

RHI Magnesita N.V.

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

Q1 2022 TRADING UPDATE

RHI Magnesita, the leading global supplier of high-grade refractory products, systems and solutions, today provides an update on trading for the three months to 31 March 2022 ('Q1').

Q1 Trading

Demand remained robust in the first quarter with strong deliveries for both steel and industrial products. Revenues and profitability were materially higher year on year, reflecting both the continued strong demand and the significant price increase programme implemented during 2021, with Q1 EBITA up c.50% year on year (c.40% in constant currency terms), in line with expectations and at similar levels to that achieved in Q4 2021.

Margins were supported by price increases, including additional energy and freight surcharges which were successfully passed on to customers in Q1. Further price increases are currently being implemented to offset ongoing cost increases. Customers continue to value security of supply over price during a period of renewed disruption in global supply chains.

As announced in the full year results on 28 February 2022, the Group's activities in the CIS region have been impacted by the conflict in the Ukraine and sanctions applied to its customers in Russia. Approximately 3.5% of Group revenues were generated in the CIS in 2021 and might be fully at risk. Contingency plans have been prepared and are being implemented as an insurance, for example preparing for a switch to alternative fuels at plants should they be impacted by disruption to European natural gas supplies. Additional capital expenditure of €6 million to prepare for this potential scenario will be incurred in 2022.

Financial position

As previously guided, a material reduction in working capital volumes is not expected to occur during 2022 due to ongoing global supply chain disruptions and the need to prioritise customer deliveries, with finished goods coverage ratios at, or close to target levels excluding stock in transit. Working capital requirements are expected to remain high due to the rising cost environment. Working capital intensity is expected to reduce as the benefit of price increases flows through into revenues.

Due to the elevated inventory levels, the ratio of net debt to EBITDA is expected to remain at current levels and then reduce towards 2.0x during the second half of 2022 (31 December 2021: 2.6x), driven by higher earnings and operating cash flow. The Group's liquidity position remains strong with good access to funding.

On 5 May 2022 the Group amended and extended its €305 million OeKB Term Loan maturing in June 2023, of which €260 million was outstanding as at 31 December 2021, increasing the total loan amount available to €350 million and extending the final maturity to June 2027. The margin payable on the OeKB Term Loan will be adjusted based on the Group's EcoVadis ESG rating performance. RHI Magnesita is currently rated 'Gold' by EcoVadis and will seek to further improve its ESG performance and ratings through the execution of its sustainability strategy.

Strategic progress

The Group's strategic investment projects at Hochfilzen, Radenthein and Urmitz are now substantially complete, ramping up and delivering expected cost savings and efficiency gains.

Positive momentum in flow control continues, with 60 product trials concluded with a success rate of 88% and a 30% growth in isostatic products revenue compared to Q1 2021. On 9 May 2022 the Group agreed a new Automated Process Optimization ("APO") contract with a major European steel customer.

On 28 March 2022, RHI Magnesita agreed a new joint venture with Horn & Co. Group to accelerate the Group's use of secondary raw materials in its refractory products. In the short term the joint venture will give RHI Magnesita access to additional quantities of secondary raw material and improve productivity in the recycling process. In the longer term the new business will make high quality green raw materials available to the entire refractory industry in Europe. New technologies for the automation of sorting, for new cleaning purposes and for process automation are being developed with research partners and at RHI Magnesita's own technology centre in Leoben, Austria. The Group opened a new recycling centre at Veitsch, Austria on 7 April 2022.

The €39 million acquisition of SÖRMAŞ in Turkey agreed in October 2021 remains subject to competition authority clearance in Turkey and is expected to complete in the second half of 2022. In Chongqing, China, planning and design work is now complete and civil works have commenced ahead of construction of the new non-basic refractory plant, which will expand the Group's product range for cement customers in the region.

Outlook

Demand in all key markets continues to be strong through the early part of Q2 and underpins confidence in the outlook for the remainder of the year. Further cost inflation in energy, freight, labour and purchased raw materials is being passed on to customers in a timely fashion.

Stefan Borgas, Chief Executive Officer, said: "In the first quarter we have successfully maintained the business momentum that we delivered in Q4 2021, with margins restored to acceptable levels as we realize the benefits of our price increase programme. Demand conditions continue to be positive, our order books remain full and we have good visibility into the second half. In the midst of ongoing volatility globally we are well positioned to benefit from cost savings in 2022 that will be delivered from our strategic investments in the optimization of our production network. Further growth in new markets supported by acquisitions in Turkey and China and in our new recycling joint venture and new recycling technologies in Europe will also contribute."

Conference Call

A conference call will be hosted at 8:15am UK time to discuss the trading update:

Dial in	+44 203 936 2999 or 0800 640 6441 (UK only)
Access code	968010
Webcast and playback facility	Link to webcast

For further enquiries, please contact:

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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 28 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.rhimaginesita.com