

A GLOBAL LEADER IN METAL FLOW ENGINEERING

Results for the year ended 31 December 2013

4 March 2014

VESUVIUS PLC

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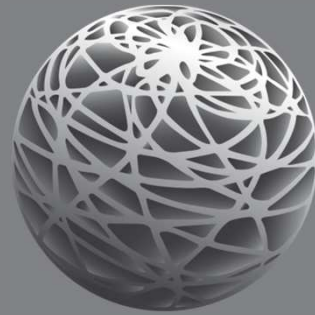


Agenda



1. Operational Review - François Wanecq
2. Financial Review - Chris O'Shea
3. Strategy and Outlook - François Wanecq
4. Q&A





A GLOBAL LEADER IN METAL FLOW ENGINEERING

Operational Review

François Wanecq, Chief Executive

VESUVIUS PLC

Highlights

- Revenue of £1,511m, down 2.4%; 0.8% on an underlying basis⁽¹⁾ (2012: £1,548m)
- Trading profit⁽²⁾ of £140.0m, up 6.6% on a reported basis, 10.9% on an underlying basis⁽¹⁾ (2012: £131.3m⁽⁴⁾)
- Return on sales⁽²⁾ improved by 80 basis points to 9.3%; a 100 basis point improvement on an underlying basis⁽¹⁾
- Significant realignment of portfolio including disposal of Precious Metals Processing division and exit from non-core low-margin businesses
- Share repurchase programme of £30m completed in September 2013
- Year-end net debt⁽²⁾ reduced to £256m: positive operating cashflow⁽²⁾ of £150m, cash conversion rate of 107%
- Headline⁽³⁾ earnings per share of 31.9 pence; up 18.1% (2012: 27.0 pence⁽⁴⁾)
- Final dividend of 10.25 pence per share recommended

⁽¹⁾ Underlying basis is at constant currency and excludes separately reported items and the impact of acquisitions and disposals

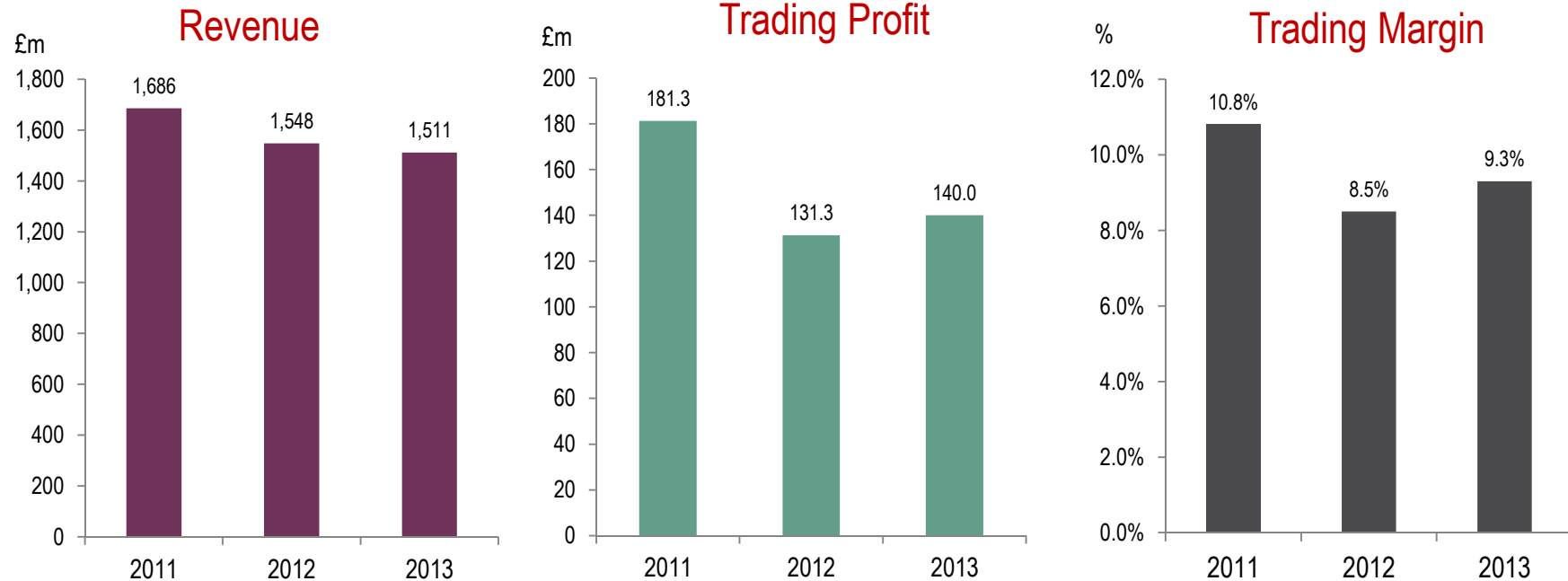
⁽²⁾ For definitions of non-GAAP measures, refer to note 18 of the financial statements

⁽³⁾ Headline results refer to continuing operations and exclude separately reported items

⁽⁴⁾ 2012 results have been restated as a result of IAS 19 (Revised) Employee Benefits. Refer to note 1.7 of the financial statements



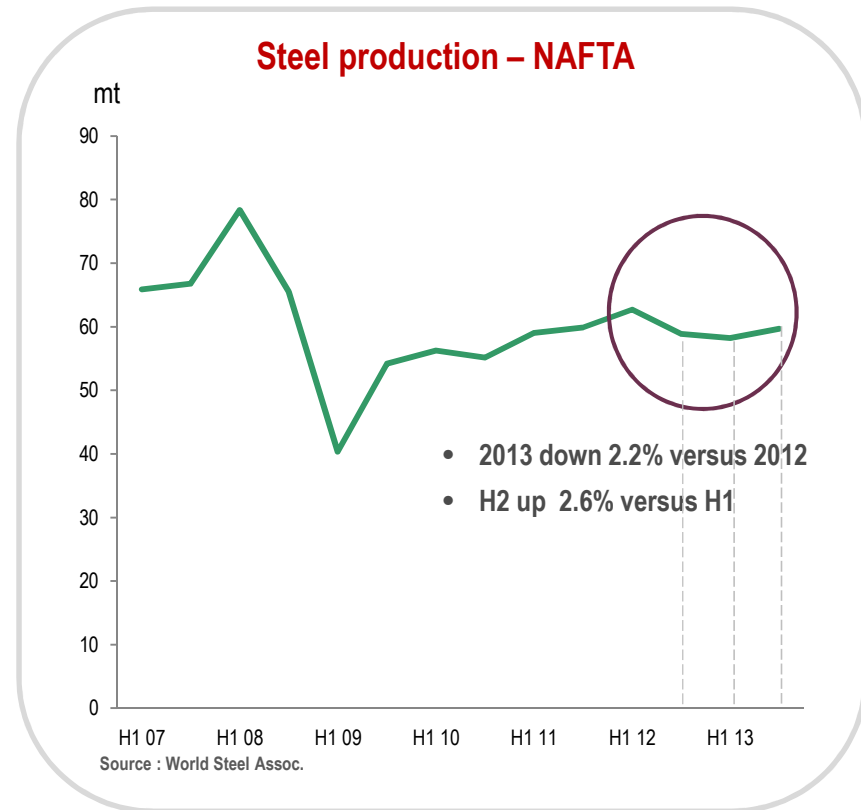
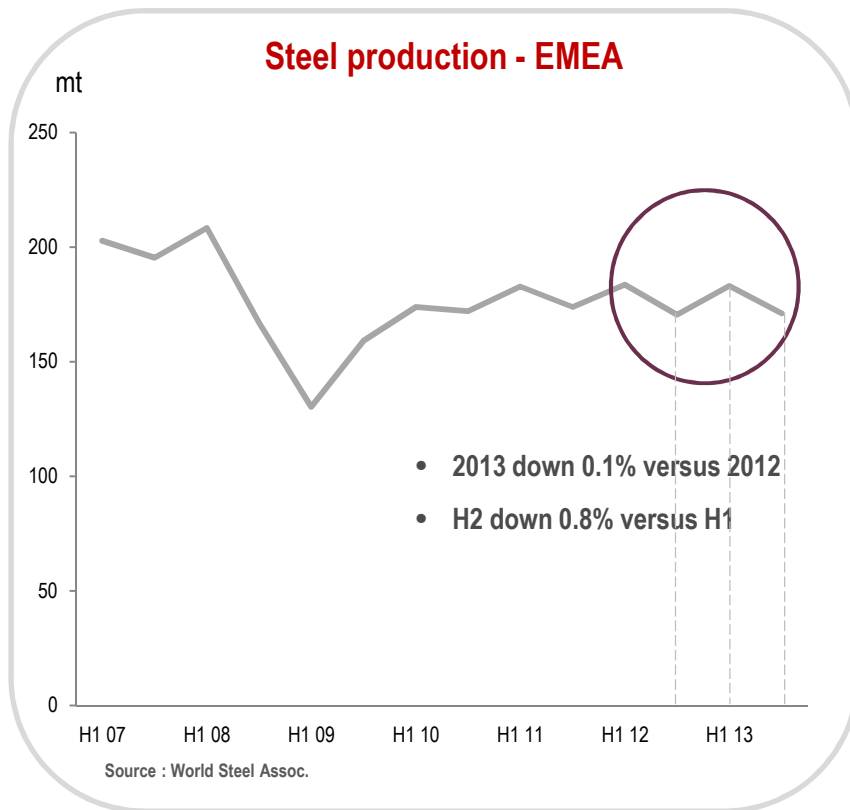
2013 Performance



- Revenue and Trading Profit still below levels of 2011 but profitability significantly improved versus 2012
- Benefits from self-help measures clearly visible; 80 bps improvement delivered despite subdued market activity



Steel markets

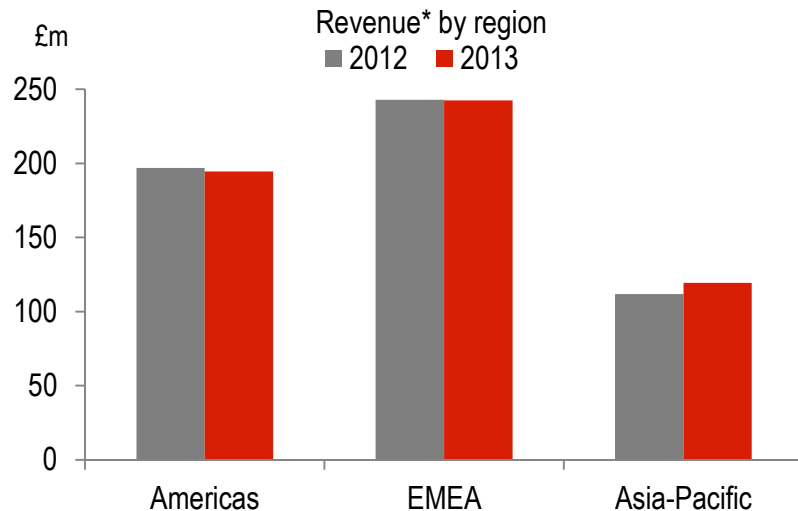


- Steel production down year-on-year in our 2 biggest markets



Trading review: Steel division revenue

Steel Flow Control



Americas:

- Broadly in line with steel market trend
- Reported revenues hampered by strong sterling

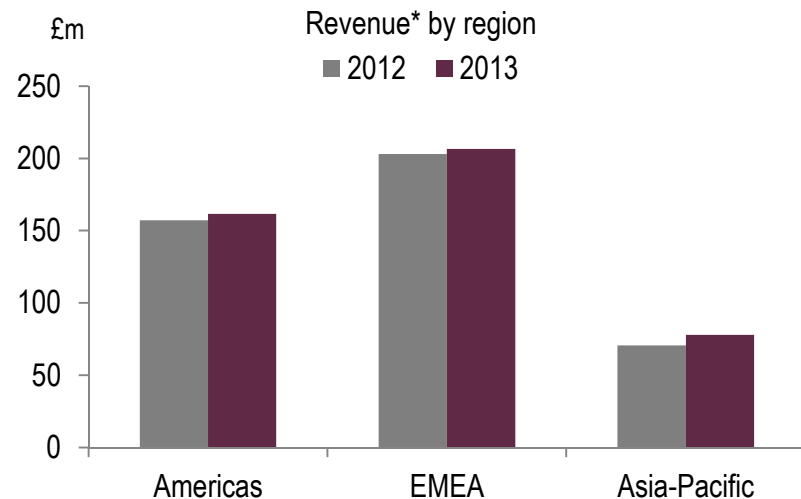
EMEA:

- Increased sales in the Middle East & UK
- Strong sales of fluxes through Metallurgica

Asia-Pacific:

- New capacity in India requiring Vesuvius' high quality products
- Increased penetration in South Korea

Advanced Refractories

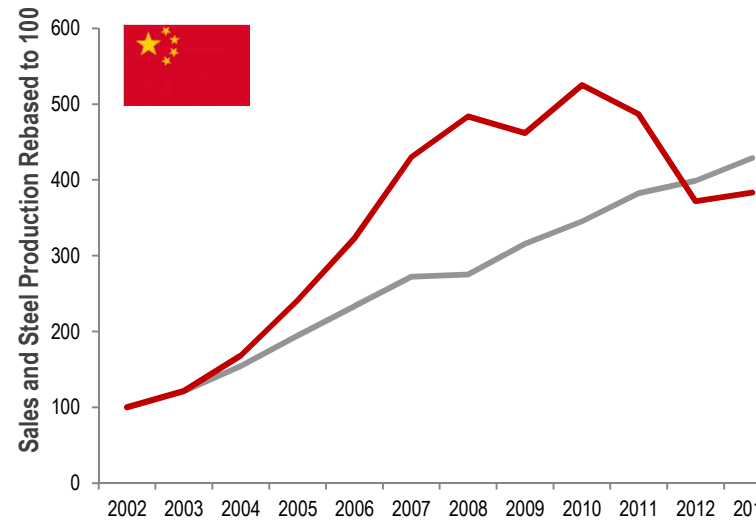
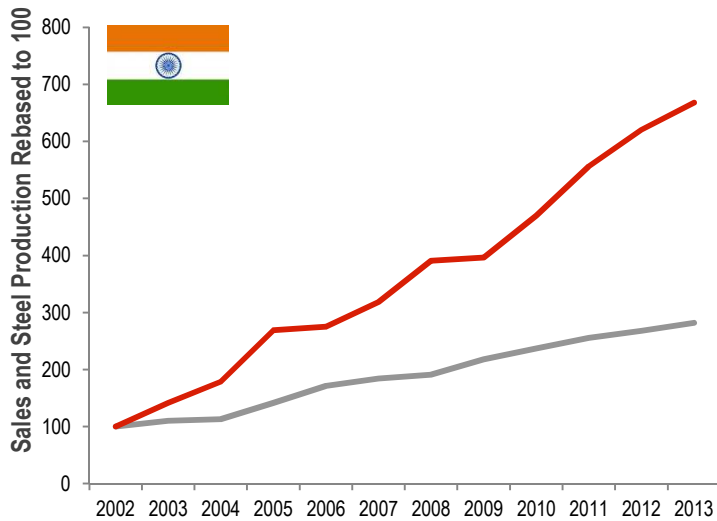
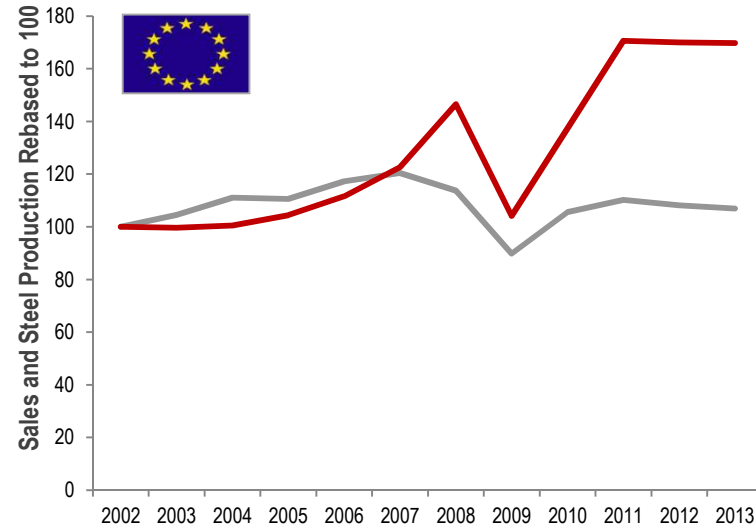
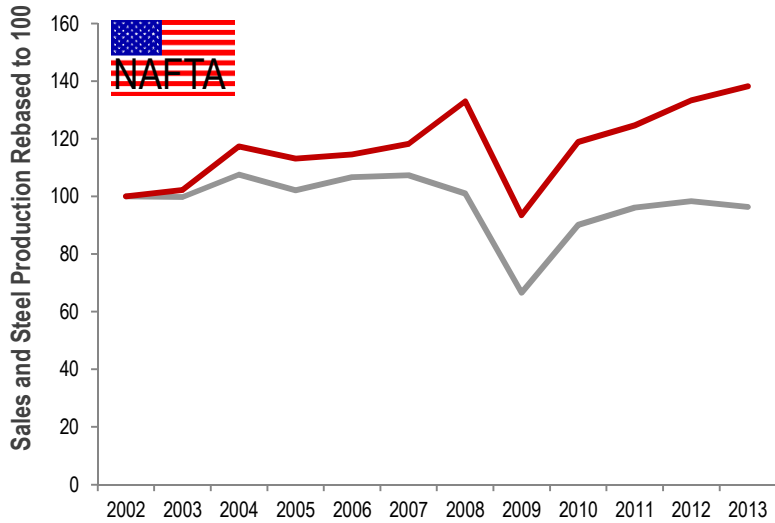


- Strategic exit from low margin businesses recently completed:
 - **Americas** – Canadian installation business
 - **EMEA** – VGT-Dyko brick business
 - **Asia-Pacific** – Andreco-Hurll construction business
- Underlying revenues increased versus 2012 in all regions

*On an underlying basis: at constant currency and excluding the impact of acquisitions and disposals



Steel: Outperforming the underlying markets



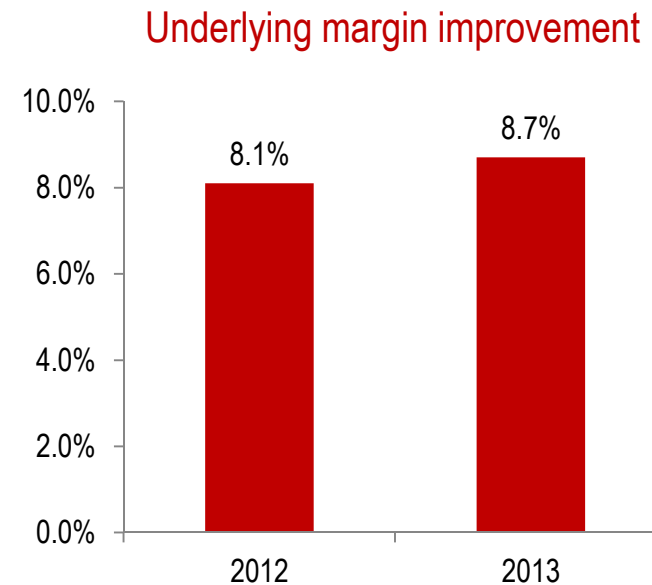
— Vesuvius Sales Value
— Steel Production Volumes

Source WSA for steel production volumes, Vesuvius internal data for Vesuvius sales
 Note 2002 figures are rebased to 100



Trading review: Steel division margins

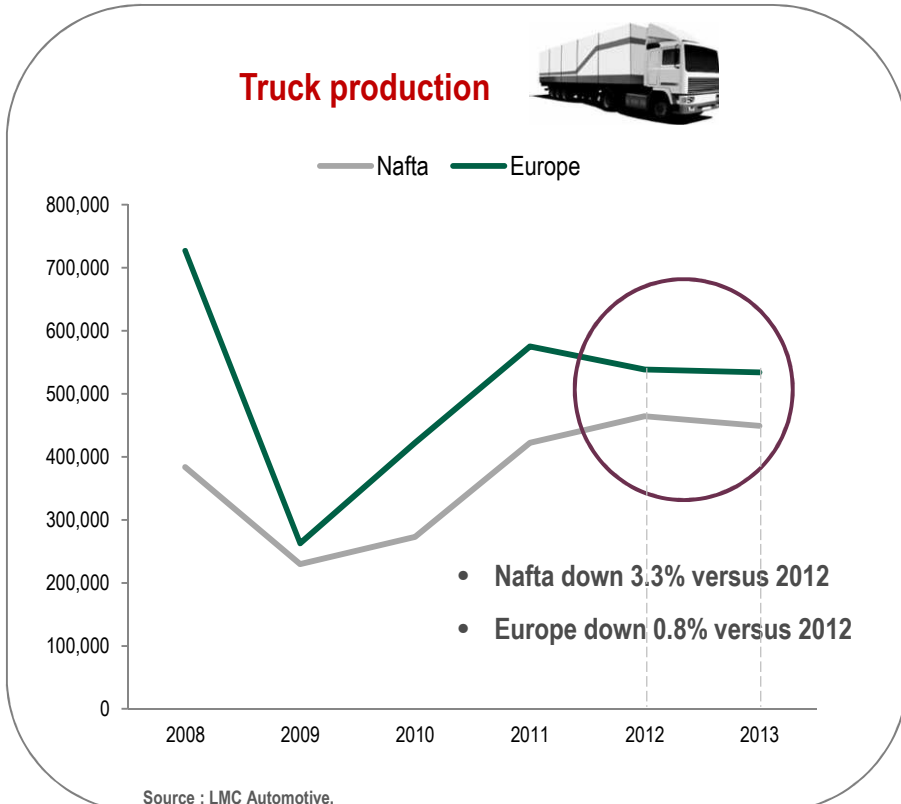
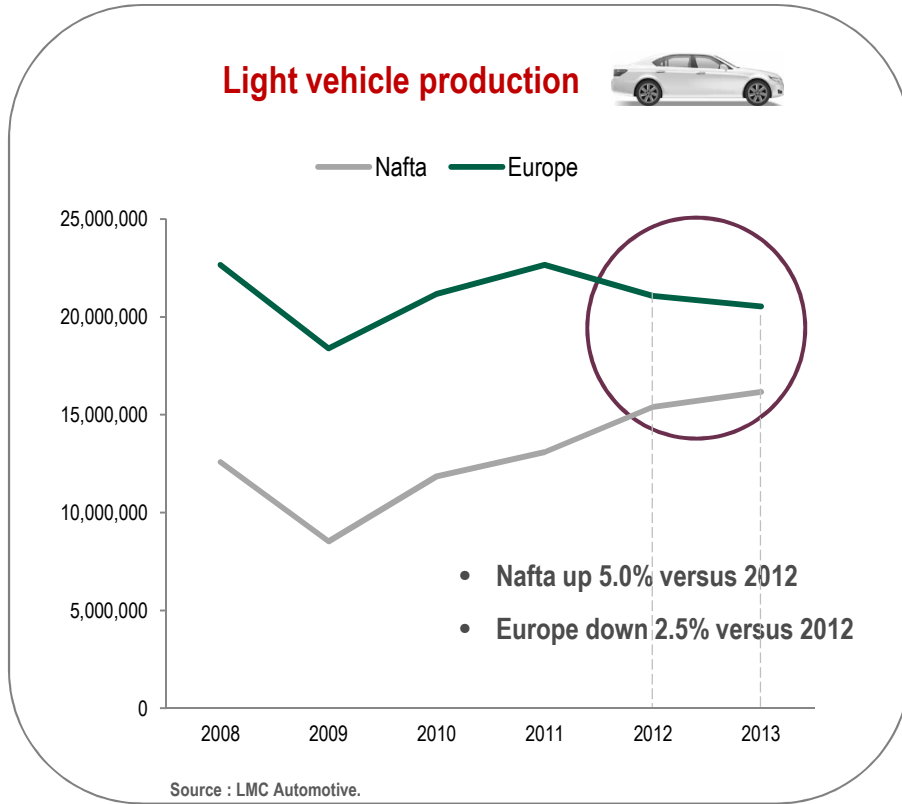
| £m | 2013 | 2012 | Y-o-Y change | Underlying change |
|-----------------------------|----------------|----------------|---------------|-------------------|
| Revenue | | | | |
| Steel Flow Control | 555.7 | 540.9 | +2.7% | +0.7% |
| Advanced Refractories | 461.8 | 476.4 | -3.1% | +3.5% |
| Total Revenue | 1,017.5 | 1,017.3 | +0.0% | +1.9% |
| Total Trading Profit | 88.7 | 83.1 | +6.7% | +9.9% |
| Trading Margin % | 8.7% | 8.2% | +50bps | +60bps |



- Underlying trading profit up 9.9% reflecting self-help actions, including:
 - Disposal of low-margin businesses
 - Focus on inventory management
 - Lean manufacturing programme
- Underlying margin improvement of 60 basis points



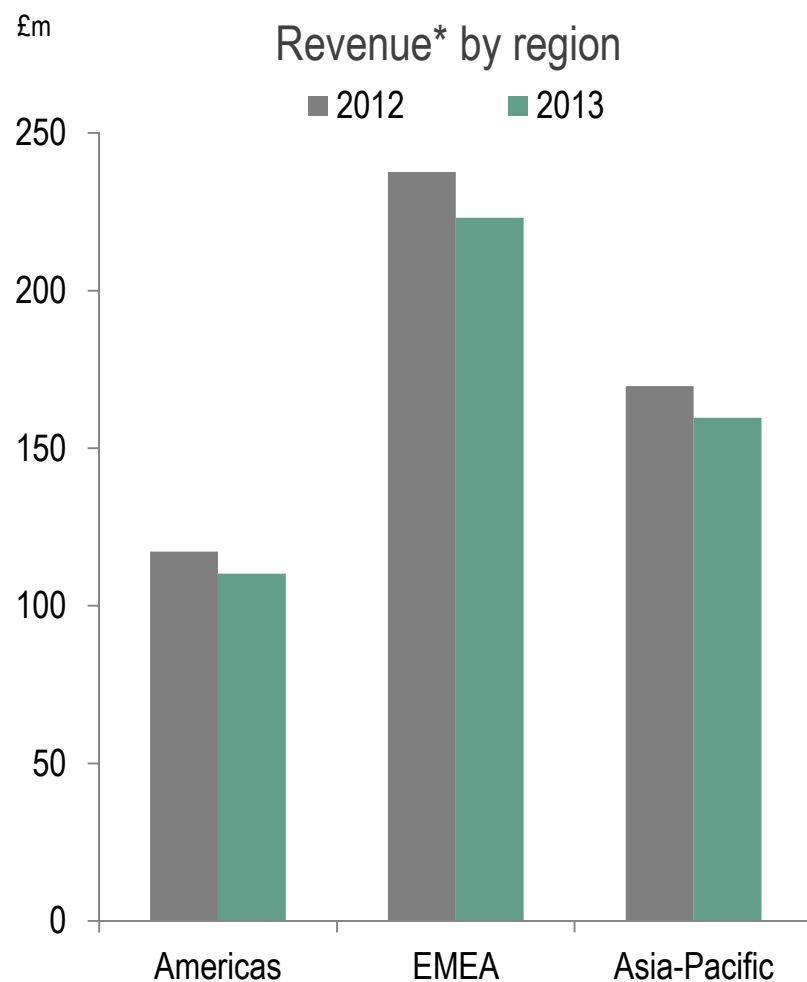
Foundry markets



- Truck and Light Vehicle markets represent approximately 40% of Foundry product line sales
- Other end-markets include mining, railways, construction and agriculture
- Mining and US railroad sectors experienced significant difficulties in 2013



Trading review: Foundry revenue



Revenues lower than 2012 across the division

Americas:

- Difficulty in US railroad and mining sector
- NAFTA truck production down 3%

EMEA:

- European vehicle production volumes decreased

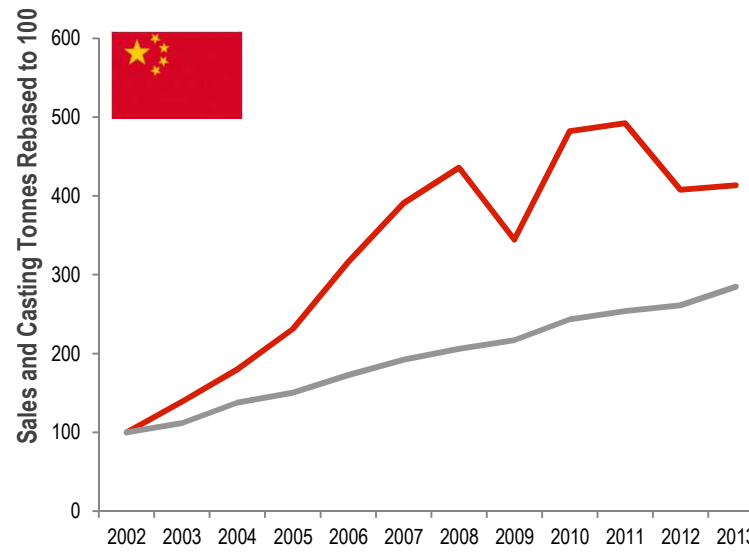
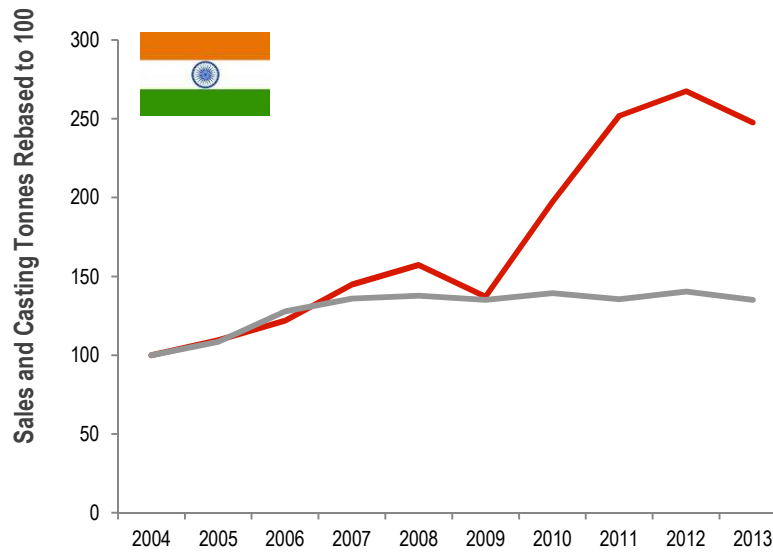
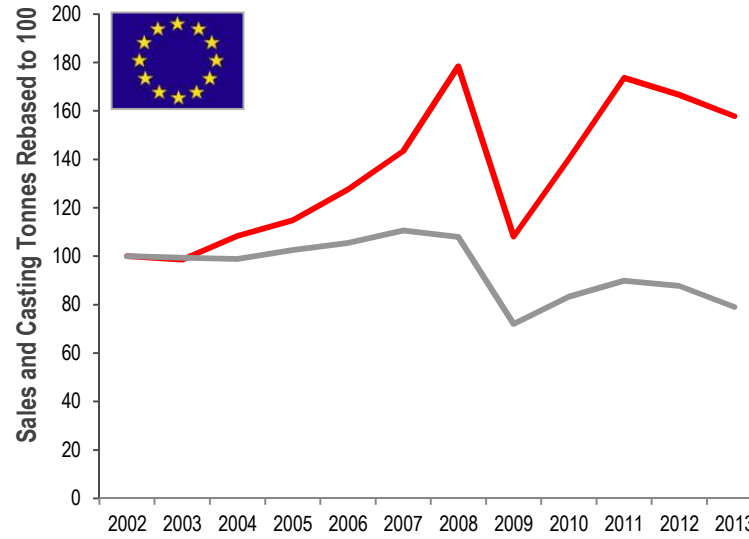
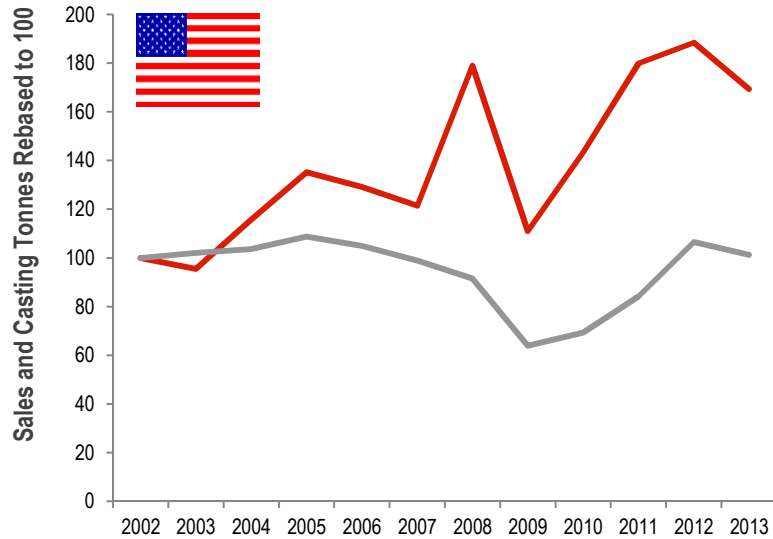
Asia-Pacific:

- Japanese and Indian car production lower
- Investment in Australian mining industry suspended

**On an underlying basis: at constant currency and excluding the impact of acquisitions and disposals*



Foundry: Outperforming the underlying markets



— Vesuvius Sales Value
— Casting Tonnes

Source Modern Casting and Vesuvius estimates for casting tonnes, Vesuvius internal data for Vesuvius sales
 Note 2002 figures are rebased to 100

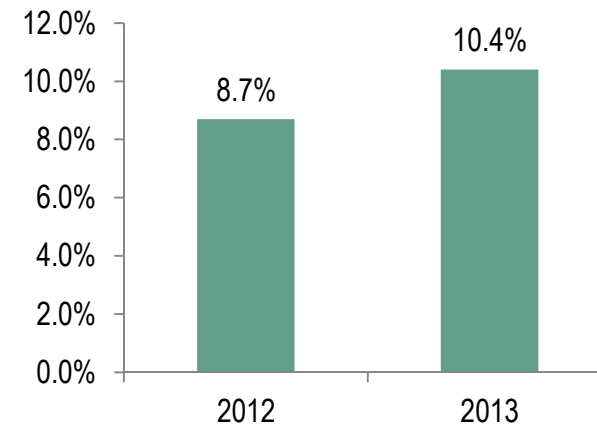


Trading review: Foundry division margins



Underlying margin improvement

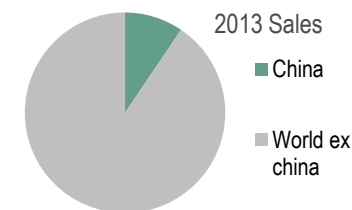
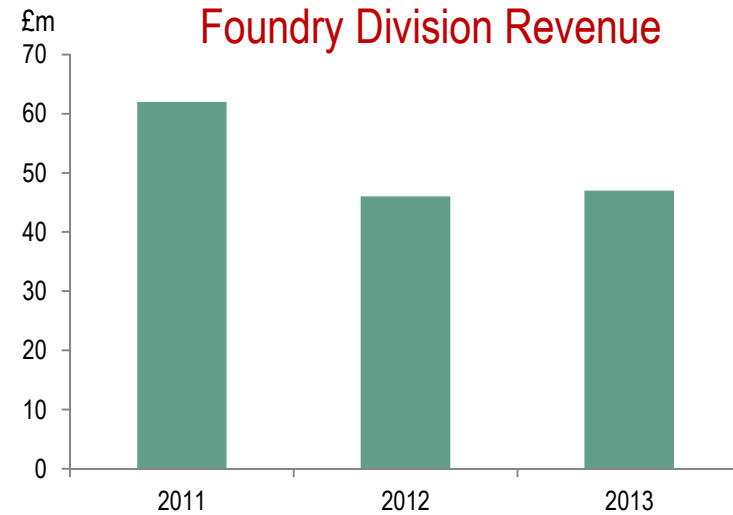
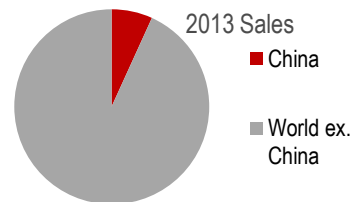
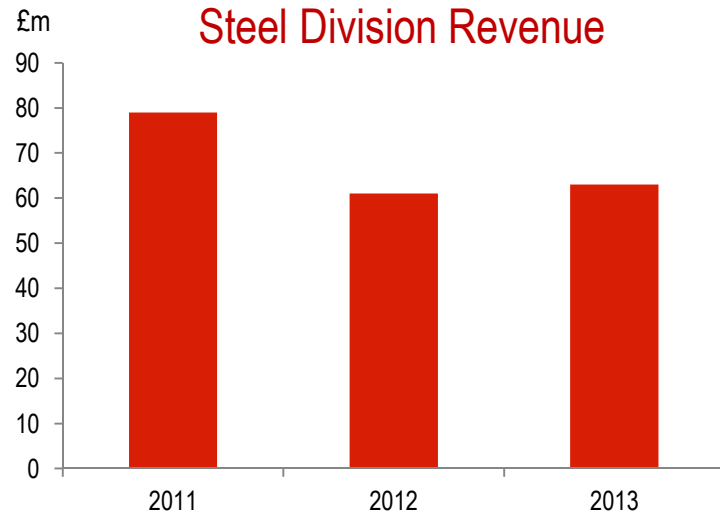
| £m | 2013 | 2012 | Y-o-Y change | Underlying change |
|------------------|-------|-------|--------------|-------------------|
| Revenue | 493.0 | 530.2 | -7.0% | -6.0% |
| Trading Profit | 51.3 | 48.2 | +6.4% | +12.6% |
| Trading Margin % | 10.4% | 9.1% | +130bps | +170bps |



- Underlying trading profit up 12.6% on reduced revenues reflecting self-help actions, including:
 - Restructuring of Fused Silica product line
 - Focus on inventory management
 - Lean manufacturing programme
- Underlying margin improvement of 170 basis points



Our presence in China



- Sales in China represent less than 10% of revenue in both divisions
- Recent management change in China has realigned local focus on quality and improved profitability
- Steel – growth opportunity from restructuring of Chinese steel industry and shift from long to flat steel production
- Foundry – growth opportunity as Chinese foundry industry becomes more competitive and increases its focus on quality

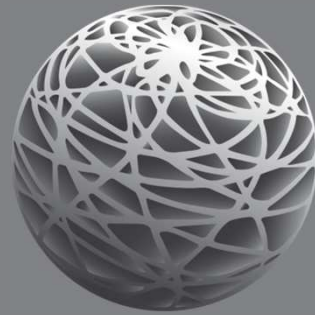


2013 Trading Summary



- Market conditions have remained challenging, continuing from reduced activity levels seen in second half of 2012
- Internal focus has been on self-help programmes and a disciplined approach to implementing our strategy
- Margin recovery successfully initiated, despite unfavourable economic environment





A GLOBAL LEADER IN METAL FLOW ENGINEERING

Financial Review

Chris O'Shea, CFO

VESUVIUS PLC

Income statement – Headline results

| | 2013 | 2012 ⁽¹⁾ | Year on Year Change | |
|---------------------------------|---------------|---------------------|---------------------|---------------------------|
| | £m | £m | As reported | Underlying ⁽²⁾ |
| Revenue | 1,511 | 1,548 | -2.4% | -0.8% |
| Trading Profit | 140.0 | 131.3 | +6.6% | +10.9% |
| Trading margin % | 9.3% | 8.5% | +80bps | +100bps |
| Net finance costs | (17.3) | (21.7) | | |
| Share of JV | 2.5 | 0.1 | | |
| Profit before Tax | 125.2 | 109.7 | | |
| Effective tax rate % | 26.5% | 27.0% | | |
| Tax | (32.5) | (29.6) | | |
| Non-controlling Interest | (5.0) | (5.1) | | |
| Earnings | 87.7 | 75.0 | +16.9% | +22.2% |
| Earnings per share (p) | 31.9 | 27.0 | +18.1% | +23.4% |

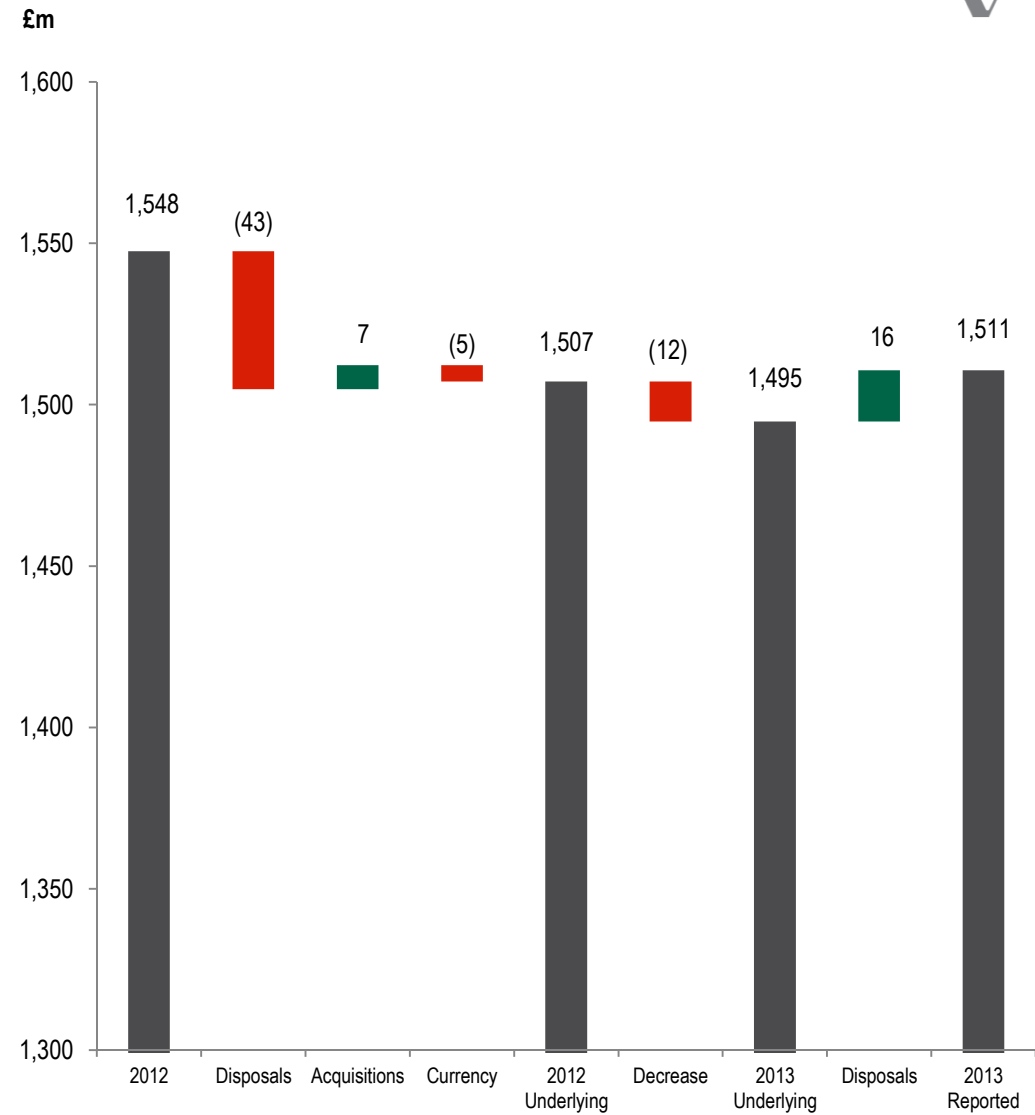
⁽¹⁾ 2012 results have been restated as a result of IAS 19 (Revised) Employee Benefits.

⁽²⁾ Underlying basis is at constant currency and excludes separately reported items and the impact of acquisitions and disposals



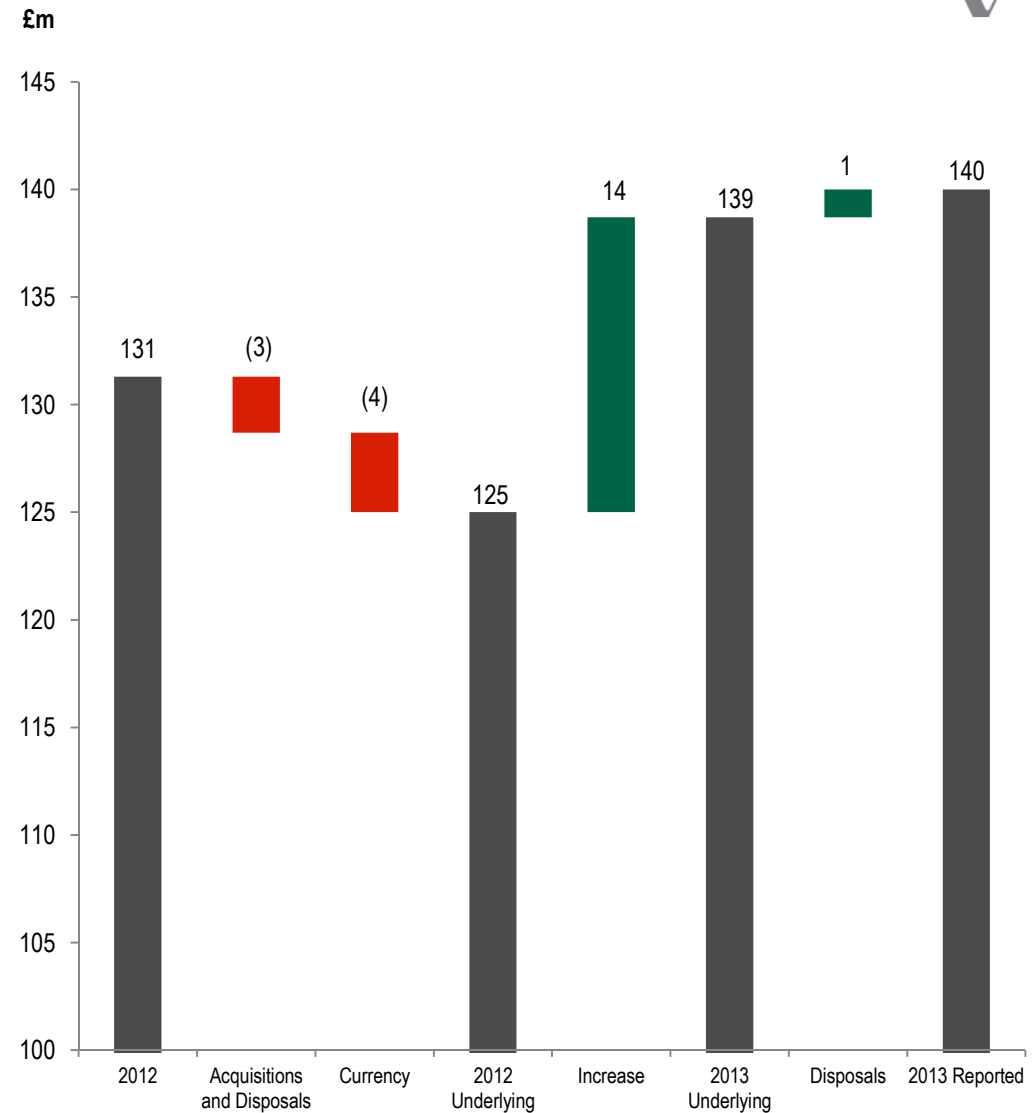
Revenue progression

- Revenue down 2.4% on 2012
 - Underlying revenue 0.8% lower
- Disposals in line with strategy to exit low-margin businesses
 - 2013 revenue from disposed businesses of £15.8m
- Muted currency impact in full year driven by H1 FX rates
 - Significant devaluations seen in H2



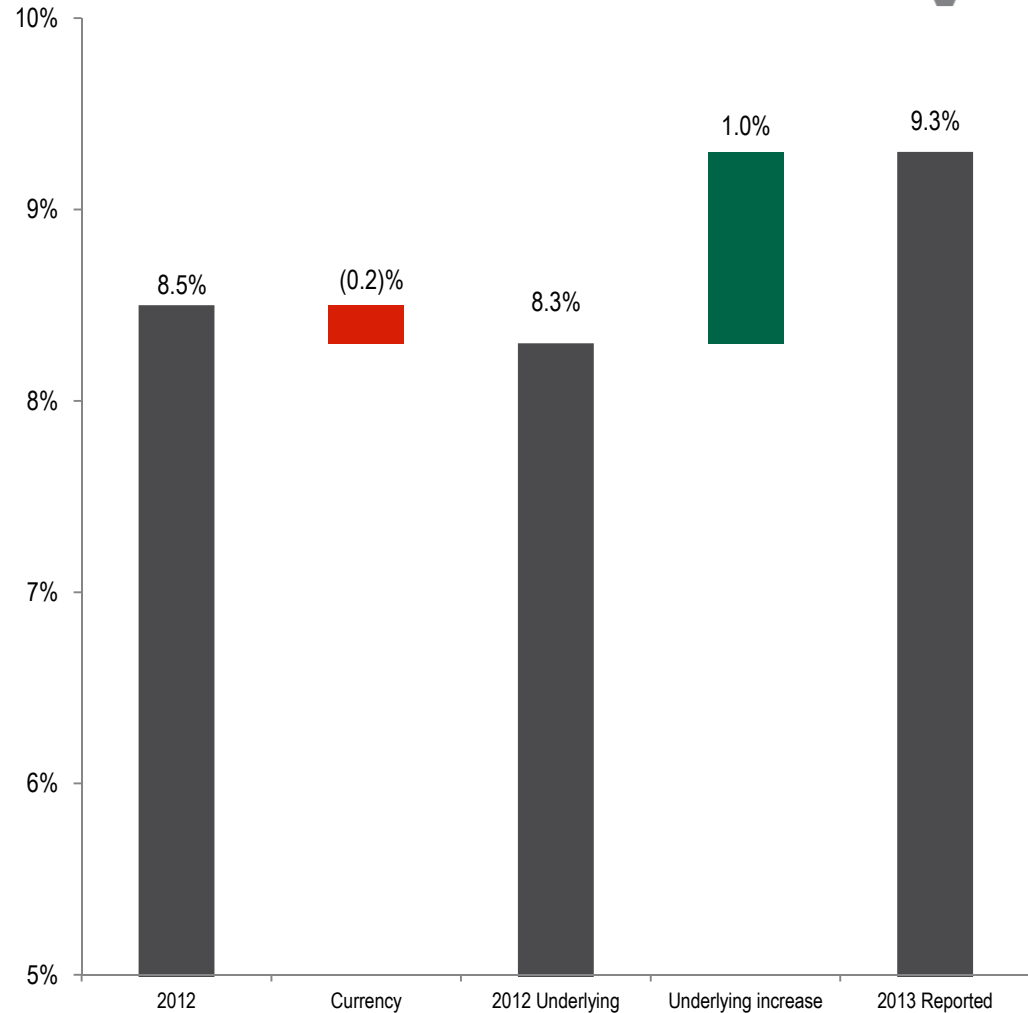
Trading profit progression

- Trading profit increased by 6.6%
 - Underlying profit increased by 10.9%
- Continued improvement in Metallurgica performance
- 2013 profits from disposed businesses of £1.3m
- Muted currency impact in full year driven by H1 FX rates
 - Significant devaluations seen in H2



Margin progression

- Underlying margins increased by 100 basis points
- Self help actions driving improvements
 - Sustainable plan with many small improvements driving a better business
- FX movements restricting growth in margins
 - Strengthening of sterling in higher margin locations
- Effects of acquisitions and disposals on margins cancel each other



Currency



FX movements in income statement muted by 2 factors:

- Relatively benign FX environment in H1
- Mix of strengthening of currencies (USD, EUR, RMB)
 - partially offsetting weaker currencies (BRL, INR, JPY, ZAR)

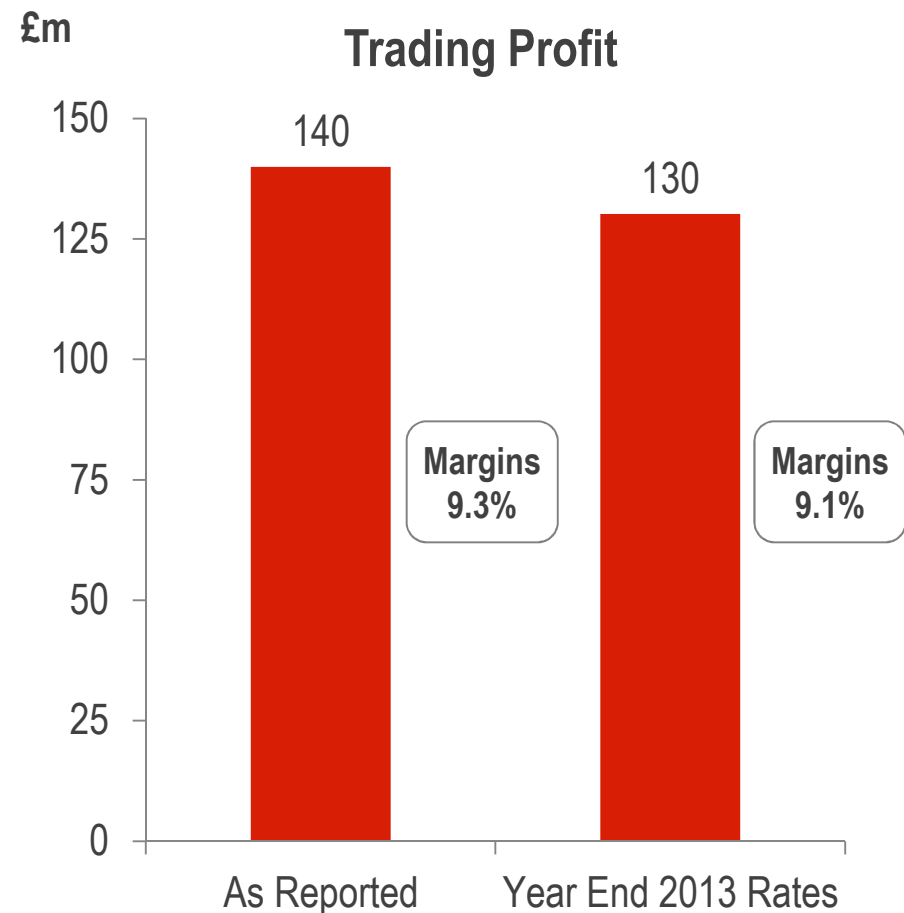
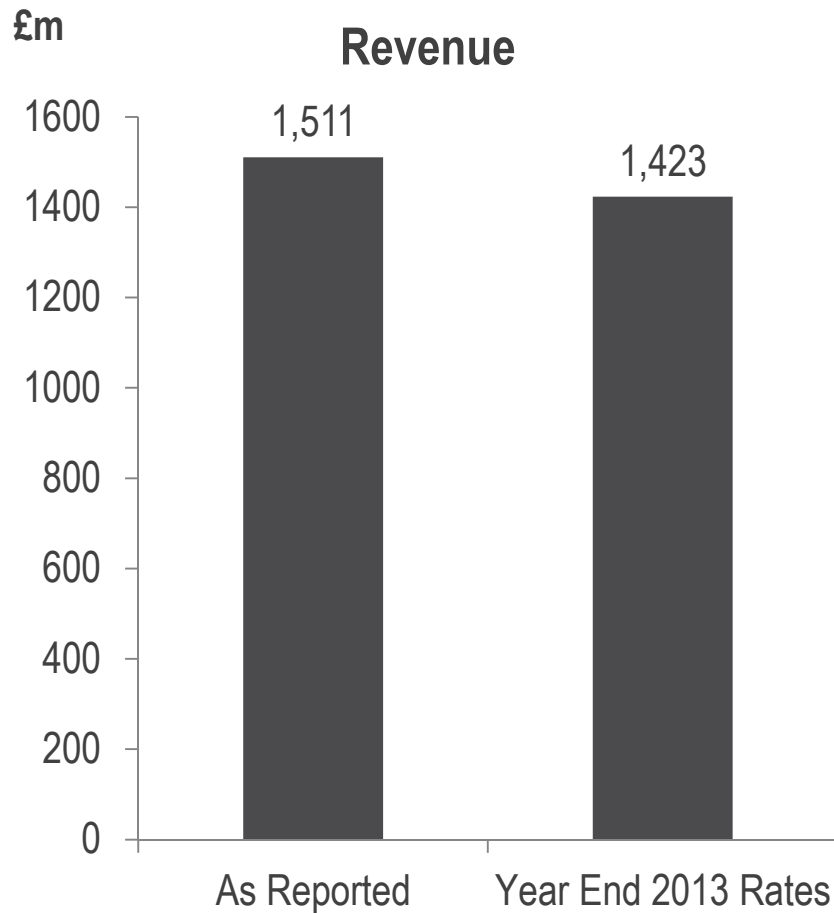
However effects of averaging lost as we enter 2014

- Sterling strengthening against all major currencies as we come into 2014

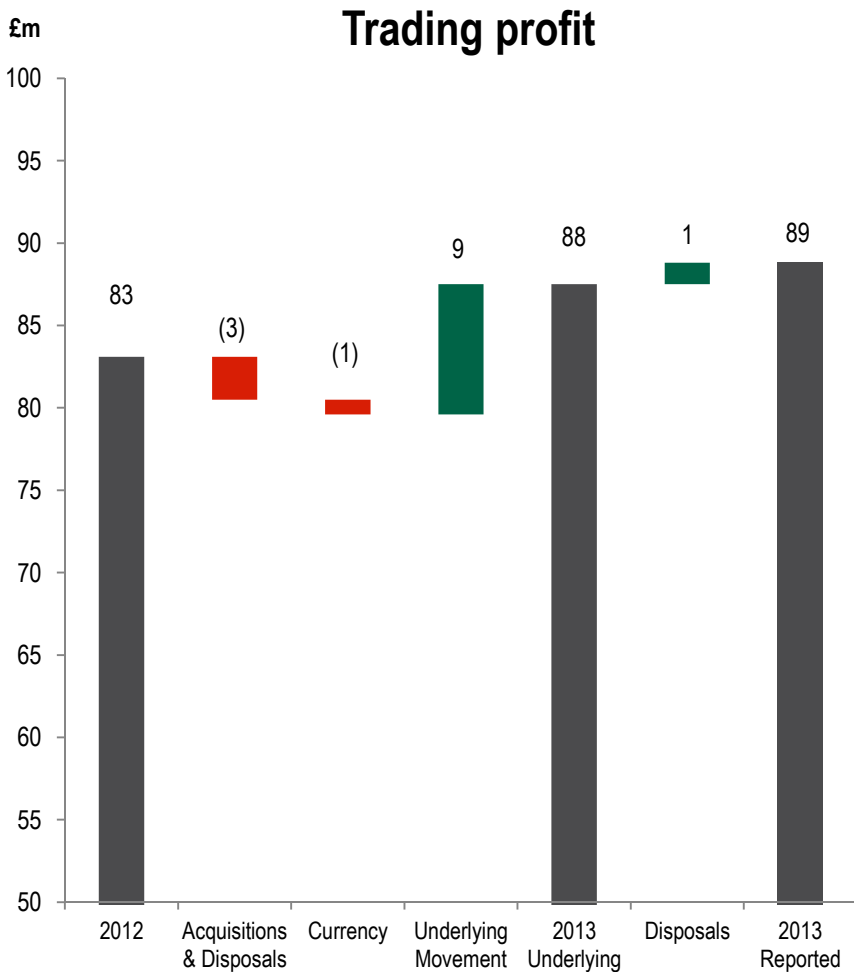
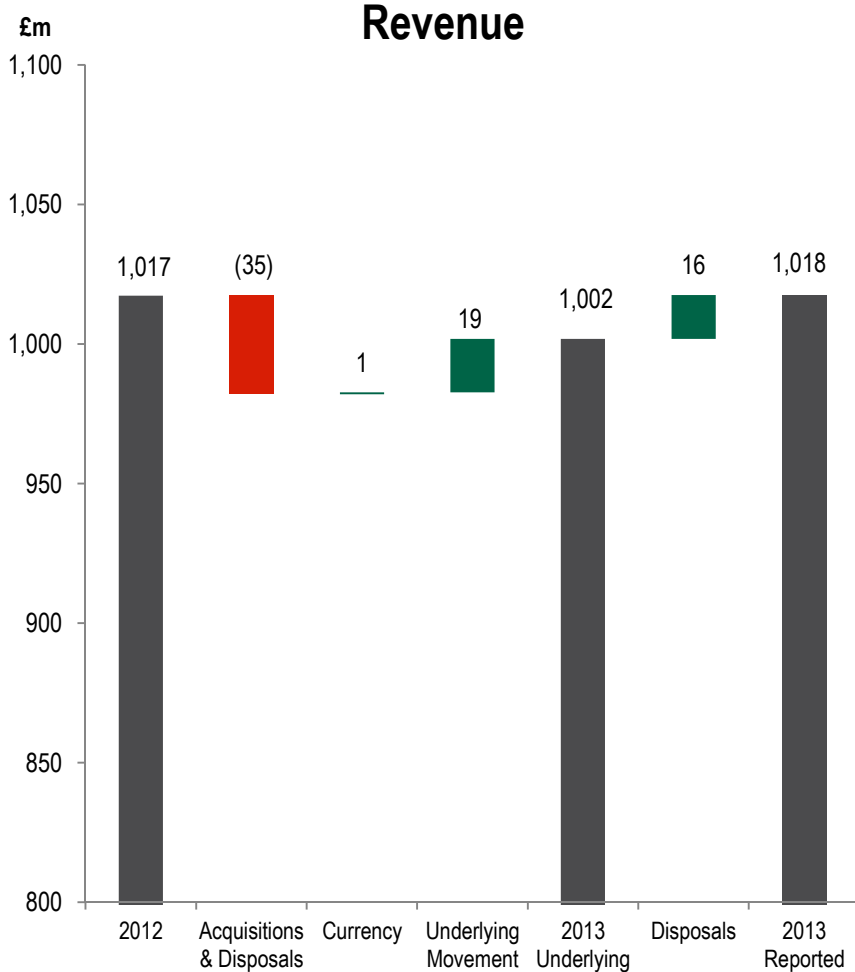
| | 2012 Average Rates | 2013 Average Rates | 2013 v 2012 Average Rates | 2013 Year End Rates | 2013 Year End v 2013 Average Rates |
|-----|--------------------------|--------------------------|------------------------------------|---------------------------|--|
| USD | 1.5847 | 1.5638 | +1.32% | 1.6556 | 5.9% |
| EUR | 1.2336 | 1.1776 | +4.54% | 1.2045 | -2.3% |
| BRL | 3.0977 | 3.3747 | -8.94% | 3.9102 | -15.9% |
| INR | 84.5829 | 91.5828 | -8.28% | 102.316 | -11.7% |
| JPY | 126.386 | 152.520 | -20.68% | 174.334 | -14.3% |
| RMB | 9.9987 | 9.6139 | +3.85% | 10.0225 | -4.3% |
| ZAR | 12.99 | 15.0314 | -15.72% | 17.2961 | -15.1% |



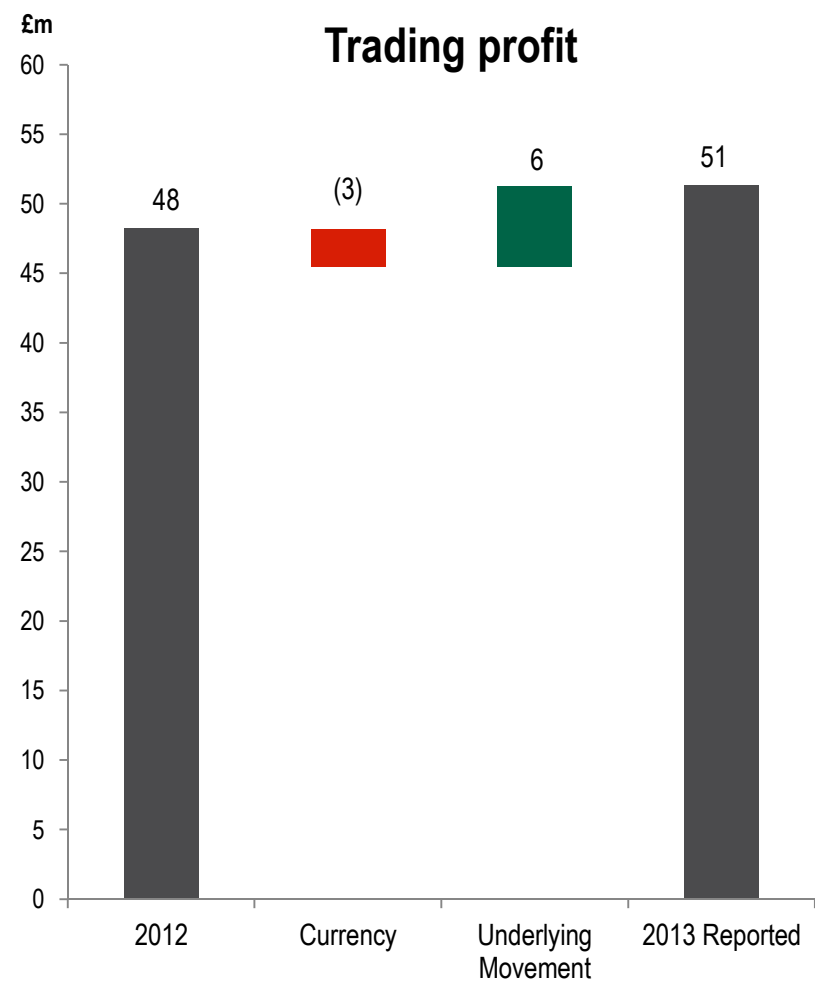
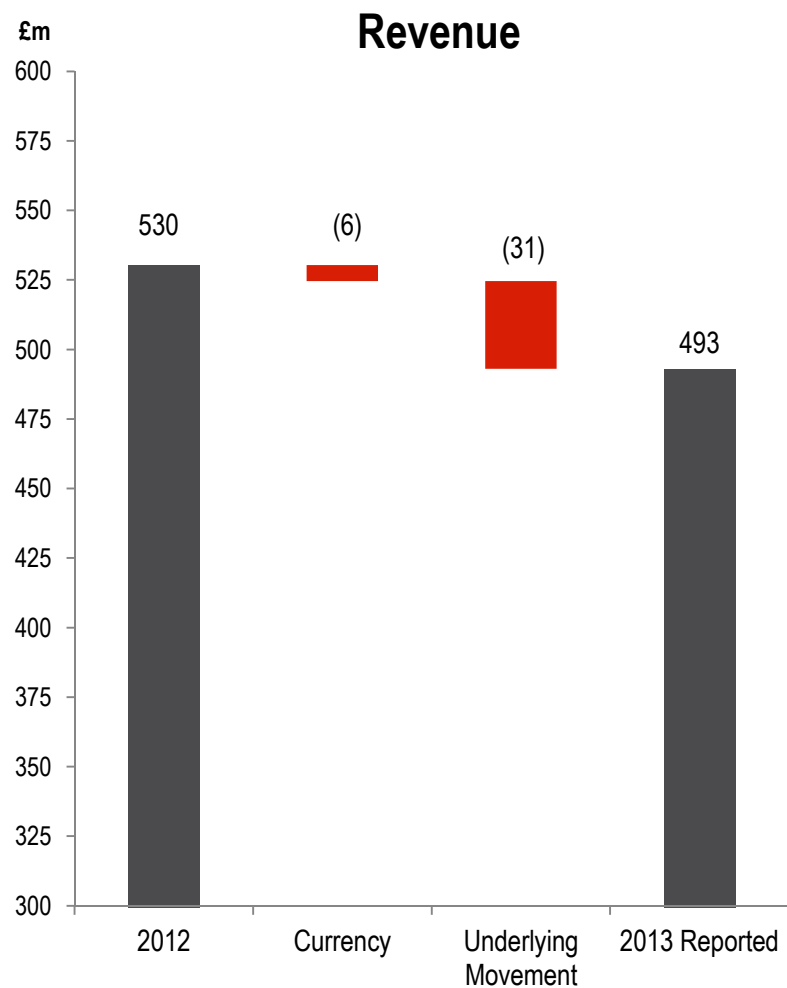
Currency – impact on 2013 results



Steel Division Performance

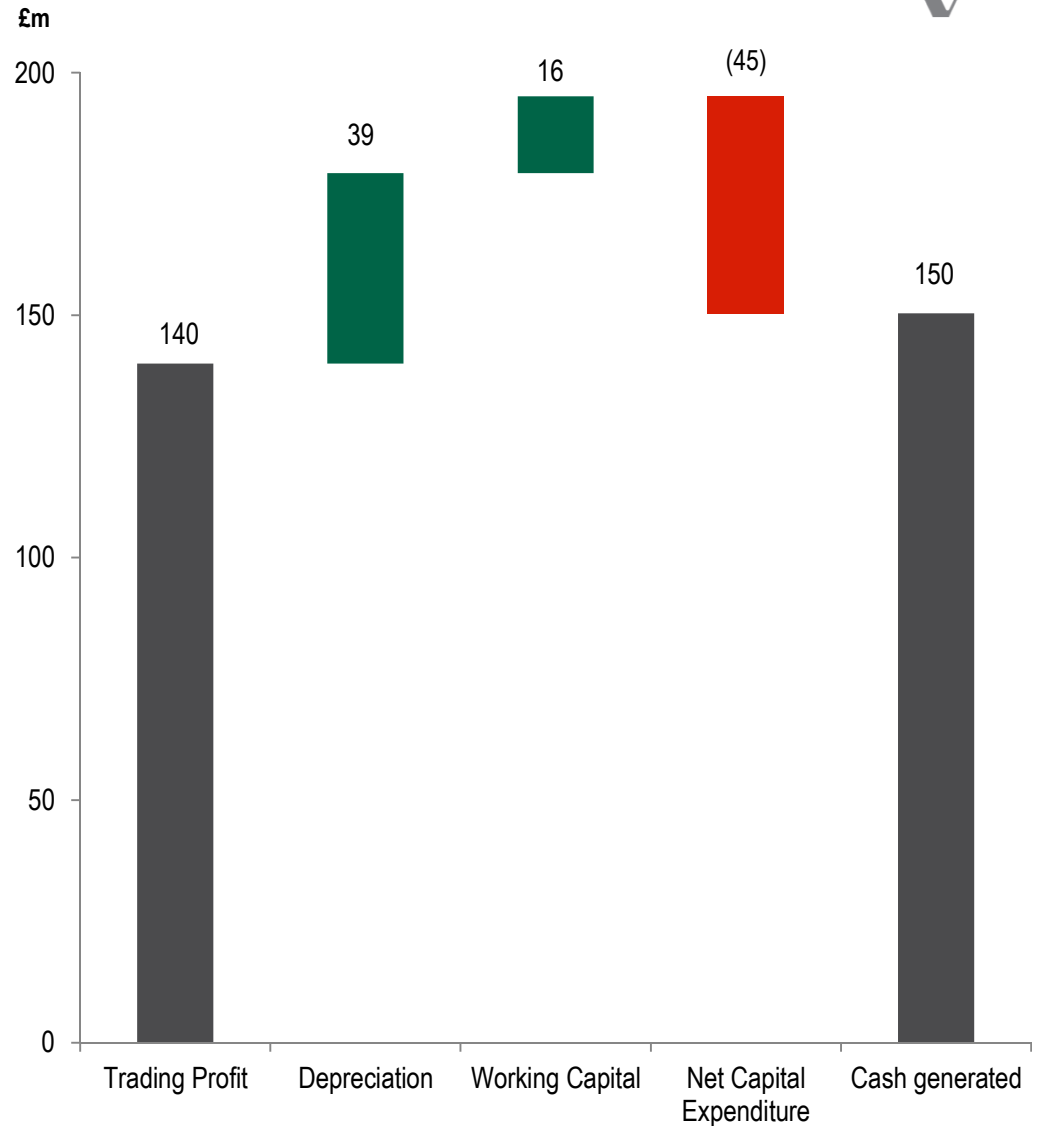


Foundry Division Performance



Operating cash flow - continuing operations

- Cash generated represents 107% of Trading Profit
- Improvement in working capital performance
 - 24.7% (12 month average)
 - 26.6% Dec 2012
 - 25.8% June 2013
- Inventory reduction programme progress continues
 - 77 days (12 month average)
 - 85 days Dec 2012
 - 81 days June 2013
- Capital expenditure of c. 3% of revenue in line with full year expectations



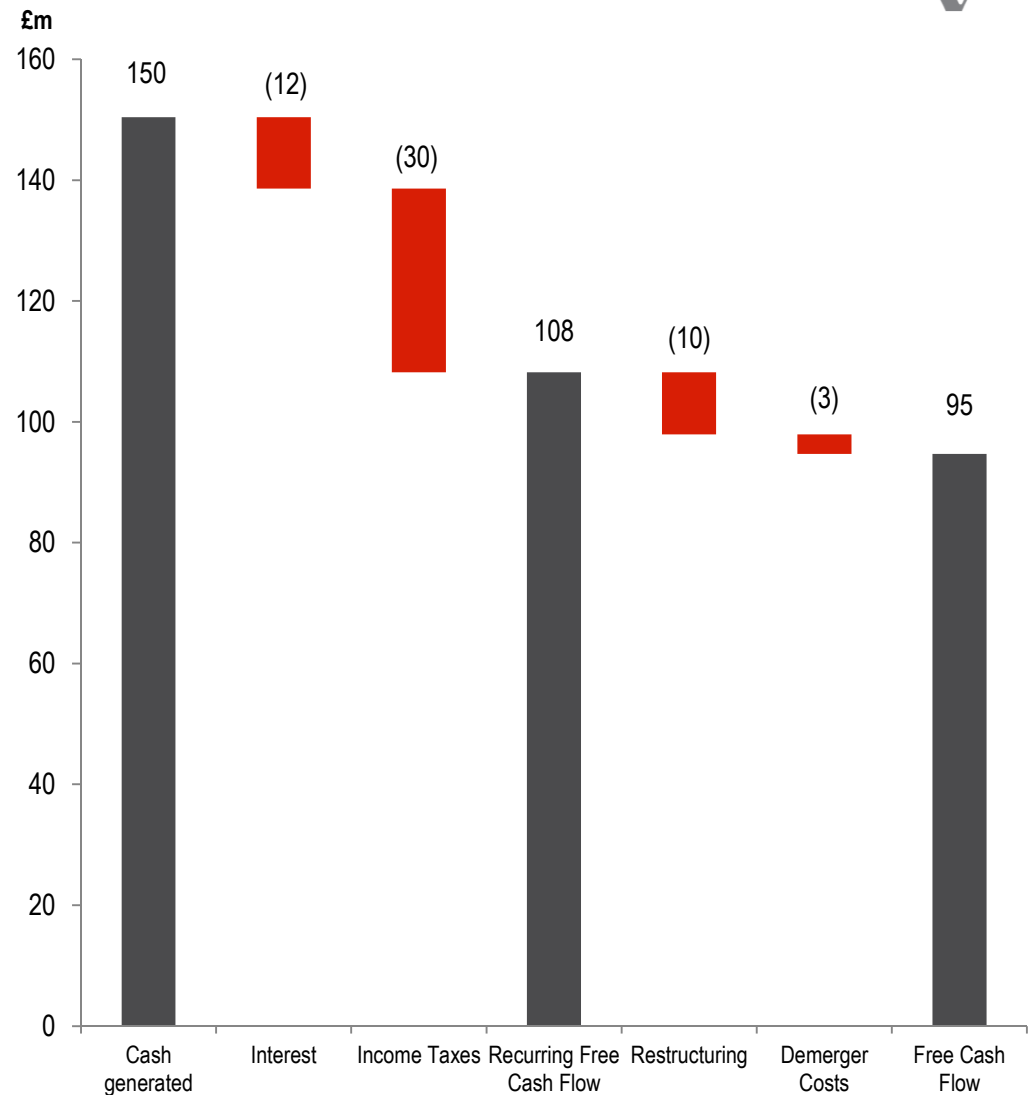
Free cash flow from continuing operations

Recurring Free Cash Flow represents 124% of Headline Earnings

One off items include:

- Restructuring
 - Total cash spend of £10m
 - £13m provision remaining - c.£9m expected to be spent in 2014

- Demerger costs
 - £3m cash spend
 - all costs now met



Net debt

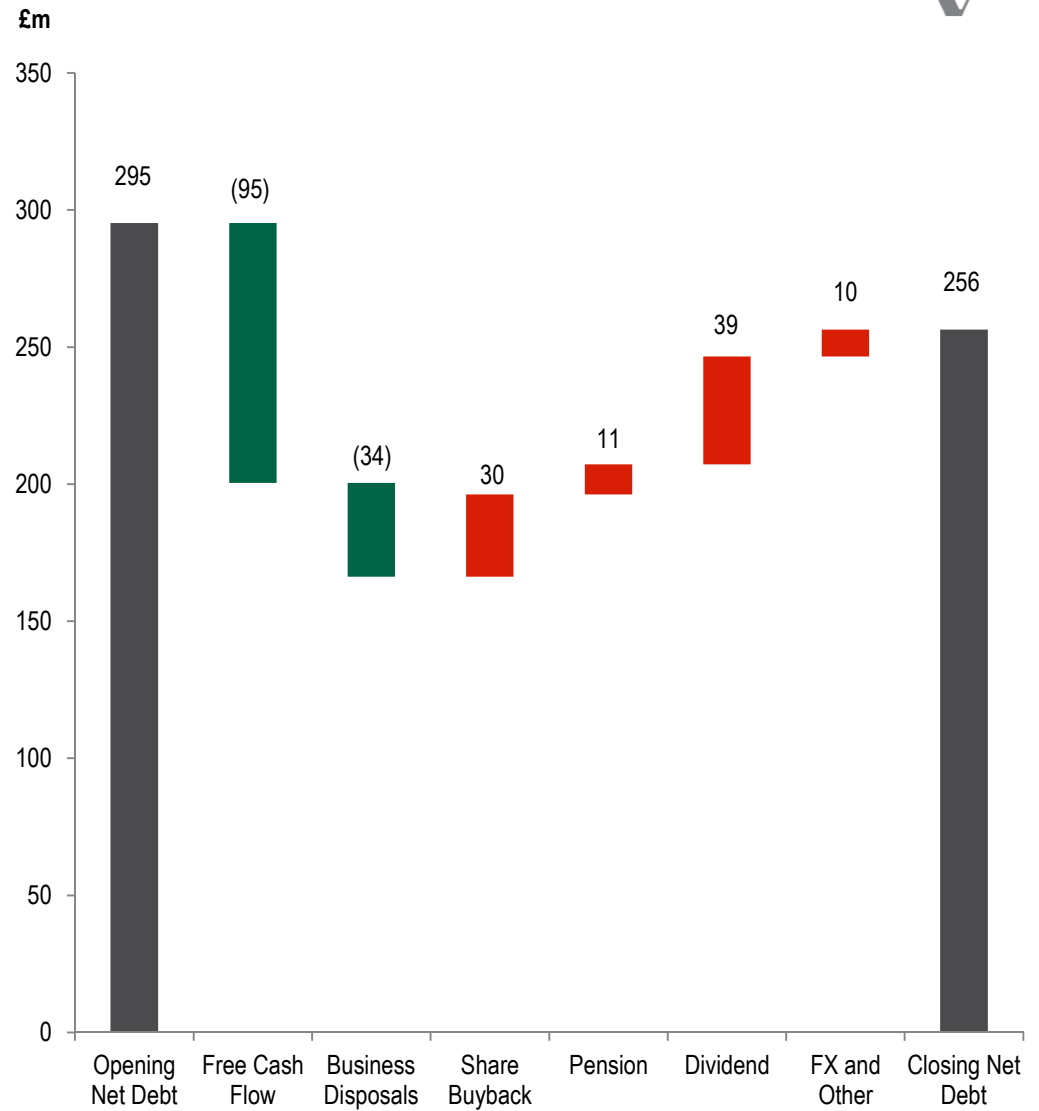
13% reduction in Net Debt to £256m

Disposal of European Precious Metals Processing completed at end May

- Gross proceeds €57m
- Net profit on disposal of £19m

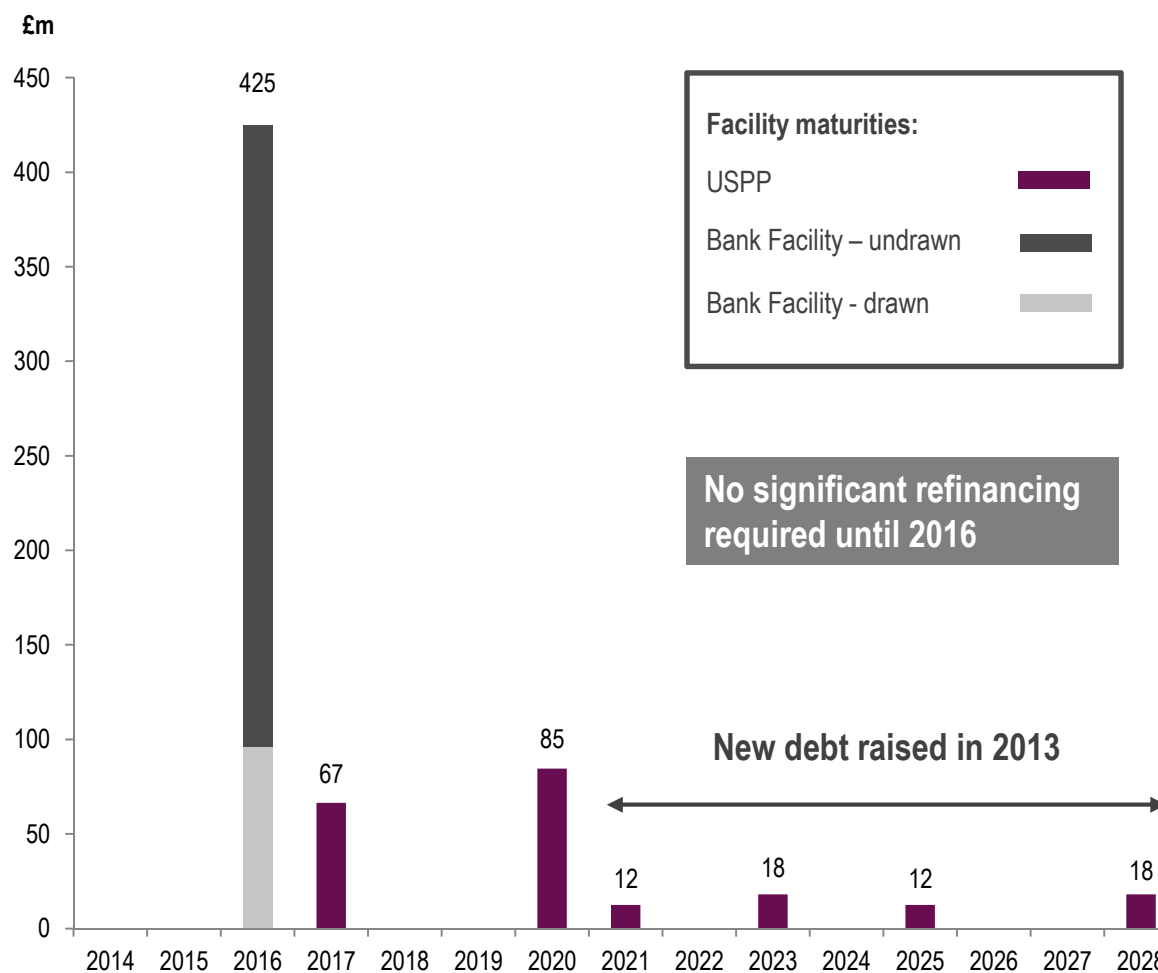
Share buy-back programme completed

- Returned £30m of proceeds of PMP disposal
- 7.3m shares purchased at 412.59 pence per share



Debt Facilities

- New US Private Placement loan notes issued in Dec 2013
- Notes denominated in Euro and US Dollar, maturing between 2021 and 2028
 - \$101m equivalent
- Weighted average maturity of committed facilities
 - 4.0 years
- Undrawn committed facilities at 31 December 2013
 - £329m



Pensions update

- Total net deficit of all Group post-retirement plans at £48m at 31 December 2013 (2012: £69m)
- UK defined benefit Plan fully funded as at 31 December 2012 (last triennial valuation)
 - Results from 10 years de-risking initiatives, including £320m pensioner buy-in in 2012, and Company top-up contributions
 - Annual £4.7m cash contribution to Plan ceased in July 2013
 - Voluntary contributions of £2m per annum from January 2014
- IAS19 (revised) adopted - prior year comparators re-stated
 - Impact on 2012 : trading profit reduced by £1.7m of admin costs; interest charge reduced by £0.5m
 - Admin costs in 2013 of £1.5m
 - Net interest cost in 2013 of £1.8m (2012: £0.1m); increase mainly due to lower interest credit arising from the reduced opening UK plan surplus



Dividend



- Proposed final dividend of 10.25 pence per share
 - Increase of 7.9% on 2012 final dividend of 9.5 pence
- Full year dividend of 15.00 pence per share
 - Increase of 5.3% on Vesuvius' share of Cookson full year 2012 dividend of 14.25 pence
- £70.7 million total cash returned to shareholders for 2013
 - 2013 Interim Dividend £13.0m
 - 2013 Final Dividend £27.7m
 - Share buyback £30.0m

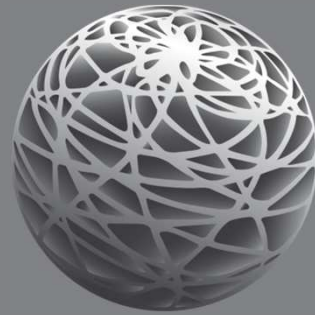


Financial strategy



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





A GLOBAL LEADER IN METAL FLOW ENGINEERING

Strategy and Outlook

François Wanecq, Chief Executive

VESUVIUS PLC

Five strategic pillars



• Maintain technology leadership

• Increase penetration of value creating solutions

• Capture growth in developing markets

• Improve cost leadership

• Build technical services offering

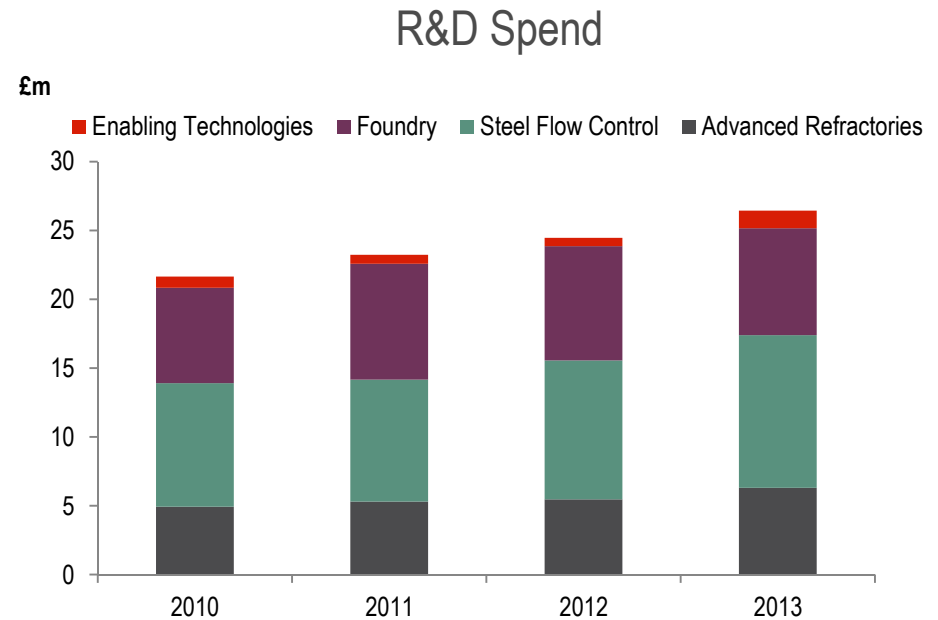


Maintain technology leadership



Progress in 2013:


- Increased R&D investment has seen
 - 27 invention patents
 - 124 patents filed, and
 - 189 patents granted in 2013
- Appointment of new CTO
- Construction of new global R&D centre for Foundry in Enschede, Netherlands



Foundry R&D facility, Enschede



Increase penetration of value creating solutions



Successfully commissioned the first robotic handling operation for Hyundai in Korea

Awarded the full equipment of a major steel plant in Spain with new SERT stopper rigging




Progress in 2013



ELBY™ ladle bottom gaining traction in Europe and Asia

Lavagard trough runners



Capture growth in developing markets



New Advanced Refractories plant commissioned in Ras al Khaima, UAE \$25m added sales capacity

Building of new Foundry plant in Changshu, China, to be commissioned in H1 2014 and replace two old factories in Liuhe and XianFan



Progress in 2013



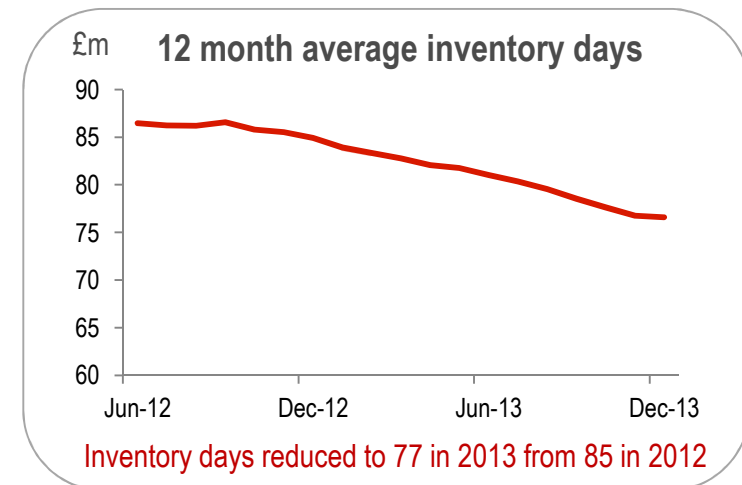
New Viso mix plant in Rio de Janeiro, Brazil, to take advantage of local raw materials

Extension of Viso plant in Trinec, Czech Republic £20m additional sales capacity



Improve cost leadership

- Launch of our group Quality program
- Extension of Lean Manufacturing throughout the Group
- Inventory reduction from 85 to 77 days (12 month average)
- Continued transfer of headcount towards low cost countries



Build Technical Services offering

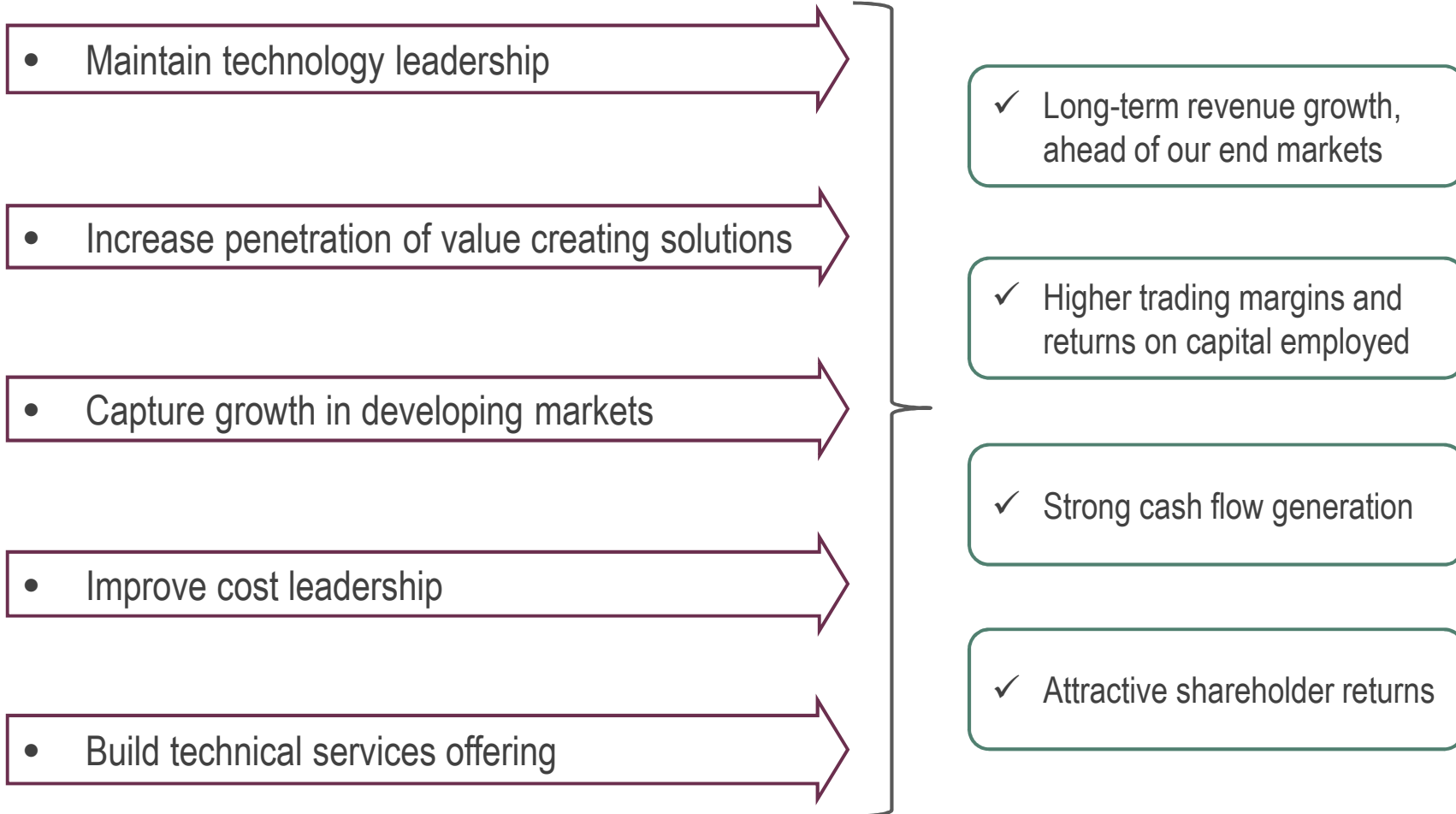


Progress in 2013:

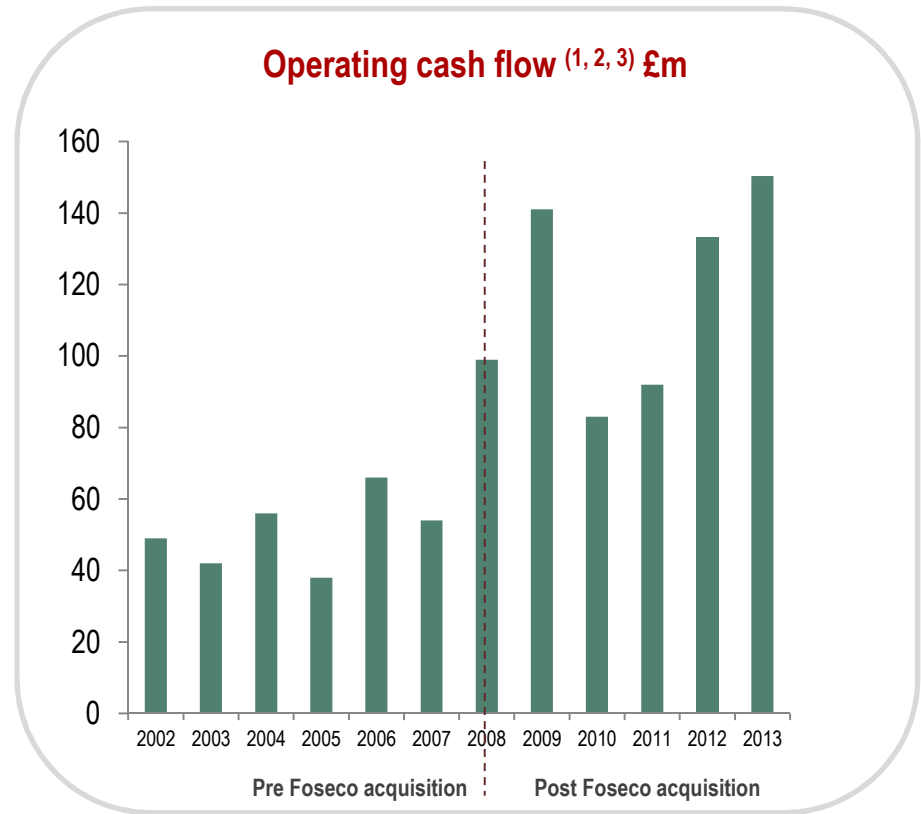
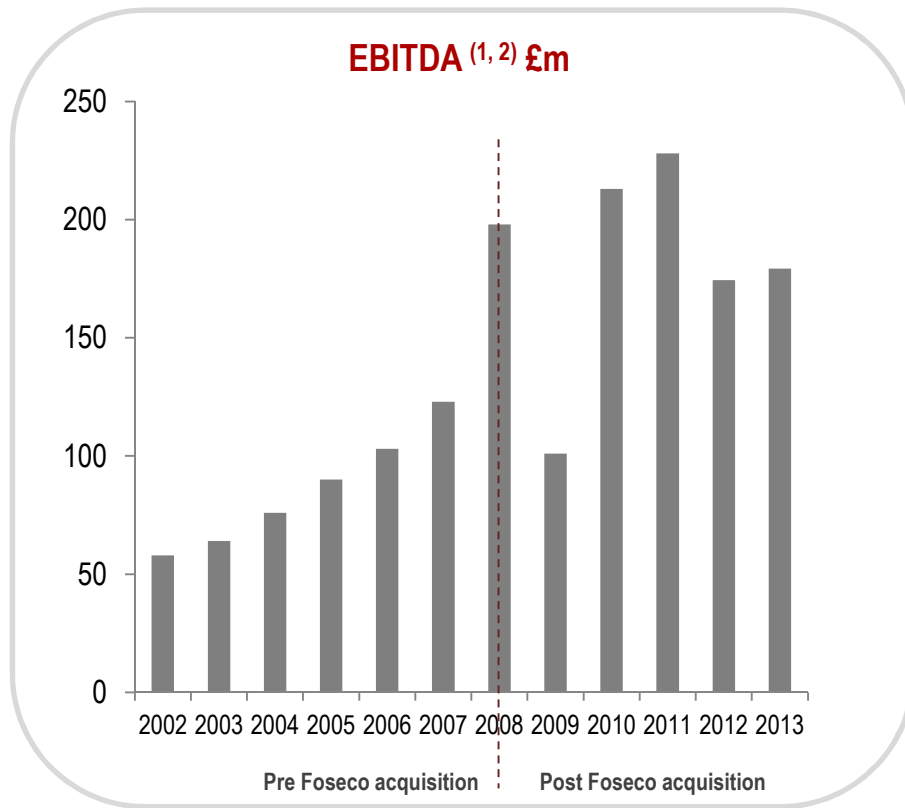
- Longer-term vision
- Internal R&D development leading to industrial testing in H1 2014
- Acquisition opportunities being evaluated



Strategy



Confirmed resilient profit and strong cash flow generation



(1) Company data as reported, excluding Precious Metals Processing
 (2) 2012 results have been restated as a result of IAS 19 (Revised) Employee Benefits
 (3) Cash flow from operations before interest and tax and after capital expenditure

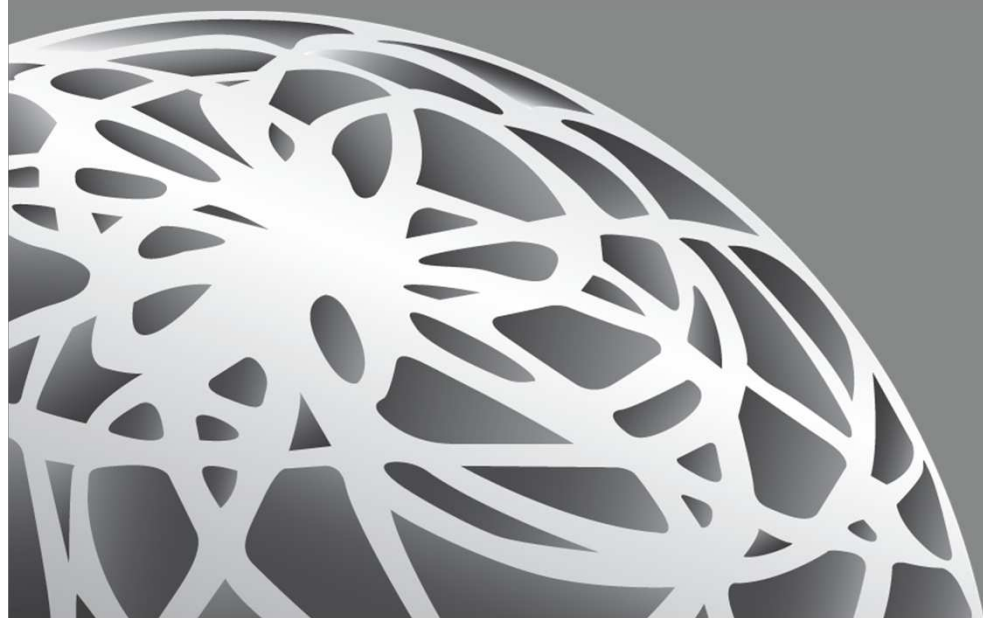


Outlook

- Expect underlying trading environment during 2014 to be broadly similar to that in 2013
- If recent strength of Sterling continues it will have a negative impact on our reported growth in 2014
- Progressing with our plan to improve operational efficiency in all segments
- Primary objectives for the medium-term:
 - improve margins further
 - increase our effort in research and development
 - sustain our global leadership in core businesses
 - further develop our penetration in China
 - retain strong balance sheet to keep our financial flexibility
 - progress our overall strategy of providing superior technical products and services for the steel and foundry industries



VESUVIUS PLC



5 year history at constant currency⁽¹⁾

| | 2009 | 2010 | 2011 | 2012 | 2013 |
|-----------------------|--------------|--------------|--------------|--------------|--------------|
| Revenue | 1,134 | 1,444 | 1,616 | 1,543 | 1,511 |
| Steel | 760 | 951 | 1,039 | 1,018 | 1,018 |
| Foundry | 374 | 493 | 577 | 525 | 493 |
| | | | | | |
| Trading Profit | 61.6 | 161.7 | 171.7 | 127.6 | 140.0 |
| Steel | 49.3 | 97.5 | 100.7 | 82.2 | 88.7 |
| Foundry | 12.3 | 64.2 | 71.0 | 45.4 | 51.3 |
| | | | | | |
| Margins | 5.4% | 11.2% | 10.6% | 8.3% | 9.3% |
| Steel | 6.5% | 10.3% | 9.7% | 8.1% | 8.7% |
| Foundry | 3.3% | 13.0% | 12.3% | 8.7% | 10.4% |

(1) All numbers shown at December 2013 full year average exchange rates

(2) Assumes £14 million corporate costs in 2009 – 2011; actual corporate costs included for 2012 and 2013



Currency – Ready Reckoner

| Currencies | Approximate Change in profits |
|--|-------------------------------|
| US Dollar | £0.4 million |
| Euro Brazilian Real Indian Rupee Chinese Renminbi | £0.2 million |
| Japanese Yen South African Rand | £0.1 million |

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

