



10 November 2009

Press release

INTERIM MANAGEMENT STATEMENT

Cookson Group plc (“Cookson” or “the Group”), a leading materials science company, releases the following Interim Management Statement regarding current trading, its financial position and outlook. This statement covers the period from 1 July 2009 to 9 November 2009.

Overview

In our 2009 Half Year Financial Report (4 August) we commented that we had seen progressively improving trends in electronics end-markets since March and some signs of recovery in steel production end-markets since May, but that foundry end-markets remained very weak. These improving overall trends continued through the third quarter, which also benefitted from the normal trading seasonality of our Electronics and Precious Metals divisions and a slight pick-up in foundry markets towards the end of the quarter.

As a result, Group revenue of £498 million in the third quarter was 9% higher than the prior quarter at constant exchange rates (6% higher at reported exchange rates), although still 26% below the equivalent quarter in 2008 (18% lower at reported exchange rates). Trading profit improved markedly in the third quarter reflecting the strong profit drop-through from the additional revenue and the incremental cost-reduction programme savings.

These improving overall end-market and trading performance trends have continued into the fourth quarter, although we anticipate the normal reduction in activity in December due to some customer production shutdowns. The Board now expects trading profit for full year 2009 to be around the upper end of the range of current analysts' forecasts (see note 1 below). We are therefore confident that we will be in full compliance with the financial covenants contained within our debt facilities as at 31 December 2009.

Ceramics

Revenue in the third quarter was £279 million, 7% higher than the prior quarter at constant exchange rates (4% higher at reported exchange rates), although still 31% below the equivalent quarter in 2008 (24% lower at reported exchange rates). As anticipated, trading profit was substantially higher than in the second quarter due to the strong profit drop-through on the additional revenue - most notably from the steel-related product lines - combined with the increased capture of cost savings from the facility closures and downsizings announced earlier in the year. Trading profit in September showed a strong improvement as the summer vacation season ended and steel related end-markets continued their recovery.

According to the World Steel Association, global steel production, which represents just over half of the Ceramics division's revenue, fell 6% in the third quarter of 2009 compared to the equivalent quarter last year. Within this, steel production in China (which now currently accounts for just under half of global steel production) was 21% higher. However, market trends outside China are more significant for the Ceramics division in the short-term as over 80% of the Steel Flow Control and almost all of the Linings product line revenue arises outside China. Excluding China, global steel

production was 22% lower in the third quarter compared to the equivalent period last year but 13% above the prior quarter and we have seen a progressively improving trend.

Excluding China, the level of steel production in September was 20% higher than the average monthly production in the first half of 2009, with increases in all key regions: NAFTA up 23% (US up 32%); the European Union up 28%; and CIS up 10%. We believe this increase in steel production marks the end of the de-stocking phase and the progressive realignment of steel production to underlying demand.

Revenue in Steel Flow Control (for which global steel production represents almost 100% of the end-market) grew by 17% in the third quarter compared to the second quarter (at constant exchange rates). Linings revenue, as expected, grew less markedly in the third quarter (a 2% increase at constant exchange rates). Linings was less affected in the first half of 2009 by the downturn in steel production as around one-quarter of its revenue is related to other industrial processes and, in its steel-related activities, it benefitted in the first half from an order backlog of maintenance projects. Revenue in both product lines is still well below the third quarter of 2008 - 26% lower for Steel Flow Control and 28% lower for Linings (both at constant exchange rates). Trading profit in Steel Flow Control grew very strongly in the third quarter compared to the second quarter in line with our previous expectations, whilst trading profit in Linings was broadly unchanged between the two quarters.

The foundry castings market, which represents around one-third of the Ceramics division's revenue, continues to experience weak trading, although activity did start to pick-up slowly towards the end of the third quarter. Foundry revenue in the second quarter of 2009 was 13% lower than the first quarter but this trend has been reversed in the third quarter with revenue 6% higher compared to the second quarter. Whilst encouraging, revenue in the third quarter was still 37% lower than the third quarter of 2008 (at constant exchange rates). Foundry reported a modest trading profit for the third quarter, compared to breakeven in the second quarter.

Fused Silica end-markets have continued to be weak with revenue in the third quarter down 12% on the second quarter (at constant exchange rates) with reduced demand for both Solar Crucibles™ and tempering rollers used in the glass industry. Notwithstanding the weak revenue, this product line has remained profitable in the third quarter.

Electronics

Electronic materials end-markets (which account for approximately two-thirds of the division's revenue) have continued to improve throughout the third quarter, a trend which commenced in March 2009 as customer de-stocking started to come to an end. However, industrial and automotive markets (approximately one-third of the division's revenue) have remained weak.

Revenue of £145 million in the third quarter was 5% higher than the prior quarter on an underlying basis (being revenue at constant exchange rates, adjusted for the impact of differences in commodity metal prices and eliminating back-to-back customer equipment sales), but still 18% lower than the equivalent quarter last year (15% lower at reported exchange rates and not adjusting for metal prices or customer equipment sales). Monthly trading profit in the third quarter showed an improving trend, particularly in September as the summer vacation period ended and the division entered into its peak seasonal period.

Precious Metals

Retail jewellery markets in both the US and Europe remained very weak, although this has been offset by increased precious metal reclaim activity in Europe and strong demand from the US Mint

for gold coin blanks. Trading profit in the third quarter was well ahead of both the prior quarter (due to normal seasonality) and the equivalent quarter last year (high levels of reclaim).

Financial position

Net debt as at 30 September 2009 was £471 million, above the £438 million as at 30 June 2009 reflecting an increase in working capital resulting from the higher levels of activity experienced in the third quarter. Capital expenditure remains tightly controlled and both dividend and UK pension 'top-up' contributions are currently suspended. Net debt as at 31 December 2009 is expected to reduce slightly from the level as at 30 September 2009. Given our expectations for trading in the fourth quarter, we are confident that we will be in full compliance with the financial covenants contained within our debt facilities as at 31 December 2009. The Group currently has total committed borrowing facilities of around £870 million and hence very substantial liquidity headroom. The principal maturities are in late 2011 and 2012.

Net finance costs (on ordinary activities) for full year 2009 (including net interest on the Group's defined benefit pension and other post-retirement benefit plans) is expected to be not more than £40 million.

Outlook

The improving overall end-market and trading performance trends have continued into the fourth quarter, although we anticipate the normal reduction in activity in December due to some customer production shutdowns. The Board now expects trading profit for full year 2009 to be around the upper end of current analysts' forecasts (see note 1 below).

Trading performance in 2010 will be dependent on the speed and strength of the recovery in the global economy and in our key end-markets of steel production, foundry castings and electronics, which remain difficult to predict with any certainty. Given the actions we have taken over the past year, we believe we are well positioned once a sustained recovery in end-markets is confirmed.

Further announcements

Cookson's full year results for the twelve months ending 31 December 2009 are expected to be announced on 2 March 2010.

Notes:

Note 1 - Reuters Knowledge at 9 November 2009 for Cookson's earnings before interest and tax (before exceptionals and goodwill amortisation) (i.e. trading profit) for FY2009 gives a range of analysts' forecasts of between £78 million and £110 million.

- Ends -

For further information please contact

Shareholder/analyst enquiries:

Nick Salmon, Chief Executive
Mike Butterworth, Group Finance Director
Anna Hartropp, Investor Relations Manager

Cookson Group plc
Tel: + 44 (0)20 7822 0000

Media enquiries:

John Olsen
Anthony Arthur

Hogarth Partnership
Tel: +44 (0)20 7357 9477
+ 44 (0)7770 272082

About Cookson Group plc

Cookson Group plc is a leading materials science company operating on a worldwide basis in Ceramics, Electronics and Precious Metals markets.

Trading under the Vesuvius and Foseco brand names, the Ceramics division is the world leader in the supply of advanced consumable products and systems to the global steel and foundry industries and a leading supplier of speciality products to the glass and solar industries.

The Electronics division is a world leading supplier of advanced surface treatment and plating chemicals and assembly materials to the automotive, construction and electronics markets.

The Precious Metals division is a leading supplier of fabricated precious metals (primarily gold, silver, platinum) to the jewellery industry in the US, the UK, France and Spain. Products include alloy materials, semi-finished jewellery components and finished jewellery.

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 document 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, revenues, working capital, liquidity, capital needs, interest costs and income, in each case relating to Cookson, wherever they occur in this document, are necessarily based on assumptions reflecting the views of Cookson 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. Important factors that could cause actual results to differ materially from estimates or projections contained in the forward looking statements include without limitation: economic and business cycles; the terms and conditions of Cookson's financing arrangements; foreign currency rate fluctuations; competition in Cookson's principal markets; acquisitions or disposals of businesses or assets; and trends in Cookson's principal industries.

The foregoing list of important factors is not exhaustive. When relying on 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.

Such forward looking statements 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, Cookson 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.

Cookson Group plc, 165 Fleet Street, London EC4A 2AE
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www.cooksongroup.co.uk