



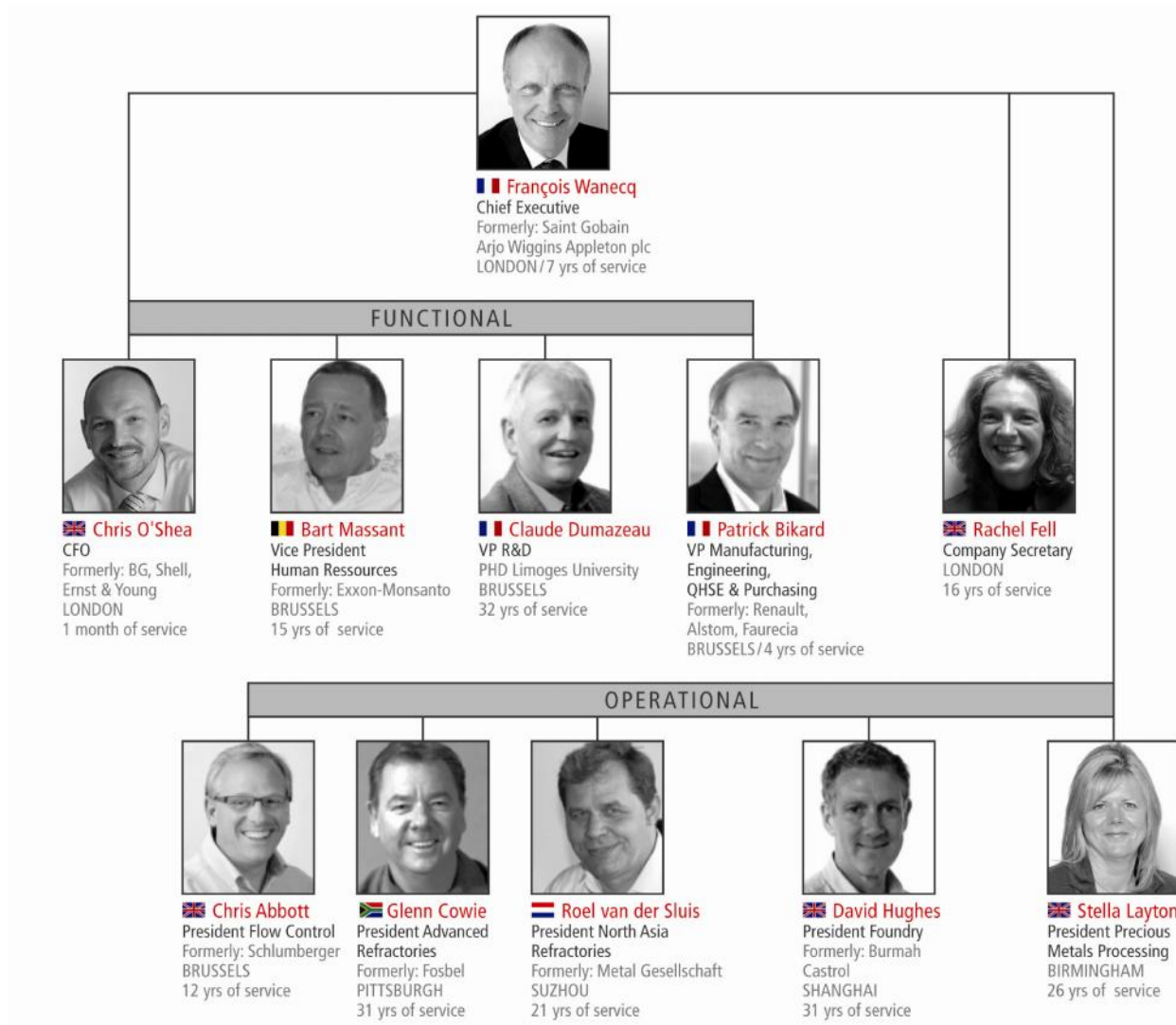
VESUVIUS PLC

A global leader in metal flow engineering

Investor Pack

November / December 2012

An experienced international management team...



...supported by a strong Board



John McDonough
CBE
Chairman

John joined Vesuvius as Chairman in 2012. CEO of Carillion plc for 11 years until his retirement in 2011, John has been the Chairman of The Vitec Group plc since June 2012. John was formerly a Non Executive Director of Exel plc, and Chair of the Remuneration Committee of Tomkins plc from 2007 to 2010.



John Sussens
Senior Independent
Director and
Remuneration
Committee Chair

John joined the Cookson Group plc Board as a Non Executive Director in 2004. John was Managing Director of Misys plc until 2004, and is currently Senior Independent Director and Chair of the Remuneration Committee of Admiral Group plc. Non Executive Director of Anglo & Overseas plc until 2011.



Jeff Hewitt
Non Executive
Director and
Audit Committee
Chair

Jeff joined the Cookson Group plc Board as a Non Executive Director in 2005. Currently a Non Executive Director and Chair of the Audit Committee of Cenkos Securities plc, F&C Investment Trust plc, and Sweett Group plc, Jeff is a Chartered Accountant. He was Deputy Chairman and CFO of Electrocomponents plc



Jane Hinkley
Non Executive
Director and
Remuneration
Committee Chair
Designate

Jane joined Vesuvius in 2012 as a Non Executive Director. Jane has significant international experience as Managing Director of Navion Shipping AS and CFO then CEO of Gotaas-Larsen Shipping Corp. Jane chairs the remuneration committee at Premier Oil plc and is a Non Executive Director of Teekay GP LLC.



Christer Gardell
Non Executive
Director

Christer joined the Cookson Group plc Board in 2012. He is Managing Partner of Cevian Capital, which holds over 20% of Cookson Group plc's issued share capital, and a Non Executive Director of Metso Corporation. Previously a Non Executive Director of AB Lindex and Tieto Corporation.



Jan Oosterveld
Non Executive
Director

Jan joined the Cookson Group plc Board in 2004. He is a Non Executive Director of Barco N.V. and Alent plc, Chair of the Remuneration Committee of Candover Investments plc, and a Professor at IESE Business School in Barcelona. Jan was previously a member of the Management Committee of Royal Philips Electronics



François Wanecq
Chief Executive
Officer

François joined Cookson Group plc in 2005 as CEO of the Engineered Ceramics division, and joined the Board in 2010. Previously chief executive of ArjoWiggins, and head of technical ceramics division at Saint-Gobain from 1985 to 1995. He graduated at Ecole Polytechnique and Ecole des Mines in Paris.



Chris O'Shea
Chief Financial
Officer

Chris joined Vesuvius in 2012 as CFO. He was previously with BG Group where he was CFO Africa, Middle East & Asia, and prior to that spent 8 years with Shell in the UK, the US and Africa. A Chartered Accountant, Chris has an MBA from Duke University and has worked with Ernst & Young.



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Agenda

- Introduction to Vesuvius: A global leader in metal flow engineering
- Key investment highlights
- Financial performance and capital structure
- Summary









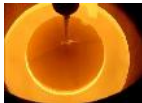

Vesuvius overview

We are a global leader in metal flow engineering:

- A global producer of process critical consumable products for the steel and foundry industries
- State of the art global operations
- Clear market leadership
- Technology led
- Low cost products critical to customer efficiency
- Almost half our revenue generated in developing markets
- Flexibility to adjust to market and strong cashflow generation



Organised into 3 business segments

	Steel		Foundry			PMP		
	Steel Flow Control	Advanced Refractories	Foundry Technologies			Precious Metals Processing		
Revenue ¹ (% of group)	£533m (29%)	£545m (30%)	£608m (34%)			£132m (7%)		
Overview	Provides products, systems and services to regulate and protect the flow of steel in the continuous casting process	Provides installation expertise and materials that withstand extreme temperatures and offer corrosion resistance at our customers' facilities	Improves casting quality and foundry process efficiency through the supply of products and applications engineering to the global foundry industry			Supplies fabricated precious metals (primarily gold, silver, platinum and palladium) to the jewellery and other industries primarily in Europe, with significant recycling operations		
Products	<p>Nozzles</p> 	<p>Tube Changers</p> 	<p>Lining</p> 	<p>Precasts</p> 	<p>Filters</p> 	<p>Feeding Systems</p> 	<p>Crucibles</p> 	<p>Jewellery</p> 
End Markets	Steel (100%)	Iron & Steel (75%) Cement, HPI (25%)	Vehicles (40%) Glass (5%) Other (55%)			Precious Metals (50%) Recycling (50%)		
Employees	4,400	3,300	3,900			500		

Sold under the Vesuvius brand



Sold under the Foseco brand



Notes
 1 FY 2011, includes Precious Metals Processing at net sales value (being revenue excluding precious metal content)

A sustained effort on Corporate Responsibility



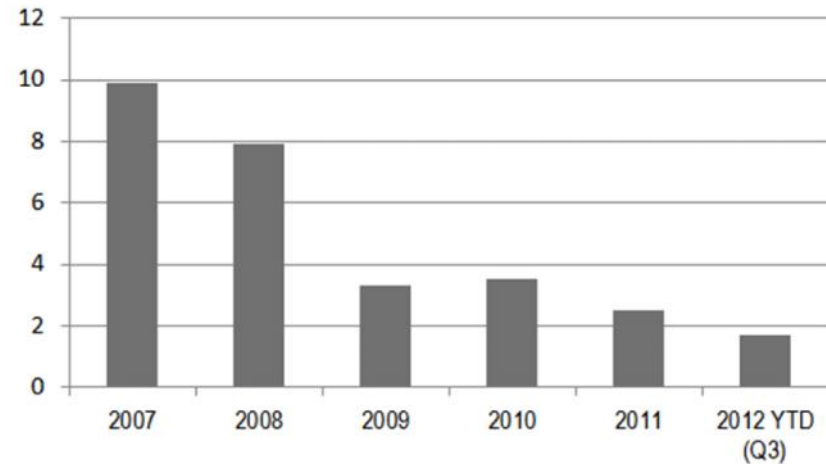
SAFETYBREAKTHROUGH

- Launched in 2008
- Executives lead Executive Safety Tours in all locations
- More than 30% of employees involved every month in Safety Audits
- More than 4 Safety Improvement Opportunity per person implemented this year
- Safety standards deployed throughout the Group

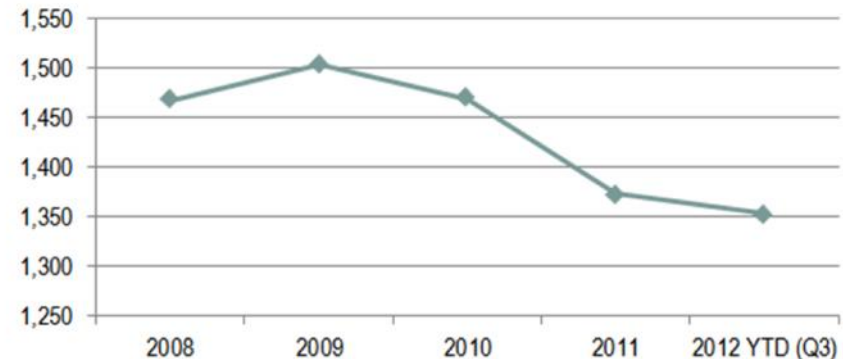
Reduction of Energy consumption and GHG emissions

- Energy Conservation Plan launched in January 2011
- We are on track to reach of target of reducing our energy consumption per ton sold by 10% every 3 years

Lost Time Incident Frequency per Million Hours¹



Energy Intensity kWh/MT¹

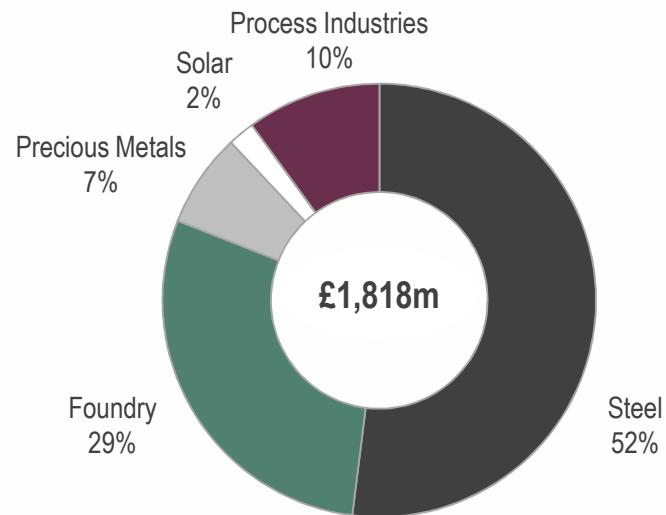


Notes
1. Management estimates

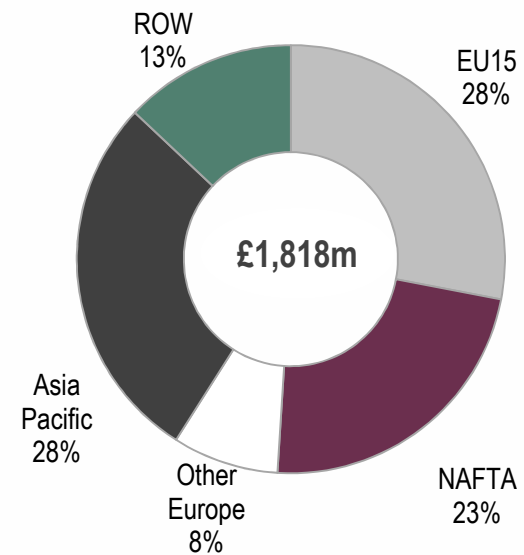


A well positioned business: c.50% of sales in fast growing emerging markets

2011 revenue¹ by end-market²



2011 revenue¹ by geography³



Notes

- 1 Includes Precious Metals Processing business segment at net sales value (being revenue excluding precious metal content).
- 2 Management estimates
- 3 By geography of customer



Our strategy

Deliver superior returns to shareholders by:

- maintaining technology and innovation leadership position;
- enlarging the addressable market through increasing penetration of existing and new value-added solutions;
- leveraging strong developing market positions to capture growth;
- improving cost leadership and margins; and
- building a comprehensive technical services offering in metal casting engineering.

Rigorous focus on cash flow, profitability, and shareholder return



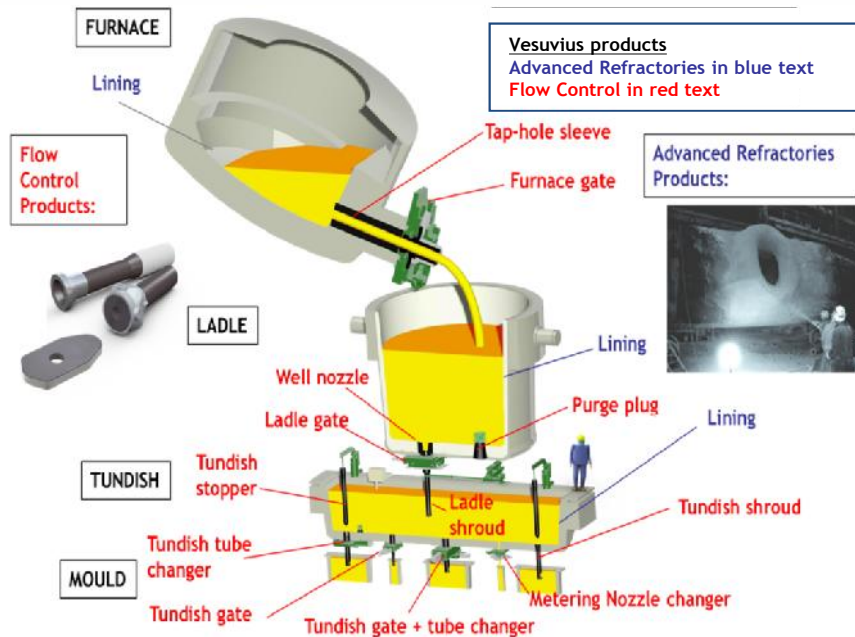


Steel and Foundry business segments

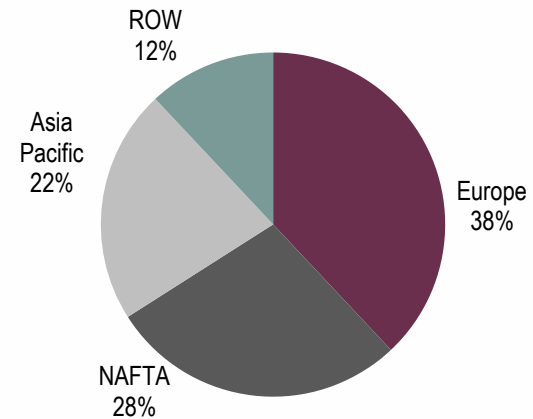
Main products and markets – Steel business segment

Steel business segment overview

- World leader in the supply of consumable **Steel Flow Control** products used in the enclosed continuous casting process and a leading supplier of **Advanced Refractories** used as high temperature linings



Steel business segment revenue by operating location



Source Vesuvius breakdown of 2011 Reported Revenues

Well balanced presence in all major areas

- Vesuvius is the only truly global player in Flow Control
- Asia Pacific major volume growth potential
- Europe and NAFTA as laboratories for innovation

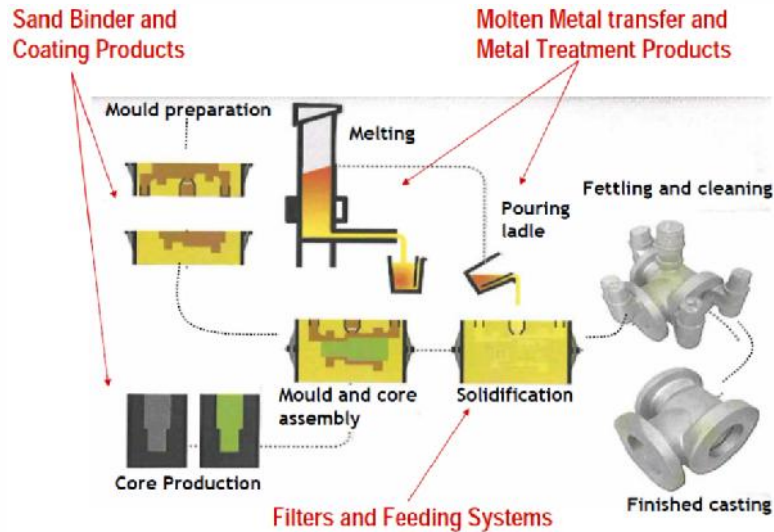


A global leader for steel flow control consumable ceramics

Main products and markets – Foundry business segment

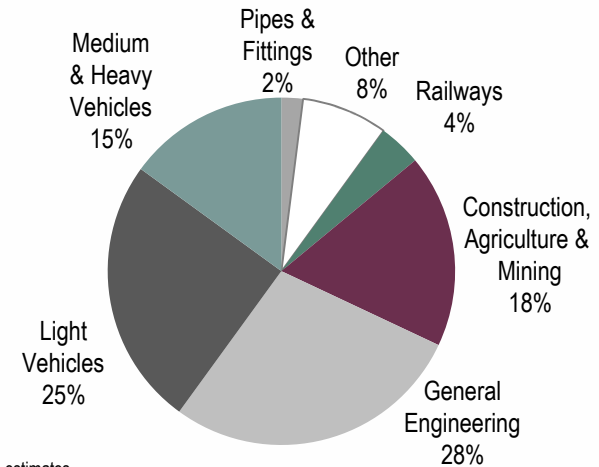
Foundry casting process

- World leader in the supply of consumable products and technical services used in the production of metal castings which themselves have a wide variety of uses in engineered products



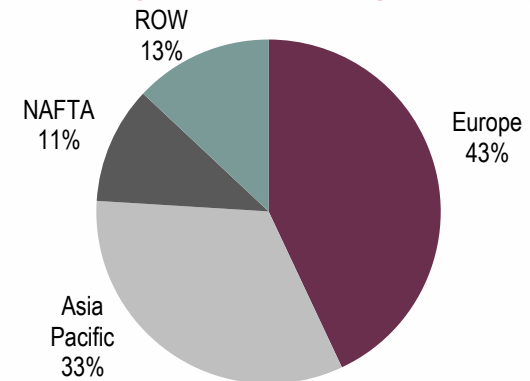
Note Red text denotes Vesuvius products

Ultimate end markets for castings



Source Management estimates

Foundry business segment revenue by operating location



Source Vesuvius breakdown of 2011 Reported Revenues

 **A global leader in consumables for mould & methoding**

A profitable, flexible and growth generating business model



Agenda

- Introduction to Vesuvius: A global leader in metal flow engineering
- **Key investment highlights**
- Financial performance and capital structure
- Summary



Steel and foundry are well positioned to deliver value for shareholders

Key investment highlights

Flexible
and
Sustainable

- 1 Strong market positions
- 2 Long standing blue chip customer partnerships
- 3 Flexible business model

Profitable
and
cash
generative

- 4 Value pricing ability
- 5 Technology and know-how provider
- 6 Drive for cost leadership
- 7 Opportunity for margin enhancement

Positioned
for
growth

- 8 Attractive end markets driven by long term growth trends
- 9 Outperforming underlying end markets



Market leading positions across many of our products ensure the sustainability of the business model...

Molten metal in steel industry



- A world leader in flow control systems (slide gates)
- A world leader in isostatically pressed refractories
- A world leader in flow control pre-cast solutions
- A world leader in mould & tundish fluxes

Steel Flow Control Competitors

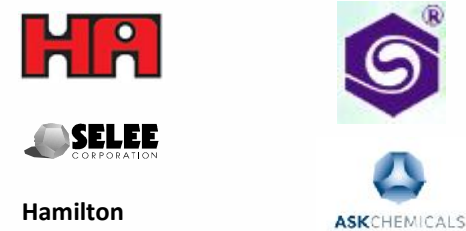


Molten metal in foundries



- A world leader in filters
- A world leader in feeding systems
- A world leader in coatings

Foundry Technologies Competitors



...along with long-established customer partnerships and industry recognition

Overview

- Long standing partnerships with industry leaders
- Average length of relationships: 15+ years
- Customer driven product development
- Solid and diversified customer base
- No customer greater than 10% of total revenue
- Strong product brand

Steel



Foundry



Recent recognition



SSAB EMEA most valued supplier award 2011



AK Steel sets world casting record – Vesuvius valued partner in this achievement



Vesuvius is key partner of the world's first automated ladle operation

Operational levers provide flexibility to adjust to prevailing market conditions...

Tier 1

- Reducing temporary workers in Europe
- Adjusting hourly workers in ROW
- Hiring freeze
- Curtailment of discretionary costs

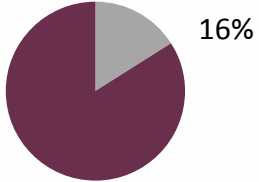
Tier 2

- Seeking subsidised working hour reduction schemes in Europe
- Managing with flexible time agreements in Europe
- Appropriate shift reductions in ROW

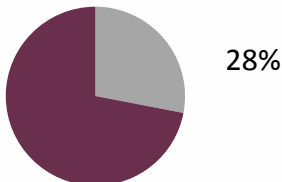
Tier 3

- Permanent headcount reduction
- Restructuring manufacturing footprint
- Downsize and/or close facilities

Temporary workers in Europe¹



Employees in Europe eligible for flexible time agreements¹



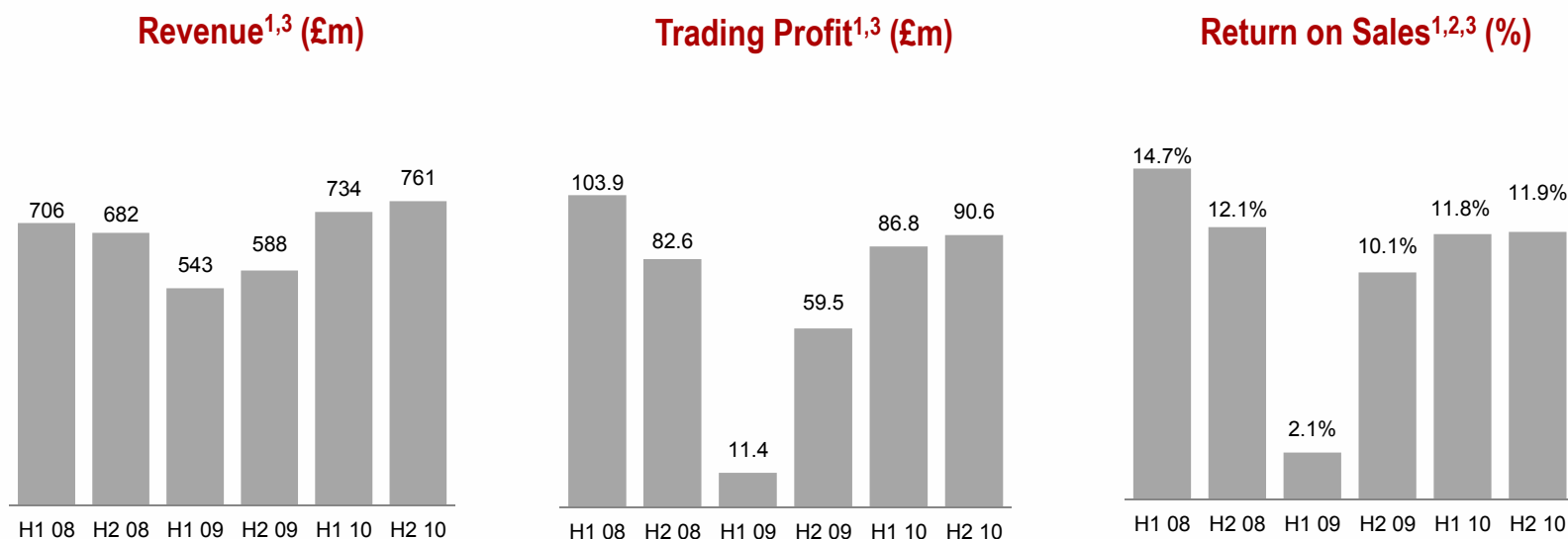
Tier 3 Actions Taken

2009	2012
8 facilities closed	Closed 5 facilities
3 facilities downsized	1,000 job reductions
c.20% headcount reduction	

Notes
1. Management estimates as at 30 September 2012.

...as demonstrated by the flexibility of our businesses in 2009

Short, but sharp, slowdown exacerbated by destocking of steel and foundry supply chains (worst since WWII)



Remained profitable and cash generative, then recovered quickly

Notes

1. Foseco was acquired on 4 April 2008 and its results from that date were included in Cookson's reported results. These numbers assume Foseco was acquired on 1 January 2008.
2. Return on sales defined as trading profit divided by revenue.
3. Company data as reported.



Key investment highlights



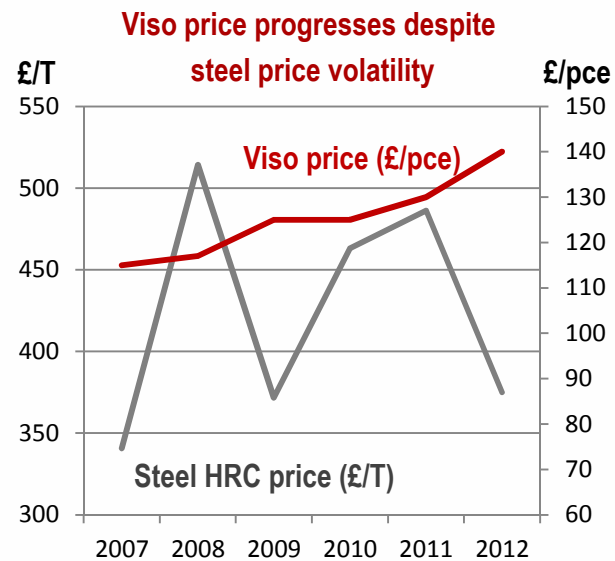
Profitable and cash generative



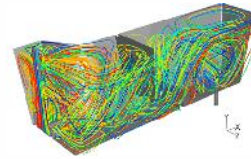
Value pricing is supported by low cost mission critical products...

Steel

- The steel production process is continuous and critically dependant on consistency of quality and productivity optimisation
- The Steel business' solutions :
 - Represent a fraction of total customer costs (<1%)
 - Increase productivity
 - Enhance the quality of steel
 - Improve the safety of the casting process



Case study – integrated steel mill



- Tundish package design increased quality and improved productivity
- Enables sequence to be lengthened from 7 to 14 hours with reduced preheat and refractory consumption, saving c. £1.6m per annum
- Environmental benefits: 14,000 tonnes of steel per year yield improvement (equivalent to 26,600 tonnes per year of CO₂)

Vesuvius value pricing proposition

Case study – Elby ladle



Enhanced ladle bottom design improves customer yield preventing slag carry over during the ladle draining sequence

- Increased shop yield → Up to c. £3m annual savings
- Less slag in tundish → Lower tundish costs
- Higher quality steel → Fewer inclusions in steel

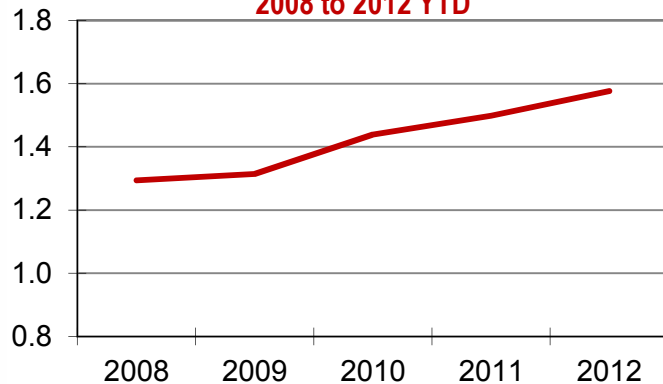


...and significant process efficiencies for customers

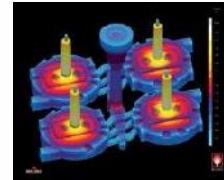
Foundry

- The foundry process is highly sequential and critically dependent on consistency of quality and productivity optimisation
- On average, 2.5kg of metal must be melted and cast to achieve 1kg of finished casting
- The Foundry business' solutions allow foundries to:
 - Reduce defects and the need for fettling and cleaning
 - Minimise metal requirements – saving energy, cost and mould size
 - Influence metal solidification – increasing metal performance and reducing weight of pieces
 - Automate moulding and casting process

£/piece **FEEDEX - Average Selling Price Evolution 2008 to 2012 YTD**



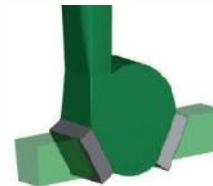
Case study – North East Asian Foundry Casting SG Iron



- Solidification process modelling and spot feeding with Feedex sleeves achieved:
 - Casting of 4 pieces vs 3 per pattern
 - Energy saving: 3.5 kWh per casting
 - Reducing weight of returns from 27.5kg to 13kg (casting weight 15.5kg)
 - Saving of £85k per annum per item

Vesuvius
value
pricing
proposition

Case study – Unex, Czech Republic



- Filtration with Hollotex of medium size steel casting
 - Improved metal yield (return reduced from 365kg to 145kg) for a 250kg finished piece
 - Energy saving: 230 kWh per casting
 - CO2 emission reduction: 125kg per casting
 - Saving of £40k per annum per item



Vesuvius profitability is supported by technological leadership

A rich technological base

- Steel / Foundry businesses invented most state of the art technologies currently employed in their segment of the global steel / foundry industries
- Recognised as knowledge leaders

Significant R&D resources

- Over 1,400 patents granted with c. 530 patents pending
 - covering over 150 inventions
- 6 research centres and 8 development units employing over 100 PhDs
- Over 200 field application engineers in active partnership with customers
- Only supplier with in-house testing for foundry filters
- Flow modelling simulators available in all main regions

Robotic casting technology – Steel business



A global system to improve safety, quality and productivity

Initek™ – Foundry business



Innovative way to produce ductile iron with typical saving of £100 per tonne of casting



Flow Control Innovation

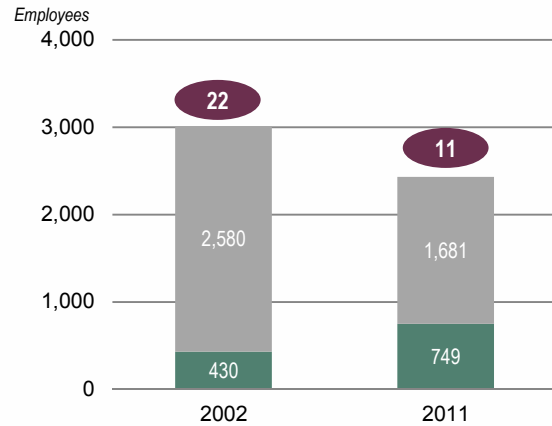


Foundry Innovation



A continued shift of operations to align with customers...

NAFTA facilities and headcount



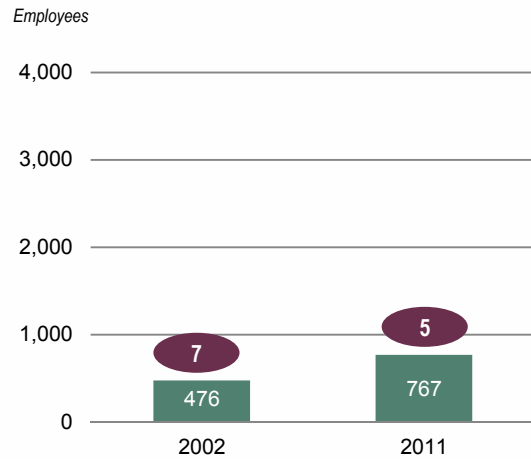
EU 15 facilities and headcount



Other Europe facilities and headcount

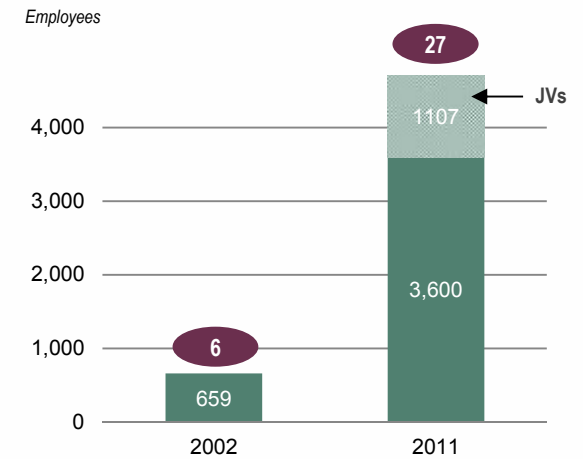


South America facilities and headcount



● Facilities ■ Developed markets ■ Developing markets

Asia Pacific facilities and headcount



Note 2002 numbers do not include Foseco (acquired by Cookson in 2008) which had 27 sites and 3400 employees at acquisition



...with a continued focus on cost leadership...

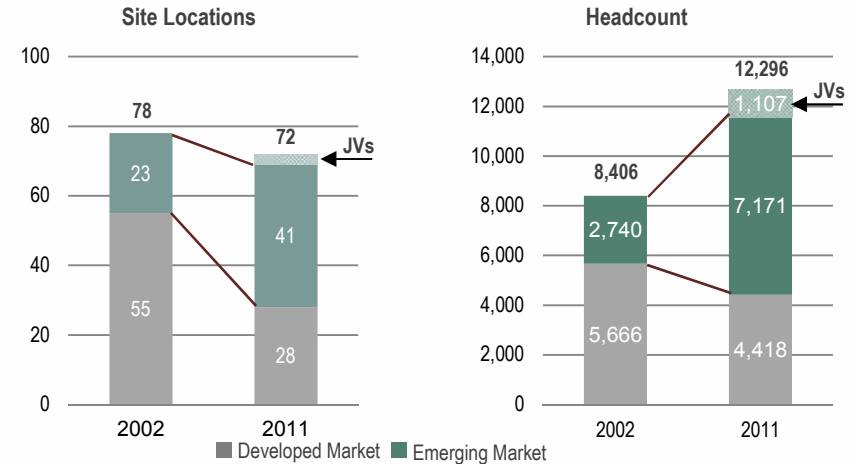
Manufacturing cost leadership

- Some 70 major manufacturing facilities across the world
- State-of-the-art facilities with low operating costs
- Effective use of manufacturing in lower cost countries
- Well invested manufacturing base
 - £240m in last five years
- Strong focus on geographic alignment of production footprint to match customer locations
- Flexible time agreement established in major European facilities
- Substantial level of temporaries maintained

Tight control of fixed costs

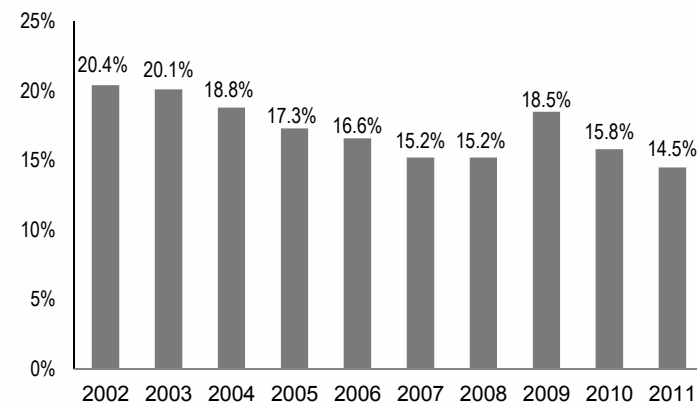
- £24m of synergies captured following Foseco acquisition
- Unification of support functions in all countries
- Localisation of marketing & technology services

Improved cost management and flexibility

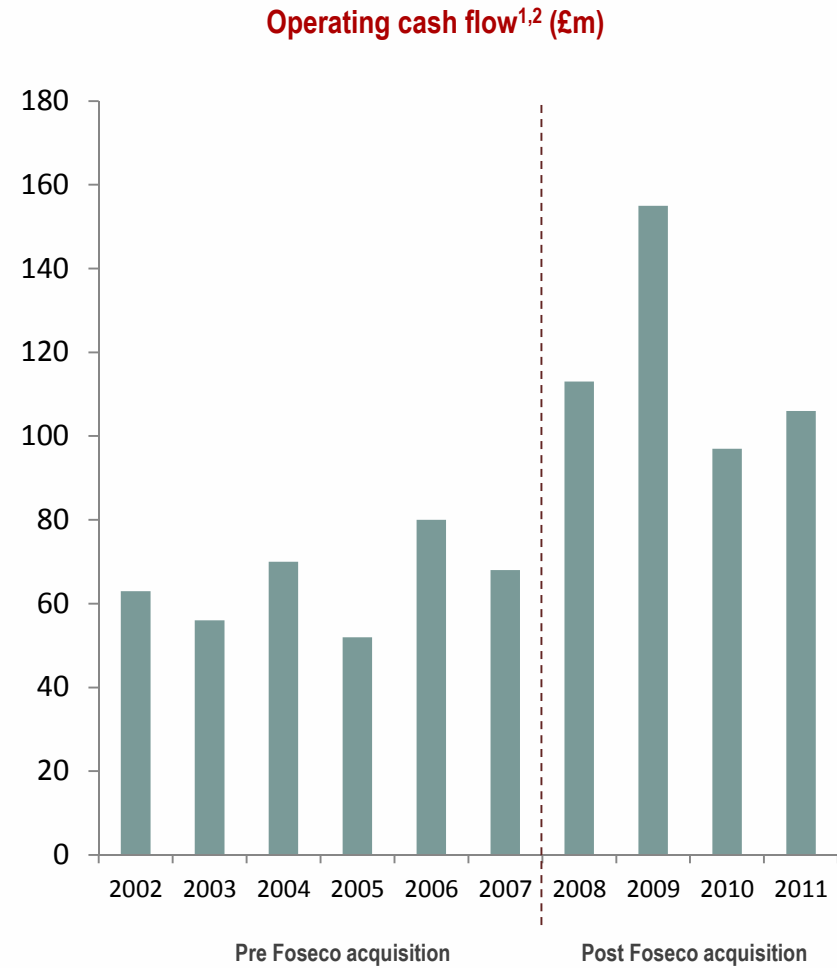
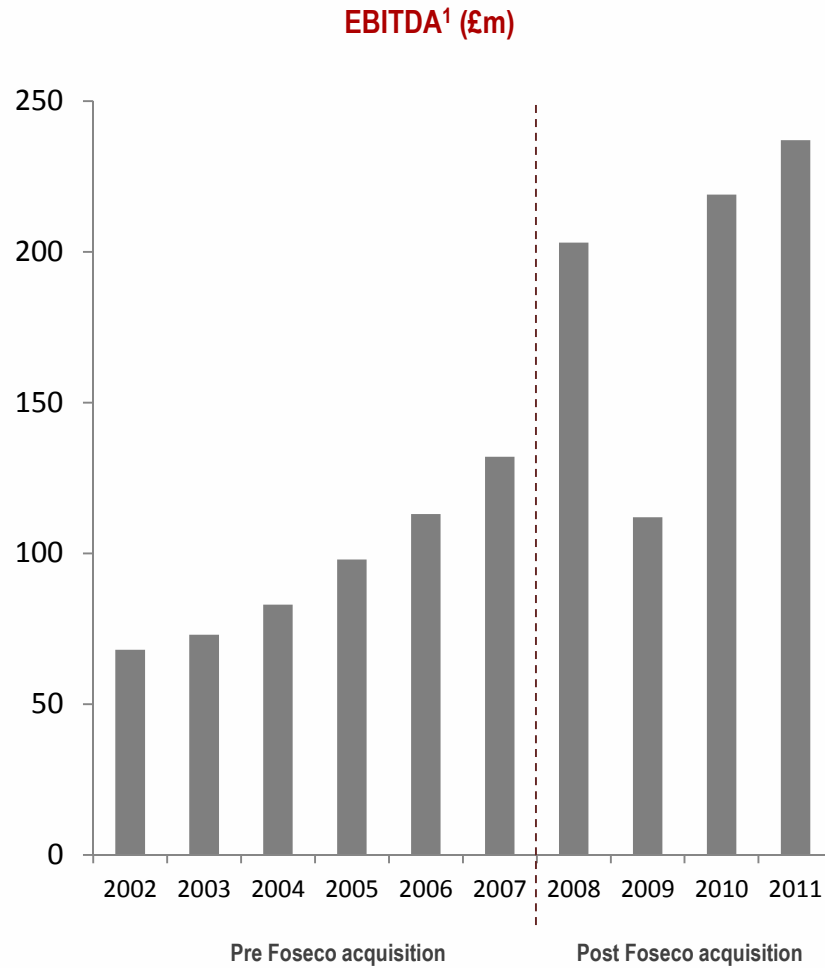


Note 2002 numbers do not include Foseco (acquired by Cookson in 2008) which has 27 sites and 3,400 employees

OPEX as % sales



...delivering sustainable profit and cash flow over ten years



1 Company data as reported
2 Operating cash flow is pre tax cash flow from operations after capital expenditure



Opportunities remain for margin enhancement

- Exit less profitable product lines
- Focus on higher margin products supported by selective acquisitions
- New product introductions
- Continuing to drive further operating efficiencies
 - lean manufacturing
 - groupwide quality program
- Increased use of value selling



Key investment highlights



Positioned for growth

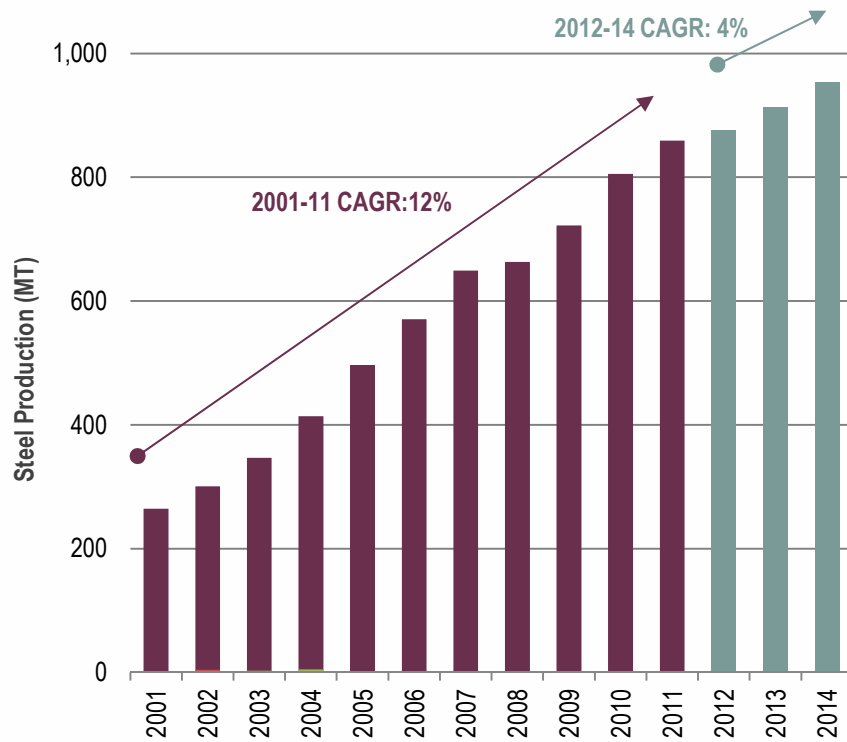


Attractive long term growth in Steel business sales due to evolution towards flat products

Vesuvius serves mainly the flat products market which will grow at a higher pace than global steel as developing markets evolve towards consumption driven economies

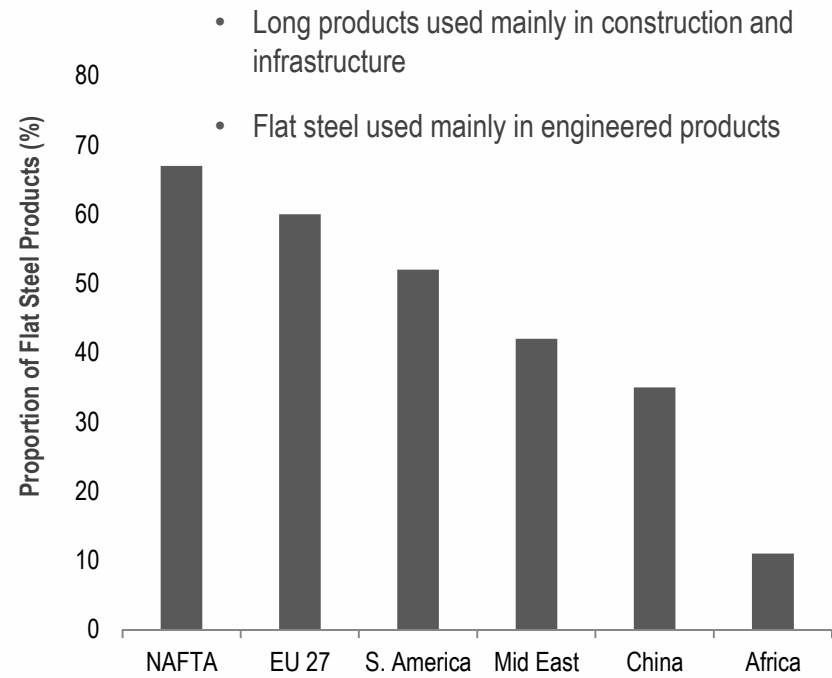
Typical consumption of Flow Control products in flat steel is £1.5 /T of steel vs £0.5/T of steel in long

Steel production forecasts – BRIC countries



Source WSA 2001 – 2011, Credit Suisse and BoAML estimates 2012 – 2014

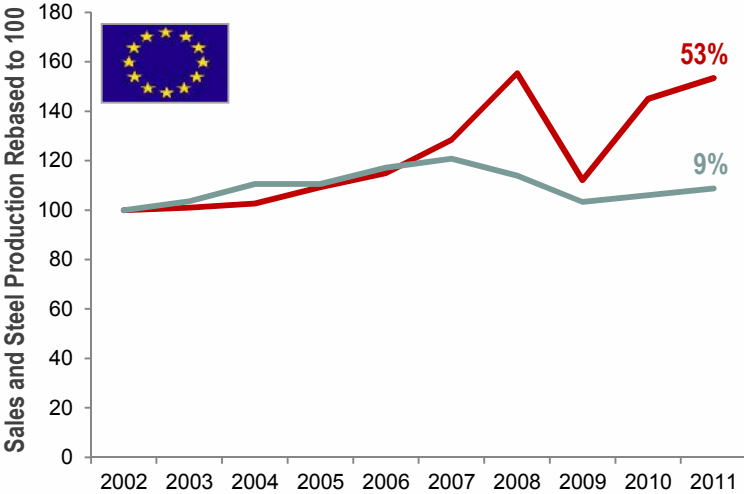
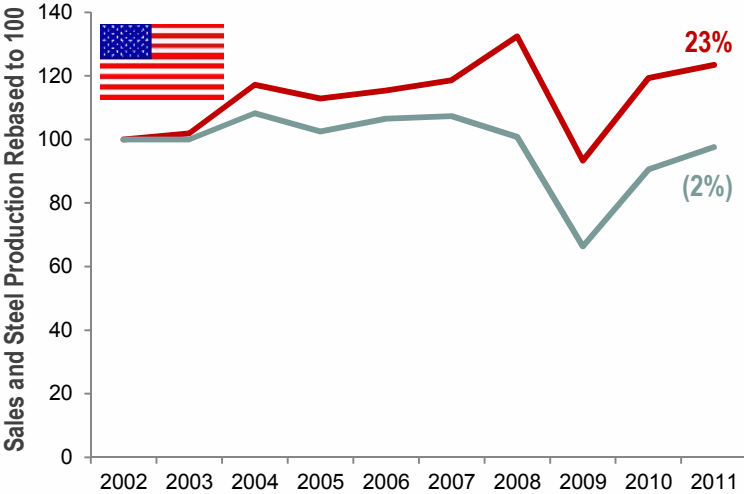
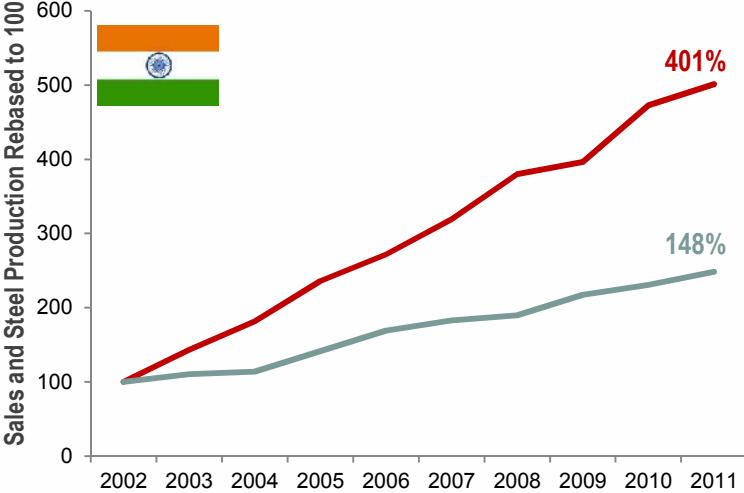
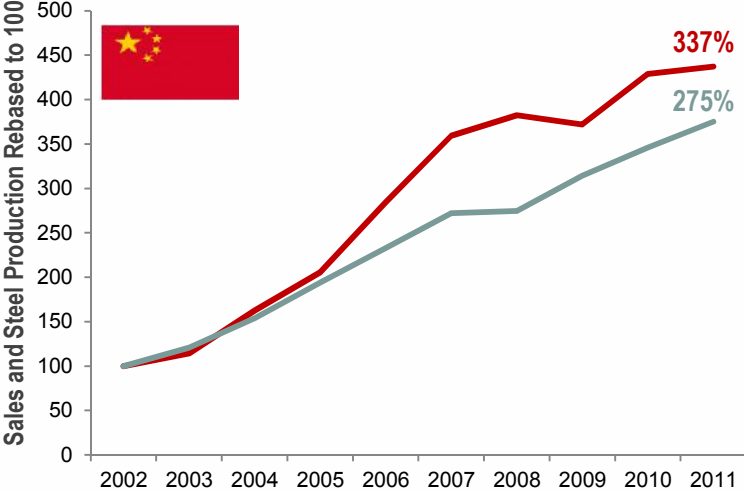
Proportion of flat vs. long steel by region (2010)



Source Based on data from WSA & SBB, with Vesuvius assumptions used for China



Steel business segment outpaces market growth in steel production volumes by bringing new technical solutions

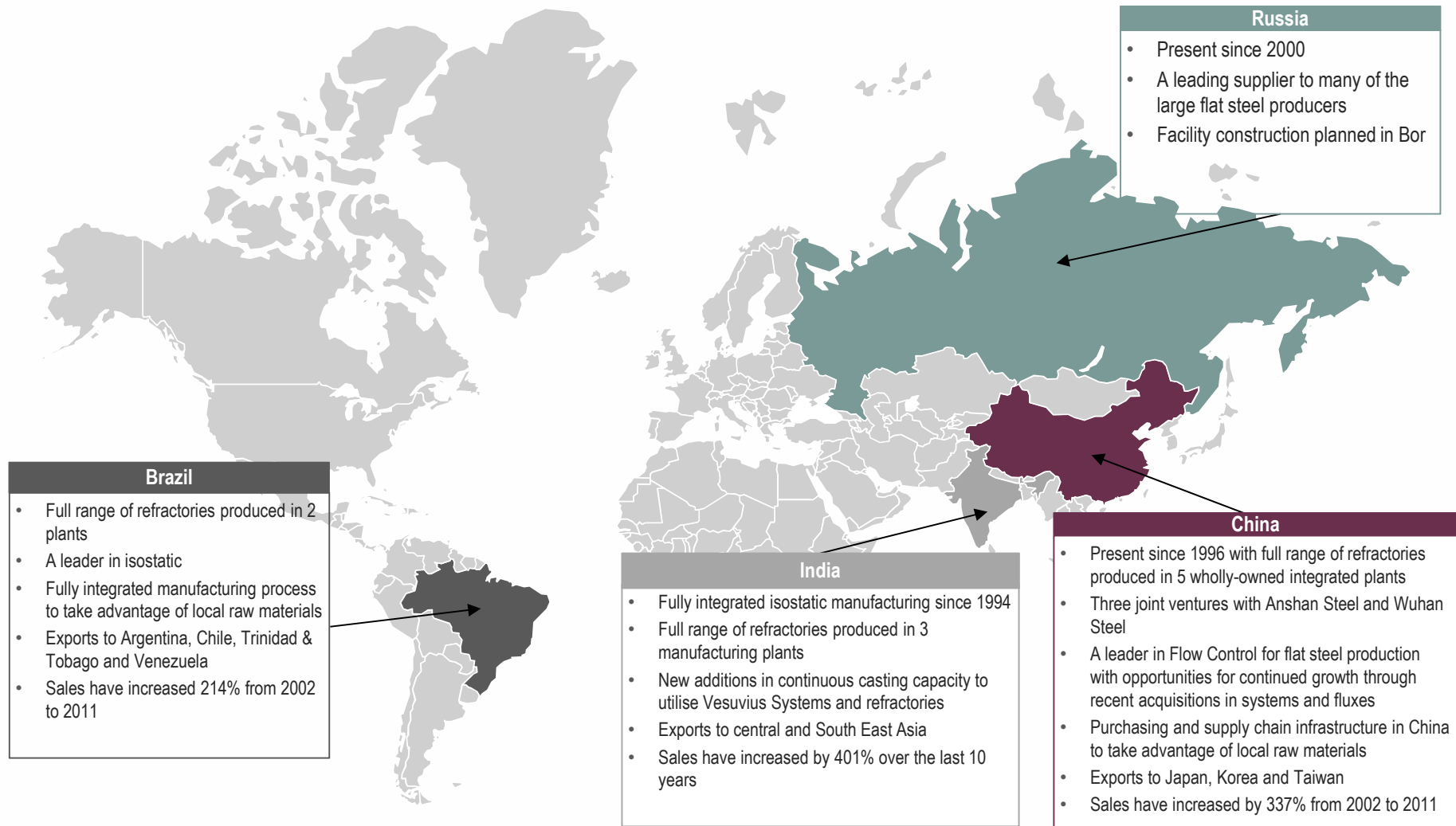


Vesuvius outperforms underlying steel market

Source WSA for steel production volumes, Vesuvius internal data for Vesuvius sales
 Note 2002 figures are rebased to 100

— Vesuvius Sales Value
 — Steel Production Volumes

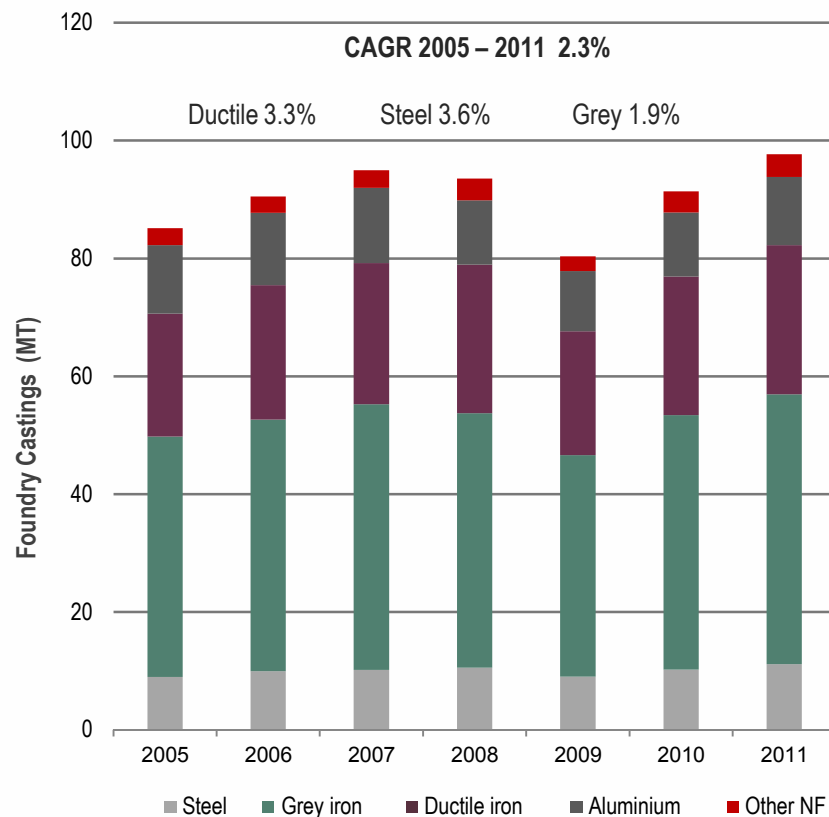
Vesuvius steel business segment growth leverages a strong foothold in BRIC countries



Attractive long term growth in Foundry business sales with significant developing market opportunity

Foundry output

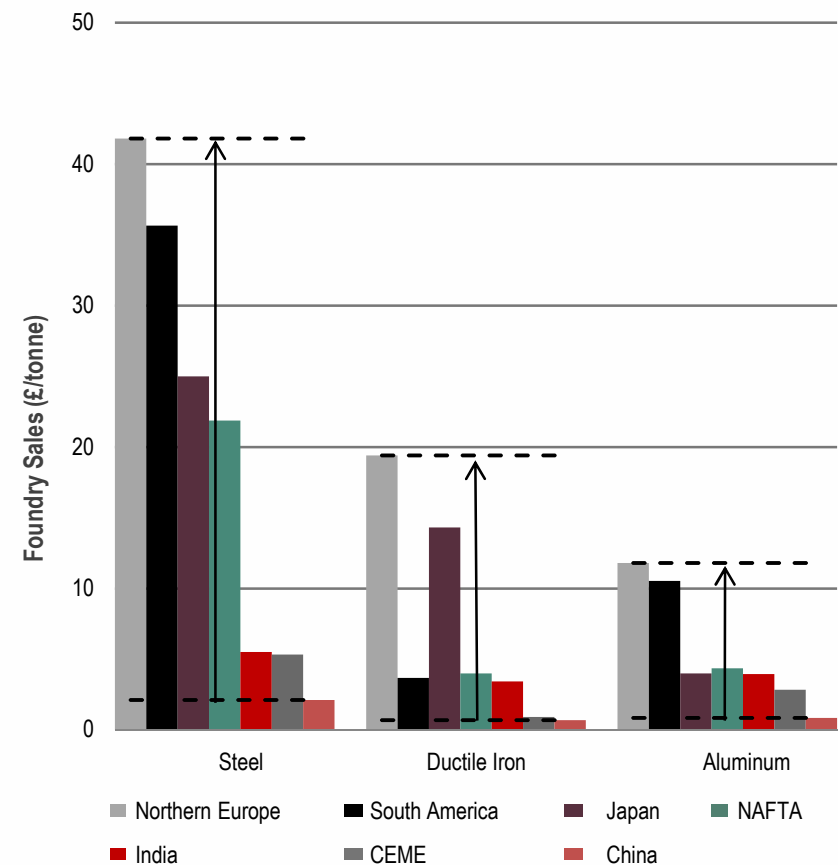
Major segments requiring Vesuvius solutions have the highest growth: Ductile iron, Steel and Aluminium



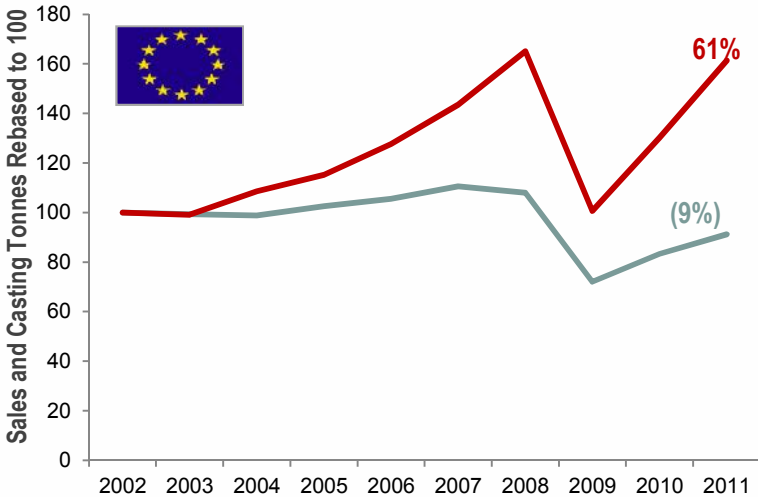
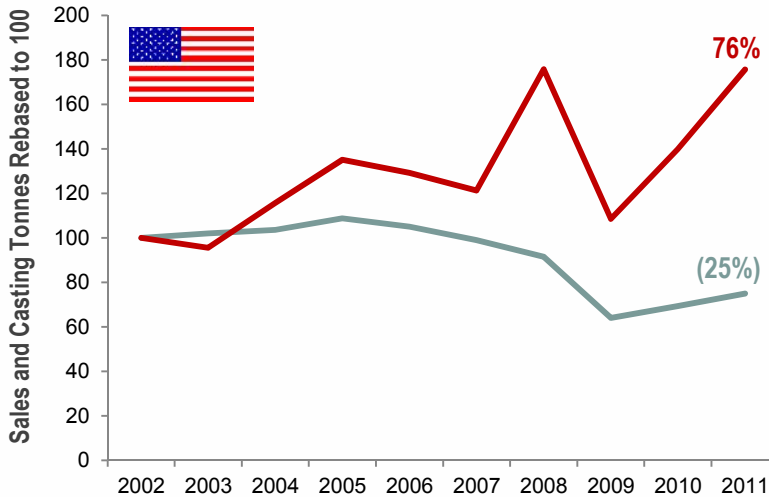
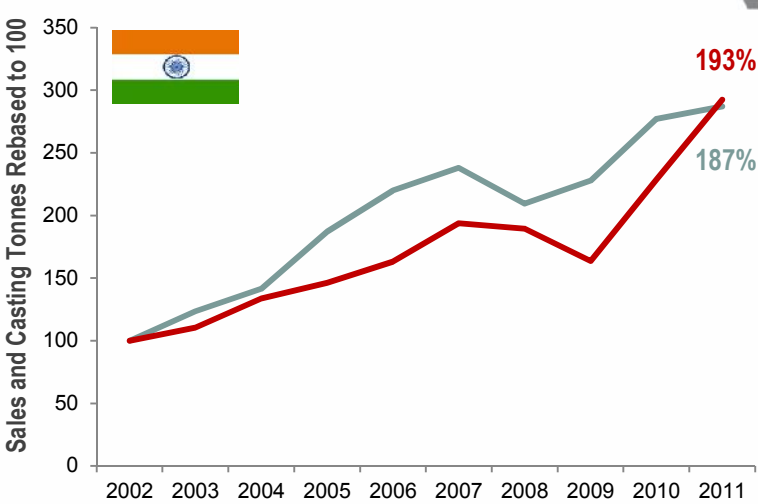
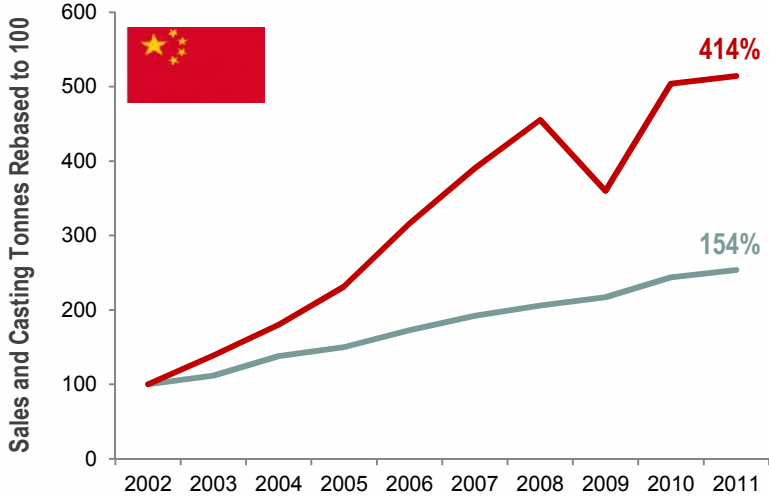
Source Modern Casting, Vesuvius estimate for 2011

Foundry sales £/T of total market casting (2010)

Significant upside potential through continuing market penetration as emerging markets move towards higher quality foundry castings ... and as we improve penetration of our solutions in NAFTA and Japan



Foundry business segment outpaces market growth through increased penetration of high added value solutions

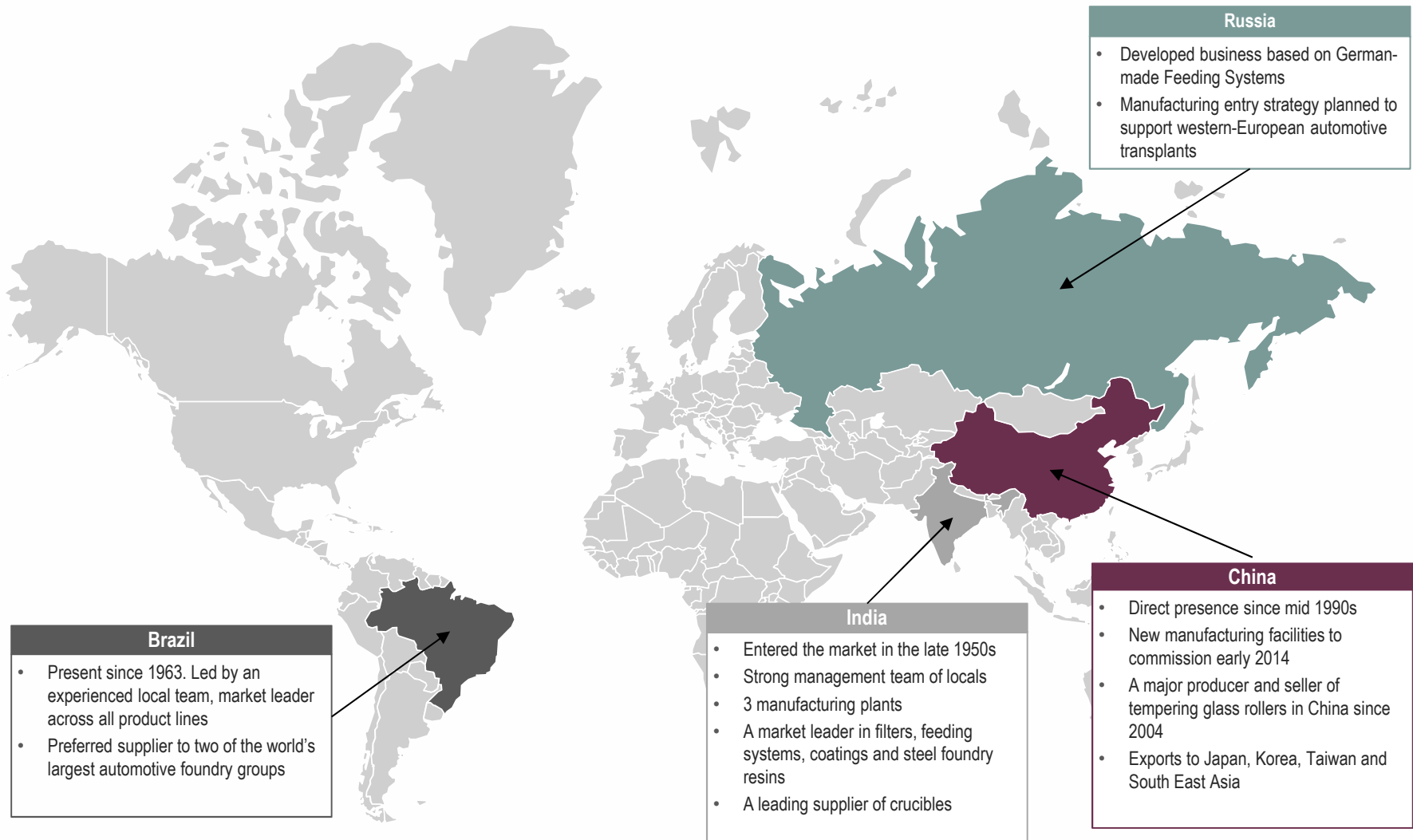


Vesuvius outperforms underlying foundry market

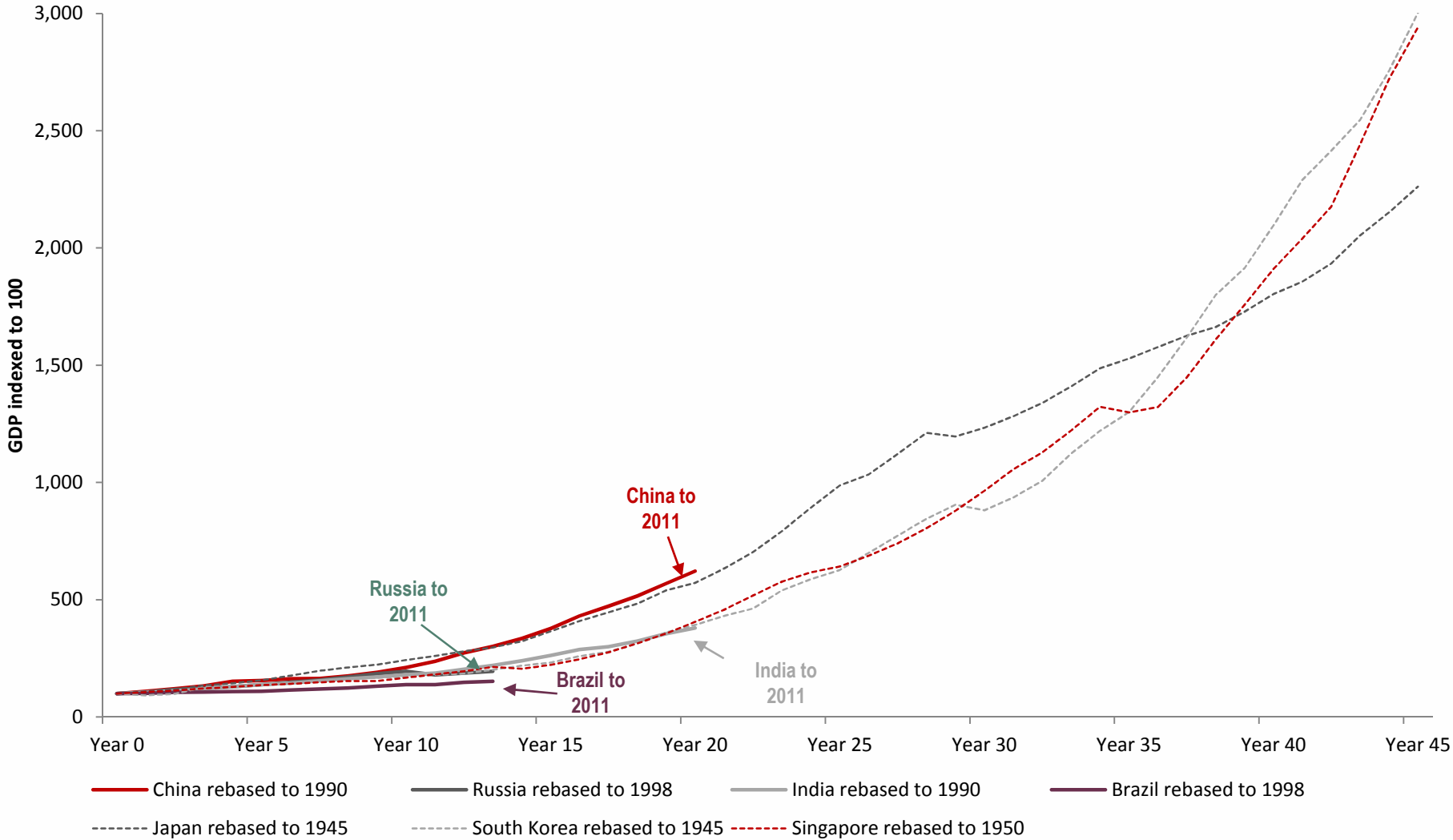
— Vesuvius Sales Value
— Casting tonnes

Source Modern Casting and Vesuvius estimates for casting tons, Vesuvius internal data for Vesuvius sales
Note 2002 figures are rebased to 100

Vesuvius Foundry business segment penetrates Russia and China after successful establishment in India and Brazil



History suggests current BRIC GDP growth to continue for foreseeable future



A new strategy to deliver higher returns

Vesuvius will build a comprehensive technical services offering in metal casting engineering

The Steel continuous casting process requires more knowledge and greater control of its operating parameters in real time to allow the steel maker to optimise performance

Vesuvius is already providing such services:

- Continuous temperature measurement (Accumetrix)
- Slag level detection and break out prevention (Radar)
- Metal flow management in the tundish and mould
- Automatic mould level control in tundish and mould
- Automatic flux powder feeding
- Ergonomic solutions including Robotised casting floor operations (RCT)

Foundry casting has a huge potential of progression in monitoring the parameters of its process

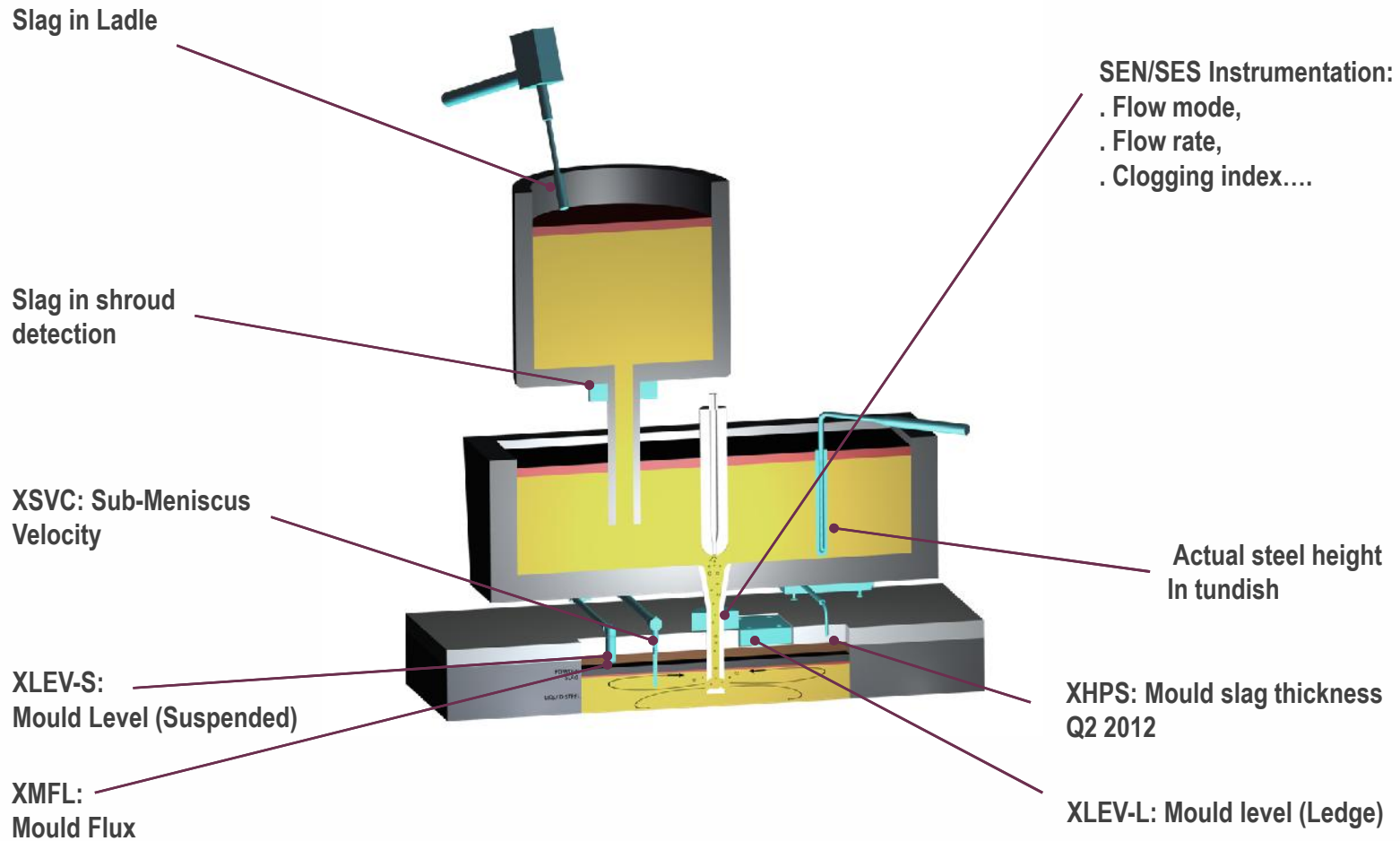
Foseco technologies offer:

- Instream inoculation
- Determination of finished casting characteristics from casting parameters (Itaca)
- ‘Robotisation’ of casting
- ‘Robotisation’ of the mould equipment
- “Initek” reactor for graphitisation of ductile iron

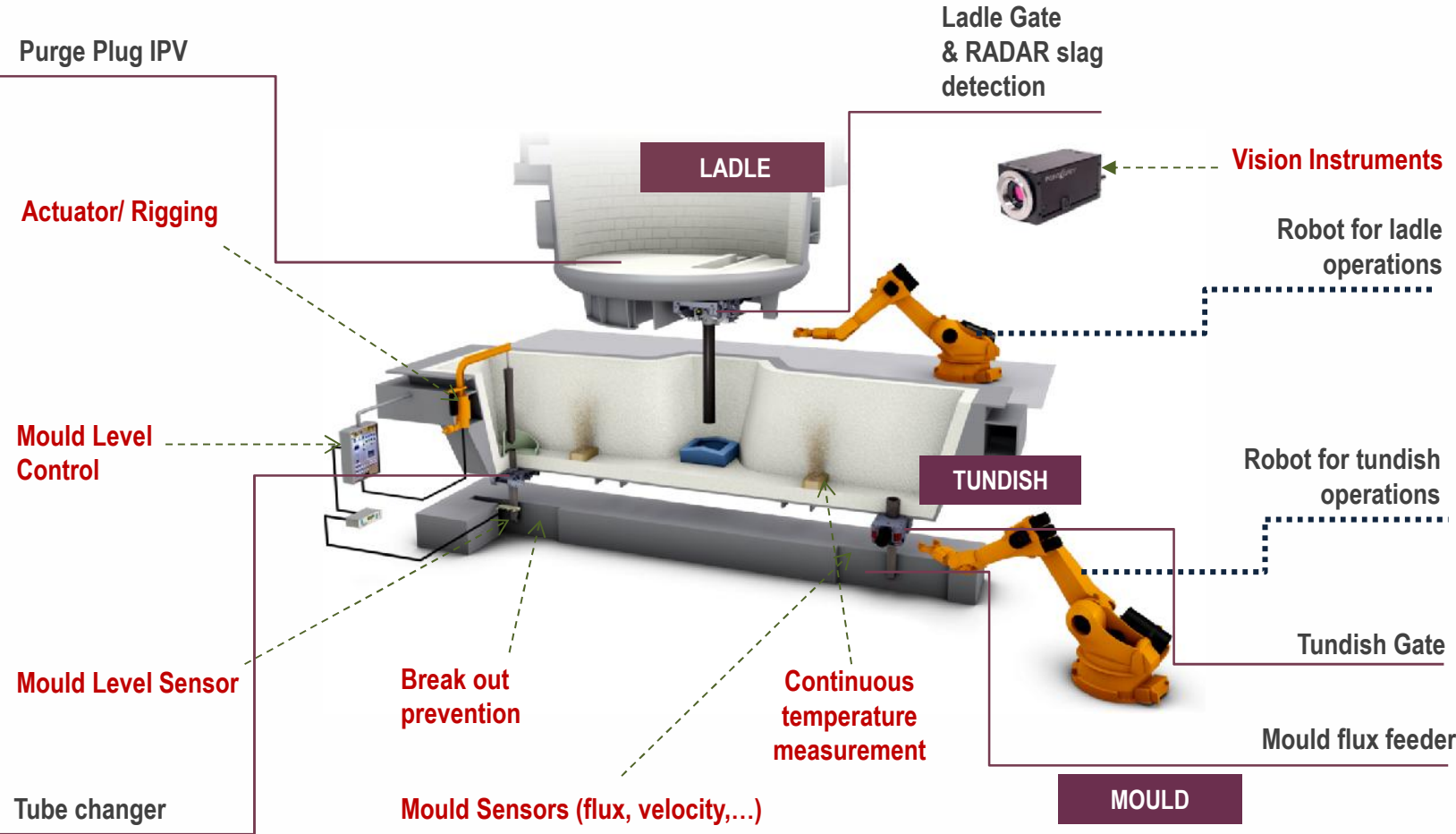


Our vision is to build a global engineering offering that allows the industry we serve to concentrate their skills on the optimised production of what their end markets require

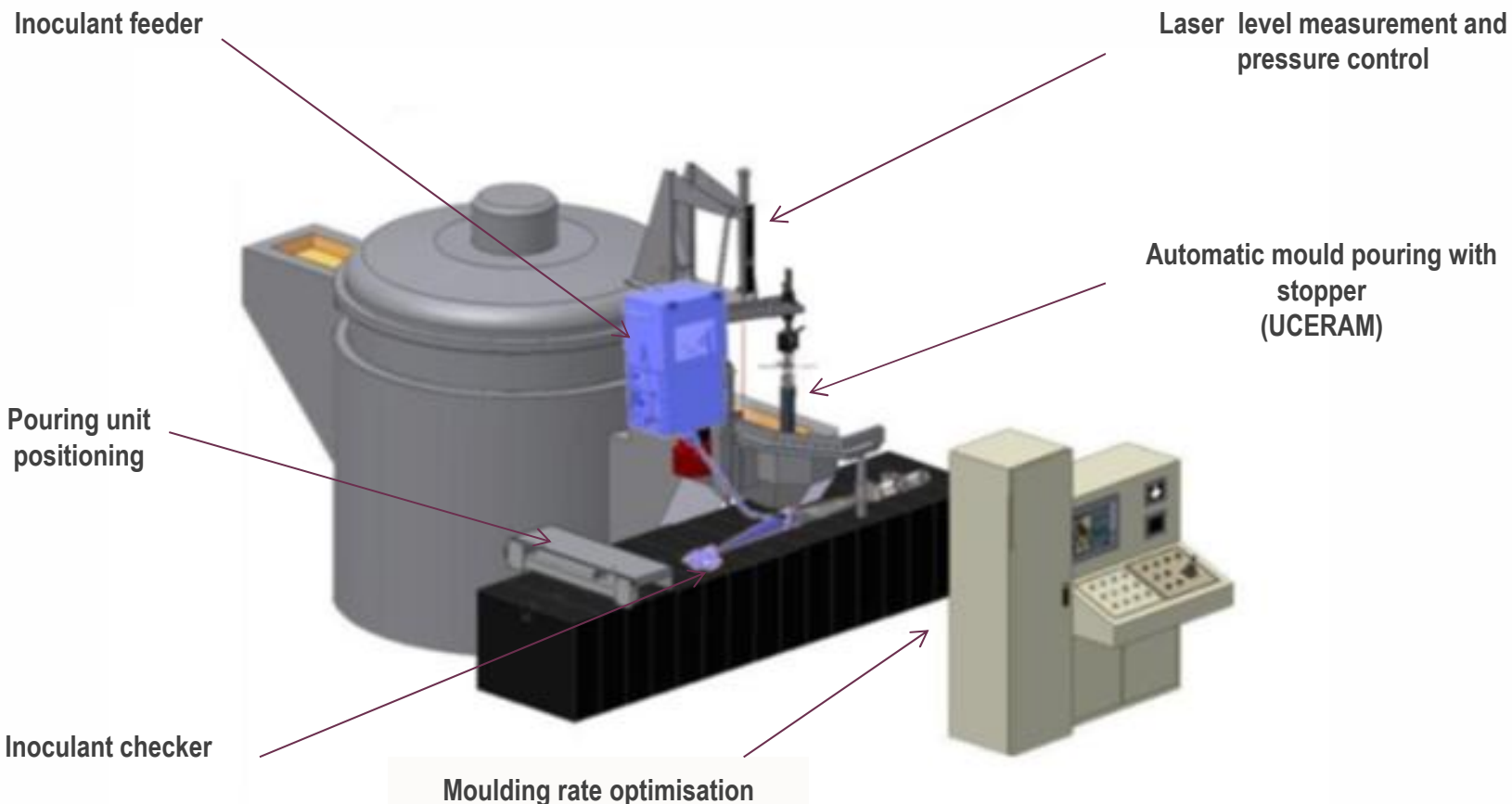
AVEMIS – Instrumentation for the steel caster



SERT: integration of AVEMIS and Vesuvius systems to create a control command unit



SERT : Instrumentation and automatisisation of an iron foundry casting unit



SERT: Case studies

Mechanical pipe joining system manufacturer

- Installed a completely automated moulding and metal pouring system
- Software systems to control the process and feed back live data
- Customer benefits
 - ✓ Consistent casting quality through process control
 - ✓ Higher productivity through automation

Producer of truck engine blocks

- Installed state-of-the-art metal flow control systems
- Customer benefits
 - ✓ Increased casting yield
 - ✓ Scrap reduction
 - ✓ Reduced maintenance costs and down-time



Innovative solutions will improve margins and ROCE

- A major part of our sales is already driven by engineering services
 - Installation of our gate systems commands around one third of our flow control sales
 - Main driver for building long term customer relations
- Our permanent presence on the casting floor allows the provision of additional services at a lower cost
- Sales of engineering services command higher margins and require lower capital

Engineering services represent around 10 per cent of flow control sales

> Target to more than double this over next 3 years





Precious Metals Processing business segment



Overview of Precious Metal Processing

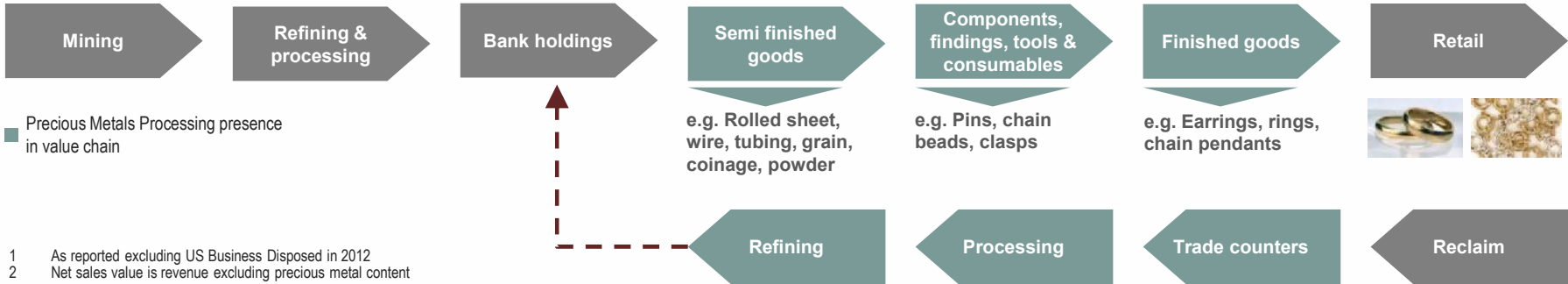
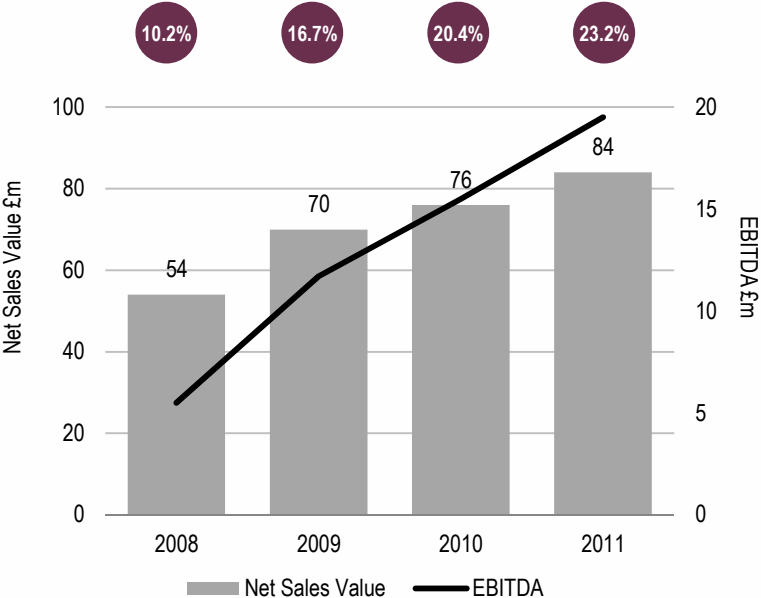
Overview

- A leading provider of fabricated precious metals (gold, silver, platinum) to the jewellery industry in UK, France and Spain
- Strong recent performance in precious metals reclaim activity; now represents significant proportion of net sales value
- 14 European locations in 5 countries and over 500 employees, led by an experienced management team
 - No ownership of precious metals or exposure to precious metals prices

Market position

- Unique leadership position spanning the value chain
- Outstanding reputation in the industry and strong trade names
- Leading market positions

Net sales value^{1,2} (£m), EBITDA¹ (£m) and EBITDA margin¹ (%)



Strategy for Precious Metals Processing

Continued focus on cost control, working capital efficiency and strong cash generation

- Maintain market leader position in current geographic markets
 - Exemplary customer service and value for money products
- Expand successful coin blanks business in new geographic markets
 - Current supplier to national mints in UK, France, Spain, Portugal & Australia
- Maximise opportunities in reclaim / recycling
 - Traceable ECOGOLD and ECOSILVER
- New production technology
 - Additive Manufacturing (3D “precious metal printing”)



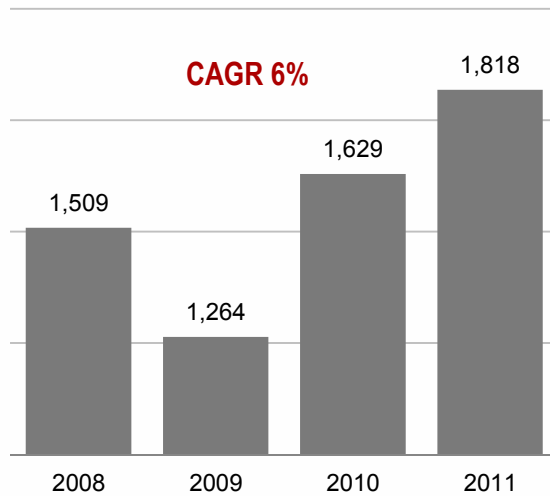
Agenda

- Introduction to Vesuvius: A global leader in metal flow engineering
- Key investment highlights
- **Financial performance and capital structure**
- Summary

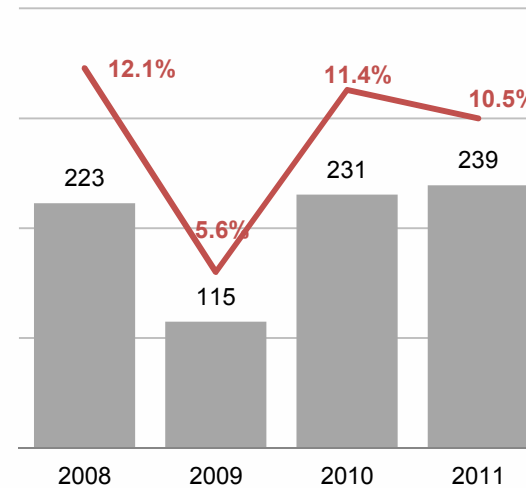


Demonstrated ability to respond to changing market conditions...

Revenue^{1,2,3} (£m)



EBITDA^{2,3} (£m) and trading margin^{2,3} (%)



Notes

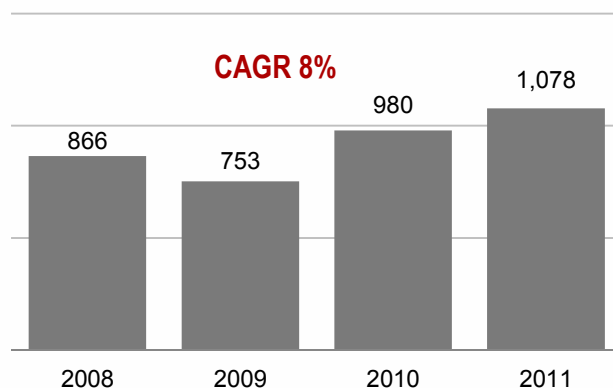
- 1 Includes Precious Metals Processing business segment at net sales value (being revenue excluding precious metal content)
- 2 Foseco was acquired on 4 April 2008 and its results from that date were included in Cookson's reported results. These numbers assume Foseco was acquired on 1 January 2008.
- 3 At reported rates and after new central costs as estimated by management



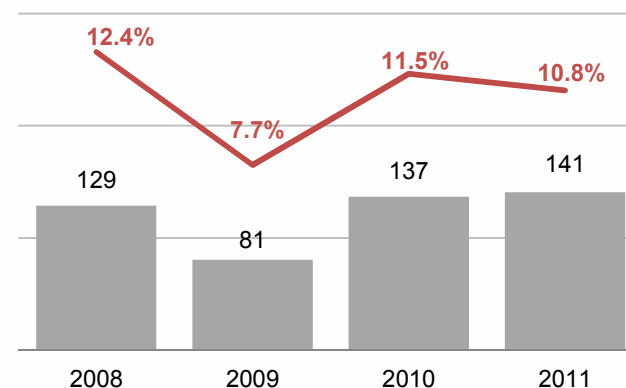
... evidenced by both main businesses over a sustained period

Steel business segment

Revenue^{1,2} (£m)

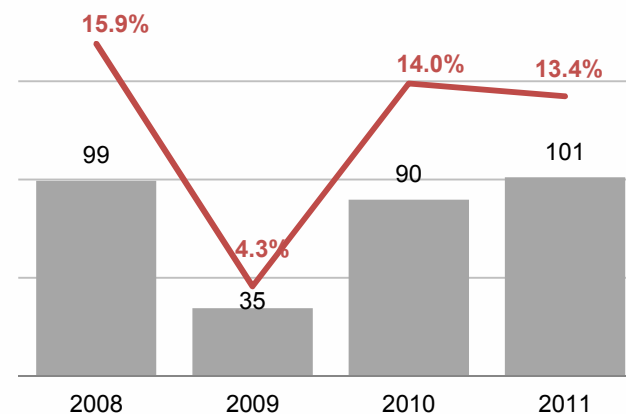
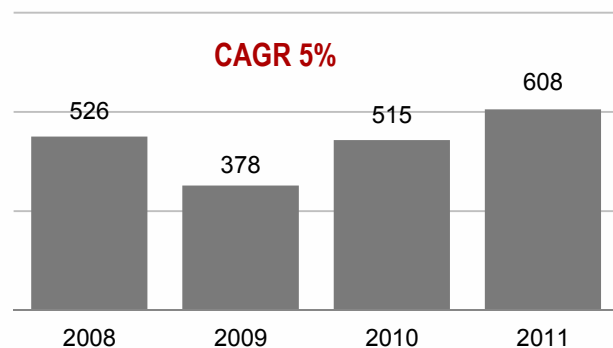


EBITDA^{1,2} (£m) and trading margin (%)



Foundry business segment

Revenue^{1,2} (£m)



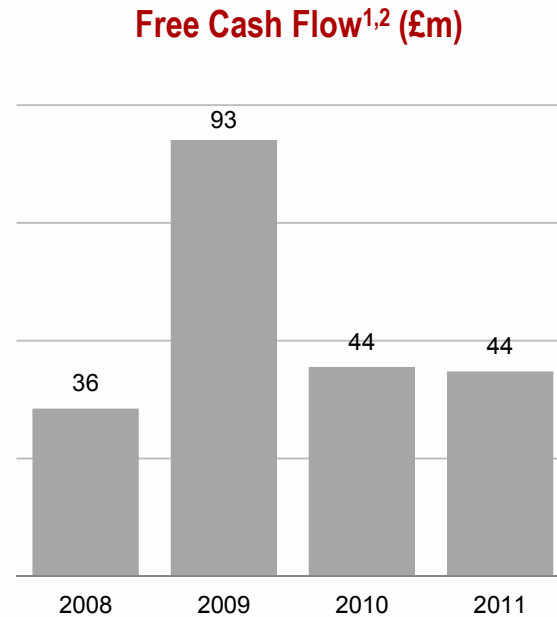
Notes

- 1 Foseco was acquired on 4 April 2008 and its results from that date were included in Cookson's reported results. These numbers assume Foseco was acquired on 1 January 2008.
- 2 At reported rates and after new central costs as estimated by management



Sustained cash generation...

- Strongly cash generative across the economic cycle
- Well invested business with strong capital base
 - £240m of capital expenditure in the past 5 years



Notes

1. Calculated as net cash flow from operating activities after net outlays for the purchase and sale of property, plant and equipment, dividends from joint ventures and dividends paid to non-controlling shareholders, but before additional funding contributions to Vesuvius pension plans..
2. As reported



...underpins a strong balance sheet...

- **Substantial committed debt facilities**
 - c.£600m with average maturity of 4.4 years and average cost of 3.6%
- **USPP \$250m**
 - \$110m maturing Dec 2017
 - \$140m maturing Dec 2020
- **Syndicated loan £425m**
 - Maturing April 2016
 - Investment grade facility with 16 banks
 - Financial covenants
 - Net debt/EBITDA < 3.0
 - EBITDA /Net interest on borrowings > 4.0
- **Pro-forma net debt of £349m as at 30 June 2012**
 - c.1.5x EBITDA



...and supports superior returns for shareholders

- **Dividend policy**
 - First Vesuvius dividend will be the 2012 final dividend of 9.5p per share
 - > Reflects Vesuvius share of Cookson 2012 final dividend
- **New Policy applicable for 2013 onwards**
 - Strongly cash generative and well invested business
 - Recognise importance of cash distribution
 - Intend to deliver attractive returns to shareholders through long term dividend growth taking into account underlying earnings, cash flows, capital expenditure and prevailing market outlook
 - > Interim dividend expected to be declared at results announcement for half year to 30 June 2013



2013 Guidance

	2012	2013
Capital expenditure	£50m	£45m
Restructuring charges	£60m	£5m
- <i>of which cash</i>	£15m	£5m
Pension payments		
- <i>UK plan</i>	£7m	£7m
- <i>US plan</i>	\$7m	\$6m
Tax		
- <i>Cash ETR</i>	23.5%	24 – 25%



Financial strategy

- Financial flexibility essential
- Conservative balance sheet stewardship
- Focus on cash generation
- Cost control
- Efficient working capital management
- Improved returns



Agenda

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- Summary



Near term priorities

- **Adapt to market conditions**
 - Flexibility in employment to reduce cost base
 - Continue to adjust manufacturing footprint to demand
 - Streamline the structure
- **Keep investing selectively for the future**
 - Advanced refractory plant in Ras al Khaimah (UAE)
 - Foundry plant in China
 - Mix plant in Brazil
 - Flow control and Foundry plant in Russia
 - Precast plant in India
 - Bolt on acquisitions



Our strategy

Deliver superior returns to shareholders by:

- maintaining technology and innovation leadership position;
- enlarging the addressable market through increasing penetration of existing and new value-added solutions;
- leveraging strong developing market positions to capture growth;
- improving cost leadership and margins; and
- building a comprehensive technical services offering in metal casting engineering.

Rigorous focus on cash flow, profitability, and shareholder return





Appendix



Income statement – Pro-Forma ‘Stand Alone’ reconciliation - EBIT

- The income statements for Vesuvius previously disclosed in Cookson’s Annual Reports (the Engineered Ceramics and Precious Metals Processing businesses) and as included in the Vesuvius Prospectus (1 November 2012) were presented on the basis of Cookson’s historic central/PLC cost structure rather than Vesuvius’ central/PLC cost structure going forward
- A reconciliation of EBIT as previously reported to EBIT on a pro-forma basis, as if Vesuvius plc had been a ‘stand alone’ company throughout, is as follows:

£m	FY2008	FY2009	FY2010	FY2011	H12011	H12012
EBIT						
As previously reported ¹	164.6	72.5	181.1	190.6	100.9	91.2
Full Year of Foseco Results ²	18.8	-	-	-	-	-
	183.4	72.5	181.1	190.6	100.9	91.2
Add back ‘old’ central cost allocations	5.4	4.7	9.0	5.8	3.7	1.2
Add back ‘old’ Corporate Costs	7.6	7.3	9.0	8.8	4.3	5.0
Estimated central/plc costs for Vesuvius ³	(14.0)	(14.0)	(14.0)	(14.0)	(7.0)	(7.0)
Pro-forma Vesuvius stand alone	182.4	70.5	185.1	191.2	101.9	90.4

Notes

1 Combination of Engineered Ceramics, Precious Metals Processing, and Corporate Costs

2 Foseco was acquired on 4 April 2008 and its results from that date were included in Cookson’s reported results. This adjustment estimates the impact of acquiring Foseco on 1 January 2008

3 Management estimates of new central costs



Income statement – Pro-Forma ‘Stand Alone’ reconciliation - EBITDA

- The income statements for Vesuvius previously disclosed in Cookson’s Annual Reports (the Engineered Ceramics and Precious Metals Processing businesses) and as included in the Vesuvius Prospectus (1 November 2012) were presented on the basis of Cookson’s historic central/PLC cost structure rather than Vesuvius’ central/PLC cost structure going forward
- A reconciliation of EBITDA as previously reported to EBITDA on a pro-forma basis, as if Vesuvius plc had been a ‘stand alone’ company throughout, is as follows:

£m	FY2008	FY2009	FY2010	FY2011	H12011	H12012
EBITDA						
As previously reported ¹	202.2	116.8	226.5	238.3	124.4	114.3
Full Year of Foseco Results ²	21.5	-	-	-	-	-
	223.7	116.8	226.5	238.3	124.4	114.3
Add back ‘old’ central cost allocations	5.4	4.7	9.0	5.8	3.7	1.2
Add back ‘old’ Corporate Costs	7.6	7.3	9.0	8.8	4.3	5.0
Estimated central/plc costs for Vesuvius ³	(14.0)	(14.0)	(14.0)	(14.0)	(7.0)	(7.0)
Pro-forma Vesuvius stand alone	222.7	114.8	230.5	238.9	125.4	113.5

Notes

1 Combination of Engineered Ceramics, Precious Metals Processing, and Corporate Costs

2 Foseco was acquired on 4 April 2008 and its results from that date were included in Cookson’s reported results. This adjustment estimates the impact of acquiring Foseco on 1 January 2008

3 Management estimates of new central costs



Income statement – Pro-Forma ‘Stand Alone’ reconciliation - Segmental

£m	FY2008	FY2009	FY2010	FY2011	H12011	H12012
Revenue¹	1,509	1,264	1,629	1,818	916	874
Steel	866	753	980	1,078	538	530
Foundry	526	378	515	608	313	289
Precious Metals Processing	117	133	134	132	65	55
EBITDA	222.7	114.8	230.5	238.9	125.4	113.5
Steel	128.8	80.7	136.8	140.9	70.2	68.9
Foundry	99.4	34.6	89.8	101.2	53.1	41.5
Precious Metals Processing	8.5	13.5	17.9	10.8	9.1	10.1
Corporate Costs ²	(14.0)	(14.0)	(14.0)	(14.0)	(7.0)	(7.0)
EBIT	182.4	70.5	185.1	191.2	101.9	90.4
Steel	107.0	58.2	112.6	116.5	58.0	56.2
Foundry	83.8	16.4	72.2	81.6	43.6	31.5
Precious Metals Processing	5.6	9.9	14.3	7.1	7.3	9.7
Corporate Costs ²	(14.0)	(14.0)	(14.0)	(14.0)	(7.0)	(7.0)
EBIT Margin % (to Net Sales Value)	12.1	5.6	11.4	10.5	11.1	10.3
Steel	12.4	7.7	11.5	10.8	10.8	10.6
Foundry	15.9	4.3	14	13.4	13.9	10.9
Precious Metals Processing	4.8	7.4	10.7	5.4	11.2	17.6

Notes

¹ Precious Metals Processing is included here at Net Sales Value, being revenue excluding precious metal content.

² Management estimates of new central costs



Net Debt – Pro-Forma ‘Stand Alone’ reconciliation

- The balance sheets for Vesuvius included in the Vesuvius Prospectus (1 November 2012) were presented on the basis of all of Cookson Group plc’s borrowings remaining with Vesuvius plc going forward.
- Net debt at demerger will be split broadly based on 12 months trailing EBITDA to demerger (currently estimated at two thirds to Vesuvius plc and one third to Alent plc) – a similar split should be applied to interest payable on borrowings.
- A reconciliation of Cookson Group plc net debt to Vesuvius plc pro forma net debt, as if Vesuvius plc had been a ‘stand alone’ company as at 30 June 2012, is shown below:

£m	30Jun 2012
Cookson Group plc net debt	450.5
Demerger Costs	30.0
UK Pension Top Up Payment	32.0
Cookson Group plc net debt including demerger outflows	512.5
Allocated to Vesuvius based on EBITDA to <u>30 June 2012</u> (68.2%)	349.3



Employee Benefits Plans Reconciliation

- **UK:**

- Closed to new members in 2004 and to future benefit accruals in 2010
- 5,900 members (2,550 deferred; 3,350 pensioners)
- ‘Liability Driven Investment’ (LDI) strategy adopted since 2006
- Pensioner insurance buy-in arrangement in July 2012
 - £320m premium; eliminates risk (including longevity) on 60% of UK pension liabilities
 - No change in funding position, but changes accounting position (30 June 2012 pro-forma: deficit of £10m, rather than £46m surplus)
- Mitigation payment of c.£32m to be made to UK Plan on demerger (split pro-rata between Vesuvius and Alent)
- Pension Regulator clearance for the demerger has been obtained
- Additional contributions from August 2010 to February 2016 of £7m per annum; December 2012 triennial actuarial review available mid-2013 when level of additional contributions will be reviewed

- **US:**

- Cookson Americas Pension Plan (‘CAPP’) to remain with Vesuvius
- Closed to new members and future benefit accruals in 2007
- 3,500 members
- The PBGC has confirmed no additional cash contributions are required as a result of the demerger.
- Additional contributions of \$6m per annum

- **Germany**

- 1,400 members
- Unfunded plan, as is normal in Germany

Pension Plans (£m)	Vesuvius	Alent	Total
UK	46	-	46
US	(46)	(20)	(66)
Germany	(34)	(4)	(38)
RoW	(12)	(1)	(14)
Retiree Medical	(9)	(1)	(9)
Net Liabilities	(55)	(26)	(81)



VESUVIUS PLC

