



# THIRD QUARTER 2018

Earnings Conference Call November 1, 2018

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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 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 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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## Solid execution and transformation plan driving better than expected results

- Revenue up 12% to \$129.1M from \$115.2M
  - Growth in both business segments – Elektron and Gas Cylinders
  - Broad-based contributions from nearly all product lines
  - Improved sales execution led to strong volume increases
- Gross margin up 130 bps to 26.9% from 25.6%
- Adjusted EBITDA increased 38% to \$23.1M from \$16.7M
- Adjusted diluted EPS advanced 89% to \$0.53 from \$0.28
- Net cash flow before financing up 90% to \$12.9 million from \$6.8M
- Increasing 2018 full-year adjusted diluted EPS guidance to about \$1.65
  - Continued business momentum
  - Impact of seasonality and reduction in hurricane-related sales
  - Expected accelerated incremental costs to drive future productivity and growth



LUXFER

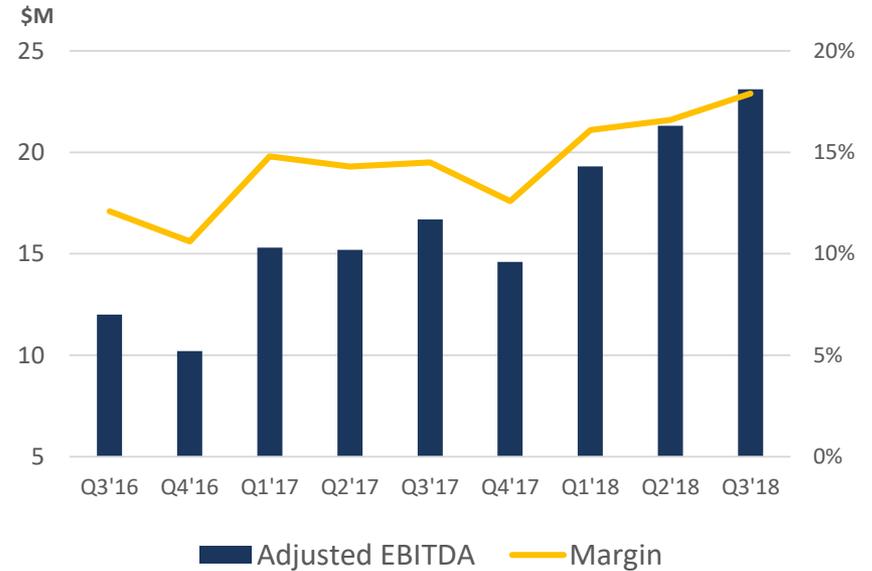
**Business Momentum Continues**

# LUXFER PERFORMANCE: QUARTERLY TREND

## Quarterly Sales and Growth



## Adjusted EBITDA and Margin



## Performance highlights

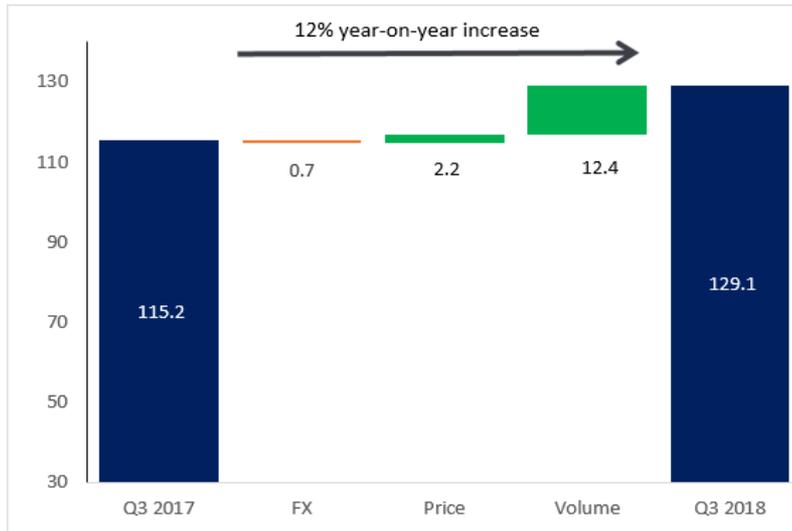
- Double-digit revenue growth for past five quarters
- Double-digit adjusted EBITDA growth in six of the past seven quarters
- Trailing twelve months EBITDA growth of 36% year-over-year



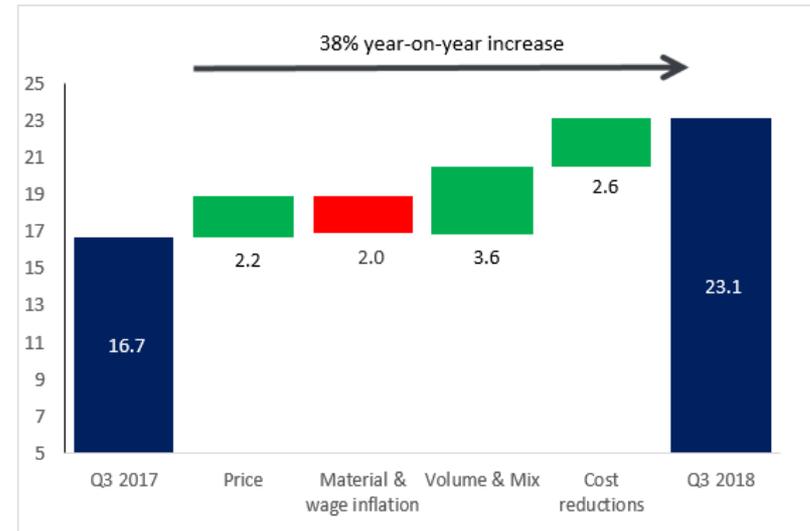
**Sustained Revenue and Earnings Growth**

# Q3 2018 LUXFER PERFORMANCE

## Sales (\$M)



## Adjusted EBITDA (\$M)



## Performance highlights

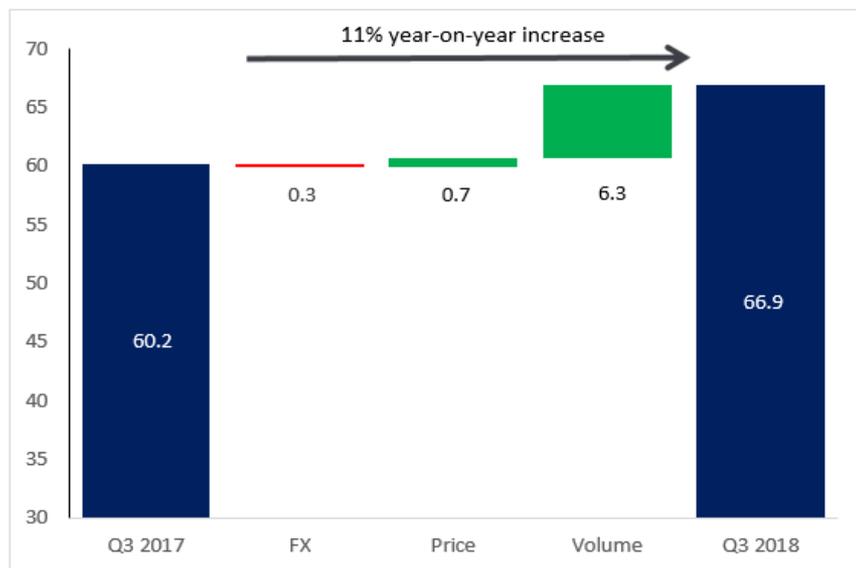
- Double-digit core revenue growth across both Elektron and Gas Cylinder segments
- Strong profit expansion driven by volume growth and cost reductions
- Price offsetting inflationary pressures



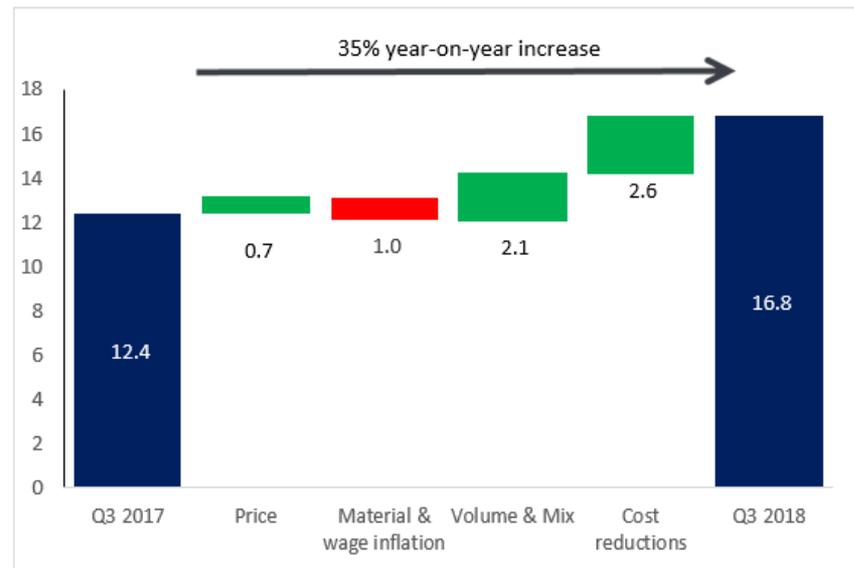
**Continued Revenue and Profit Growth**

# Q3 2018 ELEKTRON PERFORMANCE

## Sales (\$M)



## Adjusted EBITDA (\$M)



## Performance highlights

- Strong sales of our zirconium-based catalysts, coupled with continued growth in SoluMag®
- Lower sales of disaster relief products related to less hurricane activity
- Profit increase driven by volume and cost reductions
- Pricing partially offset the impact of inflation, with strategic pricing used to accelerate growth



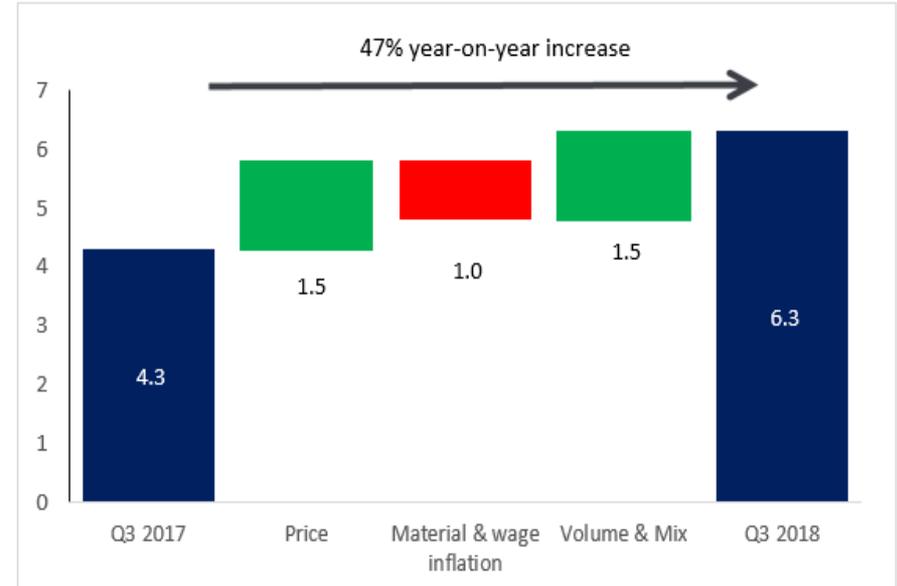
**Achieved 25% EBITDA Margin**

# Q3 2018 GAS CYLINDERS PERFORMANCE

## Sales (\$M)



## Adjusted EBITDA (\$M)



## Performance highlights

- Strong growth in alternative fuel systems and Superform products
- Superform recovery gaining traction: strong cash performance with stable EBITDA performance



**Achieved 10% EBITDA Margin**

# KEY INCOME STATEMENT METRICS

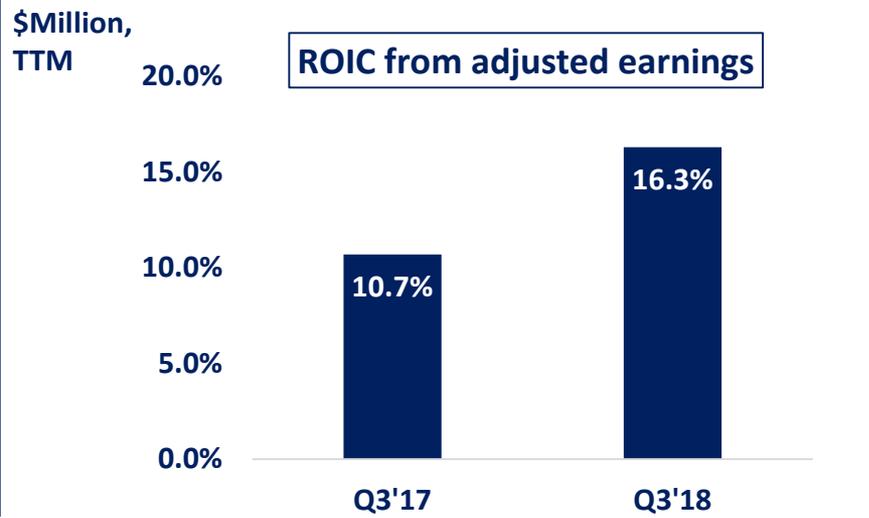
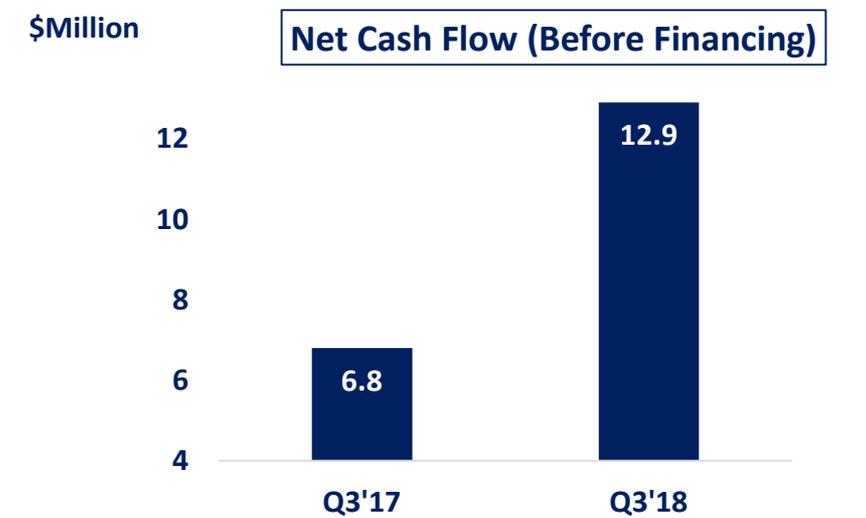
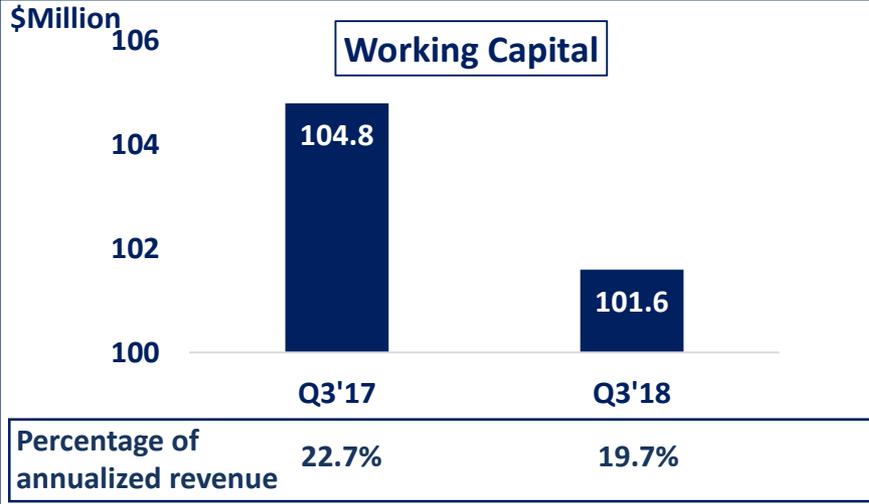
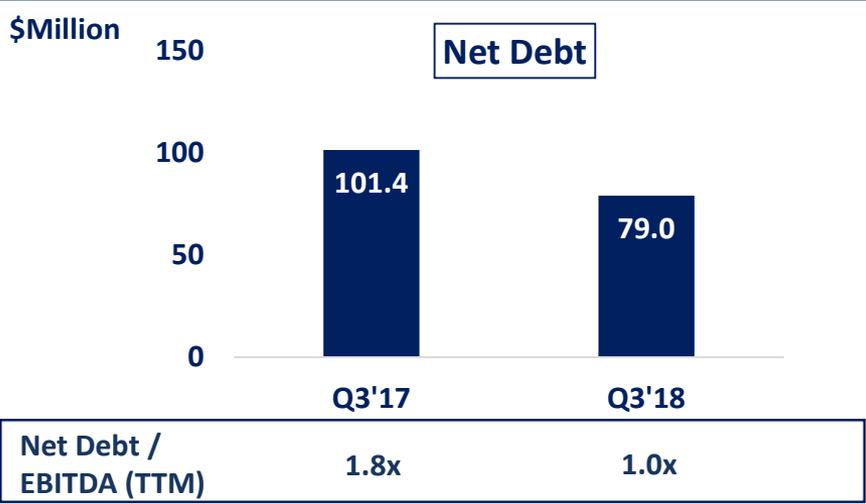
\$ in millions, except per share amount	vs Prior Year				vs Prior Year			
	Q3 2018	Q3 2017	Δ	Δ%	YTD 2018	YTD 2017	Δ	Δ%
Revenue	129.1	115.2	13.9	12.1%	377.0	325.2	51.8	15.9%
Gross Profit	34.7	29.5	5.2	17.6%	99.4	81.5	17.9	22.0%
Adjusted EBITDA*	23.1	16.7	6.4	38.3%	63.7	47.2	16.5	35.0%
Adjusted Net Income*	14.7	7.5	7.2	96.0%	37.5	21.3	16.2	76.1%
Effective tax rate	12.7%	32.9%	n/a	n/a	17.3%	31.3%	n/a	n/a
Adjusted Diluted EPS*	\$0.53	\$0.28	\$0.25	89.3%	\$1.36	\$0.80	\$0.56	70.0%
Basic EPS	\$0.46	\$0.18	\$0.28	155.6%	\$1.19	\$0.52	\$0.67	128.8%

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



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

# KEY BALANCE SHEET & CASH FLOW METRICS



**Strong Cash Conversion. Stronger Balance Sheet**



# LUXFER TRANSFORMATION PLAN: Q3 UPDATE

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## Simplification

- Ready for GAAP accounting. High level GAAP comparison included in 6K
- This is last IFRS/FPI results filing. Future SEC filings will be on 10Q, 10K etc.

## Culture

- Pay for performance gaining traction and delivering strong results
- Lean accountability becoming the prevalent value

## Growth

- Customer First value driving growth and focus
- Innovation stage-gate process implemented with good early indicators

## Productivity

- Cost reductions on track to deliver ~\$6M+ savings in 2018
- Results from factory consolidation and indirect spend better than expected

## Portfolio

- Actively prospecting M&A opportunities
- Focus on shareholder value, return on invested capital, accretion

**Transformation Plan is Ahead of Expectations**

# Q3 2018: SUMMARY AND OUTLOOK

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- **Solid execution and strategy driving better than expected results**
  - Productivity and cost reductions exceeding expectations
  - Growth driven by new products and share recovery through commercial excellence
- **Increasing 2018 full-year adjusted diluted EPS guidance to \$1.65+**
  - Core growth and productivity momentum continuing
  - Seasonality, lower disaster relief shipments and acceleration of productivity project expenses to impact fourth quarter
- Maintaining objective to deliver minimum 8-10% annual income/EPS growth through 2021. Planning to reduce emphasis on “EPS guidance” going forward



# KEY INVESTMENT CONSIDERATIONS

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**Global Highly Engineered Advanced Materials Company with Attractive End Markets**

**Early Stages of Comprehensive Company Transformation To Enhance Growth and Profitability**

**Strong Balance Sheet, Consistent Cash Generation and Disciplined Capital Allocation with Emphasis on Portfolio Optimization**

**Significant Opportunities with Plenty of Runway for Continued Value Creation**

**Innovation and Continuous Improvement**

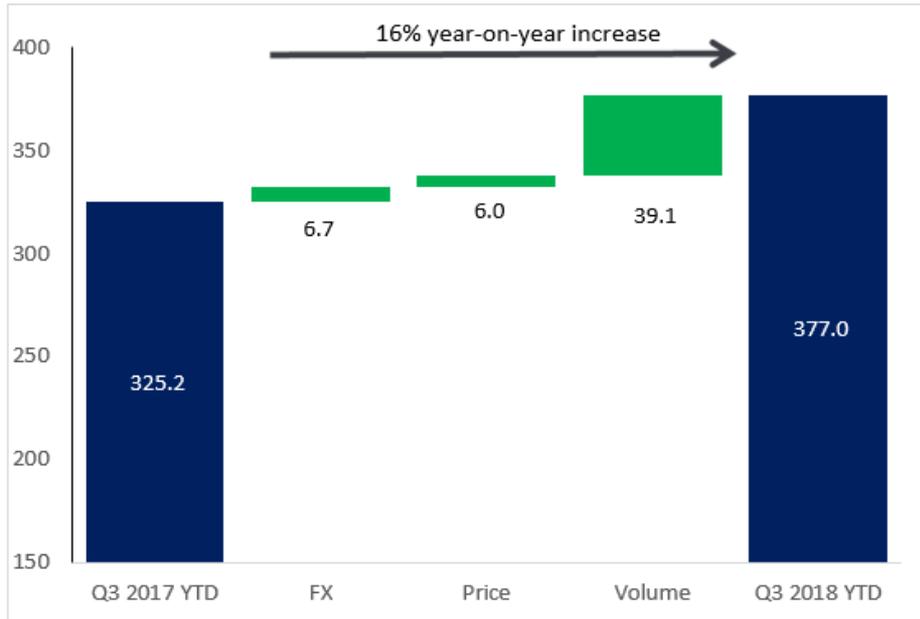


# APPENDICES

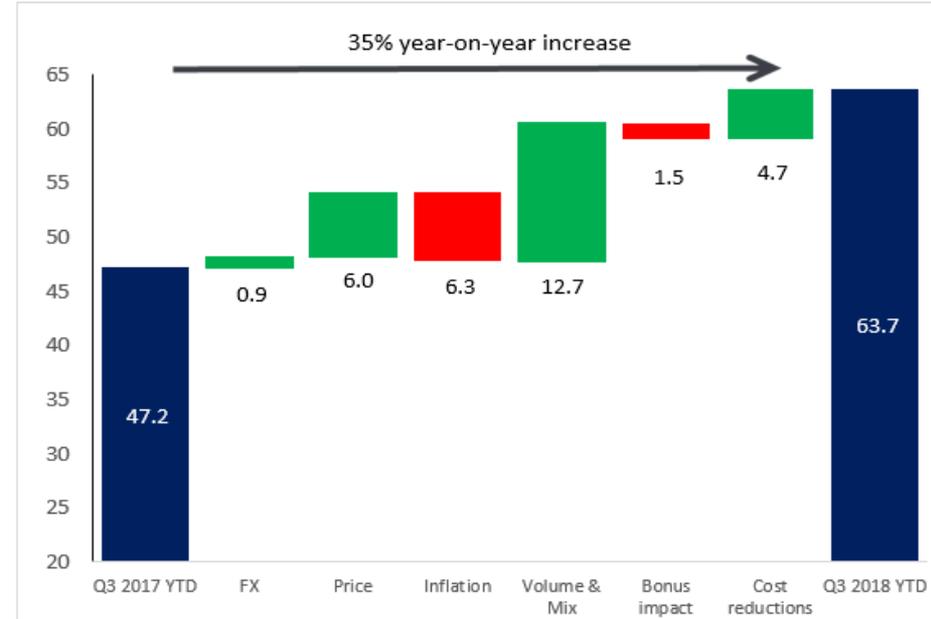
**Summary Financial Statements and Reconciliation of Non-GAAP Measures**

# YTD 2018 LUXFER PERFORMANCE

## Sales (\$M)



## Adjusted EBITDA (\$M)

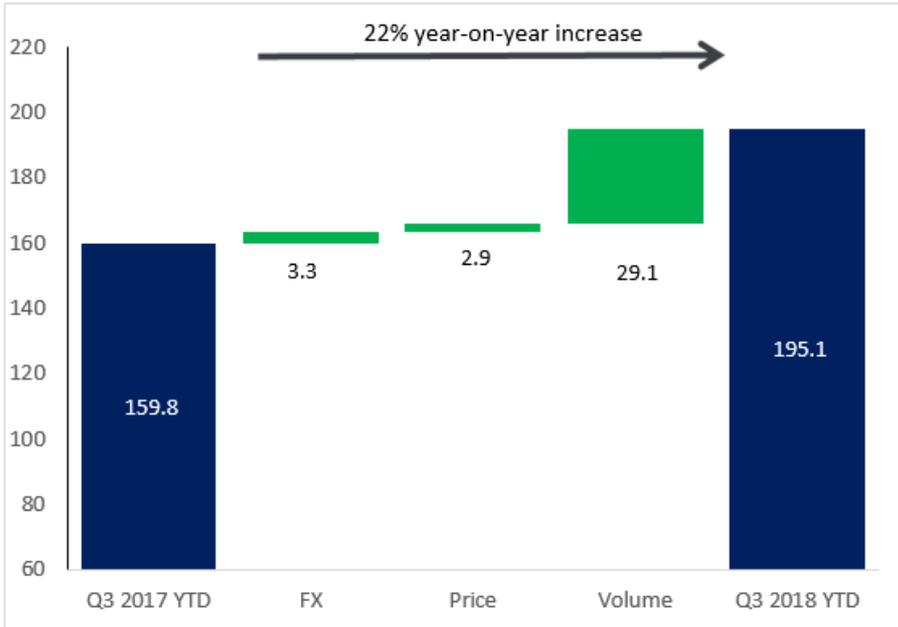


**Adjusted EPS Increased 70% from \$0.80 to \$1.36**

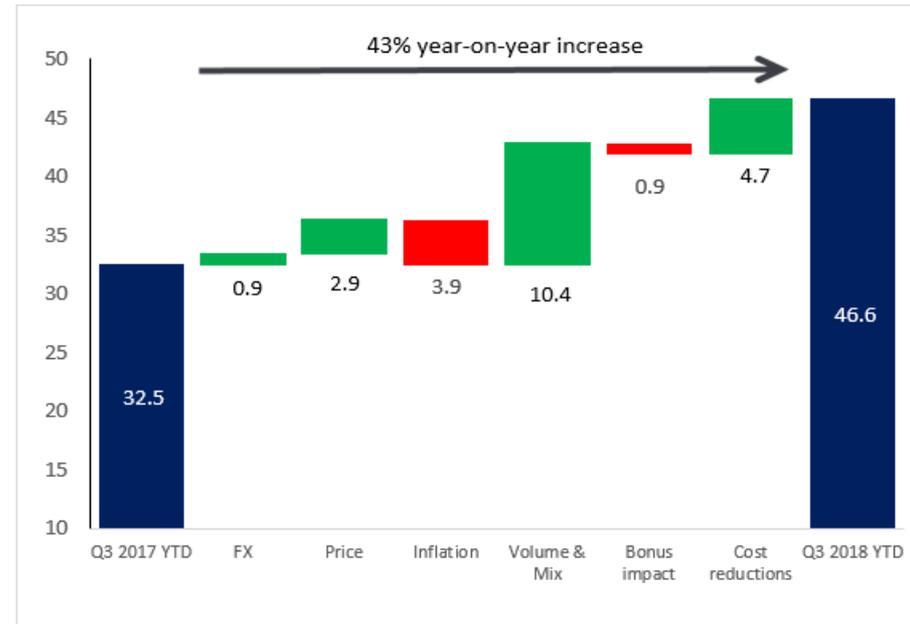


# YTD 2018 ELEKTRON PERFORMANCE

## Sales (\$M)



## Adjusted EBITDA (\$M)



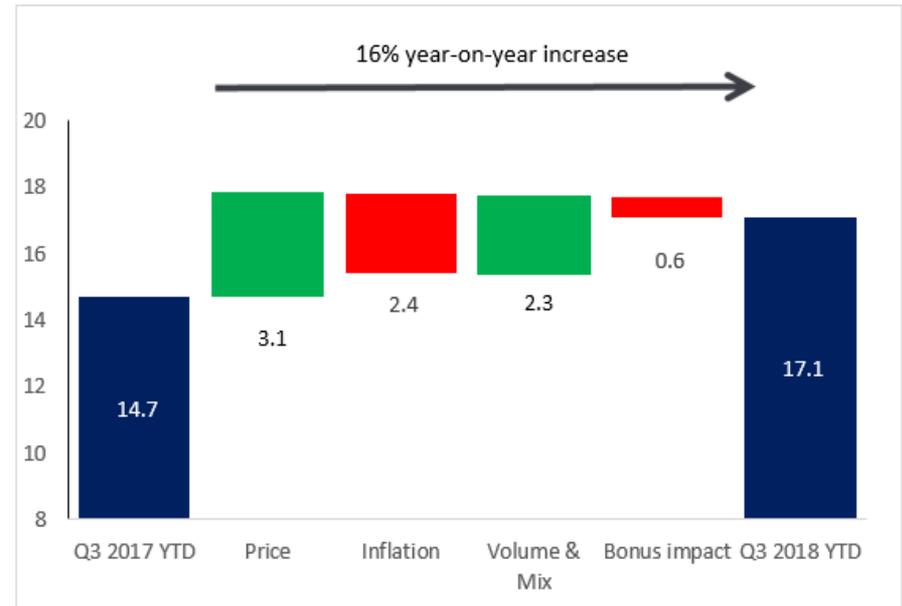
**Strong Volume Growth and Cost Reductions**

# YTD 2018 GAS CYLINDERS PERFORMANCE

## Sales (\$M)

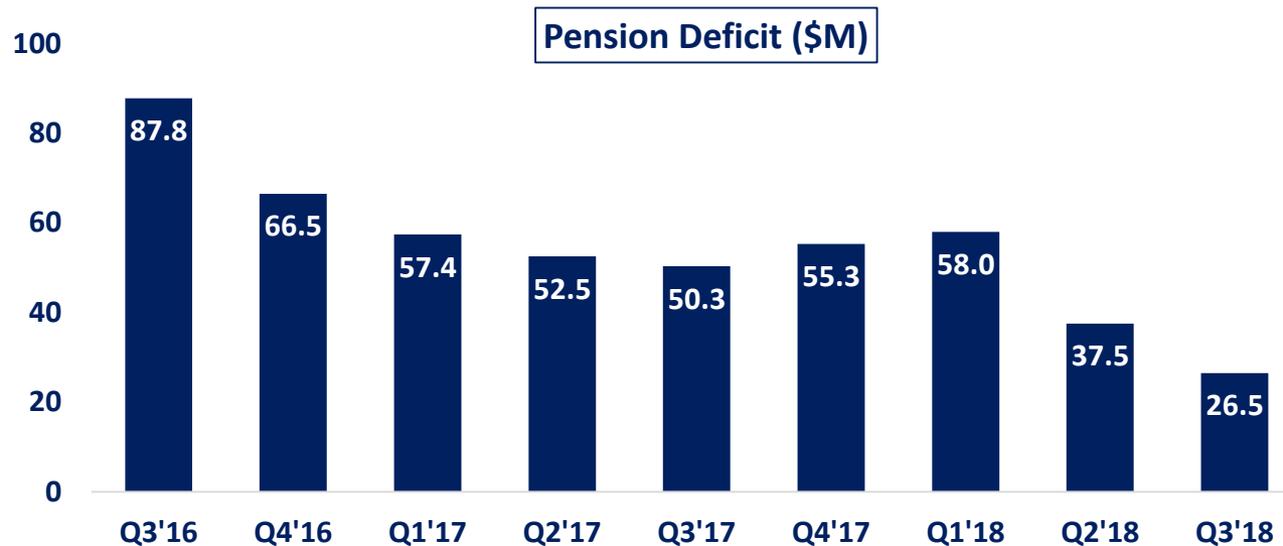


## Adjusted EBITDA (\$M)



**Profit Recovery Impacted By Timing of Bonus Charge**

# QUARTERLY PENSION DEFICIT REDUCTION

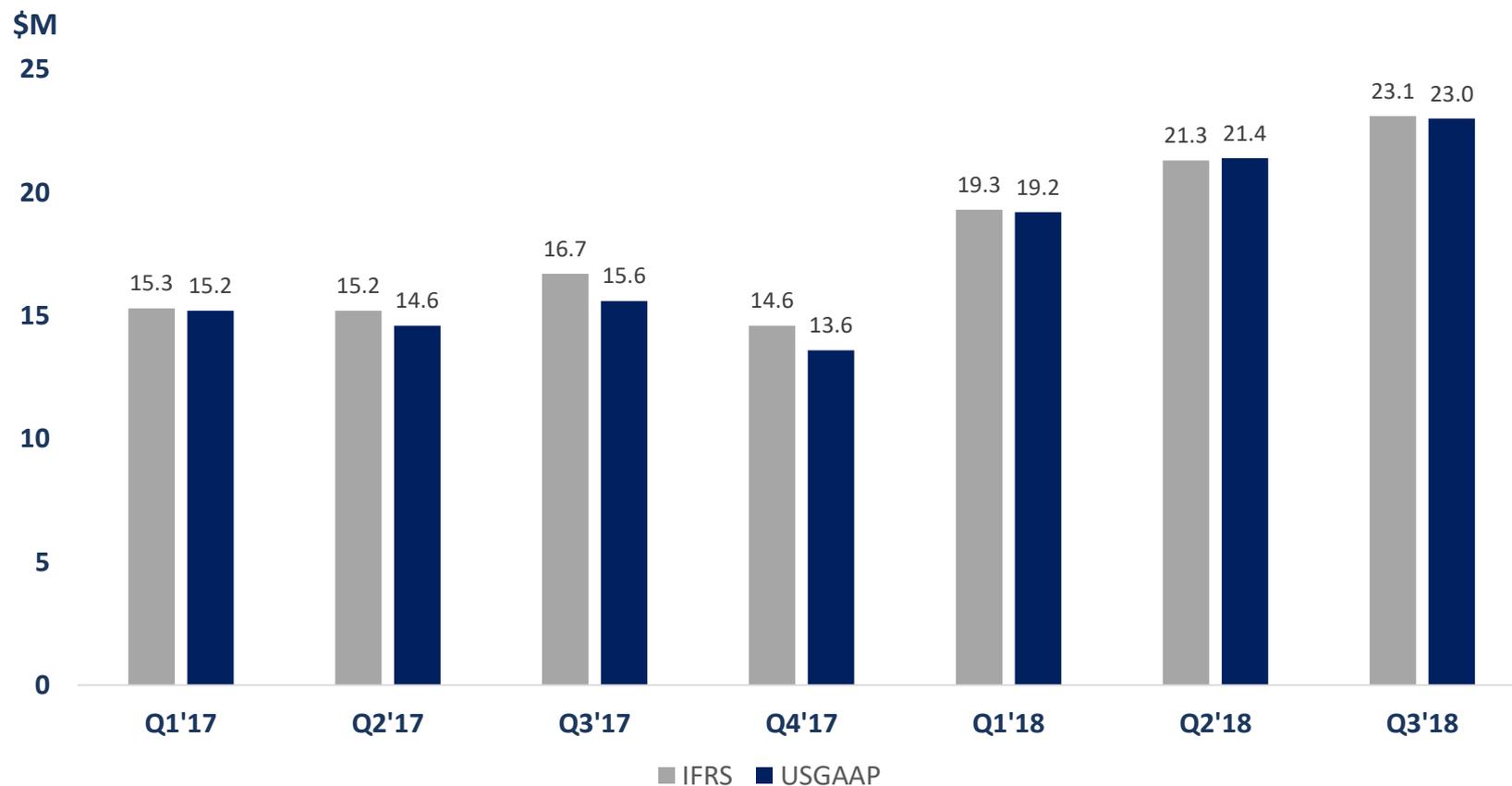


## Performance highlights

- Quarter-on-quarter deficit reduction
- Increased corporate bond yields realizing increased discount rate impacting Q3'18 deficit

**Significant Reduction in the Pension Deficit**

# ADJUSTED EBITDA SUMMARY: US GAAP vs. IFRS



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

# SUMMARY INCOME STATEMENT

\$M	2018	2017	Variance Q3		2018	2017	Variance YTD	
	Q3	Q3	\$M	%	YTD	YTD	\$M	%
<b>REVENUE</b>	129.1	115.2	13.9	12.1%	377.0	325.2	51.8	15.9%
Cost of sales	(94.4)	(85.7)			(277.6)	(243.7)		
<b>Gross profit</b>	<b>34.7</b>	<b>29.5</b>	<b>5.2</b>	<b>17.6%</b>	<b>99.4</b>	<b>81.5</b>	<b>17.9</b>	<b>22.0%</b>
Distribution costs	(3.8)	(2.6)			(9.5)	(6.9)		
General and administrative costs	(13.8)	(15.5)			(44.2)	(42.8)		
Share of results of joint ventures and associates	(0.1)	(0.1)			0.1	0.1		
Profit on sale of redundant site	-	-			-	0.4		
Restructuring and other expense	(1.1)	(2.0)			(2.1)	(5.5)		
<b>OPERATING PROFIT</b>	<b>15.9</b>	<b>9.3</b>	<b>6.6</b>	<b>71.0%</b>	<b>43.7</b>	<b>26.8</b>	<b>16.9</b>	<b>63.1%</b>
Finance costs:								
Net finance costs	(1.4)	(1.8)			(4.5)	(5.3)		
IAS 19R retirement benefits finance charge	(0.3)	(0.5)			(1.0)	(1.4)		
<b>PROFIT ON OPERATIONS BEFORE TAXATION</b>	<b>14.2</b>	<b>7.0</b>	<b>7.2</b>	<b>102.9%</b>	<b>38.2</b>	<b>20.1</b>	<b>18.1</b>	<b>90.0%</b>
Income tax expense	(1.8)	(2.3)			(6.6)	(6.3)		
<b>NET INCOME / (LOSS) FOR THE PERIOD</b>	<b>12.4</b>	<b>4.7</b>	<b>7.7</b>	<b>163.8%</b>	<b>31.6</b>	<b>13.8</b>	<b>17.8</b>	<b>129.0%</b>
<i>Earnings per share - Basic</i>	<i>\$0.46</i>	<i>\$0.18</i>			<i>\$1.19</i>	<i>\$0.52</i>		
<b>ADJUSTED NET INCOME</b>	<b>14.7</b>	<b>7.5</b>	<b>7.2</b>	<b>96.0%</b>	<b>37.5</b>	<b>21.3</b>	<b>16.2</b>	<b>76.1%</b>
<i>Adjusted earnings per share - Basic</i>	<i>\$0.55</i>	<i>\$0.28</i>			<i>\$1.41</i>	<i>\$0.81</i>		
<i>Adjusted earnings per share - Diluted</i>	<i>\$0.53</i>	<i>\$0.28</i>			<i>\$1.36</i>	<i>\$0.80</i>		
<b>Adjusted EBITDA</b>	<b>23.1</b>	<b>16.7</b>	<b>6.4</b>	<b>38.3%</b>	<b>63.7</b>	<b>47.2</b>	<b>16.5</b>	<b>35.0%</b>

# CASH FLOW

\$M	2018 Q3	2017 Q3	2018 YTD	2017 YTD
Operating profit	15.9	9.3	43.7	26.8
Depreciation and amortization	4.8	4.9	14.6	14.1
Loss on disposal of property, plant and equipment	0.1	-	0.2	-
Profit on sale of redundant site	-	-	-	(0.4)
Share-based compensation charges net of cash settlement	(1.0)	0.3	(3.8)	0.8
Non-cash restructuring charges	0.7	-	0.7	2.2
Share of results of joint ventures and associates	0.1	0.1	(0.1)	(0.1)
Increase in working capital	0.1	(2.1)	(9.6)	(6.2)
Movement in retirement benefits obligations	(2.3)	(2.1)	(6.0)	(6.2)
Movement in provisions	(0.1)	0.3	(0.5)	0.3
Income taxes paid	(1.1)	(1.1)	(2.8)	(2.4)
<b>NET CASH FLOWS FROM CONTINUING OPERATING ACTIVITIES</b>	<b>17.2</b>	<b>9.6</b>	<b>36.4</b>	<b>28.9</b>
Purchases of property, plant and equipment	(4.4)	(2.2)	(8.2)	(6.8)
Purchases of intangible assets	-	(0.1)	(0.1)	(0.8)
Proceeds from sales of PPE	-	0.1	-	0.1
Investment in joint ventures and associates	-	(0.6)	0.8	0.4
Interest income received from joint ventures	0.1	-	0.3	0.1
Net cash flow on purchase of businesses	-	-	-	(1.4)
Payment of deferred consideration	-	-	(0.5)	-
<b>NET CASH FLOWS BEFORE FINANCING</b>	<b>12.9</b>	<b>6.8</b>	<b>28.7</b>	<b>20.5</b>
Interest paid on banking facilities	(1.1)	(1.6)	(3.7)	(4.7)
Other interest received	-	0.1	-	0.1
(Repayment) / Draw down on banking facilities	(11.1)	(39.7)	(21.1)	(1.4)
Amendment to banking facilities - financing costs	-	(1.2)	-	(1.2)
Dividends paid	(3.3)	(3.3)	(10.0)	(9.9)
Shares sold on market to settle share-based compensation exercises	6.3	-	6.3	-
Purchase of treasury shares	-	-	-	0.3
<b>NET MOVEMENT IN CASH AND CASH EQUIVALENTS</b>	<b>3.7</b>	<b>(38.9)</b>	<b>0.2</b>	<b>3.7</b>

# RECONCILIATION OF NON-GAAP MEASURES

\$M	2018 Q3	2017 Q3	2018 YTD	2017 YTD
<b>Net income for the period - as reported</b>	<b>12.4</b>	<b>4.7</b>	<b>31.6</b>	<b>13.8</b>
Accounting charges relating to acquisitions & disposals of businesses:				
Unwind of discount on deferred contingent consideration	0.1	-	0.4	0.1
Amortization on acquired intangibles	0.3	0.3	0.9	0.9
IAS 19R retirement benefits finance charge	0.3	0.5	1.0	1.4
Profit on sale of redundant site	-	-	-	(0.4)
Restructuring and other expense	1.1	2.0	2.1	5.5
Other share-based compensation charges	1.2	0.5	3.2	1.2
Income tax thereon	(0.7)	(0.5)	(1.7)	(1.2)
<b>Adjusted net income</b>	<b>14.7</b>	<b>7.5</b>	<b>37.5</b>	<b>21.3</b>
Income tax thereon	0.7	0.5	1.7	1.2
Income tax expense	1.8	2.3	6.6	6.3
Net interest costs	1.3	1.8	4.1	5.2
Depreciation and amortization	4.7	4.9	14.5	14.1
Loss on disposal of property, plant and equipment	0.2	-	0.2	-
Less: Amortization on acquired intangibles	(0.3)	(0.3)	(0.9)	(0.9)
<b>Adjusted EBITDA</b>	<b>23.1</b>	<b>16.7</b>	<b>63.7</b>	<b>47.2</b>

# RECONCILIATION OF NON-GAAP MEASURES

\$M		2016	2017	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017	Q2 2017	Q3 2017	Q4 2017	Q1 2018	Q2 2018	Q3 2018
EBIT		35.3	40.5	11.8	11.0	7.3	5.2	10.5	10.1	11.3	8.6	13.8	15.0	17.0
<i>Effective tax rate - per income statement</i>		21.5%	3.4%	25.0%	23.9%	19.5%	5.9%	23.3%	44.4%	32.9%	72.0%	18.9%	20.9%	12.7%
Notional tax		(7.6)	(1.4)	(3.0)	(2.6)	(1.4)	(0.3)	(2.4)	(4.5)	(3.7)	(6.2)	(2.6)	(3.1)	(2.2)
EBIT after notional tax		27.7	39.1	8.8	8.4	5.9	4.9	8.1	5.6	7.6	2.4	11.2	11.9	14.8
<b>Rolling 12 month EBIT after notional tax</b>	<b>(A)</b>	<b>27.7</b>	<b>39.1</b>	<b>29.1</b>	<b>31.5</b>	<b>29.1</b>	<b>28.0</b>	<b>27.3</b>	<b>24.5</b>	<b>26.2</b>	<b>23.7</b>	<b>26.8</b>	<b>33.1</b>	<b>40.3</b>
Bank and other loans		121.0	108.8	150.8	185.5	137.5	121.0	146.3	160.6	120.6	108.8	105.1	99.0	87.9
Net cash and cash equivalents		(13.6)	(9.1)	(48.9)	(83.6)	(32.3)	(13.6)	(40.4)	(57.2)	(19.2)	(9.1)	(8.1)	(5.2)	(8.9)
Net debt		107.4	99.7	101.9	101.9	105.2	107.4	105.9	103.4	101.4	99.7	97.0	93.8	79.0
Total equity		141.9	162.1	160.0	146.9	129.4	141.9	153.4	164.6	172.5	162.1	165.4	180.3	200.5
<b>Invested capital</b>		<b>249.3</b>	<b>261.8</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>262.4</b>	<b>274.1</b>	<b>279.5</b>
<b>4 point average invested capital</b>	<b>(B)</b>	<b>256.9</b>	<b>255.6</b>	<b>264.7</b>	<b>258.7</b>	<b>252.4</b>	<b>248.7</b>	<b>248.0</b>	<b>252.8</b>	<b>262.6</b>	<b>265.8</b>	<b>266.5</b>	<b>268.1</b>	<b>269.5</b>
<b>Return on invested capital</b>	<b>(A) / (B)</b>	<b>10.8%</b>	<b>15.3%</b>	<b>11.0%</b>	<b>12.2%</b>	<b>11.5%</b>	<b>11.3%</b>	<b>11.0%</b>	<b>9.7%</b>	<b>10.0%</b>	<b>8.9%</b>	<b>10.1%</b>	<b>12.3%</b>	<b>15.0%</b>
Adjusted net income for the period	<b>1</b>	24.7	27.6	8.1	7.9	5.0	3.7	7.2	6.6	7.5	6.3	10.5	12.2	14.7
Income tax charge for the period	<b>2</b>	6.0	0.4	2.9	2.1	0.8	0.2	2.0	2.0	2.3	(5.9)	2.1	2.7	1.8
Income tax on adjustments to net income	<b>3</b>	1.4	9.2	(0.1)	0.5	0.7	0.3	0.3	0.4	0.5	8.0	0.4	0.6	0.7
Adjusted income tax charge	<b>(C) (2+3)</b>	7.4	9.6	2.8	2.6	1.5	0.5	2.3	2.4	2.8	2.1	2.5	3.3	2.5
Adjusted profit before taxation	<b>(D) (1+2+3)</b>	32.1	37.2	10.9	10.5	6.5	4.2	9.5	9.0	10.3	8.4	13.0	15.5	17.2
<b>Adjusted effective tax rate</b>	<b>(C) / (D) = (E)</b>	<b>23.1%</b>	<b>25.8%</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>	<b>19.2%</b>	<b>21.3%</b>	<b>14.5%</b>
EBIT (as above)	<b>(F)</b>	35.3	40.5	11.8	11.0	7.3	5.2	10.5	10.1	11.3	8.6	13.8	15.0	17.0
Adjusted notional tax	<b>(E) x (F)</b>	(8.1)	(10.5)	(3.0)	(2.7)	(1.7)	(0.6)	(2.5)	(2.7)	(3.1)	(2.2)	(2.7)	(3.2)	(2.5)
Adjusted EBIT after notional tax		27.2	30.0	8.8	8.3	5.6	4.6	8.0	7.4	8.2	6.5	11.1	11.8	14.5
<b>Rolling 12 month adjusted EBIT after notional tax</b>	<b>(G)</b>	<b>27.2</b>	<b>30.0</b>	<b>33.8</b>	<b>33.6</b>	<b>31.0</b>	<b>27.2</b>	<b>26.4</b>	<b>25.6</b>	<b>28.2</b>	<b>30.0</b>	<b>33.2</b>	<b>37.6</b>	<b>43.9</b>
<b>Adjusted return on invested capital</b>	<b>(G) / (B)</b>	<b>10.6%</b>	<b>11.8%</b>	<b>12.8%</b>	<b>13.0%</b>	<b>12.3%</b>	<b>11.0%</b>	<b>10.7%</b>	<b>10.1%</b>	<b>10.7%</b>	<b>11.3%</b>	<b>12.5%</b>	<b>14.0%</b>	<b>16.3%</b>

