VESUVIUS PLC

Full Year 2020 Results

04 March 2021

LEADING THE WORLD OF MOLTEN METAL FLOW ENGINEERING

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Contents

Performance update

Summary financials

Revenue	Trading profit	Return on sales
£1,458.3m	**£101.4m**	**7.0%**
-14.7% Reported change	**-44.1%** Reported change	**-360 bps** Reported change
-12.7% Underlying change	**-43.3%** Underlying change	**-370 bps** Underlying change

Headline EPS	Net debt / EBITDA	Cash conversion
23.2p	**1.2x**	**173%**
-48.6%	**Dec 2019: 1.1x**	**2019: 120.0%**

Proposed full year dividend of 17.4p

Net debt / EBITDA ratios are post IFRS-16.

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Decisive response enables Vesuvius to emerge stronger from the crisis

Optimised plant network geared for growth after successful restructuring

- Delivered £20.6m of recurring savings in 2020 with a further £4.3m to be realised in 2021
- Global production capacity preserved despite plant closures, ready to follow market demand ramp-up

Leaner and more efficient, with new ways of working

- Delivered £39.0m of temporary cost savings in 2020 – more than £8m are expected to become permanent

Future top-line growth drivers protected during the crisis

- Maintained industry-leading level of R&D investment, supporting top-line growth
- 10 new products launched in 2020 with 22 new product launches planned in 2021

Strong cash management supported by our entrepreneurial, decentralised business model

- Working capital / sales (12m average) improved to 23.2% versus 24.0% at the end of 2019

New Group Sustainability Initiative

Objective to reach NET ZERO carbon footprint by 2050 at the latest

Progress follow-up:

- 9 intermediate targets
- 56 KPIs monitored
- Establishment of the **Vesuvius Sustainability Council**

Intermediate Targets		
1 Energy consumption	2 Energy CO_2e emissions	3 Wastewater
4 Solid waste	5 Recovered & recycled materials	6 Safety
7 Gender diversity	8 Supplier sustainability assessments	9 Compliance training

WE SUPPORT

UN Global Compact

Reflects our commitment to the UN principles in the areas of human rights, labour, the environment and anti-corruption

Our targets directly support 6 of the UN SDGs

Sustainable Development Goals

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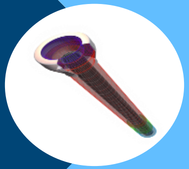
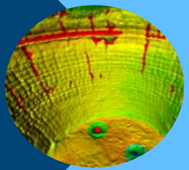
Positive momentum on our intermediate targets

KPI	Target	Progress in 2020
Energy Consumption Energy consumption per metric tonne of product packed for shipment	10% reduction by 2025 (vs 2019)	-3.4%
CO_2 Emission Energy CO_2e emissions per metric tonne of product packed for shipment	10% reduction by 2025 (vs 2019)	-3.9%
Waste Water Waste water per metric tonne of product packed for shipment	25% reduction by 2025 (vs 2019)	-7.5%
Solid Waste Solid waste (hazardous and sent to landfill) per metric tonne of product packed for shipment	25% reduction 2025 (vs 2019)	-16.1%
Recovered and Recycled Material Recovered or recycled materials from external sources	7% to be used by 2025	5.8% (2019: 6.2%)
Safety Lost Time Injury Frequency Rate (per million hours worked)	Zero accident	1.12 (2019: 1.54)
Gender Diversity Female representation in Top Management (GEC plus key direct reports)	30% by 2025	20% (2019: 12.5%)
Supply Chain Sustainability assessments of raw material suppliers	50% of Group spend by the end of 2023	Programme launched
Compliance Training Percentage of targeted staff completing Anti-Bribery and Corruption training	At least 90% annually	100%

CO_2e: carbon dioxide equivalent

We help our customers improve their sustainability performance

Our area of expertise	The product	Key product feature	Value creation for customer
Material Science	 **Duraflex ladle shrouds**	Multiple reuse and long-lasting refractory material	▪ Improve safety ▪ Reduce raw materials consumption ▪ Reduce CO_2 emissions
Application engineering	 **Pattern redesign with Feedex sleeves**	Metal yield increase	▪ Reduce CO_2 emissions
Digital solutions	 **Laser Contouring System**	Increase ladle lining lifetime Increase ladle capacity	▪ Reduce raw materials consumption ▪ Reduce CO_2 emissions
Mechatronics	 **Robotic Tube Changer**	Eliminate exposure to hot metal	▪ Improve safety

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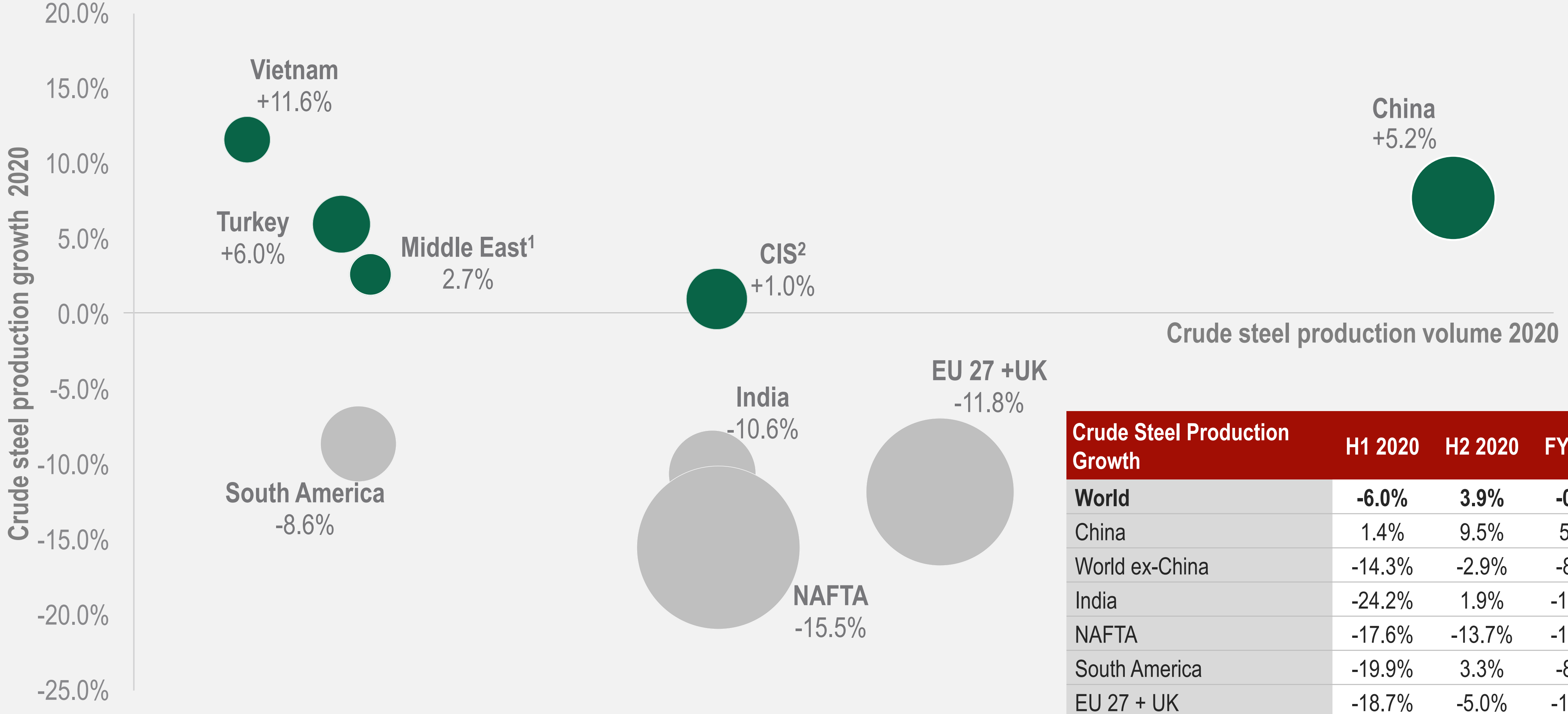
World steel production: Recovery in H2 2020 across all regions



Size of bubble represents relative revenue of Vesuvius' Steel Division in 2020

Crude Steel Production Growth	H1 2020	H2 2020	FY 2020
World	**-6.0%**	**3.9%**	**-0.9%**
China	1.4%	9.5%	5.2%
World ex-China	-14.3%	-2.9%	-8.2%
India	-24.2%	1.9%	-10.6%
NAFTA	-17.6%	-13.7%	-15.5%
South America	-19.9%	3.3%	-8.6%
EU 27 + UK	-18.7%	-5.0%	-11.8%
CIS	-3.9%	6.1%	1.0%
Turkey	-4.1%	16.2%	6.0%
Middle East	-0.3%	5.6%	2.7%

Note 1: Middle East: GCC + Iran

Note 2: CIS: Azerbaijan, Armenia, Belarus, Kazakhstan, Russia, Ukraine

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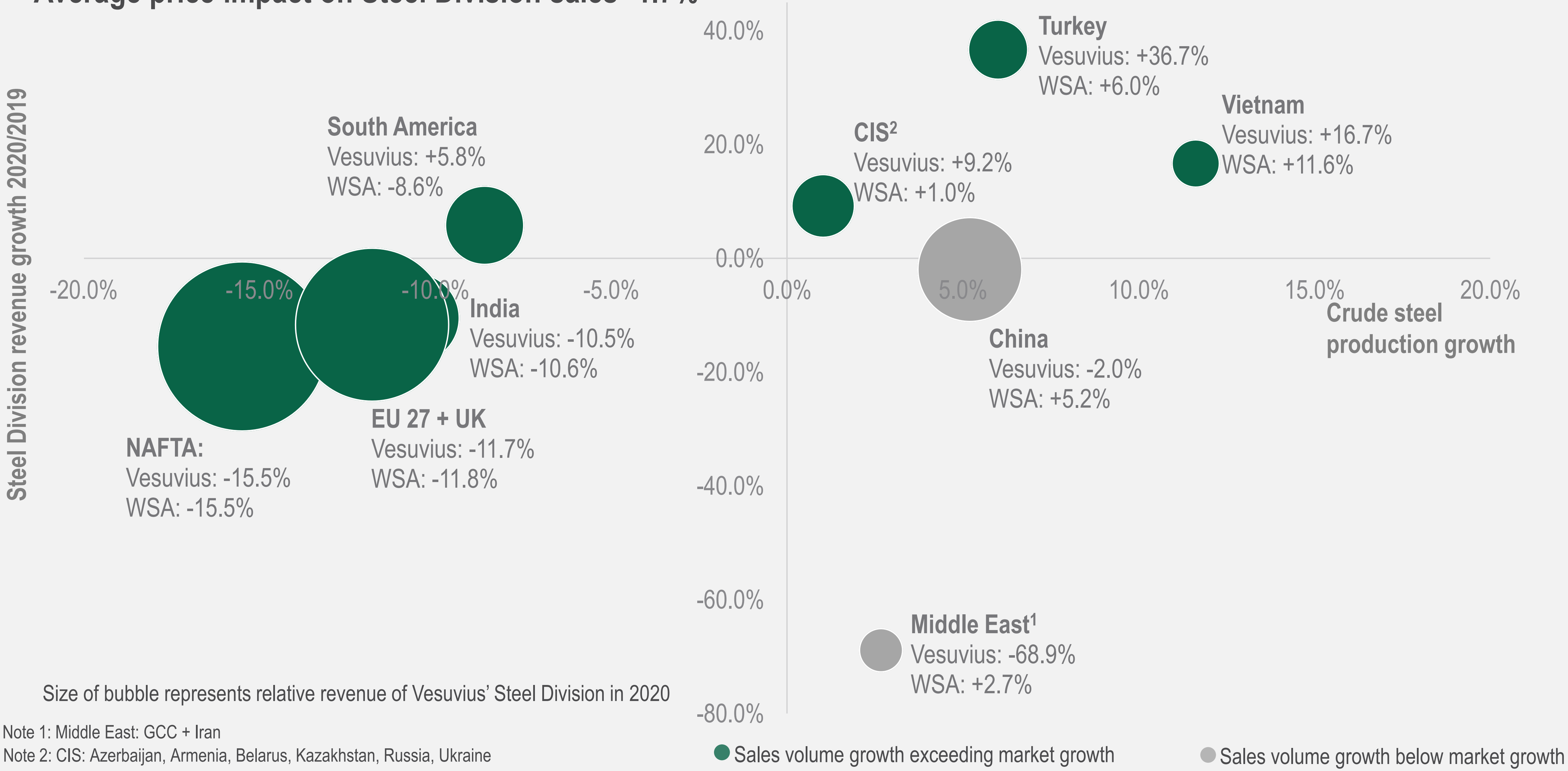
Steel division sales outperformed the steel market in most regions

Steel division sales volume was 1.1% above steel production in the world excluding China & Iran

Average price impact on Steel Division sales -1.7%



Note 1: Middle East: GCC + Iran

Note 2: CIS: Azerbaijan, Armenia, Belarus, Kazakhstan, Russia, Ukraine

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Divisional performance: Steel

2020 performance

Steel sales volume outperformed steel production in the world (ex-China and Iran) by 1.1%

- Market outperformance in EU 27+UK and NAFTA
- Strong performance in the growing markets of India, Vietnam, Turkey, Russia, Ukraine and South America
- China: positive growth in Flow Control; whilst Advanced Refractories retreated from some low-margin businesses
- Middle East: our business was mostly impacted by lack of sales from Iran, where we stopped supply in 2019
- Price decline limited to 1.7% (pass through of raw material price declines to customers)

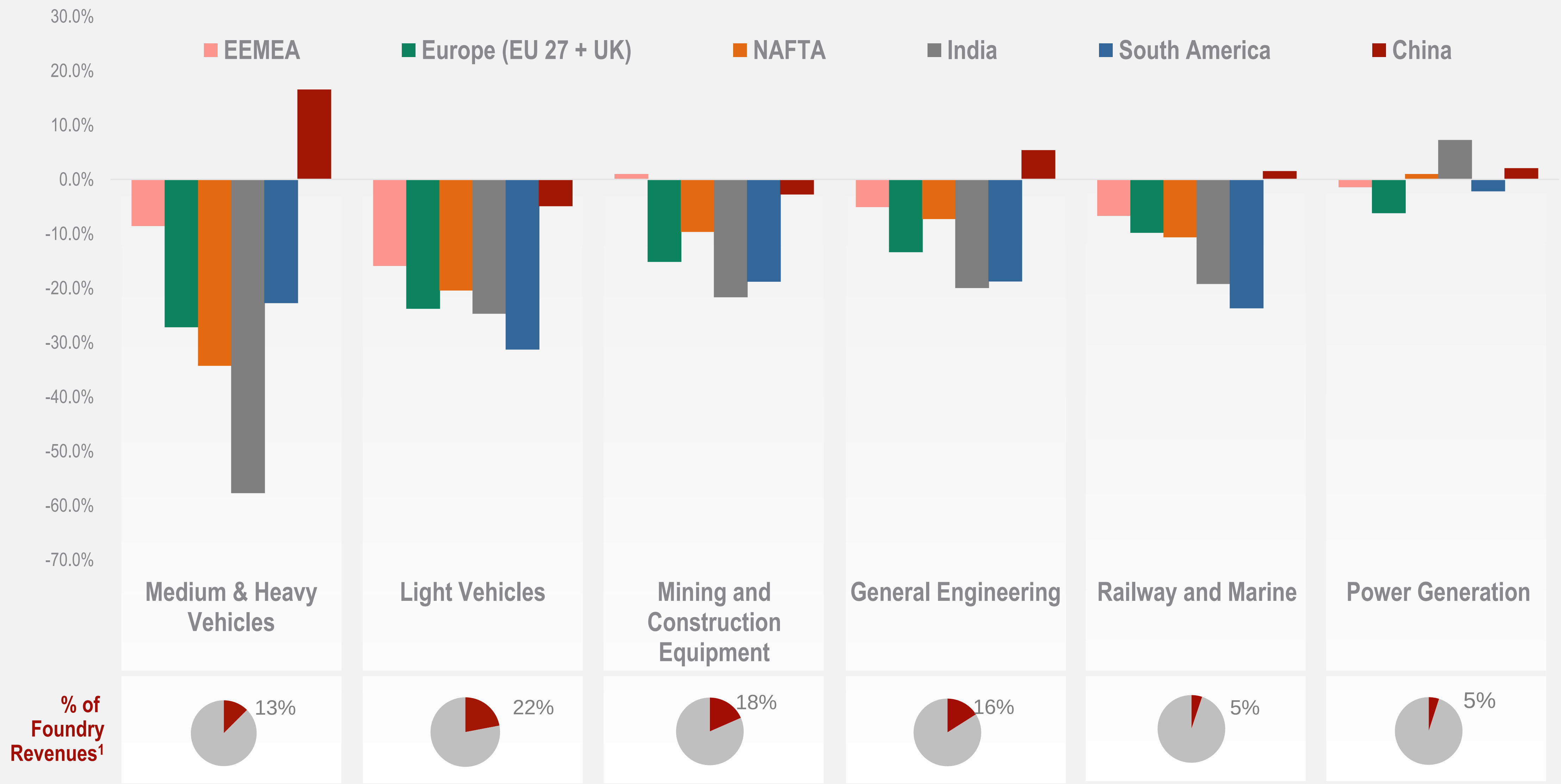
Key Financials

	Reported			Underlying change
	2020	2019	Change	
Revenue	**1,045.4**	1,195.3	-12.5%	-10.4%
Trading Profit	**76.4**	120.1	-36.4%	-36.2%
Return on Sales	**7.3%**	10.0%	-270 bps	-290 bps

Underlying Revenue[1] / Return on Sales

Note 1. 2020 underlying financials have been adjusted for the CCPI acquisition and 2019 underlying financials have been adjusted for the effects of currency translations and the CCPI acquisition

Foundry end-market volumes: Recovery since Q4 2020 after unprecedented declines



Note: 1. The remainder of Foundry sales are generated from other end-markets

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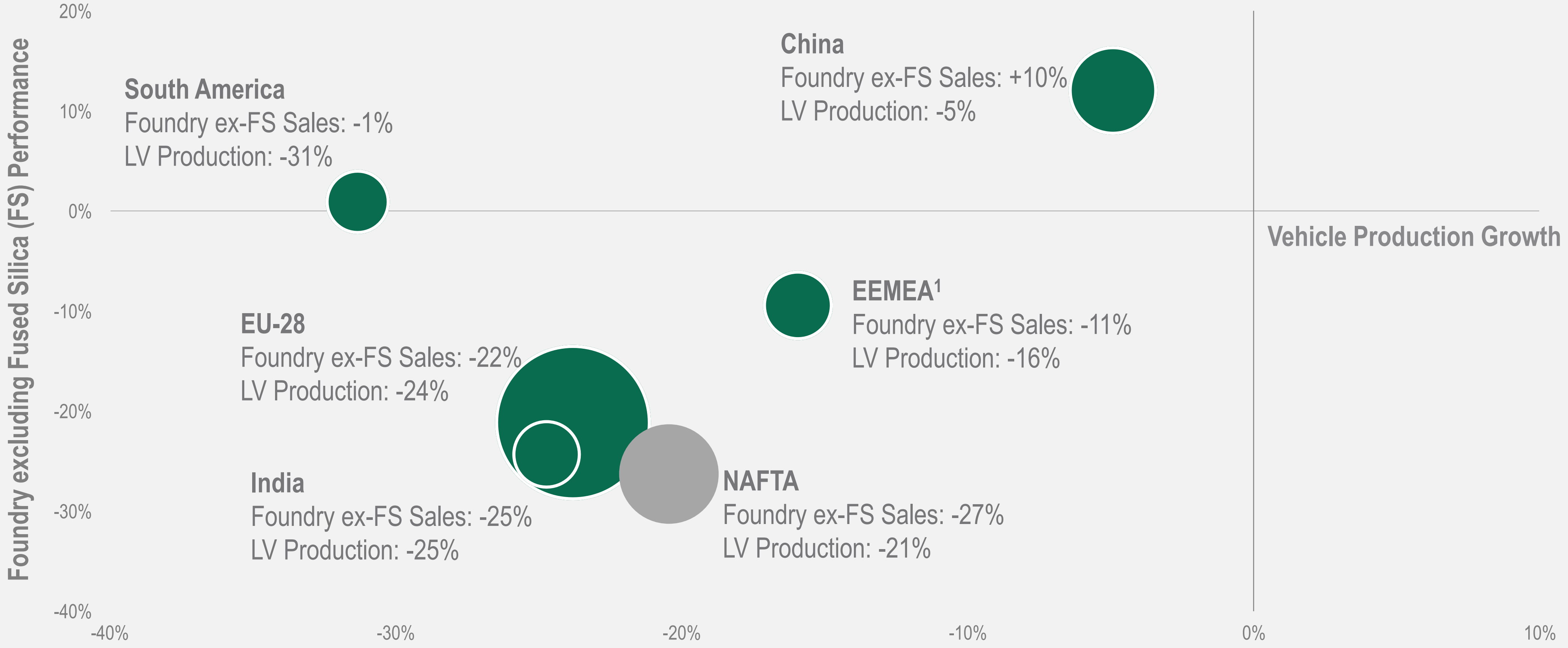
Our Foundry division outperformed light vehicle volumes in most markets

Light Vehicles represent c.22% of foundry revenues



Size of bubble represents relative revenue of Vesuvius' Foundry Division in 2020

Note: 1. EMEA (ex EU 27 + UK)

● Sales volume growth exceeding market growth ● Sales volume growth below market growth

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Divisional performance: Foundry

2020 performance

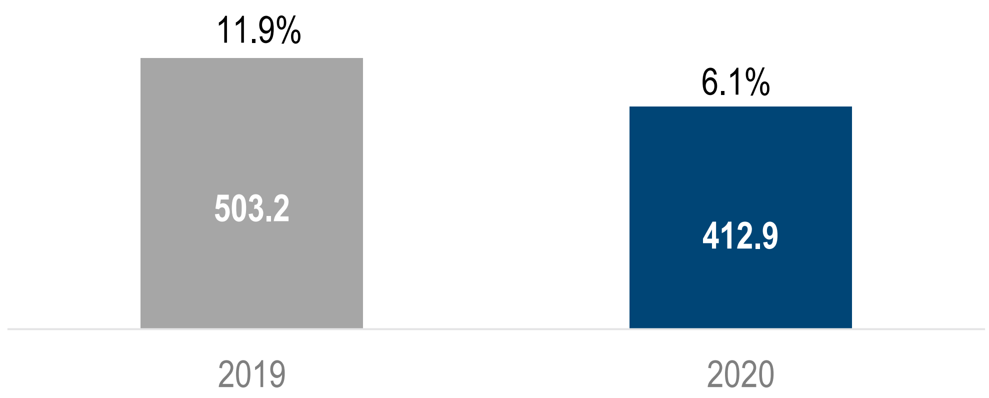
Performance of the Foundry division reflects diverse end-market exposure and market share gains in some regions

- China: 10% Foundry revenue growth reflects increasing penetration and good level of business activity
- South America: Strong market share gains reflected in stable sales despite significant end-market declines in the region (e.g. 31% decline in vehicle production)
- Foundry's largest end-markets are expected to benefit strongly from economic recovery – notably mining & construction and vehicle production (c. 53% of Foundry sales)

Key Financials

	Reported			Underlying change
	2020	2019	Change	
Revenue	**412.9**	515.1	-19.8%	-17.9%
Trading Profit	**25.0**	61.3	-59.2%	-57.1%
Return on Sales	**6.1%**	11.9%	-580 bps	-560 bps

Underlying Revenue[1] / Return on Sales

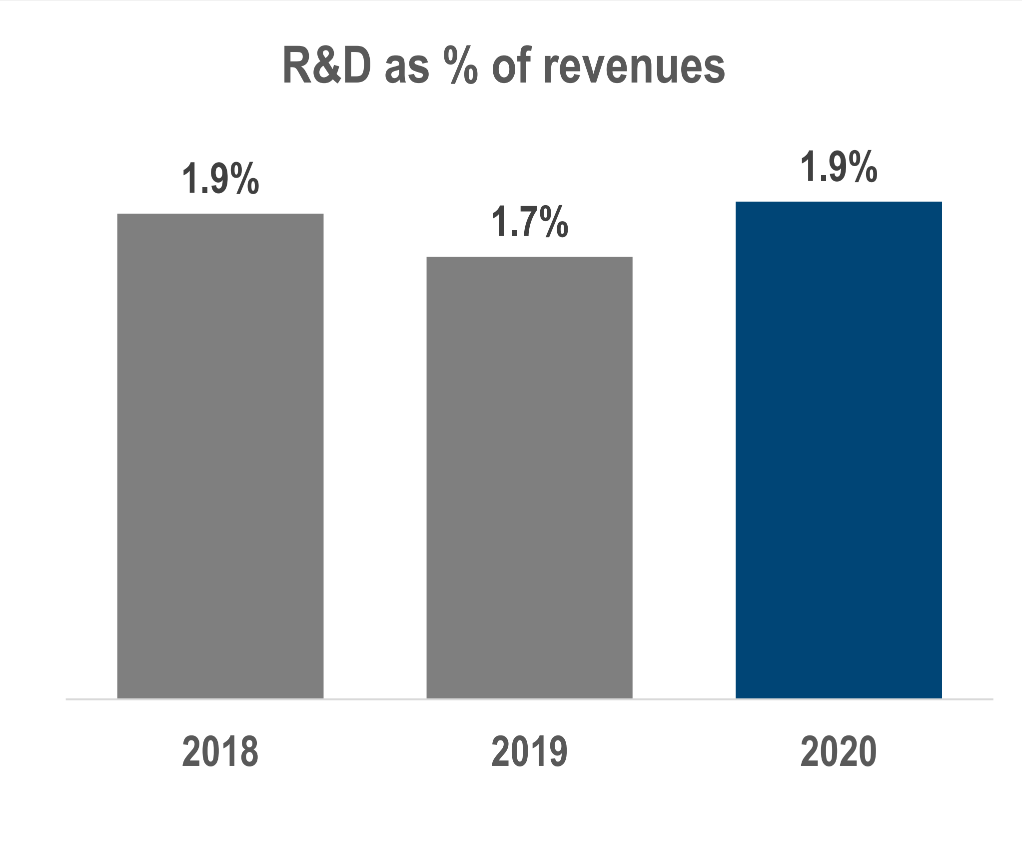


Note 1. 2019 underlying financials have been adjusted for the effects of currency translations

R&D investment maintained to support future organic growth

Vesuvius maintained its industry-leading level of R&D investment, supporting future new product launches and top-line growth

- New VISO Research Centre commissioned
- Expansion and modernisation of Mechatronics Centre-Of-Excellence completed
- 10 new products launched in 2020; **22 new products to be launched in 2021**
- Three mechatronics systems installed at customer locations in Asia during the year
  - Five further active projects for customers in the pipeline



Focus on value-creating solutions: Flow Control – Duraflex

Breakthrough generation of ladle shrouds

- Custom-designed for direct connection between ladle and tundish
  - Increases steel quality
  - Increases operator safety
- Longer life
- Increases process efficiency
- Reduces carbon footprint during production
- Reusable, reducing waste by a factor of up to four times

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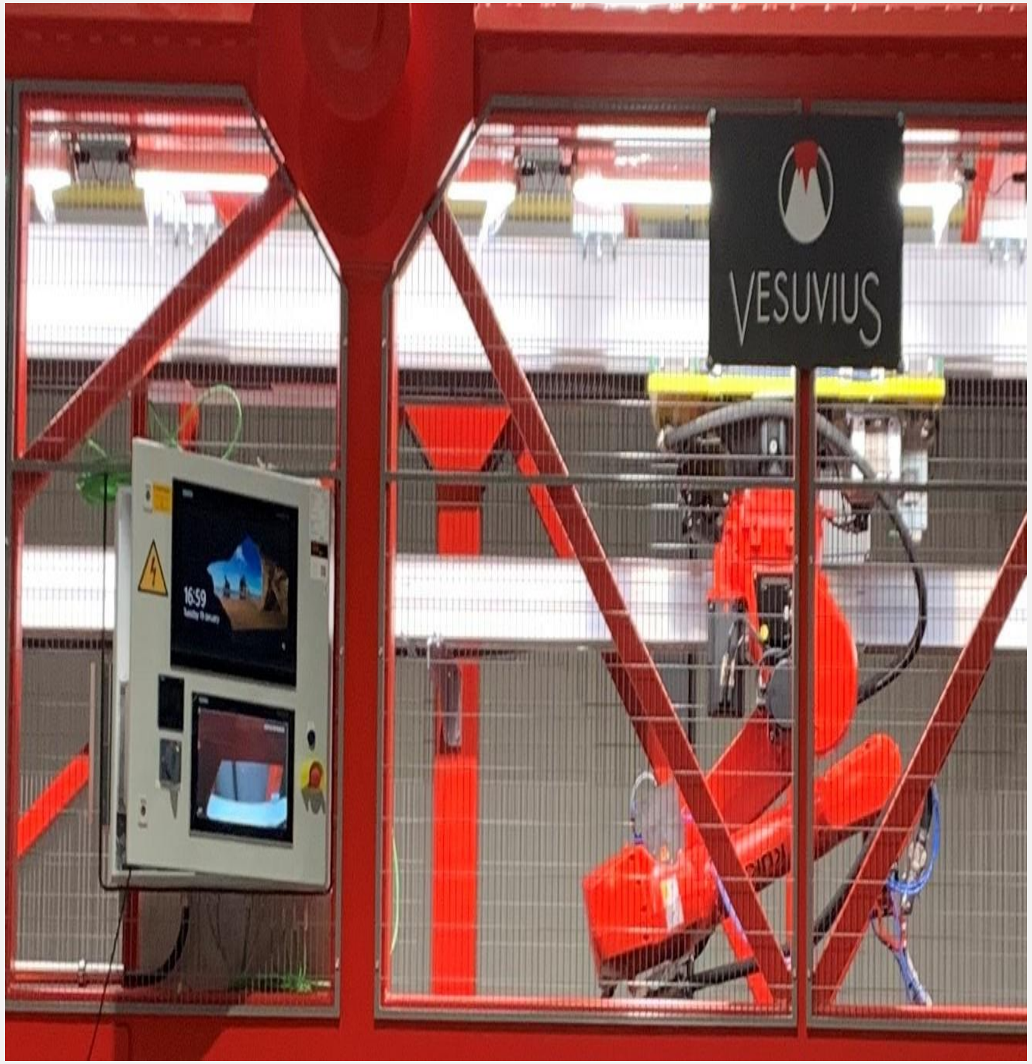
Focus on value-creating solutions:
Advanced Refractories – NextGen Tundish Smart Robot



Fully-integrated spray application system solution

- Computer-controlled robot ensures formula and application consistency at all times
  - Improves quality
  - Reduces waste
- Digital data recording, tracking and remote diagnostic features
  - Increases operator safety
  - Application flexibility increases process efficiency

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Focus on value-creating solutions: Foundry – Diamant degassing rotors

New suite of degassing consumables

- Patented rotor design
- Optimised hydrogen removal from aluminium melts
- Reduces gas consumption
- Service life increase of up to 200%
- More consistent degassing performance over time
- Reduces waste
- Lower cost per treatment

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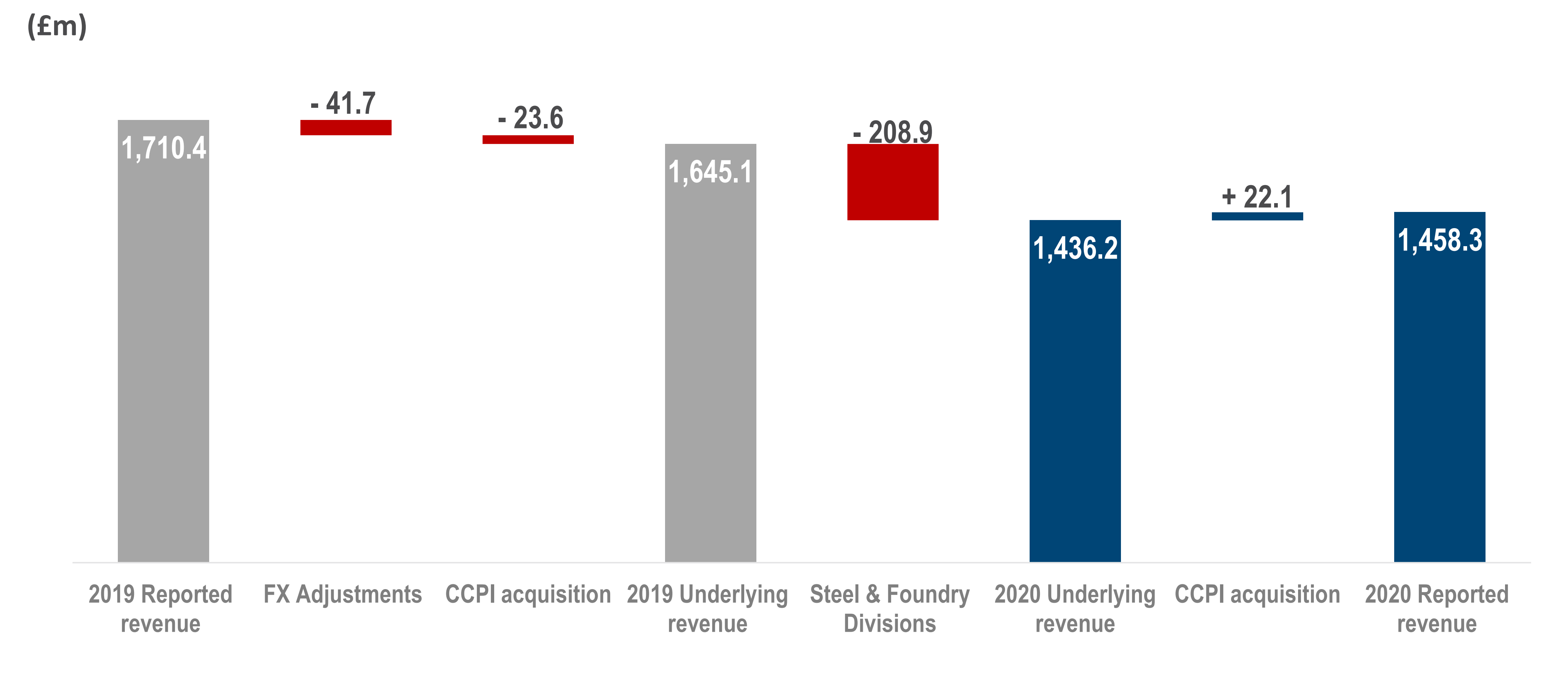
Financial review

Sales impacted by Covid-19 crisis

Group revenues down 14.7% on a reported basis (-12.7% on an underlying basis)



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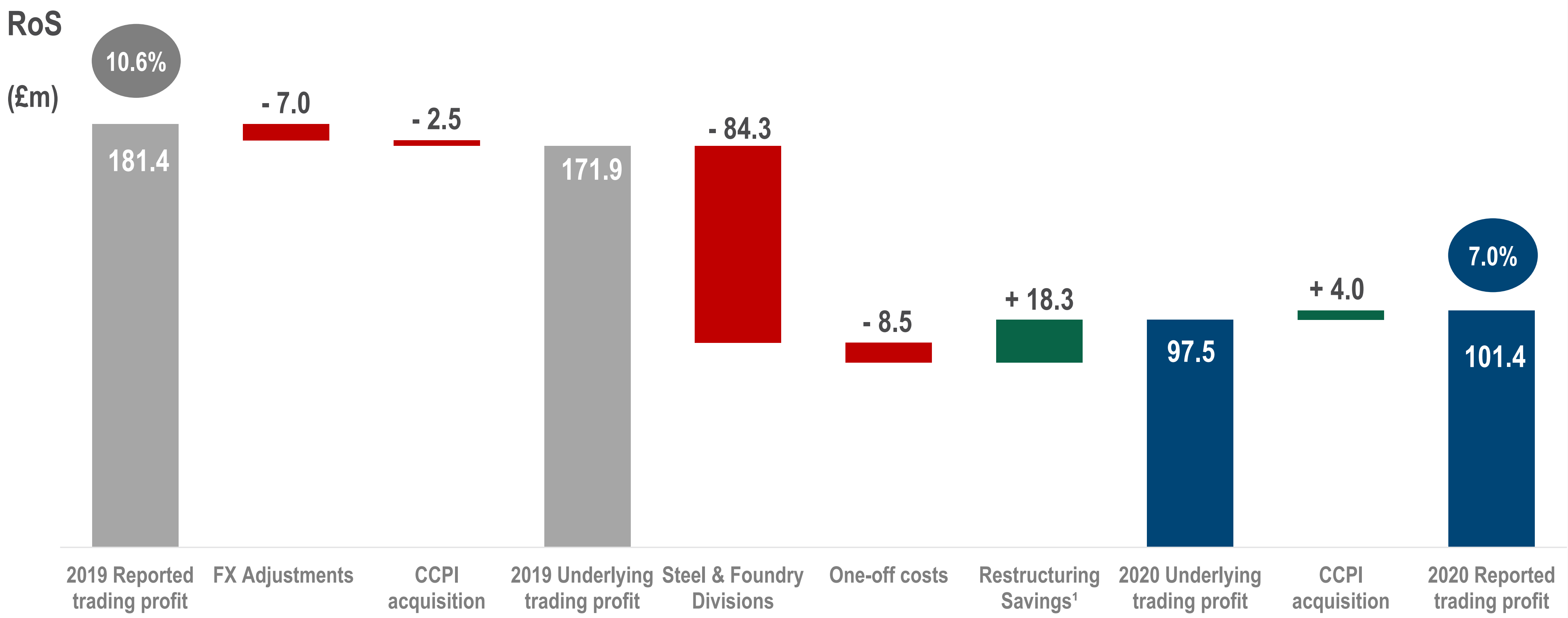
Decisive actions partially offset impact of sales decline



Note 1: Excludes CCPI restructuring savings, which are captured in the CCPI bar.

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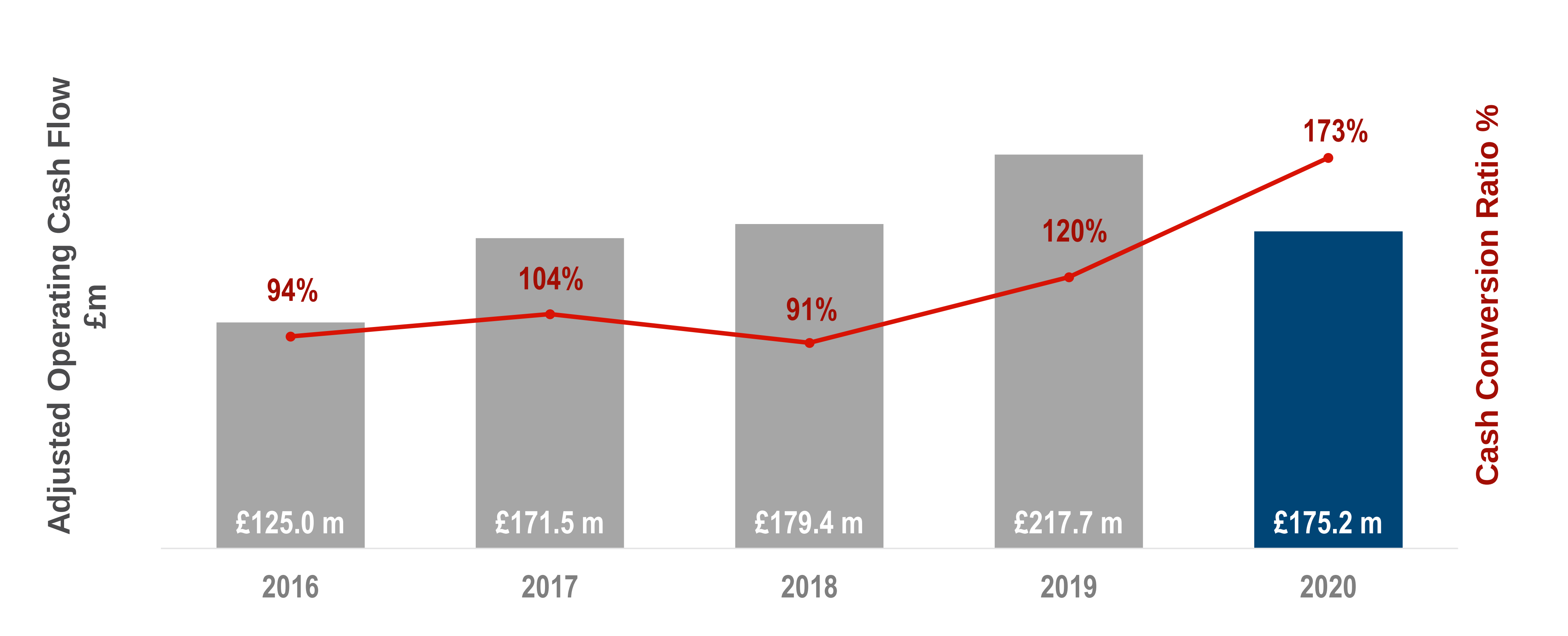
Income statement

	2020	2019	Change (%)	
(£m unless indicated)	**Actual**	**Actual**	**As reported**	**Underlying**
Revenue	**1,458.3**	**1,710.4**	**-14.7%**	**-12.7%**
Trading Profit	**101.4**	**181.4**	**-44.1%**	**-43.3%**
ROS %	7.0%	10.6%	-360 bps	-370 bps
Post tax Share of JV Results	1.1	1.0		
Net Finance Costs	-10.9	-11.0		
Headline Profit Before Tax	**91.6**	**171.4**	**-46.6%**	
Effective Tax Rate	26.9%	25.7%		
Tax	-24.4	-43.8		
Non-Controlling Interest	-4.5	-6.2		
Headline Earnings	**62.7**	**121.4**	**-48.4%**	
Headline EPS (pence)	**23.2**	**45.1**	**-48.6%**	

Notes:
Underlying basis is at constant currency and excludes separately reported items and the impact of acquisitions and disposals.
Income tax associated with headline performance, divided by the headline profit before tax and before the Group's share of post-tax profit of joint ventures.

Track record of strong cash generation

Since 2016, our adjusted operating cash flow has grown 41% (2016-2020 CAGR of 8.8%)



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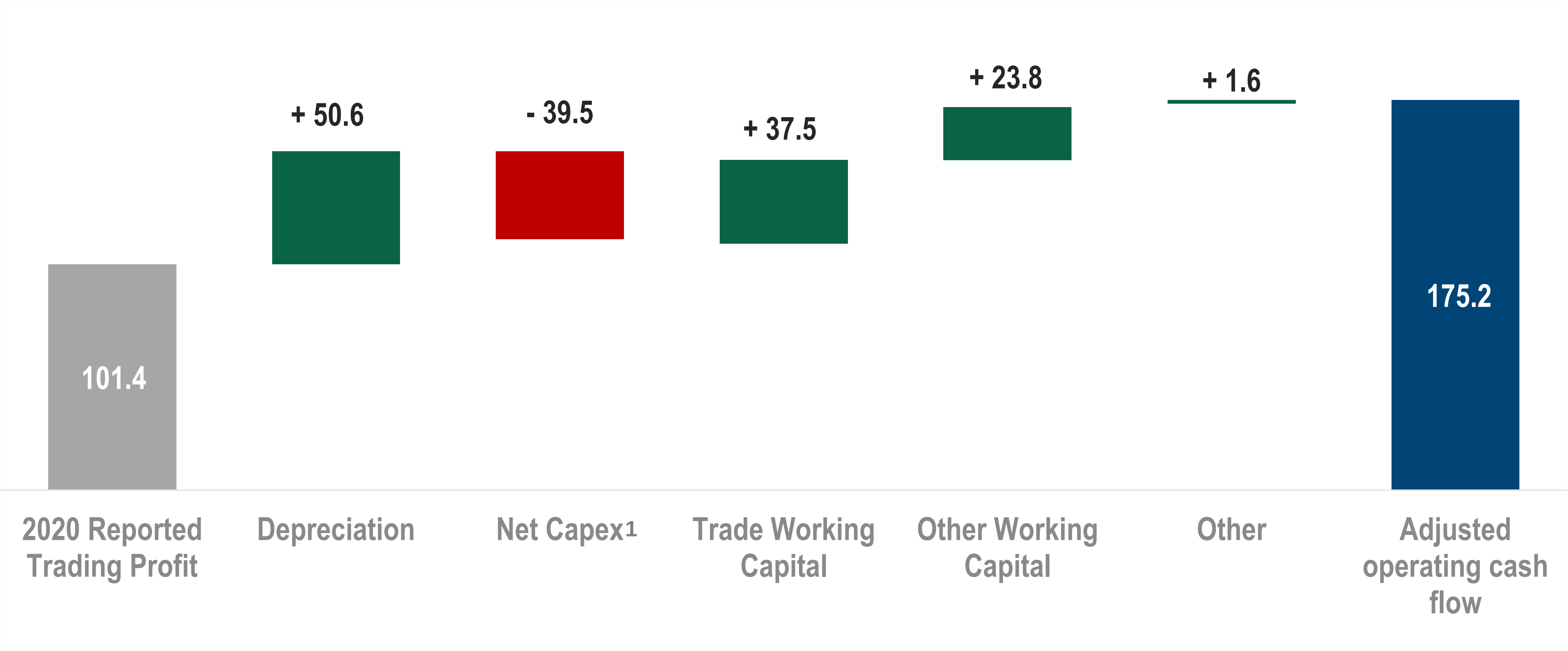
Cash conversion of 173%

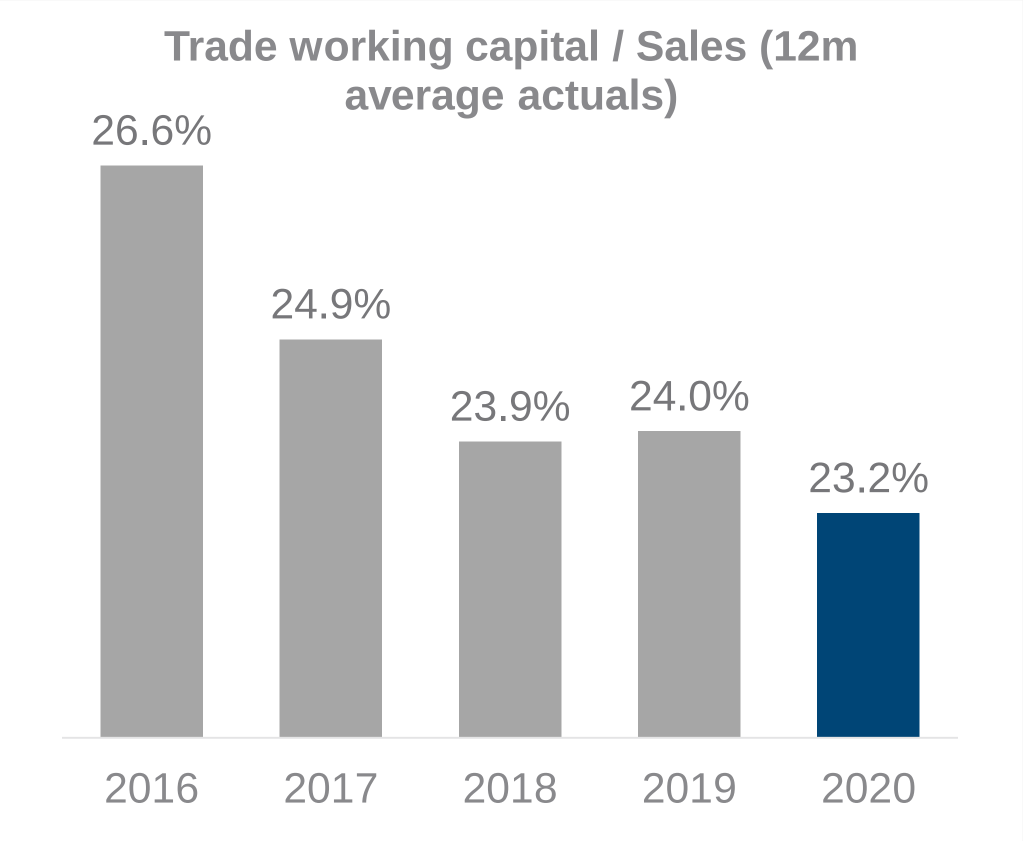
Focus on working capital management and capex reductions supported 173% cash conversion (2019: 120%), demonstrating our ability to generate cash through the cycle

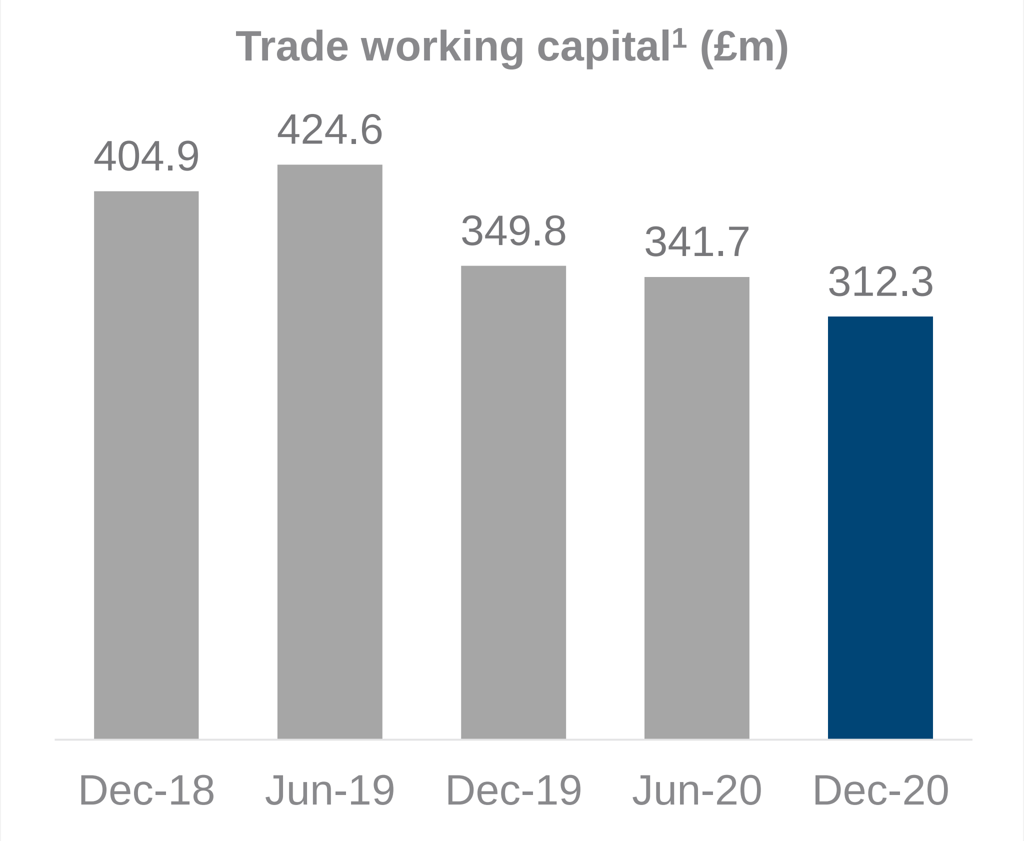


Note 1. Net of proceeds from sale of property, plant and equipment.

Strong working capital performance

Improved working capital / sales ratio due to strong discipline in manufacturing network to adjust production to sales without building significant excess inventory





Note 1: Trade Working Capital at constant currency.

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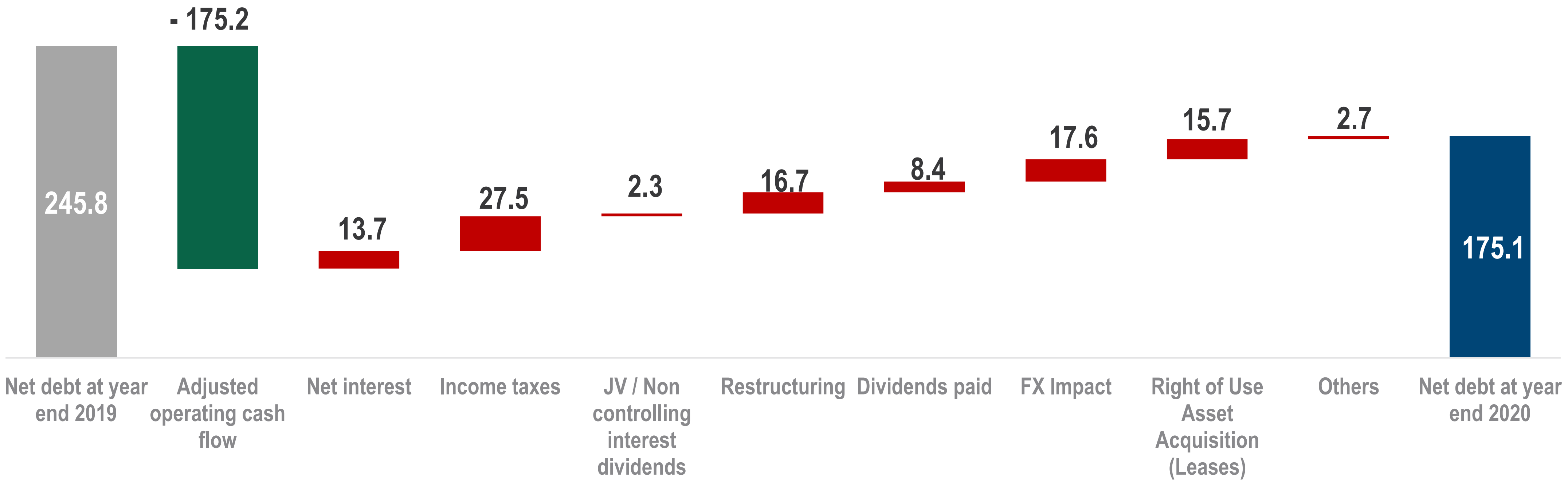
£175.1m net debt and 1.2x net debt[1] / LTM EBITDA

Net debt down £70m at £175.1m, versus £245.8m at year end 2019



Note 1: Net debt / EBITDA ratios are post IFRS-16.

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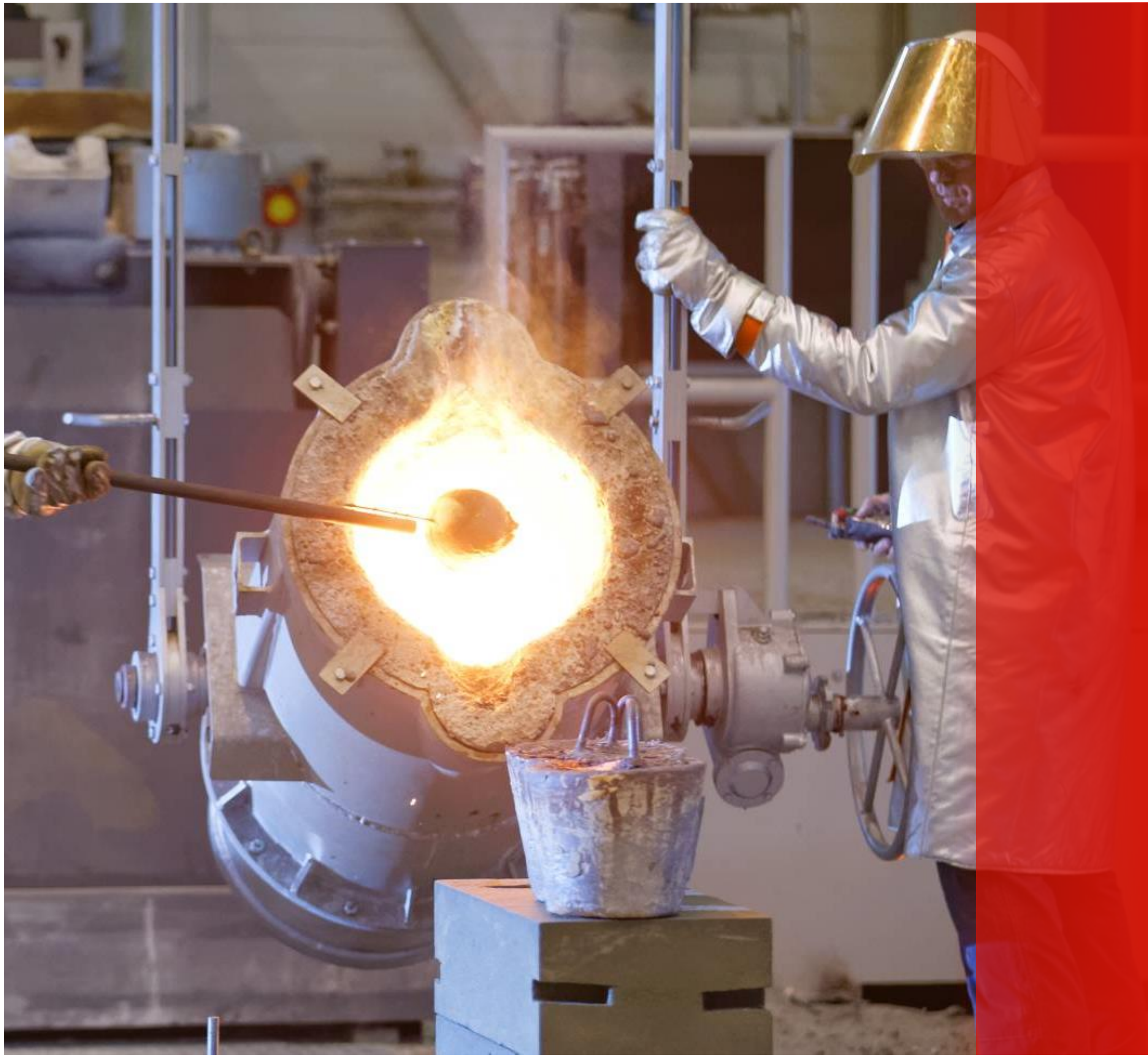

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Outlook

Outlook

- **Clear signs of recovery** are now apparent in both our Steel and Foundry end markets. We believe that **this recovery should accelerate in the second half of 2021**, supported by the lifting of most pandemic-related restrictions by then
- Vesuvius is emerging from this difficult period stronger than before. We have low leverage and an optimised manufacturing footprint as a result of our successfully completed restructuring programmes. We also **benefit from our flexible and low capital intensive, entrepreneurial and decentralised business model**, which has proven its value during 2020
- We are confident that the Group will deliver a **meaningful improvement in financial performance in 2021**

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Appendix

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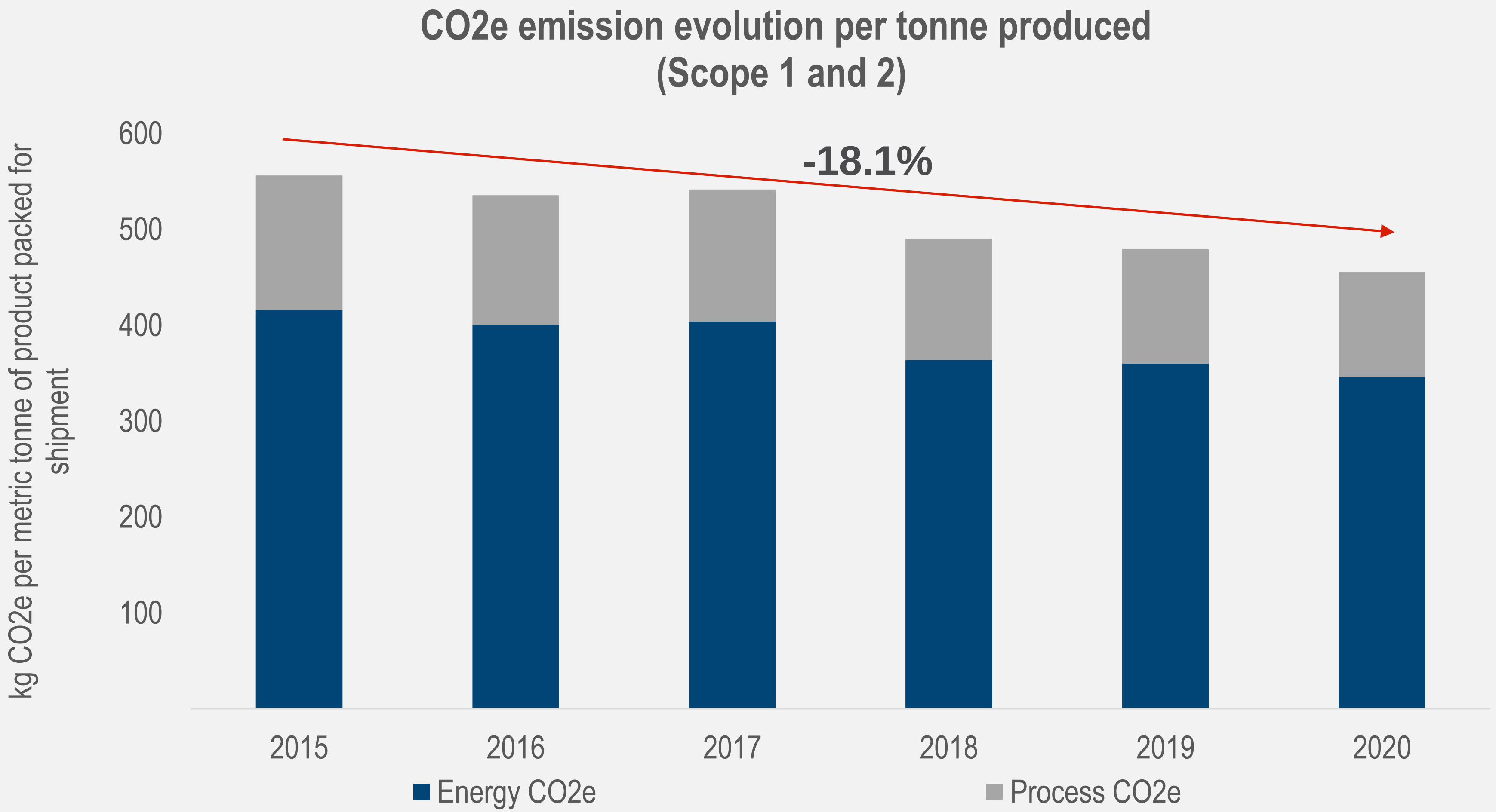
Environmental performance – long term CO_2e emissions evolution (Scope 1 and 2)

Our total CO2e emissions (energy + process) per Tonne of product packed per shipment have been reduced by 18.0% since 2015



CO_2e: carbon dioxide equivalent

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We help our customers improve their sustainability

Reduce exposure to hot metal

Reduce CO_2 emissions per tonne of steel produced

Reduce consumption of **refractory material** per tonne of steel

Improve metal yield (tonne of finished product per tonne of molten metal)

10 Priority ESG Actions

ISO 14001 certification of manufacturing sites

Sustainability assessments of suppliers

Support for education for women in scientific fields

-Reduce Scopes 1 and 2 emissions
-Measure Scope 3 emissions, action plan to minimize

Determine CO2 emissions avoided by customers, action plan to maximize

Assess new product developments and technologies based on their safety and environmental benefits

Gender diversity in top management

Employee engagement
(+3% in 2020 despite the pandemic)

Switch to green electricity on our sites whenever possible

Environmental impact analysis of Capex
Internal price of CO_2 emissions at €30/t in 2021, reviewed every year

Our Planet
Our Communities
Our People
Our Customers

5 year history at constant currency

	2016	2017	2018	2019	2020
Revenue (£m)	1,431.2	1,610.6	1,766.3	1,668.8	1,458.3
Steel	961.1	1,098.7	1.213.9	1,165.6	1,045.4
Foundry	470.1	511.9	552.4	503.2	412.9
Trading Profit (£m)	137.1	157.8	191.9	174.4	101.4
Steel	81.3	96.4	124.8	116.0	76.4
Foundry	55.8	61.4	67.1	58.4	25.0
Return on Sales (%)	9.6%	9.8%	10.9%	10.4%	7.0%
Steel	8.5%	8.8%	10.3%	9.9%	7.3%
Foundry	11.9%	12.0%	12.2%	11.6%	6.1%

Currency ready reckoner

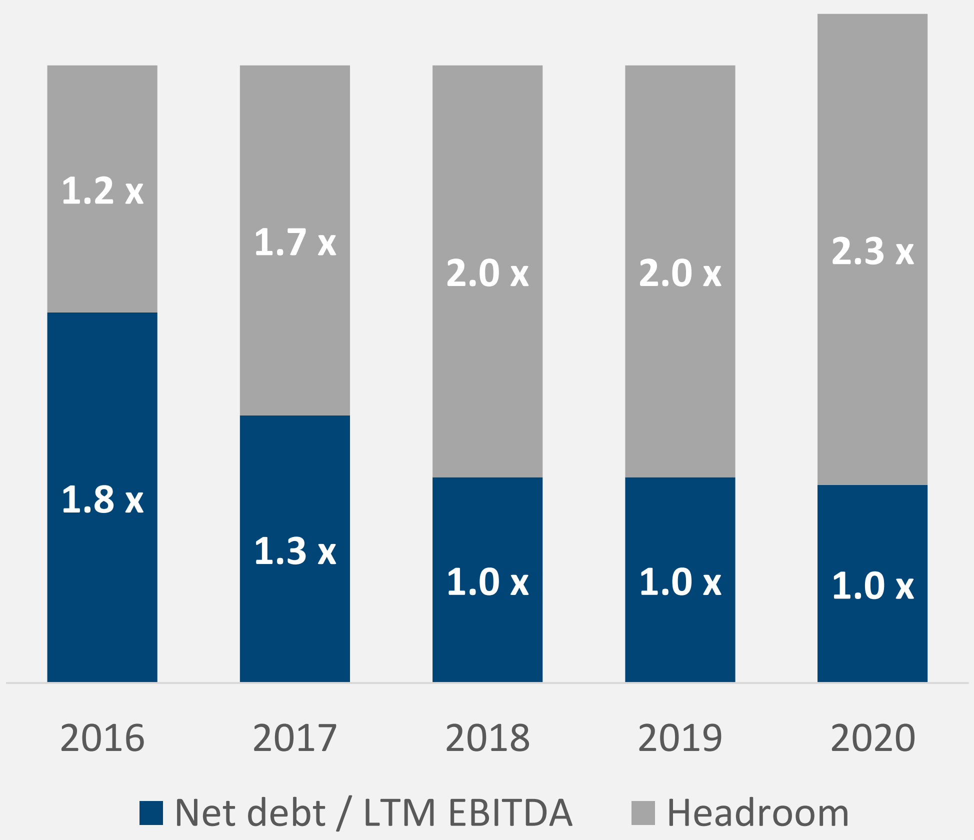
Dec 2020		
Currency	**Unit**	**Approximate change in annual profit (£m)**
USD	1 Cent	0.34
EUR	1 Cent	(0.14)
INR	1 Rupee	0.13
RMB	0.1 RMB	0.35
JPY	1 Yen	0.05
BRL	0.1 Reais	0.11
ZAR	1 Rand	0.001

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

Solid liquidity with significant balance sheet headroom

Net debt/EBITDA[1] and headroom to covenant (pre-IFRS 16)



- Reduced net debt on the back of strong cash generation
- Wide headroom versus covenant[2]
- Stronger liquidity than at the start of the crisis (£437m at end Dec 2020 versus £354m at end December 2019)

Note: 1. Our covenants are based on net debt calculation excluding IFRS lease adjustments
2. The redemption of the 2010 USPP Notes raised our debt covenant limit from 3.0x to 3.25x net debt/LTM EBITDA

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For further information, please contact:

Euan Drysdale
Group Head of Corporate Finance
euan.drysdale@vesuvius.com

Pamela Antay
Head of Investor Relations
pamela.antay@vesuvius.com

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