VESUVIUS PLC

A global leader in metal flow engineering

2012 Full Year Results (unaudited)

21 March 2013

VESUVIUS PLC

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John McDonough CBE, Chairman

VESUVIUS PLC

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François Wanecq, Chief Executive

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2012 : Overview

- 2012 results (continuing operations)

  Resilient financial performance delivered in a difficult H2 trading environment

  - Fall in global steel and vehicles production
  - Revenue down 11% vs. H1 and trading profit down 34% vs. H1
  - Full year trading profit including Precious Metals at £150.2m
  - Operating cashflow of £132m for the full year

- Achievements

  Successful demerger of Alent completed

  In advanced discussions on sale of Precious Metals Processing business

- Decisive actions taken

  1. Streamlining Vesuvius
  2. Enhancing our value

	2012 **£m**	2011 £m
Revenue	**1,548**	1,686
Trading Profit	**133.0**	183.5
Year-end Net Debt	**295**	
Final dividend	**9.5 pence**	

2012 : Business highlights

1. Streamlining Vesuvius

- Disposal of Precious Metals Processing businesses
  - US business sold in May
  - Negotiations on sale of European business at an advanced stage
- Exit from low margin non-core businesses
  - Andreco-Hurll – Australia - refractories
  - VGT-Dyko – Germany - special brick refractories
- Exit from Solar Crucibles
  - Closure of 3 plants during the year
  - Full exit from business after the year-end

2012 : Business highlights (continued)

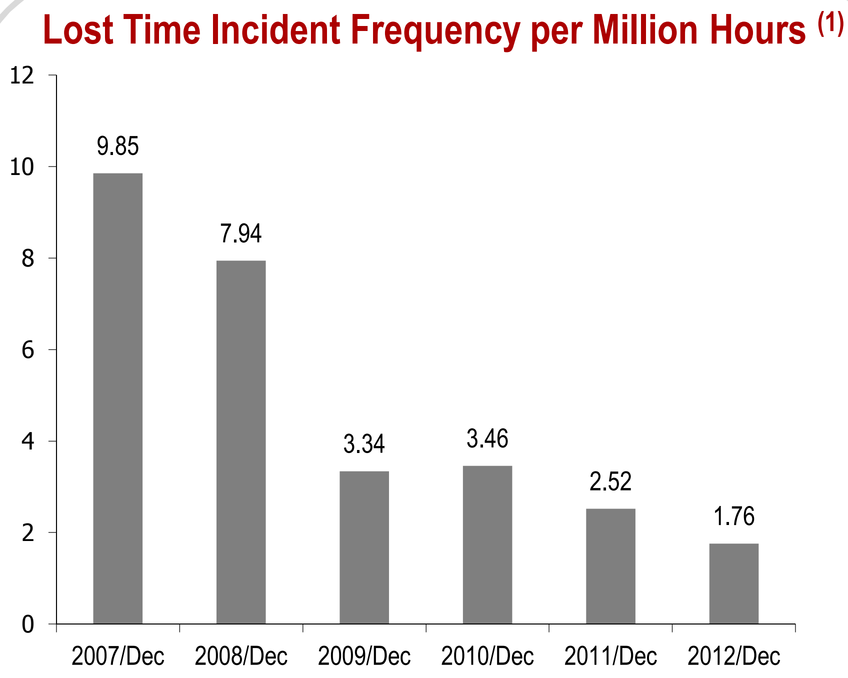
2. Enhancing our value

- Restructuring actions implemented across the Group
  - Flexible working practices/operating cost structures expanded
  - Around 850 job reductions since June 2012
- Continued investment in core Steel & Foundry businesses
  - Acquisition of Metallurgica - integrated successfully into Steel Flow Control
  - Steel : new facilities completed or under construction in Czech Republic, Brazil, Australia and UAE
  - Foundry : new facilities under construction & planned in China
    : dedicated R&D facility planned in Netherlands
  - Further expansion of SERT/AVEMIS based technical services with significant commercial successes in USA and Korea
  - First robotic tube changing system installed at Hyundai and further orders in USA and Brazil
  - Installed 12 Initek systems and 15 contracted to be supplied

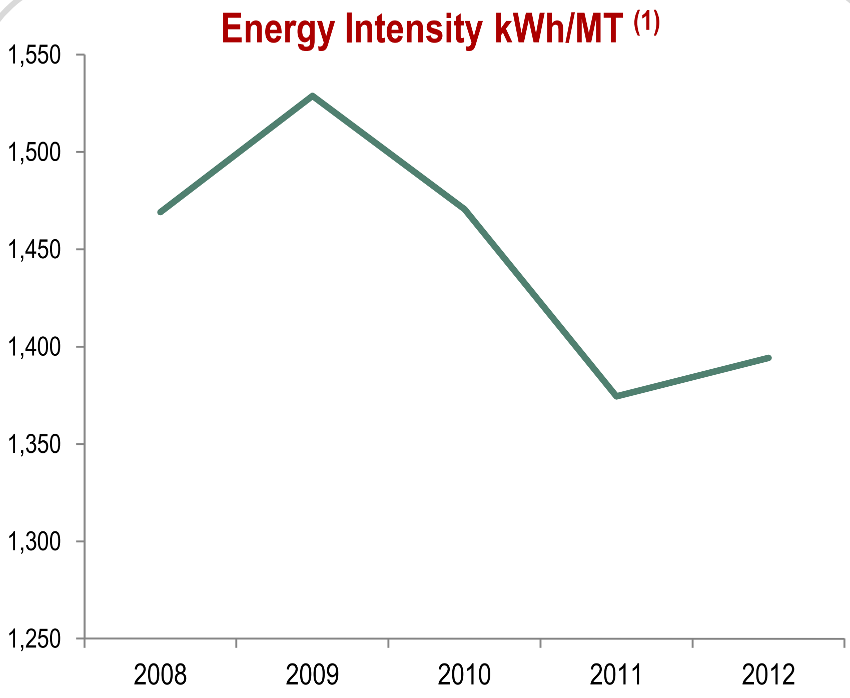
metallurgica

Corporate Responsibility

- Sustained effort to improve performance in key areas

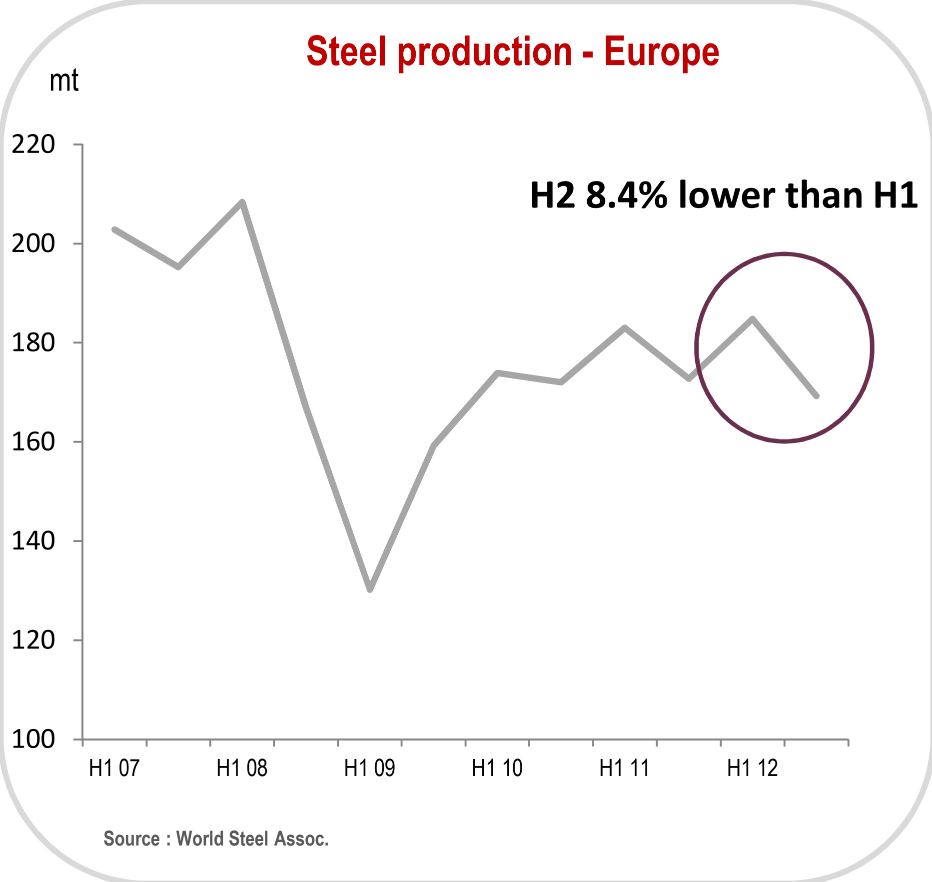


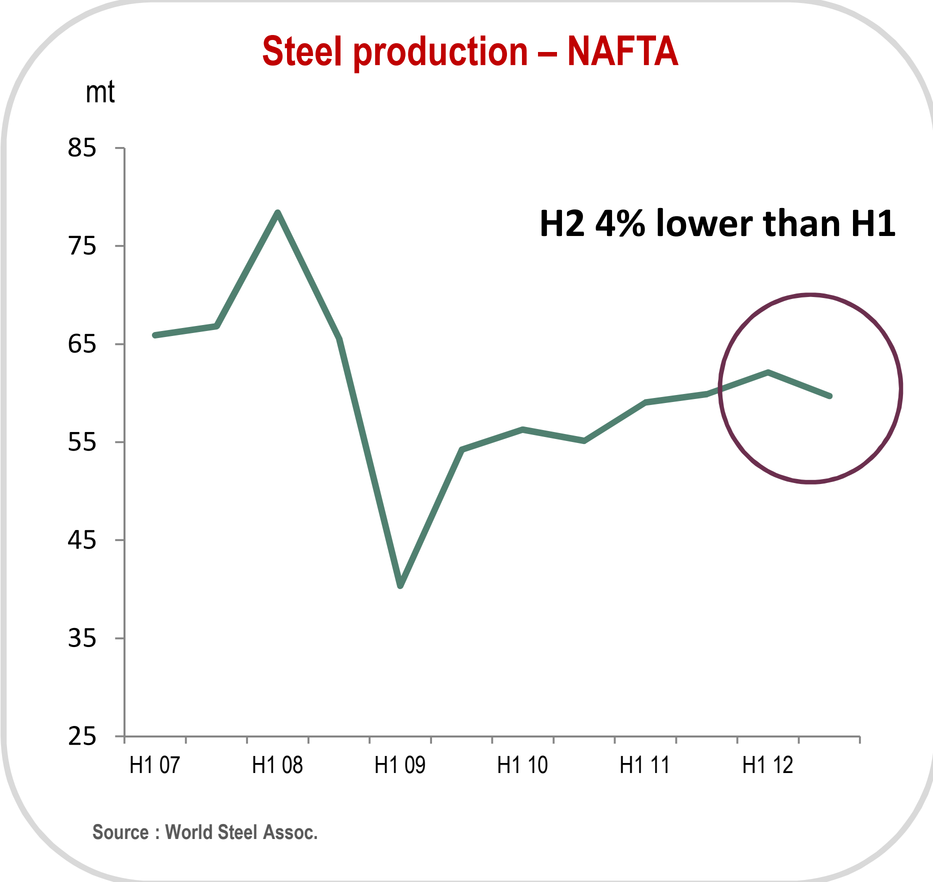
(1) Management estimates



(1) Management estimates

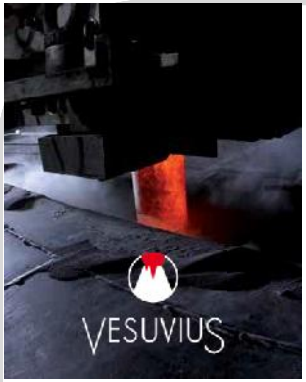
Steel markets : production fell in H2 and remains below peak pre-2008 levels





- H2 production 17% lower than H1 2007
- H2 production 10% lower than H1 2007

2012 : Operations review - Steel



Global market leadership

- ✓ Flow control systems
- ✓ Isostatically pressed refractories
- ✓ Flow control pre-cast solutions
- ✓ Mould & tundish fluxes (world #2)

Trading performance

£m (as reported)	**2012**	2011	Change
Steel Flow Control	**542**	533	+1.5%
Advanced Refractory	**476**	545	-12.7%
Total Revenue	**1,018**	1,078	-5.7%
Trading profit	**84**	107	-21.5%
Trading margin %	**8.2%**	9.9%	

Steel Flow Control :

- Acquired Metallurgica - expanded addressable market
- New manufacturing facilities (Czech & Brazil) – reduced supply costs
- Expansion of SERT & AVEMIS based technical services – higher value

Advanced Refractories:

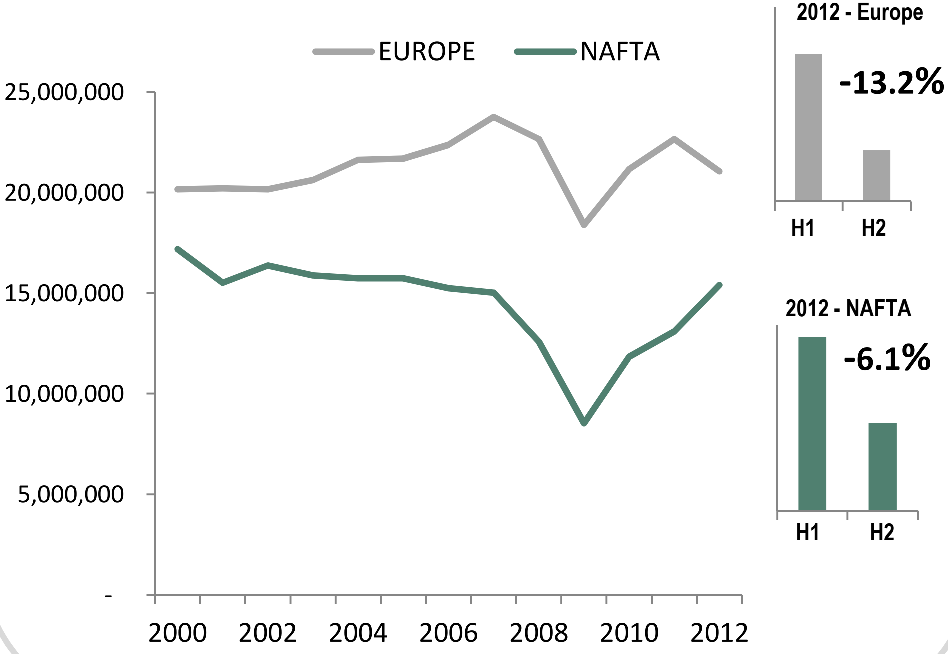
- Decline in revenues reflected sale of low margin Andreco-Hurll operation
- Impact of weaker steel production in H2 also felt, in particular in EU
- New facilities (Australia, UAE) – expanding addressable markets & reducing costs

Trading margins:

- Reduced margins principally reflected revenue declines
- Raw material prices stable
- Action continuing to reduce operating costs – flexible working
- Further initiatives to reduce lower margin activities – exit from VGT-Dyko operation

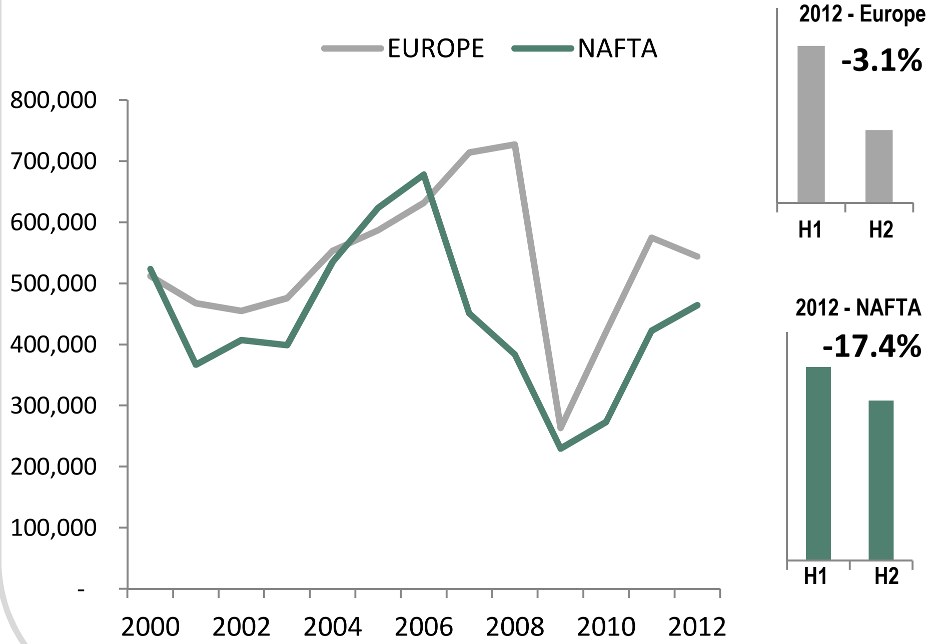
Foundry markets : vehicle production deeply affected in H2

Light vehicle production



Source : LMC Automotive.

Truck production



Source : LMC Automotive.

- Europe production declined 7.4% in 2012
- NAFTA back only to pre-2008 levels

- Europe production declined 5.4% in 2012
- NAFTA still well below pre-2008 level

2012 : Operations review - Foundry

Global market leadership

- ✓ Filters
- ✓ Feeding systems
- ✓ Coatings

Trading performance

£m (as reported)	**2012**	2011	Change
Foundry (excl. Solar Crucibles)	**520**	567	-8%
Solar Crucibles	**10**	41	-76%
Total Revenue	**530**	608	-13%
Foundry (excl. Solar Crucibles)	**59**	75	-21%
Solar Crucibles	**(10)**	1	na
Total trading profit	**49**	76	-36%
Foundry (excl. Solar Crucibles)	**11.3%**	13.2%	
Total Trading margin	**9.3%**	12.6%	

Solar Crucibles:

- Sharp decline in end market demand – surplus capacity & inventories
- Escalating trading losses from mid-2011
  - H1 '11 : Profit of £6m
  - H2 '12 : Loss of £(4)m
- Matched by escalating self-help actions:
  - Flexible working in EU; employee reductions in China
  - Plant closures
  - Complete exit from business

Foundry (excluding Solar Crucible):

- Revenue decline reflected weak end-market demand in H2
- Lower margins mainly due to reduced revenue
- Foseco's technology/quality leadership mitigated pricing pressures
- Continuing drive to differentiate & extend value pricing
- Operations being extended in China – major growth opportunity
- New R&D facility planned – maintaining technology leadership

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Chris O'Shea, CFO

Income Statement : Continuing operations – pro-forma

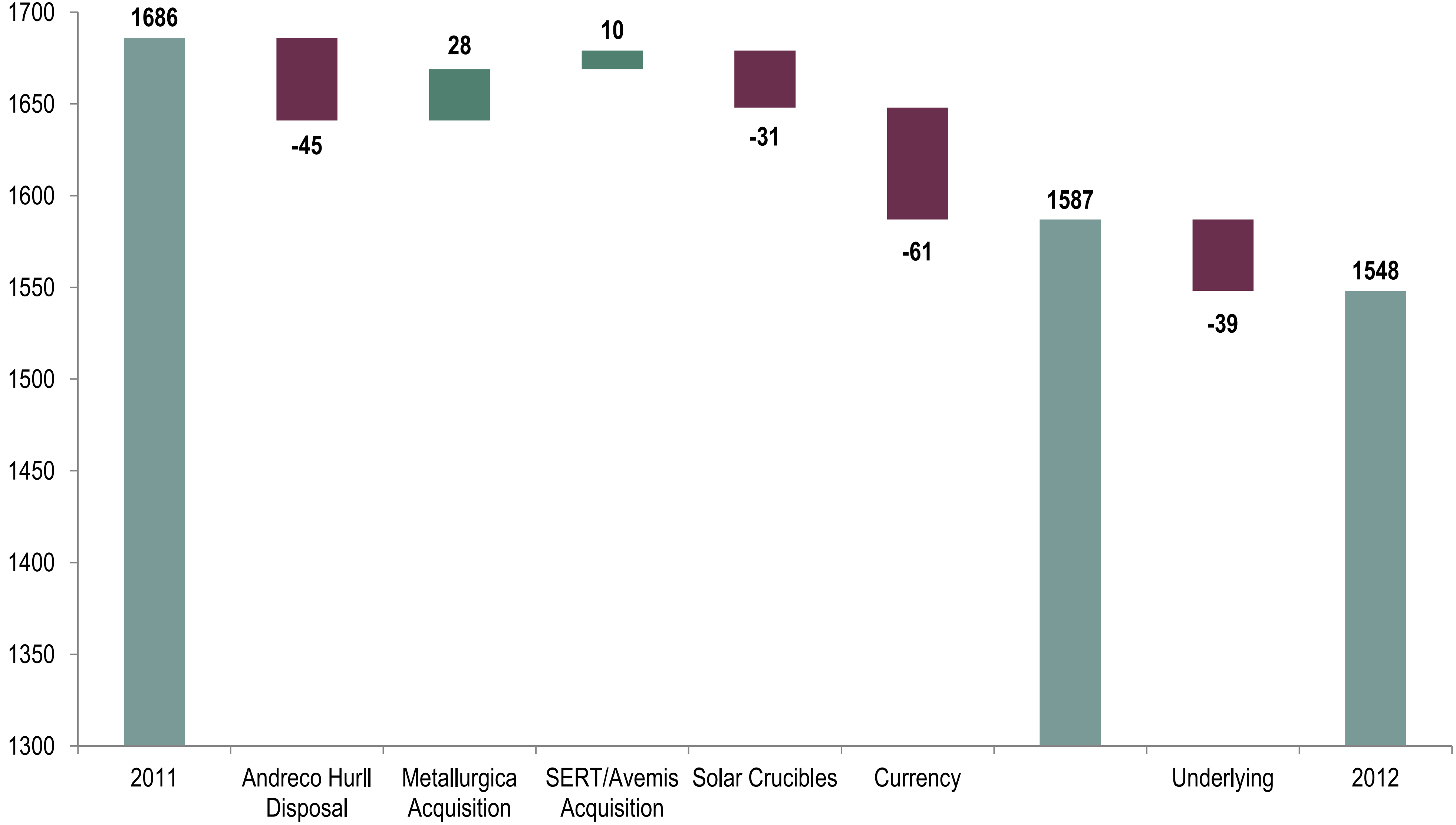
(as reported)	2012 Headline [1] Performance £m	2012 Pro-forma £m	2011 Headline [1] Performance £m	2011 Pro-forma £m
Revenue	1,548	1,548	1,686	1,686
Trading Profit	133.0	133.0	183.5	183.5
Net Interest	(22.2)	(14.9)	(25.8)	(20.2)
Share of JV	0.1	0.1	(1.2)	(1.2)
Profit before Tax	110.9	118.2	156.5	162.1
Tax	(29.6)	(31.6)	(41.9)	(43.1)
Non controlling Interest	(5.1)	(5.1)	(5.9)	(5.9)
Net Earnings	76.2	81.5	108.7	112.7
EPS (pence)	27.5	29.4	39.4	41.0

(1) Excludes all separately reported items

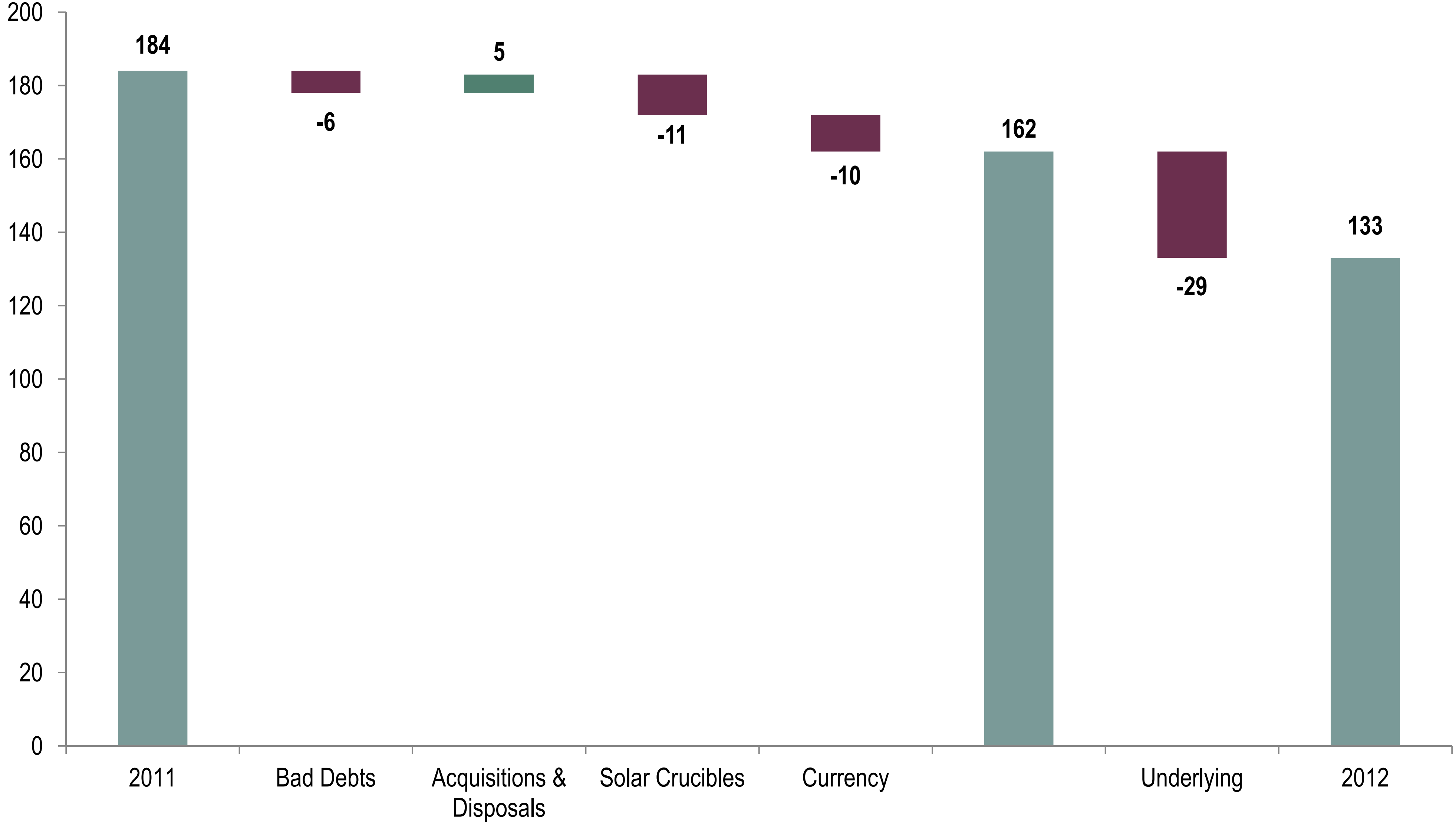
Based on Vesuvius' share of total net debt

- Including Precious Metals Processing : Trading Profit £150.2m; Headline EPS 33.0 pence

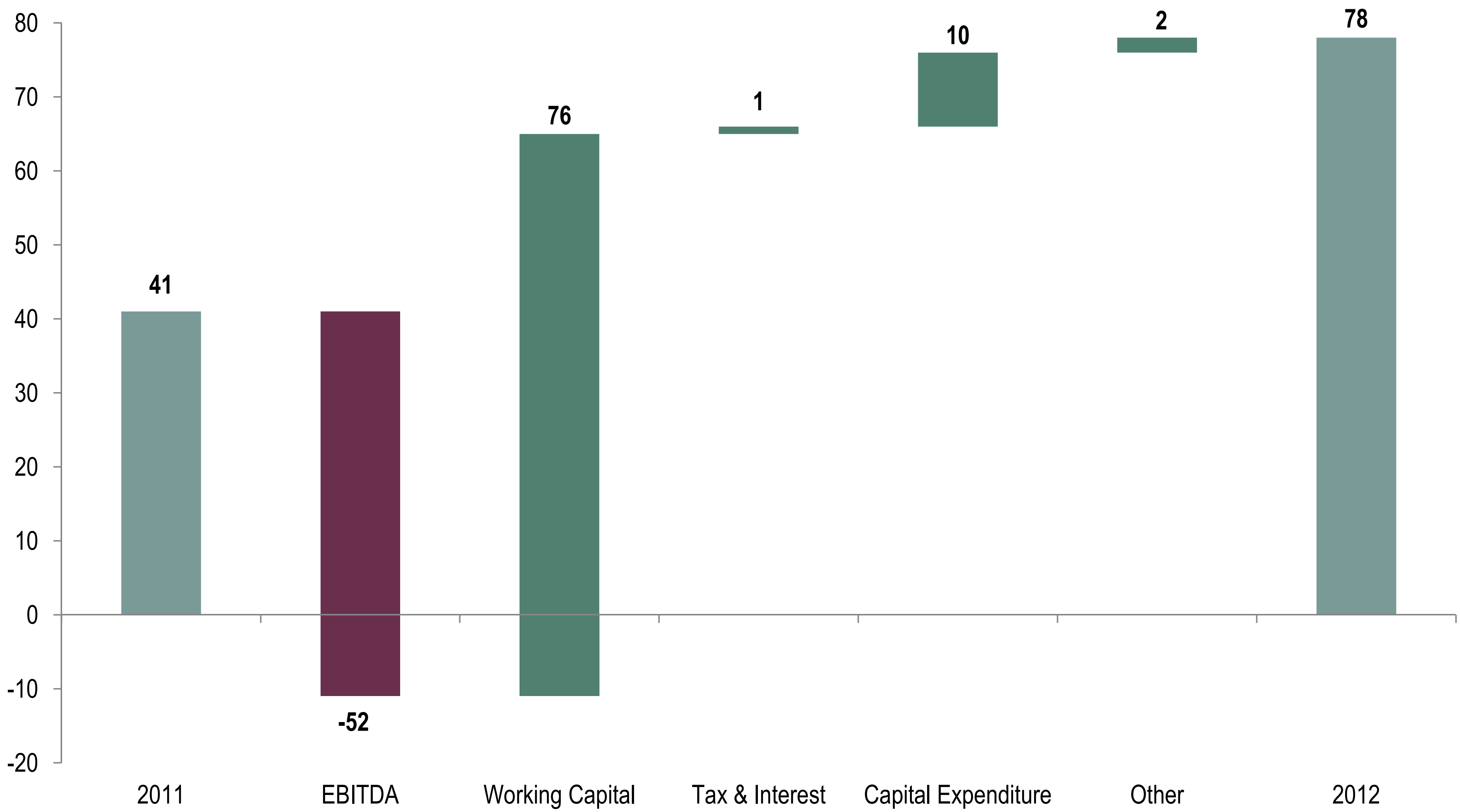
Headline performance - Revenue



Headline performance – Trading Profit



Free Cash Flow – excluding restructuring costs



Interest costs

Continuing operations	2012 £m	2011 £m
Net interest payable on borrowings	**20.6**	23.1
Finance costs - pensions	**0.6**	1.7
Other finance costs	**1.0**	1.0
Headline Performance	**22.2**	25.8
Separately reported items	**-**	1.9
Total net finance costs	**22.2**	27.7
Of which:		
Pro forma, "standalone" equivalent	**14.9**	20.2

- Pro forma represents estimated costs attributable to the Vesuvius continuing operations as if had they been a stand-alone entity throughout 2011 and 2012
- Average interest rate on the aggregate bank debt and USPP loan notes of 3.6% (2011: 4.2%).

Tax

Effective tax rate on headline profits [1]	2012	2011
Continuing operations	**26.7%**	**26.6%**
Including Precious Metals	**24.7%**	**27.1%**

(1) Before exceptional items and post-tax share of JV profits/losses

- Tax value of unutilised operating losses and interest carry-forwards:
  - UK : £87.5m
  - US : £126.7m
  - Other : £21.9m
  - Total : £236.1m
- Tax value of capital losses : £38.0m (UK)

Exceptional charges

As Reported :	2012 £m	2011 £m
Restructuring:		
Solar Crucibles	(46.3)	-
Other businesses	(10.7)	(7.0)
Total	(57.0)	(7.0)
Demerger costs	(15.7)	-

- Of total £57.0m, £40.8m is non-cash
- Provision of £17m at year-end relating to future cash expenditure on previous restructuring programmes

Pensions – developments

- Substantial progress to de-risk Group's liabilities and exposure to future volatility
- Year-end deficit £68.8m
  - Includes £34m cash injection on demerger
  - Further £4m injected in Jan 2013
- Impact if IAS 19 (revised) had been in force

	2012 Current £m	Reclassify admin. costs £m	Discount Rate adjustment £m	2012 Revised £m	Expected impact in 2013 £m
Operating costs	3.3	1.6	—	4.9	5.1
Net finance charge	0.6	(1.6)	1.2	0.2	1.8
Total IAS 19 charge	3.9	—	1.2	5.1	6.9

Funding position

	2012 £m
USPP Notes	(154)
Drawn credit facilities	(267)
Other debt	(4)
Cash deposits	130
Closing Net Debt	(295)

- Net debt/EBITDA at year-end 1.5x
- £580m committed debt facilities available
  - £425m syndicated revolving credit with 16 banks
    - expires 2016
    - £158m undrawn at end 2012
  - USPP Notes : US$110m repayable in 2017; US$140m repayable in 2020
- Average interest rate of 3.6% on all debt
- Net debt/EBITDA covenant of 3.0 x

Financial strategy

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

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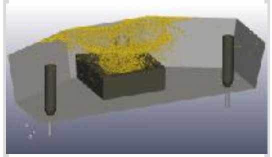
François Wanecq, Chief Executive

Global leader in metal flow engineering

- Producer of process critical consumables for the steel and foundry industries
- Clear market leader across a broad range of product areas
- Global operations – 72 facilities in 30 countries, almost half in developing markets
- Technology and innovation led – products critical to customer efficiency
- Operationally flexible – able to adjust to market conditions
- Strong balance sheet and cashflow generation



Strategy

- Maintain technology leadership
- Increase penetration of value creating solutions
- Capture growth in developing markets
- Improve cost leadership
- Build technical services offering

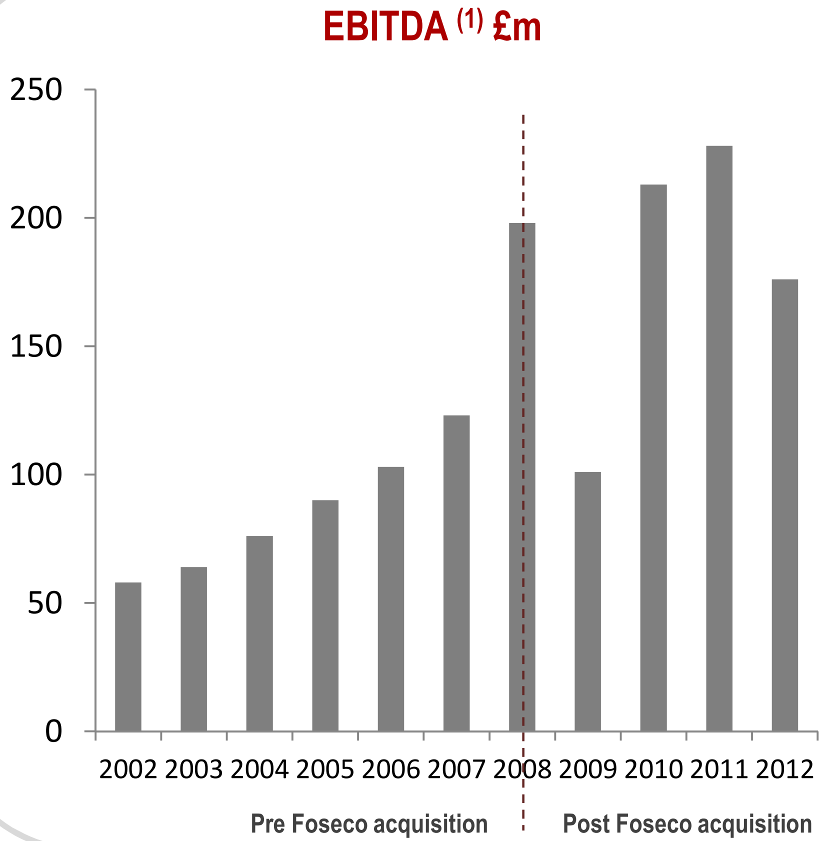
✓ Long-term revenue growth, ahead of our end markets

✓ Higher trading margins and returns on capital employed

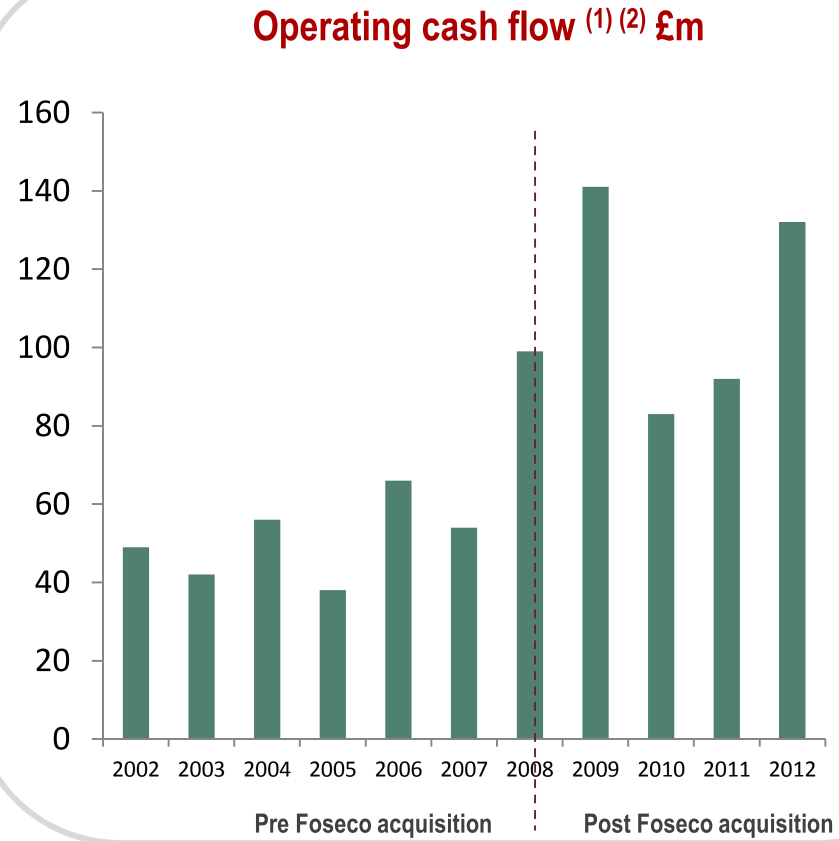
✓ Strong cash-flow generation

✓ Attractive shareholder returns

Confirmed resilient profit and strong cash flow in the downcycle



(1) Company data as reported, excluding Precious Metals Processing



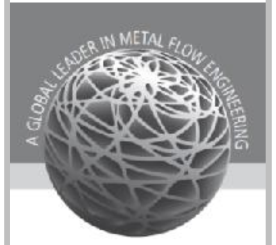
(1) Company data as reported, excluding Precious Metals Processing
(2) Cash flow from operations before interest and tax and after capital expenditure

Continued improvement and now positioned to deliver

- We have ended 2012 as expected in our investor day
  - Profit in line and strong cash flow
  - Debt below £300m
  - Cost base reduced
- Starting 2013 we have completed action to focus group on core businesses
  - Exit from Solar Crucibles
  - Exit from additional low margin operations in Advanced Refractories (VGT)
  - Investment in new Steel and Foundry manufacturing and Foundry R&D facilities
  - Further development of our strategy to technical services with some commercial successes
- We have reinforced the Board with great competences and improved diversity
- We recommend a dividend of 9.5 pence/share as announced at the demerger
- *We will keep implementing our action plan to strengthen the Group and increase margins*

Outlook for 2013

- Trading environment in H1 2013 expected to be broadly similar to H2 2012
- Some improvement in general market conditions anticipated later in 2013
- 2013 revenue anticipated to be lower than 2012 due to disposals & restructuring
- Self-help actions expected to drive trading margin recovery towards end of 2013
- Actions in 2013 will take us next step towards achieving our long-term goals:
  - Revenue growth, ahead of our end markets
  - Higher trading margins & returns on capital employed
  - Strong cash-flow generation



Global leader in metal flow engineering - well positioned to deliver returns for shareholders

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Appendices

Revenue and trading margins : headline performance

		2012			2011		
		H1 £m	H2 £m	FY £m	H1 £m	H2 £m	FY £m
Steel:	Revenue	530	488	1,018	538	540	1,078
	Trading profit (1)	51	33	84	53	54	107
	Trading margin %	9.7%	6.7%	8.2%	9.8%	10.0%	9.9%
Foundry:	Revenue	289	241	530	313	295	608
	Trading profit (1)	29	20	49	41	35	76
	Trading margin %	10.0%	8.5%	9.3%	13.0%	12.0%	12.6%
Group:	Revenue	819	729	1,548	851	835	1,686
	Trading profit	80	53	133	94	89	183
	Trading margin %	9.8%	7.3%	8.6%	11.0%	10.7%	10.9%

(1) Includes allocation of Corporate overheads previously reported separately

Revenue and trading margins : 5-year summary

£m	FY2008	FY2009	FY2010	FY2011	FY2012
Revenue	1,392	1,131	1,495	1,686	**1,548**
Steel	866	753	980	1,078	**1,018**
Foundry	526	378	515	608	**530**
EBIT	177	61	171	184	**133**
Steel	98	49	104	107	**84**
Foundry	79	12	67	76	**49**
EBIT margin	12.7%	5.4%	11.4%	10.9%	**8.6%**
Steel	11.4%	6.5%	10.6%	9.9%	**8.3%**
Foundry	14.9%	3.1%	13.1%	12.6%	**9.3%**

(1) Includes allocation of Corporate overheads previously reported separately

Pensions – status

£m	2012 Assets	2012 Liabilities	2012 Surplus/ (deficit)	2011 Assets	2011 Liabilities	2011 Surplus/ (deficit)
UK	468	(446)	22	488	(423)	65
US	70	(105)	(35)	81	(125)	(44)
Germany	-	(33)	(33)	-	(32)	(32)
ROW	25	(41)	(16)	26	(38)	(12)
Post-retirement healthcare plans	-	(7)	(7)	-	(9)	(9)
Total	563	(632)	(69)	595	(627)	(32)

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