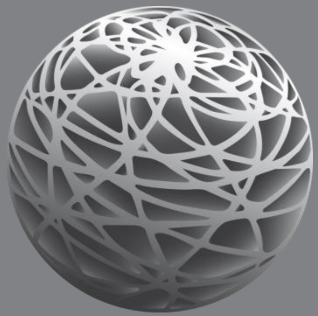

A GLOBAL LEADER IN METAL FLOW ENGINEERING

2017 Half Year Results

27 July 2017

François Wanecq
Chief Executive

VESUVIUS PLC

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Agenda

- H1 2017 summary
- Steel market update
- H1 2017 Group and Divisional performance
- Financial review
- Outlook

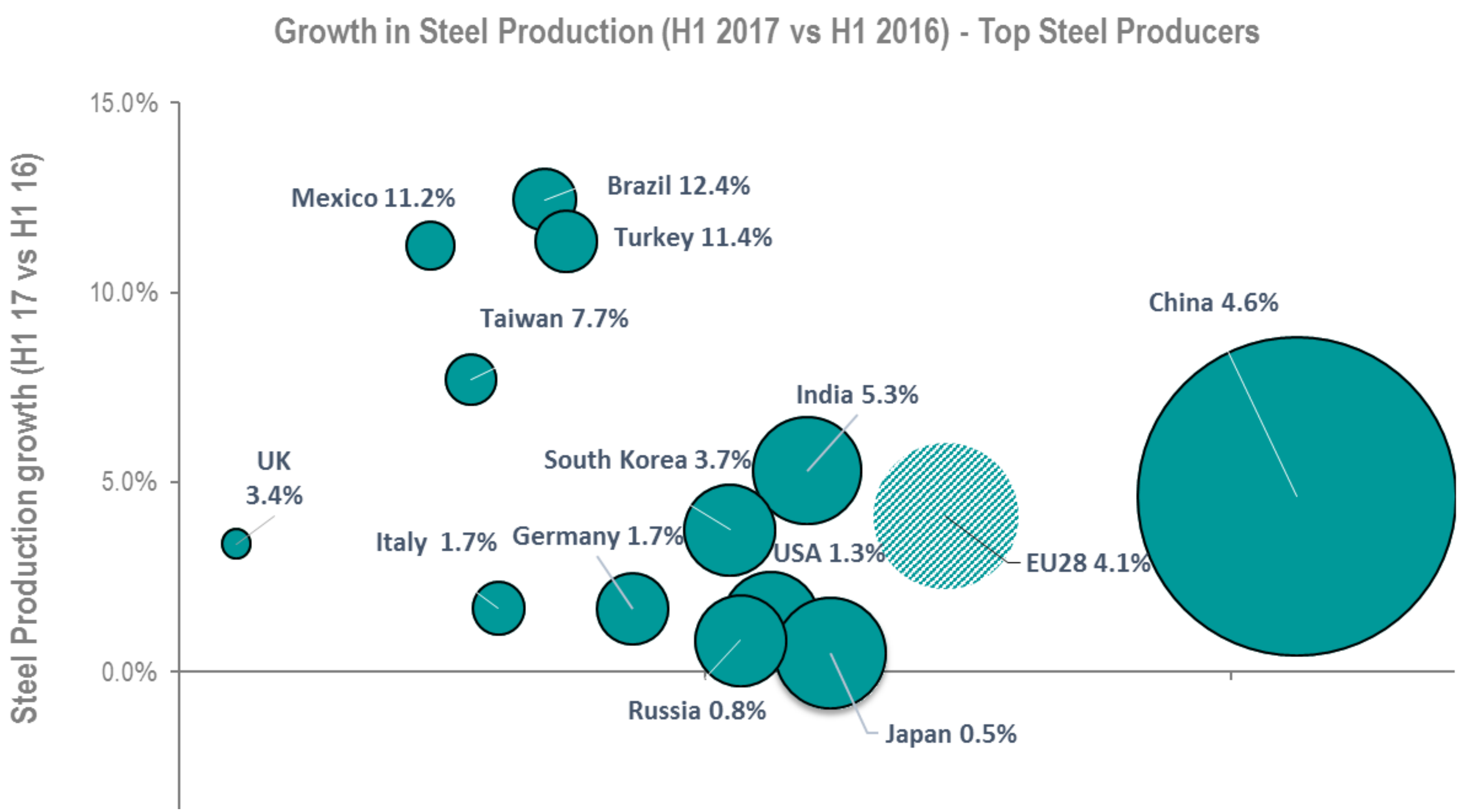
Summary

- Underlying revenue up 9.6% and trading profit up 26.7% on H1 2016
- Global H1 2017 steel production up 4.5%, with signs of a slowing trend in Q2
- Slowing growth and seasonality in Foundry to drive marginally lower sales in H2 2017
- Vesuvius has achieved steel market outperformance since H2 2015 trough in EMEA and US
- £15m p.a. further increase in savings from expanded restructuring programme, at an incremental cost of £25m
- Cash conversion of 78% due to expansion of working capital required to fund increased sales
- Working capital / sales improved slightly at 26.2% at end June 2017 versus 26.6% at year-end 2016
- Strong balance sheet with Net Debt / LTM EBITDA at 1.6x
- 6.8% increase in the interim dividend to 5.50 pence per share

Steel Markets

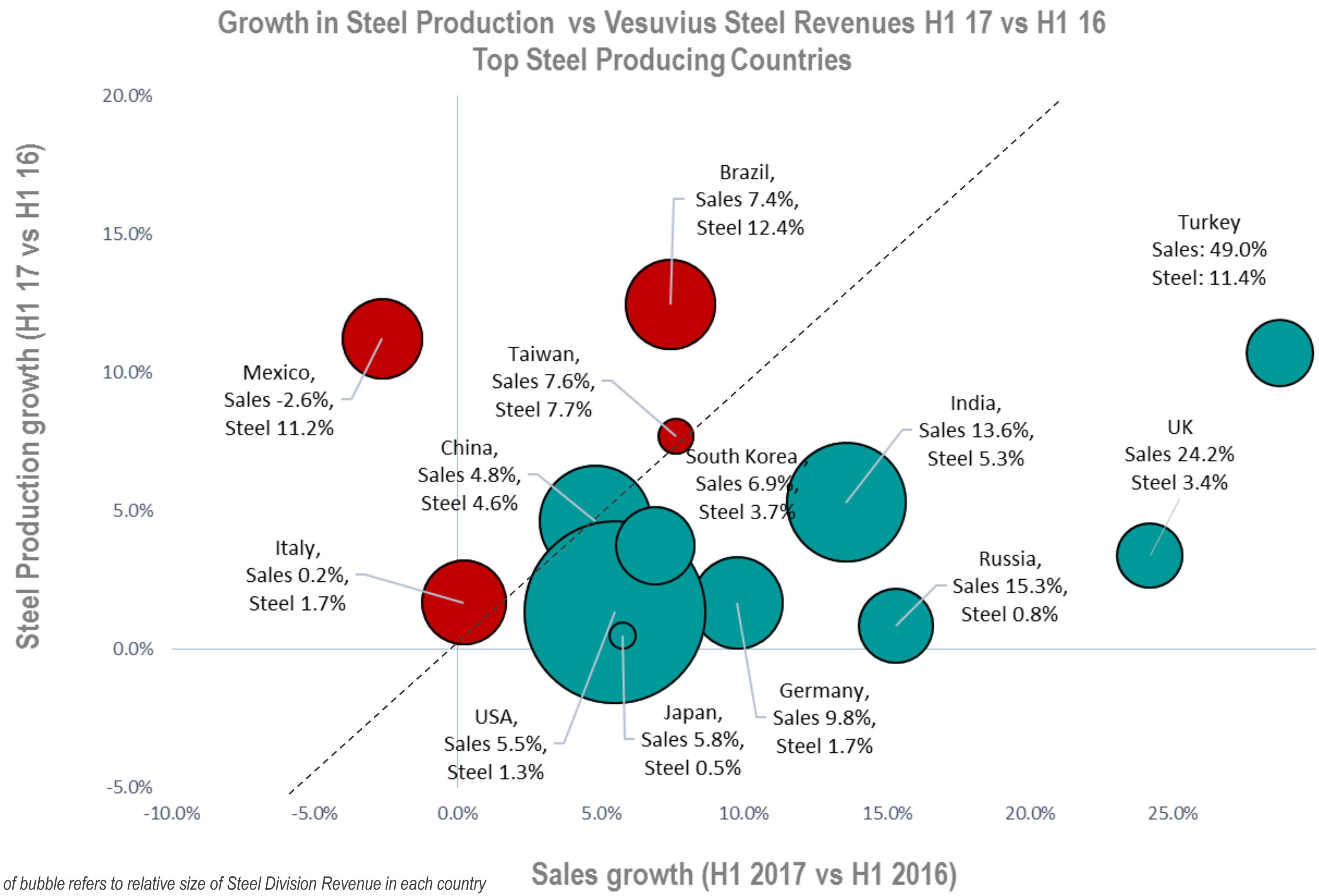
H1 2017 steel production grew across all major markets

- World steel production up 4.5% in H1 2017, with China and rest of world both having grown at approximately the same rate. Our identified strategic growth markets of Brazil, India and China are growing fast



(1) Size of bubble reflects relative amount of steel produced
Source: WSA for steel production volumes.

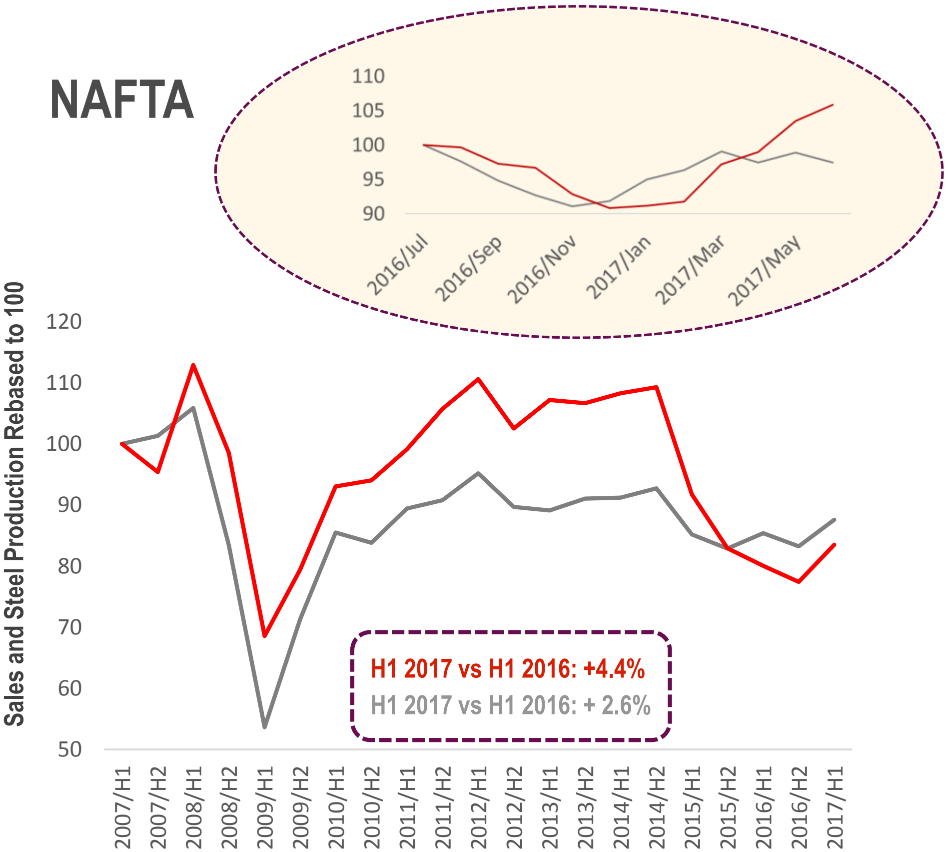
Steel Division sales outperforming underlying market

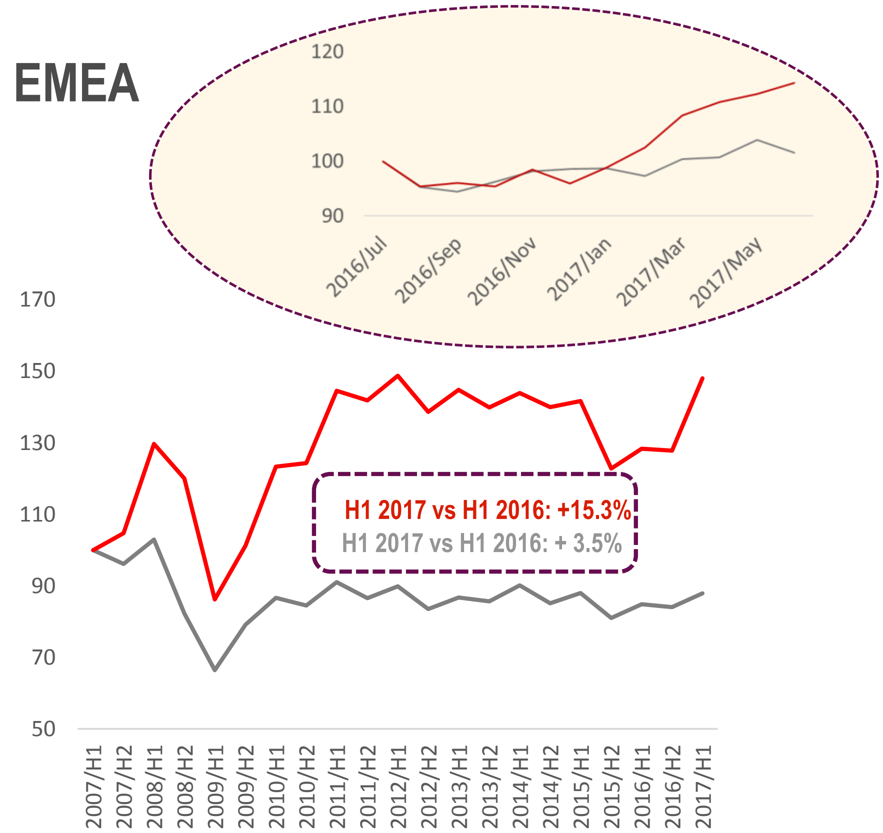


(1) *Size of bubble refers to relative size of Steel Division Revenue in each country*
(2) *India includes Kazakhstan*

Source: WSA for steel production volumes, Vesuvius internal data for Vesuvius sales at constant currency

Recovery in sales vs. steel production in mature markets



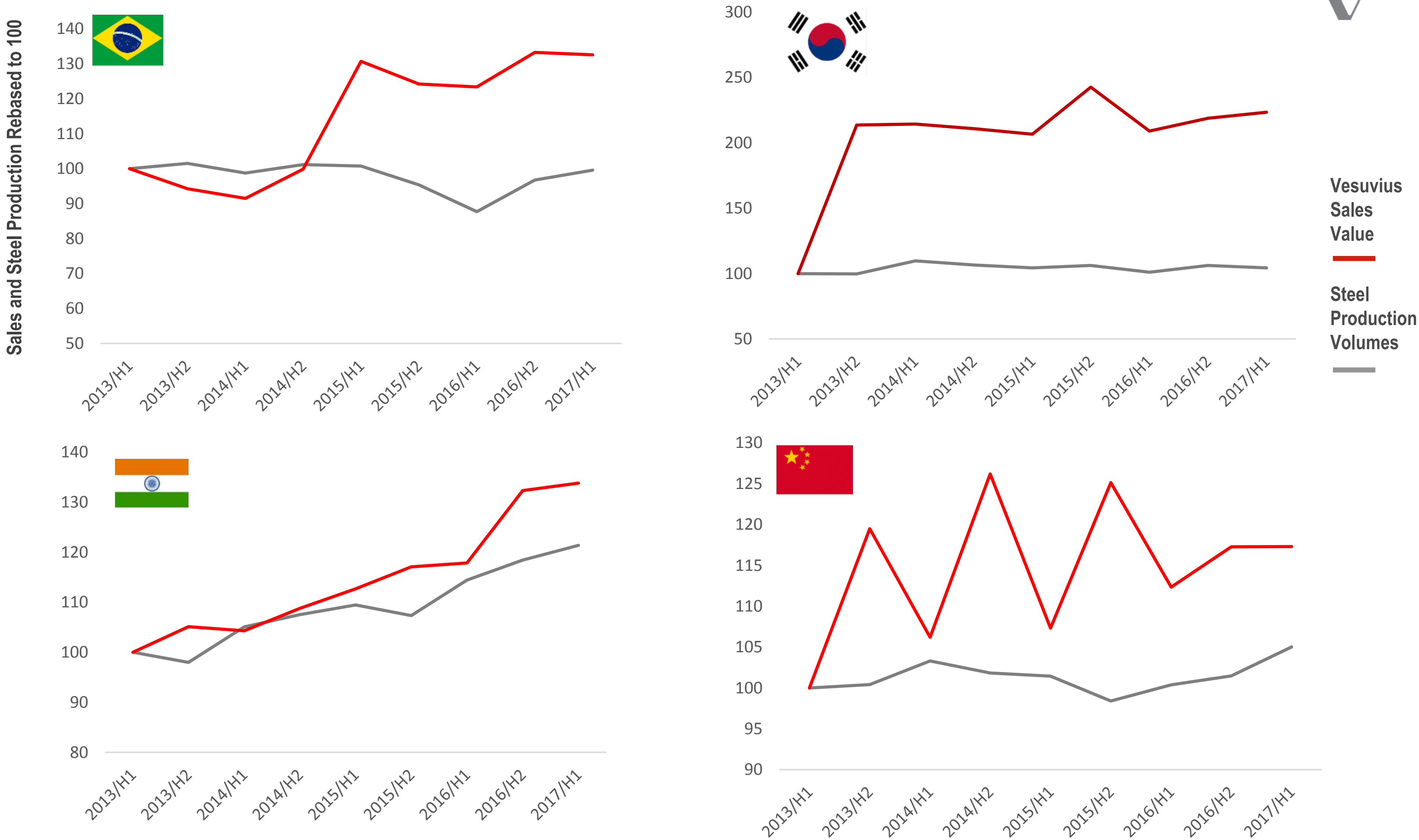


Vesuvius Sales Value

Steel Production Volumes

Source: WSA for steel production volumes, Vesuvius internal data for Vesuvius sales at constant currency. Note 2007 figures are rebased to 100.

Emerging steel market outperformance since demerger

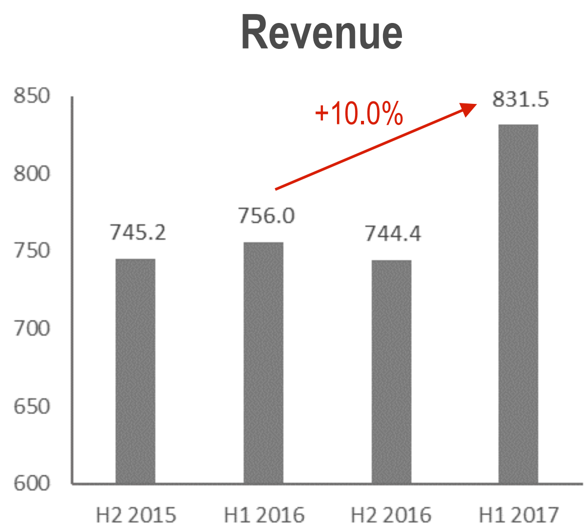


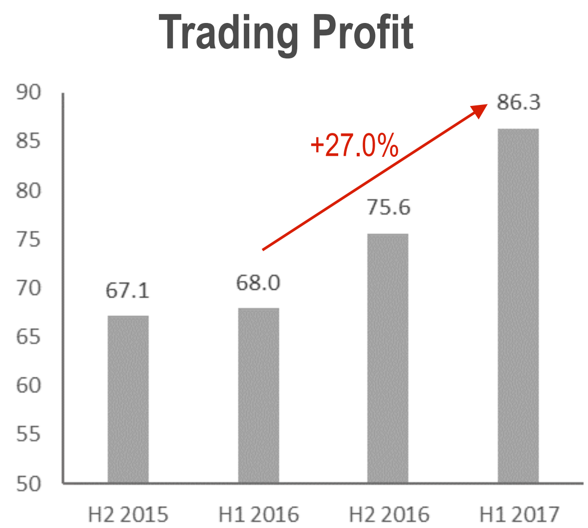
Source: WSA for steel production volumes, Vesuvius internal data for Vesuvius sales at constant currency.

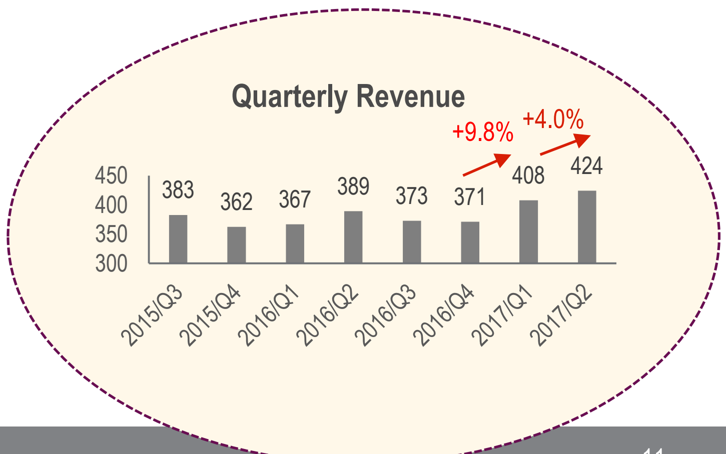
H1 2017 Group and Divisional Performance

H1 2017 trading performance at constant currency

- Revenue up 10.0% and Trading Profit up 27.0% on H1 2016, driven by restructuring programme and operating leverage from higher sales
- Pace of revenue growth slowing and world steel production ex. China just 0.7% higher year-on-year in June







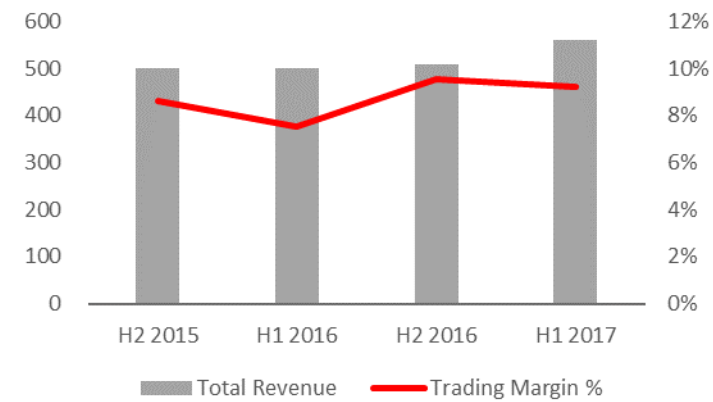
Steel Division: H1 2017 overview

Comparison with H1 2016 (£m)

	Reported			Underlying Change
	H1 2017	H1 2016	Change	
Revenue	562.7	443.1	27.0%	11.7%
Trading Profit	51.7	33.2	55.5%	37.1%
Return on Sales %	9.2%	7.5%	170bps	170bps

- **Underlying trading profit up 37.1% on H1 2016 and underlying margin improvement of c.170bps**
  - Benefits of restructuring programme
  - Drop-through from higher sales
- Increase temporarily held-back by**:**
  - Raw material inflation not yet passed on to customers
  - Increased costs as the business adjusts to supplying additional European volumes from other Vesuvius facilities

Underlying Half Year sales (£m) and margin (%)



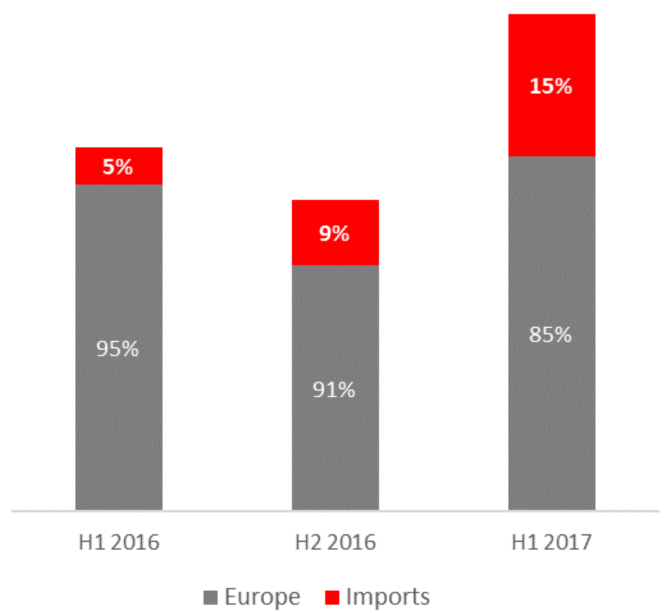
Notes: Steel division includes Flow Control, Advanced Refractories and Technical Services.
Underlying basis is at constant currency and excludes separately reported items and the impact of acquisitions and disposals.

Flow Control Europe – temporary intercompany supply

- Flow Control EMEA achieved a 15.6% increase in underlying sales in H1 2017, reflecting market share gains. However, much of this increase was supplied by imports into EMEA which impacted H1 profitability due to higher logistic and production costs

- Sales demand growth has been met whilst production rationalisation was being implemented
  - VISO European production has increased 4% with one less plant
  - Remaining demand fulfilled with intercompany supply from other regions
  - Intercompany supply represents 15% of VISO sales in H1 2017 compared to 5% in H1 2016
- £4.5m additional cost of non-European production includes freight, taxes and overtime
- European plant efficiency gains continue to progress and additional shifts have been introduced

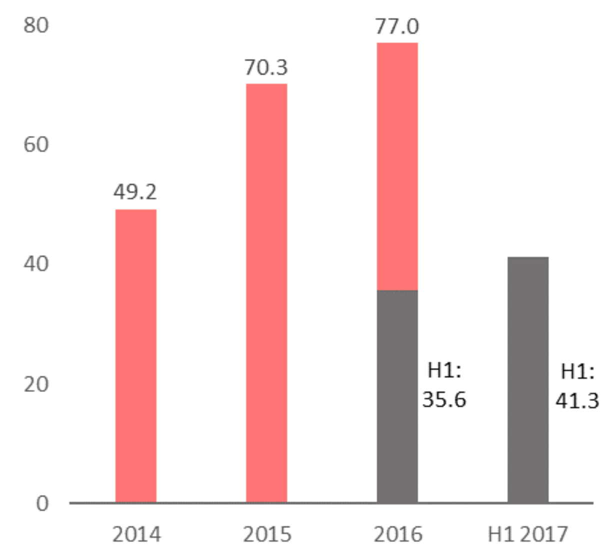
European VISO sales by source of product



Technical Services progress

- **Business unit renamed "Digital Services"**
- The BU combines the recent acquisitions dedicated to data capture and process monitoring to participate in industry digitalisation (industry 4.0)
- It counts only for about half of the total revenue generated from technical services throughout the group, generated as we transition some of our contracts from consumable sales to service provision
- **Four stages of development**
    1. Data capture at a single point with a consumable sensor
    2. Data capture in continuous mode
    3. Data capture with integrated feedback loops to regulate processes
    4. Development of software that monitors and further optimises the process

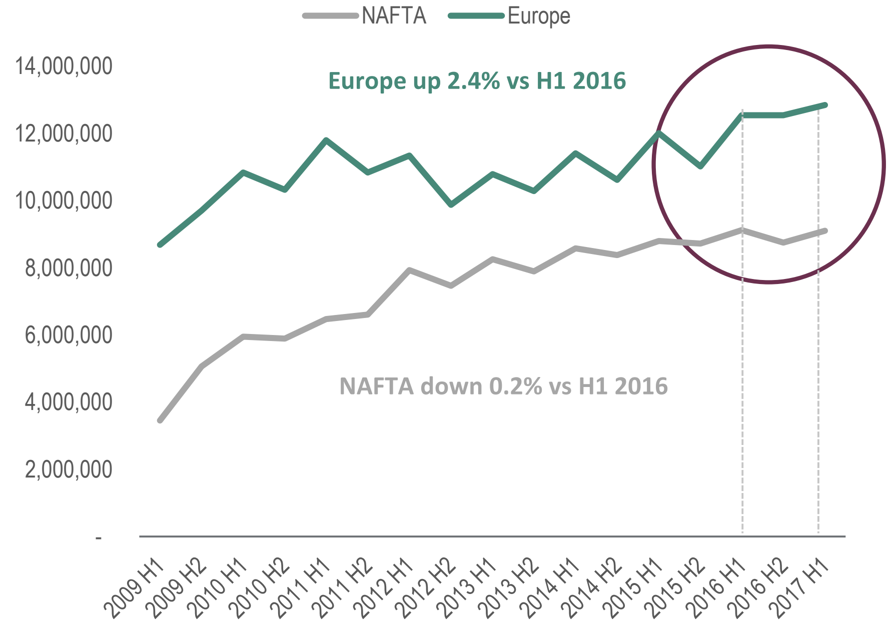
Technical Services Revenue contribution throughout Vesuvius Group (£m)



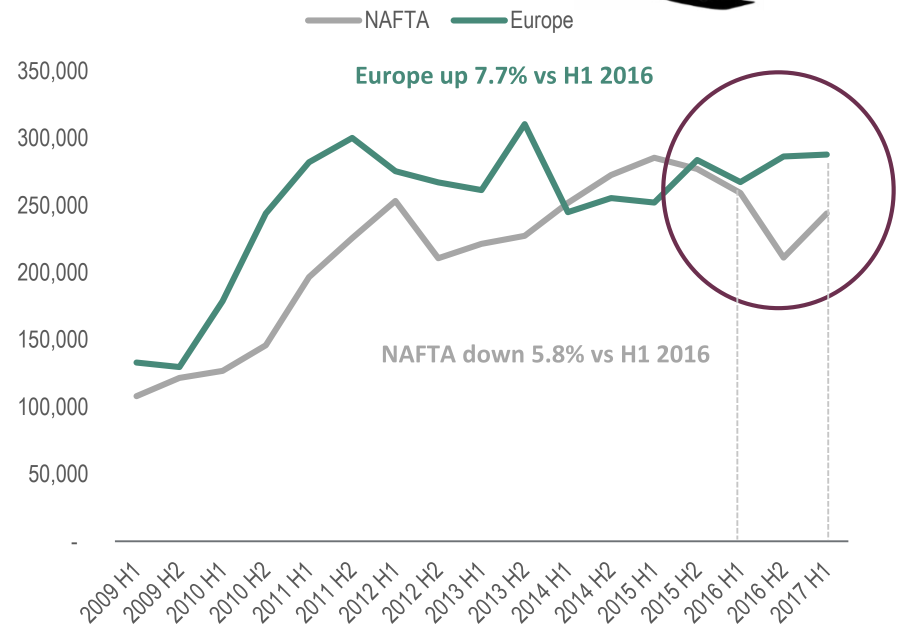
- £41.3m revenue contribution throughout the Group in H1 2017, up 16% on H1 2016
- Further benefit of Technical Service offering through achieving additional price premiums for our traditional products

Foundry market

Light vehicle production



Truck production



- Truck and Light Vehicle markets represent approximately 40% of Foundry product line sales

Source : LMC Automotive

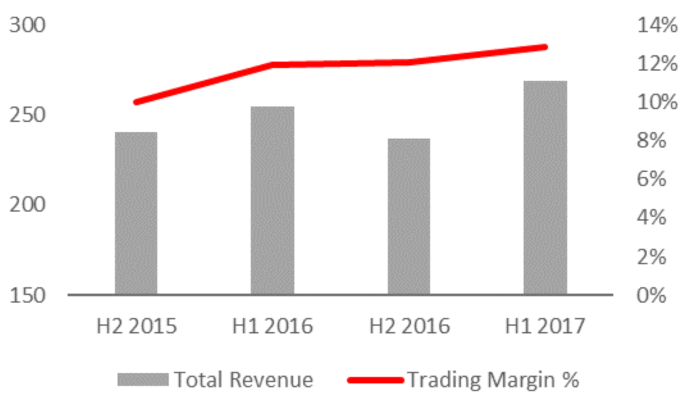
Foundry Division: H1 2017 overview

Comparison with H1 2016 (£m)

	Reported			Underlying Change
	H1 2017	H1 2016	Change	
Revenue	268.8	225.2	19.4%	5.5%
Trading Profit	34.6	25.9	33.6%	14.1%
Return on Sales %	12.9%	11.5%	140bps	100bps

- **Underlying trading profit up 14.1% on H1 2016 and underlying margin improvement c.100bps**
  - Drop-through from higher revenues due to market share gain
  - Launch of new products with higher pricing and margins
  - Benefits of restructuring programme
  - Growth in core product lines

Underlying Half Year sales (£m) and margin (%)

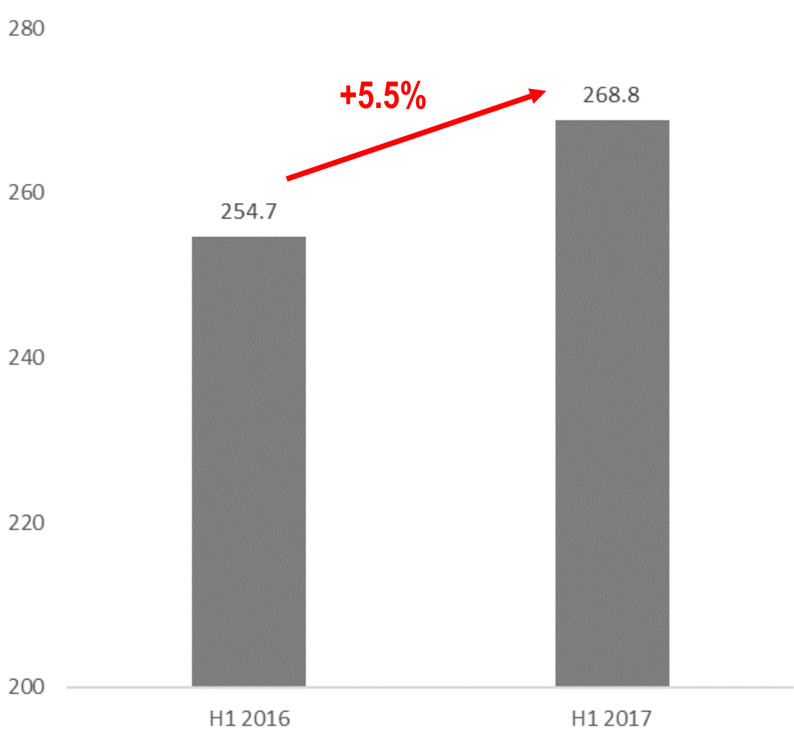


Note: Underlying basis is at constant currency and excludes separately reported items and the impact of acquisitions and disposals

Foundry Division: H1 2017 overview (continued)

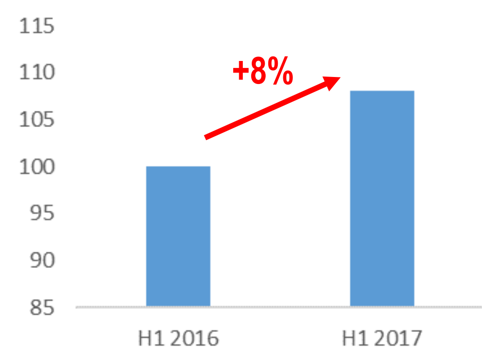
- Foundry has successfully increased sales and gross margins across all of its high margin products, with increased volumes being supported by underlying market improvement, new product launches and cost reduction efforts

Foundry Division – underlying basis (£m)

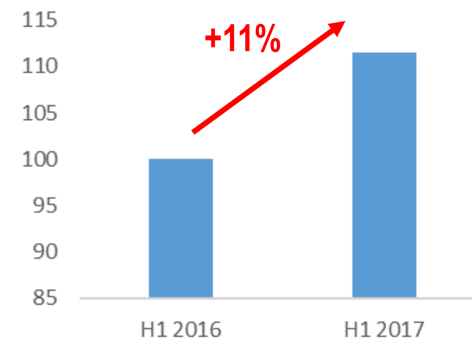


Key Foundry product sales – c.60% of sales, indexed to 100

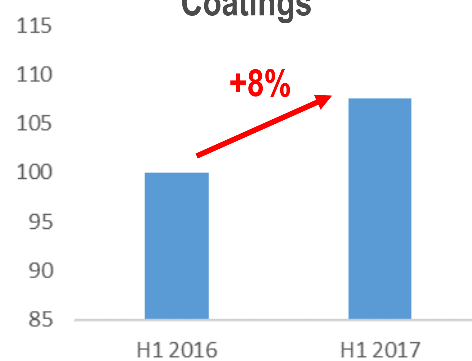
Feeding



Filters



Coatings



Note: Underlying basis is at constant currency and excludes separately reported items and the impact of acquisitions and disposals

Expanded restructuring programme

- Restructuring programme intended to adapt our footprint across different regions to fit the long-term market evolution and modernize our processes

- £7.7m savings delivered in H1 2017, associated with previously announced projects – ahead of expectations for this point in the year
  - Expected full year 2017 restructuring benefits unchanged at c.£9.0m – £9.5m

- Identified incremental run-rate savings of £15m p.a. by 2020 at a cost of £25m
  - Industrial footprint restructuring in USA, in Flow Control and Advanced Refractories, following on from Europe
  - Shared Services Europe being established in Poland, following on from China

A GLOBAL LEADER IN METAL FLOW ENGINEERING

Financial Review

Guy Young

Chief Financial Officer

VESUVIUS PLC

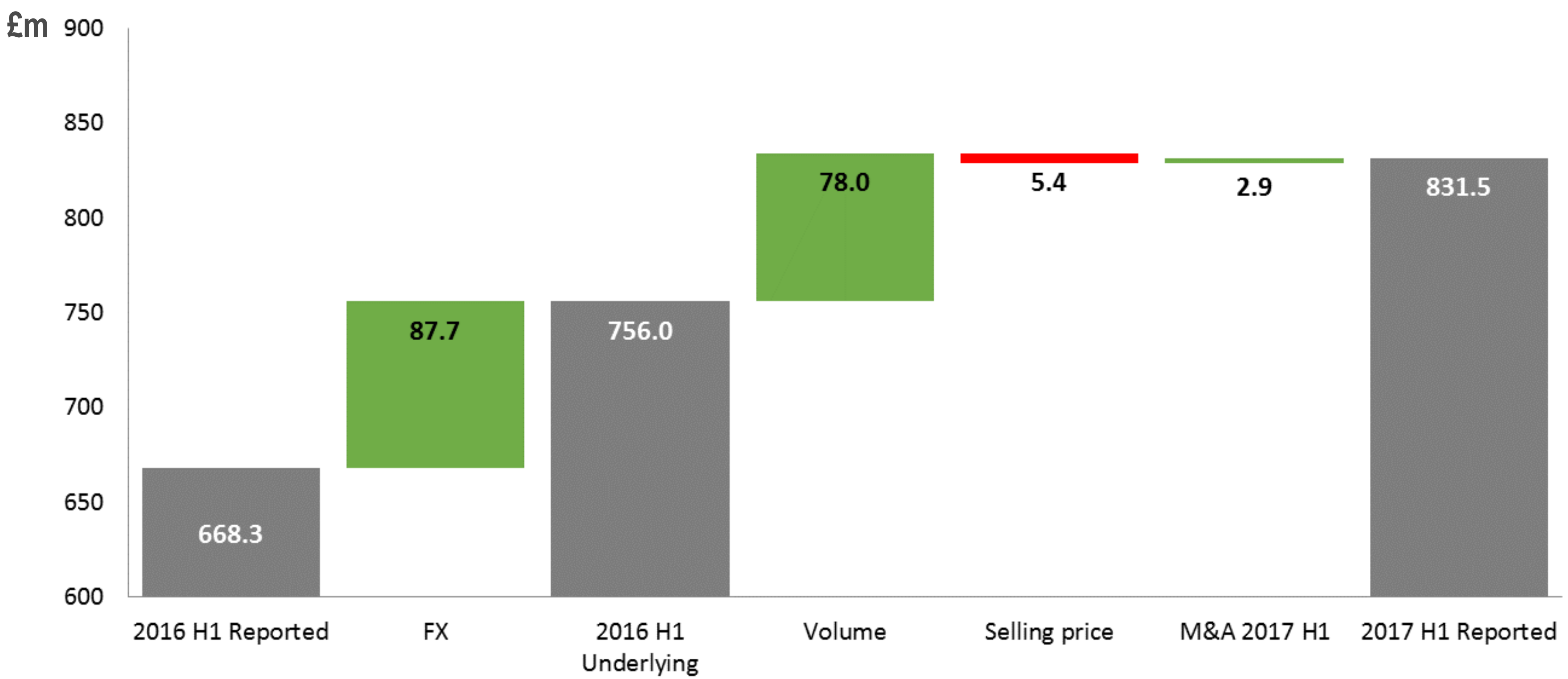
Income statement

	H1 2017 (£m)	H1 2016 (£m)	Change (%) As reported	Change (%) Underlying
Revenue	831.5	668.3	*24.4%*	*9.6%*
Trading Profit	86.3	59.1	*46.0%*	*26.7%*
Return on Sales	*10.4%*	*8.8%*	160bps	140bps
Net finance costs	(7.3)	(7.9)		
Share of JV	0.4	(0.4)		
Headline Profit before Tax	79.4	50.8		
Effective tax rate %	28.0%	25.5%		
Tax	(22.1)	(13.1)		
Non-controlling Interest	(4.0)	(3.3)		
Headline Earnings	53.3	34.4	*54.9%*	*71.1%*
Headline Earnings per share (p)	19.7	12.8	*53.9%*	*70.8%*

Notes: Underlying basis is at constant currency and excludes separately reported items and the impact of acquisitions and disposals

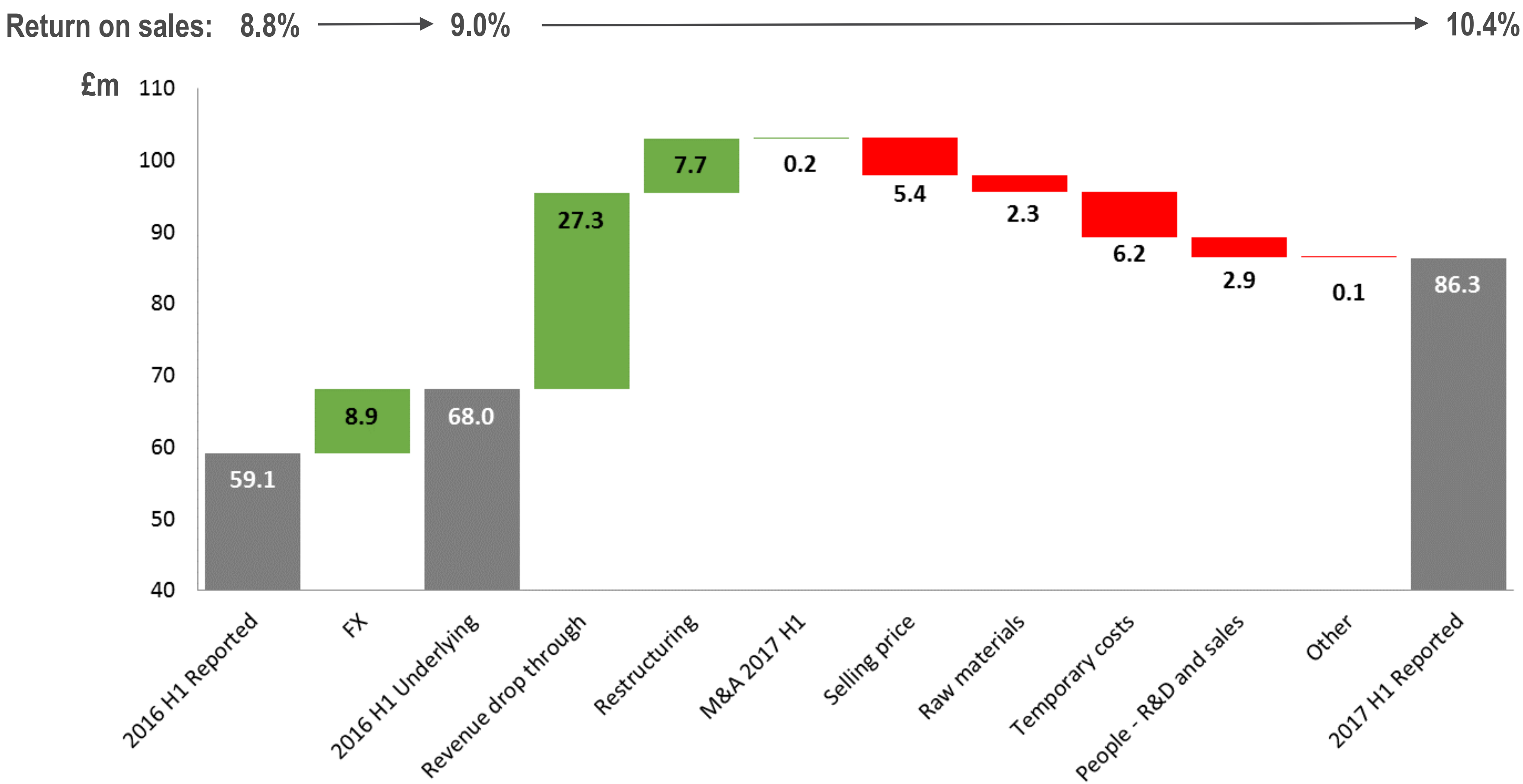
Underlying Vesuvius Revenue up 9.6%

- Revenue up £163.2m on a reported basis (+24.4%) and up £72.6m on an underlying basis (+9.6%)
- £87.7m increase from FX due to majority of H1 2016 being pre-GBP weakening following Brexit vote



Underlying Vesuvius Trading Profit up by 26.7%

- Trading profit up £27.2m on a reported basis (+46.0%) and up £18.2m on an underlying basis (+26.7%)
- Trading margin up 160bps on a reported basis and 140bps on an underlying basis

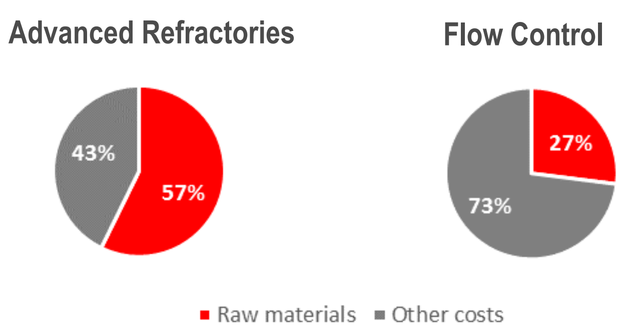


Advanced Refractories – raw material price development

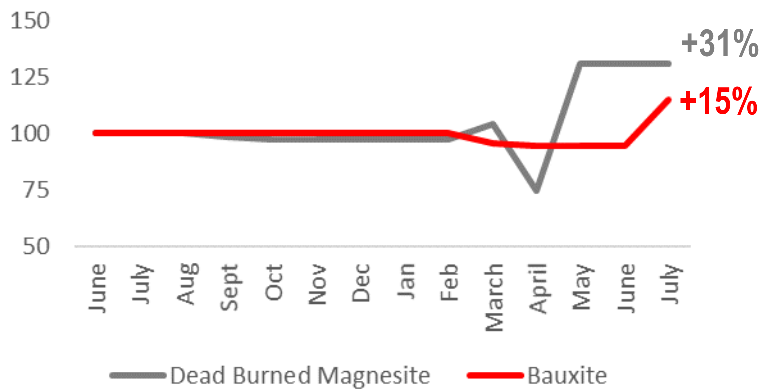
- Raw material price increases have started to impact Advanced Refractories during Q2 2017 and there will be a lag before selling prices are adjusted upwards to reflect this

- Key raw materials have increased substantially during Q2 and are likely to remain at current levels for rest of 2017
- Customer selling price renegotiations underway to offset higher raw material prices, but will lag due to:
  - High proportion of sales negotiations are annual contracts, most of which are negotiated in Q3 and Q4
  - A small proportion of multi-year contracts

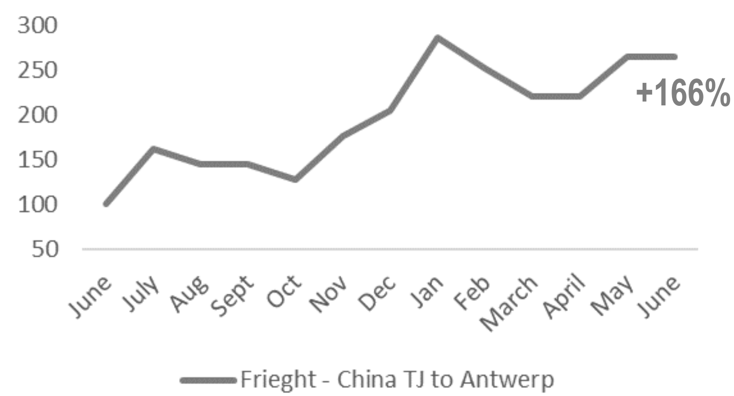
Raw materials / cost of goods sold



Raw material costs (indexed to 100)

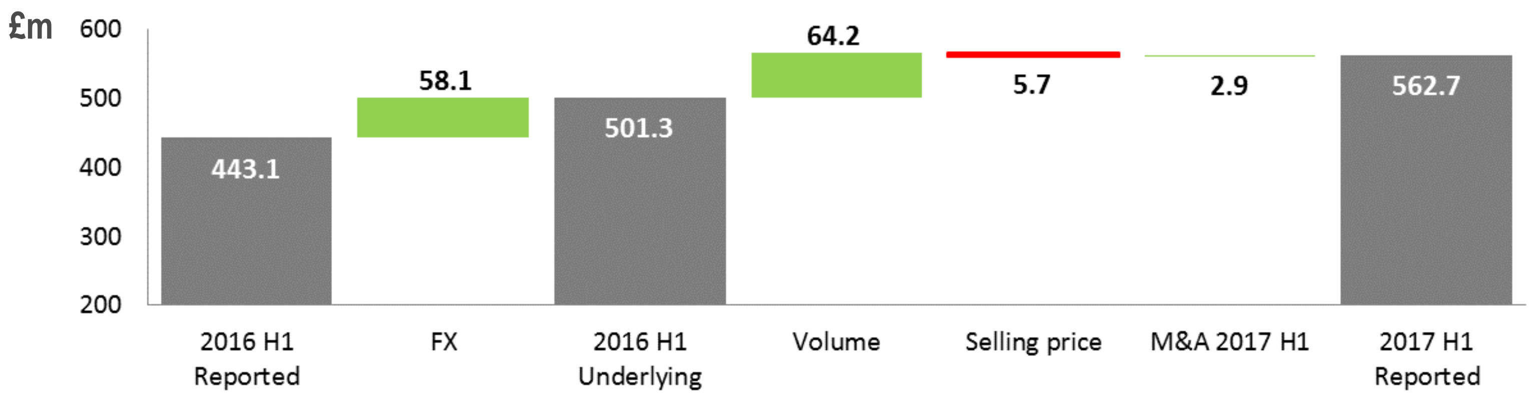


Freight – China TJ to Antwerp



Steel: Revenue and Trading Profit year-on-year

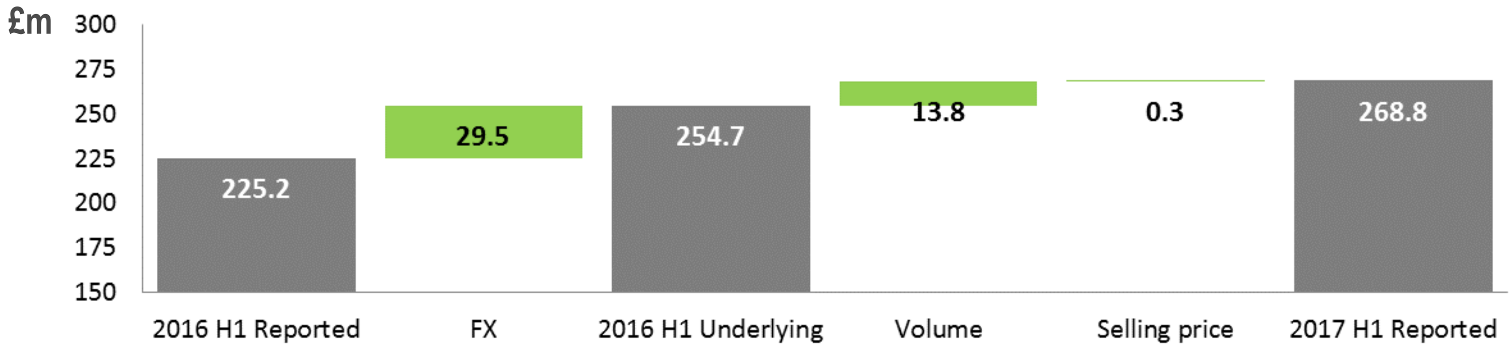
Revenue



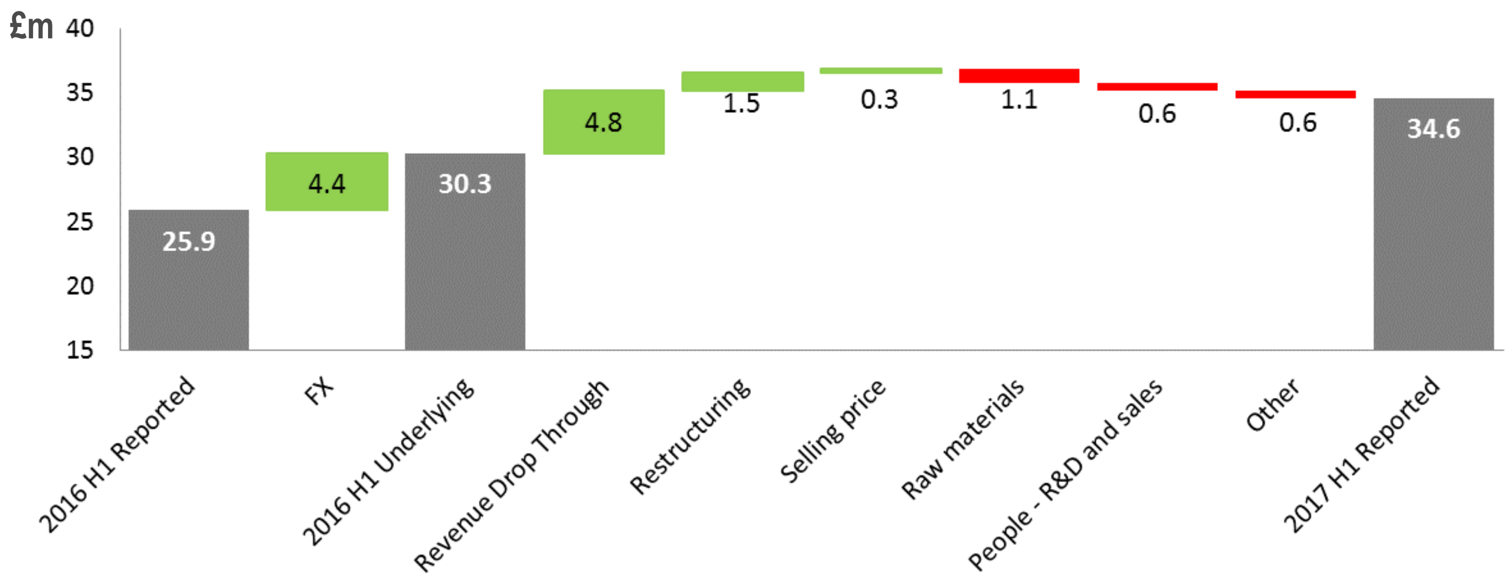
Trading Profit

Foundry: Revenue and Trading Profit year-on-year

Revenue



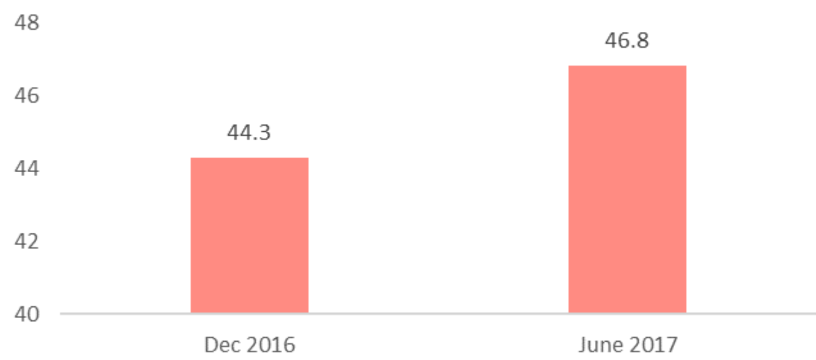
Trading Profit



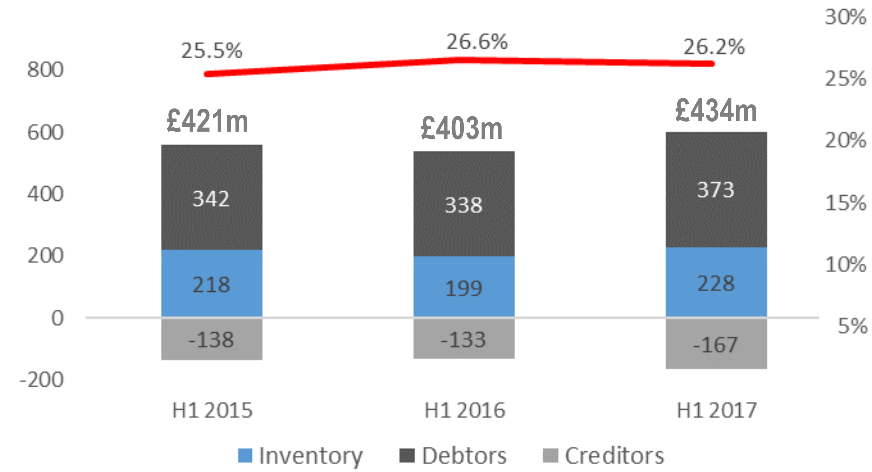
Working capital progress

- Multiple working capital initiatives starting to make an impact with Working Capital / Revenues down to 26.2% at end June 2017, from 26.6% at end June 2016 / year-end 2016

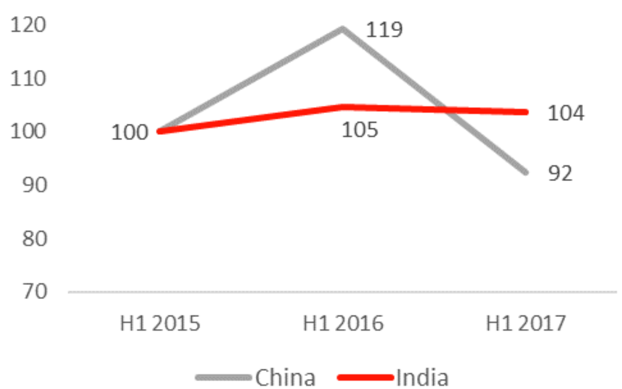
Group – Creditor Days Payable



Working Capital Development / % of Sales



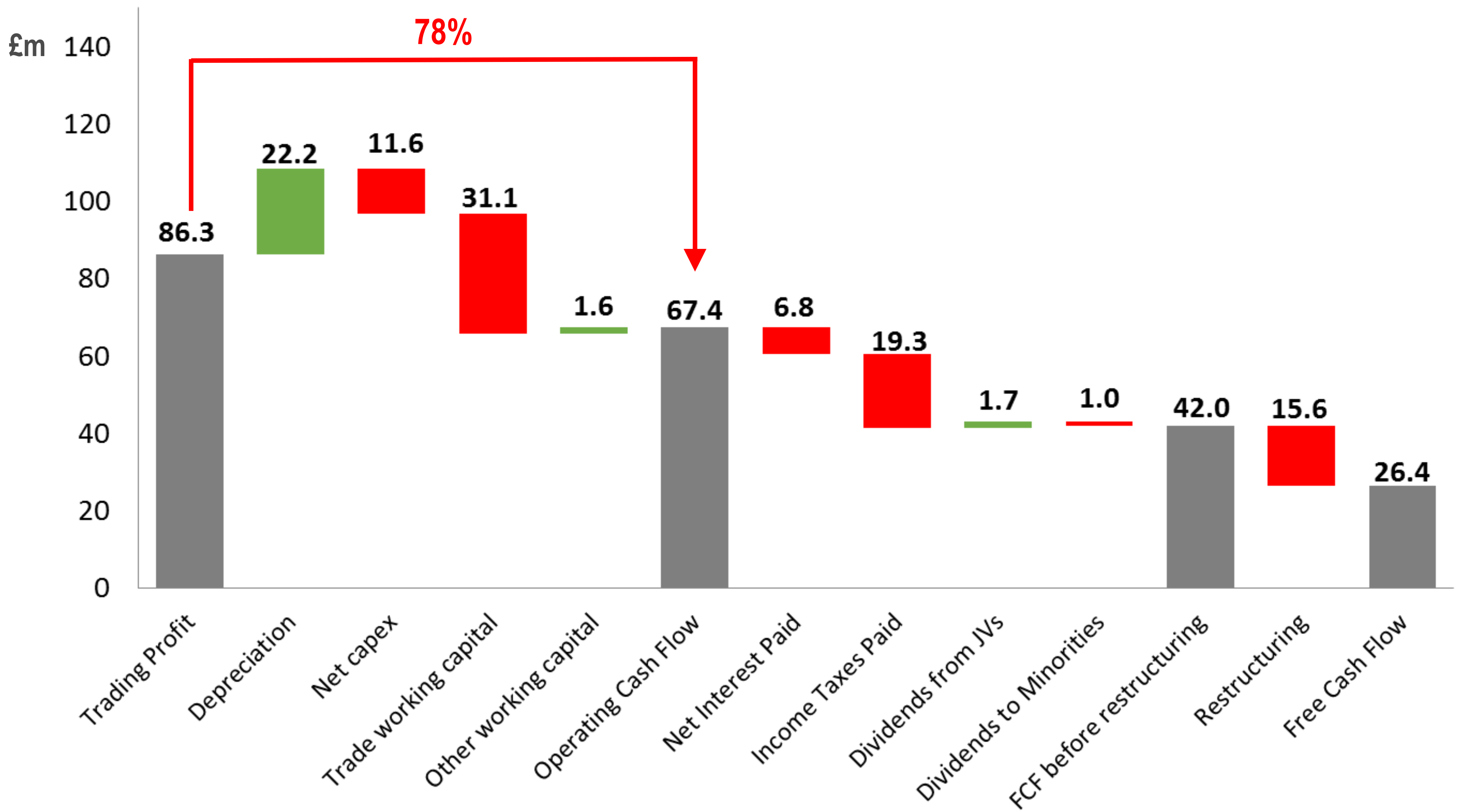
Debtor Days – China, India (indexed to 100)



- Ongoing renegotiation efforts of creditor terms
- Initiatives continue to reduce debtors through invoicing improvements, focused collections, credit control tightening and customer selection criteria
  - China overdues reduced from 37% to 28% since year-end 2016
- Some inventory unwind in Europe but rebuild in NAFTA as a result of restructuring and longer supply chains whilst settling the manufacturing footprint

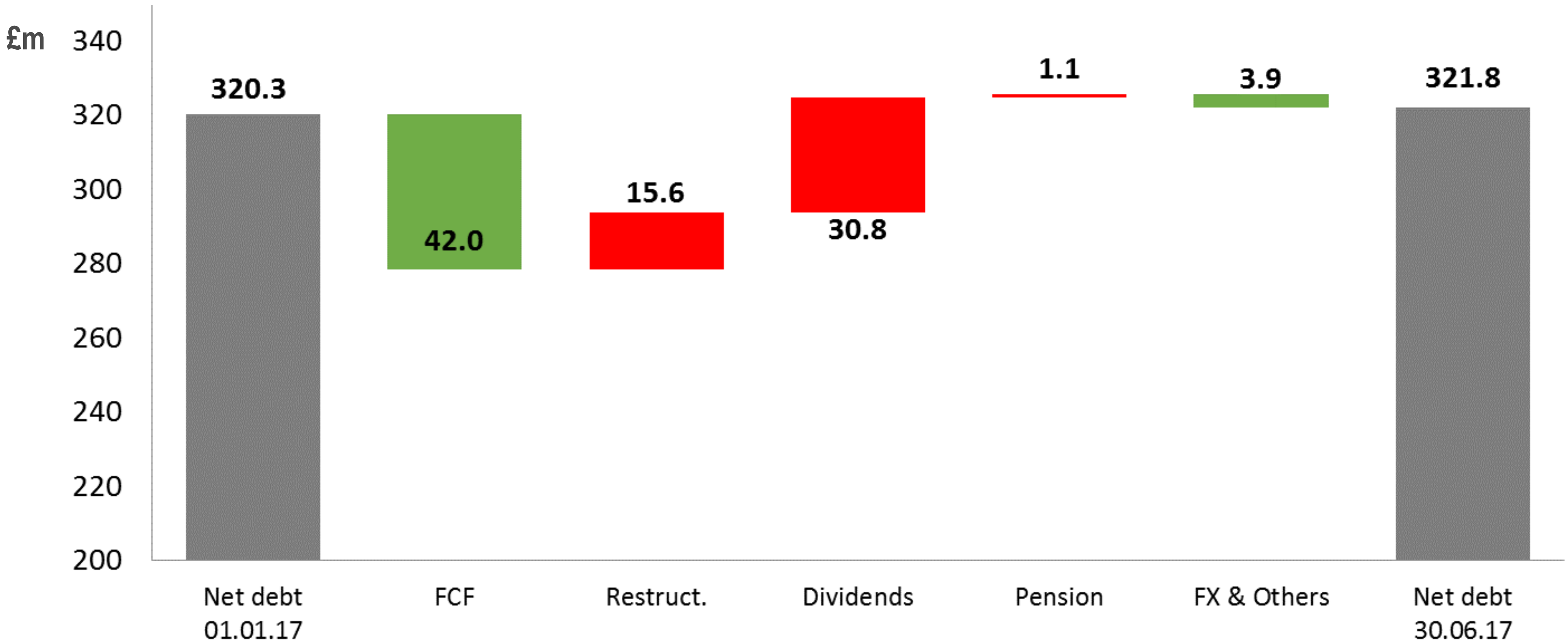
78% cash conversion rate

- Cash conversion lower than prior year due to expansion of working capital required to fund increased sales



£321.8m Net Debt and 1.6x Net Debt / EBITDA

- Net debt up slightly at £321.8m, versus £320.3m at end 2016
  - £42.0m free cash flow generation offset by £30.8m final dividend payment and £15.6m restructuring costs
- Strong balance sheet with Net Debt / LTM EBITDA at 1.6x



Focused financial objectives to maximise free cash flow

Cost control	• Cost control and pass through of increased raw material costs to maximise drop-through of increased sales to trading profit
Restructuring	• Delivering restructuring programme on-time and on-budget
Working capital optimisation	• Working capital optimisation – initiatives starting to have an impact and significant further work planned

Outlook

Outlook

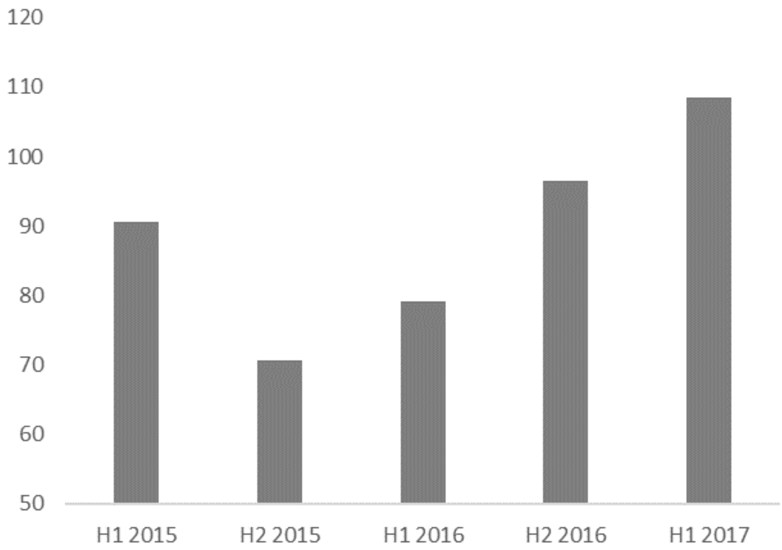
- From our strong start in Q1 2017, revenue growth slowed in the second quarter of the year, and looking ahead we expect seasonality in Foundry to drive marginally lower Group sales in H2 2017 vs H1 2017

- Whilst we have continued to identify and deliver benefits from our restructuring activities, we expect H2 2017 trading profit to be held back by raw material cost inflation and short term higher costs related to the increased demand experienced in the restructured Flow Control Europe

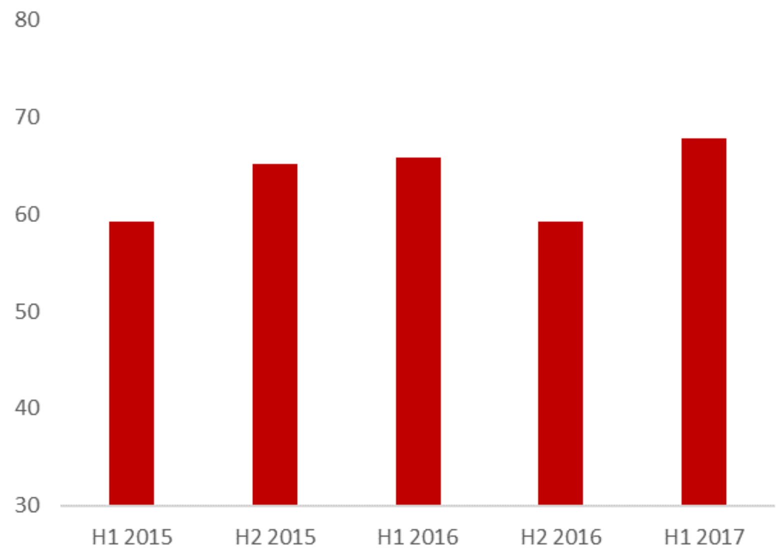
- Despite these short-term headwinds, we remain confident in our ability to improve trading margins and working capital performance in 2018

Resilient profitability and strong cash flow generation

EBITDA £m [1]



Operating cash flow £m [1] [2]



(1) *Company data as reported*
(2) *Cashflow from operations before interest and tax and after capital expenditure*

On the way to margin improvement

- These results illustrate the operational leverage of our businesses
  - Despite short-term headwinds in Flow Control, Return on Sales for our Steel division increased by 170bps
  - Foundry Return on Sales increased by 100bps

- Volumes captured in H1 2017 show our capacity to outperform the market with proper commercial focus and excellent quality

- Restructuring successes allow us to expand the programme to other geographies

Further margin improvement is expected in the coming years

Q&A

Appendix

Currency Ready Reckoner

Currencies	Change	Approximate change in annual profits
US Dollar	1 cent	£0.3 million
Euro	1 cent	£0.2 million
Indian Rupee	1 rupee	£0.3 million
Chinese Renminbi	0.1 RMB	£0.3 million
Japanese Yen	1 yen	£0.1 million
Brazilian Real	0.01 BRL	£0.1 million
South African Rand	1 ZAR	£0.2 million

- Rule of thumb for impact of a movement in currency against sterling (1 unit change)
  - Amounts shown are movements for each currency
  - Works both for strengthening and weakening of currencies

Case study I – Managing continuous casting with temperature

The Challenge

- To mitigate risk of receiving steel at the caster too cold to safely cast the complete ladle, customers increase the superheat of the ladle – at 1650°C, 10°C of superheat costs $2 per tonne of steel = $6m per year in a typical 3mt plant
- Currently customers depend on two or three discrete temperature measurements during casting of each 30-60min ladle – if a reading returns a low temperature result, it is often too late to react

The Solution

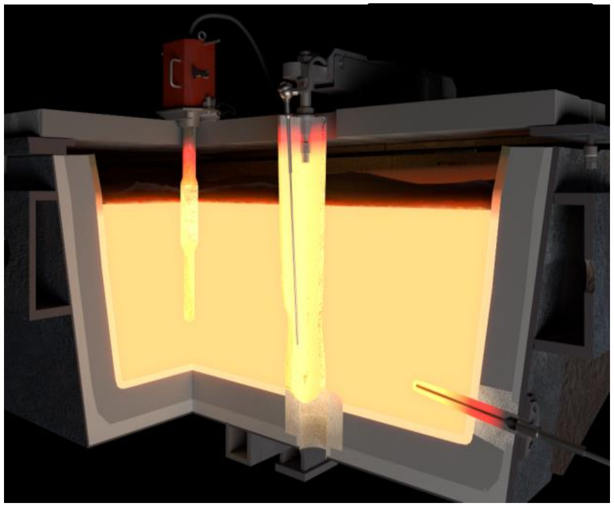
- Continuous monitoring of tundish temperature with our Accuoptix sensor gives customer more confidence and allows reduction of superheat by some degrees

The Benefits

- Allows temperature monitoring with casting speed adjustment, as a first level of a closed loop
- When such regulation is established and is reliable, the operator can reduce the mould temperature to run closer to solidification temperature, allowing higher casting speed and better metallurgical properties

The Objective

- To develop and industrialise a close loop regulation system that provides the appropriate level of confidence to the steelmaker so concentration can be placed on metallurgical optimisation



$7bn of energy savings and CO^2 emissions reduction potential

Case study II – Managing steel ladle fleet with lasers and pyrometers

The Challenge

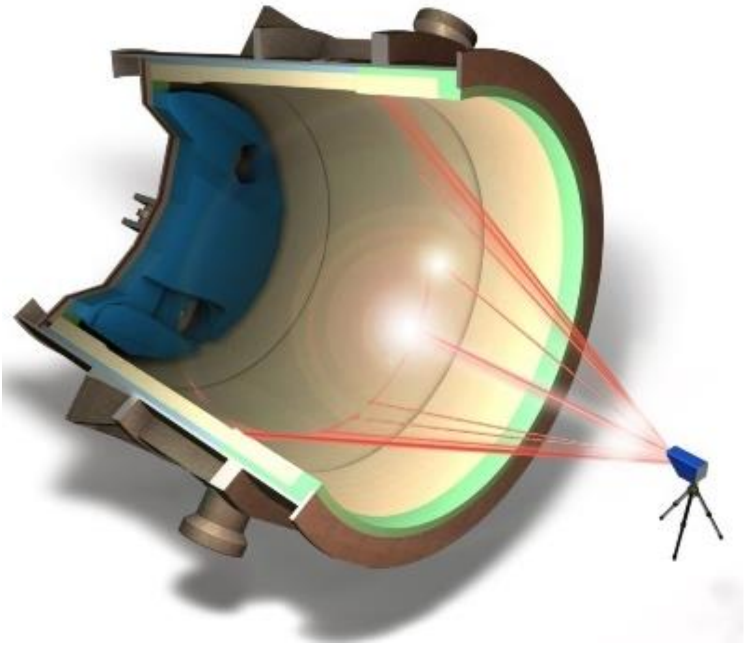
- In a steel plant, a ladle must often be set aside for logistical or maintenance reasons where it cools down, loses energy and damages its refractories

The Solution

- Process Metrix lasers allow precise monitoring of refractory wear of each ladle, anticipate and localise repairs only when / where needed, and ensure a perfect rotation of the ladle fleet

The Benefits

- Risk of breakout reduced
- Less ladles needed
- Less energy and carbon emissions required



- Best steelmakers' cost of ladle refractories = $1.5/tonne of steel, industry average = $3/tonne

25% improvement of refractory cost per tonne = $1bn