

The driving force of the refractory industry

Company presentation



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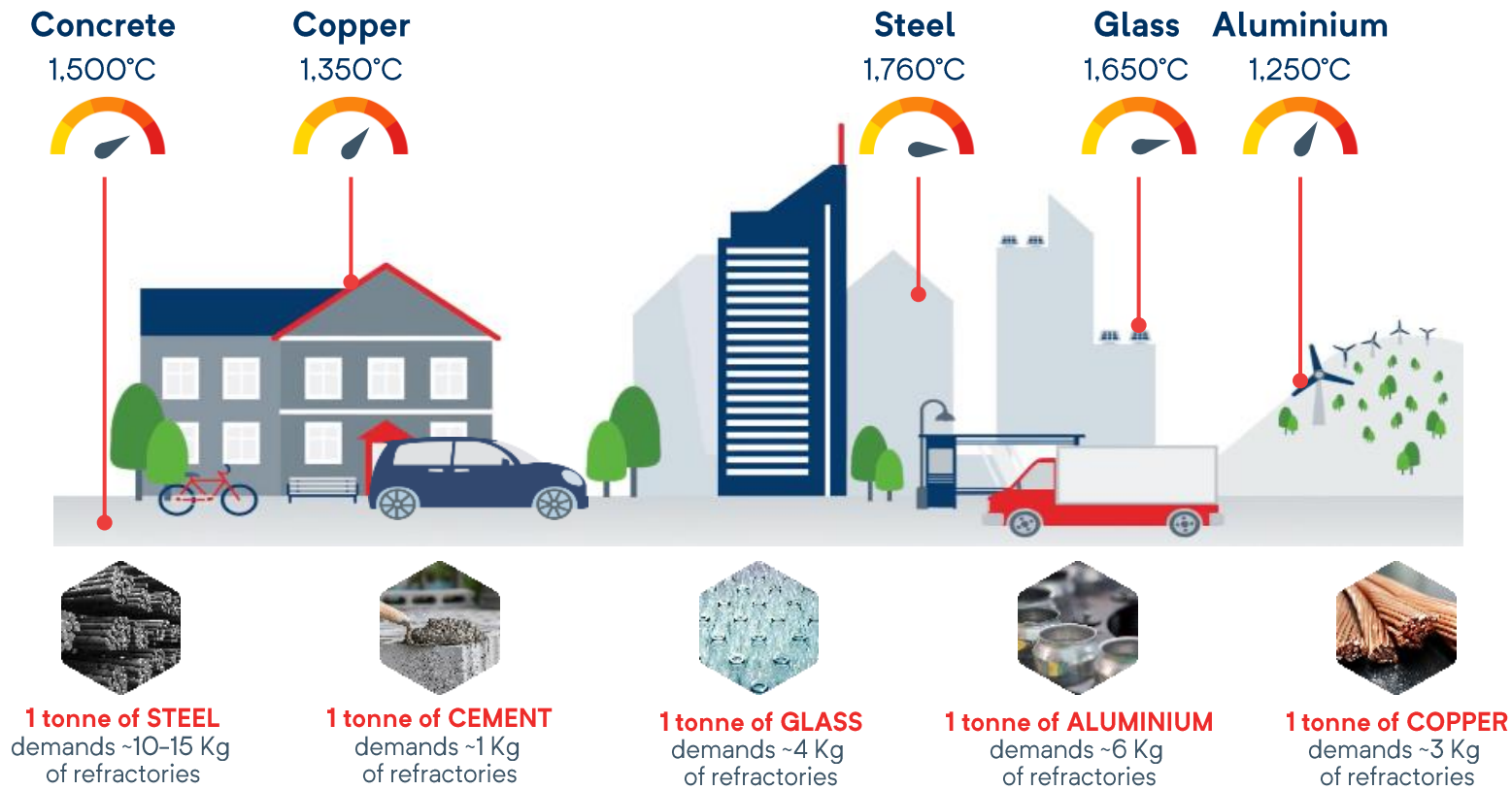


1 Refractory industry overview

2 RHI Magnesita overview

3 Strategy

Refractories are essential for our modern world



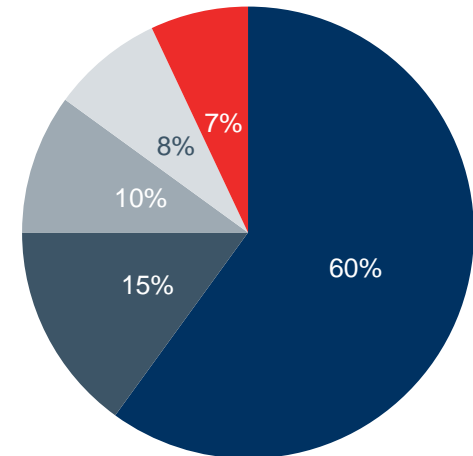
Refractories are critical to all high-temperature industrial processes



- 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

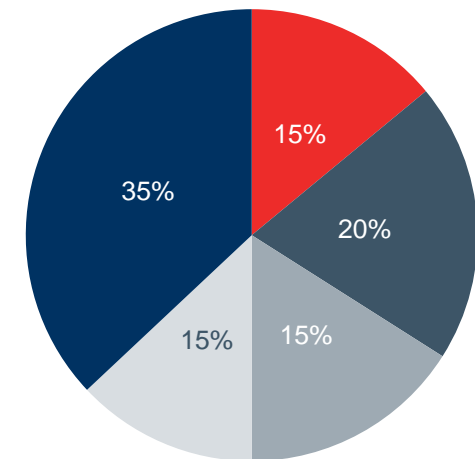
- Steel
- Energy, chemicals
- Nonferrous metals
- Cement
- Glass



Source: Company estimates

Global refractory industry


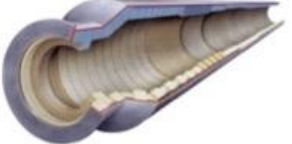

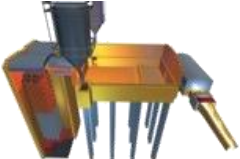
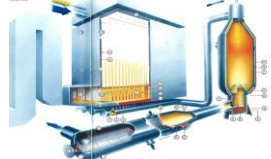
- RHI Magnesita
- 4-6 segment companies
- 10-20 regional companies
- 100-200 small local companies
- 1000+ Chinese companies



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
Cement/Lime	Rotary Kiln 	Annually	~0.5%	
Nonferrous metals	Copper-converter 	1 – 10 years	~0.2%	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
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



1 Permanent lining



2 Non-basic, ex. Alumina



3 Basic, ex. Mag-Carbon

Monolithics and pre casts



4 Mixes



5 Pre Castables

Functional products



6 Slide Gates



7 Nozzles

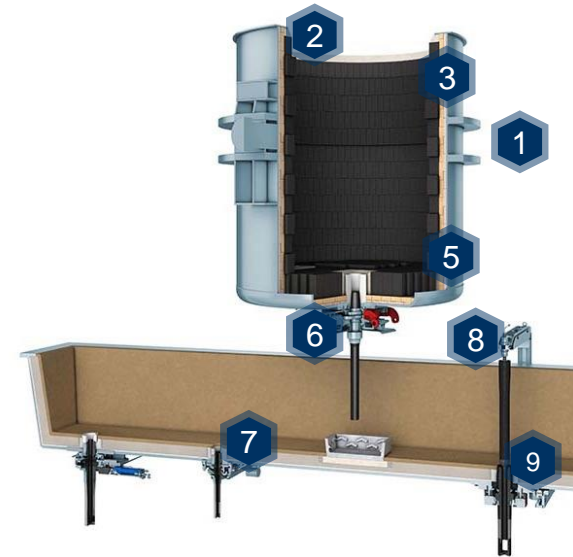


8 Purge Plugs



9 ISO

Example of refractory application for steel ladle



Digital Solutions



Systems & Machinery



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



€2.3bn

2020 revenue

12,000

Employees

€62m

Annual investment in R&D and
Technical Marketing

18

Finished goods sites

125+

Countries shipped to worldwide

5

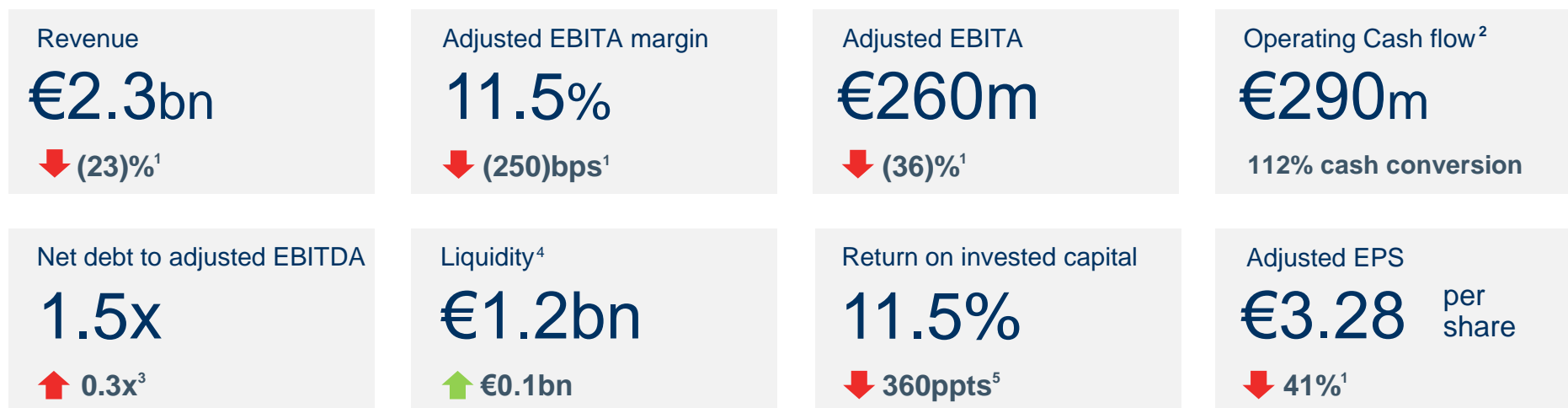
Raw material sites

7

Combined sites

Full Year 2020 – Financial highlights

Resilient margin and strong operating cash flow generation



1. Denoted on a reported basis

2. Operating cash flow comprises Adjusted EBITA, plus changes in working capital and other assets/liabilities, plus depreciation and minus capex

3. Compared with 2019 including IFRS 16 Leases of €57m

4. Available liquidity comprises cash, cash equivalents of €589m, including €2 million cash for assets held for sale, and €600m of undrawn committed facilities

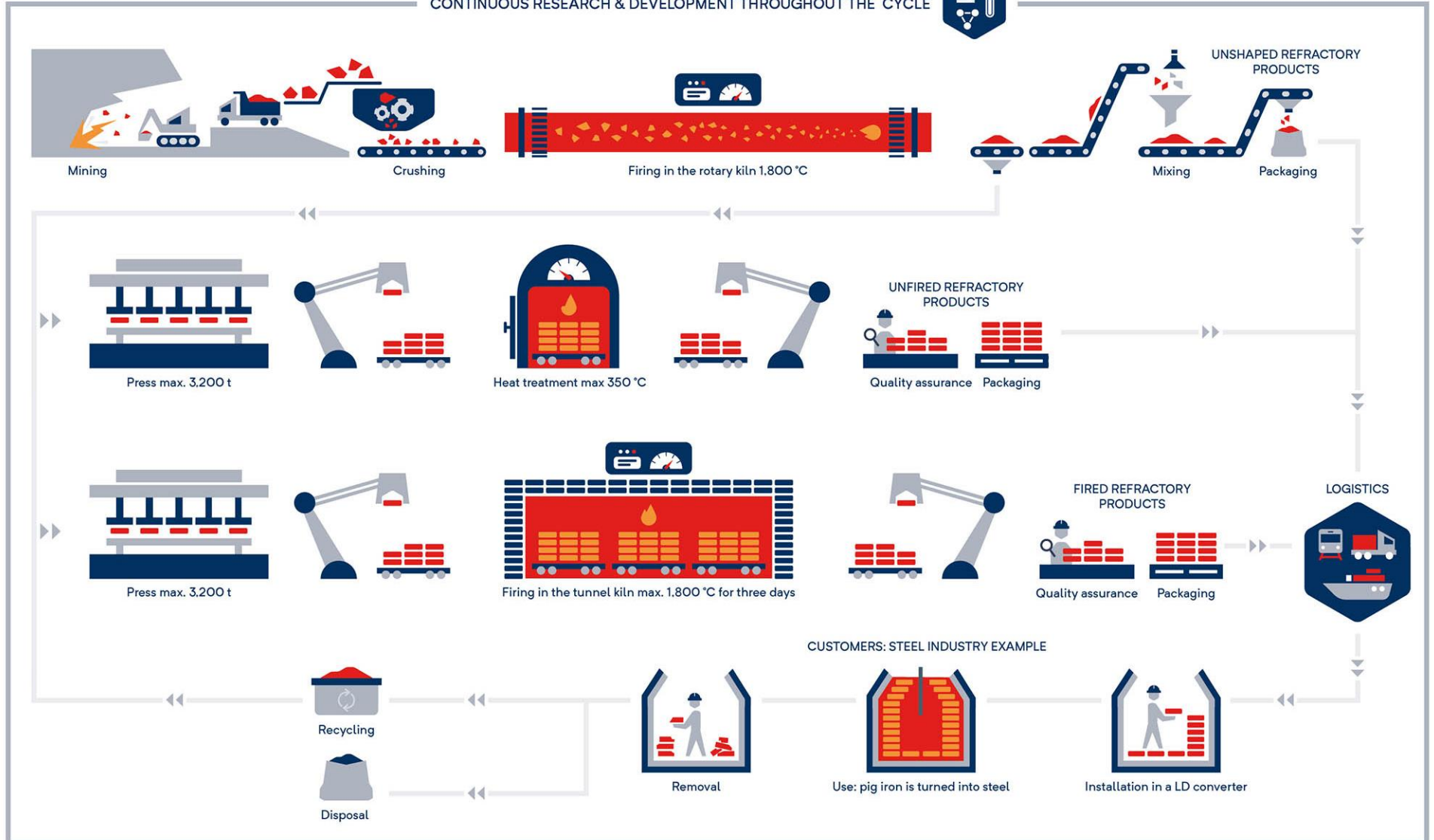
5. Return on invested capital is calculated as net operating profit after tax (NOPAT), divided by total invested capital for the year. Invested capital is calculated as a sum of equity, borrowings, non-current & current financial liabilities, pensions and other long term personnel provisions, non-current provisions less cash and cash equivalents and non-current and current financial assets

The refractory world of RHI Magnesita

Value creation from the raw material to the refractory product



CONTINUOUS RESEARCH & DEVELOPMENT THROUGHOUT THE CYCLE



* Example magnesia product line

Serving a blue chip client base



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 <i>CEO</i>	2016	<ul style="list-style-type: none"> Former CEO of Israel Chemicals Ltd and Lonza Group Several management positions at BASF
Ian Botha <i>CFO</i>	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 <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 Pfeleiderer S.A. Global Operations Director at Ferro Deutschland GmbH and Ferro Spain
Gustavo Franco <i>CSO</i>	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 <i>People, Projects & Communications</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
Ticiana Kobel <i>Executive VP General Legal Counsel</i>	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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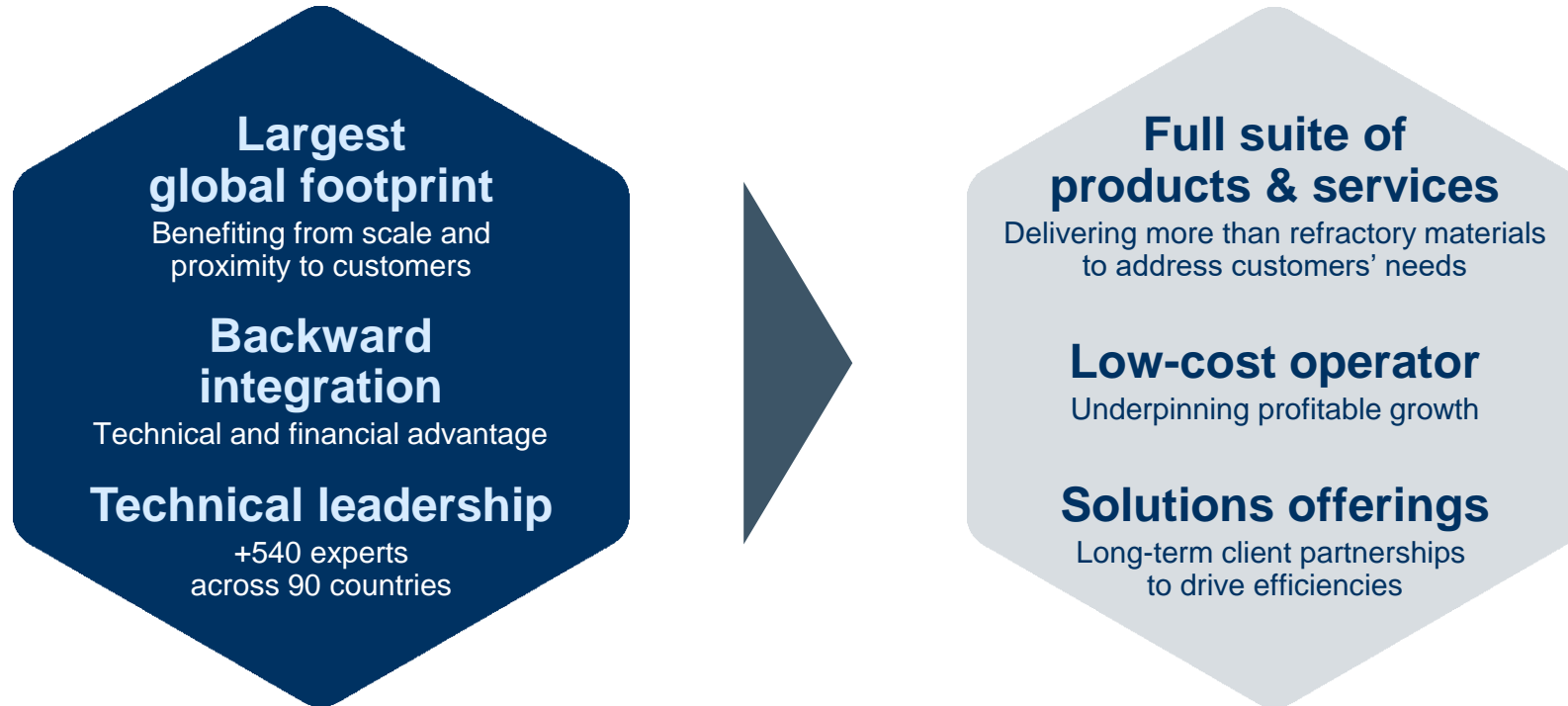


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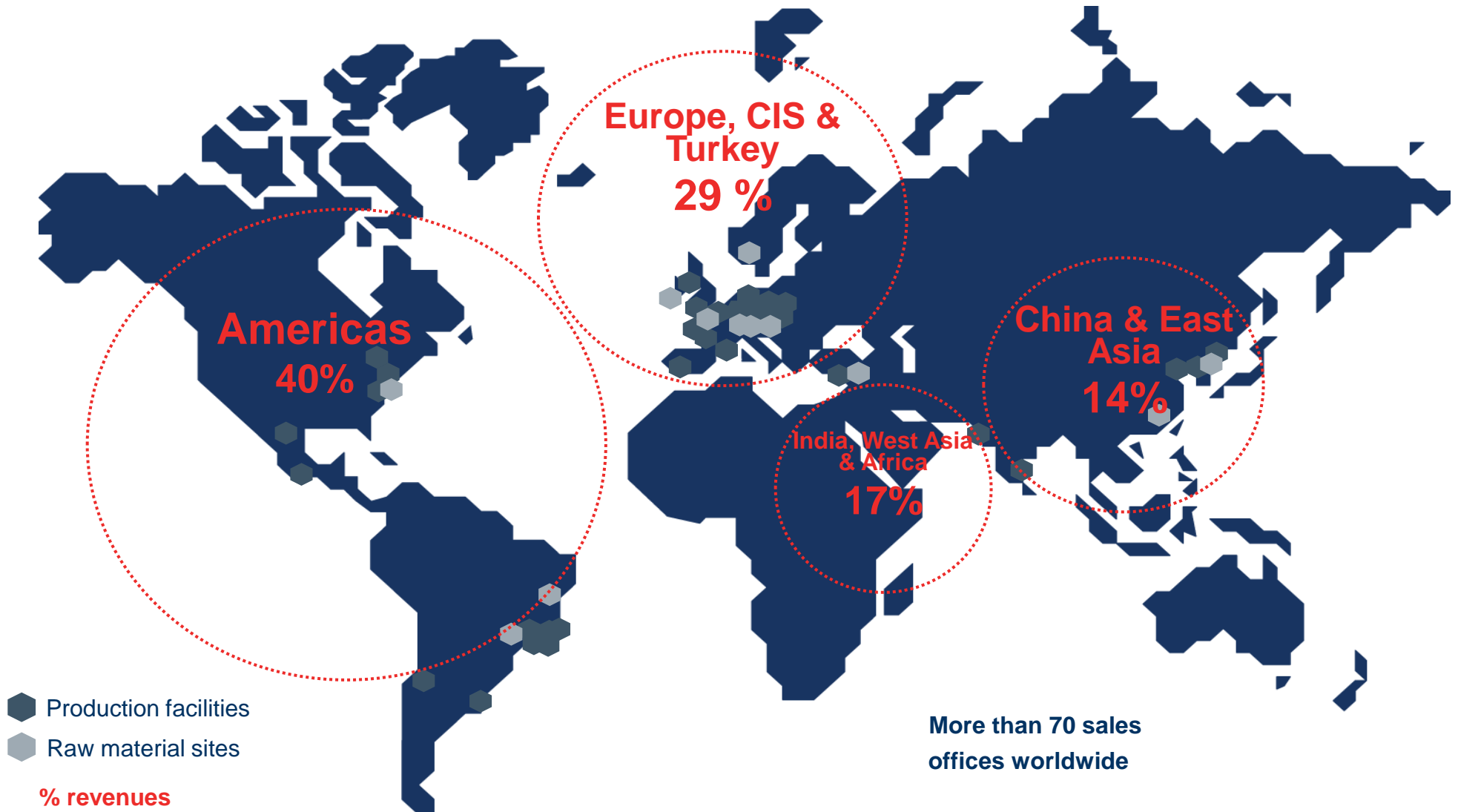
3 Strategy

Our strategic difference



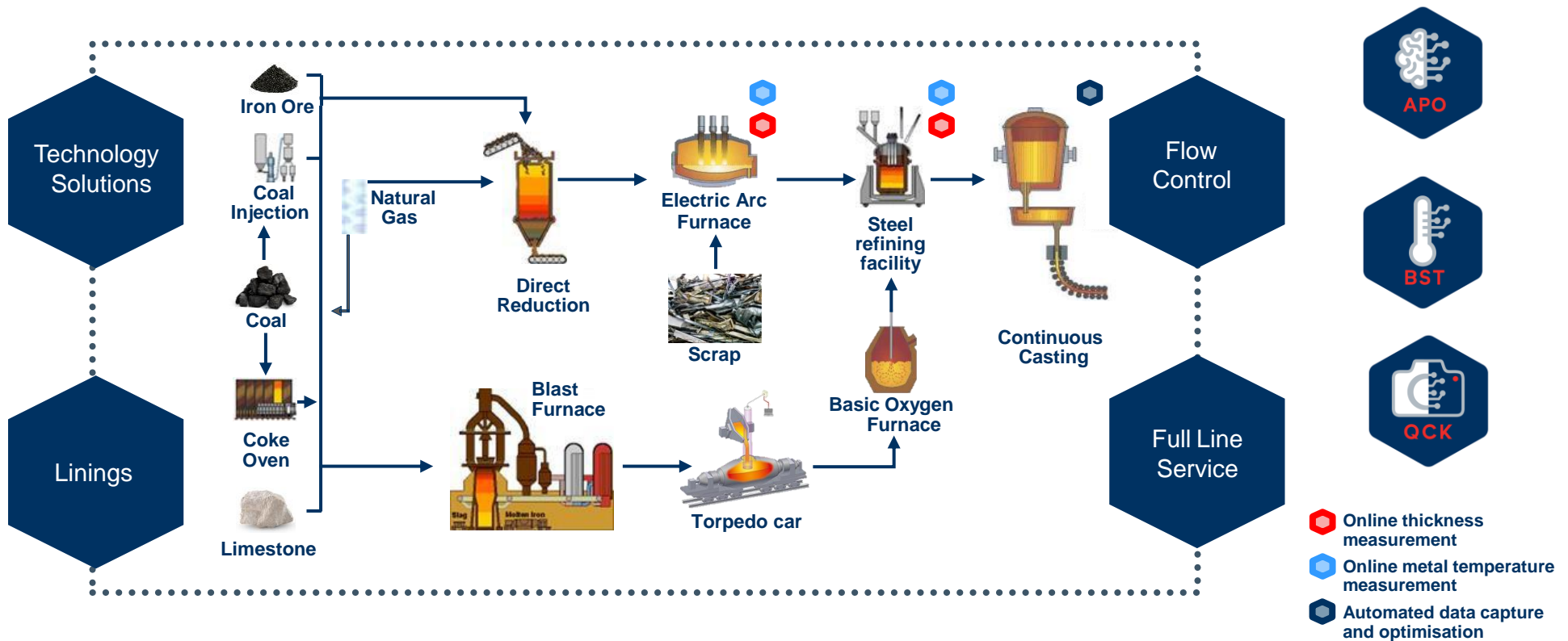
Underpinned by the strength of our people and culture and our commitment to a sustainable business model

Optimally positioned to reach customers everywhere



Full suite of products complemented by knowledge and services

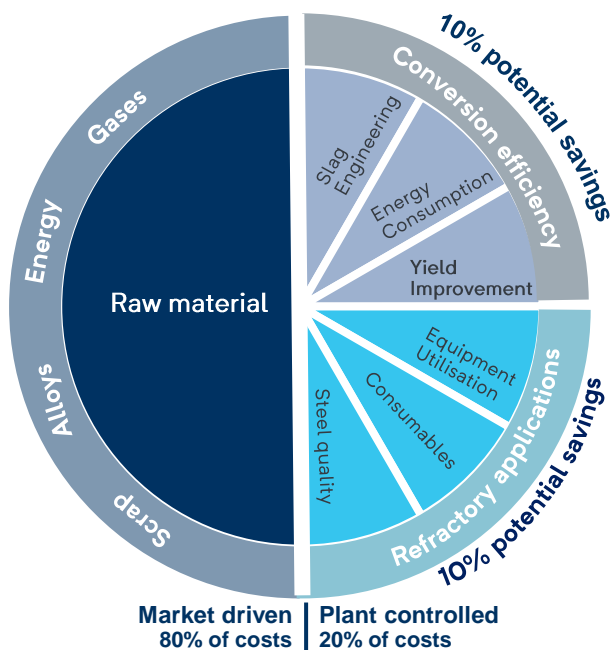
Example: Steel customer



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

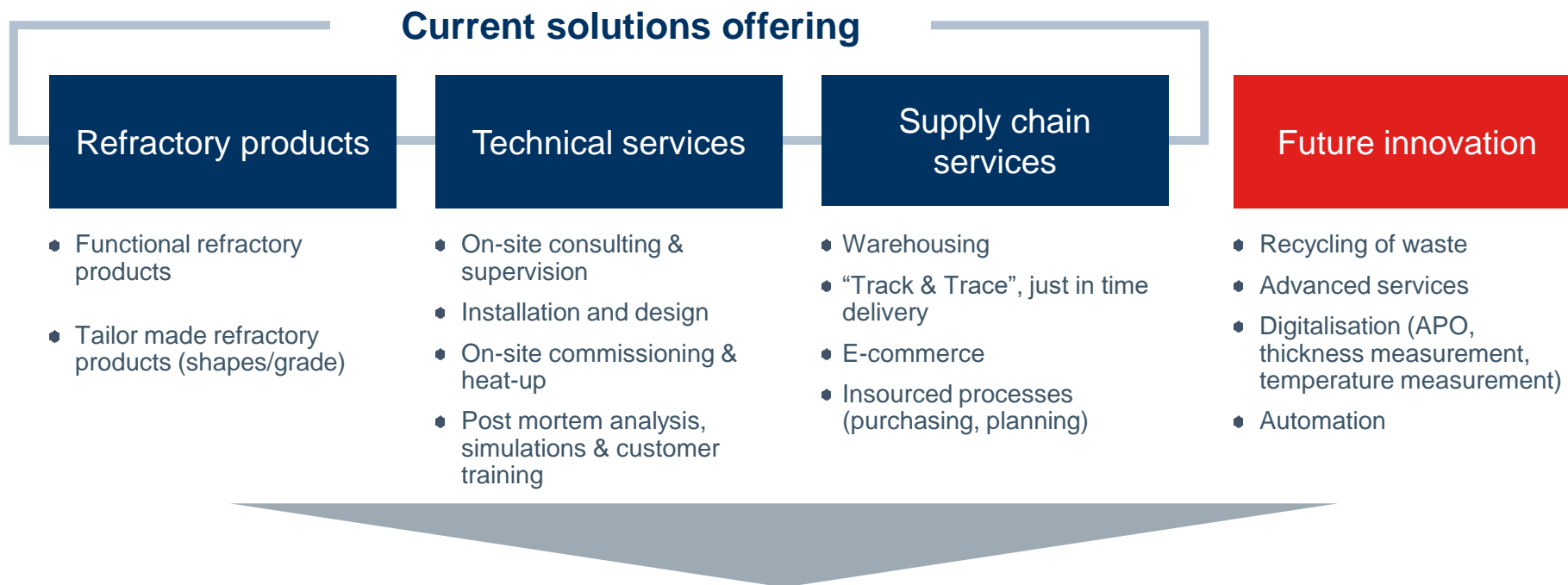
Current solutions portfolio



127 solutions contracts worldwide

Expanding our solutions offering

Innovation to further enhance business model



Drive percentage of sales from solutions from 27% to 40% by 2025 and improve Group margin

R&D – From raw materials to refractories

+540

technical experts across

90 countries

to consult, develop and deliver innovative solutions directly to clients



Notes:

1) R&D, Product Management and Technical Excellence & Solutions; 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) 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

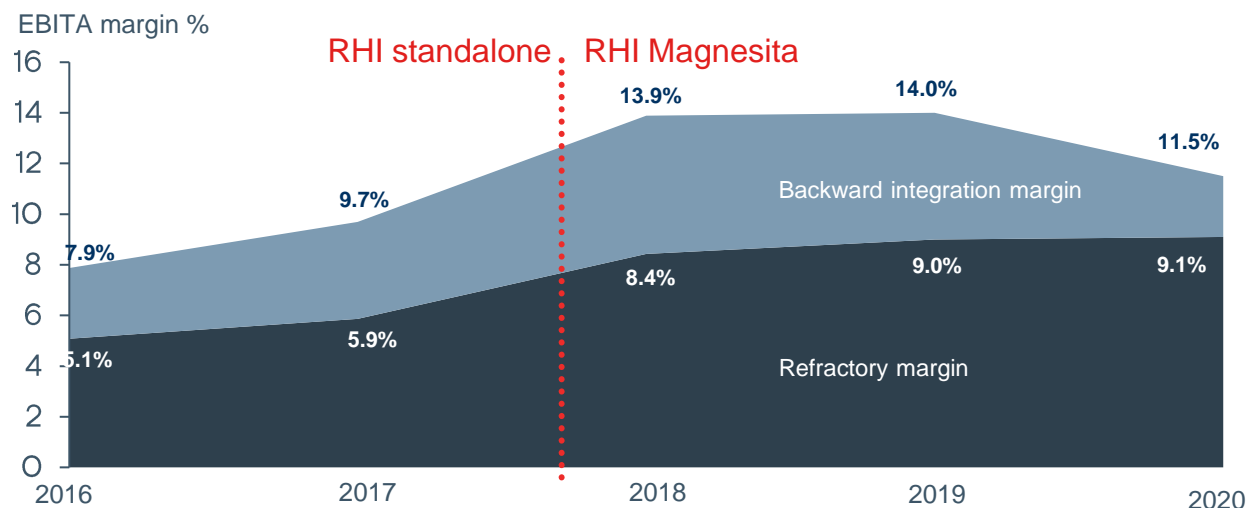


70%
backward integration in basic raw
materials and 50% for all raw
materials/products ingredients

Notes:
1) DBM, Dead burned magnesita
2) DBD, Dead burned dolomite
3) Joint ventures

Refractory margin

Strategic initiatives will drive further growth in refractory and backward integration margins



	2020
Refractory EBITA (€m)	205
Backward integrated EBITA (€m)	55

Resilient business model with a clear strategy

- 1 Resilient margins with further potential in refractories

 - Stable and growing refractory margin at 9.1% in 2020 (increase of 0.1ppts compared with 2019)
 - €100m annualised EBITA cost savings by 2022
 - Adjusted EBITA margin contribution from backward integration in 2020 at 2.4%
- 2 Strong cash conversion and robust balance sheet

 - Strong cash flow generation and significant liquidity
 - Robust balance sheet with leverage at 1.5x net debt to adjusted 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

Sustainability leadership

Creating the path to de-carbonisation

€50 million R&D investment in CO₂ reduction technologies

- Capture of geogenic CO₂ emissions (>50% of our emissions)
- Utilisation of captured CO₂ through external partnerships
- R&D supporting switch away from fossil fuels in own operations



**We aim to have the technology solution
by 2025 which will create the path for a
full de-carbonization of the Company**

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

Culture

Critical to future growth



Get in touch

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