

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) March 22, 2023

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

Ohio 001-15885 34-1919973

(State or other jurisdiction of incorporation or organization)

(Commission File Number)

(I.R.S. Employer Identification No.)

6070 Parkland Blvd., Mayfield Hts., Ohio 44124

(Address of principal executive offices)

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

(Zip Code)

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))

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	

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

Materion Corporation (the “Company”) expects to use the presentation attached to this Current Report on Form 8-K as Exhibit 99.1 (the “Investor Deck Presentation”) and incorporated herein by reference, in whole or in part, and possibly with modifications, in connection with presentations to investors, analysts and others. The Investor Deck Presentation is also available on the Company’s website, <https://investor.materion.com>.

The information contained in the Investor Deck Presentation is summary information that is intended to be considered in the context of the Company’s Securities and Exchange Commission (“SEC”) filings and other public announcements that the Company may make, by press release or otherwise, from time to time. The Company undertakes no duty or obligation to publicly update or revise the information contained in this report, except as required by law although it may do so from time to time as its management believes is warranted. Any such updating may be made through the filing of other reports or documents with the SEC, through press releases or through other public disclosure.

The information contained in the Investor Deck Presentation shall not be deemed to be “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise be subject to the liabilities of that section, nor shall it be deemed to be incorporated by reference in any filing under the Securities Act of 1933, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

Exhibits.

<u>Exhibit Number</u>	<u>Description of Exhibit</u>
99.1	Materion Corporation Investor Deck Presentation March 2023
104	Cover Page Interactive Data File (embedded within the Inline XBRL document)

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

March 22, 2023

By: /s/ John Zaranec
John Zaranec
Chief Accounting Officer

Materion

A Global Leader in Advanced Materials Solutions

March 2023



Forward-Looking Statements and Non-GAAP Financial Information

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 our actual results to differ materially from the results expressed or implied by these statements, including, but not limited to, our ability to successfully consummate the acquisition of HCS-Electronic Materials; our ability to achieve the strategic and other objectives related to the proposed acquisition of HCS-Electronic Materials, including any expected synergies; our ability to successfully integrate the HCS-Electronic Materials business and other such acquisitions and achieve the expected results of the acquisition, the ultimate impact of the COVID-19 pandemic on our business, results of operations, financial condition, and liquidity; the global economy, including the impact of tariffs and trade agreements; the condition of the markets which we serve, whether defined geographically or by segment; changes in product mix and the financial condition of customers; our success in developing and introducing new products and new product ramp-up rates; our success in passing through the costs of raw materials to customers or otherwise mitigating fluctuating prices for those materials, including the impact of fluctuating prices on inventory values; our success in implementing our strategic plans and the timely and successful completion and start-up of any capital projects; other financial and economic factors, including the cost and availability of raw materials (both base and precious metals), physical inventory valuations, metal financing fees, tax rates, exchange rates, interest rates, pension costs and required cash contributions and other employee benefit costs, energy costs, regulatory compliance costs, the cost and availability of insurance, credit availability, and the impact of the Company’s stock price on the cost of incentive compensation plans; the uncertainties related to the impact of war, terrorist activities, and acts of God; changes in government regulatory requirements and the enactment of new legislation that impacts our obligations and operations; the conclusion of pending litigation matters in accordance with our expectation that there will be no material adverse effects; the disruptions on operations from, and other effects of, catastrophic and other extraordinary events including the COVID-19 pandemic; and other risk 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. It is not possible for the Company to identify the amount or significance of future adjustments associated with potential insurance and litigation claims, legacy environmental costs, acquisition and integration costs, certain income tax items, or other non-routine costs that the Company adjusts in the presentation of adjusted earnings guidance. These items are dependent on future events that are not reasonably estimable at this time.

To supplement our consolidated financial statements presented in accordance with GAAP, the company considers certain financial measures that are not prepared in accordance with GAAP, including value-added sales (VA sales), adjusted earnings before interest and taxes (EBIT), adjusted earnings before interest and taxes depreciation and amortization (EBITDA), adjusted net income, adjusted earnings per diluted share and net debt (cash). The company uses these non-GAAP financial measures, in addition to GAAP financial measures, to evaluate our operating and financial performance and to compare such performance to that of prior periods and to the performance of our competitors. Also, the company uses these non-GAAP financial measures in making operational and financial decisions and in establishing operational goals. The company also believes providing these non-GAAP financial measures to investors, as a supplement to GAAP financial measures, helps investors evaluate our operating and financial performance and trends in our business, consistent with how management evaluates such performance and trends. The company also believes these non-GAAP financial measures may be useful to investors in comparing its performance to the performance of other companies, although its non-GAAP financial measures are specific to the company and the non-GAAP financial measures of other companies may not be calculated in the same manner.

For more information on Non-GAAP measures, please refer to the Appendix.

Outline

- i. Materion Overview
- ii. Segment Overview
- iii. Growth Drivers
- iv. Financial Overview
- v. Appendix

i. Materion Overview

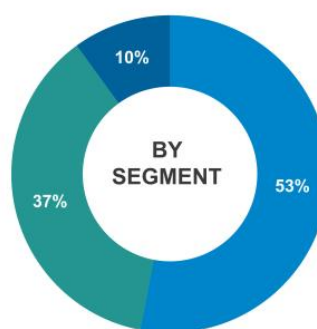
Snapshot

Overview

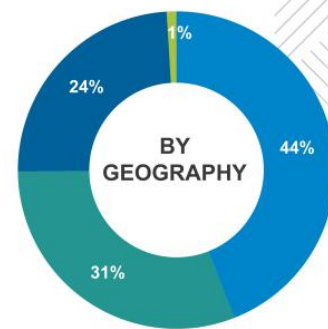
Headquarters	Cleveland, OH
2022 Revenue	\$1.76B
2022 Value-Added Sales ¹	\$1.11B
2022 Adj. EBITDA Margin ¹	17.6%
Countries of Operation	13
Manufacturing Facilities	28
Global Employees	~3,700

- Global leader in high-performing advanced materials
- Strong positions in growing markets delivering innovative solutions to solve customers' most complex technical challenges

Value-Added (VA) Sales¹



- Performance Materials
- Electronic Materials
- Precision Optics



- United States
- Asia
- Europe
- All Other



Accelerating Our Transformation

Where We Were

(Before 2017)

- Origins as a mining and **metals-focused producer in 1931**
- Strong heritage of **beryllium expertise**
- **Strategic acquisitions** broadened portfolio, creating the foundation for Electronic Materials and Precision Optics segments

Where We Have Been

(2017 – 2022)

- **Becoming a global leader in advanced materials solutions** through organic initiatives and strategic acquisitions
- **Implementing operating model** focused on driving profitable growth
- **Increasing investment** in R&D fueling innovation; significantly **expanding growth pipeline** through customer collaborations
- **Transforming financial profile**, doubling margins and returns

Where We Are Going

(2023+)

- **Accelerating global leadership** in advanced materials solutions for evolving growth megatrends
- **Delivering step-change organic and inorganic growth initiatives**, driving transformative profitable growth
- Investing to **deliver next-gen solutions** to support customer roadmaps
- **Driving above-market top line growth** and **20% EBITDA margins**, with strong ROIC



Creating Shareholder Value



Becoming a global leader in high-performing advanced materials serving diverse and attractive markets well aligned with megatrends, while building on our beryllium heritage



Experienced leadership team establishing operating model to drive execution and greater value for all stakeholders

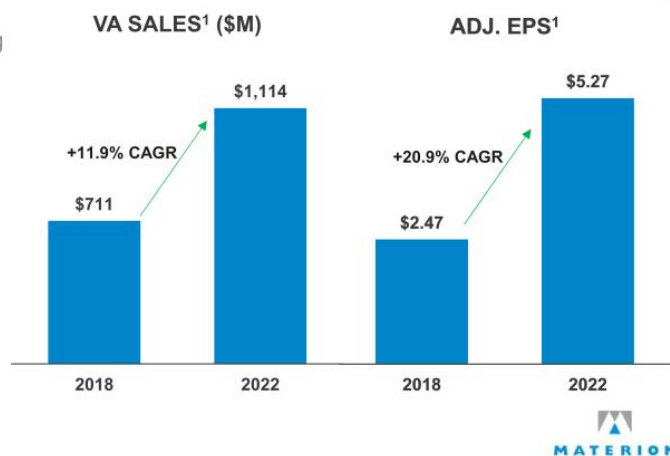


Creating robust organic pipeline with investments in R&D as we focus on developing innovative solutions for our customers



Leveraging strong cash flow and deploying a disciplined, strategic approach toward profitable organic and inorganic growth opportunities

Proven Financial Results



¹Non-GAAP. Refer to the Appendix for VA Sales detail.

Materion Operating Model Enables Value Creation



Unifying Culture Drives Our Performance

OUR PURPOSE

We push the boundaries of innovation to enable breakthrough solutions that move the world forward.

OUR VISION

Be the partner of choice for our customers' advanced materials needs that fuel imagination, performance and sustainable competitive advantage.

OUR VALUES

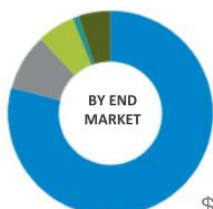
Safety
Ethics
Social Responsibility
Collaboration
Diversity & Inclusion



ii. Segment Overview

Integrated Operating Segments

Value-Added (VA) Sales¹



Performance Materials

A leading global supplier of high-performance specialty metals, alloys and other advanced materials that enable next-gen technologies

- Global leader in Beryllium-based technologies leveraging fully integrated supply chain
- A market leader in high-performance precision bonded and cladded materials

Electronic Materials

A world-leading supplier of thin-film deposition materials, microelectronic components, and inorganic chemicals

- Leading supplier of tantalum, precious metal and metal alloy targets serving the semiconductor market
- Global leader of Physical Vapor and Atomic Layer Deposition solutions

Precision Optics

Globally recognized leader in customized optical thin-film coatings and components for the photonics industry

- Leading manufacturer of precision thin-film coatings, optical filters and projection displays
- Optical coating solutions across the wavelength spectrum



¹Non-GAAP. Refer to the Appendix for VA Sales detail.

Performance Materials Segment Overview

Product Overview

- Beryllium & beryllium-containing materials
- Clad metals
- High-performance alloys
- Metal matrix composites
- Technical ceramics
- High-performance machined parts

Strategic Initiatives


- Continue to drive profitable growth and increased capability through customer partnerships
- Provide our customers with high-value, high-performance solutions which enable the advancement of technology
- Execute on growing new business pipeline aligned with megatrends
- Develop new technology-based applications in emerging markets and geographies leveraging our core technical strengths



VA Sales and Adj. EBITDA Margin¹



End Markets

	Industrial		Telecom & Data Center
	Automotive		Energy
	Aerospace & Defense		



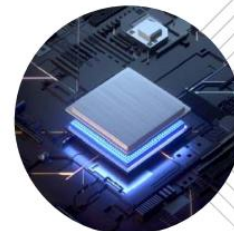
Electronic Materials Segment Overview

Product Overview

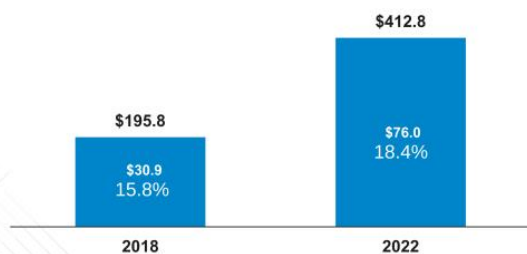
- Electronic deposition materials
- Electric vehicle battery materials
- Electronic components
- Inorganic chemicals
- Specialty materials

Strategic Initiatives






- Enhance semiconductor presence through deposition material portfolio
- Continue capturing synergies from HCS acquisition
- Expand global manufacturing capabilities
- Further broaden the portfolio through programmatic, disciplined M&A
- Accelerate position in next-generation battery materials for EVs



VA Sales and Adj. EBITDA Margin¹



End Markets

	Semiconductor		Automotive
	Energy		Other – Medical
	Industrial		



Precision Optics Segment Overview

Product Overview

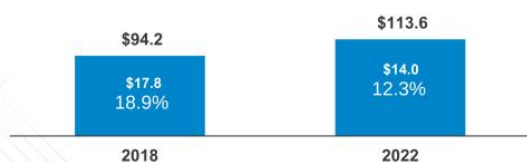
- Precision filters and optical coatings
- Hyperspectral filter arrays
- Wafer level & patterned coatings
- Optical assemblies
- Engineered thin films
- Projection display components

Strategic Initiatives

- Align the portfolio to key global megatrends and focus on a market-driven growth strategy
- Utilize technical engineering expertise to develop next-generation solutions for customers
- Leverage global footprint to accelerate development and execution of new business pipeline



VA Sales and Adj. EBITDA Margin¹



End Markets

	Industrial		Aerospace & Defense
	Other – Medical		Automotive
	Consumer Electronics		





iii. Growth Drivers

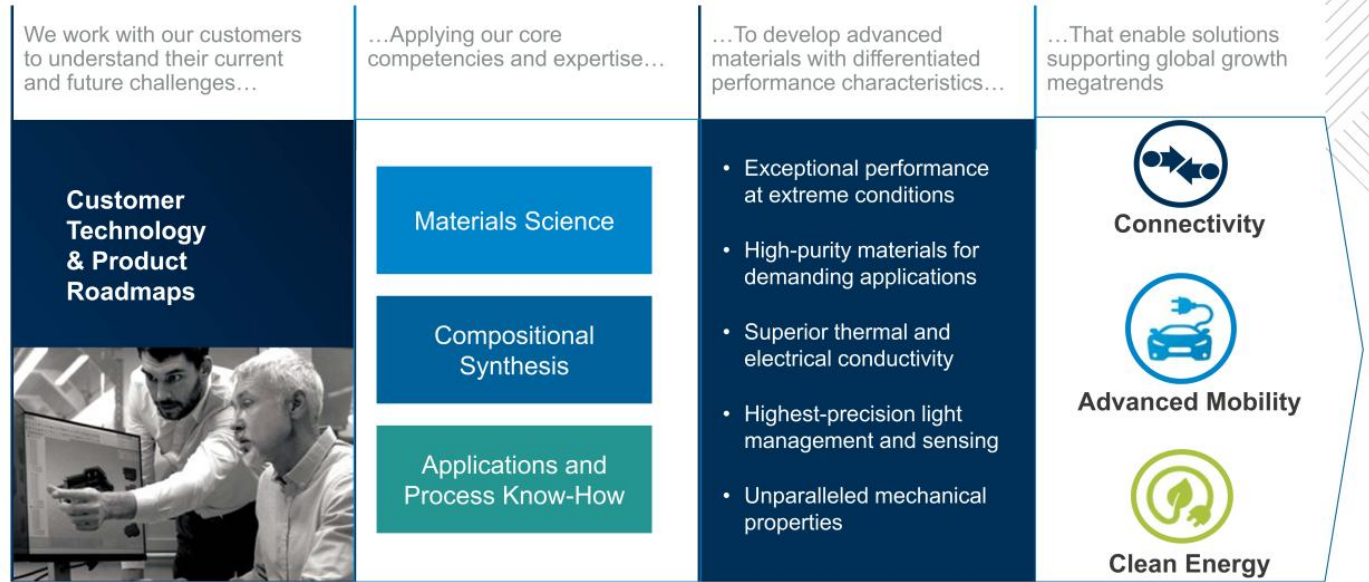
End Markets Served through Materion Operating Model

End Market	2022 VA Sales ¹	Trends / How We Win	Operating Segment
 Semiconductor	30%	<ul style="list-style-type: none"> Partnering with leading global semiconductor manufacturers A top producer of deposition materials for microelectronic applications 	EM, PM, PO
 Industrial	19%	<ul style="list-style-type: none"> Increase in global construction driving demand for nickel beryllium alloys Broadening customer reach with unique and diverse solutions 	PM, PO, EM
 Aerospace & Defense	11%	<ul style="list-style-type: none"> Content per build continues to grow as products are designed in to more applications Significant growth as next-gen technology gains traction 	PM, PO, EM
 Automotive	7%	<ul style="list-style-type: none"> Electronic content per car growing exponentially Positioned on several automotive systems for both EV and ICE 	PM, PO, EM
 Energy	7%	<ul style="list-style-type: none"> Oil & gas market growing, driving demand for advanced materials used in E&P Continued growth in smart glass applications as new uses emerge 	PM, EM
 Consumer Electronics	6%	<ul style="list-style-type: none"> Proliferation of electronic devices driving need for more materials Advanced capabilities drive complex manufacturing and need for specialized materials 	PM, PO, EM
 Telecom & Data Center	5%	<ul style="list-style-type: none"> Strong connector demand driven by increasing 5G deployments paired with our worldwide footprint / market penetration 	PM, EM

Operating Segments Aligned with Global Growth Megatrends: Connectivity, Advanced Mobility, Clean Energy



Materion: Unique Competitive Advantages Building Long-term Relationships



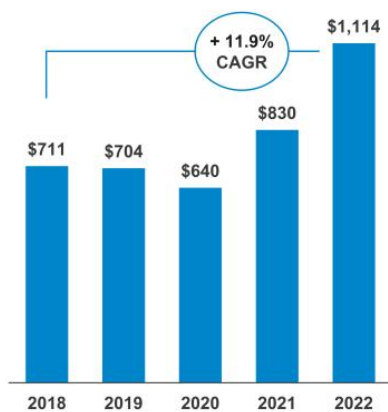
Accelerating Organic Outgrowth with Key Investments

Partnerships with Our Customers Drive Continued Market Outgrowth				
Precision Clad Strip	Next Generation Battery Tech	Clean Energy Partnership	Clean Energy Partnership	Critical Space Application
~\$125M Investments	~\$7M Investment	~\$2M Investment	~\$15M Investment	~\$10M Initial Order
Precision Clad Strip phase one investment complete; phase two expansion on track for 2024 start up	Partnership with leading battery manufacturer for development of NextGen battery solutions	Jointly commissioned a Molten Salt Purification Plant with Kairos Power for use in clean energy production	Customer-funded initiative to supply critical materials for clean energy power generation	3-year material supply agreement to support the development of space propulsion systems
				

iv. Financial Overview

Improving Financial Profile By Growing Value-Added Sales

VA SALES¹ (\$M)



ADJ. EPS¹

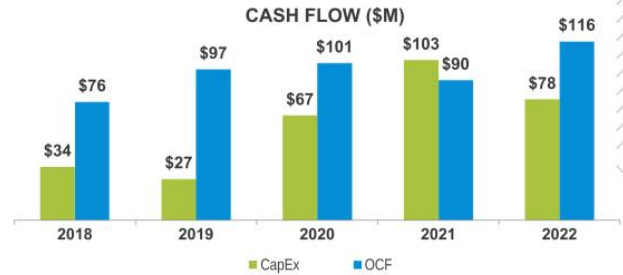
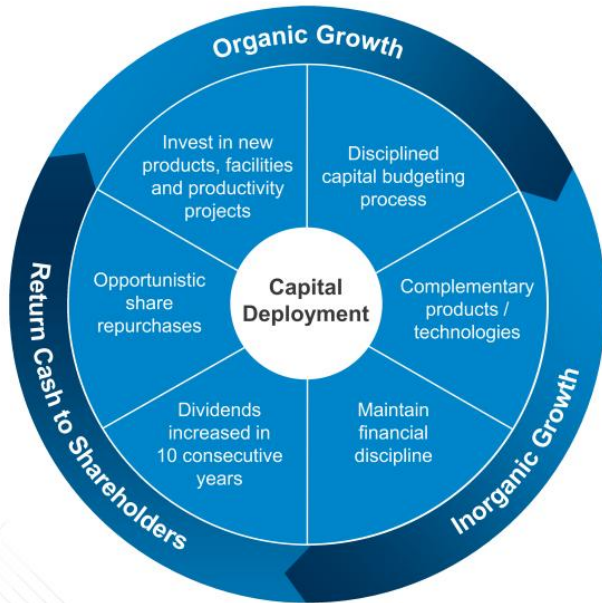


ADJ. EBITDA¹ AND MARGIN



Financial Results Driving Continued Record Performance

Disciplined Capital Deployment



Strong Balance Sheet Fuels Value-Creating Capital Allocation

(\$M)	2021	2022
Total Debt	\$449.8	\$431.9
Cash & Cash Equivalents	\$14.5	\$13.1
Net Debt (Cash)	\$435.3	\$418.8
TTM Adjusted EBITDA	\$143.6	\$196.0
Net Debt (Cash)/TTM Adj. EBITDA	3.0x	2.1x

Leverage at the midpoint of our target range of 1.5x – 3x

Meaningful available liquidity to support growth initiatives; approximately \$185 million available on existing credit facility¹

Committed to growing quarterly cash dividend

Board authorization in place for up to \$50M worth of share buyback with \$8.3M remaining

v. Appendix

5-Year Revised* Value-Added (VA) Sales

Total Company VA Sales Reconciliation					
	2018	2019	2020	2021	2022
Selected Items					
Net Sales	\$1,207.8	\$1,185.4	\$1,176.3	\$1,510.6	\$1,757.1
Pass-through cost, as reported	468.8	458.6	511.1	650.9	613.5
VA Sales, as reported	739.0	726.8	665.2	859.7	1,143.6
Additional pass-through cost	27.9	22.3	25.0	30.1	29.2
VA Sales, revised	\$711.0	\$704.4	\$640.1	\$829.6	\$1,114.4

Electronic Materials (EM) VA Sales Reconciliation					
	2018	2019	2020	2021	2022
Selected Items					
Net Sales	\$586.6	\$573.8	\$670.9	\$866.8	\$971.9
Pass-through cost, as reported	362.9	356.5	450.4	577.7	529.9
VA Sales, as reported	223.7	217.3	220.5	289.1	442.0
Additional pass-through cost	27.9	22.3	25.0	30.1	29.2
VA Sales, revised	\$195.8	\$194.9	\$195.5	\$259.0	\$412.8

*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 and changes in mix due to customer-supplied material. The value-added sales amounts in the table above have been revised from previously reported amounts to better reflect the value of intercompany precious metal transactions. There is no impact to any of the previously reported US GAAP figures or any other adjusted figures, outside of value-added sales.



2021 & 2022 Quarterly Revised* Value-Added (VA) Sales

Total Company VA Sales Reconciliation								
	Q1 '21	Q2 '21	Q3 '21	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22
Selected Items								
Net Sales	\$354.4	\$371.0	\$388.0	\$397.2	\$449.0	\$445.3	\$428.2	\$434.6
Pass-through cost, as reported	155.8	163.1	172.2	159.8	182.2	168.1	137.8	125.4
VA Sales, as reported	198.6	207.9	215.8	237.4	266.8	277.2	290.4	309.2
Additional pass-through cost	5.8	7.5	9.7	7.2	7.7	8.4	6.9	6.2
VA Sales, revised	\$192.8	\$200.4	\$206.1	\$230.2	\$259.1	\$268.8	\$283.5	\$303.0

Electronic Materials (EM) VA Sales Reconciliation								
	Q1 '21	Q2 '21	Q3 '21	Q4 '21	Q1 '22	Q2 '22	Q3 '22	Q4 '22
Selected Items								
Net Sales	\$204.7	\$213.1	\$220.7	\$228.3	\$270.8	\$261.0	\$230.8	\$209.3
Pass-through cost, as reported	141.7	146.2	151.0	138.8	160.9	146.8	116.9	105.3
VA Sales, as reported	63.0	66.9	69.7	89.5	109.9	114.2	113.9	104.0
Additional pass-through cost	5.8	7.5	9.7	7.1	7.7	8.4	6.9	6.2
VA Sales, revised	\$57.2	\$59.4	\$60.0	\$82.4	\$102.2	\$105.8	\$106.9	\$97.9

*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 and changes in mix due to customer-supplied material. The value-added sales amounts in the table above have been revised from previously reported amounts to better reflect the value of intercompany precious metal transactions. There is no impact to any of the previously reported US GAAP figures or any other adjusted figures, outside of value-added sales.



