

2 May 2024

RHI Magnesita N.V.

("RHI Magnesita" or "the Group")

Q1 2024 TRADING UPDATE

RHI Magnesita, the leading global supplier of high-grade refractory products, systems and solutions, today provides an update on trading for the three months to 31 March 2024 ("Q1").

The trading outlook for 2024 remains in line with the guidance issued at the 2023 full year results and the Group is on track to meet analyst consensus expectations for 2024.

Q1 trading

As expected, continuing weakness in the key end markets of construction and transportation resulted in subdued customer demand during the first quarter, with weaker sales volumes and lower pricing as expected, offset by M&A.

EBITA margin was in-line with the guidance for c.11% for 2024. The EBITA contribution from the Group's raw material assets remained at a very low level, due to weak market prices for refractory raw materials, in line with the expected contribution of approximately 1.0 ppt of EBITA margin for the year as a whole.

Green steel contract award

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 CO₂ 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.

Financial position

Net debt reduced slightly from the €1.3 billion level reported at the 2023 year end and leverage (Net Debt : Pro Forma Adjusted EBITDA) remained stable at 2.3x. The acquisition of Resco Group will be partially funded by a new €200 million syndicated term loan.

Working capital was at similar levels to the 2023 year end. Working capital intensity increased slightly due to lower revenues in Q1 compared to the prior quarter. Guidance for working capital intensity of c.24% at the 2024 year end is maintained.

M&A update

The Group announced its intended acquisition of Resco Group on 29 March 2024, for an enterprise value of up to \$430 million. Completion of the transaction, which is conditional on US merger control approval, is expected to occur in H2 2024. The proposed acquisition of Resco continues the Group's strategic growth trajectory in alumina-based refractories and in industrial application segments. The transaction will increase RHI Magnesita's local production footprint in the US and Canada, thus responding to long standing customer wishes. Supply chain, production network, logistics and working capital improvements will also be implemented.

The Group has completed nine other acquisitions in the period since December 2021 and the integration of each of these is proceeding in line with expectations. The Group continues to expect an Adjusted EBITDA contribution in 2024 of approximately €80 million, from acquisitions made in 2023, which excludes Resco.

Outlook

The Group continues to manage key operational and commercial disciplines closely, including its pricing, costs, production planning, inventories and customer credit exposures through a period of cyclically weaker demand. Low plant utilisation and consequent under-absorption of fixed costs create favourable conditions to increase output into a recovery, with significant operational gearing benefits to be realised once customer demand returns. The timing of such recovery remains uncertain and is not yet evident in customer behaviour. Weaker volumes and pricing in the industrial segment, following a strong performance from the industrial business in 2023, are expected to be offset by modest growth in steel production in non-China markets in 2024.

Stefan Borgas, Chief Executive Officer of RHI Magnesita, said:

“RHI Magnesita is navigating a challenging demand landscape whilst progressing its strategic priority to grow through consolidation in the fragmented global refractory industry. Our broad addressable market extends to all high temperature iron, steel and industrial processes and we have expanded our business via a counter-cyclical M&A programme in alumina-based refractories, industrial market segments and other product areas and geographies where we have previously been under-represented. We are the clear market leader in India, the fastest growing refractory market in the world.

The Group has now committed approximately €1.2 billion of capital to acquisitions since December 2021, including its recently announced intention to acquire Resco Group. We are continuing to invest in our global production network and digital systems to maintain our leadership position in innovation, services and sustainability. Whilst the timing of recovery in other markets is hard to predict and not yet evident, we are confident of being well positioned to meet any increase in customer demand, with significant operational gearing and vertical integration upside potential in the event of a recovery.”

Conference call

A conference call for analysts will be held at 08:15 UK time to discuss the trading update:

Webcast (live and on-demand) <https://www.investis-live.com/rhimagnesita/661e88614cb0dd0c00780093/wgrki>

Dial in (listen only)

International:	+44 20 3936 2999
UK toll-free:	0800 358 1035
Access code:	382679

Replay facility

International:	+44 20 3936 3001
UK toll-free:	0808 304 5227
Access code:	602383

AGM

Further to the Notice of Meeting issued on 21 March 2024, the Company will hold its Annual General Meeting (“AGM”) today at 14:00 CET. Voting results from the AGM will be made available shortly after the meeting.

For further enquiries, please contact:

Chris Bucknall, Head of Investor Relations
Tel +43 699 1870 6490
E-mail: chris.bucknall@rhimagnesita.com

Media:

Hudson Sandler
Mark Garraway, Emily Dillon, Nick Moore
Tel +44 020 7796 4133
E-mail: rhimagnesita@hudsonsandler.com

About RHI Magnesita

RHI Magnesita is a 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 16,000 employees in 47 production sites, 8 recycling facilities and more than 70 sales offices. RHI Magnesita intends to build on its leadership in revenue, scale, product portfolio and diversified geographic presence to expand further in high growth markets.

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

Glossary

“BOF”	Basic oxygen furnace
“DRI”	Direct reduced sponge iron
“EAF”	Electric arc furnace
“OBF”	Open bath furnace, electrically powered furnace for processing direct reduced sponge iron into hot metal before transfer to the basic oxygen furnace
“OEM”	Original equipment manufacturer