VESUVIUS PLC

1 August 2024

Half Year Results for the six months ended 30 June 2024

Resilient results in line with expectations, despite subdued market conditions

Vesuvius plc, a global leader in molten metal flow engineering and technology, announces its unaudited results for the six months ended 30 June 2024.

Financial summary	**H1 2024 (£m)**	H1 2023 (£m)	Underlying change [1]	Year-on-year change
Headline (non-statutory)				
Revenue	**936.5**	995.3	(2.0%)	(5.9%)
Trading Profit [2] (adjusted EBITA)	**97.2**	104.9	(0.9%)	(7.4%)
Return on Sales [2]	**10.4%**	10.5%	+10bps	(20 bps)
Headline basic EPS [2] (pence)	**21.8**	24.5	(2.9%)	(11.2%)
Free cash-flow [2]	**17.8**	42.1	NA	(57.7%)
Net Debt / EBITDA [2]	**1.2x**	1.0x	NA	+0.2x
Statutory				
Operating Profit	**84.1**	99.7	(9.4%)	(15.6%)
Profit Before Tax	**76.7**	94.7	(11.3%)	(19.0%)
Statutory basic EPS (pence)	**18.1**	23.2	(14.2%)	(22.0%)
Cash generated from operations	**94.0**	106.8	NA	(12.0%)
Dividend (pence per share)	**7.1**	6.8	NA	4.4%

[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 15 in the Condensed Group Financial Statements.
NB. The above table and other tables in this results statement contains amounts and percentages derived from source data which was then rounded. The margins and percentage change figures are based on source data, not the rounded figures.

Highlights

- End markets weaker than anticipated, in particular Foundry
- Good performance of the Steel Division despite weak markets
  - Positive net pricing performance overall
  - Flow Control continues to gain market share
  - Advanced Refractories achieved market share gains in Asia, with 17% of sales now from India
  - Return on Sales increased to 11.2%
- Lower performance of the Foundry division despite progress in strategic initiatives
  - Positive net pricing overall
  - Market share gains in all major regions
  - Significantly lower volumes reduced Return on Sales to 8.2%
- Good progress in the implementation of our cost reduction programme; in-year savings estimate increasing to £6m, 2024 exit rate confirmed at £10-15m and projects fully identified to support our £30m target in 2026
- Working capital intensity has improved in H1 reducing to 23.2% vs. 24.1%
- Capacity expansion programme on track and will be largely complete by the end of the year

- Continued progress in R&D efficiency with Group new product sales ratio up to 17.9% with Flow Control now exceeding 20%
- Continued progress towards our CO_2e intensity reduction targets with the inauguration of our first entirely carbon neutral manufacturing plant for Flow Control and Advanced Refractories products in Brazil
- Strong Safety performance in H1 with a record low level of accidents confirming the structural improvements achieved in our operations
- Interim dividend per share of 7.1p, +4.4% reflecting confidence in the business

Comment from Patrick André, CEO:

"Our end markets remained subdued during the first half with, in particular, significant weakness in Foundry. Despite these unfavourable market conditions, the Steel Division achieved a good performance, demonstrating the strength of its business model with continued market share gains in Flow Control and positive net pricing performance overall. In the Foundry Division however, good performances in market share gains, pricing management and cost reductions could not offset the negative impact of volume reduction due to market conditions.

We no longer expect a significant improvement in our end markets in the second half, with most external forecasts predicting end market recovery being postponed to 2025. Accordingly, we now expect our full year headline trading profit for the year to be only slightly ahead of last year on a constant currency basis(*).

Beyond 2024, we remain confident in the growth potential of our steel and foundry markets and remain very well positioned to benefit from the recovery in these markets once it materialises. Irrespective of the timing of market recovery, we continue to anticipate progress in our results supported by the growing benefits of our cost reduction programme, our continued investment in innovation and our capacity investments in India. For these reasons, we remain confident in the achievement of our 2026 objectives as communicated during our Capital Market Day last November."

(*) FY23 trading profit was £200m reported and is £192m retranslated at H1 2024 FX rates.

Presentation of Half Year 2024 Results

Vesuvius management will make a presentation to analysts and investors on 1 August 2024 at 09:00 UK time at the London Stock Exchange, 10 Paternoster Square, London EC4M 7LS. For those unable to attend, the event will be livestreamed and can be accessed by clicking here. Participants can also join via an audio conference call. Please click here to register. Once registered, you will be provided with the information needed to join the conference, including dial-in numbers and passcodes. Be sure to save this information in your calendar.

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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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Vesuvius plc

Half Year Results for the six months ended 30 June 2024

Resilient results in line with expectations, despite subdued market conditions

£m	**H1 2024 Reported**	H1 2023 Reported	Currency	H1 2023 Underlying	H2 2023 Underlying	% Change H1 '24 vs. H1 '23	
						Underlying	Reported
Revenue	**936.5**	995.3	(40.1)	955.2	923.0	(2.0%)	(5.9%)
Trading Profit	**97.2**	104.9	(6.8)	98.1	94.1	(0.9%)	(7.4%)
Return on Sales	**10.4%**	10.5%	-	10.3%	10.2%	+10bps	(20bps)

End markets remained weak

As anticipated, Steel markets remained weak in H1. Steel production in the world excluding China, Iran, Russia and Ukraine, which accounts for approximately 90% of Vesuvius' Steel Division sales, marginally improved by 1.4% in H1 2024 compared with the prior period.

Steel market production varied by region. India was the stand-out growth region, up 7.4% on the comparative half-year period. South-East Asia also showed consistent growth in the half-year period, up 12.2% vs. prior year. North America and North Asia showed declines of -3.3% and -3.8% vs H1 2023, respectively. In EMEA, EU27+UK remained broadly flat, while EEMEA excluding Russia, Iran and Ukraine grew +8.4% in H1 vs prior year, although Turkish volume growth was measured against a depressed Q1 2023 due to the earthquake there. (Source: World Steel Association)

Foundry end markets remained challenging and worse than anticipated in all regions except India. The EU+UK, North America, and North Asia markets, which together account for approximately 60% of Foundry sales, showed significant weakness. The automotive end market, which until now had shown better resilience than other Foundry end markets also weakened during the first half.

Group trading performance

Market share gains in both the Steel and Foundry divisions

In this weak market environment, the business performed well, with the Group generating revenue of £936.5m, a decrease of 2.0% on an underlying basis compared to H1 2023 and 5.9% on a reported basis. The Steel Division performed particularly well, with Flow Control gaining market share overall and in all major regions except the EU+UK where we continue to manage our exposure carefully to certain customers assessed to be a credit risk. In Advanced Refractories, our market share has increased in Asia with a particularly strong performance in India and China. In Foundry, we gained market share in most regions, but this was not sufficient to offset the very negative market impact on volumes.

Positive pricing performance in both divisions

We achieved a positive contribution from net pricing in both the Steel and Foundry Divisions, reflecting the value-added by our technologically differentiated products and the clear value proposition that these provide to our customers. This continues the same trend seen in 2022 and 2023, which sits alongside ongoing market share gains.

Implementation of our cost savings programme fully on track

The programme to deliver £30m annual cost savings in FY26, announced at our Capital Markets Day in November 2023, continues at pace, and we are on track to deliver an initial £6m in 2024, and to achieve a run-rate of £10m – 15m by the end of this financial year. We remain confident of delivering the target of £30m annualised saving by 2026.

Resilient results

As a result of these good performances in market share gains, pricing and cost reductions, our trading profit (adjusted EBITA) in H1 2024 was in line with our expectations despite the unfavourable market conditions. Our trading profit, at £97.2m, shows a reduction of 0.9% on an underlying basis as compared with H1 2023 and a reduction of 7.4% on a reported basis. The Group delivered a Return on Sales of 10.4%, up 10bps on an underlying basis and within this, the Steel division increased its RoS to 11.2% while the Foundry RoS fell to 8.2%.

Further improvement in our health and safety performance

The protection of the health and safety of our employees and contractors remains our first priority and we have an overall objective of zero accidents. In the half-year, we achieved a Lost Time Injury Frequency Rate (LTIFR) per million hours worked of 0.64, a further reduction compared to 0.72 in H1 2023, itself a significant reduction versus our historic performance.

Efficient R&D drives technological differentiation and value to customers

Our focused and efficient R&D is key to maintaining technological differentiation. This is critical to our value-add proposition to customers and to growing market share and margin. We launched 18 new products in the period and delivered a new product sales ratio (defined as the percentage of sales derived from products launched in the previous 5 years) of 17.9%. This is a further improvement compared to 17.6% delivered in FY 2023 and has been driven in particular by Flow Control, which is now deriving over 20% of its sales from new products.

In addition, the interest of our customer base in our robotics offering is accelerating, with 6 projects agreed in the past 6 months vs. 7 in FY 23. These installations add significant value to customers by improving the quality of their steel output, the efficiency of their operations, and the safety of their employees.

Capital investment projects continue at pace, to support growth

2024 is the final year of the growth capex programme which was initiated in 2021. In the coming years, this investment will support our long-term growth in the fastest growing regions of the world, especially in India South-East Asia and Middle East Africa.

Our strategic expansion in Flow Control is progressing well. In addition to the VISO capacity in Kolkata (India) and in Skawina (Poland) completed in 2023, the slide gate capacity increase in Skawina (Poland)

and the mould flux site in Vizag (India) will be fully operational in the second half of the year. The new Advanced Refractories AlSi monolithics and basic monolithics lines in Vizag will also be operational in the second half.

Capex, excluding leases, in FY24 is expected to be c. £100 - 120m (>1.6x depreciation) of which approximately half is allocated to growth projects and customer installations, the latter driving the use of our refractories.

Cost saving programme on track

We incurred costs of £8.0 million in H1 relating to the cost-saving programme, which are non-recurring and therefore a separately reported item. The majority relate to redundancy costs; we took the decision to close our last plant in the UK, a Foundry site. The expected total cash cost of the cost-saving programme remains at £40m, with the total one-off cash costs relating to the programme in 2024 expected to be between £8m and £10m.

Robust cashflow

Working capital intensity continues to improve, with the 12-month average trade working capital to sales ratio to 30 June 2024 at 23.2%, down 20bps from 31 December 2023 and down 90bps from 30 June 2023. The improvement was particularly driven by focused debtor and inventory management in our Advanced Refractories business unit. In H1, there was a cash outflow in respect of trade working capital of £34.2m (H1 2023: £31.3m), reflecting business seasonality.

The Group generated adjusted operating cashflow of £47.9m, representing cash conversion of 49%. We continued to have elevated levels of capital expenditure in the period (H1 2024: £50.5m vs. H1 2023: £41.9m), from our ongoing investment expenditure in growth projects. This investment for the growth programme is expected to complete in 2024, at which point capex will reduce.

Free cashflow of £17.8m (H1 2023: £42.1m) reflects the additional capital investment in the period, as described above.

The share buyback of up to £50m, which began in December 2023, has continued steadily and £33.1m of the programme was completed by 30 June 2024 (of which £30.2m fell in H1 2024). £16.9m remains to be executed before December 2024.

As at 30 June 2023, net debt stood at £315.2m (31 December 2023: £237.5m) and net debt / EBITDA at 1.2x (31 December 2023: 0.9x), reflecting the reduced free cashflow, the cash outflow from the share buy-back, and the H1 payment of the full year dividend.

Interim Dividend

The Board has declared an interim dividend of 7.1 pence per share, which is a 4.4% increase on the interim dividend for 2023 of 6.8 pence per share.

The interim dividend will be paid on 13 September 2024 to shareholders on the register at the close of business on 9 August 2024. The ex-dividend date will be 8 August 2024. Any shareholder wishing to participate in the Vesuvius Dividend Reinvestment Plan (DRIP) needs to have submitted their election to do so by 23 August 2024. The DRIP is provided by Equiniti Financial Services Limited and enables the Company's shareholders to elect to have their cash dividend payments used to purchase the Company's shares. More information can be found at www.shareview.co.uk/info/drip

Current trading and outlook

Our end markets remained subdued during the first half, with in particular significant weakness in Foundry. Despite these unfavourable market conditions, the Steel Division achieved a good performance, demonstrating the strength of its business model with continued market share gains in Flow Control and positive net pricing performance overall. In the Foundry Division however, good performances in market share gains, pricing management and cost reductions could not offset the negative impact of volume reduction due to market conditions.

We no longer expect a significant improvement in our end markets in the second half, with most external forecasts predicting end market recovery being postponed to 2025. Accordingly, we now expect our full year headline trading profit for the year to be only slightly ahead of last year on a constant currency basis.

Beyond 2024, we remain confident in the growth potential of our steel and foundry markets and remain very well positioned to benefit from the recovery in these markets once it materialises. Irrespective of the timing of market recovery, we continue to anticipate progress in our results supported by the growing benefits of our cost reduction programme, our continued investment in innovation and our capacity investments in India. For these reasons, we remain confident in the achievement of our 2026 objectives as communicated during our Capital Market Day last November.

Operating and Financial Review

Operating review

Vesuvius comprises two Divisions, Steel and Foundry. The Steel Division operates as three business units, Flow Control, Advanced Refractories and Sensors & Probes. Changes described are versus H1 2023 on an underlying basis, excluding the impact of FX, unless otherwise noted. There were no acquisitions or disposals in 2023 or H1 2024 and hence no such adjustments were required.

See Note 15.1 to the Group Financial Statements for the definition of headline performance and Note 15.2 to the Group Financial Statements for the definition of underlying performance.

Steel Division

Steel Division	**H1 2024 (£m)**	H1 2023 (£m) reported	H1 2023 (£m) underlying	Change % underlying
Flow Control Revenue	**393.7**	401.8	383.6	2.6%
Advanced Refractories Revenue	**270.3**	289.6	279.3	(3.2%)
Steel Sensors & Probes Revenue	**21.7**	20.1	19.6	10.9%
Total Steel Revenue	**685.7**	711.5	682.5	0.5%
Steel Trading profit	**76.5**	74.8	69.7	9.7%
Steel RoS	**11.2%**	10.5%	10.2%	+100bps

Steel revenue grew modestly reflecting volume growth of c. 1% partially offset by declines in pricing, reflecting reductions in raw material prices. Revenue growth in the Steel Division was principally driven by Flow Control, which gained market share, with a contribution from Sensors and Probes, which improved profitability. Revenue in Advanced Refractories fell, reflecting the pass-back of reduced raw material costs.

Trading profit in Steel grew 9.7% principally reflecting positive net pricing and cost savings. As a result, Return on Sales for the Steel Division increased 100bps to 11.2%

Flow Control

Flow Control Revenue	**H1 2024 (£m)**	H1 2023 (£m) reported	H1 2023 (£m) underlying	Change % underlying
Americas	**157.6**	163.0	154.7	*1.9%*
Europe, Middle East & Africa (EMEA)	**123.7**	126.8	122.7	*0.8%*
Asia-Pacific	**112.4**	112.1	106.1	*5.9%*
Total Flow Control Revenue	**393.7**	401.8	383.6	*2.6%*

Flow Control grew revenue and gained market share in all major regions apart from the EU+UK. In North America, the market contracted by 3.3% in the period, while our sales volumes contracted by a smaller amount, and in South America the market contracted modestly while Vesuvius grew volume.

In EMEA, we outperformed the market in the fast-growing EEMEA area (EMEA excluding EU+UK, Russia, Iran and Ukraine) but underperformed the market in EU+UK where we selectively chose to reduce our presence with-customers with a high credit risk.

In Asia-Pacific we out-performed in the major markets of India and China. In India, the market grew +7.4%, which we materially exceeded. In China, we grew volumes by mid-single-digit despite the market contracting, reflecting our focus on higher-quality steel production. (Market data source: World Steel Association)

Advanced Refractories

Advanced Refractories Revenue	**H1 2024 (£m)**	H1 2023 (£m) reported	H1 2023 (£m) underlying	Change % underlying
Americas	**98.5**	113.7	109.7	(10.2%)
Europe, Middle East & Africa (EMEA)	**83.5**	94.4	92.5	(9.7%)
Asia-Pacific	**88.3**	81.5	77.1	14.4%
Total Advanced Refractories Revenue	**270.3**	289.6	279.3	(3.2%)

In Advanced Refractories our market share was positive in Asia, both in India and China, and in EEMEA, which was offset by a slight market share decline in North America and EU+UK.

Sensors & Probes

Sensors & Probes Revenue	**H1 2024 (£m)**	H1 2023 (£m) reported	H1 2023 (£m) underlying	Change % underlying
Americas	15.3	13.9	13.5	*13.4%*
Europe, Middle East & Africa (EMEA)	6.1	5.9	5.8	*6.7%*
Asia-Pacific	0.2	0.3	0.3	*(20.5%)*
Total Sensors & Probes Revenue	**21.7**	**20.1**	**19.6**	***10.9%***

Sensors and Probes has had a strong H1 trading period with high revenue growth reflecting a number of new projects-in the Americas and the EMEA region.

Foundry Division

Foundry Division	**H1 2024 (£m)**	H1 2023 (£m) reported	H1 2023 (£m) underlying	Change % underlying
Americas	**63.7**	73.0	71.1	(10.3%)
Europe, Middle East & Africa (EMEA)	**101.6**	120.5	117.7	(13.7%)
Asia-Pacific	**85.5**	90.3	84.0	1.8%
Total Foundry Revenue	**250.8**	283.8	272.8	(8.0%)
Foundry Trading Profit	**20.7**	30.1	28.4	(27.1%)
Foundry Return on Sales	**8.2%**	10.6%	*10.4%*	-220bps

Foundry end markets were negative in all major regions with the exception of India. Consistent with third party data, we estimate there were double-digit percentage market declines in EMEA and North America, our largest regions. North Asia, another key region for us, also saw significant market declines, with a drop in ferrous castings of 8.4% in the period. The light vehicle end market, which up until now had been more resilient than the other Foundry end markets, also showed signs of weakness in all regions.

As a consequence of these negative market conditions and despite market share gains in all regions, Foundry revenue fell 8.0% as compared with H1 2023.

Positive performance in net pricing and cost reduction efforts could not compensate for the large negative volume impact and the Division's trading profit fell 27.1% versus H1 2023 and Return on Sales reduced to 8.2%.

Financial Review
H1 2024 performance overview

Income statement

Group revenue of £936.5m is down 5.9% on a reported basis (H1 2023: £995.3m) and trading profit fell 7.4% on a reported basis to £97.2m (H1 2023: £104.9m), as set out in the operating review above.

Operating profit decreased 15.6% on a reported basis to £84.1m (H1 2023: £99.7m), reflecting the changes in trading profit described above, net of amortisation of acquired intangible assets of £5.1m (H1 2023: £5.2m) and cost-reduction programme expenses, treated as a separately reported item, of £8.0m (H1 2023: £nil). In H1 2023, we spent £19.7m on R&D activities (H1 2023: £18.0m), which represents 2.1% of our revenue (H1 2023: 1.8%).

Headline PBT was £89.8m (H1 2023: £99.9m), a reduction of 10.1% on a reported basis, reflecting the reduction in operating profit and an increase in net finance cost. The net finance cost of £8.0m vs. £5.5m in H1 2023 increased principally due to a reduction in finance income, reflecting a drop in finance income from deposits held in Argentina, due both to lower rates this financial period and a lower cash balance in that country.

PBT including amortisation of acquired intangibles was £76.7m (H1 2023: £94.7m), 19.0% lower on a reported basis.

Headline EPS from continuing operations fell 11.0% to 21.8p (H1 2023: 24.5p) on a reported basis, reflecting the lower trading profit described above and the increase in the non-controlling interest from £6.6m in H1 2023 to £7.6m in H1 2024, which principally relates to our growing business in India. This was partially offset by a reduction in our average number of shares in issue from 269.1m to 264.7m, due to the ongoing £50m share buy-back.

Taxation

The Group's effective tax rate is the income tax associated with headline performance of H1 2024: £24.5m, (H1 2023: £27.3m), divided by the headline profit before tax and before the Group's share of post-tax profit of joint ventures. The Group's headline effective tax rate was 27.5% in H1 2024 as previously guided (H1 23: 27.5%). We expect the Group's effective tax rate to be 27.5% for the full year 2024.

Cash flow

The Group generated adjusted operating cash flows of £47.9m, representing a 32% decrease versus H1 2023 (£70.7m). This implies a cash conversion rate in H1 2024 of 49% (H1 23: 67%). H1 2024 cash conversion reflected continued planned higher levels of investment in capex of £50.5m (H1 23: £41.9m). Free cash flow was £17.8m in H1 2024 (H1 23: £42.1m).

Working capital

Trade working capital, measured as a percentage of sales on a 12-month moving average basis, has shown progressive improvement, at 23.2% as at 30 June 2024 (30 June 2023: 24.1%; 31 Dec 2023 23.4%). On a 3-month moving average basis, this ratio has fallen from 23.5% at 31 December 2023 to 22.4% at 30 June 2024 reflecting the progress made in the half-year.

In absolute terms, on a constant currency basis, trade working capital increased by £29.4m in H1 2024 to £439.1m compared to the balance as at 31 December 2023. The increase was due to a rise in inventory (+£23.2m) and debtors (+£21.4m), partially offset by an increase in creditors (+£15.2m).

Capital expenditure

Cash capital expenditure in H1 2024 was £50.5m (H1 2023: £41.9m). After also taking into account additional fixed assets resulting from capitalised leases and the net repayment of capital expenditure creditors, total capital expenditure additions were £47.9m (H1 2023: £45.2m), of which £39.2m (H1 2023: 33.5m) related to the Steel Division and £8.7m (H1 2023: £11.7m) related to the Foundry Division.

Balance sheet

Financial position

At 30 June 2024, Net Debt was £315.2m, (31 December 2023: £237.5m), as free cash flow of £17.8m was offset by dividend payments (£44.2m), the share buyback (£30.2m), purchases for the ESOP (£17.1m), additional right-of-use assets (£7.6m) and other factors including FX (£3.6m).

The net debt to EBITDA ratio increased slightly to 1.2x versus 31 December 2023 (0.9x), principally reflecting the increase in net debt, and to a lesser extent, the fall in EBITDA. EBITDA to interest was 23.2x (31 December 2023: 31.5x). The Group had committed borrowing facilities of £672.6m as at 30th

June 2024 (31 December 2023: £685.8m), of which £222.7m was undrawn (31 December 2023: £333.4m). Liquidity stood at £402.7m on 30 June 2024 (31 December 2023: £487.6m), defined as undrawn committed debt facilities plus our cash on balance sheet, less cash used as collateral against loans.

The Group's debt facilities have two financial covenants: the ratios of net debt to EBITDA (maximum 3.25x limit) and EBITDA to interest (minimum 4x limit). Certain adjustments are made to the net debt calculations for bank covenant purposes, the most significant of which is to exclude the impact of IFRS 16.

Return on Invested Capital

ROIC is calculated as trading profit less amortisation of acquired intangibles plus share of post-tax profit of joint ventures and associates for the previous 12 months after tax, divided by the average (being the average of the opening and closing balance sheet) invested capital (defined as: total assets excluding cash plus non-interest-bearing liabilities), at the average foreign exchange rate for the year. In the period, ROIC was 8.4%, down from 8.9% at 31 December 2023, principally reflecting the reduction in rolling 12-month trading profit.

Pensions

The Group has a limited number of historical defined benefit plans located mainly in the UK, USA, Germany and Belgium. The main plans in the UK and USA are closed to further benefits accrual. In the funded UK plan, an insurance asset from PIC matches the remaining pension liabilities of the UK Plan, with the result that the Company no longer bears any investment, longevity, interest rate or inflation risks in respect of this UK Plan. The Group's net pension liability on 30 June 2024 was £38.5m (2023 full year: £46.3m). There is no one driver for the reduction in liability as movements in all plans remained relatively flat.

Principal Risks and Uncertainties

The Board exercises oversight of the Group's Principal Risks and reviews the way in which the Group manages those risks. The Board takes overall responsibility for establishing and maintaining a system of risk management and internal control and for reviewing its effectiveness.

The Board has reviewed the Principal Risks and Uncertainties facing the Group and consider that these remain unchanged compared with those published in the Annual Report for the year ended 31 December 2023.

The Principal Risks which could have a material impact on the Group's performance for the remainder of the financial year are as follows:
- End-market risks
- Protectionism and globalisation
- Product quality failure
- Complex and changing regulatory environment
- Failure to secure innovation
- Business interruption
- People, culture and performance
- Health and safety
- Environmental, Social and Governance criteria

Further information on these Principal Risks and the way in which the Group manages them is detailed on pages 72-78 of the 2023 Annual Report.

Risk update

Whilst there are no changes to the Principal Risks and Uncertainties facing the Group, it is noted that current geo-political risk remains elevated and the threat from cyber security attacks continues to evolve. Each of these risks has the potential to impact the Principal Risks facing the Group; specifically End-market risks, Protectionism and globalisation, Complex and changing regulatory environment and the risk of Business interruption.

Half Year Results for the six months ended 30 June 2024
Directors' responsibility statement

The Directors confirm that these condensed interim financial statements have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and that the interim management report includes a fair review of the information required by DTR 4.2.7 and DTR 4.2.8, namely:

1) an indication of important events that have occurred during the first six months and their impact on the condensed set of financial statements, and a description of the principal risks and uncertainties for the remaining six months of the financial year; and
2) material related-party transactions in the first six months and any material changes in the related-party transactions described in the last annual report.

The names and functions of the Directors of Vesuvius plc are as follows:

Carl-Peter Forster	Chairman
Patrick André	Chief Executive
Mark Collis	Chief Financial Officer
Eva Lindqvist	Independent Non-executive Director and Senior Independent Director
Kath Durrant	Independent Non-executive Director and Chair of the Remuneration Committee
Robert MacLeod	Independent Non-executive Director and Chair of the Audit Committee
Carla Bailo	Independent Non-executive Director
Italia Boninelli	Independent Non-executive Director
Dinggui Gao	Independent Non-executive Director
Friederike Helfer	Non-executive Director

On behalf of the Board

Mark Collis
Chief Financial Officer
31 July 2024

Independent review report to Vesuvius plc
Report on the condensed consolidated interim financial statements

Our conclusion

We have reviewed Vesuvius plc's condensed consolidated interim financial statements (the "interim financial statements") in the Half Year Results of Vesuvius plc for the 6 month period ended 30 June 2024 (the "period").

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

The interim financial statements comprise:

- the Condensed Group Balance Sheet as at 30 June 2024;
- the Condensed Group Income Statement and Condensed Group Statement of Comprehensive Income for the period then ended;
- the Condensed Group Statement of Cash Flows for the period then ended;
- the Condensed Group Statement of Changes in Equity for the period then ended; and
- the explanatory notes to the interim financial statements.

The interim financial statements included in the Half Year Results of Vesuvius plc have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

Basis for conclusion

We conducted our review in accordance with International Standard on Review Engagements (UK) 2410, 'Review of Interim Financial Information Performed by the Independent Auditor of the Entity' issued by the Financial Reporting Council for use in the United Kingdom ("ISRE (UK) 2410"). A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK) and, consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

We have read the other information contained in the Half Year Results and considered whether it contains any apparent misstatements or material inconsistencies with the information in the interim financial statements.

Conclusions relating to going concern

Based on our review procedures, which are less extensive than those performed in an audit as described in the Basis for conclusion section of this report, nothing has come to our attention to suggest that the directors have inappropriately adopted the going concern basis of accounting or that the directors have identified material uncertainties relating to going concern that are not appropriately disclosed. This conclusion is based on the review procedures performed in accordance with ISRE (UK) 2410. However, future events or conditions may cause the group to cease to continue as a going concern.

Responsibilities for the interim financial statements and the review

Our responsibilities and those of the directors

The Half Year Results, including the interim financial statements, is the responsibility of, and has been approved by the directors. The directors are responsible for preparing the Half Year Results in accordance with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority. In preparing the Half Year Results, including the interim financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Our responsibility is to express a conclusion on the interim financial statements in the Half Year Results based on our review. Our conclusion, including our Conclusions relating to going concern, is based on procedures that are less extensive than audit procedures, as described in the Basis for conclusion paragraph of this report. This report, including the conclusion, has been prepared for and only for the company for the purpose of complying with the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority and for no other purpose. We do not, in giving this conclusion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

PricewaterhouseCoopers LLP
Chartered Accountants
London
31 July 2024

VESUVIUS PLC

Condensed Group Income Statement

For the six months ended 30 June 2024

		Half year 2024 (Unaudited)			Half year 2023 (Unaudited)			Full year 2023		
	Notes	**Headline performance[1] £m**	**Separately reported items[1] £m**	**Total £m**	Headline performance[1] £m	Separately reported items[1] £m	Total £m	Headline performance[1] £m	Separately reported items[1] £m	Total £m
Revenue	2	**936.5**	**-**	**936.5**	995.3	-	995.3	1,929.8	-	1,929.8
Manufacturing costs		**(666.9)**	**-**	**(666.9)**	(712.7)	-	(712.7)	(1,391.9)	-	(1,391.9)
Administration, selling & distribution costs		**(172.4)**	**-**	**(172.4)**	(177.7)	-	(177.7)	(337.5)	-	(337.5)
Trading profit[2]	2	**97.2**	**-**	**97.2**	104.9	-	104.9	200.4	-	200.4
Cost reduction programme expenses	3	**-**	**(8.0)**	**(8.0)**	-	-	-	-	-	-
Amortisation of acquired intangible assets		**-**	**(5.1)**	**(5.1)**	-	(5.2)	(5.2)	-	(10.3)	(10.3)
Operating profit/(loss)	2	**97.2**	**(13.1)**	**84.1**	104.9	(5.2)	99.7	200.4	(10.3)	190.1
Finance expense		**(13.3)**	**-**	**(13.3)**	(12.7)	-	(12.7)	(28.2)	-	(28.2)
Finance income		**5.3**	**-**	**5.3**	7.2	-	7.2	16.6	-	16.6
Net finance costs	4	**(8.0)**	**-**	**(8.0)**	(5.5)	-	(5.5)	(11.6)	-	(11.6)
Share of post-tax profit of joint ventures and associates		**0.6**	**-**	**0.6**	0.5	-	0.5	0.9	-	0.9
Profit/(loss) before tax	2	**89.8**	**(13.1)**	**76.7**	99.9	(5.2)	94.7	189.7	(10.3)	179.4
Income tax (charge)/credits	5	**(24.5)**	**3.2**	**(21.3)**	(27.3)	1.5	(25.8)	(51.9)	3.1	(48.8)
Profit/(loss)		**65.3**	**(9.9)**	**55.4**	72.6	(3.7)	68.9	137.8	(7.2)	130.6
Profit/(loss) attributable to:										
Owners of the parent		**57.7**	**(9.9)**	**47.8**	66.0	(3.7)	62.3	125.7	(7.2)	118.5
Non-controlling interests		**7.6**	**-**	**7.6**	6.6	-	6.6	12.1	-	12.1
Profit/(loss)		**65.3**	**(9.9)**	**55.4**	72.6	(3.7)	68.9	137.8	(7.2)	130.6
Earnings per share — pence	6									
Total operations — basic		**21.8[1]**		**18.1**	24.5[1]		23.2	46.7 [1]		44.0
— diluted		**21.6[1]**		**17.9**	24.3[1]		23.0	46.2 [1]		43.6

(1) *Headline performance and separately reported items are non-GAAP measures. Headline performance is defined in Note 15.1 and separately reported items are defined in Note 1.5.*

(2) *Trading profit is a non-GAAP measure and is defined in Note 15.4.*

The above results were derived from continuing operations. Manufacturing costs are costs of goods sold. The pre-tax separately reported items would form part of Administration, selling & distribution costs if classified within headline performance, which including these amounts would total £185.5m (2023 half year: £182.9m, 2023 full year: £347.8m).

Condensed Group Statement of Comprehensive Income

For the six months ended 30 June 2024

	Notes	**Unaudited Half year 2024 £m**	Unaudited Half year 2023 £m	Full year 2023 £m
Profit		**55.4**	68.9	130.6
Items that will not subsequently be reclassified to income statement:				
Remeasurement of defined benefit assets/liabilities		**7.0**	3.8	8.4
Income tax relating to items not reclassified	5	**(2.5)**	(1.1)	(2.0)
Items that may subsequently be reclassified to income statement:				
Exchange differences on translation of the net assets of foreign Operations		**(31.9)**	(82.6)	(84.3)
Exchange differences arising on translation of net investment hedges		**6.0**	10.4	7.9
Net change in costs of hedging		**0.1**	(1.2)	0.4
Change in the fair value of the hedging instrument		**0.6**	(2.0)	(4.2)
Amounts reclassified from Net finance costs		**(0.5)**	3.4	3.5
Other comprehensive (loss)/ income, net of income tax		**(21.2)**	(69.3)	(70.3)
Total comprehensive income/(loss)		**34.2**	(0.4)	60.3
Total comprehensive income attributable to:				
Owners of the parent		**26.7**	(4.5)	51.7
Non-controlling interests		**7.5**	4.1	8.6
Total comprehensive income/(loss)		**34.2**	(0.4)	60.3

The above results were derived from continuing operations.

Condensed Group Statement of Cash Flows

For the six months ended 30 June 2024

	Notes	**Unaudited Half year 2024 £m**	Unaudited Half year 2023 £m	Full year 2023 £m
Cash flows from operating activities				
Cash generated from operations	9	**94.0**	106.8	272.0
Interest paid		**(8.9)**	(8.4)	(16.8)
Interest received		**4.4**	6.0	14.1
Income taxes paid		**(20.3)**	(23.2)	(52.8)
Net cash inflow from operating activities		**69.2**	81.2	216.5
Cash flows from investing activities				
Capital expenditure		**(50.5)**	(41.9)	(92.6)
Proceeds from the sale of property, plant and equipment		**0.6**	4.2	5.4
Acquisition of subsidiaries and joint ventures, net of cash acquired		**-**	-	-
Dividends received from joint ventures		**-**	-	1.0
Net cash outflow from investing activities		**(49.9)**	(37.7)	(86.2)
Net cash inflow before financing activities		**19.3**	43.5	130.3
Cash flows from financing activities				
Proceeds from borrowings	8	**111.7**	16.0	-
Repayment of borrowings	8	**(10.0)**	(2.3)	(37.1)
Payment of lease liabilities		**(8.4)**	(8.5)	(24.2)
Purchase of ESOP Shares		**(17.1)**	(1.1)	(1.1)
Share buyback		**(30.2)**	-	(3.1)
Dividends paid to equity shareholders	7	**(42.7)**	(42.4)	(60.7)
Dividends paid to non-controlling shareholders		**(1.5)**	(1.4)	(2.1)
Net cash inflow / (outflow) from financing activities		**1.8**	(39.7)	(128.3)
Net increase in cash and cash equivalents	8	**21.1**	3.8	2.0
Cash and cash equivalents at 1 January		**160.8**	179.8	179.8
Effect of exchange rate fluctuations on cash and cash equivalents		**(3.2)**	(13.3)	(21.0)
Cash and cash equivalents at the end of the reporting period	8	**178.7**	170.3	160.8

Free cash flow	15.11			
Net cash inflow from operating activities		**69.2**	81.2	216.5
Capital expenditure		**(50.5)**	(41.9)	(92.6)
Proceeds from the sale of property, plant and equipment		**0.6**	4.2	5.4
Dividends received from joint ventures		**-**	-	1.0
Dividends paid to non-controlling shareholders		**(1.5)**	(1.4)	(2.1)
Free cash flow[1]	15.11	**17.8**	42.1	128.2

(1) *For definitions of alternative performance measures, refer to Note 15*

Condensed Group Balance Sheet

As at 30 June 2024

	Notes	**Unaudited Half year 2024 £m**	Unaudited Half year 2023 £m	Full year 2023 £m
Assets				
Property, plant and equipment		**464.1**	414.1	460.8
Intangible assets		**692.6**	703.3	706.0
Employee benefits – surpluses	10	**35.5**	28.3	34.6
Interests in joint ventures and associates		**11.2**	12.3	11.3
Investments		**0.7**	0.7	0.3
Deferred tax assets		**112.4**	112.3	114.6
Other receivables		**27.9**	32.4	26.8
Derivative financial instruments	14	**0.6**	1.2	0.6
Total non-current assets		**1,345.0**	1,304.6	1,355.0
Cash and short-term deposits	8	**180.0**	173.2	164.2
Inventories		**309.1**	318.4	291.0
Trade and other receivables		**468.0**	485.3	460.5
Income tax receivable		**14.0**	8.7	11.5
Derivative financial instruments	14	**1.8**	0.1	-
Total current assets		**972.9**	985.7	927.2
Total assets		**2,317.9**	2,290.3	2,282.2

Condensed Group Balance Sheet (continued)

As at 30 June 2024

	Notes	**Unaudited Half year 2024 £m**	Unaudited Half year 2023 £m	Full year 2023 £m
Equity				
Issued share capital		**27.1**	27.8	27.7
Retained earnings		**2,658.2**	2,649.6	2,691.2
Other reserves		**(1,490.2)**	(1,460.9)	(1,464.6)
Equity attributable to the owners of the parent		**1,195.1**	1,216.5	1,254.3
Non-controlling interests		**71.9**	62.1	65.9
Total equity		**1,267.0**	1,278.6	1,320.2
Liabilities				
Interest-bearing borrowings	8	**276.2**	320.2	326.4
Employee benefits - liabilities	10	**74.0**	79.1	80.9
Other payables		**8.8**	10.5	9.1
Provisions	13	**48.0**	47.7	47.6
Deferred tax liabilities		**23.9**	21.9	23.5
Derivative financial instruments		**-**	-	-
Total non-current liabilities		**430.9**	479.4	487.5
Interest-bearing borrowings	8	**221.2**	122.1	75.8
Trade and other payables		**374.7**	383.8	377.8
Income tax payable		**13.0**	11.3	9.8
Provisions	13	**10.9**	14.9	11.0
Derivative financial instruments	14	**0.2**	0.2	0.1
Total current liabilities		**620.0**	532.3	474.5
Total liabilities		**1,050.9**	1,011.7	962.0
Total equity and liabilities		**2,317.9**	2,290.3	2,282.2

Condensed Group Statement of Changes in Equity

For the six months ended 30 June 2024

	Issued share capital £m	Other reserves £m	Retained earnings £m	Owners of the parent £m	Non-controlling interests £m	Total equity £m
As at 1 January 2024	**27.7**	**(1,464.6)**	**2,691.2**	**1,254.3**	**65.9**	**1,320.2**
Profit	**-**	**-**	**47.8**	**47.8**	**7.6**	**55.4**
Remeasurement of defined benefit assets/liabilities	-	-	7.0	7.0	-	7.0
Income tax relating to items not reclassified	-	-	(2.5)	(2.5)	-	(2.5)
Exchange differences on translation of the net assets of foreign operations	-	(31.8)	-	(31.8)	(0.1)	(31.9)
Exchange differences arising on translation of net investment hedges	-	6.0	-	6.0	-	6.0
Net change in costs of hedging	-	0.1	-	0.1	-	0.1
Change in the fair value of the hedging instrument	-	0.6	-	0.6	-	0.6
Amounts reclassified from Net finance costs	-	(0.5)	-	(0.5)	-	(0.5)
Other comprehensive (loss)/income, net of income tax	-	**(25.6)**	**4.5**	**(21.1)**	**(0.1)**	**(21.2)**
Total comprehensive (loss)/income	**-**	**(25.6)**	**52.3**	**26.7**	**7.5**	**34.2**
Recognition of share-based payments	-	-	4.1	4.1	-	4.1
Purchase of ESOP shares	-	-	(17.1)	(17.1)	-	(17.1)
Share buyback	(0.6)	-	(29.6)	(30.2)	-	(30.2)
Dividends paid (Note 7)	-	-	(42.7)	(42.7)	(1.5)	(44.2)
Total transactions with owners	**(0.6)**	**-**	**(85.3)**	**(85.9)**	**(1.5)**	**(87.4)**
As at 30 June 2024	**27.1**	**(1,490.2)**	**2,658.2**	**1,195.1**	**71.9**	**1,267.0**

Vesuvius plc announced the commencement of a share buyback programme of up to £50m on 4 December 2023. The programme began on that date and will end no later than 4 December 2024. The maximum number of ordinary shares that can be bought back is 27,121,389 at an aggregate purchase price of £50m (excluding stamp duty and expenses). All ordinary shares acquired under the programme will be cancelled.

There is no minimum committed quantity of shares to be bought back and the Company is able to terminate the arrangement at its discretion and without any penalty.

During the half year, Vesuvius plc has bought back 6.3m shares (2023 half year, nil; 2023 full year, 0.6m). The cash outflow was £30.2m (2023 half year £nil; 2023 full year £3.1m).

Condensed Group Statement of Changes in Equity (continued)

For the six months ended 30 June 2024

	Issued share capital £m	Other reserves £m	Retained earnings £m	Owners of the parent £m	Non-controlling interests £m	Total equity £m
As at 1 January 2023	**27.8**	**(1,391.4)**	**2,623.8**	**1,260.2**	**59.4**	**1,319.6**
Profit	**-**	**-**	**62.3**	**62.3**	**6.6**	**68.9**
Remeasurement of defined benefit assets/liabilities	-	-	3.8	3.8	-	3.8
Income tax relating to items not reclassified	-	-	(1.1)	(1.1)	-	(1.1)
Exchange differences on translation of the net assets of foreign operations	-	(80.1)	-	(80.1)	(2.5)	(82.6)
Exchange differences arising on translation of net investment hedges	-	10.4	-	10.4	-	10.4
Net change in costs of hedging	-	(1.2)	-	(1.2)	-	(1.2)
Change in the fair value of the hedging instrument	-	(2.0)	-	(2.0)	-	(2.0)
Amounts reclassified from Net finance costs	-	3.4	-	3.4	-	3.4
Other comprehensive income/(loss), net of income tax	-	**(69.5)**	**2.7**	**(66.8)**	**(2.5)**	**(69.3)**
Total comprehensive income/(loss)	**-**	**(69.5)**	**65.0**	**(4.5)**	**4.1**	**(0.4)**
Recognition of share-based payments	-	-	4.3	4.3	-	4.3
Purchase of ESOP shares	-	-	(1.1)	(1.1)	-	(1.1)
Dividends paid (Note 7)	-	-	(42.4)	(42.4)	(1.4)	(43.8)
Total transactions with owners	-	-	**(39.2)**	**(39.2)**	**(1.4)**	**(40.6)**
As at 30 June 2023	**27.8**	**(1,460.9)**	**2,649.6**	**1,216.5**	**62.1**	**1,278.6**

Within other reserves as at 30 June 2024 is £1,499.0m (2023: 30 June and 31 December, £1,499.0m) arising from the demerger of Cookson Group plc, being the excess of the Vesuvius plc share capital of £1,777.9m over the total share capital and share premium of Cookson Group plc as at 14 December 2012 of £278.9m.

Notes to the Condensed Group Financial Statements

1. Basis of preparation

1.1 Basis of accounting

These Condensed Group Financial Statements of Vesuvius plc ("Vesuvius" or the "Company") and its subsidiary and joint venture companies (the "Group") have been prepared in accordance with UK adopted International Accounting Standard 34, 'Interim Financial Reporting' and the Disclosure Guidance and Transparency Rules sourcebook of the United Kingdom's Financial Conduct Authority.

These Condensed Group Financial Statements have been prepared using the same accounting policies as used in the preparation of the Group's Annual financial statements for the year ended 31 December 2023, except for taxes on income in the interim period which are accrued using the tax rate that would be applicable to the expected total annual profit or loss. The assessment of the Group's critical accounting estimates and judgements remain consistent with the 2023 Annual Report and Financial Statements. The Group's Annual report and financial statements for the year ended 31 December 2023 were prepared in accordance with UK-adopted international accounting standards (IFRS) and the requirements of the Companies Act 2006.

The Condensed Group Financial Statements do not include all of the information required for full annual financial statements, and should be read in conjunction with the consolidated financial statements of the Group for the year-ended 31 December 2023. The financial information presented in this document is unaudited but has been reviewed by the Company's auditor.

The comparative figures for the financial year ended 31 December 2023 have been extracted from the Group's Annual Report and Financial Statements for that financial year. Those accounts have been reported on by the Company's auditor and delivered to Companies House. The report of the auditor was unqualified, did not include reference to any matters to which the auditor drew attention by way of emphasis without qualifying its report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. These sections address whether proper accounting records have been kept, whether the Company's accounts are in agreement with those records and whether the auditor has obtained all the information and explanations necessary for the purposes of its audit.

1.2 Basis of consolidation

The Condensed Group Financial Statements incorporate the financial statements of the Company and entities controlled by the Company (its "subsidiaries"). Control exists when the Company has the power to direct the relevant activities of an entity that significantly affect the entity's return so as to have rights to the variable return from its activities. In assessing whether control exists, potential voting rights that are currently exercisable are taken into account. The results of subsidiaries acquired or disposed of during the period are included in the Condensed Group Income Statement from the effective date of acquisition or up to the effective date of disposal, as appropriate.

The principal accounting policies applied in the preparation of these Condensed Group Financial Statements are set out in the Notes. These policies have been consistently applied to all of the years presented, unless otherwise stated. Where necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those detailed herein to ensure that the Condensed Group Financial Statements are prepared on a consistent basis. All intra-Group transactions, balances, income and expenses are eliminated on consolidation.

Non-controlling interests in the net assets of consolidated subsidiaries are identified separately from the Group's interest therein. Non-controlling interests consist of the amount of those interests at the date of the original business combination together with the non-controlling interests' share of profit or loss and each component of other comprehensive income less their dividends since the date of the combination. Their share of comprehensive income/(loss) is attributed to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Notes to the Condensed Group Financial Statements

1.3 Going concern

The Directors have prepared cash flow scenarios for the Group for a period of at least 12 months from the date of approval of the 2024 Interim Condensed Financial Statements. These forecasts reflect an assessment of current and future end market conditions, and their impact on the Group's future trading performance.

The analysis includes a severe but plausible downside scenario which assumes for H2 2024 a 6% decline in business activity combined with a reduction of Return on Sales to 8.0% and an increase in working capital intensity as a % of sales. For the period in 2025, the H2 2024 performance was annualised. Debt maturing during the period is assumed to be re-financed, a consistent level of dividend payments continues, and the current share buyback programme is completed.

In this scenario, the forecast shows that the Group maintains considerable headroom against its pre-IFRS 16 covenants. The Net debt / EBITDA leverage ratio never exceeds 1.4x, compared to a covenant of 3.25x and the interest coverage covenant (EBITDA / interest, never falls below 14.8x compared to a covenant of 4.0x. The analysis also included a stress test to determine how much the Group's revenues could decrease before breaching at least one of the debt covenants.

Based on the exercise described above and the Group's available committed liquidity which currently stands at £402.7m, the Directors consider that the Group and the Company have adequate resources to continue in operational existence for a period of at least 12 months from the date of signing of these Interim Condensed Financial Statements. Accordingly, they continue to adopt a going concern basis in preparing the Condensed Financial statements of the Group and the Company.

1.4 Functional and presentational currency

The financial statements are presented in millions of pounds sterling, which is the functional currency of the Company, and rounded to one decimal place.

1.5 Disclosure of "separately reported items"

Columnar presentation

The Group has adopted a columnar presentation for its Condensed Group Income Statement, to separately identify headline performance results, as the Directors consider that this gives a useful view of the underlying results of the ongoing business. As part of this presentation format, the Group has adopted a policy of disclosing separately on the face of its Group Income Statement, within the column entitled 'Separately reported items', the effect of any components of financial performance for which the Directors consider separate disclosure would assist users both in a useful understanding of the financial performance achieved for a given year and in making projections of future results.

Separately reported items

Both materiality and the nature of the components of income and expense are considered in deciding upon such presentation. Such items may include, inter alia, the financial effect of exceptional items which occur infrequently, such as major restructuring activity (which may require more than one year to complete), significant movement in the Group's deferred tax balances, items reported separately for consistency, such as amortisation charges relating to acquired intangible assets, profits or losses arising on the disposal of continuing or discontinued operations and the taxation impact of the aforementioned items reported separately.

The amortisation charge in respect of intangible assets recognised on business combinations is excluded from the trading results of the Group since they are non-cash charges and are not considered reflective of the core trading performance of the Group.

In its adoption of this policy, the Company applies an even-handed approach to both gains and losses and aims to be both consistent and clear in its accounting and disclosure of such items.

Notes to the Condensed Group Financial Statements

1.6 New and revised IFRS

Certain new accounting standards and interpretations have been published that are applicable for periods commencing 1 January 2024 and others that are not mandatory for reporting periods commencing on 1 January 2024 and have not been early adopted by the Group.

The new standards applicable for periods commencing 1 January 2024 are not expected to have a significant impact on the Group's financial position, performance, cash flows and disclosures.

OECD Pillar two model

The Group is within the scope of the OECD Pillar two model rules. Pillar two legislation was recently substantively enacted in some of the territories in which the Group operates and came into effect in these territories from 1 January 2024. The Group will continue to monitor the development and implementation of these rules globally. Based upon our latest understanding, the current estimate of additional tax payable is not expected to have a material impact on the Group.

On 20 June 2023, Finance (No.2) Act 2023 was substantively enacted in the UK, introducing a global minimum effective tax rate of 15%. The legislation implements a domestic top-up tax and a multinational top-up tax, effective for accounting periods starting on or after 31 December 2023. The Group does not account for deferred tax on top-up taxes and therefore, there was no impact on the recognition and measurement of deferred tax balances as a result of the legislation being substantively enacted.

2 Segment information

Operating segments for continuing operations

The Group's operating segments are determined taking into consideration how the Group's components are reported to the Group's Chief Executive Officer, who makes the key operating decisions and is responsible for allocating resources and assessing performance of the components. Taking into account the Group's management and internal reporting structure, the operating segments are Steel Flow Control, Steel Advanced Refractories, Steel Sensors & Probes and the Foundry Division. The principal activities of each of these segments are described in the Operating Review.

The Steel Flow Control, Steel Advanced Refractories and Steel Sensors & Probes operating segments are aggregated into the Steel reportable segment. In determining that aggregation is appropriate, judgement is applied which takes into account the economic characteristics of these operating segments which include a similar nature of products, customers, production processes and margins.

Revenue from contracts with customers

Revenue comprises the fair value of the consideration received or receivable for goods supplied and services rendered to customers after deducting rebates, discounts and value-added taxes, and after eliminating sales within the Group. Revenue from contracts with customers is recognised when control of the goods or services are transferred to the customer, upon the completion of specified performance obligations, at an amount that reflects the considerations to which the Group expects to be entitled to in exchange for these consumable products and associated services.

The revenue recognition policy applicable to the current and comparative periods and information about the Group's performance obligations was disclosed in Note 4 of the 2023 Annual Report and Financial Statements.

Notes to the Condensed Group Financial Statements

2 Segment information (continued)

Segmental analysis

	Unaudited Half Year 2024					
	Flow Control	Advanced Refractories	Sensors & Probes	**Steel**	**Foundry**	**Total**
				£m	**£m**	**£m**
Segment revenue	393.7	270.3	21.7	**685.7**	**250.8**	**936.5**
at a point in time				**684.4**	**250.8**	**935.2**
Over time				**1.3**	**-**	**1.3**
Segment adjusted EBITDA [1]				**98.0**	**29.4**	**127.4**
Segment depreciation and amortisation				**(21.5)**	**(8.7)**	**(30.2)**
Segment trading profit				**76.5**	**20.7**	**97.2**
Return on sales % [2]				11.2%	8.2%	10.4%
Amortisation of acquired intangible assets						(5.1)
Cost reduction programme expenses						(8.0)
Vacant site remediation costs						-
Operating profit						84.1
Net finance costs						(8.0)
Share of post-tax profit of joint ventures						0.6
Profit before tax						76.7
Capital expenditure additions				39.2	8.7	47.9
Inventory				256.9	52.2	309.1
Trade debtors				278.2	93.0	371.2
Trade creditors				(186.3)	(60.5)	(246.8)

	Unaudited Half Year 2023					
	Flow Control	Advanced Refractories	Sensors & Probes	**Steel**	**Foundry**	**Total**
				£m	**£m**	**£m**
Segment revenue	401.8	289.6	20.1	**711.5**	**283.8**	**995.3**
at a point in time				**710.7**	**283.8**	**994.5**
Over time				**0.8**	**-**	**0.8**
Segment adjusted EBITDA [1]				**94.3**	**38.6**	**132.9**
Segment depreciation and amortisation				**(19.5)**	**(8.5)**	**(28.0)**
Segment trading profit				**74.8**	**30.1**	**104.9**
Return on sales % [2]				10.5%	10.6%	10.5%
Amortisation of acquired intangible assets						(5.2)
Operating profit						99.7
Net finance costs						(5.5)
Share of post-tax profit of joint ventures						0.5
Profit before tax						94.7
Capital expenditure additions				33.5	11.7	45.2
Inventory				259.5	58.9	318.4
Trade debtors				286.4	103.0	389.4
Trade creditors				(183.5)	(62.3)	(245.8)

Notes to the Condensed Group Financial Statements

2 Segment information (continued)

	Full Year 2023					
	Flow Control	Advanced Refractories	Sensors & Probes	**Steel**	**Foundry**	**Total**
				£m	**£m**	**£m**
Segment revenue	793.0	567.9	39.1	**1,400.0**	**529.8**	**1,929.8**
at a point in time				**1,396.6**	**529.8**	**1,926.4**
Over time				**3.4**	**-**	**3.4**
Segment adjusted EBITDA [1]				**187.9**	**70.3**	**258.2**
Segment depreciation and amortisation				**(40.3)**	**(17.5)**	**(57.8)**
Segment trading profit				**147.6**	**52.8**	**200.4**
Return on sales % [2]				10.5%	10.0%	10.4%
Amortisation of acquired intangible assets						**(10.3)**
Operating profit						190.1
Net finance costs						(11.6)
Share of post-tax profit of joint ventures						0.9
Profit before tax						179.4
Capital expenditure additions				93.2	32.1	125.3
Inventory				239.5	51.5	291.0
Trade debtors				267.6	89.3	356.9
Trade creditors				(177.7)	(58.7)	(236.4)

[1] Adjusted EBITDA is defined in note 15.13
[2] Return on sales is defined in note 15.3

	External revenue			Non-current assets		
	Unaudited Half year 2024	Unaudited Half year 2023	Full year 2023	**Unaudited Half year 2024**	Unaudited Half year 2023	Full year 2023
	£m	£m	£m	**£m**	£m	£m
EMEA	**315.0**	347.5	669.6	**510.9**	486.0	500.0
Asia	**286.4**	284.2	565.6	**232.2**	216.7	237.2
North America	**254.4**	277.9	528.7	**407.3**	410.0	384.3
South America	**80.7**	85.7	165.9	**46.2**	50.1	44.3
Continuing operations	**936.5**	995.3	1,929.8	**1,196.6**	1,162.8	1,165.8

External revenue disclosed in the table above is based upon the geographical location from which the products and services are invoiced. Non-current assets exclude employee benefits net surpluses, deferred tax assets and derivative financial instruments. Information relating to the Group's products and services is given in the Strategic Report as disclosed in the 2023 Annual Report and Financial Statements. The Group is not dependent on any single customer for its revenue and no single customer, for the periods / years presented in the tables above, accounts for more than 10% of the Group's total external revenue. £29.7m (2023 half year £34.8m; 2023 full year £66.5m) of revenue was generated from the UK, and total non-current assets in the UK amounted to £89.1m (2023 half year £76.4m; 2023 full year £101.5m).

Notes to the Condensed Group Financial Statements

3 Cost reduction programme expenses

In November 2023 we initiated an efficiency programme with the aim of realising recurring cash cost savings of £30m per annum by 2026.

The programme will cover all of our activities worldwide and will focus on operational improvement, lean initiatives, automation and digitalisation as well as further optimisation of the manufacturing footprint.

Cost saving programme expenses are excluded from underlying performance, allowing for a clear measure of our operating performance. These are shown as a separately reported item outside of Trading Profit and shown on the face of the Income statement below Trading Profit.

During 2024, cost reduction programme expenses reported as separately reported items were £8.0m (2023 half year £nil; full year: £nil). The charges reflect redundancy costs £4.9m (2023 half year £nil; full year: £nil), plant closure costs £2.3m (2023 half year £nil; full year: £nil), and non-cash asset impairments £0.8m (2023 half year £nil; full year: £nil). The net tax credit attributable to these cost reduction programme expenses was £1.9m (2023 half year £nil; full year: £nil).

4 Net finance costs

	Unaudited Half year 2024 £m	Unaudited Half year 2023 £m	Full year 2023 £m
Interest payable on borrowings			
Loans and overdrafts	**9.3**	8.9	20.1
Interest on lease liabilities	**1.5**	1.0	2.4
Amortisation of capitalised arrangement costs	**0.5**	0.5	1.0
Total interest payable on borrowings	**11.3**	10.4	23.5
Interest on net retirement benefits obligations	**0.8**	1.1	2.3
Adjustments to discounts on provisions and other liabilities	**1.2**	1.2	2.4
Adjustments to discounts on receivables	**(0.6)**	(0.7)	(1.3)
Finance income	**(4.7)**	(6.5)	(15.3)
Total net finance costs	**8.0**	5.5	11.6

Within the table above, total finance costs are £13.3m (2023 half year: £12.7m, 2023 full year: £28.2m) and total finance income is £5.3m (2023 half year: £7.2m, 2023 full year: £16.6m).

5 Income tax

A key measure of the Group's tax burden is the headline effective tax rate, which the Group calculates on the income tax associated with headline performance, divided by the headline profit before tax excluding the Group's share of post-tax profit of joint ventures. The Group's headline effective tax rate was in-line with expectations at 27.5% in H1 2024 (2023 half year 27.5%; 2023 full year 27.5%) based on the income tax charge associated with headline performance of £24.5m (2023 half year £27.3m; 2023 full year £51.9m).

The Group's total net income tax charge reflected in the Condensed Group Income Statement includes a credit of £3.2m (2023 half year £1.5m; 2023 full year £3.1m) relating to separately reported items comprising a credit of £1.3m (2023 half year £1.5m; 2023 full year £2.7m) relating to the amortisation of intangible assets and the rest relating to the anticipated current and deferred tax impact of accrued cost reduction programme expenses.

The Group's total net income tax charge reflected in the Condensed Group Statement of Comprehensive Income was £2.5m (2023 half year £1.1m; 2023 full year: £2.0m). It was in respect of tax on net actuarial gains and losses on employee benefits.

Notes to the Condensed Group Financial Statements

6 Earnings per share ("EPS")

6.1 Earnings for EPS

Basic and diluted EPS from continuing operations are based upon the profit attributable to owners of the parent, as reported in the Condensed Group Income Statement. The table below reconciles these different profit measures.

	Unaudited Half year 2024 £m	Unaudited Half year 2023 £m	Full year 2023 £m
Profit attributable to owners of the parent	**47.8**	62.3	118.5
Adjustments for separately reported items:			
Cost reduction programme expenses	**8.0**	-	-
Amortisation of acquired intangible assets	**5.1**	5.2	10.3
Income tax (credit)/charge	**(3.2)**	(1.5)	(3.1)
Headline profit attributable to owners of the parent	**57.7**	66.0	125.7

6.2 Weighted average number of shares

	Unaudited Half year 2024 millions	Unaudited Half year 2023 millions	Full year 2023 millions
For calculating basic and headline EPS	**264.7**	269.0	269.1
Adjustment for potentially dilutive ordinary shares	**3.0**	2.1	3.0
For calculating diluted and diluted headline EPS	**267.7**	271.1	272.1

For the purposes of calculating diluted and diluted headline EPS, the weighted average number of ordinary shares is adjusted to include the weighted average number of ordinary shares that would be issued were all outstanding share options to vest in full, relating to the Company's share-based payment plans. Potential ordinary shares are only treated as dilutive when their conversion to ordinary shares would decrease EPS or increase loss per share.

6.3 Per share amounts

	Unaudited Half year 2024 Pence	Unaudited Half year 2023 Pence	Full year 2023 pence
Earnings per share - reported basic	**18.1**	23.2	44.0
- reported diluted	**17.9**	23.0	43.6
- headline basic[1]	**21.8**	24.5	46.7
- headline diluted[1]	**21.6**	24.3	46.2

[1] *For definition of headline earnings per share, refer to Note 15.8*

Notes to the Condensed Group Financial Statements

7 Dividends

	Unaudited Half year 2024 £m	Unaudited Half year 2023 £m	Full year 2023 £m
Amounts recognised as dividends and paid to equity shareholders during the period			
Final dividend for the year ended 31 December 2022 of 15.75p per ordinary share	**-**	42.4	42.4
Interim dividend for the year ended 31 December 2023 of 6.8p per ordinary share	**-**	-	18.3
Final dividend for the year-ended 31 December 2023 of 16.20p per ordinary share	**42.7**	-	-
	42.7	42.4	60.7

The Directors have declared an interim dividend of 7.1p in respect of the year-ending 31 December 2024.

8 Reconciliation of movement in net debt

	Balance as at 1 Jan 2024 £m	**Foreign exchange adjustments £m**	**Fair value gains/ (losses)**	**Non-cash movements* £m**	**Cash flow** £m**	**Balance as at 30 June 2024 £m**
Cash and cash equivalents						
Cash at bank and in hand	**164.2**	**(3.2)**	**-**	**-**	**19.0**	**180.0**
Short term deposits	**-**	**-**	**-**	**-**	**-**	**-**
Bank overdrafts	**(3.4)**	**-**	**-**	**-**	**2.1**	**(1.3)**
	160.8	**(3.2)**	**-**	**-**	**21.1**	**178.7**
Borrowings, excluding bank overdrafts	**(400.6)**	**5.6**	**-**	**(9.1)**	**(93.3)**	**(497.4)**
Capitalised arrangement costs	**1.8**	**-**	**-**	**(0.5)**	**-**	**1.3**
Derivative financial instruments	**0.5**	**-**	**1.7**	**-**	**-**	**2.2**
Net debt	**(237.5)**	**2.4**	**1.7**	**(9.6)**	**(72.2)**	**(315.2)**

** £7.6m (2023 half year: £10.8m) of new leases were entered into during the period.*

*** Borrowings, excluding bank overdrafts include proceeds from borrowings, repayment of borrowings and payment of lease liabilities.*

Notes to the Condensed Group Financial Statements

8 Reconciliation of movement in net debt (continued)

	Balance as at 1 Jan 2023 £m	Foreign exchange adjustments £m	Fair value gains/ (losses)	Non-cash movements* £m	Cash flow** £m	Balance as at 30 June 2023 £m
Cash and cash equivalents						
Cash at bank and in hand	**184.2**	**(13.4)**	**-**	**-**	**2.4**	**173.2**
Short term deposits	**-**	**-**	**-**	**-**	**-**	**-**
Bank overdrafts	**(4.4)**	**0.1**	**-**	**-**	**1.4**	**(2.9)**
	179.8	**(13.3)**	**-**	**-**	**3.8**	**170.3**
Borrowings, excluding bank overdrafts	**(440.2)**	**14.5**	**-**	**(10.8)**	**(5.2)**	**(441.7)**
Capitalised arrangement costs	**2.7**	**-**	**-**	**(0.4)**	**-**	**2.3**
Derivative financial instruments	**2.7**	**-**	**(1.6)**	**-**	**-**	**1.1**
Net debt	**(255.0)**	**1.2**	**(1.6)**	**(11.2)**	**(1.4)**	**(268.0)**

** £10.8m (2022 half year: £5.5m) of new leases were entered into during the period.*
*** Borrowings, excluding bank overdrafts include proceeds from borrowings, repayment of borrowings and payment of lease liabilities.*

Net debt is a measure of the Group's net indebtedness to banks and other external financial institutions and comprises the total of cash and short-term deposits, current and non-current interest-bearing borrowings, derivative financial instruments and lease liabilities.

Cash is held both centrally and in operating territories. There is no restricted cash. For certain territories including Argentina, China, Egypt, India and Russia cash is more readily used locally than for broader group purposes.

Notes to the Condensed Group Financial Statements

9 Cash Generated from Operations

	Unaudited Half year 2024 £m	Unaudited Half year 2023 £m	Full year 2023 £m
Operating profit	**84.1**	99.7	190.1
Adjustments for:			
Amortisation of acquired intangible assets	**5.1**	5.2	10.3
Cost reduction programme expenses	**8.0**	-	-
Trading Profit	**97.2**	104.9	200.4
Profit on disposal of non-current assets	**(0.4)**	(2.3)	(2.5)
Depreciation and amortisation	**30.2**	28.0	57.8
Defined benefit retirement plans net charge	**2.9**	3.0	5.2
Net increase in inventories	**(24.5)**	(18.1)	9.9
Net increase in trade receivables	**(24.3)**	(31.3)	2.6
Net increase in trade payables	**14.6**	18.1	8.3
Net decrease in other working capital	**5.5**	9.3	(0.5)
Outflow related to cost reduction programme	**(3.2)**	-	-
Outflow related to restructuring charges	**(0.1)**	(1.0)	(0.8)
Defined benefit retirement plans cash outflows	**(3.4)**	(3.2)	(7.4)
Vacant site remediation costs paid	**(0.5)**	(0.6)	(1.0)
Cash generated from operations	**94.0**	106.8	272.0

10 Employee benefits

The net employee benefits liability as at 30 June 2024 was £38.5m (2023 half year: £50.8m; 2023 full year: £46.3m) derived from an actuarial valuation of the Group's defined benefit pension and other post-retirement obligations as at that date.

All the liabilities in the UK were insured following a buy-in agreement with Pension Insurance Corporation plc ("PIC") in 2021. This buy-in agreement secured an insurance asset from PIC that matches the remaining pension liabilities of the UK Plan, with the result that the Company no longer bears any investment, longevity, interest rate or inflation risks in respect of the UK Plan.

As disclosed in note 25 of the 2023 Annual Report and Financial Statements, the above amounts may materially change in the next 12 months if there is a change in assumptions.

	Unaudited Half year 2024 £m	Unaudited Half year 2023 £m	Full year 2023 £m
Employee benefits — net surpluses			
UK defined benefit pension plans	**33.7**	26.7	32.5
ROW defined benefit pension plans	**1.8**	1.6	2.1
	35.5	28.3	34.6
Employee benefits — net liabilities			
UK defined benefit pension plans	**(1.1)**	(1.1)	(1.1)
US defined benefit pension plans	**(14.3)**	(19.8)	(18.2)
Germany defined benefit pension plans	**(38.2)**	(37.2)	(41.3)
ROW defined benefit pension plans	**(10.7)**	(11.2)	(10.4)
Other post-retirement benefit plans	**(9.7)**	(9.8)	(9.9)
	(74.0)	(79.1)	(80.9)
Net liabilities	**(38.5)**	(50.8)	(46.3)

The expense recognised in the Condensed Group Income Statement in respect of the Group's defined benefit retirement plans and other post-retirement benefit plans is shown below.

		Unaudited Half year 2024 £m	Unaudited Half year 2023 £m	Full year 2023 £m
In arriving at trading profit (as defined in Note 15.4)	— within other manufacturing costs	**0.6**	0.7	1.3
	— within administration, selling and distribution costs	**2.3**	2.3	3.9
In arriving at profit before tax	— within net finance costs	**0.8**	1.1	2.3
Total net charge		**3.7**	4.1	7.5

Notes to the Condensed Group Financial Statements

11 Contingent liabilities

Vesuvius has extensive international operations and is subject to various legal and regulatory regimes, including those covering taxation and environmental matters.

Certain of Vesuvius' subsidiaries are subject to legacy matter lawsuits, predominantly in the US, relating to a small number of products containing asbestos manufactured prior to the acquisition of those subsidiaries by Vesuvius. These suits usually also name many other product manufacturers. To date, Vesuvius is not aware of there being any liability verdicts against any of these subsidiaries. Each year a number of these lawsuits are withdrawn, dismissed or settled. The amount paid, including costs, in relation to this litigation has not had a material adverse effect on Vesuvius' financial position or results of operations.

As the settlement of many of the obligations for which reserve is made is subject to legal or other regulatory process, the timing and amount of the associated outflows is subject to some uncertainty (see Note 29 of the 2023 Annual Report and Financial Statements for further information). The amount paid, including costs in relation to this litigation, has not had a material effect on Vesuvius' financial position or results of operations in the current period.

12 Related parties

The nature of related party transactions in H1 2024 are in line with those transactions disclosed in Note 33 of the 2023 Annual Report and Financial Statements. All transactions with related parties are conducted on an arm's length basis and in accordance with normal business terms. Transactions with joint ventures and associates are consistent with those disclosed in Note 32 of the 2023 Annual Report and Financial Statements. Transactions between related parties that are Group subsidiaries are eliminated on consolidation.

Transactions with joint ventures and associate	**Unaudited Half year 2024 £m**	Unaudited Half year 2023 £m
Sales to joint ventures	**2.0**	2.1
Purchases from joint ventures	**13.6**	14.5
Dividends received from joint ventures	**-**	-
Trade payables owed to joint ventures	**12.1**	9.9
Trade receivables owed by joint ventures	**1.3**	1.0

Notes to the Condensed Group Financial Statements

13 Provisions

	Disposal, closure and environmental costs £m	Restructuring charges £m	Other £m	Total £m
As at 1 January 2024	**51.9**	**2.4**	**4.3**	**58.6**
Exchange adjustments	0.4	-	-	**0.4**
Charge to Condensed Group Income Statement	2.6	(0.2)	4.1	**6.5**
Adjustment to discount	1.1	-	-	**1.1**
Cash spend	(2.7)	(0.1)	(4.4)	**(7.2)**
Transferred to other balance sheet accounts	(0.5)	-	-	**(0.5)**
As at 30 June 2024	**52.8**	**2.1**	**4.0**	**58.9**

	Disposal, closure and environmental costs £m	Restructuring charges £m	Other £m	Total £m
As at 1 January 2023	**57.7**	**3.6**	**5.4**	**66.7**
Exchange adjustments	(2.7)	0.2	(0.1)	**(2.6)**
Charge to Condensed Group Income Statement	0.6	-	4.1	**4.7**
Adjustment to discount	1.2	-	-	**1.2**
Cash spend	(2.7)	(1.0)	(3.7)	**(7.4)**
As at 30 June 2023	**54.1**	**2.8**	**5.7**	**62.6**

Of the total provision balance at 30 June 2024 of £58.9m (30 June 2023: £62.6m), £48.0m (30 June 2023: £47.7m) is recognised in the Group Balance Sheet within non-current liabilities and £10.9m (30 June 2022: £14.9m) within current liabilities.

In assessing the probable costs and realisation certainty of provisions, reasonable assumptions are made. Changes to the assumptions used could significantly alter the Directors' assessment of the value, timing or certainty of the costs. The nature of the provisions held remains consistent with those held at 31 December 2023 and further description is set out within Note 29 of the 2023 Annual Report and Financial Statements.

14 Financial instruments

The condensed interim financial statements do not include all financial risk management information and disclosures required in the annual financial statements; they should be read in conjunction with the Group's 2023 Annual Report and Financial Statements, in which further details of these financial risks were disclosed in Note 24. There have been no changes in the risk management policies and in the method in which financial assets and financial liabilities are measured and presented since year end.

The following table summarises Vesuvius' financial instruments measured at fair value, and shows the level within the fair value hierarchy in which the financial instruments have been classified:

Notes to the Condensed Group Financial Statements

14 Financial instruments (continued)

	Unaudited Half year 2024		Unaudited Half year 2023		Full year 2023	
	Assets	**Liabilities**	Assets	Liabilities	Assets	Liabilities
	£m	**£m**	£m	£m	£m	£m
Investments (Level 2)	**0.7**	**-**	0.7	-	0.3	-
Derivatives not designated for hedge accounting purposes (Level 2)	**-**	**(0.2)**	0.1	(0.2)	-	(0.1)
Derivatives designated for hedge accounting purposes (Level 2)	**2.4**	**-**	1.2	-	0.6	-

All of the derivative financial instruments not designated for hedge accounting purposes reported in the table above will mature within a year of the balance sheet date and have been booked through the Income Statement. There were no transfers between fair value hierarchies during the period. Fair value disclosures have not been made in respect of other financial assets and liabilities on the basis that the carrying amount is deemed to be a reasonable approximation of fair value.

The fair value attributable to the Group's $86m CCIRS of £1.8m is presented within current assets (2023 half year: nil; full year: nil) with the remaining £0.6m presented within non-current assets (2023 half year: £1.2m; full year: £0.6m).

As at 30 June 2024, €338.6m (2023 half year: €320.6m; full year: €322.6m) and $30.0m (2023 half year: $60.0m; full year: $30.0m) of borrowings were designated as hedges of net investments in overseas foreign operations of equivalent worth. All net investment hedges are 100% effective with no ineffectiveness.

As at 30 June 2024, the Group had an equivalent of £287.6m (2023 half year: £313.0m; full year: £290.8m) of US Private Placement Loan Notes (USPP) outstanding, which carry a fixed rate of interest, representing 64% (2023 half year: 78%; full year: 82%) of the Group's total borrowings outstanding at that date.

15 Alternative Performance Measures

The Company uses a number of Alternative Performance Measures (APMs) in addition to those reported in accordance with IFRS. The Directors believe that these APMs, listed below, are important when assessing the underlying financial and operating performance of the Group and its Divisions, providing management with key insights and metrics in support of the ongoing management of the Group's performance and cash flow. A number of these align with KPI's and other key metrics used in the business and therefore are considered useful to also disclose to the users of the financial statements. The following APMs do not have standardised meaning prescribed by IFRS and therefore may not be directly comparable to similar measures presented by other companies.

15.1 Headline performance

Headline performance, reported separately on the face of the Condensed Group Income Statement, is from continuing operations and before items reported separately on the face of the Condensed Group Income Statement.

15.2 Underlying revenue, underlying trading profit and underlying return on sales

Underlying revenue, underlying trading profit and underlying return on sales are the headline equivalents of these measures after adjustments to exclude the effects of changes in exchange rates, business acquisitions and disposals. Reconciliations of underlying revenue and underlying trading profit can be found in the Financial Summary. Underlying revenue growth is one of the Group's key performance indicators and provides an important measure of organic growth of Group businesses between reporting periods, by eliminating the impact of exchange rates, acquisitions and disposals.

Notes to the Condensed Group Financial Statements

15 Alternative performance measures (continued)

15.3 Return on Sales ('ROS')

ROS is calculated as trading profit divided by revenue. It is one of the Group's key performance indicators and is used to assess the trading performance of Group businesses. A calculation of ROS is included in Note 2.

15.4 Trading profit/adjusted EBITA

Trading profit/adjusted EBITA is defined as operating profit before separately reported items. It is one of the Group's key performance indicators and is used to assess the trading performance of Group businesses. It is also used as one of the targets against which the annual bonuses of certain employees are measured.

15.5 Headline profit before tax

Headline profit before tax is calculated as the net total of trading profit, plus the Group's share of post-tax profit of joint ventures and total net finance costs associated with headline performance. It is one of the Group's key performance indicators and is used to assess the financial performance of the Group as a whole.

15.6 Headline effective tax rate ('ETR')

The Group's headline ETR is calculated on the income tax costs associated with headline performance, divided by headline profit before tax and before the Group's share of post-tax profit of joint ventures.

15.7 Headline earnings

Headline earnings is profit after tax before separately reported items attributable to owners of the parent.

15.8 Headline earnings per share

Headline earnings per share is calculated by dividing headline profit before tax less associated income tax costs, attributable to owners of the parent by the weighted average number of ordinary shares in issue during the year. It is one of the Group's key performance indicators and is used to assess the underlying earnings performance of the Group as a whole. It is also used as one of the targets against which the annual bonuses of certain employees are measured. Headline earnings per share is disclosed in Note 6.

15.9 Adjusted operating cash flow

Adjusted operating cash flow is cash generated from operations before restructuring, cost reduction programme expenses and vacant site remediation costs but after deducting capital expenditure net of asset disposals. It is used in calculating the Group's cash conversion.

	Unaudited Half year 2024 £m	Unaudited Half year 2023 £m	Full year 2023 £m
Cash generated from continuing operations	**94.0**	106.8	272.0
Add: Outflows relating to restructuring charges	**0.1**	1.0	0.8
Add: Outflows relating to cost reduction programme expenses	**3.2**	-	-
Add: Vacant site remediation costs paid	**0.5**	0.6	1.0
Less: Capital expenditure	**(50.5)**	(41.9)	(92.6)
Add: Proceeds from the sale of property, plant and equipment	**0.6**	4.2	5.4
Adjusted operating cash flow	**47.9**	70.7	186.6
Trading Profit	**97.2**	104.9	200.4
Cash Conversion	**49%**	67%	93%

Notes to the Condensed Group Financial Statements

15 Alternative performance measures (continued)

15.10 Cash conversion

Cash conversion is calculated as adjusted operating cash flow divided by trading profit. It is useful for measuring the rate at which cash is generated from trading profit. It is also used as one of the targets against which the annual bonuses of certain employees are measured. The calculation of cash conversion is detailed in Note 15.9 above.

15.11 Free cash flow

Free cash flow is defined as net cash flow from operating activities after net outlays for the purchase and sale of property, plant and equipment, dividends from joint ventures and dividends paid to non-controlling shareholders. It is one of the Group's key performance indicators and is used to assess the underlying cash generation of the Group and is one of the measures used in monitoring the Group's capital. A reconciliation of free cash flow is included underneath the Condensed Group Statement of Cash Flows.

15.12 Average trade working capital to sales ratio

The average trade working capital to sales ratio is calculated as the percentage of average trade working capital balances to the total revenue for the previous 12 months, at constant currency. Average trade working capital (comprising inventories, trade receivables and trade payables) is calculated as the average of the 13 previous month-end balances. It is one of the Group's key performance indicators and is useful for measuring the level of working capital used in the business and is one of the measures used in monitoring the Group's capital.

	Unaudited Half year 2024 £m	Unaudited Half year 2023 £m	Full year 2023 £m
Average trade working capital	**431.5**	480.4	451.8
Last 12 months total revenue	**1,859.6**	1,989.9	1,929.8
Average trade working capital to sales ratio	**23.2%**	24.1%	23.4%

15.13 Adjusted earnings before interest, tax, depreciation and amortisation (adjusted EBITDA)

Adjusted EBITDA is calculated as the total of trading profit before depreciation and amortisation of non-acquired intangible assets. It is used in the calculation of the Group's interest cover and net debt to adjusted EBITDA ratios. A reconciliation of adjusted EBITDA is included in Note 2.

15.14 Net interest payable on borrowings

Net interest payable on borrowings is calculated as total interest payable on borrowings less finance income, excluding interest on net retirement benefit obligations, adjustments to discounts and any item separately reported. It is used in the calculation of the Group's interest cover ratio.

	Unaudited Half year 2024 £m	Unaudited Half year 2023 £m	Full year 2023 £m
Total interest payable on borrowings (note 4)	**11.3**	10.4	23.5
Finance income (note 4)	**(4.7)**	(6.5)	(15.3)
Net interest payable on borrowings	**6.6**	3.9	8.2

15 Alternative performance measures (continued)

15.15 Interest cover

Interest cover is the ratio of adjusted EBITDA for the last 12 months to net interest payable on borrowings for the last 12 months. This measure is also a component of the Group's covenant calculations.

	Unaudited Half year 2024 £m	Unaudited Half year 2023 £m	Full year 2023 £m
Last 12 months adjusted EBITDA	**252.7**	262.0	258.2
Last 12 months net interest payable on borrowings	**10.9**	7.7	8.2
Interest cover	**23.2x**	34.0x	31.5x

15.16 Net debt

Net debt comprises the net total of current and non-current interest-bearing borrowings (including IFRS16 lease liabilities), cash and short-term deposits and derivative financial instruments. Net debt is a measure of the Group's net indebtedness to banks and other external financial institutions. A reconciliation of the movement in net debt is included in Note 8.

15.17 Net debt to adjusted EBITDA

Net debt to adjusted EBITDA is the ratio of net debt at the period-end to adjusted EBITDA for the last 12 months. It is one of the measures used in monitoring the Group's capital measure and is also a component of the Group's covenant calculations.

	Unaudited Half year 2024 £m	Unaudited Half year 2023 £m	Full year 2023 £m
Net debt (note 8)	**315.2**	268.0	237.5
Last 12 months adjusted EBITDA	**252.7**	262.0	258.2
Net debt to adjusted EBITDA	1.2x	1.0x	0.9x

15.18 Return on invested capital (ROIC)

The Group has adopted ROIC as its key measure of return from the Group's invested capital. The RONA performance measure has been replaced with ROIC which provides a more complete measure of Vesuvius's returns. ROIC is calculated as trading profit less amortisation of acquired intangibles plus share of post-tax profit of joint ventures and associates for the previous 12 months after tax, divided by the average (being the average of the opening and closing balance sheet) invested capital (defined as: total assets excluding cash plus non-interest-bearing liabilities), at the average foreign exchange rate for the year.

15 Alternative performance measures (continued)

15.18 Return on invested capital (ROIC) (continued)

	Unaudited Half year 2024 £m	Unaudited Half year 2023 £m	Full year 2023 £m
Average invested capital	**1,574.2**	1,574.4	1,558.5
Trading profit (note 15.4)	191.2	196.8	200.4
Amortisation of acquired intangible assets	(10.1)	(10.4)	(10.3)
Share of post-tax profit of joint ventures and associates	0.9	0.7	0.9
Tax on trading profit and amortisation of acquired intangible assets	(49.8)	(51.3)	(52.3)
	132.2	135.8	138.7
ROIC	**8.4%**	8.6%	8.9%

15.19 Constant currency

Figures presented at constant currency represent 2023 amounts retranslated at average 2024 exchange rates.

15.20 Liquidity

Liquidity is the Group's cash and short-term deposits plus undrawn committed debt facilities less cash used as collateral on loans and any gross up of cash in notional cash pools.

	Unaudited Half year 2024 £m	Unaudited Half year 2023 £m	Full year 2023 £m
Cash and short term deposits	**180.0**	173.2	164.2
Undrawn committed debt facilities	**222.7**	309.5	333.4
Cash used as collateral on loans	**-**	(11.5)	(10.0)
Liquidity	**402.7**	471.2	487.6

Notes to the Condensed Group Financial Statements

16 Exchange rates

The Group reports its results in pounds sterling. A substantial portion of the Group's revenue and profits are denominated in currencies other than pounds sterling. It is the Group's policy to translate the income statements and cash flow statements of its overseas operations into pounds sterling using average exchange rates for the year reported (except when the use of average rates does not approximate the exchange rate at the date of the transaction, in which case the transaction rate is used) and to translate balance sheets using period end rates. The principal exchange rates used were as follows:

	Income and expense Average rates				
	Half year 2024	**Half year 2023**	**Full year 2023**	**Half year to Half year change**	**Full year to Half year change**
US Dollar	1.27	1.23	1.24	3.3%	2.4%
Euro	1.17	1.14	1.15	2.6%	1.7%
Chinese Renminbi	9.14	8.56	8.82	6.8%	3.6%
Japanese Yen	192.54	166.52	174.87	15.6%	10.1%
Brazilian Real	6.43	6.25	6.21	2.9%	3.5%
Indian Rupee	105.27	101.37	102.68	3.8%	2.5%
South African Rand	23.68	22.48	22.95	5.3%	3.2%

	Assets and liabilities Period end rates				
	Half year 2024	**Half year 2023**	**Full year 2023**	**Half year to Half year change**	**Full year to Half year change**
US Dollar	1.26	1.27	1.27	-0.8%	-0.8%
Euro	1.18	1.16	1.15	1.7%	2.6%
Chinese Renminbi	9.23	9.23	9.07	0.0%	1.8%
Japanese Yen	203.32	183.34	179.56	10.9%	13.2%
Brazilian Real	7.07	6.08	6.18	16.3%	14.4%
Indian Rupee	105.38	104.29	105.89	1.0%	-0.5%
South African Rand	22.99	23.92	23.27	-3.9%	-1.2%

17 Events after the balance sheet date

In June 2023, the High Court judged in the Virgin Media vs NTL Pension Trustee case that certain amendments made to the NTL Pension Plan were invalid because the scheme's actuary had not provided the necessary confirmations (Section 37 Certificates). This decision was upheld in July 2024. It could have wider ranging implications affecting other schemes that were contracted-out on a salary related basis and made amendments between April 1997 and April 2016.

Due to the timing of the Appeals judgment, the Group and the Trustees of the Group's UK Pension Plan have not investigated the potential implications (if any) in detail and hence no allowance for this case has been made in calculating the defined benefit obligations at the reporting date. The Group and the Trustees will consider the Appeals judgment in due course and investigate the potential implications (if any) of this ruling for the year-end reporting.