

# Strategy

Our five strategic objectives will enable us to deliver superior returns to shareholders

Vesuvius is a community of experts in high temperature and molten metal flow containment. As a company, we have developed this expertise over more than fifty years of leadership in areas where our technology has proven to bring outstanding value to our customers.

Our strategy is to build on this unique asset and develop additional business segments where we have synergies from existing technological and market expertise.

This strategy is designed to enable us to grow our revenue ahead of underlying growth in our end-markets; to provide higher margins and return on capital as we aim to grow in less capital intensive sectors; and to deliver strong cash flow and superior returns to our shareholders.

Our strategy is developed along the following five objectives:

## Reinforce our technology leadership

Given the breadth of our experience and global reach, we have an ability to undertake technological development unparalleled in our industry. Our aim is to concentrate our research efforts in a small number of centres of excellence where we activate a critical mass of knowledge and, in parallel, operate development centres in all major markets to interact with our customers and address their immediate requirements.

We ring-fence a substantial sum for longer-term fundamental research, the acquisition of enabling technologies and ensuring cross-business fertilisation. All of these things help generate innovation from "out of the box" thinking.

Technology is the basis of our ability to create value in our customers' processes. This underpins our growth by continuously enriching our value proposition.

In addition to our capital investment in research facilities, we will spend approximately 2% of our annual revenue in R&D over the long term as detailed in our KPIs on page 17.



See the **Innovation** section on page 34 for more information on our R&D capabilities

## Increase the penetration of existing and new value creating solutions

Our solutions bring value to our customers' processes through quality improvement, productivity enhancement and increased efficiency. Process development is more easily adopted by the top end of our markets where higher levels of quality are demanded and labour is more expensive. In addition, we serve an industry which operates in hostile environments where innovation is continually challenged by the need to ensure process safety.

The foundation for momentum in growth for our business is our ability to market the innovations we develop to the wider audience of customers we believe can benefit from them. We will continue to invest in industrial marketing and value capture analysis to enable us to deliver this message and outperform the underlying market evolution with our revenue growth.



See our Safety section on page 32. Also see the **Sustainability** section on page 44 for the effect of our products on customer efficiency

### Capture growth in the developing markets

Our markets in Steel and Foundry divisions are driven by the industrial manufacturing base of the countries in which we operate. The emerging markets are large consumers of steel goods and foundry castings and consequently the demand for our products and value solutions is growing rapidly in these areas. Today, more than 65% of the world steel production is in Asia.

Our business model is to produce at close proximity to our customers' sites, and for several decades Vesuvius has set up production facilities in the emerging markets to answer the growing industrial needs of these countries.

### Improve our cost leadership and margins

No leadership position can be sustained without maintaining clear control of costs as we need to remain competitive for the levels of quality we deliver to our customers.

We continue to leverage our manufacturing volume and use our significant process experience to enhance productivity and upgrade our quality levels. We remain focused on developing efficiencies in supply and logistics costs and investing in process technology.

### Develop a new business of technical services

Our close relationships with customers and our permanent presence at their production sites puts us in a privileged position for providing them with engineered services around the core operations of steel manufacturing and foundry casting.

We already offer much more than purely consumables, by providing customers with systems and design assistance complementary to the use of our products.

We will enrich our present offering over the medium term by providing services around data capture and interpretation that deliver decision-critical, process enhancing information to our most advanced customers in the metal casting field.



For more information on our global coverage see the **Group at a Glance** section on pages 02 and 03



See the **Lean Manufacturing** section on page 36 for further details on our drive for efficiency and excellence



For more information on services development see our **Innovation** section on page 34