Accelerating Our Transformation with the Acquisition of H.C. Starck's Electronic Materials Portfolio

September 20, 2021



MATERION

© 2021 Materion Corporation

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.

© 2021 Materion Corporation

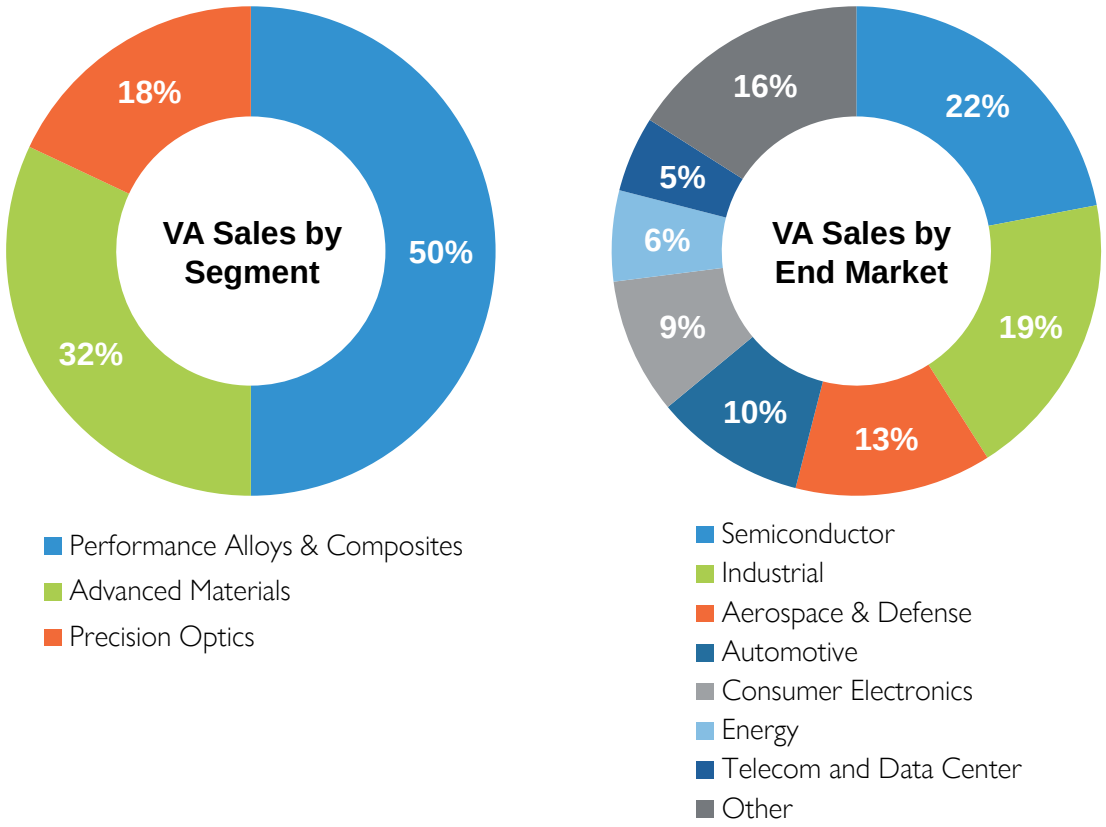
Materion Snapshot

Company Overview

Headquarters	Cleveland, OH
TTM Revenue[1]	$1.4B
TTM Value-Added Sales[1, 2]	$759M
TTM Adj. EBITDA Margin[1,2]	15.1%
Market Cap[3]	$1.5B
Countries of Operation	13
Manufacturing Facilities	27
Global Employees	~3,200

- 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) Sales[1]



Innovative, Global Leader in Advanced Materials

[1]Trailing 12 months results as of 6/30/2021 [2]Non-GAAP, excludes pass-through metal costs and special items. Refer to the Appendix for detail. [3]As of 8/31/2021

© 2021 Materion Corporation

Materion: Value-added Partner with Long-term Relationships

We work with our customers to understand their current and future challenges…

Customer Technology & Product Roadmaps



…Applying our core competencies and expertise…

- Materials Science
- Compositional Synthesis
- Applications and Process Know-How

…To develop advanced materials with differentiated performance characteristics…

- Exceptional performance at extreme conditions
- High purity materials for demanding applications
- Superior thermal and electrical conductivity
- Highest-precision light management and sensing
- Unparalleled mechanical properties

…That enable solutions supporting global growth megatrends

- Smart Devices
- Space
- High-speed Connectivity (5G)
- Clean Energy
- Autonomous Driving
- eMobility
- Artificial Intelligence
- Sensing
- Cloud Computing
- Healthcare

© 2021 Materion Corporation

MATERION

Continuing to Accelerate Our Transformation Strategy

Where We Were
(Pre-2016)

- Origins as a mining and **metals-focused producer in 1931**
- Strong heritage of **beryllium expertise**
- **Several acquisitions** broaden portfolio, creating the foundation for advanced materials and precision optics segments

Where We Are
(2017 – 2021)

- **Becoming a global leader in advanced materials solutions** through organic initiatives and strategic acquisitions
- **Implemented One Materion strategy** focused on driving profitable growth
- **Increased investment** in R&D fueling innovation; significantly **expanding growth pipeline** through customer collaborations
- **Transformed financial profile, doubling margins and returns**

Where We Are Going
(2022+)

- **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 generation solutions** to support customer roadmaps
- Building on our leading positions in **all major geographies**
- **Driving above-market top line growth and mid teens margins with strong ROIC**

Innovative, Global Leader in Advanced Materials

© 2021 Materion Corporation

HCS-Electronic Materials Aligns with Our Strategy and Accelerates Transformation into an Advanced Materials Company

One Materion Global Growth Strategy

- Commercial Excellence
- Innovation
- Digital
- Operational Excellence
- ✓ Acquisitions

Inorganic Growth Strategic Objectives

- ✓ Complementary Products/Technologies and Geographic Footprint
- ✓ Diverse, Attractive and High-Growth Markets
- ✓ Differentiated Product Portfolio
- ✓ High-Quality Talent



Highly Strategic Acquisition Clearly Aligned with Our Core Competencies; Broadens Our Portfolio for the Semiconductor Market

© 2021 Materion Corporation

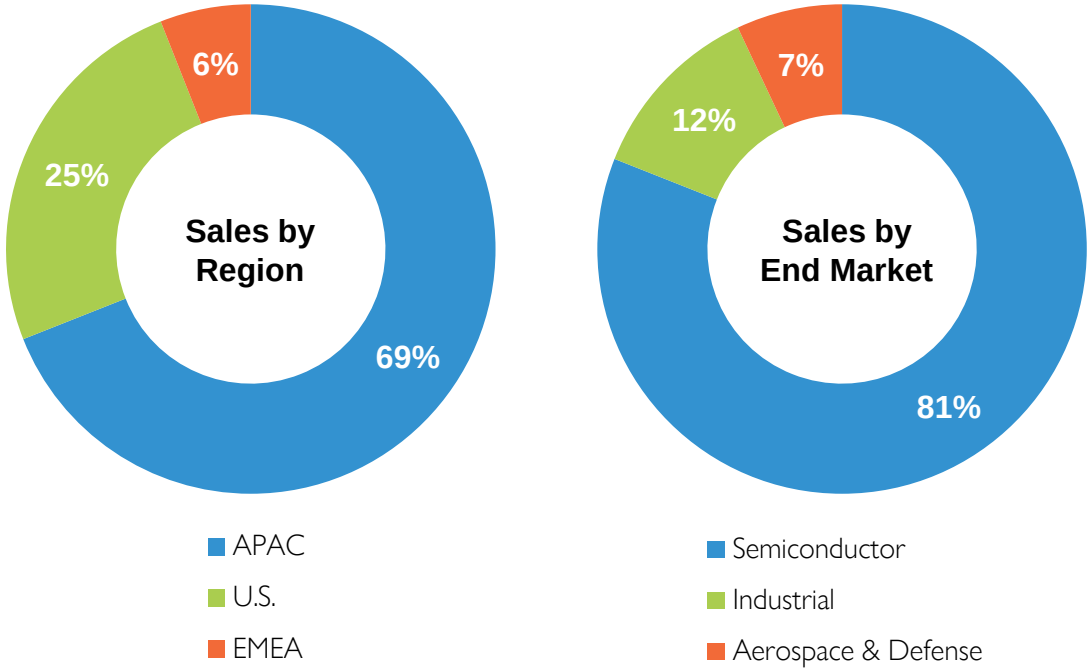
HCS-Electronic Materials Snapshot

Company Overview

Location	Newton, MA
2021E Sales[1]	$145M
2021E Adj. EBITDA Margin[1]	~20%
Countries Served[2]	21
Facility Size	~191K sq. ft.
Employees	~140

- Leading provider of high purity tantalum thin film materials for the semiconductor industry
- Serving all top semiconductor manufacturers globally, supplying the most advanced node applications
- Founded in 1951; pioneer of tantalum solutions, now on 9th generation technology with ultra-uniform grain structure
- State of the art facility delivering the highest purity (up to 99.995%) and texture control
- Cutting-edge applications for industrial, aerospace & defense markets

Sales Mix[3]



Aligned with Megatrends and Well-positioned to Capture Global Growth

[1]Results represent unaudited forward-looking estimates and are subject to the forward-looking statements considerations discussed on slide 2 [2]2018-2020 [3]TTM sales estimates as of 6/30/2021

© 2021 Materion Corporation

HCS-Electronic Materials Transaction Summary

Transaction Value	• $380M purchase price • Represents a 13x expected 2021 adjusted EBITDA multiple and <10x post-synergies multiple[1]
Financial Benefits	• Increases sales by 19.1% and EBITDA by 25.5%[1] • Expected to be immediately accretive to Adj. EPS and Adj. EBITDA margin by 100 bps[1]
Financing	• Transaction is structured as a carve-out, stock purchase • New, 5-year Term Loan and borrowings from newly amended revolver provide attractive financing • Pro forma net leverage of ~2.9x at close, below 2.0x by 2023[1]
Timing	• Expected to close in Q4 2021 • Subject to customary closing conditions, including regulatory approval

[1]Results represent unaudited forward-looking estimates and are subject to the forward-looking statements considerations discussed on slide 2

© 2021 Materion Corporation

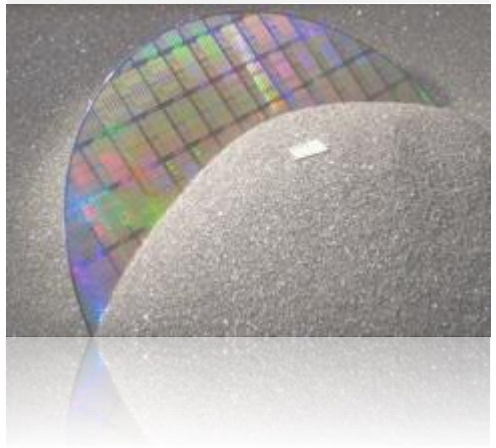
MATERION

Combination Creates a Global Leader in Premium Thin Film Electronic Material Solutions for the Semiconductor Industry

Increases Access to High-Growth Semiconductor Market and Alignment with Megatrends



Creates Significant End Market Scale and Increases Total Addressable Market



Broadens Portfolio and Expands Reach



Adds Proprietary Process Technology and Key Talent



Enhances Financial Profile



© 2021 Materion Corporation

MATERION

Increases Access to High-Growth Semiconductor Market and Alignment with Megatrends

Key Global Megatrends Underpin Growth in Semiconductor Applications

Smart Devices	High Speed Connectivity / 5G	Autonomous Driving	Artificial Intelligence	Cloud Computing
Requires low-power sensors and communication related semiconductors for processing power	Increasing demand for mobile connectivity chips and memory capacity; high-power semiconductors used in 5G antennae, with accelerating rollout requiring ~100x the number of base stations vs. 4G	Autonomous vehicles increasing demand for compute-intensive leading edge and communication-related semiconductors	Endless data driving growing demand for AI semiconductors and high-performance data centers	Increased demand for compute and memory in cloud solutions to facilitate storage and data processing

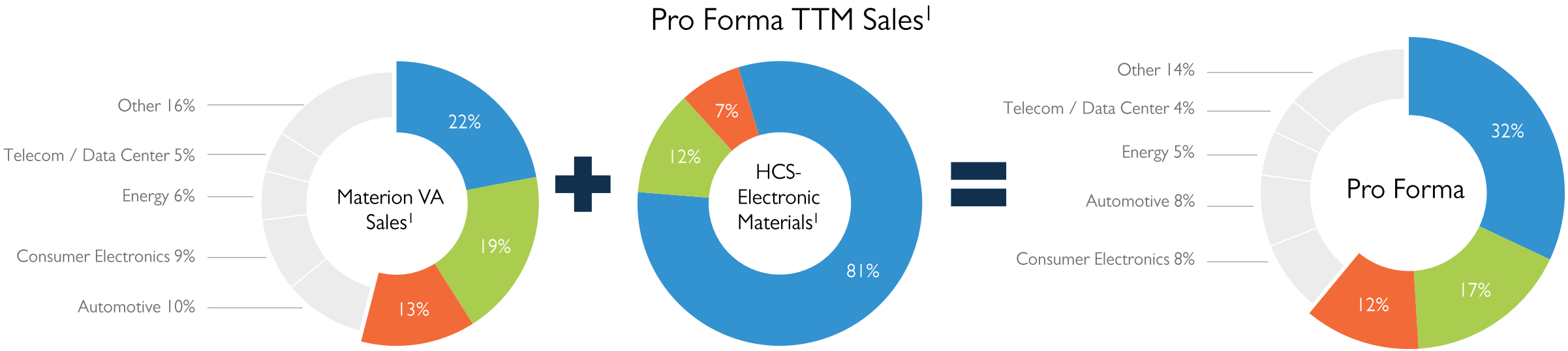
With the Acquisition of HCS-Electronic Materials,
Our Products Provide Enabling Technology to all of the Top 15 Semiconductor Manufacturers

SAMSUNG, SK hynix, BROADCOM, Infineon, KIOXIA, TOSHIBA, UMC, intel, tsmc, Micron, Texas Instruments, ST life.augmented, GlobalFoundries, SMIC, Analog Devices

© 2021 Materion Corporation

MATERION

Creates Significant Scale In High-Growth Semiconductor Market and Builds on Established Industrial and Aerospace & Defense Positions



Semiconductor

Industry-leading, premium tantalum solutions provider serving the most advanced semiconductor chips

Industrial

Broad industrial product portfolio, including tantalum and niobium materials for highly-engineered component applications

Aerospace & Defense

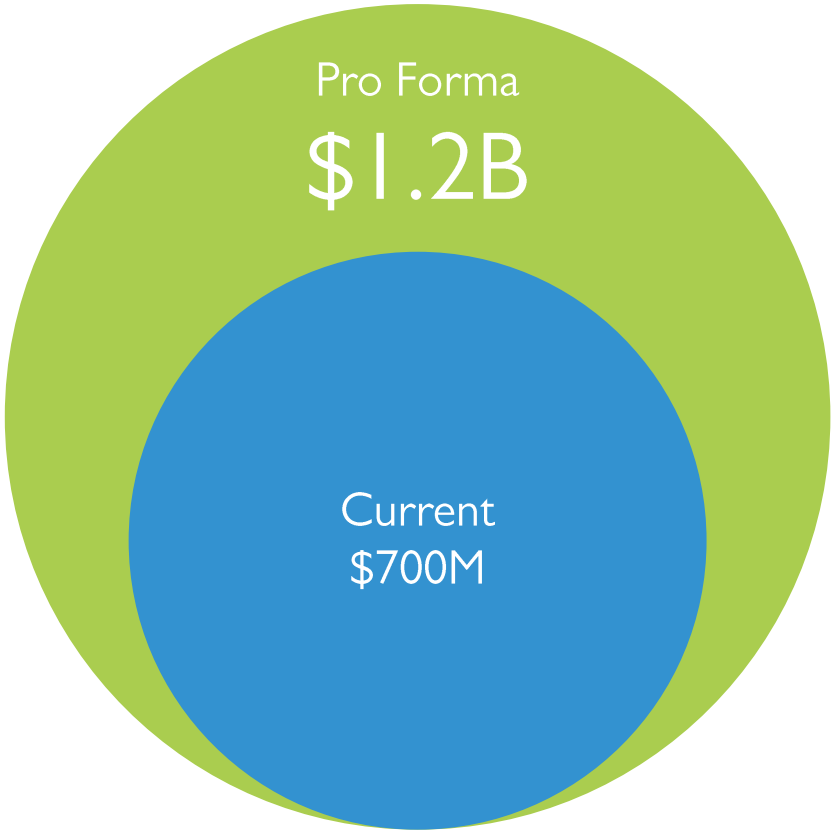
Producer of specialty materials for high temperature rocket propulsion and clean energy applications

[1]Unaudited TTM as of 6/30/2021

© 2021 Materion Corporation

Substantially Increases Semiconductor Total Addressable Market Opportunity

Total Addressable Market (TAM)[1]



Access to Larger, Higher Value and Higher Growth Market Opportunity

- Industry-leading, premium tantalum solutions provider
- Expands product offering to leading semiconductor chip manufacturers
- Provides access to high-performance logic processors and advanced DRAM & 3D NAND memory chips *(new opportunity)*
- Results in higher advanced materials content per chip *(expanded opportunity)*

Semiconductor Market Expected to Grow at 5-year CAGR of 10%+[2]

[1]Source: Linx Consulting and company estimates [2]IC Insights 2020-2025

© 2021 Materion Corporation

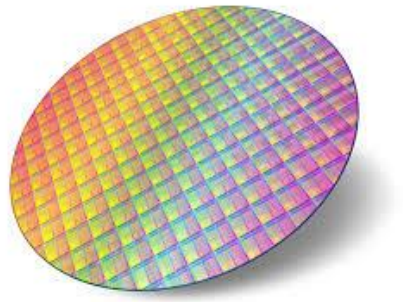
Combined Portfolio Serves Broad Spectrum of Semiconductor Applications …

Electronic Materials

Materion
- Gold
- Platinum
- Palladium
- Iridium
- Other Exotic Alloys

HCS-Electronic Materials
- Tantalum

(Barrier layer material in multi-layer chip architecture for advanced node technologies)



Thin film applications for Semiconductor Devices

Semiconductor Devices



RF Devices | Power Devices | Storage Devices | Memory | Logic

Increasing content per chip

MTRN Current

HCS-EM

Materion + HCS-Electronic Materials

A Comprehensive Electronic Materials Portfolio Supporting the Full Breadth of the Semiconductor Market

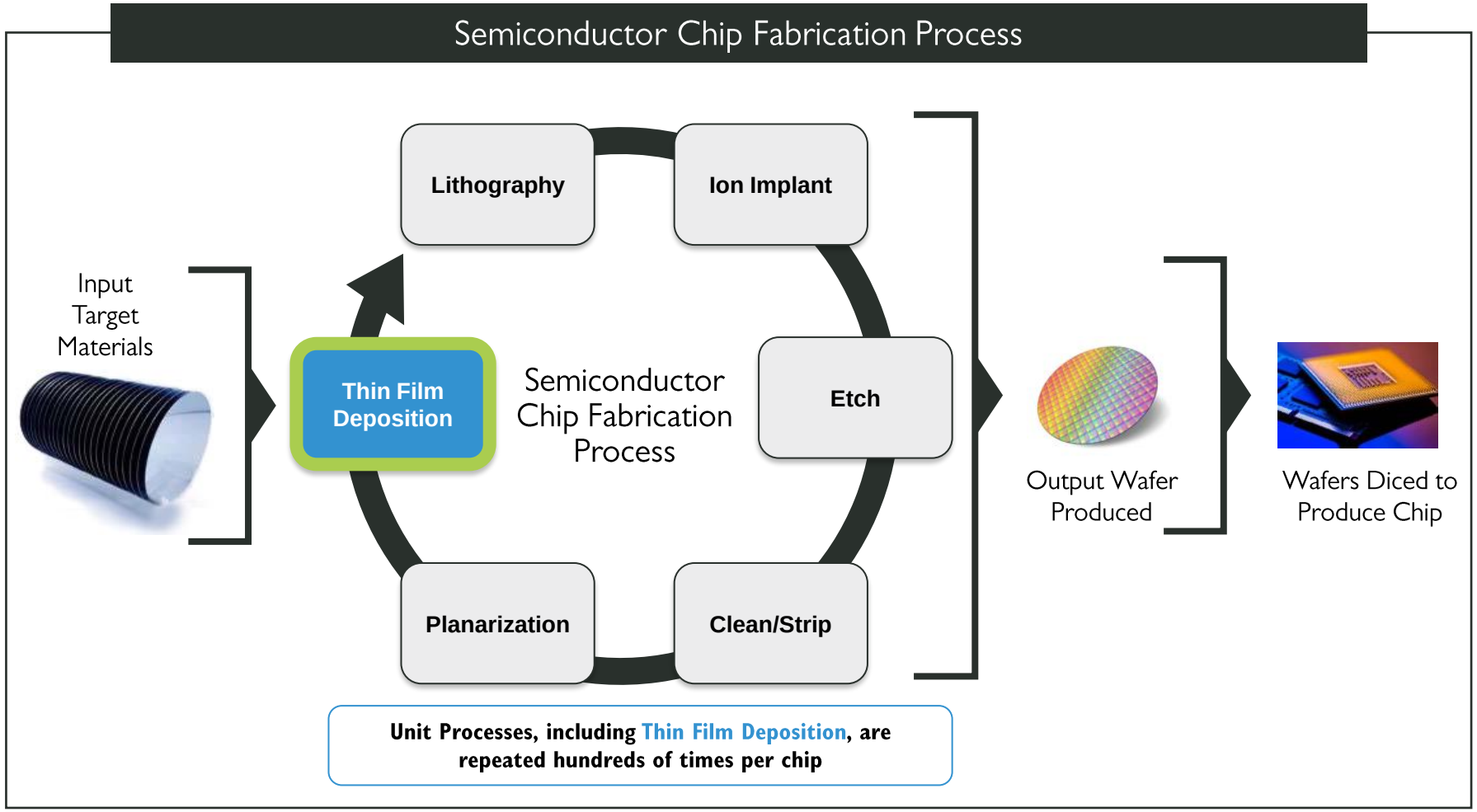
© 2021 Materion Corporation

MATERION

…Strengthens Our Position as a Critical Player in the Semiconductor Chip Fabrication Process…

Modern chip production process:

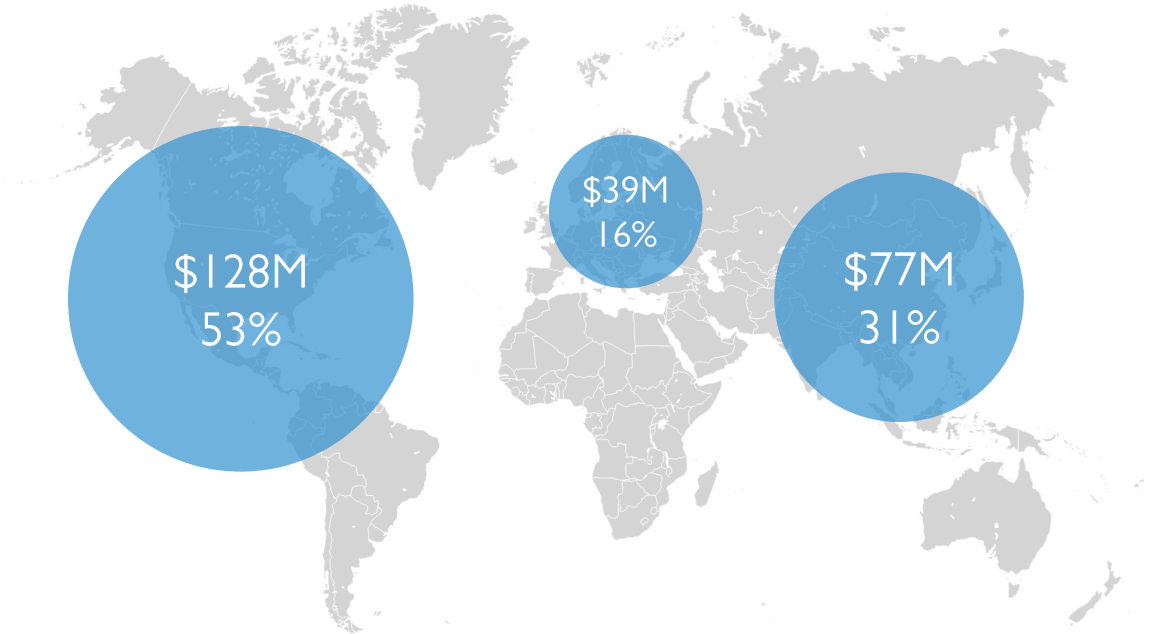
- Materion and HCS-Electronic Materials products are used in **Thin Film Deposition Unit Process**
- Thin Film Deposition Process coats chips with fine, uniform layer of material
- Unit Processes are repeated hundreds of times



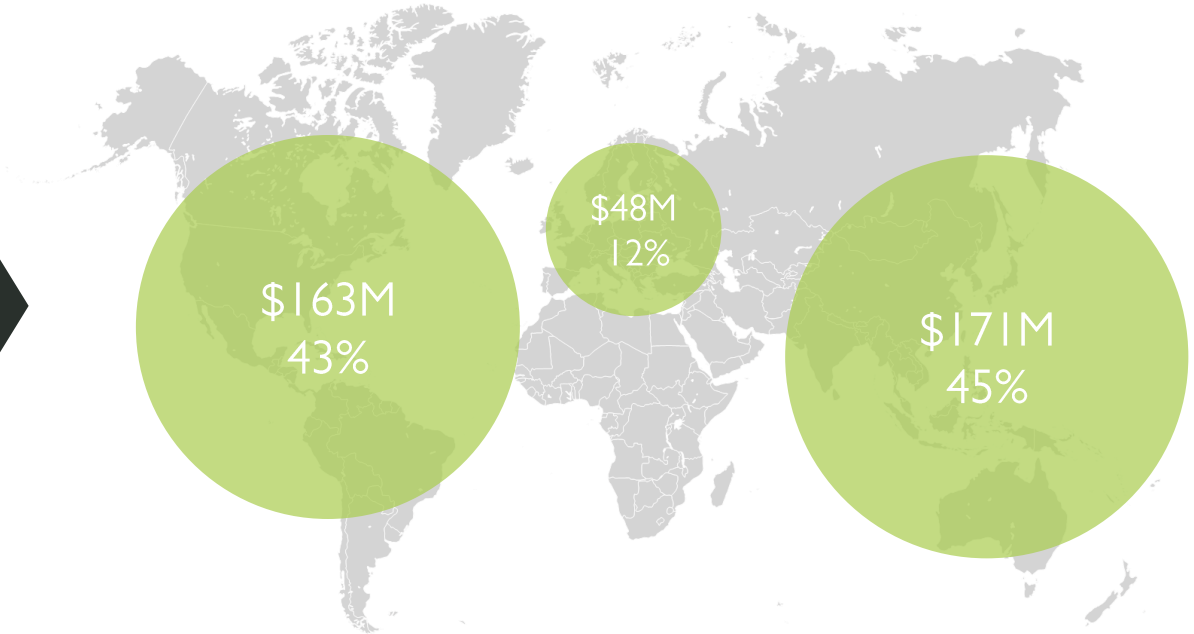
© 2021 Materion Corporation

…And Expands Our Global Reach

Materion Advanced Materials
TTM Value-Added Sales



Pro Forma[1]



Strong US Presence and Capacity to Support Chip Manufacturing

✓ TSMC	Investing $12B in Arizona semiconductor plant for 2024 production
✓ Samsung	Expected to invest $17B to support additional US capacity
✓ Intel	Investing $20B to expand US semiconductor manufacturing capacity

Increases Materion's Advanced Materials Sales in Asia by >2x

✓ China	Fastest growing semiconductor manufacturer in the world
✓ S. Korea	Largest global manufacturer of advanced memory chips
✓ Taiwan	Home of TSMC, the largest semiconductor wafer foundry in the world

Geographic Advantage Aligned with Evolving Manufacturing Trends and Increased Sales Outside US

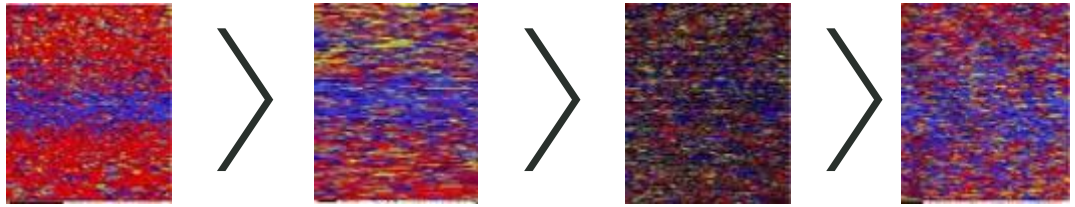
[1]Pro forma amounts represent unaudited TTM as of 6/30/21

© 2021 Materion Corporation

Brings Unique Process Technology Capabilities and Key Talent

- Combination of high purity and texture control enable advanced performance
- Ability to control chemistry to <50 ppm total metal impurities with individual metals to 1 ppb
- Advanced microstructure control underpins Thin Film Deposition performance required by next generation memory and logic semiconductor chips
- Uniform grain size distribution provides industry-leading sputtering efficiency and deposition uniformity
- Addition of ~140 highly-skilled employees with 30 degreed engineers and technical staff

HCS-Electronic Materials Proprietary Process Technology



Non-uniform microstructure with fluctuating sputtering / deposition rates

Texture-controlled materials (5th generation) with consistent sputtering / deposition rates

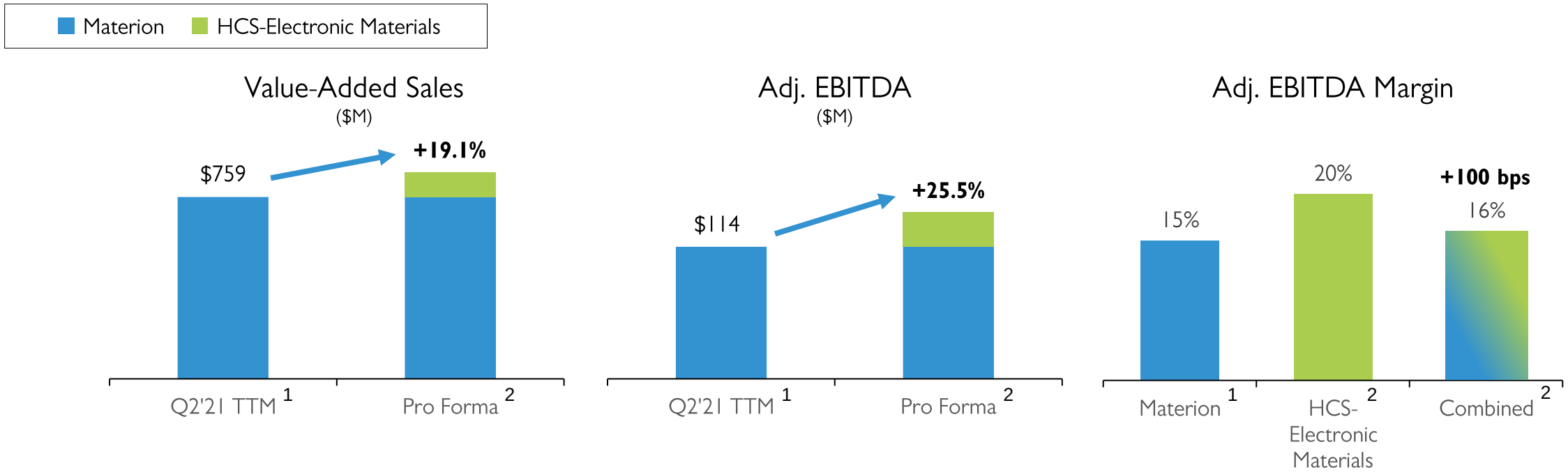
Advanced texture control resulting in extremely consistent sputtering / deposition rates

Next generation materials with fine grained, controlled textures for advanced node memory applications

9th Generation Purity and Texture Control Improvements Enabling Evolution of Shrinking Node Architectures for Advanced Semiconductor Applications

© 2021 Materion Corporation

Enhances Financial Profile



Expected **revenue of ~$145M in 2021, increasing value-added sales by over 19%**[2]

Synergies expected to meaningfully contribute to EBITDA; targeting ~$10M by 2026[2]

Expected to be **immediately accretive to adj. EBITDA margin**[2]

Expected to be **immediately accretive to adj. EPS**[2]

Combination Enhances Materion's Growth and Margin Profile

[1]TTM as of 6/30/2021 [2]Results represent unaudited forward-looking estimates and are subject to the forward-looking statements considerations discussed on slide 2

© 2021 Materion Corporation

Compelling Synergy Opportunities

Commercial Activities

- Access to all 15 top semiconductor manufacturers provides excellent cross-selling opportunities
- Leveraging combined R&D horsepower to develop new applications
- Provides HCS-Electronic Materials access to our global sales force to better penetrate markets

Operational Excellence

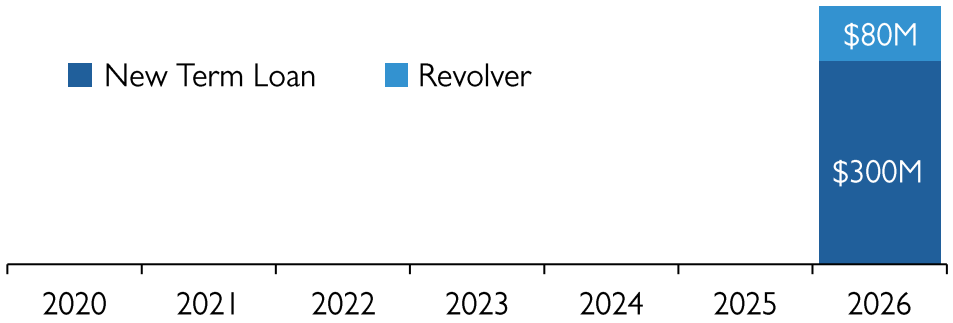
- Apply Materion operational excellence standards to improve yields
- Targeted investments to improve cost structure and expand margins
- Clear direct and indirect purchasing savings

Clear Roadmap to Drive Increased Value

© 2021 Materion Corporation

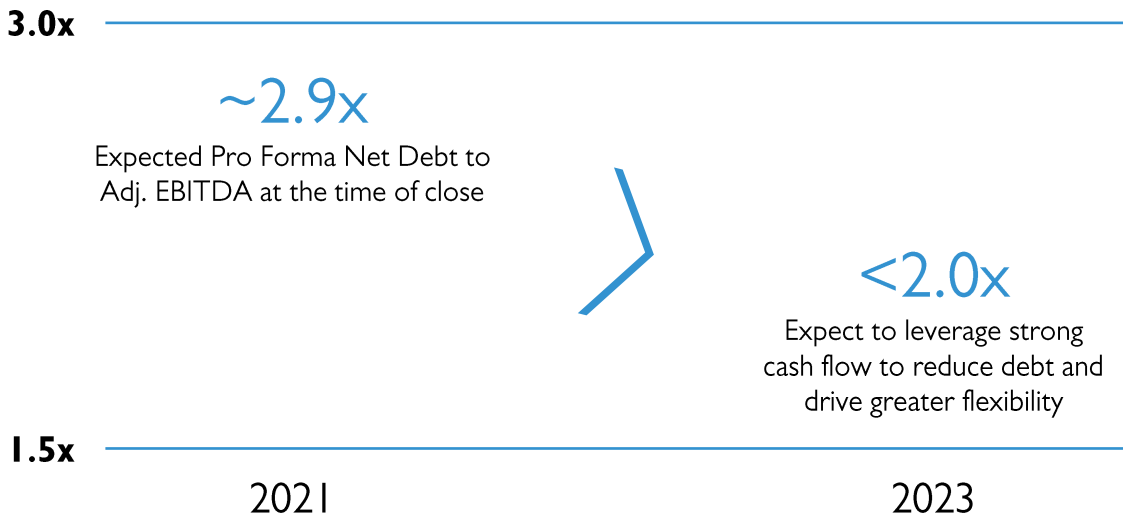
Financing Overview[1]

Pro Forma Maturity Schedule



- Well-balanced financing structure with New Term Loan and borrowings from existing revolver
- Sufficient liquidity provided by existing $375M revolver; using $80M for HCS-Electronic Materials acquisition
- New Term Loan
  - Attractive cost of capital
  - Simple structure with same form and terms as existing revolver
  - Prepayable at par with no early redemption penalties

Pro Forma Net Debt to Adj. EBITDA within Communicated Target Range of 1.5x – 3.0x



[1]Results represent unaudited forward-looking estimates and are subject to the forward-looking statements considerations discussed on slide 2

© 2021 Materion Corporation

MATERION

Invest with Us as We Execute Our Strategy to Transform Materion



Becoming a global leader in high-performing advanced materials serving diverse and attractive markets well aligned with megatrends



Building robust 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 growth opportunities, both organic and inorganic



Energized management team laser focused on execution and increasing value for all stakeholders

© 2021 Materion Corporation

MATERION

Q&A



MATERION

© 2021 Materion Corporation

Appendix



MATERION

© 2021 Materion Corporation

Reconciliation for Non-GAAP Measures

($ in millions)	Q2 2021 TTM
Net Sales	$ 1,352.3
Less: Pass-through Metal Cost	593.7
Value-added Sales	$ 758.6
GAAP as Reported	
Net income	$ 48.3
Income tax (benefit) expense	(0.8)
Interest expense	4.0
Depreciation, depletion, and amortization	38.0
Consolidated EBITDA	$ 89.4
Total Special Items	$ 24.9
Adjusted EBITDA	$ 114.4

We have adjusted the results for certain special items such as non-cash impairment charges, non-cash inventory adjustments, cost reduction initiatives (i.e., severance), COVID-19 related costs, merger and acquisition costs, mine development costs, and certain discrete income tax items from the applicable GAAP financial measure. Management reviews the results of operations without the impact of these items to assess profitability from ongoing activities and believes this will assist investors in analyzing our financial results.

© 2021 Materion Corporation