

The driving force of the refractory industry

Company presentation



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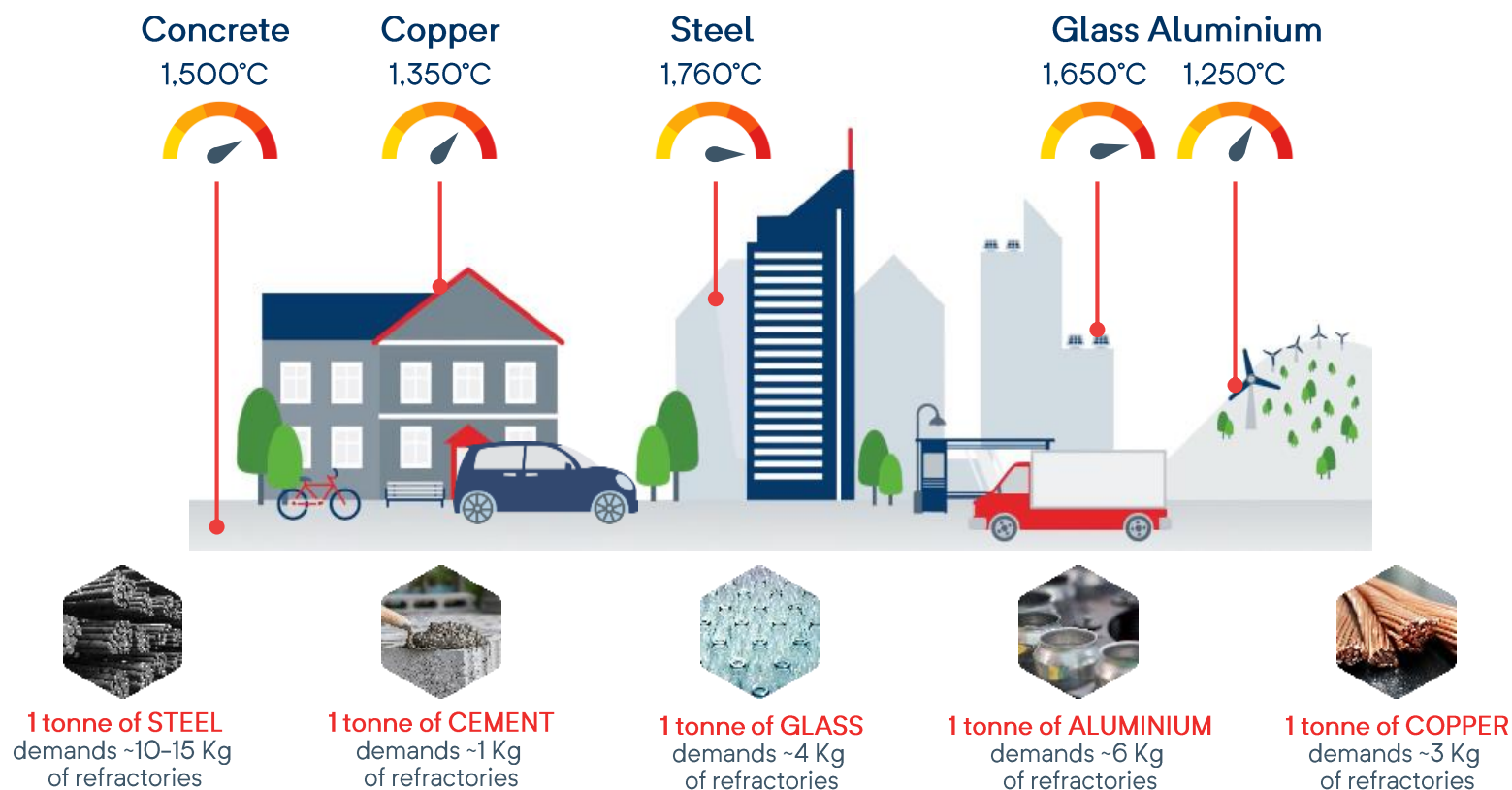
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Refractories are essential for our modern world

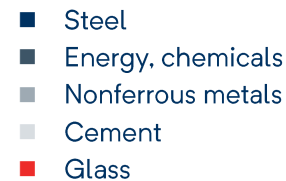


Refractories are critical to all high-temperature industrial processes



- 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



Source: Company estimates

Global refractory industry



Source: Company estimates of market share in US\$

Refractories are continuously consumed during finished goods production

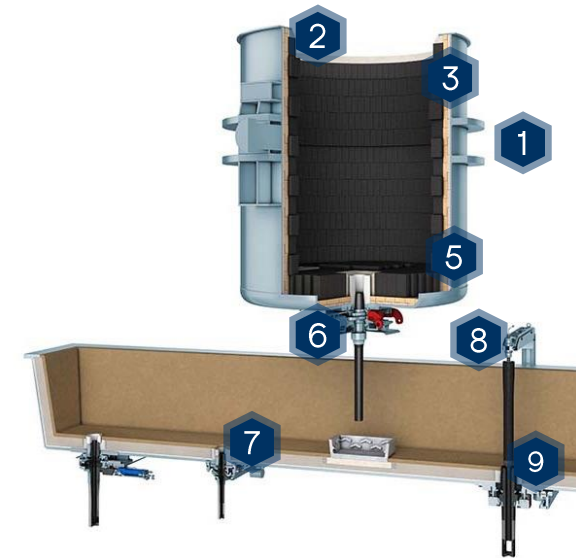
Key industries	Applications	Replacement	Costs	Refractory characteristics
Steel	Basic oxygen-, electric arc furnace casting ladles 	20 minutes to 2 months	~3.0%	Consumable product Systems and solutions for complete refractory management Demand correlated to output Investment goods Longer replacement cycles 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



Example of refractory application for steel ladle



Monolithics and pre casts



Functional products



Digital Solutions



Systems & Machinery



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



€2.9bn

2019 revenue

+13,650

Employees spread in more than
35 countries

€64m

Annual investment in Technical
Marketing, R&D and 4.0

19

Finished goods sites

125+

Countries shipped to worldwide

10

Raw material sites

4

combined sites

2019 financial highlights

Resilient performance in difficult markets

Revenue	Adjusted EBITA	Adjusted EBITA margin	Adjusted EPS
€2.9bn ▼ 5% ¹	€408m ▼ 5% ¹	14.0% ▲ 10bps ¹	€5.57 ▲ 5% per share
Operating FCF ²	Working capital intensity	Net debt to adjusted EBITDA	Available liquidity ⁴
€359m 88% cash conversion	18.3% ▲ 290bps	1.2x ▼ 0.1x ³	€1.1bn

Notes:

1) 2019 numbers compared with 2018 reported figures;

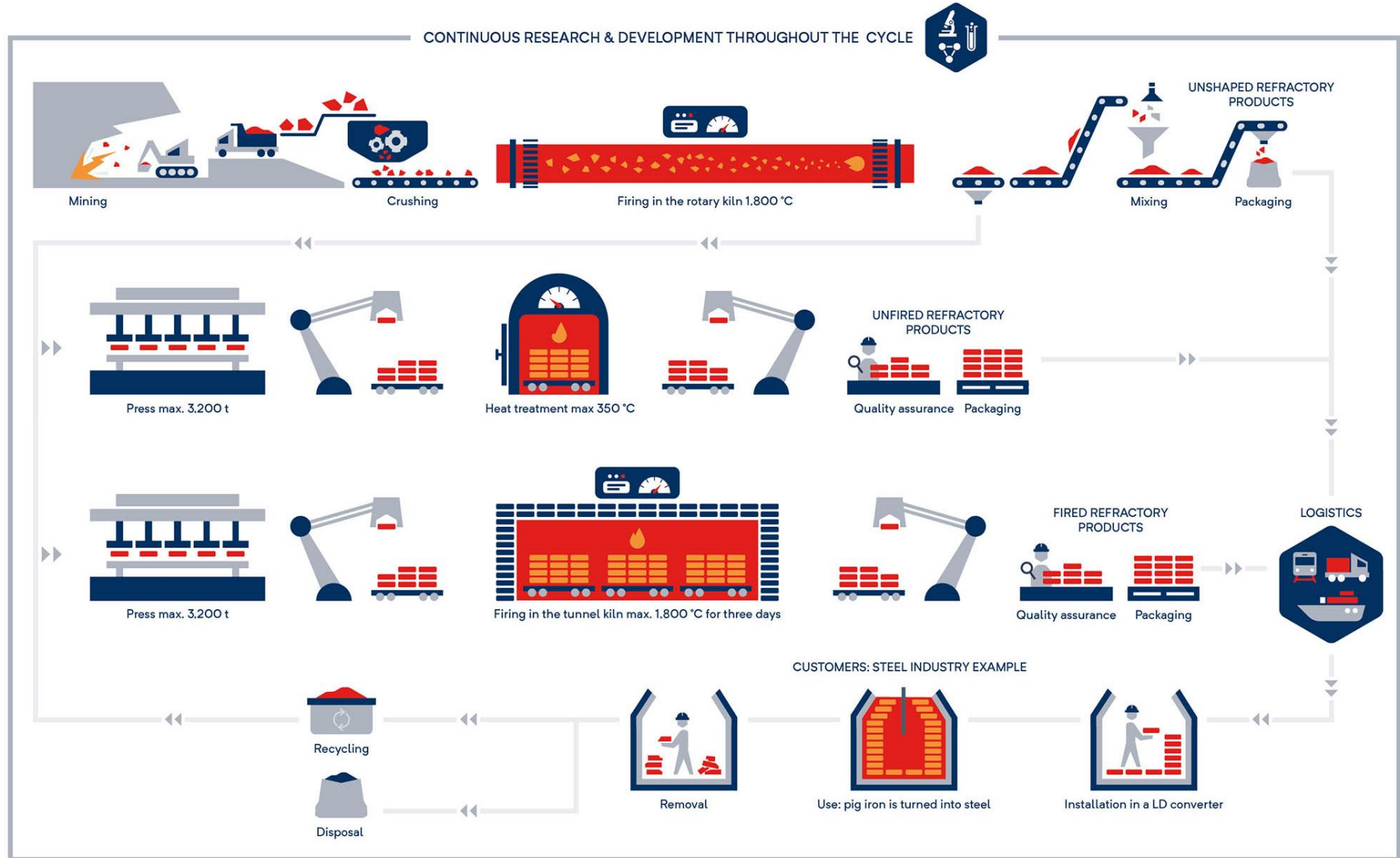
2) Operating free cash flow presented to reflect net cash inflow from operating activities before certain items. It is calculated by considering the cash impacts of EBITA, working capital, changes in other assets and liabilities, capex and depreciation;

3) Compared with 2018 including IFRS 16 Leases

4) Available liquidity comprises cash, cash equivalents and €600m of undrawn committed facilities

The Refractory World of RHI Magnesita

Value creation from the raw material to the refractory product*



* Example magnesia product line

Serving a blue chip client base

STEEL



TATA STEEL



POSCO



OUTOKUMPU



Severstal



Serving 1,050
of 1,300 plants¹

CEMENT



LafargeHolcim

HEIDELBERGCEMENT



Votorantim

Sinoma
中国中材



Serving 1,350
of 1,500 plants¹

GLASS

SCHOTT



Serving 800
of 900 plants¹

METALS



GLENCORE

RioTinto

Serving 650
of 2,000 plants¹

Note: 1) Approximate number of plants worldwide, excluding China, based on Company estimates

Experienced management team with solid financial and strategic background



Executive Management Team	Joined	Background
Stefan Borgas CEO	2016	<ul style="list-style-type: none"> Former CEO of Israel Chemicals Ltd and Lonza Group Several management positions at BASF
Ian Botha CFO	2019	<ul style="list-style-type: none"> Former Finance Director of Anglo American Platinum Several management positions at Anglo American plc, including CFO Ferrous Metals, CFO Coal and Group Financial Controller
Luis R. Bittencourt CTO	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 COO	2017	<ul style="list-style-type: none"> Former COO of Pfeleiderer S.A. Global Operations Director at Ferro Deutschland GmbH and Ferro Spain
Gustavo Franco CSO	2019	<ul style="list-style-type: none"> Former Global Sales & Marketing VP at RHI Magnesita 18 years of experience in Sales for the Refractory Industry, being based in South America, North America and Europe
Simone Oremovic People, Projects & Communications	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
Ticiana Kobel Executive VP General Legal Counsel	2019	<ul style="list-style-type: none"> More than 20 years of experience in management positions in a wide range of global business branches such as the aviation industry, the technology industry, the service sector and the engineering industry

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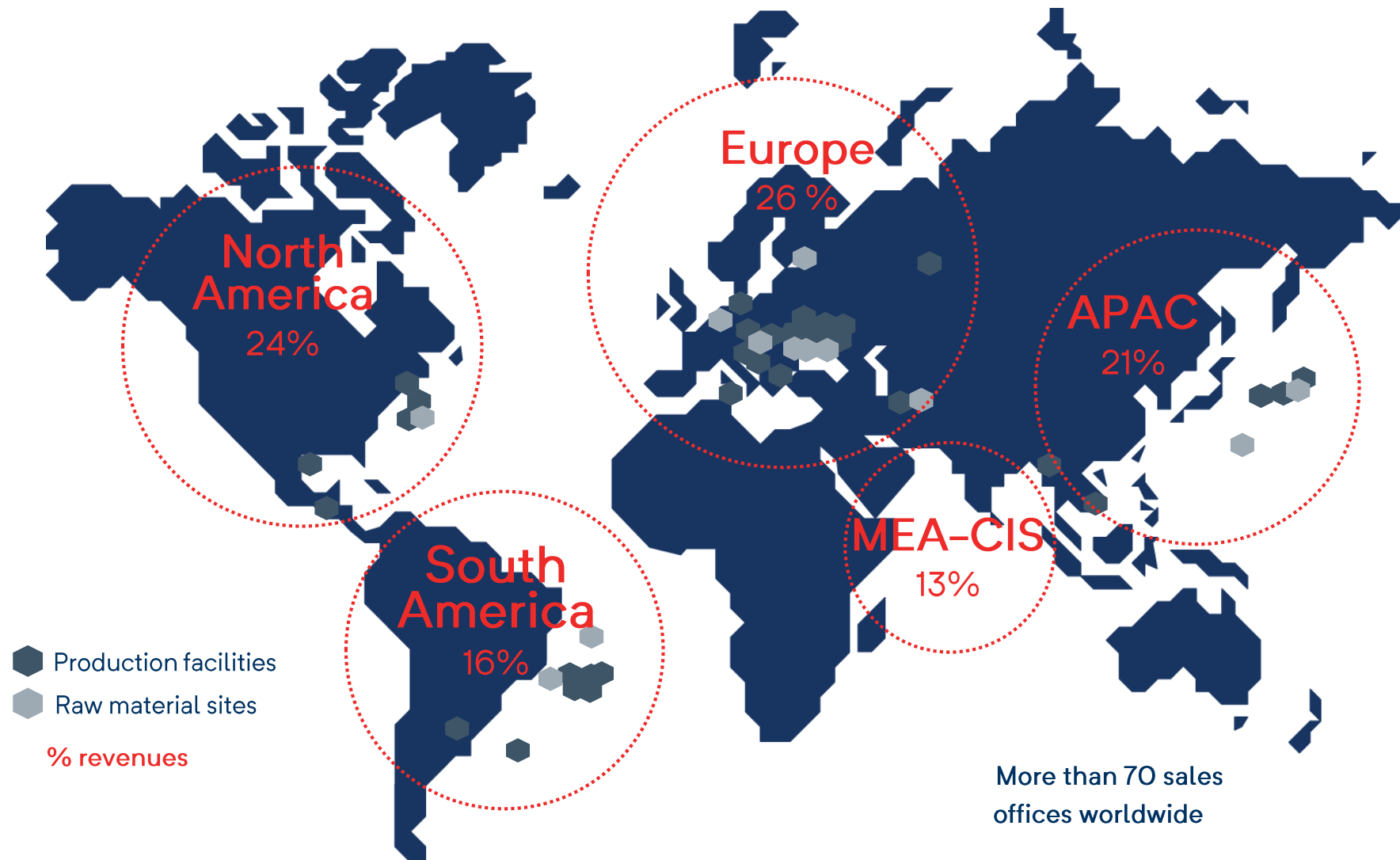
3 Strategy

Our strategic difference



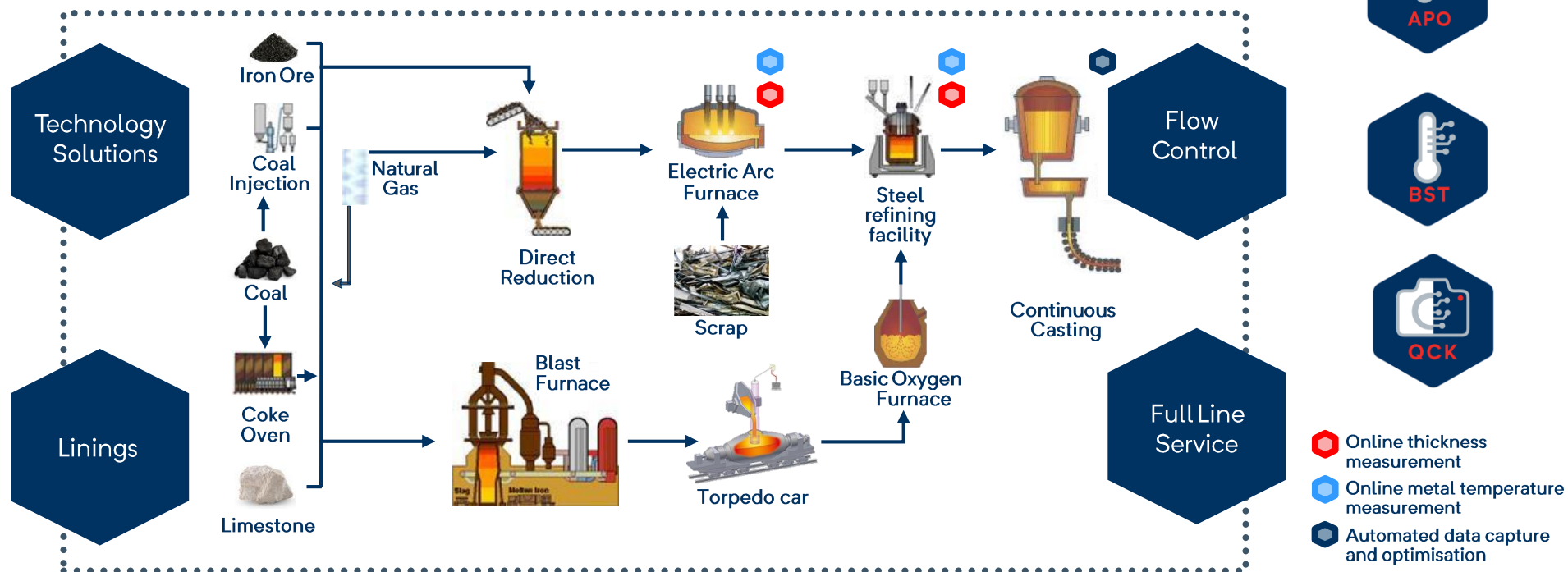
Underpinned by the strength of our people and culture and our commitment to a sustainable business model

Optimally positioned to reach customers everywhere



Full suite of products complemented by knowledge and services

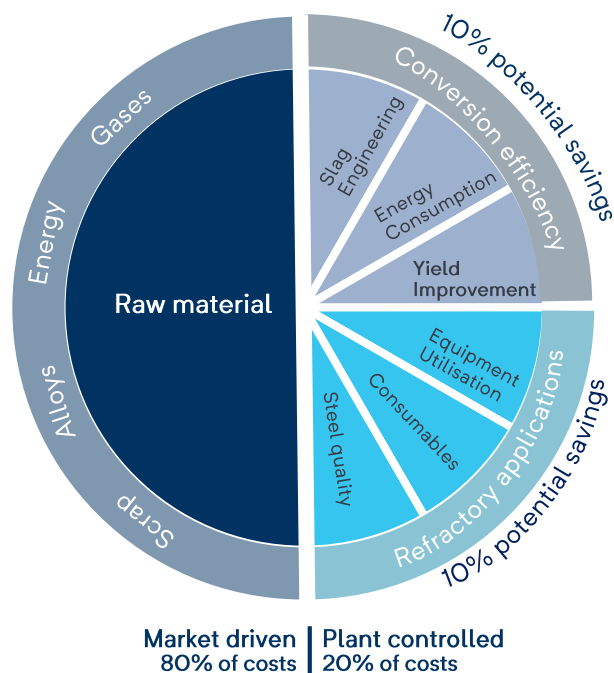
Example: Steel customer



Offering full solutions to drive value at customers

>20% of revenue comes from cost per performance contracts

Client cost structure



Client benefit

- ✓ Reduced downtime
- ✓ Lower refractory consumption
- ✓ Lower energy and other raw materials consumption
- ✓ Higher productivity

RHI Magnesita benefit

- ✓ Higher market share
- ✓ Higher client retention
- ✓ Lower competition
- ✓ Longer contracts

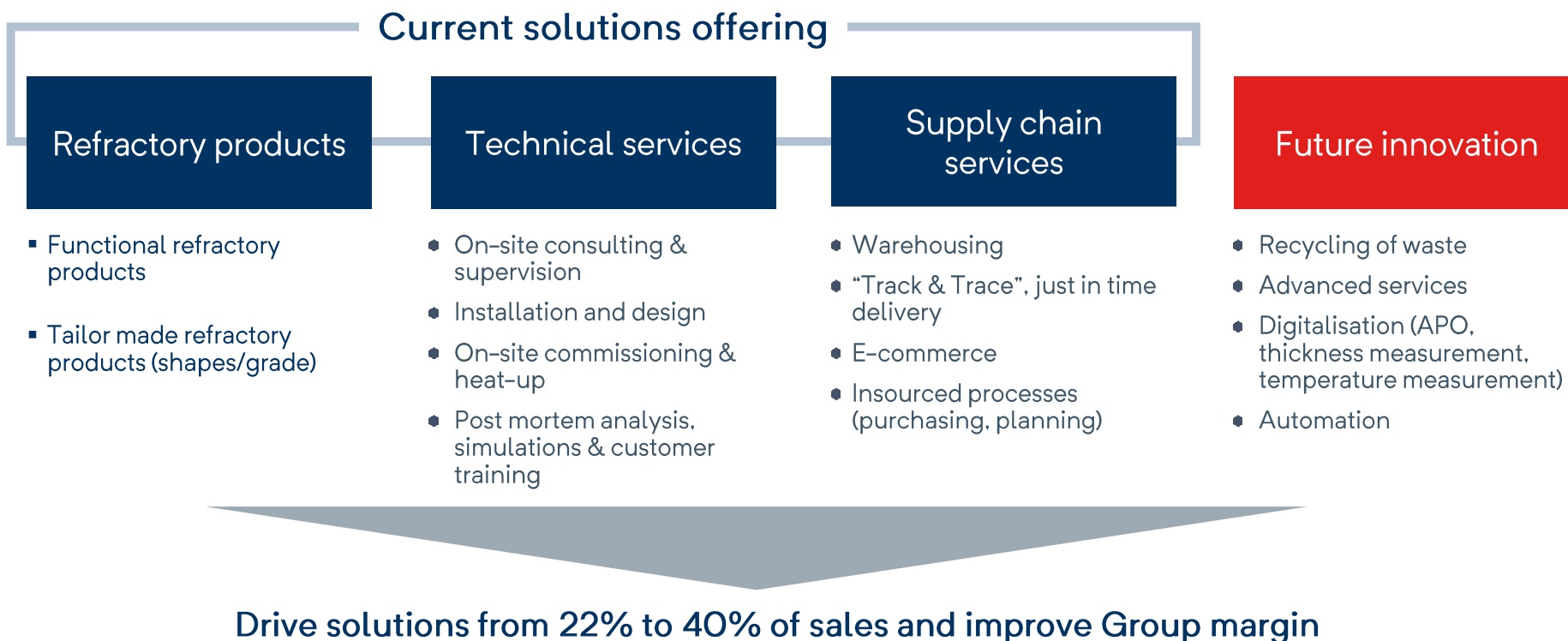
Current solutions portfolio



127 solutions contracts worldwide

Expanding our solutions offering

Innovation to further enhance business model



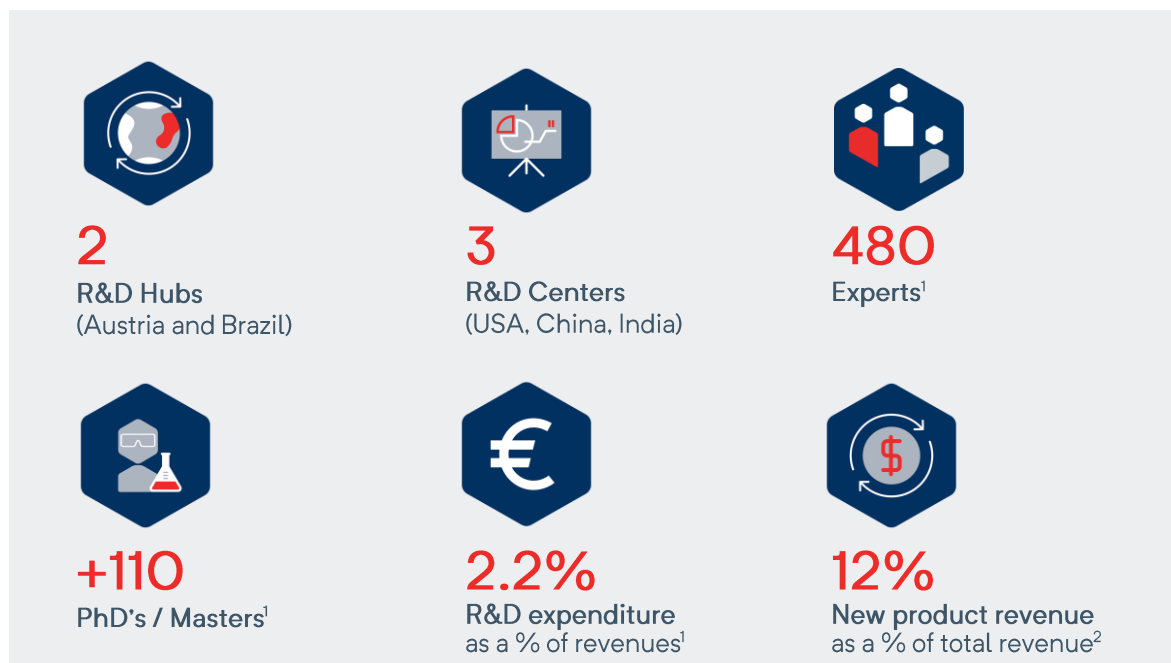
R&D — From raw materials to refractories

480

technical experts across

90 countries

to consult, develop and
deliver innovative solutions
directly to clients



Notes:

1) R&D + Technical Marketing and product management; 2) Defined as products and brands less than 5 years old



High quality sites, globally, supporting unique solutions to the market

Raw material	Production sites	Annual production
Standard DBM¹ 90%–97%	Brumado (Brazil) Eskisehir (Turkey) Hochfilzen (Austria) Breitenau (Austria)	~720 k tonnes
High purity DBM¹ 97%+	Brumado (Brazil) Dashiqiao (China) ³ Drogheda (Ireland)	~340 k tonnes
Fused Magnesia	Dashiqiao (China) ³ Radenthein (Austria) Porsgrunn (Norway) Contagem (Brazil)	~115 k tonnes
Other sintered or fused materials	Radenthein (Austria) Contagem (Brazil)	~70 k tonnes
DBD²	York (USA) Chizhou (China)	~300 k tonnes



1.6 million
tonnes of raw materials
produced per year

70%
vertical integration in basic raw
materials and 50% for all raw
materials/products ingredients

Notes:

1) DBM, Dead burned magnesita

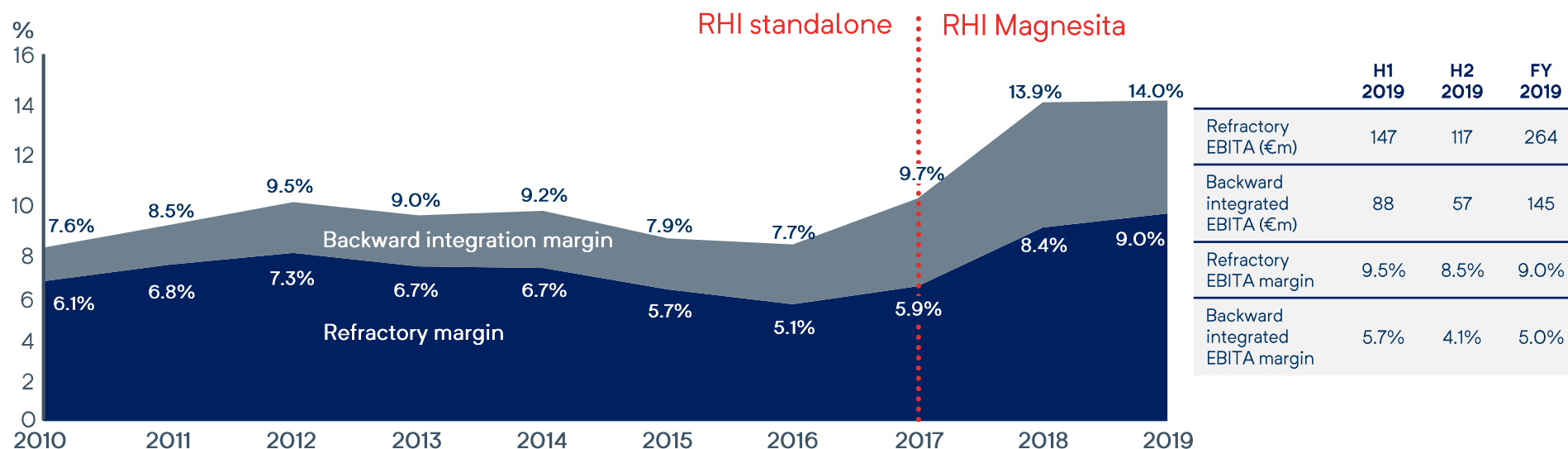
2) DBD, Dead burned dolomite

3) Joint ventures

Margin progression



Refractory margin continued to improve;
contribution from Backward Integration reduced in H2



	H1 2019	H2 2019	FY 2019
Refractory EBITA (€m)	147	117	264
Backward integrated EBITA (€m)	88	57	145
Refractory EBITA margin	9.5%	8.5%	9.0%
Backward integrated EBITA margin	5.7%	4.1%	5.0%

- ◆ Additional self help measures will continue to drive the refractory margin
- ◆ Despite lower raw material prices, return on invested capital (ROIC) stood at 22.1% in 2019
- ◆ At current raw material prices, backward integration contributes 2.5% to 2020 forecast EBITA margin (as at 1 April)

Note: 1) Calculated as NOPAT divided by total invested capital

Resilient business model with a clear strategy

1

Resilient margins with further potential in refractories

- Stable and growing Refractories margin, at 9% in 2019 (c.400bps higher than 2016)
- Further €95-115m EBITA upside by 2022 from management initiatives
- Additional margin contribution from backward integration, albeit varying with prevailing raw materials pricing (long-term margin of at least 2%)

2

Strong cash conversion and robust balance sheet

- Strong cash flow generation and significant liquidity
- Robust balance sheet with leverage at 1.2x net debt to EBITDA
- Capital flexibility to pursue both growth and shareholder returns

3

Strong competitive position

- Market leader with a global footprint and a “local for local” strategy — 15% global market share (30% ex-China). Clear market leadership in Americas, Europe and Middle East
- Innovation leadership, with opportunity to develop technology and digital solutions across regions and portfolio
- Low cost, high quality vertical integration providing security of supply and unique solutions for the market, alongside high return on assets

4

Growth opportunity from new markets, solutions offering and M&A

- Opportunity to grow materially in under-represented markets such as India and China
- Greater penetration of value-added solutions offering to customers, improving refractory margins and retention
- Opportunity for further consolidation through M&A

Our 2025 Sustainability targets



CO₂ emissions

Reduce by 15% per tonne by 2025¹



Energy

Reduce by 5% per tonne 2025



NO_x and SO_x emissions

Reduce by 30%², starting with China by 2021



Recycling

Increase use of secondary raw materials to 10% by 2025



Safety

Strong safety culture with zero accidents



Diversity

Improve gender diversity on Board and in senior leadership to 33% by 2025



Community

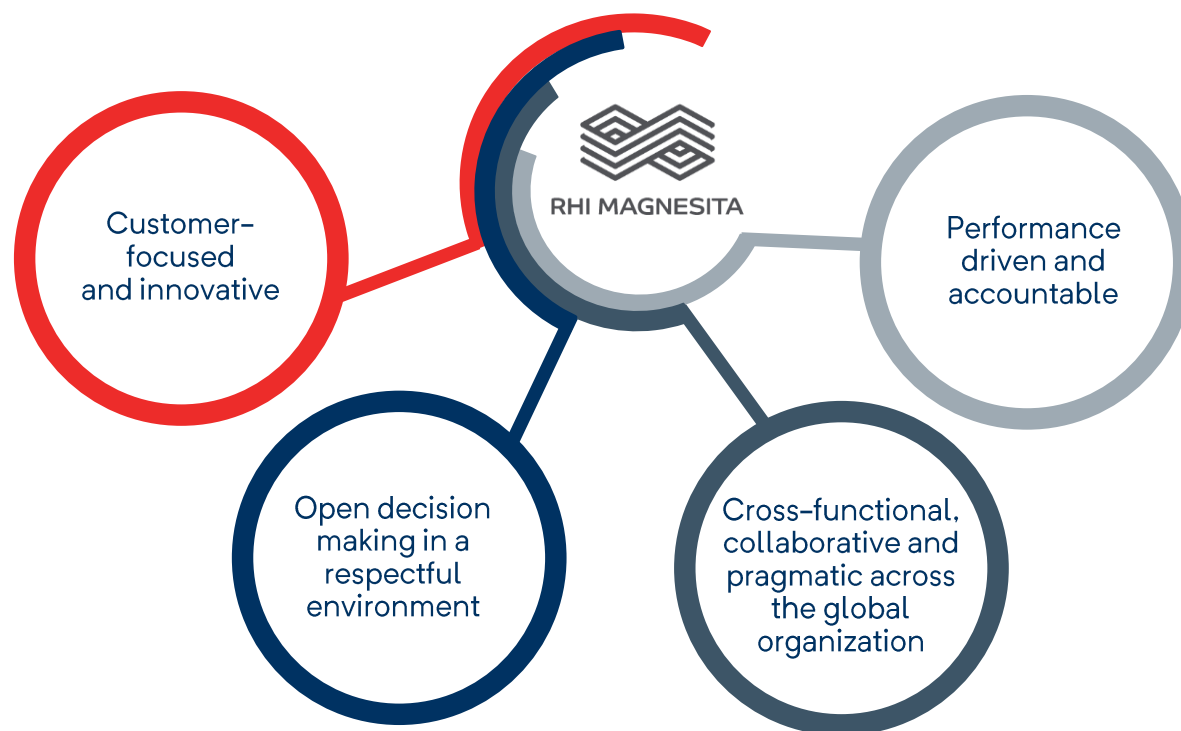
Develop strategic, impact-focused community investment partnerships and invest 1% of net profits

Significant further opportunity to develop customer solutions to minimise energy consumption and emissions

Note: Targets are compared to 2018 baseline; 1) Includes Scope 1, 2 and 3 (eg own sites, customers and suppliers); 2) Target by 2027

Culture

Critical to success of the merger and future growth



Get in touch

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