

7 May 2025

RHI Magnesita N.V.

("RHI Magnesita" or "the Group")

Q1 2025 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 2025 ("Q1").

Downside risks to the 2025 trading outlook have increased, driven by a weak outlook for H1 performance and rising global trade tensions, which could negatively affect the Group's end markets.

Q1 trading

First quarter trading conditions became more challenging, reflecting lower sales volumes, a continued decline in project business in the glass and non-ferrous metals sectors worldwide and lower pricing for cement and steel markets in India and the Middle East.

EBITA margins in the first quarter were lower, as expected, impacted by a combination of lower volumes in high-margin project business, weaker finished goods pricing and higher cost of purchased raw material.

Reflecting the demand backdrop, the Group continues to operate its plants at lower levels of capacity utilisation compared to Q4 2024, with fixed cost under-absorption further weighing on margins. As part of its ongoing Network Optimisation Programme ("NOP"), the Group has announced the closure of its Wetrop plant in Germany. Alongside the NOP, management has initiated additional cost saving measures targeting both Cost of Goods Sold and Selling, General & Administration expenses.

In response to higher unit costs, a price increase programme is being implemented to restore margins over the remainder of the year, although securing increases is likely to be more challenging in the current market environment. In particular, India and West Asia markets are experiencing elevated competitive pressure from low-cost imports of refractories from China and overcapacity that has been built in India recently by international and domestic refractory competitors, impacting both margins and sales volumes.

Financial position

As expected, net debt increased to €1.6 billion as at 31 March 2025, primarily due to the completion of the Resco acquisition and the payment of the remaining €346 million of cash proceeds. This was partially funded by a new €200 million syndicated term loan.

Working capital rose modestly, in line with expectations of increased sales in Q2. Guidance for year-end working capital intensity remains at c.24%, excluding any potential impact from global supply chain disruptions stemming from tariff changes.

Following the payment related to the Resco acquisition, gearing - measured as the ratio of net debt to Pro Forma Adjusted EBITDA - is expected to be c.2.9x at the half year, above the

Group's target range of 2.0 to c.2.5x. Gearing is anticipated to reduce through the second half and, based on current earnings and cash flow expectations, would return towards c.2.5x by year end.

Strategic developments

RHI Magnesita pursues a local for local production strategy and benefits from vertical integration in key raw materials. This provides some protection against potential adverse transactional impacts arising from tariffs, compared to other industry participants who rely on imported raw materials from third party producers.

The Group's growth strategy is primarily focused on M&A. In Q1, the Group completed the planned €391 million acquisition of Resco, marking a significant strategic milestone in strengthening its presence in the North American market. A key benefit of the Resco transaction is the opportunity to increase domestic US production of many products which are currently imported to the US. However, the relocation and ramp-up of production to fully capture these benefits will take approximately 18 months, in line with normal industrial capacity projects.

Outlook

First quarter trading conditions were weaker as expected, with a reduction in both revenues and margins in the period. Performance is expected to improve in the second quarter based on the current order book as cost saving initiatives support profits somewhat. With the benefits of price and cost actions weighted towards the latter part of the year, the first half is now expected to contribute 35-40% of full-year Adjusted EBITA, with 60-65% weighted to the second half, also supported by Non-ferrous Metals project volumes postponed from H1.

Whilst the current order book still could allow delivery of full year guidance for Adjusted EBITA to be modestly ahead of 2024 including Resco, the Group is mindful of the elevated risk posed by current macroeconomic volatility. This could impact end market demand and customer production volumes with the additional possibility of instability in global supply chains. The weaker US dollar will also impact earnings from the North America region in euro terms and if the current exchange rate is maintained for the remainder of 2025 this would represent a c.€15 million incremental headwind to Adjusted EBITA.

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

"RHI Magnesita continues to navigate difficult market conditions as end markets and customer production volumes remain subdued and as industrial projects are being postponed into the second half of the year. New uncertainties surrounding global trade and tariff arrangements are adding complexity to our planning processes and risk of further project postponements. We have implemented measures to support margins by reducing costs and executing price increases as well as progressing more structural drivers including production network optimisation and the realisation of synergies from recent acquisitions. Guidance for 2025 Adjusted EBITA to be modestly ahead of 2024 is maintained, although downside risks have increased and a step up in profitability in the second half will be required to meet expectations."

Conference call

A conference call for analysts will be held at 8:15am UK time to discuss the trading update:

Webcast (live and on-demand) <https://www.investis-live.com/rhimagnesita/6807712fd645df000ef2e408/rbwrt>

Dial in (listen only)	International:	+44 20 3936 2999
	UK toll-free:	0800 358 1035
	Access code:	593066

AGM

Further to the Notice of Meeting issued on 27 March 2025, 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
Andrew Hayes
Tel +44 020 7796 4133
E-mail: rhimagnesita@hudsonsandler.com

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 over 20,000 employees and contractors in 65 main production sites (including raw material sites), 12 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 benefiting from more dynamic economic growth prospects.

The Group is listed within the Equity Shares (Commercial Companies) category ("ESCC") of 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