

Elementis plc**Q3 Trading Update****Resilient overall performance, confident of continued progress in 2018**

Elementis plc (“Elementis” or the “Group”), a global Specialty Chemicals Company, today issues its period end trading update for the three months ended 30 September 2018.

The Group has delivered resilient performance in the third quarter, and overall is on track and confident of making further financial and strategic progress in 2018.

Business Performance

- In **Personal Care** solid performance in the period was supported by growth in sales to direct customers of our unique, high margin hectorite based products and the successful delivery of SummitReheis synergies.
- In **Coatings** our transformation programme continues to gather pace as we optimise the product portfolio, implement efficiency measures and execute price increases. In Q3, performance in Europe and the Americas was similar to the first half but Asia has been impacted by weaker volumes and currency headwinds, primarily in China, as a result of an economic slowdown.
- Activity levels in **Energy** have improved driven by new business and early signs of recovery in deep water drilling. We continue to expect a sequential improvement in performance in the second half of the year.
- In **Chromium**, as previously communicated, production at Castle Hayne was temporarily suspended in September due to Hurricane Florence and subsequent flooding. Production has since restarted, and whilst we expect some mitigation from insurance, this outage will adversely impact Chromium full year operating performance. Otherwise, demand remains strong with supportive pricing momentum expected in 2019.

Mondo Minerals Acquisition

Completion of the Mondo Minerals acquisition on 23 October represents a material new growth opportunity for Elementis. In 2018 Mondo continues to trade in line with our expectations, and is experiencing good momentum going into 2019.

Strong cash generation

Elementis’ strong free cash generation continued in Q3 and was enhanced by the disposal of our Jersey City site for \$17m in August. Including the sale of the Surfactants business in February, this brings cumulative proceeds from asset disposals to over \$60m in 2018.

Having completed the acquisition of Mondo Minerals, a material deleveraging profile is envisaged for the Group and this will be accelerated by the outcome of the triennial review of the UK pension scheme that concluded no cash top up payments are required from Elementis until at least 2021. This contrasts to the previous three years where total contributions were \$32m.

Commenting on the performance, CEO, Paul Waterman said,

“Overall performance in the third quarter has been solid. We continue to implement our Reignite Growth strategy, focusing resources on higher margin growth opportunities, high grading our business portfolio and driving both cost and capital efficiency. In addition we are excited to begin the integration of Mondo Minerals at pace.”

Enquiries

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