



ELEMENTIS

A global specialty chemicals company

H1 2018 results

Cautionary statement

JULY 2018

ELEMENTIS

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.

Results agenda

ELEMENTIS

H1 2018 HIGHLIGHTS

Paul Waterman

H1 2018 FINANCIALS

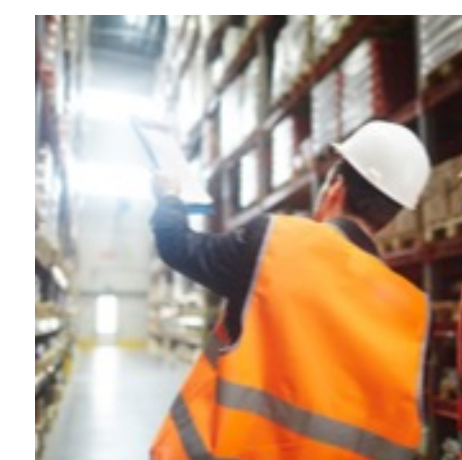
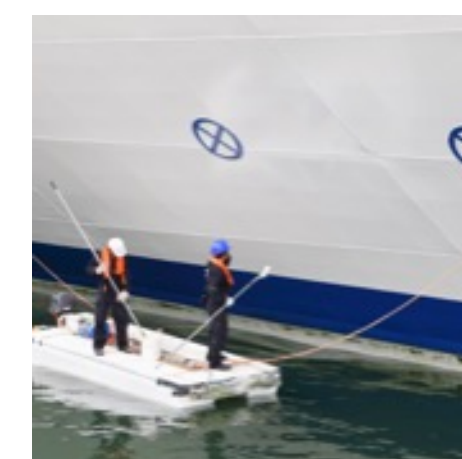
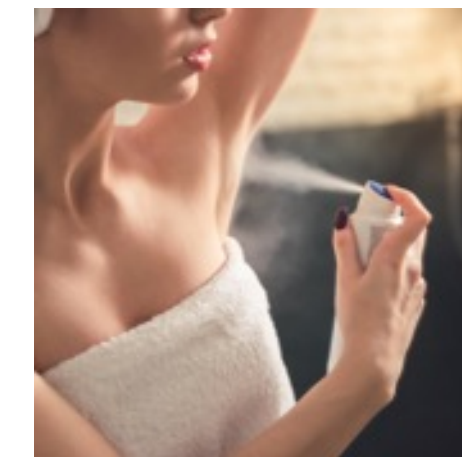
Ralph Hewins

STRATEGIC PROGRESS

Paul Waterman

QUESTIONS

Paul Waterman & Ralph Hewins



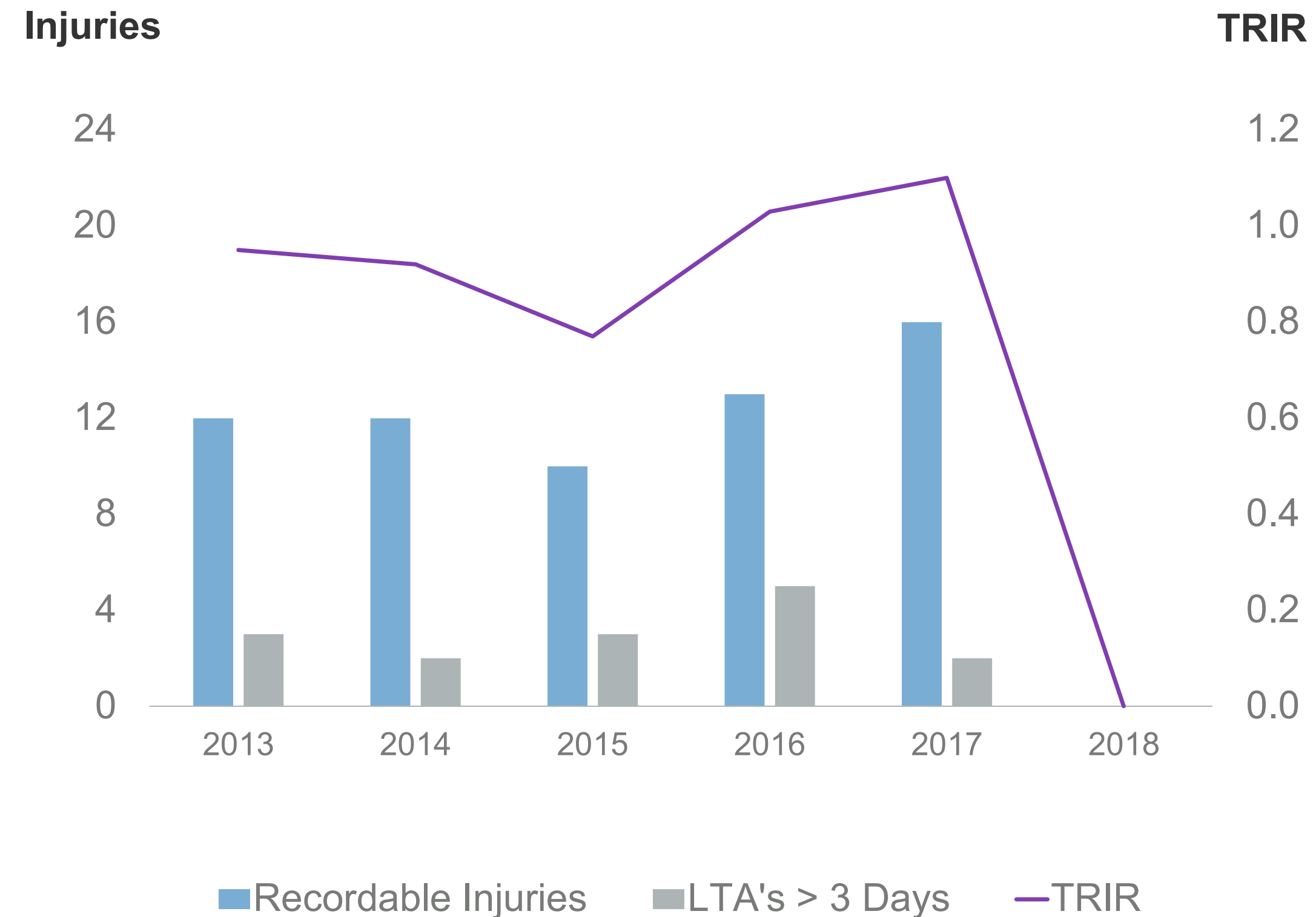
H1 2018 highlights

Paul Waterman | CEO

Safety

NO RECORDABLE INCIDENTS IN THE FIRST HALF

RECORDABLE INCIDENT RATE (TRIR)



Note: Total Recordable Incident Rate (incidents per 200,000 hours worked)

HIGHLIGHTS

Performance

- Zero employee injuries

Safety improvement initiatives

- Exited Delden and Jersey City sites
- Safety initiatives at SummitReheis sites
- Implementation of Enablon software platform for HSE management systems

H1 2018 results

ELEMENTIS

A GOOD START TO THE YEAR

\$m	H1 17	H1 18	% Change
Sales	384	421	+ 10%
Operating profit*	58	68	+ 16%
Operating margin*	15.2%	16.0%	+ 80bps
Profit before tax*	52	58	+ 12%
Net debt	313	260	- 17%
Diluted EPS*	8.9c	9.9c	+ 11%
Dividends per share	2.70c	2.95c	+ 9%

*Continuing operations after adjusting items

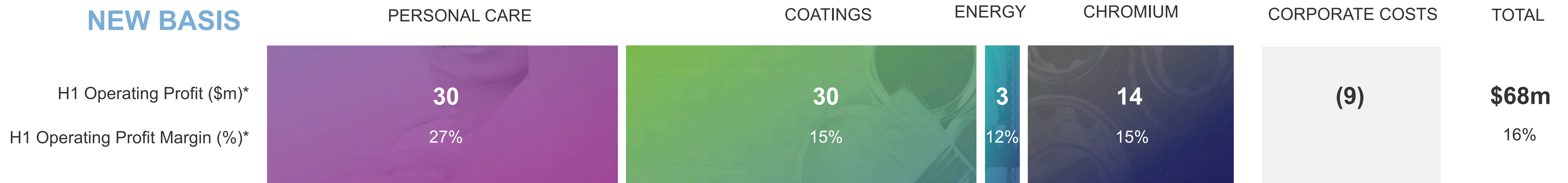
New segment reporting

PERSONAL CARE REPRESENTS C.40% OF GROUP OPERATING PROFIT

PRIOR BASIS



NEW BASIS



* Adjusted operating profit

Personal Care

GOOD OPERATING PROFIT GROWTH

\$m	H1		% H1-on-H1 change		
	2017	2018	Reported	Constant Currency	Like for like ¹
Sales	77.1	111.8	+45%	+35%	+1%
Operating profit*	20.3	29.9	+47%	+37%	+20%
Operating margin*	26.3%	26.7%			

Sales volumes impacted by price increases in response to raw material inflation

Operating profit up 20% – pricing actions, mix improvement and synergy delivery

H2 outlook – pricing actions & improved underlying sales growth

* After adjusting items ¹ Adjusted for constant currency, business disposals (Personal Care portfolio elimination following Delden asset sale) and the acquisition of SummitReheis

Coatings

SALES GROWTH AND PROFITABILITY IMPROVEMENT

\$m	H1		% H1-on-H1 change		
	2017	2018	Reported	Constant Currency	Like for like ¹
Sales	188.1	197.6	+ 5%	- 1%	+4%
Operating profit*	26.9	29.9	+11%	+ 2%	+13%
Operating margin*	14.3%	15.1%			

Like for like sales growth of 4%

Operating margin improvement – top-line growth and cost control

H2 outlook – continued growth and margin improvements

* After adjusting items

¹ Adjusted for constant currency and the impact of business disposals (US Colourants business and Coatings portfolio elimination following the Delden asset sale)

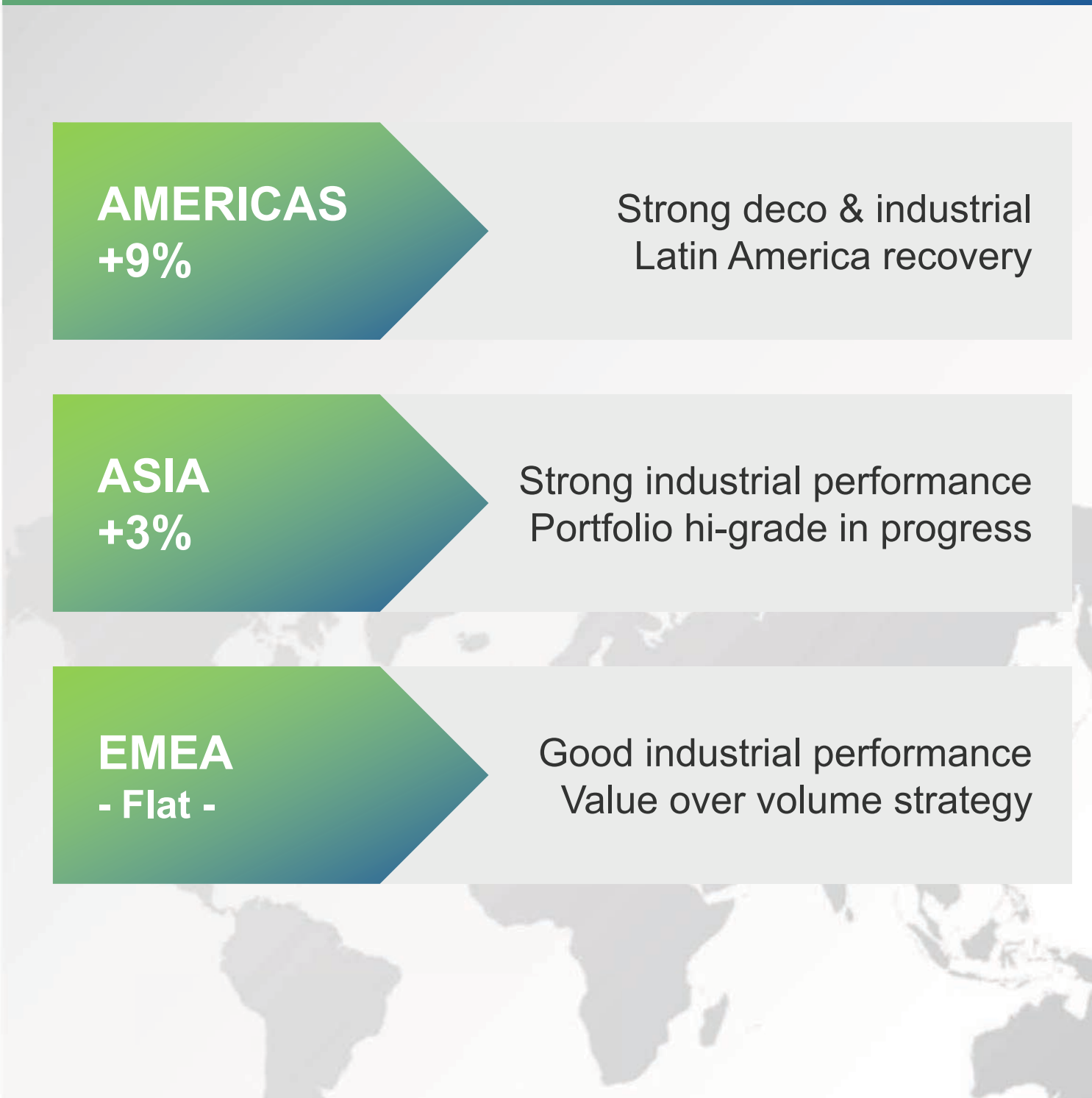
Coatings

GOOD PERFORMANCE AT BOTH REGIONAL AND KEY ACCOUNTS

SECTOR GROWTH SALES GROWTH*



REGIONAL GROWTH SALES GROWTH*



KEY ACCOUNT MANAGEMENT SALES GROWTH*



* Adjusted for constant currency and the impact of business disposals (US Colourants business and Coatings portfolio elimination following the Delden asset sale)

Chromium

FY18 PERFORMANCE EXPECTED TO BE IN LINE WITH 2017

	H1		% H1-on-H1 change	
	2017	2018	Reported	Constant Currency
\$m				
Sales	95.4	90.5	- 5%	- 5%
Operating profit*	15.8	13.9	- 12%	- 12%
Operating margin*	16.6%	15.4%		



* After adjusting items

Energy

CUSTOMER DEMAND MODESTLY LOWER

	H1		% H1-on-H1 change	
	2017	2018	Reported	Constant Currency
\$m				
Sales	29.3	27.0	- 8%	-9%
Operating profit*	4.3	3.2	-26%	- 27%
Operating margin*	14.7%	11.9%		

* After adjusting items

Sales down 9% – pipeline constraints in Canada and customer consolidation

Operating profit – volume impact

H2 outlook – modest improvement expected

H1 2018 financials

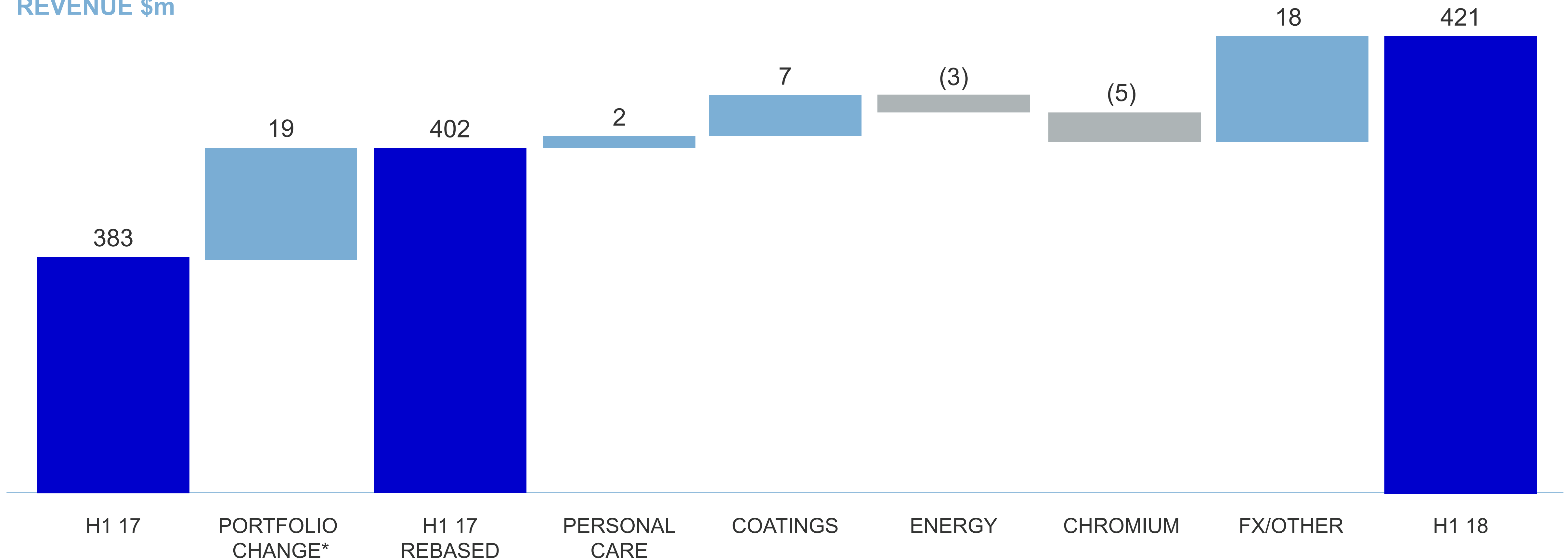
Ralph Hewins | CFO

Group revenue

ELEMENTIS

REVENUE UP 10% TO \$421m

REVENUE \$m

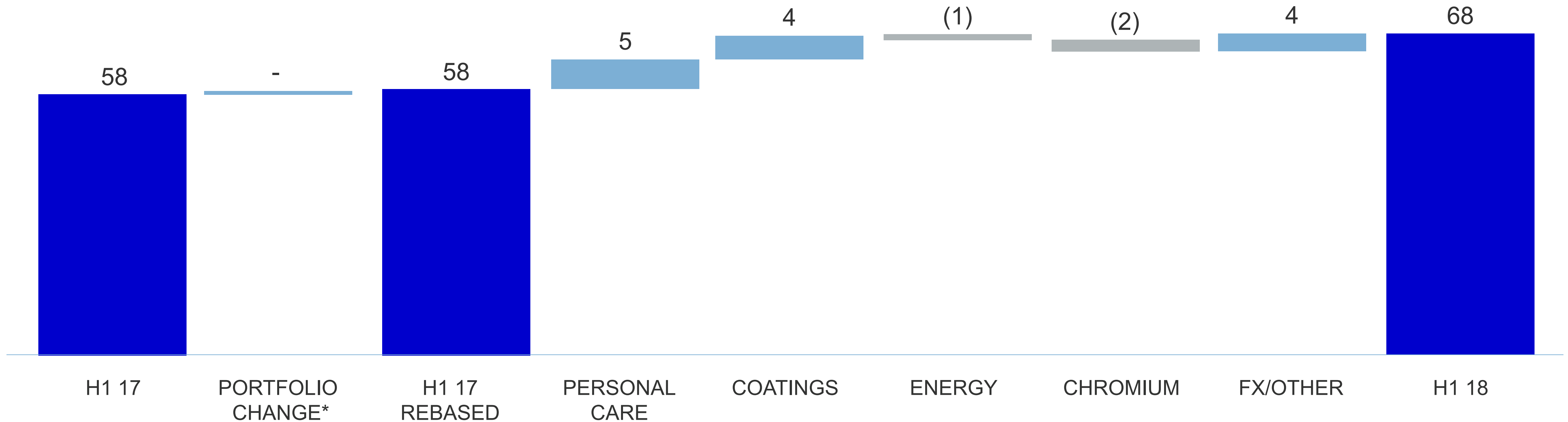


* Portfolio change includes the extra quarter contribution from SummitReheis and the impact of business disposals (i.e. US Colourants sale and product portfolio elimination in Coatings and Personal Care as a result of the Delden asset sale)

Group operating profit

9% ORGANIC OPERATING PROFIT GROWTH

ADJUSTED OPERATING PROFIT \$m



* Portfolio change includes the extra quarter contribution from SummitReheis and the impact of business disposals (i.e. US Colourants sale and product portfolio elimination in Coatings and Personal Care as a result of the Delden asset sale)

Cash flow

ELEMENTIS

ORGANIC CASH GENERATION AND ASSET DISPOSALS DRIVE DELEVERAGING

\$m	H1 17	H1 18
EBITDA	78	77
Change in working capital	(10)	(28)
Capital expenditure	(15)	(21)
Other	(1)	(3)
Operating Cash Flow	52	26
Pension deficit payments	(7)	-
Dividends	(65)	(28)
Acquisitions and disposals	(361)	43
Interest	(3)	(7)
Tax and other	(7)	(2)
Net Cash Flow	(391)	32
Net Balance Sheet Debt	313	260
Net debt/EBITDA*	2.3x	1.7x

Working capital outflow driven by chrome ore inventory purchases and higher sales

Capex on track for \$40-45m guidance

Proceeds of \$43m from Surfactants disposal

* Based on last twelve months adjusted EBITDA

Tax charge

UNDERLYING H1 18 TAX RATE OF 20%

\$m	H1 17	H1 18
Underlying tax charge	10	12
Tax charge: adjusting items	(2)	4
Reported tax charge/(credit)	8	16
Tax rate*	19.6%	19.8%

Underlying H1 18 tax rate of 20%

Full year P&L tax rate of
around 20%

*underlying tax rate, for continuing operations

Adjusting items

\$m	H1 17	H1 18
M&A related activity	3	3
Amortisation of intangibles arising on acquisition	3	7
Other	1	1
Net adjusting items	7	11

\$7m of amortisation of intangibles acquired with SummitReheis

\$3m of M&A related costs

Strategic progress

Paul Waterman | CEO

Strategic progress

ELEMENTIS

CONTINUED DELIVERY AGAINST STRATEGIC PILLARS



Pursue
Best Growth
Opportunities



Pursue
Supply Chain
Transformation



Innovate
for High Margins
& Distinctiveness



Create
a Culture of
High Performance

Personal Care

ELEMENTIS

STRATEGIC PROGRESS IN KEY GROWTH AREAS

SKIN CARE

INDUSTRY LEADING INNOVATION

- Winner of **in-cosmetics**[®] award – Sensory Bar Gold award for skincare
- Celebrates the most innovative developments in sensory and texture
- The Elementis concept featured 4 inspirational formulas highlighting Rheoluxe[®] 811 & 880 associative thickeners



AP ACTIVES

FURTHER VALUE CREATION

- Evaluating opportunities to expand global footprint
- Implement streamlined distributor network
- On track to deliver \$5m of synergies



INNOVATION

AN ATTRACTIVE INNOVATION PIPELINE

- Expanded utilisation of hectorite
 - Hydrophilic clays for skin care
 - Gel development
- Increase skin care participation



PURSUE BEST GROWTH OPPORTUNITIES



PURSUE SUPPLY CHAIN TRANSFORMATION



CREATE A CULTURE OF HIGH PERFORMANCE

Coatings

UNLEASHING THE FULL POTENTIAL OF THE BUSINESS

NEW GLOBAL STRUCTURE & PRIORITIES

FROM

TO

Four independent regions

Global integrated business

Revenue focus

Revenue & profit focus

Complex product portfolio

Streamlined offers

Faster growth and innovation

Cost efficiency

Creation of global capabilities

Transformation programme in progress
– potential for material margin improvement
will provide update in early 2019

PURSUE BEST GROWTH
OPPORTUNITIES



PURSUE SUPPLY CHAIN
TRANSFORMATION



CREATE A CULTURE
OF HIGH PERFORMANCE

Supply chain transformation

ELEMENTIS

ONGOING PRODUCTIVITY PROGRAMME TO DRIVE EFFICIENCY



PROGRESS IN 2018

- ✓ Significantly improved safety performance & reduced operational risk
- ✓ Surfactants disposal complete
- ✓ Sale of Jersey City property progressing

PRIORITIES

- Global organoclay assets optimisation
- Procurement savings
- Logistics and warehouse efficiencies
- Working capital programme implementation

PURSUE BEST GROWTH OPPORTUNITIES



PURSUE SUPPLY CHAIN TRANSFORMATION



CREATE A CULTURE OF HIGH PERFORMANCE

Working capital optimisation

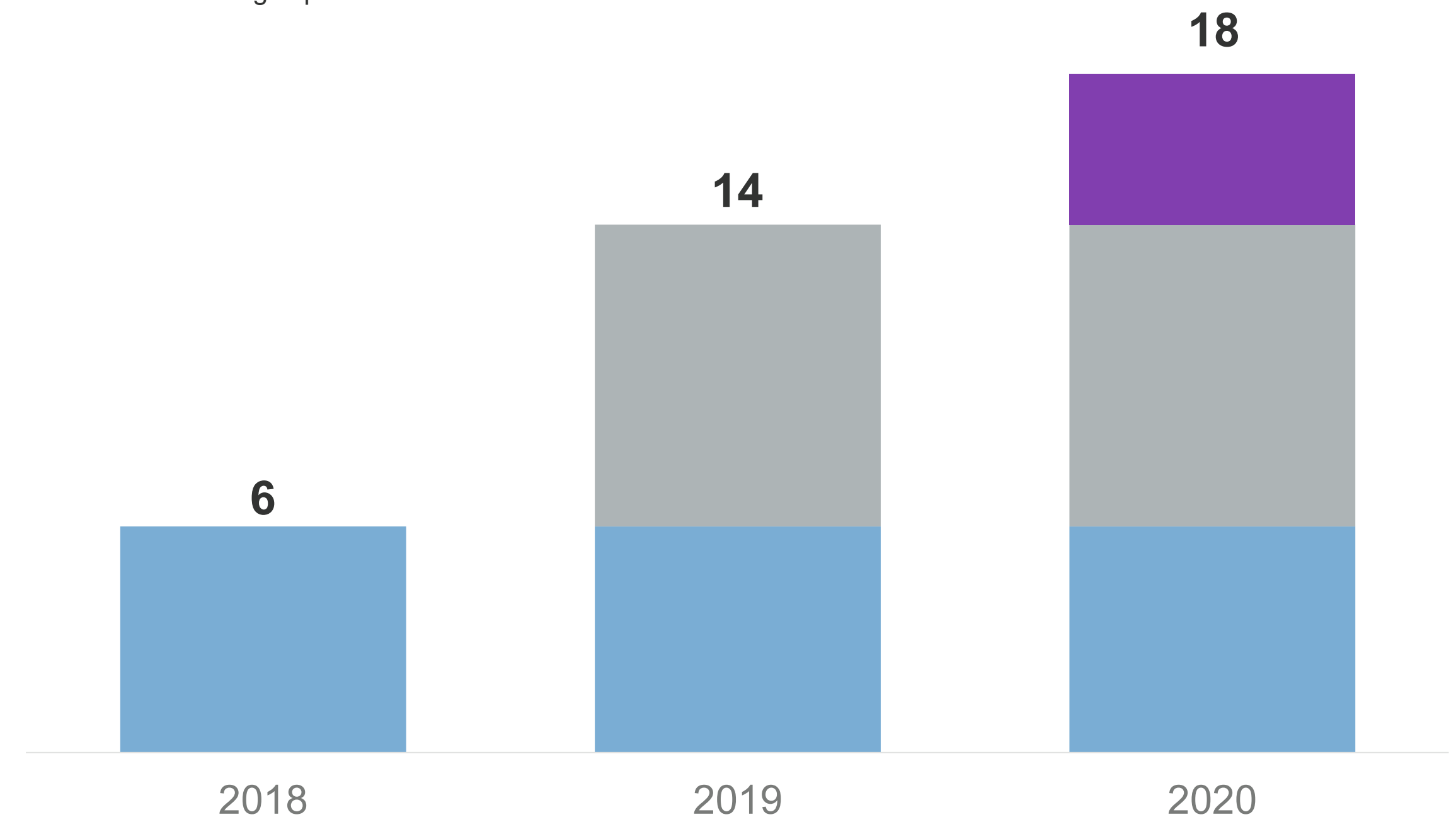
IMPLEMENTED OVER 2018 - 2020

ACTIONS IN H1 18

COMPLEXITY	Reduced SKUs & products	Over 750 / 31% of SKUs eliminated
SERVICE LEVEL AGREEMENTS	Rolled out across accounts	95% + compliance
INVENTORY	New reporting tools	1/3 of SKUs made to order or packed to order

\$18m WORKING CAPITAL REDUCTION TARGETED*

* Cumulative working capital



PURSUE BEST GROWTH OPPORTUNITIES



PURSUE SUPPLY CHAIN TRANSFORMATION



CREATE A CULTURE OF HIGH PERFORMANCE

H2 2018 outlook

ELEMENTIS

CONFIDENT OF MEETING FULL YEAR EXPECTATIONS

PERSONAL CARE

Continued growth

COATINGS

Continued growth -
transformation program

CHROMIUM

Improved supply/demand
balance, pricing actions

ENERGY

Modest performance
improvement

PORTFOLIO

Jersey City completion

OPERATING CASH

Strong cash generation

Questions

Enhanced Performance Through Applied Innovation

2017 – Segmental Reporting

ELEMENTIS

\$m FY	PERSONAL CARE	COATINGS	ENERGY	CHROMIUM
Sales	179.3	372.9	58.8	186.7
Operating profit*	44.6	54.7	9.7	30.1
Operating margin*	24.9%	14.7%	16.5%	16.1%

* After adjusting items