VESUVIUS PLC

Full Year 2023 Results

29 February 2024

Think beyond. Shape the future.

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Contents

Performance update

Robust results despite difficult markets

Revenue	Trading profit	Return on sales	Free Cash-Flow
£1929.8m	**£200.4m**	**10.4%**	**£128.2m**
(3.1%) Underlying change	(6.7%) Underlying change	(40bps) Underlying change	+4.1% vs. 2022
(5.7%) Reported change	(11.8%) Reported change	(70bps) Reported change	

Headline EPS	Net debt / EBITDA	Cash conversion ratio
46.7p	**0.9x**	**93%**
(17.3%) reported	Dec 2022: 0.9x	2022: 82%
(11.9%) underlying		

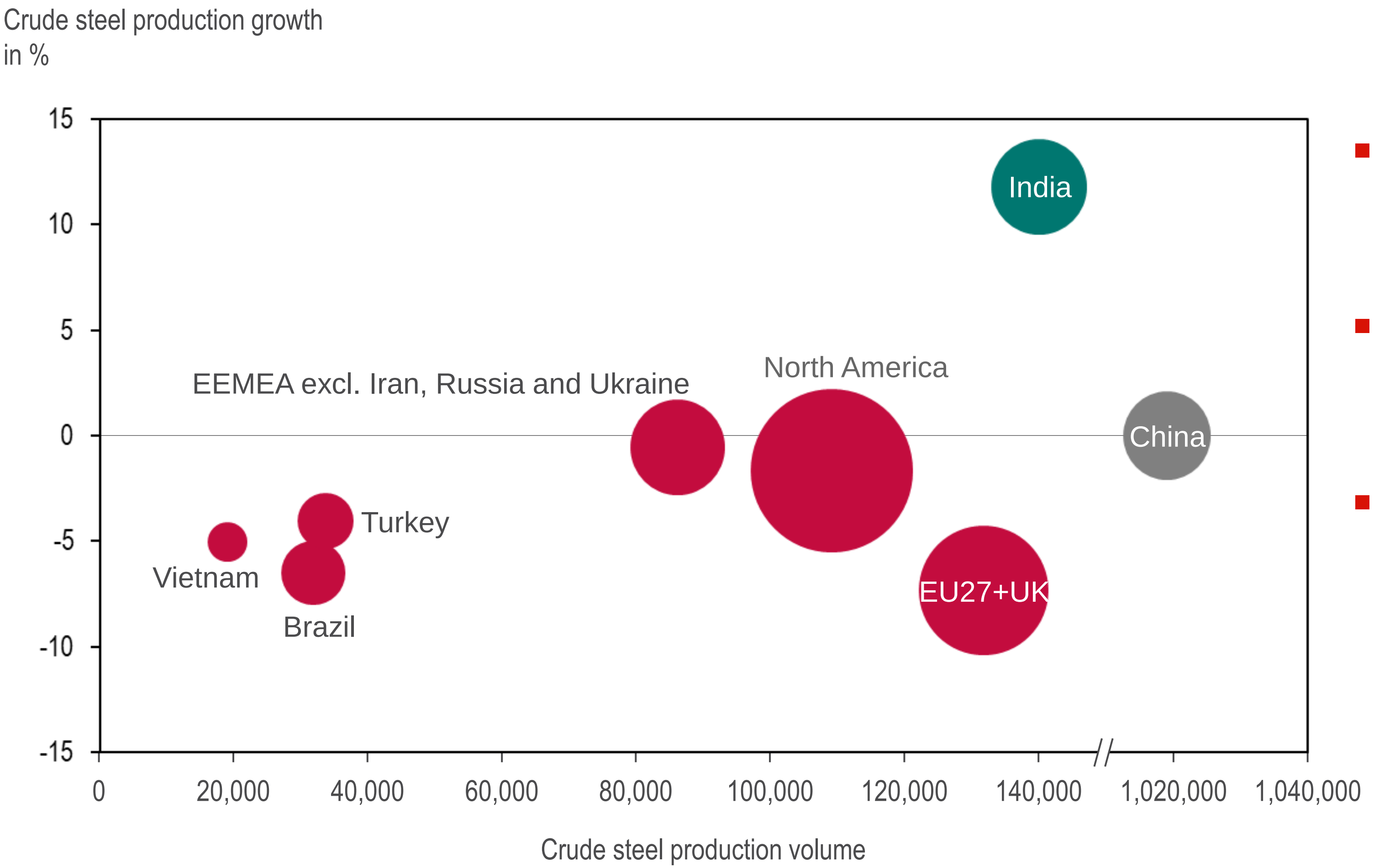
Proposed full year dividend of 23.0p, +3.4% versus 2022

Net debt / EBITDA ratios are post IFRS-16.

Strong operational performance and robust delivery in 2023 despite difficult market

- Solid pricing strategy in all Business Units
- Market share gains in Flow Control and Foundry
- Productive R&D process and new products pipeline
  - 21 new product launches in 2023
  - New Product sales increased to 17.6% (2022: 16.4%)
- Cost saving programme targeting £30m recurring cash cost savings by 2026 on track
- Strategic expansion programme in Asia and in Flow Control fully on track
- Best ever safety performance and strong progress in our sustainability journey
- Strong balance sheet and cash flow enables improved returns to shareholders: share buy-back and increased dividend

2023 steel production lower than 2022 in all major regions except India

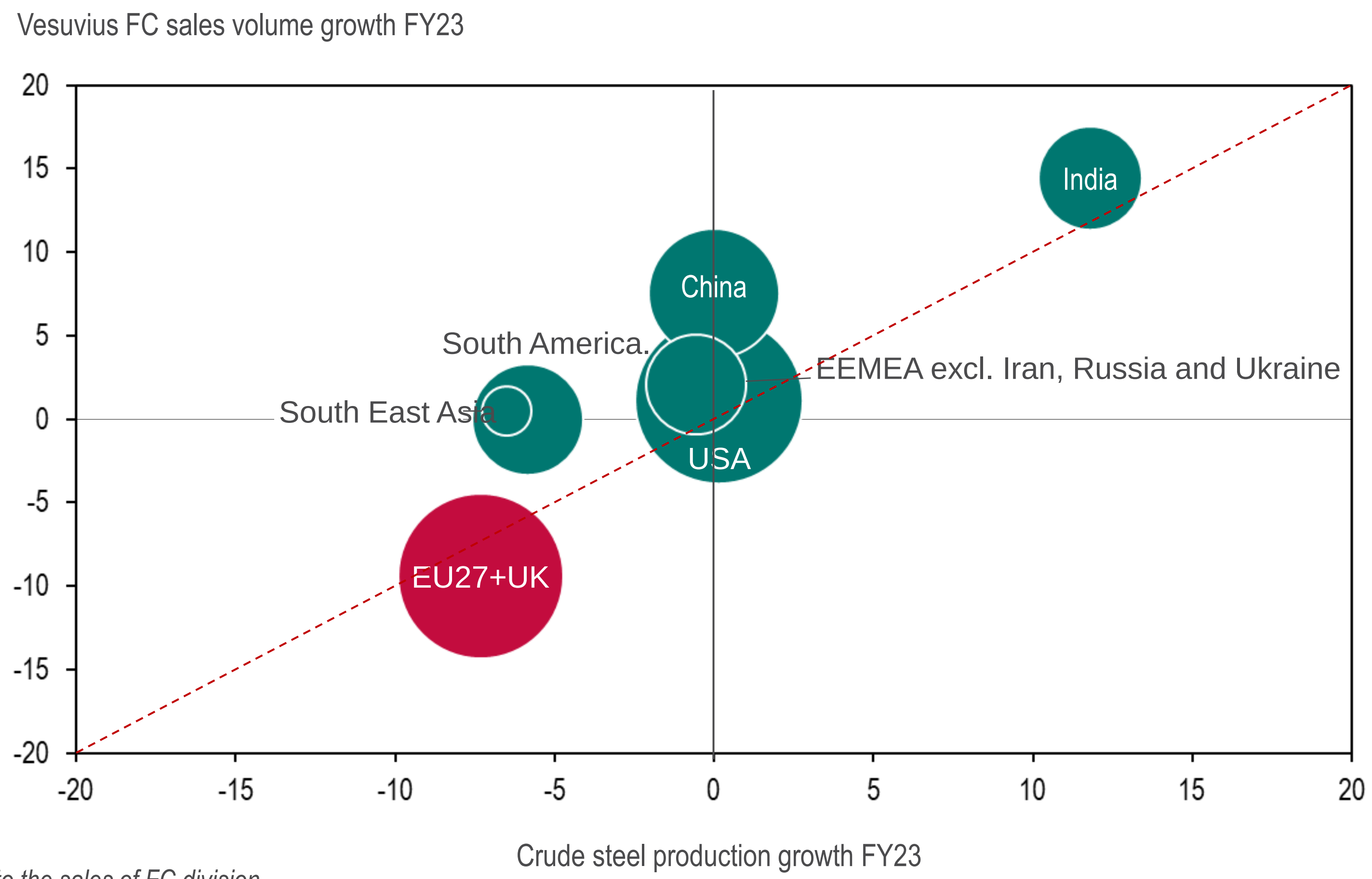


Size of bubble proportional to current yearly revenue of Vesuvius' Steel Division (FC + AR)

Source: World Steel Association

- Renewed weakness of steel markets in H2, in particular in Europe
- India remains very dynamic with growth accelerating
- Positive medium-term, outlook for steel markets outside China with over 200mt growth expected in the next 10 years

Flow Control volume growth outperformed the market in most major regions



Size of bubble proportionate to the sales of FC division

Dotted line denotes where flow control volume growth equals market growth

Source WSA for steel production volumes; Company analysis for Vesuvius volumes

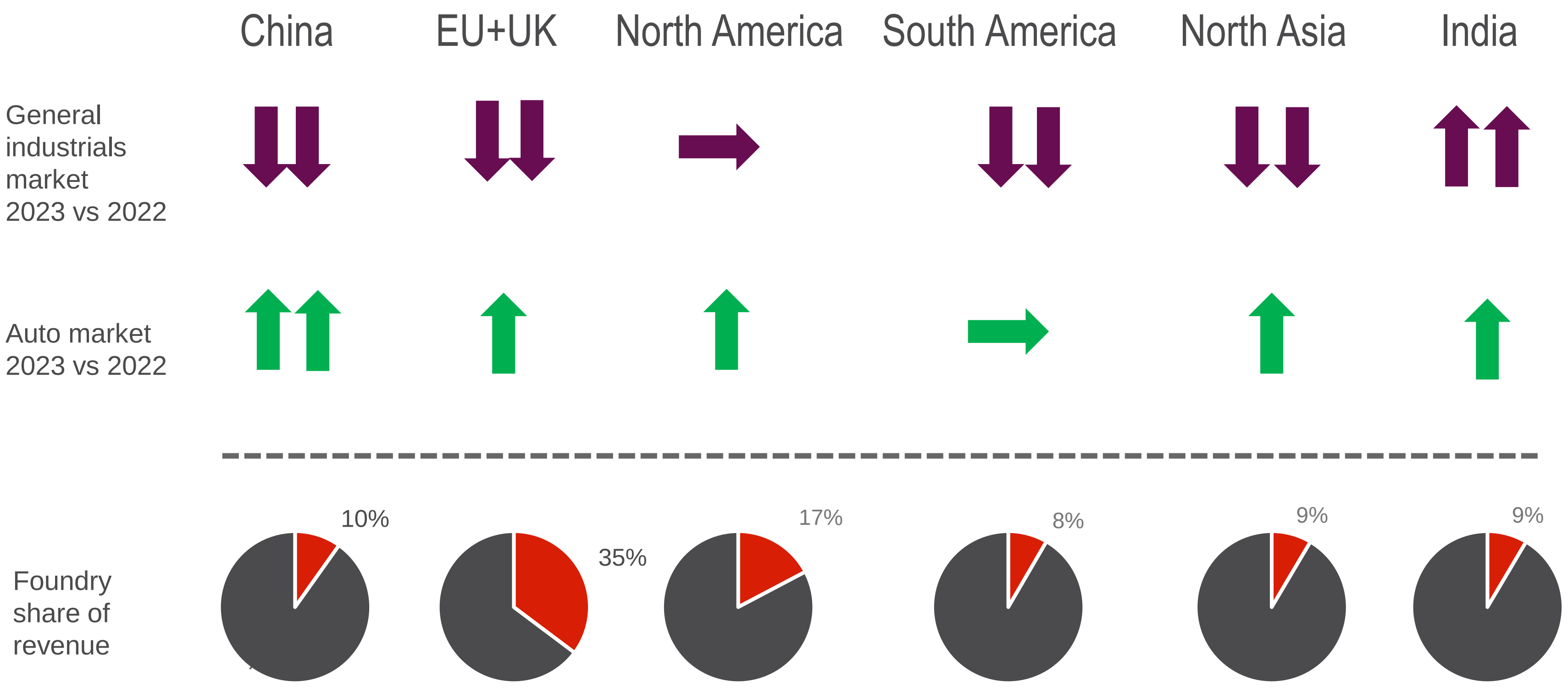
Steel division: strong performance in Flow Control

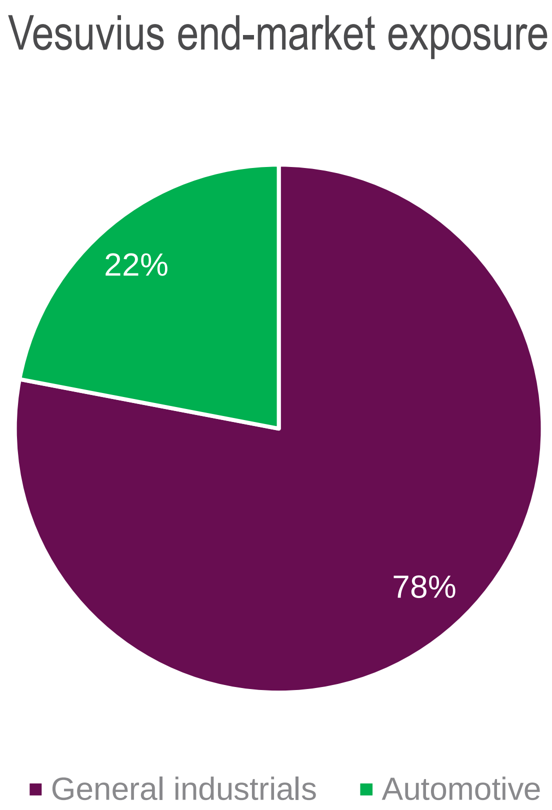
- Revenue growth (underlying) in Flow Control despite the difficult market conditions
  - good pricing performance
  - market share gains in most markets
- Good performance of Sensors and Probes
- Significant revenue decline in Advanced Refractories
  - market weakness
  - prioritised pricing over volume leading to market share losses in EMEA and Americas
  - market share gains in Asia
- Overall trading profit decrease limited by positive pricing which partially compensated volume reduction

Steel Division (£m)	**2023**	**2022**	**Change (%)**	**Underlying change (%)**
Flow Control	793.0	810.9	(2.2%)	*0.6%*
Advanced Refractories	567.9	645.3	(12.0%)	*(9.4%)*
Sensors and Probes	39.1	40.2	(2.8%)	*(0.6%)*
Total Revenue	**1,400.0**	**1,496.4**	**(6.4%)**	***(3.7%)***
Total Trading Profit	**147.6**	**172.7**	**(14.6%)**	***(9.6%)***
Total Return on Sales	**10.5%**	**11.5%**	**(100bps)**	***(70bps)***

Underlying = on a constant currency basis

Foundry markets: short-term weakness in general industrials markets outweighed improvement in automotive





Foundry Division: progression slowed down by short-term market weakness in H2

- Good H1 and a difficult H2
  - Significant market weakness in the northern part of EMEA (Germany), South America and China
  - Negative impact on sales volumes of castings inventory destocking
  - Partially offset by **market share gains**, **positive pricing**, **modest growth in North America** and **strong growth in India**
- Increase in return-on-sales for the third consecutive year
- Positive progression expected to continue in 2024 – will accelerate further when end markets fully recover

Foundry	2023	2022	Change (%)	Underlying change (%)
Revenue	529.8	551.0	(3.8%)	*(1.5%)*
Trading Profit	52.8	54.5	(3.1%)	*2.5%*
Return on Sales	**10.0%**	**9.9%**	**+10bps**	***+40bps***

Underlying = on a constant currency basis

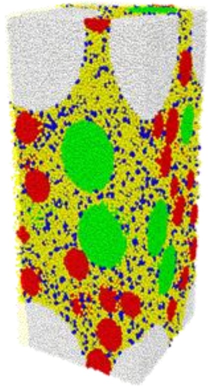
Pricing and market share gains supported by 21 new products launched in 2023 - more to come in 2024 and beyond

Flow control

New isostatic liner for high-purity steel

- Higher erosion resistance and durability
- Improves final steel quality by minimising reactivity with steel and inclusions

Advanced Refractories



New Supermatrix bricks for greater stability and performance

- Enhanced resistance to corrosion, oxidation and erosion
- Longer life for greater efficiency

Foundry

Duratek Supermelt crucible: longer life crucibles for aluminium

- Longer life and reduced down-time
- Improved efficiency and reliability
- Improved melting process consistency leading to higher quality end-product

Increased penetration of our innovative and customised robotics solutions

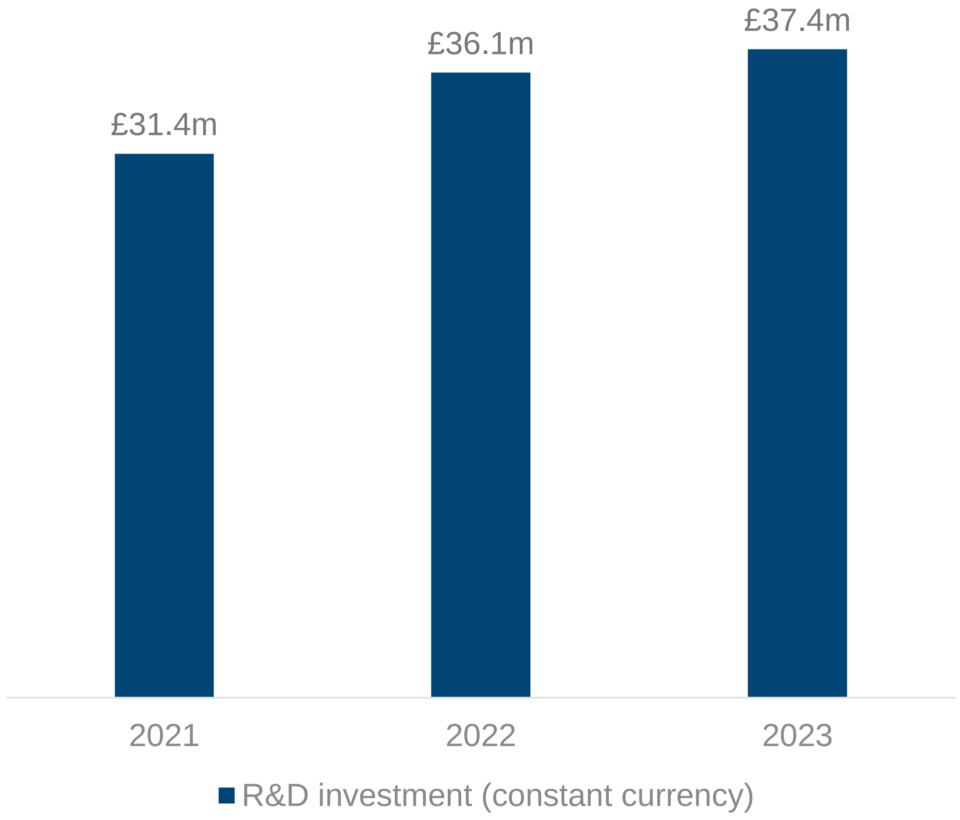
- Following North Asia, South America and China, we are now converting customers in India and North America to our unique robotic technology for continuous casting
  - First installation of robot on continuous caster in India
  - Several new projects in North America
- Benefits to the customer:
  - Safety: removes workers from one of the most dangerous area in the steel plant
  - Improves process reliability and efficiency
  - Increases prime steel grade yield and overall steel quality
- Potential for extended revenue stream from consumable refractories

Example: Vesuvius tundish tube-change robot

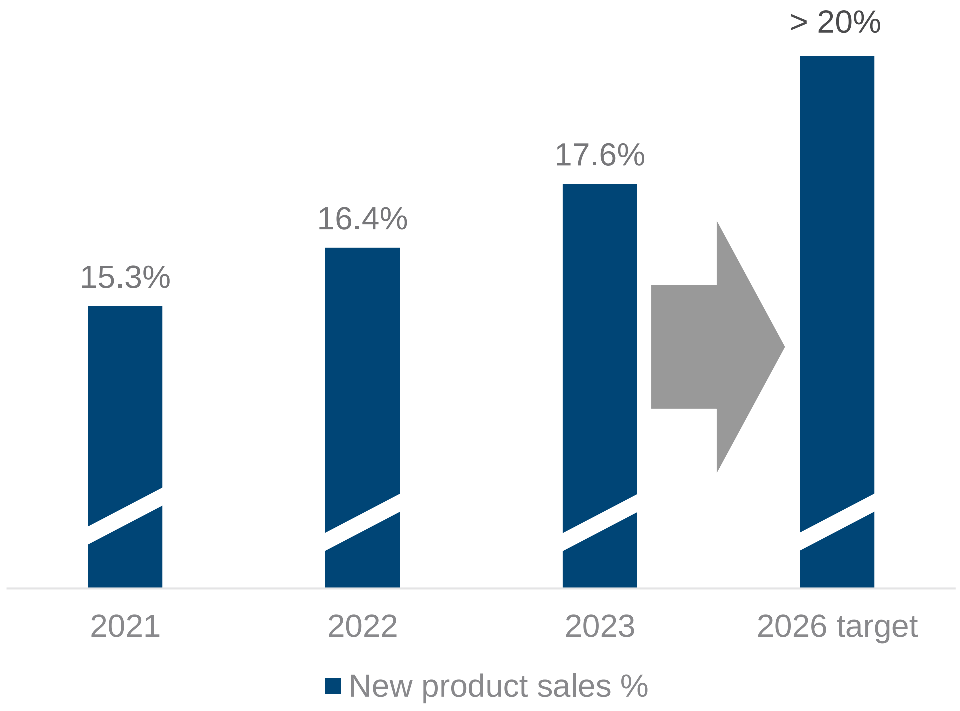
Safety **Quality** **Efficiency** **Sustainability**

Continuous improvement in R&D spend and efficiency to support pricing performance and market share gains

Consistent, growing investment in R&D



Steadily growing new product sales(*) %



(*) New product sales defined as products launched in the past 5 years

Strategic growth capex on track to expand capacity in Flow Control and in Asia

Flow Control expansion worldwide

Expansion in Asia for all business units

Flow Control

- VISO capacity expansion in Mexico
- Slide gate capacity expansion in Mexico
- VISO capacity expansion in EMEA (Poland)
- Slide gate capacity expansion in EMEA (Poland)

- VISO capacity expansion in Kolkata (India)
- Mould Flux capacity expansion in Vizag (India)

Advanced Refractory

- Basic monolithics expansion in Vizag (India)
- Basic monolithics acquisition and modernisation in China
- AlSi monolithics expansion in Vizag (India)
- Precast expansion in Vizag (India)

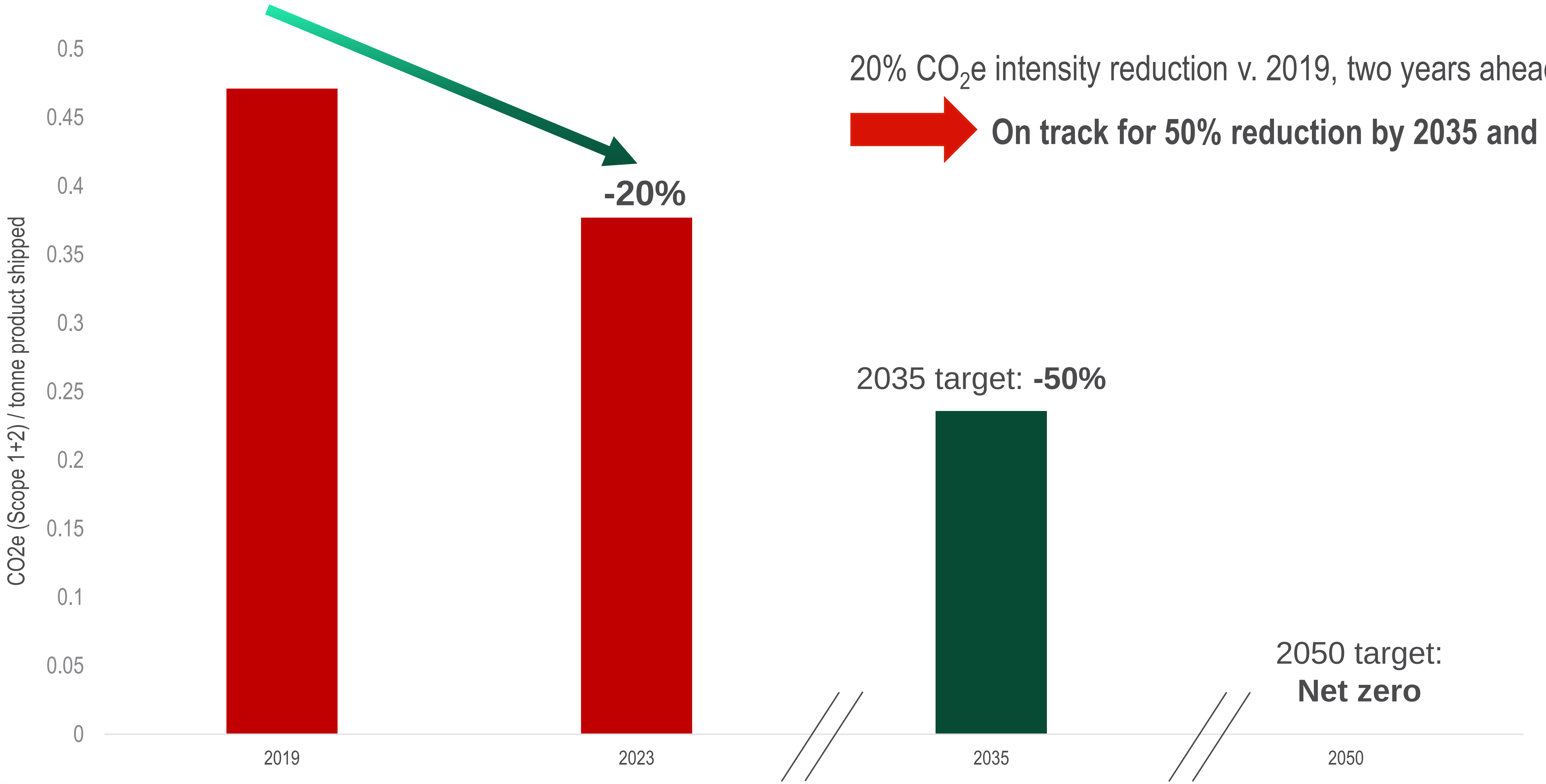
Foundry

- Non-ferrous flux capacity expansion in Suzhou (China)
- Filter expansion in Pune (India)

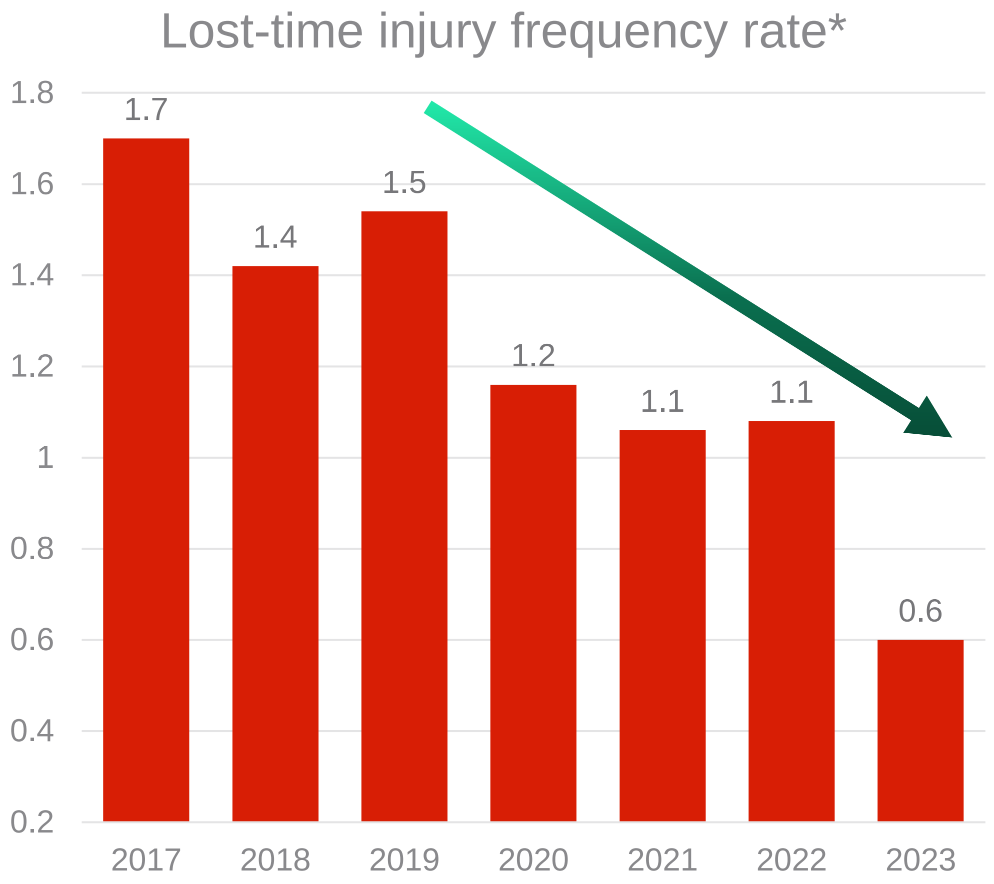
Continuous progress in our sustainability agenda

20% CO_2e intensity reduction v. 2019, two years ahead of schedule

On track for 50% reduction by 2035 and net zero by 2050



Best-ever safety performance in 2023



*Number injuries resulting in lost time, per million hours worked

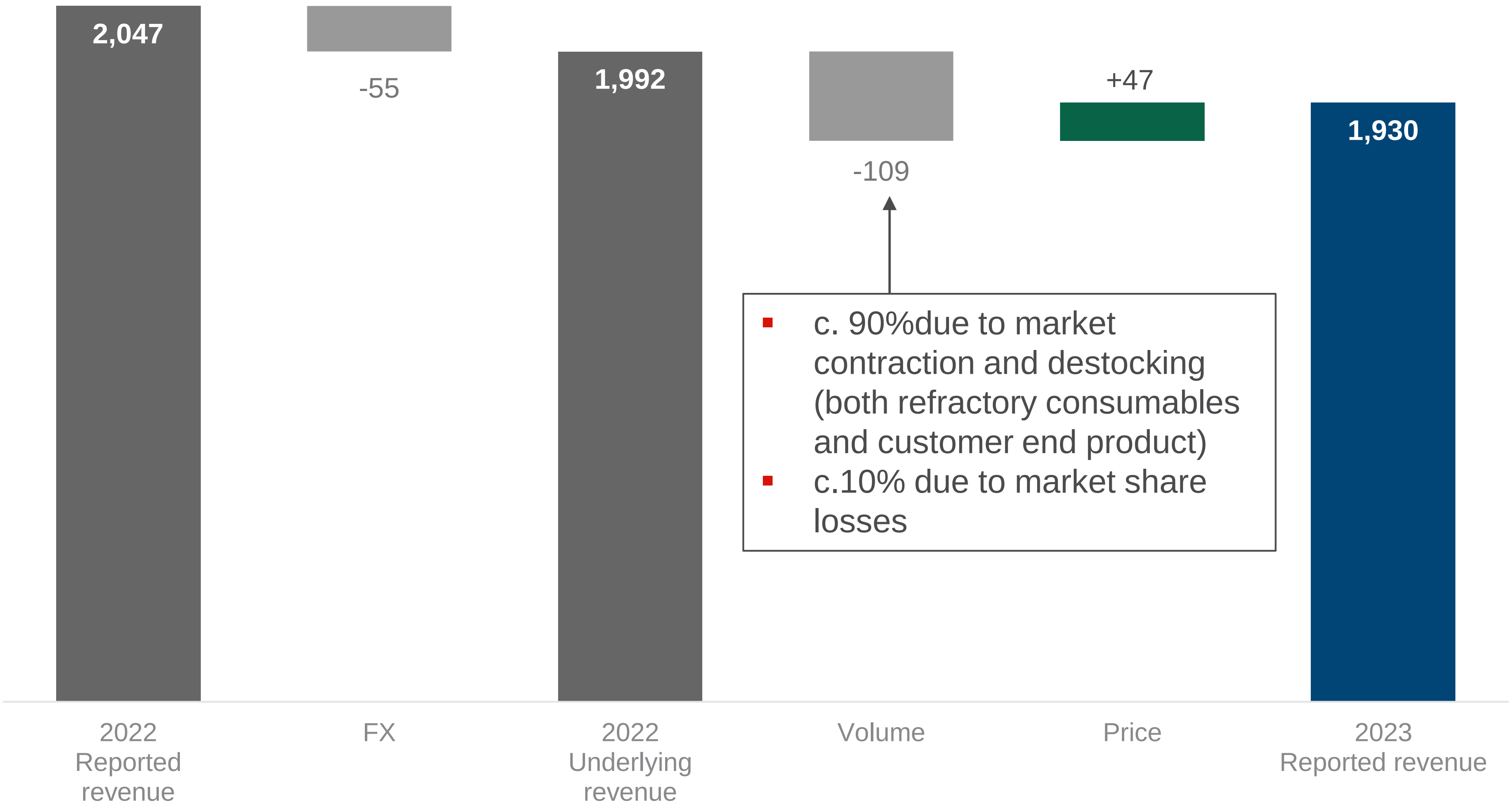
- Strong and continuous progress in safety culture
- Systematic approach to risk identification
- Vesuvius now becoming a benchmark and support for many steel and foundry customers worldwide

Our ultimate objective remains to become a zero-accident company

Financial Review

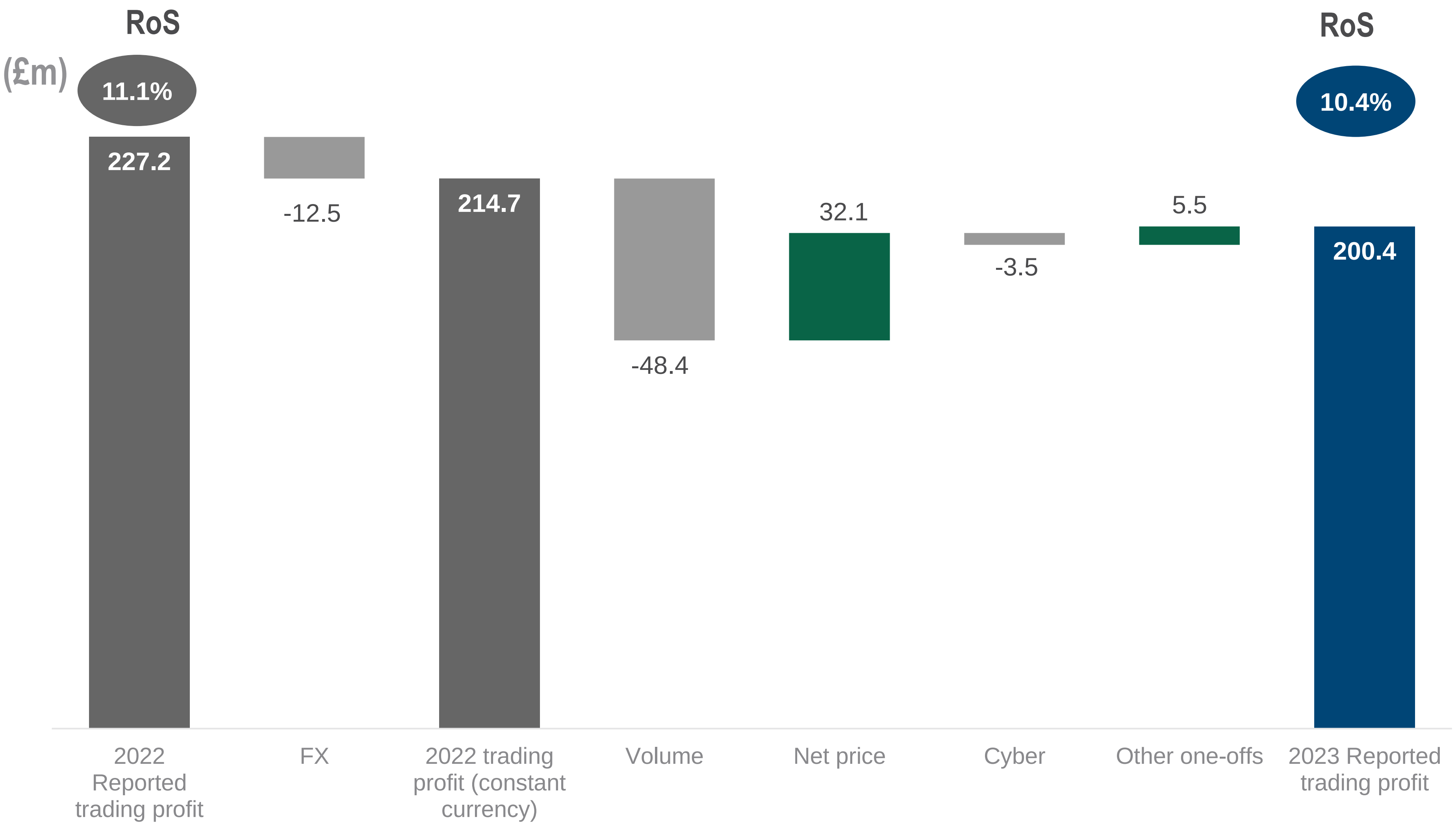
Revenue -3% (underlying) reflecting good pricing performance in difficult market conditions

Group revenues bridge (£m)



Resilient trading profit

Robust pricing partially compensating for a challenging volume environment



Income statement

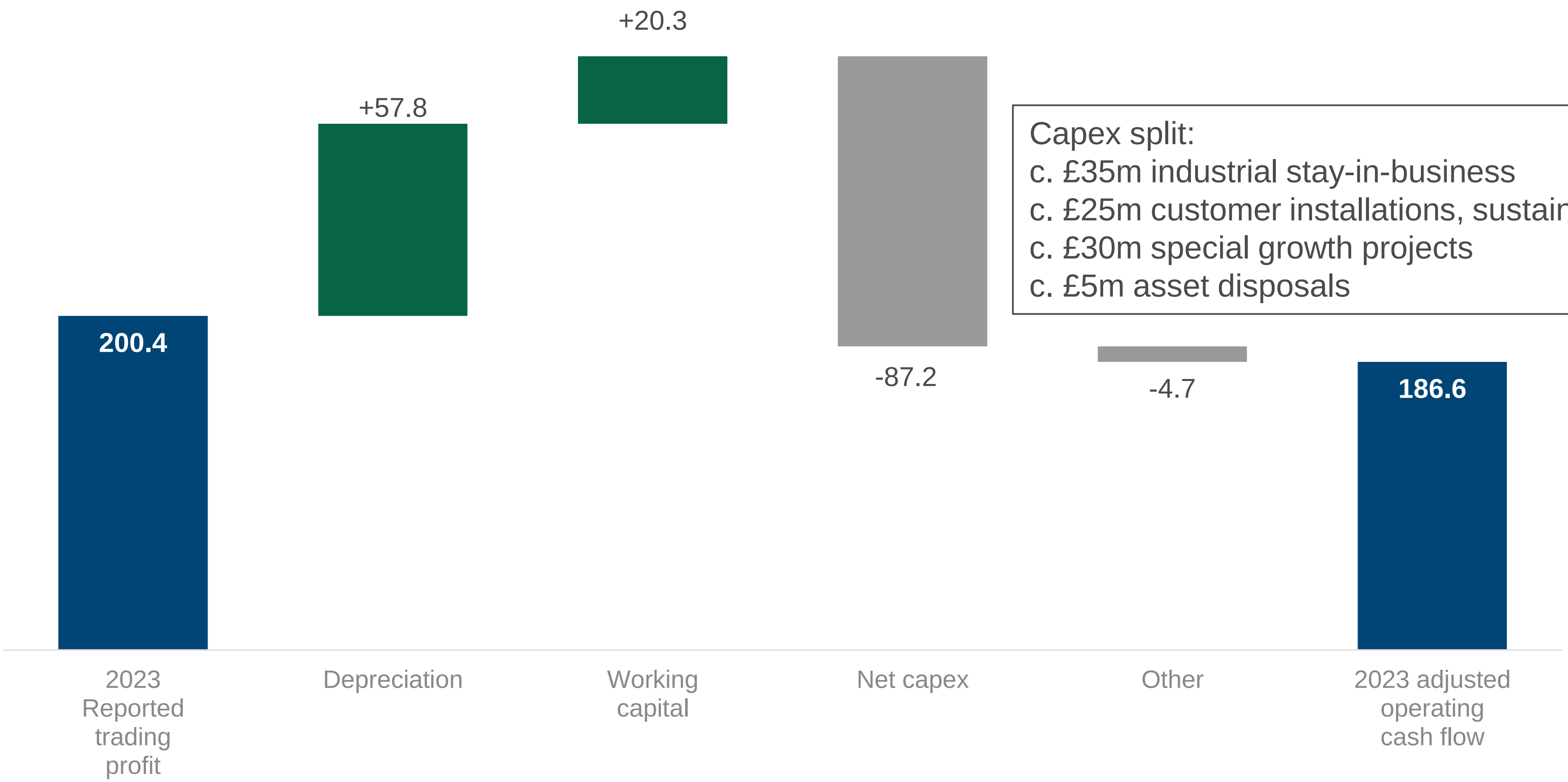
	2023	2022	Change (%)	
(£m unless indicated)	Actual	Actual	As reported	Underlying[1]
Revenue	**1929.8**	**2047.4**	**-5.7%**	**-3.1%**
Trading Profit	**200.4**	**227.2**	**-11.8%**	**-6.7%**
Return on Sales (ROS %)	**10.4%**	**11.1%**	-70 bps	-40 bps
Post tax Share of JV Results	0.9	1.2		
Net Finance Costs	-11.6	-11.4		
Headline Profit Before Tax	**189.7**	**217.0**	**-12.6%**	
Effective Tax Rate[2]	27.5%	26.5%		
Headline Tax	-51.9	-57.2		
Non-Controlling Interest	-12.1	-7.4		
Headline Earnings attributable to the parent	**125.7**	**152.4**	**-17.5%**	
Headline EPS (pence)	**46.7**	**56.5**	**-17.3%**	**-11.9%**
Dividend per share	**23.0**	**22.25**	**+3.4%**	

Notes: 1. Underlying basis is at constant currency and excludes separately reported items and the impact of acquisitions and disposals.
2. 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.

Excellent cash conversion

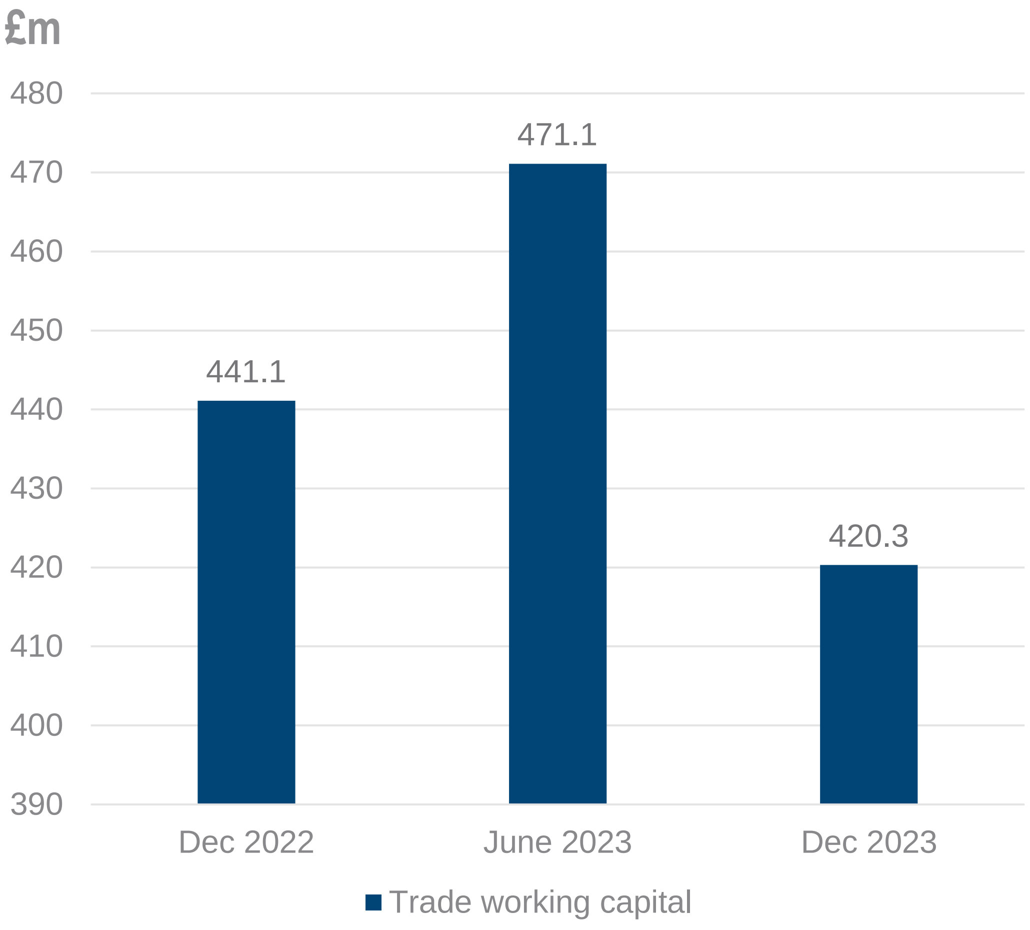
£m

Cash conversion 93% despite significant investment in growth capex

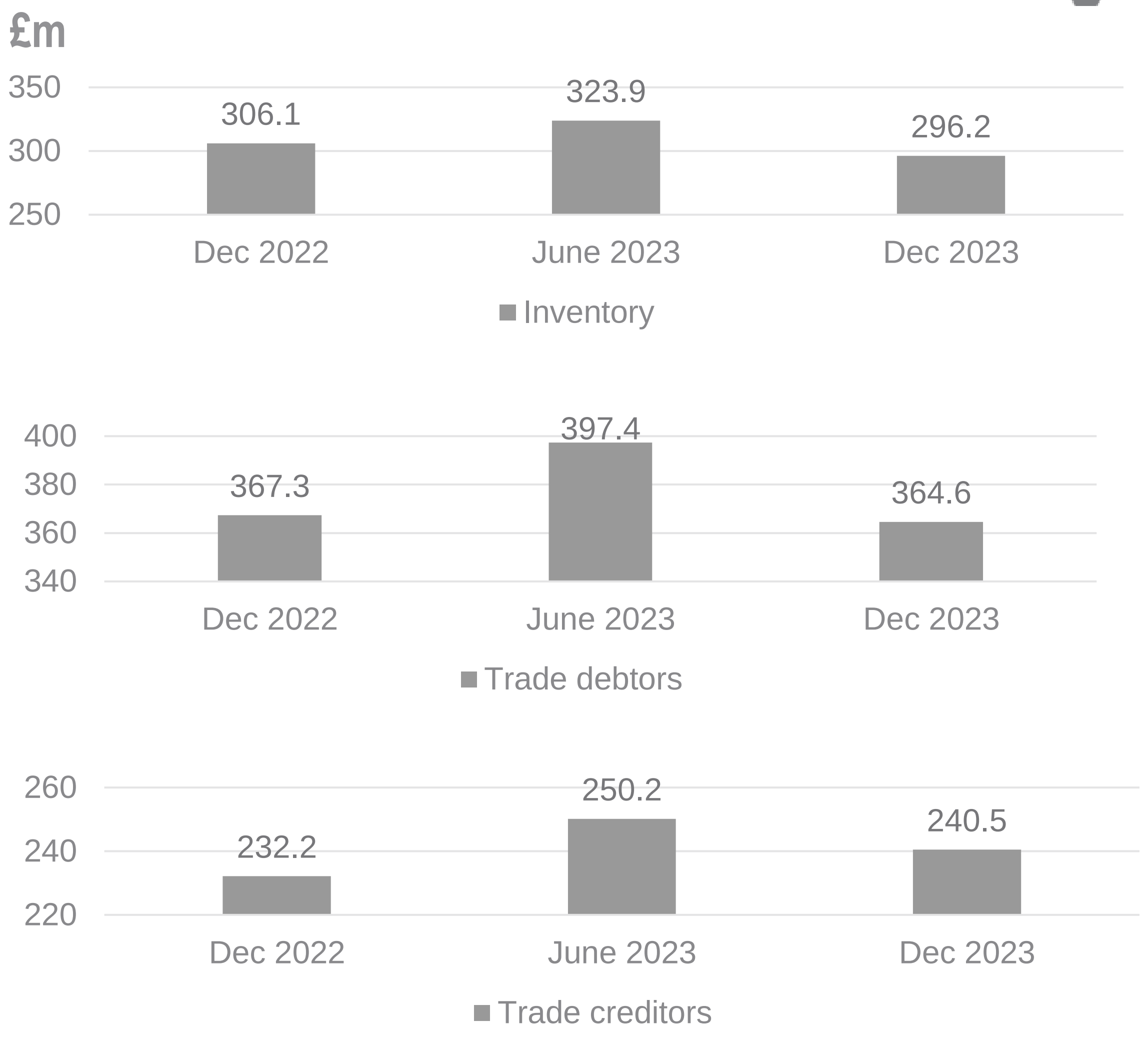


Capex split:
c. £35m industrial stay-in-business
c. £25m customer installations, sustainability and IT
c. £30m special growth projects
c. £5m asset disposals

Working capital improving in all categories, particularly in H2



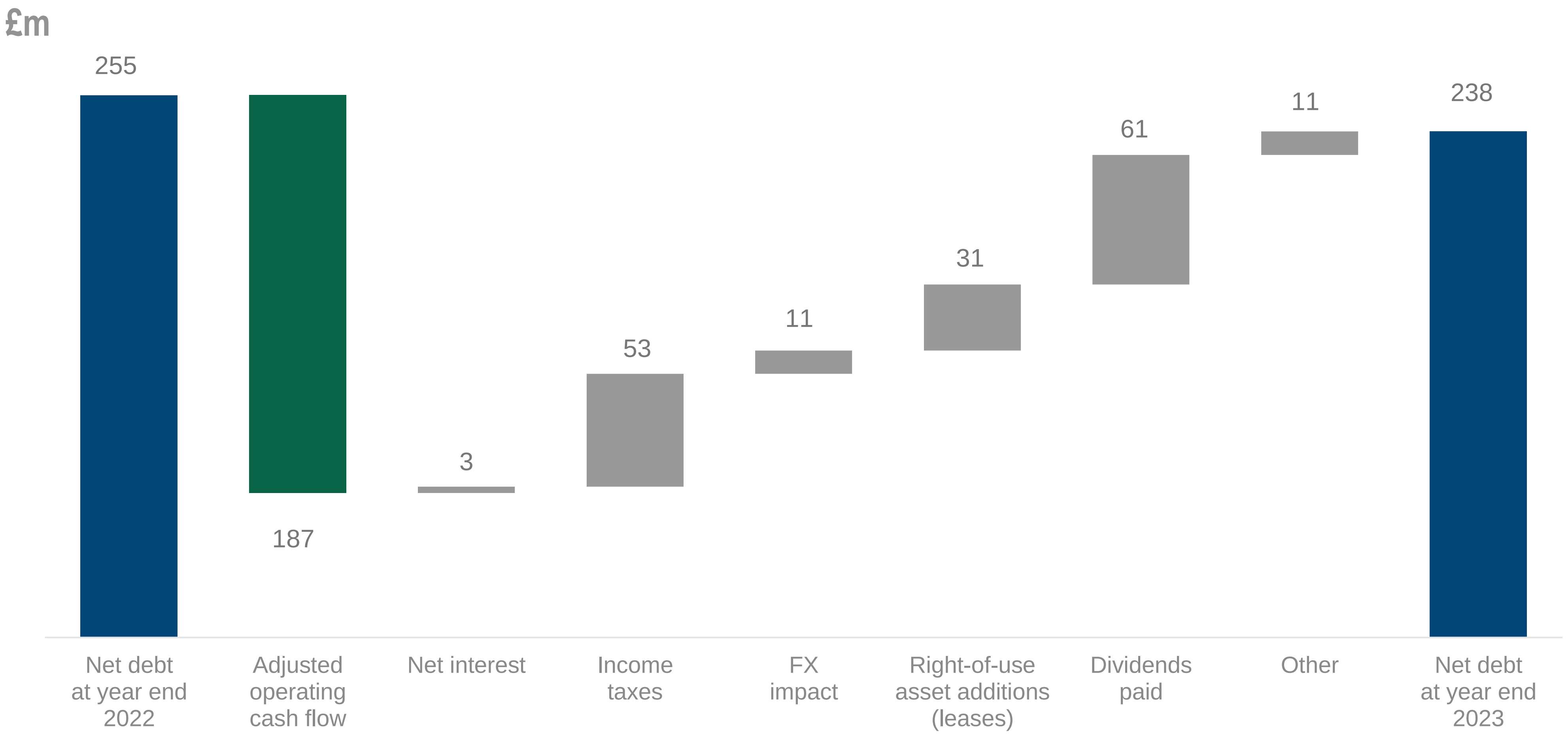
TWC / revenue	23.8%	24.1%	23.4%



Note: all figures at a constant currency basis

Strong balance sheet – supporting both growth and capital returns

Net debt/EBITDA stable at 0.9x



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Operational efficiency programme

As announced at our Capital Markets Event in November 2023:

- We are putting in place a programme targeting at least £30m recurring cash savings by 2026
- Source of savings
    - Lean / continuous improvement programmes
    - Further optimisation of manufacturing footprint
    - Automation and digitisation of manufacturing and admin processes

- Cash costs to achieve of c. £40m (including both capex and one-off restructuring, with the majority capex)

2024:

- £3m savings expected to be delivered in-year, run-rate of £10m to £15m expected by year-end
- One-off cash restructuring costs of c. £6m will be accounted for separately

Outlook

2024 outlook

Current trading and outlook for 2024

"In line with the end of 2023, the activity level of both our Steel and Foundry markets remained subdued at the beginning of the year. However, we expect some improvement in market activity as the year progresses, consistent with external forecasts.

We expect to continue to outperform our markets in both Flow Control and Foundry and we are progressing the implementation of our £30m cost savings programme, of which we expect to deliver around £3m of in-year savings in 2024 and a run-rate of £10m - £15m by the end of the year.

Overall, on an underlying, constant currency basis (excluding one-off restructuring costs estimated at £6m), we expect to make moderate progress in 2024. Beyond 2024 we anticipate delivering stronger progress supported by the benefits of the cost savings programme together with innovation and significant capacity investments in growing markets."

Our mid-term ambition level remains unchanged

Positive growth trends in the steel and foundry markets

Vesuvius to **outperform the underlying markets** thanks to its technology-based strategy

Profitability (RoS) targeted to exceed 12.5% in 2026

Strong and recurring free cash flow generation of £400m (2024 to 2026) due to asset light business model, delivering **enhanced return to shareholders**

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Appendix 1

technical and additional information

Think beyond. Shape the future.

Technical notes and guidance for 2024

- Based on FX rates as at 28 February 2024, FY23 revenue of £1929.8m and trading profit of £200.4m would translate to c. £1,875m and c. £191m respectively, a headwind of c. £55m to revenue and £9m to trading profit
  - see table overleaf, showing impact of a movement in currency against sterling
- Depreciation c. £65m - £70m
- Interest cost c. £9 - 11m (income statement) and c. £7 - 8m cash cost
- Tax - P&L effective rate c. 27.5% (dependent on profit mix); cash tax broadly similar to P&L charge
- Cash capex c. £100m of which c. £30 – 35m is growth capex
- Non-controlling interest principally comprises the India business of the Steel division. NCI 2023: £12.1m
- Share buy-back: of the £50m programme, £3m executed in 2023 and £47m in 2024, ending in December 2024. At current prices, approx. 10m shares to be bought in 2024

Share buy-back ready-reackoner	
SBB	£50.0m
executed in 2023	£3.1m
To be executed in 2024	£46.9m
average price of shares bought back to date	£4.74
no. shares to be bought in FY24 if at same price	9.9m
Share count @ 31/12/23	270.6m
Estimated share count @ 31/12/24	260.7m
Estimated average shares in issue in FY24	265.6m

FX impact on trading profit by currency unit and by % change

Currency	Unit	Change in trading profit (£m) (approx.)	% change	Change in trading profit (£m) (approx.)	Average rate FY22	Average rate FY23	YE rate 31 Dec 2023	Current Spot (28 Feb 2024)
USD	1 Cent	0.77	1.0%	0.95	1.24	1.24	1.27	1.27
EUR	1 Cent	0.13	1.0%	0.15	1.17	1.15	1.15	1.17
INR	1 Rupee	0.38	10.0%	3.91	96.99	102.68	105.89	105.11
RMB	0.1 RMB	0.30	1.0%	0.26	8.31	8.82	9.07	9.15
JPY	1 Yen	0.05	10.0%	0.80	161.86	174.87	179.56	190.88
BRL	0.1 Real	0.42	1.0%	0.26	6.38	6.21	6.18	6.26
ZAR	1 Rand	0.001	1.0%	0.03	20.16	22.95	23.27	24.22
EGP	1 piastres	0.001	1.0%	0.02	23.62	38.12	39.33	39.13
ARP	1 pesos	0.002	10.0%	0.06	160.51	368.77	1029.08	1066.77
TRL	1 lira	0.16	10.0%	0.47	20.36	29.62	37.52	39.41
PLN	1 groszy	0.03	1.0%	0.17	5.49	5.22	5.01	5.03

Financial summary (reported)

	2023 (£m)	2022 (£m)	Year-on-year change	Underlying change [(1)]
Revenue	1,929.8	2,047.4	-5.7%	-3.1%
Trading Profit [(2)] (EBITA)	200.4	227.2	-11.8%	-6.7%
Return on Sales [(2)]	10.4%	11.1%	-70bps	-40bps
Operating Profit	190.1	216.8	-12.3%	
Headline Profit Before Tax [(2)]	189.7	217.0	-12.6%	
Profit Before Tax	179.4	206.6	-13.2%	
Profit	130.6	188.5	-30.7%	
Headline Earnings [(2)]	125.7	152.4	-17.5%	
Headline EPS [(2)] (pence)	46.7	56.5	-17.3%	
Statutory EPS (pence)	44.0	67.2	-34.5%	
Adjusted operating cash flow [(2)]	186.6	185.5	0.6%	
Cash generated from operations	272.0	268.3	1.4%	
Net Debt [(2)]	237.5	255.0	-6.9%	
Dividend (pence per share)	23.0p	22.25p	3.4%	

[(1)] Underlying basis is at constant currency and excludes separately reported items and the impact of acquisitions and disposals.
[(2)] For definitions of non-GAAP measures, refer to Note 16 in the Condensed Group Financial Statements within the full year results RNS.

5 year history at constant currency

	2019	2020	2021	2022	2023
Revenue (£m)	**1,630.1**	**1,417.3**	**1,671.2**	**1,992.1**	**1,929.8**
Steel	1,147.8	1,022.9	1,199.2	1,454.5	1,400.0
Foundry	482.3	394.4	472.0	537.7	529.8
Trading Profit (£m)	**166.1**	**93.2**	**139.0**	**214.7**	**200.4**
Steel	112.5	72.0	101.1	163.2	147.6
Foundry	53.6	21.2	37.9	51.5	52.8
Return on Sales (%)	**10.2%**	**6.6%**	**8.3%**	**10.8%**	**10.4%**
Steel	9.8%	7.0%	8.4%	11.2%	10.5%
Foundry	11.1%	5.4%	8.0%	9.6%	10.0%

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Appendix 2
Capital Markets Event extracts

Think beyond. Shape the future.

Vesuvius: A profitable organic growth strategy

1

Positive growth trends in the steel and foundry markets

- Inflection to positive growth in steel markets outside China
- Continued growth in foundry markets

2

Vesuvius **outperforms the underlying markets** thanks to its technology-based strategy

3

Profitability (RoS) target to exceed 12.5% in 2026 as a result of:

- **Market share gains** and **net pricing performance** due to product differentiation
- Further **cost improvement target of £30m** (c. 150bps)

4

Strong and recurring free cash flow generation due to asset light business model (no mining integration), delivering **enhanced return to shareholders**

- At least **£400m free cash flow** (2024 – 2026)

Vesuvius provides technologically differentiated solutions to our steel and foundry customers

World Leading R&D

>95% sales from high-technology consumables

Value creation for steel and foundry customers

Safety
Improvements in customer plants

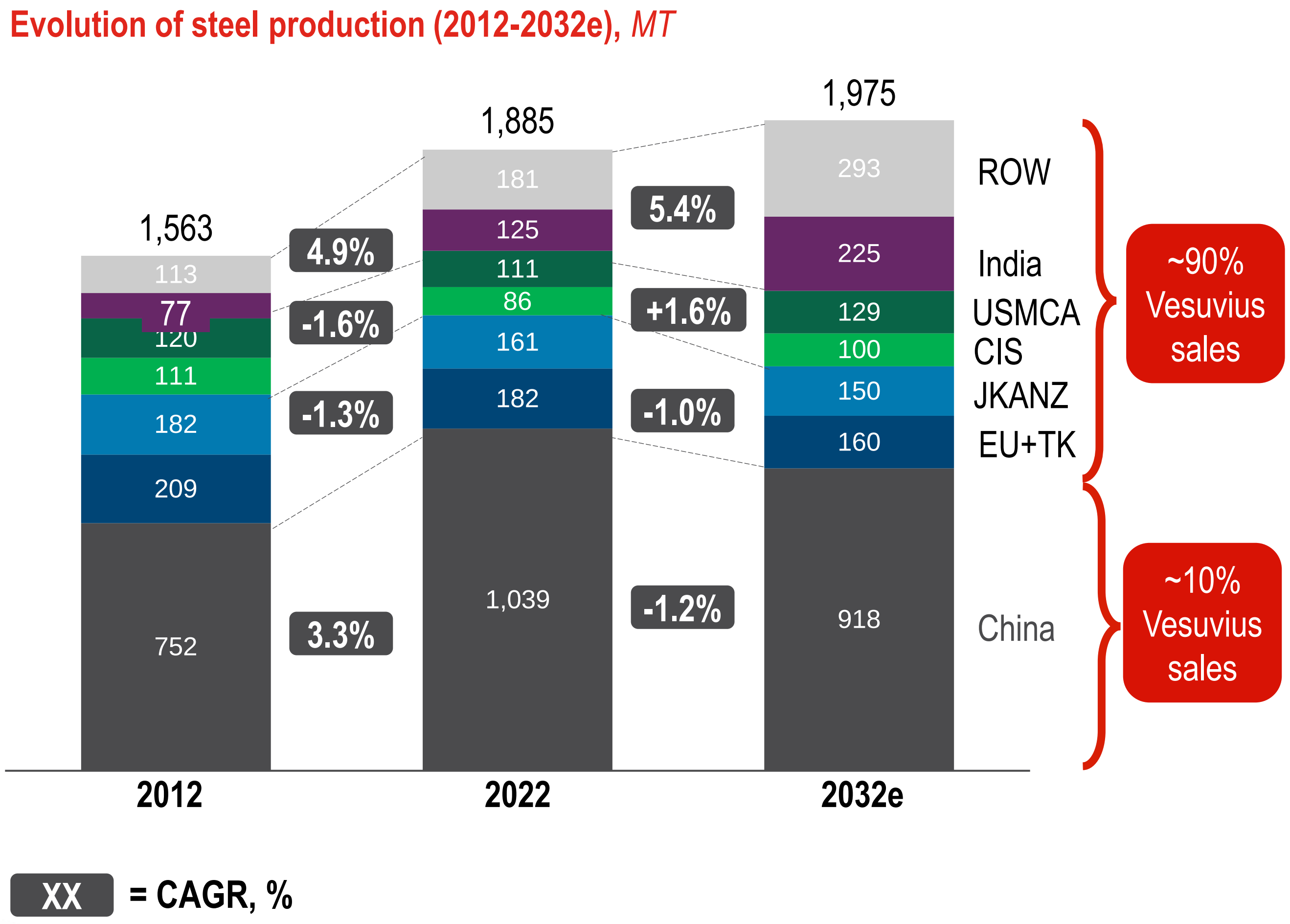
Quality
Better steel, better castings

Efficiency
Cheaper steel, cheaper castings

Sustainability
Less energy usage and CO_2 emissions in steel & foundry process

Positive inflection point in steel production outside of China

More than 200m tonnes of steel production growth outside of China in the next 10 years



- Strong growth of steel production and consumption in India and RoW
- Moderate growth of steel production and consumption in US, Mexico and Canada, and CIS
- Moderate growth of steel consumption, but decline of production in the EU plus Turkey and in Japan, South Korea, Australia and New Zealand
- Decline of production and consumption in China, mostly in long steel products for construction
- High tech steel will continue to grow in China

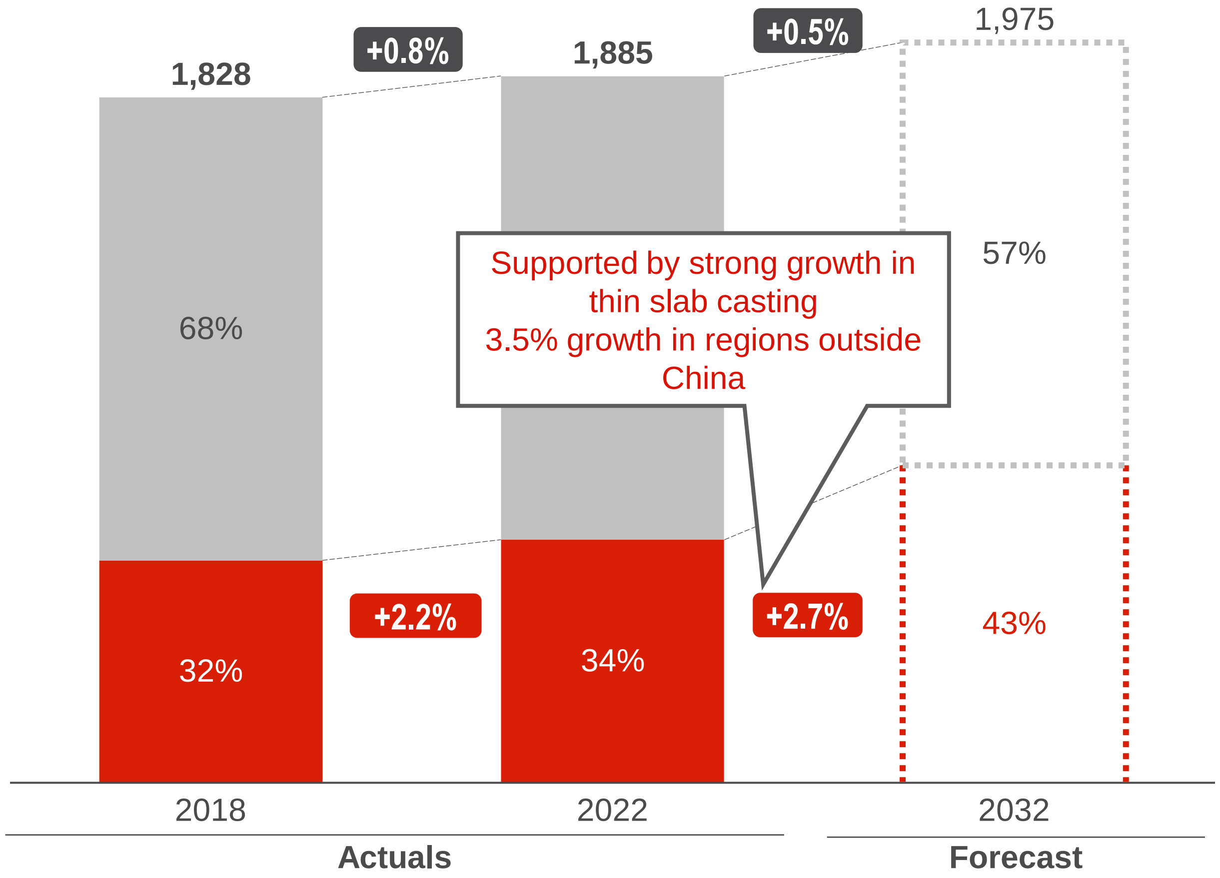
Source: World Steel Association (Yearbook 2022 published in March 2023) and Laplace Conseil (analysis conducted in October 2023, including inputs from World Bank, IMF, IEA, OECD & other international associations, company data and announcements)

Faster growth of high-tech steel, in particular thin slab casting, supporting Flow Control outperformance

XX = CAGR, %

High tech steel Commodity steel

Global steel production evolution, *MT (%)*



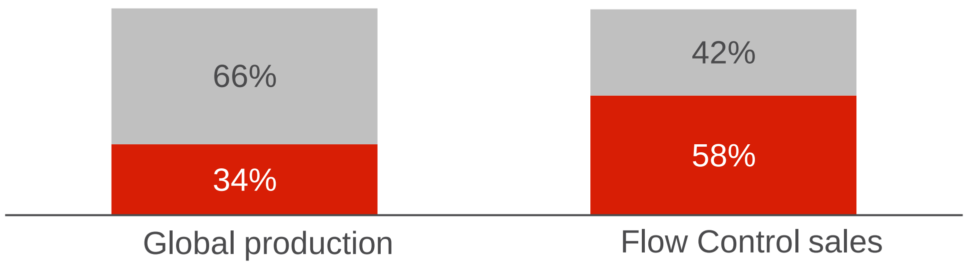
Source: World Steel Association (Yearbook 2022 published in March 2023) and Laplace Conseil (analysis conducted in October 2023, including inputs from World Bank, IMF, IEA, OECD Global Energy Monitor (Steel plant tracker March 2023) & other international associations, company data and announcements)

High technology steels

Produced through **technologically advanced** process routes and / or for **demanding applications**, with typical end markets in **automotive, engineering and energy**

Flow Control serves this market through a **customised solution-focused offering**, resulting in **strong customer loyalty** and **higher profitability**

Vesuvius Flow Control sales are strongly weighted to high tech steel compared to the market split

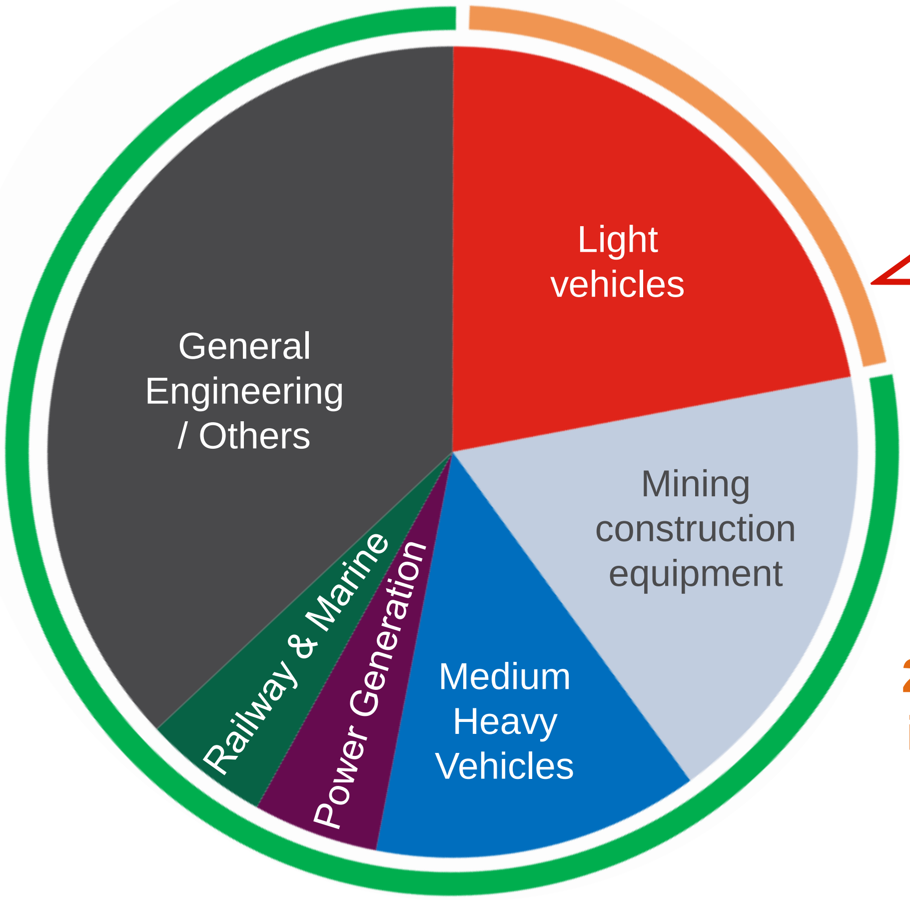


2022 global steel production split by volume, 2022 Flow control sales, Source: Laplace Conseil and Company analysis

Most foundry end-markets are growing in volume at around 2% per annum

Vesuvius foundry end-market sales, *% 2022 sales & %CAGR(*)*

77% of Vesuvius Foundry sales are in markets with positive volume growth ~2% CAGR



Mitigation:
Accelerated penetration of non-ferrous castings for automotive with new technological products

23% of Vesuvius Foundry sales are in markets with flat volume growth *(due to electrification)*

(*) CAGR (2022-2030), Source: IHS, Oxford Economics (October 2023), Bain (November 2023), except light Vehicles (CAGR 2019-2030), source McKinsey; Company analysis

The Vesuvius business model: geared for profitable growth

Leading R&D strategy

Differentiated products and solutions

Superior pricing
&
Market share gains

Efficiency

Focus on cost competitiveness

Continuous improvement of manufacturing cost base

profitability target:
>12.5% RoS in 2026

Decentralised, entrepreneurial, non-matrix organisation

CORE VALUES: Courage | Ownership | Respect | Energy

Relentless focus on cost optimisation

Lean and continuous improvement programmes

Automation and digitisation of manufacturing and administrative processes

c. 75% benefit

Further optimisation of manufacturing footprint

c. 25% benefit

More than £30m of operational efficiency gains targeted by 2026

(Cost: ~£40m, predominantly capex)

Targeting higher profitability and cashflow generation

Leading Technology

Focus on costs

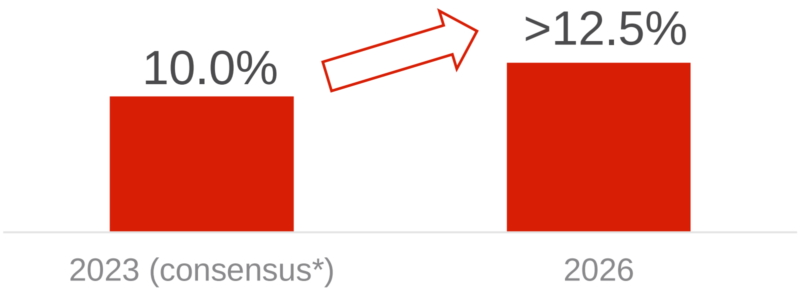
Market share gains drive **revenue growth**

~2% per annum outperformance of underlying markets in Flow Control and Foundry

Optimised **pricing performance**

Cost base optimisation

Target of improved profitability (return on sales)



Strong free cash flow(**) generation

Targeting at least £400m 2024 to 2026

- **Very selective M&A strategy**
- **Improved shareholder cash returns**
  - Dividends
  - Share buy back

(*) Company compiled consensus
(**) Free cash flow: net cashflow from operating activities, after capex, dividends received from JVs and dividends paid to non-controlled entities

We have a target to achieve a return on sales margin of at least 12.5% in 2026

- We are targeting medium-term average revenue growth of at least c.4%, based on
  - Assumed market growth of c. 2% p.a.
  - Outperformance of c. 2% pa. through market share gains in Flow Control and Foundry
  - Supported by our capacity investments
  - NB. excludes raw material movements which we pass on
- Target to achieve >12.5% return on sales in 2026 supported by
  - Underpinned by recent capacity investments enabling £30m EBITA (£40m EBITDA)
  - Operational efficiency savings of c. £30m
  - Continued focus on “total-value” pricing

Our path to reach our target of 12.5% in 2026

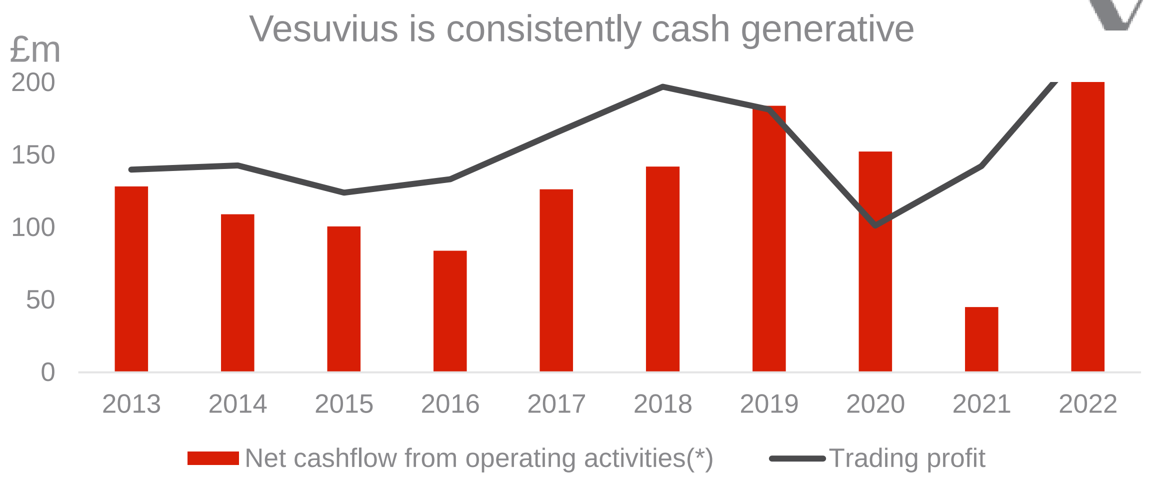
Source: Laplace Conseil (analysis conducted in October 2023, including inputs from World Bank, IMF, IEA, OECD & other international associations, company data and announcements)

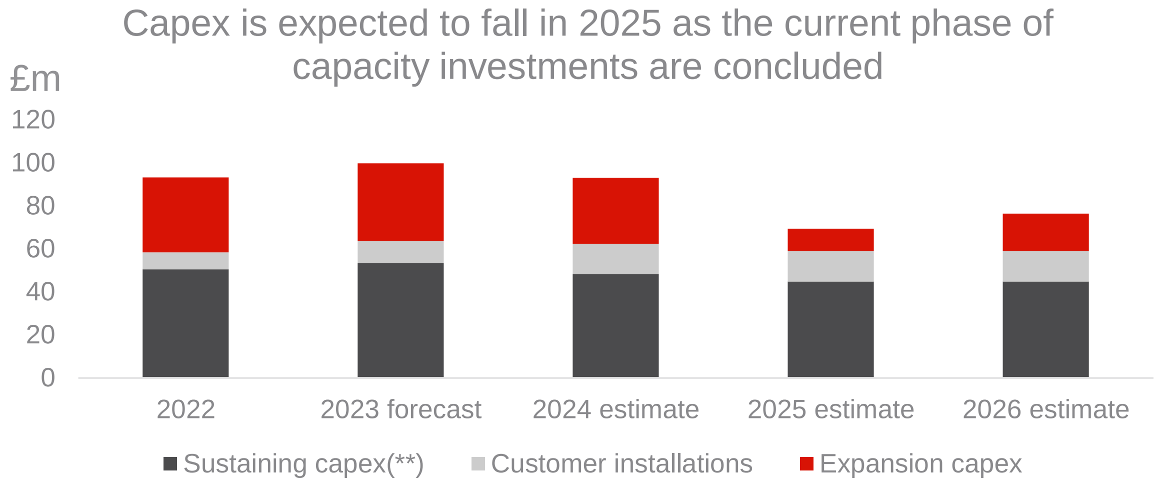
(*) Company compiled consensus

Our business model delivers consistently growing cashflows

- Our business model generates highly resilient positive cash flows:
  - Low capex intensity / asset light (no mining integration)
  - High level of recurring revenue created from a consumable model
  - Underpinned by working capital discipline
- We are targeting a reduction in working capital intensity from 24% to 21% by 2026
  - Continued management focus
  - Investment in new digital planning tools
  - Improved commercial terms
- Maintenance capex of c. 2% revenue
- Capacity enhancing capex investments with attractive rates of return
  - For organic investment, targeting ROIC(***) (ex-goodwill) of greater than 20%

(***) Return on Invested Capital (ROIC) as defined in the 2022 Annual Report, adjusted for goodwill





(*) Cashflow from operations after working capital movements, interest and tax, before capex
(**) Sustaining capex includes maintenance, sustainability and IT capex

Cash will then be available for **further investment or returns to shareholders**

Target at least £400m free cash flow(*) to be generated from 2024 – 2026

c. 50% dividends

c. 50% for acquisitions and / or additional shareholder returns

(*) Free cash flow: Cashflow from operations after working capital movements, interest, tax, capex, dividends received from JVs and dividends paid to non-controlled entities

Capital allocation priorities

Organic investment

- Consistent and targeted R&D expenditure of c. 2% of revenue per annum
- Capex expected to return to sustaining levels in 2025
- Sustaining capex of c. £65m per annum based on c. £40m maintenance plus £30m for IT, automation, sustainability and customer installations

Inorganic investment

- Highly selective acquisition filter
- Strategic factors:
    - Geographic complementarity
    - Technology complementarity
- Very stringent financial hurdles for investment

Shareholder returns

- Long-term dividend growth via a progressive dividend
- Maintain a prudent balance sheet (c. 1.0 – 2.0x net debt / EBITDA)
- Surplus capital available for additional shareholder returns

Conclusion

Topline growth medium term c. 2% market growth and c. 2% outperformance

Margin target of 12.5% achieved in 2026

Strong cash generation delivering at least £400m between 2024 and 2026

Capital allocation focused on value creation and shareholder returns

VESUVIUS PLC

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Think beyond. Shape the future.