

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the Quarterly Period Ended September 29, 2019

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number 001-35370

Luxfer Holdings PLC

(Exact Name of Registrant as Specified in Its Charter)

England and Wales

98-1024030

State or Other Jurisdiction of
Incorporation or Organization

I.R.S. Employer Identification No.

Lumns Lane, Manchester, M27 8LN

Address of principal executive offices

Registrant's telephone number, including area code: **+44 (0) 161-300-0700**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Ordinary Shares, nominal value £0.50 each	LXFR	New York Stock Exchange

Securities registered or to be registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company or an emerging growth company. See definition of "large accelerated filer", "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer
Non-accelerated filer
Emerging growth company

Accelerated filer
Smaller reporting company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

The number of shares outstanding of Registrant's only class of ordinary stock on September 29, 2019, was 27,411,622.

TABLE OF CONTENTS

	Page	
PART I FINANCIAL INFORMATION		
Item 1.	Condensed Financial Statements (unaudited)	1
	Condensed Consolidated Statements of Income (unaudited)	1
	Condensed Consolidated Statements of Comprehensive Income / (Loss) (unaudited)	2
	Condensed Consolidated Balance Sheets (unaudited)	3
	Condensed Consolidated Statements of Cash Flows (unaudited)	4
	Condensed Consolidated Statements of Changes in Equity (unaudited)	5
	Notes to Condensed Consolidated Financial Statements (unaudited)	7
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations	23
Item 3.	Quantitative and Qualitative Disclosures About Market Risk	34
Item 4.	Controls and Procedures	34
PART II OTHER INFORMATION		
Item 1.	Legal Proceedings	35
Item 1A.	Risk Factors	35
Item 2.	Unregistered Sales of Equity Securities and Use of Proceeds	35
Item 6.	Exhibits	36
	Signatures	37

PART I - FINANCIAL INFORMATION

Item 1. Condensed Financial Statements (unaudited)

LUXFER HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

<i>In millions, except share and per-share data</i>	Third Quarter		Year-to-date	
	2019	2018	2019	2018
Net sales	\$ 107.1	\$ 129.1	\$ 344.0	\$ 377.0
Cost of goods sold	(81.9)	(95.1)	(257.7)	(279.1)
Gross profit	25.2	34.0	86.3	97.9
Selling, general and administrative expenses	(11.8)	(15.2)	(42.6)	(47.2)
Research and development	(1.5)	(2.0)	(4.5)	(5.5)
Restructuring charges	(2.6)	(1.1)	(24.3)	(2.1)
Impairment charges	—	—	0.2	—
Acquisition and disposal related costs	—	—	(1.7)	—
Other charges	(2.7)	—	(2.7)	—
Operating income	6.6	15.7	10.7	43.1
Interest expense	(1.3)	(1.3)	(3.5)	(4.0)
Interest income	—	0.1	—	0.3
Defined benefit pension credit	0.6	1.3	1.7	3.9
Income before income taxes and equity in net income of affiliates	5.9	15.8	8.9	43.3
Provision for income taxes	(0.6)	(3.5)	(4.1)	(9.9)
Income before equity in net income of affiliates	5.3	12.3	4.8	33.4
Equity income / (loss) of affiliates (net of tax)	0.5	(0.1)	0.7	0.1
Net income	\$ 5.8	\$ 12.2	\$ 5.5	\$ 33.5
Earnings per share				
Basic	\$ 0.21	\$ 0.46	\$ 0.20	\$ 1.26
Diluted	\$ 0.21	\$ 0.44	\$ 0.20	\$ 1.22
Weighted average ordinary shares outstanding				
Basic	27,393,743	26,773,064	27,243,638	26,614,646
Diluted	27,869,416	27,657,093	27,843,525	27,507,527

See accompanying notes to condensed consolidated financial statements

LUXFER HOLDINGS PLC

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

<i>In millions</i>	Third Quarter		Year-to-date	
	2019	2018	2019	2018
Net income	\$ 5.8	\$ 12.2	\$ 5.5	\$ 33.5
Other comprehensive (loss) / income				
Net change in foreign currency translation adjustment	(2.5)	(1.2)	(4.7)	(4.0)
Pension and post-retirement actuarial gains, net of \$0.1, \$1.5, \$0.3 and \$3.2 tax, respectively	0.5	5.5	1.3	13.1
Other comprehensive (loss) / income, net of tax	(2.0)	4.3	(3.4)	9.1
Total comprehensive income	\$ 3.8	\$ 16.5	\$ 2.1	\$ 42.6

See accompanying notes to condensed consolidated financial statements

LUXFER HOLDINGS PLC
CONDENSED CONSOLIDATED BALANCE SHEETS (UNAUDITED)

	September 29,	December 31,
<i>In millions, except share and per-share data</i>	2019	2018
Current assets		
Cash and cash equivalents	\$ 11.9	\$ 13.8
Restricted cash	0.2	0.3
Accounts and other receivables, net of allowances of \$1.8 and \$2.4, respectively	73.1	62.7
Inventories	96.2	93.6
Other current assets	5.9	10.7
Total current assets	\$ 187.3	\$ 181.1
Non-current assets		
Property, plant and equipment, net	\$ 101.5	\$ 106.9
Right-of-use assets from operating leases	15.1	18.4
Goodwill	66.4	67.6
Intangibles, net	13.4	14.6
Deferred tax assets	16.5	18.6
Investments and loans to joint ventures and other affiliates	2.2	1.6
Total assets	\$ 402.4	\$ 408.8
Current liabilities		
Current maturities of long-term debt and short-term borrowings	\$ —	\$ 3.5
Accounts payable	35.2	36.9
Accrued liabilities	25.4	33.8
Taxes on income	0.1	1.6
Other current liabilities	11.8	15.4
Total current liabilities	\$ 72.5	\$ 91.2
Non-current liabilities		
Long-term debt	\$ 105.6	\$ 73.6
Pensions and other retirement benefits	28.6	40.0
Deferred tax liabilities	3.0	3.5
Other non-current liabilities	13.5	16.2
Total liabilities	\$ 223.2	\$ 224.5
Shareholders' equity		
Ordinary shares of £0.50 par value; authorized 40,000,000 shares for 2019 and 2018; issued and outstanding 29,000,000 shares for 2019 and 2018	\$ 26.6	\$ 26.6
Deferred shares of £0.0001 par value; authorized 761,845,318,444; issued and outstanding 761,835,338,444 shares for 2019 and authorized 769,423,688,000; issued and outstanding 769,413,708,000 shares for 2018	149.9	149.9
Additional paid-in capital	67.8	65.6
Treasury shares	(4.0)	(4.3)
Own shares held by ESOP	(1.7)	(2.2)
Retained earnings	90.6	95.3
Accumulated other comprehensive loss	(150.0)	(146.6)
Total shareholders' equity	\$ 179.2	\$ 184.3
Total liabilities and shareholders' equity	\$ 402.4	\$ 408.8

See accompanying notes to condensed consolidated financial statements

LUXFER HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

<i>In millions</i>	Year-to-date	
	2019	2018
Operating activities		
Net income	\$ 5.5	\$ 33.5
<i>Adjustments to reconcile net income to net cash (used for) / provided by operating activities</i>		
Equity income of unconsolidated affiliates	(0.7)	(0.1)
Depreciation	10.4	13.6
Amortization of purchased intangible assets	0.9	0.9
Loss on disposal of property, plant and equipment	—	0.2
Amortization of debt issuance costs	0.3	0.4
Share-based compensation charges	4.0	3.1
Deferred income taxes	1.5	9.9
Gain on disposal of business	(2.9)	—
Asset impairment charges	4.8	—
Pension and other post-retirement expense / (credit)	2.2	0.6
Defined benefit pension contributions	(5.7)	(6.1)
Defined contribution pension and other post-retirement contributions	(3.5)	(3.9)
<i>Changes in assets and liabilities, net of effects of business acquisitions</i>		
Accounts and notes receivable	(7.2)	(5.3)
Inventories	(3.8)	(15.6)
Other current assets	(1.9)	1.2
Accounts payable	(4.8)	7.7
Accrued liabilities	(8.2)	7.6
Other current liabilities	(2.2)	(2.7)
Other non-current assets and liabilities	(2.3)	(5.1)
Net cash (used for) / provided by operating activities	\$ (13.6)	\$ 39.9
Investing activities		
Capital expenditures	\$ (10.3)	\$ (8.2)
Proceeds from sale of property, plant and equipment	1.2	—
Proceeds from sale of businesses	4.6	—
Investments in unconsolidated affiliates	—	0.8
Acquisitions, net of cash acquired	—	(0.5)
Net cash used for investing activities	\$ (4.5)	\$ (7.9)
Financing activities		
Net repayments of short-term borrowings	\$ (3.5)	\$ (19.2)
Net drawdown / (repayment) of long-term borrowings	31.7	(6.1)
Deferred consideration paid	(0.5)	—
Proceeds from sale of shares	3.3	6.3
Share-based compensation cash paid	(4.3)	(7.0)
Dividends paid	(10.2)	(10.0)
Net cash from / (used for) financing activities	\$ 16.5	\$ (36.0)
Effect of exchange rate changes on cash and cash equivalents	(0.4)	(0.4)
Net decrease	\$ (2.0)	\$ (4.4)
Cash, cash equivalents and restricted cash; beginning of year	14.1	13.3
Cash, cash equivalents and restricted cash; end of the Third Quarter	12.1	8.9
Supplemental cash flow information:		
Interest payments	\$ 3.5	\$ 3.8
Income tax payments	6.6	2.8

See accompanying notes to condensed consolidated financial statements

LUXFER HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

<i>In millions,</i>	Ordinary share capital	Deferred share capital	Additional paid-in capital	Treasury shares Number	Treasury shares Amount	Own shares held by ESOP Number	Own shares held by ESOP Amount	Retained earnings	Accumulated other comprehensive loss	Total equity
At January 1, 2019	\$ 26.6	\$ 149.9	\$ 65.6	(0.4)	\$ (4.3)	(1.6)	\$ (2.2)	\$ 95.3	\$ (146.6)	\$ 184.3
Net loss	—	—	—	—	—	—	—	(3.8)	—	(3.8)
Shares sold from ESOP	—	—	1.3	—	—	0.1	0.1	—	—	1.4
Other comprehensive income, net of tax	—	—	—	—	—	—	—	—	2.1	2.1
Dividends declared	—	—	—	—	—	—	—	(3.4)	—	(3.4)
Share based compensation charges	—	—	2.3	—	—	—	—	—	—	2.3
Utilization of shares from ESOP to satisfy share based compensation	—	—	(3.3)	—	—	0.1	0.2	—	—	(3.1)
At March 31, 2019	\$ 26.6	\$ 149.9	\$ 65.9	(0.4)	\$ (4.3)	(1.4)	\$ (1.9)	\$ 88.1	\$ (144.5)	\$ 179.8
Net income	—	—	—	—	—	—	—	3.5	—	3.5
Shares sold from ESOP	—	—	1.8	—	—	0.1	0.1	—	—	1.9
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	—	(3.5)	(3.5)
Dividends declared	—	—	—	—	—	—	—	(3.4)	—	(3.4)
Share based compensation charges	—	—	0.8	—	—	—	—	—	—	0.8
Utilization of shares from ESOP to satisfy share based compensation	—	—	(1.2)	—	—	0.1	0.1	—	—	(1.1)
At June 30, 2019	\$ 26.6	\$ 149.9	\$ 67.3	(0.4)	\$ (4.3)	(1.2)	\$ (1.7)	\$ 88.2	\$ (148.0)	\$ 178.0
Net income	—	—	—	—	—	—	—	5.8	—	5.8
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	—	(2.0)	(2.0)
Dividends declared	—	—	—	—	—	—	—	(3.4)	—	(3.4)
Share based compensation charges	—	—	0.6	—	—	—	—	—	—	0.6
Utilization of treasury shares to satisfy share based compensation	—	—	(0.1)	—	0.3	—	—	—	—	0.2
At September 29, 2019	\$ 26.6	\$ 149.9	\$ 67.8	(0.4)	\$ (4.0)	(1.2)	\$ (1.7)	\$ 90.6	\$ (150.0)	\$ 179.2

Ordinary share capital includes 29,000,000 shares in the three quarters of 2019.

Deferred share capital includes 761,835,338,444 shares in the three quarters of 2019.

LUXFER HOLDINGS PLC
CONDENSED CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (UNAUDITED)

<i>In millions,</i>	Ordinary share capital	Deferred share capital	Additional paid-in capital	Treasury shares Number	Treasury shares Amount	Own shares held by ESOP Number	Own shares held by ESOP Amount	Retained earnings	Accumulated other comprehensive loss	Total equity
At January 1, 2018	\$ 25.3	\$ 150.9	\$ 62.1	(0.5)	\$ (5.8)	(0.1)	\$ (1.0)	\$ 83.7	\$ (140.7)	\$ 174.5
Net income for the year	—	—	—	—	—	—	—	9.9	—	9.9
Other comprehensive loss, net of tax	—	—	—	—	—	—	—	—	(0.5)	(0.5)
Dividends declared	—	—	—	—	—	—	—	(6.7)	—	(6.7)
Share based compensation charges	—	—	(0.1)	—	—	—	—	—	—	(0.1)
Purchase of shares from ESOP	—	—	(0.1)	—	—	—	0.1	—	—	—
At April 1, 2018	\$ 25.3	\$ 150.9	\$ 61.9	(0.5)	\$ (5.8)	(0.1)	\$ (0.9)	\$ 86.9	\$ (141.2)	\$ 177.1
Net income for the year	—	—	—	—	—	—	—	11.4	—	11.4
Other comprehensive income, net of tax	—	—	—	—	—	—	—	—	5.3	5.3
Share based compensation charges	—	—	(2.7)	—	—	—	—	—	—	(2.7)
Purchase of shares from ESOP	—	—	(0.8)	—	—	0.1	0.8	—	—	—
Transfer of shares between treasury and ESOP	—	—	—	—	0.2	—	(0.2)	—	—	—
At July 1, 2018	\$ 25.3	\$ 150.9	\$ 58.4	(0.5)	\$ (5.6)	—	\$ (0.3)	\$ 98.3	\$ (135.9)	\$ 191.1
Net income	—	—	—	—	—	—	—	12.2	—	12.2
Issue of new shares	1.3	—	—	—	—	(1.9)	(1.3)	—	—	—
Shares sold from ESOP	—	—	5.9	—	—	0.3	0.4	—	—	6.3
Other comprehensive income, net of tax	—	—	—	—	—	—	—	—	4.3	4.3
Dividends declared	—	—	—	—	—	—	—	(3.3)	—	(3.3)
Share based compensation charges	—	—	(1.0)	—	—	—	—	—	—	(1.0)
Purchase of shares from ESOP	—	—	(0.3)	—	0.1	—	0.2	—	—	—
Transfer of shares between treasury and ESOP	—	—	—	0.1	1.2	(0.1)	(1.2)	—	—	—
At September 30, 2018	\$ 26.6	\$ 150.9	\$ 63.0	(0.4)	\$ (4.3)	(1.7)	\$ (2.2)	\$ 107.2	\$ (131.6)	\$ 209.6

Ordinary share capital includes 29,000,000 shares in the first three quarters of 2018.

Deferred share capital includes 769,413,708,000 shares in the first three quarters of 2018.

See accompanying notes to condensed consolidated financial statements

LUXFER HOLDINGS PLC

NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

1. Basis of presentation and responsibility for interim financial statements

We prepared the accompanying unaudited condensed consolidated financial statements of Luxfer Holdings PLC and all wholly-owned, majority owned or otherwise controlled subsidiaries on the same basis as our annual audited financial statements, except for the adoption for Accounting Standards Codification ("ASC") Topic 842, "Leases". We condensed or omitted certain information and footnote disclosures normally included in our annual audited financial statements, which we prepared in accordance with U.S. Generally Accepted Accounting Principles (GAAP).

Our quarterly financial statements should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2018. As used in this report, the terms "we," "us," "our," "Luxfer" and "the Company" mean Luxfer Holdings PLC and its subsidiaries, unless the context indicates another meaning.

In the opinion of management, our financial statements reflect all adjustments, which are of a normal recurring nature, necessary for presentation of financial statements for interim periods in accordance with U.S. GAAP and with the instructions to Form 10-Q in Article 10 of Securities and Exchange Commission (SEC) Regulation S-X.

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions about future events that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of our financial statements and the reported amounts of revenue and expenses during the reporting periods. Actual results could differ from those estimates, and any such differences may be material to our financial statements.

Our fiscal year ends on December 31. We report our interim quarterly periods on a 13-week quarter basis, ending on a Sunday. The Third Quarter, 2019, ended September 29, 2019, and the Third Quarter, 2018, ended September 30, 2018.

Adoption of new accounting standards

On January 1, 2019, we adopted ASC Topic 842, "Leases", and applied the modified retrospective approach to recognizing any right-of-use assets and lease liabilities. Upon adoption, we have recognized all of our leases greater than one-year in duration and greater than \$5,000 fair value, on the condensed consolidated balance sheets as right-of-use assets and lease liabilities. This has resulted in us restating the prior period comparatives and have recognized a right-of-use asset of \$21.2 million at January 1, 2018, with a corresponding lease liability, split \$3.1 million, recognized in *Other current liabilities*, and \$18.1 million recognized in *Other non-current liabilities*. Classification as either operating or finance is based on criteria largely similar to those applied in ASC 840 but without explicit bright lines. We have made certain assumptions in judgments when applying ASC 842, those judgments of most significance are as follows:

- We elected the package of practical expedients available for transition which allow us to not reassess:
 - Whether expired or existing contracts contain leases under the new definition of a lease;
 - Lease classification for expired or existing leases; and
 - Whether previously capitalized initial direct costs would qualify for capitalization under ASC 842.
- We did not elect to use hindsight for transition when considering judgments and estimates such as assessments of lessee options to extend or terminate a lease or purchase the underlying asset.
- We did not elect to reassess whether land easements meet the definition of a lease if they were not accounted for as leases under the former rules.
- For all asset classes, we elected to not recognize a right-of-use asset and lease liability for leases with a term of 12 months or less.
- For all asset classes, we elected to not separate non-lease components from lease components to which they relate and have accounted for the combined lease and non-lease components as a single lease component.

1. Basis of Presentation and Responsibility for interim Financial Statements (continued)

We determine if an arrangement is a lease at inception. Operating leases are included in our Condensed Consolidated Balance Sheet as *Right-of-use assets from operating leases*, *Current operating lease liabilities* and *Long-term operating lease liabilities*. Some of our lease agreements contain renewal options; however, we do not recognize right-of-use assets or lease liabilities for renewal periods unless it is determined that we are reasonably certain of renewing the lease at inception or when a triggering event occurs. Some of our lease agreements contain rent escalation clauses (including index-based escalations), rent holidays, capital improvement funding or other lease concessions. We recognize our minimum rental expense on a straight-line basis based on the fixed components of a lease arrangement. We amortize this expense over the term of the lease beginning with the date of initial possession, which is the date we enter the leased space and begin to make improvements in preparation for its intended use.

In determining our right-of-use assets and lease liabilities, we apply a discount rate to the minimum lease payments within each lease agreement. ASC 842 requires us to use the rate of interest that a lessee would have to pay to borrow on a collateralized basis over a similar term an amount equal to the lease payments in a similar economic environment. When we cannot readily determine the discount rate implicit in the lease agreement, we utilize our incremental borrowing rate. To estimate our specific incremental borrowing rates over various tenors (ranging from one year through 30-years), a comparable market yield curve consistent with our credit quality was calibrated to our publicly outstanding debt instruments.

The standard had no impact on our results of operations or cash flows. In addition, new disclosures are provided to enable users to assess the amount, timing and uncertainty of cash flows arising from leases.

Accounting standards issued but not yet effective

None that will be material to the Company.

2. Earnings per share

Basic earnings per share are computed by dividing net income for the period by the weighted-average number of ordinary shares outstanding, net of Treasury shares and shares held in ESOP. Diluted earnings per share are computed by dividing net income for the period by the weighted average number of ordinary shares outstanding and the dilutive ordinary shares equivalents.

Basic and diluted earnings per share were calculated as follows:

	Third Quarter		Year-to-date	
<i>In millions except share and per-share data</i>	2019	2018	2019	2018
Basic earnings:				
Net income	\$ 5.8	\$ 12.2	\$ 5.5	\$ 33.5
Weighted average number of £0.50 ordinary shares:				
For basic earnings per share	27,393,743	26,773,064	27,243,638	26,614,646
Dilutive effect of potential common stock	475,673	884,029	599,887	892,881
For diluted earnings per share	27,869,416	27,657,093	27,843,525	27,507,527
Earnings per share using weighted average number of ordinary shares outstanding:				
Basic earnings per ordinary share	\$ 0.21	\$ 0.46	\$ 0.20	\$ 1.26
Diluted earnings per ordinary share	\$ 0.21	\$ 0.44	\$ 0.20	\$ 1.22

3. Revenue

Disaggregated sales disclosures for the quarter ended and year-to-date ended September 29, 2019, and September 30, 2018, are included below and in Note 14, Segmental Information.

<i>In millions</i>	Third Quarter					
	2019			2018		
	Gas Cylinders	Elektron	Total	Gas Cylinders	Elektron	Total
General industrial	\$ 10.1	\$ 29.0	\$ 39.1	\$ 13.4	\$ 38.3	\$ 51.7
Transportation	20.8	11.9	32.7	21.0	18.1	39.1
Defense and emergency	17.8	11.5	29.3	20.4	10.3	30.7
Healthcare	5.5	0.5	6.0	7.4	0.2	7.6
	\$ 54.2	\$ 52.9	\$ 107.1	\$ 62.2	\$ 66.9	\$ 129.1

<i>In millions</i>	Year-to-date					
	2019			2018		
	Gas Cylinders	Elektron	Total	Gas Cylinders	Elektron	Total
General industrial	\$ 34.2	\$ 88.1	\$ 122.3	\$ 40.2	\$ 99.3	\$ 139.5
Transportation	65.8	48.2	114.0	57.3	55.2	112.5
Defense and emergency	55.2	34.2	89.4	62.3	38.4	100.7
Healthcare	15.5	2.8	18.3	22.1	2.2	24.3
	\$ 170.7	\$ 173.3	\$ 344.0	\$ 181.9	\$ 195.1	\$ 377.0

The Company's performance obligations are satisfied over time as work progresses or at a point in time. Design and tooling arrangements are the only contracts for which sales are recognized over time. Sales from these sources combined accounted for less than 1% of the Company's sales for the quarters ended and year-to-date ended September 29, 2019, and September 30, 2018. All consideration from contracts with customers is included in these amounts.

The following table provides information about contract receivables, contract assets and contract liabilities from contracts with customers:

<i>In millions</i>	September 29, 2019	December 31, 2018
Contract receivables	\$ 1.6	\$ 1.5
Contract assets	1.6	2.1
Contract liabilities	\$ (0.4)	\$ (1.1)

Contract assets consist of \$1.6 million accrued unbilled amounts relating to tooling revenue and are recognized in *prepayments and accrued income* in the condensed consolidated balance sheets. Of the \$2.1 million contract assets recognized as of December 31, 2018, \$1.6 million was billed to customers and transferred to receivables as of September 29, 2019.

Contract liabilities of \$0.4 million consist of advance payments and billing above costs incurred and are recognized as *other current liabilities* in the condensed consolidated balance sheets. Significant changes in contract liabilities balances during the period are as follows:

<i>In millions</i>	2019
As at January 1,	\$ (1.1)
Payments received / amounts billed	(0.6)
Costs incurred / revenue recognized	1.3
As at September 29,	\$ (0.4)

4. Restructuring

During the Third Quarter of 2019 and the year ended December 31, 2018, we initiated and continued execution of certain business restructuring initiatives aimed at reducing our fixed cost structure and realigning our business. Initiatives during the Third Quarter of 2019 were predominantly in relation to the closure of the Gas Cylinders segment's French site. There is an expectation that further costs will be incurred during 2019.

Restructuring-related costs included within *Restructuring charges* in the Condensed Consolidated Financial Statements by reportable segment were as follows:

<i>In millions</i>	Third Quarter		Year-to-date	
	2019	2018	2019	2018
Severance and related costs				
Gas Cylinders	\$ 2.3	\$ —	\$ 18.9	\$ 0.1
Elektron	0.3	0.4	0.4	2.0
	2.6	0.4	19.3	2.1
Asset impairments				
Gas Cylinders	—	—	0.6	—
Elektron	—	0.7	4.4	—
	—	0.7	5.0	—
Total restructuring charges	2.6	1.1	24.3	2.1

Activity related to restructuring, recorded in *Other current liabilities* in the condensed consolidated balance sheets is summarized as follows:

<i>In millions</i>	2019
Balance at January 1,	\$ 5.2
Costs incurred	18.9
Cash payments	(21.3)
Balance at September 29,	\$ 2.8

5. Acquisition and disposal related costs

Acquisition and disposal related costs of \$1.7 million have been incurred in the first nine-months of 2019 (2018: nil). This relates to a \$4.6 million charge in the First Quarter of 2019 in relation to a reimbursement of costs following the terminated Neo acquisition, partially offset by a \$2.9 million gain from the sale of Magnesium Elektron CZ s.r.o. in the Second Quarter of 2019.

<i>In millions</i>	2019
Cash proceeds	\$ 5.9
Less:	
Cash held in business	(1.3)
Purchase price adjustment	(0.2)
Net proceeds	\$ 4.4
Net assets less cash	(3.6)
Profit on disposal	\$ 0.8
Disposal costs	(0.4)
Realized translation gain on disposal	2.5
Net profit on disposal	\$ 2.9

6. Other charges

Other charges of \$2.7 million incurred in the Third Quarter of 2019 is the result of the Company's decision to commence a project to remove low-level naturally occurring radioactive material (NORM) from a redundant building at its Manchester, UK site. The work represents remediation of a legacy environmental issue and is expected to complete in the second quarter of 2020 but with no significant further costs envisaged.

The charge is being disclosed separately on the face of the condensed consolidated income statement as the NORM was created during the Company's historic production process and the remediation is not indicative of the current trading performance of the Company.

7. Supplementary balance sheet information

<i>In millions</i>	September 29, 2019	December 31, 2018
Accounts and other receivables		
Trade receivables	\$ 56.0	\$ 49.8
Related parties	3.3	0.9
Prepayments and accrued income	9.1	7.7
Derivative financial instruments	—	0.1
Other receivables	4.7	4.2
Total accounts and other receivables	\$ 73.1	\$ 62.7
Inventories		
Raw materials and supplies	\$ 31.8	\$ 30.5
Work-in-process	32.9	33.1
Finished goods	31.5	30.0
Total inventories	\$ 96.2	\$ 93.6
Other current assets		
Held-for-sale assets	\$ 3.9	\$ 10.7
Other current assets	2.0	—
Total other current assets	\$ 5.9	\$ 10.7
Property, plant and equipment, net		
Land, buildings and leasehold improvements	\$ 67.6	\$ 73.3
Machinery and equipment	272.8	286.0
Construction in progress	13.9	10.1
Total property plant and equipment	354.3	369.4
Accumulated depreciation and impairment	(252.8)	(262.5)
Total property, plant and equipment, net	\$ 101.5	\$ 106.9
Current maturities of long-term debt and short-term borrowings		
Overdrafts	—	3.5
Total current maturities of long-term debt and short-term borrowings	\$ —	\$ 3.5
Other current liabilities		
Contingent liabilities	\$ 6.8	\$ 5.3
Held-for-sale liabilities	—	2.5
Operating lease liability	3.2	3.5
Other current liabilities	1.8	4.1
Total other current liabilities	\$ 11.8	\$ 15.4
Other non-current liabilities		
Contingent liabilities	\$ 1.2	\$ 0.8
Operating lease liability	12.0	14.9
Other non-current liabilities	0.3	0.5
Total other non-current liabilities	\$ 13.5	\$ 16.2

7. Supplementary balance sheet information (continued)

Held-for-sale assets and liabilities

Held-for-sale assets	September 29,		December 31,	
<i>In millions</i>	2019		2018	
Property, plant and equipment	\$	3.7	\$	5.5
Inventory		0.2		2.9
Accounts and other receivables		—		2.3
Held-for-sale assets	\$	3.9	\$	10.7
Held-for-sale liabilities				
Accounts payable	\$	—	\$	2.5
Held-for-sale liabilities	\$	—	\$	2.5

\$3.7 million, (2018, \$10.7 million) of the held-for-sale assets relate to our Elektron segment, with the remaining \$0.2 million (2018, nil) relating to our Gas Cylinders segment. The held-for-sale liabilities in 2018 relate to our Elektron segment.

8. Goodwill and other identifiable intangible assets

Changes in goodwill during 2019, were as follows:

<i>In millions</i>	Gas Cylinders		Elektron		Total	
At January 1, 2019	\$	26.3	\$	41.3	\$	67.6
Exchange difference		(0.8)		(0.4)		(1.2)
Balance at September 29, 2019	\$	25.5	\$	40.9	\$	66.4

Identifiable intangible assets consisted of the following:

<i>In millions</i>	September 29, 2019			December 31, 2018		
	Gross	Accumulated amortization	Net	Gross	Accumulated amortization	Net
Customer relationships	\$ 13.4	\$ (4.5)	\$ 8.9	\$ 13.4	\$ (3.8)	\$ 9.6
Technology and trading related	7.6	(3.1)	4.5	7.9	(2.9)	5.0
	\$ 21.0	\$ (7.6)	\$ 13.4	\$ 21.3	\$ (6.7)	\$ 14.6

Identifiable intangible asset amortization expense was \$0.9 million for the first three-quarters of 2019 and 2018, respectively.

Intangible asset amortization expense for the remainder of 2019 and over the next five years is expected to be approximately \$0.3 million in 2019, \$1.1 million in 2020, \$1.1 million in 2021, \$1.1 million in 2022, \$1.1 million in 2023 and \$1.1 million in 2024.

9. Debt

Debt outstanding was as follows:

<i>In millions</i>	September 29, 2019	December 31, 2018
3.67% Loan Notes due 2021	\$ 25.0	\$ 25.0
4.88% Loan Notes due 2023	25.0	25.0
4.94% Loan Notes due 2026	25.0	25.0
Revolving credit facility	31.7	—
Other - Bank overdraft	—	3.5
Unamortized debt issuance costs	(1.1)	(1.4)
Total debt	\$ 105.6	\$ 77.1
Less current portion	\$ —	\$ (3.5)
Non-current debt	\$ 105.6	\$ 73.6

The weighted-average interest rate on the revolving credit facility was 2.39% for the first three-quarters of 2019 and 3.58% for the full-year 2018.

The maturity profile of the Company's debt, excluding unamortized issuance costs and discounts, is as follows:

<i>In millions</i>	2019	2020	2021	2022	2023	2024	Thereafter	Total
Loan Notes due 2021	\$ —	\$ —	\$ 25.0	\$ —	\$ —	\$ —	\$ —	\$ 25.0
Loan Notes due 2023	—	—	—	—	25.0	—	—	25.0
Loan Notes due 2026	—	—	—	—	—	—	25.0	25.0
Revolving credit facility	—	—	—	31.7	—	—	—	31.7
Total debt	\$ —	\$ —	\$ 25.0	\$ 31.7	\$ 25.0	\$ —	\$ 25.0	\$ 106.7

Loan notes due and shelf facility

We have been in compliance with the covenants under the Note Purchase and Private Shelf Agreement throughout all of the quarterly measurement dates from and including September 30, 2014, to September 29, 2019.

The Loan Notes due 2021, 2023 and 2026, the Shelf Facility and the Note Purchase and Private Shelf Agreement are governed by the law of the State of New York.

Senior Facilities Agreement

During the Third Quarter of 2019, we drew down \$3.5 million on the Revolving Credit Facility and the balance outstanding at September 29, 2019, was \$31.7 million, and at December 31, 2018, was nil. We also repaid our bank overdraft of \$7.2 million, resulting in a net repayment of \$3.8 million on the facility.

We have been in compliance with the covenants under the Senior Facilities Agreement throughout all of the quarterly measurement dates from and including September 30, 2011, to September 29, 2019.

10. Derivatives and financial instruments

The Company's financial instruments comprise bank and other loans, senior loan notes, derivatives, trade payables deferred and deferred contingent consideration. Other than derivatives, the main purpose of these financial instruments is to raise finance for the Company's operations. The Company also has various financial assets such as trade receivables and cash and cash equivalents, which arise directly from its operations.

Derivative financial instruments

We are exposed to market risk during the normal course of business from changes in currency exchange rates, interest rates and commodity prices such as aluminum prices. We manage exposures through a combination of normal operating and financing activities and through the use of derivative financial instruments such as foreign currency forward purchase contracts and aluminum forward purchase contracts. We do not use market risk-sensitive instruments for trading or speculative purposes. The Company had less than \$0.1 million and \$0.1 million derivative financial instruments disclosed within *Accounts and other receivables* as of September 29, 2019 and December 31, 2018, respectively. There were also less than \$0.1 million and nil derivative financial instruments recorded in *Other current liabilities* at September 29, 2019, and December 31, 2018, respectively.

The fair value of forward foreign currency exchange contracts deferred in equity was a loss of \$0.8 million and a loss of \$0.8 million at September 29, 2019, and December 31, 2018, respectively. During the Third Quarter of 2019, \$0.1 million was transferred to the Condensed Consolidated Income Statement.

Forward foreign currency exchange contracts

The Company incurs currency transaction risk whenever one of the Company's operating subsidiaries enters into either a purchase or sales transaction in a currency other than its functional currency. Currency transaction risk is reduced by matching sales and expenses in the same currency. The Company's U.S. operations have little currency exposure, as most purchases, costs and sales are conducted in U.S. dollars. The Company's U.K. operations are exposed to exchange transaction risks, mainly because these operations sell goods priced in euros and U.S. dollars, and purchase raw materials priced in U.S. dollars and its functional currency is GBP sterling. The Company also incurs currency transaction risk if it lends currency other than its functional currency to one of its joint venture partners.

At September 29, 2019, and December 31, 2018, the Company held various forward foreign currency exchange contracts designated as hedges in respect of forward sales for euros for the receipt of GBP sterling or euros. The Company also held forward foreign currency exchange contracts designated as hedges in respect of forward purchases for euros, U.S. and Canadian dollars by the sale of GBP sterling. The contract totals in GBP sterling and euros, range of maturity dates and range of exchange rates are disclosed below, with the value denominated in GBP sterling given that is the currency the majority of the contracts are held in.

September 29, 2019				
Sales hedges		Euros		
Contract totals/£m				3.6
Maturity dates				11/19 to 12/19
Exchange rates				€1.1221 to €1.1234
<hr/>				
Purchase hedges	U.S. dollars	Euros	Canadian dollars	
Contract totals/£m	5.9	0.8	5.9	
Maturity dates	09/19 to 12/19	12/19	09/19 to 10/19	
Exchange rates	\$1.2287 to \$1.2424	\$1.1205	\$1.6213 to 1.6476	
<hr/>				
December 31, 2018				
Sales hedges		U.S. dollars	Euros	
Contract totals/£m		4.8	7.2	
Maturity dates		01/19 to 07/19	01/19 to 07/19	
Exchange rates		\$1.2519 to \$1.3419	€1.0949 to €1.1702	
<hr/>				
Purchase hedges	U.S. dollars	Euros	Canadian dollars	Czech koruna
Contract totals/£m	7.5	1.7	2.9	0.1
Maturity dates	01/19 to 07/19	01/19 to 06/19	01/19 to 03/19	01/19
Exchange rates	\$1.2609 to \$1.3380	€1.1074 to €1.1221	\$1.7039 to \$1.7416	CZK 28.4490

The above contracts are held in GBP sterling, therefore the analysis in the table has been given in GBP sterling to avoid any movements as a result of translation.

10. Derivatives and financial instruments (continued)

Fair value of financial instruments

The following methods were used to estimate the fair values of each class of financial instrument:

Cash at bank and in hand / overdrafts

The carrying value approximates to the fair value as a result of the short-term maturity of the instruments. Cash at bank and in hand are subject to a right to offset in the U.S.

Bank loans

Bank and other loans, excluding overdrafts, of \$106.7 million were outstanding at September 29, 2019, and \$75.0 million were outstanding at December 31, 2018. Bank and other loans are shown net of issue costs of \$1.1 million and \$1.4 million at September 29, 2019, and December 31, 2018, respectively, and are to be amortized to the expected maturity of the facilities. Of the bank and other loans outstanding, \$31.7 million and none is variable interest rate debt and subject to floating interest rate risk, with the remainder being fixed rate debt, at September 29, 2019, and December 31, 2018, respectively.

Forward foreign currency exchange rate contracts

The fair value of these contracts was calculated by determining what the Company would be expected to receive or pay on termination of each individual contract by comparison to present market prices.

LME derivative contracts

During 2018 the fair value of these contracts has been calculated by valuing the contracts against the equivalent forward rates quoted on the LME. There were no LME derivative contracts in 2019.

Deferred contingent consideration

The deferred contingent consideration is in relation to the acquisition of Truetech and Innotech (Luxfer Magtech) in 2014 and is linked to the future profitability of the entity.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.

Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.

Level 3: techniques which use inputs which have a significant effect on the recorded fair value that are not based on observable market data.

The fair values of the financial instruments of the Company at September 29, 2019, were analyzed using the hierarchy as follows:

<i>In millions</i>	Total	Level 1	Level 2	Level 3
Interest bearing loans and borrowings:				
Loan Notes due 2021	(25.0)	—	(25.0)	—
Loan Notes due 2023	(25.5)	—	(25.5)	—
Loan Notes due 2026	(26.2)	—	(26.2)	—
Revolving Credit Facility	(31.7)	—	(31.7)	—
Other financial liabilities:				
Lease liabilities	(15.2)	—	(15.2)	—
Deferred contingent consideration	(0.6)	—	—	(0.6)

10. Derivatives and financial instruments (continued)

The following table presents the changes in Level 3 instruments for the Third Quarter ended September 29, 2019.

<i>In millions</i>	2019
Balance at January 1,	\$ 0.9
Payments made during year	(0.5)
Unwind of discount on deferred consideration	0.2
Balance at September 29,	\$ 0.6
Total losses for the period included in profit and loss for assets held at the end at September 29,	0.2
Change in unrealized (gains) or losses for the period included in profit and loss for assets held at the end at September 29,	\$ 0.2

11. Income taxes

We manage our affairs so that we are centrally managed and controlled in the United Kingdom (“U.K.”) and therefore have our tax residency in the U.K. The provision for income taxes consists of provisions for the U.K. and international income taxes. We operate in an international environment with operations in various locations outside the U.K. Accordingly, the consolidated income tax rate is a composite rate reflecting the earnings in the various locations and the applicable rates.

The effective income tax rate for the 39-week period ended September 29, 2019, was 42.7%, compared to 22.8% for the 39-week period ended September 30, 2018. The 2019 rate was adversely affected by the impact of non-deductible expenses related to the aborted acquisition of Neo Performance Materials and restructuring activities, partially offset by the non-taxable income in relation to the sale of our Czech business. We continue to actively pursue initiatives to reduce our effective tax rate. The tax rate in any quarter can be affected positively or negatively by adjustments that are required to be reported in the specific quarter of resolution.

On December 22, 2017, the Tax Cuts and Jobs Act of 2017 (the “Act”) was signed into law making significant changes to the U.S. Internal Revenue Code. Changes include, but are not limited to, a corporate tax rate decrease from 35% to 21% effective for tax years beginning after December 31, 2017, the transition of U.S. international taxation from a worldwide tax system to a territorial system, and a one-time transition tax on the mandatory deemed repatriation of cumulative foreign earnings as of December 31, 2017. For 2018, the Company considered in its estimated annual effective tax rate additional provisions of the Act including changes to the deduction for executive compensation and interest expense, a tax on global intangible low-taxed income provisions (“GILTI”), the base erosion anti-abuse tax, and a deduction for foreign-derived intangible income. The Company has elected to treat tax on GILTI income as a period cost and has therefore included it in its annual estimated effective tax rate.

12. Pension plans

The principal defined benefit pension plan in the U.K. is the Luxfer Group Pension Plan. The Company's other arrangements are less significant than the Luxfer Group Pension Plan, the largest being the BA Holdings, Inc. Pension Plan in the U.S.

Components of net periodic benefit cost for our pension plans for the Third Quarter ended September 29, 2019, and September 30, 2018 were as follows:

<i>In millions</i>	Third Quarter		Year-to-date	
	2019	2018	2019	2018
Net periodic benefit credit				
Interest cost	\$ 2.6	\$ 2.6	\$ 8.0	\$ 7.9
Expected return on plan assets	(3.6)	(4.2)	(11.1)	(12.8)
Amortization of:				
Net actuarial loss	0.7	0.7	2.1	2.0
Prior service credit	(0.1)	(0.2)	(0.3)	(0.4)
Net periodic benefit credit	\$ (0.4)	\$ (1.1)	\$ (1.3)	\$ (3.3)
<i>In respect of defined contribution plans</i>				
Total charge for defined contribution plans	1.1	1.3	3.5	3.9
Total charge for pension plans	\$ 0.7	\$ 0.2	\$ 2.2	\$ 0.6

In accordance with ASC 715, defined benefit credit is split in the condensed consolidated income statement, with \$0.2 million (2018: \$0.2 million) of expenses recognized within *Selling, general and administrative expenses* during the Third Quarter of 2019 and \$0.4 million (2018: \$0.6 million) year-to-date. A credit of \$0.6 million (2018: \$1.3 million) has also been recognized below *Operating income* in the condensed consolidated income statement during the Third Quarter of 2019, \$1.7 million (2018: \$3.9 million) year-to-date.

13. Share plans

Total share-based compensation expense for the Third Quarter and three-quarters ended September 29, 2019, and September 30, 2018, was as follows:

<i>In millions</i>	Third Quarter		Year-to-date	
	2019	2018	2019	2018
Total share-based compensation charges	\$ 0.6	\$ 1.2	\$ 4.0	\$ 3.1

In March 2019, we issued our annual share-based compensation grants under the Luxfer Holdings PLC Long-Term Umbrella Incentive Plan. The total number of awards issued was approximately 200,000 and the weighted-average fair value of options granted in 2019 was estimated to be \$17.70 per share.

In May 2019, we issued our annual share-based compensation grants under the Luxfer Holdings PLC Non-Executive Directors Equity Incentive Plan. The total number of awards issued was approximately 4,000 and the weighted-average fair value of options granted was estimated to be \$15.00 per share.

The following table illustrates the assumptions used in deriving the fair value of share options granted during 2019 and the year-ended December 31, 2018,:

	2019	2018
Dividend yield (%)	4.00	4.00
Expected volatility range (%)	22.65	22.65 - 35.77
Risk-free interest rate (%)	0.12	0.12 - 2.57
Expected life of share options range (years)	1.00 - 4.00	0.50 - 6.00
Weighted average exercise price (\$)	\$0.89	\$0.65
Model used	Black-Scholes & Monte-Carlo	Black-Scholes & Monte-Carlo

The expected life of the share options is based on historical data and current expectations, and is not necessarily indicative of exercise patterns that may occur. The expected volatility reflects the assumption that the historical volatility over a period similar to the life of the options is indicative of future trends, which may not necessarily be the actual outcome.

14. Shareholders' equity

Dividends paid and proposed

<i>In millions</i>	Third Quarter		Year-to-date	
	2019	2018	2019	2018
Dividends declared and paid during the year:				
Interim dividend paid February 7, 2018 (\$0.125 per ordinary share)	\$ —	\$ —	\$ —	\$ 3.4
Interim dividend paid May 2, 2018 (\$0.125 per ordinary share)	—	—	—	3.3
Interim dividend paid August 1, 2018 (\$0.125 per ordinary share)	—	3.3	—	3.3
Interim dividend paid February 6, 2019 (\$0.125 per ordinary share)	—	—	3.4	—
Interim dividend paid May 1, 2019 (\$0.125 per ordinary share)	—	—	3.4	—
Interim dividend paid August 7, 2019 (\$0.125 per ordinary share)	3.4	—	3.4	—
	\$ 3.4	\$ 3.3	\$ 10.2	\$ 10.0

<i>In millions</i>	2019	2018
Dividends declared after the period, (not recognized as a liability as at the period end):		
Interim dividend declared October 8, and paid November 7, 2018: (\$0.125 per ordinary share)	\$ —	\$ 3.3
Interim dividend declared October 3, and to be paid November 6, 2019: (\$0.125 per ordinary share)	3.4	—
	\$ 3.4	\$ 3.3

15. Segmental information

We classify our operations into two core business segments, Gas Cylinders and Elektron, based primarily on shared economic characteristics for the nature of the products and services; the nature of the production processes; the type or class of customer for their products and services; the methods used to distribute their products or provide their services; and the nature of the regulatory environment. The Company has six identified business units, which aggregate into the two reportable segments. Luxfer Gas Cylinders and Luxfer Superform aggregate into the Gas Cylinders segment, and Luxfer MEL Technologies, Luxfer Magtech, Luxfer Graphic Arts and Luxfer Czech Republic⁽¹⁾ aggregate into the Elektron segment. A summary of the operations of the segments is provided below:

Gas Cylinders segment

Our Gas Cylinders segment manufactures and markets specialized products using aluminum, titanium and carbon composites, including pressurized cylinders for use in various applications including self-contained breathing apparatus (SCBA) for firefighters, containment of oxygen and other medical gases for healthcare, alternative fuel vehicles, and general industrial. The segment also forms lightweight aluminum and titanium panels into highly complex shapes that are used mainly in the transportation industry.

Elektron segment

Our Elektron segment focuses on specialty materials based primarily on magnesium and zirconium, with key product lines including advanced lightweight magnesium alloys with a variety of uses across a variety of industries; magnesium powders for use in countermeasure flares, as well as heater meals; photoengraving plates for graphic arts; and high-performance zirconium-based materials and oxides used as catalysts and in the manufacture of advanced ceramics, fiber-optic fuel cells, and many other performance products.

Other

Other primarily represents unallocated corporate expense and includes non-service related defined benefit pension cost / credit.

Management monitors the operating results of its reportable segments separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated by the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments as the CEO, using adjusted EBITA⁽²⁾ and adjusted EBITDA, which we defined as segment income and is based on operating income adjusted for share-based compensation expense; qualifying restructuring charges; impairment charges; acquisition and disposal related gains and costs; other charges; loss on disposal of property, plant and equipment; depreciation and amortization; and unwind of discount on deferred consideration.

15. Segmental information (continued)

Unallocated assets and liabilities include those which are held on behalf of the Company and cannot be allocated to a segment, such as taxation, investments, cash, retirement benefits obligations, bank and other loans and holding company assets and liabilities.

Financial information by reportable segment for the Third Quarter and year-to-date ended September 29, 2019, and September 30, 2018, is included in the following summary:

<i>In millions</i>	Net sales				Adjusted EBITDA			
	Third Quarter		Year-to-date		Third Quarter		Year-to-date	
	2019	2018	2019	2018	2019	2018	2019	2018
Gas Cylinders segment	\$ 54.2	\$ 62.2	\$ 170.7	\$ 181.9	\$ 6.3	\$ 6.3	\$ 17.9	\$ 17.3
Elektron segment	52.9	66.9	173.3	195.1	10.4	16.7	37.5	46.3
Consolidated	\$ 107.1	\$ 129.1	\$ 344.0	\$ 377.0	\$ 16.7	\$ 23.0	\$ 55.4	\$ 63.6

<i>In millions</i>	Depreciation and amortization				Restructuring charges			
	Third Quarter		Year-to-date		Third Quarter		Year-to-date	
	2019	2018	2019	2018	2019	2018	2019	2018
Gas Cylinders segment	\$ 1.3	\$ 1.9	\$ 4.1	\$ 5.8	\$ 2.3	\$ —	\$ 19.5	\$ 0.1
Elektron segment	2.3	2.8	7.2	8.7	0.3	1.1	4.8	2.0
Consolidated	\$ 3.6	\$ 4.7	\$ 11.3	\$ 14.5	\$ 2.6	\$ 1.1	\$ 24.3	\$ 2.1

<i>In millions</i>	Total assets		Capital expenditures	
	September 29, 2019	December 31, 2018	Third Quarter 2019	Year-to-date 2018
	2019	2018	2019	2018
Gas Cylinders segment	\$ 161.4	\$ 156.3	\$ 0.5	\$ 1.5
Elektron segment	203.2	218.2	0.3	6.4
Other	37.8	34.3	—	0.1
	\$ 402.4	\$ 408.8	\$ 0.8	\$ 8.0

<i>In millions</i>	Property, plant and equipment, net	
	September 29, 2019	December 31, 2018
	2019	2018
United States	\$ 58.2	\$ 66.1
United Kingdom	38.3	36.0
Rest of Europe	1.0	1.1
Asia Pacific	0.3	0.3
Other ⁽³⁾	3.7	3.4
	\$ 101.5	\$ 106.9

⁽¹⁾ The Luxfer Czech Republic business unit was sold at the end of the Second Quarter of 2019. Its results of operations are included within the 2018 figures and 2019 year-to-date figures.

⁽²⁾ Adjusted EBITA is adjusted EBITDA less depreciation and loss on disposal of property, plant and equipment.

⁽³⁾ Other includes Canada, South America, Latin America and Africa.

15. Segmental information (continued)

The following table presents a reconciliation of Adjusted EBITDA to net income:

<i>In millions</i>	Third Quarter		Year-to-date	
	2019	2018	2019	2018
Adjusted EBITDA	\$ 16.7	\$ 23.0	\$ 55.4	\$ 63.6
Other share-based compensation charges	(0.6)	(1.2)	(4.0)	(3.1)
Loss on disposal of property, plant and equipment	—	(0.2)	—	(0.2)
Depreciation and amortization	(3.6)	(4.7)	(11.3)	(14.5)
Unwind discount on deferred consideration	(0.1)	(0.2)	(0.2)	(0.5)
Restructuring charges	(2.6)	(1.1)	(24.3)	(2.1)
Fair value adjustment to held-for-sale assets	—	—	0.2	—
Acquisition and disposal related gains / (costs)	—	—	(1.7)	—
Other charges ⁽⁴⁾	(2.7)	—	(2.7)	—
Defined benefits pension mark-to-market gain	0.6	1.3	1.7	3.9
Interest expense, net	(1.3)	(1.2)	(3.5)	(3.7)
Provision for income taxes	(0.6)	(3.5)	(4.1)	(9.9)
Net income	\$ 5.8	\$ 12.2	\$ 5.5	\$ 33.5

The following tables present certain geographic information by geographic region for the Third Quarter and Year-to-date, ended June 30, 2019 and July 1, 2018, respectively:

	Net Sales ⁽⁵⁾							
	Third Quarter				Year-to-date			
	2019		2018		2019		2018	
	\$M	Percent	\$M	Percent	\$M	Percent	\$M	Percent
United States	\$ 58.0	54.1%	\$ 67.2	52.1%	\$ 182.4	52.9%	\$ 195.4	51.8%
U.K.	7.9	7.4%	13.1	10.1%	28.5	8.3%	36.5	9.7%
Germany	4.2	3.9%	10.6	8.2%	18.2	5.3%	31.6	8.4%
Italy	5.1	4.8%	6.9	5.3%	16.8	4.9%	17.0	4.5%
France	3.5	3.3%	3.9	3.0%	12.9	3.8%	12.9	3.4%
Top five countries	\$ 78.7	73.6%	\$ 101.7	78.8%	\$ 258.8	75.2%	\$ 293.4	77.8%
Rest of Europe	8.6	8.0%	7.7	6.0%	30.5	8.9%	25.1	6.7%
Asia Pacific	13.0	12.1%	14.3	11.1%	37.3	10.8%	40.7	10.8%
Other ⁽⁶⁾	6.8	6.3%	5.4	4.2%	17.4	5.1%	17.8	4.7%
	\$ 107.1		\$ 129.1		\$ 344.0		\$ 377.0	

(4) Other charges relates to an expense incurred in relation to the Company's decision to commence a project to remove low-level naturally occurring radioactive material.

(5) Net sales are based on the geographic destination of sale.

(6) Other includes Canada, South America, Latin America and Africa.

16. Leases

We have operating leases for buildings, vehicles and certain equipment. The majority of our leases have remaining lease terms of one to nine years, with one building having 54 years remaining.

The components of lease expense were as follows:

<i>In millions</i>	Third Quarter		Year-to-date	
	2019	2018	2019	2018
Operating lease cost	\$ 1.0	\$ 1.0	\$ 3.2	\$ 2.9

None of our leases were classified as finance leases in 2019 or 2018.

16. Leases (continued)

Supplemental cash flow information related to leases was as follows:

<i>In millions</i>	Third Quarter		Year-to-date	
	2019	2018	2019	2018
Operating cash flows from operating leases	\$ 1.0	\$ 1.0	\$ 3.2	\$ 2.9

Supplemental balance sheet information related to leases was as follows:

<i>In millions</i>	September 29, 2019	December 31, 2018
Operating leases		
Operating lease right-of-use asset	\$ 15.1	\$ 18.4
Other current liabilities	3.2	3.5
Other non-current liabilities	12.0	14.9
	\$ 15.2	\$ 18.4
Weighted Average Remaining Lease Term (Years)	3.6	3.7
Weighted Average Discount Rate	4.46%	4.46%

Future maturities of lease liabilities as of September 29, 2019 were as follows:

<i>In millions</i>	2019
Remainder of 2019	\$ 0.9
2020	4.1
2021	3.3
2022	2.1
2023	1.4
2024	1.1
Thereafter	9.2
Total lease payments	\$ 22.1
Less amount of lease payments representing interest	(6.9)
Total	\$ 15.2

17. Commitments and contingencies

Committed banking facilities

At September 29, 2019, and December 31, 2018, the Company had committed banking facilities of \$150.0 million. The facilities were for providing loans and overdrafts, with a separate facility for letters of credit which at September 29, 2019 and December 31, 2018, was £7.0 million (\$8.9 million). Of the committed facilities, no loans were drawn and no letters of credit were utilized at September 29, 2019, (\$3.5 million, and nil at December 31, 2018). The Company also has a separate bonding facility for bank guarantees denominated in GBP sterling of £3.0 million (\$3.8 million), of which GBP sterling of £1.0 million (\$1.4 million) was utilized at September 29, 2019, and December 31, 2018, respectively.

Contingencies

During February 2014, a cylinder was sold to a long-term customer and ruptured at one of their gas facilities. As a result of this rupture, three people were noted to have minor injuries such as loss of hearing. There was no major damage to assets of the customer. A claim was launched by the three people who were injured in the incident and a prosecutor has been appointed. We had reviewed our quality control checks from around the time which the cylinder was produced and no instances of failures were noted. It has also been noted by the investigator that the customer has poor quality and safety checks. As a result, we do not believe that we are liable for the incident, and therefore, do not currently expect this case to have a material impact on the Company's financial position or results of operations.

In November 2018, a garbage truck, outfitted with a Compressed Natural Gas ("CNG") fuel system containing the Company's cylinders and valves, was involved in a fire and explosion at a maintenance garage. As a result of this fire and explosion, an employee of the garage suffered personal injury. Additionally, the force of the explosion caused property damage to the garage and garbage truck. As at September 29, 2019 it is too early to determine the exact cause of the fire and explosion and how liability would be apportioned if a lawsuit was initiated. The Company is insured for claims made for injury or damage caused by products sold with a \$1.0 million deductible. The maximum potential exposure and impact to our results of operations is \$1.0 million.

18. Subsequent events

None.

Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations

Information regarding forward-looking statements

This Interim Report on Form 10-Q contains certain statements, statistics and projections that are, or may be, forward-looking. These forward-looking statements are subject to known and unknown risks, uncertainties, assumptions and other factors that could cause our actual results of operations, financial condition, liquidity, performance, prospects, opportunities, achievements or industry results, as well as those of the markets we serve or intend to serve, to differ materially from those expressed in, or suggested by, these forward-looking statements. The accuracy and completeness of all such statements, including, without limitation, statements regarding our future financial position, strategy, plans and objectives for the management of future operations, is not warranted or guaranteed. These statements typically contain words such as "believes," "intends," "expects," "anticipates," "estimates," "may," "will," "should" and words of similar import. By their nature, forward-looking statements involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. We undertake no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise. Although we believe that the expectations reflected in such statements are reasonable, no assurance can be given that such expectations will prove to be correct. There are a number of factors that could cause actual results and developments to differ materially from those expressed or implied by such forward-looking statements. These factors include, but are not limited to, factors identified in "Business," "Risk factors," and "Management's Discussion and Analysis of Financial Condition and Results of Operations," or elsewhere in this Interim Report, as well as:

- general economic conditions, or conditions affecting demand for the services offered by us in the markets in which we operate, both domestically and internationally, being less favorable than expected;
- worldwide economic and business conditions and conditions in the industries in which we operate;
- fluctuations in the cost of raw materials and utilities;
- currency fluctuations and other financial risks;
- our ability to protect our intellectual property;
- 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;
- relationships with our customers and suppliers;
- increased competition from other companies in the industries in which we operate;
- changing technology;
- claims for personal injury, death or property damage arising from the use of products produced by us;
- the occurrence of accidents or other interruptions to our production processes;
- changes in our business strategy or development plans, and our expected level of capital expenditure;
- our ability to attract and retain qualified personnel;
- restrictions on the ability of Luxfer Holdings PLC to receive dividends or loans from certain of its subsidiaries;
- regulatory, environmental, legislative and judicial developments; and
- our intention to pay dividends.

Please read the sections "Business," "Risk factors," included within the 2018 Annual Report on Form 10-K and "Management's Discussion and Analysis of Financial Condition and Results of Operations," of this Interim Report on Form 10-Q for a more complete discussion of the factors that could affect our performance and the industries in which we operate, as well as those discussed in other documents we file or furnish with the SEC.

About Luxfer

Luxfer is a global manufacturer of highly-engineered industrial materials, which focuses on value creation by using its broad array of technical knowhow and proprietary technologies. Luxfer's high-performance products are used in defense and emergency response, healthcare, transportation, and general industrial settings. For more information, visit www.luxfer.com.

Key trends and uncertainties regarding our existing business

The following trends and uncertainties affected our financial performance in the first nine-months of 2019, and will likely impact our results in the future:

- Third-Quarter results were behind expectations as sales fell 17%, led by an 84% decline in sales of our Solumag[®] product line used in fracking operations and a general slowdown observed in our industrial end-market. Temporary inefficiencies in our Madison, Illinois Graphic Arts plant, due to disruption following storm-related flooding also negatively impacted sales.
- Given the industrial sales softness, we are accelerating our cost savings initiatives and increasing our growth focus on markets such as Defense.
- We also continued along our transformation journey making solid progress with business restructuring initiatives aimed at further reducing our fixed cost structure while seeding revenue growth.

In 2019, our operating objectives and trends we expect to impact our business include the following:

- We have converted from foreign private issuer status to domestic issuer status, which requires us to comply with the U.S. SEC domestic reporting regime from January 1, 2019.
- Improvement of the Gas Cylinder Segment with a project to consolidate the French operation into the U.K. and U.S to reduce fixed costs.
- Focusing on developing global talent and implementing a high-performance culture.
- Productivity acceleration and growth recovery as we implement a lean manufacturing process and faster product innovation.

CONSOLIDATED RESULTS OF OPERATIONS

The consolidated results of operations for the Third Quarter of 2019 and 2018 of Luxfer were as follows:

<i>In millions</i>	Third Quarter		
	2019	2018	2019 v 2018
Net sales	\$ 107.1	\$ 129.1	(17.0)%
Cost of goods sold	(81.9)	(95.1)	(13.9)%
Gross profit	25.2	34.0	(25.9)%
<i>% of net sales</i>	23.5%	26.3 %	(2.8)
Selling, general and administrative expenses	(11.8)	(15.2)	(22.4)%
<i>% of net sales</i>	11.0%	11.8 %	(0.8)
Research and development	(1.5)	(2.0)	(25.0)%
<i>% of net sales</i>	1.4%	1.5 %	(0.1)
Restructuring charges	(2.6)	(1.1)	136.4 %
<i>% of net sales</i>	2.4%	0.9 %	1.5
Other expenses	(2.7)	—	n/a
<i>% of net sales</i>	2.5%	— %	2.5
Operating income	6.6	15.7	(58.0)%
<i>% of net sales</i>	6.2%	12.2 %	(6)
Net interest expense	(1.3)	(1.2)	8.3 %
<i>% of net sales</i>	1.2%	0.9 %	0.3
Defined benefit pension credit	0.6	1.3	(53.8)%
<i>% of net sales</i>	0.6%	1.0 %	(0.4)
Income before income taxes and equity in net income of affiliates	5.9	15.8	(62.7)%
<i>% of net sales</i>	5.5%	12.2 %	(6.7)
Provision for income taxes	(0.6)	(3.5)	(82.9)%
<i>Effective tax rate</i>	9.4%	22.3 %	(12.9)
Income before equity in net income of affiliates	5.3	12.3	(56.9)%
<i>% of net sales</i>	4.9%	9.5 %	(4.6)
Equity in income / (loss) of unconsolidated affiliates (net of tax)	0.5	(0.1)	n/a
<i>% of net sales</i>	0.5%	(0.1)%	0.6
Net income	\$ 5.8	\$ 12.2	(52.5)%
<i>% of net sales</i>	5.4%	9.5 %	(4.1)

The consolidated results of operations for the three-quarters ended September 29, 2019 and September 30, 2018 of Luxfer were as follows:

<i>In millions</i>	Year-to-date		% / point change
	2019	2018	2019 v 2018
Net sales	\$ 344.0	\$ 377.0	(8.8)%
Cost of goods sold	(257.7)	(279.1)	(7.7)%
Gross profit	86.3	97.9	(11.8)%
% of net sales	25.1 %	26.0%	(0.9)
Selling, general and administrative expenses	(42.6)	(47.2)	(9.7)%
% of net sales	12.4 %	12.5%	(0.1)
Research and development	(4.5)	(5.5)	(18.2)%
% of net sales	1.3 %	1.5%	(0.2)
Restructuring charges	(24.3)	(2.1)	n/a
% of net sales	7.1 %	0.6%	6.5
Impairment credit	0.2	—	n/a
% of net sales	(0.1)%	—%	(0.1)
Acquisition and disposal related costs	(1.7)	—	n/a
% of net sales	0.5 %	—%	0.5
Other expense	(2.7)	—	n/a
% of net sales	0.8 %	—%	0.8
Operating income	10.7	43.1	(75.2)%
% of net sales	3.1 %	11.4%	(8.3)
Net interest expense	(3.5)	(3.7)	(5.4)%
% of net sales	1.0 %	1.0%	—
Defined benefit pension credit	1.7	3.9	(56.4)%
% of net sales	0.5 %	1.0%	(0.5)
Income before income taxes and equity in net income of affiliates	8.9	43.3	(79.4)%
% of net sales	2.6 %	11.5%	(8.9)
Provision for income taxes	(4.1)	(9.9)	(58.6)%
Effective tax rate	42.7 %	22.8%	19.9
Income before equity in net income of affiliates	4.8	33.4	(85.6)%
% of net sales	1.4 %	8.9%	(7.5)
Equity in income of unconsolidated affiliates (net of tax)	0.7	0.1	600.0 %
% of net sales	0.2 %	—%	0.2
Net income	\$ 5.5	\$ 33.5	(83.6)%
% of net sales	1.6 %	8.9%	(7.3)

Net sales

The 17.0% and 8.8% decrease in consolidated net sales in the third quarter and first nine-months, respectively, of 2019 from 2018 were primarily the result of:

- Lower sales of our proprietary SoluMag[®] alloy as a result of continuing destocking amid budgetary pressures affecting North American shale producers;
- Lower sales in Luxfer Graphic Arts as our North American facility continues its recovery following plant consolidation challenges and disruption as a result of storm-related flooding;
- \$4.4 million revenue decline as a result of the divestiture of Elektron's magnesium Czech recycling business at the end of Q2;
- Reduction in sales in the Gas Cylinders segment affecting Superform for European luxury automobiles and lower margin aluminum gas cylinders;
- Adverse foreign currency effects of \$2.8 million in the quarter and \$9.9 million for the first nine months.

Gross profit

The 2.8 and 0.9 percentage point decrease in gross profit as a percentage of sales in the third quarter and first nine-months of 2019 from 2018 was primarily the result of adverse sales mix and unfavorable foreign exchange movements. These were partially offset by our continued effort to reduce production-based costs.

Selling, general and administrative expenses ("SG&A")

The 0.8 percentage point decrease in SG&A costs as a percentage of sales in the third quarter of 2019 from 2018 was primarily the result of cost saving activities.

SG&A as a percentage of sales was relatively unchanged in the first nine-months of 2019 from 2018.

Restructuring charges

The \$2.6 million restructuring charge in the third quarter of 2019 was driven by \$2.1 million of further costs associated with the announced closure of Luxfer Gas Cylinders France, including one-time employee benefits, ongoing site costs and legal and professional fees. In addition, restructuring charges include \$0.5 million related to one-time employee benefits across sites in North America and the U.K in the Elektron and Gas Cylinders segment.

The \$24.3 million restructuring charge in the first nine-months of 2019 includes \$18.7 million in relation to the closure of Luxfer Gas Cylinders France; \$4.6 million related to asset write-downs and one-time employee benefits following the decision to scale down production at one of our Luxfer Magtech sites; and \$1.0 million of other simplification costs.

The \$1.1 million and \$2.1 million restructuring charge in the third quarter and first nine-months of 2018, respectively, was predominantly the result of termination costs and a property impairment charge related to the rationalization of Elektron's Graphic Arts operations and severance costs in the Gas Cylinders segment.

Impairment charges

The impairment credit of \$0.2 million in the first nine-months of 2019 reflects a fair value adjustment to the held-for-sale assets in the Elektron segment.

Acquisition and disposal related gains / (costs)

Acquisition and disposal related costs in 2019 of \$1.7 million relate to a \$3.5 million reimbursement payment and \$1.1 million of professional and legal fees incurred in connection with the terminated acquisition of Neo Performance Materials, occurring in the first quarter; offset in the second quarter by a \$2.9 million gain on disposal of Elektron's magnesium recycling business in the Czech Republic.

Other charges

The \$2.7 million other charges incurred in the third quarter of 2019, is the result of the Company's decision to commence a project to remove low-level naturally occurring radioactive material (NORM) from a redundant building at its Manchester, UK site. The work represents remediation of a legacy environmental issue and is expected to complete in the second quarter of 2020 but with no significant further costs envisaged.

Net interest expense

The 5.4% reduction in net interest expense in the first nine-months of 2019 from 2018 was due to the reduction in the average debt balance in 2019 resulting in lower interest costs, following the repayment of \$15.0 million private placement debt at maturity, in June 2018. Net interest expense in the third quarter of 2019 over 2018 remained flat at \$1.3 million.

Defined benefit pension credit

The \$0.7 million and \$2.2 million decrease in defined benefit pension credit in the third quarter and first nine-months respectively is primarily due to lower projected asset returns in 2019.

Provision for income taxes

The movement in the statutory effective tax rate from 22.8% in 2018 to 42.7% in 2019 was primarily due to non-deductible expenses related to acquisition and restructuring activities. When stripping out the effect of these expenses, our adjusted effective tax rate has fallen from 22.8% in 2018 to 19.0% in 2019.

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES TO GAAP MEASURES

The following table of non-GAAP summary financial data presents a reconciliation of net income to adjusted net income for the periods presented, being the most comparable GAAP measure. Management believes that adjusted net income, adjusted earnings per share, adjusted EBITA and adjusted EBITDA are key performance indicators (KPIs) used by the investment community and that such presentation will enhance an investor's understanding of the Company's operational results. In addition, Luxfer's CEO and other senior management use these KPIs, among others, to evaluate business performance. However, investors should not consider adjusted net income and adjusted earnings per share in isolation as an alternative to net income and earnings per share when evaluating Luxfer's operating performance or measuring Luxfer's profitability.

<i>In millions except per share data</i>	Third Quarter		Year-to-date	
	2019	2018	2019	2018
Net income / (loss)	\$ 5.8	\$ 12.2	\$ 5.5	\$ 33.5
Accounting charges relating to acquisitions and disposals of businesses:				
Unwind of discount on deferred consideration	0.1	0.2	0.2	0.5
Amortization on acquired intangibles	0.3	0.3	0.9	0.9
Acquisitions and disposals	—	—	1.7	—
Defined benefit pension credit	(0.6)	(1.3)	(1.7)	(3.9)
Restructuring charges	2.6	1.1	24.3	2.1
Impairment charges	—	—	(0.2)	—
Other charges	2.7	—	2.7	—
Share-based compensation charges	0.6	1.2	4.0	3.1
Income tax on adjusted items	(1.5)	(0.3)	(3.8)	(0.6)
Adjusted net income	\$ 10.0	\$ 13.4	\$ 33.6	\$ 35.6
Adjusted earnings per ordinary share				
Diluted earnings per ordinary share	\$ 0.21	\$ 0.44	\$ 0.20	\$ 1.22
Impact of adjusted items	0.15	0.04	1.01	0.08
Adjusted diluted earnings per ordinary share	\$ 0.36	\$ 0.48	\$ 1.21	\$ 1.29

<i>In millions</i>	Third Quarter		Year-to-date	
	2019	2018	2019	2018
Adjusted net income	\$ 10.0	\$ 13.4	\$ 33.6	\$ 35.6
Add back:				
Income tax on adjusted items	1.5	0.3	3.8	0.6
Provision for income taxes	0.6	3.5	4.1	9.9
Net finance costs	1.3	1.2	3.5	3.7
Adjusted EBITA	\$ 13.4	\$ 18.4	\$ 45.0	\$ 49.8
Loss on disposal of PPE	—	0.2	—	0.2
Depreciation	3.3	4.4	10.4	13.6
Adjusted EBITDA	\$ 16.7	\$ 23.0	\$ 55.4	\$ 63.6

The following table presents a reconciliation for the adjusted effective tax rate, which management believes is a KPI used by the investment community and that such presentation will enhance an investor's understanding of the Company's operational results.

<i>In millions</i>	Third Quarter		Year-to-date	
	2019	2018	2019	2018
Adjusted net income	\$ 10.0	\$ 13.4	\$ 33.6	\$ 35.6
Add back:				
Income tax on adjusted items	1.5	0.3	3.8	0.6
Provision for income taxes	0.6	3.5	4.1	9.9
Adjusted income before income taxes	\$ 12.1	\$ 17.2	\$ 41.5	\$ 46.1
Adjusted provision for income taxes	2.1	3.8	7.9	10.5
Adjusted effective tax rate	17.4%	22.1%	19.0%	22.8%

The following table presents a reconciliation of net debt which management believes is a liquidity measure used by the investment community and that such presentation will enhance an investor's understanding of the Company's financial position.

<i>In millions</i>	September 29,	December 31,
	2019	2018
Current maturities of long-term debt and short-term borrowings	\$ —	\$ 3.5
Long-term debt	105.6	73.6
Total debt	105.6	77.1
Add back:		
Cash and cash equivalents	(11.9)	(13.8)
Net debt	\$ 93.7	\$ 63.3

SEGMENT RESULTS OF OPERATIONS

The summary that follows provides a discussion of the results of operations of each of our two reportable segments (Gas Cylinders and Elektron). Both segments comprise various product offerings that serve multiple end markets.

Adjusted EBITDA represents operating income adjusted for qualifying restructuring charges; impairment charges; acquisition and disposal related gains / costs; other charges; loss on disposal of property, plant and equipment; depreciation and amortization; share based compensation expense; and unwind of discount on deferred consideration. A reconciliation to net income and taxes can be found in Note 15 to the condensed consolidated financial statements.

GAS CYLINDERS

The net sales and adjusted EBITDA for Gas Cylinders were as follows:

<i>In millions</i>	Third Quarter		% / point change	Year-to-date		% / point change
	2019	2018	2019 v 2018	2019	2018	2019 v 2018
Net sales	\$ 54.2	\$ 62.2	(12.9)%	\$ 170.7	\$ 181.9	(6.2)%
Adjusted EBITDA	6.3	6.3	— %	17.9	17.3	3.5 %
% of net sales	11.6%	10.1%	1.5	10.5%	9.5%	1.0

Net sales

The 12.9% and 6.2% decrease in Gas Cylinders sales in the third quarter and first nine-months, respectively, of 2019 from 2018 was primarily the result of:

- Lower sales of aluminum cylinders used in industrial applications;
- Decreased sales in Superform for European luxury automobiles; and
- Adverse foreign currency effects of \$1.6 million in the quarter and \$5.2 million for the first nine months.
- These are partially offset by continued strength in alternative fuel cylinder sales.

Adjusted EBITDA

The 1.5 percentage point increase in adjusted EBITDA for Gas Cylinders as a percentage of net sales in the third quarter of 2019 from 2018 was primarily the result of successful cost saving initiatives.

ELEKTRON

The net sales and adjusted EBITDA for Elektron were as follows:

<i>In millions</i>	Third Quarter		% / point change	Year-to-date		% / point change
	2019	2018	2019 v 2018	2019	2018	2019 v 2018
Net sales	\$ 52.9	\$ 66.9	(20.9)%	\$ 173.3	\$ 195.1	(11.2)%
Adjusted EBITDA	10.4	16.7	(37.7)%	37.5	46.3	(19.0)%
% of net sales	19.7%	25.0%	(5.3)	21.6%	23.7%	(2.1)

Net sales

The 20.9% and 11.2% decrease in Elektron sales in the third quarter and first nine-months, respectively, of 2019 from 2018 was primarily the result of:

- Lower sales of our proprietary SoluMag[®] alloy;
- Lower sales of other industrial products;
- \$4.4 million revenue decline as a result of the divestiture of Elektron's magnesium Czech recycling business at the end of Q2; and
- Adverse foreign currency effects of \$1.2 million in the quarter and \$4.7 million for the first nine months.

Adjusted EBITDA

The 5.3 percentage point decrease in adjusted EBITDA for Elektron as a percentage of net sales in the third quarter of 2019 from 2018 was primarily the result of adverse sales mix, impacted by lower SoluMag sales and temporary inefficiencies in our Madison, IL plant due to disruptions following unprecedented storm related flooding, partially offset by execution of cost-saving initiatives.

The first nine-months 2.1 percentage point decrease over 2018 incorporates the third quarter factors above partially offset by the improved sales mix of the first quarter of 2019, which was driven by higher zirconium-based catalysis sales.

LIQUIDITY AND CAPITAL RESOURCES

Our liquidity requirements arise primarily from obligations under our indebtedness, capital expenditures, acquisitions, the funding of working capital, restructuring and the funding of hedging facilities to manage foreign exchange and commodity purchase price risks. We meet these requirements primarily through cash flows from operating activities, cash deposits and borrowings under the Revolving Credit Facility and accompanying ancillary hedging facilities and the Loan Notes due, 2021, 2023 and 2026. Our principal liquidity needs are:

- funding acquisitions, including deferred contingent consideration payments;
- capital expenditure requirements;
- funding restructuring programs;
- payment of shareholder dividends;
- servicing interest on the Loan Notes, which is payable at each quarter end, in addition to interest and / or commitment fees on the Senior Facilities Agreement;
- working capital requirements, particularly in the short term as we aim to achieve organic sales growth; and
- hedging facilities used to manage our foreign exchange and aluminum purchase price risks.

We believe that, in the long term, cash generated from our operations will be adequate to meet our anticipated requirements for working capital, capital expenditures and interest payments on our indebtedness. In the short term, we believe we have sufficient credit facilities to cover any variation in our cash flow generation. However,

any major repayments of indebtedness will be dependent on our ability to raise alternative financing or to realize substantial returns from operational sales. Also, our ability to expand operations through sales development and capital expenditures could be constrained by the availability of liquidity, which, in turn, could impact the profitability of our operations.

We have been in compliance with the covenants under the Loan Notes and the Senior Facilities Agreement throughout all of the quarterly measurement dates from and including September 30, 2011, to September 29, 2019.

Luxfer conducts all of its operations through its subsidiaries, joint ventures and affiliates. Accordingly, Luxfer's main cash source is dividends from its subsidiaries. The ability of each subsidiary to make distributions depends on the funds that a subsidiary receives from its operations in excess of the funds necessary for its operations, obligations or other business plans. We have not historically experienced any material impediment to these distributions, and we do not expect any local legal or regulatory regimes to have any impact on our ability to meet our liquidity requirements in the future. In addition, since our subsidiaries are wholly-owned, our claims will generally rank junior to all other obligations of the subsidiaries. If our operating subsidiaries are unable to make distributions, our growth may slow, unless we are able to obtain additional debt or equity financing. In the event of a subsidiary's liquidation, there may not be assets sufficient for us to recoup our investment in the subsidiary.

Our ability to maintain or increase the generation of cash from our operations in the future will depend significantly on the competitiveness of and demand for our products, including our success in launching new products. Achieving such success is a key objective of our business strategy. Due to commercial, competitive and external economic factors, however, we cannot guarantee that we will generate sufficient cash flows from operations or that future working capital will be available in an amount sufficient to enable us to service our indebtedness or make necessary capital expenditures.

Cash Flows

Operating activities

Cash used in operating activities was \$13.6 million for the first nine-months in 2019. It was primarily related to net income from operating activities for the period, net of the following non-cash items: depreciation and amortization; asset impairment credit; other charges, pension contributions and net changes to assets and liabilities.

Cash provided by operating activities was \$39.9 million in the first nine-months of 2018. It was primarily related to net income from operating activities, net of the following non-cash items: depreciation and amortization; asset impairment charges, pension contributions and net changes to assets and liabilities.

Investing activities

Net cash used for investing activities was \$4.5 million for the first nine-months in 2019, compared to net cash used for investing activities of \$7.9 million in 2018. The movement was primarily due to \$4.6 million of proceeds received on the sale of our Czech business and \$1.2 million proceeds from the sale of property, plant and equipment, offset by an increase in capital expenditures which were \$10.3 million and \$8.2 million, in 2019 and 2018, respectively. We anticipate capital expenditures for fiscal 2019 to be around \$15 million.

Financing activities

In the first nine-months of 2019, net cash provided from financing activities was \$16.5 million (2018: \$36.0 million outflow). We made net drawdowns on our banking facilities of \$28.2 million (2018: \$25.3 million repayment) and dividend payments of \$10.2 million (2018: \$10.0 million). We also received \$3.3 million (2018: \$6.3 million) in relation to proceeds from sales of shares and paid out \$4.3 million (2018: \$7.0 million) in share-based compensation.

Capital Resources

Dividends

We paid dividends in 2019 of \$10.2 million (2018: \$10.0 million), or \$0.375 per ordinary share.

Any payment of dividends is also subject to the provisions of the U.K. Companies Act, according to which dividends may only be paid out of profits available for distribution determined by reference to financial statements prepared in accordance with the Companies Act and IFRS as adopted by the E.U., which differ in some respects from U.S. GAAP. In the event that dividends are paid in the future, holders of the ordinary shares will be entitled to receive payments in U.S. dollars in respect of dividends on the underlying ordinary shares in accordance with the deposit agreement. Furthermore, because we are a holding company, any dividend payments would depend on cash flows from our subsidiaries.

Authorized shares

Our authorized share capital consists of 40.0 million ordinary shares with a par value of £0.50 per share.

Contractual obligations

The following summarizes our significant contractual obligations that impact our liquidity:

	Payments Due by Period				
	Total	Less than 1 year	1 – 3 years	3 – 5 years	After 5 years
	(in \$ million)				
Contractual cash obligations					
Loan Notes due 2021	\$ 25.0	\$ —	\$ 25.0	\$ —	\$ —
Loan Notes due 2023	25.0	—	—	25.0	—
Loan Notes due 2026	25.0	—	—	—	25.0
Revolving credit facility	31.7	—	—	31.7	—
Deferred contingent consideration	0.6	—	0.6	—	—
Obligations under operating leases	22.1	4.0	5.9	2.7	9.5
Capital commitments	1.8	1.8	—	—	—
Obligations for environmental remediation	2.1	2.1	—	—	—
Interest payments	14.8	3.4	5.8	3.4	2.2
Total contractual cash obligations	\$ 148.1	\$ 11.3	\$ 37.3	\$ 62.8	\$ 36.7

Off-balance sheet measures

At September 29, 2019, we had no off-balance sheet arrangements.

NEW ACCOUNTING STANDARDS

See Note 1 of the Notes to Condensed Consolidated Financial Statements for information pertaining to recently adopted accounting standards or accounting standards to be adopted in the future.

CRITICAL ACCOUNTING POLICIES

We have adopted various accounting policies to prepare the consolidated financial statements in accordance with GAAP. Certain of our accounting policies require the application of significant judgment by management in selecting the appropriate assumptions for calculating financial estimates. In our 2018 Annual Report on Form 10-K, filed with the SEC on March 11, 2019, we identified the critical accounting policies which affect our more significant estimates and assumptions used in preparing our consolidated financial statements. In addition to those disclosed, there is a critical accounting policy in relation to Leases, see Note 1 of the Notes to Condensed Consolidated Financial Statements.

Item 3. Quantitative and qualitative disclosures about market risk

There have been no material changes in our market risk during the quarter ended September 29, 2019. For additional information, refer to Item 7A of our 2018 Annual Report on Form 10-K, filed with the SEC on March 11, 2019.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain a system of disclosure controls and procedures designed to provide reasonable assurance as to the reliability of our published financial statements and other disclosures included in this report. Our management evaluated, with the participation of our Chief Executive Officer and our Chief Financial Officer, the effectiveness of the design and operation of our disclosure controls and procedures as of the end of the quarter ended September 29, 2019, pursuant to Rule 13a-15(b) of the Securities Exchange Act of 1934 (the "Exchange Act"). Based upon their evaluation, our Chief Executive Officer and our Chief Financial Officer concluded that our disclosure controls and procedures were effective, at the reasonable assurance level, as of the end of the quarter ended September 29, 2019, to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is recorded, processed, summarized and reported, within the time periods specified in the Securities and Exchange Commission's rules and forms, and to ensure that information required to be disclosed by us in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our principal executive and principal financial officers, as appropriate to allow timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting

There was no change in our internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Exchange Act) that occurred during the quarter and annual period ended September 29, 2019, that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II - OTHER INFORMATION

Item 1. Legal Proceedings

While we are involved from time to time in claims and legal proceedings that result from, and are incidental to, the conduct of our business including business and commercial litigation, employee and product liability claims, there are no material pending legal proceedings to which the Company or any of its subsidiaries is a party, or of which any of their property is subject. It is possible, however, that an adverse resolution of an unexpectedly large number of such individual claims or proceedings could in the aggregate have a material adverse effect on results of operations for a particular year or quarter.

Item 1A. Risk Factors

There have been no material changes from the risk factors previously disclosed in Item 1A. of our 2018 Annual Report on Form 10-K, except that the U.K.'s exit ('Brexit') from the European Union (E.U.) has been further deferred by the E.U. until January 31, 2020, with the possibility of an earlier exit should that be approved by the U.K. parliament. However, the risk factors under the caption "Our global operations expose us to economic conditions, potential tax costs, political risks and specific regulations in the countries in which we operate" previously disclosed in Item 1A. of our 2018 Annual Report on Form 10-K relating to Brexit, remain applicable.

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

Not applicable.

Item 6. Exhibits and Financial Statement Schedules

(a)(1) Financial Statements

The Financial Statements listed in the Index to Financial Statements in Item 1 are filed as part of this Quarterly Report on Form 10-Q.

(a)(2) Financial Statement Schedules

N/A

(a)(3) Exhibits

- 31.1 [Certification Required by Rule 13a-14\(a\) or 15d-14\(a\) under the Securities Exchange Act of 1934-Alok Maskara](#)
- 31.2 [Certification Required by Rule 13a-14\(a\) or 15d-14\(a\) under the Securities Exchange Act of 1934-Heather Harding](#)
- 32.1 [Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(Subsections \(a\) and \(b\) of Section 1350, Chapter 63 of Title 18, United States Code\)-Alok Maskara](#)
- 32.2 [Certification Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002 \(Subsections \(a\) and \(b\) of Section 1350, Chapter 63 of Title 18, United States Code\)-Heather Harding](#)
- 101 The financial statements from the Company's Interim Report on Form 10-Q for the quarter ended September 29, 2019, formatted in XBRL: (i) Condensed Consolidated Statements of Income, (ii) Condensed Consolidated Statements of Comprehensive Income, (iii) Condensed Consolidated Balance Sheets, (iv) Condensed Consolidated Statements of Cash Flows, (v) Condensed Consolidated Statements of Changes in Equity, and (vi) Notes to Condensed Consolidated Financial Statements, tagged as blocks of text and including detailed tags.

SIGNATURES

Pursuant to the requirements of Section 13 or 15 (d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Luxfer Holdings plc
(Registrant)

/s/Alok Maskara

Alok Maskara
Chief Executive Officer
(Duly Authorized Officer)
October 30, 2019