RHI MAGNESITA

Full Year 2021 results

28 February 2022

Agenda

RHI MAGNESITA

1. FY 2021 update
2. Financial review
3. Strategic initiatives
4. Summary and outlook
5. Q&A
6. Appendix

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FY 2021 update

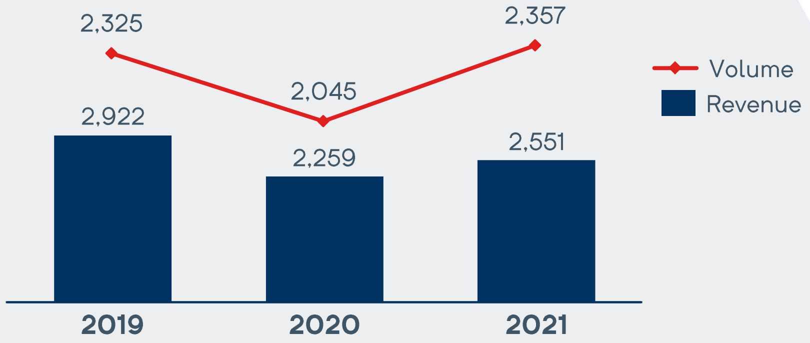
Stefan Borgas, CEO

Revenue growth offset by higher costs

Strong revenue recovery offset by higher costs due to global logistics disruption

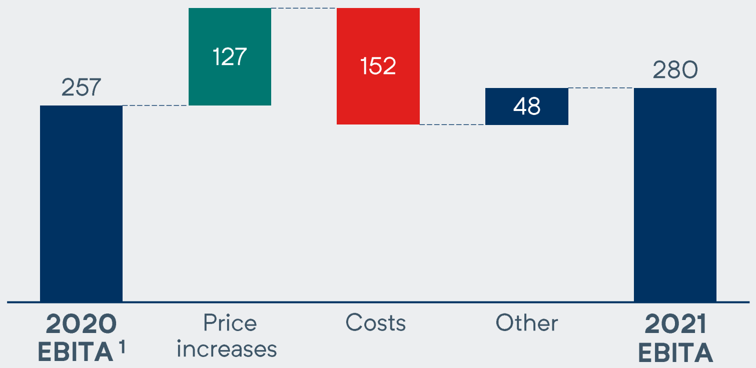
Revenue and volume recovery

€ million, kt



Price increases offset by higher costs

€ million



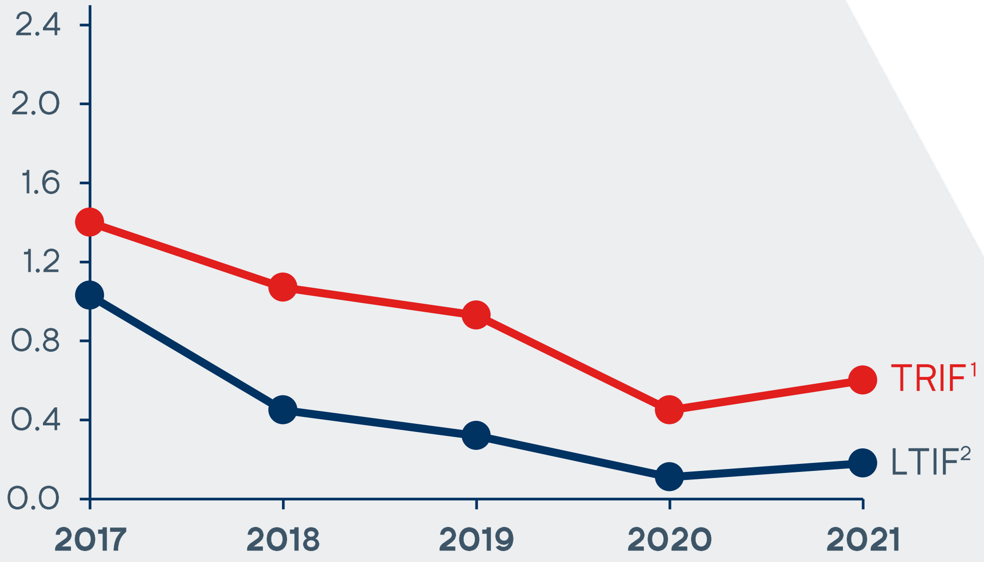
1. Adjusted for constant currency

- Strong customer demand and market share gains drives volume and revenue growth
  - Volumes above 2019 levels
  - €127m of €130m targeted price increase realised, mainly in Q4
  - Restored EBITA margin to 12.5% in Q4
- Unprecedented supply chain challenges
  - Higher costs passed on but with time lag
  - Significant inventory increase and use of air freight to guarantee customer deliveries
- Strategic projects progressed despite logistics disruption and cost inflation
  - M&A progress in Turkey and China
  - Optimisation projects to ramp up starting in 2022

Health and safety

Health and safety is a core value at RHI Magnesita

Slight increase in injury rates in FY 2021



1. Total recordable injury frequency rate per 200,000 hours
2. Lost time injury frequency rate per 200,000 hours

- LTIF and TRIF remained low in 2021
  - LTIF 0.18 (2020: 0.13)
  - TRIF 0.60 (2020: 0.45)
- The rate of occupational injuries increased slightly in 2021:
  - Some staff returning to workplaces for the first time following the pandemic
  - Plants running with high production volumes
  - Construction projects present more frequent and changing hazards
- New initiative launched in July focused on safety culture, aimed at encouraging the reporting of potential hazards

Financial highlights

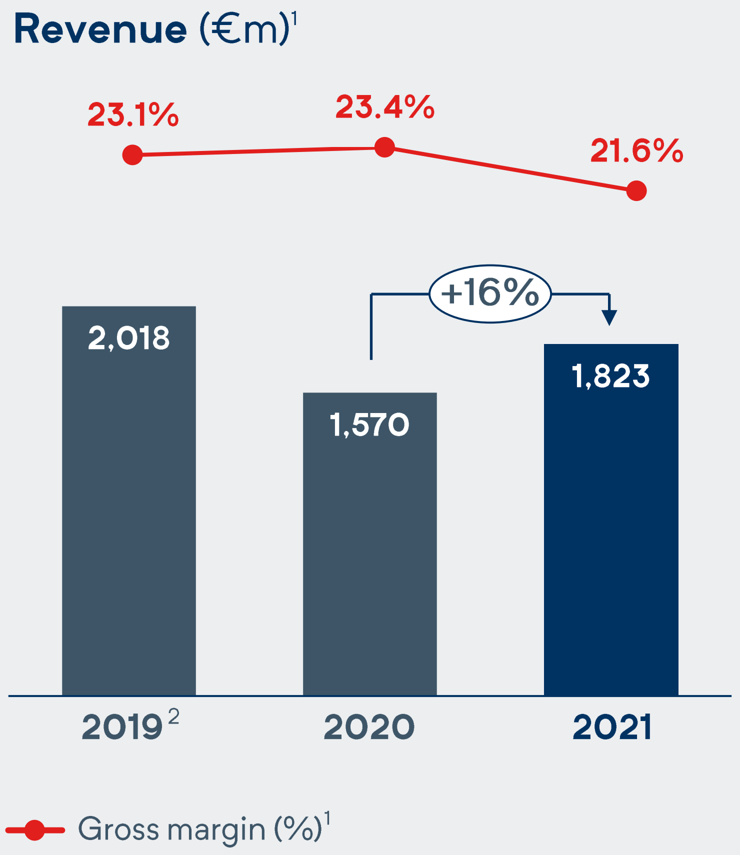
Inventory levels and net debt increased to ensure customer deliveries

Revenue[1]	€2.6bn	↑ 16%
Adjusted EBITA[1]	€280m	↑ 9%
Adjusted EBITA margin	11.0%	↓ (70)bps
Adjusted Earnings per share	€4.52ps	↑ 38%
Cash returned to shareholders	€167m	↑ 315%
Capex	€252m	↑ 61%
Working Capital intensity[3]	23.3%	↑ 740bps
Net debt to adjusted EBITDA[4]	2.6x	↑ 1.1x

1. Denoted on a constant currency basis
2. Operating cash flow comprises Adjusted EBITA, plus changes in working capital and other assets/liabilities, plus depreciation and minus capex
3. Working capital includes working capital financing, €2,911m and is denoted on a L3M revenue basis. Compared against FY20
4. Including IFRS 16 Leases of €56m

Steel division overview

Revenue growth rate ahead of the market, offset by higher costs

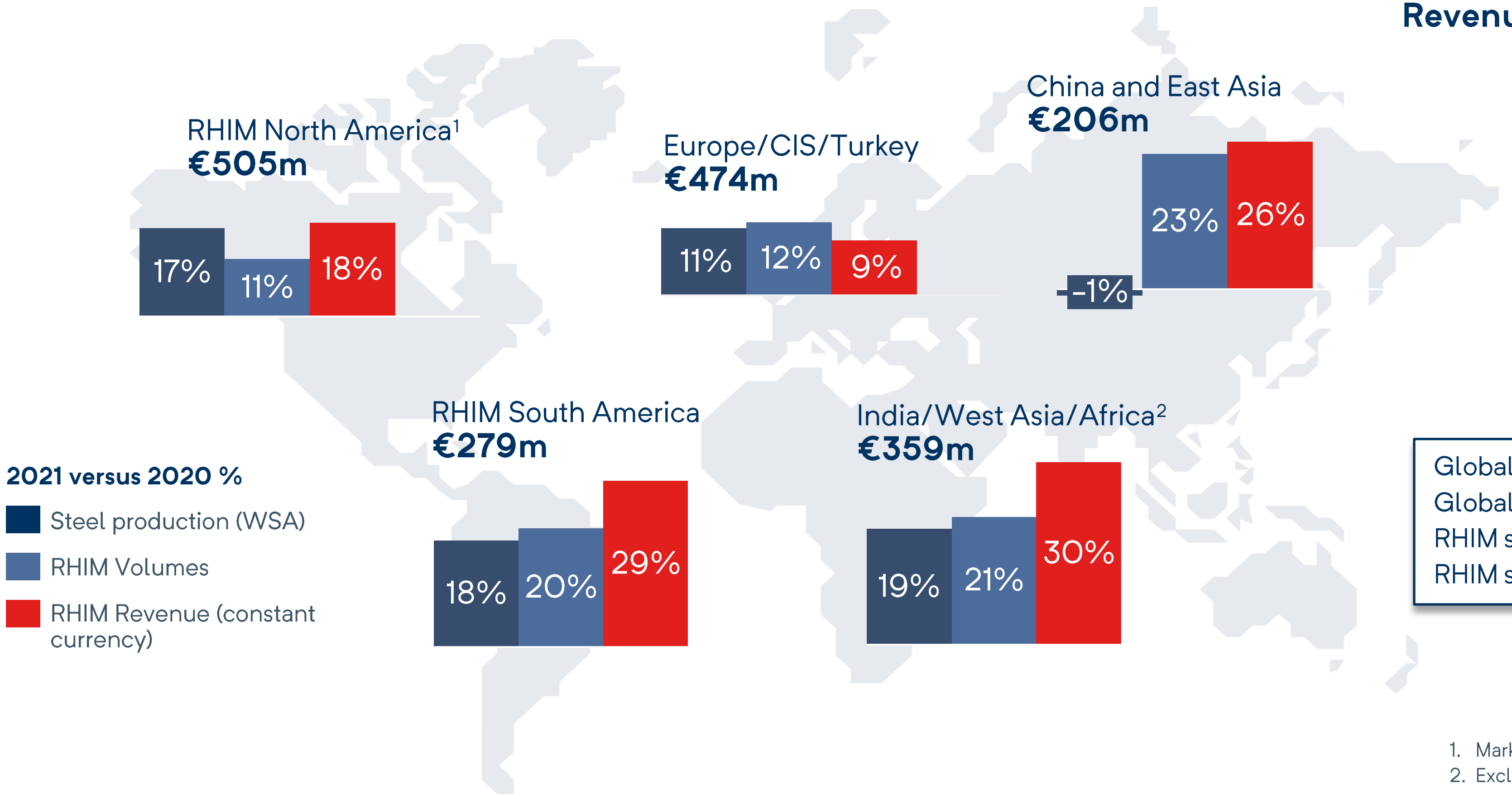


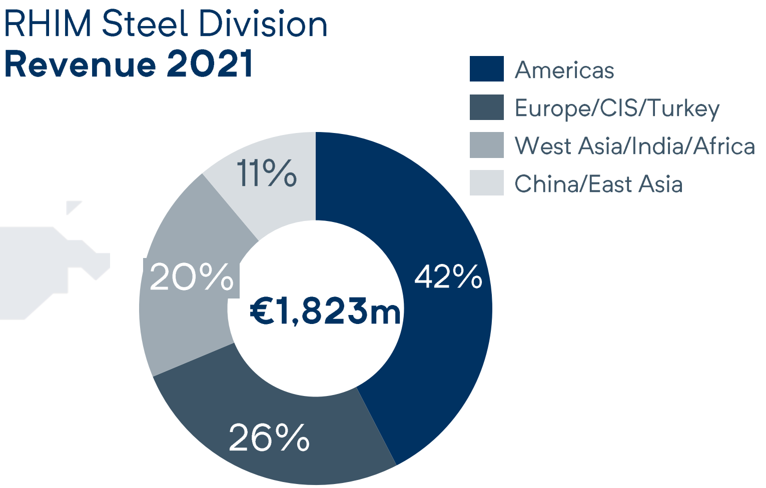
- Steel division revenue +16% driven by growth in new markets and Brazil, +20% constant currency
- RHIM steel volume growth 16% materially ahead of the market (WSA global steel production +4%, ex-China +13%)
- Margin headwinds impacted profitability in first nine months:
  - North America margin stable, remains most profitable region
  - Substantial margin increase in China and East Asia combined with market share growth
  - Margin deterioration in India and West Asia and South America due to high-cost inflation and timing of pass-through costs
  - Group steel gross margin 180bps lower compared to 2020
- Outlook for 2022
  - Strong order book for H1 2022
  - Normalised volumes in H2 2022

1. Reported figures
2. Raw material and refractory pricing materially higher in FY 2019

Steel division performance by region

Growth in market share in key growth markets due to strategic investments



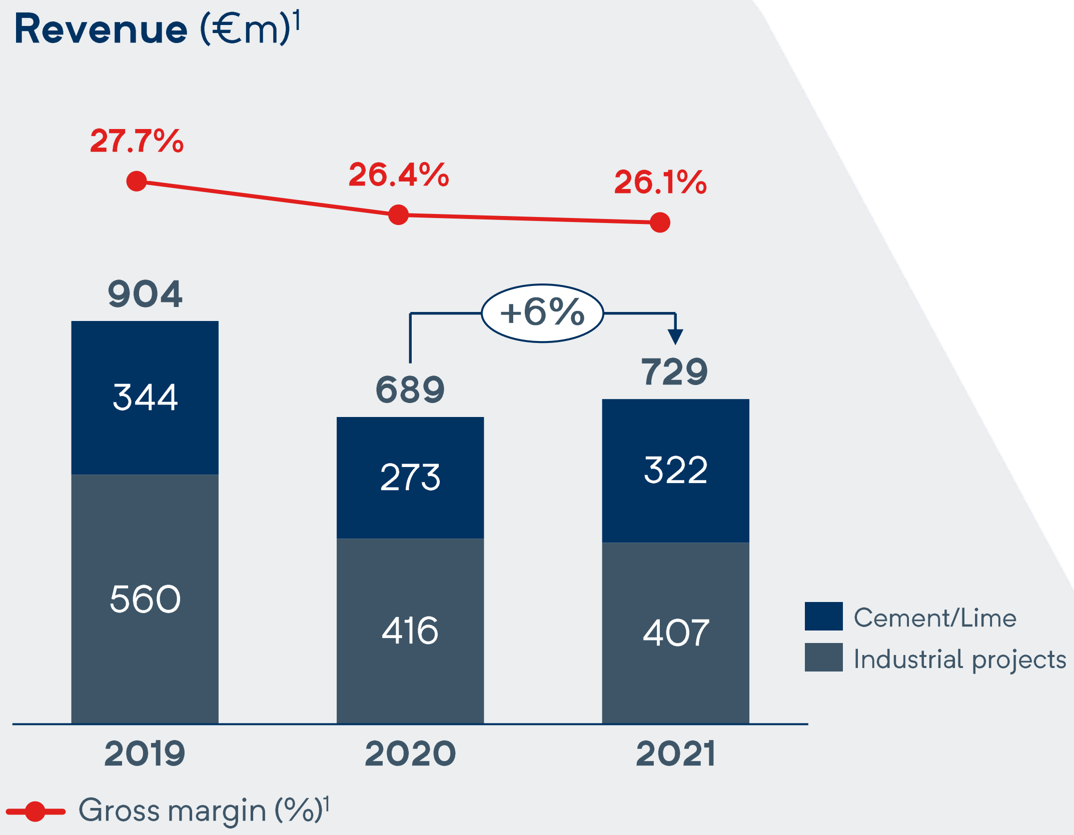


Global steel production (WSA): **4%**
Global steel production ex-China (WSA): **13%**
RHIM steel volumes: **16%**
RHIM steel revenue (constant currency): **20%**

1. Market volume growth largely due to Blast Furnace production growth
2. Excludes Iran

Industrial division overview

Revenue growth of 6% with stable gross margins



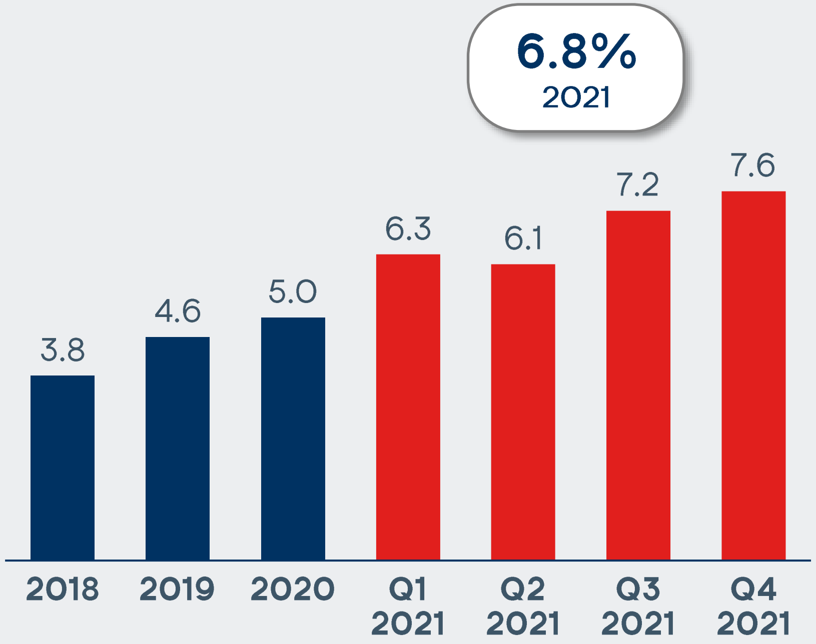
- Industrial division revenue increased by 6% to €729 million driven by cement and lime
  - Record year for volumes from new orders and carry-over of delayed orders from 2020
- Industrial projects revenue broadly flat at €407 million, volumes limited by plant capacity
- Gross margin down 30bps compared to 2020
  - Strong increase in Industrial Projects margins offset by significant margin pressure in cement business
  - Cement pricing in Q1 2021 impacted by timing of annual cement cycle (prices set in H2 2020)
- Strong demand and visibility at normal levels
  - Order book covering most of 2022
  - Stronger pricing environment for Q4 2021 and Q1 2022 cement maintenance season

1. Denoted on a reported basis

Sustainability leadership

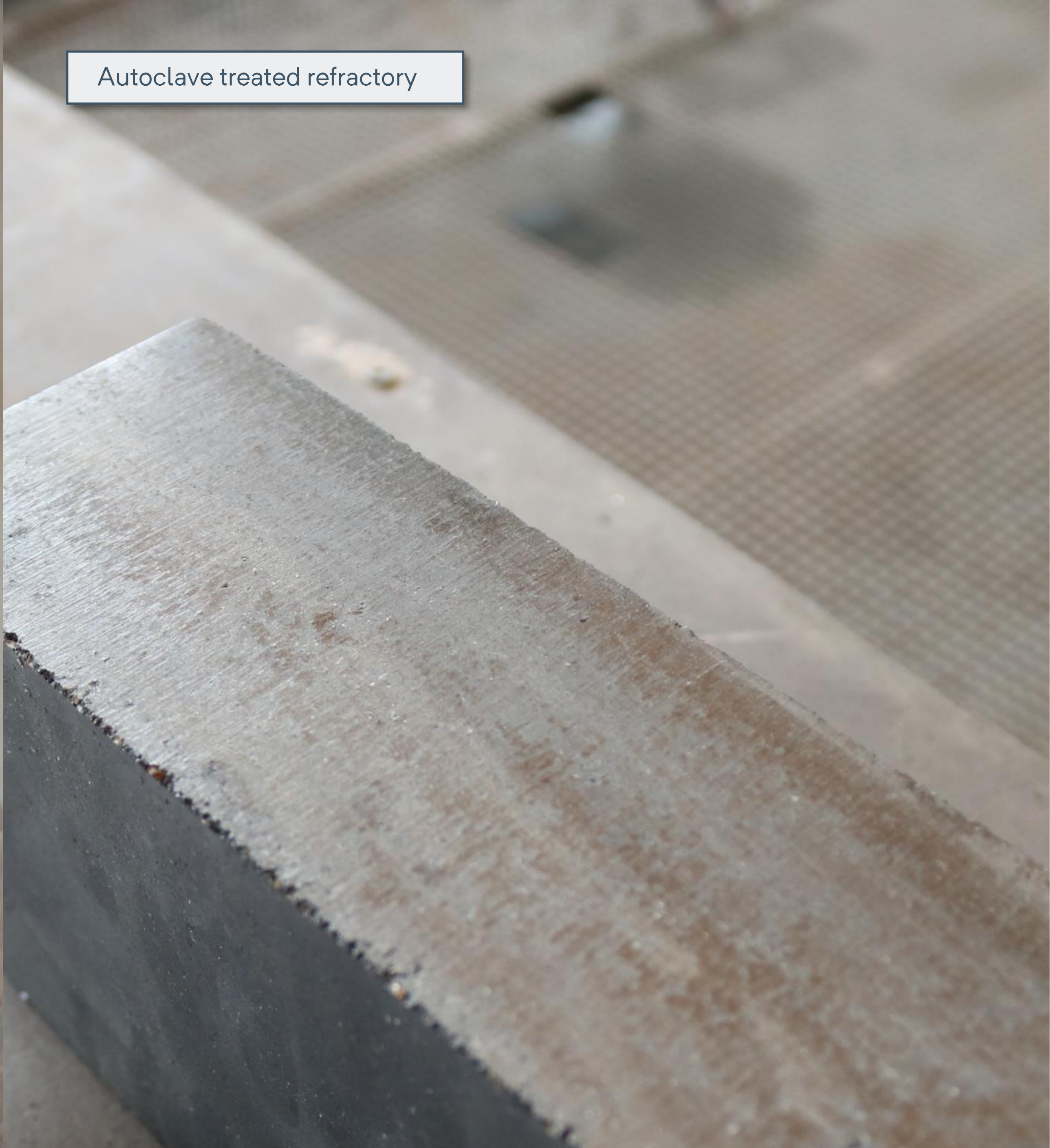
Considerable progress in sustainability initiatives

Use of secondary raw material
% of total raw material used



- Increased recycling rate supported by improving customer engagement and sourcing of secondary raw materials
- Ongoing €50 million R&D investment in carbon capture technologies
- ESG performance link established on €1.2 billion of bonds and loans issued or extended during 2021
- Board gender diversity 38%, executive level (EMT and direct reports) 22%
- Sustainable procurement initiative launched
- Strong ratings from independent ESG analysts
  - MSCI AA
  - CDP B
  - EcoVadis increased to Gold

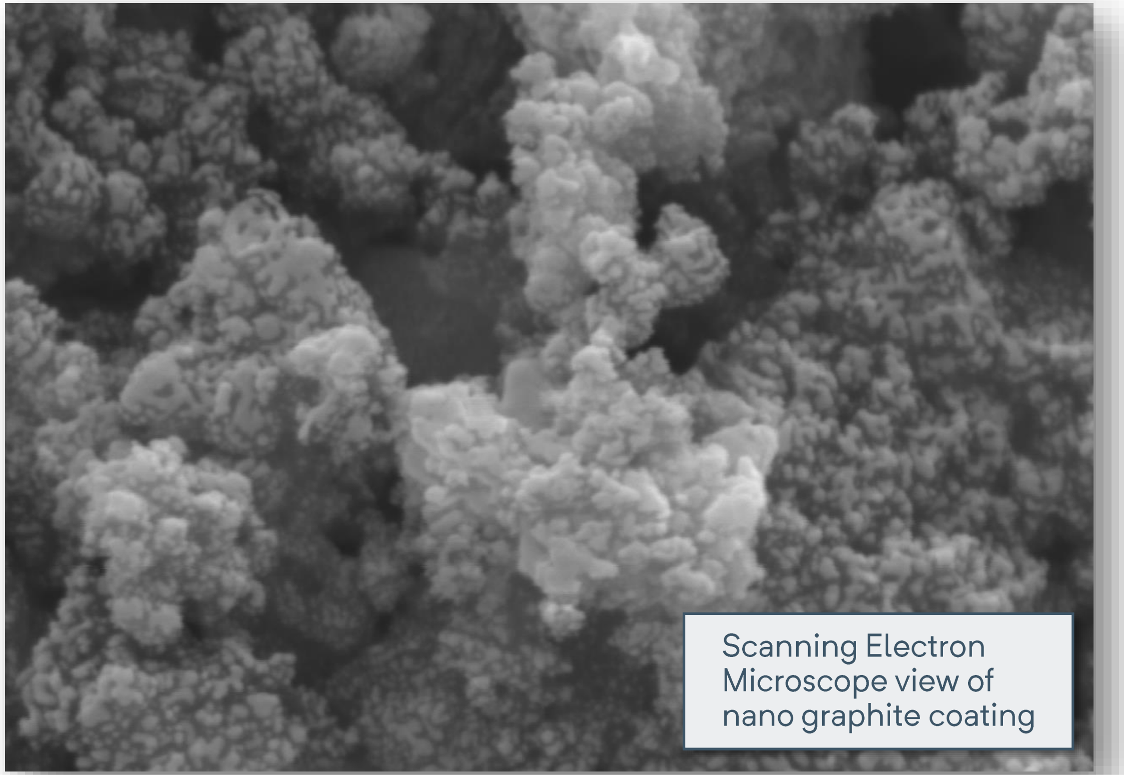

Untreated refractory containing
Secondary Raw Material


Autoclave treated refractory

R&D leadership

Nano graphite coated refractories save energy and improve performance

- Tested at two customer sites in Brazil as proof of concept in 2021
- Will be rolled out to seven customers in 2022 in the Americas
- ‘Magnano’ process converts carbon black into nano graphite coating of fused magnesia aggregate
  - Better refractory performance
  - Significant customer energy savings



Scanning Electron Microscope view of nano graphite coating

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Financial review

Ian Botha, CFO

Profit and loss summary

Top line growth offset by margin pressures

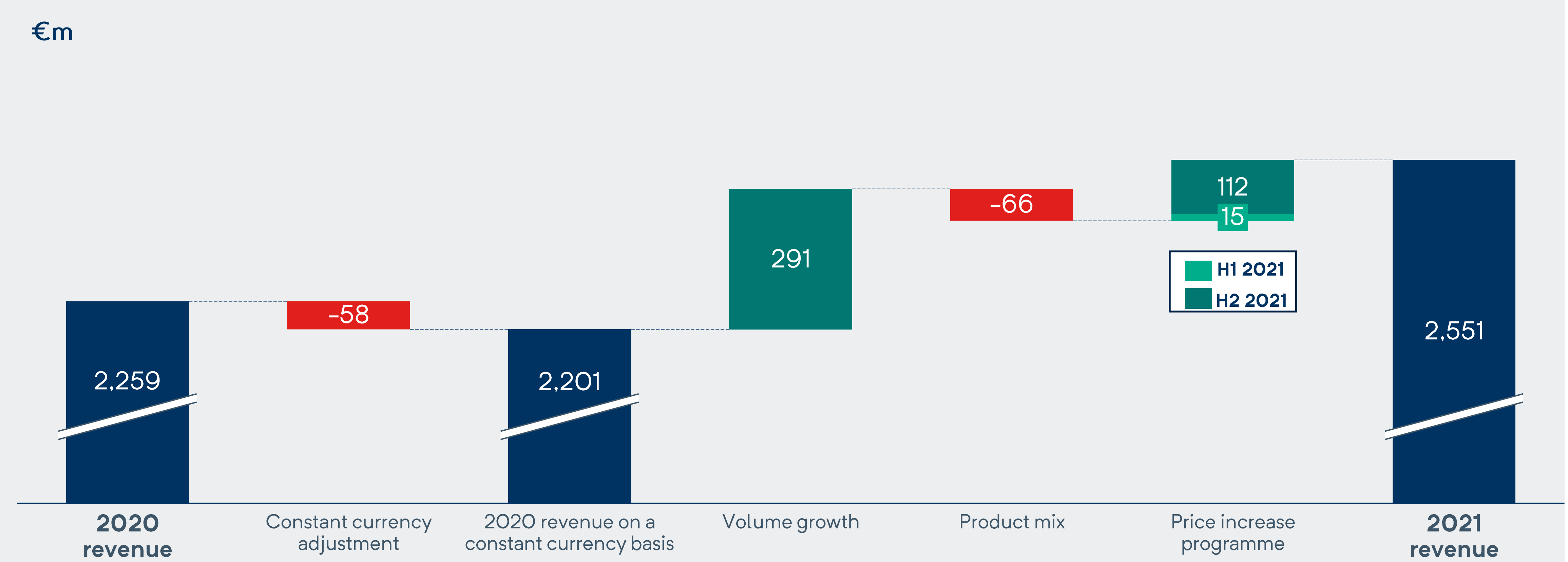
€m	2021	2020[1]	Change
Revenue	2,551	2,259	12.9%
Gross profit	584	550	6.2%
Gross margin (%)	*22.9%*	*24.4%*	*(150)bps*
Adjusted EBITA	**280**	**260**	**7.7%**
Adjusted EBITA margin (%)	*11.0%*	*11.5%*	*(50)bps*
Finance charges	(19)	(71)	(73)%
Adjusted Profit before tax	270	197	37%
Adjusted effective tax rate	18.0%	16.7%	(130)bps
Tax	(49)	(33)	50%
Adjusted Profit after tax	222	164	35%
Adjusted EPS (€)	**4.52**	**3.28**	**38%**
Dividend per share (€)	**1.50**	**1.50**	**0%**

- Solid revenue growth of 13% offset by higher costs resulting in gross profit of €584 million
- Adjusted EBITA of €280 million within guidance range of €280–310 million
  - €36 million savings from strategic cost initiatives and €13 million contribution from sales strategies
- Adjusted profit after tax and EPS benefit from lower finance charges, due to positive benefit from foreign exchange movements of €3 million (2020: €(43) million)
- Final dividend of €1.00 per share recommended, representing full year dividend of €1.50 per share

1. Denoted on a reported basis

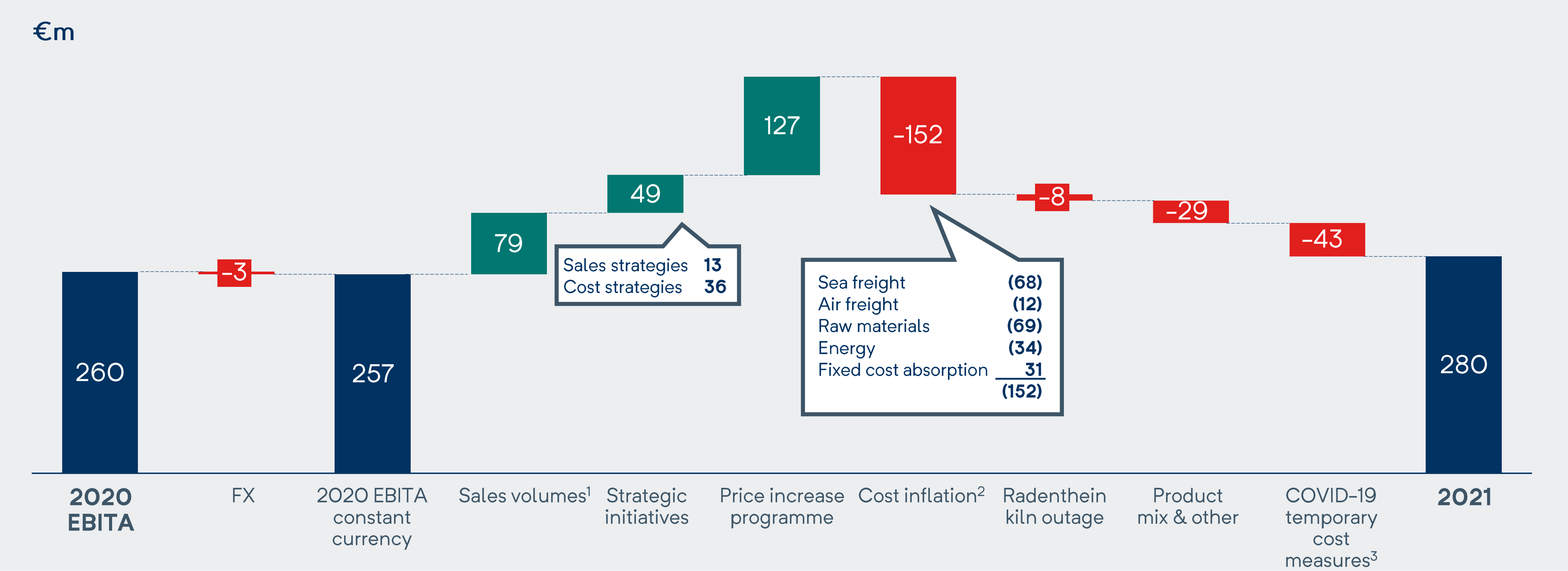
2021 revenue bridge

Strong revenue growth driven by recovery from COVID-19 and price increases



EBITA bridge

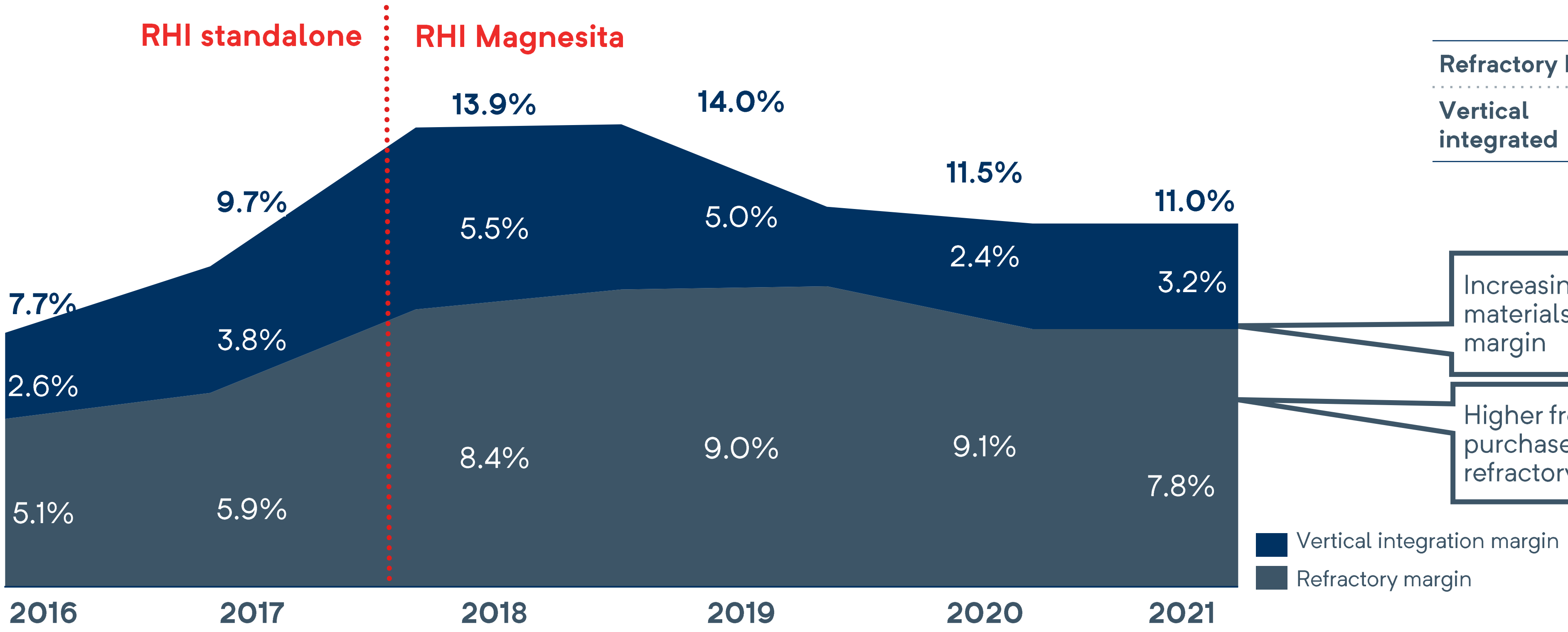
Increased volumes, price increases and strategic cost savings offset by significant cost inflation



1. Sales volumes contribution calculated at 2020 margin
2. Illustrative breakdown of cost inflation after adjusting for change in volumes
3. Temporary covid business response cost savings of €50 million were incurred in 2020 and were one-off in nature and returned to the cost base in 2021. €7 million is recurring in the form of lower depreciation

Refractory margins impacted by higher costs

Time delay to pass on price increases to customers



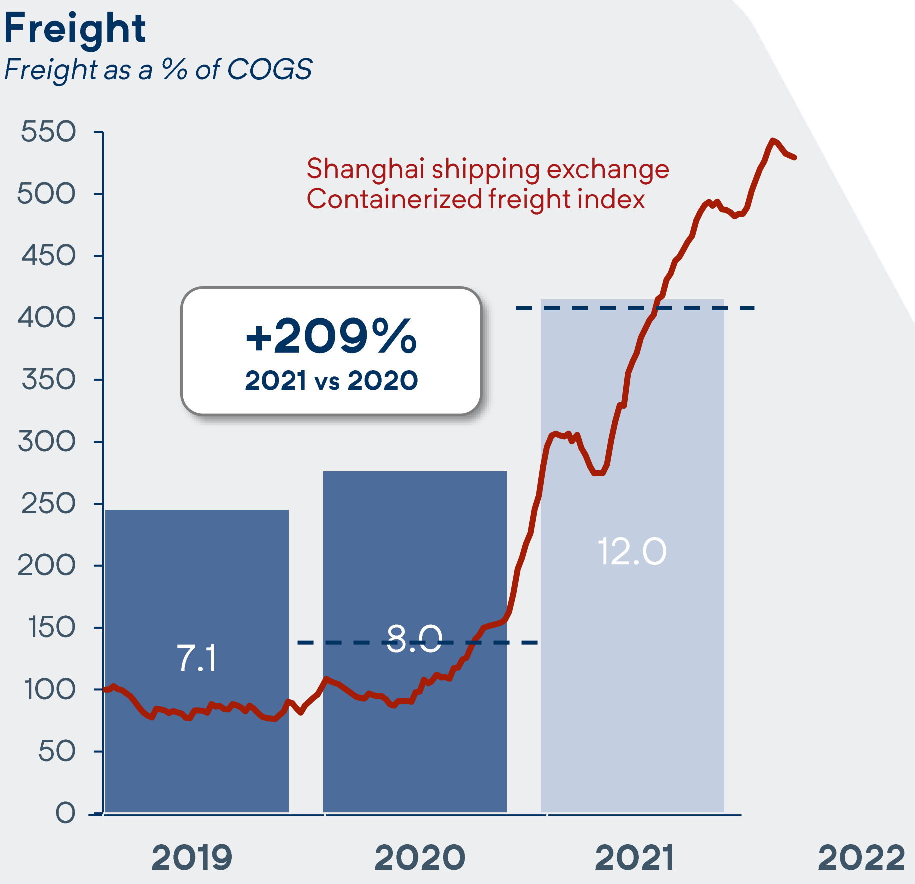
	2020	**2021**
Refractory EBITA (€m)	205	199
Vertical integrated EBITA (€m)	55	81

Increasing market price of raw materials leads to higher raw material margin

Higher freight, energy and externally purchased raw material costs impacts refractory margin

Freight

Largest category of cost inflation with additional adverse effects on inventory, network efficiency and customer order fulfilment



- Freight costs increased by €92 million in 2021 versus the prior year
  - Sea freight +€80m, air freight +€12m
  - €80m increase in sea freight comprises +€12m due to volume increase and +€68 million of cost inflation
- High demand for freight and a shortage of container and shipping capacity resulted in significant delays and higher shipping costs
- Shanghai containerized freight index was 209% higher on average in 2021 compared to 2020
- Freight represented 12.0% of COGS (2020: 8.0%)

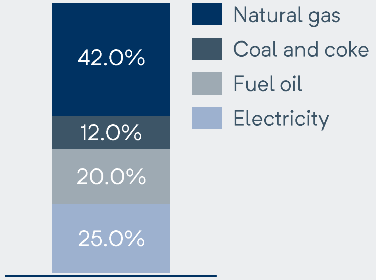
Energy

Significant increase across all key energy sources

- The key benchmark prices for the Group are European natural gas, European power and global oil prices
- 2021 energy costs increased by 25% to €187 million (2020: €150 million)
  - +€34m cost inflation and +€3m volume impact

Energy by type

% of total € cost in 2021



European natural gas

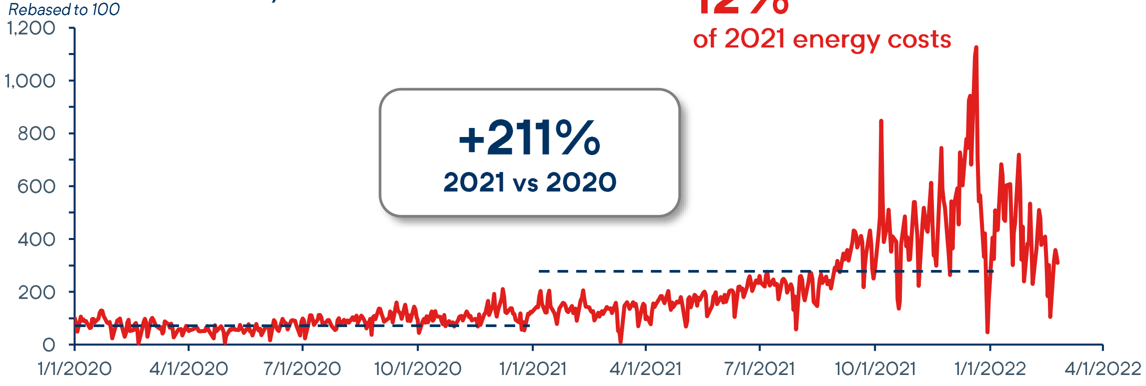
Netherlands TTF

22%
of 2021 energy costs[1]

European power

Austria and Germany baseload

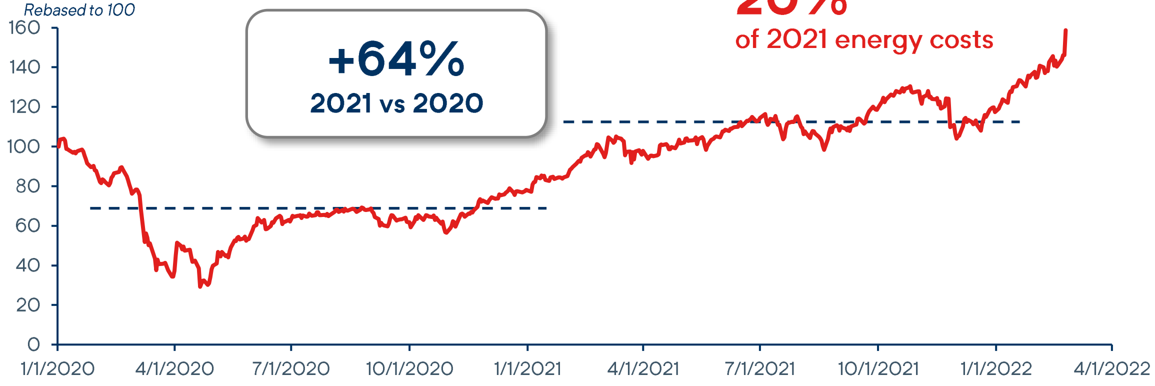
12%
of 2021 energy costs



Oil

Brent crude

20%
of 2021 energy costs



1. Other major energy sources are: Natural gas and power in US, India and Turkey

Raw materials

Higher raw material price environment benefits vertical integration margin but increases costs for externally purchased raw material

Raw material prices 2020-21

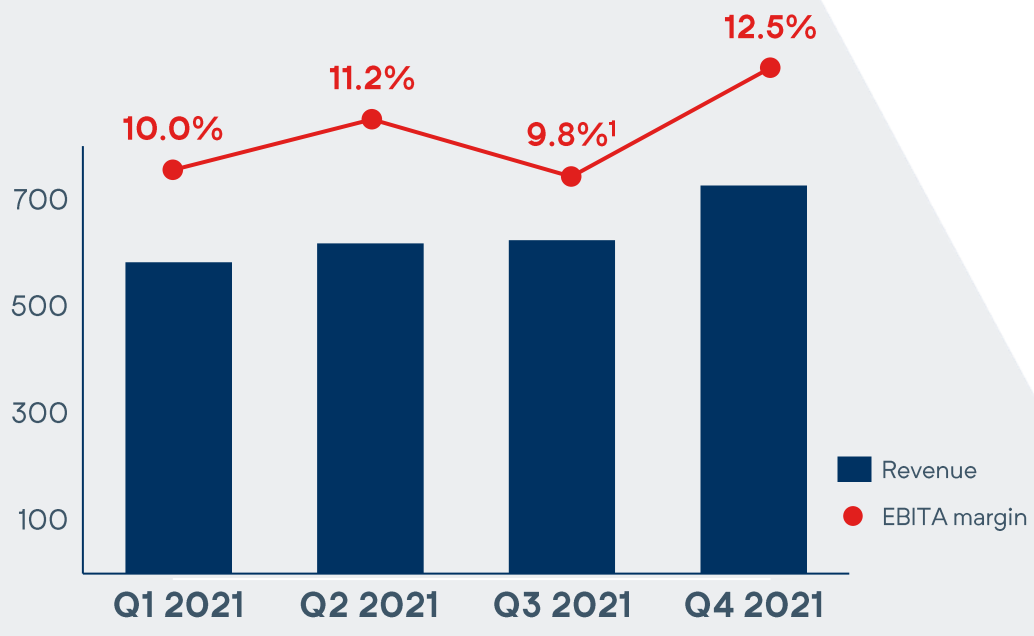
Rebased to 100

- Cost of purchased raw materials increased by €69 million in 2021
- Main exposure is to magnesite and alumina based raw materials
  - c.70% self sufficient in magnesite, plus 6.8% from secondary raw material
  - 100% of alumina based and other raw materials e.g. graphite, zirconium are purchased externally

Price increases realised in Q4

Margins restored in Q4 due to delayed benefit of price increases

Q4 revenue and margin momentum



1. €8m EBITA impact from Radenthein kiln maintenance

- 75% of price increases realised in Q4
- Strong run rate established heading into 2022
- Further cost increases expected, price increases under negotiation to maintain margin levels

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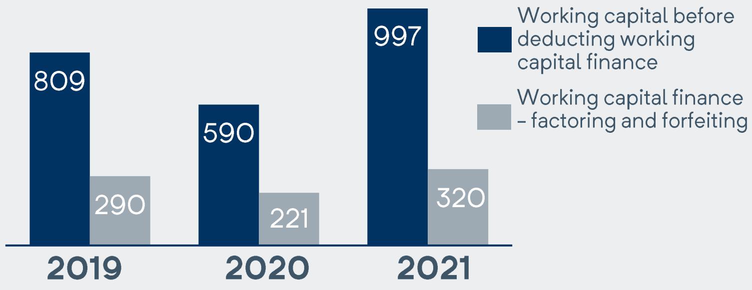
Working capital intensity above target range

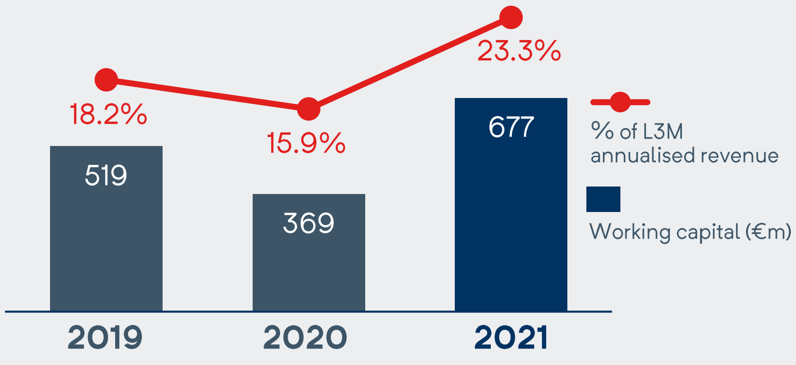
Response to supply chain challenges required significant additional inventory

Working capital balances

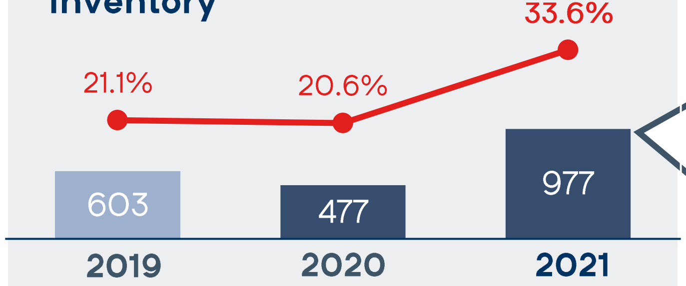


Working capital intensity above target range of 15% – 18%

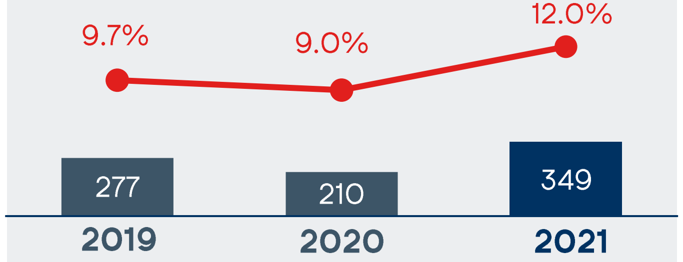
(after working capital finance)



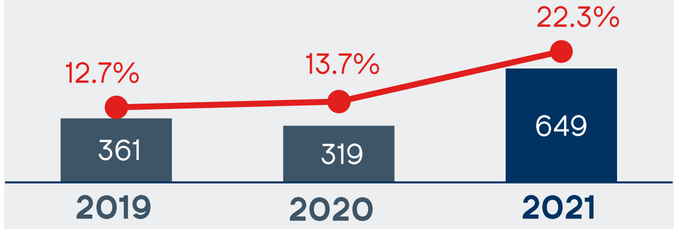
Inventory



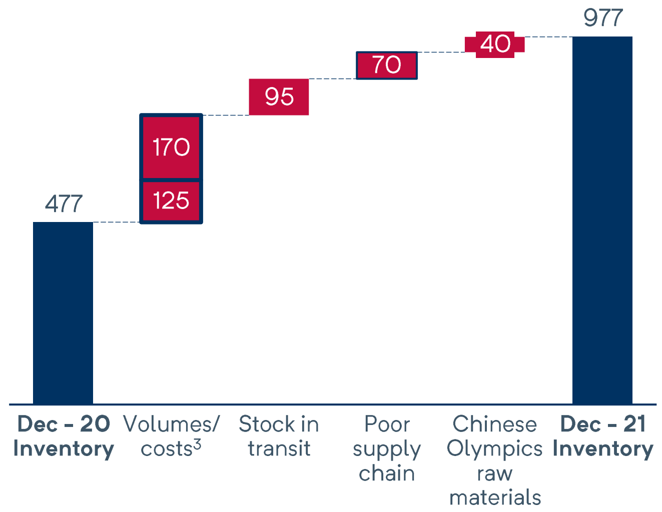
Accounts Receivable[1]



Accounts Payable[2]



Inventory increased by €500 million to meet strong customer demand

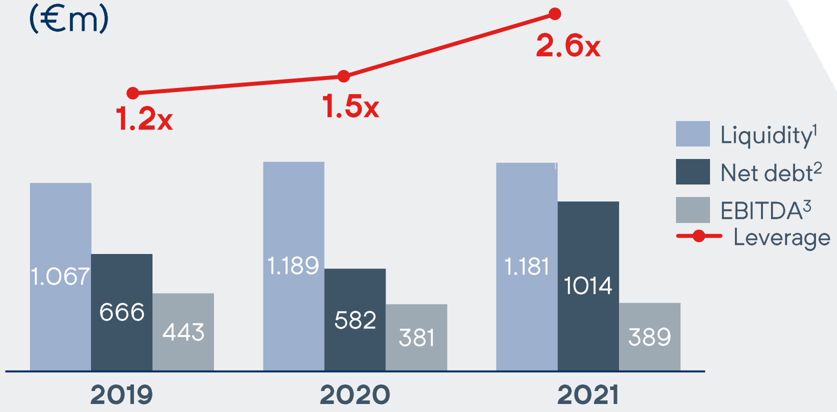


1. Accounts receivable calculated as trade receivables plus contract assets less contract liabilities, as per financial statements
2. Accounts payable refers to trade payables, as per financial statements
3. Higher volumes of €125m and higher costs of €170m comprised of €55m in raw materials and €115m in finished goods

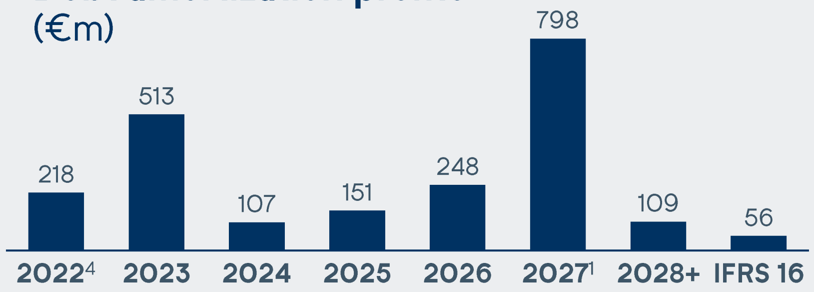
Gearing increased due to inventory build

Inventory levels to remain elevated for duration of supply chain disruption

Net debt and liquidity
(€m)



Debt amortization profile
(€m)



- Leverage of 2.6x net debt : EBITDA is above targeted range of 0.5-1.5x
- Inventory levels expected to remain high during 2022 until supply chain disruption improves
- Organic and M&A led EBITDA growth expected in 2022 and 2023
- Group benefits from significant available liquidity of €1,181 million (2020: €1,189 million)
- Long dated debt maturity profile following over €1 billion of refinancing achieved in 2021, largely ESG linked

1. Includes €600m undrawn RCF, matures in 2027
2. Includes IFRS 16 leases
3. Adjusted L12M EBITDA
4. €87m are rollable facilities

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Strategic initiatives

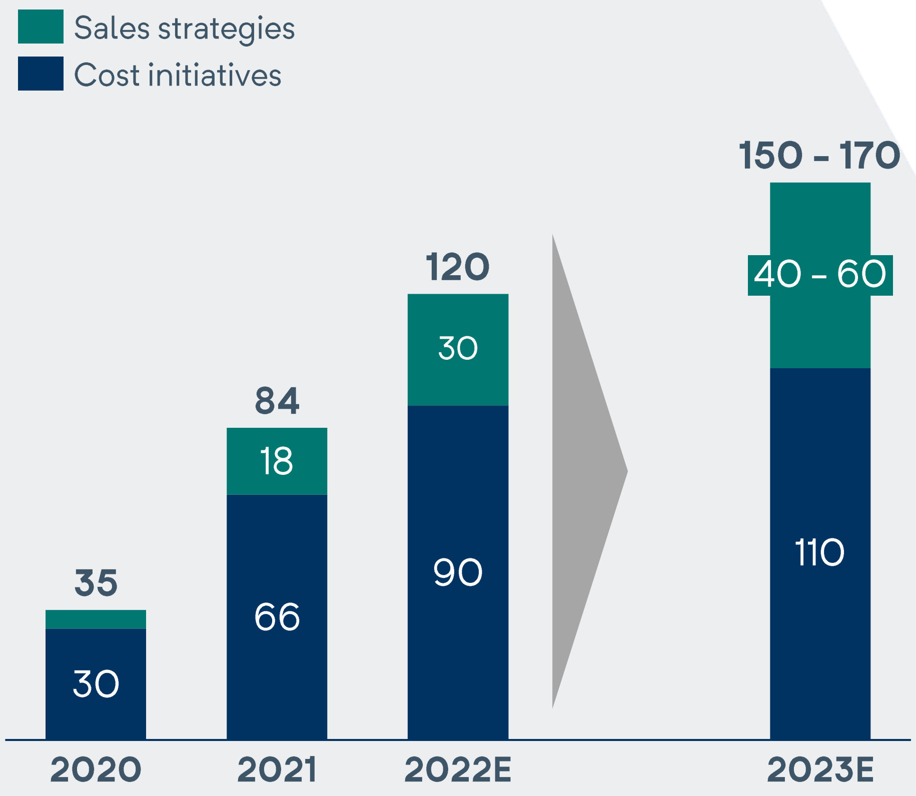
Stefan Borgas, CEO

Strategic initiatives targets

Benefit of cost and sales initiatives increased and delayed by one year

Cumulative EBITA improvement

€ million[1]



- 2022 target increased but delayed until 2023
  - 90% of original cost target and 60% of sales target expected to be achieved in 2022
  - Delays resulting from COVID lockdowns, labour shortages and project execution disruption
  - Main impact to cost saving programme is 6 month delay of Brumado project and postponement of Mainzlar closure
  - Sales strategies held back by restricted access to customer sites during the pandemic — essential for flow control trials and solutions contracts

1. Cumulative improvement measured from 2019
2. 2020 benefited from the one off fixed-cost reduction of €50 million, taken as mitigating measures against the impact of COVID-19 and this has been excluded from the EBITA improvement shown in the chart, including €7 million to be maintained into 2021 in the form of lower depreciation.
3. Cost saving initiatives include the €15 million benefit from the Operational turnaround


Hochfilzen
Rotary kiln complete
February 2022

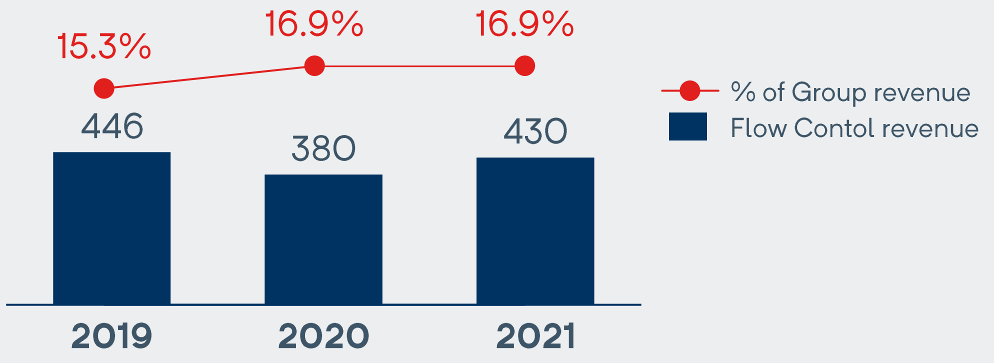
Urmitz

Tunnel kiln inauguration

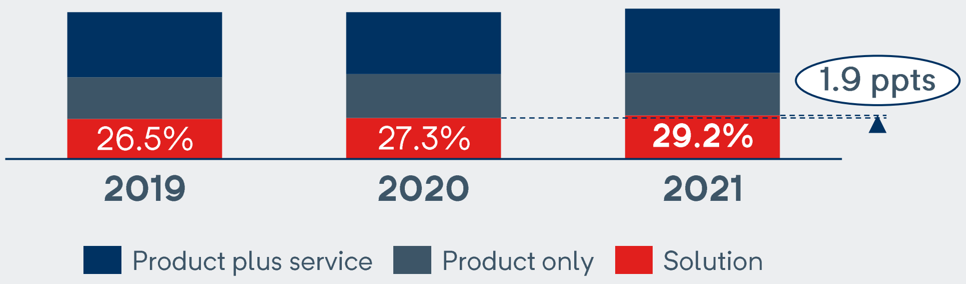
November 2021

Sales strategies update

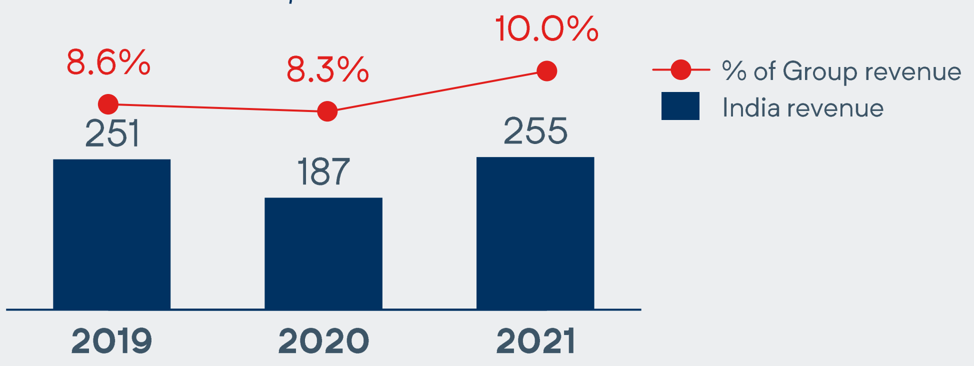
Flow Control revenue
€ million and % of Group revenue



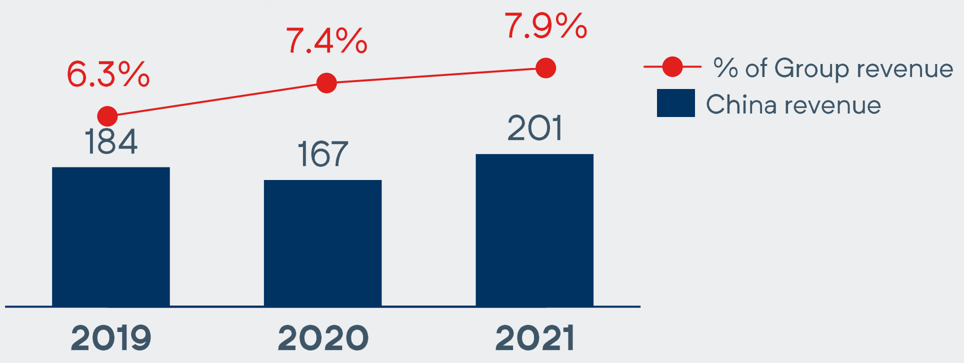
Solutions contracts
% of Group revenue



India
€ million and % of Group revenue



China
€ million and % of Group revenue



Expansion of capacity & market access in China

Chongqing plant joint venture

- RHI Magnesita has agreed to acquire and fund "RHIM Chongqing Ltd" joint venture
  - €5 million purchase consideration for 51%
  - c.€12 million capital expenditures to be invested in production growth
  - IRR >25%
- Existing fully automated plant to be expanded with non-basic refractory production
  - Complementary to RHIM's basic production at Dalian
- Creates 'one stop shop' for cement customers in China and Southeast Asia
- Potential to expand into other customer sectors and product lines

SÖRMAŞ, Turkey

Completion in H2 2022, competition clearance ongoing

- €39 million cash acquisition
  - Producer of refractories for the cement, steel, glass and other industries in Turkey
  - FY 2020 underlying EBITDA €6.4 million
- Compelling strategic rationale
  - Growth in key target geography
  - Significantly expands local product portfolio
  - Creates production hub and platform for regional growth
  - Further potential to deliver full-line service solutions

A) SÖRMAŞ (Refractory plant)
B) RHI Magnesita (Raw material asset)

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Summary

Summary and investment case
The leader of the global refractory industry

- We are continuing our strategic transformation
  - Production Optimisation Plan close to completion
  - Strong growth in new markets of India and China
  - M&A progress in Turkey and Chongqing
- We are a sustainability leader in the refractory industry
  - Recycling rate now at 6.8%
  - CO_2 capture R&D ongoing
  - Market leader in EAF refractories, essential for steel emissions reduction
- We are an innovation and technology leader
  - Bringing new refractory technologies to market
  - Technical solution to recycling challenges
  - Solutions contracts increasing towards 40% target – only RHI Magnesita can offer full heat management solutions to its customers

Q&A

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Appendix

2022 Guidance

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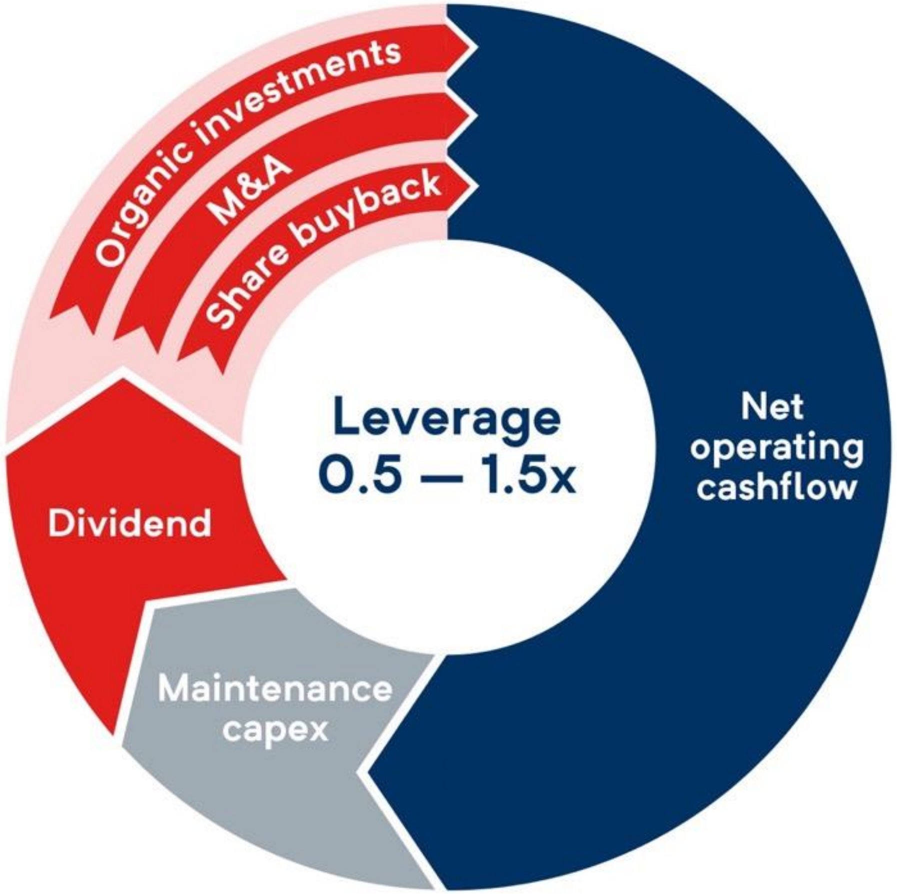
- Total capital expenditure: €190m (includes €12 million investment in Chongqing JV, China)
  - Maintenance capex: €85m
  - Project capex: €105m
- Depreciation: €125m
- Amortisation: €25m
- Net interest expense: €25m (excluding pensions of €6m)
- Adjusted effective tax rate: 20 - 22 %
- Strategic initiatives in 2022: €120 million
  - Cumulative EBITA benefit cost initiatives: €90 million
  - Cumulative EBITA benefit sales initiatives: c.€30 million

Capital allocation



- RHI Magnesita allocates capital to support its long-term strategy, seeking to deliver attractive shareholder returns over the medium term
- 2.6x leverage currently above targeted range
- Organic investments:
  - €177 million project capex in 2021
  - Shareholder returns of €167 million:
  - €96 million share buyback completed in 2021 (€2 million in 2020), 4% earnings accretion
  - €71 million dividend paid in 2021 from €1.50ps

Production Optimisation Plan update

Minor delays to Brumado, Contagem and Radenthein – project economics remain attractive

Site	Completion date	Delay	Payback period	Goal
Hochfilzen Austria	Q4/21	–	6 years	Consolidate European dolomite production into single low-cost site, reduce costs, extend asset life
Radenthein Austria	H2/22	3 months	2 years	Increase output and reduce conversion costs at flagship digital and automated plant
Brumado Brazil	H2/22	6 months	4 years	Install new production technology to reduce costs, widen product range, and extend asset life
Contagem Brazil	H2/22	3 months	4 years	Reduce plant complexity and increase productivity, create magnesite hub for Americas
Urmitz Germany	H1/22	–	3 years	Modernisation, expansion and upgrade for non-basic refractory production

Capital expenditure returning to lower levels

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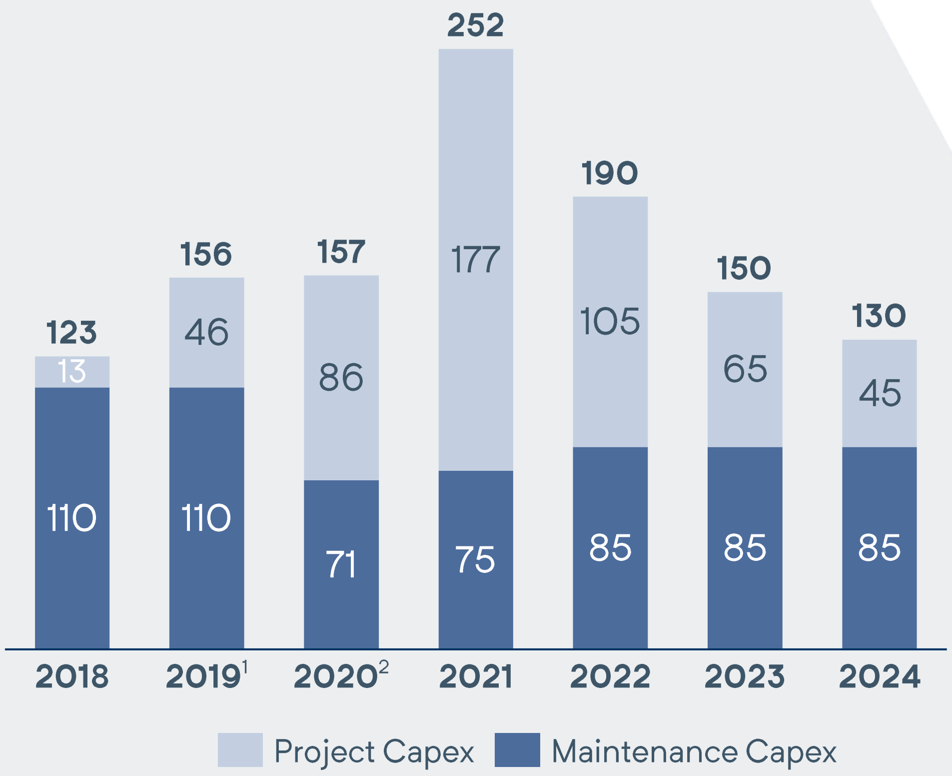
Capital expenditure (€m)

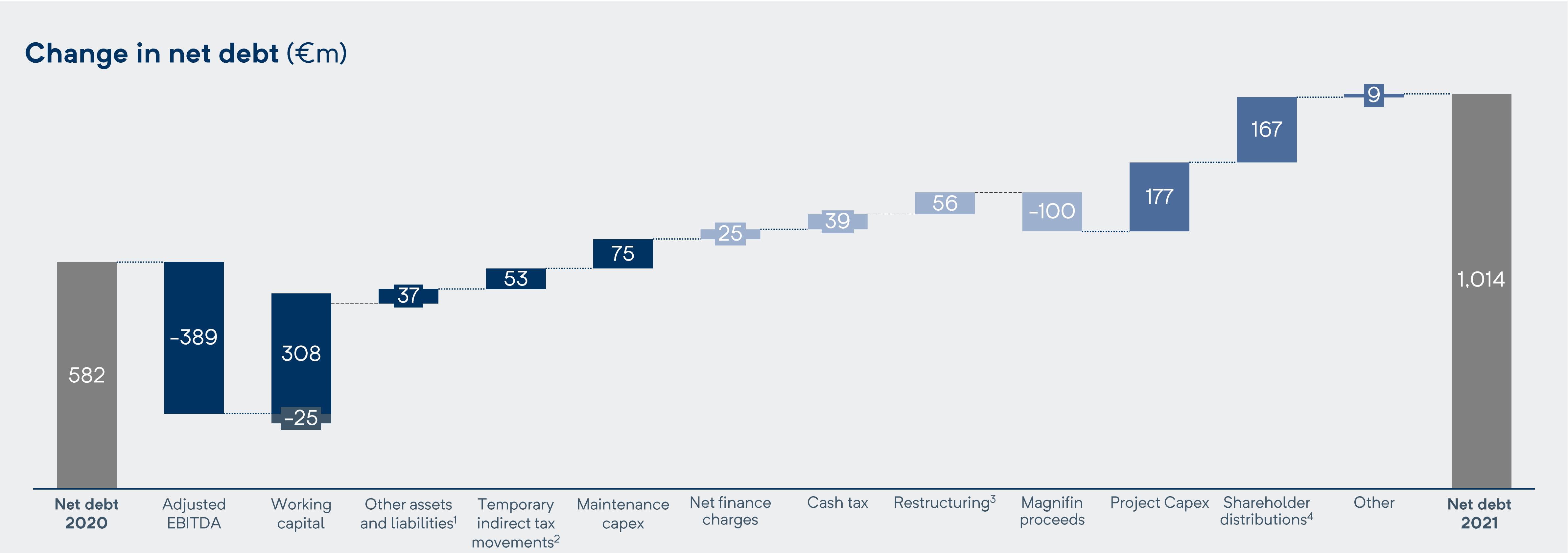


- Peak capital expenditure in 2021 as we invest to deliver cost reduction and sales initiatives
- Projects are proceeding largely on budget and on-time, despite COVID-19:
  - Plant closures
  - Refractory plant specialisation and cost reduction
  - Raw material plant cost reduction
  - Sales strategies
- Further c.€5 million expansionary capital expenditure required in 2022 for the completion of the POP
- c.€12 million expansionary capital expenditure required in 2022 for investment in the Chongqing JV
- Capex is expected to return to c.€130 million in 2024

1. Excludes €5 million in severance costs (cash impact)
2. Excludes €40 million in severance costs (cash impact)

Net debt higher due to capex and inventories

Peak of internal investment programme coincides with supply chain disruption



Note:
1) €37 million other assets and liabilities including €19 million in pension contributions and €20 million from reduction in bonus provision relative to 2020
2) €53 million of indirect and other tax, temporary timing differences includes €43 million refundable VAT paid on increased raw material purchases, recognition of a refund of revenue-based taxes previously overpaid in Brazil, energy taxes and research incentives
3) €56 million restructuring other including €16 million of the Normag termination power contract,€5 million from the Drogheda and Porsgrunn divesture and €36 million severance and other restructuring
4) Dividend of €71 million, and share buyback of €96 million

Impact of foreign currency movement

Impact of foreign currency movement

EBITA sensitivity in 2021

	Appreciation vs EUR		Depreciation vs EUR	
	Unit	Increase / (decrease) in EBITA (€m)	Unit	Increase / (decrease) in EBITA (€m)
USD	-1 cent	+2.53	+1 cent	-2.53
CNY	-0.01 yuan	-0.09	+0.01 yuan	+0.09
BRL	-0.10 reais	-0.71	+0.10 reais	+0.71
INR	-1 rupee	+0.63	+1 rupee	-0.63
TRY	-0.1 lira	-0.03	+0.1 lira	+0.03

2021 exchange rates

	FY 2021	FY 2021	FY 2021	FY 2020
EUR:	Opening Rate	Closing Rate	Average Rate	Average Rate
USD	1.23	1.13	1,19	1,14
CNY	8.03	7.20	7,68	7,89
BRL	6.38	6.30	6,38	5,83
INR	89.8	83.9	87,8	84,1
TRY	9.07	15.0	10,29	7,96

Reconciliation of adjusted earnings

RHI MAGNESITA

€m	2021 Reported	Adjustment items	FY Adjusted
EBITA	236	44	280
Amortisation	(22)	22	–
Net finance costs	(25)	6	(19)
Share of profit of joint ventures	100	(91)	9
Profit before tax	**289**	**(19)**	**270**
Income tax[1]	(39)	(10)	(49)
Profit after tax	250	(28)	222
Effective tax rate	14%		18%
Non controlling interest	7		7
Profit attributable to shareholders	**243**	**(28)**	**215**
EPS[2]	**5.10**	**0.58**	**4.52**

EBITA adjustments:

- €91 million recorded in share of joint ventures and associates following the proceeds from the sale of the Group's 50% stake in the Magnifin Joint Venture.
- €(44) million recorded in "restructurings, other income and expenses", relating mainly to the cost reduction initiatives, including €16 million relating to the plant closure at Trieben, Germany, and €29 million for impairment of Dashiqiao, China. These included severance costs of €1 million and non-cash impairments of €41 million;
- €22 million amortisation of intangible assets created at the time of the merger between RHI and Magnesita
- €6 million non-cash other net financial expenses, these include €6 million non-cash present value adjustment of the provision for the unfavourable contract required to satisfy EU remedies

1. Effective tax rate for adjusted EPS is calculated by applying the effective tax rate normalised for restructuring expenses and impairments
2. Total issued and outstanding share capital as at 31 December 2021 was 46,999,019. The Company held 2,478,686 ordinary shares in Treasury. Weighted average number of shares used for basic earnings per share 47,629,647

Cash flow reconciliation

RHI MAGNESITA

€m	2021
Adjusted EBITA	280
Working capital	(283)
Changes in other assets and liabilities	(90)
Capex	(252)
Depreciation	109
Operating cash flow	(236)
Cash tax	(39)
Net interest expense	(25)
Restructuring and transaction costs	(56)
Magnifin disposal proceeds	100
Dividends	(71)
Share buyback	(96)
Right of use assets acquisition	(13)
Sale of subsidiaries	8
Derivative gains	1
Free cash flow	(427)
Legacy debt change	409
Others	(5)
Total cash flow	(23)

Return on invested capital

RHI MAGNESITA

Group ROIC	2020	2021
Invested Capital (€m)	1.754	2.296
NOPAT (€m)	201	219
ROIC (%)	11.5%	9.6%

Backward integration ROIC		
Invested Capital (€m)	385	377
NOPAT (€m)	52	61
ROIC (%)	13.5%	16.2%

Refractory ROIC		
Invested Capital (€m)	1.369	1.919
NOPAT (€m)	149	158
ROIC (%)	10.9%	8.3%

ESG 2025 targets

			2021	2018 Base year
CO_2 emissions	Reduce by 15% CO_2 per tonne of product[1] by 2025 and aim for carbon neutrality in the long term		1.82	1.89
Energy efficiency	Reduce by 5% per tonne of product by 2025		1.93	1.98
NO_X and SO_X	Reduce by 30% by 2027 (vs 2018), starting with China by 2021	✓	China target achieved early	
Recycling	Increase use of secondary raw materials to 10% by 2025	▲	6.8%	3.8%
Diversity	Increase women on our Board and in senior leadership to 33% by 2025	✓	38%	12%

1. Further details can be found on page 67 and 68 of the 2020 Annual Report

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RHI MAGNESITA

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