

# There are significant trends shaping our modern world

Resources are becoming scarce and harder to access, and the pace of change is adding to the demand for new advanced materials

## OUR PURPOSE

Our purpose is to use advanced materials to make the world more sustainable, and to improve the quality of life. Our purpose guides our actions: it underpins our work to reduce our environmental impact, informs how we treat our people, and ensures we fulfil our responsibility for good corporate governance.



## OUR GLOBAL REACH

We have a diverse global team, working across many industries and in a number of markets, we deliver the materials science and technologies the world needs now.



### GROUP HIGHLIGHTS

Our leading, differentiated positions in attractive end markets and the calibre of our team position us well to continue to execute our strategy.

CO<sub>2</sub>e emissions reduced by **25%** in 2023 compared to 2022

Organic constant-currency revenue growth\* was 2.5%, with

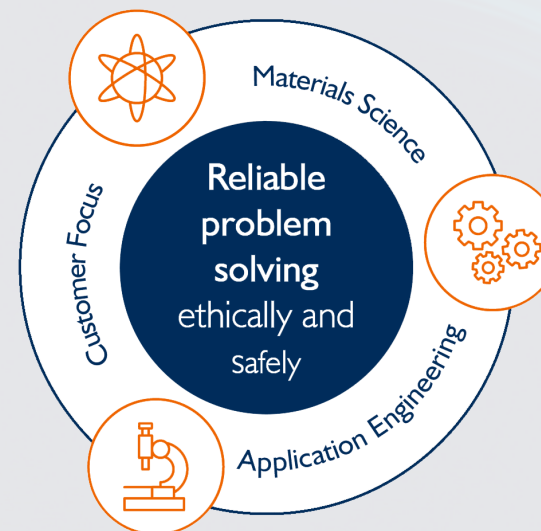
**10.4%** growth from our faster growing markets.

Our targeted investment in capacity for our faster growing segments continues at pace and we expect to increase further our exposure to these markets.

Our product differentiation and successful business model have enabled us to deliver solid revenue growth in both our Core and Faster Growing markets, despite the impact of the cyber security incident in the first half and weaker market conditions in the second.

## WHAT WE DO

We engineer components which are highly resistant to chemical and physical wear, corrosion, and extreme temperatures, sitting at the heart of many industrial processes. Our products help customers, especially those operating energy-intensive processes, to reduce energy consumption, emissions and operating costs.



## WHAT DIFFERENTIATES US

Our strategy builds on our strengths and focuses the Group on scalable businesses in attractive markets, and on the development of our three core capabilities in customer focus, application engineering and materials science. To continue the development of our core capabilities we have three execution priorities:



**Big positive difference** - making sure we govern our business the right way, looking after the environment, looking after our people and operating to high ethical standards.



**Delight the customer** - we are working to shape our product and service offerings further based on customer needs, with the overall objective of making our business more customer-centric.



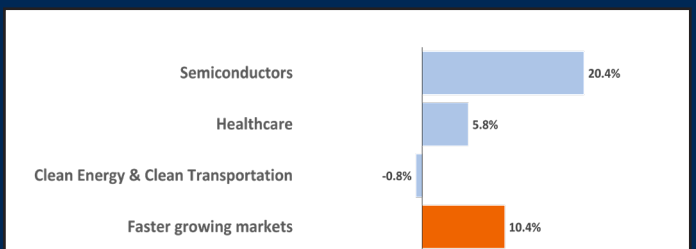
**Innovate to grow** - many of our customers have an increasing need to reduce their energy consumption and CO<sub>2</sub>e emissions, these customers need our help.

## MARKET CONTEXT

We have a strategy based on building deep expertise in materials, markets and customer needs, and that translates into leading, differentiated positions across our markets.

### GROWTH MARKETS

We are specifically targeting four faster growing markets: semiconductors, healthcare, clean energy and clean transportation.



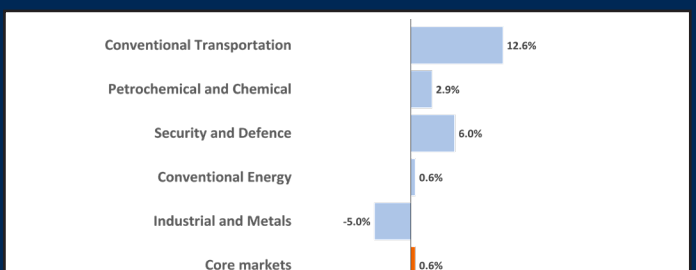
### 2023 Results

- Strong semiconductor growth in both carbon and ceramic products with SiC power electronics particularly strong
- Growth in vacuum insulation and medical seals
- Destocking in rail and weakness in China

These are market segments where demands on materials are increasingly stringent, and our materials expertise is increasingly relevant.

### CORE MARKETS

Our core market portfolio is diversified and differentiated. Our core markets make up 80% of Group revenues.



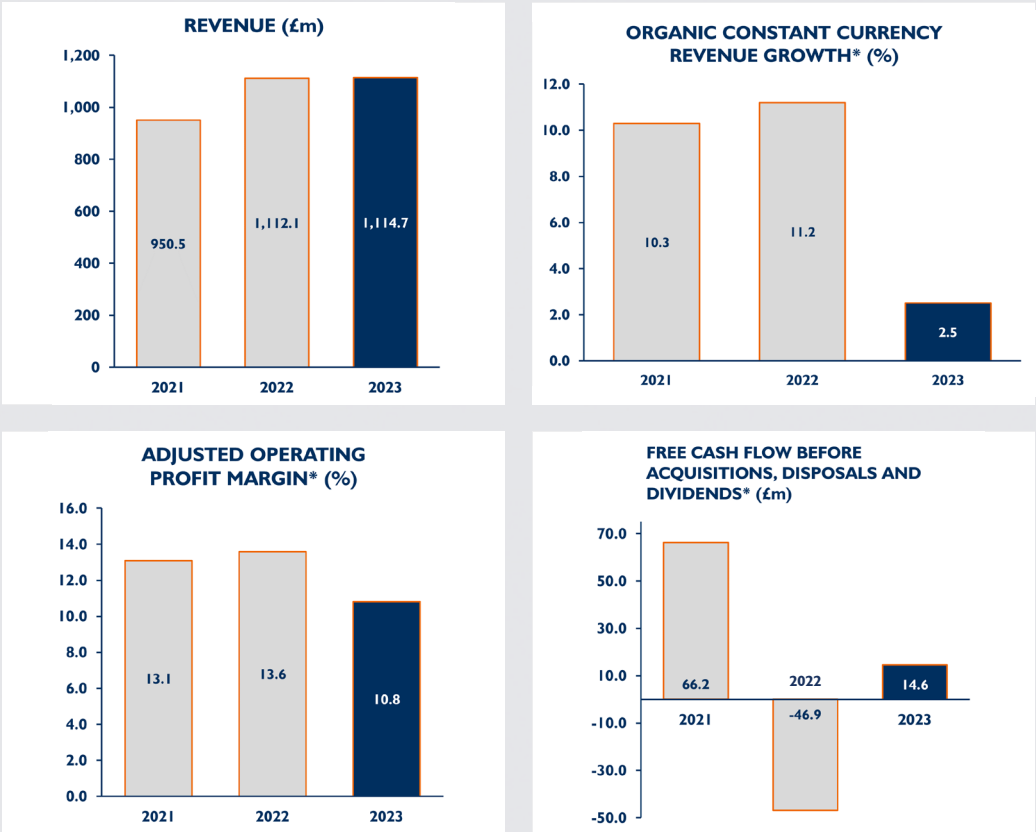
### 2023 Results

- Aerospace driving the growth in this segment
- Growth in aftermarket Seals & Bearings
- Broad-based growth in Defence demand
- Conventional energy reflecting weaker economic demand
- Decline predominantly driven by weak industrial demand

In these core markets, we are leading, or are among the market leaders. We have strong customer loyalty, a respected brand and deep application expertise.



FINANCIAL HIGHLIGHTS



1. Throughout this document, non-GAAP measures are clearly identified by an asterisk (\*) where they appear in text, and by a footnote where they appear in tables and charts. Definitions and reconciliations of these non-GAAP measures to the relevant GAAP measures can be found in the Group Financial Review of the 2023 Annual Report.

ADJUSTED PERFORMANCE	STATUTORY PERFORMANCE	HEALTH, SAFETY & ENVIRONMENTAL PERFORMANCE
Revenue	Operating profit	Lost-time accident frequency
£1,114.7m	£91.9m	0.19 (per 100,000 hours worked)
2022: £1,112.1m 2021: £950.5m	2022: £140.8m 2021: £113.1m	2022: 0.28 2021: 0.22
Group adjusted operating profit <sup>1</sup>	Profit before tax	Absolute CO <sub>2</sub> e tonnes
£120.3m	£77.8m	157,574
2022: £151.0m 2021: £124.5m	2022: £131.6m 2021: £104.3m	2022: 211,104 2021: 229,887
Adjusted EPS <sup>1</sup>	Continuing EPS	
25.0p	16.4p	
2022: 33.8p 2021: 27.2p	2022: 30.6p 2021: 23.9p	
Total dividend per share	Continuing & discounted EPS (loss)	
12.0p	16.6p	
2022: 12.0p 2021: 9.1p	2022: 31.0p 2021: 35.9p	

Our profitability and cash performance for 2023 was in line with our financial framework in the second half

ESG COMMITMENTS

We have stretching environmental goals that we are working hard to achieve. We are improving social factors to keep our people safe and we are looking to provide meaningful work that contributes to an improved society and enables the communities where we operate to thrive. We have robust governance processes across our business and operate to high ethical standards.

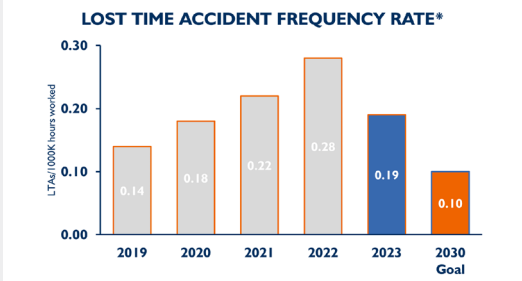
Our five ESG improvement objectives and targets show what we are focused on improving as a Group.

OUR ASPIRATION	OUR 2030 GOALS
A CO <sub>2</sub> net zero business by 2050 <sup>1</sup>	50% reduction in Scope 1 and Scope 2 CO <sub>2</sub> emissions
Use water sustainably across our business	30% reduction in water use in high and extreme stress areas <sup>2</sup>
Improve efficiency of our processes at all manufacturing sites to reduce waste	30% reduction in total water usage <sup>2</sup>

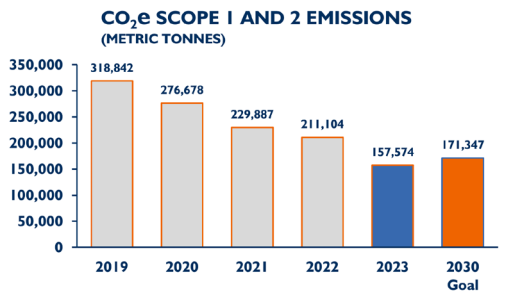
OUR ASPIRATION	OUR 2030 GOALS
Zero harm to our employees	0.10 lost time accident rate
Our employee demographics will be inclusive and reflective of the communities in which we operate	40% of our leadership population will be female
A work environment where all employees are valued and can do their best work	Top quartile engagement score

1. Excludes indirect emissions generated by our supply chain, distribution network and employee travel.  
2. Reduction targets shown are compared to a 2015 baseline.



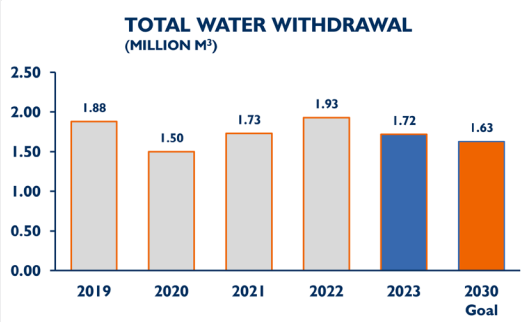
\*A lost-time accident (LTA) is defined as an accident or work-related illness which results in one or more days of lost time. Calculated as total number of lost-time accidents in the year, multiplied by 100,000 hours worked, divided by total number of hours worked.

During 2023 we refreshed our 'Take 5' for safety process, introducing new templates and training all of our people. We also completed further work to improve the safety of our high temperature processes and deployed a new EHS system to facilitate reporting and management of EHS activities.

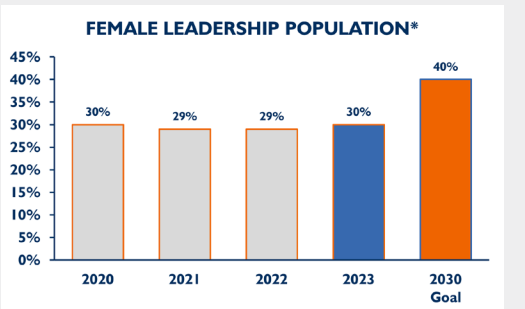


Note: All figures reported show absolute CO<sub>2</sub>e on an annualised basis

For CO<sub>2</sub>e we continue to make great progress against our 2030 target. Scope 1 and 2 CO<sub>2</sub>e emissions reduced by 25% in 2023 (compared with 2022). This was driven by increased sourcing of renewable electricity, efficiency improvements in our high-temperature processes and continued investment in electric furnaces.



In 2023 our total water withdrawal was 1.72 million m<sup>3</sup>, which is an 11% decrease over 2022 levels and a 26% decrease over 2015. This reduction was driven by our investment in water recirculation projects in late 2022 and through 2023, better water management practices and changes in product mix.



\* Includes Executive w/o CEO/CFO plus 2nd to 4th tier.

While we have done a lot to improve our business as an environment for female leaders, we have yet to make progress on this metric and we will be taking further steps in 2024 including further policy improvements, ensuring diverse shortlists when filling roles and accelerating the development of our female leaders.

“Our business and our people have demonstrated great resilience this year, responding to and recovering from a cyber security incident while keeping each other safe and delivering for our customers.”

Pete Raby, CEO

TO FIND OUT HOW  
our people work with our communities, please visit our website at:  
[www.morganadvancedmaterials.com/community](http://www.morganadvancedmaterials.com/community)

TO FIND OUT MORE  
about our products and services, please visit:  
[www.morganadvancedmaterials.com/whatwedo](http://www.morganadvancedmaterials.com/whatwedo)