RHI Magnesita N.V.
("RHI Magnesita" or the "Company" or "Group")

Q3 2018 TRADING UPDATE

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 September 2018.

Operational review

RHI Magnesita has seen a good trading performance in the third quarter, which continues to reflect the positive trends seen in the first half of 2018, driven by solid end-markets, the positive response by customers to the Group’s full portfolio and solution offering, stable raw material pricing and the delivery of the merger synergies.

In this stable environment the Group has further improved its EBITDA margin profile in Q3. This margin expansion demonstrates the successful execution of the integration and RHI Magnesita’s corporate strategy more broadly.

Steel production growth remained robust globally. RHI Magnesita's steel division continues to perform well in these markets, especially in North America, albeit the Group has seen some slowing in Europe in the third quarter.

In the Industrial division, the Nonferrous metals segment has performed strongly in Q3, with further projects to be delivered in Q4. The Cement/Lime segment continues to be held back by the reduced cement production in the Chinese market and the Company’s ongoing focus on pricing and quality, against more commoditized competitors. The Process Industries segment was flat in Q3.

RHI Magnesita continues to make progress in the strategic markets of India and China. In India we continue to grow strongly ahead of the consolidation of RHI Magnesita's operating entities in 2019, growing more than 20% in the first nine months of the year against the same period in 2017. Although at an earlier stage in its business development, in China the Group has had good growth of around 30% over the same period and the recommissioning of the dolomite-based facilities in Chizhou continues to plan.

Whilst RHI Magnesita continues to observe the effects from the imposition of trade tariffs, to date the Group has been cushioned from any significant impact from these developments by its diversified production base and client base.

The Group continues to successfully achieve its integration plans and remains on track to achieve the recently increased synergy targets of at least €60 million in 2018 and €110 million by 2020.
As a market leader in global refractories, RHI Magnesita regularly seeks to evaluate opportunities that may arise to participate in the ongoing consolidation of the refractory industry in many of the global markets. As announced previously, the Company continues to consider a potential transaction involving Kumus Manyezit Sanayi AS and will update the market as appropriate in due course.

**Purchase price allocation**

The Group is pleased to announce the completion of the purchase price allocation (“PPA”) process, which reviewed the fair value of fixed and intangible assets, and now expects, after the full incorporation of the PPA, total depreciation for the Group of approximately €125 million and amortisation of €25 million in the financial year 2018 and in subsequent years. Including the full impact of the PPA adjustments, the H1 2018 adjusted EBITA was €209 million, implying an adjusted EBITA margin of 13.8%.

<table>
<thead>
<tr>
<th>(€ million)</th>
<th>H1 18 reported</th>
<th>Final PPA Adjustment to H1 18 EBITA</th>
<th>H1 18 post completion of PPA</th>
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<tbody>
<tr>
<td>Revenue</td>
<td>1,508</td>
<td></td>
<td>1,508</td>
</tr>
<tr>
<td>Adjusted EBITA</td>
<td>218</td>
<td>(9.5)</td>
<td>209</td>
</tr>
<tr>
<td>Adjusted EBITA margin</td>
<td>14.5%</td>
<td></td>
<td>13.8%</td>
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**Integrated Tender Offer**

The Integrated Tender Offer (“ITO”) for the remaining shares in Magnesita the company does not already own, will be launched shortly and to be completed during remainder of 2018, as previously outlined.

**Financial review**

The financial position of the Group has continued to strengthen further in Q3 as the operational cash flow generation increases. Despite cash outflows from restructuring and transaction costs, the inventory build-up from securing the supply of raw material and from pricing inflation, as well as the cash outflow in respect of the ITO in Brazil in Q4, leverage will continue to improve, reaching less than 1.5x net debt to EBITDA by year end.

The Group experienced a currency benefit in Q3 from the appreciation of the US Dollar and the depreciation of the Chinese Yuan, albeit partially offset by the depreciation of the Brazilian Real.

**Outlook**

Following significant price rises in the second half of 2017, raw material prices have continued to remain stable in Q3. Government controls in China have led to a significant reduction in raw material output, which is expected to continue in the longer term. Overall, the Group’s integrated model continues to derive the benefit from this structurally changed environment.
The strong trading performance reported to date in 2018 continues, supported by solid demand from the Group’s end markets, the benefits of raw material integration and the realisation of synergies. Therefore, save for the PPA-related adjustments, management expectations for full year 2018 operating results remain unchanged.

**Conference call**

The Company will host a conference call at 8.30am (GMT) this morning to discuss the results. For conference call details, please visit the RHI Magnesita website [https://ir.rhimagnesita.com/conference-call/](https://ir.rhimagnesita.com/conference-call/).

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This announcement contains inside information for the purposes of Article 7 of Regulation 596/2014.

**About RHI Magnesita**

RHI Magnesita is 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.

Its shares have a premium listing on the London Stock Exchange (symbol: RHIM) and are a constituent of the FTSE 250 index.