



ELEMENTIS

PRELIMINARY RESULTS

Year ended 31 December 2016

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March 2017

2016 HIGHLIGHTS	Paul Waterman
2016 FINANCIALS	Ralph Hewins
STRATEGIC PROGRESS & 2017 OUTLOOK	Paul Waterman
Q&A	Paul Waterman & Ralph Hewins

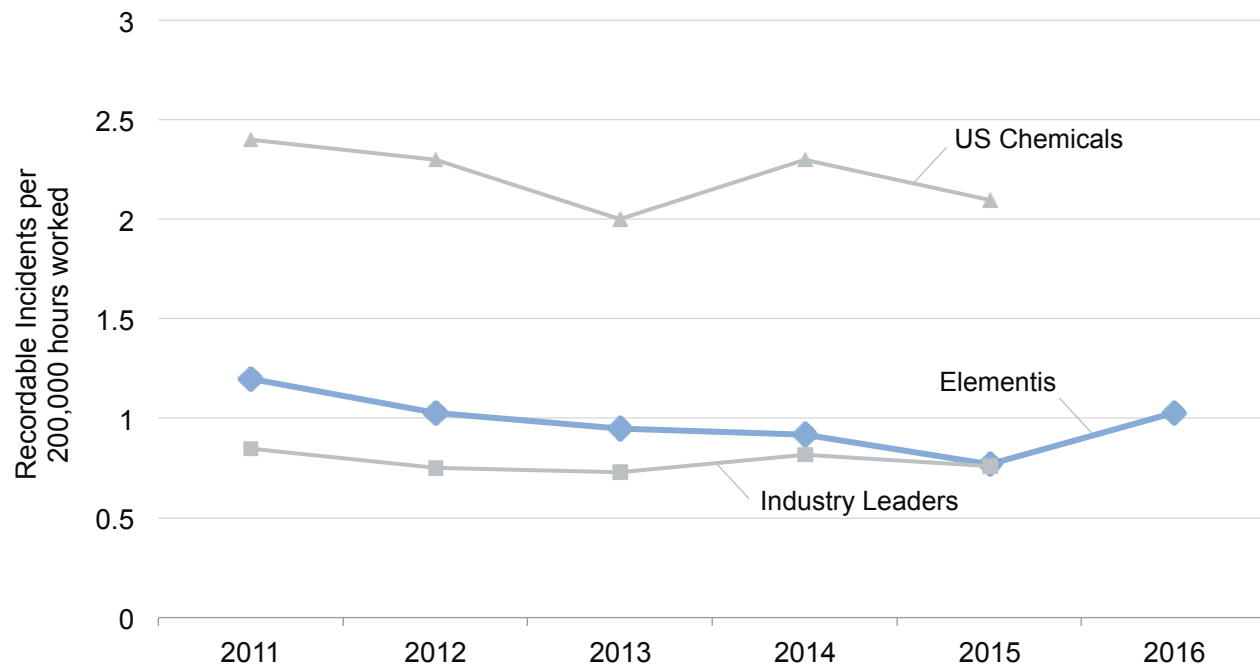
2016 HIGHLIGHTS

Paul Waterman
CEO

2016 SAFETY PERFORMANCE

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Recordable Incident rate



Source: Elementis

13 recordable incidents

Excellent performance at 3 sites –
time without RI:

- Newberry Springs, CA – 25 years
- Corpus Christi, TX – 13 years
- Changxing, China – 14 years

Launched *Take Two...
for Safety™*



2016 RESULTS

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\$m	2015**	2016	%
Sales	677.2	659.5	(3)%
Operating profit*	121.5	94.2	(22)%
Operating margin*	18%	14%	
Profit before tax*	115.2	89.7	(22)%
Net cash	74.0	77.5	5%
Diluted EPS*	20.6c	16.8c	(18)%
Dividends per share	16.45c	16.80c	2%



*After adjusting items **Restated

2016 ACCOMPLISHMENTS

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A photograph of several business professionals in a meeting room, with a blue overlay.

**Organisation
restructured – flatter,
simpler, more accountable**

A photograph of several green petri dishes arranged in a grid, with a blue overlay.

**Strategic review
completed**

A photograph of hands holding a white cup, with a red overlay.

**Personal Care team
increased by more than 50%**

A photograph of a large industrial building, with a red overlay.

**Strengthened
distribution in Chromium
North America**

A photograph of people in a meeting, with a purple overlay.

**Initiated Key Account
Management**

A photograph of orange liquid being poured, with an orange overlay.

**Strong cash
generation**

2016 PERFORMANCE – OPERATING PROFIT*

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\$m	Full Year		% Change	
	2015**	2016	Reported	Constant Currency
Specialty Products	79.9	78.8	(1)%	4%
Chromium	48.0	27.1	(44)%	(44)%
Surfactants	4.5	(0.6)	(113)%	(113)%
Central Costs	(10.9)	(11.1)	2%	8%
Total	121.5	94.2	(22)%	(20)%

*After adjusting items **Restated

SPECIALTY PRODUCTS

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	2015**			2016		
	H1	H2	Full year	H1	H2	Full year
Sales \$m	244.1	209.1	453.2	237.4	223.0	460.4
Operating profit* \$m	44.8	35.1	79.9	41.8	37.0	78.8
Operating margin*	18%	17%	18%	18%	17%	17%

Constant currency sales increased 3%

Constant currency operating profit +4%

H2 2016 operating profit up 5% vs H2 2015

*After adjusting items **Restated



SPECIALTY PRODUCTS – SALES GROWTH* DRIVEN BY COATINGS & PERSONAL CARE

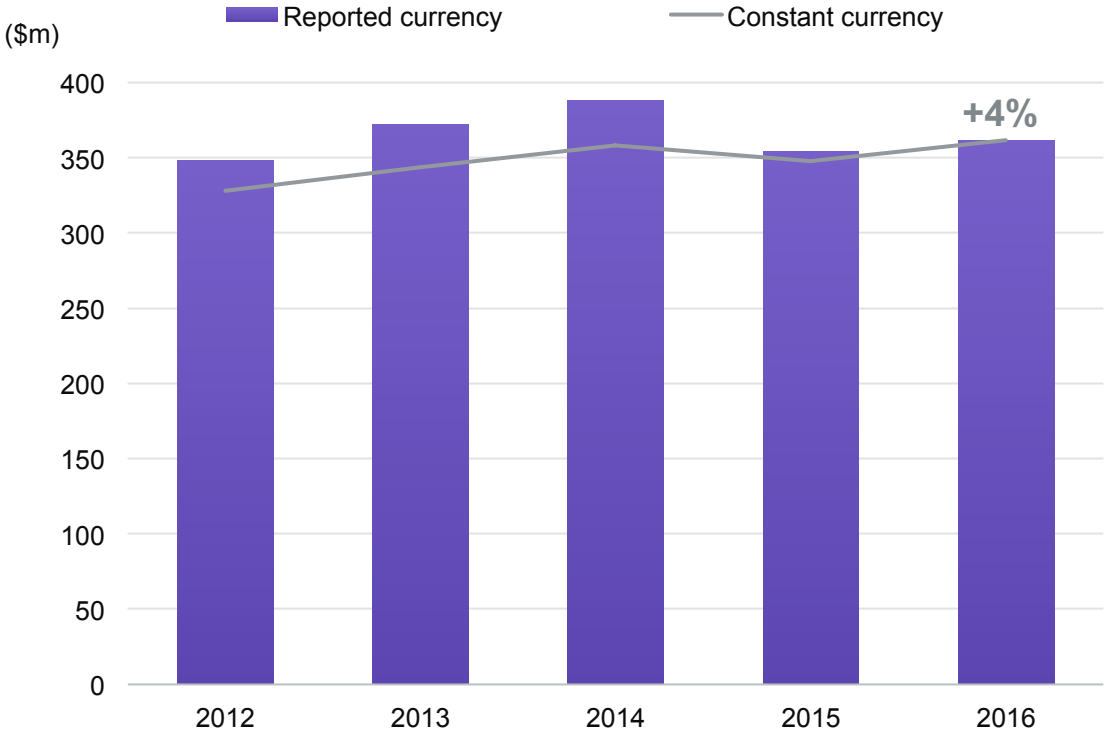
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\$m	H1		H2		FULL YEAR		% CHANGE		
	2015**	2016	2015**	2016	2015**	2016	H1-o-H1	H2-o-H2	Y-o-Y
Coatings	186	188	162	173	348	361	1%	7%	4%
Personal Care	30	32	25	31	55	63	7%	23%	14%
Energy	23	17	20	19	43	36	-26%	-5%	-16%
Total	239	237	207	223	446	460	-1%	8%	3%

*Constant currency **Restated

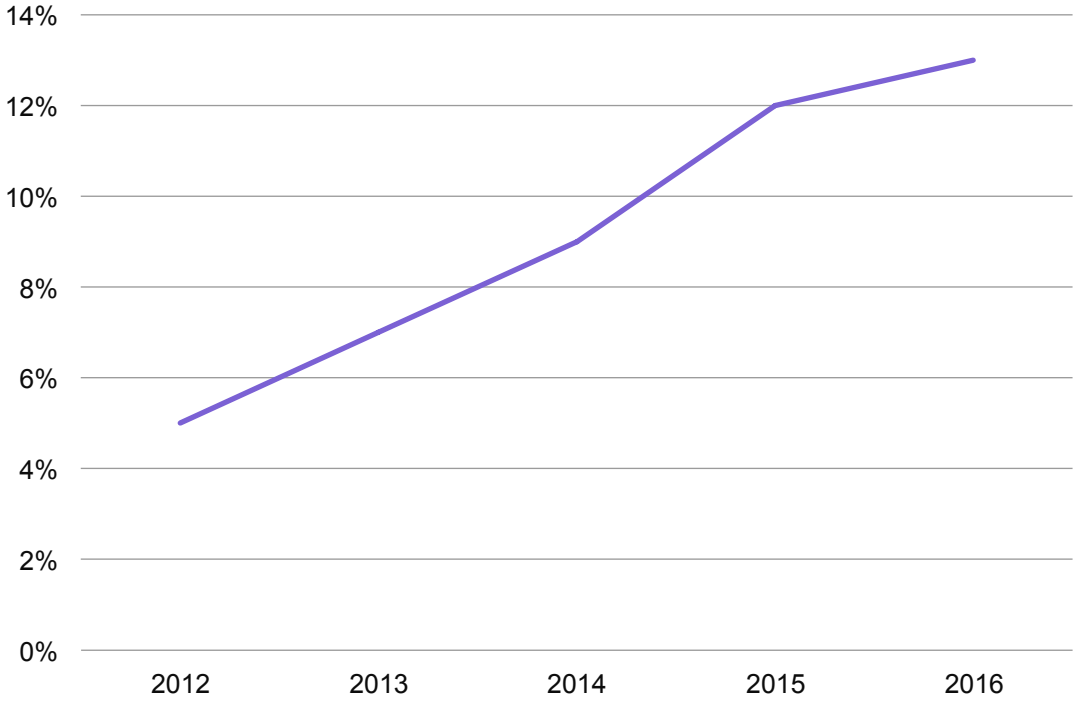
COATINGS – STEADY GROWTH

COATINGS SALES



Source: Elementis

COATINGS – NEW PRODUCTS AS % OF SALES



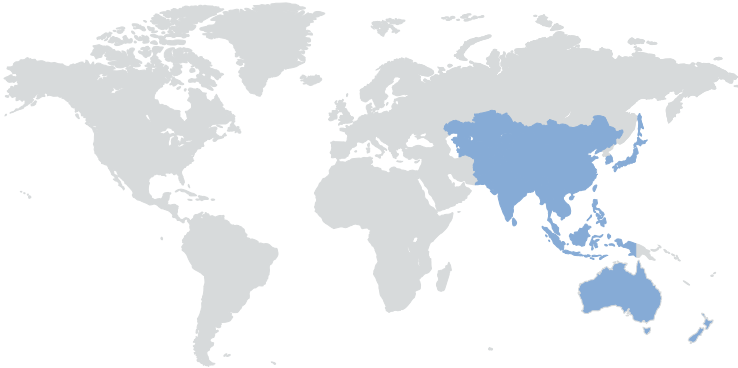
GLOBAL COATINGS – SALES GROWTH ACROSS ALL REGIONS

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ASIA + 6%*

China revenue increased Y-o-Y

Strong growth in Organic Thixatropes



EMEA + 3%*

Newly launched Organic Thixatropes in Q4

Strengthened route to market by new distributor appointments



AMERICAS + 2%*

Continued decorative coatings growth behind New Martinsville investment

Latin America recovery

Elementis named key partner at two global deco customers

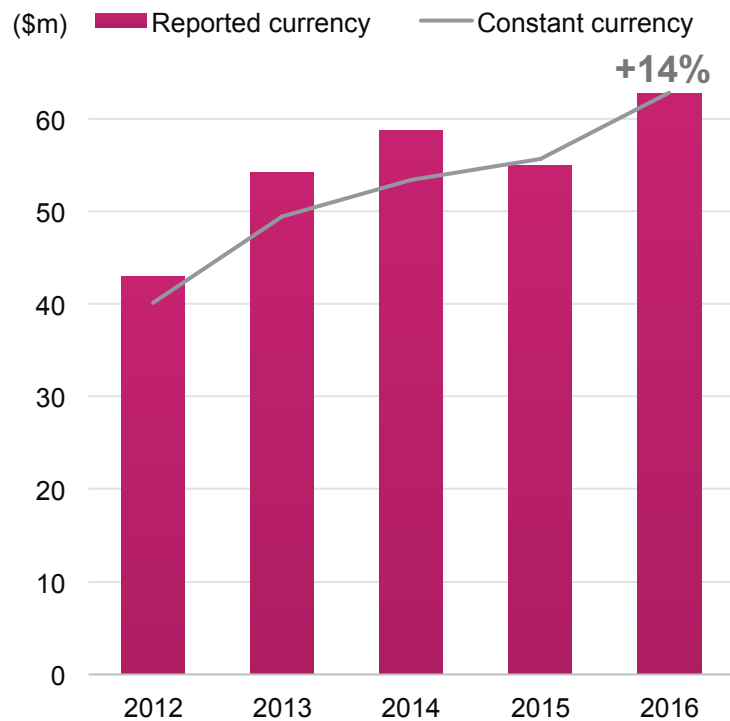


*Constant currency

PERSONAL CARE – RECORD SALES

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PERSONAL CARE SALES



Source: Elementis

DOUBLE DIGIT GROWTH



Investment in team paying off

Expanded distribution and deepened penetration

2016 growth of 14%* over a weaker 2015, higher than 12-16 CAGR of 12%

Consistent double digit growth remains on track

*Constant currency

2016 PERSONAL CARE – DEEPER PENETRATION, BROADER DISTRIBUTION

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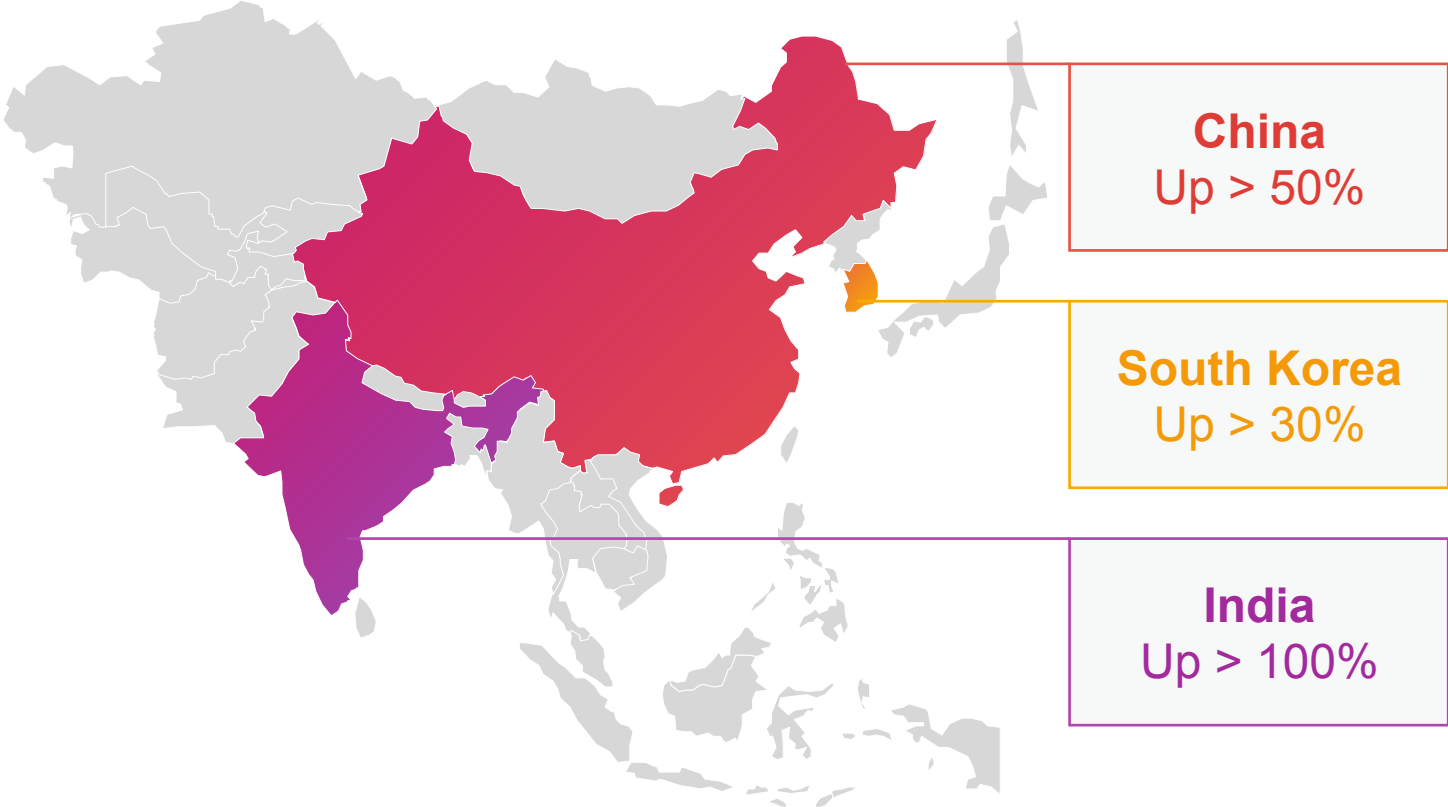
KEY ACCOUNTS

Double digit growth* with our top 3 accounts



*Constant currency

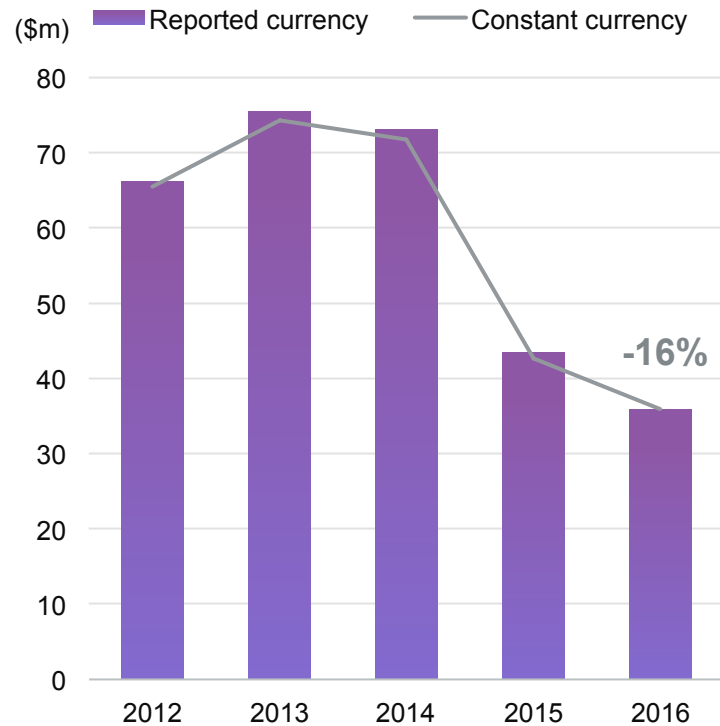
ASIA GROWTH



ENERGY – CAUTIOUSLY OPTIMISTIC

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ENERGY SALES



Source: Elementis

HIGHLIGHTS

Volumes down, margins stable

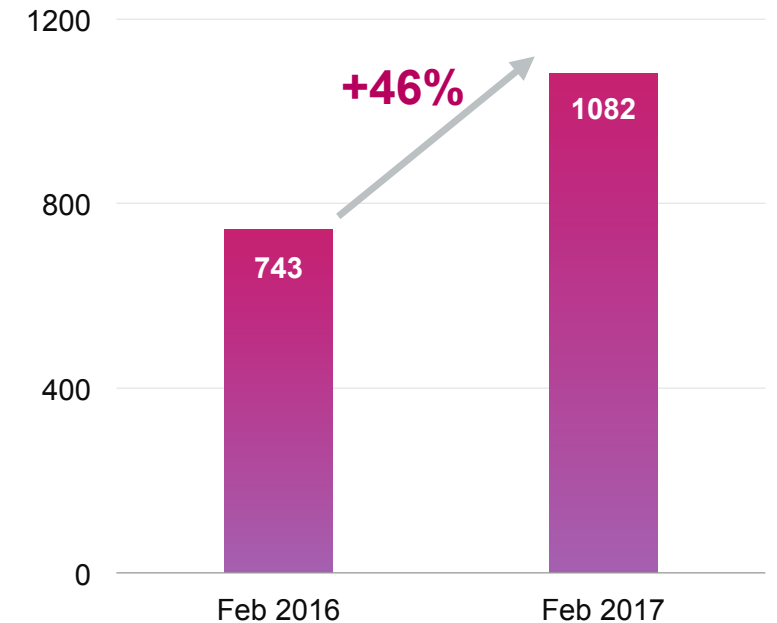
Drilling activity increasing

Hectorite technology supports most difficult drilling applications

2016 new business in Middle East and SE Asia

2017 ACTIVITY INCREASING

US & Canada Rig Count



Source: Baker Hughes



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CHROMIUM

CHROMIUM – OVERALL DECLINE, NORTH AMERICA RESILIENT

	2015**			2016		
	H1	H2	Full year	H1	H2	Full year
Sales \$m	91.8	89.3	181.1	82.2	86.6	168.8
Operating profit* \$m	27.0	21.0	48.0	14.5	12.6	27.1
Operating margin*	29%	24%	27%	18%	15%	16%

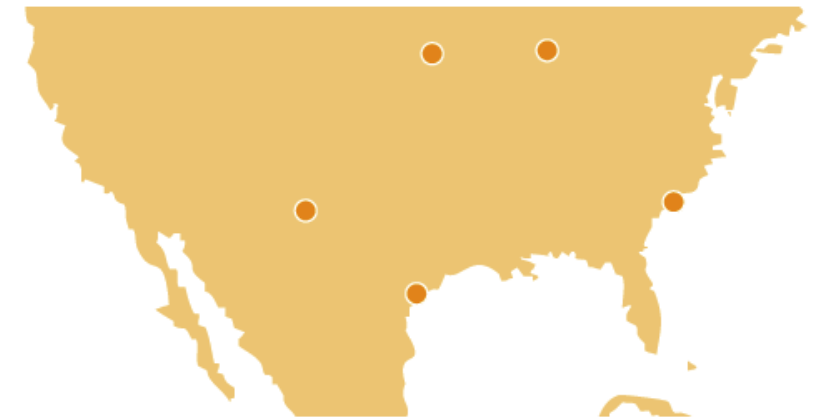
Strong US dollar negatively impacted 2016 results

North America ~60% of global sales, leveraging unique delivery systems

Expect to recover from impact of Q4 2016 operational interruptions
(hurricane, centrifuge failure)

*After adjusting items **Restated

Chromium locations in the US

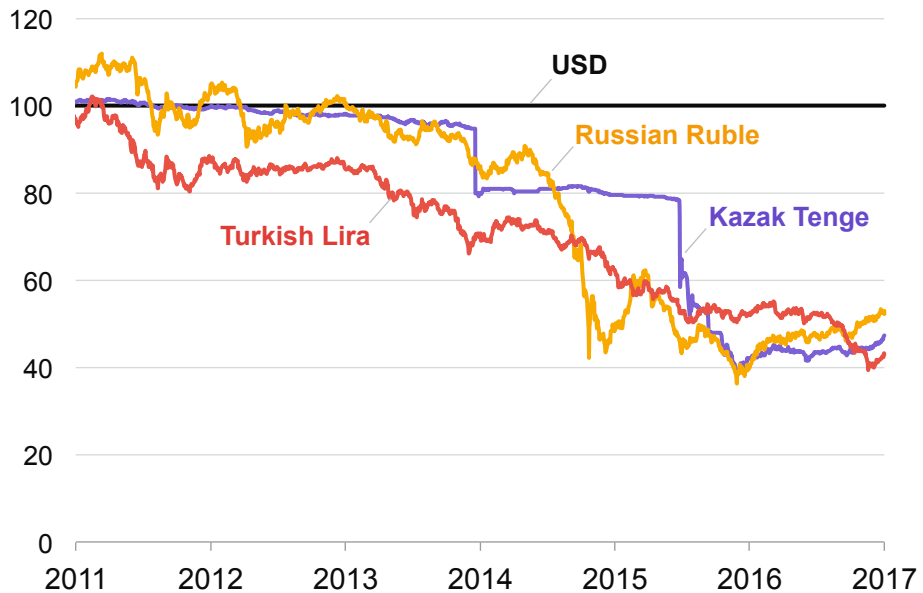


CHROMIUM – COMPETITIVE ENVIRONMENT

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US \$ STRONG BUT STABLE

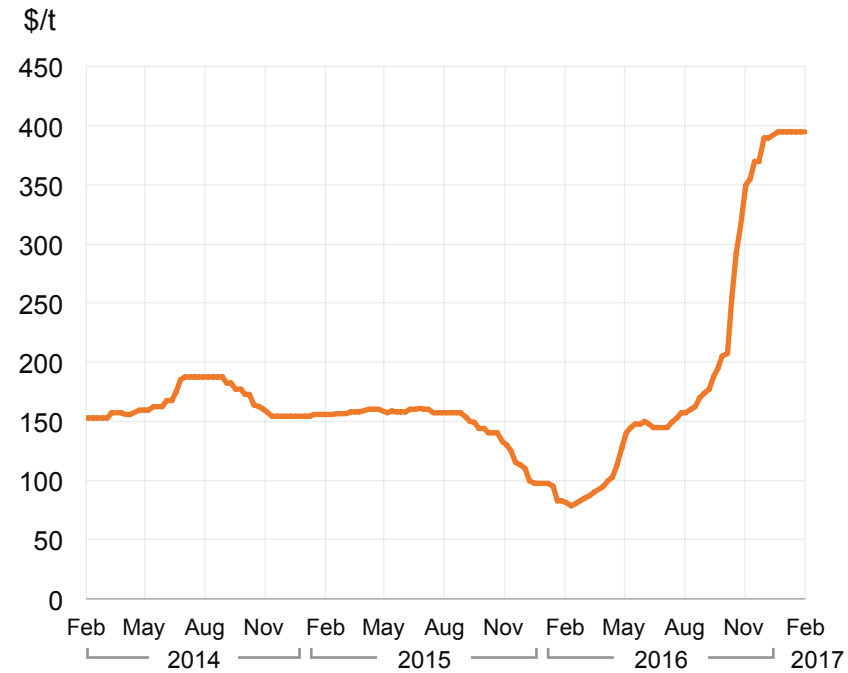
Foreign exchange



Source: Bloomberg

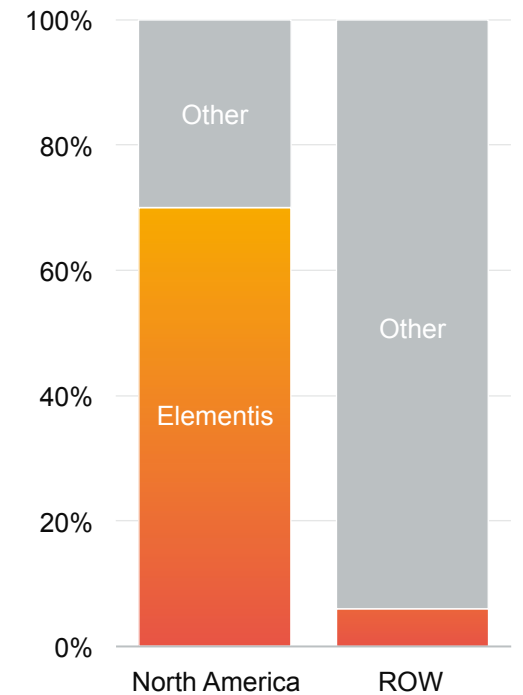
CHROME ORE SPIKING – TRIGGERING PRICE INCREASES

Chrome ore price



Source: Bloomberg

MARKET SHARE



Source: Elementis

SURFACTANTS

SURFACTANTS

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	2015			2016		
	H1	H2	Full year	H1	H2	Full year
Sales \$m	29.7	24.1	53.8	21.8	21.3	43.1
Operating profit* \$m	2.4	2.1	4.5	(0.2)	(0.4)	(0.6)

Strategic review of business targeting resolution in early 2018

*After adjusting items



2016 FINANCIALS

Ralph Hewins
CFO

2016 GROUP RESULTS

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Net cash	74.0	77.5	5%
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*After adjusting items **Restated

ADJUSTING ITEMS

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Credit/(charge) \$m	Business Review & Restructuring	Environmental Provisions	Acquisition & Other	Total
Specialty Products	(1.3)	-	-	(1.3)
Surfactants	(0.3)	-	-	(0.3)
Chromium	-	(5.5)	-	(5.5)
Central costs	(3.8)	(2.5)	(0.8)	(7.1)
Total before tax	(5.4)	(8.0)	(0.8)	(14.2)

Strategy review and restructuring costs

Lower discount rate used to value environmental provisions

2016 costs associated with SummitReheis acquisition

TAX CHARGE

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\$m	2015	2016
Underlying tax charge	19.0	11.1
Tax charge: adjusting items	7.2	(3.7)
Reported tax charge	26.2	7.4
Tax rate	16%	12%
Cash tax rate	11%	3%

2016 underlying rate 12%, mostly due to reduced US earnings

2017 tax rate expectations ~ 20%

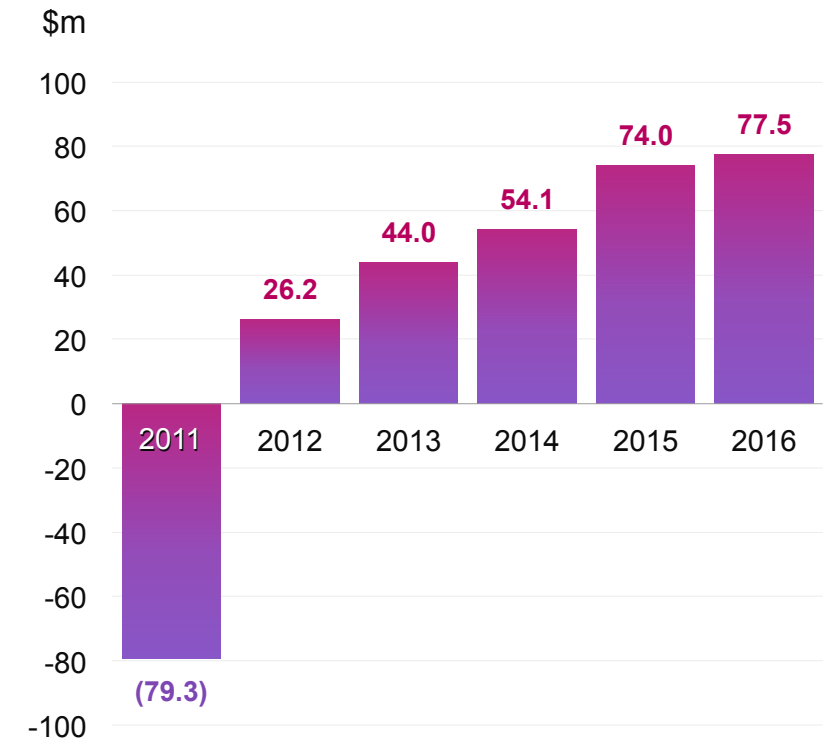
Beyond 2017 tax rate low 20s, with cash tax convergence

CASH FLOW*

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NET CASH/(DEBT)

\$m	2015**	2016
EBITDA	148.4	122.2
Working Capital	(11.8)	13.4
Capital Expenditure	(31.3)	(35.3)
Adjusting Items	20.1	(5.1)
Pensions	(22.8)	(4.7)
Dividends	(71.1)	(76.2)
Interest, Tax, Other	(21.7)	(10.8)
Net Cash Flow	9.8	3.5
Net Balance Sheet Cash	74.0	77.5



*After adjusting items **Restated

CAPITAL SPENDING

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\$m	2015	2016
Specialty Products	15.8	21.5
Chromium	10.1	9.3
Other	5.4	4.5
Total Group Capital Spending	31.3	35.3
Depreciation	26.9	28.0

Increased spending in 2016
due to HSE compliance projects

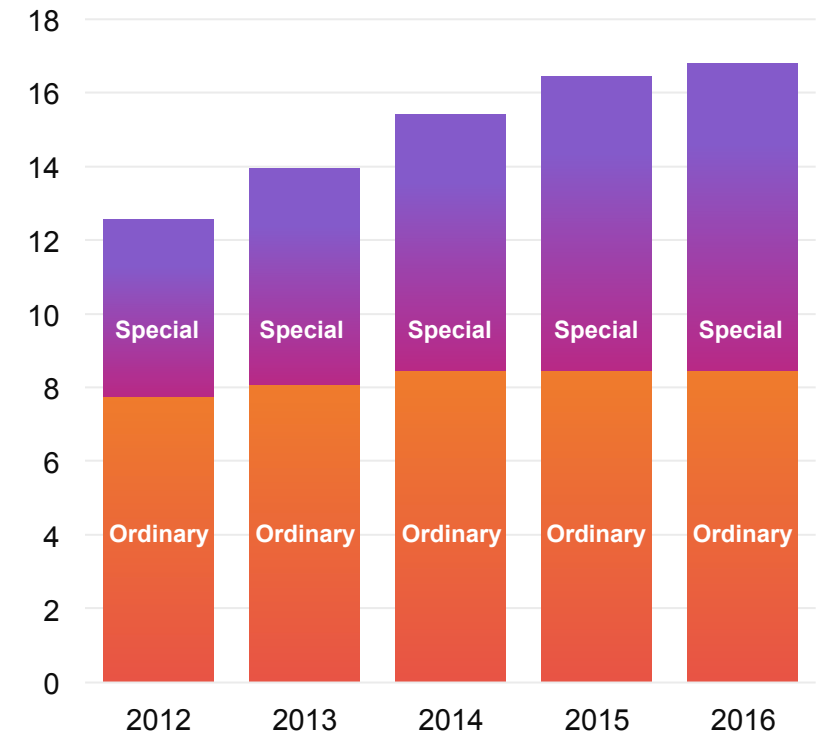
Estimated 2017 - up to \$40 million

DIVIDENDS

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DIVIDEND Cents per ordinary share

Per Share	2015	2016	
Interim Paid	2.70c	2.70c	Maintained
Proposed Final	5.75c	5.75c	Maintained
Special Dividend	8.00c	8.35c	+4%
Total Dividends	16.45c	16.80c	+2%



STRATEGIC PROGRESS & 2017 OUTLOOK

HOW WILL WE REIGNITE GROWTH? – STRATEGIC PRIORITIES IN ACTION

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**PURSUE
BEST GROWTH
OPPORTUNITIES**



**PURSUE
SUPPLY CHAIN
TRANSFORMATION**



**INNOVATE FOR
DISTINCTIVENESS
& HIGH MARGINS**



**CREATE A
CULTURE OF HIGH
PERFORMANCE**

HOW WILL WE REIGNITE GROWTH? – STRATEGIC PRIORITIES IN ACTION

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PURSU BEST GROWTH OPPORTUNITIES

Global KAM

Systematic pilot
& engagement with
first set of customers

Account management tools
being rolled out early 2017

PURSU SUPPLY CHAIN TRANSFORMATION

Coatings Asia

Distribution expansion

Sales volumes increased

Evaluating India growth
options

INNOVATE FOR DISTINCTIVENESS & HIGH MARGINS

Personal Care

Double digit growth achieved

SummitReheis acquisition

Deepened key account
penetration

CREATE A CULTURE OF HIGH PERFORMANCE

HOW WILL WE REIGNITE GROWTH? – STRATEGIC PRIORITIES IN ACTION

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PURSUE
BEST GROWTH
OPPORTUNITIES

PURSUE
SUPPLY CHAIN
TRANSFORMATION

INNOVATE FOR
DISTINCTIVENESS
& HIGH MARGINS

CREATE A
CULTURE OF HIGH
PERFORMANCE

Strategic review of Surfactants

Targeting resolution
in early 2018

Jersey City

Progressing options

Optimisation in

St Louis / Charleston
plants

Specialties product portfolio

Eliminated 10%

HOW WILL WE REIGNITE GROWTH? – STRATEGIC PRIORITIES IN ACTION

ELEMENTIS

PURSU
BEST GROWTH
OPPORTUNITIES

PURSU
SUPPLY CHAIN
TRANSFORMATION

INNOVATE FOR
DISTINCTIVENESS
& HIGH MARGINS

CREATE A
CULTURE OF HIGH
PERFORMANCE

New innovation pipeline

Focusing on biggest,
most material opportunities

One team

Consolidating technical
support and technical
development research
process

Proper resource allocation

Supporting emerging key
account growth plans

HOW WILL WE REIGNITE GROWTH? – STRATEGIC PRIORITIES

ELEMENTIS

PURSU
BEST GROWTH
OPPORTUNITIES

PURSU
SUPPLY CHAIN
TRANSFORMATION

INNOVATE FOR
DISTINCTIVENESS
& HIGH MARGINS

CREATE A
CULTURE OF HIGH
PERFORMANCE

Management Information

Standardised
and centralised

Capital investment process

New discipline

Standardise HR processes

Through Workday
system implementation

Working capital efficiency

Focusing on coatings
product complexity

SUMMITREHEIS ACQUISITION

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WHY THIS DEAL?

The global leader in growing anti-perspirant actives market

Long standing relationships with consumer products companies

Cash generative business, robust margins

Products highly complementary to those of Elementis

Combined personal care business has:

- Scale: ~\$200m sales
- Improved customer proposition
- Stronger position in high growth segment

Fully consistent with Reignite Growth strategy

SUMMITREHEIS MARKETS

AP ACTIVES

PHARMA
ACTIVES

SPECIALTY
DENTAL

SUMMITREHEIS PRODUCTS

Product

Applications

Aluminium Chlorohydrate (ACH)*	Anti-perspirant aerosols and roll-ons
Aluminium Zirconium compounds*	High efficacy anti-perspirant sticks, gels and roll-ons
Sucralfate*	Treatment of stomach ulcers and related conditions
Antacids*	Treatment of heartburn and general stomach discomfort
Dental alloys and discs	Crowns and bridges
Dental plasters	Moulds for replacement teeth

*Shared chemistry between AP Actives and Pharma

ATTRACTIVE EARNINGS AND VALUE CREATION OPPORTUNITY

TRANSACTION TERMS

- ▶ Enterprise Value of \$360 million on a cash free, debt free basis
- ▶ 11.8x SummitReheis expected underlying 2016 EBITDA (including run rate cost synergies)

FINANCIAL IMPACT

- ▶ Immediate adjusted earnings per share accretion - double digit in 2018
- ▶ Immediately accretive to Elementis' margins

VALUE CREATION

- ▶ Opportunity to accelerate growth of both Elementis and SummitReheis
- ▶ Up to \$3 million cost savings per annum

DEAL COMPLETION & INTEGRATION

- ▶ Completion expected in 2Q17
- ▶ Full integration by end 2017

Chromium
comparable
to 2016

Coatings
steady growth

Personal care
fast growth

Energy
cautiously
optimistic

Surfactants
reviewing
strategic options;
resolution by 2018

Strong foundations
for 2017 and beyond

SummitReheis acquisition
integration by year end



ELEMENTIS

Q&A

Paul Waterman and Ralph Hewins