

14 May 2015

## Vesuvius plc (“Vesuvius” or “the Group”) AGM Trading Update

Vesuvius plc, a global leader in molten metal flow engineering, releases the following Trading Update in conjunction with its Annual General Meeting being held today, covering trading in the period from 1 January to 13 May 2015.

### SUMMARY

As anticipated at the time of our 2014 Results Announcement in March, conditions in our markets have remained mixed. We expect the underlying trading environment to remain broadly similar to that experienced in the first four months of 2015, and our trading performance to be in line with current full year market expectations.

Group revenue in the first four months of the year was £474.9 million, 2% lower than 2014. Excluding the impacts of foreign currency translation differences, revenue was 1.3% lower than 2014, due to reduced trading activity in NAFTA, EMEA and South Asia, partially offset by increases in South America, India, North Asia and China. Revenue from businesses acquired in 2014 was £7.6 million. Excluding the impact of acquisitions and divestments and foreign currency translation movements, underlying revenue was 2.9% lower than 2014.

Despite the reduction in revenue reflecting external market conditions, we have seen some margin improvement in 2015. We continue to implement a range of strategic and operational initiatives across all business lines to improve trading margins across the Group, and we remain resolutely focused on cash generation.

### ACQUISITION

In line with our stated strategy of building, organically and through acquisition, a comprehensive technical services offering for our steel and foundry customers, we are pleased to announce we have agreed to acquire the Sidermes Group. Sidermes is a leading Italian-based supplier of probes and systems which measure for example, temperature, oxygen and hydrogen in the steel and foundry industries. Sidermes, which had revenue of €22 million in 2014, will complement the recently acquired ECIL Met Tec business, and will become part of our Technical Services business, the results of which will be accounted for within the Steel Division. The acquisition is expected to complete during May 2015.

### STEEL

According to the World Steel Association<sup>1</sup>, global steel production was 1.7% lower in the first quarter of 2015 compared to the same period last year. Whilst the statistics for some markets like India and the Middle East have been encouraging, with production volumes increasing by 9.4% and 7.0% respectively, production has been relatively flat in the EU (-0.6%) and Brazil (+0.7%). However, reductions have been observed in China, where production fell by 2.8 million tonnes (1.4%), and most notably in the USA (where weekly steel production data is published) with steel production volumes for the first 19 weeks of the year 6% lower than 2014<sup>2</sup>.

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<sup>1</sup> The World Steel Association publishes monthly steel production figures approximately three weeks after the end of the month. As at 14 May 2015, the most recent data available is for the three-month period to 31 March 2015.

<sup>2</sup> The American Iron and Steel Institute publishes weekly steel production data for US domestic steel plants. As at 14 May 2015, the most recent data available is for the 19-week period to 9 May 2015.

Revenue in the Steel Division for the first four months of the year was £320.6 million, down 1.2% on a constant currency basis on 2014. Excluding the impact of businesses acquired in 2014, revenue was down 3.6% on an underlying basis. Underlying revenue in EMEA and NAFTA was down 3.1% and 11.8% respectively, whilst revenue in the rest of the world was up by 5.6% with increases seen in all other regions, including China where underlying revenue grew by 3.6%.

## **FOUNDRY**

Market conditions in the global foundry industry remain challenging and therefore revenue in the Foundry Division for the first four months of the year was £154.3 million, down 1.4% on 2014 on an underlying basis. Revenue in China increased by 4.3% as we started to see the benefit of our new investment in Changshu; revenue in Asia outside China increased by 1.2%. This was offset by reductions in EMEA (1%) and the Americas (6.7%).

## **FINANCIAL POSITION**

We continue to operate with a strong balance sheet and remain cash generative. We are maintaining our focus on working capital management to release cash and in light of the current trading environment, we have taken steps to reduce our 2015 capital investment programme by one third, primarily by deferring capital expenditure decisions due to current market uncertainties.

## **OUTLOOK**

We expect the underlying trading environment to remain broadly similar to that experienced in the first four months of 2015, and our trading performance to be in line with current full year market expectations. Whilst there has been encouraging signs of increased activity in some end-markets, namely in India and North Asia, the US and Europe have seen weaker than expected activity. Management remains focused on self-help initiatives to drive operational efficiency across the Group and this, coupled with our technology leadership and focus on innovation as well as the strength of our customer relationships, should continue to drive margin improvement.

## **CONFERENCE CALL**

François Wanecq (Chief Executive) and Chris O'Shea (Chief Financial Officer) will be hosting a conference call for analysts and investors at 09.00 (UK time) today (14 May).

To join the call, please use the dial in number below:

Conference call:

+44 (0)20 3140 8286 all participants

Confirmation code: 2265971

A replay of the call will be available approximately one hour after the event for two weeks on the following number:

Replay:

+44 (0)20 3427 0598 non-US participants

+1 347 366 9565 US participants

Confirmation code: 2265971

## ANNUAL GENERAL MEETING

The Group's Annual General Meeting is being held today at 11.00 (UK time) at The Lincoln Centre, 18 Lincoln's Inn Fields, London WC2A 3ED.

## FUTURE EVENTS

The Vesuvius final 2014 dividend of 11.125 pence per share will be paid, subject to approval at the Annual General Meeting, on 22 May 2015 to shareholders on the register at 10 April 2015.

Vesuvius' half year results for the six months ending 30 June 2015 are expected to be announced on Friday, 31 July 2015.

### For further information please contact:

#### Shareholder/analyst enquiries:

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#### About Vesuvius plc

Vesuvius is a global leader in molten metal flow engineering principally serving the steel and foundry industries.

We develop innovative and customised solutions, often used in extremely demanding industrial environments, which enable our customers to improve their manufacturing processes, enhance product quality and reduce energy consumption. These include flow control solutions, advanced refractories and other consumable products and – increasingly – related technical services including data capture.

We have a worldwide presence. We serve our customers through a network of low-cost manufacturing plants located close to their own facilities, and embed our industry experts within their operations, who are all supported by our global technology centres.

Our core competitive strengths are our market and technology leadership, strong customer relationships, well established presence in developing markets and our global reach, all of which facilitate the expansion of our addressable markets.

Our ultimate goal is to create value for our customers, and to deliver sustainable, profitable growth for our shareholders giving a superior return on their investment whilst providing each of our employees with a safe workplace where he or she is recognised, developed and properly rewarded.

#### Forward looking statements

This announcement contains certain forward looking statements which may include reference to one or more of the following: the Group's financial condition, results of operations, cash flows, dividends, financing plans, business strategies, operating efficiencies or synergies, budgets, capital and other expenditures, competitive positions, growth opportunities for existing products, plans and objectives of management and other matters.

Statements in this announcement that are not historical facts are hereby identified as "forward looking statements". Such forward looking statements, including, without limitation, those relating to the future business prospects, revenue, working capital, liquidity, capital needs, interest costs and income, in each case relating to Vesuvius, wherever they occur in this announcement, are necessarily based on assumptions reflecting the views of Vesuvius and involve a number of known and unknown risks, uncertainties and other factors that could cause actual results, performance or achievements to differ materially from those expressed or implied by the forward looking statements. Such forward looking statements should, therefore, be considered in

light of various important factors that could cause actual results to differ materially from estimates or projections contained in the forward looking statements. These include without limitation: economic and business cycles; the terms and conditions of Vesuvius' financing arrangements; foreign currency rate fluctuations; competition in Vesuvius' principal markets; acquisitions or disposals of businesses or assets; and trends in Vesuvius' principal industries.

The foregoing list of important factors is not exhaustive. When considering forward looking statements, careful consideration should be given to the foregoing factors and other uncertainties and events, as well as factors described in documents the Company files with the UK regulator from time to time including its annual reports and accounts.

You should not place undue reliance on such forward looking statements which speak only as of the date on which they are made. Except as required by the Rules of the UK Listing Authority and the London Stock Exchange and applicable law, Vesuvius undertakes no obligation to update publicly or revise any forward looking statements, whether as a result of new information, future events or otherwise. In light of these risks, uncertainties and assumptions, the forward looking events discussed in this announcement might not occur.

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