



VESUVIUS PLC

Full Year 2022 Results

02 March 2023

Think beyond. Shape the future.

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Performance
update



Record set of results in 2022

Revenue

£2,047m

+25%
Reported change

+18%
Underlying change

Trading profit

£227m

+60%
Reported change

+50%
Underlying change

Return on sales

11.1%

+240 bps
Reported change

+240 bps
Underlying change

Headline EPS

56.5p

+60%

Net debt / EBITDA

0.9x

Dec 2021: 1.4x

Cash conversion

82%

2021: 32%

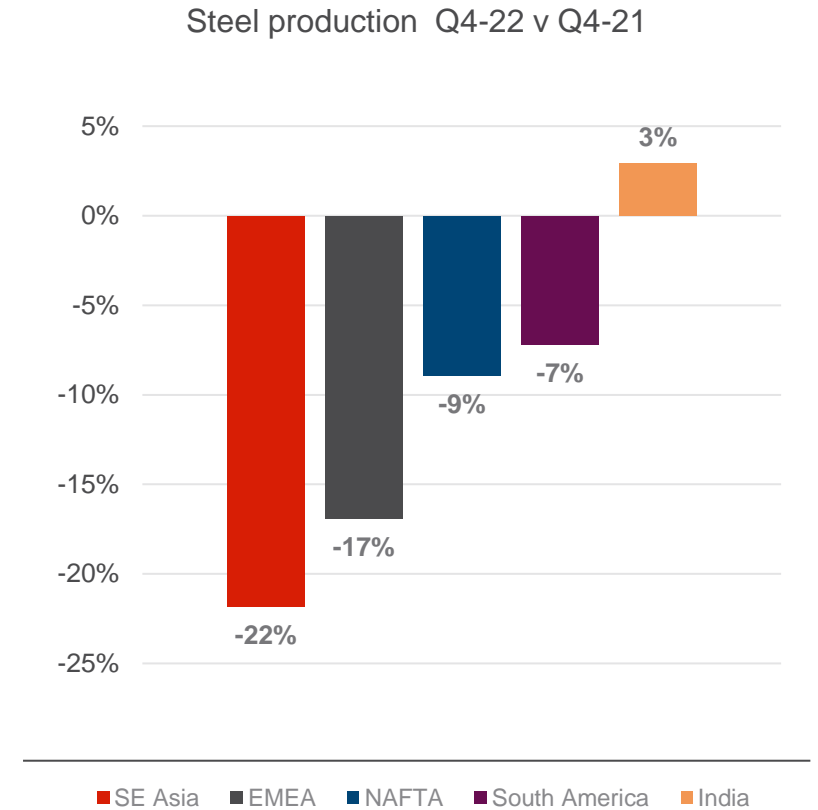
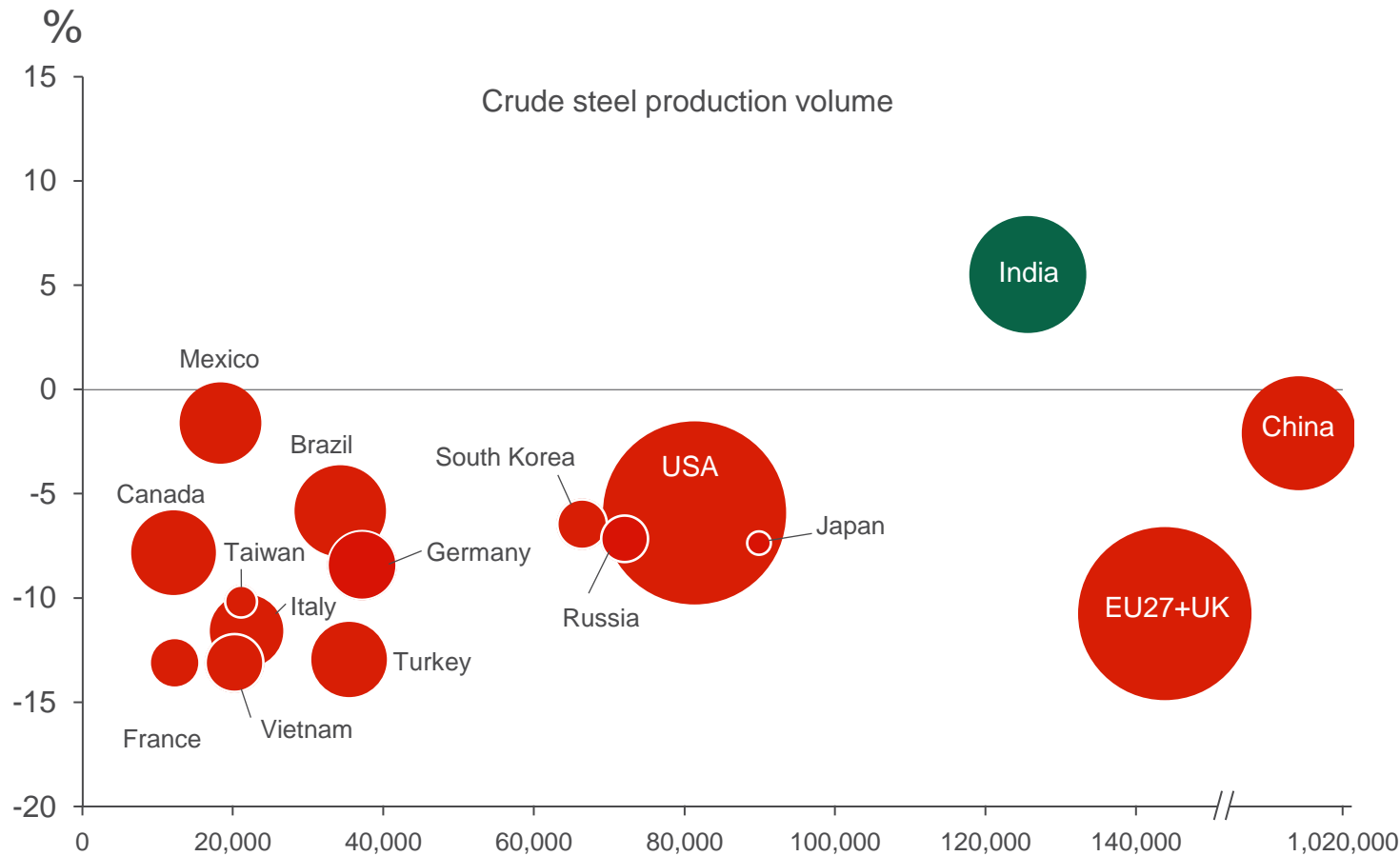
Proposed full year dividend of 22.25p (+5% versus 2021)

Net debt / EBITDA ratios are post IFRS-16.

Record results and market share gains despite difficult markets and inflationary cost pressures

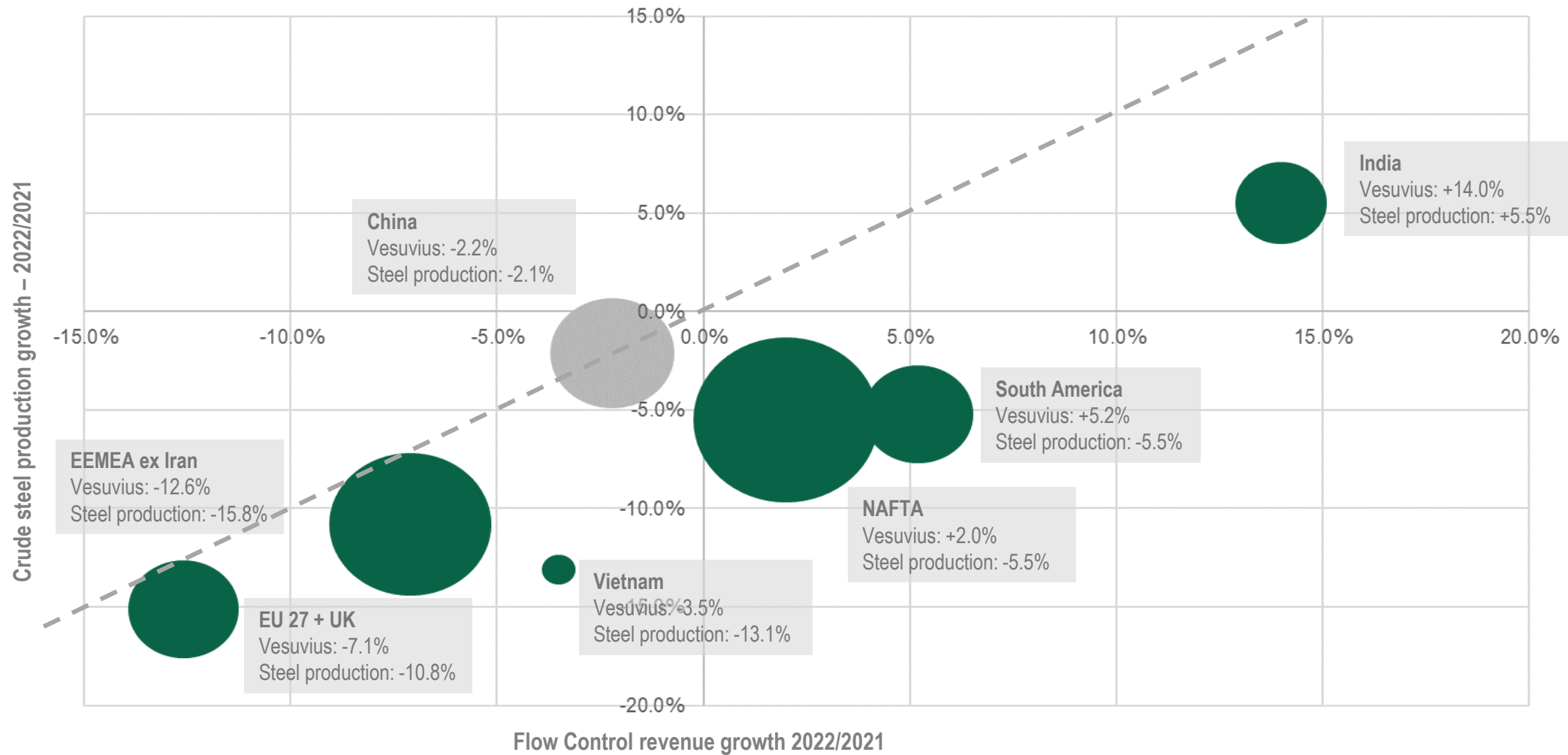
- **Strong commercial performance despite declining markets and cost pressure**
 - Successful price increase in both Steel and Foundry, fully recovering input cost increases
 - Sales growth of 28% and strong margin recovery (+280bps) in Steel
 - > Market share gains in all regions, especially Flow Control
 - Sales growth of +17% and margin improvement (+130bps) in Foundry
 - > Market share gains in NAFTA and growth markets of Asia-Pacific and Latin America
- **Accelerated R&D investment to drive growth and margin**
 - Increased expenditure on R&D (+18%) to develop next-generation products
 - New product sales (as a proportion of total revenue) increased from 15.3% to 16.2%
 - Centre of excellence for R&D + Robotics opened in Belgium in June 2022 – drives innovation and customer engagement
- **Successful implementation of growth capex strategy**
 - Strategic capacity expansion in Flow Control in Asia and EMEA is on track
 - New greenfield flagship plant in Vizag, India, to support growth of the Steel division in Asia

Steel production declined in all major regions in 2022, except India



Size of bubble represents relative revenue of Vesuvius' Steel Division

Flow Control volumes outperformed market in all major regions ex. China



Size of bubble represents relative revenue of Vesuvius' Flow Control in 2022.

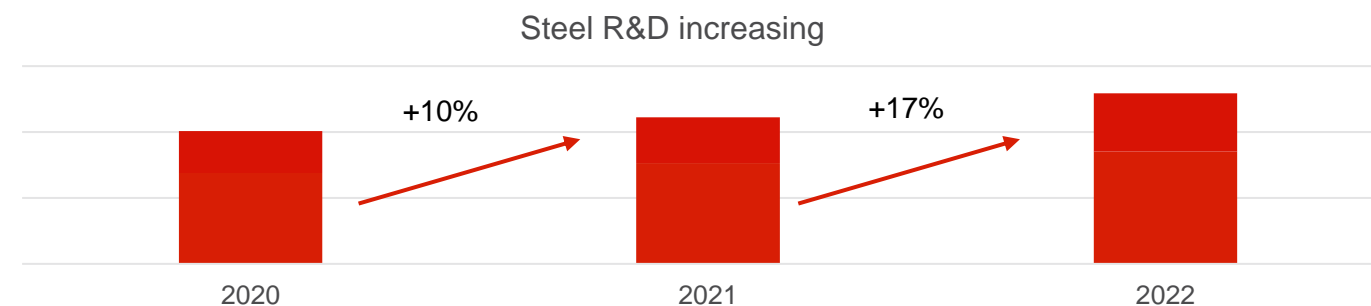
● Sales volume growth exceeding market growth ● Sales volume growth below market growth

Divisional performance: strong progress in Steel

2022 performance

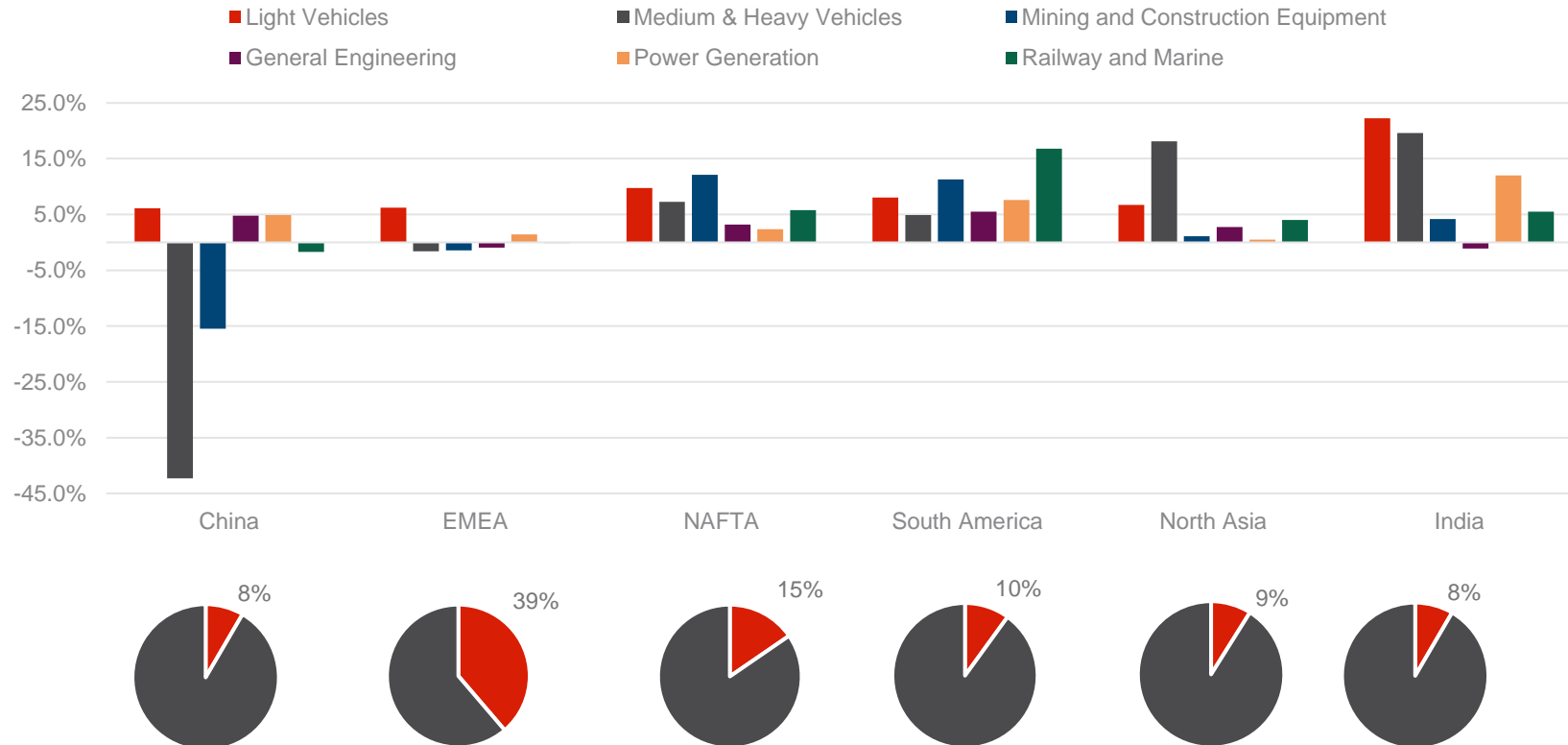
- Profitability up 69% and margin +280bps due to pricing initiatives and technological differentiation
- Market share gains in most regions, particularly in Flow Control
- Acceleration of R&D to further increase differentiation versus competitors
- Capacity expansion in Flow Control in Asia and EMEA, and for Advanced Refractories in Asia, all on track

Steel Division (£m)	2022	2021	Change (%)	Underlying change (%)
Flow Control	811	649	25%	20%
Advanced Refractories	645	489	32%	19%
Digital Services	40	34	19%	12%
Total Revenue	1,496	1,172	28%	19%
Total Trading Profit	173	102	69%	56%
Total Return on Sales	11.5%	8.7%	+280bps	+270bps



Foundry markets declined on average in 2022

Volume growth in Foundry end markets - 2022 vs 2021



- Foundry end markets remained weak in 2023, especially in EMEA and China
- Light vehicle market however shows sign of improvement in H2

Note: 1. The remainder of Foundry sales are generated from other regions

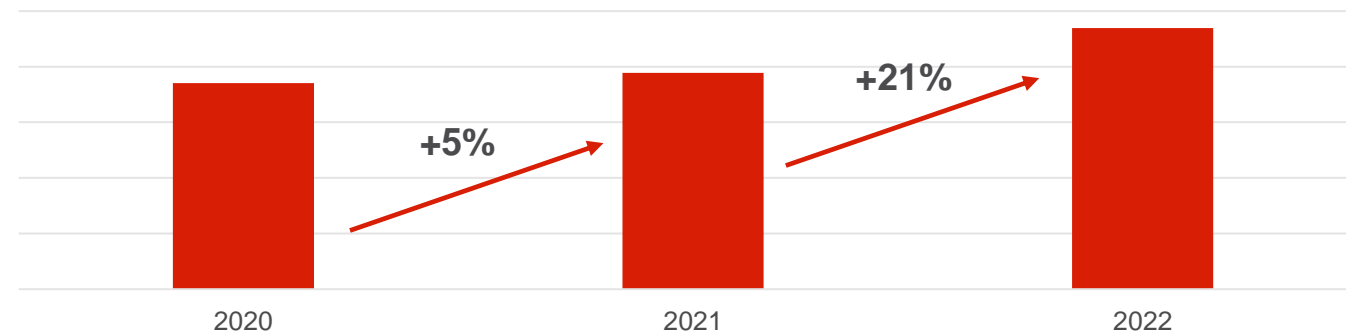
Divisional performance: resilience in Foundry

2022 performance

- Despite persistent weakness in end markets, the Foundry division improved performance by 130bps, due to price increases in all markets and parallel market share gains in NAFTA, Latin America and Asia Pacific.
- Some limited market share losses in EMEA due to priority given to pricing.

Foundry	2022	2021	Change (%)	Underlying change (%)
Revenue	551	471	17%	13%
Trading Profit	54	40	35%	32%
Return on Sales	9.9%	8.6%	+130bps	+140bps

Foundry R&D



Ongoing capacity expansion to drive growth and margin

Expansion programme

- c. £110m growth capex over two years in 2022 and 2023 (c. 60% of total capex)
- Flow Control expansion in India and EMEA to serve growing Asia and EEMEA markets
- Advanced Refractory expansion in India to service Asia market
- Foundry expansion in China to serve growing aluminium Foundry markets in China
- New Vizag greenfield flagship plant for Steel (Flow Control and Advanced Refractory) in India, coming progressively on stream from 2024



Total programme expected to yield +£40m EBITDA at full capacity in 2026/27

Investments in growth regions on track

- Kolkata VISO expansion



- Expansion of Chinese Foundry Plant



- Groundbreaking ceremony of new Vizag plant

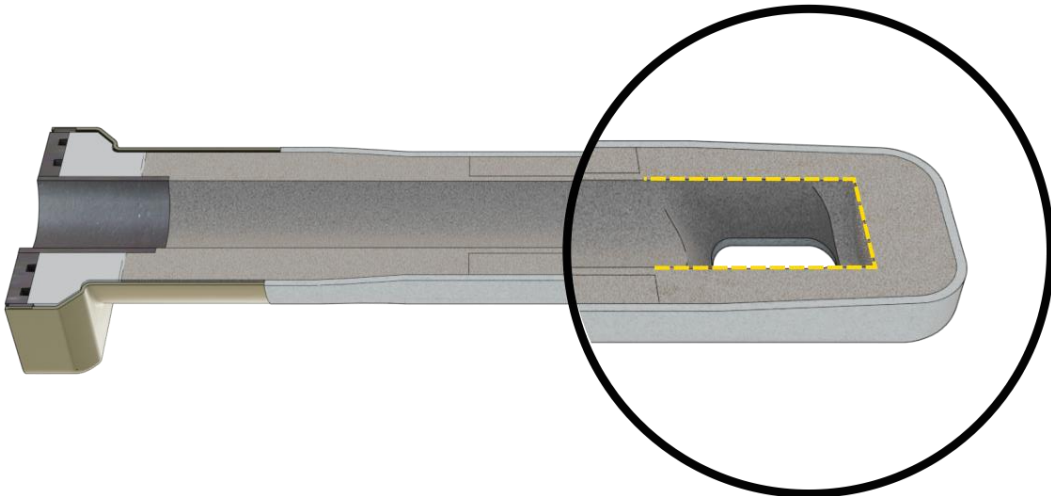


15 new products launched in 2022...

New Flow Control Product:

Anti-penetration liner for VISO in stainless steel

- This product solves the problem of severe penetration of stainless grades into VISO products.
- The new material leads to more reliable performance, longer Tundish Shroud lifetime and improves the quality of stainless steel by reducing downgrades.



New Foundry Product::

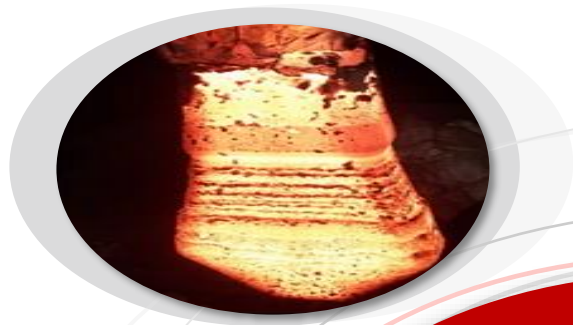
ROTOCLENE

- Revolutionary melt treatment technology for steel foundries, resulting in a significant improvement in melt and casting quality, reducing the amount of rework and labour costs.
- A reduction of the amount of recycled steel also leads to a reduction in energy consumption and CO₂ emissions.



... and many more exciting new products for 2023

Next-generation
DuraSleeve VISO
product



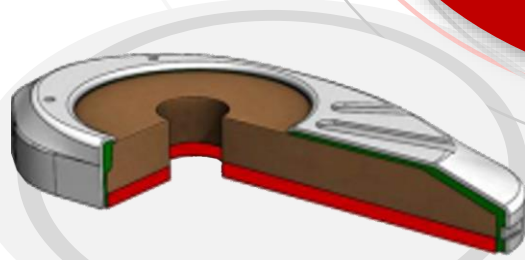
New environmentally-
friendly binder

Improved efficiency
Better sustainability performance
Higher quality of customers' finished product
Improved safety performance



New robotic product for
ladle make up area

New Foundry
degassing rotor



Extension of Duraplate
slide gate product



New fluoride -free
foundry sleeves

Significant progress in our sustainability agenda

CO₂ reduction actions on track

- 19% CO₂ reduction in 2022 vs. 2019, on track for 20% reduction by 2025 and 50% reduction by 2035
- Total sustainability capex to 2035 of c. £60m

Internal carbon pricing to assess capex decisions

- Carbon pricing integrated into our capex analysis which supports the selection of more environmentally friendly production processes
- The internal cost of carbon is reviewed annually - set at €90/t CO₂ for 2023

Further R&D commitment to develop products that improve the sustainability performance of our customers

- Increased R&D focus on products that help our customers improve their environmental footprint
- 73% of our new product development projects in 2022 have enhanced sustainability features

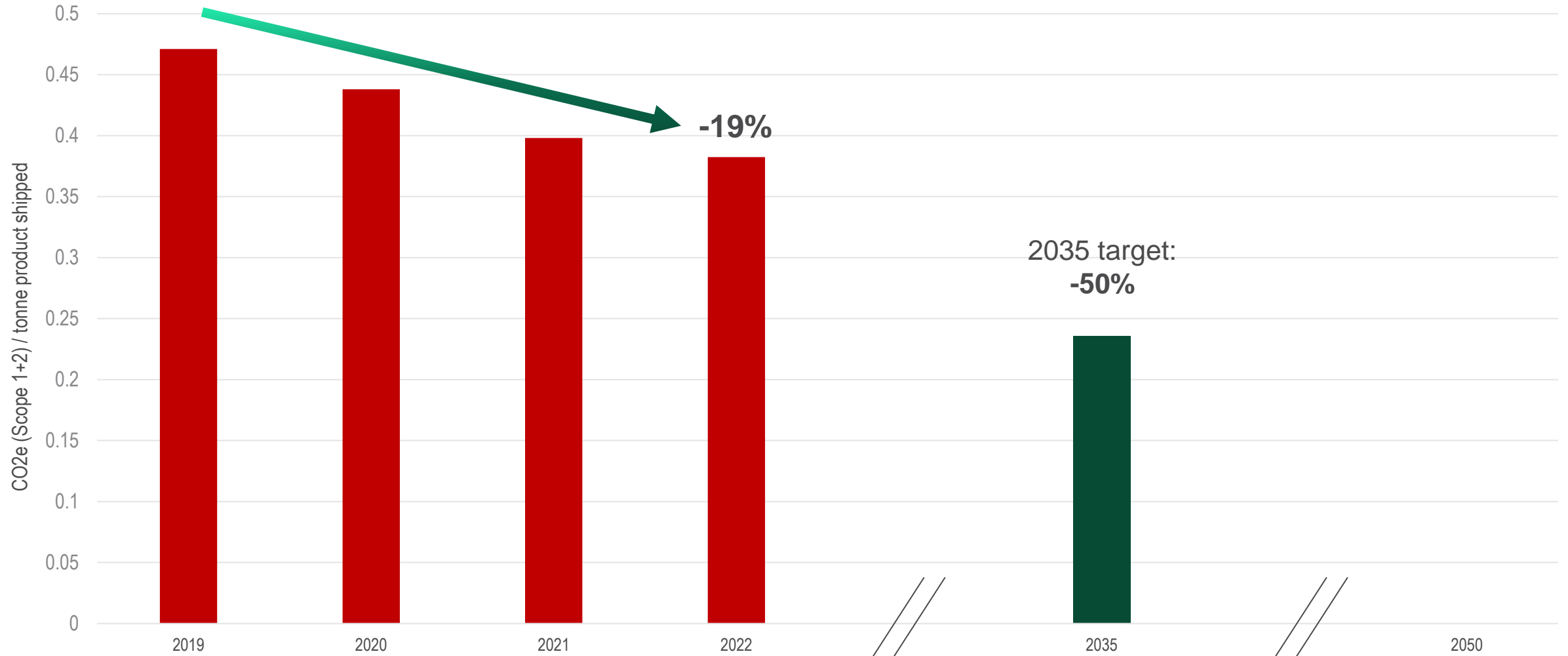
Further improved ESG rating

- MSCI ESG rating upgraded to 'AA'
- First year submitting to Carbon Disclosure Project

WE SUPPORT



CO₂e reduction plan and targets to reach net zero



Vesuvius is also helping its customers...

...reduce their CO₂ emissions

- Durasleeve – 20% more durable than previous sleeve due to better erosion resistance
- Allows for increased **productivity and energy savings, resulting in lower CO₂ emissions**
- Also higher quality output and reduced downgrades of product



...contribute to sustainable energy generation

- Foundry China has worked with a customer entering the wind energy market
- Using our products such as SteelEx Pro filters, and software to simulate the casting in advance, we helped them maximise the quality of their castings and minimise waste due to defects, resulting in a product that fulfilled the technical specification





Financial Review

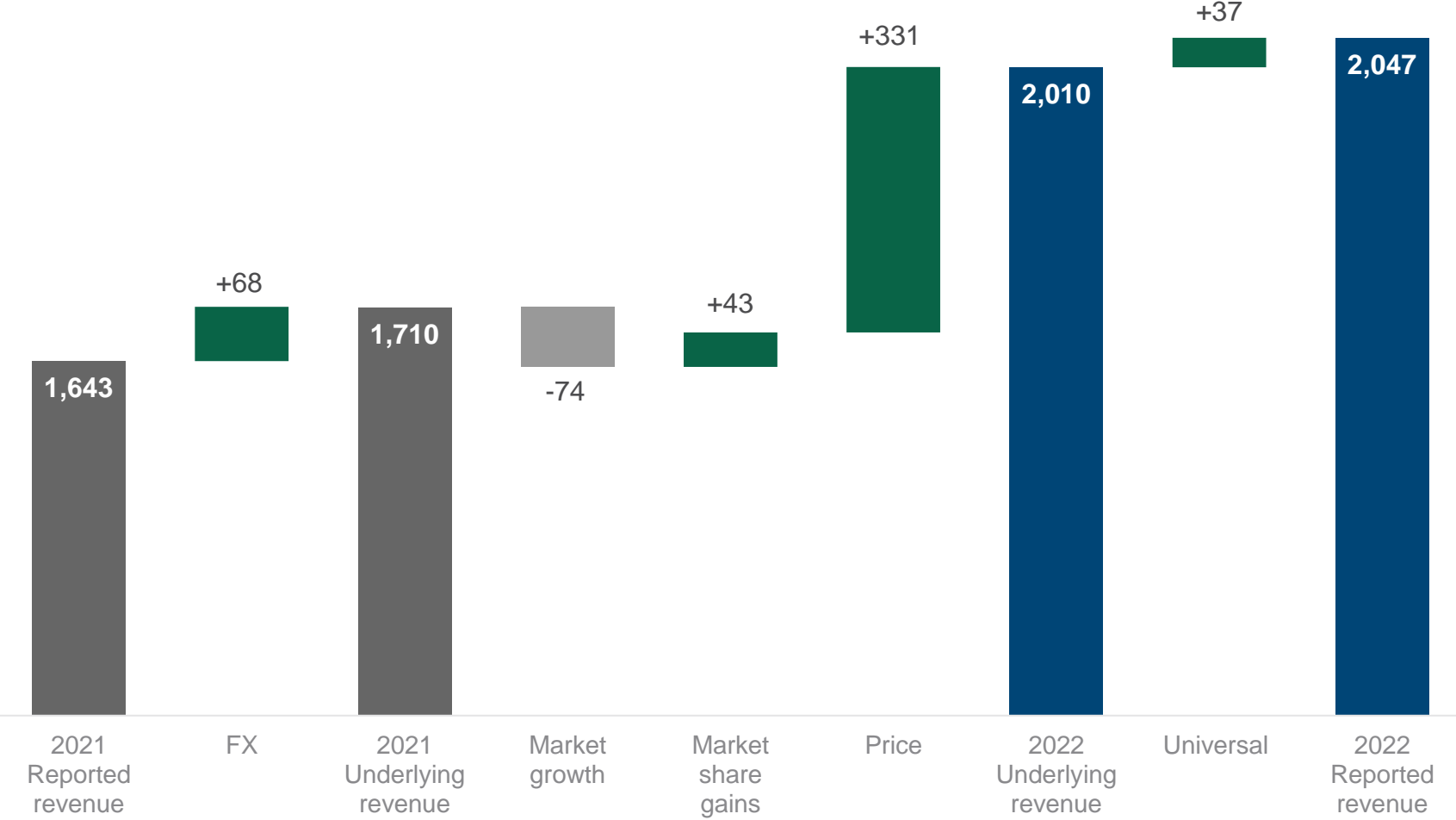


Full recovery of inflationary input costs has driven revenue growth

Group revenues up 25% on a reported basis (+18% on an underlying basis)



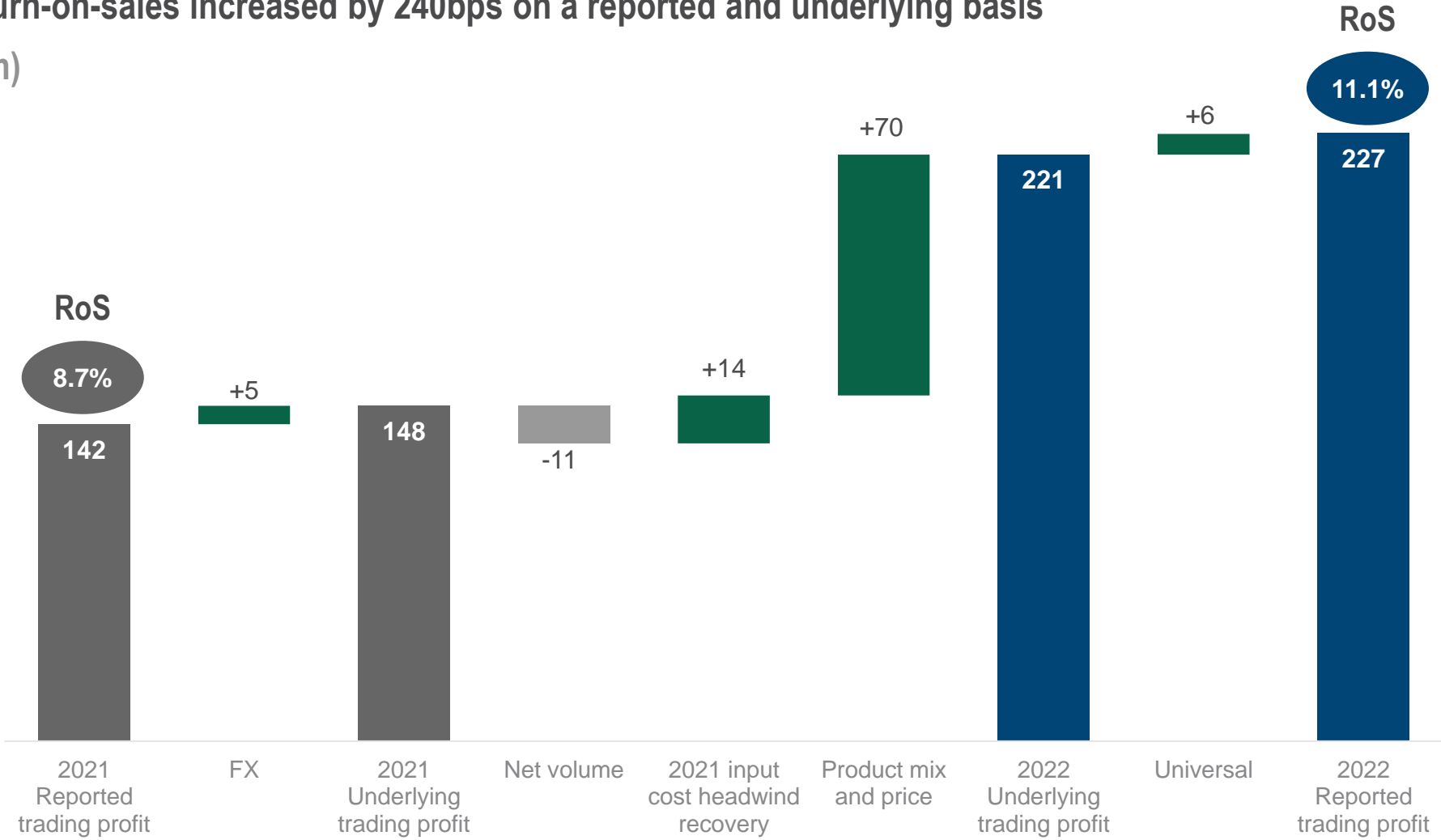
(£m)



Record trading profit and return on sales

Trading profit up 60% on a reported basis (+50% on an underlying basis)
 Return-on-sales increased by 240bps on a reported and underlying basis

(£m)



Income statement

(£m unless indicated)	2022	2021	Change (%)	
	Actual	Actual	As reported	Underlying ¹
Revenue	2,047	1,643	+25%	+18%
Trading Profit	227	142	+60%	+50%
Return on Sales (ROS %)	11.1%	8.7%	+240 bps	+240 bps
Post tax Share of JV Results	1	1		
Net Finance Costs	-11	-6		
Headline Profit Before Tax	217	137	+58%	
Effective Tax Rate ²	26.5%	26.4%		
Headline Tax	-57	-36		
Non-Controlling Interest	-7	-6		
Headline Earnings attributable to the parent	152	96	+59%	
Headline EPS (pence)	56.5	35.3	+60%	

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

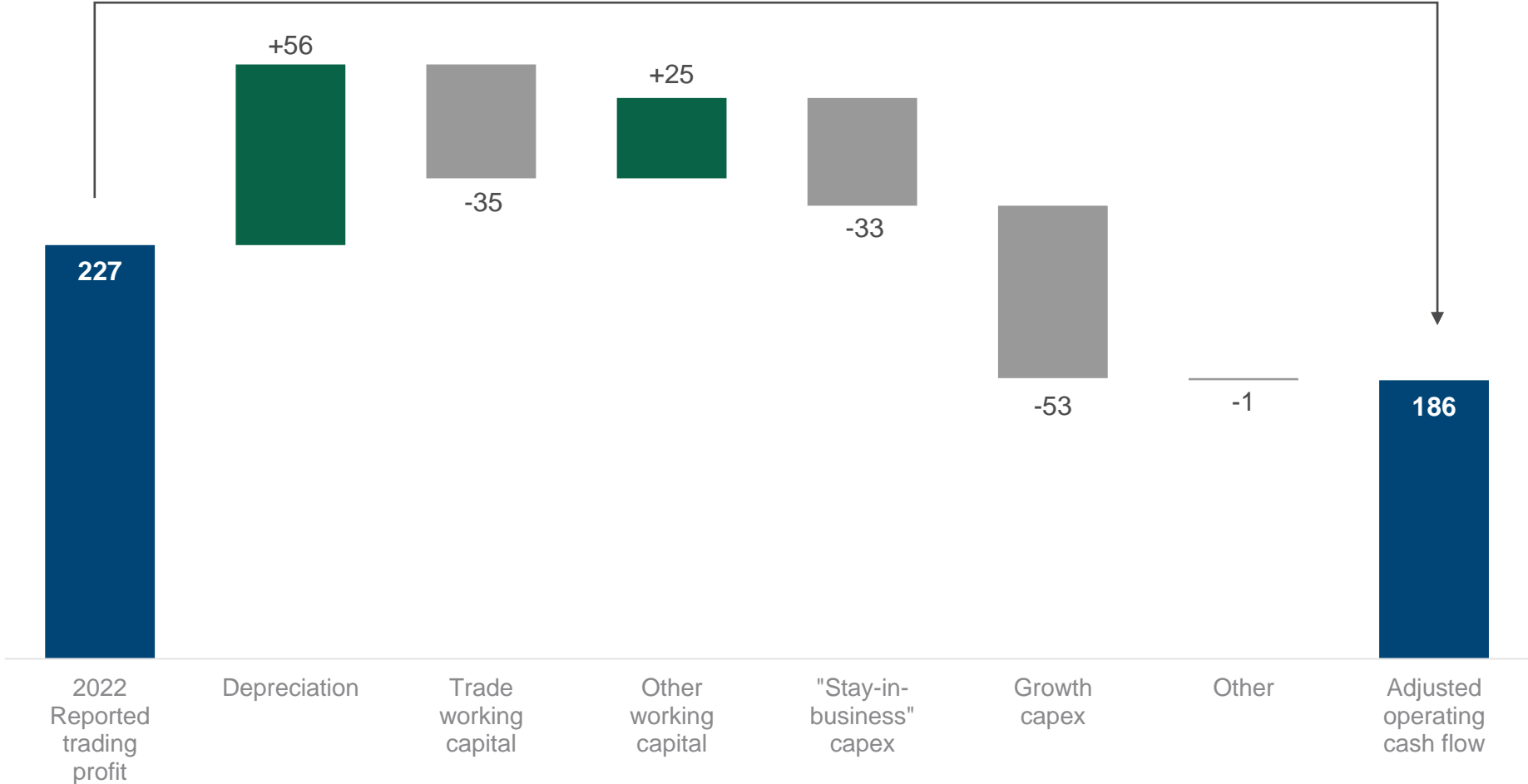
2. Income tax associated with headline performance, divided by the headline profit before tax and before the Group's share of post-tax profit of joint ventures.

Strong cash conversion performance

Cash conversion at 82% despite significant investment in growth capex



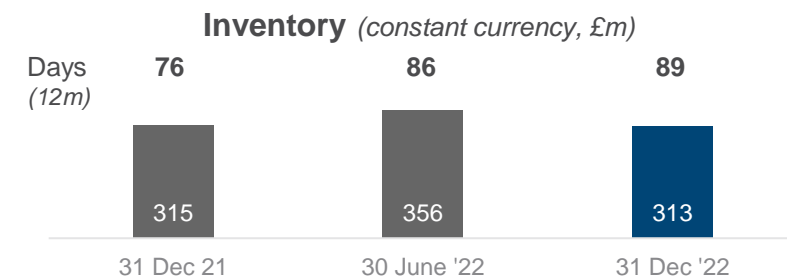
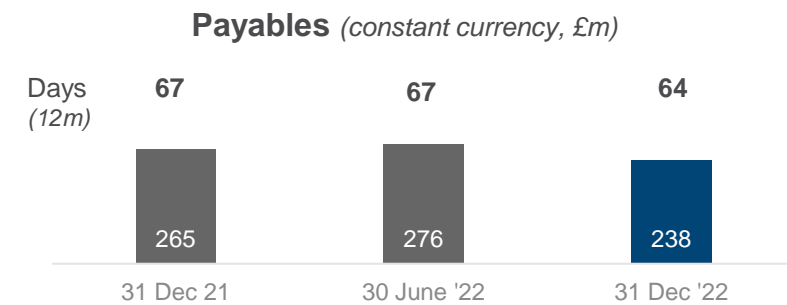
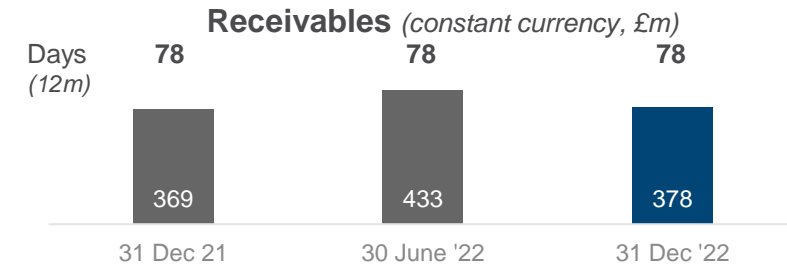
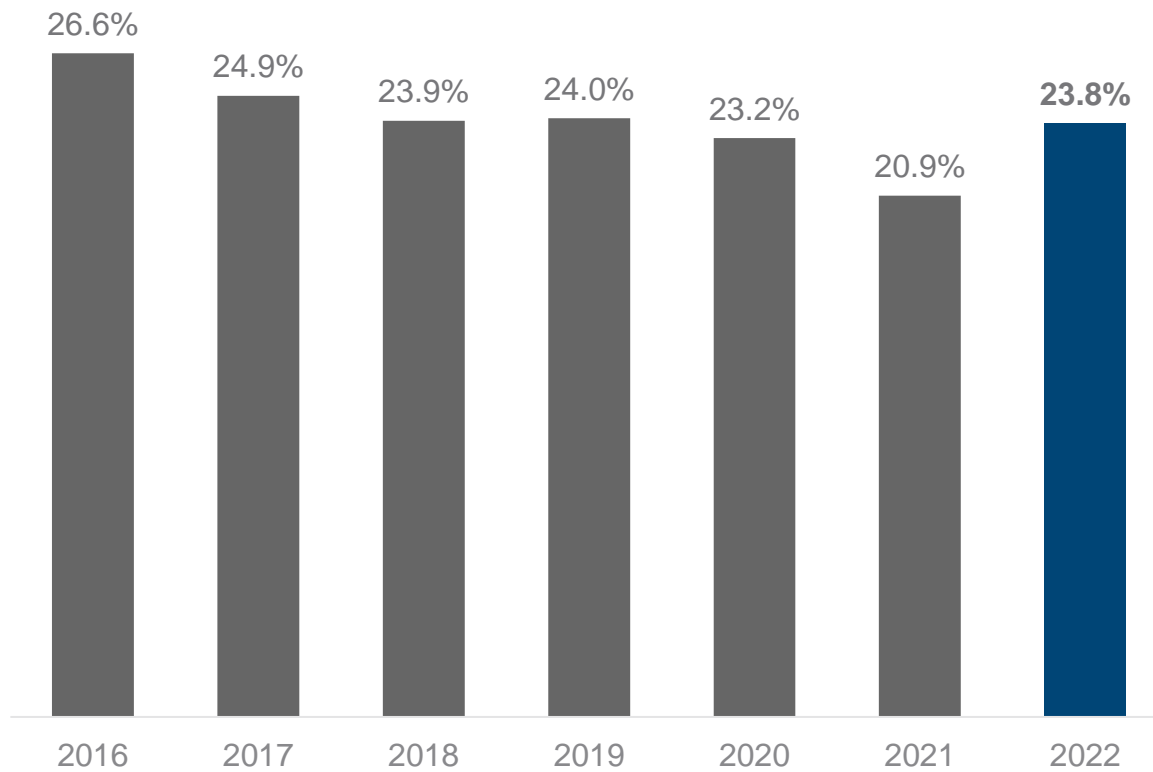
£m Cash conversion: 82%



Working capital still high despite improvement in H2

Broadly stable debtor and creditor days, while inventory levels remain raised

Trade Working Capital / Revenue (12m average)

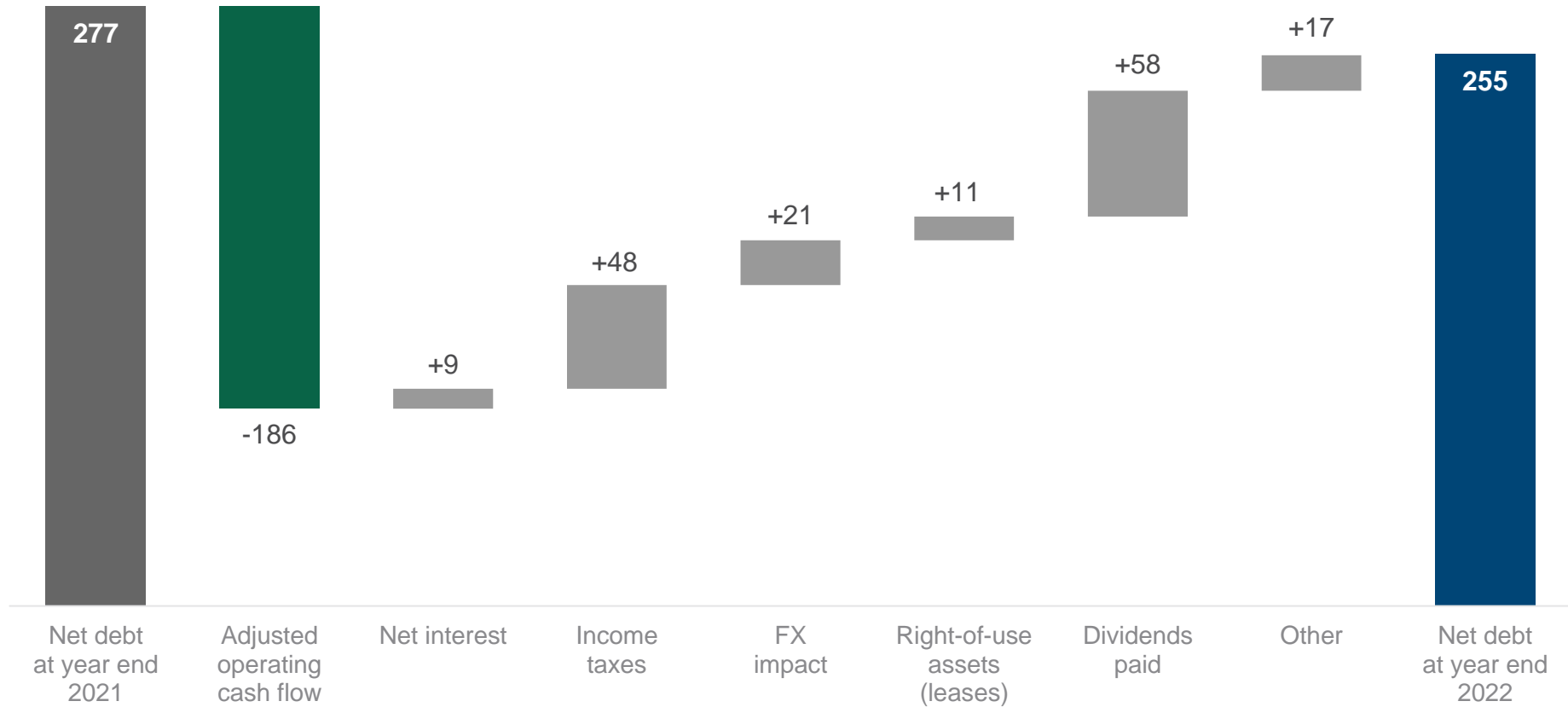


Strong balance sheet – positioned for growth

Net debt at 31 December 2022 was £255m, a decrease of £22m versus 2021

Net debt/EBITDA improved from 1.4x in 2021 to 0.9x in 2022

£m





Looking ahead

Outlook

- Looking forward, we expect to continue to successfully achieve market share gains through technological differentiation and new product launches. We are also confident in our ability to cover cost increases with pricing.
- Steel and Foundry markets have remained weak at the beginning of 2023, and we anticipate the rate of recovery to be slow and only to improve later in the year.
- We will also be impacted in the first half by a negative fixed cost absorption related to the reduction of our inventory level, and the cost of the cyber incident.
- Despite this, we are confident that our 2023 results will be in-line with our expectations.
- Looking beyond 2023, we expect the positive impact of our investment in R&D, long-term growth initiatives, and development of our capacity in fast growing regions, will result in accelerated growth and profitability.

VESUVIUS PLC

Appendix 1

Think beyond. Shape the future.

Technical guidance for 2023

- Depreciation c. £60m - £65m
- Interest cost c. £16m (income statement) and c. £13m cash cost
- Tax - P&L effective rate c. 27.5%, of which cash tax is c. 80% of the P&L charge
- Capex c. £100m
- FX – see table below, showing impact of a movement in currency against sterling (1 unit change)

Currency	Unit	Approximate change in profit (£m)	Average rate FY22	YE rate 31 Dec 2022	Current Spot (28 Feb 2023)
USD	1 Cent	0.97	1.24	1.21	1.20
EUR	1 Cent	0.21	1.17	1.13	1.14
INR	1 Rupee	0.27	96.99	100.06	99.3
RMB	0.1 RMB	0.29	8.31	8.37	8.39
JPY	1 Yen	0.05	161.86	158.60	163.71
BRL	0.1 Real	0.46	6.38	6.39	6.30
ZAR	1 Rand	0.004	20.16	20.57	22.06

Financial summary (reported)

	2022 (£m)	2021 (£m)	Year-on-year change	Underlying change ⁽¹⁾
Revenue	2,047.4	1,642.9	+25%	+18%
Trading Profit ⁽²⁾ (EBITA)	227.2	142.4	+60%	+50%
Return on Sales ⁽²⁾	11.1%	8.7%	+240 bps	+240 bps
Operating Profit	216.8	132.7	+63%	
Headline Profit Before Tax ⁽²⁾	217.0	137.3	+58%	
Profit Before Tax	206.6	127.6	+62%	
Profit	188.5	107.9	+75%	
Headline Earnings ⁽²⁾	152.4	95.6	+59%	
Headline EPS ⁽²⁾ (pence)	56.5	35.3	+60%	
Statutory EPS (pence)	67.2	37.7	+78%	
Adjusted operating cash flow ⁽²⁾	185.5	45.6	+ 307%	
Cash generated from operations	268.3	82.9	+ 224%	
Net Debt ⁽²⁾	255.0	277.1	-8%	
Dividend (pence per share)	22.25p	21.2p	+5%	

⁽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

	2018	2019	2020	2021	2022
Revenue (£m)	1,755.8	1,659.7	1,447.6	1,712.5	2,047.4
Steel	1,215.4	1,167.3	1,043.9	1,229.2	1,496.4
Foundry	540.5	492.5	403.7	483.4	551.0
Trading Profit (£m)	188.9	173.4	100.4	147.7	227.2
Steel	124.7	117.2	76.9	107.0	172.7
Foundry	64.2	56.3	23.5	40.7	54.4
Return on Sales (%)	10.8%	10.4%	6.9%	8.6%	11.1%
Steel	10.3%	10.0%	7.4%	8.7%	11.5%
Foundry	11.9%	11.4%	5.8%	8.4%	9.9%



VESUVIUS PLC

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