

Key Performance Indicators

Vesuvius' Board and executives monitor both financial and non-financial performance indicators to measure the Group's performance over time

Non-Financial KPIs	Purpose	2013 performance vs 2012
Lost time injury frequency	<ul style="list-style-type: none"> Measures progress towards the Group's goal of zero work-related injuries and illness 	<ul style="list-style-type: none"> The number of work-related illnesses or injuries which resulted in an employee being absent from work for at least one day, per million hours worked remained at 1.8 (2012: 1.8)
Research and development ("R&D") spend	<ul style="list-style-type: none"> Monitored to ensure that adequate resources are being invested to maintain the Group's strong pipeline of new products and services 	<ul style="list-style-type: none"> R&D spend: £26.7m (2012: 24.5m)
Total energy consumption	<ul style="list-style-type: none"> Measured as part of the Group's programme to reduce energy usage and the associated carbon emissions 	<ul style="list-style-type: none"> Energy usage in manufacturing operations: <ul style="list-style-type: none"> - Gas use down 3.0% - Electricity use down 1.6%
Financial KPIs	Purpose	2013 performance vs 2012
Underlying revenue growth	<ul style="list-style-type: none"> Provides an important indicator of organic or "like-for-like" growth of Group businesses between reporting periods. This measure eliminates the impact of exchange rates, acquisitions, disposals and significant business closures 	<ul style="list-style-type: none"> Underlying revenue growth: <ul style="list-style-type: none"> - Group down 0.8% - Steel up 1.9% - Foundry down 6.0%
Trading profit, return on sales ("ROS")	<ul style="list-style-type: none"> Used to assess the trading performance of Group businesses 	<ul style="list-style-type: none"> Continuing operations: <ul style="list-style-type: none"> - Group trading profit: £140.0m up 6.6% - ROS: 9.3% up 80 basis points
Headline profit before tax ("PBT") and headline earnings per share ("EPS")	<ul style="list-style-type: none"> Used to assess the financial performance and earnings capacity of the Group as a whole 	<ul style="list-style-type: none"> Headline PBT: £125.2m up 14.1% Headline EPS: 31.9p up 18.1%
Free cash flow and average working capital to sales ratio	<ul style="list-style-type: none"> Free cash flow is used to assess the underlying cash generation of the Group. One of the factors driving the generation of free cash flow is the average working capital to sales ratio, which indicates the level of working capital used in the business 	<ul style="list-style-type: none"> Continuing operations: <ul style="list-style-type: none"> - Free cash flow: £94.9m (2012: £54.2m) - Average working capital to sales of 24.7% (2012: 26.6%)
Return on net assets ("RONA")	<ul style="list-style-type: none"> Used to assess the financial performance of the Group 	<ul style="list-style-type: none"> Group RONA: 24.4% vs 19.5% in 2012
Interest cover ratio and ratio of net debt to EBITDA	<ul style="list-style-type: none"> Both ratios are used to assess the financial position of the Group and its ability to fund future growth 	<ul style="list-style-type: none"> Interest cover: 13.0 times Net debt to EBITDA: 1.4 times