

## MAGNESITA ANNOUNCES ITS 1Q18 RESULTS

**Contagem, Brazil – May 9<sup>th</sup>, 2018 - MAGNESITA REFRATÁRIOS S.A.** ("Magnesita" or "Company") - (BM&FBOVESPA Novo Mercado: MAGG3) - announces today its 2018 first quarter results ("1Q18"). Comparisons are made with 2017 first quarter ("1Q17") and 2017 fourth quarter ("4Q17") results. Operational and financial information of the Company, unless otherwise stated, were prepared according to International Financial Reporting Standards (IFRS), and should be read together with our Financial Statements ("DFP") filed with the CVM. This Earnings Release presents the results in millions of U.S. Dollars ("US\$"). Exchange Rates used to translate foreign currencies into U.S. Dollars are presented on page 12.

### FINANCIAL SUMMARY

In \$ million, unless otherwise indicated	Quarter			Var. %		Last Twelve Months		Var. %
	1Q18 (a)	4Q17 (b)	1Q17 (c)	a/b	a/c	1Q18 (d)	1Q17 (e)	d/e
Net operating revenues	307,6	310,0	284,2	-0,8%	8,2%	1.174,7	1.024,7	14,6%
Gross profit	113,8	109,7	94,1	3,7%	20,9%	401,2	349,2	14,9%
Gross margin (%)	37,0%	35,4%	33,1%	160 bp	390 bps	34,2%	34,1%	10 bps
EBIT	52,9	-11,3	28,4	-570,0%	86,7%	49,3	132,9	-62,9%
Adjusted EBIT <sup>1</sup>	57,9	47,0	35,3	23,3%	64,1%	166,6	115,8	43,8%
Adjusted EBIT margin (%)	18,8%	15,2%	12,4%	370 bp	640 bps	14,2%	11,3%	290 bps
EBITDA	65,1	-3,5	40,2	-1980,9%	61,9%	96,6	182,6	-47,1%
Adjusted EBITDA <sup>1</sup>	69,3	54,2	46,6	28,0%	48,7%	210,0	158,9	32,2%
Adjusted EBITDA margin (%)	22,5%	17,5%	16,4%	510 bp	610 bps	17,9%	15,5%	240 bps
Net income	31,9	-11,6	16,0	-376,3%	100,0%	-39,6	126,4	-131,3%
Earnings per share (US\$/share) <sup>2</sup>	0,64	-0,23	0,31	-377,7%	103,1%	-0,79	2,49	-131,8%

<sup>1</sup>Excluding other income and expenses

<sup>2</sup>EPS considers the weighted amount of shares in the period minus shares held in treasury

### Earnings Conference Call: Thursday, May 10<sup>th</sup>, 2018

#### In English, with simultaneous translation to Portuguese

2:00pm (Brasília time) - Phone: +55 11 3137 8023 (Brazil)\*

1:00pm (New York time) - Phone: +1 786 837 9597 (United States)

6:00pm (London time) - Phone: +44 203 318 3776 (Other countries)

**Password: Magnesita**

\*In the above dial-in, the participant will be directed automatically to the original audio in English. In case you would like to listen to the audio in Portuguese (simultaneous translation), please ask the operator.

Webcast (English): <http://cast.comunique-se.com.br/Magnesita/1Q18>

Webcast (Portuguese): <http://cast.comunique-se.com.br/Magnesita/1T18>

### Investor Relations Contacts

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## MESSAGE FROM MANAGEMENT

*“As we continue to execute the roadmap for value creation defined for RHI Magnesita upon completion of the combination in October 2017, we are thrilled with the upcoming opportunities that this transaction has brought to our shareholders, customers, employees and other stakeholders. RHI Magnesita has been operating as a single group for about six months now with excellent results for our shareholders and combined, innovative, joint solutions being successfully offered to all our clients globally.*

*We continue to see a lot of support for the combination from our shareholders, as demonstrated by the 195% appreciation of our shares since the announcement of the transaction in October 2016, and expect the successful completion of the tender offer underway over the next few months.*

*In terms of standalone results, Magnesita continues to show positive performance in revenue growth, working capital intensity and leverage. Altogether, net revenue amounted to US\$307 million in the quarter, an 8% growth over the 1Q17. Magnesita also achieved its highest gross and EBITDA margins in almost a decade, at 37.0% and 22.5% respectively.*

*Working capital remained at very low levels quarter-over-quarter, at 18.3% of sales, well below the 21.1% from the previous year.*

*Our leverage levels were considerably lower over the first quarter, at 2.3x Net Debt/EBITDA, and allowed the Company to continue redeeming its more expensive legacy debt. During the quarter, all of the 2020 Bonds (US\$ 63 million) and US\$ 70 million of our perpetual bonds were redeemed, reducing the total amount outstanding to just US\$ 180 million.*

*As we move forward into 2018 and our first year as RHI Magnesita, our focus will be to integrate both companies, drive further innovation and deliver best-in-class solutions for our customers”*

**Octavio Pereira Lopes**  
Chairman

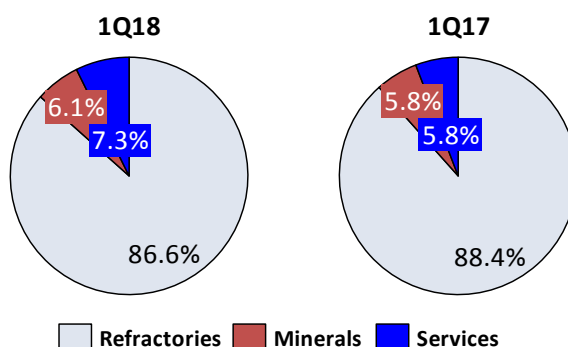
<sup>1</sup> Adjusted EBITDA

## OPERATIONAL AND FINANCIAL PERFORMANCE

### REVENUE BY SEGMENT

Segment	Quarter			Var. %		Last Twelve Months		Var. %
	1Q18 (a)	4Q17 (b)	1Q17 (c)	a/b	a/c	1Q18 (d)	1Q17 (e)	d/e
<b>Refractory Solutions</b>								
Revenues (US\$ million)	266,2	275,5	251,1	-3,4%	6,0%	1.020,9	894,6	14,1%
<b>Industrial Minerals</b>								
Revenues (US\$ million)	18,9	15,8	16,6	19,1%	14,0%	73,7	62,2	18,4%
<b>Services</b>								
Revenues (US\$ million)	22,5	18,6	16,5	20,7%	36,0%	80,2	67,9	18,2%
<b>TOTAL</b>								
Revenues (US\$ million)	307,6	310,0	284,2	-0,8%	8,2%	1.174,7	1.024,7	14,6%

### Revenue % breakdown (in US\$)



### SEGMENT PERFORMANCE

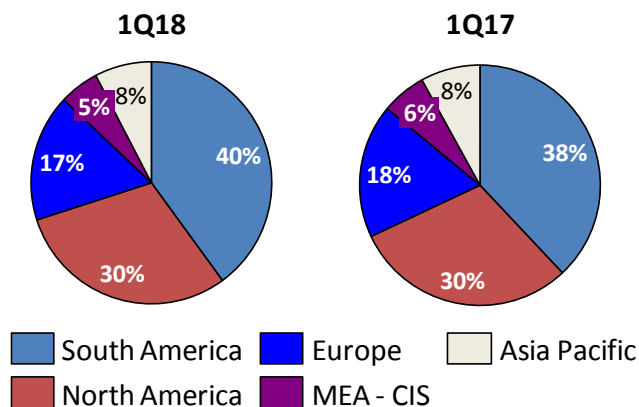
#### Refractory Solutions

Refractory Solutions	Quarter			Var. %		Last Twelve Months		Var. %
	1Q18 (a)	4Q17 (b)	1Q17 (c)	a/b	a/c	1Q18 (d)	1Q17 (e)	d/e
Revenues (US\$ million)	266,2	275,5	251,1	-3,4%	6,0%	1.020,9	894,6	14,1%
<b>Refractory Solutions - Steel</b>								
Revenues (US\$ million)	198,6	235,7	204,6	-15,7%	-2,9%	850,5	743,9	14,3%
<b>Refractory Solutions - Industrial</b>								
Revenues (US\$ million)	67,6	39,9	46,4	69,6%	45,6%	170,4	150,7	13,1%

Revenue from the refractory segment amounted to US\$266.2 million in the 1Q18, 6.0% above the previous year driven by higher deliveries to the industrial division. In comparison to the 4Q17, sales to the steel segment decreased by 2.9% while sales to the industrial segment soared by 45.6%. The positive performance in the industrial segment more than offset lower deliveries in steel applications.

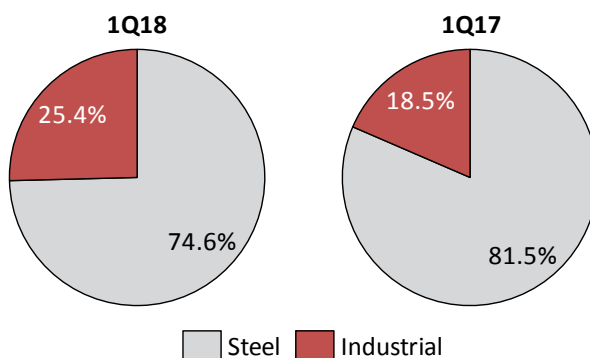
Refractory sales per region in the 1Q18 shows an increase in the participation of sales in South America, vis-à-vis the 1Q17, which is almost entirely attributable to the stronger sales performance in Brazil.

#### Refractory sales per region (in US\$)



The breakdown of sales by segment has shifted quarter-over-quarter, with steel accounting for 75% of sales and industrial applications - mostly cement, nonferrous and glass - accounting for 25% of refractory sales.

#### Refractories sales by segment (US\$)



## Refractory Solutions - Steel

According to the World Steel Association, global steel production increased by 3.8% quarter-over-quarter, with significant pick-up in South America and sustained production growth in China.

Steel Production (million tonnes)

Region	1Q18	1Q17	Var %	LTM 1Q18	LTM 1Q17	LTM %
South America	11	10	6,8%	44	41	8,2%
North America ex Mexico	24	24	2,0%	96	92	4,3%
EU-28	43	43	0,9%	169	164	3,2%
China	211	201	5,0%	855	813	5,2%
Rest of the World	136	132	3,0%	540	517	4,3%
<b>World</b>	<b>425</b>	<b>410</b>	<b>3,8%</b>	<b>1704</b>	<b>1627</b>	<b>4,7%</b>
<b>World ex-China</b>	<b>214</b>	<b>209</b>	<b>2,6%</b>	<b>849</b>	<b>814</b>	<b>4,3%</b>

Source: WSA

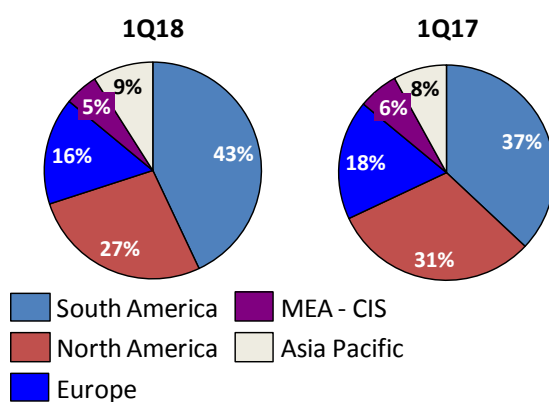
In South America, steel production increased 6.8%, quarter over quarter led by the 4.8% expansion in Brazil and 25% in Argentina. Increased demand for flat steel in the auto sector and exports continue to fuel the steel production in this region.

As for China, despite efforts to eliminate capacity, environmental sanctions imposed by the local government and continued anti-dumping measures against its steel products, the country continues to increase steel production. Production in China grew 5.2% on a LTM basis. Outside China, production also increased, to 214.3 million tons, 2.6% above the previous year.

Refractory Solutions - Steel	Quarter			Var. %		Last Twelve Months		Var. %
	1Q18 (a)	4Q17 (b)	1Q17 (c)	a/b	a/c	1Q18 (d)	1Q17 (e)	d/e
Revenues (US\$ million)	198,6	235,7	204,6	-15,7%	-2,9%	850,5	743,9	14,3%

Revenue from sales to the steel industry fell by 2.9% quarter-over-quarter, to US\$198.6 million, in part due to the sale of the Oberhausen plant, as part of the remedy required for the completion of the merger with RHI. Alternatively, higher deliveries to Brazil offset this negative impact with steel revenue rising 32% in the first quarter.

### Refractory Sales to Steel segment by region (US\$)

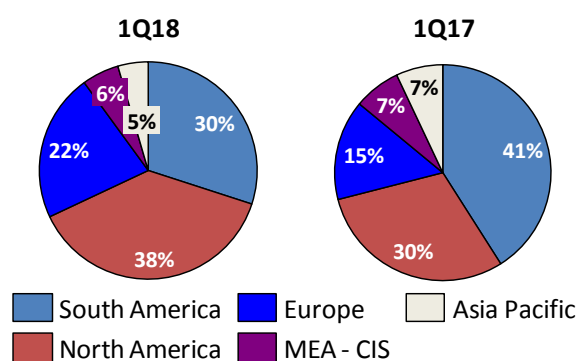


### Refractory Solutions - Industrial

Refractory Solutions - Industrial	Quarter			Var. %		Last Twelve Months			Var. %
	1Q18 (a)	4Q17 (b)	1Q17 (c)	a/b	a/c	1Q18 (d)	1Q17 (e)	d/e	
Revenues (US\$ million)	67,6	39,9	46,4	69,6%	45,6%	170,4	150,7	13,1%	

Revenues from industrial applications grew by 45.6%, to US\$67.6 million, driven essentially by sales to cement applications in North America and higher deliveries in Europe.

### Refractory Sales to Industrial by region (US\$)



### Refractory Segment – Gross Margin

Refractory Solutions	Quarter			Var. %		Last Twelve Months			Var. %
	1Q18 (a)	4Q17 (b)	1Q17 (c)	a/b	a/c	1Q18 (d)	1Q17 (e)	d/e	
Revenues (US\$ million)	266,2	275,5	251,1	-3,4%	6,0%	1.020,9	894,6	14,1%	
Gross profit (US\$ million)	107,5	102,6	88,1	4,8%	22,0%	370,2	324,4	14,1%	
Gross margin (%)	40,4%	37,2%	35,1%	310 bps	530 bps	36,3%	36,3%	0 bps	

Gross margin for the refractory segment stood at 40.4% in 1Q18, 530 bps above the previous year. The significant improvement on the gross margin was driven by the significant benefits from our high level of vertical integration, as raw material input inflation raised prices of refractory products across the industry.

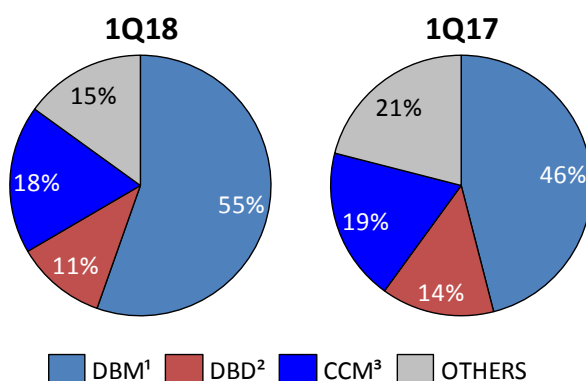
### Industrial Minerals

Industrial Minerals	Quarter			Var. %		Last Twelve Months		Var. %
	1Q18 (a)	4Q17 (b)	1Q17 (c)	a/b	a/c	1Q18 (d)	1Q17 (e)	d/e
Revenues (US\$ million)	18,9	15,8	16,6	19,1%	14,0%	73,7	62,2	18,4%
Gross profit (US\$ million)	3,0	6,4	4,5	-53,2%	-32,8%	19,8	18,3	8,1%
Gross margin (%)	16,0%	40,6%	27,1%	-2470 bps	-1110 bps	26,9%	29,5%	-250 bps

Minerals sales represented 6.1% of Magnesita's consolidated revenue in 1Q18, compared to 5.8% in the previous period. Revenue from minerals sales amounted to US\$18.9 million in the quarter, 14% above 1Q17, explained by the 33.2% increase of DBM sales set against the previous year. Gross margin dropped to 16.0% versus 27.1% in 1Q17 mainly due to increases in fuel costs of sintering and prices still being affected by existing supply contracts.

As a result of strong DBM sales, its share as a percentage of revenue increased from 46% to 55%.

### Minerals sales by product (US\$)



<sup>1</sup> DBM = Dead burned magnesite

<sup>2</sup> DBD = Dead burned dolomite

<sup>3</sup> CCM = Caustic calcined magnesite

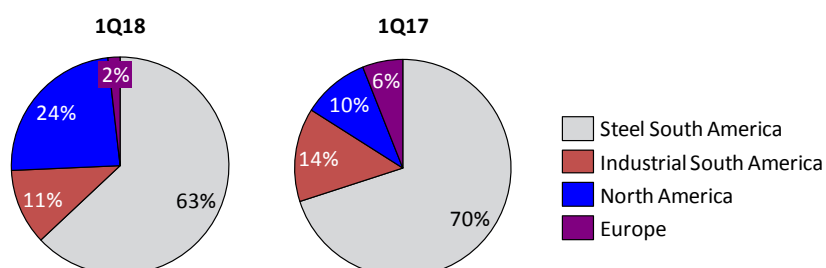
## Services

Services	Quarter			Var. %		Last Twelve Months		Var. %
	1Q18 (a)	4Q17 (b)	1Q17 (c)	a/b	a/c	1Q18 (d)	1Q17 (e)	d/e
Revenues (US\$ million)	22,5	18,6	16,5	20,7%	36,0%	80,2	67,9	18,2%
Gross profit (US\$ million)	3,3	0,7	1,5	340,6%	114,0%	11,2	6,7	68,1%
Gross margin (%)	14,7%	4,0%	9,3%	1060 bps	530 bps	14,0%	9,8%	420 bps

Sales from the service segment represented 7.3% of the consolidated revenue in 1Q18, against 5.8% in the previous period. Revenue amounted to US\$22.5 million, 36.0% above the 1Q17. North America, which represented 10% of sales of this division in 1Q17, has increased its share of the segment to 24% of 1Q18 sales.

As sales expanded, gross margin for the service segment increased to 14.7% in 1Q18, compared to 9.3% in the previous period.

### Service revenue by region and segment (US\$)





## SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

SG&A	Quarter			Var. %		Last Twelve Months		Var. %
	1Q18 (a)	4Q17 (b)	1Q17 (c)	a/b	a/c	1Q18 (d)	1Q17 (e)	d/e
Revenues (US\$ million)	307,6	310,0	284,2	-0,8%	8,2%	1.174,7	1.024,7	14,6%
SG&A expenses	-56,0	-62,5	-58,9	-10,4%	-4,9%	-234,8	-233,2	0,7%
% on sales	18,2%	20,2%	20,7%	-200 bps	-250 bps	20,0%	22,8%	-280 bps
Fixed SG&A expenses	-40,3	-45,8	-43,3	-12,0%	-6,9%	-171,3	-172,0	-0,4%
% on sales	13,1%	14,8%	15,2%	-170 bps	-210 bps	14,6%	16,8%	-220 bps
Freight	-15,6	-16,6	-15,5	-6,2%	0,6%	-63,5	-61,2	3,7%
% on sales	5,1%	5,4%	5,5%	-29 bps	-39 bps	5,4%	6,0%	-60 bps

Fixed SG&A expenses amounted to US\$40.3 million, compared to US\$43.3 million in 1Q17. In addition, as a percentage of sales, fixed SG&A expenses declined 170 bps, to 13.1% of sales.

Freight expenses amounted to US\$15.6 million in the quarter, compared to US\$15.5 million in 1Q17. As a percentage of sales, freight expenses declined 39 bps, from 5.5% to 5.1%, driven mostly by efficiency gains in the supply chain, with better routes and contracts.

## EBITDA and adjusted EBITDA

EBITDA	Quarter			Var. %		Last Twelve Months		Var. %
	1Q18 (a)	4Q17 (b)	1Q17 (c)	a/b	a/c	1Q18 (d)	1Q17 (e)	d/e
Revenue in US\$	307,6	310,0	284,2	-0,8%	8,2%	1.174,7	1.024,7	14,6%
Operating income (EBIT) in US\$	52,9	-11,3	28,4	-570,0%	86,7%	49,3	132,9	-62,9%
Depreciation/amortization in US\$	-12,2	-7,8	-11,9	56,6%	2,8%	-47,3	-49,7	-4,9%
EBITDA in US\$	65,1	-3,5	40,2	-1980,9%	61,9%	96,6	182,6	-47,1%
EBITDA margin (%)	21,2%	-1,1%	14,2%	2230 bps	700 bps	8,2%	17,8%	-960 bps
Other operating income/expenses <sup>2</sup> in US\$	-4,9	-58,5	-6,9	-91,7%	-29,0%	-117,2	16,9	-793,0%
Adjusted EBITDA <sup>1</sup> in US\$	69,3	54,2	46,6	28,0%	48,7%	210,0	158,9	32,2%
Adj EBITDA margin (%)	22,5%	17,5%	16,4%	510 bps	610 bps	17,9%	15,5%	240 bps

<sup>1</sup>Excluding other income and expenses .

<sup>2</sup>Other operating income/expenses" includes depreciation of discontinued operations (US\$ 0.8m in 2018)

Adjusted EBITDA (excluding other operating income and expenses) amounted to US\$69.3 million in the 1Q18, 48.7% higher than the previous year, mostly due to the price increases to compensate for the raw material inflation.

The adjusted EBITDA margin increased 510 bps to 22.5% in the 1Q18. The higher margin for steel and service divisions along with the dilution of SG&A expenses, compensated for lower margins in industrial applications.

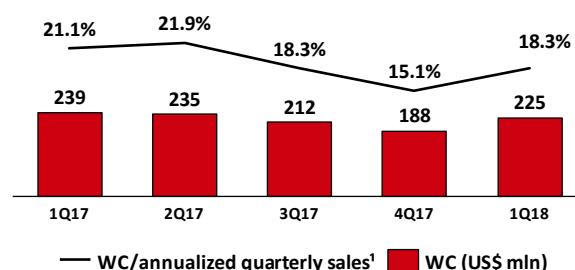
## FINANCIAL INCOME/EXPENSES

Financial Result	Quarter			Var. %		Last Twelve Months		Var. %
	1Q18 (a)	4Q17 (b)	1Q17 (c)	a/b	a/c	1Q18 (d)	1Q17 (e)	d/e
Financial income / expenses	-12,3	-11,3	-14,3	9,4%	-13,8%	-47,6	-52,3	-8,9%
Other financial income / expenses	-3,1	3,0	-3,3	-203,1%	-7,2%	-12,8	-13,4	-4,4%
Foreign exchange variation	1,9	-5,1	10,2	-137,9%	-81,1%	-16,8	30,3	-155,4%
<b>Net financial result</b>	<b>-13,5</b>	<b>-13,4</b>	<b>-7,4</b>	<b>1,0%</b>	<b>82,3%</b>	<b>-77,2</b>	<b>-35,4</b>	<b>118,4%</b>

The net financial result amounted to US\$13.5 million expense in 1Q18, compared to US\$7.4 million expense in 1Q17. The variation was mainly driven by the non-cash foreign exchange variation between the two periods.

## WORKING CAPITAL

Working capital stood at US\$224.9 million at quarter-end, compared to US\$239.3 million in the previous quarter and US\$187.6 million in the previous year. This reduction year-over-year is mostly driven by the 15 day reduction in the inventory cycle and a 5 day improvement in receivable days. As a percentage of sales, working capital intensity reached 18.3% at quarter-end, 280bps lower than the 1Q17.



<sup>1</sup> Calculation considers annualized quarterly sales.

## CAPEX

CAPEX amounted to US\$11.1 million in the quarter, 39.7% higher than the US\$7.9 million expended in 1Q17.

## CAPITAL STRUCTURE

Net debt amounted to US\$489.1 million at quarter-end, compared to US\$480.7 million in the previous quarter and US\$476.6 million in the previous year. Quarter-over-

quarter, net debt increased mostly due to the higher working capital demanded by the increased activity.

Cash at quarter-end decreased to US\$169.5 million after the redemption of the 2020 and Perpetual Bonds, versus US\$311.7 million in 4Q17 and US\$476.6 million in the 1Q17.

Net leverage, measured by net debt/adjusted EBITDA (LTM), improved noticeably quarter-over-quarter to 2.3x, with the higher EBITDA offsetting the increase in net debt. Compared to the previous year, net leverage declined from 3.0x to 2.3x.

Magnesita's financial covenants exclude the perpetual bond from the leverage ratio. As such, excluding the perpetual bond, net leverage for covenant purposes reached 1.5x in 1Q18, versus 1.2x in the previous quarter and 1.4x in the 1Q17.

## **CAPITAL MARKETS**

Magnesita's shares (Novo Mercado: MAGG3) closed the first quarter of 2018 quoted at R\$58.09, up 17.9% year-to-date. In US Dollar, Magnesita's share price has increased 15.6%, from US\$15.24 in the end of 2017 to US\$17.62 in the end of the first quarter of 2018.

Year-to-date, the average daily trading volume was US\$1,687,713 with an average of 99,253 shares traded per day. Magnesita's market capitalization on March 31<sup>st</sup> was US\$881.7 million.

### **Results in US Dollar**

Following the acquisition of LWB Refractories in 2008, Magnesita became a truly global Company with a significant portion of its revenues, costs and expenses in foreign currencies. More recently, the roll-out of the strategic plan to expand sales in new geographies (outside Brazil) further increased the participation of foreign currencies in Magnesita's results. Currently, approximately 75% of the Company's revenues are generated in foreign currencies, primarily the US dollar, and this percentage is expected to increase. Likewise, since Magnesita operates industrial plants in the US, Germany, France, Argentina, China, Belgium and Taiwan, as well as sales offices world-wide, a significant portion of costs and expenses are denominated in foreign currencies.

Therefore, the Company's management understood that the preparation of the Earnings Release in US Dollars better reflects the financial performance of Magnesita. Below, are the Exchange Rates used to translate foreign currencies into U.S. Dollars. On the Company's website, there is a spreadsheet available with historical results in U.S. Dollar.

#### **Exchange Rates used to translate foreign currencies into US Dollar**

##### Note:

*Income Statement => Converted in USD by the average monthly rate*

*Balance Sheet => Converted in USD by the closing rate*

Currency	Income Statement		Change	Balance Sheet		Change
	Average rates			Closing rates		
	1Q18	1Q17		1Q18	1Q17	
USD/BRL	3.243	3.143	3.2%	3.226	3.168	1.8%
USD/EUR	1.231	1.065	15.6%	1.225	1.070	14.5%
USD/Renminbi	0.159	0.145	9.7%	0.157	0.145	8.3%

**Warning**

*Statements contained herein concerning business prospects, projected operating and financial results and references to the Company's growth potential are mere forecasts, based on the expectations and estimates of Management regarding of the Magnesita's future performance. Although the Company believes that these statements are based on reasonable assumptions, it does not ensure that they are achieved. Expectations and estimates underlying the future prospects of the Company are highly dependent on market behavior, the economic situation and Brazil's policy, existing and future regulations, industry and international markets and therefore are subject to changes beyond the control of Magnesita and its management. The Company does not undertake to update or revise expectations, estimates and forecasts contained herein due to information or future events. All statements regarding mineral reserves and estimates are projections based on geological information available geological and statistical models. Actual future production of mineral may differ materially from the estimates.*

- **About Magnesita Refratários S.A.**

*Magnesita Refratários S.A. is a privately held, publicly traded Company with shares traded on the Novo Mercado of BM&FBOVESPA in Brazil and through ADRs level 1 in the United States, dedicated to mining, producing and marketing an extensive line of refractory and industrial mineral materials. Its products are mainly used by the cement, glass, and steel industries. Industrial activities began in 1940, soon after the discovery of magnesite deposits in Brumado, Bahia. Today, it operates 27 industrial and mining units in 8 countries with a refractory production capacity of more than 1.4 million tonnes per year. The Company is a leader in refractories in the Americas, and its products were sold to more than 100 countries in 2016.*

- **Mission**

*To provide integrated services, refractories, and minerals that maximize client returns in order to create profitable, lasting relationships replicable to different regions.*

- **Vision**

*To be the best solution provider in refractories and industrial minerals by leveraging and developing our mineral resources.*

- **Values**

- ✓ Clients
- ✓ People
- ✓ Meritocracy
- ✓ Ethics
- ✓ Profit
- ✓ Management and Method
- ✓ Agility and Transparency
- ✓ Safety, Environment and Community

## APPENDIX I - CONSOLIDATED BALANCE SHEET

As per Brazilian Corporate Law (US\$ million)	03/31/2018	12/31/2017	03/31/2017
<b>ASSETS</b>			
<b>Current</b>	676,2	763,8	786,7
Cash and cash equivalents	169,5	311,7	314,4
Accounts receivable	168,3	161,5	171,1
Inventories	296,5	259,4	259,7
Recoverable taxes	36,0	29,0	32,4
Others	5,9	2,2	9,1
<b>Long term</b>	1.148,4	1.153,7	1.164,2
Deferred income and social contribution taxes	7,1	7,1	12,4
Others	47,2	51,3	31,3
Investments	30,5	30,1	15,1
Property, plant and equipment	405,0	404,9	440,1
Intangibles	31,2	32,3	37,7
Goodwill	627,4	628,0	627,6
<b>Total Assets</b>	<b>1.824,6</b>	<b>1.917,5</b>	<b>1.950,9</b>
<b>LIABILITIES</b>			
<b>Current</b>	526,1	561,8	427,9
Suppliers	239,8	233,3	191,5
Loans	168,8	216,3	116,1
Salaries and social charges	57,3	49,9	50,3
Taxes and contributions	18,7	16,6	17,7
Others	41,6	45,7	52,3
<b>Long term liabilities</b>	682,8	770,4	894,3
Loans	489,8	576,1	674,9
Deferred tax and contributions	64,5	67,0	90,1
Retirement benefit obligation	100,3	99,4	101,2
Provision for contingencies	26,9	26,4	27,5
Others	1,3	1,5	0,5
<b>Shareholder's equity</b>	615,6	585,3	628,7
Capital	474,2	595,2	595,2
Capital and revenue reserves	49,5	49,8	49,8
Profit reserves	50,1	50,3	88,3
Retained earnings (losses)	-23,2	-55,3	16,1
Other comprehensive income	65,0	-54,7	-111,6
Treasury shares	0,0	0,0	-14,8
Non- controlling interests	0,0	0,0	5,8
<b>Total liabilities and Shareholder's equity</b>	<b>1.824,6</b>	<b>1.917,5</b>	<b>1.950,9</b>
<b>Total number of shares outstanding (million)</b>	<b>50,0</b>	<b>50,3</b>	<b>50,8</b>
<b>Book Value Per Share* (US\$/share)</b>	<b>12,30</b>	<b>11,64</b>	<b>12,37</b>

\*BVS = Shareholder's equity / (number of shares outstanding minus treasury shares)

## APPENDIX II - CONSOLIDATED INCOME STATEMENT

As per Brazilian Corporate Law (US\$ million)	Quarter			Var. %		Last Twelve Months		Var. %
	1Q18 (a)	4Q17 (b)	1Q17 (c)	a/b	a/c	1Q18 (d)	1Q17 (e)	d/e
Net Revenue	307,6	310,0	284,2	-0,8%	8,2%	1.174,7	1.024,7	14,6%
COGS	-193,8	-200,2	-190,1	-3,2%	2,0%	-773,5	-675,5	14,5%
Gross Profit	113,8	109,7	94,1	3,7%	20,9%	401,2	349,2	14,9%
Gross margin (%)	37,0%	35,4%	33,1%	160 bps	390 bps	34,2%	34,1%	10pb
SG&A expenses	-56,0	-62,5	-58,9	-10,4%	-4,9%	-234,8	-233,2	0,7%
G&A expenses	-21,0	-23,3	-20,9	-9,8%	0,5%	-84,8	-86,7	-2,2%
Selling expenses	-34,9	-39,2	-37,9	-10,8%	-7,9%	-150,0	-146,5	2,4%
Other selling	-19,3	-22,5	-22,4	-14,3%	-13,8%	-86,5	-85,3	1,4%
Freight	-15,6	-16,6	-15,5	-6,2%	0,6%	-63,5	-61,2	3,7%
Other operational income	1,3	3,5	0,7	-62,4%	79,8%	20,4	41,1	-50,4%
Other operational expenses	-6,3	-61,7	-7,7	-89,8%	-17,7%	-137,7	-24,1	471,3%
Equity pickup	0,1	-0,3	0,1	-136,2%	89,5%	0,1	-0,1	-206,9%
Operating Profit (EBIT)	52,9	-11,3	28,4	-570,0%	86,7%	49,3	132,9	-62,9%
Operating margin (%)	17,2%	-3,6%	10,0%	2080 bps	720 bps	4,2%	13,0%	-880pb
Net financial result	-13,5	-13,4	-7,4	1,0%	82,3%	-77,2	-35,4	118,4%
Financial income / expenses	-12,3	-11,3	-14,3	9,4%	-13,8%	-47,6	-52,3	-8,9%
Other financial income / expenses	-3,1	3,0	-3,3	-203,1%	-7,2%	-12,8	-13,4	-4,4%
Foreign Exchange variation	1,9	-5,1	10,2	-137,9%	-81,1%	-16,8	30,3	-155,4%
Resultado antes do IR e CSL	39,4	-24,6	21,0	-260,1%	88,2%	-27,9	97,5	-128,7%
Income tax and social contribution	-7,5	13,1	-5,0	-157,5%	50,5%	-11,7	28,9	-140,3%
Current tax	-8,8	-10,3	-4,9	-14,6%	81,1%	-27,4	-16,5	65,9%
Deferred tax	1,3	23,4	-0,1	-94,4%	-1145,9%	15,8	45,4	-65,3%
Net income (losses)	31,9	-11,6	16,0	-376,3%	100,0%	-39,6	126,4	-131,3%
Net margin (%)	10,4%	-3,7%	5,6%	1410 bps	480 bps	-3,4%	12,3%	-1570pb
# of shares <sup>1</sup>	50,0	50,3	50,8	-0,5%	-1,5%	50,0	50,8	0 bp
Earnings per share (US\$)	0,64	-0,23	0,31	-377,7%	103,1%	-0,79	2,49	-131,8%
Depreciation/Amortization	-12,2	-7,8	-11,9	56,6%	2,8%	-47,3	-49,7	-4,9%
EBITDA	65,1	-3,5	40,2	-1980,9%	61,9%	96,6	182,6	-47,1%
EBITDA Margin (%)	21,2%	-1,1%	14,2%	2230 bps	700 bps	8,2%	17,8%	-960pb
EBITDA Adjusted <sup>2</sup>	69,3	54,2	46,6	28,0%	48,7%	210,0	158,9	32,2%
Margin EBITDA Adjusted (%) <sup>2</sup>	22,5%	17,5%	16,4%	510 bps	610 bps	17,9%	15,5%	240pb

<sup>1</sup> # of weighted shares YTD

<sup>2</sup> Excluding other income and expenses



### APPENDIX III - CONSOLIDATED CASH FLOW

Magnesita Refratários S.A.

As per Brazilian Corporate Law (US\$ million)	1Q18	1Q17
<b>Cash flow from operating activities:</b>		
Net income (losses)	31,9	16,2
<b>Adjustments</b>		
Monetary and exchange variations (net)	-1,3	-7,7
Interest expenses (net)	15,4	17,6
Depreciation and depletion	10,5	10,0
Amortization of intangible	1,7	1,3
Deferred income tax and social contribution	-1,3	0,2
Gain/loss with derivatives	-0,7	-2,8
Stock Option expenses	0,0	0,0
Minority interests	0,0	0,1
Equity pickup	-0,1	-0,1
Provisions for obsolete inventory	0,2	-1,2
Provision for losses with fixed assets	0,0	0,0
Provision for doubtful accounts receivables	0,6	0,2
Asset sales	-0,1	-0,2
Reversal of impairment	0,0	0,6
Adjusted net income/loss	56,9	34,3
<b>Change in assets and liabilities</b>		
Accounts receivables	-6,4	-15,7
Inventories	-36,6	-1,0
Taxes recoverable	-3,8	2,2
Suppliers	4,8	-13,2
Accrued taxes	12,8	1,8
Others assets/liabilities change	4,5	-7,3
Income tax paid	-10,7	-1,2
Total changes in assets and liabilities	-35,4	-34,5
Net cash provided from (used in) operating activities	21,4	-0,2
<b>Cash flow from investing activities</b>		
Securities and other investments	13,2	0,0
Disposal of property, plant and equipment	0,0	0,0
Other Cash Investments	0,0	0,0
Additions of fixed, investments and intangible assets	-10,8	-7,9
Credit from fixed asset sale	0,0	0,0
Interest on capitalized loans	0,0	0,0
Investments in non-controlling interests	0,0	0,0
Payment for acquisitions	0,0	0,0
Net cash provided from (used in) investing activities	2,4	-7,9
<b>Cash flows from financing activities</b>		
New loans and financing	43,6	183,4
Payment of loans and financing	-174,3	-155,7
Payment of interest on loans	-17,5	-18,4
Realized gain/loss with derivative instrument	0,7	2,8
Dividends/interests on equity payable	0,0	0,0
Shares in treasury	0,0	-6,8
Net cash provided from (used in) financing activities	-147,5	5,3
Increase (decrease) in cash and cash equivalents	-123,6	-2,8
Exchange variations on cash and equivalents	-18,5	10,8
Opening balance - cash and equivalents	311,7	303,7
Closing balance - cash and equivalents	169,5	307,6

## APPENDIX IV - HISTORICAL INFORMATION BY SEGMENT

<b>Refractory Division - Total</b>	<b>1Q16</b>	<b>2Q16</b>	<b>3Q16</b>	<b>4Q16</b>	<b>1Q17</b>	<b>2Q17</b>	<b>3Q17</b>	<b>4Q17</b>	<b>1Q18</b>
Revenue (US\$ million)	208,8	221,3	208,2	214,0	251,1	233,4	245,8	275,5	266,2
Gross Profit (US\$ million)	72,3	80,4	76,2	79,8	88,1	81,1	79,0	102,6	107,5
Gross Margin (%)	34,6%	36,3%	36,6%	37,3%	35,1%	34,8%	32,1%	37,2%	40,4%
<b>Refractory Division - Steel</b>	<b>1Q16</b>	<b>2Q16</b>	<b>G</b>	<b>4Q16</b>	<b>1Q17</b>	<b>2Q17</b>	<b>3Q17</b>	<b>4Q17</b>	<b>1Q18</b>
Revenue (US\$ million)	169,1	187,0	178,2	174,1	204,6	206,6	209,6	235,7	198,6
<b>Refractory Division - Industrial</b>	<b>1Q16</b>	<b>2Q16</b>	<b>3Q16</b>	<b>4Q16</b>	<b>1Q17</b>	<b>2Q17</b>	<b>3Q17</b>	<b>4Q17</b>	<b>1Q18</b>
Revenue (US\$ million)	39,7	34,3	30,0	40,0	46,4	26,8	36,1	39,9	67,6
<b>Minerals</b>	<b>1Q16</b>	<b>2Q16</b>	<b>3Q16</b>	<b>4Q16</b>	<b>1Q17</b>	<b>2Q17</b>	<b>3Q17</b>	<b>4Q17</b>	<b>1Q18</b>
Revenue (US\$ million)	10,9	16,4	14,4	14,9	16,6	16,4	22,6	15,8	18,9
Gross Profit (US\$ million)	4,0	5,5	4,5	3,9	4,5	4,5	5,9	6,4	3,0
Gross Margin (%)	36,6%	33,4%	31,3%	25,9%	27,1%	27,5%	26,0%	40,6%	16,0%
<b>Services</b>	<b>1Q16</b>	<b>2Q16</b>	<b>3Q16</b>	<b>4Q16</b>	<b>1Q17</b>	<b>2Q17</b>	<b>3Q17</b>	<b>4Q17</b>	<b>1Q18</b>
Revenue (US\$ million)	14,2	15,1	16,4	19,9	16,5	18,3	20,8	18,6	22,5
Gross Profit (US\$ million)	2,0	1,8	0,5	2,9	1,5	4,1	3,1	0,7	3,3
Gross Margin (%)	13,9%	11,9%	3,0%	14,3%	9,3%	22,5%	14,7%	4,0%	14,7%
<b>CONSOLIDATED</b>	<b>1Q16</b>	<b>2Q16</b>	<b>3Q16</b>	<b>4Q16</b>	<b>1Q17</b>	<b>2Q17</b>	<b>3Q17</b>	<b>4Q17</b>	<b>1Q18</b>
Revenue (US\$ million)	233,9	252,8	238,9	248,8	284,2	268,1	289,1	310,0	307,6
Gross Profit (US\$ million)	78,2	87,7	81,1	86,5	94,1	89,8	87,9	109,7	113,8
Gross Margin (%)	33,4%	34,7%	34,0%	34,7%	33,1%	33,5%	30,4%	35,4%	37,0%