Morgan Crucible
The Advanced Materials Group

2009 Full Year Financial Results

18th February 2010

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2009 Full Year Financial Results

Kevin Dangerfield

Resilient profit margins. Dividend maintained

	FY09	FY08
Revenue	£942.6m	£835.0m
EBITA before restructuring and one-off items	£89.0m	£108.8m
EBITA Margin % before restructuring and one-off items	9.4%	13.0%
EBITA after restructuring and one-off items *	£77.0m	£98.2m
EBITA Margin % after restructuring and one-off items *	8.2%	11.8%
PBT before amortisation	£47.7m	£86.0m
Underlying earnings per share	13.2p	23.4p
Full year dividend per share (Final: 4.5p)	7.0p	7.0p

** EBITA after restructuring and one-off items is defined as operating profit before amortisation of intangible assets*

Restructuring and one-off charges kept to £12 million

	FY09 £m	FY08 £m
Revenue	942.6	835.0
EBITA before restructuring and one-off items *	89.0	108.8
Restructuring and one-off items*	(12.0)	(10.6)
EBITA after restructuring and one-off items *	77.0	98.2
Amortisation of intangible assets	(16.3)	(3.2)
Operating profit	60.7	95.0
Net financing costs	(29.3)	(12.7)
Loss on partial disposal of business	-	(0.7)
Share of profit of associate	-	1.2
Profit before tax	31.4	82.8
Tax	(8.7)	(20.1)
Profit for the period	22.7	62.7
Minority interest	(3.7)	(3.5)
Profit attributable to shareholders for the period	19.0	59.2

** Restructuring and one-off items include the costs of restructuring activity, profit/(loss) on disposal of property arising from restructuring activity and ongoing recovery/(costs) associated with the settlement of prior period anti trust litigation.*

Strong positive cashflow delivered

	FY09 £m	FY08 £m
Net cash flow from operating activities	**134.5**	**111.2**
Net capital expenditure	(13.7)	(31.5)
Net interest paid	(23.2)	(16.9)
Tax paid on ordinary activities	(11.7)	(28.1)
FREE CASH FLOW BEFORE ONE-OFF COSTS	**85.9**	**34.7**
One-off costs:		
- Restructuring costs and other one-off items	(12.1)	(11.5)
- Tax Settlement	(20.3)	-
Dividends paid	(12.1)	(18.8)
Cash flows from other investing and financing activities	(32.0)	(98.3)
Exchange movement	28.3	(76.8)
Opening net debt	(290.4)	(119.7)
Closing net debt	**(252.7)**	**(290.4)**

Debt reductions achieved without compromising investment or dividends

Uses of cash:

- NPA acquisition c.£32m
- USA tax settlement c.£20m
- Restructuring and rationalisation c. £12m

Results delivered:

- Net debt reduced by c.£40m
- Net debt/EBITDA ratio maintained at 2.1 times (2008 : 2.1 times)
- Undrawn facilities improved to c.£170m providing substantial headroom

Maintained dividend c.£12m

Resilient results in a very difficult environment

- Validation of our strategy over the past 5 years
- Ability to take effective action on our cost base early
- 2nd half EBITA margins improving to nearly 10%
- Strong cash management - reducing net debt, despite one-off cost incurred
- Comfortable covenant position and facility headroom

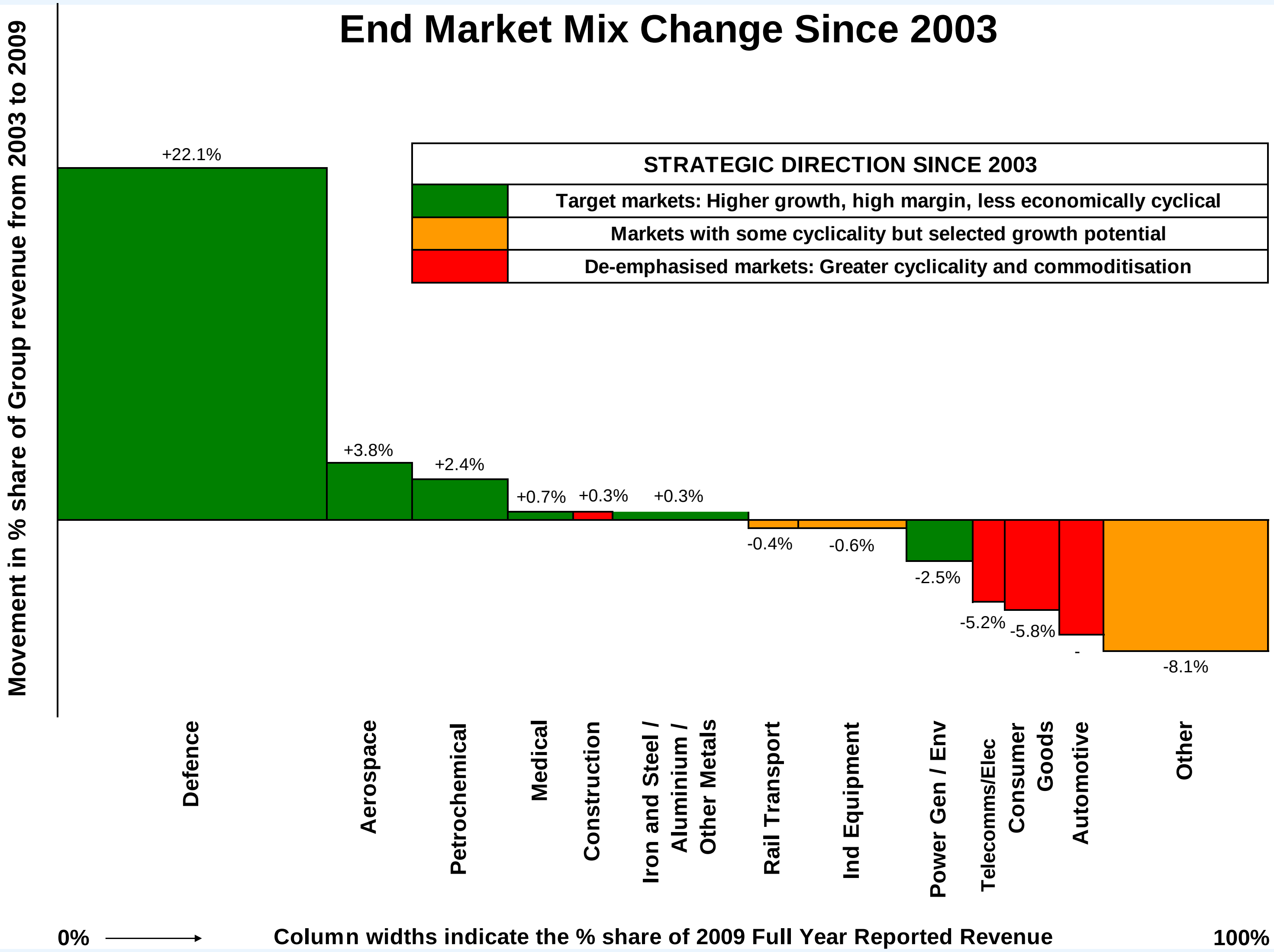
Group and Divisional Business Review

Mark Robertshaw

Strategy has delivered in the worst downturn in decades

- Focus on higher growth, higher margin non economically cyclical markets
- High value-added to our customers
- Number 1 or 2 in our chosen market segments
- Culture of operational excellence and cost efficiency
- Finding, keeping and developing the right people

Fundamental improvement achieved in our end market mix



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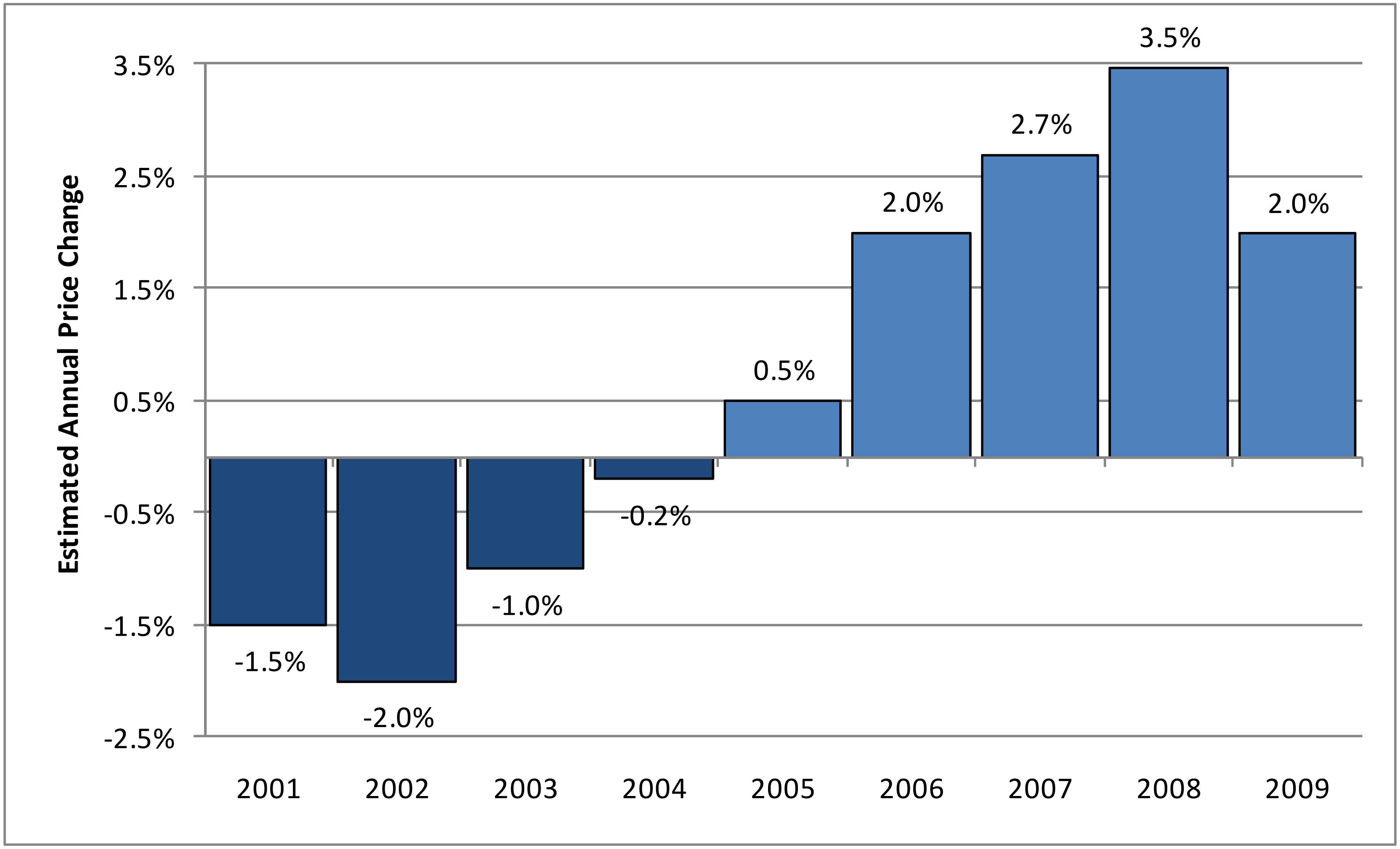
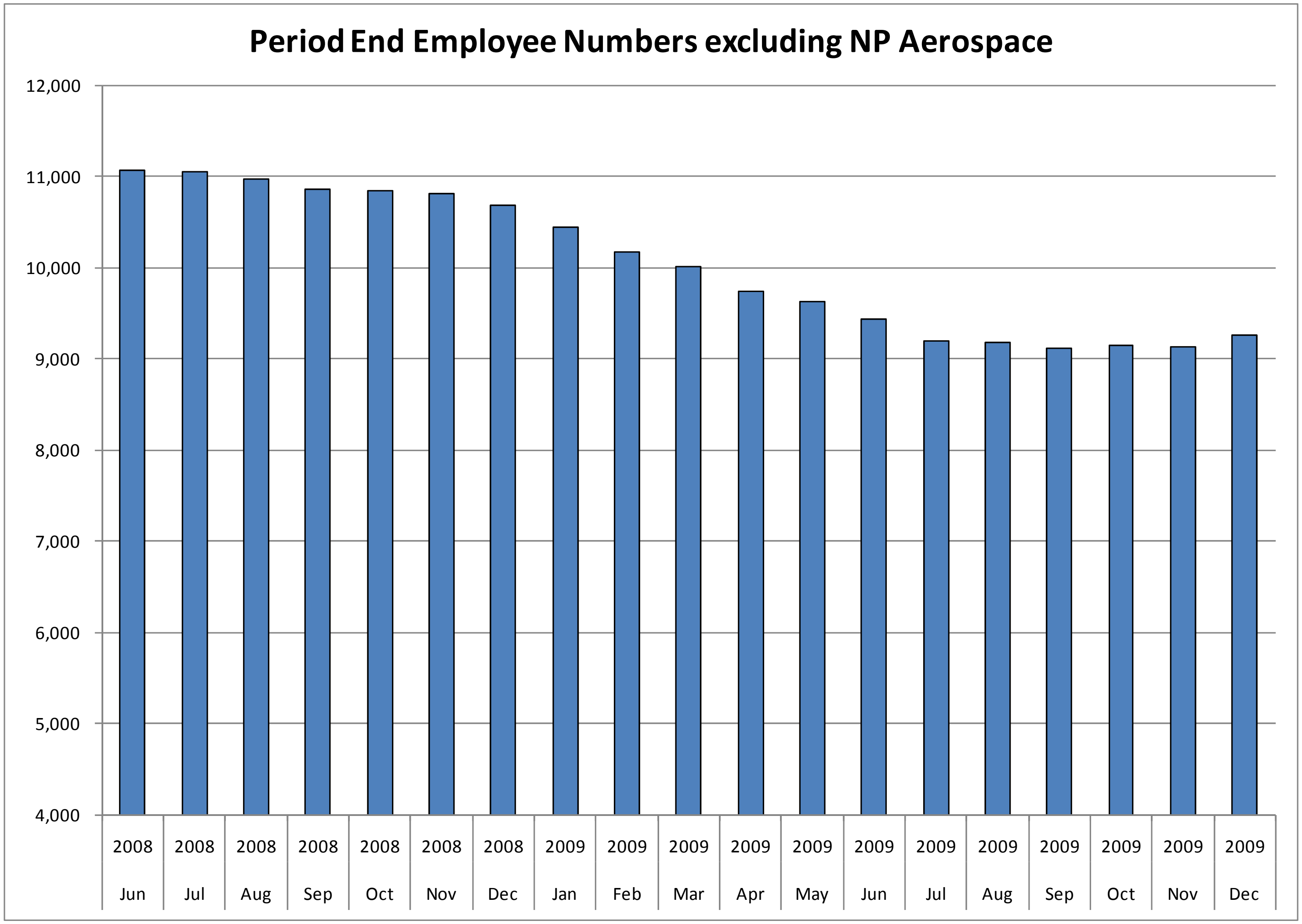
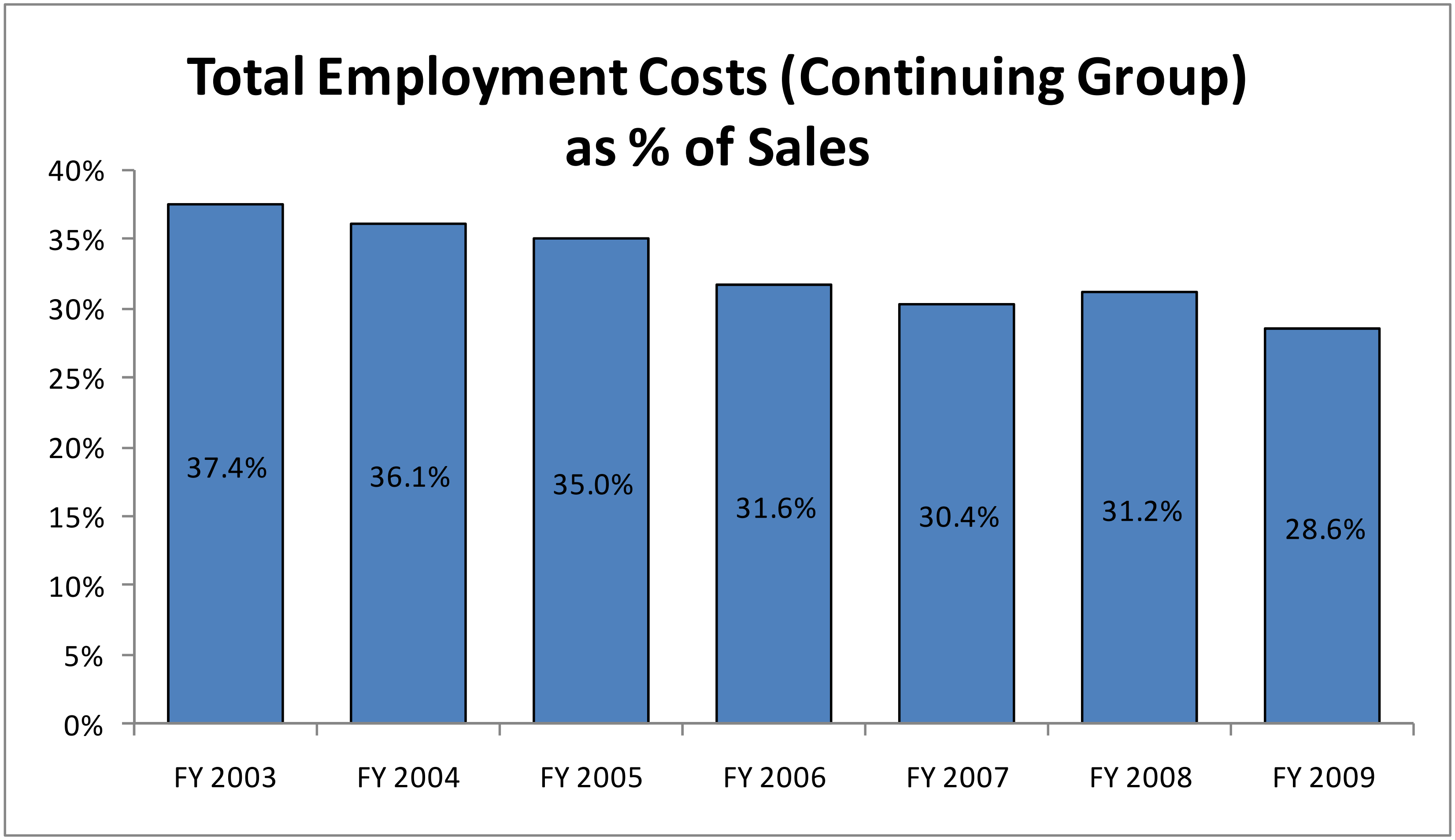
Positive pricing again reflecting strong market positions



Step change reduction in total group headcount



Continued single minded focus on employment costs



We continue to invest in our long term future

<u>Example: Significant Investment in China in 2009</u>

- Brand new greenfield Crucibles plant opened in Suzhou
- State of the art Thermal brick line commissioned in Yixing
- New R&D agreement with Jiao Tong University of Shanghai

Promoting Positive Relations with the People's Republic of China

THE 48 GROUP CLUB

"The Icebreakers"

UK Outward Investor of the Year Award

presented to

The Morgan Crucible Company Plc

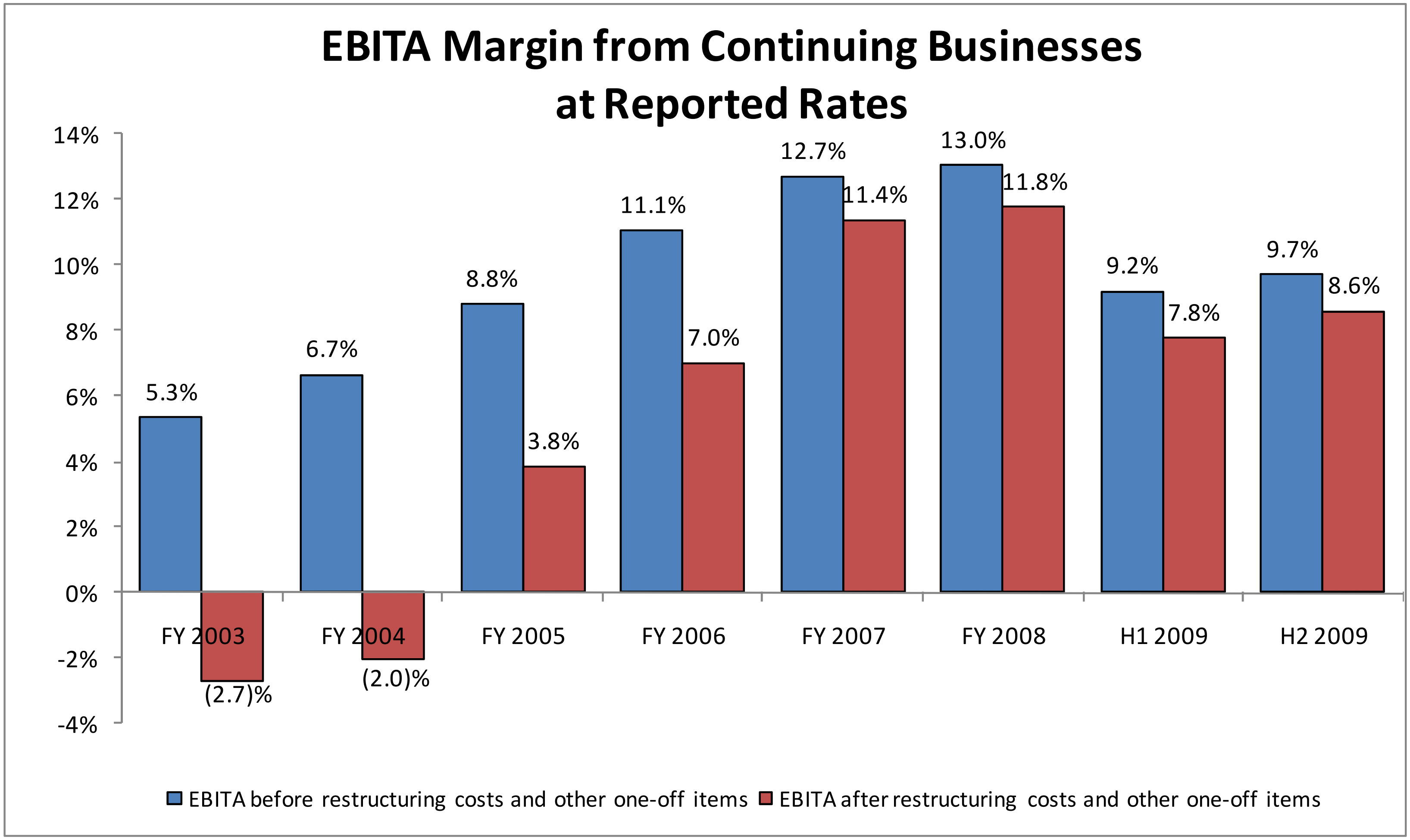
in recognition of your outstanding contribution to Sino-British relations

The Dorchester, London, 9th February 2010

UK Outward Investor of the Year to China

Group R&D investment increased in both absolute terms and as percentage of sales

Much better margins than in the previous downturn



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Resilient profit margins across all divisions

£m	Revenue		EBITA		Profit Margins %	
	FY09	FY08	FY09	FY08	FY09	FY08
Technical Ceramics	206.0	212.2	25.1	31.6	12.2%	14.9%
Insulating Ceramics	345.2	382.9	27.6	45.6	8.0%	11.9%
Carbon	391.4	239.9	40.5	36.3	10.3%	15.1%
Unallocated Costs *			(4.2)	(4.7)	-	-
*EBITA pre one-off items ** *	*942.6*	*835.0*	*89.0*	*108.8*	*9.4%*	*13.0%*
One-off items **			(12.0)	(10.6)		
*EBITA post one-off items ** *			*77.0*	*98.2*	*8.2%*	*11.8%*

* Includes plc costs (e.g. Report & Accounts, AGM, Non-Executives) and Group management costs (e.g. corporate head office rent, utilities, staff, etc.)

** One-off items include the costs of restructuring activity, profit/(loss) on disposal of property and and ongoing recovery/(costs) associated with the settlement of prior period anti trust litigation.

Technical Ceramics Division - Stand out performance

	FY09 £m	FY08 £m
Revenue	**206.0**	**212.2**
EBITA *	**25.1**	**31.6**
EBITA margin *	***12.2%***	***14.9%***

** Divisional EBITA and EBITA margins are quoted before the costs of restructuring activity and profit/(loss) on disposal of property arising from restructuring activity*

2009 Highlights

- Resilient revenue performance with medical business having a particularly strong year
- Proactive management of the cost base
- Full year margins of 12.2% increasing to 13.4% in H2

Opportunities Going Forward

- An improving order book with new business prospects
- HDD now going into production ramp
- Further benefits to come in 2010 from the Auburn site rationalisation

Insulating Ceramics Division – margins showing improved resilience versus previous downturns

	FY09 £m	FY08 £m
Revenue	**345.2**	**382.9**
EBITA *	**27.6**	**45.6**
EBITA margin *	***8.0%***	***11.9%***

** Divisional EBITA and EBITA margins are quoted before the costs of restructuring activity and profit/(loss) on disposal of property arising from restructuring activity*

2009 Highlights

- Emerging market business performance – mitigating the downside of weak western world demand
- Encouraging progress on operational efficiency improvements

Opportunties Going Forward

- Commercialisation of new, market leading bio-soluble fibre products e.g. Superwool™ 1400
- Further growth opportunities in Emerging Markets
- More to come on operational efficiencies

Carbon division – exceptional performance of NP Aerospace

	FY09 £m	FY08 £m
Revenue	**391.4**	**239.9**
EBITA *	**40.5**	**36.3**
EBITA margin *	***10.3%***	***15.1%***

** Divisional EBITA and EBITA margins are quoted before the costs of restructuring activity and profit/(loss) on disposal of property arising from restructuring activity*

2009 Highlights

- 159% increase in NP Aerospace revenue
- Significant reduction in cost base with an increasing use of low cost manufacturing

Opportunities Going Forward

- Renewable energy market –wind & solar demand particularly from China
- Multiple vehicle programmes both in the UK and overseas
- Operational leverage benefits from the full year impact of 2009 cost reductions

Summary and Outlook

Mark Robertshaw

2009 Highlights

- A demonstrably better business performance than in previous downturns
  - margins
  - pricing
  - cost effective and rapid restructuring
- Strong cash generation performance
- Net debt reduction
- Dividend maintained
- Throughout all of this, a continued investment in our long term future
- Improving order intake as we enter 2010

Priorities as we look ahead

- Continued focus on improving the quality and resilience of our earnings
- A stable platform from which to pursue profitable growth opportunities
- A self-help mindset to ensure that the future is dependent on our actions rather than what happens in global markets

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Appendix

Net Finance Charge

		FY09 £m	FY08 £m
Bank interest charge		25.1	21.4
Bank interest income		(2.3)	(7.1)
Interest expense on unwinding of discount on deferred consideration		2.2	-
Foreign exchange gains on net investment hedge		-	(1.5)
IAS19	- Interest cost on liability	26.4	25.6
	- Expected return on assets	(22.1)	(25.7)
		29.3	12.7

Underlying EPS

	FY09 £m	FY08 £m
Basic earnings	19.0	59.2
Amortisation	16.3	3.2
Underlying earnings	35.3	62.4
Weighted average number of shares in the period	268.1m	266.9m
Underlying earnings per share	13.2p	23.4p

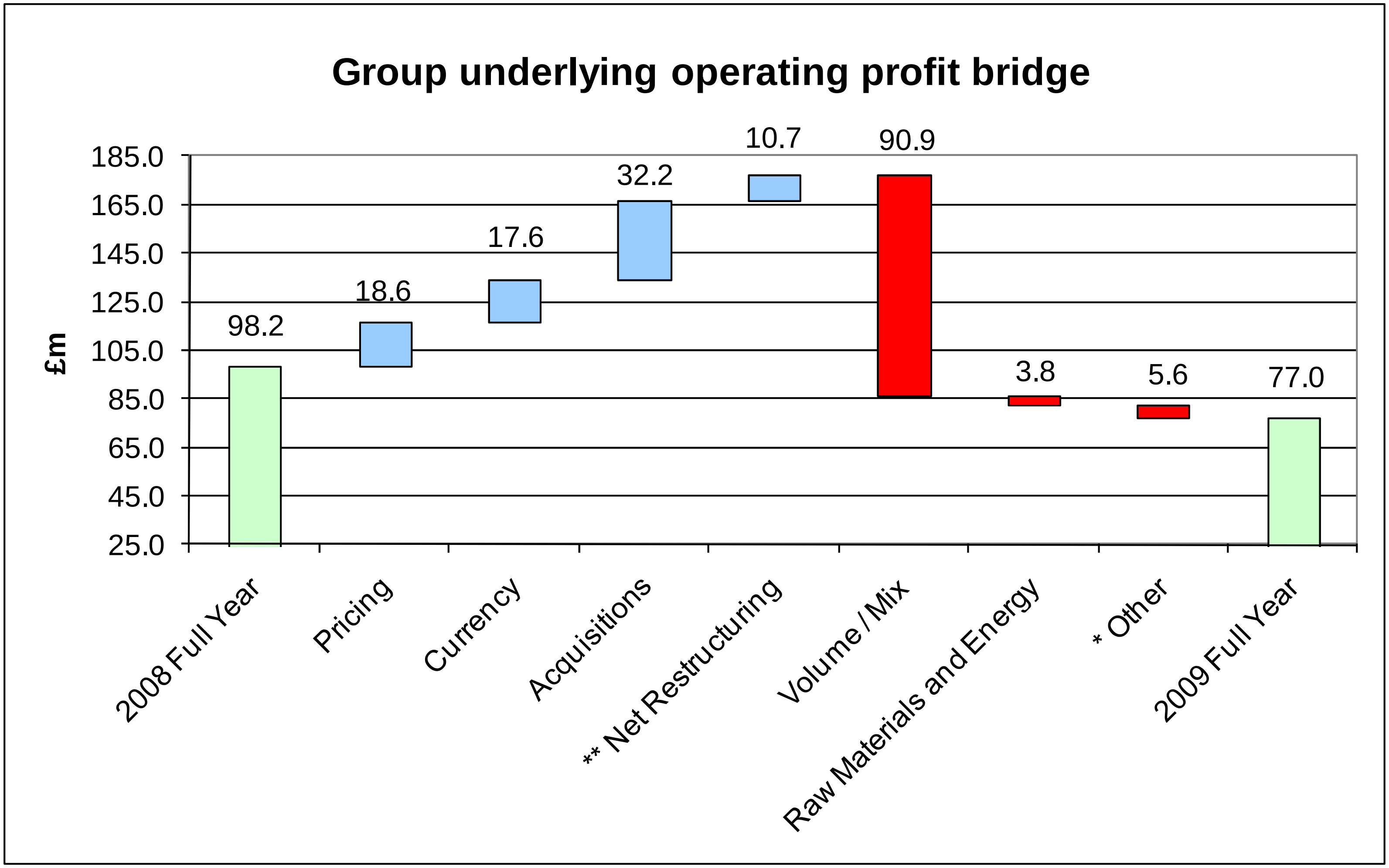
IAS 19 'Income Statement' Charges

	FY10 Estimate £m	FY09 Actual £m	FY08 Actual £m
Service Charge (within Operating costs)	3.7	5.2	6.7
Net Finance Charge	1.9	4.3	(0.1)
	5.6	9.5	6.6

Amortisation Charge

	FY10 Estimate £m	FY09 Actual £m	FY08 Actual £m
Ongoing amortisation	7.4	7.1	3.2
Amortisation in 2009 arising from the acquisition of the NP Aerospace Order Book at 5.1.09	-	9.2	-
	7.4	16.3	3.2

Profit Bridge

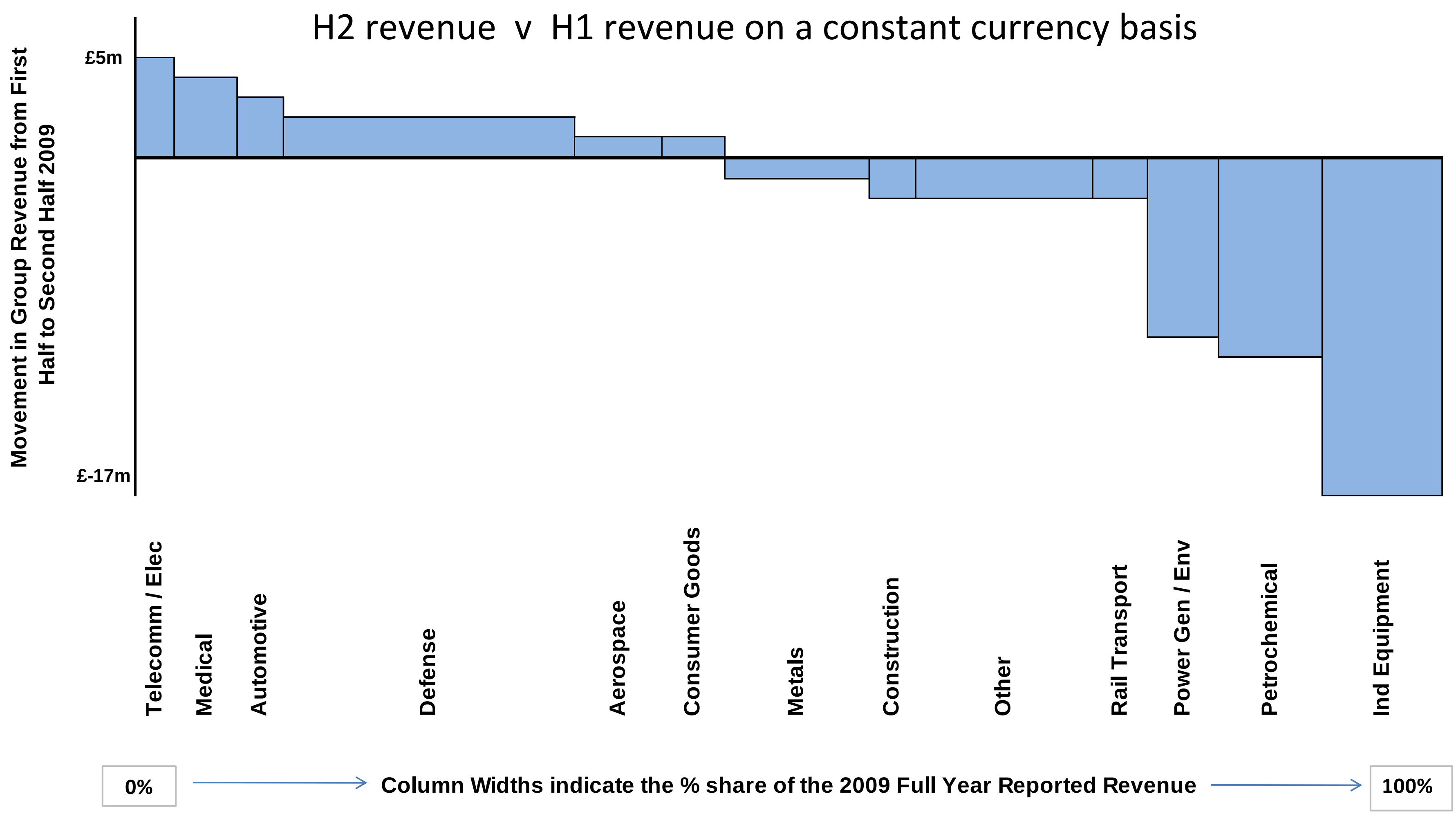


Like for like revenue down only 8.7% year on year

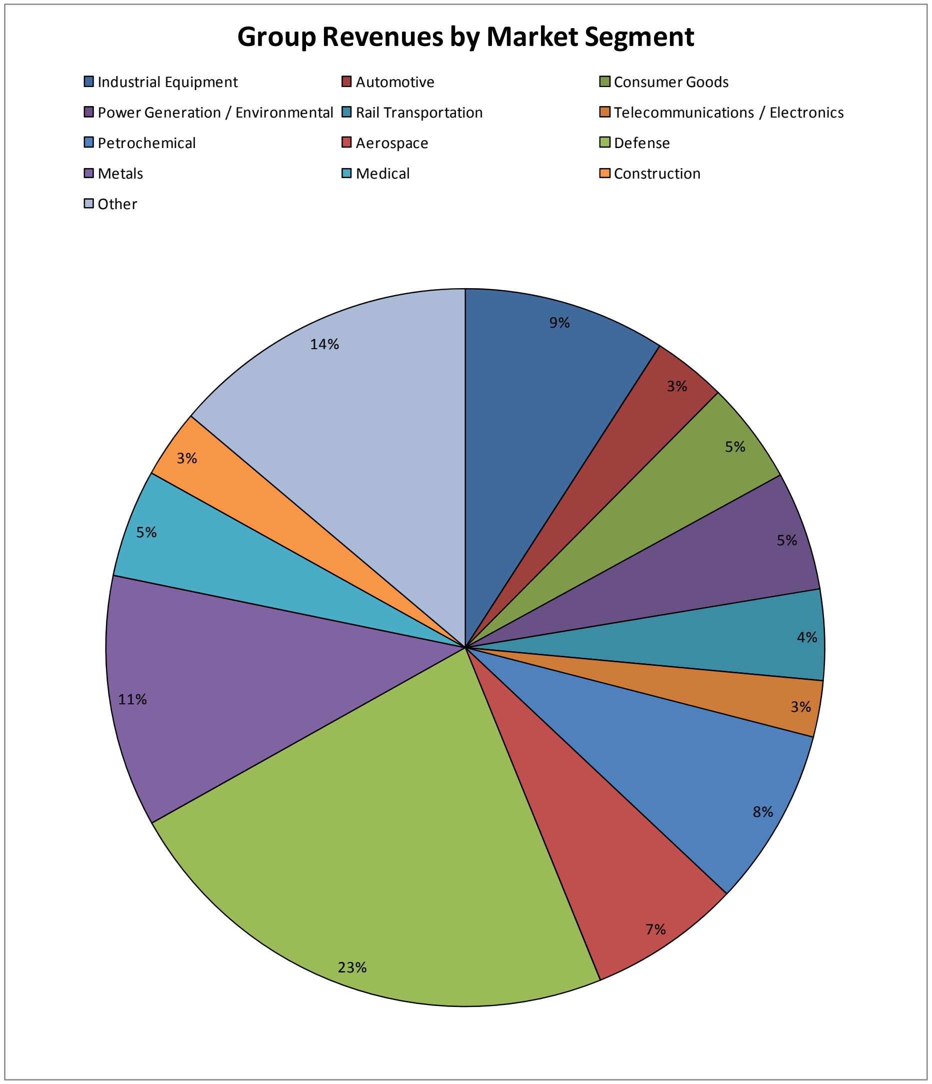
	Group		
	FY 2009	FY 2008	Year on Year % Change
Defence	217.1	119.8	81.3%
Metals	106.9	143.3	-25.4%
Industrial Equipment	85.9	134.8	-36.3%
Petrochemical	75.5	82.0	-7.9%
Aerospace	64.4	64.3	0.1%
Power Generation / Environmental	50.5	51.3	-1.6%
Consumer Goods	43.4	54.5	-20.4%
Rail Transportation	38.5	44.5	-13.4%
Medical	45.8	40.3	13.8%
Construction	29.0	35.5	-18.3%
Automotive	31.2	39.9	-21.9%
Telecommunications / Electronics	23.9	33.6	-28.9%
Other	130.5	189.1	-31.0%
Total	942.6	1032.7	-8.7%

- Defence, Medical, Aerospace and Power Generation have held up well.
- Late cycle characteristics of Industrial Equipment seen in H2 revenues
- Signs of early cycle recovery in Metals, Consumer Goods and Telecommunications/Electronics

End markets mix more late cycle, on balance



End Market Analysis



Sales by destination