

Half Year 2022 Results

1 August 2022



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H1 Update

Stefan Borgas,
CEO

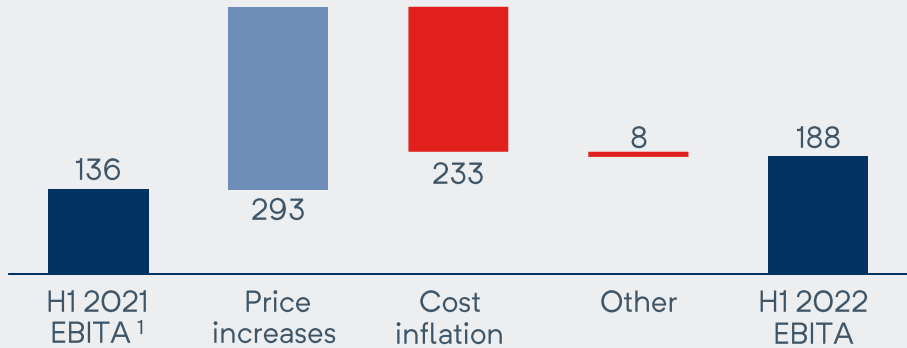


Pricing and market share gains

Price and volume growth drive higher revenues and margins

Price increases pass through higher costs

€ million



Steel market share gain

H1 2022 vs H1 2021

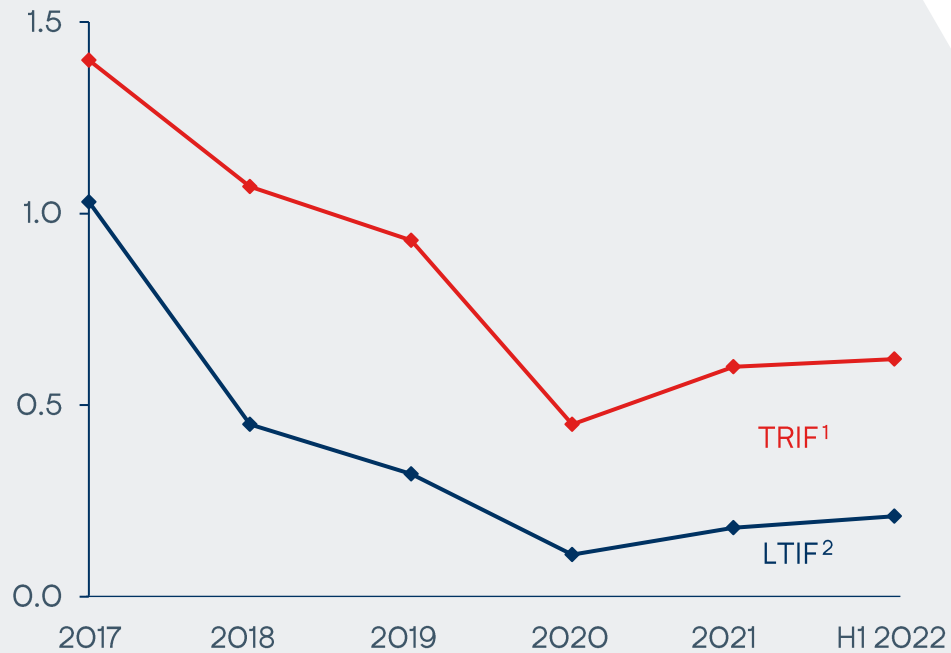


- Customer demand remained strong through H1
- Price increases of €293 million exceeded cost increases of €233 million
 - Group revenue +33%, constant currency +25%
 - EBITA €188 million, margin 11.8% (H1 2021: 10.7%)
- Market share gains in steel
 - Volumes +4%, ahead of WSA global volumes -5%
 - Customers highly value security of supply
 - Investing in inventory was the correct strategy
- Expectations for FY 2022 unchanged based on H2 order book

Health and safety

Focus on prevention and leading indicators

Sustained improvement
in injury rates since 2017



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

- LTIF and TRIF remain low
 - LTIF 0.2 (H1 2021: 0.2)
 - TRIF 0.6 (H1 2021: 0.6)
- Health and safety initiatives in 2022
 - Improved tracking of leading indicators and near misses
 - Hand safety, tool use and lockout procedures
 - COVID-19 measures in all regions applicable

Financial highlights

Revenue¹

€1.6bn

↑ 32.8%

Adjusted EBITA¹

€188m

↑ 47.0%

Adjusted EBITA margin

11.8%

↑ 110bps

Cash returned to shareholders

€47m

Operating Cash flow²

€(76)m

↓ 38.5%

Capex

€58m

↓ (36.7)%

Working Capital intensity³

29.3%

↑ 10.8ppt

Net debt to adjusted EBITDA⁴

2.7x

↑ 0.5x

1. Denoted on a reported basis

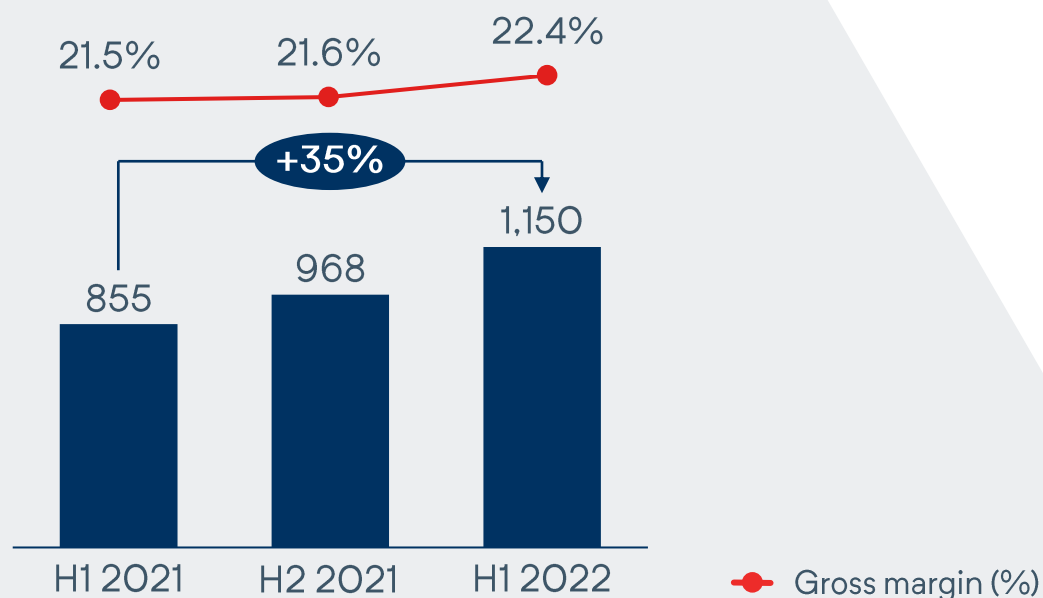
2. Operating cash flow comprises Adjusted EBITA, plus changes in working capital and other assets/liabilities, plus depreciation and minus capex

3. Working capital includes working capital financing, €321m and is denoted on a L3M revenue basis. Compared against HY21.

4. Including IFRS 16 Leases of €54m

Steel business overview

Revenue¹ (€m)

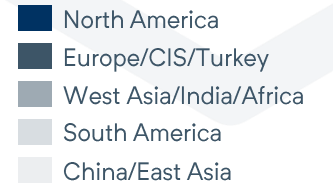


- Steel revenue increased by 35% to €1,150 million, +26% constant currency
- RHIM steel volume growth of 4% materially ahead of market (WSA global steel production -5%, ex-China -3%)
- Group steel gross margin 90bps higher compared to H1 2021
 - Margins restored through price increases
 - Market share gains or market share retention across all regions
 - Increased volume of lower margin mixes sold in H1 2022 compared to H1 2021

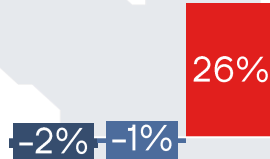
Steel performance by region

Market share growth and pricing power

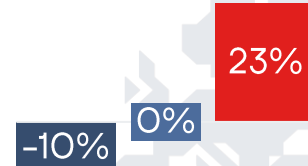
RHIM Steel Division Revenue H1 2022



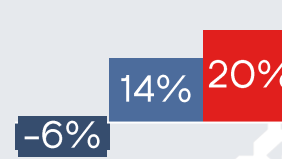
RHIM North America
€327m



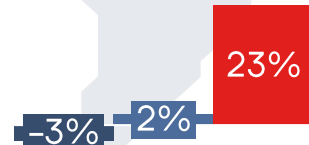
Europe/CIS/Turkey
€281m



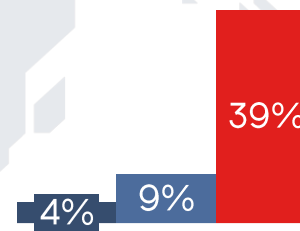
China and East Asia
€121m



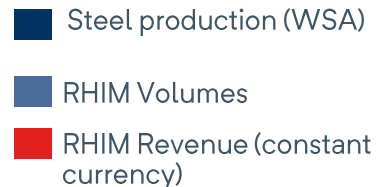
RHIM South America
€187m



India/West Asia/Africa
€234m



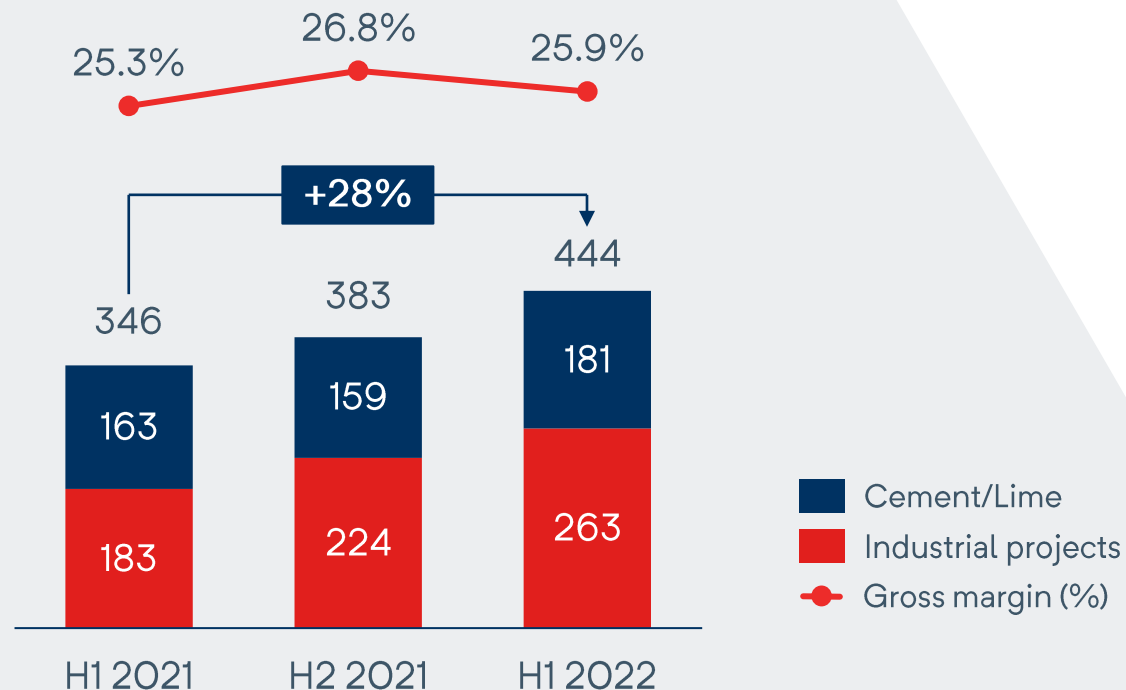
H1 2022
versus H1 2021 %



Global steel production (WSA): **(5)%**
Global steel production ex-China (WSA): **(3)%**
RHIM steel volumes: **4%**
RHIM steel revenue (constant currency): **26%**

Industrial business overview

Revenue¹ (€m)



- ◆ Industrial division revenue increased by 28% to €444 million, +23% constant currency
 - Gross margin 60bps higher than H1 2022
- ◆ Stable performance in Cement/Lime
 - Price increases offset lower volumes with some winter repair season deliveries taking place in Q4 2021
 - Market share has remained stable
- ◆ Strong performance in Industrial Projects, with higher prices and volumes
 - Strong volume growth recovery following Radenthein outage in Q3

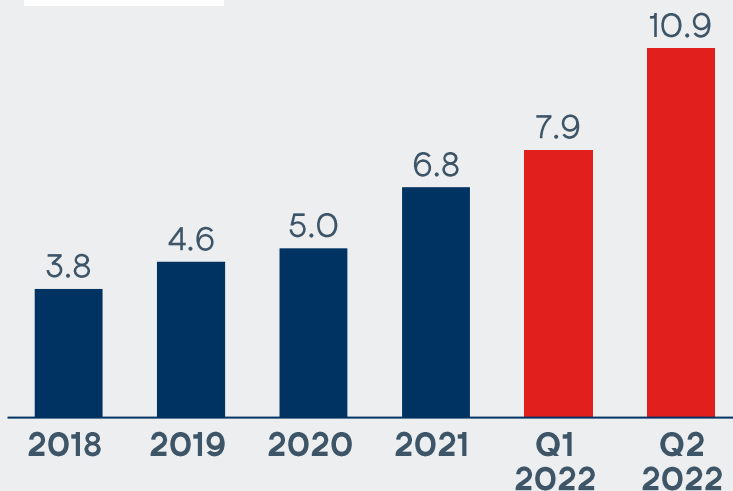
Sustainability leadership

Step change in recycling rate following creation of Joint Venture with Horn & Co

Use of secondary raw material

% of total raw material used

9.3%
H1 2022



- Higher recycling volumes driven by improving customer engagement and better sourcing of secondary raw materials, with rate increasing to 9.3% (H1 2021: 6.1%)
 - Material supply chain, waste management and CO₂ benefits
 - Plan to grow to supply wider market with high quality recycled raw material
 - New recycling center opened at Mitterdorf, Austria
- Ongoing €50 million R&D investment in carbon capture technologies, 9 pilot projects in process
- Strong ratings from independent ESG analysts
 - MSCI AA
 - CDP B
 - EcoVadis Gold

Joint Venture with Horn & Co

Europe's largest source of reclaimed refractory material

- RHI Magnesita has entered into a Joint Venture with Horn & Co (51% share)
- Horn & Co sources refractory scrap from iron, steel, glass, lime, cement and non-ferrous metal plants
- Crushing, grinding and drying takes place at plants in Germany and Austria
- Secondary raw material can be further processed to produce new refractories by RHIM
- CO₂ savings of 1.8 tonnes for each ton of recycled material used
- Pioneering autoclave and sorting technology





Veitsch Recycling Center

RHI MAGNESITA

Veitsch
The



- Sei bei der Sache!
- Jeder ist Vorbild für sicheres Arbeiten!
- Sprich unsichere Situationen sofort an!
- Die notwendige PSA ist ohne Ausnahme zu tragen!
- Unfälle und Beinaheunfälle ausnahmslos gemeldet werden!
- Jeder ist für Sauberkeit, Ordnung und Sicherheit an seinem Arbeitsplatz verantwortlich!
- Das Manipulieren oder Umräumen von Schutzeinrichtungen ist verboten!

Mitterdorf
Opening of recycling
centre

April 2022



Financial review

Ian Botha,
CFO



Profit and loss summary

High revenue and margin growth versus weaker H1 2021

- Gross profit increased to €373 million (H1 2021: €272 million) as price increases restore absolute profitability and margin
- Adjusted EBITA +47% to €188 million and margin increased by 110bps to 11.8%
- Adjusted profit after tax +27.8%, as expected due to higher finance charges and effective tax rate
- Adjusted tax rate of 24.0% compared to 22.4% in H1 2021 due to reduction in DTA given lower Austria tax rate
- Finance charges of €19m (H1 2021: €4m), as H1 2021 benefited from interest on Brazil tax refund
- Interim dividend of €0.50 per share declared in line with policy

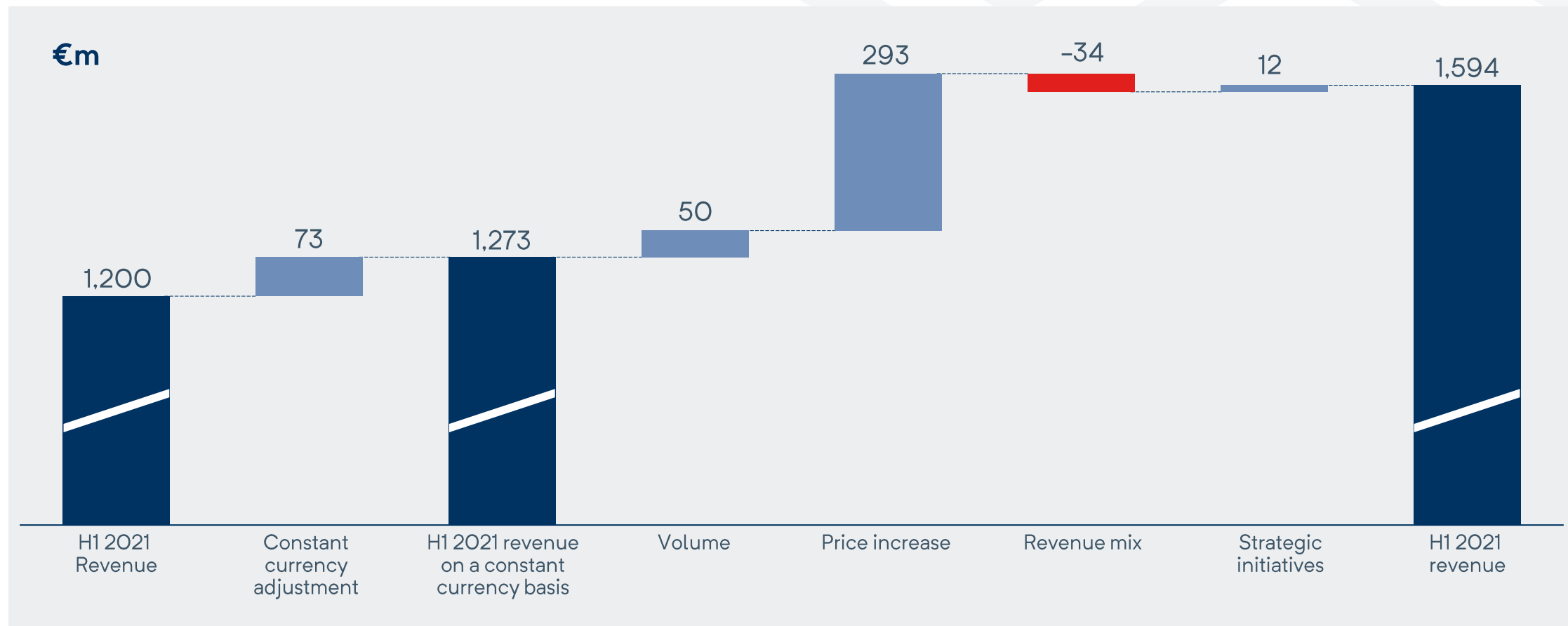
€m	H1 2022	H1 2021 ¹	Change
Revenue	1,594	1,200	32.8%
Gross profit	373	272	37.5%
Gross margin (%)	23.4%	22.6%	80bps
Adjusted EBITA	188	128	47.0%
Adjusted EBITA margin (%)	11.8%	10.7%	110bps
Finance charges ²	(19)	(4)	498%
Adjusted Profit before tax	169	130	30.5%
Adjusted effective tax rate	24.0%	22.4%	160bps
Tax	(41)	(29)	39.9%
Adjusted Profit after tax	129	100	27.8%
Adjusted EPS (€)	2.58	2.05	25.5%
Dividend per share (€)	0.50	0.50	–

1. Denoted on a reported basis

2. Finance charges adjustment of €3 million

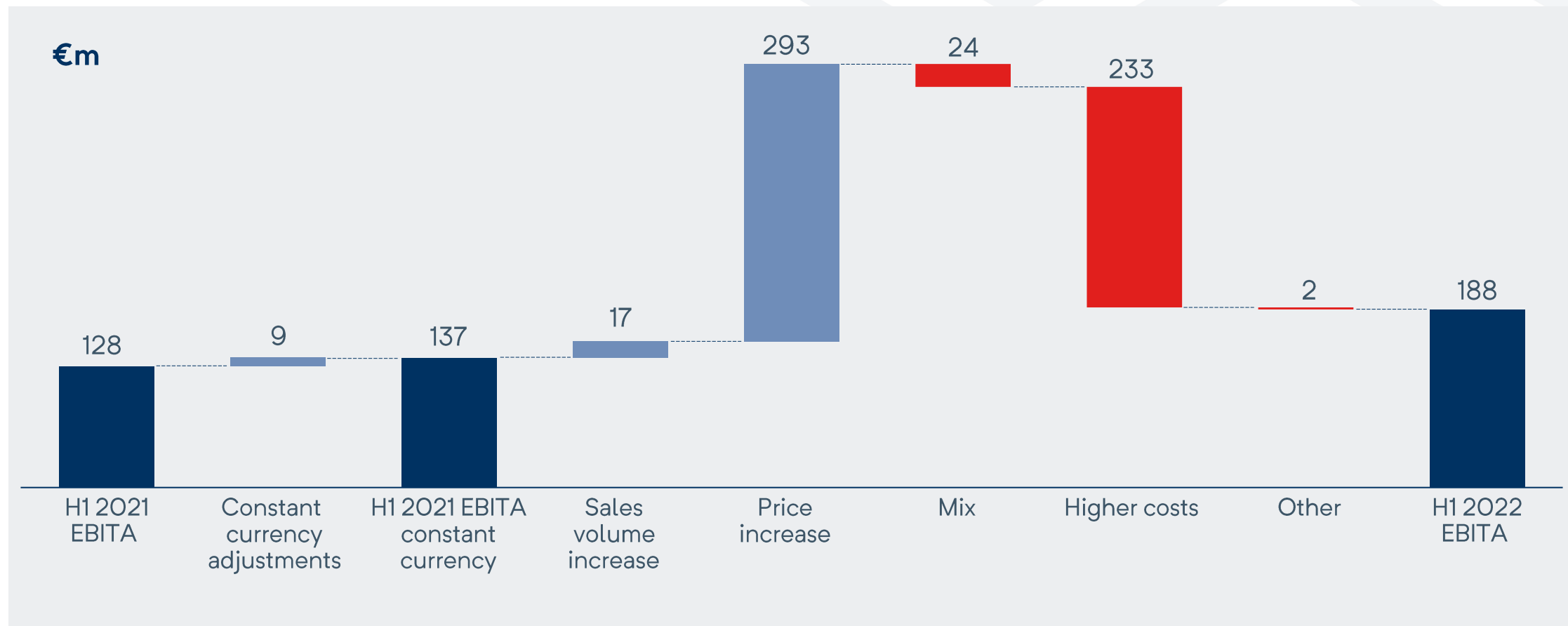
H1 2022 revenue bridge

€293 million price increase delivers revenue recovery



H1 2022 EBITA Bridge

Increased volumes and strategic savings offset by mix and supply chain cost inflation

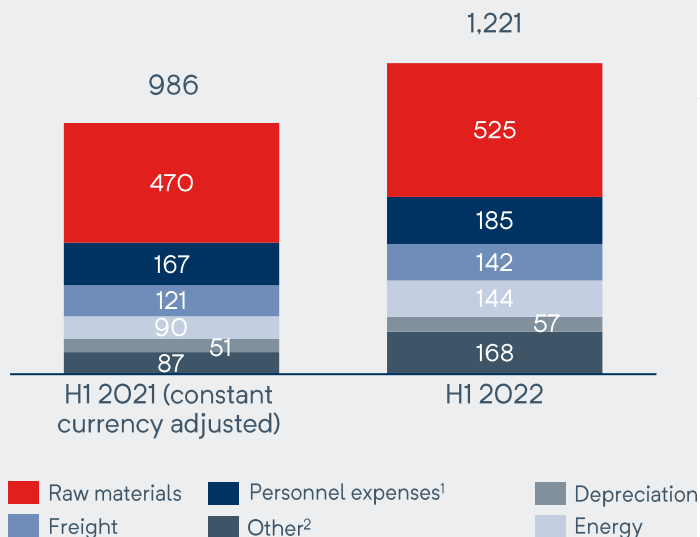


Cost outlook

Further cost inflation expected from energy and labour

Cost of Goods Sold

- Cost inflation in energy, labour, raw material and freight
- Shipped volumes increased by 5% and costs by 19%



- Excludes SG&A and R&D personnel costs of €131m (H1 2021 €115m)
- Other includes maintenance (€26m), fixed cost under absorption (€22m), consumables (€18m) and other

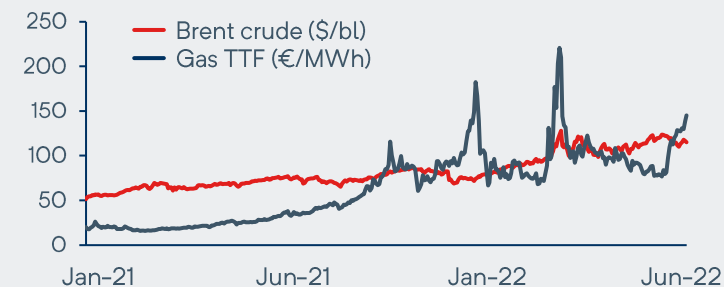
Raw material outlook

Likely to maintain elevated levels



Energy outlook

Energy supply risk in Europe due to Russia/Ukraine conflict.



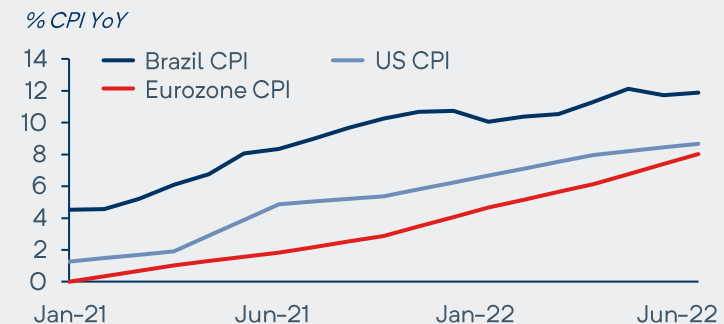
Sea freight outlook

New capacity and demand moderation could lead to easing in H2 2023



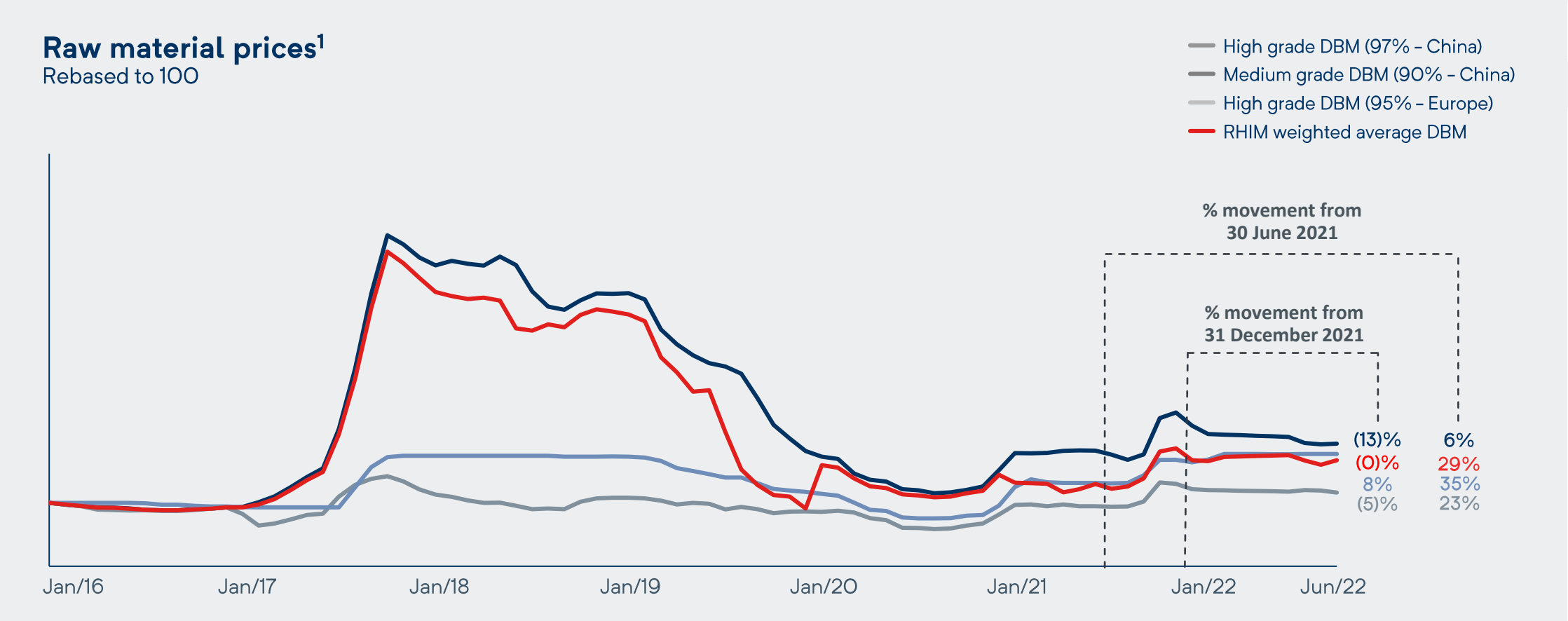
Wage inflation outlook

Wage inflation across all key regions in line with CPI



Raw material prices

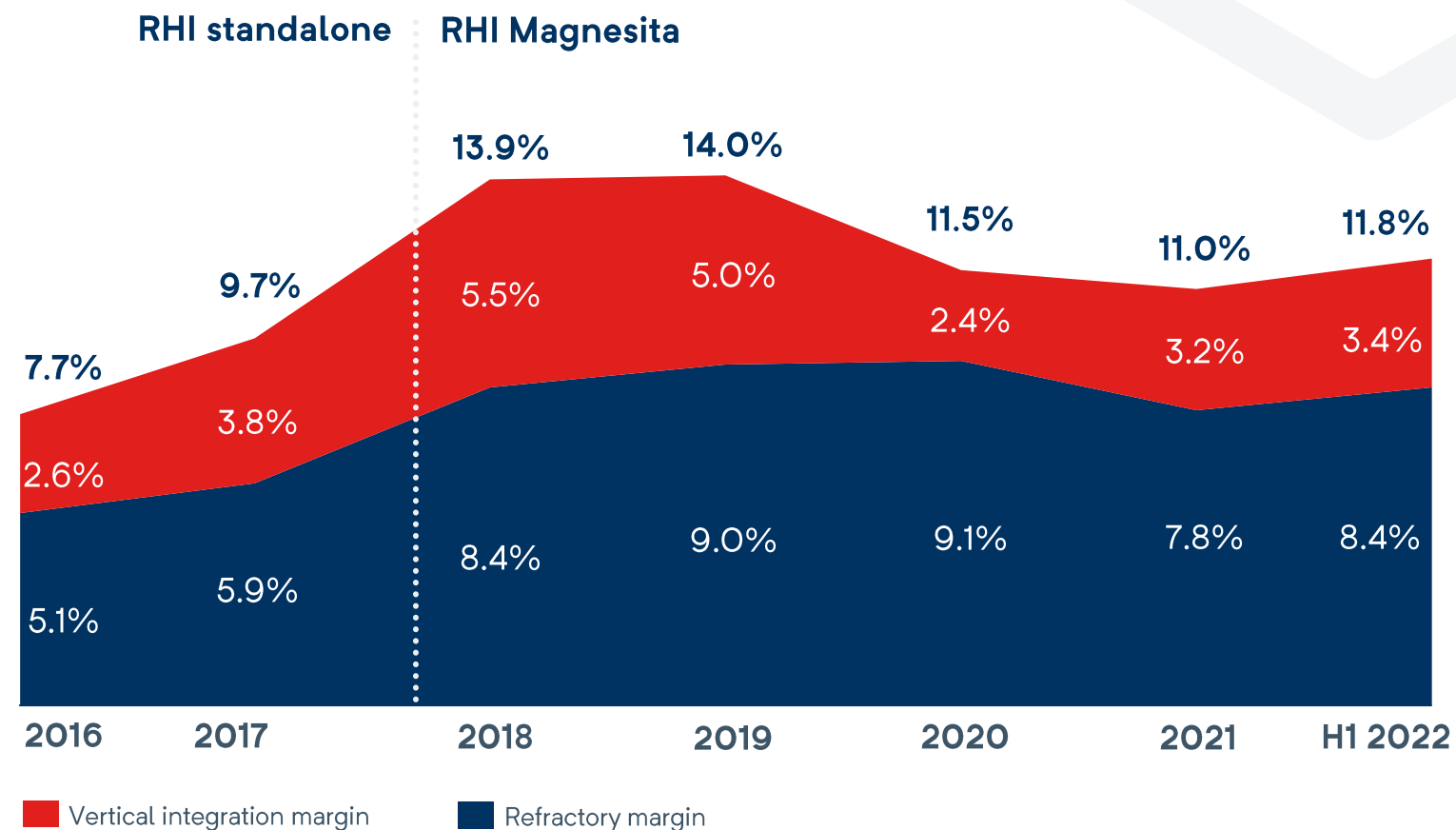
Prices increased and held higher levels year-on-year



1. Asian metal

EBITA margin restored to 11.8%

Pass through of raw material, freight and energy costs



	H1 2021	H2 2021	H1 2022
Refractory EBITA (€m)	91	108	134
Vertical integrated EBITA (€m)	37	45	54

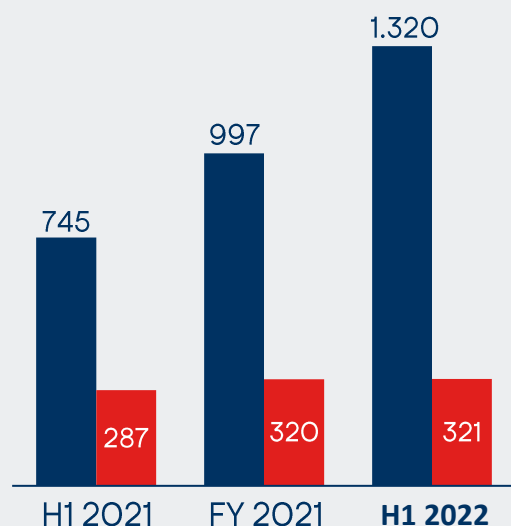
- Increasing market price of raw materials offset by higher costs of production leads to slightly higher raw material margin

- Price increase benefit restores refractory margin
- Successful pass through of energy, freight and raw material cost

Working capital

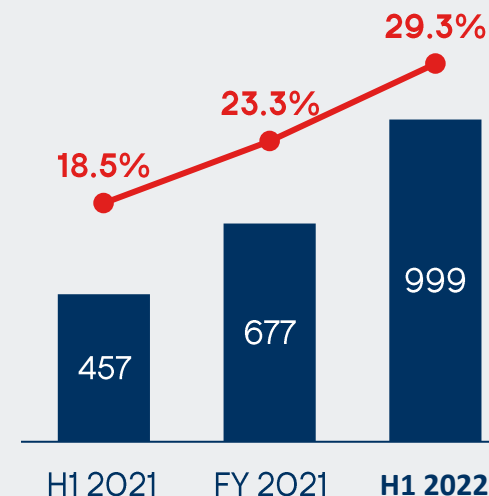
Increased working capital in H1 due to higher inventory value and accounts receivable, expected to reduce in H2

Working capital balances



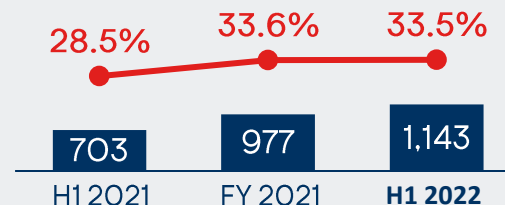
■ Working capital before deducting working capital finance
■ Working capital finance — factoring and forfeiting¹

Working capital intensity (after Working Capital Finance)

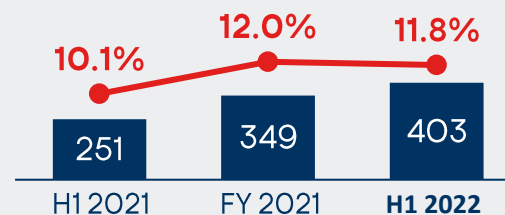


● % of L3M annualised revenue
■ Working capital (€m)

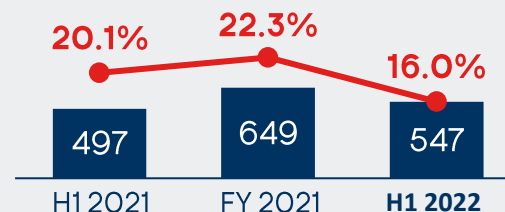
Inventory



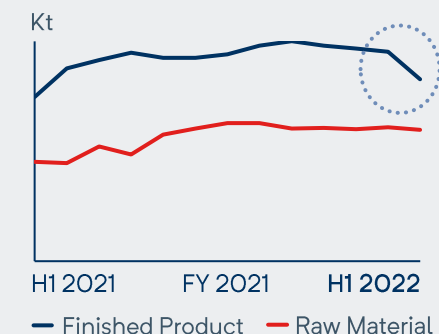
Accounts Receivable¹



Accounts Payable²



Inventory increase caused by higher value stock, volumes reduced in June



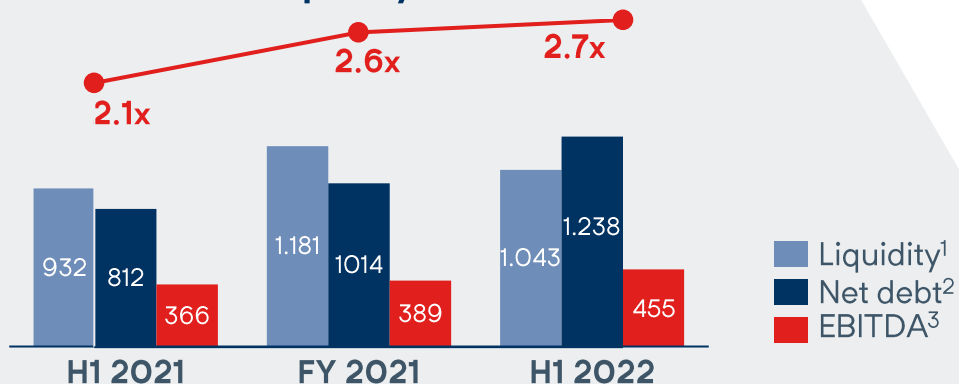
- Accounts receivable higher following price increases
- Accounts payable decreased due to lower capex in H1 2022

1. Working capital financing in H1 2022 comprises €209m in factoring and €111m of forfeiting
2. Accounts receivable defined as trade receivables plus contract assets less contract liabilities
3. Accounts payable defined as trade payables

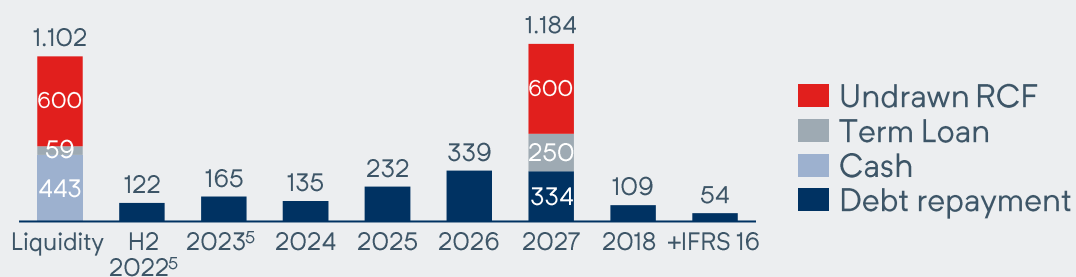
Net debt, gearing and liquidity

Modest reduction in net debt over H2 2022 expected, with gearing towards 2.0x

Net debt and liquidity (€m)



Debt amortization profile (€m)



- Leverage of 2.7x⁴ above target range of 0.5-1.5x
 - Working capital remains at elevated levels to ensure security of supply for customers
 - Target to reduce gearing towards 2.0x by year end 2022 depending on EBITDA performance
- In July 2022, the Group refinanced its \$200m USD Syndicated Term Loan
 - Converted to EUR and increased to €250m
 - Maturity in July 2027
 - Margin linked to the Group's EcoVadis ESG rating
- The Group now benefits from significant available liquidity of €1,102 million (H1 2021: €932 million) and a long-dated amortization profile

1. Includes €600m undrawn RCF, matures in 2027

2. Includes IFRS 16 leases of €54m — net debt excluding leases is €1.184m for H1 2022

3. Adjusted L12M EBITDA

4. Includes IFRS 16 leases of €54m

5. €42m are rollable facilities in 2022, €34m are rollable facilities in 2023

Strategic initiatives

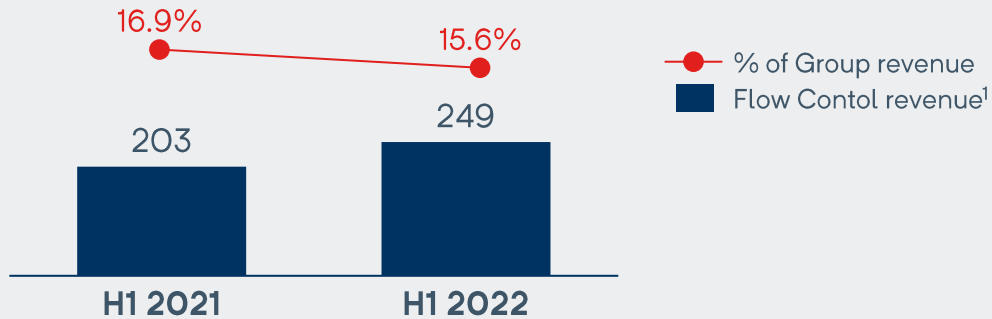
Stefan Borgas,
CEO



Sales strategies update

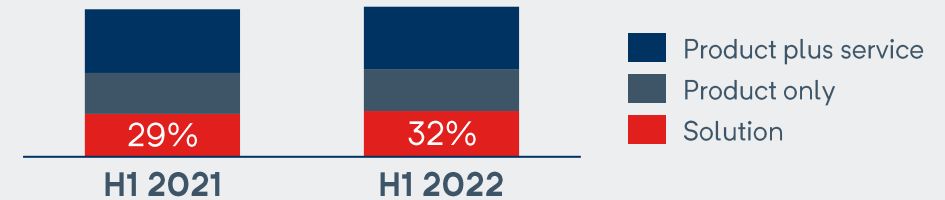
Flow Control revenue

€ million and % of Group revenue



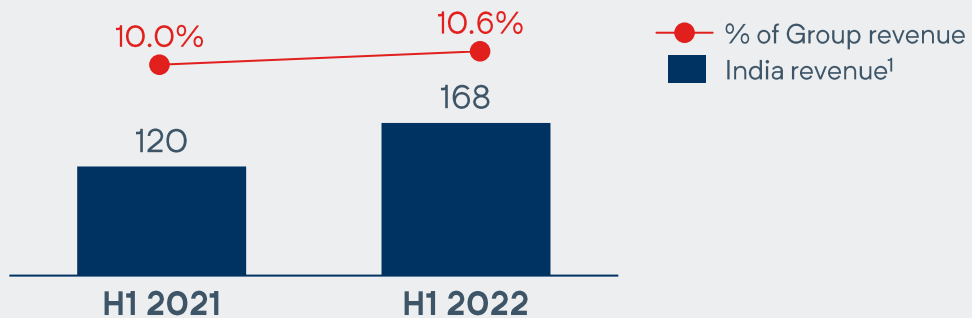
Solutions contracts

% of Group revenue



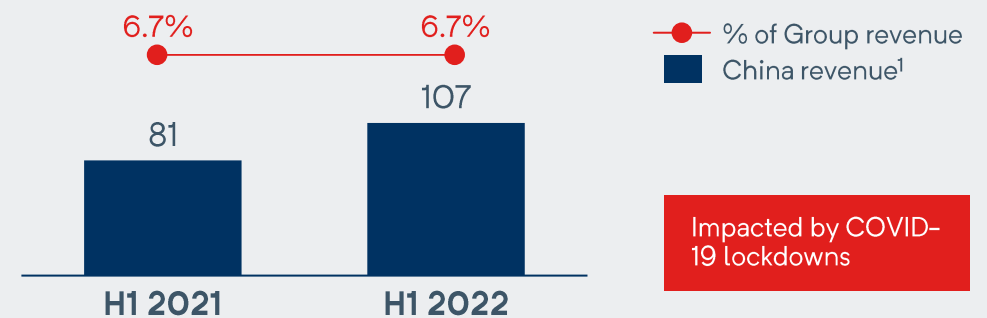
India

€ million and % of Group revenue



China

€ million and % of Group revenue





Leoben
Flow control Academy

July 2022

Production Optimisation Plan update

Rationalise, modernise and reduce production costs, moving capacity closer to our customers

Project	Status
Hochfilzen	✓
Urmitz	✓
Kruft	✓
Trieben	✓
Hagen	✓
York	✓
Cuttack	✓
Valenciennes/ Flaumont	✓
Radenthein	H2 2022
Brumado	H1 2023
Contagem	H2 2023

- Strategic initiatives aim to generate cumulative annual EBITA contribution of €110 million from cost savings
- Majority of projects now complete:
 - Capacity transferred from Kruft to Urmitz, Trieben to Radenthein and Hagen to Valenciennes/Flaumont
 - Modernisation and expansion of Urmitz for non-basic production
 - Modernisation and automation of Radenthein (control system commissioning in H1 2023)
 - Closed dolomite supply JV Sinterco
 - Hochfilzen expansion complete, new low-cost European dolomite hub
 - York capacity increase and automation complete
 - First stage of Contagem project complete
- Second phase of the Contagem project is expected to be adapted to reflect changes in key parameters (inflation, FX, freight)
- Brumado delayed to H1 2023



Welcome
to plant
Hochfilzen



Hochfilzen
Opening of the European
Dolomite Hub

April 2022



Radenthein
Automation

April 2022

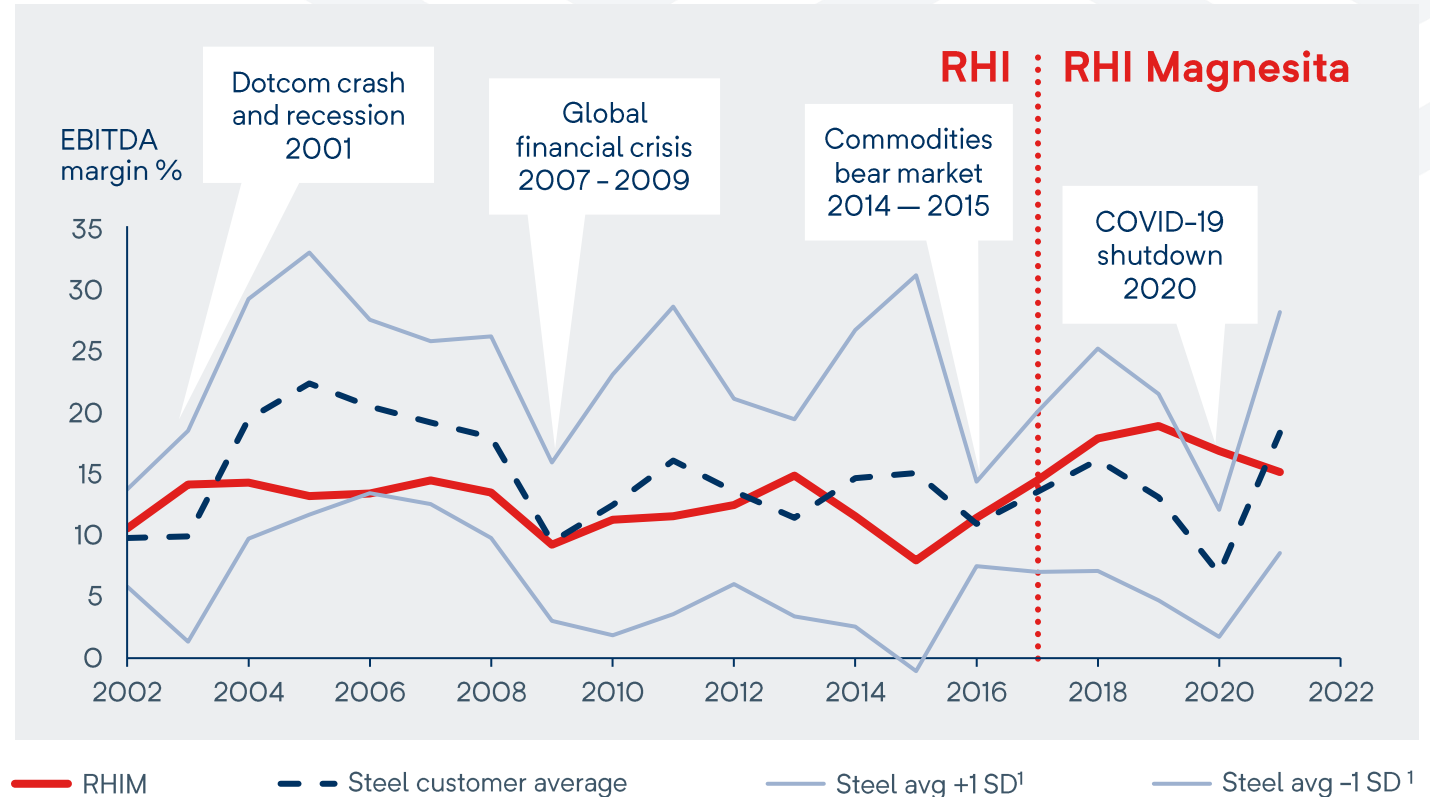
Summary and outlook



Resilient track record through the cycle

The Group has a strong track record of maintaining margins throughout economic cycles

- Refractories are essential for modern life, a non-discretionary product that is vital for industrial production
 - Customer margins are volatile, refractory industry margins are not
- The RHI Magnesita of 2022 benefits from:
 - Cumulative strategic cost and sales savings since 2019
 - Industrial BU – late cycle business
 - Broad geographic diversification from global footprint and recent growth in new markets
 - Consistent positive EBITA margin through historic business cycles
 - Earnings linked to customer production volumes, not prices



1. +/- 1 standard deviation for 6 major steel customers

Summary and outlook

The leader of the global refractory industry

- ◆ We are continuing our strategic transformation
 - Production Optimisation Plan completion in 2023
 - Strong growth in new markets of India and China
 - Successful trial to sales conversions in Flow Control
 - M&A progress in Turkey, China and Recycling
 - Solutions contracts increased to 32% of revenue – only RHI Magnesita can offer full heat management solutions to its customers globally
- ◆ We are a sustainability leader in the refractory industry
 - Recycling rate now at 9.3%
 - CO₂ 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



Q&A



Appendix



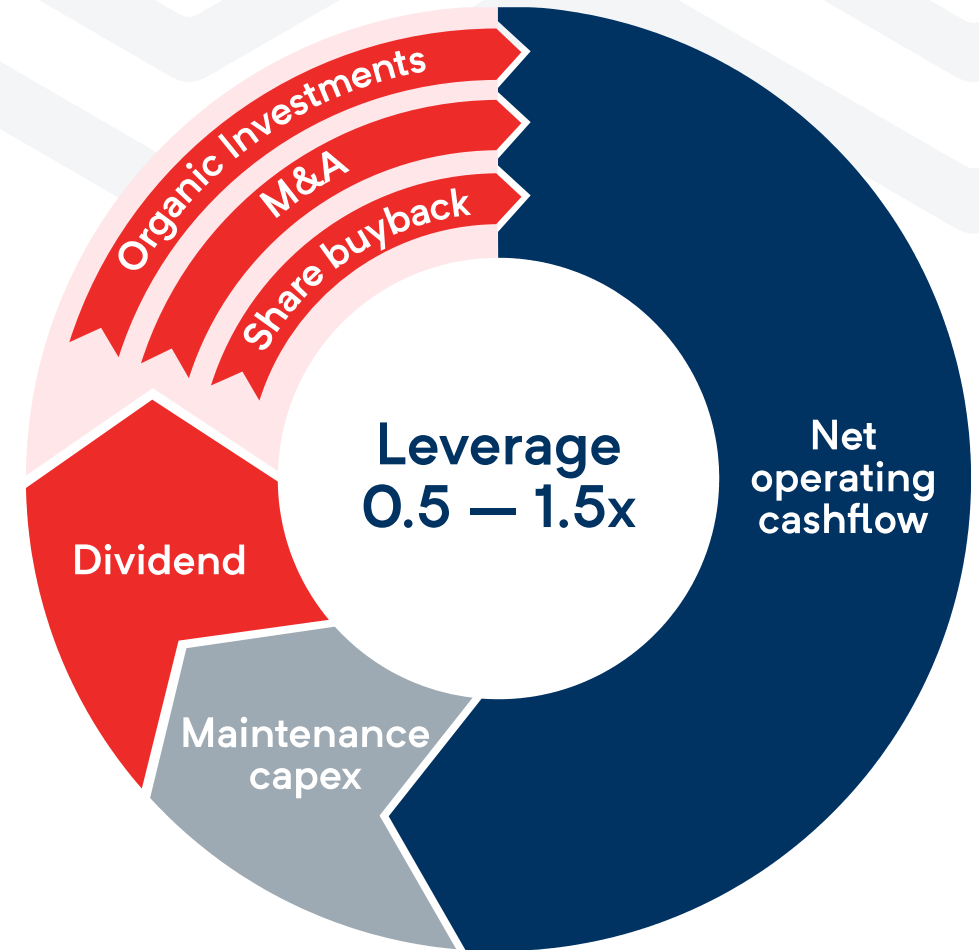
Guidance

- ◆ Total capital expenditure: €200m
 - Maintenance capex: €85m
 - Project capex: €115m
- ◆ Depreciation: €125m
- ◆ Amortisation: €25m
- ◆ Net interest expense: €25m (excluding pensions of €6m)
- ◆ Adjusted effective tax rate: 23 – 25 %¹
- ◆ Strategic initiatives in 2023: €150 – 170 million
 - Cumulative EBITA benefit cost initiatives: €110 million
 - Cumulative EBITA benefit sales initiatives: €40 – 60 million

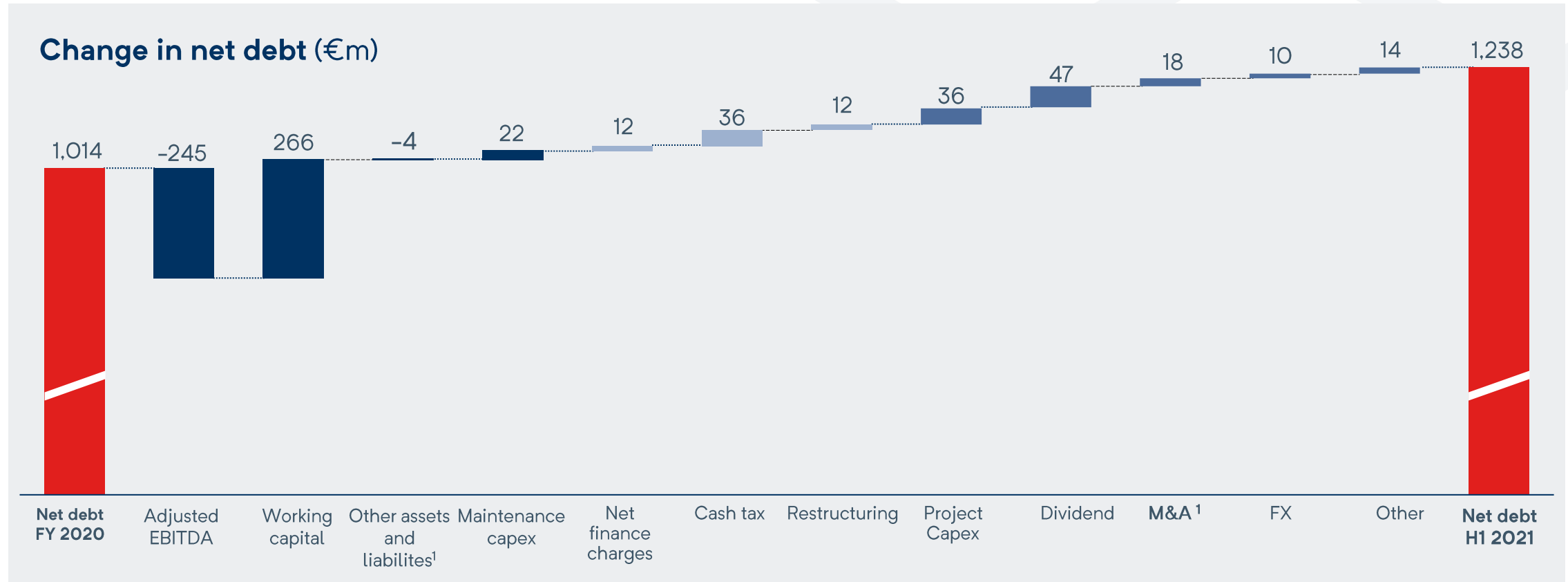


Capital allocation

- RHI Magnesita allocates capital to support its long-term strategy, seeking to deliver attractive shareholder returns over the medium term
- 2.7x leverage currently above targeted range but to reduce in H2
- Organic investments:
 - €36 million project CAPEX in H1, further c.€80 million in H2
- Inorganic investments:
 - Chongqing JV, China, Horn & Co. JV, Germany and SÖRMAŞ, Turkey (closing in H2 2022)
- Shareholder returns of €47 million in H1 2022:
 - €47 million final 2021 dividend of €1.00ps
 - €0.50ps interim dividend declared, payable in September 2022



Net debt increase driven by working capital



1. Consideration paid for Joint Venture Chongqing, China, and Joint Venture Horn & Co, Germany

Impact of foreign currency movement

EBITA sensitivity in H1 2022

	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	(0.07)	+0.01 yuan	0.07
BRL	-0.10 reais	(1.42)	+0.10 reais	1.42
INR	-1 rupee	0.29	+1 rupee	(0.29)
TRY	-0.1 lira	(0.03)	+0.1 lira	0.03

H1 2022 exchange rates

	HY 22	HY 22	HY 22	HY 21
	Opening Rate	Closing Rate	Average Rate	Average Rate
EUR:				
USD	1.13	1.08	1.10	1.19
CNY	7.20	7.18	7.11	7.68
BRL	6.30	5.12	5.63	6.38
INR	83.89	83.48	83.37	87.76
TRY	15.01	17.69	15.86	10.29

Reconciliation of adjusted earnings

€m	HY 2022 Reported	Adjustment items	HY 2022 Adjusted
EBITA	177	11	188
Amortisation	(13)	13	
Net finance costs	(22)	3	(19)
Profit before tax	142	27	169
Income tax ¹	(38)	(3)	(41)
Profit after tax	104	25	129
Effective tax rate	26.8%	(280)bps	24.0%
Non controlling interest	7	-	7
Profit attributable to shareholders	97	24	121
EPS ²	2.06	0.52	2.58

EBITA adjustments:

- €4 million relating to write downs in Russia of bad debt and inventory
- €2 million adjustment for the valuation of the unfavourable contract required to satisfy EU remedies
- €2 million legal fees and settlements

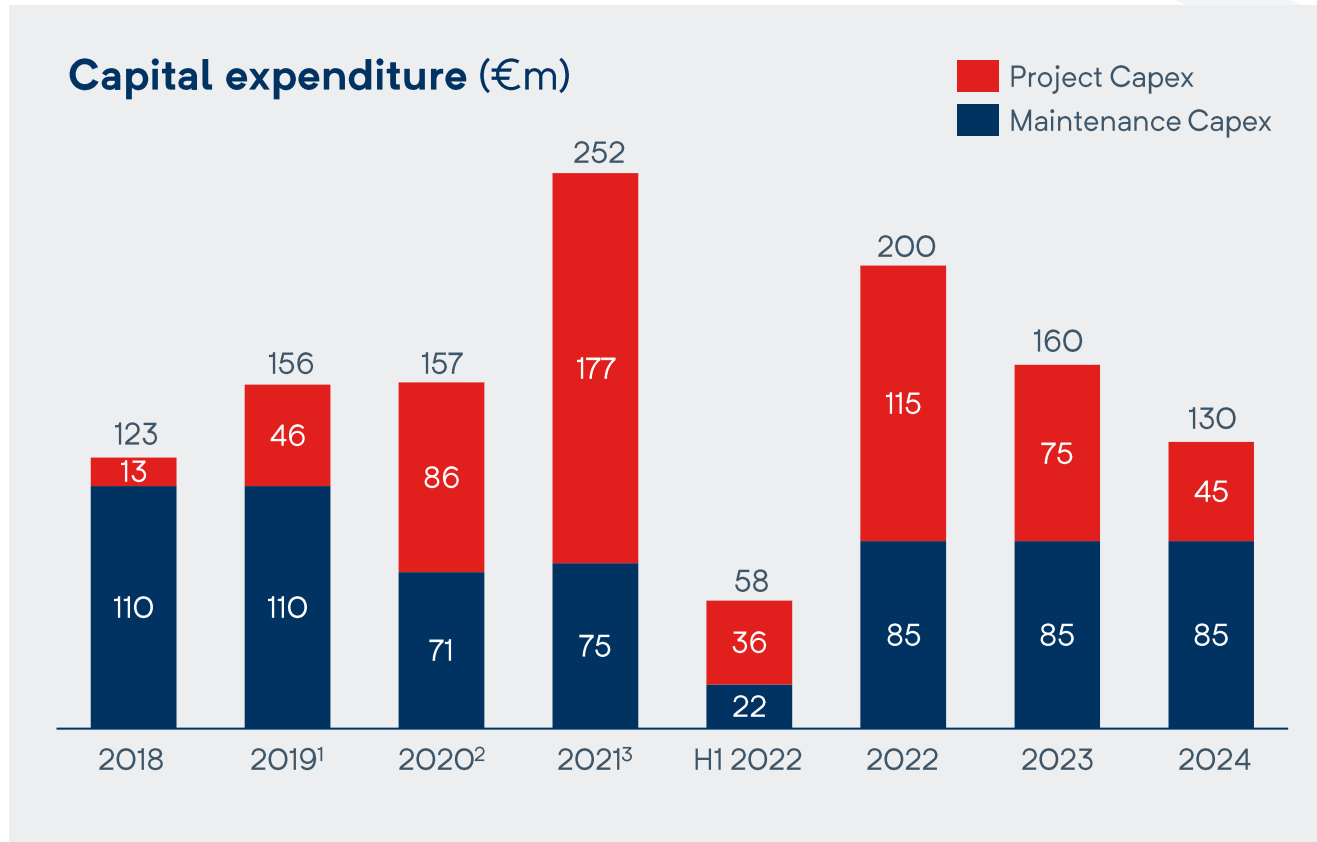
Net finance costs:

- €3 million adjustment for the valuation of 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 30 June 2022 was 46,999,019. The Company held 2,478,686 ordinary shares in Treasury.

Capital expenditure returning to lower levels



- ◆ €200 million capital expenditure expected in 2022
 - Increase of €5 million due to FX; depreciation of the euro against BRL
 - Increase of €6 million due to investment in alternative fuels due to ongoing uncertainty of European gas supply
- ◆ 2023 Capex increased to €160 million
 - €10 capital expenditure will be delayed from 2022 to 2023 from Brazil project delays

ESG 2025 targets

			H1 2022	2018 Base year
CO ₂ emissions (t/t)	Reduce by 15% CO ₂ per tonne of product by 2025 and aim for carbon neutrality in the long term		1.8	1.9
Energy efficiency (MWh/t)	Reduce by 5% per tonne of product by 2025		2.1	2.0
NO _x and SO _x	Reduce by 30% by 2027 (vs 2018), starting with China by 2021	▼	China target achieved	
Recycling	Increase use of secondary raw materials to 10% by 2025	▲	9.3%	3.8%
Diversity	Increase women on our Board and in senior leadership to 33% by 2025	✓	38%	12%

Disclaimer

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