



ELEMENTIS

A global specialty chemicals company

FY 2017 Results

Cautionary statement

ELEMENTIS

FEBRUARY 2018

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NOTE: ALL THE NUMBERS IN THE PRESENTATION ARE ON A TOTAL GROUP BASIS. 2016 NUMBERS HAVE BEEN RESTATED TO RECLASSIFY AMORTISATION OF INTANGIBLES ARISING ON ACQUISITION WITHIN ADJUSTING ITEMS.

Results agenda

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2017 HIGHLIGHTS

Paul Waterman

2017 FINANCIALS

Ralph Hewins

SUPPLY CHAIN TRANSFORMATION

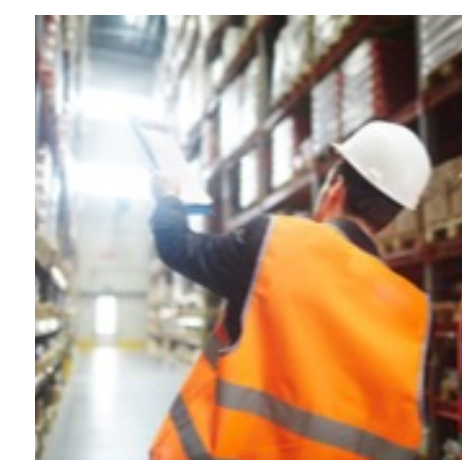
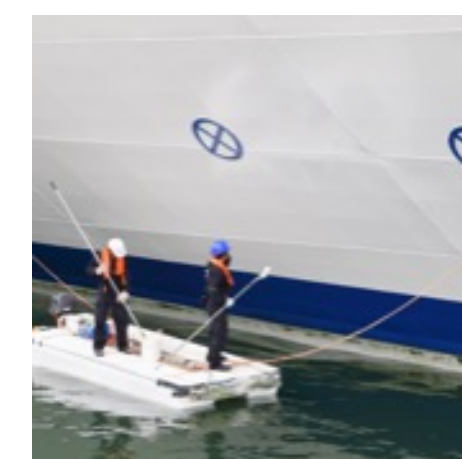
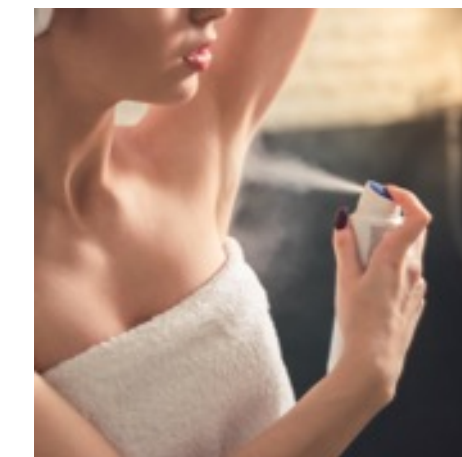
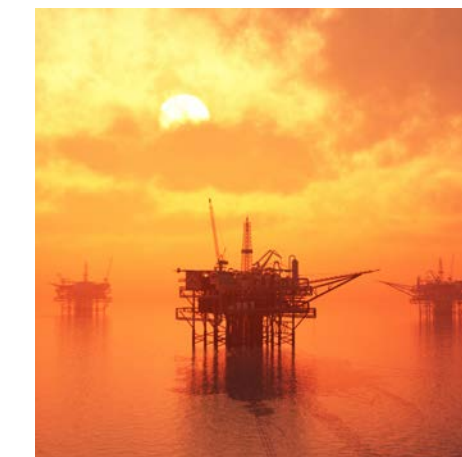
Rob Mangold

2018 PRIORITIES & OUTLOOK

Paul Waterman

QUESTIONS

Paul Waterman, Ralph Hewins & Rob Mangold





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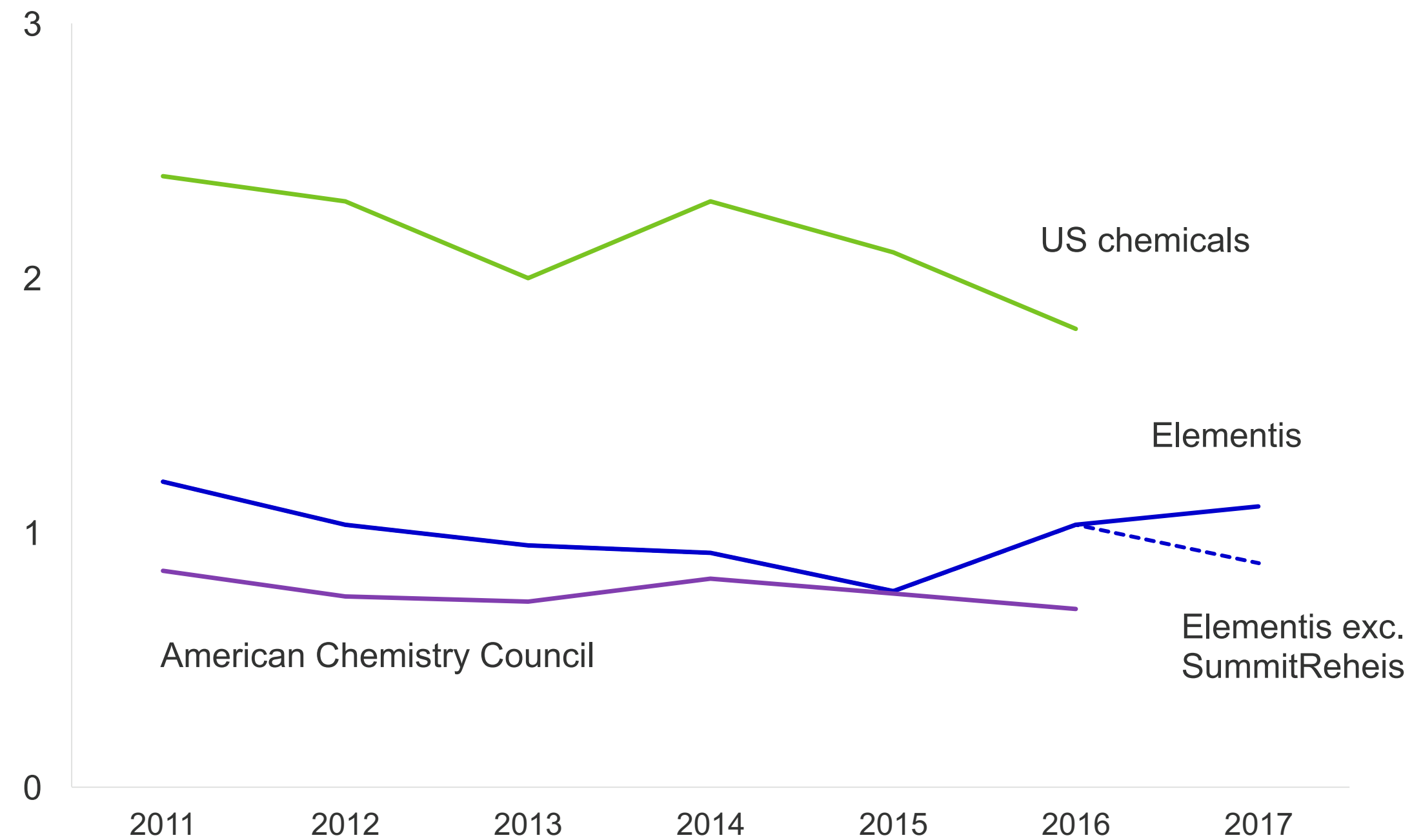
2017 Highlights

PAUL WATERMAN | CEO

Safety performance

PURSUING CONTINUOUS IMPROVEMENT

RECORDABLE INCIDENT RATE



HIGHLIGHTS

Performance

- Good underlying performance
- SummitReheis new to portfolio – upgrading to Elementis standards
- Only two recordable incidents resulted in Lost Time Accidents requiring more than 3 days away from work

2017 initiatives

- Introduced 10 Life Saving Rules
- Launched global web based online training
- Focus on causes of recordable incidents

Source: American Chemistry Council

Note: Total Recordable Incident Rate (incidents per 200,000 hours worked)

2017 results

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A YEAR OF IMPROVED FINANCIAL PERFORMANCE

\$m	2016	2017	% Change
Sales	660	830	+ 26%
Operating profit*	97	128	+ 32%
Operating margin*	14.7%	15.4%	+ 70bps
Profit before tax*	93	115	+ 25%
Net cash / (debt)	78	(291)	-
Diluted EPS*	17.4c	19.5c	+ 12%
Dividends per share	8.45c	8.80c	+ 4%

*After adjusting items

Key messages

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REIGNITE GROWTH STRATEGY

Implementation at pace

PERSONAL CARE

Fast growth, now the largest profit contributor

PORTFOLIO TRANSFORMATION

Surfactants & US Colourants sales, SummitReheis acquisition

CASH GENERATION

Capital efficiency driving cash generation

SEGMENTAL

Move to new segments. Reporting at interims 2018

How we will reignite growth

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STRATEGIC PRIORITIES IN ACTION



STRATEGY

PERSONAL CARE

PORTFOLIO

CASH GENERATION

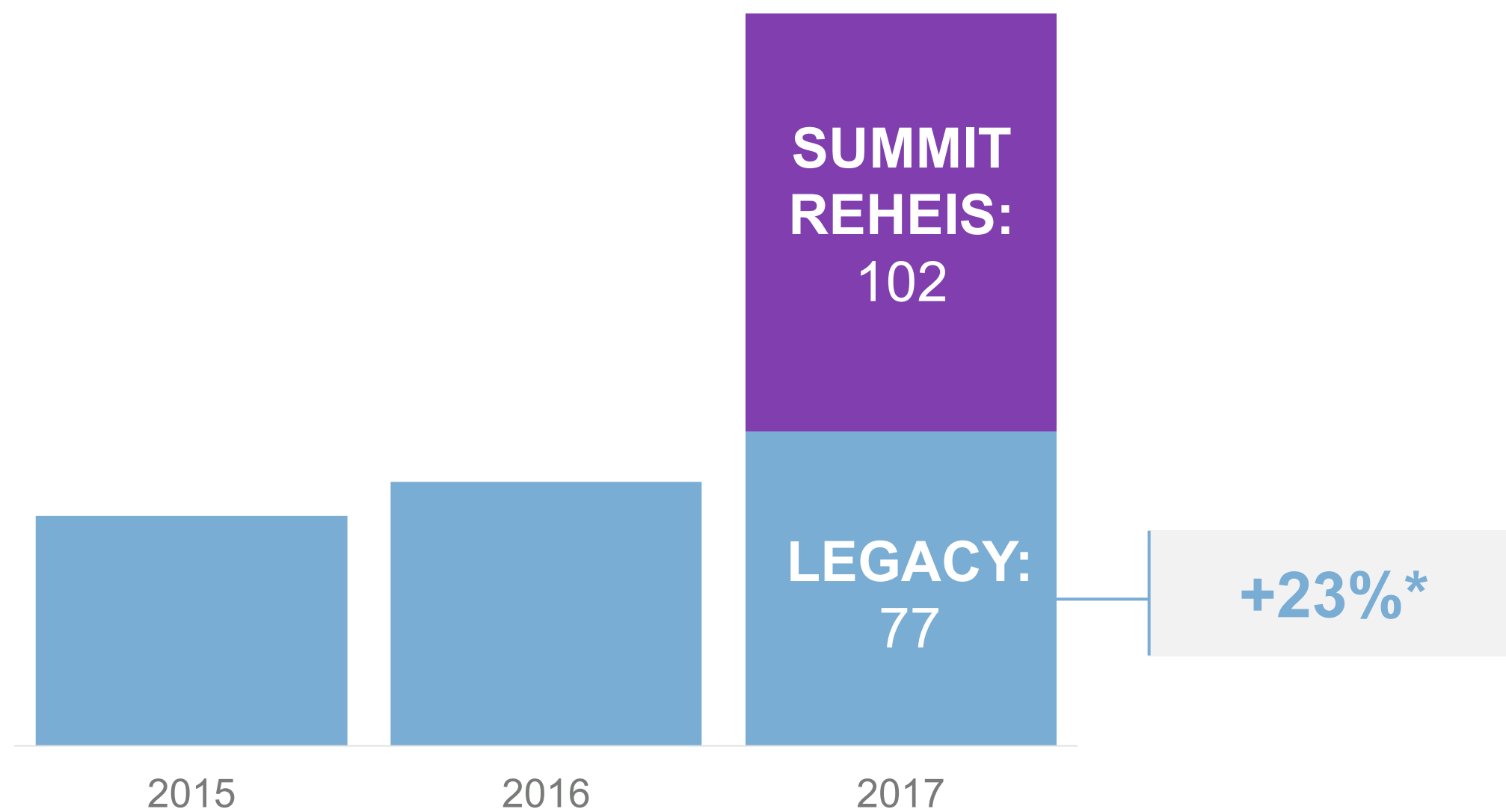
SEGMENTAL

Personal care

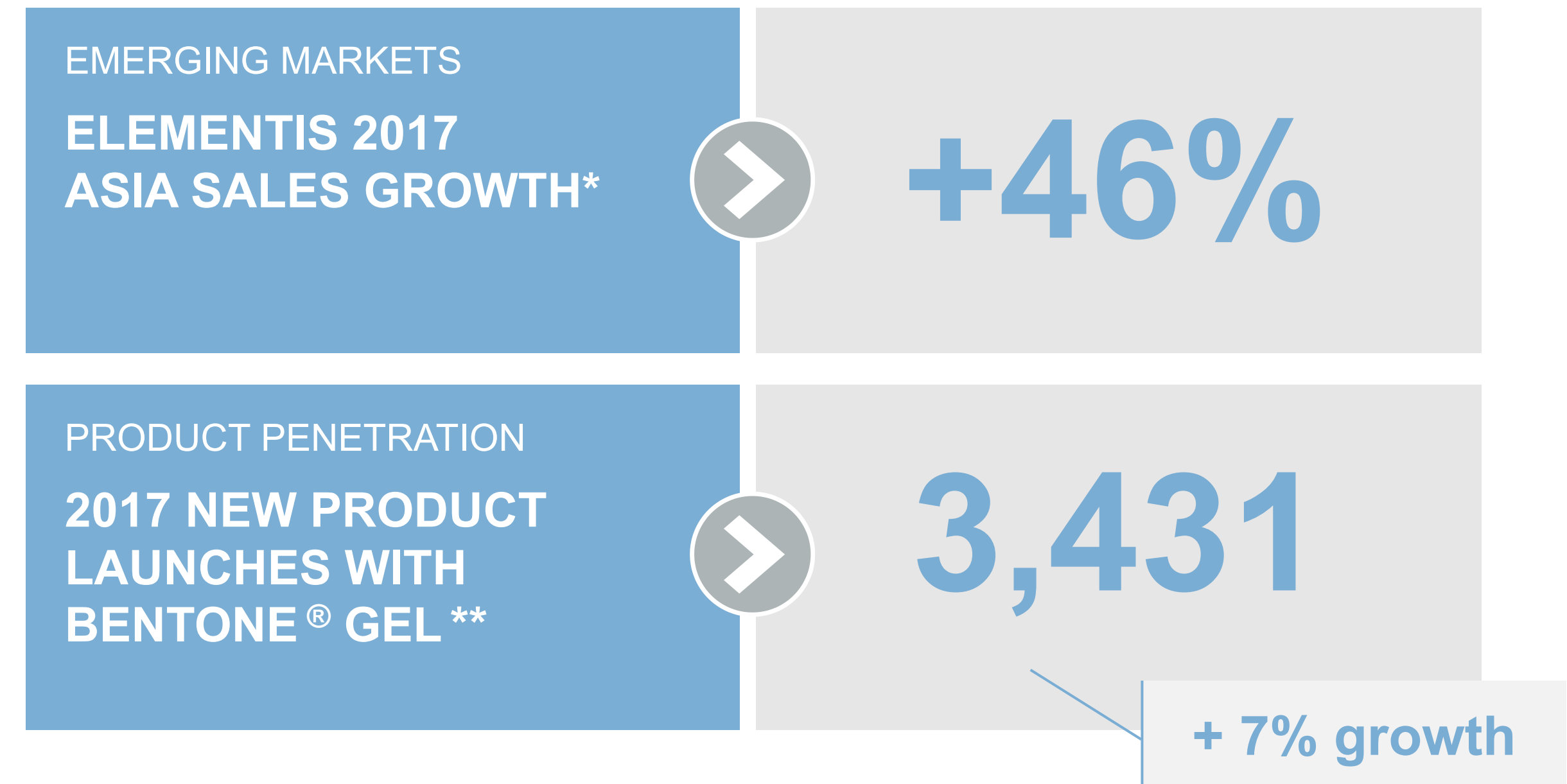
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A BUSINESS OF SCALE THAT IS GROWING FAST

PERSONAL CARE SALES \$M



GROWTH DRIVERS – LEGACY BUSINESS



*Constant currency vs prior year

**Source: Mintel

Colour cosmetics

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THE MOST DYNAMIC, HIGH GROWTH PERSONAL CARE SECTOR

CASE STUDY: FENTY

WHERE DOES ELEMENTIS COME IN?

Fenty Beauty® makeup line launched by Rihanna in September 2017

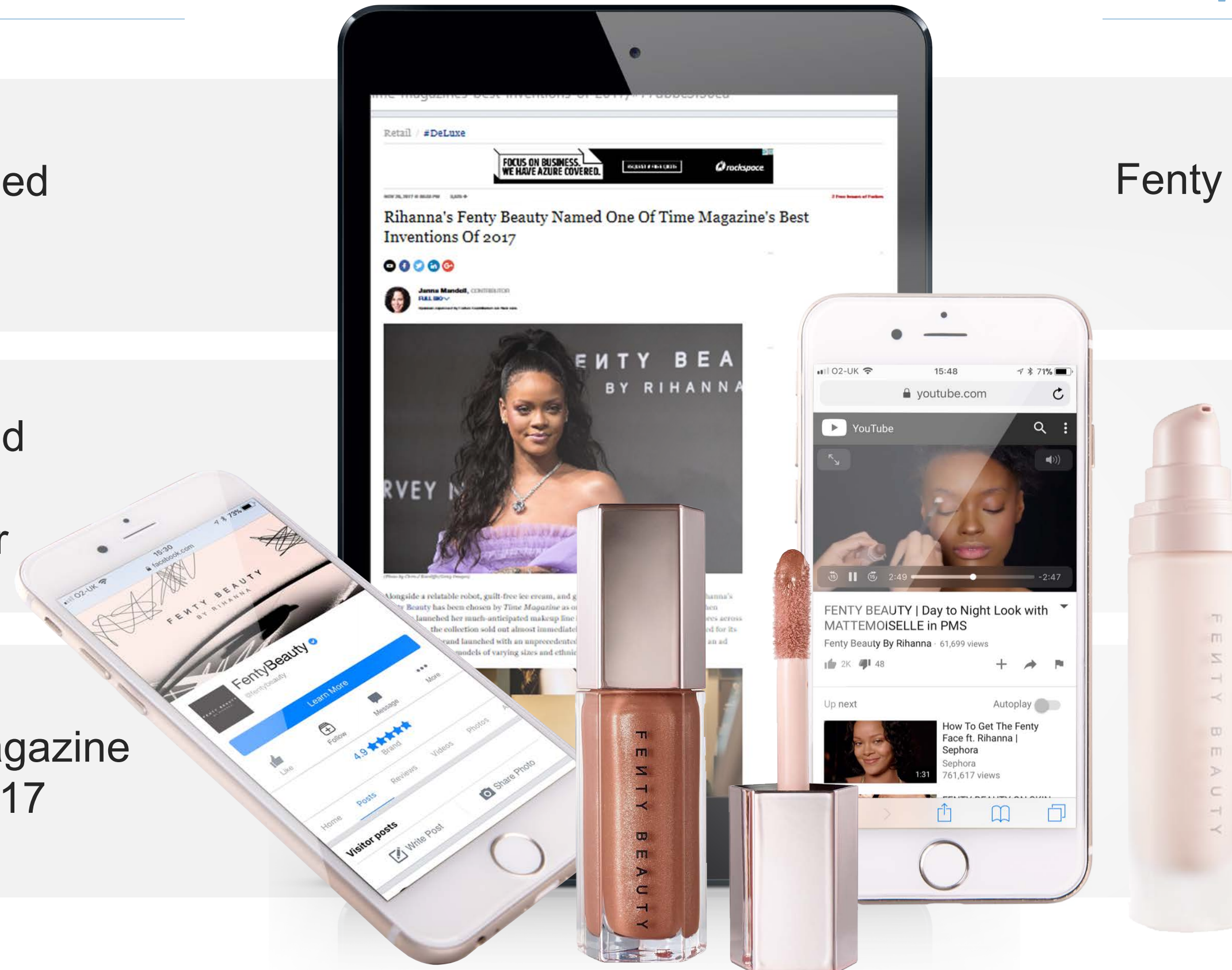
Brand launched with unprecedented 40 different foundation shades – to meet the needs of women of colour

Fenty Beauty® chosen by Time Magazine as one of the Best Inventions of 2017

Fenty Beauty® requires the precise dispersion and suspension of pigment blends

Elementis Bentone® gel technology used across the product line

Bentone® gel provides suspension, stability and superior aesthetics



STRATEGY

PERSONAL CARE

PORTFOLIO

CASH GENERATION

SEGMENTAL

SummitReheis integration

ACQUIRED FOR \$362M IN MARCH, INTEGRATION COMPLETE

WHAT WE PROMISED

WHAT WE DID

DEAL COMPLETION	Completion Q2 17		
INTEGRATION	Integration by end 2017 One Personal Care team	Key account access Global manufacturing process	
VALUE CREATION	Up to \$3 million cost savings per annum		
FINANCIAL IMPACT	Immediately accretive to Elementis' margins Immediate adjusted earnings per share accretion - double digit in 2018		

RESILIENT PERFORMANCE

A HIGH QUALITY ASSET

AP ACTIVES

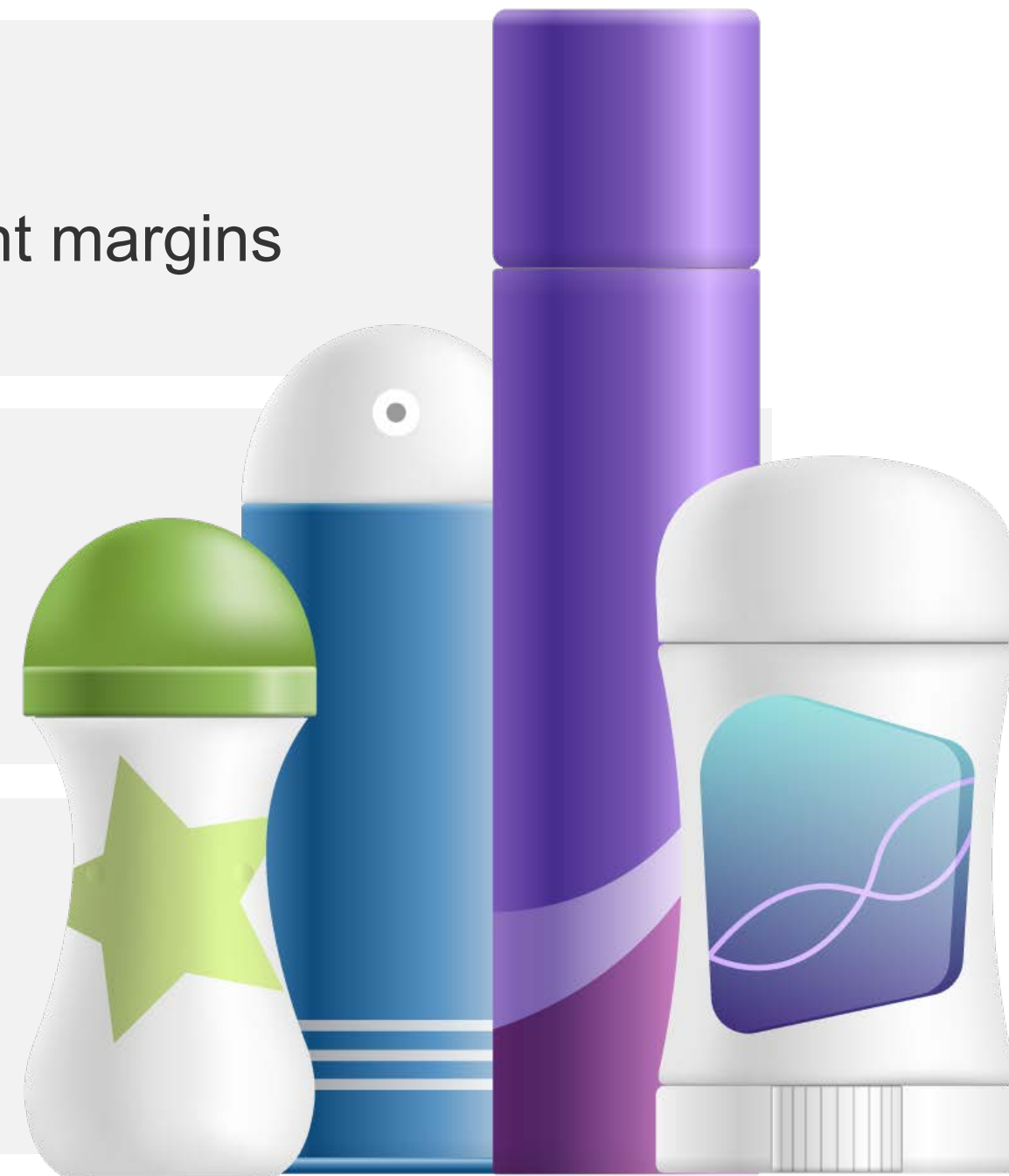
High quality business with resilient margins

PHARMA

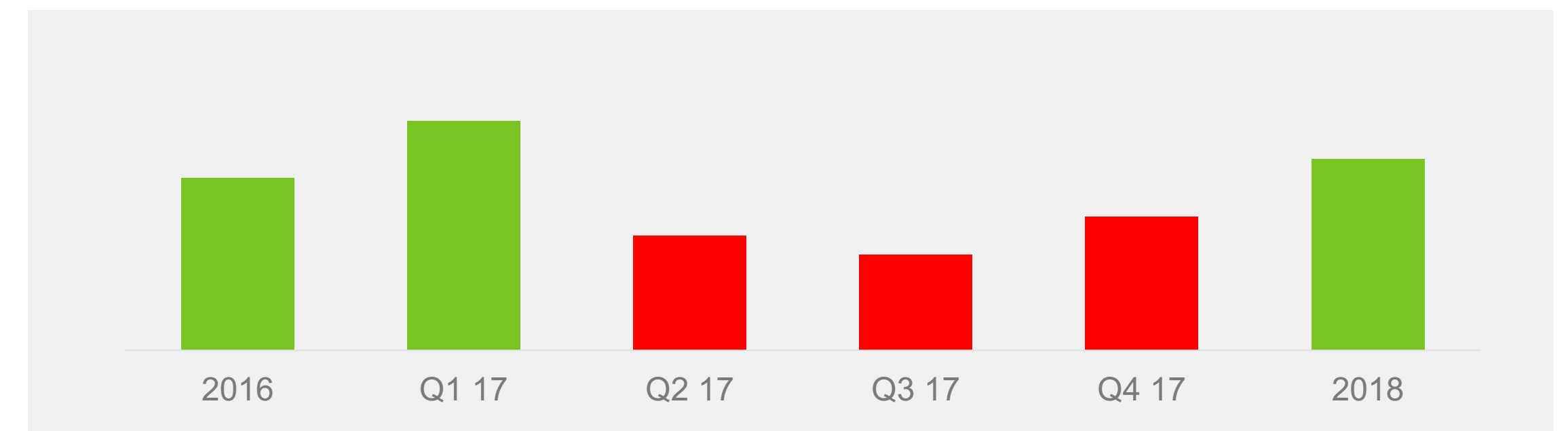
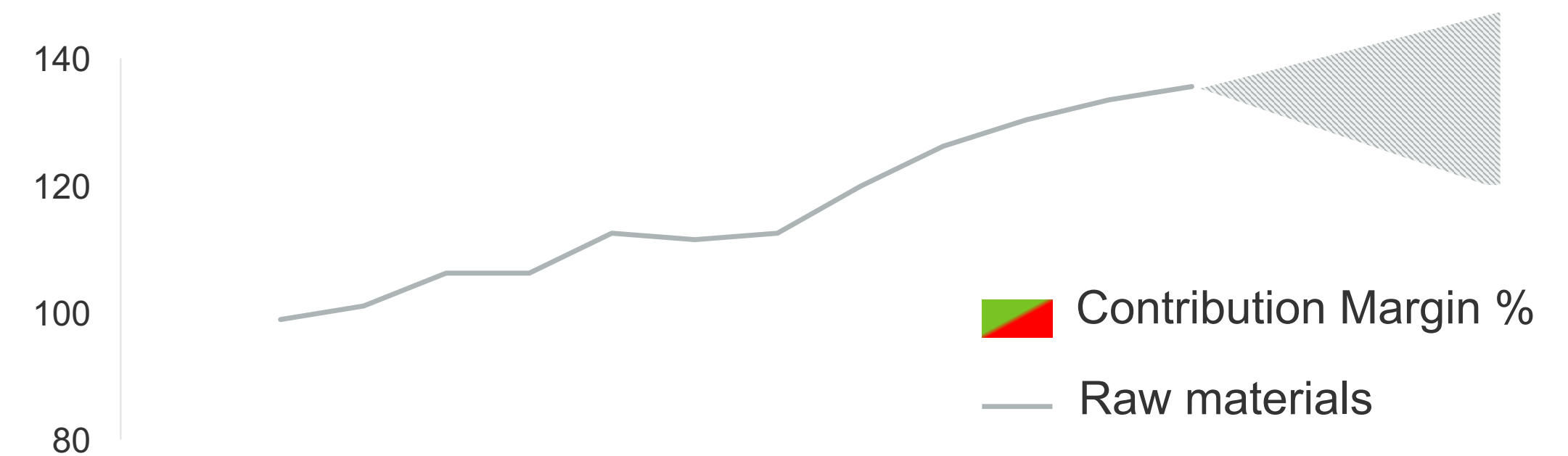
Exciting growth opportunities

DENTAL

Exploring strategic options for this small business



RESILIENT MARGINS DESPITE RAW MATERIAL INFLATION



Raw materials indexed to 100
 Note: Raw materials = average of aluminium and zirconium oxy chloride

STRATEGY

PERSONAL CARE

PORTFOLIO

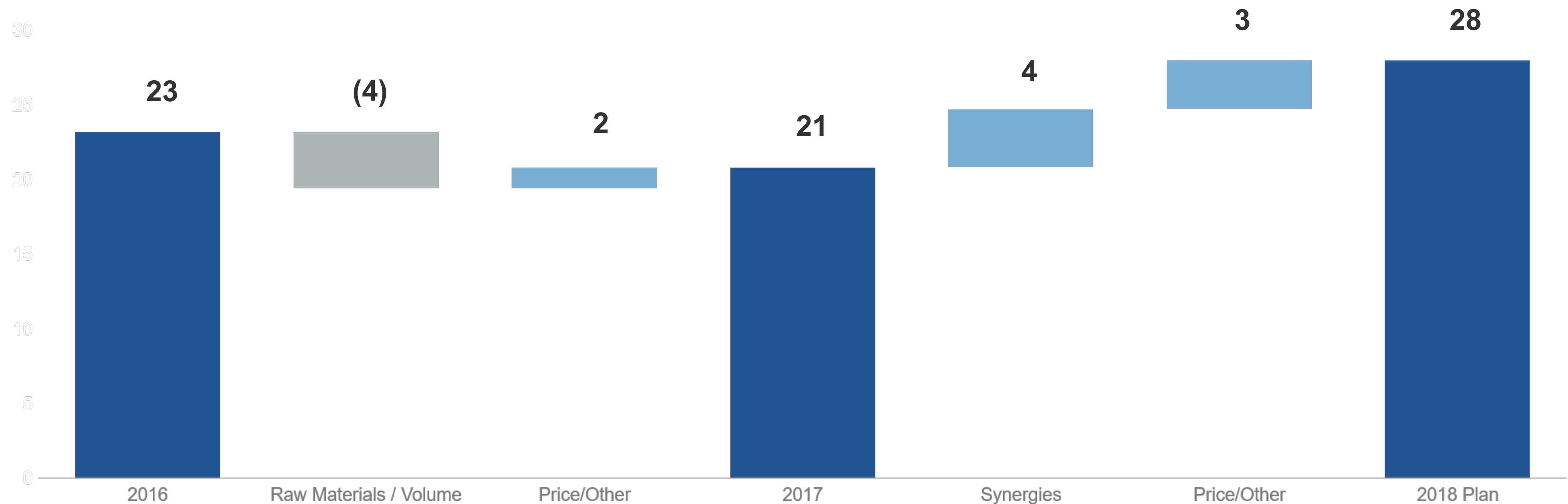
CASH GENERATION

SEGMENTAL

SummitReheis performance

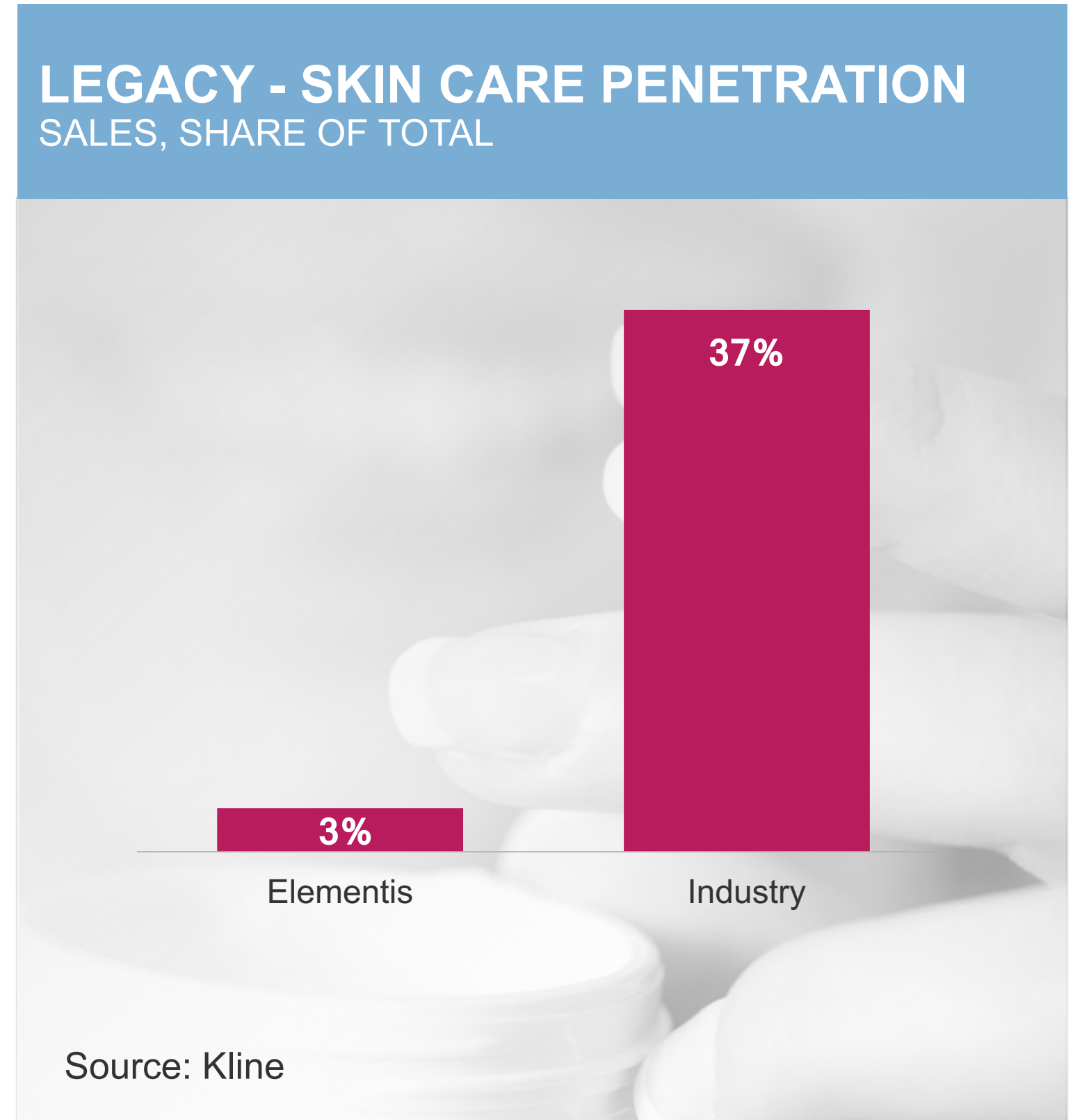
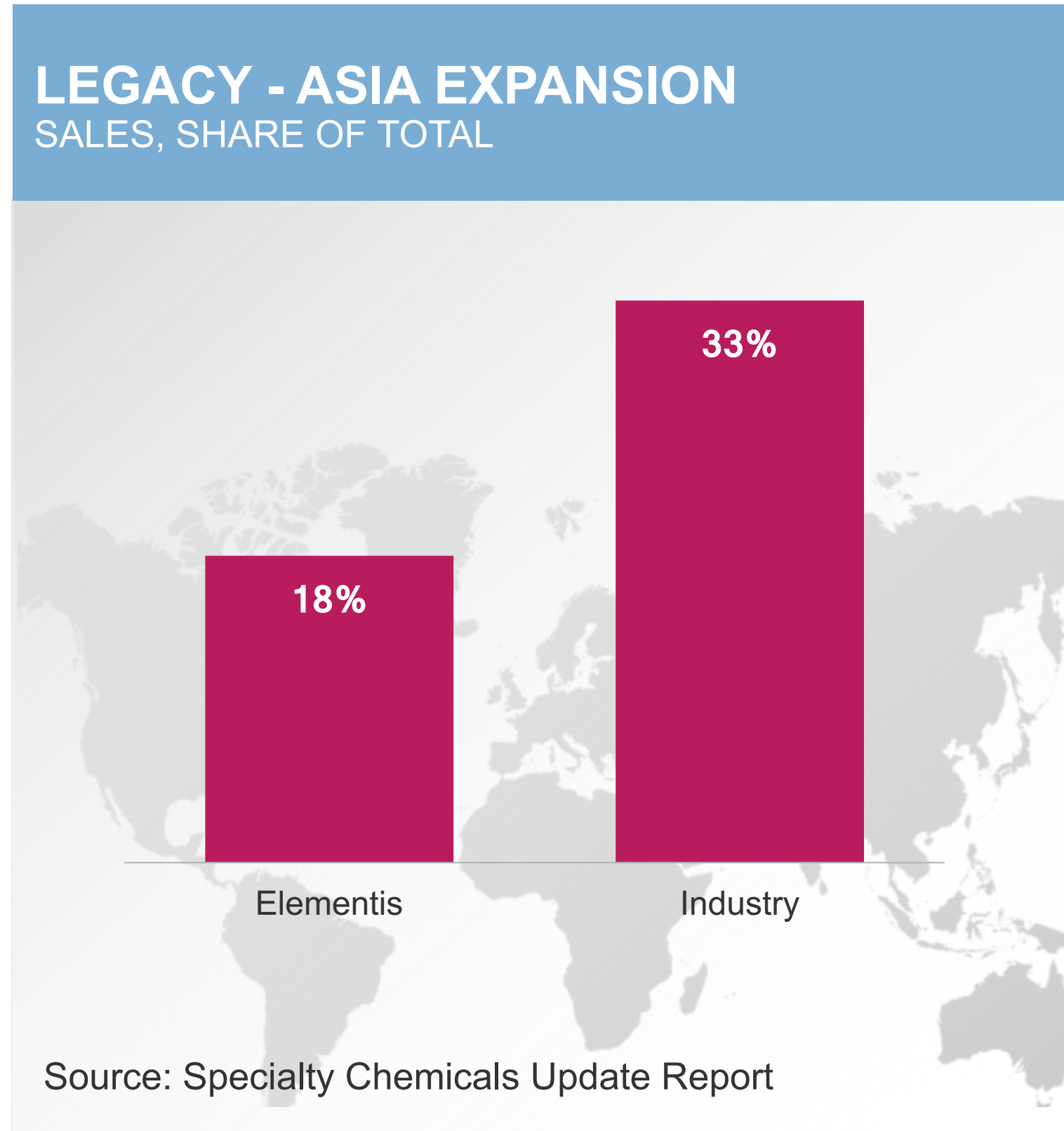
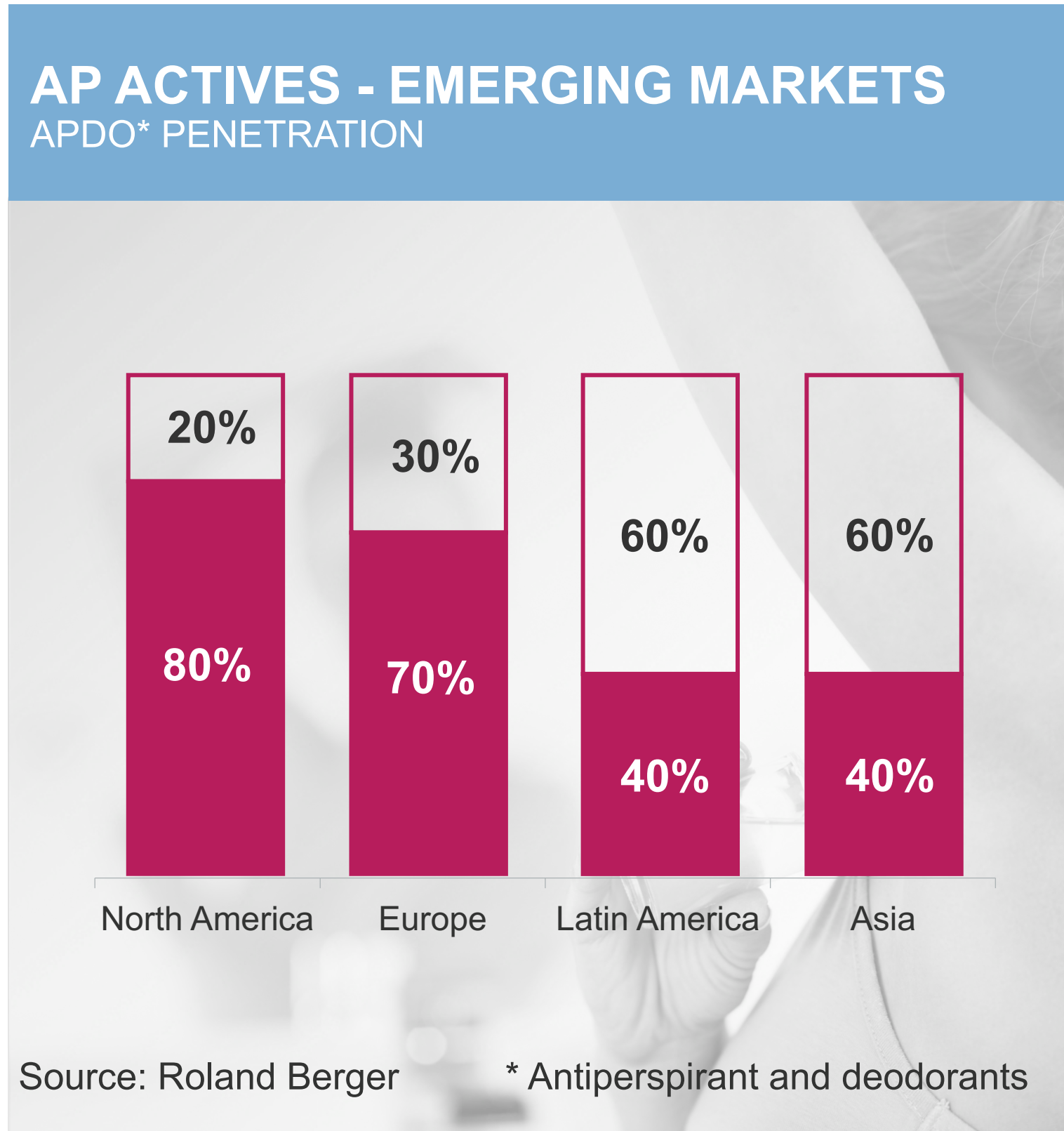
MARGIN RECOVERY & SYNERGIES DRIVING OPERATING PROFIT GROWTH

SUMMITREHEIS OPERATING PROFIT BRIDGE



Personal Care opportunities

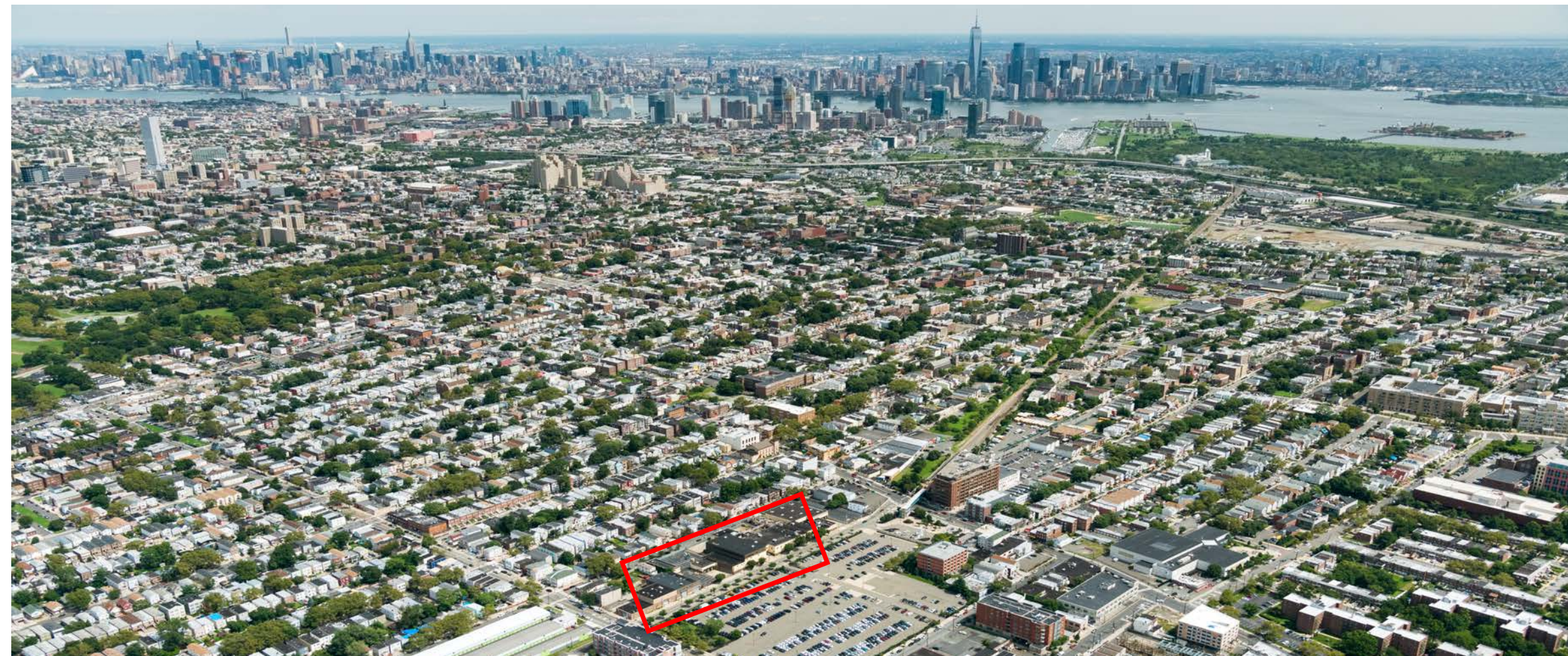
THREE PILLARS FOR FUTURE GROWTH



Surfactants and Colourants sales

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HIGH GRADING THE PORTFOLIO



US COLOURANTS – JERSEY CITY SITE

Assessment

- Non-core business

Actions

- Sale to Chromaflo Technologies Corp completed March 2017
- Actively progressing sale of Jersey City site

SURFACTANTS

Assessment

- Disadvantaged asset, material ongoing capital requirements

Actions

- Sale to Kolb Distribution agreed in December 2017 for € 39m
- Supply agreement for Coatings products

STRATEGY

PERSONAL CARE

PORTFOLIO

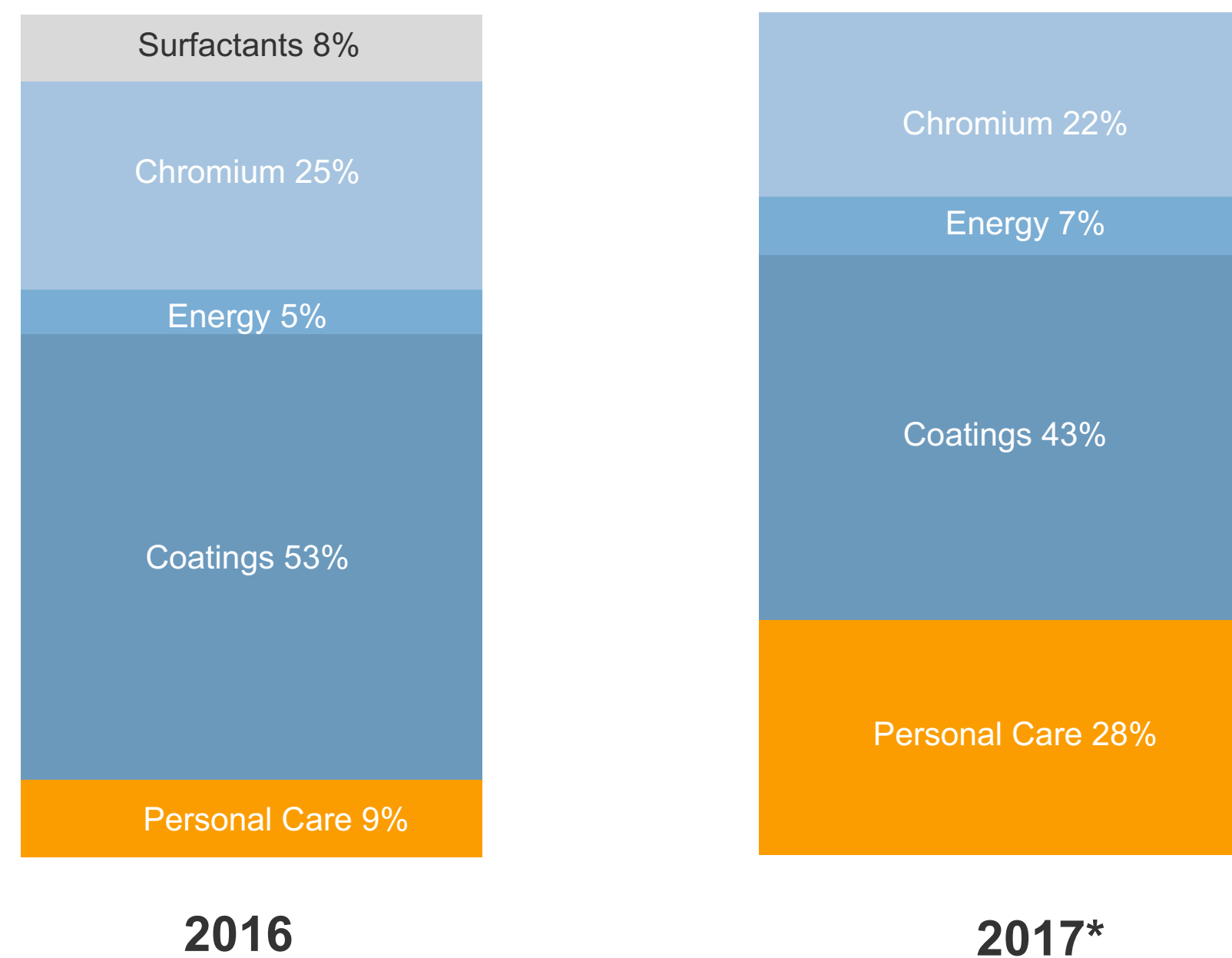
CASH GENERATION

SEGMENTAL

Portfolio transformation

A NEW ELEMENTIS TAKING SHAPE

ELEMENTIS SALES



- Surfactants business disposal
- Step change in Personal Care materiality
- Higher quality portfolio

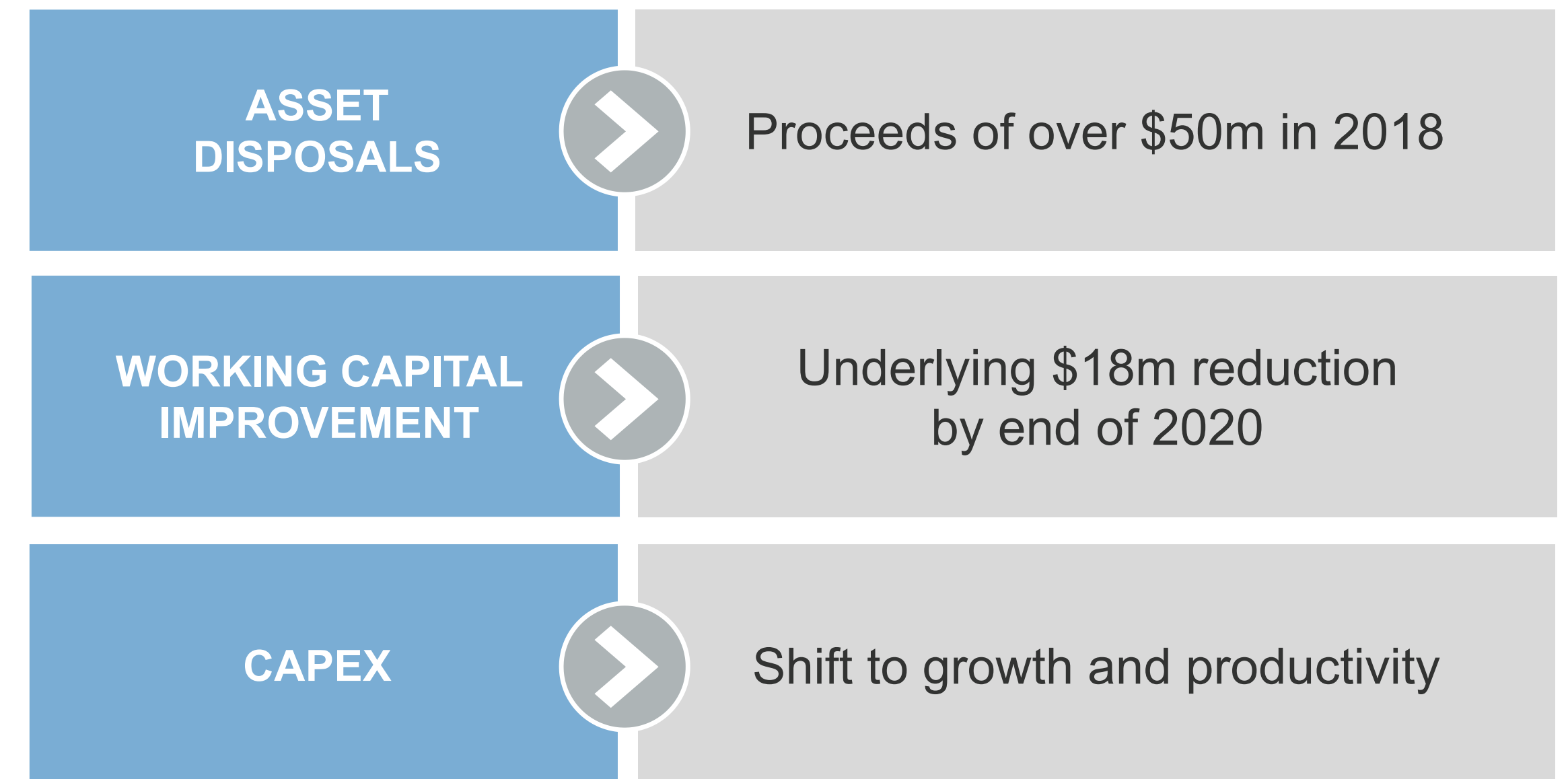
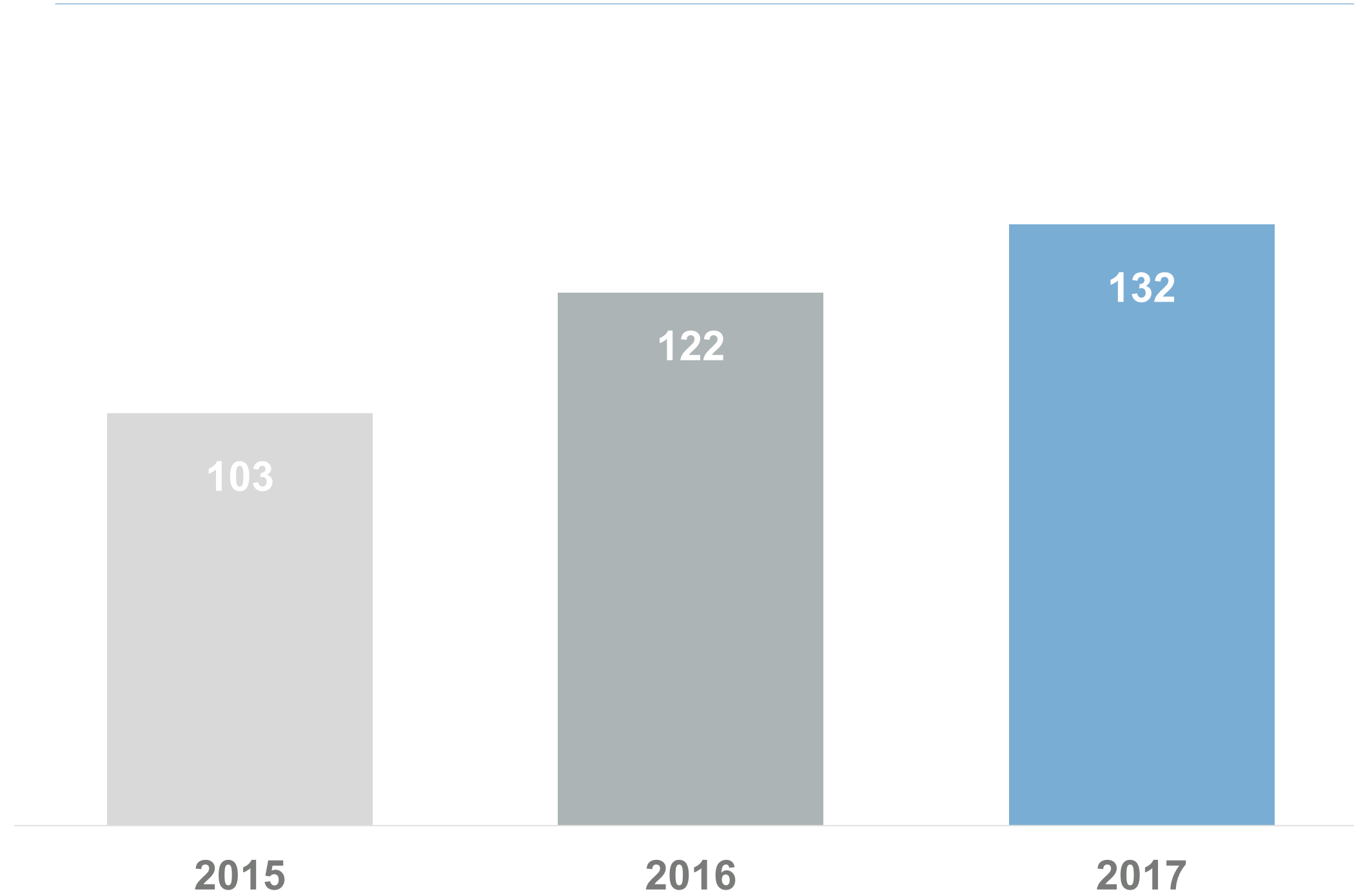
* Pro-forma sales assuming 12 month SummitReheis contribution and Surfactants elimination

Cash flow focus

CAPITAL EFFICIENCY TO SUPPORT CASH GENERATION

CASH GENERATED BY OPERATIONS \$m

CAPITAL EFFICIENCY

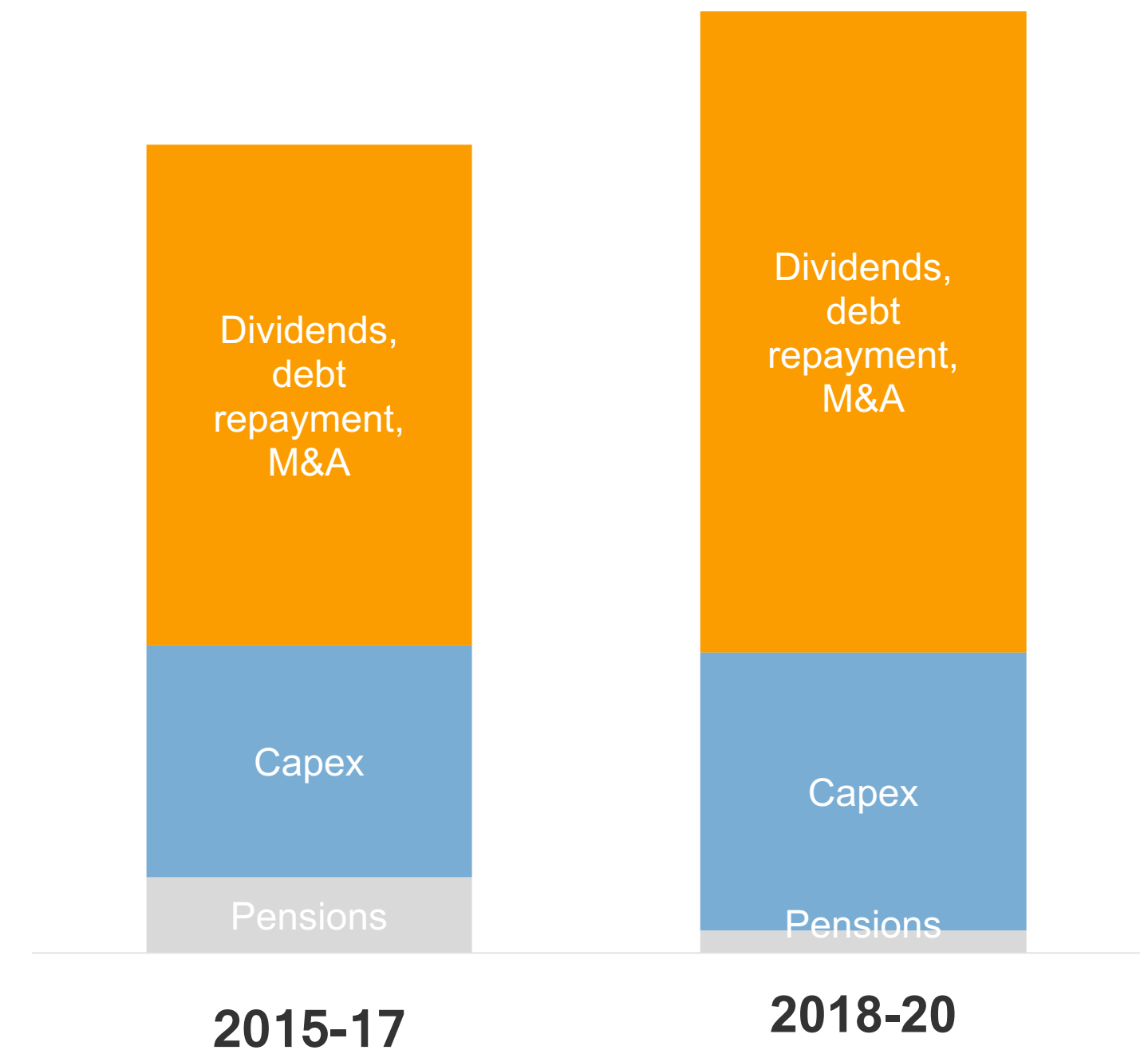


Capital allocation discipline

CLEAR CAPITAL ALLOCATION PRIORITIES

Reinvest to grow	Capex \$40 – 45m per annum
Dividend	Progressive - maximum 50% payout ratio
M&A	Disciplined approach
Additional returns	Seek if leverage structurally below 1x EBITDA

USE OF OPERATING CASH FLOW



New business segmentation

STARTING 2018 – FIRST REPORTING AT INTERIMS

	PERSONAL CARE	COATINGS	CHROMIUM	ENERGY
MATERIALITY	HIGH	HIGH	MEDIUM	LOW
GROWTH	7 - 10%	GDP+	GDP	OIL PRICE DEPENDENT
PROFITABILITY	HIGH	MEDIUM	MED / HIGH	MEDIUM
CYCLICALITY	NO	SOME - GDP LINKED	YES	YES

STRATEGY	PERSONAL CARE	PORTFOLIO	CASH GENERATION	SEGMENTAL
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2017 Financials

RALPH HEWINS | CFO

2017 group results

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A YEAR OF IMPROVED FINANCIAL PERFORMANCE

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*After adjusting items

Specialty Products

PERSONAL CARE, COATINGS & ENERGY

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\$m	Full Year		% Change	
	2016	2017	Reported	Constant Currency
Sales	460	611	+ 33%	+ 33%
Operating profit*	82	109	+ 34%	+ 28%
Operating margin*	17.7%	17.8%	-	-

Strong performance in Personal Care and Energy

Steady growth in Coatings – strong H2

Pricing responses implemented in response to raw material inflation

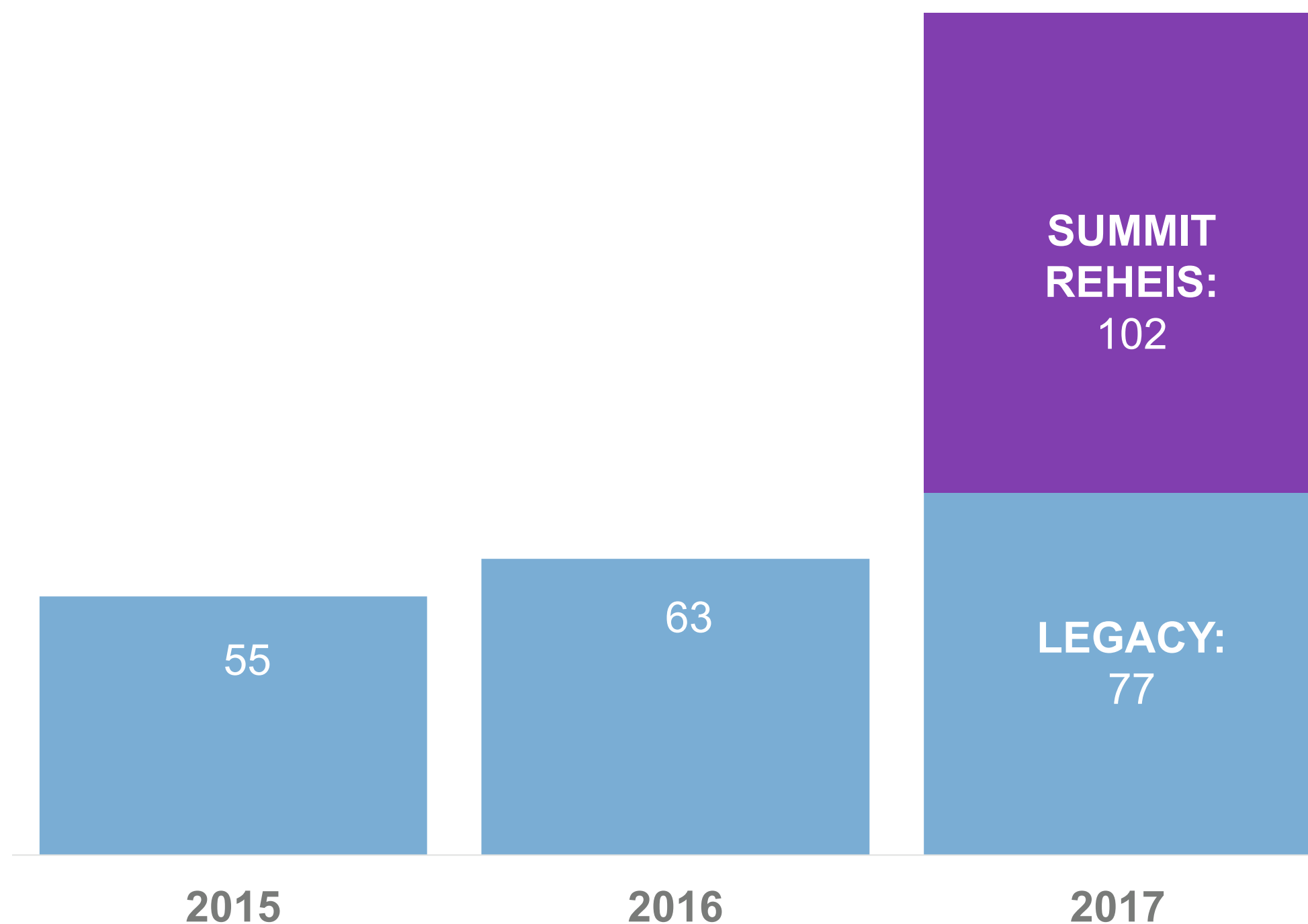
* After adjusting items

Personal Care

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STRONG ORGANIC GROWTH

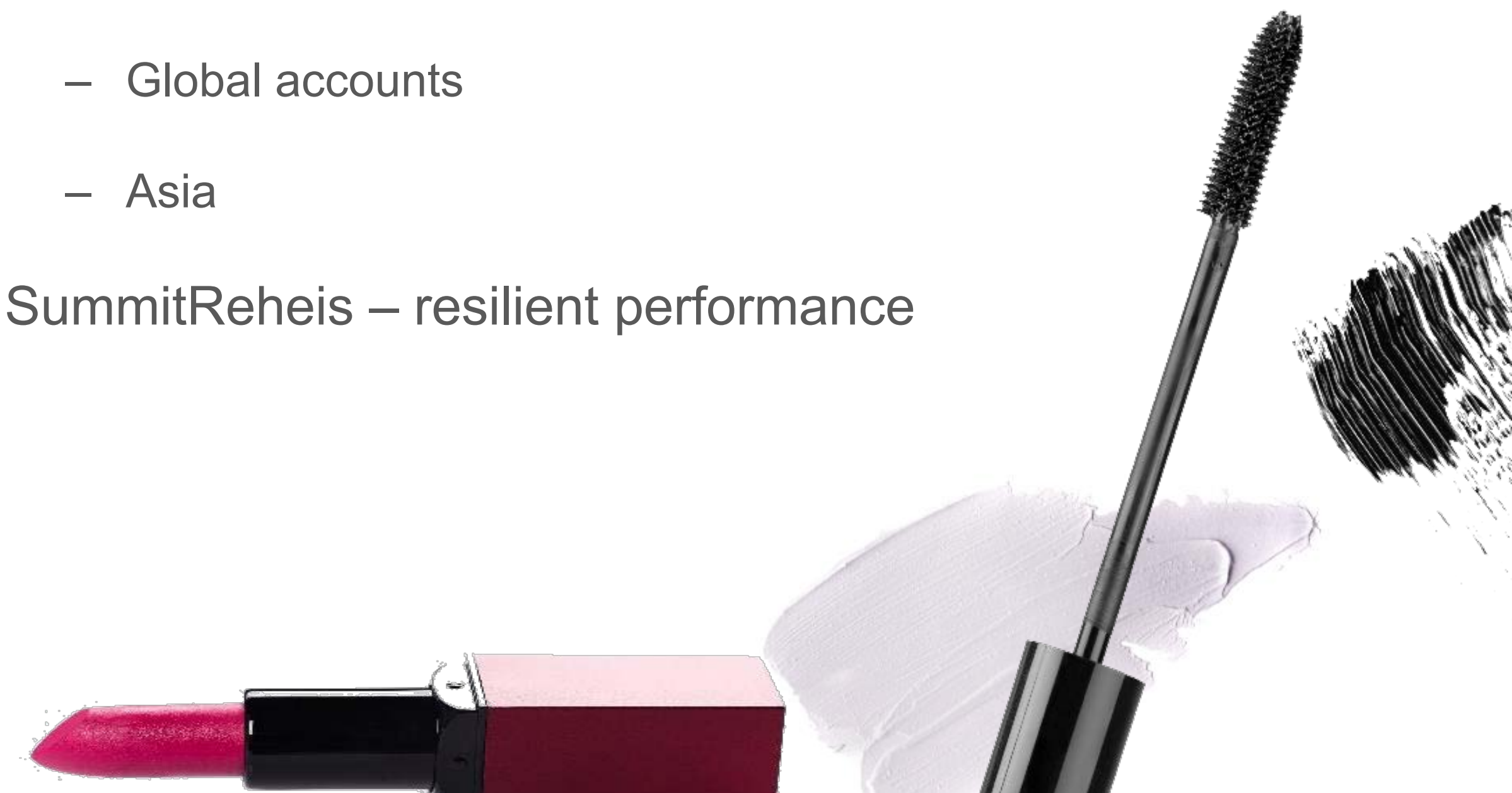
PERSONAL CARE SALES \$M



*Constant currency

PERFORMANCE

- Sales up 186%* to \$179m
- Legacy business +23%*
- Growth driven by both volume and price/mix
 - Global accounts
 - Asia
- SummitReheis – resilient performance

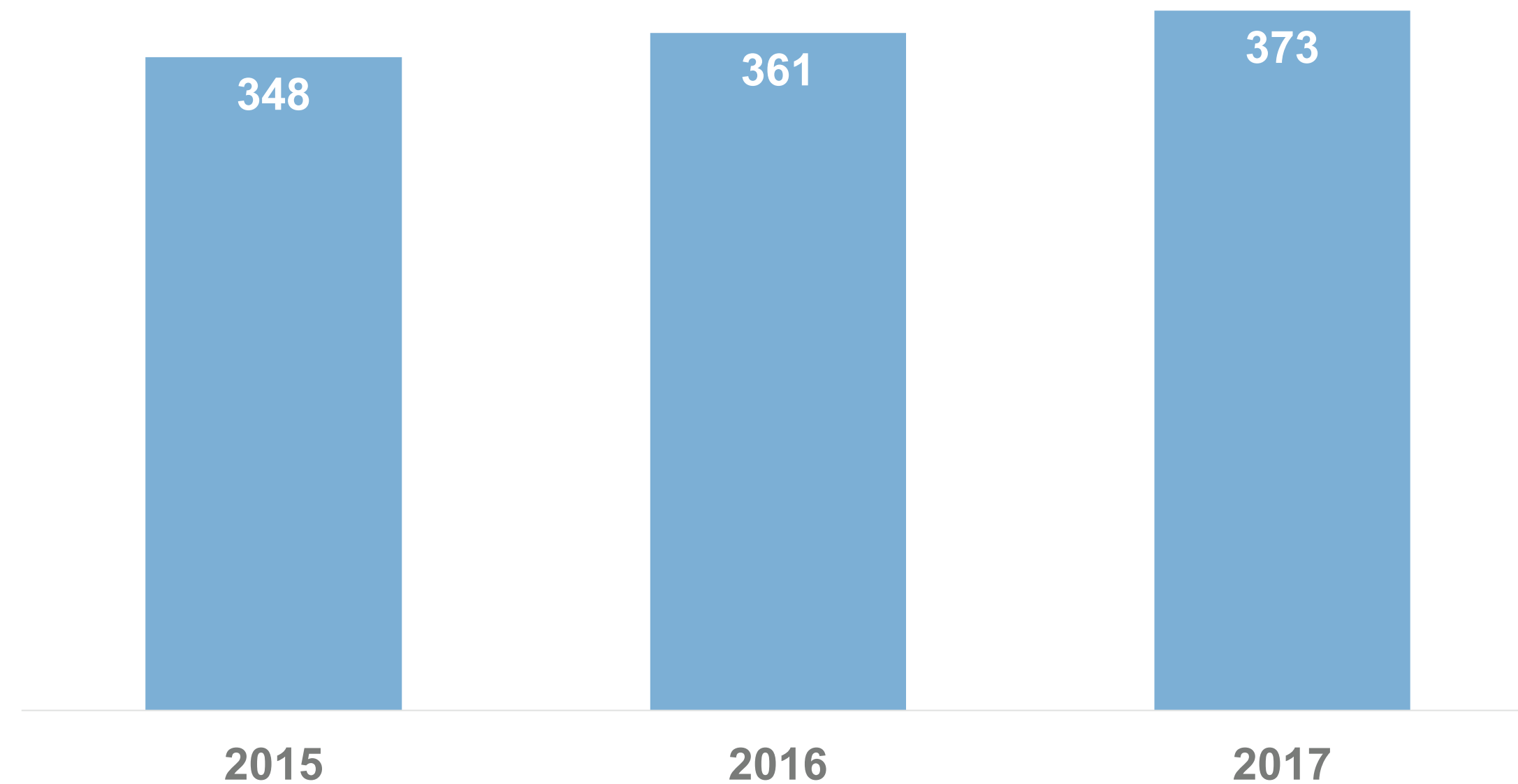


Coatings

SALES GROWTH OF 4%*

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COATINGS SALES \$m



* Constant currency basis (excluding US Colourants disposal) vs prior year

PERFORMANCE

- Stronger H2 performance +7%* growth vs +2%* H1
- Steady growth across all regions

Region	vs 16*
EMEA	+2%
AMERICAS	+7%
ASIA	+4%

- Pricing actions taken – portfolio rationalisation in progress



Global key account management

REIGNITE GROWTH - IMPLEMENTATION AT PACE

BUSINESS MODEL	ORGANISATION	TOOLKIT & PLAN	PERFORMANCE MANAGEMENT
Global model rolled out to all key accounts	Global key account managers to oversee program	Online toolkit, multiyear business plan, new business opportunities	Quarterly and annual review meetings, integration with innovation pipeline

“As a result of KAM Elementis is a preferred supplier for us – for each new project, we will consult with them”

Leading Global Coatings Company

“KAM is a good way to transfer, continue and grow the excellent existing relationship”

Leading Personal Care Manufacturer

“The strength of Elementis is that they really work with us to find solutions at a global level”

Leading Energy services Company

KAM Customers Sales

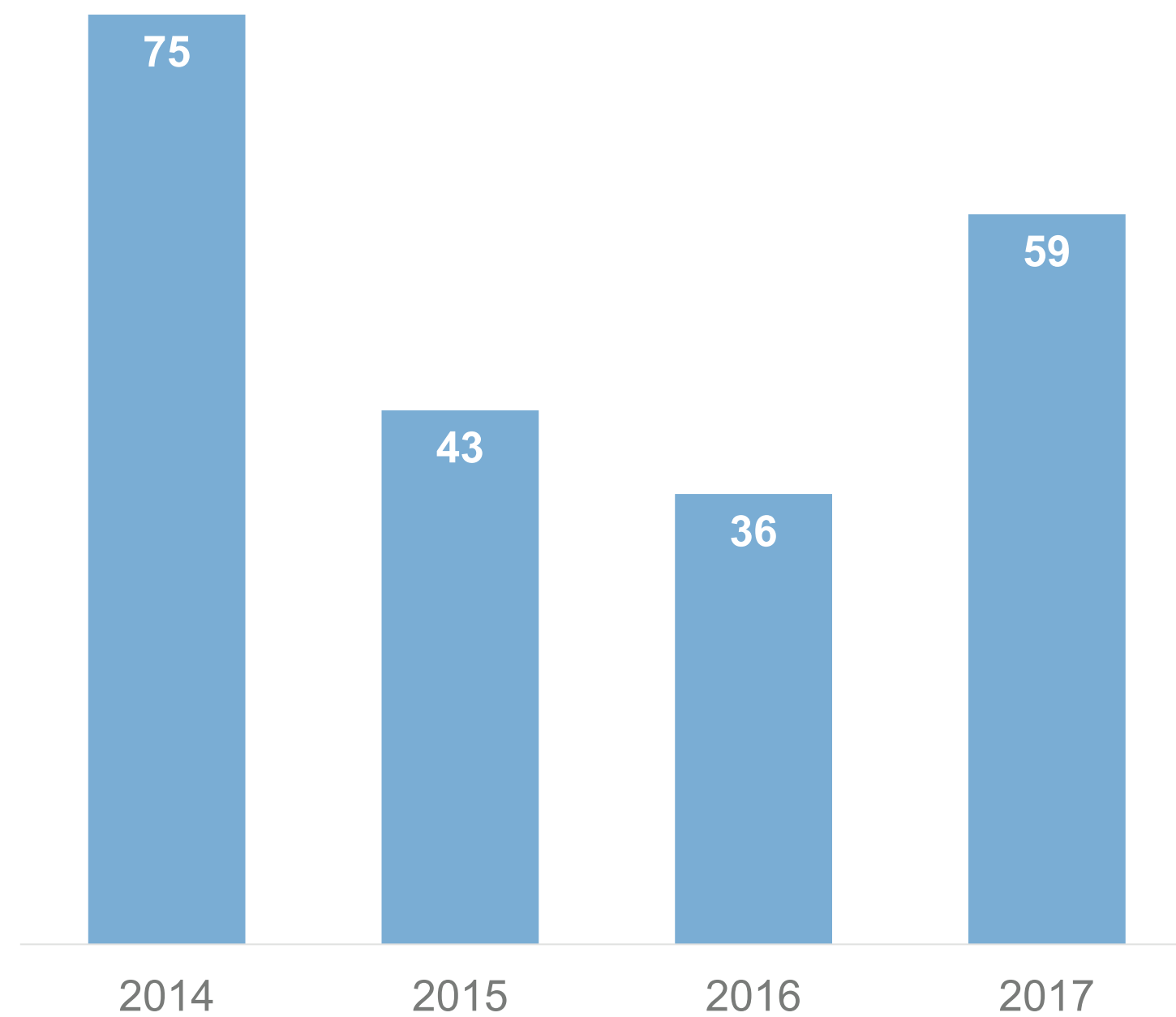
Fiscal Year	Index Value
FY 16	100
FY 17	112

Note: 2016 indexed to 100

Energy

SALES UP 65%* - DEMAND RECOVERY

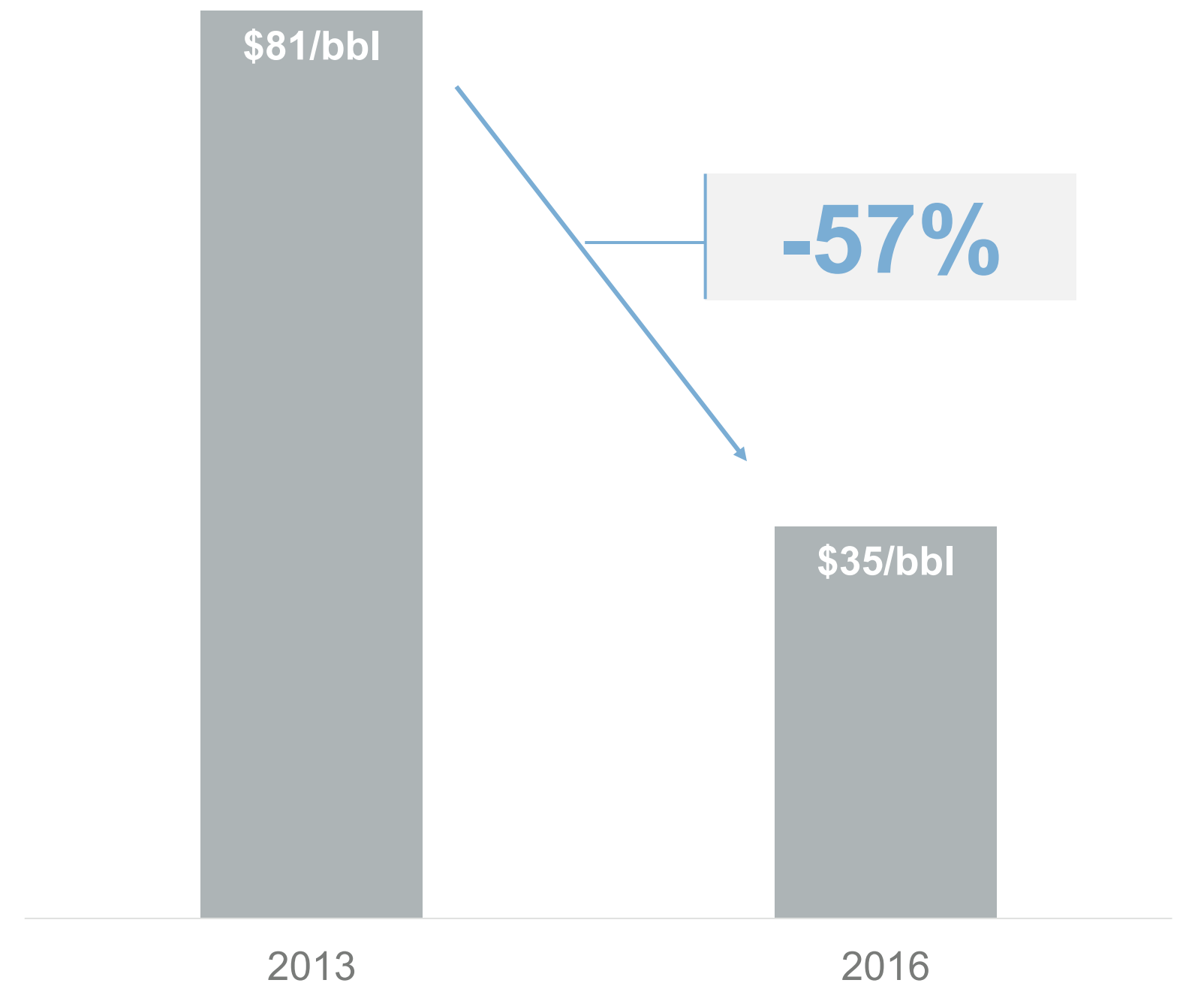
ENERGY SALES \$m



PERFORMANCE

- Global demand recovery
- Growth in new geographic areas and key accounts
- Strong onshore US

SHALE WELLHEAD BREAKEVEN PRICES



* Constant currency basis

Note: Breakevens are an average across key shale plays in the US

Source: Rystad Energy NASWellCube

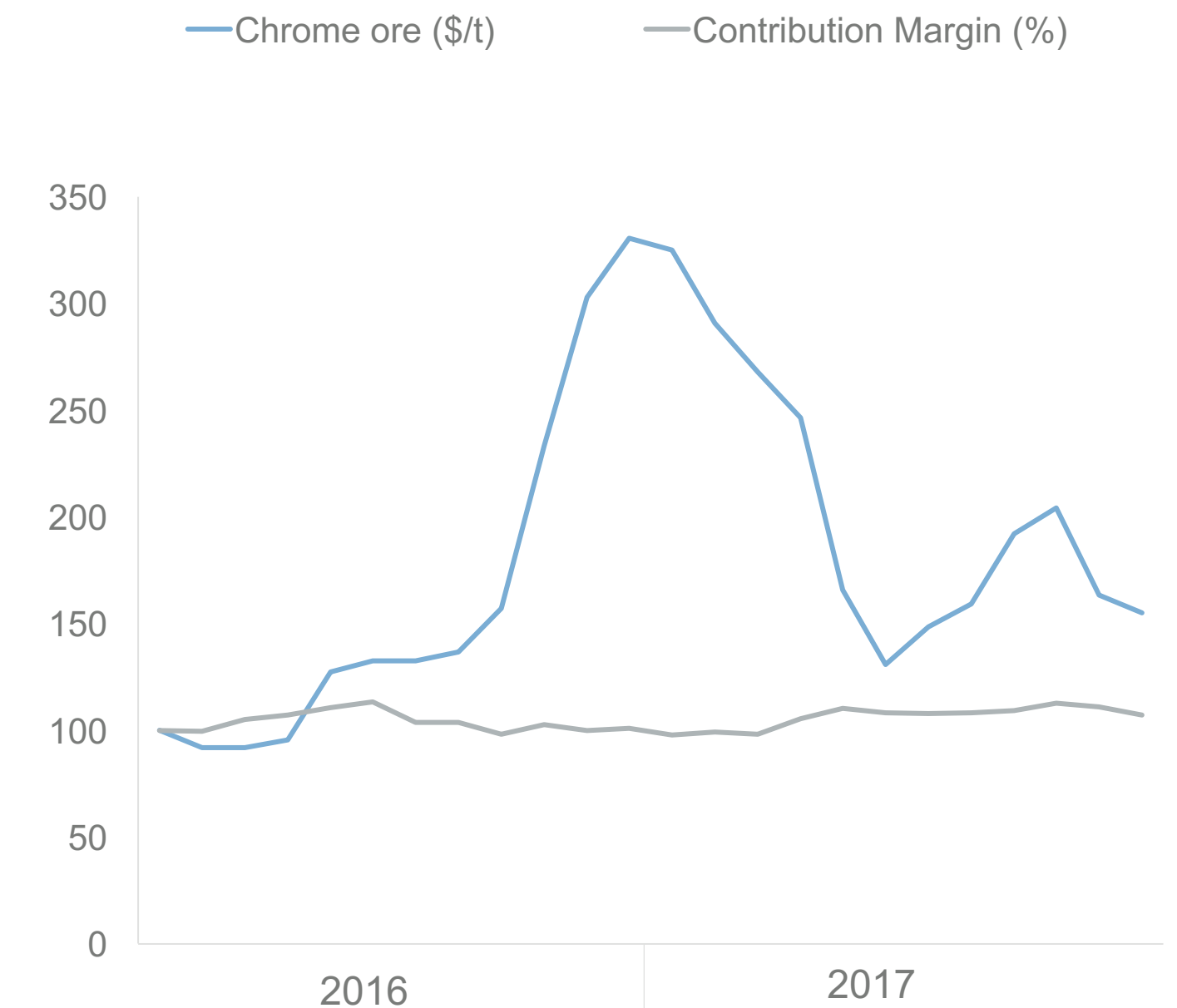
Chromium

HIGH QUALITY, RESILIENT PERFORMANCE

CHROME ORE AND PRICING

\$m	Full Year		% Change	
	2016	2017	Reported	Constant Currency
Sales	169	187	+ 11%	+ 11%
Operating profit*	27	30	+ 11%	+ 11%
Operating margin*	16.1%	16.1%	-	-

- Demand resilient – good volumes in North America and rest of the world
- Pricing action to mitigate raw material increases



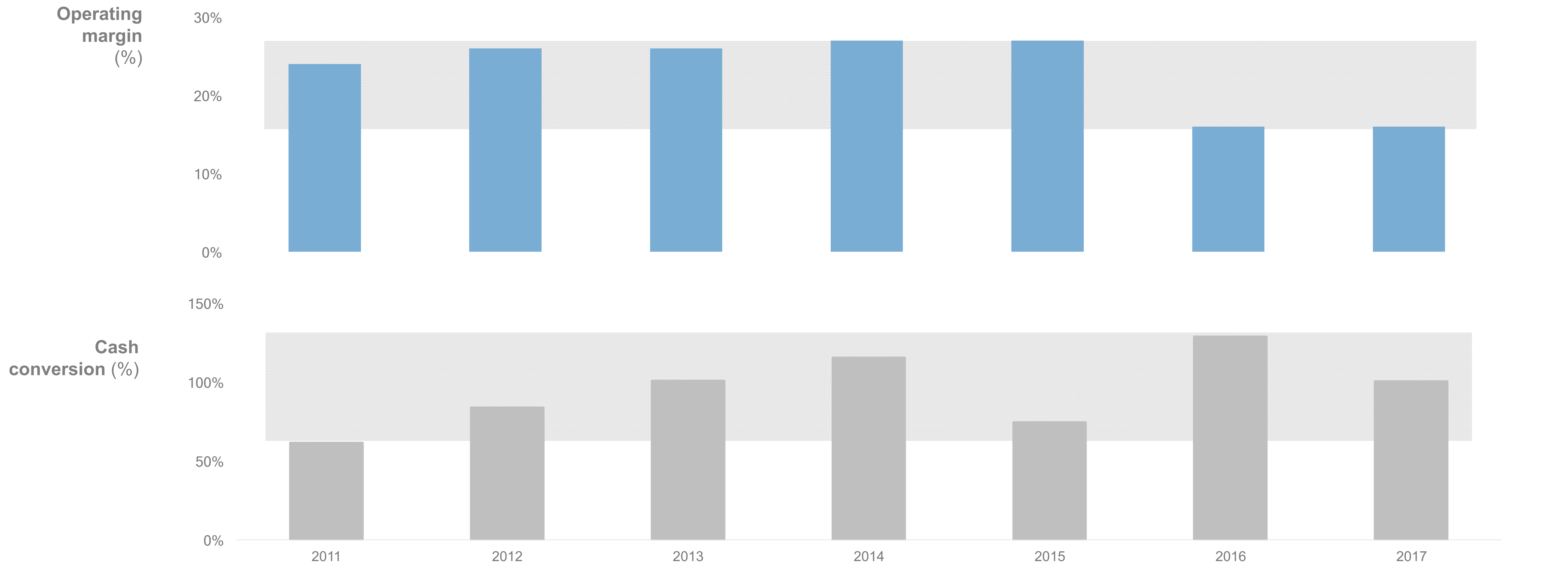
*After adjusting items

Note: Jan 16 = 100

Contribution margin is on a rolling two month basis

Chromium

ANOTHER YEAR OF GOOD CASH FLOW GENERATION



Cash conversion: operating cash flow / adjusted operating profit

Surfactants

MARGIN OPTIMISATION

\$m	Full Year		%Change	
	2016	2017	Reported	Constant Currency
Sales	43	48	+ 11%	+ 9%
Operating profit*	(1)	5	-	-
Operating margin*	(1)%	11%	-	-



Margin optimisation in H1 17
– did not continue in H2

Sale of Surfactants business agreed

Long term supply agreement for limited
Coatings products - c.\$8m pa P&L impact

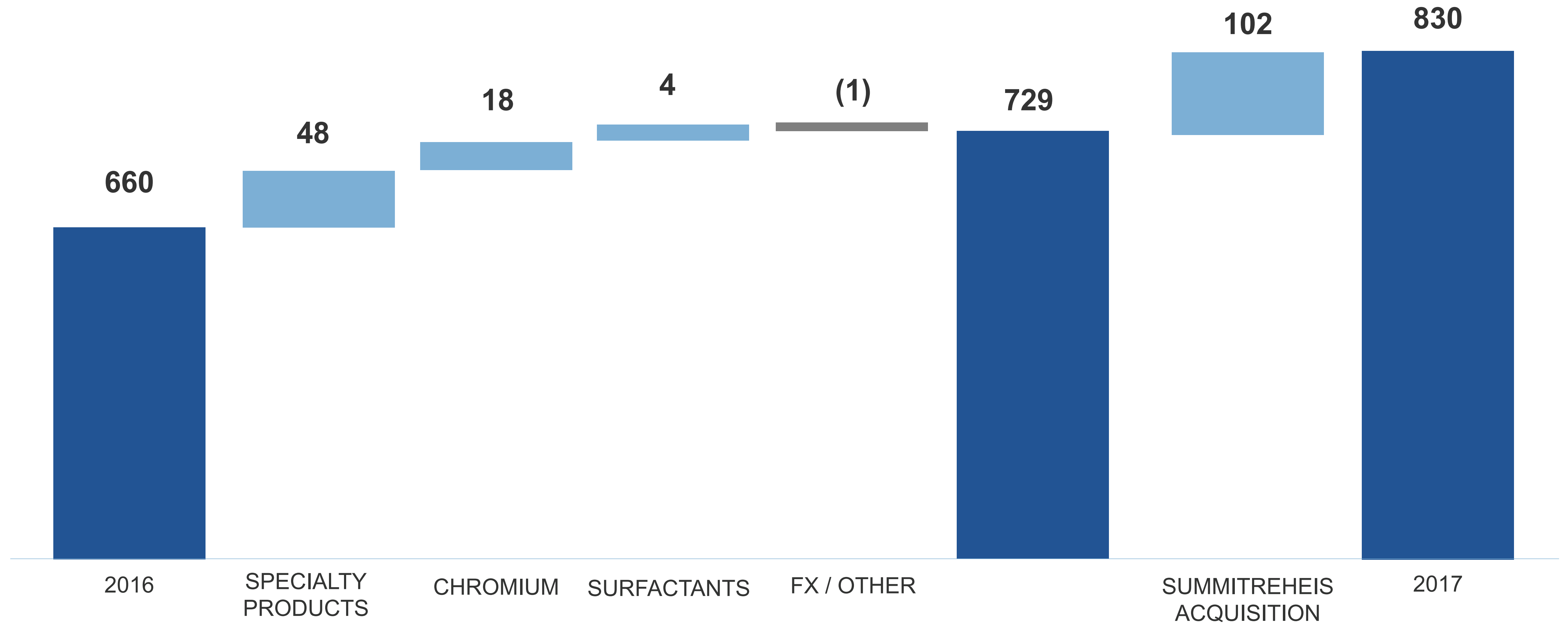
*After adjusting items

Group revenue

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GROWTH ACROSS ALL BUSINESSES

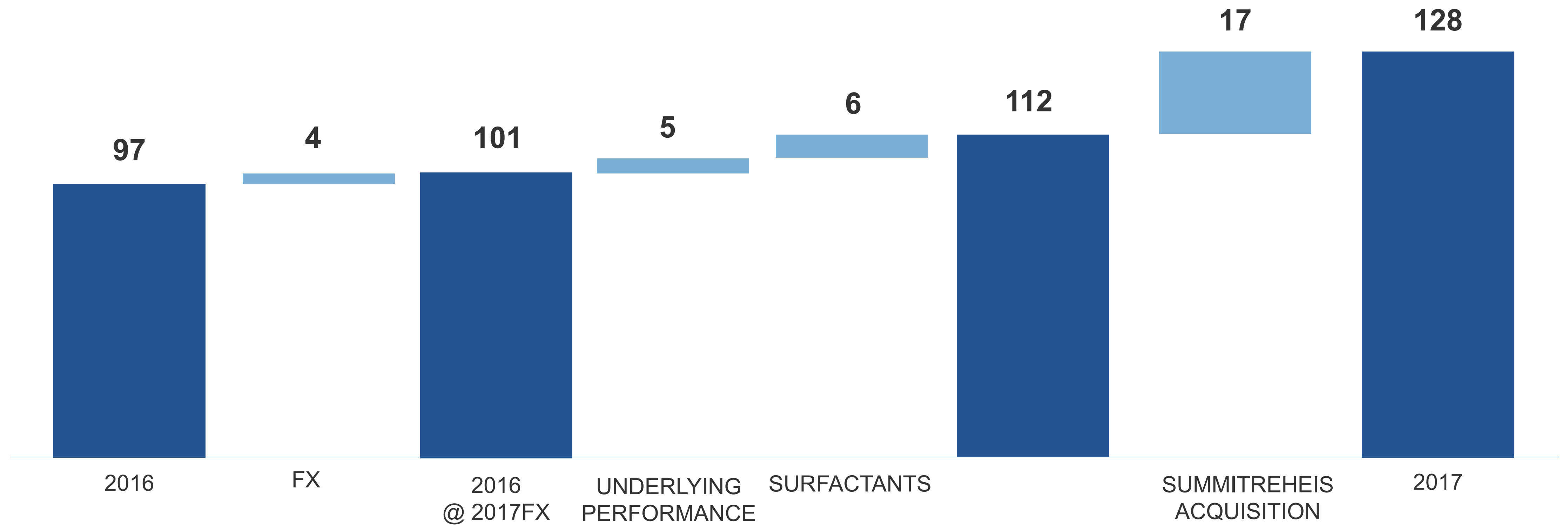
REVENUE \$m



Group operating profit

UNDERLYING PROFIT GROWTH

ADJUSTED OPERATING PROFIT \$m



Cash flow

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STRONG OPERATING CASH FLOW

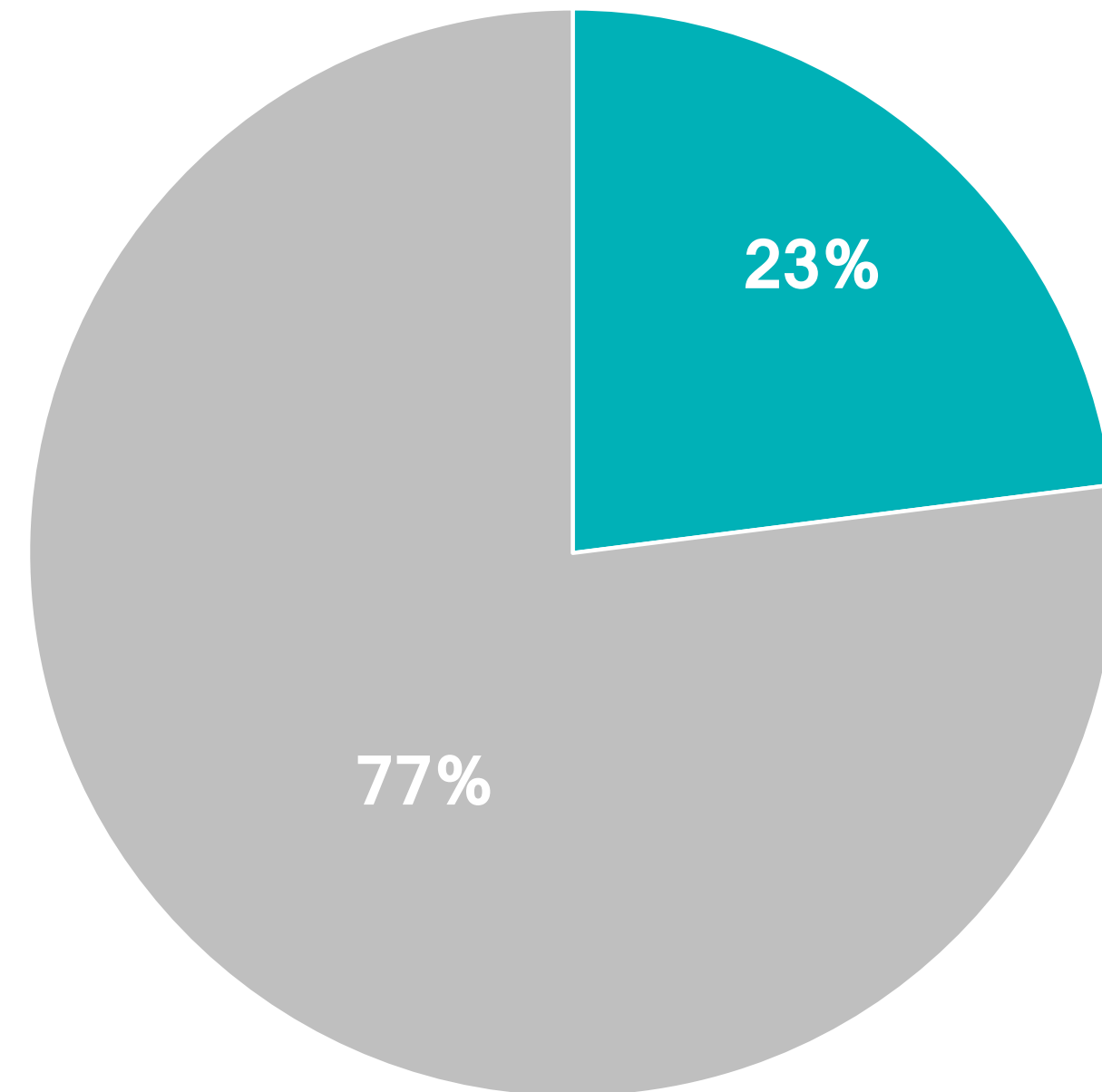
\$m	2016	2017
EBITDA	122	156
Change in working capital	13	1
Capital expenditure	(35)	(42)
Other	(4)	(8)
Operating Cash Flow	96	107
Pension deficit payments	(5)	(6)
Dividends	(76)	(78)
Acquisitions and disposals	-	(362)
Interest	(1)	(8)
Tax and other	(11)	(21)
Net Cash Flow	3	(368)
Net Balance Sheet Cash / (Debt)	77	(291)

Capital spending

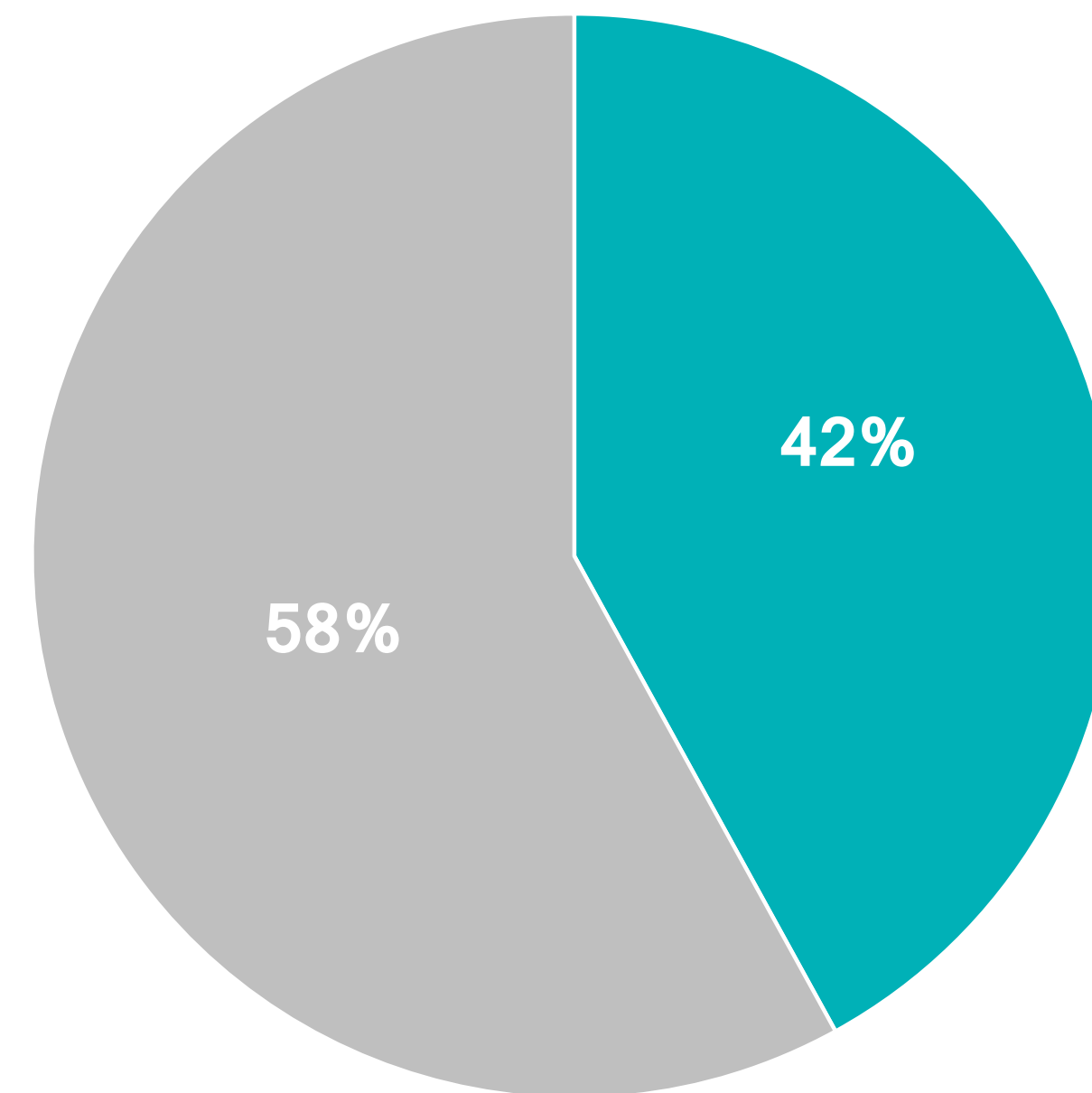
INCREASED GROWTH CAPEX

CAPITAL SPENDING MIX

2015-17



2018-20

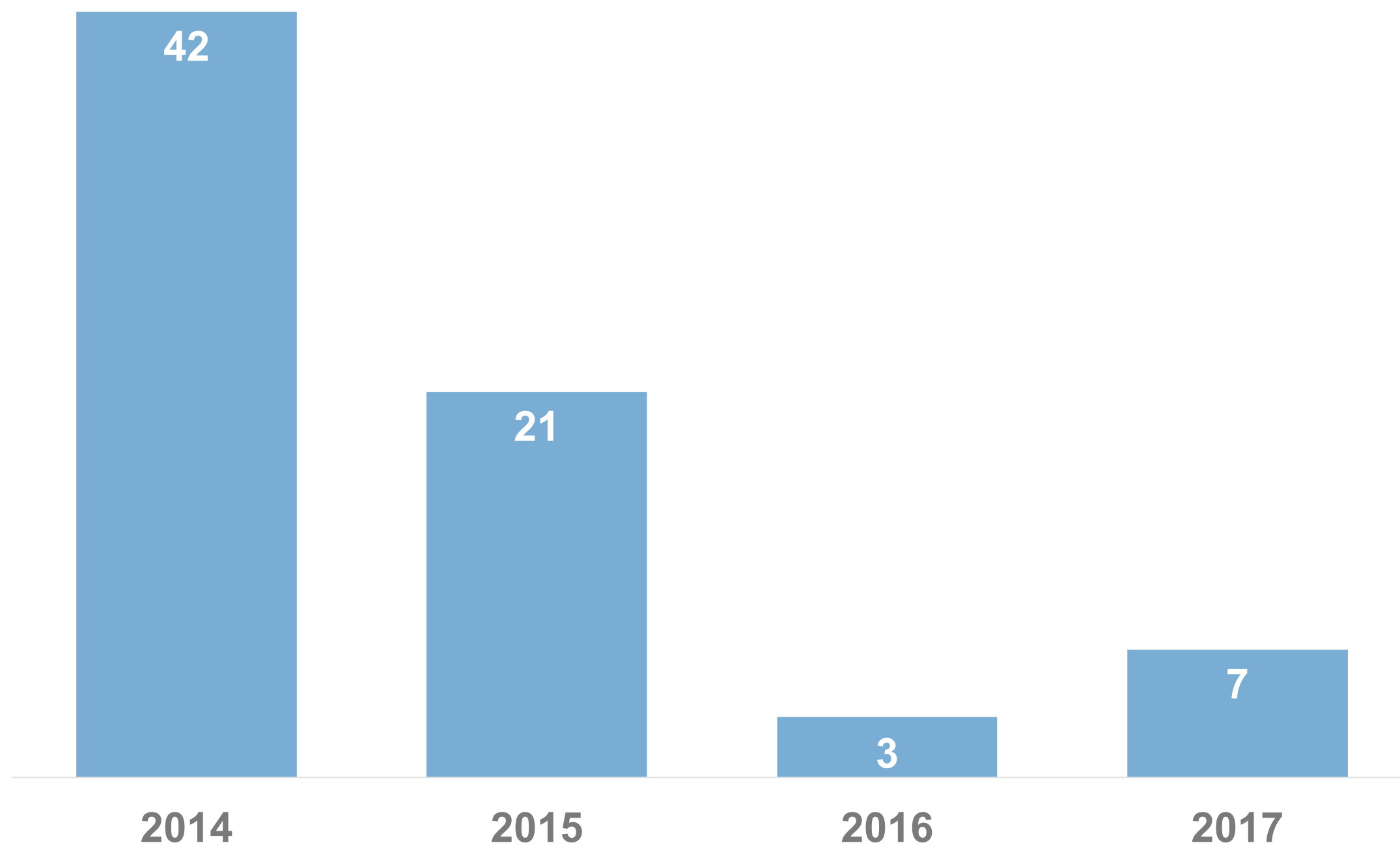


- Maintenance & HSE
- Growth & productivity

Pensions

UK PENSION SCHEME IN FAVOURABLE POSITION

UK SCHEME CONTRIBUTIONS \$m



PENSION UPDATE

- Latest planned contribution to UK scheme (£5.2m) not required at present due to favourable position
- UK scheme plan assets include significant interest rate protection
- Triennial valuation of UK scheme in progress

Tax charge

LIMITED UNDERLYING IMPACT FROM US TAX REFORM

\$m	2016	2017
Underlying tax charge	11	23
Tax charge: adjusting items	(4)	(57)
Reported tax charge/(credit)	7	(34)
Tax rate*	12%	21%

Underlying FY 17 tax rate of 21%

\$51m non cash credit from revaluation of US deferred tax liabilities

Ongoing P&L tax rate of around 20% in the medium term

*underlying tax rate, for continuing operations

Dividend policy

NEW POLICY ANNOUNCED

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BEFORE

AFTER



PROGRESSIVE



Approximately 33%

PAY OUT RATIO

Normally up to 50%

Special dividend - up to 50% of
year end net cash balance

**ADDITIONAL
RETURNS**

Seek when net debt / EBITDA < 1

Supply chain transformation

Rob Mangold
VP Global Supply Chain

Supply chain overview

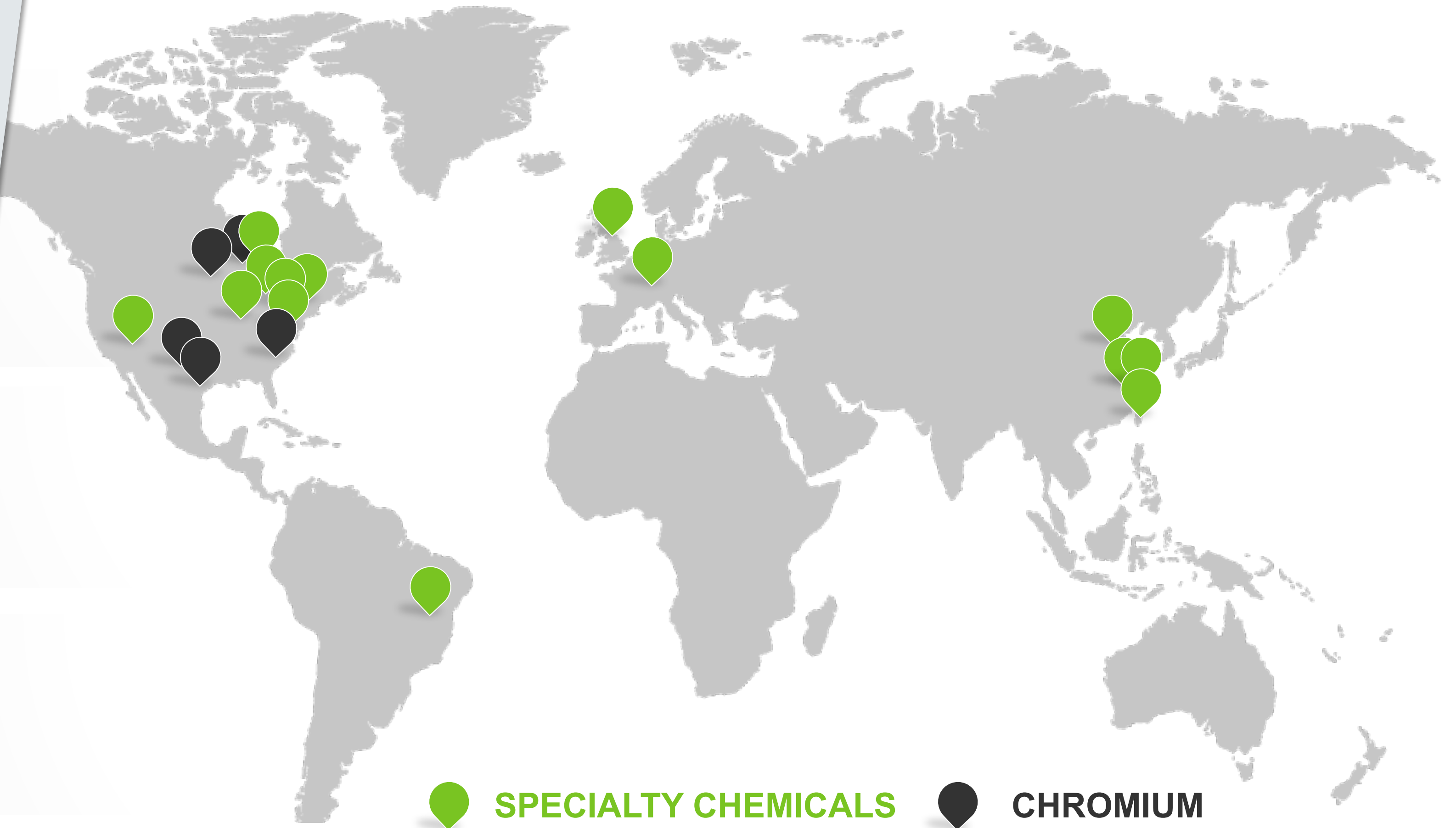
ROB MANGOLD - BIO



Joined as
VP Global Supply
Chain in June 2016

Over 30 years of operations experience

Previous leadership positions at Stepan
Chemical Company and General Electric



How we will reignite growth

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PURSUE SUPPLY CHAIN TRANSFORMATION

Pursue
Best Growth
Opportunities

Pursue
Supply Chain
Transformation

Innovate
for High Margins
& Distinctiveness

Create
a Culture of
High Performance

ADDRESS DISADVANTAGED ASSETS

- Sold US colourants business - Jersey City site to be sold in 2018
- Surfactants business and asset sale
- Asia organoclay site consolidation progressing

MANUFACTURING PRODUCTIVITY

- On-going efficiency savings – keeping costs flat while growing sales
- Working capital improvement - accelerating quickly

PURSUE PROCUREMENT SAVINGS

- Raw material optimisation strategies
- SummitReheis opportunities
- Logistics improvement

Addressing disadvantaged assets

2016

ADVANTAGED

- CASTLE HAYNE
- CORPUS CHRISTI
- HSINCHU
- LEATHER TANNING PLANT x3
- LIVINGSTON
- MILWAUKEE
- NEWBERRY
- NEW MARTINSVILLE
- SONGJIANG

NEUTRAL

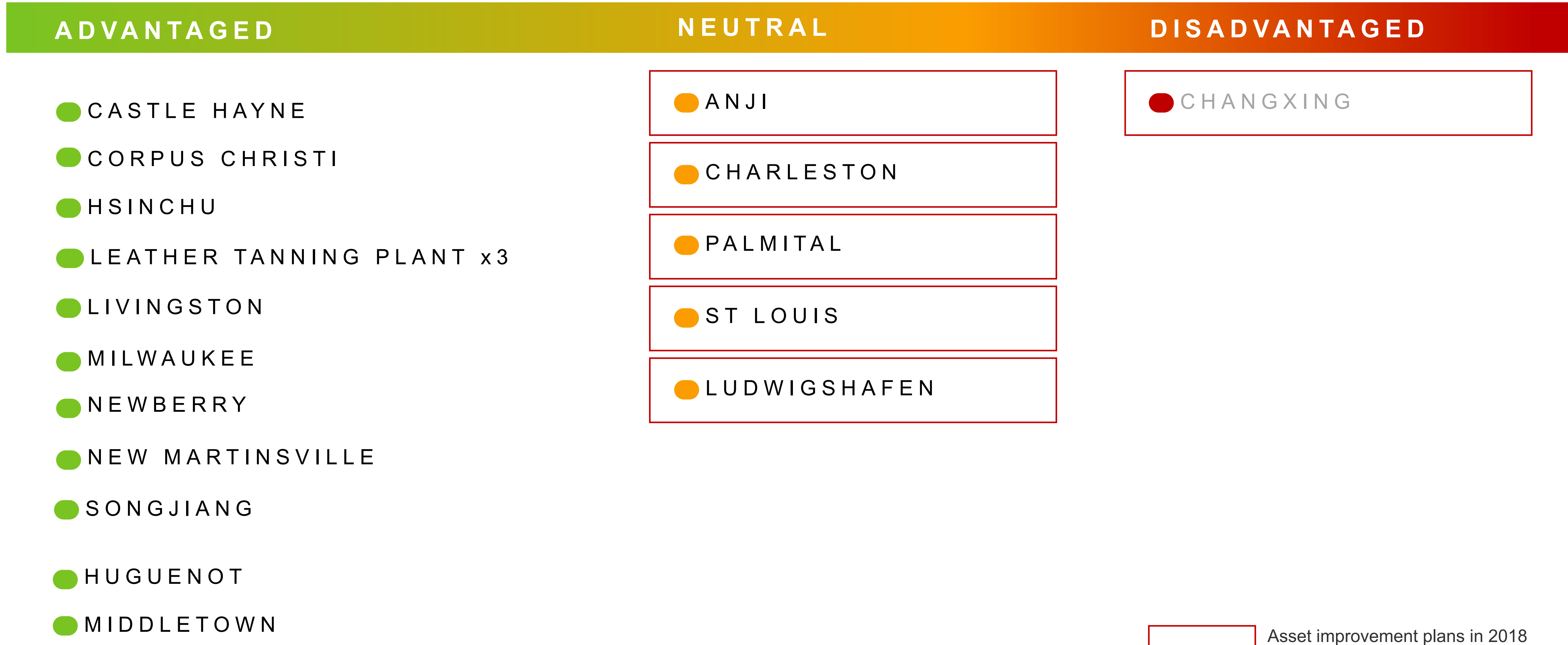
- CHARLESTON
- ST LOUIS

DISADVANTAGED

- ANJI
- DELDEN
- CHANGXING
- JERSEY CITY
- PALMITAL

Addressing disadvantaged assets

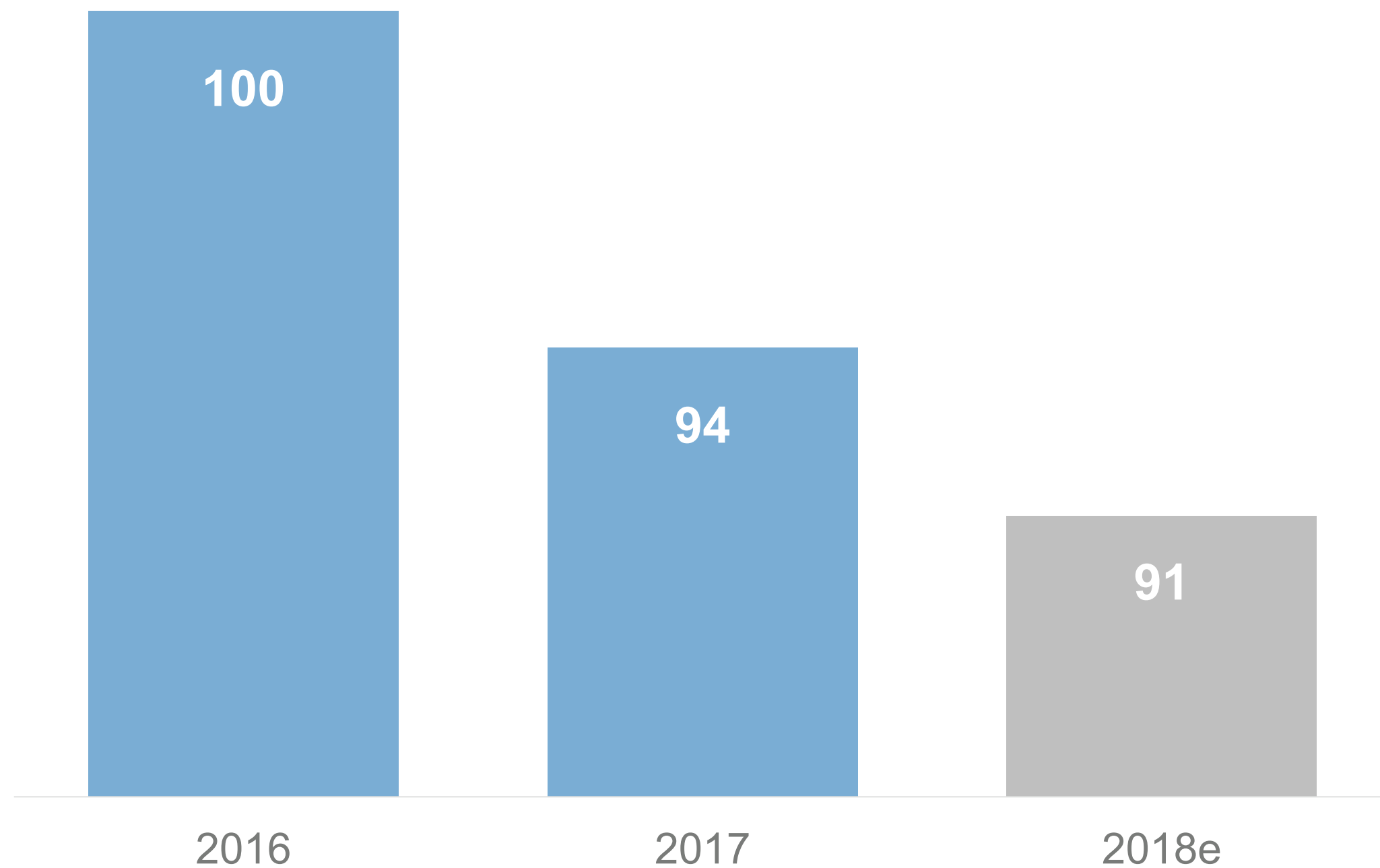
2018



Manufacturing productivity

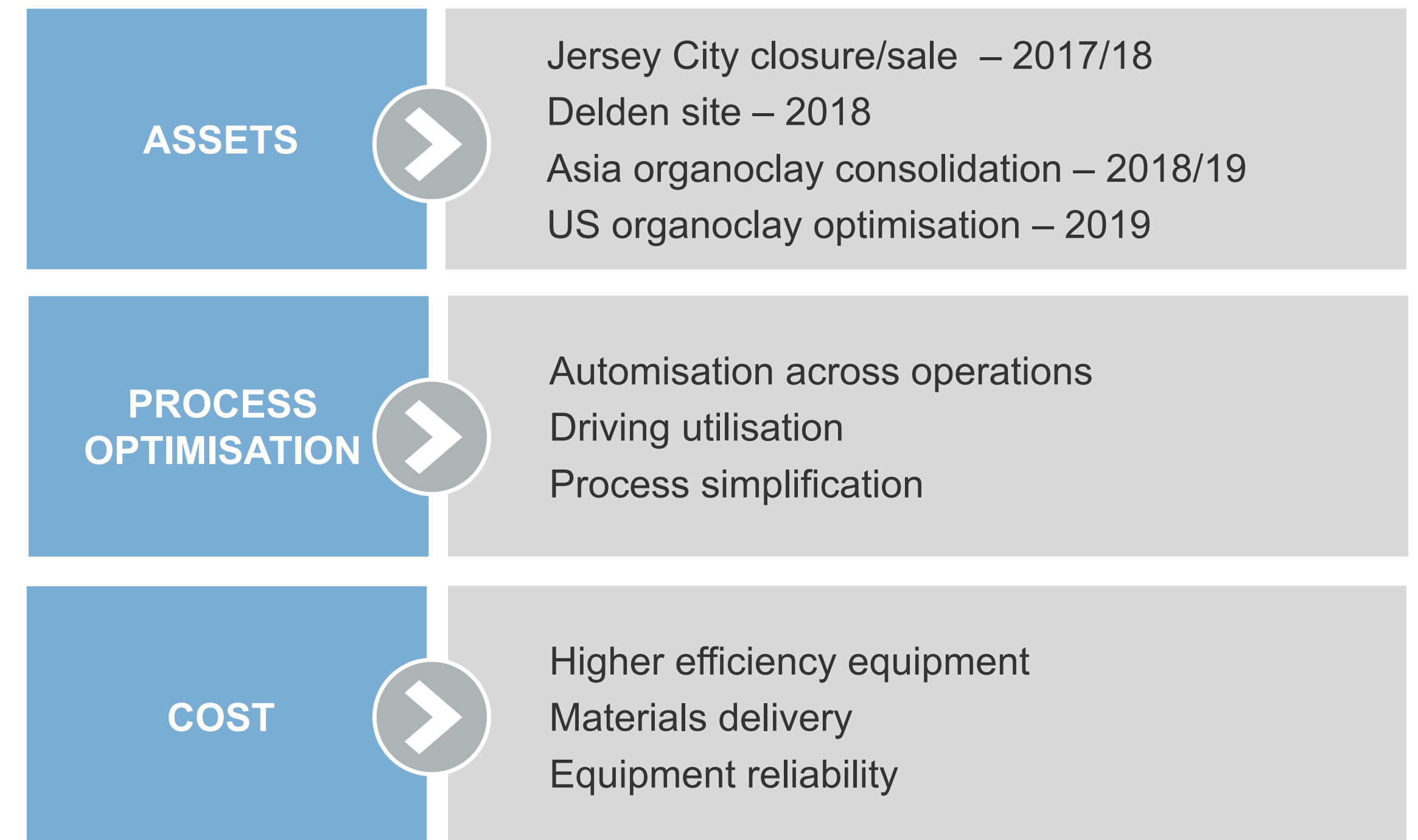
PRODUCTIVITY GAINS

MANUFACTURING COSTS AS PERCENTAGE OF SALES*



*Excludes utilities and raw materials Note: 2016 = 100

SUPPLY CHAIN INITIATIVES



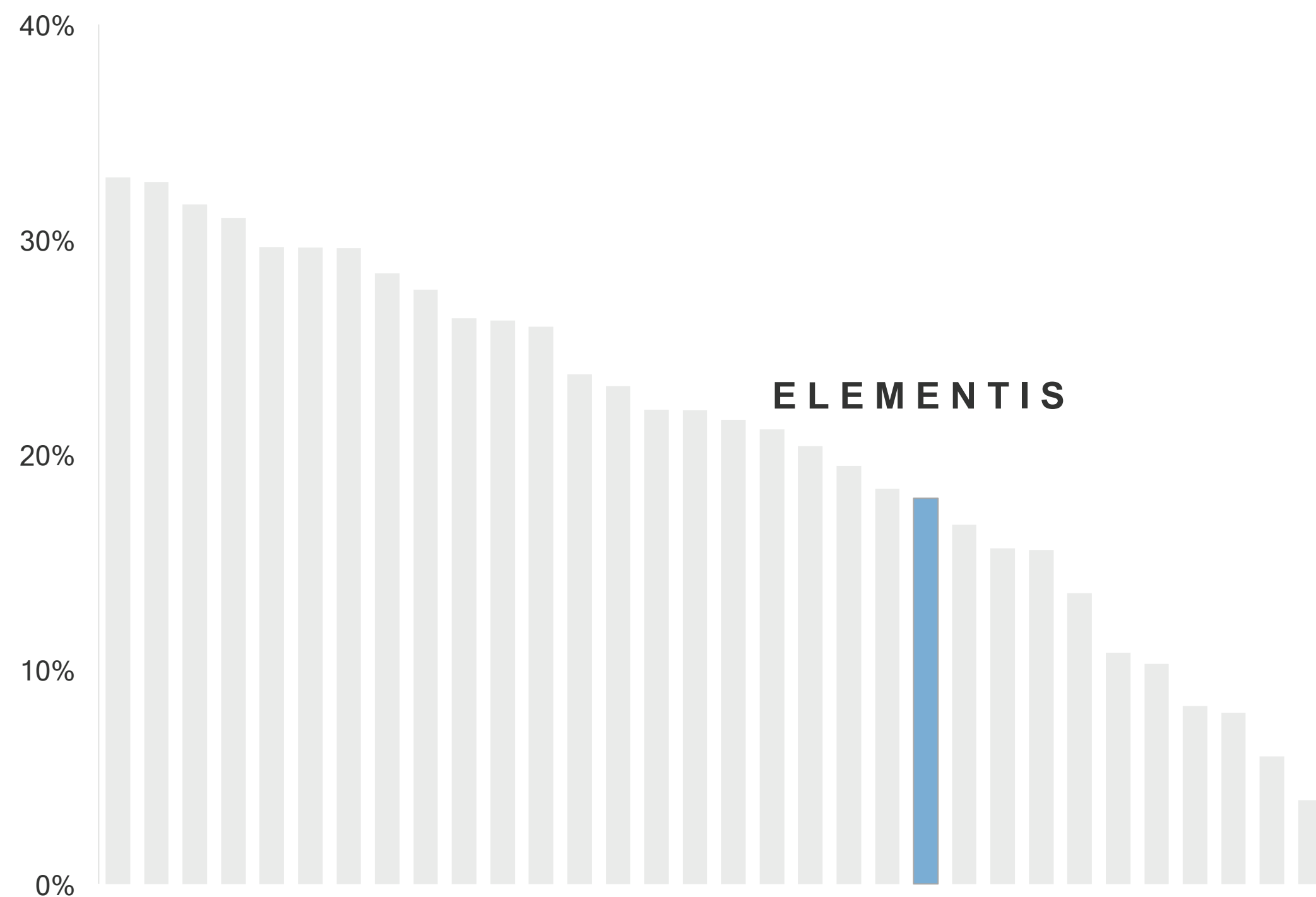
Working capital

INCREMENTAL REDUCTION OF \$18M BY END OF 2020

WORKING CAPITAL – OPPORTUNITY TO IMPROVE

WORK STREAM

DETAIL



COMPLEXITY REDUCTION	➤	Streamline product portfolio
SERVICE LEVEL AGREEMENTS	➤	Implement SLA consistency
INVENTORY MANAGEMENT	➤	Reduce slow moving inventory
DEMAND PLANNING	➤	Improve demand forecasting

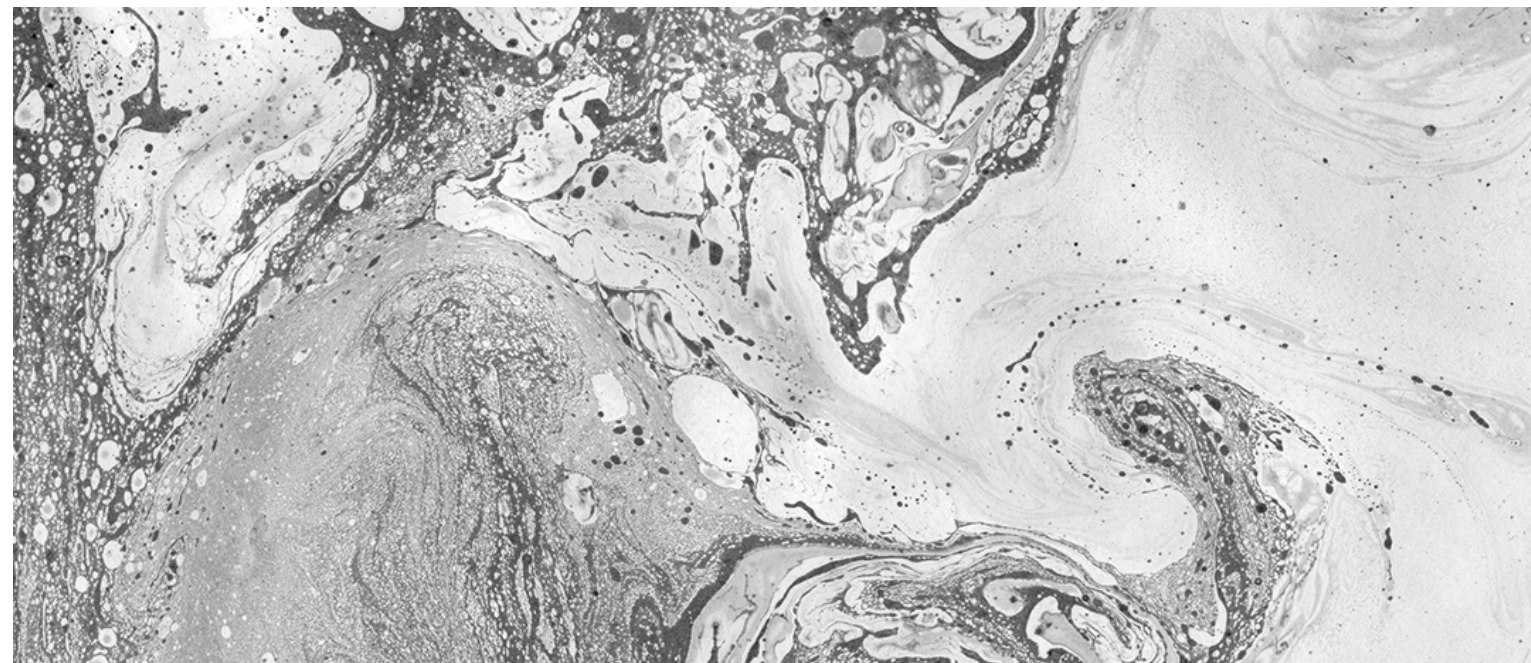
Net Working Capital to Sales 2016 | European Chemicals Peers | Source: UBS

Procurement strategy

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ACTIONS TAKEN IN 2017

RAW MATERIALS



Right sized supplier base

Enhanced make/buy strategies

SUMMITREHEIS



Strengthened strategic suppliers

Risk management

LOGISTICS



Improved third party logistics

Optimised warehouse network



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A global specialty chemicals company

2018 Priorities and Outlook

PAUL WATERMAN | CEO

2018 priorities

MAINTAIN MOMENTUM

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Pursue Best Growth Opportunities

Personal Care growth

Coatings KAM implementation

Coatings Asia growth

Pursue Supply Chain Transformation

Complete Surfactants & Jersey City site sales

Working capital improvement

Innovate for High Margins & Distinctiveness

Expand Personal Care portfolio

Develop Coatings portfolio

Create a Culture of High Performance

Global Coatings team

New segmental reporting

Cash focus

Dental business

2018 outlook

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PERSONAL CARE

Strong growth

COATINGS

Steady growth

CHROMIUM

Resilient performance

ENERGY

Good growth

PORTFOLIO

Continued transformation

CASH

Strong cash generation

Enhanced Performance Through Applied Innovation