



# FOURTH QUARTER 2018

Earnings Conference Call March 12, 2019

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# 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 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

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## 4Q 2018 Financial Performance

- Sales down 4% to \$110.9M
- Adj. EBITDA increased 16% to \$16.0M
- Adj. diluted EPS increased 67% to \$0.40

## Cash Flow & Capital Allocation

- Net debt of \$63.3M reduced by 37%
- Cash flow before financing increased to \$22.6M from \$7.1M
- Returned \$13.4M to shareholders in dividends in 2018
- Net debt to EBITDA ratio of 0.8x provides flexibility
- ROIC from adjusted earnings of 18.4%, a 660 basis point improvement

## Strategic Update

- Achieved \$9.2M in cost reductions in 2018
- Increasing net cost savings target to \$24M by 2021
- Completed the simplification phase of our transformation plan with the transition to U.S. domestic issuer status

**Solid Execution on Transformation Plan Enhancing Shareholder Value**

# 2018 FOURTH QUARTER AND FULL YEAR HIGHLIGHTS

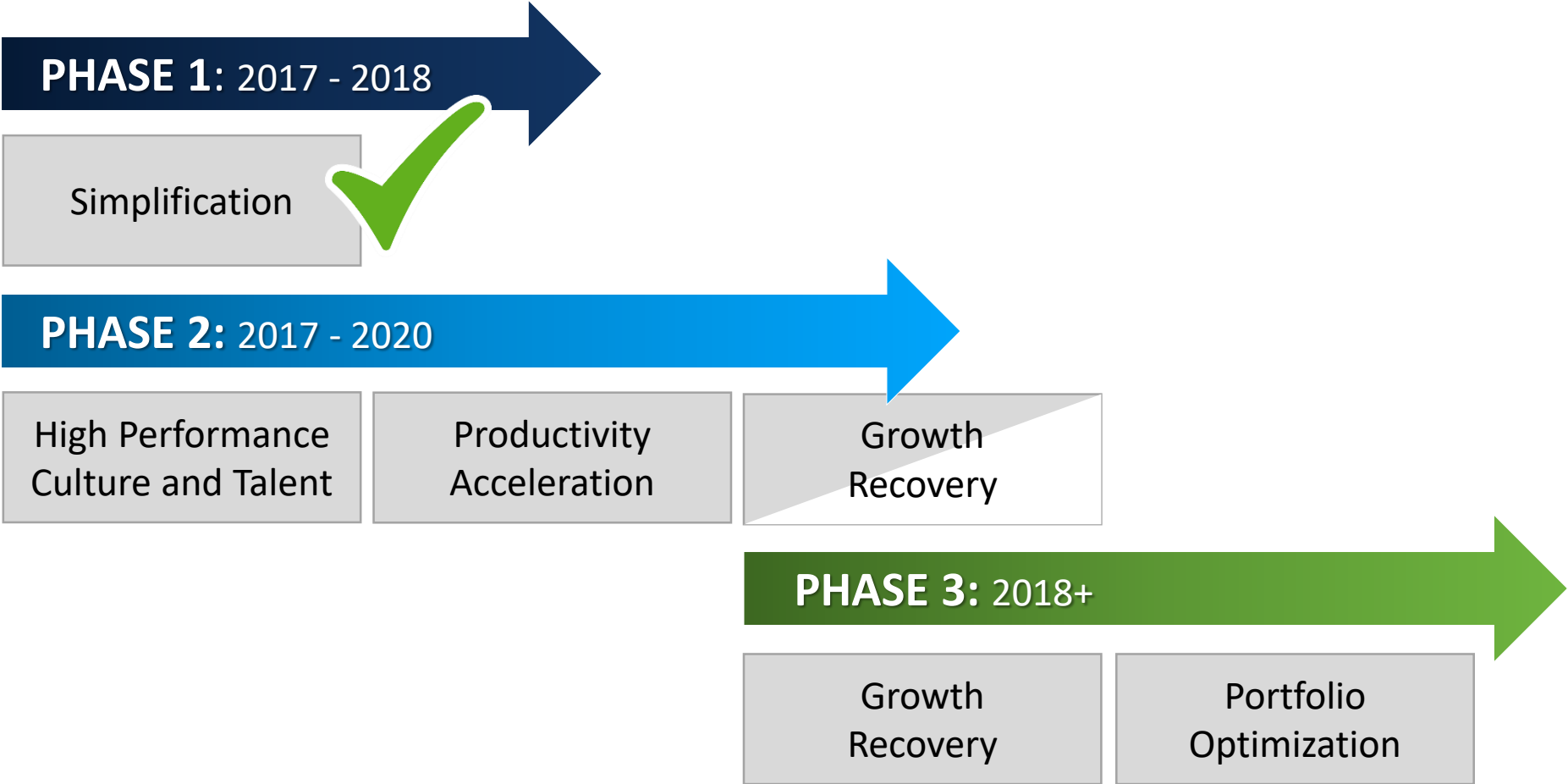
	4Q18	2018	Highlights
<b>Sales</b>	\$111M (-4%)	\$488M (+11%)	<ul style="list-style-type: none"> <li>• Lower disaster-relief sales in Q4</li> <li>• Slower SoluMag sales growth in Q4</li> </ul>
<b>Adj. EBITDA</b>	\$16.0M (+16%)	\$79.6M (+34%)	<ul style="list-style-type: none"> <li>• Margin expansion driven by lean productivity</li> <li>• Cost savings more than offset Q4 volume decline</li> </ul>
<b>Net Debt</b>	\$63.3M (-37%)		<ul style="list-style-type: none"> <li>• Disciplined working capital management</li> <li>• Cash conversion exceeded 100%</li> </ul>
<b>Adj. EPS under GAAP</b>	\$0.40 (+67%)	\$1.69 (+64%)	<ul style="list-style-type: none"> <li>• Driven by earnings, lower tax, lower interest</li> </ul>
<b>Adj. EPS under IFRS</b>	\$0.40 (+74%)	\$1.74 (+71%)	<ul style="list-style-type: none"> <li>• Difference between adj. EPS under IFRS and GAAP driven by accounting treatment for tax NOL</li> </ul>



LUXFER

**Strong Growth and Earnings**

# LUXFER TRANSFORMATION PLAN UPDATE



**Completed Phase 1; On Track With Phases 2 and 3**



# LUXFER BOARD (EFFECTIVE MAY 15<sup>th</sup>, 2019)

**David Landless**

*New Chairperson*



Retired CFO of Bodycote plc  
Director at Innospec, Inc., Renold plc.,  
& European Metal Recycling Ltd.

**Clive Snowdon**

*Audit Chair*



Retired Chair of Midlands  
Aerospace Alliance

**Allisha Elliott**

*Nomination and Governance Chair*



Chief Human Resources Officer  
at Sensata Technologies, Inc

**Joe Bonn**

*Retiring Chairperson*



Mr. Bonn has served on the Luxfer Board of Directors since March of 2007, and was appointed chairperson in December 2016. Mr. Bonn has played an integral role in Luxfer's transformation, including the revitalization of the Board and leadership team.

**Alok Maskara**

*Chief Executive Officer*



Former leader at Pentair,  
GE and McKinsey

**Dick Hipple**

*Remuneration Chair*



Retired Chair and CEO of Materion  
Director at Barnes Group & KeyCorp

**Adam Cohn**

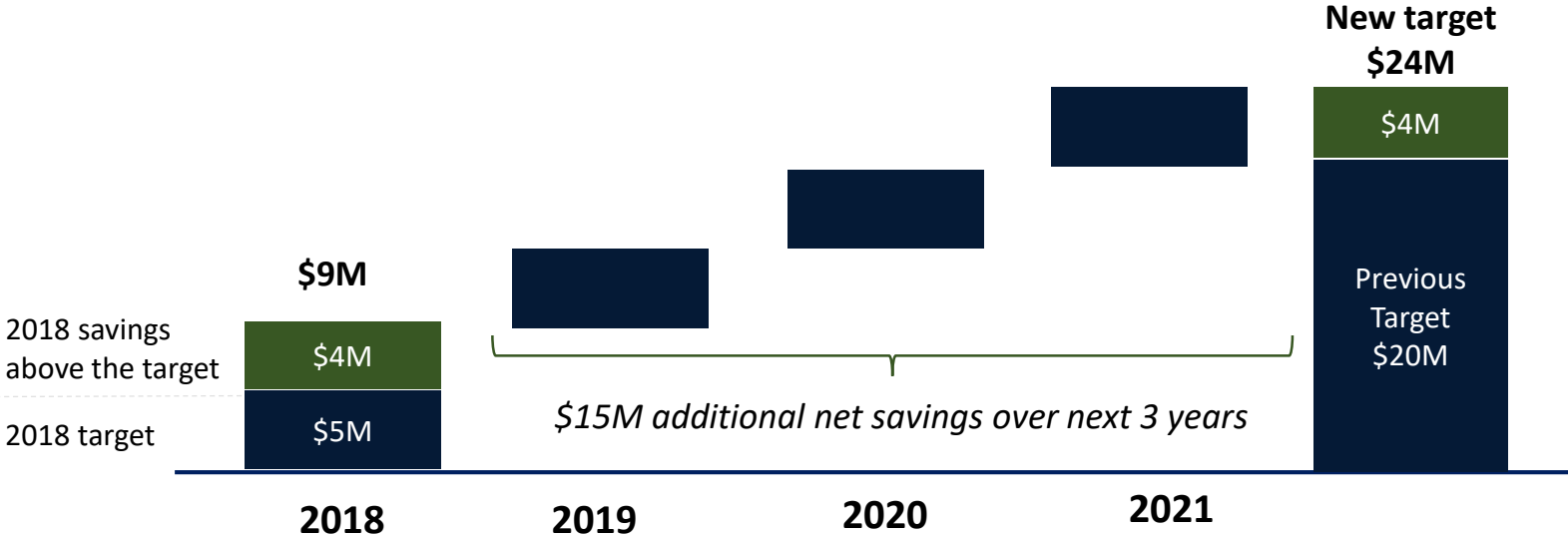
*Member*



Co-CEO and Co-Founder of  
Stone Canyon Industries

**Talented and Experienced Board Members**

# PRODUCTIVITY ACCELERATION UPDATE



### Savings breakdown

- \$14M reduction in manufacturing and distribution costs due to Lean and footprint consolidation
- \$10M reduction in G&A expenses driven by back office consolidation and indirect spend reduction

### Cash cost to achieve

- \$48M new cash cost to achieve annual \$24M savings by 2021
- Overall a two year payback

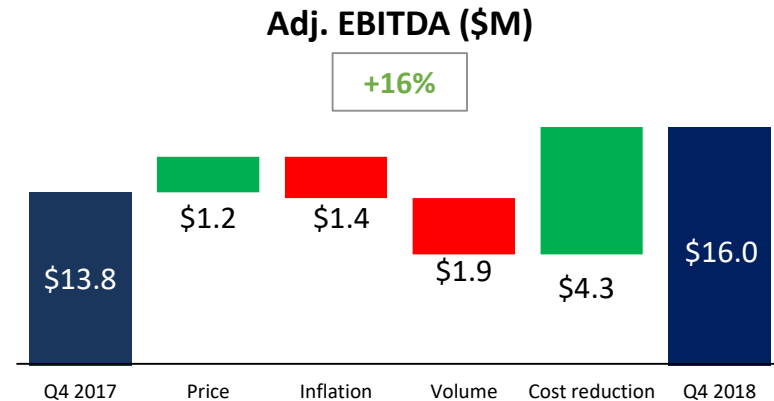
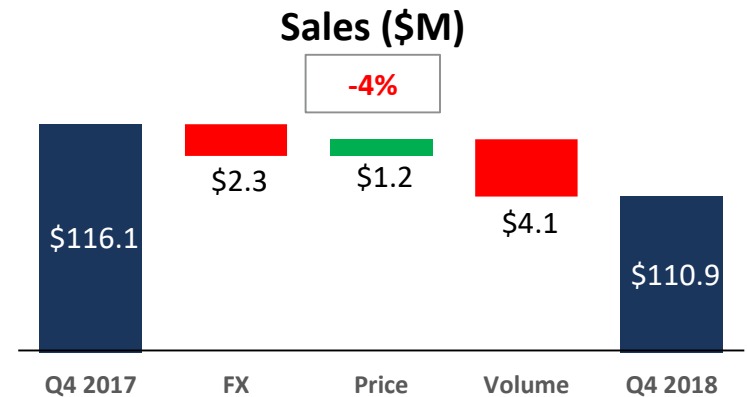


**\$15M Additional Savings by 2021: Increasing Net Savings Target by \$4M**

# FOURTH QUARTER 2018 FINANCIAL RESULTS

## Performance Highlights

- Sales affected by lower hurricane related volume and unfavorable FX
- Profitability increased as cost reductions offset the impact of lower volume
- Majority of inflation was offset by pricing

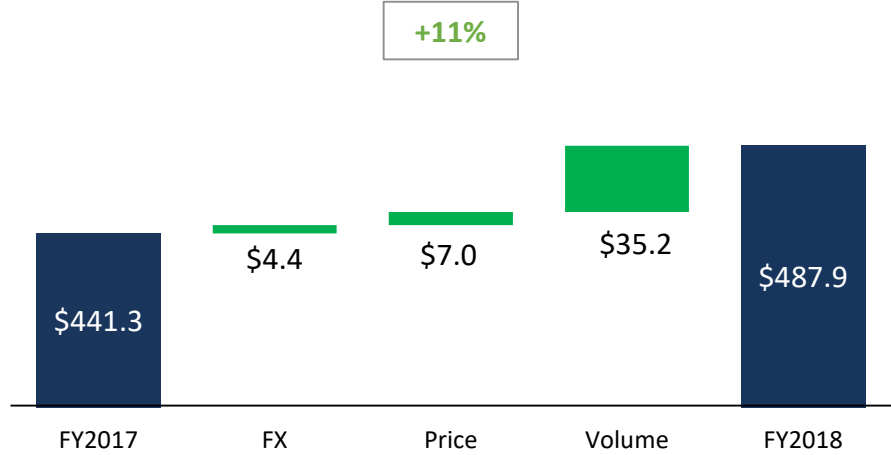


**16% Adjusted EBITDA Growth Despite Lower Sales**



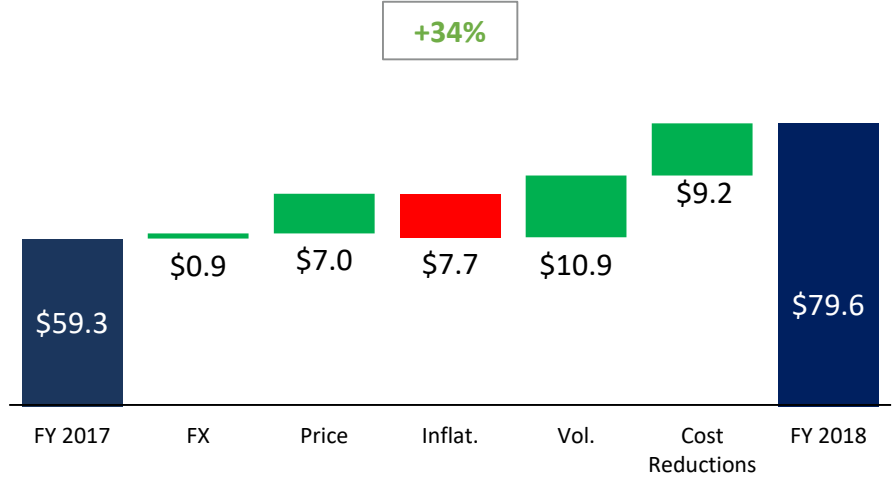
# FULL YEAR 2018 FINANCIAL RESULTS

Sales (\$M)



+11%

Adj. EBITDA (\$M)



+34%

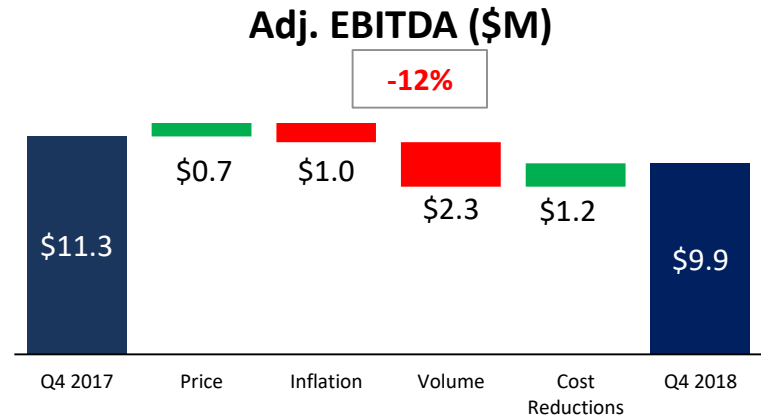
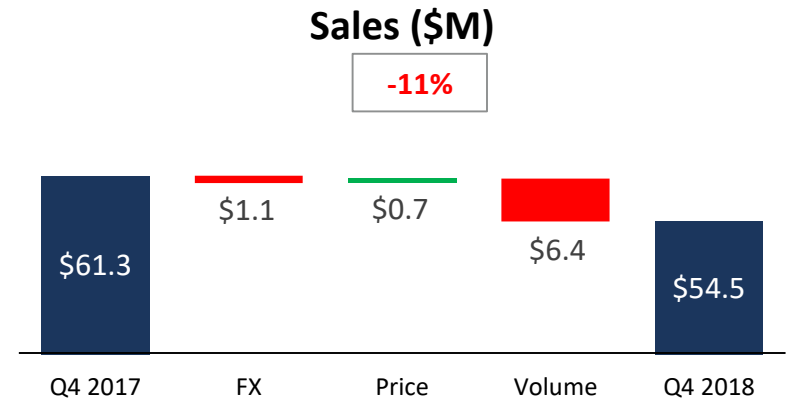


**Adj. EPS Increased 64% from \$1.03 to \$1.69**

# 4Q 2018 ELEKTRON SEGMENT FINANCIAL RESULTS

## Performance Highlights

- Volume impacted by lower hurricane-related sales
- SoluMag growth slowed due to lower fracking orders
- Completed facility consolidation in Graphic Arts

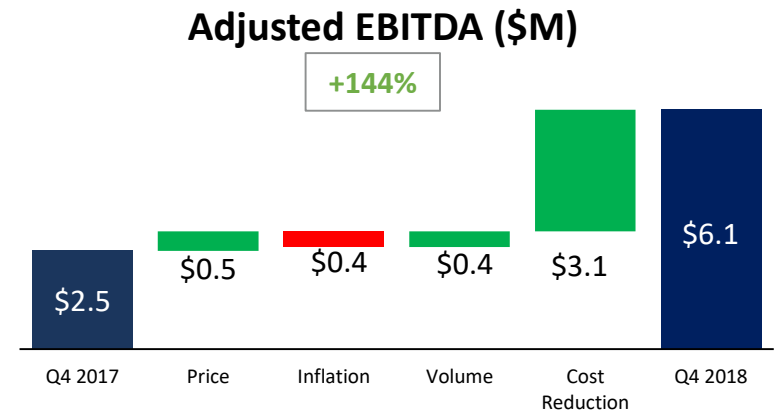
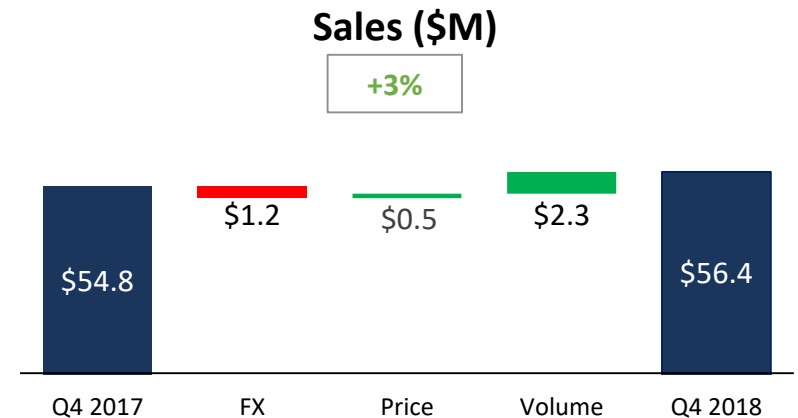


**Lower Volumes Relative to Prior Year**

# 4Q 2018 GAS CYLINDERS SEGMENT FINANCIAL RESULTS

## Performance Highlights

- Strong revenue growth in alternative fuel driven by Europe
- Superform turnaround gaining momentum
- Improved profitability through cost reductions

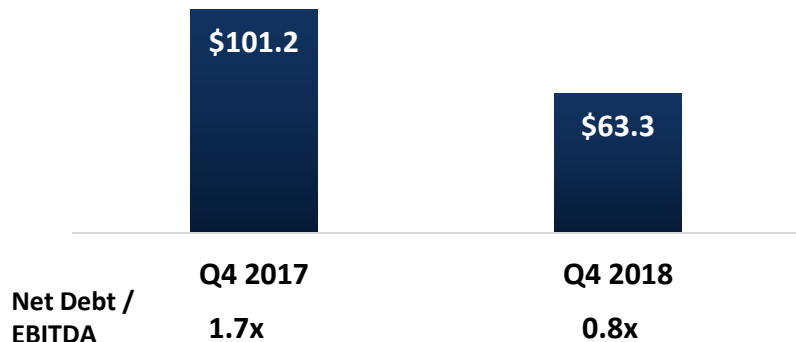


**Strong Profit Expansion with Solid Volume Growth**

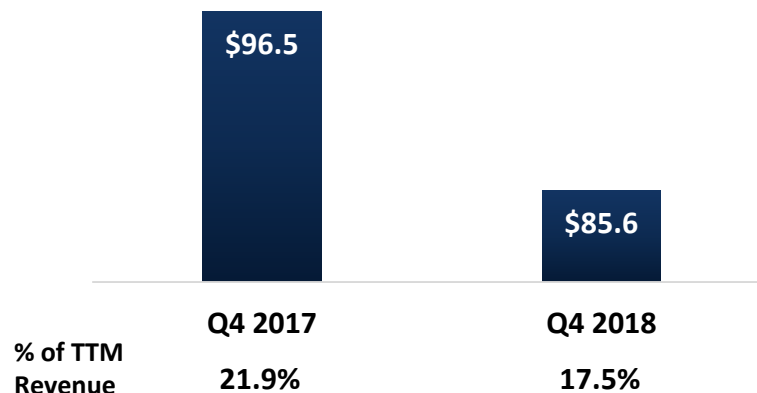
# KEY BALANCE SHEET & CASH FLOW METRICS

All in \$M except ROIC

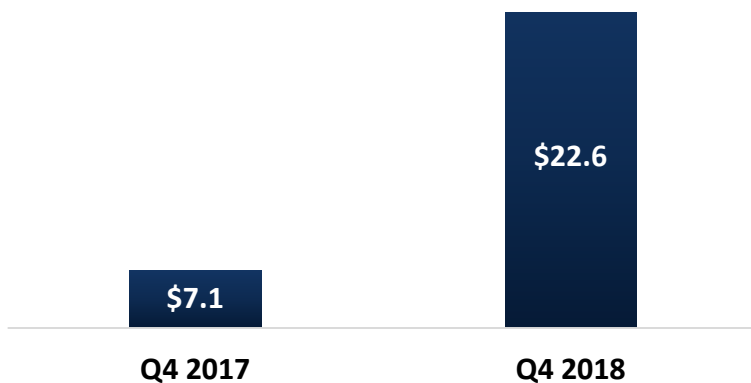
## Net Debt



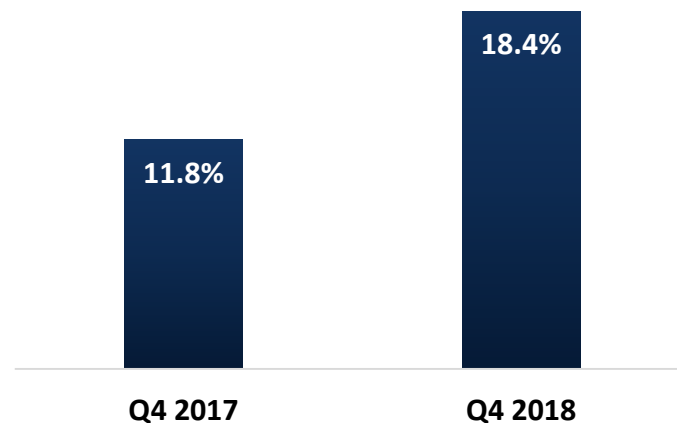
## Working Capital



## Net Cash Flow (Before Financing Activities)



## ROIC from Adj. Earnings



**Strong Cash Conversion, Stronger Balance Sheet**

# 4Q AND FULL YEAR 2018 SUMMARY

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## Strong Transformative Year for Luxfer

- Record growth in sales and profits
- Strong cash conversion with Net Debt/EBITDA ratio of 0.8x
- Simplified NYSE listing and streamlined US GAAP financials

## Optimistic about the long-term prospects for Luxfer

- Core growth and productivity momentum continuing
- Transformation plan will continue to enhance shareholder value
- Implementing a customer-focused innovation process



LUXFER

**Our Best Days are Ahead of Us**

# 2019 OUTLOOK

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## Business Environment Remains Favorable

- Innovative products & commercial excellence to drive growth
- Defense and general industrial remain favorable
- Long-term outlook of 8-10% growth in adjusted earnings; expect 2019 at the lower end of the range

## Transformation Plan Remains On Track

- Achieved \$9.2M of the \$20M savings target in 2018
- Increasing cost reductions target to \$24M by 2021
- Cultural transformation gaining momentum

## Other Factors

- Sales growth in fracking will continue at lower growth rates
- ~\$6M less disaster-relief sales in 1H19
- Eliminating low-margin product lines to improve profitability
- Higher restructuring expenses to support transformation plan

**A Positive Long-term Outlook**

# KEY INVESTMENT CONSIDERATIONS

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**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**

**Innovation and Continuous Improvement**



**Q&A**

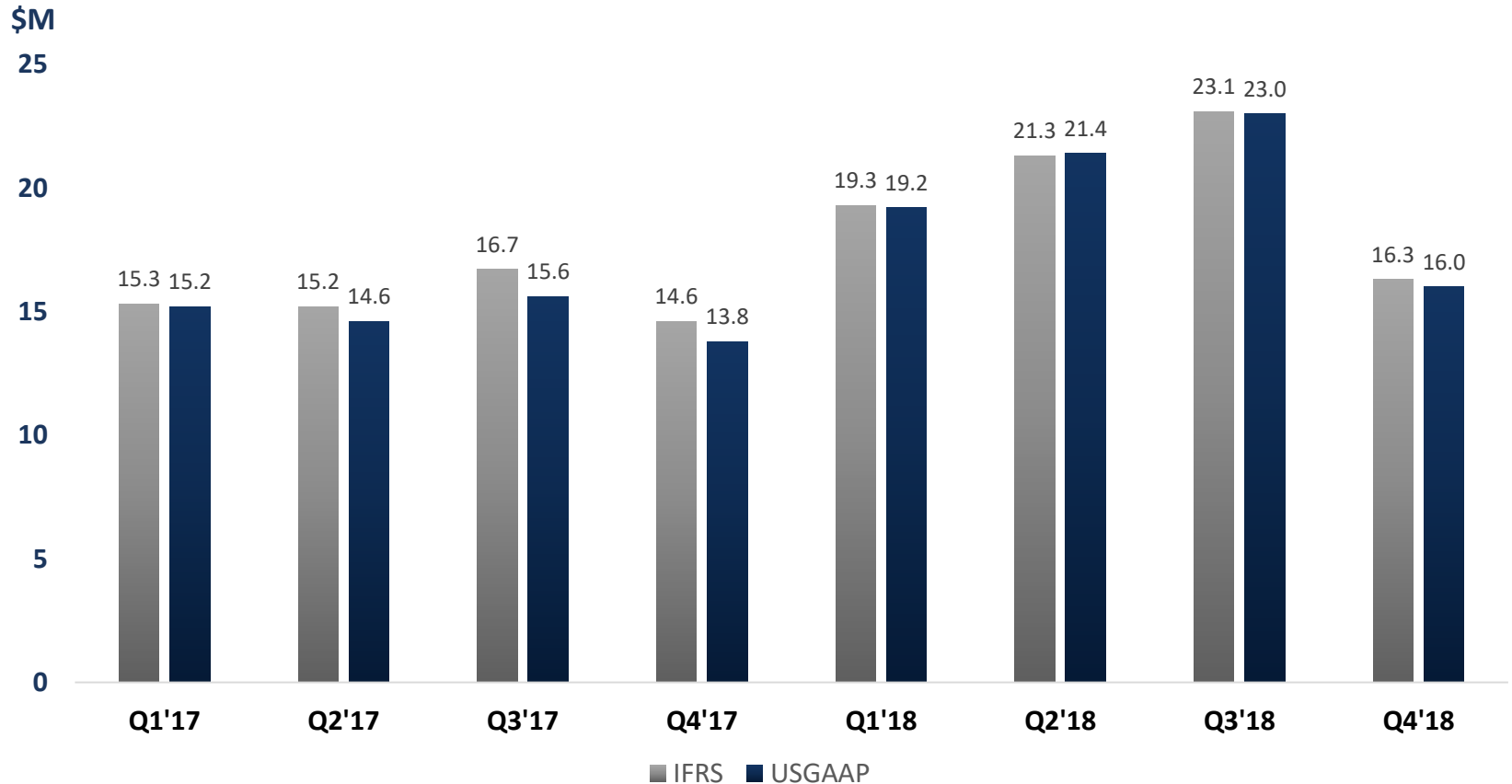




# APPENDICES

**Summary Financial Statements and Reconciliation of Non-GAAP Measures**

# ADJUSTED EBITDA SUMMARY: US GAAP VS. IFRS



**US GAAP Conversion Impact Not Significant to Underlying Business Performance**

# SUMMARY INCOME STATEMENT

\$M	2018	2017	Variance	
	Q4	Q4	\$M	%
<b>REVENUE</b>	110.9	116.1	(5.2)	-4.5%
Cost of sales	(86.7)	(89.0)		
<b>Gross profit</b>	24.2	27.1	(2.9)	-10.7%
Selling, general and administrative expenses	(13.6)	(21.6)		
Research and development expenses	(0.9)	(2.0)		
Restructuring charges	(11.3)	(4.2)		
Impairment charges	(7.2)	(3.7)		
Acquisition related costs / credits	(4.3)	1.3		
<b>Operating income</b>	(13.1)	(3.1)	(10.0)	322.6%
Finance costs:				
Net finance costs	(0.9)	(1.5)		
Defined benefit pension credit	0.8	1.1		
<b>Income before income taxes and equity in net income of affiliates</b>	(13.2)	(3.5)	(9.7)	277.1%
Provision for income taxes	4.4	2.5		
<b>Income before equity in net income of affiliates</b>	(8.8)	(1.0)	(7.8)	780.0%
Equity in income of affiliates (net of tax)	0.3	-		
<b>Net income</b>	(8.5)	(1.0)	(7.5)	750.0%
<i>Earnings per share - Basic</i>	(0.31)	(0.03)		
<i>Earnings per share - Diluted</i>	(0.31)	(0.04)		
<b>ADJUSTED NET INCOME</b>	11.2	6.5	4.7	72.3%
<i>Adjusted earnings per share - Diluted</i>	0.40	0.24		
<i>Adjusted EBITDA</i>	16.0	13.8	2.2	15.9%

	2018	2017	Variance	
	YTD	YTD	\$M	%
<b>REVENUE</b>	487.9	441.3	46.6	10.6%
Cost of sales	(365.8)	(332.7)		
<b>Gross profit</b>	122.1	108.6	13.5	12.4%
Selling, general and administrative expenses	(60.8)	(68.1)		
Research and development expenses	(6.4)	(7.8)		
Restructuring charges	(13.4)	(8.4)		
Impairment charges	(7.2)	(3.7)		
Acquisition related costs / credits	(4.3)	1.3		
<b>Operating income</b>	30.0	21.9	8.1	37.0%
Finance costs:				
Net finance costs	(4.6)	(6.3)		
Defined benefit pension credit	4.7	4.2		
<b>Income before income taxes and equity in net income of affiliates</b>	30.1	19.8	10.3	52.0%
Provision for income taxes	(5.5)	(3.3)		
<b>Income before equity in net income of affiliates</b>	24.6	16.5	8.1	49.1%
Equity in income of affiliates (net of tax)	0.4	0.1		
<b>Net income</b>	25.0	16.6	8.4	50.6%
<i>Earnings per share - Basic</i>	0.94	0.63		
<i>Earnings per share - Diluted</i>	0.90	0.62		
<b>ADJUSTED NET INCOME</b>	46.8	27.6	19.2	69.6%
<i>Adjusted earnings per share - Diluted</i>	1.69	1.03		
<i>Adjusted EBITDA</i>	79.6	59.3	20.3	34.2%



# CASH FLOW

SM	2018	2017	2018	2017
	Q4	Q4	YTD	YTD
<b>Operating activities</b>				
Net (loss) / income	(8.5)	(1.0)	25.0	16.6
Equity income of unconsolidated affiliates	(0.3)	-	(0.4)	(0.1)
Depreciation	5.1	4.5	17.8	17.0
Amortization of purchased intangible assets	0.2	0.5	1.2	1.3
Amortization of debt issuance costs	(0.1)	0.1	0.3	0.6
Share-based compensation	2.9	2.3	4.8	3.1
Deferred income taxes	(9.7)	(4.0)	0.2	(2.7)
Loss on disposal of property, plant and equipment	0.3	0.1	0.3	0.1
Asset impairment charges	13.2	3.7	13.9	5.9
Pension and other post-retirement expense	4.5	(0.1)	0.4	0.6
Pension and other post-retirement contributions	(2.3)	(3.2)	(12.3)	(12.9)
<i>Changes in assets and liabilities, net of effects of business acquisitions</i>				
Accounts and notes receivable	11.9	6.4	5.8	(11.5)
Inventories	(0.6)	7.6	(15.5)	4.9
Other current assets	(0.1)	(1.3)	1.1	1.3
Accounts payable	0.4	(3.1)	7.3	1.5
Accrued liabilities	(3.6)	0.7	4.8	14.0
Other current liabilities	12.6	1.2	9.9	(2.0)
Other non-current assets and liabilities	(1.0)	0.9	(1.4)	1.1
<b>NET CASH PROVIDED FROM OPERATING ACTIVITIES</b>	<b>24.9</b>	<b>15.3</b>	<b>63.2</b>	<b>38.8</b>
<b>Investing activities</b>				
Capital expenditures	(5.7)	(3.7)	(13.9)	(10.5)
Proceeds from sale of property and equipment	(0.1)	0.1	0.1	0.1
Proceeds from sale of businesses and other	-	0.1	-	0.1
Investments in unconsolidated affiliates	0.3	(1.4)	1.1	(1.0)
Acquisitions, net of cash acquired	3.2	(3.3)	2.7	(4.7)
<b>NET CASH FLOWS BEFORE FINANCING</b>	<b>22.6</b>	<b>7.1</b>	<b>53.2</b>	<b>22.8</b>
<b>Financing activities</b>				
Net increase / (decrease) in short term borrowings	3.5	4.2	(15.7)	4.2
Net repayments of long-term borrowings	(15.2)	(12.0)	(21.3)	(13.4)
Debt issuance costs	-	-	-	(0.6)
Deferred consideration paid	(0.8)	(1.4)	(0.8)	(1.4)
Proceeds from issue of share capital	0.3	-	6.6	-
Dividends paid	(3.4)	(3.3)	(13.4)	(13.3)
Share-based compensation cash paid	(1.6)	(0.6)	(7.3)	(0.6)
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS BEFORE EXCHANGE</b>	<b>5.4</b>	<b>(6.0)</b>	<b>1.3</b>	<b>(2.3)</b>
Effect of exchange rate changes	(0.2)	0.1	(0.5)	2.0
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	<b>5.2</b>	<b>(5.9)</b>	<b>0.8</b>	<b>(0.3)</b>

# RECONCILIATION OF NON-GAAP MEASURES

	2018	2017	2018	2017
\$M	Q4	Q4	YTD	YTD
<b>Net income</b>	(8.5)	(1.0)	25.0	16.6
Accounting charges relating to acquisitions and disposals of businesses:				
Unwind of discount on deferred consideration	(0.3)	0.1	0.2	0.2
Amortization on acquired intangibles	0.3	0.4	1.2	1.3
Acquisitions and disposals	4.3	(1.3)	4.3	(1.3)
Defined benefit pension actuarial adjustment	(0.8)	(1.1)	(4.7)	(4.2)
Restructuring charges	11.3	4.2	13.4	8.4
Impairment charges	7.2	3.7	7.2	3.7
Other charges	-	4.5	-	5.8
Share-based compensation charges	1.7	1.0	4.8	2.2
Other tax deductions	(2.9)	-	(2.9)	-
Impact of U.S. tax reform	-	(2.0)	-	(2.0)
Income tax thereon	(1.1)	(2.0)	(1.7)	(3.1)
<b>Adjusted net income</b>	<b>11.2</b>	<b>6.5</b>	<b>46.8</b>	<b>27.6</b>
Add back / (deduct):				
Impact of U.S. tax reform	-	2.0	-	2.0
Income tax thereon	1.1	2.0	1.7	3.1
Income tax expense	(4.4)	(2.5)	5.5	3.3
Other tax deductions	2.9	-	2.9	-
Net finance costs	0.9	1.5	4.6	6.3
<b>Adjusted EBITA</b>	<b>11.7</b>	<b>9.5</b>	<b>61.5</b>	<b>42.3</b>
Loss on disposal of PPE	0.1	-	0.3	-
Depreciation	4.2	4.3	17.8	17.0
<b>Adjusted EBITDA</b>	<b>16.0</b>	<b>13.8</b>	<b>79.6</b>	<b>59.3</b>



# RECONCILIATION OF NON-GAAP MEASURES

\$M	2017	2017	2017	2017	2018	2018	2018	2018	2017	2018
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	YTD	YTD
EBITA	11.1	10.4	11.2	9.6	14.6	16.8	18.4	11.7	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%	16.7%	18.3%
Notional tax	(2.2)	(3.3)	(2.9)	(6.9)	(3.4)	(3.9)	(4.1)	(3.9)	(7.1)	(11.3)
EBITA after notional tax	8.9	7.1	8.3	2.7	11.2	12.9	14.3	7.8	35.2	50.2
Rolling 12 month EBIT after notional tax	26.0	25.2	28.3	27.0	29.3	35.1	41.1	46.2	35.2	50.2
Bank and other loans	146.5	160.8	121.4	113.8	105.9	99.8	88.7	77.1	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)	(12.6)	(13.8)
Net debt	106.1	103.6	102.2	101.2	97.8	94.6	79.8	63.3	101.2	63.3
Total equity	161.6	172.4	180.0	172.5	177.1	191.1	213.0	184.3	172.5	184.3
Invested capital	267.7	276.0	282.2	273.7	274.9	285.7	292.8	247.6	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	273.7	247.6
Return on invested capital	10.3%	9.7%	10.4%	9.8%	10.6%	12.6%	14.6%	16.8%	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	27.6	46.8
Impact of U.S. tax reform	-	-	-	2.0	-	-	-	-	2.0	-
Other tax adjustments	-	-	-	-	-	-	-	2.9	-	2.9
Income tax charge for the period	1.9	1.8	2.1	(2.5)	3.0	3.4	3.5	(4.4)	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	3.1	1.7
Adjusted income tax charge	2.2	2.3	2.4	1.5	3.1	3.6	3.8	(0.4)	8.4	10.1
Adjusted profit before taxation	9.6	8.8	9.6	8.0	13.1	15.8	17.2	10.8	36.0	56.9
Adjusted effective tax rate	22.9%	26.1%	25.0%	18.8%	23.7%	22.8%	22.1%	-3.7%	23.3%	17.8%
EBITA (as above)	11.1	10.4	11.2	9.6	14.6	16.8	18.4	11.7	42.3	61.5
Adjusted notional tax	(2.5)	(2.7)	(2.8)	(1.8)	(3.5)	(3.8)	(4.1)	0.4	(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	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	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%	11.9%	20.4%



# KEY INCOME STATEMENT METRICS

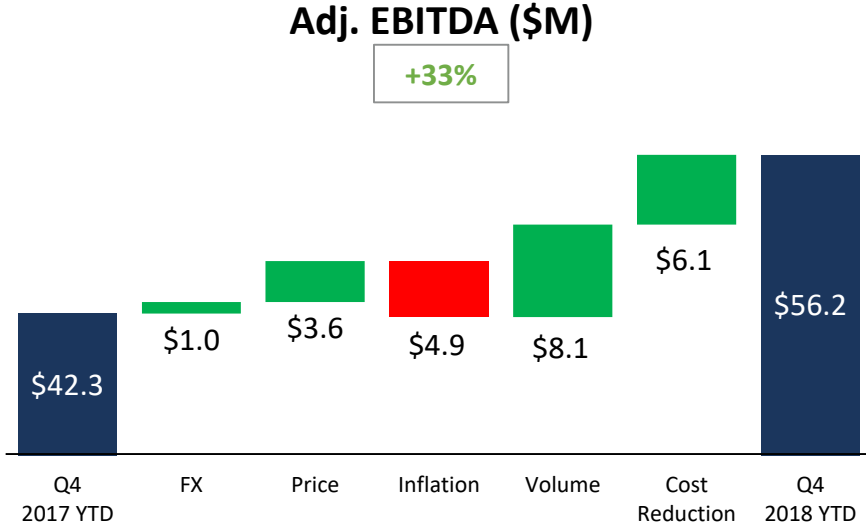
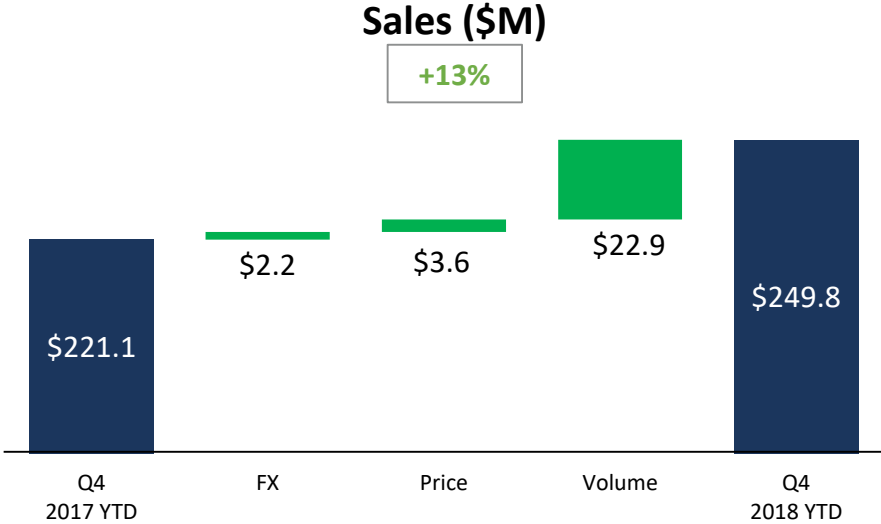
\$ in millions, except per share amount	2018	2017	Vs Prior Year		2018	2017	Vs Prior Year	
	Q4	Q4	Δ	Δ%	YTD	YTD	Δ	Δ%
Net sales	110.9	116.1	(5.2)	-4.5%	487.9	441.3	46.6	10.6%
Gross profit	24.2	27.1	(2.9)	-10.7%	122.1	108.6	13.5	12.4%
Adjusted EBITDA *	16.0	13.8	2.2	15.9%	79.6	59.3	20.3	34.2%
Adjusted net income *	11.2	6.5	4.7	72.3%	46.8	27.6	19.2	69.6%
Effective tax rate	33.3%	71.4%			18.3%	16.7%		
Adjusted diluted EPS	0.40	0.24	0.16	66.7%	1.69	1.03	0.66	64.1%
Basic EPS	(0.31)	(0.03)	(0.28)	933.3%	0.94	0.63	0.31	49.2%

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



**96% Quarter-on-quarter Increase in Adjusted Net Income**

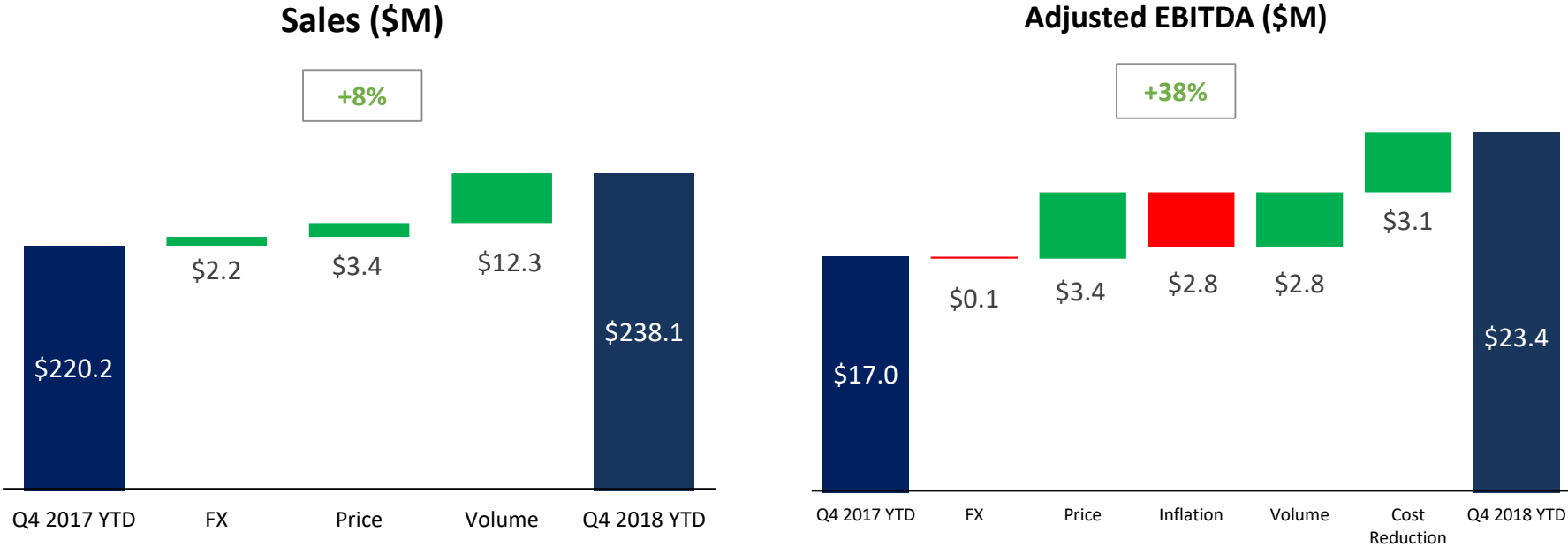
# FULL YEAR 2018 ELEKTRON FINANCIAL RESULTS



**Strong Year With Solid Volume Growth and Realized Cost Reductions**



# FULL YEAR 2018 GAS CYLINDERS PERFORMANCE



**Strong Year with Solid Improvements Affecting Growth & Profit**



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