

The driving force of the refractory industry

Company presentation



Disclaimer



The consolidated financial statements presented here are consistent with the criteria of international accounting standards – IFRS issued by the International Accounting Standards Board – IASB, based on audited financial information. Non-financial information contained herein, as well as other operational information, were not audited by independent auditors and may include forward-looking statements and reflects the current views and perspectives of the management on the evolution of macro-economic environment, conditions of the mining and refractories industries, company performance and financial results. Any statements, projections, expectations, estimates and plans contained in this document that do not describe historical facts, and the factors or trends affecting financial condition, liquidity or results of operations, are forward-looking statements and involve several risks and uncertainties.

This presentation should not be construed as legal, tax, investment or other advice. This presentation does not constitute an offer, or invitation, or solicitation of an offer, to

subscribe for or purchase any securities, and neither any part of this presentation nor any information or statement contained herein shall form the basis of or be relied upon in connection with any contract or commitment whatsoever. Under no circumstances, neither the Company nor its subsidiaries, directors, officers, agents or employees be liable to third parties (including investors) for any investment decision based on information and statements in this presentation, or for any damages resulting therefrom, corresponding or specific.

The information presented or contained in this presentation is current as of the date hereof and is subject to change without notice. RHI Magnesita has no obligation to update it or revise it in light of new information and / or in face of future events, safeguard the current regulations which we are submitted to. This presentation and its contents are proprietary information of the Company and may not be reproduced or circulated, partially or completely, without the prior written consent of the Company.

Refractories are critical to all high-temperature industrial processes

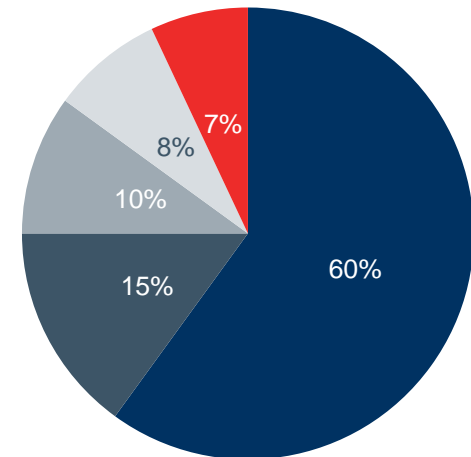


- Refractories are critical consumable or investment goods for high-temperature manufacturing processes
- Fireproof materials consumed whilst protecting clients' production processes, retaining physical and chemical characteristics when exposed to extreme conditions
- Critical, yet represent less than 3% of COGS in steel manufacturing and less than 1% in other applications

Main end markets

€20 billion worldwide industry

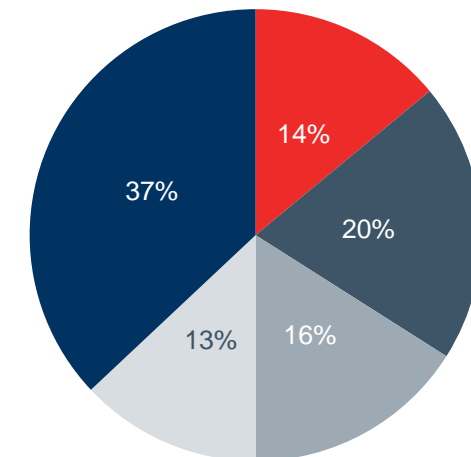
- Steel
- Energy, chemicals
- Nonferrous metals
- Cement
- Glass



Source: Company estimates

Global refractory industry


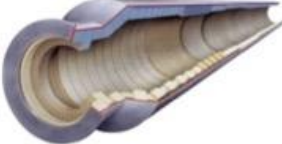

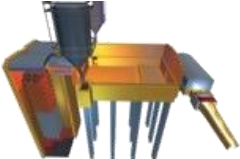
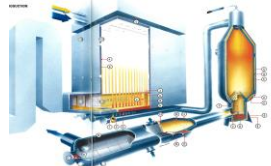
- RHI Magnesita
- 4-6 segment companies
- 10-20 regional companies
- 100-200 small local companies
- 1000+ Chinese companies



Source: Company estimates of market share in US\$

Refractories are continuously consumed during finished goods production



Key industries	Applications	Replacement	Costs	Refractory characteristics
Steel	Basic oxygen-, electric arc furnace casting ladles 	20 minutes to 2 months	~3.0%	Consumable product Systems and solutions for complete refractory management Demand correlated to output Investment goods Longer replacement cycles Customized solutions based on the specific requirements of various industrial production processes Complete lining concepts including refractory engineering Wide areas of application Project driven demand cycles
Cement/Lime	Rotary Kiln 	Annually	~0.5%	
Nonferrous metals	Copper-converter 	1 – 10 years	~0.2%	
Glass	Glass furnace 	Up to 10 years	~1.0%	
Energy/ Environmental/ Chemicals	Secondary reformer 	5 – 10 years	~1.5%	

A complex range of tailored refractory products are required for each application

Bricks



Monolithics and pre casts



Functional products



Example of refractory application for steel ladle



+Systems and machinery

RHI Magnesita is the world leader in refractories and a truly global company



€2.7bn

2017 pro-forma revenue

10,000

Customers served globally

14,000

Employees spread
over 37 countries

35

Main production sites across
16 countries

180

Countries shipped worldwide

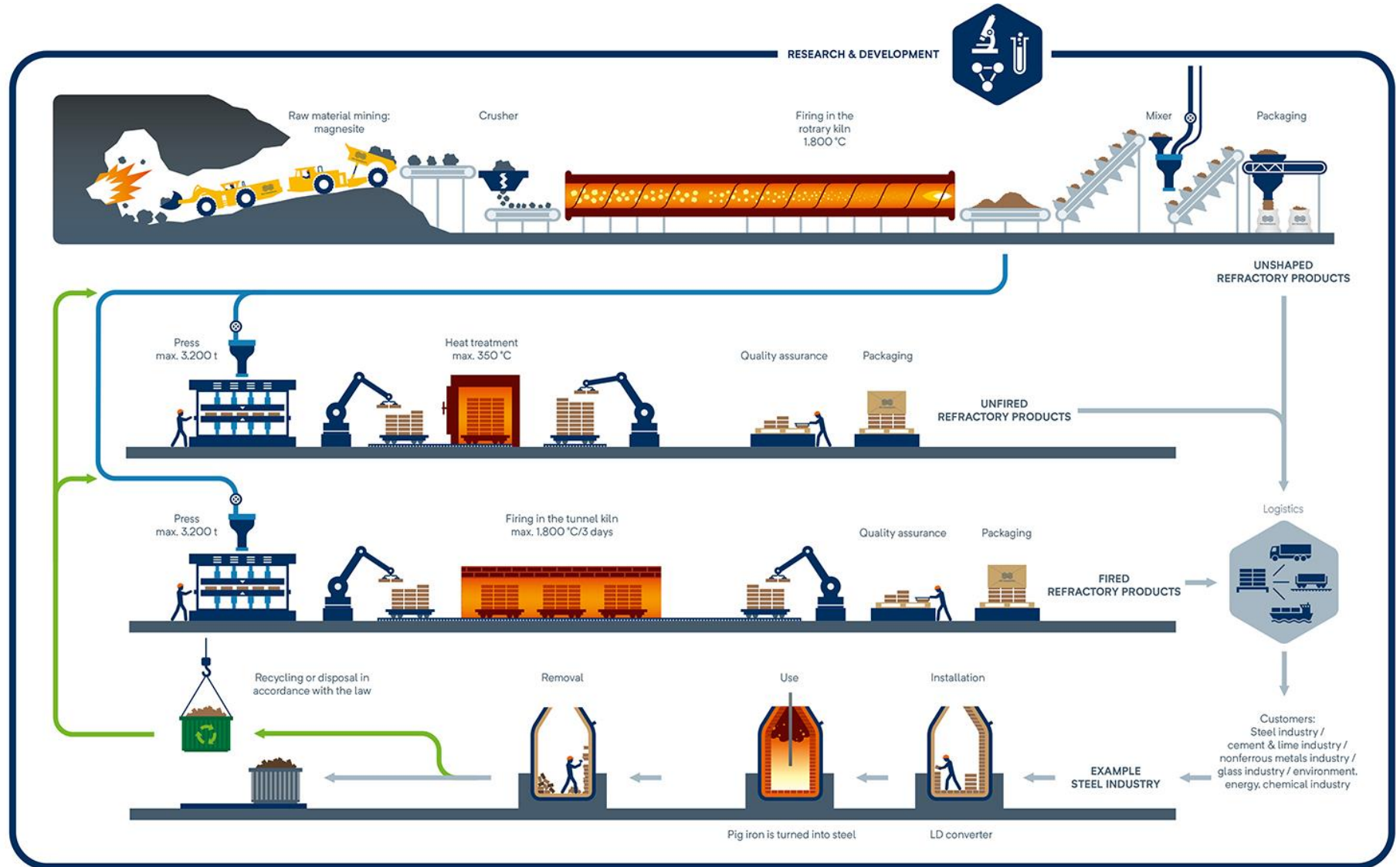
10

Main raw material sites
in 4 continents

>€37m

Annual investment in Research

The refractory world of RHI Magnesita



Serving blue chip clients in every industry

Steel



Cement



Glass



Metals



Serving 1060 of 1250 plants¹

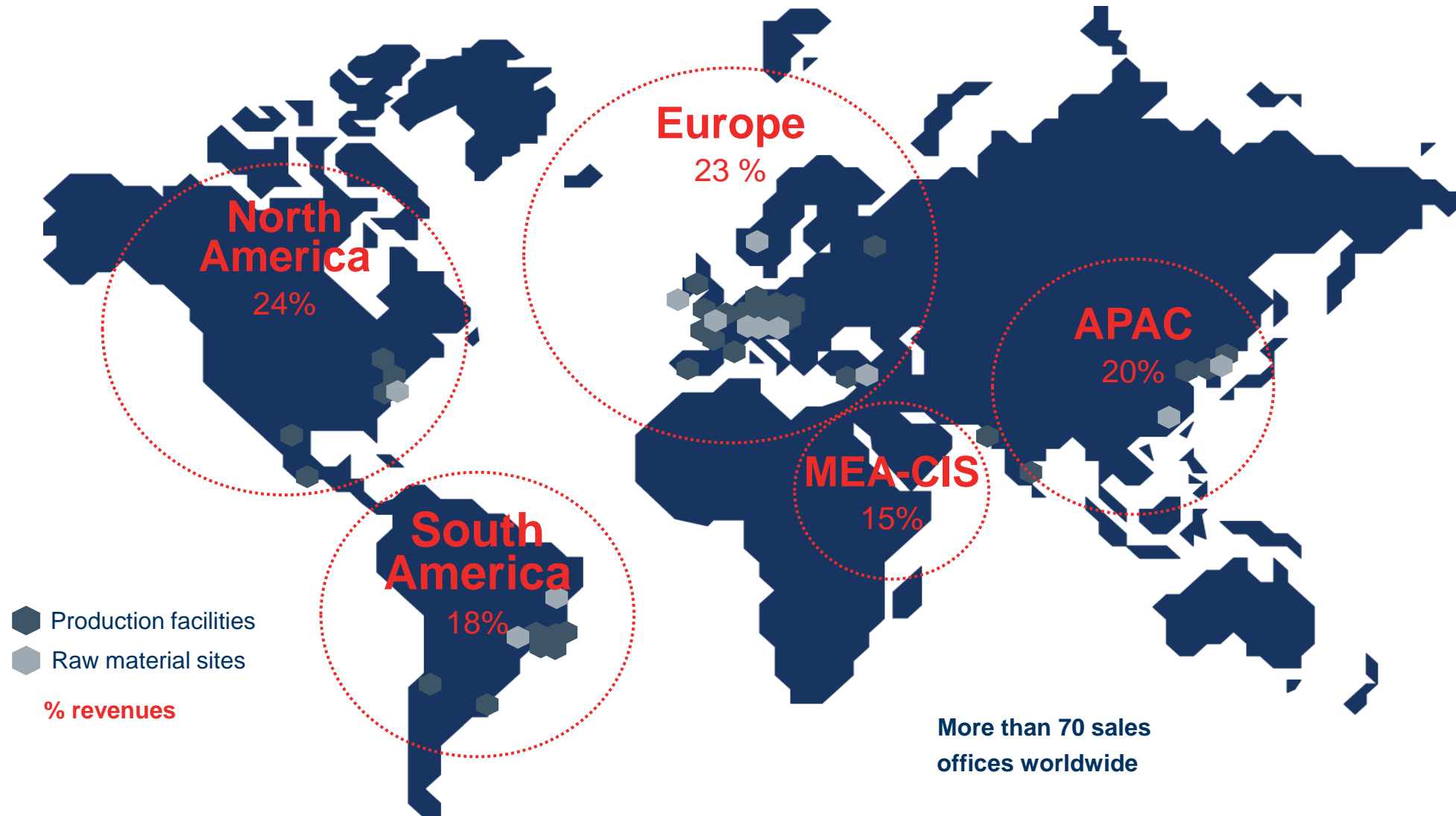
Serving 1376
of 1537 plants¹

Serving 800
of 900 plants¹

Serving 650
of 2000 plants¹

¹ex-China

Optimally positioned to reach customers everywhere



Experienced management team with solid financial and strategic background



Executive Management Team	Joined	Background
Stefan Borgas <i>CEO</i>	2016	<ul style="list-style-type: none"> Former CEO of Israel Chemicals Ltd and Lonza Group Several management positions at BASF
Octavio Lopes <i>CFO</i>	2012	<ul style="list-style-type: none"> Former CEO of Magnesita and Equatorial Energia Several management positions at GP Investments
Luis R. Bittencourt <i>CTO</i>	1989	<ul style="list-style-type: none"> Former R&D and raw material VP of Magnesita BA in mining engineering (UFMG), MS degree in metallurgical engineering (University of Utah) and PhD in ceramic engineering (University of Missouri)
Gerd Schubert <i>COO</i>	2017	<ul style="list-style-type: none"> Former COO of Pfeiderer S.A. Global Operations Director at Ferro Deutschland GmbH and Ferro Spain
Reinhold Steiner <i>CSO</i>	2012	<ul style="list-style-type: none"> Former CSO Steel Division of RHI Former CEO of Chtpz Group
Thomas Jakowiak <i>Integration</i>	2000	<ul style="list-style-type: none"> Former CSO Industrial Division of RHI Several leadership positions at RHI
Simone Oremovic <i>Human Resources</i>	2017	<ul style="list-style-type: none"> 19 years of experience in leadership positions in HR, among other fields at GE, Telekom Austria, IBM and Shire/Baxter
Luiz Rossato <i>Corporate Develop.</i>	2008	<ul style="list-style-type: none"> Former Legal Council, M&A and Institutional VP of Magnesita General Counsel of the Year 2012 by International Law Office

Premium UK listing and corporate governance

Listing in the UK underscores the RHI Magnesita's international scope

- ❑ Listed in the Premium Market in the London Stock Exchange
- ❑ Strong commitment and full adherence to the UK corporate governance code
- ❑ Majority independent Board targetted
- ❑ No controlling shareholder (or shareholder agreement)



Highly valued board members with accretive multi-disciplinary experience

Executive Directors

Stefan Borgas / DE – CEO
Octavio Lopes / BR – CFO

Non-Executive Directors¹

Herbert Cordt / AT – Chairman
David Schlaff / AT
Stanislaus zu Sayn-Wittgenstein / DE
Fersen Lambranh / BR

Independent:

Jim Leng / UK – Senior Independent Director
Ms Celia Baxter / UK – Chair Remuneration Committee
John Ramsay / UK – Chair Audit Committee
Andrew Hosty / UK
Wolfgang Ruttenstorfer / AT
Karl Sevelde / AT
 One position to be nominated

Board Committees

Remuneration

Corporate
Responsibility

Nomination

Audit &
Compliance

¹An additional six Non-Executive Directors shall be appointed by employee representatives from various EEA Member States

A strategic combination that captures synergies and drives efficiencies



Establish leading market position



- Complementary asset portfolio
- Transaction to support regional growth in several markets, especially in the United States and Asia
- Strengthening competitive position against consolidating Chinese refractory industry

Leverage technology capabilities



- Enhanced value-added products and tailored solutions best fitting customer needs in every market
- Strong, globally recognized brands associated with high-quality products and services
- Innovative technology and best in class R&D

Strengthen geographic cluster



- Valuable assets enhancing combined global footprint
- Economies of scale in important operations
- Increased proximity to customers, shorter lead-times, and lower inventory in the chain

Retain raw material integration



- Global raw material network to smooth out demand volatility and reduce capital requirements and logistic costs
- Highest level of vertical integration in the industry with unique raw material sources ensures best product quality

Capture synergies and drive cost efficiencies

The industry's largest dedicated research team, pushing the boundaries of what is possible



We drive innovation in every aspect of our business, from materials, robotics and Big Data, to bespoke new business models and efficient new processes, under extreme conditions.

Refractories

- Development and optimization of refractory products and manufacturing processes
- Market driven project portfolio
- Plant technical support and quality control

Mineral

- Increase ore recovery, maximize mine useful life and minimize environmental impacts
- Development of high quality, low cost raw material sources

Basic research

- Basic research ensuring technology leadership
- Strong focus on innovation

Recycling

- Green technology applied to reprocessing, sorting and reutilization of recycled raw material

Global research team of 270+ employees, of which 98 have masters and PhDs, working out of 2 research hubs and 2 centers



On-site technical experts consult, develop and deliver innovative solutions directly to clients



340+ technical engineers across 90 countries, working on-site with clients to provide custom-made solutions, installation support, recycling, post-mortem analysis and more.

A combination of...



High quality raw materials



Continuous investments in R&D



World-class products



On-site technical consulting

...ensures customers

- ☐ Improve efficiency
- ☐ Improve quality
- ☐ Increase productivity
- ☐ Reduce costs
- ☐ Reduce working capital
- ☐ Reduce energy and other raw materials consumption

RHI MAGNESITA

2025

The driving force



People

Hire, retain and motivate **talent** and nurture a **meritocratic, performance-driven, client-focused and friendly culture**



Markets

Worldwide presence with strong local organizations and **solid market positions** in all major markets



Business Model

Top service & solution provider in the refractory industry with an extensive portfolio based on **innovative technologies and digitalization**



Competitiveness

Low-cost producer of technically advanced refractory materials with **safe production network**

Revenue EUR 4.5 bn

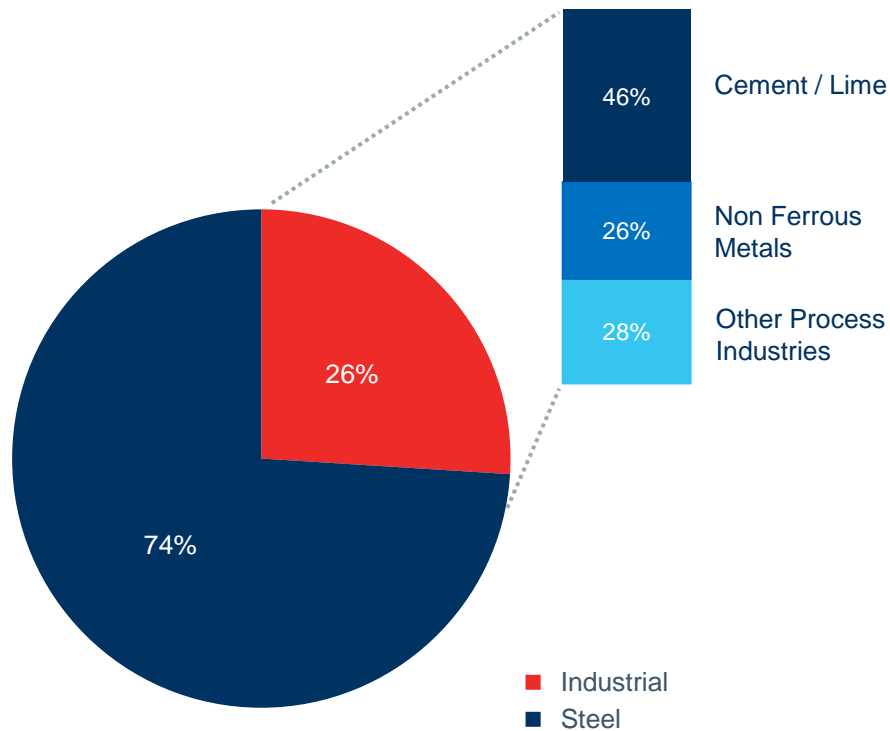
EBIT >14%

ROIC >15%

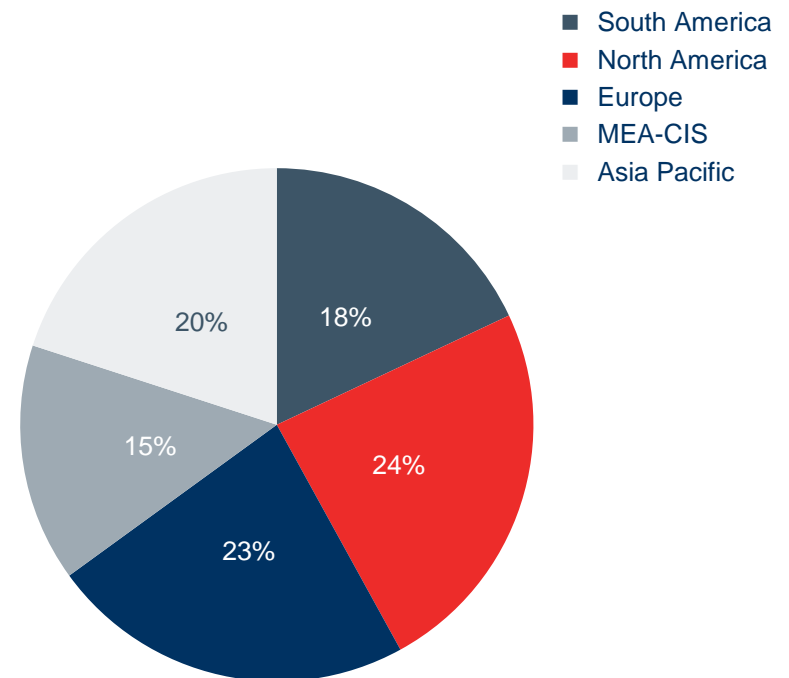
4 Cultural Themes

Pro-forma financials

Revenue¹ by Industry



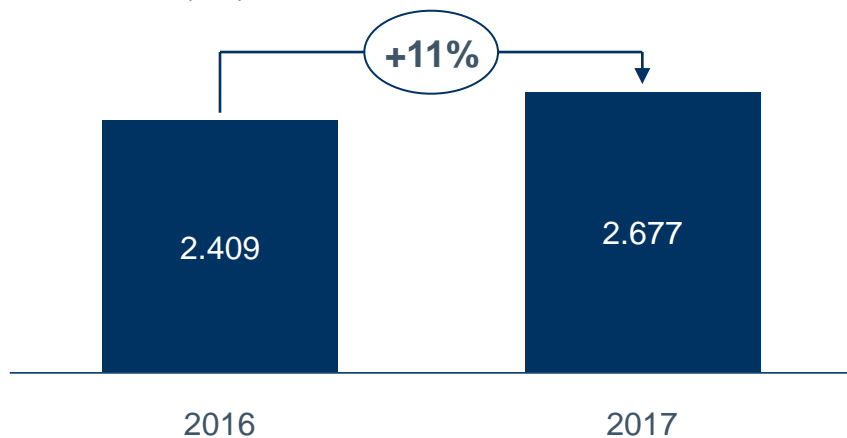
Total Revenue by Geography



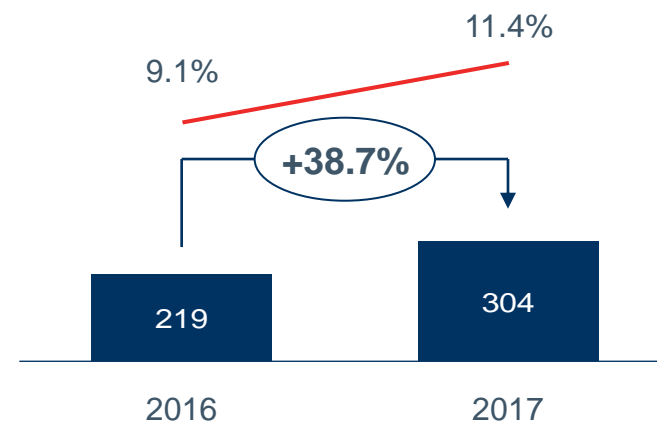
¹ Revenue split considers only refractory segments and does not take into account the effect of any divestitures.

Adjusted pro-forma results

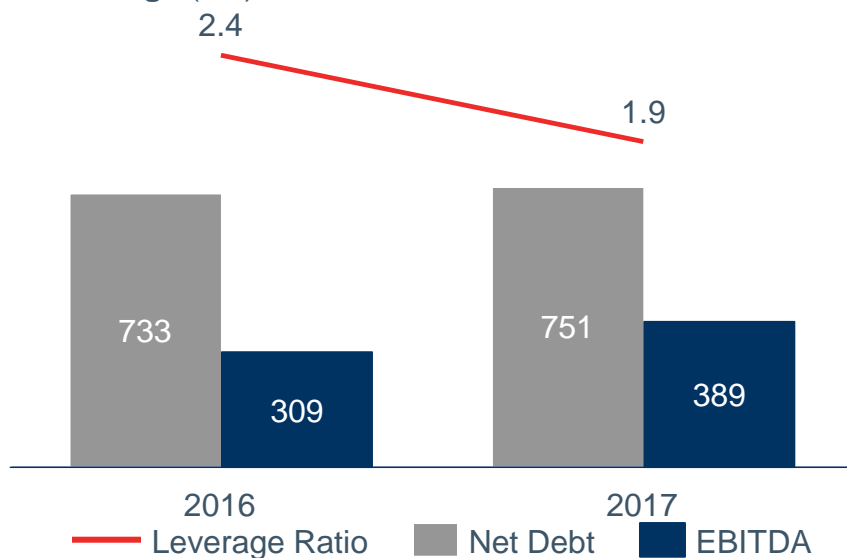
Revenue (€m)



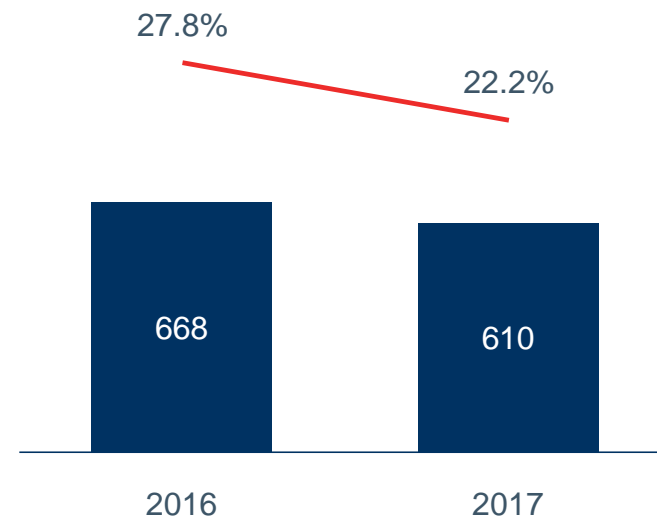
EBITA (€m)



Leverage (€m)



Working Capital Intensity (€m)



Selected financial highlights

€m	Reported 2016	Reported 2017	Adjusted Pro- forma 2016 ¹	Adjusted Pro- forma 2017 ¹	% Δ
Revenue	1,651	1,946	2,409	2,677	11.1%
CoGS	(1,295)	(1,486)	(1,822)	(1,999)	9.7%
Gross Profit	356	461	587	678	15.5%
SG&A	(140)	(293)	(382)	(400)	4.6%
Other Inc/Exp	(0)	(125)	-	(0)	-
EBIT	116	43	205	278	35.7%
Amortization	(10)	(14)	(14)	(26)	80,3%
EBITA	127	57	219	304	38.7%
Depreciation	(55)	(60)	(90)	(85)	(6,1%)
EBITDA	181	117	309	389	25.6%

Adjusted pro-forma analysis

Revenue:

- Consolidated: +11.1%
- Steel Division: +14.3%
- Industrial Division: +2.7%

CoGS:

- CoGS growth below revenue growth, despite raw material price increase in China

SG&A:

- SG&A dilution of 100bps, from 15.9% to 14.9% of revenue

EBITA:

- up 39%, with margin expanding 230bps, from 9.1% to 11.4%

Dividend:

- €0.75 per share (€33.6m), to be paid on 2 July 2018

1: Adjusted pro-forma results were prepared as if the combined Group had already existed since January 1, 2016 and before the impact of Items such as: divestments, restructuring expenses, merger-related adjustments and other non-merger related other income and expenses, which are generally non-recurring. More details on page 8.

Get in touch

RHI Magnesita
Kranichberggasse 6
1120 Vienna Austria
Phone: +43 50213 6200
E-mail: corporate.communications@rhimagnesita.com
rhimagnesita.com

Important notice:

These materials do not constitute or form part, or all, of any offer of invitation to sell or issue, or any solicitation of any offer to purchase or subscribe for, any securities in any jurisdiction in which such solicitation, offer or sale would be unlawful, nor shall part, or all, of these materials form the basis of, or be relied on in connection with, any contract or investment decision in relation to any securities.

These materials contain forward-looking statements based on the currently held beliefs and assumptions of the management of RHI Magnesita N.V. or its affiliated companies, which are expressed in good faith and, in their opinion, reasonable. These statements may be identified by words such as "expectation" or "target" and similar expressions, or by their context. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of RHI Magnesita N.V. or its affiliated companies to differ materially from the results, financial condition, performance or achievements express or implied by such forward-looking statements. Given these risks, uncertainties and other factors, recipients of this document are cautioned not to place undue reliance on these forward-looking statements. RHI Magnesita N.V. or its affiliated companies disclaims any obligation to update these forward-looking statements to reflect future events or developments.

