8 March 2021

RHI Magnesita N.V.

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

2020 Full Year Results

Strong strategic progress in a challenging year; well positioned for market recovery

RHI Magnesita today announces its 2020 full year results for the year ended 31 December 2020 ("2020" or the “Year").

Financial results (€m unless stated otherwise)	**2020 Adjusted[1]**	2019 Adjusted[1]	2019 Adjusted[1] at constant currency	Change	Change at constant currency
Revenue	**2,259**	2,922	2,807	*(23)%*	*(20)%*
Adjusted EBITA	**260**	408	420	*(36)%*	*(38)%*
Adjusted EBITA margin	**11.5%**	14.0%	15.0%	*(250)bps*	*(350)bps*
Adjusted EPS	**€3.28**	€5.57		*(41)%*	
Net debt[2]	**582**	650		*(10)%*	
Net debt to adjusted EBITDA[2]	**1.5x**	1.2x		*0.3x*	

(€m unless stated otherwise)	**2020 Reported**	2019 Reported
Revenue	**2,259**	2,922
EBITA	**140**	300
Profit before tax	**42**	200
EPS	**€0.51**	€2.82
Dividend	**€1.50**	€0.50

1 Adjusted figures are alternative performance measures “APM” excluding impairments, amortisation of acquisition intangibles and exceptional items to enable an understanding of the underlying performance of the business. Full details are shown in the APM section.
2 Following the introduction of IFRS 16 Leases, 2020 net debt includes the impact of IFRS 16 of €57 million. 2019 adjusted net debt figures are shown including the impact of IFRS 16 (€62 million) to facilitate comparison between reporting periods.

Highlights

- **Responded swiftly and effectively to COVID-19**
  - Prioritised safe working conditions, increased liquidity, maintained production and delivered for our customers
- **Resilient financial performance delivered against a challenging market environment**
  - Gross profit margin of 24.4% (2019: 24.5%), adjusted EBITA margin of 11.5% (2019: 14.0%)

- Positive adjusted operating cash flow of €290 million (2019: €359 million) supported by strong working capital management, leading to a reduction in net debt to €582 million (2019: €650 million)

- **Sustained focus on strategic execution and shareholder returns**
  - Cost initiatives accelerated, on track to deliver €100m by 2022, with peak capex in 2021
  - Sales strategies targeting €40-60m of annualised EBITA benefit by 2022
  - Sustainability leadership accelerated with €50m R&D programme to support move towards CO_2 neutrality
  - Final dividend of €1.00 per share recommended, total full year dividend in respect of 2020 €1.50 per share
  - Group has resumed dividend payments and launched a €50m share buy-back programme, returning €52 million to shareholders in 2020

Outlook

The Group continues to see steady, month-on-month improvement in demand in all its end markets and order book. Whilst volatility and uncertainty are likely to remain elevated in the short term, the Group expects overall recovery trends to continue in both its Steel and Industrial divisions during 2021, with earnings likely to be weighted towards the second half. Our expectations for 2021 adjusted EBITA are in line with current market expectations[1], assuming the recovery in our end markets is sustained. The Group has protected its commercial, operational and sustainability investments throughout a period of difficult market conditions and is well positioned to benefit from these as markets recover.

Board composition

The Board advises that Andrew Hosty and Celia Baxter, Chair of Remuneration Committee, will not seek re-election at the June 2021 AGM at the end of their three year term. The Board expresses its sincere gratitude to Andrew and Celia for their diligent support and guidance to the Company in the years since our Listing on the London Stock Exchange. From June 2021, Janet Ashdown will become Chair of the Remuneration Committee. Further details on Board composition and intended future appointments can be found in the Annual Report.

Commenting on the results, Chief Executive Officer, Stefan Borgas said:

"2020 has been the most challenging year that our industry has experienced. Throughout the pandemic RHI Magnesita has protected the health and safety of our employees, ensured business continuity for our customers and taken initiatives to support liquidity and underpin future profitability. Through one of the severest downturns on record, we sustained an adjusted EBITA margin of 11.5% and adjusted operating free cash flow of €290 million, demonstrating the resilience of our business model and the outstanding commitment of our people.

During this challenging period, our strong financial position has enabled us to continue to invest in our strategic priorities. We have further reduced costs and optimised operations, supported by investments in digitalisation and automation.

Today we announce an acceleration of our CO_2 strategy, investing €50 million over the next four to five years towards technology research and pilot plant constructions. This is designed to build the specific technology toolbox to support RHI Magnesita in its aspiration to be a carbon neutral business.

I am enormously proud of how our people have responded to these most difficult of circumstances. The women and men at RHI Magnesita have demonstrated their ability and desire to withstand very large challenges as they emerge. I want to express my deepest gratitude to our teams for their passion, to our Board of Directors for its guidance, to our suppliers for their dedication, and to our shareholders for their trust, and most importantly to our customers for their confidence in RHI Magnesita.

With our end-markets now showing signs of recovery, we are confident that the business is well-positioned to take advantage of new opportunities as conditions improve."

1. Current market expectation based on Company compiled consensus of €310 million.

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Conference call

A physical presentation for analysts and investors will not be held due to restrictions relating to the COVID-19 virus. The presentation will be broadcast via webcast and conference call at 8.00am UK time, 8 March 2021. The webcast can be accessed using the following link: https://www.investis-live.com/rhimagnesita/60181527dd22a1140091188b/urlf. A replay will be available on the same link shortly after event.

Conference call participant dial-in numbers are as follows:

UK: 0800 640 6441
All other locations: 020 3936 2999
Access code: 378009

The Company's 2020 Annual Report has been published in compliance with § 124 (1) of the Austrian Stock Exchange Act and Article 21 (3) and (1) of the Transparency Directive, and is available to view on the website at: https://ir.rhimagnesita.com/. In compliance with Listing Rule 9.6.1, a copy will also be submitted to the National Storage Mechanism and will shortly be available for inspection at http://www.morningstar.co.uk/uk/NSM.

This announcement also contains as appendices additional information for the purposes of compliance with DTR 6.3.5 (1) of the UK Disclosure and Transparency Rules. The information below is extracted, in full unedited text, from the Annual Report 2020. Page numbers and cross references in the extracted information refer to page numbers and cross-references in the Annual Report. This announcement should be read in conjunction with and is not a substitute for reading the full Annual Report 2020

About RHI Magnesita

RHI Magnesita is the leading global supplier of high-grade refractory products, systems and solutions which are critical for 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 around the world, with around 12,000 employees in 30 main production sites and more than 70 sales offices. RHI Magnesita intends to leverage its 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.

The Group maintains a premium listing on the Official list of the London Stock Exchange (symbol: RHIM) and is a constituent of the FTSE 250 index, with a secondary listing on the Vienna Stock Exchange (Wiener Börse). For more information please visit: www.rhimagnesita.com

This Announcement contains (or may contain) certain forward-looking statements with respect to certain of the Company's current expectations and projections about future events. These statements, which sometimes use words such as "aim", "anticipate", "believe", "intend", "plan", "estimate", "expect" and words of similar meaning, reflect the directors' beliefs and expectations and involve a number of risks, uncertainties and assumptions which could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement. Statements contained in this Announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The information contained in this Announcement is subject to change without notice and, except as required by applicable law, the Company does not assume any responsibility or obligation to update publicly or review any of the forward-looking statements contained in it and nor do they intend to. You should not place undue reliance on forward-looking statements, which speak only as of the date of this Announcement. No statement in this Announcement is or is intended to be a profit forecast or profit estimate or to imply that the earnings of the Company for the current or future financial years will necessarily match or exceed the historical or published earnings of the Company. As a result of these risks, uncertainties and assumptions, the recipient should not place undue reliance on these forward-looking statements as a prediction of actual results or otherwise.

The Company has no obligation or undertaking to update or revise the forward-looking statements contained in this Announcement to reflect any change in its expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by the current regulations which we are submitted to.

CEO review

Employee wellbeing and reliable customer service paramount in a challenging year

The COVID-19 pandemic brought extraordinary challenges in 2020. From the outset, our priorities were protecting the health and safety of our employees and our business partners, securing business continuity and protecting the financial health of the Company. Against this backdrop, we further reduced accident rates and maintained safe working conditions in our operations. We introduced strict infection control measures at all sites, increased internal communications, restricted travel and implemented remote working wherever possible. We continue to deliver for our customers, working hard to address their evolving requirements by leveraging digital technology, adapting our ways of working, providing flexibility and maintaining reliability. Through decisive management action, we have been able to deliver double digit adjusted EBITA margin despite a 23% decline in revenue. Solid cash generation enabled the Group to reduce net debt and retain a strong liquidity position, with €1.2 billion of cash and available facilities at the year end.

Strong business model and management initiatives helped to offset COVID-19 impact

We recognised early on that the pandemic would have long-lasting effects on our industry and took the opportunity in 2020 to look closely at many aspects of our business. These included our workforce capacity, competitiveness, production and raw materials networks and ways to improve our innovative capabilities. As a result, we have extended our strategic initiatives to reduce costs and support profitability to make sure that our business is optimised for a post-pandemic environment.

Customer demand was impacted during the year, exacerbated by raw material prices also falling. World Steel Association recorded a c.1% fall in Steel production (c.8% excluding China) in 2020 against 2019, and global Cement production fell by c.3% against 2019. The decline in volumes was concentrated within the Group's key markets outside China and revenue declined by 23% against the prior year to €2,259 million (2019: €2,922 million), with Steel Division revenue reducing by 22% and Industrial Division revenue by 25% compared to 2019.

We took swift action early in 2020 to mitigate the negative impacts of lower revenues on earnings. One-off fixed cost reductions of €50 million were achieved in 2020, including the temporary closure of plant and the introduction of short time working arrangements. These measures, together with our longer-term cost savings initiatives, enabled the Group to maintain a double-digit adjusted EBITA margin of 11.5% (2019: 14.0%), a decrease of only 250 bps despite the 23% reduction in revenues.

The Group's refractory margin improved slightly, at 9.1% (2019: 9.0%). Backward integration is a key strategic advantage for RHI Magnesita, ensuring a lower cost, high quality supply of raw materials, and added €55m of EBITA during the Year or 2.4% of EBITA margin. This helped support profitability and resulted in the Group delivering adjusted EBITA for 2020 of €260 million, a reduction of 36% versus 2019 (2019: €408 million).

We have seen industry wide re-stocking of supply chains by Steel and Industrial customers driving increased refractory demand at the end of 2020 and into Q1 2021. This short-term, and concentrated, rise in demand has resulted in an increase in lead times to fulfil orders and some additional costs being incurred to best meet customer expectations. This has been aggravated by the industry-wide increase in freight rates and shortage of shipping containers.

Good strategic progress, with continued investment in innovation, digitalisation and regionalisation

Despite the disruption caused by the pandemic, we have remained focused on delivering on our strategy. Whilst we have adapted to the situation and accelerated certain elements, the strategy continues to centre around three key pillars:

1. **Reducing costs to further improve our competitiveness** – in addition to one-off fixed cost reduction activities in response to the pandemic, the Group continued to deliver on its longer-term cost savings initiatives. We have expanded the scope of our Production Optimisation Plan, taking the total number of plants to be rationalised to ten by H1 2022. We are restructuring our platform to better regionalise the network, reducing our plant footprint from 32 sites when the programme was announced in November 2019. We have also identified significant sales and administrative cost savings, including reducing headcount in the first three levels of management below CEO by 20%, thereby creating a more efficient organisational structure and a better platform to deliver our strategy. Together, these initiatives delivered €30 million of EBITA benefit in 2020 and are expected to deliver €100m of annualised EBITA savings by 2022.

2. **Enhancing our business model** – RHI Magnesita is the world's leading refractory and heat management solutions provider in the refractory industry, with an extensive portfolio based on innovative technologies and digitalisation. Although customer site access has been restricted by COVID-19 precautions, we have taken an active approach to progressing our sales strategies in 2020. This has included expanding the solutions business model and sustainability offering, investing in digital transformation projects, automation and robotics, positioning ourselves for growth in new markets, and developing our Flow Control business. RHI Magnesita also formed a strategic partnership with Microsoft during the year to accelerate its digital offerings and support new ways of working with customers. The financial benefits of our sales strategies have been delayed by COVID-19, but we continue to anticipate an annual EBITA contribution of €40-60 million by 2022 and recorded a €5 million increase in 2020.

3. **Driving market leadership** – RHI Magnesita is the global leader in the c.€20 billion refractory industry, with technologically advanced products and services, a worldwide presence and strong local organisations in all major markets. We have identified major opportunities in growth markets, such as China and India. During 2020, we continued to decentralise the Group's global functions to be closer to customers and to implement a 'local for local' production model, allowing the business to better address regional demand and become more flexible. In addition to organic growth, RHI Magnesita continues to pursue disciplined M&A opportunities in key growth regions and market segments.

Strategy underpinned by commitment to sustainability

To be successful in delivering its strategy, RHI Magnesita needs the broadest range of talent and perspectives, especially in leadership positions. Our intention is to foster diversity of thought; be this through differences in gender, nationality, age or other factors. We are taking steps further to increase gender diversity at Board level, with the proposed appointment of additional female Directors at the 2021 Annual General Meeting. Currently, 25% of the Board is female and half of the Board Committees are chaired by women.

We are committed to increasing the representation of women amongst senior leaders to 33% by 2025. We made significant progress towards this aim in 2020 as the proportion of women in senior leadership positions increased from 17% in 2019 to 25%, following organisational changes and associated promotions.

As a global leader in refractories and heat management services, RHI Magnesita recognises its responsibility to reduce CO_2 emissions arising from its own operations and is also uniquely positioned to assist its customers in achieving greater energy efficiency and lower emissions in their own industrial processes. The Group is investing in a number of initiatives to meet these challenges. By increasing the use of secondary raw material in our refractory products we aim to reduce our scope 1 and scope 2 CO_2 emissions by 15% per tonne of output by 2025. In addition, the Group is investing €50m in CO_2 reduction technologies, including new technology for the capture of geogenic CO_2 that would otherwise be emitted in the refractory manufacturing process, over the next four to five years. If successful, our pilot projects in this area will enable us to progress towards becoming a net zero carbon emitter. This will position the Group as a preferred supplier for our customers who are working to achieve their own sustainability goals. We are also developing solutions for our customers aimed at minimising energy consumption and emissions. Our low-carbon 'ANKRAL LC' series has been rolled out selectively in Europe and is gaining traction with customers.

Robust financial position, strong liquidity and improved cash conversion

We maintained a robust financial position throughout the year, with available liquidity of €1.2 billion at 31 December 2020 (31 December 2019: €1.1 billion). The Group generated operating cashflow of €290 million in 2020 (2019: €359 million), representing improved cash conversion of 112% (2019: 88%). This was supported by our ongoing working capital initiatives, which released €97 million in 2020.

Free cash flow of €101 million delivered a reduction in net debt to €582 million (2019: €650 million). Gearing increased to 1.5x EBITDA (31 December 2019: 1.2x), as the reduction in net debt was offset by lower EBITDA in the period but remained within the Group's target range of 0.5x – 1.5x.

Focus on sustainable value creation

The Group's capital allocation policy is to support our long-term strategy, providing flexibility for both organic and inorganic investment opportunities, whilst delivering attractive returns to shareholders. €86 million of project capital was committed during the year, to further progress the Group's strategic sales and cost savings initiatives and on a number of fast payback plant capacity increases. In addition, in 2020, the Group incurred restructuring expenses of €69 million and non-cash impairments of €48 million that will sustainably reduce the cost base in the future. The Group remains committed to internal investment alongside inorganic investment opportunities.

Following the resilient underlying cash generation of the business in the first nine months of 2020, together with the strength of the balance sheet and improving confidence in the market outlook, the Board reinstated an interim dividend of €0.50 per share at the Q3 trading update in November. The Board is today recommending a final dividend of €1.00 per share, taking the total dividend for the year to €1.50 per share, which represents a dividend cover of 2.2x adjusted earnings per share.

As announced in December 2020, the Group has also commenced a share buyback programme of up to €50 million which is likely to complete by the end of H1 2021. The Company had purchased a total of €3 million of shares by the end of the year which were placed in treasury. On completion of this programme, the Board will review the merits of further share purchases.

FINANCIAL REVIEW

Reporting approach

The Company uses a number of alternative performance measures ("APMs"), in addition to those reported in accordance with IFRS, which reflect the way in which the Board and the Executive Management Team assesses the underlying performance of the business. The Group's results are presented on an "adjusted" basis, using APMs which are not defined or specified under the requirements of IFRS, but are derived from the IFRS financial statements. The APMs are used to improve the comparability of information between reporting periods and to address investors' requirements for clarity and transparency of the Group's underlying financial performance. The APMs are used internally in the management of our business performance, budgeting and forecasting. A reconciliation of key metrics to the reported financials is presented in the section titled APMs.

All references to comparative 2019 numbers in this review are on a reported basis, unless stated otherwise. Figures presented at constant currency represent 2019 translated to average 2020 exchange rates of 1 Euro to 1.14 USD, 1 Euro to 7.87 CNY, 1 Euro to 5.89 BRL, 1 Euro to 84.6 INR, 1 Euro to 8.05 TRY.

Following the organisational structure changes that look place in H2 2020, the Group is now reporting its Operational review under new business unit groupings.

The Group has considered the FRC's guidance to listed companies to lengthen their reporting timetable for 2021, aligned to the extension to reporting deadlines announced by the FCA. However, the Group believes it is well positioned, in conjunction with its auditors, to accelerate its timetable for the year end 2020 to bring it more in line with peer reporting timescales.

Revenue

The Group recorded revenue of €2,259 million in 2020, a decline of 23% against the prior year (2019: €2,922 million). The reduction is primarily attributable to lower refractory volumes, as a result of the effect of the COVID-19 pandemic on end-market demand, and the impact of lower raw material prices over the year compared to 2019.

<u>Raw materials</u>

Raw material prices declined materially in the first five months of 2020, due to an overcapacity of supply in China, coupled with weak underlying raw material demand. Prices softened further between June and August before recovering in the fourth quarter, due to reduced supply from Chinese producers impacted by higher winter power tariffs and stricter enforcement of environmental legislation.

<u>Steel Division</u>

The Group's Steel Division delivered revenue of €1,583 million in 2020, 22% lower than 2019 (2019: €2,018 million). The COVID-19 impact on refractory demand had the most notable impact in Europe, CIS, and Turkey, where revenue in the combined region was 26% lower than the prior year. Refractory prices also reduced due to lower raw material prices. The Americas revenue contribution was 21% lower than 2019, mainly as a result of the impact of COVID-19 on industrial output, but also due to currency devaluation (principally of the Brazilian Real). China and East Asia performed relatively well by comparison to other regions in 2020, with revenue decreasing by only 7%. This was largely thanks to the economic strength in China, where Group revenue was 41% higher than in 2019. In India, Africa and West Asia, revenue declined by 22%, with the most significant decrease in India, resulting from strict nationwide COVID-19 lockdowns. Saudi Arabia and Oman outperformed during 2020 and signs of a recovery in India were evident at the year end.

Industrial Division

Industrial Division revenue reduced by 25% to €676 million (2019: €904 million), heavily impacted by the effects of the global pandemic, with customers postponing capital expenditure projects faster than in previous downturns. The Cement and Lime business, down by 21% in 2020, recorded a strong performance in Q1, characteristic of seasonal demand, followed by a weak Q2 and Q3 when demand was negatively impacted by COVID-19. The Industrial Projects business, down by 28% in 2020, experienced heavy project postponements, especially in NFM. Demand in both the Cement and Lime and Project businesses improved in Q4, as end markets started to recover.

Gross profit

The Group achieved gross margin of 24.4% (2019: 24.5%), demonstrating the resilience of the business and the benefits from the cost reduction initiatives which were swiftly executed by management during the year. The Group recorded a gross profit of €550 million in 2020, a decline on the prior year of 23% (2019: €717 million) due to lower revenue, as cost saving initiatives offset lower fixed cost absorption.

On a divisional basis, gross profit in the Steel Division amounted to €371 million, a decline of 20% against the previous year (2019: €467 million). However, gross margin improved at 23.5%,(2019: 23.1%). Gross profit in the Industrial Division amounted to €179 million (2019: €250 million, a decline of 29% against the prior year and gross margin declined by 130 bps to 26.4% (2019: 27.7%).

Steel	**2019**	**2020**	**Change**
Revenue (€m)	2,018	1,583	(22)%
Gross Profit (€m)	467	371	(20)%
Gross margin	23.1%	23.5%	40bps
Industrial	**2019**	**2020**	**Change**
Revenue (€m)	904	676	(25)%
Gross Profit (€m)	250	179	(29)%
Gross margin	27.7%	26.4%	(130)bps

SG&A

The Group took swift short-term action early in 2020 to mitigate the negative impacts of the COVID-19 pandemic on earnings including temporary plant shutdowns, short-time work arrangements, reduced overtime and other SG&A reduction initiatives. As a result of the measures taken, total selling, general and administrative expenses, before R&D related expenses, were €279 million, representing a 10% reduction against the prior year (2019: €309 million).

Depreciation and amortisation

Depreciation for 2020 amounted to €120 million (2019: €146 million), lower than 2019, mainly due to currency effects (€12 million). Depreciation is denominated in local currency and, therefore impacted by foreign exchange rates, most notably from Brazilian Real and US Dollar. Depreciation was also lower due to the increase of useful life of assets given the lower production levels in 2020 (€10 million) and the reduction of assets due to the closure of plants. Depreciation in 2021 is expected to be around €115 million.

Amortisation of intangible assets amounted to €19 million in 2020 (2019: €26 million). Amortisation was lower than 2019 largely due to currency effects, given it is denominated in local currency and therefore impacted by foreign exchange rates, most notably by Brazilian Real and US Dollar. Amortisation is anticipated to total €18 million in 2021.

Adjusted EBITDA

Adjusted EBITDA amounted to €381 million, down by 31% compared to 2019. The adjusted EBITDA margin for 2020 was 16.8%, compared to 19.0% over the same period last year, a decrease of 220 bps.

Adjusted EBITA

The Group delivered adjusted EBITA in 2020 of €260 million, a reduction of 36% compared to 2019 (2019: €408 million), largely due to lower sales volumes as a result of the COVID-19 pandemic and lower average raw material prices.

Despite the reduction in volumes, the Group delivered a robust double-digit margin of 11.5%, 250bps lower than 2019 (2019: 14.0%). Despite the challenging backdrop of 2020, the Group's refractory margin was 9.1%, an increase of 0.1ppts compared with 2019. The additional burden from significantly lower sales volumes, arising from the effects of the pandemic, was offset by structural cost reductions, driven by the execution of the cost savings initiatives. The Group's refractory margin was broadly stable despite the challenging backdrop during 2020. The Group's backward integration margin was 2.4%, contributing €55 million of EBITA.

(€m)	2019 Reported	2019 at constant currency	2020	% Change Reported	% Change at constant currency
Revenue	**2,922**	**2,807**	**2,259**	**-23%**	**-20%**
Cost of Sales	-2,205	-2,089	-1,709	-23%	-18%
Gross Profit	**717**	**718**	**550**	**-23%**	**-23%**
SG&A	-309	-298	-279	-10%	-6%
R&D expenses	-26	-25	-30	16%	20%
OIE	-109	-110	-120	11%	9%
EBIT	**273**	**286**	**121**	**-56%**	**-58%**
Amortization	-26	-25	-19	-27%	-21%
EBITA	**300**	**310**	**140**	**-53%**	**-55%**
Adjusted items	109	110	120	11%	9%
Adjusted EBITA	**408**	**420**	**260**	**-36%**	**-38%**

Net finance costs

Net finance costs in 2020 amounted to €87 million (2019: €75 million).
Net interest expense amounted to €14 million (2019 €19 million). Interest expenses on borrowings amounted to €20 million (2019 €28 million). The reduction of €8 million compared to 2019 is predominantly driven by the refinancing of higher interest-bearing debt. Interest income amounted to €6 million, against €9 million the prior year.
Foreign exchange and derivative variances amounted to €43 million, against €17 million in 2019. The Group was impacted by the significant depreciation of the Brazilian Real and US Dollar against the Euro over the year, resulting in an increased effect of foreign currency translation on the P&L in 2020.

Items excluded from adjusted performance

In order to accurately assess the performance of the business, the Group excludes certain non-recurring items from its adjusted figures. These adjustments comprise:

- €120 million recorded in 'restructurings, other income and expenses', relating mainly to the cost reduction initiatives, including plant closures and reduction in sales and administration costs. These included severance costs of €69 million and non-cash impairments of €48 million.
- €19 million amortisation of intangible assets
- €16 million non-cash other net financial expenses. These include €8 million non-cash present value adjustment of the provision for the unfavourable contract required to satisfy EU remedies and €7 million relating to an FX loss on a non-recurring intercompany loan
- One-time charges excluded from the effective tax rate ("ETR"), largely the restructuring and impairment expenses.

Taxation

Total tax for 2020 in the income statement amounted to €14 million (2019 €51 million), representing a 33% effective tax rate (2019: 25%). This tax rate is higher than recent years due to certain 2020 restructuring charges which are not tax deductible. Reported profit before tax amounted to €42 million (2019: €200 million). Adjusted profit before tax amounted to €197 million (2019: €358 million) with an adjusted effective tax rate of 17% (2019: 21%), after adjusting for one-time benefits from the 2020 recognition of certain deferred tax assets. The adjusted ETR guidance is between 20% - 22% for 2021.

Profit after tax

On a reported basis, the Group recorded a profit after tax of €28 million (2019: €149 million) and earnings per share of €0.51 in 2020 (2019: €2.82). Adjusted earnings per share for 2020 were €3.28 (2019: €5.57).

(€m)	2020 Reported	Items excluded from adjusted performance	2020 Adjusted
EBITA	**140**	**120**	**260**
Amortisation	(19)	19	-
Net financial expenses	(87)	16	(71)
Result of profit in joint ventures	8	-	8
Profit before tax	**42**	**155**	**197**
Income tax	(14)	(19)	(33)
Profit after tax	**28**	**136**	**164**
Non-controlling interest	3		3
Profit attributable to shareholders	25		161
Shares outstanding[1]	49.0m		49.0m
Earnings per share	**€0.51**		**€3.28**

1. Total issued and outstanding share capital as at 31 December 2020 was 49,008,955. The Company held 468,750 ordinary shares in Treasury. Weighted average number of shares used for basic earnings per share 49,075,426.

Working capital

Working capital reduced significantly compared to the 2019 year end, to €369 million at 31 December 2020 (31 December 2019[1]: €519 million), reflecting lower trading activity, higher Q4 2020 capex levels and the ongoing benefits of the Group's working capital initiatives. These included the introduction of our proprietary Total Network Optimisation tool, which recommends the most cost-effective source of raw materials for production. In early 2020, the Group implemented an Integrated Business Planning system, which supports decision making and financial planning, as well as enhancing demand and supply planning. The Group achieved a working capital intensity, measured as a percentage of the last three months' annualised revenue, of 15.9% in 2020. This represents a significant improvement of 230bps compared to 2019 and within the Group's target range of 15-18%. Working capital contributed cash inflows of €97 million, against an outflow of €23 million in 2019.

Inventories decreased to €477 million (31 December 2019: €603 million), Accounts Receivable decreased to €210 million (31 December 2019[1]: €277 million) and Accounts Payable decreased to €319 million (31 December 2019[1]: €361 million). The weaker Brazilian Real and US Dollar provided an FX tailwind in the inventory reduction, with inventories decreasing by €126 million against a €64 million cash flow benefit.

The inventory decrease was mainly driven by the Group's efforts to reduce finished stock in its warehouses, as well as improving the efficiency of raw material and finished goods inventory by adjusting production to demand levels. This resulted in raw material coverage ratios in 2020 reducing from 1.7 to 1.3 months, and finished goods from 2.3 to 1.9 months.

Accounts receivable reduced by €67 million due to lower revenues, as well as ongoing improvement of client terms and a material reduction of overdue receivables.

Working capital financing, used to provide low cost liquidity and support the Group's commercial offering to customers, stood at €222 million at the end of the year (2019: €290 million). This comprised

€178 million of accounts receivable financing (factoring) and €44 million of accounts payable financing (forfeiting). Working capital financing levels vary according to business activity, and the Group targets a medium-term level below €320 million. As business activity levels improve, working capital financing will moderate the cash outflow from working capital increases.

1. 2019 restated to reflect an accounting adjustment denoted within note 4 of the financial statements

Capital expenditure

Capital expenditure in 2020 was €157 million (2019: €156 million), comprising €71 million of maintenance capex (2019: €110 million) and €86 million of project capex (2019: €46 million). Including pre-payments of €17 million.

The Group reduced its maintenance capex in 2020 in line with lower production volumes and its reduced plant footprint. The sustainable level of maintenance capex over the medium-term to ensure safe production and sustain operations is €75-85 million.

The Group continues to prioritise capital expenditure on its strategic initiatives (being the cost reduction and sales initiatives). The capital projects underpinning these programmes are progressing on-budget and largely on-time, despite the impact of COVID-19. As previously guided, the additional project expenditure on strategic initiatives will continue until 2022.

In 2020, the Group invested €28 million (2019: €32 million) towards its backward integration, comprising maintenance capex of €6 million (2019: €7 million) and project capex of €21 million (2019: €24 million).

The Group expects capex to increase in 2021 to a peak of €260 million, of which €80 million will relate to maintenance expenditure and €180 million to project expenditure.

In 2022 guidance for capital expenditure is approximately €165 million, comprising €80 million of maintenance capex and €85 million of project capex. In 2023, capital expenditure is expected to reduce to €145 million, of which €80 million will be directed towards maintenance expenditure and €65 million towards projects. In 2024, the Group anticipates approximately €125 million of capital expenditure, of which €80 million will be on maintenance expenditure and €45 million on projects.

Cash flow

The Group continued to generate strong and sustainable cashflow in 2020, despite the pandemic. The Group generated operating cashflow of €290 million in 2020 (2019: €359 million), representing an improved cash conversion of 112% (2019: 88%), benefiting from working capital reduction of €97 million in 2020. Free cash flow increased to €101 million (2019: €99 million).

Cash Flow €m	2019[1]	2020
Adjusted EBITA	408	260
Working Capital	(23)	97
Changes in Other Assets/Liabilities	(17)	(31)
Capital Expenditure (including pre-payments)	(156)	(157)
Depreciation	146	120
Operating Cash Flow[2]	**359**	**290**
Cash tax	(68)	(48)
Net financial expenses	(42)	(25)
Restructuring/Transaction Costs	(6)	(52)
Dividend payments	(76)	(49)
Share buyback	(19)	(3)
Dividend from associates	13	11
MORCO acquisition		(9)
Sale of PPE[3]	1	11
Right of use assets acquisition	(18)	(25)
Magnesita minority acquisition	(45)	0
Free Cash Flow	99	101

1. Reported basis
2. Operating free cash flow is presented to reflect the net cash flow from operating activities before certain items such as restructuring costs. Full details shown in the APM section.

Including the sale of the Burlington site (Canada) in 2020, cash inflow of €8m

Net debt

Net debt at the end of 2020 was €582 million, comprising total debt of €1,115 million, cash and cash equivalents of €589 million, including €2 million cash forming part of the held for sale assets, and IFRS 16 leases of €57 million. This compares to net debt at the end of 2019 of €650 million including IFRS 16 leases of €62 million. Net debt to EBITDA at the year-end was 1.5x, 0.3x higher than 2019 (2019: 1.2x) and within the Group's target range of 0.5x – 1.5x despite the significant reduction in earnings. The Group has significant headroom on its long-term net debt to EBITDA covenant of 3.5x.

Total liquidity for the Group at year end was €1,189 million, including the Group's undrawn committed facilities of €600 million. In November 2020, these undrawn committed facilities were extended from 2025 to 2026. The majority of the Group's debt maturities are due on or after 2023.

Return on invested capital

Return on invested capital (ROIC) is used to assess the Group's efficiency in executing its capital allocation strategy, which is aimed at enabling organic growth, disciplined M&A and shareholder returns. The Group ROIC in 2020 was 11.5% (2019: 15.3%), from a total of €1,754 million of invested capital (2019: €2,064 million) and €201 million recorded net operating profit after tax (NOPAT) (2019: €316 million). The Raw material ROIC was 13.5% (2019: 22.3%), from a total of €385 million of invested capital (2019: €487 million) and €52 million NOPAT (2019: €109 million).

Strategic initiatives

The Group is advancing two significant strategic programmes to sustainably increase earnings:

- Cost savings initiatives representing €100 million of incremental EBITA by 2022. This requires total capital expenditure of €160 million by 2022 and restructuring costs of €100 million.
  In 2020, the cost reduction initiatives delivered EBITA benefit of €30 million, in line with guidance. In 2021, these initiatives are expected to deliver run rate EBITA benefit of €75 million, an increase of €45 million against 2020.
- Sales strategies representing €40 – 60 million of incremental EBITA benefit by 2022. This requires total capital expenditure of €30 million by 2022. The sales strategies delivered €5 million of EBITA in 2020, below the target level of €10 million, due to restrictions as a result of worldwide COVID-19 lockdowns which impeded access to customer sites. The COVID-19 pandemic continues to present uncertainty in 2021. The Group is targeting an EBITA benefit of €10 - 20 million in 2021 from its sales strategies.

Presented in €m	2019	2020	2021E	2022E	Cumulative amount
Cost savings initiatives EBITA improvement[1]	**15**	**30**	**75**	**100**	
Implementation costs					
Capital Expenditure	-	45	95	20	160
Restructuring costs[2]	5	40	55	-	100
Impairments	52	36	12	-	100
Sales initiatives EBITA improvement	**-**	**5**	**10 - 20**	**40-60**	
Implementation costs					
Capital Expenditure	-	5	15	10	30

1. Cost saving initiatives do not include the one-off fixed cost savings of €50 million relating to COVID-19 mitigation measures. €10 million of these savings will be recorded in 2021 in the form of lower depreciation.
2. Cash flow impact

Cost savings initiatives

The cost savings initiatives largely comprise the Production Optimisation Plan and SG&A reduction:

- The Production Optimisation Plan seeks to rationalise the Group's global production footprint with the closure of up to ten sites (with a focus on Europe and South America), increasing plant specialisation, reducing raw material costs and implementing state of the art technologies. During 2020, the Group successfully closed two European plants, Hagen (Germany) and Trieben (Austria) and Burlington plant (Canada), reducing over capacity in high cost locations. The Group is investing c.€45 million at the Hochfilzen plant (Austria) to transform it into a European dolomite hub as well as a dolomite research centre. A c.€50 million investment is being committed to an additional tunnel kiln and state of the art technology in its Radenthein plant (Austria) expanding RHI Magnesita's technical leadership. c.€40 million is being spent at the Contagem plant (Brazil), to improve its production efficiencies

- The SG&A reduction plan is reducing non-operational costs, largely from headcount reduction (including reducing the first three levels of management below CEO by 20%), greater regionalisation of management structures and digitalization.

In addition to the above strategic cost savings initiatives, in 2020, in response to COVID-19, the Group implemented certain one-off fixed cost reduction measures to mitigate the impact of the pandemic on Group results. These included temporary plant shutdowns, short-time work arrangements, reduced overtime and other SG&A reduction initiatives. In total, the Group achieved the guided €50 million in one-off fixed cost savings in 2020. €10 million of these savings will continue into 2021 (as business-as-usual savings), in the form of lower depreciation.

Sales strategies
The Group's sales strategies seek to grow RHI Magnesita's presence in new markets, improve customer segmentation and resource allocation, increase market share in the flow control product range and expand the solutions business, supported by investment in digitalisation.

M&A

In December 2020, the Group entered into an agreement to sell its two high cost raw material plants, Porsgrunn (Norway) and Drogheda (Ireland). Porsgrunn produces electro focused magnesia (EFM) and caustic calcined magnesia (CCM). The EFM operations were stopped in Q1 2020. CCM is not used by RHI Magnesita and is sold to third parties. Drogheda produces CCM and DBM, with its DBM largely sold to third parties and not utilised within the Group's network. The sale of both plants completed on 1 February 2021, realising a loss of approximately €5 million, with a potential further increase by €6 million resulting from a contingent consideration.

Returns to shareholders

RHI Magnesita's balance sheet has remained strong in 2020 and the Company's capital allocation strategy has been to prioritise strategic investment to improve its competitive position and shareholder returns.

In H1 2020, the Board did not recommend the payment of a final 2019 dividend as a prudent measure to preserve cash and maintain its strong liquidity and financial position, given the significant uncertainty relating to COVID-19 at that time.

In response to the improving outlook and confidence in the second half, the Board re-instated the interim dividend of €0.50 per share, and €24 million in aggregate, at the Q3 trading update, paid in December 2020.

Given the resilient performance of the business in an extraordinary year, and its strong annual cash generation, the Board has recommended a full year dividend of €1.50 per share, and €74 million in aggregate. This represents a dividend cover of 2.2x adjusted earnings per share.

Subject to approval at the AGM on 10 June 2021, the final dividend will be payable on 30 June 2021 to shareholders on the register at the close of trading on 11 June 2021. The ex-dividend date is 10 June 2021.

The Board's dividend policy remains to target a dividend cover of below 3.0x adjusted earnings over the medium term. Dividends will be paid on a semi-annual basis with one third of the prior year's full year dividend being paid at the interim.

On 16 December 2020 the Group commenced a share buyback programme of up to €50 million and purchased a total of €3 million of shares through the programme in 2020, which were placed in Treasury. On completion of this programme, the Board will review the merits of further share purchases.

OPERATIONAL REVIEW

Steel Division

Steel	2019 Reported	2019 (Constant currency)	2020	Change (reported)	Change (constant currency)
Revenue (€m)	2,018	1,926	1,583	(22)%	(18)%
Gross Profit (€m)	467	462	371	(20)%	(20)%
Gross margin	23.1%	24.0%	23.5%	40bps	(50)bps
Adj EBITA (€m)	253	255	175	(31)%	(31)%
Adj EBITA margin	12.5%	13.3%	11.1%	(140)bps	(220)bps

Steel by region by revenue (€m)	2019 Reported	2019 (Constant currency)	2020	Change (reported)	Change (constant currency)
Europe, CIS, Turkey	592	590	436	(26)%	(26)%
Americas	881	807	693	(21)%	(14)%
China and East Asia	179	177	167	(7)%	(6)%
India, Africa, West Asia	366	352	287	(22)%	(18)%

Demand for refractory products in the Steel Division, which accounts for 70% of Group revenue, is driven largely by global steel production volumes. Refractory products in steel plants are used to protect applications such as the basic oxygen furnace (BOF), electric arc furnace (EAF) and ladles from hot liquid steel. The lifetime of the refractory linings in steel production range from 20 minutes to two months and are therefore regarded as consumables and an operating expense by our customers. Refractory products and services are estimated to contribute c. 2-3% to the total cost base of a steel producer but can have wider benefits or impacts on energy consumption, production efficiency and margins beyond their cost contribution. The Group is a global leader in the manufacturing of advanced refractory materials and offers heat management services to its customers which can significantly improve steel plant performance.

Steel Division revenues declined by 22% in 2020 to €1,583 million (2019: €2,018 million), predominantly impacted by the effects of the global pandemic. Gross profit for the division was €371 million, down from €467 million in 2019. However, gross margin increased over the same period by 40bps to 23.5%, which was predominantly due to increased efficiencies and thereby lowering the cost of sales margin.

Europe, CIS, Turkey

Total revenue for the year in Europe, CIS and Turkey amounted to €436 million, down 26% on 2019 (2019: €592 million). The Company's overall performance in Western Europe was impacted by COVID-

19 and weaker raw material prices, as well as overcapacity and a high cost base, leading to a 31% fall in revenue.

The Group is making good progress in executing its strategy in Europe to increase its competitiveness by reducing excess capacity and costs. As part of the Production Optimisation Plan, the Company is investing over €40 million at the Hochfilzen plant, transforming it into a centre of innovation for Dolomite research, as well as a hub for providing high quality supply of dolomite products throughout Europe. The Group is also investing c.€50 million in modernising the Radenthein plant, expanding RHI Magnesita's technical leadership.

As part of our digitalisation initiatives, Radio Frequency Identification (RFID) technology has been launched as an on-site pilot with a European customer.

One of the Group's new solutions business models was launched in Europe in 2020, and one contract has already been signed with a long-standing customer. The Group is experiencing increasing demand for CO_2 reduction and recycling solutions amongst its customers in Europe, CIS and Turkey.

Americas

Total revenue for the year of €693 million in North and South America represented a 21% decrease on 2019 (2019: €881 million), mainly as a result of the impact of COVID-19 on the regions' economies and consequently on crude steel production, but also currency devaluation (principally of the Brazilian Real). After the strong performance in Q1 2020 in the Americas, Q2 and Q3 were heavily impacted by the pandemic. Refractory sales volumes started to gradually improve in Q4, with some regions returning to pre-pandemic levels notably Brazil. Demand for steel increased faster than supply in late 2020, and the region faced steel capacity constraints, particularly in Brazil, which saw strong export demand from Mexico, which necessitated the rebuilding of steel customer inventory levels.

The consolidation of the North and South American sales regions has resulted in multiple synergies, more effective inventory and account receivables management and the implementation of a volume initiative programme to increase market share with a specific focus on underserved product groups.

The solutions model is well advanced in the Americas, accounting for approximately 47% of total revenues. We are currently adapting business models with select customers and offering tailored solutions to match specific requirements and customer profiles. We have had a strong take up of digital solutions, with both Automated Process Optimisation (which uses artificial intelligence to predict refractory product service life) and Quick Check (a smart measurement solution using 3D scans to monitor lining wear measurements) being piloted by customers across the Americas.

We are working to increase our market position in flow control, with strong order pipelines and good levels of customer interest, in addition to positive results from a number of ongoing customer trials.

The Group has successfully implemented recycling initiatives in 2020. In North America, this includes promoting recycling solutions at customer sites to reduce environmental impact, generate increased revenues and strengthen relationships with customers. In South and Central America, the focus is predominantly on new refractory formulations developed using recycled raw materials, thereby replacing the need for virgin materials and significantly reducing carbon emissions.

China and East Asia

China, one of the Group's strategic focus markets, performed well in 2020, with revenue increasing by 41% on 2019 to €67 million (2019: €48 million), thanks to the Group's success in developing new business and increasing market share. China recovered from the impacts of the global pandemic far quicker than other markets, enabling the Company to leverage its strong regional production facilities, local R&D excellence and integrated sales channel in the region.

East Asia revenue decreased 24% to €100 million (2019: €131 million) reflecting the impact of COVID-19 on customer demand. Revenue declined in Indonesia, Malaysia, Philippines and Thailand.

China and East Asia were integrated into one organisational region during the year and the strengthened local and regional teams, with greater autonomy and authority, have proven to be effective. In 2020, the Company signed its first two Full Line Service (FLS) contracts in China with two EAF plant. We expect to further grow our market share in this area.

As part of the Company's ongoing Production Optimisation Plan, the production of certain refractories has been transferred to China from other regions (such as Europe) to enable a more regional and specialised approach.

One of the key focus areas of the Chinese steel industry over the next five years is the introduction of more electric arc furnace (EAF) plants, with approximately 50 new EAF plants planned for completion by 2023 (representing circa 75Mt capacity). This provides a significant opportunity and focus for the Company, since EAF plants require more refractory products. In China, we have strategically grown certain product segments (such as EAF and flow control) and added value through our solutions business model during the Year.

The Group's digitalisation strategy is advancing well in China and we are rolling out a Manufacturing Execution Systems (MES) programme in Dalian.

The Company also initiated its first recycling solutions contract in with a Chinese steel customer during 2020.

India, Africa, West Asia

Total revenue for the Year in India, Africa and West Asia amounted to €287 million, down 22% on 2019 (2019: €366 million).

Following a solid performance in Q1 2020, a decrease occurred during the second quarter, which was particularly notable in the Indian market, as a result of COVID-19. Nevertheless, some regions, such as Saudi Arabia and Oman, outperformed during this time. Signs of a swift recovery were evident in India at the year end, and encouraging signs were noted in Africa and West Asia in late Q4 in terms of new orders.

In India, one of the Group's strategic focus markets, the government has recently introduced a 'Make in India' policy, which encourages companies to manufacture in India and incentivise local manufacturing investment. This represents a positive development for the Company, given our strong local production network and we aim to take advantage of this new policy by increasing local capacity. The Company is gaining competitive advantage by manufacturing products for the Indian market locally, which not only enables faster product development and concept implementation, but also provides working capital benefits for both our customers and the Company, as well as improving costs.

The new Cuttack plant is operating well and the planned increase in capacity by the end of 2021 is expected to support local demand.

A new R&D centre, which will be fully operational in H2 2021, is being developed at our Bhiwadi plant in India to facilitate a greater understanding of local markets, providing significant value to our customers, and enable a faster and more unified technology transfer in the region, with significant cost competitiveness. In line with our key strategic priorities, its focus areas will be local raw material development, operational support for our three Indian plants, and problem solving and improvement projects for our customers.

Post year-end, a merger of the Group's Indian entities was approved by the Apex Court, NCLAT of India, enabling the simplification of the structure in this region. Organisational structures were also reviewed and amended across Africa and West Asia in 2020 to optimise, rationalise and implement a simpler framework.

Industrial Division

Industrial	2019 Reported	2019 (Constant currency)	2020	Change (reported)	Change (constant currency)
Revenue (€m)	904	881	676	(25)%	(23)%
Gross Profit (€m)	250	257	179	(29)%	(30)%
Gross margin	27.7%	29.1%	26.4%	(130)bps	(270)bps
Adj EBITA (€m)	155	165	85	(45)%	(48)%
Adj EBITA margin	17.2%	18.7%	12.6%	(460)bps	(610)bps

Industrial by segment by revenue (€m)	2019 Reported	2019 (Constant currency)	2020	Change (reported)	Change (constant currency)
Cement/Lime	344	336	273	(21)%	(19)%
Industrial Projects	560	545	403	(28)%	(26)%

The Industrial Division (which accounts for 30% of Group revenue) provides refractory solutions to customers across the cement, lime, glass, non-ferrous metals (NFM), aluminium and environment, energy and chemicals (EEC) industries. The Industrial Division segments are subject to longer replacement cycles as the lifetime of a refractory product in these industries varies anywhere between one year to twenty years.

Industrial Division revenues declined by 25% in 2020 to €676 million (2019: €904 million), impacted by the effects of the global pandemic, with customers postponing capital expenditure projects. Gross profit for the division was €179 million, down from €250 million in 2019 and gross margin declined over the same period by 130bps to 26.4%. This was predominantly due to the macro-economic uncertainty, as a result of COVID-19 and oil price volatility, which has precipitated a contraction in customer capital expenditure and the postponement of project decisions.

Cement, Lime and Industrial Projects were combined under one leadership team in 2020, creating a single organisational unit that focuses on refractory excellence and digitalisation, to enable the Company to continue leading in innovation and being the partner of choice of our customers.

Cement and Lime

Revenue for the year was €273 million, down 21% on 2019 (2019: €344 million). Cement and Lime accounted for 40% of total Industrial Division revenue in 2020 and 12% of Group revenue. Following solid performance in Cement and Lime for Q1 2020, reflecting the usual high seasonal demand during the annual repair cycle, Q2 and Q3 were negatively impacted by COVID-19, with a contraction in demand, leading to reduced production and some temporary closures of cement plants in certain regions. Performance started to improve in Q4 and the order intake for repair activity in Q1 2021 has been strong. Regional performance varied significantly depending on the relative impact of the COVID-19 pandemic on different geographies. The market in India reduced by circa 25% in 2020, whereas other markets remained more resilient. Market share remained largely stable, with some areas of improvement, such as in China, where RHIM now accounts for over a third of the market, against a backdrop of a shrinking cement market and lower clinker capacity. In Brazil, revenues were maintained at 2019 levels (in Euro terms) in spite of the significant impact of the pandemic and the weakness in the Brazilian Real, due to a record performance in Q1 2020.

Two key product groups in the cement industry have shown strong traction in 2020. Ankral Low Carbon (LC) products, which reduce environmental impact, have been rolled out selectively in Europe during the Year. Decarbonisation of the cement industry remains a dominant topic for producers. Following its launch by RHI Magnesita in 2019, the Ankral X series, which combines clinker melt resistance with flexibility, has seen excellent demand, representing the fastest product introduction in the Cement industry.

As part of our strategy to drive digitalisation, a digital emergency sales channel (the Cement Webshop) was launched with selected customers in 2020, affording visibility on stock for immediate shipment, enabling customers to access materials quickly and providing access to our products in emergency situations.

Industrial Projects

Industrial Projects, comprising NFM, aluminium, glass and energy, environment and chemicals, reported revenue of €403 million in 2020, representing a 28% decrease on 2019 (€560 million). The weaker revenue performance was largely due to COVID-19, which led to heavy project postponements in NFM and weaker metal production levels globally, resulting in some temporary customer plant closures, as well as significantly reduced refinery activity throughout the Year. The Glass segment was more resilient, but still experienced some project postponements in Q2. Industrial Projects accounted for 60% of total Industrial Division revenue in 2020 and 18% of Group revenue.

We have made progress in developing a broad product portfolio in different plants around the world, thereby ensuring supply stability for our customers. This is expected to further improve resilience in 2021 and beyond as we are able to provide products from facilities in Europe, Americas or Asia.

China saw its first customer uptake of the Company’s innovative regenerator product for the glass industry (Innoreg) in 2020, which addresses challenges of thermal efficiency and lifetime, representing success in further expanding our product offering in this market.

In Europe we have successfully implemented Remote Assistance for customer inspection work in the glass and NFM segments. We also successfully installed our electro-magnetic level indication ‘EMLI’ sensor solutions (which measure metal slag level) with several NFM customers and have some further exciting developments in the pipeline.

Alternative performance measures ("APMs")
APMs used by the Group are reviewed below to provide a definition from each non-IFRS APM to its IFRS equivalent, and to explain the purpose and usefulness of each APM.

In general, APMs are presented externally to meet investors' requirements for further clarity and transparency of the Group's underlying financial performance. The APMs are also used internally in the management of our business performance, budgeting and forecasting.

APMs are non-IFRS measures. As a result, APMs allow investors and other readers to review different kinds of revenue, profits and costs and should not be used in isolation. Commentary within the Full Year Results, including the Financial review, as well as the Consolidated Financial Statements and the accompanying notes, should be referred to in order to fully appreciate all the factors that affect our business. We strongly encourage readers not to rely on any single financial measure, but to carefully review our reporting in its entirety.

Adjusted results at a constant currency
FY 2020 figures presented at constant currency represent FY 2019 reported figures translated at average 2020 exchange rates.

EBITA
EBIT, as presented in Consolidated Statement of Profit and Loss, excluding amortisation and impairments.

EBITDA
EBIT, as presented in Consolidated Statement of Profit and Loss, excluding depreciation, amortisation and impairments.

Adjusted EBITDA and EBITA
To provide further transparency and clarity to the ongoing, underlying financial performance of the Group, adjusted EBITDA and EBITA are used. Both measures exclude other income and expenses as presented in Consolidated Statement of Profit and Loss.

Adjusted earnings per share ("Adjusted EPS")
Adjusted EPS is used to assess the Company's operational performance per ordinary share outstanding. It is calculated using adjusted EBITA (as described above) and removes the impact of certain foreign exchange effects, amortisation, one-off restructuring expenses and impairments, other non-cash financial income and expenses, that are not directly related to operational performance. Effective tax rate for adjusted EPS is calculated by applying the effective tax rate normalised for restructuring expenses and impairments.

Operating cash flow and free cash flow
Alternative measures for cash flow are presented to reflect net cash inflow from operating activities before certain items. Free cash flow is considered relevant to reflect the cash performance of business operations after meeting the usual obligations of financing and tax. It is therefore measured before all other remaining cash flows, being those related to acquisitions and disposals, other equity-related and debt-related funding movements, and foreign exchange impacts on financing and investing activities.

Working capital
Working capital and intensity provides a measure how efficient the Company is in managing operating cash conversion cycles. Working capital is the sum of manageable working capital, composed of inventories, trade receivables and trade payables, contract assets and contract

liabilities. Working capital intensity is measured as a percentage of last three months annualised revenue.

Net debt

We present an alternative measure to bring together the various funding sources that are included in the Consolidated Balance Sheet and the accompanying notes. Net debt is a measure defined in the Group's principal financing arrangements and reflects the net indebtedness of the Group and includes all cash, cash equivalents and marketable securities; and borrowings and leases.

Return on invested capital

ROIC is calculated as adjusted net operating profit after tax (NOPAT), divided by total invested capital for the year. Invested capital is a sum of non-current assets including deferred tax assets, trade and other current receivables, inventories and income tax receivables less other non-current financial assets, deferred tax liabilities, trade and other current liabilities, income tax liabilities and current provisions. Adjusted net operating profit after tax (NOPAT) is calculated as sum of Adjusted EBITA, Amortisation expense and result from joint ventures less income taxes paid.

Liquidity

Liquidity is measured by adding up cash and cash equivalents as well as an unutilised credit facility amounting to €600.0 million.