

28 April 2008

Elementis – Acquisition of Deuchem Co., Ltd.

Elementis plc today announces that it has agreed, through its wholly owned subsidiary Elementis Holdings Limited, to purchase Deuchem Co., Ltd. (“Deuchem”), a Taiwan based company, for a cash consideration of £40.4 million (TW\$ 2,464 million).

Deuchem was established in 1978 and is a leading supplier of additives and resins to the coating and related industries, with three sales offices in Taiwan and eleven sales offices in China, together with manufacturing and technical facilities near Taipei and in Shanghai. The acquisition of Deuchem will significantly expand Elementis’ presence in Asia and provide a platform for its Specialty Products Division to accelerate growth in the region. In 2007, Deuchem’s revenue grew by approximately 6.5 per cent, which is consistent with the Elementis 2007 Asia Pacific performance. Further growth in the combined businesses will be driven by the sale of Deuchem’s product portfolio to the Elementis global customer base, as well as the opportunity to sell Elementis products through the well developed Deuchem sales and technical support network in China and Taiwan.

The transaction is subject to regulatory approvals and the purchase price assumes that Deuchem will have debt of up to £1.3 million at closing. Closing is anticipated to take place during the second half of 2008 and the transaction is expected to be earnings enhancing for Elementis in the first full year of ownership.

Greg McClatchy, president of Elementis Specialties, will head the combined organisation.

Deuchem’s audited results for the year to December 31, 2007 are as follows:

Sales	£37.9 m
Profit before tax	£ 5.1 m
Profit after tax	£ 3.6 m
EBITDA	£ 5.7 m

Gross assets	£36.1 m
--------------	---------

David Dutro, Elementis’ Chief Executive Officer, said “This acquisition represents a significant step in the evolution of Elementis and our commitment to profitable growth in Specialties. Deuchem has established an impressive reputation over the past thirty years for technical service and product development, and is therefore an excellent fit with our Specialty Products Division. Listening to customers' needs and working to meet them is a philosophy that Deuchem and Elementis share. Deuchem has a strong presence in Asia in terms of its commercial team, technical organization, and manufacturing group, and when combined with the Elementis infrastructure provides an enviable platform to drive growth. Deuchem's complementary product portfolio, customer service culture, and the opportunity to leverage combined technologies globally gives us confidence that this acquisition will create shareholder value.”

Notes:

- 1) Elementis is acquiring Deuchem from Antony Chang (Chairman and CEO of Deuchem), who is the largest shareholder, and from four other directors as well as a number of other private shareholders, including employees who will remain in the business.
- 2) Deuchem's senior management, with the exception of Antony Chang, is expected to be retained.
- 3) Exchange rate used: £1 = TW\$ 61.

Enquiries:

Elementis plc
David Dutro, Group Chief Executive
Brian Taylorson, Finance Director

Tel: +44 (0)20 7408 9302

Financial Dynamics
Andrew Dowler
Greg Quine

Tel: +44 (0)20 7831 3113