



FIRST QUARTER 2020

Earnings Conference Call April 28th, 2020



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; (ix) our ability to remediate the material weakness in our internal controls over financial reporting; and (x) risks related to the impact of the global COVID-19 pandemic, such as the scope and duration of the outbreak, government actions and restrictive measures implemented in response, supply chain disruptions and other impacts to the business, and the Company's ability to execute business continuity plans, as a result of the COVID-19 pandemic. 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, 2019, which was filed with the U.S. Securities and Exchange Commission on March 10, 2020. 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

Q1 2020 Financial Performance

Results met our expectations

- Sales decreased 10.5%¹, excluding non-core Czech divestiture
- Adj. EBITDA decreased 18.4% to \$15.1M; margin down 90 basis points to 14.5%
- Adj. diluted EPS of \$0.30, down 25% with challenging industrial macro, further exacerbated by COVID-19 impact

Cash Flow & Capital Allocation

Strong Balance Sheet

- Net Debt of \$91.5M with Debt to EBITDA ratio of 1.4x
- Quarterly dividend payout of \$3.4M, or \$0.125 per share
- Q1 Free Cash Flow of (\$7.0)M including \$2.6M in restructuring spend
- ROIC² of 15.4%, decreased 110 basis points from year end

COVID-19 Expected Impact

Significant market disruptor

- Emphasis on employee health and safety while servicing customers
- Expected impact includes lower productivity and lower demand
- Withdrawing full year guidance

¹ Excludes divested Czech Recycling Business; ² Calculated using adjusted earnings (see appendix)



Solid Execution | Unprecedented Macro

CUSTOMER FIRST • INTEGRITY • ACCOUNTABILITY • INNOVATION • PERSONAL DEVELOPMENT • TEAMWORK

COVID-19 PREPAREDNESS UPDATE

STRATEGIC PANDEMIC PLAN

- ✓ Crisis response plan activated to maintain business continuity
- ✓ Followed the U.S. Centers for Disease Control and Prevention (CDC), World Health Organization (WHO), and local, state and national health authorities, guidelines for stronger safety measures and protocols
- ✓ Result: greater protection of our employees, customers, suppliers and communities in which we serve



ACTIVATED BUSINESS CONTINUITY ACTIONS

CUSTOMER-RELATED

- ✓ Prioritized customer orders to maximize supply of products to fight the Pandemic. On-boarded hourly workers as needed
- ✓ Enhanced customer communication to maintain supply chain and gain insight into demand expectations

EMPLOYEE-RELATED

- ✓ Prohibited all non-essential travel for all employees
- ✓ Increased frequency of disinfecting high-touch areas and high-traffic common areas
- ✓ Reinforced hand washing and infection control training
- ✓ Implemented safe distancing procedures in all facilities
- ✓ Limited or prohibited non-essential visitors to our facilities
- ✓ Provided appropriate protective equipment and supplies
- ✓ Established processes to isolate staff who show symptoms or have been exposed to the virus
- ✓ Shifted to remote work strategies, when possible

COVID/MACRO TRENDS

	YoY Change			COVID-19 Outlook
	2018	2019	Q1'20	
33% Defense, First Response, & Healthcare	+4.5%	-11.8%	-7.1%	<ul style="list-style-type: none"> • Slow Q1 sales start due to supply, timing • Robust sales of meals ready-to-eat • Negative impact of fewer training exercises • Overall COVID impact is neutral to positive
31%¹ Transportation (AF, Aero, Auto)	+8.2%	+1.8%	-15.2%	<ul style="list-style-type: none"> • Lower passenger auto demand • AF experiencing short-term disruption • Aerospace demand slowing
36% General Industrial Including Oil & Gas	+20.2%	-9.6%	-9.4%	<ul style="list-style-type: none"> • ISM uncertainty; customers cautious • US oil & gas demand trending to zero • Long-term GDP + growth due to innovation
	+11.0%	-7.1%	-10.5%	

¹: Excludes divested Czech Recycling Business



Compelling Niche Market Opportunities Over the Long Term

CUSTOMER FIRST • INTEGRITY • ACCOUNTABILITY • INNOVATION • PERSONAL DEVELOPMENT • TEAMWORK

PRODUCTS BEING USED TO HELP COMBAT COVID-19

OUR PRODUCTS HELP

Flameless Ration Heaters used by US Defense and Disaster Relief Agencies

Aluminum cylinders used by field hospitals

Composite cylinders for first responders

Results

Higher FRH and Heater Meals sales

SCBA outlook unchanged

Modest sales increase for aluminum oxygen cylinders with plant capacity for more

MAGTECH PRODUCTS



Magnesium-based Flameless Ration Heaters and Heater Meals used by US Military and disaster relief agencies

ALUMINUM CYLINDERS



High-pressure aluminum gas cylinders used for Oxygen in field hospitals and home care

COMPOSITE CYLINDERS



Light weight, High-pressure composite cylinders used by first responders



Providing Necessary Products to Healthcare Professionals and First Responders

CUSTOMER FIRST • INTEGRITY • ACCOUNTABILITY • INNOVATION • PERSONAL DEVELOPMENT • TEAMWORK

TRANSFORMATION SUCCESS: BETTER POSITIONED

Better positioned for COVID

Lower Fixed Costs

- \$15M cost reduction so far
- Ongoing actions to further reduce costs

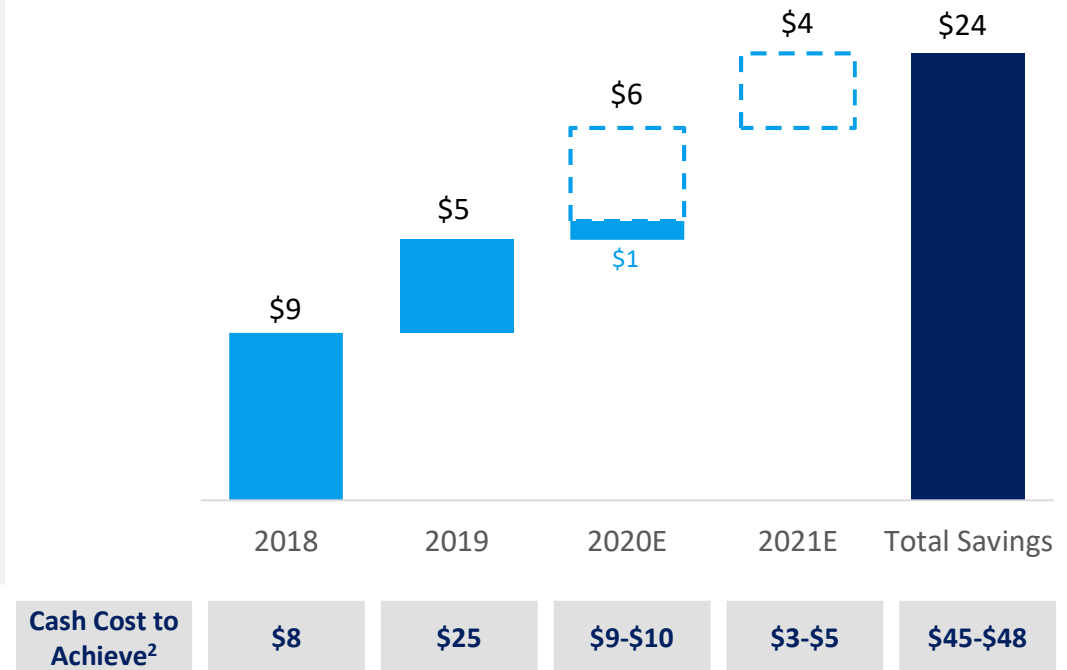
Flat Organizational and Stronger Talent

- Pay for performance – self adjusting compensation
- Faster decisions; agile organization
- Strong leadership for business continuity

Flexible IT Infrastructure

- Cloud architecture enables remote work and collaboration
- Easier tracking of costs, expenses, opportunities

Transformation Plan Savings (\$M)



¹ Calculated using adjusted earnings (see appendix)

² Cash cost to achieve includes restructuring and exceptional charges, such as Severance, Rationalization & Environmental remediation, etc.; Cash cost to achieve excludes typical annual capital spend of ~\$15M

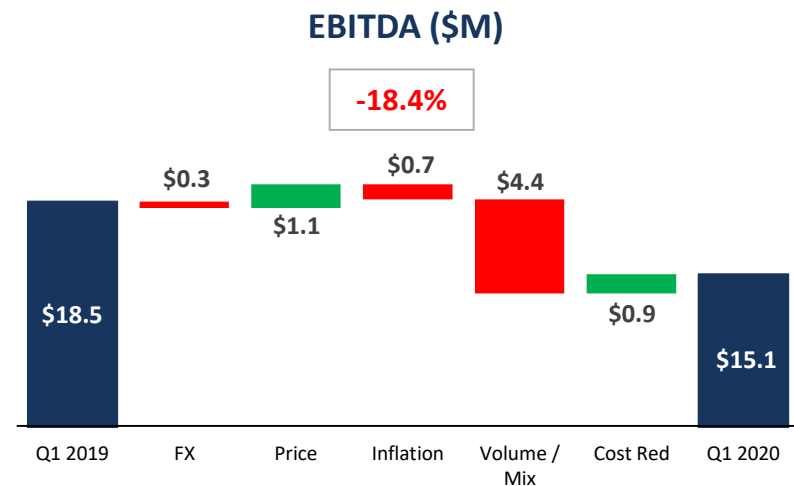
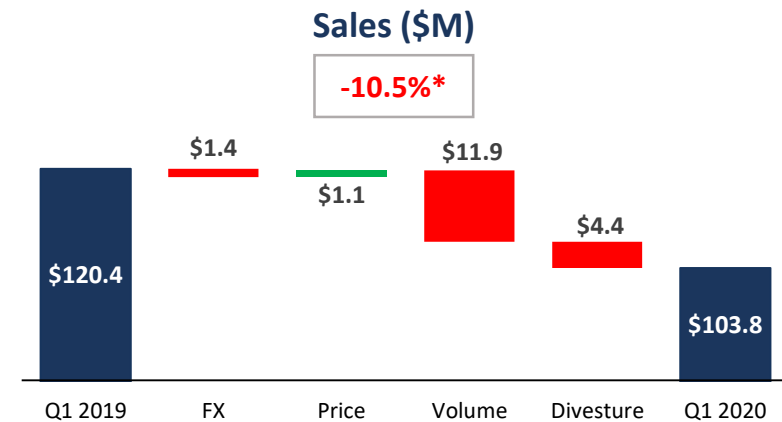


\$15M Lower Costs | \$9M Remaining Cost Reductions in 2020 and 2021

Q1 2020: LUXFER FINANCIAL RESULTS

Performance Highlights

- Sales declined 13.8%, or 10.5%* adjusted
 - Decline in zirconium-based catalysts
 - Lower Superform sales
- Proactive price actions offset material inflation
- Achieved ~\$1.0M in cost reductions



* Excludes divested Czech Recycling Business



Macro Impacted Top Line

Q1 SEGMENT RESULTS

	Q1		Performance Commentary
	Sales	EBITDA	
Elektron	\$51.2M Down 11.1%*	\$11.6M Down 17.1%	<ul style="list-style-type: none"> • Catalysis weakness • Lower magnesium for aerospace • MRE timing unfavorable to PY • Graphic Arts growth
Gas Cylinders	\$52.6M Down 9.9%	\$3.5M Down 22.2%	<ul style="list-style-type: none"> • Euro Luxury auto decline • Industrial gas cylinders lower • Fire Extinguisher exit • Alternative fuel growth continues
	\$103.8M Down 10.5%	\$15.1M Down 18.4%	

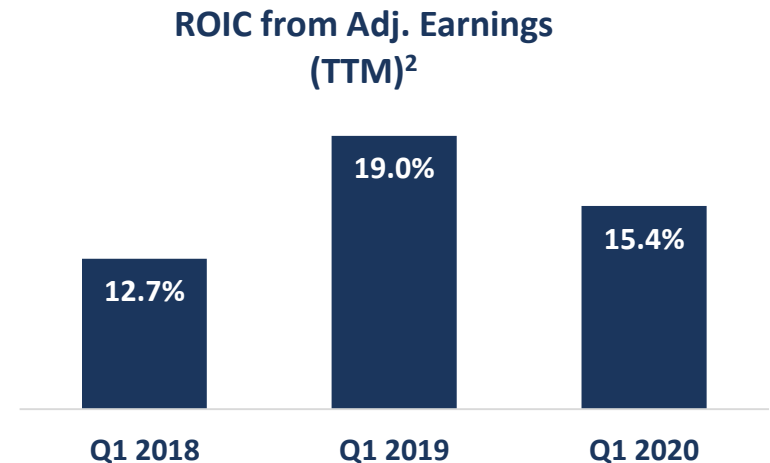
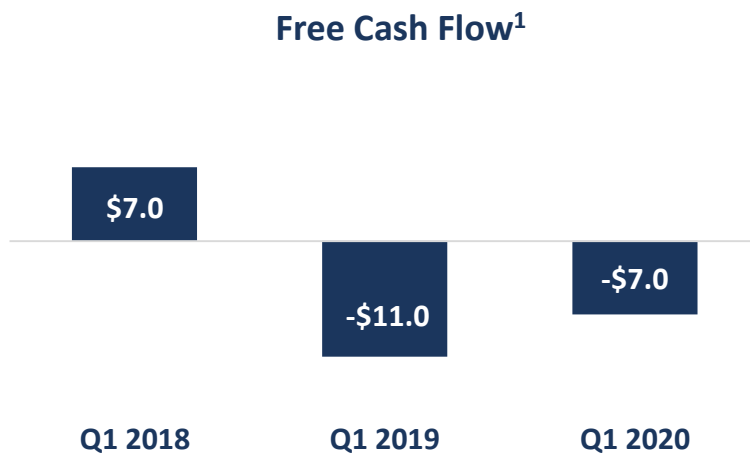
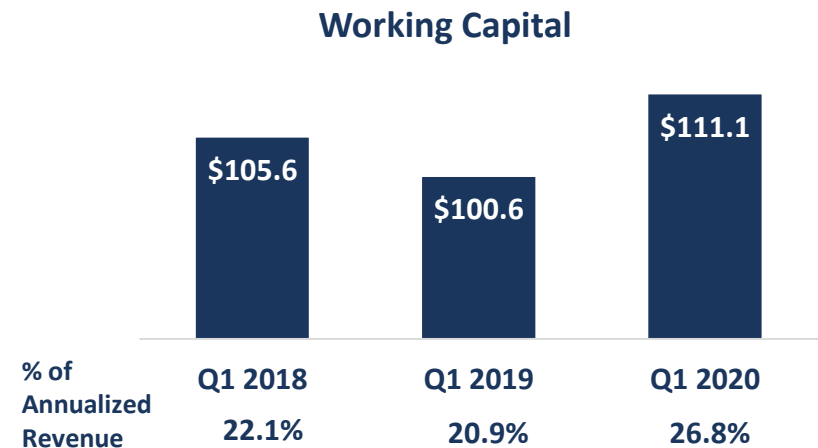
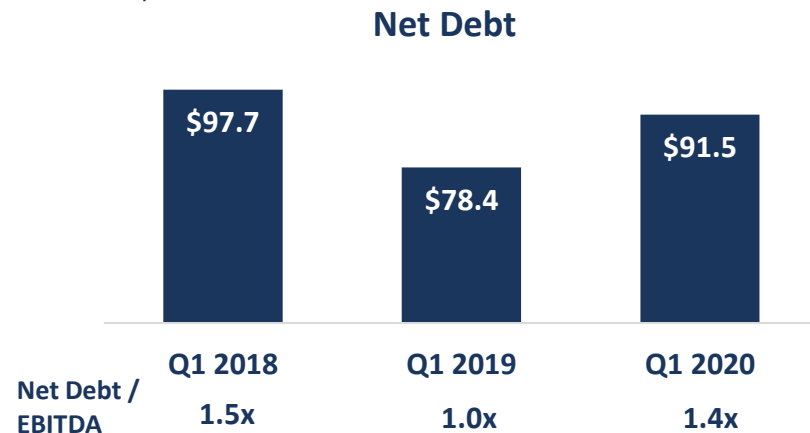
* Excludes divested Czech Recycling Business



Compelling Niche Market Opportunities Over the Long Term

KEY BALANCE SHEET & CASH FLOW METRICS

All in \$M except ROIC



¹ FCF = Cash Flow from Operations – Capex; ² Calculated using adjusted earnings (see appendix)



Strong Balance Sheet; Focus on FCF & ROIC

CUSTOMER FIRST • INTEGRITY • ACCOUNTABILITY • INNOVATION • PERSONAL DEVELOPMENT • TEAMWORK

EXECUTING OUR DOWNTURN PLAYBOOK

SELF-ADJUSTING	DISCRETIONARY	CAPITAL	CASH PRESERVATION
<ul style="list-style-type: none"> ✓ Volume-based cost savings ✓ Management Incentive scheme ✓ EPS based Share awards ✓ Employee bonus plans ✓ Headcount optimization 	<ul style="list-style-type: none"> ✓ Delayed hiring ✓ T&E ✓ MRO savings ✓ Professional services ✓ Personnel training ✓ Marketing 	<ul style="list-style-type: none"> ✓ Investment deferrals ✓ Delay capacity upgrades ✓ Re-evaluate productivity projects given lower 2020 volumes 	<ul style="list-style-type: none"> ✓ Partial suspension of pension funding ✓ Furloughs and headcount reduction ✓ Re-evaluate share buy back timing ✓ Reconsider M&A timing
Executive team 2020 target compensation reduced by ~30%	Incremental cost savings of \$2M+	30-50% reduction in annual capital spend	Potential cash of \$2M-\$5M



Taking the Necessary Actions to Limit Impact

FY2020 GUIDEPOSTS

P&L

- Expect full year **Revenue** decline with challenging Macro
 - Defense & First Responder flat YoY
 - Transportation down with auto exposure & AF timing
 - Industrial down with broad based decline
- **Czech** divestiture to impact revenue: Q2 by \$3.1M / FY by \$7.5M
- Further **cost actions** for lower both variable and fixed costs
- Expect **Q2** to be weakest quarter with incremental improvement through Q4

Cash

- 30% to 50% reduction in **Capital Expenditures** vs. original plan of \$13M-\$15M;
- **OWC** improvements, with inventory, receivables and payables management
- Reduced **Pension** deficit funding by \$2M
- Cash for **Restructuring** reduced to \$9M for the year, down 25% from plan
- 100% **FCF** conversion excluding restructuring



Focus on What We Control

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

CUSTOMER FIRST • INTEGRITY • ACCOUNTABILITY • INNOVATION • PERSONAL DEVELOPMENT • TEAMWORK



APPENDICES

Summary Financial Statements and Reconciliation of Non-GAAP Measures

SUMMARY INCOME STATEMENT

(Unaudited)

	2020	2019	Variance	
	Q1	Q1	\$M	%
\$M				
NET SALES	103.8	120.4	(16.6)	-13.8%
Cost of sales	(79.3)	(90.3)		
Gross profit	24.5	30.1	(5.6)	-18.6%
Selling, general and administrative expenses	(12.8)	(16.4)		
Research and development expenses	(0.7)	(1.4)		
Restructuring charges	(2.8)	(9.0)		
Impairment charges	-	0.2		
Acquisition related costs / credits	(0.2)	(4.6)		
Operating income	8.0	(1.1)	9.1	-827.3%
Finance costs:				
Net finance costs	(1.2)	(1.1)		
Defined benefit pension credit	1.1	0.6		
Income before income taxes and equity in net income of affiliates	7.9	(1.6)	9.5	-593.8%
Provision for income taxes	(1.7)	(2.1)		
Income before equity in net income of affiliates	6.2	(3.7)	9.9	-267.6%
Equity in income / (loss) of affiliates (net of tax)	-	(0.1)		
Net income	6.2	(3.8)	10.0	-263.2%
<i>Earnings per share - Basic</i>	0.23	(0.14)		
<i>Earnings per share - Diluted</i>	0.22	(0.14)		
ADJUSTED NET INCOME	8.4	11.2	(2.8)	-25.0%
<i>Adjusted earnings per share - Diluted</i>	0.30	0.40		
Adjusted EBITDA	15.1	18.5	(3.4)	-18.4%



CASH FLOW

(Unaudited)

	2020	2019
\$M	Q1	Q1
Operating activities		
Net income / (loss)	6.2	(3.8)
Equity income of unconsolidated affiliates	-	0.1
Depreciation	3.4	3.4
Amortization of purchased intangible assets	0.2	0.3
Amortization of debt issuance costs	0.1	0.1
Share-based compensation	0.5	2.6
Deferred income taxes	0.2	0.8
Asset impairment charges	-	(0.2)
Defined benefit pension credit	(1.1)	(0.6)
Defined benefit pension contributions	(1.4)	(1.9)
<i>Changes in assets and liabilities, net of effects of business acquisitions</i>		
Accounts and notes receivable	(5.6)	(10.4)
Inventories	(2.1)	(3.6)
Other current assets	0.7	-
Accounts payable	(7.3)	(0.8)
Accrued liabilities	0.8	(1.7)
Other current liabilities	1.1	7.2
Other non-current assets and liabilities	(0.2)	0.7
NET CASH PROVIDED BY OPERATING ACTIVITIES	(4.5)	(7.8)
Investing activities		
Capital expenditures	(2.5)	(3.2)
NET CASH FLOWS BEFORE FINANCING	(7.0)	(11.0)
Financing activities		
Net increase / (decrease) in short-term borrowings	-	4.2
Net (drawdown) / repayments of long-term borrowings	18.9	11.3
Deferred consideration paid	(0.4)	(0.5)
Proceeds from issue of share capital	0.1	1.4
Share-based compensation cash paid	(0.7)	(1.8)
Dividends paid	(3.4)	(3.4)
NET MOVEMENT IN CASH AND CASH EQUIVALENTS BEFORE EXCHANGE	7.5	0.2
Effect of exchange rate changes	(0.4)	0.2
NET MOVEMENT IN CASH AND CASH EQUIVALENTS	7.1	0.4



RECONCILIATION OF NON-GAAP MEASURES

(Unaudited)

	2020	2019
\$M	Q1	Q1
Net income	6.2	(3.8)
Accounting charges relating to acquisitions and disposals of businesses:		
Amortization on acquired intangibles	0.2	0.3
Acquisitions and disposals	0.2	4.6
Defined benefit pension actuarial adjustment	(1.1)	(0.6)
Restructuring charges	2.8	9.0
Impairment charges	-	(0.2)
Share-based compensation charges	0.5	2.6
Income tax thereon	(0.4)	(0.7)
Adjusted net income	8.4	11.2
Add back / (deduct):		
Income tax thereon	0.4	0.7
Provision for income taxes	1.7	2.1
Net finance costs	1.2	1.1
Adjusted EBITA	11.7	15.1
Depreciation	3.4	3.4
Adjusted EBITDA	15.1	18.5



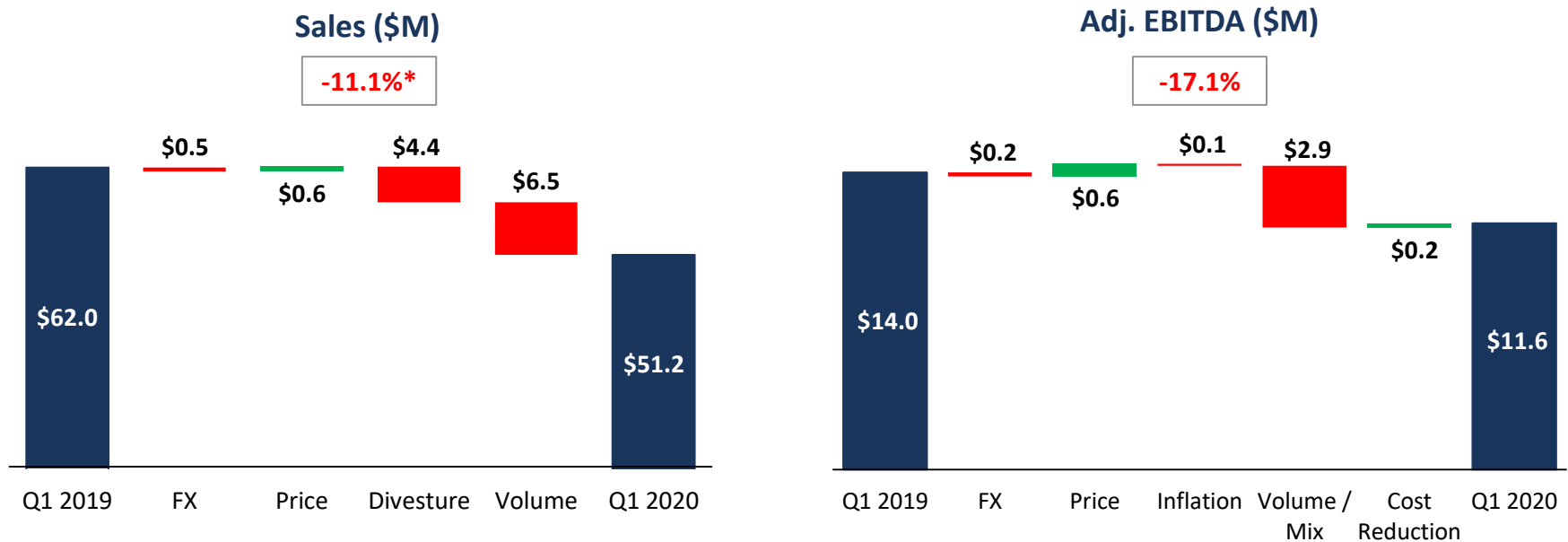
RECONCILIATION OF NON-GAAP MEASURES

(Unaudited)

(\$M)	2018	2018	2018	2018	2019	2019	2019	2019	2020	2018	2019
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	FY	FY
EBITA	14.6	16.8	18.4	11.7	15.1	16.5	13.4	8.8	11.7	61.5	53.8
Effective tax rate - per income statement	23.6%	23.0%	22.2%	33.3%	-131.3%	30.4%	10.2%	1300.0%	21.4%	18.3%	73.9%
Notional tax	(3.4)	(3.9)	(4.1)	(3.9)	19.8	(5.0)	(1.4)	(114.4)	(2.5)	(11.3)	(39.8)
EBITA after notional tax	11.2	12.9	14.3	7.8	34.9	11.5	12.0	(105.6)	9.2	50.2	14.0
Rolling 12 month EBITA after notional tax	29.3	35.1	41.1	46.2	69.9	68.5	66.2	(47.2)	(72.9)	50.2	14.0
Bank and other loans	105.1	99.8	88.7	77.1	92.6	109.2	105.6	91.4	108.8	77.1	91.4
Net cash and cash equivalents	(7.4)	(5.2)	(8.9)	(13.8)	(14.2)	(20.4)	(11.9)	(10.2)	(17.3)	(13.8)	(10.2)
Net debt	97.7	94.6	79.8	63.3	78.4	88.8	93.7	81.2	91.5	63.3	81.2
Total equity	177.1	191.1	213.0	184.3	179.8	178.0	179.9	174.4	169.8	184.3	174.4
Invested capital	274.8	285.7	292.8	247.6	258.2	266.8	273.6	255.6	261.3	247.6	255.6
4 point average invested capital	276.7	279.1	281.8	275.2	271.1	266.4	261.6	263.6	264.3	247.6	255.6
Return on invested capital	10.6%	12.6%	14.6%	16.8%	25.8%	25.7%	25.3%	-17.9%	-27.6%	20.3%	5.5%
Adjusted net income for the period	10.0	12.2	13.4	11.2	11.2	12.4	10.0	6.2	8.4	46.8	39.8
Other tax adjustments	-	-	-	2.9	-	-	-	-	-	2.9	-
Provision for income taxes	3.0	3.4	3.5	(4.4)	2.1	1.4	0.6	2.6	1.7	5.5	6.7
Income tax on adjustments to net income	0.1	0.2	0.3	1.1	0.7	1.6	1.5	(1.1)	0.4	1.7	2.7
Adjusted income tax charge	3.1	3.6	3.8	(0.4)	2.8	3.0	2.1	1.5	2.1	10.1	9.4
Adjusted profit before taxation	13.1	15.8	17.2	10.8	14.0	15.4	12.1	7.7	10.5	56.9	49.2
Adjusted effective tax rate	23.7%	22.8%	22.1%	-3.7%	20.0%	19.5%	17.4%	19.5%	20.0%	17.8%	19.1%
EBITA (as above)	14.6	16.8	18.4	11.7	15.1	16.5	13.4	8.8	11.7	61.5	53.8
Adjusted notional tax	(3.5)	(3.8)	(4.1)	0.4	(3.0)	(3.2)	(2.3)	(1.7)	(2.3)	(10.9)	(10.3)
Adjusted EBITA after notional tax	11.1	13.0	14.3	12.1	12.1	13.3	11.1	7.1	9.4	50.6	43.5
Rolling 12 month adjusted EBITA after notional tax	35.0	40.3	46.2	50.6	51.5	51.8	48.6	43.5	40.8	50.6	43.5
Adjusted return on invested capital	12.7%	14.4%	16.4%	18.4%	19.0%	19.5%	18.6%	16.5%	15.4%	20.4%	17.0%



Q1 2020: ELEKTRON SEGMENT RESULTS



* Sales growth restated to exclude divested Czech Recycling Business

Q1 2020: GAS CYLINDERS SEGMENT RESULTS

