
**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) August 4, 2017

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 ☐

Item 7.01 Regulation FD Disclosure.

On August 4, 2017, Materion Corporation updated its website with a 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.

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	Investor Presentation dated August 4, 2017

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

August 4, 2017

By: /s/ Stephen Shamrock
Stephen Shamrock
Vice President, Controller and Investor Relations

Exhibit Index

Exhibit No.	Description
99.1	Investor Presentation dated August 4, 2017



Exhibit 99.1

INVESTOR PRESENTATION

August 2017

▶ 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.

► Materion at a Glance

	Q2 2017 TTM	2016
Revenues	\$1,020M	\$969M
Value-added sales ¹	\$627M	\$600M
Adjusted EPS ¹	\$1.45	\$1.32
Adjusted EBITDA ¹	\$82M	\$81M
Debt-to-capitalization ¹	5%	1%
Operating cash flow	\$58M	\$67M
Dividend yield	~1%	~1%

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

Materion: Making Advanced Materials That Improve the World



% of Value-added Sales 2016

Segment Financial Performance

Materion Corporation



Performance Alloys & Composites (PAC)



Advanced Materials (AM)



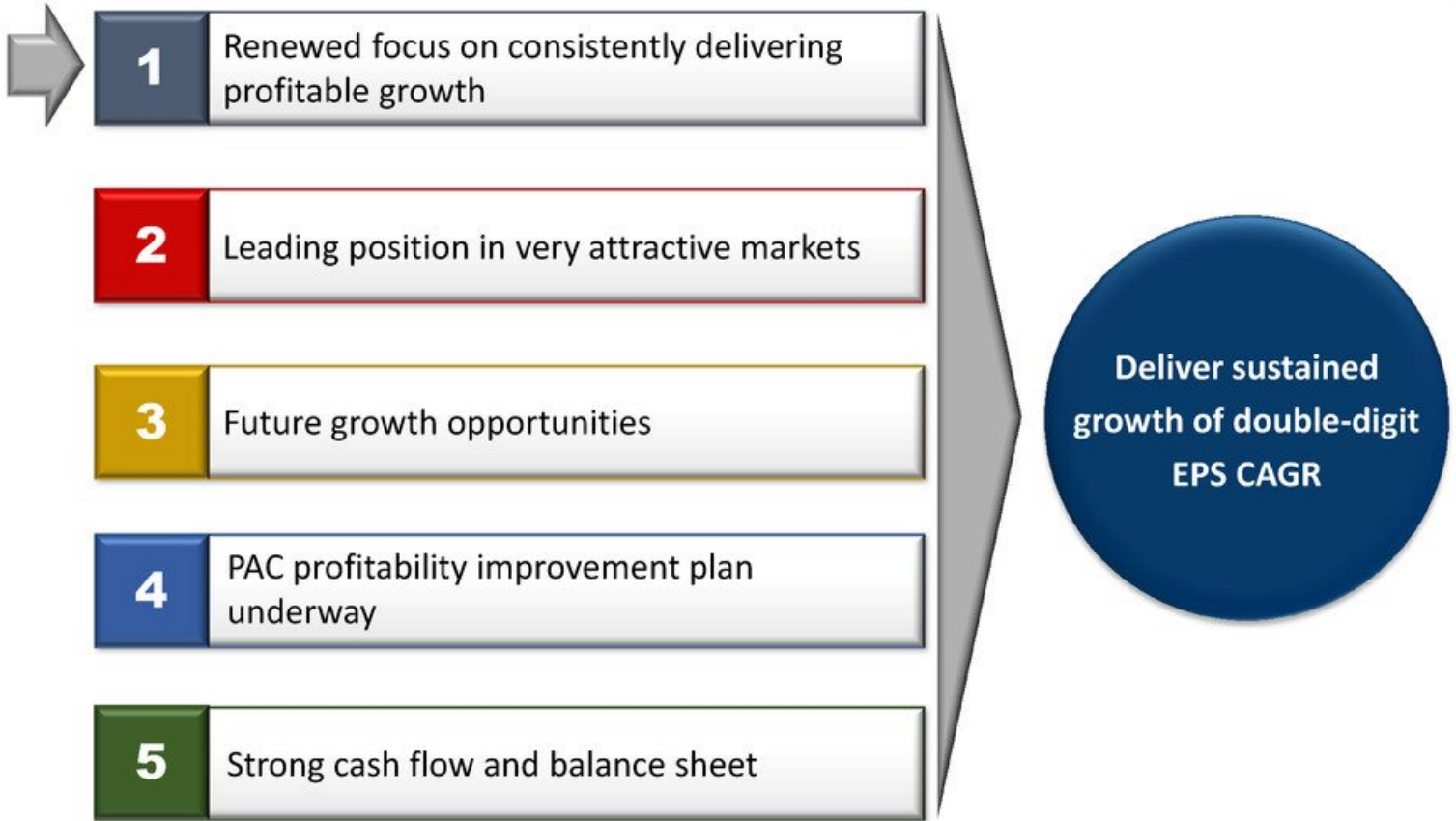
Precision Coatings (PC)



 Value-added Sales¹ (millions)
  Adjusted Operating Profit Margin¹

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

► Materion: Investment Thesis



► Consistently Deliver Profitable Growth



▶ 2017 First Half Highlights

- ▶ Q1 and Q2 with year-over-year and sequential value-added (VA) sales and profit growth
- ▶ Q2 quarterly record for VA sales and new product sales
- ▶ Completed Heraeus acquisition, expanding global footprint
- ▶ Long-term raw material beryllium hydroxide agreement reached with longstanding customer; shipments started
- ▶ Affirmed full-year 2017 earnings guidance of \$1.45 - \$1.60 per share

► Materion: Investment Thesis

1 Renewed focus on consistently delivering profitable growth

2 Leading position in very attractive markets






3 Future growth opportunities

4 PAC profitability improvement plan underway

5 Strong cash flow and balance sheet

**Deliver sustained
growth of double-digit
EPS CAGR**

Well-positioned with Leading Global Product Offering

	Product	External Segment	2016 % of Value-added Sales	Expected Annual Growth Next 3-5 Years
	Leading supplier of beryllium-containing products	Performance Alloys & Composites	~43%	↑
	Leading supplier of high-purity precious metal for physical vapor deposition (PVD) market	Advanced Materials	~21%	↑
	Leading supplier of high-end optical coatings	Precision Coatings	~9%	↑
	Leading supplier of specialty coating test strips for medical diagnosis	Precision Coatings	~7%	↑
	Only supplier of unique copper-nickel-tin materials, ToughMet®	Performance Alloys & Composites	~6%	↑↑

↑ Single digit growth

↑↑ Double digit growth

Well-diversified Market Penetration

Market	2016 % of Value-added Sales	Key Drivers
Consumer Electronics	28%	<ul style="list-style-type: none"> • Smart device growth • Sensing devices • Internet of Things (IoT)
Industrial Components	15%	<ul style="list-style-type: none"> • Heavy equipment builds • Plastic tooling • Fire protection (R and C construction)
Medical	11%	<ul style="list-style-type: none"> • Blood analysis test coating for medical diagnosis • Nuclear diagnostics equipment
Defense	9%	<ul style="list-style-type: none"> • Precision-guided munitions • Structural and electronic components for satellites, combat vehicles, and military aircraft
Automotive Electronics	8%	<ul style="list-style-type: none"> • Electronic systems and engine control • Increasing emissions standards
Telecom Infrastructure	6%	<ul style="list-style-type: none"> • 4G completion/5G rollout • Undersea repeater housings
Energy	5%	<ul style="list-style-type: none"> • Deep sea drilling and completion • Directional drilling • Solar, batteries, and smart grid devices

Total 82%

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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)



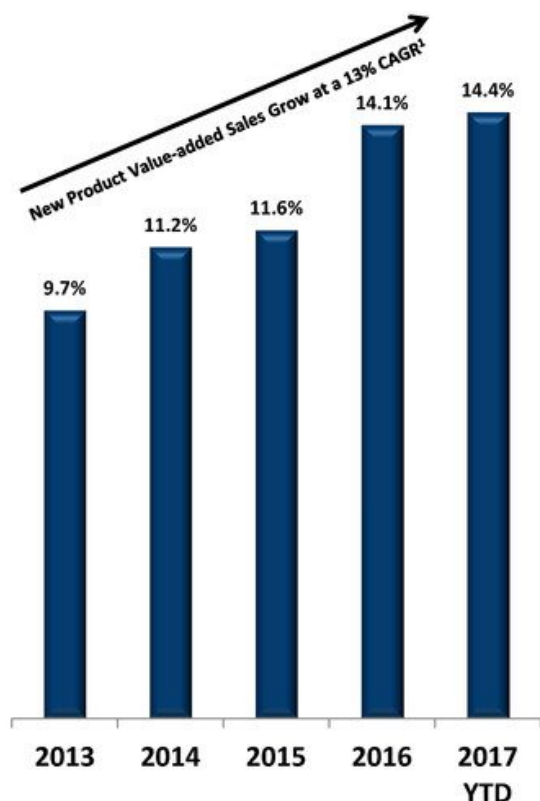
Characteristics of our Materials

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



Innovation Leading to Organic Growth

New Product Value-added Sales as % of Total



¹ CAGR calculated from 2013 – 2016

Noteworthy New Products Offerings

Phosphor Wheel

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



Dovetail Clad®

- Best solution for laser welding of Li-Ion batteries
- Lowest cost assembly



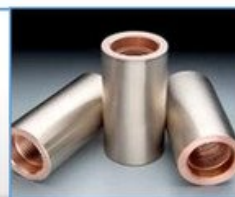
eStainless®

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



ToughMet® Couplings

- Copper-nickel-tin alloy that resists mechanical wear, thread damage, corrosion, and erosion
- Maximizes oilfield production



Heraeus – Augmentation through M&A

Acquisition Description

- ▶ Acquisition of high-performance target materials business of Heraeus Group
- ▶ Provides broader market, technology, and geographic diversification
- ▶ **Precious and non-precious metal targets for architectural and automotive glass, electronic display, photovoltaic, and semiconductor markets**
- ▶ Facilities in Germany, Taiwan, and United States

Transaction Considerations

- ▶ **\$30 million purchase price (cash + assumed liabilities)**
- ▶ Inclusive of assumed pension liability and estimated non-recurring deal, carve-out, and integration costs – **represents a ~6.5x EBITDA multiple¹**

Forecasted Financial Impact

- ▶ Annualized value-added sales of \$40 – \$50 million
- ▶ **EPS accretive in year one, excluding special one-time costs**
- ▶ Operating margins - mid single digits prior to synergies
- ▶ Significant synergy opportunity both commercial and operational
- ▶ **Forecasted > 15% IRR**

¹ Based on 2016 EBITDA

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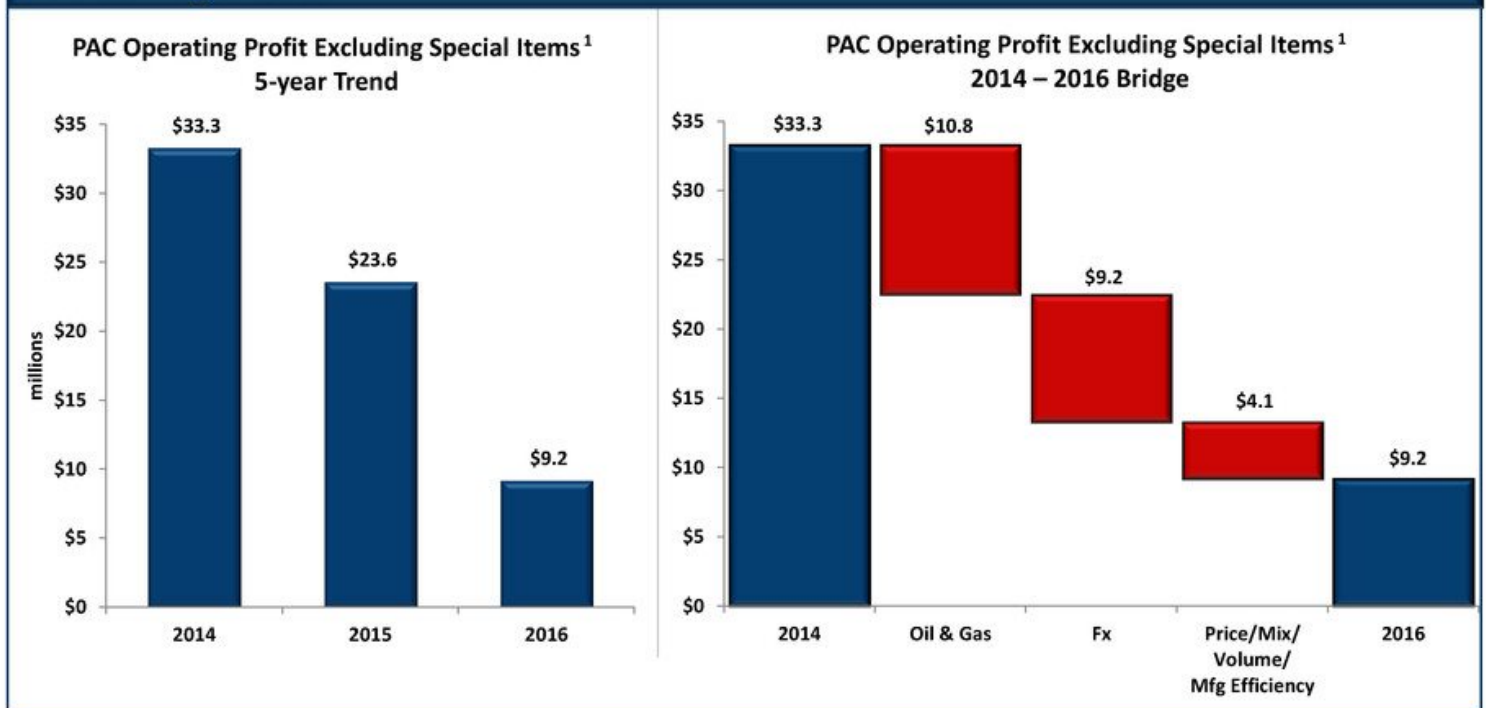
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Strong cash flow and balance sheet

**Deliver sustained
growth of double-digit
EPS CAGR**

Performance Alloys and Composites (PAC) Profitability

How did we get here?

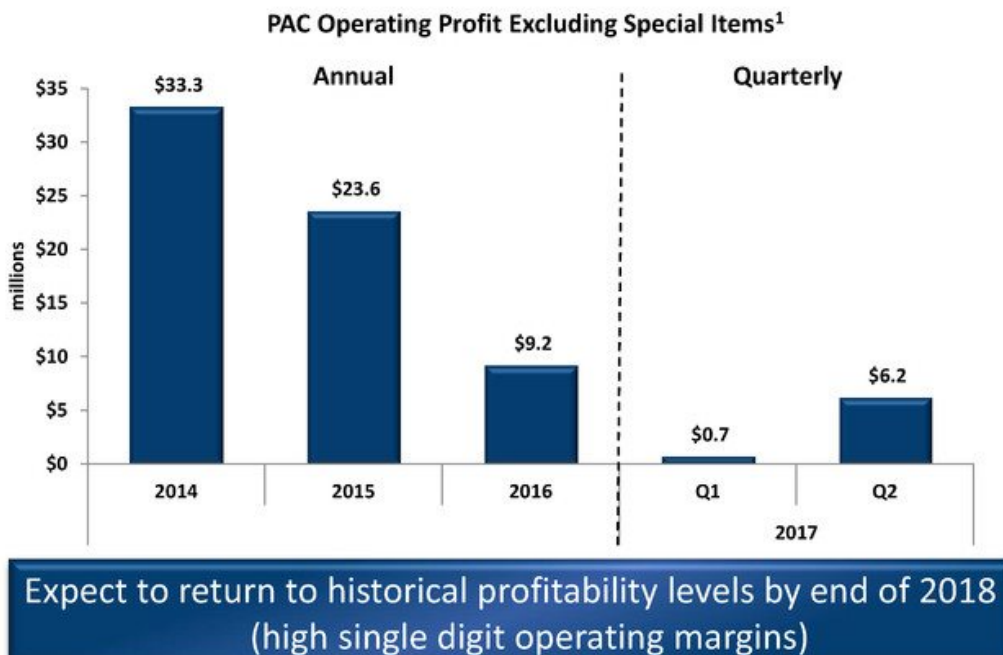


¹ Non-GAAP, excludes special items. Refer to the Appendix for additional detail.

PAC Improvement Plan

Recovery plan

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



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

► Beryllium Market Supply Opportunity

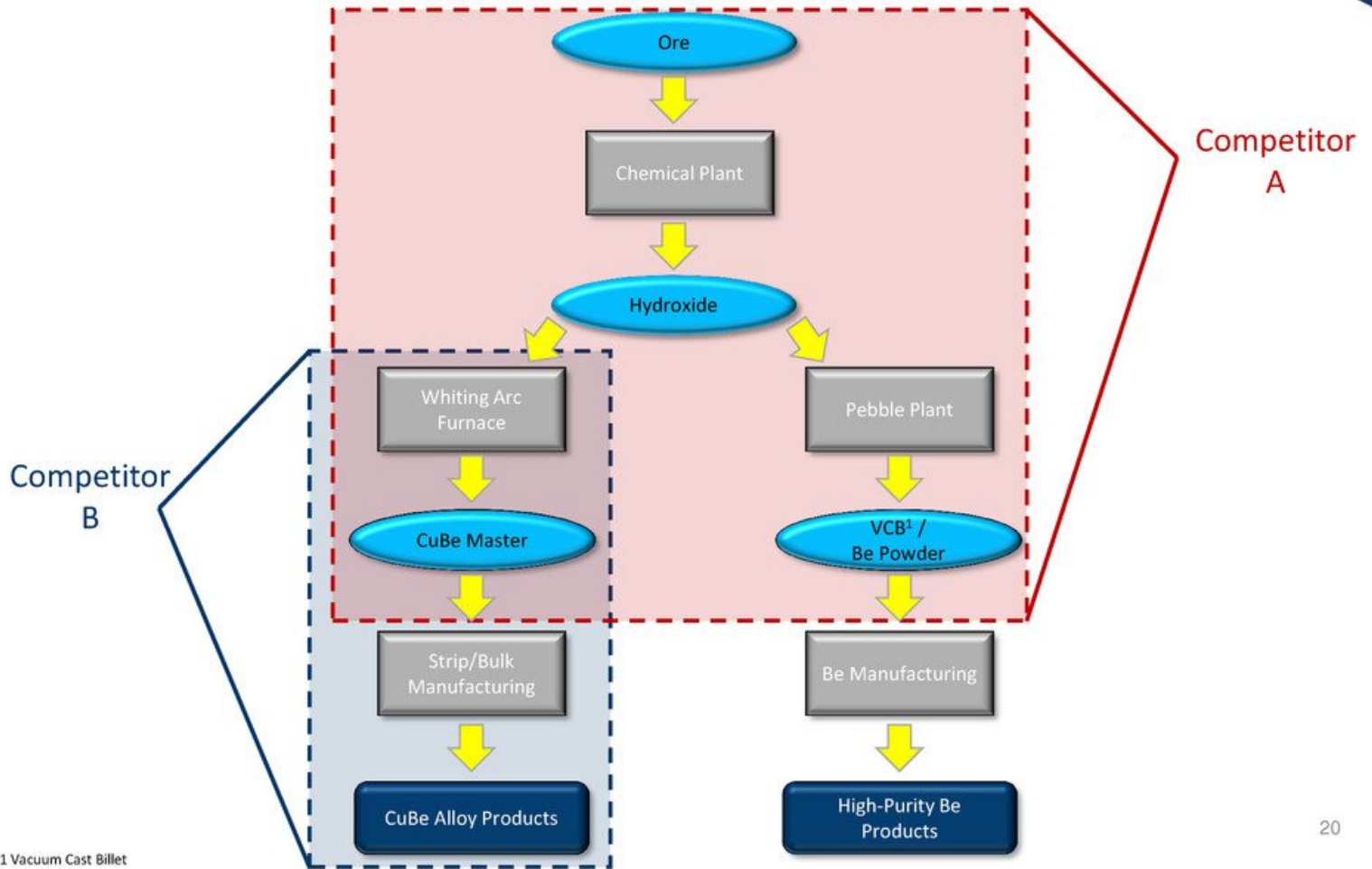
Materion – leading position in beryllium market

- 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



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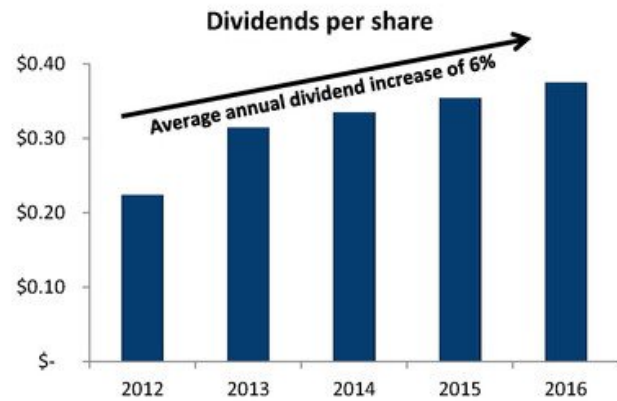
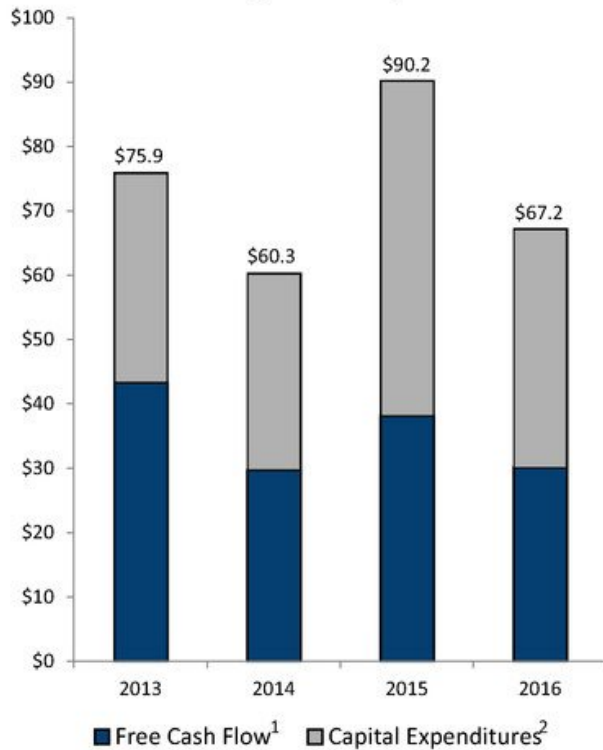
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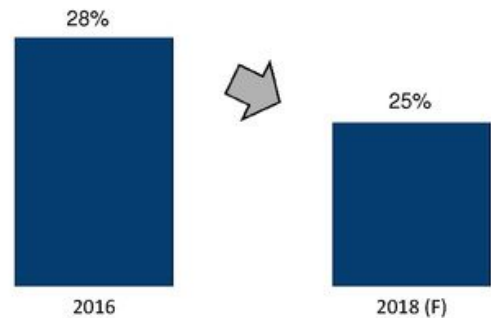
Cash Flow and Working Capital Efficiency Focus

Cash Flow from Operations
(\$ in millions)



Improve Working Capital³ Efficiency

Working capital % of net sales

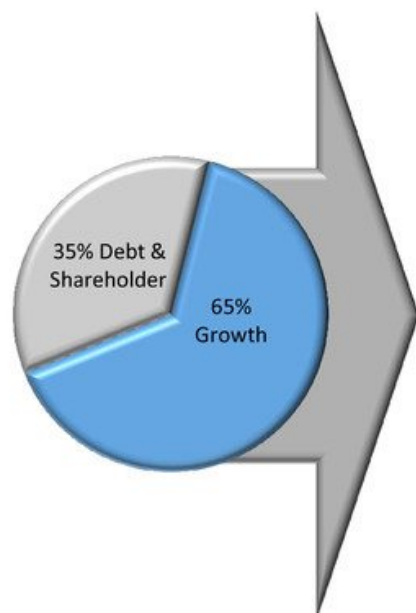


¹ Free Cash Flow calculated as cash flow from operations less capital expenditures

² Capital Expenditures includes mine development costs

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

Disciplined Capital Deployment Going Forward



Return Cash to Shareholders

- Share repurchase - \$50M authorization (\$16M remaining)
- Dividends – increased 5% in 2017



Capex Below Depreciation

- Invest in facilities
- Invest in new products



Growth

- Organic
- Selective bolt-on acquisitions



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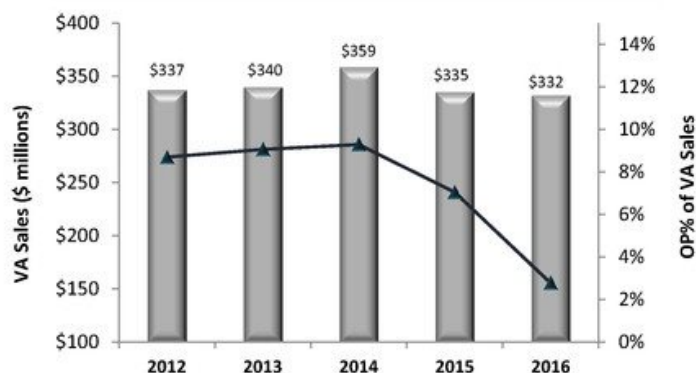


Appendix



Performance Alloys and Composites

Value-added Sales



Growth Drivers

New product development

- New proprietary non-Be alloys with improved durability & weight-to-strength ratio
- New heat dissipating clad material
- Improving customer yields with "near net shape" products

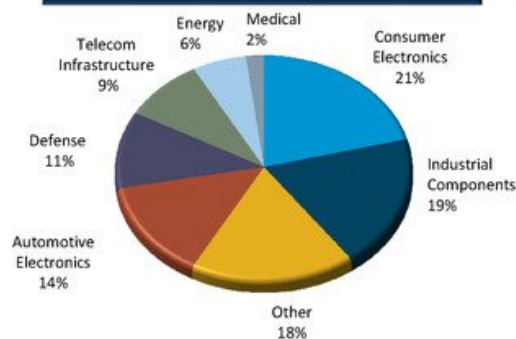
New application development

- 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

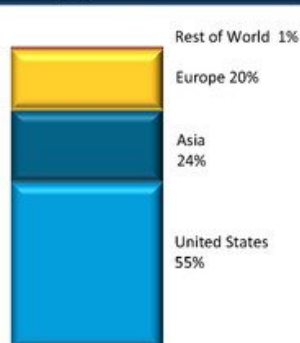
Changing beryllium demand

- World's only fully integrated producer
- Minimum of 75 years of proven mine reserves in Delta, Utah
- Primary Be competitor is consuming stockpiled ore

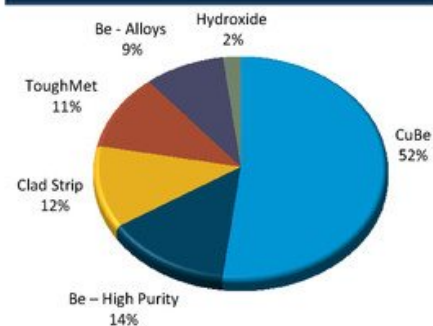
Value-added Sales by Market¹



Geographic Mix¹



Product Mix¹



¹ Reflects 2016 mix by market, geography, and product

Advanced Materials

Value-added Sales



Growth Drivers

New product development

- Highly technical advanced chemicals, pure metals, and alloys, including evaporation materials and large PVD targets
- High-value products with capacity to scale

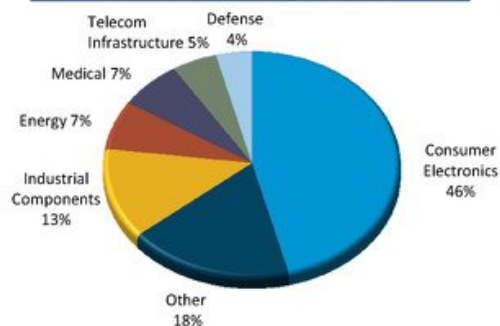
Semiconductor

- Long-term high growth market
- Heraeus acquisition further accelerates position in this market
- Full suite of best in class ultra-pure, clean room ready products
- Quality and reliability highly valued

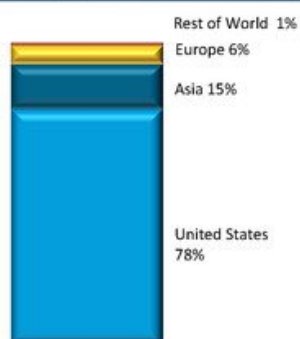
Growth opportunities

- Continued product and market diversification
- Continued geographic diversification specifically in Asia and Europe
- Asia is a high growth region where customers are exploiting excess fab capacity and use our current material set

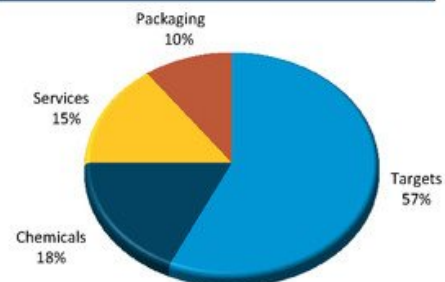
Value-added Sales by Market¹



Geographic Mix¹



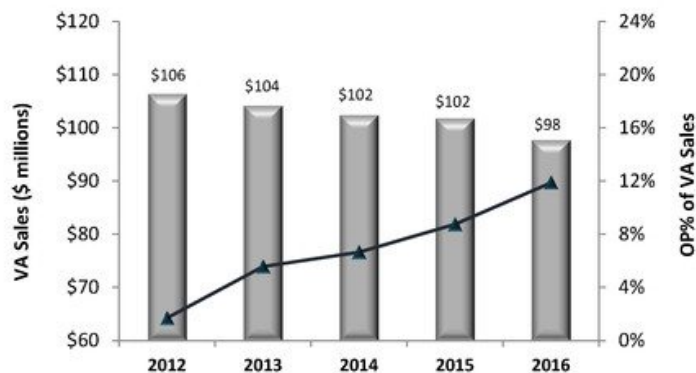
Product Mix¹



¹ Reflects 2016 mix by market, geography, and product

Precision Coatings

Value-added Sales



Growth Drivers

New product development

- New precious metal coating stacks
- Novel electrode alloys
- Gesture control sensing
- Phosphor wheel and thermal imaging

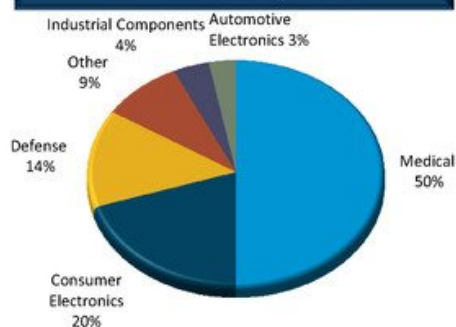
New market development

- Expanding into Asia with blood glucose test strips
- New applications for medical sensing films
- Growing demand for optical filters in consumer electronics and automotive sensors

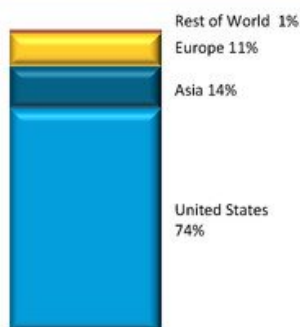
Expanded service offering

- Optical coating is the critical sensor assembly application
- Gettering capabilities for wafer level processing
- Laser patterning
- Precision film slitting & sheeting

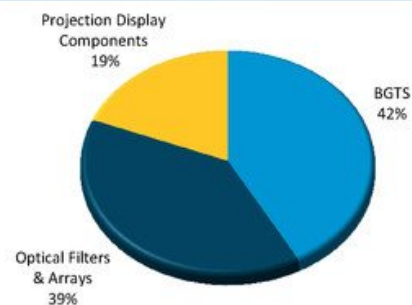
Value-added Sales by Market¹



Geographic Mix¹



Product Mix¹



¹ Reflects 2016 mix by market, geography, and product



Applications



▶ Consumer Electronics

- ▶ Advanced chemicals for OLED applications
- ▶ Multiple product offerings for smartphones, including connector material and voice coil motor (auto focus lens stabilizer)
- ▶ Phosphor wheel and opto-ceramic coatings for laser projectors
- ▶ Wafer level optical coatings for electronic devices
- ▶ 3D/gesture control optical filter capability
- ▶ Semiconductor targets for Tier 1 suppliers



Medical

- ▶ Precious metal blood glucose test strips for diabetes testing
- ▶ Be material for x-ray equipment applications
- ▶ Narrow-band optical filters for spectroscopy
- ▶ Continuous glucose monitoring (CGM) electrodes for type 2 diabetes



Defense

- ▶ Infrared sensors for fighter jet, unmanned aerial vehicle optical targeting
- ▶ Optical filters for precision-guided munitions
- ▶ Structural components for combat vehicles and aircraft
- ▶ Optical, structural, and electronic components for satellites



▶ Automotive Electronics

- ▶ Connector material for battery and high temperature applications
- ▶ High-performance alloys (i.e., CuBe, ToughMet®) for the powertrain
- ▶ Metal matrix composites (i.e., SupremEx®) for chassis, suspension, and braking component applications
- ▶ Optical filters: night vision, speed control, sensors, camera applications



► Energy

- ToughMet couplings for oil production
- ToughMet components for oil drilling applications
- Connector materials (i.e., Dovetail®) for fuel cell batteries
- Precious metal targets for coatings on construction glass





Financial Information



Reconciliation for Value-added Sales

\$ in millions

	<u>Q2 2017 TTM</u>	<u>Q2 2017</u>	<u>Q1 2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
Net Sales								
Performance Alloys and Composites	\$ 400.3	\$ 108.5	\$ 92.6	\$ 387.5	\$ 394.8	\$ 433.3	\$ 422.9	\$ 424.4
Advanced Materials	487.3	157.1	114.7	437.2	482.3	547.3	592.0	694.8
Precision Coatings	132.8	30.2	33.4	144.5	148.4	147.7	152.3	153.0
Other	-	-	-	-	(0.2)	(1.4)	(0.3)	0.9
Total	\$ 1,020.4	\$ 295.8	\$ 240.7	\$ 969.2	\$ 1,025.3	\$ 1,126.9	\$ 1,166.9	\$ 1,273.1
Less: pass-through metal costs								
Performance Alloys and Composites	\$ 58.0	\$ 15.8	\$ 13.4	\$ 55.5	\$ 59.7	\$ 74.8	\$ 83.0	\$ 87.4
Advanced Materials	290.8	95.1	67.4	260.9	299.5	366.3	423.4	522.7
Precision Coatings	38.9	7.6	10.1	46.8	46.6	45.3	48.0	46.7
Other	5.5	1.2	0.8	6.1	2.3	3.4	3.3	0.7
Total	\$ 393.2	\$ 119.7	\$ 91.7	\$ 369.3	\$ 408.1	\$ 489.8	\$ 557.8	\$ 657.5
Value-added sales								
Performance Alloys and Composites	\$ 342.3	\$ 92.7	\$ 79.2	\$ 332.0	\$ 335.1	\$ 358.5	\$ 339.9	\$ 337.0
Advanced Materials	196.5	62.0	47.3	176.3	182.8	181.0	168.6	172.1
Precision Coatings	93.9	22.6	23.3	97.7	101.8	102.4	104.2	106.4
Other	(5.5)	(1.2)	(0.8)	(6.1)	(2.5)	(4.8)	(3.6)	0.1
Total	\$ 627.2	\$ 176.1	\$ 149.0	\$ 599.9	\$ 617.2	\$ 637.1	\$ 609.1	\$ 615.6

Value-added sales is a non-GAAP 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>Q2 2017 TTM</u>	<u>Q2 2017</u>	<u>Q1 2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>
GAAP As Reported								
Operating Profit	\$ 26.9	\$ 9.7	\$ 3.4	\$ 27.1	\$ 45.3	\$ 57.6	\$ 27.6	\$ 36.2
Net Income	25.2	7.3	3.1	25.7	32.2	42.1	20.2	24.3
Weighted average diluted shares outstanding	20.302	20.347	20.375	20.213	20.402	20.852	20.943	20.740
EPS - Diluted	1.24	0.36	0.15	1.27	1.58	2.02	0.97	1.17
Operating Profit Special Items								
Cost reductions	\$ 4.0	\$ 0.7	\$ 0.7	\$ 2.6	\$ 1.9	\$ (1.6)	\$ 4.9	\$ -
Legacy legal & environmental costs (benefits)	1.2	-	0.2	1.4	(1.4)	(6.9)	-	7.4
CEO transition	2.6	0.9	1.7	-	-	-	-	-
Acquisition costs	4.1	0.4	1.7	3.9	-	-	-	-
Total operating profit special items	\$ 11.9	\$ 2.0	\$ 4.3	\$ 7.9	\$ 0.5	\$ (8.5)	\$ 4.9	\$ 7.4
Operating Profit Special Items - net of tax	\$ 7.7	\$ 1.3	\$ 2.8	\$ 5.1	\$ 0.3	\$ (5.6)	\$ 3.4	\$ 4.8
Tax Special Item	\$ (3.3)	\$ -	\$ -	\$ (4.2)	\$ 0.2	\$ (1.8)	\$ -	\$ -
Non-GAAP Measures - Adjusted Profitability								
Operating Profit	\$ 38.8	\$ 11.7	\$ 7.7	\$ 35.0	\$ 45.8	\$ 49.1	\$ 32.5	\$ 43.6
Net Income	29.6	8.6	5.9	26.6	32.7	34.7	23.6	29.1
EPS - Diluted	1.45	0.42	0.29	1.32	1.60	1.67	1.13	1.40

As detailed in the above reconciliation, we have adjusted the results for certain special items, such as cost reduction initiatives (i.e., asset impairment charges and severance), legacy legal and environmental costs, CEO transition costs, merger and acquisition costs, and certain income tax items from the applicable GAAP 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>Q2 2017 TTM</u>	<u>Q2 2017</u>	<u>Q1 2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
Operating Profit	\$ 26.9	\$ 9.7	\$ 3.4	\$ 27.1	\$ 45.3	\$ 57.6	\$ 27.6
Special Items	11.9	2.0	4.3	7.9	0.5	(8.5)	4.9
Adjusted Operating Profit	\$ 38.8	\$ 11.7	\$ 7.7	\$ 35.0	\$ 45.8	\$ 49.1	\$ 32.5
Depreciation, depletion, and amortization	42.9	10.6	10.1	45.6	37.8	42.7	41.6
Adjusted EBITDA	\$ 81.7	\$ 22.3	\$ 17.8	\$ 80.6	\$ 83.6	\$ 91.8	\$ 74.1
Total Debt	\$ 26.6	\$ 26.6	\$ 32.6	\$ 4.6	\$ 13.6	\$ 24.3	\$ 64.8
Less: Cash & Cash Equivalents	18.5	18.5	16.3	31.5	24.2	13.1	22.8
Net Debt (Cash)	\$ 8.1	\$ 8.1	\$ 16.3	\$ (26.8)	\$ (10.6)	\$ 11.2	\$ 42.0
Total Shareholders' Equity	\$ 503.0	\$ 503.0	\$ 497.1	\$ 494.1	\$ 483.0	\$ 459.0	\$ 464.4
Debt-to-Capitalization	5%	5%	6%	1%	3%	5%	13%

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, merger and acquisition costs, and certain income tax items to our operating profit. Internally, management reviews the results of operations without the impact of these costs in order to assess the profitability from ongoing operations.

Debt-to-capitalization is our total debt divided by net debt plus shareholders' equity. Net debt (cash) is a non-GAAP measure calculated by subtracting cash & cash equivalents from our total outstanding debt. We are providing this information because we believe it is more indicative of our overall financial position. It is also a measure our management uses to assess financing and other decisions.

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Historical Financials

(\$ in millions, except per share data)

	2014					2015					2016					2017	
	Q1	Q2	Q3	Q4	2014	Q1	Q2	Q3	Q4	2015	Q1	Q2	Q3	Q4	2016	Q1	Q2
Sales																	
PAC	\$ 97.2	\$ 109.6	\$ 114.2	\$ 112.3	\$ 433.3	\$ 103.3	\$ 107.7	\$ 93.6	\$ 90.3	\$ 394.8	\$ 90.6	\$ 97.7	\$ 103.7	\$ 95.5	\$ 387.5	\$ 92.6	\$ 108.5
AM	129.3	145.0	137.6	135.3	547.3	149.9	131.4	113.6	87.4	482.3	108.1	113.6	107.2	108.3	437.2	114.7	157.1
PC	33.9	34.1	39.9	39.7	147.7	36.6	38.3	37.2	36.4	148.4	36.8	38.5	38.7	30.5	144.5	33.4	30.2
Other	(1.5)	(0.7)	(0.1)	1.1	(1.4)	0.2	(0.5)	-	-	(0.2)	-	-	-	-	-	-	-
Consolidated MTRN	258.9	288.0	291.6	288.4	1,126.9	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
VA																	
PAC	80.0	89.9	94.7	93.9	358.5	85.6	91.5	79.6	78.4	335.1	78.2	83.4	87.2	83.2	332.0	79.2	92.7
AM	41.7	45.0	46.1	48.3	181.0	51.7	46.7	44.5	39.8	182.8	42.1	47.0	46.0	41.2	176.3	47.3	62.0
PC	23.9	24.9	27.0	26.5	102.4	24.6	25.2	25.7	26.4	101.8	24.6	25.1	25.8	22.2	97.7	23.3	22.6
Other	(0.7)	(0.2)	(2.2)	(1.7)	(4.8)	0.7	(1.0)	(1.0)	(1.2)	(2.5)	(1.0)	(1.6)	(2.0)	(1.5)	(6.1)	(0.8)	(1.2)
Consolidated MTRN	144.9	159.6	165.6	167.0	637.1	162.6	162.4	148.8	143.4	617.2	143.9	153.9	157.0	145.1	599.9	149.0	176.1
Gross Margin																	
PAC	22.7	24.6	26.8	26.8	100.9	23.1	25.5	18.0	17.9	84.6	17.7	16.3	20.6	19.0	73.6	16.3	22.8
AM	16.1	17.6	19.3	20.6	73.6	20.7	18.8	17.1	15.5	72.1	15.8	19.1	20.0	16.7	71.6	18.4	23.3
PC	7.1	7.7	9.0	9.6	33.3	8.3	7.5	9.2	9.1	34.1	10.0	9.5	10.7	7.6	37.8	8.3	8.9
Other	(0.4)	(0.1)	(0.3)	(1.1)	(1.9)	0.3	(0.5)	(0.3)	0.6	-	(0.1)	0.4	(0.5)	0.8	0.5	-	(0.4)
Consolidated MTRN	45.5	49.8	54.8	55.8	205.9	52.4	51.3	44.0	43.1	190.8	43.4	45.3	50.8	44.1	183.5	43.0	54.6
Gross Margin as a % of VA																	
PAC	28%	27%	28%	29%	28%	27%	28%	23%	23%	25%	23%	20%	24%	23%	22%	21%	25%
AM	39%	39%	42%	43%	41%	40%	40%	38%	39%	39%	38%	41%	43%	41%	41%	39%	38%
PC	30%	31%	33%	36%	33%	34%	30%	36%	34%	33%	41%	38%	41%	34%	39%	36%	39%
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
Consolidated MTRN	31%	31%	33%	33%	32%	32%	32%	30%	30%	31%	30%	29%	32%	30%	31%	29%	31%
Operating Profit																	
PAC	6.2	6.3	10.8	9.9	33.3	6.8	9.3	4.5	2.9	23.6	1.5	0.2	4.4	0.5	6.6	0.2	5.5
AM	5.1	12.5	7.8	7.2	32.7	8.9	7.4	7.0	4.5	27.8	5.2	7.3	8.3	5.5	26.3	6.4	8.7
PC	4.1	0.5	2.1	2.5	9.3	1.7	0.6	2.3	3.0	7.5	4.1	2.3	3.4	1.8	11.6	2.2	2.3
Other	(3.9)	(5.4)	(3.0)	(5.2)	(17.7)	(4.2)	(4.2)	(2.9)	(2.3)	(13.6)	(3.3)	(4.0)	(5.9)	(4.2)	(17.4)	(5.4)	(6.8)
Consolidated MTRN	11.6	13.9	17.7	14.4	57.6	13.2	13.1	10.9	8.1	45.3	7.5	5.8	10.2	3.6	27.1	3.4	9.7
Special Items - OP¹																	
PAC	-	-	-	-	-	-	-	-	-	-	-	-	-	2.6	2.6	0.5	0.7
AM	0.4	(5.4)	-	-	(5.1)	-	-	-	-	-	-	-	-	-	-	1.0	0.3
PC	(2.6)	0.1	-	-	(2.5)	-	-	1.3	0.1	1.4	-	-	-	-	-	-	-
Other	0.2	1.5	(2.7)	-	(0.9)	(2.1)	-	0.5	0.7	(0.9)	-	2.3	2.0	1.0	5.3	2.8	1.0
Consolidated MTRN	(2.0)	(3.8)	(2.7)	-	(8.5)	(2.1)	-	1.8	0.8	0.5	-	2.3	2.0	3.6	7.9	4.3	2.0
Operating Profit ex Spec Items¹																	
PAC	6.2	6.3	10.8	9.9	33.3	6.8	9.3	4.5	2.9	23.6	1.5	0.2	4.4	3.1	9.2	0.7	6.2
AM	5.5	7.1	7.8	7.2	27.6	8.9	7.4	7.0	4.5	27.8	5.2	7.3	8.3	5.5	26.3	7.4	9.0
PC	1.6	0.6	2.1	2.5	6.8	1.7	0.6	3.6	3.1	8.9	4.1	2.3	3.4	1.8	11.6	2.2	2.3
Other	(3.7)	(3.9)	(5.7)	(5.2)	(18.6)	(6.3)	(4.2)	(2.4)	(1.6)	(14.5)	(3.3)	(1.7)	(3.9)	(3.2)	(12.1)	(2.6)	(5.8)
Consolidated MTRN	9.7	10.1	15.0	14.4	49.1	11.1	13.1	12.7	8.9	45.8	7.5	8.1	12.2	7.2	35.0	7.7	11.7
OP ex Spec Items as a % of VA¹																	
PAC	7.8%	7.1%	11.4%	10.5%	9.3%	7.9%	10.2%	5.7%	3.7%	7.0%	1.9%	0.2%	5.0%	3.7%	2.8%	0.9%	6.7%
AM	13.2%	15.8%	16.9%	14.9%	15.2%	17.2%	15.8%	15.7%	11.3%	15.2%	12.4%	15.5%	18.0%	13.3%	14.9%	15.6%	14.5%
PC	6.5%	2.4%	7.8%	9.4%	6.6%	6.9%	2.4%	14.0%	11.7%	8.7%	16.7%	9.2%	13.2%	8.1%	11.9%	9.4%	10.2%
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
Consolidated MTRN	6.7%	6.4%	9.1%	8.6%	7.7%	6.8%	8.1%	8.5%	6.2%	7.4%	5.2%	5.3%	7.8%	5.0%	5.8%	5.2%	6.6%

1 Internally, management reviews the results of operations without the impact of special one-time costs in order to assess the profitability from ongoing activities. Refer to the note on page A-12 for a full reconciliation of adjusted earnings.

▶ 2017 Forecasted Financial Guidance

▶ Full Year Guidance

- ▶ Adjusted EPS of \$1.45 - \$1.60
- ▶ Operating cash \$50M - \$60M
- ▶ Capex approximately \$25M - \$30M
- ▶ Mine development capital expenditures <\$3M
- ▶ Depreciation and amortization expense of \$43M - \$45M
- ▶ Effective tax rate excluding special items 18% - 22%



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