LUXFER GROUP

a global materials technology company

2014 Q3 results | Market overview | Divisional performance | Financial results | Outlook

Brian Purves

Chief Executive Officer

Andy Beaden

Group Finance Director

Q3 2014 Conference Call

THE INSTITUTE OF MATERIALS, MINERALS AND MINING

2013 GOLD MEDAL

"for a significant contribution to the industrial application of materials"

FORWARD-LOOKING STATEMENTS

This presentation contains forward-looking statements. Examples of such forward-looking statements include, but are not limited to: (i) statements regarding the Group's results of operations and financial condition, (ii) statements of plans, objectives or goals of the Group 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 Group 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, being less favorable than expected; (iv) 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; (v) contractual restrictions on the ability of Luxfer Holdings PLC to receive dividends or loans from certain of its subsidiaries; (vi) fluctuations in the price of raw materials and utilities; (vii) currency fluctuations and hedging risks; and (viii) worldwide economic and business conditions and conditions in the industries in which we operate. The Group 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, 2013 filed with the U.S. Securities and Exchange Commission on March 31, 2014 . When relying on forward-looking statements to make decisions with respect to the Group, 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 Group does not undertake any obligation to update or revise any of them, whether as a result of new information, future events or otherwise.

AGENDA

- **Chief Executive – Brian Purves**
  - Q3 2014 overview
  - Market situation
  - Divisional performance

- **Group Finance Director – Andy Beaden**
  - Q3 earnings review
  - Liquidity and capital resources
  - Financial issues

- **Chief Executive – Brian Purves**
  - Summary
  - Outlook

- **Questions?**

Q3 2014 overview

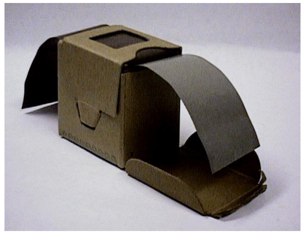
- **Net revenue:**
  - Up 1.8% to $120.5m compared to $118.3m Q3 2013, and adjusted for FX translation, up 0.8%.
  - $6.5m from Luxfer Magtech acquisition on 29 July 2014.
- **Profitability:**
  - Trading profit $10.6m, down $3.4m on Q3 2013.
  - Adjusted EBITDA down $2.4m on Q3 2013.
  - Basic EPS of $0.17 on net income and adjusted EPS (fully diluted) of $0.24.
- **Strong contribution from the Luxfer Magtech acquisition in the first quarter of ownership (discussed later in the presentation).**
- **Trading continued to be affected by disruption to some key North American markets and by continued weakness in European economies:**
  - Still impacted by delays in customers obtaining regulatory approval in the U.S. for SCBA cylinders, though we are seeing progressive improvement in this market.
  - Low demand in U.S. for ultra-fine magnesium powders for defense countermeasure flares.
  - Subdued demand in the alternative fuel (AF) gas cylinder market, and in European healthcare.

Q3 2014 overview (continued)

- **The acquisition of Truetech and Innotech businesses was completed July 29, 2014. In summary:**
  - Created a new wholly owned subsidiary, Luxfer Magtech Inc., as part of our Elektron Division.
  - Initial gross consideration of $59.3m, with further deferred consideration payable dependent upon business performance.
  - Initial goodwill arising on acquisition of $28.2m, with fair value work ongoing.
- $6.5m revenue in Q3 (part). Full benefit of incremental revenue and profitability from Q4 onwards.
- Of interest to both sides of Elektron Division.
  - Flameless heaters
    - Supply of magnesium powder.
    - Potential design of new magnesium alloys and creation/merging of IP.
  - Chemical decontamination
    - Potential for supply of alternative active materials: in-house zirconia-based.
    - Improved performance.
- Objective to grow business outside of U.S. in regions where Luxfer has stronger presence.

Acquisition of Truetech and Innotech businesses

TRUETECH
self-heating technology
U.S. Patent # 5,611,329



- The acquired businesses produce magnesium-based flameless heating pads for self-heating meals used by the U.S. military and emergency-relief agencies, an extensive line of self-heating meals, soups and beverages used by military and civilian end-users, sea water desalinization kits, chemical agent detection kits and chemical decontamination equipment.

- Two facilities: Riverhead, New York, and Cincinnati, Ohio.
  – 115 employees.

- Expected to give an approximately 10% boost to the Elektron Division’s revenues, with the full benefit from Q4 onwards.

- Early experience supports financial assumptions used when justifying the acquisition.

ELEKTRON DIVISION

	Elektron Q3 $m	2014 YTD $m
Net revenue	*54.0*	*160.4*
RE surcharge	*1.6*	*7.4*
2013 Revenue analysis	55.6	167.8
Changes in period:		
FX translation	**0.7**	3.6
Rare earth surcharge	**(1.2)**	(5.5)
2014 Luxfer Magtech Revenue adj	**6.5**	6.5
Trading movements	**(2.6)**	(0.2)
Net revenue	*58.6*	*170.3*
RE surcharge	*0.4*	*1.9*
2014 Revenue analysis	59.0	172.2
Trading variance	-4.2%	-0.1%

- **Underlying Q3 revenue (which excludes FX translation effects, acquisitions and RE surcharge) decreased by $2.6 million (4.2%) compared to Q3 2013.**
  - **Q3 2014 cerium surcharge is $1.2m lower than in Q3 2013, down to just $0.4m.**
  - **Quarter showed strong initial results from our new acquisitions, with revenues of $6.5m.**
  - **Good quarter for our magnesium operations despite lower sales of magnesium powders for defense countermeasure flares.**
  - **Demand continues to be strong for high-performance alloys for North American aerospace and high-end engineering applications.**
  - **A weaker quarter for automotive zirconium products.**
- **Year-to-date underlying revenue (which excludes FX translation effects, acquisitions and RE surcharge) decreased by $0.2 million (0.1%) compared to 2013.**

Luxfer Gas Cylinders

GAS CYLINDERS DIVISION

	Gas Cylinders Q3 $m	2014 YTD $m
Net revenue	*64.3*	*197.5*
RE surcharge		
2013 Revenue analysis	**64.3**	197.5
Changes in period:		
FX translation	**0.6**	4.1
Trading movements	**(3.0)**	(7.7)
Net revenue	*61.9*	*193.9*
RE surcharge		
2014 Revenue analysis	**61.9**	193.9
Trading variance	-4.6%	-3.8%

- **Q3 underlying revenue (excluding FX translation) down $3.0 million (4.6%) on Q3 2013.**
  - **Sales of composite life-support cylinders used in self-contained breathing apparatus (SCBA) continued to be impacted in the quarter by delayed regulatory approvals for our customers' SCBA kits, though sales are now progressively improving as approvals come through.**
  - **Strong demand for our traditional aluminum cylinders resulted in favorable revenues compared to Q3 2013.**
  - **Weaker sales of European medical composite cylinders.**
  - **AF sales were down in the quarter, with lower activity in the bus and medium-duty truck-conversion markets. Increased competition in the AF market.**
- **Year-to-date 2014 underlying revenue (excluding FX translation) down $7.7 million (3.8%) on 2013.**

Selected strategic growth initiatives: update

- **Continued focus across Group on moving forward with strategic growth projects and embedding new acquisitions.**
- **Alternative fuel containment**
  - First sales of 26-inch Type 4 composite cylinder products (for North American class 8 trucks) after quarter-end.
  - Range of Luxfer-branded valves and accessories for CNG systems now available.
  - Increased marketing and engineering focus on bulk gas transportation offerings.
- **Magnesium alloys for aircraft seating**
  - Working with several aircraft seating manufacturers, seeking first larger-scale applications for our aircraft alloys.
  - Formal proposal tabled to change design rule book (to remove requirement for ‘special conditions’).
- **Intelligent Oxygen System™ (IOS)**
  - Continue to work through the qualification process for our IOS medical composite cylinder system.
  - We expect to request CE (Confirmité Européenne) approval during 2015.

GROUP FINANCE DIRECTOR

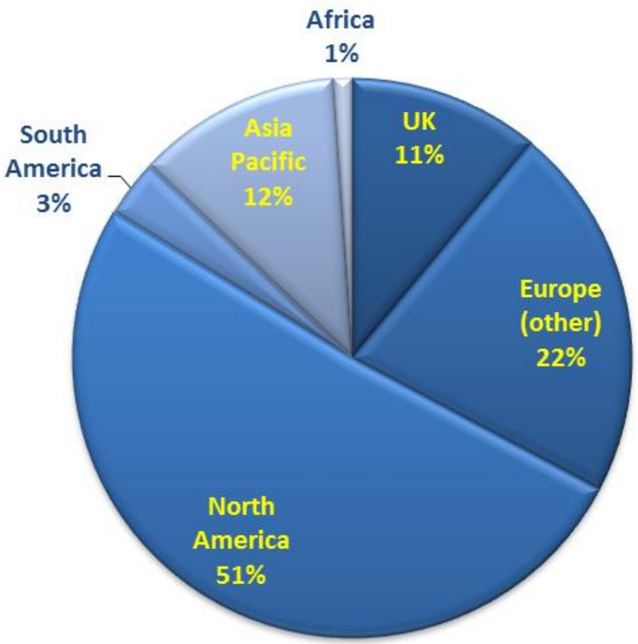
ANDY BEADEN

Group revenue

	Elektron Q3 $m	2014 YTD $m	Gas Cylinders Q3 $m	2014 YTD $m	Group Q3 $m	2014 YTD $m
Net revenue	***54.0***	*160.4*	***64.3***	*197.5*	***118.3***	*357.9*
RE surcharge	***1.6***	*7.4*			***1.6***	*7.4*
2013 Revenue analysis	**55.6**	167.8	**64.3**	197.5	**119.9**	365.3
Changes in period:						
FX translation	**0.7**	3.6	**0.6**	4.1	**1.3**	7.7
Rare earth surcharge	**(1.2)**	(5.5)			**(1.2)**	(5.5)
2014 Luxfer Magtech Revenue adj	**6.5**	6.5			**6.5**	6.5
Trading movements	**(2.6)**	(0.2)	**(3.0)**	(7.7)	**(5.6)**	(7.9)
Net revenue	***58.6***	*170.3*	***61.9***	*193.9*	***120.5***	*364.2*
RE surcharge	***0.4***	*1.9*			**0.4**	*1.9*
2014 Revenue analysis	**59.0**	172.2	**61.9**	193.9	**120.9**	366.1
Trading variance	-4.2%	-0.1%	-4.6%	-3.8%	-4.4%	-2.1%

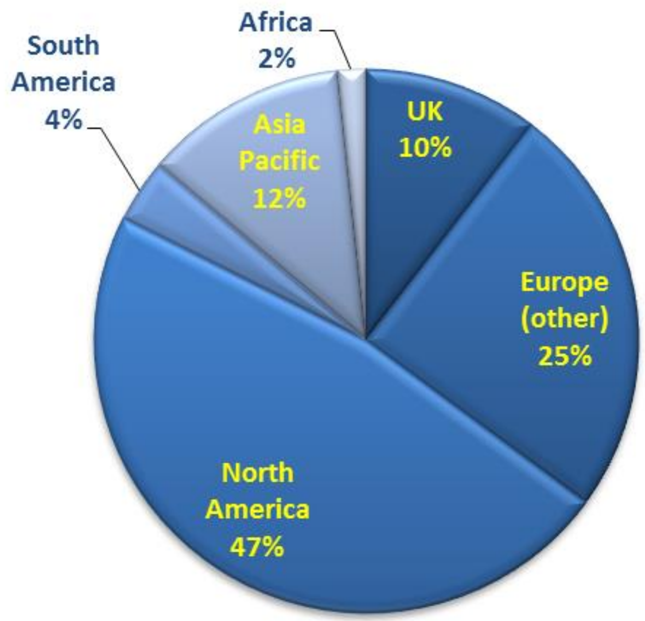
Geographic sales trends

Q3 2014



$120.9 million

Q3 2013



$119.9 million

Trading profit and adjusted EBITDA analysis

Trading profit $M		2014 Q1	2014 Q2	2014 Q3	2014 YTD	2013 Q1	2013 Q2	2013 Q3	2013 YTD
Gas Cylinders	**Trading profit $M**	1.6	1.7	1.7	5.0	5.2	4.8	4.2	14.2
	ROS %	*2.4%*	*2.6%*	*2.7%*	*2.6%*	*7.6%*	*7.4%*	*6.5%*	*7.2%*
Elektron	**Trading profit $M**	10.7	9.5	8.9	29.1	9.7	10.5	9.8	30.0
	ROS %	*18.7%*	*17.0%*	*15.1%*	*16.9%*	*18.0%*	*18.0%*	*17.6%*	*17.9%*
GROUP	**Trading profit $M**	12.3	11.2	10.6	34.1	14.9	15.3	14.0	44.2
	ROS %	*10.0%*	*9.2%*	*8.8%*	*9.3%*	*12.2%*	*12.4%*	*11.7%*	*12.1%*
Changes for	**Gas Cylinders**	*-69.2%*	*-64.6%*	*-59.5%*	*-64.8%*				
2014 v 2013	**Elektron**	*10.3%*	*-9.5%*	*-9.2%*	*-3.0%*				
	GROUP	*-17.4%*	*-26.8%*	*-24.3%*	*-22.9%*				

Adjusted EBITDA $M	2014 Q1	2014 Q2	2014 Q3	2014 YTD	2013 Q1	2013 Q2	2013 Q3	2013 YTD
Gas Cylinders	3.6	3.9	4.0	11.5	6.9	6.8	6.2	19.9
Elektron	13.3	12.3	11.9	37.5	11.8	13.0	12.1	36.9
GROUP	16.9	16.2	15.9	49.0	18.7	19.8	18.3	56.8
GROUP adjusted EBITDA Margin %	*13.7%*	*13.3%*	*13.2%*	*13.4%*	*15.3%*	*16.1%*	*15.3%*	*15.5%*

N.B. trading profit and adjusted EBITDA are Luxfer's IFRS 8 segment profit measures used by the CEO to measure divisional performance.

Summary income statement

$m	2014 Q1	2014 Q2	2014 Q3	2014 YTD	2013 Q1	2013 Q2	2013 Q3	2013 YTD	Variance Q3 $m	Variance Q3 %
Revenue	**123.3**	**121.9**	**120.9**	**366.1**	**122.4**	**123.0**	**119.9**	**365.3**	**1.0**	0.8%
Costs of sales	(94.4)	(94.6)	(92.3)	(281.3)	(94.1)	(92.5)	(90.9)	(277.5)		
Gross margin	**28.9**	**27.3**	**28.6**	**84.8**	**28.3**	**30.5**	**29.0**	**87.8**	**(0.4)**	(1.4%)
Gross margin %	*23.4%*	*22.4%*	*23.7%*	*23.2%*	*23.1%*	*24.8%*	*24.2%*	*24.0%*		
Distribution costs	(2.1)	(2.2)	(2.0)	(6.3)	(1.6)	(1.5)	(1.6)	(4.7)		
Admininstrative expenses	(14.5)	(13.7)	(15.9)	(44.1)	(11.8)	(13.8)	(13.4)	(39.0)		
Share of results of joint ventures	0.0	(0.2)	(0.1)	(0.3)	0.0	0.1	0.0	0.1		
TRADING PROFIT	**12.3**	**11.2**	**10.6**	**34.1**	**14.9**	**15.3**	**14.0**	**44.2**	**(3.4)**	(24.3%)
Group ROS %	*10.0%*	*9.2%*	*8.8%*	*9.3%*	*12.2%*	*12.4%*	*11.7%*	*12.1%*		
Restructuring & other	0.0	(0.8)	(0.6)	(1.4)	(0.4)	(0.2)	(0.3)	(0.9)		
OPERATING PROFIT	**12.3**	**10.4**	**10.0**	**32.7**	**14.5**	**15.1**	**13.7**	**43.3**	**(3.7)**	(27.0%)
Acquisitions and disposals	(0.2)	(0.1)	(1.5)	(1.8)	0.0	0.0	(0.1)	(0.1)		
Finance Costs:										
Net Interest charges	(1.4)	(1.6)	(1.5)	(4.5)	(1.5)	(1.4)	(1.4)	(4.3)		
IAS 19 finance charge (non-cash)	(0.7)	(0.7)	(0.6)	(2.0)	(0.9)	(0.9)	(0.9)	(2.7)		
Deferred consideration on Acquisition	0.0	(0.1)	(0.2)	(0.3)	0.0	0.0	0.0	0.0		
PROFIT BEFORE TAX	**10.0**	**7.9**	**6.2**	**24.1**	**12.1**	**12.8**	**11.3**	**36.2**	**(5.1)**	(45.1%)
Taxation	(2.8)	(2.2)	(1.7)	(6.7)	(3.8)	(4.2)	(2.9)	(10.9)		
NET INCOME	**7.2**	**5.7**	**4.5**	**17.4**	**8.3**	**8.6**	**8.4**	**25.3**	**(3.9)**	(46.4%)
Earnings per share	*$0.27*	*$0.21*	*$0.17*	*$0.65*	*$0.31*	*$0.32*	*$0.31*	*$0.94*		
NET INCOME adj	**8.0**	**7.6**	**6.7**	**22.3**	**9.4**	**10.0**	**9.3**	**28.7**	**(2.6)**	(28.0%)
Adj. Earnings per share - basic	*$0.30*	*$0.28*	*$0.25*	*$0.83*	*$0.35*	*$0.37*	*$0.35*	*$1.07*		
Adj. Earnings per share - fully diluted	*$0.28*	*$0.27*	*$0.24*	*$0.79*	*$0.34*	*$0.36*	*$0.33*	*$1.02*		
Adj EBITDA	16.9	16.2	15.9	49.0	18.7	19.8	18.3	56.8	(2.4)	(13.1%)

NOTE: (i) Adjusted earnings per share – is adjusted net income divided by the weighted average number of ordinary shares outstanding. Each £0.50 ordinary share now represents 1 American Depositary Share (ADS).

Balance sheet analysis

	December 2013 $M	Trading $M	FX Translation $M	Luxfer Utah Acquisition $M	Luxfer MagTech Acquisition $M	September 2014 $M
Tangible Fixed Assets	137.9	1.3	(3.2)	1.0	7.0	144.0
Intangible Fixed Assets	41.4	0.2	(1.3)	4.8	49.0	94.1
Investments	7.9	(0.5)				7.4
Other assets						
Deferred Tax Assets	15.8	3.3	(0.5)			18.6
Long term assets	**203.0**	**4.3**	**(5.0)**	**5.8**	**56.0**	**264.1**
Inventories	*94.1*	*17.2*	*(2.7)*		*7.4*	*116.0*
Receivables	*68.6*	*11.5*	*(2.4)*	*0.4*	*1.5*	*79.6*
Payables	*(63.2)*	*(2.4)*	*2.0*	*(0.9)*	*(3.2)*	*(67.7)*
Working capital	**99.5**	**26.3**	**(3.1)**	**(0.5)**	**5.7**	**127.9**
Income taxes (current and deferred)	(3.8)	0.8				(3.0)
Provisions	(4.0)	(0.3)	(0.1)		(0.2)	(4.6)
Capital employed	**294.7**	**31.1**	**(8.2)**	**5.3**	**61.5**	**384.4**
Retirement benefit net liabilities	(67.6)	(19.2)	1.3			(85.5)
Invested capital	**227.1**	**11.9**	**(6.9)**	**5.3**	**61.5**	**298.9**
Deferred Consideration		(0.4)	0.1	(2.3)	(6.2)	(8.8)
Banking Revolver		(3.6)	0.5		(34.3)	(37.4)
Bank and other Loans		0.3		(0.3)		
Cash and short term deposits	28.4	(14.9)	0.6	(2.7)	4.0	15.4
Loan notes due 2018	(63.8)	(0.1)				(63.9)
Loan notes due 2021		0.1			(25.0)	(24.9)
Net assets	**191.7**	**(6.7)**	**(5.7)**	**-**	**-**	**179.3**
Total debt	**(63.8)**	**(3.3)**	**0.5**	**(0.3)**	**(59.3)**	**(126.2)**
Net debt	**(35.4)**	**(18.2)**	**1.1**	**(3.0)**	**(55.3)**	**(110.8)**
Capital & reserves:						
Ordinary share capital	25.3					25.3
Share premium	55.6	0.6				56.2
Deferred equity	150.9					150.9
Retained earnings	317.3	(10.0)				307.3
Other IFRS reserves & ESOP	(23.6)	2.7	(5.7)			(26.6)
Merger reserve	(333.8)					(333.8)
Equity	**191.7**	**(6.7)**	**(5.7)**	**-**	**-**	**179.3**

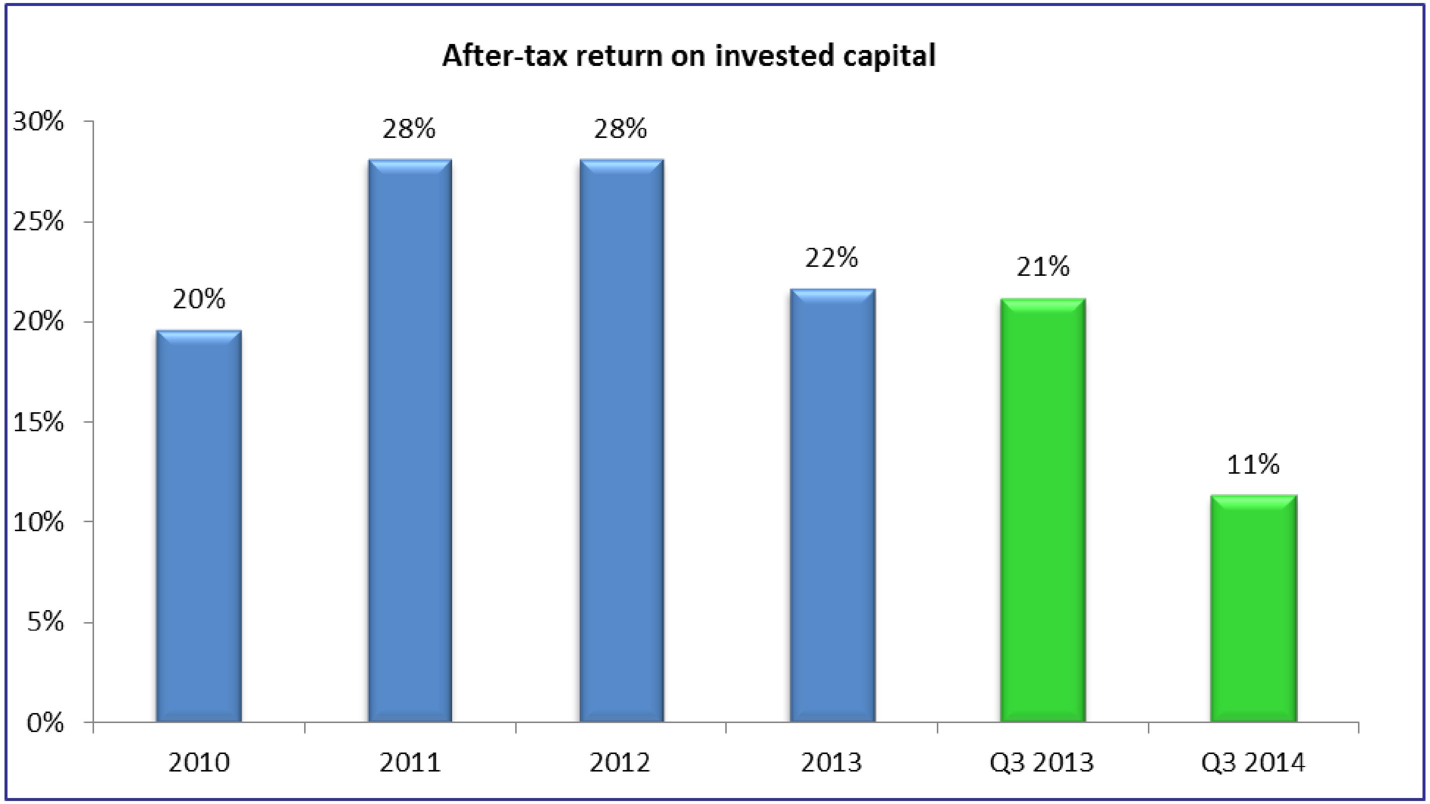
Financing and net debt

- ## Net debt
  - Overall net debt has increased from $25.6m at September 30, 2013 to $110.8m at September 30, 2014.
  - Increase reflects acquisitions made in the period together with increased working capital requirements in the business.
  - Working to reduce working capital through Q4 and into Q1 2015.
- ## Loan notes issued during period
  - To help fund the Luxfer Magtech acquisition, in Q3 the Group issued $25m of loan notes to private debt holders through the Prudential Insurance Company of America (PRICOA).
  - Fixed interest rate of 3.67% repayable in 2021.
  - Provision for a further $50m of borrowing through uncommitted three-year shelf facility with PRICOA.

Cash flow

	2014 Q1 $m	2014 Q2 $m	2014 Q3 $m	2014 YTD $m	2013 Q1 $m	2013 Q2 $m	2013 Q3 $m	2013 YTD $m
Operating profit	12.3	10.4	10.0	32.7	14.5	15.1	13.7	43.3
Depreciation & amortization	4.3	4.3	4.6	13.2	3.7	3.9	4.1	11.7
Share based compensation charges	0.3	0.8	0.8	1.9	0.3	0.7	0.3	1.3
Share of results of joint venture		0.2	0.1	0.3		(0.1)		(0.1)
(Increase)/Decrease in working capital	(13.3)	(14.4)	1.3	(26.4)	(6.8)	(3.5)	1.2	(9.1)
(Decrease) / increase in provisions	(0.1)	0.5	(0.4)	0.0	(0.3)	(0.1)	0.1	(0.3)
Acquisition and disposal costs paid	0.0	(0.2)	(1.3)	(1.5)	0.0	0.0	0.0	0.0
Income tax received / (paid)	0.1	(3.7)	(1.7)	(5.3)	(0.2)	(6.4)	(2.4)	(9.0)
Movement in retirement benefit obligations	(2.3)	(2.6)	(3.0)	(7.9)	(1.6)	(2.7)	(3.7)	(8.0)
Net cash from operating activities	**1.3**	**(4.7)**	**10.4**	**7.0**	**9.6**	**6.9**	**13.3**	**29.8**
Purchase of PPE	(3.1)	(4.8)	(6.2)	(14.1)	(3.9)	(4.0)	(6.2)	(14.1)
Purchase of intangible assets	(0.3)	(0.2)	(0.3)	(0.8)				0.0
Investment in joint ventures (equity)				0.0	(2.5)			(2.5)
Investment in joint ventures (debt)		1.0	(0.8)	0.2			(3.5)	(3.5)
Net cash flow in purchase of business	(2.7)	(0.2)	(55.1)	(58.0)				0.0
Interest income received from joint ventures	0.1	0.1		0.2				0.0
Net cash flow before financing	**(4.7)**	**(8.8)**	**(52.0)**	**(65.5)**	**3.2**	**2.9**	**3.6**	**9.7**
Net interest paid	(1.2)	(1.3)	(1.2)	(3.7)	(1.2)	(1.1)	(1.1)	(3.4)
Dividends paid	(2.7)	(2.7)	(2.7)	(8.1)	(2.7)	(2.7)	(2.7)	(8.1)
Draw down on banking facilities		5.0	34.9	39.9				0.0
Issue of Loan Notes due 2021			25.0	25.0				0.0
Repayment of bank loans and other facilities		(0.3)		(0.3)				0.0
Proceeds received - employee equity plans		0.3	0.4	0.7				0.0
IPO share issue costs				0.0	(0.3)			(0.3)
Amendment to banking facilities - financing costs	(1.3)	(0.2)		(1.5)				0.0
Issue of Loan Notes due 2021 - Financing Costs			(0.1)	(0.1)				0.0
Cash flow	**(9.9)**	**(8.0)**	**4.3**	**(13.6)**	**(1.0)**	**(0.9)**	**(0.2)**	**(2.1)**

Return on invested capital (2012 restated for IAS 19 revised)



Notes:

1. Return on invested capital (ROIC) is defined as : $\dfrac{\text{Trading profit} \times (1 - \text{effective tax rate for the period})}{\text{Invested capital}}$
2. Invested capital is defined as shareholders' equity plus debt less cash ("Net debt").
3. Invested capital is seen as a measure of the operating assets employed in the business to generate the trading profit.
4. Please see the appendices for the calculations and reconciliation to the financial statement GAAP figures.

CHIEF EXECUTIVE

BRIAN PURVES

SUMMARY AND OUTLOOK

Summary Q3 2014

- ## Gas Cylinders
  - Sales into the SCBA market still impacted by regulatory delays on customers' products, but showing signs of improvement.
  - High costs associated with Type 4 product development and facilities still ongoing.
  - Lower demand and increased competition in the AF conversion market.
  - Overhead cost saving initiatives have been implemented and will help from Q4 onwards.
- ## Elektron
  - The Elektron Division held back by weakness in the market for magnesium powders for U.S. defense countermeasure flares and lower sales of zirconium chemicals.
  - Strong sales of high-performance alloys in aerospace and high-end engineering.
  - Successful introduction to the Group of Luxfer Magtech acquisition.
- ## Summary
  - Several areas of the Group are performing well, but trading continued to be affected by disruption to two key North American markets and by general weakness in Europe.
  - Q3 2014 profitability affected by external headwinds mentioned above.
  - Investment continuing in product developments, including for AF and medical markets, to position business for the long term.
  - Q3 adjusted EPS (diluted) at $0.24 is $0.07 below consensus of $0.31.

Outlook for 2014

- **Elektron**
  - **Overall demand outlook from all U.S. customers for military powders likely to remain weak.**
    - **We now expect the sector to be well down on 2013, and in response we have reduced headcount in the most-affected operation.**
  - **There are several positive signs in the Elektron Division, but the current weakness in the important military powders market will mean that the divisional full-year result is likely to be similar to prior year, even with part-year benefit of acquisition.**
  - **Our new U.S.-based acquisition is expected to give an approximately 10% boost to the Elektron Division's revenues from Q4 onwards (subject to seasonality).**

- **Gas Cylinders**
  - **Difficult trading conditions remain prevalent, with European markets being subdued, which is likely to continue into 2015.**
    - **While steadily improving, the SCBA market will continue to be affected in Q4 since some customers are still awaiting approval for certain new products. While Q4 is expected to show further improvement, we do not expect a return to normal until 2015.**
  - **Production of new 26-inch Type 4 (polymer-lined) CNG cylinders targeting the North American class 8 heavy-duty truck market started early in Q4, c. 6 weeks later than planned. AF order book generally healthier for Q4.**
  - **Improved sales and reduced costs expected in Q4, but full year result expected to be well down on prior year.**

Outlook for 2014

- **Group**
  - **Q3 performance fell below expectations; however, we expect Q4 to be an improvement.**
  - **The disruption to SCBA sales should progressively ease, with Q4 showing some improvement, but we do not expect a normal position until 2015.**
  - **AF market still weaker than prior year , though extended product range and getting Utah facility into production should help Q4 figures, and AF order book generally stronger for Q4 .**
  - **Demand for countermeasure flares remains weak, with no significant change expected for the remainder of 2014.**
  - **New acquisitions in Elektron will contribute to Group results in the balance of the year.**

Outlook for 2015

- **Group**
  - **U.S. SCBA market expected to return to normal and grow.**
  - **Full year of availability of Type 4 cylinder range.**
  - **Military powders market likely to remain weak, although reduction in 'de-stocking' effect at customers thought likely.**
  - **Full year of contribution from new acquisitions in Elektron.**
  - **Outlook for European markets currently unclear, and weak euro unhelpful .**
  - **Full year benefit of cost rationalization measures.**
  - **Profit improvement expected from both Elektron and Gas Cylinders.**
  - **Increased focus on working capital and cash generation.**
  - **Further progress expected on several strategic growth projects.**

QUESTIONS?

APPENDICES

Reconciliation of non-GAAP measures

Adjusted net income and EBITDA:

	2014 Q1 $m	2014 Q2 $m	2014 Q3 $m	2014 YTD $m	2013 Q1 $m	2013 Q2 $m	2013 Q3 $m	2013 YTD $m
Net income for the period - as reported	**7.2**	**5.7**	**4.5**	**17.4**	**8.3**	**8.6**	**8.4**	**25.3**
Accounting charges relating to acquisitions and disposals of businesses								
Unwind of discount on deferred consideration from acquisitions		0.1	0.2	0.3				0.0
Acquisitions and disposals	0.2	0.1	1.5	1.8			0.1	0.1
Amortization on acquired intangibles			0.2	0.2				0.0
IAS 19 -retirement benefits finance charge (non-cash)	0.7	0.7	0.6	2.0	0.9	0.9	0.9	2.7
Restructuring & other (income) / expense		0.8	0.6	1.4	0.4	0.2	0.3	0.9
Other share based compensation charges	0.3	0.7	0.7	1.7	0.1	0.6	0.2	0.9
Tax thereon	(0.4)	(0.5)	(1.6)	(2.5)	(0.3)	(0.3)	(0.6)	(1.2)
Adjusted net income	**8.0**	**7.6**	**6.7**	**22.3**	**9.4**	**10.0**	**9.3**	**28.7**
Add back: tax thereon	0.4	0.5	1.6	2.5	0.3	0.3	0.6	1.2
Tax expense	2.8	2.2	1.7	6.7	3.8	4.2	2.9	10.9
Interest costs (net)	1.4	1.6	1.5	4.5	1.5	1.4	1.4	4.3
Depreciation and amortization	4.3	4.3	4.6	13.2	3.7	3.9	4.1	11.7
Less: amortization on acquired intangibles			(0.2)	(0.2)				
Adjusted EBITDA	**16.9**	**16.2**	**15.9**	**49.0**	**18.7**	**19.8**	**18.3**	**56.8**

Reconciliation of non-GAAP measures

Segmental adjusted EBITDA and trading profit:

		2014 Q1	2014 Q2	2014 Q3	2014 YTD	2013 Q1	2013 Q2	2013 Q3	2013 YTD
Gas Cylinders	EBITDA $M	3.6	3.9	4.0	11.5	6.9	6.8	6.2	19.9
	Other Share based compensation charges	(0.1)	(0.3)	(0.4)	(0.8)	-	(0.3)	(0.1)	(0.4)
	Depreciation and amortization	(1.9)	(1.9)	(1.9)	(5.7)	(1.7)	(1.7)	(1.9)	(5.3)
	Trading Profit $M	1.6	1.7	1.7	5.0	5.2	4.8	4.2	14.2
Elektron	EBITDA $M	13.3	12.3	11.9	37.5	11.8	13.0	12.1	36.9
	Other Share based compensation charges	(0.2)	(0.4)	(0.3)	(0.9)	(0.1)	(0.3)	(0.1)	(0.5)
	Depreciation and amortization	(2.4)	(2.4)	(2.7)	(7.5)	(2.0)	(2.2)	(2.2)	(6.4)
	Trading Profit $M	10.7	9.5	8.9	29.1	9.7	10.5	9.8	30.0
GROUP	EBITDA $M	16.9	16.2	15.9	49.0	18.7	19.8	18.3	56.8
	Other Share based compensation charges	(0.3)	(0.7)	(0.7)	(1.7)	(0.1)	(0.6)	(0.2)	(0.9)
	Depreciation and amortization	(4.3)	(4.3)	(4.6)	(13.2)	(3.7)	(3.9)	(4.1)	(11.7)
	Trading Profit $M	12.3	11.2	10.6	34.1	14.9	15.3	14.0	44.2

Reconciliation of non-GAAP measures

Return on invested capital (ROIC):

		2010 (restated) $M	2011 (restated) $M	2012 (restated) $M	2013 $M	Q3 2013 $M	Q3 2014 $M
Trading profit - per income statement		44.7	63.7	68.5	59.2	14.0	10.6
Effective rate tax per income statement		*27.8%*	*23.7%*	*28.8%*	*27.0%*	*25.7%*	*27.4%*
Notional tax		-12.4	-15.1	-19.7	-16.0	-3.6	-2.9
Trading profit after notional tax		32.3	48.6	48.8	43.2	10.4	7.7
Annualized after tax trading profit	(A)	**32.3**	**48.6**	**48.8**	**43.2**	**41.6**	**30.8**
Bank and other loans		115.9	132.5	63.5	63.8	63.7	126.2
Cash		-10.3	-22.2	-40.2	-28.4	-38.1	-15.4
Net debt		105.6	110.3	23.3	35.4	25.6	110.8
Total shareholders equity		65.2	64.8	148.8	191.7	176.2	179.3
Invested capital		**170.8**	**175.1**	**172.1**	**227.1**	**201.8**	**290.1**
Average invested capital	(B)	**164.8**	**173.0**	**173.6**	**199.6**	**196.5**	**272.2**
Return on invested capital	(A) / (B)	**20%**	**28%**	**28%**	**22%**	**21%**	**11%**