

ANNUAL GENERAL MEETING

10th May 2011

Good performance momentum in 2010 - underlying operating profit increased by 31.9%

	FY10	FY09	<u>% Change from FY09</u>
			As reported
Revenue	£1,017.1m	£942.6m	+7.9%
EBITA before restructuring and one-off items	£109.5m	£89.0m	+23.0%
EBITA margin % before restructuring and one-off items	10.8%	9.4%	
Underlying operating profit *	£101.6m	£77.0m	+31.9%
Underlying operating profit margin *	10.0%	8.2%	
PBT before amortisation	£75.7m	£47.7m	+58.7%
Underlying earnings per share	18.7p	13.2p	+41.7%
Total dividend	7.7p	7.0p	+10.0%
Final 5.0p (2009: 4.5p)			

* Underlying Operating Profit is after restructuring and one-off items

Profit before tax and amortisation up by c.59%

	FY10 £m	FY09 £m
Revenue	<u>1,017.1</u>	<u>942.6</u>
EBITA before restructuring and one-off items *	109.5	89.0
Restructuring and one-off items*	(7.9)	(12.0)
EBITA after restructuring and one-off items *	<u>101.6</u>	<u>77.0</u>
Amortisation of intangible assets	(8.0)	(16.3)
Operating profit	<u>93.6</u>	<u>60.7</u>
Net financing costs	(25.9)	(29.3)
Profit before tax	67.7	31.4
Profit before tax and amortisation	75.7	47.7
Tax	(19.7)	(8.7)
- <i>effective tax rate</i>	<u>29.1%</u>	<u>27.7%</u>
Profit for the period	48.0	22.7
Non-controlling interest	(5.5)	(3.7)
Profit attributable to shareholders for the period	<u>42.5</u>	<u>19.0</u>

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

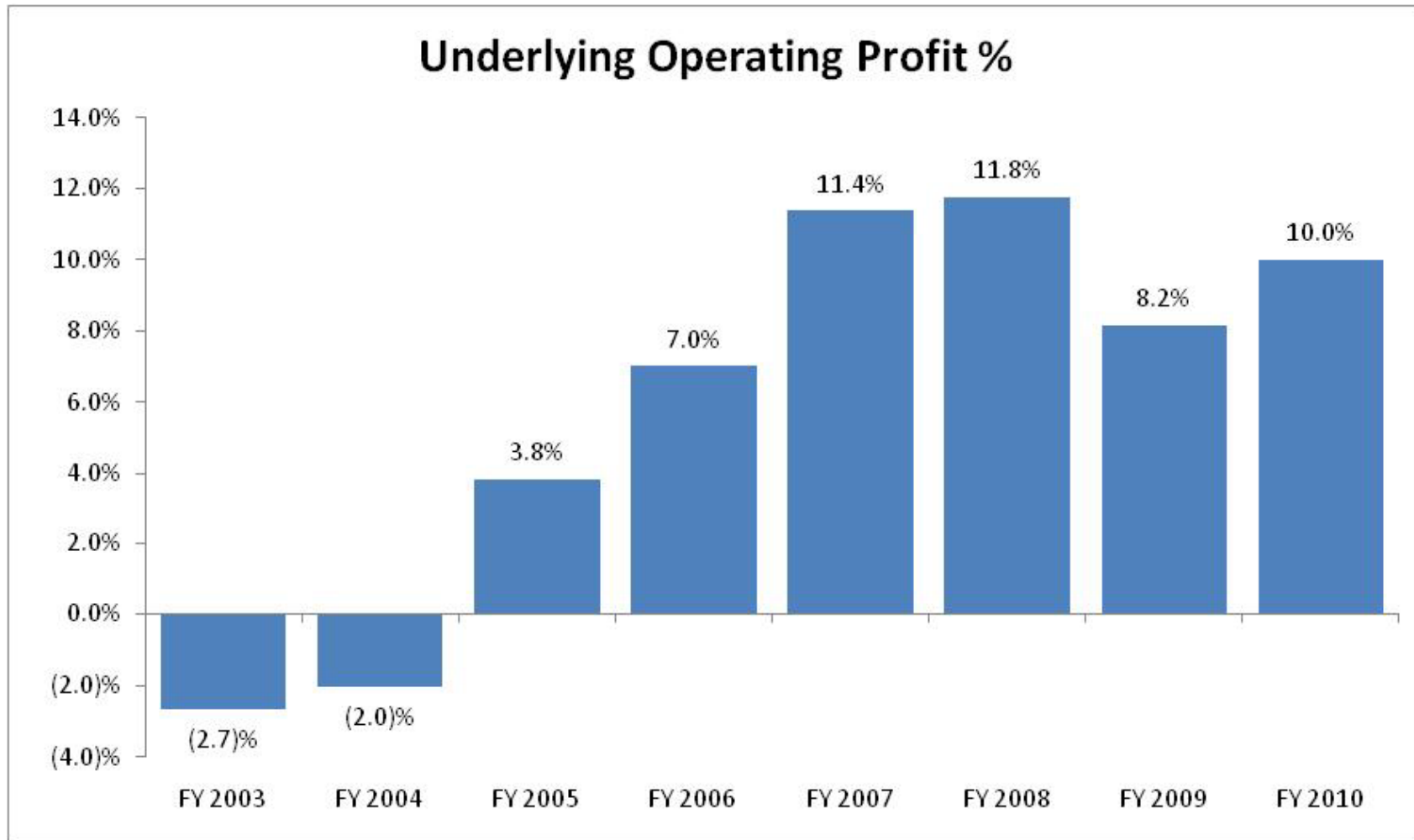
Strong cash generation

	FY10 £m	FY09 £m
Cash from trading *	141.9	120.5
Change in working capital	10.5	25.8
Change in provisions	(4.3)	(11.8)
CASH FLOW FROM OPERATIONS	148.1	134.5
Net capital expenditure	(17.0)	(13.7)
Restructuring costs and other one-off items	(7.8)	(12.1)
Net interest paid	(22.7)	(23.2)
Tax paid	(24.1)	(32.0)
FREE CASH FLOW BEFORE ACQUISITIONS AND DIVIDENDS	76.5	53.5
Cash flows in respect of acquisitions	(32.9)	(31.9)
Dividends paid	(15.4)	(12.1)
Exchange movement and other items	(11.7)	28.2
Movement in net debt in period	16.5	37.7
Opening net debt	(252.7)	(290.4)
Closing net debt	(236.2)	(252.7)

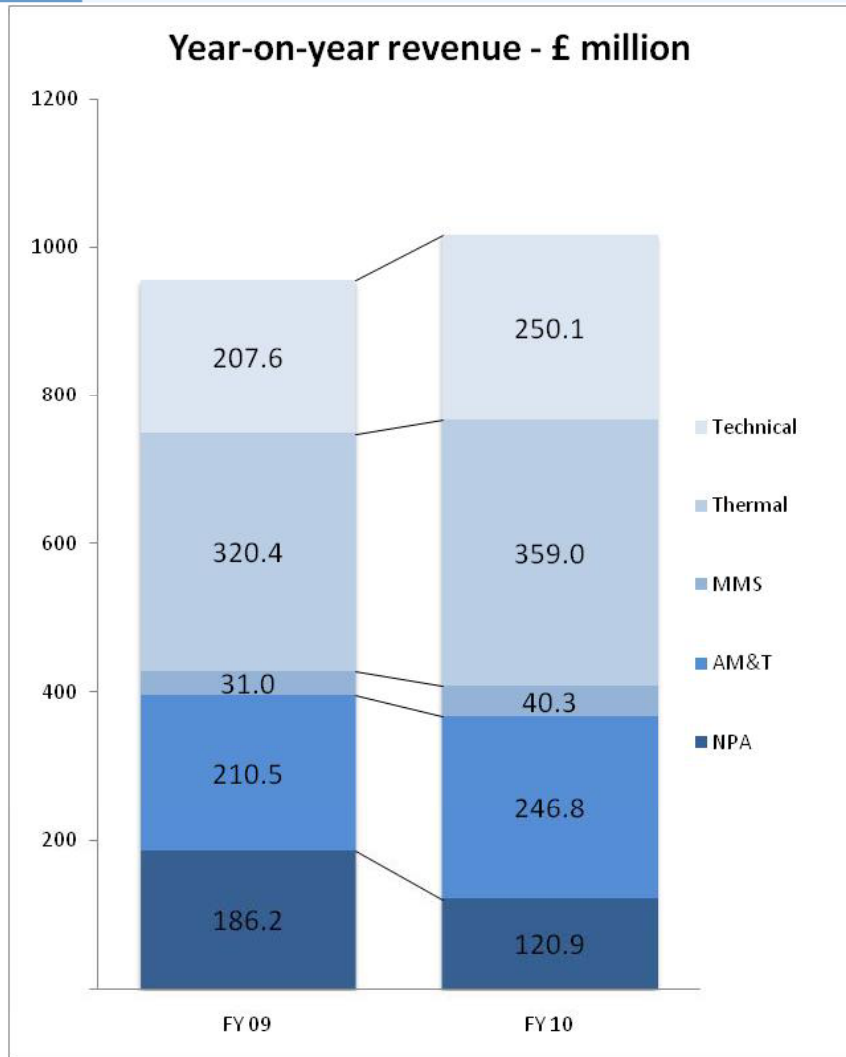
* Cash from trading is EBITA adjusted for depreciation and loss/profit on sale of plant and machinery

- Third party working capital to sales ratio below 20%
- Free cash flow before acquisitions and dividends up 43%
- Significant acquisition payments and adverse currency impact ...
- ...but net debt still reduced £16.5 million year-on-year

Improving margins in 2010 with good momentum entering 2011



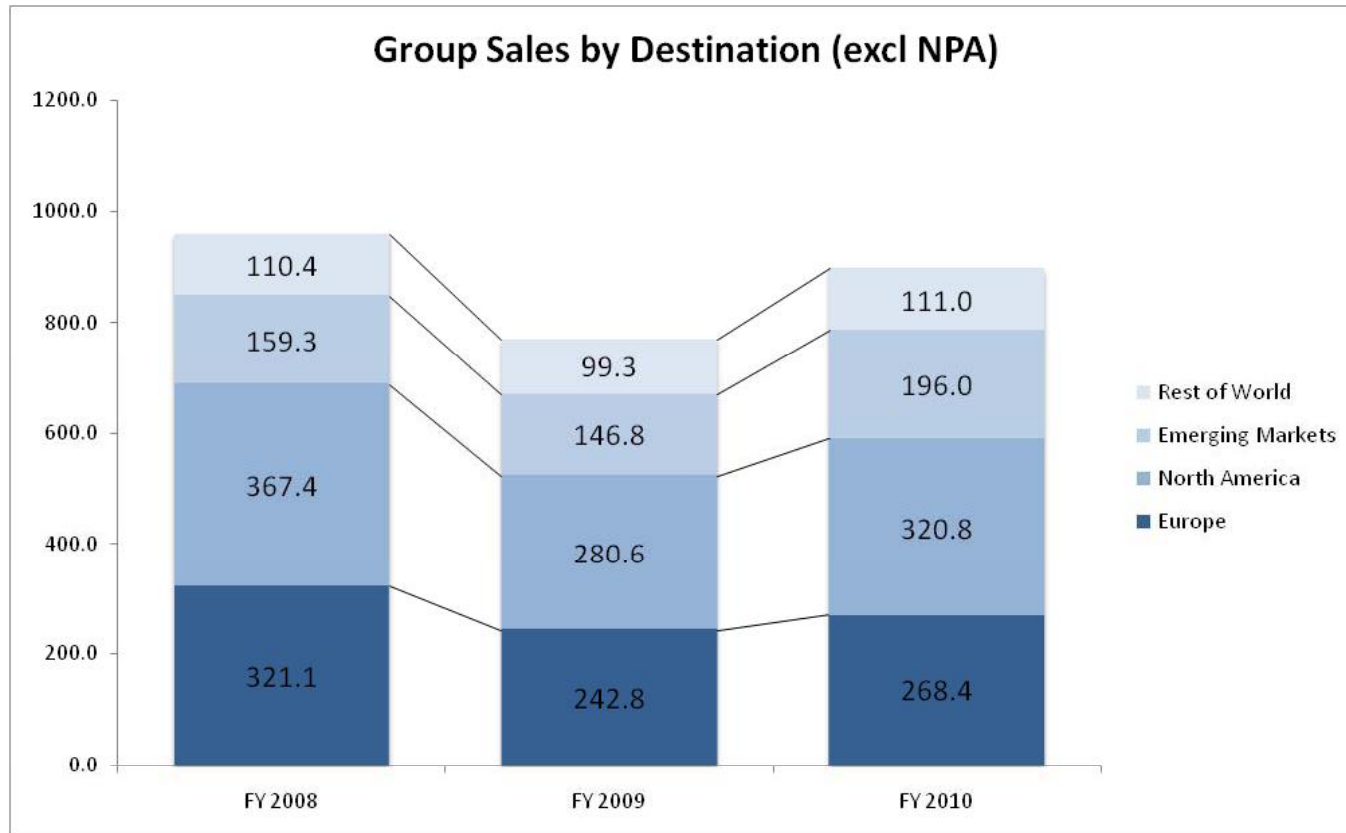
Year-on-year revenue growth taking 2010 sales comfortably through the billion pound threshold



All at 2010 actual rates

- Overall reported revenue up 7.9% year-on-year
- NP Aerospace delivered £120 million of revenue in 2010 after the exceptional level of business in 2009
- At constant currency and excluding NP Aerospace revenue was up 16.5% year-on-year with strong performance across the board
 - AM&T (formerly Carbon) up 17.2%
 - MMS up 29.9%
 - Thermal Ceramics up 12.1%
 - Technical Ceramics up 20.5%

Constant currency revenue recovering but not yet back to 2008 levels

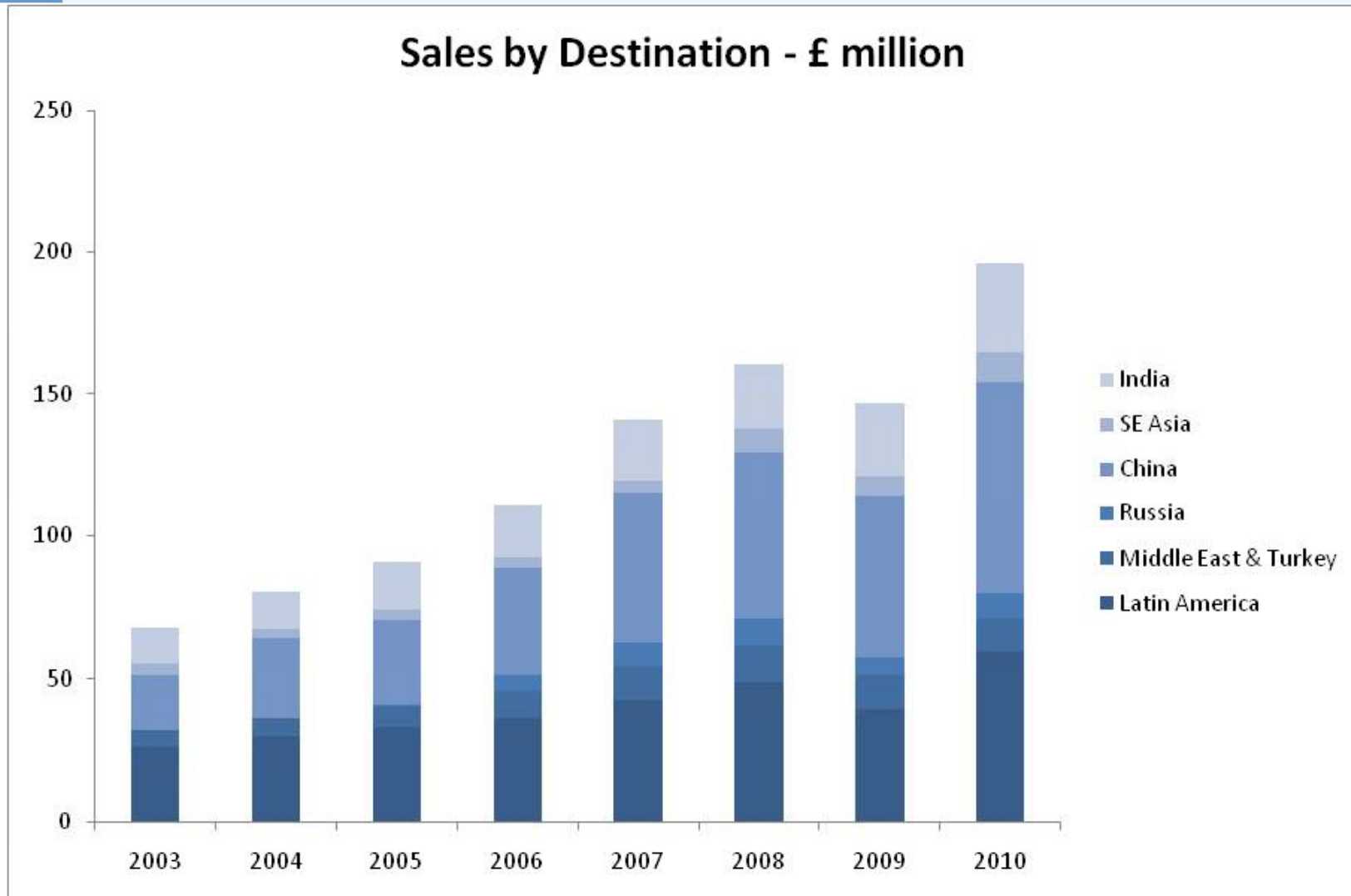


- Western world revenue (Europe and North America) picked up in 2010 but with further recovery potential still to go
- Strong growth in emerging markets with constant currency revenue up over 33% in 2010 vs 2009

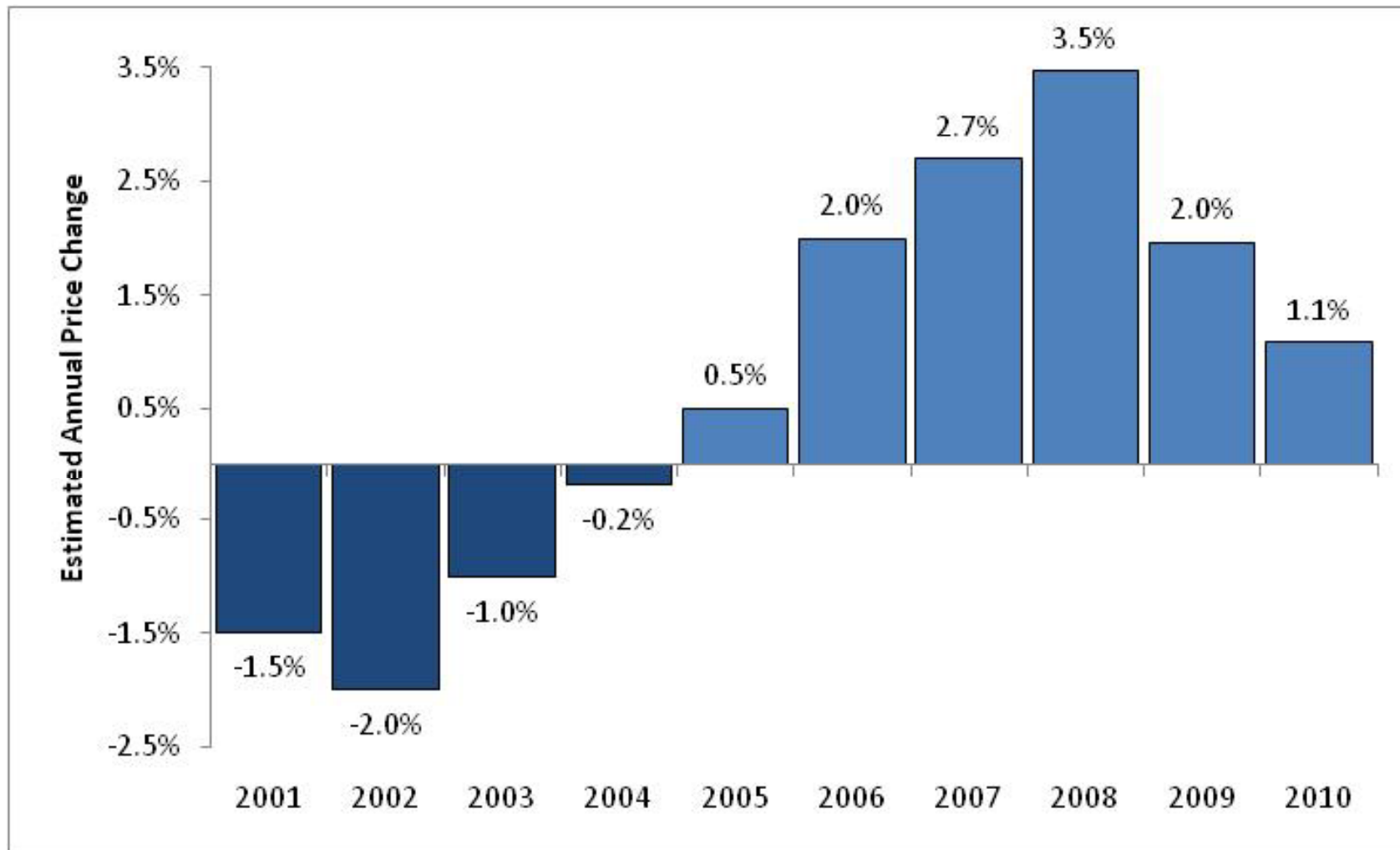
All at 2010 actual rates

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

Group revenue to emerging markets have trebled in the past 7 years



Pricing once more a positive contributor to Group revenue



Engineered Materials: profits up year-on-year with non-NP Aerospace revenue increasing c.22%

£m	Revenue		EBITA pre-restructuring and one-off items		Profit Margins %	
	<u>FY10</u>	<u>FY09</u>	<u>FY10</u>	<u>FY09</u>	<u>FY10</u>	<u>FY09</u>
AM&T (formerly Carbon)	246.8	205.2	22.1	11.6	8.9%	5.7%
NP Aerospace	120.9	186.2	17.1	28.9	14.2%	15.5%
Molten Metal Systems	40.3	30.1	6.3	0.9	15.6%	3.0%
Engineered Materials	408.0	421.5	45.5	41.4	11.2%	9.8%

- Profits up £4.1 million on lower revenue following the exceptional level of sales by NP Aerospace in 2009
- 22% increase in non-NP Aerospace revenue driving significant improvement in AM&T and MMS margins

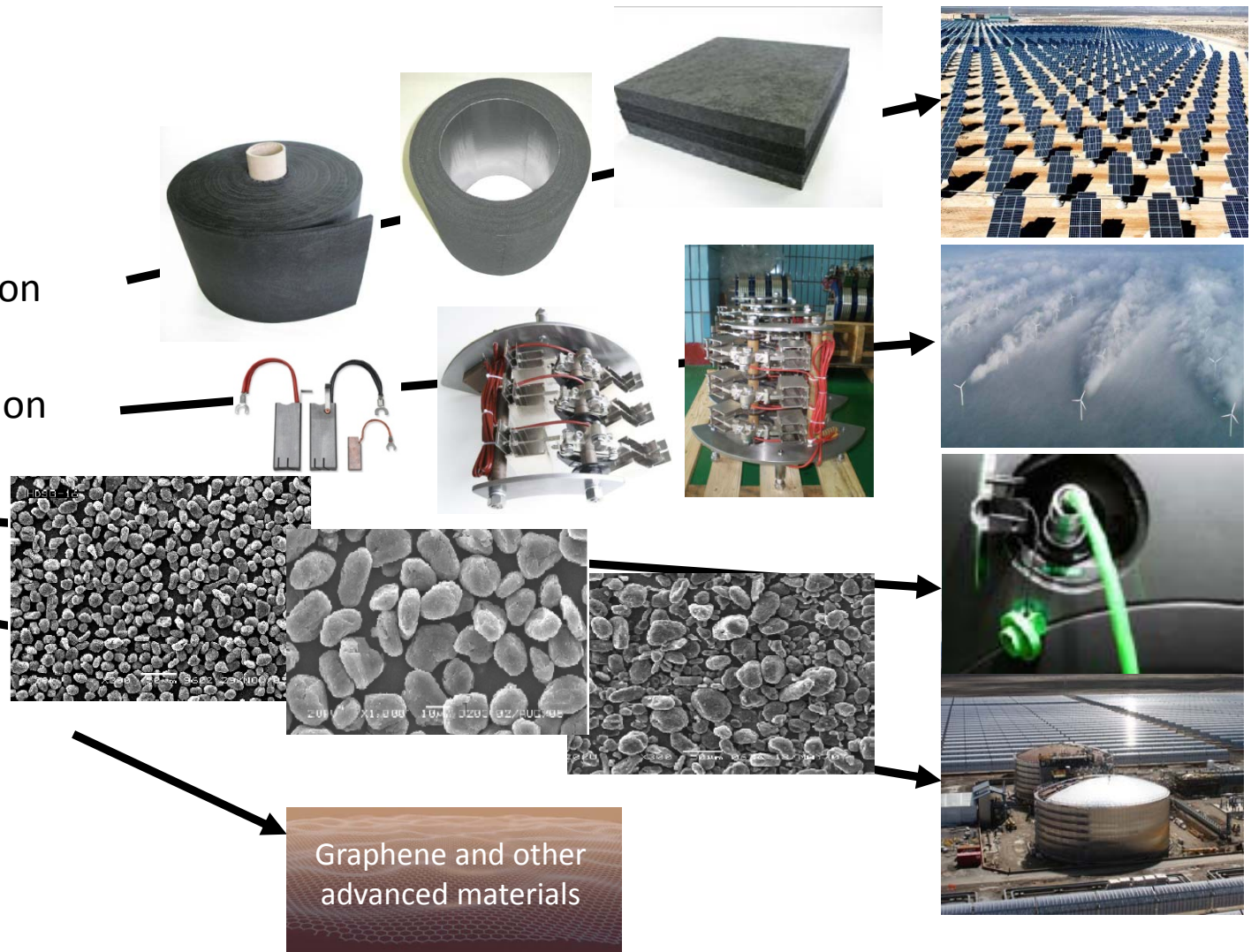
Engineered Materials: key value drivers for 2011 and beyond

	2010 Position	Future prospects
Extracting GDP or better growth from our base industrial businesses	Ongoing recovery from the 2009 downturn	++
Growth in the clean energy sector	Good progress made in Wind and Solar. Lithium Ion acquisition	+++
Capitalising on Chinese growth	>40% growth seen in 2010. Strong in-country presence	+++
Expanding our armour business internationally	US NP Aerospace office established in Detroit	++
Developing tomorrow's technologies	R&D centres established around the world	++
Driving cost-efficiencies throughout the business	34% of divisional direct labour now in low-cost economies	+

Clean energy business targeted to treble from c.£20 million of revenue in 2010 to c.£60 million in 2013

Key Markets

- Solar power generation
- Wind power generation
- Electric vehicles
- Energy storage
- Future development



Ceramics: strong progress in revenue, profit and margins

£m	Revenue		EBITA pre-restructuring and one-off items		Profit Margins %	
	<u>FY10</u>	<u>FY09</u>	<u>FY10</u>	<u>FY09</u>	<u>FY10</u>	<u>FY09</u>
Technical Ceramics	250.1	206.0	34.0	25.1	13.6%	12.2%
Thermal Ceramics	359.0	315.1	34.8	26.7	9.7%	8.5%
Ceramics	609.1	521.1	68.8	51.8	11.3%	9.9%

- Ceramics Division revenue increased c.17% with strong year-on-year growth from both Technical and Thermal Ceramics
- EBITA increased c.33% driving operating margin to 11.3%

Ceramics: key value drivers in 2011 and beyond

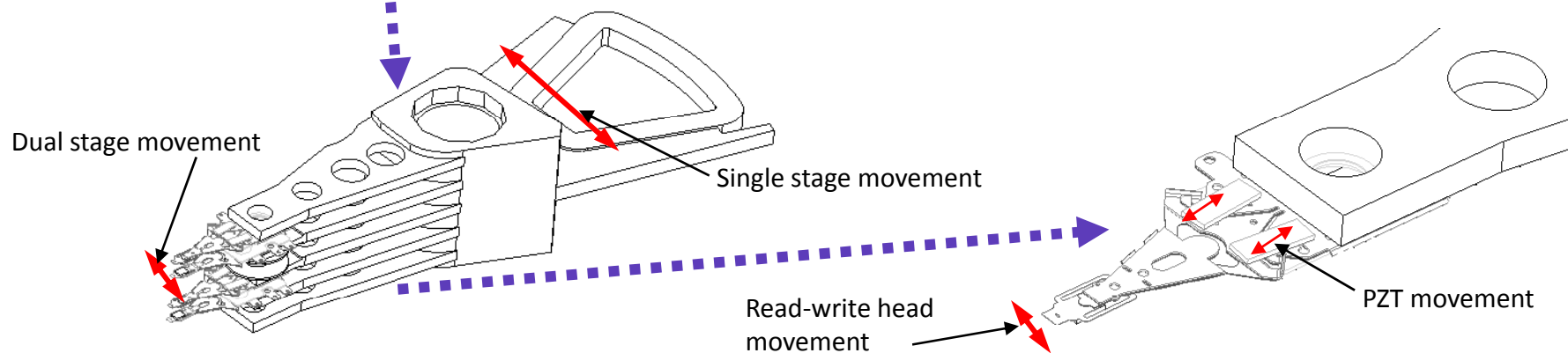
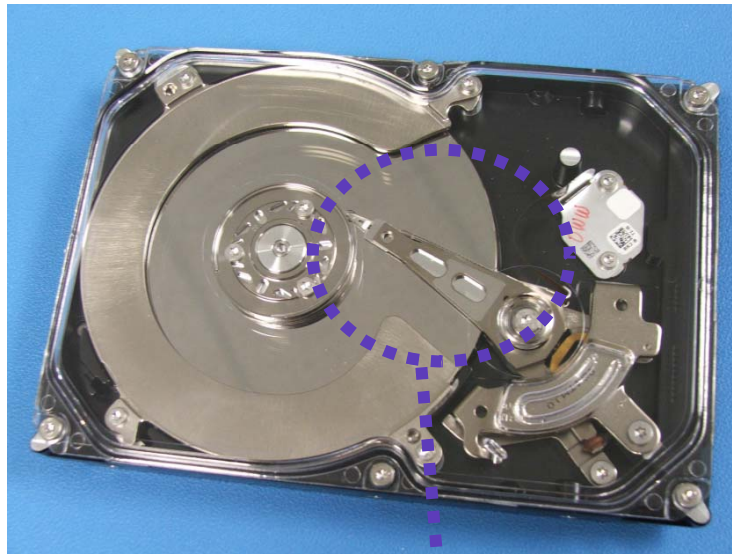
	2010 Position	Future prospects
Organic growth from targeting markets with > GDP growth drivers	Successful market positioning in Technical allowed strong growth	++
Emerging markets growth strategy	Strong Thermal base in Asia , and LatAm offers leverage for Technical	+++
Roll out of extended Superwool range	Superwool product range now without equal in the market	++
Read-write head positioning technology for high capacity hard disc drives (HDD)	Project progressing well; excellent growth prospects	+++
Full recovery of IGT and medical markets	Remained slow in 2010 but signs of improvement for 2011	++
Divisional integration benefits and operational improvements	Integration proceeding to plan – “best of both” approach	++

Positioned for a huge market with tiny piezo components in data storage

Ceramics is working with computer disk drive manufacturers to incorporate piezoelectric components on the next generation of drives

These components allow for improved control of the read-write head, which enables data density to increase allowing more data per disc and drive to increase total storage

We are partnered with the market leader



Summary

- Good year-on-year progress in 2010 with H2 stronger than H1 in revenue, profit and margin
- Encouraging momentum in early 2011 – book to bill > 1 times on growing revenue
- Opportunity for further performance improvement this year and beyond
 - Operational gearing as Western world later cycle demand continues to recover
 - Exciting growth potential both in emerging markets and in key applications such as HDD and clean energy
 - Still more to come in cost base reductions through self-help initiatives

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

Capital markets presentation on March 31st to provide more details on the roadmap and major drivers

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

Our ambition is to double underlying PBT by 2013

