

RHI Magnesita N.V.

("RHI Magnesita" or the "Company" or "Group")

TRADING UPDATE

8 May 2018, London. RHI Magnesita N.V. (LSE: RHIM), the global leading supplier of refractory products, systems and services, today announces a trading update for the three months to March 2018.

OVERVIEW

RHI Magnesita's first quarter trading performance continues to reflect the positive trends seen in the H217 and the benefits of our high level of vertical integration. Price increases promoted strong development in revenues, more than offsetting higher raw material input costs. Revenue for the three months to March 2018 was €745m, 23% higher than the comparative period on a constant currency basis¹ (14% higher on a reported basis). Operating EBITA increased by almost 70% on a constant currency basis¹, to €113m, with a 15.2% operating EBITA margin.

STEEL DIVISION

Steel production growth year-over-year was robust in South America, MEA and Asia Pacific and slightly positive in North America and Europe. RHI Magnesita's steel division has outperformed these trends so far this year, with the exception of South America. It is too early to gauge the effects from the imposition of trade tariffs, yet the Group believes its diversified production base (in 16 countries across 4 continents) and client base (10,000 plants in more than 180 countries) will cushion any significant impact from these developments, as long as industrial output on a global basis is unaffected.

INDUSTRIAL DIVISION

In the Industrial division, the Nonferrous metals segment performs stronger than last year with high margin order intakes so far. In EEC (Environment, Energy & Chemicals) we see increasing demand in China and CIS, with the installation business picking up. The Cement/Lime segment is flat, as result of still low capacity utilization in China and Brazil and some market share losses due to pricing. The Minerals segment has benefitted from raw material price increases and supply shortage caused by the stricter environmental enforcement in China.

INTEGRATION AND SYNERGIES

We continue to successfully implement our planned integration actions and also continue to remain very confident in achieving our synergy target of €70m p.a. by 2019 and €40m in 2018. Our dedicated integration team is working on several additional fronts which may lead to incremental savings and will be communicated when they reach an adequate maturity level. Approximately, €10m in synergies were already reflected in the first quarter results.

¹ when compared to Q117 adjusted proforma numbers

FINANCIAL CONDITION

Our financial position continues to strengthen and our deleveraging profile is reinforced by the improving operating profit, in spite of the working capital demands required to finance the higher levels of activity.

In line with the Company's plan to reposition its capital structure to reflect its improved financial position, in the Q118 the Company redeemed \$133m in legacy bonds and refinanced certain facilities with a new €305.6 million 5-year term loan. Accordingly, we continue to be well financed with high liquidity and a robust balance sheet.

OUTLOOK

We expect the business to develop very positively in 2018 and anticipate full year operating results to continue accruing the benefits from pricing, additional synergies and network optimization, despite currency headwinds. The Group's revenue growth rate achieved in the first quarter is higher than we anticipate for the full year, as the H217 already reflected improved market conditions and some effect on revenues from the pass-through of raw material input inflation.

About RHI Magnesita

RHI Magnesita is the result of the combination of RHI and Magnesita to form the global leading supplier of high-grade refractory products, systems and services which are indispensable for industrial high-temperature processes exceeding 1,200°C in a wide range of industries, including steel, cement, non-ferrous metals, and glass, among others. With a vertically integrated value chain, from raw materials to refractory products and full performance-based solutions, RHI Magnesita serves more than 10,000 customers in nearly all countries around the world.

The Company has unmatched geographic diversification with more than 14,000 employees in 35 main production sites and more than 70 sales offices. RHI Magnesita intends to use its global leadership position in terms of revenue, greater scale, complementary product portfolio and diversified geographic presence around the world to target opportunistically those countries and regions benefitting from more dynamic economic growth prospects.

For more information please visit: www.rhimagnesita.com

This announcement contains inside information. The person responsible for releasing this announcement is Octavio Pereira Lopes.

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