MorganCrucible
The Advanced Materials Group

2011 Half Year Financial Results

27th July 2011

Agenda

▪ Introduction	Tim Stevenson
▪ 2011 half year financial results	Kevin Dangerfield
▪ Divisional reviews	Mark Robertshaw
▪ Progress against 3 year plan and outlook	Mark Robertshaw

2011 Half Year Financial Results

Kevin Dangerfield

Strong performance in H1 2011 – PBTA increased by 66.3%

	HY11	HY10	% Change from HY10 As reported
Revenue	**£560.0m**	**£501.1m**	**+11.8%**
EBITA before restructuring and one-off items	**£71.7m**	**£50.3m**	**+42.5%**
EBITA margin % before restructuring and one-off items	**12.8%**	**10.0%**	
EBITA after restructuring and one-off items *	**£71.5m**	**£48.0m**	**+49.0%**
EBITA margin % after restructuring and one-off items *	**12.8%**	**9.6%**	
PBT before amortisation	**£59.7m**	**£35.9m**	**+66.3%**
Underlying earnings per share	**14.6p**	**8.7p**	**+67.8%**
Interim dividend per share	**3.25p**	**2.70p**	**+20.4%**

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

Net restructuring costs, finance costs and tax

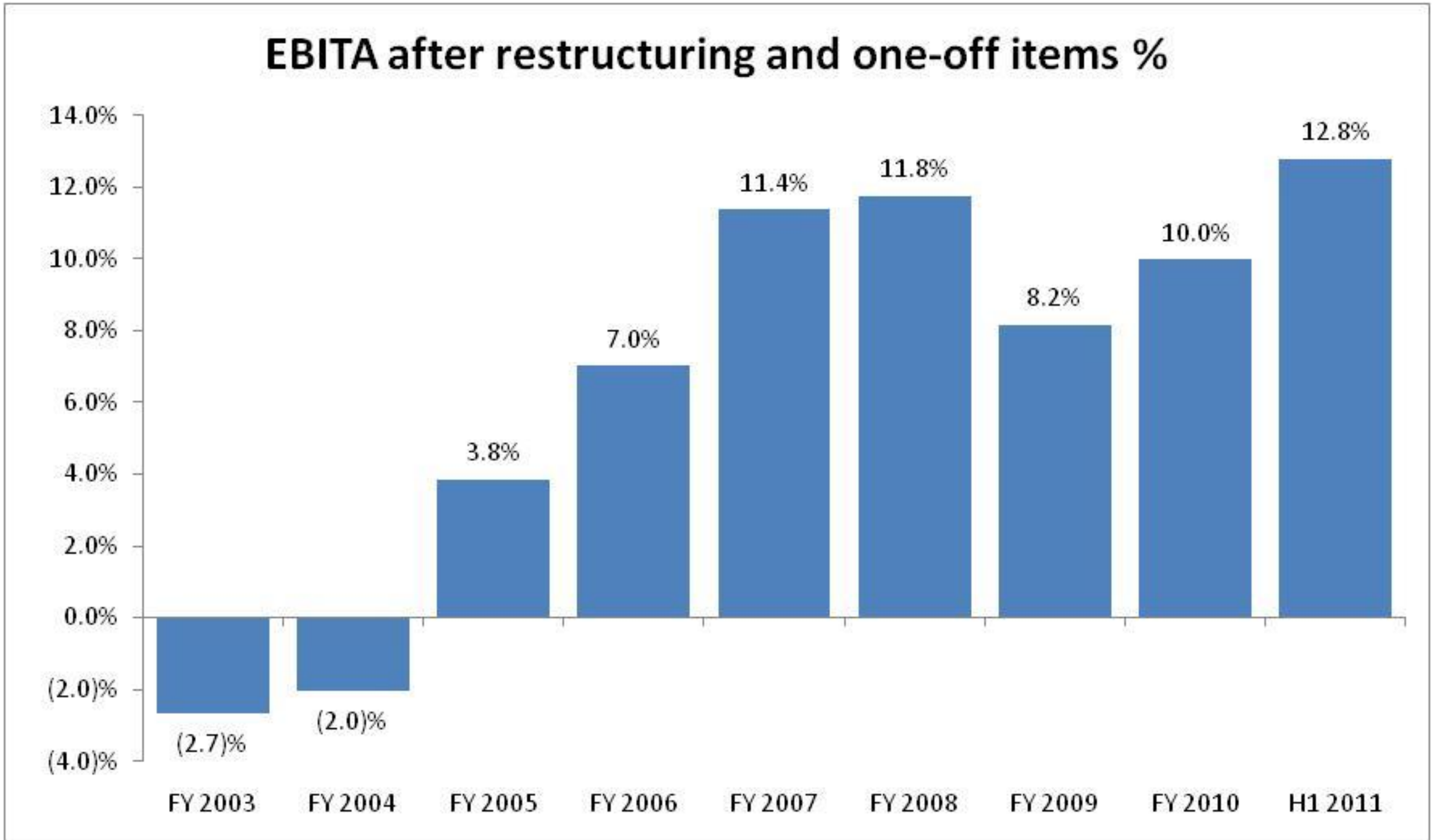
	HY11 £m	HY10 £m
Revenue	**560.0**	**501.1**
EBITA before restructuring and one-off items *	**71.7**	**50.3**
Net restructuring and one-off items*	**(0.2)**	**(2.3)**
EBITA after restructuring and one-off items *	**71.5**	**48.0**
Amortisation of intangible assets	**(4.1)**	**(3.9)**
Operating profit	**67.4**	**44.1**
Net financing costs	**(11.8)**	**(12.1)**
Profit before tax	**55.6**	**32.0**
Profit before tax and amortisation	**59.7**	**35.9**
Tax	**(16.7)**	**(9.6)**
Profit for the period	**38.9**	**22.4**
Non-controlling interest	**(3.3)**	**(3.0)**
Profit attributable to shareholders for the period	**35.6**	**19.4**

** Restructuring and one-off items include the costs of restructuring activity, profit/(loss) on disposal of property and other one-off items.*

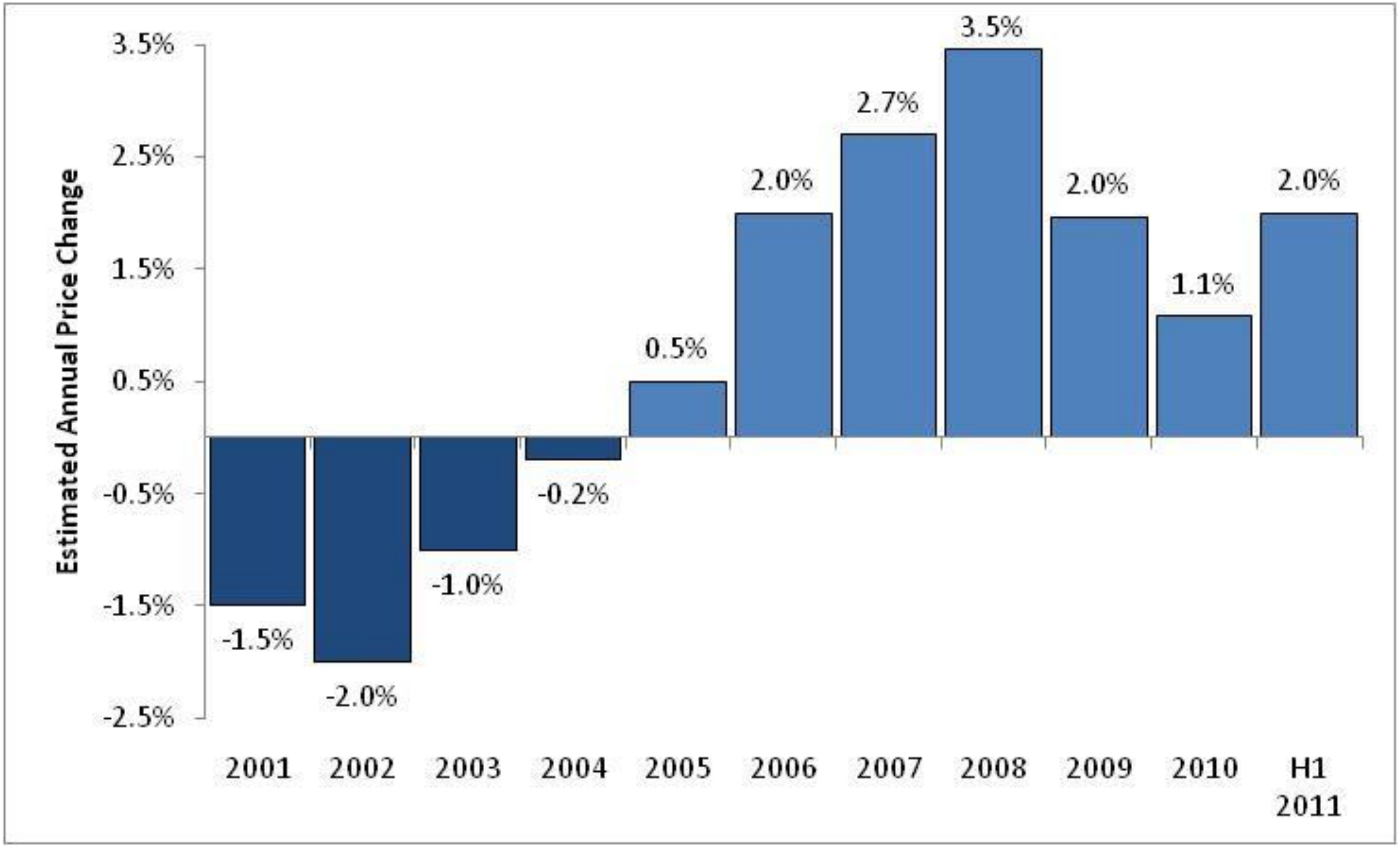
Net restructuring and one-off costs only £0.2 million

	HY11 £m	HY10 £m
Restructuring and one-off items		
- restructuring costs	(4.6)	(2.4)
- profit on disposal of property	1.2	0.1
- UK pension credit	3.2	0.0
	(0.2)	(2.3)

Strong margin progression – now 100 basis points above pre downturn levels



Positive year-on-year pricing again



Net Debt:EBITDA ratio now below 1.5 times

	HY11 £m	HY10 £m
Cash from trading	**87.4**	**66.8**
Change in working capital	**(39.8)**	**(9.6)**
Change in provisions	**(2.7)**	**0.0**
Cash flow from operations	**44.9**	**57.2**
Net capital expenditure	**(8.0)**	**(4.5)**
Net interest paid	**(11.2)**	**(10.5)**
Tax paid on ordinary activities	**(11.6)**	**(12.5)**
Restructuring costs and other one-off items	**(4.0)**	**(4.1)**
Free cash flow before acquisitions and dividends	**10.1**	**25.6**
Dividends paid	**(5.5)**	**(6.7)**
Cash flows from other investing and financing activities	**(15.8)**	**(15.9)**
Exchange movement	**3.1**	**(11.0)**
Opening net debt	**(236.2)**	**(252.7)**
Closing net debt	**(244.3)**	**(260.7)**

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

- Third party working capital to sales ratio maintained as top line grows strongly: H1 2011 of 21.4% vs H1 2010 of 21.3%
- Working capital improvement anticipated in 2nd half of 2011
- Gross cash balances improved significantly to £67.2m (2010 year end £85.0m)

A very good set of results

- Strong revenue and margin growth
- Net Debt:EBITDA ratio continues to improve
- Significant dividend increase
- Substantial progress on our 3 year targets: PBTA, margins and Operating ROCE

Divisional Reviews

Mark Robertshaw

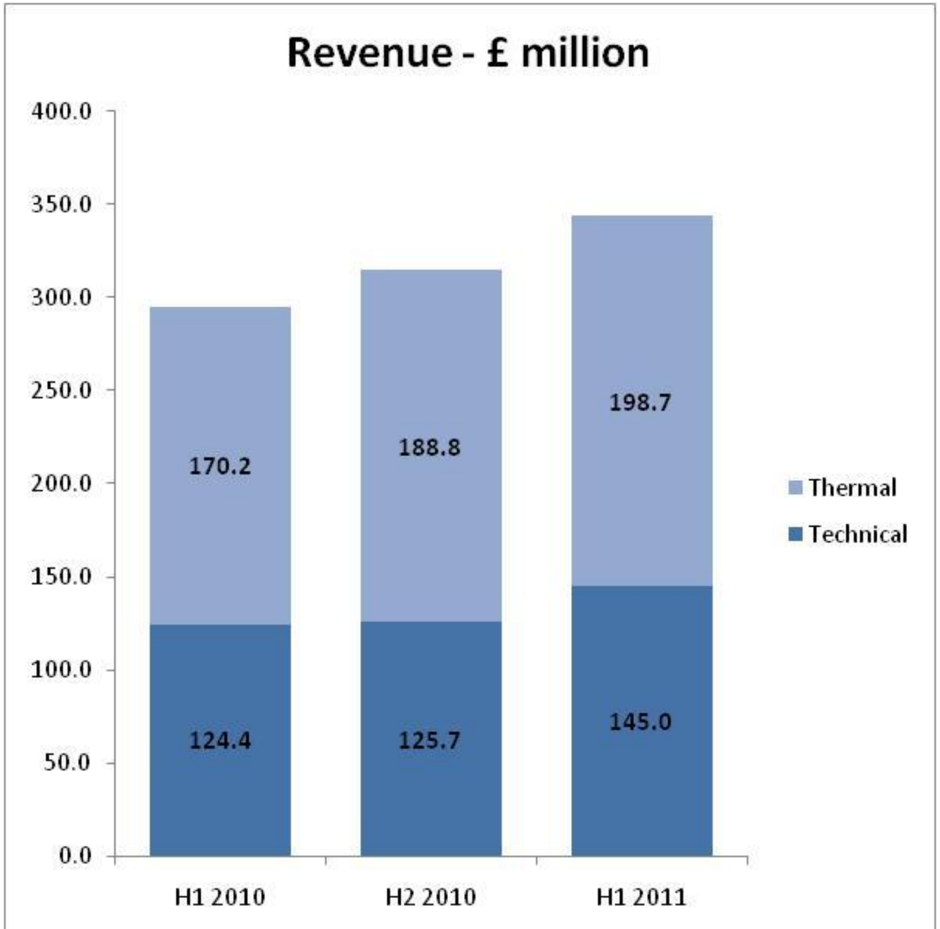
Strong improvements made in profit and margin for both Ceramics and Engineered Materials

£m	Revenue		EBITA		Profit Margins %	
	HY11	HY10	HY11	HY10	HY11	HY10
Technical Ceramics	145.0	124.4	21.4	15.8	**14.8%**	**12.7%**
Thermal Ceramics	198.7	170.2	23.3	15.5	**11.7%**	**9.1%**
Ceramics	**343.7**	**294.6**	**44.7**	**31.3**	**13.0%**	**10.6%**
AM&T	138.0	123.7	17.8	9.7	**12.9%**	**7.8%**
NP Aerospace	55.0	62.9	7.8	8.9	**14.2%**	**14.1%**
Molten Metal Systems	23.3	19.9	3.9	2.9	**16.7%**	**14.6%**
Engineered Materials	**216.3**	**206.5**	**29.5**	**21.5**	**13.6%**	**10.4%**
Unallocated Costs *			**(2.5)**	**(2.5)**	**-**	**-**
EBITA pre one-off items **	***560.0***	***501.1***	***71.7***	***50.3***	***12.8%***	***10.0%***
One-off items ***			**(0.2)**	**(2.3)**		
EBITA post one-off items **			***71.5***	***48.0***	***12.8%***	***9.6%***

*** 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 property and other one-off items**

Ceramics revenue up c.17% year-on-year

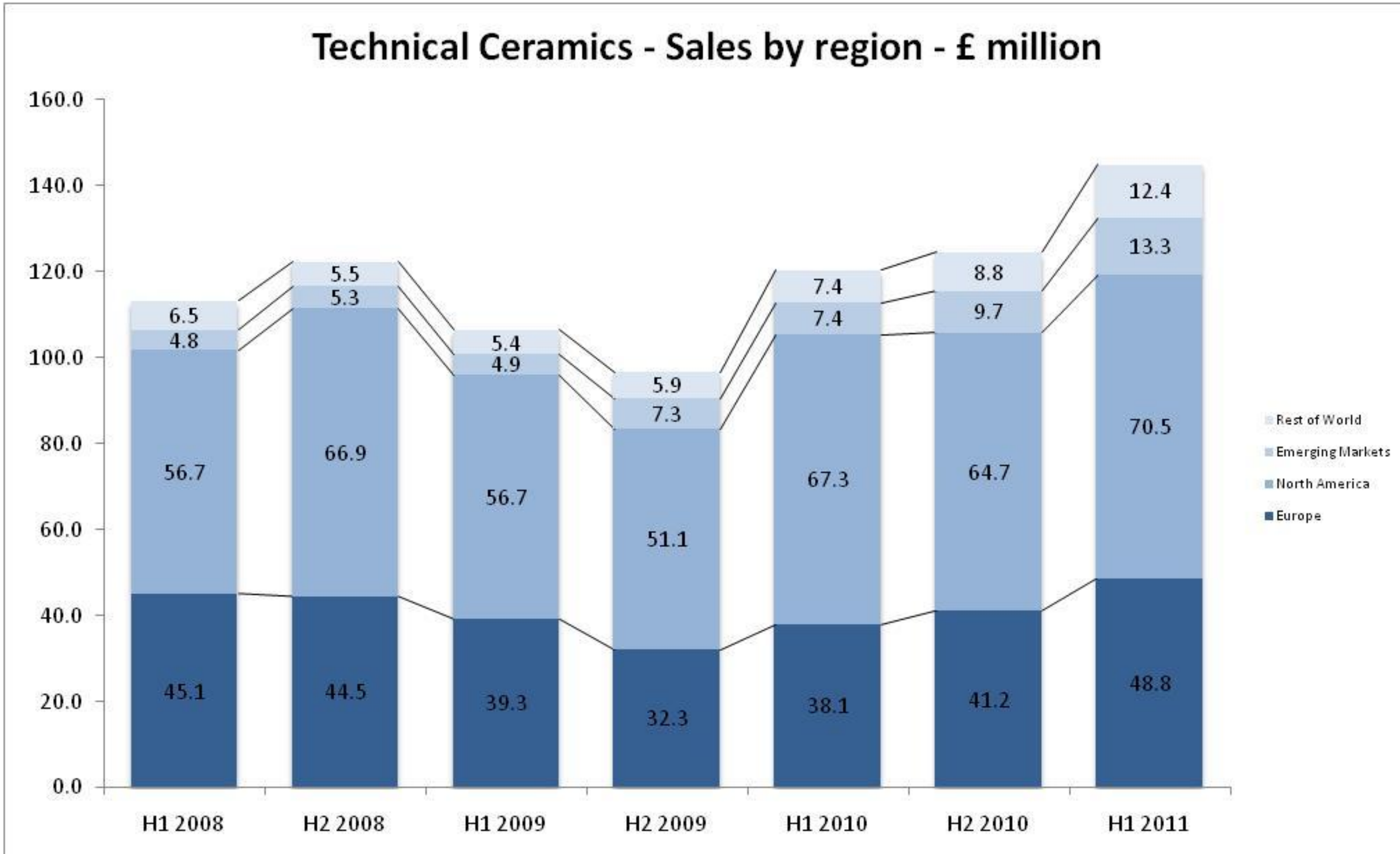


All at reported rates

<u>2011 Highlights</u>

- Technical Ceramics revenue up over 16% year-on-year (21% constant currency)
  - Good contributions from all regions
  - Continuing HDD ramp contributed positively to the year-on-year growth
  - Strong performance in aerospace and industrial equipment
  - Further recovery potential still to come in IGT and North American medical
- Thermal Ceramics revenue up c.17% year on year (19% on constant currency)
  - Broad-based strength across regions with only Europe not yet fully recovered
  - Continuing to deliver strong growth in emerging markets – now by far Thermal's biggest region for sales by destination

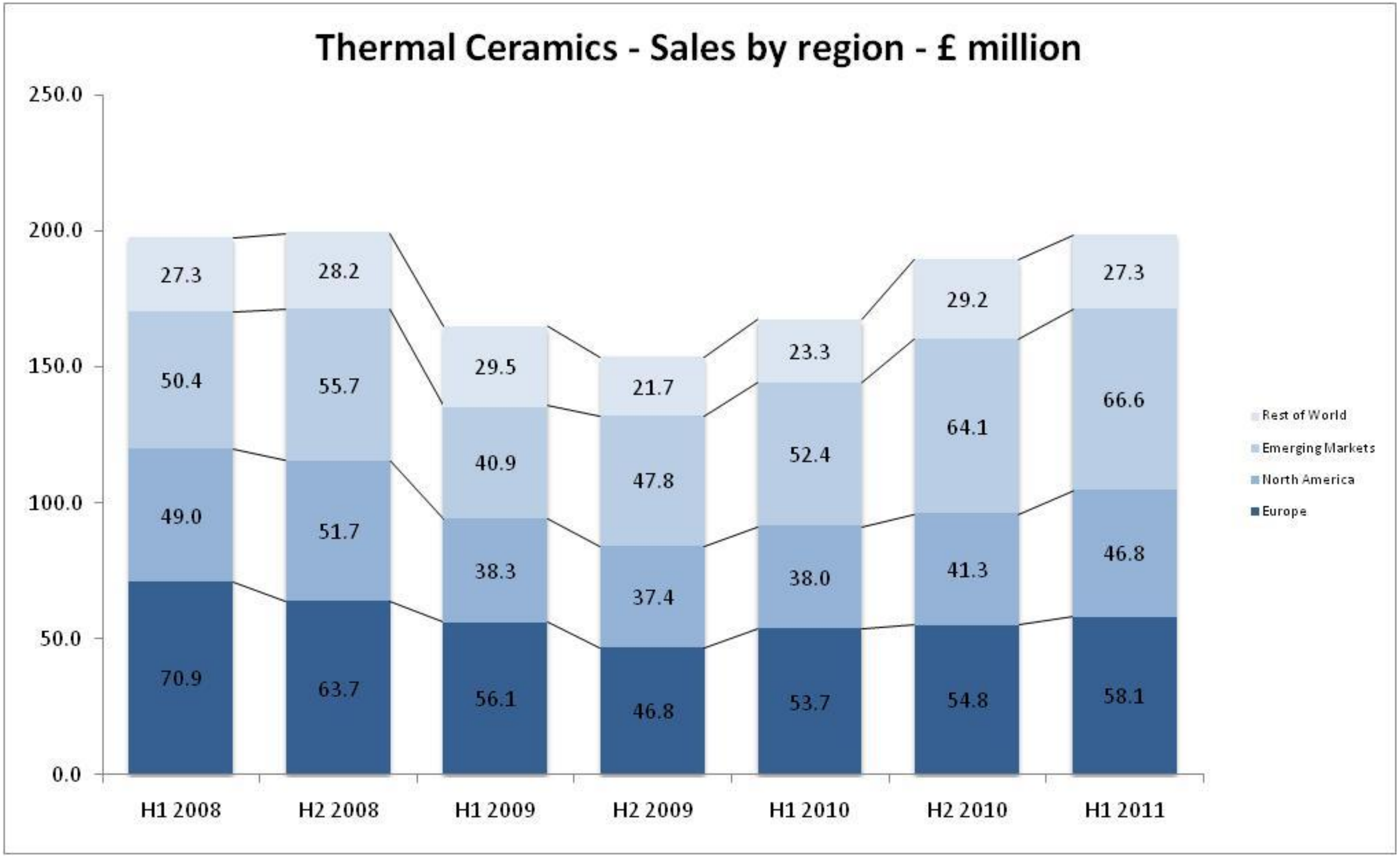
Technical Ceramics: positive momentum in all regions with revenues now surpassing pre downturn levels



Emerging markets includes: China, India, Latin America, Russia, Turkey and Middle East
Rest of World includes: Japan, Korea, Australia, South Africa

All at 2011 H1 Exchange rates

Thermal Ceramics: emerging market revenues particularly strong, up 27% vs H1 2010

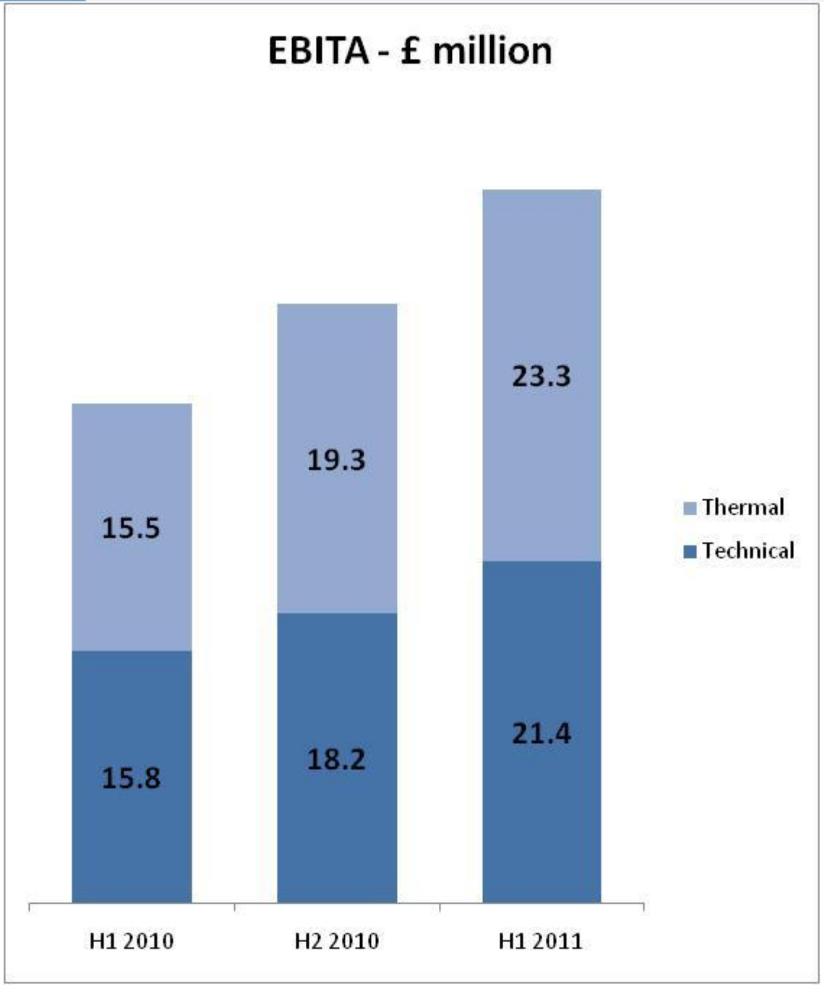


Emerging markets includes: China, India, Latin America, Russia, Turkey and Middle East
Rest of World includes: Japan, Korea, Australia, South Africa

All at 2011 H1 Exchange rates

MorganCrucible
The Advanced Materials Group

Ceramics: profit up c.43% year-on-year with good operational leverage



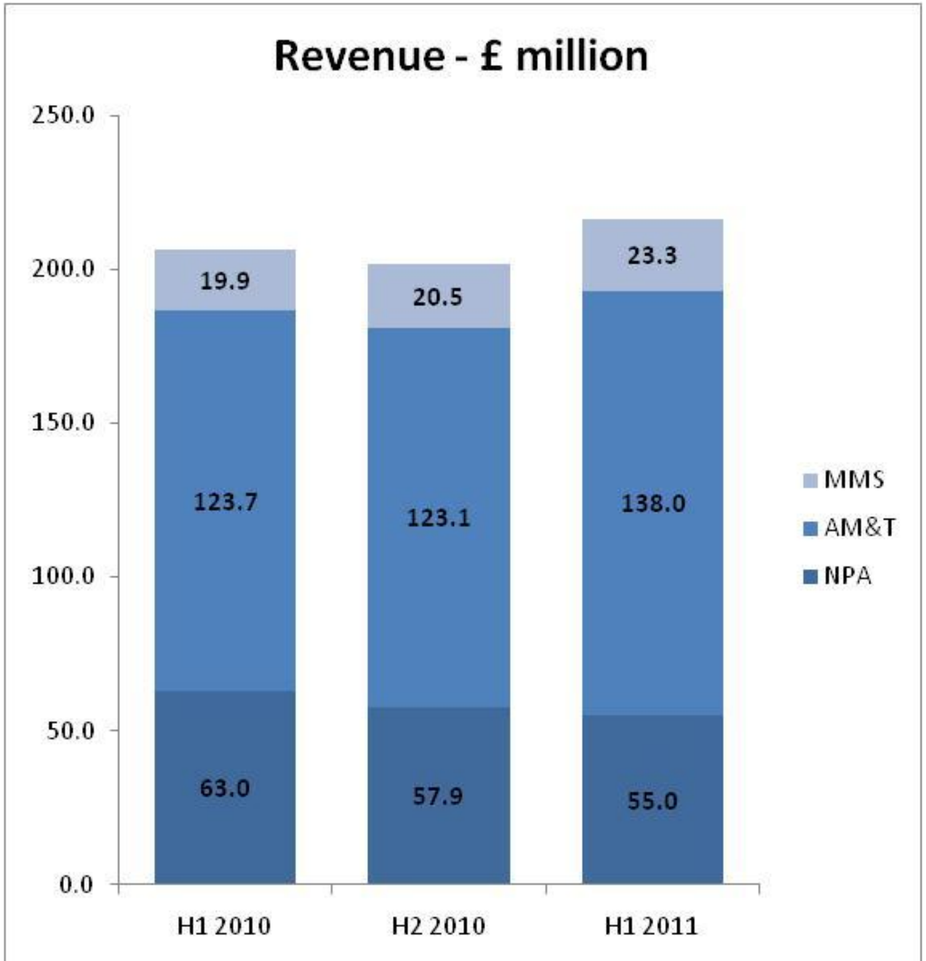
EBITA is defined as operating profit before one-off items and amortisation of intangible assets

All at reported rates

2011 Highlights

- Technical Ceramics EBITA up 35% vs H1 2010 and EBITA margin improved to 14.8%
  - Profit drop through of 27% on additional revenue
  - Benefits of new business programmes
  - Positive pricing
- Thermal Ceramics EBITA improved over 50% with EBITA margin increasing to 11.7%
  - 27% profit drop through on additional revenue
  - Good volume recovery
  - Positive pricing
  - Cost benefits of divisional integration being realised as anticipated

Engineered Materials: year-on-year revenue increased c.5%; c.12% ex NP Aerospace

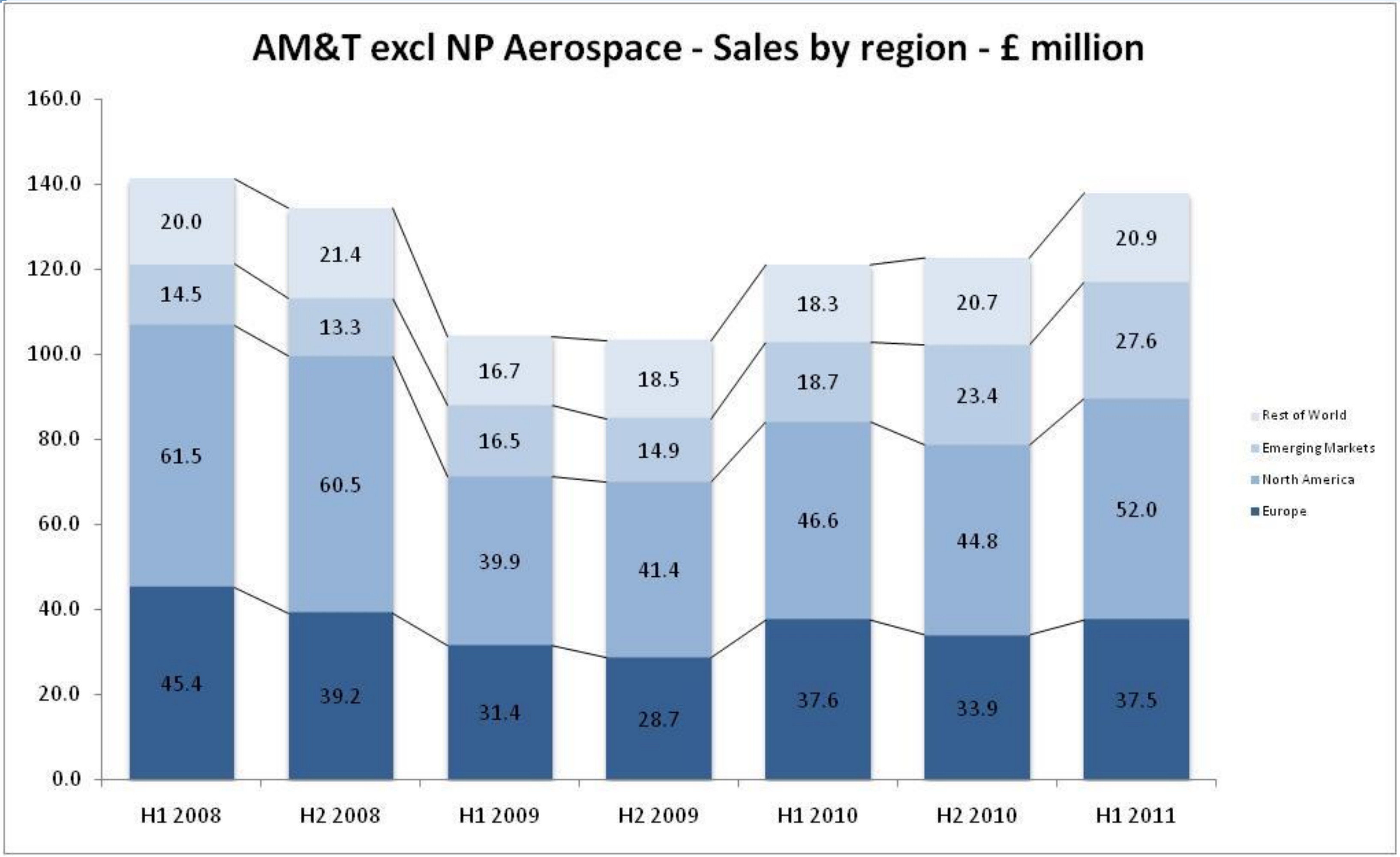


All at reported rates

2011 Highlights

- AM&T revenue up c.12% vs H1 2010 (14% at constant currency):
  - Strong growth once more in China
  - Successful growth into newer clean energy end-markets
  - Recovering developed world markets, particularly the US
- MMS revenue growth up 17% versus H1 2010 (19% at constant currency) driven once more by strong emerging market performance, particularly in China
- NP Aerospace revenue of £55m vs £62.9m in H1 2010
  - First prototype order in USA
  - Revenue phasing for 2011 is more front-end loaded; still well on track to deliver the £90 million in full year

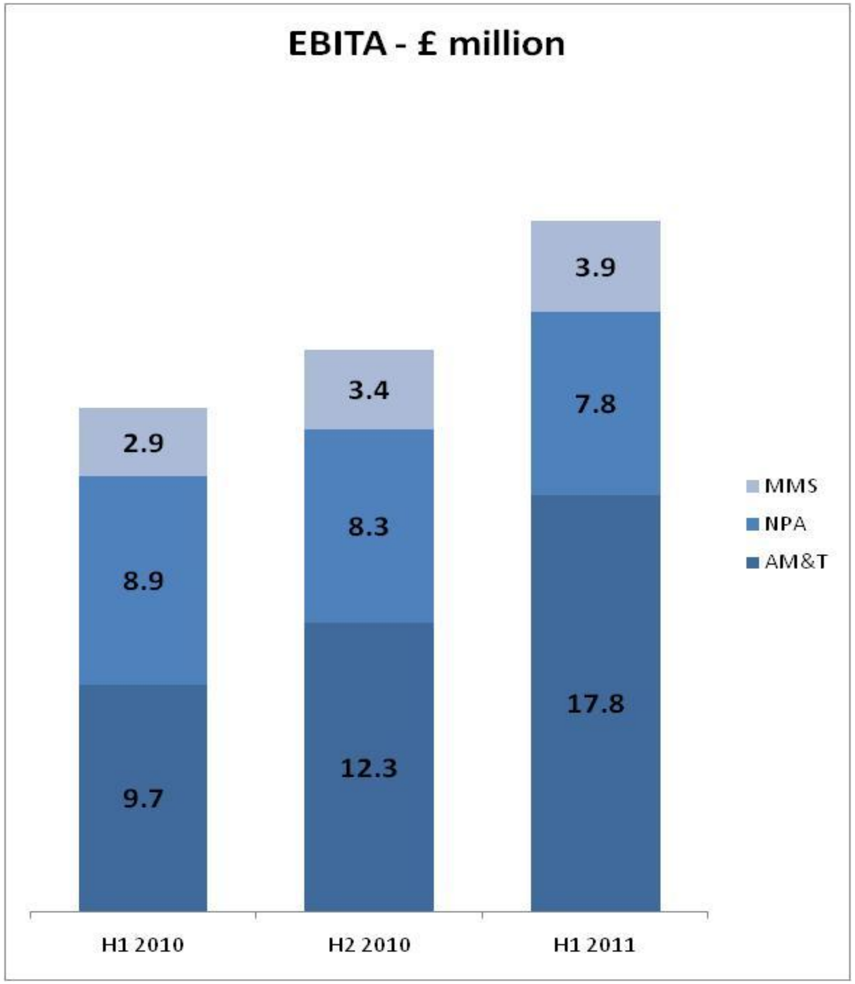
AM&T: c.50% year-on-year growth in emerging market revenue



Emerging markets includes: China, India, Latin America, Russia, Turkey and Middle East
Rest of World includes: Japan, Korea, Australia, South Africa

All at 2011 H1 Exchange rates

Engineered Materials: EBITA up 37% vs H1 2010 and divisional margins improved from 10.4% to 13.6%



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

All at reported rates

2011 Highlights

- AM&T profitability significantly increased
  - EBITA up 84%; £9.7m to £17.8m vs H1 2010
  - EBITA margin much improved to 12.9% (2010 H1: 7.8%)
  - Positive mix shift and pricing plus the benefits of cost efficiency programmes meant that the drop through profit on additional revenue was c.57%

- MMS increased EBITA by 34% year on year with EBITA margins increasing from 14.6% to 16.7%
  - Profit drop through of c.29% from operational leverage and the benefits of low cost manufacturing coming through

- NP Aerospace continues to deliver mid-teen margins, showing high operational flexibility

Progress against the 3 year goals

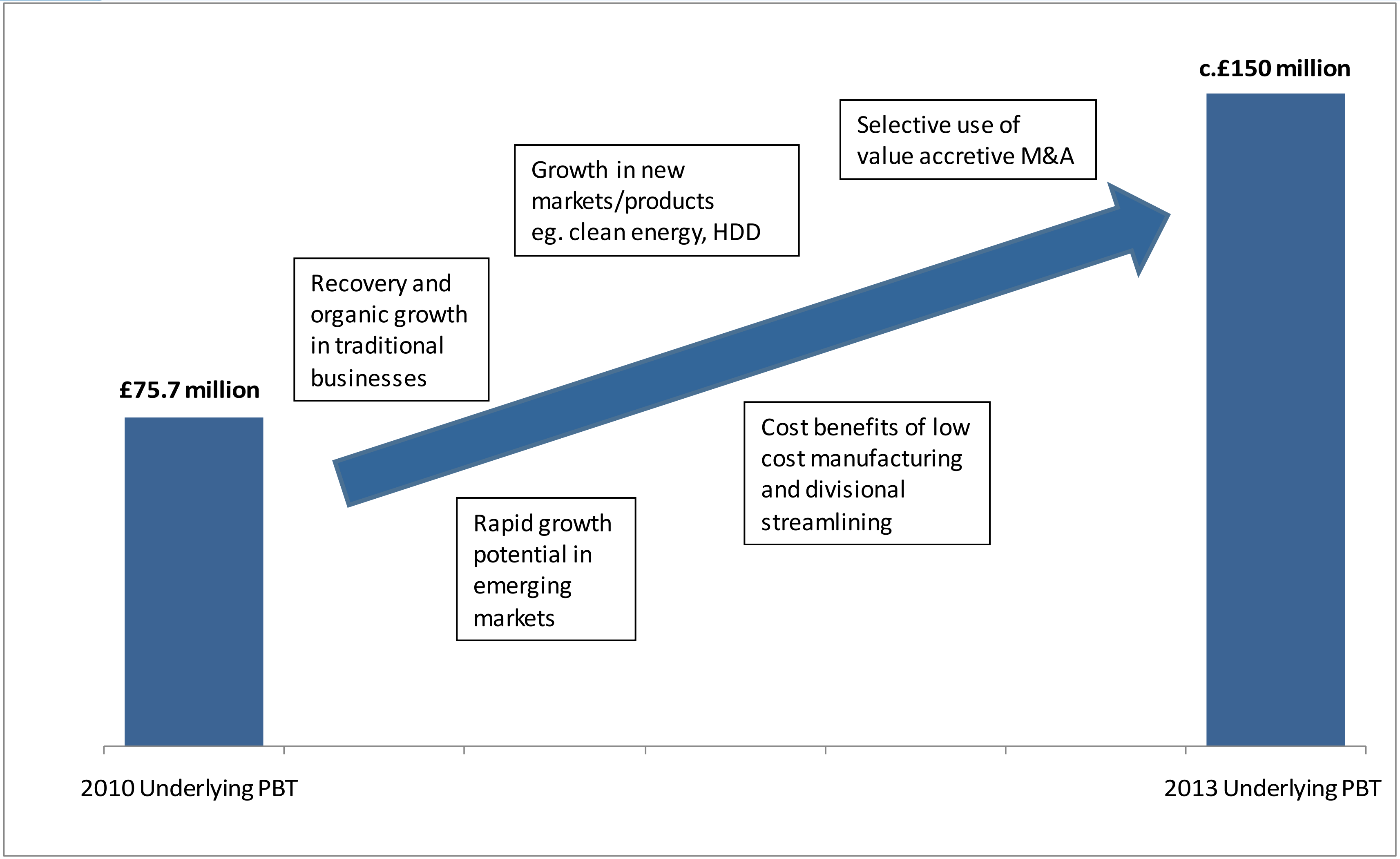
Mark Robertshaw

Financial ambitions by 2013

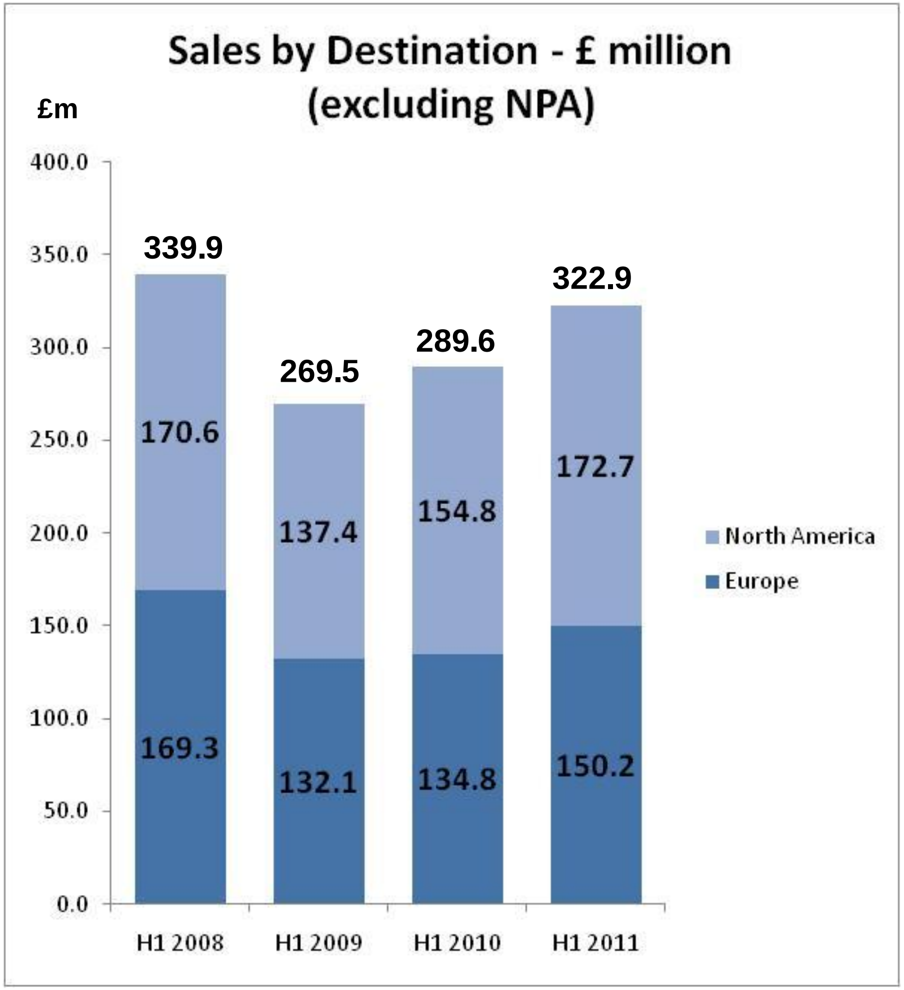
- Double Group underlying PBT* from £75.7 million to c.£150 million
- Mid-teen underlying operating profit margins
- Improve Operating ROCE from c.25% in 2010 to c.35% by 2013

*Underlying PBT is defined as operating profit before amortisation, less net financing costs

Our ambition is to double underlying PBT by 2013



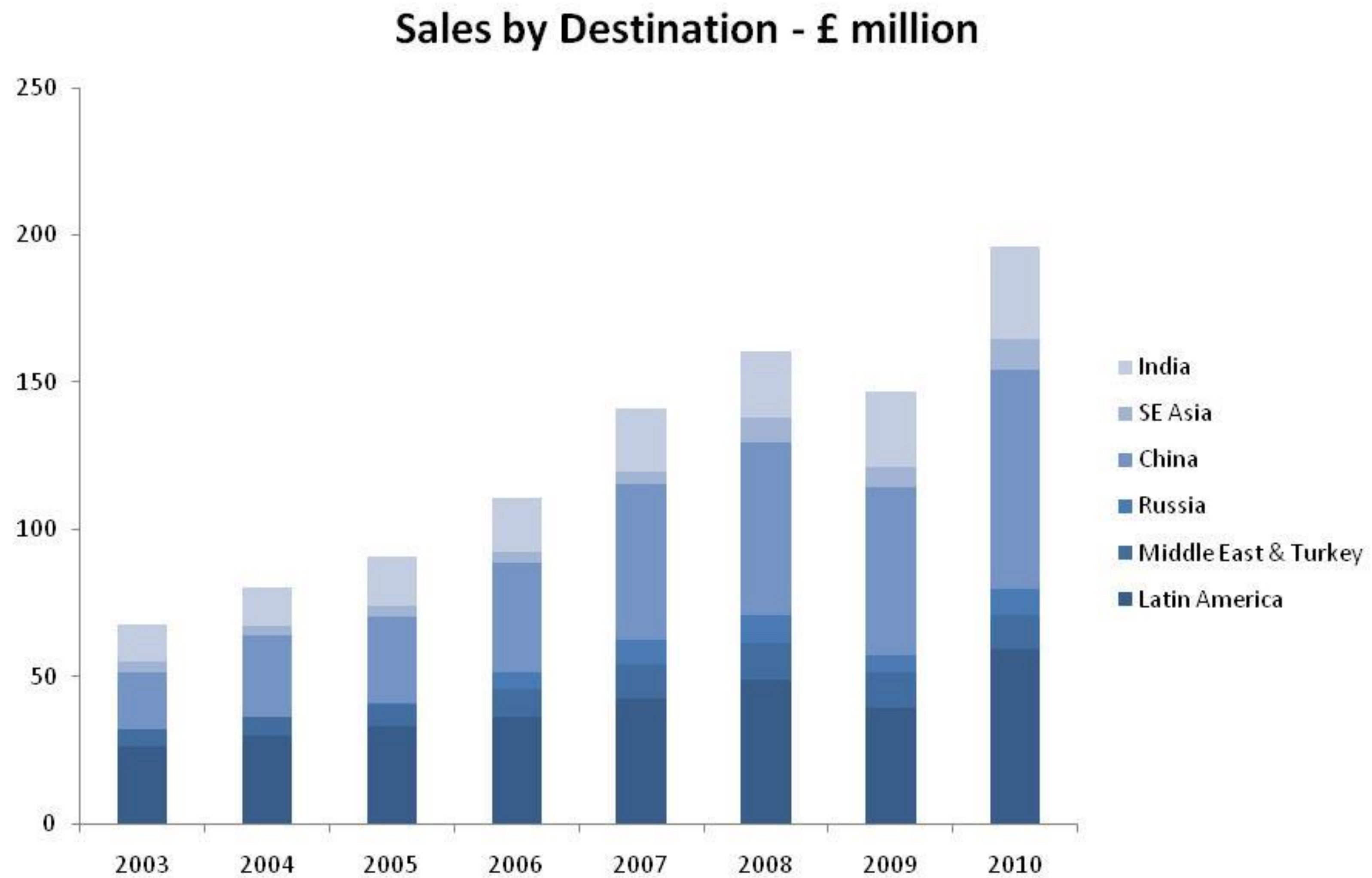
Healthy recovery and growth in Western world, particularly in North America



All at H1 2011 actual rates

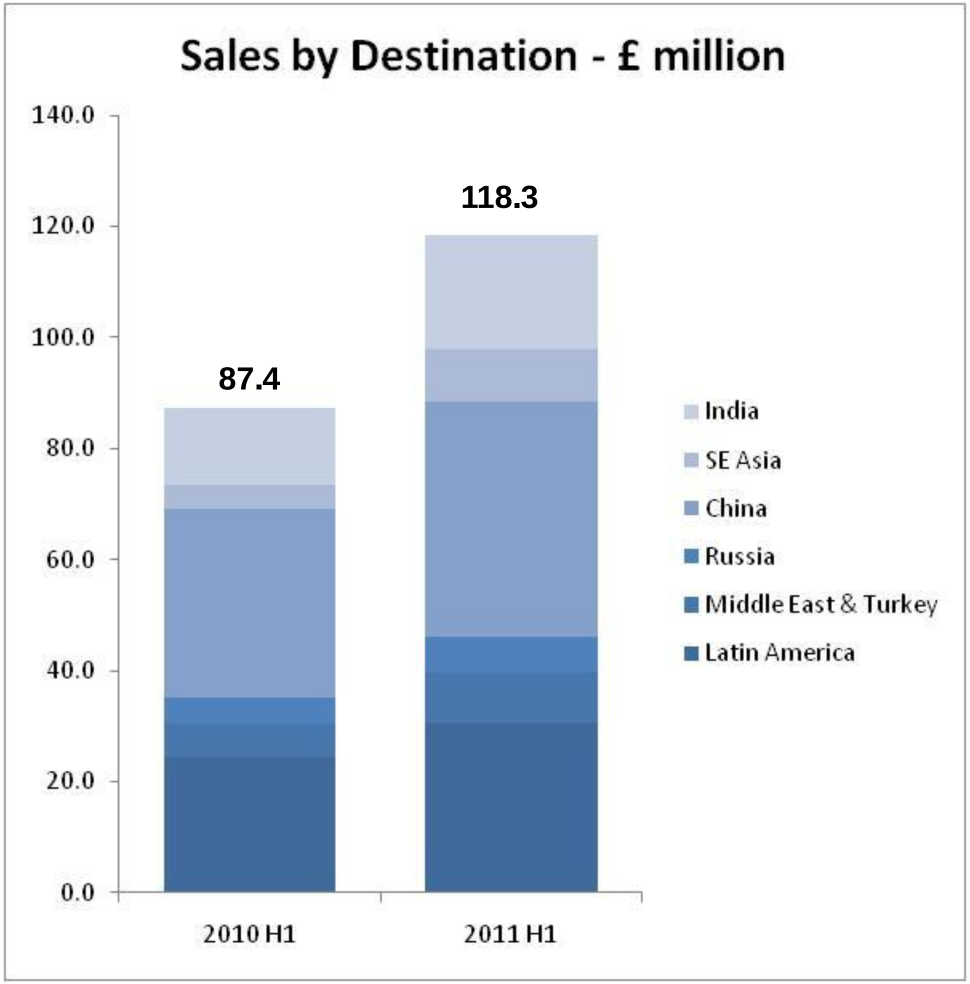
- US up 11.6% versus H1 2010 and now ahead of pre downturn levels despite reduced body armour
- Europe up 11.4% versus H1 2010 but still below 2008
  - Recovery and growth in traditional businesses supplemented by increased clean energy revenue
  - Northern Europe, particularly Germany, noticeably stronger; limited exposure to Southern Europe

Rapid growth in emerging markets: business almost trebled between 2003 and 2010 – 16.5% CAGR



All at H1 2011 actual rates

Rapid growth in emerging market: revenue up 35% in H1 2011 – more than double CAGR of the past 7 years



All at H1 2011 actual rates

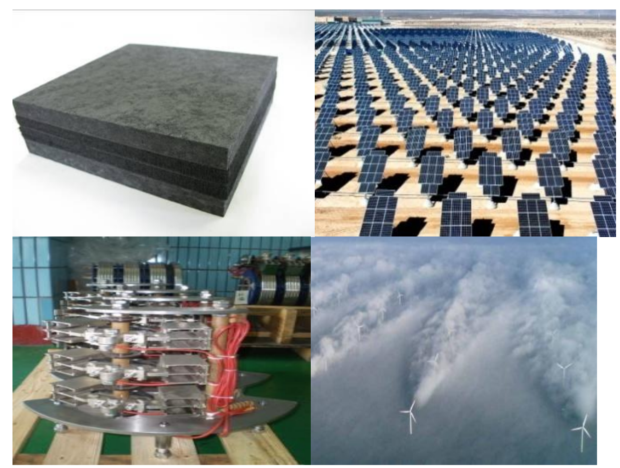
- China – £34.1m to £42.4m, up 24%, driven by strong sales in to clean energy (wind and solar), combined with good growth in traditional industrial markets
- India – £14.0m to £20.3m, up 45%, driven particularly by growth in petrochem and wind energy
- Latin America - £24.3m to £30.5m, driven by high growth in petrochem demand in Brazil

Growth in new markets and products eg. clean energy, HDD

Sales of our piezo ceramic components to the Hard Disk Drive market increased to £5.2m in H1 2011 vs £1.2m in H1 2010

Group revenue from clean energy increased to £17.9m in H1 2011 vs £5.5m in H1 2010

- AM&T High Temperature products and Ceramics' fused silica products to the solar market
- AM&T electrical products to the wind market



Benefits from Divisional streamlining being delivered

Benefits
On track to deliver £5m of benefits in 2011 rising towards the top of our expected £6m to £8m of benefits in 2012

MTC Growth
Future opportunities for Technical products in Asia and Latin America are being identified, alongside products to further differentiate our fibre business

Margins
The global Operational Excellence programme is enhancing gross margins, particularly in Europe & North America

Overhead reduction
The programme of work rationalising and simplify the global and regional management organisations is now almost complete

Cost benefits from low cost manufacturing continue to be delivered

Example: AM&T

- Headcount in AM&T Mexican operations increased more than 10% over past year as more work from USA relocated
- Operations moved from higher cost sites in UK and Germany to low cost Hungary
- Italian site further down-sized – electrical brush business now sourced from Hungary
- Relocation of small manufacturing capability in Spain to Hungary

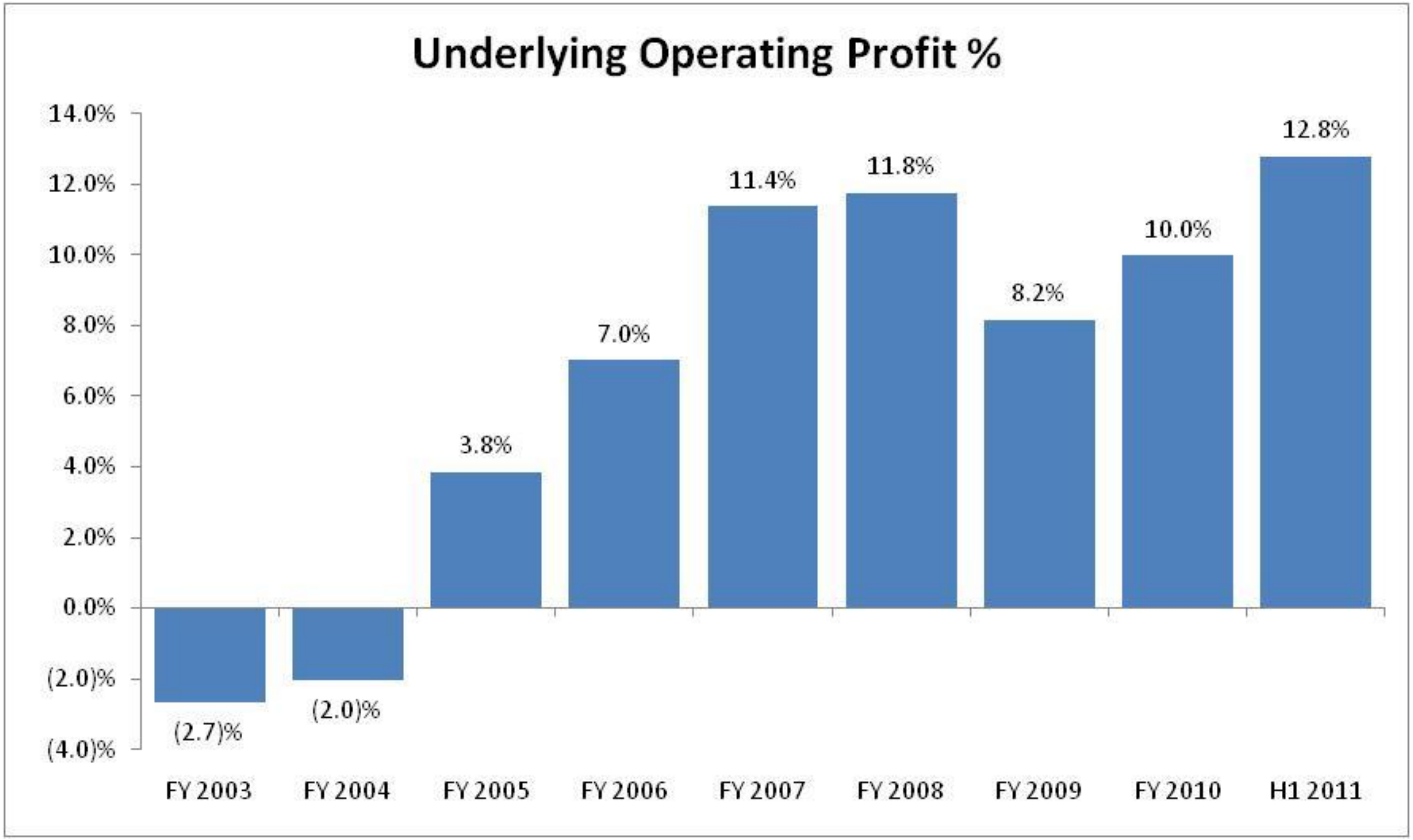
These actions contributed to significant reduction in the Total Employment Costs /Sales % and helped drive AM&T's increased EBITA margin

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 c.35% by 2013

*Underlying PBT is defined as operating profit before amortisation, less net financing costs

Significant progress made in H1 towards our mid-teen operating profit margin goal

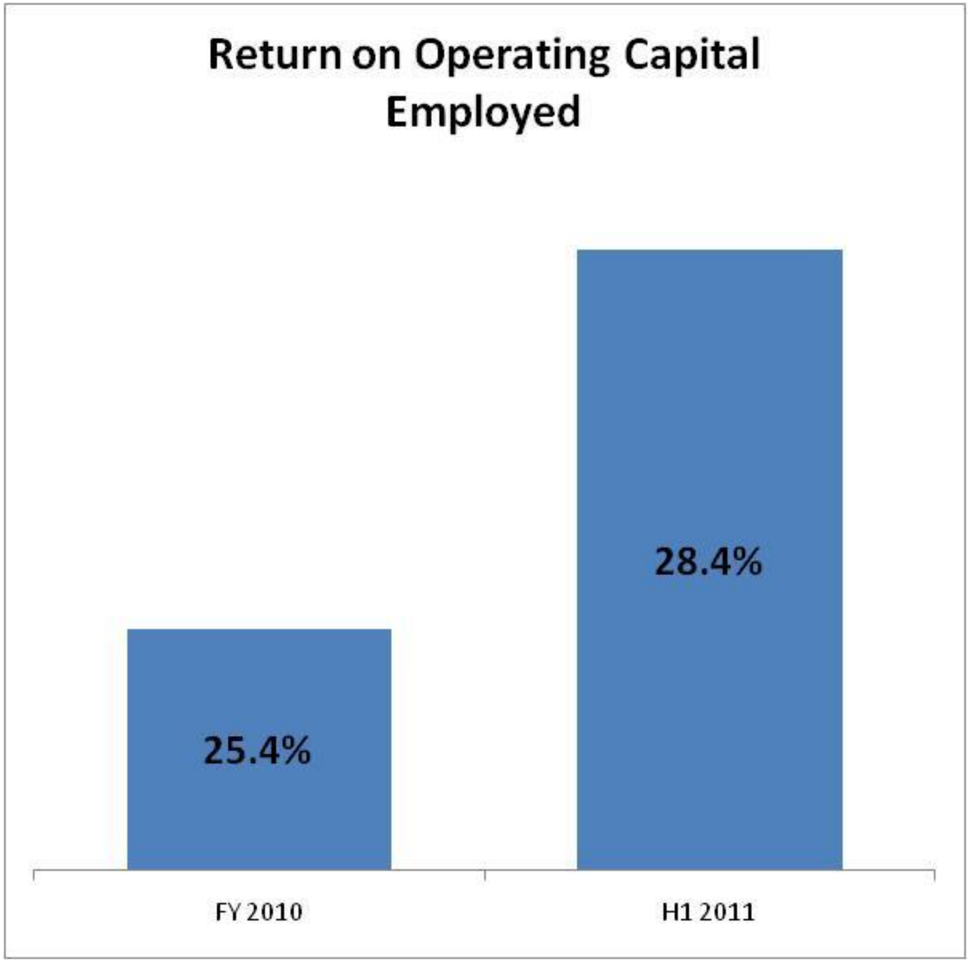


Financial ambitions by 2013

- 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 c.35% by 2013

*Underlying PBT is defined as operating profit before amortisation, less net financing costs

Good progress on ROCE



- LTM EBITA up 23% from £101.5m to £125.0m
- Operating Capital only increased 10% in delivering this profit growth
- Well on track to achieve the 35% ROCE target within the 3 year timeframe

Summary and Outlook

Mark Robertshaw

Summary

- Good year-on-year progress in H1 2011 with top line growth across all main geographies and markets
  - very strong performance in emerging markets with revenue up 35% year-on-year
  - tangible and encouraging successes in new products
  - continued recovery and growth in Western world, particularly North America
- Cost benefits from self-help initiatives continuing to come through
- Healthy order intake through H1 provides confidence for H2

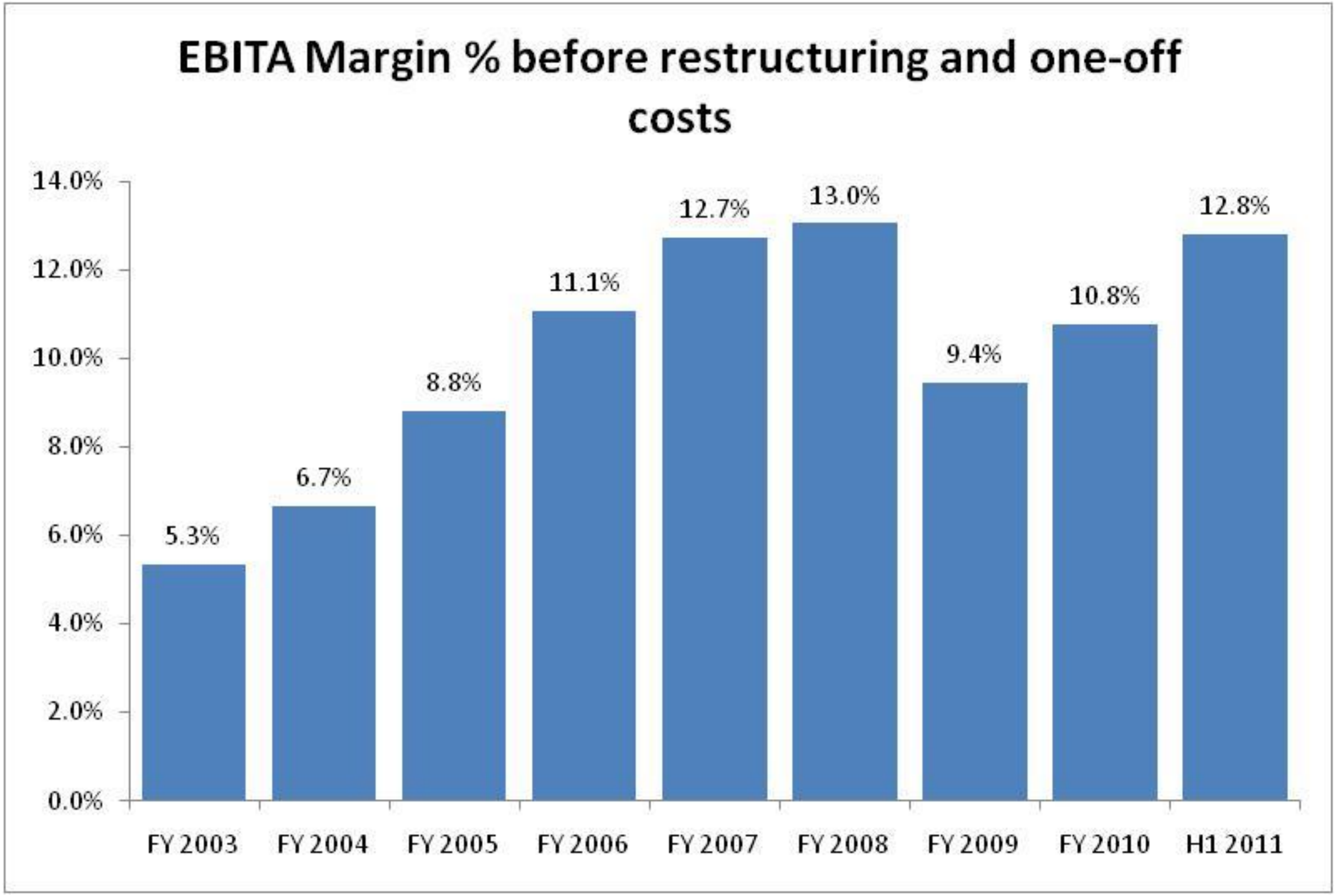
Significant progress made in delivering on our 3 year targets

2011 Half Year Financial Results

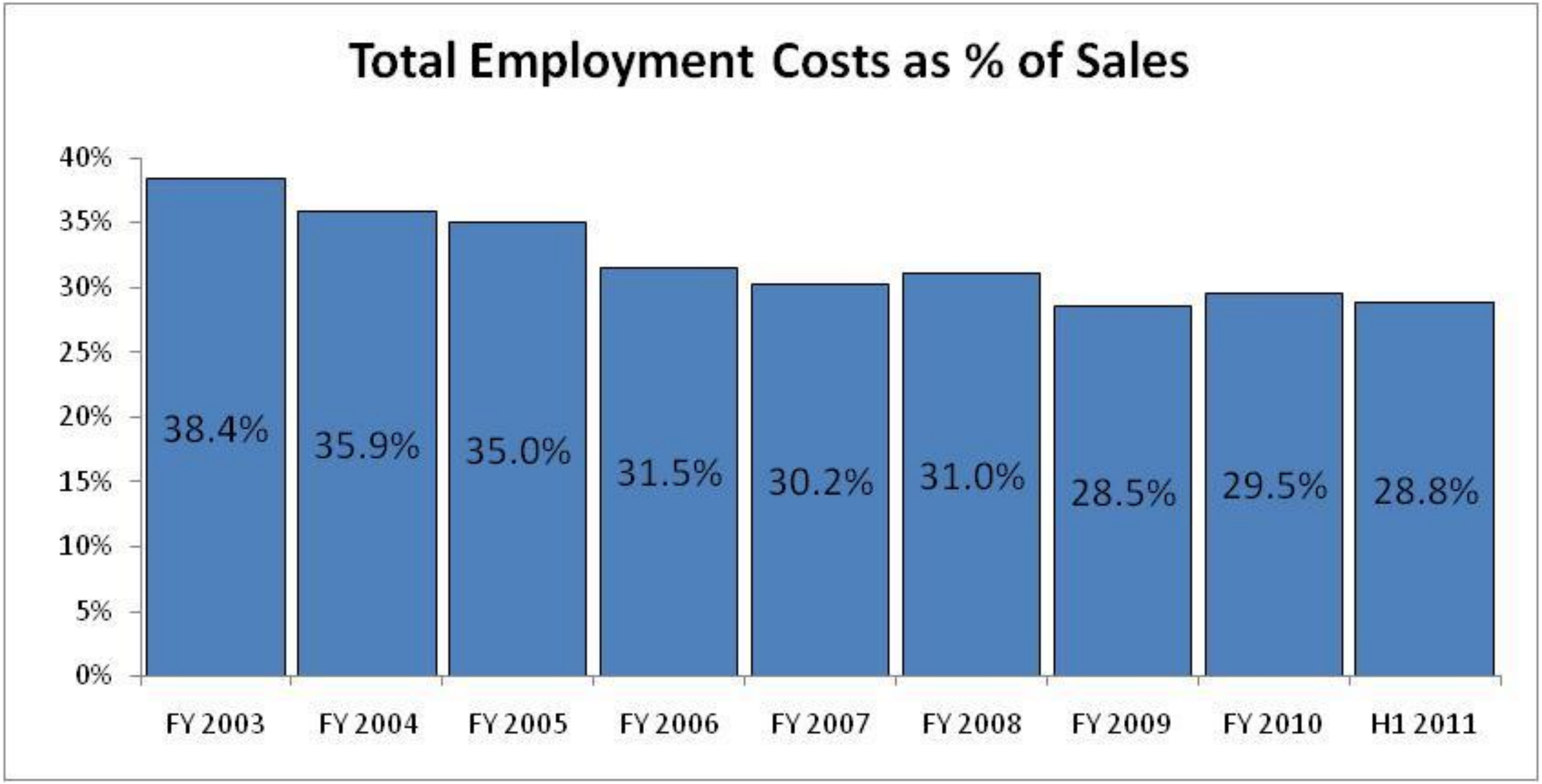
27th July 2011

Appendix

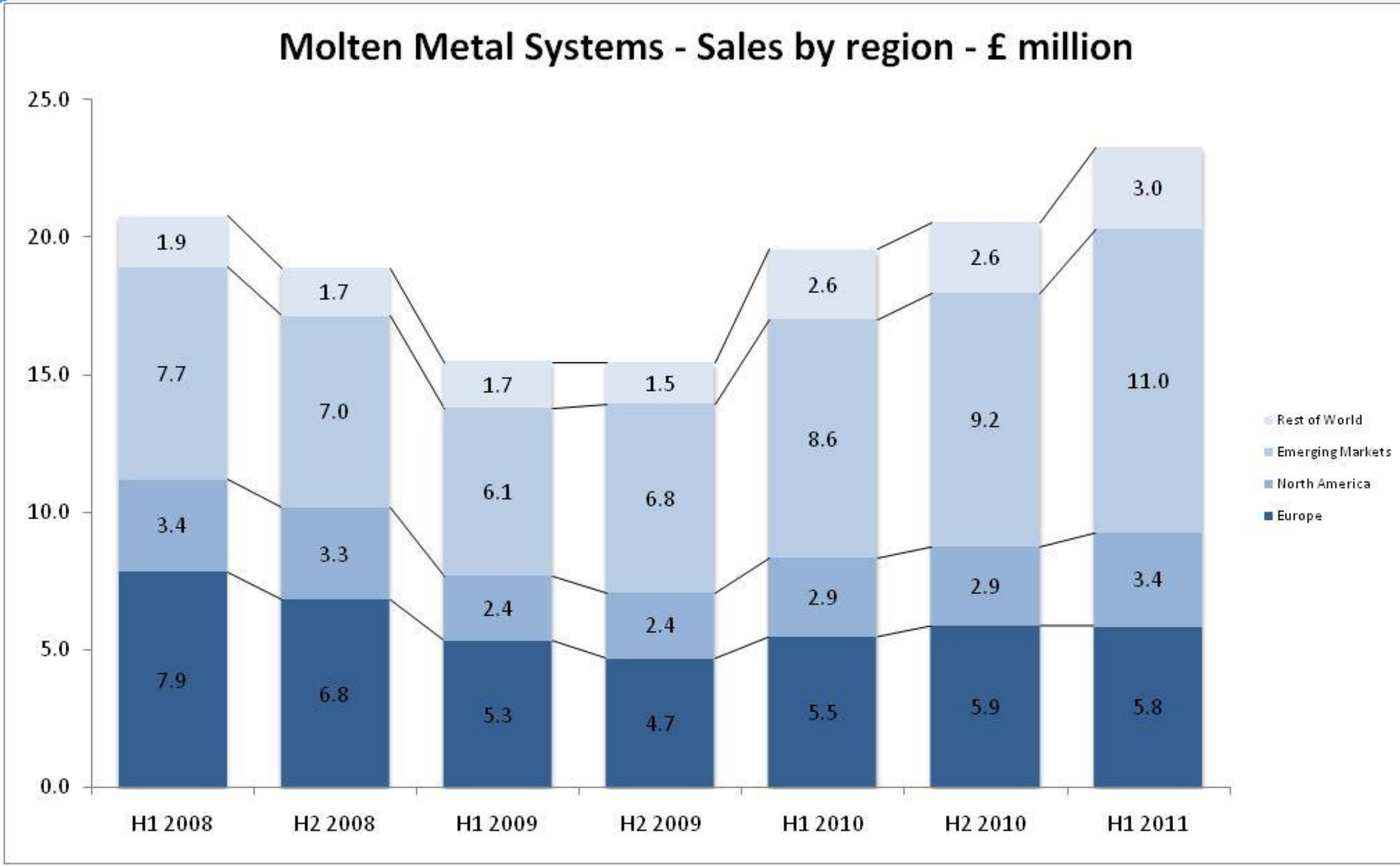
Strong margin progression



Total employment costs % maintained below our 30% target level



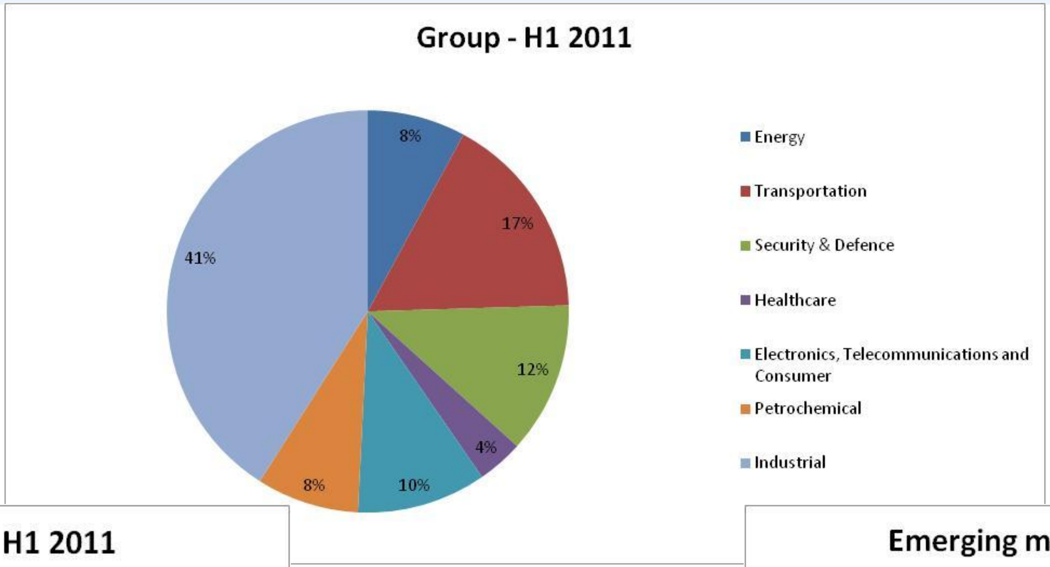
MMS: revenue up 19% at constant currency

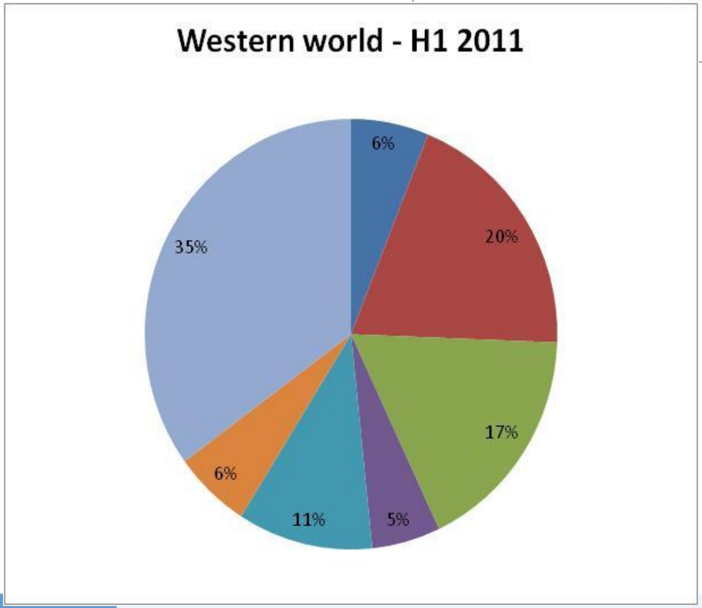


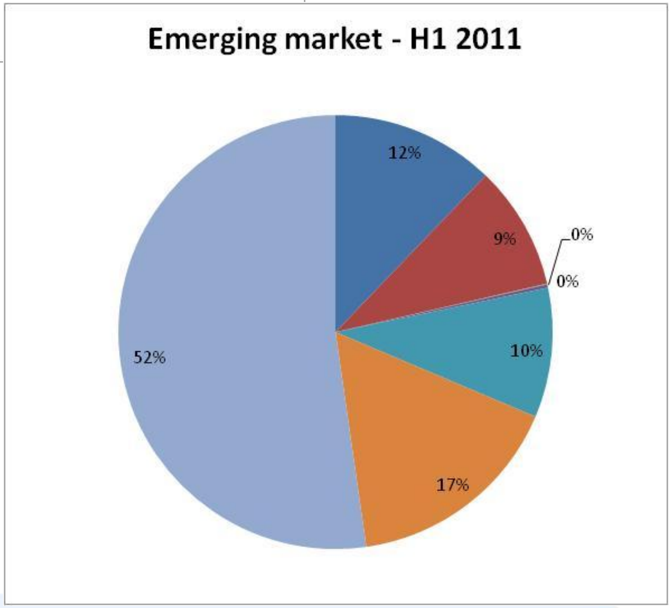
Emerging markets includes: China, India, Latin America, Russia, Turkey and Middle East
Rest of World includes: Japan, Korea, Australia, South Africa

All at 2011 H1 Exchange rates

Group revenue by end-market: Half Year 2011







Western world is North America and Europe

Improved Operating ROCE

All £ million At reported rates	2011 Half Year	2010 Year End
LTM EBITA	125.0	101.5
Operating Capital		
Land & Building - NBV	106.1	108.8
Plant & Equipment - NBV	154.5	160.4
Third Party Working Capital	179.2	130.7
	439.8	399.9
Return on Operating Capital Employed	**28.4%**	**25.4%**

Net Finance Charge

	HY11 £m	HY10 £m
Bank interest charge	11.3	12.9
Bank interest income	(0.3)	(0.6)
Interest expense on unwinding of discount on deferred consideration	0.2	0.7
Gain on foreign exchange derivatives in respect of financial indebtedness	0.0	(2.0)
IAS19 - Interest cost on liability	13.6	14.0
- Expected return on assets	(13.0)	(12.9)
	11.8	12.1

Underlying EPS

	HY11 £m	HY10 £m
Basic earnings	35.6	19.4
Amortisation	4.1	3.9
Underlying earnings	39.7	23.3
Weighted average number of shares in the period	272.0m	268.7m
Underlying earnings per share	14.6p	8.7p

Pensions - IAS 19 ‘Income Statement’ Charges

	HY11 Actual Approx £m	HY10 Actual £m
Service Charge (within Operating costs)	1.7	2.1
Net Finance Charge	0.6	1.1
	2.3	3.2

2011 Half Year Financial Results

27th July 2011