



# L U X F E R

*Innovative solutions in material technology*



Q4 2016 conference call



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# Forward-looking statements

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This presentation contains forward-looking statements. Examples of such forward-looking statements include, but are not limited to: (i) statements regarding the Group's results of operations and financial condition, (ii) statements of plans, objectives or goals of the Group or its management, including those related to financing, products or services, (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Words such as "believes", "anticipates", "expects", "intends", "forecasts" and "plans" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. The Group cautions that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: (i) future revenues being lower than expected; (ii) increasing competitive pressures in the industry; (iii) general economic conditions or conditions affecting demand for the services offered by us in the markets in which we operate, both domestically and internationally, including as a result of the Brexit referendum, being less favorable than expected; (iv) worldwide economic and business conditions and conditions in the industries in which we operate; (v) fluctuations in the cost of raw materials and utilities; (vi) currency fluctuations and hedging risks; (vii) our ability to protect our intellectual property; and (viii) the significant amount of indebtedness we have incurred and may incur and the obligations to service such indebtedness and to comply with the covenants contained therein. The Group cautions that the foregoing list of important factors is not exhaustive. These factors are more fully discussed in the sections "Forward-Looking Statements" and "Risk factors" in our Annual Report on Form 20-F for the year ended December 31, 2015, filed with the U.S. Securities and Exchange Commission on March 15, 2016. When relying on forward-looking statements to make decisions with respect to the Group, investors and others should carefully consider the foregoing factors and other uncertainties and events. Such forward-looking statements speak only as of the date on which they are made, and the Group does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.



# Agenda

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- **Brian Purves, Chief Executive Officer**
  - Q4 2016 summary and market overview.
  - Full year 2016 summary.
  - Update on selected strategic growth initiatives.
- **Andy Beaden, Group Finance Director**
  - Q4 2016 financial review.
  - Divisional performance.
- **Brian Purves, Chief Executive Officer**
  - Group outlook.
- **Questions?**
- **Appendices**



## Q4 2016 summary

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- Adjusted earnings in line with our final expectations, along with adjusted EBITDA.
- Reduced results at Elektron, particularly defense-related magnesium products.
- Cylinders momentum solid despite FX headwinds.
  - Reduced cost base and increased AF sales contributed stronger segment profit.
- 2017 guidance: Expect steady improvement on a sequential basis.
- Multiple new product wins offer leveraged upside to end-market recovery.



## Q4 2016 overview

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- **Q4 results in line with revised expectations.**
  - Adjusted diluted EPS of \$0.14 (Q4 2015: \$0.27) and basic EPS of \$0.12 (Q4 2015: \$0.28).
  - Adjusted EBITDA of \$10.2m compared to \$14.6m in Q4 2015.
  - Trading profit of \$5.2m compared to \$9.5m in Q4 2015.
    - Gas Cylinders underlying trading profit improved (adjusted for FX).
    - Elektron trading profit impacted by weaker defense-related magnesium products sales.
- **Q4 revenue compressed.**
  - \$96.1m compared to \$107.4m in Q4 2015.
  - Underlying revenues down \$6.4m, affecting both the Elektron Division and Gas Cylinders Division.
  - FX translation differences reduced revenue by \$4.9m.



## Q4 2016 overview

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- **Cylinders steady, Elektron magnesium impacted.**
  - Improved performance of alternative fuel (AF) segment has been maintained, offset by lower sales of medical cylinders.
  - Q4 sales of aluminum cylinders improved compared to Q4 2015 in the fire and industrial sectors.
  - Superform tooling sales were higher, as we transition to new forming contracts.
  - Largest negative impact is from low sales of magnesium defense products:
    - Military powders.
    - Flameless heaters.
    - Chemical agent detection and decontamination products.
  - Net FX was \$0.2m favorable on reported trading profit.
    - FX transaction differences \$0.3m favorable.
    - FX translation differences adverse by \$0.1m.



## Q4 2016 overview

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- **2016 disruption for magnesium product demand appears to be easing for 2017.**
  - Military flare powder shipments expected to normalize in Q1.
    - Both customers are producing in 2017.
    - New flare contract commenced in 2017 and lasts through April 2018.
  - Military meals ready to eat (MRE) contracts for 2017 have now been placed.
    - Carry-over minimum of 30 million and strong indication of an 'add-on' in 2017.
    - Non-USA opportunities being pursued.
  - Sales ongoing and stabilized with our aerospace customer that is currently restructuring via Chapter 11.
  - 2017 contract requirements for chemical decontamination kits still progressing.
  - Lower photoengraving revenue due to supply chain de-stocking; transition to increased direct sales mix now complete.



# 2016 overview

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- **Revenue**

- \$414.8m compared to \$460.3m in 2015.
- FX translation differences reduced USD revenue by \$13.4m.
- Lower activity in our low-margin Czech recycling business accounted for a further \$10m.

- **Profitability**

- Operating profit \$35.8m compared to \$37.9m in 2015.
- Trading profit \$35.3m compared to \$42.3m in 2015.
  - FX impact was adverse by \$0.8m.
  - Elektron profitability down on 2015 primarily due to challenges in the magnesium business; however the zirconium business held up well.
  - Gas Cylinders profitability increased significantly due to a combination of increased AF sales and actions to reduce the cost base of the AF business.
  - Adjusted EBITDA of \$55.3m, compared to \$62.2m in 2015.
- Basic EPS up to \$0.83 (2015: \$0.60) and adjusted fully diluted EPS reduced at \$0.92 (2015: \$1.08).

- **Cash flow**

- Cash generated from operations of \$29.2m compared to \$52.8m in 2015.



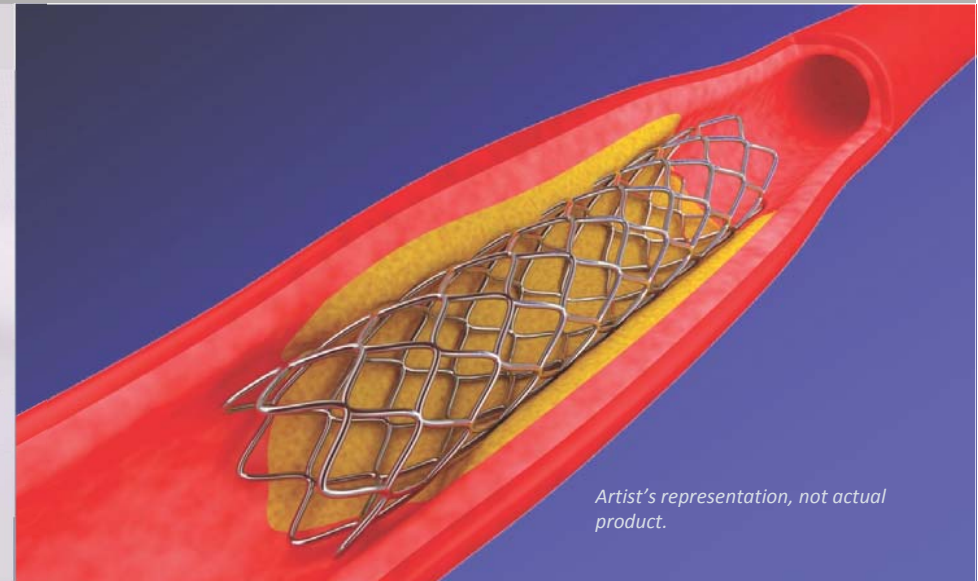
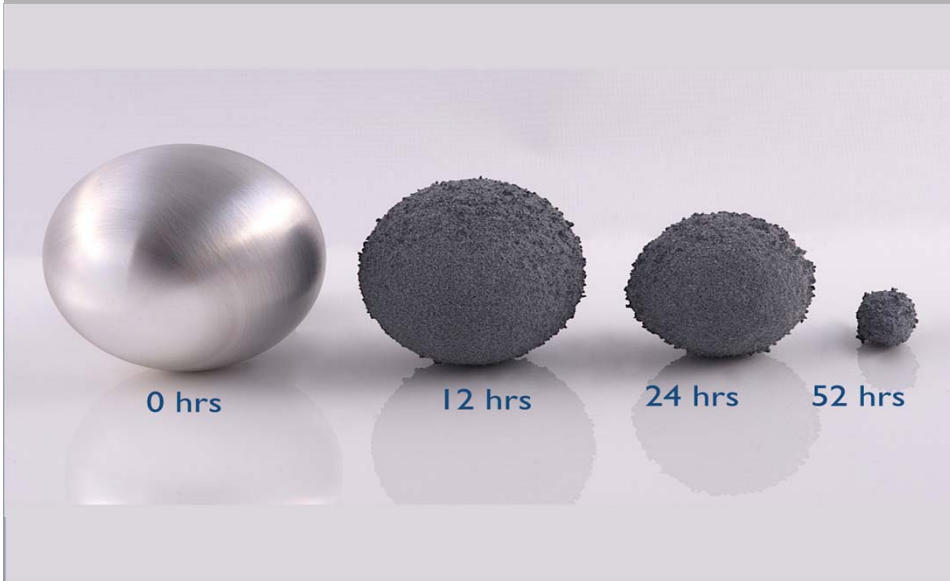


## 2016 overview

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- **Challenges in Elektron, further improvement in Gas Cylinders.**
  - Elektron profitability lower due to the challenges in the magnesium business in the latter part of the year.
  - Our zirconium business has held up well during the transition in autocatalysis technologies.
  - Improved profitability of Gas Cylinders due to increased AF sales and our actions to reduce the cost base of the AF business.
  - Superform sales were down slightly due to lower forming sales as existing contracts expire. However, tooling sales have increased as a result of new long-term contracts.
  - Overall, changes in foreign exchange rates have reduced Group trading profit by \$0.8m.

# Update on strategic growth initiatives



- **SoluMag<sup>®</sup> dissolving alloy:**

- Nearly \$4m of sales in 2016.
- New derivatives just launched:
  - HD - high ductility
  - HS - high strength
- 'Fresh Water' version also in development.

- **SynerMag<sup>®</sup> bioresorbable alloy:**

- Biotronik, our partner in the joint R&D program, has launched their Magmaris<sup>®</sup> scaffold in Europe, the Middle East and Australasia, and royalty payments are growing.



# Update on strategic growth initiatives



- **Luxfer Magtech geographic expansion:**
  - We have now submitted tenders to several large non-USA buyers of self-heating meals.





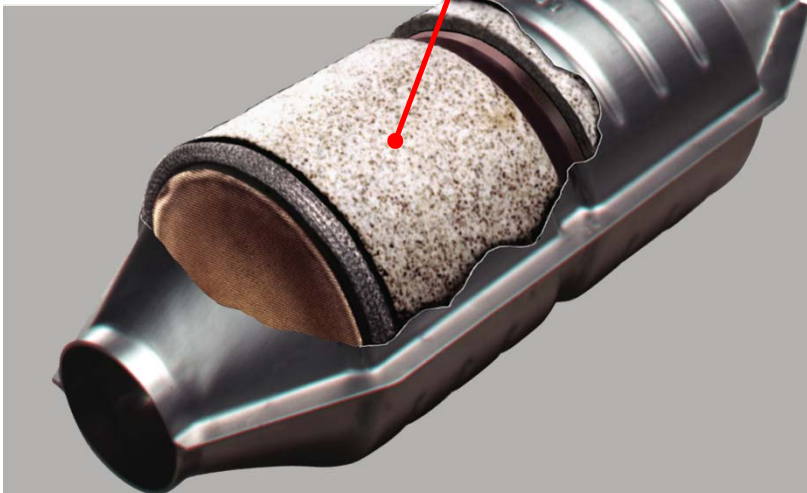
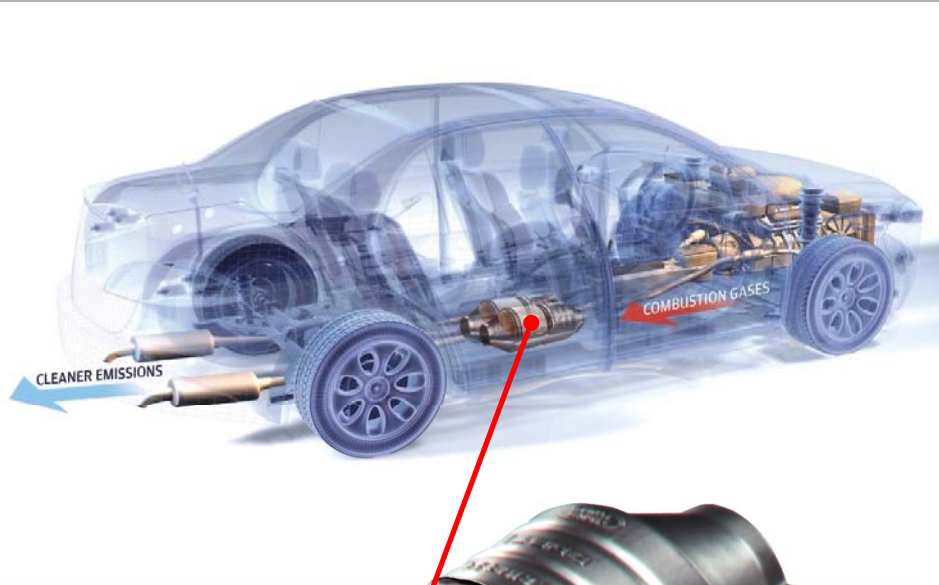
# Update on strategic growth initiatives

- **Magnesium alloy testing:**
  - Three magnesium alloy components are currently being tested for inclusion in new designs for aircraft seats. We remain highly optimistic that we will get some components flying in 2017.



# Update on strategic growth initiatives

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- **‘G6’ automotive catalysis product:**
  - Positive customer feedback on laboratory testing of next-generation ‘G6’ auto catalysis product, and we await feedback from customers on their engine-testing of the product.





# Update on strategic growth initiatives

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- **Extending Superform capabilities:**
  - New Superform investment extends its capabilities to supply higher-volume contracts for 2017 (HY2) onwards with Ferrari and another manufacturer of prestige sports cars.

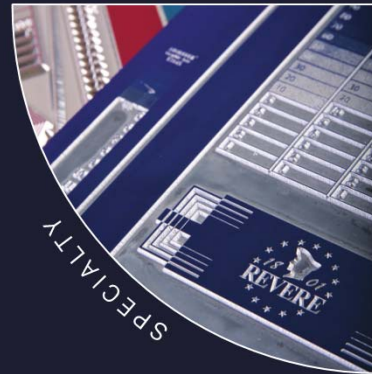


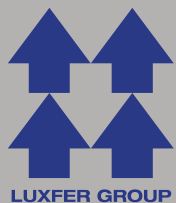


# FINANCIAL REVIEW

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Group Finance Director  
**Andy Beaden**





# Group revenue

	Gas Cylinders		Elektron		Group	
	Q4 \$M	YTD \$M	Q4 \$M	YTD \$M	Q4 \$M	YTD \$M
<b>2015 Revenue</b>	<b>57.3</b>	239.1	<b>50.1</b>	221.2	<b>107.4</b>	460.3
Changes in period:						
FX translation	<b>(2.5)</b>	(6.9)	<b>(2.4)</b>	(6.5)	<b>(4.9)</b>	(13.4)
Trading movements	<b>(3.1)</b>	(6.4)	<b>(3.3)</b>	(25.7)	<b>(6.4)</b>	(32.1)
<b>2016 Revenue</b>	<b>51.7</b>	225.8	<b>44.4</b>	189.0	<b>96.1</b>	414.8
Trading variance	(5.7%)	(2.8%)	(6.9%)	(12.0%)	(6.2%)	(7.2%)





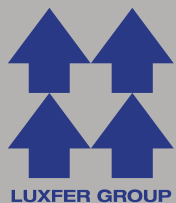
# Gas Cylinders Division

	Gas Cylinders	
	Q4	YTD
	\$M	\$M
<b>2015 Revenue</b>	<b>57.3</b>	<b>239.1</b>
Changes in period:		
FX translation	(2.5)	(6.9)
Trading movements	(3.1)	(6.4)
<b>2016 Revenue</b>	<b>51.7</b>	<b>225.8</b>
Trading variance	(5.7%)	(2.8%)

• Q4 underlying revenue\* down by \$3.1m or 5.7% compared to Q4 2015.

- AF business maintained its improved status.
- SCBA sales compressed in the quarter.
- Sales for medical composite cylinders impacted by de-stocking.
- Superform tooling revenues increased for recently won customer projects, although forming sales were down due to run-out of legacy contracts.

\* At constant translation exchange rates.



# Elektron Division

	Elektron	
	Q4	YTD
	\$M	\$M
<b>2015 Revenue</b>	<b>50.1</b>	<b>221.2</b>
Changes in period:		
FX translation	(2.4)	(6.5)
Trading movements	(3.3)	(25.7)
<b>2016 Revenue</b>	<b>44.4</b>	<b>189.0</b>
Trading variance	(6.9%)	(12.0%)

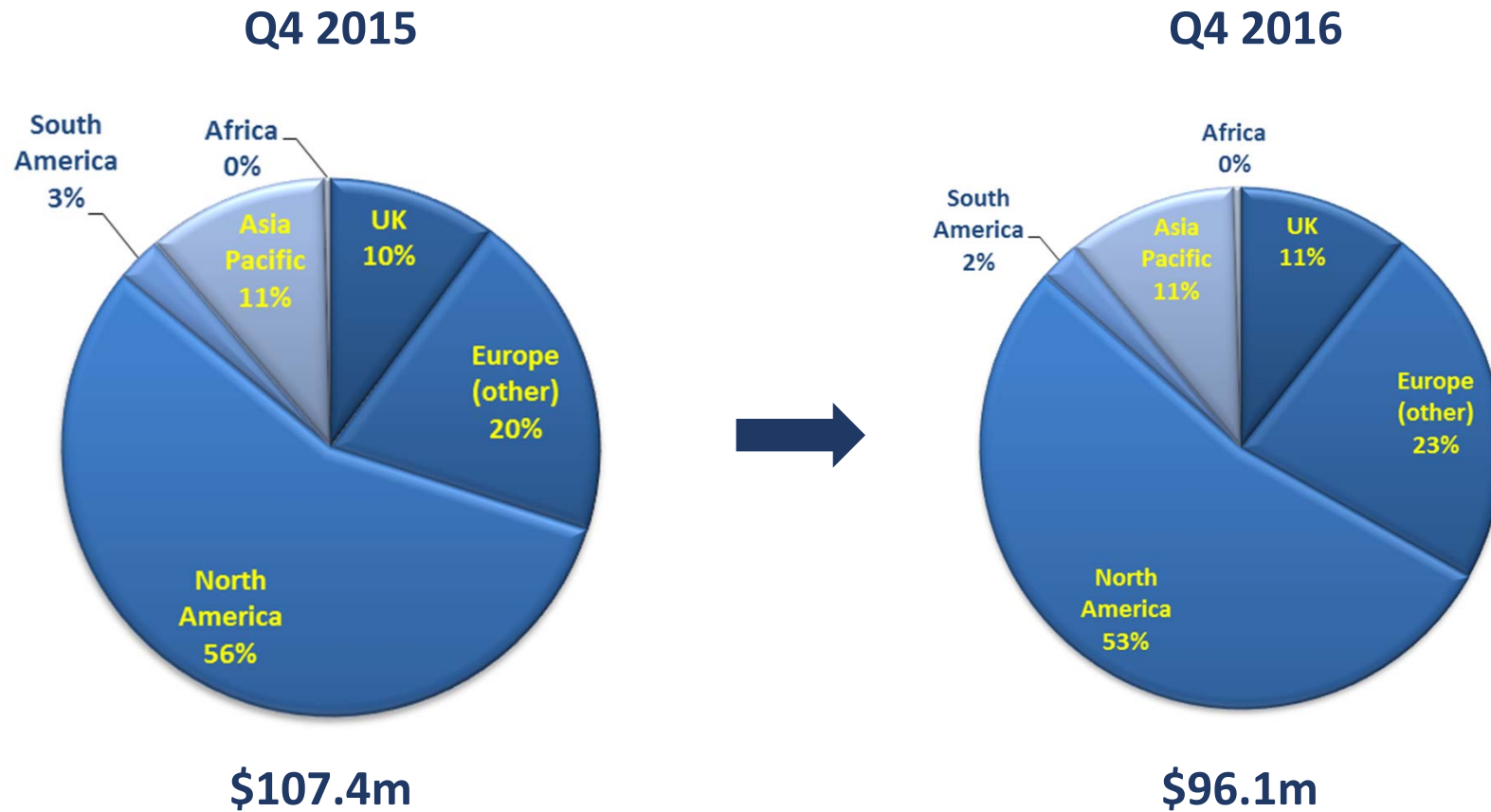
- Q4 underlying revenue\* down by \$3.3m or 6.9% compared to Q4 2015.
  - Weak demand from the U.S. defense sector compressed sales of several magnesium product lines.
  - Automotive catalysis sales remained weak.
  - Sales of new catalysis products provided a partial offset.

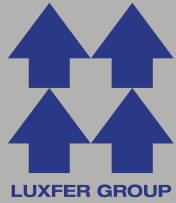
\* At constant translation exchange rates.



# Geographic sales trends

## Revenue by destination



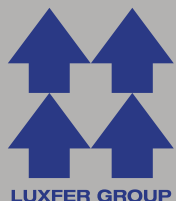


# Trading profit and adjusted EBITDA analysis

Trading profit \$M		2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 YTD	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2015 YTD
<b>Gas Cylinders</b>	<b>Trading profit \$M</b>	3.0	3.3	3.0	2.1	11.4	1.3	1.7	3.1	2.5	8.6
	<b>ROS %</b>	5.1%	5.5%	5.5%	4.1%	5.0%	2.2%	2.7%	5.1%	4.4%	3.6%
<b>Elektron</b>	<b>Trading profit \$M</b>	8.8	7.7	4.3	3.1	23.9	9.2	10.0	7.5	7.0	33.7
	<b>ROS %</b>	17.7%	15.2%	9.7%	7.0%	12.6%	15.7%	16.6%	14.3%	14.0%	15.2%
<b>GROUP</b>	<b>Trading profit \$M</b>	11.8	11.0	7.3	5.2	35.3	10.5	11.7	10.6	9.5	42.3
	<b>ROS %</b>	10.8%	9.9%	7.4%	5.4%	8.5%	9.0%	9.5%	9.4%	8.8%	9.2%
<i>Trading profit changes for 2016 v 2015</i>	<b>Gas Cylinders</b>	130.8%	94.1%	(3.2%)	(16.0%)	32.6%					
	<b>Elektron</b>	-4.3%	(23.0%)	(42.7%)	(55.7%)	(29.1%)					
	<b>GROUP</b>	12.4%	(6.0%)	(31.1%)	(45.3%)	(16.5%)					

**NOTE:** Trading profit is Luxfer's IFRS 8 segment profit measure. Adjusted EBITDA is also used by the chief operating decision maker. See appendices for non-GAAP reconciliations.

Adjusted EBITDA \$M		2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 YTD	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2015 YTD
<b>Gas Cylinders</b>		5.0	5.4	4.9	4.4	19.7	3.2	3.7	5.0	4.6	16.5
<b>Elektron</b>		11.8	10.9	7.1	5.8	35.6	12.2	13.0	10.5	10.0	45.7
<b>GROUP</b>		16.8	16.3	12.0	10.2	55.3	15.4	16.7	15.5	14.6	62.2
<b>GROUP adjusted EBITDA margin %</b>		15.4%	14.7%	12.1%	10.6%	13.3%	13.2%	13.6%	13.7%	13.6%	13.5%

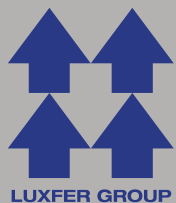


# Net income and EPS

	Q4 2016	Q4 2015	FY 2016	FY 2015
<b>Other income statement items:</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
<b>Trading profit</b>	<b>5.2</b>	<b>9.5</b>	<b>35.3</b>	<b>42.3</b>
Profit on sale of redundant site	-	-	2.1	-
Changes to defined benefit pension plans	0.6	18.0	0.6	18.0
Restructuring and other expense	(0.5)	(11.2)	(2.2)	(22.4)
<b>Operating profit</b>	<b>5.3</b>	<b>16.3</b>	<b>35.8</b>	<b>37.9</b>
<b>Net income:</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>	<b>\$M</b>
Net income	3.2	7.4	21.9	16.1
Adjusted net income	3.7	7.4	24.7	29.5
Underlying effective tax rate	11.9%	12.9%	23.1%	22.6%
Adjusted basic EPS	\$0.14	\$0.28	\$0.93	\$1.10
Adjusted diluted EPS	\$0.14	\$0.27	\$0.92	\$1.08
Dividend per share	\$0.125	\$0.10	\$0.50	\$0.40

**NOTE:** The calculation of earnings per share is performed separately for each discrete quarterly period, and for the year-to-date period. As a result, the sum of the discrete quarterly earnings per share amounts in any particular year-to-date period may not be equal to the earnings per share amount for the year-to-date period.

**NOTE:** Adjusted net income is used by the chief operating decision maker. See appendices for non-GAAP reconciliations.



# Liquidity and capital resources

	FY 2016 \$M	FY 2015 \$M
Return on invested capital	11%	12%
Invested capital	249.3	264.4
Net debt	107.4	94.7
Net debt : Adjusted EBITDA for LTM (last 12 months)	1.9	1.5
Trading working capital	89.0	88.6
Net cash flows from continuing operating activities	29.2	52.8
Net cash flows before financing	14.1	31.6
Funds returned to shareholders <i>(Dividends and share buy-backs)</i>	19.6	12.7

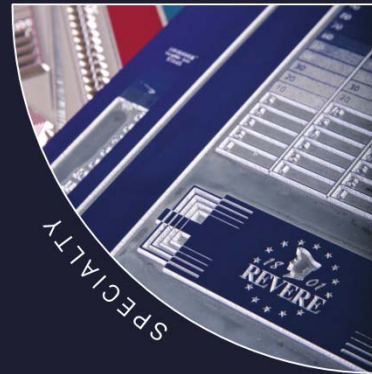
**NOTE:** See appendices for non-GAAP reconciliations.



# OUTLOOK

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Chief Executive Officer  
**Brian Purves**





# Group outlook

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- **Guidance:**

- Several issues that affected 2016 results are easing off heading into the new year.
- Have achieved meaningful recovery in 2017 order cover.
- Renewed confidence that 2017 will be a significant uplift on 2016.
  - Full recovery in run-rate more likely for Q2.
- Exchange rates, while unhelpful in 2016, should be a net benefit to 2017 profits.
- New products and sales initiatives expected to generate a meaningful contribution in 2017.
- Even if Q1 proves to be only partly-recovered from current issues, our objective is to restore 2017 profitability to 2015 levels, which would mean at least 10% higher than 2016.





QUESTIONS?

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Thank you.

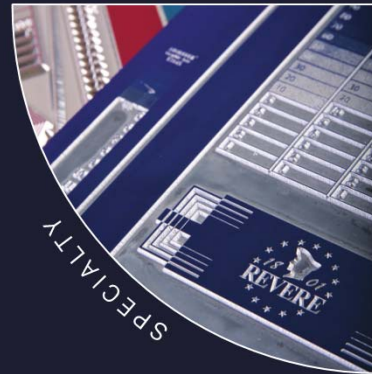


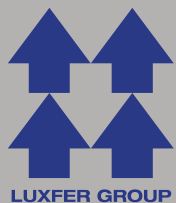


# APPENDICES

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Summary financial statements  
and reconciliation of non-  
GAAP measures

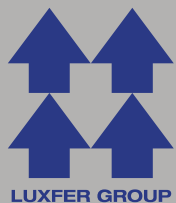




# Summary income statement

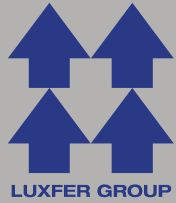
\$M	2016	2016	2016	2016	2016 YTD	2015	2015	2015	2015	2015 YTD	Variance Q4		Variance YTD	
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		\$M	%	\$M	%
<b>REVENUE</b>	<b>108.8</b>	<b>111.0</b>	<b>98.9</b>	<b>96.1</b>	<b>414.8</b>	<b>116.9</b>	<b>122.8</b>	<b>113.2</b>	<b>107.4</b>	<b>460.3</b>	<b>(11.3)</b>	(10.5%)	<b>(45.5)</b>	(9.9%)
Cost of sales	(82.4)	(84.3)	(77.2)	(77.5)	(321.4)	(90.8)	(93.7)	(87.7)	(84.1)	(356.3)				
<b>Gross profit</b>	<b>26.4</b>	<b>26.7</b>	<b>21.7</b>	<b>18.6</b>	<b>93.4</b>	<b>26.1</b>	<b>29.1</b>	<b>25.5</b>	<b>23.3</b>	<b>104.0</b>	<b>(4.7)</b>	(20.2%)	<b>(10.6)</b>	(10.2%)
<i>Gross margin %</i>	<i>24.3%</i>	<i>24.1%</i>	<i>21.9%</i>	<i>19.4%</i>	<i>22.5%</i>	<i>22.3%</i>	<i>23.7%</i>	<i>22.5%</i>	<i>21.7%</i>	<i>22.6%</i>				
Distribution costs	(1.9)	(2.0)	(2.0)	(1.9)	(7.8)	(1.8)	(2.2)	(2.1)	(1.8)	(7.9)				
Administrative expenses	(12.8)	(13.5)	(12.5)	(12.0)	(50.8)	(13.8)	(14.8)	(12.6)	(11.4)	(52.6)				
Share of results of joint ventures and associates	0.1	(0.2)	0.1	0.5	0.5	-	(0.4)	(0.2)	(0.6)	(1.2)				
<b>TRADING PROFIT</b>	<b>11.8</b>	<b>11.0</b>	<b>7.3</b>	<b>5.2</b>	<b>35.3</b>	<b>10.5</b>	<b>11.7</b>	<b>10.6</b>	<b>9.5</b>	<b>42.3</b>	<b>(4.3)</b>	(45.3%)	<b>(7.0)</b>	(16.5%)
<i>Group ROS %</i>	<i>10.8%</i>	<i>9.9%</i>	<i>7.4%</i>	<i>5.4%</i>	<i>8.5%</i>	<i>9.0%</i>	<i>9.5%</i>	<i>9.4%</i>	<i>8.8%</i>	<i>9.2%</i>				
Profit on sale of redundant site	2.1	-	-	-	2.1	-	-	-	-	-				
Changes to the defined benefit pension plans	-	-	-	0.6	0.6	-	-	-	18.0	18.0				
Restructuring and other expense	(0.1)	(0.1)	(1.5)	(0.5)	(2.2)	(8.0)	(2.9)	(0.3)	(11.2)	(22.4)				
<b>OPERATING PROFIT</b>	<b>13.8</b>	<b>10.9</b>	<b>5.8</b>	<b>5.3</b>	<b>35.8</b>	<b>2.5</b>	<b>8.8</b>	<b>10.3</b>	<b>16.3</b>	<b>37.9</b>	<b>(11.0)</b>	(67.5%)	<b>(2.1)</b>	(5.5%)
Other income / (expense):														
Acquisitions and disposals	-	-	-	0.2	0.2	-	-	(0.1)	(1.9)	(2.0)				
Finance costs:														
Net interest costs	(1.6)	(1.5)	(1.2)	(1.3)	(5.6)	(1.7)	(1.9)	(1.5)	(1.8)	(6.9)				
IAS 19R retirement benefits finance charge	(0.5)	(0.5)	(0.4)	(0.7)	(2.1)	(0.7)	(0.8)	(0.8)	(0.7)	(3.0)				
Unwind of discount on deferred contingent consideration from acquisitions	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)				
<b>PROFIT ON OPERATIONS BEFORE TAXATION</b>	<b>11.6</b>	<b>8.8</b>	<b>4.1</b>	<b>3.4</b>	<b>27.9</b>	<b>0.0</b>	<b>6.0</b>	<b>7.8</b>	<b>11.8</b>	<b>25.6</b>	<b>(8.4)</b>	(71.2%)	<b>2.3</b>	9.0%
Income tax expense	(2.9)	(2.1)	(0.8)	(0.2)	(6.0)	(0.5)	(2.9)	(1.7)	(4.4)	(9.5)				
<b>NET INCOME / (LOSS) FOR THE PERIOD</b>	<b>8.7</b>	<b>6.7</b>	<b>3.3</b>	<b>3.2</b>	<b>21.9</b>	<b>(0.5)</b>	<b>3.1</b>	<b>6.1</b>	<b>7.4</b>	<b>16.1</b>	<b>(4.2)</b>	(56.8%)	<b>5.8</b>	36.0%
<i>Earnings per share - Basic</i>	<i>\$0.33</i>	<i>\$0.25</i>	<i>\$0.12</i>	<i>\$0.12</i>	<i>\$0.83</i>	<i>\$(0.02)</i>	<i>\$0.11</i>	<i>\$0.23</i>	<i>\$0.60</i>	<i>\$0.93</i>				
<b>ADJUSTED NET INCOME</b>	<b>8.1</b>	<b>7.9</b>	<b>5.0</b>	<b>3.7</b>	<b>24.7</b>	<b>6.9</b>	<b>7.6</b>	<b>7.6</b>	<b>7.4</b>	<b>29.5</b>	<b>(3.7)</b>	(50.0%)	<b>(4.8)</b>	(16.3%)
<i>Adjusted earnings per share - Basic</i>	<i>\$0.30</i>	<i>\$0.30</i>	<i>\$0.19</i>	<i>\$0.14</i>	<i>\$0.93</i>	<i>\$0.26</i>	<i>\$0.28</i>	<i>\$0.28</i>	<i>\$0.28</i>	<i>\$1.10</i>				
<i>Adjusted earnings per share - Diluted</i>	<i>\$0.30</i>	<i>\$0.29</i>	<i>\$0.19</i>	<i>\$0.14</i>	<i>\$0.92</i>	<i>\$0.25</i>	<i>\$0.28</i>	<i>\$0.28</i>	<i>\$0.27</i>	<i>\$1.08</i>				
<b>Adjusted EBITDA</b>	<b>16.8</b>	<b>16.3</b>	<b>12.0</b>	<b>10.2</b>	<b>55.3</b>	<b>15.4</b>	<b>16.7</b>	<b>15.5</b>	<b>14.6</b>	<b>62.2</b>	<b>(4.4)</b>	(30.1%)	<b>(6.9)</b>	(11.1%)

**NOTE:** The calculation of earnings per share is performed separately for each discrete quarterly period, and for the year-to-date period. As a result, the sum of the discrete quarterly earnings per share amounts in any particular year-to-date period may not be equal to the earnings per share amount for the year-to-date period.



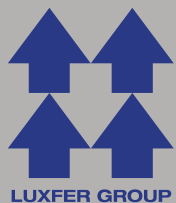
# Balance sheet analysis

	31 December 2015 \$M	Trading \$M	Shareholder Returns \$M	Pension Movements \$M	FX Translation \$M	31 December 2016 \$M
Property, plant and equipment	136.0	(1.5)	-	-	(6.6)	127.9
Intangible assets	87.0	0.9	-	-	(7.3)	80.6
Investments	7.2	3.2	-	-	(0.4)	10.0
Deferred income tax assets	13.8	0.9	-	4.3	(2.4)	16.6
Trade and other receivables	-	0.3	-	-	-	0.3
<b>Long term assets</b>	<b>244.0</b>	<b>3.5</b>	<b>-</b>	<b>4.3</b>	<b>(16.7)</b>	<b>235.4</b>
<i>Inventories</i>	<i>91.8</i>	<i>(4.4)</i>	<i>-</i>	<i>-</i>	<i>(4.9)</i>	<i>82.5</i>
<i>Trade and other receivables</i>	<i>62.3</i>	<i>(0.9)</i>	<i>-</i>	<i>-</i>	<i>(3.8)</i>	<i>57.6</i>
<i>Trade and other payables</i>	<i>(65.5)</i>	<i>11.8</i>	<i>-</i>	<i>-</i>	<i>2.6</i>	<i>(51.1)</i>
<b>Trading working capital</b>	<b>88.6</b>	<b>6.5</b>	<b>-</b>	<b>-</b>	<b>(6.1)</b>	<b>89.0</b>
Net tax liabilities (excluding deferred tax assets)	(1.1)	(1.5)	-	-	-	(2.6)
Non-current trade and other payables	-	(0.6)	-	-	-	(0.6)
Provisions	(5.3)	2.8	-	-	(0.1)	(2.6)
Dividends payable	-	-	-	-	-	-
<b>Capital employed</b>	<b>326.2</b>	<b>10.7</b>	<b>-</b>	<b>4.3</b>	<b>(22.9)</b>	<b>318.6</b>
Retirement benefits	(58.9)	-	-	(17.2)	9.6	(66.5)
Deferred contingent consideration	(2.9)	0.1	-	-	-	(2.8)
<b>Invested capital</b>	<b>264.4</b>	<b>10.8</b>	<b>-</b>	<b>(12.9)</b>	<b>(13.3)</b>	<b>249.3</b>
Banking revolver	(42.5)	8.6	-	-	2.1	(31.8)
Cash and cash equivalents	36.9	8.6	(19.1)	(10.9)	(1.9)	13.6
Loan notes	(89.1)	(0.1)	-	-	-	(89.2)
<b>Net assets</b>	<b>169.7</b>	<b>27.9</b>	<b>(19.1)</b>	<b>(23.8)</b>	<b>(13.1)</b>	<b>141.9</b>
<b>Total debt</b>	<b>(131.6)</b>	<b>8.5</b>	<b>-</b>	<b>-</b>	<b>2.1</b>	<b>(121.0)</b>
<b>Net debt</b>	<b>(94.7)</b>	<b>17.1</b>	<b>(19.1)</b>	<b>(10.9)</b>	<b>0.2</b>	<b>(107.4)</b>
<b>Capital &amp; reserves:</b>						
Ordinary share capital	25.3	-	-	-	-	25.3
Deferred share capital	150.9	-	-	-	-	150.9
Share premium account	56.4	-	-	-	-	56.4
Treasury shares	(1.3)	0.5	(6.3)	-	-	(7.1)
Retained earnings	316.6	28.6	(13.3)	(23.8)	-	308.1
Other reserves	(44.4)	(0.4)	-	-	(13.1)	(57.9)
Merger reserve	(333.8)	-	-	-	-	(333.8)
<b>Total equity</b>	<b>169.7</b>	<b>28.7</b>	<b>(19.6)</b>	<b>(23.8)</b>	<b>(13.1)</b>	<b>141.9</b>



# Cash flow

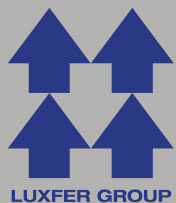
	2016 Q1 \$M	2016 Q2 \$M	2016 Q3 \$M	2016 Q4 \$M	2016 YTD \$M	2015 Q1 \$M	2015 Q2 \$M	2015 Q3 \$M	2015 Q4 \$M	2015 YTD \$M
Operating profit	13.8	10.9	5.8	5.3	35.8	2.5	8.8	10.3	16.3	37.9
Depreciation and amortization	4.6	4.7	4.6	4.5	18.4	4.6	4.7	4.7	4.6	18.6
Loss on disposal of property, plant and equipment	-	-	0.1	0.1	0.2	-	-	-	-	-
Profit on sale of redundant site	(2.1)	-	-	-	(2.1)	-	-	-	-	-
Share-based compensation charges net of cash settlement	0.4	0.2	0.5	-	1.1	0.3	0.3	0.2	0.5	1.3
Non-cash restructuring charges	-	-	-	-	-	7.5	1.2	-	9.0	17.7
Curtailment and past service credits on retirement benefits obligations	-	-	-	(0.6)	(0.6)	-	-	-	(18.2)	(18.2)
Share of results of joint ventures and associates	(0.1)	0.2	(0.1)	(0.5)	(0.5)	-	0.4	0.2	0.6	1.2
Sale / (purchase) of assets classified as held for sale	-	-	-	-	-	-	-	1.2	-	1.2
(Increase) / decrease in working capital	(10.2)	(1.9)	0.1	4.4	(7.6)	(4.6)	4.2	1.4	6.1	7.1
Movement in retirement benefits obligations	(1.4)	(1.3)	(1.6)	(2.0)	(6.3)	(2.1)	(2.3)	(2.8)	(1.4)	(8.6)
Movement in provisions	(0.6)	-	(0.4)	(1.6)	(2.6)	(0.2)	1.4	(0.5)	(0.4)	0.3
Acquisition and disposal costs paid	(1.2)	-	-	-	(1.2)	-	-	(0.1)	(0.5)	(0.6)
Income taxes paid	(0.2)	(3.2)	(1.8)	(0.2)	(5.4)	(0.1)	(2.3)	(1.3)	(1.4)	(5.1)
<b>NET CASH FLOWS FROM CONTINUING OPERATING ACTIVITIES</b>	<b>3.0</b>	<b>9.6</b>	<b>7.2</b>	<b>9.4</b>	<b>29.2</b>	<b>7.9</b>	<b>16.4</b>	<b>13.3</b>	<b>15.2</b>	<b>52.8</b>
Purchases of property, plant and equipment	(3.2)	(3.7)	(5.0)	(4.6)	(16.5)	(2.5)	(2.6)	(3.6)	(6.6)	(15.3)
Purchases of intangible assets	(0.2)	(0.4)	(0.4)	(1.4)	(2.4)	-	(0.7)	(0.5)	(0.9)	(2.1)
Proceeds from sales of PPE	-	-	-	0.4	0.4	-	-	-	-	-
Proceeds from sale of redundant site	3.0	-	-	-	3.0	-	-	-	-	-
Cash received as compensation for insured loss	-	0.2	-	-	0.2	-	-	-	-	-
Investment in joint ventures and associates	1.0	(0.5)	(0.3)	-	0.2	(0.5)	-	(3.7)	-	(4.2)
Interest income received from joint ventures	0.1	0.1	0.1	-	0.3	0.2	-	0.1	0.1	0.4
Net cash flow on purchase of businesses	-	(0.3)	-	-	(0.3)	-	-	-	-	-
<b>NET CASH FLOWS BEFORE FINANCING</b>	<b>3.7</b>	<b>5.0</b>	<b>1.6</b>	<b>3.8</b>	<b>14.1</b>	<b>5.1</b>	<b>13.1</b>	<b>5.6</b>	<b>7.8</b>	<b>31.6</b>
Interest paid on banking facilities	(1.5)	(1.9)	(1.4)	(1.6)	(6.4)	(1.7)	(1.6)	(1.6)	(1.7)	(6.6)
Other interest received	-	-	-	0.2	0.2	-	-	0.1	0.1	0.2
Draw down on banking facilities	19.5	34.6	(47.6)	(15.0)	(8.5)	-	34.6	(19.1)	(5.9)	9.6
Amendment to banking facilities - financing costs	-	-	(0.2)	-	(0.2)	-	-	-	-	-
Dividends paid	(3.4)	(3.3)	(3.3)	(3.3)	(13.3)	(2.7)	(2.7)	(2.7)	(2.7)	(10.8)
ESOP Cash Movements	-	(0.1)	-	(0.9)	(1.0)	-	-	0.1	-	0.1
Proceeds from issue of shares	-	-	-	-	-	-	0.2	-	-	0.2
Purchase of treasury shares	(6.0)	-	0.1	(0.4)	(6.3)	-	(1.7)	(0.2)	-	(1.9)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>12.3</b>	<b>34.3</b>	<b>(50.8)</b>	<b>(17.2)</b>	<b>(21.4)</b>	<b>0.7</b>	<b>41.9</b>	<b>(17.8)</b>	<b>(2.4)</b>	<b>22.4</b>



# Reconciliation of non-GAAP measures

## Adjusted net income and EBITDA:

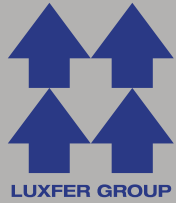
	2016 Q1 \$M	2016 Q2 \$M	2016 Q3 \$M	2016 Q4 \$M	2016 FY \$M	2015 Q1 \$M	2015 Q2 \$M	2015 Q3 \$M	2015 Q4 \$M	2015 FY \$M
<b>Net income / (loss) for the period - as reported</b>	<b>8.7</b>	<b>6.7</b>	<b>3.3</b>	<b>3.2</b>	<b>21.9</b>	<b>(0.5)</b>	<b>3.1</b>	<b>6.1</b>	<b>7.4</b>	<b>16.1</b>
Accounting charges relating to acquisitions and disposals of businesses:										
Unwind of discount on deferred contingent consideration from acquisitions	0.1	0.1	0.1	0.1	0.4	0.1	0.1	0.1	0.1	0.4
Acquisitions and disposals	-	-	-	(0.2)	(0.2)	-	-	0.1	1.9	2.0
Amortization on acquired intangibles	0.3	0.4	0.3	-	1.0	0.4	0.3	0.4	0.3	1.4
IAS 19R retirement benefits finance charge	0.5	0.5	0.4	0.7	2.1	0.7	0.8	0.8	0.7	3.0
Changes to U.K. defined benefit pension plan	-	-	-	(0.6)	(0.6)	-	-	-	(18.0)	(18.0)
Profit on sale of redundant site	(2.1)	-	-	-	(2.1)	-	-	-	-	-
Restructuring and other expense	0.1	0.1	1.5	0.5	2.2	8.0	2.9	0.3	11.2	22.4
Other share-based compensation charges	0.4	0.6	0.1	0.3	1.4	0.3	0.3	0.2	0.5	1.3
Income tax thereon	0.1	(0.5)	(0.7)	(0.3)	(1.4)	(2.1)	0.1	(0.4)	3.3	0.9
<b>Adjusted net income</b>	<b>8.1</b>	<b>7.9</b>	<b>5.0</b>	<b>3.7</b>	<b>24.7</b>	<b>6.9</b>	<b>7.6</b>	<b>7.6</b>	<b>7.4</b>	<b>29.5</b>
(Deduct) / add back :										
Income tax thereon	(0.1)	0.5	0.7	0.3	1.4	2.1	(0.1)	0.4	(3.3)	(0.9)
Income tax expense	2.9	2.1	0.8	0.2	6.0	0.5	2.9	1.7	4.4	9.5
Net interest costs	1.6	1.5	1.2	1.3	5.6	1.7	1.9	1.5	1.8	6.9
Depreciation and amortization	4.6	4.7	4.6	4.5	18.4	4.6	4.7	4.7	4.6	18.6
Loss on disposal of property, plant and equipment	-	-	-	0.2	0.2	-	-	-	-	-
Less: Amortization on acquired intangibles	(0.3)	(0.4)	(0.3)	-	(1.0)	(0.4)	(0.3)	(0.4)	(0.3)	(1.4)
<b>Adjusted EBITDA</b>	<b>16.8</b>	<b>16.3</b>	<b>12.0</b>	<b>10.2</b>	<b>55.3</b>	<b>15.4</b>	<b>16.7</b>	<b>15.5</b>	<b>14.6</b>	<b>62.2</b>



# Reconciliation of non-GAAP measures

## Segmental adjusted EBITDA and trading profit:

	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 FY	2015 Q1	2015 Q2	2015 Q3	2015 Q4	2015 FY
<b>Gas Cylinders</b>										
<b>Adjusted EBITDA \$M</b>	<b>5.0</b>	<b>5.4</b>	<b>4.9</b>	<b>4.4</b>	<b>19.7</b>	<b>3.2</b>	<b>3.7</b>	<b>5.0</b>	<b>4.6</b>	<b>16.5</b>
Other share-based compensation charges	(0.2)	(0.3)	(0.1)	-	(0.6)	(0.1)	(0.2)	(0.1)	(0.3)	(0.7)
Depreciation and amortization	(1.8)	(1.8)	(1.8)	(2.2)	(7.6)	(1.8)	(1.8)	(1.8)	(1.8)	(7.2)
Loss on disposal of property, plant & equipment	-	-	-	(0.1)	(0.1)	-	-	-	-	-
<b>Trading profit \$M</b>	<b>3.0</b>	<b>3.3</b>	<b>3.0</b>	<b>2.1</b>	<b>11.4</b>	<b>1.3</b>	<b>1.7</b>	<b>3.1</b>	<b>2.5</b>	<b>8.6</b>
<b>Elektron</b>										
<b>Adjusted EBITDA \$M</b>	<b>11.8</b>	<b>10.9</b>	<b>7.1</b>	<b>5.8</b>	<b>35.6</b>	<b>12.2</b>	<b>13.0</b>	<b>10.5</b>	<b>10.0</b>	<b>45.7</b>
Other share-based compensation charges	(0.2)	(0.3)	-	(0.3)	(0.8)	(0.2)	(0.1)	(0.1)	(0.2)	(0.6)
Depreciation and amortization	(2.8)	(2.9)	(2.8)	(2.3)	(10.8)	(2.8)	(2.9)	(2.9)	(2.8)	(11.4)
Loss on disposal of property, plant & equipment	-	-	-	(0.1)	(0.1)	-	-	-	-	-
<b>Trading profit \$M</b>	<b>8.8</b>	<b>7.7</b>	<b>4.3</b>	<b>3.1</b>	<b>23.9</b>	<b>9.2</b>	<b>10.0</b>	<b>7.5</b>	<b>7.0</b>	<b>33.7</b>
<b>Group</b>										
<b>Adjusted EBITDA \$M</b>	<b>16.8</b>	<b>16.3</b>	<b>12.0</b>	<b>10.2</b>	<b>55.3</b>	<b>15.4</b>	<b>16.7</b>	<b>15.5</b>	<b>14.6</b>	<b>62.2</b>
Other share-based compensation charges	(0.4)	(0.6)	(0.1)	(0.3)	(1.4)	(0.3)	(0.3)	(0.2)	(0.5)	(1.3)
Depreciation and amortization	(4.6)	(4.7)	(4.6)	(4.5)	(18.4)	(4.6)	(4.7)	(4.7)	(4.6)	(18.6)
Loss on disposal of property, plant & equipment	-	-	-	(0.2)	(0.2)	-	-	-	-	-
<b>Trading profit \$M</b>	<b>11.8</b>	<b>11.0</b>	<b>7.3</b>	<b>5.2</b>	<b>35.3</b>	<b>10.5</b>	<b>11.7</b>	<b>10.6</b>	<b>9.5</b>	<b>42.3</b>



# Reconciliation of non-GAAP measures

		2014	2015	2016	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016
		\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Trading profit - per income statement		44.8	42.3	35.3	10.5	11.7	10.6	9.5	11.8	11.0	7.3	5.2
Effective tax rate - per income statement		19.6%	37.1%	21.5%	0.0%	48.3%	21.8%	37.3%	25.0%	23.9%	19.5%	5.9%
Notional tax		(8.8)	(15.7)	(7.3)	0.0	(5.7)	(2.3)	(3.5)	(3.0)	(2.6)	(1.4)	(0.3)
Trading profit after notional tax		36.0	26.6	28.0	10.5	6.0	8.3	6.0	8.8	8.4	5.9	4.9
<b>Annualized trading profit after notional tax</b>	<b>(A)</b>	<b>36.0</b>	<b>26.6</b>	<b>28.0</b>	<b>42.0</b>	<b>24.0</b>	<b>33.2</b>	<b>24.0</b>	<b>35.2</b>	<b>33.6</b>	<b>23.6</b>	<b>19.6</b>
Bank and other loans		121.4	131.6	121.0	121.5	156.7	137.2	131.6	150.8	185.5	137.5	121.0
Cash and cash equivalents		(14.6)	(36.9)	(13.6)	(15.7)	(58.3)	(39.6)	(36.9)	(48.9)	(83.6)	(32.3)	(13.6)
Net debt		106.8	94.7	107.4	105.8	98.4	97.6	94.7	101.9	101.9	105.2	107.4
Total equity		175.4	169.7	141.9	159.4	174.6	161.9	169.7	160.0	146.9	129.4	141.9
<b>Invested capital</b>		<b>282.2</b>	<b>264.4</b>	<b>249.3</b>	<b>265.2</b>	<b>273.0</b>	<b>259.5</b>	<b>264.4</b>	<b>261.9</b>	<b>248.8</b>	<b>234.6</b>	<b>249.3</b>
<b>Average invested capital</b>	<b>(B)</b>	<b>254.7</b>	<b>273.3</b>	<b>242.6</b>	<b>273.7</b>	<b>269.1</b>	<b>266.3</b>	<b>262.0</b>	<b>263.2</b>	<b>255.4</b>	<b>241.7</b>	<b>242.0</b>
<b>Return on invested capital</b>	<b>(A) / (B)</b>	<b>14%</b>	<b>10%</b>	<b>12%</b>	<b>15%</b>	<b>9%</b>	<b>12%</b>	<b>9%</b>	<b>13%</b>	<b>13%</b>	<b>10%</b>	<b>8%</b>
Adjusted net income for the period	1	30.9	29.5	24.7	6.9	7.6	7.6	7.4	8.1	7.9	5.0	3.7
Income tax charge for the period	2	7.1	9.5	6.0	0.5	2.9	1.7	4.4	2.9	2.1	0.8	0.2
Income tax on adjustments to net income	3	2.9	(0.9)	1.4	2.1	(0.1)	0.4	(3.3)	(0.1)	0.5	0.7	0.3
Adjusted income tax charge	<b>(C) (2 + 3)</b>	10.0	8.6	7.4	2.6	2.8	2.1	1.1	2.8	2.6	1.5	0.5
Adjusted profit before taxation	<b>(D) (1 + 2 + 3)</b>	40.9	38.1	32.1	9.5	10.4	9.7	8.5	10.9	10.5	6.5	4.2
<b>Adjusted effective tax rate</b>	<b>(C) / (D) = (E)</b>	<b>24.4%</b>	<b>22.6%</b>	<b>23.1%</b>	<b>27.4%</b>	<b>26.9%</b>	<b>21.6%</b>	<b>12.9%</b>	<b>25.7%</b>	<b>24.8%</b>	<b>23.1%</b>	<b>11.9%</b>
Trading profit - per income statement (as above)	<b>(F)</b>	44.8	42.3	35.3	10.5	11.7	10.6	9.5	11.8	11.0	7.3	5.2
Adjusted notional tax	<b>(E) x (F)</b>	(11.0)	(9.5)	(8.1)	(2.9)	(3.2)	(2.3)	(1.2)	(3.0)	(2.7)	(1.7)	(0.6)
Adjusted trading profit after notional tax		33.8	32.8	27.2	7.6	8.5	8.3	8.3	8.8	8.3	5.6	4.6
<b>Annualized adjusted trading profit after notional tax</b>	<b>(G)</b>	<b>33.8</b>	<b>32.8</b>	<b>27.2</b>	<b>30.5</b>	<b>33.8</b>	<b>33.2</b>	<b>33.1</b>	<b>35.1</b>	<b>33.1</b>	<b>22.5</b>	<b>18.3</b>
<b>Adjusted return on invested capital</b>	<b>(G) / (B)</b>	<b>13%</b>	<b>12%</b>	<b>11%</b>	<b>11%</b>	<b>13%</b>	<b>12%</b>	<b>13%</b>	<b>13%</b>	<b>13%</b>	<b>9%</b>	<b>8%</b>



