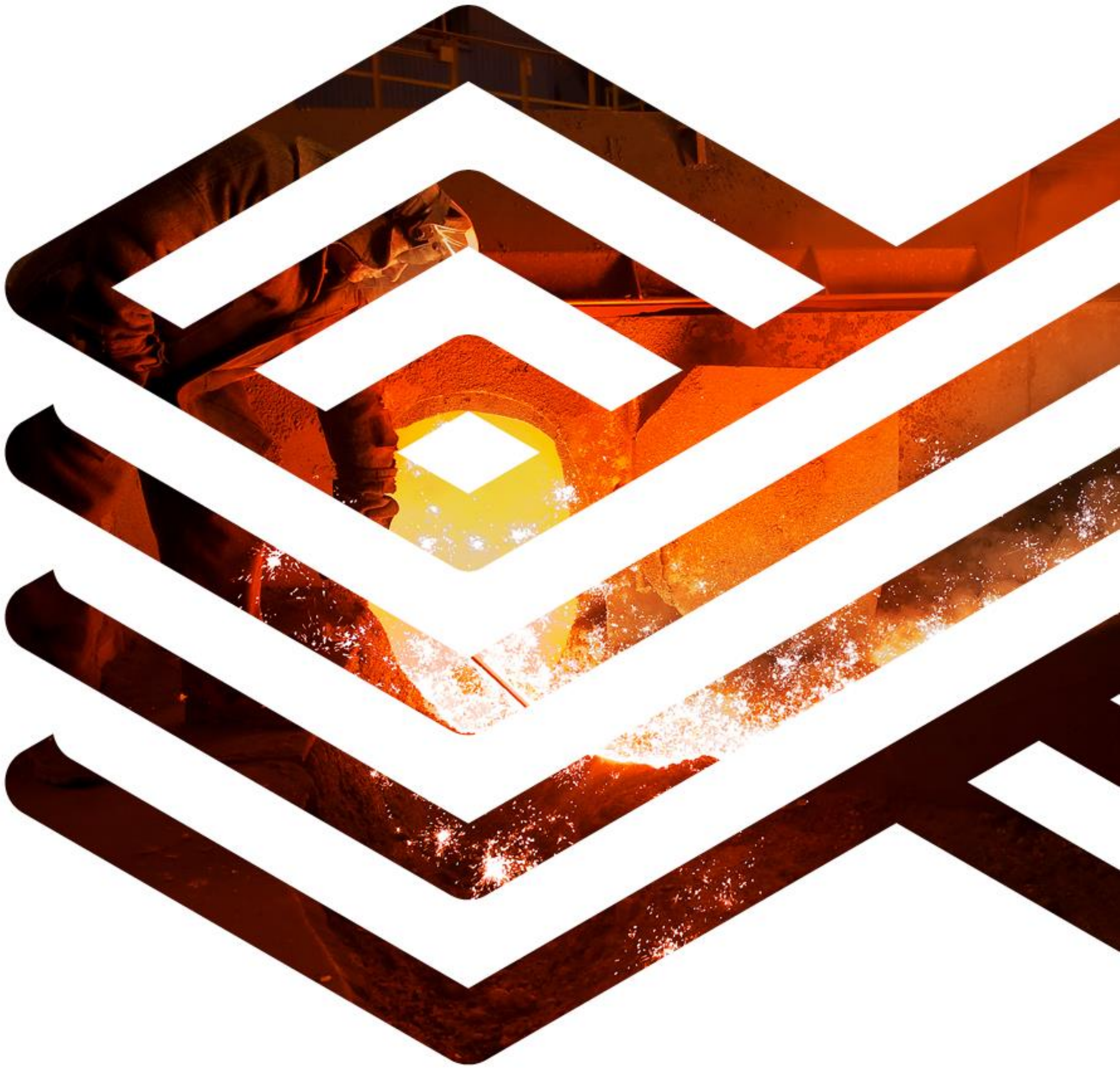
The driving force of the refractory industry



2017 Full Year Results

March 2018

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Agenda

Overview

RHI MAGNESITA

2017 in review

c.€2.7bn ▲ **11%**
2017 adjusted pro-forma revenue

€304m ▲ **39%**
2017 adjusted pro-forma EBITA

1.9x ▼ **0.5x**
Net Debt / adjusted pro-forma EBITDA

11.4% ▲ **230bps**
2017 adjusted pro-forma EBITA margin

1.06 ▼ **0.68 days**
Lost time injury rate

22.2% ▼ **560bps**
Working capital intensity

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 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

First 150 days: focus on integration whilst maintaining momentum

RHI MAGNESITA

People & Culture

- Senior management and sales team in place and operating from Day 1
- Majority of organizational structures in place
- Roll-out of new Performance Management System
- Executive Management Team visits to all major plants within first 2 weeks after closing
- New corporate identity and culture reinforced through rebranding

Process, Systems and Operations

- Ongoing alignment of all back-office IT systems
- "One face to the customer" in sales team, client service and invoicing established for all clients
- Fully integrated procurement and raw material sourcing teams
- Successful first negotiation with suppliers driven by higher purchasing volume
- Joint technical data sheets available on Day 1
- Synergy tracking and reporting system established to generate transparency and accountability
- Start of product transfers to optimize production network

Breitenau, Austria

Shanghai, PR China

Eskisehir, Turkey

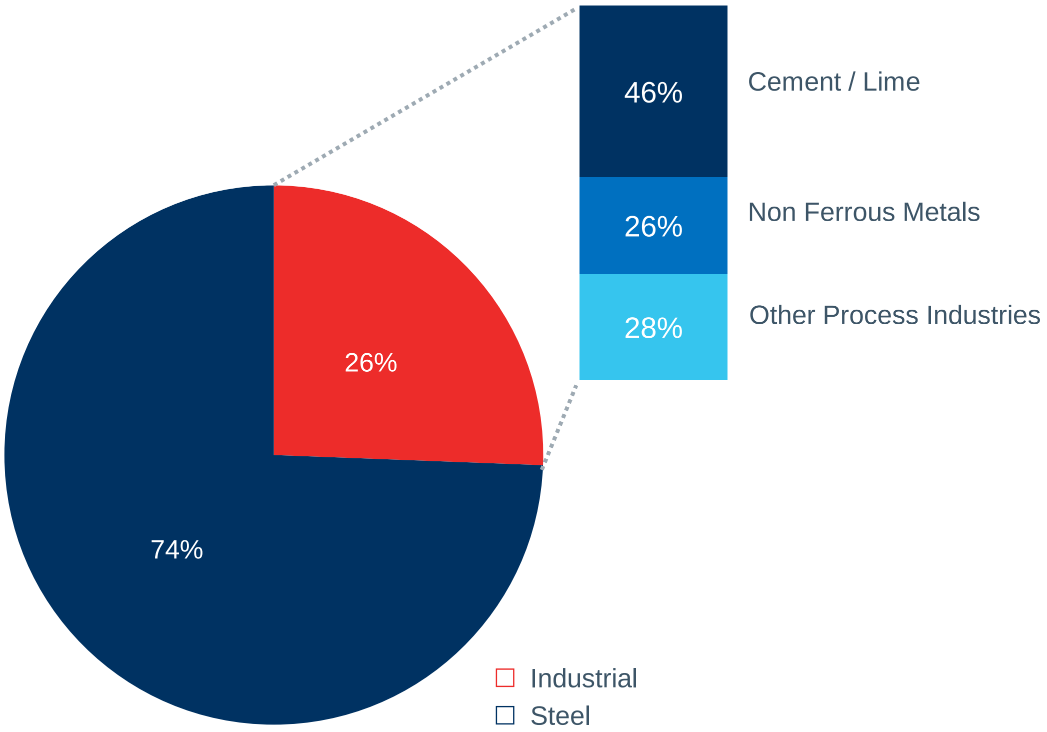
Contagem, Brazil

Financial Results

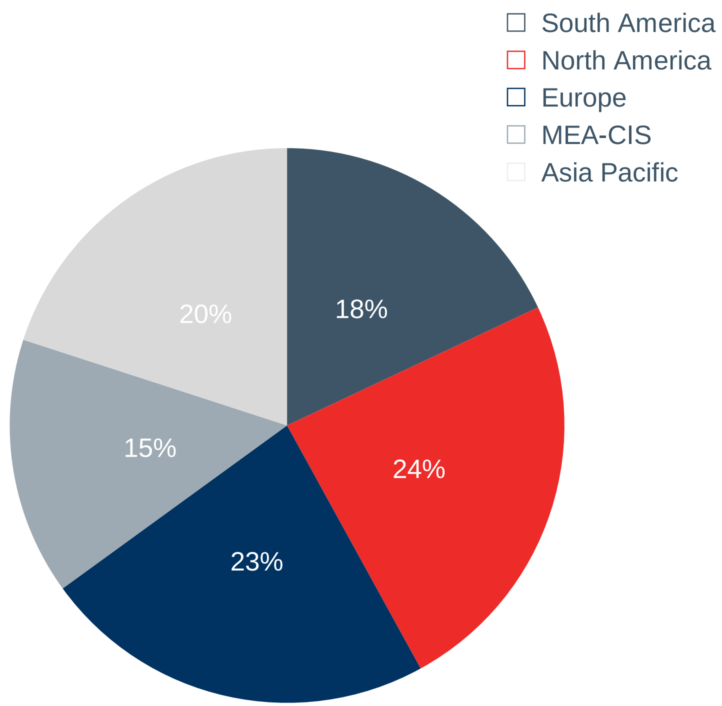
Adjusted pro-forma revenue breakdown

Total Revenue: c.**€2.7 bn**

by Industry[1]



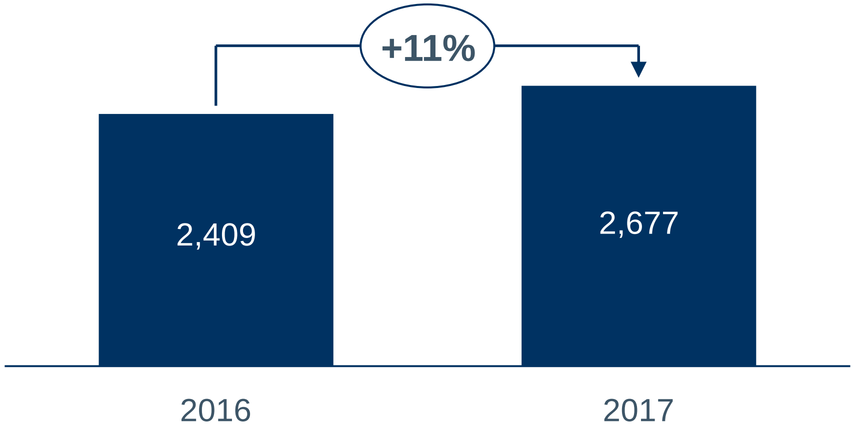
by Geography



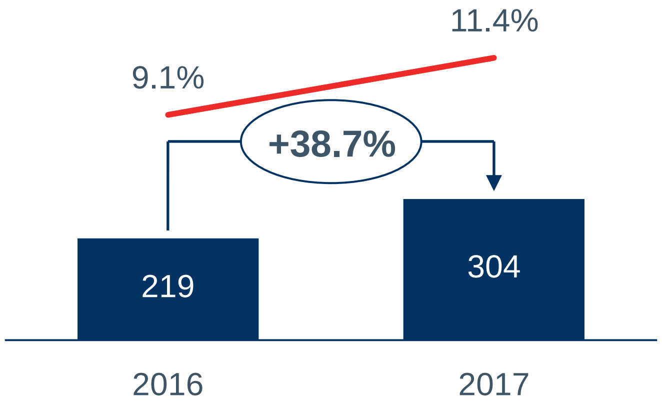
[1] Revenue split considers only refractory segments

Adjusted pro-forma results

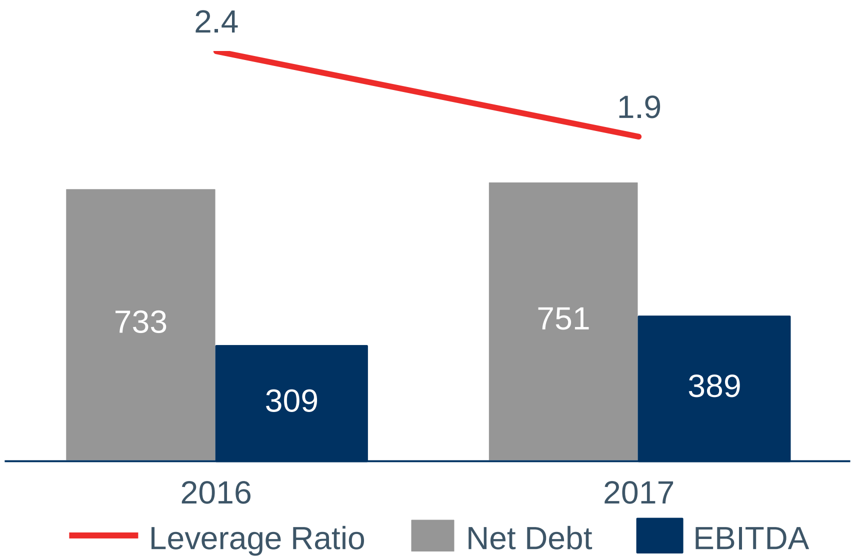
Revenue (€m)



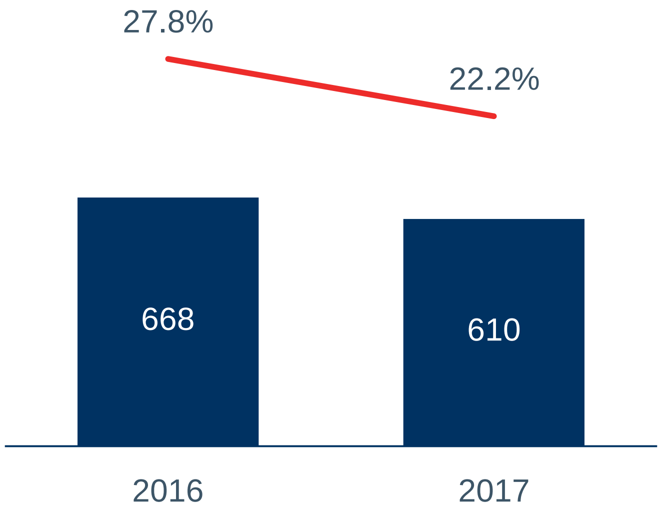
EBITA (€m)



Leverage (€m)



Working Capital Intensity[1] (€m)



1: Working capital intensity measured as a percentage of annualized 2H17 adjusted pro-forma revenue

Group P&L

RHI MAGNESITA

€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.

2017 exceptional items

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€m	Adjusted Pro-forma	Cash impact		
Items	**P&L Impact**	**2017**	**2018**	**2019**
Foreign exchange variations	(48.2)			
Merger related adjustments	(186.7)	14.6	(69.7)	2.6
• **Transaction expenses (SG&A)**	(24.4)	(14.7)	(9.7)	
• **Transaction Expenses (Other income/expenses)**	(14.1)	(8.5)	(5.6)	
• **Restructuring**	(53.1)	(2.4)	(50.7)	
• **Merger related non-cash adjust**	(14.3)			
• **Disposed business**	(80.8)	40.3	(3.7)	2.6
Non-merger related Other inc./Exp.	(10.4)	9.2		
TOTAL	**(245.3)**	**23.8**	**(69.7)**	**2.6**

Adjusted pro-forma P&L impact

Foreign exchange variations:
- on balance sheet items (mostly AR/AP): 9.3m
- on inter-company balances: 38.9m

Transacation Expenses:
- Advisors/Auditors/Legal: 34.8m
- Others: 3.7m

Restructuring:
- Severance/social plans/personnel-related: 50.4m
- Cancelled contracts: 2.7m

Merger related non-cash:
- PP&E and tax write-offs: 14.3m

Disposed business:
- **Impairments/costs:**
  - Oberhausen: 64m
  - Lugones & Marone: 35.7m
  - Aken: 12.2m
  - Fused Cast: 11.2m
- **Proceeds:**
  - Oberhausen/Lugones/Marone: 42.6m

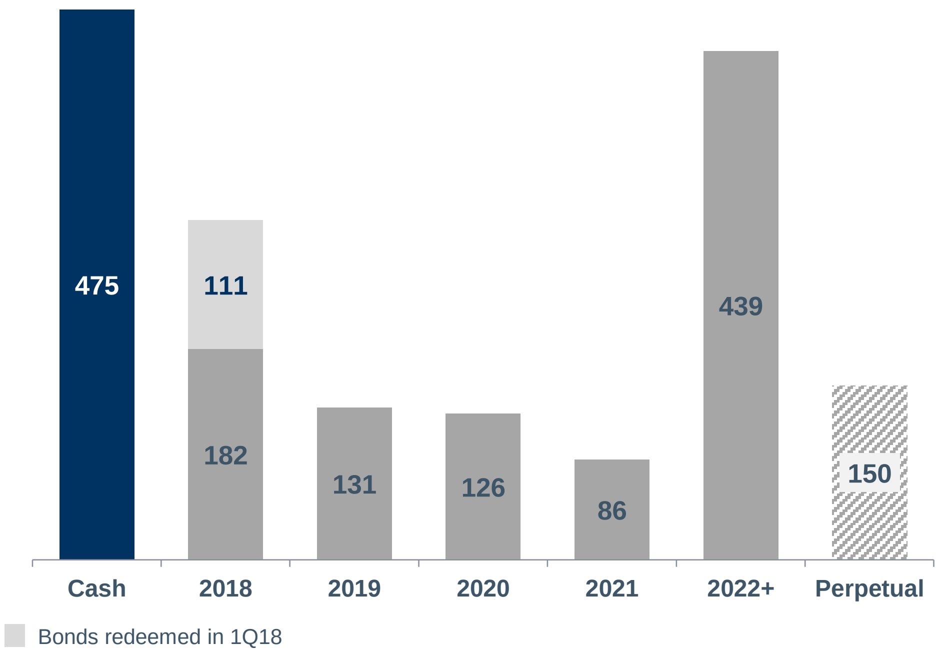
Non-merger related:
- 10.4m

Capital structure

RHI MAGNESITA

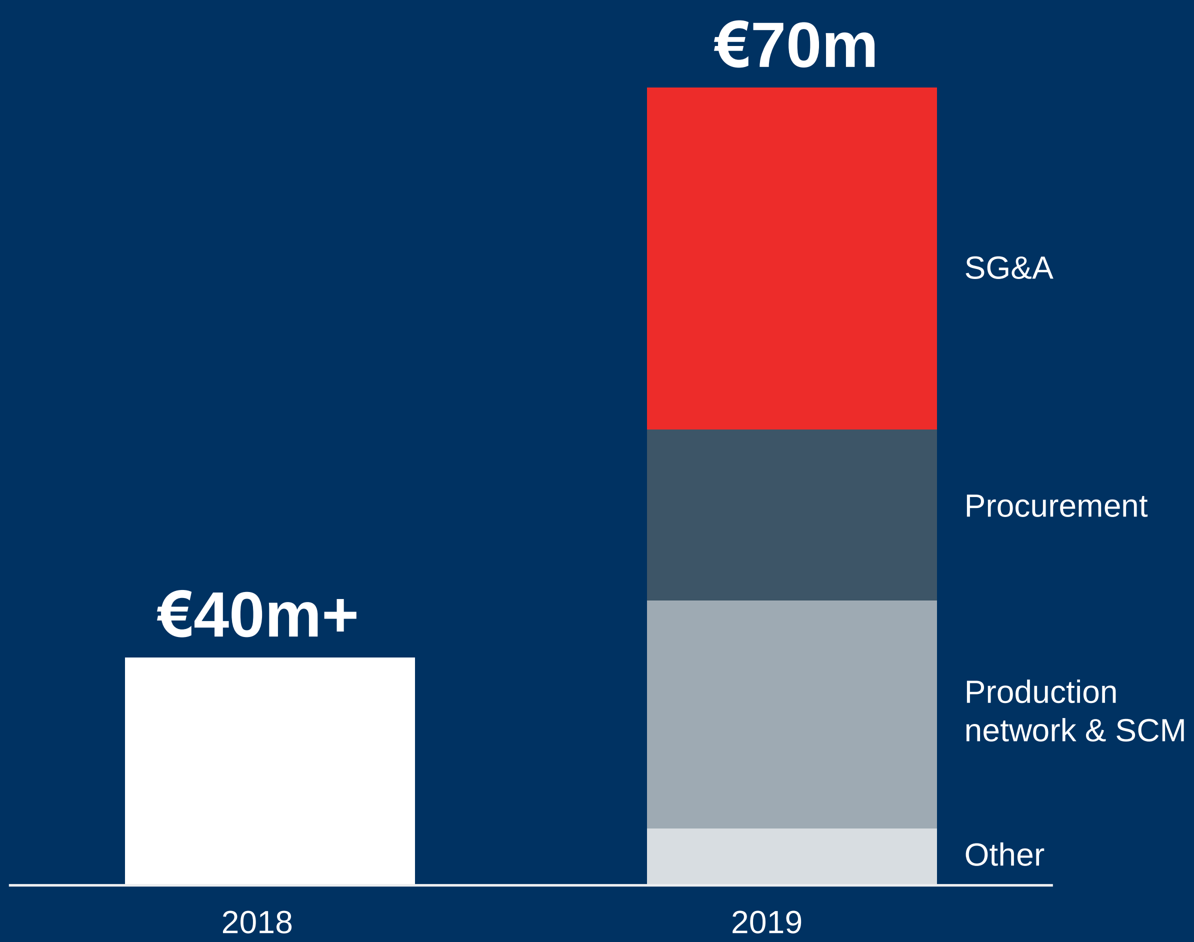
Solid credit profile and commitment to de-leveraging current business

- Leverage at 1.9x, within our long-term target range
- Increase in liquidity with business disposals and working capital monetization
- Perpetual Bond partially redeemed in Jan18 ($70m) and 2020 Bond to be entirely redeemed ($63m) by March 31st, 2018



Capitalization Table	€ millions
Schuldscheindarlehen	178
Term Loan	266
Perpetual Bond	215
Other Loans & Facilities	567
Total Gross Indebtedness	**1,226**
Cash, Equivalents & Marketable Securities	475
Net Debt	**751**
Leverage	**1.9x**

Faster realisation of synergies by one year



Cash restructuring costs of ~€70m

- At least €40m synergies in the 2018 P&L and €70m in synergies to be captured fully by 2019
- Expected total cash restructuring costs are projected to amount to ~€70m, with cash outflows disbursed throughout 2018
- Interest expenses to be reduced by at least €10m in 2018 and €20m in 2019 run-rate
- High volatility in global raw material markets pose additional risks and uncertainty, but also upsides

Steel

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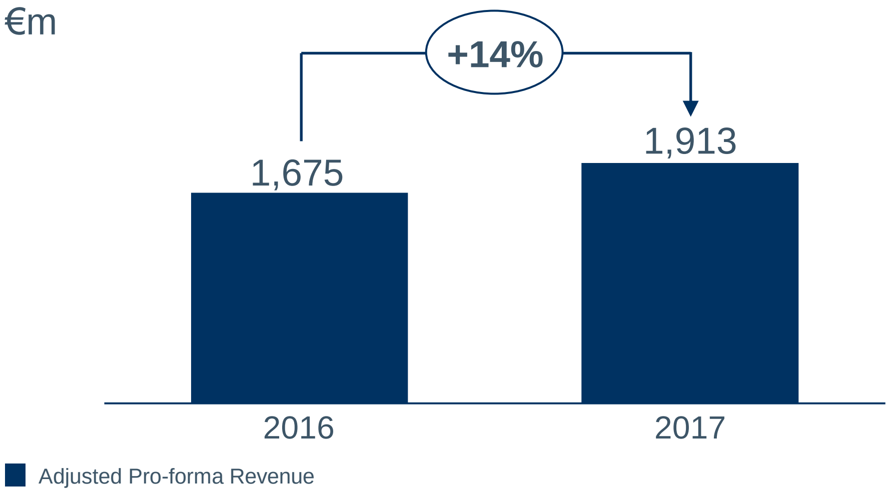
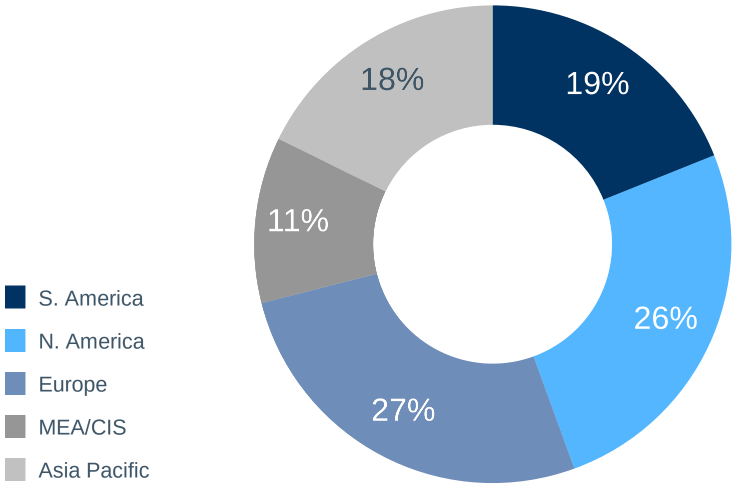


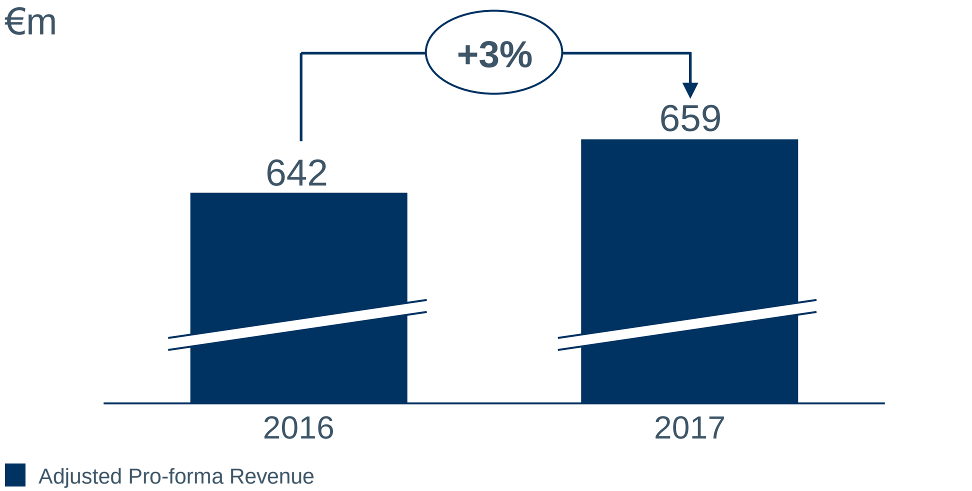
Adjusted pro-forma Revenue Breakdown



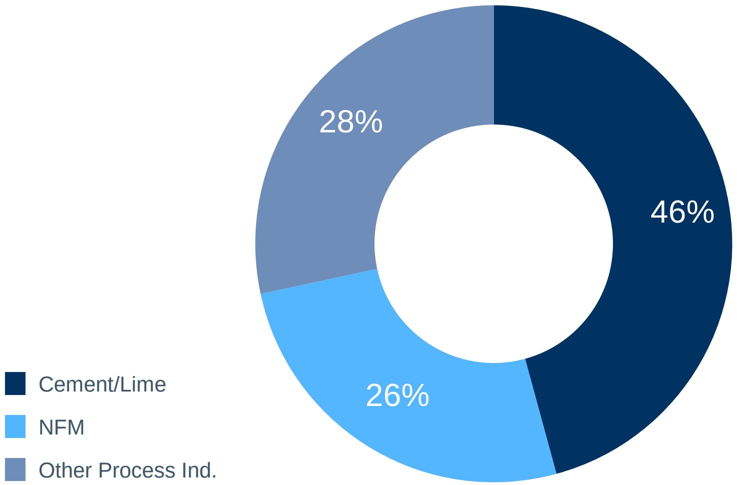
- Increased demand in the US due to stronger economic activity led to a 5% increase in capacity utilization in steel production year-over-year as well as outperformance in refractory sales
- Higher deliveries in Latin America were driven by the 7.7% growth in steel production year-over-year, with Brazil (+9.9%), Mexico (+6.3%) and Argentina (+12.1%) posting strong performances
- In the CIS region, growth in flow control and other applications contributed to a modest performance
- In the MEA, sales growth outpaced the market due to stronger demand in Egypt, primarily due to the implementation of import duties in the country
- Demand from Asia Pacific recorded double digit growth in 2017 , as several countries in the region benefited from the implementation of anti-dumping measures against steel products from China and the ramp-up of a large greenfield in Vietnam

Industrial

RHI MAGNESITA



Adjusted pro-forma Revenue Breakdown



- Sales to the cement segment improved the second half of the year, but performance was lacklustre in 2017
- In the Process Industries business, the strategic decision to exit the fused cast segment led to higher profitability in the glass business, despite lower sales
- In the Non-Ferrous segment, sales remained flat in 2017 despite recovering metal prices in 2017. New greenfield projects in the non-ferrous segments are still lacking

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Strategy

RHI MAGNESITA

Build a global refractory leader with a differentiated customer proposition based on technology and cost competitiveness to ensure manufacturing of essential materials for the world

Markets

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

Competitiveness

Cost competitive and safe production network supported by **lowest cost G&A** services

Portfolio

Comprehensive refractory product portfolio including basic, non-basic, functional products and services in **high performance segments**

People

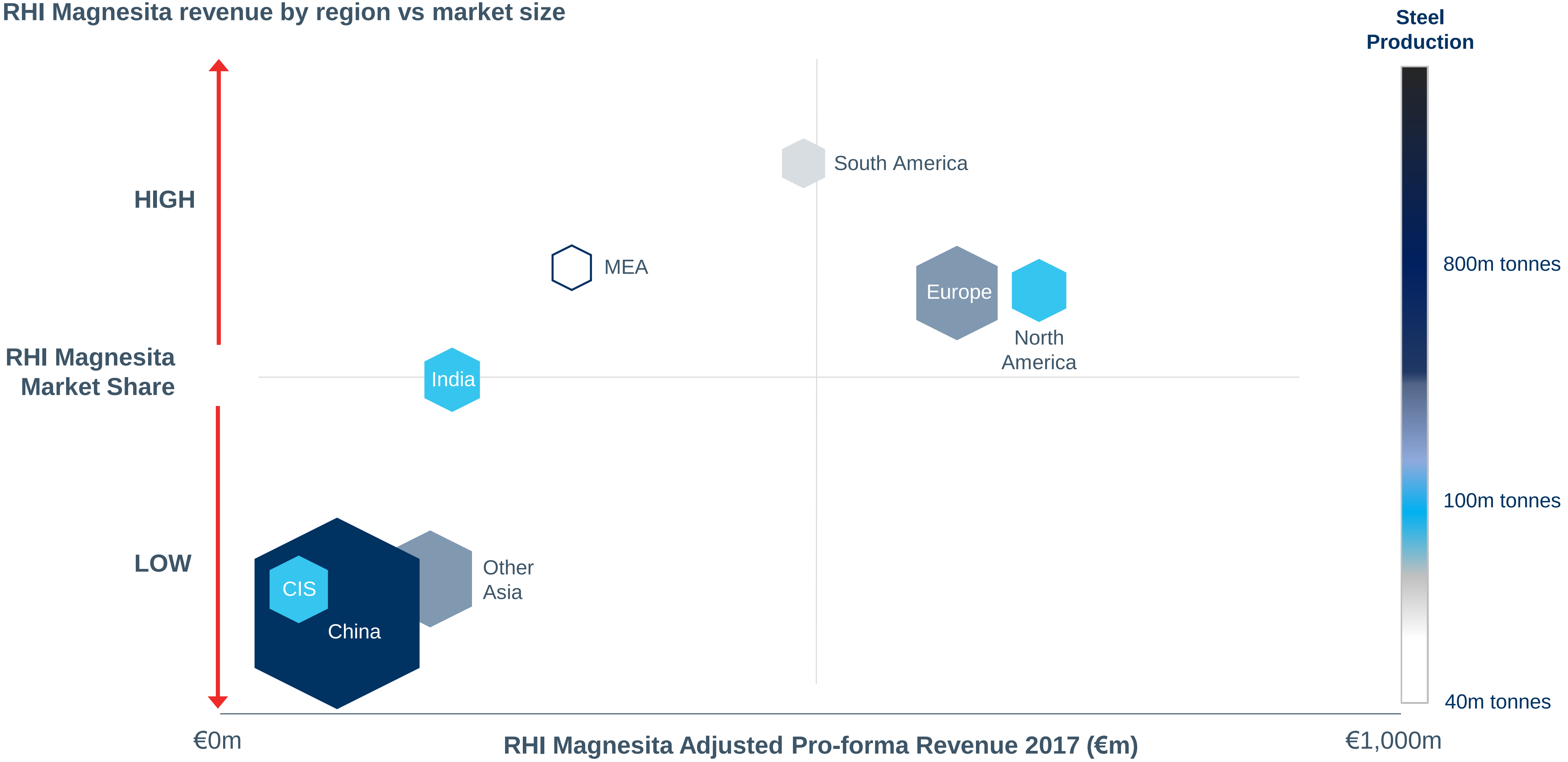
Hire, retain and motivate **talent** and nurture a **meritocratic, performance-driven, client-focused friendly culture**

Technology

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

High market share in Europe and Americas with opportunities to occupy 'white spaces' in India, China and CIS

RHI Magnesita revenue by region vs market size



Extend market position in high quality applications and strengthen non-basic mixes and functional products

Portfolio	Main Applications	Opportunity
Basic Products	**Steel:** converters and ladles **Industrial:** Nonferrous Metals	Great capability and logistics: Production in all continents and short lead-time to everyone, everywhere The combination of the best raw materials with the continuous investments in R&D allowed the Company to develop a high-performance product which enhances clients productivity
Non-basic products	**Steel:** blast furnace & reheating furnaces and direct reduction **Industrial:** bricks & castables	Estimated global market of €4 billion+ RHI Magnesita has a complete non-basic product portfolio Strong presence in South America. Great opportunity to expand in North America and Europe
Functional Products	**Steel:** continuous and ingot casting **Industrial:** Nonferrous Metals	Technical expertise, complete product portfolio, solutions beyond refractory products such as mechanisms A global plant footprint allows optimization of supply chain Continuosly growing business with a combined market share globally ~20%; significant growth potential
Engineering Solutions	**Steel:** tundish efficiency improvement **Industrial:** raw material testing & experimenting	Service provider and strong partner with the capability to provide solutions beyond refractories Tailor made solution for all customer requirements Simulations and modelling for improvement of customer processes (water modelling; fluid dynamics)

Top solution provider in the industry, investing in innovative technologies and digitalization

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1 **Continue investing in R&D** to create products, which have a distinct competitive advantage by costs or by product performance

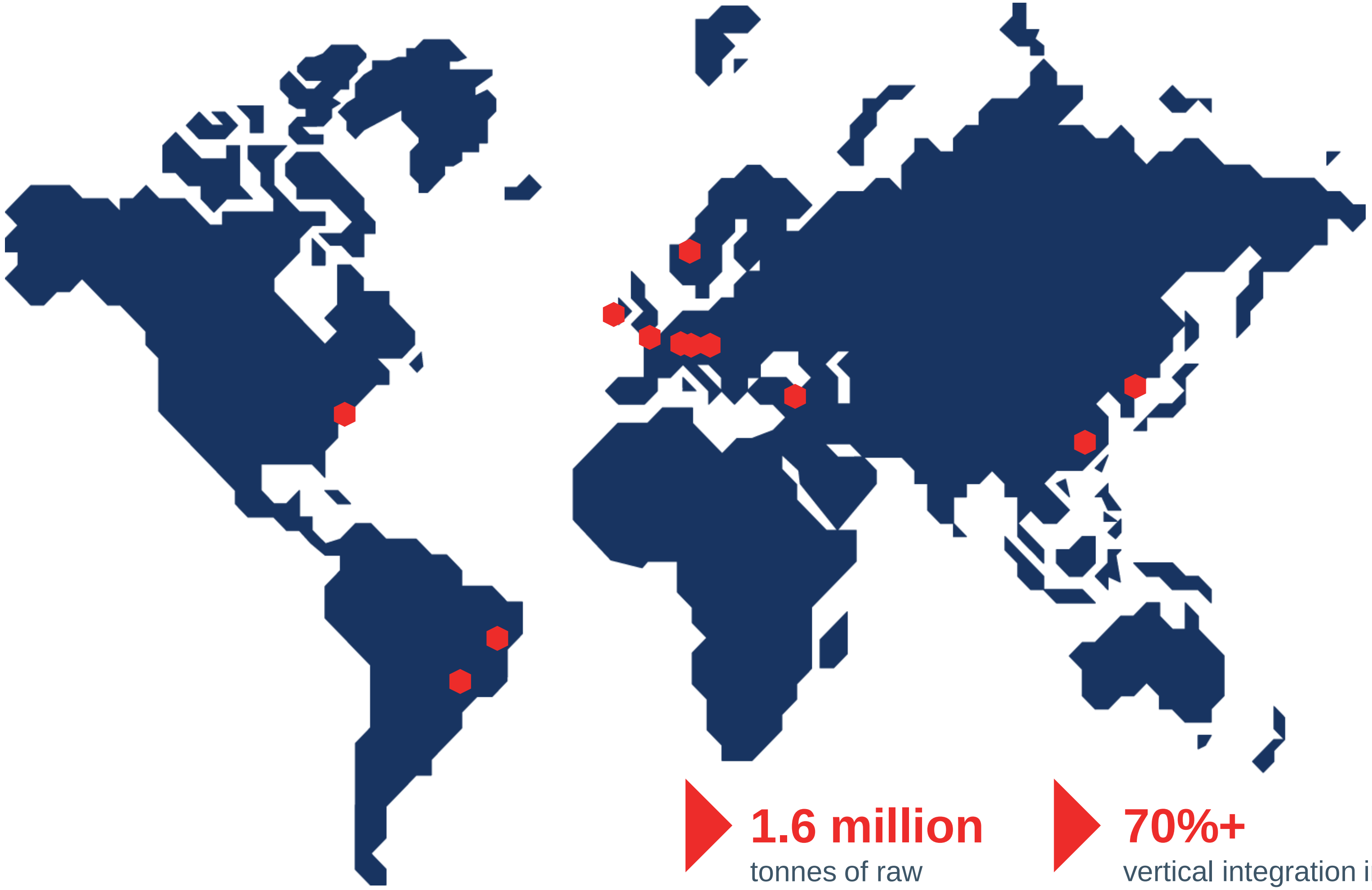
2 **Explore digitalization** across the value chain to create additional value for our customers and our company

3 Introduce new models and **innovate towards Refractory 4.0**

4 Develop into a **system supplier** based on R&D, partnerships and selective acquisitions

5 **Extend automation** using machines, robots, and sensors

Unrivalled competitive advantage through vertical integration, in multiple sites



Raw material sites

1.6 million
tonnes of raw materials produced per year

70%+
vertical integration in basic raw materials and 50%+ for all raw materials

Certainty of supply	High quality materials	Cost competitiveness

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Cost competitive and safe production network supported by lowest cost G&A services

- **Create a sustainable competitive cost production** base through the most efficient usage of the global production footprint
- Run the **lowest cost G&A services** to support the daily business
- Strictly implement and safeguard **achievement of operational synergies** from the merger
- **Demonstrate best practices in all business areas** along the entire value chain geared to competitiveness
- **Improve efficiency and invest selectively** to support growth ambitions
- Use global supply chain footprint to **adapt to freight cost and FX changes tactically** for cash flow maximisation

Compelling investment case

RHI MAGNESITA

1 Solid strategy and competitive advantages

- Strong market position with 15% market share, clear leadership in Americas, Europe and Middle East with broadest value-added solution offering
- Opportunity to develop and leverage technology across regions and portfolio
- Highest level of vertical integration in the industry with unique mineral sources and 50%+ self-sufficiency in all raw materials

2 Rapid deleveraging and strong cash conversion

- Strong cash flow from operating business supported by synergies and organic growth opportunities
- Cash usage priority on deleveraging within 2 years to reach investment grade rating

3 Significant synergy potential

- At least €70m EBITA synergies in SG&A, procurement and production network by 2019
- Interest expenses to be reduced by at least €10m in 2018 and €20m in 2019 run-rate
- Additional “below the line” opportunities in working capital, capex and tax

Q&A

Appendix

Combined adjusted pro-forma reconciliation

RHI MAGNESITA

	a	b	c	d	e	f	g	a + b + c –d – e – f – g	
€m	Reported 2017	Magnesita Jan - Oct 2017	Prelim. PPA effect	Merger related adjustments	Foreign exchange variations	Disposed Business	Non-merger related Other inc./Exp.	Adjusted Pro-forma 2017	Adjusted Pro-forma 2016
Revenue	1.946	846	-	-	-	115	-	2.677	2.409
COGS	(1.486)	(614)	2	-	-	(98)	-	(1.999)	(1.822)
Gross Profit	**461**	**232**	**2**	**0**	**-**	**17**	**-**	**678**	**587**
SG&A	(293)	(131)	(8)	(24)	-	(7)	-	(400)	(382)
Other Oper. IE	(125)	(96)	-	(162)	(48)	-	(10)	(0)	-
Amortisation	(14)	(4)	(8)	-	-	(0)	-	(26)	(14)
EBITA	**57**	**10**	**2**	**(187)**	**(48)**	**10**	**(10)**	**304**	**219**
EBITA margin	**2,9%**	**1,1%**				**8,5%**		**11,4%**	**9,1%**
Depreciation	(60)	(30)	-	-	-	(2)	(3)	(85)	(90)
EBITDA	**117**	**40**	**2**	**(187)**	**(48)**	**12**	**(7)**	**389**	**309**
EBITDA margin	**6,0%**	**4,7%**				**10,2%**		**14,5%**	**12,8%**

Integrated offer overview

- RHIM launched a tag-along offer to Magnesita's minority shareholders on the same terms and conditions as that made to the Control Group:
  - **Cash + shares:** R$445.6m[1] + 5 million shares
  - **Cash only:** (i) R$31.09[1] or (ii) R$35.56 per Magnesita share whichever is higher (amounting to a minimum of R$205m)
- RHI Magnesita combined the Mandatory Tag-along Offer with a delisting tender offer. In these situations, to succeed, at least 2/3 of the remaining shareholders need to agree with the delisting
- Since the cash plus shares option was equivalent to R$57.73 on 28 February 2018, based on RHI Magnesita's share price and the exchange rate prevailing on that date, and if conditions remain the same, RHI Magnesita expects that substantially all of Magnesita's minority shareholders will tender their shares and opt for the cash plus shares consideration.
- The ITO is expected to settle during 2018

1: adjusted by the SELIC rate as from October 26th, 2017 until the date of the settlement of the auction of the Integrated Tender Offer

FX

EBITDA Sensitivity

vs €	Unit	∆ in EBITDA (€m)
USD	+1 cent	4.27
CNY	+0.01 yuan	-0.31
BRL	+0.10 reais	0.02
INR	+1 rupee	0.31

2017 Exchange Rates

1 € =	Closing Rate	Average rate
USD	1.20	1.12
CNY	7.78	7.61
BRL	3.96	3.60
INR	76.40	73.36

RHI MAGNESITA

Find out more at
rhimagnesita.com