The Morgan Crucible Company plc

2008 Half Year Results

6 August 2008

Agenda

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2008 Half Year Financial Results

Kevin Dangerfield

Revenue growth up 15%, eps up c.12%, dividend up c.11%

	HY08	% Change from HY07 (at reported rates)
Revenue	**£401.2m**	**+15.4%**
Underlying operating profit *	**£46.4m**	**+16.3%**
Underlying earnings per share	**11.3p**	**+11.9%**
Interim dividend per share	**2.5p**	**+11.1%**

Revenue growth on an organic basis at constant currency of +4.9%

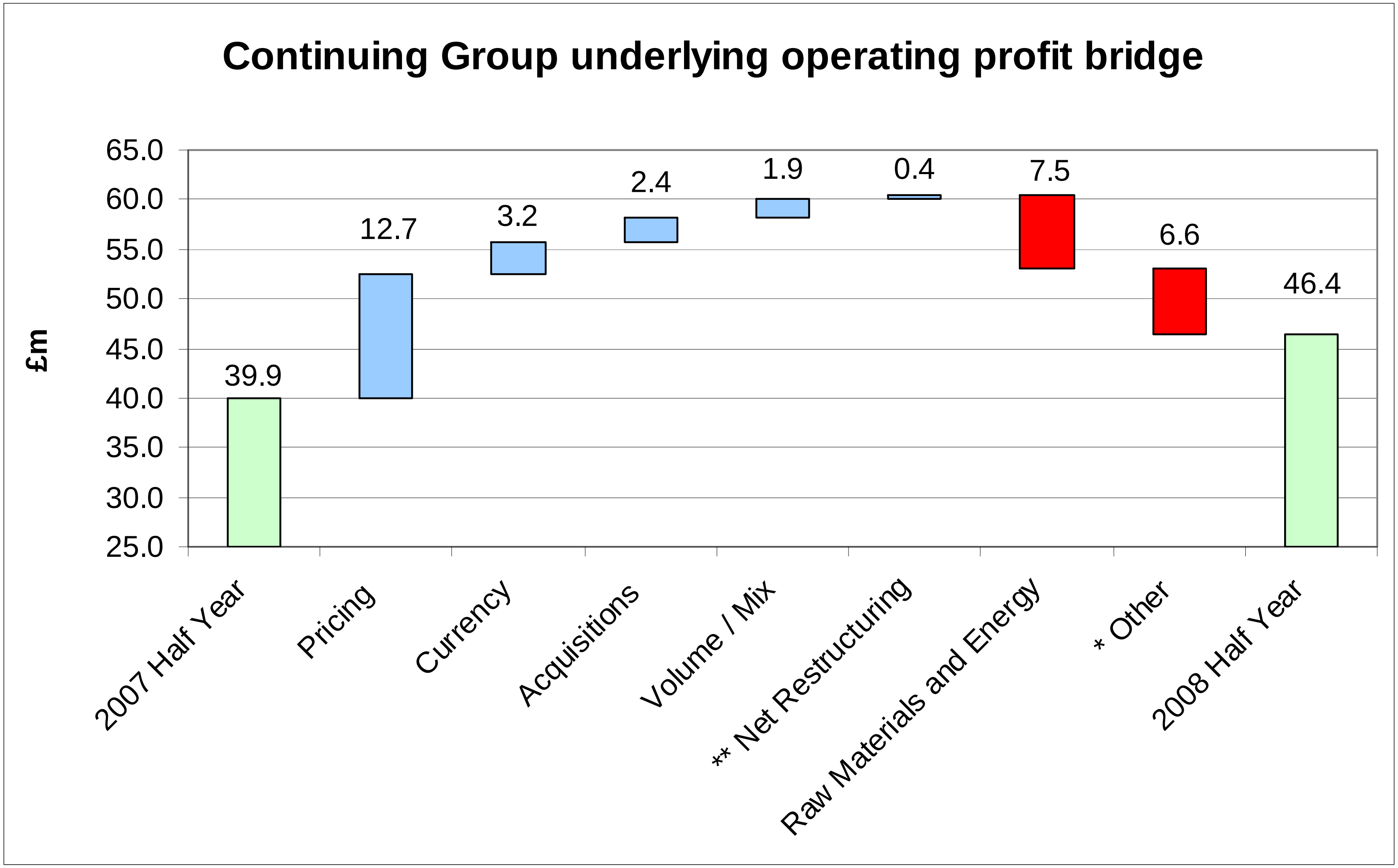
** Underlying operating profit is defined as operating profit before amortisation of intangible assets*

Positive margin progression before and after restructuring costs

	HY08 £m	HY07 £m
Revenue	401.2	347.8
EBITA before restructuring *	51.3	43.9
*EBITA margin before restructuring **	*12.8%*	*12.6%*
Restructuring *	(4.9)	(4.0)
EBITA after restructuring *	46.4	39.9
*EBITA margin after restructuring **	*11.6%*	*11.5%*
Amortisation of intangible assets	(1.3)	(0.8)
Operating profit	45.1	39.1
Net finance charge	(6.3)	(2.6)
Loss on partial disposal of business	0.0	(0.3)
Share of profit/(loss) of associates	0.7	0.0
Profit before tax	39.5	36.2
Tax	(9.3)	(7.1)
Profit for the period	30.2	29.1

** Restructuring includes the costs of restructuring activity and profit/(loss) on disposal of property arising from restructuring activity*

Price increases in excess of raw material and energy inflation



* e.g. impact of inflation on cost base, long term incentive costs, healthcare costs

** Net restructuring includes the benefits and costs of restructuring activity, ongoing costs associated with the settlement of prior period anti trust litigation and profit/(loss) on disposal of property.

Carbon – good revenue growth but short term margin issues with armour capacity and Indian lock out

	HY08 £m	HY07 £m
Revenue	**118.1**	**110.2**
EBITA *	**17.4**	**18.4**
EBITA margin *	***14.7%***	***16.7%***

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

- **Good performance across the range of geographies and end markets**
- **Armour & India issues reduced profit by over £2.5m versus last year**
- **Strong growth in the newer end markets of high temperature (solar) and rotary (wind energy)**

Technical Ceramics – strong year on year margin progression

	HY08 £m	HY07 £m
Revenue	**98.3**	**77.8**
EBITA *	**14.0**	**9.1**
EBITA margin *	***14.2%***	***11.7%***

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

- **Operating profit margins now into the mid-teen range**
- **Strong European performance**
- **US performance more mixed with strength in medical and aerospace offsetting some softness in more cyclical end-markets such as consumer electronics**
- **Good start by the acquired Carpenter businesses**

Insulating Ceramics – continued strong top line growth

	HY08 £m	HY07 £m
Revenue	**184.8**	**159.8**
EBITA *	**21.9**	**18.6**
EBITA margin *	***11.9%***	***11.6%***

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

- **Year on year revenue growth of 15.6% (7.1% on a constant currency basis)**
- **Emerging market infrastructure trends a major driver of top line growth more than offsetting weakness in US business in automotive and construction sectors**
- **Significant rises in energy and raw material costs offset by pricing increases**

Strong balance sheet with net debt c.1.8 times annualised EBITDA

	HY08 £m	HY07 £m
Net cash flow from operating activities	33.0	29.2
Net capital expenditure	(12.3)	(15.1)
Restructuring costs and other one-off items	(6.3)	(5.0)
Net interest paid	(9.3)	(3.9)
Tax paid	(13.1)	(9.0)
FREE CASH FLOW BEFORE DIVIDENDS	(8.0)	(3.8)
Dividends paid	(12.9)	(4.4)
Cash outflow from acquisitions	(77.4)	(2.8)
Share buy-back and LTIP purchases	(12.1)	(32.7)
Exchange movement and other cash flows	3.3	1.7
Opening net debt	(119.7)	(34.1)
Closing net debt	(226.8)	(76.1)

Strong growth in revenues and profits from NP Aerospace

	HY08 £m
Revenue	36.8
EBITA	6.0
Amortisation arising on acquisition	(0.6)
Net finance charge	(2.9)
Tax charge	(1.0)
Profit after tax	1.5

During the period, Morgan's net finance charge included £1.8m of interest receivable, from the £36m loan to NP Aerospace at 10%

Morgan's 49% share of NP Aerospace's Profit after Tax is £0.7m

Strong financial position

- **Performance**
  - **Top line growth at c.5% (constant currency excl. acquisitions)**
  - **Continued margin progression both before and after restructuring costs**
  - **Acquisitions performing well and accelerating our move into higher quality end markets**
- **Balance sheet**
  - **Net debt at c.1.8 times annualised EBITDA**
  - **Long term financing secured**
  - **Healthy level of head room available**
  - **Reduced pension exposure through buy-in of UK pensioners**

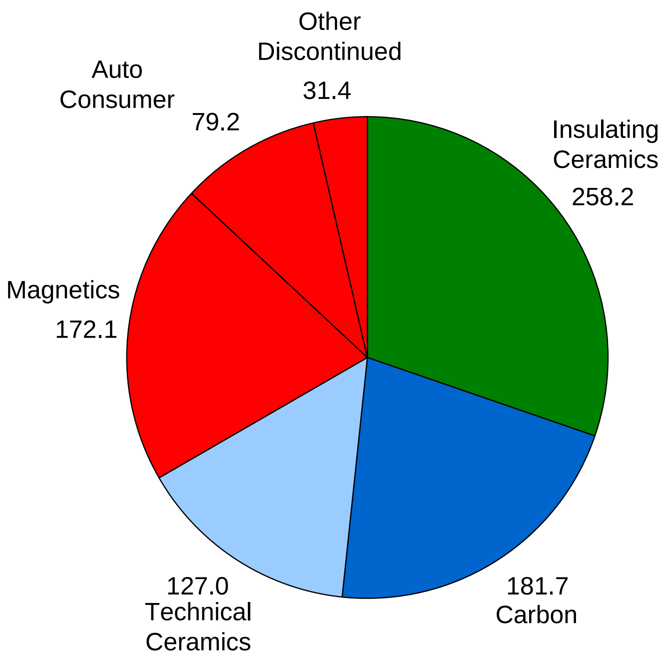
A higher quality business

Mark Robertshaw

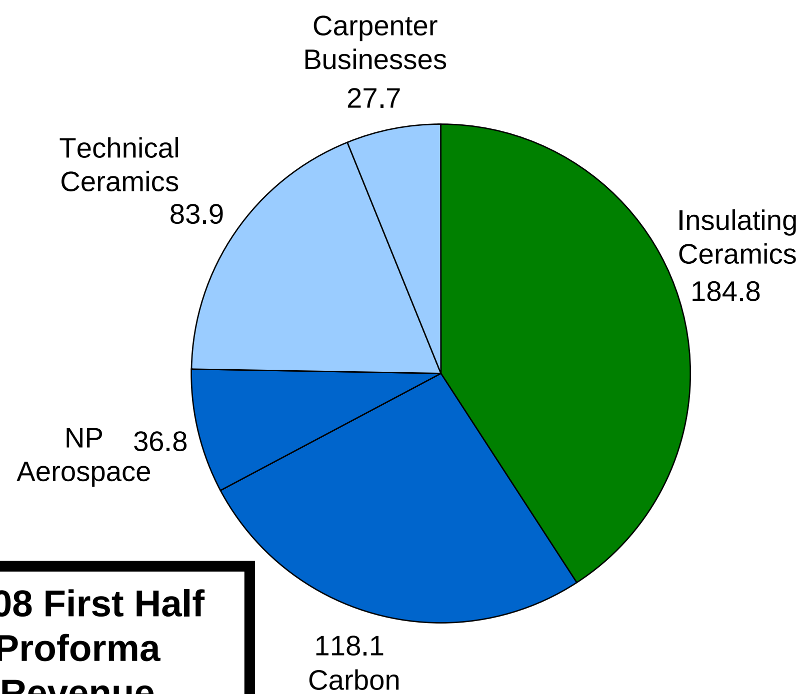
A higher quality business

- Positive mix shift
  - The more cyclical and commoditised Auto Consumer and Magnetics divisions successfully sold off
  - Acquisitions performing well and accelerating our positive mix shift
  - Greater proportion of business now in higher growth, higher margin, end-markets
  - Strong pricing dynamics as a consequence of number 1 or 2 positions in chosen markets
  - Greater exposure to dynamic emerging market economies, particularly in Thermal Ceramics
- Ongoing reduction in the operating cost base
- Balance sheet risk significantly reduced

Sale of cyclical and commoditised divisions



2003 Full Year Revenue £849.6m



2008 First Half Proforma Revenue £451.3m

- Well over a quarter of billion pounds of turnover (approximately one third of the Group's sales in 2003) has been sold off and replaced by higher quality business both organically and through bolt-on acquisitions

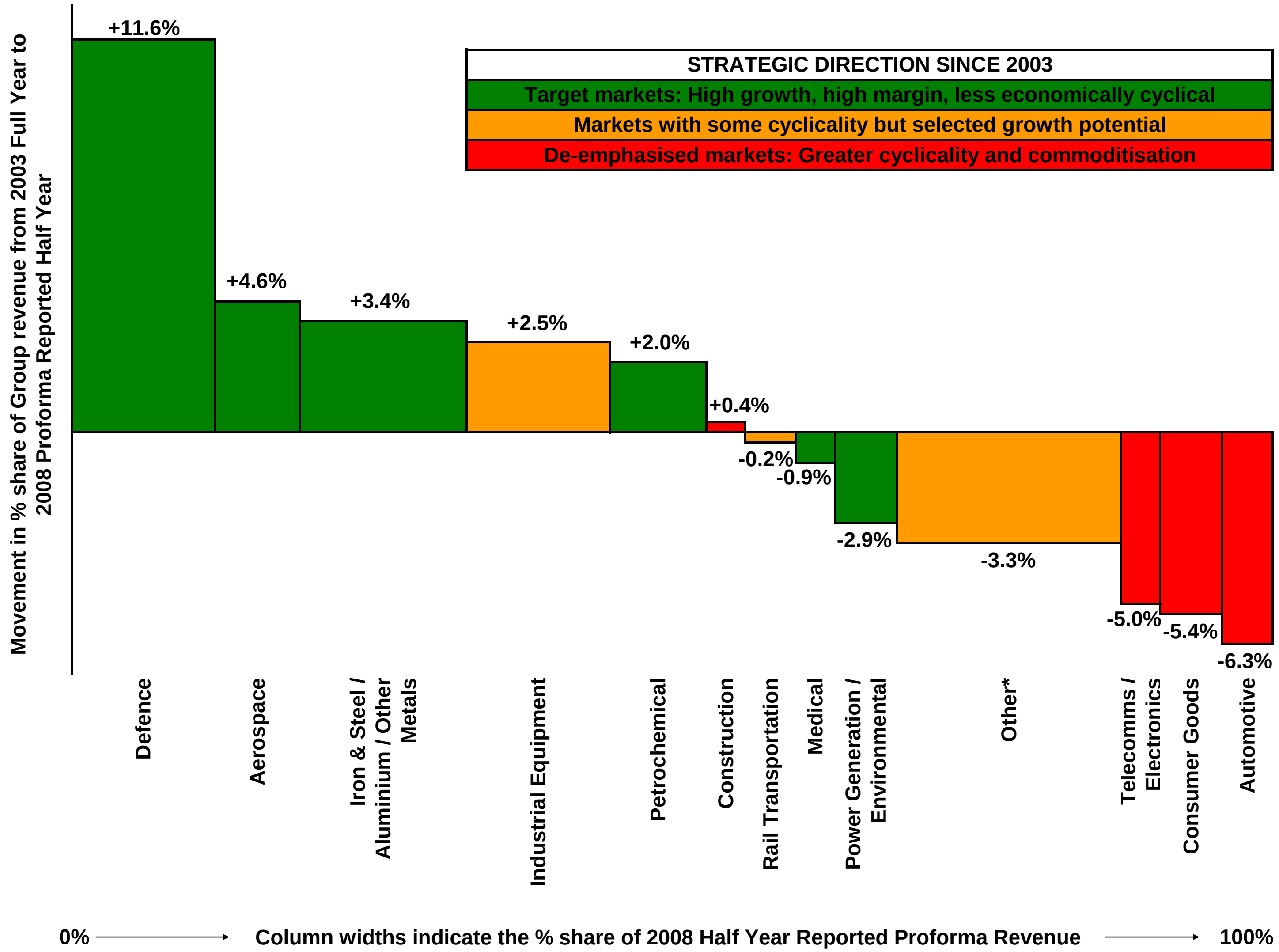
Acquisitions performing well and accelerating our positive mix shift

	Six Months HY08	Six Months HY07	% Growth
NP Aerospace (Defence and Medical)			
Revenue	£36.8m	£25.3m	+45%
EBITA	£5.9m	£4.7m	+27%
EBITA Margin (%)	16.2%	18.5%	
Carpenter (Aerospace and Power Generation)			
Revenue	£27.7m	£23.1m	+20%
EBITA	£4.5m	£3.4m	+32%
EBITA Margin (%)	16.2%	14.7%	

NP AEROSPACE IS CURRENTLY ACCOUNTED FOR AS AN ASSOCIATE.
ITS RESULTS WILL BE FULLY CONSOLIDATED FROM THE END OF 2010

MORGAN's FIRST HALF RESULTS INCLUDE ONLY THE RESULTS OF THE CARPENTER BUSINESSES FOR THE 3 MONTHS FROM THE DATE OF ACQUISITION

Greater proportion of the Group's business in higher quality markets

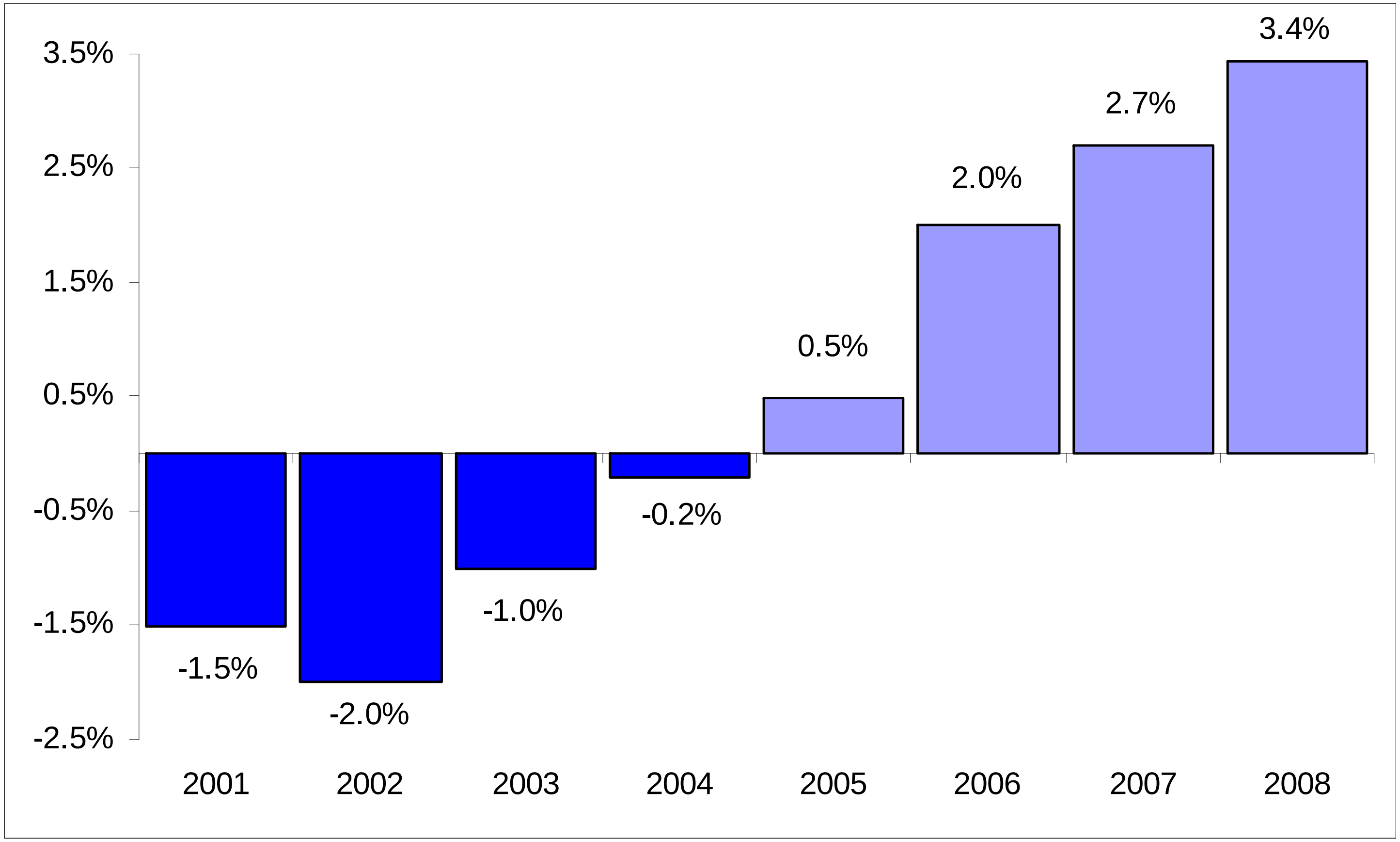


* Various end markets which are all under 3% of revenue. The largest of these are Ceramics manufacture, Mechanical engineering, Mining, Paper pulp & plastic

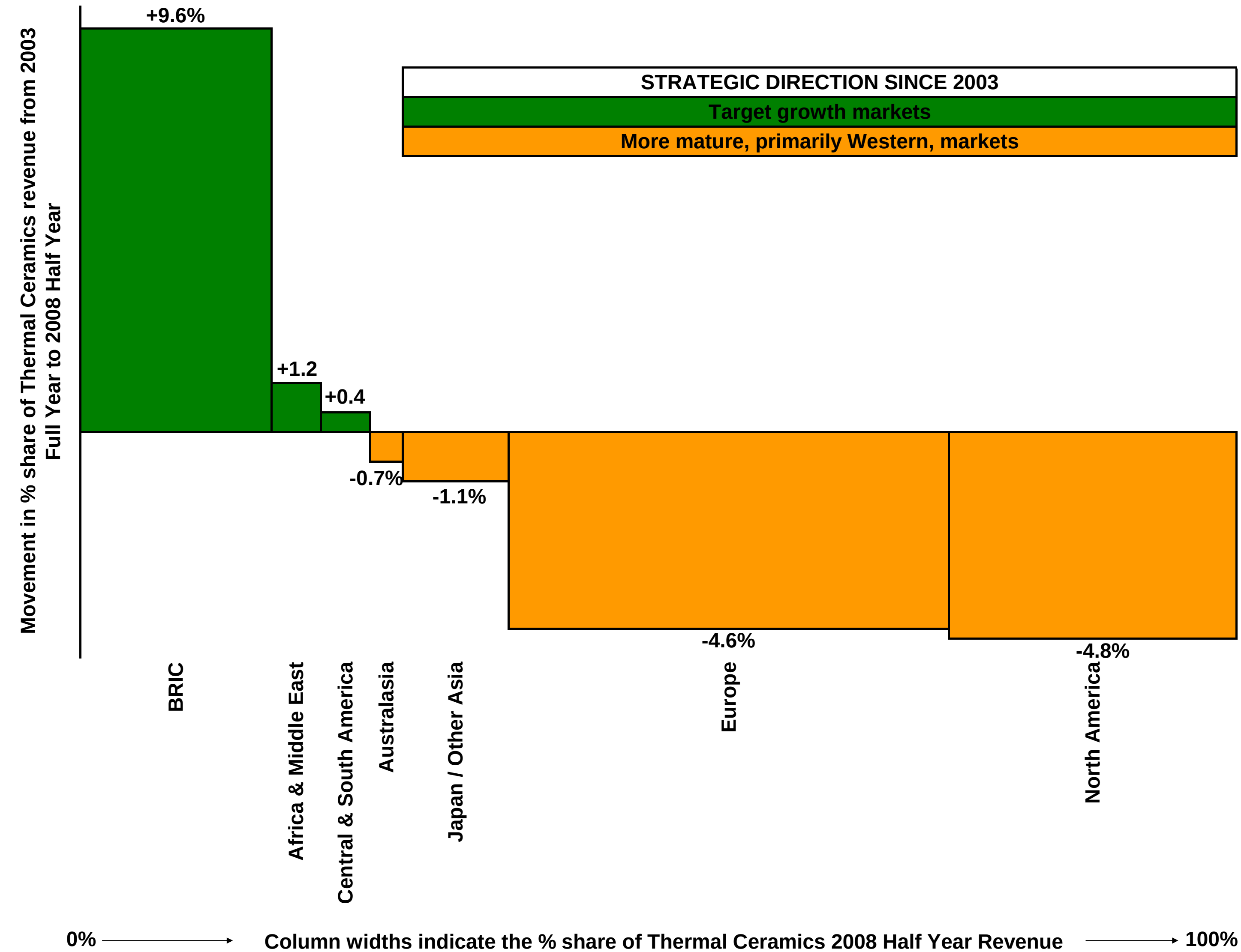
Strong pricing dynamics - >80% of Group sales from #1 or #2 positions

- Analysis shows like-for-like comparison only: new product introductions generally come in at a price premium. This upside is not captured below

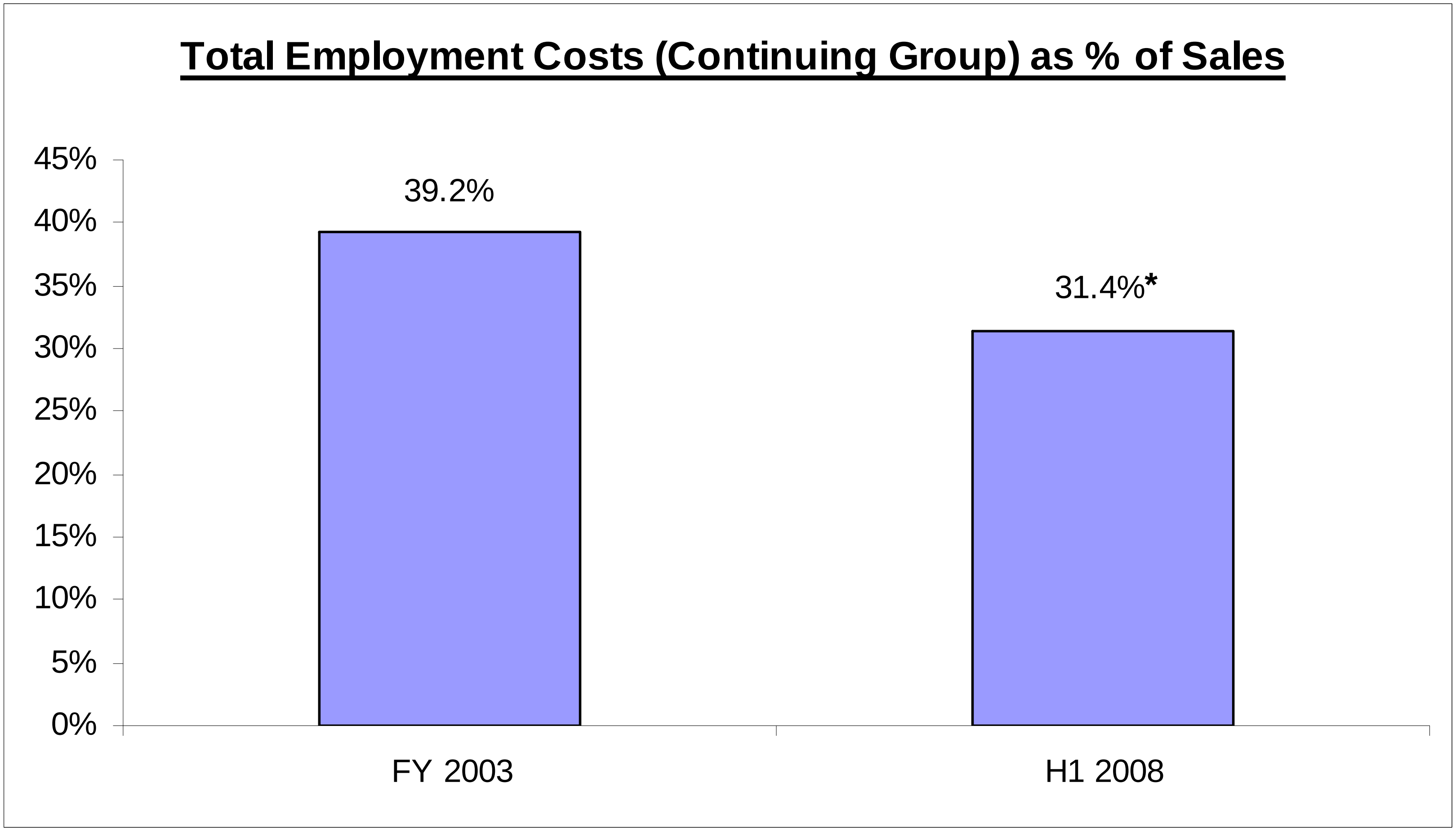
Estimated Annual Price Change



Thermal Ceramics has greater exposure to dynamic emerging markets

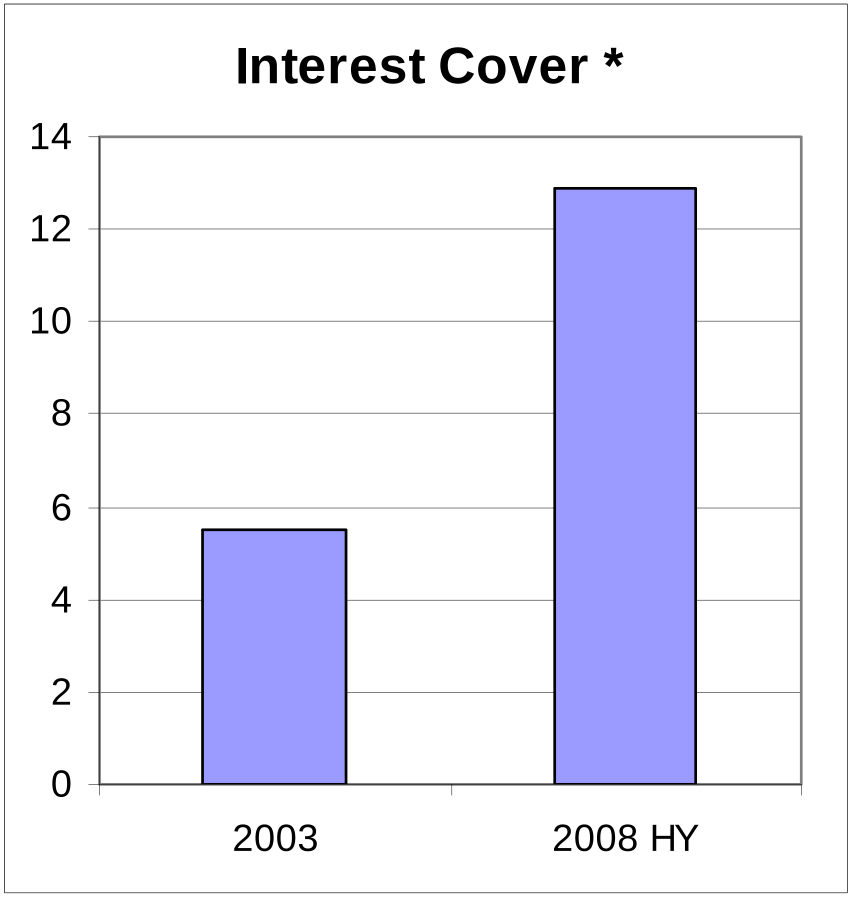


Substantial reduction in the operating cost base



*** H1 2008 includes the Technical Ceramics businesses of Carpenter and Certech**

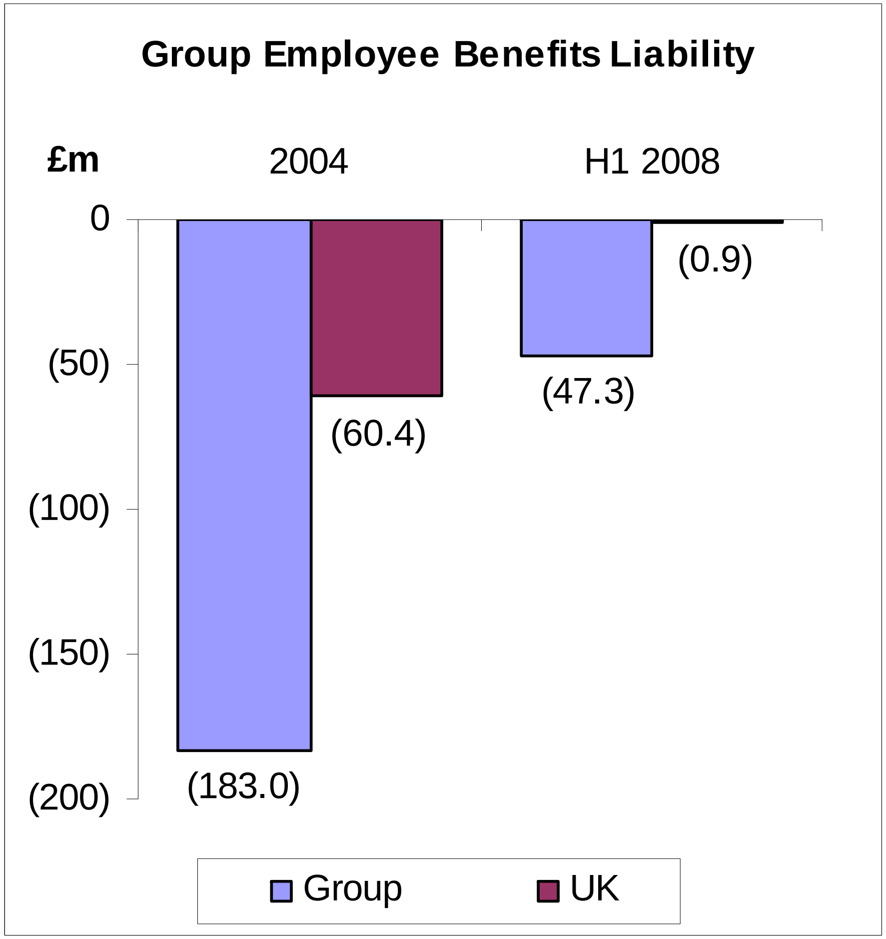
Current credit ratios well within covenants



- Current interest cover multiple is c.13 times, against a covenant of 4 times
- Net debt to proforma EBITDA is c.1.8 times, against a covenant of 3 times
- Healthy level of facilities with a good long-term maturity profile thanks to the $350m 10 year private placement put in place in December 2007

* Interest cover is defined as Consolidated EBITDA divided by Net Finance Charges

Pension deficit significantly reduced and de-risked

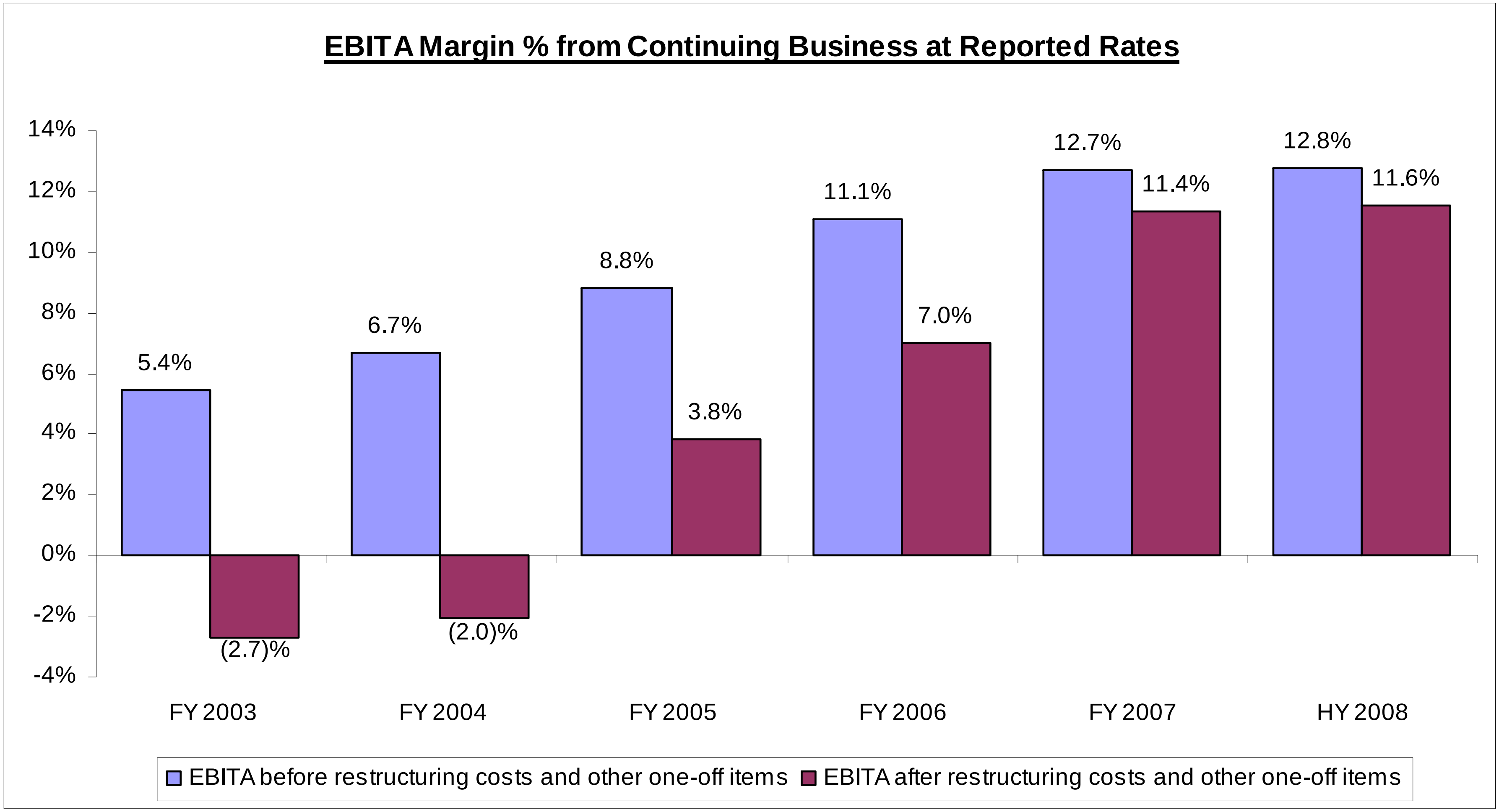


- Group pension deficit now only £47m compared to £183m in 2004
- UK deficit of £60.4m in 2004 now broadly neutral
- Gross liabilities of UK pension schemes (£311.5m) substantially de-risked following buy-in of UK pensioner liabilities (c£163m) announced earlier this year

Summary and Outlook

Mark Robertshaw

Further improvement made in operating profit margins



Morgan Crucible

Our strategic priorities are well established . . .

- 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

. . . and our goal remains mid-teen margins

Summary and outlook

- **Healthy order book - approaching 4 months visibility**
- **Continued positive margin progression**
- **Strong market positions with price leadership**
- **Acquisitions outperforming initial targets**
- **Strong and de-risked balance sheet**

. . . a higher quality Group

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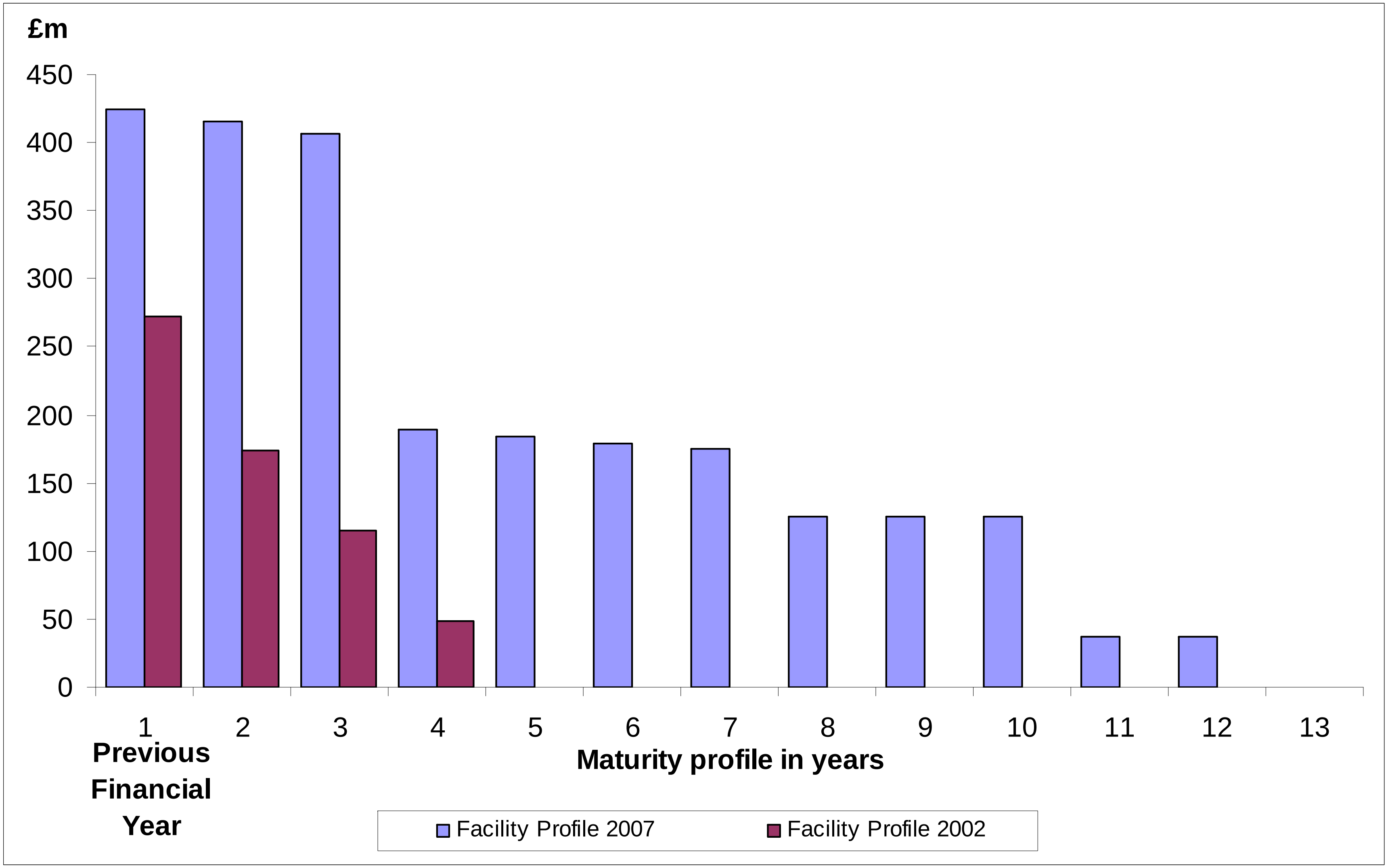
Appendix

Net Finance Charge

	HY08 £m	HY07 £m
Interest charge	9.5	4.4
Interest income	(3.4)	(0.8)
IAS19 - Expected return on assets	(12.4)	(12.5)
- Interest cost on liability	12.6	11.5
	6.3	2.6

Healthy facility levels and maturity profile



Greater proportion of the Group's business in less economically cyclical, higher margin end-markets

	% of Total Revenue		
	2003 Full Year	2008 Proforma Half Year	% points change in mix
Defence	0.9%	12.5%	11.6%
Aerospace	3.0%	7.0%	4.0%
Iron & Steel / Aluminium / Other Metals	11.0%	14.4%	3.4%
Industrial Equipment	9.8%	12.3%	2.5%
Petrochemical	5.6%	7.6%	2.0%
Construction	2.8%	3.2%	0.4%
Rail Transportation	4.5%	4.4%	(0.2)%
Medical	4.1%	3.3%	(0.9)%
Power Generation / Environmental	7.8%	4.9%	(2.9)%
Other	21.9%	18.6%	(3.3)%
Telecommunications / Electronics	7.7%	2.7%	(5.0)%
Consumer Goods	10.4%	5.0%	(5.4)%
Automotive	10.4%	4.2%	(6.3)%
	100.0%	100.0%	

Earnings per share

	HY08 p
Basic earnings per share	10.8
Amortisation per share	0.5
Underlying earnings per share	11.3
Weighted average number of shares in the period	266.1m