

ELEMENTIS

A global specialty chemicals company

Elementis plc **Interim Results**

Six months ended 30 June 2016



Reflections after 6 months

Good safety culture

High quality, dedicated staff

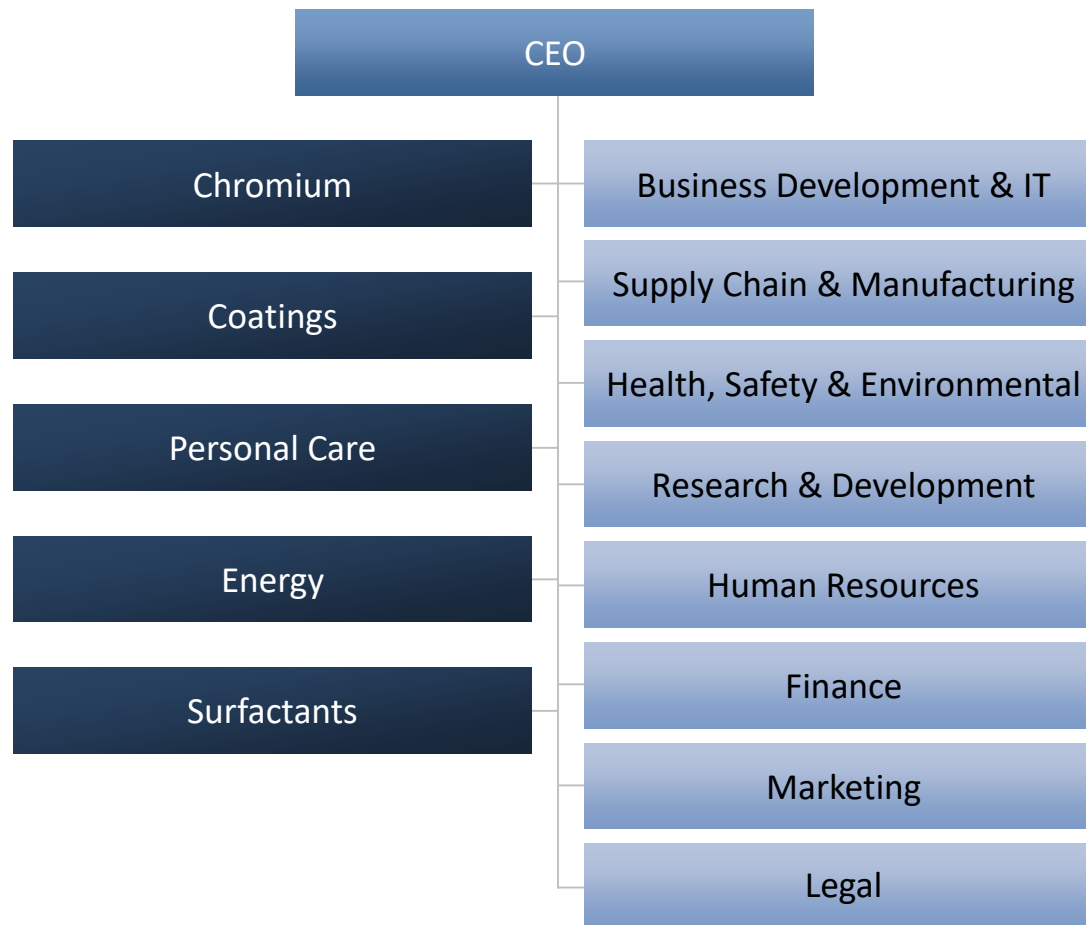
Strong market and geographical positioning

Margin stability in core business

Consistent cash generation

Significant opportunities for organic growth

New Organisational Structure



Interim Results

| \$ millions | H1 2016 | H1 2015 |
|----------------------------|---------|---------|
| Revenue | 334.0 | 360.4 |
| Adjusted results: | | |
| Operating profit | 50.7 | 68.6 |
| Profit before tax | 48.3 | 65.3 |
| Diluted EPS | 8.4c | 11.2c |
| Unadjusted results: | | |
| Operating cash flow | 38.2 | 34.3 |
| Net cash | 37.5 | 16.1 |
| Interim dividend | 2.70c | 2.70c |
| Basic EPS | 7.9c | 11.3c |

Highlights – Results in line with Recent Trading Update

Specialty Products

- Operating margin stable at 18%*
- New North American additives facility progressing well
 - North American decorative coatings sales up 11%
- European coatings sales up 3%**
- Asia Pacific coatings sales up 1%**
 - China up 6%**
- Personal Care sales up 7%**
- Oilfield down, but more stable

Chromium

Sales lower by 11 per cent

- Stable North American business
- Export sales impacted by strong dollar

Group

New organisational structure

Net balance sheet cash position
increased to \$37.5m

Interim dividend
maintained at 2.70c

Chromium

| \$ millions | H1 2016 | H1 2015 |
|---------------------|---------|---------|
| Sales | 82.2 | 91.9 |
| Operating profit | 14.5 | 27.0 |
| Operating margin | 18% | 29% |
| Operating cash flow | 16.9 | 14.8 |

North America sales and operating margin relatively stable

Export sales impacted by strong US dollar

- But still made a positive contribution to operating profit

Strong operating cash flow

- Tight working capital management

Operating profit benefiting from cost savings implemented in H2 2015

Chromium - Resilient North American Position

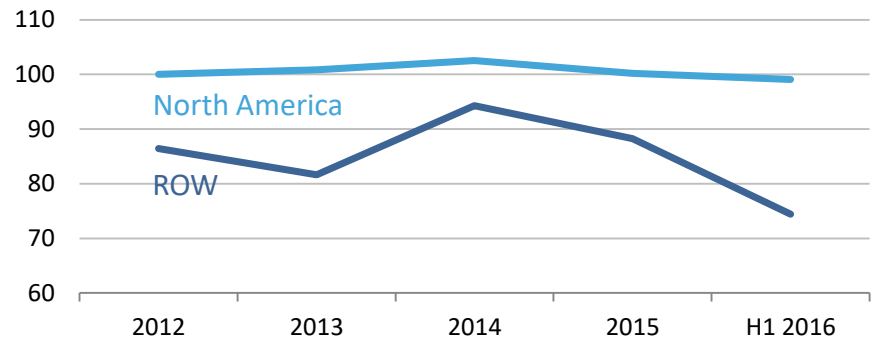
North American manufacturing base and proprietary delivery systems

- Better margins
- Greater stability

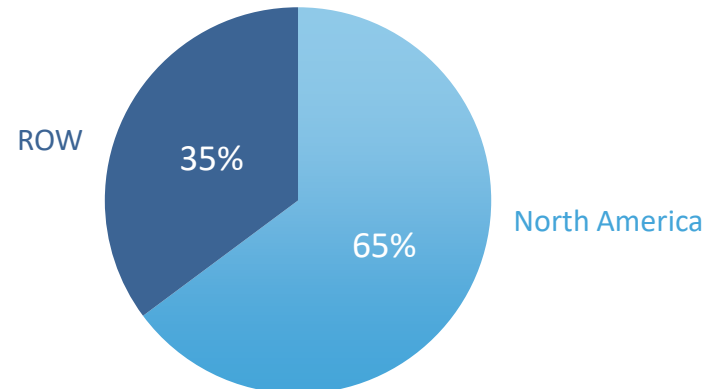
Approximately 35% of sales go outside of North America

- More competitive market
- Strong dollar influencing pricing dynamics

Contribution margin (indexed)



Sales



Surfactants

| \$ millions | H1 2016 | H1 2015 |
|-------------------------|---------|---------|
| Sales | 21.8 | 29.7 |
| Operating (loss)/profit | (0.2) | 2.4 |
| Operating cash flow | (0.9) | (0.5) |

Sales declined in line with strategy to utilise more of the Delden facility for Specialty Products

Exacerbated by weaker demand in textile, leather and oil production applications



Specialty Products

| \$ millions | H1 2016 | H1 2015 |
|---------------------|---------|---------|
| Sales | 237.4 | 244.1 |
| Operating profit* | 41.8 | 44.8 |
| Operating margin* | 18% | 18% |
| Operating cash flow | 31.9 | 27.8 |

Sales and operating profit lower largely due to lower oilfield sales

Operating profit benefiting from cost savings implemented in H2 2015

Operating cash flow improved by 15%

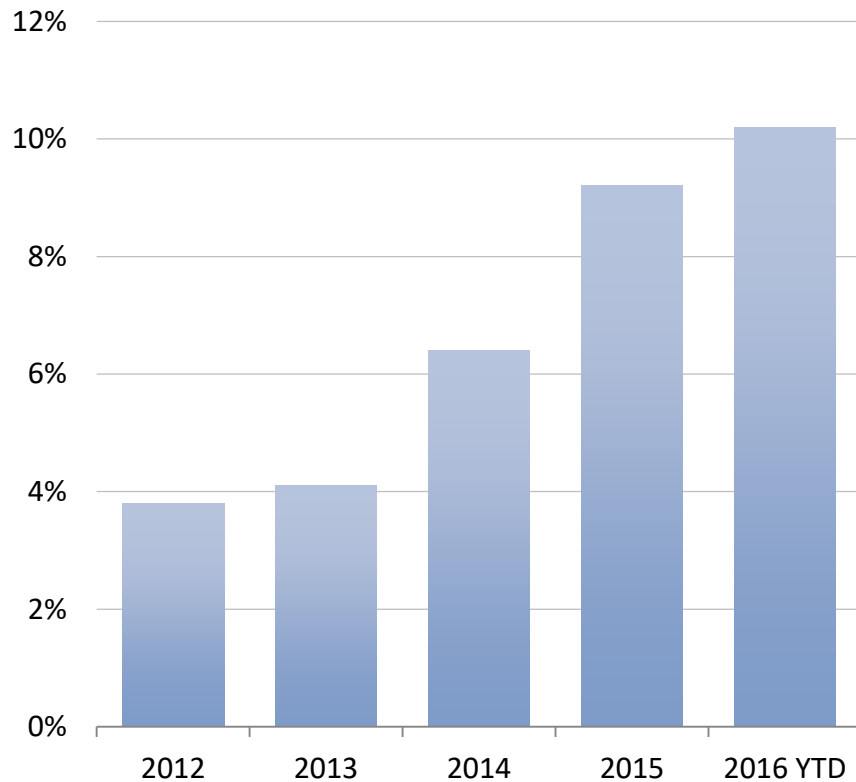
- Inventory levels down by \$4.0 million

* on an adjusted basis



Innovation

New products as % of sales



Leveraging new assets
in North America and Asia

Majority of products
protected by IP

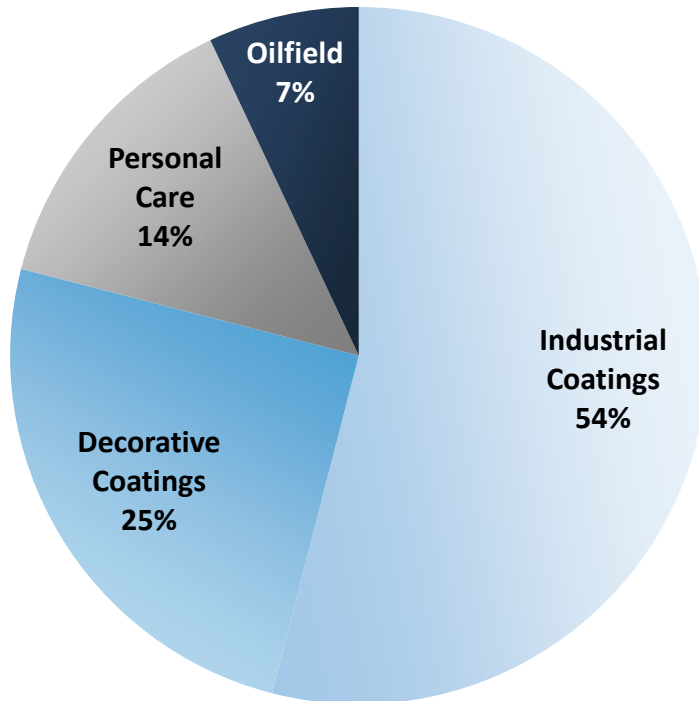
To date, most new products
are in coatings

Going forward personal care
will be more of a focus

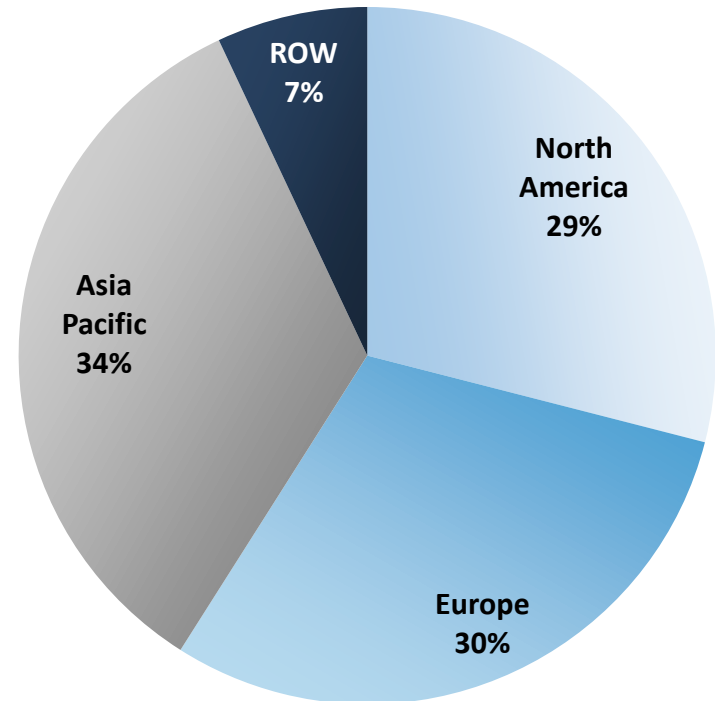
Specialty Products – Platform for Growth

H1 2016 sales

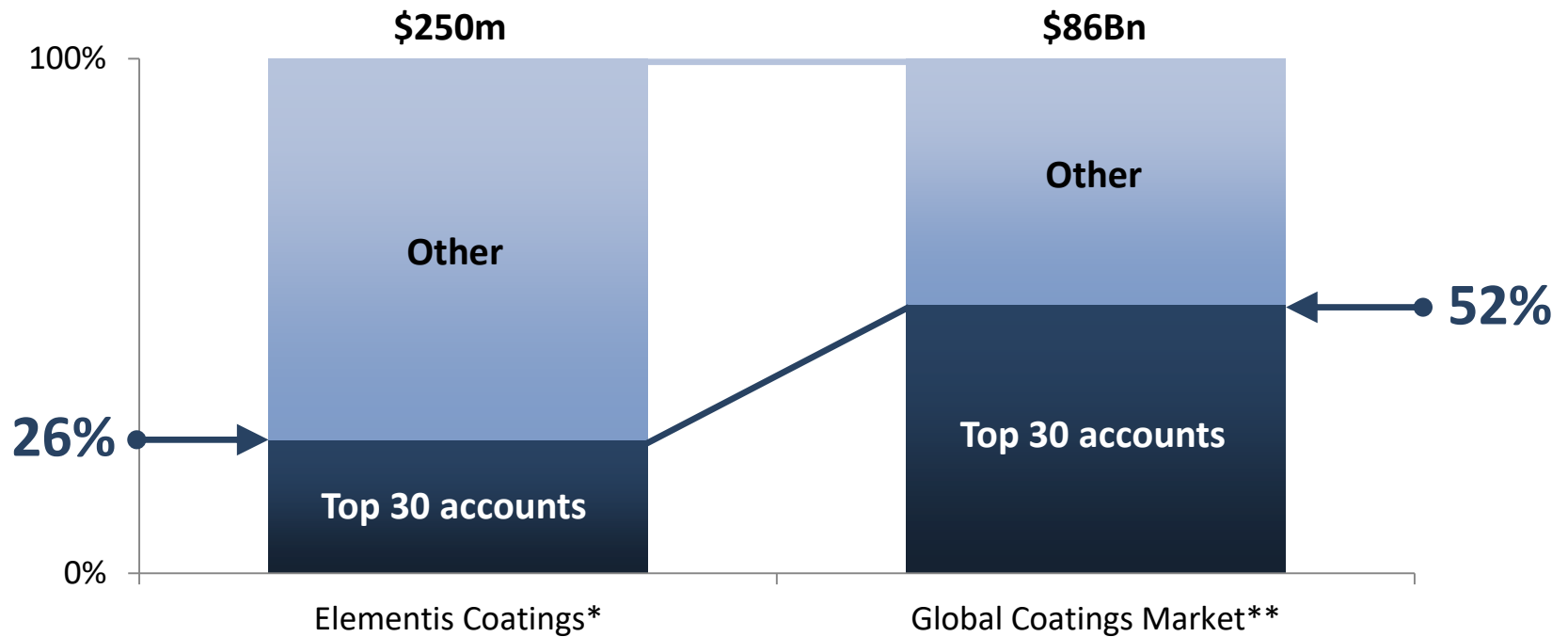
Markets



Geography



Coatings – Global Account Growth Opportunity



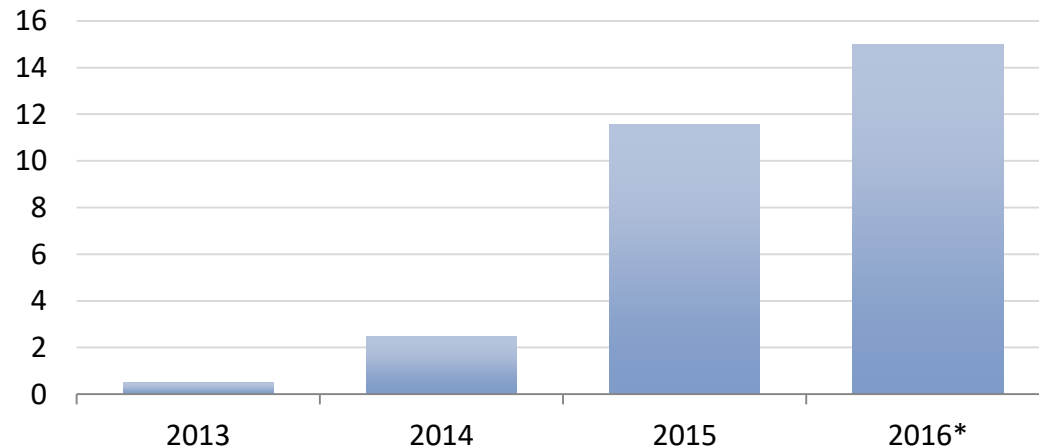
Implementing key account management to accelerate growth

* 2015 Sales NA, Europe & China ** KNG, 2013 data

Gaining Market Share in NA Decorative Coatings

New Martinsville, WV, decorative additives facility

Sales (\$m)



Plant loading progressing well

Positive response to product range from customers

Innovative technology validated by global majors



* annualised

Oilfield

More stable following significant market decline in H1 2015

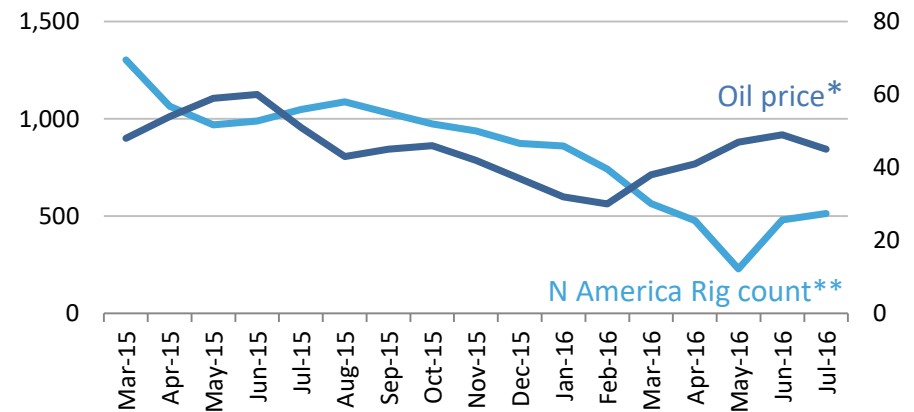
Market share and contribution margins maintained

Some recent indications that NA rig count is improving

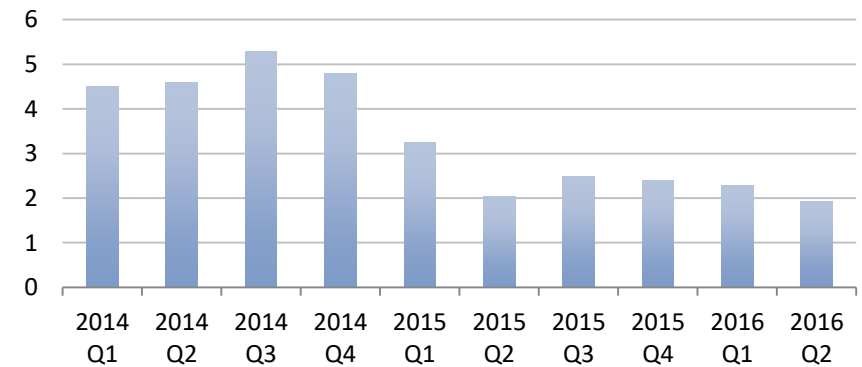
Well positioned to benefit from inevitable upturn

* Cushing, OK WTI Spot Price FOB (Dollars per Barrel)

** Source: Baker Hughes



Sales volume (kt)



Personal Care

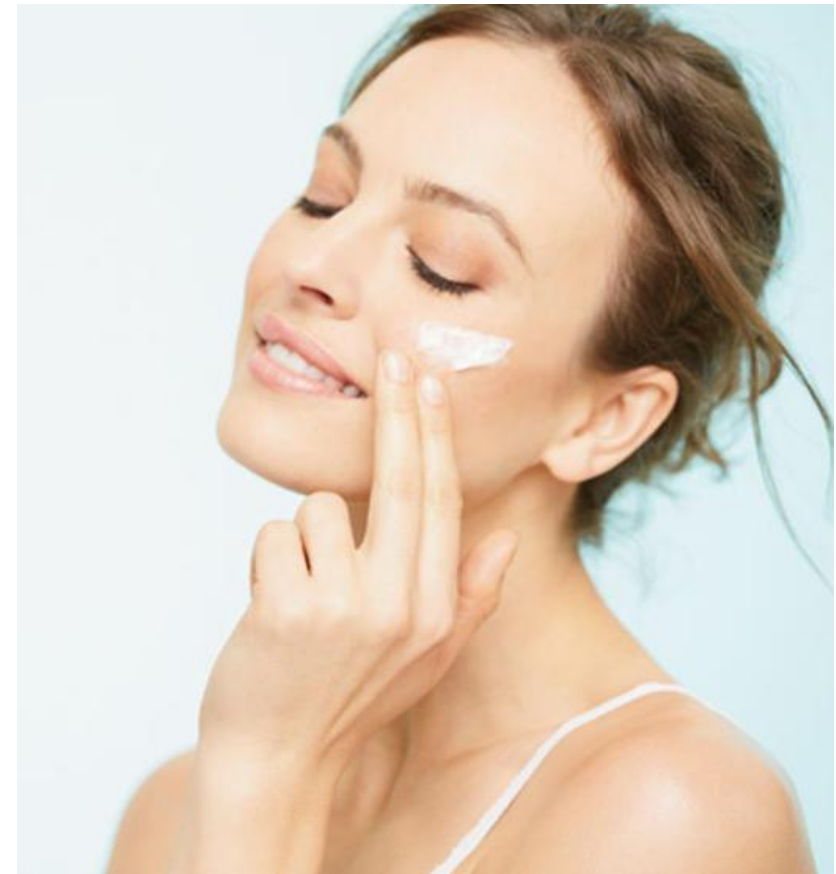
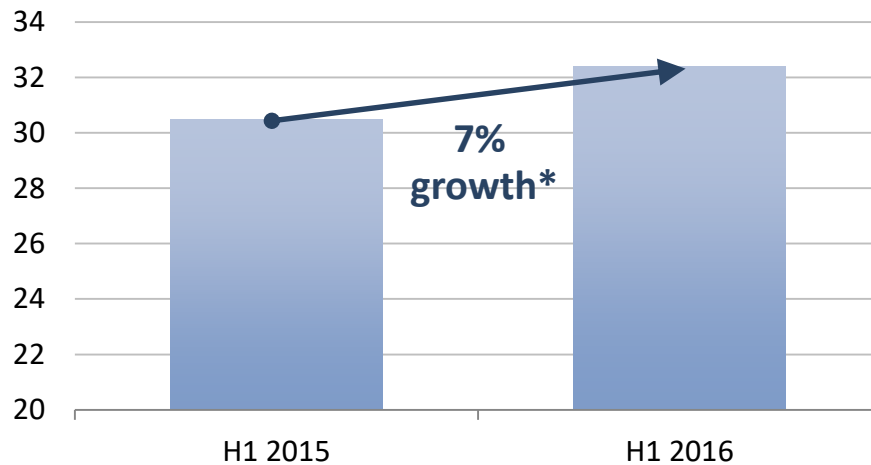
Good margins

Distinctive products

15 direct employees

Opportunity for additional investment

Sales \$m



* constant currency

Interim Results

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Adjusted Operating Profit

| \$ millions | H1 2016 | H1 2015 | FY 2015 |
|-------------------------------|------------|----------|--------------|
| Reported operating profit | 47.1 | 68.6 | 128.1 |
| Adjusting items: | | | |
| Land sale | - | - | (17.0) |
| Restructuring/Business review | 3.6 | - | 4.2 |
| Other | - | - | 7.2 |
| Net adjusting items | 3.6 | - | (5.6) |
| Adjusted operating profit | 50.7 | 68.6 | 122.5 |

Adjusting items were previously referred to as “exceptional” or “non-recurring”

Adjusted numbers provide a better understanding of underlying performance

H1 Currency

Currency impact on:

| \$ millions | Sales | % | Operating profit | % |
|--------------------|-------|-----|------------------|-----|
| Specialty Products | -4.8 | -2% | -0.6 | -1% |
| Chromium | - | - | - | - |
| Surfactants | -0.3 | -1% | - | - |
| Central costs | | | -0.6 | |
| Group | -5.1 | -1% | -1.2 | -2% |

Earnings are primarily US dollar based

Operating profit impact reduced by localised cost base and hedging activities

Tax Charge

| \$ millions | H1 2016 | H1 2015 |
|---------------------|---------|---------|
| Tax charge | 8.3 | 13.2 |
| Adjusting items | 1.0 | - |
| Adjusted tax charge | 9.3 | 13.2 |
| Tax rate* | 19.3% | 20.2% |
| Cash tax rate* | 5.8% | 13.5% |

Tax rate lower due to change in geographic mix of profits

Estimated tax rate for full year 2016 is approximately 20%

* on adjusted earnings

Capital Spending

| \$ millions | H1 2016 | H1 2015 |
|---------------------------|-------------|-------------|
| Specialty Products | 7.1 | 7.1 |
| Chromium | 7.2 | 6.2 |
| Surfactants/Other | 1.4 | 2.7 |
| Group total | 15.7 | 16.0 |
| Depreciation | 14.0 | 13.4 |

Capex spend in Specialty Products similar to previous year

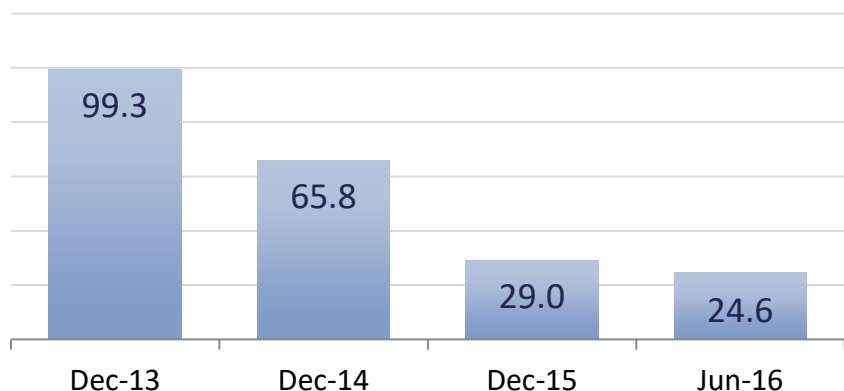
- Growth projects include product expansion in Asia, New Martinsville enhancements and R&D

Chromium spending is primarily maintenance based

Full year capex spend expected to be approximately \$30 million

Retirement Plans

Net deficit (\$m)



| \$ millions | H1 2016 | H1 2015 |
|-----------------------|------------|-------------|
| Deficit contributions | | |
| UK plan | 2.9 | 12.2 |
| US/other | 0.2 | 0.2 |
| | 3.1 | 12.4 |

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 approximately \$10 million

Cash Flow

| \$ millions | H1 2016 | H1 2015 |
|-------------------------------|---------------|---------------|
| EBITDA | 64.7 | 82.0 |
| Working capital | (10.6) | (30.9) |
| Capital expenditure | (15.7) | (16.0) |
| Pensions | (3.1) | (12.4) |
| Dividends | (63.7) | (58.7) |
| Other | (8.1) | (12.1) |
| Net cash flow | (36.5) | (48.1) |
| Net balance sheet cash | 37.5 | 16.1 |

Net cash flow improved by \$11.6 million

- Lower working capital flows / Lower pension contributions

Year end cash balance is expected to be higher than previous year



Dividend

| | 2016 Interim | 2015 Interim |
|-----------|--------------|--------------|
| Per share | 2.70c | 2.70c |

Interim dividend maintained at 2.70c

Special dividend programme unchanged

Summary

Specialty Products

- High quality business
 - Organic growth opportunities exist in Coatings and Personal Care
 - Oilfield well positioned to benefit from eventual recovery
-

Chromium

- Greater focus on North America
 - Will continue to look for opportunities to reduce costs
-

Surfactants

- Strategy is to exit over time, will look to accelerate it
-

Group

- Very cash generative business model
- Dividend policy encourages investment discipline

Outlook

Management expectations for the full year unchanged

Year end cash balance is expected to be higher than previous year

Capital markets day planned for November 2016

ELEMENTIS

A global specialty chemicals company

Thank you

