



Full Year Results 2023

Sustainable Growth

28 February 2024

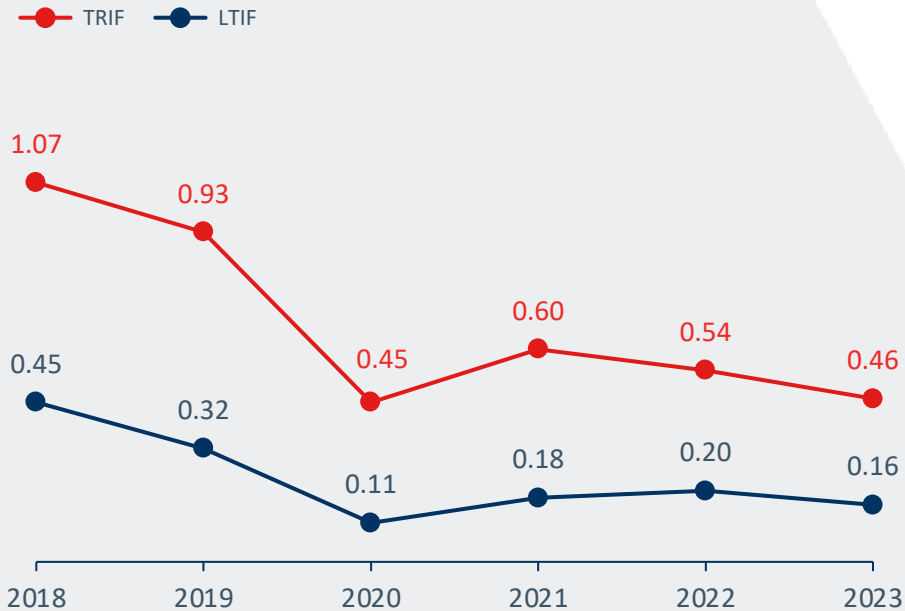
Agenda

- 1 FY overview
- 2 M&A update
- 3 Financial review
- 4 Summary and outlook
- 5 Q&A
- 6 Appendix

Health & Safety

A core value at RHI Magnesita

Improvement in injury rates since 2018



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

- Two recent tragic fatalities in Austria, met with a comprehensive management response

Injury indicators:

- LTIF¹ 0.16 (2022: 0.20), lowest since pandemic year
- TRIF² 0.46 (2022: 0.54)

2023 focus areas:

- Material handling procedures
- Workplace inductions and safety training for new joiners
- Preventive measures and leading indicators
- Global Guidelines applied to recently acquired plants
- Ongoing ISO 45001 rollout

Financial highlights FY 2023

Significant cash generation driven by resilient profitability and working capital release

Revenue

€3.6bn

↑ 8%

Adjusted EBITA

€409m

↑ 7%

Adjusted EBITA
margin

11.4%

↓ (20)bps

Adjusted operating
cash flow

€413m

↑ 166%

Adjusted EPS

€4.98

↑ 3.4%

M&A Adjusted EBITDA
contribution

€56m

↑ 1,472%

Dividend declared

€1.80ps

↑ 13%

Working Capital
intensity¹

24.2%

↓ 1.2ppt

Net debt to Pro forma
Adjusted EBITDA²

2.3x

→ 0.0x

ROIC

10.7%

↓ (160)bps

1. Working capital intensity is stated after working capital financing of €298m and is calculated using L3M annualised revenue of €4,020 million.

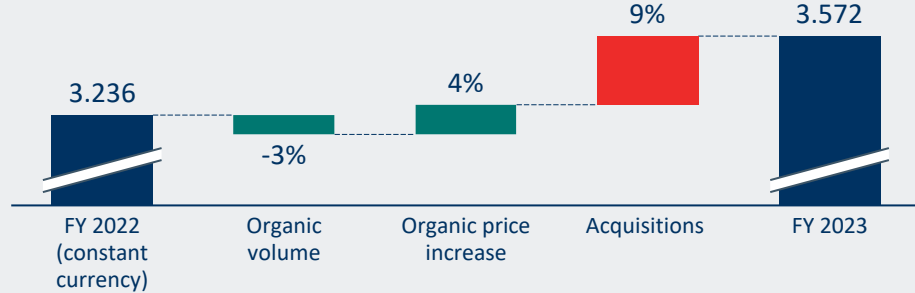
2. Includes IFRS 16 Leases of €70m and pro forma 12-month EBITDA contribution from recently acquired businesses prior to acquisition date.

M&A growth on resilient base business

Pricing and acquisitions offset organic volume decline

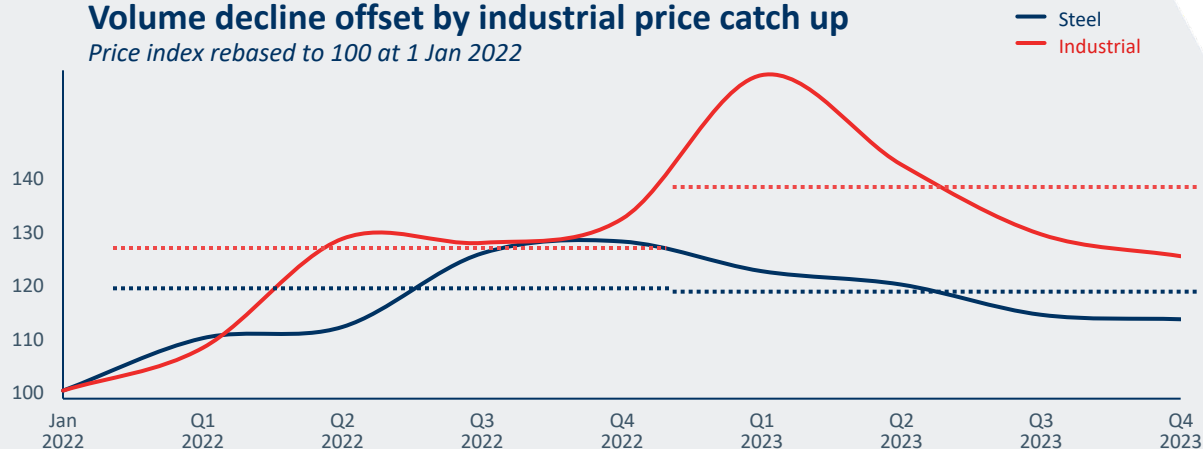
Revenue growth driven by pricing and M&A

€ million



Volume decline offset by industrial price catch up

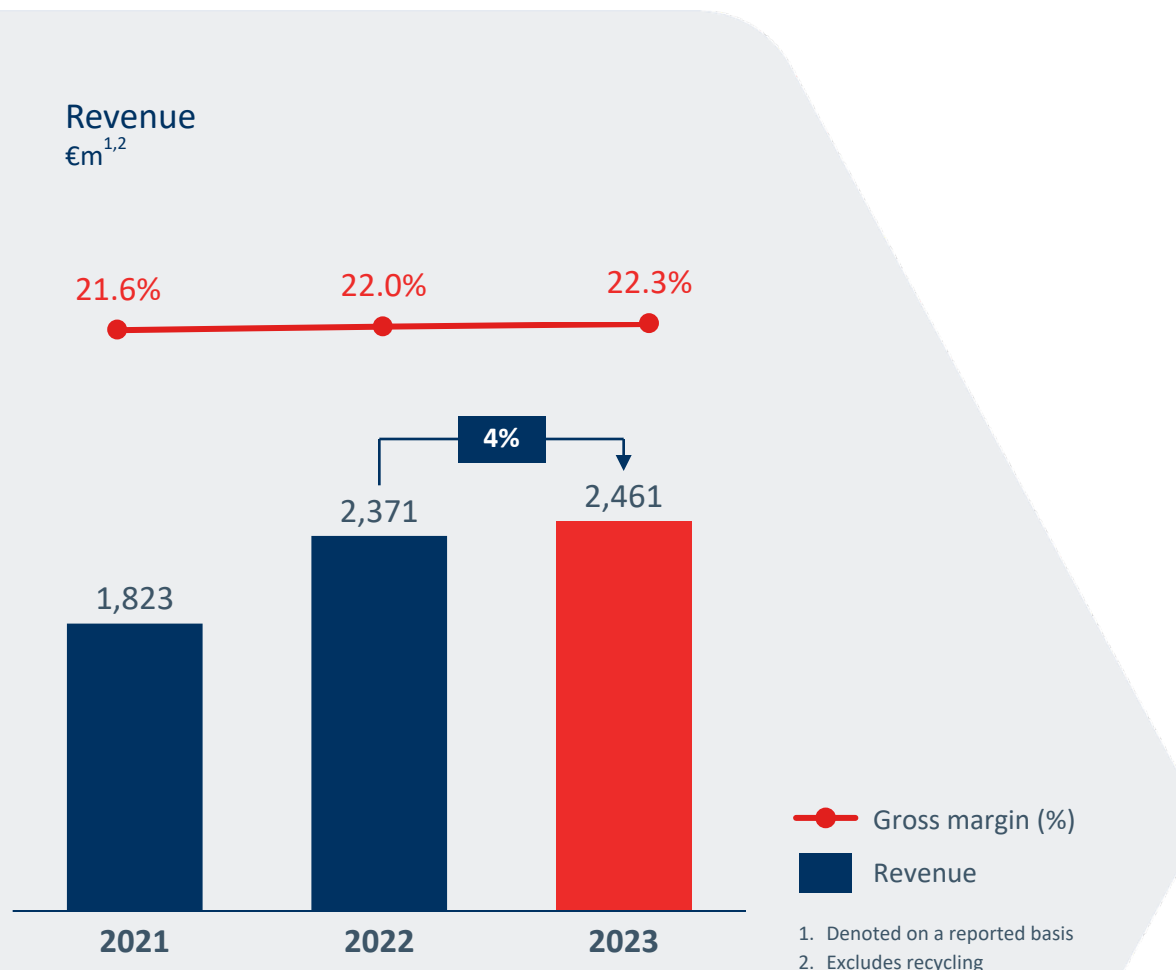
Price index rebased to 100 at 1 Jan 2022



- Revenue growth of 10% in constant currency despite very weak demand environment
 - Steel volumes -3% excluding M&A, pricing flat
 - Industrial volumes -11% excluding M&A, offset by 15% average price increase
- Acquisitions contributed 9% of revenue growth
 - M&A EBITDA contribution €56 million versus guidance of c.€40 million
- Consistent improvement in operational KPIs underpins strong financial results

Steel business overview

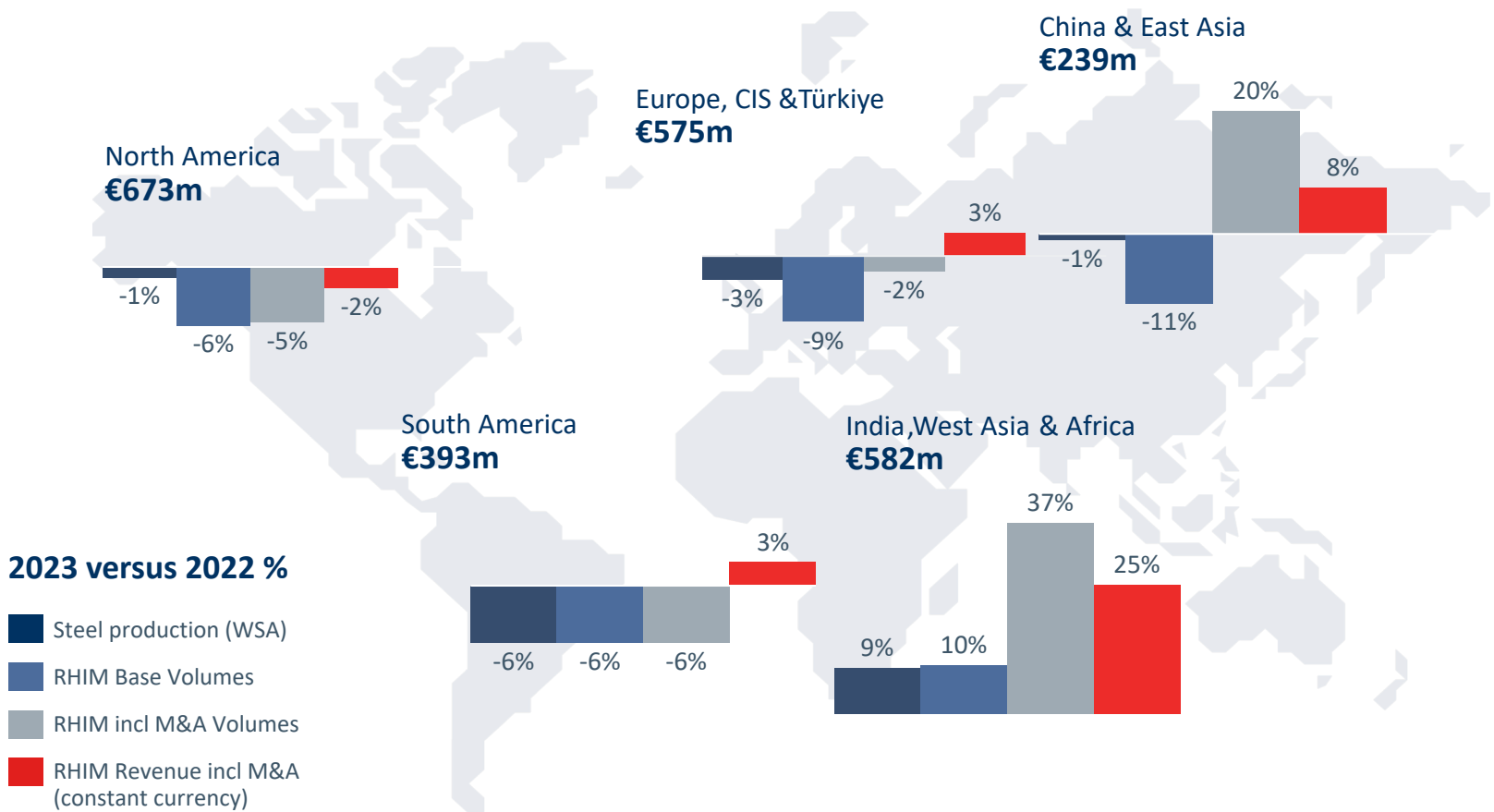
Resilient gross margin, pricing maintained and unit costs stable



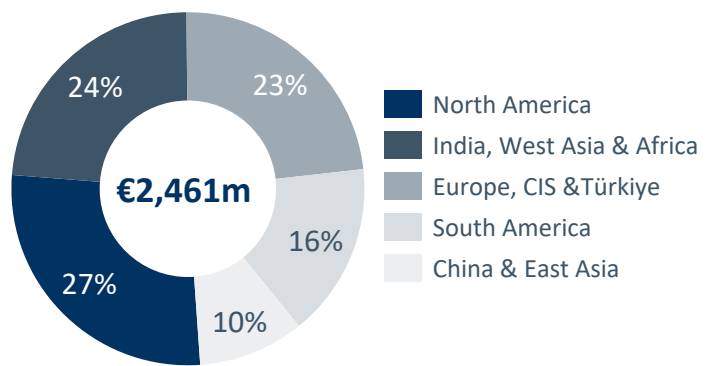
- ◆ Including M&A, steel revenue increased by 4% to €2,461 million (+6% in constant currency)
- ◆ Steel sales volumes excluding M&A reduced by 3%
 - WSA global steel production excluding China, Iran and Russia reduced by c.1%
 - Some destocking of refractories by customers
 - Careful management of production volumes to match customer demand and inventory coverage
- ◆ Group steel gross margin 30bps higher compared to 2022
 - Lower input costs balanced by fixed cost “under-absorption”
 - Pricing resilient despite lower input costs for ‘cost plus’ competitors

Steel segment performance by region

M&A drives strong revenue outperformance in Europe, China and India regions



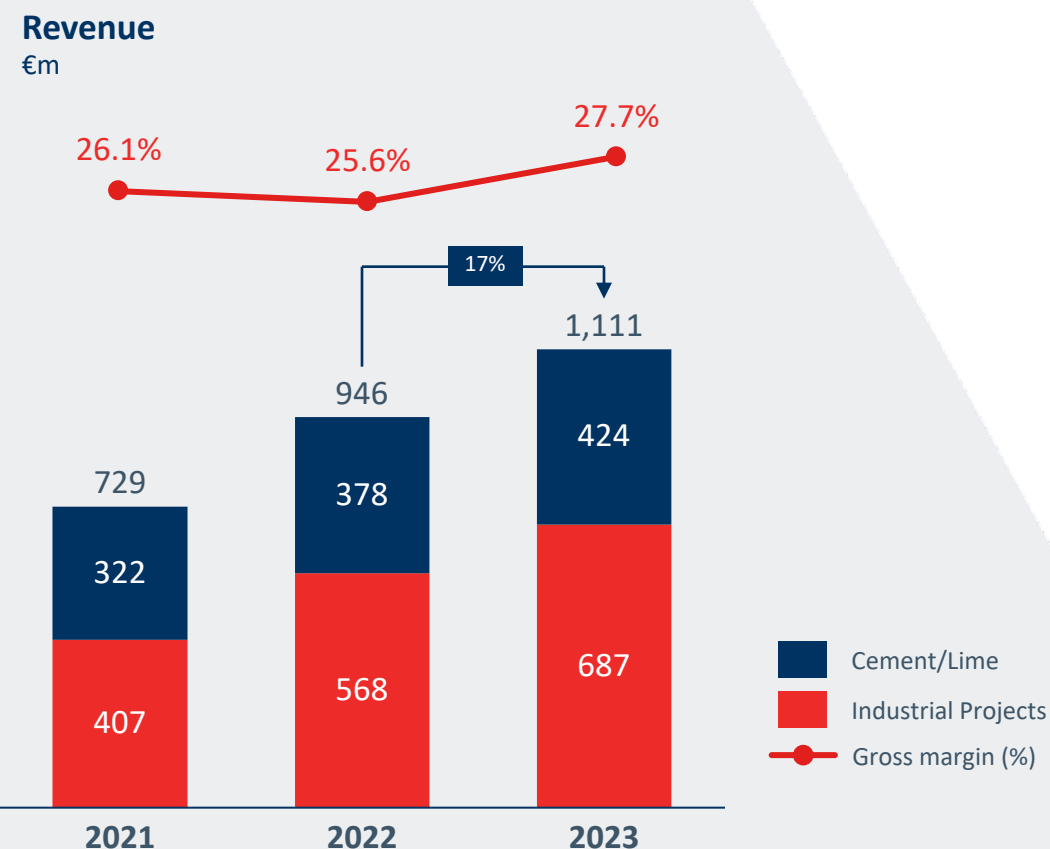
Steel Segment Revenue 2023



Global steel production (WSA): **(0.1)%**
 Global steel production ex-China, Iran & Russia (WSA): **(1)%**

Industrial business overview

Restored gross margin of 27.7% due to catch-up price effects and later cycle timing



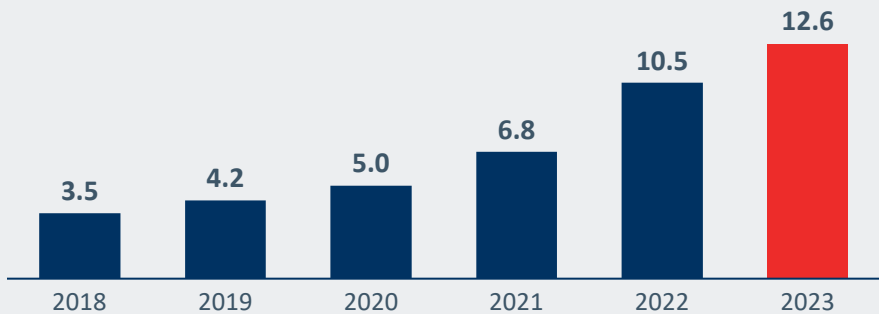
- Industrial segment revenue including minerals sales increased by 17% to €1,111 million (+20% in constant currency)
- Gross margin 210bps higher versus FY 2022
- Strong performance in Cement & Lime driven by DBRL acquisition in India
 - 25% increase in Cement & Lime shipped volumes
- Strong performance in Industrial Projects, restored prices offsetting softer volumes

Sustainability leadership

Recycling of reclaimed refractories continues to deliver significant CO₂ savings

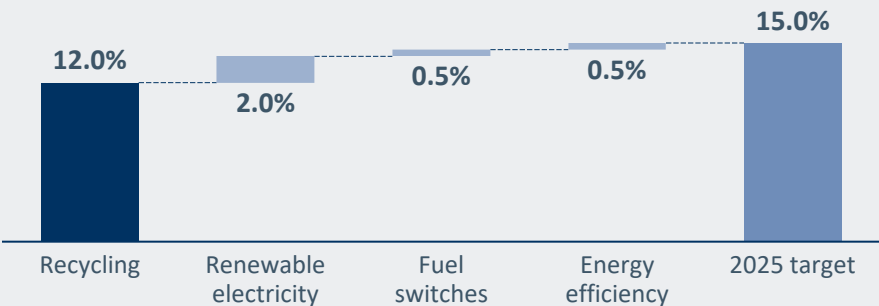
Use of secondary raw material

% of total raw material used



CO₂ emissions intensity savings target

% savings versus 2018 baseline, 2025 target 15% reduction



- Secondary raw material use increased to 12.6% (2022: 10.5%)
- Recycling activities since 2018 have avoided the emission of 1.3 million tones of CO₂
- 12% reduction in CO₂ intensity delivered since 2018, on track to achieve 2025 target of 15% reduction
- In 2024, M&A may dilute performance on sustainability metrics in short term until fully integrated
- Independent ESG ratings recognise our progress
 - EcoVadis Gold, 72 (2022: Gold, 69)
 - CDP A- (2022: B)
 - MSCI AA (2022: AA)
 - Sustainalytics 25 (2022: 25)¹

1. Sustainalytics is a risk score out of 100, a lower score indicates lower ESG risk

M&A update

Stefan Borgas, CEO



M&A strategy in progress

Nine acquisitions completed since December 2021 in key target geographies and product segments

Europe/Türkiye



Industrial

Consideration: €46m
Revenue: €41m



Recycling

Consideration: €13m
Revenue: €43m



Lances, pre-casts

Consideration: €13m
Pro forma Revenue: €23m



Non-basic

Consideration: €84m
Pro forma Revenue: €96m



Non-basic, Industrial

Consideration: €45m
Pro forma Revenue: €175m

China



Non-basic

Consideration: €5m
Revenue: €9m



Flow Control

Consideration: €40m for 65%
Pro forma Revenue: €76m

India



Industrial

Consideration: 27m RHIM India shares¹
Revenue: €132m



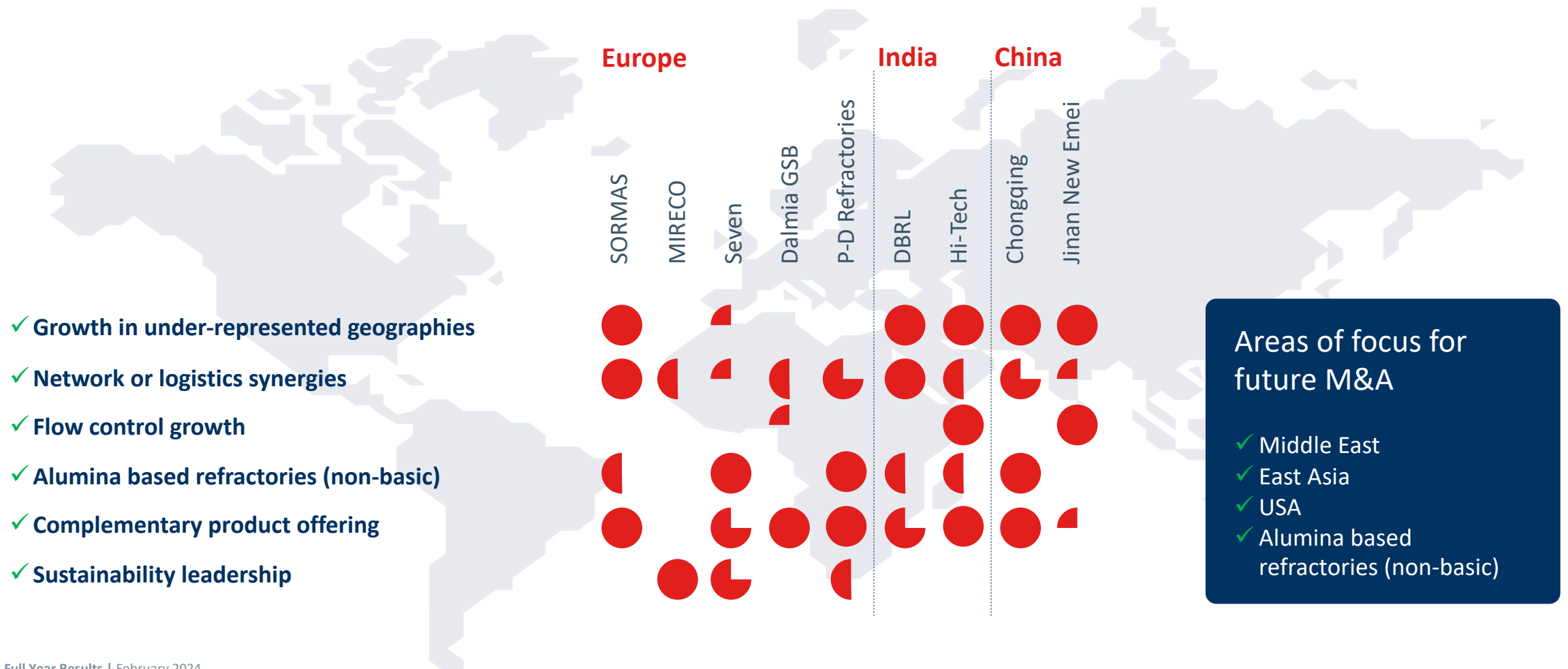
Flow Control

Consideration: €87m
Pro forma Revenue: €25m

- All acquisitions have been focused in a priority product segment or target geography
- Each transaction has potential to deliver EBITDA synergies in several categories such as:
 - Cross selling
 - Logistics and network benefits
 - Procurement synergies
 - Raw material integration benefits
 - Shortening of supply chains, reduced frictional costs
 - Product range expansion
 - Technology transfer
 - Sustainability or recycling opportunities
 - SG&A savings

Industry consolidation opportunity

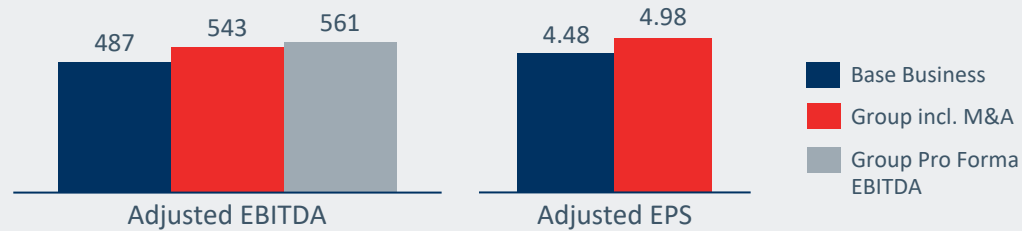
RHI Magnesita is strengthening its clear global leadership position in the refractory industry and spreads global best technology, quality & sustainability standards



M&A financials

Acquisitions largely funded by cash flow and India equity raise

Base business vs Group, €m

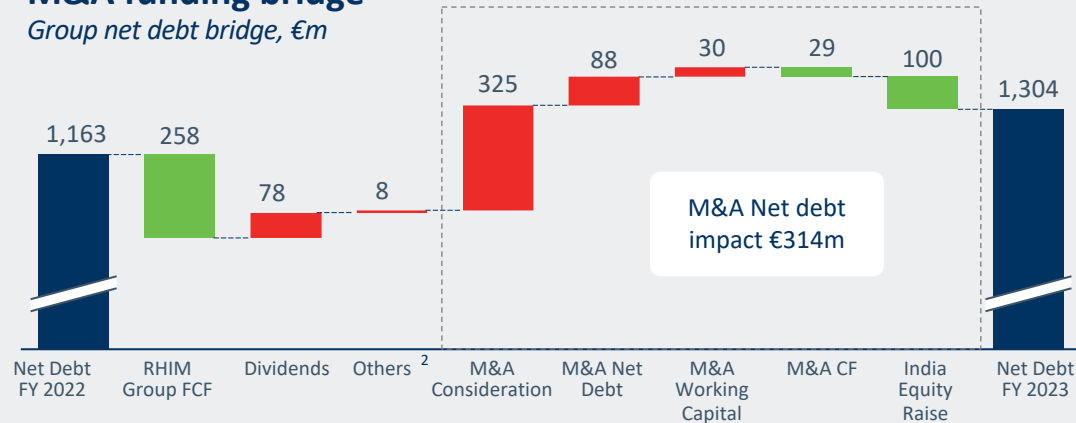


2024 EBITDA from M&A guidance €80m¹

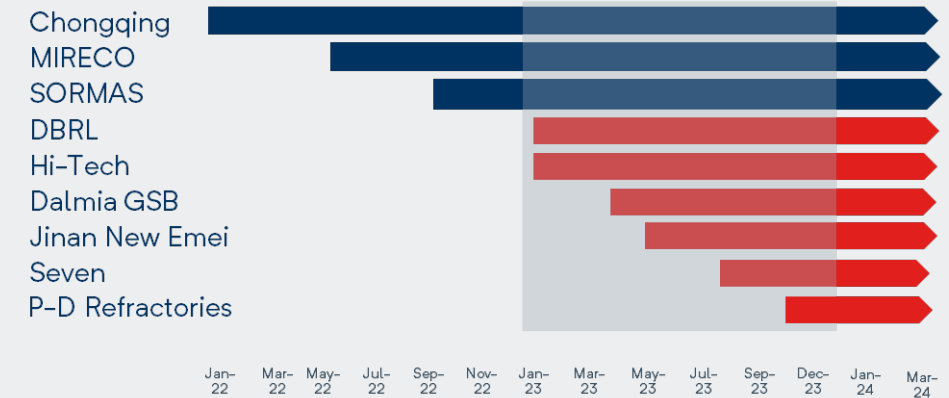


M&A funding bridge

Group net debt bridge, €m



Completion dates



Financial Review

Ian Botha, CFO



Profit and loss summary

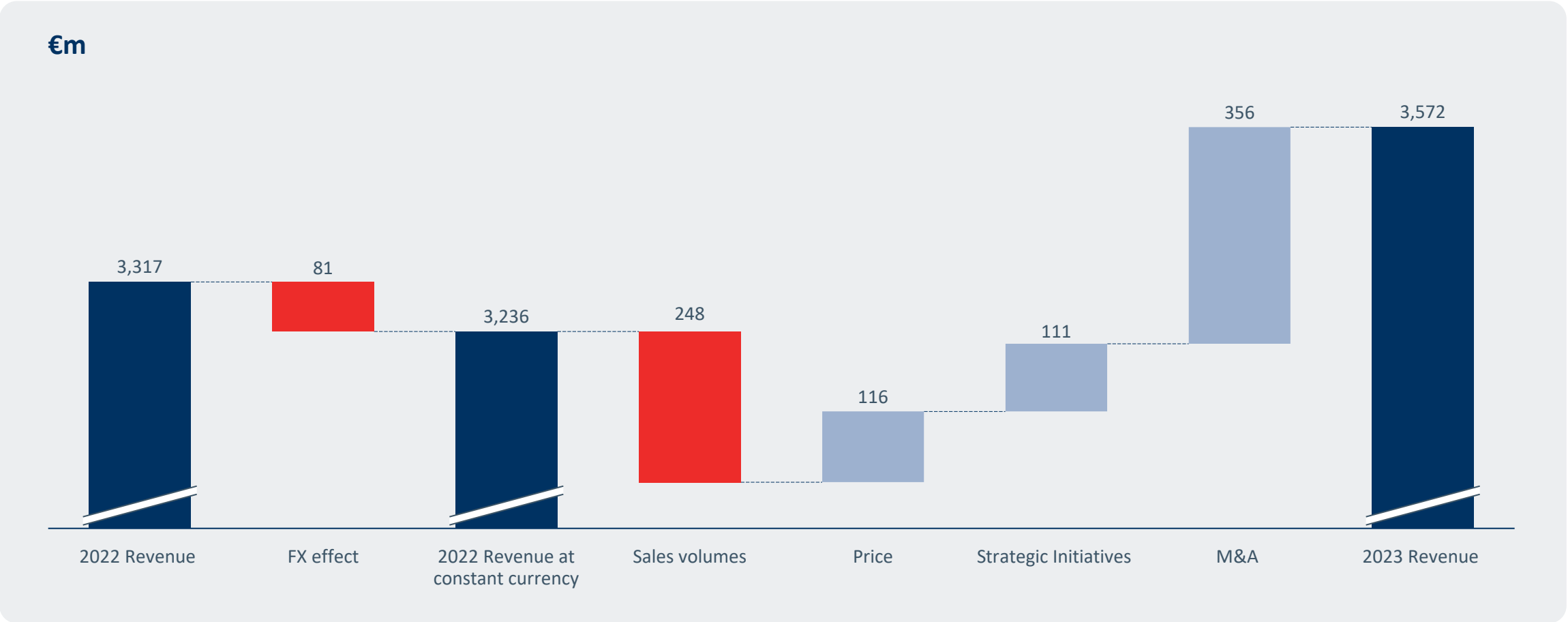
Higher revenue and EBITA offset at EPS level by increased finance charges, including FX

€m	2023	2022 ¹	Change
Revenue	3,572	3,317	8%
Gross profit	857	763	12%
Gross margin (%)	24.0%	23.0%	100bps
Adjusted EBITDA	543	500	9%
EBITDA Margin (%)	15.2%	15.1%	10bps
Adjusted EBITA	409	384	7%
Adjusted EBITA margin (%)	11.4%	11.6%	(20bps)
Adjusted finance charges	(92)	(66)	39%
Adjusted profit before tax	317	318	0%
Adjusted effective tax rate	24.0%	25.0%	(100bps)
Tax	(76)	(80)	(5%)
Adjusted profit after tax	241	237	2%
Adjusted EPS (€)	4.98	4.82	3%
Dividend per share (€)	1.80	1.60	13%

- Revenue growth supported by M&A and price resilience with 2% FX headwind
- Gross profit margin increased to 24.0% (2022: 23.0%) on restored industrial pricing
- Adjusted EBITA margin reduced by 20bps to 11.4% due to higher depreciation and fixed cost under-absorption
- Adjusted finance charges increased to €92 million (2022: €66 million):
 - Net interest expenses of €35 million (2022: €19 million)
 - Foreign exchange related charges of €30 million (2022: €23 million)
 - Other financial expenses €27 million (2022: €24 million)
- Adjusted EPS €4.98 per share (2022: €4.82 per share)
- Final dividend increased to €1.25 (2022: €1.10), with full year payout of €1.80 (2022: €1.60)

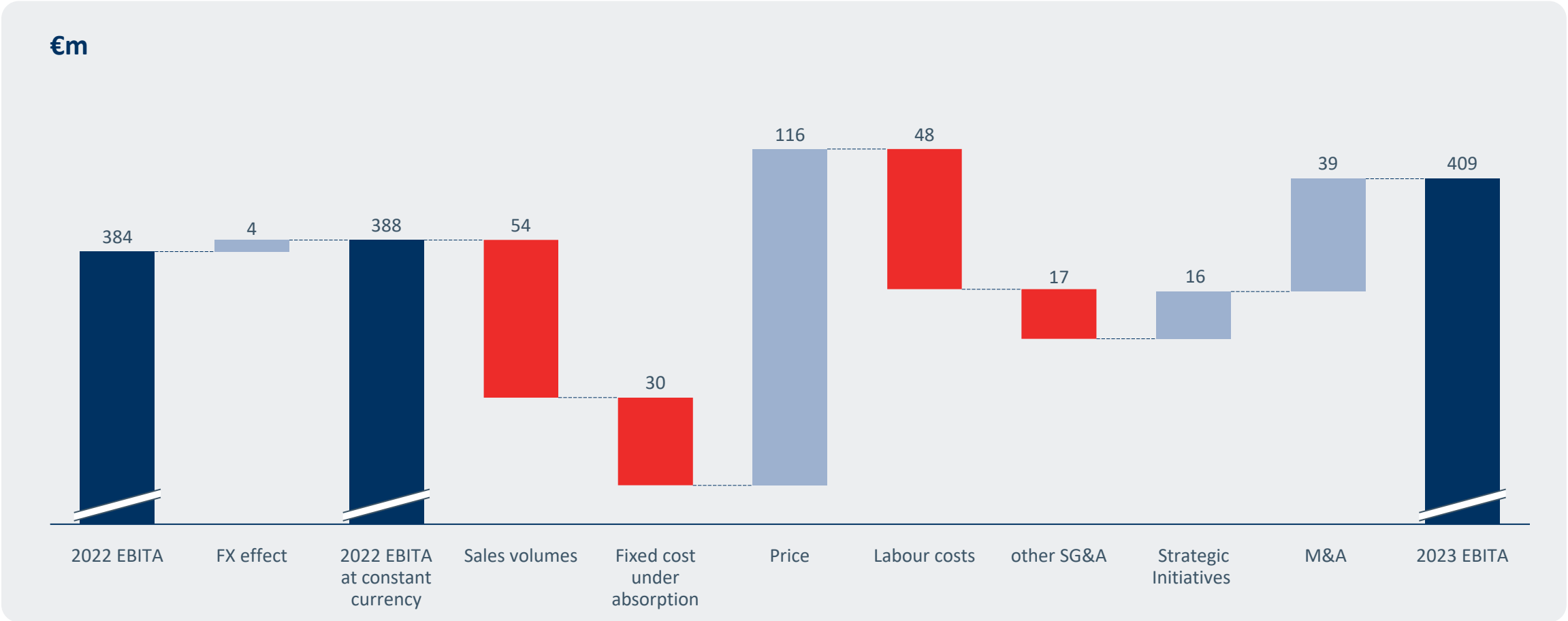
2023 revenue bridge

Pricing, strategic sales initiatives and M&A offset lower sales volumes



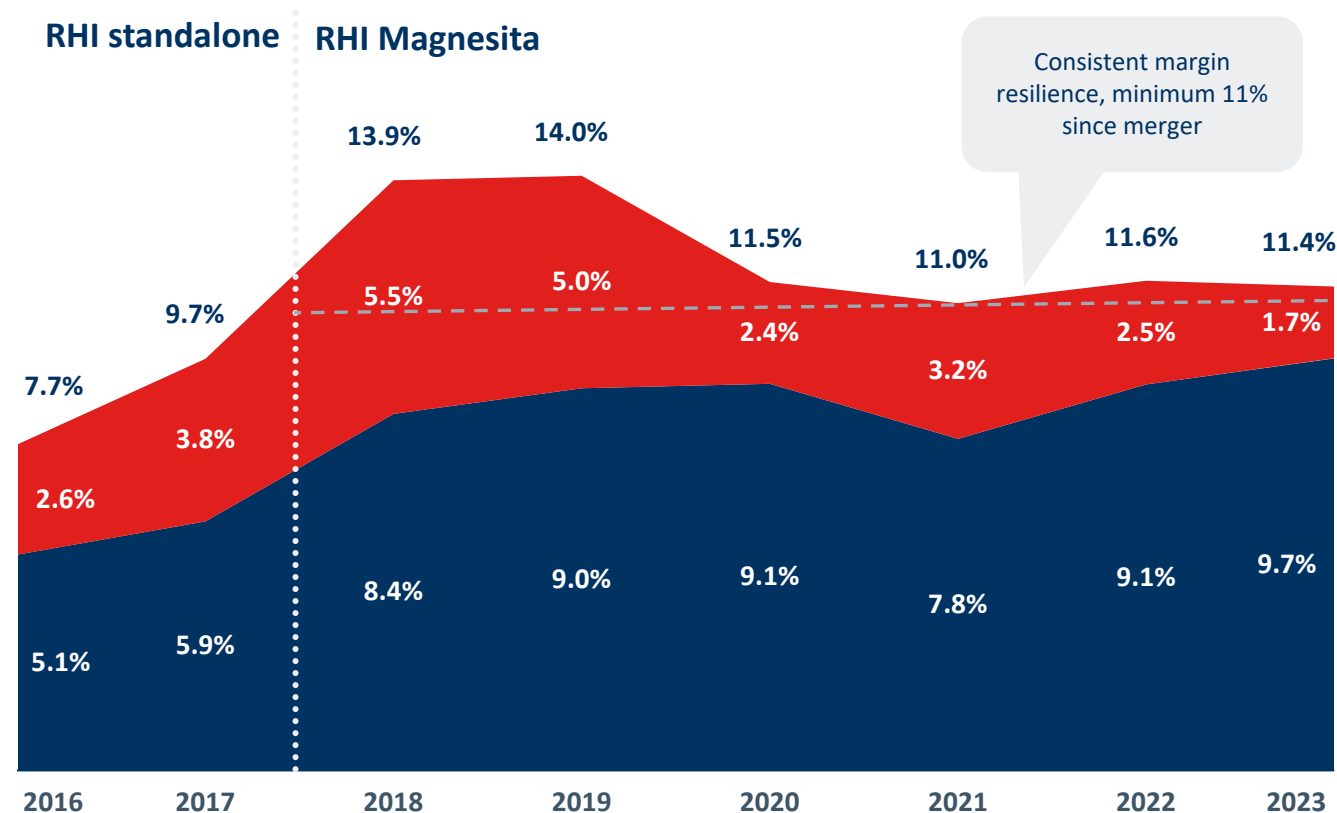
2023 EBITA bridge

EBITA increased 7% as M&A delivers growth whilst pricing offsets volume and cost impacts



Record refractory margin of 9.7ppts

Vertical integration margin for the time being lower at 1.7ppts due to cyclical low in refractory raw material prices



	FY 2022	H1 2023	H2 2023	FY 2023
Refractory EBITA (€m)	298	169	179	348
Vertical integrated EBITA (€m)	84	31	30	61
Refractory EBITA margin	9.1ppts	9.8ppts	9.8ppts	9.7ppts
Vertical integrated EBITA margin	2.5ppts	1.8ppts	1.6ppts	1.7ppts

Vertical integration margin declined to 1.7ppts due to low raw material prices and fixed cost under-absorption at RHIM raw material sites

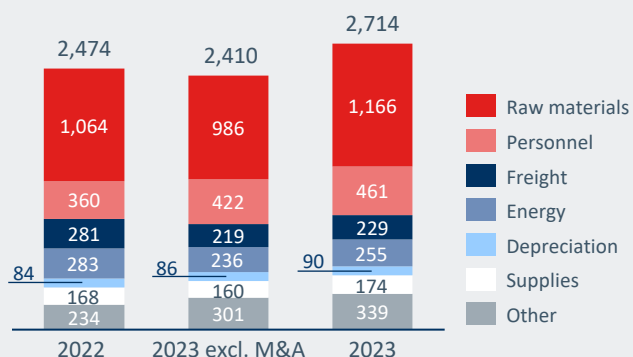
Refractory margin further strengthened in 2023, driven by price increases, M&A and strategic initiatives

Cost detail

Cost deflation in some key categories offset by low capacity utilisation in H2

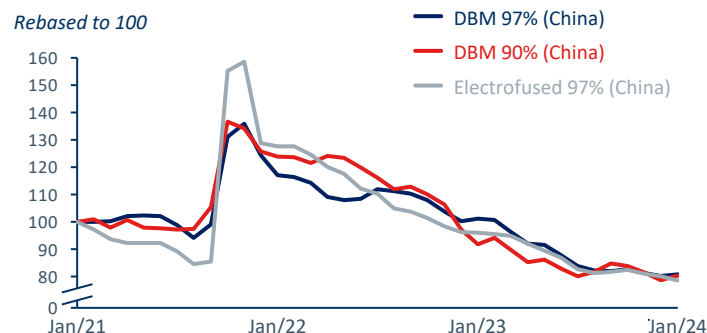
Cost of goods sold

Absolute COGS +10%, shipped volumes +11%



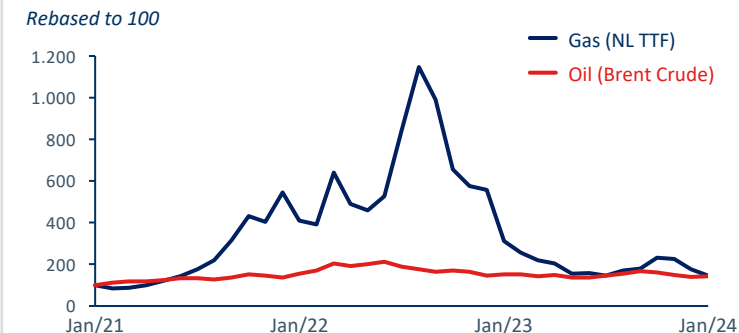
Raw materials

DBM prices softening since Q1 22



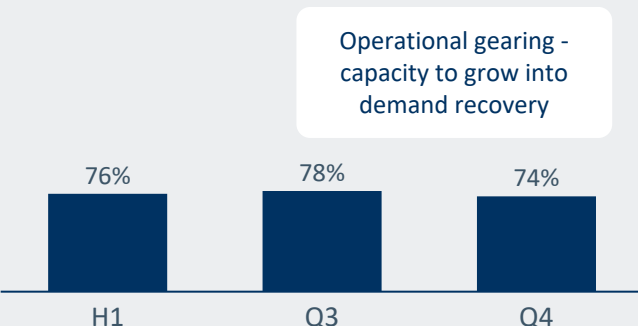
Energy

Gas prices have normalized; oil prices remains flat



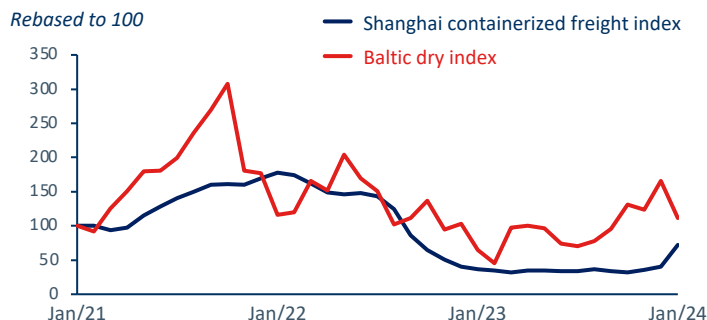
Plant utilisation rate

Low production volumes impact unit costs



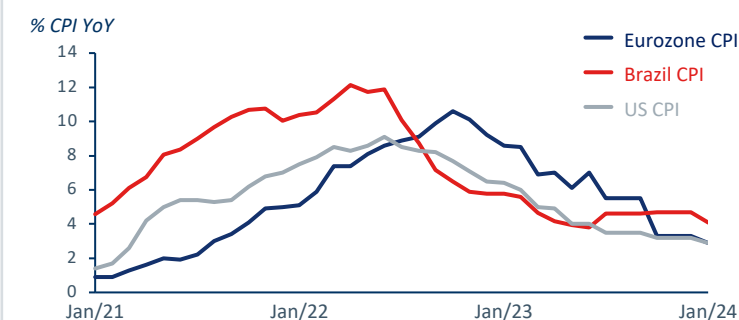
Freight

Sea freight cost indices reduced back to 2020 levels



Wages

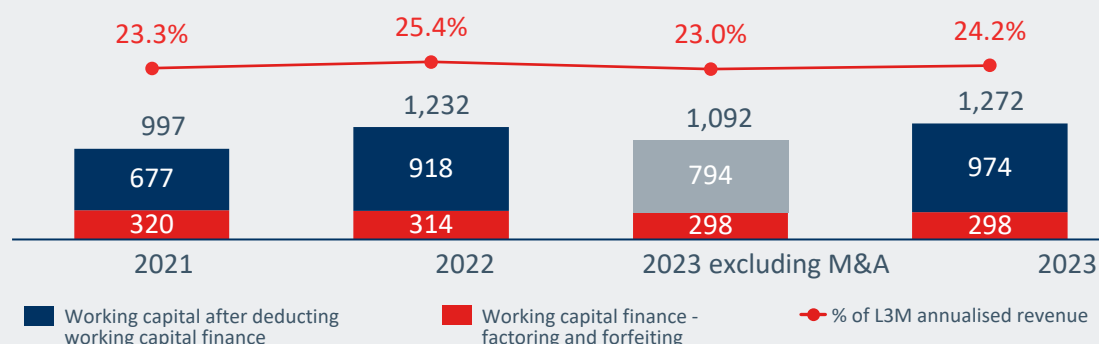
Consumer price inflation appears to have peaked in key regions



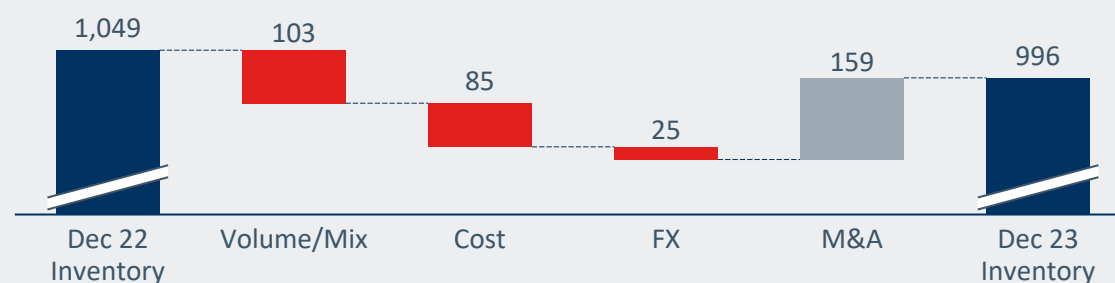
Working capital

Disciplined reduction in inventory and receivables contributes €123 million release of working capital in base business

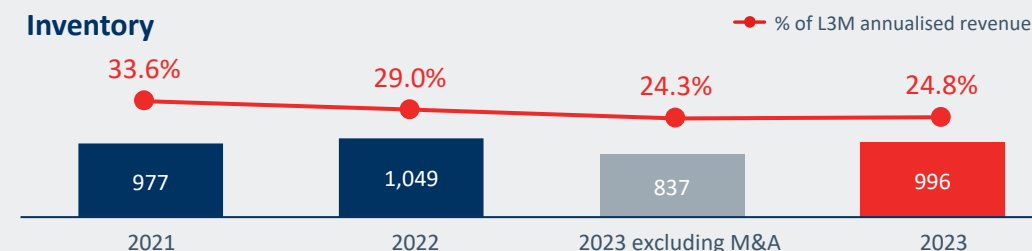
Working capital balances



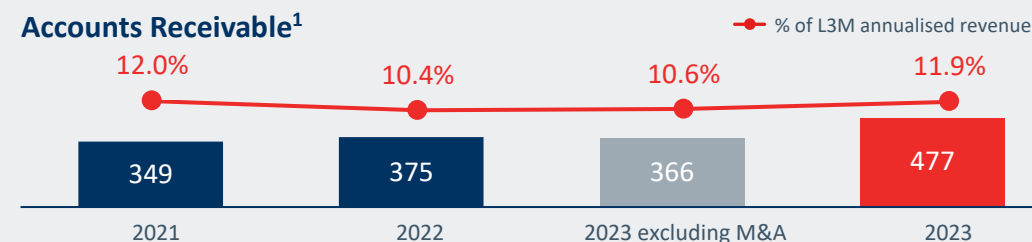
Inventory excluding M&A reduced through lower volume and costs



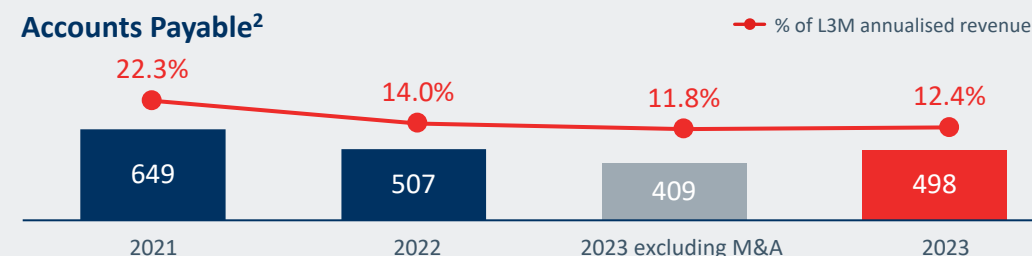
Inventory



Accounts Receivable¹

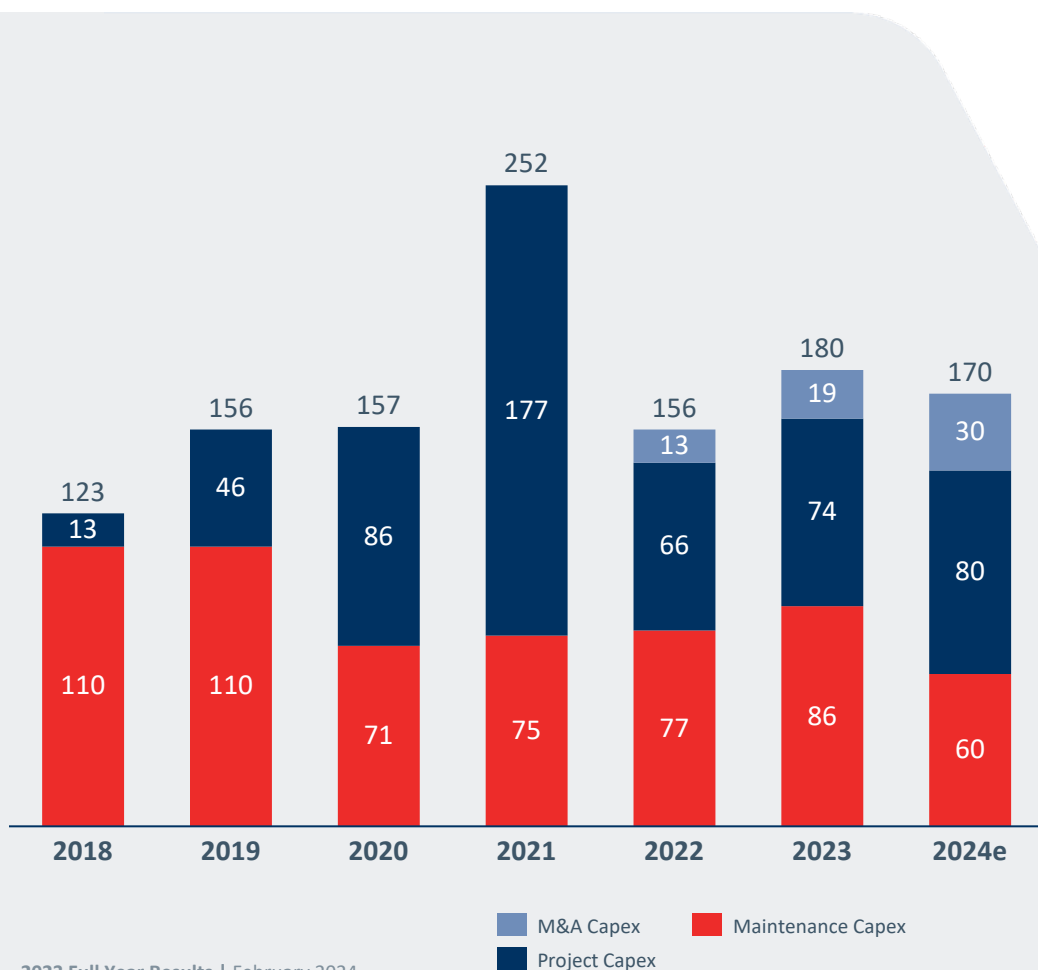


Accounts Payable²



Capital expenditure

Peak capex has passed, now returning to levels closer to depreciation



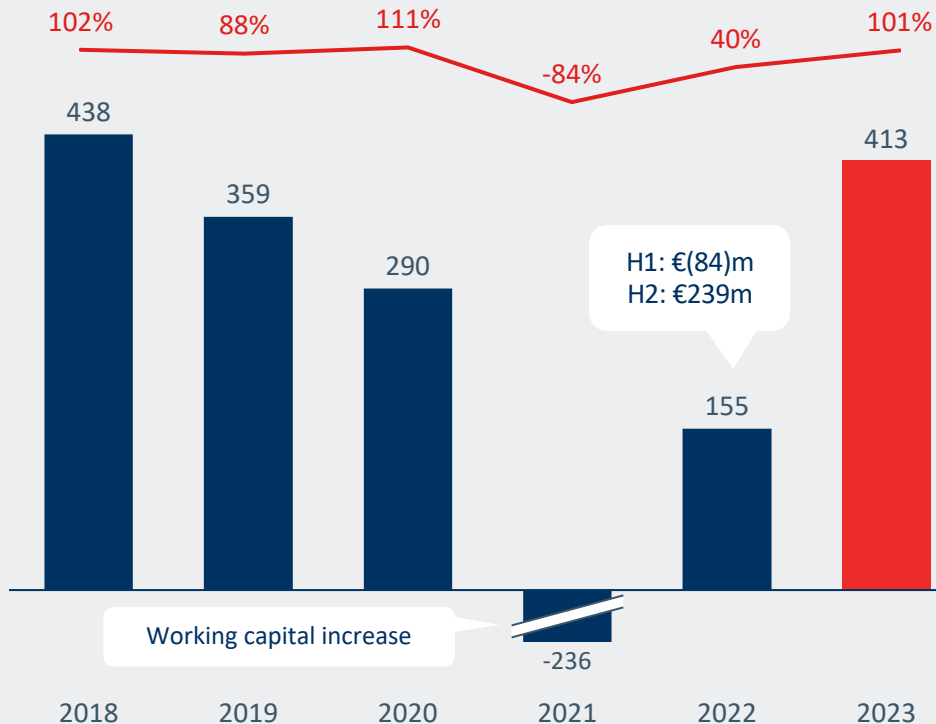
2023 Full Year Results | February 2024

- ◆ 2023 capex of €180 million (against guidance of €200 million):
 - €86 million maintenance capex
 - €74 million project capex
 - €19 million in M&A
- ◆ 2024 capex to return to lower levels of c.€130 million plus €10million carry over project capex from 2023 plus €30 million of M&A related capex
 - c.€35 million annually for three years to be deployed for rebuilding digital architecture
- ◆ 2024 depreciation guidance c.€140 million

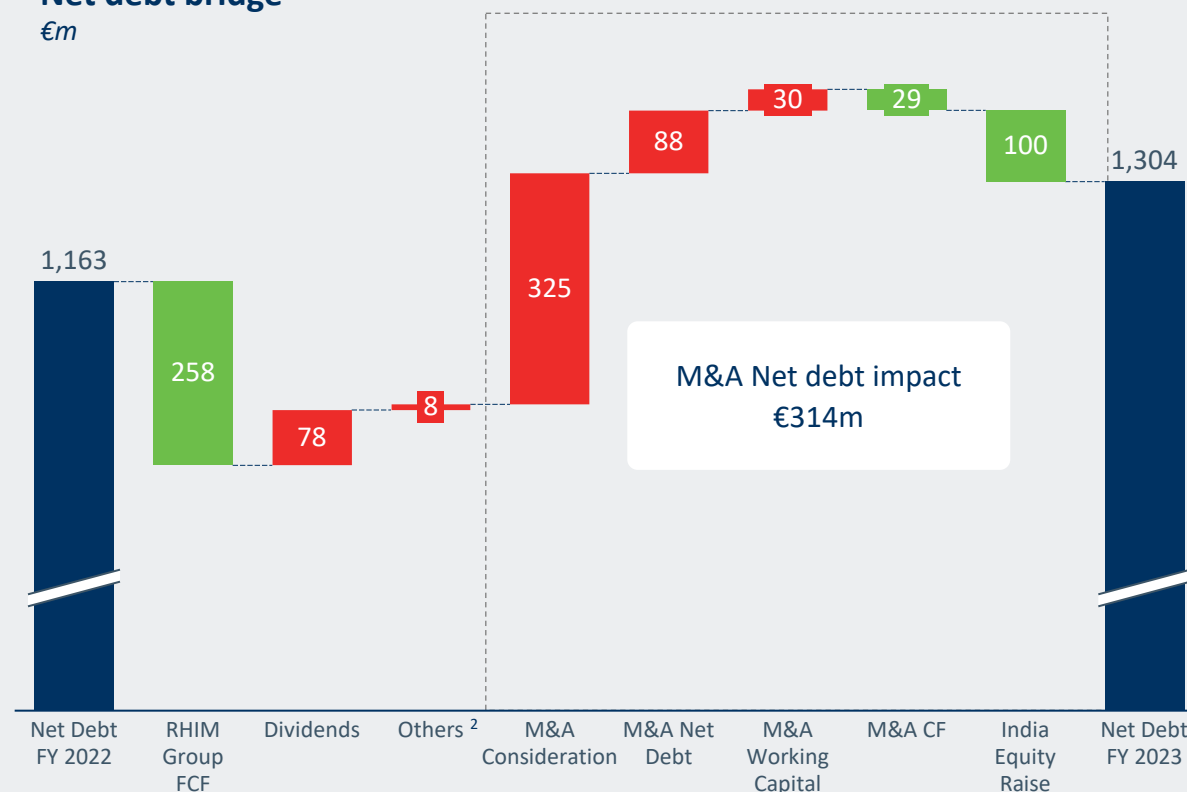
Strong cash flow generation in 2023

Adjusted operating cash flow of €413 million driven by strong profitability and working capital release

Adjusted operating cash flow and Cash Conversion €m¹



Net debt bridge
€m

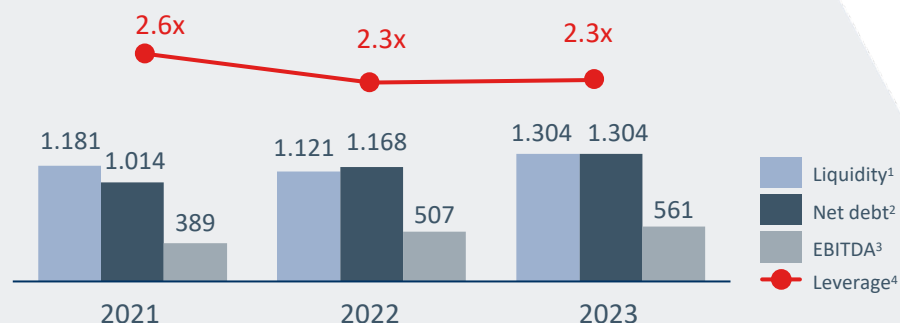


Stable gearing supports M&A strategy

€443 million 2023 M&A programme funded by operating cash flow and India equity raise

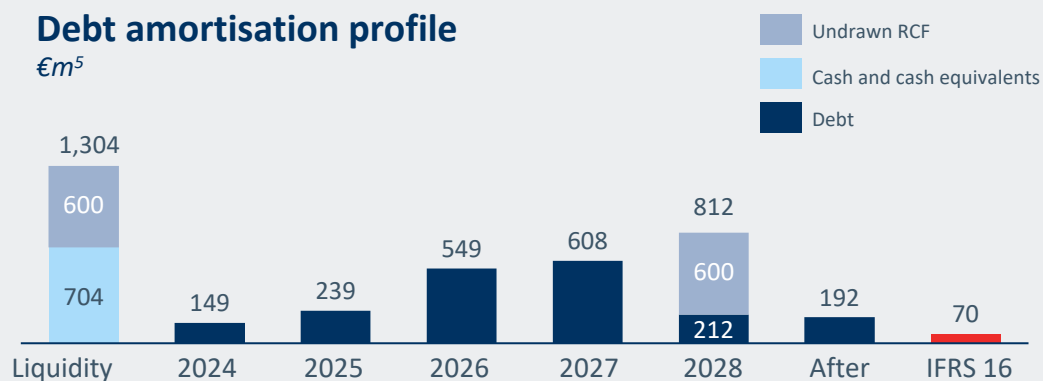
Net debt and liquidity

€m



Debt amortisation profile

€m⁵



- Pro forma leverage of 2.3x⁴ (2022: 2.3x), within target gearing range for compelling M&A
- Leverage expected to be controlled within 2.0-2.5x range in 2024
- Total capital allocated to M&A in 2023 was €443 million, including consideration, net debt assumed and working capital investments
- The Group has significant available liquidity of €1,304 million (2022: €1,121 million) and a long-dated amortisation profile, with average cost of debt of c.334bps including swaps and 69% at fixed interest rates

- Includes €600m undrawn RCF, matures in 2028.
- Includes IFRS 16 leases of €70m – net debt excluding leases is €1,234m for 2023.
- Adjusted L12M EBITDA of €561m which includes €18m pro forma M&A contribution
- Includes IFRS 16 Leases of €70m and pro forma 12 month EBITDA contribution from recently acquired businesses prior to acquisition date.
- €60m of 2024 maturities are rollable into 2025

Summary & outlook



Trading outlook and 2024 guidance

M&A annualisation will be offset by lower vertical integration margin and pricing pressure

- Key end markets of construction and transportation remain subdued, glass and non-ferrous metals volumes to reduce and pricing pressure from competitors
- RHIM is well positioned to increase output into a recovery, with significant operational gearing and fixed cost benefits
- Production will increase to match sales volumes as inventory coverage ratios are now down to target levels
- Sales volumes in base business excluding M&A assumed to be in line with 2023
 - Full year effect of 2023 M&A to increase shipped volumes by up to 10% and contribute €80 million to EBITDA
- Adjusted EBITA in 2024 is guided to be at least in line with current analyst consensus of approximately €410 million with Adjusted EBITA margin of around 11.0%

P&L		2024 guidance	2023 actual
Revenues	(i) Volumes	Base business flat volumes, M&A full year effect adds 10%	3% revenue decline from volumes
Revenues	(ii) Pricing	Pricing pressure to partially offset benefit of M&A	13% revenue growth from pricing and M&A
EBITDA from 2023 M&A		€80m	€35m
Adjusted EBITA margin		c.11%	11.4%
Adjusted EBITA		c.€410m	€409m
Balance sheet and cash flow			
Capital expenditure incl. Digital		€170m ²	€180m
Working capital intensity ³		c.24%	24.2%
Gearing		2.0-2.5x	2.3x pro forma

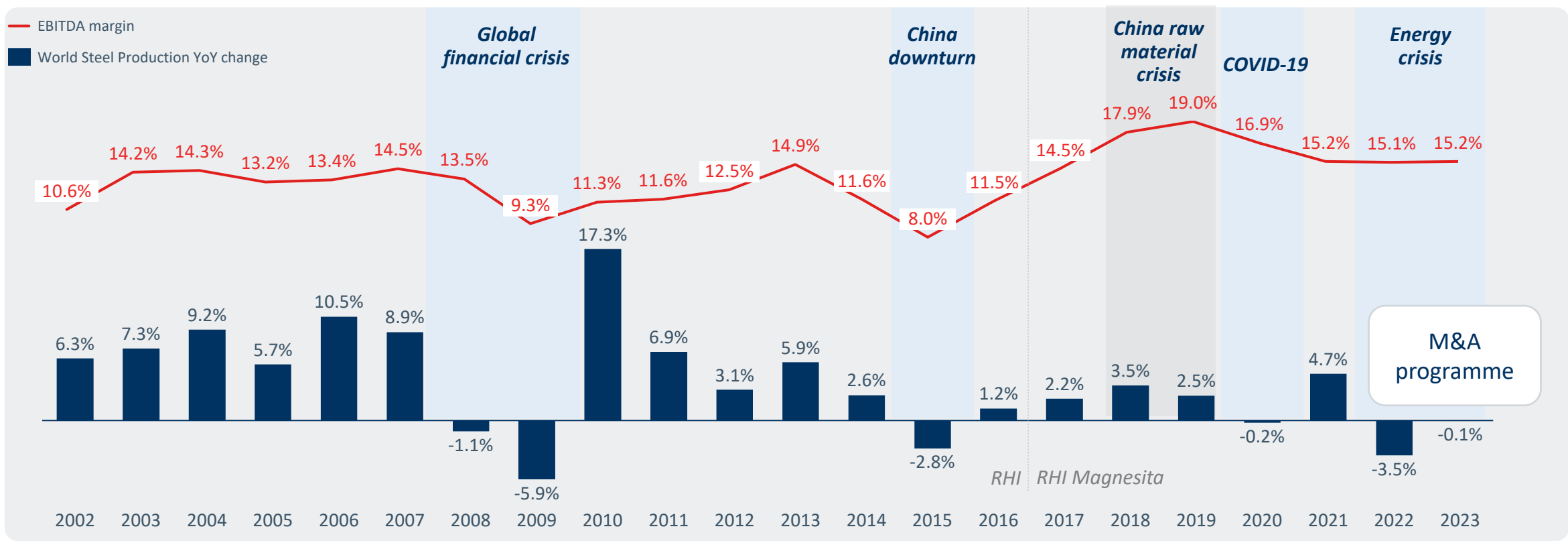
1. Guidance excludes any impact from FX e.g. balance sheet translation and derivatives

2. Capital expenditure comprises c.€60m maintenance capex, €80m project capex and c. €30m M&A

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

Our performance in context

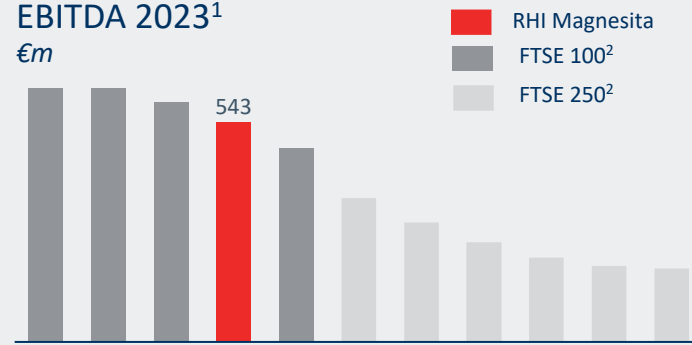
RHIM has navigated the recent downturn in steel production without margin decline, whilst executing significant M&A at the bottom of the refractory market



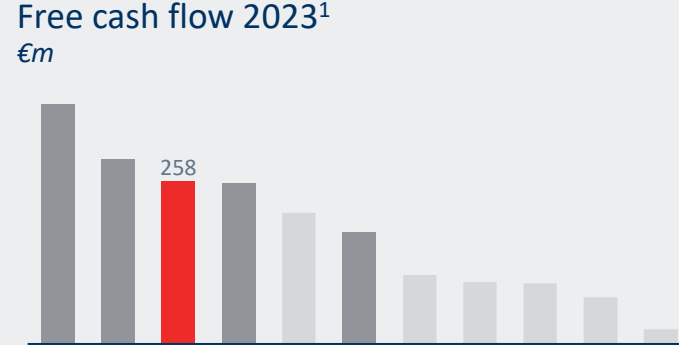
Investment case

(i) EBITDA and free cash flow comparable to FTSE 100 peers; (ii) highest free cash flow yield in the sector; (iii) compelling M&A growth story; (iv) high operational gearing to market recovery

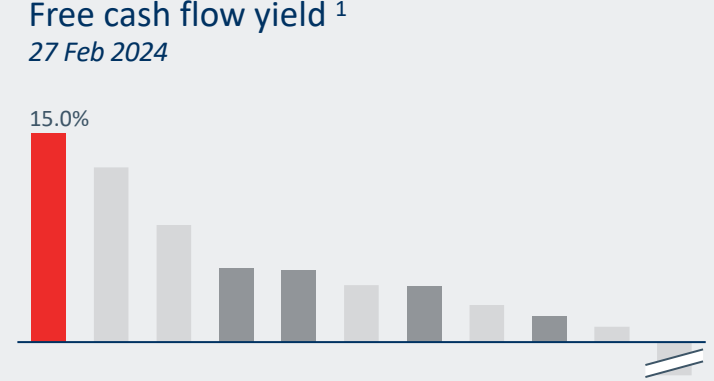
EBITDA 2023¹
€m



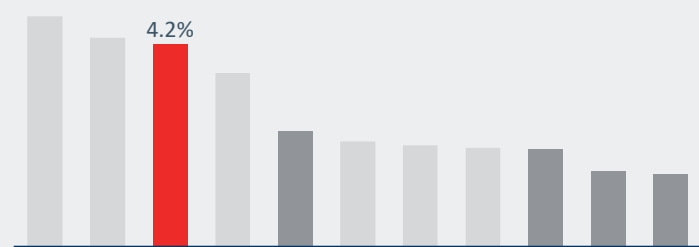
Free cash flow 2023¹
€m



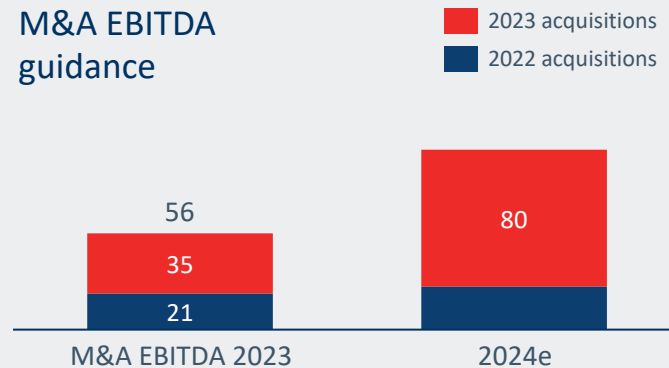
Free cash flow yield¹
27 Feb 2024



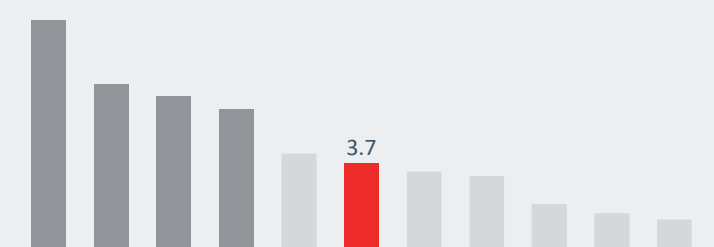
Dividend yield¹
27 Feb 2024



M&A EBITDA
guidance



Enterprise Value
27 Feb 2024



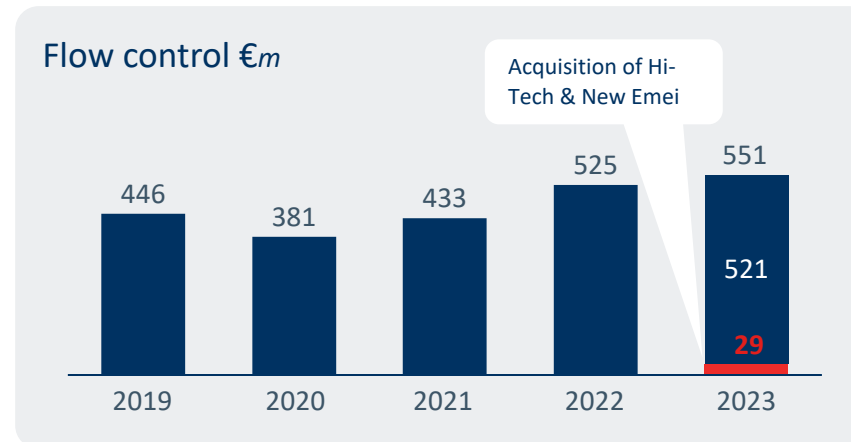
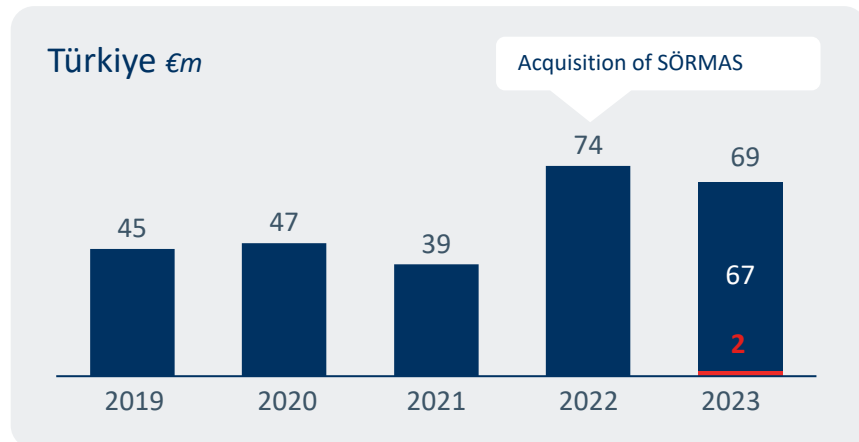
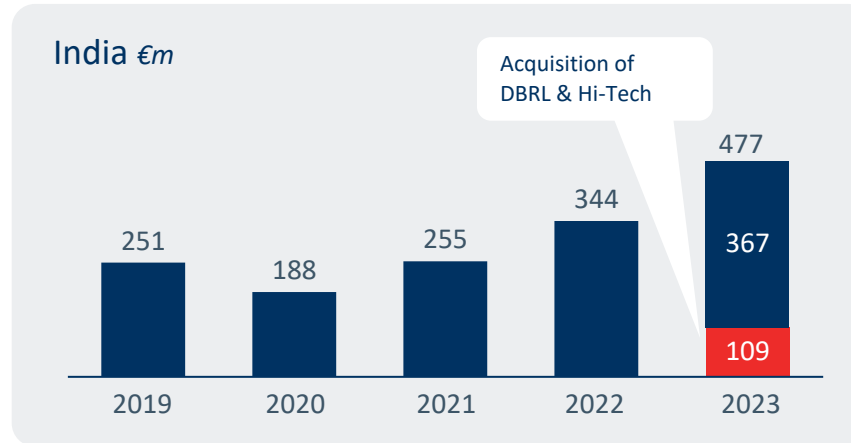
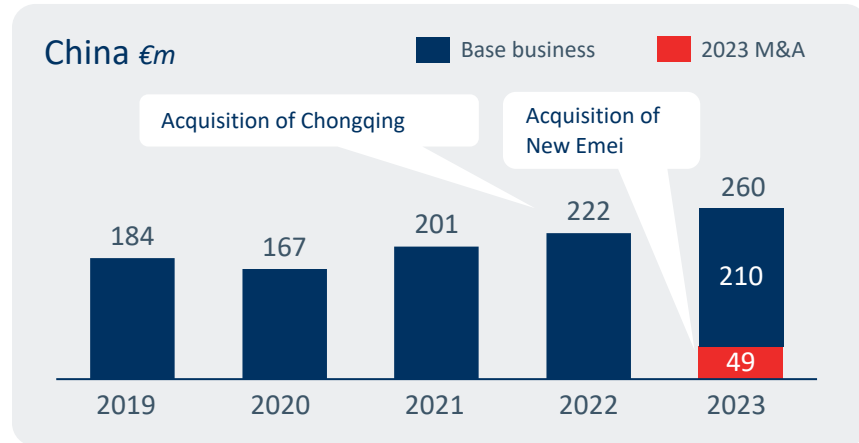


Q&A

Appendix

Delivering our strategic sales initiatives

Strong organic and/or M&A led revenue growth over last 5 years in key target areas



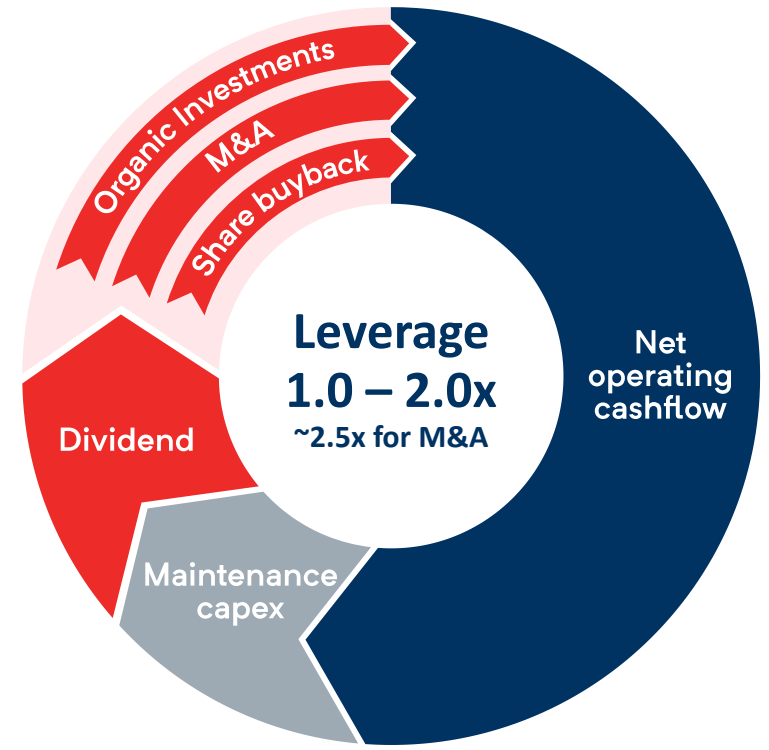
- Solutions contracts reduced to 27% of Group revenue in 2023 mainly due to M&A (2022: 32%)

- Excluding M&A, solutions contract revenue was 31%

Capital allocation framework

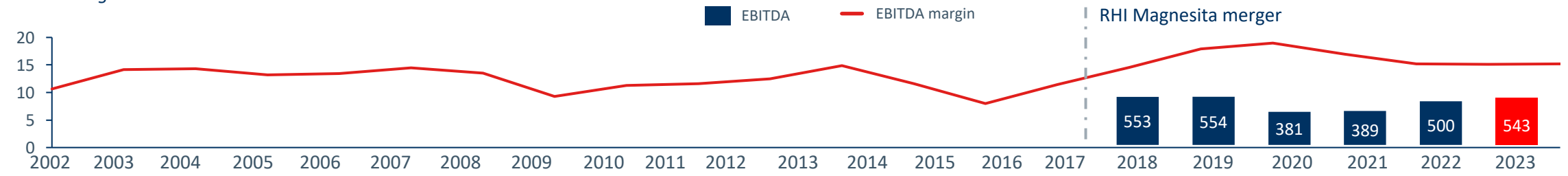
After maintenance capex and dividend, M&A, organic investments and buybacks compete for capital

- Leverage target 1.0– 2.0x and up to c.2.5x for compelling M&A opportunities
- M&A pipeline presents opportunity to continue consolidation of the refractory industry
- Resilient margins and profitability through the cycle support higher gearing
- Maintaining higher levels of working capital improves supply reliability for customers and supports market share gains

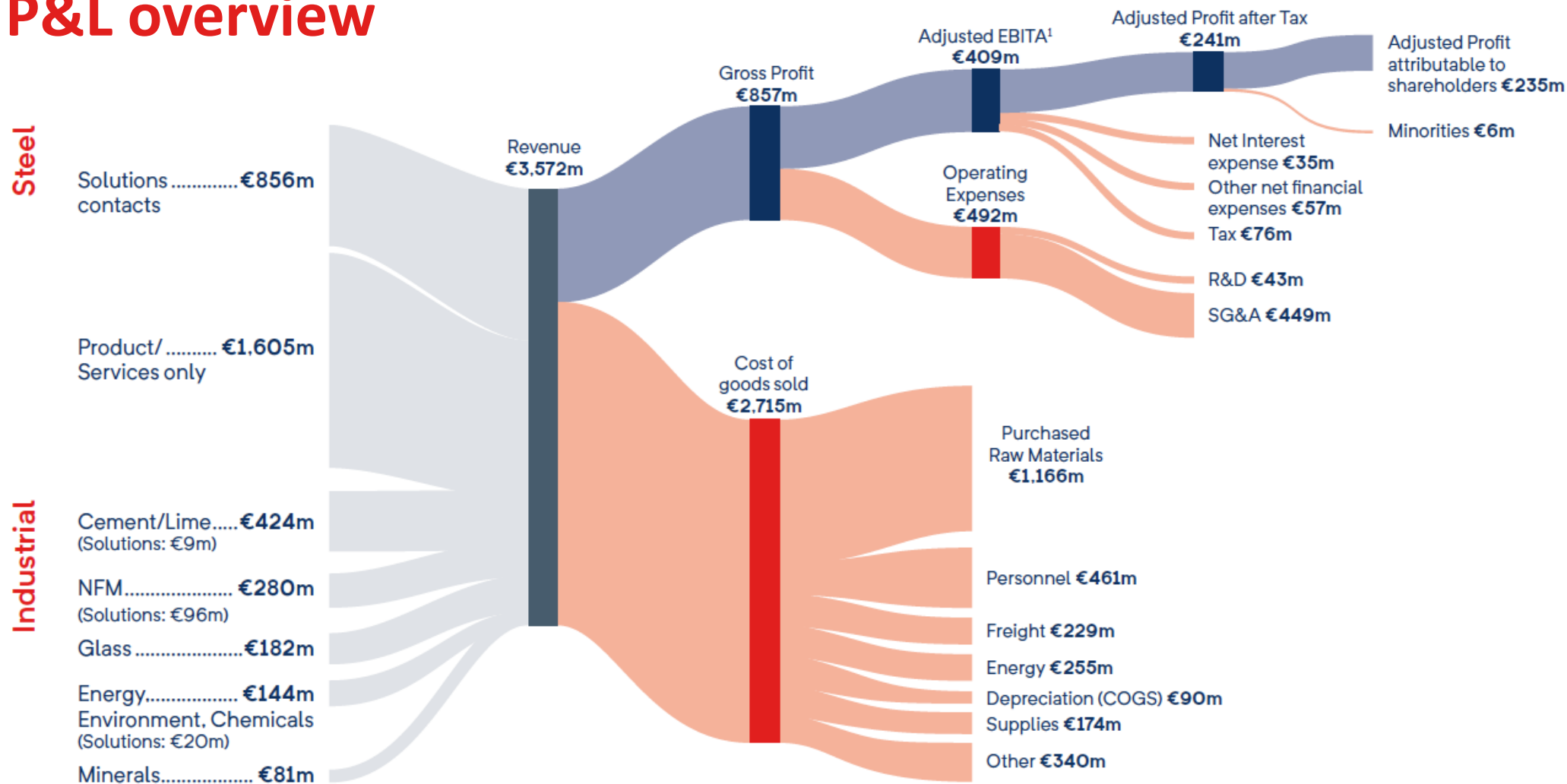


Resilient margins through the cycle

EBITDA margin %



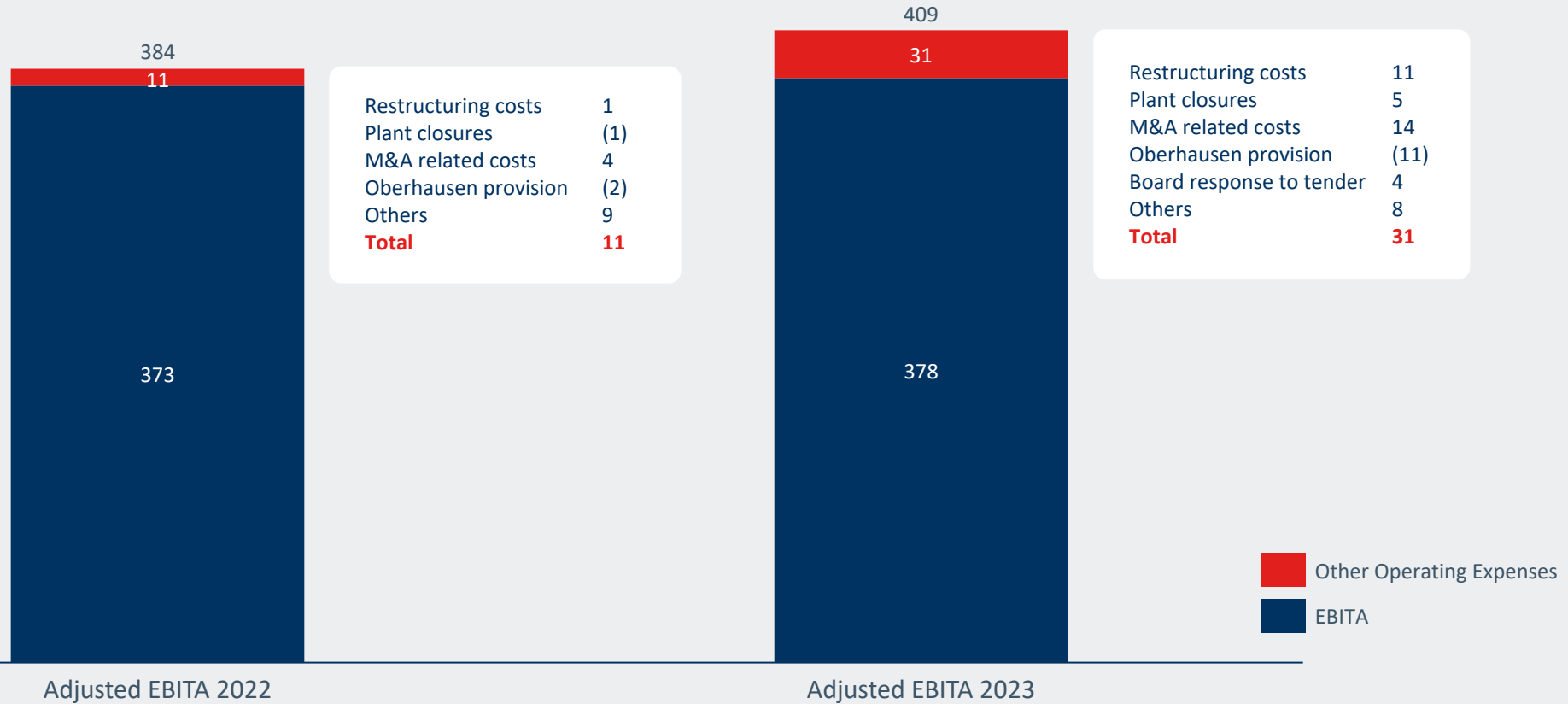
P&L overview



1. Adjusted EBITA excludes amortisation of intangible assets of €44 million, which is partially accounted for in COGS and partly in SG&A.

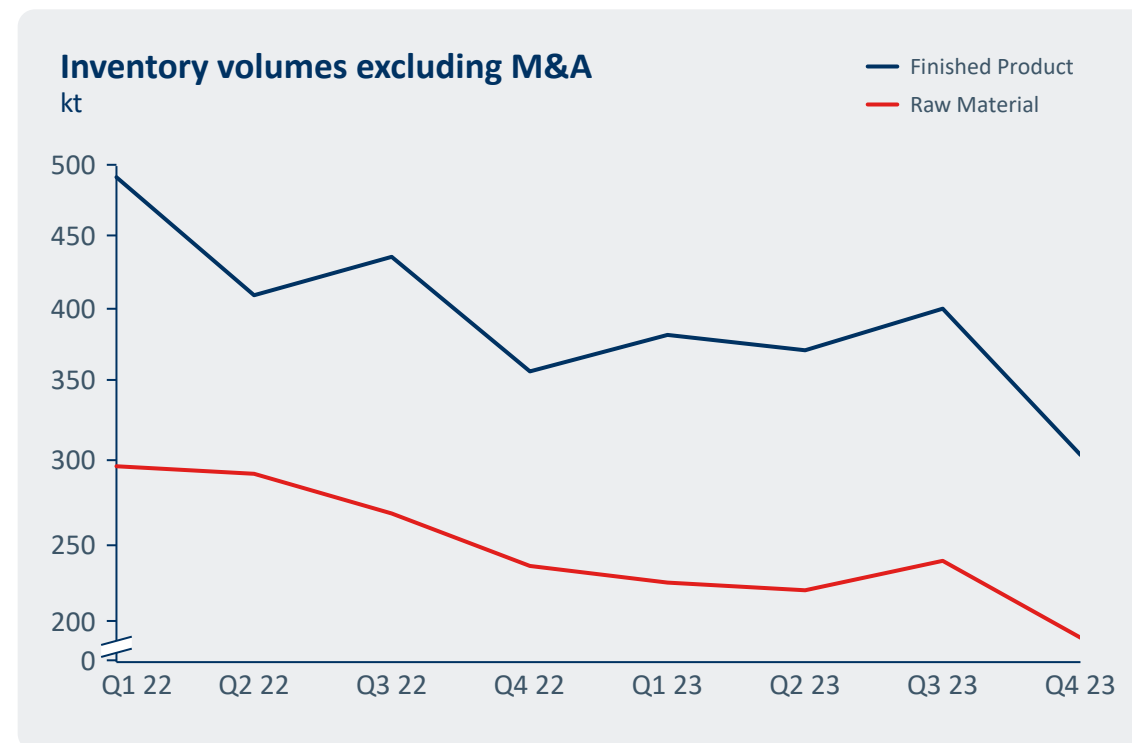
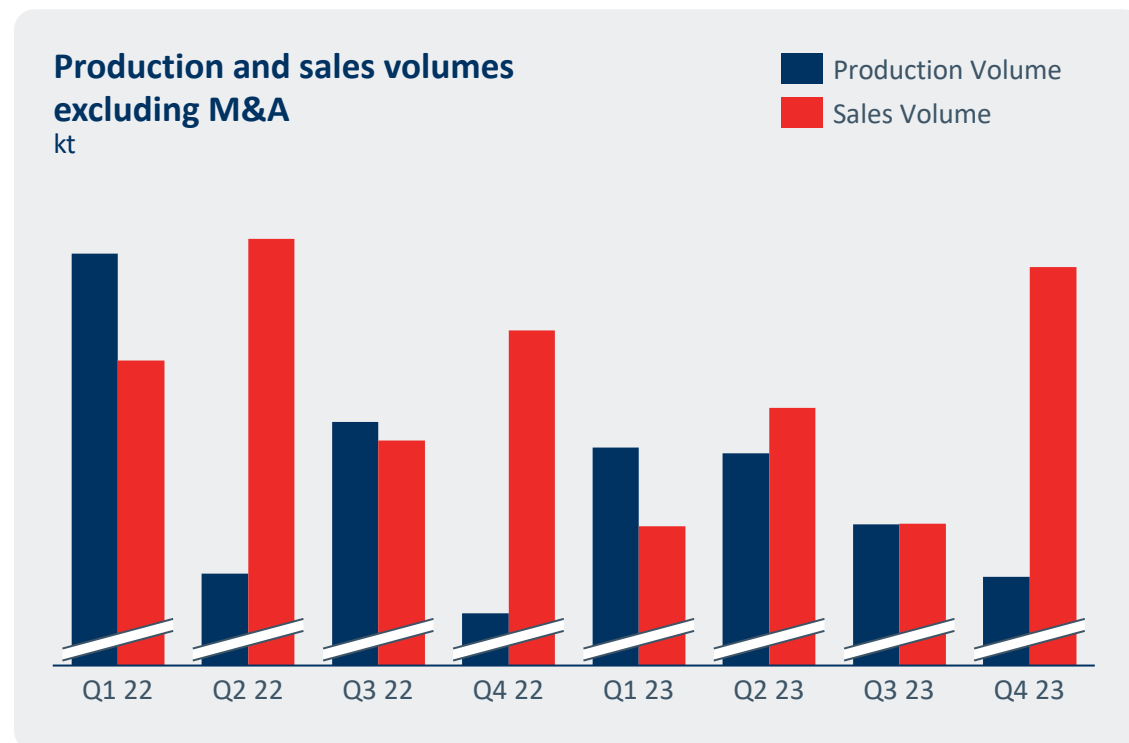
2023 EBITA - Adjusted items

€m



Disciplined inventory management

Production volumes held consistently below sales over last eight quarters to reduce inventory



- Inventory coverage now optimised, production will match sales in 2024 - reducing fixed cost under-absorption

Cash flow reconciliation

€m	2023	2022
Adjusted EBITDA	543	500
Share based payments - gross non cash	9	8
Working capital changes	53	(195)
Changes in other assets and liabilities	(12)	(2)
Investments in Property, Plant & Equipment and Intangible assets	(180)	(157)
Adjusted operating cash flow	413	155
Income taxes paid	(60)	(54)
Cash effects of other income/expenses and restructuring	(32)	(24)
Investments in financial assets	(14)	0
Cash inflows from the sale of PPE and IA	4	2
Cash inflows from the sale of financial assets	0	3
Investment subsidies received	0	1
Cash inflow from joint ventures and associates	0	0
Net interest paid	(56)	(36)
Net derivative cash outflow	5	(2)
Dividend payments to Non-controlling Interests	(3)	(2)
Other investing activities	2	0
Free cash flow	258	43

Net financial expenses

€m	2023	2022
Net financial expenses	(39)	(19)
Interest income	20	8
Interest expenses	(58)	(27)
FX effects	(30)	(23)
Balance sheet translation	(41)	(10)
Derivatives	11	(13)
Other net financial expenses	(32)	(31)
Present value adjustment on provisions (inc. Oberhausen onerous contract)	(8)	(9)
Factoring costs	(12)	(7)
Pension charges	(12)	(6)
Non-controlling interest expenses	0	(1)
Capitalization of borrowing costs	8	2
Interest expense - Transaction costs	(1)	0
Other	(6)	(6)
Total net financial expenses (reported)	(101)	(73)
Adjusted items	9	7
Total net financial expenses (adjusted)	(92)	(66)

Reconciliation of adjusted earnings

€m	2023 reported	Items excluded from adjusted performance	2023 adjusted	2022 reported	Items excluded from adjusted performance	2022 adjusted
EBITA¹	378	0	409	372	11	384
Amortisation	(44)	44	0	(29)	29	-
Net financial expenses	(101)	9	(92)	(73)	7	(66)
Profit before tax	233	0	317	270	47	318
Income tax	(62)	0	(76)	(104)	24	(80)
Profit after tax	171	0	241	167	70	237
Non-controlling interest	7	0	7	11	-	11
Profit attributable to shareholders	165	0	235	156	70	226
Shares outstanding ²	47.1	0.0	47.1	47	-	47
Earnings per share (€ per share)	3.50	0.00	4.98	3.31	1.51	4.82

◆ Items excluded from adjusted EPS:

- €20 million non-recurring restructuring cost and write-down expenses
- €8 million M&A integration costs
- €4 million Board response to Rhône Capital
- €44 million amortisation of intangible assets
- €9 million non-cash other net financial expenses

1. EBITA reconciled to revenue above.
2. Total issued and outstanding share capital as at 31 December 2023 was 47,130,338. The Company held 2,347,367 ordinary shares in treasury. The weighted average number of shares used for calculating basic earnings per share in FY 2023 is 47,078,254.
3. Numbers may not cast due to rounding.

Impact of foreign currency movement

EBITA sensitivity in 2023

	Appreciation vs EUR		Depreciation vs EUR	
		Increase / (decrease)		Increase / (decrease)
	Unit	in EBITA (€m)	Unit	in EBITA (€m)
USD	-1 cent	4.34	+1 cent	-4.34
CNY	-0.01 yuan	-0.11	+0.01 yuan	0.11
BRL	-0.10 reais	-3.69	+0.10 reais	3.69
INR	-1 rupee	1.43	+1 rupee	-1.43
TRY	-0.1 lira	0.01	+0.1 lira	-0.01

2023 exchange rates

	FY 2023	FY 2023	FY 2023	FY 2022
	Opening Rate	Closing Rate	Average Rate	Average Rate
EUR:				
USD	1.07	1.11	1.08	1.06
CNY	7.42	7.87	7.65	7.09
BRL	5.63	5.37	5.42	5.47
INR	88.26	92.58	89.20	82.50
TRY	20.01	31.76	25.23	17.07

Return on invested capital

Group ROIC¹	2023	2022
Average Invested Capital (€m)	2,854	2,439
NOPAT (€m)	305	301
ROIC (%)	10.7%	12.3%
Vertical integration ROIC	2023	2022
Average Invested Capital (€m)	483	424
NOPAT (€m)	43	60
ROIC (%)	8.9%	14.1%
Refractory ROIC	2023	2022
Average Invested Capital (€m)	2,371	2,034
NOPAT (€m)	262	242
ROIC (%)	11.0%	11.9%

2024 guidance detail

P&L	2024 guidance	2023 actual
Revenues (i) Volumes	Base business flat volumes, M&A full year effect adds 10%	3% revenue decline from volumes
Revenues (ii) Pricing	Pricing pressure to partially offset benefit of M&A	13% revenue growth from pricing and M&A
Depreciation	c.€140m	€134m
EBITDA from 2023 M&A	€80m	€35m
Adjusted EBITA margin	c.11%	11.4%
Adjusted EBITA	c.€410m	€409m
Amortisation	c.€40m	€44m
Finance charges	c.€85m ^{1,2}	€61m
Adjusted tax rate	23-25%	24%
Balance sheet and cash flow		
Capital expenditure incl. Digital	€170m ³	€180m
Working capital intensity ⁴	c.24%	24.2%
Gearing	2.0-2.5x	2.3x pro forma

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

2. Comprises Net interest expense c.€(50)m and other adjusted net financial expenses c.€35m including pension expense, present value adjustments, factoring costs, non-controlling interest expense

3. Capital expenditure comprises c.€60m maintenance capex, €80m project capex and c. €30m M&A

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