

13 May 2020

## AGM Trading Update

Vesuvius plc ("Vesuvius", the "Group"), a global leader in molten metal flow engineering and technology, releases the following update in conjunction with its Annual General Meeting being held today.

### **Safety and impact on operations of COVID-19**

Vesuvius' priority remains the health and safety of our employees and their families, along with our customers, suppliers and other stakeholders. We are complying with the instructions of governments and health authorities in the countries where we operate, and guidelines from the World Health Organization, in order to protect our employees and prevent the further spread of infection. Across the Vesuvius network, we have made changes to our processes where necessary to maintain social distancing and we continue to take all necessary actions to maintain a safe working environment including global sourcing of PPE and facilitating technology-enabled remote working.

As of 1 May we have reopened operations in South Africa, Malaysia, Argentina and India after their temporary closure due to national lockdowns. All of our plants are now operational albeit at reduced levels as we align with weaker demand and operate with re-configured layouts and processes to allow safe distancing between employees. The excess capacity across the Group positions us well for when the market returns to its long-term growth path.

### **Trading Update**

Our first quarter performance was marginally ahead of the previous quarter, reflecting the subdued market environment that has persisted since the end of 2019 and little of the COVID-19 impact. The World Steel Association reported that during the first quarter, worldwide steel production declined 1.4% year-on-year (-4.1% excluding China). During the same period, steel production in the US declined by 1%, while weak demand persisted in the EU28, where steel production declined by 10%. In Foundry, the market environment remained challenging, with most end-markets still showing year-on-year declines with the exception of South America.

In recent weeks, the measures imposed by governments to contain the COVID-19 outbreak have resulted in significant disruption to our business and the wider economy, as reflected in our April 2020 sales, which declined by 28% compared to April 2019. As highlighted in our announcement on 6 April 2020, there remains considerable uncertainty in the trading environment and as a result, we have withdrawn financial guidance for the year. We will provide an update when the outlook becomes clearer.

### **Mitigating actions announced on 6 April in our 'Statement on COVID-19'**

In response to the pandemic, we have implemented several cost reduction plans to deliver savings of around £10m per quarter during the crisis, starting in Q2, in addition to the £19.4m of recurring savings from our ongoing restructuring programme which we are targeting to deliver this year. We have also reduced our planned capital expenditures by 30% in 2020 (£20m). These plans are progressing well, and we are fully on track to deliver on our cost reduction programmes.

## Increased Liquidity

We have further boosted our liquidity, which stood at £375m at the end of March 2020, by an additional £314m through the issuance of US Private Placement (USPP) notes and accessing the Bank of England's Covid Corporate Financing Facility (CCFF) programme. The USPP issuance is intended to repay the US\$140m (£114m) notes which mature in December 2020. Our access to the CCFF programme has further reinforced our liquidity position in light of the financial uncertainty created by the pandemic.

Following repayment of the USPP notes maturing in December 2020, our covenant threshold will increase from 3.0x to 3.25x net debt/EBITDA, further widening our financial headroom. Furthermore, the Group's annualised interest expense will decline relative to the period prior to these fundraisings, predominantly as a result of the new USPP notes being at more favourable rates.

Finally, as announced on 6 April, we also took the precautionary step to preserve cash by withdrawing the payment of the 2019 final dividend of 14.3p per share (£38m).

## Financial Position

Net debt has increased marginally since December due to the impact of translating non-GBP denominated debt at a weaker GBP exchange rate and the typical first quarter increase in working capital from the year-end low point.

## Comment from Patrick André, Chief Executive:

"Our first priority in the current crisis is the health and safety of our employees, as reflected in the actions we have taken across the Group. In parallel, whilst the extent of the impact of COVID-19 on our business remains uncertain, we are confident that the measures we have taken to aggressively cut costs and preserve liquidity not only ensure that we can operate through a prolonged downturn but also emerge stronger once end markets recover."

## Conference call

Patrick André (Chief Executive) and Guy Young (Chief Financial Officer) will be hosting a conference call for analysts and investors today at 08.30 GMT.

To participate, please register at least 30 minutes prior to the start of the call <http://emea.directeventreg.com/registration/9959045>

## FUTURE EVENTS

Vesuvius' half year results for the six months ending 30 June 2020 are expected to be announced on Thursday, 30 July 2020.

### For further information, please contact:

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## About Vesuvius plc

Vesuvius is a global leader in molten metal flow engineering and technology, serving process industries operating in challenging high-temperature conditions.

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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