

# RHI Magnesita

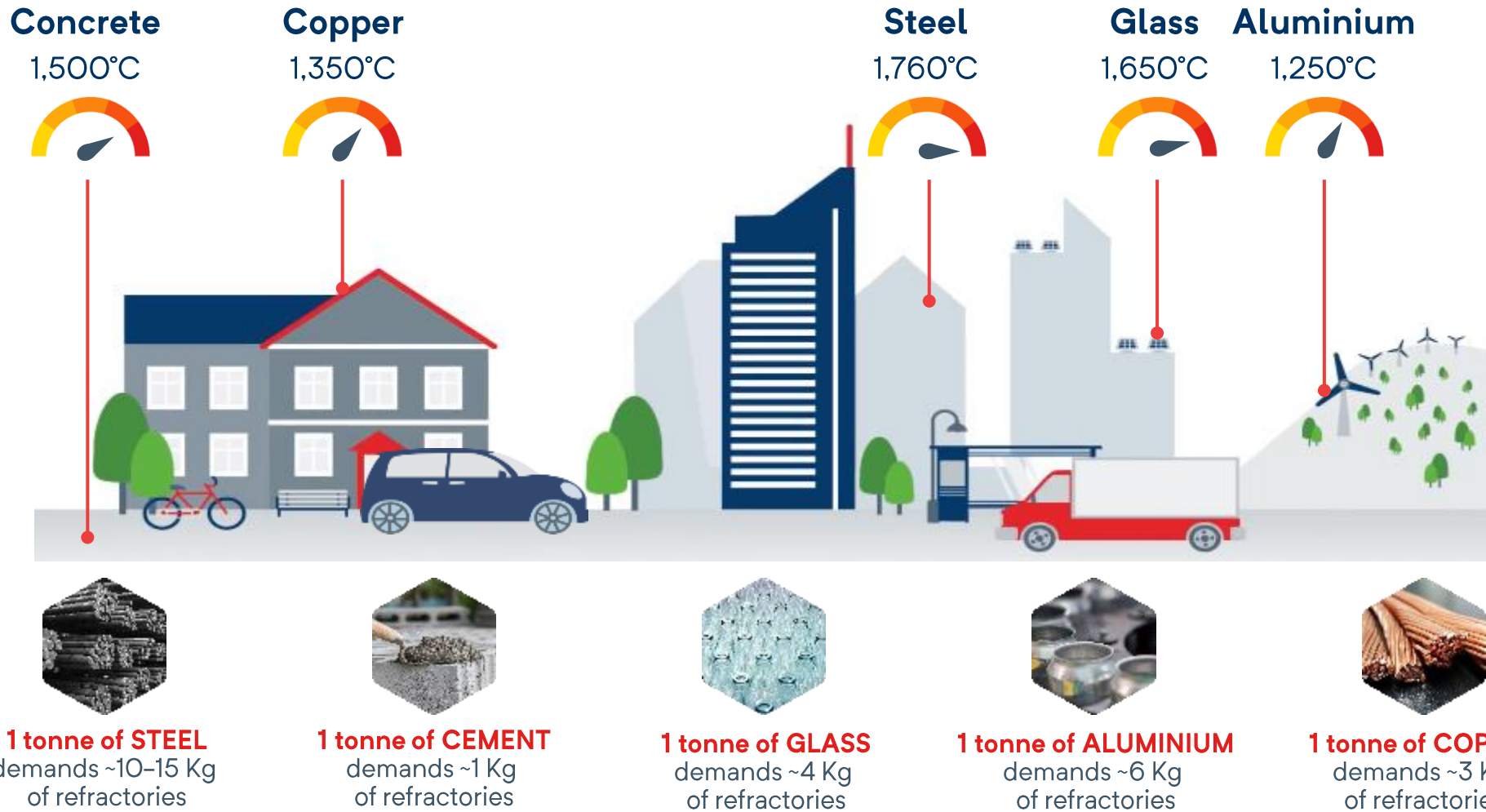
## Investor presentation




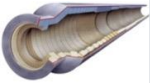
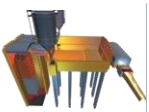
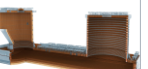











# Agenda

- 1 Introduction
- 2 FY 2022 update
- 3 M&A activities
- 4 Financial review
- 5 Sustainability
- 6 Strategic outlook and Summary
- 7 Q&A
- 8 Appendix

# Refractories are essential for our modern world



# Refractory applications

Steel	Cement	Glass	Non-ferrous metals	Industrial applications <sup>2</sup>
				
71% of revenues	11% of revenues	5% of revenues	7% of revenues	6% of revenues <sup>3</sup>
Refractory demand for 1 tonne	Refractory demand for 1 tonne	Refractory demand for 1 tonne	Refractory demand for 1 tonne Copper	Refractory demand for 1 tonne EEC
~10 to 15 kg	~1 kg	~4 kg	~3 kg	NA
 1,760°C	 1,500°C	 1,650°C	 1,350°C	 2,000°C
Lifetime c.4 hours – 6 months	Lifetime Annually	Lifetime Up to 10 years	Lifetime 1–10 years	Lifetime 1–20 years
% of customers' costs c.3%	% of customers' costs c.0.5%	% of customers' costs c.1%	% of customers' costs c.0.2%	% of customers' costs c.0.2%
% of global market share by customer market  c.15%	% of global market share by customer market  c.30% <sup>1</sup>	% of global market share by customer market  c.20%	% of global market share by customer market  c.30%	% of global market share by customer market  c.5%

1. Change of scope following acquisitions in India industrial.

2. Industrial applications includes energy, environment, chemicals, foundry and aluminium.

3. Includes minerals revenues (3% of Group revenues)

## Refractory characteristics

### Steel and Cement:

- Part of customers operational expenditure
- Systems and solutions for complete refractory management
- Demand correlated to output

### Glass, non-ferrous metals and industrial applications:

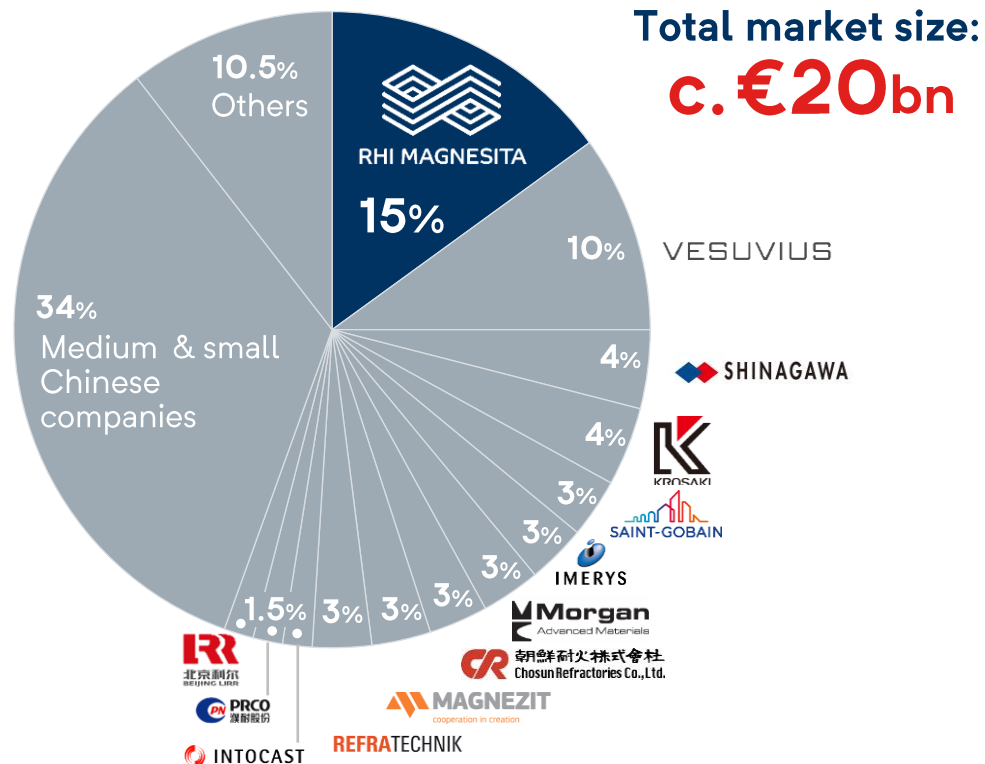
- Part of customers' capital expenditure
- Longer replacement cycles based on project driven demand
- Complete lining concepts including refractory engineering
- Wide areas of application



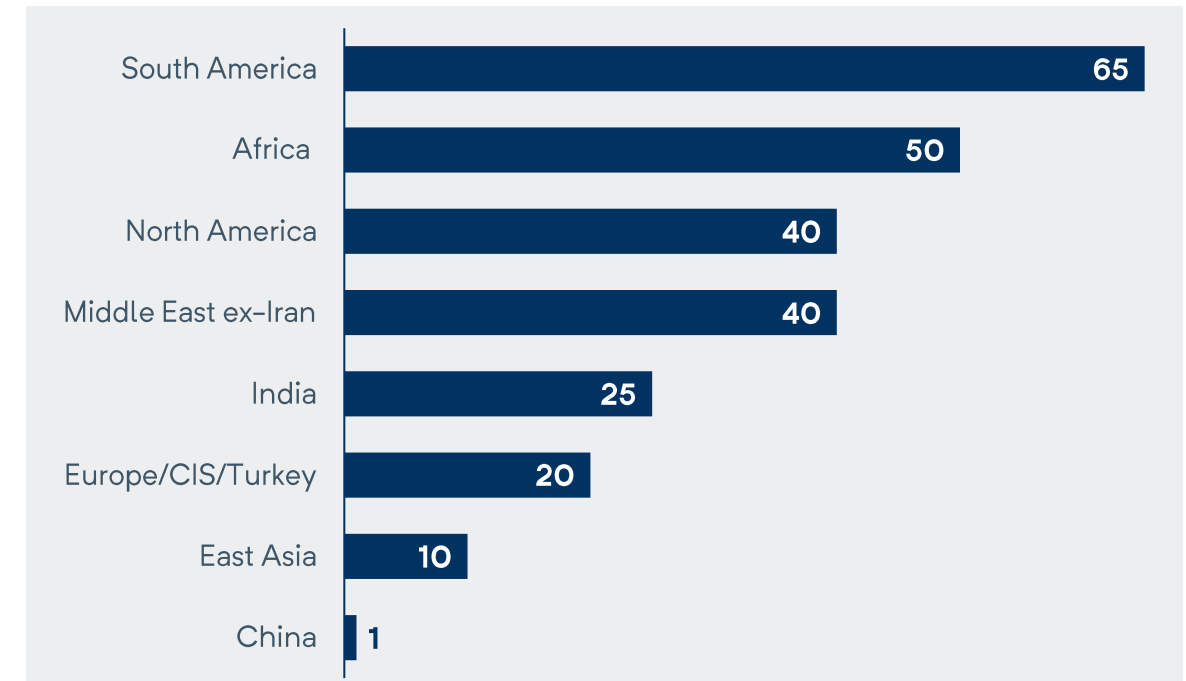
# Global leader in a highly fragmented market

Growth opportunity through consolidation

## Global market share



## Regional market share %<sup>1</sup>

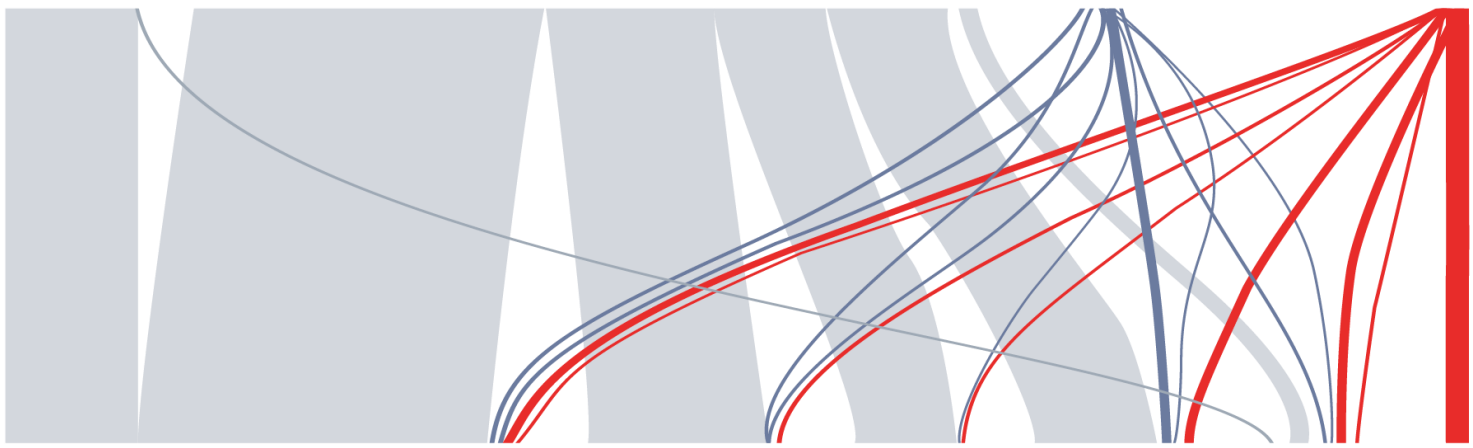


# Customers and end user markets

## Customer industries

% of 2022 revenue.

Cement	Steel	Industrial applications	Non-ferrous metals
11%	71%	11%	7%



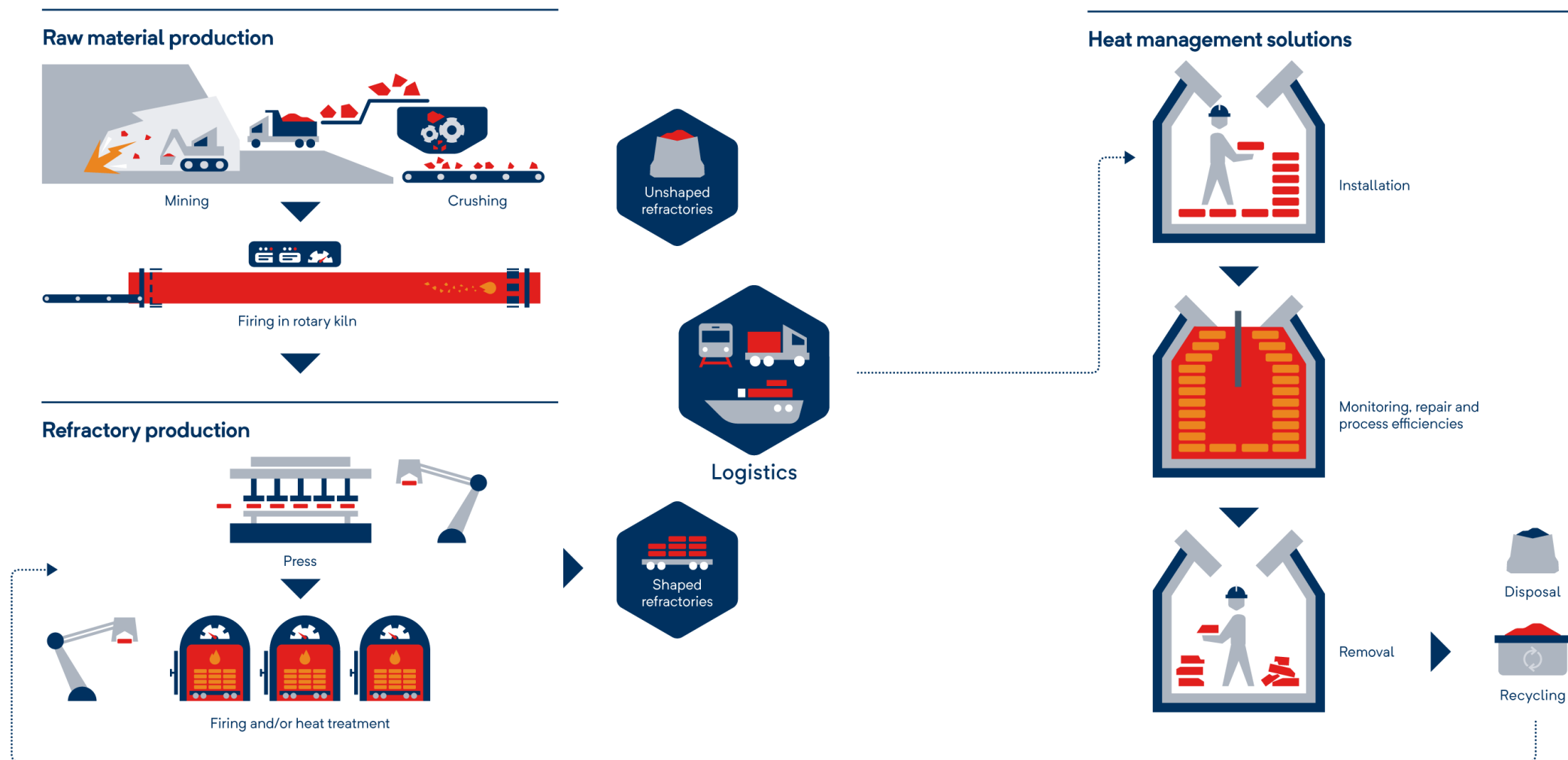
## End markets outlook

The outlook for end market demand in 2023 and 2024.

Construction <sup>1</sup>	Automotive <sup>2</sup>	Machinery <sup>3</sup>	Electronics and consumer goods <sup>4</sup>	Energy <sup>5</sup>
45%	17%	10%	15%	Other 5%
2023: 1.2% 2024: 3.6%	2023: 3.7% 2024: 6.6%	2023: 1.7% 2024: 3.6%	2023: 2.2% 2024: 2.2%	2023: 2.2% 2024: 1.2%

1. Construction value added, CRU GEO Dec 2022
2. Production of cars and commercial vehicles, CRU GEO Dec 2022
3. IP Global, CRU CEO DEC2022
4. Internal estimates based on Global economic outlook, CRU Dec 2022
5. Energy demand by scenario 2018 — 2030 — charts — data & statistics (IEA)

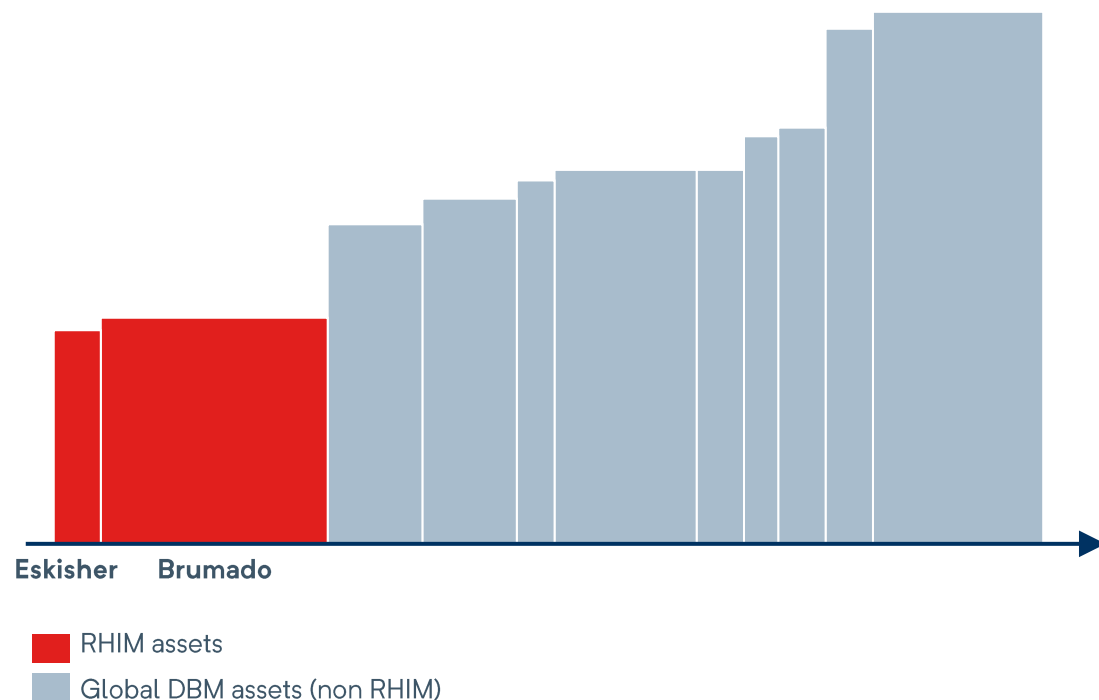
# Raw material and refractory process overview



# Vertical integration benefits

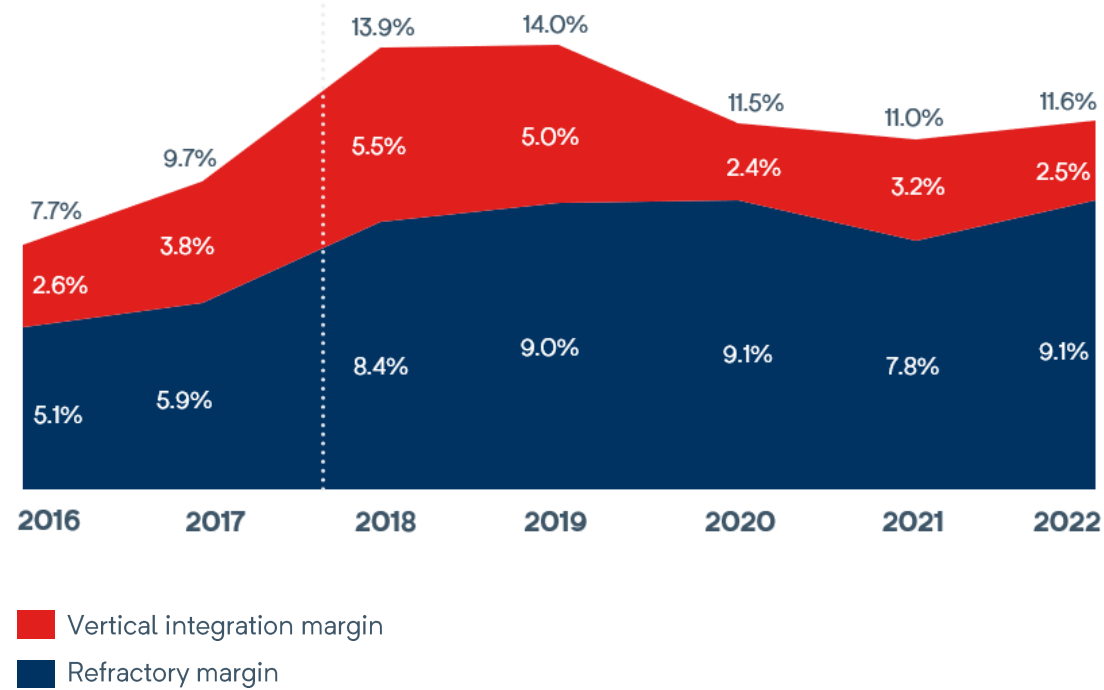
Our magnesite raw material assets are amongst the lowest cost globally

DBM 98: Indicative cost curve

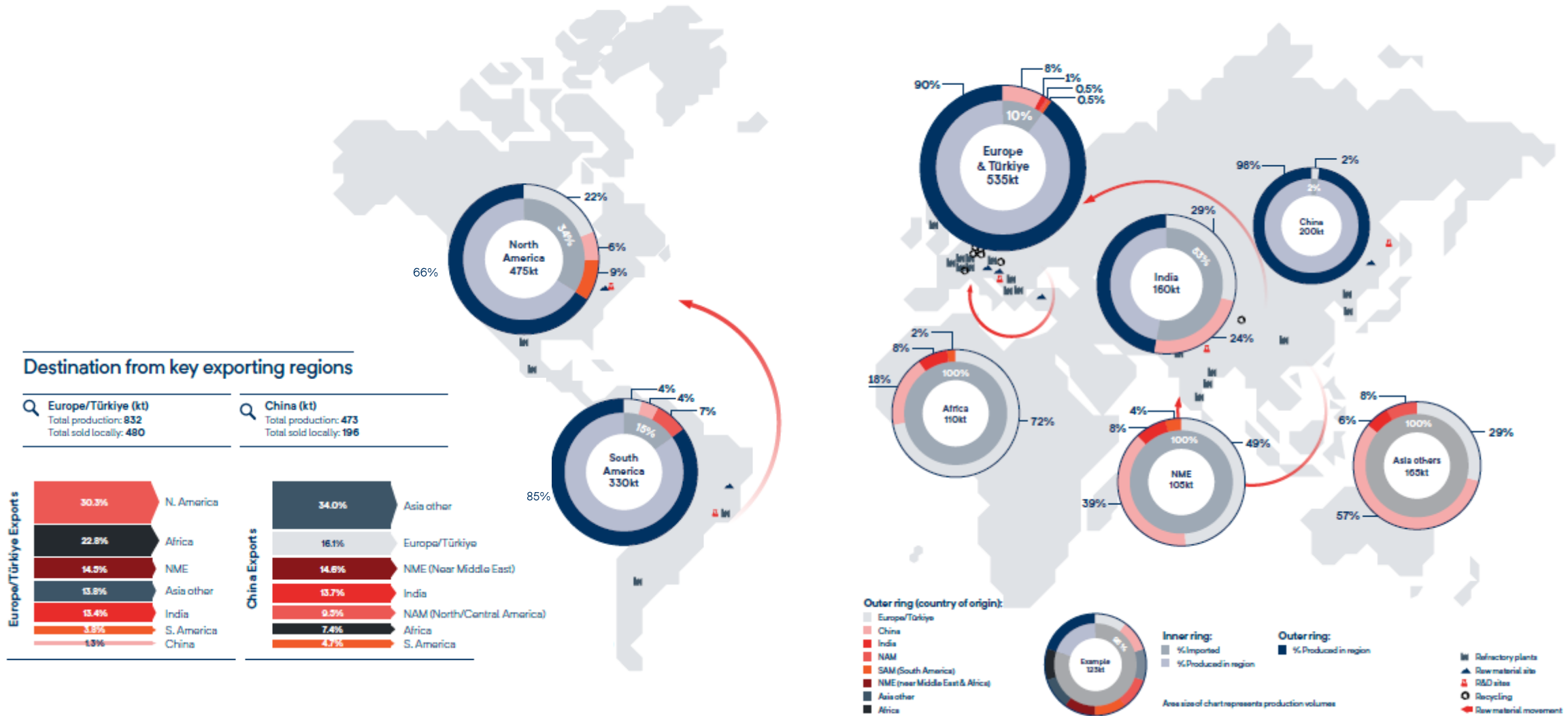


EBITA margin contribution

RHI standalone RHI Magnesita



# Global footprint with local for local strategy





# Solutions contracts

RHI Magnesita can offer full heat management solutions to its customers

## Client benefit

- ✓ Reduced downtime
- ✓ Lower refractory consumption
- ✓ Lower energy and other raw materials consumption
- ✓ Higher productivity and cost savings

## RHI Magnesita benefit

- ✓ Market share gains
- ✓ Higher client retention
- ✓ Barriers to entry
- ✓ Longer contracts
- ✓ Higher margins as contract matures

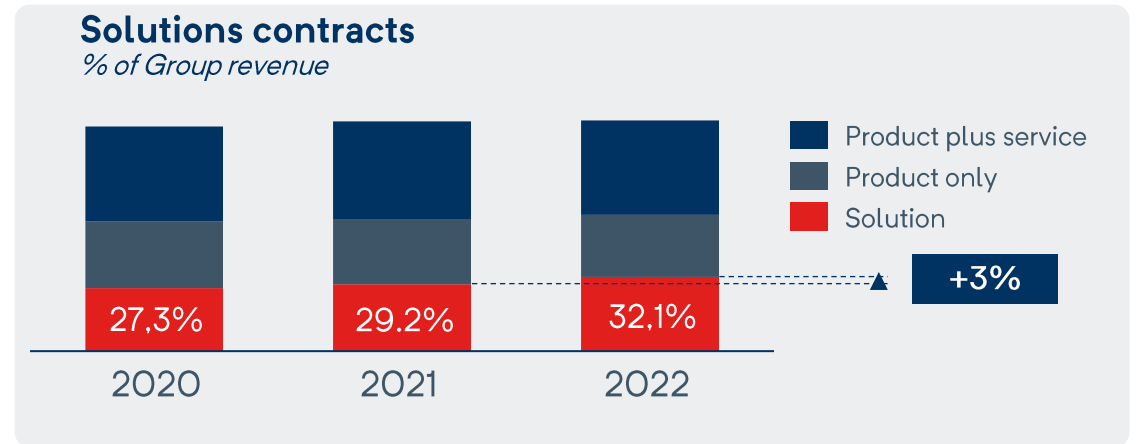


**409 solutions customers worldwide**

# Heat management solutions

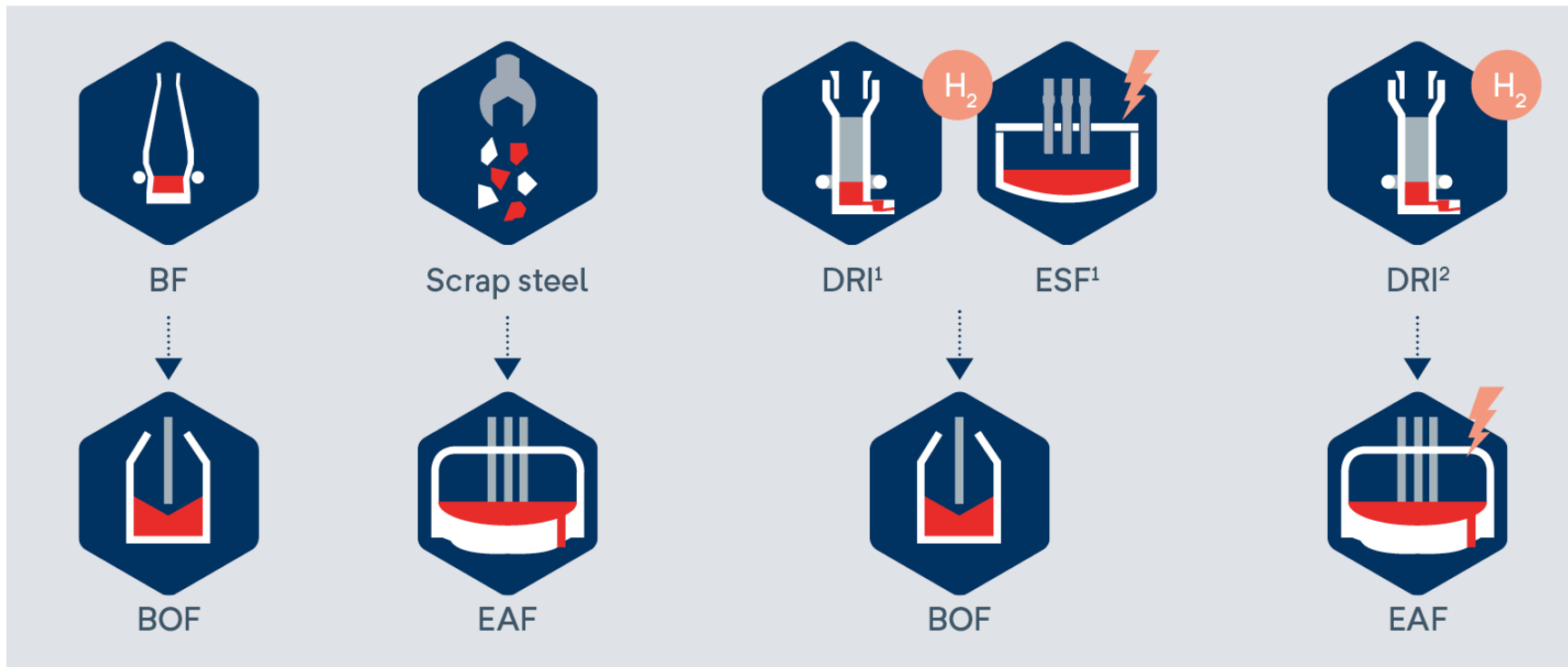
## Growing our solutions offering

- RHI Magnesita's unique global footprint, service offering and comprehensive product range allows it to offer full heat management solutions to its customers
- Solutions contracts are:
  - c.5-7 years long, usually renewed on expiry
  - Offered at a fixed price per unit of production (subject to certain adjustments) which is competitive compared to the customer's previous cost of refractories
  - A way for the Group to utilize its digital and advanced materials technology to improve the customer's production efficiency
  - Higher margin over the life of the contract with an initial phase of lower margins
  - Used to foster a longer term strategic relationship with our clients
- The Group has a targets to increase the proportion of its total revenue from solutions contracts to 40% by 2025



# EAF transition in the steel industry

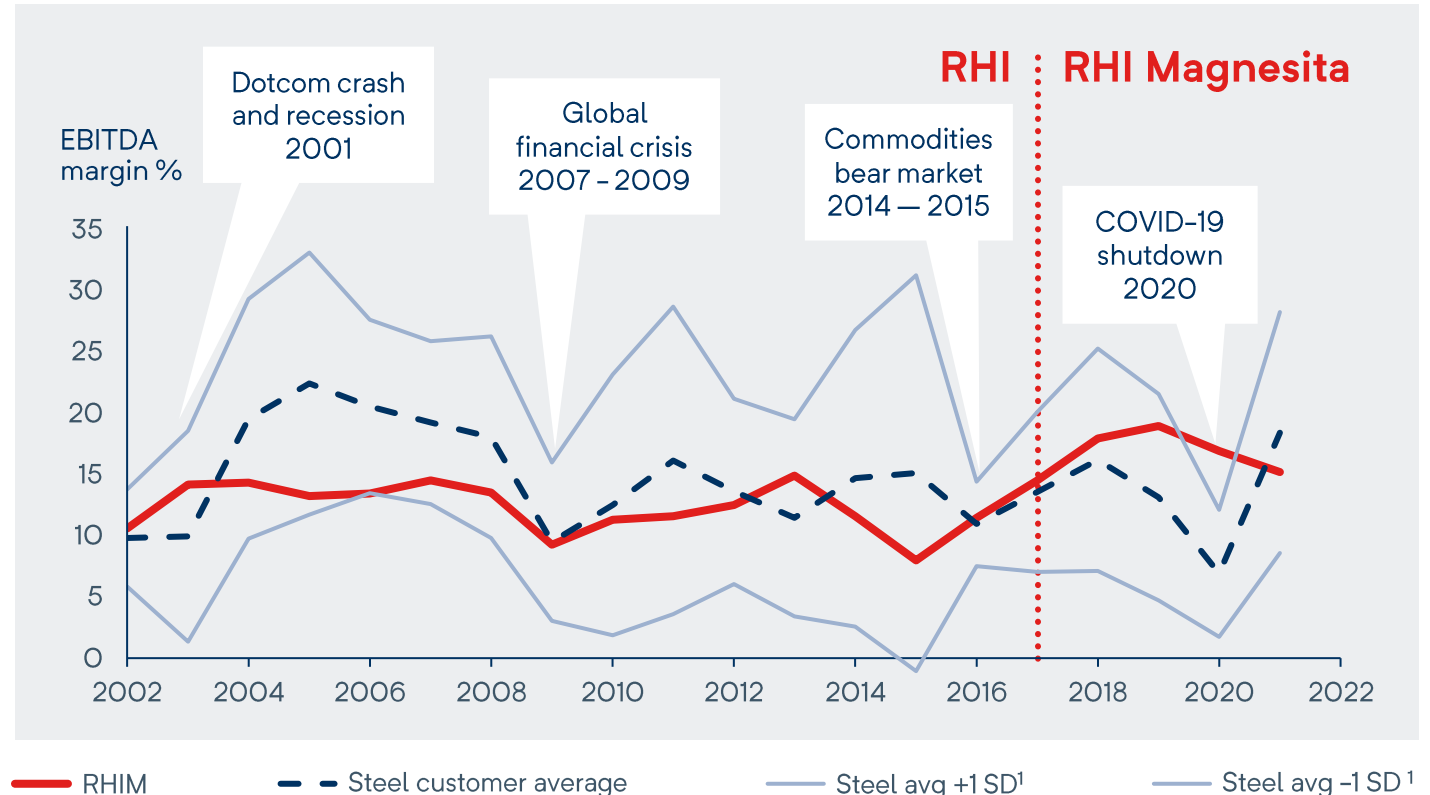
Use of EAF technology is key to reducing CO<sub>2</sub> emissions



# 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

# FY 2022 update

Stefan Borgas  
CEO

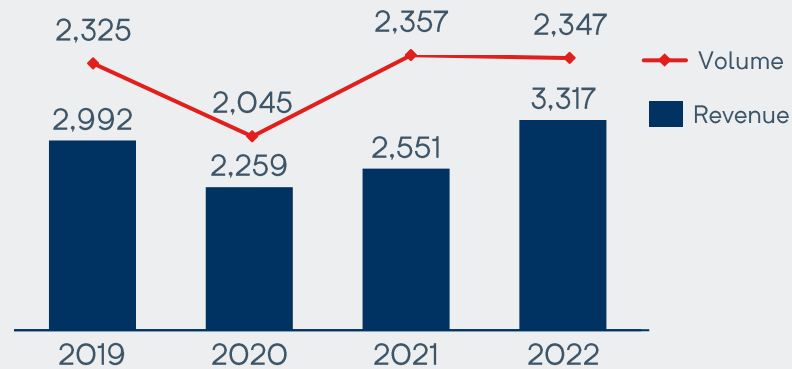




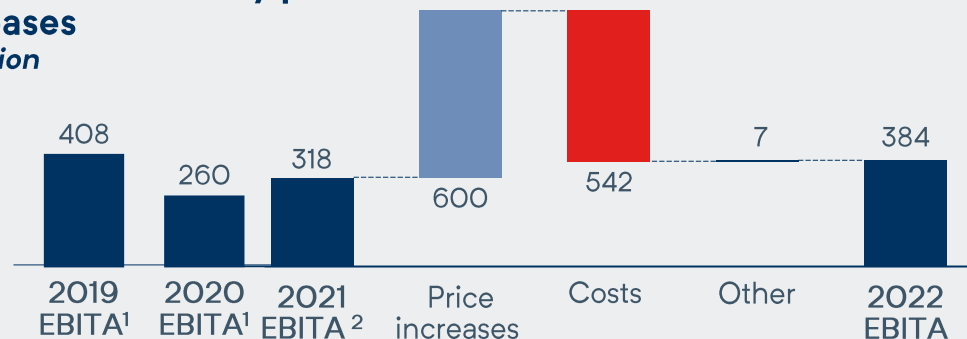
# Strong revenue growth

Market share gains and price increases deliver strong revenue and EBITA growth

## Revenues supported by significant price increases € million, kt



## Higher cost offset by price increases € million

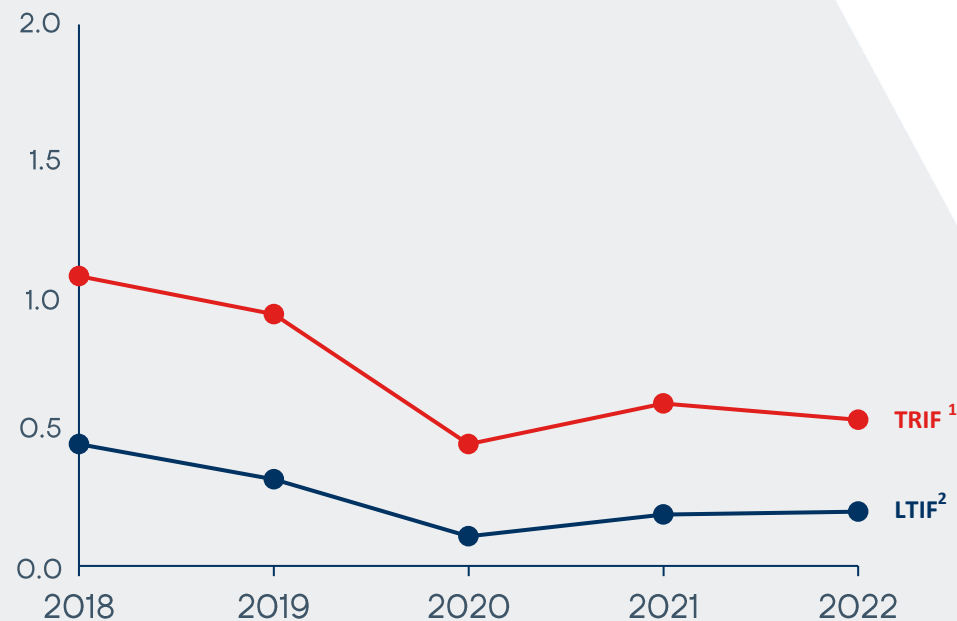


- Market share gains in both industrial and steel
  - Global steel shipped refractory volumes (1)% compared to WSA steel production of (4)% and (7)% ex-China
- Significant price increases passed on to customers
  - €542 million of higher costs off-set by €600 million of price increases
  - 30% revenue growth driven by higher pricing
  - Resilient EBITA margin of 11.6% (2021: 11.0%)
- Ongoing progress on our strategic priorities
  - Network optimisation substantially complete, now focused on fully realising benefits
  - M&A progress in all target geographies of India, Türkiye and China and in recycling
- Subdued volumes in Q4 across Cement and Steel

# Health & Safety

A core value at RHI Magnesita

## LTIF and TRIF stable or decreasing in FY 2022



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

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

- LTIF and TRIF stable or decreasing
  - LTIF 0.20 (2021: 0.19)
  - TRIF 0.54 (2021: 0.60)
- Lost time injury factors:
  - Staff returning to workplace following the pandemic
  - Plants running at high production volumes
  - New acquisitions requiring onboarding to RHIM safety standards
- Key initiatives:
  - New safety instruction videos for employees, contractors and visitors
  - New global standard for Personal Protective Equipment (PPE)
  - Awareness initiatives
  - Implementation of new critical processes for lockout/tagout, working at height and in confined spaces

# Financial highlights

Revenue<sup>1</sup>

**€3.3bn**

↑ 30%

Adjusted EBITA<sup>1</sup>

**€384m**

↑ 37%

Adjusted EBITA margin<sup>1</sup>

**11.6%**

↑ 60bps

Adjusted Earnings  
per share

**€4.82ps**

↑ 7%

Capex

**€157m**

↓ 38%

Working Capital  
intensity<sup>2</sup>

**25.4%**

↑ 2.1ppt

Net debt to adjusted  
EBITDA<sup>3</sup>

**2.3x**

↓ 0.3x

Dividend declared

**€1.60ps**

↑ 7%

1. Denoted on a reported basis

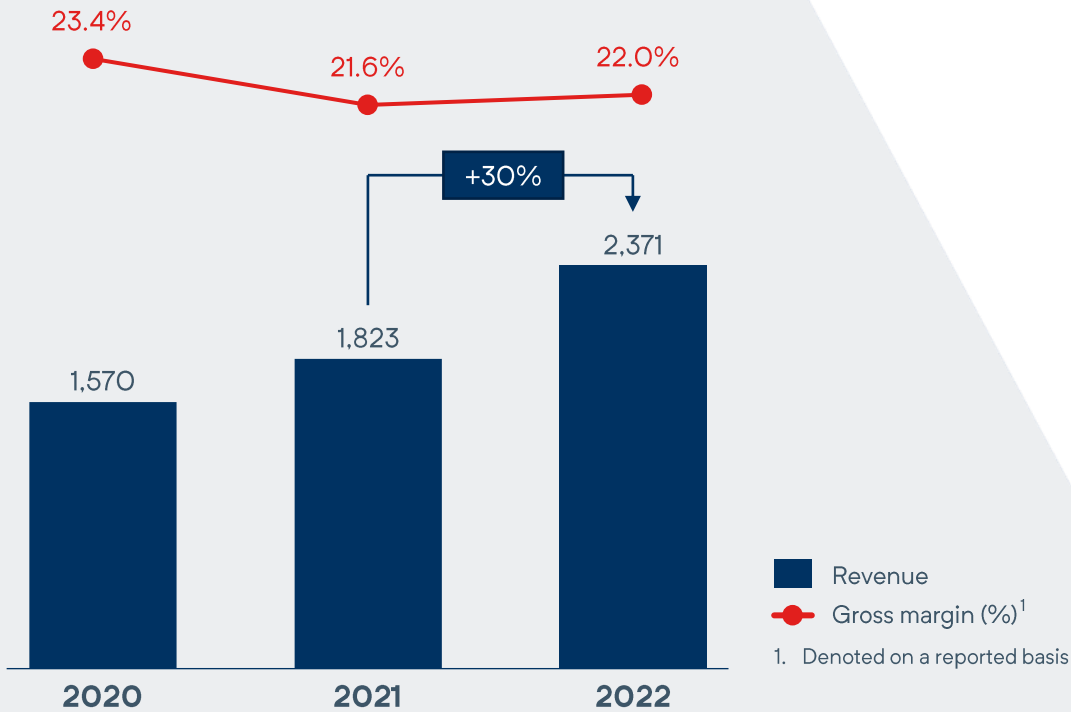
2. Working capital includes working capital financing of €314m and is denoted on a L3M revenue basis (€3,615 million).

3. Including IFRS 16 Leases of €64m

# Steel division overview

Shipped refractory volumes for steel (1)%, outperforming world steel association  
production volumes ex-China (7)%

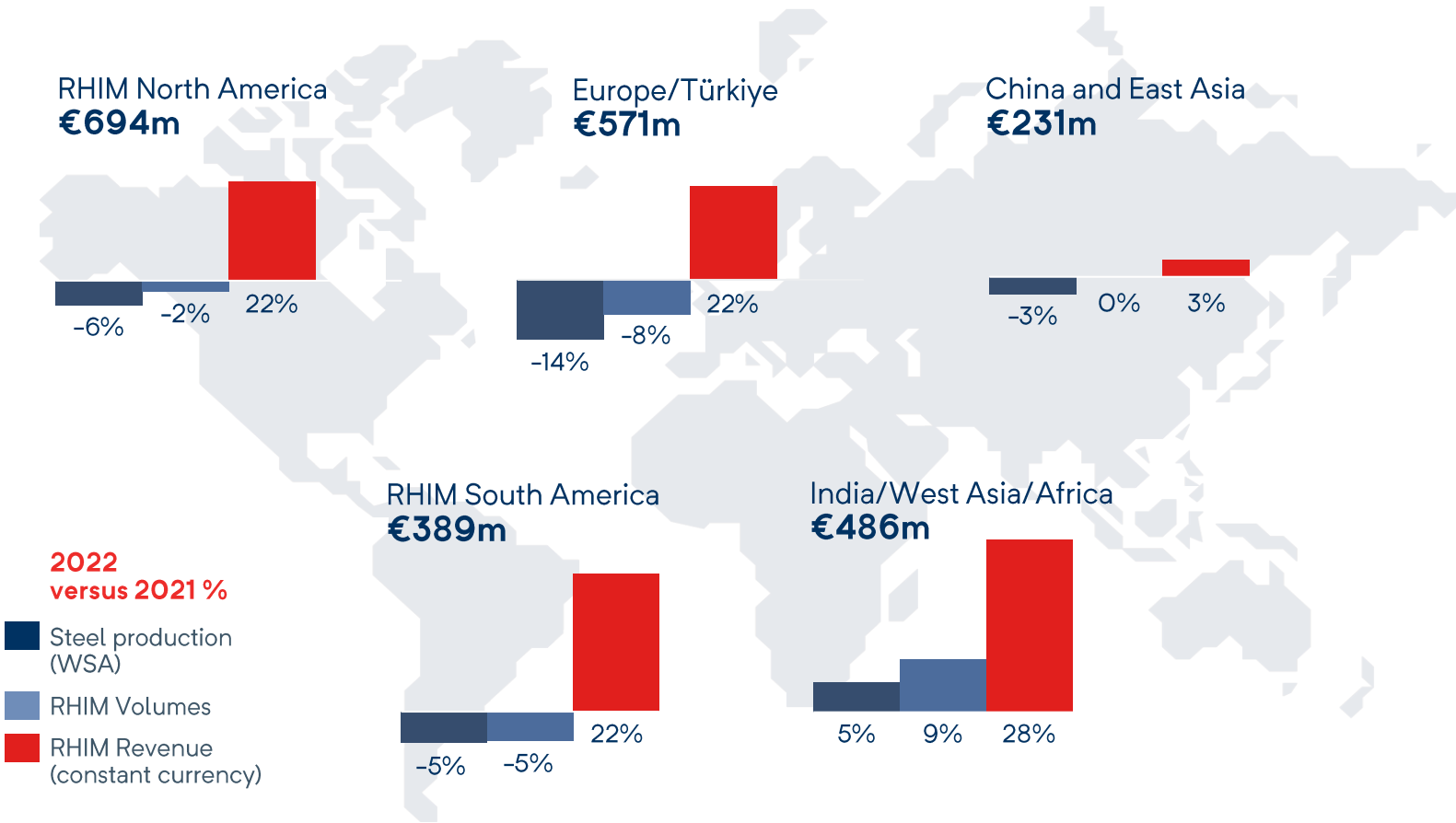
## Revenue (€m)<sup>1</sup>



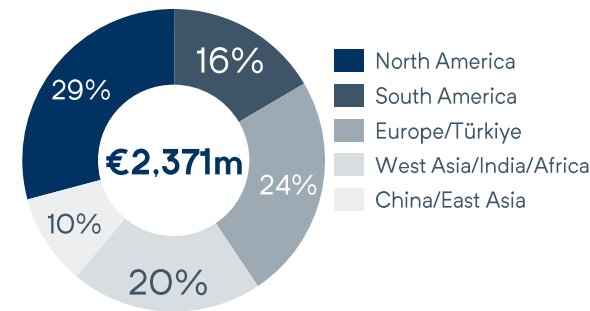
- Steel division revenue +30% driven by significant price increases and FX tailwind (constant currency +21%)
- RHIM steel volume slightly softer by (1)% but outperformed against WSA steel production of (4)% globally and (7)% ex-China
- Price increases were successful in passing on inflationary pressures
- Group steel gross margin 40bps higher compared to 2021
  - North America remains most profitable region for steel
  - Europe margins restored
  - South America and India margins increased
  - China margins softened in competitive environment
- Outlook for 2023
  - Softer demand expected in 2023 in all geographies apart from India, with volumes up to 5% lower

# Steel division performance by region in 2022

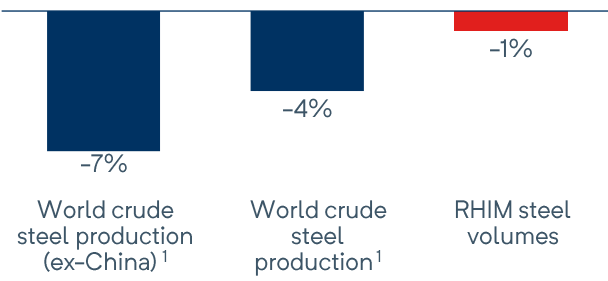
Improved delivery reliability drives market share growth in each region



RHIM Steel Division Revenue 2022



Steel market share gain 2022 vs 2021

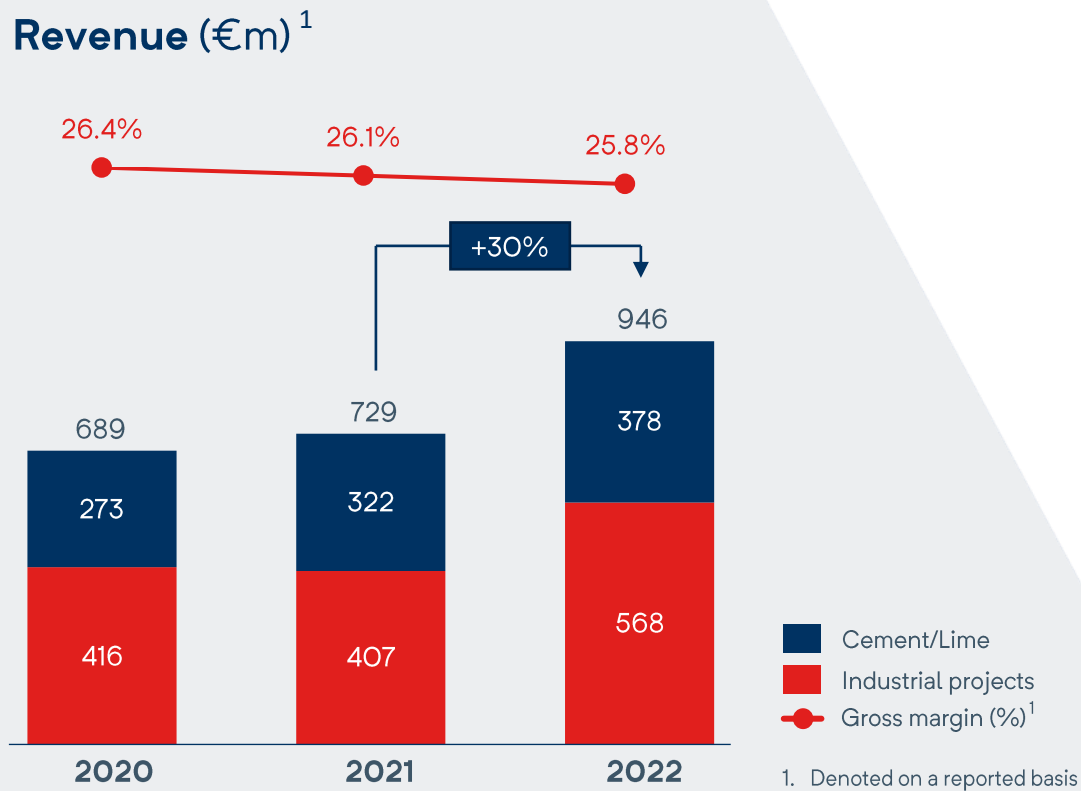


1. World Steel Association data



# Industrial division overview

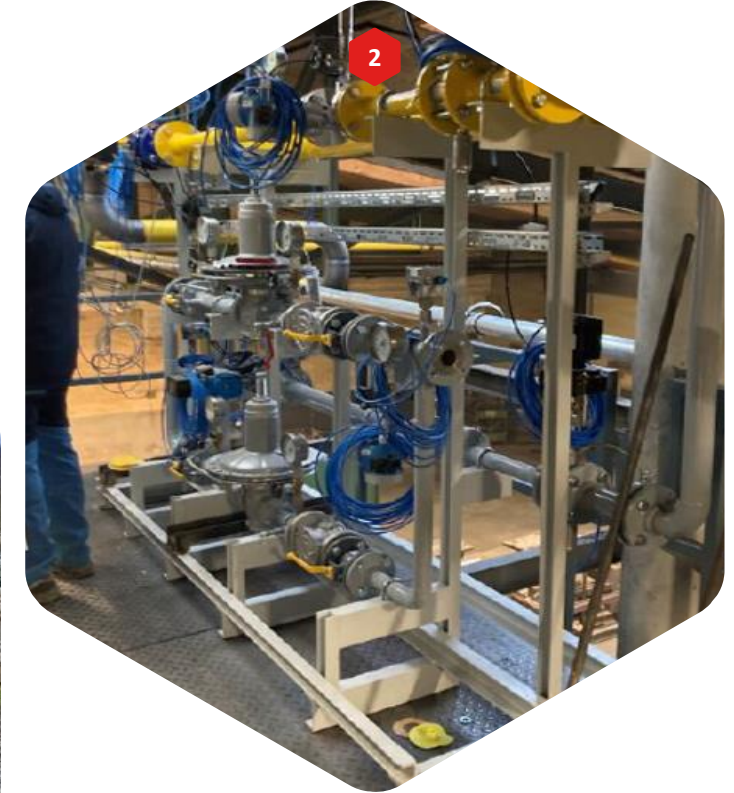
Revenue +30% due to pricing as higher shipments in NFM offset softer cement volumes



- Industrial division revenue increased by 30% to €946 million
  - 3% higher volumes in 2022 following order backlog in 2021
- Cement and lime
  - Revenue increased by 18% as strong pricing environment offset weaker shipments (4%)
- Industrial projects
  - Very strong shipments +22% in NFM and revenue increased by 51% to €219m, catch up from delays in 2021
  - Shipments in Glass +9% and revenues increased by 13%
  - Industrial application revenues +10%, shipments increased by 5%
- Gross margin declined by 30bps as lower margins in NFM but was somewhat offset by improvement in cement and lime
- Softening of volumes expected in 2023 as lead times normalise

# Our response to energy market volatility

- European plant network of 10 refractory production plants and 4 raw material plants was reliant on natural gas
- €7 million capex invested during the year to access alternative fuels including LPG
- Direct purchase of 75GWh of natural gas for physical storage in Austria
- Together these measures can replace up to 50% of our normal usage of natural gas in Europe in the event of supply rationing
- Given the supply chain issues in Europe driving higher production costs, Europe is currently uncompetitive for exports
  - 42% production exported from Europe in 2022

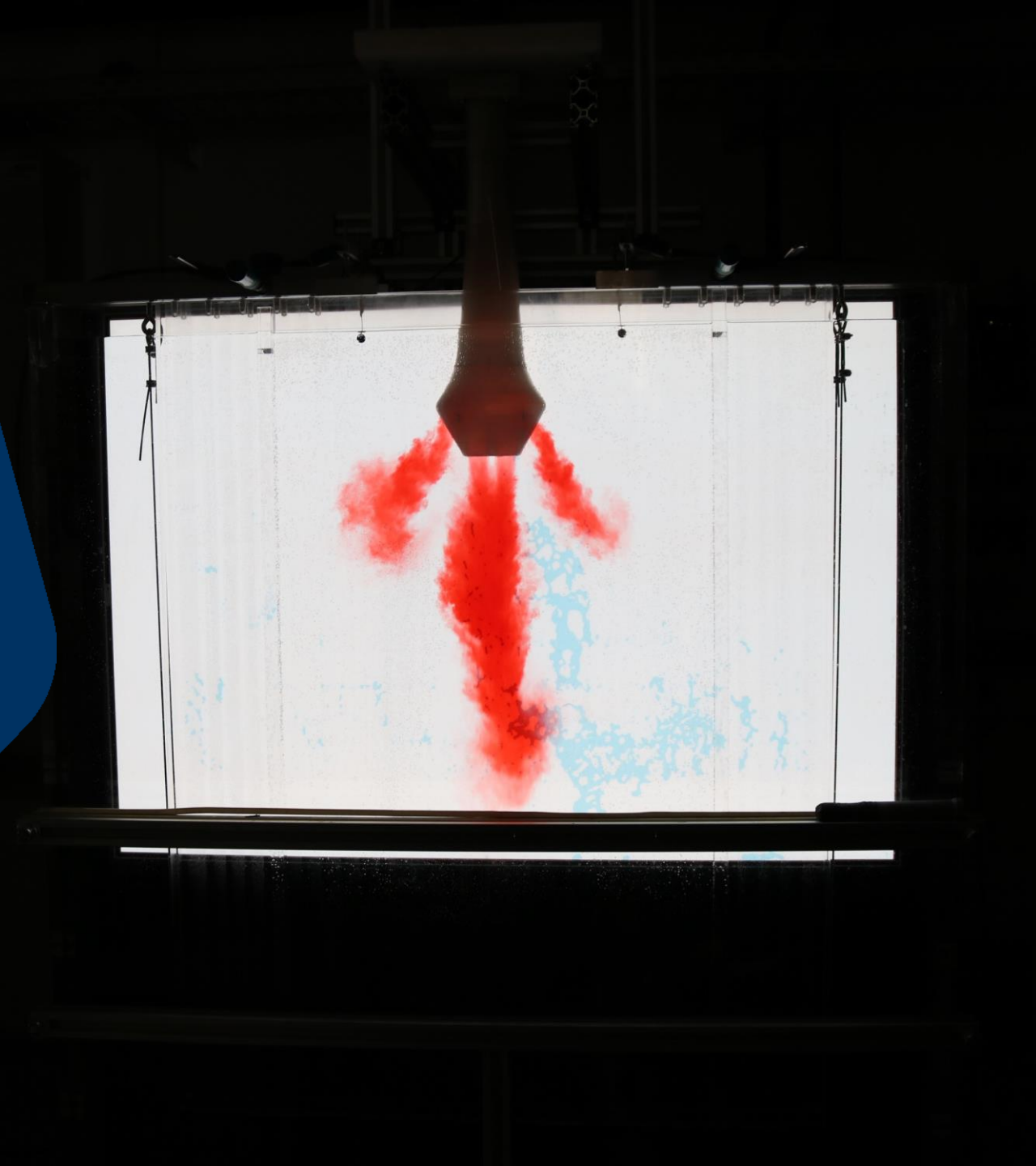


**1** LPG Tank installation  
Radenthein, Dec 22

**2** Internal connecting pipework  
Radenthein, Dec 22

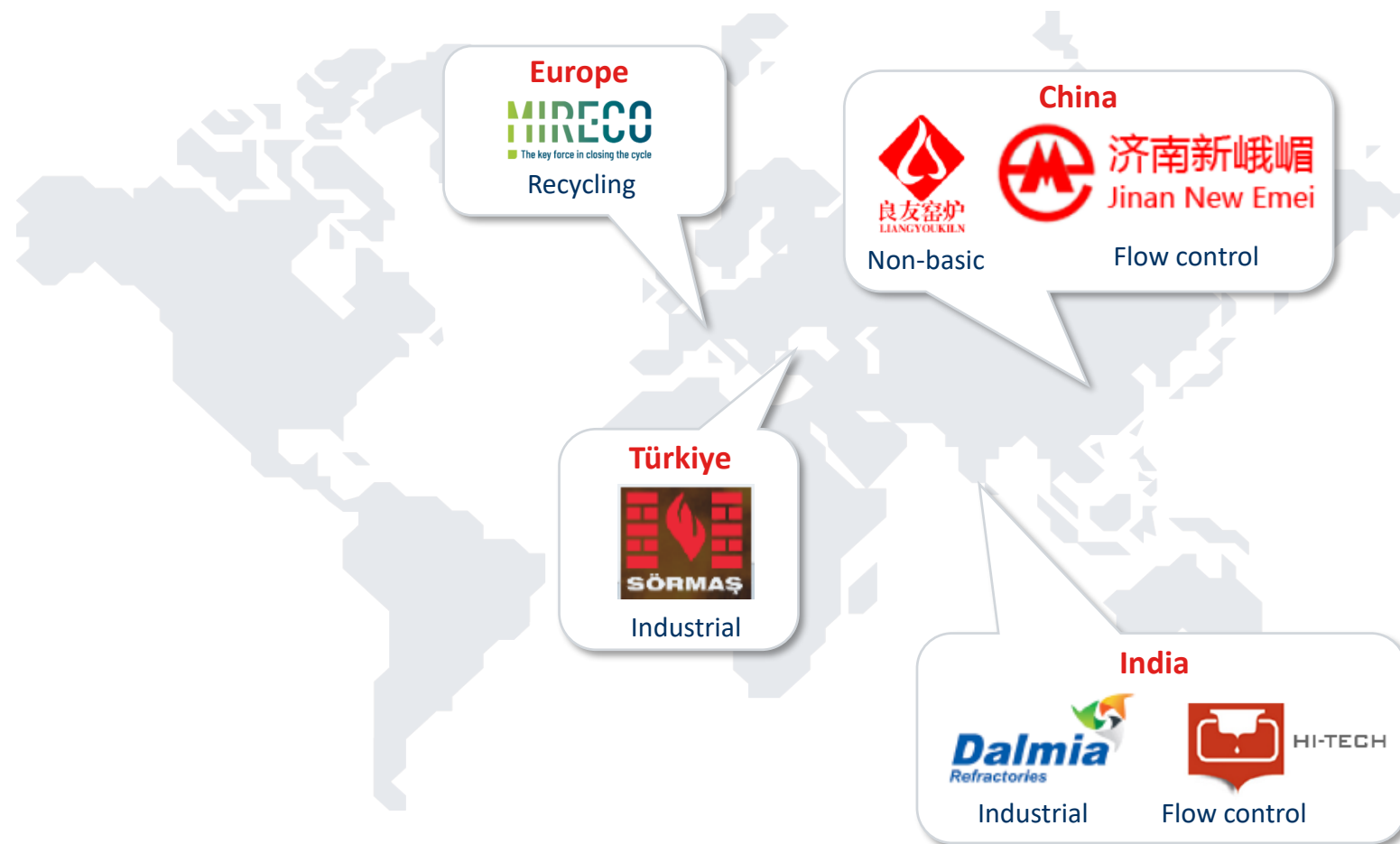
**M&A**

Stefan Borgas  
CEO



# M&A strategy gaining momentum

Acquisitions agreed or completed in key target geographies and product segments



- Our M&A consolidation strategy is focused on markets and products where we are under-represented
- Six acquisitions agreed or completed since December 2021
- Significant value potential from cost and revenue synergies and network optimization benefits
- c.€200m of cash outflow on agreed M&A in 2023
- Acquisitions to contribute €20–25 million EBITDA in 2023
- Strong pipeline presents further opportunities

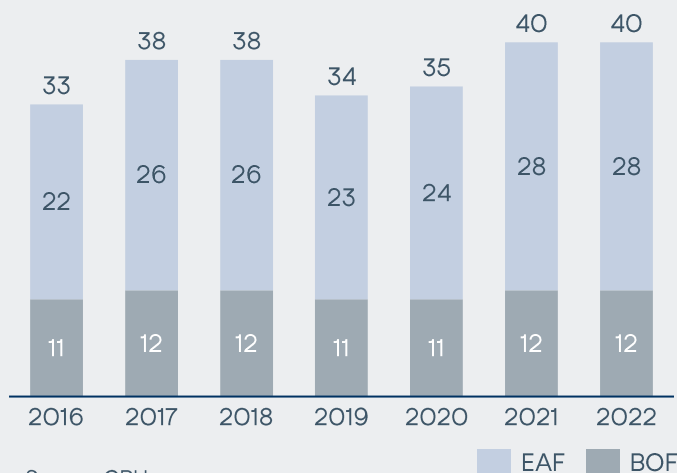
# M&A in 2022

## — Europe / Türkiye

### Türkiye remains a core targeted geography for growing our market share

- Türkiye is the 8<sup>th</sup> largest steel producer globally, ahead of Brazil; RHIM is under-represented
- Steel production output in Türkiye expected to remain at 2022 levels following a period of substantial growth
- The cement market also has a strong outlook

### Crude steel production Türkiye (mm tonnes)



### SÖRMAŞ<sup>1</sup> refractories

Completed, Sep 22

#### Strategic focus

- SÖRMAŞ is one of the key refractory players in Türkiye, well established in industrial segment
- Opportunity to expand local product portfolio and use Türkiye as a low cost production hub for export markets
- Attractive raw material/vertical integration synergies
- Streamline third party sales and strengthen own salesforce

1. SÖRMAŞ Söğüt Refrakter Malzemeleri Anonim Şirketi



### Creation of MIRECO brand as a new key secondary raw material provider for the industry

Completed, Jun 22

#### Strategic focus

- RHI Magnesita and Horn & Co. Minerals Recovery formed "MIRECO", the leading refractory recycling company in Europe
- RHIM has entered into an established ecosystem and aims to grow platform in Europe
- Enables increased use of secondary raw materials and a substantial reduction of CO<sub>2</sub> emissions
- Opportunity to capture market share in Europe & the wider region



# M&A in 2022 — India

## India offers significant growth potential...

- Spare available capacity to fulfil Indian market growth in next 3 – 4 years
- India is the second largest steel market globally, and expected to grow by 7-8% CAGR by 2030
- India government aims to double steel production to c.300 Mt by 2030
- RHIM India will represent c.30% of the refractory market after M&A
- RHIM India growth CAGR > 15% in the past 20 years

## Crude steel production India (mm tones)



Source: CRU



## Indian refractory business of Dalmia Bharat refractories

Completed, Jan 23

### Strategic focus

- A leader in India refractory market specifically within the cement industry
- Well established company with a complementary local production footprint (5 plants) and high-quality product offerings
- Solid synergies expected from cross selling in steel & cement and an improved cost baseline through fixed cost optimisation, resource bundling and economies of scale



## Refractory business of Hi-Tech Chemicals

Completed, Jan 23

### Strategic focus

- Well established steel flow-control producer (isostatic ceramics, slide gate plates) in North-Eastern India
- Semi-automated, modern production plant in a low cost and high growth market
- Product portfolio highly complementary to existing RHIM flow control production sites, with cost synergies expected from optimised production
- Solid flow-control platform to capture steel growth in India and grow into export markets in the region

# M&A in China



**Jinan New Emei Industries Co.**  
Signed in Jan 23

## Strategic focus

- Well known refractory producer for slide-gate-plates, nozzles and flow-control systems in China
- Brand-new facility, completed in 2022-Q4, to supply existing customers with high-quality products both in China and in export markets
- Fundamental to further build up “China-for-China” steel business, especially in the solutions business
- RHIM participates in the consolidation of the Chinese refractory market, a key part of RHIM’s Strategy 2025



**Chongqing**  
*progress update*  
Completed, Dec 21

## Strategic focus

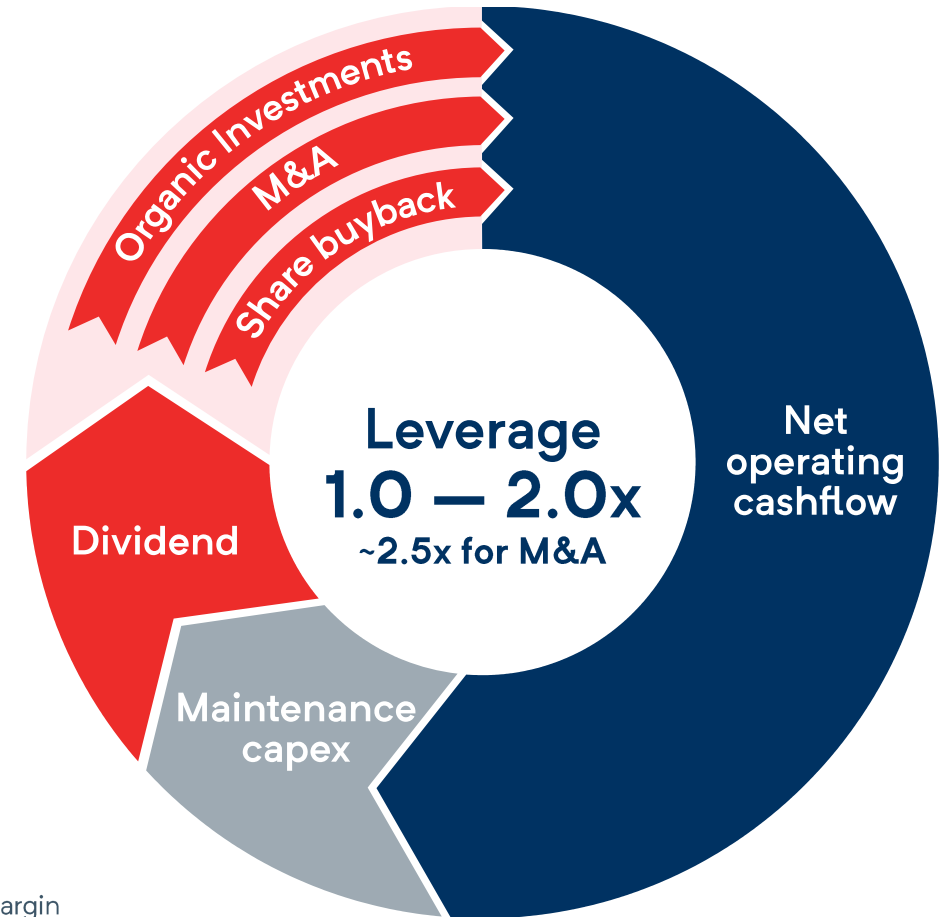
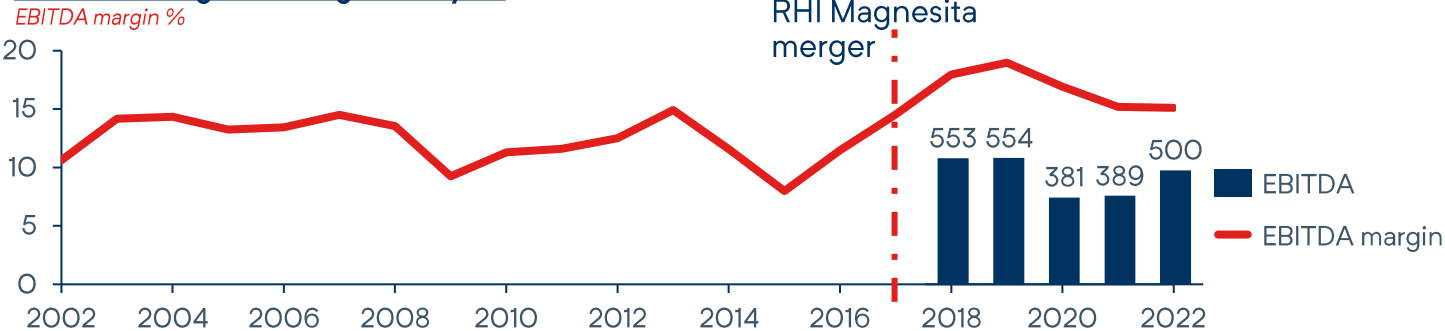
- Well positioned due to its proximity to customer markets (South-West China and SEA region) as well as raw material suppliers
- State of the art production facility complementary to existing China plant network
- Alumina plant is due to start production in H2 2023

# Capital allocation

## New gearing target

- Previous target ratio 0.5 – 1.5x and over 2.0x for M&A
- Board considers that it is in shareholders' interests to increase this flexibility:
  - Strong M&A pipeline presents opportunity to accelerate consolidation of the refractory industry
  - Resilient margins and profitability through the cycle
  - Improved supply reliability for customers from maintaining higher levels of working capital – supports market share gains

### Resilient margins through the cycle



# Financial review

Ian Botha  
CFO





# Profit and loss summary

Adjusted EBITDA +28%, higher FX and tax charges held back EPS growth to 7%

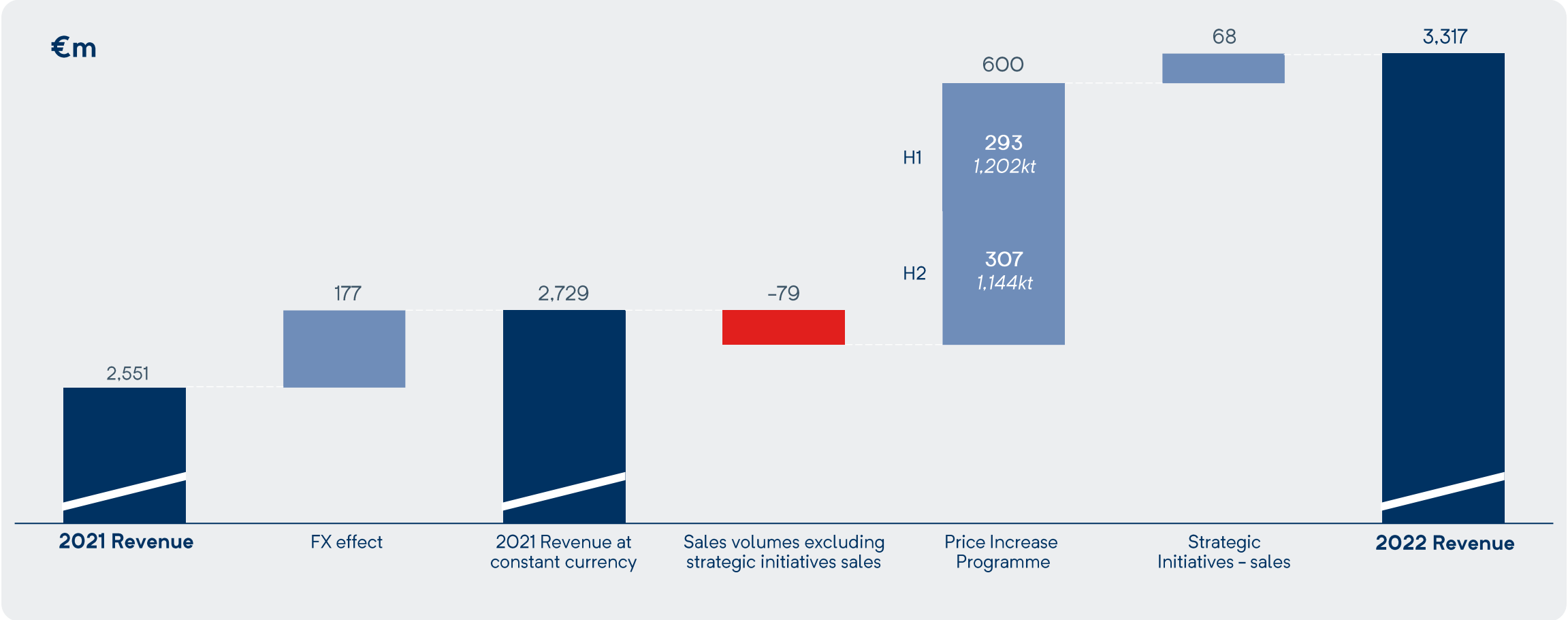
€m	2022	2021 <sup>1</sup>	Change
Revenue	3,317	2,551	30%
Gross profit	763	584	31%
Gross margin (%)	23.0%	22.9%	10bps
Adjusted EBITDA	500	389	28.4%
EBITDA Margin (%)	15.1%	15.3%	(20)bps
<b>Adjusted EBITA</b>	<b>384</b>	<b>280</b>	<b>37%</b>
Adjusted EBITA margin (%)	11.6%	11.0%	60bps
Finance charges <sup>2</sup>	(66)	(19)	(244)%
Adjusted Profit before tax	318	270	17%
Adjusted effective tax rate	25%	18%	+7ppts
Tax	(80)	(49)	(65)%
Adjusted Profit after tax	237	222	7%
<b>Adjusted EPS (€)</b>	<b>4.82</b>	<b>4.52</b>	<b>7%</b>
<b>Dividend per share (€)</b>	<b>1.60</b>	<b>1.50</b>	<b>7%</b>

- Revenue growth through increased pricing fully offset cost inflation, with gross profit margin stable at 23.0% (2021: 22.9%)
- Adjusted EBITA margin improved by 60bps to 11.6% supported by lower SG&A inflation
- Finance charges increased to €66 million (2021: €19 million):
  - Net interest expenses of €19 million (2021: €7 million)
  - Foreign exchange related charges of €23 million (2021: €3 million – income)
  - Other financial expenses €24 million (2021: €21 million)
- Effective tax rate increased to 25% (2021: 18%, guidance 23–25%)
- Adjusted EPS €4.82 per share (2021: €4.52 per share)
- Recommended final dividend of €1.10 (2021: €1.00) results in full year payout of €1.60 (2021: €1.50)

1. Denoted on a reported basis

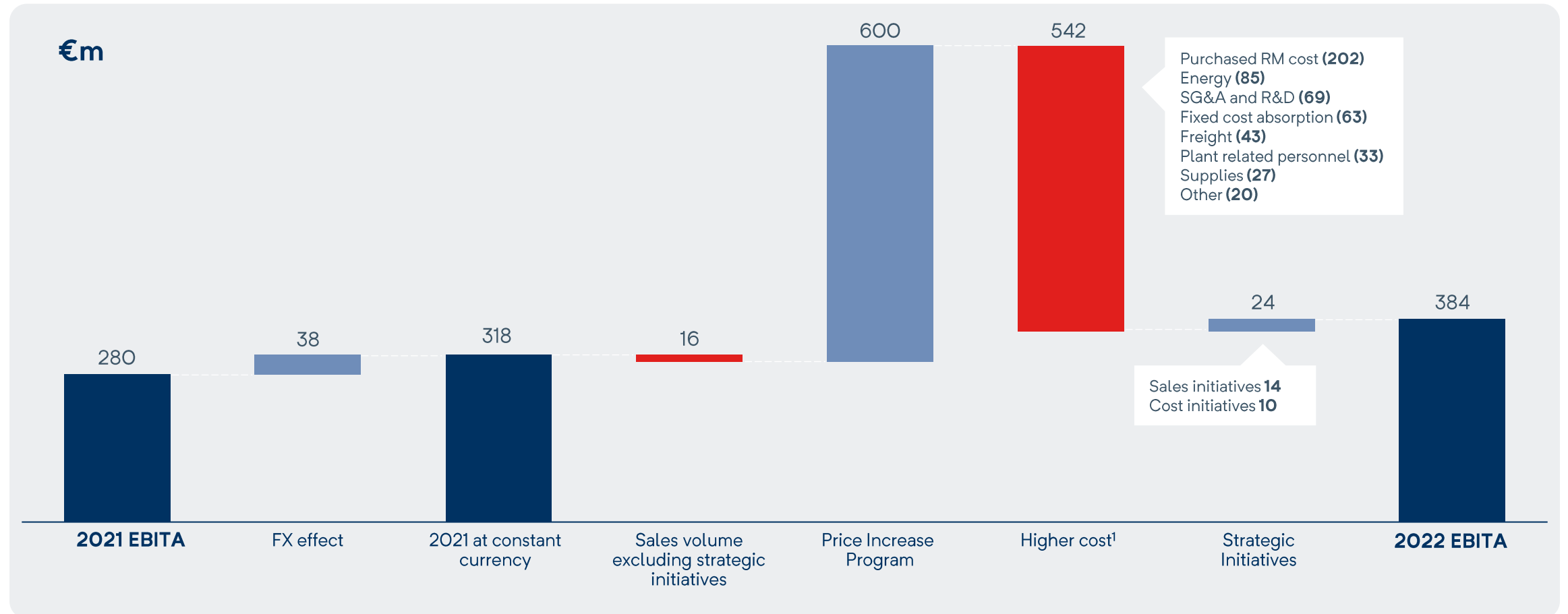
2. Net finance costs adjusted by €7 million mainly relating to the €6 million non-cash present value adjustment of the provision for an unfavourable contract

# 2022 revenue bridge



# 2022 EBITA bridge

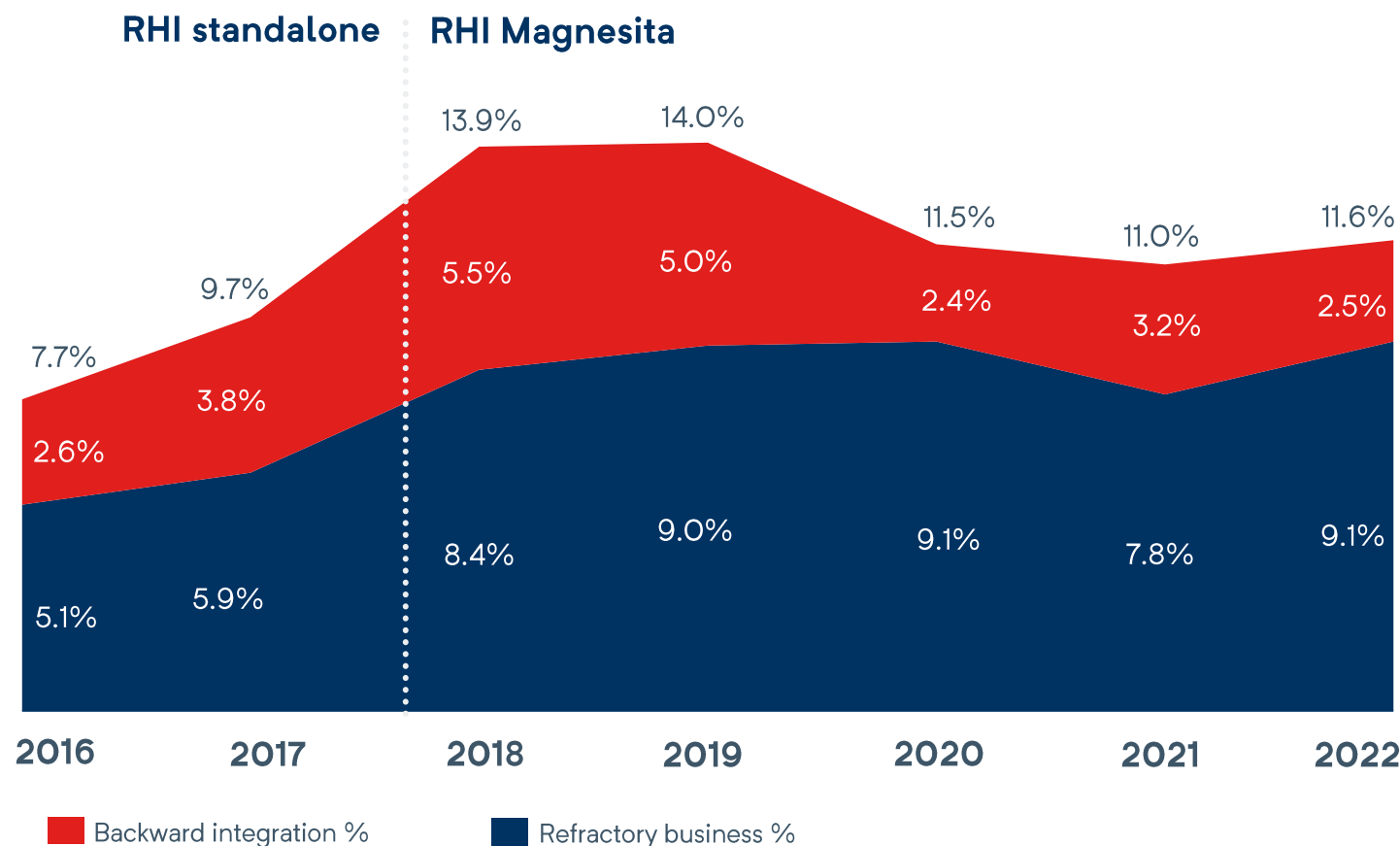
EBITA margin of 11.6% achieved through material price increases





# Refractory margins restored through price increases

Backward integration margin under pressure from higher cost in Europe

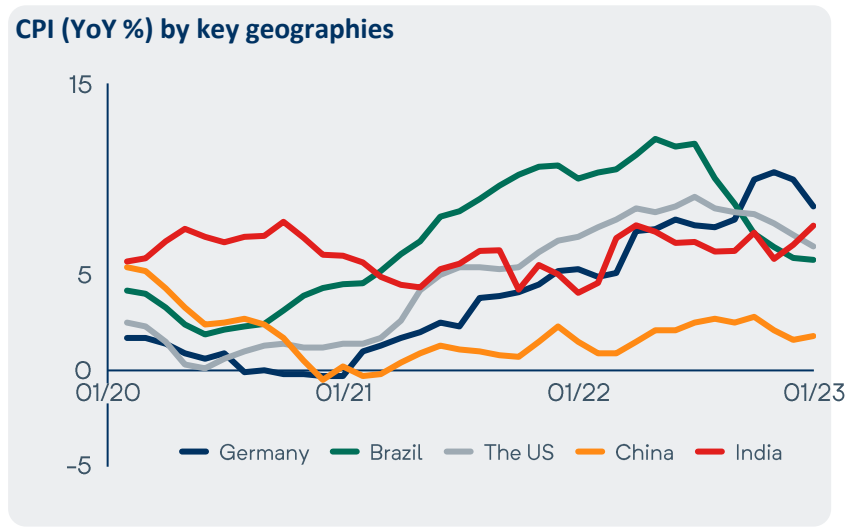
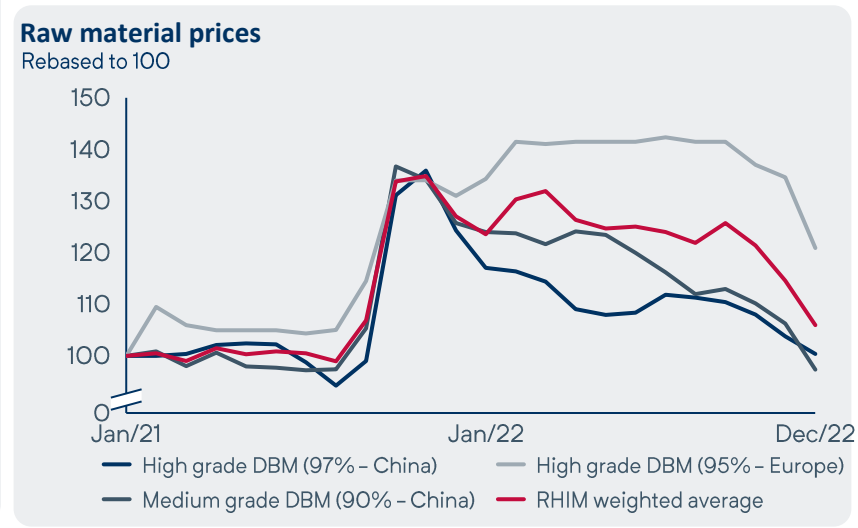
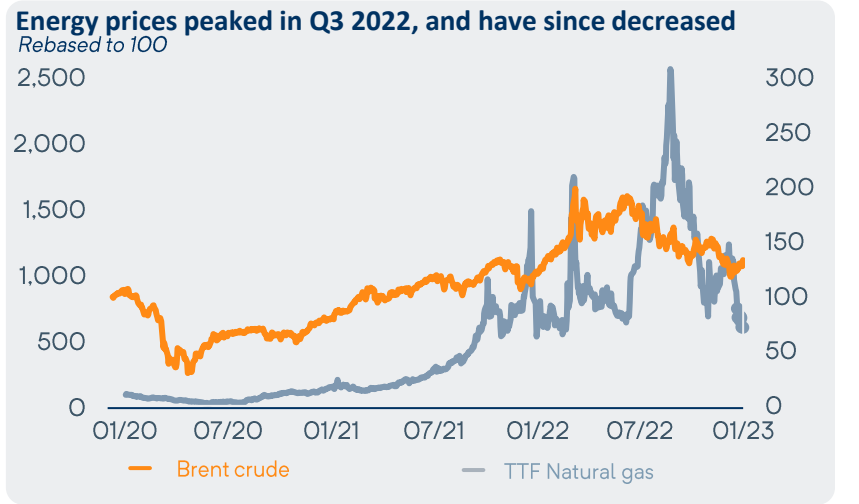
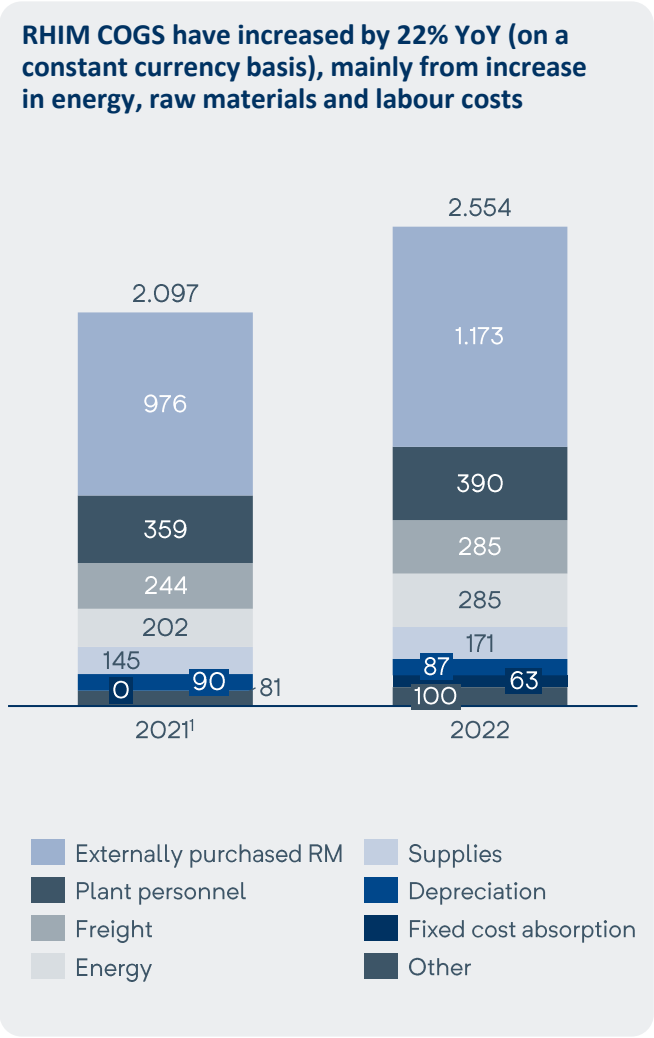


	FY 2021	H1 2022	H2 2022	FY 2022
Refractory EBITA (€m)	199	134	167	302
Backward integrated EBITA (€m)	81	54	29	81
Refractory EBITA margin	7.8%	8.4%	9.7%	9.1%
Backward integrated EBITA margin	3.2%	3.4%	1.7%	2.5%

Backward integration margin declined in H2 to 1.7% due to higher cost of production (energy, labour) and softer Chinese raw materials

Refractory margin recovered in 2022 as price increases offset inflationary input costs

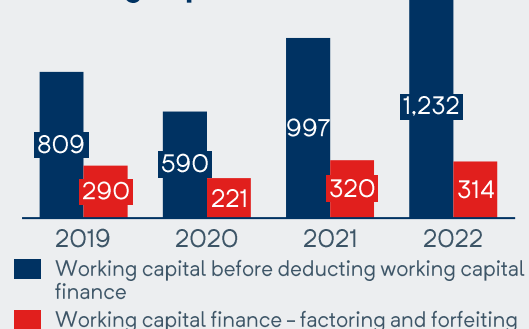
# Industry input costs



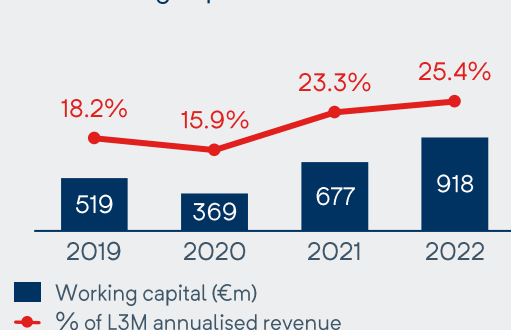
# Inventory volume reduction offset by higher cost & FX

Strategic decision to maintain higher levels of inventory intensity for improved customer service levels

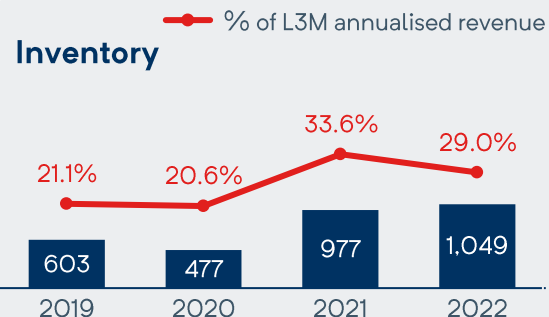
## Working capital balances



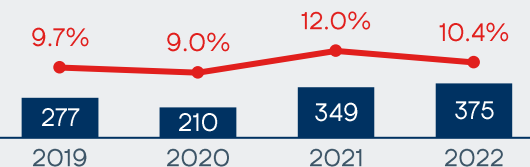
## Working capital intensity expected to remain at c.25% in 2023 (after working capital finance)



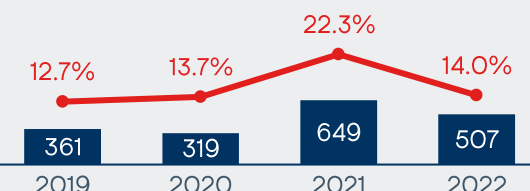
## Inventory



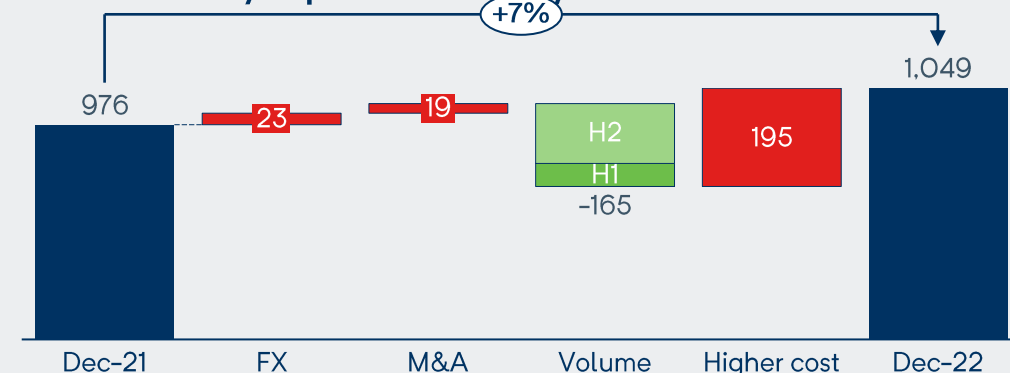
## Accounts Receivable<sup>1</sup>



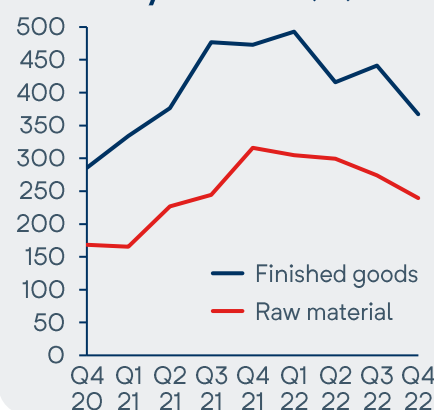
## Accounts Payable<sup>2</sup>



## Inventory volume reduction of 31% was off-set by unfavourable FX and inflationary impact on inventory



## Inventory volumes (kt)

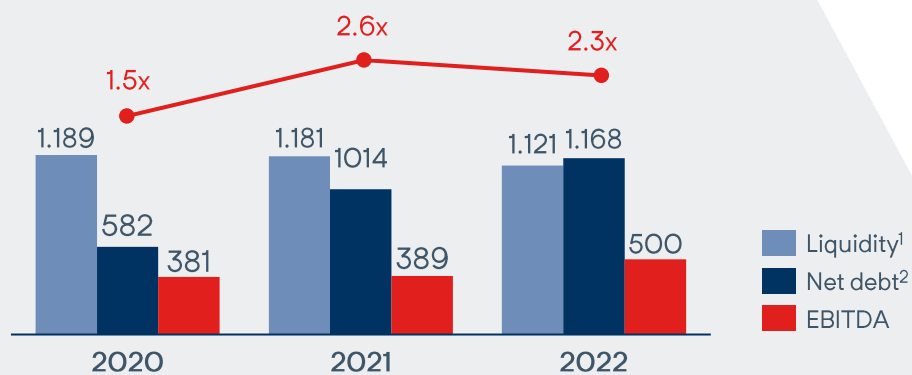


1. Accounts receivable calculated as trade receivables plus contract assets less contract liabilities, as per financial statements
2. Accounts payable refers to trade payables, as per financial statements

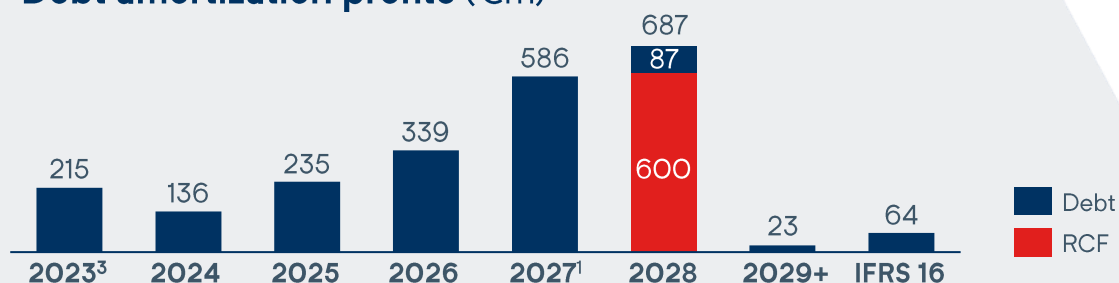
# Gearing and liquidity

Net debt : EBITDA reduced to 2.3x, below year end target of 2.4x due to higher EBITDA

## Net debt and liquidity (€m)



## Debt amortization profile (€m)



- Leverage of 2.3x net debt : EBITDA is below latest guidance of 2.4x and in line with new target range of 1.0-2.0x or 2.5x for M&A
- Significant available liquidity of €1,121 million (2021: €1,181 million)
- Expected demand and production volumes to be broadly balanced
- RHIM India has requested authority to issue new equity up to ₹1,500 crore (c.€170 million). Proceeds would be used towards the repayments of the loans used to finance acquisitions and for general corporate purposes
- Long dated debt maturity profile at competitive costs;
  - €350 million ESG-linked OeKB Term Loan refinanced to 2027 (originally maturing in 2023)
  - €250 million ESG-linked Term Loan refinanced to 2027 to replace \$200 million Term Loan (originally maturing in 2023)
  - RCF extended to 2028

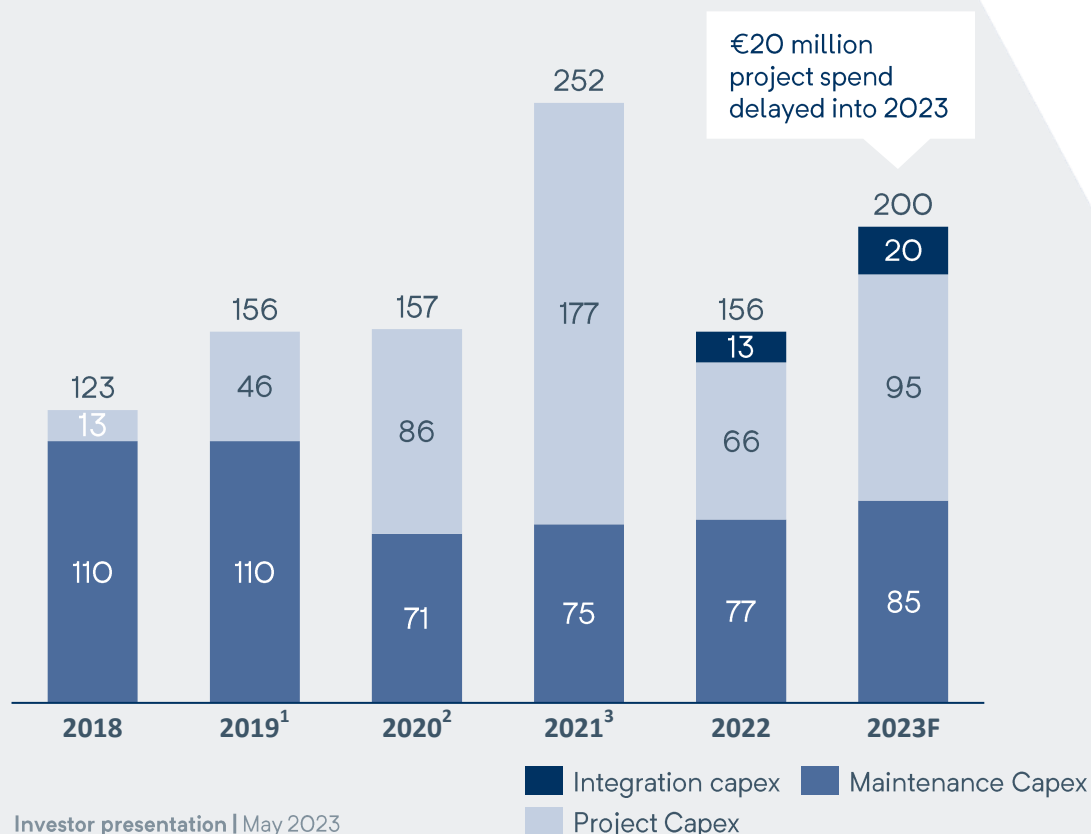
1. Includes €600m undrawn RCF, matures in 2028

2. Includes IFRS 16 leases

3. €79m are rollable facilities

# Capital expenditure programme completing in 2023

## Capital expenditure (€m)



- Projects are largely complete, however given some project delays, €20 million of project capex has moved into 2023:

- Brumado, Brazil tunnel kiln completion
- Chongqing, China JV Alumina plant investment
- Radenthein MES completion

- 2023 capex of €200 million comprises:

- €85 million maintenance capex (prior guidance)
- €75 million expansionary capex (prior guidance)
- Additional €20 million maintenance and integration capex on recent acquisitions
- Additional €20 million project capex carried forward from 2022 to 2023

1. Excludes €5 million in severance costs (cash impact)  
2. Excludes €40 million in severance costs (cash impact)  
3. Excludes €29 million in severance costs (cash impact)

# 2023 guidance

P&L guidance	2023F	2022 actual
<b>Revenues.</b> (i) Volumes	Up to (5)% lower	Broadly flat
<b>Revenues</b> (ii) Pricing	Softening	€600m price increases
Depreciation	€130m <sup>1</sup>	€116m
Incremental EBITA from strategic initiatives <sup>2</sup>	c.€25m	€ 24m
EBITDA from recent M&A	€25 — 30m	–
EBITA margin	c.10%	11.6%
Amortisation	€33m	€29m
Finance charges	c.€65m <sup>3,4</sup>	€73m
Adjusted tax rate	23 — 25%	25%
<b>Balance sheet and cash flow</b>	<b>2023F</b>	<b>2022 actual</b>
Capital expenditure	€200m <sup>5</sup>	€157m
Working capital intensity <sup>6</sup>	c.25%	25.4%
Gearing	Above 2.3x	2.3x

1. Includes c.€10m from M&A

2. Cumulative EBITA benefit cost initiatives: €85 million (reduced from €110m) and cumulative EBITA benefit sales initiatives: c.€40 – 60m

3. Guidance excludes any impact from FX e.g. balance sheet translation and derivatives

4. Comprises Net interest expense c.€(40)m and Other net interest expenses c.€(25)m (including pension expense, present value adjustments, factoring costs, non-controlling interest expense)

5. Capital expenditure comprises c.€85m maintenance capex, €95m project capex and c. €20m M&A

6. Defined as working capital as a percentage of last three months of annualised revenue and includes factoring and forfeiting





RHI MAGNESITA

# Sustainability

Stefan Borgas  
CEO



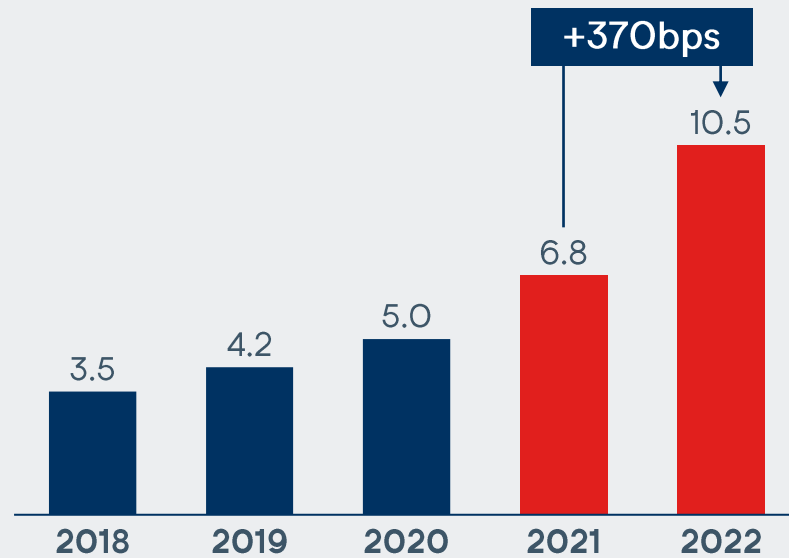


# Sustainability leadership

Delivering against our sustainability targets

## Use of secondary raw material

% of total raw material used

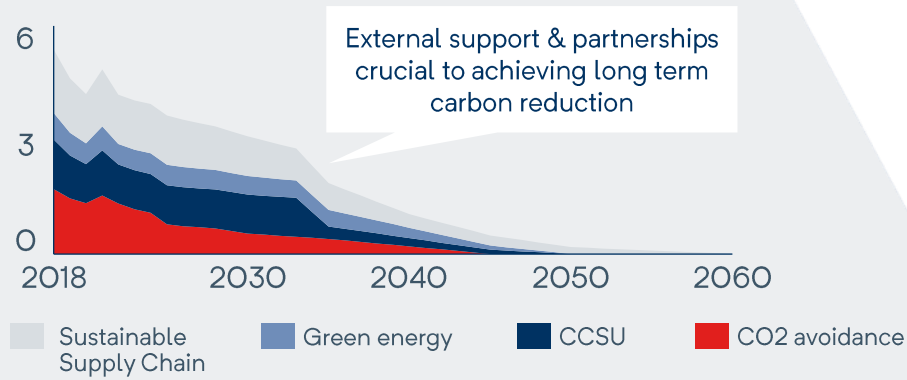


- MIRECO helped us to reach our 2025 recycling target (10%) three years early in 2022
- Lowest recorded Group CO<sub>2</sub> emissions of 4.2 Mt (2018: 5.5 Mt) and 8.2% reduction in emissions intensity (2025 target: 15% reduction) — driven by recycling, fuel switches and energy efficiency
- Ongoing €50 million R&D investment in carbon capture technologies
- ESG linked Term Loan of €250 million secured in 2022
- Board gender diversity 33%, executive level (EMT and direct reports) 21%
- Measured carbon footprint across 200,000 products
- Strong ratings from independent ESG analysts
  - MSCI AA
  - CDP upgraded to A- (2021: B)
  - EcoVadis Gold

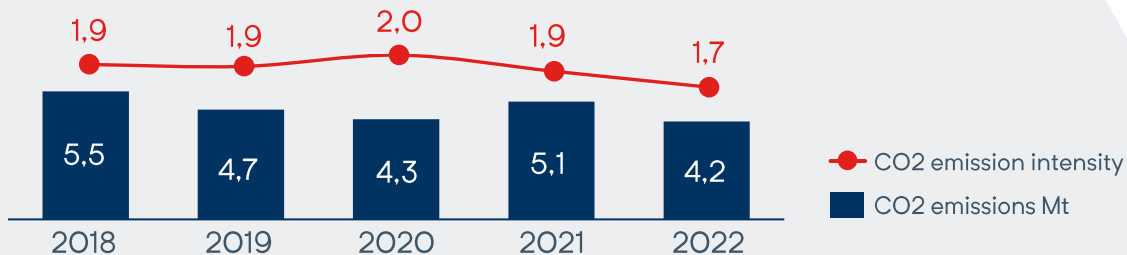


# Decarbonisation pathway

## Theoretical decarbonisation plan



## RHIM has successfully reduced CO<sub>2</sub> emissions intensity by 8.2%



## Our commitment:

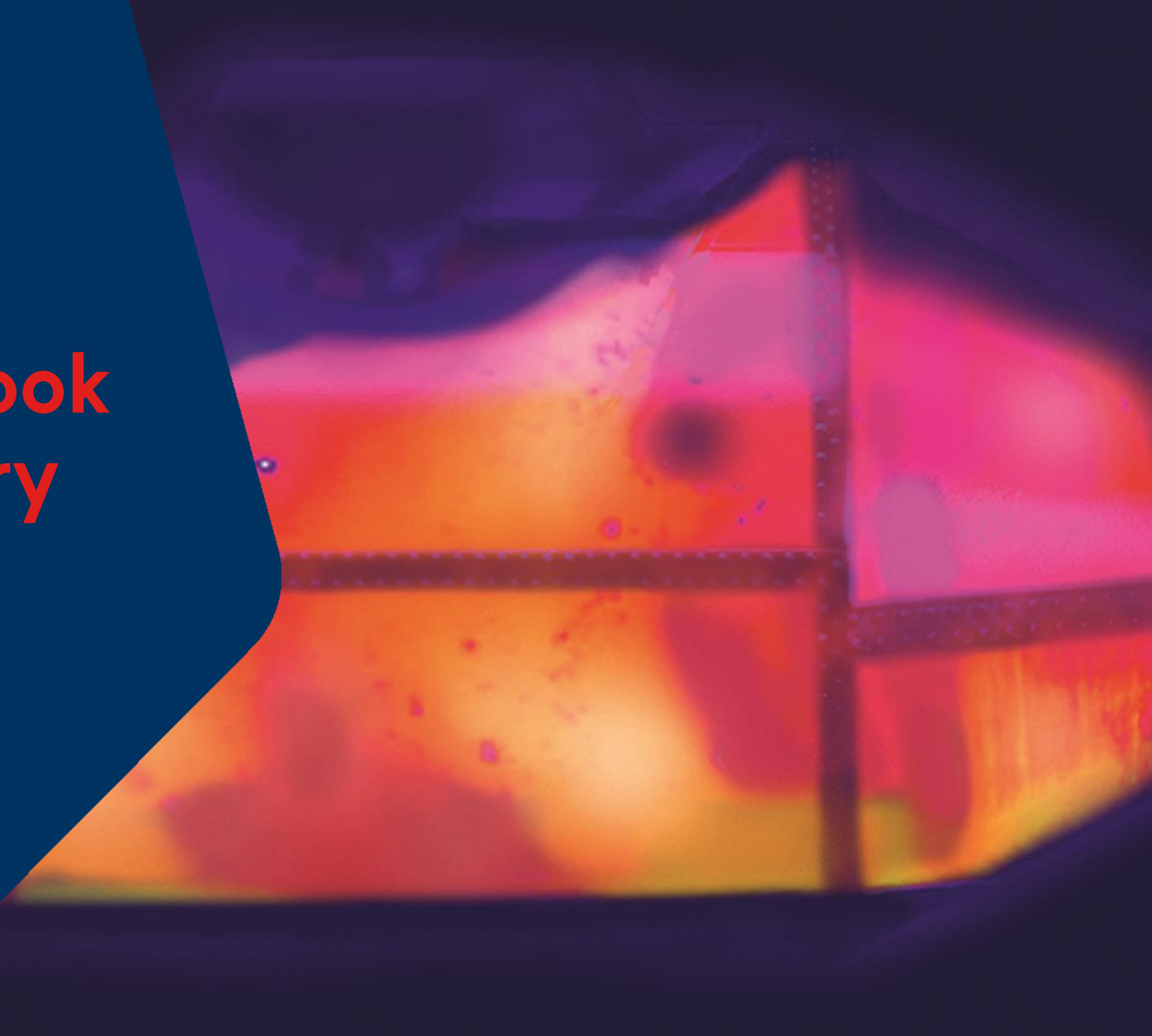
- To lead the refractory industry by decarbonizing our operations as fast as sustainably possible
- To continue to invest in the development of new technologies to avoid CO<sub>2</sub> emissions
  - Long term investment and partnership with MCI Carbon to utilise their innovative chemical engineering process which transforms CO<sub>2</sub> emissions from industry into solid materials
- To offer our customers enabling technologies with full carbon footprint transparency to enable them to measure and reduce their Scope 3 CO<sub>2</sub> emissions from the purchase of refractories.
- To lobby governments to invest in the necessary infrastructure to decarbonize the refractory industry and develop a global level playing field
- To work with industry partners sector to develop new renewable energy solutions and hydrogen energy networks
- Annual decarbonization pathway updates based on technology, infrastructure and capex developments



RHI MAGNESITA

# Strategic outlook & summary

Stefan Borgas  
CEO

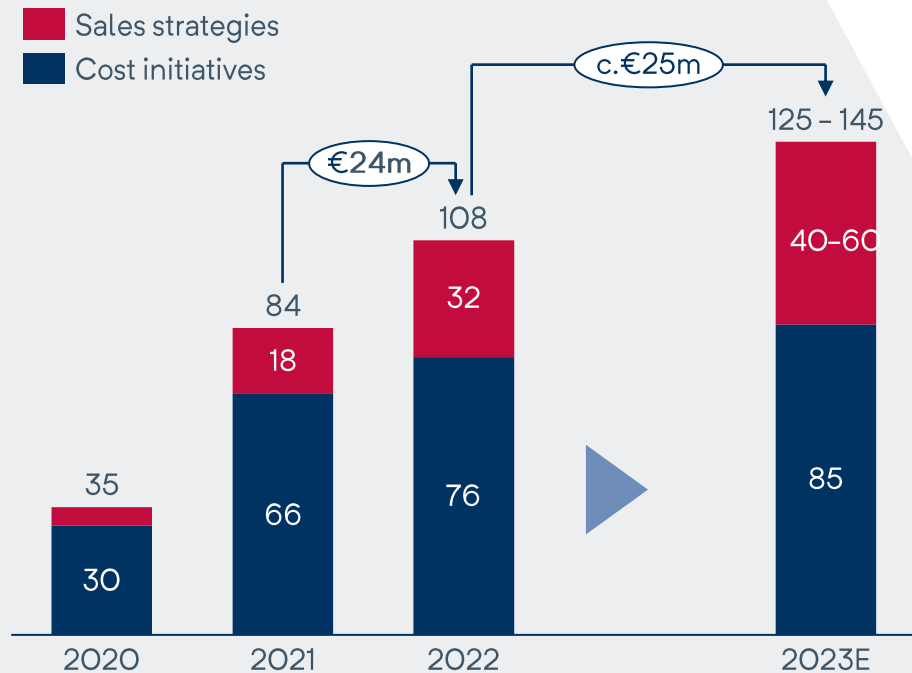


# Strategic initiatives

## Substantial completion of the project outside of Brazil

### Cumulative EBITA improvement

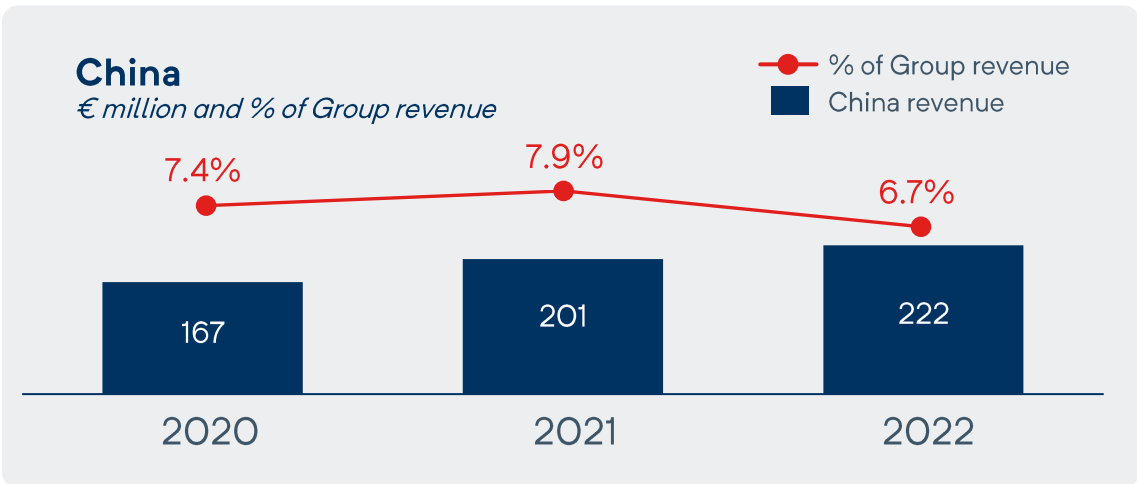
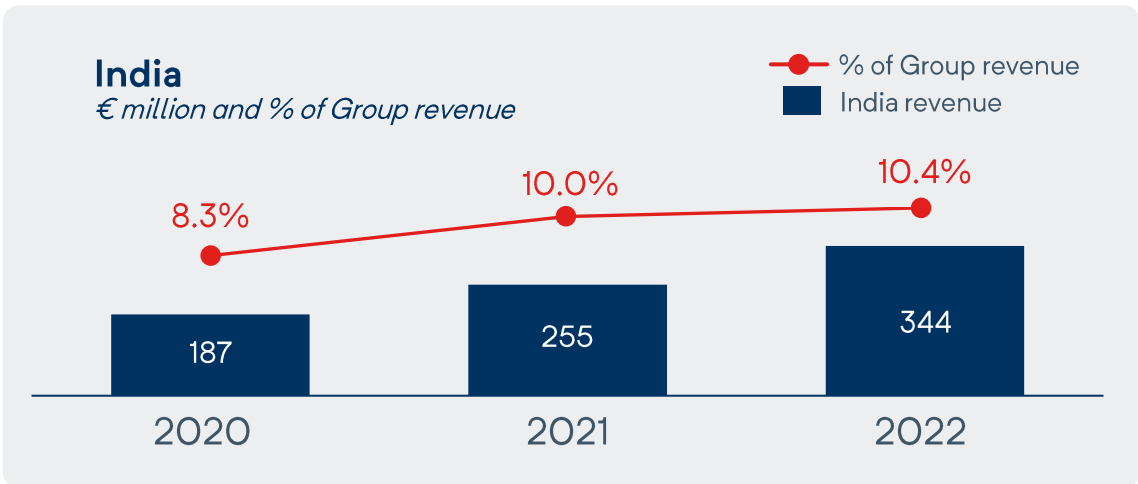
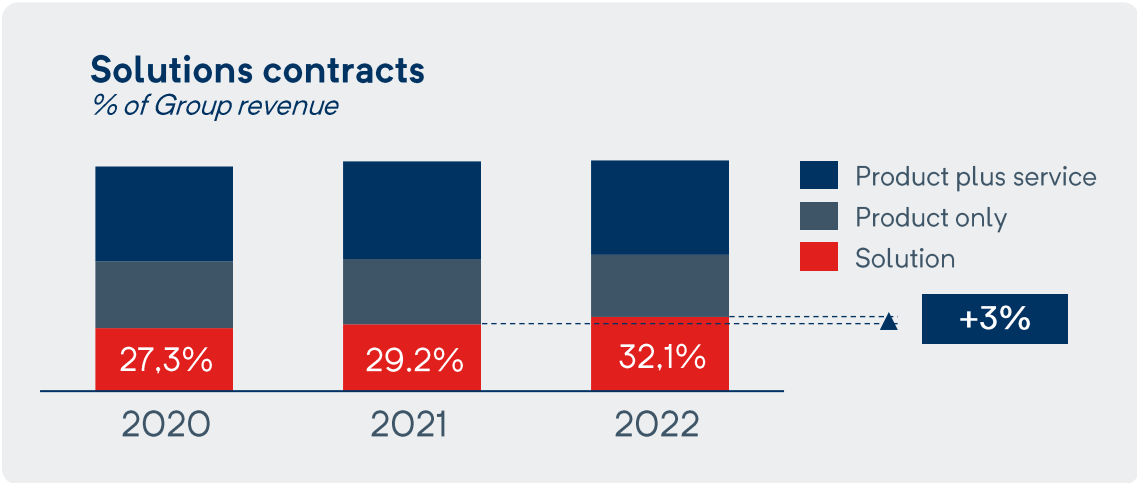
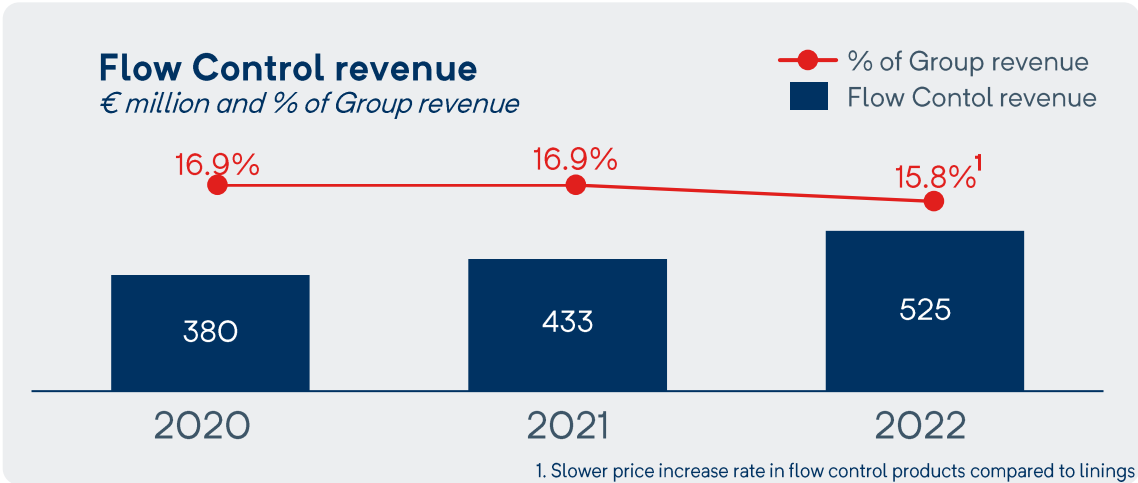
€ million<sup>1</sup>



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

- Good progress in Production Optimisation Programme outside Brazil
  - Final stage of Radenthein, Austria, Manufacturing Enterprise System about to complete in Q1 2023
  - Modernisation and expansion of Urmitz, Germany complete
  - Hochfilzen expansion complete (new low-cost dolomite hub)
  - York capacity increase and automation complete
  - Kruft, Germany and Sinterco JV, Belgium closed
- Cost target reduced to €85 million in 2023 (from €110 million)
  - Previously communicated suspension of the Contagem project phase 2 and delays at Brumado
  - Mainzlar plant (Germany) to remain open
  - Lower plant loading in 2023 than expected when target defined
- Sales strategies target lower end of the range €40 — 60 million by 2023
  - Weaker demand backdrop than when targets were defined
  - Successful flow control sales in 2022 expected to lead to sales growth in 2023
  - Solutions revenue increased to 32%, ambitious target of 40% by 2025 (2021: 29%)
  - Organic revenue growth of 10% in China and 35% in India

# Sales strategies update



# Trading outlook and 2023 guidance

- Volatility and uncertainty are expected to persist across global markets in 2023
  - Growth in India and demand softness in all other regions expected in 2023; the Group will benefit from acquisitions and from strategic initiatives
  - A contraction in construction activity will affect most of our customers into H2 2023
- Gearing levels may increase from the 2.3x recorded on 31 December 2022 due to €200 million of cash outflow from M&A (DBRL, Hi-Tech and Jinan New Emei) and lower profitability in 2023 caused by lower demand

P&L guidance	2023F	2022 actual
<b>Revenues.</b> (i) Volumes	Up to (5)% lower	Broadly flat
<b>Revenues</b> (ii) Pricing	Softening	€600m price increases
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Gearing	Above 2.3x	2.3x

1. Includes c.€10m from M&A

2. Cumulative EBITA benefit cost initiatives: €85 million (reduced from €110m) and cumulative EBITA benefit sales initiatives: c.€40 – 60m

3. Guidance excludes any impact from FX e.g. balance sheet translation and derivatives

4. Comprises Net interest expense c.€(40)m and Other net interest expenses c.€(25)m (including pension expense, present value adjustments, factoring costs, non-controlling interest expense)

5. Capital expenditure comprises c.€85m maintenance capex, €95m project capex and c. €20m M&A

6. Defined as working capital as a percentage of last three months of annualised revenue and includes factoring and forfeiting

# Resilient platform to expand industry leadership



## Since the RHI Magnesita merger in 2017 we have:

- Substantially delivered the Production Optimisation Plan reducing high-cost capacity, optimising the plant footprint of RHI and Magnesita
- Maintained competitive conversion costs with total annual EBITA savings of €76m from strategic cost initiatives
- Delivered sales initiatives with annual EBITA contribution of €32m from solutions, flow control and growth in new markets (Türkiye, India and China)

## The opportunity:

- The refractory industry is fragmented and RHI Magnesita has a scale platform to consolidate
- We can realise meaningful synergies through economies of scale in supply chain management, procurement and cross-selling and SG&A
- We will continue to seek bolt on acquisitions in our target markets and geographies



# Q&A





# Appendix







## Hochfilzen

Conveyer belt to transport  
materials from the mine

April 2022





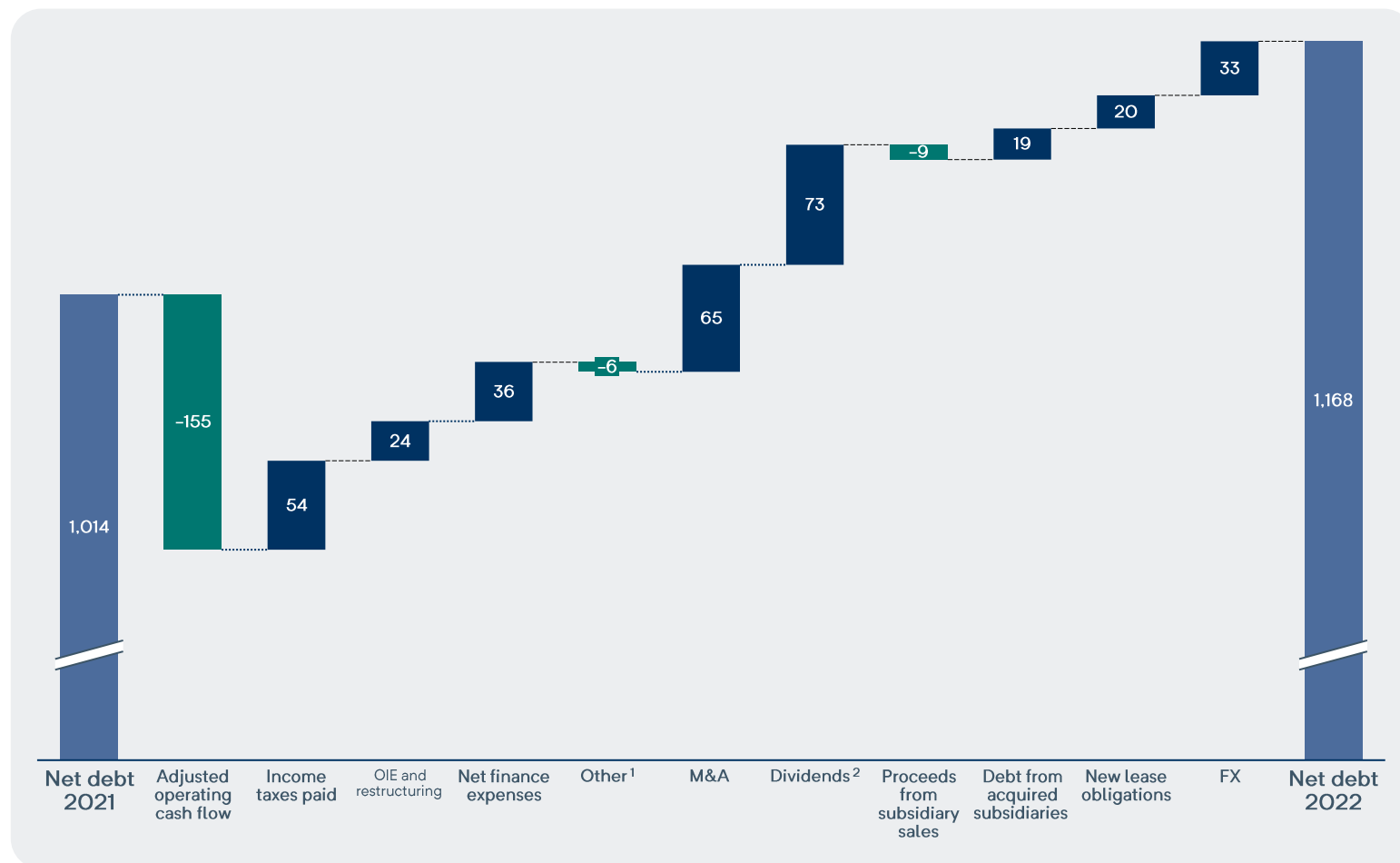
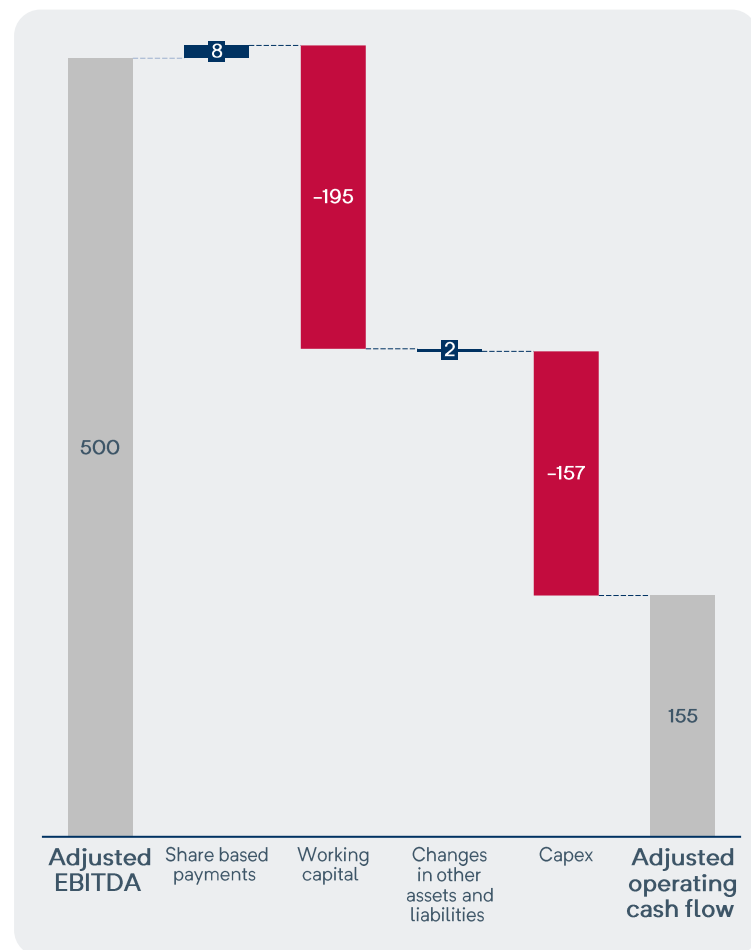
## Brumado

Rotary kiln under  
construction

August 2022

# Improved cash flow generation in 2022

Adjusted operating cash flow and change in net debt (€m)



# Cash flow reconciliation 2022

€m

Adjusted EBITDA	500
Share based payments – gross non cash	8
Working capital changes	(195)
Changes in other assets and liabilities	(2)
Investments in PPE, IA	(157)
<b>Adjusted operating cash flow</b>	<b>155</b>
Income taxes paid	(54)
Cash effects of other income/expenses and restructuring	(24)
Cash inflows from the sale of PPE and IA	2
Cash inflows from the sale of financial assets	3
Investment subsidies received	1
Cash inflow from joint ventures and associates	0
Net interest paid	(36)
Net derivative cash outflow	(2)
Dividend payments to NCI	(2)
<b>Free cash flow</b>	<b>43</b>



# Net financial expenses

(€m)	2022	2021
<b>Net financial expenses</b>	<b>(19)</b>	<b>(7)</b>
Interest income	8	14
Interest expenses	(27)	(21)
<b>FX effects</b>	<b>(23)</b>	<b>3</b>
Balance sheet translation	(10)	(2)
Derivatives	(13)	5
<b>Other net financial expenses</b>	<b>(31)</b>	<b>(21)</b>
Present value adjustment on provisions (inc. onerous contract)	(9)	(6)
Factoring costs	(7)	(5)
Pension charges	(6)	(5)
Non-controlling interest expenses	(1)	(4)
Other	(8)	(1)
<b>Total net financial expenses (reported)</b>	<b>(73)</b>	<b>(25)</b>
<b>Adjusted items</b>	<b>7</b>	<b>6</b>
<b>Total net financial expenses (adjusted)</b>	<b>(66)</b>	<b>(19)</b>

# Reconciliation of adjusted earnings

(€m)	2022 reported	Items excluded from adjusted performance	2022 adjusted	2021 reported	Items excluded from adjusted performance	2021 adjusted
<b>EBITA</b>	<b>373</b>	<b>11</b>	<b>384</b>	<b>236</b>	<b>44</b>	<b>280</b>
Amortisation	(29)	29	-	(22)	22	—
Net financial expenses	(73)	7	(66)	(25)	6	(19)
Result of profit in joint ventures	0	-	0	100	(91)	9
<b>Profit before tax</b>	<b>271</b>	<b>47</b>	<b>318</b>	<b>289</b>	<b>(19)</b>	<b>270</b>
Income tax	(104)	24	(80)	(39)	(10)	(49)
<b>Profit after tax</b>	<b>167</b>	<b>70</b>	<b>237</b>	<b>250</b>	<b>(28)</b>	<b>222</b>
Non-controlling interest	11	-	11	7	—	7
Profit attributable to shareholders	156	70	226	243	(28)	215
Shares outstanding <sup>1</sup>	47.0	-	47.0	47.6	—	47.6
Earnings per share (€ per share)	3.31	1.51	4.82	5.10	(0.58)	4.52

## Items excluded from adjusted EPS:

- €11 million recorded in “restructurings, other income and expenses”, relating to plant closures and the reversal of the impairment of the Mainzlar plant, Germany and Russia bad debts and inventory write downs, land sales, termination of an agent contract and one-off project expenses internal business restructurings;
- €29 million amortisation of intangible assets;
- €7 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 at the time of the combination of RHI and Magnesita to form RHI Magnesita
- €24 million income tax adjustments mainly from non-cash one-off (i) restructuring, (ii) charges following agreements with tax authorities on the allocation of group functions and responsibilities, (iii) adjustments to prior year tax provisions

1. Total issued and outstanding share capital as at 31 December 2022 was 47,017,695. The Company held 2,460,010 ordinary shares in treasury. Weighted average number of shares used for basic earnings per share 47,000,708.
2. EBITA reconciled to revenue on page 38 of annual report

# Impact of foreign currency movement

## EBITA sensitivity in 2022

	Appreciation vs EUR		Depreciation vs EUR	
	Unit	Increase / (decrease) in EBITA (€m)	Unit	Increase / (decrease) in EBITA (€m)
<b>USD</b>	-1 cent	4.76	+1 cent	-4.76
<b>CNY</b>	-0.01 yuan	-0.11	+0.01 yuan	0.11
<b>BRL</b>	-0.10 reais	-3.49	+0.10 reais	3.49
<b>INR</b>	-1 rupee	0.61	+1 rupee	-0.61
<b>TRY</b>	-0.1 lira	-0.01	+0.1 lira	0.01

## 2022 exchange rates

	FY 2022	FY 2022	FY 2022	FY 2021
EUR:	Opening Rate	Closing Rate	Average Rate	Average Rate
<b>USD</b>	1.13	1.03	1.06	1.19
<b>CNY</b>	7.20	7.42	7.09	7.68
<b>BRL</b>	6.30	5.46	5.47	6.38
<b>INR</b>	83.89	84.72	82.50	87.76
<b>TRY</b>	15.01	19.27	17.07	10.29

# Return on invested capital

Group ROIC	2022	2021
Invested Capital (€m)	2,587	2,291
NOPAT (€m)	301	219
ROIC (%)	11.6%	9.6%
Backward integration ROIC	2022	2021
Invested Capital (€m)	466	377
NOPAT (€m)	57	61
ROIC (%)	12.3%	16.2%
Refractory ROIC	2022	2021
Invested Capital (€m)	2,121	1,919
NOPAT (€m)	244	158
ROIC (%)	11.5%	8.3%

# ESG 2025 targets

		2022	2018 Base year
<b>CO<sub>2</sub> emissions</b>	Reduce by 15% CO <sub>2</sub> per tonne of product <sup>1</sup> by 2025 and aim for carbon neutrality in the long term	1.74	1.89
<b>Energy efficiency</b>	Reduce by 5% per tonne of product by 2025	2.02	1.98
<b>NO<sub>x</sub> and SO<sub>x</sub></b>	Reduce by 30% by 2027 (vs 2018)	✓	
<b>Recycling</b>	Increase use of secondary raw materials to 10% by 2025	✓	3.8%
<b>Diversity</b>	Increase women on our Board and in senior leadership to 33% by 2025	✓	12%

1. Further details can be found in the Sustainability section of the 2022 Annual Report

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Financial information contained herein, as well as other operational information, were not audited by independent auditors and may include forward-looking statements and reflects the current views and perspectives of the management on the evolution of macro-economic environment, conditions of the mining and refractories industries, company performance and financial results. Any statements, projections, expectations, estimates and plans contained in this document that do not describe historical facts, and the factors or trends affecting financial condition, liquidity or results of operations, are forward-looking statements and involve several risks and uncertainties.

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