



ELEMENTIS

A global specialty chemicals company



H1 2017 Results

Cautionary statement

AUGUST 2017

This presentation, the presentation materials and discussion may contain certain forecasts, projections and forward looking statements – that is, statements related to future, not past events - in relation to, or in respect of the financial condition, operations or businesses of Elementis plc.

Any such statements involve risk and uncertainty because they relate to future events and circumstances. There are many factors that could cause actual results or developments to differ materially from those expressed or implied by any such forward looking statements, including, but not limited to, matters of a political, economic, business, competitive or reputational nature. Nothing in this presentation, presentation materials and discussion should be construed as a profit estimate or profit forecast. Elementis does not undertake any obligation to update or revise any forward looking statement to reflect any change in circumstances or expectations.

NOTE: 2016 NUMBERS HAVE BEEN RESTATED TO RECLASSIFY AMORTISATION OF INTANGIBLES ARISING ON ACQUISITION WITHIN ADJUSTING ITEMS. FURTHERMORE H1 2016 NUMBERS HAVE BEEN RESTATED TO REFLECT PRIOR YEAR RESTATEMENT UNDER IAS 18.

Interim results agenda

ELEMENTIS

H1 2017 HIGHLIGHTS

Paul Waterman

H1 2017 FINANCIALS

Ralph Hewins

STRATEGIC PROGRESS

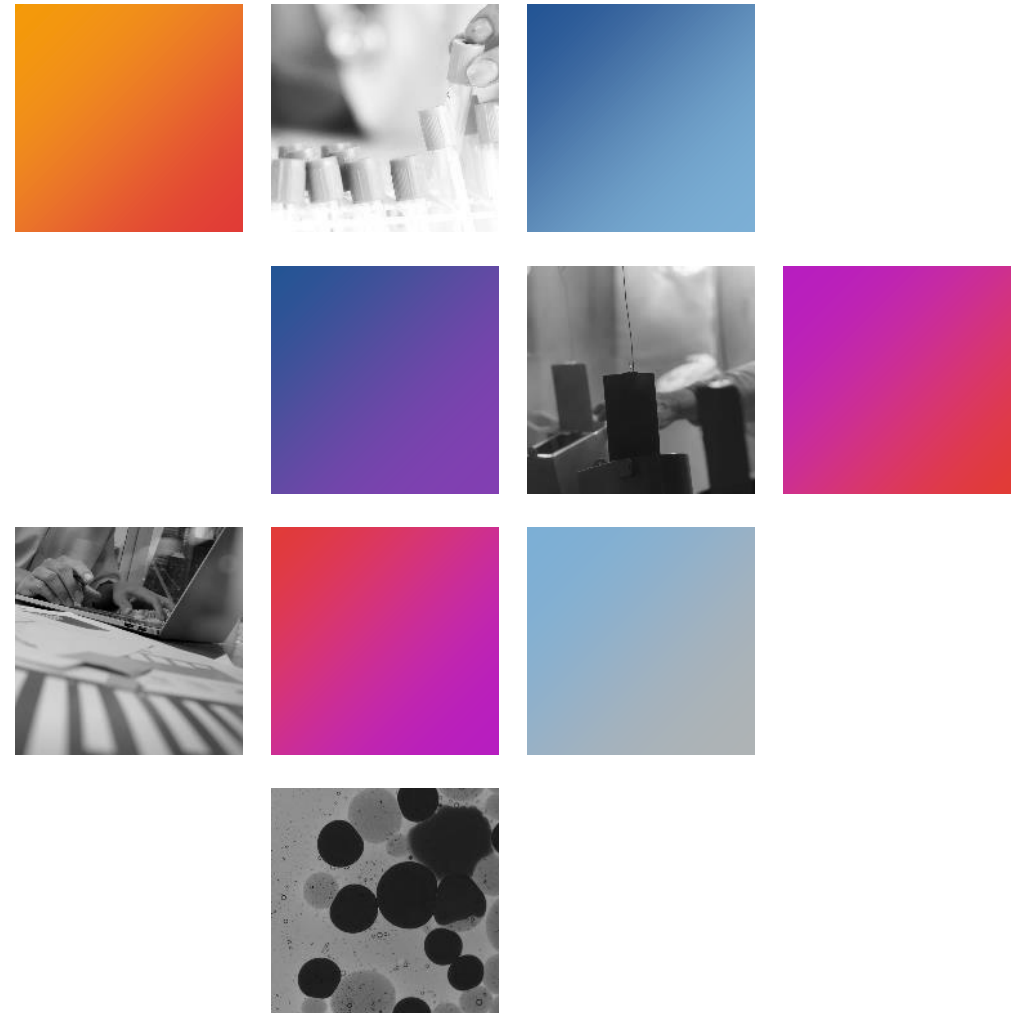
Paul Waterman

SUMMITREHEIS INTEGRATION

Paul Waterman

QUESTIONS

Paul Waterman & Ralph Hewins





ELEMENTIS

A global specialty chemicals company



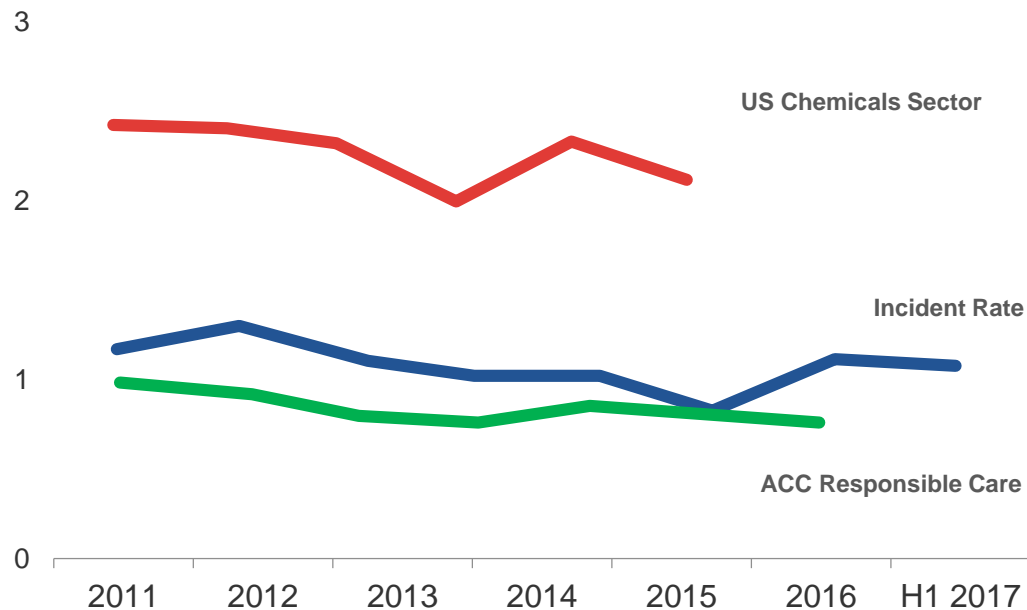
H1 2017 Highlights

Paul Waterman | CEO



H1 2017 safety performance

RECORDABLE INCIDENT RATE



Source: American Chemistry Council

HIGHLIGHTS

- **Focus on causes of recordable incidents**
 - No incidents over 3 days
 - Chromium: zero lost time accidents
- **SummitReheis acquisition**
 - Initial assessment – no major concerns
 - Integrating Elementis HSE policies
- **Award for HSE management of Songjiang Plant**
- **Introduction of Life Saving Rules**

\$m	H1 2016	H1 2017	% H1 – on – H1 Change
Sales	334	415	24%
Operating profit*	54	68	26%
Operating margin*	16%	16%	-
Profit before tax*	51	61	20%
Net cash / (debt)	38	(313)	-
Diluted EPS*	8.8c	10.4c	18%
Dividends per share	2.70c	2.70c	-

*After adjusting items

H1 2017 accomplishments

ELEMENTIS

CHROMIUM

Captured demand improvement

COATINGS

Growth in Asia and Americas

ENERGY

Rebound in US drilling and customer wins

PERSONAL CARE

Existing Personal Care sales growth 25%

DISADVANTAGED ASSETS

Sale of US colourants business and Jersey City closure

SURFACTANTS

Successful 2017 price optimisation

SUMMITREHEIS ACQUISITION

Transaction completed early - integration and cost synergy delivery on track

SUSTAINABILITY

Silver rating in 2017 EcoVadis Sustainable Supplier assessment

ELEMENTIS

Specialty Products

	H1		% H1-on-H1 Change	
	2016	2017	Reported	Constant Currency
\$m				
Sales	239	295	23%	26%
Operating profit*	44	52	18%	18%
Operating margin*	18%	18%	-	-

Strong performance in Energy and Personal Care

SummitReheis operating profit contribution of \$6m

Raw material cost inflation – pricing responses activated

Continued investment in Personal Care resources

*After adjusting items

Specialty Products

ELEMENTIS

SALES GROWTH IN ALL THREE SECTORS

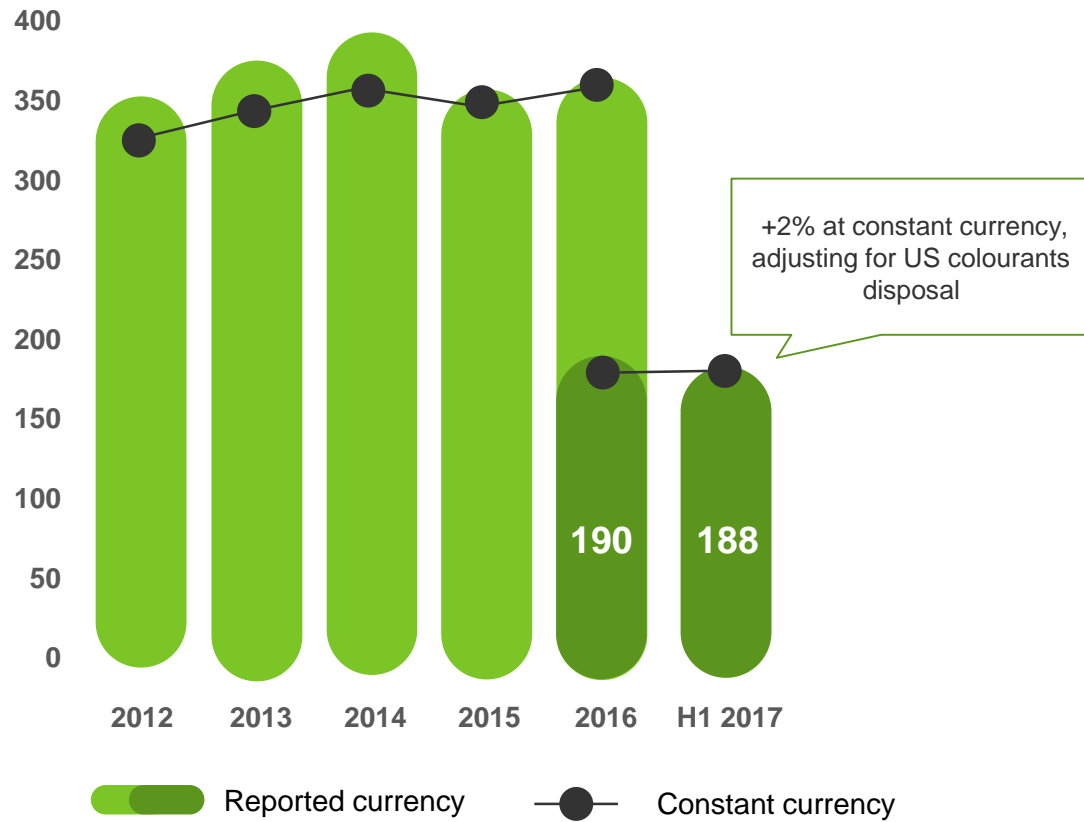
\$m	H1		% H1-on-H1 Change	
	2016	2017	Reported	Constant Currency
Coatings	190	188	(1)%	1%
Personal Care	32	77	144%	147%
Existing Personal Care	32	39	24%	25%
SummitReheis	-	38	-	-
Energy	17	29	74%	78%
Total	239	295	23%	26%

*After adjusting items

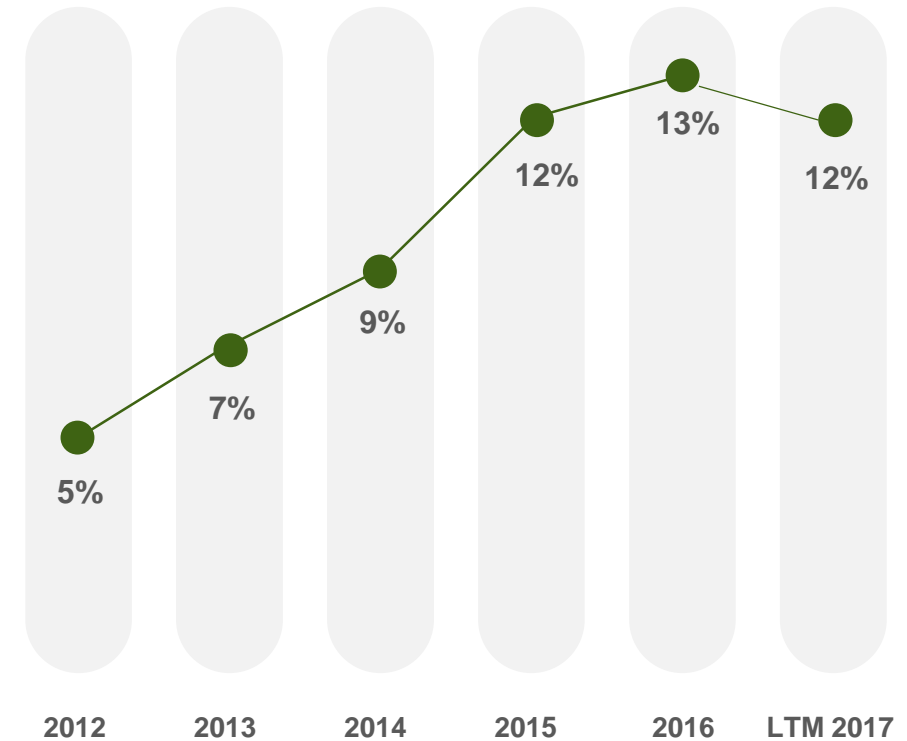
Coatings

Coatings steady growth

COATINGS SALES \$m

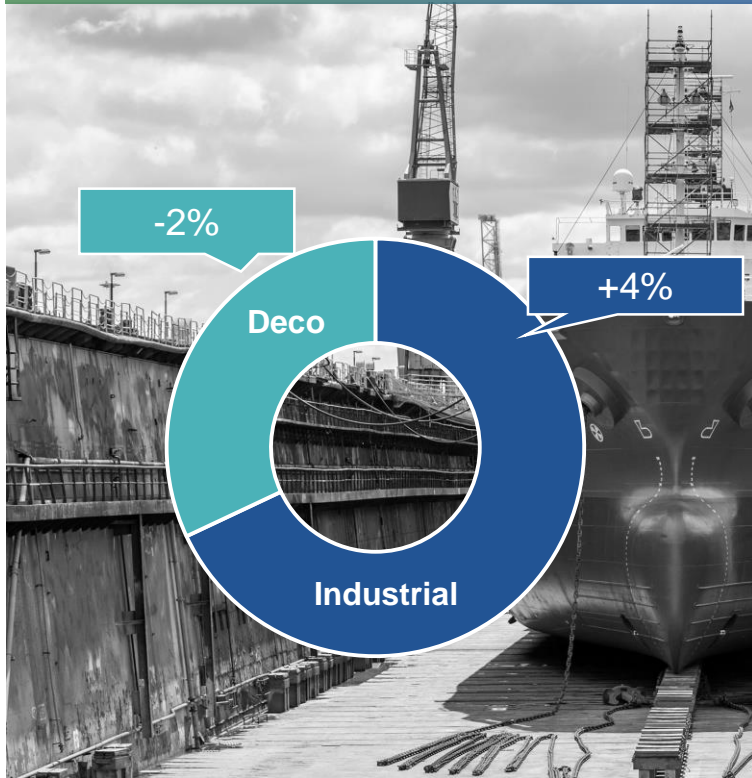


NEW PRODUCTS AS % OF SALES

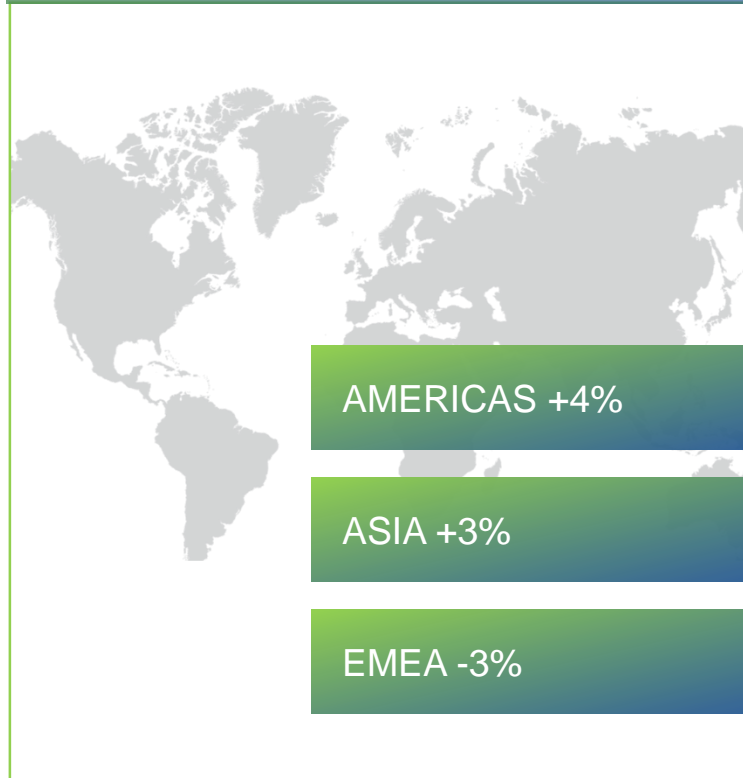


STRONG INDUSTRIAL COATINGS GROWTH

SECTOR SPLIT BY MARKET Sales Growth, Constant Currency*



REGIONAL GROWTH Sales Growth, Constant Currency*



KEY ACCOUNT MANAGEMENT

PROCESS

- Increase in resources allocated to KAM
- Pilot trials with key global accounts launched
- Globally aligned process and tools established

IMPACT

- Increased depth of customer contact
- First new business opportunities

* Excluding impact of US colourants disposal

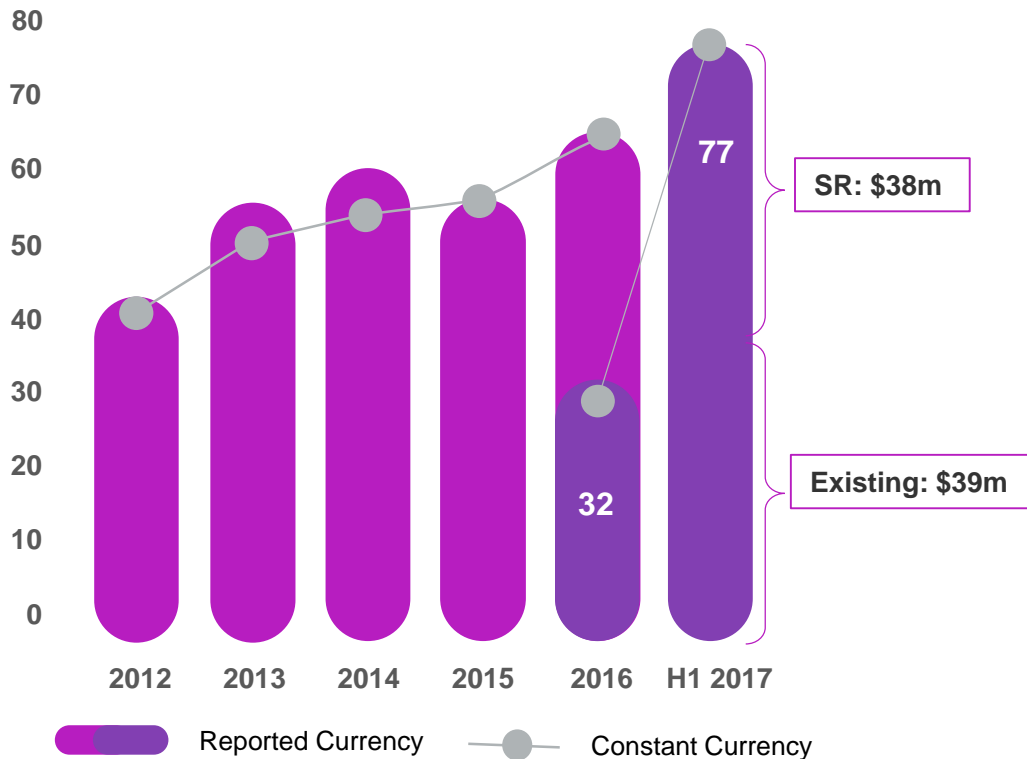
Personal Care

Personal Care

ELEMENTIS

STRONG UNDERLYING GROWTH AND ADDITION OF SUMMITREHEIS

PERSONAL CARE SALES \$m



STRONG GROWTH

Existing Personal Care business – sales up 25%*

Strong performance in Asia – sales up 67%

SummitReheis integration on track



*Constant currency

A **unique** value chain

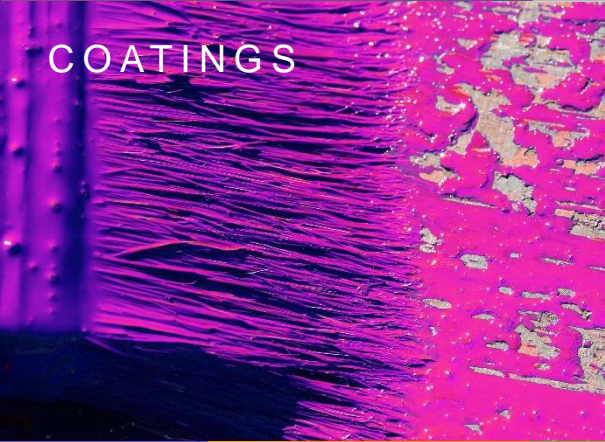
The only high quality rheology grade **Hectorite** mine in the world



Combined with our **global manufacturing base** and technical expertise



Enables our customers to create **innovative, high performance products**



Energy

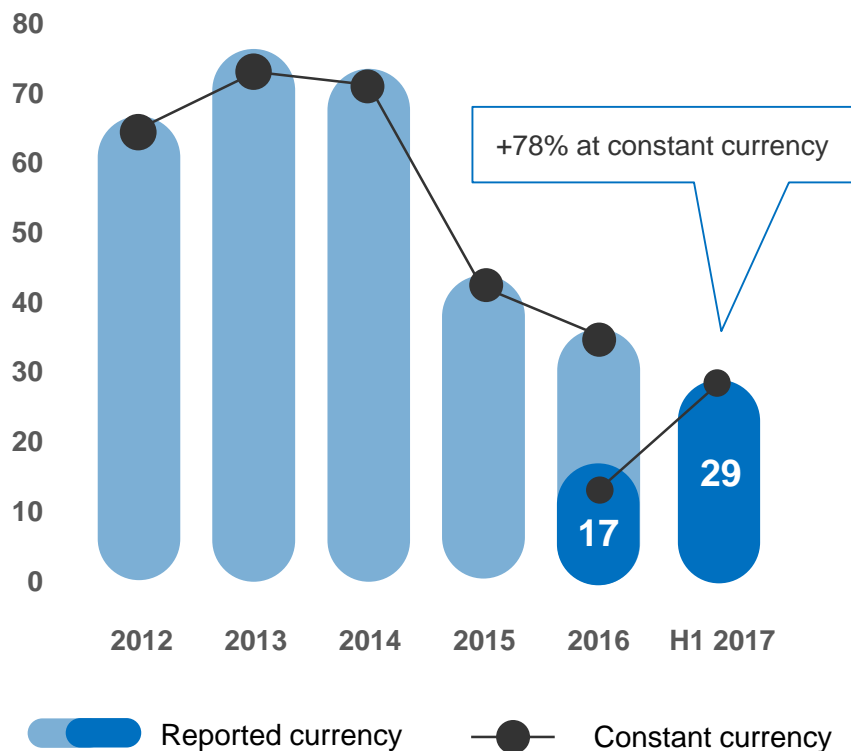
ELEMENTIS



Energy

STRONGER DEMAND AND MARKET SHARE GAINS

ENERGY SALES \$m



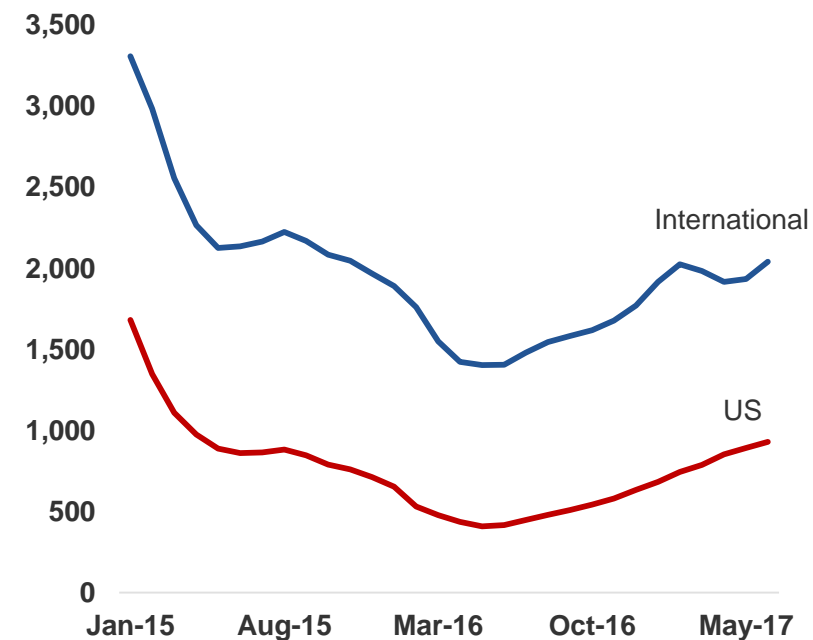
HIGHLIGHTS

Strong H1 demand due to US shale market and growing non US sales

Customer wins

Increased technical collaboration with customers for next generation products

2017 RIG ACTIVITY INCREASING



Source: Baker Hughes

Chromium

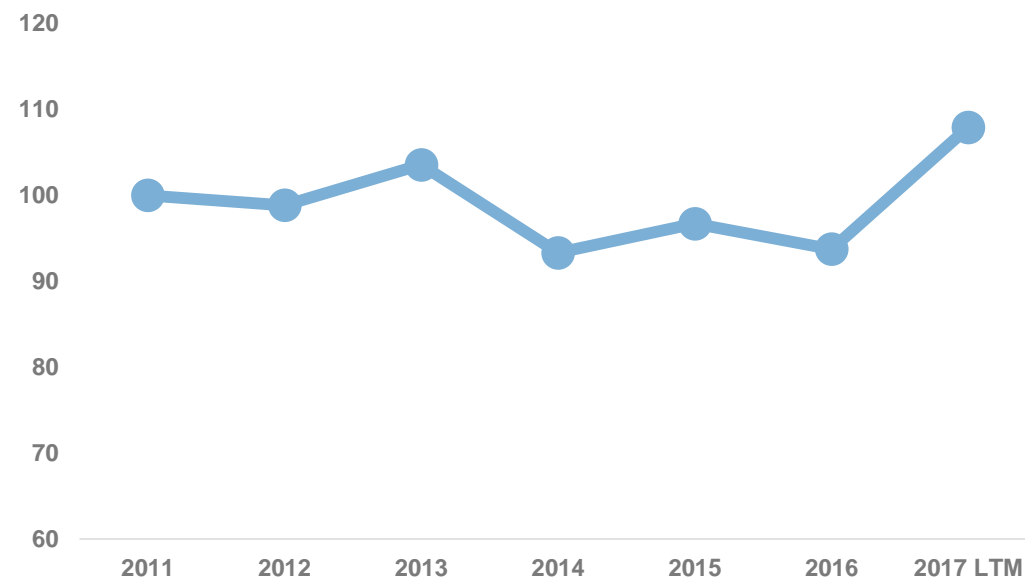
VOLUME GROWTH IN ROW AND RESILIENCE IN NORTH AMERICA

\$m	H1		% H1-on-H1 Change	
	2016	2017	Reported	Constant Currency
Sales	81	95	18%	18%
Operating profit*	15	16	3%	3%
Operating margin*	19%	17%	-	-

- Strong volumes - North America resilient and rebound in the rest of the world
- Run rate effect from 2016 ROW price reduction
- Unplanned maintenance costs
- 2017 price increases implemented due to raw material cost inflation

VOLUME RECOVERY IN ROW

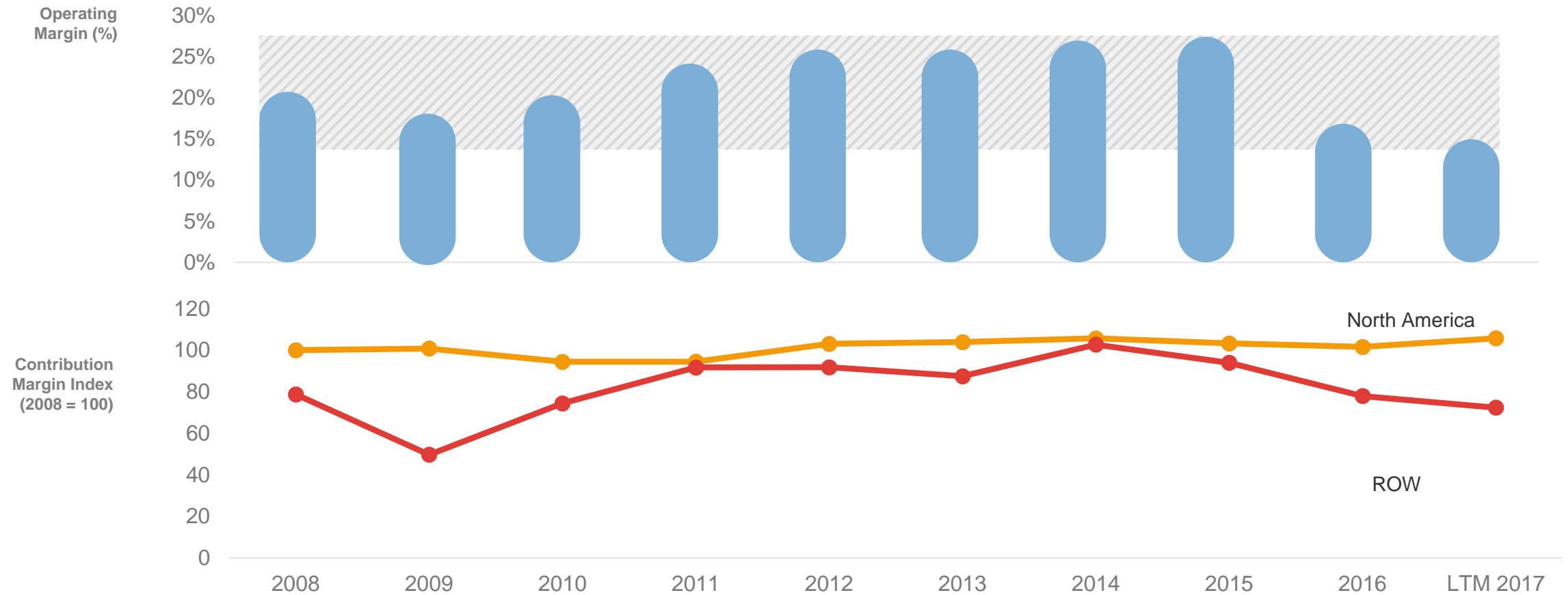
Metric Ton Index (2011 = 100)



2017 LTM = H2 16 + H1 17 *After adjusting items

Chromium

MARGINS ARE STRONG, NORTH AMERICA HIGHLY CONSISTENT



LTM 2017 = H2 16 + H1 17

Surfactants

Surfactants

ELEMENTIS

SUCCESSFUL 2017 PRICE OPTIMISATION

\$m	H1		% H1-on-H1 Change	
	2016	2017	Reported	Constant Currency
Sales	22	31	+44%	+48%
Operating profit*	-	9	-	-
Operating margin*	(1)%	29%	-	-



Favourable pricing conditions
- will not sustain

Pursuing potential sale

*After adjusting items



ELEMENTIS

A global specialty chemicals company



H1 2017 Financials

Ralph Hewins | CFO



H1 2017 group results

ELEMENTIS

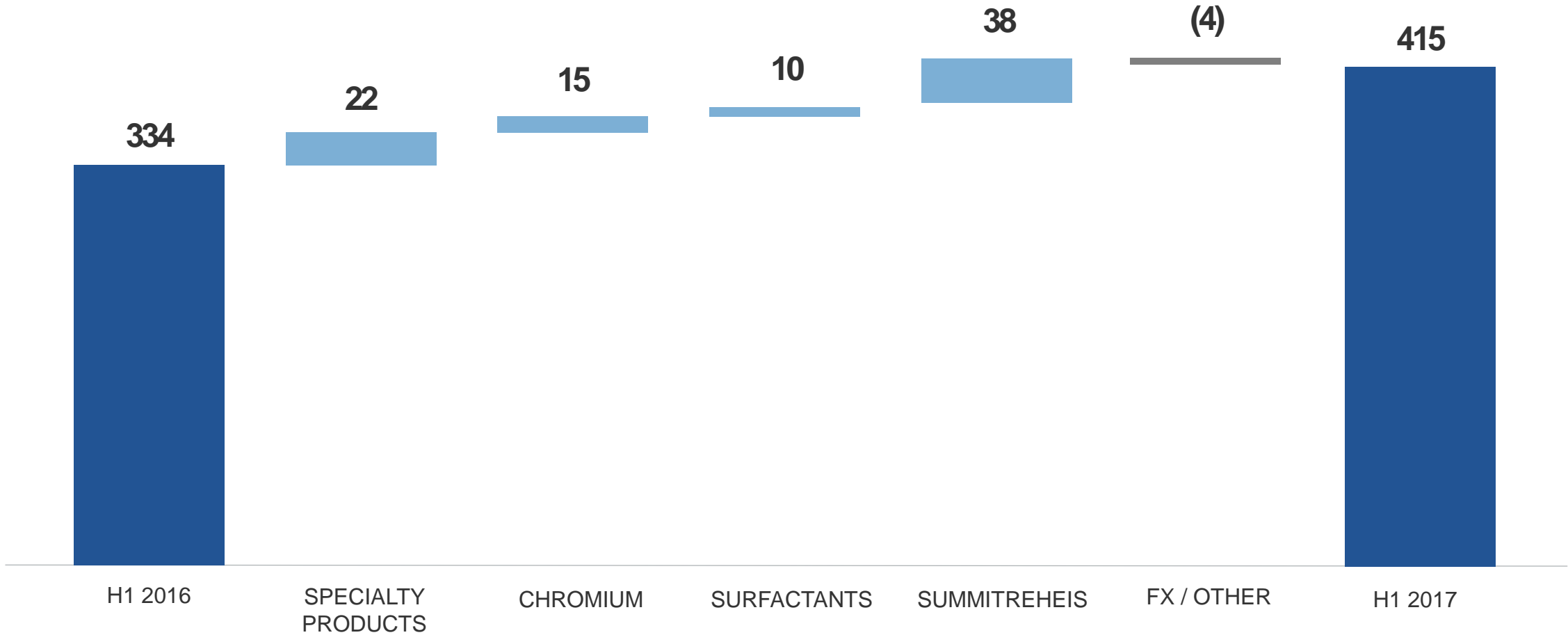
\$m	H1 2016	H1 2017	% H1-on-H1 Change
Sales	334	415	24%
Operating profit*	54	68	26%
Operating margin*	16%	16%	-
Profit before tax*	51	61	20%
Net cash / (debt)	38	(313)	-
Diluted EPS*	8.8c	10.4c	18%
Dividends per share	2.70c	2.70c	-

*After adjusting items

Revenue bridge

STRONG GROWTH ACROSS SEGMENTS AND SUMMITREHEIS CONTRIBUTION

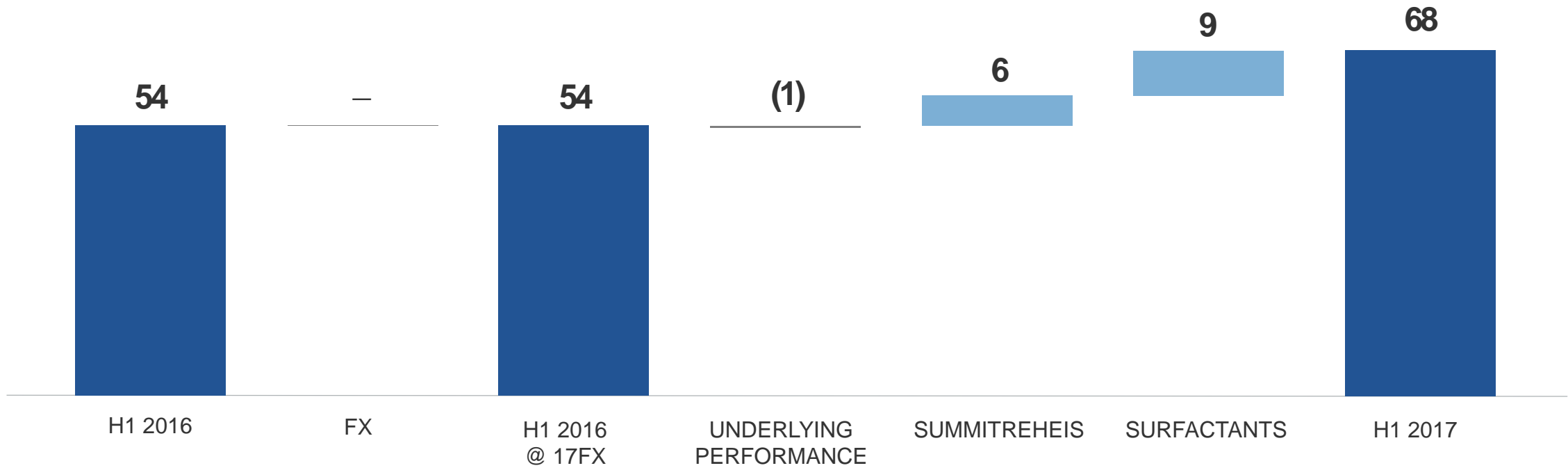
REVENUE \$m



Operating profit bridge

ELEMENTIS

ADJUSTED OPERATING PROFIT \$m



Charge/(credit) \$m	H1 2016	H1 2017
Acquisition costs	-	6
Restructuring	2	1
Business review	2	1
Amortisation of intangibles arising on acquisition	1	3
Colourants disposal and Jersey City site closure	-	(4)
Net adjusting items	5	7

Costs associated with SummitReheis acquisition

Reclassification of amortisation of intangibles arising on acquisition (pre SummitReheis PPA*)

Strategy implementation costs

Gain on disposal of colourants

* Purchase price allocation

\$m	H1 2016	H1 2017
Tax charge	9	11
Adjusting items	1	2
Adjusted tax charge	10	13
Tax rate*	20%	21%

Tax rate higher due to US profit

Estimated tax rate for full year 2017 of 21% to 23%

Beyond 2017 tax rate low 20s, with cash tax convergence

* On adjusted earnings

Cash flow

ELEMENTIS

STRONG OPERATING CASH FLOW

\$m	H1 2016	H1 2017
EBITDA	63	78
Change in working capital	(11)	(10)
Capital expenditure	(16)	(15)
Other	(2)	(1)
Operating Cash Flow	34	52
Pension deficit payments	(3)	(7)
Dividends	(64)	(65)
Acquisitions and disposals	-	(361)
Interest	(1)	(3)
Tax and other	(3)	(7)
Net Cash Flow	(37)	(391)
Net Balance Sheet Cash / (Debt)	38	(313)



ELEMENTIS

A global specialty chemicals company



Strategic progress

Paul Waterman | CEO



How we will reignite growth

ELEMENTIS

STRATEGIC PRIORITIES IN ACTION

Pursue Best Growth Opportunities

- 1 Global KAM
- 2 Coatings Asia
- 3 Personal Care global growth

Pursue Supply Chain Transformation

- 1 Address disadvantaged assets
- 2 Manufacturing productivity
- 3 Pursue procurement savings

Innovate for High Margins & Distinctiveness

- 1 Sustain innovation leadership
- 2 Deliver new product pipeline

Create a Culture of High Performance

- 1 Structure
- 2 Process
- 3 Systematic performance management

How we will reignite growth

ELEMENTIS

PURSUE BEST GROWTH OPPORTUNITIES

Pursue
Best Growth
Opportunities

Pursue
Supply Chain
Transformation

Innovate
for High Margins
& Distinctiveness

Create
a Culture of
High Performance

GLOBAL KAM

Global Coatings KAM process implemented

Personal Care and Energy KAM to launch in Q4

COATINGS ASIA

New MD to run India and South East Asia

Winner of Ringier Technology Excellence in Innovation Award

40% growth in castor-based organic thixatropes in China

PERSONAL CARE

Livingston capacity expansion underway

Existing business - Asia sales growth of 67%

Double digit growth at 4 out of 5 global accounts

How we will reignite growth

ELEMENTIS

PURSUE SUPPLY CHAIN TRANSFORMATION

Pursue
Best Growth
Opportunities

Pursue
Supply Chain
Transformation

Innovate
for High Margins
& Distinctiveness

Create
a Culture of
High Performance

ADDRESS DISADVANTAGED ASSETS

Sale of US colourants business and closure of Jersey City site – preparing site for sale

Surfactants – pursuing sale option

Organoclay plant optimisation – US and Asia

MANUFACTURING PRODUCTIVITY

St Louis/Charleston plant optimisation – 27% IRR

Efficiency saving underway – looking to maintain flat fixed cost profile

Specialty Product portfolio streamlined – 15% reduction

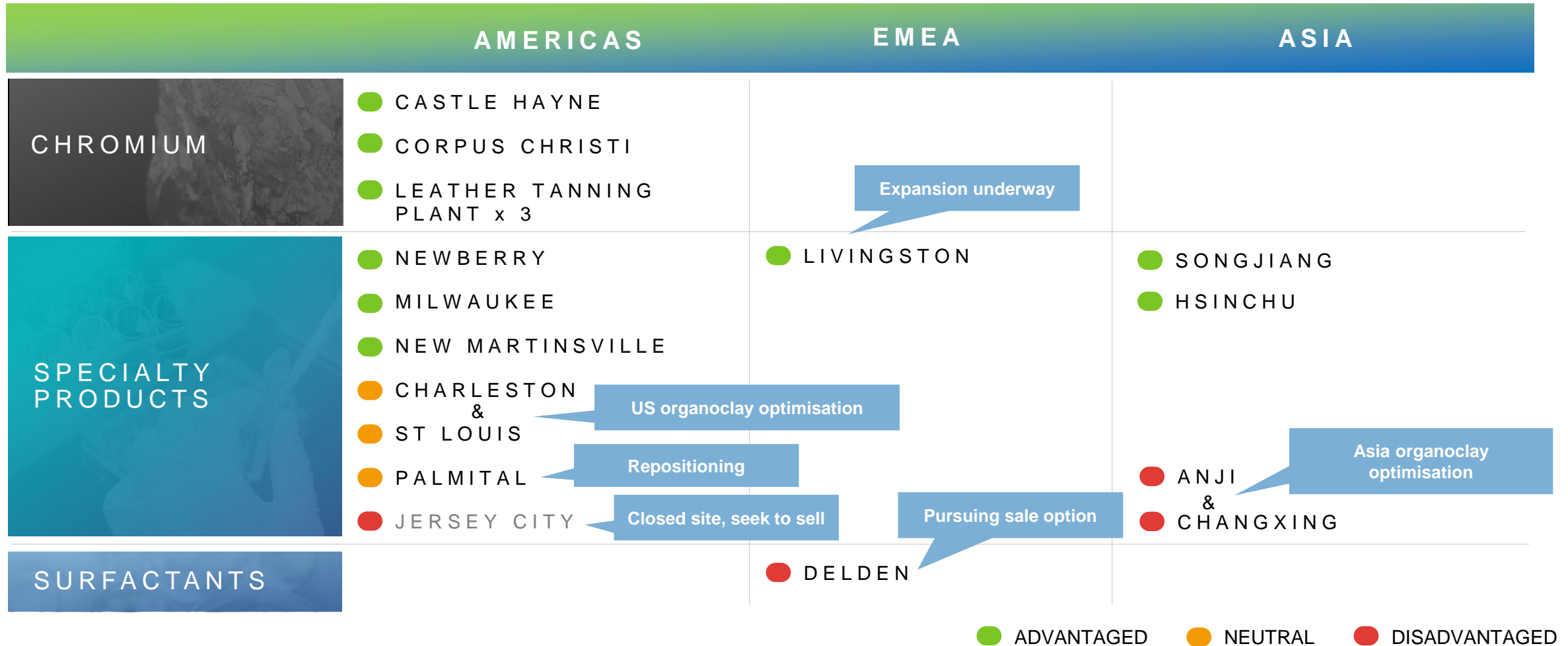
PURSUE PROCUREMENT SAVINGS

New Quat supplier contract - \$3m annual saving

Diversification of raw material suppliers

Addressing disadvantaged assets

PURSUE SUPPLY CHAIN TRANSFORMATION



How will we reignite growth

ELEMENTIS

INNOVATE FOR HIGH MARGINS & DISTINCTIVENESS

Pursue
Best Growth
Opportunities

Pursue
Supply Chain
Transformation

Innovate
for High Margins
& Distinctiveness

Create
a Culture of
High Performance

SUSTAIN INNOVATION LEADERSHIP

SummitReheis acquisition adds new technology, innovation opportunity

Consolidated research and technical sales service - promote customer focused innovation

Aligned teams with KAM growth initiatives

New Innovation Pipeline Management Tool

DELIVER NEW PRODUCT PIPELINE

New Bentone® gel launched

Organic thixotropes gaining momentum in US and Europe

Asia - new rheology and colour dispersants products launched

How will we reignite growth

ELEMENTIS

CREATE A CULTURE OF HIGH PERFORMANCE

Pursue
Best Growth
Opportunities

Pursue
Supply Chain
Transformation

Innovate
for High Margins
& Distinctiveness

Create
a Culture of
High Performance

STRUCTURE

New appointments to support growth initiatives, capability building

Global functions support common agenda, with deep expertise

PROCESS

New capital investment procedure

New product development process

Standardised HR processes via Workday implementation

SYSTEMATIC PERFORMANCE MANAGEMENT

Aligned delegation of authority to new leadership team structure

Standard monthly management information

Design and implement systematic working capital management

SummitReheis integration

Paul Waterman | CEO

SummitReheis acquisition

ELEMENTIS

SUMMITREHEIS ACQUISITION

Attractive business

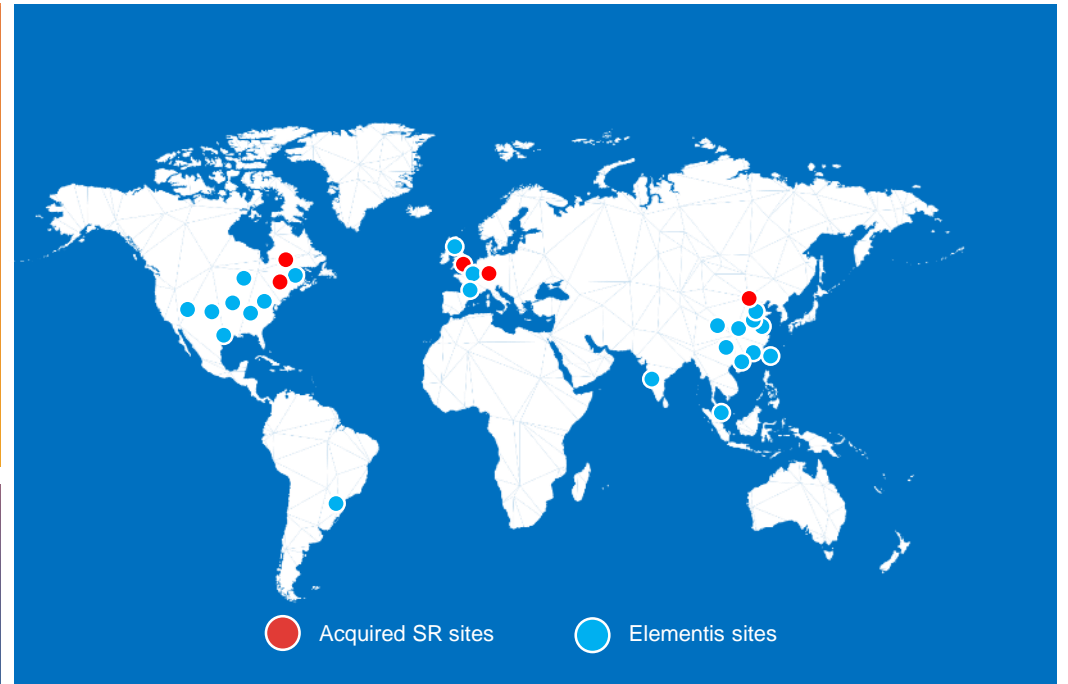
Growing end market

Complementary combination

Strong financial rationale



A PERSONAL CARE BUSINESS OF SCALE



SummitReheis acquisition update

ELEMENTIS

OPPORTUNITIES CONFIRMED

AP ACTIVES

Market leading products

Price increase implemented,
to offset raw material inflation

Opportunities to expand product
distribution – Latin America, Asia

PHARMA ACTIVES

Category growth opportunities






Shared raw materials with AP Actives

SPECIALTY DENTAL

Strategic review underway

What we said

What we've done

DEAL COMPLETION	Completion Q2 17		Completion 24/3/17 
INTEGRATION	Full integration by end 2017 One Personal Care team	Key account access Global manufacturing process	On track 
VALUE CREATION	Up to \$3 million cost savings per annum		On track 
FINANCIAL IMPACT	Immediately accretive to Elementis' margins		Achieved 
	Immediate adjusted earnings per share accretion - double digit in 2018		On track 

H2 2017 outlook

ELEMENTIS

FULL YEAR PERFORMANCE REMAINS ON TRACK

CHROMIUM

Resilient demand

COATINGS

Modest progression

PERSONAL CARE

Fast growth

ENERGY

Continued momentum expected

SURFACTANTS

Pursuing sale option

SUMMITREHEIS ACQUISITION

Integration complete by
year end

Questions

Paul Waterman | CEO

Ralph Hewins | CFO



Paul Waterman

Chief Executive Officer

Paul.Waterman@elementis.com
020 7067 2999



Ralph Hewins

Chief Financial Officer

Ralph.Hewins@elementis.com
020 7067 2999



James Curran

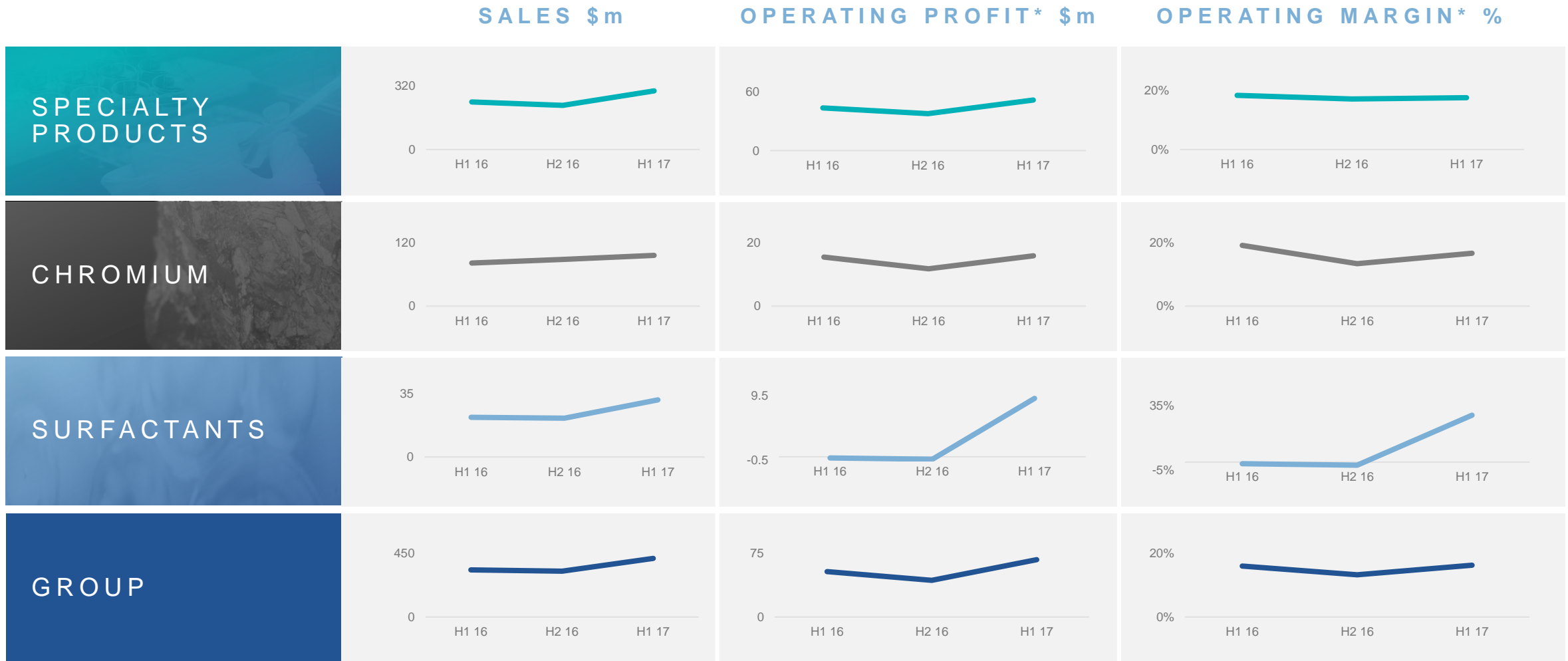
Director of Investor Relations

James.Curran@elementis.com
020 7067 2999

Appendix



Financial Overview



*After adjusting Items

Capital spending

ELEMENTIS

\$m	H1 2016	H1 2017
Specialty Products	7	9
Chromium	7	5
Other	2	1
Total Group Capital Spending	16	15

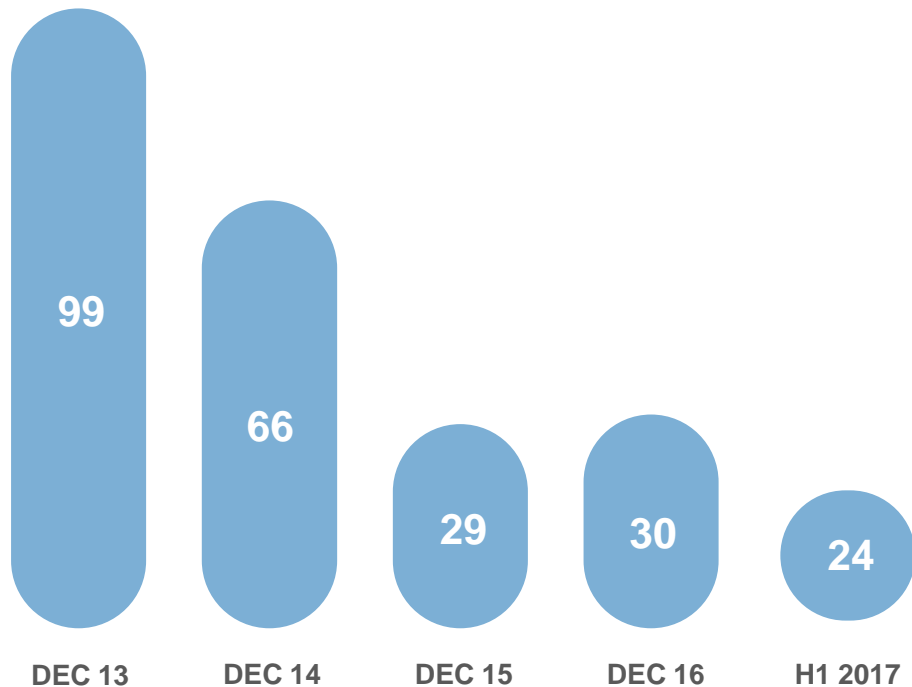
Increased spending in 2017
due to HSE compliance projects

Livingston gel expansion

Estimated 2017 capex
of ~ \$40 million following
SummitReheis acquisition

Retirement plans

NET DEFICIT \$m



DEFICIT CONTRIBUTIONS \$m

	H1 2016	H1 2017
UK plan	3	7
US/other	1	0
Total	4	7

IAS 19 deficits continue to come down

UK plan assets include significant interest rate protection

Contributions declining in line with deficit reduction

Full year contributions expected to be below \$10m