Morgan Crucible
The Advanced Materials Group

2011 Results

AGM May 8th 2012

Underlying earnings up c.60%

	FY11	FY10	% Change from FY10	
	£m	£m	As reported	At constant currency
Revenue	1,101.0	1,017.1	+8.2%	+9.3%
EBITA before restructuring and one-off items	143.4	109.5	+31.0%	+32.8%
EBITA margin % before restructuring and one-off items	13.0%	10.8%		
EBITA after restructuring and one-off items *	141.5	101.6	+39.3%	+41.3%
EBITA margin % after restructuring and one-off items *	12.9%	10.0%		
PBT before amortisation	119.7	75.7	+58.1%	+59.9%
Underlying earnings per share	29.9p	18.7p	+59.9%	
Total dividend per share	9.25p	7.70p	+20.1%	

* EBITA after restructuring and one-off items is also referred to as underlying operating profit (operating profit before amortisation of intangible assets)

Free cash flow before dividends > £50 million

	FY11 £m	FY10 £m
Cash from trading	174.3	141.9
Change in working capital	(29.1)	10.5
Change in provisions	(7.8)	(4.3)
Cash flow from operations	137.5	148.1
Net capital expenditure	(25.5)	(17.0)
Net interest paid	(20.4)	(22.7)
Tax paid on ordinary activities	(25.6)	(24.1)
Restructuring costs and other one-off items	(8.1)	(7.8)
Free cash flow before acquisitions and dividends	57.9	76.5
Dividends paid	(18.4)	(15.4)
Cash flows from other investing and financing activities	(17.7)	(38.6)
Exchange movement	(0.9)	(6.0)
Opening net debt	(236.2)	(252.7)
Closing net debt	(215.4)	(236.2)

* Cash from trading is EBITA adjusted for depreciation and loss/profit on sale of plant and machinery

- 3WC/Sales ratio for the Group excluding NPA improved to 19.2% from 20.0% at the end of 2010
- NPA working capital high at 2011 year end – reversing out during course of 2012
- Gross capital expenditure of £28.7 million – ratio of 0.9 x depreciation
- Net debt reduced by a further £20 million

Strong progress made in each Division

£ million	Revenue		EBITA		Profit Margins %	
	FY11	**FY10**	**FY11**	**FY10**	**FY11**	**FY10**
Technical Ceramics	285.1	250.1	43.1	34.0	**15.1%**	**13.6%**
Thermal Ceramics	400.1	359.0	49.6	34.8	**12.4%**	**9.7%**
Ceramics	**685.2**	**609.1**	**92.7**	**68.8**	**13.5%**	**11.3%**
AM&T	276.1	246.8	35.0	22.1	**12.7%**	**9.0%**
NP Aerospace	93.0	120.9	13.0	17.1	**14.0%**	**14.1%**
Molten Metal Systems	46.7	40.3	7.7	6.3	**16.5%**	**15.6%**
Engineered Materials	**415.8**	**408.0**	**55.7**	**45.5**	**13.4%**	**11.2%**
Unallocated Costs *			**(5.0)**	**(4.8)**	**-**	**-**
EBITA pre one-off items *	***1,101.0***	***1,017.1***	***143.4***	***109.5***	***13.0%***	***10.8%***
One-off items **			**(1.9)**	**(7.9)**		
EBITA post one-off items *			***141.5***	***101.6***	***12.9%***	***10.0%***

*** 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, gain on disposal of properties and other one-off items**

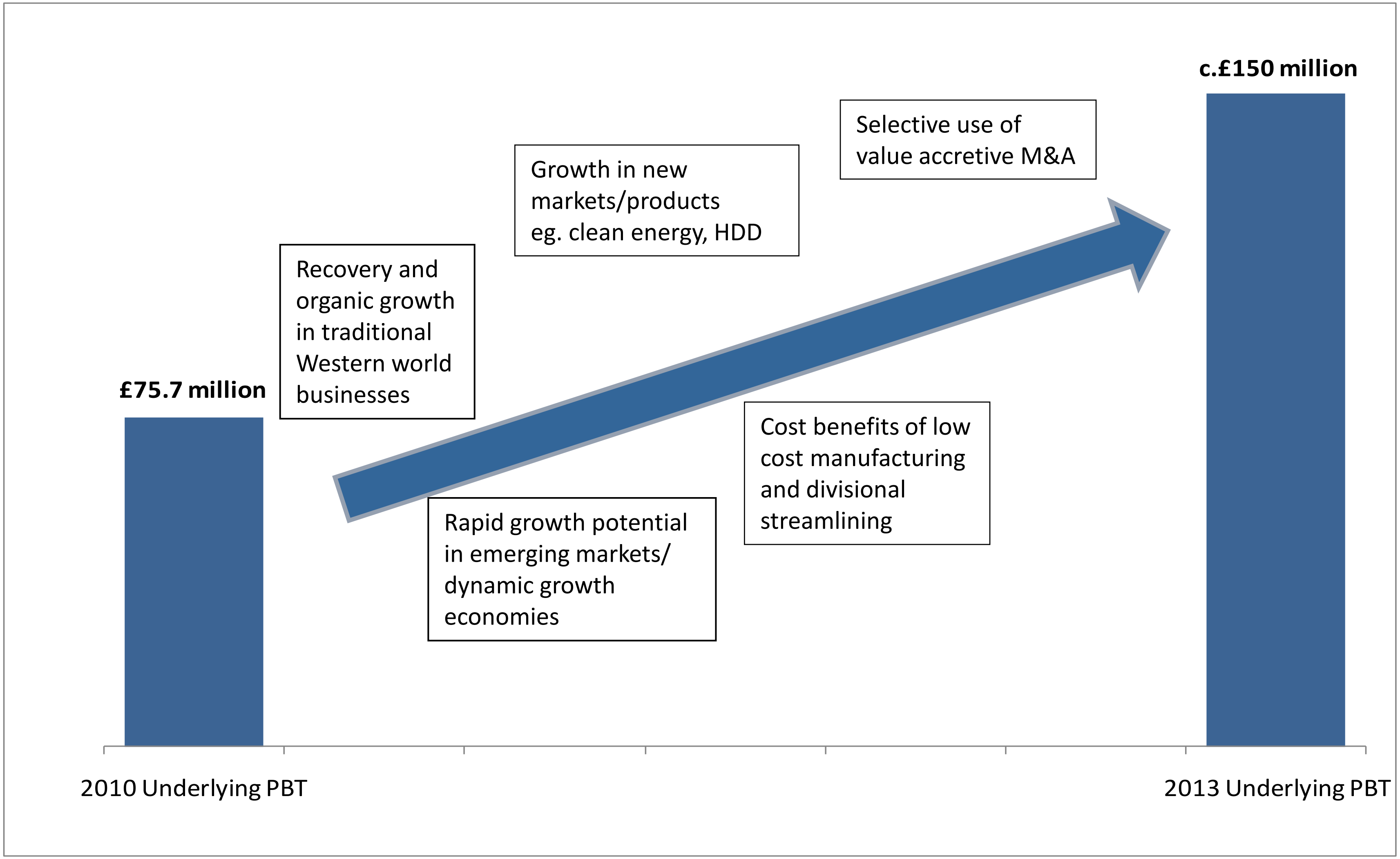
Financial ambitions by 2013

- Double Group underlying PBT from £75.7 million to c.£150 million

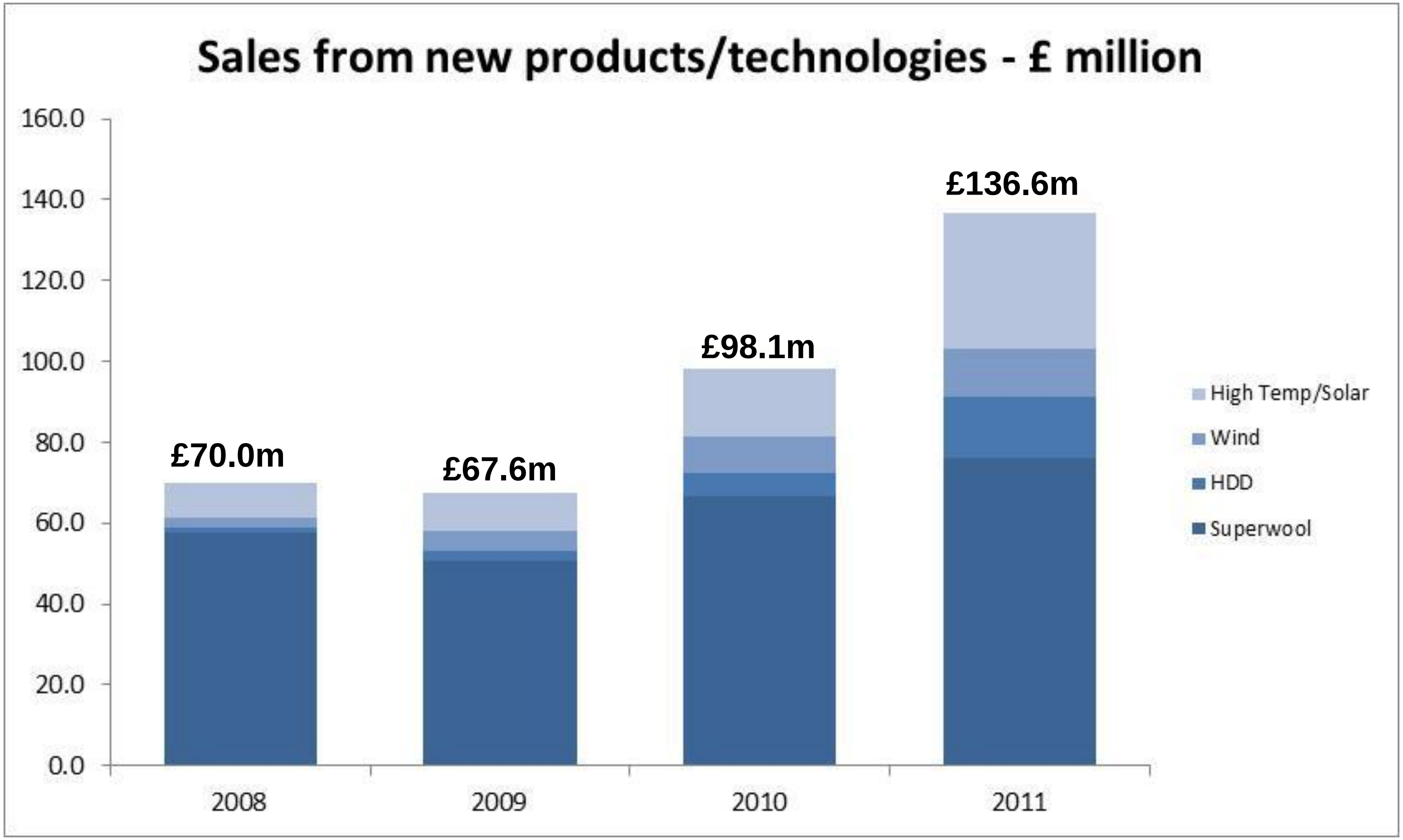
- Mid-teen underlying operating profit margins

- Improve Operating ROCE from c.25% in 2010 to 35% by 2013

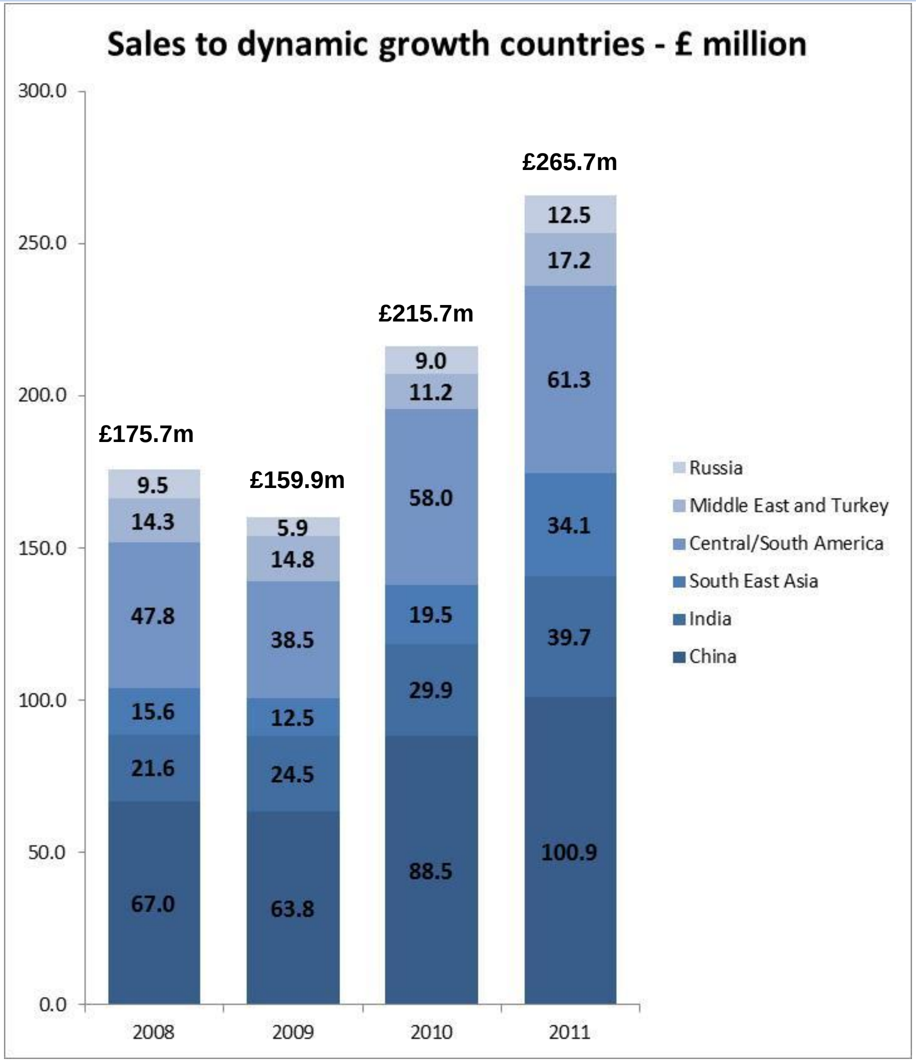
Our ambition remains to double the 2010 underlying PBT by 2013



Significant growth from new products and technologies – four biggest areas showing 39.3% year-on-year increase



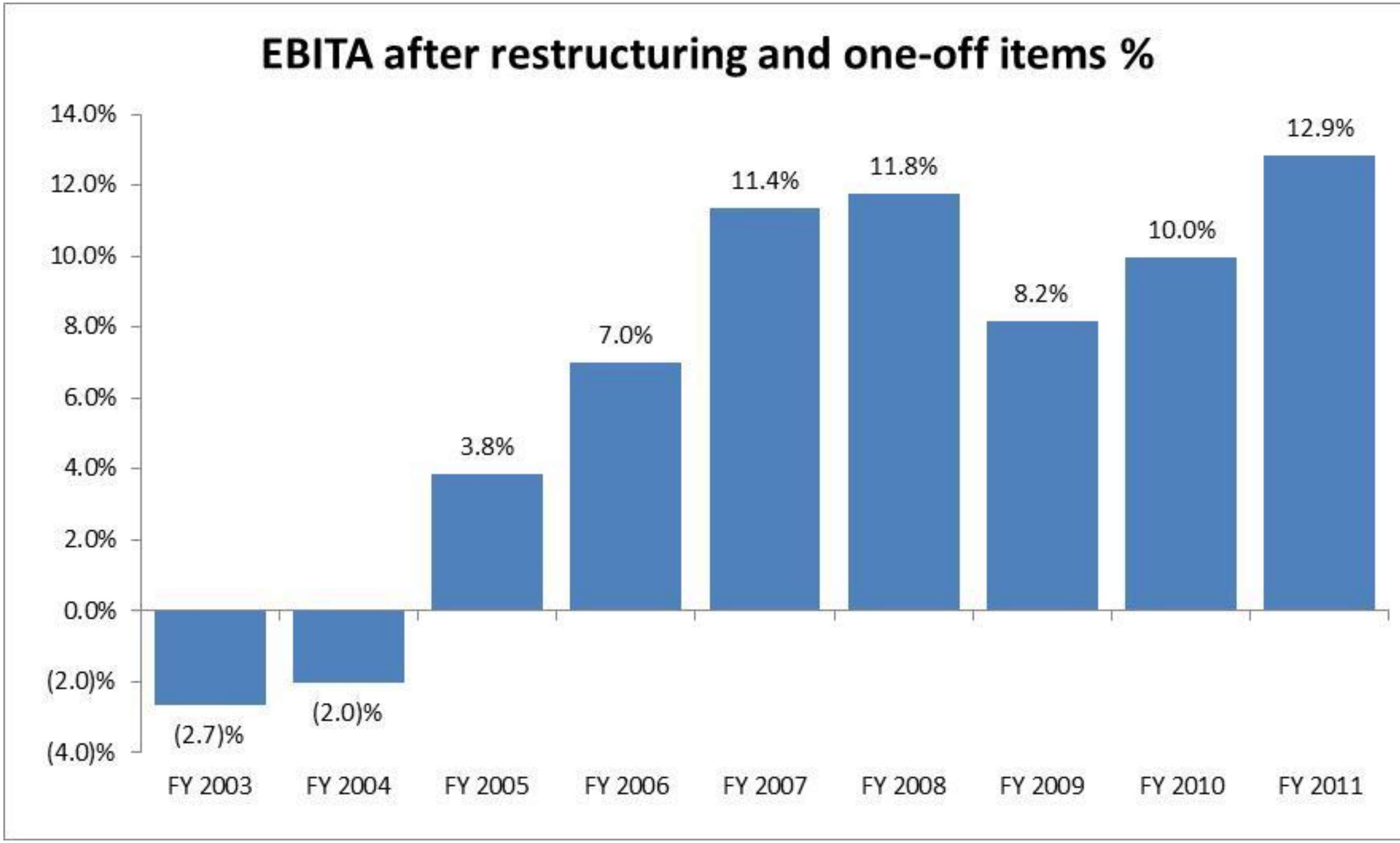
Sales to dynamic growth countries increased 23% and now represent c.25% of total Group sales



All at 2011 year end rates. China includes Hong Kong and Taiwan

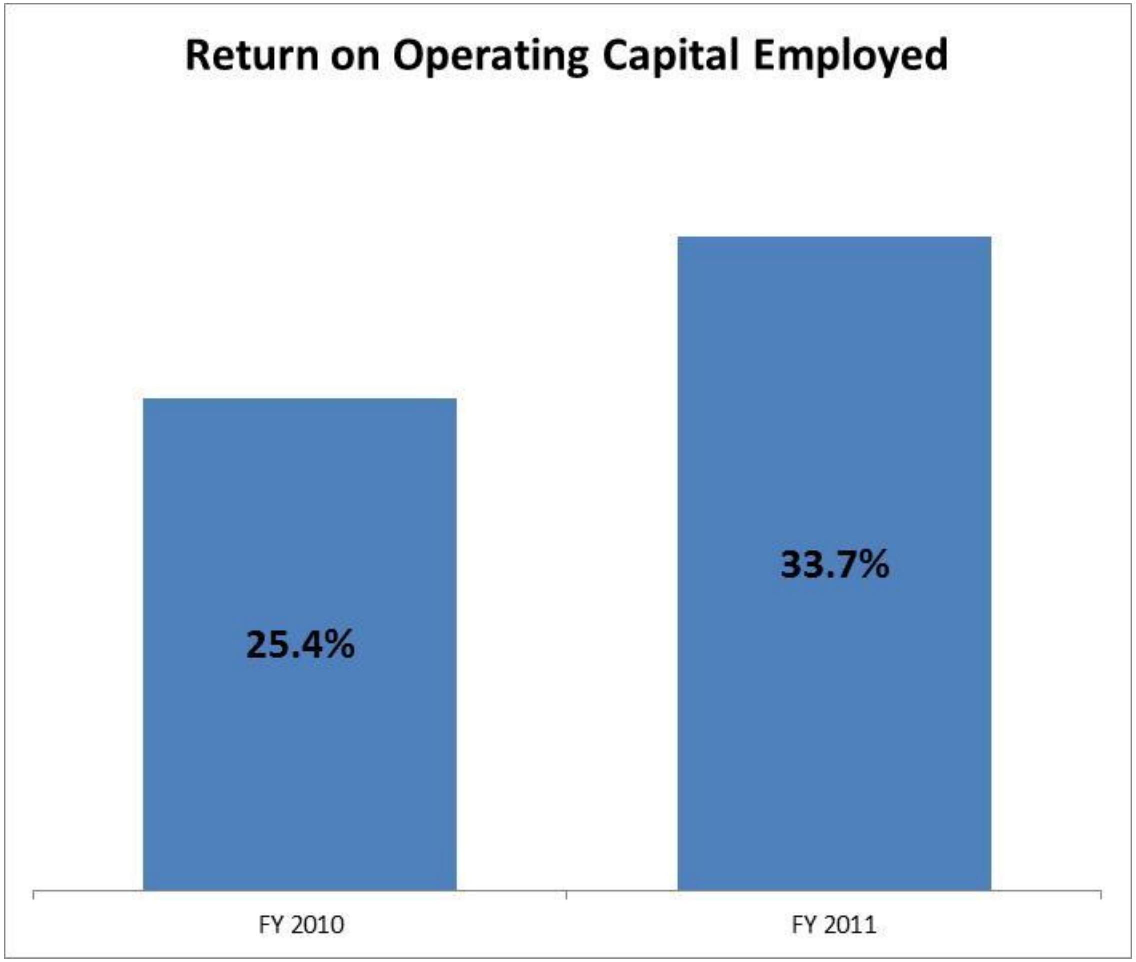
- China now a £100 million market for Morgan – rapidly approaching close to 10% of overall Group sales
- India up more than 30% versus 2010 driven primarily by strong growth in Thermal and MMS businesses
- South East Asian revenue up c.75% with excellent growth from the commercial ramp-up of hard disk drive (HDD) business
- Strong increases also in sales to Middle East, Turkey and Russia

Robust revenue growth and on-going cost efficiencies drove a 290 basis point increase in EBITA margin



Significant progress on Operating ROCE

- EBITA up 39% while operating capital increased by only 5%
- Operating ROCE very close to the three-year goal of 35%
- Ambition to maintain a high Operating ROCE whilst continuing to grow the business



Significant progress made on all three financial goals in 2011

	2010	2011 Progress	2011	2013 Goal
Underlying PBT	£75.7m	+£44.0m	£119.7m	£150m
Underlying operating profit margin	10.0%	+290 basis points	12.9%	Mid-teens
Operating ROCE	25.4%	+830 basis points	33.7%	35%

A higher quality business – key ratios

	2006	2011	2013 Goals
Metrics for 2013 financial goals			
Underlying PBT	£51.5m	£119.7m	£150m
Underlying operating profit margin	7.0%	12.9%	Mid-teens
Operating ROCE	15.0%	33.7%	35%
Other key metrics			
Revenue per employee	£72.2k	£108.8k	
% of revenue from dynamic growth economies	15.2%	24.1%	
Underlying EPS	17.9p	29.9p	
Free cashflow before acquisitions and dividends	£(44.9)m	£57.8m	

Record results and continued ambition

- A higher quality business
- Good progress against our 2013 financial goals
- Continued uncertainty in the global macroeconomic environment but we believe we are well placed for further progress in 2012