

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) May 6, 2019

MATERION CORPORATION
(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction of incorporation or organization)

001-15885
(Commission File Number)

34-1919973
(I.R.S. Employer Identification No.)

6070 Parkland Blvd., Mayfield Hts., Ohio
(Address of principal executive offices)

44124
(Zip Code)

Registrant's telephone number, including area code (216) 486-4200

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§204.12b-2 of this chapter).

Emerging Growth Company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act ☐

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, no par value	MTRN	New York Stock Exchange

Item 7.01 Regulation FD Disclosure.

On May 6, 2019, Materion Corporation issued an updated slide presentation that will be presented to investors. A copy of the presentation is attached hereto as Exhibit 99.1. The Company undertakes no obligation to update, supplement or amend the materials attached hereto as Exhibit 99.1.

Item 9.01 Financial Statements and Exhibits.

Exhibits.

Exhibit Number	Description of Exhibit
99.1	<u>Investor Presentation, dated May 6, 2019</u>

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Materion Corporation

May 6, 2019

By:

/s/ Stephen Shamrock

Stephen Shamrock

Vice President, Corporate Controller and Investor Relations

Exhibit Index

Exhibit No.	Description
99.1	Investor Presentation, dated May 6, 2019



INVESTOR PRESENTATION

May 2019

Forward-looking Statements

These slides contain (and the accompanying oral discussion will contain, where applicable) “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These statements involve known and unknown risks, uncertainties and other factors that could cause the actual results of the Company to differ materially from the results expressed or implied by these statements, including health issues, litigation and regulation relating to our business, our ability to achieve and/or maintain profitability, significant cyclical fluctuations in our customers’ businesses, competitive substitutes for our products, risks associated with our international operations, including foreign currency rate fluctuations, energy costs and the availability and prices of raw materials, and other factors disclosed in periodic reports filed with the Securities and Exchange Commission. Consequently, these forward-looking statements should be regarded as the Company’s current plans, estimates, and beliefs.

The Company does not undertake and specifically declines any obligation to publicly release the results of any revisions to these forward-looking statements that may be made to reflect any future events or circumstances after the date of such statements or to reflect the occurrence of anticipated or unanticipated events.

These slides include certain non-GAAP financial measures as defined by the rules and regulations of the Securities and Exchange Commission. A reconciliation of those measures to the most directly comparable GAAP equivalent is provided in the Appendix to this presentation.

▶ Q1 2019 Highlights

- ▶ All-time high for quarterly operating profit and EPS
- ▶ Record Q1 value-added sales
- ▶ Nine consecutive quarters of year-over-year sales and profit growth
- ▶ Third consecutive quarter with double-digit operating profit margins and PAC operating profit margin > 15%
- ▶ Ended Q1 2019 in a net cash position of \$39M compared to \$17M at end of Q1 2018

Key Financial Trends

TTM Value-added¹ (VA) Sales



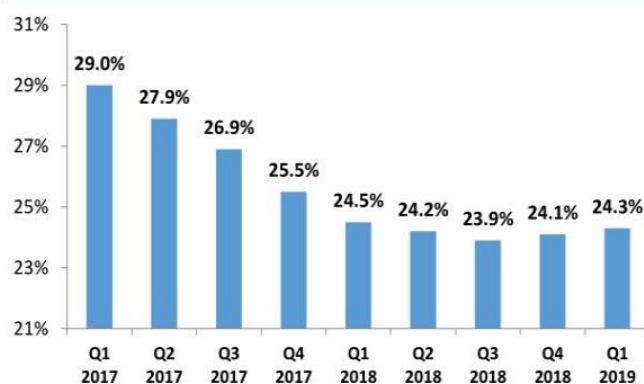
TTM Operating Profit¹ (OP)



TTM Return on Invested Capital (ROIC) %^{1,2}



Working Capital³ % of Net Sales⁴



¹ Non-GAAP, excludes pass-through metal costs and special items. Refer to the Appendix for additional detail.

² ROIC is calculated as TTM adjusted OP divided by total debt plus equity. Refer to the Appendix for additional detail.

³ Working capital is calculated as accounts receivable plus inventory less accounts payable less unearned revenue.

⁴ Working capital % of net sales is calculated as TTM average working capital divided by TTM net sales.

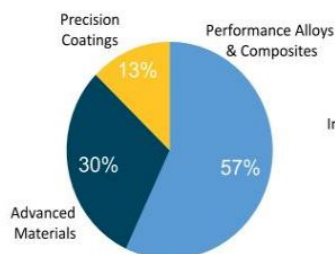
Materion Company Profile

Company Overview

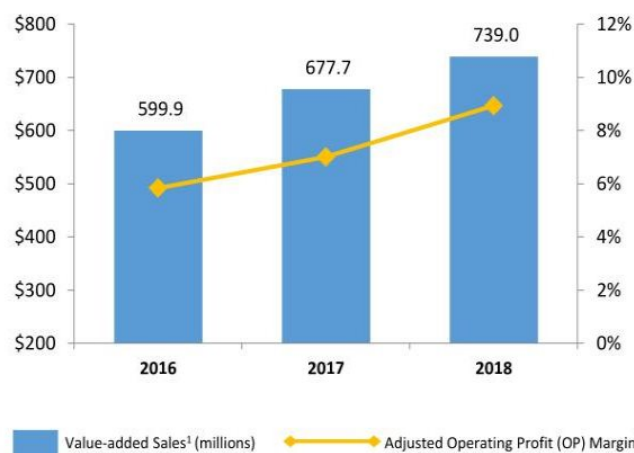
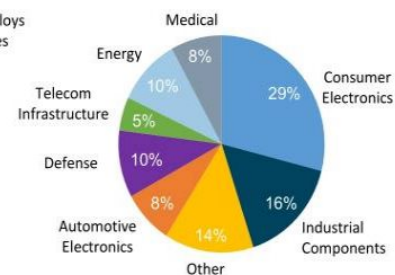
- **Materion is an integrated producer of high-performance advanced engineered materials**
 - Leading market position for specialty products across multiple end markets
 - Strong positions in growing markets with high barriers to entry
 - Only global vertically integrated producer of beryllium (Be) and Be alloys
- **New CEO hired in March 2017 with One Materion focus on building performance excellence in five main areas:**
 - Operational
 - Commercial
 - Innovation
 - Digital
 - Inorganic growth

Value-added Sales

2018 VA Sales¹ by Segment



2018 VA Sales¹ by End Market



¹ Non-GAAP, excludes pass-through metal costs and special items. Refer to the Appendix for additional detail.

Key Facts

Share Statistics as of 5/3/2019

Trading Symbol	MTRN
Stock Price	\$70.40
Shares O/S, Diluted	20.6M
52 wk Range	\$42.50 - \$71.97
3 Mo Avg Vol	124,148
Market Cap	\$1,450M
Enterprise Value	\$1,411M



Research coverage: KeyBanc, Jefferies, Sidoti, and Stonegate

Q1 2019 TTM Financial Information

Revenues	\$1,206M
Value-added sales ¹	\$745
Adjusted EPS ¹	\$2.69
Adjusted EBITDA ¹	\$119M
Debt-to-capitalization	<1%
Operating cash flow	\$72M
Dividend yield	~1%

¹ Non-GAAP, excludes pass-through metal costs and special items. Refer to the Appendix for additional detail.

Performance Alloys and Composites (PAC)

Value-added Sales



Growth Drivers

New product development

- New proprietary non-Be alloys with improved durability & weight-to-strength ratio
- New high strength/high conductivity alloys with exceptional formability
- Advanced heat dissipating clad material
- Improving customer yields with “near net shape” products

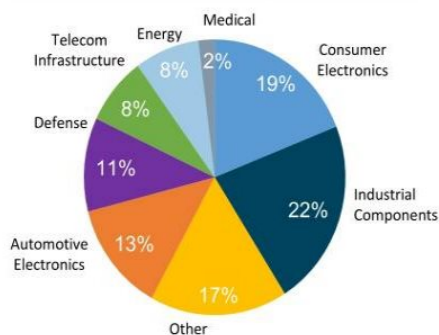
New application development

- Clad material serving the renewable energy market
- Precision rolling to thinner strips opening new application opportunities
- ToughMet® couplings serving the oil and gas production market resist mechanical wear, thread damage, corrosion, and erosion

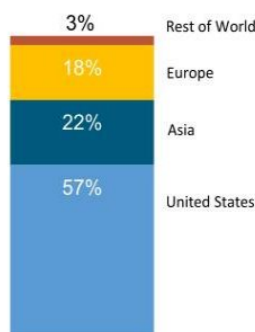
Beryllium market

- World’s only fully integrated producer
- Minimum of 75 years of proven mine reserves in Delta, Utah
- New proprietary Be products with superior fatigue resistance

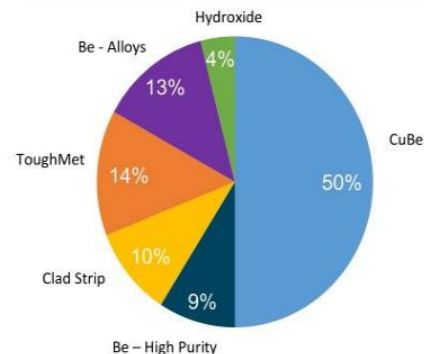
Value-added Sales by Market²



Geographic Mix²



Product Mix²



¹ Non-GAAP, excludes pass-through metal costs and special items. Refer to the Appendix for additional detail.

² Reflects 2018 mix by market, geography, and product

Advanced Materials

Value-added Sales



Growth Drivers

Market Development – High focus on Semiconductor

- \$400B market with strong growth outlook driven by macro consumer electronics, IoT, and automotive trends
- Continue to expand organically into new semiconductor high margin applications in core PVD targets and services, electronic packaging, and advanced chemicals

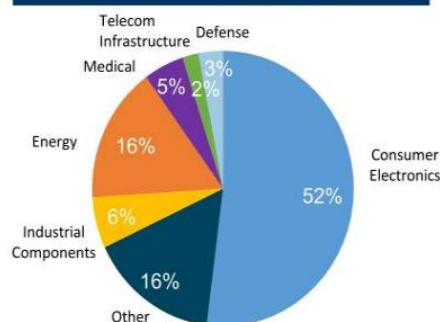
Technology and Innovation

- Invest in additional innovation based R&D capabilities and resources to meet market demand for quick turn prototypes and new material demands

Geographic Expansion and Sales Development

- Investing in factories, service centers, and personnel to be closer to the key customer base
- Improve web-based solutions to improve customer responsiveness

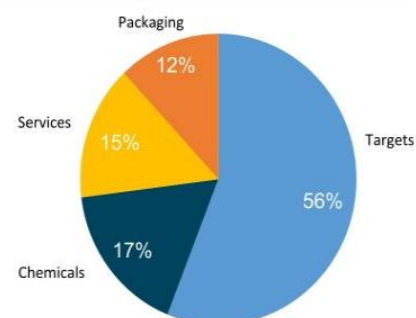
Value-added Sales by Market²



Geographic Mix²



Product Mix²

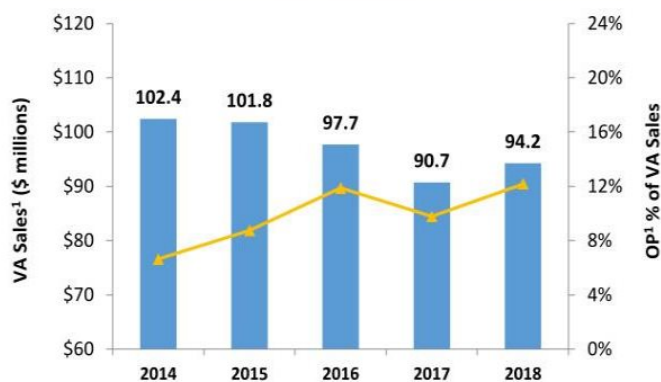


¹ Non-GAAP, excludes pass-through metal costs and special items. Refer to the Appendix for additional detail.

² Reflects 2018 mix by market, geography, and product.

Precision Coatings

Value-added Sales



Growth Drivers

Expanded Reach and Technology Leadership

- Redesigned and fully deployed global sales organization
- Focus on high value products and segments with technology differentiation

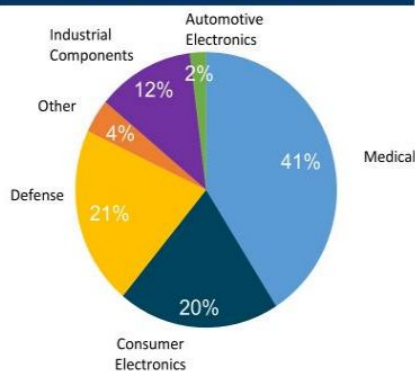
Product and Capability Expansion

- Novel electrode alloys and laser patterning for medical sensors
- Patented getter technology critical in MEMS devices
- Enhanced phosphor wheels used in solid state display
- Diamond-like coatings for the defense, aerospace and thermal imaging markets

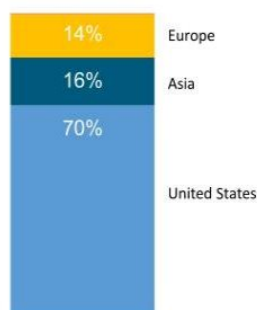
New market development

- Roll-to-roll sputtered films for flexible sensors and electronics and energy storage markets
- Automotive and industrial sensing

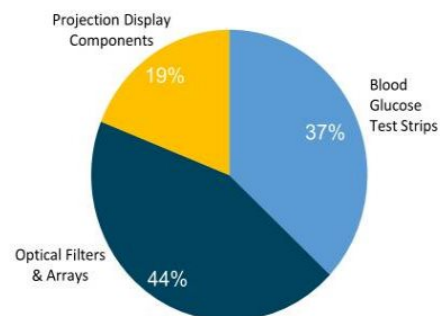
Value-added Sales by Market²



Geographic Mix²



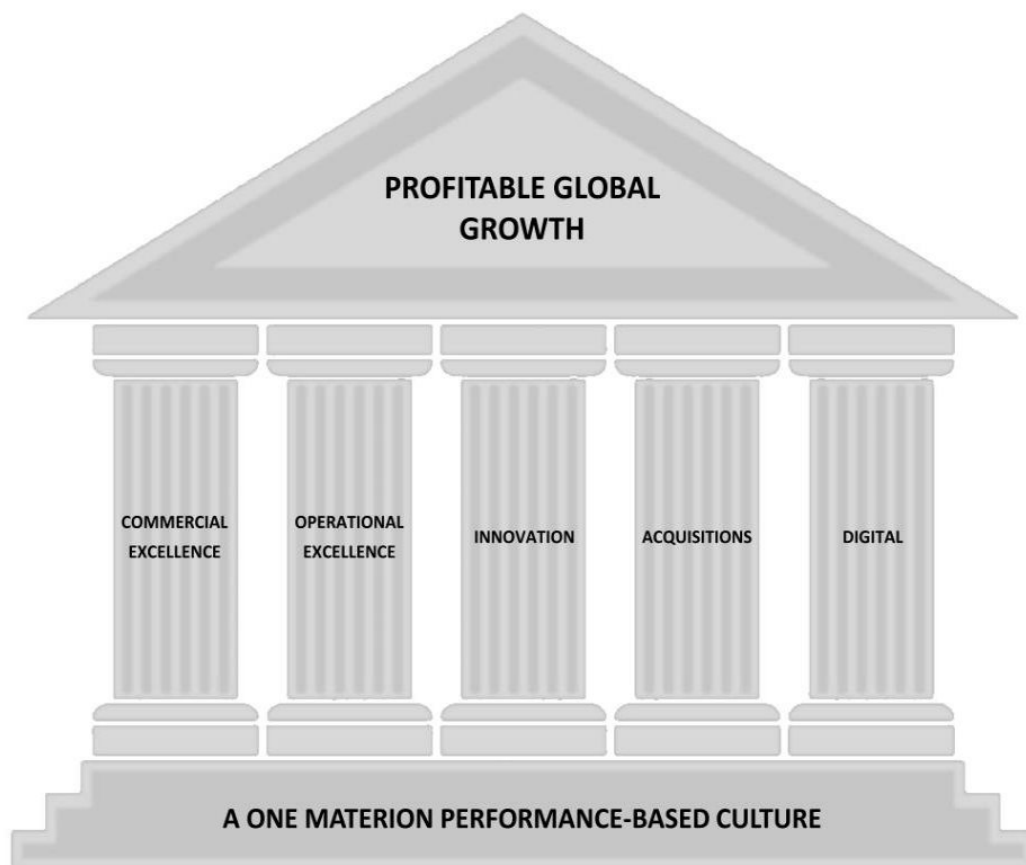
Product Mix²



¹ Non-GAAP, excludes pass-through metal costs and special items. Refer to the Appendix for additional detail.

² Reflects 2018 mix by market, geography, and product.

► Profitable Growth Strategy



Deliver sustained double-digit EPS growth

Global Megatrends Play to Our Strengths

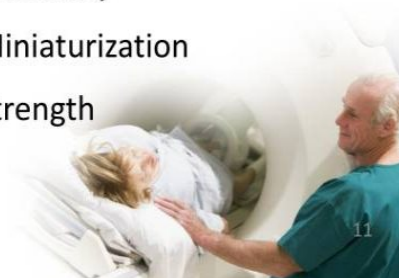
Key Trends

- Miniaturization of electronics/IoT
- Additional electronic instruments for autos, aircraft
- Expanding high performance optical device opportunities
- Innovation in medical diagnostics and sensors
- Extraction of oil and gas from previously inaccessible locations
- Alternative energy
- New aircraft builds and retrofits
- Advancements in lighting (LED)



Characteristics of our Materials

- ✓ Conductivity
- ✓ Corrosion resistance
- ✓ Weight savings (lighter)
- ✓ Purity
- ✓ Wavelength management
- ✓ Thermal management
- ✓ Lubricity
- ✓ Reliability
- ✓ Durability
- ✓ Miniaturization
- ✓ Strength



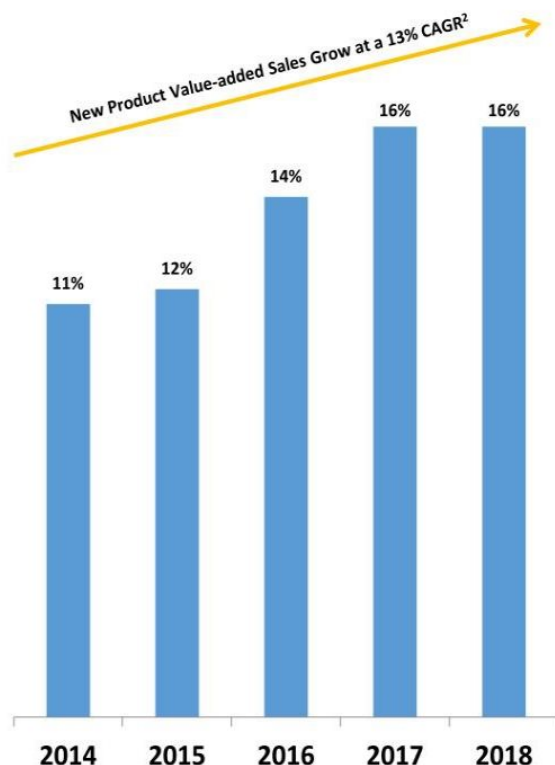
Well-diversified Market Penetration

Market	2018 % of Value-added Sales ¹	Key Drivers
Consumer Electronics	29%	<ul style="list-style-type: none"> • Smart device growth • Sensing devices • Internet of Things (IoT)
Industrial Components	16%	<ul style="list-style-type: none"> • Heavy equipment builds • Plastic tooling • Fire protection (R and C construction)
Defense	10%	<ul style="list-style-type: none"> • Precision-guided munitions • Structural and electronic components for satellites, combat vehicles, and military aircraft
Energy	10%	<ul style="list-style-type: none"> • Deep sea drilling and completion • Directional drilling • Solar, batteries, and smart grid devices
Medical	8%	<ul style="list-style-type: none"> • Blood analysis test coating for medical diagnosis • Nuclear diagnostics equipment
Automotive Electronics	8%	<ul style="list-style-type: none"> • Electronic systems and engine control • Increasing emissions standards
Telecom Infrastructure	5%	<ul style="list-style-type: none"> • 5G rollout • Undersea repeater housings
Total	<u>86%</u>	

¹ Non-GAAP, excludes pass-through metal costs. Refer to the Appendix for additional detail.

Innovation Leading to Organic Growth

New Product Value-added Sales¹ as % of Total



¹ Non-GAAP, excludes pass-through metal costs. Refer to the Appendix for additional detail.

² CAGR calculated from 2014 – 2018.

Example New Products Offerings

Phosphor Wheel

- Provides high brightness, longer life
- Offers low noise characteristics, individual precision balancing, and stable colors



PCRAM Targets

- Key material used in emerging next gen embedded memory technology
- Improved speeds & lower power consumption in a solid state format



eStainless[®]

- Thermally conductive replacement for conventional stainless steels
- Manages higher heat of today's processing technology



ToughMet[®] Bushings

- Copper-nickel-tin alloy that resists mechanical wear, thread damage, corrosion, and erosion
- Minimizes weight & maintenance cost

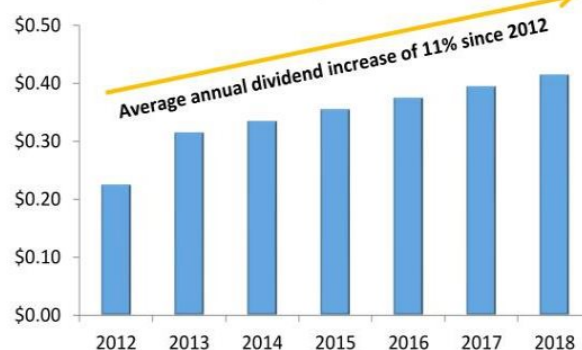


Cash Flow and Working Capital Efficiency Focus

Cash Flow from Operations
(\$ in millions)



Dividends per share



Improve Working Capital³ Efficiency

Working capital % of net sales⁴



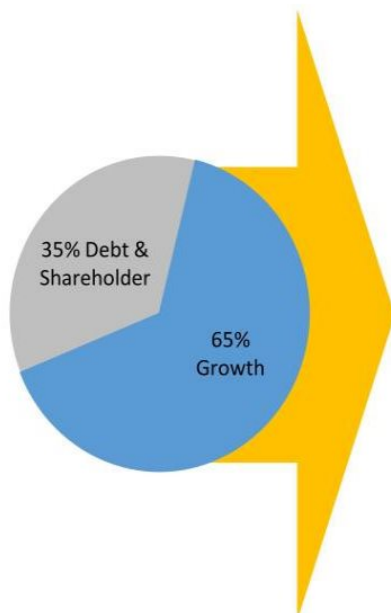
¹ Free Cash Flow calculated as cash flow from operations less capital expenditures.

² Capital Expenditures includes mine development costs.

³ Working capital is calculated as accounts receivable plus inventory less accounts payable less unearned revenue.

⁴ Working capital % of net sales is calculated as TTM average working capital divided by TTM net sales.

Disciplined Capital Deployment Going Forward



Organic Growth

- Invest in facilities and productivity projects
- Invest in new products



Inorganic Growth

- Complimentary products/technologies
- Maintain financial discipline



Return Cash to Shareholders

- Dividends – increased 6 consecutive years
- Share repurchase



► Materion Investment Thesis

- Clearly defined strategy and execution led by new management team
- Differentiated product portfolio aligned with global megatrends to accelerate future growth
- Driving significant improvement in profitability and cash flow growth
 - Consistently delivering profitable growth
 - Nine consecutive quarters of year-over-year VA sales and adjusted OP growth

▶ 2019 Forecasted Financial Guidance

- ▶ Full-year guidance
 - ▶ Adjusted EPS of \$2.80 – \$3.00
 - ▶ Operating cash flow > \$90M
 - ▶ Capex ~ \$30M
 - ▶ Mine development capital expenditures < \$5M
 - ▶ Depreciation and amortization expense of ~ \$35M
 - ▶ Effective tax rate excluding special items 18% – 20%



Appendix



Materion: Making Advanced Materials That Improve the World



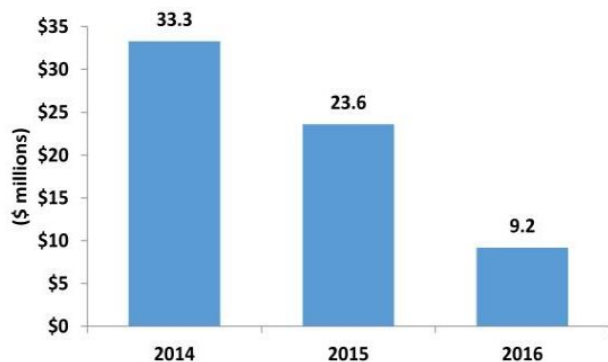
% of Value-added Sales¹ 2018

¹ Non-GAAP, excludes pass-through metal costs. Refer to the Appendix for additional detail.

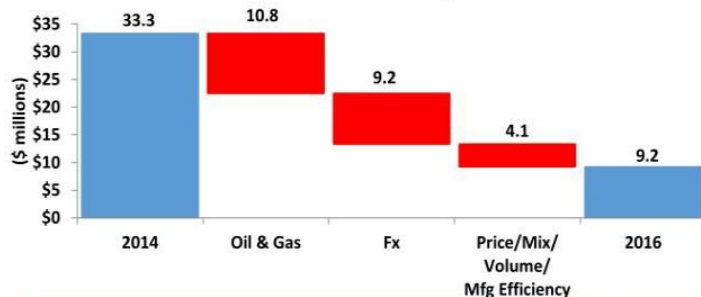
PAC Recovery Plan Delivered

How did we get here?

PAC Operating Profit¹



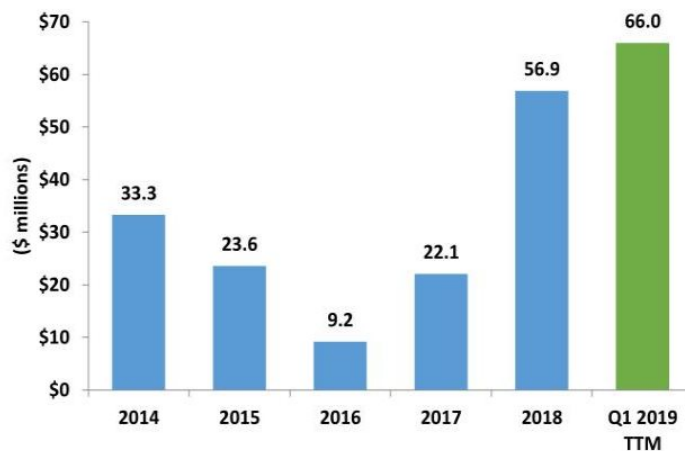
2014 – 2016 Bridge



Recovery Plan

1. Improve product portfolio mix and profitability through pricing and manufacturing process changes
2. Reduce cost footprint and move to a more variable cost structure
3. Leverage beryllium market supply opportunity

PAC Operating Profit¹



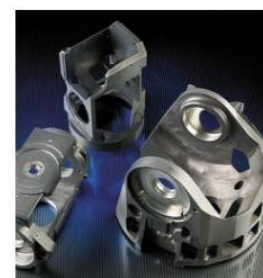
Exceeded historical profitability levels

¹ Non-GAAP, excludes special items. Refer to the Appendix for additional detail.

► Beryllium Market Supply Opportunity

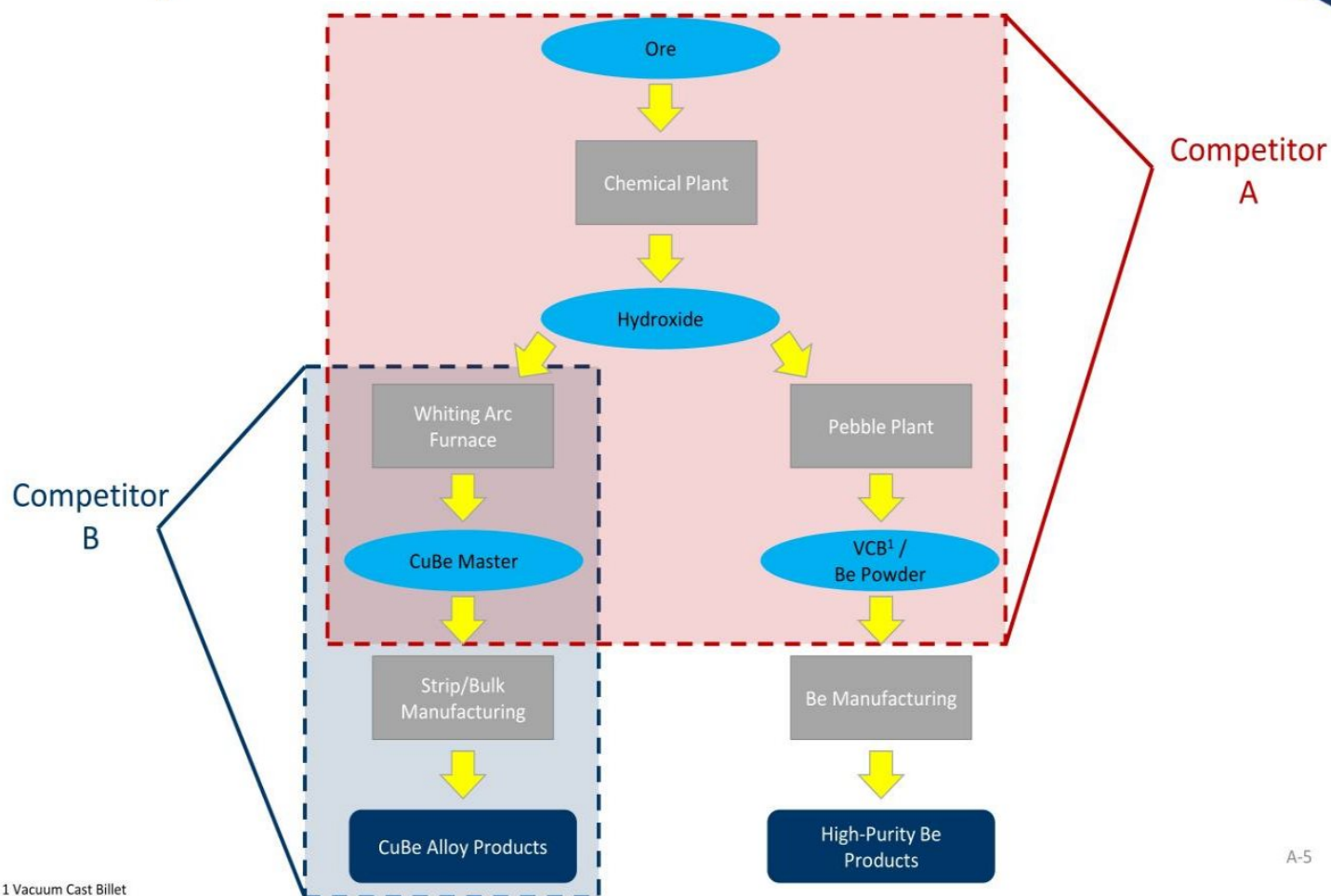
Materion – leading position in beryllium market

- Only global integrated producer
 - Minimum of 75 years of proven reserves in Utah mine
 - Supplies over 70% of world's mined beryllium
- ~40% of company sales include beryllium in some form
- Global stockpiled sources depleting
- Only significant commercially active bertrandite ore mine



- Materion positioned to support world demand
- Significant incremental profit potential

World's Only Vertically Integrated Beryllium Producer





Financial Information



Reconciliation for Value-added Sales

\$ in millions

	<u>Q1 2019</u>	<u>Q1 2019 TTM</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Net Sales							
Performance Alloys and Composites	\$ 127.1	\$ 509.4	\$ 500.6	\$ 429.5	\$ 387.5	\$ 394.8	\$ 433.3
Advanced Materials	144.0	577.2	586.6	590.8	437.2	482.3	547.3
Precision Coatings	30.3	119.2	120.6	119.2	144.5	148.4	147.7
Other	-	-	-	-	-	(0.2)	(1.4)
Total	<u>\$ 301.4</u>	<u>\$ 1,205.8</u>	<u>\$ 1,207.8</u>	<u>\$ 1,139.5</u>	<u>\$ 969.2</u>	<u>\$ 1,025.3</u>	<u>\$ 1,126.9</u>
Less: Pass-through Metal Costs							
Performance Alloys and Composites	\$ 17.5	\$ 74.7	\$ 75.1	\$ 66.0	\$ 55.5	\$ 59.7	\$ 74.8
Advanced Materials	86.5	354.3	362.9	362.8	260.9	299.5	366.3
Precision Coatings	7.8	26.1	26.4	28.5	46.8	46.6	45.3
Other	1.9	5.4	4.4	4.5	6.1	2.3	3.4
Total	<u>\$ 113.7</u>	<u>\$ 460.5</u>	<u>\$ 468.8</u>	<u>\$ 461.8</u>	<u>\$ 369.3</u>	<u>\$ 408.1</u>	<u>\$ 489.8</u>
Value-added Sales							
Performance Alloys and Composites	\$ 109.6	\$ 434.7	\$ 425.5	\$ 363.5	\$ 332.0	\$ 335.1	\$ 358.5
Advanced Materials	57.5	222.9	223.7	228.0	176.3	182.8	181.0
Precision Coatings	22.5	93.1	94.2	90.7	97.7	101.8	102.4
Other	(1.9)	(5.4)	(4.4)	(4.5)	(6.1)	(2.5)	(4.8)
Total	<u>\$ 187.7</u>	<u>\$ 745.3</u>	<u>\$ 739.0</u>	<u>\$ 677.7</u>	<u>\$ 599.9</u>	<u>\$ 617.2</u>	<u>\$ 637.1</u>

Value-added sales is a non-GAAP financial measure that removes the impact of pass-through metal costs and allows for analysis without the distortion of the movement or volatility in metal prices. Internally, we manage our business on this basis, and a reconciliation of net sales to value-added sales is included herein.

Reconciliation for Adjusted EPS

In millions, except per share amounts

	<u>Q1 2019</u>	<u>Q1 2019 TTM</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
GAAP As Reported							
Operating Profit	\$ 21.4	\$ 69.7	\$ 61.5	\$ 40.0	\$ 27.1	\$ 45.3	\$ 57.6
Net Income	\$ 16.9	\$ 27.2	\$ 20.8	\$ 11.5	\$ 25.7	\$ 32.2	\$ 42.1
Weighted average diluted shares outstanding	20.606	20.606	20.613	20.415	20.213	20.402	20.852
EPS - Diluted	\$ 0.82	\$ 1.32	\$ 1.01	\$ 0.56	\$ 1.27	\$ 1.58	\$ 2.02
Operating Profit Special Items							
Cost reductions	\$ -	\$ 5.6	\$ 5.6	\$ 0.7	\$ 2.6	\$ 1.9	\$ (1.6)
Legacy legal & environmental costs (benefits)	-	-	0.8	0.5	1.4	(1.4)	(6.9)
LIFO Inventory Adjustment	-	(1.9)	(1.9)	-	-	-	-
CEO transition	-	-	-	4.1	-	-	-
Acquisition costs	-	-	-	2.1	3.9	-	-
Total operating profit special items	\$ -	\$ 3.7	\$ 4.5	\$ 7.4	\$ 7.9	\$ 0.5	\$ (8.5)
Operating Profit Special Items - net of tax	\$ -	\$ 4.1	\$ 4.7	\$ 4.8	\$ 5.1	\$ 0.3	\$ (5.6)
Other Non-Operating Expense Special Items - net of tax	\$ -	\$ 31.4	\$ 31.4	\$ -	\$ -	\$ -	\$ -
Tax Special Item	\$ -	\$ (7.3)	\$ (7.9)	\$ 18.9	\$ (4.2)	\$ 0.2	\$ (1.8)
Non-GAAP Measures - Adjusted Profitability							
Operating Profit	\$ 21.4	\$ 73.4	\$ 66.0	\$ 47.4	\$ 35.0	\$ 45.8	\$ 49.1
Net Income	\$ 16.9	\$ 55.4	\$ 49.0	\$ 35.2	\$ 26.6	\$ 32.7	\$ 34.7
EPS - Diluted	\$ 0.82	\$ 2.69	\$ 2.38	\$ 1.72	\$ 1.32	\$ 1.60	\$ 1.67

As detailed in the above reconciliation, we have adjusted the results for certain special items such as non-cash pension settlement charges, cost reduction initiatives (i.e., severance, asset impairment charges, and net gains on asset disposals), legacy legal and environmental costs, merger and acquisition costs, certain LIFO inventory adjustments, certain income tax items, and CEO transition costs from the applicable GAAP financial measure. Internally, management reviews the results of operations without the impact of these costs in order to assess the profitability from ongoing activities. We are providing this information because we believe it will assist investors in analyzing our financial results and, when viewed in conjunction with the GAAP results, provide a more comprehensive understanding of the factors and trends affecting our operations.

Other Non-GAAP Items

\$ in millions

	<u>Q1 2019 TTM</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Operating Profit	\$ 69.7	\$ 61.5	\$ 40.1	\$ 27.1	\$ 45.3	\$ 57.6
Special Items	3.7	4.5	7.4	7.9	0.5	(8.5)
Adjusted Operating Profit	\$ 73.4	\$ 66.0	\$ 47.5	\$ 35.0	\$ 45.8	\$ 49.1
Depreciation, depletion, and amortization	35.4	35.5	42.8	45.7	37.8	42.7
Mine Amortization (included above)	1.0	-	5.7	9.9	2.7	7.6
5-Year Average	5.2	5.2	5.2	5.2	5.2	5.2
Normalized Mine Amortization Adjustment	\$ 4.2	\$ 5.2	\$ (0.5)	\$ (4.7)	\$ 2.5	\$ (2.5)
Non Cash Stock-Based Compensation	6.1	5.3	5.0	3.2	5.5	4.8
Adjusted EBITDA	\$ 119.1	\$ 112.1	\$ 94.8	\$ 79.2	\$ 91.6	\$ 94.2
Cash & Cash Equivalents	\$ 41.9	\$ 70.6	\$ 41.8	\$ 31.5	\$ 24.2	\$ 13.1
Less: Total Debt	2.7	2.9	3.8	4.6	13.6	24.3
Net Cash (Debt)	\$ 39.2	\$ 67.8	\$ 38.0	\$ 26.9	\$ 10.6	\$ (11.2)
Total Shareholders' Equity	\$ 566.9	\$ 553.9	\$ 495.0	\$ 494.1	\$ 483.0	\$ 459.0
Debt-to-Capitalization	1%	1%	1%	1%	3%	5%

Adjusted EBITDA is calculated by adding depreciation, depletion, and amortization and certain special items such as cost reduction initiatives (i.e., asset impairment charges and severance), legacy legal and environmental costs, CEO transition costs, and merger and acquisition costs to our operating profit. Due to the variability of annual mine amortization related to the timing of pit openings, amortization is adjusted for a normalized mine amortization based on a 5-year average. Internally, we review the results of operations without the impact of these costs and adjustments in order to assess the profitability from ongoing operations.

Other Non-GAAP Items

\$ in millions

	<u>Q1 2019</u>	<u>Q4 2018</u>	<u>Q3 2018</u>	<u>Q2 2018</u>	<u>Q1 2018</u>	<u>Q4 2017</u>	<u>Q3 2017</u>	<u>Q2 2017</u>	<u>Q1 2017</u>
TTM Adjusted Operating Profit	\$ 73.4	\$ 66.0	\$ 62.0	\$ 56.7	\$ 53.4	\$ 47.5	\$ 40.6	\$ 39.4	\$ 35.5
Total Shareholders' Equity	\$ 566.9	\$ 553.9	\$ 536.7	\$ 515.7	\$ 504.3	\$ 495.0	\$ 512.0	\$ 503.0	\$ 497.1
Total Debt	2.7	2.9	3.3	3.4	3.6	3.8	4.0	26.6	32.6
Total Capital	\$ 569.6	\$ 556.8	\$ 540.0	\$ 519.1	\$ 507.9	\$ 498.8	\$ 516.0	\$ 529.6	\$ 529.7
ROIC %	12.9%	11.9%	11.5%	10.9%	10.5%	9.5%	7.9%	7.4%	6.7%

ROIC is non-GAAP financial measure that we use to measure how efficient we are in generating a return on capital invested by the Company.

Historical Financials

(\$ in millions, except per share data)	2015				2015	2016				2016	2017				2017	2018				2018	2019
	Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1	Q2	Q3	Q4		Q1
Sales																					
PAC	\$ 103.3	\$ 107.7	\$ 93.6	\$ 90.3	\$ 394.8	\$ 90.6	\$ 97.7	\$ 103.7	\$ 95.5	\$387.5	\$ 92.6	\$ 108.5	\$ 109.4	\$ 119.0	\$ 429.5	\$ 118.3	\$ 129.8	\$ 124.1	\$ 128.5	\$ 500.6	\$ 127.1
AM	149.9	131.4	113.6	87.4	482.3	108.1	113.6	107.2	108.3	437.2	114.7	157.1	157.8	161.2	590.8	153.5	150.3	144.1	138.7	586.6	144.0
PC	36.6	38.3	37.2	36.4	148.4	36.8	38.5	38.7	30.5	144.5	33.4	30.2	27.1	28.5	119.2	31.7	29.0	29.0	30.9	120.6	30.3
Other	0.2	(0.5)	-	-	(0.2)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Consolidated MTRN	290.0	276.9	244.4	214.0	1,025.3	235.5	249.8	249.6	234.3	969.2	240.7	295.8	294.3	308.7	1,139.5	303.5	309.1	297.1	298.1	1,207.8	301.4
VA																					
PAC	85.6	91.5	79.6	78.4	335.1	78.2	83.4	87.2	83.2	332.0	79.2	92.7	90.6	101.0	363.5	100.3	110.2	104.9	110.1	425.5	109.6
AM	51.7	46.7	44.5	39.8	182.8	42.1	47.0	46.0	41.2	176.3	47.3	62.0	60.4	58.3	228.0	58.3	57.3	55.3	52.8	223.7	57.5
PC	24.6	25.2	25.7	26.4	101.8	24.6	25.1	25.8	22.2	97.7	23.3	22.6	21.9	22.9	90.7	23.6	23.4	23.0	24.2	94.2	22.5
Other	0.7	(1.0)	(1.0)	(1.2)	(2.5)	(1.0)	(1.6)	(2.0)	(1.5)	(6.1)	(0.8)	(1.2)	(1.5)	(1.0)	(4.5)	(0.9)	(0.9)	(1.3)	(1.3)	(4.4)	(1.9)
Consolidated MTRN	162.6	162.4	148.8	143.4	617.2	143.9	153.9	157.0	145.1	599.9	149.0	176.1	171.4	181.2	677.7	181.3	189.9	181.9	185.8	739.0	187.7
Gross Margin																					
PAC	23.1	25.5	18.0	17.9	84.6	17.7	16.3	20.6	19.0	73.6	16.3	22.8	23.6	27.0	89.7	27.8	31.1	35.3	38.7	133.0	39.3
AM	20.7	18.8	17.1	15.5	72.1	15.8	19.1	20.0	16.7	71.6	18.4	23.3	24.4	22.4	88.5	20.8	21.3	20.4	16.4	79.0	22.0
PC	8.3	7.5	9.2	9.1	34.1	10.0	9.5	10.7	7.6	37.8	8.3	8.9	7.4	9.1	33.7	10.0	9.1	9.9	10.2	39.1	9.4
Other	0.3	(0.5)	(0.3)	0.6	-	(0.1)	0.4	(0.5)	0.8	0.5	0.2	(0.2)	0.1	0.5	0.6	(0.3)	0.3	(0.7)	0.8	0.1	(1.4)
Consolidated MTRN	52.4	51.3	44.0	43.1	190.8	43.4	45.3	50.8	44.1	183.5	43.2	54.8	55.5	59.0	212.5	58.3	61.8	64.9	66.1	251.1	69.3
Gross Margin as a % of VA																					
PAC	27.0%	27.9%	22.6%	22.8%	25.2%	22.6%	19.5%	23.6%	22.8%	22.2%	20.6%	24.6%	26.0%	26.7%	24.7%	27.7%	28.3%	33.7%	35.1%	31.2%	35.9%
AM	40.0%	40.3%	38.4%	38.9%	39.4%	37.5%	40.6%	43.5%	40.5%	40.6%	38.9%	37.5%	40.5%	38.5%	38.8%	35.7%	37.2%	36.9%	31.1%	35.3%	38.2%
PC	33.7%	29.8%	35.8%	34.5%	33.5%	40.7%	37.8%	41.5%	34.2%	38.7%	35.6%	39.4%	33.8%	39.6%	37.1%	42.2%	38.8%	43.0%	42.0%	41.5%	41.6%
Other	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Consolidated MTRN	32.2%	31.6%	29.6%	30.1%	30.9%	30.2%	29.4%	32.4%	30.4%	30.6%	29.0%	31.1%	32.4%	32.6%	31.4%	32.1%	32.6%	35.7%	35.6%	34.0%	36.9%
Operating Profit																					
PAC	6.8	9.3	4.5	2.9	23.6	1.5	0.2	4.4	0.5	6.6	0.2	5.5	6.8	9.5	22.0	9.9	12.4	16.7	19.9	58.8	18.9
AM	8.9	7.4	7.0	4.5	27.8	5.2	7.3	8.3	5.5	26.3	6.4	8.7	9.8	7.9	32.8	5.9	5.6	6.9	(0.7)	17.7	7.1
PC	1.7	0.6	2.3	3.0	7.5	4.1	2.3	3.4	1.8	11.6	2.2	2.3	1.6	2.3	8.4	3.4	2.2	3.5	2.4	11.5	2.1
Other	(4.2)	(4.2)	(2.9)	(2.3)	(13.6)	(3.3)	(4.0)	(5.9)	(4.2)	(17.4)	(5.1)	(6.4)	(6.2)	(5.4)	(23.1)	(5.9)	(5.0)	(8.4)	(7.2)	(26.5)	(6.7)
Consolidated MTRN	13.2	13.1	10.9	8.1	45.3	7.5	5.8	10.2	3.6	27.1	3.7	10.1	12.0	14.3	40.1	13.3	15.2	18.7	14.4	61.5	21.4
Special Items - Op¹																					
PAC	-	-	-	-	-	-	-	-	2.6	2.6	0.5	0.6	0.2	(1.3)	0.1	-	-	-	(1.9)	(1.9)	-
AM	-	-	-	-	-	-	-	-	-	-	1.0	0.3	-	-	1.3	-	-	-	5.7	5.7	-
PC	-	-	1.3	0.1	1.4	-	-	-	-	-	-	-	0.4	-	0.4	-	-	-	-	-	-
Other	(2.1)	-	0.5	0.7	(0.9)	-	2.3	2.0	1.0	5.3	2.8	1.0	0.8	1.0	5.6	0.8	-	-	-	0.8	-
Consolidated MTRN	(2.1)	-	1.8	0.8	0.5	-	2.3	2.0	3.6	7.9	4.3	1.9	1.4	(0.3)	7.4	0.8	-	-	3.7	4.5	-
Operating Profit ex Spec Items¹																					
PAC	6.8	9.3	4.5	2.9	23.6	1.5	0.2	4.4	3.1	9.2	0.7	6.0	7.0	8.3	22.1	9.9	12.4	16.7	18.0	56.9	18.9
AM	8.9	7.4	7.0	4.5	27.8	5.2	7.3	8.3	5.5	26.3	7.4	9.0	9.8	7.9	34.1	5.9	5.6	6.9	5.0	23.3	7.1
PC	1.7	0.6	3.6	3.1	8.9	4.1	2.3	3.4	1.8	11.6	2.2	2.3	2.1	2.3	8.8	3.4	2.2	3.5	2.4	11.5	2.1
Other	(6.3)	(4.2)	(2.4)	(1.6)	(14.5)	(3.3)	(1.7)	(3.9)	(3.2)	(12.1)	(2.3)	(5.4)	(5.4)	(4.4)	(17.5)	(5.1)	(5.0)	(8.4)	(7.2)	(25.7)	(6.7)
Consolidated MTRN	11.1	13.1	12.7	8.9	45.8	7.5	8.1	12.2	7.2	35.0	8.0	11.9	13.5	14.0	47.5	14.0	15.2	18.7	18.1	66.0	21.4
OP ex Spec Items as a % of VA¹																					
PAC	7.9%	10.2%	5.7%	3.7%	7.0%	1.9%	0.2%	5.0%	3.7%	2.8%	0.9%	6.5%	7.7%	8.2%	6.1%	9.8%	11.2%	15.9%	16.3%	13.4%	17.2%
AM	17.2%	15.8%	15.7%	11.3%	15.2%	12.4%	15.5%	18.0%	13.3%	14.9%	15.6%	14.5%	16.2%	13.5%	14.9%	10.1%	9.7%	12.5%	9.4%	10.4%	12.3%
PC	6.9%	2.4%	14.0%	11.7%	8.7%	16.7%	9.2%	13.2%	8.1%	11.9%	9.4%	10.2%	9.5%	9.8%	9.7%	14.3%	9.5%	15.2%	9.8%	12.2%	9.2%
Other	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M	N/M
Consolidated MTRN	6.8%	8.1%	8.5%	6.2%	7.4%	5.2%	5.3%	7.8%	5.0%	5.8%	5.4%	6.8%	7.9%	7.7%	7.0%	7.7%	8.0%	10.3%	9.7%	8.9%	11.4%

¹Internally, management reviews the results of operations without the impact of special one-time costs in order to assess the profitability from ongoing operations. Refer to the note on page A-8 for a full reconciliation of adjusted earnings.



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