



SECOND QUARTER 2019

Earnings Conference Call August 1, 2019



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 Company's results of operations and financial condition, (ii) statements of plans, objectives or goals of the Company or its management, including those related to financing, products or services, (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Words such as "believes", "anticipates", "expects", "intends", "forecasts" and "plans" and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. The Company cautions that 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 Company 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 10-K for the year ended December 31, 2018, filed with the U.S. Securities and Exchange Commission on March 11, 2019. When relying on forward-looking statements to make decisions with respect to the Company, investors and others should carefully consider the foregoing factors and other uncertainties and events. Such forward-looking statements speak only as of the date on which they are made, and the Company does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.



EXECUTIVE SUMMARY

2Q 2019 Financial Performance

- Sales decline of 9.1% on SoluMag®, FX and low-margin products exit
- Adj. EBITDA decreased 5.6% to \$20.2M; margin up +60 basis points
- Adj. diluted EPS unchanged at \$0.44
- Achieved \$3.1M in cost reductions

Cash Flow & Capital Allocation

- Net cash* outflow of \$5.9M for transformation plan expenses
- Net Debt to EBITDA ratio of 1.1x at quarter-end
- ROIC from Adjusted Earnings of 19.5%, +510 basis points YoY

Strategic Update

- Completed closure and consolidation of operation in France
- Divested Czech magnesium recycling facility
- On target with transformation plan; \$24M in net cost savings by 2021

*before financing

Flat EPS: Revenue Softness Offset by Accelerated Cost Actions

2Q 2019 REVENUE HIGHLIGHTS

Zirconium Catalysts



- New product for exhaust Gas Particulate Filtration
- Share gain in auto catalyst
- Medical applications

Alternative Fuel Products



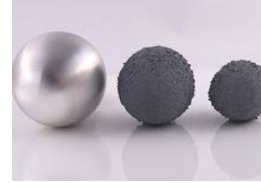
- Momentum with European bus systems and Hydrogen
- New customer penetration for U.S. heavy truck systems

Specialty Gas Cylinders



- Eclipse product enabling penetration into new applications and geographies
- Higher demand for lightweight medical cylinders

SoluMag® for O&G Fracking



- Customer destocking to take longer than expected
- Remain confident about future potential

Disaster Relief Flameless Ration Heaters



- Last quarter of tough comparisons post-2017 Hurricanes in U.S.
- Military orders remain consistently strong

Superform



- Reduction in lower margin automotive contract sales
- Profit turnaround continues

Focus on Profitable Growth to Offset SoluMag® Softness

2Q 2019: FOOTPRINT CONSOLIDATION UPDATE

Completed projects

- ✓ Riverhead, NY
- ✓ Brigham City, UT
- ✓ Salford, UK
- ✓ Findlay, OH
- ✓ Brighton, UK
- ✓ Gerzat, FR
- ✓ Litvinov, CZ

Recent projects

Gas Cylinders: Gerzat, France

- Difficult but necessary consolidation completed
- Ongoing focus on improving customer service



Graphic Arts: Madison, IL location

- Findlay, OH site closed in 4Q 2018; property sold
- Recent progress on eliminating late order backlog



Magtech

- Project to further consolidate production
- Follows consolidation of Riverhead, NY, to Cincinnati in 2018



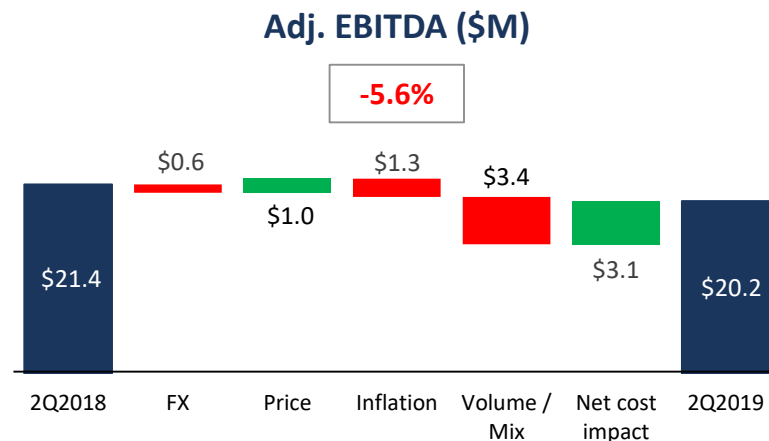
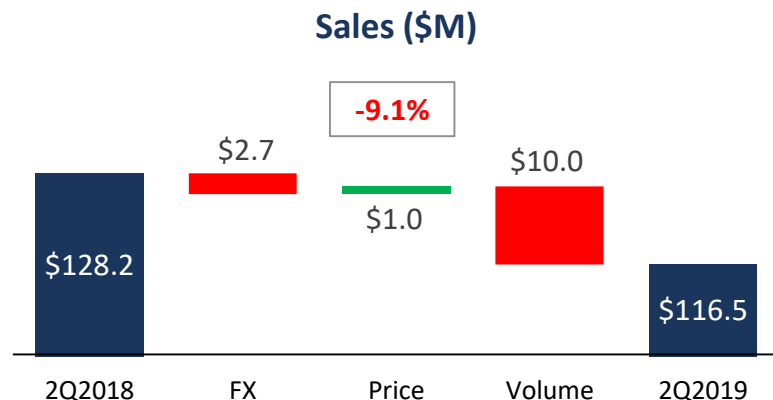
2H Expectation

Exited Seven Sites in Two Years

2Q 2019: LUXFER FINANCIAL RESULTS

Performance Highlights

- Key elements of the sales decline
 - FX \$2.7M, or 2.1%, negative impact
 - SoluMag used in O&G fracking
 - \$3M in hurricane-related shipments
 - Low-margin Superform products
- Gross margin +40 bps to 26.6%
- Achieved \$3.1M in cost reductions

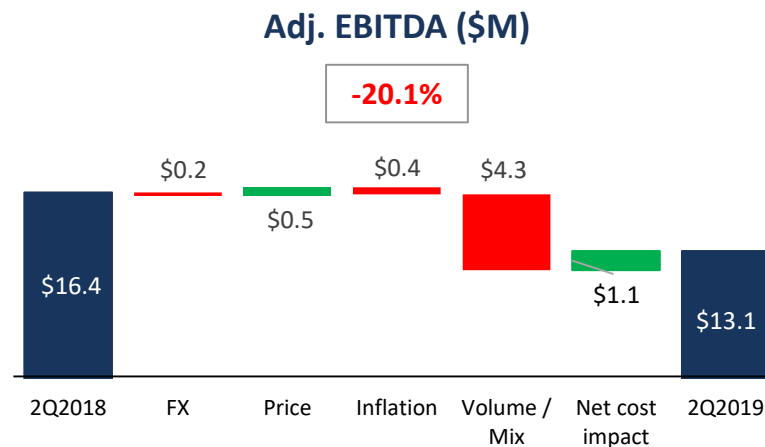
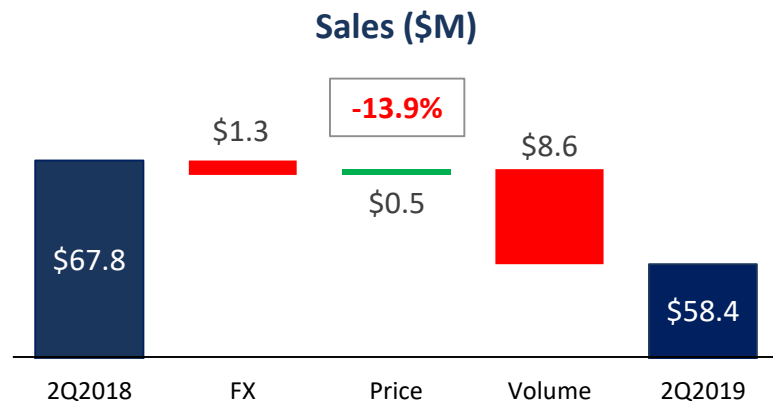


Volume Shortfall Partially Offset by Accelerated Cost Reductions

2Q 2019: ELEKTRON SEGMENT RESULTS

Performance Highlights

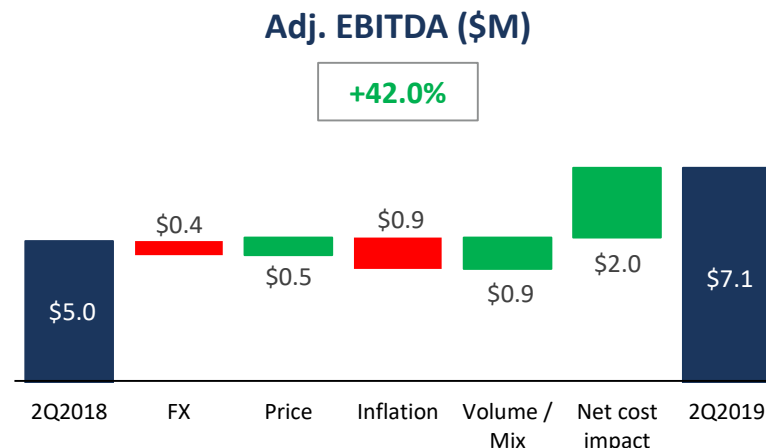
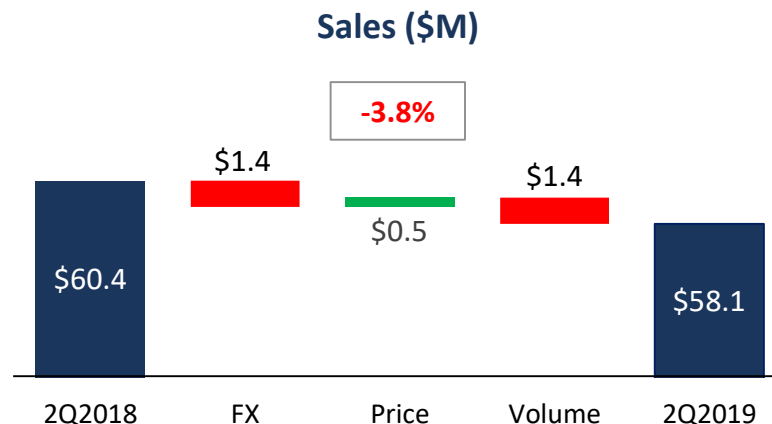
- Sales declines in SoluMag® and disaster-relief products
- Growth in zirconium chemicals
- Progress on cost reductions partially offset volume decline



2Q 2019: CYLINDER SEGMENT RESULTS

Performance Highlights

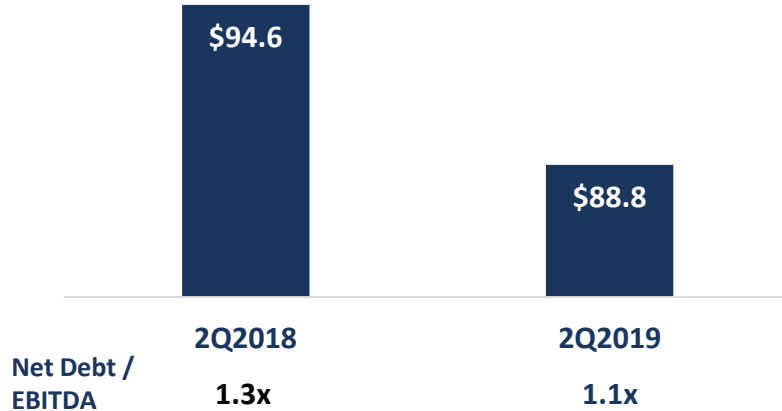
- Decline in lower margin Superform products partially offset by strength in alternative fuel cylinder sales
- Favorable mix and cost reductions driving higher EBITDA and margin
- French site shutdown complete: Critical step to reposition segment



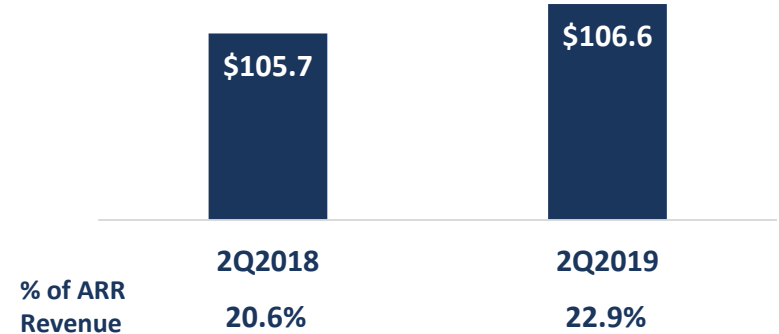
KEY BALANCE SHEET & CASH FLOW METRICS

All in \$M except ROIC

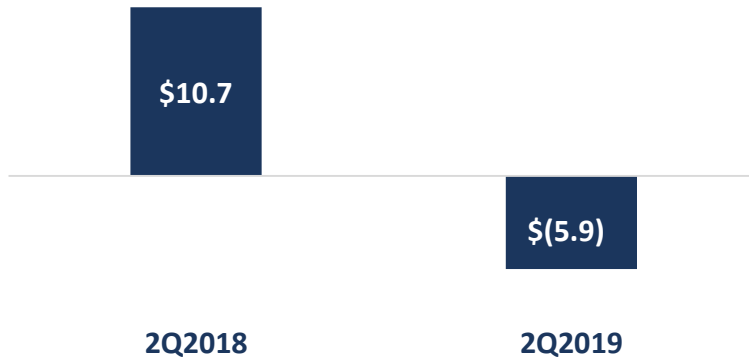
Net Debt



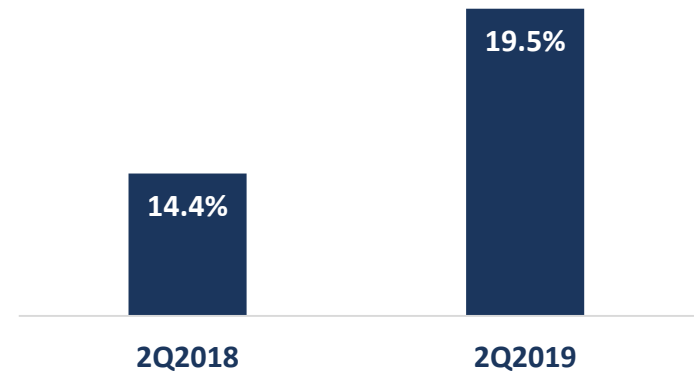
Working Capital



Net Cash Flow (Before Financing Activities)



ROIC from Adj. Earnings (TTM)



Strong Balance Sheet; Restructuring Cash Outflow



LUXFER WELCOMES NEW DIRECTOR: LISA TRIMBERGER

- Retired partner of Deloitte & Touche
- Managing Member and Owner of Mack Capital Investments
- Strong background in audit and advisory across multiple industries
- Member of Luxfer's Audit and Compensation Committees



SECOND HALF 2019 OUTLOOK UPDATE

External Macro/Revenue Impact

- **Industrial revenue lower**
 - Oil and gas lower as Solumag® destocking continues in 2H
 - Weaker industrial sentiments
- **Defense and first responders** remains stable and not impacted by any current or future economic slowdown
- **Transportation remains resilient**
 - Aerospace (majority of transportation) momentum continues
 - AF heavy-duty trucks and public bus share gain continues
 - Passenger auto catalyst resilient due to new applications & share gain

Transformation Plan Impact

- **~\$13M revenue decline in 2H with zero margin impact**
 - CZ recycling exit to reduce 2H revenue by \$8M
 - Superform products/programs exit to reduce 2H revenue by ~\$5M
- **Cost transformation plan** to deliver net ~\$4M savings in 2H (~\$5M for FY 19)



LUXFER

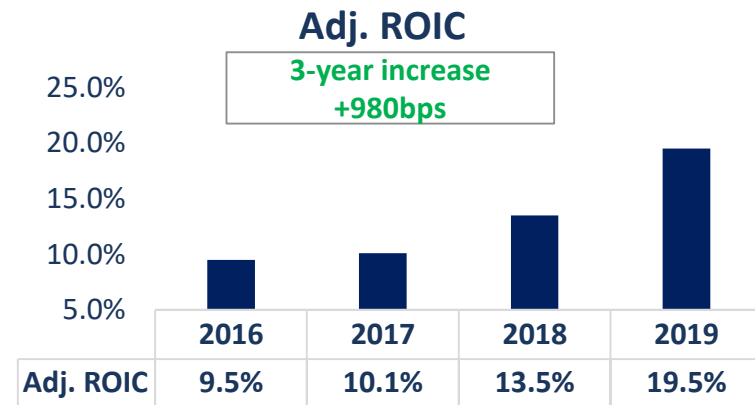
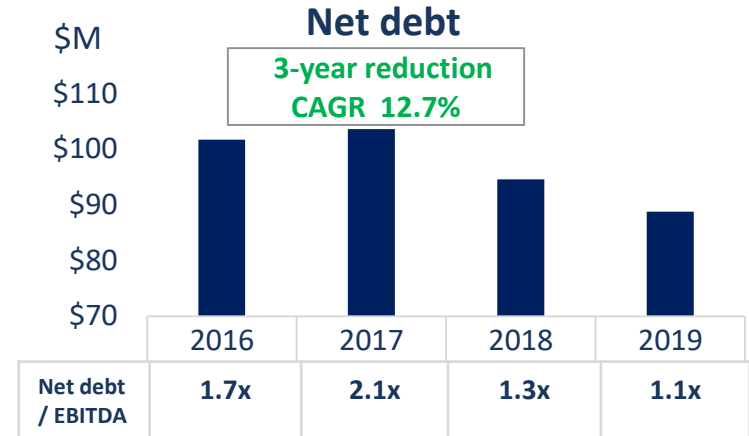
Projecting 2019 Adjusted EPS +/-2% vs. 2018's \$1.69

LUXFER TRANSFORMATION: PROGRESS SO FAR

Strategic Progress

- Included in **Russell 2000** after terminating ADR and FPI status
- Paying ~\$13.5M dividends annually
- Seven **fewer facilities**
- **Refreshed board** with more public company experience
- \$11M **reduction in costs** out of total of \$24M by 2021
- **Luxfer B.E.S.T.** for sustainable performance improvement

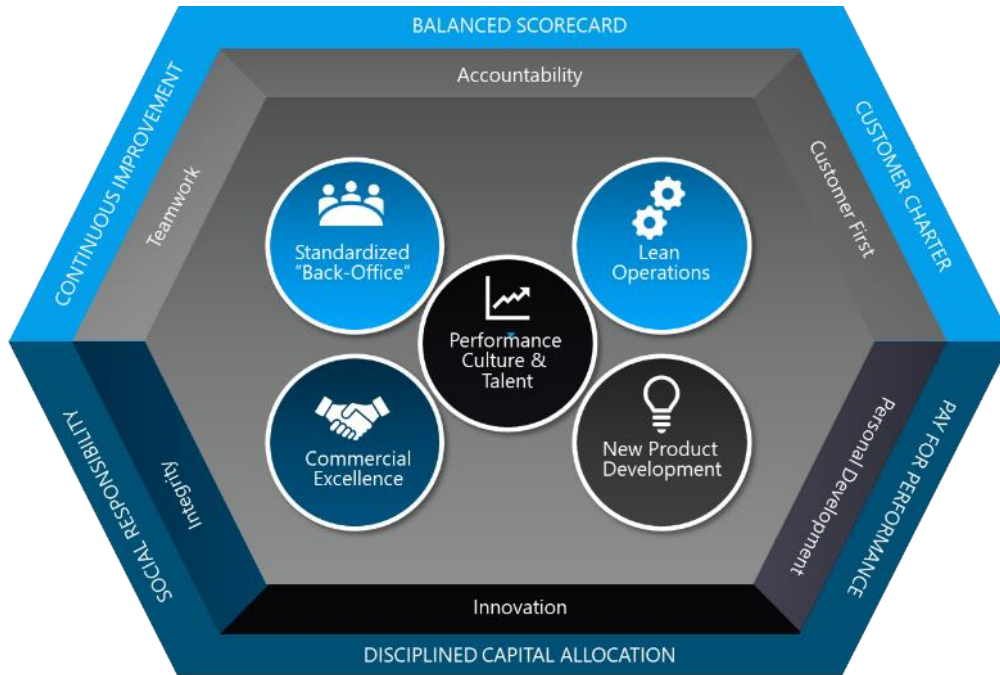
Financial Progress



Continuous Improvement

SHAREHOLDER VALUE: LONG-TERM THESIS INTACT

Business **E**xcellence **S**tandard **T**oolkit



- GDP+ revenue growth driven by new products and commercial excellence
- 2017-2021 transformation plan total net cost savings of \$24M
- 2-3% annual net cost savings beyond 2021 through lean continuous improvement
- Disciplined capital allocation

Early Stage

Mature / High Impact

Performance Culture & Talent

Lean Operations

Commercial Excellence and NPD

8-10% Earnings Growth Over the Cycle



KEY INVESTMENT CONSIDERATIONS

**Highly Engineered Industrial Materials
Company with Attractive End Markets**

**Comprehensive Transformation Plan
To Enhance Growth and Profitability**

**Strong Balance Sheet, Consistent Cash
Conversion & Disciplined Capital
Allocation**

**Significant Opportunities for
Continued Value Creation**

Our Best Days are Ahead of Us



Q&A



APPENDICES

Summary Financial Statements and Reconciliation of Non-GAAP Measures

SUMMARY INCOME STATEMENT

(Unaudited)

\$M	2019	2018	Variance		2019	2018	Variance	
	Q2	Q2	\$M	%			YTD	YTD
NET SALES	116.5	128.2	(11.7)	-9.1%	236.9	247.9	(11.0)	-4.4%
Cost of sales	(85.5)	(94.6)			(175.8)	(184.0)		
Gross profit	31.0	33.6	(2.6)	-7.7%	61.1	63.9	(2.8)	-4.4%
Selling, general and administrative expenses	(14.4)	(16.8)			(30.8)	(32.0)		
Research and development expenses	(1.6)	(1.9)			(3.0)	(3.5)		
Restructuring charges	(12.7)	(0.3)			(21.7)	(1.0)		
Impairment charges	-	-			0.2	-		
Acquisition related costs / credits	2.9	-			(1.7)	-		
Operating income	5.2	14.6	(9.4)	-64.4%	4.1	27.4	(23.3)	-85.0%
Finance costs:								
Net finance costs	(1.1)	(1.0)			(2.2)	(2.5)		
Defined benefit pension credit	0.5	1.2			1.1	2.6		
Income before income taxes and equity in net income of affiliates	4.6	14.8	(10.2)	-68.9%	3.0	27.5	(24.5)	-89.1%
Provision for income taxes	(1.4)	(3.4)			(3.5)	(6.4)		
Income before equity in net income of affiliates	3.2	11.4	(8.2)	-71.9%	(0.5)	21.1	(21.6)	-102.4%
Equity in income of affiliates (net of tax)	0.3	-			0.2	0.2		
Net income	3.5	11.4	(7.9)	-69.3%	(0.3)	21.3	(21.6)	-101.2%
<i>Earnings per share - Basic</i>	0.13	0.43			(0.01)	0.80		
<i>Earnings per share - Diluted</i>	0.13	0.41			(0.01)	0.78		
ADJUSTED NET INCOME	12.4	12.2	0.2	1.6%	23.6	22.2	1.4	6.3%
<i>Adjusted earnings per share - Diluted</i>	0.44	0.44			0.85	0.81		
Adjusted EBITDA	20.2	21.4	(1.2)	-5.6%	38.7	40.6	(1.9)	-4.7%



LUXFER

CASH FLOW

(Unaudited)

\$M	2019	2018	2019	2018
	Q2	Q2	YTD	YTD
Operating activities				
Net (loss) / income	3.5	11.4	(0.3)	21.3
Equity income of unconsolidated affiliates	(0.3)	-	(0.2)	(0.2)
Depreciation	3.7	4.6	7.1	9.2
Amortization of purchased intangible assets	0.3	0.3	0.6	0.6
Amortization of debt issuance costs	0.1	0.2	0.2	0.3
Share-based compensation	0.8	1.4	3.4	1.9
Deferred income taxes	0.4	4.3	1.2	5.1
(Gain) loss on disposal of business	(2.9)	-	(2.9)	-
Asset impairment charges	5.0	-	4.8	-
Pension and other post-retirement expense	0.8	(2.4)	1.5	(2.1)
Pension and other post-retirement contributions	(3.2)	(3.7)	(6.4)	(6.9)
<i>Changes in assets and liabilities, net of effects of business acquisitions</i>				
Accounts and notes receivable	5.6	(3.5)	(4.8)	(3.6)
Inventories	(2.3)	(4.4)	(5.9)	(15.6)
Other current assets	(1.3)	(0.1)	(1.3)	1.2
Accounts payable	(0.2)	(1.7)	(1.0)	5.0
Accrued liabilities	(9.1)	7.2	(10.8)	4.4
Other current liabilities	(6.5)	(1.0)	0.7	1.2
Other non-current assets and liabilities	(2.2)	0.5	(1.5)	(0.4)
NET CASH PROVIDED FROM OPERATING ACTIVITIES	(7.8)	13.1	(15.6)	21.4
Investing activities				
Capital expenditures	(3.9)	(2.6)	(7.1)	(3.9)
Proceeds from sale of property and equipment	1.2	-	1.2	-
Proceeds from sale of businesses and other	4.6	-	4.6	-
Investments in unconsolidated affiliates	-	0.2	-	0.8
Acquisitions, net of cash acquired	-	-	-	(0.5)
NET CASH FLOWS BEFORE FINANCING	(5.9)	10.7	(16.9)	17.8
Financing activities				
Net increase / (decrease) in short-term borrowings	(0.4)	(15.0)	3.8	(19.2)
Net repayments of long-term borrowings	16.9	9.0	28.2	5.0
Deferred consideration paid	-	-	(0.5)	-
Proceeds from issue of share capital	1.9	-	3.3	-
Share-based compensation cash paid	(2.7)	(4.1)	(4.5)	(4.7)
Dividends paid	(3.4)	(3.3)	(6.8)	(6.7)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS BEFORE EXCHANGE	6.4	(2.7)	6.6	(7.8)
Effect of exchange rate changes	(0.3)	(0.2)	(0.1)	(0.3)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	6.1	(2.9)	6.5	(8.1)

RECONCILIATION OF NON-GAAP MEASURES

(Unaudited)

	2019	2018	2019	2018
\$M	Q2	Q2	YTD	YTD
Net income	3.5	11.4	(0.3)	21.3
Accounting charges relating to acquisitions and disposals of businesses:				
Unwind of discount on deferred consideration	0.1	0.2	0.1	0.3
Amortization on acquired intangibles	0.3	0.3	0.6	0.6
Acquisitions and disposals	(2.9)	-	1.7	-
Defined benefit pension actuarial adjustment	(0.5)	(1.2)	(1.1)	(2.6)
Restructuring and other charges	12.7	0.3	21.7	1.0
Impairment charges	-	-	(0.2)	-
Share-based compensation charges	0.8	1.4	3.4	1.9
Income tax thereon	(1.6)	(0.2)	(2.3)	(0.3)
Adjusted net income	12.4	12.2	23.6	22.2
Add back / (deduct):				
Income tax thereon	1.6	0.2	2.3	0.3
Provision for income taxes	1.4	3.4	3.5	6.4
Net finance costs	1.1	1.0	2.2	2.5
Adjusted EBITA	16.5	16.8	31.6	31.4
Depreciation	3.7	4.6	7.1	9.2
Adjusted EBITDA	20.2	21.4	38.7	40.6

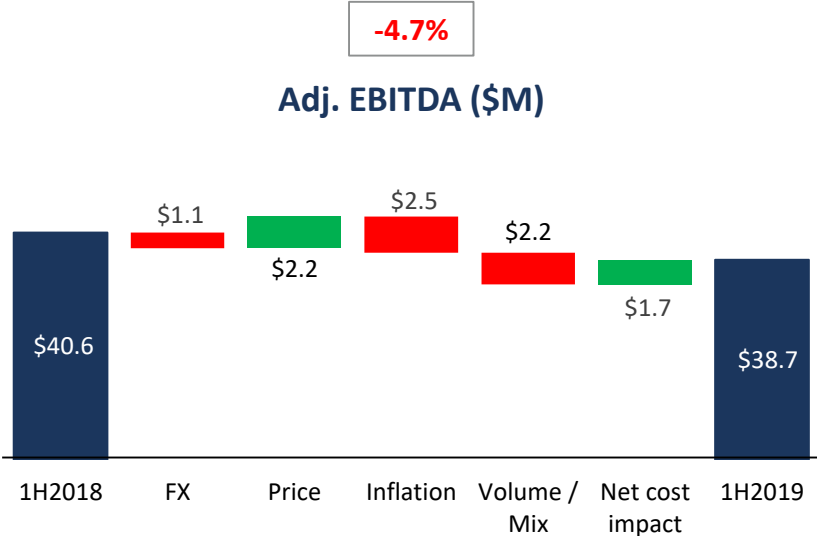
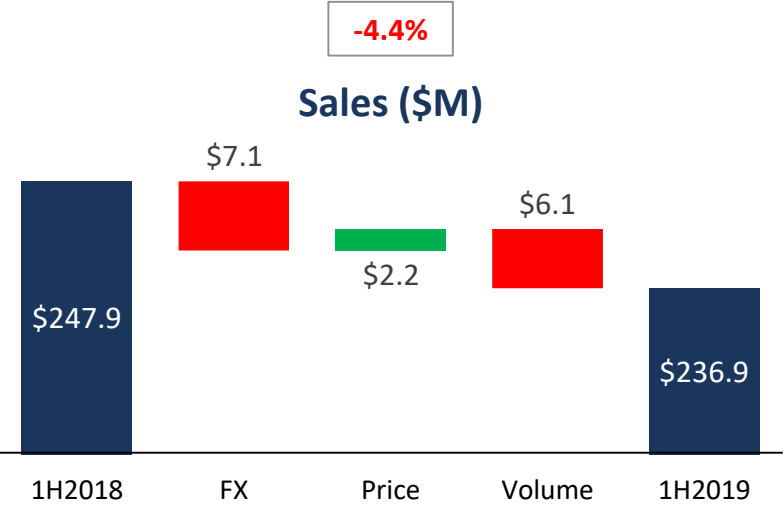
RECONCILIATION OF NON-GAAP MEASURES

(Unaudited)

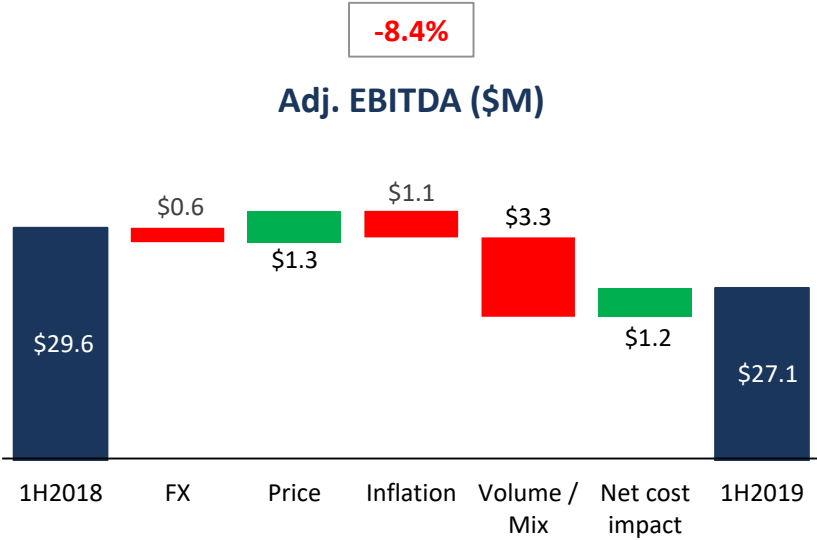
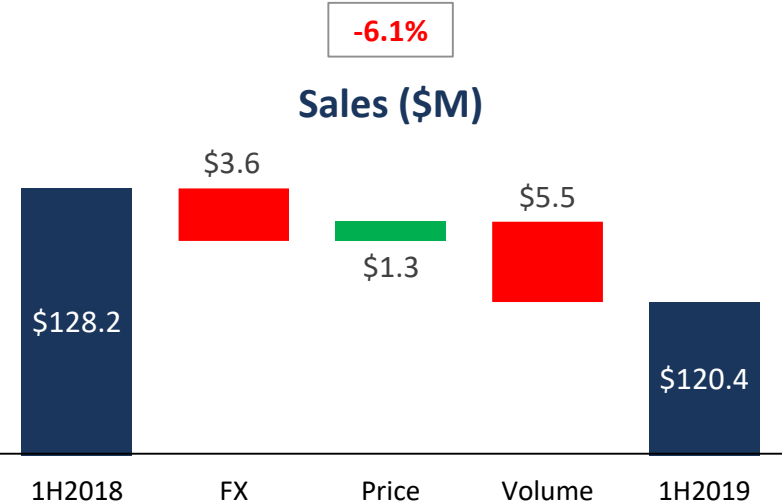
\$M	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2018 Q1	2018 Q2	2018 Q3	2018 Q4	2019 Q1	2019 Q2	2017 FY	2018 FY
EBITA	11.1	10.4	11.2	9.6	14.6	16.8	18.4	11.7	15.1	16.5	42.3	61.5
Effective tax rate - per income statement	19.6%	32.1%	26.3%	71.4%	23.6%	23.0%	22.2%	33.3%	-131.3%	30.4%	16.7%	18.3%
Notional tax	(2.2)	(3.3)	(2.9)	(6.9)	(3.4)	(3.9)	(4.1)	(3.9)	19.8	(5.0)	(7.1)	(11.3)
EBITA after notional tax	8.9	7.1	8.3	2.7	11.2	12.9	14.3	7.8	34.9	11.5	35.2	50.2
Rolling 12 month EBITA after notional tax	26.0	25.2	28.3	27.0	29.3	35.1	41.1	46.2	69.9	46.5	35.2	50.2
Bank and other loans	146.5	160.8	121.4	113.8	105.9	99.8	88.7	77.1	92.6	109.2	113.8	77.1
Net cash and cash equivalents	(40.4)	(57.2)	(19.2)	(12.6)	(8.1)	(5.2)	(8.9)	(13.8)	(14.2)	(20.4)	(12.6)	(13.8)
Net debt	106.1	103.6	102.2	101.2	97.8	94.6	79.8	63.3	78.4	88.8	101.2	63.3
Total equity	161.6	172.4	180.0	172.5	177.1	191.1	213.0	184.3	179.8	178.0	172.5	184.3
Invested capital	267.7	276.0	282.2	273.7	274.9	285.7	292.8	247.6	258.2	266.8	273.7	247.6
4 point average invested capital	252.2	259.0	270.9	274.9	276.7	279.1	281.8	275.3	271.1	266.4	273.7	247.6
Return on invested capital	10.3%	9.7%	10.4%	9.8%	10.6%	12.6%	14.6%	16.8%	25.8%	17.5%	12.9%	20.3%
Adjusted net income for the period	7.4	6.5	7.2	6.5	10.0	12.2	13.4	11.2	11.2	12.4	27.6	46.8
Impact of U.S. tax reform	-	-	-	2.0	-	-	-	-	-	-	2.0	-
Other tax adjustments	-	-	-	-	-	-	-	2.9	-	-	-	2.9
Provision for income taxes	1.9	1.8	2.1	(2.5)	3.0	3.4	3.5	(4.4)	2.1	1.4	3.3	5.5
Income tax on adjustments to net income	0.3	0.5	0.3	2.0	0.1	0.2	0.3	1.1	0.7	1.6	3.1	1.7
Adjusted income tax charge	2.2	2.3	2.4	1.5	3.1	3.6	3.8	(0.4)	2.8	3.0	8.4	10.1
Adjusted profit before taxation	9.6	8.8	9.6	8.0	13.1	15.8	17.2	10.8	14.0	15.4	36.0	56.9
Adjusted effective tax rate	22.9%	26.1%	25.0%	18.8%	23.7%	22.8%	22.1%	-3.7%	20.0%	19.5%	23.3%	17.8%
EBITA (as above)	11.1	10.4	11.2	9.6	14.6	16.8	18.4	11.7	15.1	16.5	42.3	61.5
Adjusted notional tax	(2.5)	(2.7)	(2.8)	(1.8)	(3.5)	(3.8)	(4.1)	0.4	(3.0)	(3.2)	(9.9)	(10.9)
Adjusted EBITA after notional tax	8.6	7.7	8.4	7.8	11.1	13.0	14.3	12.1	12.1	13.3	32.4	50.6
Rolling 12 month adjusted EBITA after notional tax	27.0	26.4	29.2	32.4	35.0	40.3	46.2	50.6	51.5	51.8	32.4	50.6
Adjusted return on invested capital	10.7%	10.2%	10.8%	11.8%	12.7%	14.4%	16.4%	18.4%	19.0%	19.5%	11.9%	20.4%



1H 2019: LUXFER FINANCIAL RESULTS



1H 2019: ELEKTRON SEGMENT RESULTS



1H 2019: CYLINDER SEGMENT RESULTS

