

LUXFER

Q4 2015 conference call



LUXFER GROUP

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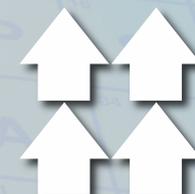
*A global
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This presentation contains forward-looking statements. Examples of such forward-looking statements include, but are not limited to: (i) statements regarding the Group's results of operations and financial condition, (ii) statements of plans, 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, 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. 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, 2014 filed with the U.S. Securities and Exchange Commission on March 19, 2015. 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.

- **Brian Purves, Chief Executive Officer**
 - Q4 2015 and full-year overview
 - Market situation
 - Divisional performance
- **Andy Beaden, Group Finance Director**
 - Quarterly and full-year earnings review
 - Liquidity and capital resources
 - Financial issues
- **Brian Purves**
 - Summary
 - Outlook
- **Questions?**



- **Revenue**

- \$107.4m compared to \$123.4m in Q4 2014.
- FX translation differences reduced USD revenue by \$3.8m.
- Rare earth surcharge now nil—was \$0.3m in Q4 2014.
- Other trading revenues down \$11.9m.

- **Profitability**

- Trading profit \$9.5m, compared to \$10.7m in Q4 2014.
 - FX impact was adverse \$0.1m.
 - Reductions in Elektron profitability due to low sales of zirconium automotive catalysis products.
 - Gas Cylinders Division has seen significant improvements in profitability compared to Q4 2014.
 - Adjusted EBITDA of \$14.6m compared \$15.8m in Q4 2014.
- Basic EPS of \$0.28 (Q4 2014: \$0.44) and adjusted EPS fully diluted of \$0.27 (Q4 2014: \$0.31).

- **Cash flow**

- Cash generated from operations of \$15.2m, compared to \$16.0m for Q4 2014.

- **North American SCBA up, improved AF revenue, some sales weakness in Elektron, progress on AF rationalization.**
 - North American sales of SCBA composite cylinders well up on Q4 2014.
 - North American part of AF business profitable.
 - German manufacturing facility successfully closed in December 2015.
 - Continued low oil price is affecting industries that supply the oil and gas sector.
 - Sales of high-performance magnesium alloys still down on prior year.
 - Euro exchange rate still problematic, but improved.
 - Lower sales of zirconium automotive catalysis products; IP action progressing.
 - Cost-saving initiatives implemented during 2015, particularly in Gas Cylinders.
 - First sales of our new SoluMag[®] alloy for down-well oil and gas tools.



- **Revenue**

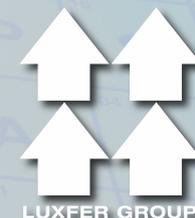
- \$460.3m compared to \$489.5m in 2014.
- FX translation differences reduced USD revenue by \$24.6m.
- Luxfer Magtech revenue \$29.8m in 2015 compared to \$14.7m in 2014.
- Other trading revenues down \$17.5m.

- **Profitability**

- Trading profit \$42.3m compared to \$44.8m in 2014.
 - FX impact was adverse \$2.8m.
 - Elektron profitability down on 2014 due to lower demand for key products in both magnesium and zirconium operations.
 - Gas Cylinders profitability improved compared to 2014 due to the benefits of cost-saving actions taken during 2015.
 - Adjusted EBITDA of \$62.2m, compared to \$64.8m in 2014.
- Basic EPS of \$0.60 (2014: \$1.09) and adjusted fully diluted EPS of \$1.08 (2014: \$1.11).

- **Cash flow**

- Cash generated from operations of \$52.8m compared to \$23.0m in 2014.



- **Improvement in Gas Cylinders, reductions in Elektron, progress on AF rationalization, FX continues to adversely impact results.**
 - Improved profitability of Gas Cylinders Division due to reduced cost base from consolidation of our AF operations and other cost-saving initiatives implemented during 2015.
 - Further improvement due to recovery of the North American SCBA market in 2015 following late regulatory approvals for key customers.
 - Elektron profitability lower due to lower sales of zirconium automotive catalysis products and magnesium high-performance alloys.
 - Luxfer Magtech provided \$2.2m of additional trading profit due to a full year of ownership compared to part-year in 2014.
 - AF rationalization has been successful in North America with this part of the AF operation returning to profitability. German facility was successfully closed in December 2015.
 - Overall, changes in foreign exchange rates have reduced group trading profit by \$2.8m.



2015 – Restructuring:

- End-Q1 – Utah facility closed.
- End-Q4 – German facility closed.
- Total project cost is \$21.8m.
 - Cash costs \$4.1m (of which \$2.0m to be incurred Q1 2016).
 - Property, plant and equipment \$1.7m.
 - Intangible assets \$3.7m.
 - Investments \$4.6m.
 - Inventory and receivables \$7.3m.

2016 – AF business stream once again profitable through:

- Luxfer Canada - manufacturing Type 3 cylinders for North American and European markets.
- Luxfer U.K. (Nottingham) - assembling European bus systems.
- Luxfer GTM – refocused on hydrogen technologies.
- Luxfer U.S. (Riverside) - focused on new Type 4 cylinders.

- **Changes to U.K. defined benefit pension plan**

- Plan has been closed to new members since 1998, and was converted from final salary to career average in 2003.
- Following a consultation with members during Q4, it was agreed with the Trustees that the Luxfer Group Pension Plan in the U.K. would close to future accrual of benefits effective from April 5, 2016.
- It was also agreed, for the purpose of increasing pensions in payment, to use the Consumer Prices Index (CPI) as the reference index in place of the Retail Prices Index (RPI) where applicable.
- Both these changes result in savings: In Q4 2015, we recognized a non-cash curtailment gain of \$3.3m in respect of the closure of the plan to future accrual, as well as a non-cash gain of \$14.9m in respect of the change in expected future pension increases in payment, net of advisory costs of \$0.2m.
- These adjustments reflect a permanent benefit to the financial position of the pension plan and therefore reduce the deficit.



- **Share buy-back program**

- June 2015, share buy-back program announced of up to \$10m to cover the needs of employee share plans.
- As at December 31, 2015, the Group had purchased 146,804 shares, with all purchases in Q2 2015, at a cost of \$1.9m; these are presented as treasury shares in the balance sheet.
- In 2016, the Group has continued this program, and at the date of this report had purchased a further 590,837 shares at a cost of \$6.0m. \$2.1m of budget remains.

- **Molycorp litigation**

- Following loss of market share in autocat and analysis of a trap purchase, legal action was lodged on October 30, 2015, against Molycorp Chemicals & Oxides (Europe) Limited and is in process of being lodged against its Chinese affiliate (parent company in Chapter 11).
- Claim relates to alleged infringement of a patent covering our G4 process for the preparation of zirconium-cerium based mixed oxides (autocat).
- We have incurred \$0.5m of costs associated with this litigation in 2015.

- **Redditch site**

- This redundant site near Birmingham, which manufactured aluminum tubes until 2009, has been listed for many years as an environmental issue.
- Site was contaminated with TCE and subject to U.K. Environmental Agency supervision.
- On March 11, 2016, we completed the sale of the site for \$2.9m to a company that specializes in remediating contaminated land and selling it on for development.
- Once remediation is complete (12-15 months), we should be clear of any further liability.





	Elektron	
	Q4	YTD
	\$M	\$M
<i>Net revenue</i>	58.1	228.4
<i>RE surcharge</i>	0.3	2.2
2014 Revenue analysis	58.4	230.6
Changes in period:		
FX translation	(1.4)	(9.8)
Rare earth surcharge	(0.3)	(2.2)
Luxfer Magtech	-	15.1
Trading movements	(6.6)	(12.5)
<i>Net revenue</i>	50.1	221.2
<i>RE surcharge</i>	-	-
2015 Revenue analysis	50.1	221.2
Trading variance	(11.6%)	(5.3%)

- **Underlying Q4 revenue decreased by \$6.6m or 11.6% compared to Q4 2014.**
 - Reduced sales of zirconium automotive catalysis products.
 - Higher sales of industrial catalysts.
 - Weaker sales of magnesium powders.
 - First sales of our new SoluMag[®] alloy were made.
 - Luxfer Magtech revenues of \$8.3m were flat to Q4 2014.

	Gas Cylinders	
	Q4 \$M	YTD \$M
2014 Revenue analysis	65.0	258.9
Changes in period:		
FX translation	(2.4)	(14.8)
Trading movements	(5.3)	(5.0)
2015 Revenue analysis	57.3	239.1
Trading variance	(8.5%)	(2.0%)

- **Q4 underlying revenue (excluding FX translation) down \$5.3m or 8.5% compared to Q4 2014.**
 - North American SCBA sales continued to be strong.
 - Overall AF sales were down compared to Q4 2014, but there were improvements in North America.
 - Medical composite demand was lower in Europe.
 - Lower Superform tooling sales than at this time last year.

- **Magnesium alloys for commercial aircraft:** Work progressing on crash testing and manufacturing closer to finished form.
- **SynerMag[®] bio-absorbable alloy:** Announcement last week that Biotronik is our partner. They have reported follow-up to clinical trial to be satisfactory. European launch of cardiovascular stent is expected in 2016.
- **Medical oxygen delivery systems:**
 - Modification to SmartFlow[™] module has been completed and AOS[™] (Advanced Oxygen System[™]) is undergoing testing for CE approval.
 - Partnership with Precision Medical announced: will manufacture Luxfer-branded portable oxygen concentrators (POCs) for Europe.
- **AF:** We will formally launch our second generation of Type 4 AF products in May 2016 (lighter in weight, plus increased capacity).
- **AF:** Strong demand for hydrogen cylinders and fuel cell systems.

Group Finance Director Andy Beaden

FINANCIAL REVIEW



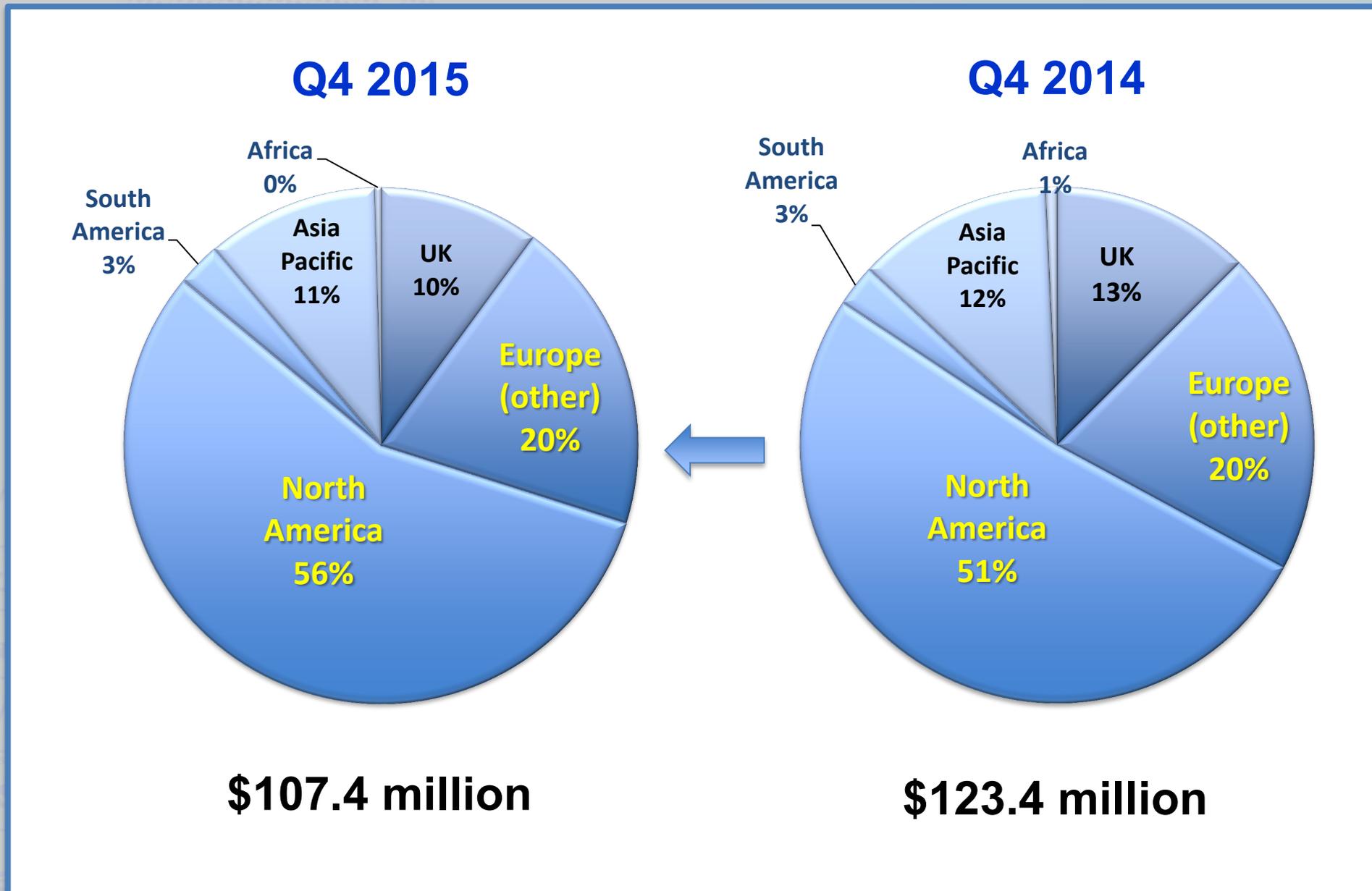
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	Elektron		Gas Cylinders		Group	
	Q4 \$M	YTD \$M	Q4 \$M	YTD \$M	Q4 \$M	YTD \$M
<i>Net revenue</i>	58.1	228.4	65.0	258.9	123.1	487.3
<i>RE surcharge</i>	0.3	2.2	-	-	0.3	2.2
2014 Revenue analysis	58.4	230.6	65.0	258.9	123.4	489.5
Changes in period:						
FX translation	(1.4)	(9.8)	(2.4)	(14.8)	(3.8)	(24.6)
Rare earth surcharge	(0.3)	(2.2)	-	-	(0.3)	(2.2)
Luxfer Magtech	-	15.1	-	-	-	15.1
Trading movements	(6.6)	(12.5)	(5.3)	(5.0)	(11.9)	(17.5)
<i>Net revenue</i>	50.1	221.2	57.3	239.1	107.4	460.3
<i>RE surcharge</i>	-	-	-	-	-	-
2015 Revenue analysis	50.1	221.2	57.3	239.1	107.4	460.3
Trading variance	(11.6%)	(5.3%)	(8.5%)	(2.0%)	(10.0%)	(3.7%)

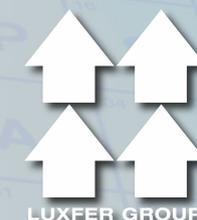


Trading profit and adjusted EBITDA analysis

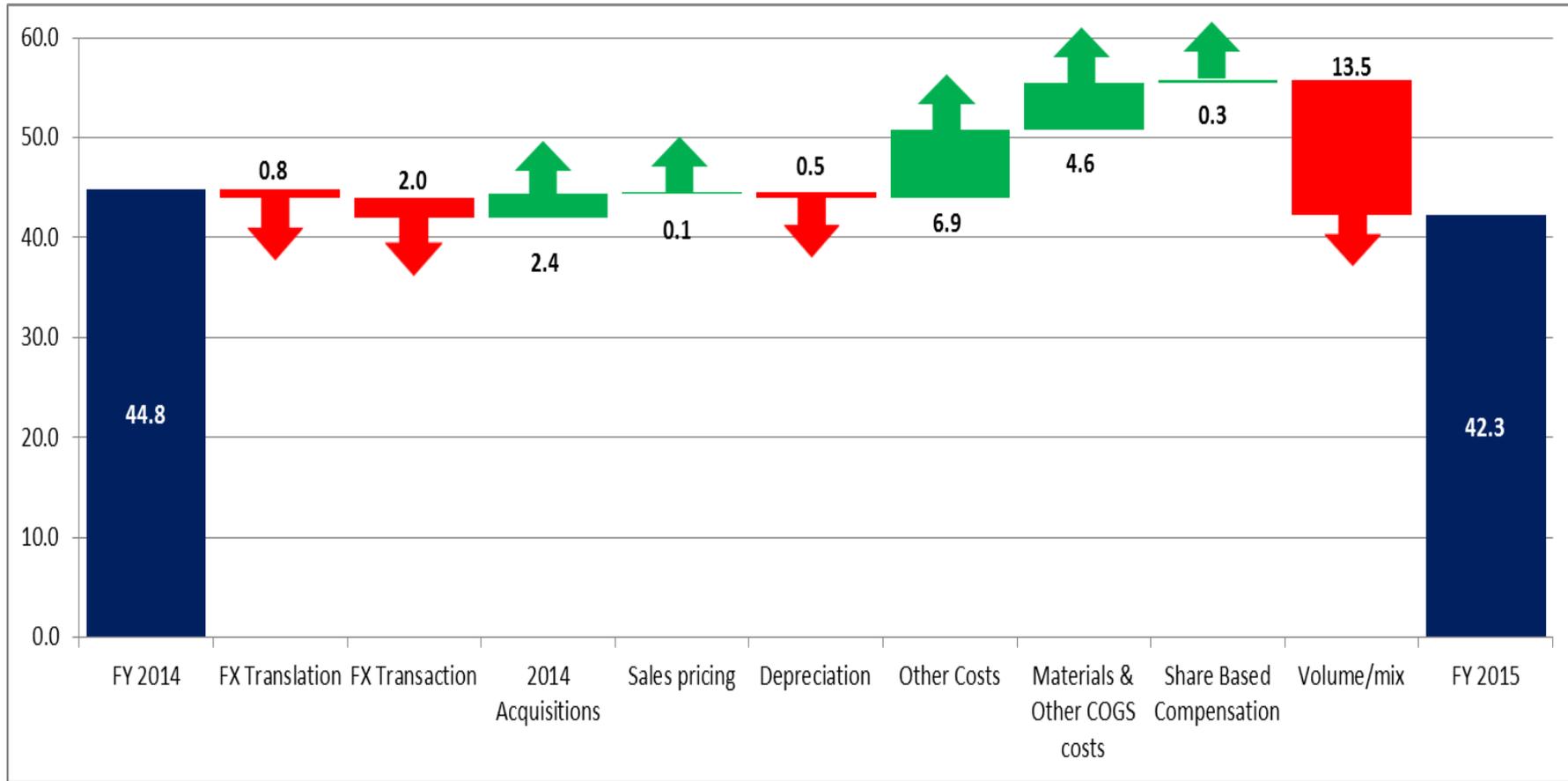
Trading profit \$M		2015 Q1	2015 Q2	2015 Q3	2015 Q4	2015 YTD	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2014 YTD
Gas Cylinders	Trading profit \$M	1.3	1.7	3.1	2.5	8.6	1.6	1.7	1.7	0.9	5.9
	ROS %	2.2%	2.7%	5.1%	4.4%	3.6%	2.4%	2.6%	2.7%	1.4%	2.3%
Elektron	Trading profit \$M	9.2	10.0	7.5	7.0	33.7	10.7	9.5	8.9	9.8	38.9
	ROS %	15.7%	16.6%	14.3%	14.0%	15.2%	18.7%	17.0%	15.1%	16.8%	16.9%
GROUP	Trading profit \$M	10.5	11.7	10.6	9.5	42.3	12.3	11.2	10.6	10.7	44.8
	ROS %	9.0%	9.5%	9.4%	8.8%	9.2%	10.0%	9.2%	8.8%	8.7%	9.2%
<i>Trading profit changes for 2015 v 2014</i>	Gas Cylinders	(18.8%)	0.0%	82.4%	177.8%	45.8%					
	Elektron	(14.0%)	5.3%	(15.7%)	(28.6%)	(13.4%)					
	GROUP	(14.6%)	4.5%	0.0%	(11.2%)	(5.6%)					

Adjusted EBITDA \$M		2015 Q1	2015 Q2	2015 Q3	2015 Q4	2015 YTD	2014 Q1	2014 Q2	2014 Q3	2014 Q4	2014 YTD
Gas Cylinders		3.2	3.7	5.0	4.6	16.5	3.6	3.9	4.0	3.2	14.7
Elektron		12.2	13.0	10.5	10.0	45.7	13.3	12.3	11.9	12.6	50.1
GROUP		15.4	16.7	15.5	14.6	62.2	16.9	16.2	15.9	15.8	64.8
GROUP adjusted EBITDA Margin %		13.2%	13.6%	13.7%	13.6%	13.5%	13.7%	13.3%	13.2%	12.8%	13.2%

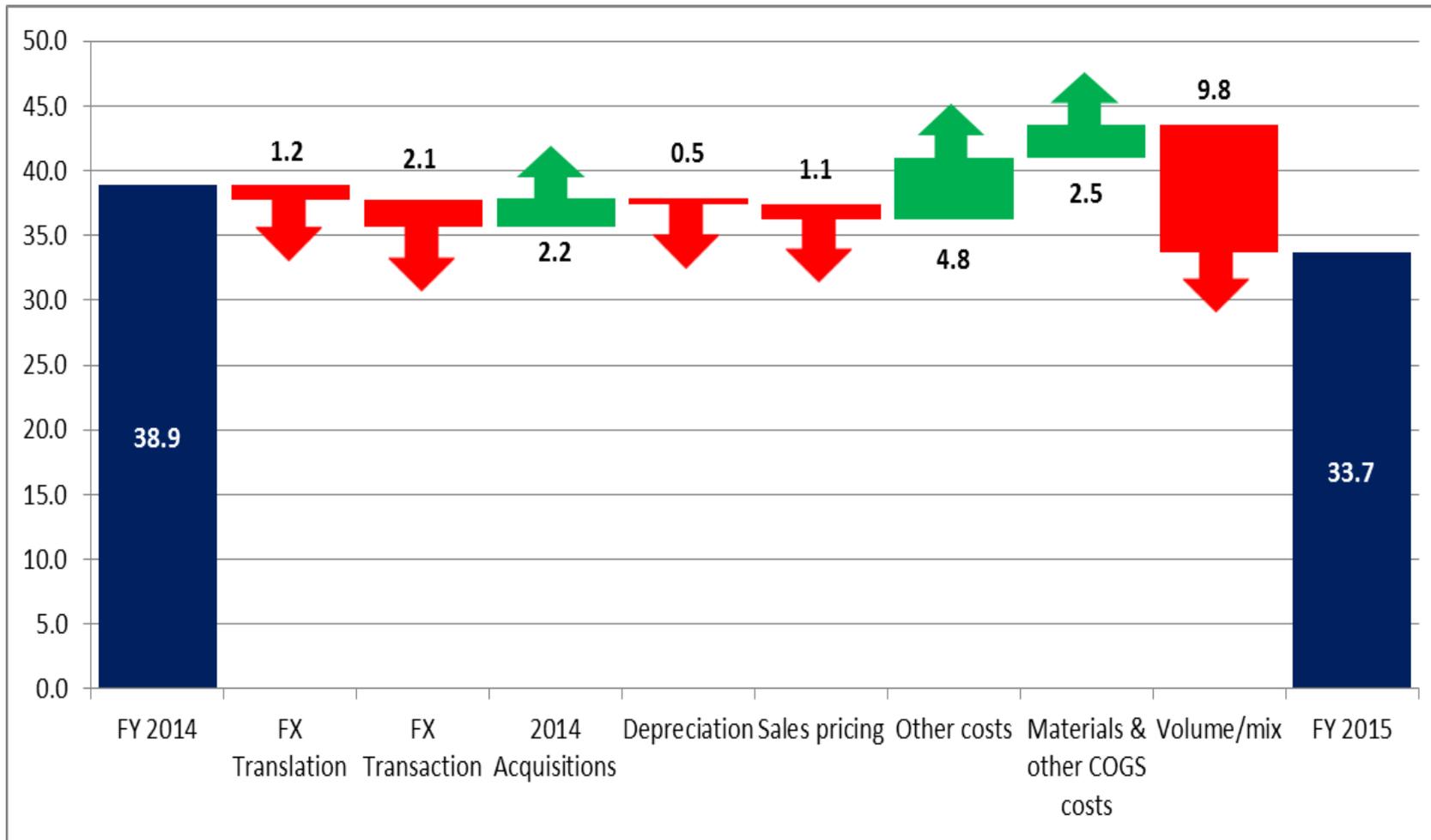
N.B. trading profit is Luxfer's IFRS 8 segment profit measure. Adjusted EBITDA is also used by the chief operating decision maker. See appendices for non-GAAP reconciliations.



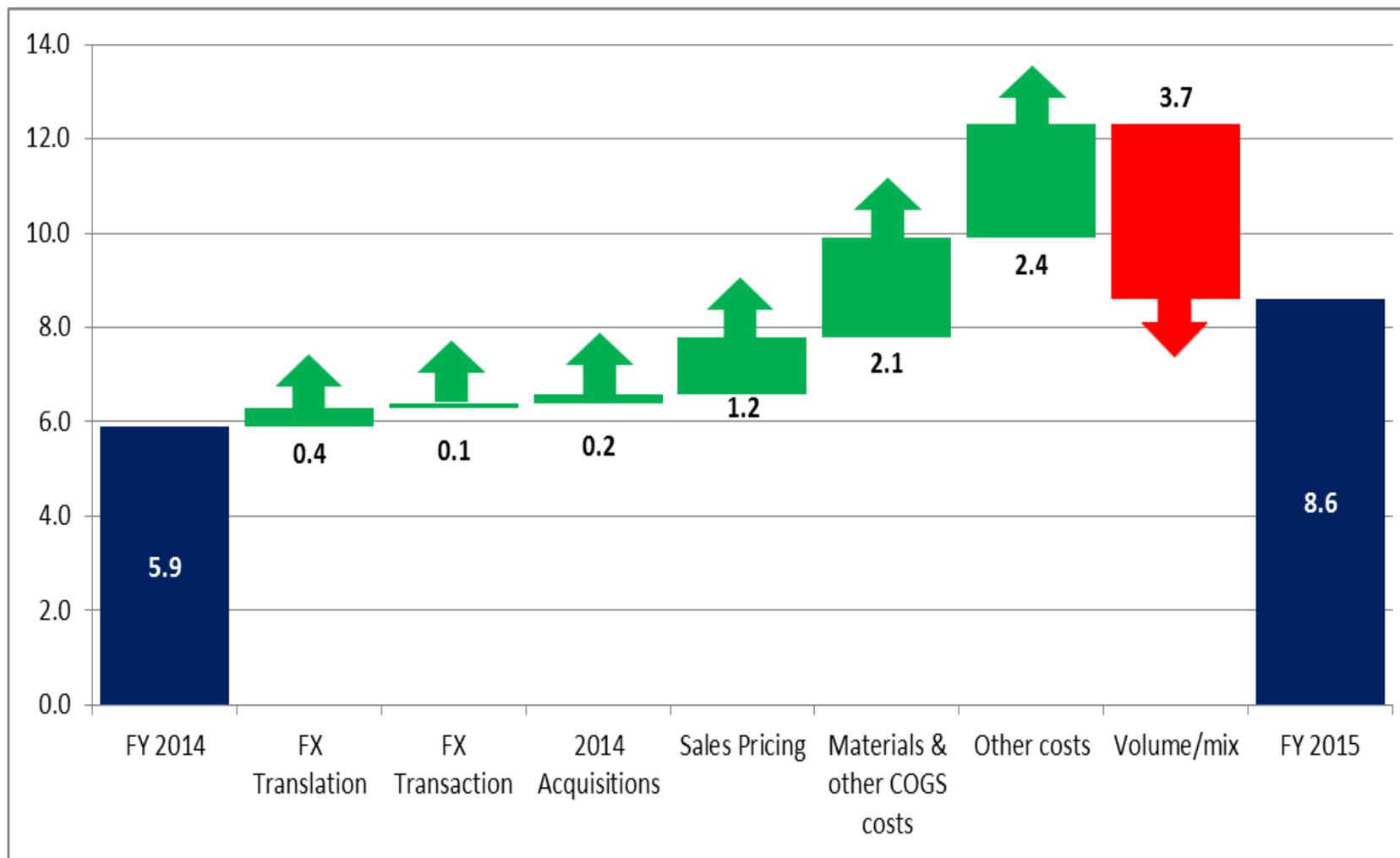
Group trading profit 2015 v 2014



Elektron trading profit 2015 v 2014



Gas Cylinders trading profit 2015 v 2014



Summary income statement

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\$M	2015	2015	2015	2015	2015 YTD	2014	2014	2014	2014	2014 YTD	Variance Q4		Variance FY	
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		\$m	%	\$m	%
Net revenue	116.9	122.8	113.2	107.4	460.3	122.4	121.3	120.5	123.1	487.3	(15.7)	(12.8%)	(27.0)	(5.5%)
Rare earth surcharge	-	-	-	-	-	0.9	0.6	0.4	0.3	2.2	(0.3)	(100.0%)	(2.2)	(100.0%)
Gas Cylinders	58.4	62.7	60.7	57.3	239.1	66.1	65.9	61.9	65.0	258.9	(7.7)	(11.8%)	(19.8)	(7.6%)
Elektron	58.5	60.1	52.5	50.1	221.2	57.2	56.0	59.0	58.4	230.6	(8.3)	(14.2%)	(9.4)	(4.1%)
REVENUE	116.9	122.8	113.2	107.4	460.3	123.3	121.9	120.9	123.4	489.5	(16.0)	(13.0%)	(29.2)	(6.0%)
Cost of sales	(90.8)	(93.7)	(87.7)	(84.1)	(356.3)	(94.4)	(94.6)	(92.3)	(95.3)	(376.6)				
Gross profit	26.1	29.1	25.5	23.3	104.0	28.9	27.3	28.6	28.1	112.9	(4.8)	(17.1%)	(8.9)	(7.9%)
<i>Gross margin %</i>	<i>22.3%</i>	<i>23.7%</i>	<i>22.5%</i>	<i>21.7%</i>	<i>22.6%</i>	<i>23.4%</i>	<i>22.4%</i>	<i>23.7%</i>	<i>22.8%</i>	<i>23.1%</i>				
Distribution costs	(1.8)	(2.2)	(2.1)	(1.8)	(7.9)	(2.1)	(2.2)	(2.0)	(1.8)	(8.1)				
Administrative expenses	(13.8)	(14.8)	(12.6)	(11.4)	(52.6)	(14.5)	(13.7)	(15.9)	(15.6)	(59.7)				
Share of results of joint ventures and associates	-	(0.4)	(0.2)	(0.6)	(1.2)	-	(0.2)	(0.1)	-	(0.3)				
TRADING PROFIT	10.5	11.7	10.6	9.5	42.3	12.3	11.2	10.6	10.7	44.8	(1.2)	(11.2%)	(2.5)	(5.6%)
<i>Group ROS %</i>	<i>9.0%</i>	<i>9.5%</i>	<i>9.4%</i>	<i>8.8%</i>	<i>9.2%</i>	<i>10.0%</i>	<i>9.2%</i>	<i>8.8%</i>	<i>8.7%</i>	<i>9.2%</i>				
Changes to U.K. defined benefit pension plan	-	-	-	18.0	18.0	-	-	-	-	-				
Restructuring and other expense	(8.0)	(2.9)	(0.3)	(11.2)	(22.4)	-	(0.8)	(0.6)	(2.5)	(3.9)				
OPERATING PROFIT	2.5	8.8	10.3	16.3	37.9	12.3	10.4	10.0	8.2	40.9	8.1	98.8%	(3.0)	(7.3%)
Other income / (expense):														
Acquisitions and disposals	-	-	(0.1)	(1.9)	(2.0)	(0.2)	(0.1)	(1.5)	6.3	4.5				
Finance costs:														
Net interest costs	(1.7)	(1.9)	(1.5)	(1.8)	(6.9)	(1.4)	(1.6)	(1.5)	(1.6)	(6.1)				
IAS 19R retirement benefits finance charge	(0.7)	(0.8)	(0.8)	(0.7)	(3.0)	(0.7)	(0.7)	(0.6)	(0.7)	(2.7)				
Unwind of discount on deferred contingent consideration from acquisitions	(0.1)	(0.1)	(0.1)	(0.1)	(0.4)	-	(0.1)	(0.2)	-	(0.3)				
PROFIT ON OPERATIONS BEFORE TAXATION	0.0	6.0	7.8	11.8	25.6	10.0	7.9	6.2	12.2	36.3	(0.4)	(3.3%)	(10.7)	(29.5%)
Tax expense	(0.5)	(2.9)	(1.7)	(4.4)	(9.5)	(2.8)	(2.2)	(1.7)	(0.4)	(7.1)				
NET (LOSS) / INCOME FOR THE PERIOD	(0.5)	3.1	6.1	7.4	16.1	7.2	5.7	4.5	11.8	29.2	(4.4)	(37.3%)	(13.1)	(44.9%)
ADJUSTED NET INCOME	6.9	7.6	7.6	7.4	29.5	8.0	7.6	6.7	8.6	30.9	(1.2)	(14.0%)	(1.4)	(4.5%)
<i>Adjusted Earnings per ADS - Basic</i>	<i>\$0.26</i>	<i>\$0.28</i>	<i>\$0.28</i>	<i>\$0.28</i>	<i>\$1.10</i>	<i>\$0.30</i>	<i>\$0.28</i>	<i>\$0.25</i>	<i>\$0.32</i>	<i>\$1.15</i>				
<i>Adjusted Earnings per ADS - Fully Diluted</i>	<i>\$0.25</i>	<i>\$0.28</i>	<i>\$0.28</i>	<i>\$0.27</i>	<i>\$1.08</i>	<i>\$0.28</i>	<i>\$0.27</i>	<i>\$0.24</i>	<i>\$0.31</i>	<i>\$1.11</i>				
Adjusted EBITDA	15.4	16.7	15.5	14.6	62.2	16.9	16.2	15.9	15.8	64.8	(1.2)	(7.6%)	(2.6)	(4.0%)

NOTE: (i) Adjusted earnings per share is adjusted net income divided by the weighted average number of ordinary shares outstanding.
Each £0.50 ordinary share now represents one American Depositary Share (ADS).

Balance sheet analysis

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	December 2014 \$M	Trading \$M	FX Translation \$M	Rationalization \$M	Change to U.K pension plan \$M	December 2015 \$M
Property, plant & equipment	143.8	(1.4)	(4.7)	(1.7)		136.0
Intangible assets	93.3	0.0	(2.6)	(3.7)		87.0
Investments	7.4	4.7	(0.3)	(4.6)		7.2
Deferred tax assets	19.2	(2.0)	(1.0)	1.3	(3.7)	13.8
Long term assets	263.7	1.3	(8.6)	(8.7)	(3.7)	244.0
<i>Assets classified as held for sale</i>	1.2	(1.2)				
<i>Inventories</i>	104.6	(4.6)	(3.3)	(4.9)		91.8
<i>Trade and other receivables</i>	73.6	(6.0)	(2.9)	(2.4)		62.3
<i>Trade and other payables</i>	(62.8)	(4.6)	2.0		(0.1)	(65.5)
Trading working capital	115.4	(15.2)	(4.2)	(7.3)	(0.1)	88.6
Net tax liabilities (excluding deferred tax assets)	(0.4)	(1.6)	0.1	0.8		(1.1)
Provisions	(4.2)	1.2	0.1	(2.4)		(5.3)
Capital employed	375.7	(15.5)	(12.6)	(17.6)	(3.8)	326.2
Retirement benefits	(90.9)	10.0	3.8		18.2	(58.9)
Deferred contingent consideration	(2.6)	(0.3)				(2.9)
Invested capital	282.2	(5.8)	(8.8)	(17.6)	14.4	264.4
Banking revolver	(32.7)	(9.9)	0.1			(42.5)
Cash and short term deposits	14.6	24.6	(0.1)	(2.1)	(0.1)	36.9
Loan notes due 2018	(63.9)	(0.4)	0.1			(64.2)
Loan notes due 2021	(24.8)	(0.2)	0.1			(24.9)
Net assets	175.4	8.3	(8.6)	(19.7)	14.3	169.7
Total debt	(121.4)	(10.5)	0.3			(131.6)
Net debt	(106.8)	14.1	0.2	(2.1)	(0.1)	(94.7)
Capital & reserves:						
Ordinary share capital	25.3					25.3
Deferred share capital	150.9					150.9
Share premium account	56.2	0.2				56.4
Treasury shares		(1.3)				(1.3)
Retained earnings	308.8	13.2		(19.7)	14.3	316.6
Other IFRS reserves & ESOP	(32.0)	(3.8)	(8.6)			(44.4)
Merger reserve	(333.8)					(333.8)
Equity	175.4	8.3	(8.6)	(19.7)	14.3	169.7

	2015 Q1 \$M	2015 Q2 \$M	2015 Q3 \$M	2015 Q4 \$M	2015 YTD \$M	2014 Q1 \$M	2014 Q2 \$M	2014 Q3 \$M	2014 Q4 \$M	2014 YTD \$M
Operating profit	2.5	8.8	10.3	16.3	37.9	12.3	10.4	10.0	8.2	40.9
Depreciation and amortization	4.6	4.7	4.7	4.6	18.6	4.3	4.3	4.6	4.9	18.1
Loss on disposal of property, plant and equipment	-	-	-	-	-	-	-	-	0.3	0.3
Share based compensation charges	0.3	0.3	0.2	0.5	1.3	0.3	0.8	0.8	(0.1)	1.8
Non-cash restructuring charges	7.5	1.2	-	9.0	17.7	-	-	-	-	-
Curtailement and past service credits on retirement benefits obligations	-	-	-	(18.2)	(18.2)	-	-	-	-	-
Share of results of joint ventures and associates	-	0.4	0.2	0.6	1.2	-	0.2	0.1	-	0.3
Changes in operating assets and liabilities:										
Sale / (purchase) of assets classified as held for sale	-	-	1.2	-	1.2	(1.2)	-	-	-	(1.2)
(Increase) / decrease in working capital	(4.6)	4.2	1.4	6.1	7.1	(12.1)	(14.4)	1.3	7.0	(18.2)
Movement in retirement benefits obligations	(2.1)	(2.3)	(2.8)	(1.4)	(8.6)	(2.3)	(2.6)	(3.0)	(2.5)	(10.4)
Movement in provisions	(0.2)	1.4	(0.5)	(0.4)	0.3	(0.1)	0.5	(0.4)	-	-
Acquisition and disposal costs paid	-	-	(0.1)	(0.5)	(0.6)	-	(0.2)	(1.3)	(0.1)	(1.6)
Income tax (paid) / received	(0.1)	(2.3)	(1.3)	(1.4)	(5.1)	0.1	(3.7)	(1.7)	(1.7)	(7.0)
NET CASH FLOWS FROM CONTINUING OPERATING ACTIVITIES	7.9	16.4	13.3	15.2	52.8	1.3	(4.7)	10.4	16.0	23.0
Purchases of property, plant and equipment	(2.5)	(2.6)	(3.6)	(6.6)	(15.3)	(3.1)	(4.8)	(6.2)	(6.3)	(20.4)
Purchases of intangible assets	-	(0.7)	(0.5)	(0.9)	(2.1)	(0.3)	(0.2)	(0.3)	(1.1)	(1.9)
Investment in joint ventures - debt funding	(0.5)	-	-	-	(0.5)	-	1.0	(0.8)	-	0.2
Investment in associates	-	-	(3.7)	-	(3.7)	-	-	-	-	-
Interest income received from joint ventures	0.2	-	0.1	0.1	0.4	0.1	0.1	-	0.1	0.3
Net cash flow on purchase of businesses	-	-	-	-	-	(2.7)	(0.2)	(55.1)	-	(58.0)
NET CASH FLOWS BEFORE FINANCING	5.1	13.1	5.6	7.8	31.6	(4.7)	(8.8)	(52.0)	8.7	(56.8)
Interest paid on banking facilities	(1.7)	(1.6)	(1.6)	(1.7)	(6.6)	(1.2)	(1.3)	(1.3)	(1.7)	(5.5)
Other interest received	-	-	0.1	0.1	0.2	-	-	0.1	0.1	0.2
Draw down / (repayment) on banking facilities	-	34.6	(19.1)	(5.9)	9.6	-	5.0	34.9	(4.7)	35.2
Issue of Loan Notes due 2021	-	-	-	-	-	-	-	25.0	-	25.0
Repayment of other loans	-	-	-	-	-	-	(0.3)	-	-	(0.3)
Amendment to banking facilities - financing costs	-	-	-	-	-	(1.3)	(0.2)	-	-	(1.5)
Issue of Loan Notes due 2021 - financing costs	-	-	-	-	-	-	-	(0.1)	(0.1)	(0.2)
Dividends paid	(2.7)	(2.7)	(2.7)	(2.7)	(10.8)	(2.7)	(2.7)	(2.7)	(2.7)	(10.8)
Purchase of shares from ESOP	-	-	0.1	-	0.1	-	0.1	-	-	0.1
Proceeds from issue of shares	-	0.2	-	-	0.2	-	0.2	0.4	-	0.6
Purchase of treasury shares	-	(1.7)	(0.2)	-	(1.9)	-	-	-	-	-
NET INCREASE / (DECREASE) IN CASH AND CASH EQUIVALENTS	0.7	41.9	(17.8)	(2.4)	22.4	(9.9)	(8.0)	4.3	(0.4)	(14.0)

Chief Executive Brian Purves

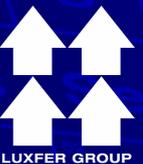
SUMMARY & OUTLOOK



ENVIRONMENTAL



SPECIALTY



- **Gas Cylinders**

- AF rationalization completed; activity now profitable.
- North American sales strong; European demand still flat.

- **Elektron**

- Continued weakness in demand for zirconium automotive catalysis chemicals and magnesium high-performance alloys.
- Some of autocat weakness expected to reverse (VW effect, China).
- IP action progressing over loss of market share to infringing product.
- First sales of new SoluMag[®] product made during the quarter.

- **Summary**

- Trading profit slightly lower than Q4 2014.
- Some improvements coming through from our AF business in North America, but weakness in some areas of Elektron's business has more than offset this.
- Adjusted fully diluted EPS is 1.5 cents above market consensus.

- **Gas Cylinders**

- Major activity on cost reduction and turning around the AF business.
- Some improvement in profitability despite losses at German plant throughout year.
- North America has performed well with SCBA sales much improved on 2014. Problems with press at Graham aluminum plant compromised sales of U.S. medical products.
- European operations continue to be affected by adverse foreign exchange rate.
- Depressed European CNG bus market; little demand for bulk CNG transport modules.

- **Elektron**

- Continuing benefit from acquisition of Luxfer Magtech.
- Zirconium automotive and magnesium aerospace sales lower.
- Higher sales of graphic arts products and military powders.

- **Summary**

- Trading profit and fully diluted adjusted EPS slightly lower than 2014 (slightly up at constant exchange rates).
- AF business turned around, albeit incurring significant costs (mainly asset impairment).
- Good cash generation.
- Major step forward in managing pension deficit.

Outlook for 2016

Elektron

- Automotive demand unlikely to improve until second half.
- Increase (limited) in U.S. defense spending is expected.
- Sales of recently-launched SoluMag[®] material expected to grow.
- Strong sales of industrial catalysts.
- Expected launch of SynerMag[®]-based Biotronik Magnesium Scaffold stent.

Gas Cylinders

- U.S. SCBA sector continues to look strong.
- AF operations expected to be profitable now that the rationalization has been completed successfully and new business has been won in North America in HY2 2015.
- Launch of Type 4 GEN2 cylinder in May.
- Some improvement anticipated in underlying European medical market and commercialization of our AOS[™] and POC products.



- **Group**

- Improvements in trading profit are expected in both divisions in 2016 with Group trading profit expected to increase by 5% - 10% on 2015.
- Sterling has weakened against the Euro during Q4, easing the year-on-year pressures from FX.
- Lower input costs expected to help towards restoring Gas Cylinders Division margins.
- Exciting new product launches.
- Continued focus on cash generation.
 - Dividend increased by 25% to 50 cents per annum.
 - Continuation of share buy-back program.



Questions?



ENVIRONMENTAL



SPECIALTY



Appendices

Reconciliation of non-GAAP measures



ENVIRONMENTAL



SPECIALTY

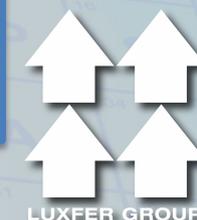


Adjusted net income and EBITDA:

	2015 Q1 \$M	2015 Q2 \$M	2015 Q3 \$M	2015 Q4 \$M	2015 YTD \$M	2014 Q1 \$M	2014 Q2 \$M	2014 Q3 \$M	2014 Q4 \$M	2014 YTD \$M
Net (loss) / income for the period - as reported	(0.5)	3.1	6.1	7.4	16.1	7.2	5.7	4.5	11.8	29.2
Accounting charges relating to acquisitions and disposals of businesses:										
Unwind of discount on deferred contingent consideration from acquisitions	0.1	0.1	0.1	0.1	0.4	-	0.1	0.2	-	0.3
Acquisitions and disposals	-	-	0.1	1.9	2.0	0.2	0.1	1.5	(6.3)	(4.5)
Amortization on acquired intangibles	0.4	0.3	0.4	0.3	1.4	-	-	0.2	0.4	0.6
IAS 19R retirement benefits finance charge	0.7	0.8	0.8	0.7	3.0	0.7	0.7	0.6	0.7	2.7
Changes to U.K. defined benefit pension plan	-	-	-	(18.0)	(18.0)	-	-	-	-	-
Restructuring and other expense	8.0	2.9	0.3	11.2	22.4	-	0.8	0.6	2.5	3.9
Other share based compensation charges	0.3	0.3	0.2	0.5	1.3	0.3	0.7	0.7	(0.1)	1.6
Tax thereon	(2.1)	0.1	(0.4)	3.3	0.9	(0.4)	(0.5)	(1.6)	(0.4)	(2.9)
Adjusted net income	6.9	7.6	7.6	7.4	29.5	8.0	7.6	6.7	8.6	30.9
Add back / (deduct) :										
Tax thereon	2.1	(0.1)	0.4	(3.3)	(0.9)	0.4	0.5	1.6	0.4	2.9
Tax expense	0.5	2.9	1.7	4.4	9.5	2.8	2.2	1.7	0.4	7.1
Net interest costs	1.7	1.9	1.5	1.8	6.9	1.4	1.6	1.5	1.6	6.1
Depreciation and amortization	4.6	4.7	4.7	4.6	18.6	4.3	4.3	4.6	4.9	18.1
Loss on disposal of property, plant and equipment	-	-	-	-	-	-	-	-	0.3	0.3
Less: Amortization on acquired intangibles	(0.4)	(0.3)	(0.4)	(0.3)	(1.4)	-	-	(0.2)	(0.4)	(0.6)
Adjusted EBITDA	15.4	16.7	15.5	14.6	62.2	16.9	16.2	15.9	15.8	64.8

Segmental adjusted EBITDA and trading profit:

		2015	2015	2015	2015	2015	2014	2014	2014	2014	2014
		Q1	Q2	Q3	Q4	YTD	Q1	Q2	Q3	Q4	YTD
Gas Cylinders	Adjusted EBITDA \$M	3.2	3.7	5.0	4.6	16.5	3.6	3.9	4.0	3.2	14.7
	Other share based compensation charges	(0.1)	(0.2)	(0.1)	(0.3)	(0.7)	(0.1)	(0.3)	(0.4)	-	(0.8)
	Depreciation and amortization	(1.8)	(1.8)	(1.8)	(1.8)	(7.2)	(1.9)	(1.9)	(1.9)	(2.1)	(7.8)
	Loss on disposal of property, plant & equipment	-	-	-	-	-	-	-	-	(0.2)	(0.2)
	Trading profit \$M	1.3	1.7	3.1	2.5	8.6	1.6	1.7	1.7	0.9	5.9
Elektron	Adjusted EBITDA \$M	12.2	13.0	10.5	10.0	45.7	13.3	12.3	11.9	12.6	50.1
	Other share based compensation charges	(0.2)	(0.1)	(0.1)	(0.2)	(0.6)	(0.2)	(0.4)	(0.3)	0.1	(0.8)
	Depreciation and amortization	(2.8)	(2.9)	(2.9)	(2.8)	(11.4)	(2.4)	(2.4)	(2.7)	(2.8)	(10.3)
	Loss on disposal of property, plant & equipment	-	-	-	-	-	-	-	-	(0.1)	(0.1)
	Trading profit \$M	9.2	10.0	7.5	7.0	33.7	10.7	9.5	8.9	9.8	38.9
Group	Adjusted EBITDA \$M	15.4	16.7	15.5	14.6	62.2	16.9	16.2	15.9	15.8	64.8
	Other share based compensation charges	(0.3)	(0.3)	(0.2)	(0.5)	(1.3)	(0.3)	(0.7)	(0.7)	0.1	(1.6)
	Depreciation and amortization	(4.6)	(4.7)	(4.7)	(4.6)	(18.6)	(4.3)	(4.3)	(4.6)	(4.9)	(18.1)
	Loss on disposal of property, plant & equipment	-	-	-	-	-	-	-	-	(0.3)	(0.3)
	Trading profit \$M	10.5	11.7	10.6	9.5	42.3	12.3	11.2	10.6	10.7	44.8



Return on invested capital (ROIC):

		2012 (restated)*	2013	2014	Q1 2014	Q2 2014	Q3 2014	Q4 2014	2015	Q1 2015	Q2 2015	Q3 2015	Q4 2015
		\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M	\$M
Trading profit - per income statement		68.5	59.2	44.8	12.3	11.2	10.6	10.7	42.3	10.5	11.7	10.6	9.5
Effective tax rate - per income statement		28.8%	27.0%	19.6%	28.0%	27.8%	27.4%	3.3%	37.1%	0.0%	48.3%	21.8%	37.3%
Notional tax		(19.7)	(16.0)	(8.8)	(3.4)	(3.1)	(2.9)	(0.4)	(15.7)	0.0	(5.7)	(2.3)	(3.5)
Trading profit after notional tax		48.8	43.2	36.0	8.9	8.1	7.7	10.3	26.6	10.5	6.0	8.3	6.0
Annualized trading profit after notional tax	(A)	48.8	43.2	36.0	35.6	32.4	30.8	41.2	26.6	42.0	24.0	33.2	24.0
Bank and other loans		63.5	63.8	121.4	64.1	66.5	126.2	121.4	131.6	121.5	156.7	137.2	131.6
Cash		(40.2)	(28.4)	(14.6)	(18.5)	(11.1)	(15.4)	(14.6)	(36.9)	(15.7)	(58.3)	(39.6)	(36.9)
Net debt		23.3	35.4	106.8	45.6	55.4	110.8	106.8	94.7	105.8	98.4	97.6	94.7
Total shareholders' equity		148.8	191.7	175.4	190.2	198.9	179.3	175.4	169.7	159.4	174.6	161.9	169.7
Invested capital		172.1	227.1	282.2	235.8	254.3	290.1	282.2	264.4	265.2	273.0	259.5	264.4
Average invested capital	(B)	173.6	199.6	254.7	231.5	245.1	272.2	286.2	273.3	273.7	269.1	266.3	262.0
Return on invested capital	(A) / (B)	28%	22%	14%	15%	13%	11%	14%	10%	15%	9%	12%	9%
Adjusted net income for the period	1	45.0	39.8	30.9	8.0	7.6	6.7	8.6	29.5	6.9	7.6	7.6	7.4
Tax charge for the period	2	17.0	12.6	7.1	2.8	2.2	1.7	0.4	9.5	0.5	2.9	1.7	4.4
Tax on adjustments to net income	3	0.3	2.2	2.9	0.4	0.5	1.6	0.4	(0.9)	2.1	(0.1)	0.4	(3.3)
Adjusted tax charge	(C) (2 + 3)	17.3	14.8	10.0	3.2	2.7	3.3	0.8	8.6	2.6	2.8	2.1	1.1
Adjusted profit before tax	(D) (1 + 2 + 3)	62.3	54.6	40.9	11.2	10.3	10	9.4	38.1	9.5	10.4	9.7	8.5
Adjusted effective tax rate	(C) / (D) = (E)	27.8%	27.1%	24.4%	28.6%	26.2%	33.0%	8.5%	22.6%	27.4%	26.9%	21.6%	12.9%
Trading profit - per income statement (as above)	(F)	68.5	59.2	44.8	12.3	11.2	10.6	10.7	42.3	10.5	11.7	10.6	9.5
Adjusted notional tax	(E) x (F)	(19.0)	(16.0)	(11.0)	(3.5)	(2.9)	(3.5)	(0.9)	(9.5)	(2.9)	(3.2)	(2.3)	(1.2)
Adjusted trading profit after notional tax		49.5	43.2	33.8	8.8	8.3	7.1	9.8	32.8	7.6	8.5	8.3	8.3
Annualized adjusted trading profit after notional tax	(G)	49.5	43.2	33.8	35.1	33.1	28.4	39.2	32.8	30.5	33.8	33.2	33.1
Adjusted return on invested capital	(G) / (B)	29%	22%	13%	15%	13%	10%	14%	12%	11%	13%	12%	13%