserves	Retained earnings	Total equity
Balance at 1 January 2023	52.3	238.7	(122.4)	(1.0)	165.5	450.8	783.9
Comprehensive income:							
Profit for the year	-	-	-	-	-	26.5	26.5
Other comprehensive income:							
Exchange differences	-	-	9.7	-	0.2	-	9.9
Fair value of cash flow hedges transferred to the income statement	-	-	-	(6.3)	-	-	(6.3)
Effective portion of changes in fair value of cash flow hedges	-	-	-	12.7	-	-	12.7
Tax associated with changes in cashflow hedges	-	-	-	-	-	(0.6)	(0.6)
Tax associated with change in fair value of net investment hedge	-	-	-	-	-	(0.1)	(0.1)
Remeasurements of retirement benefit obligations	-	-	-	-	-	12.3	12.3
Deferred tax adjustment on pension scheme deficit	-	-	-	-	-	(2.8)	(2.8)
Recycling of deferred foreign exchange losses on disposal	-	-	9.3	-	-	-	9.3
Transfer	-	-	-	-	(2.3)	2.3	-
Total other comprehensive income/(loss)	-	-	19.0	6.4	(2.1)	11.1	34.4
Total comprehensive income/(loss)	-	-	19.0	6.4	(2.1)	37.6	60.9
Transactions with owners:							
Issue of shares by the Company	0.2	0.5	-	-	-	-	0.7
Purchase of shares by Employee Share Options Trust	-	-	-	-	-	(1.6)	(1.6)
Deferred tax on share-based payments recognised within equity	-	-	-	-	-	(1.3)	(1.3)
Share-based payments	-	-	-	-	4.2	-	4.2
Fair value of cash flow hedges transferred to net assets	-	-	-	0.5	-	-	0.5
Total transactions with owners	0.2	0.5	-	0.5	4.2	(2.9)	2.5
Balance at 31 December 2023	52.5	239.2	(103.4)	5.9	167.6	485.5	847.3
Comprehensive income:							
Loss for the period	-	-	-	-	-	(37.2)	(37.2)
Other comprehensive income:							
Exchange differences	-	-	(7.3)	-	(0.1)	-	(7.4)
Fair value of cash flow hedges transferred to the income statement	-	-	-	(4.8)	-	-	(4.8)
Effective portion of changes in fair value of cash flow hedges	-	-	-	2.6	-	-	2.6
Remeasurements of retirement benefit obligations	-	-	-	-	-	(9.2)	(9.2)
Deferred tax adjustment on pension scheme deficit	-	-	-	-	-	2.4	2.4
Transfer	-	-	-	-	(2.7)	2.7	-
Total other comprehensive loss	-	-	(7.3)	(2.2)	(2.8)	(4.1)	(16.4)
Total comprehensive loss	-	-	(7.3)	(2.2)	(2.8)	(41.3)	(53.6)
Transactions with owners:							
Issue of shares by the Company	0.2	-	-	-	-	-	0.2
Dividends paid	-	-	-	-	-	(12.1)	(12.1)
Share-based payments	-	-	-	-	3.5	-	3.5
Fair value of cash flow hedges transferred to net assets	-	-	-	(0.1)	-	-	(0.1)
Total transactions with owners	0.2	-	-	(0.1)	3.5	(12.1)	(8.5)
Balance at 30 June 2024	52.7	239.2	(110.7)	3.6	168.3	432.1	785.2

Condensed consolidated cash flow statement

for the six months ended 30 June 2024

\$m	2024 (unaudited)	2023 (unaudited)
Operating activities:		
(Loss)/profit from continuing operations	(37.2)	25.7
Adjustments for:		
Other expenses	1.1	0.6
Finance income	(1.2)	(1.8)
Finance costs	14.8	10.2
Tax charge	11.4	9.2
Depreciation and amortisation	26.9	28.8
Impairment loss on property, plant, and equipment	66.1	-
Decrease in provisions and derivatives	(7.0)	(2.9)
Pension payments net of current service cost	0.4	(0.9)
Share-based payments expense	3.4	2.0
Operating cash flow before movement in working capital	78.7	70.9
Decrease in inventories	1.2	9.6
Increase in trade and other receivables	(21.4)	(22.0)
Decrease in trade and other payables	(0.7)	(33.8)
Cash generated by operations	57.8	24.7
Income taxes paid	(8.2)	(10.7)
Interest paid	(14.5)	(11.2)
Net cash flow used in operating activities from discontinued operations	-	(11.9)
Net cash flow from/(used in) operating activities	35.1	(9.1)
Investing activities:		
Interest received	0.1	0.4
Disposal of property, plant and equipment	-	1.9
Purchase of property, plant and equipment	(16.7)	(13.4)
Disposal of business	-	139.2
Net cash flow used in investing activities from discontinued operations	-	(0.3)
Net cash flow (used in)/ from investing activities	(16.6)	127.8
Financing activities:		
Dividends paid	(12.1)	-
Net movement on existing debt	-	(103.4)
Payment of lease liabilities	(3.3)	(3.1)
Net cash used in financing activities	(15.4)	(106.5)
Net increase in cash and cash equivalents	3.1	12.2
Cash and cash equivalents at 1 January	65.8	54.9
Foreign exchange on cash and cash equivalents	(1.4)	0.2
Less: cash and cash equivalents classified as held for sale	(8.2)	-
Cash and cash equivalents at 30 June	59.3	67.3

Notes to the interim financial statements for the six months ended 30 June 2024

1. General Information

Elementis plc (the 'Company') and its subsidiaries (together, the 'Group') manufacture specialty chemicals. The Group has operations in the US, UK, Brazil, Germany, Portugal, Finland, The Netherlands, China, Taiwan, Malaysia and India. The Company is a limited liability company incorporated and domiciled in England and is listed on the London Stock Exchange.

2. Accounting policies

Basis of preparation

The annual financial statements of Elementis plc will be prepared in accordance with United Kingdom adopted International Financial Reporting Standards. This condensed set of financial statements (also referred to as 'interim financial statements' in this announcement) has been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the United Kingdom.

As required by the Disclosure and Transparency Rules of the Financial Conduct Authority, the condensed set of financial statements has been prepared applying the same accounting policies and presentation that were applied in the preparation of the Company's published consolidated financial statements for the year ended 31 December 2023. The Group has not early adopted any standard, interpretation or amendment that has been issued but is not yet effective.

Key judgements and sources of estimation uncertainty remain unchanged from those as set out in the Annual Report and Accounts at 31 December 2023. The information for the year ended 31 December 2023 does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. A copy of the statutory accounts for that year has been delivered to the Registrar of Companies. The auditor's report on those accounts was not qualified, did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying the report and did not contain statements under section 498(2) or (3) of the Companies Act 2006.

Reporting currency

As a consequence of the majority of the Group's sales and earnings originating in US dollars or US dollar linked currencies, the Group has chosen the US dollar as its presentational currency. This aligns the Group's external reporting with the profile of the Group, as well as with internal management reporting.

3. Going concern

Given the continuing uncertainties resulting from the macro-economic environment in which the Group operates, the directors have placed a particular focus on the appropriateness of adopting the going concern basis in preparing the condensed consolidated financial statements for the six months ended 30 June 2024.

The Group's going concern assessment covers the period of at least 12 months from the date of authorisation of these consolidated half year financial statements (the 'going concern period'), and takes into account its substantial liquidity, committed expenditure, and likely ongoing levels of costs.

In preparing the assessment, alongside the most likely 'base case' forecast, the Board has considered both a 'reverse stress test case' which flexes sales and costs to determine what circumstances would be required to breach banking covenants, and a 'plausible downside case'. This assessment shows the Group has sufficient liquidity to discharge its liabilities as they fall due throughout the going concern period under the base case, assuming continued access to our revolving credit facilities. Access to these credit facilities is dependent on the Group operating within its financial covenants.

The Group successfully refinanced its multi-currency Revolving Credit Facility ('RCF'), effective 29 May 2024, for a period of four years with a one-year extension option. The new facility is therefore due to mature in May 2028, assuming that the one-year extension option is not exercised. The size of the facility was reduced from \$375m to \$250m, reflecting the improved leverage position of the Group.

Testing up to 30 June 2024 confirmed that the Group operated within these covenants and under the base case the Group is expected to remain within its financial covenants throughout the going concern period and the conditions necessary for the reverse stress scenario to be applicable were deemed remote.

The directors also considered factors likely to affect future performance and development, the Group's financial position, current excess liquidity position, high level of cash conversion and the principal risks and uncertainties facing the Group, including the Group's exposure to credit, liquidity and market risk and the mechanisms for dealing with these risks.

In conclusion, after reviewing the base case and considering the remote likelihood of the scenario in the reverse stress test case occurring as well as having considered the uncertainty relating to the macro-economic environment and the mitigating actions available, the directors have formed the judgement that, at the time of approving the consolidated financial statements, there are no material uncertainties that cast doubt on the Group's going concern status and that it is appropriate to prepare the consolidated accounts on the going concern basis.

4. Segment reporting

The Group's reporting segments are:

Performance Specialties which consists of:

- Coatings – production of rheological modifiers and additives for decorative and industrial coatings
- Talc – production and supply of talc for use in plastics, coatings, technical ceramics and paper sectors

Personal Care – production of rheological modifiers and compounded products, including active ingredients for anti-perspirant deodorants, for supply to Personal Care manufacturers

Six months ended 30 June (\$m)	2024	2023
<i>Coatings</i>	199.5	181.0
<i>Talc</i>	68.5	71.0
Performance Specialties	268.0	252.0
Personal Care	114.6	111.8
Revenue	382.6	363.8

All revenues are external and relate to the sale of goods. Revenue and operating profit in Coatings (Decorative Paints) and Personal Care (AP Actives) are marginally impacted by seasonal influences. Revenue and operating profit tend to be higher in the first half of the year as our customers ramp up production ready to meet end-customer demand in the summer months, when weather conditions are favourable for painting and when anti-perspirants are in greater demand.

Six months ended 30 June 2024 (\$m)	Coatings	Talc	Performance Specialties totals	Personal Care	Segment totals	Central costs	Total
Reported operating profit/(loss)	35.3	(65.7)	(30.4)	28.7	(1.7)	(9.5)	(11.2)
Adjusting Items							
Business transformation	0.3	–	0.3	0.8	1.1	0.9	2.0
Increase in environmental provisions due to additional remediation work identified	–	–	–	–	–	–	–
Decrease in environmental provisions due to change in discount rate	–	–	–	–	–	(1.4)	(1.4)
Impairment of assets	–	66.1	66.1	–	66.1	–	66.1
Settlement of Brazil customs case	2.9	–	2.9	–	2.9	–	2.9
Amortisation of intangibles arising on acquisition	–	2.7	2.7	4.1	6.8	–	6.8
Adjusted operating profit /(loss)	38.5	3.1	41.6	33.6	75.2	(10.0)	65.2

Six months ended 30 June 2023 (\$m)	Coatings	Talc	Performance Specialties totals	Personal Care	Segment totals	Central costs	Total
Reported operating profit/(loss)	24.9	6.3	31.2	23.1	54.3	(10.5)	43.8
Adjusting Items							
Business transformation	0.3	–	0.3	0.1	0.4	0.8	1.2
Increase in environmental provisions due to additional remediation work identified	–	–	–	–	–	1.2	1.2
Decrease in environmental provisions due to change in discount rate	–	–	–	–	–	(0.8)	(0.8)
Amortisation of intangibles arising on acquisition	0.2	2.7	2.9	4.2	7.1	–	7.1
Adjusted operating profit /(loss)	25.4	9.0	34.4	27.4	61.8	(9.3)	52.5

5. Adjusting items and alternative performance measures

Six months ended 30 June (\$m)	2024	2023
Business transformation	2.0	1.2
Environmental provisions		
Increase in provisions due to additional remediation work identified	–	1.2
Decrease in provisions due to change in discount rate	(1.4)	(0.8)
Impairment of assets	66.1	–
Settlement of Brazil customs matter	2.9	–
Amortisation of intangibles arising on acquisition	6.8	7.1
	76.4	8.7
Unrealised mark to market of derivative financial instruments	–	1.5
Unwind of discount on restructuring provision	0.3	–
Interest on EU state aid receivable	(0.6)	–
Tax credit in relation to adjusting items	(2.1)	(2.6)
	74.0	7.6

A number of items have been recorded under adjusting items by virtue of their size and/or one time nature in order to provide additional useful analysis of the Group's results. The Group considers the adjusted results to be an important measure used to monitor how the businesses are performing as they achieve consistency and comparability between reporting periods. The net impact of these items on the Group profit before tax for the year is a debit of \$76.1 million (2023: \$10.2 million). The items fall into a number of categories, as summarised below:

Business transformation – In March 2024, the Group announced the closure of its Middletown plant. Costs of \$0.8 million associated with the closure of the site were classified as an adjusting item, including charges of \$0.7 million relating to a restructuring provision and \$0.1 million of other costs. The plant is expected to close by 31 December 2024.

In March 2024, the Group announce the sale of the Eaglescliffe site. Costs of \$0.2 million associated with disposal activities were classified as an adjusting item. The transaction is conditional on regulatory approval.

In September 2023, the Group announced the Fit for the future organisational restructuring programme, for which charges of \$0.3 million were recognised in the first half, reflecting \$1.6 million of additional charges and a credit of \$1.3 million in relation to the revaluation of the restructuring provision at the end of June 2024. In addition, a charge of \$0.3 million has been recognised within finance costs in relation to the unwind of discount for this provision. Total estimated costs for the programme are \$30.0 million, of which \$12.4 million has been utilised since September 2023. The programme is expected to complete in 2025.

In November 2020, the Group announced the closure of its Charleston plant. Costs of \$0.3 million (H1 2023: \$0.3 million) associated with the closure of the site are classified as an adjusting item and the site is planned to be disposed of in the future. Since November 2020 \$23.7 million has been incurred in relation to the closure of the site.

Environmental provisions – The Group's environmental provision is calculated on a discounted cash flow basis, reflecting the time period over which spending is estimated to take place. The movement in the provision relates to a change in discount rates, which have decreased the liability by \$1.4 million (H1 2023: \$0.8 million). There were no additional remediation works identified in the period (H1 2023: \$1.2 million). As these costs relate to non-operational facilities they are classified as adjusting items.

Impairment of assets – The performance of the Talc segment was adversely impacted by lower demand and strike action in Finland in the period. As a result of these factors, a new business plan was prepared for the Talc segment which resulted in an impairment of assets. Of the total impairment of \$66.1 million, \$25.0 million was recorded against intangible assets and \$41.1 million was recorded against property, plant and equipment.

The impairment was determined by comparing the carrying value of the Talc segment to its recoverable amount. The recoverable amount of the Talc segment was calculated using forecasted cash flows based the new business plan for 2024 through to 2029. A pre-tax discount rate of 10.8% and a long-term growth rate of 3.0% was determined reflecting market conditions at the date of the impairment.

Settlement of the Brazil customs matter – The Group agreed a settlement with the Brazilian tax authorities in relation to a customs matter, of which \$2.9 million has been recognised as an adjusting item. Refer to Note 30 of the 2023 Annual Reports and Accounts for further detail.

Amortisation of intangibles arising on acquisition – Amortisation of \$6.8 million (H1 2023: \$7.1 million) represents the charge in respect of the Group’s acquired intangible assets. As in previous years, these are included in adjusting items as they are a non-cash charge arising from historical investment activities.

Unrealised mark to market of derivatives – The unrealised movements in the mark to market valuation of financial instruments that are not in hedging relationships are treated as adjusting items as they are unrealised non-cash fair value adjustments that will not affect the cash flows of the Group.

Interest on EU state aid receivable – Finance income of \$0.6 million has been recognised in respect of interest due to the Group if the EU state aid case settles in favour of the Group. Refer to Note 14 for further details on the tax recoverable asset.

Tax on adjusting items – this is the net impact of tax relating to the adjusting items listed above.

To support comparability with the financial statements as presented, a reconciliation to the adjusted consolidated income statement is shown below.

Six months ended 30 June (\$m)	2024			2023		
\$m	Profit and loss	Adjusting items	Profit and loss after adjusting items	Profit and loss	Adjusting items	Profit and loss after adjusting items
Revenue	382.6	–	382.6	363.8	–	363.8
Cost of sales	(215.9)	–	(215.9)	(219.4)	–	(219.4)
Gross profit	166.7	–	166.7	144.4	–	144.4
Distribution costs	(63.1)	–	(63.1)	(58.7)	–	(58.7)
Administrative expenses	(114.8)	76.4	(38.4)	(41.9)	8.7	(33.2)
Operating (loss)/profit	(11.2)	76.4	65.2	43.8	8.7	52.5
Other expenses	(1.0)	–	(1.0)	(0.5)	–	(0.5)
Finance income	1.2	(0.6)	0.6	1.8	–	1.8
Finance costs	(14.8)	0.3	(14.5)	(10.2)	1.5	(8.7)
(Loss)/profit before income tax	(25.8)	76.1	50.3	34.9	10.2	45.1
Tax	(11.4)	(2.1)	(13.5)	(9.2)	(2.6)	(11.8)
(Loss)/profit from continuing operations	(37.2)	74.0	36.8	25.7	7.6	33.3
Earnings per share						
From continuing operations						
Basic (loss)/earnings (cents)	(6.3)	12.6	6.3	4.4	1.3	5.7
Diluted (loss)/earnings (cents)	(6.3)	12.4	6.1	4.3	1.3	5.6

6. Finance income

Six months ended 30 June (\$m)	2024	2023
Interest on bank deposits	0.1	0.4
Pension and other post retirement liabilities	0.5	–
Fair value movement on derivatives	–	1.4
Interest on EU state aid receivable	0.6	–
	1.2	1.8

7. Finance costs

Six months ended 30 June (\$m)	2024	2023
Interest on bank loans	12.9	7.5
Unwind of discount on provisions	1.2	0.5
Interest on lease liabilities	0.7	0.7
Fair value movements on derivatives	–	1.5
	14.8	10.2

8. Income tax expense

The charge for tax on profits of \$11.4 million gives rise to an effective tax rate of 44.2% (H1 2023: \$9.2 million, or 26.4%) and is based on the probable tax charge in those jurisdictions where profits arise. Within this figure is a tax credit of \$2.1 million (H1 2023: \$2.6 million) in respect of adjusting items.

9. Earnings per share

The calculation of the basic and diluted earnings per share attributable to the ordinary equity holders of the parent is based on the following:

Six months ended 30 June (\$m)	2024	2023
Earnings:		
Adjusted earnings	36.8	33.3
Adjusting items net of tax	(74.0)	(7.6)
(Loss)/earnings for the purpose of basic earnings per share	(37.2)	25.7
Earnings from discontinued operations	–	1.8
(Loss)/earnings from continuing and discontinued operations	(37.2)	27.5

Six months ended 30 June (m)	2024	2023
Number of shares:		
Weighted average number of shares for the purposes of basic earnings per share	587.9	585.1
Effect of dilutive share options	12.3	10.6
Weighted average number of shares for the purposes of diluted earnings per share	600.2	595.7

The dilutive (loss)/earnings per share calculation for 2024 in the table below does not include the impact of the 12.3 million dilutive share options, as the inclusion of these potential shares would have an anti-dilutive impact on the diluted loss per share; it would decrease the diluted loss per share.

Six months ended 30 June (cents)	2024	2023
Earnings per share from continuing operations:		
Basic (loss)/earnings	(6.3)	4.4
Diluted (loss)/earnings	(6.3)	4.3
Basic after adjusting items	6.3	5.7
Diluted after adjusting items	6.1	5.6
Earnings per share from discontinued operations:		
Basic (loss)/earnings	–	0.3
Diluted (loss)/earnings	–	0.3
Earnings per share from continuing and discontinued operations:		
Basic (loss)/earnings	(6.3)	4.7
Diluted (loss)/earnings	(6.3)	4.6

10. Dividends

The following dividends were declared and paid by the Group:

Six months ended 30 June (\$m)	2024	2023
Dividends paid on ordinary shares	12.1	-

11. Pension

Valuations for IAS 19 purposes were conducted as of 30 June 2024. At this date the Group is reporting a surplus on its UK scheme of \$27.4 million (31 December 2023: surplus of \$38.7 million), a surplus on one of its US scheme of \$4.5 million (31 December 2023: \$3.4 million) and a deficit on all other schemes of \$8.6 million (31 December 2023: deficit of \$9.0 million). Additional commentary is included in the Finance Report.

A triennial valuation for the UK scheme commenced in September 2023 and will reflect revised demographic assumptions, including mortality base tables. The triennial valuation is expected to be finalised during H2 2024.

The Group is aware of a case involving Virgin Media and NTL Pension Trustee and the decision on 24 July 2024, upholding the High Court's ruling in the Virgin Media v NTL Pension Trustees II court case relating to section 37 and contracted-out defined benefit scheme amendments. Whilst this could potentially lead to additional liabilities for some pension schemes and sponsors, including Elementis, at present we are not aware of any impact on the scheme or company.

12. Movement in net debt

Six months ended 30 June (\$m)	2024	2023
Change in net debt resulting from cash flows:		
Decrease in cash and cash equivalents	3.1	12.2
Increase in bank overdraft and loans	–	(52.3)
Decrease in borrowings	–	155.7
	3.1	115.6
Currency translation differences	2.5	(4.3)
Decrease in net debt	5.6	111.3
Net debt at the beginning of period	(202.0)	(366.8)
Net debt at end of period	(196.4)	(255.5)

13. Financial risk management

The Group has exposure to the following financial risks:

- credit risk;
- liquidity risk; and
- market risk.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities. The Group's Audit Committee, assisted by Internal Audit, oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group. These interim financial statements do not include all the financial risk management information and disclosures that are required in the Annual Report and Accounts and should be read in conjunction with the financial statements for the year ended 31 December 2023. The Group's risk management policies have not changed since the year end.

The Group measures fair values in respect of financial instruments in accordance with IFRS 13, using the following fair value hierarchy that reflects the significance of the inputs used in making the measurements:

- Level 1: Quoted market price (unadjusted) in an active market for an identical instrument.
- Level 2: Valuation techniques based on observable inputs, either directly or indirectly.
- Level 3: Valuation techniques using significant unobservable inputs.

Derivatives are held at fair value and are categorised within Level 2. All other financial instruments are held at amortised cost, which is assumed to approximate their fair values. All the fair values of financial assets and liabilities carried at amortised cost are considered to be Level 2 valuations which are determined using directly or indirectly observable inputs other than unadjusted quoted prices.

14. Contingent liabilities

As is the case with other chemical companies, the Group occasionally receives notice of litigation relating to regulatory and legal matters. A provision is recognised when the Group believes it has a present legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. Where it is deemed that an obligation is merely possible and that the probability of a material outflow is not remote, the Group would disclose a contingent liability.

The Group has not received any notice of litigation relating to events arising prior to the balance sheet date that is expected to lead to a material exposure.

In 2013 the UK Government (through HMRC) introduced the UK Finance Company Exemption ('FCE') regime. Elementis entered into the FCE regime during 2014. In October 2017 the European Commission opened a State Aid investigation into the regime. In April 2019 the European Commission concluded that the FCE regime constituted State Aid in circumstances where Groups had accessed the regime using a financing company with UK significant people functions; the European Commission therefore instructed the UK Government to collect any relevant State Aid amounts. The UK government and other UK-based international companies, including Elementis, appealed to the General Court of the European Union against the decision in 2019.

In Spring 2020 HMRC requested that affected Groups submit their UK significant people function analysis. The deadline for submission of these analyses was delayed due to the impact of COVID-19 and Elementis submitted its analysis to HMRC in July 2020. In December 2020 the UK government introduced legislation to commence collection proceedings.

Elementis received a charging notice from HMRC on 5 February 2021 which assessed for the maximum exposure of \$19 million (excluding interest). This was paid to HMRC on 5 March 2021. A charging notice for associated interest of \$1 million was received on 24 June 2021 and paid on 7 July 2021. Whilst Elementis lodged an appeal against the charging notices that did not defer the payment of the tax assessed.

The UK Government's appeal against the European Commission's decision was heard by the General Court of the European Union during October 2021 and on 8 June 2022 the General Court of the European Union ruled against the UK Government. The UK Government lodged a further appeal to the European Court of Justice during Q3 2022 and the case was heard during January 2024. Following the hearing, in April 2024, the EU Advocate General issued their opinion stating that they did not believe the FCE regime constituted State Aid. The matter was referred to the ECJ for final judgement, which is expected during H2 2024. As Elementis continues to consider that the appeal process will ultimately be successful, at 30 June 2024 an asset has been recorded within non-current assets in the expectation that the charge will be repaid in due course.

During 2022 the Group terminated a distribution agreement with one of its distributors. The distributor has brought a claim for compensation as a result of the termination. This matter has now proceeded to arbitration and management have concluded at this stage that the obligation cannot be measured with sufficient reliability.

During Q4 2023 an environmental incident occurred at the Eaglescliffe site, which following investigation during H1 2024, is likely to require additional remediation work at the site and could result in a fine from the relevant supervisory body. Under the terms of the sale and purchase agreement with Flacks Group, signed in March 2024, Flacks Group are responsible for the cost of any remediation and associated fine. As the transaction has not yet completed Elementis have disclosed the event. Management have concluded at this stage that the obligation cannot be measured with sufficient reliability.

15. Related party transactions

The Company is a guarantor to the UK pension scheme under which it guarantees all current and future obligations of UK subsidiaries currently participating in the pension scheme to make payments to the scheme, up to a specified maximum amount. The maximum amount of the guarantee is that which is needed (at the time the guarantee is called on) to bring the scheme's funding level up to 105 per cent of its liabilities, calculated in accordance with section 179 of the Pensions Act 2004. This is also sometimes known as a Pension Protection Fund (PPF) guarantee, as having such a guarantee in place reduces the annual PPF levy on the scheme.

16. Eaglescliffe held for sale

On 6 March 2024, Elementis entered into an agreement to sell its former Chromium manufacturing site at Eaglescliffe to Flacks Group for negative purchase consideration of £11.5 million (\$14.5 million). Completion of the transaction is conditional on regulatory approval. Whilst the transaction is still awaiting regulatory approval, Elementis and the Flacks Group are committed to the sale and therefore the site has been classified as held for sale as of 30 June 2024.

17. Events after the balance sheet date

There were no significant events after the balance sheet date.

Principal risks and uncertainties

The Group has policies, processes and systems in place to help identify, evaluate and manage risks throughout the organisation that may have a material effect on its business operations and the delivery of its strategic objectives, including its business model, future performance, solvency, liquidity and / or reputation. The Board continues to take a proactive approach to recognising and mitigating risk with the aim of protecting its employees and safeguarding the interests of the Group, its shareholders, employees, customers, suppliers and all other stakeholders.

The principal risks and uncertainties facing the Group are set out in the Annual Report and Accounts for the 12 months ended 31 December 2023 (pages 67 to 71). The Group has reviewed these risks and concluded that they will remain relevant for the second half of the financial year. The potential impact of these risks, together with details of specific mitigating actions are set out in the 2023 Annual Report and Accounts.

All risks are subject to executive oversight and assessment and management will continue to review the effectiveness and efficiency of existing controls over those risks and to identify further actions where appropriate in order to manage the Group's exposure.

Alternative performance measures and unaudited information

Alternative performance measures

A reconciliation from reported profit for the year to earnings before interest, tax, depreciation and amortisation ("EBITDA") is provided to support understanding of the summarised cash flow included within the Finance report.

Six months ended 30 June (\$m)	2024	2023
Profit/(loss) for the year	(37.2)	25.7
Adjustments for		
Finance income after adjusting items	(1.2)	(1.8)
Finance costs and other expenses after adjusting items	15.9	9.2
Tax charge	11.4	9.2
Depreciation and amortisation	26.9	28.8
Excluding intangibles arising on acquisition	(6.8)	(7.1)
Adjusting items before finance costs and depreciation	76.1	10.0
Adjusted EBITDA	85.1	74.0

There are also a number of key performance indicators used in this report. The reconciliations to these are given below.

Adjusted operating cash flow

Adjusted operating cash flow is defined as the net cash flow from operating activities less net capital expenditure but excluding, income taxes paid or received, interest paid or received, movement in provisions and derivatives, pension contributions net of current service cost, share-based payment expense and adjusting items.

Six months ended 30 June (\$m)	2024	2023
Net cash flow from operating activities	35.1	(9.1)
Add/(deduct):		
Net cash flow used in operating activities from discontinued operations	–	11.9
Capital expenditure	(16.7)	(13.4)
Add/(deduct):		
Income tax paid or received	8.2	10.7
Interest paid or received	14.5	11.2
Decrease in provisions and derivatives	(7.0)	(2.9)
Pension contributions net of current service cost	(0.4)	0.9
Share-based payments expense	3.4	2.0
Adjusting items – non cash	(1.8)	1.8
Adjusting items – cash	12.2	0.9
Adjusted operating cash flow	47.5	14.0

Adjusted operating cash conversion

Adjusted operating cash conversion is defined as adjusted operating cash flow divided by adjusted operating profit.

Six months ended 30 June (\$m)	2024	2023
Adjusted operating profit	65.2	52.5
Adjusted operating cash flow	47.5	14.0
Adjusted operating cash flow conversion	73%	27%

Free cash flow

Free cash flow is defined as adjusted operating cash flow (as defined above), less pension contributions net of current service cost, net interest paid, income tax paid, cash flow relating to adjusting items and other, which includes share-based payments, movement in provisions and derivatives and payment of lease liabilities.

Contribution margin

The Group's contribution margin, which is defined as sales less all variable costs, divided by sales and expressed as a percentage.

Six months ended 30 June (\$m)	2024	2023
Revenue	382.6	363.8
Variable costs	(190.9)	(185.9)
Non variable costs	(25.0)	(33.5)
Cost of sales	(215.9)	(219.4)
Contribution margin	50.1%	48.9%

Adjusted Group profit before tax

Adjusted Group profit before tax is defined as the Group profit before tax after adjusting items, excluding adjusting items relating to tax.

Adjusted return on operating capital employed

The adjusted return on operating capital employed ("ROCE") is defined as operating profit from total operations after adjusting items divided by operating capital employed, expressed as a percentage. Operating capital employed comprises fixed assets (excluding goodwill), working capital and operating provisions. Operating provisions include self-insurance and environmental provisions but exclude retirement benefit obligations.

Six months ended 30 June, unless stated otherwise (\$m)	2024	2023
Adjusted operating profit for last 12 months to 30 June	116.6	94.8
Fixed assets excluding goodwill	527.0	576.8
Working capital	167.2	192.2
Operating provisions	(49.5)	(29.2)
Operating capital employed	644.7	739.8
Adjusted return on capital employed	18%	13%

Average trade working capital to sales ratio

The trade working capital to sales ratio is defined as the 12 month average trade working capital divided by sales, expressed as a percentage. Trade working capital comprises inventories, trade receivables (net of provisions) and trade payables. It specifically excludes repayments, capital or interest related receivables or payables, changes due to currency movements and items classified as other receivables and other payables.

Adjusted operating profit/operating margin

Adjusted operating profit is the profit derived from the normal operations of the business. Adjusted operating margin is the ratio of operating profit, after adjusting items, to sales.

Net debt

Net debt is defined as borrowings less cash and cash equivalents, including any restricted or held for sale cash and cash equivalents. Pre IFRS 16 Net debt does not include lease liabilities.

Unaudited information

To support a full understanding of the performance of the Group, the information below provides the calculation of net debt/EBITDA.

Pre IFRS 16 Net debt/EBITDA:

Six months ended 30 June (\$m)	2024	2023
Revenue	382.6	363.8
Adjusted operating profit	65.2	52.5
Adjusted operating margin	17.0%	14.4%
Adjusted EBITDA for the last 12 months to 30 June	156.9	137.6
IFRS 16 adjustment for the last 12 months to 30 June	(6.6)	(5.9)
Adjusted EBITDA pre-IFRS 16 for the last 12 months to 30 June	150.3	131.7
Net debt ¹	196.4	255.5
Net debt/EBITDA ²	1.3x	2.0x

1 Net debt excludes lease liabilities.

2 Net Debt/EBITDA, where EBITDA is the adjusted EBITDA on continuing operations of the Group on a pre IFRS16 basis.

Post IFRS 16 Net debt/EBITDA:

Six months ended 30 June (\$m)	2024	2023
Revenue	382.6	363.8
Adjusted operating profit	65.2	52.5
Adjusted operating margin	17.0%	14.4%
Adjusted EBITDA for the last 12 months to 30 June	156.9	137.6
Net debt ¹	196.4	255.5
IFRS 16 liabilities	36.6	36.5
Adjusted net debt post IFRS 16	233.0	292.0
Net debt/EBITDA ²	1.5x	2.1x

1 Net debt includes lease liabilities.

2 Net Debt/EBITDA, where EBITDA is the adjusted EBITDA on continuing operations of the Group on a post IFRS16 basis.