



LUXFER

Innovative solutions in material technology

Q1 2017 conference call



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Forward-looking statements

This presentation contains forward-looking statements. Examples of such forward-looking statements include, but are not limited to: (i) statements regarding the Group's results of operations and financial condition, (ii) statements of plans, objectives or goals of the Group or its management, including those related to financing, products or services, (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Words such as "believes", "anticipates", "expects", "intends", "forecasts" and "plans" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. The Group cautions that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: (i) future revenues being lower than expected; (ii) increasing competitive pressures in the industry; (iii) general economic conditions or conditions affecting demand for the services offered by us in the markets in which we operate, both domestically and internationally, including as a result of the Brexit referendum, being less favorable than expected; (iv) worldwide economic and business conditions and conditions in the industries in which we operate; (v) fluctuations in the cost of raw materials and utilities; (vi) currency fluctuations and hedging risks; (vii) our ability to protect our intellectual property; and (viii) the significant amount of indebtedness we have incurred and may incur and the obligations to service such indebtedness and to comply with the covenants contained therein. The Group cautions that the foregoing list of important factors is not exhaustive. These factors are more fully discussed in the sections "Forward-Looking Statements" and "Risk factors" in our Annual Report on Form 20-F for the year ended December 31, 2016, filed with the U.S. Securities and Exchange Commission on March 14, 2017. When relying on forward-looking statements to make decisions with respect to the Group, investors and others should carefully consider the foregoing factors and other uncertainties and events. Such forward-looking statements speak only as of the date on which they are made, and the Group does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.



Agenda

- **Brian Purves, Chief Executive Officer**
 - Q1 2017 summary and market overview.
 - Update on selected strategic growth initiatives.
- **Andy Beaden, Group Finance Director**
 - Q1 2017 financial review.
 - Divisional performance.
- **Brian Purves, Chief Executive Officer**
 - Group outlook.
- **Questions?**
- **Appendices**



Q1 2017 summary

- **Good recovery in adjusted operating profit and adjusted net income from the latter quarters of 2016.**
- **Elektron trading profit showed significant improvement.**
 - Recovery in sales of flameless heaters.
- **Cylinders segmental trading profit up.**
 - Stronger sales of medical cylinders and the benefit of cost-reduction actions.
- **Strategic projects:**
 - Sales of SoluMag[®] alloy continue to grow, traditional alloy markets stable.
- **Improved operational momentum and higher order book for chemical catalysis and U.S. defense products underpins maintained guidance for 2017.**



Q1 2017 overview

- **Q1 results ahead of expectations.**
 - Adjusted diluted EPS of \$0.27 (Q1 2016: \$0.30) and basic EPS of \$0.25 (Q1 2016: \$0.33).
 - Adjusted EBITDA of \$15.3m compared to \$16.8m in Q1 2016.
 - Trading profit of \$10.5m compared to \$11.8m in Q1 2016.
 - Gas Cylinders trading profit improved by \$0.3m.
 - Elektron trading profit reflects timing of chemical catalysis orders, which are scheduled later in 2017 than last year.
- **Q1 revenue recovery.**
 - \$103.4m compared to \$108.8m in Q1 2016, but well ahead of Q4 2016 (\$96.1m).
 - FX translation differences reduced revenue by \$3.7m.
 - Underlying revenues down \$1.7m.



Q1 2017 overview

- **Elektron sales stronger, Gas Cylinders compressed.**
 - Increase in MRE flameless heater sales (under new contract) following shortage of demand in latter stages of 2016.
 - Sales remained down for other defense-related products, but rising order cover for shipments, particularly in the second half.
 - Improved performance in the European medical sector, especially with our advanced L7X[®] range of cylinders.
 - Alternative fuel (AF) sales were lower than in Q1 2016, but still above our reduced break-even point.
 - Superform tooling sales were lower due to preparations for producing panels in support of new projects.
 - Net FX was \$0.2m favorable on reported trading profit.

Update on strategic growth initiatives



SoluMag[®] dissolving alloy:

- SoluMag[®] sales continue to improve.
- New derivatives launched:
 - HD – high-ductility
 - HS – high-strength
- ‘Fresh water’ version also in development.



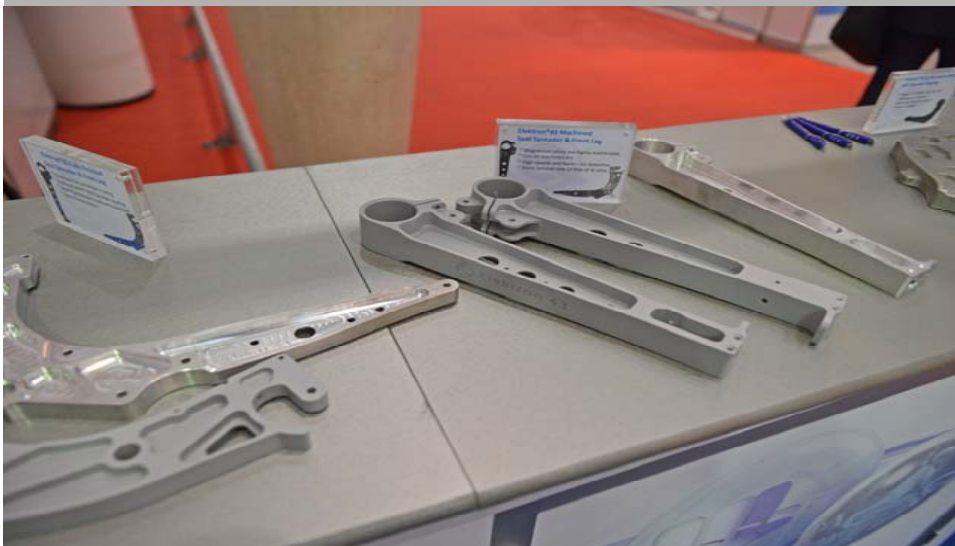
SynerMag[®] bioresorbable alloy:

- Biotronik, our partner in the joint R&D program, has launched their Magmaris[®] scaffold in Europe, the Middle East and Australasia.



Update on strategic growth initiatives

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





Update on strategic growth initiatives

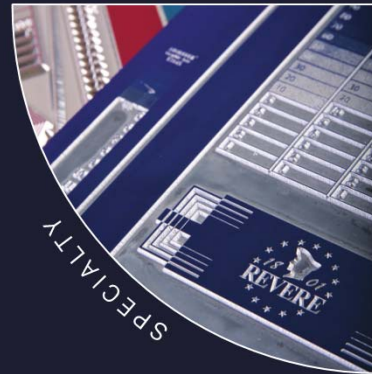
- **Extending Superform capabilities:**
 - New Superform investment extends its capabilities to supply higher-volume contracts for 2017 (HY2) onwards with Ferrari and another manufacturer of prestige sports cars.
 - A new facility, 'Superform Technology Center', to become the center of excellence for our assembly capabilities in the U.K., expected to open in Q2.





FINANCIAL REVIEW

Group Finance Director
Andy Beaden





Group revenue

	Gas Cylinders Q1 \$M	Elektron Q1 \$M	Group Q1 \$M
2016 Revenue	59.1	49.7	108.8
Changes in period:			
FX translation	(2.0)	(1.7)	(3.7)
Trading movements	(2.7)	1.0	(1.7)
2017 Revenue	54.4	49.0	103.4
Trading variance	(4.7%)	2.1%	(1.6%)

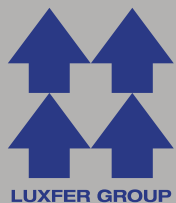


Gas Cylinders Division

	Gas Cylinders Q1 \$M
2016 Revenue	59.1
Changes in period:	
FX translation	(2.0)
Trading movements	(2.7)
2017 Revenue	54.4
Trading variance	(4.7%)

- Q1 underlying revenue* down by \$2.7m or 4.7% compared to Q1 2016.
 - SCBA sales showed improvement over the latter quarters of 2016.
 - Higher sales in the European medical sector with our advanced L7X[®] range of cylinders showing improvement.
 - Alternative fuel (AF) sales were down on Q1 2016.
 - Superform revenue was down on Q1 2016 due to the timing of projects.

* At constant translation exchange rates.



Elektron Division

	Elektron Q1 \$M
2016 Revenue	49.7
Changes in period:	
FX translation	(1.7)
Trading movements	1.0
2017 Revenue	49.0
Trading variance	2.1%

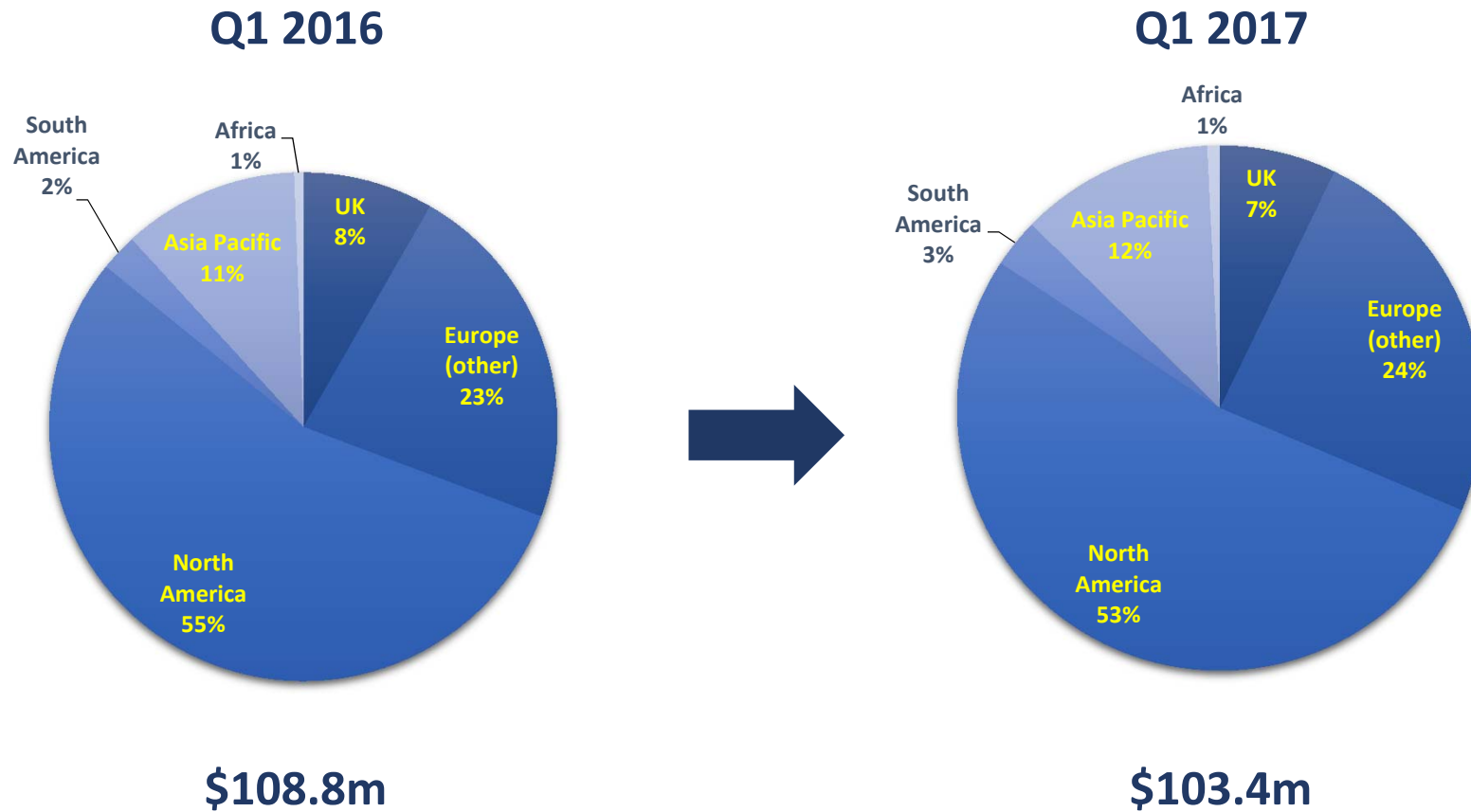
- Q1 underlying revenue* up by \$1.0m or 2.1% compared to Q1 2016.
 - Large increase in our MRE heater sales following the shortage of orders seen in the latter part of 2016.
 - Sales of our proprietary SoluMag[®] alloy are gaining market acceptance.
 - Q1 2017 overall catalysis sales were impacted by decreased sales of chemical catalysis products.

* At constant translation exchange rates.



Geographic sales trends

Revenue by destination





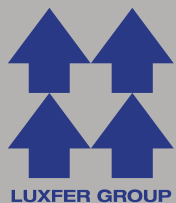
Trading profit and adjusted EBITDA analysis

		2017 Q1	2016 Q1
Trading profit \$M			
Gas Cylinders	Trading profit \$M	3.3	3.0
	ROS %	6.1%	5.1%
Elektron	Trading profit \$M	7.2	8.8
	ROS %	14.7%	17.7%
GROUP	Trading profit \$M	10.5	11.8
	ROS %	10.2%	10.8%

<i>Trading profit</i>	Gas Cylinders	10.0%
<i>changes for</i>	Elektron	(18.2%)
<i>2017 v 2016</i>	GROUP	(11.0%)

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

		2017 Q1	2016 Q1
Adjusted EBITDA \$M			
Gas Cylinders		5.2	5.0
Elektron		10.1	11.8
GROUP		15.3	16.8
GROUP adjusted EBITDA margin %		14.8%	15.4%



Net income and EPS

	Q1 2017	Q1 2016
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Other income statement items:	\$M	\$M
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Trading profit	10.5	11.8
Profit on sale of redundant site	0.4	2.1
Restructuring and other expense	(0.2)	(0.1)
Operating profit	10.7	13.8

Net income:	\$M	\$M
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Net income	6.6	8.7
Adjusted net income	7.2	8.1
Underlying effective tax rate	24.2%	25.7%

Adjusted basic EPS	\$0.27	\$0.30
Adjusted diluted EPS	\$0.27	\$0.30
Dividend per share	\$0.125	\$0.125

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



Liquidity and capital resources

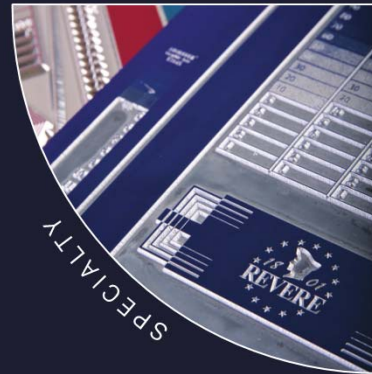
	Q1 2017 \$M	Q1 2016 \$M
Return on invested capital	13%	13%
Invested capital	259.3	261.9
Net debt	105.9	101.9
Net debt : Adjusted EBITDA for LTM (last 12 months)	2.0	1.6
Trading working capital	97.2	98.3
Net cash flows from continuing operating activities	9.6	3.0
Net cash flows before financing	6.2	3.7
Funds returned to shareholders (Dividends and share buy-backs)	3.3	9.4

NOTE: See appendices for non-GAAP reconciliations.



OUTLOOK

Chief Executive Officer
Brian Purves





Group outlook

- **Guidance:**

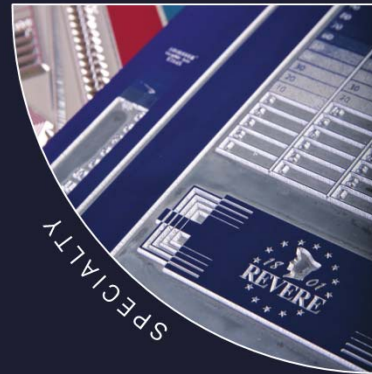
- The financial result for Q1 2017 represents a significant recovery from Q4 2016.
- Profit performance was better than previously indicated.
- In particular, the magnesium operations recovered well and the Gas Cylinders Division improved on Q1 2016.
- Revenue, EPS and cash flow all showed strong improvement over Q3 and Q4 of 2016 and Elektron's order books have improved.
 - FRH, chemical agent detection kits, military powders, industrial catalysts.
- Exchange rates are now becoming a benefit to profit.
- We are confident that our previous full-year guidance remains sound, in that on EBITDA and EPS we expect to achieve an improvement of at least 10%.



QUESTIONS?

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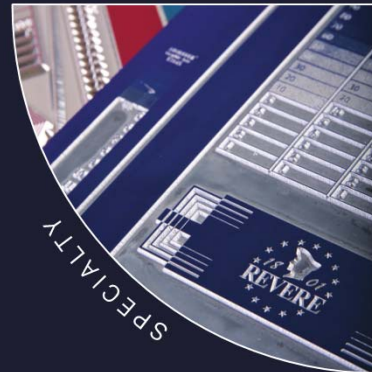
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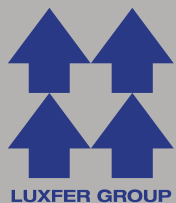




APPENDICES

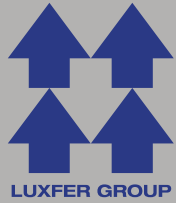
Summary financial statements
and reconciliation of non-
GAAP measures





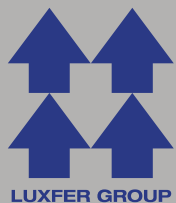
Summary income statement

\$M	2017	2016	Variance Q1	
	Q1	Q1	\$M	%
REVENUE	103.4	108.8	(5.4)	(5.0%)
Cost of sales	(77.7)	(82.4)		
Gross profit	25.7	26.4	(0.7)	(2.7%)
<i>Gross margin %</i>	<i>24.9%</i>	<i>24.3%</i>		
Distribution costs	(2.1)	(1.9)		
Administrative expenses	(13.2)	(12.8)		
Share of results of joint ventures and associates	0.1	0.1		
TRADING PROFIT	10.5	11.8	(1.3)	(11.0%)
Profit on sale of redundant site	0.4	2.1		
Restructuring and other expense	(0.2)	(0.1)		
OPERATING PROFIT	10.7	13.8	(3.1)	(22.5%)
Finance costs:				
Net interest costs	(1.6)	(1.6)		
IAS 19R retirement benefits finance charge	(0.5)	(0.5)		
Unwind of discount on deferred contingent consideration from acquisitions	-	(0.1)		
PROFIT ON OPERATIONS BEFORE TAXATION	8.6	11.6	(3.0)	(25.9%)
Income tax expense	(2.0)	(2.9)		
NET INCOME / (LOSS) FOR THE PERIOD	6.6	8.7	(2.1)	(24.1%)
<i>Earnings per share - Basic</i>	<i>\$0.25</i>	<i>\$0.33</i>		
ADJUSTED NET INCOME	7.2	8.1	(0.9)	(11.1%)
<i>Adjusted earnings per share - Basic</i>	<i>\$0.27</i>	<i>\$0.30</i>		
<i>Adjusted earnings per share - Diluted</i>	<i>\$0.27</i>	<i>\$0.30</i>		
Adjusted EBITDA	15.3	16.8	(1.5)	(8.9%)



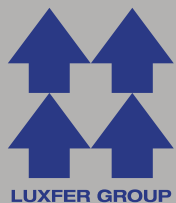
Balance sheet analysis

	31 December 2016 \$M	Trading \$M	Shareholder Returns \$M	Pension Movements \$M	FX Translation \$M	31 March 2017 \$M
Property, plant and equipment	127.9	(1.9)	-	-	0.8	126.8
Intangible assets	80.6	(0.1)	-	-	0.6	81.1
Investments	10.0	(0.4)	-	-	-	9.6
Deferred income tax assets	16.6	(4.2)	-	1.8	0.3	14.5
Trade and other receivables	0.3	0.2	-	-	-	0.5
Long term assets	235.4	(6.4)		1.8	1.7	232.5
<i>Inventories</i>	82.5	4.5	-	-	0.6	87.6
<i>Trade and other receivables</i>	57.6	6.2	-	-	0.4	64.2
<i>Trade and other payables</i>	(51.1)	(3.2)	-	-	(0.3)	(54.6)
Trading working capital	89.0	7.5			0.7	97.2
Net tax liabilities (excluding deferred tax assets)	(2.6)	(2.0)	-	-	-	(4.6)
Non-current trade and other payables	(0.6)	(0.6)	-	-	-	(1.2)
Provisions	(2.6)	0.2	-	-	-	(2.4)
Dividends payable	-	-	(3.3)	-	-	(3.3)
Capital employed	318.6	(1.3)	(3.3)	1.8	2.4	318.2
Retirement benefits	(66.5)	-	-	10.0	(0.9)	(57.4)
Deferred contingent consideration	(2.8)	1.3	-	-	-	(1.5)
Invested capital	249.3	-	(3.3)	11.8	1.5	259.3
Banking revolver	(31.8)	(25.3)	-	-	(0.1)	(57.2)
Cash and cash equivalents	13.6	32.6	(3.2)	(2.8)	0.2	40.4
Loan notes	(89.2)	0.1	-	-	-	(89.1)
Net assets	141.9	7.4	(6.5)	9.0	1.6	153.4
Total debt	(121.0)	(25.2)	-	-	(0.1)	(146.3)
Net debt	(107.4)	7.4	(3.2)	(2.8)	0.1	(105.9)
Capital & reserves:						
Ordinary share capital	25.3	-	-	-	-	25.3
Deferred share capital	150.9	-	-	-	-	150.9
Share premium account	56.4	-	-	-	-	56.4
Treasury shares	(7.1)	-	0.1	-	-	(7.0)
Retained earnings	308.1	4.6	(6.6)	9.0	-	315.1
Other reserves	(57.9)	2.8	-	-	1.6	(53.5)
Merger reserve	(333.8)	-	-	-	-	(333.8)
Total equity	141.9	7.4	(6.5)	9.0	1.6	153.4



Cash flow

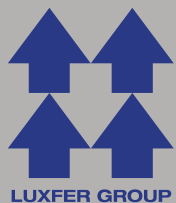
	2017 Q1 \$M	2016 Q1 \$M
Operating profit	10.7	13.8
Depreciation and amortization	4.5	4.6
Profit on sale of redundant site	(0.4)	(2.1)
Share-based compensation charges net of cash settlement	0.3	0.4
Share of results of joint ventures and associates	(0.1)	(0.1)
Increase in working capital	(3.9)	(10.2)
Movement in retirement benefits obligations	(1.6)	(1.4)
Movement in provisions	0.2	(0.6)
Acquisition and disposal costs paid	-	(1.2)
Income taxes paid	(0.1)	(0.2)
NET CASH FLOWS FROM CONTINUING OPERATING ACTIVITIES	9.6	3.0
Purchases of property, plant and equipment	(2.3)	(3.2)
Purchases of intangible assets	(0.4)	(0.2)
Proceeds from sale of redundant site	-	3.0
Investment in joint ventures and associates	0.5	1.0
Interest income received from joint ventures	0.1	0.1
Net cash flow on purchase of businesses	(1.3)	-
NET CASH FLOWS BEFORE FINANCING	6.2	3.7
Interest paid on banking facilities	(1.5)	(1.5)
Draw down on banking facilities	25.1	19.5
Dividends paid	(3.3)	(3.4)
Purchase of treasury shares	0.1	(6.0)
NET INCREASE IN CASH AND CASH EQUIVALENTS	26.6	12.3



Reconciliation of non-GAAP measures

Adjusted net income and EBITDA:

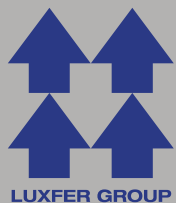
	2017 Q1 \$M	2016 Q1 \$M
Net income for the period - as reported	6.6	8.7
Accounting charges relating to acquisitions and disposals of businesses:		
Unwind of discount on deferred contingent consideration from acquisitions	-	0.1
Amortization on acquired intangibles	0.3	0.3
IAS 19R retirement benefits finance charge	0.5	0.5
Profit on sale of redundant site	(0.4)	(2.1)
Restructuring and other expense	0.2	0.1
Other share-based compensation charges	0.3	0.4
Income tax thereon	(0.3)	0.1
Adjusted net income	7.2	8.1
Add back / (deduct):		
Income tax thereon	0.3	(0.1)
Income tax expense	2.0	2.9
Net interest costs	1.6	1.6
Depreciation and amortization	4.5	4.6
Less: Amortization on acquired intangibles	(0.3)	(0.3)
Adjusted EBITDA	15.3	16.8



Reconciliation of non-GAAP measures

Segmental adjusted EBITDA and trading profit:

		2017 Q1	2016 Q1
Gas Cylinders	Adjusted EBITDA \$M	5.2	5.0
	Other share-based compensation charges	(0.1)	(0.2)
	Depreciation and amortization	(1.8)	(1.8)
	Trading profit \$M	3.3	3.0
Elektron	Adjusted EBITDA \$M	10.1	11.8
	Other share-based compensation charges	(0.2)	(0.2)
	Depreciation and amortization	(2.7)	(2.8)
	Trading profit \$M	7.2	8.8
Group	Adjusted EBITDA \$M	15.3	16.8
	Other share-based compensation charges	(0.3)	(0.4)
	Depreciation and amortization	(4.5)	(4.6)
	Trading profit \$M	10.5	11.8



Reconciliation of non-GAAP measures

Return on invested capital (ROIC):

		2015	2016	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
		\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Trading profit - per income statement		42.3	35.3	10.5	11.7	10.6	9.5	11.8	11.0	7.3	5.2	10.5
Effective tax rate - per income statement		37.1%	21.5%	0.0%	48.3%	21.8%	37.3%	25.0%	23.9%	19.5%	5.9%	23.3%
Notional tax		(15.7)	(7.3)	0.0	(5.7)	(2.3)	(3.5)	(3.0)	(2.6)	(1.4)	(0.3)	(2.4)
Trading profit after notional tax		26.6	28.0	10.5	6.0	8.3	6.0	8.8	8.4	5.9	4.9	8.1
Annualized trading profit after notional tax	(A)	26.6	28.0	42.0	24.0	33.2	24.0	35.2	33.6	23.6	19.6	32.4
Bank and other loans		131.6	121.0	121.5	156.7	137.2	131.6	150.8	185.5	137.5	121.0	146.3
Cash and cash equivalents		(36.9)	(13.6)	(15.7)	(58.3)	(39.6)	(36.9)	(48.9)	(83.6)	(32.3)	(13.6)	(40.4)
Net debt		94.7	107.4	105.8	98.4	97.6	94.7	101.9	101.9	105.2	107.4	105.9
Total equity		169.7	141.9	159.4	174.6	161.9	169.7	160.0	146.9	129.4	141.9	153.4
Invested capital		264.4	249.3	265.2	273.0	259.5	264.4	261.9	248.8	234.6	249.3	259.3
Average invested capital	(B)	273.3	242.6	273.7	269.1	266.3	262.0	263.2	255.4	241.7	242.0	254.3
Return on invested capital	(A) / (B)	10%	12%	15%	9%	12%	9%	13%	13%	10%	8%	13%
Adjusted net income for the period	1	29.5	24.7	6.9	7.6	7.6	7.4	8.1	7.9	5.0	3.7	7.2
Income tax charge for the period	2	9.5	6.0	0.5	2.9	1.7	4.4	2.9	2.1	0.8	0.2	2.0
Income tax on adjustments to net income	3	(0.9)	1.4	2.1	(0.1)	0.4	(3.3)	(0.1)	0.5	0.7	0.3	0.3
Adjusted income tax charge	(C) (2 + 3)	8.6	7.4	2.6	2.8	2.1	1.1	2.8	2.6	1.5	0.5	2.3
Adjusted profit before taxation	(D) (1 + 2 + 3)	38.1	32.1	9.5	10.4	9.7	8.5	10.9	10.5	6.5	4.2	9.5
Adjusted effective tax rate	(C) / (D) = (E)	22.6%	23.1%	27.4%	26.9%	21.6%	12.9%	25.7%	24.8%	23.1%	11.9%	24.2%
Trading profit - per income statement (as above)	(F)	42.3	35.3	10.5	11.7	10.6	9.5	11.8	11.0	7.3	5.2	10.5
Adjusted notional tax	(E) x (F)	(9.5)	(8.1)	(2.9)	(3.2)	(2.3)	(1.2)	(3.0)	(2.7)	(1.7)	(0.6)	(2.5)
Adjusted trading profit after notional tax		32.8	27.2	7.6	8.5	8.3	8.3	8.8	8.3	5.6	4.6	8.0
Annualized adjusted trading profit after notional tax	(G)	32.8	27.2	30.5	33.8	33.2	33.1	35.1	33.1	22.5	18.3	31.8
Adjusted return on invested capital	(G) / (B)	12%	11%	11%	13%	12%	13%	13%	13%	9%	8%	13%

