

ELEMENTIS

A global specialty chemicals company

Elementis plc **Interim Results**

Six months ended 30 June 2015



Interim Results

\$ millions	H1 2015	H1 2014
Revenue	360.4	400.0
Operating profit	68.6	76.8
Operating margin	19%	19%
Profit before tax	65.3	72.4
Diluted EPS	11.2c	12.7c
Net cash	16.1	5.0
Interim dividend	2.70c	2.70c
Basic EPS	11.3c	12.8c

Highlights – Results in line with recent trading update

Specialty Products

- New North American additives facility expansion complete
 - North American decorative coatings sales up 8%
- European coatings sales up 4%*
- Asia Pacific coatings sales down 1%* due to Q2 slowdown in China
- Personal Care sales slightly higher than previous year*
- Oilfield revenues down by 30%* as low oil prices impact activity

Chromium

Generating consistent operating profit in line with strategy

Group operating margin
stable at 19%

Net balance sheet cash position
increased to \$16.1m

Interim dividend
maintained at 2.70c

Chromium

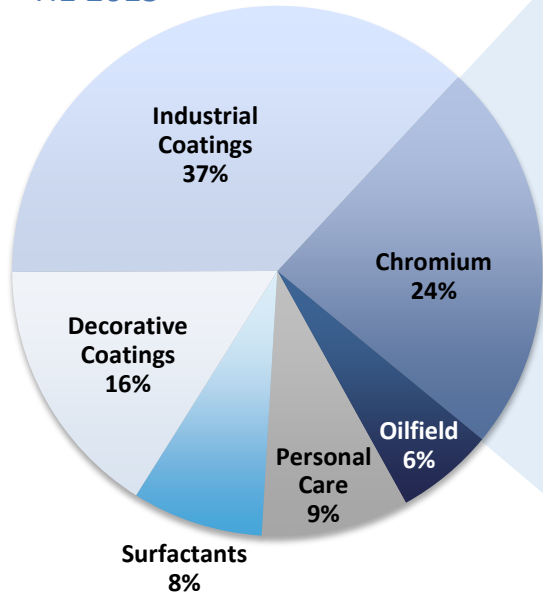
\$ millions	H1 2015	H1 2014
Sales	91.9	103.2
Operating profit	27.0	27.7
Operating margin	29%	27%

Resilient financial performance

- Operating margin improved due to lower raw material costs and operating efficiencies
- Volumes and mix impacted by completion of 2014 customer refractory projects
- Operating profit benefited from the successful resolution of a legacy EPA filing issue

Chromium – Strategic diversity in products and markets

Group sales H1 2015



Major Markets	Major Uses	Market Drivers
Pigments	<ul style="list-style-type: none"> • Roof tiles, asphalt shingles, floor tiles 	<ul style="list-style-type: none"> • Construction • OEM and military coatings
Refractory	<ul style="list-style-type: none"> • Redbrick, flat glass and fibreglass kilns 	<ul style="list-style-type: none"> • Construction
Chrome metal	<ul style="list-style-type: none"> • Super alloys 	<ul style="list-style-type: none"> • Aircraft engines, wind and gas turbines
Functional plating	<ul style="list-style-type: none"> • Shock absorbers, hydraulic cylinders 	<ul style="list-style-type: none"> • Automotive • Heavy and light machinery
Decorative plating	<ul style="list-style-type: none"> • Sanitary fixtures, auto grills, door handles 	<ul style="list-style-type: none"> • Automotive • Construction
Timber treatment	<ul style="list-style-type: none"> • Telephone poles, marine piling, railroad ties 	<ul style="list-style-type: none"> • Infrastructure
Leather tanning	<ul style="list-style-type: none"> • Soften and improve durability of hide 	<ul style="list-style-type: none"> • Beef consumption

US facilities are globally cost competitive, producing a full range of chromium products serving diverse markets

Surfactants

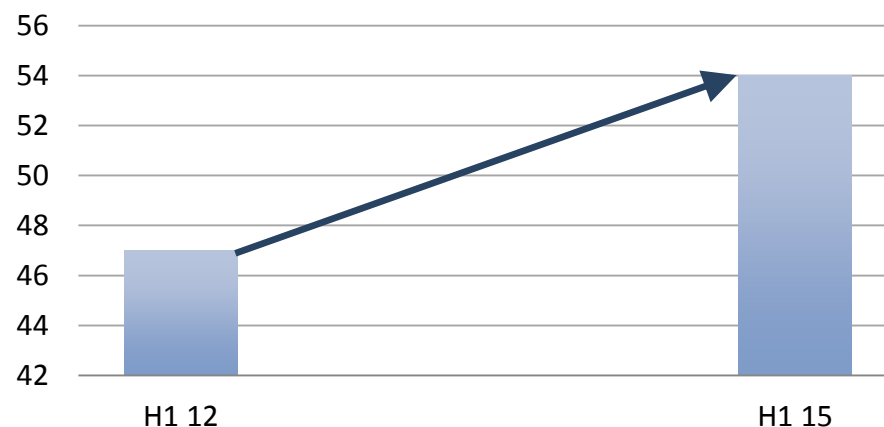
\$ millions	H1 2015	H1 2014
Sales	29.7	34.2
Operating profit	2.4	3.2
Operating margin	8%	9%

Successfully transitioning Delden facility to higher value coatings additives

As a Euro based business, currency reduced sales by \$6.4m and operating profit by \$0.6m

Strategy provides significant capacity to support Specialty Products' growth

% Delden Sales for Specialty Products



Specialty Products

\$ millions	H1 2015	H1 2014
Sales	244.1	268.5
Operating profit	44.8	52.6
Operating margin	18%	20%

Currency reduced sales by \$16.3m and operating profit by \$3.4m

Contribution margin improved - operating margin impacted by lower oilfield volumes and investments

Sales

- North American decorative coatings sales up 8%
- European coatings sales up 4%*
- Oilfield down 30%*
- Asia Pacific coatings and Personal Care sales similar to previous year*

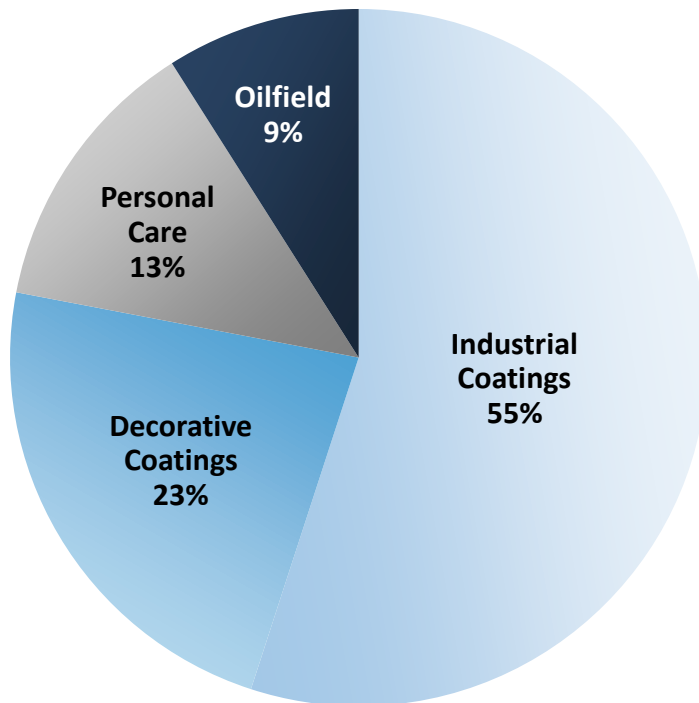
* constant currency



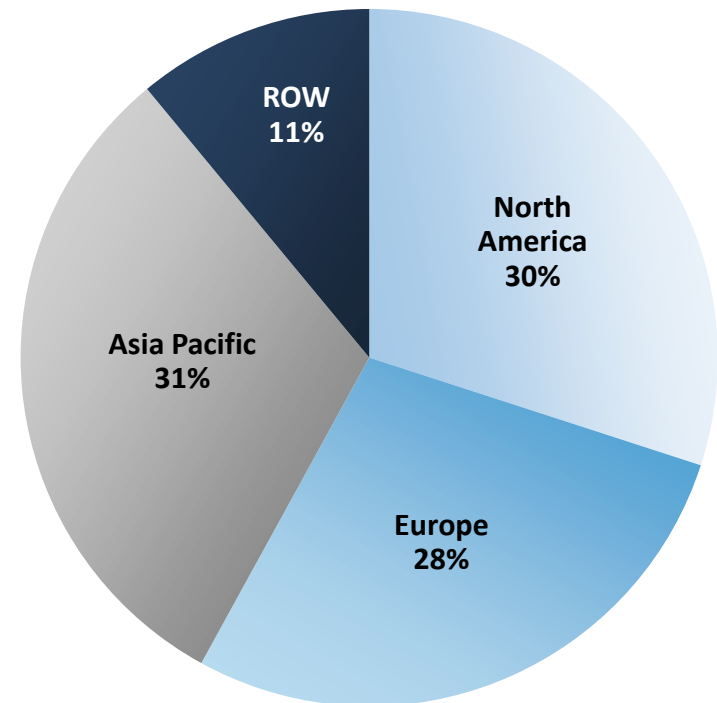
Specialty Products – Platform for growth

H1 2015 sales

Markets

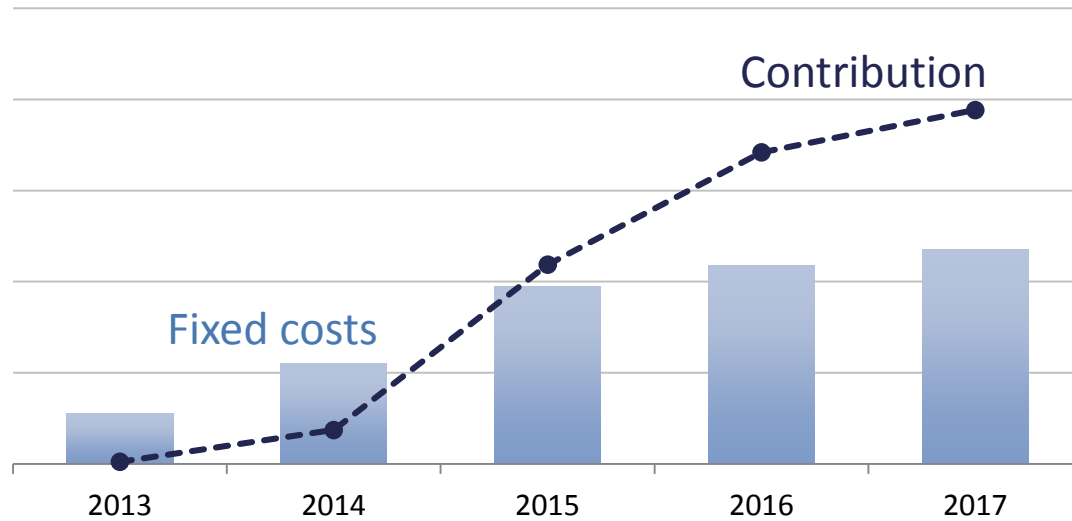


Geography



Investing for the future

New Martinsville, WV decorative additives facility



Achieves positive operating profit in 2015

Customer orders significantly ahead of schedule

Innovative technology validated by global majors



Asia Pacific investment

Castor wax additives

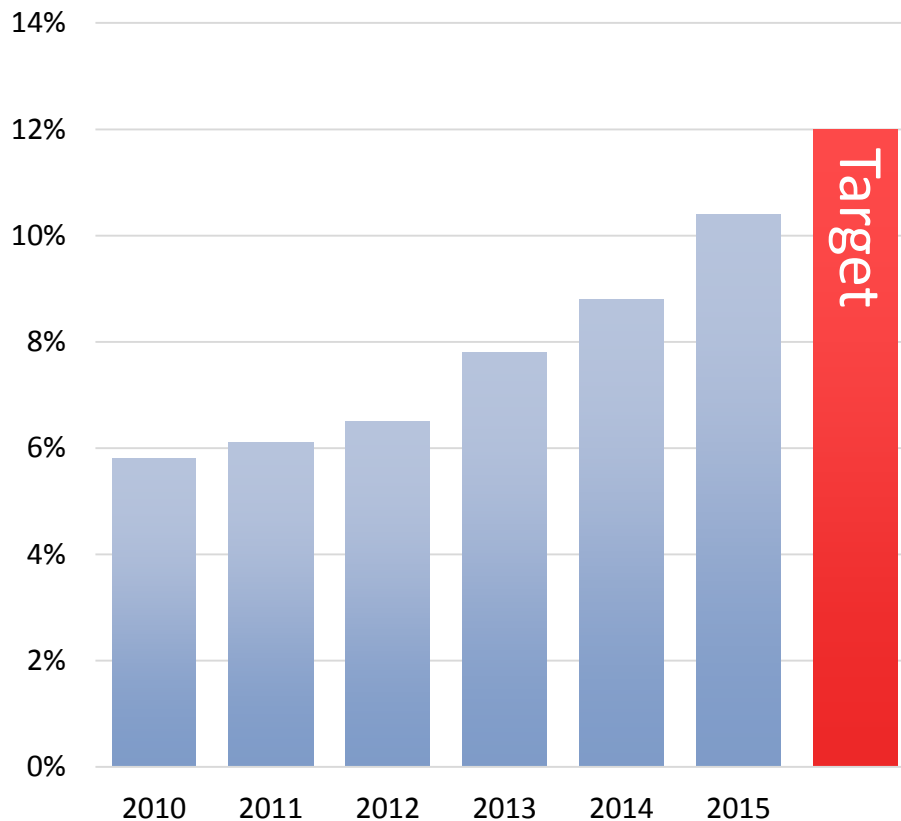
- Global castor wax market growing at 3% – 5% pa
- High margin differentiated product
- Complements our existing product portfolio and customer base
- Represents the first step of our global castor wax manufacturing and growth strategy



Hsinchu, Taiwan Facility

Innovation

New products as % of sales



Utilisation of new assets
in North America and Asia

Target 12%

Majority of products
protected by IP

Oilfield

Significant drop in activity in 2015

Market share and contribution margins stable

Some indications that project activity is stabilising

Broadening portfolio with innovative products

Positioned to benefit from China shale drilling

US crude oil rig count



Source: Baker Hughes

Personal Care

H1 results impacted by competitive dynamics of Latin America currency weakness

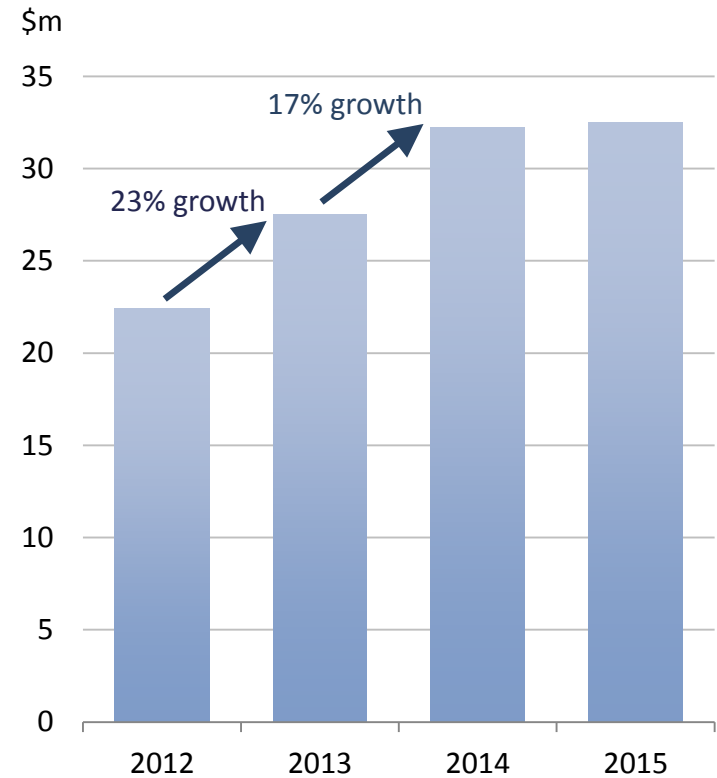
Reviewing local manufacturing options in Brazil

Investment in resources drove strong growth in Asia Pacific

Innovation model continues to expand product portfolio

Positive start to H2

H1 sales*



* constant currency

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H1 Currency

Currency impact on:

\$ millions	Sales	Operating profit	%
Specialty Products	-16.3	-3.4	-6%
Chromium		0.2	
Surfactants	-6.4	-0.6	-19%
Central costs		1.7	
Group	-22.7	-2.1	-3%

Currency impact on sales greater than on operating profit

Group sales reduced by 6% and operating profit by 3%

Operating profit impact reduced by localised cost base and hedging activities

Tax Charge

\$ millions	H1 2015	H1 2014
Tax charge	13.2	13.5
Tax rate	20.2%	18.7%
Cash tax rate	13.5%	10.2%

Tax rate increased due to recognition of UK tax assets in 2014 and geographic mix

Estimated tax rate for full year 2015 is 20% - 22%

Cash tax rate still relatively low, but increasing

Capital Spending

\$ millions	H1 2015	H1 2014
Specialty Products	7.1	10.1
Chromium	6.2	6.1
Other	2.7	1.5
Group total	16.0	17.7
Depreciation	13.4	12.5

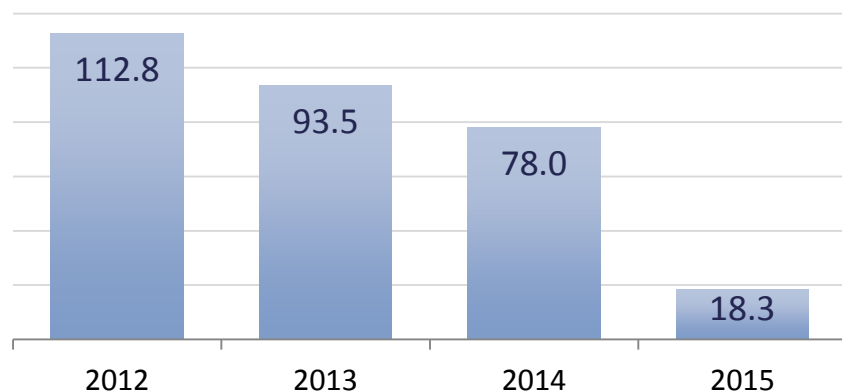
Capex spend in Specialty Products lower due to completion of US decorative and China castor wax facilities

Growth projects planned for H2

Full year capex spend expected to be approximately \$30m

Retirement Plans

Net deficit (\$m) at 30 June



\$ millions	H1 2015	H1 2014
Deficit contributions		
UK plan	12.2	28.0
US/other	0.2	2.6
	12.4	30.6

IAS 19 deficits continue to come down

UK triennial valuation as of 30 Sept 2014 – lower deficit than anticipated

Contributions declining in line with deficit reduction

Cash Flow

\$ millions	H1 2015	H1 2014
EBITDA	82.0	89.3
Working capital	(30.9)	(25.9)
Capital expenditure	(16.0)	(17.7)
Pensions	(12.4)	(30.6)
Dividends	(58.7)	(52.4)
Other	(12.1)	(11.8)
Net cash flow	(48.1)	(49.1)
Net balance sheet cash	16.1	5.0

Net cash flow similar to previous year

Net balance sheet cash position increased to \$16.1m

Year end cash balance will benefit from \$25m land sale (\$15m after tax)

Dividend

	2015 Interim	2014 Interim
Per share	2.70c	2.70c

Interim dividend maintained at 2.70c

- H1 earnings below previous year

Anticipate special dividend based on year end net cash position

Summary

Chromium

- Delivered earnings and cash flow in line with strategy
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Specialty Products

- Macro issues impacted H1 performance
 - Confident that strategy will continue to deliver attractive margins and market share gains
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Cash generative business model

- Anticipate year end net cash position

ELEMENTIS

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Thank you

