RNS Number : 7989Y
Morgan Advanced Materials PLC
28 February 2025

Preliminary results for the year ended 31 December 2024

£ million unless otherwise stated	**2024**	2023	As reported change	Organic constant-currency[1] change
Adjusted results				
Revenue	**1,100.7**	1,114.7	(1.3)%	3.7%
Group adjusted operating profit[1]	**128.4**	120.3	6.7%	16.5%
Group adjusted operating profit margin[1]	**11.7%**	10.8%	+90bps	+130bps
Return on invested capital[1]	**18.5%**	17.6%	+90bps	
Adjusted EPS[1]	**25.5p**	25.0p	2.0%	
Free cash flow before acquisitions, disposals and dividends[1]	**15.0**	14.6	2.7%	
Net debt[1] (excl. lease liabilities)	**226.2**	185.2	22.1%	
Statutory results				
Revenue	**1,100.7**	1,114.7	(1.3)%	
Operating profit	**103.6**	91.9	12.7%	
Profit before taxation	**84.6**	77.8	8.7%	
Continuing EPS[2]	**17.7p**	16.4p	7.9%	
Continuing and discontinued EPS[2]	**17.7p**	16.6p	6.6%	
Cash generated from continued operations	**162.9**	126.3	29.0%	
Total dividend per share	**12.2p**	12.0p	1.7%	

1. Definitions of these non-GAAP measures and reconciliations of the statutory results to the adjusted measures can be found in the 'Glossary and alternative performance measures' section, which is included as an appendix to the condensed consolidated financial statements within this announcement. Throughout this report these non-GAAP measures are clearly identified by an asterisk (*) where they appear in text and by a footnote where they appear in tables.
2. EPS is presented on a 'continuing' and a combined 'continuing and discontinued' basis for statutory reporting. Further details are provided in note 8 to the condensed consolidated financial statements.

Group highlights

- Organic constant-currency* revenue growth of 3.7%, with 7.6% from our faster growing markets, reflecting challenging market conditions in the second half
- Simplification programme accelerated; annual savings of £27 million from 2026 now expected (previously £22 million) with total cash costs of £45 million (unchanged); underpins return to 12.5% margin during 2025
- Adjusted operating profit margin* of 11.7% and ROIC of 18.5%, both up 90 bps; pricing measures continue to offset inflation, significant efficiency benefits achieved
- Cash generated from continued operations up 29%, driven by focused initiatives to improve working capital; free cash flow up 2.7% to £15.0 million reflecting accelerated capital investment plan
- Strong balance sheet with net debt*/EBITDA of 1.4 times
- Absolute CO_2e emissions (from scope 1 and 2) reduced by 3% compared with 2023
- Buyback programme progressing well; a second tranche of £10 million to commence immediately on completion of the first tranche[1]

Commenting on the results, Chief Executive Officer, Pete Raby said:

"We have delivered robust organic constant currency* revenue growth against a backdrop of increasingly challenging end-markets, with good progress made in our business simplification and efficiency initiatives, continuing our track record of self-help. We remain focused on delivering against our strategic initiatives and expect a return to a 12.5% adjusted operating profit* margin during 2025."

Guidance and outlook

Demand in a number of our end-markets is uncertain. Our current outlook for revenue in 2025 is for a mid single-digit organic decline and assumes no recovery in H2. Our simplification programme has been accelerated given the weaker demand which will underpin a return to a 12.5% margin during 2025, with a broadly similar H1/H2 adjusted operating profit* split.

Demand for semiconductor capacity has been impacted by the slower growth in BEVs leading to high customer inventory levels in the short term. We have scaled back investment accordingly and now expect to invest c.£60 million in semiconductor capacity (prior estimate £100 million) to deliver incremental revenues of £40 million and adjusted operating profit* of £12 million in 2027 (prior estimate £80 million revenue, £25 million adjusted operating profit*). We remain confident in the longer-term potential in semiconductors and we expect to resume our investment as the market recovers.

Our medium term guidance for overall capital expenditure is now around £90 million in 2025, £65 million in 2026 and £60 million in 2027.

We expect our effective tax rate, excluding specific adjusting items, to be within the 26-28% range.

We remain confident in achieving our medium-term financial framework.

Analyst webcast and conference call today

Morgan Advanced Materials will present its Preliminary Results via live webcast today from 10.30am to 11.30am GMT. There will be a simultaneous live conference call.

The live audio webcast and slide presentation of this event will be available on www.morganadvancedmaterials.com. We recommend you register by 10:15am GMT.

Enquiries

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Forward looking statements

This announcement contains forward-looking statements. These statements have been made in good faith based on the information available up to the time of the approval of this announcement. No assurance can be given that these expectations will prove to have been correct. By their nature, forward-looking statements involve risks, uncertainties or assumptions that could cause actual results to differ materially from those expressed or implied by these forward-looking statements. As such, undue reliance should not be placed on forward-looking statements.

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

Notes to editors

1. Simplification programme

£ million	FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	Total
Adjusted operating profit* benefit (incremental)	1	8	24	27	27	
Costs charged to specific adjusting items	(7)	(13)	(25)			(45)

2. Capital expenditure

£ million	Old 2024	Old 2025	Old 2026	Old 2027	New 2024	New 2025	New 2026	New 2027
Semiconductor	40	40	20		26	30	5	
Other capacity	20	10	10		10	10	10	10
Maintenance	60	60	60	60	60	50	50	50
Total	120	110	90	60	96	90	65	60

3. Our financial framework

As previously announced, our financial framework is:

- Organic constant currency revenue growth* of 4% - 7% through the cycle
- Adjusted operating profit* margin of 12.5% to 15.0%
- Return on invested capital* of 17.0% to 20.0%
- Leverage (net debt/EBITDA*) of 1.0x to 1.5x without M&A, 1.5x to 2.0x with M&A

Operating Review

We continue to execute on our growth strategy; increasing our exposure to faster growing market segments and targeting investment in our core markets to opportunities that display higher growth potential

Our core markets provide the group with a strong base and a diversified portfolio. Within these markets, we aim to maintain our leadership positions and grow at above market rates by investing in new materials and products, focusing on market segments that exhibit higher growth potential, such as Aerospace and Fire Protection, and expanding the reach of our core portfolio in key geographies, such as India.

We want to accelerate our organic growth by increasing our exposure to faster growing market segments where we see the potential to achieve higher returns. We are investing in additional capacity for these markets where we see attractive returns that support our Group ROIC ambition. Our faster growing markets of focus are Semiconductors, Healthcare, and Clean transportation and Clean energy.

The Group reported revenue of £1,100.7 million in 2024, down 1.3% versus 2023 on a reported basis. Revenue was impacted by challenging market environments, particularly in the second half of the year. We saw a significant weakening of end markets during the year, with declining and low order levels in European and Chinese industrial markets, and slowing in those same markets in the USA. We also saw lower growth in Semiconductors where demand for our products used in Silicon carbide (SiC) power semiconductor production reduced in the second half of the year driven by a lower growth rate in global electric vehicles sales. Reported revenue was significantly impacted by foreign exchange headwinds; on an organic constant-currency* basis, revenue for the Group grew by 3.7% compared to the prior year, with 2.5% growth in core markets and 7.6% growth in faster growing markets.

With the slowdown in growth of the EV market we expect lower demand for our graphite and SiC consumables over the next three years and we have reduced our Semiconductor capital investment to match our capacity more closely with demand. Whilst our 2025 guidance reflects our caution around the timing of market recovery, we expect this investment of c.£60 million in total to deliver increased revenue of at least £40 million and adjusted operating profit* of £12 million in 2027. We remain confident in the longer-term growth potential within the semiconductor market.

We continue to invest in innovation to maintain our materials leadership and overall capability. In 2024, we spent £31.1 million on research and development across our four global centres of excellence (2023: £32.9 million).

These market dynamics are reflected in the growth rates delivered across all of our reporting segments:

Thermal Products reported revenue of £418.2 million in 2024, representing a decrease of 8.0% compared with £454.4 million in 2023. On an organic constant-currency* basis, year-on-year revenue decreased by 0.6%.

Revenue performance was impacted by weak market conditions in the second half of the year across all key markets, particularly industrial and metals markets in Europe, China and the USA.

Performance Carbon reported revenue of £345.2 million in 2024, representing an increase of 5.5% compared with £327.2 million in 2023. On an organic constant-currency* basis, year-on-year revenue increased by 9.3%.

Revenue growth reflects good momentum in Clean energy and clean transportation, and in Aerospace and Defence markets but more challenging conditions in Semiconductor markets, with lower demand for our SiC power semiconductor consumables in the second half of 2024.

Technical Ceramics reported revenue of £337.3 million in 2024, representing an increase of 1.3% compared with £333.1 million in 2023. On an organic constant-currency* basis, year-on-year revenue increased by 3.7%.

Revenue growth was driven by Clean energy and Healthcare in our faster growing markets, and by Defence and Conventional energy in the core, partially offset by weakness in global industrial markets.

We remain focused on simplifying our organisation and driving operational efficiency

We remain focused on further simplifying our business to ensure that our operations are as efficient as possible and to support investment for growth and margin expansion over time.

During 2024, we announced the initiation of our multi-year Group wide simplification programme, which reflects operational simplification opportunities and synergies within supply chain and back office functions. In total, these plans are expected to deliver a total annual adjusted operating profit* benefit of £27.0 million by 2026 with a total cash cost to deliver of £45.0 million recognised within specific adjusting items in the consolidated income statement.

We have made good progress against these plans during 2024. We have simplified management structures, reduced the number of reporting segments that we operate, and consolidated manufacturing plants to provide better support to our customers and deliver synergies from key operational activities. We incurred costs of £13.1 million related to these initiatives in 2024, which were presented as specific adjusting items in the consolidated income statement. The adjusted operating profit* benefit delivered from these programmes in 2024 of £8.0 million, compared to our 2023 baseline, was in-line with our expectations.

Overall, adjusted operating profit* margin of 11.7% in 2024 was 90 bps higher than prior year, but was below our financial framework guidance of 12.5% - 15.0%. Continued delivery of our business simplification programme is expected to return the group to the target range during 2025, and ensure that the Group is well positioned to capture growth and deliver margin expansion as end markets recover.

We saw improvements in adjusted operating profit* margin across each of our reporting segments:

Thermal Products delivered operating profit of £31.1 million (2023: £29.5 million) with a 90 bps increase in operating profit margin of 7.4% (2023: 6.5%) reflecting a sustained focus on cost management across the business, with pricing and cost initiatives more than offsetting the impact of weaker trading performance. Adjusted operating profit* was £40.0 million (2023: £40.2 million) with an adjusted operating profit margin* of 9.6% (2023: 8.8%).

Performance Carbon delivered operating profit of £47.2 million (2023: £39.9 million), with a 150 bps increase in operating profit margin of 13.7% (2023: 12.2%). Adjusted operating profit* was £55.1 million (2023: £50.0 million) with an adjusted operating profit margin* of 16.0% (2023: 15.3%), reflecting cost synergies and efficiency gains achieved as a result of the merging of the former Electrical Carbon and Seals and Bearings businesses into one segment.

Technical Ceramics delivered operating profit of £37.9 million (2023: £42.5 million), with a 160 bps decrease in operating profit margin of 11.2% (2023: 12.8%) with the prior year result benefiting from an £7.6 million credit relating to non-cash items, largely comprising a £5.7m non-cash credit arising from a reversal of fixed asset impairments and a net £1.9 million provision release. Adjusted operating profit* was £39.2 million (2023: £36.0 million) with an adjusted operating profit margin* of 11.6% (2023: 10.8%).

Further details regarding specific adjusting items are presented in the Financial Review and note 4 to the condensed consolidated financial statements.

We have continued our strategic project to develop a Global ERP which is intended to replace over 30 different legacy systems across the Morgan network. The programme, which is expected to complete over the next three years, will create further opportunities to align business processes, strengthen information security and the control environment. Further details regarding are presented in the Financial Review and note 4 to the condensed consolidated financial statements.

We have clear capital allocation priorities which we apply with discipline

Our capital allocation framework:

- **Organic Investment:** Investment to enhance growth and returns, including investment of £61 million of capital in our Semiconductor manufacturing capacity which is well progressed.
- **Regular Returns via a Progressive Dividend Policy:** Grow the regular dividend through the cycle targeting a dividend cover of c.2.5x over the medium term.
- **Inorganic Investment:** Complementary, disciplined M&A focused on accelerating revenue growth opportunities in faster growing markets.
- **Additional Returns:** Additional returns of surplus capital to shareholders as appropriate.

We have a clear framework to assess M&A targets with stringent strategic hurdles and robust financial metrics, and we continue to assess targets against this strict criteria. The Group continues to review and evaluate M&A opportunities, but in the absence of a clear near term acquisition target, initiated in November 2024 a share buyback programme of up to £40.0 million, excluding expenses, in line with our capital allocation policy.

The Board believes the share buyback programme to be an attractive use of capital. Further details on the share buyback are included in the Financial Review.

Our medium term priorities underpin our strategic execution

We continue to make good progress against our strategic objectives:

Big positive difference

We have made good progress in 2024, as summarised in the 'Our environment, social and governance (ESG) priorities' section below.

Innovate to grow
We have continued to invest in capacity to support growth in our core and in faster growing segments including capacity in India and in China for Thermal Products, and capacity to support growth in Semiconductors and Healthcare across Performance Carbon and Technical Ceramics.

Capital expenditure was £96.1 million during the year of which £36.1 million was focused on capacity. New product development continued across each of our business segments including new carbon and ceramic materials for the semiconductor market, new fibre insulation products for automotive applications, and new wind brush grades and armour materials.

Delight the customer
We are making changes across the business to improve our performance for customers.

In Performance Carbon, following the integration of the seals & bearings business, we have been working to streamline our internal supply chain to improve responsiveness and reduce lead times for our customers. In our Thermal business in North America, we have been simplifying our product portfolio and making improvements to improve response times to customers. In our Technical Ceramics business in North America, the team have been working to improve yields on certain complex parts to improve efficiency and improve delivery performance.

Our environment, social and governance (ESG) priorities

Our ESG priorities and progress against our 2030 goals are as follows:

Protect the environment

- Reduce our scope 1 and 2 CO_2e emissions by 50% (from a 2015 baseline): during the year we reduced our emissions by 3%. As our business grows, continued focus is needed on process efficiencies and technological advancements to maintain this. We are now 55% below our 2015 baseline.

- Reduce our overall water usage, as well as our water usage in high and extremely high stress areas, by 30% (from a 2015 baseline): our overall water usage reduced by 6% and water in high-stress areas increased by 2%. We are 31% below our baseline for water and 21% below our baseline for water withdrawal in high-stress areas.

Provide a safe, fair and inclusive workplace

- A lost-time accident rate below 0.1 (lost-time accidents per 100,000 hours worked): during 2024, we have continued to embed our 'take 5 for safety' process. Our LTA rate reduced to 0.13 (2023: 0.19), an improvement over the prior year reflecting the significant focus on employee safety and wellbeing. In 2025, we will continue to work on behavioural safety and we are refreshing our process safety management approach across the Group.

- Our target is for 40% female representation across our leadership population of our organisation. Our gender diversity position was improved over the year with 34% females in our leadership population. This reflects the considerable work done in the prior years and in 2024 to improve policies, procedures and recruiting approaches and to deliver a more supportive environment for our female leaders.

- To attain a top quartile employee engagement score. Our engagement score in 2024 was 52%, a 2% decline compared to the prior year. We have not made progress on this metric over the last five years despite a lot of effort across our business to improve the employee experience. In 2025, we will be working more closely with a small number of sites where engagement levels are below average, looking to understand the root causes more deeply and work with our people to address them.

Tariffs
We continue to monitor the situation with regard to potential tariffs. With such a wide range of potential tariffs being considered, and with the details of those unknown, it is not possible to estimate the impact at this stage. We have a global manufacturing footprint and largely we make products where we sell them which will allow some degree of mitigation, and if necessary we will consider alternative manufacturing locations. Guidance for 2025 assumes that there will be no direct impact on financial performance as a result of the implementation of tariffs.

Leadership changes
In January 2025, we announced that Pete Raby had informed the Board of his intention to retire following a decade of service as Chief Executive Officer. The Board would like to thank Pete for his service; he has transformed the Group and leaves it with a clear direction, a robust financial position and simplified operating model which will allow it to exploit the many opportunities for profitable growth in our chosen end markets as they recover. Pete will step down as Chief Executive Officer and from the Board on 1 July 2025, and will continue to provide support for the transition until the end of August 2025.

The Board were pleased to announce that Damien Caby, currently President of the Thermal Products Division, is appointed Chief Executive Officer Designate. Damien has been selected following a comprehensive process that considered internal and external candidates. He brings strong leadership capabilities and international experience, having successfully led our Thermal Products business for the last two years and having previously held senior leadership roles in BASF and Imerys. Damien will join the Board on 8 May 2025, and will assume role of Chief Executive Officer on 1 July 2025.

Laurence Mulliez stepped down as Senior Independent Director with effect from 1 November 2024. The Board would like to thank Laurence for her extensive commercial insight and the contribution she has made to Morgan's strategic thinking over her eight year tenure.

Alison Wood joined the Board as Senior Independent Director with effect from 1 November 2024. Alison was a senior executive at both BAE Systems PLC and National Grid PLC. She currently is chair of construction firm Galliford Try Holdings PLC, SID of Oxford Instruments PLC, and a director of TT Electronics PLC.

Final Dividend
The Board has recommended a final dividend, subject to shareholder approval at the upcoming AGM, of 6.8 pence per

share on the Ordinary share capital of the Group. Together with the interim dividend of 5.4 pence per share paid in November 2024, the final dividend, if so approved, brings the total distribution for the year to 12.2 pence per share (2023: 12.0 pence). A total dividend of 12.2 pence per share represents a dividend cover of adjusted EPS* of 2.1 times.

Financial Review

Group financial performance

Summary financial information for the year ended 31 December 2024.

Summary income statement and key metrics	2024 £m	2023 £m	% change
Revenue	**1,100.7**	1,114.7	(1.3)%
Adjusted operating profit[1]	**128.4**	120.3	6.7%
Adjusted operating profit margin	***11.7%***	*10.8%*	*90 bps*
Amortisation of intangible assets	**(1.7)**	(3.3)	(48.5)%
Specific adjusting items[1]	**(23.1)**	(25.1)	(8.0)%
Operating profit	**103.6**	91.9	12.7%
Net financing costs	**(19.0)**	(14.1)	34.8%
Profit before taxation	**84.6**	77.8	8.7%
Income tax expense	**(25.9)**	(22.2)	16.7%
Profit after taxation from continuing operations	**58.7**	55.6	5.6%
Basic EPS from continuing and discontinuing operations	***17.7p***	*16.6p*	*6.6%*
Adjusted EPS[1]	***25.5p***	*25.0p*	2.0%
Return on invested capital[1]	***18.5%***	*17.6%*	90 bps

Summary cash flow and key metrics	2024 £m	2023 £m	% change
Cash generated from continued operations	**162.9**	126.3	29.0%
Free cash flow before acquisitions, disposals and dividends[1]	**15.0**	14.6	2.7%
Cash and cash equivalents	**120.8**	124.5	(3.0)%
Net debt [1]	**226.2**	185.2	22.1%
Net debt[1] to EBITDA ratio	**1.4**	1.2	n/a
Total dividend per share	**12.2p**	12.0p	1.7%

1 Definitions of these non-GAAP measures and reconciliations of the statutory results to the adjusted measures can be found in the 'Glossary and alternative performance measures' section, which is included as an appendix to the condensed consolidated financial statements within this announcement.

Revenue

The Group recognised revenue of £1,100.7 million (2023: £1,114.7 million), a year on year decrease of 1.3% on a reported basis.

Market conditions were challenging in the second half of the financial year. In industrial markets, we saw declining order levels in Europe and China and a slowing of growth in the USA. In our faster growing markets, growth in semiconductor markets was impacted by stocking in customer supply chains and slower than anticipated growth in global sales of electric vehicles. Reported revenue was significantly impacted by foreign exchange headwinds, largely related to the US dollar and sterling exchange rate.

Reflecting these dynamics, we saw organic constant currency growth of 2.5% in our core markets, with 7.6% growth in our faster growing markets. As a result, overall group organic constant currency growth of 3.7% was marginally below our financial framework guidance of 4 - 7% growth.

Adjusted operating profit

The Group delivered adjusted operating profit* of £128.4 million (2023: £120.3 million) which was impacted by weaker trading performance in the second half. Pricing and operational efficiency measures delivered in 2024 more than offset inflation, and margin was also positively impacted by benefits delivered from our restructuring programmes.

Adjusted operating profit margin* of 11.7% increased by 90 bps versus prior year (2023: 10.8%), but remained below our financial framework guidance. On an organic constant-currency* basis, adjusted operating profit margin* increased by 130 bps compared to the prior year.

Amortisation of intangible assets

The Group amortisation charge was £1.7 million (2023: £3.3 million).

Specific adjusting items from continuing operations

Specific adjusting items were £23.1 million (2023: £25.1 million) and comprised the following:

Specific adjusting items from continuing operations[1]	2024 £m	2023 £m
Costs associated with the cyber security incident	**(1.1)**	(14.7)
Net restructuring charge	**(13.1)**	(3.5)
Design, configuration, customisation and implementation of a Global ERP system	**(5.2)**	-
Net business closure costs	**-**	(1.9)
Credit/(charge) in relation to the impact of Argentina's currency devaluation	**0.5**	(5.8)
Impairment of non-financial assets	**(4.2)**	(7.3)
Reversal of impairment of non-financial assets	**-**	8.1

Total specific adjusting items before income tax	**(23.1)**	(25.1)
Income tax credit from specific adjusting items	**2.5**	3.8
Total specific adjusting items after income tax	**(20.6)**	(21.3)

1 Details of specific adjusting items arising during the year and the comparative period are set out in note 4 to the condensed consolidated financial statements.

In early 2024, the Group incurred expenditure of £1.1m being the residual costs associated with the cyber incident which occurred in January 2023 (2023: £14.7m).

Expenditure of £13.1 million has been recognised in respect of our business simplification and restructuring programme (2023: £3.5 million). In total, once fully implemented, our simplification initiatives are expected to deliver total annual adjusted operating profit* benefits of approximately £27 million by 2026.

£ million	2023	2024	2025	2026	2027	Total
Adjusted operating profit benefit (incremental)	1	8	24	27	27	
Costs charged to specific adjusting items	(7)	(13)	(25)			(45)

The Group has accelerated investment in the development of a Global ERP system which is intended to replace over 30 different legacy systems across the Morgan network and which will further strengthen information security and the wider control environment. Expenditure of £5.2 million associated with the design, customisation, configuration and implementation of the system were presented as specific adjusting items in the income statement in 2024, in accordance with the Group's accounting policies (2023: £nil).

In light of challenging trading conditions, the Group has conducted an impairment review and where necessary performed an impairment assessment in accordance with 'IAS 36 - Impairment of Assets'. As a result, the Group has recognised a net impairment charge of £4.2 million related to assets held by our Thermal Products business in Europe.

The Group has recorded a cumulative total of £18.9 million impairment charges for assets which it continues to use. These impairments could be reversed if the businesses were to outperform significantly against their budgets and strategic plans (2023: £20.6 million). A sensitivity analysis was carried out using reasonably possible changes to the key assumptions in assessing the value in use of these non-financial assets. This did not result in a material reversal of the impaired amounts in 2024.

Refer to note 4 to the condensed consolidated financial statements for details of the impairment review and key assumptions made.

Statutory operating profit

Statutory operating profit was £103.6 million (2023: £91.9 million).

Net financing costs

Net financing costs of £19.0 million (2023: £14.1 million) comprise net bank interest and similar charges of £15.8 million (2023: £11.7 million), net interest on IAS 19 pension obligations of £0.6 million (2023: £nil), and the interest expense on lease liabilities of £2.6 million (2023: £2.4 million) resulting from IFRS 16 Leases.

Taxation

The Group tax charge from continuing operations, excluding specific adjusting items, was £28.4 million (2023: £26.0 million). The effective tax rate, excluding specific adjusting items, was 26.4% (2023: 25.3%). Note 6 to the condensed consolidated financial statements provides additional information on the Group's tax charge.

On a statutory basis, the Group tax charge was £25.9 million (2023: £22.2 million), higher than the previous year reflecting increased taxable profits.

Tax risks

The Group follows a tax policy to fulfil local and international tax requirements, maintaining accurate and timely tax compliance whilst seeking to maximise long-term shareholder value. The Group adopts an open and transparent approach to relationships with tax authorities and continues to monitor and adopt new reporting requirements, for example those arising from the implementation of the OECD Base Erosion and Profit Shifting proposals within tax legislation across various jurisdictions.

The tax strategy is aligned to the Group's business strategy and ensures that tax affairs have strong commercial substance.

Earnings per share

Basic earnings per share from continuing operations was 17.7 pence (2023: 16.4 pence) and adjusted earnings per share* was 25.5 pence (2023: 25.0 pence). Details of these calculations can be found in note 8 to the condensed consolidated financial statements.

Foreign currency impact

The Group receives revenue and incurs expenses in a number of foreign currencies and, as such, movements in foreign exchange rates can materially impact the Group's financial results. Had foreign currency rates in 2024 remained consistent with 2023, the Group's adjusted operating profit* would have been £10.7 million higher.

For illustrative purposes, the table below provides details of the impact on 2024 revenue and Group adjusted operating profit* if the actual reported results, calculated using 2024 average exchange rates were restated for GBP weakening by 10 cents against the US dollar in isolation and 10 cents against the Euro in isolation:

Increase in 2024 revenue/adjusted operating profit[1] if:	Revenue £m	Adjusted operating profit[1] £m
GBP weakens by 10c against the US dollar in isolation	42.3	4.4
GBP weakens by 10c against the Euro in isolation	19.8	3.2

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The principal exchange rates used in the translation of the results of overseas subsidiaries were as follows:

GBP to:	**2024**		2023	
	Closing rate	**Average rate**	Closing rate	Average rate
US dollar	**1.25**	**1.28**	1.27	1.24
Euro	**1.21**	**1.18**	1.15	1.15

Changes in Segmental Reporting under 'IFRS 8 - Operating Segments'

As disclosed in the 2023 Annual Report and Accounts, during 2024 the Group has simplified its operating structure in order to support strategic execution. The business is now managed through three distinct segments, being Thermal Products, Performance Carbon and Technical Ceramics. These segments have been identified as the Group's reportable segments for the purposes of IFRS 8. Segmental reporting disclosures, including a restatement of prior year disclosures in accordance with the new segmental reporting structure, are set out in note 3 to the condensed consolidated financial statements.

Cash flow

	2024 £m	2023 £m
Cash generated from continuing operations	**162.9**	126.3
Net capital expenditure	**(90.2)**	(58.5)
Net interest on cash and borrowings	**(15.3)**	(11.6)
Tax paid	**(29.2)**	(30.3)
Lease payments and interests	**(13.2)**	(11.3)
Free cash flow before acquisitions, disposals and dividends	**15.0**	14.6
Dividends paid to external plc shareholders	**(34.5)**	(34.2)
Net cash flows from other investing and financing activities	**(19.6)**	(17.8)
Net cash flows from discontinued operations	**0.1**	0.4
Exchange movement and other non-cash movements	**(2.0)**	0.3
Movement in net debt[1]	**(41.0)**	(36.7)
Opening net debt[1]	**(185.2)**	(148.5)
Closing net debt[1]	**(226.2)**	(185.2)
Lease liabilities	**(47.1)**	(47.1)
Closing net debt[1] and lease liabilities	**(273.3)**	(232.3)

1 Definitions of these non-GAAP measures and reconciliations of the statutory results to the adjusted measures can be found in the 'Glossary and alternative performance measures' section, which is included as an appendix to the condensed consolidated financial statements within this announcement.

The Group generated cash from continuing operations of £162.9 million (2023: £126.3 million) which was £36.6 million higher than the previous year reflecting a material improvement in working capital inflows as a result of focused initiatives across the Group.

Free cash flow before acquisitions, disposals and dividends* was £15.0 million (2023: £14.6 million). The Group incurred net capital expenditure of £90.2 million (2023: £58.5 million), reflecting strategic investments in semiconductor capacity and capability, investments in efficiency and continued investment in health, safety and environmental improvement programmes.

For the purposes of compliance with external debt covenants, net debt* is calculated excluding IFRS 16 lease liabilities. On this basis, net debt was £226.2 million (2023: £185.2 million), representing a net debt* to EBITDA* ratio of 1.4 times (2023: 1.2 times).

Commitments for property, plant and equipment and computer software for which no provision has been made are set out in note 9 to the condensed consolidated financial statements.

Liquidity

The Group had net cash and cash equivalents* of £111.5 million (2023: £124.5 million) and undrawn headroom on its available credit facilities of £279.3 million (2023: £187.9 million).

Capital structure

At the year end total equity was £389.3 million (2023: £398.6 million) with closing net debt* of £226.2 million (2023: £185.2 million).

Non-current assets were £597.3 million (2023: £544.3 million) and total assets were £1,077.1 million (2023: £1,038.2 million).

Final dividend

The Board is recommending a final dividend, subject to shareholder approval, of 6.8 pence per share on the Ordinary share capital of the Group, payable on 13 May 2025 to Ordinary shareholders on the register at the close of business on 11 April 2025. The ex-dividend date is 10 April 2025.

Together with the interim dividend of 5.4 pence per share paid on 15 November 2024, this final dividend, if approved by shareholders, brings the total distribution for the year to 12.2 pence per share (2023: 12.0 pence).

A total dividend of 12.2 pence per share represents a dividend cover of adjusted EPS* of 2.1 times, which is lower than the medium term target of 2.5 times dividend cover set out in our progressive dividend policy. The Board remains committed to progressively growing the Ordinary dividend over the medium term.

Share buyback

On 5 November 2024, Morgan Advanced Materials plc announced its intention to undertake a buyback programme of up to a maximum £40.0 million, excluding expenses. Shares purchased pursuant to the buyback programme will be cancelled and as a result, it is expected that the buyback programme will enhance earnings per share over time.

On the same date, Morgan entered into a non-discretionary agreement with Investec Bank plc ("Investec"), acting as riskless principal, to enable the Company to purchase up to £10.0 million, excluding expenses, of the Company's ordinary shares. Under the terms of the agreement, Investec make its trading decisions independently of and uninfluenced by the Company, in accordance with certain pre-set parameters. Tranche 1 will end no later than 31 March 2025.

As at 31 December 2024, the Company had purchased 1,825,090 shares, for total consideration of £4.7 million, excluding fees and stamp duty. A liability for the value of shares contracted but not yet purchased has been recognised on the balance sheet, in accordance with 'IAS 32 - Financial Instruments: Presentation', with a corresponding adjustment to equity.

As separately announced today, the Board is committed to commencing the second £10 million tranche of the buyback programme immediately after the first tranche has completed.

Post balance sheet events

There were no reportable post balance sheet events following the balance sheet date.

Consolidated income statement

		Year ended 31 December 2024			Year ended 31 December 2023		
		Results before specific adjusting items	**Specific adjusting items[1]**	**Total**	Results before specific adjusting items	Specific adjusting items[1]	Total
	Note	**£m**	**£m**	**£m**	£m	£m	£m
Revenue	3	**1,100.7**	**-**	**1,100.7**	1,114.7	-	1,114.7
Operating costs before amortisation of intangible assets, impairments and reversal of impairments of non-financial assets		**(972.3)**	**(18.9)**	**(991.2)**	(994.4)	(25.9)	(1,020.3)
Profit from operations before amortisation of intangible assets, impairments and reversal of impairments of non-financial assets	3	**128.4**	**(18.9)**	**109.5**	120.3	(25.9)	94.4
Amortisation of intangible assets		**(1.7)**	**-**	**(1.7)**	(3.3)	-	(3.3)
Impairment of non-financial assets	4	**-**	**(4.2)**	**(4.2)**	-	(7.3)	(7.3)
Reversal of impairments of non-financial assets	4	**-**	**-**	**-**	-	8.1	8.1
Operating profit	3	**126.7**	**(23.1)**	**103.6**	117.0	(25.1)	91.9
Finance income		**2.6**	**-**	**2.6**	3.9	-	3.9
Finance expense		**(21.6)**	**-**	**(21.6)**	(18.0)	-	(18.0)
Net financing costs	5	**(19.0)**	**-**	**(19.0)**	(14.1)	-	(14.1)
Profit before taxation		**107.7**	**(23.1)**	**84.6**	102.9	(25.1)	77.8
Income tax expense	6	**(28.4)**	**2.5**	**(25.9)**	(26.0)	3.8	(22.2)
Profit from continuing operations		**79.3**	**(20.6)**	**58.7**	76.9	(21.3)	55.6
Profit from discontinued operations[2]	7	**-**	**0.1**	**0.1**	-	0.7	0.7
Profit for the year		**79.3**	**(20.5)**	**58.8**	76.9	(20.6)	56.3
Profit for the year attributable to:							
Shareholders of the Company		**70.8**	**(20.5)**	**50.3**	67.9	(20.6)	47.3
Non-controlling interests		**8.5**	**-**	**8.5**	9.0	-	9.0
Profit for the year		**79.3**	**(20.5)**	**58.8**	76.9	(20.6)	56.3
Earnings per share	8						
Continuing and discontinued operations							
Basic earnings per share				**17.7p**			16.6p
Diluted earnings per share				**17.5p**			16.5p
Continuing operations							
Basic earnings per share				**17.7p**			16.4p
Diluted earnings per share				**17.5p**			16.3p
Dividends[3]							
Interim dividend - pence				**5.4p**			5.3p
- £m				**15.4**			15.1
Proposed final dividend - pence				**6.8p**			6.7p
- £m				**19.3**			19.1

1 Details of specific adjusting items from continuing operations are given in note 4 to the condensed consolidated financial statements.
2 Profits from discontinued operations are entirely attributable to the Shareholders of the Company.
3 The proposed final dividend is based upon the number of Ordinary shares outstanding at the balance sheet date.

Consolidated statement of comprehensive income

	Note	**31 December 2024 £m**	31 December 2023 £m
Profit for the year		**58.8**	56.3
Other comprehensive income/(expense):			
Items that will not be reclassified subsequently to income statement:			
Remeasurement gain/(loss) on defined benefit plans	14	**1.3**	(11.5)
Tax effect of components of other comprehensive income not reclassified	6	**(0.6)**	(0.5)
		0.7	(12.0)
Items that may be reclassified subsequently to income statement:			
Foreign exchange translation differences		**(11.0)**	(32.8)
Cash flow hedges:			
Change in fair value		**(0.3)**	1.1
Transferred to income statement		**(1.0)**	0.2
Net investment hedges:			
Change in fair value		**1.7**	(0.3)
		(10.6)	(31.8)
Total other comprehensive expense		**(9.9)**	(43.8)
Total comprehensive income		**48.9**	12.5
Attributable to:			
Shareholders of the Company		**41.4**	6.7
Non-controlling interests		**7.5**	5.8
		48.9	12.5
Total comprehensive income attributable to shareholders of the Company arising from:			
Continuing operations		**41.3**	6.0
Discontinued operations		**0.1**	0.7
		41.4	6.7

Consolidated balance sheet

	Note	**As at 31 December 2024 £m**	As at 31 December 2023 £m
Assets			
Property, plant and equipment	9	**344.9**	293.8
Right-of-use assets	10	**32.5**	31.6
Intangible assets: goodwill	11	**176.9**	177.5
Intangible assets: other	11	**3.0**	4.7
Investments		**2.0**	2.2
Trade and other receivables		**3.6**	3.4
Employee benefits: pensions[1]	14	**13.0**	13.5
Deferred tax assets		**21.4**	17.6
Total non-current assets		**597.3**	544.3
Inventories		**165.9**	175.1
Derivative financial assets	13	**1.2**	1.5
Trade and other receivables		**189.6**	191.6
Current tax receivable		**2.3**	1.2
Cash and cash equivalents	12	**120.8**	124.5
Total current assets		**479.8**	493.9
Total assets		**1,077.1**	1,038.2
Liabilities			
Borrowings		**337.7**	309.1
Lease liabilities		**36.1**	36.6
Employee benefits: pensions[1]	14	**34.5**	38.7
Provisions	15	**10.9**	11.5
Non-trade payables		**2.8**	2.4
Deferred tax liabilities		**2.7**	1.8
Total non-current liabilities		**424.7**	400.1
Borrowings and bank overdrafts		**9.3**	0.6
Lease liabilities		**11.0**	10.5
Trade and other payables		**204.1**	192.0
Current tax payable		**26.6**	25.6
Provisions	15	**9.5**	10.3
Derivative financial liabilities	13	**2.6**	0.5
Total current liabilities		**263.1**	239.5
Total liabilities		**687.8**	639.6
Total net assets		**389.3**	398.6

Total net assets	**389.3**	398.6
Equity		
Share capital	**70.9**	71.3
Share premium	**111.7**	111.7
Reserves	**(8.2)**	6.5
Retained earnings	**179.3**	170.8
Total equity attributable to shareholders of the Company	**353.7**	360.3
Non-controlling interests	**35.6**	38.3
Total equity	**389.3**	398.6

1 In the prior year published results the pension assets were presented net within pension liabilities. The prior year figures above have been re-presented to show the pension assets within non current assets and a corresponding increase to the pension liabilities. There is no impact on net profit, net assets or cash flows

Consolidated statement of changes in equity

	Share capital	Share premium	Translation reserve	Hedging reserve	Fair value reserve	Capital redemption reserve	Other reserves	Retained earnings	**Total parent equity**	Non-controlling interests	**Total equity**
	£m	£m	£m	£m	£m	£m	£m	£m	**£m**	£m	**£m**
At 1 January 2023	71.3	111.7	-	(0.2)	(1.0)	35.7	0.6	170.9	389.0	40.6	429.6
Profit for the year	-	-	-	-	-	-	-	47.3	47.3	9.0	56.3
Other comprehensive income/(expense):											
Remeasurement loss on defined benefit plans and related taxes	-	-	-	-	-	-	-	(12.0)	(12.0)	-	(12.0)
Foreign exchange differences and related taxes	-	-	(29.6)	-	-	-	-	-	(29.6)	(3.2)	(32.8)
Cash flow hedging fair value changes and transfers	-	-	-	1.3	-	-	-	-	1.3	-	1.3
Net investment hedging fair value changes and transfers	-	-	(0.3)	-	-	-	-	-	(0.3)	-	(0.3)
Total other comprehensive income/(expense)	-	-	(29.9)	1.3	-	-	-	(12.0)	(40.6)	(3.2)	(43.8)
Total comprehensive income/(expense)	-	-	(29.9)	1.3	-	-	-	35.3	6.7	5.8	12.5
Transactions with owners:											
Dividends	-	-	-	-	-	-	-	(34.2)	(34.2)	(8.1)	(42.3)
Equity-settled share-based payments	-	-	-	-	-	-	-	2.9	2.9	-	2.9
Own shares acquired for share incentive schemes (net)	-	-	-	-	-	-	-	(4.1)	(4.1)	-	(4.1)
At 31 December 2023	71.3	111.7	(29.9)	1.1	(1.0)	35.7	0.6	170.8	360.3	38.3	398.6
At 1 January 2024	**71.3**	**111.7**	**(29.9)**	**1.1**	**(1.0)**	**35.7**	**0.6**	**170.8**	**360.3**	**38.3**	**398.6**
Profit for the year	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**50.3**	**50.3**	**8.5**	**58.8**
Other comprehensive income/(expense):											
Remeasurement gain on defined benefit plans and related taxes	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**0.7**	**0.7**	**-**	**0.7**
Foreign exchange differences and related taxes	**-**	**-**	**(10.0)**	**-**	**-**	**-**	**-**	**-**	**(10.0)**	**(1.0)**	**(11.0)**
Cash flow hedging fair value changes and transfers	**-**	**-**	**-**	**(1.3)**	**-**	**-**	**-**	**-**	**(1.3)**	**-**	**(1.3)**
Net investment hedging fair value changes and transfers	**-**	**-**	**1.7**	**-**	**-**	**-**	**-**	**-**	**1.7**	**-**	**1.7**
Total other comprehensive income/(expense)	**-**	**-**	**(8.3)**	**(1.3)**	**-**	**-**	**-**	**0.7**	**(8.9)**	**(1.0)**	**(9.9)**
Total comprehensive income/(expense)	**-**	**-**	**(8.3)**	**(1.3)**	**-**	**-**	**-**	**51.0**	**41.4**	**7.5**	**48.9**
Transactions with owners:											
Dividends	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(34.5)**	**(34.5)**	**(8.1)**	**(42.6)**
Equity-settled share-based payments	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**2.8**	**2.8**	**-**	**2.8**
Own shares acquired for share incentive schemes (net)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3.3)**	**(3.3)**	**-**	**(3.3)**
Purchase of own shares for share buyback programme	**-**	**-**	**-**	**-**	**-**	**-**	**(10.0)**	**-**	**(10.0)**	**-**	**(10.0)**
Cancellation of own shares under share buyback programme	**(0.4)**	**-**	**-**	**-**	**-**	**0.4**	**4.5**	**(4.5)**	**-**	**-**	**-**
Purchase of non-controlling interest	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**(3.0)**	**(3.0)**	**(2.1)**	**(5.1)**
At 31 December 2024	**70.9**	**111.7**	**(38.2)**	**(0.2)**	**(1.0)**	**36.1**	**(4.9)**	**179.3**	**353.7**	**35.6**	**389.3**

Consolidated statement of cash flows

	Note	**Year ended 31 December 2024 £m**	Year ended 31 December 2023 £m
Operating activities			
Profit for the year from continuing operations		**58.7**	55.6
Profit for the year from discontinued operations	7	**0.1**	0.7
Adjustments for:			
Depreciation - property, plant and equipment		**34.1**	31.9
Depreciation - right-of-use assets		**8.6**	7.6
Amortisation		**1.7**	3.3
Net financing costs	5	**19.0**	14.1
Non-cash specific adjusting items included in operating profit		**4.5**	(2.5)
Fair value gain on equity instruments held at FVTPL		**(1.9)**	(0.9)

Profit on sale of property, plant and equipment		**(3.0)**	(1.6)
Income tax expense	6	**25.9**	22.2
Equity-settled share-based payment expense		**2.8**	2.9
Cash generated from operations before changes in working capital and provisions		**150.5**	133.3
Increase in trade and other receivables		**(0.5)**	(4.0)
Decrease/(increase) in inventories		**6.7**	(12.3)
Increase in trade and other payables		**8.4**	13.3
Decrease in provisions		**(1.0)**	(3.4)
Payments to defined benefit pension plans (net of IAS 19 pension charges)	14	**(1.1)**	(0.2)
Cash generated from operations		**163.0**	126.7
Interest paid - borrowings and overdrafts		**(17.9)**	(15.5)
Interest paid - lease liabilities		**(2.6)**	(2.4)
Income tax paid		**(29.2)**	(30.3)
Net cash from operating activities		**113.3**	78.5
Investing activities			
Purchase of property, plant and equipment and software		**(96.1)**	(60.4)
Purchase of investments		**(0.1)**	(5.6)
Proceeds from sale of property, plant and equipment		**5.4**	1.8
Grants received for purchase of equipment		**0.5**	0.1
Interest received		**2.6**	3.9
Disposal of investments		**1.7**	-
Net cash from investing activities		**(86.0)**	(60.2)
Financing activities			
Purchase of own shares for share incentive schemes		**(3.5)**	(4.7)
Proceeds from exercise of share options		**0.2**	0.6
Purchase of own shares for share buyback programme		**(4.7)**	-
Purchase of non-controlling interest		**(5.1)**	-
Increase in borrowings		**121.3**	247.2
Repayment of borrowings		**(88.0)**	(193.9)
Payment of lease liabilities		**(10.6)**	(8.9)
Dividends paid to shareholders of the Company		**(34.5)**	(34.2)
Dividends paid to non-controlling interests		**(8.1)**	(8.1)
Net cash from financing activities		**(33.0)**	(2.0)
Net (decrease)/increase in cash and cash equivalents and overdrafts		**(5.7)**	16.3
Cash and cash equivalents at start of the year		**124.5**	117.7
Effect of exchange rate fluctuations on cash held		**(7.3)**	(9.5)
Net cash and cash equivalents at year end		**111.5**	124.5

Notes to the condensed consolidated financial statements

Note 1. Basis of preparation, changes in accounting policies and areas of significant judgement and estimate

The preliminary announcement for the year ended 31 December 2024, which is an abridged statement of the full Annual Report and Accounts, has been prepared in accordance with the requirements of the Companies Act 2006 and International Financial Reporting Standards ('IFRSs') as adopted by the UK. Except for the changes set out in the adoption of new and revised standards section, there has been no other significant impact arising from new accounting policies adopted in the year.

Certain line items in the primary statements have been disaggregated to provide greater clarity, and accordingly, the corresponding prior year comparative amounts have been re-presented for consistency and comparability between periods. The comparative period includes £13.5 million of pension assets that were previously presented net within pension liabilities. There is no impact on net profit, net assets or cash flows.

The financial information set out in this report does not constitute the Company's statutory accounts for the years ended 31 December 2024 or 31 December 2023. Statutory accounts for the year ended 31 December 2023 have been delivered to the registrar of companies, and those for the year ended 31 December 2024 will be delivered in due course.

The auditors have reported on those accounts; their report was (i) unqualified, (ii) did not include a reference to any matters to which the auditors drew attention by way of emphasis without qualifying their report and (iii) did not contain a statement under Section 498(2) or (3) of the Companies Act 2006 in respect of the accounts for 2024 and 2023.

Critical accounting judgements and key sources of estimation uncertainty

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Final outcomes may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis.

Critical accounting judgements

Information about judgements made in applying accounting policies that have the most significant effects on the amounts recognised in the consolidated financial statements is included in the following notes:

Note 4: Specific adjusting items

The Group separately presents specific adjusting items in the consolidated income statement which, in the Directors' judgement, need to be disclosed separately by virtue of their size and incidence in order for users of the consolidated financial statements to obtain an alternative understanding of the financial information and the underlying performance of the business. These are items which occur infrequently and include (but are not limited to):

- Individual restructuring projects which are material or relate to the closure of a part of the business and are not expected to recur;
- Impairment of non-financial assets which are material;
- Gains or losses on disposal or exit of businesses;
- Significant costs incurred as part of the integration of an acquired business;
- Gains or losses arising on significant changes to or closures of defined benefit pension plans; and
- Design, customisation, configuration and implementation of a Global ERP system.

For the year ended 31 December 2023, costs associated with our response to the cyber security incident and charges in relation to the impact of Argentina's currency devaluation were also classified as specific adjusting items, due to their size and nature.

due to their size and nature.

Determining whether an item is part of specific adjusting items requires judgement to determine the nature and the intention of the transaction.

Note 15: Provisions and contingent liabilities
Due to the nature of its operations, the Group holds provisions for its environmental obligations. Judgement is needed in determining whether a contingent liability has crystallised into a provision. Management assesses whether there is sufficient information to determine that an environmental liability exists and whether it is possible to estimate with sufficient reliability what the cost of remediation is likely to be. For environmental remediation matters, this tends to be at the point in time when a remediation feasibility study has been completed, or sufficient information becomes available through the study to estimate the costs of remediation.

The Group will recognise a legal provision at the point when the outcome of a legal matter can be reliably estimated. Estimates are based on past experience of similar issues, professional advice received and the Group's assessment of the most likely outcome. The timing of the utilisation of these provisions is frequently uncertain, reflecting the complexity of issues and the outcome of various court proceedings and associated negotiations.

Key sources of estimation uncertainty
The key assumptions concerning the future, and other key sources of estimation uncertainty at the reporting period that may have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are included in the notes below.

Management has assessed the potential financial impacts relating to climate change-related risks, primarily considering the useful lives of property, plant and equipment, the possibility of impairment of goodwill and other long-lived assets and the recoverability of the Group's deferred tax assets. Management has exercised judgement in concluding that there are no further material financial impacts of the Group's climate-related risks and opportunities on the consolidated financial statements. These judgements are kept under review by management as the future impacts of climate change depend on environmental, regulatory and other factors outside of the Group's control which are not all currently known.

Note 14: Pensions and other post-retirement employee benefits: key actuarial assumptions
The principal actuarial assumptions applied to pensions are shown in note 14. The actuarial evaluation of pension assets and liabilities is based on assumptions in respect of inflation, future salary increases, discount rates, returns on investments and mortality rates. Relatively small changes in the assumptions underlying the actuarial valuations of pension schemes can have a significant impact on the net pension liability included in the balance sheet.

Adoption of new and revised accounting standards
Newly adopted standards
In the current year, the Group has applied a number of amendments to IFRS Accounting Standards as adopted by the UK that are mandatorily effective for an accounting period that begins on or after 1 January 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

- Amendments to IAS 1 Non-current Liabilities with Covenants.
- Amendments to IAS 1 Classification of liabilities as current or non-current.
- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements.
- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback.

Accounting developments and changes
New accounting standards in issue but not yet effective

New standards and interpretations that are in issue but not yet effective are listed below.

- IFRS S1 'General requirements for Disclosure of Sustainability-related Financial Information'.
- IFRS S2 'Climate-related Disclosures'.
- Amendment to IFRS 9 and IFRS 7 'Classification and Measurement of Financial Instruments'.
- Amendments to IAS 21 Lack of Exchangeability.
- IFRS 18: Presentation and Disclosure in Financial Statements.

The adoption of amendments to IAS 21 is effective for the period beginning 1 January 2025 and adoption is not expected to lead to any material changes to the Group's accounting policies or have any other material impact on the financial position or performance of the Group. IFRS 18 is effective for periods beginning on or after 1 January 2027 and replaces IAS 1 Presentation of Financial Statements. The standard requires the classification of income and expenditure in the income statement to be split between operating, investing and financing, introduces disclosures around management defined performance measures (MPMs) and aggregation and disaggregation of other disclosure information. The impact of the standard on the Group is currently being assessed and it is not yet practicable to quantify the effect of IFRS 18 on these consolidated financial statements.

There are no other upcoming accounting standards or amendments that are applicable to the Group.

Non-GAAP measures
Where non-GAAP measures have been referenced these have been identified by an asterisk (*) where they appear in the text and by a footnote where they appear in a table. Definitions of these non-GAAP measures and reconciliations to the equivalent statutory measure can be found in the 'Glossary and Alternative Performance Measures' section included as an appendix to the condensed consolidated financial statements within this announcement.

Going concern
The Group's business activities, together with the factors likely to affect its future development, performance and position are set out in the Strategic Report contained in the Annual Report and Accounts. The financial position of the Group, its cash flows, liquidity position and borrowing facilities, are described in the Financial Review. In addition, note 21 to the consolidated financial statements contained within the Annual Report and Accounts, includes the Group's policies and processes for managing financial risk, details of its financial instruments and hedging activities and details of its exposures to credit risk and liquidity risk.

The Group meets its day-to-day working capital requirements through local banking arrangements underpinned by the Group's £230 million unsecured multi-currency revolving credit facility, which matures in November 2029. As at 31 December 2024, the Group had both significant available liquidity and headroom on its covenants. Total committed borrowing facilities were £617.4 million. The amount drawn under these facilities was £338.1 million, which together with net cash and cash equivalents of £111.5 million, gave a total headroom of £390.8 million. The multi-currency revolving credit facility was £12.8 million drawn. The Group has no scheduled debt maturities until 2026.

The principal borrowing facilities are subject to covenants that are measured semi-annually in June and December, being net debt to EBITDA* of a maximum of 3 times and interest cover of a minimum of 4 times, based on measures defined in the facilities agreements which are adjusted from the equivalent IFRS amounts.

The Group has carefully modelled its cash flow outlook, taking account of reasonably possible changes in trading performance, exchange rates and plausible downside scenarios. This review indicated that there was sufficient headroom and liquidity for the business to continue for the 18 month period based on the facilities available as discussed in note 21 to the consolidated financial statements included within the Annual Report and Accounts. The Group was also expected to be in compliance with the required covenants discussed above.

The Board has also reviewed the Group's reverse stress testing performed to demonstrate how much headroom is available on covenant levels in respect of changes in net debt, EBITDA*, and underlying revenue. Based on this assessment, a combined reduction in EBITDA* of 35% and an increase in net debt of 35% would still allow the Group to operate within its financial covenants. The Directors do not consider either of these scenarios to be plausible given the diversity of the Group's end-markets and its broad manufacturing base.

The Board and Executive Committee have regular reporting and review processes in place in order to closely monitor the ongoing operational and financial performance of the Group. As part of the ongoing risk management process, principal and emerging risks are identified and reviewed on a regular basis. In addition, the Directors have assessed the risk of climate change and do not consider that it will impact the Group's ability to operate as a going concern for the period under consideration.

After making enquiries, and in the absence of any material uncertainties, the Directors have a reasonable expectation that the Company and the Group have adequate resources to continue in operational existence for a period of 18 months from the date of signing this Annual Report and Accounts. Accordingly, they continue to adopt the going concern basis in preparing the Annual Report and Accounts.

Directors' Responsibility Statement

The 2024 Annual Report and Accounts, which will be issued in March 2025, contains a responsibility statement in compliance with DTR 4.1.12 of the Listing Rules which sets out that as at the date of approval of the Annual Report on 27 February 2025, the directors confirm to the best of their knowledge:

- the Group and unconsolidated Company financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company, and the undertakings included in the consolidation taken as a whole; and
- the performance review contained in the Annual Report and Accounts includes a fair review of the development and performance of the business and the position of the Group and the undertakings including the consolidation taken as a whole, together with a description of the principal risks and uncertainties they face.

Note 2. Acquisitions and disposals

In March 2024, the Group acquired the remaining 7% of the shares in Morgan Korea Company Ltd, a manufacturing business which services all three segments of the Group, for consideration of £5.1 million. The Group previously owned 93% of the business and included the entity in the Group consolidation.

There were no acquisitions or disposals of businesses by the Group in 2023.

Note 3. Segmental reporting

As part of the restructuring programme to streamline and simplify the Group a change was implemented, effective from 1 January 2024, to manage the Group through three distinct reporting segments, Thermal Products, Performance Carbon and Technical Ceramics. The internal management information, regularly reviewed by the Group's Board of Directors (the Chief Operating Decision Maker) in order to allocate resources and assess performance, is presented on the basis of these reporting segments.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly investments and related income, borrowings and related expenses, corporate assets and head office expenses, and income tax assets and liabilities.

The information presented below represents the reporting segments of the Group. Comparative figures have been presented based on the new reporting segments.

Year ended 31 December 2024

Continuing operations	Thermal Products £m	Performance Carbon £m	Technical Ceramics £m	**Segment total £m**	Corporate costs £m	**Group £m**
Revenue from external customers	**418.2**	**345.2**	**337.3**	**1,100.7**	**-**	**1,100.7**
Segment adjusted operating profit[1]	**40.0**	**55.1**	**39.2**	**134.3**	**-**	**134.3**
Corporate costs[2]					**(5.9)**	**(5.9)**
Group adjusted operating profit[1]						**128.4**
Amortisation of intangible assets	**(0.8)**	**(0.3)**	**(0.6)**	**(1.7)**	**-**	**(1.7)**
Operating profit before specific adjusting items	**39.2**	**54.8**	**38.6**	**132.6**	**(5.9)**	**126.7**
Specific adjusting items included in operating profit/(loss)[3]	**(8.1)**	**(7.6)**	**(0.7)**	**(16.4)**	**(6.7)**	**(23.1)**
Operating profit/(loss)	**31.1**	**47.2**	**37.9**	**116.2**	**(12.6)**	**103.6**
Finance income						**2.6**
Finance expense						**(21.6)**
Profit before taxation						**84.6**
Segment assets	**373.4**	**316.3**	**222.7**	**912.4**	**164.7**	**1,077.1**
Segment liabilities	**103.9**	**54.0**	**85.0**	**242.9**	**444.9**	**687.8**
Segment capital expenditure	**22.8**	**52.3**	**21.0**	**96.1**	**-**	**96.1**

Segment depreciation - property, plant and equipment	**14.6**	**10.9**	**8.6**	**34.1**	**-**	**34.1**
Segment depreciation - right-of-use assets	**3.8**	**1.5**	**3.3**	**8.6**	**-**	**8.6**
Segment net impairment of non-financial assets	**4.2**	**-**	**-**	**4.2**	**-**	**4.2**
Segment reversal of impairment of non-financial assets	**-**	**-**	**-**	**-**	**-**	**-**

1. Definitions of these non-GAAP measures and reconciliations of the statutory results to the adjusted measures can be found in the 'Glossary and alternative performance measures' section, which is included as an appendix to the condensed consolidated financial statements within this announcement.
2. Corporate costs consist of central head office costs.
3. Details of specific adjusting items from continuing operations are given in note 4 to the condensed consolidated financial statements.

Year ended 31 December 2023

Continuing operations	Thermal Products £m	Performance Carbon £m	Technical Ceramics £m	**Segment totals £m**	Corporate costs £m	**Group £m**
Revenue from external customers	454.4	327.2	333.1	1,114.7	-	1,114.7
Segment adjusted operating profit[1]	40.2	50.0	36.0	126.2	-	126.2
Corporate costs[2]					(5.9)	(5.9)
Group adjusted operating profit[1]						120.3
Amortisation of intangible assets	(1.4)	(0.8)	(1.1)	(3.3)	-	(3.3)
Operating profit before specific adjusting items	38.8	49.2	34.9	122.9	(5.9)	117.0
Specific adjusting items included in operating profit/(loss)[3]	(9.3)	(9.3)	7.6	(11.0)	(14.1)	(25.1)
Operating profit/(loss)	29.5	39.9	42.5	111.9	(20.0)	91.9
Finance income						3.9
Finance expense						(18.0)
Profit before taxation						77.8
Segment assets	376.2	278.2	217.6	872.0	166.2	1,038.2
Segment liabilities	101.0	55.0	80.4	236.4	403.2	639.6
Segment capital expenditure	17.2	27.2	15.9	60.3	-	60.3
Segment depreciation - property, plant and equipment	13.9	11.2	6.8	31.9	-	31.9
Segment depreciation - right-of-use assets	3.5	1.3	2.8	7.6	-	7.6
Segment impairment of non-financial assets	-	7.0	0.3	7.3	-	7.3
Segment reversal of impairment of non-financial assets	2.4	-	5.7	8.1	-	8.1

1. Definitions of these non-GAAP measures and reconciliations of the statutory results to the adjusted measures can be found in the 'Glossary and alternative performance measures' section, which is included as an appendix to the condensed consolidated financial statements within this announcement.
2. Corporate costs consist of central head office costs.
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Revenue from external customers and non-current assets by geography

	Revenue from external customers		**Non-current assets (excluding pension and deferred tax assets)**	
Continuing operations	**2024 £m**	2023 £m	**2024 £m**	2023 £m
USA	**451.8**	427.4	**263.9**	219.8
China	**97.7**	114.8	**44.6**	43.4
Germany	**83.2**	88.7	**42.3**	41.9
UK (the Group's country of domicile)	**44.2**	43.6	**110.1**	101.6
Other Asia, Australasia, Middle East and Africa	**192.9**	197.1	**55.5**	54.6
Other Europe	**165.6**	173.2	**33.1**	37.1
Other North America	**37.1**	44.9	**1.9**	2.1
South America	**28.2**	25.0	**11.5**	12.7
	1,100.7	1,114.7	**562.9**	513.2

Revenue from external customers is based on geographic location of the end-customer. Segment assets are based on geographical location of the assets. In the current and prior year no single customer represented more than 5% of revenue.

Revenue from external customers by end-market

Continuing operations	2024 £m	2023 £m
Semiconductors	**105.7**	108.6
Healthcare	**84.1**	78.7
Clean energy and clean transportation	**57.6**	50.0
Faster growing markets	**247.4**	237.3
Industrial	**294.2**	315.9
Conventional transportation	**202.8**	200.2
Metals	**140.0**	150.2
Petrochemical and chemical	**106.0**	110.8
Security and defence	**73.9**	68.5
Conventional energy	**36.4**	31.8
Core markets	**853.3**	877.4
	1,100.7	1,114.7

Intercompany sales to other segments

	Thermal Products		Performance Carbon		Technical Ceramics		**Total**	
Continuing operations	**2024 £m**	2023 £m	**2024 £m**	2023 £m	**2024 £m**	2023 £m	**2024 £m**	2023 £m
Intercompany sales to other segments	**1.7**	1.0	**0.5**	0.1	**0.5**	0.7	**2.7**	1.8

Note 4. Specific adjusting items

Continuing operations	2024 £m	2023 £m
Costs associated with the cyber security incident	**(1.1)**	(14.7)
Net restructuring charge	**(13.1)**	(3.5)
Design, configuration, customisation and implementation of a Global ERP system	**(5.2)**	-
Net business closure costs	**-**	(1.9)
Credit/(charge) in relation to the impact of Argentina's currency devaluation	**0.5**	(5.8)
Impairment of non-financial assets	**(4.2)**	(7.3)
Reversal of impairment of non-financial assets	**-**	8.1
Total specific adjusting items before income tax	**(23.1)**	(25.1)
Income tax credit from specific adjusting items	**2.5**	3.8
Total specific adjusting items after income tax	**(20.6)**	(21.3)

The total cash outflow in respect of specific adjusting items excludes impairment of non-financial assets and reversal of impairment of non-financial assets, and is reported within cash flows from operating activities in the consolidated cash flows.

Costs associated with the cyber security incident

The Group incurred expenditure of £1.1 million (2023: £14.7 million) being the residual charges in relation to the cyber security incident which took place in January 2023.

Net restructuring charge

During the year, the business continued the simplification process and announced the expansion of the programme to achieve further cost reductions and efficiencies. A charge of £13.1 million was recognised in relation to the programmes. In 2023, a charge of £6.5 million was recognised in respect of restructuring which was partially offset by a £3.0 million release of a restructuring provision following settlement of a multi-employer pension plan and the re-letting of a site held by one of our Technical Ceramics businesses.

Design, configuration, customisation and implementation of a Global ERP system

During the year, the Group continued to develop a Global ERP intended to replace over 30 legacy systems across the Group. The programme is expected to complete over three years and will create further opportunities to align business processes, strengthen information security and the control environment. The costs of £5.2 million associated with the design, development, configuration and implementation of the system are classified as specific adjusting items due to their nature and size.

Net business closure and exit costs

During 2024, the Group did not incur any costs relating to business closures.

In 2023, the Group incurred £1.9 million for decommissioning, advisory and severance costs relating to the liquidation of a Thermal Products business in China. In addition, a provision of £2.4 million was recognised relating to the environmental remediation of a Thermal Products business in France which was sold in 2015. This charge was offset by a gain of £2.4 million recognised on disposal of land and buildings for a Thermal Products business in China which was closed in 2020.

Credit/(charge) in relation to the impact of Argentina's currency devaluation

In December 2023, Argentina devalued its currency by more than 50% and restrictions on imports limited the flow of raw materials to the site. As a result the Group incurred a charge of £5.8 million in the year ended 31 December 2023, which consisted of £2.6 million for the impact of the currency devaluation on the trading results of the Argentina business, impairment of property, plant and equipment of £1.9 million and impairment of inventories of £1.3 million.

During the year ended 31 December 2024, an impairment charge of £0.5 million was reversed which related to the inventories sold in the year.

2024 Impairment of non-financial assets

Thermal Products

In light of challenging trading conditions, the Group has conducted an impairment review and where necessary performed an impairment assessment in accordance with 'IAS 36 - Impairment of Assets'. As a result, the Group has recognised a net impairment charge of £4.2 million related to fixed assets held by our Thermal Products business in Europe. The value in use calculation used a pre-tax discount rate of 13.5-17.2% and a long-term growth rate of 1.1-1.7% to derive the terminal value.

2023 Impairment of non-financial assets

Performance Carbon

The Group recognised an impairment charge of £7.3 million related to fixed assets held by Performance Carbon businesses in Europe (£3.2 million), North America (£1.5 million) and Asia (£2.6 million) as a result of underutilised assets and assets developed which were not commercially viable. The value in use calculation used a pre-tax discount rate of 13.9-17.3% and a long-term growth rate of 1.0% to derive the terminal value.

2023 Reversal of impairment of non-financial assets

In 2023, the Group identified businesses within Thermal Products and Technical Ceramics, which previously incurred charges for impairment of fixed assets, where the business had demonstrated sustained recovery. Consequently a reversal of impairment of £8.1 million was recognised which consisted of £2.4 million for a partial reversal in Thermal Products and £5.7 million in respect of a full reversal in Technical Ceramics. The value in use calculation used a pre-tax discount rate of 13.6% and a long-term growth rate of 1.0% to derive the terminal value.

Review of cumulative impairment of non-financial assets

Impairment charges of £18.9 million (2023: £20.6 million) for non-financial assets which the business continues to use have been recorded during the current and previous years. These impaired amounts could be reversed if the related businesses were to outperform significantly against their budget. A sensitivity analysis was carried out using reasonably possible changes to the key assumptions in assessing the value in use of these non-financial assets. This did not result in a material reversal of the impaired amounts.

Note 5. Finance income and expense

Continuing operations	**2024** **£m**	2023 £m
Interest on bank balances and cash deposits	**2.6**	3.9
Finance income	**2.6**	3.9
Interest expense on borrowings and overdrafts	**(18.4)**	(15.6)
Interest expense on lease liabilities	**(2.6)**	(2.4)
Net interest on IAS 19 defined benefit pension obligations	**(0.6)**	-
Finance expense	**(21.6)**	(18.0)
Net financing costs	**(19.0)**	(14.1)

No finance income or expense related to discontinued operations in either the current or preceding year.

Note 6. Taxation

Continuing operations	**2024** **£m**	2023 £m
Current tax		
Current year	**29.7**	25.5
Current tax associated with Pillar Two income taxes	**0.2**	-
	29.9	25.5
Deferred tax		
Current year	**(2.4)**	(2.5)
Adjustments for prior years	**(1.6)**	(0.8)
	(4.0)	(3.3)
Total income tax expense recognised in the income statement	**25.9**	22.2
Recognised in other comprehensive income		
Tax effect on components of other comprehensive income:		
Deferred tax associated with defined benefit schemes	**0.6**	0.5
Total tax recognised in other comprehensive income	**0.6**	0.5

There was no deferred tax associated with share schemes recognised in other comprehensive income (2023: none).

Reconciliation of effective tax rate	**2024** **£m**	**2024** **%**	2023 £m	2023 %
Profit before tax	**84.6**		77.8	
Income tax charge using the domestic corporation tax rate	**21.1**	**24.9**	18.3	23.5
Effect of different tax rates in other jurisdictions	**0.3**	**0.4**	1.4	1.8
Local taxes including withholding tax suffered	**3.7**	**4.4**	1.3	1.7
Permanent differences	**(0.1)**	**(0.1)**	0.1	0.1
Movements related to unrecognised temporary differences	**2.5**	**2.9**	2.0	2.6

Movements related to unrecognised temporary differences	[illegible]	[illegible]	[illegible]	[illegible]
Adjustments in respect of prior years	**(1.6)**	**(1.9)**	(0.9)	(1.2)
Statutory effective rate of tax	**25.9**	**30.6**	22.2	28.5

The effective rate of tax before specific adjusting items is 26.4% (2023: 25.3%).

The Group operates in many jurisdictions around the world and is subject to factors that may impact future tax charges including the US tax reform, implementation of the Organisation for Economic Co-operation and Development (OECD)'s BEPS actions, tax rate and legislation changes, expiry of the statute of limitations and resolution of tax audits and disputes.

The OECD/G20 Inclusive Framework on Base Erosion and Profit Shifting (BEPS) published the Pillar Two model rules designed to ensure that large multinational enterprises pay a minimum tax of 15% on their profits in each jurisdiction they operate in.

On 11 July 2024, the UK enacted the Pillar Two income inclusion rules (IIR). The legislation implements a domestic top-up tax and a multinational top-up tax which is effective for the financial year beginning 1 January 2024. The Group is in scope of the enacted legislation.

The Group has also applied the exception under the 'IAS 12 - Income Taxes' as issued in May 2023, for the amendment in recognising and disclosing information about deferred tax assets and liabilities. Accordingly, the Group neither recognises nor discloses information about deferred tax assets or liabilities related to Pillar Two taxes.

The assessment of the potential exposure to Pillar Two income taxes indicate that the transitional safe harbour rules apply to most jurisdictions in which the Group operates, with the exception of France, Singapore and the United Arab Emirates.

The amendments per IAS 12 requires Group's to disclose separately its current tax expense in relation to Pillar Two tax. The Group estimates a current tax expense related to Pillar Two taxes of £0.2 million for the territories where the safe harbour rules do not apply.

The Group continues to monitor Pillar Two legislative developments across the territories in which we operate to evaluate the future impact on our business.

Note 7. Discontinued operations

The Group disposed of its Composites and Defence Systems business on 20 November 2018. The business represented a separate reportable segment and therefore, in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, the disposal group was classified as discontinued.
The results from discontinued operations, which have been disclosed in the consolidated income statement, are set out below:

		Year ended 31 December 2024			Year ended 31 December 2023		
	Note	**Results before specific adjusting items £m**	**Specific adjusting items £m**	**Total £m**	Results before specific adjusting items £m	Specific adjusting items £m	Total £m
Revenue		**-**	**0.1**	**0.1**	-	0.7	0.7
Operating income		**-**	**-**	**-**	-	-	-
Profit before taxation		**-**	**0.1**	**0.1**	-	0.7	0.7
Income tax expense		**-**	**-**	**-**	-	-	-
Profit from discontinued operations		**-**	**0.1**	**0.1**	-	0.7	0.7
Basic earnings per share from discontinued operations	8			**-**			0.2p
Diluted earnings per share from discontinued operations	8			**-**			0.2p

There is no income tax expense in relation to the discontinued operations in either the current or preceding year.

Cash flows from discontinued operations are set out below:

	Year ended 31 December 2024 £m	Year ended 31 December 2023 £m
Net cash generated in operating activities	**0.1**	0.4
Net cash generated from investing activities	**-**	-
Net cash flow used in financing activities	**-**	-
	0.1	0.4

Note 8. Earnings per share

	Year ended 31 December 2024			Year ended 31 December 2023		
	Earnings £m	**Basic earnings per share pence**	**Diluted earnings per share pence**	Earnings £m	Basic earnings per share pence	Diluted earnings per share pence

Profit for the year attributable to shareholders of the Company	**50.3**	**17.7p**	**17.5p**	47.3	16.6p	16.5p
Profit from discontinued operations	**(0.1)**	**-**	**-**	(0.7)	(0.2)p	(0.2)p
Profit from continuing operations	**50.2**	**17.7p**	**17.5p**	46.6	16.4p	16.3p
Specific adjusting items	**23.1**	**8.1p**	**8.0p**	25.1	8.8p	8.7p
Amortisation of intangible assets	**1.7**	**0.6p**	**0.6p**	3.3	1.2p	1.1p
Tax effect of the above[1]	**(2.5)**	**(0.9)p**	**(0.9)p**	(3.8)	(1.3)p	(1.3)p
Adjusted profit for the year from continuing operations as used in adjusted earnings per share[2]	**72.5**	**25.5p**	**25.2p**	71.2	25.0p	24.8p

1 The tax effect of the amortisation of intangible assets was £nil (2023: £nil).
2 Definitions of these non-GAAP measures and reconciliations of the statutory results to the adjusted measures can be found in the 'Glossary and alternative performance measures' section, which is included as an appendix to the condensed consolidated financial statements within this announcement.

	2024	2023
Number of shares (millions)		
Weighted average number of Ordinary shares for the purposes of basic earnings per share[1]	**284.5**	284.8
Effect of dilutive potential Ordinary shares:		
Share options	**2.8**	2.5
Weighted average number of Ordinary shares for the purposes of diluted earnings per share	**287.3**	287.3

1 The calculation of the weighted average number of shares excludes the shares held by The Morgan General Employee Benefit Trust, on which the dividends are waived.

Note 9. Property, plant and equipment

	Land and buildings £m	Plant, equipment and fixtures £m	Total £m
Cost			
Balance at 1 January 2023	219.2	770.2	989.4
Additions	7.3	54.0	61.3
Disposals	(0.3)	(12.4)	(12.7)
Transfers between categories	0.4	(0.4)	-
Effect of movement in foreign exchange	(10.5)	(34.0)	(44.5)
Balance at 31 December 2023	216.1	777.4	993.5
Balance at 1 January 2024	**216.1**	**777.4**	**993.5**
Additions	**13.2**	**81.1**	**94.3**
Disposals	**(11.5)**	**(35.0)**	**(46.5)**
Transfers between categories	**0.8**	**(0.8)**	**-**
Effect of movement in foreign exchange	**(2.0)**	**(4.8)**	**(6.8)**
Balance at 31 December 2024	**216.6**	**817.9**	**1,034.5**
Depreciation and impairment losses			
Balance at 1 January 2023	117.7	588.5	706.2
Depreciation charge for the year	6.0	25.9	31.9
Impairment losses	1.7	8.3	10.0
Impairment reversals	(0.1)	(5.4)	(5.5)
Disposals	(0.2)	(11.6)	(11.8)
Effect of movement in foreign exchange	(6.1)	(25.0)	(31.1)
Balance at 31 December 2023	119.0	580.7	699.7
Balance at 1 January 2024	**119.0**	**580.7**	**699.7**
Depreciation charge for the year	**5.4**	**28.7**	**34.1**
Impairment losses	**-**	**4.6**	**4.6**
Disposals	**(10.3)**	**(34.2)**	**(44.5)**
Transfers between categories	**(0.5)**	**0.5**	**-**
Effect of movement in foreign exchange	**(0.4)**	**(3.9)**	**(4.3)**
Balance at 31 December 2024	**113.2**	**576.4**	**689.6**
Carrying amounts			
At 1 January 2023	101.5	181.7	283.2
At 31 December 2023	97.1	196.7	293.8
At 31 December 2024	**103.4**	**241.5**	**344.9**

No assets were pledged as security for liabilities in the current or prior year. The net book value includes assets under construction of £51.0 million (2023: 24.2 million), comprising £2.8 million of land and buildings (2023: £3.3 million), and £48.2 million of plant, equipment and fixtures (2023: £20.9 million).

Commitments for property, plant and equipment and computer software expenditure for which no provision has been made in these financial statements amount to £13.8 million for the Group (2023: £5.2 million).

Note 10. Right-of-use assets

	Land and buildings £m	Plant and equipment £m	Total £m
Cost			
Balance at 1 January 2023	82.4	12.4	94.8
Additions	0.6	5.1	5.7
Disposals	(1.6)	(5.2)	(6.8)
Remeasurements	0.9	(0.2)	0.7
Effect of movement in foreign exchange	(1.8)	(0.2)	(2.0)
Balance at 31 December 2023	80.5	11.9	92.4
Balance at 1 January 2024	**80.5**	**11.9**	**92.4**
Additions	**5.7**	**2.8**	**8.5**
Disposals	**(5.4)**	**(2.5)**	**(7.9)**
Remeasurements	**2.4**	**-**	**2.4**
Effect of movement in foreign exchange	**(1.0)**	**(0.6)**	**(1.6)**
Balance at 31 December 2024	**82.2**	**11.6**	**93.8**
Depreciation and impairment losses			
Balance at 1 January 2023	53.4	7.8	61.2
Depreciation charge for the year	4.8	2.8	7.6
Impairment losses	-	0.4	0.4
Impairment reversals	(1.3)	-	(1.3)
Disposals	(1.6)	(5.2)	(6.8)
Effect of movement in foreign exchange	-	(0.3)	(0.3)
Balance at 31 December 2023	55.3	5.5	60.8
Balance at 1 January 2024	**55.3**	**5.5**	**60.8**
Depreciation charge for the year	**5.6**	**3.0**	**8.6**
Impairment losses	**-**	**0.8**	**0.8**
Disposals	**(5.4)**	**(2.5)**	**(7.9)**
Effect of movement in foreign exchange	**(0.8)**	**(0.2)**	**(1.0)**
Balance at 31 December 2024	**54.7**	**6.6**	**61.3**
Carrying amounts			
At 1 January 2023	29.0	4.6	33.6
At 31 December 2023	25.2	6.4	31.6
At 31 December 2024	**27.5**	**5.0**	**32.5**

The weighted average lease term is 10.2 years for land and buildings and 1.9 years for plant and equipment (2023: 10.8 years and 3.7 years respectively).

The Group recognised expense relating to short-term leases and leasing of low-value assets of £0.5 million (2023: £0.5 million).

Note 11. Intangible assets

	Goodwill £m	Customer relationships £m	Technology and trademarks £m	Capitalised development costs £m	Computer software £m	Total £m
Cost						
Balance at 1 January 2023	181.9	63.9	4.3	0.8	37.8	288.7
Additions (externally purchased)	-	-	-	-	0.6	0.6
Disposals	-	-	-	-	(1.0)	(1.0)
Effect of movement in foreign exchange	(4.4)	(3.0)	(0.1)	-	(1.2)	(8.7)
Balance at 31 December 2023	177.5	60.9	4.2	0.8	36.2	279.6
Balance at 1 January 2024	**177.5**	**60.9**	**4.2**	**0.8**	**36.2**	**279.6**
Additions (externally purchased)	**-**	**-**	**-**	**-**	**0.3**	**0.3**
Disposals	**-**	**-**	**-**	**-**	**(0.8)**	**(0.8)**
Effect of movement in foreign exchange	**(0.6)**	**0.9**	**(0.2)**	**-**	**0.2**	**0.3**

Effect of movement in foreign exchange	[illegible]	[illegible]	[illegible]	-	[illegible]	[illegible]
Balance at 31 December 2024	**176.9**	**61.8**	**4.0**	**0.8**	**35.9**	**279.4**
Amortisation and impairment losses						
Balance at 1 January 2023	-	63.1	3.8	0.8	32.0	99.7
Amortisation charge for the year	-	0.4	0.1	-	2.8	3.3
Impairment losses	-	-	-	-	0.7	0.7
Impairment reversals	-	(0.6)	(0.7)	-	-	(1.3)
Disposals	-	-	-	-	(1.0)	(1.0)
Effects of movement in foreign exchange	-	(3.1)	-	-	(0.9)	(4.0)
Balance at 31 December 2023	-	59.8	3.2	0.8	33.6	97.4
Balance at 1 January 2024	**-**	**59.8**	**3.2**	**0.8**	**33.6**	**97.4**
Amortisation charge for the year	**-**	**0.3**	**0.2**	**-**	**1.2**	**1.7**
Disposals	**-**	**-**	**-**	**-**	**(0.8)**	**(0.8)**
Effects of movement in foreign exchange	**-**	**0.9**	**(0.1)**	**-**	**0.4**	**1.2**
Balance at 31 December 2024	**-**	**61.0**	**3.3**	**0.8**	**34.4**	**99.5**
Carrying amounts						
At 1 January 2023	181.9	0.8	0.5	-	5.8	189.0
At 31 December 2023	177.5	1.1	1.0	-	2.6	182.2
At 31 December 2024	**176.9**	**0.8**	**0.7**	**-**	**1.5**	**179.9**

Impairment test for cash-generating units or groups of cash-generating units containing goodwill

In accordance with the requirements of IAS 36 Impairment of Assets, goodwill is allocated to the Group's cash-generating units or groups of cash-generating units that are expected to benefit from the synergies of the business combination that gave rise to the goodwill. Goodwill impairment testing is performed at the operating segment level as defined by IFRS 8 Operating Segments, as this is the lowest level at which goodwill is monitored.

Goodwill is attributed to each operating segment as follows:

	2024 £m	2023 £m
Thermal Products	**95.6**	96.0
Performance Carbon	**46.1**	46.2
Technical Ceramics	**35.2**	35.3
	176.9	177.5

Each operating segment is assessed for impairment annually and whenever there is an indication of impairment.

The carrying value of goodwill has been assessed with reference to its value in use, reflecting the projected discounted cash flows of each operating segment to which goodwill has been allocated. The key assumptions used in determining value in use relate to short- and long-term growth rates and discount rates.

The cash flow projections in year one are based on the most recent Board approved budget, cash flow projections for years two to five are based on the most recent forecasts. The key assumptions that underpin these cash flow projections relate to sales and operating margins, which are based on past experience, taking into account the effect of known or likely changes in market or operating conditions.

The growth rates have been calculated using GDP growth forecasts published by the International Monetary Fund for the Group's end-markets. These GDP growth forecasts have been weighted to reflect the Group's weighted average sales in each end-market during 2024.

In 2024, the Group has used the following pre-tax discount rates for calculating the value in use of each of the operating segments: Thermal Products: 15.1%, Performance Carbon: 14.1% and Technical Ceramics: 13.6%. The 2023 pre-tax discount rates on an equivalent basis were Thermal Products: 14.5%, Performance Carbon: 15.2% and Technical Ceramics: 14.1%.

A sensitivity analysis was performed in order to quantify the impact of possible adverse changes in key assumptions used in the discounted cash flows; the results are presented in the table below.

		Decrease in recoverable value			
	Long-term growth rates %	**Assuming 10% decrease in growth rate and no terminal growth £m**	**Assuming 10% increase in pre-tax discount rate £m**	**Assuming 10% decrease in cash flows £m**	**Impairment arising £m**
Thermal Products	**1.9**	**35.4**	**39.9**	**39.6**	**None**
Performance Carbon	**2.3**	**117.0**	**120.1**	**108.7**	**None**
Technical Ceramics	**2.0**	**53.2**	**53.7**	**47.7**	**None**

Note 12. Cash and cash equivalents

	2024	2023

	£m	£m
Bank balances	**110.8**	112.5
Cash deposits	**10.0**	12.0
Cash and cash equivalents	**120.8**	124.5

In 2024, the Group had restricted cash of £2.2 million (2023: £1.6 million) as a result of exchange controls in Argentina.

Reconciliation of net cash and cash equivalents to net debt[1]

	2024 £m	2023 £m
Opening borrowings	**(309.7)**	(266.2)
Increase in borrowings	**(121.3)**	(247.2)
Repayment of borrowings	**88.0**	193.9
Effect of movement in foreign exchange	**5.3**	9.8
Closing borrowings	**(337.7)**	(309.7)
Net cash and cash equivalents	**111.5**	124.5
Closing net debt	**(226.2)**	(185.2)
Opening lease liabilities	**(47.1)**	(51.9)
Payment of lease liabilities	**10.6**	8.9
New leases and lease remeasurement	**(10.9)**	(6.4)
Effect of movements in foreign exchange	**0.3**	2.3
Closing lease liabilities	**(47.1)**	(47.1)
Closing net debt and lease liabilities	**(273.3)**	(232.3)

1 Definitions of these non-GAAP measures and reconciliations of the statutory results to the adjusted measures can be found in the 'Glossary and alternative performance measures' section, which is included as an appendix to the condensed consolidated financial statements within this announcement.

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes.

	Borrowings £m	Net cash and cash equivalents £m	Movement in net debt £m	Lease liabilities £m	Net debt and lease liabilities £m
At 1 January 2023	(266.2)	117.7	(148.5)	(51.9)	**(200.4)**
Cash inflow	-	38.9	38.9	-	**38.9**
Borrowings and lease liability cash (outflow)/inflow	(53.3)	-	(53.3)	8.9	**(44.4)**
Net interest paid	-	(17.9)	(17.9)	-	**(17.9)**
Net cash inflow/(outflow)	(53.3)	21.0	(32.3)	8.9	**(23.4)**
Share purchases	-	(4.7)	(4.7)	-	**(4.7)**
New leases and lease remeasurement	-	-	-	(6.4)	**(6.4)**
Exchange and other movements	9.8	(9.5)	0.3	2.3	**2.6**
At 31 December 2023	(309.7)	124.5	(185.2)	(47.1)	**(232.3)**
At 1 January 2024	**(309.7)**	**124.5**	**(185.2)**	**(47.1)**	**(232.3)**
Cash inflow	**-**	**23.0**	**23.0**	-	**23.0**
Borrowings and lease liability cash (outflow)/inflow	**(33.3)**	-	**(33.3)**	**10.6**	**(22.7)**
Net interest paid	**-**	**(20.5)**	**(20.5)**	-	**(20.5)**
Net cash inflow/(outflow)	**(33.3)**	**2.5**	**(30.8)**	**10.6**	**(20.2)**
Share purchases	**-**	**(8.2)**	**(8.2)**	-	**(8.2)**
New leases and lease remeasurement	**-**	-	-	**(10.9)**	**(10.9)**
Exchange and other movements	**5.3**	**(7.3)**	**(2.0)**	**0.3**	**(1.7)**
At 31 December 2024	**(337.7)**	**111.5**	**(226.2)**	**(47.1)**	**(273.3)**

1 Definitions of these non-GAAP measures and reconciliations of the statutory results to the adjusted measures can be found in the 'Glossary and alternative performance measures' section, which is included as an appendix to the condensed consolidated financial statements within this announcement.

Note 13. Financial risk management

Fair Values

	31 December 2024				31 December 2023			
	Carrying amount £m	**Fair value** Level 1 £m	**Level 2 £m**	**Total £m**	Carrying amount £m	Fair value Level 1 £m	Level 2 £m	Total £m
Financial assets and liabilities held at amortised cost								
3.37% US Dollar Senior Notes 2026	**(77.9)**	-	**(74.2)**	**(74.2)**	(76.6)	-	(71.6)	(71.6)
1.55% Euro Senior Notes 2026	**(20.8)**	-	**(19.9)**	**(19.9)**	(21.7)	-	(20.3)	(20.3)
4.87% US Dollar Senior Notes 2026	**(20.4)**	-	**(20.1)**	**(20.1)**	(20.0)	-	(19.4)	(19.4)
1.74% Euro Senior Notes 2028	**(8.3)**	-	**(7.7)**	**(7.7)**	(8.7)	-	(8.0)	(8.0)
2.89% Euro Senior Notes 2030	**(20.7)**	-	**(18.8)**	**(18.8)**	(21.7)	-	(19.6)	(19.6)

5.47% US Dollar Senior Notes 2031	**(8.0)**	-	**(7.6)**	**(7.6)**	(7.9)	-	(7.7)	(7.7)
5.53% US Dollar Senior Notes 2033	**(8.0)**	-	**(7.4)**	**(7.4)**	(7.9)	-	(7.6)	(7.6)
5.61% US Dollar Senior Notes 2035	**(24.1)**	-	**(22.0)**	**(22.0)**	(23.7)	-	(22.8)	(22.8)
5.50% Cumulative First Preference shares	**(0.1)**	-	**(0.1)**	**(0.1)**	(0.1)	-	(0.1)	(0.1)
5.00% Cumulative Second Preference shares	**(0.3)**	-	**(0.3)**	**(0.3)**	(0.3)	-	(0.3)	(0.3)
	(188.6)	-	**(178.1)**	**(178.1)**	(188.6)	-	(177.4)	(177.4)
Financial assets held at FVTPL	**2.0**	**2.0**	**-**	**2.0**	2.2	2.2	-	2.2
Derivative financial assets held at fair value	**1.2**	**-**	**1.2**	**1.2**	1.5	-	1.5	1.5
	3.2	**2.0**	**1.2**	**3.2**	3.7	2.2	1.5	3.7
Derivative financial liabilities held at fair value	**(2.6)**	**-**	**(2.6)**	**(2.6)**	(0.5)	-	(0.5)	(0.5)

The table above analyses the fair values of financial instruments held by the Group, by valuation method, together with the carrying amounts shown in the balance sheet.

The fair value of cash and cash equivalents, current trade and other receivables/payables and floating-rate bank and other borrowings are excluded from the preceding table as their carrying amount approximates their fair value.

Fair value hierarchy
The different levels have been defined as follows:
Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities.
Level 2: not traded in an active market but the fair values are based on quoted market prices or alternative pricing sources with reasonable levels of price transparency. Fair value is calculated using discounted cash flow methodology, future cash flows are estimated based on forward exchange rates.
Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

There have been no transfers between Level 1 and Level 2 during 2024 and 2023 and there were no Level 3 financial instruments in either 2024 or 2023.

The major methods and assumption used in estimating the fair values of financial instruments reflected in the preceding table are as follows:

Equity securities
Fair value is based on quoted market prices at the balance sheet date.

Derivatives
Forward exchange contracts are marked to market either using listed market prices or by discounting the contractual forward price and deducting the current spot rate.

Fixed-rate borrowings
Fair value is calculated based on discounted expected future principal and interest cash flows. The interest rates used to determine the fair value of borrowings are 3.7-6.6% (2023: 3.7-6.3%).

Note 14. Pensions and other post-retirement employee benefits

	31 December 2024				
	UK £m	**USA £m**	**Europe £m**	**Rest of World £m**	**Total £m**
Summary of net obligations					
Present value of unfunded defined benefit obligations	**-**	**(4.0)**	**(24.9)**	**(3.9)**	**(32.8)**
Present value of funded defined benefit obligations	**(318.1)**	**(101.3)**	**(1.2)**	**(8.9)**	**(429.5)**
Fair value of plan assets	**330.4**	**101.5**	**0.2**	**8.7**	**440.8**
Net obligations	**12.3**	**(3.8)**	**(25.9)**	**(4.1)**	**(21.5)**
Represented by:					
Surpluses	12.3	0.1	**-**	0.6	13.0
Obligations	**-**	(3.9)	(25.9)	(4.7)	(34.5)
Movements in present value of defined benefit obligation					
At 1 January 2024	**(362.8)**	**(112.2)**	**(28.4)**	**(12.7)**	**(516.1)**
Current service cost	**-**	**-**	**(0.7)**	**(1.4)**	**(2.1)**
Interest cost	**(15.8)**	**(5.2)**	**(1.0)**	**(0.3)**	**(22.3)**
Actuarial gain/(loss)					
Experience gain/(loss) on plan obligations	**2.8**	**(0.8)**	**0.3**	**(0.3)**	**2.0**
Changes in financial assumptions - gain/(loss)	**33.0**	**5.8**	**0.7**	**(0.4)**	**39.1**
Changes in demographic assumptions - gain	**1.3**	**-**	**-**	**0.1**	**1.4**
Benefits paid	**23.4**	**8.8**	**1.7**	**1.1**	**35.0**
Effect of curtailment or settlement	**-**	**-**	**0.1**	**0.1**	**0.2**
Exchange adjustments	**-**	**(1.7)**	**1.2**	**1.0**	**0.5**
At 31 December 2024	**(318.1)**	**(105.3)**	**(26.1)**	**(12.8)**	**(462.3)**

Movements in fair value of plan assets					
At 1 January 2024	**375.3**	**106.7**	**0.2**	**8.7**	**490.9**
Interest on plan assets	**16.5**	**4.9**	**-**	**0.3**	**21.7**
Remeasurement gain/(loss)	**(37.7)**	**(3.5)**	**(0.1)**	**0.1**	**(41.2)**
Contributions by employer	**-**	**0.5**	**1.7**	**1.6**	**3.8**
Benefits paid	**(23.4)**	**(8.8)**	**(1.7)**	**(1.1)**	**(35.0)**
Administrative cost	**(0.3)**	**-**	**-**	**-**	**(0.3)**
Effect of curtailment or settlement	**-**	**-**	**-**	**(0.1)**	**(0.1)**
Exchange adjustments	**-**	**1.7**	**0.1**	**(0.8)**	**1.0**
At 31 December 2024	**330.4**	**101.5**	**0.2**	**8.7**	**440.8**
Actual return on assets	**(21.2)**	**1.4**	**(0.1)**	**0.4**	**(19.5)**

				31 December 2024	
	UK	**USA**	**Europe**	**Rest of World**	**Total**
	£m	**£m**	**£m**	**£m**	**£m**
Fair value of plan assets by category					
Equities	**-**	**4.8**	**-**	**-**	**4.8**
Growth assets[1]	**43.8**	**-**	**-**	**-**	**43.8**
Bonds	**28.8**	**94.7**	**-**	**-**	**123.5**
Liability-driven investments (LDI)[2]	**166.4**	**-**	**-**	**-**	**166.4**
Matching insurance policies	**90.1**	**1.4**	**0.2**	**6.2**	**97.9**
Other	**1.3**	**0.6**	**-**	**2.5**	**4.4**
	330.4	**101.5**	**0.2**	**8.7**	**440.8**

1. Growth assets include investment in Global Diversified and Multi-Asset Funds as well as UK Property.
2. The LDI assets are pooled funds in the UK that provide a leveraged return linked to long duration fixed interest and index-linked government bonds valued at the bid price of the units. This provides interest rate and inflation hedging equivalent in size to circa 100% of the invested assets of the UK Schemes measured on the 'Long-Term Objective' basis (Gilts +50bps) (excluding matching insurance policies).

The Group expects to contribute £4.0 million to these arrangements in 2025.

			31 December 2023		
	UK	USA	Europe	Rest of World	Total
	£m	£m	£m	£m	£m
Summary of net obligations					
Present value of unfunded defined benefit obligations	-	(5.2)	(27.1)	(4.6)	(36.9)
Present value of funded defined benefit obligations	(362.8)	(107.0)	(1.3)	(8.1)	(479.2)
Fair value of plan assets	375.3	106.7	0.2	8.7	490.9
Net obligations	12.5	(5.5)	(28.2)	(4.0)	(25.2)
Represented by:					
Surpluses	12.5	-	-	1.0	13.5
Obligations	-	(5.5)	(28.2)	(5.0)	(38.7)

	UK	**USA**	**Europe**	**Rest of World**
Principal actuarial assumptions at 31 December 2024 were:	**%**	**%**	**%**	**%**
Discount rate	**5.45**	**5.47**	**3.50**	**4.66**
Inflation (UK: RPI/CPI)	**3.15/2.52**	**n/a**	**2.00**	**n/a**
Principal actuarial assumptions at 31 December 2023 were:	%	%	%	%
Discount rate	4.52	4.80	3.40	5.52
Inflation (UK: RPI/CPI)	3.05/2.31	n/a	2.10	n/a

Note 15. Provisions and contingent liabilities

	Closure and restructuring provisions	**Legal and other provisions**	**Environmental provisions**	**Total**
	£m	**£m**	**£m**	**£m**
Balance at 1 January 2024	**7.9**	**5.6**	**8.3**	**21.8**
Provisions made during the year	**2.9**	**2.4**	**0.1**	**5.4**
Provisions used during the year	**(2.9)**	**(1.1)**	**(1.6)**	**(5.6)**
Provisions reversed during the year	**(0.4)**	**(0.4)**	**-**	**(0.8)**
Effect of movements in foreign exchange	**(0.1)**	**(0.2)**	**(0.1)**	**(0.4)**
Balance at 31 December 2024	**7.4**	**6.3**	**6.7**	**20.4**

Current	5.4	1.9	2.2	**9.5**
Non-current	2.0	4.4	4.5	**10.9**
	7.4	**6.3**	**6.7**	**20.4**

Closure and restructuring provisions
Closure and restructuring provisions relate to the Group's restructuring programmes and represent committed expenditure at the balance sheet date. The amounts provided are based on the costs of terminating relevant contracts, under the contract terms, and management's best estimate of other associated restructuring costs including professional fees. The provisions are expected to be utilised in the next one to two years.

We have a provision for a multi-employer pension obligation for a site which was closed during 2021. The cash outflows relating to the pension obligation may continue for up to 16 years, subject to any settlement being reached in advance of that date.

Legal and other provisions
Legal and other provisions mainly comprise amounts provided against open legal and contractual disputes arising in the normal course of business and long-service costs. Provisions are made for the expected costs associated with such matters, based on past experience of similar items and other known factors, taking into account professional advice received, and represent management's best estimate of the most likely outcome. The timing of utilisation of these provisions is frequently uncertain, reflecting the complexity of issues and the outcome of various court proceedings and associated negotiations.

Where obligations are not capable of being reliably estimated, or if a material outflow of economic resources is considered not probable, it is classified as a contingent liability. The Group is of the opinion that any associated claims that might be brought can be defeated successfully and, therefore, the possibility of any material outflow in settlement is assessed as remote.

Subsidiary undertakings within the Group have given unsecured guarantees of £9.5 million (2023: £10.3 million) in the ordinary course of business.

Environmental provisions
Environmental provisions are made for quantifiable environmental liabilities arising from known environmental issues. The amounts provided are based on the best estimate of the costs required to remedy these issues. The provisions are expected to be utilised in the next five to ten years.

Environmental and other contingent liabilities
Due to the international footprint of the Group and the nature of its manufacturing operations it is subject to a wide range of local health and safety, environmental and employment laws and regulations. At any point in time the Group has a number of ongoing environmental or employment cases for which there is uncertainty due to the wide range of possible outcomes and associated costs. Possible outcomes include the case being settled, withdrawn or dismissed.

Tax contingent liabilities
The Group is subject to periodic tax audits by various fiscal authorities covering corporate, employee and sales taxes in the various jurisdictions in which it operates. We have provided for estimates of the Group's likely exposures where these can be reliably estimated.

Note 16. Subsequent events
There were no reportable subsequent events following the balance sheet date.

Glossary and alternative performance measures

Constant-currency[1]	Constant-currency revenue and Group adjusted operating profit are derived by translating the prior year results at current year average exchange rates.
Corporate costs	Corporate costs consist of the costs of the central head office.
Free cash flow before acquisitions, disposals and dividends[1]	Cash generated from continuing operations less net capital expenditure, net interest paid, tax paid and lease payments.
Group earnings before interest, tax, depreciation and amortisation (EBITDA)[1]	EBITDA is defined as operating profit before specific adjusting items, amortisation of intangible assets and depreciation.
Group adjusted operating profit[1]	Operating profit adjusted to exclude specific adjusting items and amortisation of intangible assets.
Group organic[1]	The Group results excluding acquisition, disposal and business exit impacts at constant-currency.
Adjusted earnings per share (EPS)[1]	Adjusted earnings per share is defined as operating profit adjusted to exclude specific adjusting items and amortisation of intangible assets, less net financing costs, income tax expense and non-controlling interests, divided by the weighted average number of Ordinary shares during the period.
Net debt[1]	Borrowings, bank overdrafts less cash and cash equivalents.
Net cash and cash equivalents[1]	Net cash and cash equivalents is defined as cash and cash equivalents less bank overdrafts.
Return on invested capital (ROIC)[1]	Group adjusted operating profit (operating profit excluding specific adjusting items and amortisation of intangible assets) divided by the average adjusted net assets (excludes long-term employee benefits, deferred tax assets and liabilities, current tax payable, provisions, cash and cash equivalents, borrowings, bank overdrafts and lease liabilities).
Specific adjusting items	See note 4 to the consolidated financial statements for further details.
Underlying	Reference to underlying reflects the trading results of the Group without the impact of specific adjusting items and amortisation of intangible assets that would otherwise impact the users understanding of the Group's performance. The Directors believe that adjusted results provide additional useful information on the core operational performance of the Group and review the results of the Group on an adjusted basis internally.

results of the Group on an adjusted basis internally.

The Group monitors business performance through alternative performance measures (APMs) which are not defined under IFRS and are therefore non-GAAP measures. The APMs provide useful information to stakeholders, including additional insight into ongoing trading and year-on-year comparisons. These APMs are not a substitute for IFRS measures but are complementary to them. The Group defines each APM and therefore they may not be directly comparable with similarly named metrics in other businesses. The definition, purpose and reconciliation to statutory figures where applicable are included below.

Constant-currency
Constant-currency figures are derived by translating the prior year results at current year average exchange rates. These measures are used as they allow key metrics such as revenue to be compared year on year excluding the impact of foreign exchange rates.

Organic growth
The growth of the business excluding the impacts of acquisitions, divestments and foreign currency impacts. This measure is used as it allows revenue and adjusted operating profit to be compared on a like-for-like basis.

	Thermal Products £m	Performance Carbon £m	Technical Ceramics £m	**Segment totals £m**
2023 revenue	454.4	327.2	333.1	**1,114.7**
Impact of foreign currency movements	(32.8)	(11.5)	(7.8)	**(52.1)**
Impact of acquisitions, disposals and business exits	(1.0)	-	-	**(1.0)**
Organic constant-currency change	(2.4)	29.5	12.0	**39.1**
Organic constant-currency change %	(0.6)%	9.3%	3.7%	**3.7%**
2024 revenue	418.2	345.2	337.3	**1,100.7**

	Thermal Products £m	Performance Carbon £m	Technical Ceramics £m	**Segment totals £m**	Corporate Costs £m	**Group £m**
2023 adjusted operating profit	40.2	50.0	36.0	**126.2**	(5.9)	**120.3**
Impact of foreign currency movements	(7.1)	(2.6)	(1.0)	**(10.7)**	-	**(10.7)**
Impact of acquisitions, disposals and business exits	0.6	-	-	**0.6**	-	**0.6**
Organic constant-currency change	6.3	7.7	4.2	**18.2**	-	**18.2**
Organic constant-currency change %	18.7%	16.2%	12.0%	**15.7%**	-	**16.5%**
2024 adjusted operating profit	40.0	55.1	39.2	**134.3**	(5.9)	**128.4**

Corporate costs
Corporate costs consist of the costs of the central head office.

Specific adjusting items
Specific adjusting items are items which occur infrequently and are presented separately in the consolidated income statement due to their nature and size. They typically include but are not limited to:

- individual restructuring projects which are material or relate to the closure of a part of the business and are not expected to recur;
- impairment of non-financial assets which are material;
- gains or losses on disposal or exit of businesses;
- significant costs incurred as part of the integration of an acquired business;
- gains or losses arising on significant changes to or closures of defined benefit pension plan; and
- design, development, configuration and implementation of a Global ERP system.

The Directors consider disclosure of specific adjusting items necessary for the users of the financial statements to obtain an alternative understanding of the financial information and underlying performance of the business. Note 4 provides details of the specific adjusting items in the current and prior year.

Group earnings before interest, tax, depreciation and amortisation (EBITDA)
Group EBITDA is defined as operating profit before specific adjusting items, amortisation of intangible assets and depreciation.

The Group uses this measure as it is a key metric in covenants over debt facilities; these covenants use EBITDA excluding IFRS 16 Leases. The following table reconciles operating profit to Group EBITDA:

	2024 £m	2023 £m
Operating profit	**103.6**	91.9
Add back: specific adjusting items included in operating profit	**23.1**	25.1
Add back: depreciation - property, plant and equipment	**34.1**	31.9
Add back: depreciation - right-of-use assets	**8.6**	7.6
Add back: amortisation of intangible assets	**1.7**	3.3
Group EBITDA	**171.1**	159.8

Group EBITDA excluding IFRS 16 Leases impact
Group EBITDA excluding IFRS 16 Leases impact is defined as Group EBITDA less interest expense on lease liabilities and capital payments on lease liabilities.

The Group uses this measure as it is a key metric in covenants over debt facilities; these covenants use EBITDA on an IAS 17 basis (pre-IFRS 16 basis) and this metric is used as a proxy for the charge that would have been attributable to operating leases recognised in EBITDA under the now defunct IAS 17.

The following table reconciles Group EBITDA to Group EBITDA excluding IFRS 16 Leases impact:

	2024 £m	2023 £m
Group EBITDA	**171.1**	159.8
Interest expense on lease liabilities	**(2.6)**	(2.4)
Capital payments on lease liabilities	**(10.6)**	(8.9)
Group EBITDA excluding IFRS 16 Leases impact	**157.9**	148.5

Adjusted operating profit
Adjusted operating profit is defined as operating profit excluding specific adjusting items and amortisation of intangible assets.

Specific adjusting items are excluded on the basis that they distort trading performance. The exclusion of amortisation of intangible assets is to allow for consistent comparability internally and externally between our businesses.

The following table reconciles operating profit to adjusted operating profit:

2024	Thermal Products £m	Performance Carbon £m	Technical Ceramics £m	**Segment total £m**	Corporate costs £m	**Group £m**
Operating profit	31.1	47.2	37.9	**116.2**	(12.6)	**103.6**
Add back specific adjusting items included in operating profit	8.1	7.6	0.7	**16.4**	6.7	**23.1**
Add back amortisation of intangible assets	0.8	0.3	0.6	**1.7**	-	**1.7**
Adjusted operating profit	40.0	55.1	39.2	**134.3**	(5.9)	**128.4**
Adjusted operating profit margin	9.6%	16.0%	11.6%			**11.7%**

2023	Thermal Products £m	Performance Carbon £m	Technical Ceramics £m	**Segment totals £m**	Corporate costs £m	**Group £m**
Operating profit	29.5	39.9	42.5	**111.9**	(20.0)	**91.9**
Add back specific adjusting items included in operating profit	9.3	9.3	(7.6)	**11.0**	14.1	**25.1**
Add back amortisation of intangible assets	1.4	0.8	1.1	**3.3**	-	**3.3**
Adjusted operating profit	40.2	50.0	36.0	**126.2**	(5.9)	**120.3**
Adjusted operating profit margin	8.8%	15.3%	10.8%			**10.8%**

Adjusted earnings per share (EPS)
Adjusted earnings per share is defined as profit for the year attributable to shareholders of the Company adjusted to exclude profit from discontinued operations, specific adjusting items and amortisation of intangible assets and the tax effects of the excluded items, divided by the weighted average number of Ordinary shares during the year.

Whilst amortisation of intangible assets is a recurring charge, it is excluded from these measures on the basis that it primarily arises on externally acquired intangible assets and therefore does not reflect consistently the benefit that all of the Group's businesses realise from their intangible assets, which may not be recognised separately.

This measure of earnings is shown because the Directors consider that it provides a helpful indication of the Group's financial performance excluding material non-recurring expenses or gains and non-financial asset impairments and impairment reversals, and therefore facilitates the evaluation of the Group's performance over time. A reconciliation from IFRS profit to the profit used to calculate adjusted earnings per share is included in note 8.

Free cash flow before acquisitions, disposals and dividends
Free cash flow before acquisitions, disposals and dividends is defined as cash generated from continuing operations less net capital expenditure, net interest (interest paid on borrowings, overdrafts and lease liabilities, net of interest received), tax paid and lease payments.

The Group discloses free cash flow as this provides readers of the consolidated financial statements with a measure of the cash flows from the business before corporate-level cash flows (acquisitions, disposals and dividends).

The following table reconciles cash generated from continuing operations to free cash flow before acquisitions, disposals and dividends:

	2024 £m	2023 £m
Cash generated from operations	**162.9**	126.3
Net capital expenditure	**(90.2)**	(58.5)
Net interest on cash borrowings	**(15.3)**	(11.6)
Tax paid	**(29.2)**	(30.3)
Lease payments and interest	**(13.2)**	(11.3)
Free cash flow before acquisitions, disposals and dividends	**15.0**	14.6

Net debt
Net debt is defined as borrowings, and bank overdrafts less cash and cash equivalents.

The Group discloses net debt because this is the measure used in the covenants over the Group's debt facilities. It helps readers of the consolidated financial statements assess its ability to meet its financial obligations, manage debt and its capacity to invest in growth opportunities.

	2024 £m	2023 £m
Cash and cash equivalents	**120.8**	124.5
Non-current borrowings	**(337.7)**	(309.1)
Current borrowings and bank overdrafts	**(9.3)**	(0.6)
Closing net debt	**(226.2)**	(185.2)

Net cash and cash equivalents
Net cash and cash equivalents is defined as cash and cash equivalents less bank overdrafts. The Group discloses this measure as it provides an indication of the net short-term liquidity available to the Group.

	2024 £m	2023 £m
Cash and cash equivalents	**120.8**	124.5
Overdrafts	**(9.3)**	(0.6)
Net cash and cash equivalents	**111.5**	123.9

Return on invested capital (ROIC)
ROIC is defined as 12-month adjusted operating profit divided by the average capital employed. The Group discloses ROIC to assess its efficiency in generating profits from the capital it has invested in its operations. Third-party working capital includes inventories, trade and other receivables, and trade and other payables.

	2024 £m	2023 £m
Operating profit	**103.6**	91.9
Add back: specific adjusting items	**23.1**	25.1
Add back: amortisation of intangible assets	**1.7**	3.3
Group adjusted operating profit	**128.4**	120.3
Third-party working capital	**151.4**	174.7
Property, plant and equipment	**344.9**	293.8
Right-of-use-assets	**32.5**	31.6
Goodwill	**176.9**	177.5
Other intangible assets	**3.0**	4.7
Capital employed	**708.7**	682.3
Average capital employed	**695.5**	684.9
ROIC	**18.5%**	17.6%

[1] Further detail regarding the second tranche of the buyback is provided in a separate RNS released today.