



# Fourth-Quarter 2017

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Earnings Conference Call  
March 20<sup>th</sup>, 2018

# FORWARD-LOOKING STATEMENTS

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This presentation contains forward-looking statements. Examples of such forward-looking statements include, but are not limited to: (i) statements regarding the Group’s results of operations and financial condition, (ii) statements of plans, objectives or goals of the Group or its management, including those related to financing, products or services, (iii) statements of future economic performance; and (iv) statements of assumptions underlying such statements. Words such as “believes”, “anticipates”, “expects”, “intends”, “forecasts” and “plans” and similar expressions are intended to identify forward-looking statements but are not the exclusive means of identifying such statements. By their very nature, forward-looking statements involve inherent risks and uncertainties, both general and specific, and risks exist that the predictions, forecasts, projections and other forward-looking statements will not be achieved. The Group cautions that a number of important factors could cause actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward-looking statements. These factors include, but are not limited to: (i) future revenues being lower than expected; (ii) increasing competitive pressures in the industry; (iii) general economic conditions or conditions affecting demand for the services offered by us in the markets in which we operate, both domestically and internationally, including as a result of the Brexit referendum, being less favorable than expected; (iv) worldwide economic and business conditions and conditions in the industries in which we operate; (v) fluctuations in the cost of raw materials and utilities; (vi) currency fluctuations and hedging risks; (vii) our ability to protect our intellectual property; and (viii) the significant amount of indebtedness we have incurred and may incur and the obligations to service such indebtedness and to comply with the covenants contained therein. The Group cautions that the foregoing list of important factors is not exhaustive. These factors are more fully discussed in the sections “Forward-Looking Statements” and “Risk factors” in our Annual Report on Form 20-F for the year ended December 31, 2017, filed with the U.S. Securities and Exchange Commission on March 19, 2018. 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.

# EXECUTIVE SUMMARY

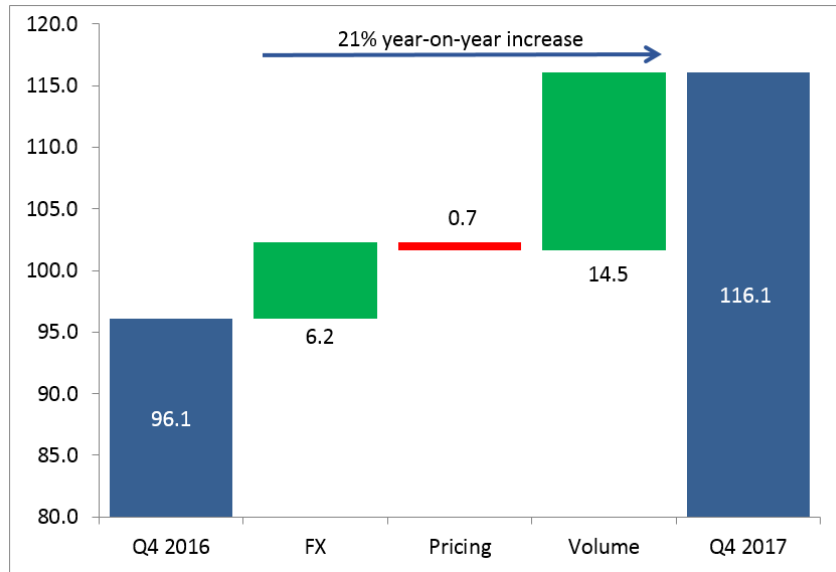
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- Total Revenue in Q4 2017 of \$116.1M was 21% higher compared to \$96.1M in Q4 2016
- Q4, 2017 Basic EPS was a loss of \$0.09 compared to profit of \$0.12 in Q4 2016
- Q4, 2017 adjusted diluted EPS of \$0.23 grew 64% compared to \$0.14 in Q4 2016
- Adjusted EBITDA in Q4 2017 of \$14.6M was 43% higher vs. \$10.2M reported in Q4 2016
- Strong close to 2017 with higher revenue, EBITDA and lower net debt
  - 2017 Revenue of \$441.3M was 6% higher compared to \$414.8M in 2016
  - 2017 adjusted EBITDA of \$61.8M was 12% higher compared to \$55.3M in 2016
  - At the end of 2017, net debt was \$100.4M compared to \$107.4M at the end of 2016.
  - 2017 adjusted diluted EPS was \$1.02 vs. \$0.92 in 2016
- Bolstered leadership with the hiring of Heather Harding as CFO and Peter Dyke as CHRO
- Successfully exchanged outstanding ADSs for ordinary shares directly traded on the NYSE

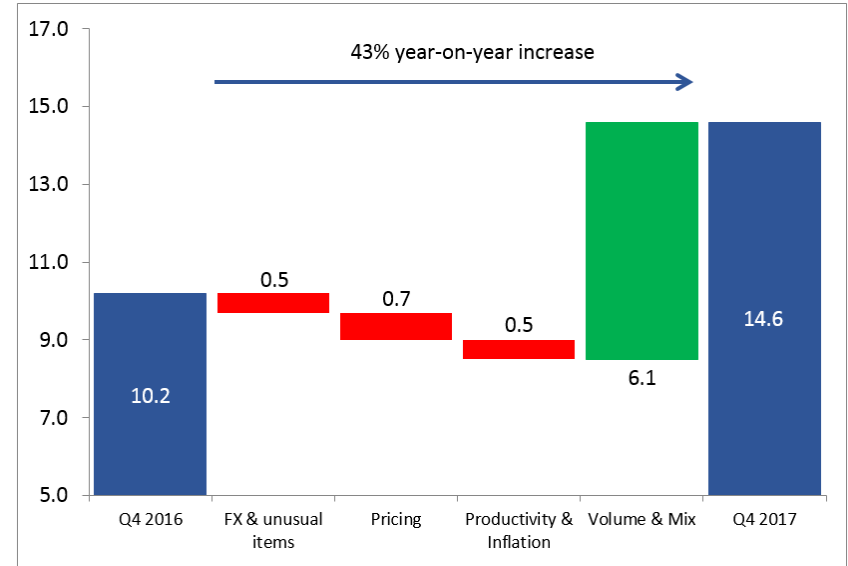


# Q4 2017 LUXFER PERFORMANCE

## Sales (\$M)



## Adjusted EBITDA (\$M)

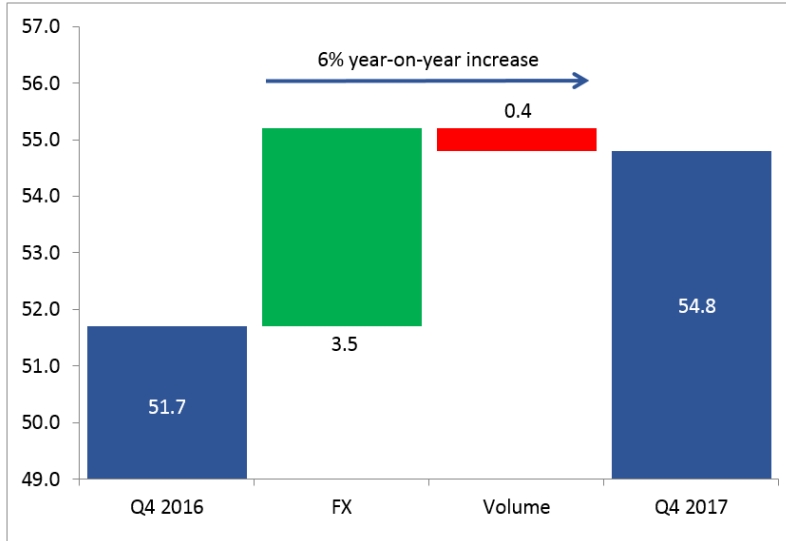


## Performance highlights

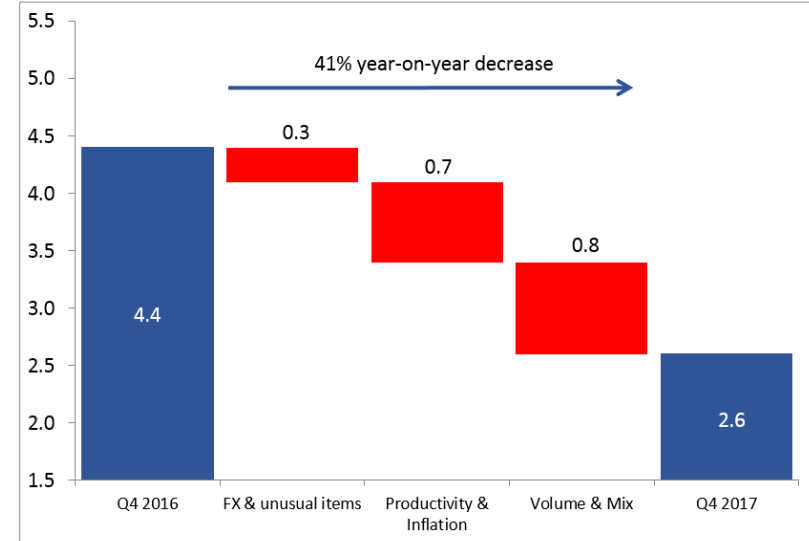
- Elektron division delivered core revenue growth but Gas Cylinder underlying revenue declined.
- Volume was the largest driver of EBITDA growth.

# Q4 2017 GAS CYLINDERS PERFORMANCE

## Sales (\$M)



## Adjusted EBITDA (\$M)



## Performance highlights

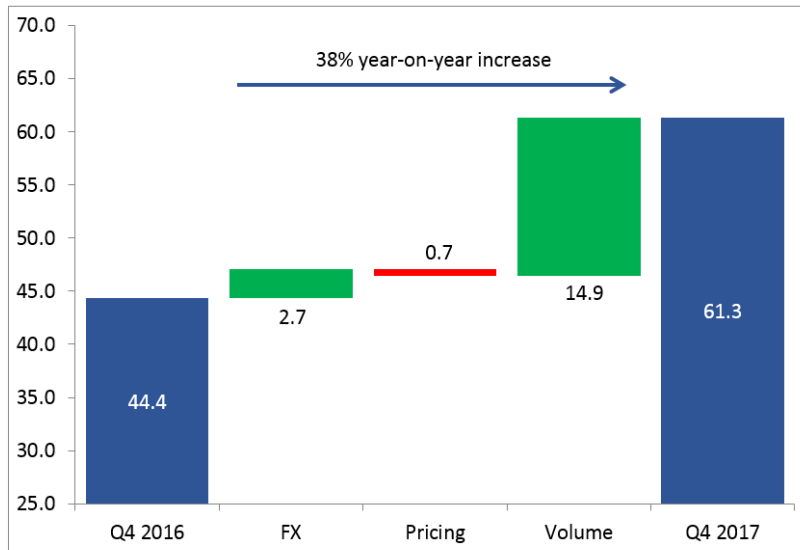
- Alternate Fuel products decline partially offset by growth in Aluminum and SCBA cylinders
- Superform revenue was higher although profits declined due to productivity challenges associated with the introduction of a new lightweight alloy. Recovery actions underway.



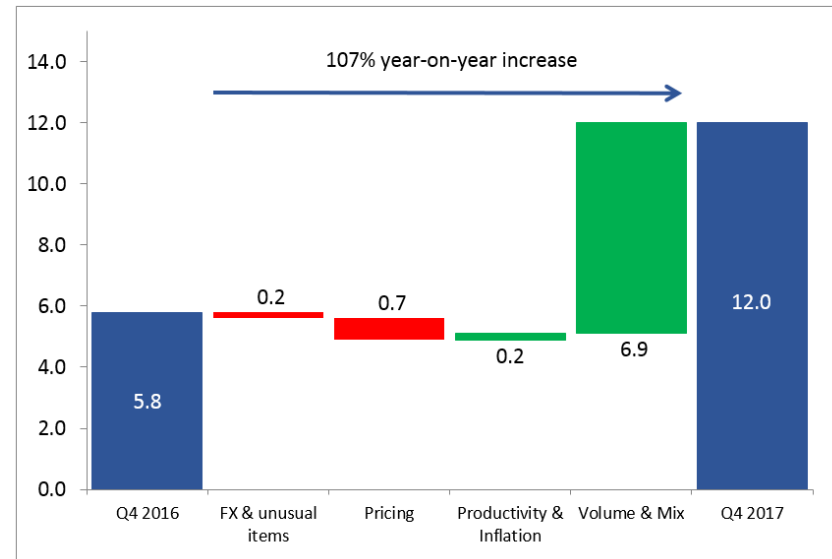
**Future Opportunity to Drive Recovery**

# Q4 2017 ELEKTRON PERFORMANCE

## Sales (\$M)



## Adjusted EBITDA (\$M)



## Performance highlights

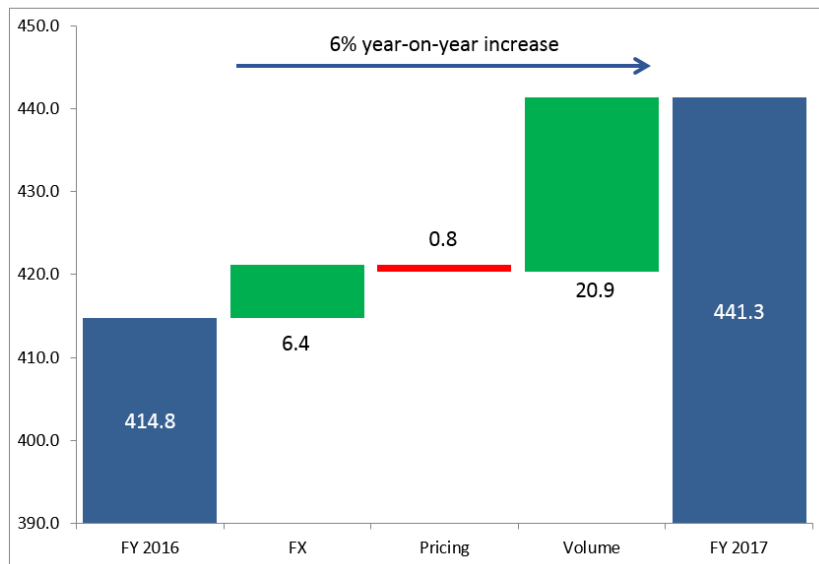
- Magnesium and Zirconium alloys grew driven by new proprietary alloys such as SoluMag®.
- Magnesium powders grew strongly driven by disaster-relief and military sales.
- Profit increase driven by volume and partially offset by price and inflation.



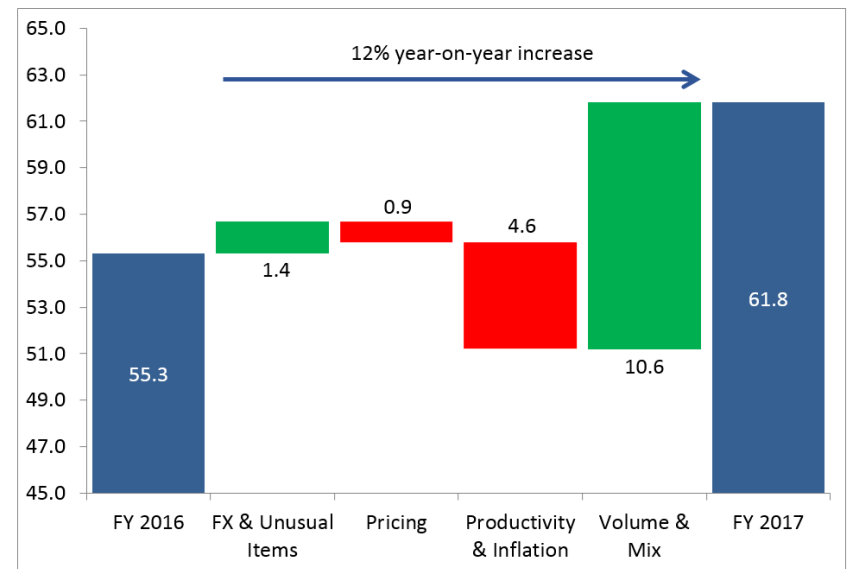
**Strong Momentum**

# 2017 LUXFER PERFORMANCE

## Sales (\$M)



## Adjusted EBITDA (\$M)



**12% Growth in EBITDA**

# LUXFER: NEW CFO INTRODUCTION

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- Heather Harding appointed chief financial officer on January 1, 2018.
- Over past 25 years has held finance leadership roles of increasing responsibility in global industrial companies.
- Most recently served as vice president, finance, for Eaton Lighting, a business unit of Eaton Corporation.
- Prior to that, she was vice president, finance, for various operating units within Cooper Industries and Emerson Electric.
- A certified public accountant, Mrs. Harding received a Bachelor of Science in accounting from Southern Illinois University at Carbondale.





# KEY INCOME STATEMENT METRICS

\$ in millions	Quarter			Year-to-date		
	Q4 2017	Q4 2016	Δ%	2017	2016	Δ%
Revenue	116.1	96.1	20.8%	441.3	414.8	6.4%
Adjusted EBITDA*	14.6	10.2	43.1%	61.8	55.3	11.8%
Trading Profit (adjusted operating profit)*	8.6	5.2	65.4%	40.5	35.3	14.7%
Profit on sale of redundant site	-	-	n/a	0.4	2.1	(81.0%)
Changes to defined benefit pension plans	-	0.6	n/a	-	0.6	n/a
Restructuring and other expense	(16.1)	(0.5)	n/a	(21.6)	(2.2)	n/a
Operating Profit	(7.5)	5.3	n/a	19.3	35.8	(46.1%)
Net Income	(2.3)	3.2	n/a	11.5	21.9	(47.5%)
Adjusted Net Income*	6.3	3.7	70.3%	27.6	24.7	11.7%
Adjusted Diluted EPS*	\$0.23	\$0.14	64.3%	\$1.02	\$0.92	10.9%
Basic EPS	(\$0.09)	\$0.12	n/a	\$0.43	\$0.83	(48.2%)

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

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



**43% quarter-on-quarter increase in Adjusted EBITDA**

# KEY BALANCE SHEET & CASH FLOW METRICS

## \$ in millions

	Q4 2017	Q4 2016
Bank and other loans	(108.8)	(121.0)
Net cash and cash equivalents	9.1	13.6
Restricted cash	(0.7)	-
Net debt	<u>(100.4)</u>	<u>(107.4)</u>
Inventories, net	82.2	82.5
Accounts receivable, net	72.6	57.6
Accounts payable	<u>(61.3)</u>	<u>(51.1)</u>
Trade working capital	<u>93.5</u>	<u>89.0</u>
Adjusted return on invested capital*	10%	8%

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

## \$ in millions

	Quarter			Year-to-date		
	Q4 2017	Q4 2016	Δ%	2017	2016	Δ%
Net cash flows from operating activities	16.3	9.4	73.4%	45.2	29.2	54.8%
Net cash flows from investing activities	(9.7)	(5.6)	73.2%	(18.1)	(15.1)	19.9%
Net cash flows before financing	<u>6.6</u>	<u>3.8</u>	73.7%	<u>27.1</u>	<u>14.1</u>	92.2%
Funds returned to shareholders	(3.4)	(3.3)	3.0%	(13.3)	(13.3)	n/a



LUXFER

**Stronger Cash Conversion**

# IMPACT OF RECENT U.S. TAX AND TARRIF CHANGES

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## US Tax Cuts and Jobs Act 2017

- U.S. tax law enacted on December 22, 2017
- Resulted in exceptional \$6.0M credit to our 2017 year tax charge
- In 2018, Luxfer effective tax rate expected to fall to ~21% from 25.8% in 2017

## USA Steel & Aluminum Tariff

- Proclamation issued on March 8<sup>th</sup>, 2018
- No direct and immediate impact to Luxfer as long as imports from Canada are excluded
- Long-term impact is unclear but raw material inflation is a concern

**Benefit from US Tax Cuts and Jobs Act 2017**

# RESTRUCTURING & SPECIAL CHARGES

Type of Charges	Amount
<b>Rationalization of operations:</b> Costs incurred as part of the transformation plan to drive consolidation and productivity	\$7.9M
<b>Patent infringement costs:</b> Legal fees and settlement of patent infringement case	\$2.7M
<b>Direct listing costs:</b> Final costs incurred regarding the ADS conversion	\$1.8M
<b>Fixed asset impairments:</b> Non-cash impairment related to certain assets of the Elektron division in Europe and USA	\$3.7M
Total	\$16.1M

# LUXFER TRANSFORMATION PLAN: OVERVIEW

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## High Performance Culture and Talent

- Refreshing the Board of directors
- ✓ Upgraded the executive leadership team
- Enhancing pay for performance

## Productivity Acceleration

- Lean manufacturing and footprint reduction
- Backoffice consolidation and G&A reduction

## Growth recovery

- Focused and faster innovation
- Sales efficiency and investments

## Simplification

- ✓ Conversion into ordinary shares vs. ADR/ADS
- Domestic issuer vs. Foreign private issuer

## Portfolio Optimization

- Divestures of non-core businesses
- Bolt-on acquisitions to drive synergies
- Long-term portfolio transformation

# LUXFER BOARD AND EXECUTIVE TEAM

## Board of Directors



**Joe Bonn\***  
**Board Chair**  
Joined board in 2007



**David Landless**  
**Audit Chair**  
Joined board in 2013



**Clive Snowden**  
**Nomco Chair**  
Joined board in 2016



**Brian Kushner**  
**Remco Chair**  
Joined board in 2016



**Adam Cohn**  
Joined board in 2016

### Upcoming Changes

- Recruiting two new board members with a focus on diversity.
- New chair to be appointed in 2019.

## Executive Leadership team (ELT)



**Alok Maskara**  
**CEO**  
Joined Luxfer in 2017



**Heather Harding**  
**CFO**  
Joined Luxfer in 2018



**Pete Dyke**  
**CHRO**  
Joined Luxfer in 2018



**Claire Swarbrick**  
**GC**  
Joined ELT in 2016



**Peter Gibbons**  
**Dir IT & Supply**  
Joined ELT in 2017

### Ongoing Focus

- Higher variable compensation – pay for performance.
- More coaching and training.
- Greater focus on succession planning.



**Graham Wardlow**  
**MD**  
Joined ELT in 2017



**Jim Gardella**  
**President**  
Joined ELT in 2017



**Chris Barnes**  
**President**  
Joined ELT in 2017



**Andy Butcher**  
**President**  
Joined ELT in 2014

**Refreshed and Reinvigorated Team to Drive Luxfer Transformation**

\* Joe Bonn is going to step down as chair and leave the board in 2019

# PRODUCTIVITY TRANSFORMATION

## Manufacturing/ Gross Margin

- Riverhead (NY) consolidation into Cincinnati to be complete by Q3 2018.
- Findlay (OH) consolidation into Madison (IL) to be complete by Q4 2018.
- Saxonburg integration on-track.
- Evaluating on “one global instance” of SAP for the whole organization to drive efficiency and reduce overheads.

## G&A

- Reduced management layers and established greater cost controls.
- Plan to implement shared service centers for accounting, finance, transactional HR etc.
- Centralizing indirect spend with savings from higher scale and stricter policies. Target areas include IT, Travel, Freight, insurance etc.

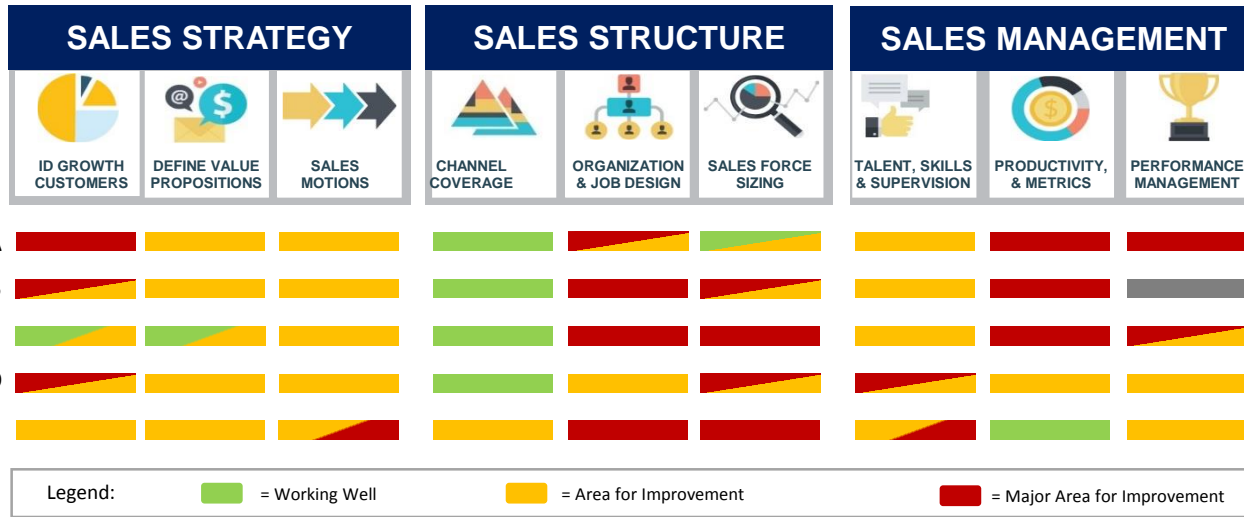
## Corporate Costs

- Salford (UK) head office closing this week and corporate employees moving to existing manufacturing location in Manchester.
- Opportunity to reduce 3<sup>rd</sup> party purchased services costs especially after corporate simplification is complete.

**\$20M Gross Annual Saving by 2021**

# GROWTH TRANSFORMATION: SALES AND INNOVATION

Sales Excellence



Assessment reveals significant improvement potential

## Gas Cylinder Example: "Back to Basics"

*Exiting, Impairing unsuccessful loss making projects while investing in core new products*

Innovation Process



Focusing on fewer projects  
Soliciting more customer input and participation



## Opportunity for Differentiated Organic Growth



# SIMPLIFYING LUXFER STRUCTURE

## Regular NYSE listing (instead of ADR/ADS structure)

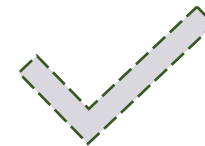
- One-for-one exchange: One ADS = One Ordinary Share.
- Allows shareholders to directly own and trade ordinary shares on the NYSE.
- Key step in stock being eligible to join certain indices (e.g. Russell 2000).
- Dividends no longer have depositary fees deducted.
- Effective as of December 11, 2017.



For further details, please refer to “FAQs Regarding the Exchange from ADSs into Ordinary Shares” at [www.luxfer.com](http://www.luxfer.com).

## Domestic Issuer (vs. Foreign Private Issuer)

- Public financials published in US GAAP, while continuing to publish results in IFRS in UK.
- SEC filer of standard 10Q, 10K (instead of current 6K and 20F), annual proxy etc.
- Greater transparency into executive compensation including SEC 4 filing for company officer stock trading.
- More formal board governance.
- Effective as of January 1<sup>st</sup>, 2019.



# RECENT ACQUISITION AND DIVESTURES

## ACQUISITION

**Bolt-on acquisition of Speciality Metal Powders product line** from ESM Group Inc. Completed in December 2017.

- Compliments our existing Magnesium powders product line in Elektron Division.
- Strengthen our position in military and industrial end-markets.
- Asset purchase deal includes new Magnesium atomizer and all assets at Saxonburg, PA.
- **Integration on-track.** Key synergies are streamlined operations and growth.

## DIVESTURES

**Divested Hotpack® meals product line** in UK to simplify portfolio and increase sales focus.

- Sold to Adventure Nutrition in December 2017.
- Secured supply agreement to continue supplying flameless ration heater.

**Divested HyPerComp Engineering (HEI)** in Brigham City, Utah to simplify portfolio and increase sales focus.

- Sold to Thompson Composite Engineering in March 2018.
- Moved specific Intellectual property and equipment to other Luxfer locations.
- Redeploying talent towards growth.

**Incremental Steps towards Portfolio Simplification and Optimization**

# 2018 LUXFER OUTLOOK

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- 2017 was an encouraging year, especially the second half which improved significantly over 2016.
- Transformation plan underway to ensure that Luxfer delivers double digit EPS increase for at least the next 2-3 years.
- Full-year 2018 adjusted diluted EPS will increase by 10%-15% from 2017, due to operational improvements and lower tax rate resulting from US Tax Cut and Jobs act 2017.



**Accelerating Transformation Momentum**



Questions?

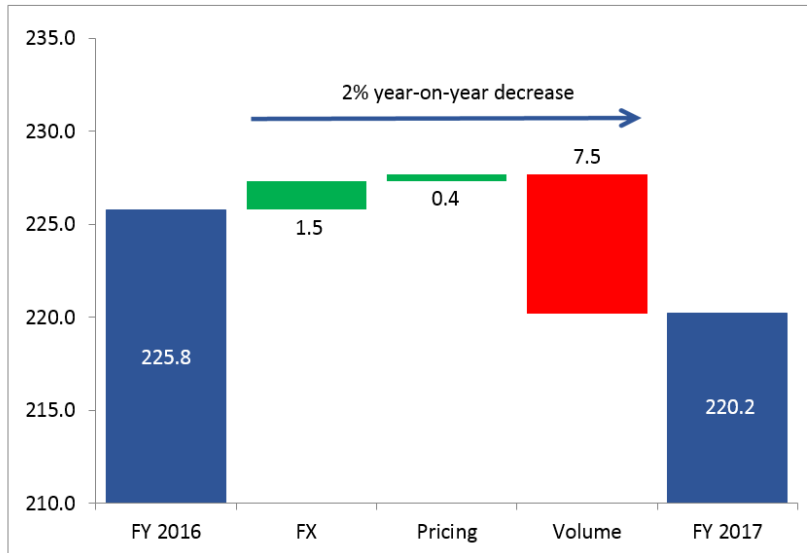


# APPENDICES

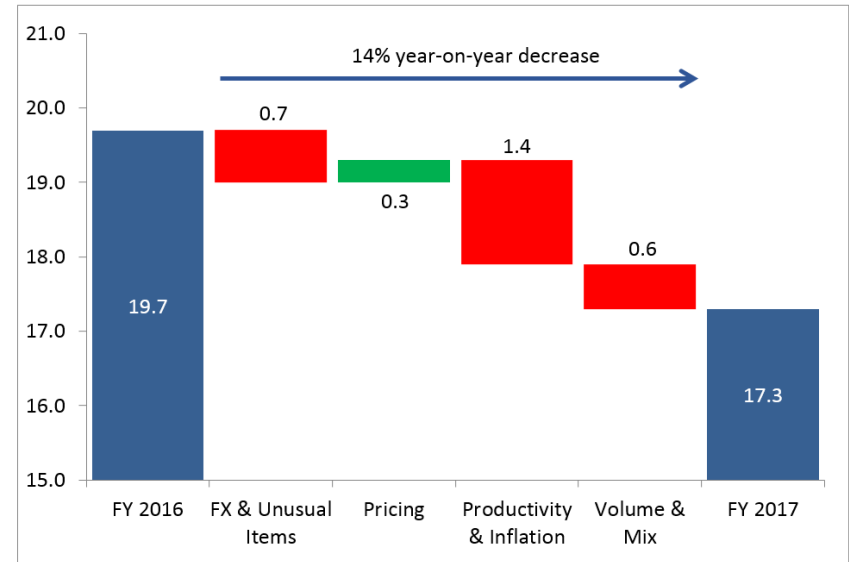
**Summary Financial Statements and reconciliation of non-GAAP measures**

# 2017 GAS CYLINDERS PERFORMANCE

## Sales (\$M)



## Adjusted EBITDA (\$M)

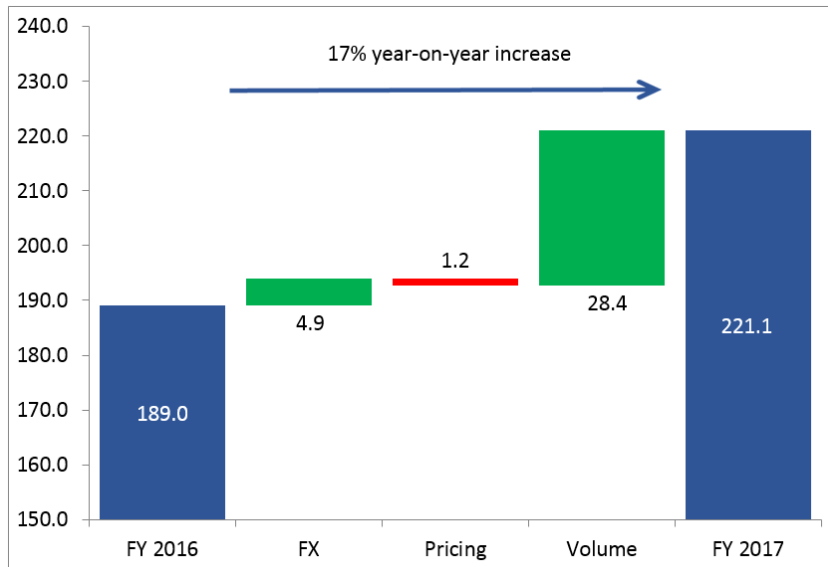


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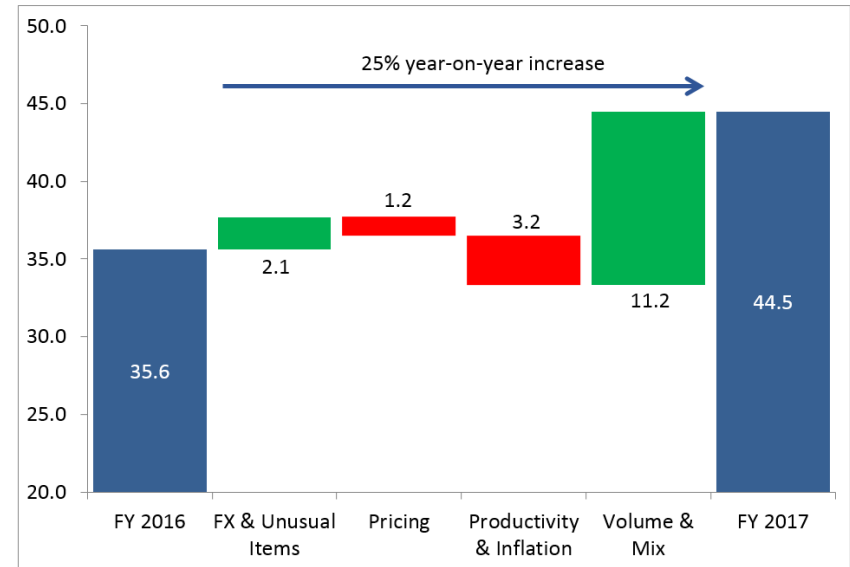
Recovery Actions Underway

# 2017 ELEKTRON PERFORMANCE

## Sales (\$M)



## Adjusted EBITDA (\$M)



**Opportunity For Continuous Improvement**



# SUMMARY INCOME STATEMENT

\$M	2017	2017	2017	2017	2017	2016	2016	2016	2016	2016	Variance Q4		Variance YTD	
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD	\$M	%	\$M	%
<b>REVENUE</b>	103.4	106.6	115.2	116.1	441.3	108.8	111.0	98.9	96.1	414.8	20.0	20.8%	26.5	6.4%
Cost of sales	(77.7)	(80.3)	(85.7)	(89.0)	(332.7)	(82.4)	(84.3)	(77.2)	(77.5)	(321.4)				
<b>Gross profit</b>	<b>25.7</b>	<b>26.3</b>	<b>29.5</b>	<b>27.1</b>	<b>108.6</b>	<b>26.4</b>	<b>26.7</b>	<b>21.7</b>	<b>18.6</b>	<b>93.4</b>	<b>8.5</b>	45.7%	<b>15.2</b>	16.3%
Distribution costs	(2.1)	(2.2)	(2.6)	(2.4)	(9.3)	(1.9)	(2.0)	(2.0)	(1.9)	(7.8)				
Administrative expenses	(13.2)	(14.1)	(15.5)	(16.1)	(58.9)	(12.8)	(13.5)	(12.5)	(12.0)	(50.8)				
Share of results of joint ventures and associates	0.1	0.1	(0.1)	-	0.1	0.1	(0.2)	0.1	0.5	0.5				
<b>TRADING PROFIT</b>	<b>10.5</b>	<b>10.1</b>	<b>11.3</b>	<b>8.6</b>	<b>40.5</b>	<b>11.8</b>	<b>11.0</b>	<b>7.3</b>	<b>5.2</b>	<b>35.3</b>	<b>3.4</b>	65.4%	<b>5.2</b>	14.7%
Profit on sale of redundant site	0.4	-	-	-	0.4	2.1	-	-	-	2.1				
Changes to the defined benefit pension plans	-	-	-	-	-	-	-	-	0.6	0.6				
Restructuring and other expense	(0.2)	(3.3)	(2.0)	(16.1)	(21.6)	(0.1)	(0.1)	(1.5)	(0.5)	(2.2)				
<b>OPERATING PROFIT</b>	<b>10.7</b>	<b>6.8</b>	<b>9.3</b>	<b>(7.5)</b>	<b>19.3</b>	<b>13.8</b>	<b>10.9</b>	<b>5.8</b>	<b>5.3</b>	<b>35.8</b>	<b>(12.8)</b>	n/a	<b>(16.5)</b>	(46.1%)
Other income / (expense):														
Acquisitions and disposals	-	-	-	1.3	1.3	-	-	-	0.2	0.2				
Finance costs:														
Net interest costs	(1.6)	(1.8)	(1.8)	(1.5)	(6.7)	(1.6)	(1.5)	(1.2)	(1.3)	(5.6)				
IAS 19R retirement benefits finance charge	(0.5)	(0.4)	(0.5)	(0.4)	(1.8)	(0.5)	(0.5)	(0.4)	(0.7)	(2.1)				
Unwind of discount on deferred contingent consideration	-	(0.1)	-	(0.1)	(0.2)	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)				
<b>PROFIT ON OPERATIONS BEFORE TAXATION</b>	<b>8.6</b>	<b>4.5</b>	<b>7.0</b>	<b>(8.2)</b>	<b>11.9</b>	<b>11.6</b>	<b>8.8</b>	<b>4.1</b>	<b>3.4</b>	<b>27.9</b>	<b>(11.6)</b>	n/a	<b>(16.0)</b>	(57.3%)
Income tax expense	(2.0)	(2.0)	(2.3)	5.9	(0.4)	(2.9)	(2.1)	(0.8)	(0.2)	(6.0)				
<b>NET INCOME / (LOSS) FOR THE PERIOD</b>	<b>6.6</b>	<b>2.5</b>	<b>4.7</b>	<b>(2.3)</b>	<b>11.5</b>	<b>8.7</b>	<b>6.7</b>	<b>3.3</b>	<b>3.2</b>	<b>21.9</b>	<b>(5.5)</b>	n/a	<b>(10.4)</b>	(47.5%)
<i>Earnings per share - Basic</i>	<i>\$0.25</i>	<i>\$0.09</i>	<i>\$0.18</i>	<i>-\$0.09</i>	<i>\$0.43</i>	<i>\$0.33</i>	<i>\$0.25</i>	<i>\$0.12</i>	<i>\$0.12</i>	<i>\$0.82</i>				
<b>ADJUSTED NET INCOME</b>	<b>7.2</b>	<b>6.6</b>	<b>7.5</b>	<b>6.3</b>	<b>27.6</b>	<b>8.1</b>	<b>7.9</b>	<b>5.0</b>	<b>3.7</b>	<b>24.7</b>	<b>2.6</b>	n/a	<b>2.9</b>	11.7%
<i>Adjusted earnings per share - Basic</i>	<i>\$0.27</i>	<i>\$0.25</i>	<i>\$0.28</i>	<i>\$0.24</i>	<i>\$1.04</i>	<i>\$0.30</i>	<i>\$0.30</i>	<i>\$0.19</i>	<i>\$0.14</i>	<i>\$0.93</i>				
<i>Adjusted earnings per share - Diluted</i>	<i>\$0.27</i>	<i>\$0.25</i>	<i>\$0.28</i>	<i>\$0.23</i>	<i>\$1.02</i>	<i>\$0.30</i>	<i>\$0.29</i>	<i>\$0.19</i>	<i>\$0.14</i>	<i>\$0.92</i>				
<b>Adjusted EBITDA</b>	<b>15.3</b>	<b>15.2</b>	<b>16.7</b>	<b>14.6</b>	<b>61.8</b>	<b>16.8</b>	<b>16.3</b>	<b>12.0</b>	<b>10.2</b>	<b>55.3</b>	<b>4.4</b>	43.1%	<b>6.5</b>	11.8%



# BALANCE SHEET ANALYSIS

\$M	December 31 2016	Trading	Shareholder Returns	Pension Movements	FX Translation	December 31 2017
Property, plant and equipment	127.9	(7.8)	-	-	5.4	125.5
Intangible assets	80.6	(2.6)	-	-	3.7	81.7
Investments	10.0	(2.6)	-	-	0.2	7.6
Deferred income tax assets	16.6	(7.0)	-	5.2	1.4	16.2
Trade and other receivables	0.3	-	-	-	-	0.3
<b>Long term assets</b>	<b>235.4</b>	<b>(20.0)</b>		<b>5.2</b>	<b>10.7</b>	<b>231.3</b>
<i>Inventories</i>	<i>82.5</i>	<i>(4.5)</i>	-	-	4.2	82.2
<i>Trade and other receivables</i>	<i>57.6</i>	<i>11.6</i>	-	-	3.4	72.6
<i>Trade and other payables</i>	<i>(51.1)</i>	<i>(7.8)</i>	-	-	(2.4)	(61.3)
<b>Trading working capital</b>	<b>89.0</b>	<b>(0.7)</b>			<b>5.2</b>	<b>93.5</b>
Current investments	-	1.6	-	-	-	1.6
Net tax liabilities (excluding deferred tax assets)	(2.6)	0.3	-	-	-	(2.3)
Non-current trade and other payables	(0.6)	(1.3)	-	-	-	(1.9)
Provisions	(2.6)	(1.2)	-	-	(0.1)	(3.9)
<b>Capital employed</b>	<b>318.6</b>	<b>(21.3)</b>		<b>5.2</b>	<b>15.8</b>	<b>318.3</b>
Retirement benefits	(66.5)	-	-	15.6	(4.4)	(55.3)
Deferred consideration	-	(0.3)	-	-	-	(0.3)
Deferred contingent consideration	(2.8)	2.1	-	-	-	(0.7)
<b>Invested capital</b>	<b>249.3</b>	<b>(19.5)</b>		<b>20.8</b>	<b>11.4</b>	<b>262.0</b>
Banking revolver	(31.8)	14.1	-	-	(1.8)	(19.5)
Net cash and cash equivalents	13.6	19.0	(12.6)	(12.9)	2.0	9.1
Loan notes	(89.2)	(0.1)	-	-	-	(89.3)
<b>Net assets</b>	<b>141.9</b>	<b>13.5</b>	<b>(12.6)</b>	<b>7.9</b>	<b>11.6</b>	<b>162.3</b>
<b>Capital &amp; reserves:</b>						
Ordinary share capital	25.3	-	-	-	-	25.3
Deferred share capital	150.9	-	-	-	-	150.9
Share premium account	56.4	-	-	-	-	56.4
Treasury shares	(7.1)	-	1.3	-	-	(5.8)
Retained earnings	308.1	8.7	(13.3)	7.9	-	311.4
Other reserves	(57.9)	4.8	(0.6)	-	11.6	(42.1)
Merger reserve	(333.8)	-	-	-	-	(333.8)
<b>Total equity</b>	<b>141.9</b>	<b>13.5</b>	<b>(12.6)</b>	<b>7.9</b>	<b>11.6</b>	<b>162.3</b>

# CASH FLOW

\$M	2017 Q1	2017 Q2	2017 Q3	2017 Q4	2017 YTD	2016 Q1	2016 Q2	2016 Q3	2016 Q4	2016 YTD
Operating profit	10.7	6.8	9.3	(7.5)	19.3	13.8	10.9	5.8	5.3	35.8
Depreciation and amortization	4.5	4.7	4.9	4.9	19.0	4.6	4.7	4.6	4.5	18.4
Loss on disposal of property, plant and equipment	-	-	-	0.1	0.1	-	-	0.1	0.1	0.2
Profit on sale of redundant site	(0.4)	-	-	-	(0.4)	(2.1)	-	-	-	(2.1)
Share-based compensation charges net of cash settlement	0.3	0.2	0.3	0.9	1.7	0.4	0.2	0.5	-	1.1
Non-cash restructuring charges	-	2.2	-	8.8	11.0	-	-	-	-	-
Share of results of joint ventures and associates	(0.1)	(0.1)	0.1	-	(0.1)	(0.1)	0.2	(0.1)	(0.5)	(0.5)
(Increase) / decrease in working capital	(3.9)	(0.2)	(2.1)	11.8	5.6	(10.2)	(1.9)	0.1	4.4	(7.6)
Movement in retirement benefits obligations	(1.6)	(2.5)	(2.1)	(1.8)	(8.0)	(1.4)	(1.3)	(1.6)	(2.0)	(6.3)
Movement in provisions	0.2	(0.2)	0.3	0.8	1.1	(0.6)	-	(0.4)	(1.6)	(2.6)
Acquisition approach costs paid	-	-	-	-	-	(1.2)	-	-	-	(1.2)
Income taxes paid	(0.1)	(1.2)	(1.1)	(1.7)	(4.1)	(0.2)	(3.2)	(1.8)	(0.2)	(5.4)
<b>NET CASH FLOWS FROM CONTINUING OPERATING ACTIVITIES</b>	<b>9.6</b>	<b>9.7</b>	<b>9.6</b>	<b>16.3</b>	<b>45.2</b>	<b>3.0</b>	<b>9.6</b>	<b>7.2</b>	<b>9.4</b>	<b>29.2</b>
Purchases of property, plant and equipment	(2.3)	(2.3)	(2.2)	(2.8)	(9.6)	(3.2)	(3.7)	(5.0)	(4.6)	(16.5)
Purchases of intangible assets	(0.4)	(0.3)	(0.1)	(0.9)	(1.7)	(0.2)	(0.4)	(0.4)	(1.4)	(2.4)
Proceeds from sales of PPE	-	-	0.1	-	0.1	-	-	-	0.4	0.4
Proceeds from sale of redundant site	-	-	-	-	-	3.0	-	-	-	3.0
Cash received as compensation for insured loss	-	-	-	-	-	-	0.2	-	-	0.2
Investment in joint ventures and associates	0.5	0.5	(0.6)	(1.4)	(1.0)	1.0	(0.5)	(0.3)	-	0.2
Interest income received from joint ventures	0.1	-	-	-	0.1	0.1	0.1	0.1	-	0.3
Net cash flow on purchase of businesses	(1.3)	(0.1)	-	(4.6)	(6.0)	-	(0.3)	-	-	(0.3)
<b>NET CASH FLOWS BEFORE FINANCING</b>	<b>6.2</b>	<b>7.5</b>	<b>6.8</b>	<b>6.6</b>	<b>27.1</b>	<b>3.7</b>	<b>5.0</b>	<b>1.6</b>	<b>3.8</b>	<b>14.1</b>
Interest paid on banking facilities	(1.5)	(1.6)	(1.6)	(1.5)	(6.2)	(1.5)	(1.9)	(1.4)	(1.6)	(6.4)
Other interest received	-	-	0.1	0.1	0.2	-	-	-	0.2	0.2
(Repayment) / Draw down on banking facilities	25.1	13.2	(39.7)	(12.0)	(13.4)	19.5	34.6	(47.6)	(15.0)	(8.5)
Amendment to banking facilities - financing costs	-	-	(1.2)	-	(1.2)	-	-	(0.2)	-	(0.2)
Dividends paid	(3.3)	(3.3)	(3.3)	(3.4)	(13.3)	(3.4)	(3.3)	(3.3)	(3.3)	(13.3)
ESOP Cash Movements	-	-	-	-	-	-	(0.1)	-	(0.9)	(1.0)
Purchase of treasury shares	0.1	0.2	-	-	0.3	(6.0)	-	0.1	(0.4)	(6.3)
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>26.6</b>	<b>16.0</b>	<b>(38.9)</b>	<b>(10.2)</b>	<b>(6.5)</b>	<b>12.3</b>	<b>34.3</b>	<b>(50.8)</b>	<b>(17.2)</b>	<b>(21.4)</b>



# RECONCILIATION OF NON-GAAP MEASURES

\$M	2017	2017	2017	2017	2017	2016	2016	2016	2016	2016
	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
<b>Net income for the period - as reported</b>	<b>6.6</b>	<b>2.5</b>	<b>4.7</b>	<b>(2.3)</b>	<b>11.5</b>	<b>8.7</b>	<b>6.7</b>	<b>3.3</b>	<b>3.2</b>	<b>21.9</b>
Accounting charges relating to acquisitions & disposals of businesses:										
Unwind of discount on deferred contingent consideration	-	0.1	-	0.1	0.2	0.1	0.1	0.1	0.1	0.4
Acquisitions and disposals	-	-	-	(1.3)	(1.3)	-	-	-	(0.2)	(0.2)
Amortization on acquired intangibles	0.3	0.3	0.3	0.3	1.2	0.3	0.4	0.3	-	1.0
IAS 19R retirement benefits finance charge	0.5	0.4	0.5	0.4	1.8	0.5	0.5	0.4	0.7	2.1
Changes to U.K. defined benefit pension plan	-	-	-	-	-	-	-	-	(0.6)	(0.6)
Profit on sale of redundant site	(0.4)	-	-	-	(0.4)	(2.1)	-	-	-	(2.1)
Restructuring and other expense	0.2	3.3	2.0	16.1	21.6	0.1	0.1	1.5	0.5	2.2
Other share-based compensation charges	0.3	0.4	0.5	1.0	2.2	0.4	0.6	0.1	0.3	1.4
Income tax thereon	(0.3)	(0.4)	(0.5)	(2.0)	(3.2)	0.1	(0.5)	(0.7)	(0.3)	(1.4)
Impact of U.S. tax reform	-	-	-	(6.0)	(6.0)	-	-	-	-	-
<b>Adjusted net income</b>	<b>7.2</b>	<b>6.6</b>	<b>7.5</b>	<b>6.3</b>	<b>27.6</b>	<b>8.1</b>	<b>7.9</b>	<b>5.0</b>	<b>3.7</b>	<b>24.7</b>
Add back / (deduct):										
Impact of U.S. tax reform	-	-	-	6.0	6.0	-	-	-	-	-
Income tax thereon	0.3	0.4	0.5	2.0	3.2	(0.1)	0.5	0.7	0.3	1.4
Income tax expense	2.0	2.0	2.3	(5.9)	0.4	2.9	2.1	0.8	0.2	6.0
Net interest costs	1.6	1.8	1.8	1.5	6.7	1.6	1.5	1.2	1.3	5.6
Depreciation and amortization	4.5	4.7	4.9	4.9	19.0	4.6	4.7	4.6	4.5	18.4
Loss on disposal of property, plant and equipment	-	-	-	0.1	0.1	-	-	-	0.2	0.2
Less: Amortization on acquired intangibles	(0.3)	(0.3)	(0.3)	(0.3)	(1.2)	(0.3)	(0.4)	(0.3)	-	(1.0)
<b>Adjusted EBITDA</b>	<b>15.3</b>	<b>15.2</b>	<b>16.7</b>	<b>14.6</b>	<b>61.8</b>	<b>16.8</b>	<b>16.3</b>	<b>12.0</b>	<b>10.2</b>	<b>55.3</b>

# RECONCILIATION OF NON-GAAP MEASURES

	2017	2017	2017	2017	2017	2016	2016	2016	2016	2016
\$M	Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
<b>Gas Cylinders</b>										
<b>Adjusted EBITDA</b>	<b>5.2</b>	<b>5.2</b>	<b>4.3</b>	<b>2.6</b>	<b>17.3</b>	<b>5.0</b>	<b>5.4</b>	<b>4.9</b>	<b>4.4</b>	<b>19.7</b>
Other share-based compensation charges	(0.1)	(0.2)	(0.2)	(0.5)	(1.0)	(0.2)	(0.3)	(0.1)	-	(0.6)
Depreciation and amortization	(1.8)	(1.8)	(2.0)	(2.0)	(7.6)	(1.8)	(1.8)	(1.8)	(2.2)	(7.6)
Loss on disposal of property, plant & equipment	-	-	-	-	-	-	-	-	(0.1)	(0.1)
<b>Trading profit</b>	<b>3.3</b>	<b>3.2</b>	<b>2.1</b>	<b>0.1</b>	<b>8.7</b>	<b>3.0</b>	<b>3.3</b>	<b>3.0</b>	<b>2.1</b>	<b>11.4</b>
<b>Elektron</b>										
<b>Adjusted EBITDA</b>	<b>10.1</b>	<b>10.0</b>	<b>12.4</b>	<b>12.0</b>	<b>44.5</b>	<b>11.8</b>	<b>10.9</b>	<b>7.1</b>	<b>5.8</b>	<b>35.6</b>
Other share-based compensation charges	(0.2)	(0.2)	(0.3)	(0.5)	(1.2)	(0.2)	(0.3)	-	(0.3)	(0.8)
Depreciation and amortization	(2.7)	(2.9)	(2.9)	(2.9)	(11.4)	(2.8)	(2.9)	(2.8)	(2.3)	(10.8)
Loss on disposal of property, plant & equipment	-	-	-	(0.1)	(0.1)	-	-	-	(0.1)	(0.1)
<b>Trading profit</b>	<b>7.2</b>	<b>6.9</b>	<b>9.2</b>	<b>8.5</b>	<b>31.8</b>	<b>8.8</b>	<b>7.7</b>	<b>4.3</b>	<b>3.1</b>	<b>23.9</b>
<b>Group</b>										
<b>Adjusted EBITDA</b>	<b>15.3</b>	<b>15.2</b>	<b>16.7</b>	<b>14.6</b>	<b>61.8</b>	<b>16.8</b>	<b>16.3</b>	<b>12.0</b>	<b>10.2</b>	<b>55.3</b>
Other share-based compensation charges	(0.3)	(0.4)	(0.5)	(1.0)	(2.2)	(0.4)	(0.6)	(0.1)	(0.3)	(1.4)
Depreciation and amortization	(4.5)	(4.7)	(4.9)	(4.9)	(19.0)	(4.6)	(4.7)	(4.6)	(4.5)	(18.4)
Loss on disposal of property, plant & equipment	-	-	-	(0.1)	(0.1)	-	-	-	(0.2)	(0.2)
<b>Trading profit</b>	<b>10.5</b>	<b>10.1</b>	<b>11.3</b>	<b>8.6</b>	<b>40.5</b>	<b>11.8</b>	<b>11.0</b>	<b>7.3</b>	<b>5.2</b>	<b>35.3</b>

# RECONCILIATION OF NON-GAAP MEASURES

\$M		2015	2016	2017	Q1 2015	Q2 2015	Q3 2015	Q4 2015	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017
Trading profit - per income statement		42.3	35.3	40.5	10.5	11.7	10.6	9.5	11.8	11.0	7.3	5.2	10.5	10.1	11.3	8.6
Effective tax rate - per income statement		37.1%	21.5%	3.4%	0.0%	48.3%	21.8%	37.3%	25.0%	23.9%	19.5%	5.9%	23.3%	44.4%	32.9%	72.0%
Notional tax		(15.7)	(7.6)	(1.4)	0.0	(5.7)	(2.3)	(3.5)	(3.0)	(2.6)	(1.4)	(0.3)	(2.4)	(4.5)	(3.7)	(6.2)
Trading profit after notional tax		26.6	27.7	39.1	10.5	6.0	8.3	6.0	8.8	8.4	5.9	4.9	8.1	5.6	7.6	2.4
<b>Annualized trading profit after notional tax</b>	<b>(A)</b>	<b>26.6</b>	<b>27.7</b>	<b>39.1</b>	<b>42.0</b>	<b>24.0</b>	<b>33.2</b>	<b>24.0</b>	<b>35.2</b>	<b>33.6</b>	<b>23.6</b>	<b>19.6</b>	<b>32.4</b>	<b>22.4</b>	<b>30.4</b>	<b>9.6</b>
Bank and other loans		131.6	121.0	108.8	121.5	156.7	137.2	131.6	150.8	185.5	137.5	121.0	146.3	160.6	120.6	108.8
Net cash and cash equivalents		(36.9)	(13.6)	(9.1)	(15.7)	(58.3)	(39.6)	(36.9)	(48.9)	(83.6)	(32.3)	(13.6)	(40.4)	(57.2)	(19.2)	(9.1)
Net debt		94.7	107.4	99.7	105.8	98.4	97.6	94.7	101.9	101.9	105.2	107.4	105.9	103.4	101.4	99.7
Total equity		169.7	141.9	162.1	159.4	174.6	161.9	169.7	160.0	146.9	129.4	141.9	153.4	164.6	172.5	162.1
<b>Invested capital</b>		<b>264.4</b>	<b>249.3</b>	<b>261.8</b>	<b>265.2</b>	<b>273.0</b>	<b>259.5</b>	<b>264.4</b>	<b>261.9</b>	<b>248.8</b>	<b>234.6</b>	<b>249.3</b>	<b>259.3</b>	<b>268.0</b>	<b>273.9</b>	<b>261.8</b>
<b>Average invested capital</b>	<b>(B)</b>	<b>273.3</b>	<b>256.9</b>	<b>255.6</b>	<b>273.7</b>	<b>269.1</b>	<b>266.3</b>	<b>262.0</b>	<b>263.2</b>	<b>255.4</b>	<b>241.7</b>	<b>242.0</b>	<b>254.3</b>	<b>263.7</b>	<b>271.0</b>	<b>267.9</b>
<b>Return on invested capital</b>	<b>(A) / (B)</b>	<b>10%</b>	<b>11%</b>	<b>15%</b>	<b>15%</b>	<b>9%</b>	<b>12%</b>	<b>9%</b>	<b>13%</b>	<b>13%</b>	<b>10%</b>	<b>8%</b>	<b>13%</b>	<b>8%</b>	<b>11%</b>	<b>4%</b>
Adjusted net income for the period	<b>1</b>	29.5	24.7	27.6	6.9	7.6	7.6	7.4	8.1	7.9	5.0	3.7	7.2	6.6	7.5	6.3
Income tax charge for the period	<b>2</b>	9.5	6.0	0.4	0.5	2.9	1.7	4.4	2.9	2.1	0.8	0.2	2.0	2.0	2.3	(5.9)
Income tax on adjustments to net income	<b>3</b>	(0.9)	1.4	9.2	2.1	(0.1)	0.4	(3.3)	(0.1)	0.5	0.7	0.3	0.3	0.4	0.5	8.0
Adjusted income tax charge	<b>(C) (2 + 3)</b>	8.6	7.4	9.6	2.6	2.8	2.1	1.1	2.8	2.6	1.5	0.5	2.3	2.4	2.8	2.1
Adjusted profit before taxation	<b>(D) (1 + 2 + 3)</b>	38.1	32.1	37.2	9.5	10.4	9.7	8.5	10.9	10.5	6.5	4.2	9.5	9.0	10.3	8.4
<b>Adjusted effective tax rate</b>	<b>(C) / (D) = (E)</b>	<b>22.6%</b>	<b>23.1%</b>	<b>25.8%</b>	<b>27.4%</b>	<b>26.9%</b>	<b>21.6%</b>	<b>12.9%</b>	<b>25.7%</b>	<b>24.8%</b>	<b>23.1%</b>	<b>11.9%</b>	<b>24.2%</b>	<b>26.7%</b>	<b>27.2%</b>	<b>25.0%</b>
Trading profit - per income statement (as above)	<b>(F)</b>	42.3	35.3	40.5	10.5	11.7	10.6	9.5	11.8	11.0	7.3	5.2	10.5	10.1	11.3	8.6
Adjusted notional tax	<b>(E) x (F)</b>	(9.5)	(8.1)	(10.5)	(2.9)	(3.2)	(2.3)	(1.2)	(3.0)	(2.7)	(1.7)	(0.6)	(2.5)	(2.7)	(3.1)	(2.2)
Adjusted trading profit after notional tax		32.8	27.2	30.0	7.6	8.5	8.3	8.3	8.8	8.3	5.6	4.6	8.0	7.4	8.2	6.5
<b>Annualized adjusted trading profit after notional tax</b>	<b>(G)</b>	<b>32.8</b>	<b>27.2</b>	<b>30.0</b>	<b>30.5</b>	<b>33.8</b>	<b>33.2</b>	<b>33.1</b>	<b>35.1</b>	<b>33.1</b>	<b>22.5</b>	<b>18.3</b>	<b>31.8</b>	<b>29.6</b>	<b>32.9</b>	<b>25.8</b>
<b>Adjusted return on invested capital</b>	<b>(G) / (B)</b>	<b>12%</b>	<b>11%</b>	<b>12%</b>	<b>11%</b>	<b>13%</b>	<b>12%</b>	<b>13%</b>	<b>13%</b>	<b>13%</b>	<b>9%</b>	<b>8%</b>	<b>13%</b>	<b>11%</b>	<b>12%</b>	<b>10%</b>

