24 July 2024

RHI Magnesita N.V.

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

2024 Half Year Results

Resilient margins, strong cash conversion and M&A mostly offset ongoing weaker demand environment

RHI Magnesita, the leading global supplier of high-grade refractory products, systems and solutions, today announces its unaudited results for the six months ended 30 June 2024 ("H1 2024" or the "Period").

Financial results (Adjusted, €m unless stated otherwise)[1]	H1 2024	H1 2023	Change	H1 2023 (constant currency)	Change (constant currency)
Revenue	**1,728**	1,734	0%	1,716	1%
Adjusted EBITDA	**258**	265	(3)%	271	(5)%
Adjusted EBITA	**190**	200	(5)%	207	(8)%
Adjusted EBITA margin	**11.0%**	11.6%	(60)bps	12.0%	(100)bps
Adjusted EPS (€/per share)	**2.59**	2.53	2%		
Adjusted Operating Cash Flow	**233**	228	2%		
Net debt[2]	**1,274**	1,124	13%		
Net debt to Pro Forma Adjusted EBITDA[3]	**2.4**	2.1			

(Reported, €m unless stated otherwise)	H1 2024	H1 2023
Revenue	**1,728**	1,734
Gross profit	**416**	414
EBITA	**174**	184
Profit before income tax	**143**	111
Profit after income tax	**111**	83
EPS (€/per share)	**2.15**	1.71
Dividend (€/per share)	**0.60**	0.55

1. Adjusted figures are alternative performance measures "APMs" excluding impairments, amortisation of intangibles and exceptional items to enable an understanding of the underlying performance of the business. Full details are shown in the APM section.
2. H1 2024 Net debt includes the impact of IFRS 16 of €66 million. For further details see Note 11.
3. Pro Forma Adjusted EBITDA is used to assess financial gearing and includes a full year of Adjusted EBITDA contribution from businesses acquired during the year.

Operational and strategic highlights

- Steel division sales volumes decreased by 1% excluding M&A, due to weaker than forecast steel output in all regions except India in H1
- Industrial division demand reduced, with 10% lower sales volumes excluding M&A, due to customer capital project cycle, movement of certain project deliveries to H2 and subdued cement demand in markets outside India
- Production increased to match sales volumes following destocking in 2023
- Recycling rate increased to 13.2% (H1 2023: 13.0%), €5 million acquisition of Refrattari Trezzi in Italy further strengthens European recycling footprint
- Increasing customer demand for RHI Magnesita's automated solutions and robotics in SAM, NAM and India regions
- Intended $430 million acquisition of Resco Group now subject to Second Phase Review by US merger authorities and expected to complete in late H2 2024 or early 2025

- Key green steel contract win in April reinforces sustainability leadership position – RHI Magnesita to design and supply refractory linings for furnaces to be installed by SMS group at Thyssenkrupp's €2 billion Duisburg project

Financial highlights

- Revenue of €1,728 million in line with H1 2023 (€1,734 million) as M&A contribution offsets 3% decline in sales volumes and 4% lower pricing in the base business
- Adjusted EBITA of €190 million (H1 2023: €200 million) reflecting lower volumes and lower backward integration benefits, as price and mix impacts were balanced by reduced input costs
- Adjusted EBITA margin of 11.0% (H1 2023: 11.6%) in line with guidance, comprising high refractory margin of 10.2% (H1 2023: 9.8%) and very low raw material margin contribution of 0.8% (H1 2023: 1.8%)
- M&A contribution to Adjusted EBITDA of €34 million (H1 2023: €15 million) represents progress against full year guidance of approximately €80 million, with second half weighting for synergy benefits and similar demand and pricing conditions to the base business. The contribution to Adjusted EBITA was €27 million and full year guidance for Adjusted EBITA from M&A is €65 million
- Adjusted EPS increased 2% to €2.59 per share (H1 2023: €2.53 per share) supported by FX related gains
- Working capital reduced by €80 million to €894 million (31 December 2023: €974 million), driven by lower receivables and higher payables
- Adjusted Operating Cash Flow of €233 million with strong EBITA cash conversion of 123% (H1 2023: 114%), supported by second half phasing for capex
- Net Debt reduced to €1,274 million (31 December 2023: €1,304 million), gearing stable and within guided range at 2.4x (31 December 2023 Net debt to Pro Forma Adjusted EBITDA: 2.3x)
- Interim dividend of €0.60 per share declared, in line with policy

Outlook

- Refractory demand remains subdued in all key geographies with the exception of India, following a period of weaker than forecast steel output in the first half of the year, lower capex at industrial customers leading to fewer projects and reduced activity in the key end markets of construction and transportation
- RHI Magnesita remains on track to achieve Adjusted EBITA of at least €410 million, as previously guided, based on higher sales volumes and unit cost savings resulting from increased capacity utilisation and efficiency measures
- Second half order book is supported by normal seasonality in the cement market, the push back of certain industrial project deliveries previously scheduled for the first half and a higher weighting of steel sales in H2 as China steel exports reduce
- The Group continues to take action to preserve margins and is well positioned to increase output into a future recovery, with significant operational gearing and fixed cost absorption benefits to be realised once customer demand returns. The timing of such recovery remains uncertain

Stefan Borgas, Chief Executive Officer, said: "Demand for refractories was weaker than expected in the first half of 2024 as conditions in the global construction, transportation and other key end markets remained subdued with no positive catalysts evident in the short term. We have taken appropriate measures to safeguard profitability and cash generation throughout this period, as demonstrated by the release of €80 million of working capital in the first half of the year and the delivery of our EBITA margin guidance. Record refractory margins compensated for the temporarily lower contribution from our raw material assets. We remain on track to achieve full year guidance despite the very weak external market conditions experienced in the first half, with markedly higher sales volumes anticipated in the remainder of the year.

We have been able to advance our strategic M&A ambitions over the last three years and the contribution to earnings from acquisitions will grow as integrations progress and synergies are realised.

We are proud to have been chosen in April to design and supply refractories to SMS as the original equipment manufacturer for Thyssenkrupp's Duisburg green steel project. This is a welcome validation of our strategy to lead the refractory industry in sustainability, which will deliver value in the long term as we seek to reduce our own CO_2 emissions and to provide enabling technologies for our customers to do the same."

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Conference call

A presentation for investors and analysts will be held on 24 July 2024 starting at 8:15am UK time (9:15am CET). The presentation will be webcast live and details can be found on: https://ir.rhimagnesita.com/. Alternatively the webcast can be accessed using the following link:

https://www.investis-live.com/rhimagnesita/6662ee06806e6315001f447b/wrqq

A replay will be available on the same link shortly after event.

About RHI Magnesita

RHI Magnesita is the leading global supplier of high-grade refractory products, systems and solutions which are critical for high-temperature processes exceeding 1,200°C in a wide range of industries, including steel, cement, non-ferrous metals and glass. With a vertically integrated value chain, from raw materials to refractory products and full performance-based solutions, RHI Magnesita serves customers around the world, with around 22,000 employees in 47 main production sites, 9 recycling facilities and more than 70 sales offices. RHI Magnesita intends to leverage its leadership in terms of revenue, scale, product portfolio and diversified geographic presence to target strategically those countries and regions benefitting from more dynamic economic growth prospects.

The Group maintains a premium listing on the Official list of the London Stock Exchange (symbol: RHIM) and is a constituent of the FTSE 250 index, with a secondary listing on the prime segment of the Vienna Stock Exchange (Wiener Börse). For more information please visit: www.rhimagnesita.com

FORWARD LOOKING STATEMENTS

This announcement contains (or may contain) certain forward-looking statements with respect to certain of the Company's current expectations and projections about future events. These statements, which sometimes use words such as "aim", "anticipate", "believe", "intend", "plan", "estimate", "expect" and words of similar meaning, reflect the directors' beliefs and expectations and involve a number of risks, uncertainties and assumptions which could cause actual results and performance to differ materially from any expected future results or performance expressed or implied by the forward-looking statement. Statements contained in this announcement regarding past trends or activities should not be taken as a representation that such trends or activities will continue in the future. The information contained in this announcement is subject to change without notice and, except as required by applicable law, the Company does not assume any responsibility or obligation to update publicly or review any of the forward-looking statements contained in it and nor does it intend to. You should not place undue reliance on forward looking statements, which apply only as of the date of this announcement. No statement in this announcement is or is intended to be a profit forecast or profit estimate or to imply that the earnings of the Company for the current or future financial years will necessarily match or exceed the historical or published earnings of the Company. As a result of these risks, uncertainties and assumptions, the recipient should not place undue reliance on these forward-looking statements as a prediction of actual results or otherwise. The Company has no obligation or undertaking to update or revise the forward-looking statements contained in this announcement to reflect any change in its expectations or any change in events, conditions, or circumstances on which such statements are based unless required to do so by applicable regulations. The numbers presented throughout this announcement may not sum precisely to the totals provided and percentages may not precisely reflect the absolute figures, due to rounding.

OVERVIEW

Health & safety

A core value of the Group is to maintain a safe working environment for its employees and contractors.

It is with deep sorrow that we report a fatal incident occurred at one of the Group's plants in China in June 2024. A thorough investigation of the root cause of this incident has been carried out and procedural changes will be implemented worldwide to prevent recurrence.

Following three tragic fatalities over the past 18 months in its operations the Group has commenced a wide-ranging review of safety procedures, risks, preventive measures and safety culture, with external support from DSS+. The Board and management are fully committed to making all necessary changes and improvements to eliminate fatalities, serious injuries and in the longer term to achieve zero harm.

During H1 2024 the lost time injury frequency ("LTIF"), excluding recently acquired businesses, decreased significantly to 0.07 per 200,000 hours worked (H1 2023: 0.25), whilst total recordable injury frequency ("TRIF") reduced to 0.33 per 200,000 hours worked (H1 2023: 0.58).

Financial overview

Reported revenue decreased by 0.3% to €1,728 million (H1 2023: €1,734 million) as a €223 million revenue contribution from M&A completed in 2023 offset a 3% decline in sales volumes and a 4% decline in average pricing in the base business, due to expected product mix changes and price reductions.

Price reductions were in line with guidance to be up to 5% lower than 2023. Sales volumes in the base business were anticipated to be flat in 2024 versus the prior year, as a moderate recovery in steel volumes balanced a cyclical reduction in industrial sales. However, global steel production was weaker than forecast in all regions except India in the first half of 2024.

The key input costs of purchased raw materials, energy and freight were lower on average compared to H1 2023. Reduced input costs combined with better fixed cost absorption to offset the 4% decline in pricing, and the revenue impact of changing product mix towards lower priced refractories in the industrial segments of Cement & Lime, NFM and other industrials. An increase in SG&A largely due to M&A and a reduced contribution from the Group's raw material assets resulted in Adjusted EBITA of €190 million (H1 2023: €200 million) at a margin of 11.0%, in line with guidance. Refractory margin contribution increased to a record high of 10.2 ppts whilst the contribution from raw material assets reduced to 0.8 ppts due to low benchmark prices for refractory raw materials.

Adjusted EPS increased to €2.59 per share (H1 2023: €2.53) supported by an FX gain of €14 million (H1 2023: loss of €15 million). Net interest expenses of €19 million were higher than €18 million incurred in H1 2023 but better than anticipated in full year guidance of €50 million due to repayment of higher margin facilities and lower base rates.

Net debt decreased to €1,274 million, a reduction of €30 million from the €1,304 million reported at 31 December 2023, as cash generation from the base business and 2023 M&A exceeded the final dividend payment of €59 million and €39 million allocated to investments and acquisitions, net of proceeds from disposals. Gearing, measured as the ratio of net debt to pro forma Adjusted EBITDA, increased to 2.4x (31 December 2023: 2.3x), due to the decrease in pro forma Adjusted EBITDA in the 12 months to 30 June 2024 to €541 million, compared to €561 million in the 12 months to 31 December 2023.

M&A

The intended acquisition of Resco for up to $430 million has moved into second phase review by US merger authorities and the expected timing for completion is now late 2024 or early 2025.

The Group acquired Refrattari Trezzi for an enterprise value of €5 million in June 2024. Refrattari Trezzi is a recycling specialist based in Italy and the transaction is an important step towards achieving RHI Magnesita's decarbonisation targets in Europe, which to date have largely been delivered through recycling. Together with the Group's Joint Venture MIRECO, a strong platform has been established to further advance the circular economy in European refractories.

The Group allocated €46 million of capital to acquisitions and investments in the Period including Resco, Refrattari Trezzi, Seven Refractories Cyprus, Jinan New Emei and MCi Carbon. A non-cash gain of €7 million was realised from the disposal of the Group's interest in its Dashiqiao joint venture in China.

M&A completed in 2023 contributed €34 million to Adjusted EBITDA against guidance of approximately €80 million for the full year, as acquired businesses experienced similar demand and pricing conditions to the base business and as the realisation of synergy benefits is weighted towards the second half. The recently acquired non-basic European project business delivered a strong performance during the first half, supported by resilient demand from glass and aluminium customers.

Raw materials

Magnesite and dolomite based raw material prices remained at a cyclical low in H1 2024, with the exception of medium grade dead burned magnesia ("DBM") from China delivered to Europe, which increased as a result of higher freight costs. Whilst remaining at lower average levels than H1 2023, magnesite based raw material prices increased slightly during the Period, as loss making Chinese producers withdrew marginal production from the market. The lower average price levels for magnesite based raw materials resulted in a record low EBITA contribution from vertical integration of 0.8ppts (H1 2023: 1.8ppts). The raw material margin contribution is expected to remain low at around 1.0 ppts in 2024 and will be driven by the timing of recovery in global demand for refractories.

Alumina-based refractory raw materials (in which the Group is not vertically integrated) increased in price significantly during the first half of 2024, due to supply constraints in the global alumina and bauxite markets combined with increasing demand for alumina for aluminium production. A price increase programme has commenced for alumina-based refractories to maintain margins on these products.

Sustainability

RHI Magnesita increased its Ecovadis rating to 76 in June 2024 (2023: 72), triggering a reduction in the margin payable on approximately €2 billion of debt facilities, which will result in an annual saving of c.€0.5 million on debt interest expenses. Ecovadis recognised the Group's commitment to sustainability and its improved performance in labour and human rights and sustainable procurement practices. RHI Magnesita is ranked in the 97th percentile of industrial companies covered by Ecovadis and received a 'Gold' rating.

Recycling rates increased to 13.2% (H1 2023: 13.0%), with a significant increase in absolute volumes of secondary raw materials usage offset by the effect of M&A completed in 2023, as new businesses joined the Group with an initially lower level of recycled raw material usage. The Group maintains its target to achieve a recycling rate of 15% by 2025, including the dilutive impact of M&A. Since 2019, over 1 million tonnes of CO_2 emissions have been averted as a result of the Group's recycling activities and the use of secondary raw materials remains the primary route by which CO_2 emissions reductions have been achieved. During the Period, a new business unit was established to assess the possibility to grow sales of recycled minerals to customers outside the Group, in addition to supplying RHI Magnesita's internal requirements.

RHI Magnesita continues to invest in the research and development of a wide range of CO_2 emissions reduction technologies to reduce its carbon footprint in the long term. During the first half of 2024, the Group invested €3 million in a further funding round for its technology partner MCi Carbon and progressed a pilot plant project in Newcastle, Australia to demonstrate the remineralisation of CO_2 using the MCi Carbon process.

A key contract was awarded to the Group for the design and supply of refractories for DRI Open Bath Furnaces to be installed by SMS group at Thyssenkrupp's €2 billion, 2.3 Mtpa Duisburg project in North Rhine-Westphalia, Germany. This contract award demonstrates RHI Magnesita's leading position in the refractory industry, with unique capabilities to partner with OEMs and customers for the development of the new technologies that will enable the decarbonisation of the steel industry and other hard to abate sectors. Green steel production is expected to result in an increase in demand for the refractory products in which RHI Magnesita already has a leading market position, technical knowledge and extensive vertical integration.

Outlook and guidance updates

Refractory demand remains subdued in all key geographies with the exception of India, following a period of weaker than forecast steel output in the first half of the year, lower capex at industrial customers leading to fewer projects and reduced activity in the key end markets of construction and transportation. RHI Magnesita remains on track to achieve Adjusted EBITA of at least €410 million in 2024, as previously guided, based on higher sales volumes and unit cost savings resulting from increased capacity utilisation and efficiency measures. Second half volumes are expected to be supported by normal seasonality in the cement market, the push back of certain industrial project deliveries previously scheduled for the first half and a higher weighting of steel sales volumes in the second half of the year as China steel exports reduce. The Group continues to take action to preserve margins and is well positioned to increase output into a future recovery, with significant operational gearing and fixed cost absorption benefits to be realised once customer demand returns. The timing of such recovery remains uncertain.

Capital expenditure guidance of €170 million issued at the full year results is revised to €135 million due to the reclassification of €35 million of spending on digital architecture and ERP system upgrade as an expense, which will not be capitalised. The previously guided c.€100 million of spending over three years on digital upgrades from 2024-26 will be reported under 'Other expenses' in the Profit and Loss statement and will be excluded from Adjusted EBITDA, Adjusted EBITA and Adjusted EPS. Expenses of €15 million on this item were incurred in the first half of 2024.

Working capital intensity of approximately 24% is targeted in 2024 and the Group expects to maintain Net debt to Pro Forma Adjusted EBITDA within the guided range of 2.0-c.2.5x for periods of compelling M&A.

Guidance for net interest expenses in 2024 is reduced from €50 million to €45 million due to the repayment of higher cost facilities and lower base rates. Guidance for other adjusted net financial expenses is also reduced from €35 million to €30 million, resulting in €75 million of adjusted net finance expenses guided for 2024.

Guidance for non-controlling interest expense in 2024 is increased from approximately €10 million to €20 million to reflect the €9 million expense already incurred in the first half of 2024 and positive outlook for India. All other guidance remains as set out in the Group's Full Year Results announcement dated 28 February 2024.

Capital allocation and shareholder returns

The Board's capital allocation policy remains to support the long-term Group strategy, providing flexibility for both organic and inorganic investment opportunities and delivering attractive shareholder returns over the midterm. These opportunities will be considered against a framework of strategic fit, risk profile, rates of return, synergy potential and balance sheet strength.

The Group incurred €35 million of project capital expenditure in the first half (H1 2023: €38 million), in recently acquired assets. Maintenance capital expenditure in the period was €26 million (H1 2023: €25 million). Total capital expenditure was therefore €68 million (H1 2023: €63 million), against full year 2024 guidance of €135 million, including M&A.

Consistent with the Company's dividend policy to pay an interim dividend equal to one third of the previous final dividend, the Board has declared an interim dividend of €0.60 per share representing €28 million in aggregate. The interim dividend will be paid on 26 September 2024 to shareholders on the register on 30 August 2024.

OPERATIONAL REVIEW

Steel overview

Steel	H1 2024	H1 2023 reported	H1 2023 (constant currency)	Change	Change (constant currency)
Revenue (€m)	1,185	1,203	1,192	(1)%	(1)%
Gross profit (€m)	268	260	269	3%	0%
Gross margin	22.6%	21.6%	22.6%	100bps	0bps

Supplying refractory products and services to the steel industry accounted for c.69% of RHI Magnesita's revenues in H1 2024. Refractory products are required to protect steel making equipment from extremely high temperatures of up to 1,800°C, chemical corrosion and abrasion. Refractory product applications include iron making (blast furnace or direct reduction), primary steel-making (basic oxygen furnace or electric arc furnace) as well as ingot and continuous casting. RHI Magnesita offers a complete range of products and solutions for the steel making process. The lifespan of refractory products in the steel making process can range from hours to months depending on the application, for example a slide gate is a consumable item that may need to be replaced every four hours whilst the lining of a primary steel making furnace could require re-lining at six month intervals. Refractory consumption in steel making is therefore classified as an operating expense by steel producers and usually accounts for around 2-3% of operating costs, on average.

Steel segment revenues decreased by 1% to €1,185million (H1 2023: €1,203 million, constant currency €1,192 million). Global steel demand in all regions excluding India declined in H1 2024 due to weakness in the key end markets of construction, transportation and consumer goods. High inflation and interest rates continued to impact consumer demand and the cost of financing for new capital projects in many economies.

Shipped volumes of steel refractories decreased by 2% as steel exports from China reduced domestic steel production volumes in several of the Group's core geographic markets in Europe and the Americas.

Sales from the Group's Advanced Technology portfolio gathered momentum during the first half, with increasing customer interest and orders in South America, North America and India. A growing proportion of contracts now include products from the Advanced Technology portfolio, which includes systems, sensors, robotics and specialist machinery. This range of products brings a broad range of benefits to the customer such as health and safety improvements, increased productivity and process reliability. Each component can be networked and performance enhancements made using intelligent data evaluation, allowing for continuous optimisation and stability.

Industrial overview

Industrial	H1 2024	H1 2023 reported	H1 2023 (constant currency)	Change	Change (constant currency)
Revenue (€m)	543	531	524	2%	4%
Gross profit (€m)	148	154	151	(4)%	(2)%
Gross margin	27.2%	29.0%	28.7%	(180)bps	(150)bps

RHI Magnesita is a leading supplier of refractory products and services to customers in the cement and lime, non-ferrous metals, glass, energy, environmental and chemicals industries. These Industrial customers accounted for c.31% of Group revenues in H1 2024 and have longer replacement cycles compared to Steel customers, ranging from one to 20 years. Refractories are classified as capital expenditure by Industrial customers and represent between 0.2% and 1.5% of total costs over the life cycle of a facility.

The Industrial division increased revenues by 2% to €543 million (H1 2023: €531 million) or 4% in constant currency terms, with shipped volumes increasing by 10%. The main drivers for the increase in shipped volumes was the strong business performance in the regions Europe 32% and India 31% driven by M&A contributions, offsetting weaker demand in North America, South America and China. Excluding the contribution from M&A, volumes decreased by 10% and revenues decreased by 14%.

Cement & lime

Cement and lime revenues of €188 million represented 11% of Group revenues in H1 2024 (H1 2023: €214 million) and decreased by 12%, mainly driven by lower volumes and prices in all regions. The cement maintenance season in Q1 2024 was weaker than the prior year due to low utilization of cement kilns during 2023 caused by a global slowdown in construction activity.

Non-ferrous metals

Non-ferrous metal ("NFM") refractory revenues accounted for 7% of the Groups revenues in H1 2024 and decreased by 8% to €127 million (H1 2023: €138 million), driven by a 8% decrease in volumes and flat pricing. The NFM market is project based and linked to the capital project cycles of customers in the metals and mining sector which is a longer and later cycle business compared to the steel industry. Strong project based activity in 2023 reduced as expected in the first half of 2024.

Other

Glass refractory shipped volumes increased by 13% in H1 2024, contributing to an increase in revenues of 26% from €82million to €104 million in H1 2024 and represented 6% of Group revenues. The main driver for growth in this segment were the contributions from acquisitions completed in Europe in 2023. Excluding M&A revenues decreased by 24% driven by weakness in construction end markets.

Revenues from other industrial applications accounted for 5% of the Groups revenues in H1 2024 and includes the customer markets of energy, environment, chemicals, foundry and aluminium. Revenues increased by 71% to €94million (H1 2023: €55 million), largely due to the impact of acquisitions. Excluding M&A, revenues decreased by 1%.

Minerals

Raw materials not utilised internally by the Group are sold in the open market and reported under Minerals generating revenues of €30million in H1 2024 (H1 2023: €41 million). The decrease in revenues resulted from lower sales volumes and weaker market prices for refractory raw materials.

Regional business units

Revenue	H1 2024	H1 2023 reported	H1 2023 (constant currency)	% change (reported)	% change (constant currency)
Europe, CIS & Türkiye	**465**	**426**	**419**	**9%**	**11%**
Steel	280	287	280	(2)%	0%
Industrial	185	139	139	33%	33%
North America	**432**	**476**	**475**	**(9)%**	**(9)%**
Steel	329	348	348	(5)%	(5)%
Industrial	103	128	127	(19)%	(19)%
India, West Asia & Africa	**355**	**361**	**358**	**(2)%**	**(1)%**
Steel	264	282	280	(6)%	(6)%
Industrial	91	79	78	16%	16%
South America	**258**	**258**	**255**	**0%**	**1%**
Steel	191	182	183	5%	5%
Industrial	67	76	72	(11)%	(7)%
China & East Asia	**187**	**172**	**168**	**8%**	**11%**
Steel	120	103	101	17%	19%
Industrial	66	69	67	(4)%	(1)%
Minerals	30	41	41	(27)%	(26)%
Total	1,728	1,734	1,716	0%	1%

Europe, CIS & Türkiye

Europe, CIS & Türkiye revenues increased by 9% to €465 million (H1 2023: €426 million), or by 11% in constant currency terms, due to positive contributions from M&A, notably in the non-basic project business and Seven Refractories. Excluding M&A, revenues decreased by 12% to €369 million. Shipped volumes increased by 12% but decreased by 3% excluding M&A.

Gross profit increased by 8% to €102 million (H1 2023: €95million) with lower gross margins of 21.9% (H1 2023: 22.2%) due to pricing pressure and higher unit costs resulting from low capacity utilisation.

Steel revenues remained flat in constant currency and decreased by 2% on a reported basis. Türkiye performed particularly strongly in the first six months, recording a volume increase of 29.4%. This was mainly a recovery from weak volumes in H1 2023 when the region was affected by earthquakes which resulted in temporary shutdowns of steel plants. Steel production in the European Union declined slightly, reflecting temporary plant suspensions and reduced end market demand from regional construction and automotive industries.

Industrial volumes increased by 32% and revenues by 33% in constant currency terms, supported by the acquisition of non-basic process industries focused P-D Refractories in the fourth quarter of 2024. Excluding the contribution from M&A, industrial segments reported a decrease in revenues of 15% to €118 million and a decrease in shipped volumes of 13%, reflecting the weak demand environment.

Plant capacity utilisation remained at low levels, leading to ongoing under-absorption of fixed costs.

New customer wins in the waste to energy segment were achieved, strengthening RHI Magnesita's position in this market and further diversifying the business. New product sales initiatives were focused on high recycling content product ranges, to further improve sustainability performance.

In April 2024 RHI Magnesita was awarded a major new contract for the design and supply of refractory linings for two DRI Open Bath Furnaces ("DRI-OBF") to be installed by SMS group as the original equipment manufacturer ("OEM") as part of Thyssenkrupp's flagship €2 billion, 2.3 Mtpa green steel project at its Duisburg site in North Rhine-Westphalia, Germany. The Duisburg project will produce steel from 2027, initially using natural gas for direct reduction of iron ore and subsequently, through the use of hydrogen, reducing CO_2 emissions to close to zero. RHI Magnesita's contract as the refractory supplier to the OEM represents material new project revenue and validation of the Group's strategy to position itself as the leading supplier of refractory linings and services for OBF, EAF and BOF converters, which are expected to be essential for the large-scale adoption of green steel production globally.

North America

Revenues in North America decreased by 9% to €432 million (H1 2023: €476 million) or by 9% in constant currency terms, largely driven by a volume decline of 8% and lower pricing.

Gross profit decreased to €116 million (H1 2023: €133 million) at a margin of 26.8% (H1 2023: 28.0%), mainly due to higher unit costs resulting from low capacity utilisation.

Steel revenues decreased by 5% to €329 million (H1 2023: €348 million), driven by weaker customer demand with shipped volumes decreasing by 5%.

Despite the subdued steel market, pricing remained resilient and only moderately decreased compared to H1 2023. The North America region continues to benefit from new contracts to supply recent greenfield and brownfield developments, all of which are new or expanding EAF plants, with further new plants anticipated to come online in 2025. Low customer demand in Mexico was exacerbated by some lost production due to strike action in local plants, now resolved.

In the Industrial segments of Cement & Lime, NFM and Other industrials, revenues declined to €103 million, representing a decrease of 19% (H1 2023: €128 million). The main factor impacting revenues was a decrease in sales volumes of 19%, largely due to a cyclical downturn in customer project activity.

The US recycling rate increased to a record high of 13.5% (2023: 8.3%), through strengthening the partnership with recycling processors and continued development of the regional recycling team. The high-recycling content gunning mixes developed and produced in the region have become a benchmark for the Group in sales and recycling consumption.

India, West Asia & Africa

Revenues in India, West Asia & Africa decreased by 2% to €355 million (H1 2023: €361 million) or by 1% in constant currency. Excluding M&A, revenues decreased by 3%. Although steel output growth in the region was positive, RHI Magnesita's steel sales volumes decreased by 4% for the first six months of 2024, as the Group prioritised pricing and margins over market share. Steel volumes were also impacted by a temporary suspension of shipments to a key customer due to overdue payments (now resolved), a reduction in orders around the time of the Indian elections and increased competition from Chinese exporters. The order book for the second half of 2024 indicates a recovery in steel sales volumes.

Following M&A in 2023 new opportunities are being pursued in iron-making refractories, and a substantial order has been secured for coke oven repair. The Group also received an order for a fully automated robotic solution, including multiple systems over a multi-year contract, its first such contract in India, during the Period.

Gross profit increased by 4% to €82 million (H1 2023: €78 million) with increased gross margins of 23.1% (H1 2023: 21.6%) supported by pricing discipline and lower input costs.

Gross margin in steel increased slightly to 22.0% (H1 2023: 19.9%).

Industrial revenues increased by 16% to €91million (H1 2023: €79 million) largely due to the contribution of the DBRL acquisition, which led to an 31% increase in sales volumes of industrial refractories. Industrial gross margin declined to 26.4% (H1 2023: 27.7%) due to the mix effect of strong growth in lower priced product ranges.

South America

Revenues in South America were flat at €258 million (H1 2023: €258 million) and 1% higher in constant currency terms (H1 2023: €255 million). A high inflation environment, combined with reduced consumer spending and economic challenges in Argentina continued to affect economic activity in the region, impacting RHI Magnesita's end customers. Despite market weakness, the business region continues to benefit from long-term partnerships with its customers who value RHI Magnesita's local supply guarantee and high-quality performance refractories. Gross profit increased to €77 million (H1 2023: €73 million) at a margin of 29.7% (H1 2023: 28.3%).

Steel revenues increased by 5% to €191 million (H1 2023: €182 million) as price increases more than offset a 3% reduction in shipped volumes.

Industrial revenues decreased by 11%, mainly driven by lower shipped volumes which reduced by 6%. Demand for cement and lime refractories remained below 2023 levels driven by weak customer demand, excluding in Brazil where demand remained stable. Reduced economic activity in Argentina, the second most important market in the region, impacted revenues.

The region significantly improved its recycling rate, reaching 12.3% in H1 2024, from 11.0% in H1 2023. This improvement was driven by sourcing, research and development, processing, consumption, and sales efforts, highlighting the Group's commitment to sustainability and efficient resource management.

The Brumado expansion project has been completed and commissioned with the recent startup of the rotary kiln. The project increases the life of the Brumado mine to c.120 years and further improves its cost competitiveness. The kiln is currently in ramp up and will increase low-cost production capacity in advance of an expected recovery in end market demand.

China & East Asia

Revenues in China & East Asia increased to €187 million (H1 2023: €172 million), an increase of 8%, or 11% in constant currency terms, as the acquisition of Jinan New Emei offset pricing pressure in the region. Due to declining domestic steel production, the refractory market in China currently suffers from oversupply and weak pricing. Exports of surplus refractory production have impacted surrounding regions, such as East Asia, India and West Asia.

RHI Magnesita's Gross profit in China & East Asia increased to €38 million (H1 2023: €32 million) reflecting the revenue increase and higher gross margin of 20.5% (H1 2023: 18.6%).

Shipped volumes of steel refractories excluding M&A in China increased by 2%. In East Asia, low demand combined with competing exports from China resulted in temporary plant closures, driving an 8% decrease in revenues in constant currency terms. Steel revenues in the region excluding M&A decreased by 7% to €84 million.

Sales volumes in the Industrial segments decreased by 3% and revenues decreased by 4% to €66 million from €69 million in H1 2023. The Cement & lime segment experienced low shipped volumes due to weak construction activity resulting from the subdued real estate market in China. Glass volumes were similarly adversely impacted by both a weak construction market and a downturn in the solar energy industry.

FINANCIAL REVIEW

Reporting approach

The Company uses a number of alternative performance measures (APMs) in addition to measures reported in accordance with International Financial reporting Standards as adopted by the European Union ("IFRS"), which reflect the way in which the Board and the Executive Management Team assesses the underlying performance of the business. The Group's results are presented on an "adjusted" basis, using APMs that are not defined or specified under the requirements of IFRS, but are derived from the IFRS financial statements. The APMs are used to improve the comparability of information between reporting periods and to address investors' requirements for clarity and transparency of the Group's underlying financial performance. The APMs are used internally in the management of our business performance, budgeting and forecasting. A reconciliation of key metrics to the reported financials is presented in the section titled APMs.

All references to comparative 2023 numbers in this review are on a reported basis, unless stated otherwise. All reported volume changes year-on-year are excluding mineral sales.

Revenue

The Group recorded revenues of €1,728 million, a 0.7% increase on a constant currency basis (H1 2023: €1,716). On a reported basis, revenues decreased by 0.3% (H1 2023: €1,734 million), due to the depreciation of certain key currencies against the Euro, including the US dollar, Chinese yuan, Brazilian real and Indian rupee. Foreign exchange effects impacted revenues in Euro terms by €18 million.

	H1 2024	H1 2023 reported	H1 2023 (constant currency)	Change	Change (constant currency)
Steel					
Revenue (€m)	**1,185**	1,203	1,192	(1)%	(1)%
Gross profit (€m)	**268**	260	269	3%	0%
Gross margin	**22.6%**	21.6%	22.6%	100bps	0bps
Adjusted EBITA (€m)	**117**	110	119	7%	(2)%
Adjusted EBITA margin	**9.9%**	9.1%	10.0%	80bps	(10)bps
Industrial					
Revenue (€m)	**543**	531	524	2%	4%
Gross profit (€m)	**148**	154	151	(4)%	(2)%
Gross margin	**27.2%**	29.0%	28.7%	(180)bps	(150)bps
Adjusted EBITA (€m)	**73**	91	88	(20)%	(17)%
Adjusted EBITA margin	**13.4%**	17.1%	16.7%	(370)bps	(330)bps

Steel revenues decreased to €1,185 million, a decrease of 1% on a reported basis (H1 2023: €1,203 million) and 1% on a constant currency basis (H1 2023: €1,192 million), representing 69% of Group revenue in the first six month of 2024. The main driver behind the decrease in revenues were a subdued steel market lead by weak demand in all regions as well as pricing pressure, both partially offset by M&A contributions. Sales volumes in the Steel segment decreased by 2%.

Industrial revenues increased by 2% to €543 million (H1 2023: €531 million) and by 4% in constant currency terms (H1 2023: €524 million), outperforming steel revenue growth due to contributions from M&A. Cement and lime revenues decreased by 12% to €188 million (H1 2023: €214 million), while non-ferrous metal revenues decreased by 8% to €127 million (H1 2023: €138 million). Revenues in the glass business increased by 26% to €104 million (H1 2023: €82 million) driven by strong contributions from M&A. Revenues from industrial applications increased by 71% to €94 million (H1 2023: €55 million), also due to M&A.

Industrial revenues include revenues from mineral sales of €30 million, which were 27% lower than the prior year (H1 2023: €41 million), due to lower market prices for refractory raw materials.

Cost of goods sold

Cost of goods sold decreased by 1% to €1,312 million from €1,320 million in H1 2023 and increased by 1% on a constant currency basis. The cost of purchased raw materials decreased by 10% to €535 million (H1 2023: €594 million). Plant-related labour costs increased by 16% during the first six month of 2024 from €218 million to €253 million, mainly due to acquisitions as well as salary increases to offset the impact of inflation. Following a period of disruption and high inflation in 2023, freight and energy costs decreased by 23% and 15% respectively in H1 2024. Since May freight costs have increased significantly again due to ongoing conflicts in the Red Sea, low water levels in the Panama channel and equipment failure at major ports in Singapore and Malaysia. The lower shipping capacity combined with longer sea routes have led to an increase in freight costs and are expected to continue in H2 2024.

Unit costs in H1 2024 were impacted negatively by low production capacity utilisation, leading to under-absorption of fixed costs. Expenditure on general supplies including pallets, packaging and spare parts increased in line with the business growth to €275 million compared to €211 million in H1 2023.

Raw material prices

Average raw material prices were lower in H1 2024 compared with H1 2023, with the price of high-grade dead burned magnesia ("DBM") from China declining 2%. The main driver for the decrease in DBM was oversupply combined with lower customer demand for refractories globally. Lower raw material prices usually result in lower finished goods pricing for refractories worldwide, as production costs for non-vertically integrated competitors are reduced.

Alumina, another key raw material feedstock for the manufacturing of refractories, recorded a 37% price increase since the end of H1 2023, driven by tight bauxite markets in China and elevated alumina demand for aluminium production. Higher alumina prices combined with increased freight costs experienced towards the end of H1 2024 led to higher cost of goods sold for the Group towards the end of H1 2024, which is in the process of being passed on to customers via price increases.

Gross profit

Gross profit was flat at €416 million (H1 2023: €414 million) lower raw material costs partially offset by higher plant related personnel costs and gross margins were also relatively stable at 24.1% (H1 2023: 23.9%). The positive contribution from M&A was offset by lower sales volumes in the base business. The benefits of reduced raw material, energy and freight input costs and improved fixed cost absorption were balanced out by pricing and product mix impacts, as anticipated in the Group's full year 2024 earnings guidance.

Gross profit in the Steel segment increased to €268 million (H1 2023: €260 million) despite the 2% decline in shipped volumes, as higher margins offset the reduction in sales. The Industrial division recorded a slight decrease in gross profit to €148 million (H1 2023: €154 million) with margins of 27.2%, 180bps lower compared to H1 2023, as lower shipped volumes in cement & lime, glass and NFM were only partially offset by the contribution from M&A.

(€m)	H1 2024	H1 2023 reported	H1 2023 (constant currency)	Change	Change (constant currency)
Revenue	1,728	1,734	1,716	0%	1%
Cost of sales	(1,312)	(1,320)	(1,296)	(1)%	1%
Gross profit	416	414	420	0%	(1)%
SG&A	(222)	(213)	(213)	4%	4%
R&D expenses	(23)	(22)	(22)	1%	1%
OIE	(16)	(16)	(16)	2%	3%
EBIT	155	163	169	(5)%	(8)%
Amortisation	19	22	22	(14)%	(14)%
EBITA	174	184	191	(6)%	(9)%
Adjusted items	16	16	16	2%	3%
Adjusted EBITA	190	200	207	(5)%	(8)%
Refractory EBITA	176	170	–	4%	–
Vertical integration EBITA	14	30	–	(53)%	–

Selling, general and administrative expenses (SG&A), before R&D-related expenses, amounted to €222 million in H1 2024, a 4% increase compared to the previous reporting period (H1 2023: €213 million), attributable to increases in labour costs and M&A additions.

Other income and expenses amounted to €16 million in H1 2024, (H1 2023: €16 million) including €15 million of expenditure on digital architecture, including an ERP system upgrade as set out in "Items excluded from adjusted performance" below.

Depreciation increased by 5% to €68 million (H1 2023: €64 million), including €7 million of depreciation relating to assets acquired in the previous year. Depreciation in 2024 is expected to be around €140 million.

Adjusted EBITDA

The Group recorded Adjusted EBITDA of €258 million, a 3% decrease compared to the previous reporting period (H1 2023: €265 million). Adjusted EBITDA margin decreased to 14.9% (H1 2023: 15.3%) a decrease of 40bps, reflecting an increase in SG&A. Adjusted EBITDA margin decreased by 90bps on a constant currency basis.

Adjusted EBITA

Adjusted EBITA decreased to €190 million from €200 million in H1 2023, in line with the decreased Adjusted EBITDA. Adjusted EBITA from businesses acquired amounted to €27 million, with the base business excluding M&A recording a reduction in Adjusted EBITA, mainly due to lower like for like sales volumes and pricing pressure. Adjusted EBITA margin reduced to 11.0% (H1 2023: 11.6%) as M&A contributions were offset by weaker sales mix and lower pricing as well as a record low vertical integration margin.

Vertical integration contributed 0.8ppts of the total Adjusted EBITA margin of 11.0%, lower than the 1.8ppts contribution from vertical integration in H1 2023, primarily due to the decline in the price of key refractory raw materials. Lower raw material prices negatively impact the calculation of the contribution from the Group's raw material assets, which is based on the theoretical cost of acquiring those raw materials in the open market. The Group continues to expect a contribution of 2.5ppts to 3.5ppts from its vertical integration over the longer term due to the competitive cost position of its raw material assets.

The Group's refractory business contributed a historic high 10.2ppts towards the total Adjusted EBITA margin of 11.0%, an increase of 50 bps compared to the 9.7ppts contribution in 2023, reflecting lower input costs, the benefits of M&A synergies and structural cost reductions resulting from the Group's strategic cost-saving initiatives.

Adjusted EBITA and Adjusted EBITDA both exclude €16 million of Items excluded from adjusted performance (H1 2023: €16 million), including restructuring costs, M&A-related costs and other expenses as set out in "Items excluded from adjusted performance" below.

Adjusted EBITA in 2024 is expected to be at least €410 million.

Net finance expenses

Net finance expenses, which includes interest payable on borrowings net of interest income on cash balances, gains and losses relating to foreign exchange, pension expenses, present value adjustments, factoring costs and non-controlling interest expenses, decreased to €12 million (H1 2023: €51 million).

Net interest expenses increased to €19 million (H1 2023: €18 million) due to higher base rates on variable interest rate facilities. Interest expenses on borrowings of €32 million (H1 2023: €27 million) were offset by €14 million of interest income on cash balances on deposit (H1 2023: €9 million).

Foreign exchange gains of €14 million were incurred in the first six months of 2024 compared to foreign exchange related losses of €15 million in H1 2023, mainly driven by US Dollar strength, Brazilian Real and Mexican Peso weakness and a €3 million IAS29 hyperinflation adjustment related to Argentina.

Other net financial expenses amounted to €8 million (H1 2023: €19 million) including factoring costs of €5 million (H1 2023: €5 million), pension charges of €4 million (H1 2023: €5 million) and present value adjustments of €4 million (H1 2023: €4 million).

Guidance for net interest expenses in 2024 is reduced from €50 million to €45 due to the repayment of higher cost facilities and lower base rates. Guidance for other adjusted net financial expenses is also reduced from €35 million to €30 million, resulting in €75 million of adjusted net finance expenses guided for 2024.

(€m)	H1 2024	H1 2023
Net interest expenses	**(19)**	**(18)**
Interest income	14	9
Interest expenses	(32)	(27)
FX effects	**14**	**(15)**
Balance sheet translation	23	(23)
Derivatives	(9)	8
Other net financial expenses	**(8)**	**(19)**
Present value adjustment	(4)	(4)
Factoring costs	(5)	(5)
Pension charges	(4)	(5)
Non-controlling interest expenses	(3)	(3)
Capitalization of borrowing costs	2	1
Interest expense - Transaction costs	-	(1)
Other	7	(2)
Total net finance expenses	**(12)**	**(51)**

Items excluded from adjusted performance

In order to accurately assess the underlying performance of the business, the Group excludes certain items from Adjusted EBITA related to other income and expenses of €16 million associated with:

- €(15)million of expenses relating to digital architecture update and ERP system upgrade
- €(9) million of losses on disposal of Argentinian bonds
- €(7) million of expenses related to M&A activities
- €(2) million of other expenses
- €9 million historical FX gains from disposal of assets (non-cash effect)
- €7 million of amortisation of onerous contracts imposed by EU as part of the merger with Magnesita

Taxation

Total tax for H1 2024 in the income statement amounted to €32 million (H1 2023: €28 million), representing a 22% reported effective tax rate (H1 2023: 25%).

Reported profit before tax amounted to €143 million (H1 2023: €111 million). Adjusted profit before tax amounted to €173 million (H1 2023: €159 million), with an adjusted effective tax rate of 24% (H1 2023: 24%). Adjusted items include non-taxable IFRS revenues related to put option valuation and sale of fixed assets in China, as well as non-deductible legal restructuring costs.

The adjusted effective tax rate guidance is between 23-25% for 2024.

Profit after tax

On a reported basis the Group recorded profit after tax of €111 million (H1 2023: €83 million), profit attributable to shareholders of €102 million (H1 2023: €81 million) and earnings per share of €2.15 (H1 2023: €1.71).

Adjusted profit after tax increased to €131 million (H1 2023: €121 million) and Adjusted earnings per share was €2.59 (H1 2023: €2.53). A full reconciliation of EBITA to EPS and Adjusted EBITA to Adjusted EPS can be found in the table in the APMs section.

Profit attributable to shareholders is stated after non-controlling interests of €9 million (H1 2023: €3 million). The Group, holding a majority stake of 56% in RHI Magnesita India Ltd., attributes most of its non-controlling interests to the earnings consolidated from this subsidiary. Guidance for non-controlling interest expense in 2024 is increased from approximately €10 million to €20 million to reflect the €9 million expense already incurred in the first half of 2024 and positive outlook for India.

(€m)	H1 2024	Items excluded from adjusted performance	H1 2024 adjusted	H1 2023 reported	Items excluded from adjusted performance	H1 2023 adjusted
EBITA	174	16	190	184	16	200
Amortisation	(19)	19	–	(22)	22	–
Net financial expenses	(12)	(5)	(17)	(51)	10	(41)
Profit before tax	**143**	**30**	**173**	**111**	**48**	**159**
Income tax	(32)	(10)	(42)	(28)	(10)	(38)
Profit after tax	111	20	131	83	38	121
Non-controlling interest	9	–	9	3	–	3
Profit attributable to shareholders	102	20	122	81	38	119
Shares outstanding	47	–	47	47	–	47
Earnings per share	2.15	0.43	2.59	1.71	0.81	2.53

Working capital

Working capital excluding M&A decreased to €748 million (30 June 2023: €834 million) driven by a decrease in accounts receivable in line with reduced business activity. Including additional working capital resulting from M&A in 2023, working capital increased to €894 million.

Working capital intensity excluding M&A, measured as a percentage of the last three months' annualised revenue, decreased to 24.3% (30 June 2023 excluding M&A: 25.7%). Excluding M&A, accounts receivable intensity was 10.8% (30 June 2023 excluding M&A: 8.6%), accounts payable intensity was 14.7% (30 June 2023 excluding M&A: 12.9%) and inventory intensity decreased to 28.2% (30 June 2023 excluding M&A: 30.1%). Including the impact of M&A, working capital intensity decreased to 25.3% (30 June 2023: 26.0%).

Inventories excluding M&A decreased to €869 million (30 June 2023 excluding M&A: €974 million), as a result of lower input costs and reduced inventory volumes. Including M&A, inventories were €997 million (30 June 2023: €1,053 million) with demand coverage ratios at targeted levels.

Accounts receivable excluding M&A decreased to €332 million (30 June 2023 excluding M&A: €278 million), reflecting the lower level of business activity. Accounts receivable is calculated as trade receivables excluding factoring plus contract assets less contract liabilities and downpayments received, and a full reconciliation can be found in the APMs section. Including M&A, accounts receivable increased to €422 million (30 June 2023: €389 million).

Accounts payable excluding M&A reduced to €453 million (30 June 2023 excluding M&A: €418 million) due to lower volumes and pricing of raw materials purchased, reflecting the subdued demand environment. Including M&A, accounts payable increased to €525 million (30 June 2023: €502 million).

Working capital financing, used to provide low-cost liquidity and support the Group's commercial offering to customers, was €289 million on 30 June 2024 (30 June 2023: €310 million), comprising €245 million of accounts receivable financing (factoring) and €44 million of accounts payable financing (forfaiting). Working capital financing levels vary according to business activity, and the Board has set an internal limit of €320 million on its use.

The decrease in overall working capital (including M&A) of €80 million versus 31 December 2023 level of €974 million was driven by the reduction in accounts receivable and increase in payables, with inventories remaining stable.

Working capital intensity is targeted to be approximately 24% in 2024.

Acquisitions

In April 2024 the Group announced its intention to acquire Resco Group, a US based producer of alumina monolithics and wide range of basic and non-basic refractories, for an enterprise value of up to $430 million. Completion of the transaction, which is conditional on Second Phase Review in the US, is expected to occur in late H2 2024 or early 2025.

In June 2024 the Group announced the €5 million acquisition of Refrattari Trezzi, a recycling specialist in Italy, thereby expanding its production footprint to Italy.

The Group allocated €46 million of capital to acquisitions and investments in the Period, including €33 million of prepayments for the intended acquisition of Resco, €5 million for the acquisition of Refrattari Trezzi, €3 million for the purchase of the remaining 49% stake in Seven Refractories Cyprus not already owned by the Group, a €3 million deferred payment for Jinan New Emei and €3 million invested in an equity fundraising for MCi Carbon. Expenditure on acquisitions and investments was partially offset by a non-cash gain of €7 million arising from the disposal of the Group's interest in its Dashiqiao joint venture in China.

Acquisitions agreed or completed since January 2023 are expected to contribute €80 million to Adjusted EBITDA in 2024 (H1 2024: €34 million), or €65 million of EBITA.

Cash flow

Adjusted operating cash flow increased to €233 million (H1 2023: €228 million) representing cash flow conversion from Adjusted EBITA of 123% (H1 2023: 114%), supported by the €80 million release of working capital.

Free cash flow decreased to €103 million (H1 2023: €167 million), mainly due to €33 million of prepayments related to the intended acquisition of Resco, recorded in 'Other investing activities' and a €3 million investment in MCi Carbon. The €33 million Resco prepayments are not expected to be refundable in the event that the transaction does not complete.

Cash income tax payments increased to €36 million (H1 2023: €24 million) and net interest paid also increased to €36 million (H1 2023: €23 million).

Cash dividends paid in the first six months of 2024 amounted to €59 million (H1 2023: €0).

Cash flow €m	H1 2024	H1 2023
Adjusted EBITDA	258	265
Share based payments - gross non-cash	5	4
Working capital changes	86	41
Changes in other assets and liabilities	(47)	(18)
Investments in PPE, IA	(68)	(63)
Adjusted operating cash flow	**233**	**228**
Income taxes paid	(36)	(24)
Cash effects of other income/expenses and restructuring	(17)	(14)
Investments in financial assets[1]	(22)	(5)
Cash inflows from the sale of PPE, IA[2]	8	2
Cash inflows from the sale of financial assets	15	-
Investment subsidies received	2	-
Dividends received	1	-
Net interest paid/received	(36)	(23)
Net derivative cash inflow/outflow	(13)	3
Dividend payments to NCI	(1)	-
Other investing activities[4]	(33)	-
Free cash flow	**103**	**167**
Investment in subsidiaries net of cash[5]	(8)	(173)
Proceeds from share issue in subsidiaries	-	100
Investments in NCI	(3)	-
Payment for share issue costs	-	(2)
Dividend payments	(59)	-
Change financial receivables from joint ventures & associates	-	3
Cash change in net debt	**33**	**95**
Debt from acquisitions	-	(55)
New lease obligations	(7)	(6)
Exchange effects	4	(2)
Others	-	12
Actual change in net debt	30	44

1. Includes purchase of BOPREAL securities in Argentina, blue chip bond swap losses and €3 million investment in MCi Carbon
2. Includes €7 million realised upon sale of the Group's interests in the Dashiqiao joint venture
3. Includes €11 million cash inflow from the sale of BOPREAL securities in Argentina
4. Comprises €33 million of prepayments related to the intended acquisition of Resco
5. Includes €5 million acquisition of Refrattari Trezzi and €3 million deferred payment for acquisition of Jinan New Emei

Financial position

Net debt decreased to €1,274 million, comprising total debt of €1,812 million, leases of €66 million and cash and cash equivalents of €605 million.

Total leases of €66 million (2023: €64 million) are included in the Group's Net debt position as required by IFRS 16.

The Group's leverage position was 2.4x net debt to pro forma Adjusted EBITDA (31 December 2023: 2.3x).

Available liquidity at 30 June 2024 was €1,405 million, comprising undrawn committed facilities of €800 million and cash and cash equivalents of €605 million.

Out of the total gross debt of €1,812 million, 97% is denominated in euro. The floating to fixed ratio of the gross debt is 29% floating to 71% fixed and the weighted average cost of debt as of 30 June 2024 was 3.07%, including swaps.

The Group will seek to maintain the ratio of Net debt to Pro Forma Adjusted EBITDA within the guided range of 2.0-2.5x or above for periods of compelling M&A.

Return on invested capital

ROIC is used to assess the Group's efficiency in executing its capital allocation strategy, which is aimed at enabling organic growth, disciplined M&A and shareholder returns. ROIC is an APM, see the APM section for full details of how ROIC reconciles to IFRS metrics.

Under the APM definition, ROIC was 8.8% in H1 2024 (H1 2023:11.1%) based on average invested capital of €3,089million (H1 2023: €2,780 million) and NOPAT of €136 million (H1 2023: €154 million). ROIC generated by the Group's raw material assets was 2.6% (H1 2023: 10.1%) and ROIC from the refractory business was 10.0% (H1 2023: 11.9%). The main drivers of the decrease in ROIC were the increase in Average Invested Capital to €3,089 million (H1 2023: €2,780 million) as a result of M&A transactions completed in the 12 month period to 30 June 2024 and the reduction in contribution from the Raw material assets.

PRINCIPAL RISKS AND UNCERTAINTIES

The Group has an established risk management process based on a formally approved framework including standardised risk assessments aimed at systematically identifying and assessing risks and uncertainties amongst the functional and operational areas of RHIM Regions and Group.

Material and major risks with potentially significant impacts on the Group, its results or its ability to achieve its strategic objectives are discussed with the Executive Management Team and reviewed regularly by the Board. The risks considered by the Board to be the principal risks were presented in the 2023 Annual Report, published on 28 February 2024, which is available on the Group's website at www.rhimagnesita.com.

As part of the Group's risk monitoring processes, the Board has assessed the broader internal and external risk environment and updated the principal risks and uncertainties and have determined that nine out of ten risks reported in the 2023 Annual Report are relevant for the remaining half of the 2024 financial year. The risk Ability to strategically price and deliver price increases was removed. The risk has been replaced with the risk of Trade Compliance.

The risk scoring of six out of the ten principal risks have changed compared to H2 2023 as highlighted in the summary table below. The regulatory and compliance risks have decreased due to the creation of a new principal risk related to Trade Compliance matters due to the Group operating in an overall more complex regulatory environment primarily as a result of geopolitical tensions and acquisition activities.

In addition to the principal risks, emerging risks were considered and evaluated.

Overall, RHIM's risk landscape remains at a stable overall level, compared to H2 2023.

The risks may occur independently from each other or in combination. If they occur in combination, their impact may be reinforced. The Group might be facing other risks than the ones mentioned here, some of them being currently unknown or not considered to be material. The updated comprehensive analysis of the principal risks and emerging risks faced by RHI Magnesita will be included in the 2024 Annual Report.

Principal risk	Correlated risk from RHIM Group risk dashboard	Change description
1 – Macroeconomic environment and geopolitical risk	Unchanged	

2 – Inability to execute key strategic initiatives	Increased	The key strategic initiatives remain on track to deliver longer-term benefits but are nonetheless complex and interdependent in nature. The risk level has been increased to reflect the wider scope due to recent M&A and emerging challenges as the execution phase progresses. Management are developing corrective plans to address the emerging risks and ensure delivery of the longer-term benefits.
3 – Significant changes in the competitive environment or speed of disruptive innovation	Unchanged	
4 – Reliability of the end-to-end value chain	Increased	Low plant utilisation levels during the current period of reduced customer demand create the risk of potential inefficiencies in the plant network and under-absorption of fixed costs. This risk is increasing due to recent acquisitions and evolving global challenges.
5 – Sustainability — Environmental and climate risks	Decreased	The risk remains a high focus area for RHIM mainly driven by the targets and aims for decarbonisation. The current risk score has decreased due to the effective short-term delivery of Sustainability improvements and the assessment of RHI Magnesita's readiness for longer term challenges regarding this risk.
6 – Sustainability —Health and safety risks	Unchanged	
7 – Regulatory and compliance risks (excluding Trade Compliance)	Decreased	This risk has been re-evaluated and has been split into two principal risks. Trade Compliance has been separated and is reported as Principal risk nine. Whilst there are a wide range of Ethics, Anti-Corruption and Bribery and other compliance risks faced by RHIM the risk score reduces due to the typical low materiality of issues identified and the restructuring of Compliance risks.

8 – Cyber and information security risk	Decreased	The inherent risk of potential Cyber Attacks is at a high and increasing level. However, RHIM's residual risk score decreases due to recent strengthened internal controls and awareness programs.
9 – Trade Compliance	NEW	The specific risk in relation to sanctions regimes has become increasingly complex and therefore this risk has been identified as a distinct principal risk and given increased focus by Management.
10 – Organizational capacity to execute strategy, incl. company cultural values	Unchanged	

GOING CONCERN

In considering the appropriateness of adopting the going concern basis in preparing the Interim Financial Statements, the Directors have assessed the potential cash generation of the Group and considered a reverse stress scenario that models a breach of the Group covenants under a very severe but possible economic downturn. This assessment considers the period up to the subsequent financial year end, 31 December 2025, for any indicators for which the going concern basis of preparation is not appropriate.

The reverse stress test determines how much volumes could reduce before breaching the Group's debt covenants and adjusts for price deflation. Further examples of mitigating actions within management control would be taken under this scenario, including fixed cost mitigation, working capital management, SG&A reduction and deferring capital expenditure but these were not incorporated in the downside modelling.

The Directors have also considered the Group's current liquidity and available facilities. As of 30 June 2024, the Condensed Consolidated Statement of Financial Position reflects cash and cash equivalents of €605 million (31 December 2023: €704 million). In addition, the Group has access to a €600 million (31 December 2023: €600 million) Revolving Credit Facility (RCF) and a €200 million syndicated term loan (31 December 2023: nil), to be utilised for the intended acquisition of the Resco Group, which are currently undrawn and not relied upon for the purpose of the going concern assessment. The Group has complied with the debt covenants.

On the basis of the assessment performed, the Directors consider it is appropriate to continue to use the going concern basis in preparing the Interim Financial Statements for the period ended 30 June 2024.

ALTERNATIVE PERFORMANCE MEASURES (APMs)

Definitions of APMs used by the Group are set out below. The purpose and usefulness of each APM and a reconciliation to the nearest IFRS equivalent measure, or a reference to a reconciliation appearing elsewhere in this document. In general, APMs are presented externally to meet investor and analyst requirements for clarity and transparency of the Group's underlying financial performance. APMs are also used internally in the management of the Group's business performance, budgeting and forecasting. APMs are non-IFRS measures which enable investors and other readers to review alternative measurements of financial performance, but they should not be used in isolation from the main financial statements. Commentary within the Annual Report, including the Financial Review, the Consolidated Financial Statements and the accompanying notes, should be referred to in order to fully appreciate all the factors and context affecting the Group's financial performance. Readers are strongly encouraged not to rely on any single financial measure and to carefully review the Group's reporting in its entirety.

Performance APMs

Adjusted EBITDA

Adjusted EBITDA is a key non-IFRS measure that the Executive Management Team (EMT) and Directors use internally to assess the underlying financial performance of the Group and is viewed as relevant to capital intensive industries. The ratio of Net Debt to Adjusted EBITDA is used as a measure of financial gearing.

Adjusted EBITDA is defined as EBIT, as presented in the Condensed Consolidated Statement of Profit or Loss, before amortisation, depreciation, and Excluded Items (see definition below).

Pro Forma Adjusted EBITDA

Pro Forma Adjusted EBITDA is used to assess financial gearing and includes a full year of Adjusted EBITDA contribution from businesses acquired during the year.

Adjusted EBITA

Adjusted EBITA is a key non-IFRS measure that the EMT and Directors use internally to assess the underlying performance of the Group.

Adjusted EBITA is determined consistently with Adjusted EBITDA, but includes depreciation expense of property, plant and equipment to reflect the wear and tear cost and future replacement of productive assets.

Adjusted EPS

Adjusted EPS is a key non-IFRS measure and one of the Group's KPIs. Adjusted EPS is used to assess the Group's underlying operational performance, post tax and non-controlling interests on a per share basis.

This measure is based on Adjusted EBITA after finance income and expenses, taxes, share of profit or loss from associates and joint ventures and non-controlling interest. Share of profit or loss from associates and joint ventures is adjusted to exclude impairments and gains or losses recognised on disposals.

Adjusted EPS excludes finance income and expenses and certain foreign exchange effects, that are not directly related to operational performance. This includes the non-cash present value adjustments for the Oberhausen provision.

Taxes are calculated by applying the effective tax rate normalised for restructuring expenses and impairments.

Excluded items

Items that are excluded (Excluded Items) in arriving at the Group's Adjusted measures of Adjusted EBITA, EBITDA and EPS include:

Other income, other expenses and restructuring expenses as reflected on the Consolidated Statement of Profit or Loss as well as gains and losses within interest income, interest expenses and other net financial expenses that are non-recurring in nature and not reflective of the underlying operational performance of the business. Excluded items include restructuring related provisions, costs in relation to corporate transactions and other non-recurring costs. The tax impacts of the above Excluded Items are also adjusted for.

Cash flow performance measures

Adjusted operating cash flow and Free cash flow

Adjusted operating cash flow is a key non-IFRS measure used by the EMT and the Directors to reflect the operational cash generation capacity of the Group before the cash impacts of Excluded Items (see definition above).

Adjusted operating cash flow is defined as Adjusted EBITDA adjusted for working capital items, changes in other assets and liabilities and capital expenditure and other non-cash items, such as share based payments. This APM is reconciled to Net Cash flow from operating activities as follows:

€m	H1 2024	H1 2023
Adjusted operating cash flow (APM)	**233**	**228**
Capital expenditure[1]	68	63
Income Taxes paid[1]	(36)	(24)
Other income/expenses and restructuring items[2]	(17)	(14)
Net cash flow from operating activities[1]	**249**	**252**

1. As reflected in the Condensed Consolidated Statement of Cash Flows
2. Net cash impact of adjusting Other income, Other expenses and Restructuring

Free cash flow is determined from the IFRS measures of Net cash flow from operating activities, net cash used in investing activities and net cash (used in)/provided by financing activities and excludes the cash impacts of purchases and disposals of business and subsidiaries, dividends paid to equity shareholders of the Group, share capital transactions with shareholders, proceeds and repayment of borrowings and current borrowings and repayment of leases.

Free cash flow is reconciled to Cash changes in Net debt in the table in the Cash flow and working capital section. Cash changes in Net debt is reconciled to Change in cash and cash equivalents in the Net Debt APM reconciliation.

Balance sheet

Liquidity

Liquidity comprises cash and cash equivalents, short term marketable securities and undrawn committed credit facilities.

€m	H1 2024	H1 2023
Cash and cash equivalents[1]	605	760
Revolving credit facility	600	600
Syndicated term loan	200	–
Liquidity (APM)	**1,405**	**1,360**

1. As reflected in the Condensed Consolidated Statement of Financial Position

Net Debt

Net Debt is the excess of current and non-current borrowings, associated debt derivatives for which hedge accounting is applied and lease liabilities over cash and cash equivalents and short-term marketable securities. The Board uses this measure for the purpose of capital management. A reconciliation of Net Debt is included in Note 11 to the Condensed Consolidated Interim Financial Statements.

€m	H1 2024	H1 2023
Cash changes in Net debt	**33**	**93**
Proceeds from borrowings[1]	13	205
Repayment of borrowings[1]	(109)	(7)
Change in current borrowings[1]	(42)	(37)
Repayment of lease obligations[1]	(10)	(11)
Cash inflow from financial assets[1]	12	–
Change in cash and cash equivalents[1]	**(103)**	**243**

1. As reflected in the Condensed Consolidated Statement of Cash Flows

Working capital

Working capital consists of inventories plus trade receivables and other receivables minus trade payables and other payables. Working capital intensity provides a measure of how efficient the Company is in managing operating cash conversion cycles. It is measured as Working capital divided by trailing three-month revenues (annualised) and is expressed as a percentage.

€m	H1 2024	H1 2023
Inventories (Note 9)	**997**	**1,053**
Trade receivables (Note 10)	475	460
Contract assets (Note 10)	2	4
Contract liabilities (Note 14)	(55)	(76)
Accounts receivable	**422**	**388**
Trade payables (Note 14)	**(525)**	**(502)**
Total working capital	**894**	**940**

1. As reflected in the Condensed Consolidated Statement of Financial Position

Return on invested capital (ROIC)

ROIC reflects the annualised return on invested capital of the Group. The Group has amended its definition of ROIC to use Average Invested Capital, being the average of the level of Invested Capital at the beginning and end of the financial year. ROIC is calculated as NOPAT (net operating profit after tax) divided by average invested capital of the year.

€m	H1 2024	H1 2023
Revenue[1]	**1,728**	**1,734**
Cost of sales[1]	(1,312)	(1,320)
Selling and marketing expenses[1]	(65)	(73)
General and administrative expenses[1]	(180)	(162)
Income taxes paid[2]	(36)	(24)
NOPAT	**136**	**154**

€m	H1 2024	H1 2023
Goodwill[3]	348	357
Other intangible assets[3]	443	438
Property, plant and equipment[3]	1,322	1,311
Investments in joint ventures and associates[3]	6	5
Other non-current assets[3]	66	35
Deferred tax assets[3]	148	133
Inventories[3]	997	1,053
Trade and other receivables[3]	611	621
Income tax receivables[3]	39	39
Deferred tax liabilities[3]	(61)	(68)
Trade and other current liabilities[3]	(788)	(871)
Income tax liabilities[3]	(44)	(49)
Current provisions[3]	(30)	(33)
Invested capital	**3,056**	**2,973**
Average invested capital	3,089	2,780
Return on invested capital[4]	**8.8%**	**11.1%**

1. As reflected in the Condensed Consolidated Statement of Profit and Loss
2. As reflected in the Condensed Consolidated Statement of Cash Flows
3. As reflected in the Condensed Consolidated Statement of Financial Position
4. NOPAT divided by average invested capital of the year.

GLOSSARY

CEO	Chief Executive Officer
CFO	Chief Financial Officer
CIS	Commonwealth Of Independent States
CO_2	Carbon dioxide
CoGS	Cost of Goods Sold
DBM	Dead Burned Magnesia
DBRL	Dalmia Bharat Refractories Limited
DRI	Direct Reduced Iron
DSR	Dalmia Seven Refractories Ltd
EAF	Electric Arc Furnace
EBIT	Earnings Before Interest and Taxes

EBITA	Earnings Before Interest, Taxes and Amortisation
EBITDA	Earnings Before Interest, Taxes, Depreciation and Amortisation
EMT	Executive Management Team
EPS	Earnings Per Share
ERP	Enterprise Resource Planning
EU	European Union
FX	Foreign Exchange
IAS	International Accounting Standards
IFRS	International Financial Reporting Standards
Jinan New Emei	Jinan New Emei Industries Co. Ltd
LTIF	Lost Time Injury Frequency
LTIP	Long-Term Incentive Plan
M&A	Mergers & Acquisitions
N.V.	Naamloze Vennootschap (public limited liability company)
NAM	North America
NFM	Non-Ferrous Metals
NOPAT	Net Operating Profit After Tax
OBF	Open Bath Furnace
OCF	Operating Cash Flow
OEM	Original Equipment Manufacturer
OIE	Other Income and Expenses
P-D Refractories	P-D Refractories CZ a.s.
PIFOT	Process In Full On Time
PPE	Property, Plants & Equipment / Personal Protective Equipment
RFC	Revolving Credit Facility
ROIC	Return On Invested Capital
SAM	South America
Second Phase Review	A request for additional information and documentary materials ('Second Request') from the US Department of Justice pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976
SG&A	Selling, General and Administrative Expenses
SÖRMAŞ	Söğüt Refrakter Malzemeleri Anonim Şirketi
TRIF	Total Recordable Injury Frequency
UK	United Kingdom

Condensed Consolidated Interim Financial Statements as at 30.06.2024

Condensed Consolidated Statement of Profit or Loss

for the six months ended 30 June 2024

in € million for the six months ended 30 June	Note	2024	2023
Revenue	(3)	1,728.2	1,734.1
Cost of sales		(1,312.2)	(1,320.0)
Gross profit		**416.0**	**414.1**
Selling and marketing expenses		(64.7)	(72.9)
General and administrative expenses		(180.1)	(162.5)
Restructuring		1.2	(11.2)
Other income		18.1	6.5
Other expenses		(35.7)	(11.3)
EBIT		**154.8**	**162.7**
Interest income		13.6	9.2
Interest expenses on borrowings		(32.3)	(27.0)
Net income/(expense) on foreign exchange effects	(4)	14.2	(14.9)
Other net financial expenses	(5)	(7.7)	(18.6)
Net finance costs		**(12.2)**	**(51.3)**
Profit before income tax		**142.6**	**111.4**
Income tax	(6)	(31.8)	(28.3)
Profit after income tax		**110.9**	**83.1**
RHI Magnesita N.V. shareholders		101.6	80.6
Non-controlling interests		9.3	2.5

in €		
Earnings per share – basic	2.15	1.71
Earnings per share – diluted	2.10	1.68

Condensed Consolidated Statement of Comprehensive Income

for the six months ended 30 June 2024

in € million for the six months ended 30 June	Note	2024	2023
Profit after income tax		**110.9**	**83.1**
Currency translation differences			
Unrealised results from currency translation		(11.0)	10.0
Unrealised results from foreign operations		(26.0)	8.4
Deferred taxes thereon		9.7	(5.8)
Current taxes thereon		0.0	2.6
Reclassification to profit or loss		(8.6)	0.0
Cash flow hedges			
Unrealised fair value changes		24.4	(5.3)
Reclassification to profit or loss		(9.5)	0.0
Deferred taxes thereon		(4.0)	1.0
Costs of hedging			
Time value changes		(0.1)	0.0
Remeasurement of investments in debt instruments			
Unrealised fair value changes		(5.7)	0.0
Reclassification to profit or loss		5.7	0.0
Items that may be reclassified to profit or loss in later periods		**(25.1)**	**10.9**
Remeasurement of defined benefit plans			
Remeasurement of defined benefit plans		15.8	0.6
Deferred taxes thereon		(3.7)	0.2
Items that are not reclassified to profit or loss in later periods		**12.1**	**0.8**
Other comprehensive (loss)/income after income tax		**(13.0)**	**11.7**
Total comprehensive income		**97.9**	**94.8**
RHI Magnesita N.V. shareholders		82.6	101.0
Non-controlling interests		15.3	(6.2)

Condensed Consolidated Statement of Financial Position

as at 30 June 2024

in € million	Note	30.06.2024	31.12.2023
ASSETS			
Non-current assets			
Goodwill		347.8	339.2
Other intangible assets		442.6	469.8
Property, plant and equipment	(8)	1,321.6	1,360.1
Investments in joint ventures and associates		6.4	6.2
Other non-current financial assets		61.5	43.4
Other non-current assets		66.5	36.7
Deferred tax assets		148.0	152.0
		2,394.4	**2,407.4**
Current assets			
Inventories	(9)	996.7	1,001.0
Trade and other current receivables	(10)	610.9	680.6
Income tax receivables		39.0	43.5
Other current financial assets		6.6	13.6
Cash and cash equivalents		604.8	703.5
		2,258.0	**2,442.2**
		4,652.4	**4,849.6**

EQUITY AND LIABILITIES			
Equity			
Share capital		49.5	49.5
Group reserves		1,178.4	1,152.2
Equity attributable to shareholders of RHI Magnesita N.V.		1,227.9	1,201.7
Non-controlling interests		173.7	161.8
		1,401.6	**1,363.5**
Non-current liabilities			
Borrowings	(11)	1,523.3	1,799.5
Other non-current financial liabilities		117.4	133.4
Deferred tax liabilities		61.2	62.5
Provisions for pensions	(12)	217.0	241.5
Other personnel provisions		57.3	55.2
Other non-current provisions		82.7	91.6
Other non-current liabilities		8.6	7.3
		2,067.5	**2,391.0**
Current liabilities			
Borrowings	(11)	289.1	149.3
Other current financial liabilities		31.4	40.9
Trade payables and other current liabilities	(14)	788.4	820.2
Income tax liabilities		44.5	50.8
Current provisions	(13)	29.9	33.9
		1,183.3	**1,095.1**
		4,652.4	**4,849.6**

Condensed Consolidated Statement of Cash Flows

for the six months ended 30 June 2024

in € million for the six months ended 30 June		2024	2023
Cash generated from operations	**(15)**	**284.7**	**276.7**
Income tax paid less refunds		(35.6)	(24.3)
Net cash flow from operating activities		**249.1**	**252.4**
Investments in property, plant and equipment and intangible assets		(67.8)	(62.8)
Investments in subsidiaries net of cash acquired		(7.8)	(172.8)
Cash inflows from the sale of property, plant and equipment		8.4	2.5
(Cash outflows) from investments in financial assets		(21.8)	(4.6)
Cash inflows from the sale of financial assets		26.2	0.0
Dividends received from non-consolidated entities, joint ventures and associates		0.5	0.0
Investment subsidies received		2.1	0.2
Prepayments related to intended business combinations		(33.3)	0.0
Interest received		13.0	9.2
Net cash used in investing activities		**(80.5)**	**(228.3)**
Payment for share issue costs in subsidiary		0.0	(2.4)
Proceeds from share issue in subsidiary		0.0	100.0
Acquisition of non-controlling interests		(2.8)	0.0
Dividends paid to RHI Magnesita N.V. shareholders		(59.0)	0.0
Dividend paid to non-controlling interests		(0.7)	0.0
Proceeds from long-term financing		13.4	205.0
Repayments of long-term financing		(108.5)	(7.4)
Changes in current borrowings and financial liabilities to joint ventures and associates		(42.1)	(36.8)
Interest payments		(47.5)	(30.9)
Repayment of lease obligations		(9.9)	(10.5)
Interest payments from lease obligations		(1.3)	(1.0)
Cash flows from derivatives		(12.9)	2.6
Net cash used in financing activities		**(271.3)**	**218.7**
Total cash flow		**(102.7)**	**242.8**
Change in cash and cash equivalents		**(102.7)**	**242.8**
Cash and cash equivalents at beginning of period		703.5	520.7
Foreign exchange impact		4.0	(3.8)
Cash and cash equivalents at end of period		604.8	759.7

Condensed Consolidated Statement of Changes in Equity

for the six months ended 30 June 2024

in € million	Share capital	Treasury shares	Additional paid-in capital	Mandatory reserve	Retained earnings	Cash flow hedges and costs of hedging	Defined benefit plans	Currency translation	Equity attributable to shareholders of RHI Magnesita N.V.	Non-controlling interests	Total equity
					Group reserves						
						Accumulated other comprehensive income					
Note											
31.12.2023	**49.5**	**(110.7)**	**361.3**	**288.7**	**871.4**	**6.0**	**(101.9)**	**(162.6)**	**1,201.7**	**161.8**	**1,363.5**
Profit after income tax	**-**	**-**	**-**	**-**	**101.6**	**-**	**-**	**-**	**101.6**	**9.3**	**110.9**
Currency translation differences	-	-	-	-	-	-	-	(42.0)	(42.0)	6.1	(35.9)
Cash flow hedges	-	-	-	-	-	10.9	-	-	10.9	-	10.9
Costs of hedging	-	-	-	-	-	(0.1)	-	-	(0.1)	-	(0.1)
Defined benefit plans	-	-	-	-	-	-	12.2	-	12.2	(0.1)	12.1
Other comprehensive income after income tax	**-**	**-**	**-**	**-**	**-**	**10.8**	**12.2**	**(42.0)**	**(19.0)**	**6.0**	**(13.0)**
Total comprehensive income	**-**	**-**	**-**	**-**	**101.6**	**10.8**	**12.2**	**(42.0)**	**82.6**	**15.3**	**97.9**
Dividends	**-**	**-**	**-**	**-**	**(59.0)**	**-**	**-**	**-**	**(59.0)**	**(0.6)**	**(59.6)**
Share transfer/vested LTIP	**-**	**2.7**	**-**	**-**	**(2.7)**	**-**	**-**	**-**	**-**	**-**	**-**
Other changes[1]	**-**	**-**	**-**	**-**	**(1.4)**	**-**	**-**	**-**	**(1.4)**	**(2.8)**	**(4.2)**
Share-based payment expenses	**-**	**-**	**-**	**-**	**4.8**	**-**	**-**	**-**	**4.8**	**-**	**4.8**
Hedging gains and losses included in the initial cost of inventory purchased in the reporting period	**-**	**-**	**-**	**-**	**-**	**(0.8)**	**-**	**-**	**(0.8)**	**-**	**(0.8)**
	-	**2.7**	**-**	**-**	**(58.3)**	**(0.8)**	**-**	**-**	**(56.4)**	**(3.4)**	**(59.8)**
30.06.2024	**49.5**	**(108.0)**	**361.3**	**288.7**	**914.7**	**16.0**	**(89.7)**	**(204.6)**	**1,227.9**	**173.7**	**1,401.6**

1) This mainly comprises the effects of the acquisition of non-controlling interests of Seven Refractories' Group as well as the final adjustments from the purchase price allocation of Seven Refractories' Group and the update of the purchase price allocation of P-D Refractories, both completed in 2023.

					Group reserves						
						Accumulated other comprehensive income					
in € million	Share capital	Treasury shares	Additional paid-in capital	Mandatory reserve	Retained earnings	Cash flow hedges	Defined benefit plans	Currency translation	Equity attributable to shareholders of RHI Magnesita N.V.	Non-controlling interests	Total equity
Note											
31.12.2022	**49.5**	**(116.1)**	**361.3**	**288.7**	**620.2**	**31.8**	**(85.6)**	**(148.6)**	**1,001.2**	**47.4**	**1,048.6**
Profit after income tax	**-**	**-**	**-**	**-**	**80.6**	**-**	**-**	**-**	**80.6**	**2.5**	**83.1**
Currency translation differences	-	-	-	-	-	-	-	23.9	23.9	(8.7)	15.2
Cash flow hedges	-	-	-	-	-	(4.3)	-	-	(4.3)	-	(4.3)
Defined benefit plans	-	-	-	-	-	-	0.8	-	0.8	-	0.8
Other comprehensive income after income tax	**-**	**-**	**-**	**-**	**-**	**(4.3)**	**0.8**	**23.9**	**20.4**	**(8.7)**	**11.7**
Total comprehensive income	**-**	**-**	**-**	**-**	**80.6**	**(4.3)**	**0.8**	**23.9**	**101.0**	**(6.2)**	**94.8**
Dividends	**-**	**-**	**-**	**-**	**(51.7)**	**-**	**-**	**-**	**(51.7)**	**-**	**(51.7)**
Share transfer/vested LTIP	**-**	**4.7**	**-**	**-**	**(4.7)**	**-**	**-**	**-**	**-**	**-**	**-**
Additions to consolidated companies and change of non-controlling interests without a change of control[1)]	**-**	**-**	**-**	**-**	**149.3**	**-**	**-**	**-**	**149.3**	**128.2**	**277.5**
Change of non-controlling interests without a change of control[1)]	**-**	**-**	**-**	**-**	**36.2**	**-**	**-**	**-**	**36.2**	**63.8**	**100.0**
Change of non-controlling interests without a change of control[1)]	**-**	**-**	**-**	**-**	**3.2**	**-**	**-**	**-**	**3.2**	**(3.2)**	**-**
Other changes	**-**	**-**	**-**	**-**	**(22.0)**	**-**	**-**	**-**	**(22.0)**	**1.0**	**(21.0)**
Share-based payment expenses	**-**	**-**	**-**	**-**	**3.6**	**-**	**-**	**-**	**3.6**	**-**	**3.6**
Hedging gains and losses included in the initial cost of inventory purchased in the reporting period	**-**	**-**	**-**	**-**	**-**	**1.2**	**-**	**-**	**1.2**	**-**	**1.2**
	-	**4.7**	**-**	**-**	**113.9**	**1.2**	**-**	**-**	**119.8**	**189.8**	**309.6**
30.06.2023	**49.5**	**(111.4)**	**361.3**	**288.7**	**814.7**	**28.7**	**(84.8)**	**(124.7)**	**1,222.0**	**231.0**	**1,453.0**

1) Refer to Note (2) for further information.

Notes

to the Condensed Consolidated Interim Financial Statements as at 30.06.2024

Basis of preparation

1. General

RHI Magnesita N.V. (the "Company"), is a public limited company incorporated under the laws of the Netherlands (naamloze vennootschap), having its official seat (statutaire zetel) in Arnhem, the Netherlands, and its office at Kranichberggasse 6, 1120 Vienna, Austria, registered with the Dutch Trade Register under number 68991665 and listed on the London Stock Exchange, with a secondary listing on the Vienna Stock Exchange (Wiener Börse).

The Condensed Consolidated Interim Financial Statements ("Interim Financial Statements") of RHI Magnesita N.V. ("the Company") and its subsidiaries (collectively referred to as "RHI Magnesita or the Group") for the half-year reporting period ended 30 June 2024 have been prepared in accordance with IAS 34 Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB") and as adopted by the European Union, applying the same accounting principles as those used in the Company's Annual Financial Statements for the year ended 31 December 2023.

The Interim Financial Statements do not include all information and disclosures required in the Annual Financial Statements and should therefore be read in conjunction with RHI Magnesita's Consolidated Financial Statements as of 31 December 2023. The Interim Financial Statements are presented in Euros and all values are rounded to the nearest € million with one decimal, except where otherwise indicated.

The Interim Financial Statements as of 30 June 2024 were not audited but reviewed by PricewaterhouseCoopers Accountants N.V.

Going concern

In considering the appropriateness of adopting the going concern basis in preparing the Interim Financial Statements, the Directors have assessed the potential cash generation of the Group and considered a reverse stress scenario that models a breach of the Group covenants under a very severe but possible economic downturn. This assessment considers the period up to the subsequent financial year end, 31 December 2025, for any indicators for which the going concern basis of preparation is not appropriate.

The reverse stress test determines how much volumes could reduce before breaching the Group's debt covenants and adjusts for price deflation. Further examples of mitigating actions within management control would be taken under this scenario, including fixed cost mitigation, working capital management, SG&A reduction and deferring capital expenditure, but these were not incorporated in the downside modelling.

The Directors have also considered the Group's current liquidity and available facilities. As of 30 June 2024, the Condensed Consolidated Statement of Financial Position reflects cash and cash equivalents of €604.8 million (31.12.2023: €703.5 million). In addition, the Group has access to a €600.0 million (31.12.2023: €600.0 million) Revolving Credit Facility (RCF) and a €200.0 million syndicated term loan (31.12.2023: nil) to be utilised for the intended acquisition of the Resco Group, which are currently undrawn and not relied upon for the purpose of the going concern assessment. The Group has complied with the debt covenants.

On the basis of the assessment performed, the Directors consider it is appropriate to continue to use the going concern basis in preparing the Interim Financial Statements for the period ended 30 June 2024.

2. Significant Accounting Policies, Judgements, Estimates and Errors

Principles of accounting and measurement

There were no changes regarding principles of accounting and measurement compared to the Consolidated Financial Statements as of 31 December 2023. We performed an impact analysis related to the amendments on the existing and new standards effective in 2024 and concluded that no material impacts are expected from these except for the following amendment.

The amendments to IAS 7 & IFRS 7 mandate new disclosure requirements for the Group's existing liabilities related to supply finance arrangements and their effects on the Group's liabilities, cash flows and exposure to liquidity risk. We have completed the identification of all supply finance arrangements subject to these disclosure requirements and will disclose the required information in the Consolidated Financial Statements as of 31.12.2024 for the first time. The new disclosures are not required to be provided in the 2024 Interim Financial Statements.

Significant accounting judgements and estimates

The Interim Financial Statements require the use of estimates and assumptions that affect the reported amounts in the Interim Financial Statements. The key assumptions and estimation uncertainties are unchanged from those described in last year's Consolidated Financial Statements. Actual results may differ from these estimates.

Impairment of property, plant and equipment, goodwill and other intangible assets

No triggers for an impairment review as of 30 June 2024 were identified.

Significant judgement: Presentation of cash flows related to investments in and divestments of special national government bonds

The Group maintains business operations in Argentina. In 2019, the Argentinian Central Bank imposed several foreign exchange restrictions on import payments, essentially preventing the Argentinian subsidiary's ability to honor its payment obligations to suppliers outside Argentina in the usual manner. Given a change in legislation in December 2023, Argentinian companies are now allowed to settle their previously restricted import payment obligations by purchasing U.S. dollar-denominated securities issued by the Central Bank of Argentina, also called BOPREAL bonds, which can be held to maturity, transferred or sold in the secondary market. In 2024 the Group has invested €19.1 million in these BOPREAL bonds all of which have been sold or transferred before the reporting date. The cash proceeds realised from the sales, amounting to €13.9 million, were used to settle intercompany and third-party trade liabilities. The cash flows arising from the investment in and divestment of the BOPREAL bonds are presented within the investing category in the Condensed Consolidated Statement of Cash Flows. Judgement is applied in determining that this presentation is appropriate.

Notes continued

Significant estimation uncertainty: prepayments related to intended business combinations
Within other non-current assets €33.3 million of prepayments are recogised in relation to the intended acquisition of the Resco Group. Management assumes that the acquisition will be closed and as such the full amount of prepayments is recognised as an asset. In the event that the acquisition will not be closed, these prepayments are non-refundable and will be expensed through the Consolidated Statement of Profit or Loss.

Error correction

In 2023, several transactions with the shareholdings of RHI Magnesita India Ltd. took place in relation to the acquisition of Dalmia OCL Ltd. ('DOCL'), Dalmia Seven Refractories Ltd ('DSR'), and other subsequent share issues.

Management identified that the Initial allocation between non-controlling interests and equity attributable to shareholders of RHI Magnesita N.V. as of 30 June 2023 was incorrect. The allocation was restated through comparative figures in the Condensed Consolidated Statement of Changes in Equity as of 30 June 2023.

This resulted in an increase of non-controlling interests by €105.5 million and a corresponding decrease of equity attributable to shareholders of RHI Magnesita N.V. as of 30 June 2023 where the dilution gain related to the mentioned transactions was reflected.

Neither total equity, nor the Condensed Consolidated Statement of Profit or Loss (including the earnings per share) / Statement of Comprehensive Income nor the Condensed Consolidated Statement of Cash Flows as of 30 June 2023 were affected by this correction.

3. Segmental analysis

Segment reporting by operating company division

Each reporting period the appropriateness and decision usefulness of the Group's segment reporting structure is reassessed. This reassessment has resulted in a change of the Group's segment reporting structure aiming to provide a more detailed insight into the financial performance of certain operating segments which had formed part of the former reportable segment Industrial until the previous reporting period. According to this change, the key performance measures revenue and gross profit, are disclosed for the newly designated reportable segments, Industrial Cement & Lime, Industrial Non-Ferrous Metals and a residual category titled, 'all other segments', comprising the operating segments Industrial Glass and Industrial Applications and the business activities subsumed into the business unit, Minerals. The comparative figures have been restated in accordance with IFRS 8 to reflect the new segment reporting structure.

The following tables show the key financial information for the operating segments for the first half of 2024 and the first half of 2023:

in € million for the six months ended 30 June 2024	Steel	Industrial Cement & Lime	Industrial Non-Ferrous Metals	All Other segments	Group
Revenue	**1,185.0**	**188.4**	**126.7**	**228.1**	**1,728.2**
Gross profit	**268.2**	**44.2**	**52.4**	**51.2**	**416.0**
EBIT					**154.8**
Net finance costs					(12.2)
Profit before income tax					**142.6**

in € million for the six months ended 30 June 2023	Steel	Industrial Cement & Lime	Industrial Non-Ferrous Metals	All Other segments	Group
Revenue	**1,203.0**	**213.7**	**138.6**	**178.8**	**1,734.1**
Gross profit	**259.9**	**60.0**	**57.5**	**36.7**	**414.1**
EBIT					**162.7**
Net finance costs					(51.3)
Profit before income tax					**111.4**

Revenue in the first half of 2024 and in the first half of 2023 is classified by product groups as follows:

in € million for the six months ended 30 June 2024	Steel	Industrial Cement & Lime	Industrial Non-Ferrous Metals	All Other segments	Group
Shaped products	518.2	154.1	104.1	147.2	923.6
Unshaped products	255.7	27.2	12.9	63.5	359.3
Management refractory services	369.1	0.5	0.0	0.3	369.9
Other	42.0	6.6	9.7	17.1	75.4
Revenue	**1,185.00**	**188.4**	**126.7**	**228.1**	**1,728.2**

in € million for the six months ended 30 June 2023	Steel	Industrial Cement & Lime	Industrial Non-Ferrous Metals	All Other segments	Group
Shaped products	551.3	175.2	116.4	98.7	941.6
Unshaped products	253.1	25.9	15.2	64.0	358.2
Management refractory services	362.8	0.7	0.0	0.2	363.7
Other	35.8	11.9	7.0	15.9	70.6
Revenue	**1,203.0**	**213.7**	**138.6**	**178.8**	**1,734.1**

Segment reporting by country

Revenue in the first half of 2024 and in the first half of 2023 is classified by customer sites as follows:

in € million for the six months ended 30 June	2024	2023
The Netherlands	5.8	5.2
USA	295.2	323.9
India	221.9	240.6
Brazil	191.0	191.4
PR China	115.6	108.8
Other countries	898.7	864.2
Revenue	**1,728.2**	**1,734.1**

4. Net income/(expense) on foreign exchange effects

The net income comprises the foreign exchange effects from translating foreign currency balances into the functional currency, the results from derivative financial instruments, such as forward exchange contracts and derivatives in open orders, as well as the gain on the net monetary position related to hyperinflation accounting (IAS 29) can be detailed as follows:

in € million for the six months ended 30 June	2024	2023
Foreign exchange gains/(losses)	20.7	(22.7)
(Losses)/gains on forward exchange contracts and derivatives in open orders	(9.2)	7.8
Gain on net monetary position	2.7	0.0
Net income/(expense) on foreign exchange effects	**14.2**	**(14.9)**

The foreign exchange gains in the current reporting period mainly result from the depreciation of the functional currencies of subsidiaries with a net asset foreign currency exposure against USD and the appreciation of the functional currencies of subsidiaries with a net liability foreign currency exposure against USD.

5. Other net financial expenses

Other net financial expenses consist of the following items:

in € million for the six months ended 30 June	2024	2023
Net interest expense relating to personnel provisions	(4.3)	(5.3)
Unwinding of discount of provisions and payables	(3.8)	(3.7)
Interest expense on non-controlling interest liabilities	(3.3)	(3.3)
Interest expense on lease liabilities	(1.3)	(1.0)
Income from the revaluation of NCI put options	10.9	0.6
Other interest and similar income and expenses[1]	(5.9)	(5.9)
Other net financial expenses	**(7.7)**	**(18.6)**

1) Includes mainly costs associated with the trade receivables factoring programme of €5.4 million (30.06.2023 €4.8 million).

Notes continued

6. Income tax

The tax charge for the period has been calculated by applying the effective corporate tax rate (ETR) which is expected to apply to the Group for the year ending 31 December 2024, using rates substantively enacted by 30 June 2024. The ETR is 22.3% (30.06.2023: 25.4%).

Total tax charge for the first half of 2024 in the Condensed Consolidated Statement of Profit or Loss amounted to €31.8 million (30.06.2023: €28.3 million), which includes tax income for prior years of €2.5 million (30.06.2023: tax expense for prior years of €1.2 million).

The OECD and the G20 agreed on a minimum ETR per country of 15% that is applicable to Multinational Enterprises ("MNEs") with annual revenues exceeding €750m, the so-called Pillar 2 rules. The Pillar 2 rules use a standardised base and definition of taxes to identify countries in which the MNE's ETR is below 15%. In such cases, a so-called top-up tax is imposed in a coordinated manner to reach the minimum 15% ETR in that country. The Group is within the scope of the OECD Pillar Two rules. In 2023 Pillar Two legislation was enacted in Austria, where the Ultimate Parent Entity of the Group is managed and tax resident and is coming into effect for financial years starting after 31 December 2023. The temporary exception issued by the IASB in May 2023 from the accounting requirements for deferred taxes in IAS 12 was applied and accordingly there were no deferred tax assets and liabilities recognised or disclosed.

The Group has performed a preliminary calculation of the "Transitional CbCR Safe Harbours" for Pillar Two purposes based on financial data for 2023. "Transitional CbCR Safe Harbour" is a mechanism that relies on certain information contained in the Country-by-Country Report ("CbCR"), and that is designed to mitigate the need for complex calculations and compliance burden for MNE's during the initial years of implementation of the Pillar 2 rules. The safe harbour applies if the MNE in a country meets one out of three formula-based tests. If the MNE qualifies for one of these tests, the MNE is exempt from further compliance and is deemed not to be subject to the top up tax in that country. If none of these tests are met, the safe harbour does not apply, and further calculations and compliance are required to determine whether top up tax is due. For those jurisdictions that do not qualify for "Transitional CbCR Safe Harbours" either (a) specific adjustments are performed to determine the applicability of the "Transitional CbCR Safe Harbours" (e.g., if the low ETR is derived from an extraordinary/one-off factor being specifically applicable for 2023), or (b) a simplified calculation of the effective tax rate and potential top-up tax is based on data of the first half of 2024. The country for which a potential exposure to top-up tax may exist is the United Arab Emirates. As the Group does not have significant operations there, no significant impact of potential top-up tax is expected.

7. Dividend payments and proposed dividend

Based on a resolution adopted by the Annual General Meeting of RHI Magnesita N.V. in May 2024 the final dividend for 2023 amounted to €1.25 per share for the shareholders of RHI Magnesita N.V. The dividend was paid out in June 2024, amounting to €59.0 million.

In line with the Group's dividend policy the Board declared an interim dividend of €0.60 per share for the first half of 2024 to be paid out in September 2024.

8. Property, plant and equipment

In the first half of 2024 additions to property, plant and equipment amount to €61.6 million (30.06.2023: €54.0 million) and mainly refer to the expansion and production optimisation of the plants in Brazil, as well as to production optimisation and digitalisation projects.

9. Inventories

Inventories as presented in the Condensed Consolidated Statement of Financial Position consist of the following items:

in € million	30.06.2024	31.12.2023
Raw materials and supplies	265.9	274.0
Work in progress	205.8	220.5
Finished products and goods	505.0	488.6
Prepayments made	15.0	12.8
Emission rights[1]	5.0	5.1
Inventories	**996.7**	**1,001.0**

1) With effect from 1 January 2024 "Other current receivables" excludes "Emission rights" which are now presented in "Inventories". Prior period comparatives have been revised to conform with current year presentation.

Net write-down expenses on inventories amount to €3.6 million in the first half of 2024 (30.06.2023: €10.2 million).

10. Trade and other current receivables

Trade and other current receivables as presented in the Condensed Consolidated Statement of Financial Position are classified as follows:

in € million	30.06.2024	31.12.2023
Trade receivables	475.2	537.6
Contract assets	2.2	3.5
Other tax receivables	86.7	95.4
Prepaid expenses	10.9	8.4
Other current receivables[1]	35.9	35.7
Trade and other current receivables	**610.9**	**680.6**
thereof financial assets	477.6	541.4
thereof non-financial assets	133.3	139.2

1) With effect from 1 January 2024 "Other current receivables" excludes "Emission rights" which are now presented in "Inventories". Prior period comparatives have been revised to conform with current year presentation.

The Group enters into factoring agreements and sells trade receivables to financial institutions. Trade receivables sold as of 30 June 2024 was €244.4 million (31.12.2023: €259.4 million). These have been derecognised from the balance sheet as substantially all risks and rewards, as well as control, have been transferred. Payments received from customers following the sale are recognised in current borrowings until repaid to the factorer.

Other tax receivables mainly include VAT receivables.

Other current receivables mainly relate to prepayments for insurance, IT services, and, custom and import-related services and costs.

11. Borrowings

Borrowings include all interest-bearing liabilities due to financial institutions and other lenders.

In March 2024, the Group successfully raised a €200.0 million syndicated term loan with a tenor of five years. Loan proceeds will be used for the intended acquisition of the Resco Group. The term loan remains fully undrawn per 30 June 2024.

In April 2024, the Group prepaid €100.0 million from a €150.0 million bilateral term loan, which matures in April 2026, to optimise the Group's capital structure and maturity profile and reduce excess cash.

Resulting from the Group's strong EcoVadis ESG rating upgrade in June 2024, with an improvement by four points and an achieved score of 76, the margin payable on the Group's ESG-linked financings amounting to €2,003 million (including the fully undrawn €600.0 million RCF) was reduced by 3bps, leading to €0.5 million savings in interest cost on an annual basis, ceteris paribus.

Net debt excluding lease liabilities/Adjusted EBITDA is the key financial covenant of the loan agreements. Compliance with the covenants is measured on a semi-annual basis. In line with the covenant requirements, net debt excluding lease liabilities/ Adjusted EBITDA cannot exceed 3.5x. Breach of covenants leads to an anticipated maturity of loans. During the first half of 2024, the Group met all covenant requirements.

The calculation of the key financial covenant is presented in the following table:

in € million	30.06.2024	30.06.2023
EBIT	326.1	341.8
Amortisation	40.6	37.7
Restructuring and write-down expenses	7.2	4.1
Other operating income and expenses	24.6	12.7
Adjusted EBITA	**398.5**	**396.3**
Depreciation	137.4	122.8
Adjusted EBITDA	**535.9**	**519.1**
Total debt	1,812.4	1,814.1
Lease liabilities	65.8	69.6
Less: Cash and cash equivalents	604.8	759.7
Net debt	**1,273.4**	**1,124.0**
Net debt excluding IFRS 16 lease liabilities	**1,207.6**	**1,054.4**
Net debt to Adjusted EBITDA	**2.38x**	**2.17x**
Net debt to Adjusted EBITDA excluding IFRS 16 lease liabilities	**2.25x**	**2.03x**

The disclosures in this section include certain Alternative Performance Measures (APMs). The key performance indicator for net debt in the RHI Magnesita Group is the Group leverage, which reflects the ratio of net debt to Adjusted EBITDA, including lease liabilities. The Adjusted EBITDA is calculated on a trailing twelve-month basis, considering the last six months of 2023 and the first six months of 2024.

Alternative Performance Measures (APMs) are non-IFRS measures which enable investors and other readers to review alternative measurements of financial performance, but they should not be used in isolation from the main financial statements. Adjusted EBITA and adjusted EBITDA are key non-IFRS measures that the Executive Management Team and Directors use internally to assess the underlying performance of the Group. Adjusted EBITDA is defined as EBIT, as presented in the Condensed Consolidated Statement of Profit or Loss, before amortisation, depreciation, and excluded Items. Adjusted EBITA is determined consistently with Adjusted EBITDA, but includes depreciation expense of property, plant and equipment to reflect the wear and tear cost and future replacement of productive assets on the Group. Excluded items are other income, other expenses and restructuring expenses as reflected on the Statement of Consolidated Profit or Loss, as well as gains and losses within interest income, interest expenses and other net financial expenses that are non-recurring in nature and not reflective of the underlying operational performance of the business. Excluded items include restructuring related provisions and other non-recurring costs.

12. Provisions for pensions

For interim reports, provisions for pensions are determined based on a forecast for the entire year prepared by an actuary. If there are significant changes in the actuarial assumptions during the year, a remeasurement of the net liabilities from employee related defined benefit obligations is recognised.

As of 30 June 2024, a net defined plan liability of €217.0 million was recognised compared to €241.5 million at 31 December 2023. The remeasurement comprises primarily actuarial gains which were reported in other comprehensive income, and which are mainly driven by changes in the actuarial interest rates, which are as follows: 11.0 % (31.12.2023: 10.1 %) in Brazil, 10.2% (31.12.2023: 9.2 %) in Mexico, 5.3 % (31.12.2023: 4.8 %) in the US, and 3.6 % (31.12.2023: 3.3 %) in the Euro zone.

13. Current provisions

Provisions for restructuring costs amounting to €7.1 million as of 30 June 2024 (31.12.2023: €8.7 million) primarily consist of benefit obligations to employees, due to termination of employment, and dismantling costs. €4.5 million (31.12.2023: €6.2 million) relate to the closure of plants, Trieben, Mainzlar and Kruft.

Provisions for contract obligations of €12.3 million as of 30 June 2024 (31.12.2023: €15.1 million) include mainly the current portion of the Oberhausen contract obligation amounting to €10.0 million as of 30 June 2024 (31.12.2023: €10.6 million).

Other provisions consist mainly of obligations related to warranty claims and other similar obligations from the sale of refractory products.

14. Trade payables and other current liabilities

Trade payables and other current liabilities included in the Condensed Consolidated Statement of Financial Position consist of the following items:

in € million	30.06.2024	31.12.2023
Trade payables	524.6	497.9
Contract liabilities	55.4	64.6
Liabilities to employees	108.6	136.4
Capital expenditure payable	19.8	33.0
Taxes other than income tax	35.1	32.6
Payables from commissions	9.1	9.4
Other current liabilities	35.8	46.3
Trade payables and other current liabilities	**788.4**	**820.2**
thereof financial liabilities	568.3	561.2
thereof non-financial liabilities	220.1	259.0

Trade payables include an amount of €102.9 million (31.12.2023: €84.1 million) for raw material purchases subject to supply chain finance arrangements.

Other current liabilities include liabilities from accrued interest in the amount of €13.6 million (31.12.2023: 15.3 million) as well as a deferred income amount of €7.2 million (31.12.2023: €8.6 million).

15. Cash generated from/(used in) operations

in € million for the six months ended 30 June	2024	2023
Profit after income tax	110.9	83.1
Adjustments for		
income tax	31.8	28.3
depreciation	67.6	64.1
amortisation	18.8	21.8
write down of property, plant and equipment and intangible assets	0.3	(0.3)
income from the reversal of investment subsidies	(0.3)	(0.3)
(write ups)/impairment losses/loss from sale on securities	3.3	(0.1)
Loss from the disposal of property, plant and equipment	4.6	0.3
gains from the disposal of operations in subsidiaries	(8.6)	0.0
net interest expense and valuation call/put options	22.3	31.8
result from disposal and share in profit of joint ventures and associates	(0.1)	(2.5)
other non-cash changes	(3.9)	12.2
Changes in working capital		
inventories	1.5	64.2
trade receivables	61.0	58.1
contract assets	1.3	(0.7)
trade payables	30.9	(93.1)
contract liabilities	(9.0)	12.3
Changes in other assets and liabilities		
other receivables and assets	(0.6)	3.6
provisions	(20.6)	(16.1)
other liabilities	(26.5)	10.0
Cash generated from operations	**284.7**	**276.7**
Income tax paid less refunds	(35.6)	(24.3)
Net cashflow from operating activities	**249.1**	**252.4**

16. Additional disclosures on financial instruments

The following tables show the carrying amounts and fair values of financial assets and liabilities by measurement category and level and the allocation to the measurement category. In addition, carrying amounts are shown aggregated according to measurement category.

Notes continued

in € million	Measurement category IFRS 9[1]	Level	30.06.2024 Carrying amount	30.06.2024 Fair value	31.12.2023 Carrying amount	31.12.2023 Fair value
Non-current financial assets						
Marketable securities	FVPL	1	12.0	12.0	11.8	11.8
Shares	FVPL	3	0.5	0.5	0.5	0.5
Shares	FVOCI	3	7.1	7.1	4.6	4.6
Interest rate derivatives and Commodity swaps designated as cash flow hedges	–	2	27.1	27.1	20.5	20.5
Investments in non-consolidated subsidiaries	FVPL	–	7.0	7.0	2.4	2.4
Other non-current financial assets	AC	–	7.8		3.6	
Trade and other current receivables	AC	–	430.2		510.4	
Trade and other current receivables	FVOCI	–	47.5	47.5	31.0	31.0
Current financial assets						
Marketable securities	FVPL	1	0.0	0.0	11.3	11.3
Interest rate derivatives and Commodity swaps designated as cash flow hedges	–	2	3.0	3.0	0.4	0.4
Derivatives in open orders and Forward exchange contracts	FVPL	2	1.3	1.3	0.4	0.4
Other current financial receivables	AC	–	2.3		1.6	
Cash and cash equivalents	AC	–	604.8		703.5	
Financial assets			**1,150.6**		**1,302.0**	
Non-current and current borrowings						
Liabilities to financial institutions	AC	2	1,799.9	1,785.4	1,932.0	1,919.8
Other financial liabilities	AC	–	12.6		16.8	
Non-current and current other financial liabilities						
Lease liabilities	–	–	65.8		69.9	
Interest rate derivatives and Commodity swaps designated as cash flow hedges	–	2	9.0	9.0	13.4	13.4
Derivatives in open orders and Forward exchange contracts	FVPL	2	1.1	1.1	3.8	3.8
Liabilities to fixed-term or puttable non-controlling interests	AC	2/3	28.6	28.6	33.5	33.5
Liabilities to fixed-term or puttable non-controlling interests	FVPL	3	44.4	44.4	53.7	53.7
Trade payables and other current liabilities	AC	–	568.3		561.2	
Financial liabilities			**2,529.7**		**2,684.3**	
Aggregated according to measurement category						
Financial assets measured at AC			1,045.1		1,219.1	
Financial assets measured at FVOCI			54.6		35.6	
Financial assets measured at FVPL			20.8		26.4	
Financial liabilities measured at AC			2,409.4		2,543.5	
Financial liabilities measured at FVPL			45.5		57.5	

1) FVPL: Financial assets/financial liabilities measured at fair value through profit or loss
FVOCI: Financial assets measured at fair value through other comprehensive income
AC: Financial assets/financial liabilities measured at amortised cost

In the Group, marketable securities, derivative financial instruments and shares are measured at fair value. Interests in subsidiaries not consolidated are recognised at cost, which due to materiality reasons, is considered a reasonable approximation of fair value. Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between market participants in an arm's length transaction on the day of measurement. When the fair value is determined it is assumed that the transaction in which the asset is sold or the liability is transferred takes place either in the main market for the asset or liability, or in the most favorable market if there is no main market. RHI Magnesita considers the characteristics of the asset or liability to be measured which a market participant would consider in pricing. It is assumed that market participants act in their best economic interest.

The Group takes into account the availability of observable market prices in an active market and uses the following hierarchy to determine fair value:

Level 1:	Prices quoted in active markets for identical financial instruments.
Level 2:	Measurement techniques in which all important data used are based on observable market data.
Level 3:	Measurement techniques in which at least one significant parameter is based on non-observable market data.

The fair value of securities and shares is based on price quotations at the reporting date (Level 1), where such quotations exist. In other cases, a valuation model (Level 3) would be used for such instruments with an exception if such instruments are immaterial to the Group, in which case cost serves as an approximation of fair value.

The fair value of interest derivatives in a hedging relationship (interest rate swaps) is determined by calculating the present value of future cash flows based on current yield curves, taking into account the corresponding terms (Level 2).

The fair value of foreign currency derivative contracts corresponds to the market value of the forward exchange contracts and the embedded derivatives in open orders denominated in a currency other than the functional currency. These derivatives are measured using quoted forward rates that are currently observable (Level 2). The fair value of commodity swaps for natural gas reflects the difference between the fixed contract price and the closing quotation of the natural gas price (EEX Base) as of the respective due date of the transaction. The closing price on the stock exchange is used as the input (Level 2).

Liabilities to financial institutions and other financial liabilities are carried at amortised cost in the Condensed Consolidated Statement of Financial Position. Liabilities related to fixed-term or puttable non-controlling interests based on a fixed consideration are recognised at amortised cost whereas those liabilities based on a variable consideration are recognised at fair value. The fair values of the liabilities to financial institutions are only disclosed in the Notes and calculated at the present value of the discounted future cash flows using yield curves that are currently observable (Level 2). The carrying amount of other financial liabilities approximate their fair value at the reporting date.

The carrying amounts of other financial assets approximately correspond to their fair value. Due to the low amounts recognised no material deviation between the fair value and the carrying amount is assumed and the credit default risk is accounted for by forming valuation allowances.

Trade and other current receivables and liabilities as well as cash and cash equivalents are predominantly short-term. Therefore, the carrying amounts of these items approximate fair value at the reporting date.

No contractual netting agreement of financial assets and liabilities were in place as at 30 June 2024 and 31 December 2023.

17. Contingent liabilities

As of 30 June 2024, warranties, performance guarantees and other guarantees amount to €73.9 million (31.12.2023: €70.9 million). Contingent liabilities have a remaining term of between two months and three years. Based on past experience the probability that contingent liabilities will transform into a firm payment obligation is considered low.

Individual administrative proceedings and lawsuits which result from ordinary activities are pending as of 30 June 2024 or can potentially be exercised against RHI Magnesita in the future. The related risks were analysed with a view to their probability of occurrence.

Taxation contingencies

The calculation of income taxes is based on the tax laws applicable in the individual countries in which the Group operates. Due to their complexity, the tax items presented in the Consolidated Financial Statements may be subject to different interpretations by local finance authorities. In this context it should be noted that a tax provision is generally recognised when the Group has a present obligation as a result of a past event, and when it is considered probable that there will be a future outflow of funds.

The Group is continually adapting its global presence to improve customer service and maintain its competitive advantage, accordingly, it leads open discussions with tax authorities about, e.g., transfer of functions and related profit between related parties and exit taxation. In this regard, disputes may arise, where the Group's management understanding differs from the positions of the local authorities. In such cases, when an appeal is available, management's judgements are based on a likely outcome approach, taking into consideration advice from professional firms and previous experiences when assessing the risks.

The Group is party to several tax proceedings in Brazil which involve estimated contingent liabilities amounting to €215.4 million (31.12.2023: €271.8 million). These tax proceedings are as follows:

Income Tax relating to historical corporate transactions

There are three proceedings in which Brazilian Federal Tax Authorities issued tax assessments which rejected the deduction of goodwill generated in two corporate transactions that were undertaken 2007 and 2008, for Corporate Income Taxes. The tax authorities issued assessments arguing that such transactions cannot generate deductions as they do not fulfil the requirements provided by law.

In the first half of 2024, two of the three proceedings have reached the final outcome under Brazilian Federal Administrative Courts. As a result, the contingent liability is reduced by €112.1 million. The first proceeding has been formally notified, whilst the second proceeding has been published but is yet to be formally notified. The third proceeding is expected to conclude within one to three years.

The exposure in cash as of 30 June 2024 is €54.4 million (31.12.2023: €177.2 million).

Royalties

The Group is party to 38 proceedings where the Brazilian Mining Authorities ("ANM") challenged the criteria used for calculating and paying the Financial Compensation for Exploration of Mineral Resources ("CFEM"), which are mining royalties payable by every mining company. The authorities have mainly disputed the basis of production costs estimates used in the determination of the royalties that are payable. The claims relate to fiscal years up to 2017, following which the legislation for royalties was changed. The Group, together with its technical and legal advisors continues to challenge ANM assessments. Most of the procedures are ongoing within the ANM administrative courts. Final decisions of the first cases are expected within four to five years. As of 30 June 2024, the potential risk amounts to €29.6 million, including interest and penalties (31.12.2023: €31.5 million).

Notes continued

Corporate income and other taxes

There are several tax assessments in Brazil mainly relating to: offsetting federal tax payables and receivables, social security contributions, offsetting certain federal tax debts with corporate income tax credits. The potential risks of these tax assessments amount to €51.1 million (31.12.2023: €63.1 million).

Civil litigation contingencies

Magnesita Refratários S.A., Contagem, Brazil is party to a public civil action for damages allegedly caused by overloaded trucks in contravention of Brazilian traffic legislation. In 2017, a decision was rendered in favour of Magnesita in the trial court. The decision is being appealed by the Public Ministry of Minas Gerais. The final decision is expected in nine years. The potential loss from this procedure amounts to €18.2 million as of 30 June 2024 (31.12.2023: €18.3 million).

Other minor proceedings and lawsuits in which subsidiaries are involved have no significant impact on the financial position and performance of the Group.

18. Other financial commitments

As of 30 June 2024, the RHI Magnesita Group has commitments for the purchase of property, plant and equipment in the amount of €36.7 million (31.12.2023: €9.3 million).

19. Business combinations and acquisition of non-controlling interests

Acquisitions completed in 2023

In July 2023 the Group completed the acquisition of Seven Refractories Group. The purchase price allocation was finalised in 2024. Compared to the preliminary amounts recognised for the acquired assets and liabilities in the last year's Consolidated Financial Statements, the intangible asset related to identified customer relationships decreased by €2.8 million accompanied by a reduction in deferred tax liabilities of €0.6 million. These adjustments were reflected against goodwill and non-controlling interests, in line with IFRS 3, and mainly result from the reassessment of valuation parameters used in the measurement of the intangible asset.

In October 2023 the Group completed the acquisition of P-D Refractories. The purchase price allocation is still preliminary and does not materially differ from the purchase price allocation disclosed in the last year's Consolidated Financial Statements.

Acquisitions completed in 2024

In June 2024 the Group, through its non-wholly owned subsidiary Horn & Co. RHIM Minerals Recovery GmbH, completed the acquisition of 100% of the equity shares of Refrattari Trezzi S.r.l., a company engaged in the refractory recycling business. The acquisition means that a strategic production facility has been added to the Group's existing plant network. The strengthened presence in Italy will enable an increased supply of high-value secondary raw materials and customised services to extend the Group's full-line services portfolio for the customers. The consideration paid in cash amounts to €4.5 million.

Acquisition of non-controlling interests

In April 2024 the Group acquired non-controlling interests of Seven Refractories' Group for a cash consideration of €2.7 million with the difference between the carrying amount of the non-controlling interests' portion of equity acquired and the consideration paid recorded in retained earnings within equity.

20. Disclosures on related parties

The nature of related party transactions as of 30 June 2024 are in line with the transactions disclosed in Note (43) of the 2023 Group Financial Statements. All transactions with related parties are conducted on an arm's length basis and in accordance with normal business terms.

Related companies

No material transactions took place between the Group and related companies and persons.

Related persons

There is a non-remunerated consultancy agreement in place between RHI Magnesita and a close relative of a Non-Executive Director to advise the Group in respect of political and/or strategic analysis in countries outside the European Union and Brazil.

21. Material events after the reporting date 30.06.2024

After the reporting date on 30 June 2024, there were no other events of significance which may have a material impact on the financial position and performance of the RHI Magnesita Group.

Statement of the Board of Directors

Statement pursuant to Article 5:25d, paragraph 2, subsection c. of the Dutch Financial Markets Supervision Act ("Wet op het financieel toezicht").

The Interim Financial Statements for the six-month period ended 30 June 2024, have been prepared in accordance with IAS 34 'Interim Financial Reporting' as issued by the IASB and interpretations issued by the IFRIC, and as endorsed by the European Union (EU).

To our knowledge,

- The Interim Financial Statements referred to above, give a true and fair view of the assets, liabilities, financial position, and profit of RHI Magnesita N.V. and the undertakings included in the consolidation as a whole; and

- The Interim Report for the six-month period ended 30 June 2024 as presented in the report on unaudited half year results includes a fair view of the information required pursuant to article 5:25d paragraphs 8 and 9 of the Dutch Financial Markets Supervision Act ("Wet op het financieel toezicht").

Vienna, 23 July 2024

Executive Directors

Stefan Borgas

Ian Botha

Non-Executive Directors

Herbert Cordt

Janet Ashdown

Stanislaus Prinz zu Sayn-Wittgenstein Berleburg

Karl Sevelda

Wolfgang Ruttenstorfer

John Ramsay

David Schlaff

Janice "Jann" Brown

Marie-Hélène Ametsreiter

Katarina Lindström

Employee Representative Directors

Karin Garcia

Michael Schwarz

Martin Kowatsch

Independent auditor's review report

To: the board of directors of RHI Magnesita N.V.

Introduction

We have reviewed the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2024 (the 'interim financial information') of RHI Magnesita N.V., Arnhem, which comprises the condensed consolidated statement of financial position as at 30 June 2024, the condensed consolidated statement of profit or loss, the condensed consolidated statement of comprehensive income, the condensed consolidated statement of changes in equity, the condensed consolidated statement of cash flows for the period then ended and the selected explanatory notes. The board of directors is responsible for the preparation and presentation of this interim financial information in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union. Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope

We conducted our review in accordance with Dutch law including standard 2410, Review of Interim Financial Information Performed by the Independent Auditor of the entity. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying condensed consolidated interim financial information for the six-month period ended 30 June 2024 is not prepared, in all material respects, in accordance with IAS 34, 'Interim Financial Reporting' as adopted by the European Union.

Rotterdam, 23 July 2024
PricewaterhouseCoopers Accountants N.V.

Original has been signed by A. F. Westerman RA