

ELEMENTIS

A global specialty chemicals company

Elementis plc

Preliminary Results

Year ended 31 December 2012



Preliminary Results

\$ millions	2012	2011	% change
Revenue	757.0	760.5	-
Operating profit	143.9	137.1*	+5%
Operating margin	19.0%	18.0%*	
Profit before tax	141.2	134.5*	+5%
Diluted EPS	23.3c	20.8c*	+12%
Net cash	44.0	26.2	
Basic EPS	23.7c	27.8c**	

Highlights

Specialty Products

- Resilience in uncertain economic climate
- Investing in growth
 - Watercryl, Brazilian acquisition
 - Newly commissioned US acrylic thickener facility
 - Hi-Mar, defoamer acquisition
 - New N America technical centre and pilot plant

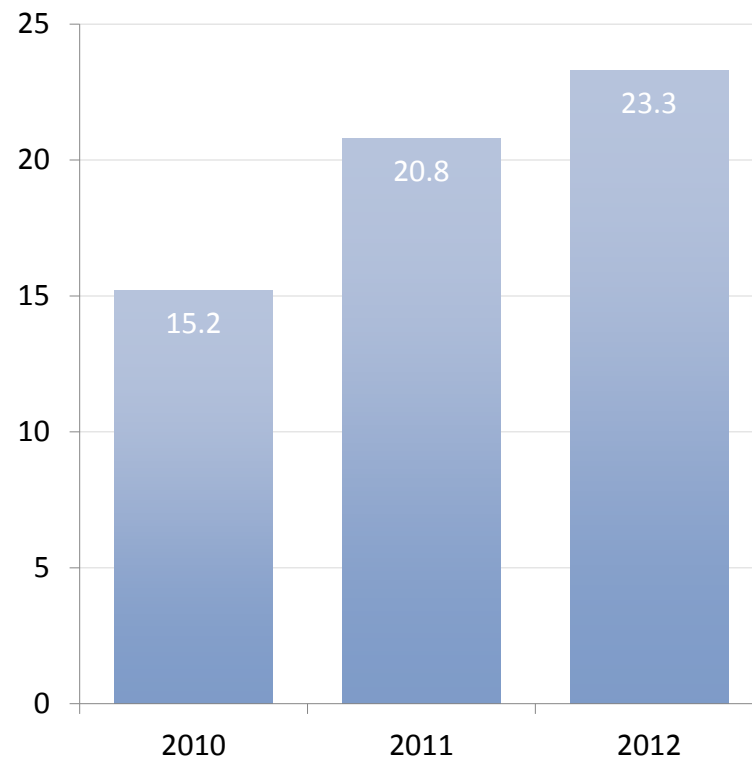
Chromium

- Solid results – delivering stable earnings and cash flow

Strong cash flow

- Net cash position increased
- First payment under special dividend programme

Earnings per share (cents)*



* diluted before exceptional items, all of which relate to 2010 and 2011

Chromium

\$ millions	2012	2011	% change
Sales	240.1	231.0	+4%
Operating profit	62.8	56.1	+12%
Operating margin	26.2%	24.3%	
ROCE*	65%	67%	

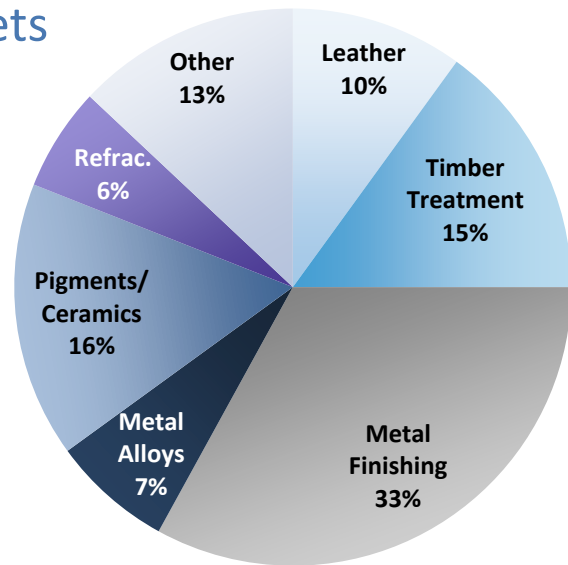
Solid financial performance

Operating profit and margin improved due to 2011 natural gas conversion

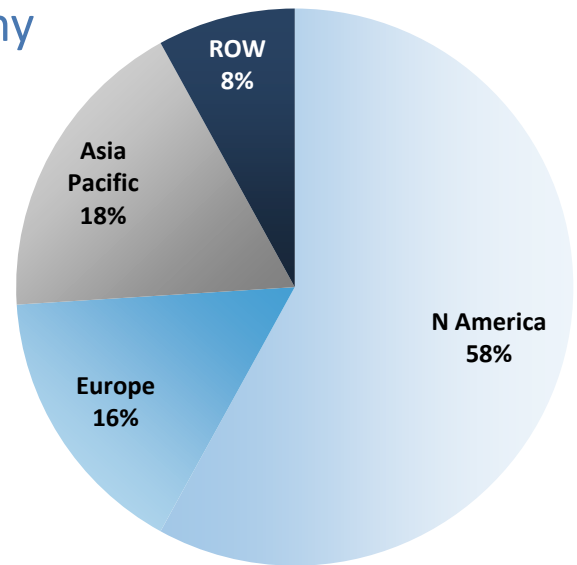
Input costs hedged

Chromium

2012 Sales Markets



Geography



Diverse end markets

Unique infrastructure to serve N American customers

Business benefits from flexible, globally competitive operations

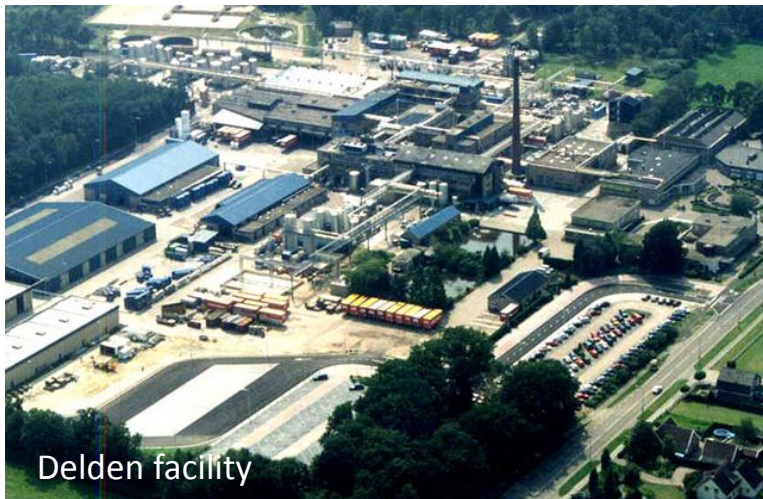
Strategic Diversity

Markets	Applications	Drivers
Pigments	Roof tiles, asphalt shingles, floor tiles	<ul style="list-style-type: none"> • Construction • OEM and military coatings
Refractory	Redbrick flat glass and fibreglass kilns	<ul style="list-style-type: none"> • Construction
Chrome metal	Super alloys	<ul style="list-style-type: none"> • Aircraft engines, wind, gas turbines
Functional plating	Shock absorbers, hydraulic cylinders	<ul style="list-style-type: none"> • Automotive • Heavy and light machinery
Decorative plating	Sanitary fixtures, auto grills, door handles	<ul style="list-style-type: none"> • Automotive • Construction
Timber treatment	Telephone poles, marine piling, RR ties	<ul style="list-style-type: none"> • Infrastructure
Leather tanning	Soften and improve durability of hide	<ul style="list-style-type: none"> • Beef consumption

Full range of chromium products serving diverse global markets

Surfactants

\$ millions	2012	2011
Sales	72.5	94.3
Operating profit	4.8	5.4*
Operating margin	6.6%	5.7%*



Delden facility

Surfactants sales reduced as Delden facility continues to transition to higher value additives

Product mix optimisation is driving operating margin improvement

Strategy provides significant capacity to support growth in Specialty Products

Specialty Products

\$ millions	2012	2011	% change***
Sales	458.7	449.9	+4%
Operating profit	90.1	89.7*	+4%
Operating margin	19.6%	19.9%*	
ROCE**	40%	43%	

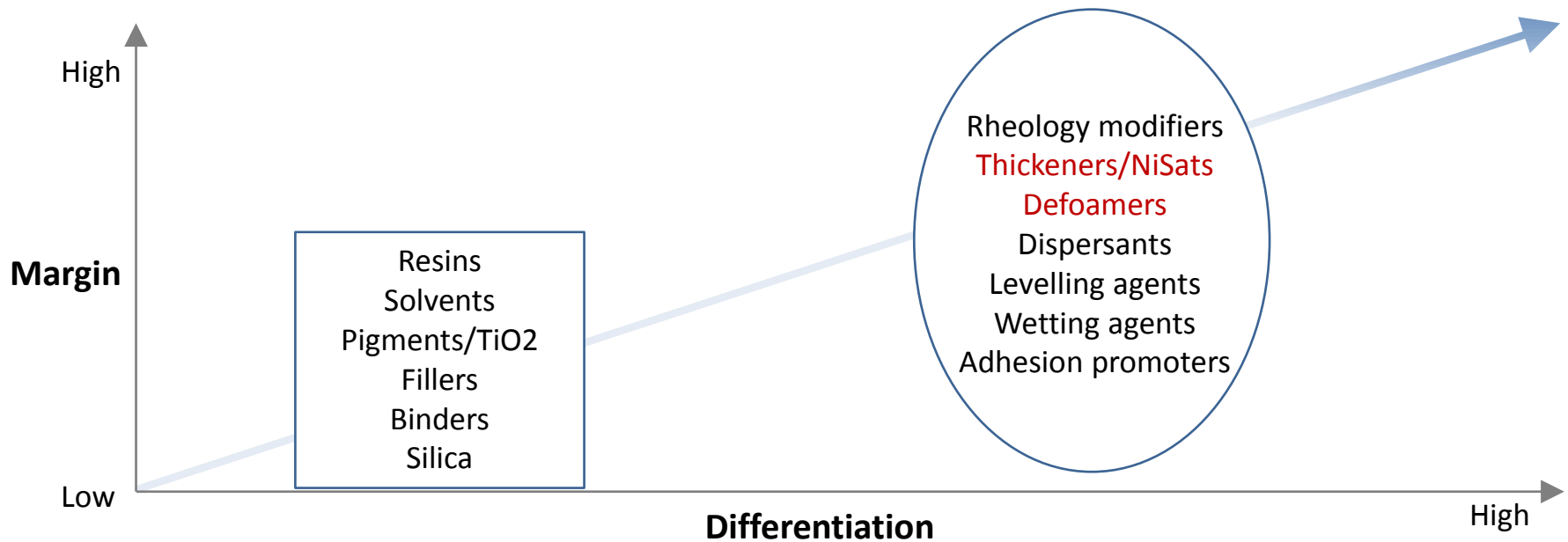
Solid growth in N America coatings (7%), Asia Pacific (7%) and personal care (13%)* **

Offset by H2 inventory adjustments in oilfield drilling

- (H1 +28%, H2 -32%, FY -6%)

Strategic growth investments

High Value Additives

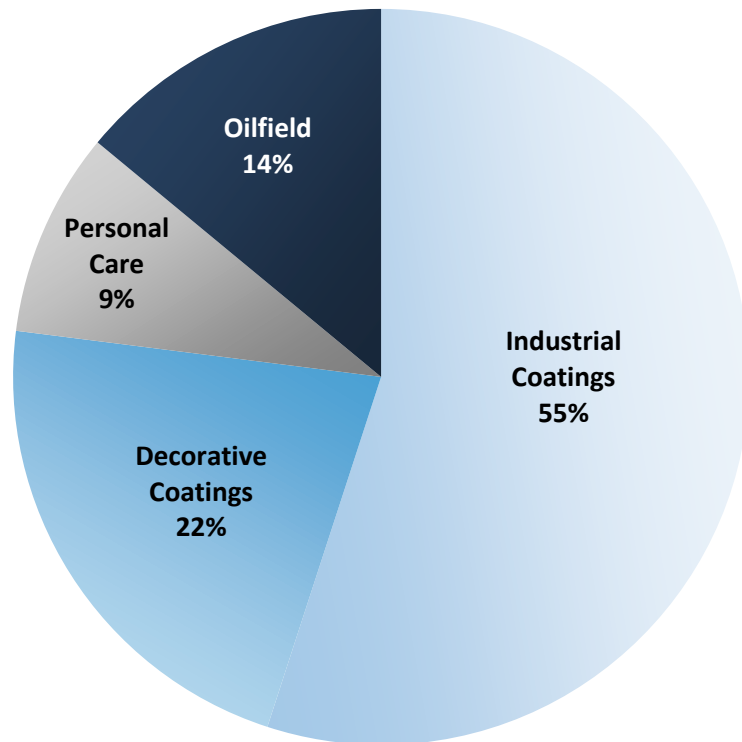


Attributes of high value additives

- Small part of overall cost but essential to performance
- High degree of technical service
- Low risk of substitution

Specialty Products – Growth Strategy

2012 Sales Core Markets



Growth Drivers

- Geographic expansion
 - Brazilian acquisition
 - Mumbai technical service lab
- Innovation
 - N America technical centre and pilot plant
 - US acrylic thickener facility
- Product range extension
 - Hi-Mar defoamer acquisition
 - Global technology transfer

Innovation

New Acrylic Thickener Facility

- Planned investment \$15-20m
- IP protected acrylic thickener technology
- Production started in Jan 2013
- Key part of global manufacturing platform for acrylic thickeners

Growth Opportunities

- Exploiting regulatory trend of low VOCs in decorative coatings
- Global market size: \$300m
- Serious collaboration and commitment from multinational market leader
- Global manufacturing footprint



Geographic Expansion

Watercryl Acquisition

- Brazilian based coatings additives supplier
- Well invested facility with capacity for growth
- Leading supplier of acrylic thickeners
- Purchased Sept 2012, integration well underway
- Excellent reputation for technical service

Growth Opportunities

- Creates channel for existing products and technologies in Latin America
- Opportunities to sell Watercryl product range outside of Brazil
- Early feedback from customers very positive
- Critical component of global strategy in acrylic thickeners



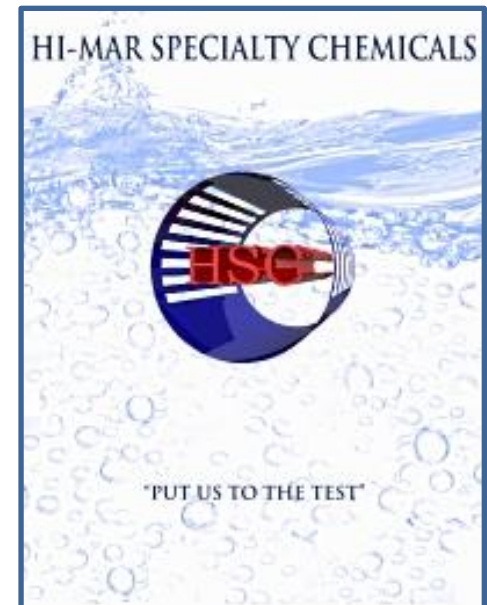
Product Range Extension

Hi-Mar Acquisition

- Leading supplier of defoamers to the coatings, construction and oilfield drilling industries
- Significantly expands our product offering and technology in the high value defoamer market
- Complements existing manufacturing assets in Europe and Asia

Growth Opportunities

- Global market size: \$600m
- Low VOC trend in decorative coatings
- Facility operating at 50% capacity
- Leveraging technology globally
- Comprehensive product range
- Oilfield opportunity



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Capital Spending – Specialty Products

\$ millions	2012	2011
US acrylic thickener facility	5.6	-
N America technical facility and pilot plant	7.4	-
Oilfield expansion	2.4	2.6
Other growth	2.4	3.1
Total growth capital	17.8	5.7
Maintenance and productivity	6.4	5.0
Total Specialty Products	24.2	10.7

Capital Spending – Group

\$ millions	2012	2011	2013 Est
Total Specialty Products	24.2	10.7	20.0
Energy project	1.0	2.0	-
Maintenance and productivity	6.7	5.8	6.0
Total Chromium	7.7	7.8	6.0
Other	5.5	2.3	4.0
Group total	37.4	20.8	Approx 30.0
Depreciation	21.3	19.9	25.0

Working Capital

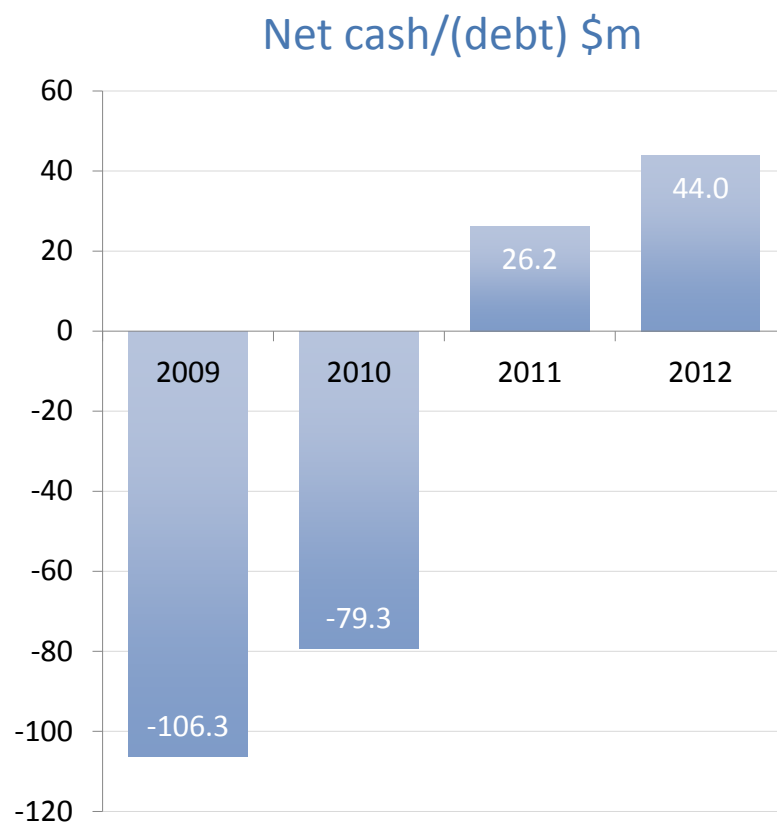
- Average working capital to sales ratio 19%, comfortably within target range of 17 – 20%
- Ratio is higher in 2012 due to strategic increase in chrome ore stocks

Average working capital to sales ratio



Cash Flow

\$ millions	2012	2011
EBITDA	165.2	157.0
Working capital	(12.9)	(9.3)
Capital expenditure	(37.4)	(20.8)
Acquisitions	(24.0)	-
Pensions	(27.9)	(22.0)
Dividends	(32.2)	(21.9)
Interest, tax, other	(9.3)	(9.3)
Exceptional items	(3.7)	31.8
Net cash flow	17.8	105.5
Net balance sheet cash	44.0	26.2



Retirement Plans

\$ millions	2012	2011	2013 Est
Net deficit	136.0	94.8	
Deficit contributions:			
UK plan	20.3	15.6	23.0
US/other	7.6	6.4	4.0
Total	27.9	22.0	27.0

IAS 19 deficit increased due to lower corporate bond yields

New UK funding plan agreed in 2012 to eliminate deficit by 2018

- Includes one-time additional contribution in 2014 of £8m
- Otherwise total annual payments over next 3 years will be \$25 – 30m p.a.

Tax Charge

\$ millions	2012	2011
Underlying tax charge	34.1	39.7
Tax rate	24%	30%
Exceptional tax credit	-	1.8
Reported tax charge	34.1	37.9

Overall rate reduced to 24%, largely as a result of structural changes in Group financing

Will also benefit future years

Estimated tax rate for 2013 is approximately 24 – 26%

Dividends

Per share	2012	2011	% change
Interim paid	2.45c	2.34c	+5%
Proposed final	5.32c	4.66c	+14%
Total ordinary dividend	7.77c	7.00c	+11%
Special dividend	4.79c	-	

Total ordinary dividend increased by 11% – 1/3 of EPS*

First payment under the special dividend programme

- 50% of year end net cash

Summary

Strong, resilient businesses with sustainable market advantage

Specialty Products – continuing to capitalise on growth opportunities

Strong cash flow generation and balance sheet

- Flexibility to invest in growth
 - First payment under special dividend programme
-

Outlook

Positive trends in several key markets, despite economic uncertainties

Confident in our ability to make progress in 2013

ELEMENTIS

A global specialty chemicals company

Thank you

