

ELEMENTIS

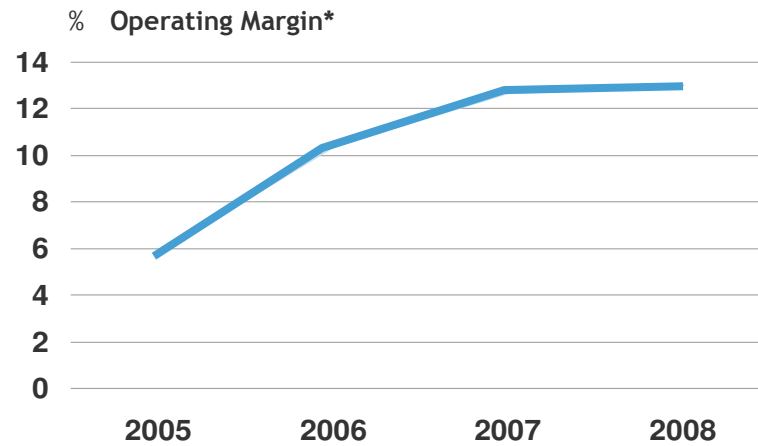
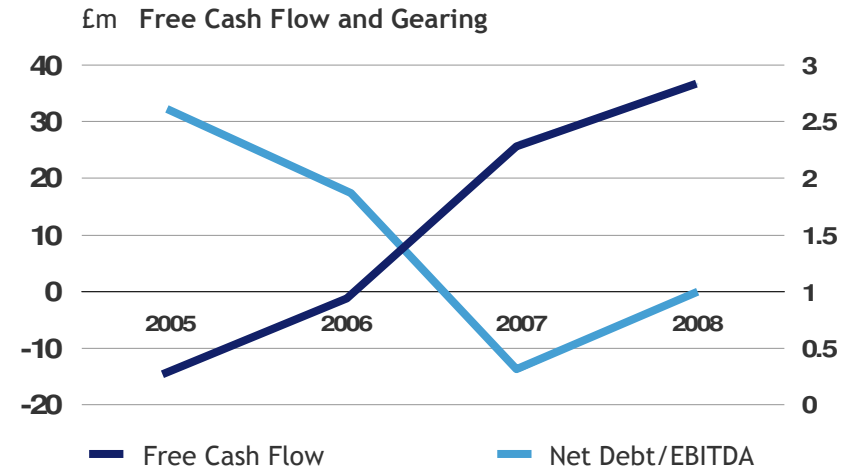
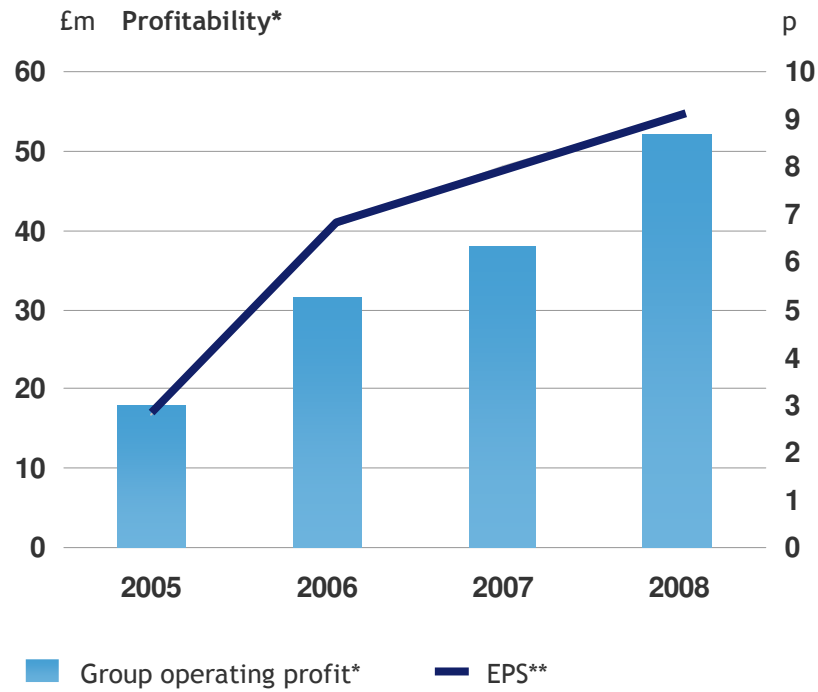
Elementis plc

Preliminary Results

Year ended 31 December 2008

A GLOBAL SPECIALTY CHEMICALS COMPANY

Positive Financial Performance



* from continuing operations and before exceptional items

** before exceptional items

2008 Highlights

Earnings*

up 26 %

to 9.1p

Free cash flow

improved 39 %

to £36.6 million

Top

quartile

safety performance

Chromium
benefited from

exceptional

market dynamics

Supporting growth in
Specialty Products

Two strategic acquisitions in Asia

Additional capital investments in
manufacturing capabilities

Increased the dividend

by 7%

to 2.9p

* from continuing operations before exceptional items

Preliminary Results

£ millions	2008	2007	Change	Constant currency
Revenue*	400.5	299.8	+34%	+17%
Operating profit*	52.0	38.1	+36%	+31%
Profit before tax*	48.5	33.8	+43%	
EPS - diluted*	9.1p	7.2p	+26%	
Profit for the year	19.8	48.1		
EPS - diluted	4.5p	10.8p		

Chromium impairment charge £20.5m (Exceptional item)

* from continuing operations before exceptional items

Chromium

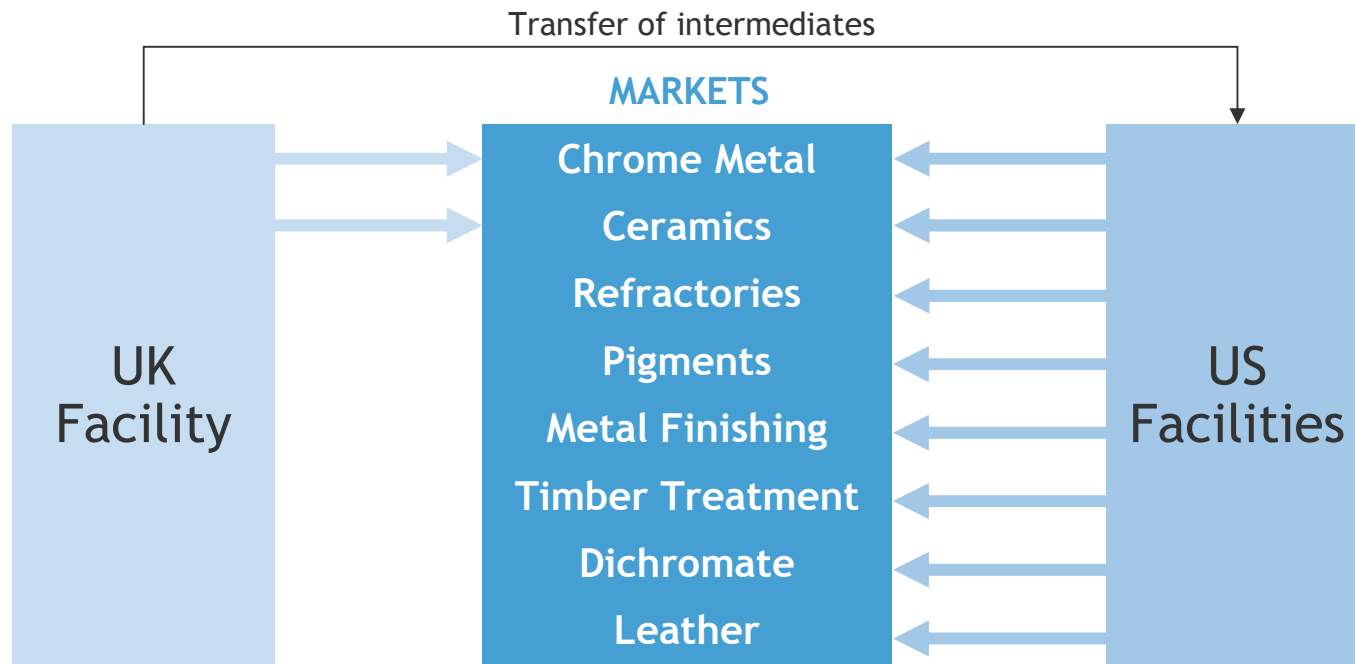
£ millions	2008	2007
Sales	168.6	115.9
Operating profit	27.7	14.2
Operating margin	16%	12%

Exceptional
supply/demand
conditions

Focus on higher
margin products

Strategic review
initiated

Chrome Facilities and Markets

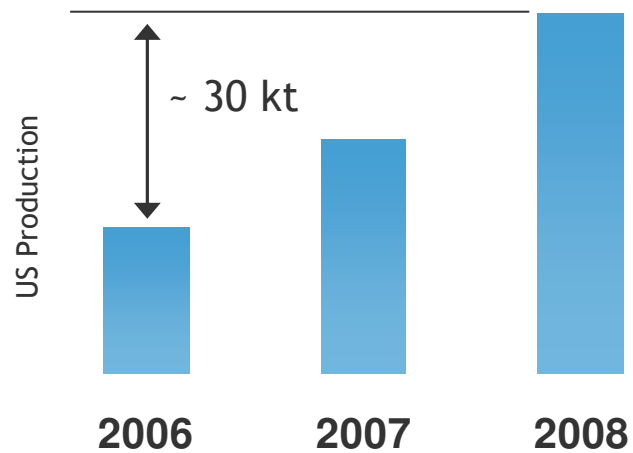


All UK profits came from transfer of intermediates in 2005 to 2007

Markets served by UK facility are more vulnerable to competition

Key Elements of the Strategic Review

Incremental US capacity improvements



... negates need for UK intermediates

Key strengths of US manufacturing base:

- Only US based producer
- Substantial domestic market
- Supply chain benefits
- Broad product offering
- Flexible manufacturing facilities

Surfactants

£ millions	2008	2007
Sales	51.1	46.3
Operating profit	0.5	0.9

Shared facility
with Specialty Products

Migrating
facility away from lower
margin products

Manufacturing
efficiency focus

Specialty Products

£ millions	2008	2007
Sales	181.5	141.6
Operating profit	29.1	28.8
Underlying operating margin*	21%	20%

Operating margin sustained

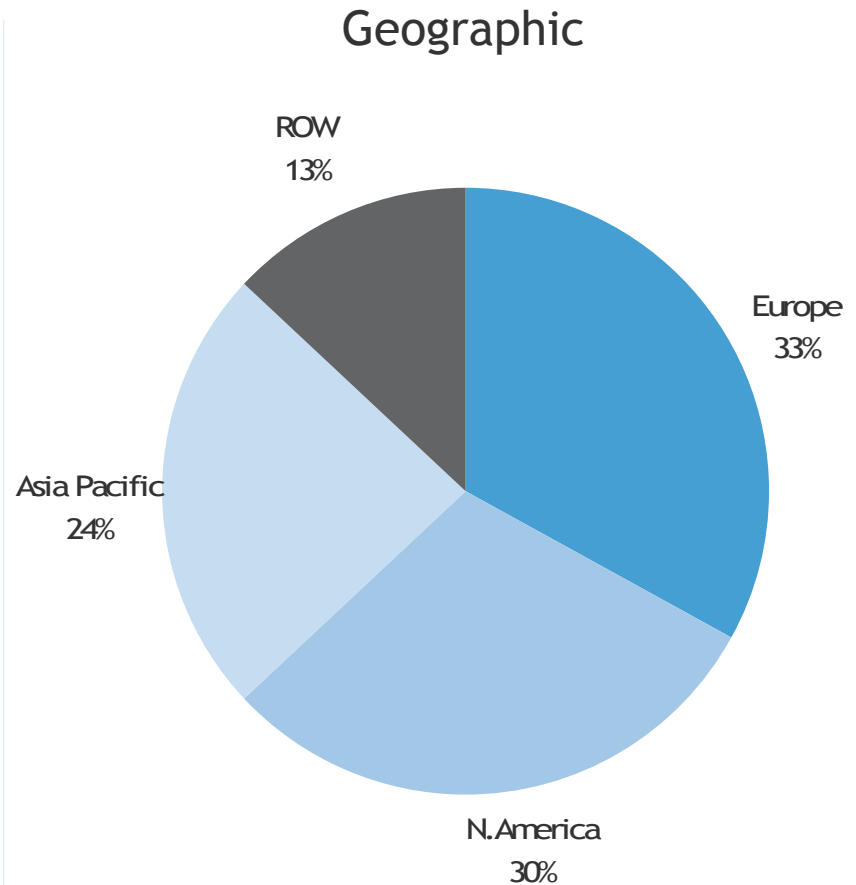
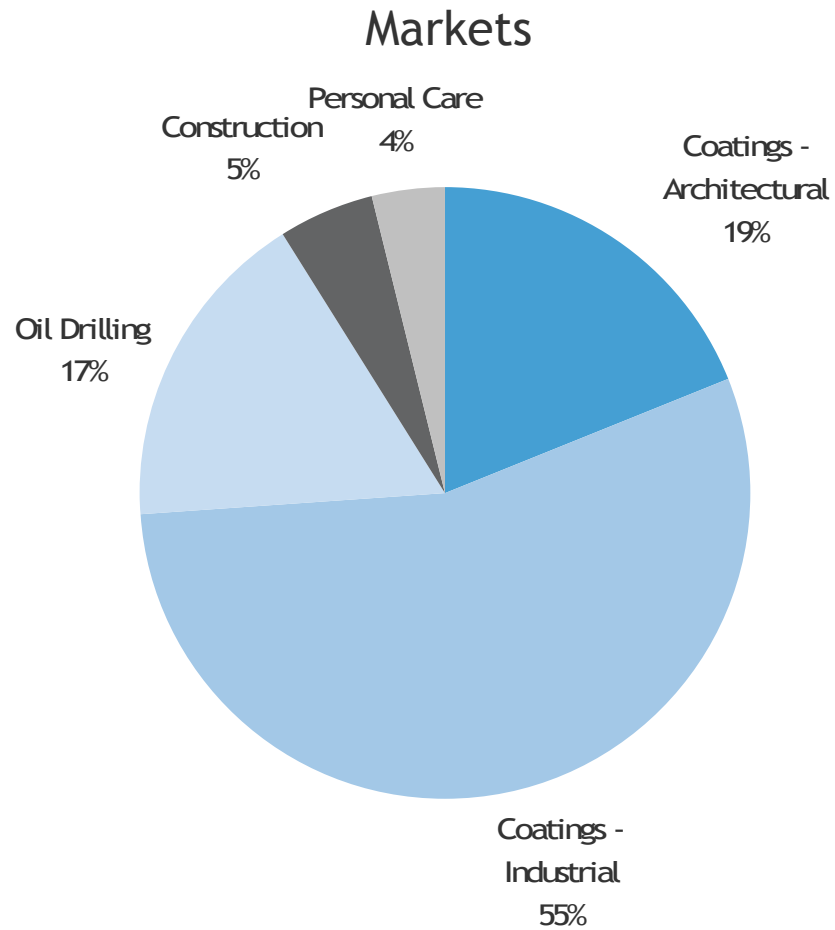
Strong volume growth* in Asia Pacific (+15%)

Robust volume growth in key markets; Oilfield (+8%) and Personal Care (+13%)

* excluding currency and acquisitions

Specialty Products: Sales Mix

Based on volume



Principal products: Organoclays, Rheological additives, Colourants, Dispersants, Waxes and other specialty processing aids.

Specialty Products: Platform for Growth

Innovation

New leadership - comprehensive Tech review

Technical centres of excellence with global reach

Product development

- Oilfield extreme drilling applications
- Deuchem industrial coatings additives
- Colourant Viscosity Stabiliser (CVS)

Acquisition Integration on Track

Capable and motivated management team

- High calibre General Manager appointed
- Consolidated A.P. headquarters established in Shanghai

Establishing performance based culture

- New reporting platform
- Pricing discipline

Leverage expanded A.P. commercial team

- Introduction of Deuchem products to multi nationals
- Introduction of Elementis products to Deuchem customer base

Cash Flow

£ millions	2008	2007
Ebitda	64.4	54.8
Working capital	(4.5)	0.2
Capital expenditure	(12.8)	(8.9)
Other	2.1	0.9
Operating cash flow	49.2	47.0
Pensions	(7.1)	(10.6)
Interest & tax	(4.0)	(7.6)
Exceptional items, other	(1.5)	(2.4)
Free cash flow	36.6	26.4

Net Debt

£ millions	2008	2007
Opening net debt	(16.2)	(100.6)
Free cash flow	36.6	26.4
Dividend	(12.8)	(11.1)
Currency translation	(25.2)	2.3
Acquisitions and disposals	(46.3)	66.8
Closing net debt	(63.9)	(16.2)

Exchange Rates

	2008	2007
Average rate - Euro/Sterling	1.28	1.46
Average rate - US Dollar/Sterling	1.89	2.00
Currency translation gain/(loss)	£6.8m	£(3.3)m
Hedged rate - Euro/Sterling	1.44	1.42
Hedged rate - US Dollar/Sterling	1.97	1.82
Hedging (cost)/benefit	£(9.0)m	£2.9m
Net effect of currency movements on operating profit	£(2.2)m	£(0.4)m

Hedging rates in 2009 US Dollar - 1.82 Euro - 1.26

Strategic Review - Financial Implications

Initiating review of the Chromium business which could lead to the closure of Eaglescliffe

Earnings

- Impairment charge in 2008 of £20.5m reflecting outlook for UK facility
- Further exceptional charges in 2009 if decision is made to close
- £14 to £28m for employees and site closure costs
- More definitive number once closure program defined

Cash flow

- Total cash spend £8 to £22m due to release of £6 to £8m of working capital
- 2 to 3 year spending program
- Spending in 2009 likely to be less than £5m

Pension Plans

	Liability	Net Deficit		Deficit contributions	
	2008	2008	2007	2008	2007
UK	361.8	12.7	12.8	6.2	6.1
US	74.0	29.0	2.0	0.2	4.2
Netherlands	26.0	1.0	0.9	0.2	0.2
Other	5.9	6.6	5.8	0.4	0.1
	467.7	49.3	21.5	7.0	10.6

Tax Charge

£ millions	2008	2007
Tax charge*	8.2	2.0
Rate*	16.9%	5.3%

Low rate due to US goodwill amortisation (\$23m p.a.) and past losses

Rate is increasing as previously indicated due to utilisation of losses

* on profit before exceptional items

Full Year Dividend

	2008	2007
Per share	2.9p	2.7p

Increased by **7%**

Plan to progress as earnings performance and debt levels permit

Summary

Positive

operating
performance

Acquisitions in Asia
**progressing
well**

Dividend
increased

Review
of UK Chromium
facility

2009 Outlook

Weak **trading**
has continued into
first part of 2009

Taking action on
costs

No
refinancing
before 2011

Expect to make
progress over
the medium term