

RHI Magnesita N.V.

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

Q3 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 September 2019.

Trading

Since the Company's interim results in August, the global steel market has weakened further, with world-wide production declining quarter on quarter. As a result of these declines, customers have significantly reduced their inventories during the quarter across their supply chain including refractory products.

This market environment has led to lower volumes sold and accordingly lower fixed cost recovery from reduced plant utilisation, which together have more than offset the Company's ongoing cost saving initiatives. Despite contributions from the price increases implemented in April 2019, third quarter Steel revenues are down 14% against the same period in 2018 (this comparison includes the exit from Iran in 2018). A materially lower contribution from the Steel Division in H2 2019 against the first half is now expected.

The Industrial Division has continued the strong performance seen in H1 2019 into the third quarter. The order book remains robust across all of the division's end markets, especially in Cement, with project visibility extending into 2020.

Post-merger integration and production optimisation

The Group continues to make strong progress with its integration plans following the merger of RHI with Magnesita and remains on track to realise the synergy targets of at least €90 million in 2019 and €110 million by 2020.

Further progress has been made to address the operational issues experienced at four European plants and the challenges in the supply chain, as outlined in the 2018 results. The Company is on track with these operational improvements and continues to expect to substantially resolve these issues in 2019, however the planned benefits have been offset by reduced plant utilisation and fixed cost recovery.

As part of its long-term strategy, management has started to implement further initiatives to reduce the Group's long-term costs and optimise its operating network. Details of these plans will be set out at the Company's Capital Markets Day on 14th November.

Outlook

Despite the strong, ongoing performance of the Industrial Division and the self-help opportunities available to the Group, the continued deterioration in Steel sales volumes and the lower fixed cost recovery from reduced plant utilisation, have more than offset these benefits. Consequently, expectations for the current financial year have reduced to an adjusted EBITA in the range of €400-410 million.

Our customers have poor visibility and their end-markets are likely to remain challenging. The Group, however, will continue to execute its strategy, realising the benefits of its integrated model, its growth in new markets, and its additional cost savings and efficiency initiatives, with an increased focus on free-cash-flow generation.

Conference call

The Company will host a conference call at 8.00am this morning to discuss the trading update. The conference call details are: +44 20 3936 2999, with an access code: 264179

For further enquiries, please contact:
Guy Marks, Head of Investor Relations
Tel: +44 7741 730681
E-mail: guy.marks@rhimaginesita.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.rhimaginesita.com