RHI MAGNESITA

Half year results

5 August 2020

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Agenda

Highlights

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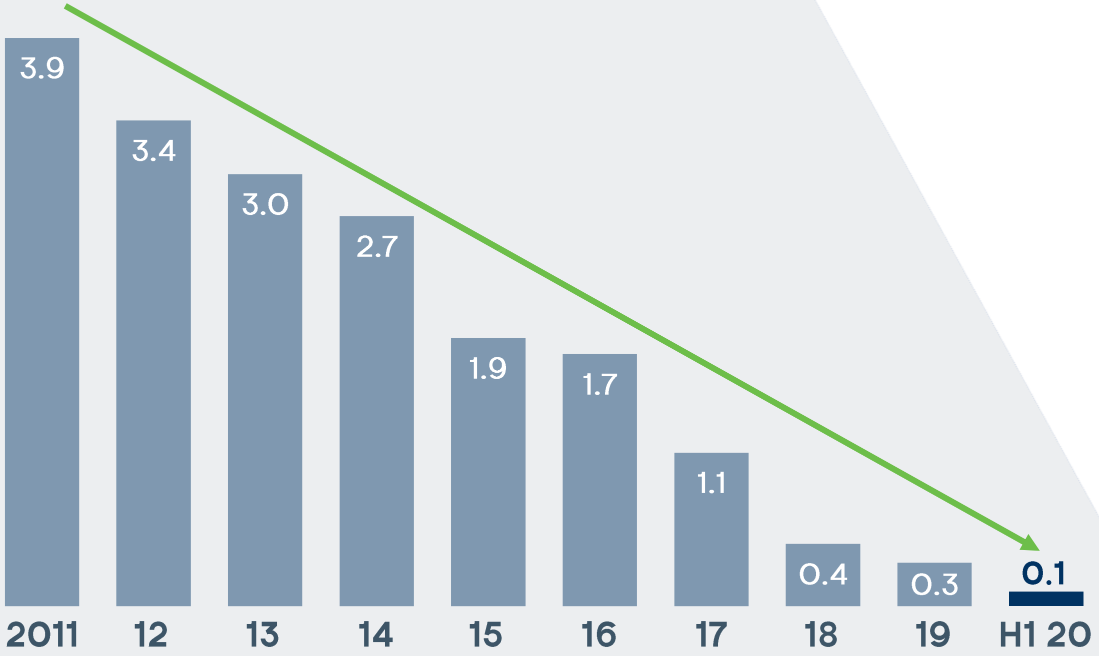
H1 2020 – Operational highlights
Resilient performance in difficult markets

- Responded swiftly to a very challenging environment; safe working conditions established, and liquidity, production and supply chains maintained
- Resilient margin performance of 11.4% and positive operating free cash flow
- Prudent measures quickly taken to preserve cash, including reduced capex and dividend suspension
- Short term cost savings measures successfully executed, reducing fixed costs by €25m in Q2 2020, with a similar level of savings expected in H2 2020
- Strategy remains on track; key initiatives extended to further improve cost effectiveness
  - Production Optimisation Plan on track, and opportunities to expand the scope identified
  - Additional selling and administration run-rate savings identified of €10 million in 2020 and €30 million in 2021
  - Review of internal raw material sourcing to maximise quality and cost advantage

H1 2020 Health and Safety summary

Continuous improvement in Lost Time Injury Frequency Rate (LTIF)



- Health and Safety has been our priority during the pandemic
  - Strict restrictions/precautions in place at all sites
  - A Coronavirus Update channel providing employees with regular updates and reinforcing our internal guidelines
  - Isolated number of employees testing positive for COVID-19
- Broader Health and Safety agenda continues
  - Preventative KPI's continue to significantly improve LTIF
  - Preventative ratio up by +40% compared to H1 2019
  - Zero Lost Time Injuries in June, the fourth month recording zero in 2020

Our 2025 Sustainability targets

CO_2 emissions
Reduce by 15% per tonne of product by 2025[1]

Energy
Reduce by 5% per tonne of product by 2025

NO_x and SO_x emissions
Reduce by 30%[2], starting with China by 2021

Recycling
Increase use of secondary raw materials to 10% by 2025

Safety
Maintain LTIF at below 0.5 (Goal: zero accidents)

Diversity
Improve gender diversity on Board and in senior leadership to 33% by 2025

Community
Develop strategic, impact-focused community investment partnerships

- **Local community support across our global operations:** providing financial and in-kind donations to vulnerable communities, hospitals and frontline medical staff.
- **Launched the "Ankral LC" series:** it has a 13% lower carbon footprint than conventional products in Cement applications, positive customer response
- **Launched the "Cost-per-saving" business model:** sharing operational savings (including lowering carbon emissions) between customer and the Company
- **Lost Time Injury Frequency Rate:** continued to reduce to less than 0.1 in H1 2020, demonstrating the success of the new Safety preventative KPIs
- **Gender diversity:** female representation at management level at 20% for the first time
- **Achieved EcoVadis Silver rating:** awarded in July 2020 for our sustainability effort, with the score placing RHIM amongst the top 10% of companies assessed by EcoVadis.

Significant further opportunity to develop customer solutions to minimise energy consumption and emissions

Note: Targets are compared to 2018 baseline; 1) Includes Scope 1, 2 and 3 (eg own sites, customers and suppliers); 2) Target by 2027

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H1 2020 – Financial highlights

Revenue	Adjusted EBITA	Adjusted EBITA margin	Adjusted EPS
€1.2bn (24.0)%[1] ▼	€133m (43.1)%[1] ▼	11.4% 380 bps[1] ▼	€1.77 per share (40.9%) ▼

Cash conversion[2]	Working capital intensity	Net debt	Available liquidity[4]
70% 15 ppts ▲	23.4% 240 bps[1] ▲	€666m 2.5%[3] ▲	€1.1bn

Notes:
1) H1 2020 vs H1 2019 reported figures;
2) Cash conversion operating free cash flow divided by Adjusted EBITA, Operating cash flow is EBITA less the following cash items: working capital, changes in other assets and liabilities, capex and depreciation;
3) Compared with FY19 including IFRS 16 Leases of €59m;
4) Available liquidity comprises cash, cash equivalents of €533m and €600m of undrawn committed facilities

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Operational review

H1 2020 revenue bridge

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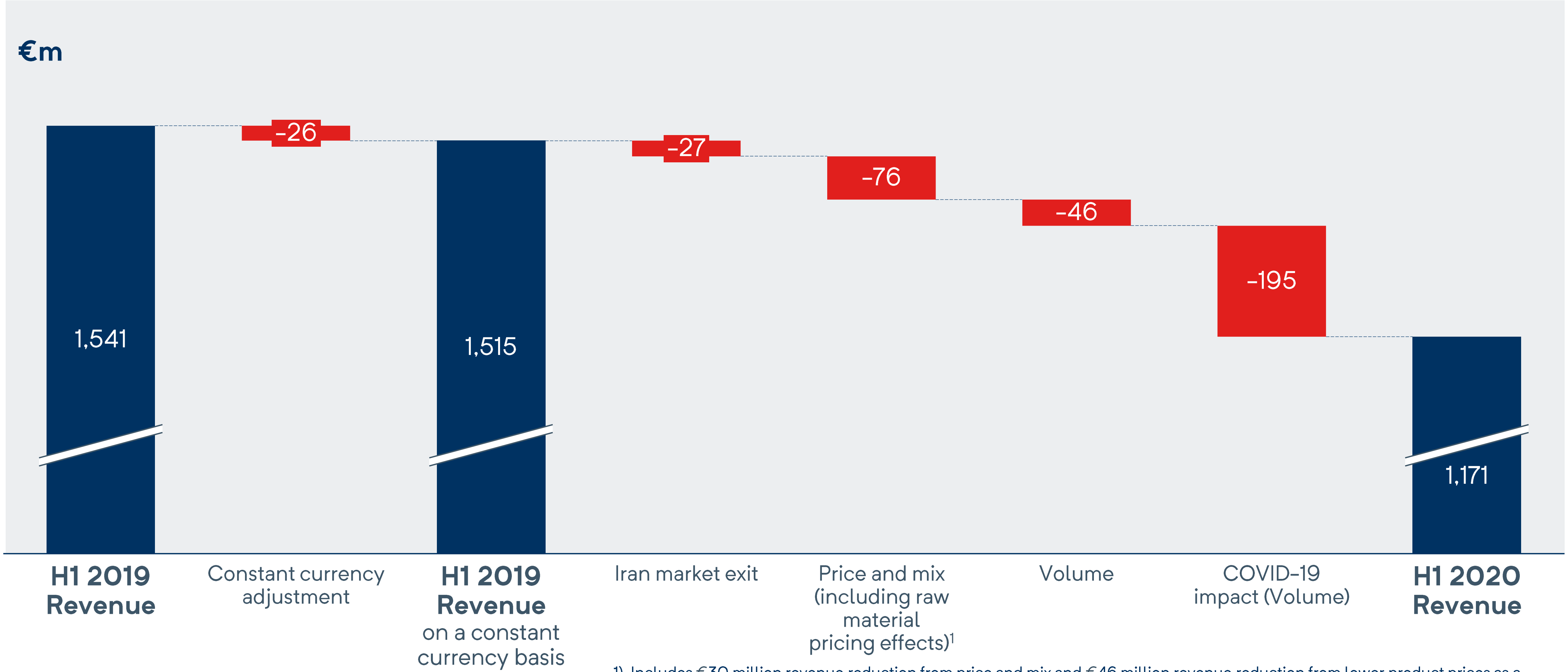
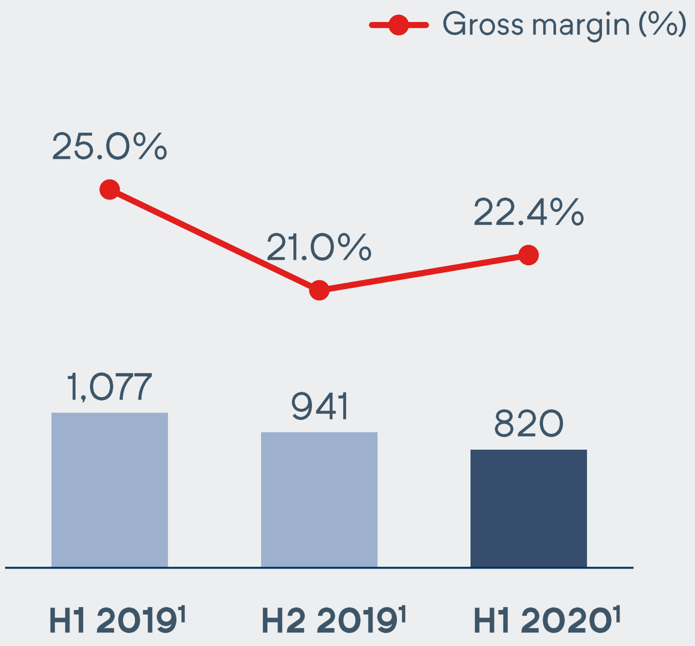


1). Includes €30 million revenue reduction from price and mix and €46 million revenue reduction from lower product prices as a consequence of lower raw material prices

Divisional review
Steel

Revenue (€m)



H1 2020 performance

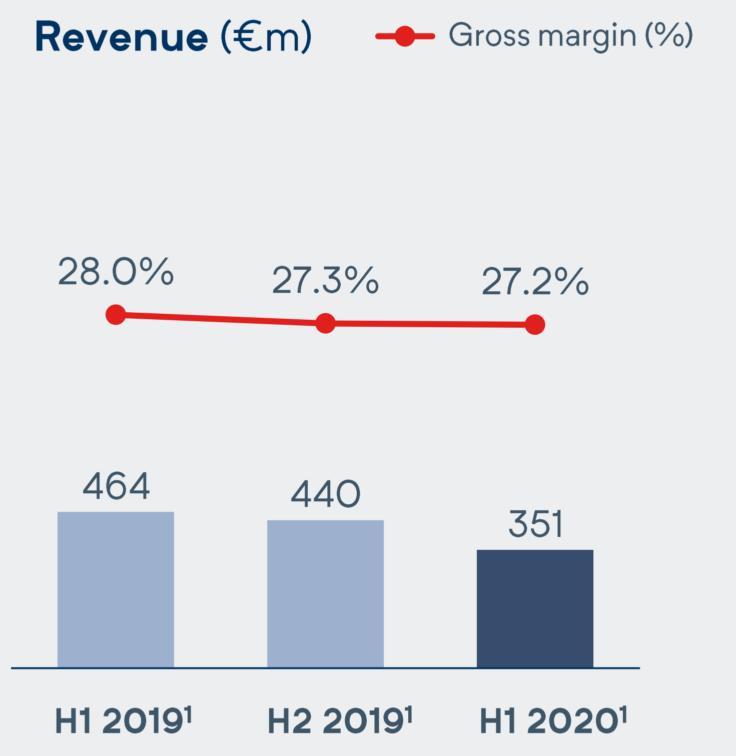
- Further weakness in Steel Europe, South America and India
- More resilient performance in MEA and Asia
- NAM mixed: Strong in Q1, weak Q2
- Lower fixed cost absorption, especially due to higher cost production base in Europe

2020 Outlook

- Limited visibility in the order book
- Q3 volumes anticipated to be similar to Q2

Notes:
1) Reported figures

Divisional review
Industrial



H1 2020 performance

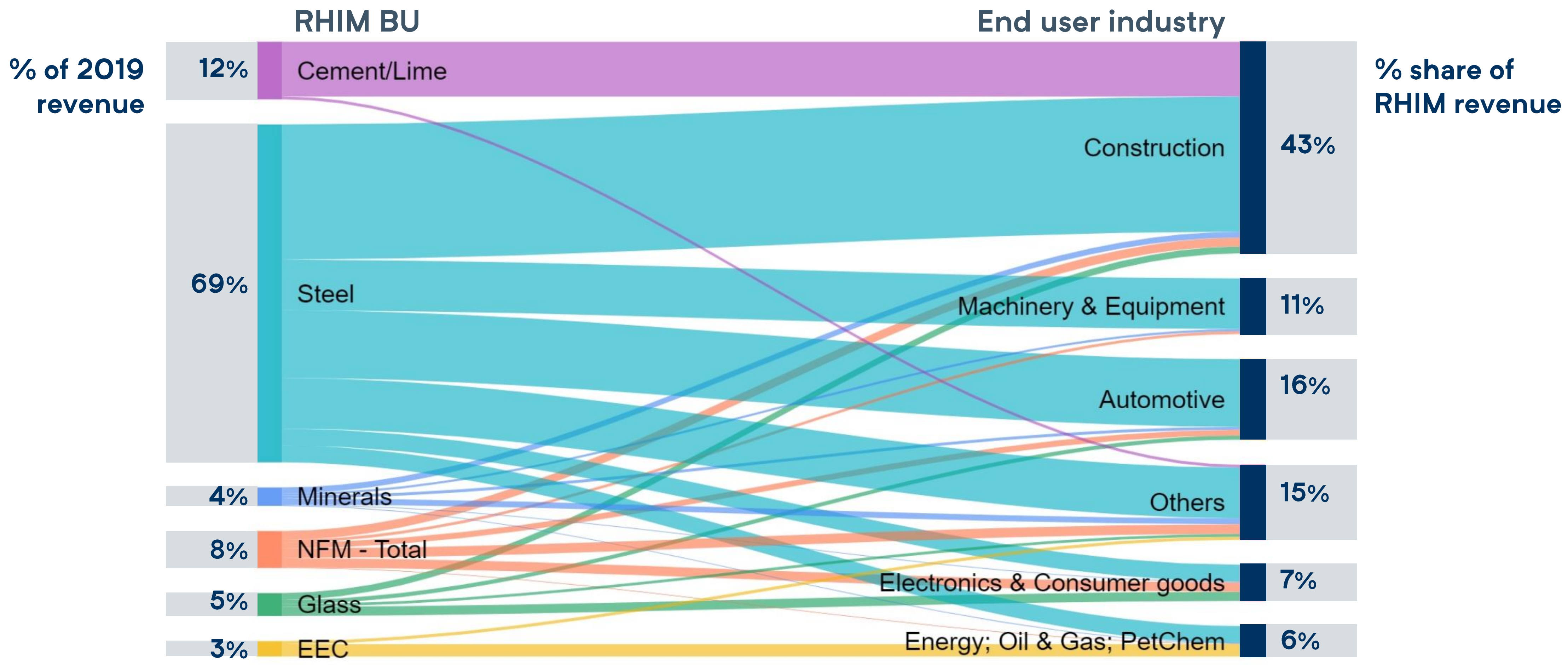
- Robust performance in Cement/Lime
  - Strong first quarter, reflective of high seasonal demand, during the annual repair cycle
  - Seasonal impact in Q2 alongside COVID-19 effects
- Weaker performance in the Project businesses in Q1, with a number of projects delayed
  - Lower demand in the Non-ferrous metals business
  - Broadly stable demand in the Glass business
  - Lower demand in the EEC business, predominantly due to the negative impact of the global oil crisis

2020 Outlook

- Cement/Lime similar performance in H2 to Q2
- Industrial project segment more dependent on the phasing of new projects

Notes:
1) Reported figures

RHIM's end markets are broad based, with construction the most important



Strategy remains consistent

STRATEGIC PILLARS

- Markets
- Competitiveness
- Business model

KEY INITIATIVES

H2 2019 / Capital Markets Day | H1 2020 | H2 2020 | Benefits

	Benefits
Sales Strategy / Price Management Programme	€40-60m
Production Optimisation Plan – Phase 1	€40m
Phase 2	TBA
Raw material supply review	Ongoing
SG&A review	€30m
Short term cost savings	€50m[1]
Digitalisation / Solutions model	Ongoing

1). Short term cost savings are exceptional measures providing only a benefit in 2020

COVID-19 business response

Our assumptions

- Potential for more prolonged period of subdued demand
- Regionalisation focus, ahead of globalisation
- Need for more flexibility — continued volatility / uncertainty likely
- Digitalisation — less personal contacts, but more data interfaces

Our response

- Maintain liquidity position
- Production Optimisation Plan
  - Expand plant consolidation to reduce costs, further details in H2 2020
- Short term cost savings and SG&A savings
  - Rightsize organisation
  - Business process streamlining
  - Move more corporate activities into shared service centers

- Regionalisation – faster decisions, made closer to customer market
  - Accountability – true P+L and balance sheet responsibility within regions

- 'Variablise' costs
  - Identify fixed costs that can be made variable (e.g. outsourcing)

- Digitalisation
  - Accelerate digital tools (particularly to support solutions model) and automation
  - People, Process, Network and Operating model fully aligned with strategic pillars

Financial review

Profit and loss summary

€m	**H1 2020**	H1 2019	**Change**	H1 2019 at constant currency	**Change vs constant currency**
Revenue	1,171	1,541	(24.0)%	1,515	(22.7)%
Gross profit	279	400	(30.2)%	405	(31.1)%
Gross margin (%)	*23.8*	*25.9*	*(210) bps*	*26.8*	*(300) bps*
Adjusted EBITA	**133**	**234**	**(43.1)%**	**244**	**(45.4)%**
Adjusted EBITA margin (%)	*11.4*	*15.2*	*(380) bps*	*16.1%*	*(470) bps*
Adjusted Profit before tax[1]	112	204	(45.0)%	214	(47.5)%
Adjusted Profit after tax[1]	88	155	(43.4)%	165	(46.7)%
Adjusted EPS (€)	**1.77**	**3.00**	**(40.9)%**	**3.20**	**(44.5)%**

- Weaker revenue performance in line with COVID-19 scenario planning
- Revenue decline driven by:
  - Significantly lower volumes, from lower demand in end-markets impacted by COVID-19
  - Lower product pricing, from lower raw materials prices
  - Exit from Iranian market
- Double digit adjusted EBITA margins
  - Lower fixed-cost absorption
  - Offset by cost saving initiatives

1). H1 2019 Profit before tax and profit after tax restated from reported to adjusted values

H1 2020 EBITA bridge

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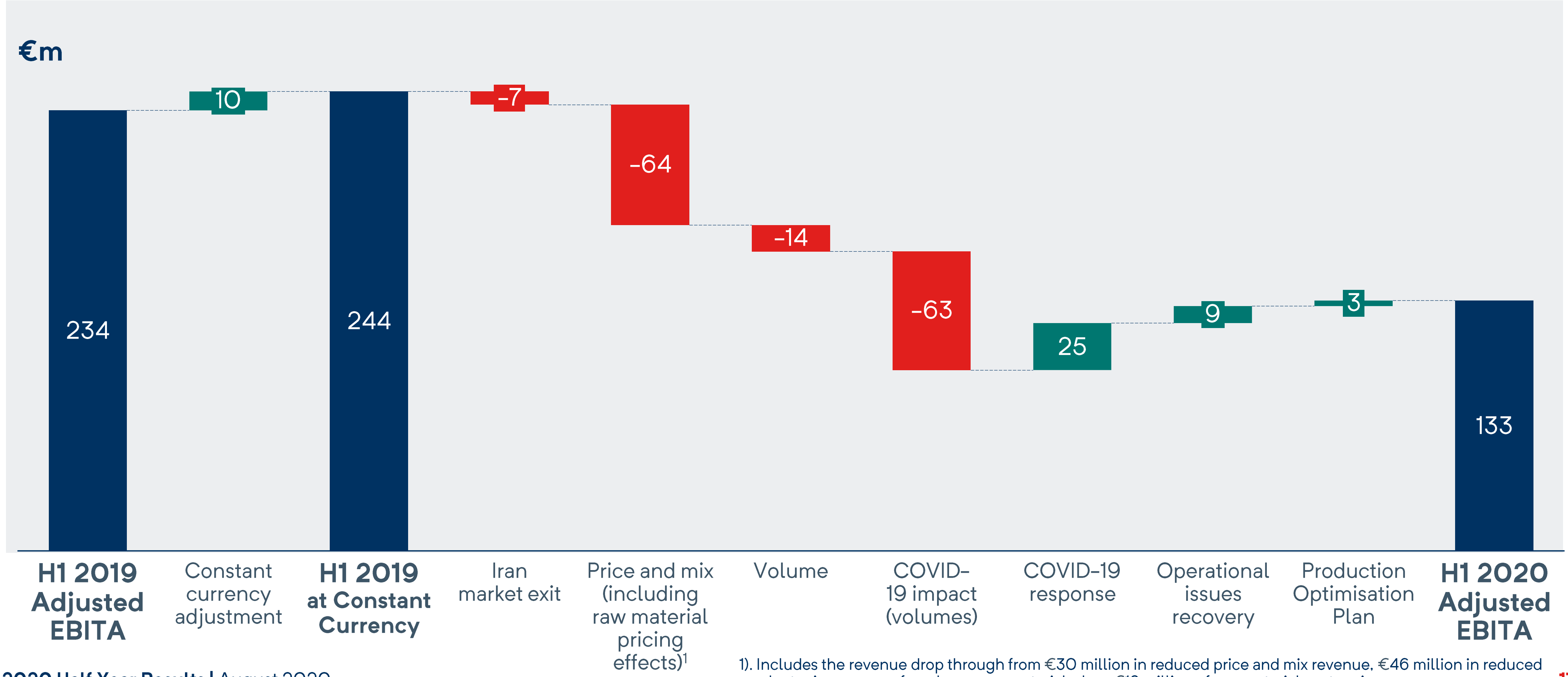

1). Includes the revenue drop through from €30 million in reduced price and mix revenue, €46 million in reduced product price revenue from lower raw materials, less €12 million of raw material cost savings

COVID-19 had a wide ranging impact on Q2 performance

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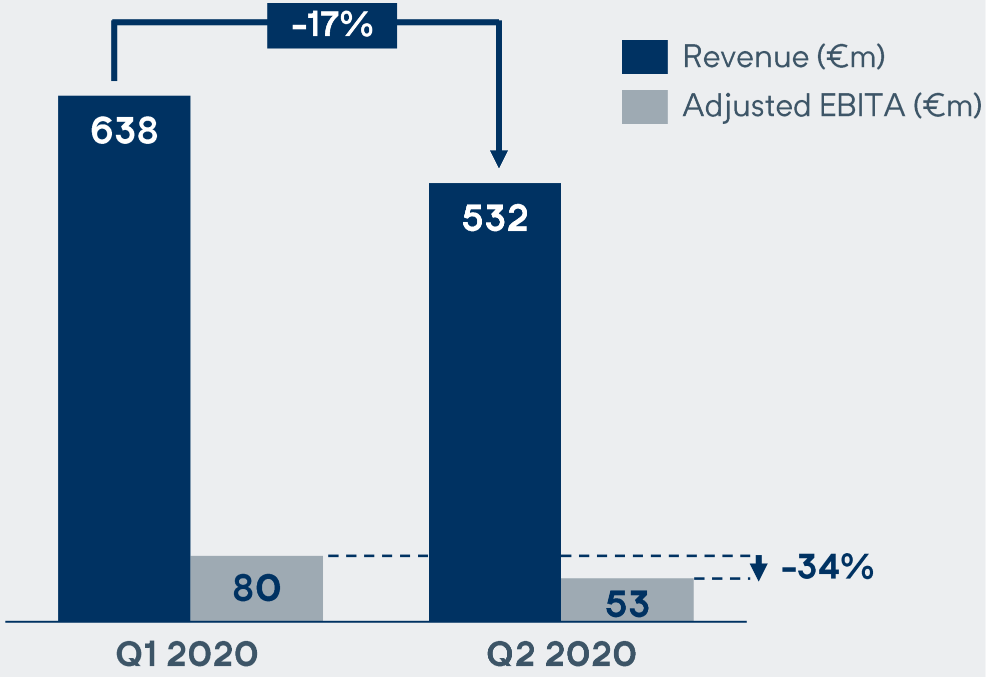
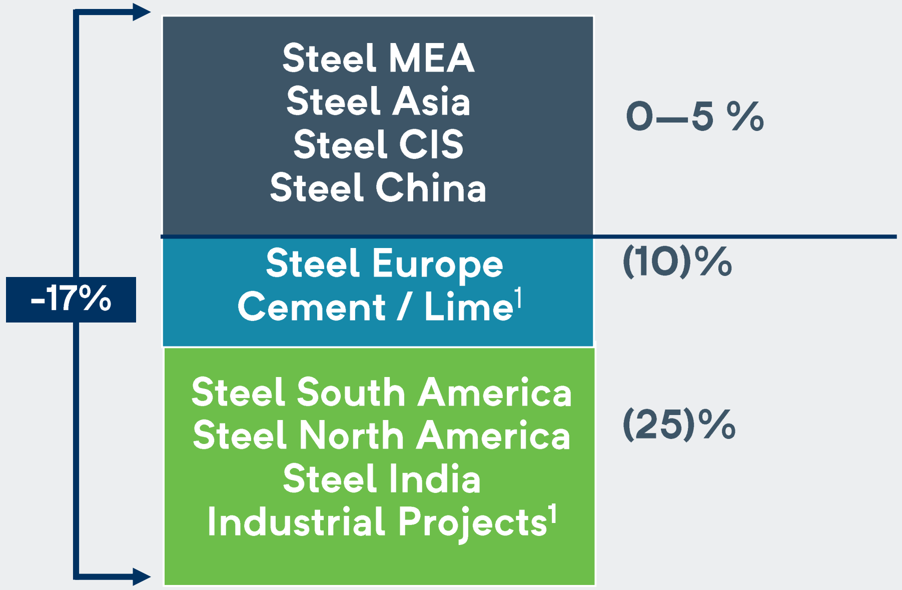
Overall Q2 vs Q1 performance…



… although the revenue performance of the business units was very mixed

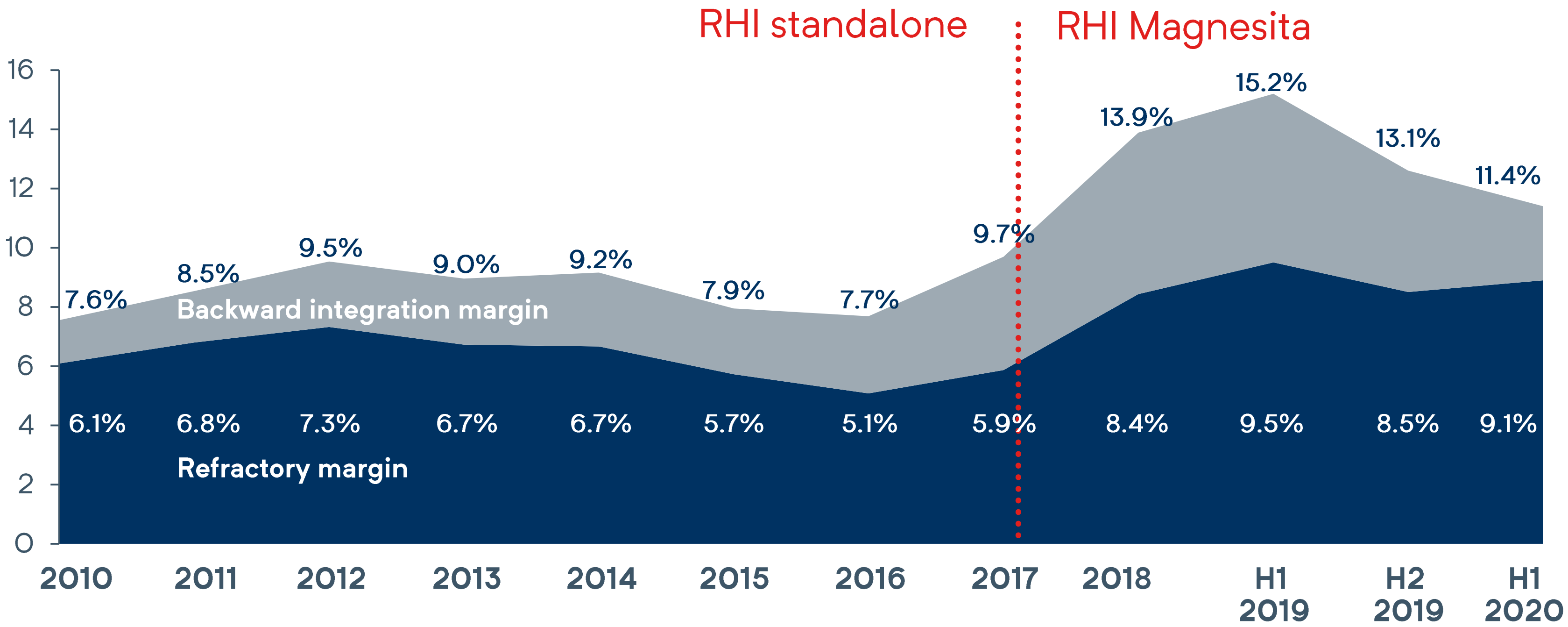
Q2 2020 vs. Q1 2020, except otherwise stated



1). Comparison is made against management's pre-Covid Q2 expectation, given the season demand profile in Cement and ordering pattern in Industrial Projects

Margin progression

Refractory margin continued to improve against H2 2019; contribution from Backward Integration further reduced

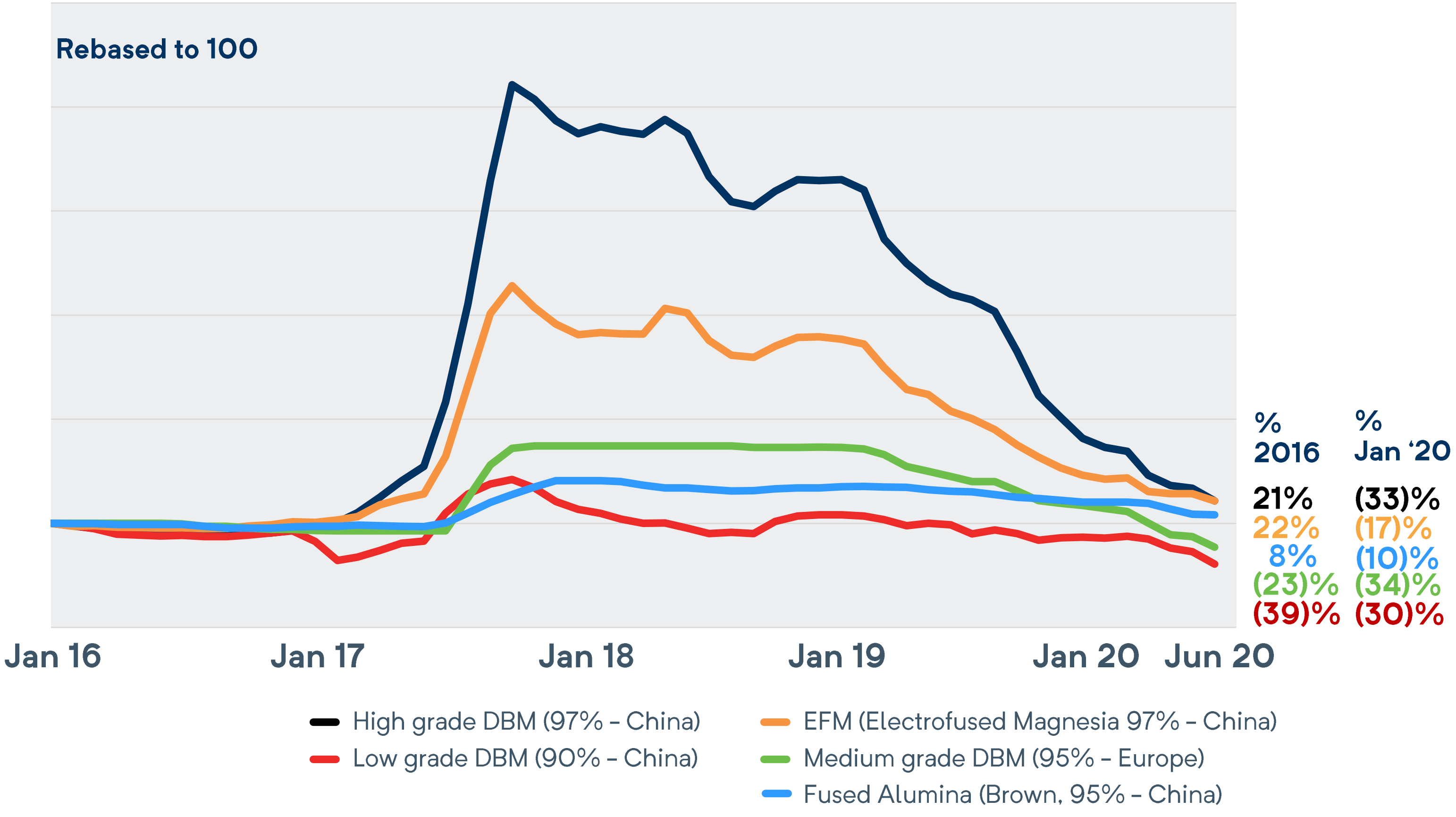


	H1 2019	H2 2019	**H1 2020**
Refractory EBITA (€m)	147	117	106
Backward integrated EBITA (€m)	88	57	27
Refractory EBITA margin	9.5%	8.5%	9.1%
Backward integrated EBITA margin	5.7%	4.1%	2.3%

- Additional self help measures will continue to support the refractory margin
- Despite lower raw material prices, Group return on invested capital of €1,963 million (ROIC[1]) stood at 10.4% in H1 2020, of which raw material invested capital of €429 million delivered a ROIC of 8.6% in H1 2020
- At current raw material prices, backward integration contributes 2.3% to 2020 forecast EBITA margin (as at 5 August)

Note: 1) Calculated as NOPAT divided by total invested capital

Raw material prices fell materially in H1 2020

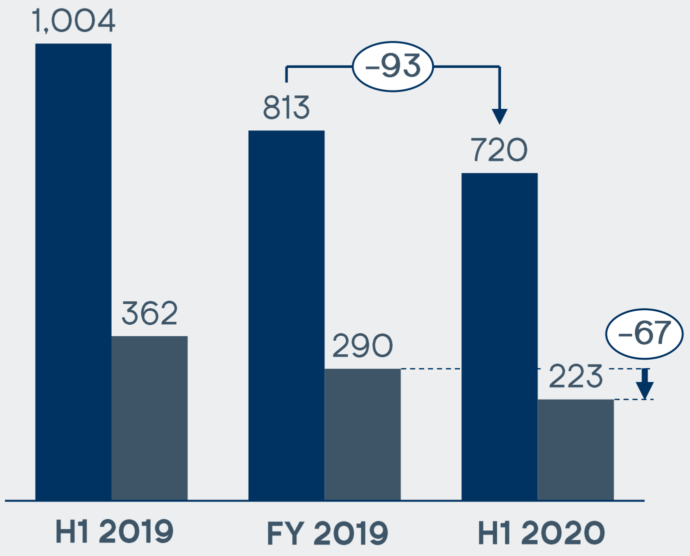


Source: Asian Metal

- Magnesia prices (high grade DBM China) have reduced up to c. 1/3 since the start of the year
  - Supply of magnesia in China has continued to increase in the COVID-19 crisis
  - Global slow down in the rest of the world has weakened demand from end markets
- Sourcing review completed in H1 2020 confirmed all key raw material plants well positioned on industry cost curve
- Porsgrunn (Norway) and Contagem EFM (Brazil) plants remain mothballed
  - Long-term alternative supply contract secured for EFM

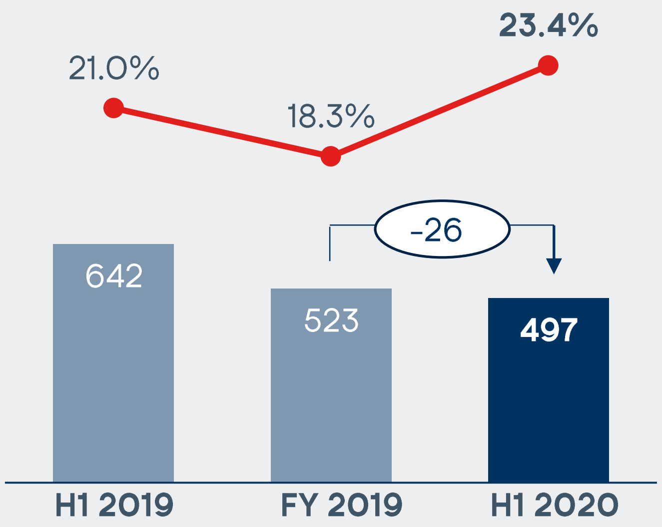
Continued focus on working capital

Working capital movement



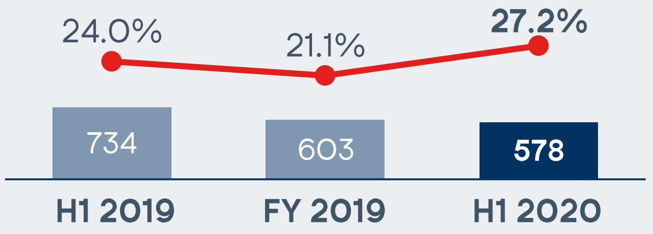
Working capital before deducting Trade Finance
Trade Finance — Factoring and forfeiting

Working capital intensity
(after Working Capital Finance)

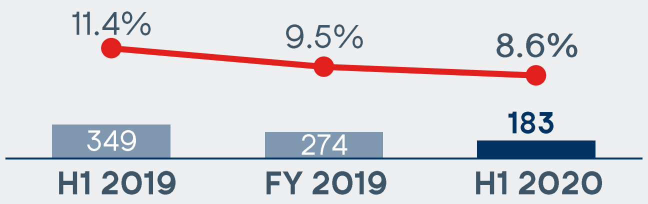


% of L3M annualised revenue
Working capital (€m)

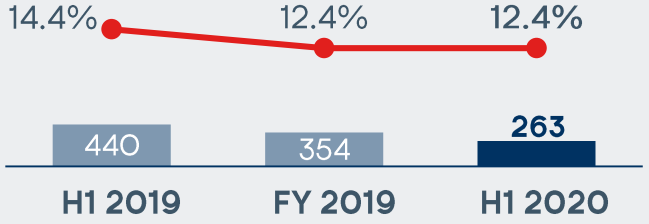
Inventory



Accounts Receivable[1]



Accounts Payable[2]



Note:
1) Accounts receivable calculated as trade receivables plus contract assets less contract liabilities, as per financial statements
2) Accounts payable refers to trade payables, as per financial statements

Capital expenditure

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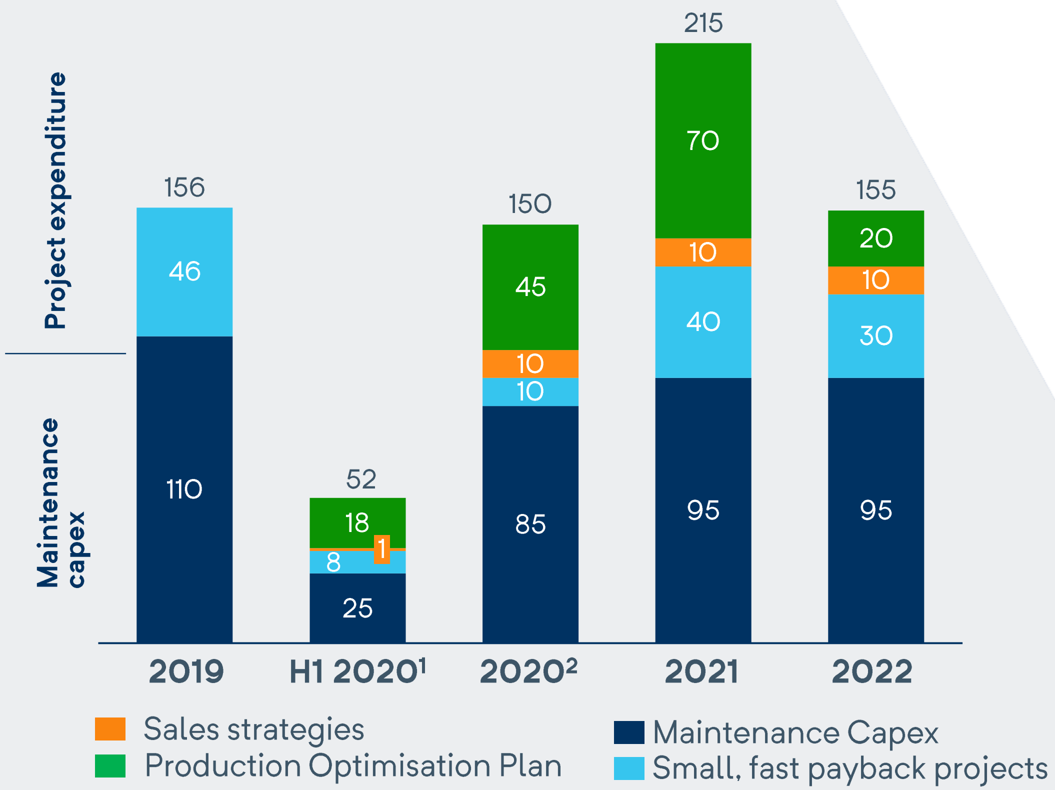
Capital expenditure (€m)



- Capex of €52m spent in H1 2020 excluding pre-payments, of which €25m maintenance capex
- Production Optimisation Plan being prioritised, with peak funding in 2021
- Capex guidance for FY 2020 remains
  - Potential for an increase with the expanded Production Optimisation Plan

Note: 1) Excludes Capex pre-payments of €5 million
2) Does not include €30 million in severance costs during H2 2020

Cash generation remains robust

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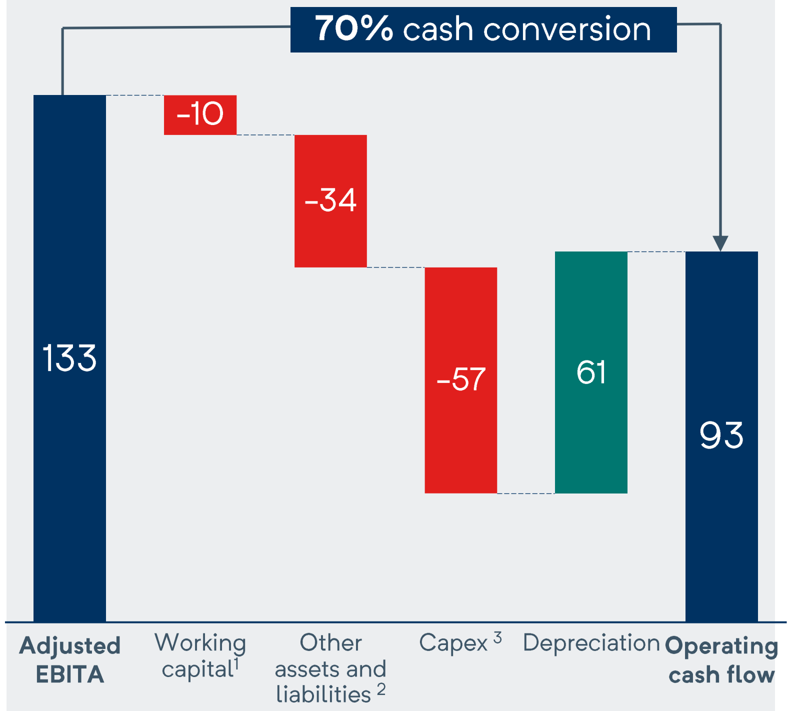
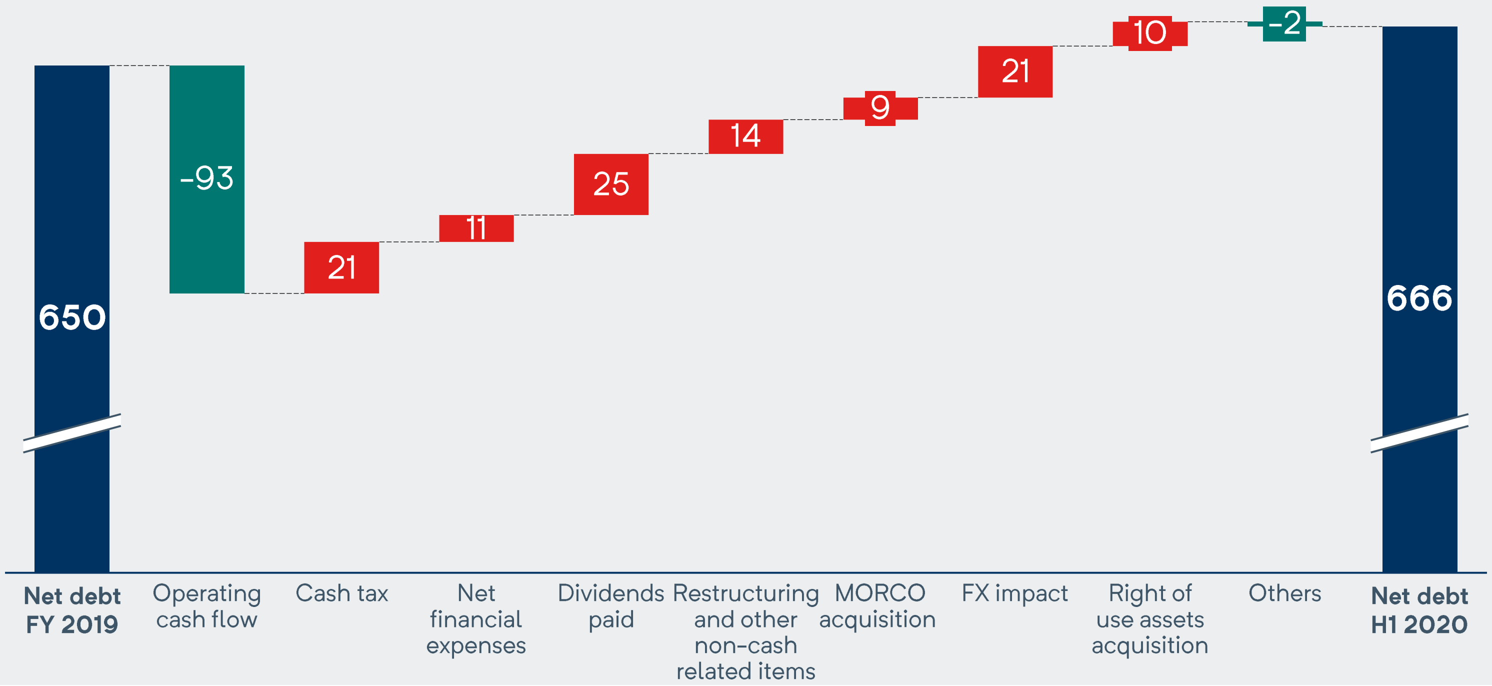
Operating cash flow (€m)



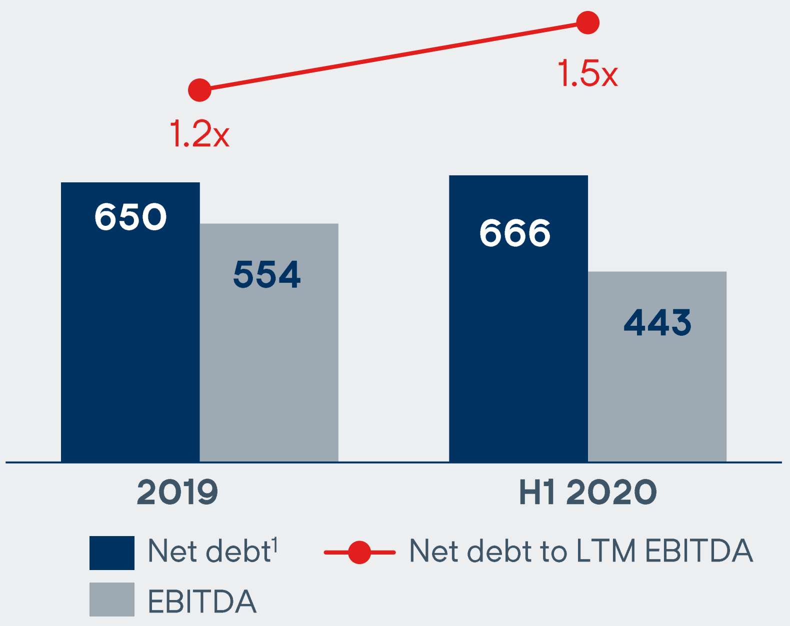
Net debt change (€m)



Note:
1) Working capital includes a €26m change in balance sheet working capital, working capital FX adjustment of €(37)m and €2m from the acquisition of Missouri Refractories Co, Inc (MORCO) in January 2020
2) Other assets and liabilities includes €(17) million tax liabilities relating to working capital, €(9) million in pension provisions and excludes €(10)m in restructuring and transaction costs
3) Includes Capex pre-payments of €(5) million

Net debt position remains stable

Net debt
(€m as at 30 June 2020)



Note:
1). Includes IFRS 16 leases

- Leverage of 1.5x net debt to EBITDA, at top end of target range of 0.5–1.5x
  - Strong liquidity position c.€1.1bn
  - Further extended debt covenant to 5.0x Net Debt: EBITDA (previously 3.5x) to H2 2021
  - No material repayment until 2023
- No interim dividend declared, remains under review

Business improvement initiatives on track and expanded

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	Potential annual EBITA upside (€m)				
	2020 target	H1 2020 achieved	Status	2022 target	Commentary
Turnaround of operational issues	15	9	On track	15 (Completed in 2020)	• Programme complete and extracting final savings
Production Optimisation Plan	5	3	On track	40	• Programme on-track with the closure of Hagen and Trieben • Opportunity to expand scope in H2 2020 — further details to follow
Price management programme	10	4	Delayed by COVID-19	10-20	• Price rises difficult to execute in current market; maintaining pricing discipline in most markets • Valid in the long term
Sales Strategies	10	2	Delay from COVID-19	30-40	• Foundations in place and initial trials in flow control and digital services very positive • Digitalisation strengthened with Microsoft partnership • Customer site access challenging currently
SG&A savings (new)	10	-	Initiated 1 August 2020	30 (2021 onwards)	• New additional savings from the removal of management structures (down 20%) and reduction in headcount
TOTAL				**125-145 (previously 95-115)**	

Summary and outlook

Summary and outlook

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- Overall, resilient performance in tough market conditions
  - Liquidity, production and supply chains maintained
  - Double digit margin performance
  - Stable net debt position

- Activity levels likely to remain subdued into Q3, with limited visibility beyond that
- Strategy unchanged with appropriate actions implemented to ensure that the business can manage effectively through an extended period of subdued demand
- Efficiency initiatives will support H2 profitability and beyond
- Strong financial position ensures the Group is well equipped to take advantage of growth opportunities when markets improve

Q&A

Appendix

Technical guidance for 2020

- Total capital expenditure: €150m (unchanged)
  - Maintenance capex: €85m
  - Additional project capex: €65m
    - Production Optimisation Plan: €45m
    - Sales Strategies: €10m
    - Small fast payback projects: €10m
- Depreciation: €120m[1] (reduced by currency changes)
- Amortisation: €20m[1] (reduced by currency changes)
- Net interest expense: €25m (excluding pensions of €10m)

1). Denominated in local currency and therefore FX impacted

Impact of foreign currency movement

EBITDA sensitivity in H1 2020

vs €	Unit	Δ in EBITDA[1] (€m)
USD	+1 cent	+2.37
CNY	+0.01 yuan	-0.09
BRL	+0.10 reais	+0.25
INR	+1 rupee	+0.29

H1 2020 exchange rates

1 € +	H1 20 Opening Rate	H1 20 Closing rate	H1 20 Average rate	H1 19 Average Rate
USD	1.12	1.11	1.10	1.13
CNY	7.81	7.93	7.74	7.66
BRL	4.51	6.00	5.42	4.36
INR	79.9	83.9	81.7	79.36

1. Updated on 16 November 2020 to account for corrections to the impact of foreign currency movements on EBITDA

Reconciliation of adjusted earnings

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€m	H1 2020 Reported	Adjustment items	H1 Adjusted
EBITA	112	21	133
Amortisation	(10)	10	–
Net finance costs	(37)	11	(26)
Share of profit of joint ventures	5	–	5
Profit before tax	**70**		**112**
Income tax[1]	(19)	6	(25)
Profit after tax	51		88
Effective tax rate	27%		22%
Non controlling interest	1		1
Profit attributable to shareholders	**50**		**87**
EPS	**€1.03**		**€1.77**

Note: 1) Effective tax rate for adjusted EPS is calculated by applying the effective tax rate normalised for restructuring expenses and impairments.

EBITA adjustments:

- Restructuring costs of €14m largely associated with:
  - Closure costs of two plants in Europe (€8m)
  - Severance costs relating to corporate reorganisation €6m
- PPA Oberhausen contract €(4) million
- €11 million other income and expenses, being loss on Norway and Brazil take or pay power contracts

Net finance costs:

- €11m related to non-cash other net financial expenses, of which the most material were:
  - €3.5m non-cash present value adjustment of the provision for the unfavourable contract to satisfy EU merger remedies
  - Foreign exchange variances on intercompany dividends (c.€7m)

Income tax:

- Adjusted effective tax rate of 22%
- Reported effective tax rate of 27%

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Net finance costs

€m	H1 2020	Recurring	Non-recurring	H1 2019	Recurring	Non-recurring
Interest income	2.5	2.5	—	3.5	3.5	—
Interest expense	(9.3)	(9.3)	—	(19.4)	(19.4)	—
Foreign exchange	(15.5)	(8.1)	(7.4)	(9.5)	(5.8)	(3.6)
Other net financial expenses	(14.8)	(11.3)	(3.5)	(19.9)	(13.8)	(6.1)
Net finance costs	**(37.1)**	**(26.2)**	**(10.9)**	(45.3)	(35.6)	(9.7)

Interest income and expense:

- Net interest expense amounted to €6.8m, 57% lower than the previous year (H1 2019: €15.9m)

Foreign exchange:

- Foreign exchange variances of €15.5m, 63% higher than the previous year (H1 2019 €9.5m)
  - The net expense on foreign exchange effects in the current reporting period resulted mainly from the devaluation of the Brazilian Real against the US Dollar
  - €(7.4) million non-recurring adjustment was made for FX exposure on an intercompany dividend between Mineraco (Brazil) and Magfin (USD) payable in Brazilian Real, due to the strong devaluation on the BRL against USD over the period. This arrangement has been restructured, and there will be no future FX movements.

Other net financial expenses:

- Other net financial expenses amounted to €14.8m, 26% lower than the previous year (H1 2019: €19.9m)
  - €3.5m related to the non-cash, present value adjustment of the provision for the unfavourable contract required to satisfy the EU remedies
  - Net interest expense on personnel provisions €3.1m (pensions)

Strong debt maturity profile

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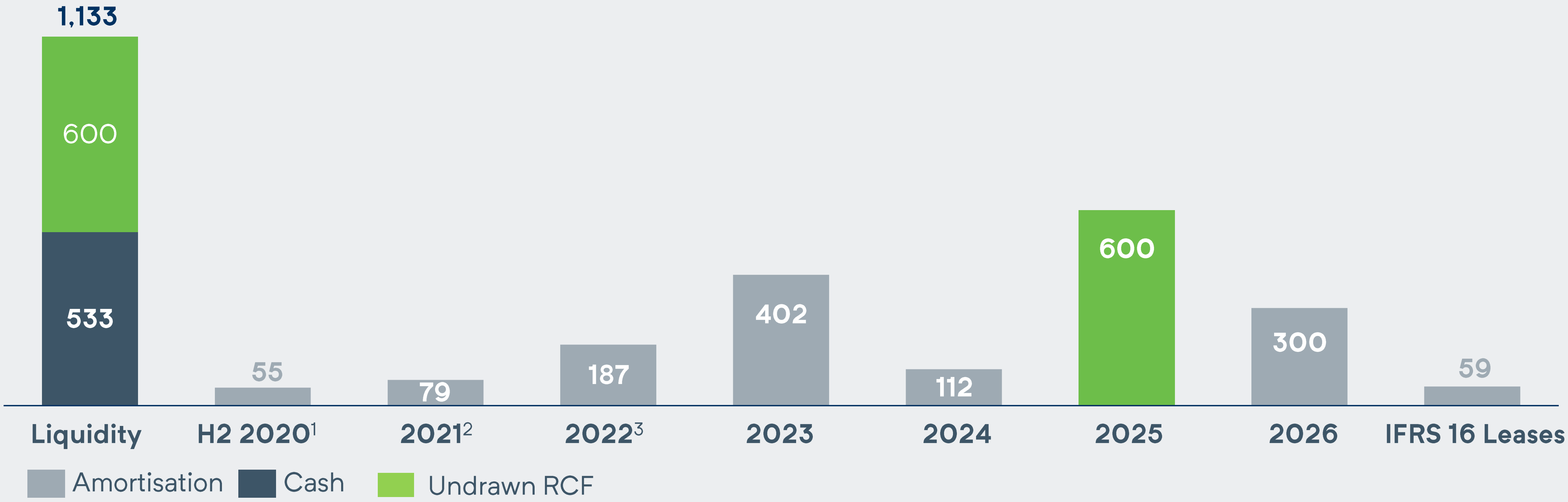
Amortisation schedule (€m as at 30 June 2020)



Notes: 1). €16 million not extended in period and payable in H2 2020
2). €41 million not extended in period and payable in 2021
3). COVID-19 OeKB Loan of €60 million matures in 2022 (received in April 2020)

Capital allocation strategy

Balanced and dynamic capital allocation enabling long term growth & shareholder returns

Net operating cash

- Strong cash flow generation from operating business
- Supported by low costs and culture

Maintenance investment

- €95m typical investment per year in maintenance capex
- Ongoing R&D and Technical Marketing investment (2.2% of revenues)

Leverage

- Maintain robust financial position
- Commitment, through cycle, to leverage range of 0.5—1.5x

Shareholder Returns

- Committed to resuming dividend at the earliest opportunity
- Targeting 3.0x dividend cover over medium-term
- Share buybacks when appropriate

Organic investment

- Commitment to capital deployment for growth and cost savings
- Significant opportunities to develop strategy organically
- Technology, digitalisation, data, backwards integration

M&A

- Disciplined screening process and risk evaluation
- Deployment to accelerate growth in line with strategy
- Balance sheet strength provides flexibility

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