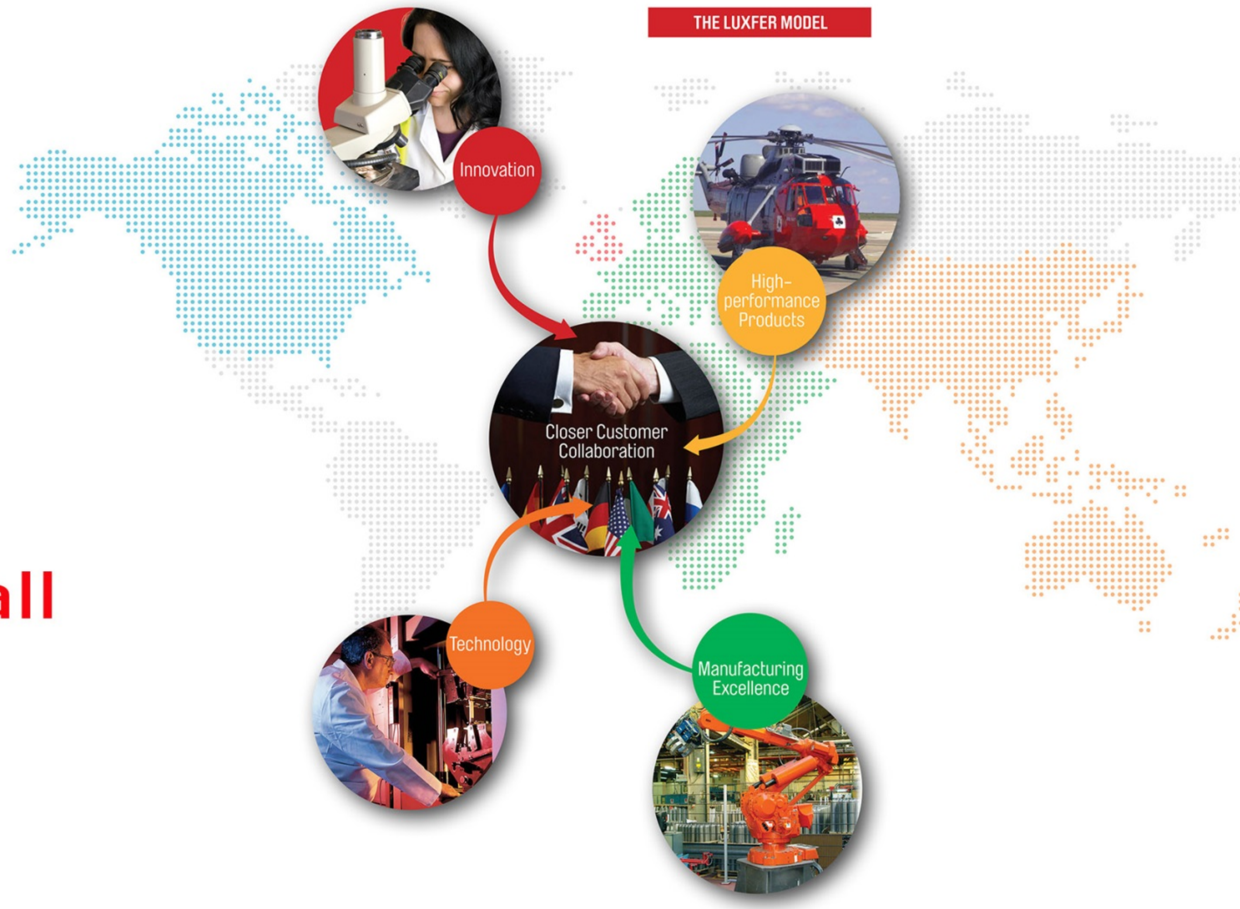
LUXFER GROUP

a global materials technology company

2013 Q1 results

Market overview | Divisional performance | Financial results | Outlook



Brian Purves

Chief Executive

Andy Beaden

Group Finance Director

Q1 Conference Call

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**
  - Overview
  - Market situation
  - Divisional performance

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

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

- **Questions**

Q1 2013 Overview

- Underlying revenue $119.2m compared to $121.1m Q1 2012. Adverse $1.5m translation impact.
- Trading profit $14.9 million.
- EPS @ $0.31 per ADS and $0.35 on adjusted net income.
  - 1 cent ahead of consensus forecast.
- Strong operating cashflow in quarter.
- Integration programs at newly-acquired Dynetek business units going well.
  - Several cost reduction actions completed.
  - Units operating at break-even by end of quarter.
  - Market prices still below target.

ELEKTRON DIVISION

	ELEKTRON Q1 $m
Net Revenue	*60.0*
RE Surcharge	*20.3*
2012 Revenue analysis	**80.3**
Changes in period:	
FX Translation	**(0.8)**
Rare Earth Surcharge	**(17.1)**
Trading movements	**(8.4)**
Net Revenue	*50.8*
RE Surcharge	*3.2*
2013 Revenue analysis	**54.0**
Trading variance	-14.2%

- **Q1 2013 cerium surcharge is $17.1m lower than in Q1 2012.**
- **Underlying Q1 revenue, excluding surcharge, down by $8.4 million (14.2%) compared to Q1 2012.**
  - **Weak European automotive market has impacted catalyst sales.**
  - **Reduced US defense activity has impacted powder sales in the US.**
  - **Strong demand for PE plate in Q4 2012 has impacted Q1 2013 sales. Backorders at end of quarter indicates stocks back in balance.**

Luxfer Gas Cylinders

GAS CYLINDERS DIVISION

	GAS CYLINDERS Q1 $m
2012 Revenue analysis	**61.1**
Changes in period:	
FX Translation	**(0.7)**
Trading movements	**8.0**
2013 Revenue analysis	**68.4**
Trading variance	13.2%

- **Q1 underlying revenue up $8.0 million (13.2%) on Q4 2012:**
  - **Surge in demand for compressed natural gas (CNG) alternative fuel (AF) cylinders.**
  - **Composite SCBA Q1 2013 volumes 25% higher than Q1 2012.**
  - **Weakness in some European cylinder markets.**

Selected Strategic Growth Initiatives - Update

- **Alternative Fuel Containment**
  - **All facilities very busy manufacturing these large cylinders.**
  - **Additional liner capacity to come on stream July 2013, phase 2 January 2014.**

- **Bulk Gas Transportation**
  - **Several of these units now in the order book.***

- **Magnesium alloys for aircraft seating**
  - **Third party laboratory confirmation of bench test for performing alloys underway.**

* Or in the order book of our partners in this area, to whom we are supplying the cylinders.

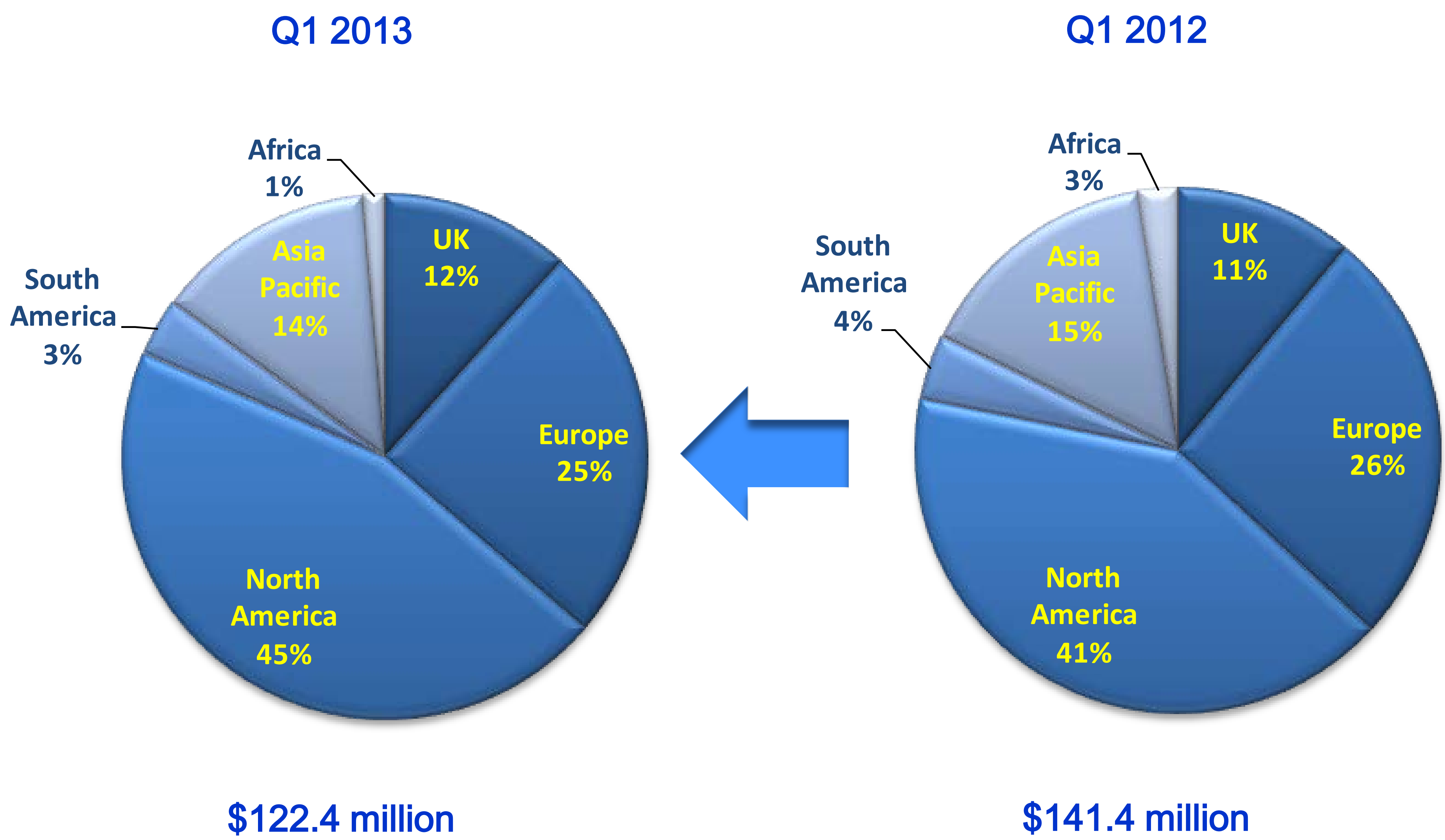
GROUP FINANCE DIRECTOR

ANDY BEADEN

Group Revenue

	ELEKTRON Q1 $m	GAS CYLINDERS Q1 $m	GROUP Q1 $m
Net Revenue	*60.0*	*61.1*	*121.1*
RE Surcharge	*20.3*		*20.3*
2012 Revenue analysis	**80.3**	**61.1**	**141.4**
Changes in period:			
FX Translation	**(0.8)**	**(0.7)**	**(1.5)**
Rare Earth Surcharge	**(17.1)**		**(17.1)**
Trading movements	**(8.4)**	**8.0**	**(0.4)**
Net Revenue	*50.8*	*68.4*	*119.2*
RE Surcharge	*3.2*		**3.2**
2013 Revenue analysis	**54.0**	**68.4**	**122.4**
Trading variance	-14.2%	13.2%	-0.3%

Geographic Sales Trends



Trading Profit Analysis

		2013 Q1	2012 Q1 (restated)
Gas Cylinders	**Trading Profit $M**	**5.2**	4.1
	ROS %	***7.6%***	*6.7%*
Elektron	**Trading Profit $M**	**9.7**	14.1
	ROS %	***18.0%***	*17.6%*
GROUP	**Trading Profit $M**	**14.9**	18.2
	ROS %	*12.2%*	*12.9%*

Changes for	**Gas Cylinders**	*26.8%*
2013 v 2012	**Elektron**	*-31.2%*
	GROUP	*-18.1%*

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

Summary Income Statement

$m	2013 Q1	2012 (restated) Q1	Variance Q1 $m	Variance Q1 %
Net Revenue	119.2	121.1	(1.9)	(1.6%)
Revenue	**122.4**	**141.4**	**(19.0)**	(13.4%)
Costs of Sales	(94.1)	(107.7)		
Gross Margin	**28.3**	**33.7**	**(5.4)**	(16.0%)
Gross Margin %	*23.1%*	*23.8%*		
Distribution	(1.6)	(1.7)		
Admininstrative exp	(11.8)	(13.8)		
TRADING PROFIT	**14.9**	**18.2**	**(3.3)**	(18.1%)
Group ROS %	*12.2%*	*12.9%*		
Restructuring & Other	(0.4)			
OPERATING PROFIT	**14.5**	**18.2**	**(3.7)**	(20.3%)
Finance Costs:				
Interest costs	(1.5)	(1.7)		
IAS 19 finance charge (non-cash)	(0.9)	(0.9)		
PROFIT BEFORE TAX	**12.1**	**15.6**	**(3.5)**	(22.4%)
Taxation	(3.8)	(5.2)		
NET INCOME	**8.3**	**10.4**	**(2.1)**	(20.2%)
EPS £1 Ords (weighted av.)	*$0.62*	*$1.05*		
NET INCOME adj	**9.4**	**11.1**	**(1.7)**	(15.3%)
Adj. EP per ADS	*$0.35*	*n/a*		
Adj EBITDA	18.7	21.9	(3.2)	(14.6%)

NOTE:
Adj. EP 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.

Balance Sheet Analysis

	December 2012 $M	Trading & Exchange $M	March 2013 $M
Long Term Assets	**190.4**	**(10.0)**	**180.4**
Inventories	*83.8*	*(1.6)*	*82.2*
Receivables	*74.4*	*2.1*	*76.5*
Payables	*(73.7)*	*4.6*	*(69.1)*
Working Capital	**84.5**	**5.1**	**89.6**
Income taxes	(1.4)	(2.3)	(3.7)
Provisions	(4.7)	0.5	(4.2)
Capital Employed	**268.8**	**(6.7)**	**262.1**
Retirement benefit net liabilities	(96.7)	16.9	(79.8)
Invested Capital	**172.1**	**10.2**	**182.3**
Net (Revolver)/Cash position	40.2	(3.2)	37.0
Senior Notes 2018 & Term loans	(63.5)		(63.5)
Net Assets	**148.8**	**7.0**	**155.8**
Total debt	**(63.5)**		**(63.5)**
Net debt	**(23.3)**	**(3.2)**	**(26.5)**
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	13.2	291.8
Other IFRS reserves & ESOP	(27.8)	(6.2)	(34.0)
Merger Reserve	(333.8)		(333.8)
Equity	**148.8**	**7.0**	**155.8**

Cash Flow

	2013 Q1 $m	2012 Q1 (restated) $m
Operating Profit	14.5	18.2
Depreciation & amortization	3.8	3.7
Share based compensation charges	0.3	
Decrease / (increase) in working capital	(6.9)	(9.5)
Increase / (decrease) in provisions	(0.3)	
Income tax paid	(0.2)	(0.1)
Movement in retirement benefit obligations	(1.6)	(2.7)
Net Cash From Operating Activities	**9.6**	**9.6**
Purchase of PPE	(3.9)	(3.1)
Investment in joint venture	(2.5)	(0.4)
Proceeds from sale of businesses		0.8
Net Cash Flow Before Financing	**3.2**	**6.9**
Net Interest paid	(1.2)	(1.5)
Dividends paid	(2.7)	
IPO share issue costs	(0.3)	
Cash Flow	**(1.0)**	**5.4**

Return on Invested Capital (restated for IAS 19 revised)

Notes:

1. Return on Invested Capital (ROIC) is defined as : $\frac{\text{Trading Profit} \times (1 - \text{effective tax rate for the period})}{\text{Invested Capital}}$
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

Financial Issues

	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**

CEO – SUMMARY & OUTLOOK

BRIAN PURVES

Summary Q1 2013

- **Gas Cylinders**
  - On-going revenue & profit improvements in Gas Cylinders.
  - Integration of Dynetek going well, AF demand growing strongly.
  - Some softness in certain European sectors.
- **Elektron**
  - Industrial catalyst market continues to develop, along with increasing sales of Elektron magnesium alloy extrusions.
  - Continued unwinding of rare earth price spike (cerium @ <10% of peak price).
  - Automotive demand still soft.
  - PE plate market sales slow in Q1.
- **Summary**
  - Q1 2013 trading profit as per guidance.
  - Cash flow strong.
  - Our return on invested capital remains well above 20%.

Outlook for 2013

- **Elektron**
  - **Profitability expected to be, at best, flat compared to 2012, with growth in some areas needed to offset lower defense spending and weak European auto market.**

- **Gas Cylinders**
  - **Another year of significant improvement in revenue and profits as a result of strong top-line growth and investment in manufacturing efficiencies.**

- **Group**
  - **Although still affected by weak defense and autocat sales, Q2 2013 trading profit is expected to be up $1.5m million to $2.5m million compared to Q1 2013.**
  - **At a projected exchange rate of 1.53 $/£, we expect full-year growth in US$ trading profit of between $2 million and $5 million, with the growth in the second half.**
  - **With no more than $1m of Restructuring and other expenses, we expect full-year growth in operating profit of $3 million to $6 million.**

QUESTIONS ?

APPENDICES

Reconciliation of non-GAAP measures

Adjusted Net Income and EBITDA:

	2013 Q1 $m	2012 Q1 (restated) $m
Net income for the period - as reported	**8.3**	**10.4**
Restructuring & other (income) / expense	0.4	
Other share based compensation charge	0.1	
IAS 19 -retirement benefits finance charge (non-cash)	0.9	0.9
Tax thereon	(0.3)	(0.2)
Adjusted net income	**9.4**	**11.1**
Add back: Tax thereon	0.3	0.2
Tax expense	3.8	5.2
Interest costs	1.5	1.7
Other share based compensation charge	(0.1)	
Trading profit - as reported	**14.9**	**18.2**
Depreciation and amortization	3.8	3.7
Adjusted EBITDA	**18.7**	**21.9**

Reconciliation of non-GAAP measures

Return on Invested Capital (ROIC):

		2010 (restated) $M	2011 (restated) $M	2012 (restated) $M	Q1 2012 (restated) $M	Q1 2013 $M
Trading Profit - per Income Statement		44.7	63.7	68.5	18.2	14.9
Effective rate tax per Income Statement		*27.8%*	*23.7%*	*28.8%*	*33.3%*	*31.4%*
Notional Tax		-12.4	-15.1	-19.7	-6.1	-4.7
Trading Profit after notional tax		32.3	48.6	48.8	12.1	10.2
Annualised after tax Trading Profit	(A)	**32.3**	**48.6**	**48.8**	**48.4**	**40.8**
Bank and Other Loans		115.9	132.5	63.5	116.9	63.5
Cash		-10.3	-22.2	-40.2	-10.9	-37.0
Net Debt		105.6	110.3	23.3	106.0	26.5
Total shareholders equity		65.2	64.8	148.8	86.7	155.8
Invested Capital		**170.8**	**175.1**	**172.1**	**192.7**	**182.3**
Average Invested Capital	(B)	**164.8**	**173.0**	**173.6**	**183.9**	**177.2**
Return on invested capital	(A) / (B)	**20%**	**28%**	**28%**	**26%**	**23%**