



Morgan Advanced Materials
**Accelerating
Growth**

What we do

We are the global manufacturer of advanced carbon and ceramic materials for complex and technologically demanding applications

We create value through our long-term, trusted, relationships with customers and an extensive understanding of their needs

We use our deep materials expertise, R&D and testing capabilities and considerable production know-how to produce differentiated products that are integral to our customers processes and products

We have differentiated positions in our Faster Growing Markets: Semiconductors, Healthcare, Clean Energy, and Clean Transportation and across our Core Markets that we expect to grow strongly supporting robust organic revenue and profit growth



Our investment proposition is stronger

1.

Organic growth

Our organic growth will be **towards the higher end of our 4-7% range** over the next four years

2.

Simplification

We have simplified the Group to improve our support to customers and reduce costs

3.

Margin progression

Margins are well underpinned and will progress **towards the top of our 12.5%-15% range**

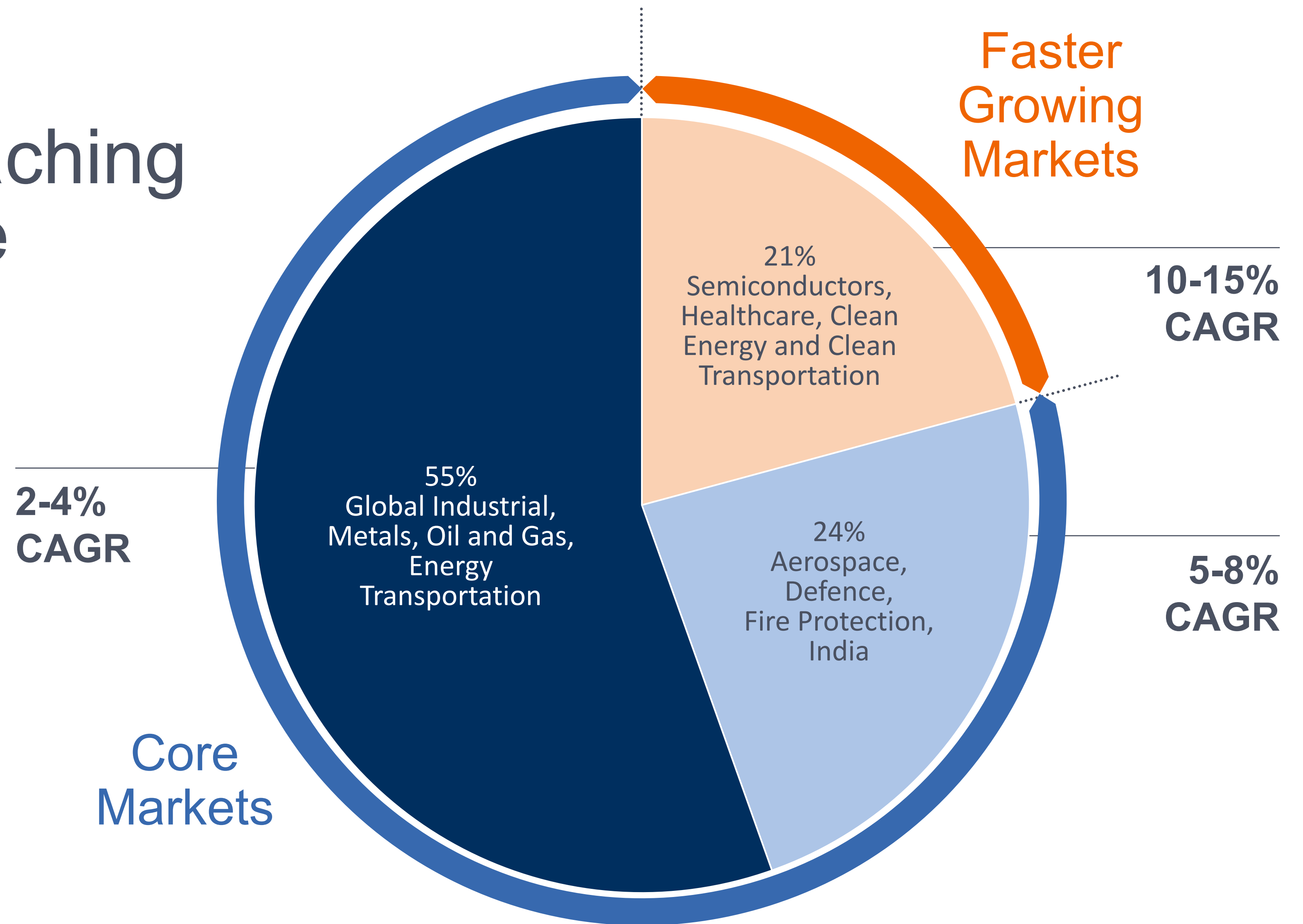
4.

Capital allocation

The balance sheet is strong enabling us to fund rapid organic expansion and M&A

1. Organic growth

High Growth
Markets approaching
50% of revenue



1. Organic growth

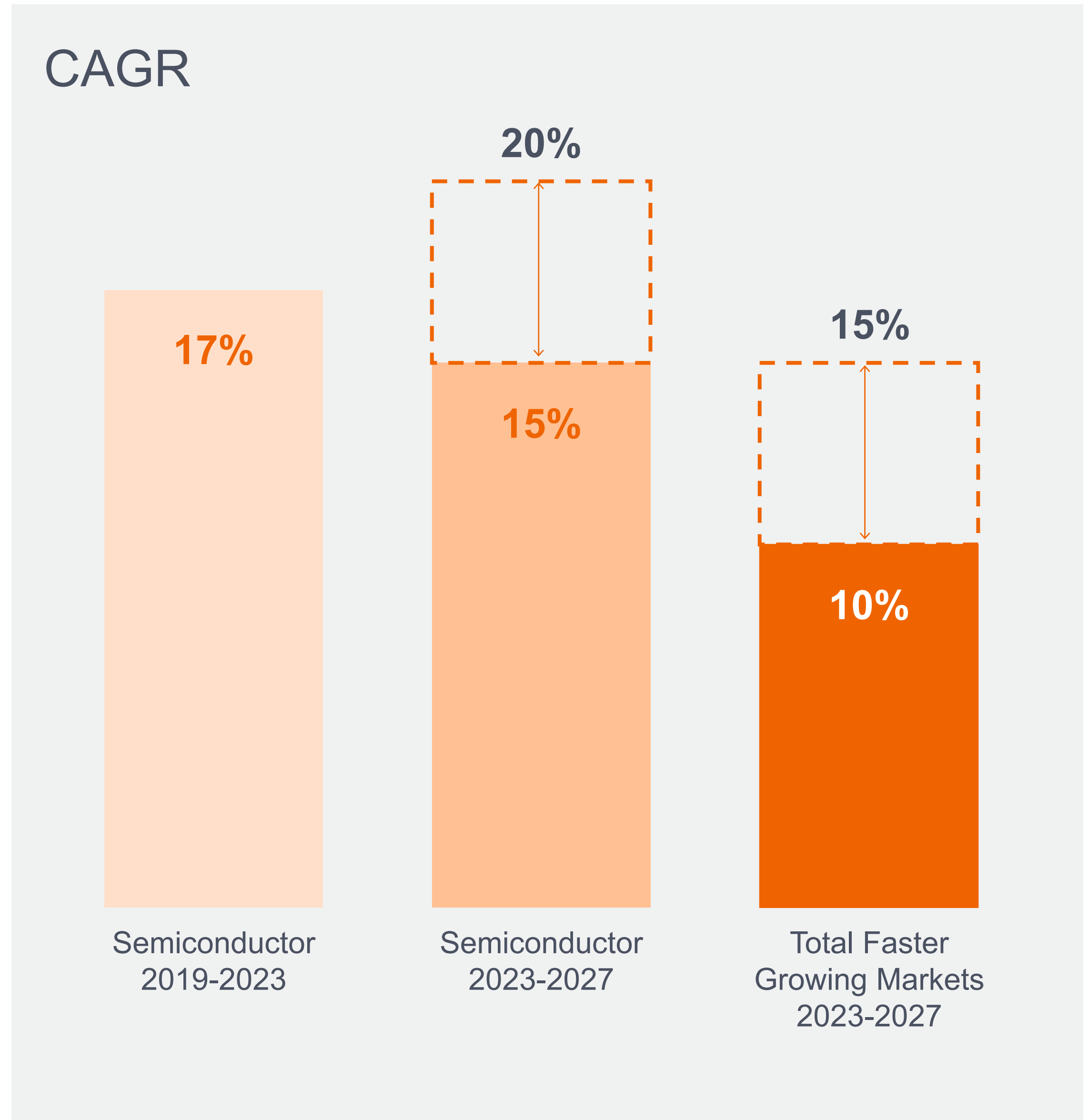
Growth accelerating in semiconductors

Semiconductor revenues are 50% wide band gap SiC power electronics and 50% conventional processors and devices

There are robust drivers for semiconductor demand:

- The energy transition: Growth in electric and hybrid vehicles and grid power conditioning
- Digitisation: The ongoing digitisation and networking of devices
- AI: The growth in AI applications

Faster Growing Markets:



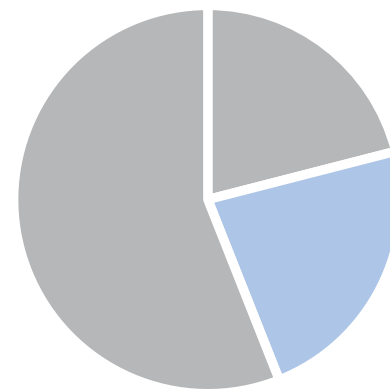
1. Organic growth

Core growth well underpinned

We expect Core to grow at or above the top of our guided 2-4% growth range driven by four Core markets representing around one third of our Core business:

- Aerospace
- Defence
- Fire Protection
- India

Core Growth Markets:



2023-2027 CAGR

Aerospace, Defence, Fire Protection, India

5%

8%

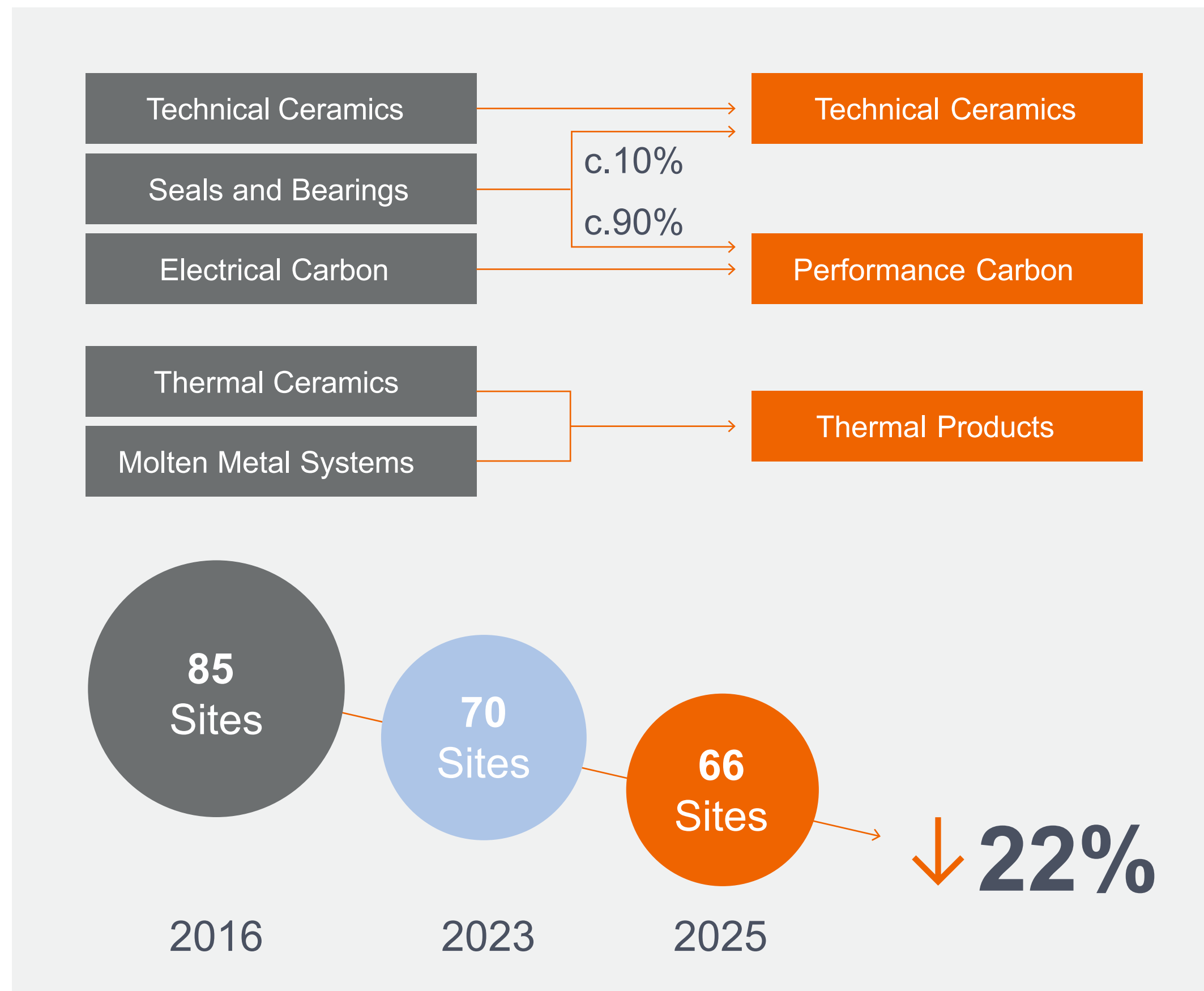
Global Industrial and Metals, Oil and Gas, Energy, Transportation

2%

4%

2. Simplification

Business simplification & cost savings



Commercial & operational benefits:

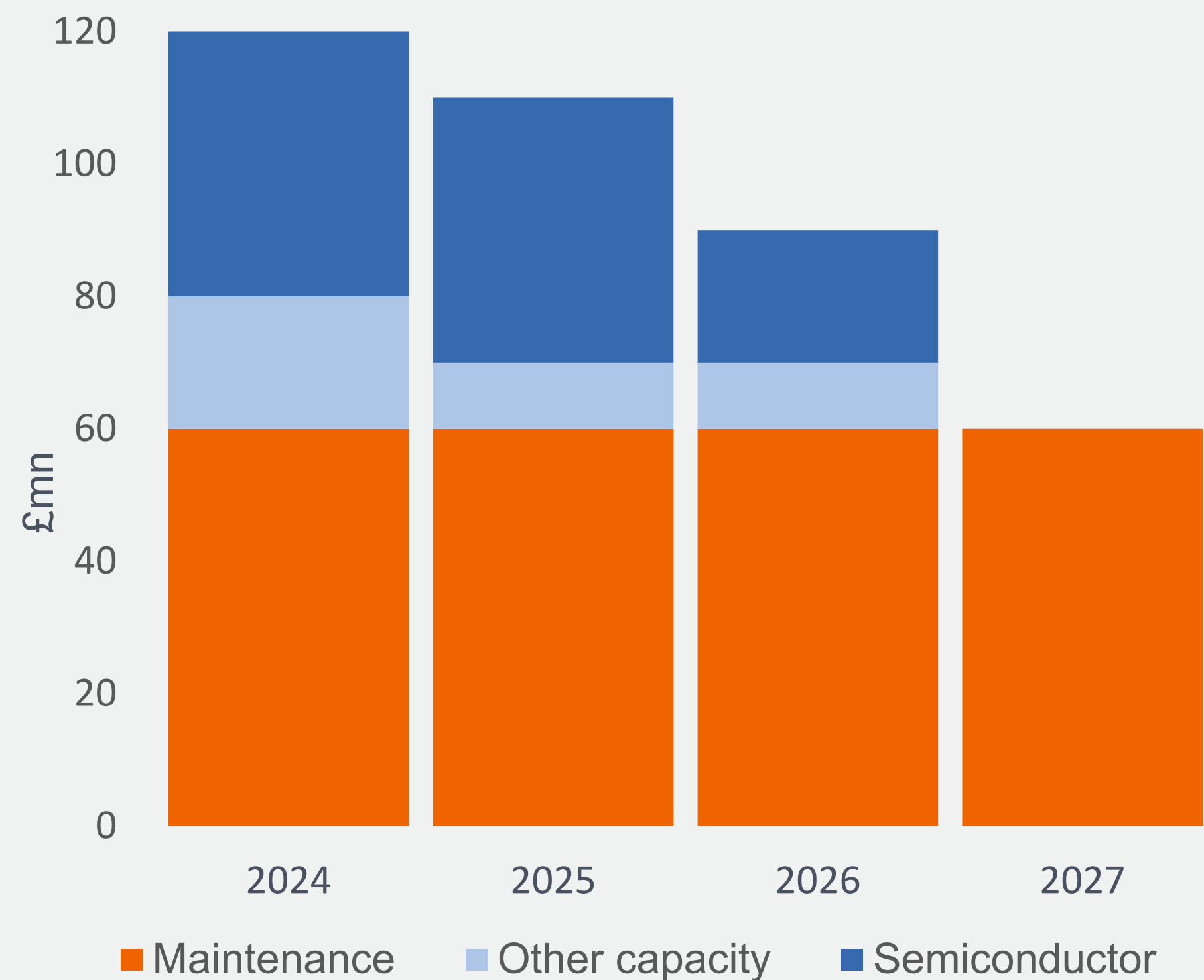
- More efficient leadership structure, combining equivalent assets and processes
- Resources focused on most attractive growth opportunities
- Footprint optimisation allowing for more flexible use of capacity

Cost benefits:

- Closure of four sites
- Savings of £10m per year
- £20m implementation costs
- Back-office and other simplification benefits

3. Margin progression

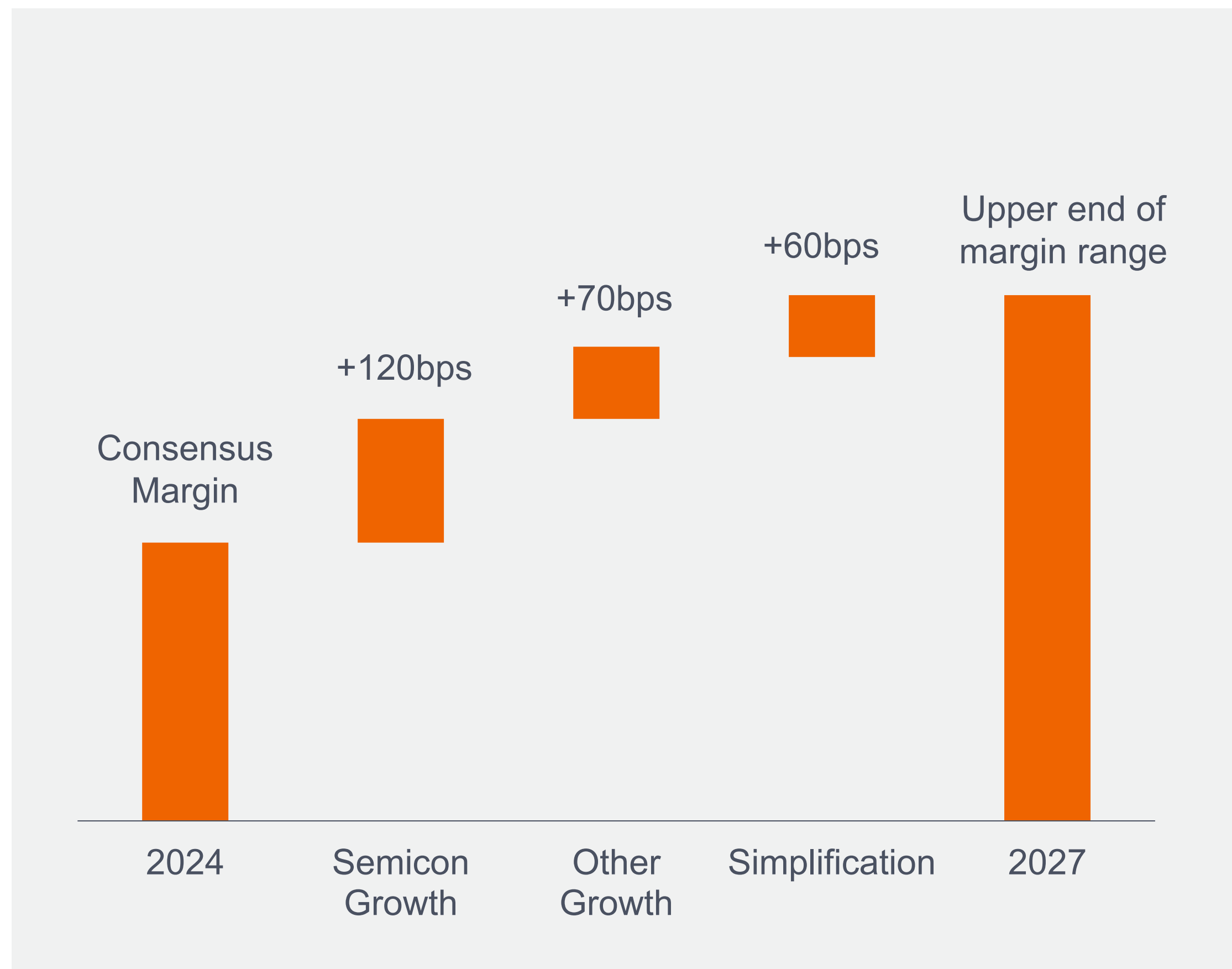
Efficient capital investment driving margin and strong returns



- Investment of £100m in Semiconductor capacity over 3 years, incremental investment at existing sites giving minimum 25% ROI
- Other capacity investment in Faster Growing Markets and Core estimated at £40m with minimum 20% ROI
- Maintenance capex at c.1.2x depreciation, includes ongoing enhancement to environmental footprint

3. Margin progression

Confidence in continued margin progress through target range



- Semiconductor growth adding a minimum £80m of revenue and £25m of profit
- Other growth c.50% capex backed
- Simplification drops through by 2027
- Inflation continues to be recovered through continuous improvement and pricing

4. Capital allocation

M&A

In depth strategic analysis refining our extensive pipeline list from 187 potential targets to 6 in discussion

A disciplined approach to selection:

- Component manufacturers
- Access to faster growing markets
- Operations in US, Europe, Asia
- Unlikely to be a pure consolidation/synergy play
- Must add technical/product capability and/or enhance supply chain

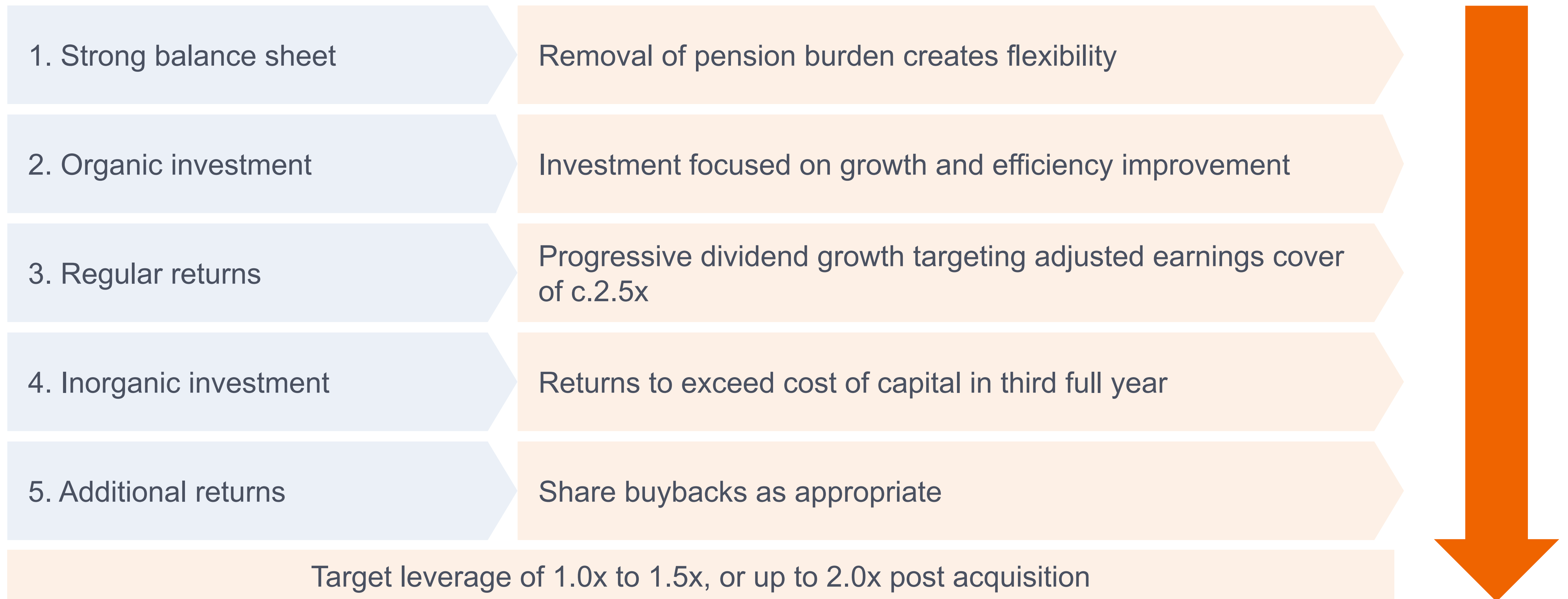
Robust financial metrics:

- Attractive growth potential
- Financially stable with potential to enhance Segment margin
- ROI to exceed cost of capital in third full year
- Clear synergy cases developed
- Valuation range of current shortlist £25-£75m



4. Capital allocation

Capital allocation prioritises growth and returns



Upgraded financial framework

Delivering significant EPS growth

Clear through-cycle financial framework

Organic revenue growth

4-7% organic revenue growth (increased from 3-6%)

+

Continuing profit growth

12.5% to 15% adjusted operating profit margin

+

Accretive M&A

ROIC 17-20%

+

Additional shareholder returns

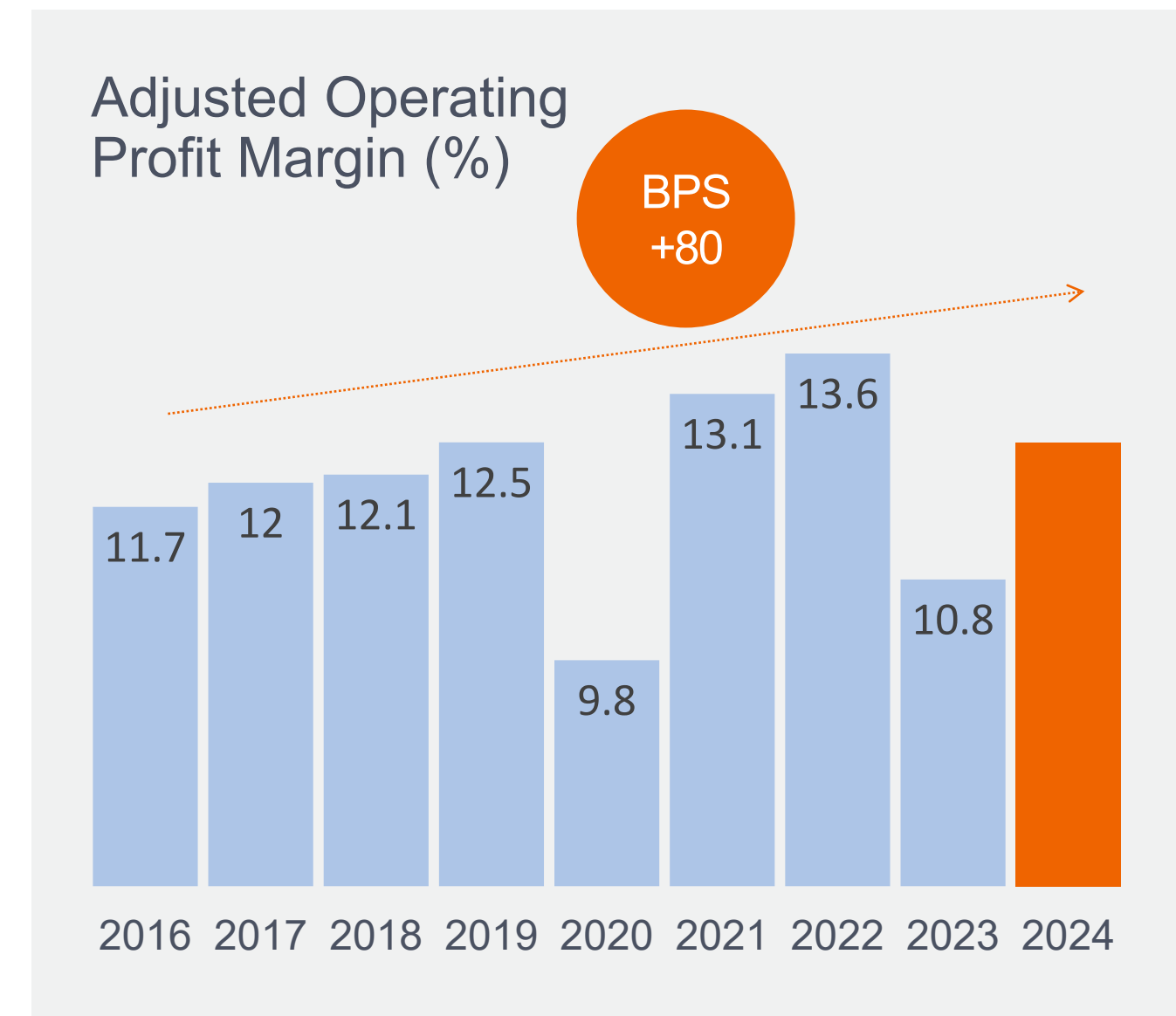
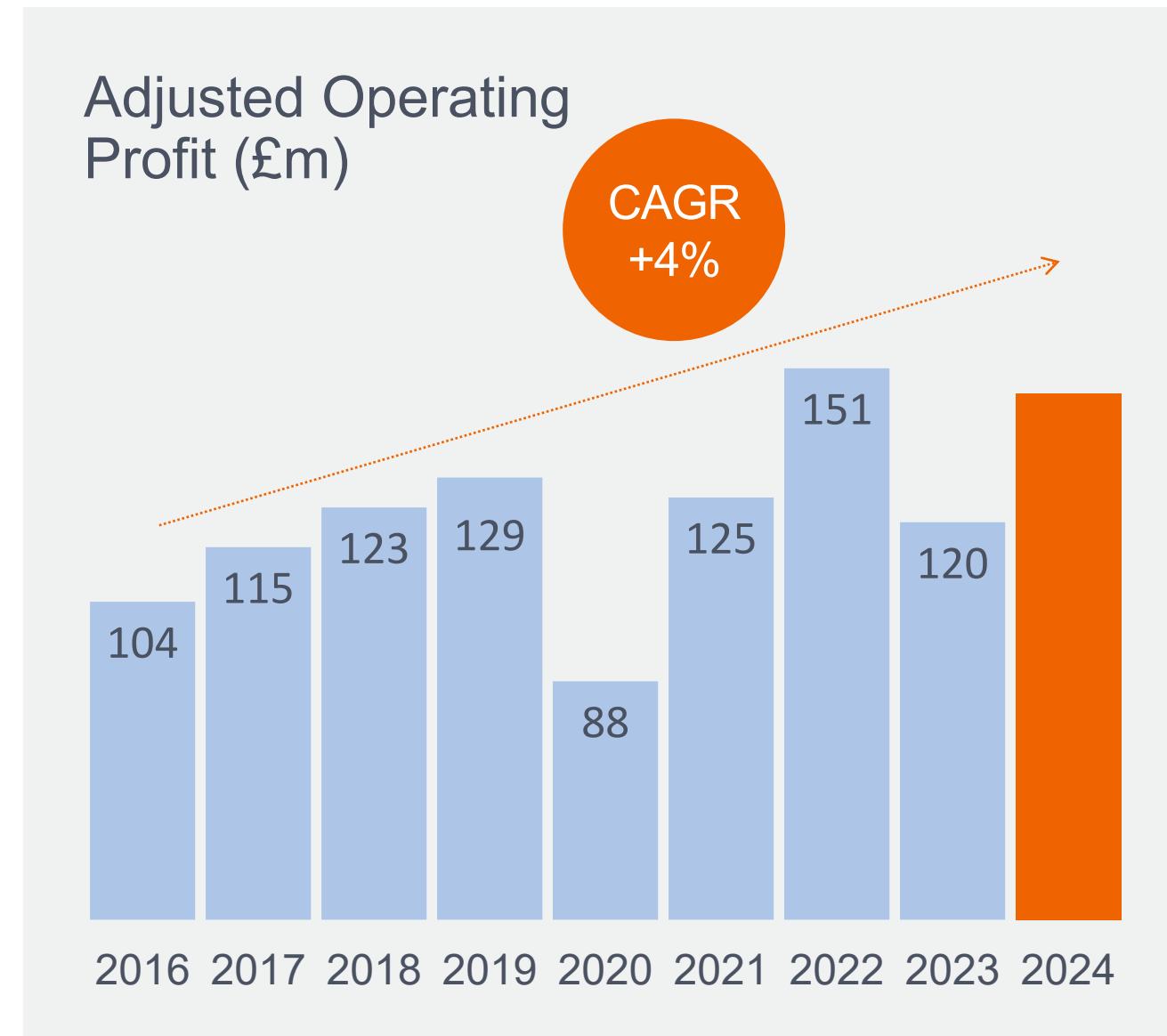
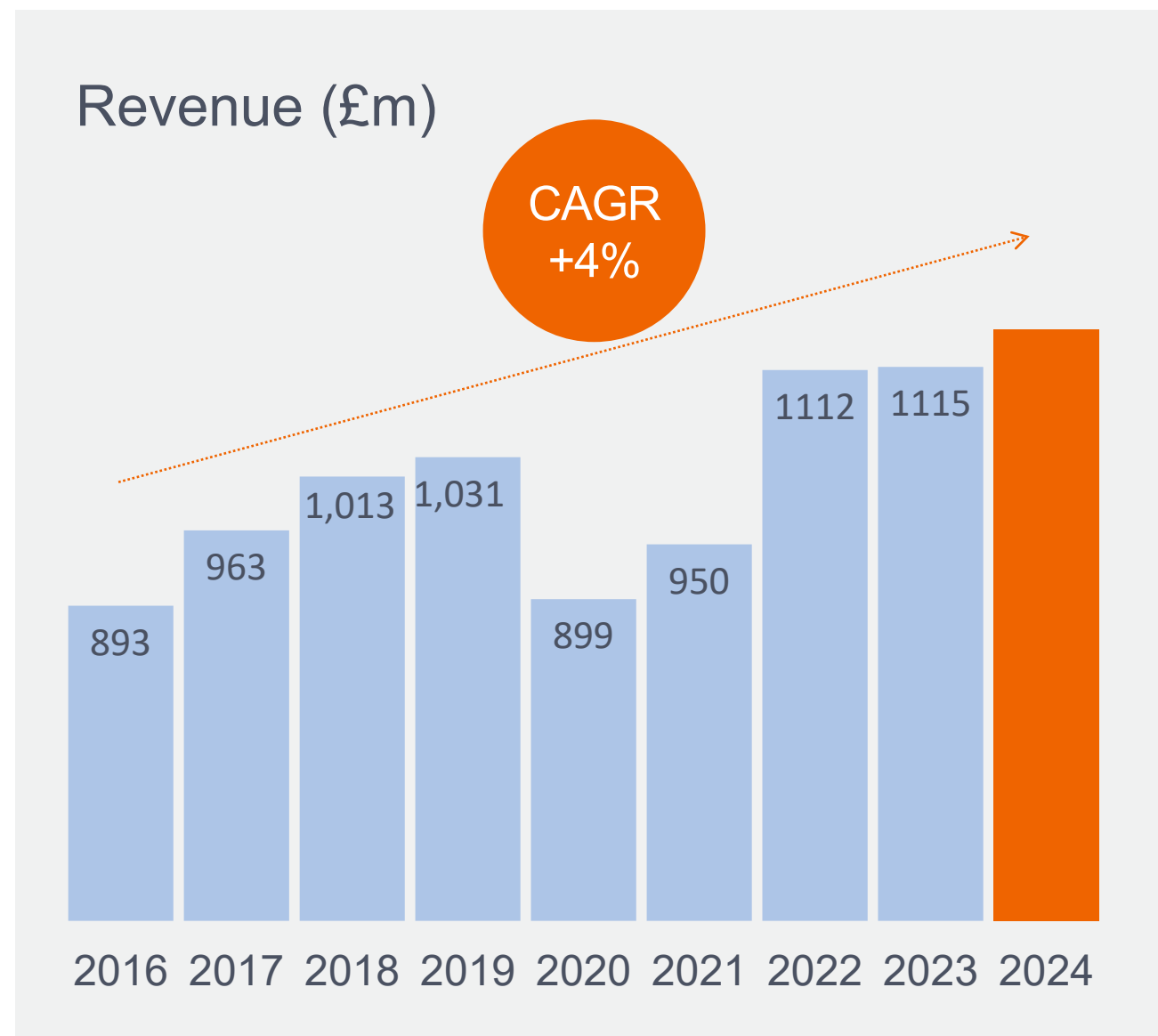
Leverage of 1.0x to 1.5x, up to 2.0x post acquisition

=

Significant EPS growth




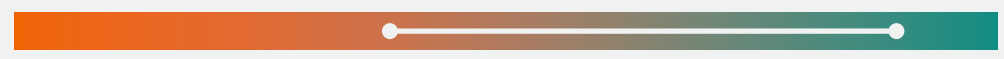
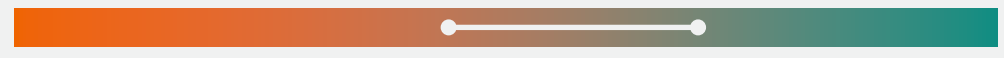
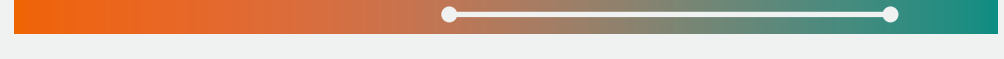


Enhanced EPS growth

Financial track record

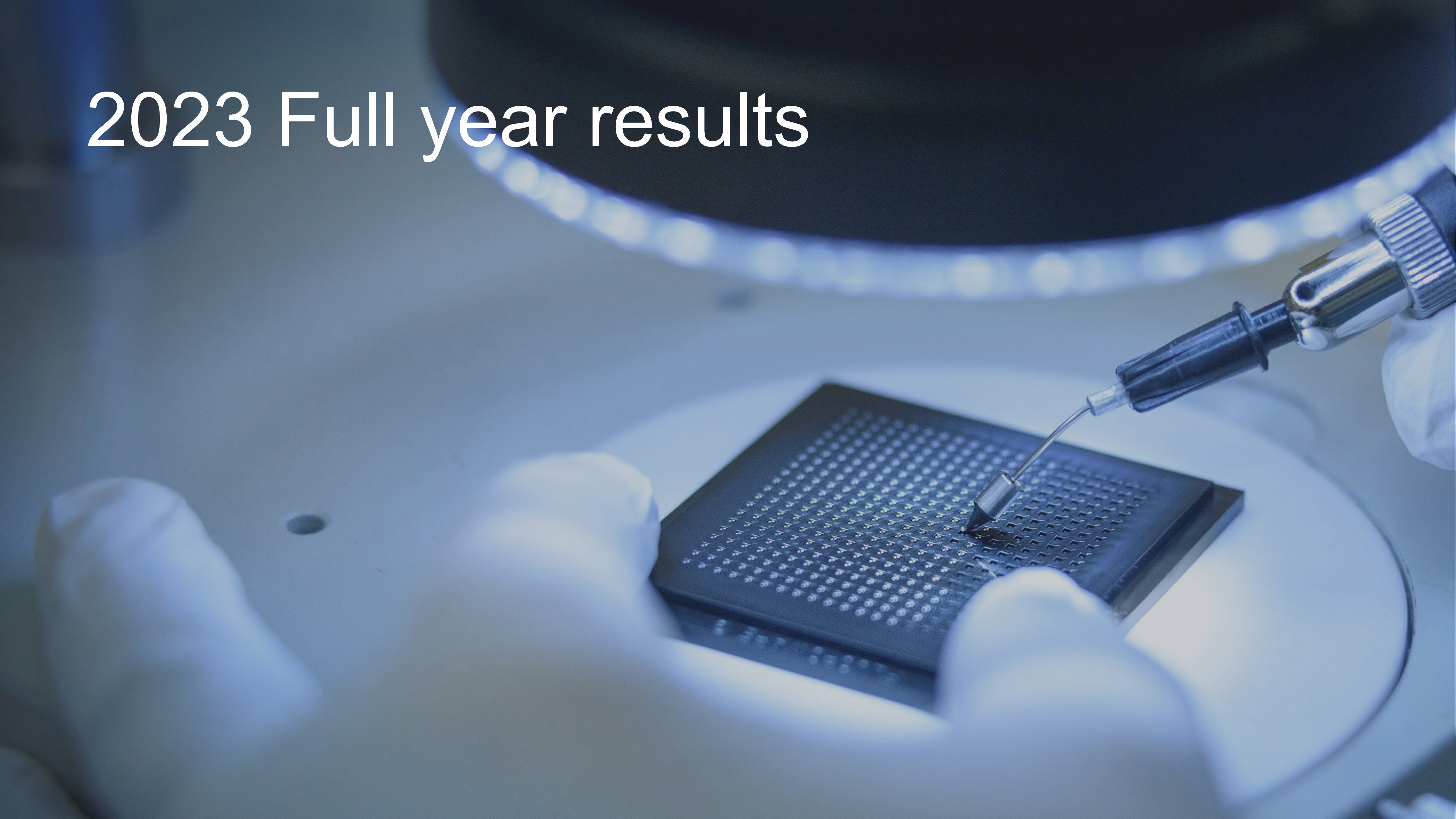


⁶ Indicative 2024 outturn based on internally compiled consensus

Leading differentiated positions

Market	Share of revenue (%) (FY 2023)	Market Position	Differentiation
Faster growing			
			L H
Semiconductors	9.7%	Emerging/Top 3	
Healthcare	7.1%	Leader	
Clean energy + clean transportation	4.5%	Emerging	
	21.3%		
Core			
			L H
Industrial	28.3%	Leader/Top 3	
Metals	13.5%	Top 3	
Petrochemical	9.9%	Leader	
Aerospace & Defence	17.0%	Leader	
Other (inc Automotive)	10.0%	Top 3	
	78.7%		

2023 Full year results



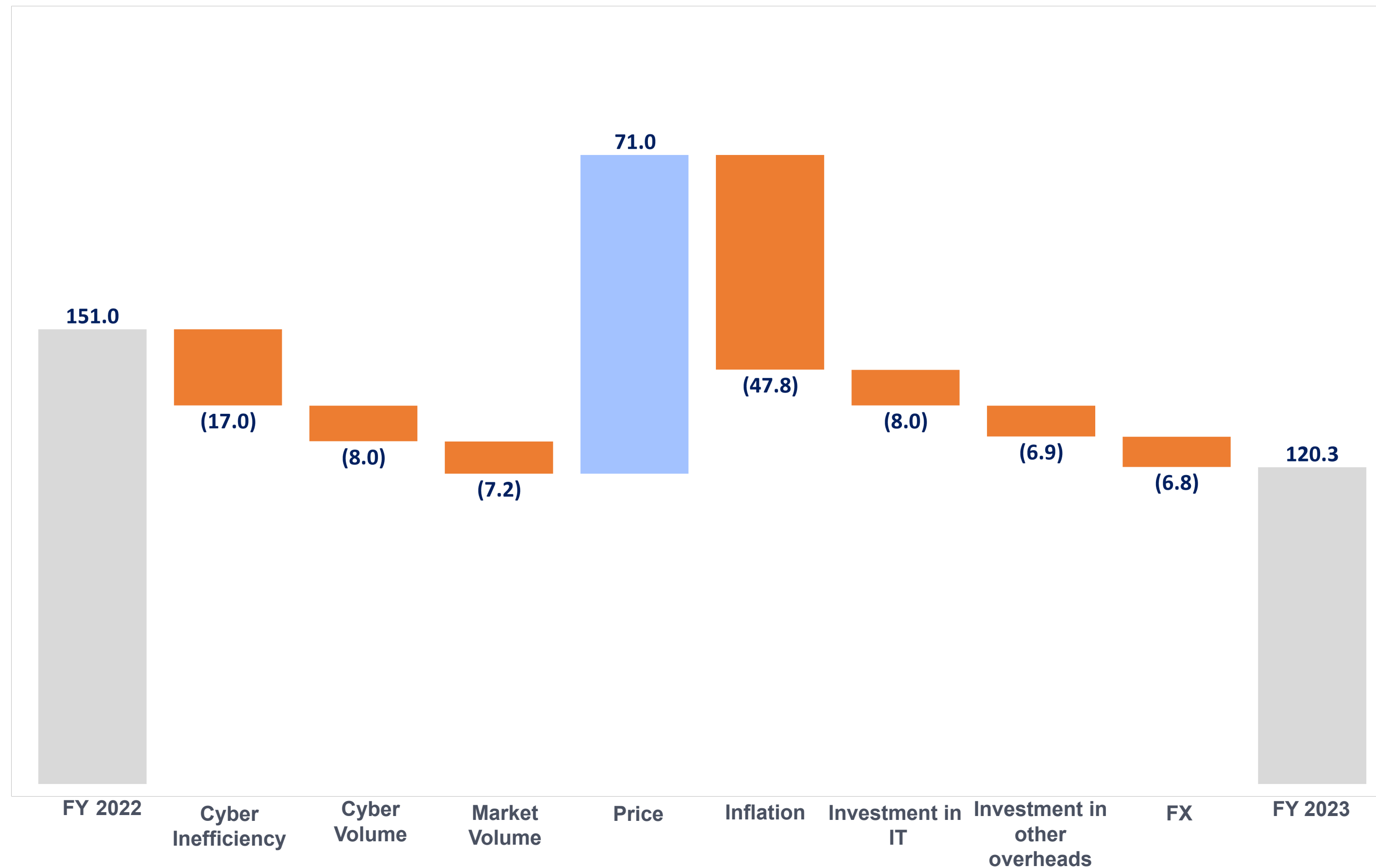
Group Performance

£m	FY 2023	FY 2022	% change from FY 2022	
			As reported	At organic constant-currency
Revenue	1,114.7	1,112.1	0.2%	2.5%
Group adjusted operating profit ¹	120.3	151.0	(20.3)%	(16.6)%
<i>Group adjusted operating profit margin %</i>	<i>10.8%</i>	<i>13.6%</i>		
<i>Return on invested capital %²</i>	<i>17.6%</i>	<i>23.7%</i>		
Cash generated from continuing operations	126.3	59.1	113.7%	
Free cash flow before acquisitions, disposals and dividends	14.6	(46.9)		
Adjusted earnings per share	25.0p	33.8p	(26.0)%	
Total dividend per share	12.0p	12.0p	-%	

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

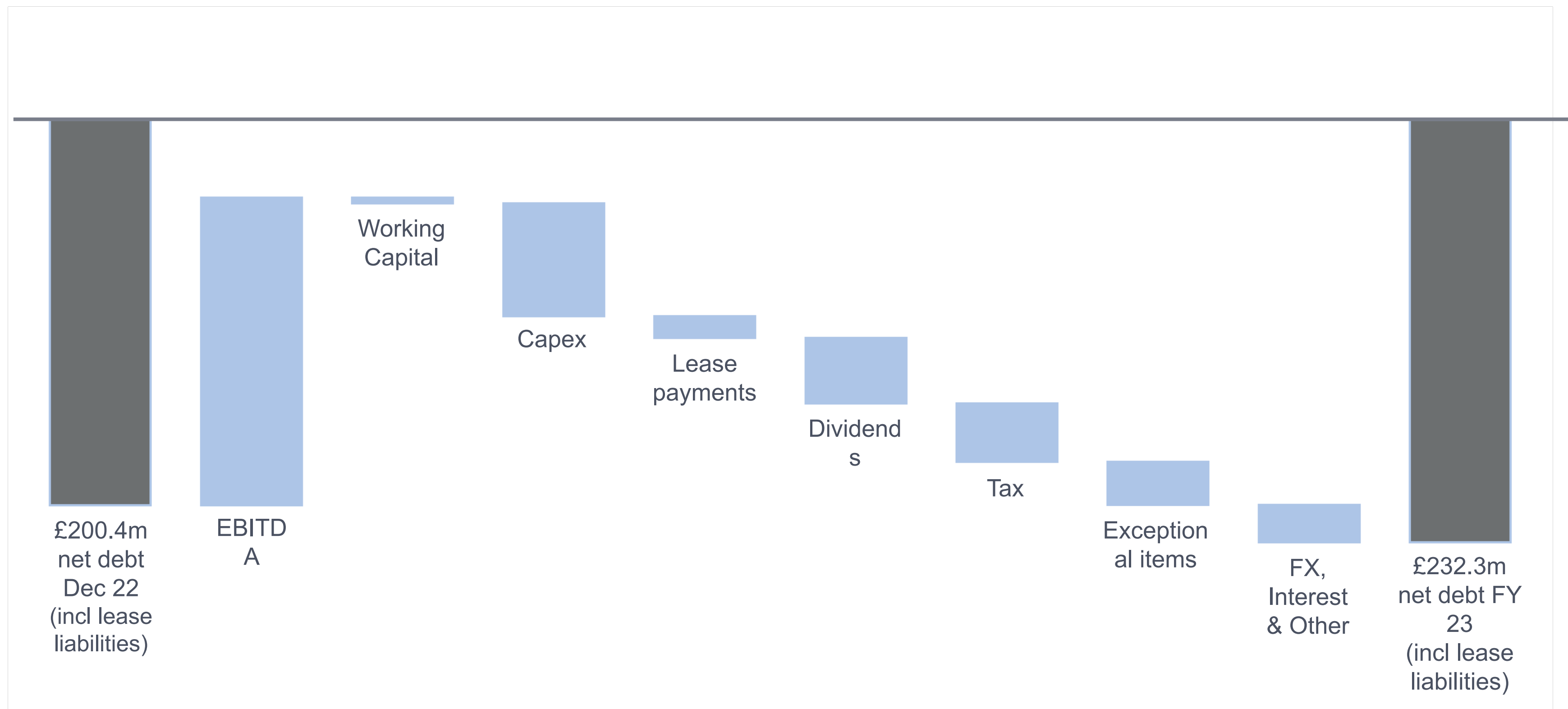
2. The ROIC calculation has been simplified so that it can be calculated from published information and the prior period comparative has been restated to follow the same methodology. See slide 31 in the appendix for details.

Group adjusted operating profit bridge



- Principal impacts of cyber security incident are:
 - lower volume due to capacity constraints; and
 - costs of inefficient operation during the cyber incident
- Volume shows impact of industrial slowdown impacting core markets in H2
- Pricing measures continue to more than offset cost inflation
- Increased investment in IT infrastructure
- Increase in overheads (excluding inflation) limited to £7m.

Cash flow summary



Working capital outflow of **£(3.0)m**
2022 : £(44.7)m

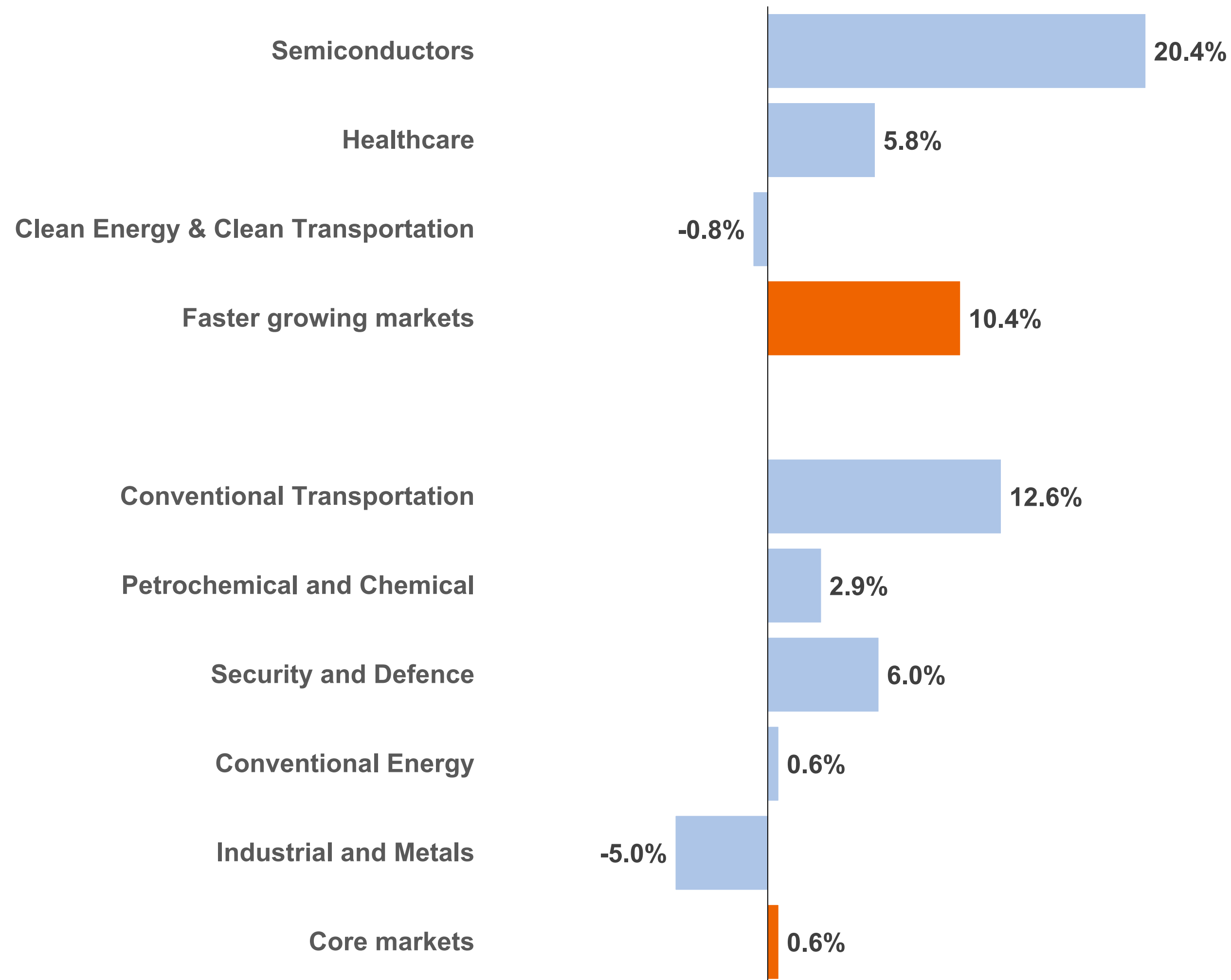
Capital investment of **£58.5m**
2022 : £57.4m

Free cash flow of **£14.6m**
2022 : £(46.9)m

Net debt (excl lease liabilities) of **£185.2m**, net debt/EBITDA of **1.2x**
2022 : 0.8x

Growth across major market segments

Year-on-year organic % change at constant-currency



- 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
- 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, particularly in Europe.

Why Morgan?

1

Well positioned
in attractive, high-
growth markets

2

Leading,
differentiated market
positions

3

Sustainable solutions
for a greener future

4

Resilient group
delivering attractive
through cycle returns
Sustainable solutions
for a greener future

Summary

- Despite the cyber security incident, we have grown revenue +2.5%, with +10.4% growth from our faster growing markets
- Margins recovered to 12.5% in the second half, in line with our financial framework
- We are increasing our investment in capacity for the semiconductor market, lifting the group's growth rate
- We are restructuring and simplifying our structure and operational footprint
- Our strong balance sheet underpins investment opportunities and the ability to deliver good shareholder returns
- Underlying outlook for 2024 performance is unchanged and aligned with our financial framework, foreign exchange headwind anticipated, with slight weighting to the second half as additional capacity comes online

Semiconductor Opportunity



Our extensive portfolio is used across the value chain

We make components with advanced materials that our customers rely on to develop the world's most sophisticated chips

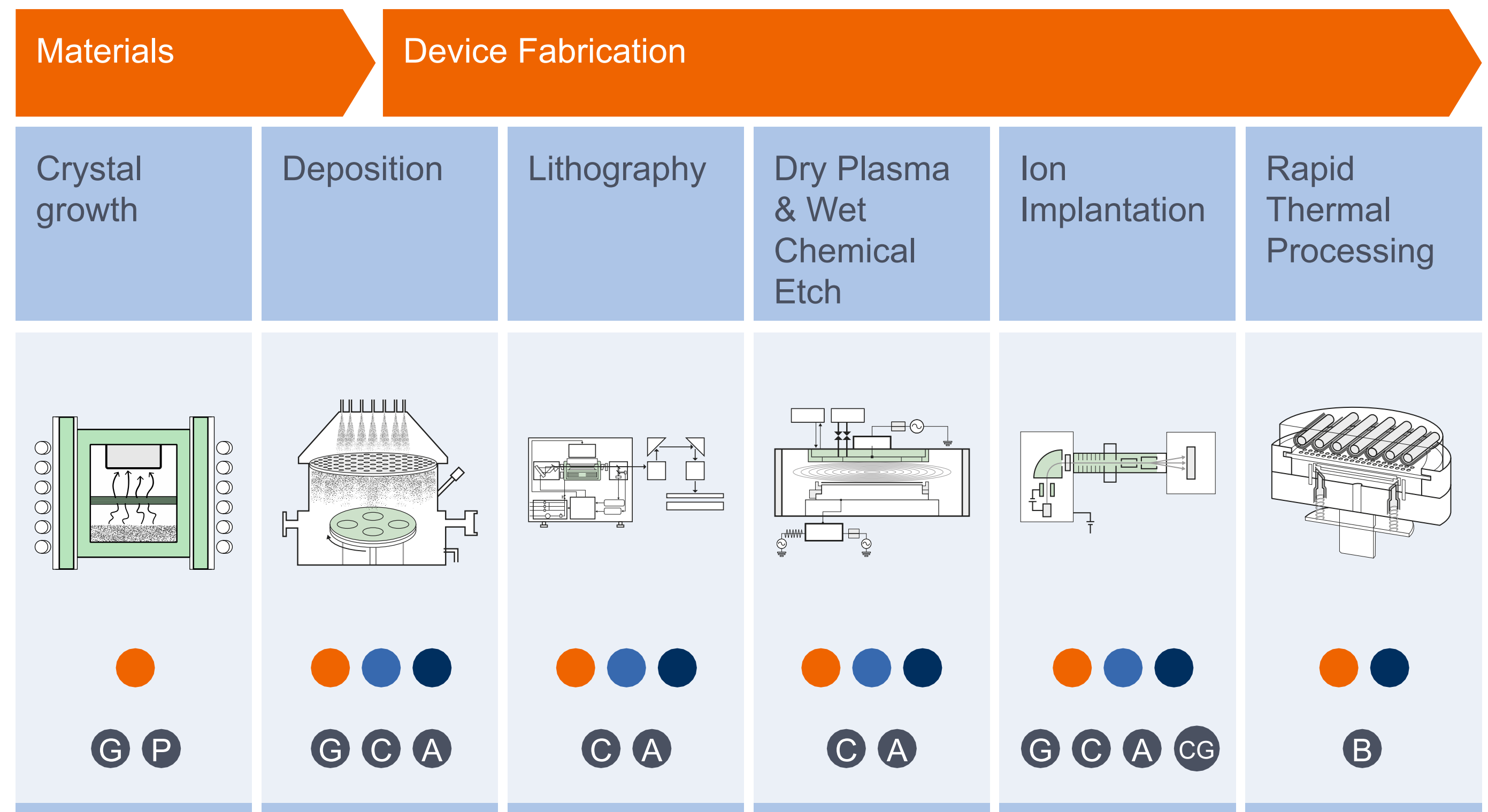
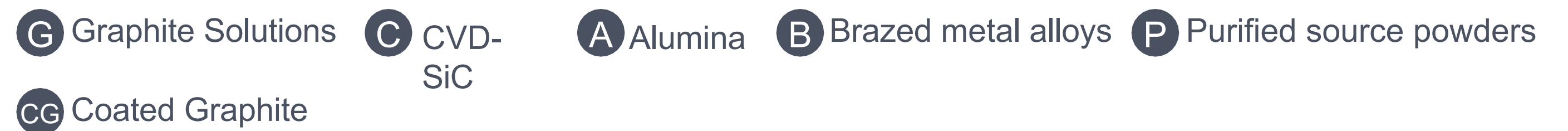
We benefit from the recurring sales of our highly qualified products:

- Our advanced material components are replaced with regular frequency and in some cases are consumed in the process
- We develop bespoke solutions with customers that require lengthy qualification processes

Semiconductor technology



Morgan Advanced Material



Value we bring our customers

Two examples

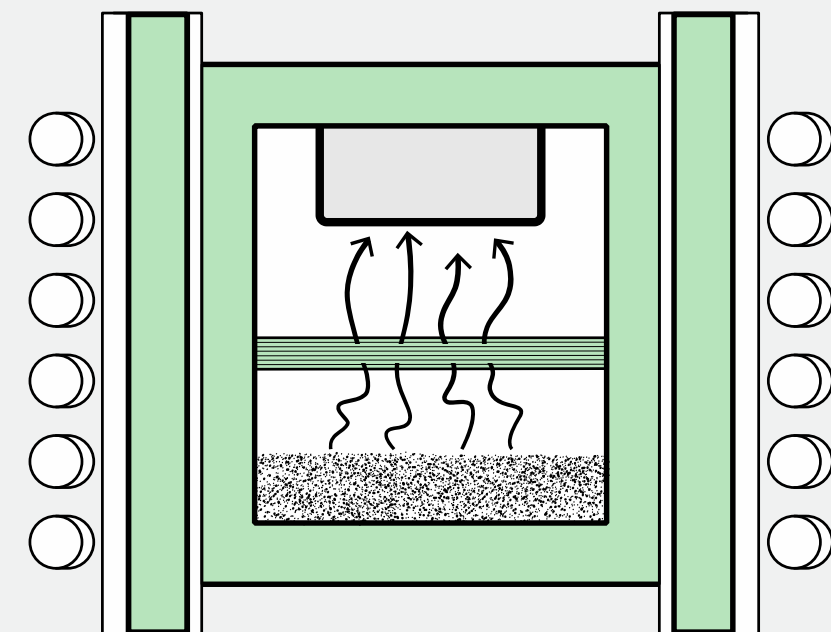
SiC Crystal growth process

Morgan's bespoke products bring consistency and stability to improve crystal reproducibility and quality

> 80% of top wafer makers now use Morgan products to optimise yield and reduce cost of this process, several supported by long term supply contracts

Our products include:

- Graphite high-temperature insulation
- Porous graphite membranes
- Isographite components
- Graphite and SiC source powders



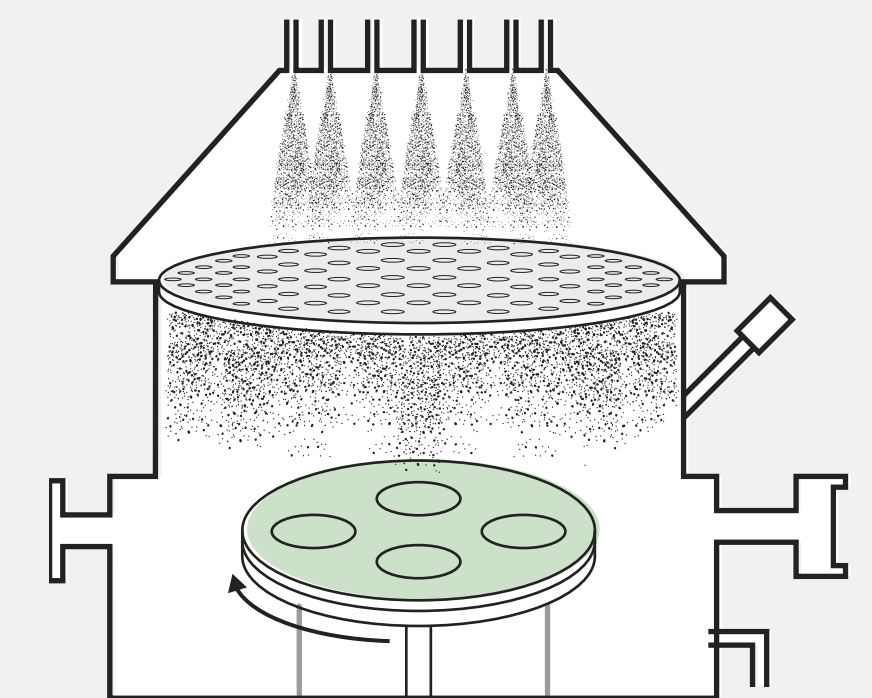
Epitaxial deposition

Morgan's custom machined products enable improved consumable lifetime, reduced chamber downtime and optimised yield, with chemical compatibility and a high level of purity

Our CVD SiC chamber components are used in > 30% of today's SiC and GaN epitaxy reactors

Our products include:

- CVD SiC wafer susceptors
- Shield and chamber rings
- Sputtering targets



The image features a complex, futuristic circuit board with a glowing blue and white color scheme. A central square chip is highlighted with a grid of small lights, and a translucent blue square floats above it. The background is filled with intricate circuit patterns and glowing lines, creating a sense of advanced technology and data flow.

Appendix

Simplification and restructuring

£m	FY 2023	FY 2024	FY 2025	Total
Adjusted operating profit¹ benefits (incremental)	1	7	10	-
Costs charged to specific adjusting items	(7)	(11)	(2)	(20)

- Simplification into three segments supports our growth ambition by allowing resources to be focused on most attractive opportunities:
 - Thermal Products
 - Performance Carbon
 - Technical Ceramics
- Further improvement in efficiency through the closure of four manufacturing sites
- Cost savings from simplification, along with back-office streamlining and other cost reductions recognise weaker short-term demand in some of our Industrial end-markets.

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

New segmental reporting format for 2024

	Revenue £m		Adjusted operating profit ¹ £m		Margin %	
	FY 2023	FY 2022	FY 2023	FY 2022	FY 2023	FY 2022
Thermal Products	454.4	479.2	40.2	56.5	8.8%	11.8%
Performance Carbon	327.2	321.7	50.0	57.3	15.3%	17.8%
Technical Ceramics	333.1	311.2	36.0	43.1	10.8%	13.8%
Corporate costs	-	-	(5.9)	(5.9)	-	-
Group	1,114.7	1,112.1	120.3	151.0	10.8%	13.6%

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

FY2023 Specific adjusting items

Cyber security incident:

Legal, advisory, IT recovery and impairment charges arising from the cyber incident

£14.7m

Argentina:

Impairment and currency adjustments arising from the devaluation of the Argentine Peso in December 2023

£5.8m

Restructuring programme:

Staff redundancy and site closure costs associated with our new restructuring programme (£6.5m), partly offset by a release of £3.0m in relation to our 2020 restructuring programme

£3.5m

Others:

Net business closure and exit costs of £1.9m, and a net credit of £0.8m from an impairment review of non-financial assets

£1.1m

FY2024 technical guidance

Capital expenditure

c. £120m

Net finance charge:

Interest charges (c. £16-17m)

IAS 19 pensions net interest charge (c. £0.5m)

IFRS 16 lease interest (c. £2m)

c. £18-20m

Effective tax rate

25-27%

Non-UK defined benefit pension scheme contributions

c. £3-4m

Dividend Policy in the medium term

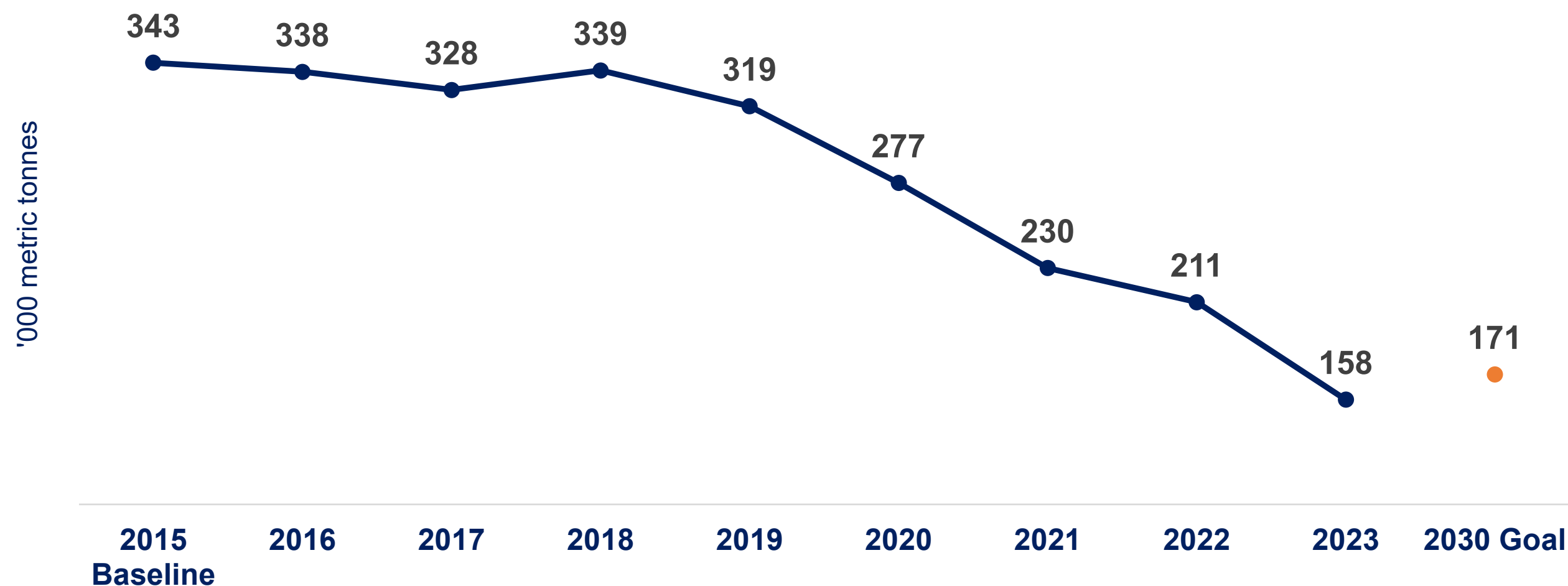
c. 2.5x

Foreign currency impacts

c.£5m headwind
anticipated

CO₂e emissions now 50% below 2015 baseline

Absolute CO₂e (Scope 1 and 2)¹



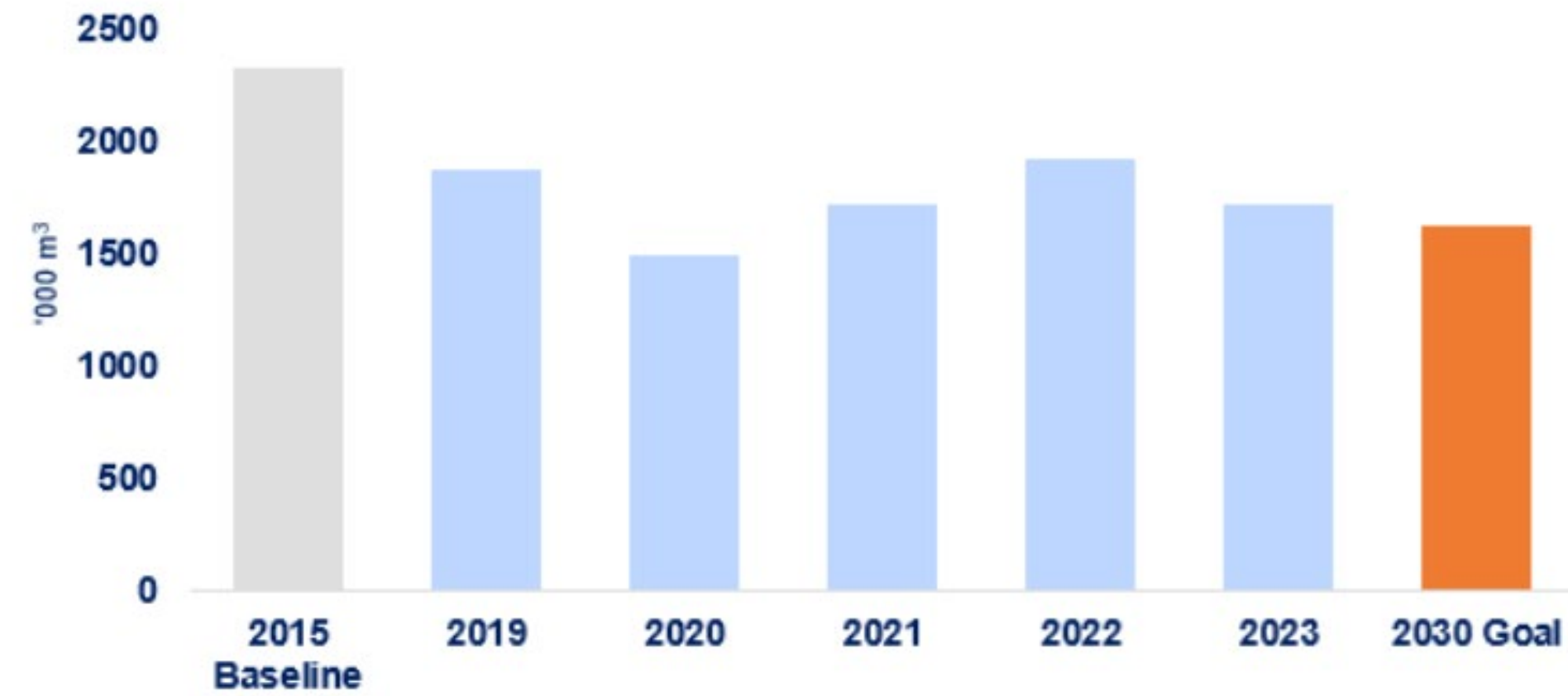
25% reduction in absolute CO₂e emissions compared with FY 2022 driven by:

- **Green energy procurement:** transition to renewable and other carbon free energy sources
- **Efficiency and process optimisation actions:** changes to processes (eg kiln firing profiles) and equipment operating protocols eg equipment shutdowns and idling machines
- **Capital projects:** replacement of inefficient assets, transition from gas to electric fuel types, and improvement in control systems.

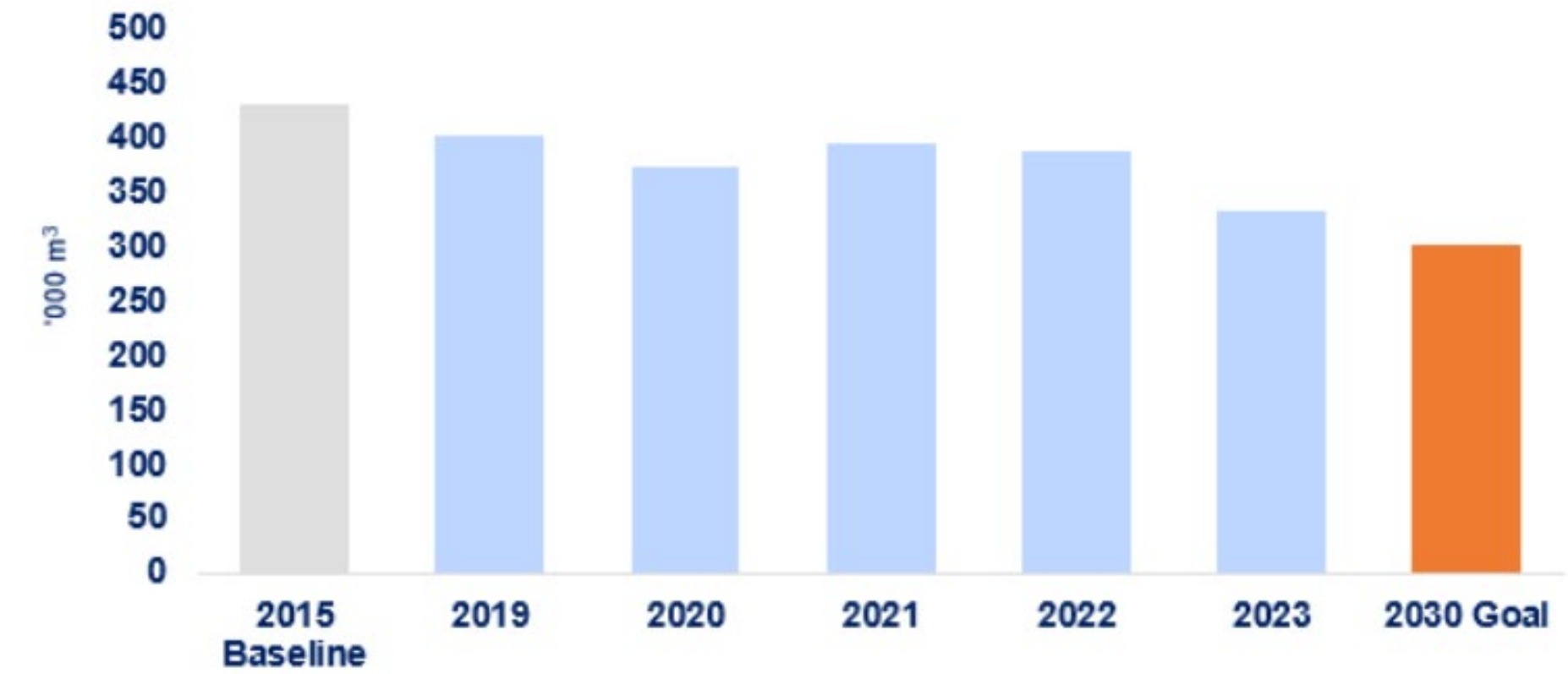
¹ Scope 1 and 2 relate to CO₂e emissions from direct and indirect sources, respectively.

Water, Safety and Diversity

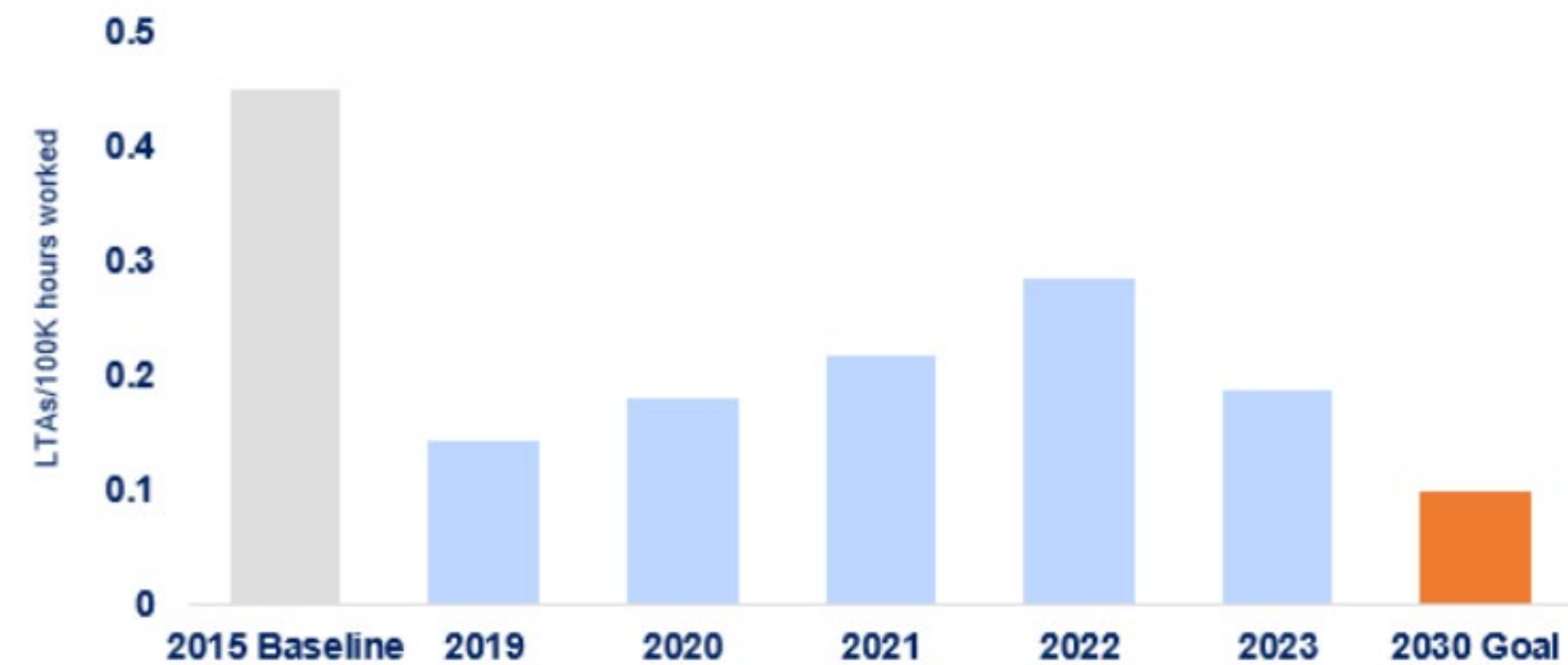
Water usage



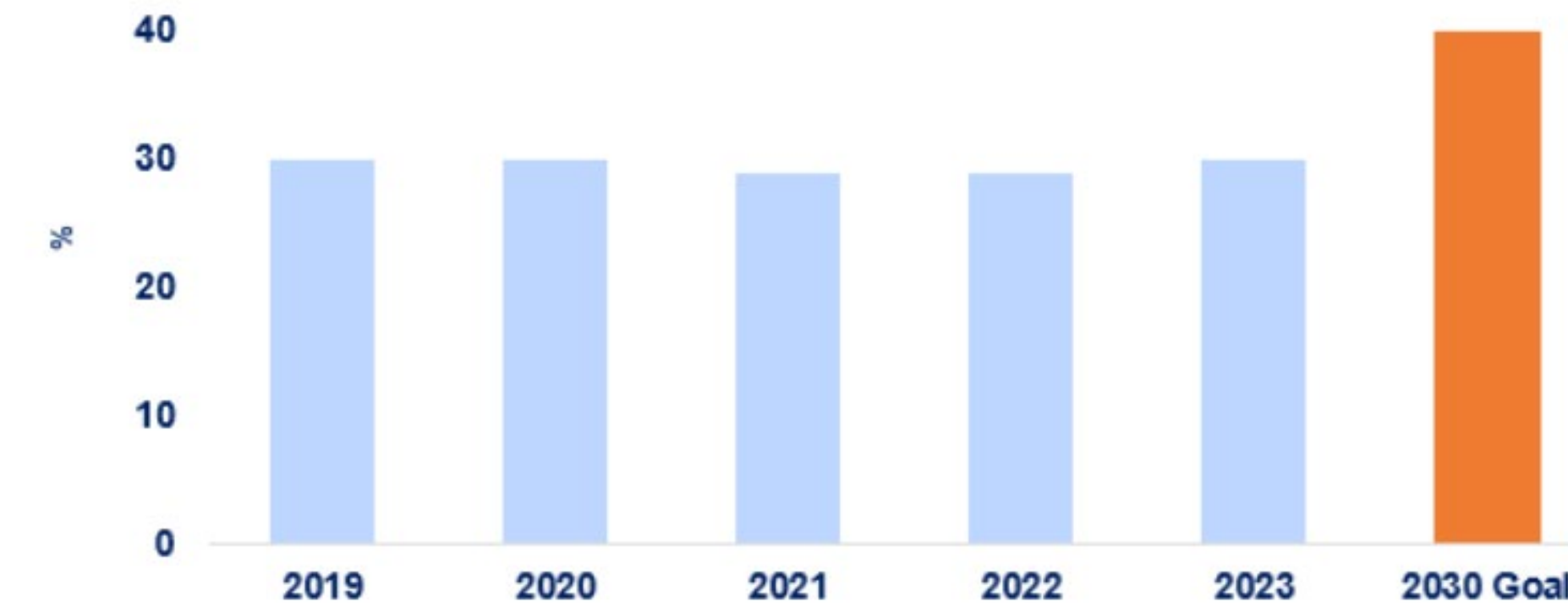
Water usage in stressed areas



Lost time accident rate



% Female leadership population¹



¹ Leadership population consists of approximately 400 of the most senior individuals in the organisation.

Contact

ir@morganplc.com

+44 (0)1753 837 000

morganadvancedmaterials.com

Cautionary statement

For the purposes of the following disclaimers, references to this 'document' shall be deemed to include references to the presenters speeches, the question and answer session and any other related verbal or written communications.

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The Directors undertake no obligation to update any forward-looking statements whether as a result of new information, future events or otherwise.