

LUXFER

SECOND QUARTER 2023 EARNINGS PRESENTATION

July 26, 2023



FORWARD-LOOKING STATEMENTS

This release contains certain forward-looking statements that involve risks and uncertainties that could cause actual results to differ materially from those projected in the forward-looking statements. Examples of such forward-looking statements include but are not limited to: (i) statements regarding the Company’s results of operations and financial condition; (ii) statements of plans, objectives or goals of the Company 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 Company cautions that several 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) lower than expected future sales; (ii) increasing competitive industry pressures; (iii) general economic conditions or conditions affecting demand for the products and services it offers, both domestically and internationally, including as a result of post-Brexit regulation, being less favorable than expected; (iv) worldwide economic and business conditions and conditions in the industries in which the Company operates; (v) fluctuations in the cost of raw materials, utilities, and other inputs; (vi) currency fluctuations and hedging risks; (vii) the Company’s ability to protect its intellectual property; (viii) the significant amount of indebtedness the Company has incurred and may incur and the obligations to service such indebtedness and to comply with the covenants contained therein; and (ix) risks related to the impact of the global COVID-19 pandemic, such as the scope and duration of the outbreak, government actions, and restrictive measures implemented in response thereto, supply chain disruptions and other impacts to the business, and the Company’s ability to execute business continuity plans, as a result of the COVID-19 pandemic. The Company cautions that the foregoing list of important factors is not exhaustive. These factors are more fully discussed in the sections entitled “Forward-Looking Statements” and “Risk Factors” in its Annual Report on Form 10-K for the year ended December 31, 2022, which was filed with the U.S. Securities and Exchange Commission on March 1, 2023. When relying on forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and events. Forward-looking statements speak only as of the date on which they are made, and the Company does not undertake any obligation to update or revise any such statement, whether because of new information, future events, or otherwise.

QUARTERLY FINANCIAL HIGHLIGHTS

(\$M except per share)

	Q2 2023	Q2 2022	Change
Sales	\$110.4	\$109.5	+0.8%
Adj. EBITDA	\$14.4	\$16.9	-14.8%
Adj. EBITDA Margin	13.0%	15.4%	-240bp
Adj. Diluted EPS	\$0.27	\$0.36	-25.0%

- Sales increased to \$110.4 million, led by Gas Cylinders
- Successfully passed through input cost inflation
- Drove sequential improvement in cash flow and reduced net debt
- Delivered quarter-over-quarter gains in earnings as targeted
- Execution a notable positive, especially in Gas Cylinders and Magtech Solutions



Delivered Sequential Improvement in EPS and Cash Flow

BUSINESS CONDITIONS UPDATE

Macro



- **Customer destocking** amid macro uncertainty and unwinding of safety stock as global supply chain constraints subside
- **Tight labor conditions** impacting pull through of customer demand amid some signs of increased price sensitivity
- **Industrial orders lower** and immediate outlook pressured

Supply Chain



- **Extension of U.S. Magnesium force majeure** and intensifying competitive dynamics affecting Graphic Arts in Europe
- Hydrogen sales growth for Luxfer although overall market development impacted by **infrastructure delays**

FX and Interest Rates



- **Adverse impact of recent GBP strength versus USD** given our UK manufacturing footprint
- **Continued rise in interest rates** an incremental non-operational drag on bottom line performance

Challenging External Conditions Temper Near-Term Outlook

SALES PERFORMANCE BY END MARKET

Year-over-Year Change

	FY 2020	FY 2021	FY 2022	Q2 2023	YTD 2023	Q2 2023 Commentary
43% Defense, First Response & Healthcare	-6.4%	+5.9%	+5.6%	+41.5%	+37.0%	<ul style="list-style-type: none"> ▪ Sustained strength in Defense: chemical kits, MREs, and military flares ▪ Medical O₂ and pharmaceutical again contributed
29% Transportation (Alternative Fuel, Aerospace, Automotive)	-14.7%	+27.0%	+13.6%	-10.8%	-10.6%	<ul style="list-style-type: none"> ▪ Lower inflatable aerospace sales ▪ Automotive softening ▪ Alternative Fuels positive with CNG strength and Hydrogen advancement
28% General Industrial	-18.0%	+15.5%	+20.4%	-23.0%	-16.1%	<ul style="list-style-type: none"> ▪ Challenging European conditions for photo-engraving plate and industrial gas ▪ Commercial magnesium powders and zirconium weaker ▪ Oil & Gas lower but recovering
TOTAL	-13.0%	+15.2%	+13.2%	+0.8%	+2.5%	

Strong Defense, First Response & Healthcare Offset by Transportation and Industrial

Q2 2023 FINANCIAL BRIDGE: CONSOLIDATED

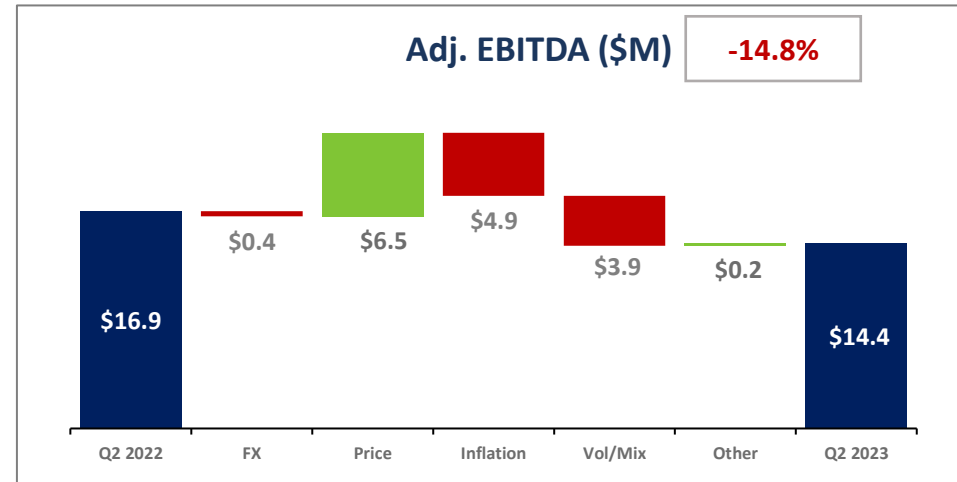
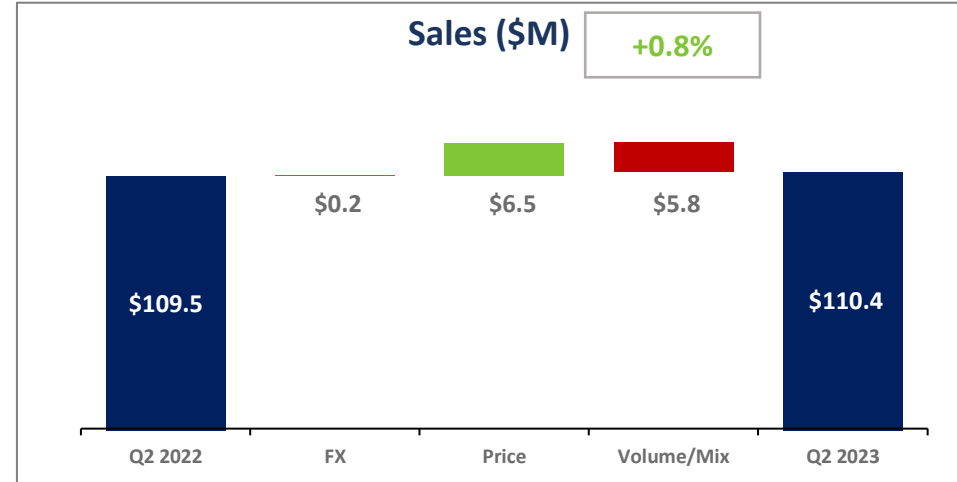
Sales increased by 0.8% from prior year

- Price increases of \$6.5M addressed input cost inflation
- Industrial markets drove volume contraction
- FX impact slight positive year-on-year

EBITDA decreased by 14.8% from prior year

- Adverse mix exacerbated the impact of Industrial volume reduction
- Cost pass-through initiatives successful, reflecting recovery of prior period inflation in Gas Cylinders
- Ongoing efficiency initiatives but higher legal cost reflected in Other category

Luxfer Consolidated



Benefits from Cost Pass Through and Efficiency Initiatives

Q2 2023: SEGMENT RESULTS

	Q2 2023	Q2 2022	Change	Q2 2023 Commentary
Elektron:				
Sales	\$61.9	\$63.4	-2.4%	<ul style="list-style-type: none"> Strong military and pharmaceutical sales tempered by lower industrial products Adverse mix with lower sales in photo-engraving plate and Oil & Gas Year-over-year comparisons remain difficult due to price leading inflation in 2022
Adj. EBITDA	\$9.5	\$13.2	-28.0%	
Gas Cylinders:				
Sales	\$48.5	\$46.1	+5.2%	<ul style="list-style-type: none"> Sales and Adj. EBITDA increased both year-over-year and quarter-over-quarter Growth in Alternative Fuel and Medical although lower industrial and aerospace sales Improved results reflect cost pass-through and fixed cost initiatives
Adj. EBITDA	\$4.9	\$3.7	+32.4%	

Elektron Lower but Material Gains in Gas Cylinders Performance

UPDATING 2023 EPS GUIDANCE

2023 Guidance

Sales Growth (incl. volume, price and FX)	-1% to -4%
Adjusted Diluted EPS	\$0.88 - \$1.00

Assumptions

Free Cash Flow Conversion excl Exceptionals	100%
Operating Working Capital % of Sales	~25%
Capex	\$10M - \$12M
Tax Rate	~22%
Restructuring Cash Outlay	~\$5M

Leverage and Liquidity (July 2, 2023)

Net Debt to LTM EBITDA	1.5x
Liquidity	\$64.8M

Expectations

- Toughening sequential developments in Industrial end markets
- Maintaining challenging FCF conversion target with strong focus on inventory
- Moderating capex plans given lower revenues while still prioritizing long-term growth projects
- Tax rate reflects UK statutory rate rise
- Expect strong returns from restructuring initiatives underway
- Medium-term outlook pressured

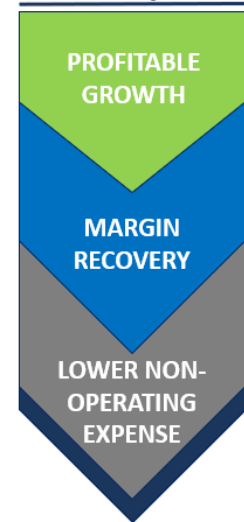
Taking Action to Address Challenging Industrial Conditions

LUXFER BUSINESS SYSTEM: LEAN OPERATIONS

Q2 Update: Lean Operations

- Key initiatives being executed to reduce fixed costs:
 - Simplifying Alternative Fuel footprint to minimize costs while increasing output
 - Consolidation of Elektron Powders plants reaching a conclusion
- Immediate activities to reduce variable costs:
 - Program of headcount reduction to reflect current demand environment
- Drive to reduce inventories and improve cash flow

Our Pathway to
\$2.00 Adj. EPS



Luxfer Business System

- A critical tool to **realize growth potential** embedded in our business
- Drives **commonality** and **best practice** in six critical segments
- Emphasis on near-term execution to **unlock sustainable growth**



Lean Operations in Support of 2025 \$2.00 Adj. EPS Goal

WELL POSITIONED FOR VALUE CREATION

We will help to create a safe, clean and energy-efficient world



Global Industrial Company

- ✓ Market leading products
- ✓ High-technology materials focus
- ✓ Value-add niche applications



Attractive End Markets

- ✓ Aligned with secular growth
- ✓ Clean Energy
- ✓ Light Weighting
- ✓ Safety, Health & Technology



Leading Return on Capital

- ✓ Strong balance sheet
- ✓ Consistent cash conversion
- ✓ Balanced capital allocation
- ✓ Healthy margins



Sustainable Growth

- ✓ Broad pipeline of new products
- ✓ Compelling commercial opportunities
- ✓ Committed to unlocking shareholder value

There is a Bright Future Ahead of Us



LUXFER

APPENDICES

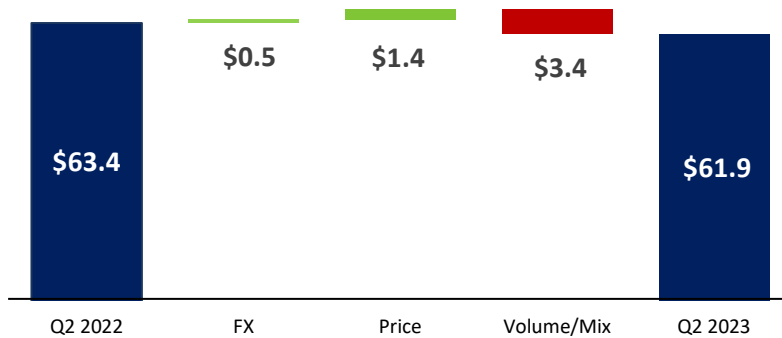
Segment Financial Detail and Reconciliation of Non-GAAP Measures

Q2 2023: ELEKTRON SEGMENT RESULTS



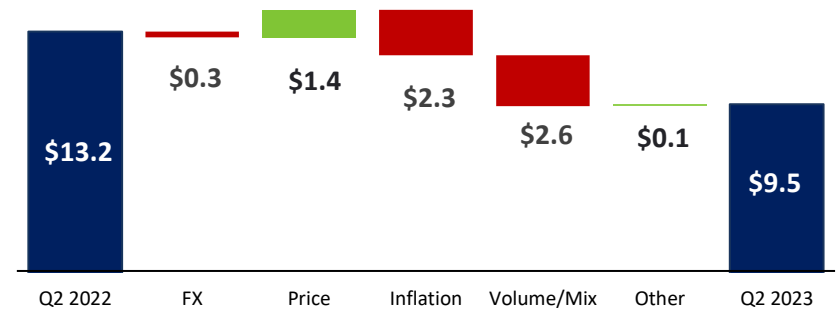
Sales (\$M)

-2.4%



Adj. EBITDA (\$M)

-28.0%

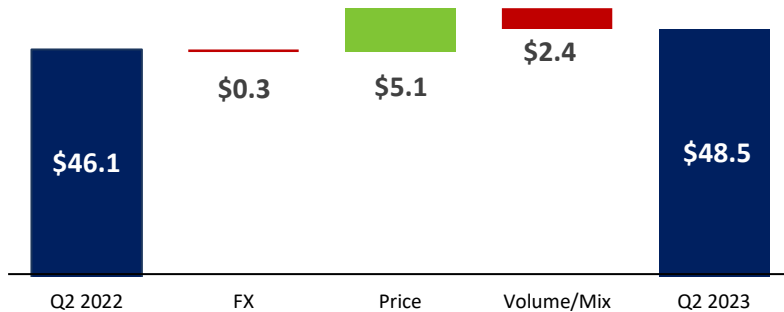


Q2 2023: GAS CYLINDERS SEGMENT RESULTS



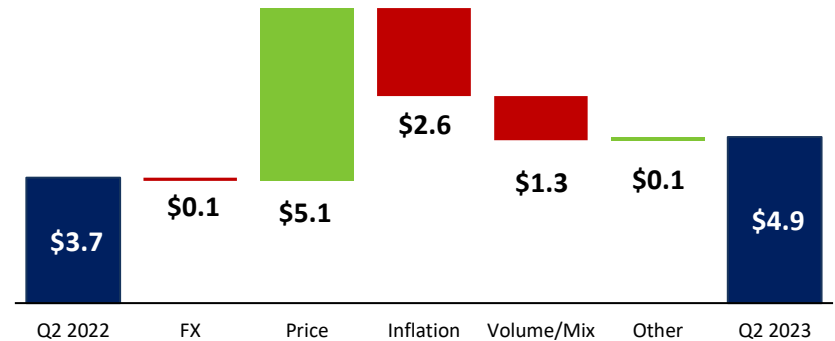
Sales (\$M)

+5.2%



Adj. EBITDA (\$M)

+32.4%

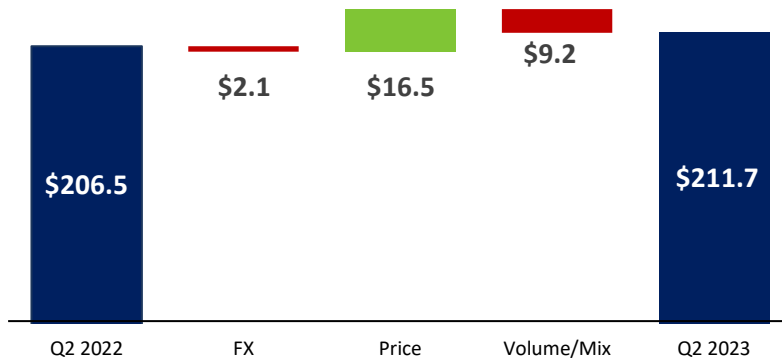


YTD Q2 2023: CONSOLIDATED RESULTS



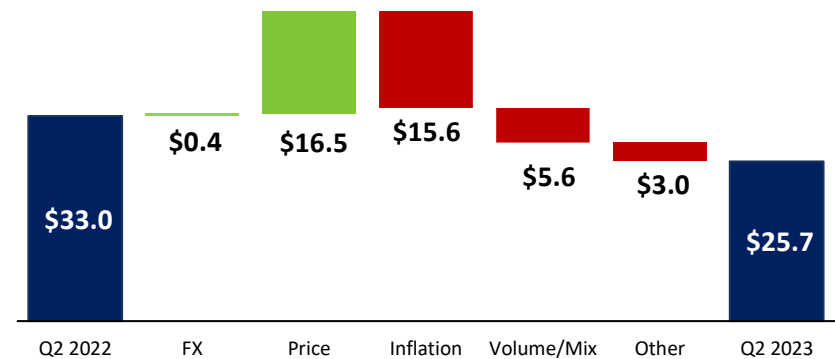
Sales (\$M)

+2.5%

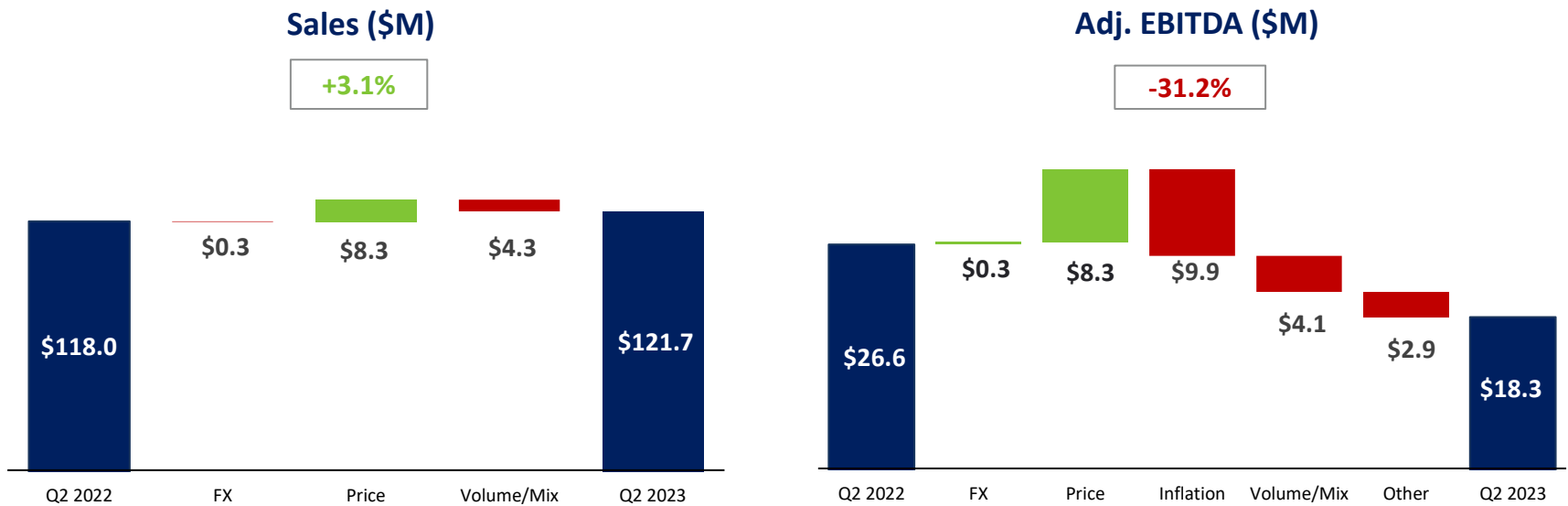


Adj. EBITDA (\$M)

-22.1%



YTD Q2 2023: ELEKTRON SEGMENT

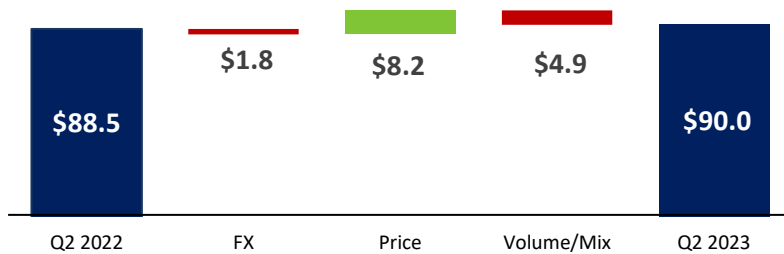


YTD Q2 2023: GAS CYLINDERS SEGMENT



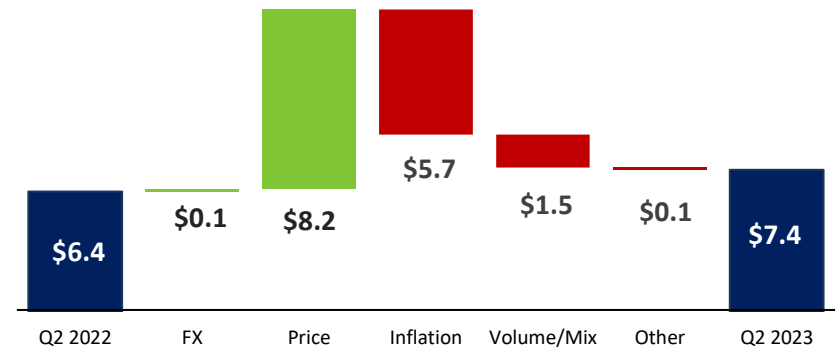
Sales (\$M)

+1.7%



Adj. EBITDA (\$M)

+15.6%



CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)



<i>In millions, except share and per-share data</i>	Second Quarter		Year-to-date	
	2023	2022	2023	2022
Net sales	\$ 110.4	\$ 109.5	\$ 211.7	\$ 206.5
Cost of goods sold	(86.2)	(83.8)	(166.4)	(156.6)
Gross profit	24.2	25.7	45.3	49.9
Selling, general and administrative expenses	(12.8)	(11.5)	(25.3)	(22.2)
Research and development	(1.0)	(1.2)	(2.2)	(2.5)
Restructuring charges	(2.5)	(0.3)	(2.8)	(1.7)
Acquisition and disposal related costs	—	(0.1)	—	(0.3)
Operating income	7.9	12.6	15.0	23.2
Net interest expense	(1.8)	(0.9)	(3.1)	(1.7)
Defined benefit pension credit / (charge)	0.6	0.3	(8.3)	0.7
Income before income taxes	6.7	12.0	3.6	22.2
(Provision) / credit for income taxes	(1.8)	(2.4)	1.8	(4.9)
Net income from continuing operations	4.9	9.6	5.4	17.3
Loss from discontinued operations, net of tax	(0.2)	(0.3)	(0.2)	(0.4)
Net loss from discontinued operations	\$ (0.2)	\$ (0.3)	\$ (0.2)	\$ (0.4)
Net income	\$ 4.7	\$ 9.3	\$ 5.2	\$ 16.9
Earnings / (loss) per share¹				
Basic from continuing operations	\$ 0.18	\$ 0.35	\$ 0.20	\$ 0.63
Basic from discontinued operations	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Basic	\$ 0.17	\$ 0.34	\$ 0.19	\$ 0.62
Diluted from continuing operations	\$ 0.18	\$ 0.35	\$ 0.20	\$ 0.62
Diluted from discontinued operations ²	\$ (0.01)	\$ (0.01)	\$ (0.01)	\$ (0.01)
Diluted	\$ 0.17	\$ 0.34	\$ 0.19	\$ 0.61
Weighted average ordinary shares outstanding				
Basic	26,923,804	27,428,579	26,922,528	27,458,980
Diluted	27,065,338	27,703,217	27,083,986	27,720,065

¹The calculation of earnings per share is performed separately for continuing and discontinued operations. As a result, the sum of the two in any particular period may not equal the earnings-per-share amount in total.

²The loss per share for discontinued operations has not been diluted, since the incremental shares included in the weighted-average number of shares outstanding would have been anti-dilutive.

CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)



<i>In millions, except share and per-share data</i>	July 2, 2023	December 31, 2022
Current assets		
Cash and cash equivalents	\$ 7.9	\$ 12.6
Restricted cash	0.3	0.3
Accounts and other receivables, net of allowances of \$0.7 and \$0.4, respectively	72.0	67.8
Inventories	119.3	111.1
Current assets held-for-sale	7.8	9.3
Total current assets	\$ 207.3	\$ 201.1
Non-current assets		
Property, plant and equipment, net	\$ 76.7	\$ 77.7
Right-of-use assets from operating leases	18.3	19.8
Goodwill	67.5	65.6
Intangibles, net	12.3	12.5
Deferred tax assets	3.0	3.0
Investments and loans to joint ventures and other affiliates	0.3	0.4
Pensions and other retirement benefits	29.8	27.0
Total assets	\$ 415.2	\$ 407.1
Current liabilities		
Short-term debt	\$ —	\$ 25.0
Accounts payable	35.9	37.8
Accrued liabilities	24.4	29.4
Taxes on income	1.1	1.8
Current liabilities held-for-sale	3.5	5.0
Other current liabilities	13.2	11.2
Total current liabilities	\$ 78.1	\$ 110.2
Non-current liabilities		
Long-term debt	\$ 92.4	\$ 56.2
Pensions and other retirement benefits	—	4.5
Deferred tax liabilities	11.4	9.9
Other non-current liabilities	18.1	19.0
Total liabilities	\$ 200.0	\$ 199.8
Shareholders' equity		
Ordinary shares of €0.50 par value; authorized 40,000,000 shares for 2023 and 2022; issued and outstanding 28,944,000 for 2023 and 2022	\$ 26.5	\$ 26.5
Additional paid-in capital	222.1	221.4
Treasury shares	(21.8)	(20.4)
Company shares held by ESOP	(0.9)	(1.0)
Retained earnings	114.9	120.2
Accumulated other comprehensive loss	(125.6)	(139.4)
Total shareholders' equity	\$ 215.2	\$ 207.3
Total liabilities and shareholders' equity	\$ 415.2	\$ 407.1

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

<i>In millions</i>	Year-to-date	
	2023	2022
Operating activities		
Net income	\$ 5.2	\$ 18.9
Net loss from discontinued operations	0.2	0.4
Net income from continuing operations	\$ 5.4	\$ 17.3
<i>Adjustments to reconcile net income to net cash provided / (used) by operating activities</i>		
Depreciation	6.2	6.7
Amortization of purchased intangible assets	0.4	0.4
Amortization of debt issuance costs	0.2	0.3
Share-based compensation charges	1.3	0.9
Deferred income taxes	1.5	0.3
Gain on disposal of property, plant and equipment	—	(0.2)
Asset impairment charges	2.3	—
Defined benefit pension charge / (credit)	8.3	(0.7)
Defined benefit pension contributions	(2.1)	—
<i>Changes in assets and liabilities</i>		
Accounts and other receivables	3.8	(19.8)
Inventories	(6.4)	(18.0)
Current assets held-for-sale	1.2	(3.2)
Accounts payable	(9.1)	5.5
Accrued liabilities	(5.9)	1.5
Current liabilities held-for-sale	(1.5)	3.3
Other current liabilities	(7.4)	0.7
Other non-current assets and liabilities	0.5	(1.8)
Net cash used by operating activities - continuing	(1.3)	(6.8)
Net cash provided by operating activities - discontinued	0.1	—
Net cash used by operating activities	\$ (1.2)	\$ (6.8)
Investing activities		
Capital expenditures	\$ (4.9)	\$ (2.9)
Proceeds from sale of property, plant and equipment	—	3.7
Net cash (used) / provided by investing activities - continuing	(4.9)	0.8
Net cash used by investing activities - discontinued	(0.1)	—
Net cash (used) / provided by investing activities	\$ (5.0)	\$ 0.8
Financing activities		
Net repayment of short-term borrowings	\$ (25.0)	\$ —
Net drawdown of long-term borrowings	\$ 35.1	\$ 18.1
Repurchase of own shares	(1.6)	(3.7)
Share-based compensation cash paid	(0.3)	(1.4)
Dividends paid	(7.0)	(7.0)
Net cash provided by financing activities	\$ 1.2	\$ 6.0
Effect of exchange rate changes on cash and cash equivalents	0.3	(0.9)
Net decrease	\$ (4.7)	\$ (0.9)
Cash, cash equivalents and restricted cash; beginning of year	12.9	6.4
Cash, cash equivalents and restricted cash; end of the Second Quarter	8.2	5.5
Supplemental cash flow information:		
Interest payments	\$ 2.8	\$ 1.7
Income tax payments, net	2.8	0.3

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES: ADJUSTED NET INCOME AND ADJUSTED EARNINGS PER SHARE (UNAUDITED)



<i>In millions except per share data</i>	Second Quarter		Year-to-date	
	2023	2022	2023	2022
Net income from continuing operations	\$ 4.9	\$ 9.8	\$ 5.4	\$ 17.3
Accounting charges relating to acquisitions and disposals of businesses:				
Amortization on acquired intangibles	0.2	0.2	0.4	0.4
Acquisition and disposal related costs	—	0.1	—	0.3
Defined benefit pension (credit) / charge	(0.6)	(0.3)	8.3	(0.7)
Restructuring charges	2.5	0.3	2.8	1.7
Share-based compensation charges	0.7	0.7	1.3	0.9
Tax impact of defined benefit pension settlement	—	—	(4.9)	—
Income tax on adjusted items	(0.3)	(0.5)	(0.5)	(0.6)
Adjusted net income	\$ 7.4	\$ 10.1	\$ 12.8	\$ 19.3
Adjusted earnings per ordinary share				
Diluted earnings per ordinary share	\$ 0.18	\$ 0.35	\$ 0.20	\$ 0.62
Impact of adjusted items	0.09	0.01	0.27	0.08
Adjusted diluted earnings per ordinary share ⁽¹⁾	\$ 0.27	\$ 0.36	\$ 0.47	\$ 0.70

⁽¹⁾ For the purpose of calculating diluted earnings per share, the weighted average number of ordinary shares outstanding during the financial year has been adjusted for the dilutive effects of all potential ordinary shares and share options granted to employees, except where there is a loss in the period, then no adjustment is made.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES: ADJUSTED EBITDA AND ADJUSTED EFFECTIVE TAX RATE (UNAUDITED)



ADJUSTED EBITDA (UNAUDITED)

<i>In millions</i>	Second Quarter		Year-to-date	
	2023	2022	2023	2022
Adjusted net income	\$ 7.4	\$ 10.1	\$ 12.8	\$ 19.3
Add back:				
Tax impact of defined benefit pension settlement	—	—	4.9	—
Income tax on adjusted items	0.3	0.5	0.5	0.6
Provision for income taxes	1.8	2.4	(1.8)	4.9
Interest expense	1.8	0.9	3.1	1.7
Adjusted EBITA	\$ 11.3	\$ 13.9	\$ 19.5	\$ 26.5
Gain on disposal of PPE	—	(0.2)	—	(0.2)
Depreciation	3.1	3.2	6.2	6.7
Adjusted EBITDA	\$ 14.4	\$ 16.9	\$ 25.7	\$ 33.0

ADJUSTED EFFECTIVE TAX RATE (UNAUDITED)

<i>In millions</i>	Second Quarter		Year-to-date	
	2023	2022	2023	2022
Adjusted net income	\$ 7.4	\$ 10.1	\$ 12.8	\$ 19.3
Add back:				
Tax impact of defined benefit pension settlement	—	—	4.9	—
Income tax on adjusted items	0.3	0.5	0.5	0.6
Provision for income taxes	1.8	2.4	(1.8)	4.9
Adjusted income before income taxes	\$ 9.5	\$ 13.0	\$ 16.4	\$ 24.8
Adjusted provision for income taxes	2.1	2.9	3.6	5.5
Adjusted effective tax rate	22.1 %	22.3 %	22.0 %	22.2 %

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES: NET DEBT RATIO AND FREE CASH FLOW (UNAUDITED)



NET DEBT RATIO (UNAUDITED)

	Second Quarter	
<i>In millions</i>	2023	
Cash and cash equivalents	\$	7.9
Total debt		(92.4)
Net debt		(84.5)
Adjusted EBITDA previous twelve months		55.8
Net debt to EBITDA ratio		1.5

FREE CASH FLOW (UNAUDITED)

	Second Quarter		Year-to-date	
<i>In millions</i>	2023	2022	2023	2022
Net cash provided by continuing operating activities	\$ 13.1	\$ 2.5	\$ (1.3)	\$ (6.8)
Capital expenditures	(2.9)	(1.9)	(4.9)	(2.9)
Free cash flow	10.2	0.6	(6.2)	(9.7)

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES: OPERATING WORKING CAPITAL AS A % ANNUALIZED NET SALES (UNAUDITED)



<i>In millions</i>	Second Quarter 2023
Accounts and other receivables, net of allowances	\$72.0
Inventories	119.3
Accounts payable	(35.9)
Accrued liabilities	(24.4)
Operating Working Capital	\$131.0
Net sales	\$110.4
Annualized net sales	\$441.6
Operating Working Capital as a % of Annualized Net Sales	29.7%

