

A stylized graphic of a globe on the left side of the slide. It features a complex, white, web-like or cellular pattern that forms the shape of a sphere. The pattern consists of numerous interconnected lines and shapes, creating a mesh-like appearance. The globe is set against a dark blue background that transitions to a lighter blue towards the right.

VESUVIUS PLC

# Half Year 2023 Results

27 July 2023

Think beyond. Shape the future.

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# Performance update



# Resilient results in H1 ahead of our expectations, despite difficult market conditions

<b>Revenue</b>  <b>£995m</b>  0%                      -3% vs. H2 22                vs. H1 22 underlying                underlying  -2% Reported change (H1 on H1)	<b>Trading Profit</b>  <b>£105m</b>  +14%                      -18% vs. H2 22                vs. H1 22 underlying                underlying  -18% Reported change (H1 on H1)	<b>Return on Sales</b>  <b>10.5%</b>  +130bps                      (190 bps) vs. H2 22                      vs. H1 22 underlying                      underlying  (200 bps) Reported change (H1 on H1)
<b>Headline EPS</b>  <b>24.5p</b>  -22% Reported change (H1 on H1)	<b>Net debt / EBITDA</b>  <b>1.0x</b>  Dec 22: 0.9x	<b>Cash conversion</b>  <b>67%</b>  HY22: 26%
<b>Interim Dividend per Share 6.8p (+5%)</b>		

Net debt / EBITDA ratios are post IFRS-16.

# Resilient performance despite difficult market conditions

- **Steel business performed well, ahead of our expectations, due to pricing resilience**
  - > Pricing, in particular in Flow Control, has partially offset the revenue impact on volumes of the declining market
- **Good recovery of the Foundry business**
  - > Division trading profit up 18% and return on sales up 130bps (underlying)
- **Good progress on strategic initiatives**
  - > Expansion projects fully on track, especially in India to support development in this fast-growing region
- **Strong R&D pipeline with 14 new products launched during the first half**
- **New product sales ratio at 16%**



## Strategic expansion programme on track



- Flow Control VISO expansion in India fully operational (+50% capacity)
- Flow Control flux expansion in India operational mid 2024
- VISO expansion in Poland (+35% capacity) fully operational
- Slide Gate expansion in Poland (+50% capacity) operational end of 2023
- Foundry investment in non-ferrous flux in China, operational in H2 2023, will enable the Foundry division to benefit from the very dynamic electric vehicle market in China
- Advanced Refractories AlSi and basic monolithics expansion in India operational in H2 2024



**£40m EBITDA by 2026/27**

# Our innovations add value to customers' processes and products

## Flow control



LTC34 is the latest ladle gate with integrated tube changer

- Steel quality improvement
- Greater process efficiency
- Overall cost and commercial benefit

## Advanced Refractories



The Tundish dry vibratable robot (TDVR) is a new automated system to layer refractories in the tundish

- Reduced H&S risk
- More efficient use of materials
- Regulates the time of the process, leading to process efficiency

## Foundry



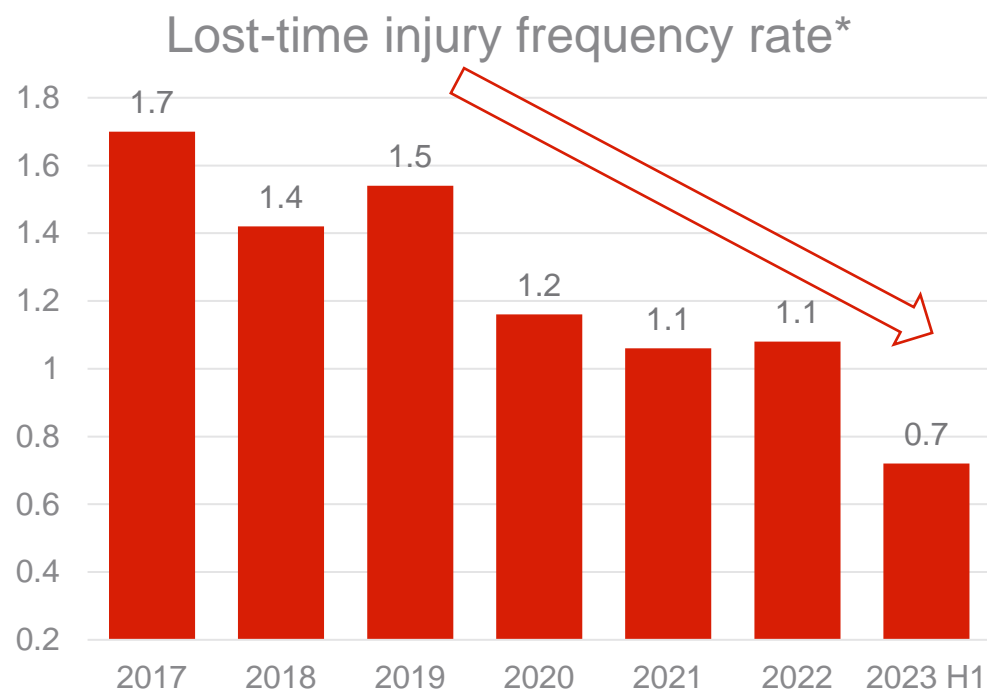
Wasco is a water-soluble core binder for high pressure die casting (HPDC) processes used by aluminium casters

- More sophisticated castings
- Significant productivity benefit
- Weight saving opportunity
- No hazardous chemicals
- Sand and water can be recycled

# Continued progress in safety and in sustainability

## Further safety improvement

In our journey towards our goal of zero accidents, we achieved in H1 2023 our best safety result ever



\*Number injuries resulting in lost time, per million hours worked

## Recognition of the sustainability benefits of our innovative products

- Semco Coatings



**ecoMetals AWARD 2023**

**min. 50%**

faster drying time\*

**min. 20%**

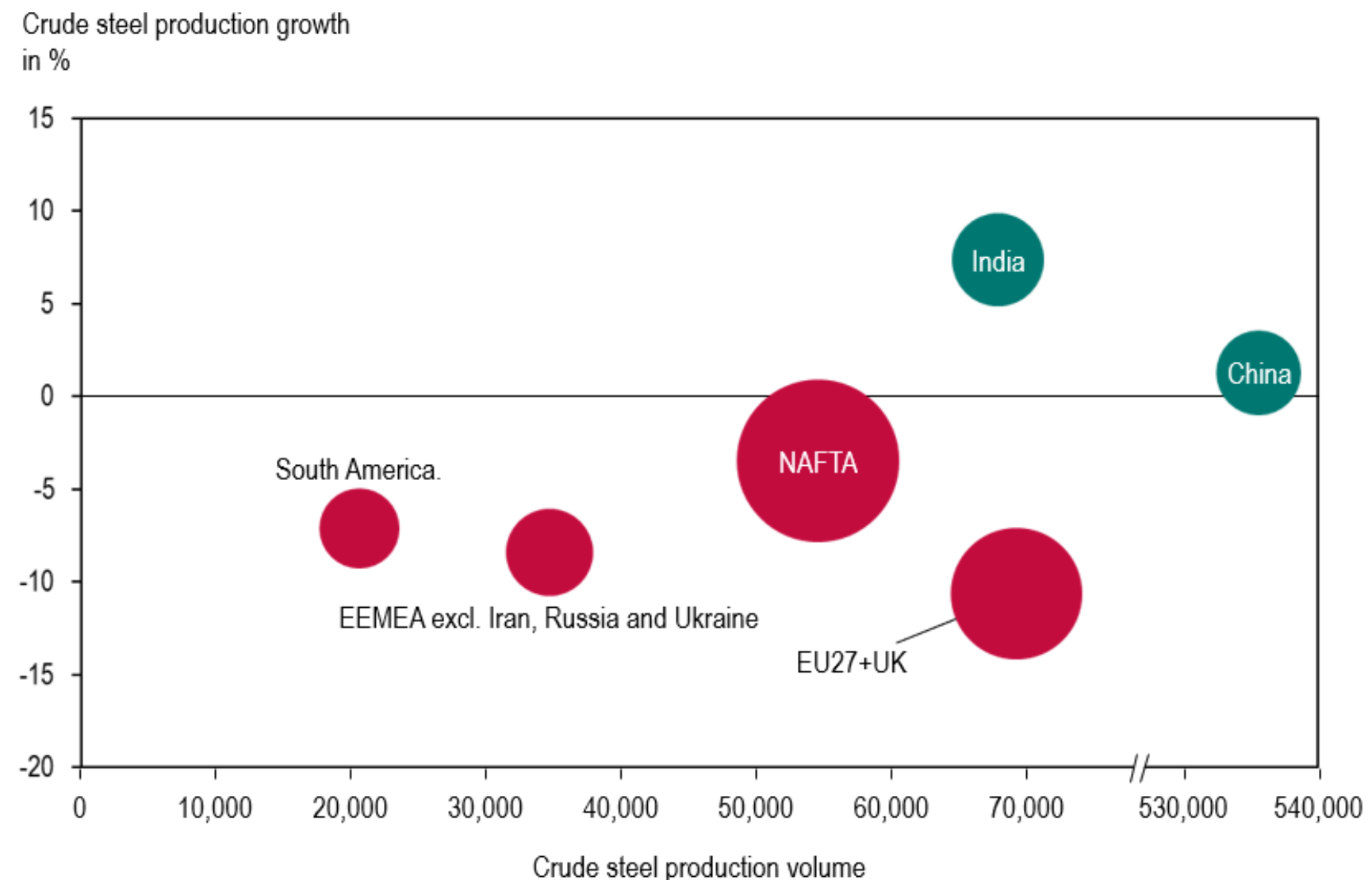
reduced coating related formaldehyde emissions\*

**min. 90%**

energy saving potential\*

\* compared to current practice

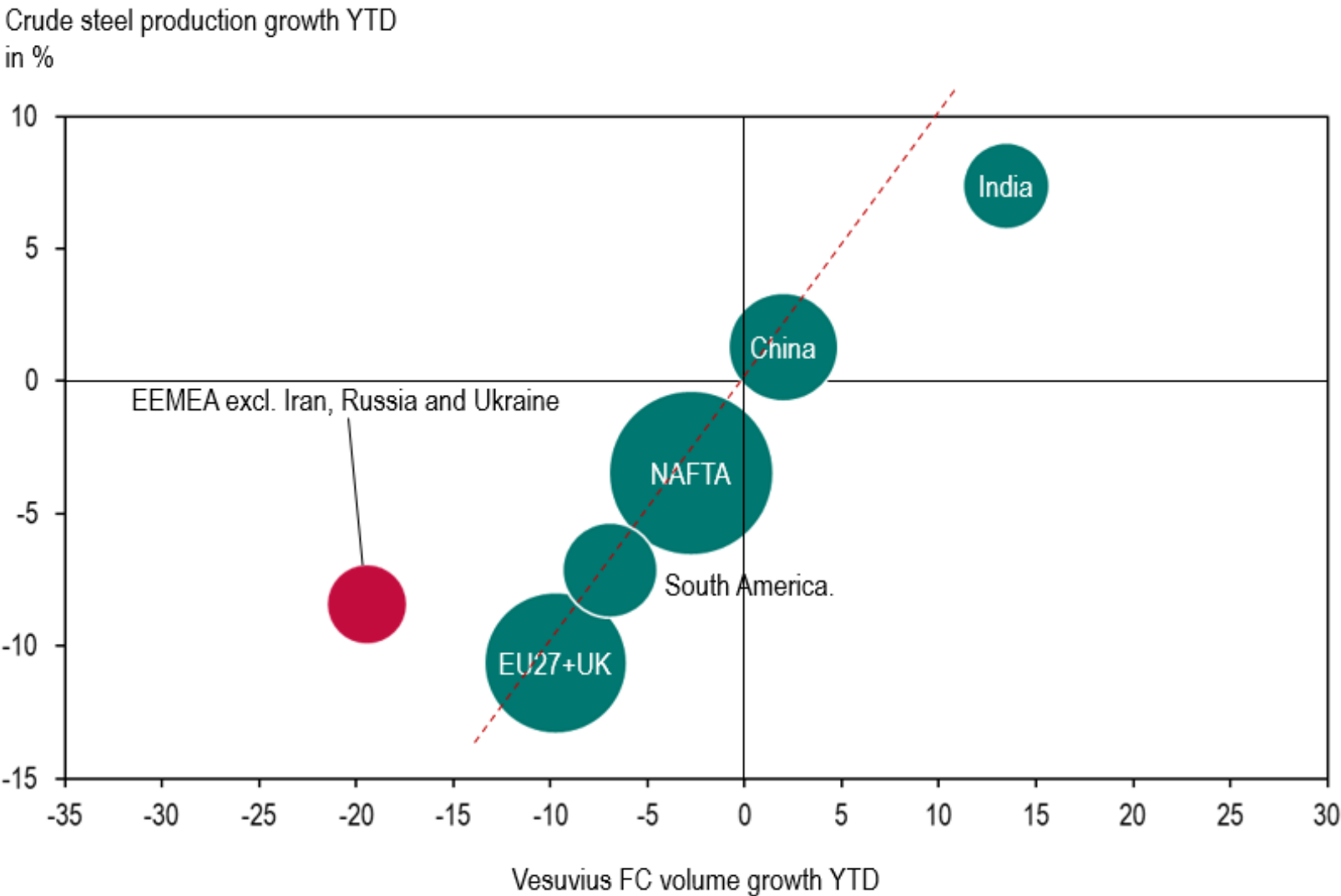
# Steel production in H1 2023: Decline in all regions with the exception of India and China



Size of bubble represents relative revenue of Vesuvius' steel division sales in H1 2023.



# Flow Control has continued to outperform in the majority of our key markets



Size of bubble represents relative revenue of Vesuvius' Flow Control Division sales in H1 2023



# Resilient performance of the Steel Division due to robust pricing performance

## H1 2023 performance

- Steel market decline and Ukraine conflict-related sanctions resulted in a volume decline of 6% and 13% for Flow Control and Advanced Refractories respectively
- Robust pricing performance partially compensated the revenue decline in both divisions
- Market share gains in most regions for Flow Control but temporary market share losses for Advanced Refractories
- Global return on sales in the Steel Division reduced 310 bps versus H1 2022 but increased 160bps versus H2 2022

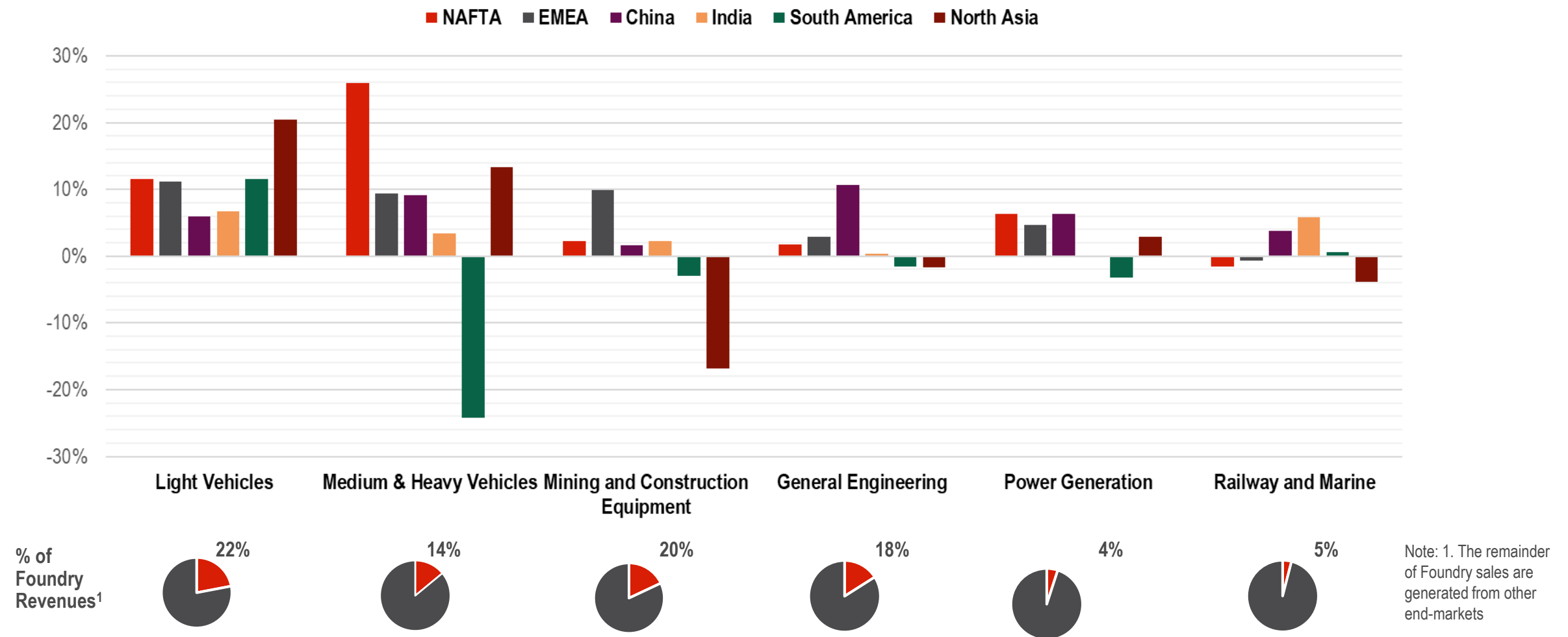
Steel Division £m	H1 2023	H1 2022 reported	Change (%)	Underlying change (%)
Steel Flow Control Revenue	402	402	(0%)	(2%)
Steel Advanced Refractories Revenue	290	321	(10%)	(11%)
Steel Sensors & Probes Revenue	20	21	(2%)	(4%)
<b>Total Revenue</b>	<b>712</b>	<b>744</b>	<b>(4%)</b>	<b>(6%)</b>
<b>Total Trading Profit</b>	<b>75</b>	<b>102</b>	<b>(26%)</b>	<b>(27%)</b>
<b>Total Return on Sales</b>	<b>10.5%</b>	<b>13.7%</b>	<b>(320 bps)</b>	<b>(310 bps)</b>

Note: H1 2022 underlying financials have been adjusted for the effects of currency translation.

HY comparison - Steel	H1 2023	H2 2022 Constant currency	H1 2022 constant currency
Revenue £m	712	722	755
Trading profit £m	75	64	103
Return on sales	10.5%	8.9%	13.6%

# Foundry end markets have started to recover, with a delayed impact on the division due to destocking

Volume growth in Foundry end markets – H1 2023 vs H1 2022



# Foundry Division: Good recovery, more to come, in coming years

## H1 2023 performance

- Volume not yet reflecting the full improvement of end markets due to destocking
- Positive pricing performance
  - 130bps improvement in Return on Sales versus H1 2022
  - Progressive profit and RoS growth since H1 2022
- Good improvement of R&D performance, growing pipeline of new products
- Potential for further improvement when destocking unwinds and new product introductions accelerate

Foundry	H1 2023	H1 2022 reported	Change (%)	Underlying change (%)
Revenue £m	284	272	+4%	+3%
Trading profit £m	30	26	+17%	+18%
Return on Sales	10.6%	9.5%	110 bps	130 bps

Note: H1 2022 underlying financials have been adjusted for the effects of currency translation.

HY comparison - Foundry	H1 2023	H2 2022 Constant currency	H1 2022 constant currency
Revenue £m	284	272	275
Trading profit £m	30	28	25
Return on sales	10.6%	10.1%	9.3%

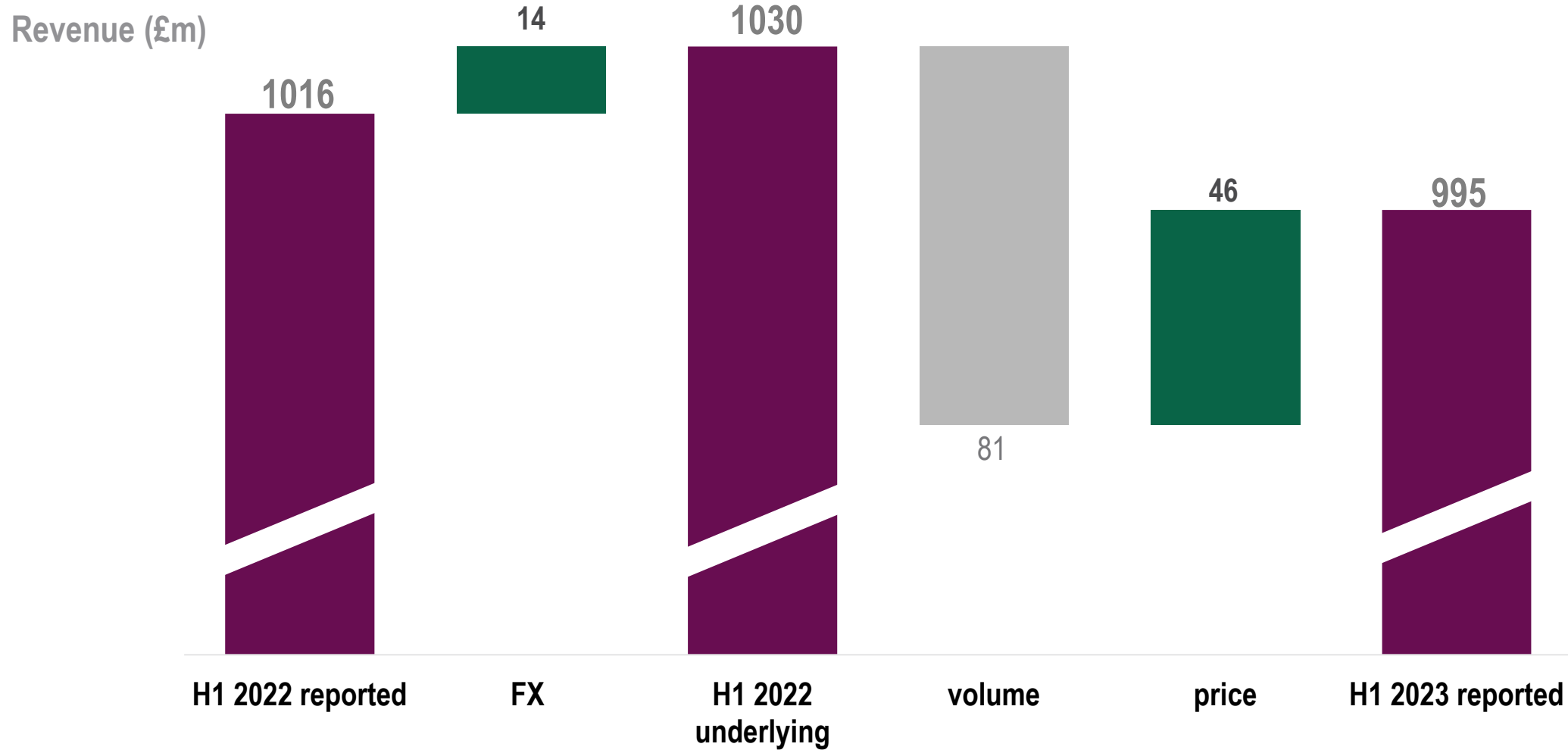
A photograph of an industrial setting, likely a foundry, where molten metal is being poured from a large ladle into several smaller containers. Two workers in protective silver suits and helmets are visible. A large red semi-transparent rectangle is overlaid on the left side of the image.

# Financial review



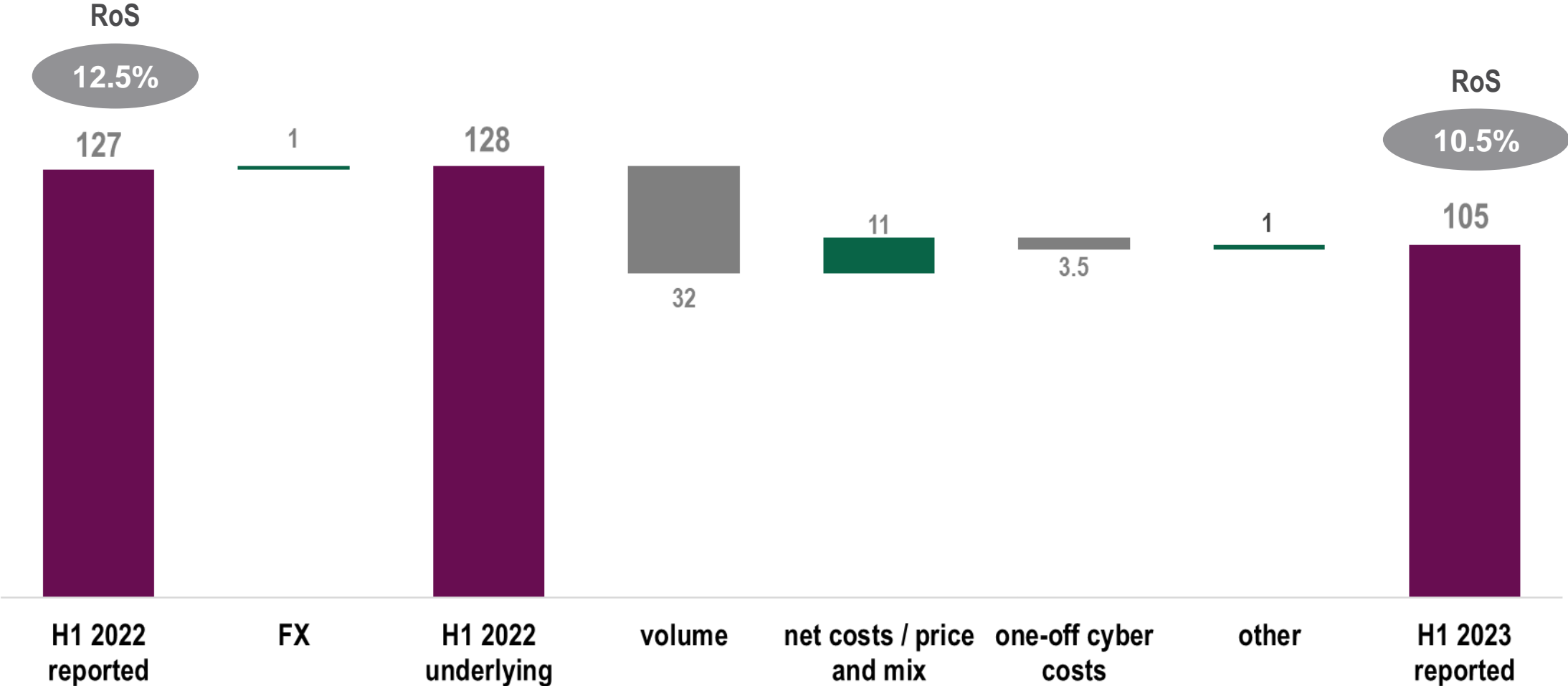
# Sales reduce as price increases offset by market-driven volume declines

Group revenue down 3% on an underlying basis

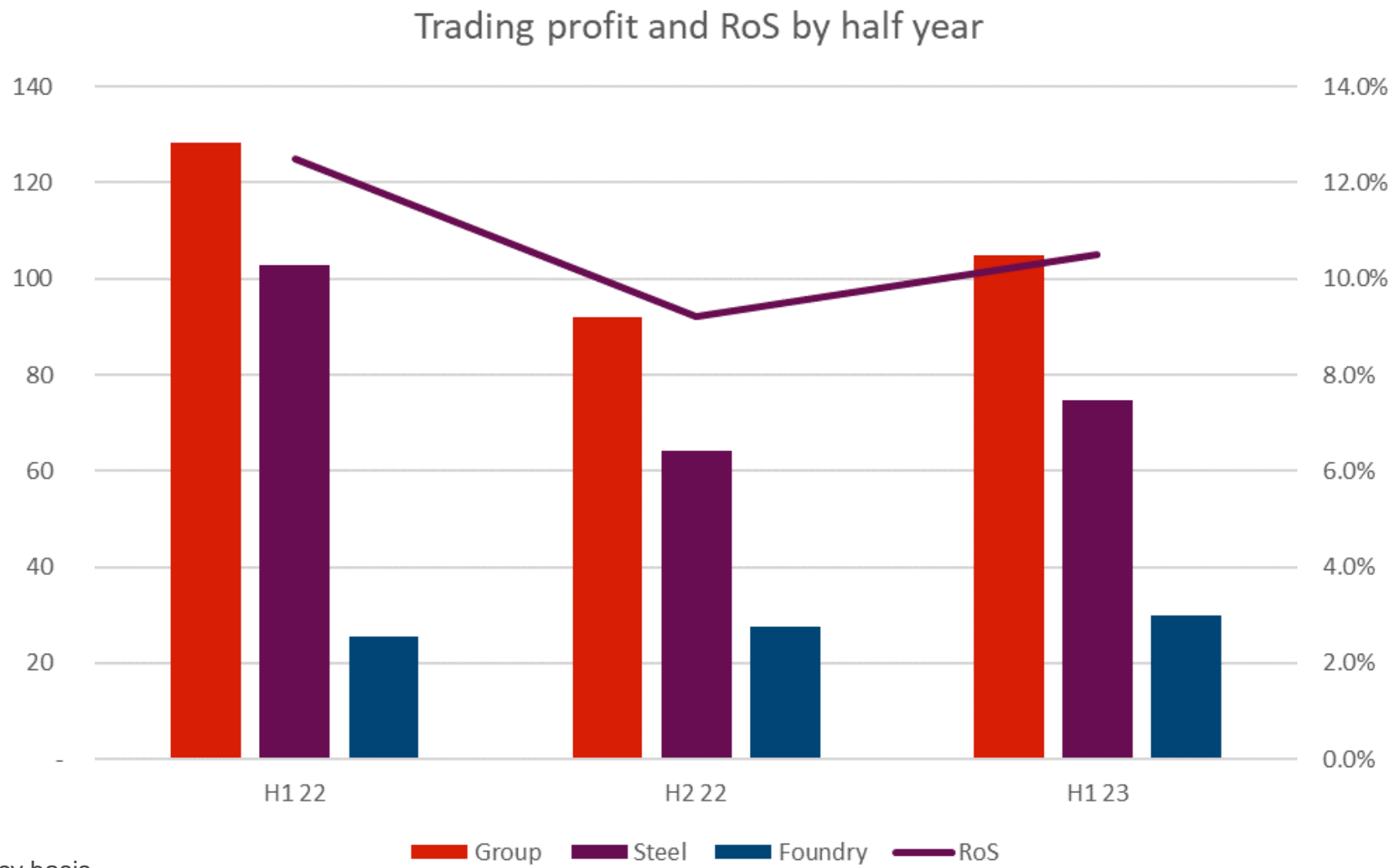


# Trading profit impacted by volume decline, pricing robust

Trading profit (£m)



# Profit and RoS performance growing versus H2 2022



# Income statement

	H1 2023	H1 2022	Change (%)	
(£m unless indicated)	Actual	Actual	As reported	Underlying <sup>1</sup>
Revenue	995	1016	(2%)	(3%)
Trading Profit	104.9	127.4	(18%)	(18%)
Return on Sales (ROS %)	10.5%	12.5%	(200 bps)	(190 bps)
Post tax Share of JV Results	0.5	1		
Net Finance Costs	-5.5	-6.6		
<b>Headline Profit Before Tax</b>	<b>99.9</b>	<b>121.8</b>	<b>(18%)</b>	
Effective Tax Rate <sup>2</sup>	27.5%	26.5%		
Headline Tax	-27.3	-33.2		
Non-Controlling Interest	-6.6	-3.9		
<b>Headline Earnings</b>	<b>66</b>	<b>84.7</b>	<b>(22%)</b>	
<b>Headline EPS (pence)</b>	<b>24.5</b>	<b>31.4</b>	<b>(22%)</b>	
<b>DPS (pence)</b>	<b>6.8</b>	<b>6.5</b>	<b>5%</b>	

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

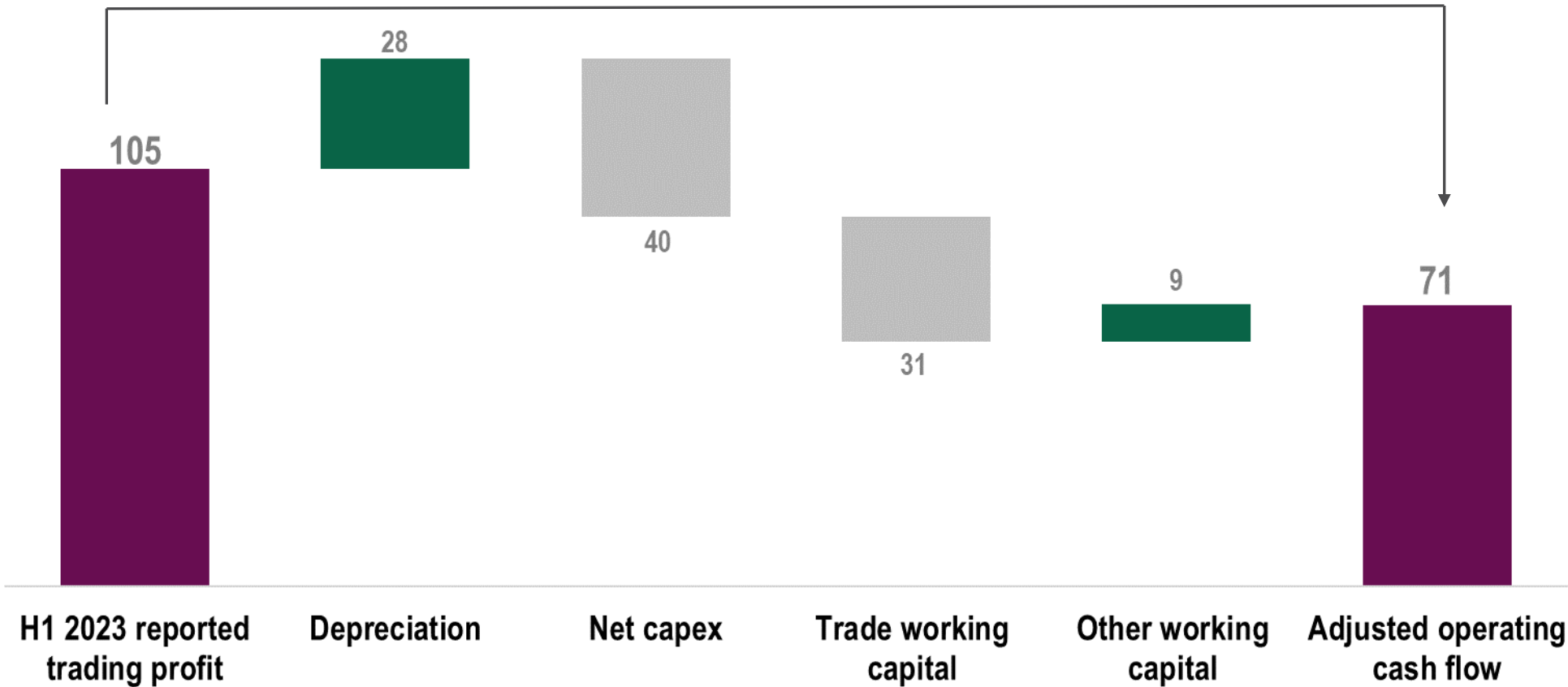
2. Income tax associated with headline performance, divided by the headline profit before tax and before the Group's share of post-tax profit of joint ventures.

# Continued strong cashflow despite growth capex

Cash conversion in H1 2023 of 67%

(£m)

Cash conversion: 67%

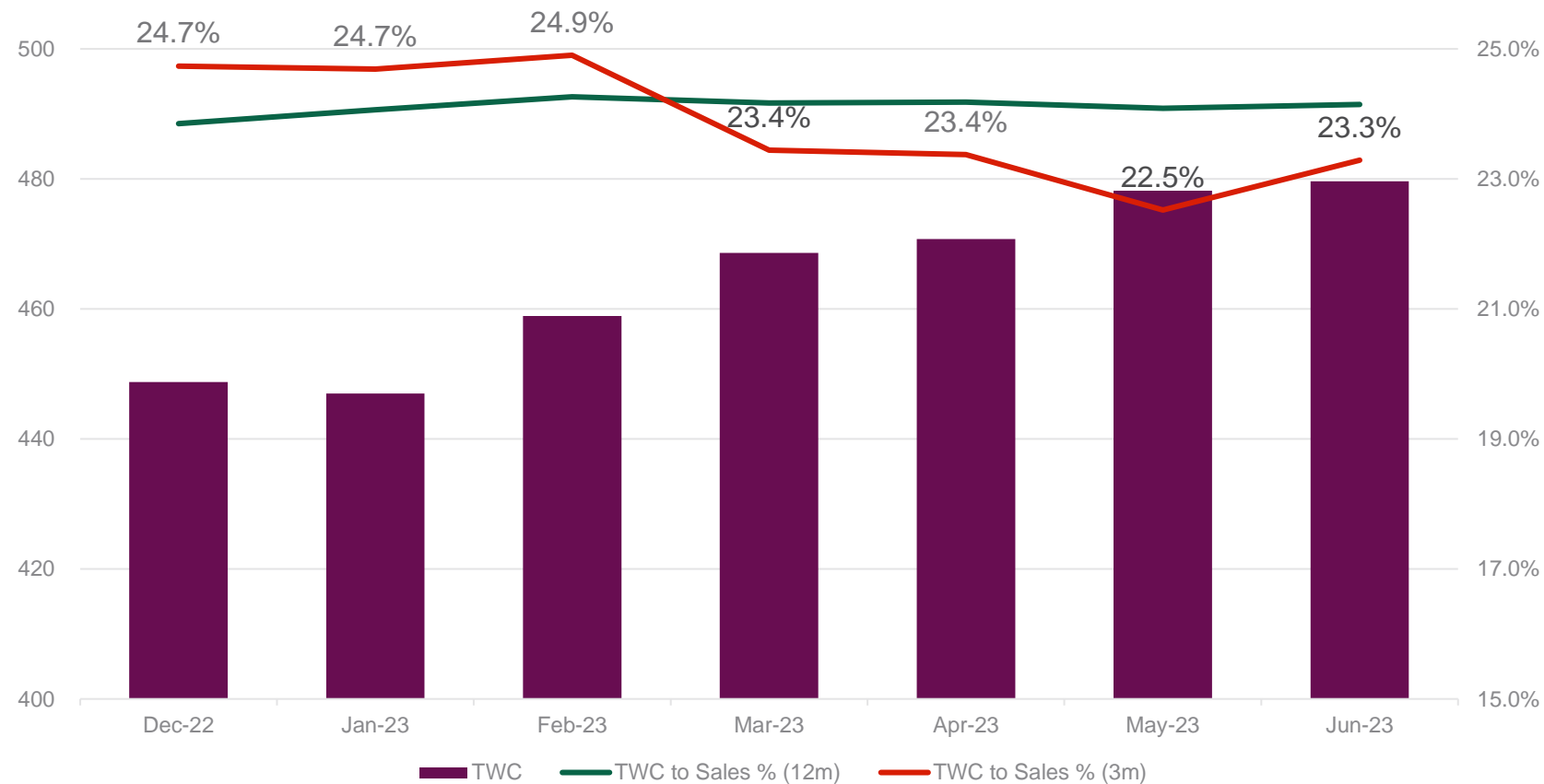


Net capex is net of proceeds from sale of property, plant and equipment and profit on disposal of non-current assets.



# Working capital / revenue ratio peaked in February and now declining

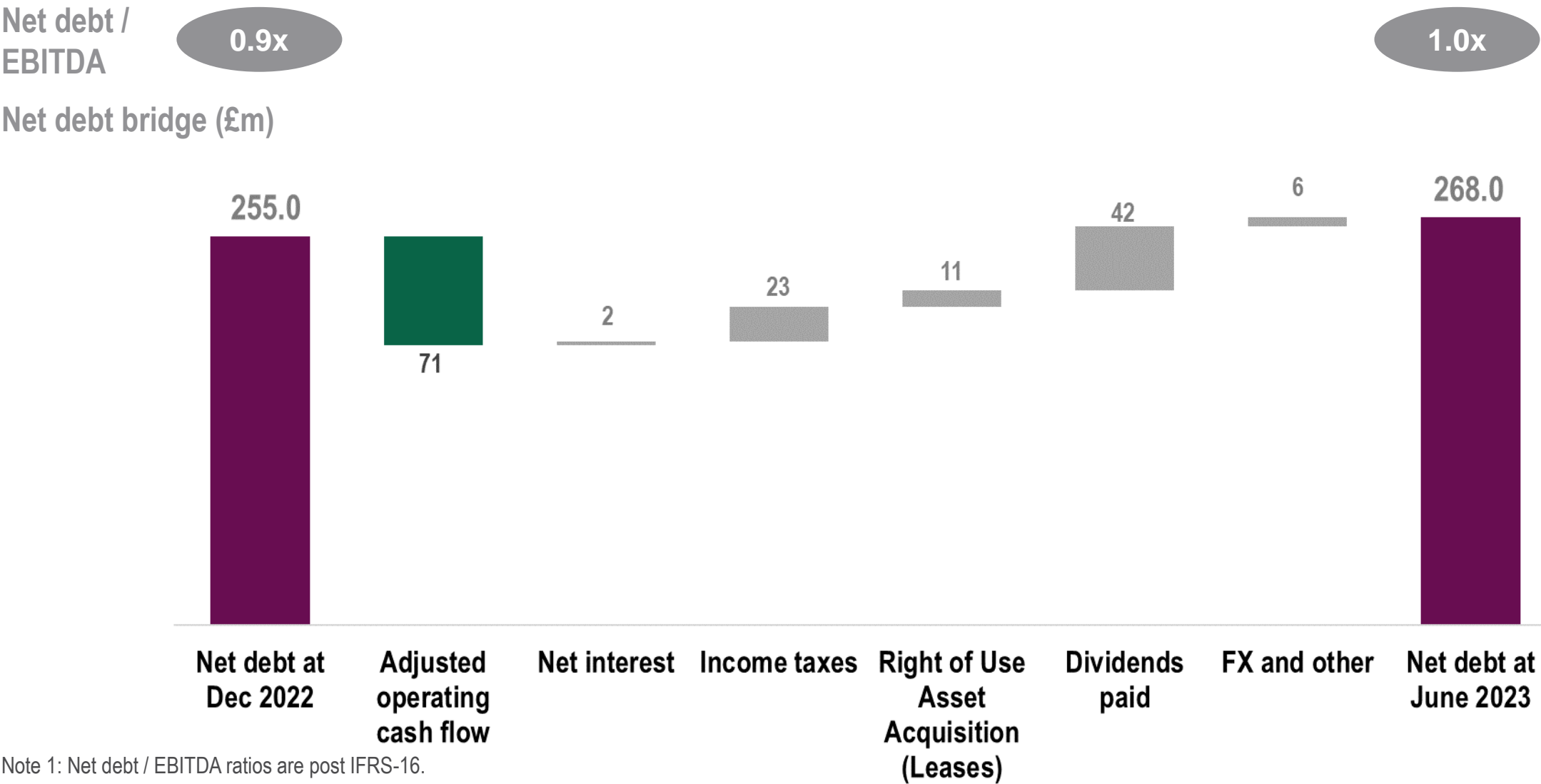
Absolute trade working capital (TWC) has increased while the ratio has started to fall



TWC values on a constant currency basis



# Net debt and gearing stable



# Outlook



## Outlook

“Despite difficult market conditions, especially in the steel sector, we have performed well in the first half of the year, exceeding expectations, thanks, in particular, to a very resilient pricing performance.

We expect to maintain pricing discipline in the second half of the year, and we are progressing our efforts to gain market share through technological differentiation. As a consequence, noting typical seasonality and despite remaining macro-economic uncertainties, we feel confident to modestly increase our full year expectations.”





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# Appendix

Think beyond. Shape the future.

# Technical guidance for FY 2023

- Depreciation c.£55 – 60m
- Interest cost c. £14m (income statement) and c. £9m cash cost
- Tax - P&L effective rate c. 27.5%, of which cash tax is c. 80% of the P&L charge
- Capex c. £100 - 110m
- 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 HY22	Average rate FY22	Average rate HY23	30 June 2023
USD	1 Cent	0.88	1.30	1.24	1.23	1.27
EUR	1 Cent	0.09	1.19	1.17	1.14	1.16
INR	1 Rupee	0.37	98.87	96.99	101.37	104.29
RMB	0.1 RMB	0.28	8.42	8.31	8.56	9.23
JPY	1 Yen	0.05	159.48	161.86	166.52	183.34
BRL	0.1 Real	0.34	6.59	6.38	6.25	6.08
ZAR	1 Rand	0.001	19.97	20.16	22.48	23.92



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