VESUVIUS PLC

2020 HALF YEAR RESULTS

JULY 2020

LEADING THE WORLD OF MOLTEN METAL FLOW ENGINEERING

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AGENDA

PERFORMANCE UPDATE	Patrick André, Chief Executive
FINANCIAL REVIEW	Guy Young, Chief Financial Officer
OUTLOOK	Patrick André, Chief Executive
Q&A	

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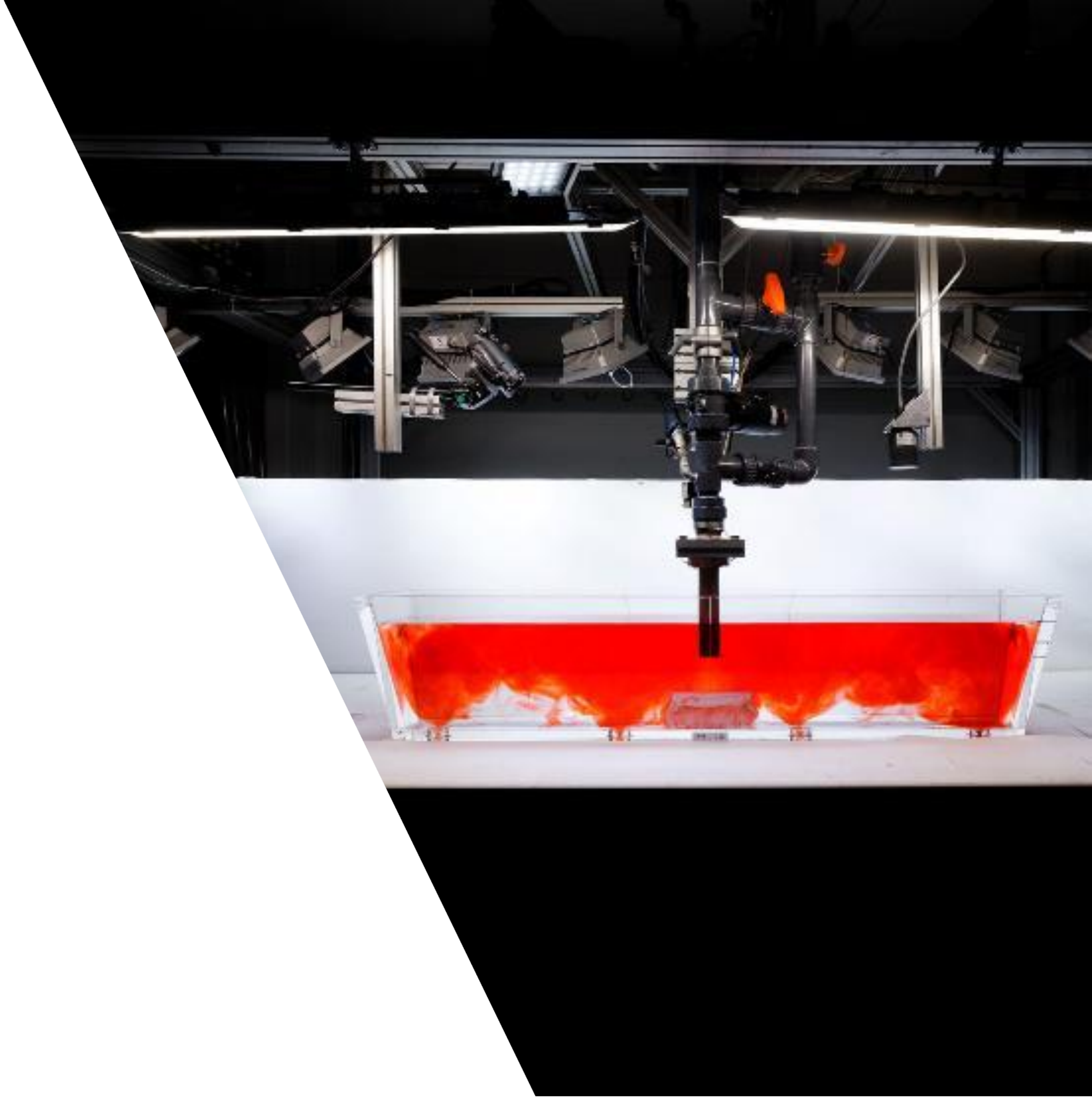
PERFORMANCE UPDATE



SUMMARY FINANCIALS

Revenue	Trading profit	Return on sales
£720.0m	£51.1m	7.1%
-19.0%	*-48.3%*	*-402 bps*
Reported change	*Reported change*	*Reported change*
-18.4%	*-48.7%*	*-412 bps*
Underlying change	*Underlying change*	*Underlying change*

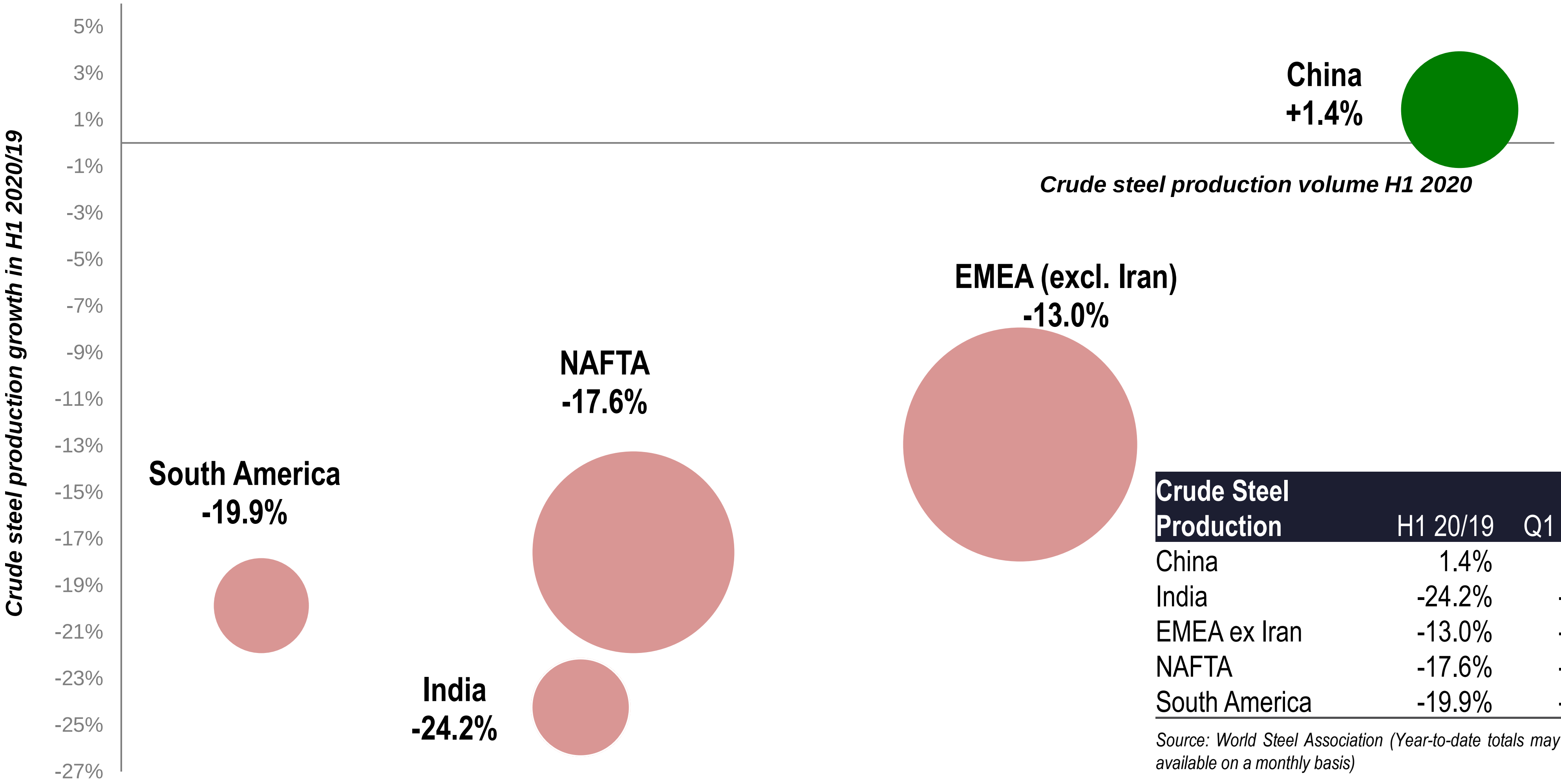
Headline EPS	Net debt / EBITDA	Cash Conversion
11.6p	1.2x	139%
-51.1% y/y	*Jun 2019: 1.3x; Dec 2019: 1.1x*	*H1 2019: 83%*

Note:
Percentage change figures are H1 2020 versus H1 2019
Net debt / EBITDA ratios are post IFRS-16 adjustments

RAPID RESPONSE TO THE COVID-19 CRISIS HAS HELPED MITIGATE IMPACT OF DECLINE IN BUSINESS ACTIVITY

- ✓ ALL END MARKETS ACROSS BOTH STEEL AND FOUNDRY STRONGLY IMPACTED BY COVID-19 CRISIS
- ✓ £12.3M OF RECURRING SAVINGS DELIVERED IN H1 2020 YEAR-ON-YEAR FROM PRE-EXISTING RESTRUCTURING PROGRAMME
- ✓ IN ADDITION, COVID-19 CRISIS-RELATED SAVINGS OF £18.6M DELIVERED IN Q2 2020, INCLUDING A REDUCTION IN PLANNED EMPLOYEE INCENTIVES OF £5.9M
- ✓ ON TRACK TO DELIVER £10M PER QUARTER OF SUCH SAVINGS, ASSUMING MARKET CONDITIONS PERSIST AT THE CURRENT LEVEL
- ✓ EFFICIENT MANAGEMENT OF WORKING CAPITAL WITH C.£22M OF CASH RELEASE IN Q2 2020
- ✓ IMPROVED LIQUIDITY AND SIGNIFICANT COVENANT HEADROOM VERSUS CURRENT COVENANT THRESHOLD OF 3.0X
- ✓ R&D EFFORTS AND PROGRAMME OF NEW PRODUCT LAUNCHES HAVE CONTINUED DESPITE THE CRISIS

CHALLENGING ENVIRONMENT IN STEEL MARKETS OUTSIDE CHINA



Crude Steel Production	H1 20/19	Q1 20/19	Q2 20/19
China	1.4%	1.4%	3.0%
India	-24.2%	-7.6%	-41.6%
EMEA ex Iran	-13.0%	-4.3%	-21.6%
NAFTA	-17.6%	-3.6%	-31.9%
South America	-19.9%	-5.9%	-33.6%

Source: World Steel Association (Year-to-date totals may include revised data not available on a monthly basis)

Size of bubble represents relative revenue of Vesuvius' Steel Division in H1 2020

FOUNDRY END MARKETS WEAK ACROSS THE BOARD IN H1 2020

	General engineering	Light vehicles	Medium/heavy commercial vehicles	Construction / agricultural equipment	Mining
EMEA	↘	↘	↘	↘	↘
NAFTA	→	↘	↘	↘	↗
CHINA	↗	↘	↘	→	→
INDIA	↘	↘	↘	↘	↗
SOUTH AMERICA	↘	↘	↘	↘	↘
NORTH ASIA	→	↘	↘	↘	↘

COVID-19 RESPONSE – OPERATIONAL

Health & Safety

- Our priority remains the health and safety of our employees and other stakeholders
- Steps taken include:
  1. re-configured production plants and office layouts to comply with social distancing measures
  2. enabled and encouraged remote-working where possible
  3. constant monitoring of infection risk among employees

Production footprint

- All of our plants are now fully operational
- We have adapted our production to weaker demand using mostly furlough schemes rather than redundancies, enabling us to maintain production flexibility to support demand growth when this occurs

COVID-19 RESPONSE – COST REDUCTION AND CASH PRESERVATION

- **COVID-19 crisis-related savings of £18.6m delivered in Q2, including a reduction in planned employee incentives of £5.9m**

Cost savings

- £7.8m in reduced employment costs (excluding incentives)
- £4.9m in reduced discretionary spend
- £5.9m reduction in planned incentives

$\left.\right\}$ £18.6m delivered in Q2 2020

On track to deliver £10m per quarter of such savings in H2, assuming market conditions persist at the current level

+

Capex Reduction

Planned capex for 2020 reduced by £20m (30%) to minimum maintenance capital and selective strategic projects

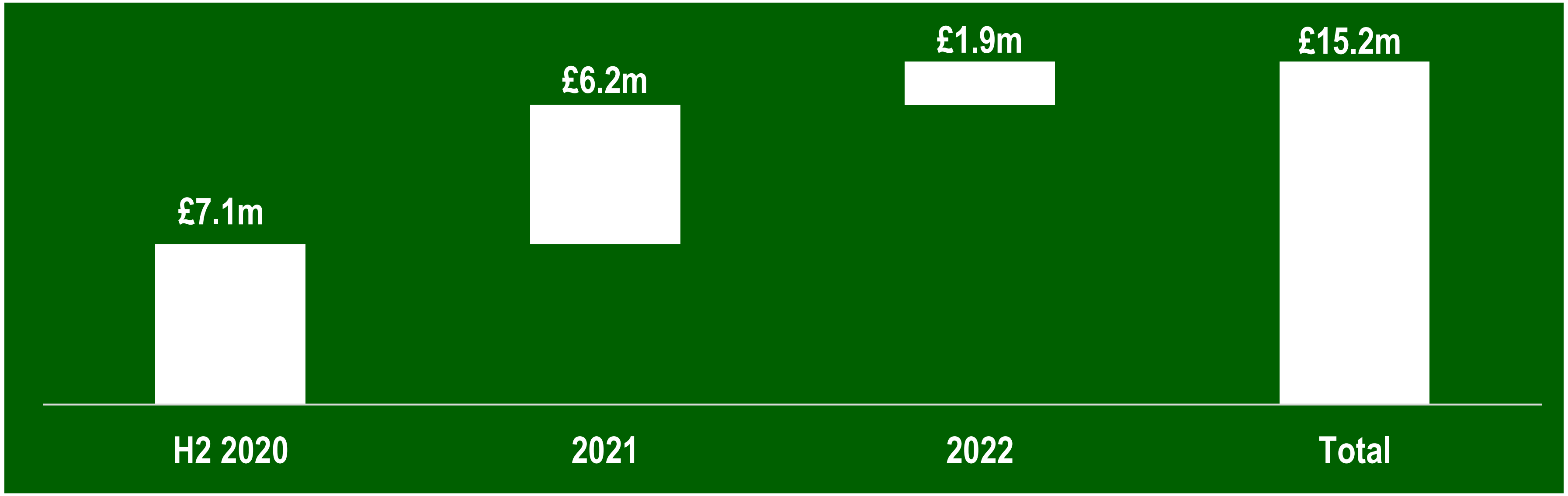
+

Payment deferrals

Deferral of tax and social security payments in line with local legislation

PRE COVID-19 RESTRUCTURING PROGRAMMES REMAIN ON TRACK

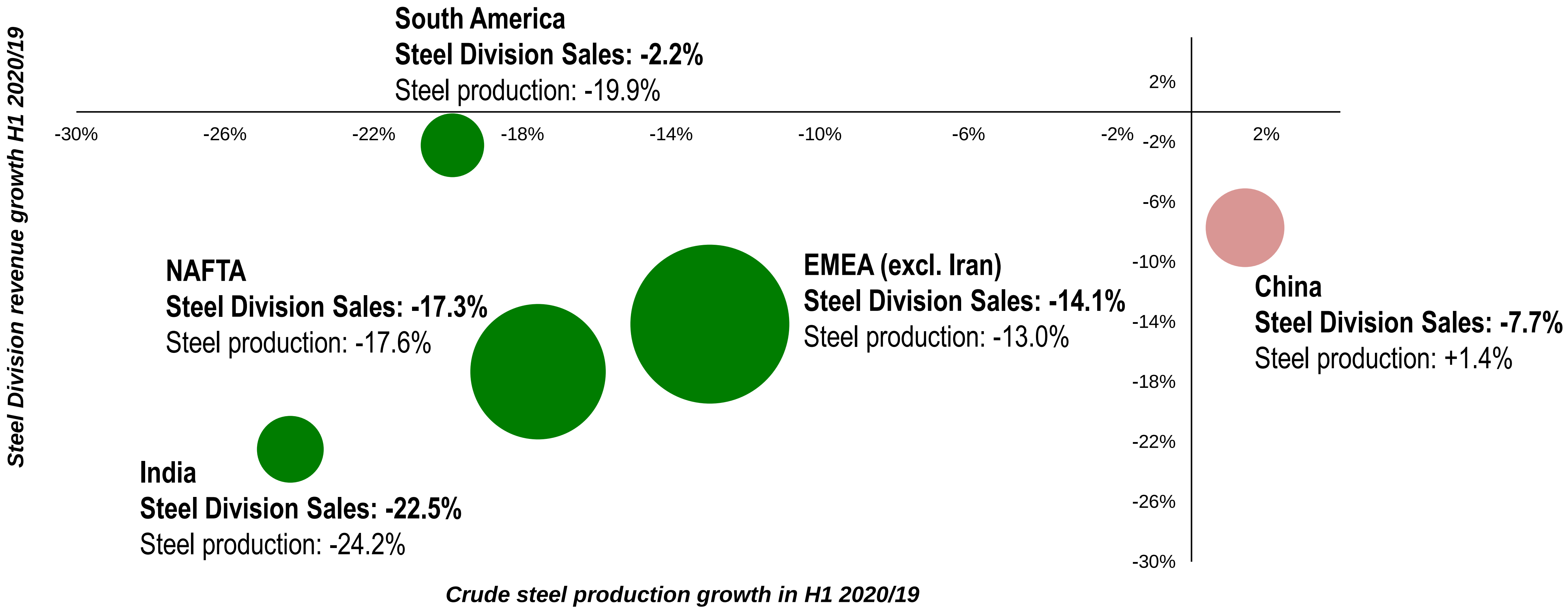
Recurring restructuring savings remaining to be delivered (cumulative all programmes)



- £12.3m of the £19.4m recurring savings targeted for delivery in 2020 generated in H1 2020
- £15.2m of savings still to be delivered by year-end 2022, with most of the associated costs already charged in 2019

STEEL DIVISION PERFORMANCE VS. REGIONAL STEEL VOLUMES

Average price impact on Steel Division sales -1.2%



Size of bubbles represents relative revenue of Vesuvius' Steel Division in H1 2020

Sales volume growth exceeding market growth

Sales volume growth below market growth

Q2 2020 SALES COMMENTARY

- Q2 2020 sales decline of 26.2% on a reported basis versus Q2 2019
- Very slight improvement towards the end of Q2 relative to the 28% decline in year-on-year sales previously disclosed for April 2020
- The decline in the Foundry division has been more pronounced than in the Steel division, due to weakness in the automotive industry
    - Year-on-year global light vehicle and medium and heavy commercial vehicle production down 34.5% and 37.7%, respectively, according to the IHS Markit's June 2020 Vehicle Report

Vesuvius sales development 2020 vs. 2019

	Underlying	Reported		
	H1 20/19	H1 20/19	Q1 20/19	Q2 20/19
Steel Division	*-15.5%*	-16.0%	-9.4%	-22.5%
Foundry Division	*-24.8%*	-25.8%	-17.2%	-34.5%
Group	***-18.4%***	**-19.0%**	**-11.8%**	**-26.2%**

CONTINUED FOCUS ON TECHNOLOGICAL LEADERSHIP

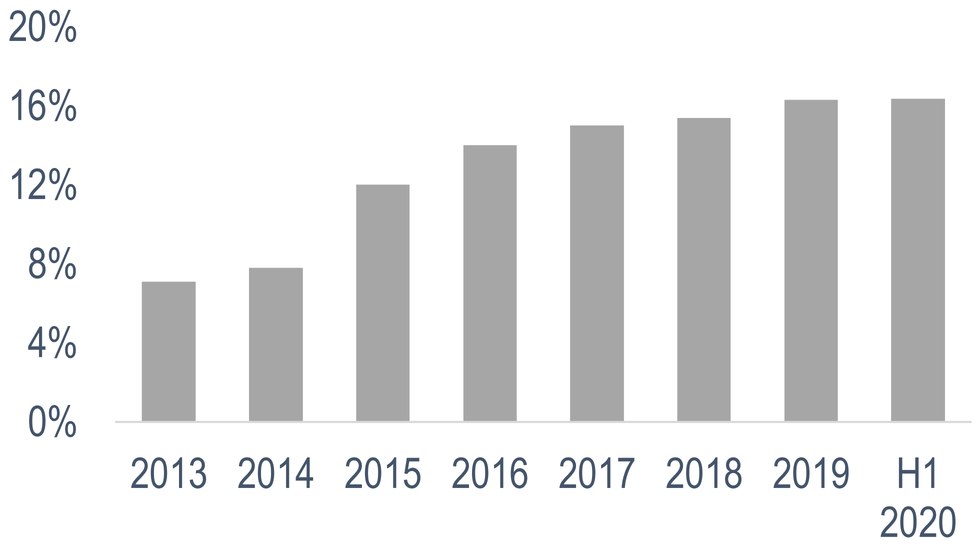
R&D investment

- Continued investment in R&D despite the Covid-19 crisis
  - Global R&D spend of £14.1m, representing 2% of revenues (1.7% in H1 2019; 1.7% for FY 2019)

New product launches

- Launched 5 new products in H1 2020, despite restrictions on business activity resulting from the pandemic
- More than 10 product launches planned in H2 2020

New products as a % of sales



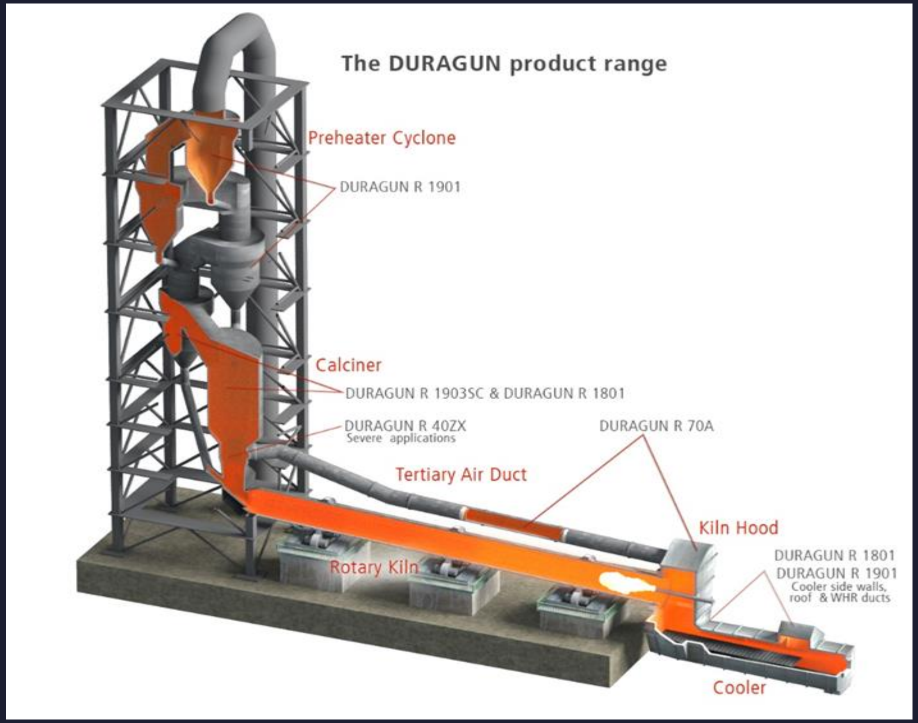
Note: 'new products' are products launched in the prior five years

CONTINUED FOCUS ON VALUE-CREATING SOLUTIONS: STEEL

ROBOT READY LADLE GATE (LTC)

Safety, quality and consistency of operations are the main drivers for the introduction of this new technology

DURAGUN PRODUCT RANGE

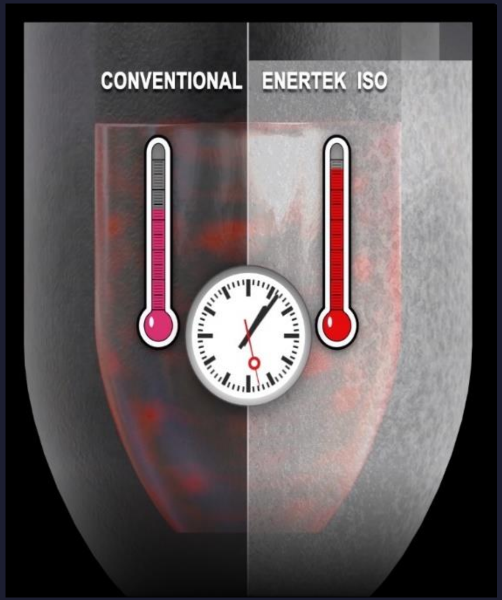


Range of low moisture gunning repair products

CONTINUED FOCUS ON VALUE-CREATING SOLUTIONS: FOUNDRY

Launch of ENERTEK ISO Energy Efficient Crucibles

ENERTEK ISO crucibles have an additional highly insulating external coating, suitable for induction melting



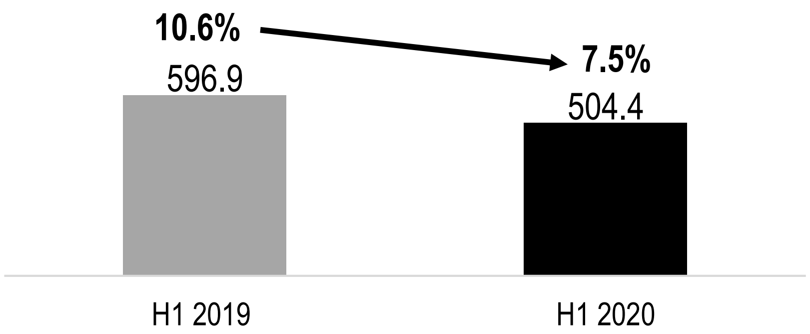
- ✓ Reduced temperature loss
- ✓ Reduced energy consumption
- ✓ Improved process consistency
- ✓ Superior melt quality

DIVISIONAL PERFORMANCE – STEEL

KEY FINANCIALS

£m	Reported			Underlying change
	H1 2020	H1 2019	Change	
Revenue	**516.3**	614.9	-16.0%	-15.5%
Trading Profit	**38.9**	65.3	-40.4%	-41.3%
Return on Sales	**7.5%**	10.6%	-308 bps	-323 bps

Underlying revenue[1] / Return on Sales



H1 2020 PERFORMANCE

1) 15.5% underlying revenue decline driven by weak demand: World ex-China steel production was down 14.3% compared to H1 2019 reflecting the weakness in steel markets around the world

2) Our Steel division further strengthened and outperformed the steel market in the World excluding China and Iran. Sales -13.3% (including 1.2% negative price impact) versus -15.0% in steel production

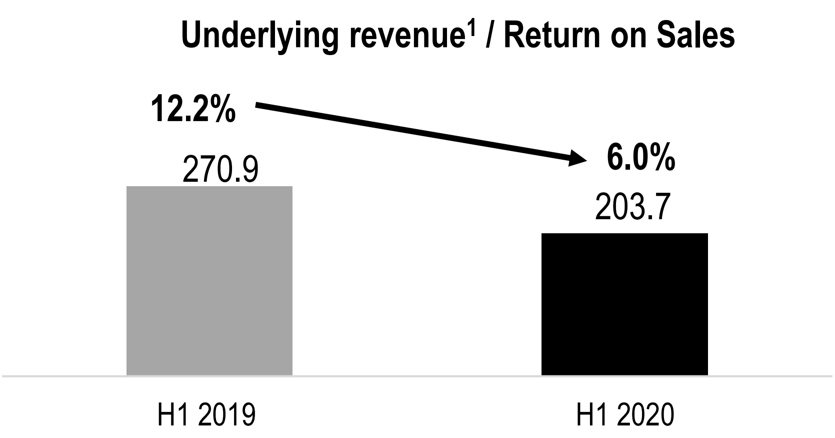
3) Covid-related cost-savings and benefits from restructuring programmes allowed us to limit the negative impact of the pandemic

Note
1. H1 2020 underlying financials have been adjusted for CCPI acquisition and H1 2019 underlying financials have been adjusted for the effects of currency translations and CCPI acquisitions

DIVISIONAL PERFORMANCE – FOUNDRY

KEY FINANCIALS

£m	Reported			Underlying change
	H1 2020	H1 2019	Change	
Revenue	**203.7**	274.5	-25.8%	-24.8%
Trading Profit	**12.2**	33.6	-63.6%	-62.9%
Return on Sales	**6.0%**	12.2%	-624 bps	-617 bps



H1 2020 PERFORMANCE

1) The Covid-19 crisis strongly impacted all Foundry end-markets (not only automotive)
2) Decline in automotive was even more pronounced than in the other markets
3) Strong performance in China (+2.8% year-on-year) despite the crisis, due to increased penetration rate

Note
1. H1 2019 underlying financials have been adjusted for the effects of currency translations

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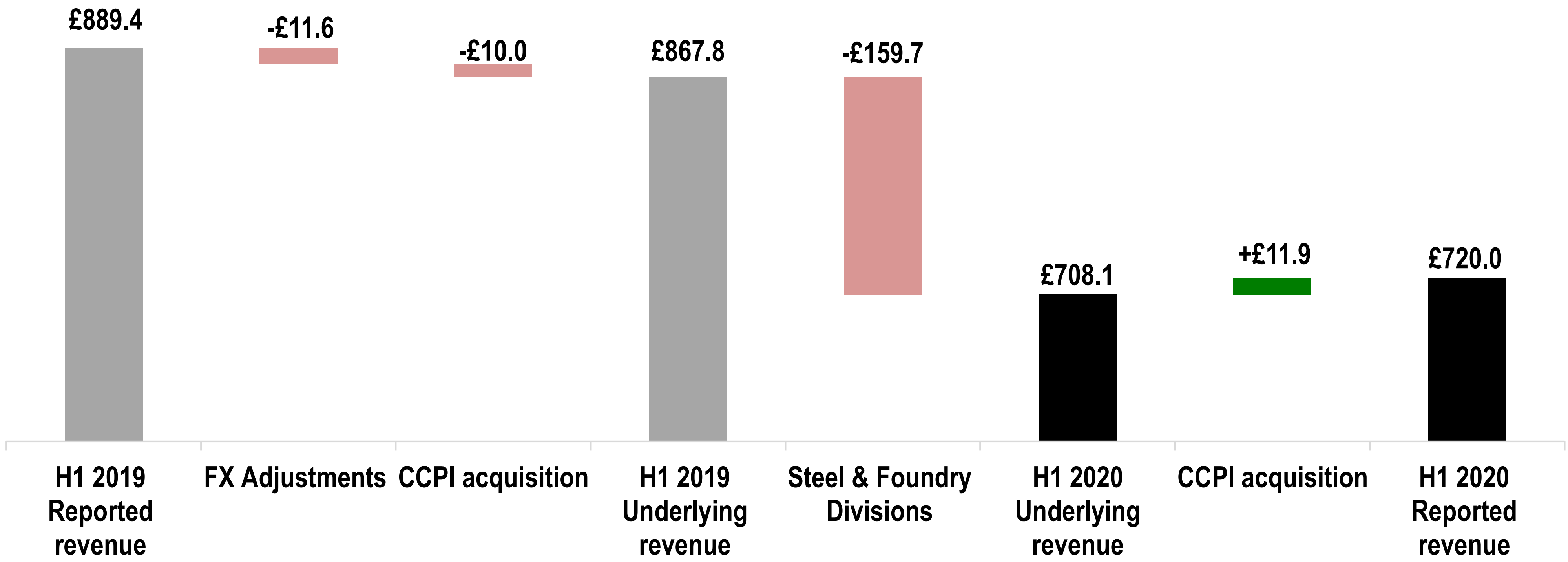
FINANCIAL REVIEW

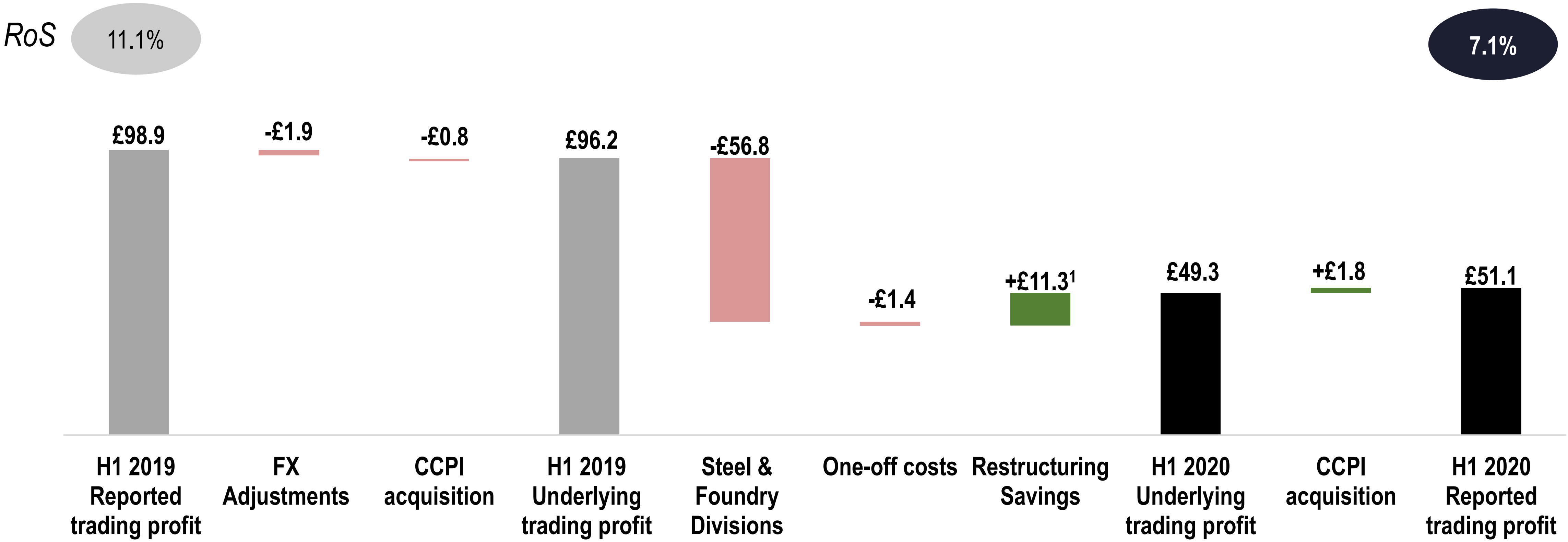
SALES IMPACTED BY COVID-19 CRISIS

- H1 2020 Group revenues down 19% on a reported basis and down 18.4% on an underlying basis



TRADING PROFIT DOWN BUT MITIGATING ACTIONS PARTIALLY OFFSET IMPACT OF SALES DECLINE

- Trading profit down £47.8m on a reported basis (-48.3%) and down £46.9m on an underlying basis (-48.7%)



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

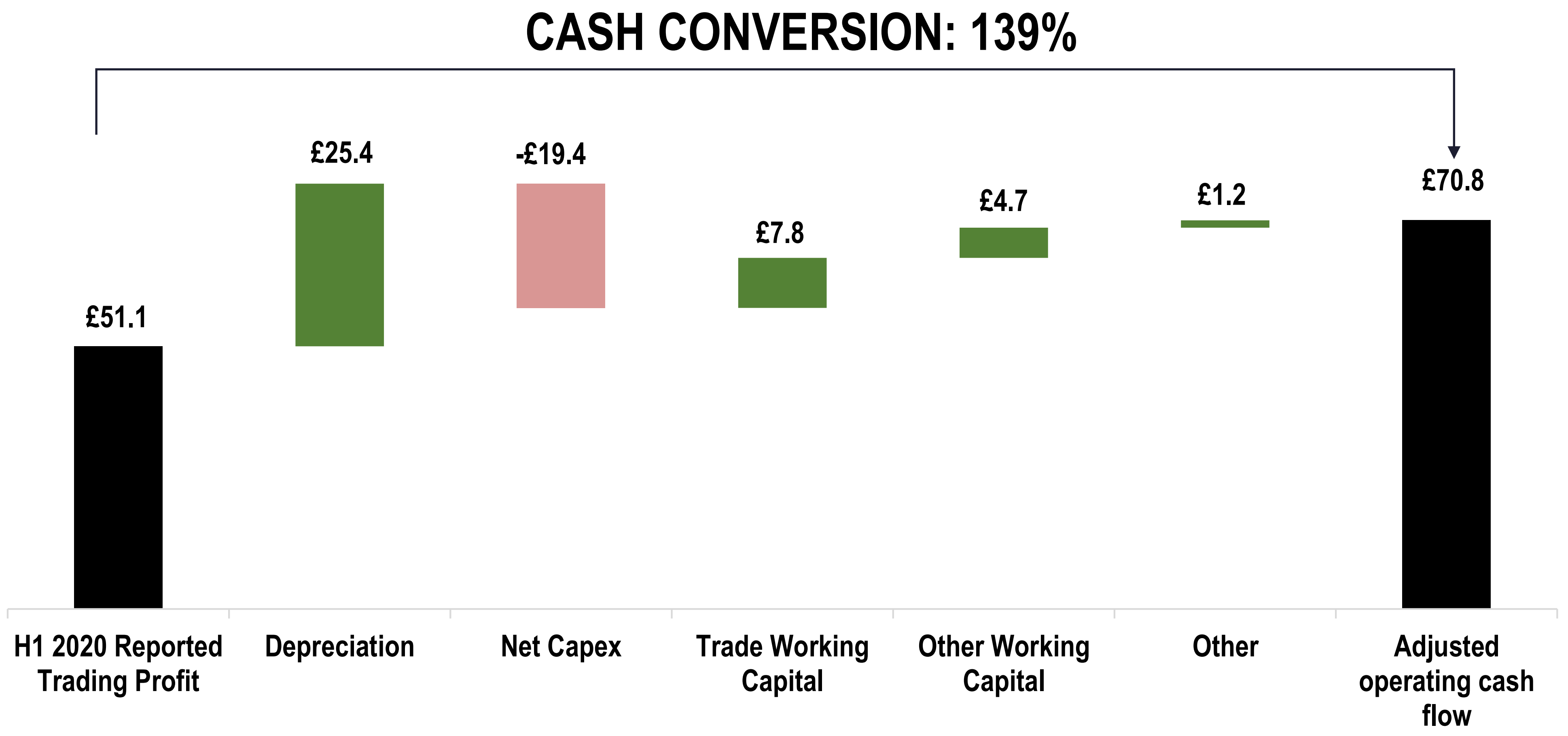
INCOME STATEMENT

(£m unless indicated)	H1 2020 Actual	H1 2019 Actual	Change (%) As reported	Underlying[1]
Revenue	**720.0**	**889.4**	**(19.0%)**	**(18.4%)**
Trading Profit	**51.1**	**98.9**	**(48.3%)**	**(48.7%)**
ROS %	7.1%	11.1%	-402bps	-412bps
Headline Post tax Share of JV Results	0.7	0.5		
Net Finance Costs	(5.9)	(6.2)		
Headline Profit Before Tax	45.9	93.2	-50.8%	
Effective Tax Rate[2]	27.2%	28.0%		
Headline Tax	(12.3)	(26.0)		
Non-Controlling Interest	(2.3)	(3.4)		
Headline Earnings	31.3	63.8	-50.9%	
Headline EPS (pence)	11.6	23.7	-51.1%	

Note:
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

CASH CONVERSION OF 139%

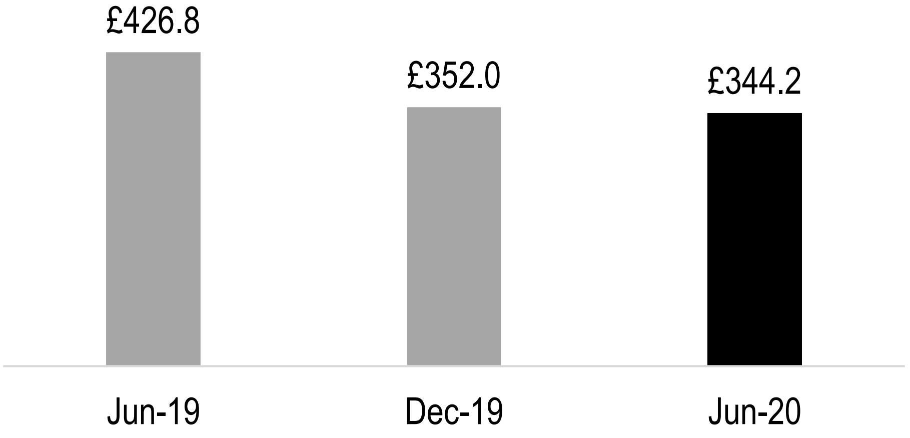
- Strong cash conversion rate of 139% (H1 2019: 83%) demonstrates our ability to generate cash through the cycle



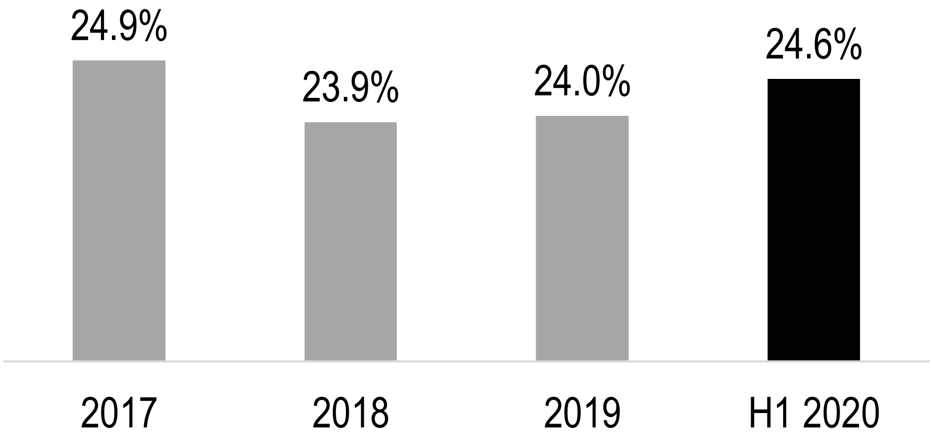
CASH INFLOW FROM REDUCED TRADE WORKING CAPITAL

- £22.4m of cash released from working capital in Q2 2020 as a result of efficient management of inventories and receivables
- Further reduction expected as inventories and receivables still have potential to adjust downwards to the lower level of business activity

Trade working capital[1]



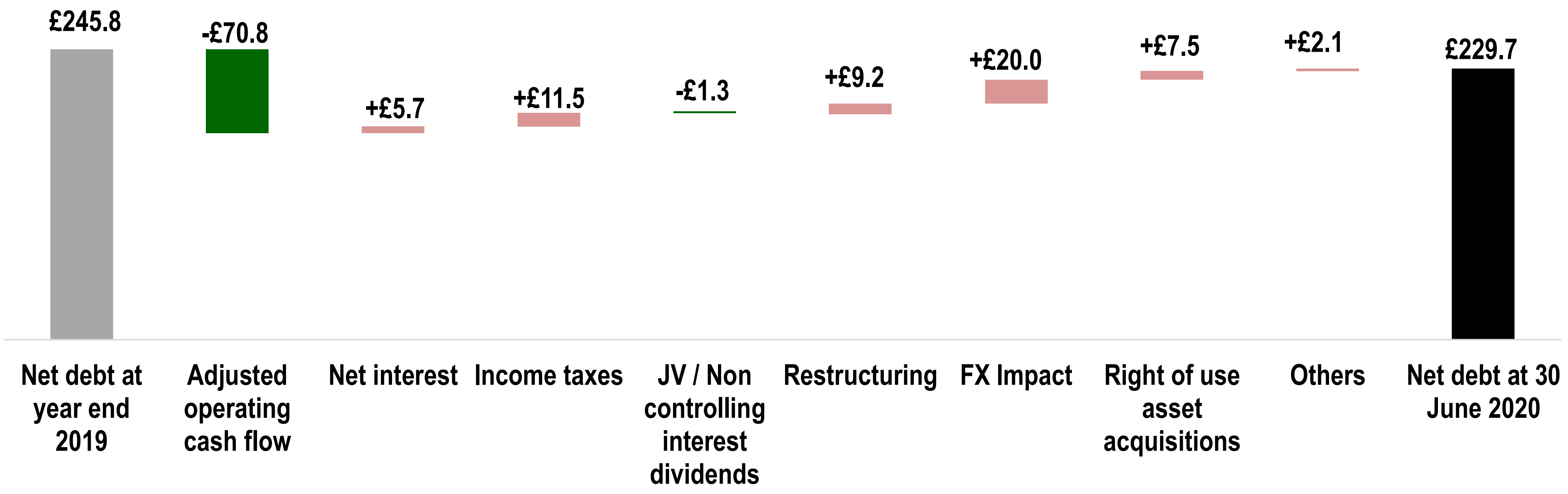
Trade working capital / revenue (12m average)



Note:
1. constant currency

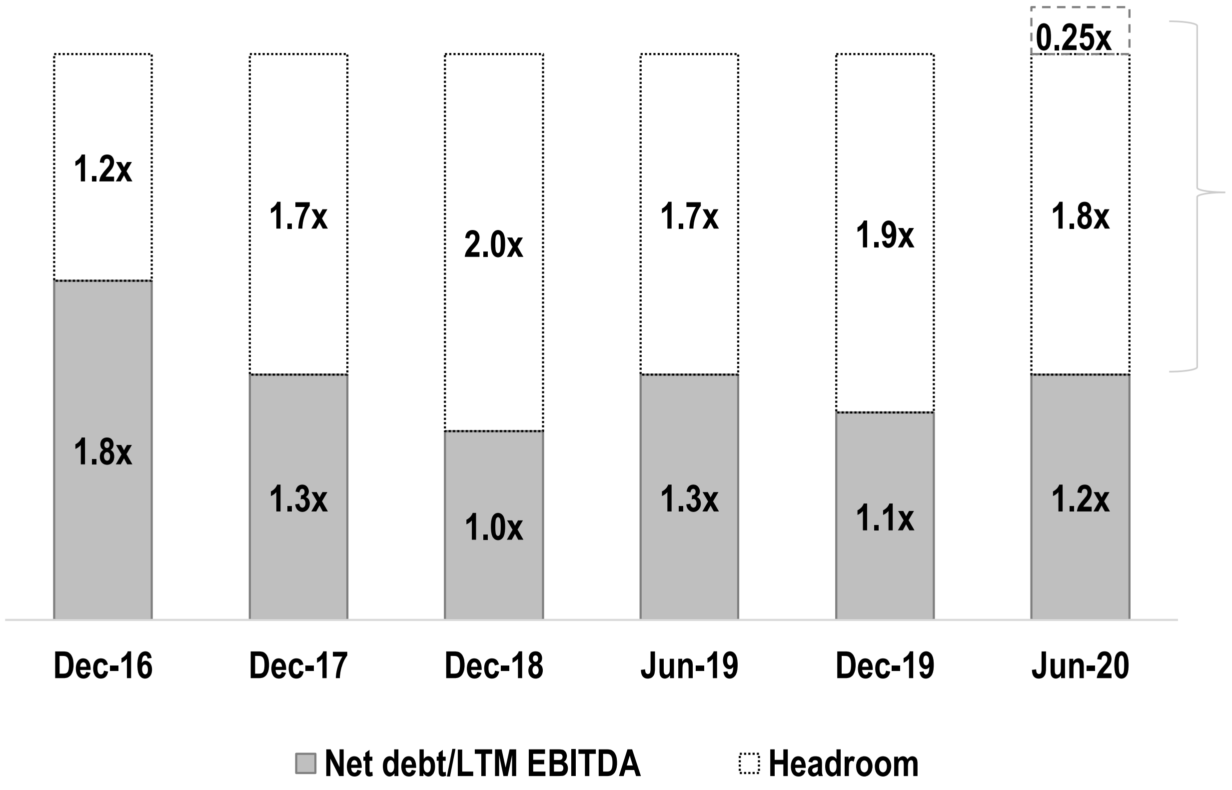
£229.7M NET DEBT AND 1.2x NET DEBT / LTM EBITDA

- Net Debt at 30 June 2020 was reduced to £229.7m from £245.8m at the end of 2019
- The positive impact of our cash flow in reducing Net Debt was partially offset by GBP weakness which meant that our debt denominated in dollars and euros translated into a higher GBP amount relative to year-end 2019



COVENANT HEADROOM REMAINS SIGNIFICANT

Net debt / EBITDA and headroom to covenant



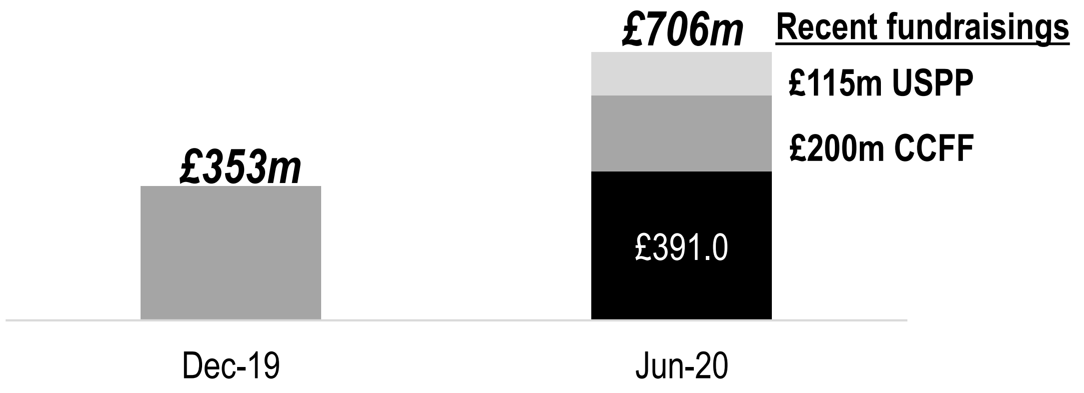
Significant headroom against our debt covenant limit of 3.0x net debt/LTM EBITDA, which will expand to 3.25x once we redeem the USPP notes maturing in December, which we will repay early in August

LIQUIDITY DOUBLED BY FUNDRAISINGS AND FREE CASH FLOW

The Group's available committed liquidity stood at £706m at 30 June 2020, up from £353m at year-end 2019, as a result of the fundraising activities described below, plus the Group's cash flow generation

- In April 2020, as a result of the Covid-19 crisis, Vesuvius took steps to boost its liquidity
  - Borrowed £200m from the Bank of England's Covid Corporate Financing Facility ("CCFF") programme
    - Matures in March 2021, with an option to extend it for up to a further 12 months
  - Raised c.£115m (US$140m) from the US private placement ("USPP") market to repay the US$140m USPP maturing in December 2020, which we will repay early in August

Liquidity (Cash + Undrawn RCF)



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OUTLOOK

OUTLOOK

- Vesuvius demonstrated the strength and resilience of its flexible business model in H1 with a strong positive free cash flow generation
- Our quick and decisive implementation of Covid-related cost savings measures, in addition to the planned delivery of the recurring savings from our restructuring programme, allowed us to limit the negative impact of the pandemic on our results
- Looking forward, the first signs of improvement are now apparent in both Steel and Foundry, but we expect the pace of a recovery to be slow over the coming months
- Consequently, the Board has not declared an interim dividend at this time and will review the position as the year progresses
- Likewise, until we have greater certainty on the shape of the recovery, we cannot provide meaningful guidance as to our full year results
- However, thanks to the optimisation of our manufacturing footprint over the past three years, Vesuvius is now very well positioned to benefit from the recovery of end markets when it occurs

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Q&A

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APPENDIX

CURRENCY READY RECKONER

Jun-20		
Trading Profit	**Unit**	**Approximate change in annual profits (£m)**
USD	1 cent	0.41
EUR	1 cent	(0.13)
INR	1 rupee	0.08
RMB	0.1 RMB	0.34
JPY	1 Yen	0.05
BRL	0.01 reais	0.06
ZAR	1 rand	0.00

- Rule of thumb for impact of a movement in currency against sterling (1 unit change)
  - Amounts shown are movements for each currency
  - Presented to show impact of a strengthening in these currencies. For a weakening, the impact would be the same but in the opposite direction

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