

ELEMENTIS

A global specialty chemicals company

Elementis plc **Preliminary Results**

Year ended 31 December 2015



Highlights

Specialty Products

- Results impacted by oilfield and strong dollar
- Contribution margins and market share improved
- Continuing to invest in new, innovative products
- New decorative plant progressing well

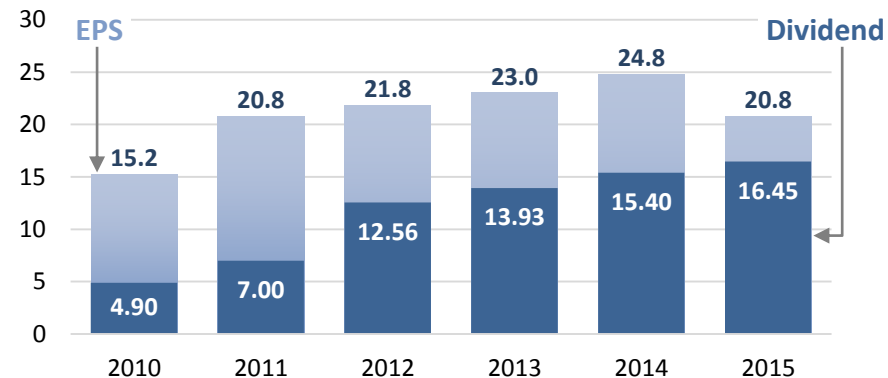
Chromium

- Currency influencing market dynamics
- North America model resilient

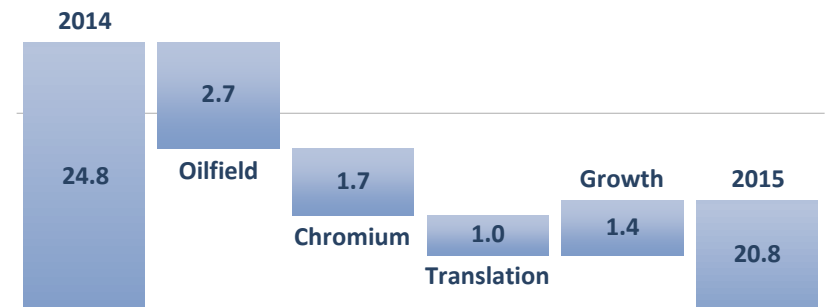
Group

- Earnings in line with guidance
- Another year of excellent cash generation
 - Net cash increased by \$9.8 million to \$74.0 million
- Total dividend increased by 7% to 16.45 cents
- Actions taken on costs will benefit 2016

EPS* & Dividend (cents)



EPS* bridge (cents)



* before non-recurring items

Chromium

| \$ millions | 2015 | 2014 |
|-------------------|--------------|-------|
| Sales | 182.7 | 216.5 |
| Operating profit* | 48.9 | 58.3 |
| Operating margin* | 27% | 27% |

Market landscape impacted by stronger dollar

Volumes lower due to completion of 2014 customer refractory projects

Operating margin stable

* before non-recurring items

Resilient North American Position

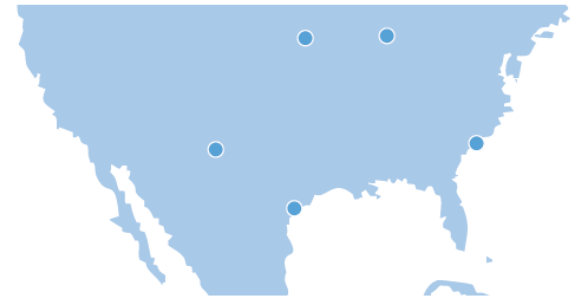
North American manufacturing base and delivery systems

- Better margins
- Greater stability
- Key element of strategy

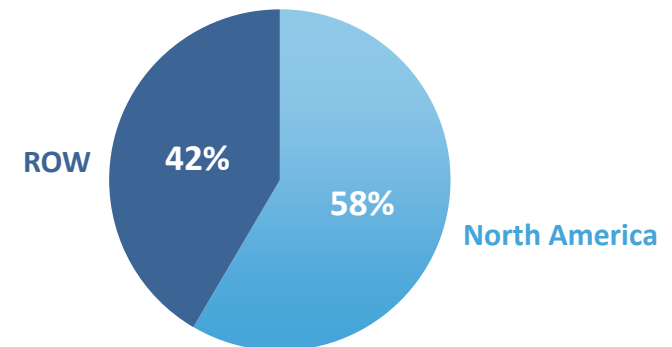
Approximately 40% of sales made outside of North America

- More competitive market
- Focus is on more differentiated products
- Strong dollar influencing pricing dynamics

Chromium locations in the US



Sales



Resilient North American Position



Custom built delivery vessels



Satellite solutioning facilities

Significant investments in sophisticated, highly valued product delivery systems

- Eliminates need for expensive solutioning systems
- Addresses Personal Exposure Limit requirements – no dusting
- Just In Time – minimises customer working capital

Elementis satellite facilities are strategically located to service North American tanneries

Surfactants

| \$ millions | 2015 | 2014 |
|-------------------|-------------|------|
| Sales | 53.8 | 67.1 |
| Operating profit* | 4.5 | 4.9 |
| Operating margin* | 8% | 7% |

Currency reduced sales by \$11 million

Delden facility provides significant capacity to support growth in Specialty Products

- Over half the capacity is utilised to support Specialty Products

Delden becoming more competitive outside of Europe



* before non-recurring items

Specialty Products

| \$ millions | 2015 | 2014 |
|-------------------|--------------|-------|
| Sales | 453.2 | 519.7 |
| Operating profit* | 80.0 | 98.5 |
| Operating margin* | 18% | 19% |

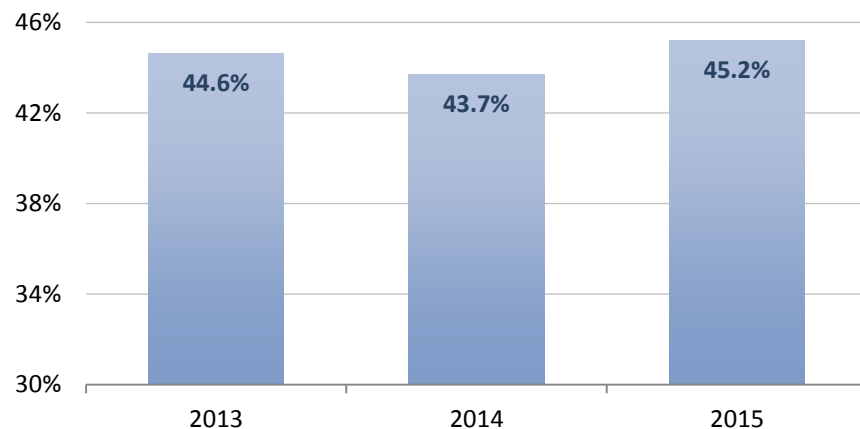
Results impacted by:

- Reduction in oil & gas drilling
- Currency

Positives:

- North American decorative coatings** up 15%
- European coatings** up 3%
- Personal care** up 3%
- Contribution margin improved

Contribution margin



Global Coatings Market

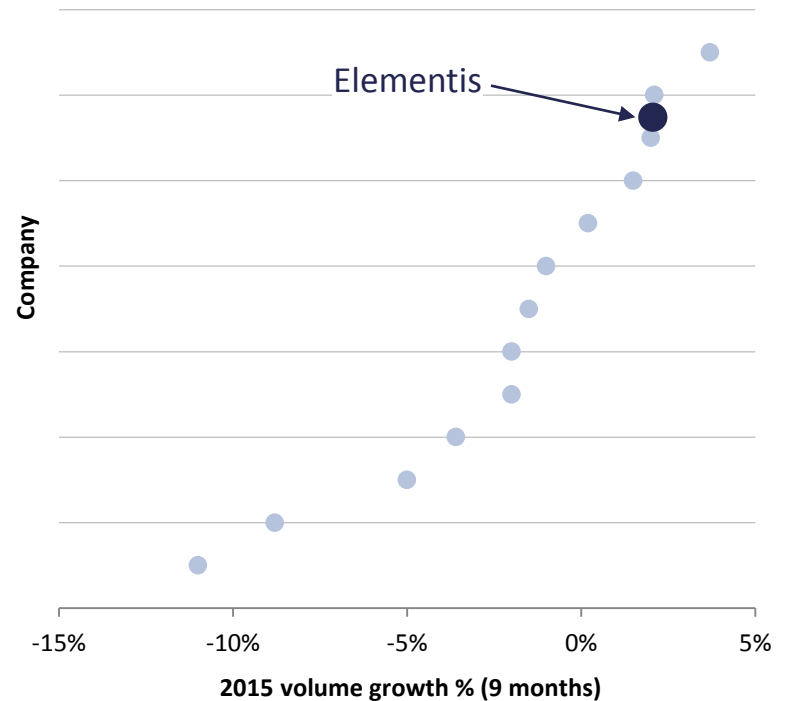
Global market growth rates impacted in 2015 by:

- Slowdown in Chinese economy
- Changing dynamics due to strong US dollar

Elementis

- 2% volume growth in 2015
- 3% growth in Europe*
- 15% growth in N American decorative coatings*

2015 Industry growth rates (volume)

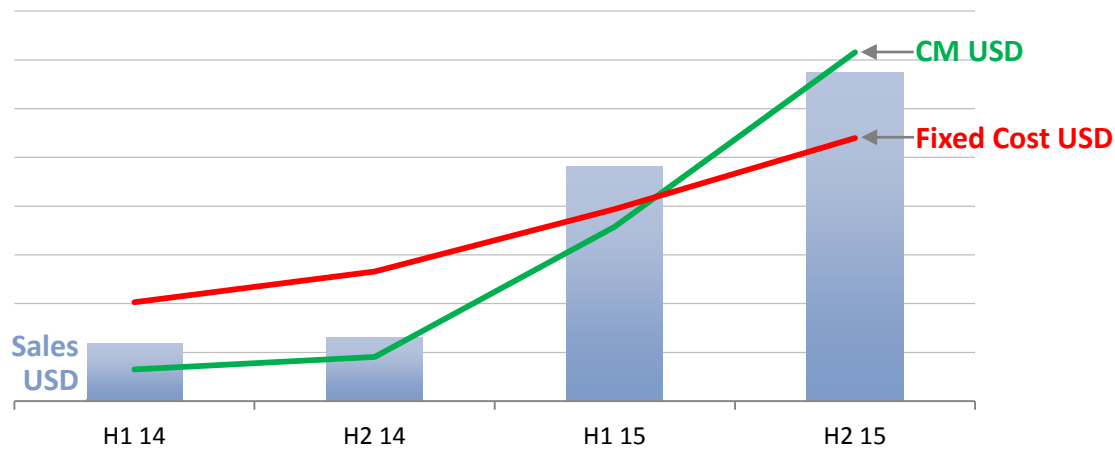


Source: published financial statements

* constant currency sales

Coatings – North America

New Martinsville, WV, decorative additives facility



- Delivering positive operating profit in 2015
- Customer orders significantly ahead of schedule
- Innovative technology adopted by global majors
- Expansion likely by 2017



Coatings – Europe and Asia Pacific

Europe

- 3% growth* in 2015
 - Good growth in industrial applications
 - Some signs that weaker euro is stimulating exports
-

Asia Pacific

- Market leader in China with growing market share
- Sales down 4 per cent* in 2015 due to economic slowdown
- Recent investment in castor wax additives
 - Broadens product offering
 - Complements offering in low VOC systems
 - Strengthens “one stop solution” approach
- Expanding defoamer range based on Hi-Mar technology

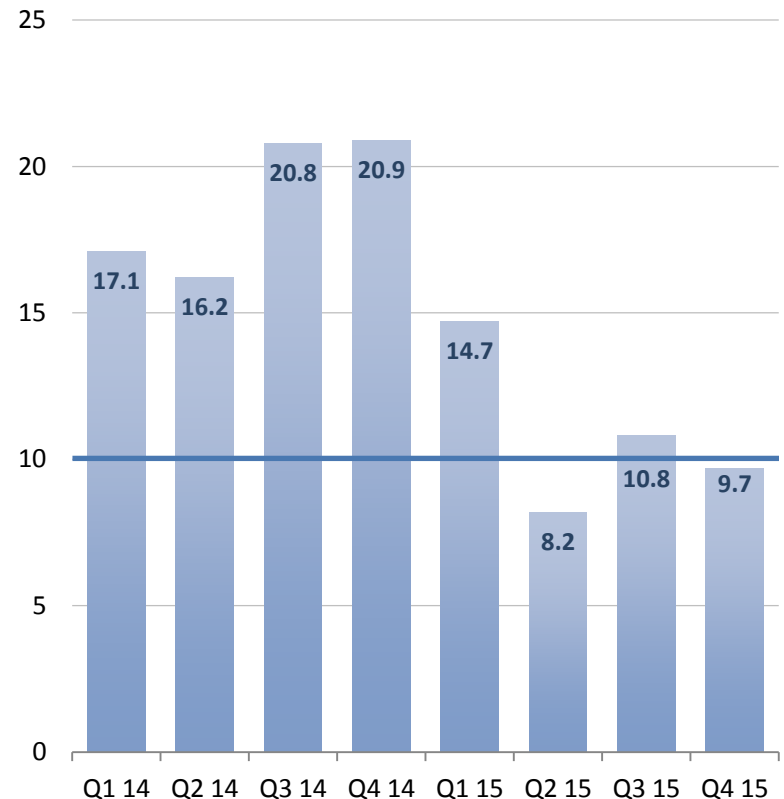
Oilfield – Changing Market Dynamics

Demand declined during first half of 2015

Relatively stable since then at approximately \$10 million per quarter

Current sales going into more challenging drilling applications where hectorite technology is unique

Sales \$m



Oilfield – Positive Long Term Trends and Market Position

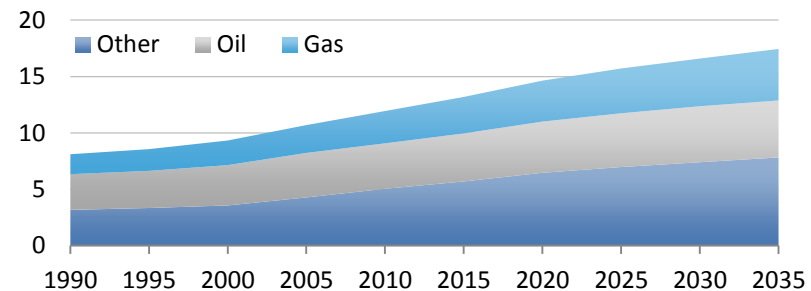
Long term trends positive

- Global oil & gas consumption significant and growing
- Shale gas and unconventional oil are major components of new energy sources

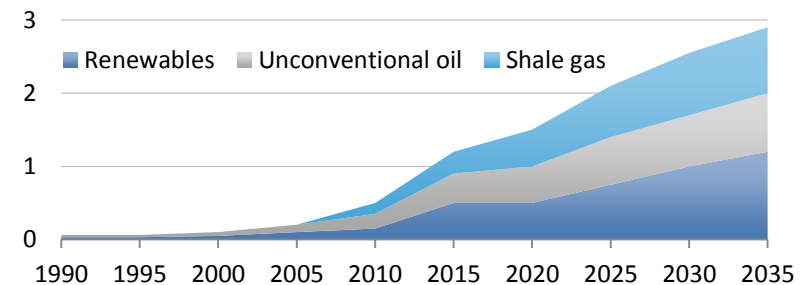
Elementis well positioned

- Unique hectorite based technology is ideally suited to new sources of oil and gas
- Global presence
- Strong alignment with key service providers

Global energy demand



New sources of energy



Source: derived from BP energy outlook 2035 report, units measured in billion tonnes of oil equivalent

Personal Care

Strong performance in H2: 6% sales growth*

Progress in Latin America due to increased local presence

Rheoluxe® making good progress in global premium brands for hair and skin care applications

Robust regional performance*

- Europe +5%
- Asia Pacific +5%



Growth through Innovation

Innovation model is based on understanding customer needs, chemistry and application

Majority of new products are protected by intellectual property

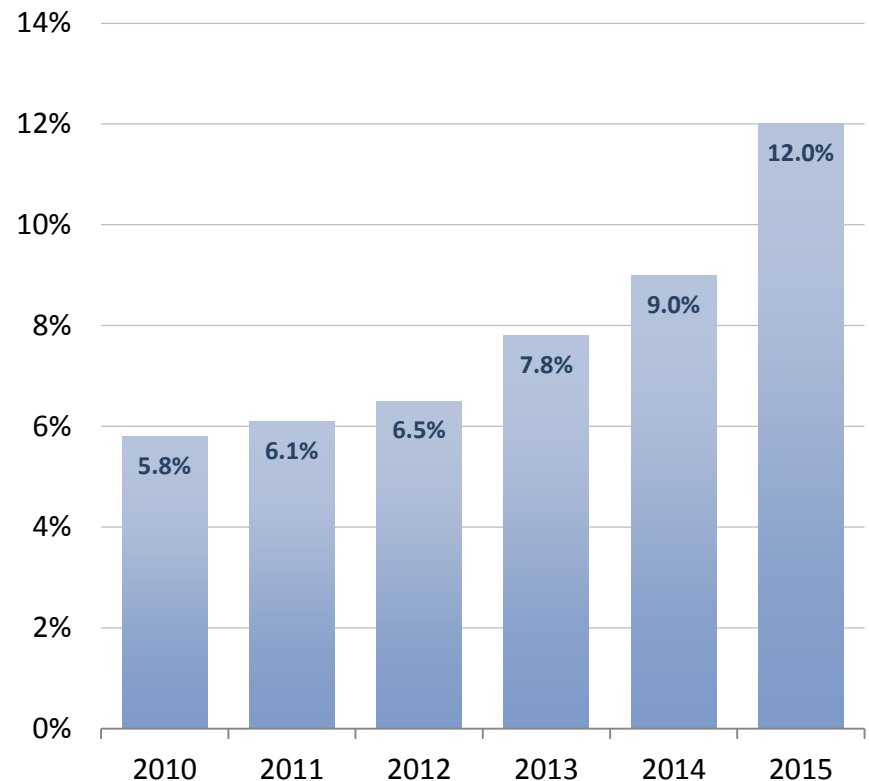
Coatings

- Acrylic thickeners for decorative paints
- Low VOC system solutions

Personal Care

- Rheoluxe®
- UV nail polish enhancer

New products as a % of sales



Preliminary Results

| \$ millions | 2015 | 2014 |
|--------------------|--------------|-------|
| Sales | 678.8 | 790.4 |
| Operating profit* | 122.5 | 150.1 |
| Operating margin* | 18% | 19% |
| Profit before tax* | 116.2 | 141.9 |
| Diluted EPS* | 20.8c | 24.8c |
| Net cash | 74.0 | 64.2 |
| Basic EPS | 20.6c | 38.1c |

* before non-recurring items

Non-Recurring Items

| Credit/(charge) \$ millions | Land sale | Restructuring | Other | Total |
|-----------------------------|-------------|---------------|--------------|-------------|
| Specialty Products | - | (2.1) | (0.6) | (2.7) |
| Surfactants | - | (0.5) | (0.7) | (1.2) |
| Chromium | 17.0 | (0.7) | (4.3) | 12.0 |
| Central costs | - | (0.9) | (1.6) | (2.5) |
| Total before tax | 17.0 | (4.2) | (7.2) | 5.6 |
| 2015 Cash flow | | | | 20.1 |

Land sale relates to Corpus Christi transaction

Restructuring as announced in October 2015

Other relates to changes to our long term land use plan, obsolete software and legal costs

Capital Spending

| \$ millions | 2015 | 2014 |
|-------------------------------------|-------------|-------------|
| US acrylic thickener facility | 2.5 | 8.0 |
| Other | 13.3 | 13.6 |
| Specialty Products | 15.8 | 21.6 |
| Chromium | 10.1 | 9.4 |
| Other | 5.4 | 3.9 |
| Total Group capital spending | 31.3 | 34.9 |
| Depreciation | 26.9 | 25.2 |

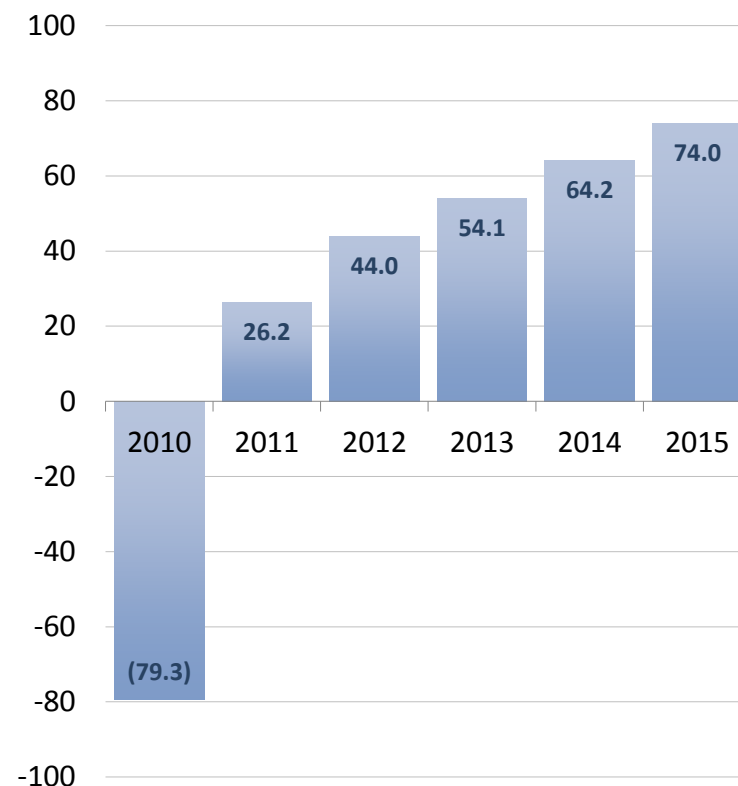
Lower spending in 2015 due to completion of New Martinsville facility

Estimated 2016 spending \$30 million

Cash Flow

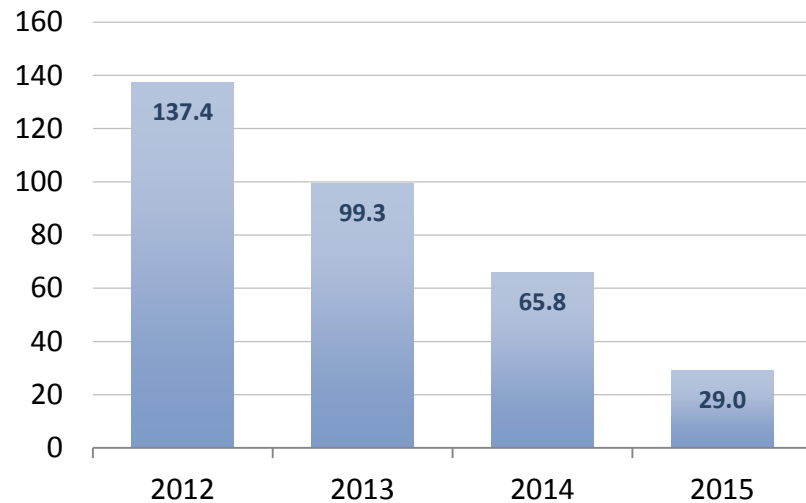
| \$ millions | 2015 | 2014 |
|-------------------------------|---------------|--------|
| EBITDA | 149.5 | 175.3 |
| Working capital | (12.9) | 4.3 |
| Capital expenditure | (31.3) | (34.9) |
| Non-recurring items | 20.1 | - |
| Pensions | (22.8) | (49.5) |
| Dividends | (71.1) | (64.7) |
| Interest, tax, other | (21.7) | (20.4) |
| Net cash flow | 9.8 | 10.1 |
| Net balance sheet cash | 74.0 | 64.2 |

Net cash/(debt) \$m

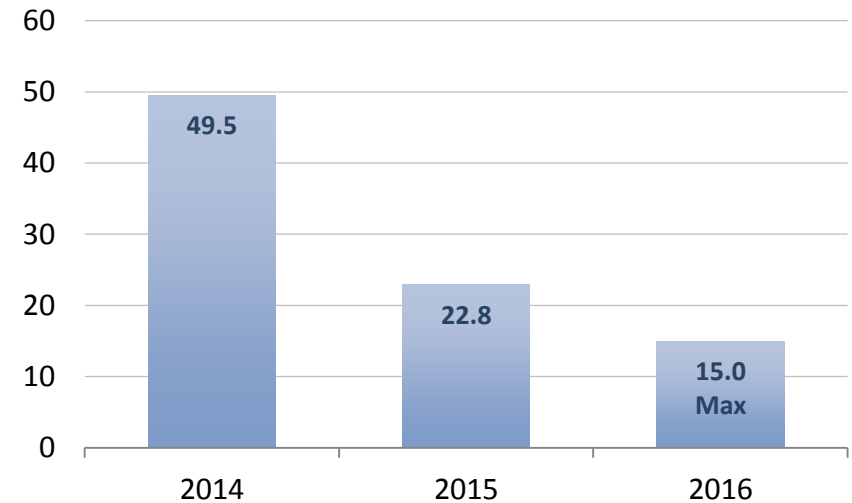


Retirement Plans – Deficits Continue to Improve

Deficit (\$m)



Contributions (\$m)



Asset returns impacted by weaker equity markets

Liabilities benefited from higher corporate bond yields

Contributions declining going forward – maximum \$15 million p.a. for next three years

Tax Charge

| \$ millions | 2015 | 2014 |
|---------------------------------|------------|------------|
| Underlying tax charge | 19.3 | 26.3 |
| Tax rate | 17% | 19% |
| Tax charge: non-recurring items | 7.2 | (53.5) |
| Reported tax charge/(credit) | 26.5 | (27.2) |

Underlying rate reduced to 17%, mostly due to geographic mix

Tax rate going forward 20% – 23%

Dividends

| Per share | 2015 | 2014 | |
|------------------|---------------|--------|------------|
| Interim paid | 2.70c | 2.70c | Maintained |
| Proposed final | 5.75c | 5.75c | Maintained |
| Special dividend | 8.00c | 6.95c | +15% |
| Total dividends | 16.45c | 15.40c | +7% |

Final dividend maintained at 5.75 cents

- Robust business model
- Confident in future prospects

Special dividend increased by 15%

- Strong cash flow performance

Summary

Key themes

- 2015 performance influenced by oil price and currency
 - Specialty Products:
 - Value offering to customers remains robust
 - Good growth opportunities in coatings and personal care
 - Chromium – resilient North America operating model
-

Strong Group cash flow

- Platform to invest in growth
- Benefiting shareholders via special dividend programme

2016 Outlook

In line with pre-close trading update announced on 17 December 2015

- Overall challenging environment
- Chromium – cycling against one time income of \$5 million in 2015
- Expect to make progress in Specialty Products
 - Strong market positions and investments in growth
- Continued strong cash generation

ELEMENTIS

A global specialty chemicals company

Thank you

