LUXFER GROUP

a global materials technology company

2013 Q4 results | Market overview | Divisional performance | Financial results | Outlook

Brian Purves

Chief Executive

Andy Beaden

Group Finance Director

Q4 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 dated March 29, 2013 filed with the U.S. Securities and Exchange Commission. 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**
  - Q4 2013 overview
  - Market situation
  - Divisional performance

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

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

- **Questions?**

Q4 2013 overview

- Net revenue down 9.0% like-for-like.
  - $115.0m compared to $125.7m Q4 2012.
- Trading profit $15.0m, down $1.1m on Q4 2012.
- Adjusted EBITDA down $0.2m on Q4 2012 – narrowest gap in 2013 despite lower revenue.
- EPS per ADS @ $0.33 and $0.40 on adjusted net income (fully diluted).
  - 3 cents above the consensus forecast.
- First major virtual pipeline contract secured, to supply Australian mining community with CNG; total contract value will be between $10m and $15m depending on the volume of gas required to be transported. Deliveries were expected to commence December, but are now scheduled over March to June 2014.
- Weakness remains in key European automotive and US defense markets.
- Sales of Elektron high-performance alloys remain strong in aerospace and high-end automotive applications.

ELEKTRON DIVISION

	Elektron Q4 $m	2013 FY $m
Net revenue	*55.0*	*224.8*
RE surcharge	*4.3*	*40.5*
2012 Revenue analysis	**59.3**	265.3
Changes in period:		
FX translation		(1.4)
Rare earth surcharge	**(3.3)**	(32.1)
Trading movements	**(4.1)**	(12.1)
Net revenue	*50.9*	*211.3*
RE surcharge	*1.0*	*8.4*
2013 Revenue analysis	**51.9**	219.7
Trading variance	-7.5%	-5.4%

- **Underlying Q4 revenue, excluding surcharge, decreased by $4.1 million (7.5%) compared to Q4 2012.**
  - **Q4 2013 cerium surcharge is $3.3m lower than in Q4 2012, down to just $1.0m in Q4 2013.**
  - **The key markets of European automotive and US defense remain weak.**
  - **Some signs of impending improvement in European automotive market.**
  - **Strong demand for high-performance alloys for North American aerospace and high-end engineering applications.**
  - **Improved performance in photo-engraving market compared to Q4 2012.**
- **Full Year 2013 underlying revenue, excluding surcharge, down by $12.1 million (5.4%) compared to 2012.**

GAS CYLINDERS DIVISION

	Gas Cylinders Q4 $m	2013 FY $m
Net revenue	***70.7***	*246.3*
RE surcharge		
2012 Revenue analysis	**70.7**	246.3
Changes in period:		
FX translation	**0.7**	(0.1)
Rare earth surcharge		
Trading movements	**(7.3)**	15.4
Net revenue	***64.1***	*261.6*
RE surcharge		
2013 Revenue analysis	**64.1**	261.6
Trading variance	-10.3%	6.3%

- **Q4 underlying revenue down $7.3 million (10.3%) on Q4 2012.**
  - **Weaker demand in both Europe and US markets for aluminum cylinders.**
  - **Continued strong demand for composite cylinders for compressed natural gas (CNG) with sales of $13m in Q4 2013, although below earlier expectations (delay in receiving 'virtual pipeline' order).**
  - **Sales of composite life-support cylinders used in self-contained breathing apparatus (SCBA) were down (new standard delayed).**
  - **Former Dynetek operations remained profitable in Q4 2013, one year on from acquisition.**
- **Full Year 2013 underlying revenue up $15.4 million (6.3%) on 2012.**

Selected strategic growth initiatives - update

- ## Alternative fuel containment
  - Work under way to extend range to include Type 4 (polymer-lined) composite cylinders for larger diameters.
  - Targeting emerging market for CNG-powered class 8 heavy-duty trucks in North America.
  - Manufacturing facilities being expanded / reorganized to facilitate this expansion.

- ## Bulk gas transportation
  - First major ‘virtual pipeline’ order received
  - North American JV partner shipped $2.2m value of modules in Q4.

- ## Magnesium alloys for aircraft seating
  - Increased interest from potential users following publication of FAA minutes confirming that “magnesium can now be used in aircraft seat designs, subject to satisfying ‘special conditions’”.
  - First use of Elektron® magnesium alloys in aviation seating announced – albeit in a low-volume non-commercial aviation platform.

GROUP FINANCE DIRECTOR

ANDY BEADEN

Group revenue

	Elektron Q4 $m	2013 FY $m	Gas Cylinders Q4 $m	2013 FY $m	Group Q4 $m	2013 FY $m
Net revenue	***55.0***	*224.8*	***70.7***	*246.3*	***125.7***	*471.1*
RE surcharge	***4.3***	*40.5*			***4.3***	*40.5*
2012 Revenue analysis	**59.3**	265.3	**70.7**	246.3	**130.0**	511.6
Changes in period:						
FX translation		(1.4)	**0.7**	(0.1)	**0.7**	(1.5)
Rare earth surcharge	**(3.3)**	(32.1)			**(3.3)**	(32.1)
Trading movements	**(4.1)**	(12.1)	**(7.3)**	15.4	**(11.4)**	3.3
Net revenue	***50.9***	*211.3*	***64.1***	*261.6*	***115.0***	*472.9*
RE surcharge	***1.0***	*8.4*			**1.0**	*8.4*
2013 Revenue analysis	**51.9**	219.7	**64.1**	261.6	**116.0**	481.3
Trading variance	-7.5%	-5.4%	-10.3%	6.3%	-9.0%	0.7%

Trading profit analysis

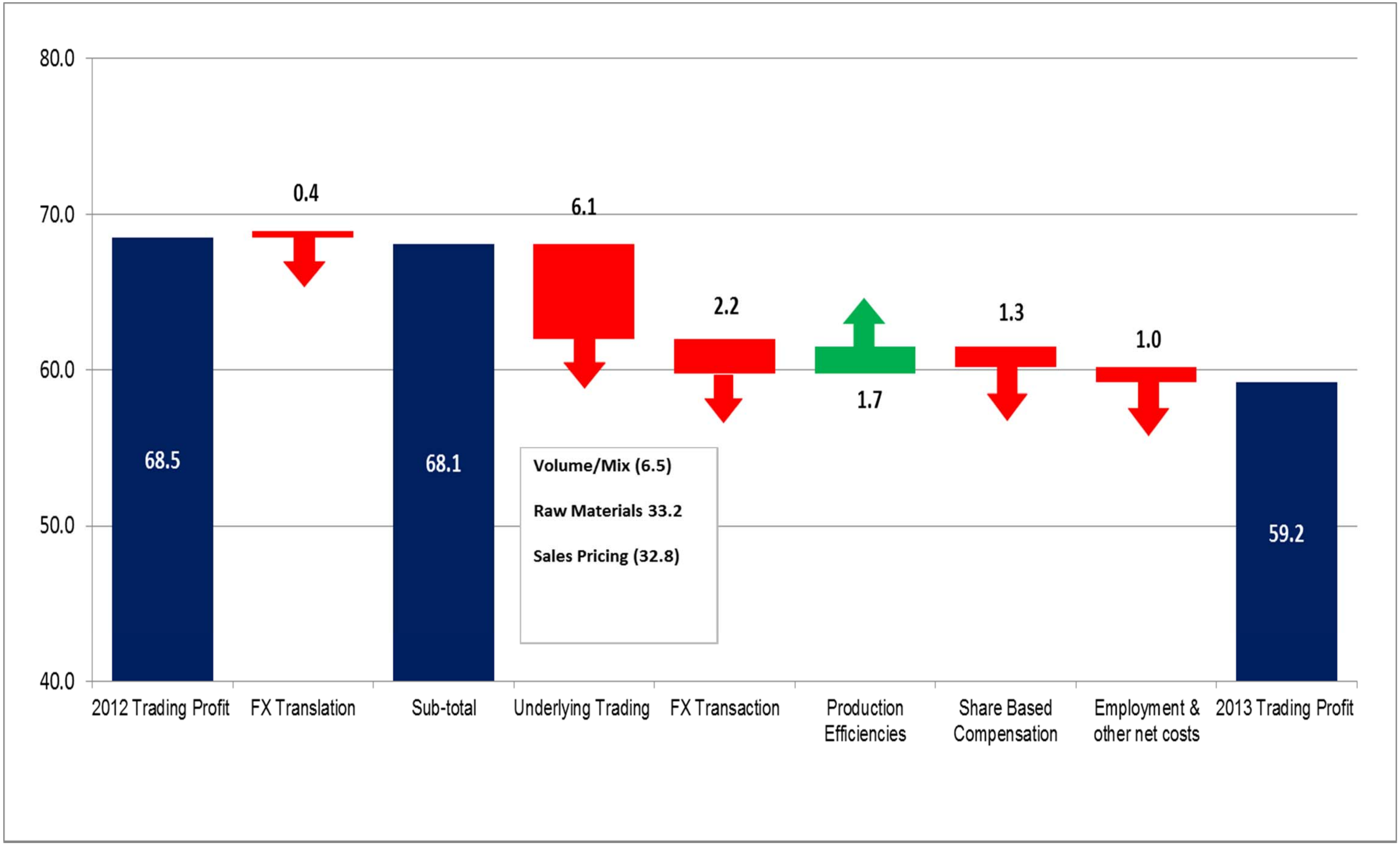
		2013 Q1	2013 Q2	2013 Q3	2013 Q4	2013 FY	2012 Q1 (restated)	2012 Q2 (restated)	2012 Q3 (restated)	2012 Q4 (restated)	2012 FY (restated)
Gas Cylinders	Trading profit $M	5.2	4.8	4.2	4.8	19.0	4.1	3.3	4.0	4.3	15.7
	ROS %	*7.6%*	*7.4%*	*6.5%*	*7.5%*	*7.3%*	*6.7%*	*5.8%*	*7.0%*	*6.1%*	*6.4%*
Elektron	Trading profit $M	9.7	10.5	9.8	10.2	40.2	14.1	14.6	12.3	11.8	52.8
	ROS %	*18.0%*	*18.0%*	*17.6%*	*19.7%*	*18.3%*	*17.6%*	*21.3%*	*21.6%*	*19.9%*	*19.9%*
GROUP	Trading profit $M	14.9	15.3	14.0	15.0	59.2	18.2	17.9	16.3	16.1	68.5
	ROS %	*12.2%*	*12.4%*	*11.7%*	*12.9%*	*12.3%*	*12.9%*	*14.2%*	*14.2%*	*12.4%*	*13.4%*

		2013 Q1	2013 Q2	2013 Q3	2013 Q4	2013 FY
Changes for 2013 v 2012	Gas Cylinders	*26.8%*	*45.5%*	*5.0%*	*11.6%*	*21.0%*
	Elektron	*-31.2%*	*-28.1%*	*-20.3%*	*-13.6%*	*-23.9%*
	GROUP	*-18.1%*	*-14.5%*	*-14.1%*	*-6.8%*	*-13.6%*

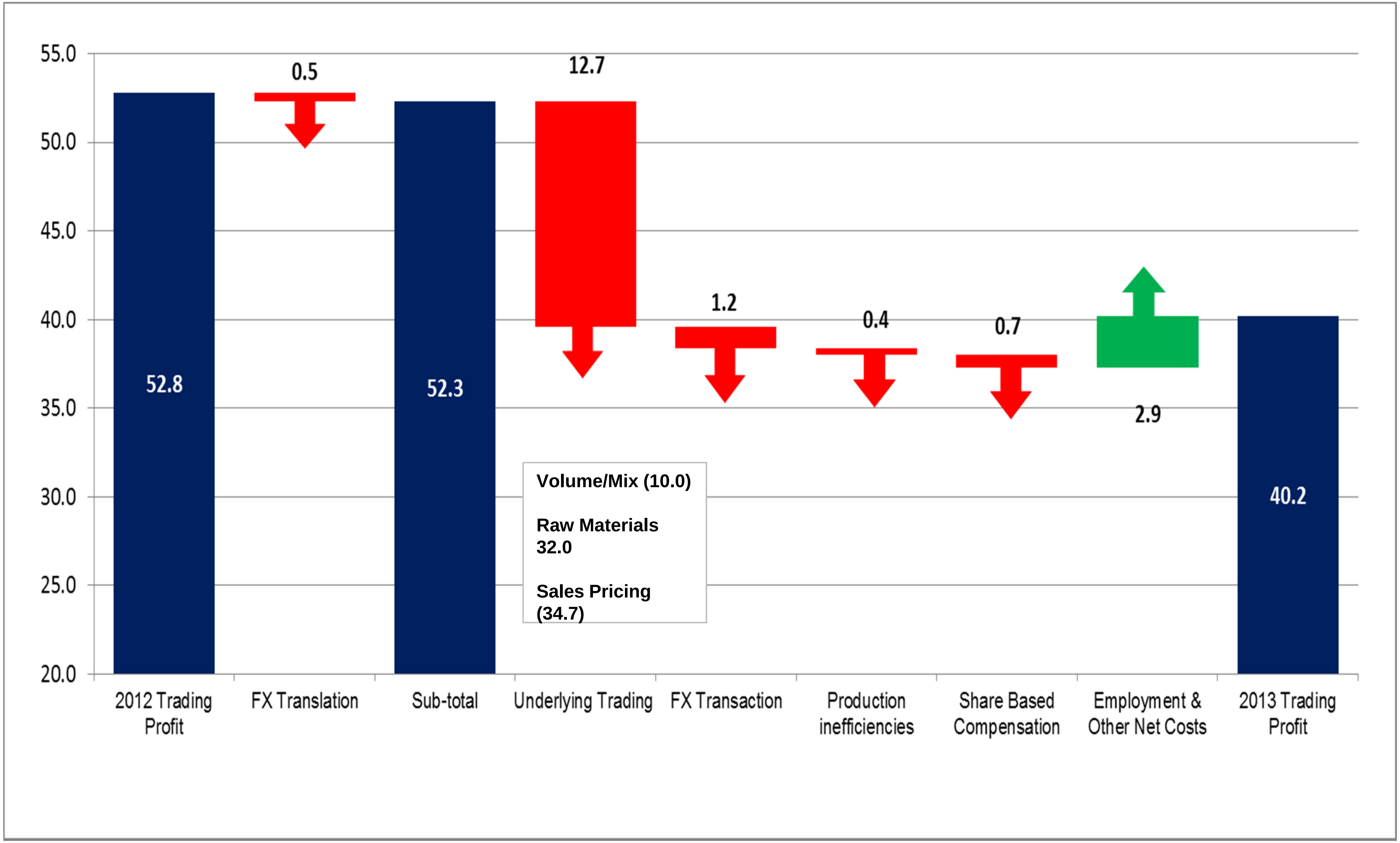
N.B. Trading profit is Luxfer's IFRS 8 segment profit used by the CEO to measure divisional performance.

Note: See slide 28 with respect to the restatement of 2012.

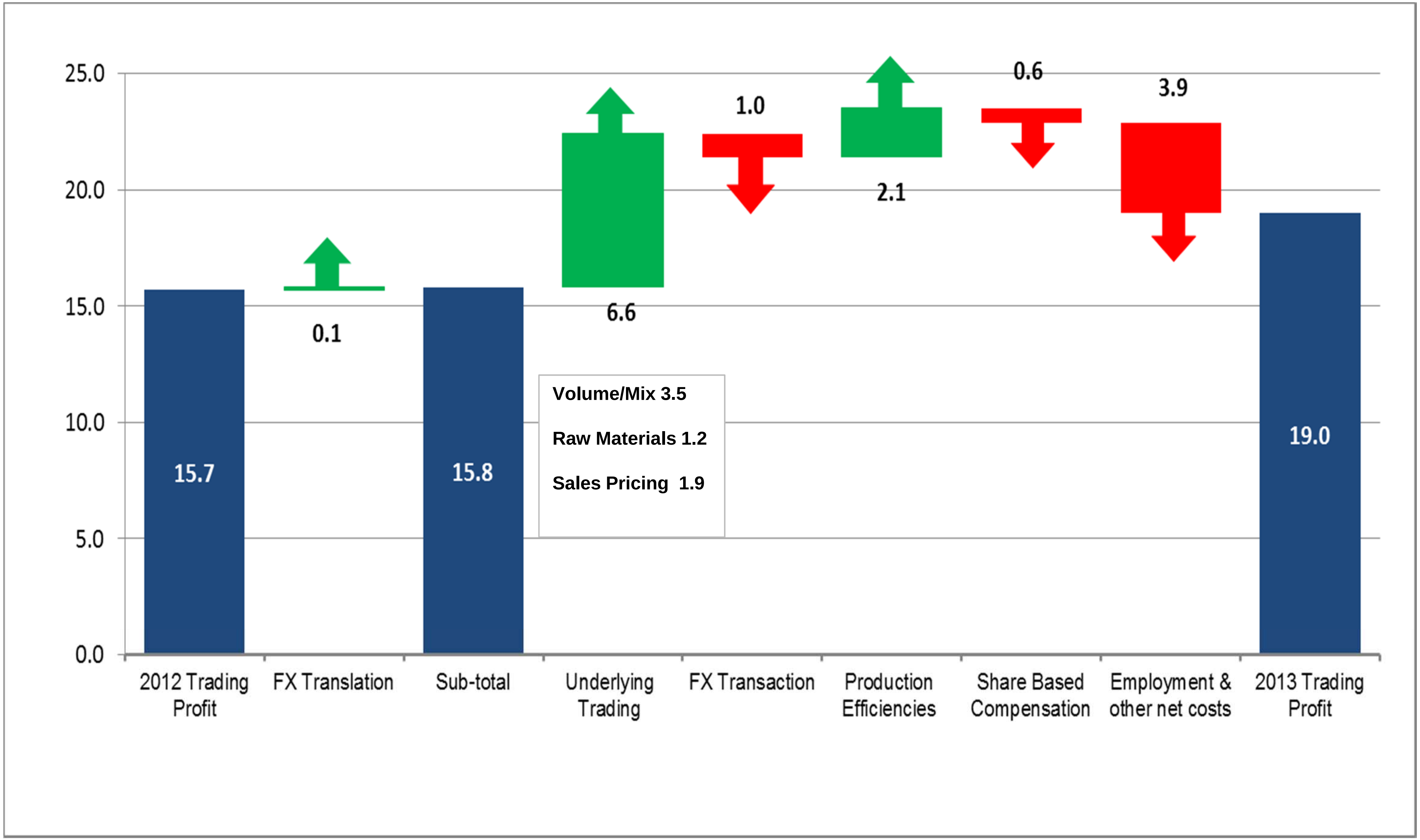
Group trading profit 2012 v 2013



Elektron trading profit 2012 v 2013



Gas Cylinders trading profit 2012 v 2013



Summary income statement

$m	2013 Q1	2013 Q2	2013 Q3	2013 Q4	2013 FY	2012 (restated) Q1	2012 (restated) Q2	2012 (restated) Q3	2012 (restated) Q4	2012 (restated) FY	Variance Q4 $m	Variance Q4 %
Revenue	**122.4**	**123.0**	**119.9**	**116.0**	**481.3**	**141.4**	**125.7**	**114.5**	**130.0**	**511.6**	**(14.0)**	(10.8%)
Costs of sales	(94.1)	(92.5)	(90.9)	(86.0)	(363.5)	(107.7)	(94.2)	(84.9)	(98.9)	(385.7)		
Gross margin	**28.3**	**30.5**	**29.0**	**30.0**	**117.8**	**33.7**	**31.5**	**29.6**	**31.1**	**125.9**	**(1.1)**	(3.5%)
Gross margin %	*23.1%*	*24.8%*	*24.2%*	*25.9%*	*24.5%*	*23.8%*	*25.1%*	*25.9%*	*23.9%*	*24.6%*		
Distribution	(1.6)	(1.5)	(1.6)	(1.8)	(6.5)	(1.7)	(1.7)	(1.6)	(1.9)	(6.9)		
Admininstrative exp	(11.8)	(13.8)	(13.4)	(13.2)	(52.2)	(13.8)	(11.9)	(11.7)	(13.0)	(50.4)		
Share of results of joint ventures		0.1		0.0	0.1				(0.1)	(0.1)		
TRADING PROFIT	**14.9**	**15.3**	**14.0**	**15.0**	**59.2**	**18.2**	**17.9**	**16.3**	**16.1**	**68.5**	**(1.1)**	(6.8%)
Group ROS %	*12.2%*	*12.4%*	*11.7%*	*12.9%*	*12.3%*	*12.9%*	*14.2%*	*14.2%*	*12.4%*	*13.4%*		
Restructuring & other	(0.4)	(0.2)	(0.3)	(1.8)	(2.7)				(2.1)	(2.1)		
OPERATING PROFIT	**14.5**	**15.1**	**13.7**	**13.2**	**56.5**	**18.2**	**17.9**	**16.3**	**14.0**	**66.4**	**(0.8)**	(5.7%)
Finance Costs:												
Acquisitions and disposals			(0.1)		(0.1)		(0.1)	0.3	(1.0)	(0.8)		
Net interest charges	(1.5)	(1.4)	(1.4)	(1.6)	(5.9)	(1.7)	(1.9)	(1.5)	(1.4)	(6.5)		
IAS 19 finance charge (non-cash)	(0.9)	(0.9)	(0.9)	(1.1)	(3.8)	(0.9)	(0.9)	(0.9)	(0.9)	(3.6)		
PROFIT BEFORE TAX	**12.1**	**12.8**	**11.3**	**10.5**	**46.7**	**15.6**	**15.0**	**14.2**	**10.7**	**55.5**	**(0.2)**	(1.9%)
Taxation	(3.8)	(4.2)	(2.9)	(1.7)	(12.6)	(5.2)	(4.8)	(4.5)	(1.5)	(16.0)		
NET INCOME	**8.3**	**8.6**	**8.4**	**8.8**	**34.1**	**10.4**	**10.2**	**9.7**	**9.2**	**39.5**	**(0.4)**	(4.3%)
EPS £1 Ords (weighted av.)	*$0.62*	*$0.64*	*$0.63*	*$0.66*	*$2.54*	*$1.05*	*$1.03*	*$0.98*	*$0.69*	*$3.68*		
Earnings per ADS	*$0.31*	*$0.32*	*$0.31*	*$0.33*	*$1.27*	*n/a*	*n/a*	*n/a*	*$0.34*			
NET INCOME adj	**9.4**	**10.0**	**9.3**	**11.1**	**39.8**	**11.1**	**10.9**	**10.1**	**12.6**	**44.7**	**(1.5)**	(11.9%)
Adj. Earnings per ADS	*$0.35*	*$0.37*	*$0.35*	*$0.41*	*$1.48*	*n/a*	*n/a*	*n/a*	*$0.47*			
Adj EBITDA	18.7	19.8	18.3	19.8	76.6	21.9	21.4	19.9	20.0	83.2	(0.2)	(1.0%)

NOTE: (i) Up to and including Q3 2012 EPS calculations are based on the Pre-IPO capital structure and therefore only 10 million ordinary shares.
(ii) Adj. Earnings per ADS – is Adjusted net income divided by 26.8 million, based on 13.4 ordinary shares outstanding and an ADS being ½ of an ordinary £1 share.
IFRS – GAAP measure for EPS is on the £1 ordinary shares and is a weighted average calculation.
(iii) See slide 28 with respect to the restatement of 2012.

Effective tax rates

$m	Full Year 2013					Full Year 2012				
	UK	Rest of Europe	North America	Asia Pacific	Total	UK	Rest of Europe	North America	Asia Pacific	Total
Revenue	137.8	77.4	260.3	5.8	481.3	167.2	60.7	277.7	6.0	511.6
Trading profit	**15.0**	**3.6**	**39.6**	**1.0**	**59.2**	**24.7**	**3.2**	**39.6**	**1.0**	**68.5**
Restructuring and other	(0.7)	-	(2.0)	-	(2.7)	(1.0)	(0.2)	(0.9)	-	(2.1)
Operating profit	14.3	3.6	37.6	1.0	56.5	23.7	3.0	38.7	1.0	66.4
Acquisitions and disposals	-	0.1	(0.2)	-	(0.1)	(0.8)	0.1	(0.1)	-	(0.8)
Net interest costs	(1.7)	-	(4.3)	0.1	(5.9)	(0.4)	-	(6.2)	0.1	(6.5)
IAS 19 finance charge	(3.1)	(0.1)	(0.6)	-	(3.8)	(2.7)	(0.1)	(0.8)		(3.6)
Profit before tax	**9.5**	**3.6**	**32.5**	**1.1**	**46.7**	**19.8**	**3.0**	**31.6**	**1.1**	**55.5**
Tax	(0.7)	(0.9)	(10.7)	(0.3)	(12.6)	(3.6)	(1.4)	(10.9)	(0.2)	(16.1)
NET INCOME	**8.8**	**2.7**	**21.8**	**0.8**	**34.1**	**16.2**	**1.6**	**20.7**	**0.9**	**39.4**
Effective tax rate %	7%	25%	33%	27%	27%	18%	47%	34%	18%	29%
Return on sales %	11%	5%	15%	17%	12%	15%	5%	14%	17%	13%

For illustration purposes only

2013 Profit before Tax	**9.5**	**3.6**	**32.5**	**1.1**	**46.7**
Effective Tax rates in 2012	18%	47%	34%	18%	32%
Tax	**(1.7)**	**(1.7)**	**(11.2)**	**(0.2)**	**(14.8)**
2013 Proforma Adjusted Net Income with 2012 Tax rates	**7.8**	**1.9**	**21.3**	**0.9**	**31.9**

2013 Profit before Tax	**9.5**	**3.6**	**32.5**	**1.1**	**46.7**
2013 Proforma Adjusted Net Income with 2012 UK Tax rate reduction by 1.25%	16.75%	47%	34%	18%	31%
Tax	**(1.6)**	**(1.7)**	**(11.2)**	**(0.2)**	**(14.7)**
2013 Proforma Adjusted Net Income with 2012 Tax rates	**7.9**	**1.9**	**21.3**	**0.9**	**32.0**

Balance sheet analysis

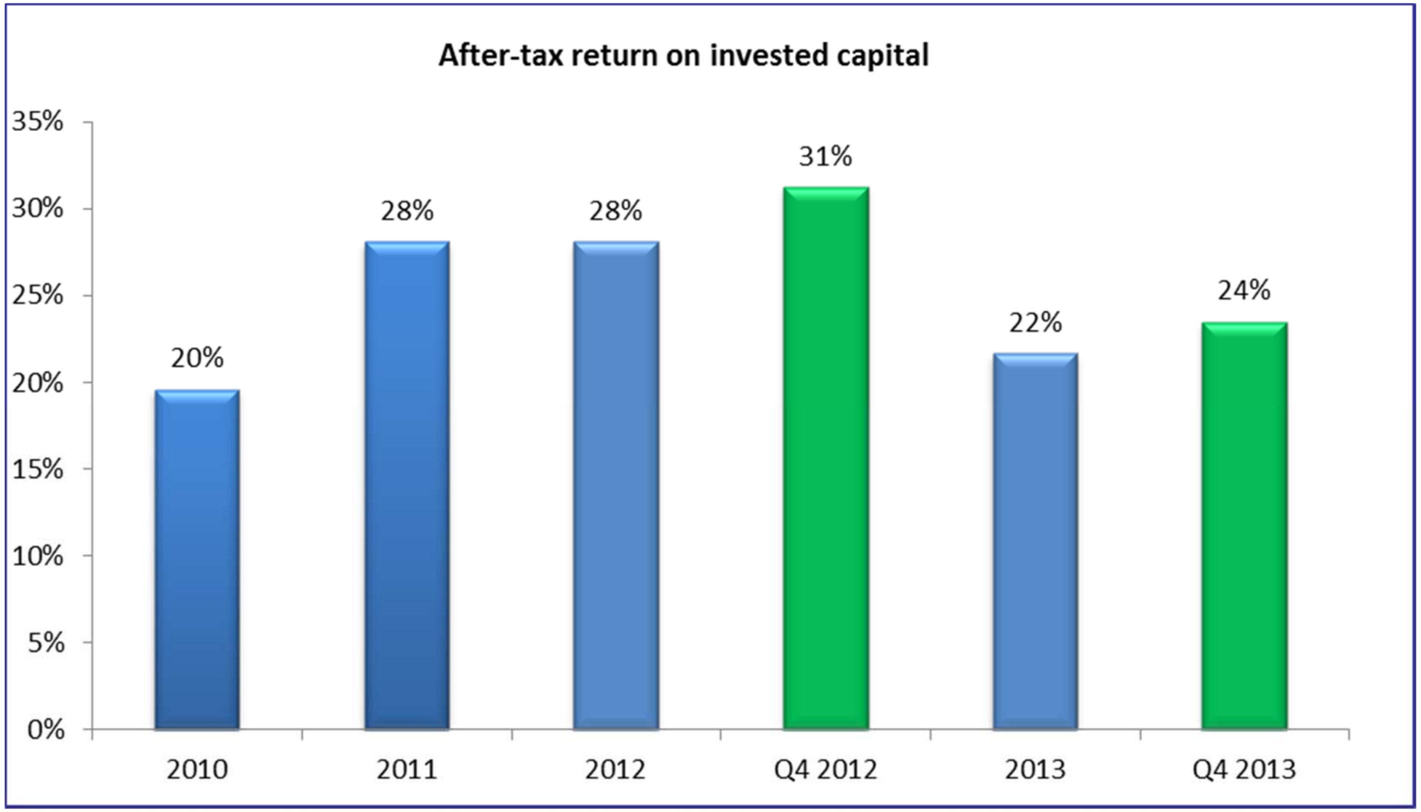
	December 2012 $M	Trading & exchange $M	December 2013 $M
Long term assets	**190.4**	**12.6**	**203.0**
Inventories	*83.8*	*10.3*	*94.1*
Receivables	*74.4*	*(5.8)*	*68.6*
Payables	*(73.7)*	*10.5*	*(63.2)*
Working capital	**84.5**	**15.0**	**99.5**
Income taxes (current and deferred)	(1.4)	(2.4)	(3.8)
Provisions	(4.7)	0.7	(4.0)
Capital employed	**268.8**	**25.9**	**294.7**
Retirement benefit net liabilities	(96.7)	29.1	(67.6)
Invested capital	**172.1**	**55.0**	**227.1**
Net (revolver)/cash position	40.2	(11.8)	28.4
Senior notes 2018 (US Private Placement)	(63.5)	(0.3)	(63.8)
Net assets	**148.8**	**42.9**	**191.7**
Total debt	**(63.5)**	**(0.3)**	**(63.8)**
Net debt	**(23.3)**	**(12.1)**	**(35.4)**
Capital & reserves:			
Ordinary share capital	25.3		25.3
Share premium	55.6		55.6
Deferred equity	150.9		150.9
Retained earnings	278.6	38.7	317.3
Other IFRS reserves & ESOP	(27.8)	4.2	(23.6)
Merger reserve	(333.8)		(333.8)
Equity	**148.8**	**42.9**	**191.7**

Cash flow

	2013 Q1 $m	2013 Q2 $m	2013 Q3 $m	2013 Q4 $m	2013 FY $m	2012 Q1 (restated) $m	2012 Q2 (restated) $m	2012 Q3 (restated) $m	2012 Q4 (restated) $m	2012 FY (restated) $m
Operating profit	14.5	15.1	13.7	13.2	56.5	18.2	17.9	16.3	14.0	66.4
Depreciation & amortization	3.7	3.9	4.1	4.1	15.8	3.7	3.5	3.6	3.9	14.7
Share based compensation charges	0.3	0.7	0.3	0.5	1.8					0.0
Loss on Disposal of PPE				0.3	0.3					0.0
Share of profit of joint venture		(0.1)			(0.1)				0.1	0.1
Decrease / (increase) in working capital	(6.8)	(3.5)	1.2	(5.5)	(14.6)	(9.5)	19.3	(7.5)	5.2	7.5
Increase / (decrease) in provisions	(0.3)	(0.1)	0.1	(0.4)	(0.7)		(0.1)	0.1	(0.6)	(0.6)
Income tax paid	(0.2)	(6.4)	(2.4)	(3.2)	(12.2)	(0.1)	(3.1)	(3.6)	(2.5)	(9.3)
Movement in retirement benefit obligations	(1.6)	(2.7)	(3.7)	(3.4)	(11.4)	(2.7)	(2.2)	(2.1)	(2.8)	(9.8)
Charges on retirement benefit obligations				1.7	1.7					0.0
Net cash from operating activities	**9.6**	**6.9**	**13.3**	**7.3**	**37.1**	**9.6**	**35.3**	**6.8**	**17.3**	**69.0**
Purchase of PPE	(3.9)	(4.0)	(6.2)	(10.1)	(24.2)	(3.1)	(2.7)	(4.2)	(9.3)	(19.3)
Purchase of intangible assets				(2.3)	(2.3)					0.0
Proceeds from sales of PPE				0.1	0.1					0.0
Investment in joint ventures (debt & equity)	(2.5)		(3.5)	(1.0)	(7.0)	(0.4)				(0.4)
Purchase of businesses					0.0			(11.0)		(11.0)
Disposal costs of Intellectual Property					0.0		(0.2)			(0.2)
Proceeds from sale of businesses					0.0	0.8			0.7	1.5
Net cash flow before financing	**3.2**	**2.9**	**3.6**	**(6.0)**	**3.7**	**6.9**	**32.4**	**(8.4)**	**8.7**	**39.6**
Net interest paid	(1.2)	(1.1)	(1.1)	(1.2)	(4.6)	(1.5)	(1.6)	(1.2)	(1.2)	(5.5)
Dividends paid	(2.7)	(2.7)	(2.7)	(2.7)	(10.8)			(3.8)	(2.0)	(5.8)
Repayment of bank loans and other facilities					0.0	(17.0)	(8.6)		(47.8)	(73.4)
Proceeds from issue of shares									65.1	65.1
IPO share issue costs	(0.3)				(0.3)				(3.4)	(3.4)
Cash flow	**(1.0)**	**(0.9)**	**(0.2)**	**(9.9)**	**(12.0)**	**(11.6)**	**22.2**	**(13.4)**	**19.4**	**16.6**

Note: See slide 28 with respect to the restatement of 2012.

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.

Group bank facilities – amendments and extensions

- ## Extensions:
  - **Maturity date** moved from May 2015 to 30 April 2019.
  - **Committed Size** increased from £70m (circa $115m) to $150m.
  - **Uncommitted Accordion** of $50m, means the facility could extend further to $200m.

- ## Amendments:
  - Two new banks added: **Santander UK PLC and Royal Bank of Scotland PLC.**
  - Existing banks already include: **Lloyds Bank, Clydesdale Yorkshire (part of National Australia Bank) and Bank of America Merrill Lynch.**
  - Reduced margin costs of 25 bps below 2x EBITDA leverage.
  - Reduced non-utilization margin means the fees on the extended $150m = the old £70m fees.
  - Inter-creditor agreement cancelled, freeing up ability to raise finance via other routes, such as US Private Placement market.
  - Relaxation on acquisition approvals below 2.5x EBITDA.
  - Total debt cap increased to $300m, subject to being below 3x EBITDA.
  - Facilities denominated in US dollars and not GB pound sterling – though can draw funds in Euro, USD or GBP.
  - One-off arrangement fee is $1.3m payable end of Q1 2014.
  - **Expected to be finalized soon.**

CHIEF EXECUTIVE

BRIAN PURVES

SUMMARY AND OUTLOOK

Summary Q4 2013

- **Gas Cylinders**
  - Profit improvements in Gas Cylinders.
  - Ex-Dynetek plants now profitable.
  - First major virtual pipeline contract won (but requirement slipped).
  - Continued weakness in several aluminum markets.
  - Delay announced to 2013 NIOSH-standard SCBA kits.
- **Elektron**
  - Continued drift downwards on rare earth costs: surcharge just $1.0m in Q4.
  - European automotive market still weak, but some signs of recovery in order book.
  - Strong sales of high-performance alloys in aerospace (mainly helicopters) and high-end engineering.
  - Sales of military powders remain depressed.
- **Summary**
  - Q4 2013 trading profit below expected range, but adjusted net income ahead due to improved tax rates.
  - Q4 adjusted EPS (diluted) ahead of expectations.

Summary Full Year 2013

- **Gas Cylinders**
  - Trading margin improved from 6.4% to 7.3%.
  - Ex-Dynetek plants now profitable and not expected to be a drag on margin in 2014.
  - AF sales of $50m, $30m up on 2012.
  - First major virtual pipeline contract won (although later than forecast).
  - Continued weakness in several European markets (principally for aluminum products).
  - Underlying SCBA demand strong and growing.
    - Late in year, delay announced to approval of 2013 NIOSH-standard SCBA kits.
- **Elektron**
  - Rare earth costs and surcharge no longer a material factor.
  - European automotive market weak throughout the year, but the prevailing analyst view is that recovery is in progress.
  - Strong sales of high-performance alloys in aerospace and high-end engineering.
    - FAA acceptance of magnesium alloys mid-year.
  - Sales of military powders depressed.
- **Summary**
  - Trading profit generated from non-US operations well down on prior year.
    - US flat despite lower defense sales and allocation of ‘listed company’ costs.
  - Improvements to Group marginal tax rate.

Outlook for 2014

- **Elektron**
  - Some recovery in European demand expected, although more likely in second half.
  - Defense unlikely to improve, but continued gradual improvement in other markets.
    - Accident at customer's facility: disruption expected in military flare shipments for some months.
  - Little impact yet from strategic projects on aircraft seating and bio-medical alloys, incremental growth in demand for industrial catalysts, but no sign of 'break-through' project yet.
  - Overall, modest growth being targeted in both revenue (exc. surcharges) and profit.
- **Gas Cylinders**
  - Targeting a further year of growth in both revenue and profits, particularly from composite products.
    - SCBA affected by delay in 2013 NIOSH standards – expected to continue at least until April.
    - First Type 4 (polymer-lined) CNG cylinders expected to be in-market around middle of year.
  - Modest recovery expected in aluminum cylinder markets.
- **Group**
  - Full-year trading profit targeted to improve, but issues outside our control (NIOSH delays and countermeasure customer plant issue) will slow down Q1 and possibly Q2.
    - Reasonable to expect some catch-back over balance of year.
  - Longer-term investment continuing to support development of new products and their commercialization.

QUESTIONS?

APPENDICES

Reconciliation of non-GAAP measures

Adjusted net income and EBITDA:

	2013 Q1 $m	2013 Q2 $m	2013 Q3 $m	2013 Q4 $m	2013 FY $m	2012 Q1 (restated) $m	2012 Q2 (restated) $m	2012 Q3 (restated) $m	2012 Q4 (restated) $m	2012 FY (restated) $m
Net income for the period - as reported	**8.3**	**8.6**	**8.4**	**8.8**	**34.1**	**10.4**	**10.2**	**9.7**	**9.2**	**39.5**
Restructuring & other (income) / expense	0.4	0.2	0.3	1.8	2.7		0.0	0.0	2.1	2.1
Acquisitions and disposals			0.1		0.1		0.1	(0.3)	1.0	0.8
Amortization of share based compensation charge	0.1	0.6	0.2	0.4	1.3					0.0
IAS 19 -retirement benefits finance charge (non-cash)	0.9	0.9	0.9	1.1	3.8	0.9	0.9	0.9	0.9	3.6
Tax thereon	(0.3)	(0.3)	(0.6)	(1.0)	(2.2)	(0.2)	(0.3)	(0.2)	(0.6)	(1.3)
Adjusted net income	**9.4**	**10.0**	**9.3**	**11.1**	**39.8**	**11.1**	**10.9**	**10.1**	**12.6**	**44.7**
Add back: tax thereon	0.3	0.3	0.6	1.0	2.2	0.2	0.3	0.2	0.6	1.3
Tax expense	3.8	4.2	2.9	1.7	12.6	5.2	4.8	4.5	1.5	16.0
Interest costs	1.5	1.4	1.4	1.6	5.9	1.7	1.9	1.5	1.4	6.5
Loss on Disposal of PPE				0.3	0.3					0.0
Depreciation and amortization	3.7	3.9	4.1	4.1	15.8	3.7	3.5	3.6	3.9	14.7
Adjusted EBITDA	**18.7**	**19.8**	**18.3**	**19.8**	**76.6**	**21.9**	**21.4**	**19.9**	**20.0**	**83.2**

Note: See slide 28 with respect to the restatement of 2012.

Reconciliation of non-GAAP measures

Return on Invested Capital (ROIC):

		2010 (restated) $M	2011 (restated) $M	2012 (restated) $M	Q4 2012 (restated) $M	2013 $M	Q4 2013 $M
Trading profit - per income statement		44.7	63.7	68.5	16.1	59.2	15.0
Effective rate tax per income statement		*27.8%*	*23.7%*	*28.8%*	*14.0%*	*27.0%*	*16.2%*
Notional tax		-12.4	-15.1	-19.7	-2.3	-16.0	-2.4
Trading profit after notional tax		32.3	48.6	48.8	13.8	43.2	12.6
Annualised after tax trading profit	(A)	**32.3**	**48.6**	**48.8**	**55.2**	**43.2**	**50.4**
Bank and other loans		115.9	132.5	63.5	63.5	63.8	63.8
Cash		-10.3	-22.2	-40.2	-40.2	-28.4	-28.4
Net debt		105.6	110.3	23.3	23.3	35.4	35.4
Total shareholders equity		65.2	64.8	148.8	148.8	191.7	191.7
Invested capital		**170.8**	**175.1**	**172.1**	**172.1**	**227.1**	**227.1**
Average invested capital	(B)	**164.8**	**173.0**	**173.6**	**176.6**	**199.6**	**214.5**
Return on invested capital	(A) / (B)	**20%**	**28%**	**28%**	**31%**	**22%**	**24%**

IAS 19 revised – restatement of 2012 results

	AS PREVIOUSLY STATED					REVISED				
	2012 Q1 $m	2012 Q2 $m	2012 Q3 $m	2012 Q4 $m	2012 FY $m	2012 Q1 $m	2012 Q2 $m	2012 Q3 $m	2012 Q4 $m	2012 FY $m
Net income for the period - as reported	**11.1**	**10.9**	**10.5**	**9.9**	**42.4**	**10.4**	**10.2**	**9.7**	**9.2**	**39.5**
Acquisition and disposals	0.0	0.1	(0.3)	1.0	0.8	0.0	0.1	(0.3)	1.0	0.8
Restructuring & other income/expense	0.0	0.0	0.0	2.1	2.1	0.0	0.0	0.0	2.1	2.1
IAS 19 revised - changes to finance costs					**0.0**	**0.9**	**0.9**	**0.9**	**0.9**	**3.6**
Tax thereon				(0.3)	(0.3)	(0.2)	(0.3)	(0.2)	(0.6)	(1.3)
Adjusted net income	**11.1**	**11.0**	**10.2**	**12.7**	**45.0**	**11.1**	**10.9**	**10.1**	**12.6**	**44.7**
Add back: tax thereon	0.0	0.0	0.0	0.3	0.3	0.2	0.3	0.2	0.6	1.3
Tax expense	5.5	5.1	4.7	1.7	17.0	5.2	4.8	4.5	1.5	16.0
Net finance costs	1.7	1.9	1.5	1.4	6.5	1.7	1.9	1.5	1.4	6.5
Trading profit - as reported	**18.3**	**18.0**	**16.4**	**16.1**	**68.8**	**18.2**	**17.9**	**16.3**	**16.1**	**68.5**
Depreciation and amortization	3.7	3.5	3.6	3.9	14.7	3.7	3.5	3.6	3.9	14.7
Adjusted EBITDA	**22.0**	**21.5**	**20.0**	**20.0**	**83.5**	**21.9**	**21.4**	**19.9**	**20.0**	**83.2**
NON GAAP: Net income per ADS - based on POST IPO 31 Dec 2012 outstanding share count:										
Net income divided by 26.8m	$0.41	$0.41	$0.39	$0.37	$1.58	$0.39	$0.38	$0.36	$0.34	$1.47
Adjusted net income divided by 26.8m	**$0.41**	**$0.41**	**$0.38**	**$0.47**	**$1.68**	**$0.41**	**$0.41**	**$0.38**	**$0.47**	**$1.67**
IFRS - EPS based on £1 ordinary shares (weighted average calculation):	**$1.12**	**$1.10**	**$1.06**	**$0.74**	**$3.95**	**$1.05**	**$1.03**	**$0.98**	**$0.69**	**$3.68**

Note: A change to IAS 19, Employee Benefits Revised, requires the Group to charge (in addition to normal current-year service costs) scheme paid (and self-funded) administration costs to operating profit and to make a notional finance charge, in respect of the level of accounting pension deficit, based upon corporate bond yields, Results for the prior quarters in 2012 have been restated to reflect these changes and make the prior-year figures comparable to the current year.