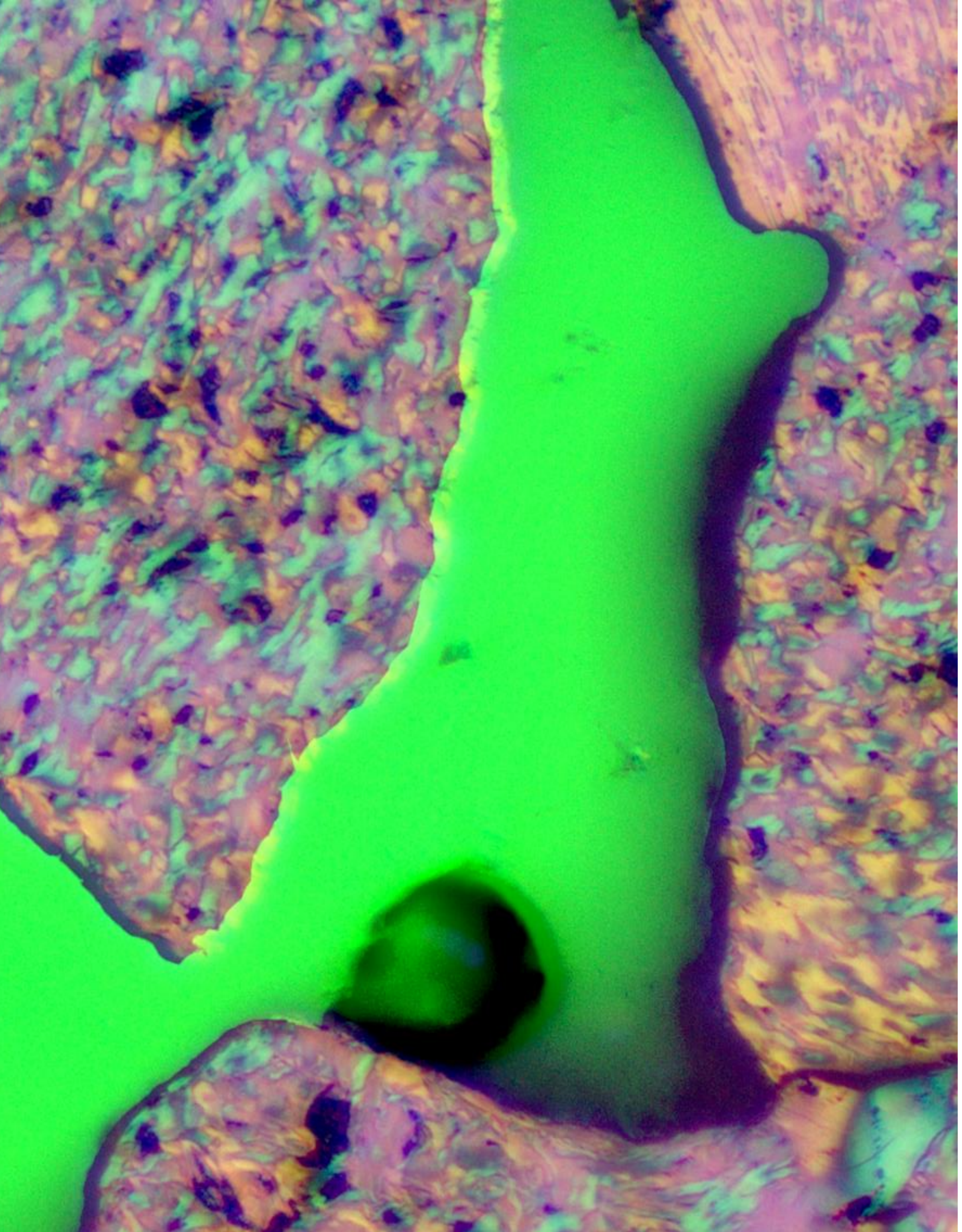


Morgan Advanced Materials

2020 Year end results presentation

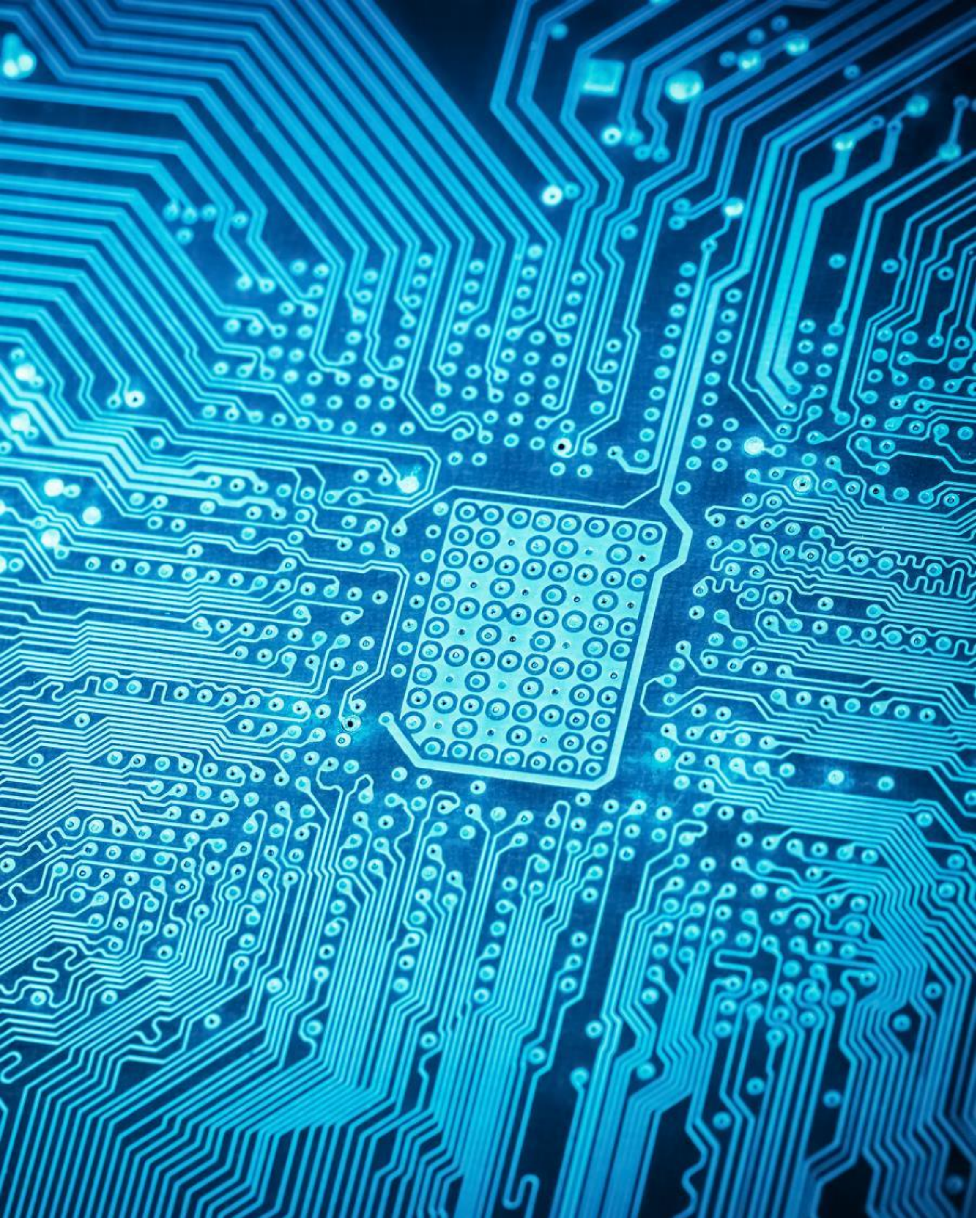
4 March 2021

Agenda

- Introduction and summary – Pete Raby
- 2020 Year end results – Peter Turner
- Operational and strategic update – Pete Raby

Summary

- Robust Covid-19 response with protection measures in place in all facilities to protect our employees
- Trading has been resilient with revenue decline of 11.4% on an organic constant-currency basis demonstrating our strategic progress and the benefits of our diverse end-markets
- Growth in healthcare and security and defence segments offset by declines in industrial and transportation markets
- Focus on cost and cash management delivering an operating margin of 10.1% and free cash flow of £72.4m to give a net debt to EBITDA position of 0.8 times, excluding lease liabilities
- Restructuring programme is ahead of plan and we increase our cost savings target to £23m per annum by 2022 for a cash cost of £30m
- Underpinning our ESG actions, we are committing to reduce Scope 1 and 2 CO_2 emissions by 50% by 2030 as part of our longer term aspiration to reach net zero by 2050
- Thank you to our employees for their commitment and support during this difficult year



Morgan Advanced Materials

2020 Year end results

Peter Turner

Group performance

£m	FY 2020	FY 2019	% change from FY 2019	
			As reported	At organic constant-currency
Revenue	**910.7**	**1,049.5**	**(13.2%)**	**(11.4%)**
Group adjusted operating profit[1]	**91.7**	**134.2**	**(31.7%)**	**(28.1%)**
Group adjusted operating profit margin % [1]	*10.1%*	*12.8%*		
ROIC %	*13.0%*	*17.4%*		
Cash generated from continuing operations	**146.3**	**164.8**	**(11.2%)**	
Free cash flow before acquisitions, disposals and dividends	**72.4**	**59.2**		
Adjusted earnings per share	**19.0p**	**28.0p**	**(32.1%)**	
Total dividend per share	**5.5p**	**4.0p**		

1 Group adjusted operating profit is before specific adjusting items and amortisation of intangible assets.

Group adjusted operating profit bridge

- Volume decline significantly impacted margin performance
- Continuous improvement projects and rapid actions taken to significantly reduce discretionary cost base partially offset lower volume margin impact
- Restructuring programme delivering initial savings

Emerging stronger: Group restructuring and efficiency programme

The Group restructuring and efficiency programme is ahead of plan and we increase our cost savings target to £23m per annum by 2022 for a cash cost of £30m.

This programme further simplifies our structure and drives efficiency in our operations through the closure of eight manufacturing sites. These actions include:

- The closure of Technical Ceramics ceramic cores sites in response to significant downturn in aerospace demand
- The closure of sites and under-utilised production lines in Thermal Ceramics to align our capacity to lower industrial and automotive demand
- Restructuring other roles across the Group to align our cost base to the lower overall demand position

The expected phasing of the benefits and costs are as follows:

£m	FY 2020	FY 2021	FY 2022	Total
Adjusted operating profit[1] benefits (incremental)	6	17	23	**-**
Cash costs charged to specific adjusting items	(24)	(6)	-	**(30)**

1 Adjusted operating profit is before specific adjusting items and amortisation of intangible assets.

Group performance: specific adjusting items

- Specific adjusting items were £87.4m (2019: £nil)
- Impairment losses of £65.6m were recognised in relation to:
  - Ceramic cores in Technical Ceramics
  - Closure of sites and under-utilised product lines and impairment of intangible assets in Thermal Ceramics
- Redundancies and other costs of our restructuring programme were £24.0m

£m		FY 2020
Impairment of assets		(65.6)
Technical Ceramics	*(35.7)*	
Thermal Ceramics	*(29.9)*	
Restructuring costs		(24.0)
Profit on disposal of business		2.2
Total specific adjusting items		**(87.4)**

Cash flow summary

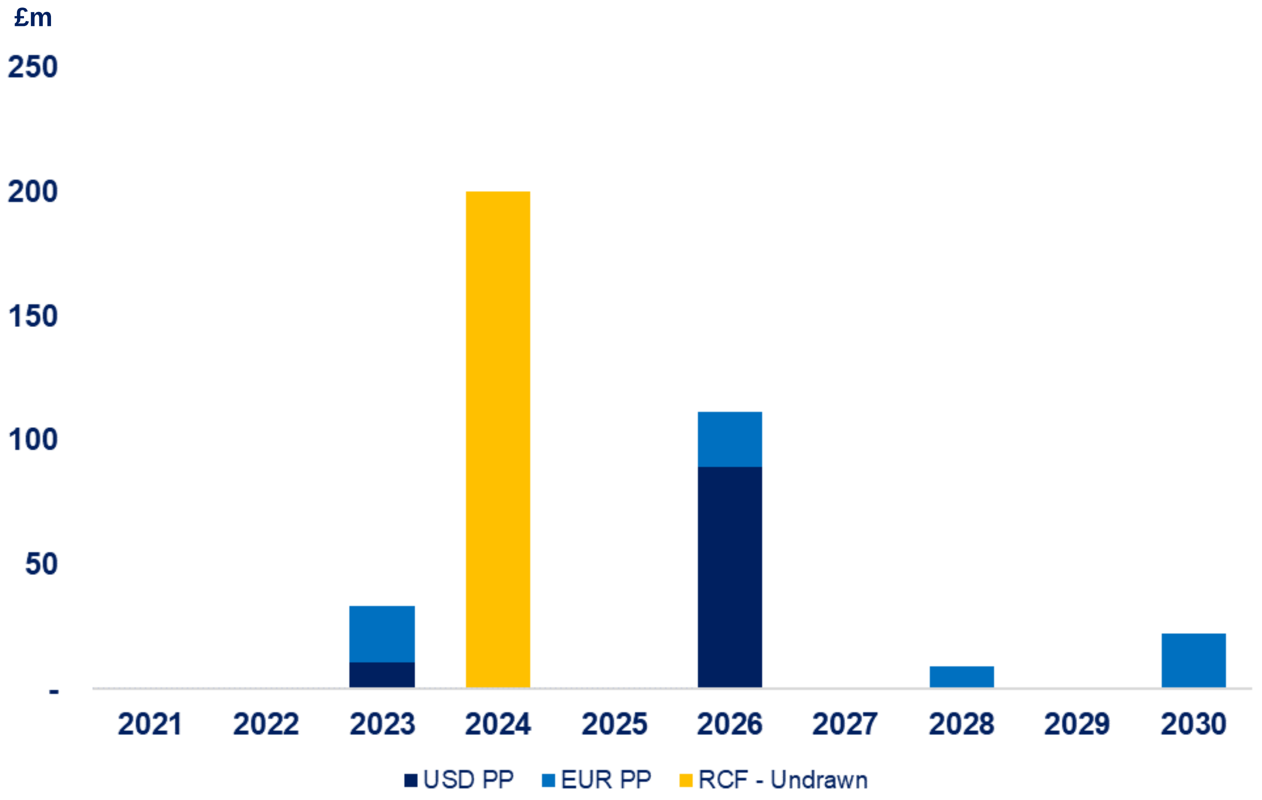
£m	FY 2020	FY 2019[1]
EBITDA	133.6	176.6
Change in working capital	34.8	(0.1)
Change in provisions and other	(22.1)	(11.7)
Cash generated from continuing operations	**146.3**	**164.8**
Net capital expenditure	(28.6)	(54.9)
Net interest on cash and borrowings	(6.6)	(9.3)
Tax paid	(26.0)	(28.8)
Lease payments and interest	(12.7)	(12.6)
Free cash flow before acquisitions, disposals and dividends	**72.4**	**59.2**
Dividends paid to external plc shareholders	(5.7)	(31.3)
Net cash flows from other investing and financing activities	(7.8)	(12.1)
Net cash flows from divestments and discontinued operations	(0.1)	1.1
Exchange movement and other non-cash movements	(2.5)	6.1
Opening net debt excluding lease liabilities	(157.3)	(180.3)
Closing net debt excluding lease liabilities	**(101.0)**	**(157.3)**
Closing lease liabilities	(54.6)	(64.3)
Closing net debt	**(155.6)**	**(221.6)**

- Improvement in working capital efficiency, especially debtors
- Free cash flow of £72.4m as a result of good working capital performance, and lower capex and net interest
- Lease liabilities of £54.6m
- Net debt excluding lease liabilities of £101.0m

1 2019 has been restated to present the Group's cumulative preference shares as debt.

Strong balance sheet and available liquidity

Facilities maturity profile



Headroom on banking covenants

- Net debt to EBITDA excluding the impact of IFRS 16: 0.8x (FY2019: 1.0x)

Significant liquidity

- £200m undrawn RCF plus available net cash and cash equivalents of £75.8m

Average cost of fixed rate debt = 2.90%

All figures are shown on a pre-IFRS16 basis to align more closely to banking covenants.
Net cash and cash equivalents is defined as cash and cash equivalents less bank overdrafts.

Pensions update

Deficit movement since 31 December 2019 (£m)	
Deficit at 31 December 2019	**(157)**
Return on assets	60
Contributions (net of service/finance costs)	17
Actuarial loss on liabilities	(94)
Currency adjustment	(2)
Deficit at 31 December 2020	**(176)**

£m	31 December 2020	31 December 2019	31 December 2018
Equities and growth assets	*165*	*153*	*106*
Bonds and LDI	*287*	*252*	*256*
Annuities	*169*	*168*	*175*
Other	*10*	*5*	*7*
Total assets	631	578	544
Liabilities	(807)	(735)	(734)
Deficit	**(176)**	**(157)**	**(190)**
UK discount rate	*1.23%*	*2.06%*	*2.74%*
US discount rate	*2.34%*	*3.21%*	*4.34%*
Europe discount rate	*0.40%*	*0.90%*	*1.70%*

FY21 financial framework

Effective tax rate	27-28%
Net finance charge: Interest charge (c. £7m) IAS 19 pensions net interest charge (c. £2m) IFRS 16 lease interest (c. £3m)	c. £12m
Defined benefit pension scheme contributions	c. £21m
Foreign currency impacts	*see slide 34*
Portfolio impacts	
Capital expenditure	c. £40-45m

Morgan Advanced Materials

Operational and strategic update
Pete Raby

Growth in healthcare and security and defence segments offset by declines in industrial and transportation markets

Organic % change at constant-currency

Segment	FY20 vs FY19	% of Group revenue
Industrial	(15%)	43%
Transportation	(28%)	17%
Chemical and petrochemical	0%	11%
Security and defence	24%	10%
Healthcare	6%	7%
Semiconductor and electronics	(4%)	6%
Energy	(11%)	6%

- Broad based decline in industrial in Thermal Ceramics and Technical Ceramics
- Transportation down significantly, mainly driven by a 40% decline in aerospace in Technical Ceramics
- Flat reflecting the late cycle nature, with growth in the first half offset by decline in the second half of the year
- Growth in ceramic armour sales in Seals & Bearings
- Growth in implantable feedthroughs and medical imaging in Technical Ceramics
- Growth in Electrical Carbon offset by decline from exited businesses in Technical Ceramics
- Decline in power generation reflecting weaker industrial economy

Thermal Ceramics performance summary

£m	FY 2020	FY 2019	% change from FY 2019	
			As reported	At organic constant-currency
Revenue	344.3	418.4	(17.7%)	(15.5%)
Adjusted operating profit[1]	26.7	52.2	(48.9%)	(45.4%)
Margin %	*7.8%*	*12.5%*		

Performance commentary

- Decline in the industrial and metals segments, reflecting broad based market decline and weakness in the transportation market segments, with the aerospace segment particularly impacted as a result of the pandemic
- Cost reductions partially mitigated lower volumes, with restructuring actions underway to improve margins
- Margin decline included a £2m credit loss

1 Adjusted operating profit is before specific adjusting items and amortisation of intangible assets.

Molten Metal Systems performance summary

£m	FY 2020	FY 2019	% change from FY 2019	
			As reported	At organic constant-currency
Revenue	41.2	49.1	(16.1%)	(13.8%)
Adjusted operating profit[1]	3.2	5.9	(45.8%)	(43.9%)
Margin %	*7.8%*	*12.0%*		

Performance commentary

- Revenue decline resulting from reduced global demand within the aluminium and precious metals market segments
- Margin decline partially offset by cost control measures

1 Adjusted operating profit is before specific adjusting items and amortisation of intangible assets.

Electrical Carbon performance summary

£m	FY 2020	FY 2019	% change from FY 2019	
			As reported	At organic constant-currency
Revenue	151.4	164.2	(7.8%)	(6.3%)
Adjusted operating profit[1]	23.6	21.9	7.8%	11.3%
Margin %	*15.6%*	*13.3%*		

Performance commentary

- Volume decline in the core industrial and rail market segments
- Growth in the semiconductor market segment
- Margin improvement driven by strong operational efficiencies and cost reduction actions along with one-off insurance receipts of £2m

1 Adjusted operating profit is before specific adjusting items and amortisation of intangible assets.

Seals and Bearings performance summary

£m	FY 2020	FY 2019	% change from FY 2019	
			As reported	At organic constant-currency
Revenue	146.4	144.3	1.5%	1.5%
Adjusted operating profit[1]	27.5	26.4	4.2%	4.6%
Margin %	*18.8%*	*18.3%*		

Performance commentary

- Growth in ceramic armour (2020: £49m vs 2019: £35m) offsetting decline in the aerospace, industrial and petrochemical market segments
- Margin improvement driven by drop through on higher revenue and cost reduction actions

1 Adjusted operating profit is before specific adjusting items and amortisation of intangible assets.

Technical Ceramics performance summary

£m	FY 2020	FY 2019	% change from FY 2019	
			As reported	At organic constant-currency
Revenue	227.4	273.5	(16.9%)	(14.8%)
Adjusted operating profit[1]	14.8	33.7	(56.1%)	(52.7%)
Margin %	*6.5%*	*12.3%*		

Performance commentary

- 40% (£30m) decline in ceramic cores for the aerospace market and decline in the industrial and energy markets
- Growth in the healthcare and defence segments
- Cost reductions partially mitigated lower volumes, with restructuring actions underway to improve margins

1 Adjusted operating profit is before specific adjusting items and amortisation of intangible assets.

Environment, Social and Governance (ESG)

Our purpose is to use advanced materials to make the world more sustainable and to improve the quality of life.

- Sustainability and environmental stewardship are integrated into our daily operations and across our corporate functions.
- We invest in manufacturing technology to reduce our carbon emissions and we help our customers with design and material selection to enable them to reduce their own carbon emissions.
- Using our engineering tools and the design capabilities of our application engineering team, we are able to provide our customers diverse, innovative product options that bring positive benefits.
- Our technical differentiation allows our customers to choose the best solution, for varying operating conditions, with the best return over the expected life of the equipment.

Our products make a positive contribution

Our products;

- improve the quality of life through medical applications
- enable greener electricity generation
- enable the digital world, and all the benefits to the environment and health that it brings
- help to keep people safe
- enable electrification for cleaner public transport
- help our customers manage heat, reducing their energy usage

Shaping our sustainability strategy

Our approach to integrating ESG and embedding sustainability in our long-term business strategy:

- We appointed a Group Director of Environment and Sustainability.
- We engaged our employees through a survey and materiality assessment that addressed over 100 ESG topics in order to understand which are most relevant to our business and where we can make the greatest impact.
- We analysed our performance over the past 5 years to help inform our aspirations for the future.
- Based on the inputs, the Executive Team and Board of Directors identified our key ESG priorities; assured they are aligned with our purpose; and are deliverable and measurable.
- We confirmed the selected priorities align with our internal and external stakeholders.
- Ongoing, we monitor and manage emerging ESG risks against the changing business landscape, review stakeholder feedback, and strive for continuous improvement to ensure sustainable business growth.

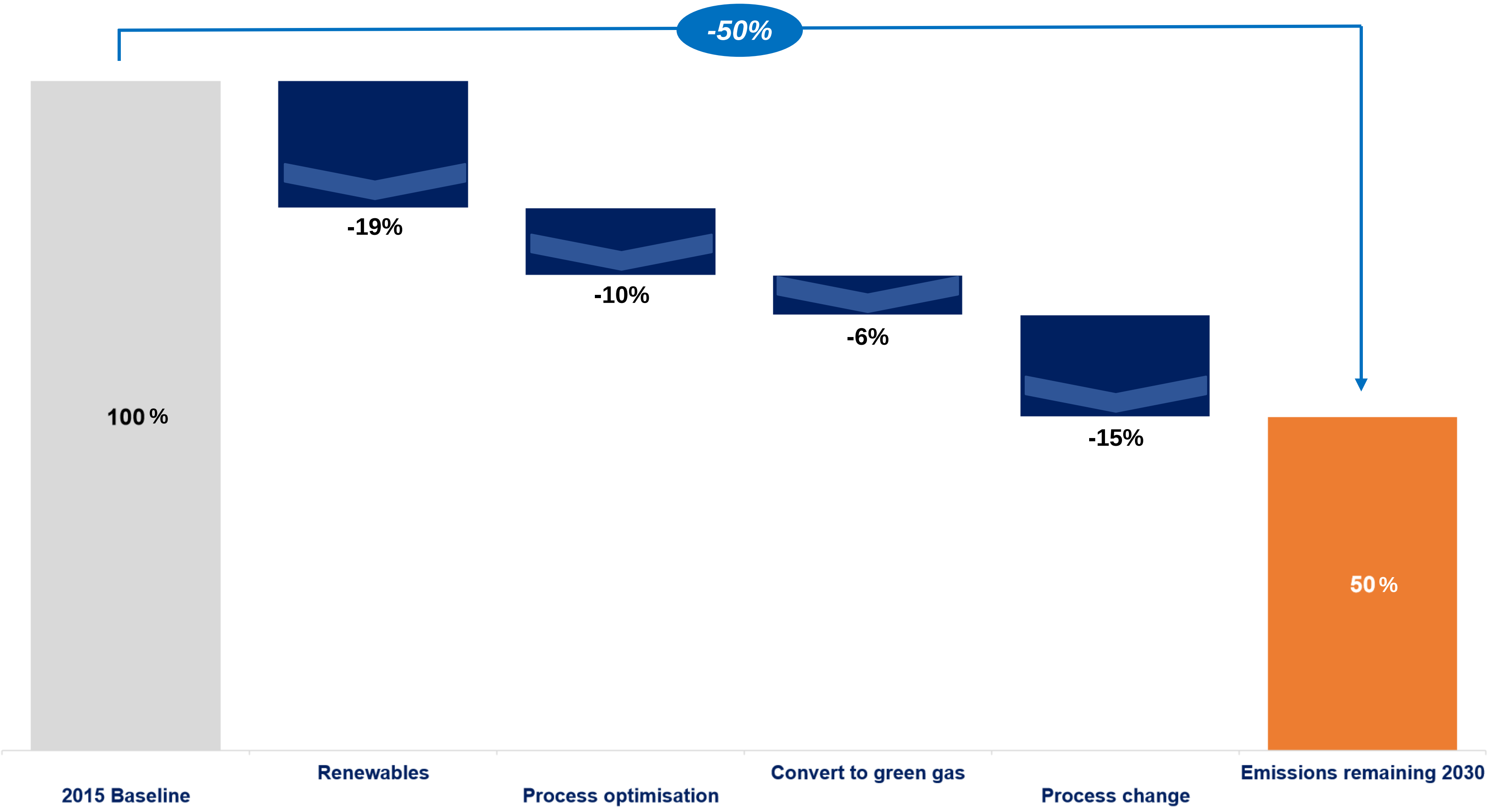
Sustainability focus areas and key ESG priorities

	Our aspiration	Our 2030 goals[2]
Protect the environment	• A CO_2 net zero business by 2050[1] • Use water sustainably across our business	• 50% reduction in Scope 1 and Scope 2[3] CO_2 emissions • 30% reduction in water use in high and extremely high stress areas • 30% reduction in total water usage
Provide a safe, fair and inclusive workplace	• Zero harm to our employees • A workforce reflective of the communities in which we operate • A welcoming and inclusive environment where employees can grow and thrive	• 0.10 Lost time accident rate • 40% of our leadership population is female • Top quartile engagement score

Everything we do is underpinned by the highest ethical standards.

1 Excludes indirect emissions generated by our supply chain, distribution network and employee travel.
2 Reduction targets shown are compared to a 2015 baseline.
3 Scope 1 and 2 relate to CO_2 emissions from direct and indirect sources, respectively.

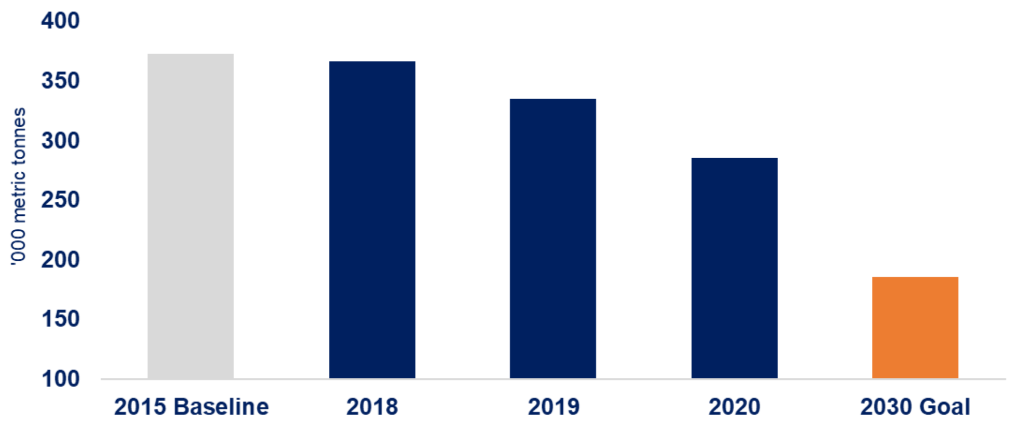
Planned sources of CO_2 Scope 1 and 2 reduction



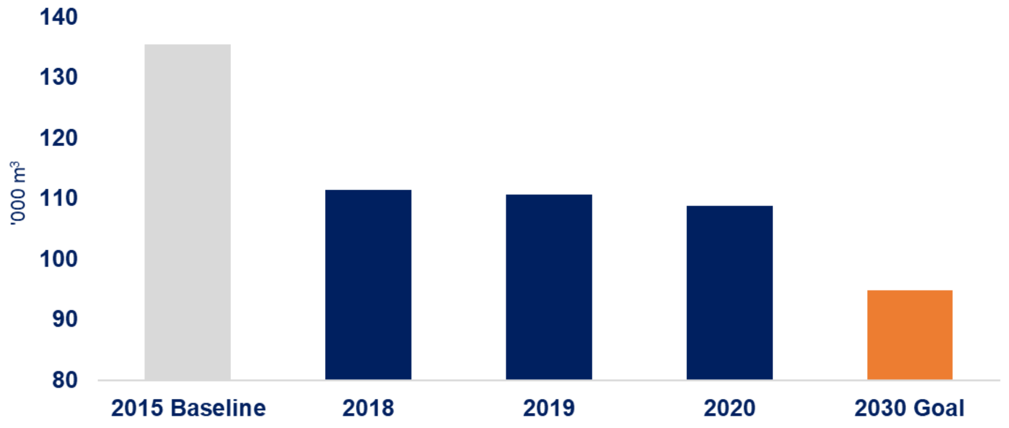
Scope 1 and 2 relate to CO_2 emissions from direct and indirect sources, respectively.

Improving our ESG performance

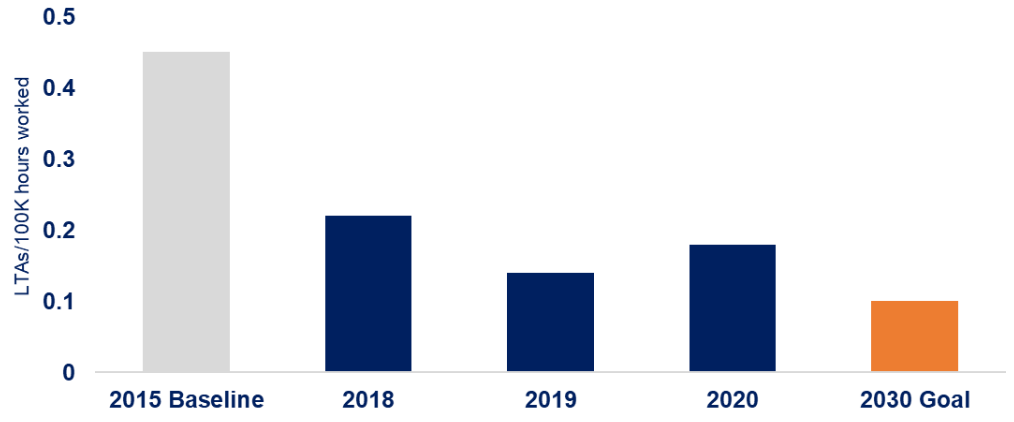
Absolute CO_2 (Scope 1 and 2)[1]



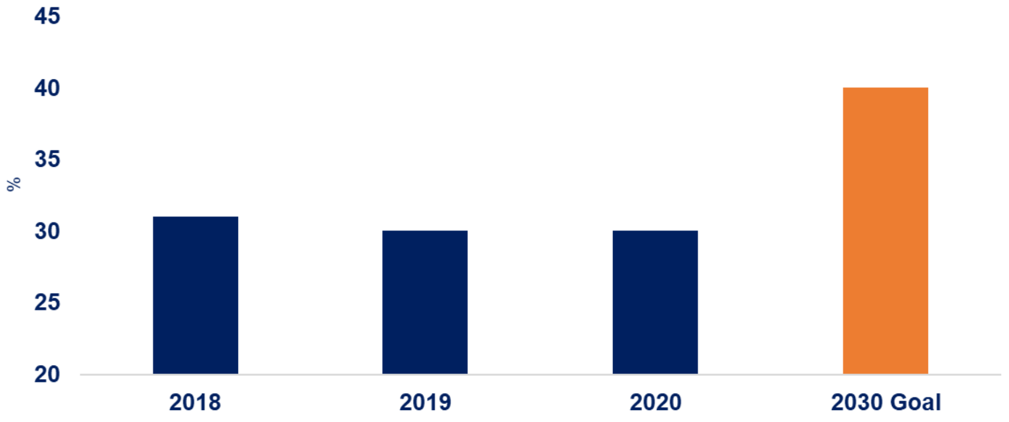
Absolute water use in stressed areas



Lost time accident rate



% Female leadership population[2]



1 Scope 1 and 2 relate to CO_2 emissions from direct and indirect sources, respectively.
2 Leadership population consists of approximately 450 of the most senior individuals in the organisation.

Our strategy for growth

We have a strategy to ensure we are the leaders in our field, with the customer and materials insight to apply our capabilities quickly and effectively

We apply these skills to a portfolio of businesses where:

- Our technical expertise and differentiation is valued
- We can operate on a global scale
- We are scalable
- Market segments are growing and we have room to grow

Strengthening the Group to deliver resilient financial performance and faster growth

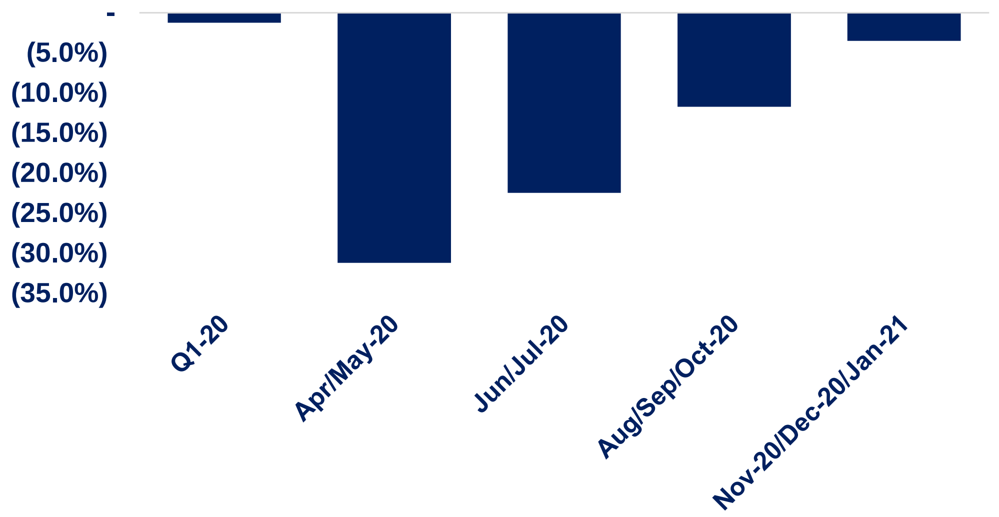
Strategic progress

Drive sales effectiveness and market focus	Continued to enhance our sales effectiveness, through further deployments of our CRM tool and integration into our sales and pipeline management processes, completion of sales training and further pricing work
Extend our technology leadership	Continued to progress our new technology and product developments, with new products in early stage trials with a number of customers and new product launches as markets recover
Increase investment in people management and development	Completed our in-flight leadership development programmes with a very successful series of virtual events and completed a number of key appointments to strengthen our leadership teams
Improve operational execution	Continued to make further improvements to operational performance and operating costs through the deployment of lean production techniques, kaizen events and procurement improvements

Outlook

- Outlook for 2021 remains uncertain given the ongoing Covid-19 pandemic
- We have seen order momentum improving steadily over the last six months:

Average daily order intake
Year-on-year % change at constant-currency



- We expect continued revenue decline in the first quarter of 2021 with a return to organic constant-currency growth from the second quarter onwards
- Overall, we expect modest growth in the Group's organic constant-currency revenue for the full year with margin improvements from volume leverage and the restructuring actions underway

Summary

- Robust Covid-19 response with protection measures in place in all facilities to protect our employees
- Trading has been resilient with revenue decline of 11.4% on an organic constant-currency basis demonstrating our strategic progress and the benefits of our diverse end-markets
- Growth in healthcare and security and defence segments offset by declines in industrial and transportation markets
- Focus on cost and cash management delivering an operating margin of 10.1% and free cash flow of £72.4m to give a net debt to EBITDA position of 0.8 times, excluding lease liabilities
- Restructuring programme is ahead of plan and we increase our cost savings target to £23m per annum by 2022 for a cash cost of £30m
- Underpinning our ESG actions, we are committing to reduce Scope 1 and 2 CO_2 emissions by 50% by 2030 as part of our longer term aspiration to reach net zero by 2050
- Looking forward to 2021, we expect a return to organic growth with margin improvements from volume leverage and the restructuring actions

Appendix

End-market mix (as a % of revenue)

Main markets by GBU

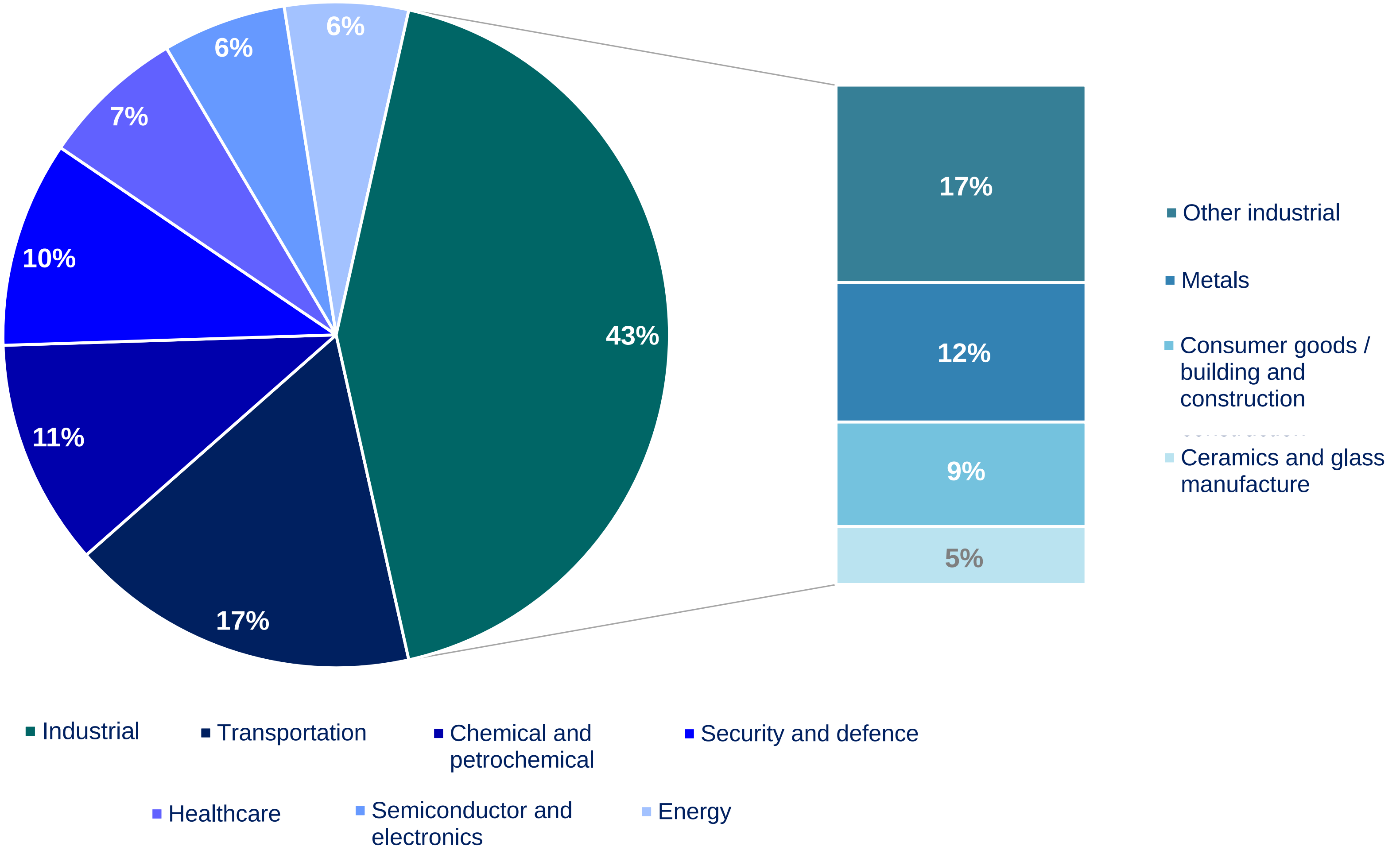
Thermal Ceramics
Industrial, Chemical and petrochemical, Metals, Automotive

MMS
Aluminium (automotive), Copper (construction), Precious metals

Electrical Carbon
Rail, Industrial equipment, Power generation, Electronics and semiconductor

Seals and Bearings
Petrochemical, Pumps, Aerospace, Automotive, Home appliances

Technical Ceramics
Industrial equipment, Electronics, Aerospace, Healthcare, Energy



Divisional performance

	Revenue £m		Adjusted operating profit[1] £m		Margin %	
	FY 2020	FY 2019	FY 2020	FY 2019	FY 2020	FY 2019
Thermal Ceramics	344.3	418.4	26.7	52.2	7.8%	12.5%
Molten Metal Systems	41.2	49.1	3.2	5.9	7.8%	12.0%
Thermal Products division	**385.5**	**467.5**	**29.9**	**58.1**	**7.8%**	**12.4%**
Electrical Carbon	151.4	164.2	23.6	21.9	15.6%	13.3%
Seals and Bearings	146.4	144.3	27.5	26.4	18.8%	18.3%
Technical Ceramics	227.4	273.5	14.8	33.7	6.5%	12.3%
Carbon and Technical Ceramics division	**525.2**	**582.0**	**65.9**	**82.0**	**12.5%**	**14.1%**
Corporate costs	-	-	(4.1)	(5.9)	-	-
Group	**910.7**	**1,049.5**	**91.7**	**134.2**	**10.1%**	**12.8%**

1 Adjusted operating profit is before specific adjusting items and amortisation of intangible assets.

Reported statutory figures

£m	Year ended 31 December 2020			Year ended 31 December 2019		
	Results before specific adjusting items	Specific adjusting items	Total	Results before specific adjusting items	Specific adjusting items	Total
Revenue	**910.7**	**-**	**910.7**	**1,049.5**	**-**	**1,049.5**
Operating costs before amortisation of intangible assets	(819.0)	(87.4)	(906.4)	(915.3)	-	(915.3)
Profit/(loss) from operations before amortisation of intangible assets	**91.7**	**(87.4)**	**4.3**	**134.2**	**-**	**134.2**
Amortisation of intangible assets	(6.1)	-	(6.1)	(8.1)	-	(8.1)
Operating profit/(loss)	**85.6**	**(87.4)**	**(1.8)**	**126.1**	**-**	**126.1**
Net financing costs	(11.9)	-	(11.9)	(16.9)	-	(16.9)
Share of profit of associate (net of income tax)	0.6	-	0.6	0.5	-	0.5
Profit/(loss) before taxation	**74.3**	**(87.4)**	**(13.1)**	**109.7**	**-**	**109.7**
Income tax (charge)/credit	(20.2)	13.3	(6.9)	(29.9)	-	(29.9)
Profit/(loss) from continuing operations	**54.1**	**(74.1)**	**(20.0)**	**79.8**	**-**	**79.8**
Profit/(loss) from discontinued operations	-	2.0	2.0	0.7	0.8	1.5
Profit/(loss) for the period	**54.1**	**(72.1)**	**(18.0)**	**80.5**	**0.8**	**81.3**
Profit/(loss) for the period attributable to:						
Shareholders of the Company	48.1	(70.6)	(22.5)	72.3	0.8	73.1
Non-controlling interests	6.0	(1.5)	4.5	8.2	-	8.2
Profit/(loss) for the period	**54.1**	**(72.1)**	**(18.0)**	**80.5**	**0.8**	**81.3**

Foreign currency impacts

The principal exchange rates used in the translation of the results of overseas subsidiaries were as follows:

GBP to:	FY 2020 Closing rate	FY 2020 Average rate	FY 2019 Closing rate	FY 2019 Average rate
USD	1.37	1.28	1.33	1.28
EUR	1.12	1.13	1.18	1.14

For illustrative purposes, the table below provides details of the impact on FY 2020 revenue and adjusted operating profit[1] if the actual reported results, calculated using FY 2020 average exchange rates were restated for GBP weakening by 10 cents against the US dollar in isolation and 10 cents against the Euro in isolation:

Increase in FY 2020 revenue/adjusted operating profit[1] if:	Revenue £m	Adjusted operating profit[1] £m
GBP weakens by 10c against the US dollar in isolation	33.9	4.3
GBP weakens by 10c against the Euro in isolation	17.4	1.8

Retranslating the 2020 full year results at the February 2021 closing exchange rates would lead to revenue of £863.8m and adjusted operating profit[1] of £85.0m.

1 Adjusted operating profit is before specific adjusting items and amortisation of intangible assets.

Adjusted earnings per share

£m	FY 2020	FY 2019
Profit/(loss) for the period attributable to shareholders of the Company	(22.5)	73.1
(Profit)/loss from discontinued operations	(2.0)	(1.5)
Profit/(loss) from continuing operations	(24.5)	71.6
Specific adjusting items	87.4	-
Amortisation of intangible assets	6.1	8.1
Tax effect of the above	(13.3)	-
Non-controlling interests' share of the above adjustments	(1.5)	-
Adjusted earnings	**54.2**	**79.7**
Weighted average number of shares in the period	284.7m	284.6m
Adjusted earnings per share (pence)	**19.0**	**28.0**