

18 May 2022

AGM Trading Update

Strong start to the year despite softer end markets

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

TRADING

Our sales performance in the first four months of 2022 was stronger than expected.

Positive volume growth in our Steel division was supported by market share gains, particularly in Flow Control, across all key regions. Foundry division volumes were broadly in-line with the equivalent period of 2021 as we experienced continued weakness in automotive end markets.

In parallel, our active management of selling prices has successfully offset all cost inflation to date. As a consequence of this positive volume and pricing environment, our trading profit in the first four months of 2022 increased by more than 60% on a constant currency basis relative to both the equivalent period at the start of 2021 and the last four months of 2021. Our Return-on-Sales also improved materially.

The integration of the Universal Refractories business is proceeding as planned, with performance marginally ahead of our expectations set at the time of the acquisition in December 2021.

In line with the position set out at our 2021 full year results, we have ceased trading with all sanctioned customers in Russia. We are in the process of winding down remaining contractual obligations with other customers in the country. We will review our position on this latter point at mid-year based on the evolution of the conflict and an assessment of the effectiveness of these measures.

END MARKETS

Steel production in Q1 2022 decreased by 2.2% compared to Q1 2021 in the world excluding China, which accounts for approximately 90% of our sales, as reported by the World Steel Association. This reflects a broad-based weakening across all regions, except for India, South East Asia and Mexico. EMEA was especially weak in Q1 2022 with production down 5.1%. In relation to our foundry markets, global light vehicle and heavy commercial vehicle production have decreased by 4.9% and 30.3%, respectively, compared to Q1 2021, as reported by IHS.

EXPANSION OF FLOW CONTROL CAPACITY

Our £28m investments in Flow Control, focused on expanding capacity to support growth and continuous market share gains in some of our most profitable product lines to serve the fast-growing EEMEA⁽¹⁾, Indian and South-East Asian markets, are on-track and expected to be operational from late 2022.

WORKING CAPITAL

As indicated at the announcement of our 2021 full year results, we have continued to see working capital growth in early 2022 due to higher business activity and our decision during 2021 to build-up raw material inventory to counteract the risk of supply chain disruption and ensure customer deliveries. A reduction of working capital is contingent on an improved supply chain, which is not expected until late in 2022 or early 2023.

FINANCIAL POSITION

Our balance sheet remains strong and as a result of the robust performance in the first four months of the year we expect leverage at the half-year to remain largely unchanged versus year-end 2021, despite the impact on net debt from increased working capital. We expect leverage to decline in the second half of the year.

FOREIGN EXCHANGE

The implied impact on our expected 2022 results of average Q1 2022 exchange rates, when compared to average 2021 FX rates, is a tailwind of 1.5% on our expected 2022 Trading Profit.

OUTLOOK

The global macro-economic outlook has weakened since the start of the year due to geo-political uncertainty, Covid-related restrictions in China and the prospect of increasing interest rates to combat inflation. The latest World Steel Association forecasts for steel production growth in the world excluding China have been lowered to 0.7% from 4.7%. A similar downward revision has been made by IHS to automotive and heavy vehicle production forecasts which have been lowered to +4.4% and -8.4% from 9.0% and -4.8%, respectively.

However, despite this weakening economic environment, our expectations for the Group performance for the full year remain unchanged given the strong start to the year and our proven ability to actively manage cost pass through with pricing.

(1) Eastern Europe, Middle-East and Africa.

CONFERENCE CALL

Patrick André (Chief Executive) and Guy Young (Chief Financial Officer) will be hosting a conference call for analysts and investors at 09:00 (UK time) today (18 May).

To participate, please register at least 30 minutes prior to the start of the call by logging on to: <https://cossprereg.btc.com/prereg/key.process?key=PTWJR8PAN>

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

Replay:

UK Freephone: 0800 032 9687

UK Direct: 0207 136 9233

Replay Global Access URL:

<http://www.conferencingsupport.com/globalaccess/?bid=00&itfn=1&ddi=1&ref>

Passcode: 46400226

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About Vesuvius plc

Vesuvius is a global leader in molten metal flow engineering and technology principally 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 make their manufacturing processes safer, more efficient and more sustainable. 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 cost-efficient 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 they are recognised, developed and properly rewarded.

We think beyond today to create solutions that will shape the future for everyone.

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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