

ELEMENTIS

A global specialty chemicals company

Elementis plc **Preliminary Results**

Year ended 31 December 2013



Highlights

Specialty Products

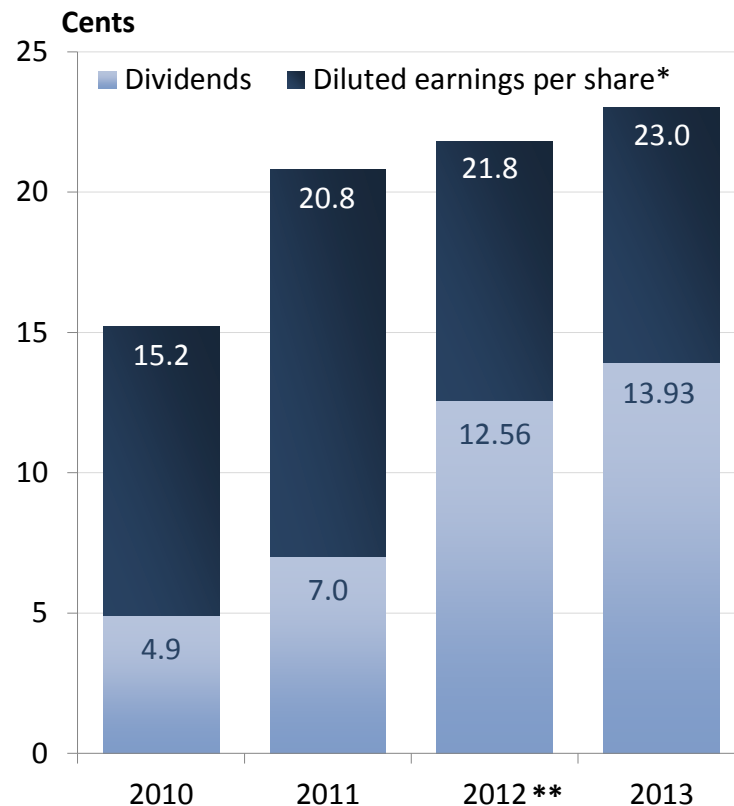
- 10% growth in sales and operating profit*
- Stable operating margin
- Double digit sales growth in Personal Care and Oilfield
- New NA facility and acquisitions performing well

Chromium

- H1 impacted by maintenance shutdown
- H2 earnings and margins in line with strategy

Strong cash flow

- Positive cash flow from all three businesses
- 22% increase in the special dividend



Chromium

	H1		H2		FY	
\$ millions	2013	2012	2013	2012	2013	2012
Sales	103.4	125.8	111.4	114.3	214.8	240.1
Op profit*	25.3	33.4	29.8	29.4	55.1	62.8
Op margin*	24%	27%	27%	26%	26%	26%

Another year of stable operating margins

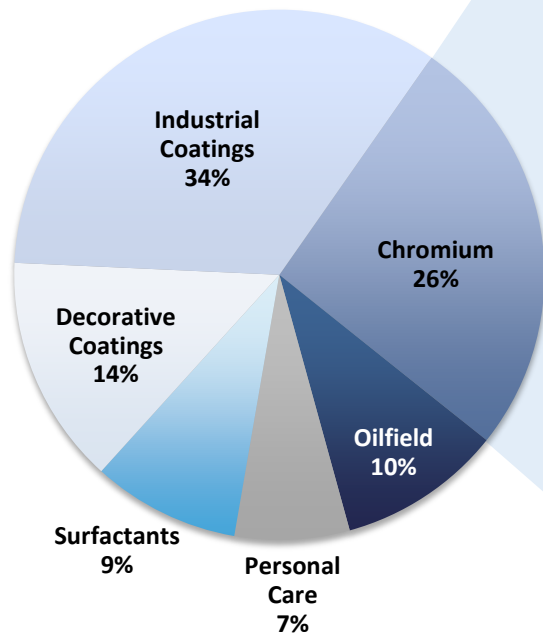
Average selling price 6% lower, in line with lower raw material costs

H1 sales volumes lower due to planned maintenance shutdown

Excellent cash conversion

Strategic diversity in products and markets

2013



Based on sales revenue

Major Markets

Pigments

Refractory

Chrome metal

Functional plating

Decorative plating

Timber treatment

Leather tanning

Major Uses

- Roof tiles, asphalt shingles, floor tiles

- Redbrick flat glass and fibreglass kilns

- Super alloys

- Shock absorbers, hydraulic cylinders

- Sanitary fixtures, auto grills, door handles

- Telephone poles, marine piling, railroad ties

- Soften and improve durability of hide

Market Drivers

- Construction
- OEM and military coatings

- Construction

- Aircraft engines, wind, gas turbines

- Automotive
- Heavy and light machinery

- Automotive
- Construction

- Infrastructure

- Beef consumption

US facilities are globally cost competitive, producing a full range of chromium products serving diverse markets

Chromium – Well positioned for 2014

Raw material costs and energy fixed

High plant capacity utilisation

General market trends

- Good demand for refractory grade oxide
- Anticipate robust sales into timber treatment
- NA markets generally strong with exception of leather tanning

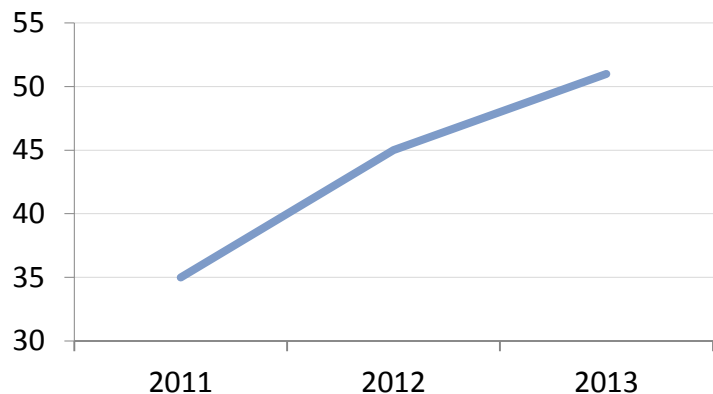
Long term competitive advantage

- Closed loop NA delivery system
- US energy costs



Surfactants

\$ millions	2013	2012
Sales	72.2	72.5
Operating profit	5.6*	4.8
Operating margin	8%*	7%



% of Delden sales supporting Specialty Products

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	2013	2012	% change
Sales	502.8	458.7	+10%
Operating profit	99.1*	90.1	+10%
Operating margin	20%*	20%	

Sales and operating profit* up 10%

Asia Pacific coatings sales up 8%

Personal Care sales up 26%

Oilfield sales up 14%

Continuing investment in growth



* before exceptional items

Oilfield – 14% growth in sales

Innovative systems approach driving growth

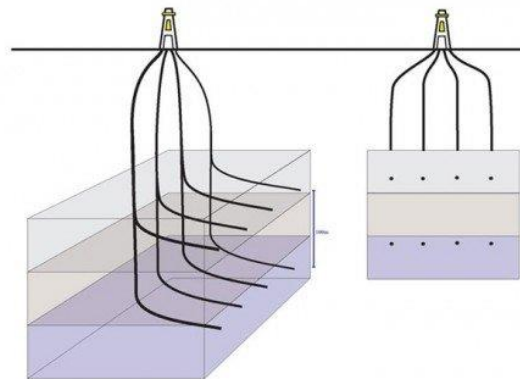
Leveraging unique capabilities

- Hectorite and polymer architecture

Participating in early stages of shale activity in Latin America, Eastern Europe and China

Newly developed pad drilling techniques are improving drilling efficiency and reducing environmental footprint

Pad Drilling: Multiple Wells from One Location



Market Realist^Q

Source: Canada National Energy Board

New hectorite-based product range resolves high angle rheology control challenges

Personal Care – 26% growth in sales

Organic growth from existing portfolio

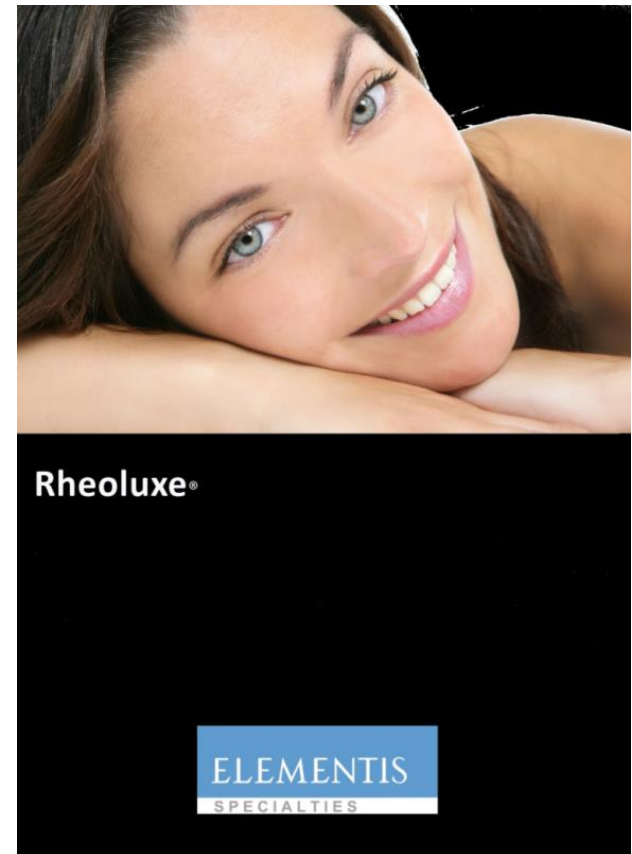
Strong demand for our products in premium cosmetics market

Geographic growth

- Leveraging Watercryl investment to provide local presence
 - Increased commercial focus in Asia
 - Adding resources and strengthening team
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Cross-fertilisation of existing Elementis technology

- Lanaquasol – ethoxylated lanolins produced in Delden
- Rheoluxe® – based on coatings polymer technology



Personal Care – Growth through innovation

Hectorite-based rheology additive for skin care products

- Natural, organic oils formulated with hectorite
- Rheology control with enhanced skin softening
- Broad applications – shampoo, skin cream, conditioners, body wash
- Unique to Elementis



New Martinsville – Investing for coatings growth

New acrylic thickener facility

- Phase 1 commissioned in January 2013
- IP protected acrylic thickener technology
- Phase 2 to be completed by H2 2014
- Key part of global manufacturing platform for acrylic thickeners

Progress update

- On time and in budget
- Projected sales for 2014 \$10m +
- Positive customer response



Acquisitions Update

Watercryn

- Sales volume increased by 27% in 2013
- New products/new customers represent 20% of sales growth
- Penetrating markets beyond Brazil
- Investing in commercial/technical resources



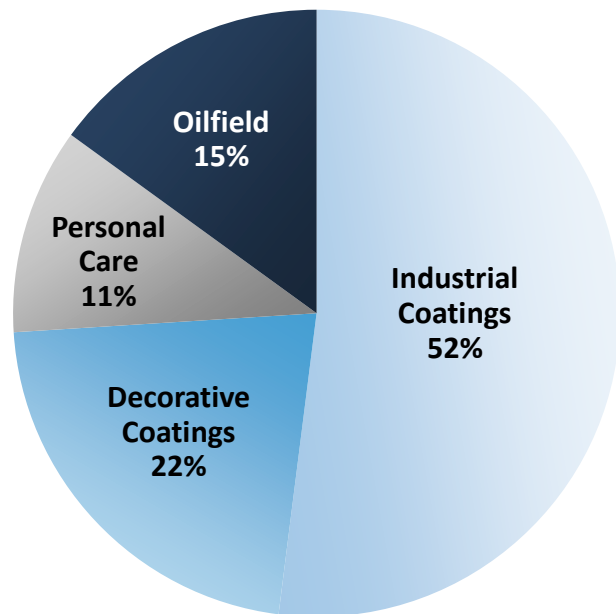
Hi-Mar

- Integration completed in 2013
- Good traction with existing NA multi-national customers
- Leveraging synergies from global sales network
- Global technology transfer



Specialty Products – Positioned to benefit from global trends

2013 Sales Core markets



North America energy dynamics

- Participation in drilling and pipeline activities
- Infrastructure build benefiting industrial coatings

Higher growth economies

- Benefiting from inherently higher growth rates due to strong local presence
- Evolving middle class increasing demand for coatings and personal care products

Increasingly regulated environment

- Trends towards low VOC coatings formulations
- Dynamic and complex environment creates opportunity for innovative companies

Preliminary Results

\$ millions	2013	2012**	% change
Revenue	776.8	757.0	+3%
Operating profit	146.6*	143.9	+2%
Operating margin	19%*	19%	
Profit before tax	136.0*	133.4	+2%
Diluted EPS	23.0c	21.8c	+6%
Net cash	54.1	44.0	+23%
Basic EPS	23.3c	22.2c	

Capital Spending

\$ millions	2013	2012
US acrylic thickener facility	9.3	5.6
Delden systems upgrade	1.8	0.7
Other growth	1.5	12.2
Total Specialty Products growth capital	12.6	18.5
Acquisition capex	0.6	-
Group maintenance and productivity	21.8	18.9
Total Group capital spending	35.0	37.4
Depreciation	23.9	21.3

Estimated 2014 spending

- Specialty Products growth capital \$11 million
- Total Group capex approx. \$30 million

Working Capital

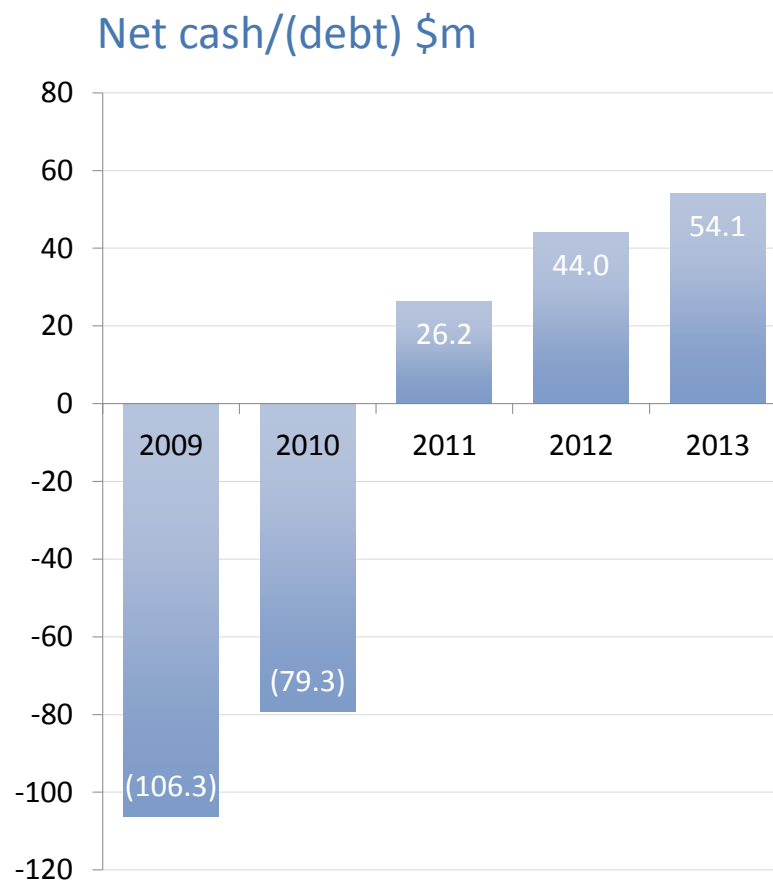
Average	2013	2012
Debtor days	52	51
Creditor days	62	62
Inventory days	96	89
Working capital to sales	20%	19%

Creditor/Debtor days stable

Inventory days higher due to strategic chrome ore stocks

Cash Flow

\$ millions	2013	2012
EBITDA	170.5	165.2
Working capital	6.5	(12.9)
Capital expenditure	(35.0)	(37.4)
Acquisitions	(32.8)	(24.0)
Pensions	(26.8)	(27.9)
Dividends	(58.3)	(32.2)
Interest, tax, other	(14.0)	(13.0)
Net cash flow	10.1	17.8
Net balance sheet cash	54.1	44.0



Retirement Plans

\$ millions	UK	US	Other	Total
2012 Deficit*	(72.9)	(51.3)	(13.2)	(137.4)
Asset return	46.2	19.9	(1.2)	64.9
Liability cost	(30.6)	(5.1)	(2.3)	(38.0)
Group contributions	21.4	2.4	2.0	25.8
Other	(30.2)	11.0	4.6	(14.6)
2013 Deficit	(66.1)	(23.1)	(10.1)	(99.3)

2014 “normal” contributions approx \$30m

Additional one-time contribution to UK scheme of \$15m

Tax Charge

\$ millions	2013	2012*
Underlying tax charge	29.4	33.1
Tax rate	22%	25%
Exceptional tax credit	(1.8)	-
Reported tax charge	27.6	33.1

Rate reduced to 22%, due to structural changes in Group financing

Continues to be influenced by geographic mix of profits

Expect 2014 tax rate to be stable

Dividends

Per share	2013	2012	% change
Interim paid	2.57c	2.45c	+5%
Proposed final	5.50c	5.32c	+3%
Special dividend	5.86c	4.79c	+22%
Total dividends	13.93c	12.56	+11%

Dividends paid as per current policy

- Interim + Final – approx. one third of EPS*
- Special dividend – up to 50% of year end net cash balance

Summary

Specialty Products – multiple growth opportunities with attractive margins

Chromium – positioned to deliver stable earnings and cash flow

Strong Group cash flow

- Platform to invest in growth
 - Benefiting shareholders via special dividend
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Outlook

Solid start to 2014

Confident in our ability to maintain margins and make progress

ELEMENTIS

A global specialty chemicals company

Thank you

