

Capital Markets Presentation

24th May 2012

Objectives for today

To provide additional insight and information on the key drivers for Morgan Crucible that underpin our three year financial goals

Agenda

<ul style="list-style-type: none">• Introduction & overview (10 mins)	Mark Robertshaw
<ul style="list-style-type: none">• Ceramics Division (50 mins)<ul style="list-style-type: none">• Performance and key value drivers• Superwool® innovation• New business pipeline• Dynamic growth economies• Summary and questions	Andrew Hosty Mark Moore Jim McRickard Ian Robb Andrew Hosty
Break (30 mins)	
<ul style="list-style-type: none">• Engineered Materials Division (40 mins)<ul style="list-style-type: none">• Performance and key value drivers• Established businesses• New businesses• Summary and questions	Don Klas John Maxwell Mike Murray Don Klas
<ul style="list-style-type: none">• Cost reduction initiatives, cashflow and balance sheet capacity for M&A (10 mins)	Kevin Dangerfield
<ul style="list-style-type: none">• Wrap up and Q & A	Mark Robertshaw

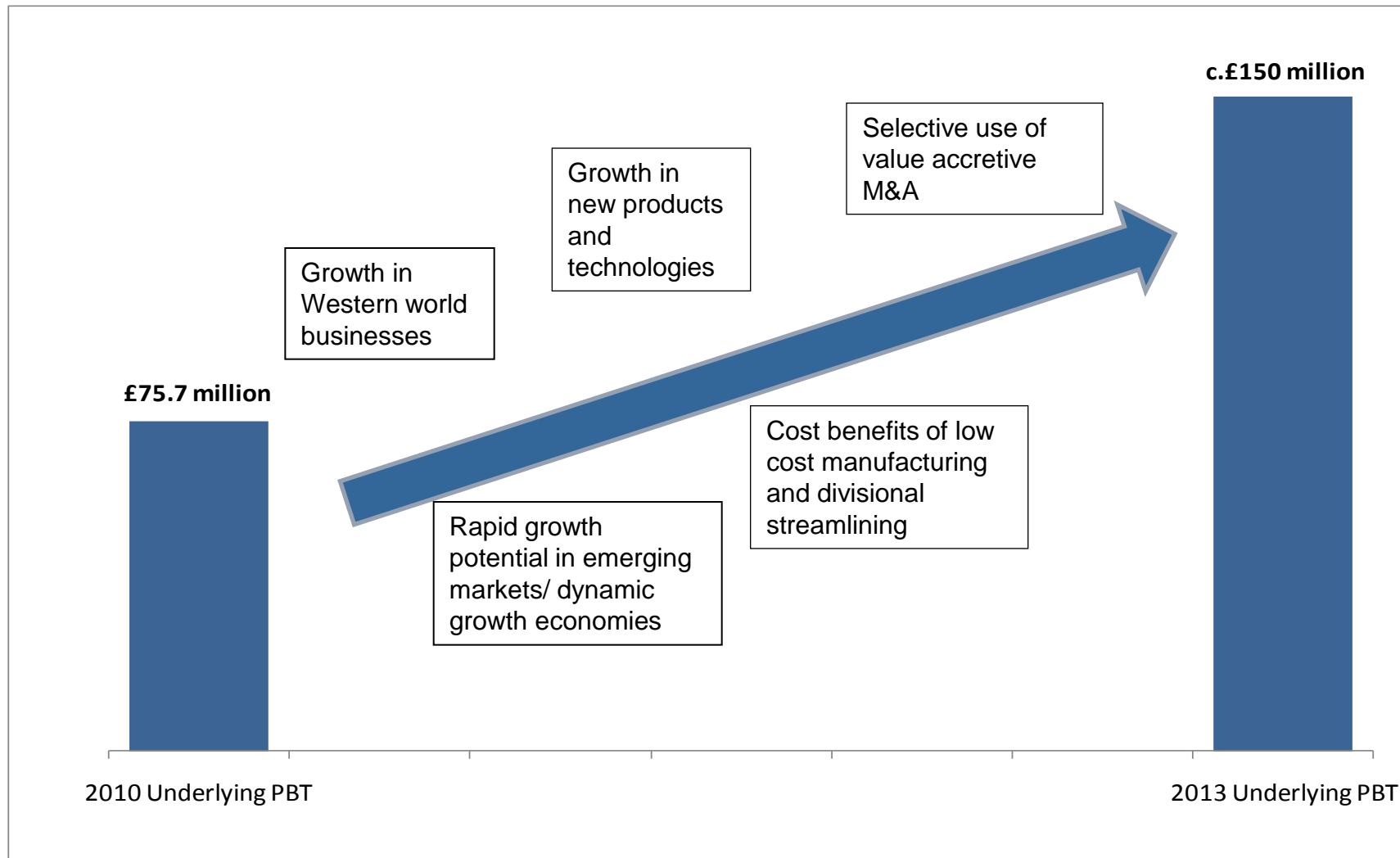
Financial ambitions by 2013

- 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

Significant progress made on all three financial goals in 2011

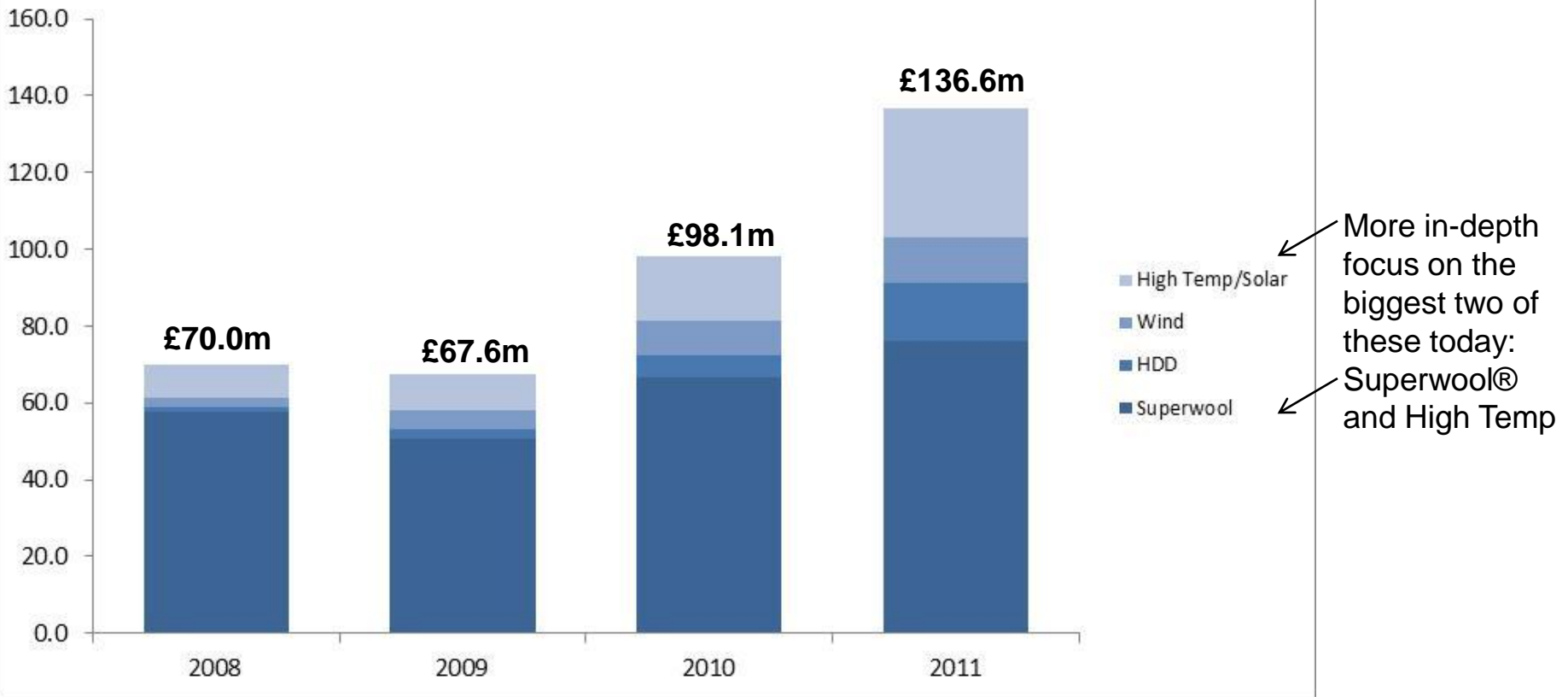
	2010	2011	2011 Progress
Underlying PBT	£75.7m	£119.7m	+£44.0m
Underlying operating profit margin	10.0%	12.9%	+290 basis points
Operating ROCE	25.4%	33.7%	+830 basis points

Our ambition remains to double the 2010 underlying PBT by 2013

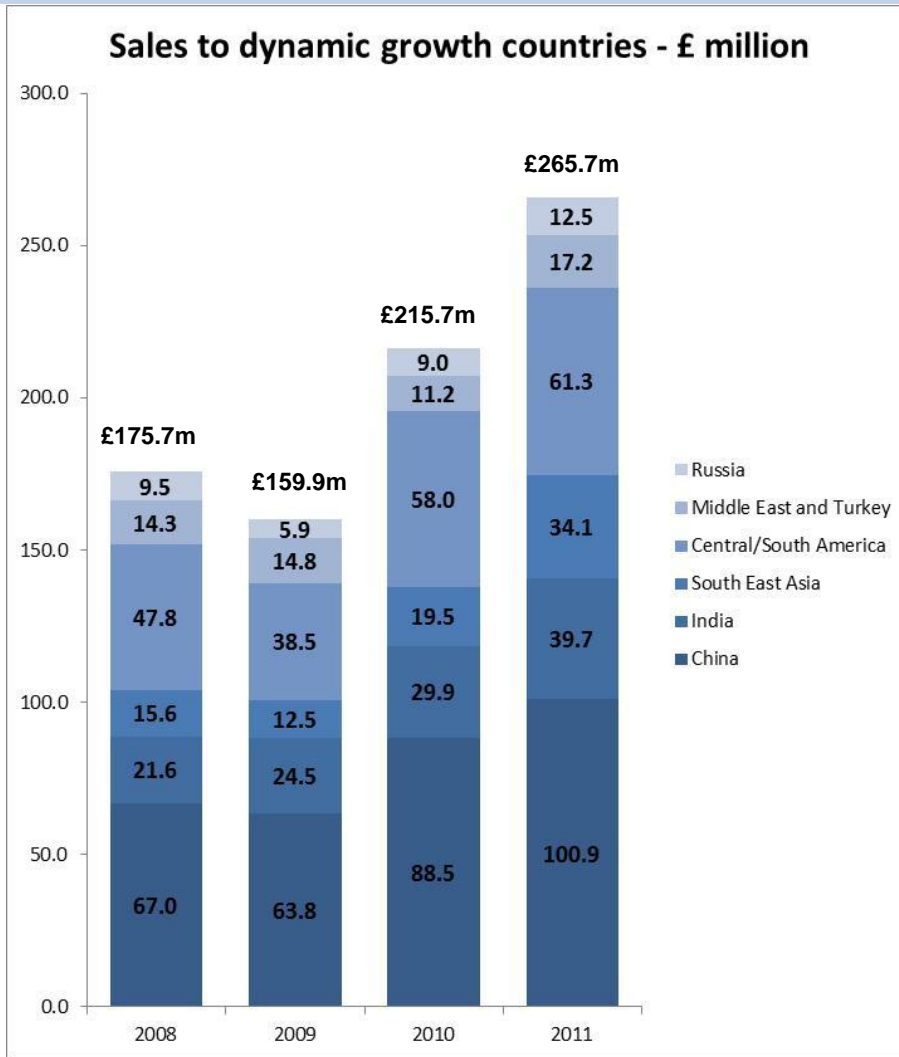


Significant growth from new products and technologies – four biggest areas showing 39.3% year-on-year increase

Sales from new products/technologies - £ million



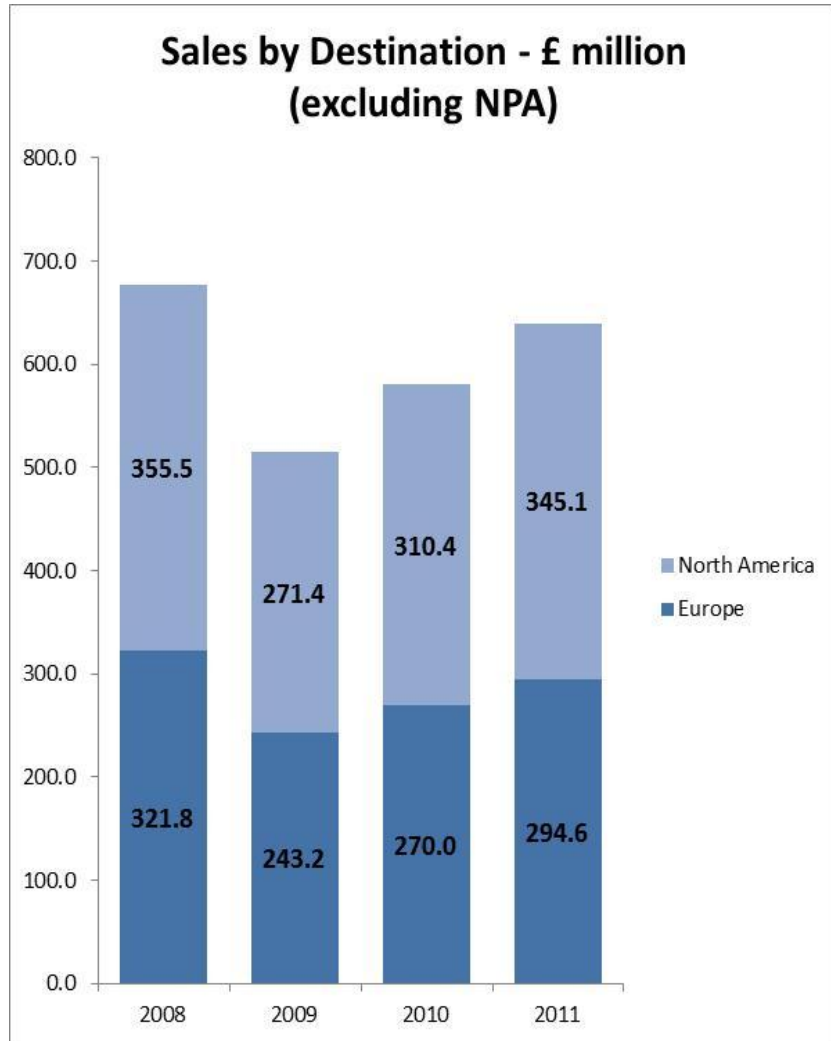
Sales to dynamic growth countries increased 23% and now represent c.25% of total Group sales



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

- China now a £100 million business 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

Revenue to Western world markets also grew over 10% in 2011



All at 2011 year end rates

- North America up 11.2% versus 2010; above 2008 levels excluding US body armour (£35 million in 2008, £7 million in 2011)
- Europe up 9.1% versus 2011 but still below 2008
 - European revenue primarily centred on UK, Germany and France
 - 2011 sales to Italy, Spain, Portugal and Greece total less than 5% of Group revenue
- Good top line increases from new products and technologies and in key secular growth markets such as aerospace

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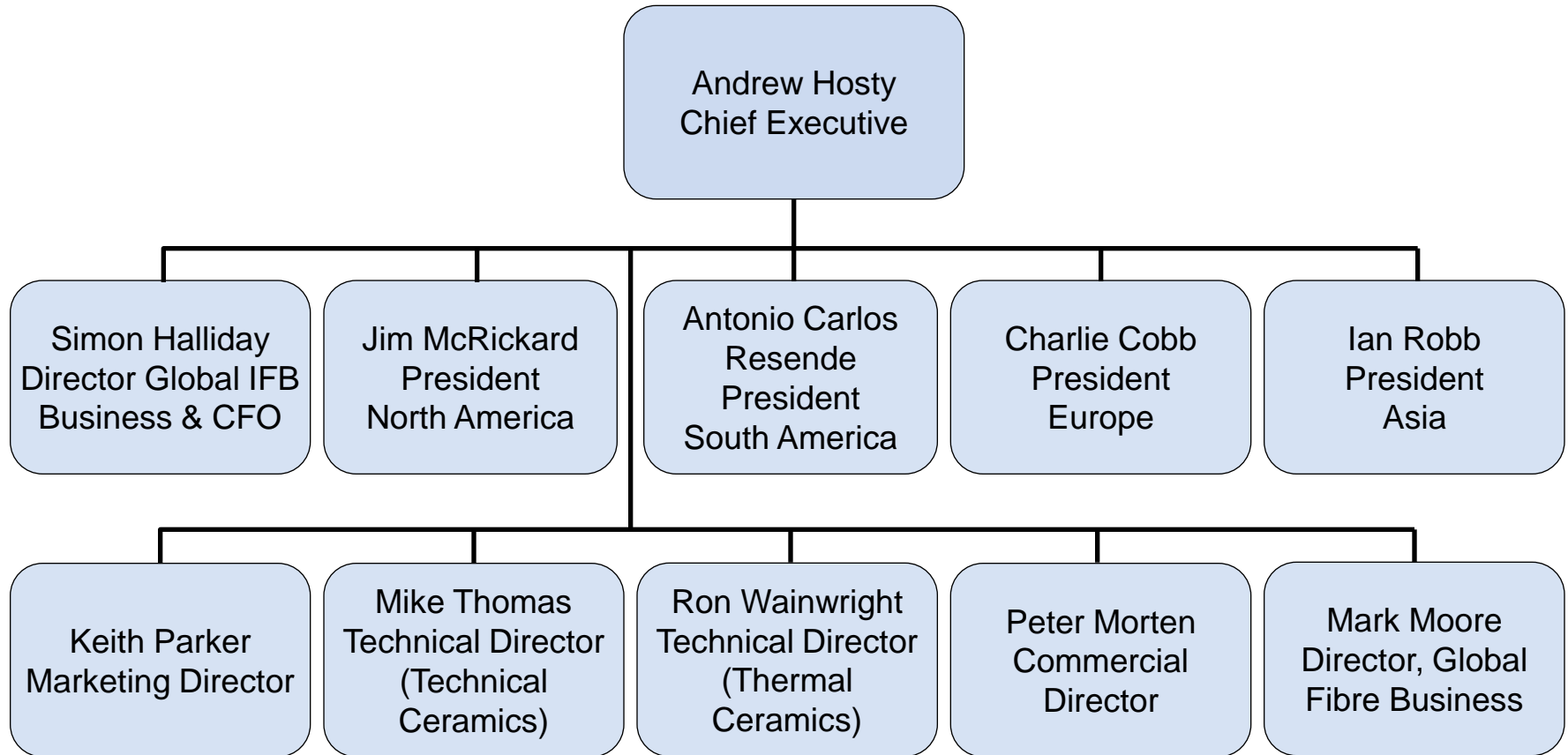
Morgan Ceramics

Morgan Crucible Capital Markets Day
London, May 2012

Capital Markets Day

- The Morgan Ceramics Executive team
- Our challenge & strategic intent
- The markets and our locations
- Our entrepreneurial approach
 - How we do business
- Opportunities
 - Superwool[®] Fibre – Mark Moore
 - New Business Pipeline – Jim McRickard
 - Dynamic growth economies – Ian Robb
- Summary

Morgan Ceramics is managed by a global Executive Team through a regional structure



What we do

- We produce a wide range of specialist, high-specification materials that have extraordinary attributes and properties
- Engineered into products, they deliver enhanced performance, often under extreme conditions
- Our dynamic, highly skilled people are continuously engaged in finding solutions for complex and technologically demanding applications, which are used all over the world
- In short, we supply innovative, differentiated products made from highly technical advanced materials which enable our customers' products and processes to perform more efficiently, more reliably and for longer



Morgan Ceramics will deliver by relentlessly pursuing the following priorities:

- Focus on market opportunities where our distinctive competences and innovation skills differentiate us
- Drive operational excellence in all of our facilities
- Develop our leaders, teams and technical talent to deliver our strategy

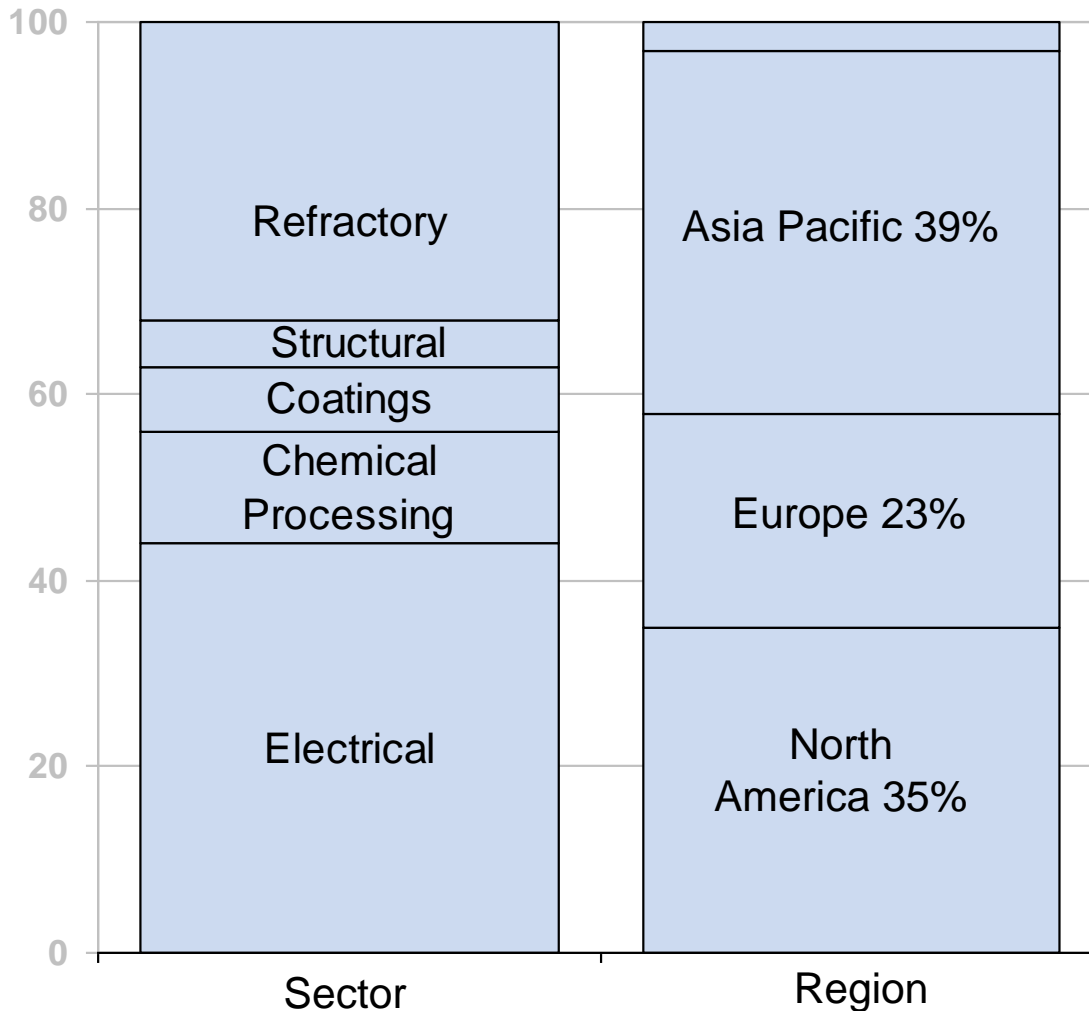
Strategic intent (1 of 2)

- Grow Morgan Ceramics to be a high teens EBITA business by 2015
- Develop a new business pipeline that can support GDP+ top line growth
- Establish values and behaviors that will support a culture of growth and top tier performance
- Use our existing footprint and know how to develop a significant 20%+ margin Technical Ceramics business in Asia

Strategic intent (2 of 2)

- Transform our fibre business to be more differentiated and targeted into selected attractive market sectors
 - By converting RCF to Superwool®
 - By developing new high temperature insulating products
- Develop our thermal engineering solutions business in the petrochemical, aluminium, fire protection and iron & steel sectors

The global market for advanced and refractory ceramics (2010) is ~£37B



Morgan Ceramics is focused on niches that fall within these classifications & regions

They form our addressed market which is estimated to be worth ~£3.9B and continues to grow faster than GDP

Sources: Global Industry Analysts; Advanced Ceramics Report May 2010 / Markets and markets; Global High Temperature Insulation market report

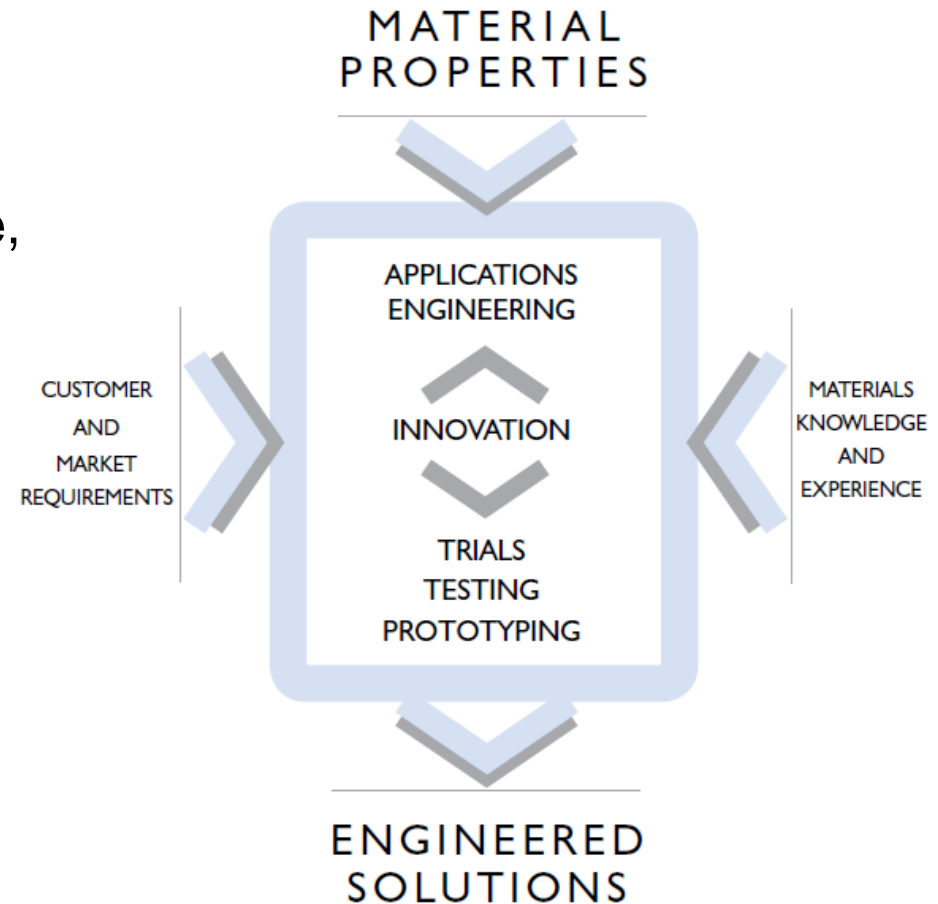
Unparalleled global reach with significant operational presence in the major markets of the world

manufacturing site locations



Working closely with our customers in order to provide high added value solutions

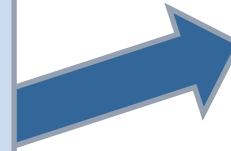
- Applications Engineers work with customers to establish operating conditions and design constraints
- Combining our materials expertise, market understanding and expert knowledge of our global manufacturing capabilities, we create innovative engineered solutions for our customers
- Optimally designed end product solutions or prototypes result



Exciting potential for growth

Substantial growth expected from:

- Superwool® Fibre development
- New Business Development Pipeline
- Dynamic Growth Economies



£75.7 million



2010 Underlying PBT

c.£150 million



2013 Underlying PBT

Superwool® Innovation

Mark Moore

Director – Global Fibre Business

Areas to cover

- Why the Superwool[®] innovation is important
- The scale of the fibre business globally
- Product differentiation
- Our innovation pathway
- Market leadership
- Summary

Why the Superwool® innovation is important?

- The fibre business is 25% of Morgan Crucible group revenue
- Refractory Ceramic Fibre (RCF) products are partly commoditised and subject to health related regulation
- Through innovation we have introduced a family of low-bio-persistent fibre products that are technically differentiated and deliver higher margins
- We call that product family Superwool®
- Only 33% of fibre sales in 2011 were Superwool®
- We are market leaders in these low bio-persistent fibres and hold intellectual property
- By moving from RCF to Superwool® we can grow the business and our margins

Fibre products: Global reach, attractive markets

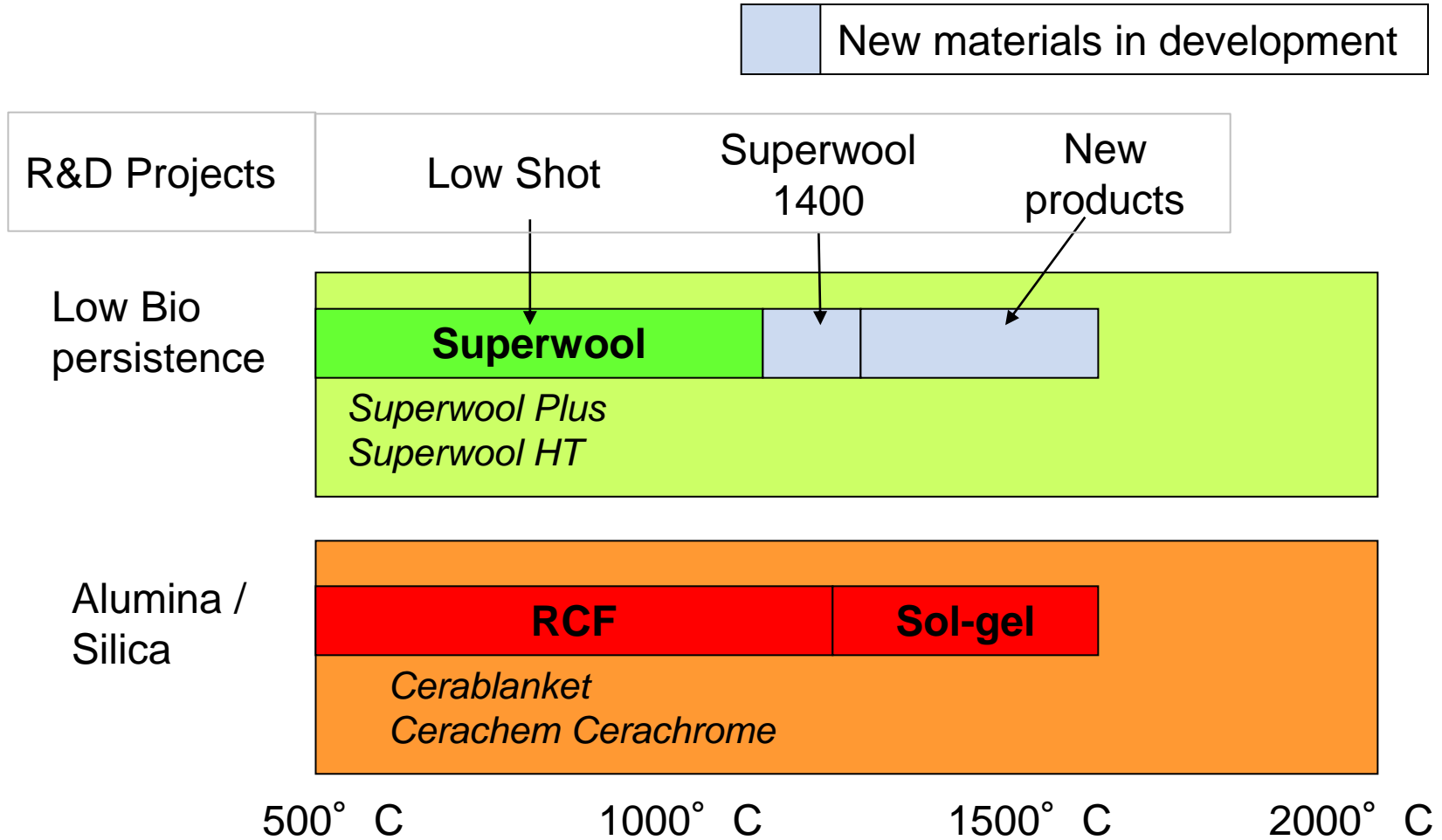


Superwool[®] Fibre: Technically differentiated, higher margins

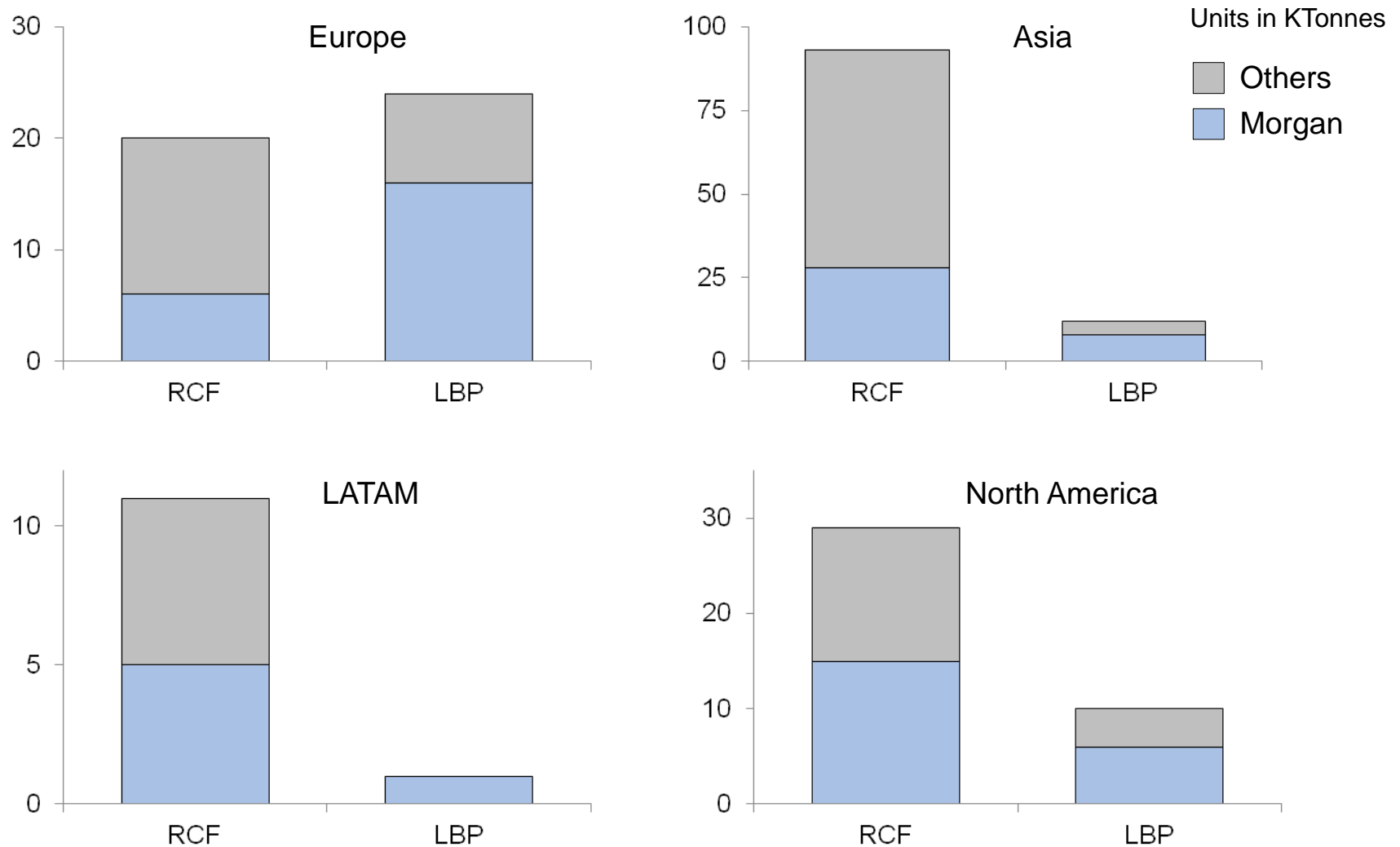
	SW Plus	SW HT	SW1400 (R&D)
Main raw materials (NB this is a guide but alternatives may be used according to local availability)	Lime, Dolomite, Silica	Lime, Silica	Potassium Carbonate, Alumina, Silica
Direct Cost of production Compared to equivalent RCF product	< €/kg	<€/kg	<€/kg
Classification Temp (4% shrinkage after 24 hrs)	1200° C	1300° C	1450° C
Continuous Use Temp	1000° C	1150° C	1250° C
Thermal Conductivity (128 kg/m ³ density at 1000° C)	0.25 W/mK	0.34 W/mK	0.34 W/mK

 Key differentiating factor

Fibre Technology - Innovation path



Morgan leads the low bio-persistent (LBP) market



Superwool innovation summary

- Market mix and greater product differentiation will drive improved margins and growth
- Operational efficiency and simplification of the product range will further enhance margins



New Business Pipeline

Jim McRickard

President Morgan Ceramics North America

Morgan Ceramics



Morgan Ceramics New Business Pipeline – c.£400 million

Growing globally across targeted markets

Providing customers with differentiated solutions

Driven by:

Use of material science

Application engineering

Advanced manufacturing capabilities



Medical – Building the Pipeline in North America

Method

Pick attractive market segments and develop growth plans to 2X our Medical pipeline

2011 NA medical sales: £40M

Hearing devices – cochlear devices

Capital equipment for oncology – radiation therapy

Medical imaging – endo surgery, high resolution imaging

Neuromodulation – pain, sight, hypertension, anti-obesity, deep brain stimulation

Cardiac rhythm management – defibrillators, leadless pacemakers, implantable drug delivery, left ventricular assist devices



Medical Pipeline – Morgan/BMES/USC Collaboration

The Technology

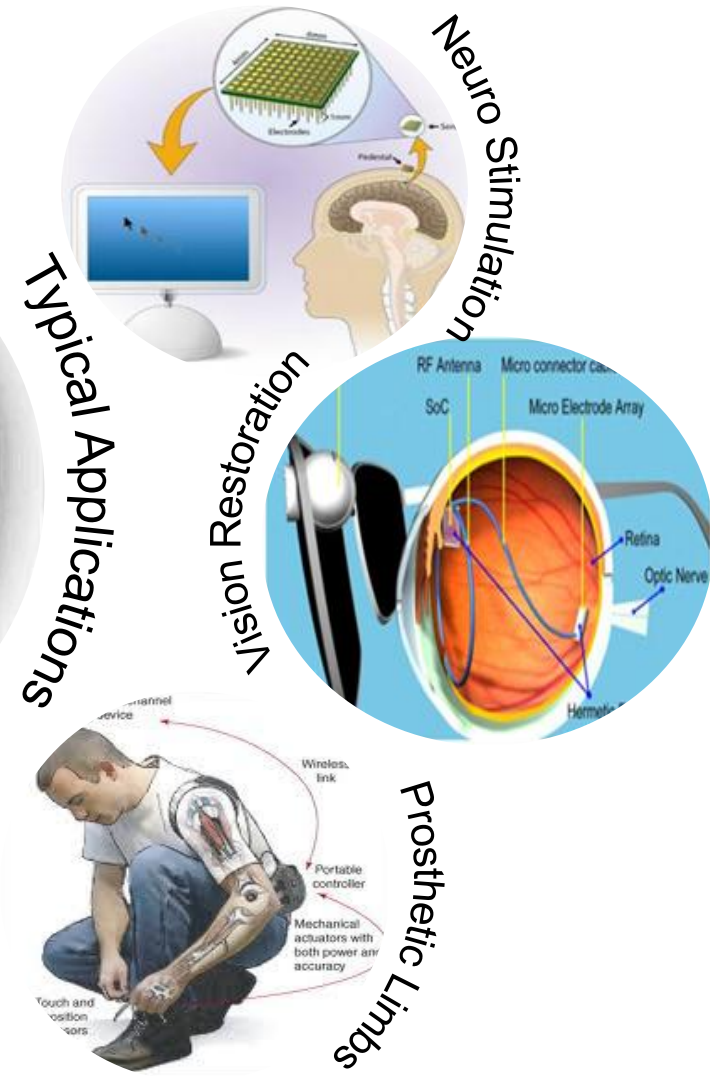
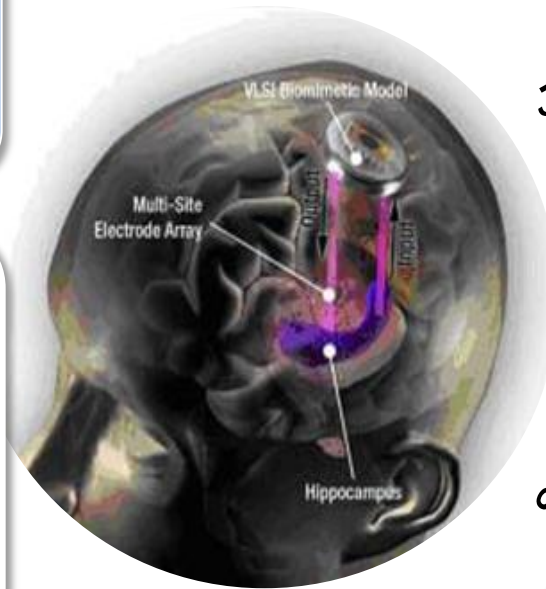
Gathering brain signals and presenting them to electronic packages to perform the necessary function

Morgan's Role

Solve problem of handling massive quantities of data and biocompatibility.

Facilitate miniaturization of the device

Innovate using technologies of multiple sites to create a high density, biocompatible feed-through



Current market position - Medical

- Global medical device market forecast to grow from £195B in 2011 to £251B in 2016
- Customer base has increased R&D spending to 8% of sales for new technologies
- Morgan is a world leader in the design and manufacture of ceramic implants & ceramic assemblies
- We are now well positioned to take advantage of growth into emerging markets
- Our market segmentation work confirms we are participating in strong growth niches
- Our pipeline is growing!

Aerospace – Building the Pipeline in North America

Method

Pick attractive market segments
and develop growth plans to 2X
our Aerospace pipeline

2011 NA sales: £55M

27,000 – 30,000 new planes by 2030

In service aircraft fleet to grow 2X by 2030

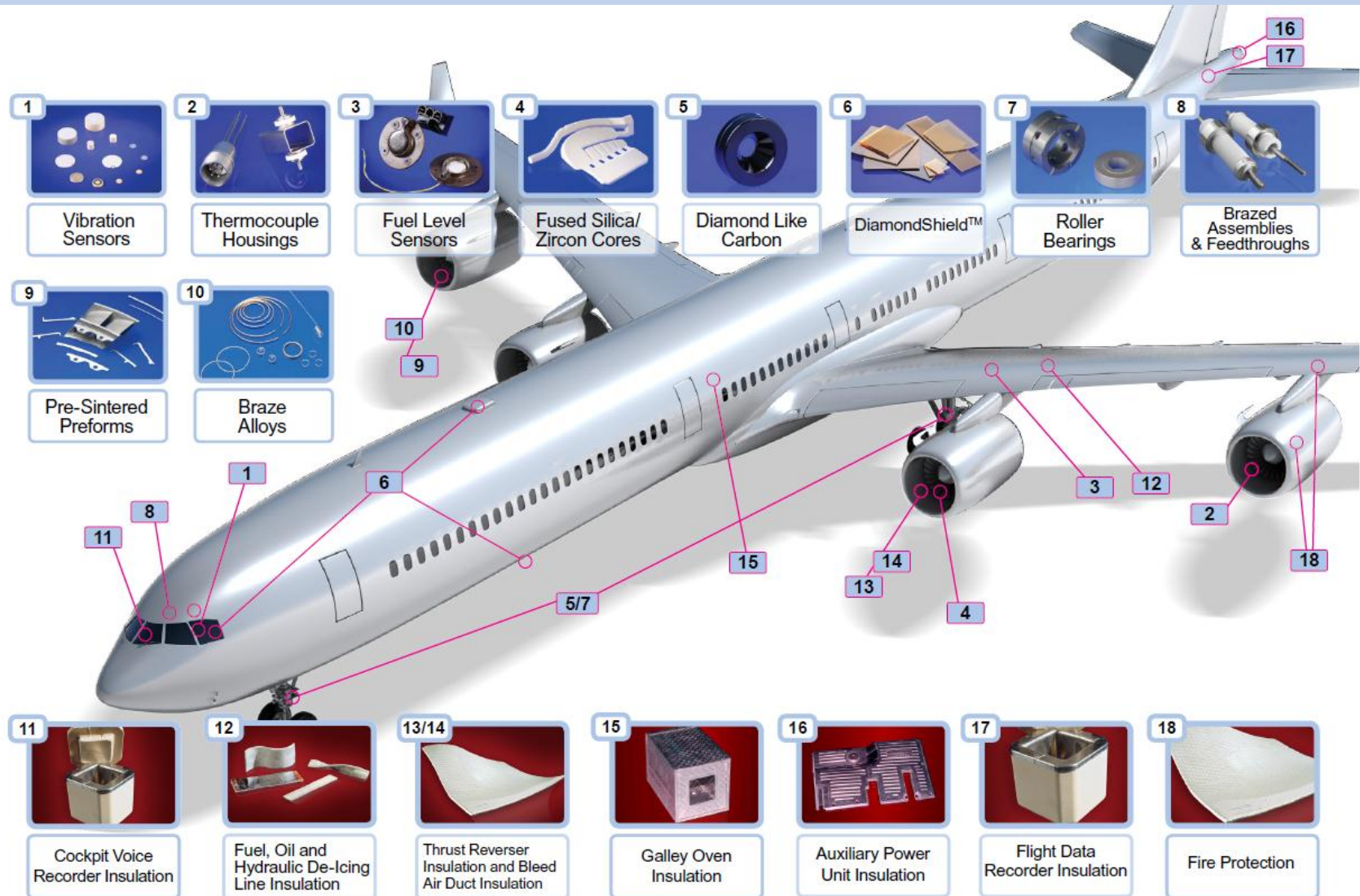
Freight traffic global load factors at historical highs

The back log for Airbus and Boeing is approaching \$1 trillion


In 2011 the industry delivered >1,000 large planes for the 1st time in history



What we supply on an aircraft...



Current market position - Aerospace

- Aerospace is an excellent market for our extensive product offerings and technologies
 - We have had good success developing solutions for aircraft systems, engines and airframes across selected segments
 - The emphasis on fuel efficiency may accelerate demand and we are well positioned to participate
 - Our major customers are continuing to globalize operations and we are now able to fully support
 - Our pipeline is growing!
- 

Ambition in dynamic growth economies

Ian W Robb

President Morgan Ceramics Asia

40% of global GDP currently comes from dynamic growth economies

80% of global GDP growth over 2012 and 2013

Dynamic market growth is driven by population growth and industrialisation

- Initial industrialisation stage and investment (Africa, India, Indonesia)
- Infrastructure investment, transportation, efficient energy sources, fire protection (China, ME, SE Asia)
- Renewable and sustainable energy, water, communications, medical devices and senior care (Japan, Australia, Korea, Singapore)
- China to spend US\$2 trillion by 2030 & India to invest US\$1 trillion over next 5 years on energy infrastructure



Source: The Economist April 2012

Morgan Ceramics has a high quality profitable business in Asia

Initial BRIC Dynamic Growth and early investment strategy

2005

Sales £85m

EBITA* 15%

RCF & IFB

Industrial

insulation provider

Investing in Ops Excellence, People and Technology Transfers

2011

Sales £143m

EBITA* 16.9%

Engineered Insulation Solution

Technical Ceramics Value adding

Build on Current Position & Create New Frontiers

2015

Sales £250m+

EBITA* 20%

Superwool

Engineered Solutions

Technical Ceramics

Dynamic Growth



* EBITA% is regional EBITA before any central costs

China Government focus on domestically made, high tech industrial products

- Investing heavily in R&D to reduce reliance on importation of key industrial equipment: Industrial Gas Turbines, energy distribution, etc
- Need for cleaner energy initially concentrated on solar and wind, while gas & nuclear have gathered momentum all sector of interest
- Morgan Crucible's products and skills can move the needle in this sector



New Gas Lines installed from Kazakhstan, need for IGT for transportation of Gas

Significant growth in IGT creating opportunities for melting of alloys, HRSG insulation, through to replacement & maintenance market.



Amorphous transformer



Courtesy of Hitachi Industrial Equipment Systems Co., Ltd.

Special Alloy melting and transfer requires our products

MENA investments in energy, petro-chemical, passive fire protection and Aluminium

- Energy and petrochemical remains significant
- ME aluminum position 15% of global capacity
- Fire protection set to treble through 2015
- Rebuilding of Iraq's infrastructure (11% growth)
- ME manufacturing provides gateway to Africa and provides long term sustainable energy requirement
 - Unparalleled GCC position as local producer
 - Africa to play increasingly important role in global economy
 - Africa's labour force will top China's



EMAL Investment at Kizad



The Gate is currently under construction in Abu Dhabi,



Internal Ducting in Cleveland Clinic Abu Dhabi

The World's No.1 Special Shipbuilders in Korea choose Morgan's FireMaster® Marine Plus™



Samsung Heavy Industries
FPSO (H60)



Daewoo Shipbuilding & Marine Engineering -
Wind Turbine Installation Vessel (A60)



Hyundai Heavy Industry -
Goliath FPSO Project (A60H60)



Firemaster Marine Plus used for
Pipe lag and underside of
Helicopter Platform

- Weight saving over 50% against Mineral Wool
- Fuel savings / better stability, higher payload
- Good sound absorption
- Easy/fast Installation
- Space saving



Firemaster Marine Plus used
for bulk head; faster
installation and overall
customer preference

Morgan is investing in capacity in dynamic economies with new equipment and facilities

- Recent 2011/12 investments include
 - Engineered fibres, Superwool[®], Pyro, Converted Paper in India
 - Korea: SW Pyro, Microporous Insulation
 - China: Superwool[®], expansion of Technical Ceramics footprint
 - Japan: Superwool[®]
- Embedded plans in place for Middle East, China, SE Asia & India
- Treble current China sales and double Indian sales by 2015
- Technical Ceramics growth to £50m

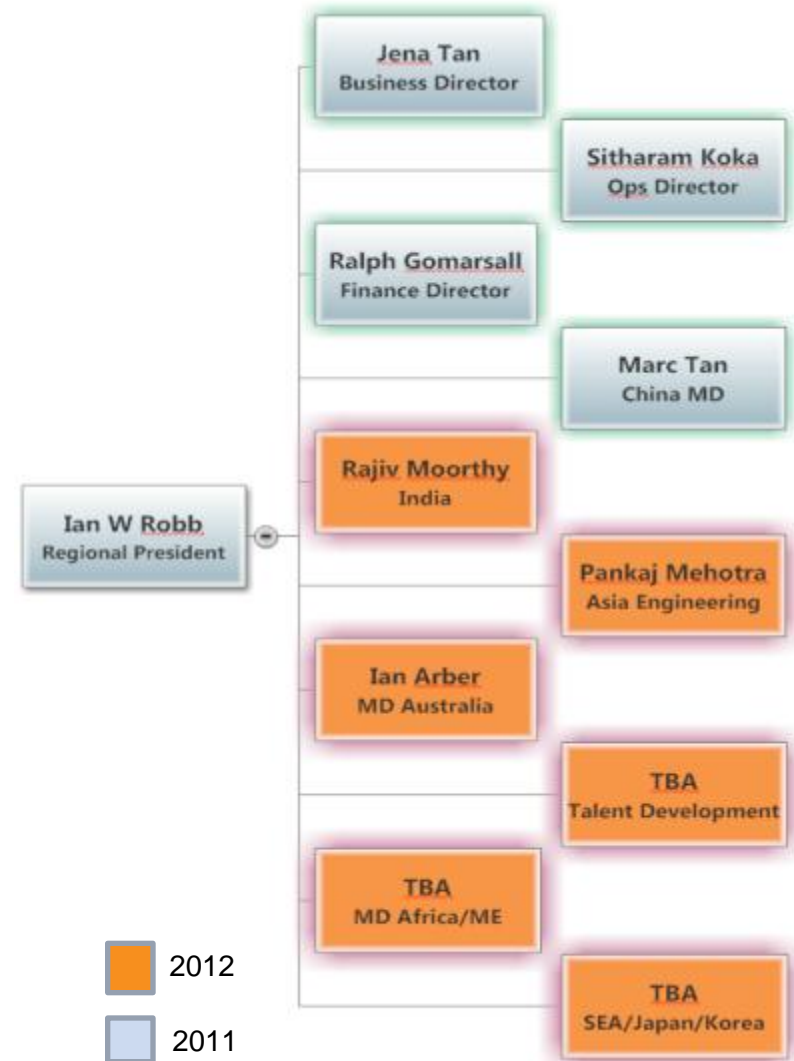


Conceptual layout of DMC facility



To accelerate “moving the needle” we are continuing to strengthen train & develop our Asian organisation

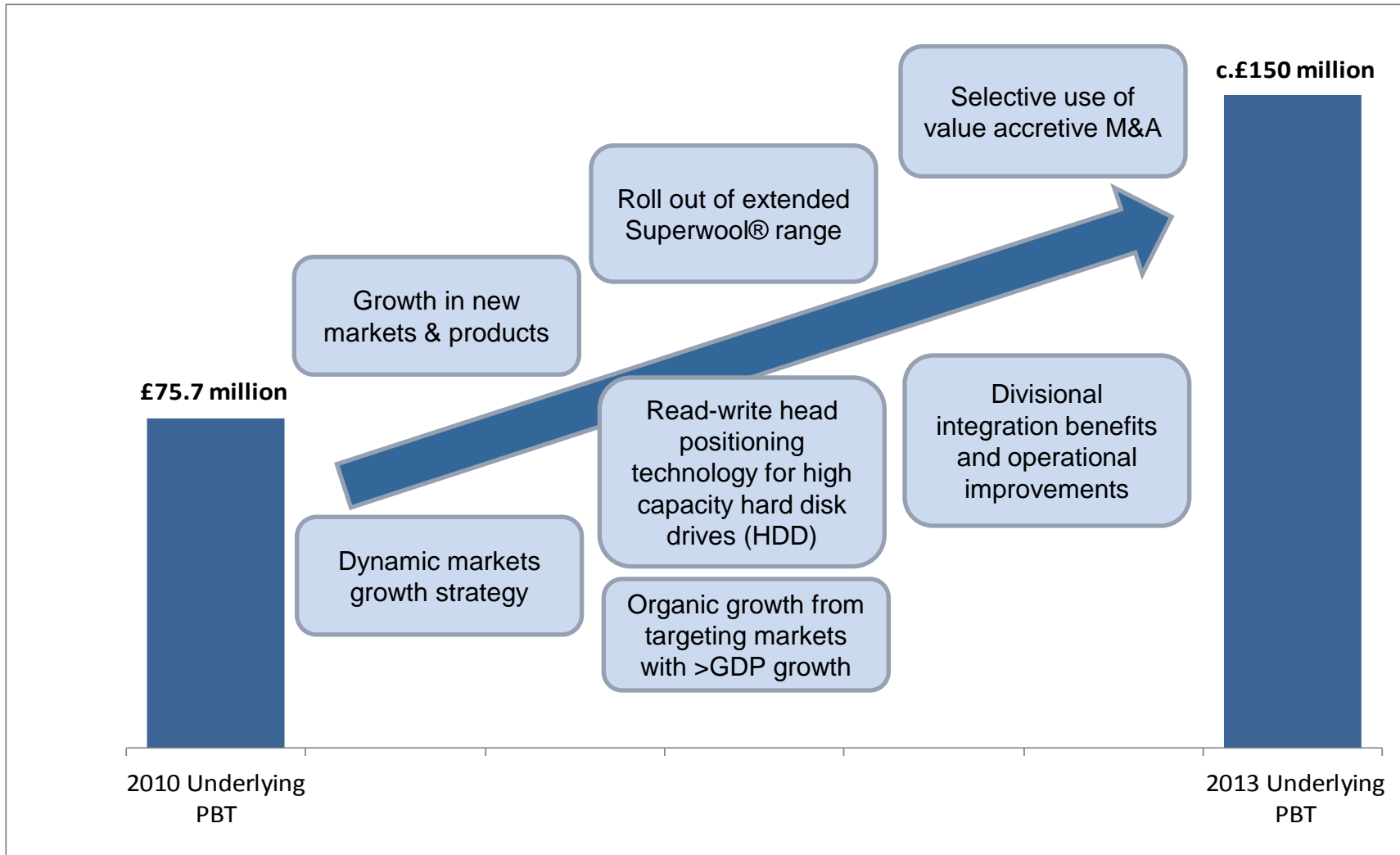
- Operational Excellence, Business Development & China MD in place
- 2012 new additions
 - Talent Development Director
 - Asia Engineering Director
 - MD’s for remaining key geographies locations
- Support from Europe and USA for Technical Ceramics businesses increased substantially
- Continued investment in locally based engineers in Taiwan, China, Korea and Singapore



Summary & closing remarks

Andrew Hosty

The Division's plans fully support Morgan's aim of doubling PBT by 2013



Questions

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Morgan Engineered Materials

Morgan Crucible Capital Markets Day
London, May 2012

Capital Markets Day

- Engineered Materials Overview

Don Klas

- Established Businesses

- New Businesses

- Summary and Q&A

The Engineered Materials Division



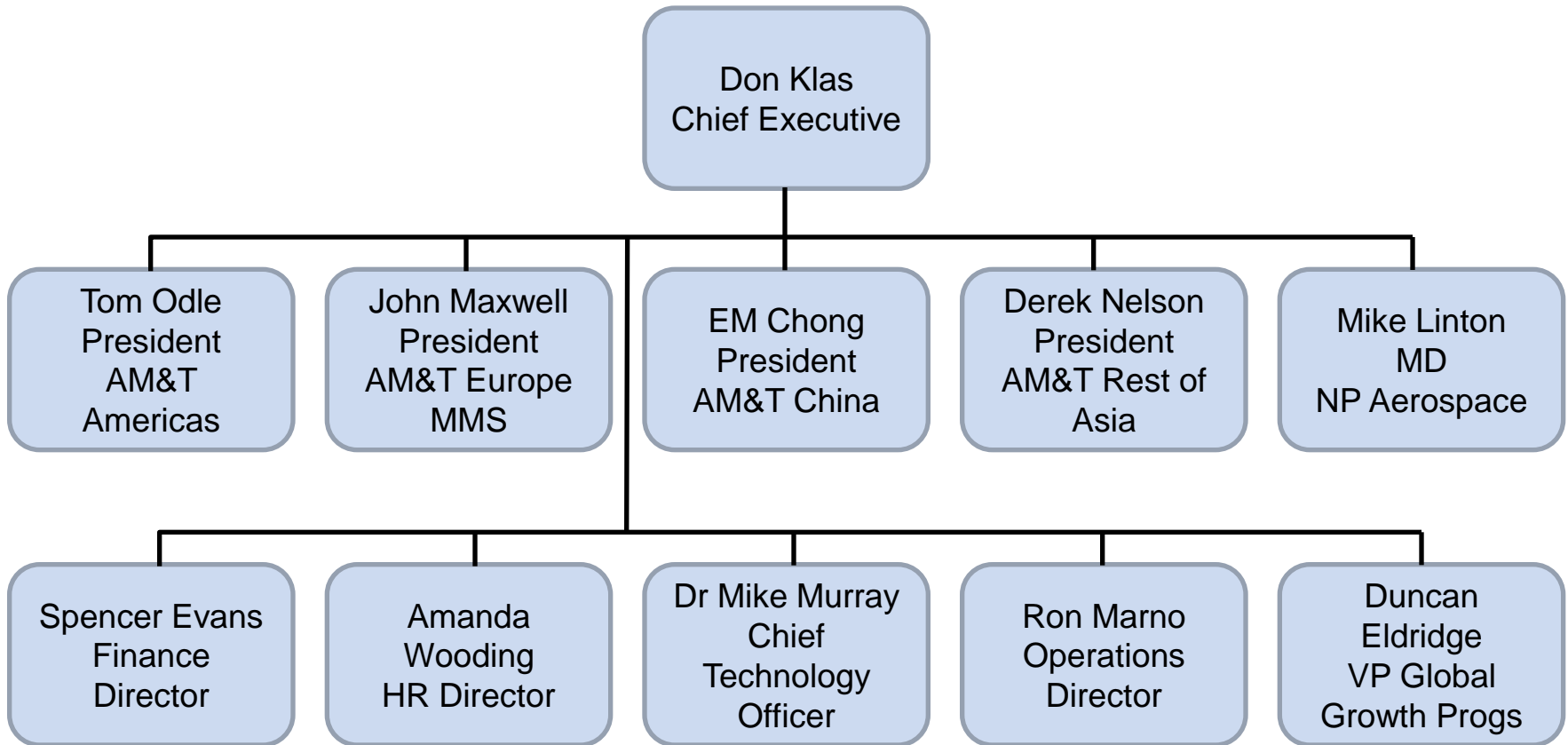
Engineered
Materials
Division

MorganAM&T

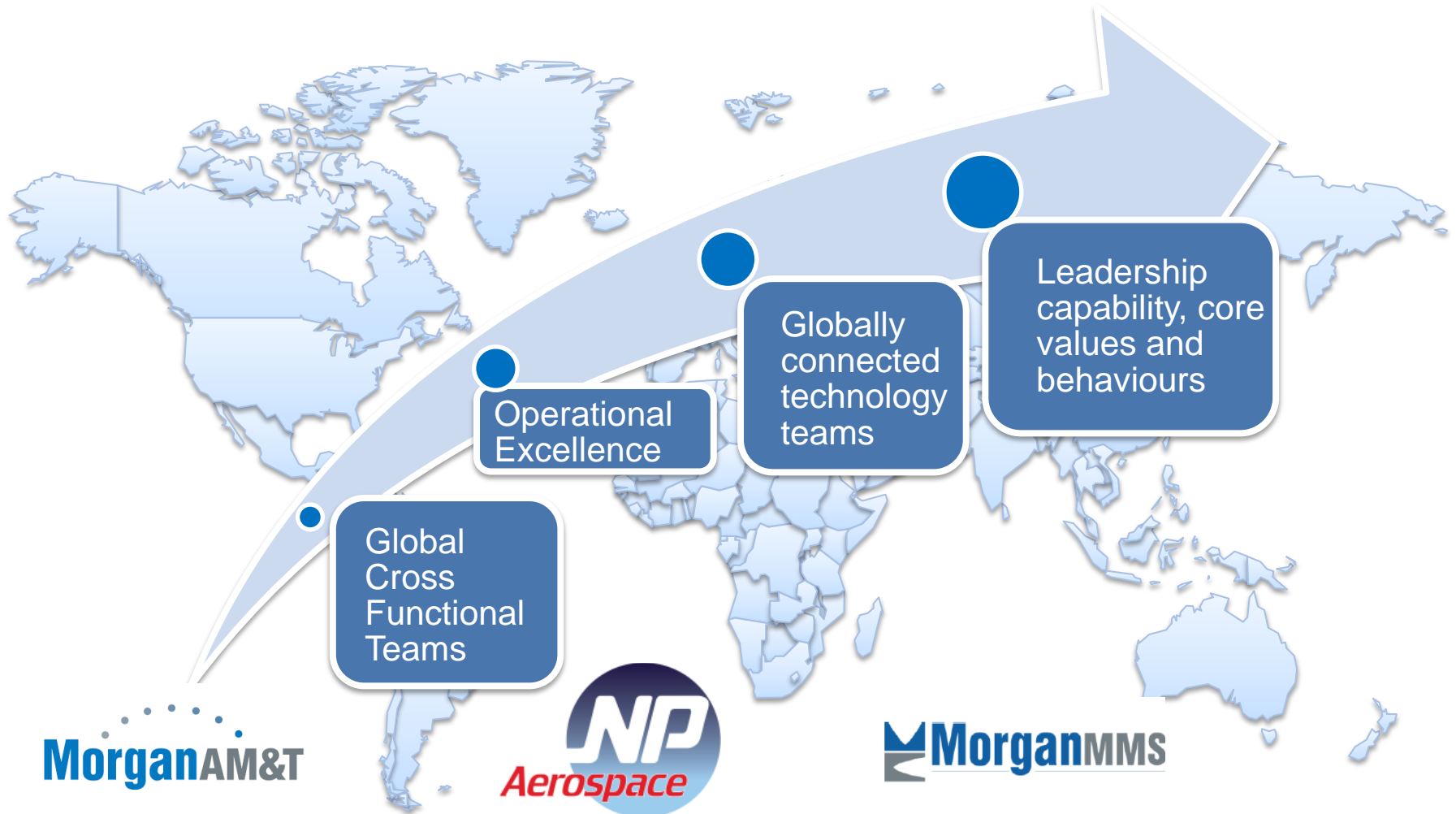
NP
Aerospace

MorganMMS

Engineered Materials leadership team



A truly global Division with scale and reach



The Engineered Materials Division

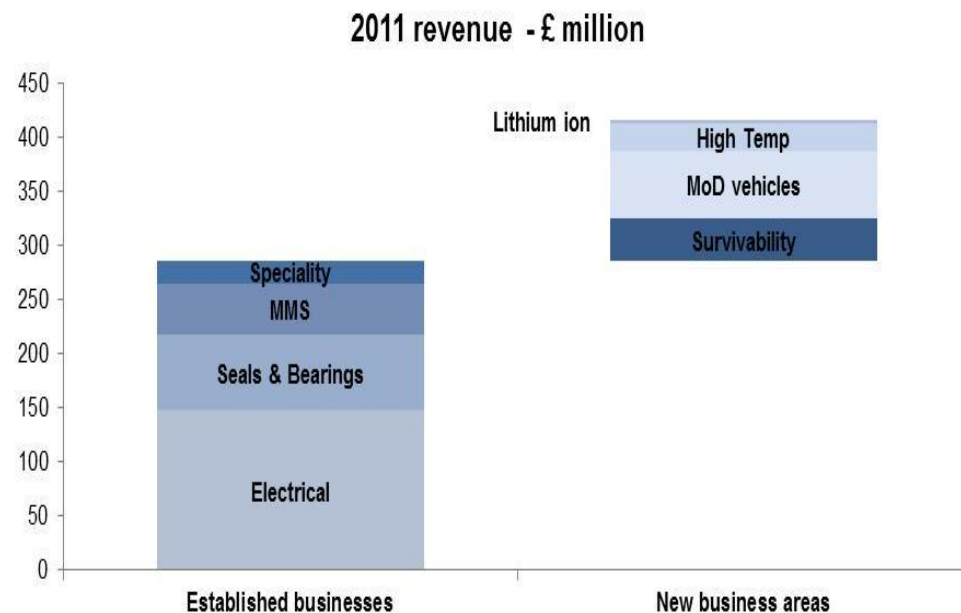
- 2011 - £415.8m of revenue; £55.7m of EBITA, a margin of 13.4%

Established business - £286m revenue:

- Typically global #1 market position
- On average >40% gross margins
- Further good growth potential, particularly in the dynamic growth economies

New business areas - £130m revenue:

- Leveraging from our core materials technologies and global footprint of our established businesses
- Substantially increases size of MEM's addressable markets



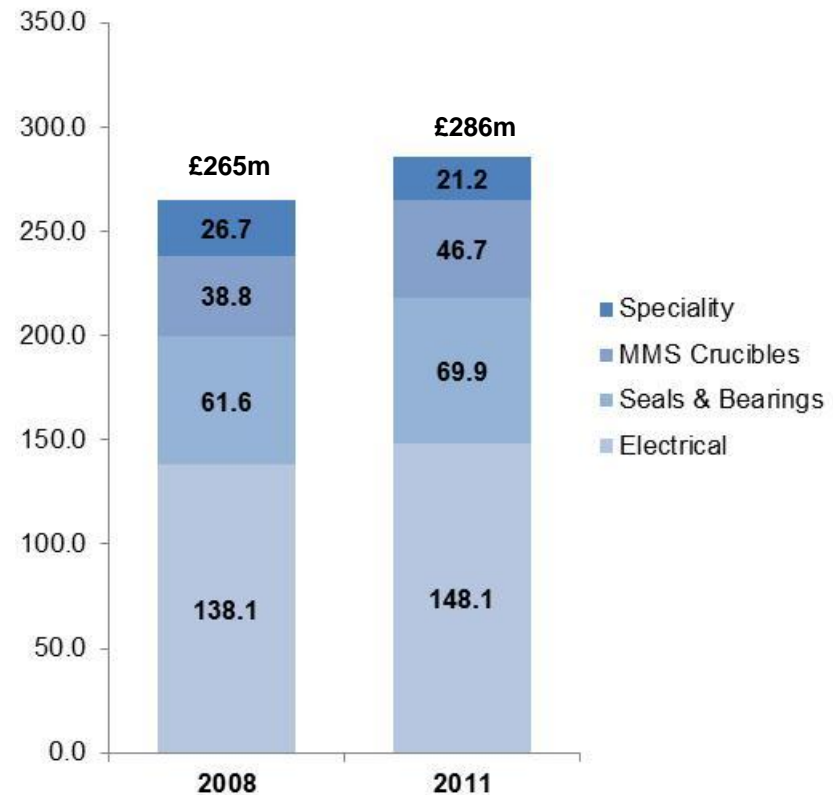
Our established businesses have been reinvigorated

- revenue now 8% above pre-downturn levels

Key drivers / initiatives

- Focus on dynamic growth economy opportunities e.g. China
- Selective targeting of market share gains e.g. Seals & Bearings for chemical and petroleum industries
- Extension of core, differentiated products into new applications e.g. electrical products into wind energy markets

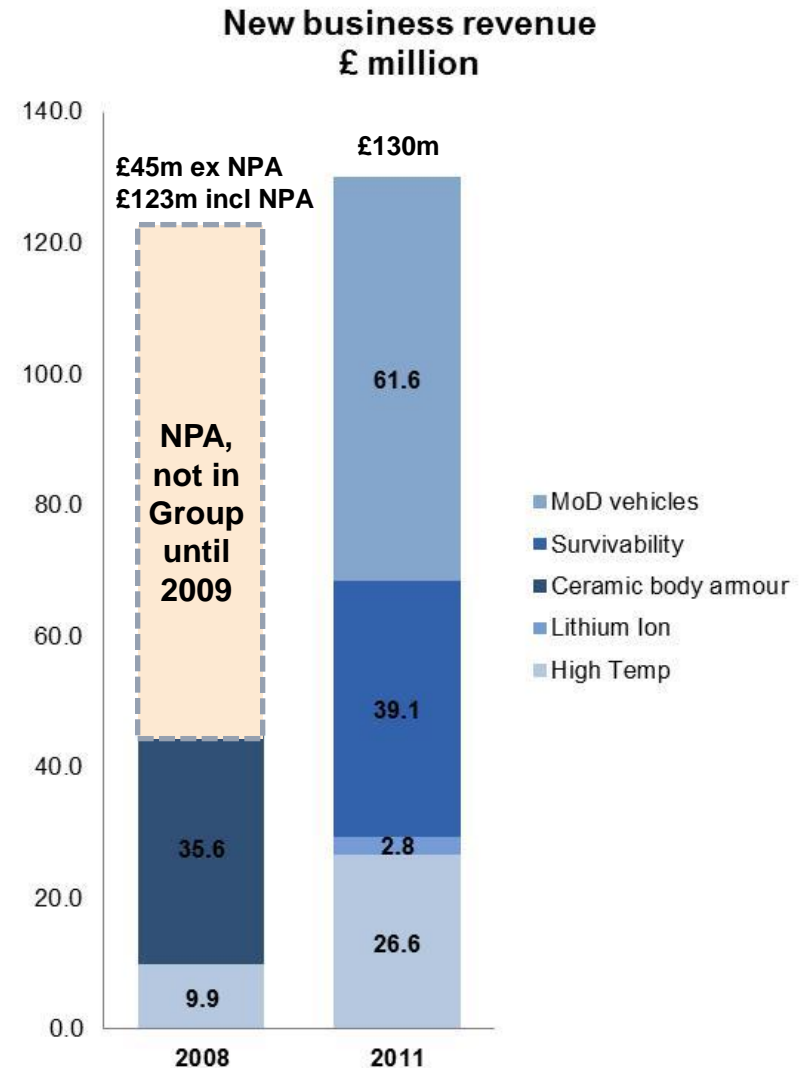
Established business revenue
£ million



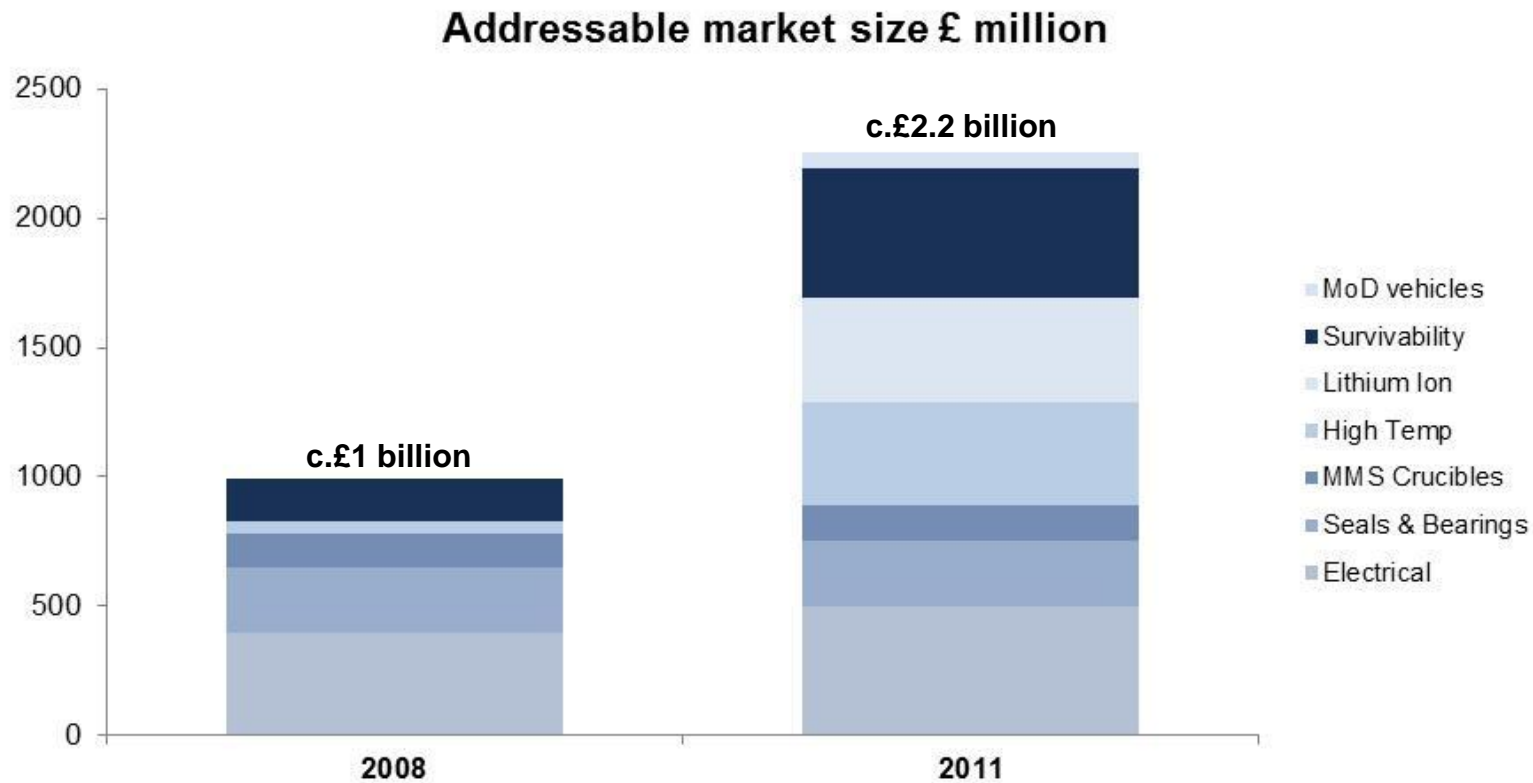
New businesses developed

Key drivers / initiatives

- Development of High Temp carbon graphite insulating applications
- Acquisition of Hairong Lithium Ion business in China to complement R&D initiatives in new products and technologies
- Acquisition of NPA with its' highly differentiated ceramic and composite technologies for ballistic protection
- Original ceramic body armour business transitioned to a full survivability offering



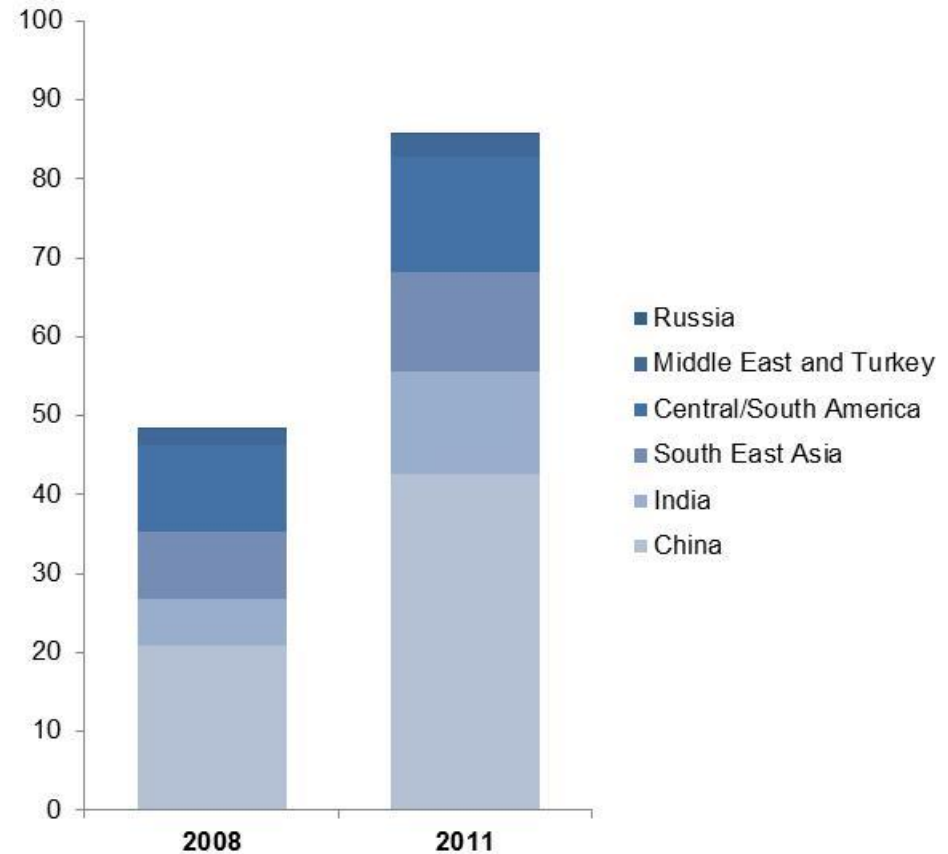
New business areas have more than doubled the size of our addressable market



77% increase in dynamic growth market revenue since 2008

- China in particular, a key driver of our growth for both established businesses and new products and technologies
- Increasing demand for clean energy driving High Temp, Lithium Ion and Wind revenue

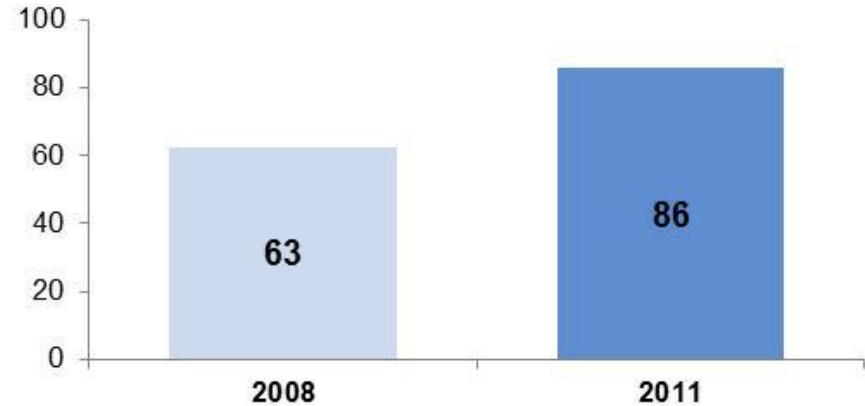
MEM's revenue from dynamic growth economies - £ million



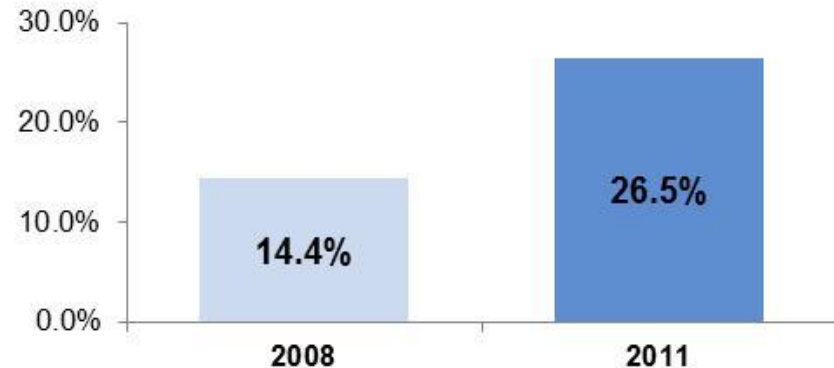
Continuing to drive cost efficiencies across our global footprint

- Our Operational Excellence programme drives best practice and continuous improvement across the Globe
- We have continued to leverage our low cost manufacturing bases in Mexico, Hungary, Turkey, China and India

Revenue per head £000s
(excl.NPA)

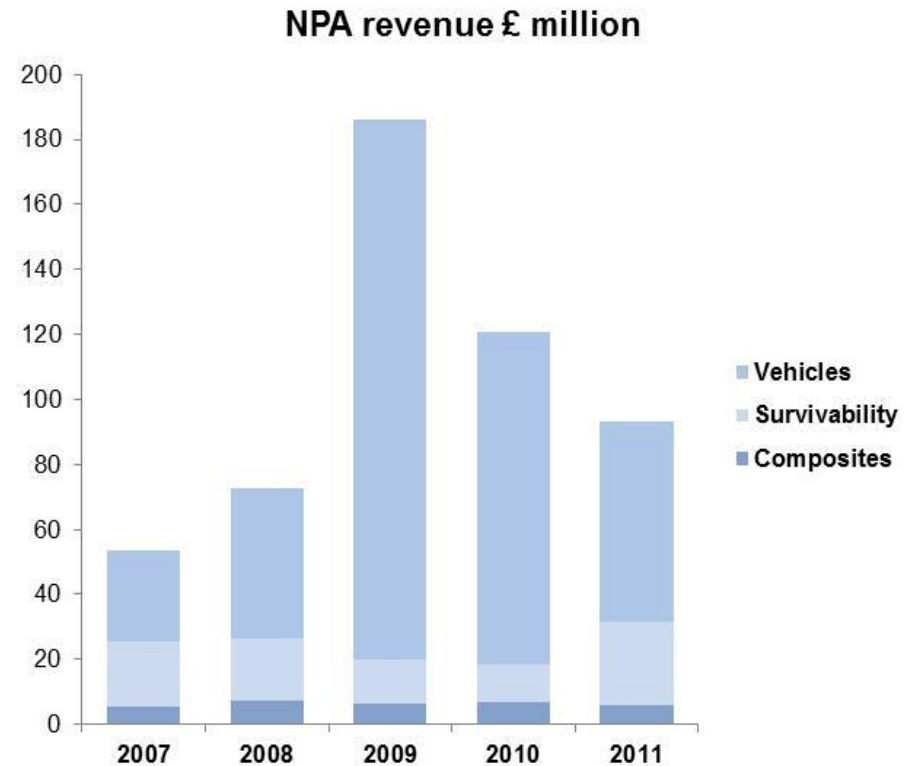


% of revenue sourced from low cost sites
(excl. NPA)



NP Aerospace – a technology leader in survivability

- Acquired in 2007 (49% stake) with revenue of £56m
 - Core business centered around personal protection and ballistic vehicle armour
- Significant surge of vehicle integration business in 2009 and 2010 leveraging leading vehicle armour position and engineering capability
- 2011- added through-life support of these vehicles including logistics and spares support, expanding our offering to MoD
- Long-term strategy remains focussed on taking NPA's market-leading survivability technology, particularly in vehicles, to the US and other overseas markets



Our addressable markets have good growth prospects

		Market Drivers				Medium term Market Growth Rate
		Energy / Energy Efficiency	Dynamic growth economies	Urbanisation	Security	
Established businesses	Electrical	✓	✓			< GDP
	Seals & Bearings	✓	✓	✓		GDP+
	MMS Crucibles		✓	✓		GDP+
New businesses	Hi Temp	✓	✓	✓		GDP++
	Lithium Ion	✓	✓	✓		GDP++
	Survivability				✓	

Our strategy

- Continue to enhance performance of the established businesses:
 - Drive revenue growth via focus on dynamic growth economies and selective share gains in attractive markets
 - On-going use of low cost manufacturing locations to drive further margin enhancement
- Grow share in our expanded addressable market with a focus on differentiated, high value-added solutions
- Continue to capitalise on a platform of advanced materials technology and global reach to grow Engineered Materials to be a mid to high teens margin business

Capital Markets Day

- Engineered Materials Overview

- Established Businesses

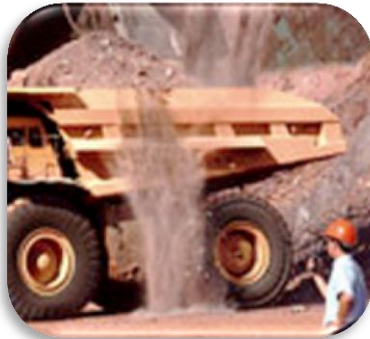
John Maxwell

- New Businesses

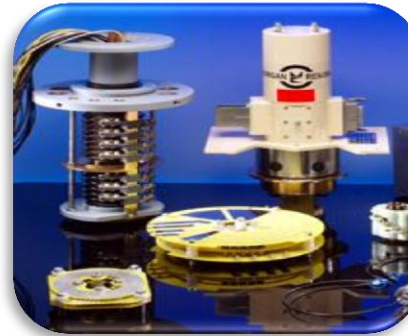
- Summary and Q&A

Electrical Business

Applications



Products



Electrical – a high quality business with a strong technology base that continues to deliver

- 2011 revenue of c.£150m
- Gross margins of >40%
- Global #1 or #2 market positions
- A worldwide addressable market of c.£500m
- Together with our Seals & Bearings business provides a global platform that delivers global reach and scale for penetrating new markets

Electrical Business – key segments



Rail Transport



Mining



Power Generation



Wind Energy



How we win

- Materials Technology
- Broad Grade Portfolio
- Application Engineering
- OEM Approvals
- Strategic Partners
- Global Presence

Seals & Bearings Business

Applications



Products



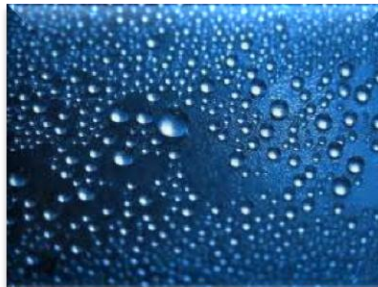
Seals & Bearings – a strong market position with good growth opportunities

- 2011 revenue of c.£70m
- Gross margins of >35%
- Global #1 or #2 market positions
- A worldwide addressable market of c.£300m
- Significant scope for growth in Asia

Seals & Bearings Business – key segments



Chemical Petroleum
Industry



Water



Aerospace



How we win

Materials Technology
Broad Grade Portfolio
Application Engineering
Design Engineering
Global Presence
Manufacturing capability

Molten Metal Systems

Applications



Products



Molten Metal Systems – a market leading business restructured and transformed

- 2011 revenue of c.£50m
- Gross margins of >40%
- Global #1 market position
- A worldwide addressable market of £140m+
- Sales growth of 35% CAGR in dynamic growth economies over last 3 years
- Manufacturing output growth of 33% CAGR in dynamic growth locations over last 5 years

Molten Metal Systems – key segments



Non-Ferrous
Castings



Precious Metals
Mining and Refining



How we win

Broad Product Portfolio
Channel Management
Application Engineering
Global Organisation

Capital Markets Day

- Engineered Materials Overview
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- New Businesses
- Summary and Q&A

Dr Mike Murray

New Business Development Strategy

Our approach

- Develop enabling technologies for our chosen megatrend markets
- Focused on highly differentiated commercial opportunities with high margin and high growth characteristics
- Leverage off our existing technical portfolio
- Be at the frontier of Advanced Materials and Technology
- Seek partnerships with world's leading technical experts

Our core materials technology continues to feed our pipeline

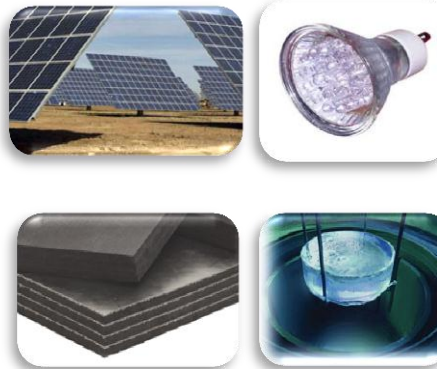
Advanced Armour Materials



Electrical Wind



High Temp



Lithium Ion



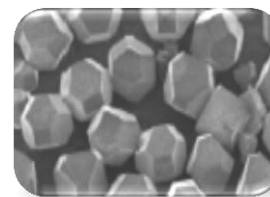
Seals & Bearings



Electrical



Specialty



2002

2008

2009

2011

2012

Morgan Engineered Materials works across the electrical energy supply chain

Generation

Transmission and Storage

Efficient Usage



Survivability

Applications



Products



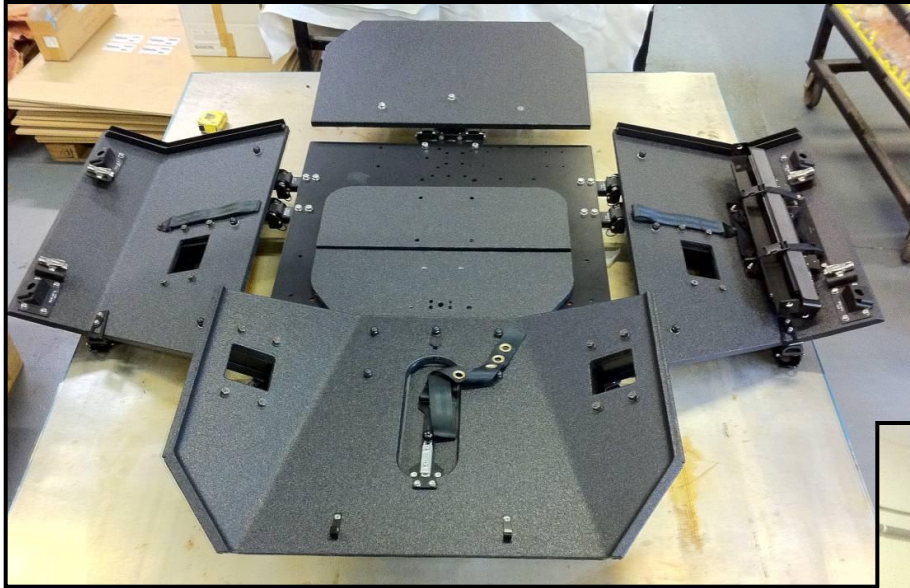
Weight has become the pervasive issue

Military vehicles are significantly overweight. The tension between survivability and mobility is driving the need for new, advanced lightweight solutions.



- Ballistic metallic armour still predominates in many countries today
- Vehicle weight limits are being exceeded
- Composite/ceramic technology is emerging as the only solution for high threats
- Morgan has developed survivability systems that save weight **and** increase protection levels

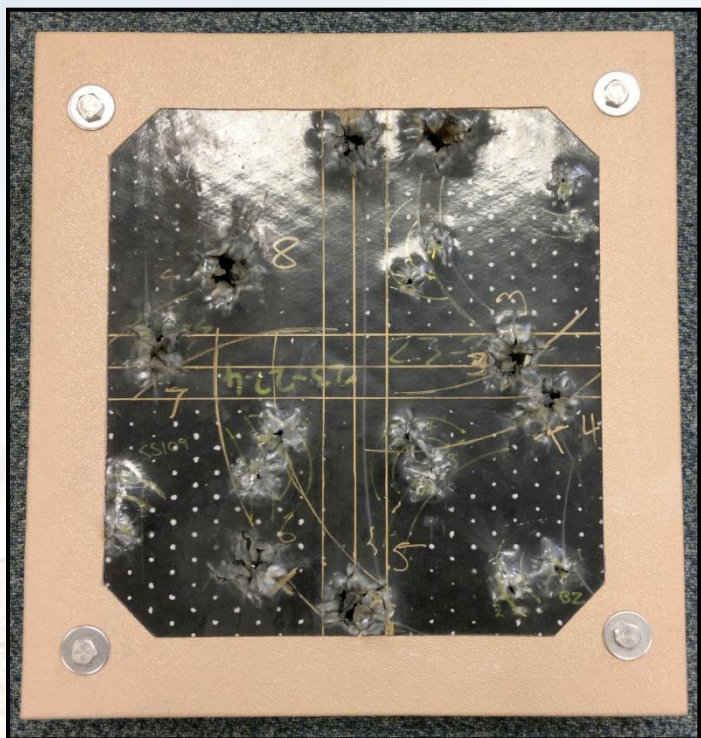
First international order received and delivered – innovative folding gunner's protection cupola



- Developed by NPA to meet OEM's specific requirement
- Vehicle being marketed around the world
- Resulted in engagement with OEM on multiple projects



Heavy Machine Gun Armour – 14.5mm



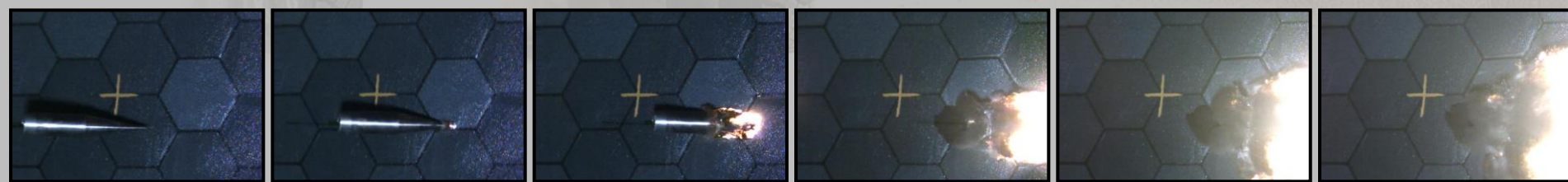
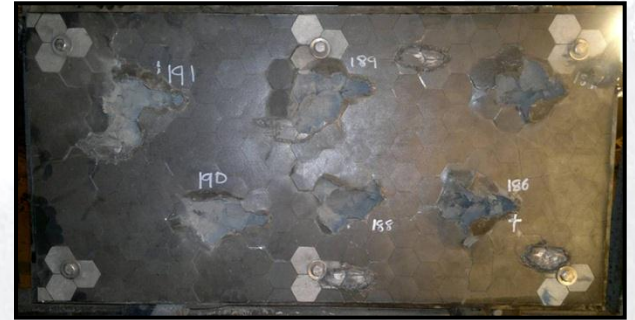
	Armour Areal Density (kg/m ²)	Average Vehicle Armour Weight (kg)
Monolithic Steel	256	7680
Cost Optimised Ceramic Composite	139	4170
Super Light Ceramic Composite	126	3780

Up to 50% weight reduction and superior ballistic performance

Morgan is 15-20% lighter than competitive ceramic/composite solutions

Medium Cannon Armour – 30mm

Protect vehicles against medium cannon threats at 50% of the weight of monolithic steel armour.



High Temp Business

Applications

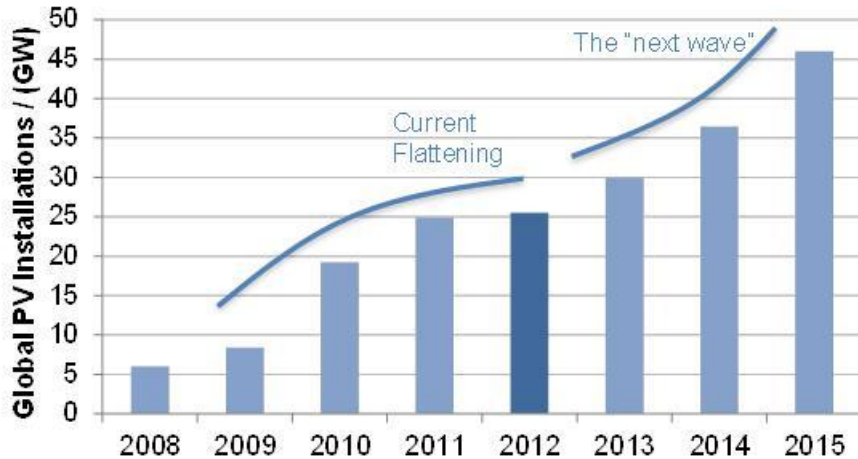


Products



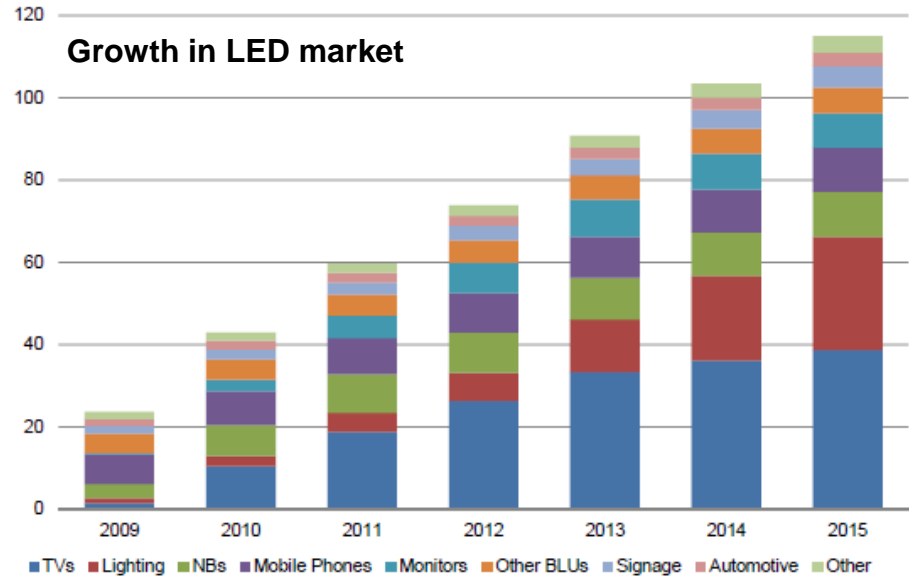
Solar and LED drive High Temp insulation market

Global PV installations



Source: Photon Consulting LLC. Note: All data are rough estimates

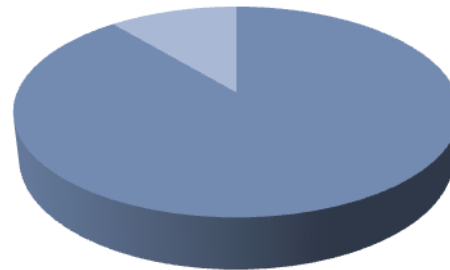
Growth in LED market



Source: Ross Young IMS Research 2010

>25% CAGR

£400M addressable market today



■ Solar

■ LED

Applications for High Temp insulation products

LED Sapphire/SiC Substrate Growth



Multi and monocrystalline silicon growth



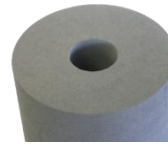
Felt



Rigid Board



Rigidized Cylinder

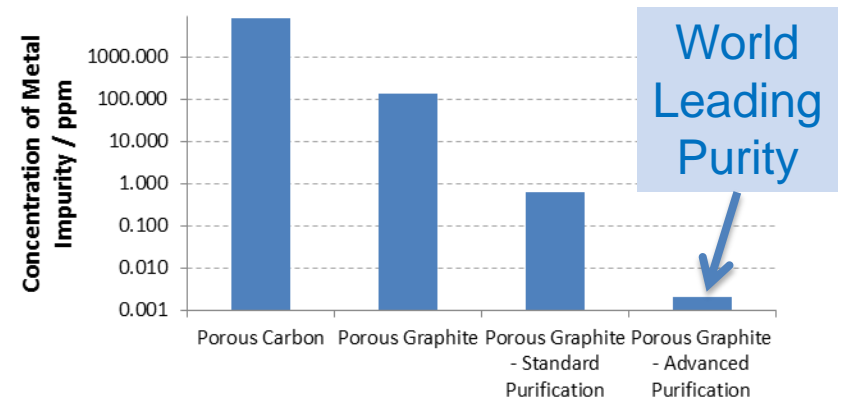
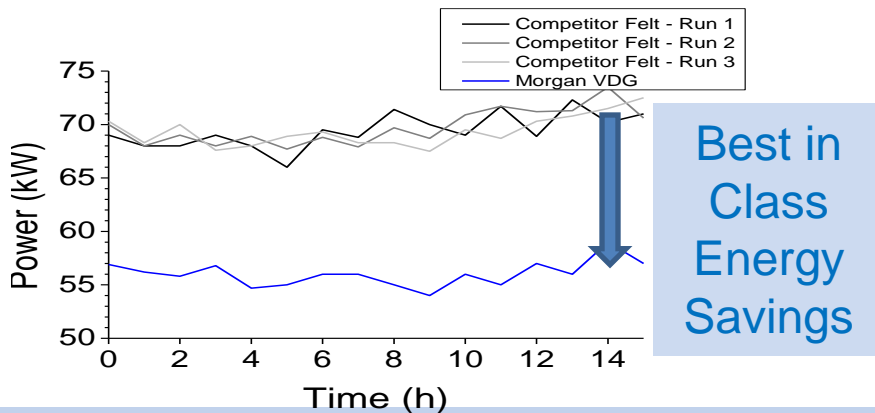


Porous Graphite



Graphite

We are differentiated through products that deliver:

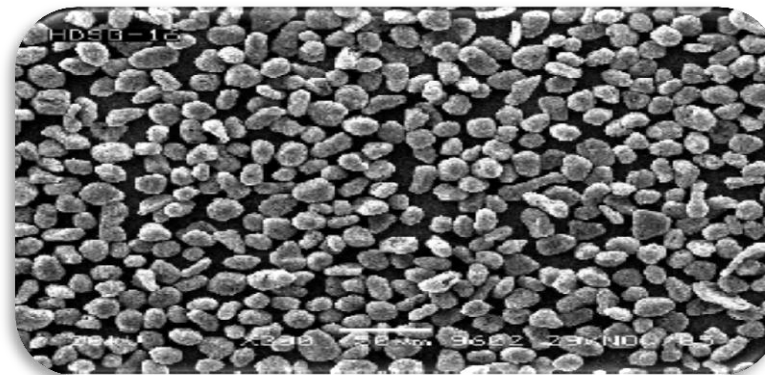


Lithium Ion Anode Business

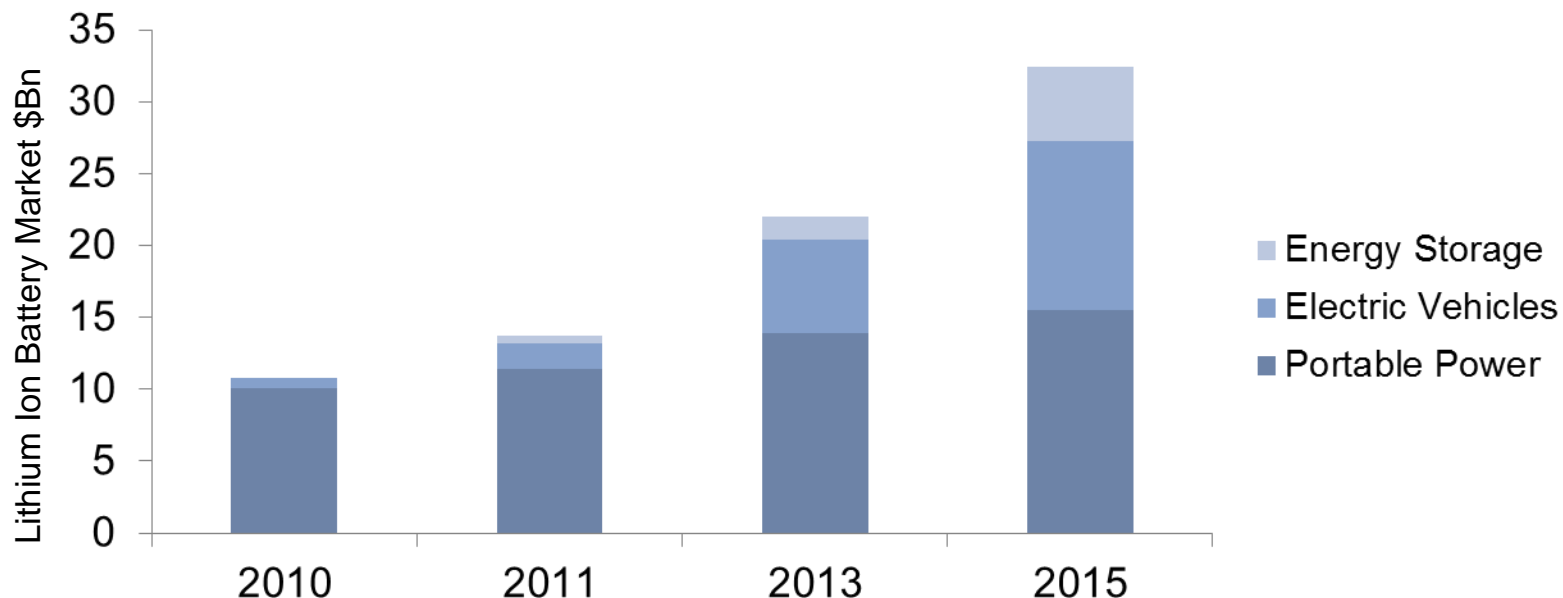
Applications



Products



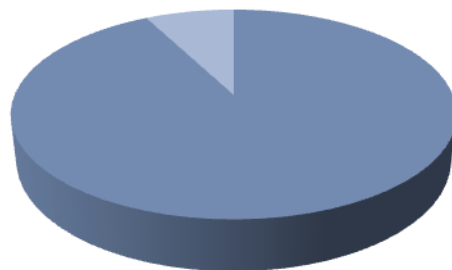
Lithium Ion Battery market driven by need to store energy



Source is: IIT, Pike Research, Samsung SDI presented on 04/24/2012 at KEBC 2012 by Youmee Kim, Executive Director, Samsung SDI.

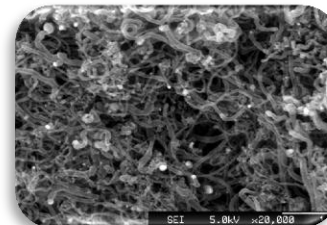
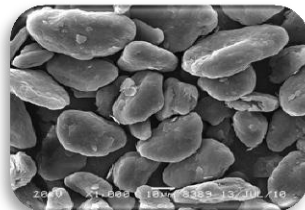
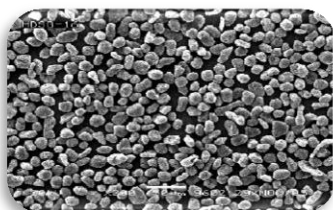
£400M addressable market today

25% CAGR



- Portable Power
- Electric Vehicle

Product Differentiation for Lithium Ion Batteries

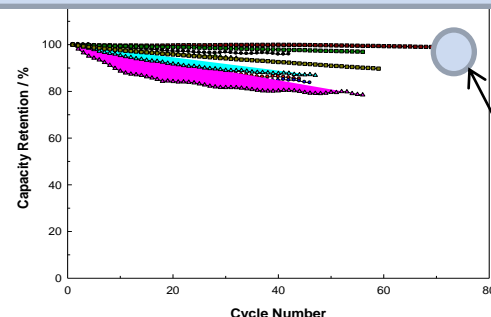


Our industry leading technology roadmap is gaining notice

Technology partnerships with World Experts



Developing next generation materials



Morgan Development Grade showing little degradation in cycle life

Capital Markets Day

- Engineered Materials Overview
- Established Businesses
- New Businesses
- Summary and Q&A

Don Klas

Our key drivers are on track

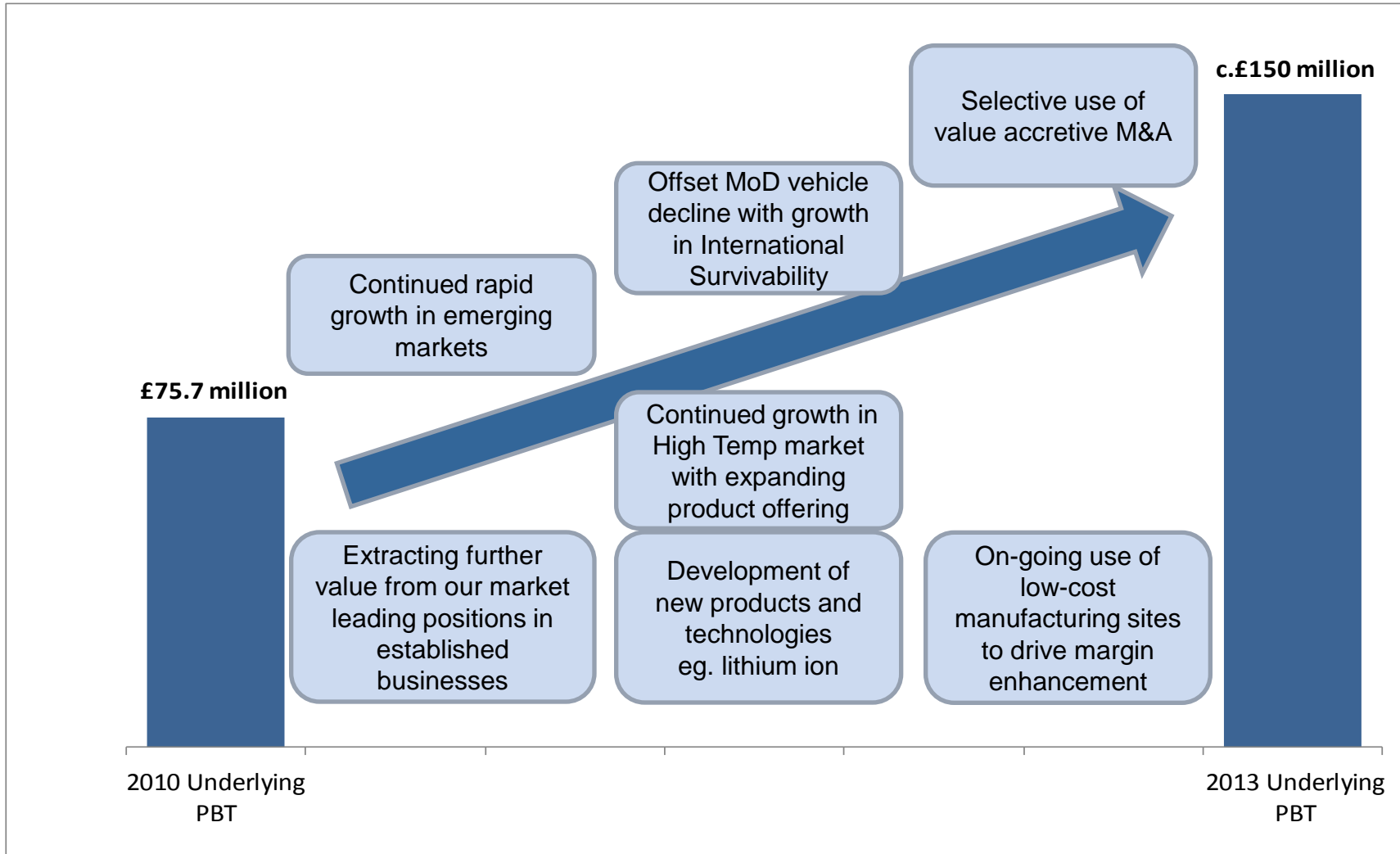
Established Businesses

- Extract GDP or better growth
- Capitalise on dynamic growth markets opportunities
- Drive cost efficiencies across our global footprint

New Businesses

- Expand our survivability business internationally
- Target growth from new products and technologies, with a focus both on Western world and dynamic growth economies

The Division's plans fully support Morgan's aim of doubling PBT by 2013



Questions

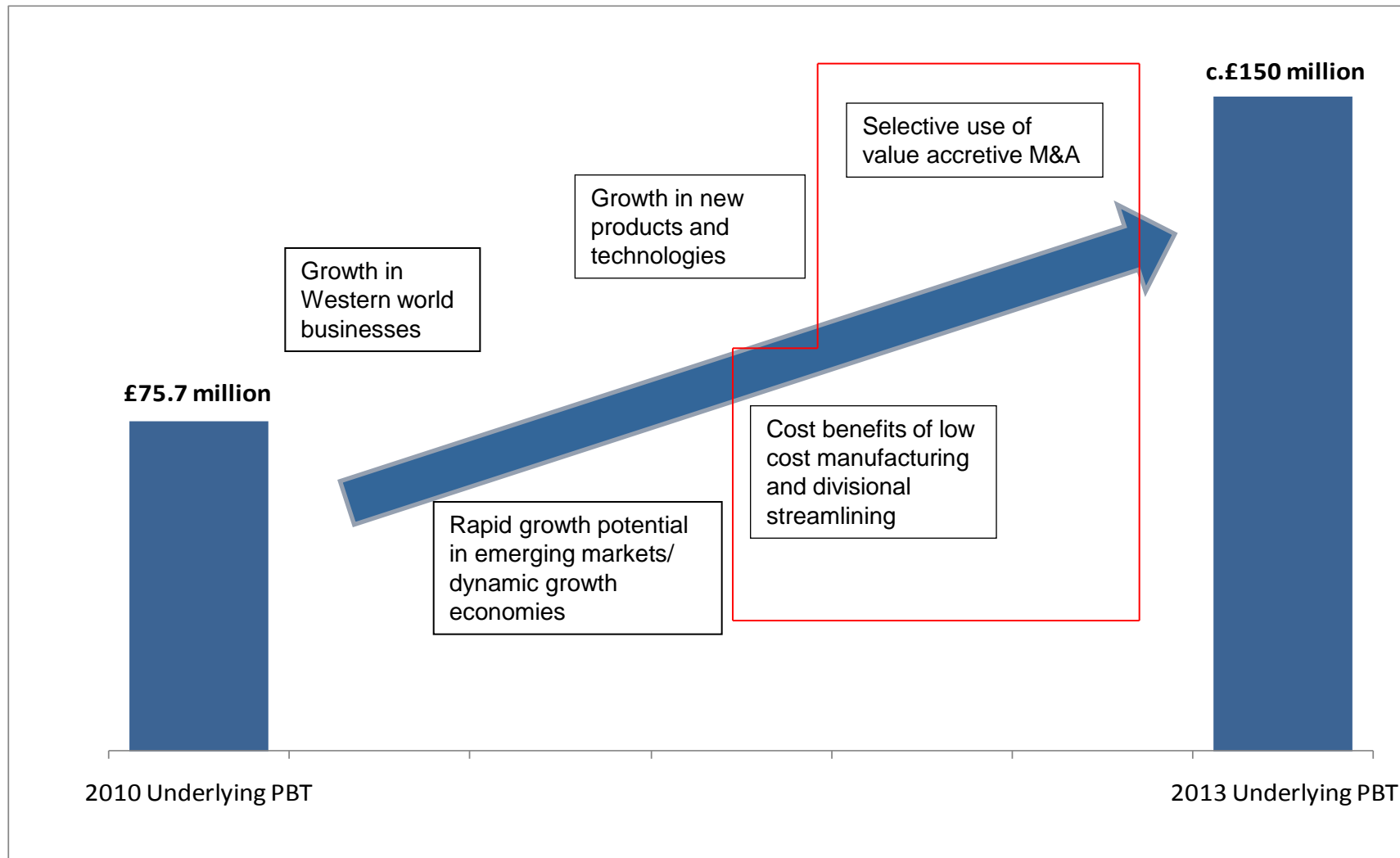
Agenda

<ul style="list-style-type: none"> • Introduction & overview (10 mins) 	Mark Robertshaw
<ul style="list-style-type: none"> • Ceramics division (50 mins) <ul style="list-style-type: none"> • Performance and key value drivers • Superwool® innovation • New business pipeline • Dynamic growth economies • Summary and questions 	Andrew Hosty Mark Moore Jim McRickard Ian Robb Andrew Hosty
Break (30 mins)	
<ul style="list-style-type: none"> • Engineered Materials division (40 mins) <ul style="list-style-type: none"> • Performance and key value drivers • Established businesses • New businesses • Summary and questions 	Don Klas John Maxwell Mike Murray Don Klas
<ul style="list-style-type: none"> • Cost reduction initiatives, cashflow and balance sheet capacity for M&A (10 mins) 	Kevin Dangerfield
<ul style="list-style-type: none"> • Wrap up and Q & A 	Mark Robertshaw

Cost reduction initiatives, cashflow and balance sheet capacity for M&A

Morgan Crucible Capital Markets Day
London, May 2012

Our ambition remains to double the 2010 underlying PBT by 2013



Cost benefits of low cost manufacturing and Divisional streamlining

The Group continues to target cost saving across both divisions

- Ceramics merger benefits achieved - £8m pa benefits in 2012
- “Business as usual restructuring” - guidance in the medium term for c. £4m of gross costs, targeting a cash payback of 1 – 1.5 years
- Projects include move to low cost manufacturing, improving flexibility of labour force and profit improvement initiatives
- c.20% of the profit improvement in underlying PBT over the 3 year plan from cost initiatives

Example: Technical Ceramics NA – rationalisation in Certech, USA, with Mexico plant capacity increased

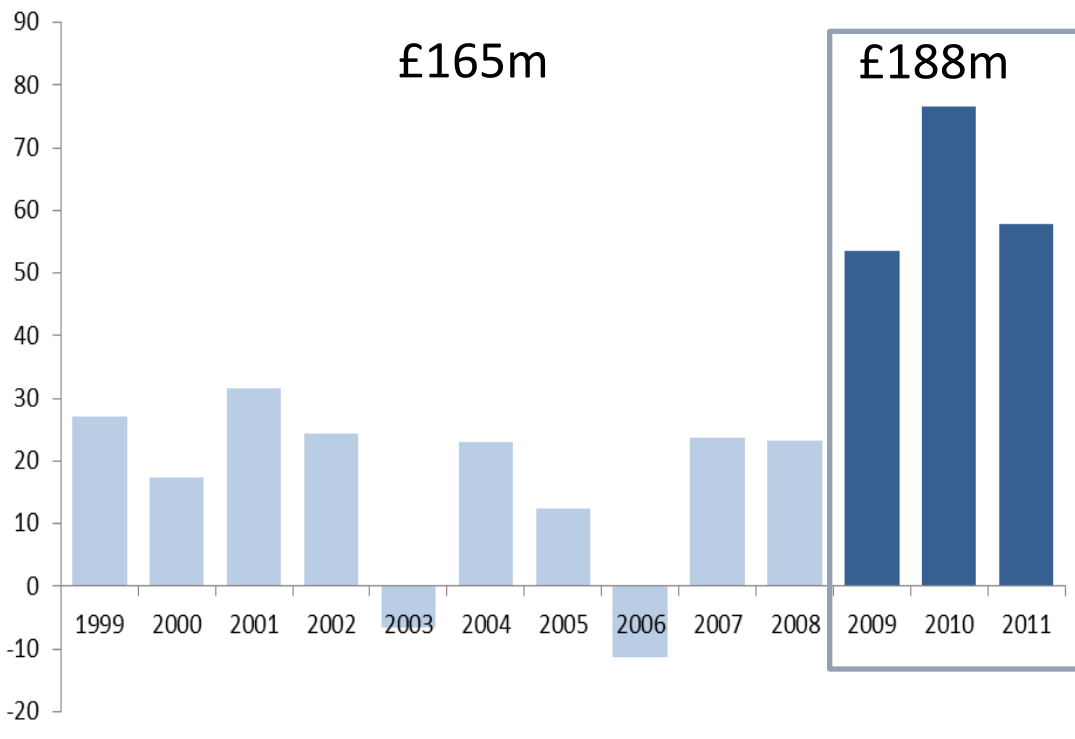
- Closure of one US facility – transfer of business to other facilities
- Relocate assets to locations with better cost base and best producer capabilities
- Create capacity in Mexico facility for additional profitable growth
- Transfer of other operations within existing facilities to provide further efficiency gains

- P&L charge gross £650k, Cash cost £900k inc £300k capex
- Offset government grants received of c.1/3rd of costs
- Annualised benefit £1.3m, gross payback 0.5 years

Cash Flow

More cash generated in the past three years than in the previous 10 years combined

Group Free Cash Flow before Dividends



- Consistently achieved +£50m FCF through 2009 recession and since
- Low cash cost of adjusting Group cost base in 2009 recession – c.£6m
- On going 'business as usual' restructuring at low levels c.£4m
- Good 3WC/Sales ratio of c.20%
- ROCE at 33.7% in 2011, close to target of 35%
- CROCI at c.12%

Ability to do bolt - on M&A

- Good annual organic free cash flow generation
- Low net debt - c 1 x net debt/EBITA at 2012 year end
- Bank facility headroom + £100m
- Strong relationship support by all 8 banks
- Medium and long term debt in place - US\$ and Euro PP

M&A Criteria

- Value accretive within the first 12 months – e.g. ROIC > cost of capital
- Complementary and additive technologies with unique points of differentiation
- Access to high growth end-markets and/or high growth end geographies
- Focus on non-economically cyclical markets
- Opportunity to leverage global reach
- Operating cost synergies
- “Asset light and knowledge/know how heavy” beats “asset intensive”
- High quality personnel that will have a strong cultural fit with Morgan Crucible

Agenda

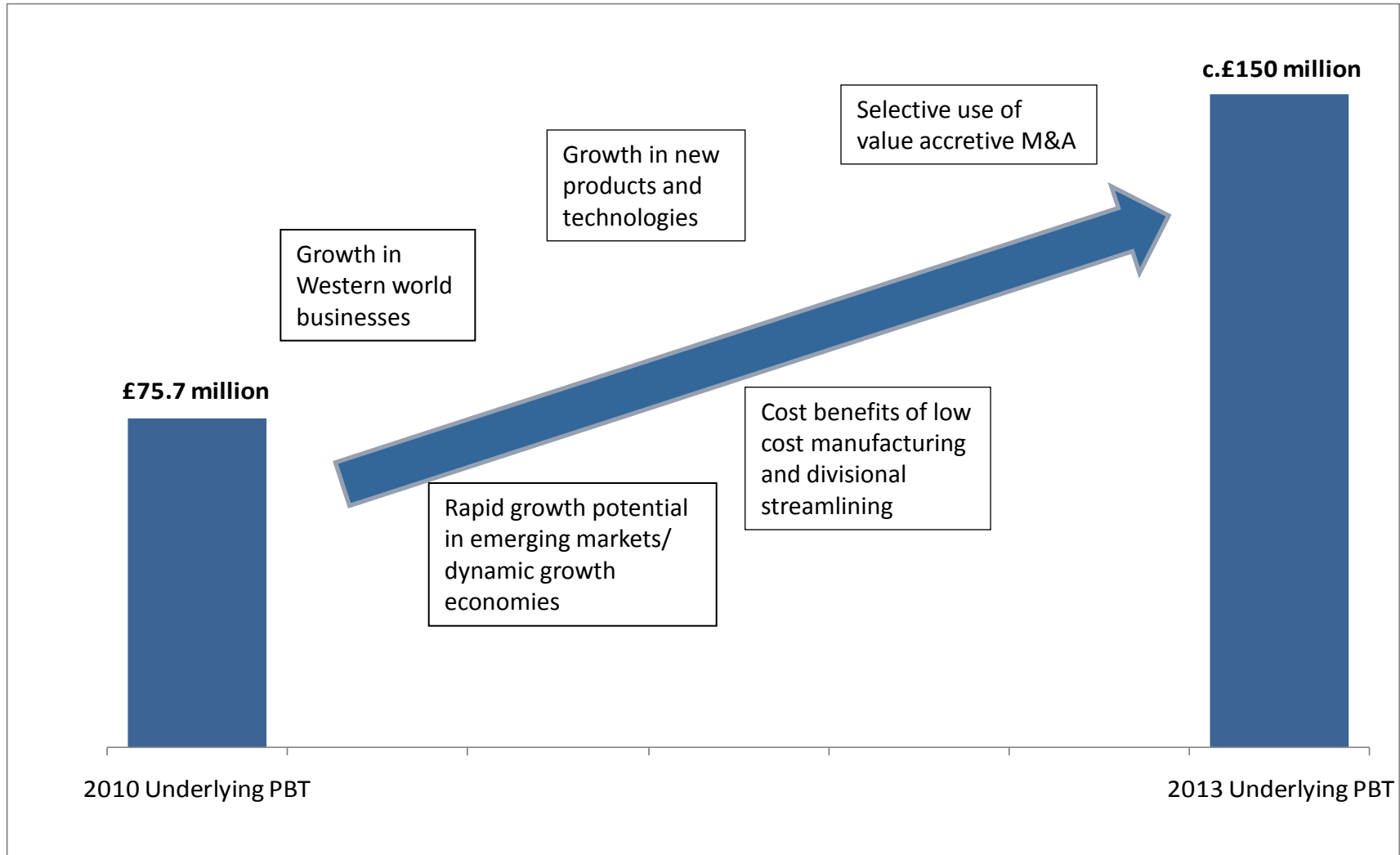
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Wrap-up and Q&A

Morgan Crucible: a progressively higher quality business

	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	

Well on track to deliver on our 3 year goals



Questions