



VESUVIUS PLC

A global leader in metal flow engineering

2013 Half Year Results

2 August 2013

François Wanecq, Chief Executive

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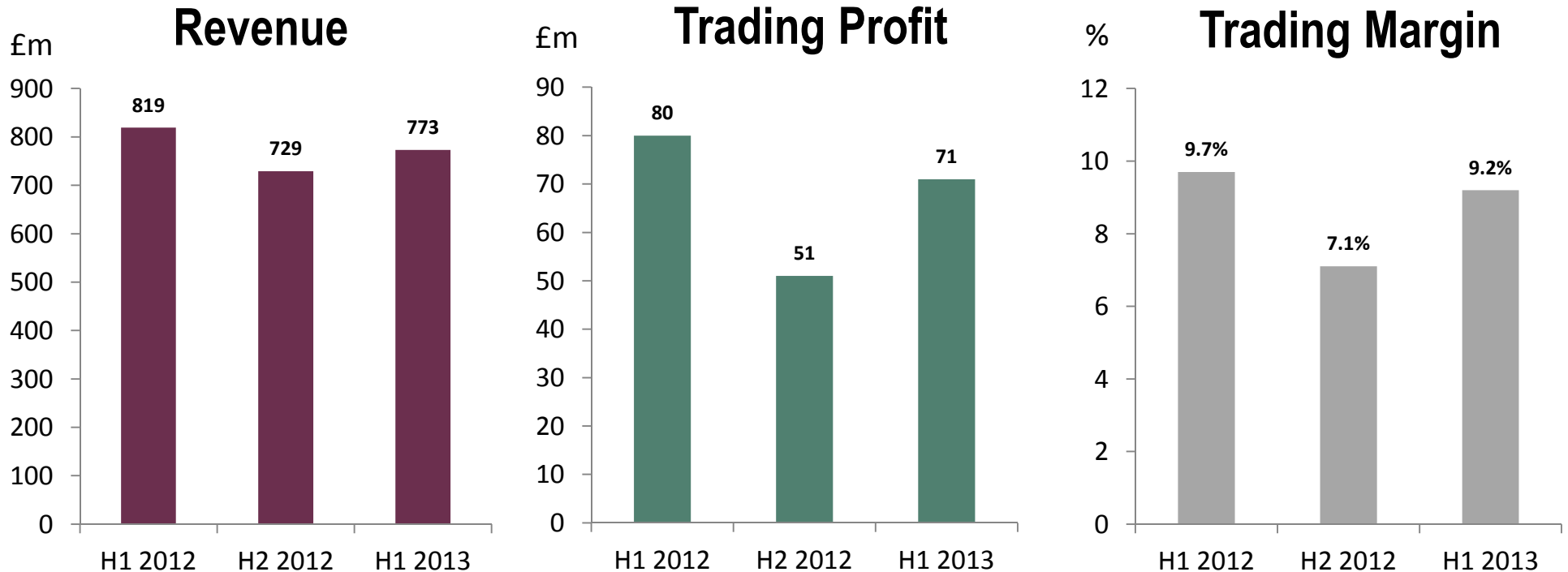


Solid progress in implementation of Strategy

- Portfolio rationalisation
 - *Sold Precious Metals Processing*
 - *Disposed of VGT Dyko and Canadian installation business*
- Self-help actions to drive margin improvement
 - *Closed loss-making Solar Crucibles operations in China*
 - *Improved flexibility of cost base*
- Focus on working capital management and cash generation
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 - *Increased cash conversion*
- Deliver superior returns to shareholders
 - *£30m share repurchase programme initiated*
 - *Interim dividend declared of 4.75 pence per share*



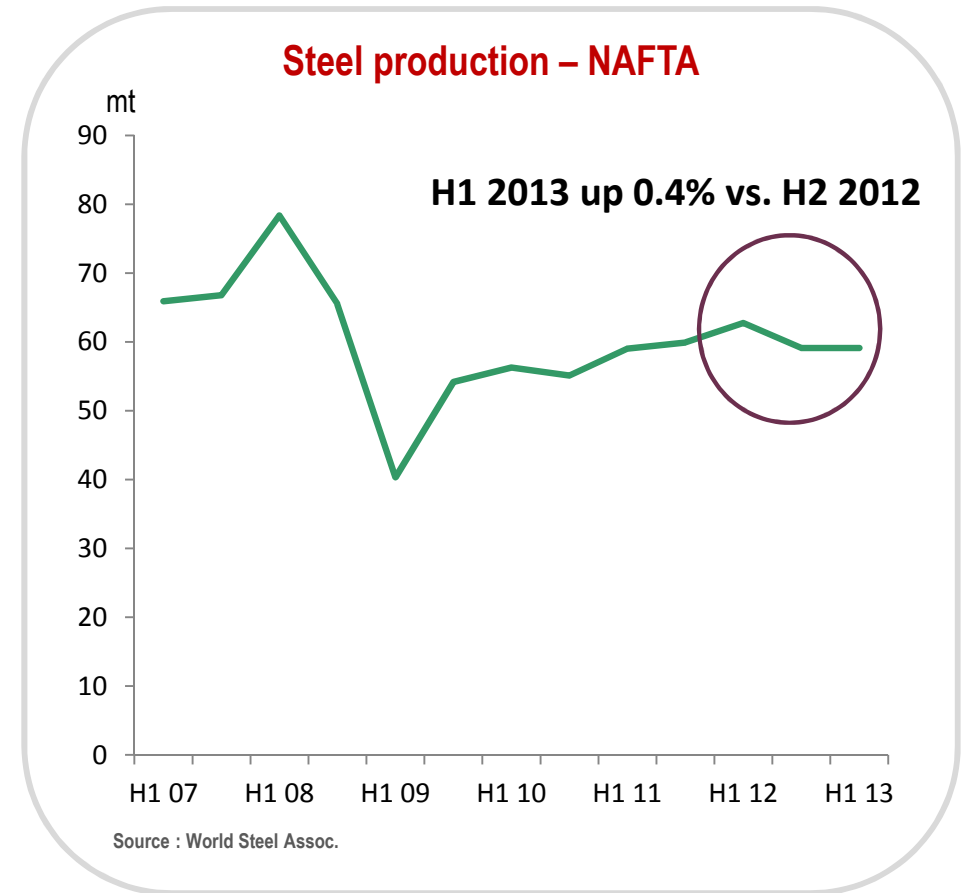
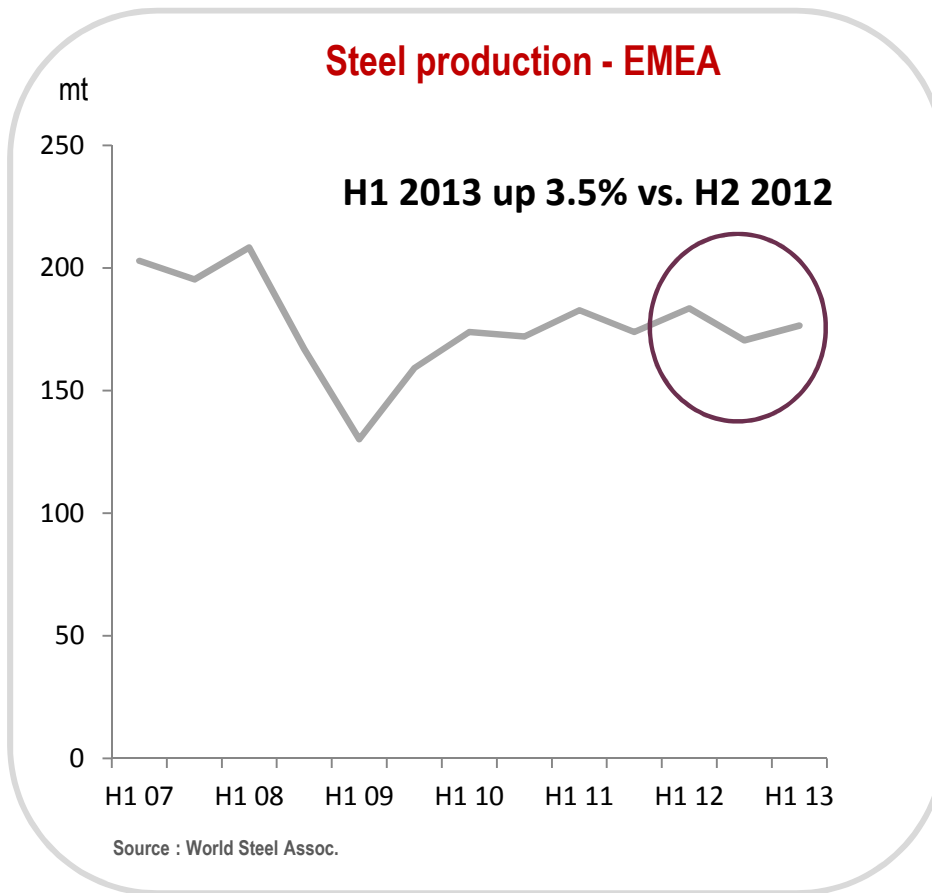
Solid H1 trading performance



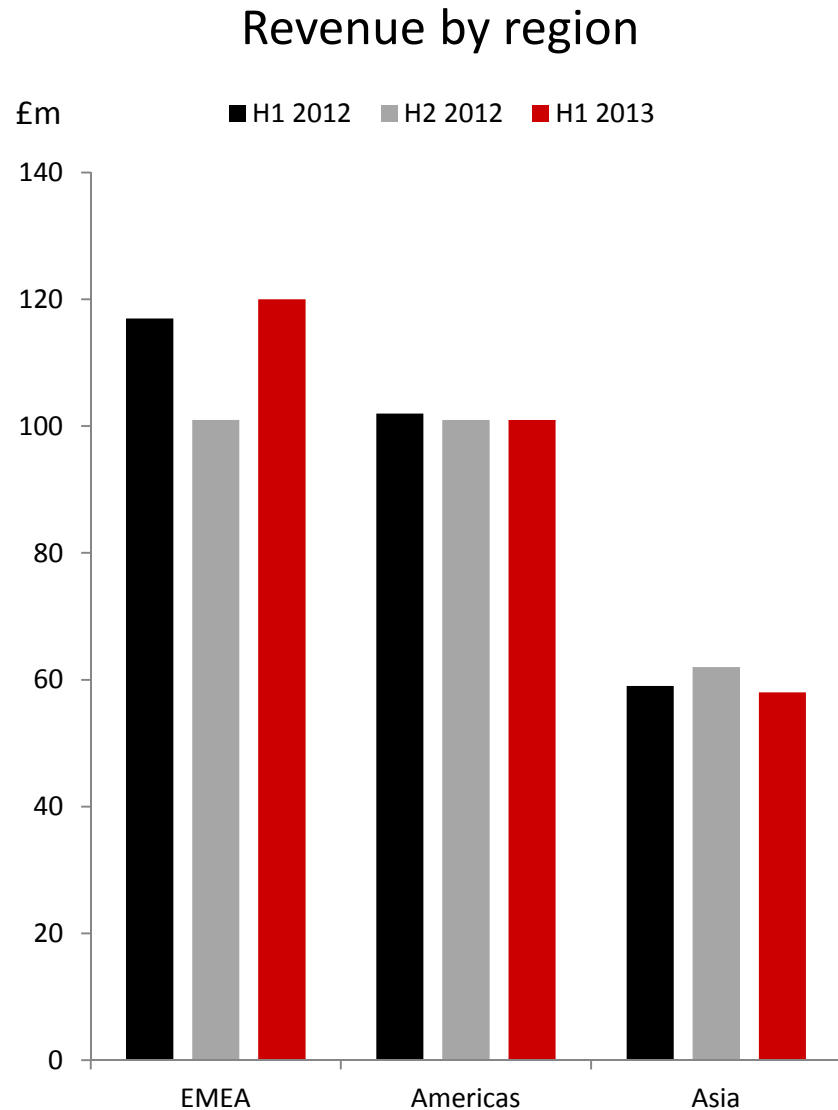
- Revenue and Trading Profit still below levels of H1 2012
- Recovered from H2 2012 - as expected, reflecting stable market conditions and self-help actions
- Headline pro-forma EPS 15.9 pence - close to 16.5 pence delivered in H1 2012



Steel markets: some improvement in our major markets vs. H2 2012



H1 Trading Review : Steel Flow Control Revenue



Revenue performance better than end-markets

EMEA:

- Impact of Metallurgica acquisition
- Increased market penetration

Americas:

- Improved product mix in South America
- Fall in revenue from temporary customer shutdowns mitigated by value pricing

Asia ex. China:

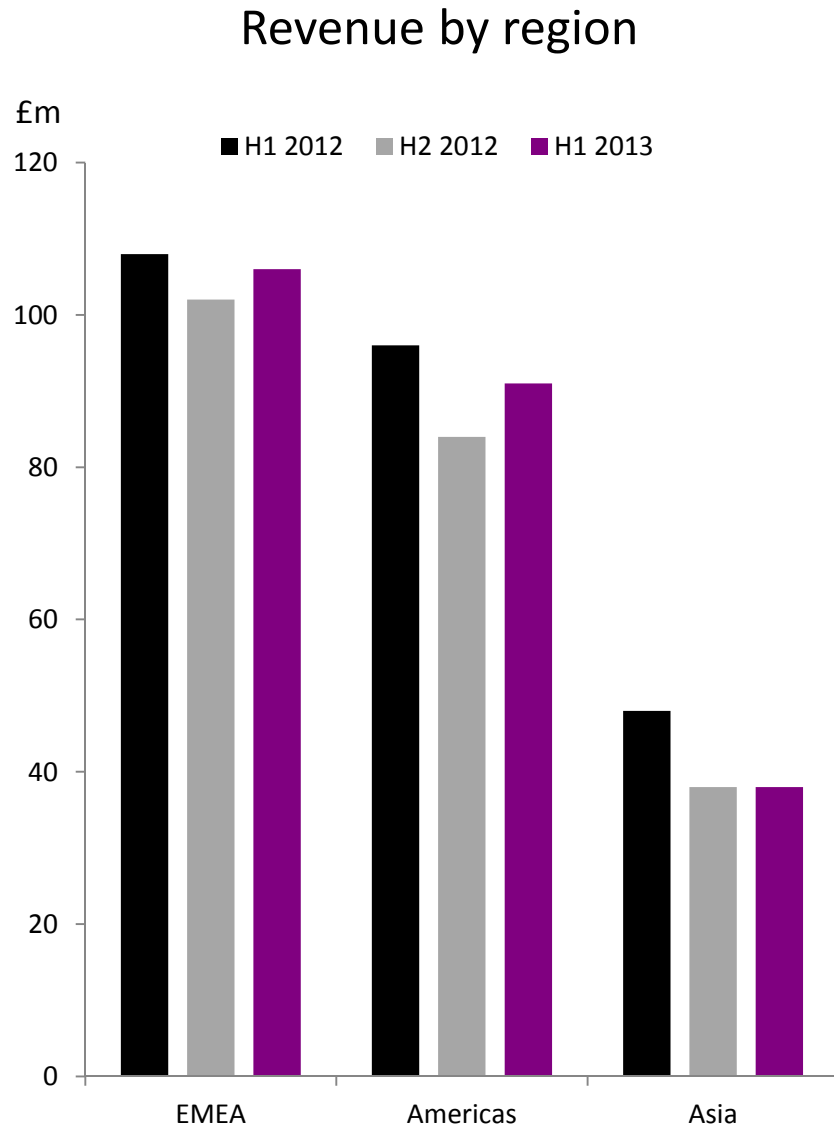
- Weakness in Korea
- India strong – new capacity

China:

- Lower revenue but better margins
- New management's strategy to focus on higher quality segments



H1 Trading Review : Advanced Refractories Revenue



Revenues reflect restructuring initiative to exit low-margin business

EMEA:

- Disposal of VGT-Dyko

Americas:

- Winding-down of Canadian installation business prior to disposal

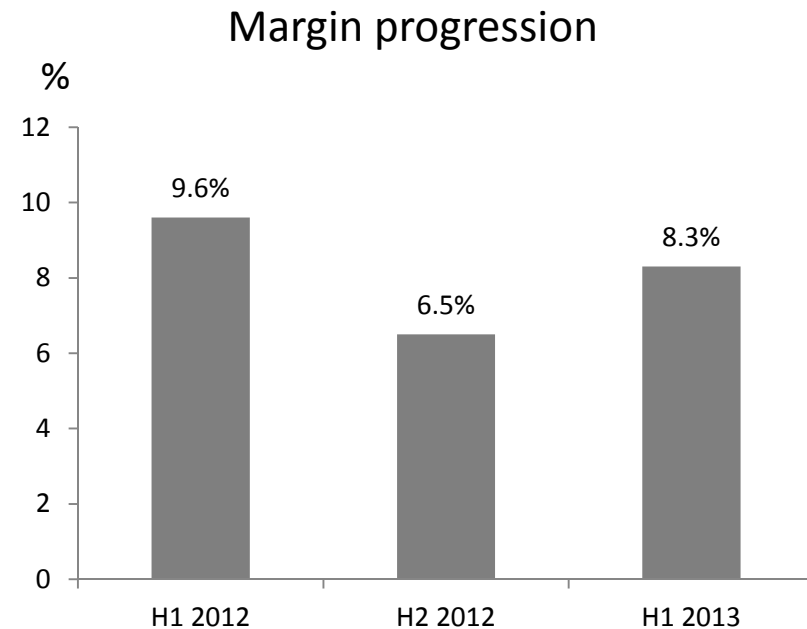
Asia:

- Disposal of Andrecoco-Hurll
- Focus on quality segments
- Good performance in S.E. Asia and India



H1 Trading Review : Steel Margins

£m (as reported)	H1 2012	H2 2012	H1 2013
Revenue			
Steel Flow Control	278	264	279
Advanced Refractories	252	224	235
Total Revenue	530	488	514
Total Trading Profit	51	32	43
Trading Margin %	9.6%	6.5%	8.3%

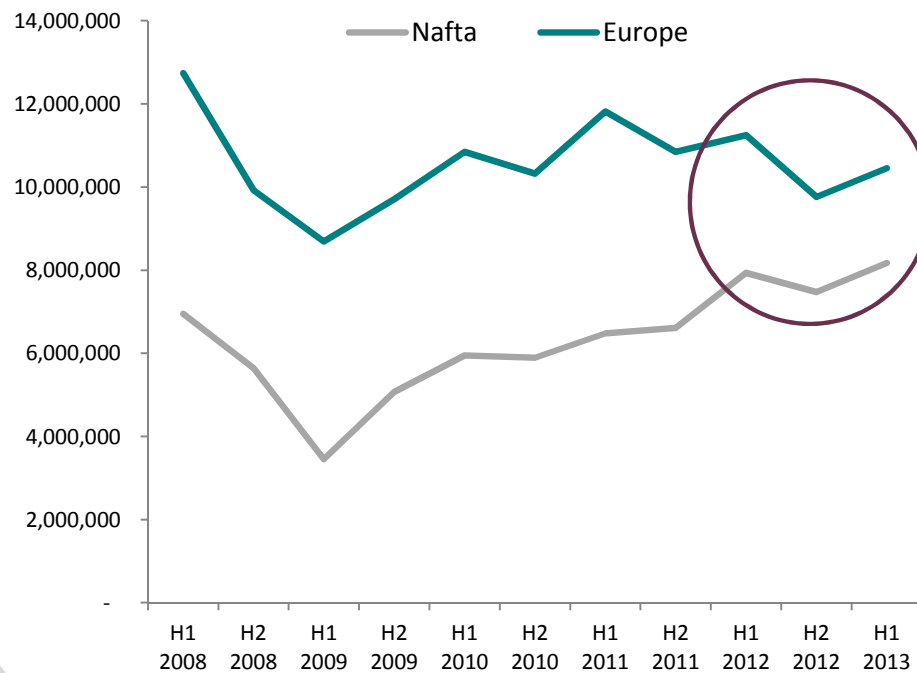


- Disposals have reduced overall revenue but delivered margin improvement
- Benefits from operational self-help actions coming through in trading margin
- Market penetration of Vesuvius technology and focus on value pricing delivering further benefit



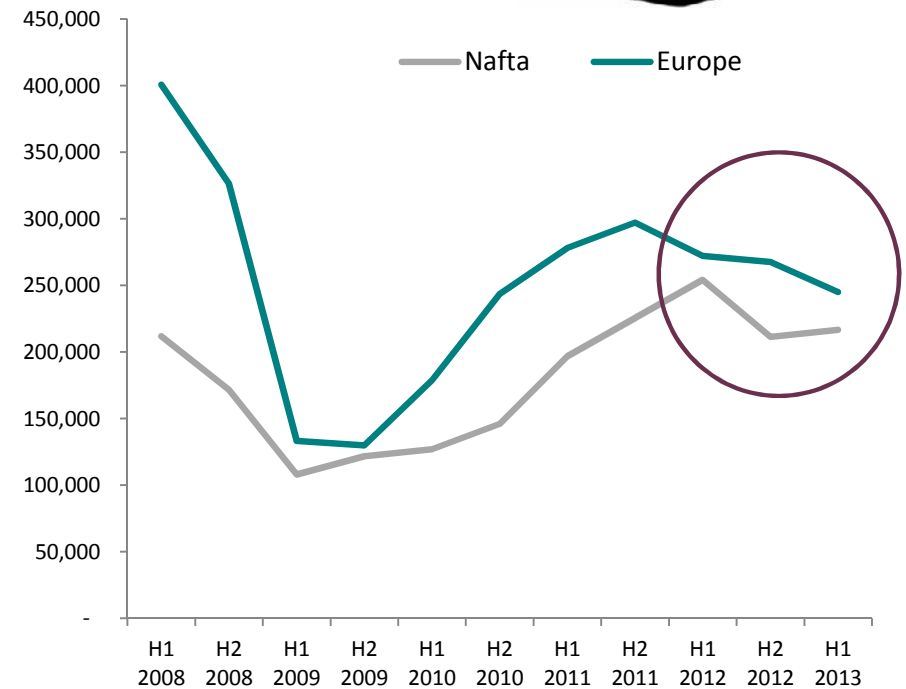
Foundry markets : improvement from H2 2012 but still lower than H1 2012

Light vehicle production



Source : LMC Automotive.

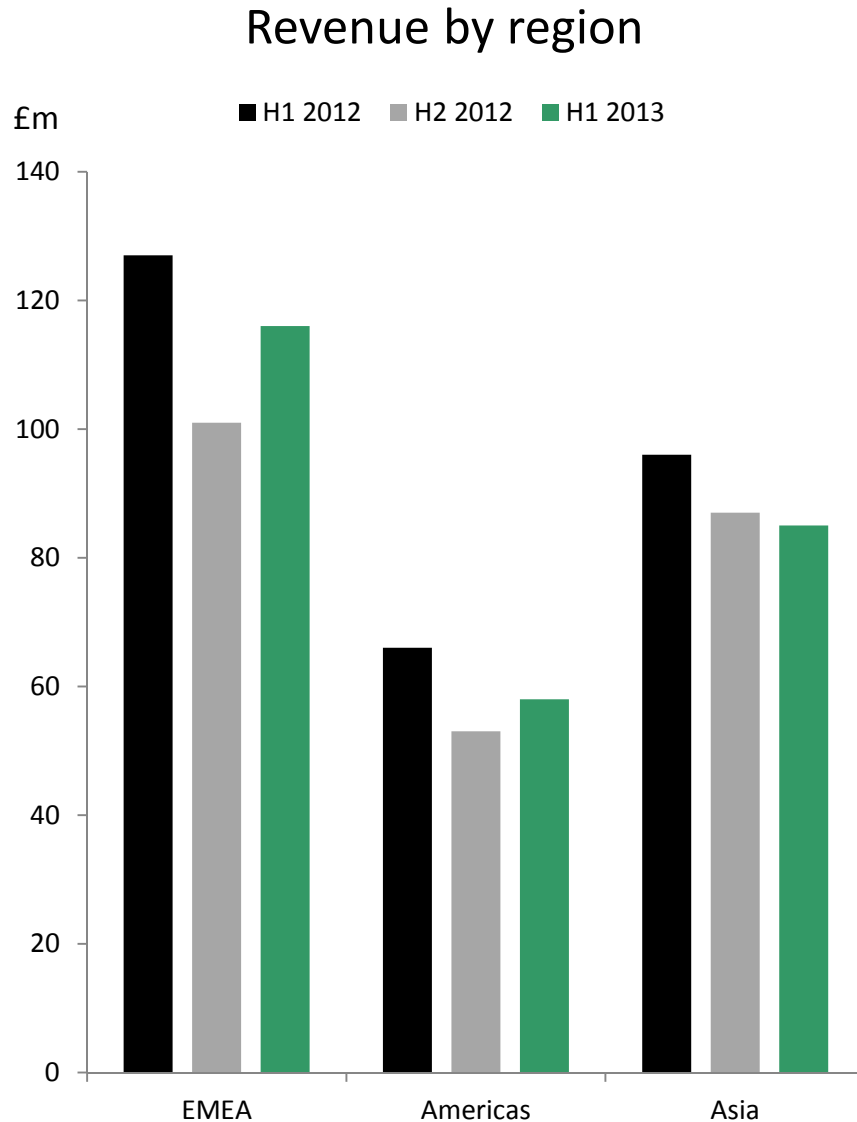
Truck production



Source : LMC Automotive.



H1 Trading Review : Foundry revenue



Revenues recovered from H2 2012

EMEA:

- Light vehicle production up 7.1%
- Heavy truck production down 8.5%

Americas:

- NAFTA light vehicle production up 9.4% vs. H2 2012
- Heavy truck production in NAFTA up 2.5%
- Reduced activity in mining & railroad sectors

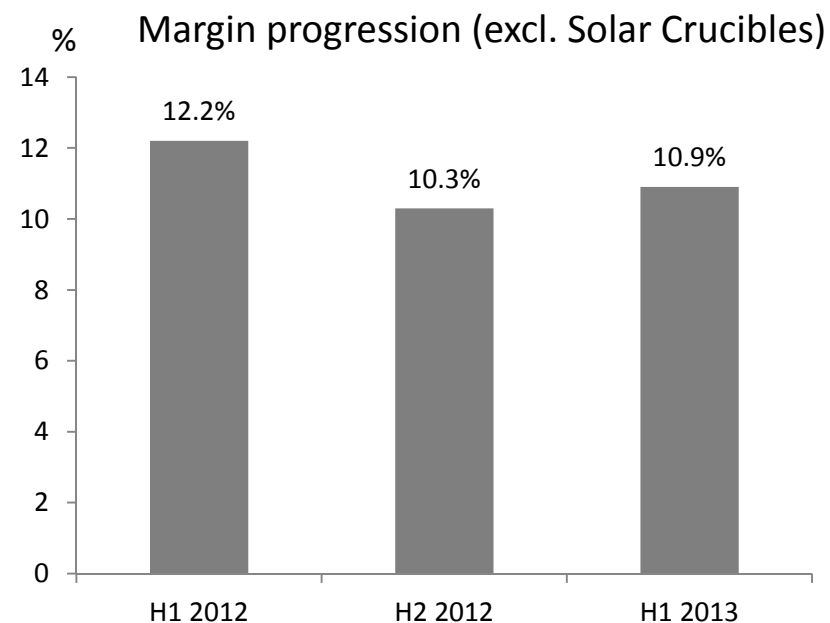
Asia:

- Closed loss-making Solar Crucibles operations
- Difficulty in specific sectors such as windmills



H1 Trading Review : Foundry margin

£m (as reported)	H1 2012	H2 2012	H1 2013
Revenue			
Foundry (excl. Solar Crucibles)	283	237	256
Solar Crucibles	6	4	3
Total Revenue	289	241	259
Total Trading Profit	29	19	28
Trading Margin %	9.9%	8.3%	10.8%



- Destocking effect ended
- Foundry revenue down 9.5% (excl. Solar Crucibles) reflecting reduced end-market activity
- Trading profit down 19.4% y-o-y (excl. Solar Crucibles) in line with normal operational leverage
- Significant progress made on trading margin vs.H2 2012 - cost reduction measures and better product mix
- Losses from Solar Crucibles business eliminated following closure of Chinese operations



H1 Trading Summary

- Market conditions generally stable, no further deterioration seen following the downturn in H2 2012
- Good performance delivered across the Group; revenue and trading profit robust against reduced y-o-y end-market demand
- Initial improvement in trading margin coming through from restructuring initiatives and drive to improve quality of business





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Chris O'Shea, CFO

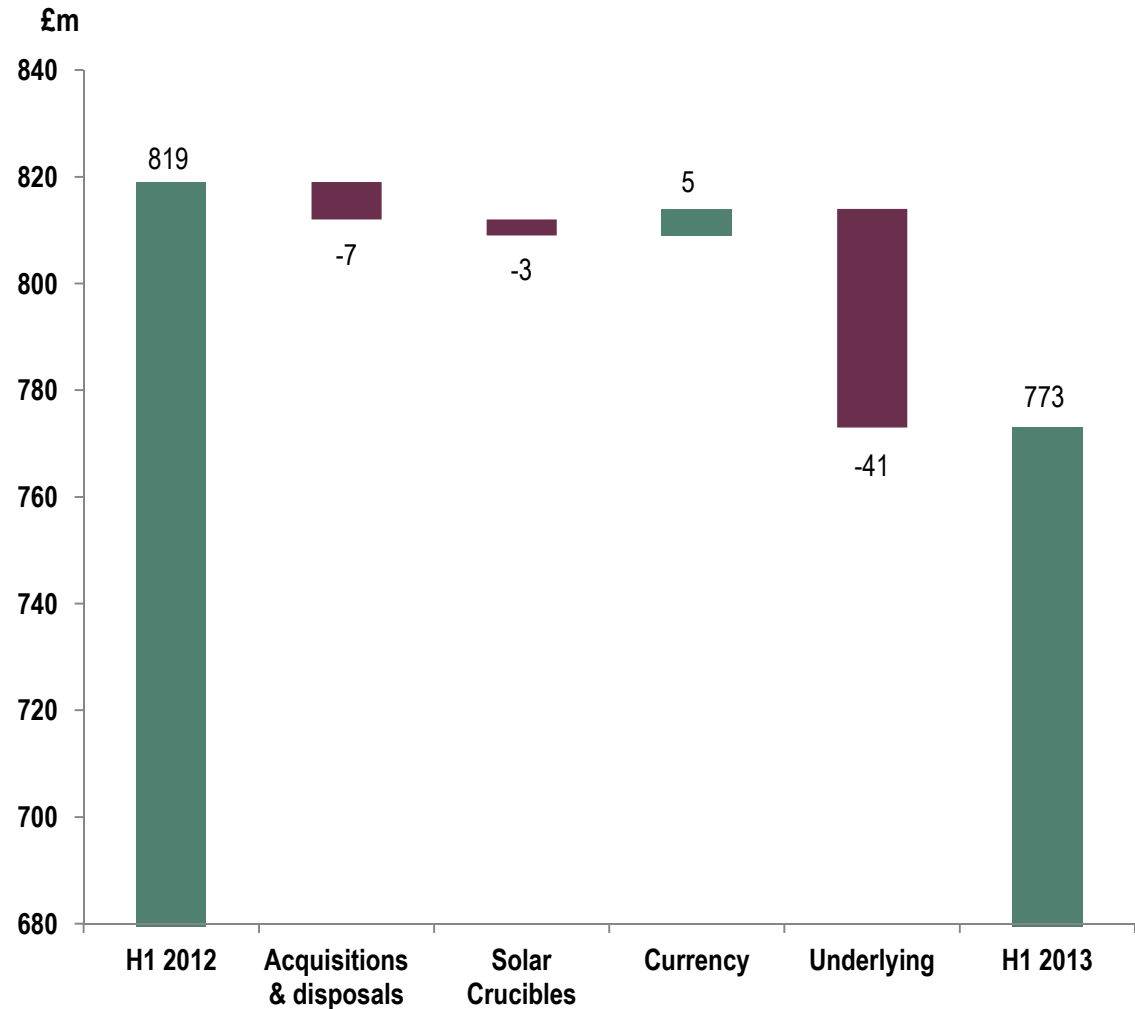
Income Statement

(Headline, pro-forma)	H1 2013	H1 2012	Change (vs. H1 2013)	H2 2012	Change (vs. H1 2013)
	£m	£m		£m	
Revenue	773	819	-6%	729	+6%
Trading Profit	71	80	-11%	51	+37%
Trading margin %	9.2%	9.7%		7.1%	
Net finance costs	(8)	(8)		(6)	
Share of JV	1	(1)		1	
Profit before Tax	64	71	-10%	46	+38%
Effective tax rate %	26.5%	20.0%		31.5%	
Tax	(17)	(22)		(10)	
Non-controlling Interest	(3)	(3)		(2)	
Net Earnings	44	46	-4%	34	+28%
Earnings per share (p)	15.9	16.5	-4%	12.4	+28%
Dividend per share (p)	4.75				



Revenue progression year-on-year

- Revenue down 5.7% on H1 2012
- Underlying⁽¹⁾ revenue 5.2% lower
- Disposals in line with strategy to exit low-margin businesses
- Successful integration of Metallurgica acquisition
- Solar reflects closure of loss-making operations in China
- Limited currency impact in H1

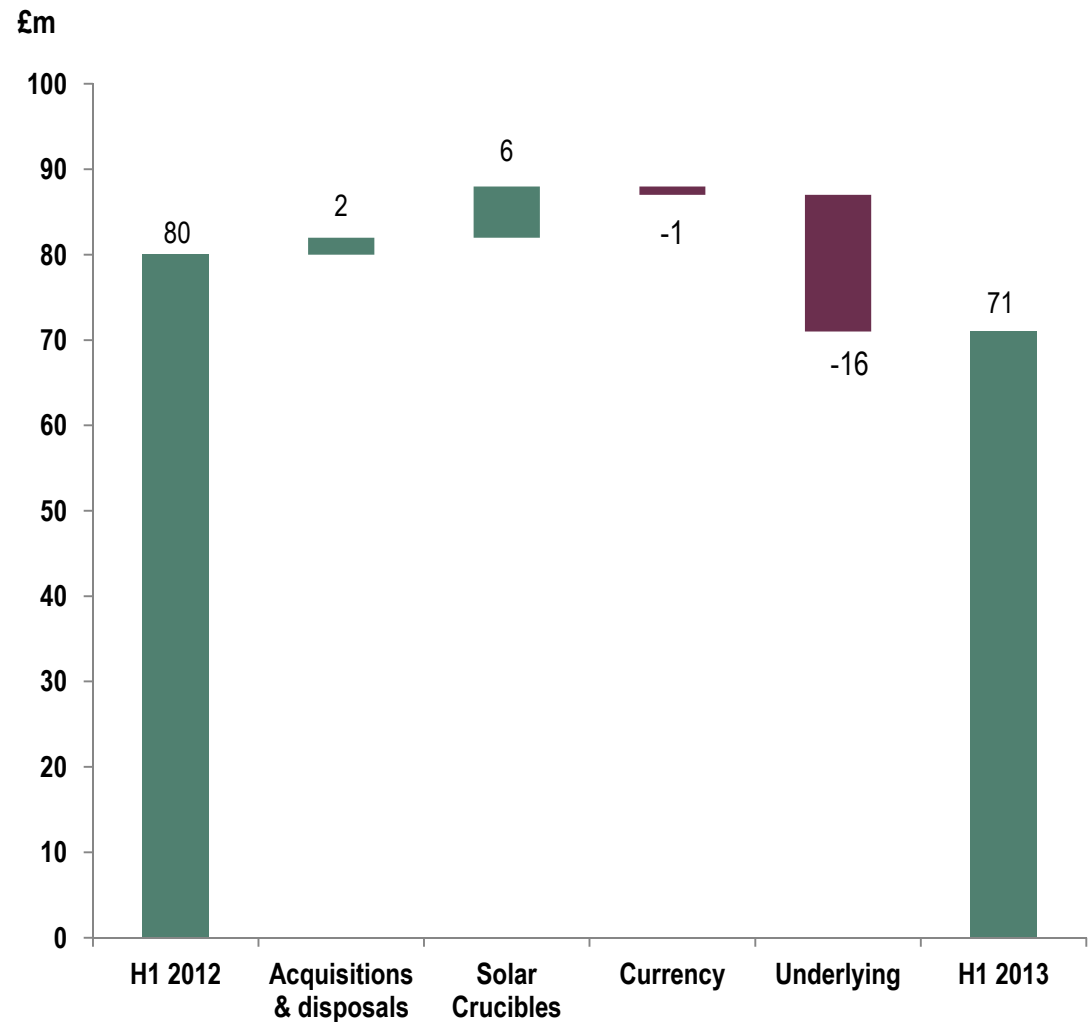


(1) Also excludes Solar Crucibles



Trading profit progression year-on-year

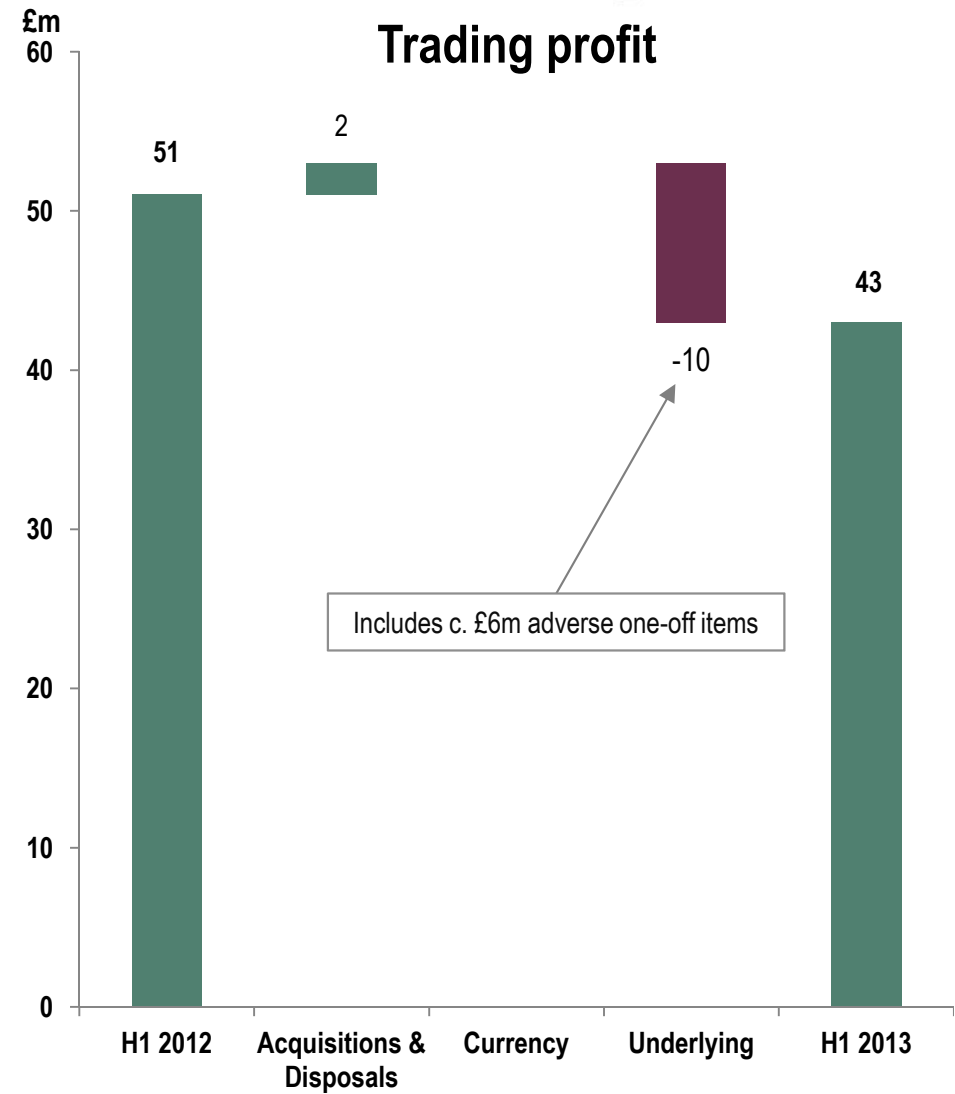
- Trading profit reduced by 11%
- Underlying⁽¹⁾ profit down 19%
 - Reflects normal operational leverage and one-off items
- Closure of Solar Crucibles operations in China had positive impact on trading profit



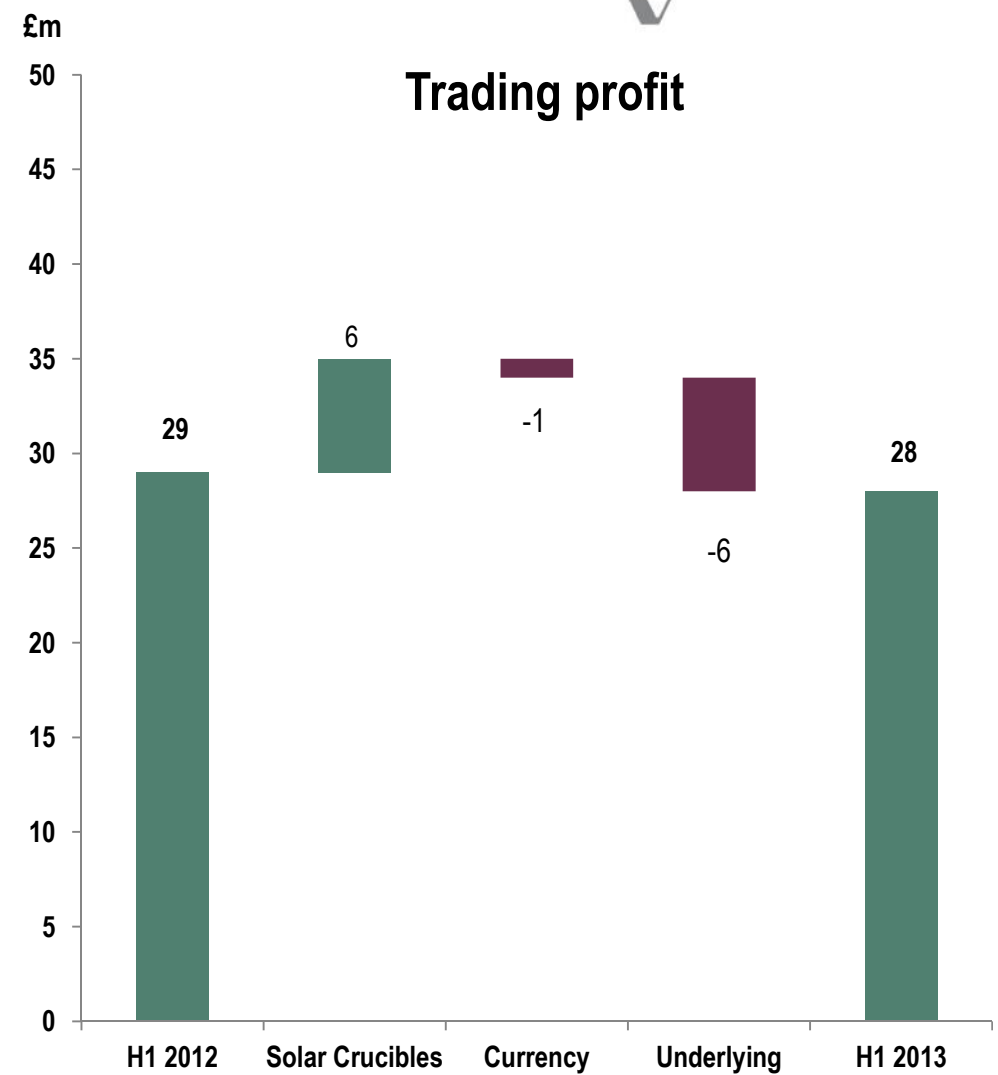
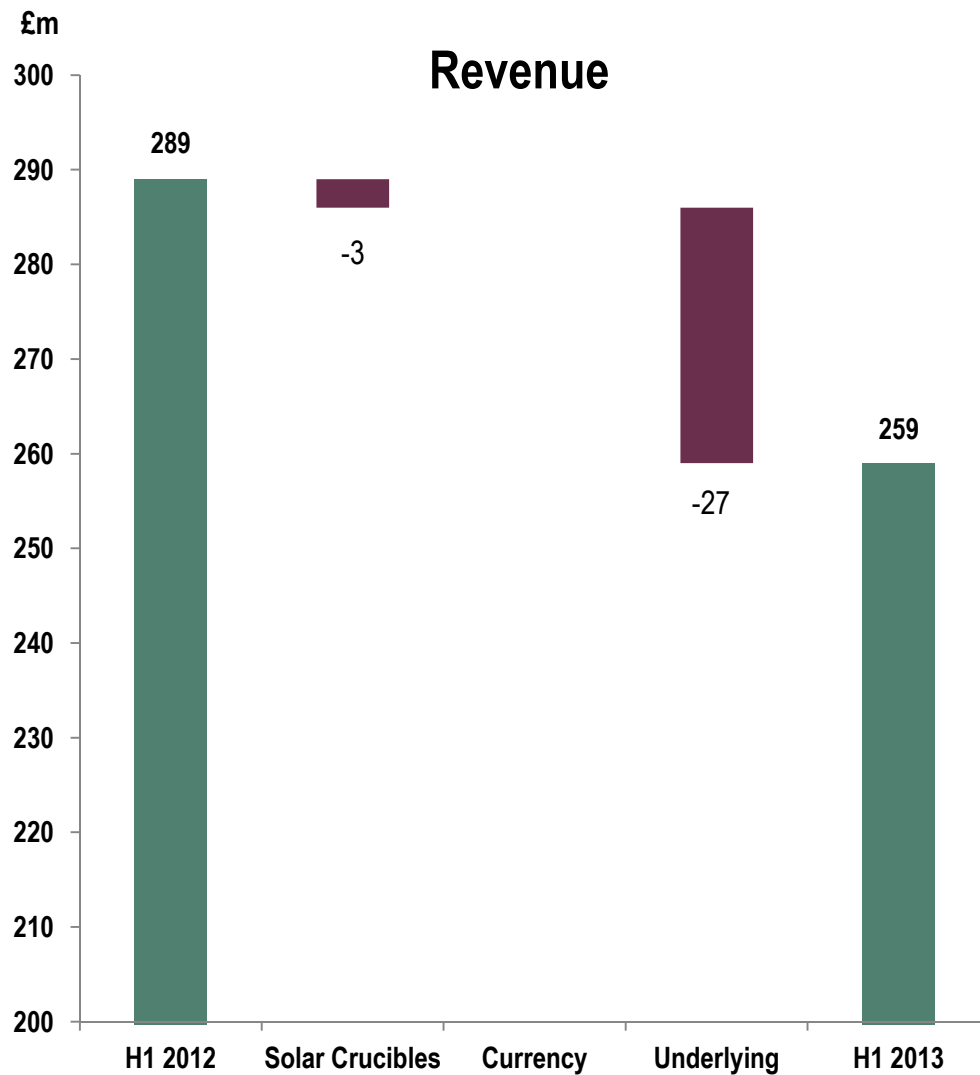
(1) Also excludes Solar Crucibles



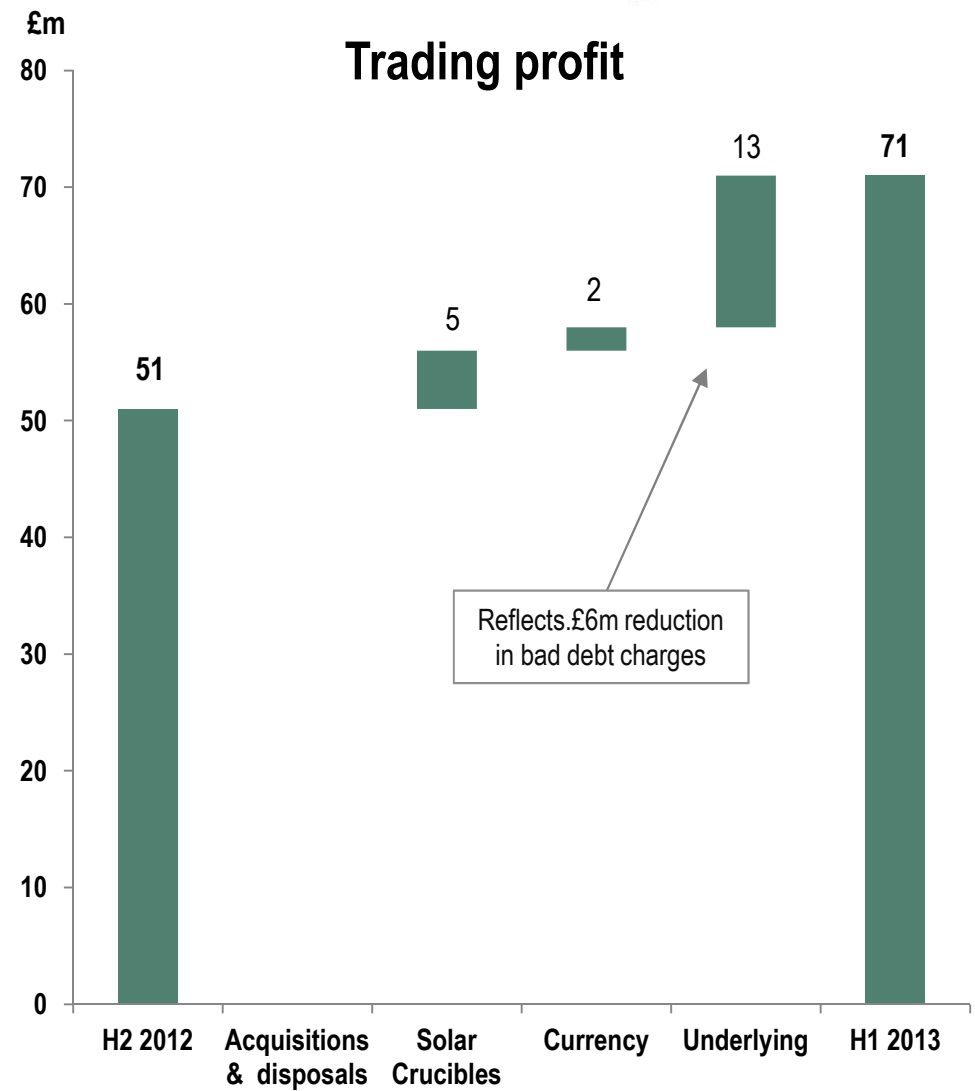
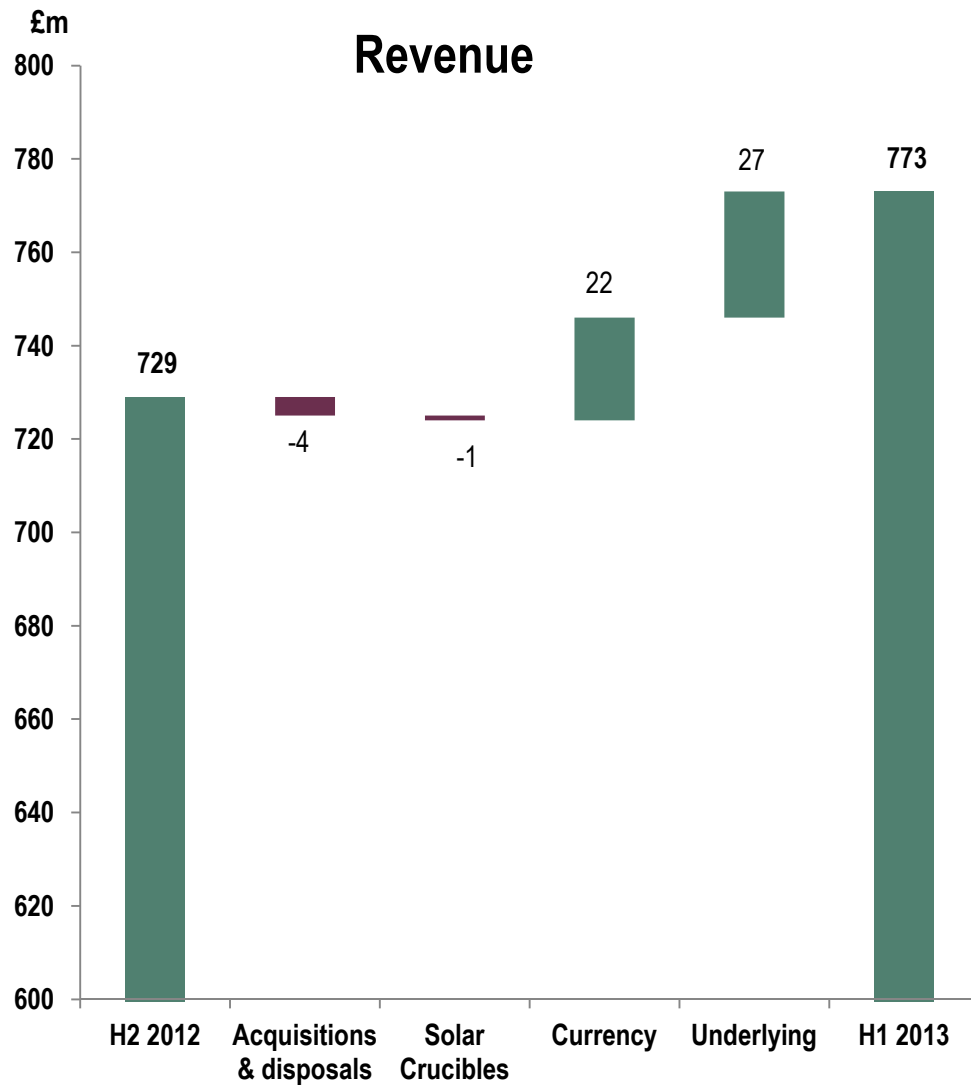
Steel Performance year-on-year



Foundry Performance year-on-year

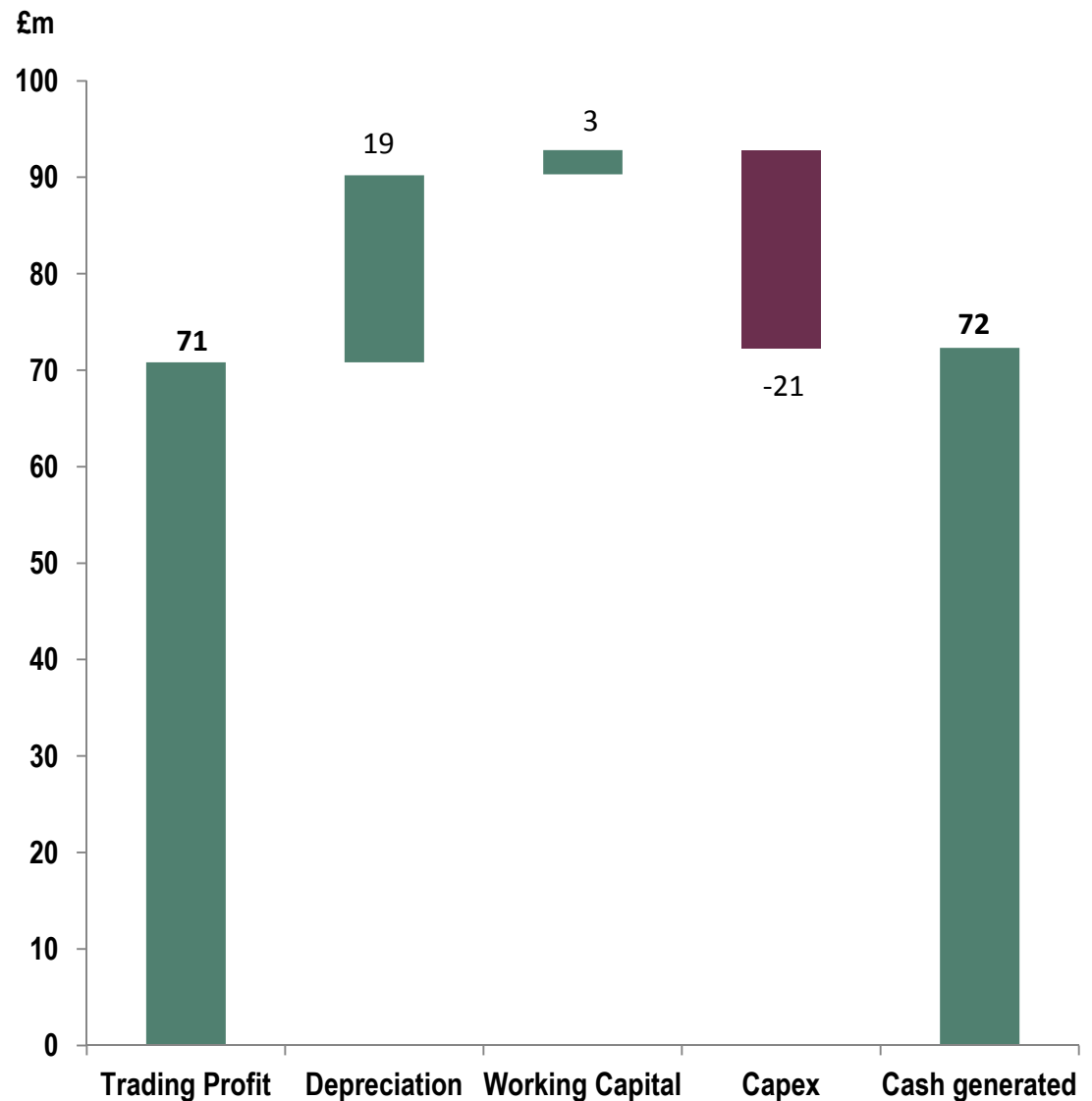


Sequential revenue & trading profit progression



Cash generated from continuing operations

- Cash generated represents 102% of Trading Profit
- Improvement in working capital performance
 - 25.8% of sales (12 month average)
- Inventory reduction programme making progress
 - 78 days (12 month average)
- Capital expenditure in line with full year expectations

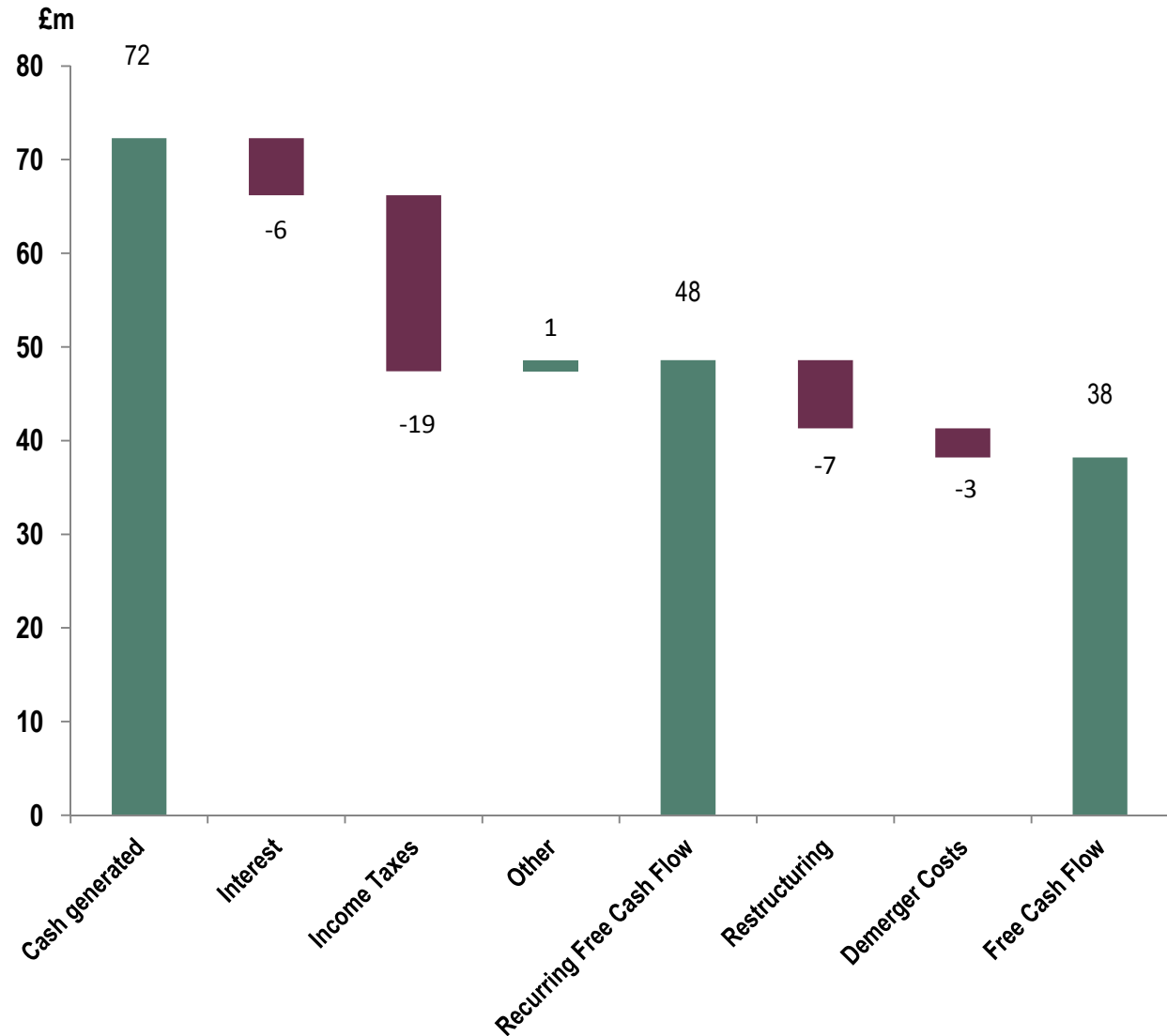


Free Cash Flow from continuing operations

Recurring Free Cash Flow represents 110% of Headline Earnings

One off items include:

- H1 Restructuring
 - £3.0m charge – trailing costs related mainly to closure of Solar Crucibles
 - Total cash costs of £7.3m
 - £14.2m provision remaining - c.£5m expected to be spent in H2
- Demerger costs
 - £3.1m - remaining cash cost



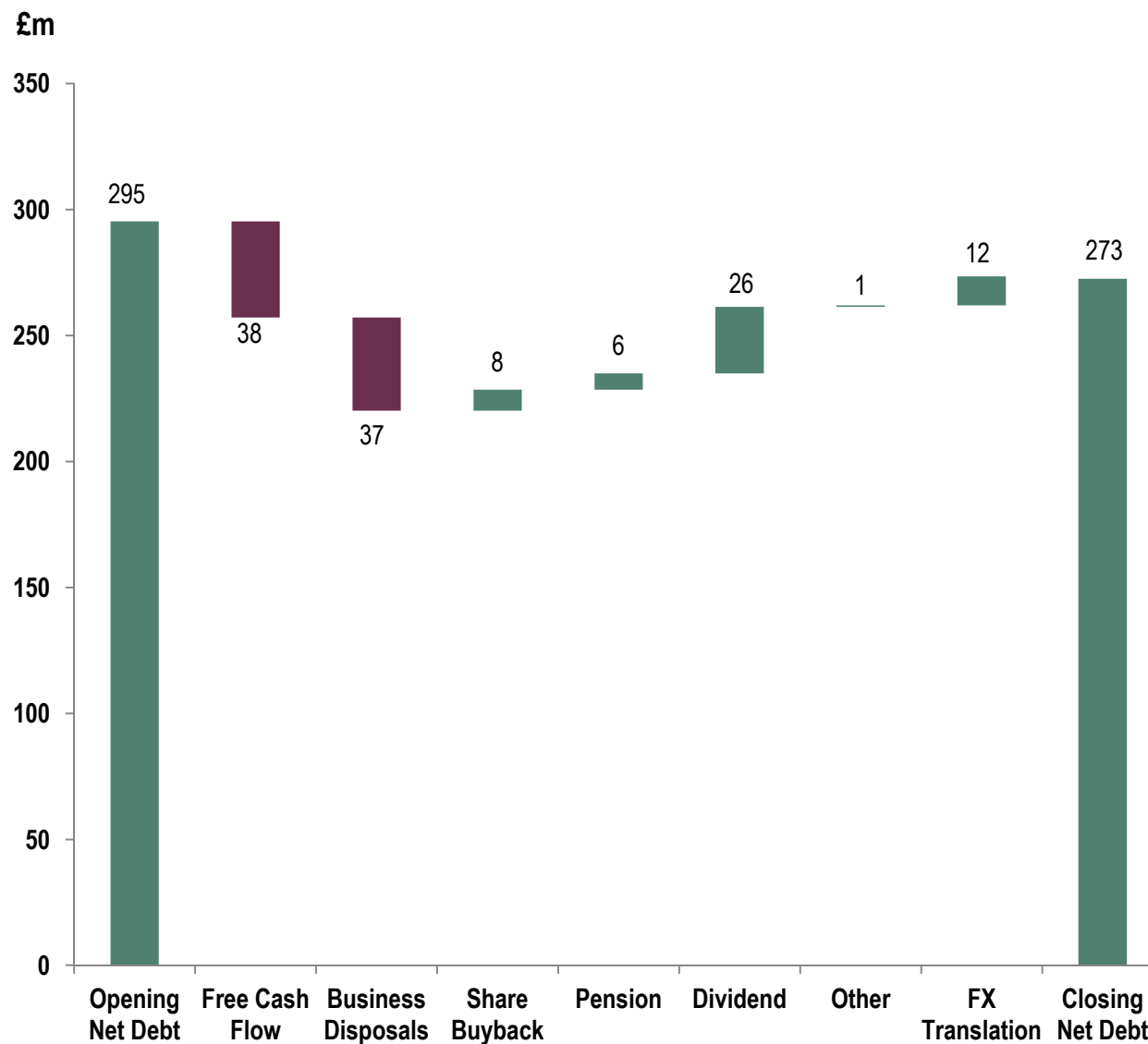
Net Debt

Disposal of European Precious Metals Processing completed at end May

- Proceeds €56.8m – subject to usual closing balance sheet adjustments
- Net profit on disposal of £19.6m

Share buy-back programme initiated

- To return up to £30m of proceeds of PMP disposal
- 2.8m shares purchased by 30 June
– £8.4m cash out in period
- No impact on reported H1 EPS



Pensions update

- UK defined benefit Plan fully funded as at 31 December 2012
 - Based on latest triennial valuation – recently approved by Trustee
 - Results from 10 years de-risking initiatives, including £320m pensioner buy-in in 2012, and Company contributions
 - Annual £4.7m cash contribution to Plan ceased in July 2013
 - Voluntary contributions of £2m per annum from January 2014 – to strengthen Plan position
- Total net deficit of all Group post-retirement plans at £58m at 30 June 2013
- IAS19 (revised) adopted - prior year comparators re-stated
 - Impact on H1 2012 : trading profit reduced by £0.5m; Interest charge increased by £0.1m

Pension charges (£m)	H1 2013	H1 2012
Trading profit	(2.9)	(2.2)
Net interest	(0.9)	(0.1)



Dividend growth will be driven by long-term earnings growth

- Full-year 2012 base dividend of 14.25 pence per share
 - Vesuvius' share of Cookson full-year dividend of 22.5 pence
 - Interim 7.5 pence
 - Final 15.0 pence
 - 9.5 pence Vesuvius
 - 5.5 pence Alent

- 2013 dividend
 - Interim dividend of 4.75 pence declared
 - Final dividend will be proposed based on full-year results



Financial strategy

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



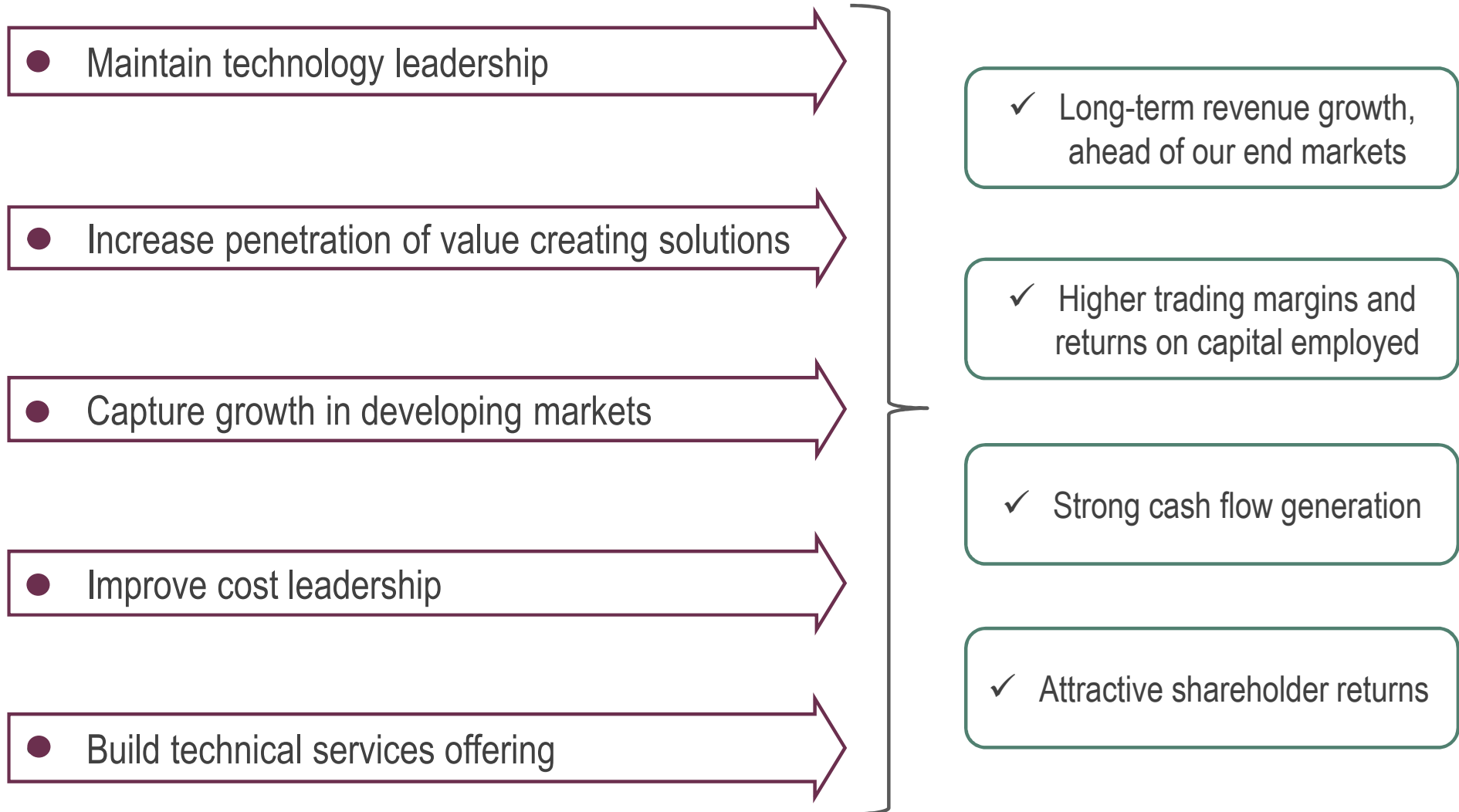


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François Wanecq, Chief Executive

Strategy



Strategy - continued

● Maintain technology leadership

Robotic tube changer in Korea

● Increase penetration of value creating solutions

New lining concepts for blast furnace troughs

● Capture growth in developing markets

New management in China improving quality & value selling

● Improve cost leadership

Lean manufacturing programme

● Build technical services offering

In longer term development



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Outlook

FY 2013:

- Self-help actions expected to consolidate trading margin recovery in second half
- Visibility remains limited - activity levels after summer shut-downs will be key indicator of end-market conditions in the second half of the year

Medium term:

- Continued actions in 2013 will take us further towards achieving our medium-term goals:
 - Revenue growth, ahead of our end-markets
 - Higher trading margins – aim to return to levels previously achieved
 - Enhanced returns on capital employed
 - Strong cash flow generation

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



VESUVIUS PLC



Revenue and trading margins : 5-year summary

£m	FY2008	FY2009	FY2010	FY2011	FY2012
Revenue	1,358	1,100	1,451	1,645	1,538
Steel	866	753	980	1,078	1,018
Foundry	492	347	471	567	520
EBIT	162	54	157	182	143
Steel	98	49	104	107	84
Foundry	64	5	53	75	59
EBIT margin	11.9%	4.9%	10.8%	11.1%	9.3%
Steel	11.3%	6.5%	10.6%	9.9%	8.3%
Foundry	13.0%	1.4%	11.3%	13.2%	11.3%

(1) Includes allocation of Corporate overheads previously reported separately

(2) Excluding Solar Crucibles

