

## **RHI Magnesita N.V.**

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

### **Q1 2019 TRADING UPDATE**

RHI Magnesita N.V. (LSE: RHIM), the leading global supplier of refractory products, systems and solutions, today announces a trading update for the three months to March 2019.

RHI Magnesita remains confident in its expectations for the full financial year, after a solid trading performance in the first quarter of 2019, which continues to reflect the trends seen in the latter part of 2018. Some uncertainties exist in the macroeconomic outlook and customer end markets, and Management remains vigilant, particularly in terms of plant volumes and production costs.

Steel Division revenues have been flat in the quarter against the same period in 2018, with growth in North America and Asia offsetting weaker deliveries in Europe and South America.

The Industrial Division has performed strongly in Q1, continuing the momentum of H2 2018. This has been driven by higher sales in our cement business in China and in our South America region. Revenues from our Project Businesses also saw a strong performance, benefitting from higher sales in the MEA and South America regions.

Whilst there has been some easing in magnesium based raw materials prices in the early part of 2019, alumina based raw material cost keep increasing. Overall the raw material pricing outlook remains broadly stable. The Group has announced a 5% price increase across the product portfolio. However, given lead times this will have a limited impact in 2019.

The Group continues to successfully achieve its integration plans and is on track to realise the synergy targets of at least €90 million in 2019 and €110 million by 2020.

RHI Magnesita is focused on addressing the specific operational issues experienced at four European plants and challenges in the supply chain, as outlined in the 2018 results. The detailed improvement plans are progressing as planned and Management continues to expect to substantially resolve these issues in 2019 and recoup around €20 million of the prior year impact on profits in FY 2019.

A slower start to the quarter has resulted in some build-up in inventories within the Group. However, this is expected to unwind as the year progresses, as a result of our ongoing focus on working capital efficiency. The Group also made the final payments of €41 million in respect of the ITO in Brazil. For the full year, the Board remains confident of achieving its cash flow generation and leverage targets.

#### **Update on the potential Acquisition of Kumas**

As announced previously, the Company continues to consider a potential transaction involving Kumas Manyezit Sanayi AS and will update the market as appropriate in due course.

#### **Outlook**

Whilst macroeconomic uncertainties remain at an unusually high level, RHI Magnesita expects to continue to realise the benefits from its integrated model and its growth and cost savings initiatives. Consequently, the Board's expectations for full year 2019 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, [here](#).

For further enquiries, please contact:  
Guy Marks, Head of Investor Relations  
Tel: +44 7741 730681  
E-mail: [guy.marks@rhimagnesita.com](mailto:guy.marks@rhimagnesita.com)

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

### **About RHI Magnesita**

RHI Magnesita is the leading global supplier of high-grade refractory products, systems and solutions 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. With a vertically integrated value chain, from raw materials to refractory products and full performance-based solutions, RHI Magnesita serves customers in nearly all countries around the world. The Company has a high level of geographic diversification with more than 14,000 employees in 35 main production sites and more than 70 sales offices around the world. RHI Magnesita intends to leverage its global leadership in terms of revenue, scale, product portfolio and diversified geographic presence to target strategically 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. For more information please visit: [www.rhimagnesita.com](http://www.rhimagnesita.com)