

RNS Number : 0362E  
RHI Magnesita N.V.  
27 June 2023

## RHI Magnesita N.V.

### RESPONSE TO PARTIAL OFFER

#### IMPORTANT INFORMATION

This Response Statement has been published by the unitary board of directors (the "**Board**") of RHI Magnesita N.V. ("**RHI Magnesita**" or the "**Company**") as required pursuant to article 20 and Annex G of the Netherlands Decree on Public Takeover bids for the sole purpose of providing information to its shareholders on the voluntary partial cash offer made by Ignite Luxembourg Holdings S.à r.l. (the "**Offeror**"), to holders of ordinary shares in the capital of the Company (excluding shares held in treasury) (the "**Shares**") to purchase 14,086,156 Shares (the "**Offer Shares**") (representing 29.9 per cent. of the Issued and Outstanding Share Capital of the Company) at an offer price of GBP 28.50 per Share (the "**Offer**"). The Offeror is a wholly-owned subsidiary of a number of limited partnerships which are indirectly managed by Rhône Holdings VI L.L.C. ("**Rhône**").

In addition to the terms defined elsewhere in this Response Statement, any capitalised terms in this Response Statement shall have the meaning attributed to them in the Appendix (Definitions) of this Response Statement.

This document does not constitute or form part of an offer to buy or sell, or a solicitation of an offer to buy or sell, any securities to any person in any jurisdiction, nor a solicitation of any vote, consent or approval. Shareholders of the Company should form their own view on the merits of the Offer and make their own decision. This document is not for release, publication or distribution in, into, or from Australia, Canada, Hong Kong, Japan, New Zealand, South Africa or the United States (including its territories and possessions) or any other jurisdiction where such release, publication or distribution may result in a significant risk of civil, regulatory or criminal exposure if information concerning the Offer is sent or made available to persons in those jurisdictions (the "**Restricted Jurisdictions**") and therefore persons into whose possession this document comes should inform themselves about, and observe, any such restrictions. Failure to comply with any such restrictions may constitute a violation of the securities laws of any Restricted Jurisdiction. If you are in any doubt about the contents of this document or the action you should take, you should seek your own legal, tax and/or financial advice immediately from your stockbroker, bank manager, attorney, accountant or other independent financial adviser or from an appropriately authorised independent legal and/or financial adviser under the laws of your own jurisdiction. This document may contain quotes and excerpts from certain previously published third party materials.

If you have sold, or otherwise transferred your shares, please send this document as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected. However, this document must not be forwarded or transmitted to any Restricted Person or into any Restricted Jurisdiction. If you have sold or otherwise transferred only a part of your shares, you should retain this document and consult your stockbroker, bank or other agent through whom the sale or transfer was effected.

The Board accepts responsibility for the information contained in this Response Statement, provided that the only responsibility that is accepted for information concerning the Offeror, Rhône (including the affiliates owned and/or controlled by it) and the Offer is the assurance that such information is properly reported and reproduced from the

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disclaims and does not undertake any obligation to publicly update or revise any statement in this document to reflect events or circumstances after the date of this document, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws or by any appropriate regulatory authority. Nothing in this document is intended to be a forecast, projection or estimate of the future financial performance of RHI Magnesita and no statement in this document should be interpreted to mean that the performance for the current or future financial periods will necessarily be greater than those for the relevant preceding financial period.

Certain figures included in this document have been subjected to rounding adjustments. Accordingly, figures shown in the same category presented in different tables may vary slightly and figures shown as totals in certain

Copies of this Response Statement are available at <https://ir.rhimagnesita.com/shareholder-information/partial-cash-offer/>.

This Response Statement includes certain "forward-looking" statements, including statements about the expected timing and completion of the Offer. Forward-looking statements involve known or unknown risk and uncertainty because these statements relate to events and depend on circumstances that occur in the future. Generally, words such as may, should, aim, will, expect, intend, estimate, anticipate, believe, plan, seek, continue or similar expressions identify forward-looking statements. The Company believes the expectations reflected in such forward-looking statements are based on reasonable assumptions. Nevertheless, no assurance can be given that such statements will be fulfilled or prove to be correct, and no representations are made as to the future accuracy and completeness of such statements. Any such forward-looking statements must be considered with the fact that actual events or results may vary materially from such forward-looking statements due to, among other things, political, financial, economic, commercial or legal changes in the markets and environments in which RHI Magnesita does business, to competitive developments or risks inherent to the Company's business plans and to uncertainties, risk and volatility in financial markets and other factors affecting RHI Magnesita.

Shareholders are reminded that under Dutch law the Board owes fiduciary duties to the Company and through the Company to all of its stakeholders and not only to Shareholders. Decisions that the boards may have to take pursuant to their fiduciary duties may adversely affect Shareholder value.

This document summarises certain provisions of the Offer Document. However, reading this document is not a substitute for reading the Offer Document in full and Shareholders should read the Offer Document carefully in its entirety before deciding whether to take any action in respect of the Offer.

This Response Statement is governed by the laws of the Netherlands. The District Court of Amsterdam (Rechtbank Amsterdam) and its appellate courts shall have exclusive jurisdiction to settle any disputes which might arise out of or in connection with this Response Statement. Accordingly, any legal action or proceedings arising out of or in connection with this Response Statement may be brought exclusively in such courts. The Offer, as well as the agreements entered into between the Offeror and the Shareholders as a result of the Offer, shall be governed by and construed in accordance with the laws of England and Wales. Any dispute regarding the Offer, or which arises in connection therewith, shall be exclusively settled by the courts of England and Wales.

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## **RHI MAGNESITA N.V.**

*(registered in the Netherlands with company number 68991665)*

### **RESPONSE TO THE PARTIAL CASH OFFER**

by

**Ignite Luxembourg Holdings S.à r.l.**

for

**14,086,156 shares, representing 29.9 per cent. of the Issued and Outstanding Share Capital**

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Shareholders should carefully read the whole of this document (including any information incorporated into this document by reference to another source). In particular, your attention is drawn to the letter from the Non-Executive Chairman which is set out below.

The Company is a public limited liability company incorporated under Dutch law, with its registered seat in Arnhem, the Netherlands. Therefore, the UK City Code on Takeovers and Mergers does not apply to the Offer and the Offer is not subject to the jurisdiction of, or being regulated by, the UK Panel on Takeovers and Mergers, and only section 27c of the Austrian Takeover Act ("ATA") is relevant to the Company. As the Offer is a voluntary public partial offer, pursuant to section 27c para 1 ATA, section 27c para 2 ATA does not apply to it and the Offer is not subject to the jurisdiction of, or being regulated by, the Austrian Takeover Commission. The shares in the Company, in the form of dematerialised

Barclays Bank PLC, acting through its Investment Bank ("**Barclays**"), which is authorised by the PRA and regulated in the United Kingdom by the FCA and the PRA, is acting exclusively for RHI Magnesita and no one else in connection with the Offer and will not be responsible to any person other than RHI Magnesita for providing the protections afforded to the clients of Barclays nor for providing advice in relation to the Offer or any other matters referred to in this document.

Peel Hunt, which is authorised and regulated in the United Kingdom by the FCA, is acting exclusively as financial adviser and corporate broker to RHI Magnesita and for no one else in connection with the matters referred to in this document and will not be responsible to any person other than RHI Magnesita for providing the protections afforded to clients of Peel Hunt, nor for providing advice in relation to the matters referred to herein. Neither Peel Hunt nor any of its affiliates owes or accepts any duty, liability or responsibility whatsoever (whether direct or indirect, whether in contract, in tort, under statute or otherwise) to any person who is not a client of Peel Hunt in connection with the matters referred to in this document, or otherwise.

The date of publication of this document is 27 June 2023. All references to time in this document are references to Central European Time unless otherwise stated.

**Letter from the Non-Executive Chairman of RHI Magnesita N.V.**

(registered in the Netherlands with registered number 68991665)

*Registered office Kranichberggasse 6, 1120 Vienna, Austria*

*Directors:*

Herbert Cordt (Non-Executive Chairman)	Janice "Jann" Brown (Non-Executive Director)
John Ramsay (Non-Executive Deputy Chairman, Senior Independent Director)	Karl Sevelda (Non-Executive Director)
Stefan Borgas (Chief Executive Officer)	Marie-Hélène Ametsreiter (Non-Executive Director)
Ian Botha (Chief Financial Officer)	Wolfgang Rutenstorfer (Non-Executive Director)
Janet Ashdown (Non-Executive Director)	Karin Garcia (Employee Representative Director)
David Schlaff (Non-Executive Director)	Martin Kowatsch (Employee Representative Director)
Stanislaus Prinz zu Sayn-Wittgenstein-Berleburg (Non-Executive Director)	Michael Schwarz (Employee Representative Director)

27 June 2023

Dear Shareholder

**Response of the Board to the Partial Cash Offer by Ignite Luxembourg Holdings S.à r.l. for 14,086,156 Shares, representing 29.9 per cent. of the Issued and Outstanding Share Capital of the Company**

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On 30 May 2023, the Offeror announced its intention to make a voluntary partial cash offer to acquire 9,403,539 Shares, representing 20 per cent. of the Issued and Outstanding Share Capital of the Company (excluding treasury shares) at a price of GBP 28.50 for each Share (the "**Offer Price**"). The Offeror is a wholly-owned subsidiary of a number of limited partnerships which are indirectly managed by Rhône. The Offer does not relate to the acquisition of Shares held by the Company in treasury.

The Offer Document was published on 19 June 2023 detailing the Offeror's voluntary partial cash offer, and increasing the number of Shares the Offeror is seeking to acquire to up to 14,086,156 Shares (corresponding to 29.9% of the entire Issued and Outstanding Share Capital of the Company). The Offer Document states that the Offer Price will not be reduced in respect of the dividend of EUR 1.10 per Share declared by the Company on 24 May 2023 for the financial year ended 31 December 2022

settlement of the Offer, announce, declare, make, pay or distribute dividends or any other distribution or transfer or return of value to its Shareholders other than the Declared Dividend, the Offeror has reserved the right to make an equivalent deduction to the consideration payable for the Shares in the Offer.

The Offer Price values RHI Magnesita's Issued and Outstanding Share Capital as at the date of this Response Statement at approximately GBP 1,340.0 million, or EUR 1,561.2 million at the Response Document Exchange Rate.

In case the total amount of Tendered Shares together with any Shares (the "**Additional Shares**") acquired by or on behalf of the Offeror outside of the Offer exceeds the amount of Offer Shares (i.e. 14,086,156, representing 29.9 per cent. of the Issued and Outstanding Share Capital as at the date of the Offer Document), all duly submitted acceptances will be scaled down pro rata to such number of Shares as shall not exceed the amount of Offer Shares less the Additional Shares. The total amount of Shares acquired by the Offeror under the Offer, together with any Additional Shares, shall not exceed 29.9 per cent. of the Company's Issued and Outstanding Share Capital.

The acceptance period commenced on 19 June 2023 and is expected to expire at 1:00pm London time on 10 July 2023. Acceptances of the Offer are irrevocable and cannot be withdrawn (including, without limitation, in the case of a Competing Offer or if the Offer is revised in accordance with the Offer Document or extended).

The Offeror has stated that, if the Offer is successful, the Offeror will seek appropriate representation in the board of directors of the Company. However, this is not a condition to completion of the Offer. No relationship agreement or any other governance arrangement has been agreed between the Offeror and the Company.

The Offer is conditional upon the conditions set out in section 4 of the Offer Document, including the receipt of approvals (or confirmation they do not have jurisdiction) from competition authorities in Austria, Germany, India and Mexico and the foreign investment authorities in Austria, France, Germany, Italy, Spain and the United Kingdom and such other competition or foreign investment authorities with respect to which the Offeror determines that the consent, approval, clearance, confirmation or licence thereof is required or advisable for the formation and funding of the Offeror or any other acquisition vehicle, or completion of the Offer under applicable competition or foreign investment laws (the "**Competition and FDI Approvals**"). If such conditions are not satisfied, or waived by the Offeror, the Offer may be withdrawn.

### **The Company's current trading and financial position**

As the Company announced on 15 June 2023, the momentum of improving profitability and margins delivered in Q1 2023 continued in April and May, as refractory pricing was largely maintained against a background of reducing costs.

Refractory sales volumes in the five months ended 31 May 2023 (the "**Period**") excluding M&A were 7.0 per cent. lower year on year, in line with overall market demand. Steel, cement and glass demand outside of India remains soft due to a slowdown in construction activity, with some glass project postponements now evident. Demand in the non-ferrous metals segment continues to be resilient. As anticipated, due to the subdued demand backdrop and reducing input costs, the Group is beginning to experience sales price deflation in a number of its markets which is expected to continue, and possibly accelerate, through the remainder of the year.

Refractory EBITA margin contribution for the Period, which excludes vertical integration benefits, was better than expected, supported by cost deflation in April and May, as the cost of freight and purchased raw material reduced, partially offset by weaker fixed cost absorption due to lower production volumes.

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As a result, the overall adjusted EBITA margin for the Period was 12.1 per cent. (2022: 11.6 per cent.), delivering unaudited adjusted EBITA of EUR 174 million (2022: EUR 155 million).

Net debt to EBITDA remains at a similar level to the 2.1x reported at 31 March 2023, including a 12 month historic contribution from businesses acquired during the period.

Absolute net debt at 31 May 2023 was largely unchanged from 31 December 2022, supported by strong operating cashflow. The Group continues to retain significant liquidity of EUR 1.2 billion.

Group continues to prioritise security of supply for its customers in order to support recent market share gains.

Total capital expenditure in the five months to 31 May 2023 was EUR 42 million, out of overall guidance of EUR 200 million for 2023, with spending weighted towards the second half.

M&A increased net debt by EUR 268 million in the first five months of the year, which was partially offset by the Qualified Institutional Placement ("QIP") by RHI Magnesita India Ltd, which raised approximately EUR 101 million in April 2023. The QIP is to be followed by an equity investment of EUR 22 million by the Group in RHI Magnesita India Ltd via a preferential issue, which is expected to complete in June 2023. In the second half of the year, the previously announced acquisition of the European, Indian, and US-based operations of Seven Refractories for cash consideration of EUR 95 million is expected to be completed.

The outlook for the Group's key end markets, and consequently customer volumes, remains uncertain, with the order book currently suggesting only a moderate volume increase in H2, if at all, resulting in ongoing under-absorption of fixed costs. Pricing pressure is expected to continue and possibly accelerate through the remainder of the year.

Supported by the stronger than expected performance in the first five months of the year, the Board now expects a modest outperformance on its earlier 2023 EBITA and EBITA margin guidance.

Leverage, measured as a ratio of net debt to EBITDA, is expected to remain above 2.0x as the Group further executes on its M&A pipeline.

### **The Board's financial assessment of the Offer**

The Board has reviewed a number of different reference points and applied a number of different valuation methodologies to underpin its financial assessment on the Offer (each of which is considered further below), including, amongst other things:

- (i) historical share price analysis;
- (ii) equity research analyst price targets;
- (iii) discounted cash flow analysis; and
- (iv) selected comparable company analysis.

The Board did not attribute any particular weight to any single analysis or factor considered by it but rather made qualitative judgments as to the significance and relevance of each analysis and factor relative to all other analyses and factors performed and considered by it and in the context of the circumstances of the Offer.

#### (i) Historical share price analysis

The Board analysed the historical trading prices of the Company's shares between 26 May 2018 and 26 May 2023, being the last Trading Day prior to the announcement of the Offer. During this period, the Company's average closing share price was GBP 33.70. The Board notes that the Offer Price of GBP 28.50 is below this five-year average share price (representing a 15.4 per cent. discount).

The Board notes that the Offer Price represents a premium of approximately 24.0 per cent. and 20.5 per cent. to the volume-weighted average trading prices of GBP 22.99 and GBP 23.65 during the last three months and six months prior to the announcement of the Offer.

#### (ii) Equity research analyst price targets

(seven) published a price target for the Company above the Offer Price.

#### (iii) Discounted cash flow analysis

In order to assess the fundamental, intrinsic value of the Company's shares, the Board performed a discounted cash flow analysis by calculating the present value of the Company's projected future cash flows based on Management's projections in their business plan and certain assumptions on the weighted cost of capital and perpetual growth rate. The discounted cash flow analysis produced a range of prices that were higher than the Offer Price.

expectations reflected in the discounted cash flow analysis are based on reasonable assumptions. Nevertheless, no assurance can be given and no representations are made as to the accuracy and completeness of such analysis. Any forward-looking analysis must be considered with the fact that actual events or results may vary materially from such forward-looking statements due to, among other things, risks in executing the strategy, political, financial, economic, commercial or legal changes in the markets and environments in which RHI Magnesita does business, to competitive developments or risks inherent to the Company's business plans and to uncertainties, risk and volatility in financial markets and other factors affecting RHI Magnesita.

#### (iv) Selected comparable company analysis

The Board analysed the historical and current trading multiples (including, amongst other things, the current enterprise value compared to the estimated projected earnings before interest, tax and amortisation for the year ending 31 December 2023) of the Company as well as selected comparable listed companies and applied them to Management's projections to calculate a range of implied prices for the Company's shares, all of which were higher than the Offer Price.

The Board, having been so advised by Barclays and Peel Hunt on the financial terms of the offer, is of the view that the Offer undervalues the Company. In providing their financial advice to the Board, Barclays and Peel Hunt have taken into account the commercial assessments of the Board.

However, the Board recognises that the premium may be attractive to individual Shareholders who should form their own view independently with respect to the value of the Offer, taking into account their own individual investment considerations, their investment time horizons and the liquidity that may be provided by the Offer.

#### **Regulatory status of the Offer**

The Offer is not subject to the jurisdiction of, or being regulated by, the UK Panel on Takeovers and Mergers, the Austrian Takeover Commission or the Netherlands Decree on Public Takeover bids (save pursuant to article 20 and Annex G of the Netherlands Authority for the Financial Markets). As a result, the protections that are afforded to offeree company shareholders in relation to offers regulated by those authorities are not applicable to the Offer. If the Offeror were to make a general offer or mandatory offer for the Company in the future, such an offer would be regulated by the ATA.

#### **Implications for control of the Company**

The current free float (as defined in the Appendix) of the Company amounts to approximately 55.5 per cent., and approximately 11.8 per cent. of the Company's share capital is held by two institutional investment organisations. If the Offer is successful, the Offeror will hold at least 20 per cent. of the Company and, depending on which Shareholders tender their shares into the Offer, the free float could decrease to approximately 35.5 per cent. If the Offeror were to acquire 29.9 per cent. of the Company's shares, the free float could further decrease to approximately 25.6 per cent.

As a consequence of this, the level of control that the Shareholders who form part of the free float currently have will be reduced, and they may have limited ability to influence the affairs of the Company by exercise of their voting rights. The Offeror and the Company's largest Shareholders may be able to exercise majority control over the Company on any individual matter. The Offer Document states that, if the Offer is successful, the Offeror will seek to achieve appropriate representation in the Board. The Board has not made any determination at this stage as to whether the Offeror will be granted any representation on the Board.

If the Offer is successful, it will be challenging for any potential bidder to successfully complete a full takeover of the Company in circumstances where the free float is between 36 per cent. and 26 per cent. and the existing major shareholders do not support the takeover offer, which means that minority shareholders are unlikely to have the opportunity to realise a control premium for their investment.

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to invest in the Company and/or existing Shareholders to realise their investments in the Company. However, Shareholders should also take into account that, as is discussed further below, daily trading volumes in the Company's shares are already relatively low (average daily trading volume in the Company's shares for the three months ended 26 May 2023 was 47,198 shares which equates to approximately 0.1 per cent. of the total number of the Issued Share Capital), and the Offer therefore represents a significant liquidity opportunity for Shareholders who are seeking to monetise their investment in the Company.

The Offeror has noted in the Offer Document that if the Offer is successful there is a risk that the Company may no longer meet the eligibility requirements for inclusion in the FTSE 250 Index.

In addition to the above, the Board would like to draw Shareholders' attention to the following when considering whether to accept the Offer:

- Premium over pre-announcement and recent share price performance** - The Offer Price is at a c.39.0 per cent. premium to the closing price of the Company's shares of GBP 20.50 on 26 May, the last Trading Day prior to the announcement of the Offer. Similarly, in comparison to the volume weighted average share price for the last one, three, six and 12 months prior to the announcement of the Offer, the premium implied by the Offer amounts to 30.4 per cent., 24.0 per cent., 20.5 per cent. and 34.6 per cent. respectively. Shareholders who accept the Offer may be able to realise their investment in the Company at a premium to the pre-announcement share price and recent share price performance.
- Liquidity event for Shareholders** - The average daily trading volume in the Company's shares for the three months ended 26 May 2023 is 47,198 shares. The number of Offer Shares equates to the aggregate trading volumes over a period of approximately 298 days. As such, the Offer represents a significant liquidity opportunity for Shareholders who are seeking to monetise their investment in the Company. This is especially relevant for Shareholders with larger shareholdings as any exit would need to be executed over an extended period of time, alongside the possibility of negative impact on the share price.
- Rhône has an established track record of investment in and supporting the strategy of the Company** - Rhône had been a long-term investor in Magnesita Refratários S.A. ("Magnesita") (since its acquisition of LWB Refractories in 2007, which became part of the Magnesita group in 2008) and exited its investment in 2018 following the formation of the RHI Magnesita group of companies in 2017. During its tenure as a shareholder, Rhône was supportive of the management of Magnesita and its overall strategy. It understands the operations and key stakeholders of the business and, as the holder of a strategic minority stake, Rhône will have the opportunity to contribute its industry expertise and work alongside Management to deliver the next chapter of growth and value creation for the Company and its shareholders. Rhône has confirmed to the Board that it is supportive of the strategy to provide total heat management solutions with raw material backward integration and to grow through consolidation in the refractory industry with a focus on technology and sustainability leadership.
- Benefits of organic and inorganic growth initiatives not fully realised and reflected in current share price** - The Company has relatively higher levels of financial leverage today compared to historical levels and comparable listed companies. This is the result of the structural build-up of inventories to better serve customers and both organic and inorganic growth initiatives through greater investment in the business and M&A activity. The benefits of these investments and acquisitions (including synergies) have yet to be fully realised, and the Board believes that these are not fully reflected in the current share price. Shareholders who accept the Offer may not benefit fully from the delivery of these benefits beyond the value of the Offer premium.
- No certainty as to when the Offer will complete** - The Offer Document states that the acceptance period of the Offer is expected to expire at 1:00pm London Time on 10 July 2023 and that, subject to the conditions precedent being satisfied (or waived by the Offeror) by no later than 30 September 2023, settlement is expected to begin by no later than 13 October 2023. However, the Offeror has reserved the right to extend the acceptance period for the Offer to no later than the date falling one week after the Competition and FDI Approvals are satisfied (or waived by the Offeror). The Offer is not subject to any longstop date mechanism. Accordingly, there can be no certainty as to when the Offer will complete and Shareholders who do accept the Offer will have to wait until completion of the Offer until they receive the consideration due under the Offer (and during that time, as discussed further in paragraph 10 below, Shareholders who have accepted the Offer will not have the right to withdraw their acceptances under any circumstances). Should the Company, prior to the settlement of the

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Shares in the Offer.

- Offer conditional on the Offeror acquiring 20 per cent.** - The Offer is conditional on the Offeror receiving valid acceptances to such an extent that the Offeror will become the owner of Shares representing at least 20 per cent. of the Issued and Outstanding Share Capital of the Company. In the event that the Offeror does not receive sufficient acceptances, it will have the right to invoke the condition and withdraw the Offer.
- The Offer is subject to a number of other significant conditions** - The Offer is conditional on the conditions referred to in the Offer Document. In addition to the acceptance condition

- 7.1 competition authorities in Austria, Germany, India and Mexico and the foreign investment authorities in Austria, France, Germany, Italy, Spain and the United Kingdom and any other competition or foreign investment authorities which the Offeror has determined are required or advisable for the formation and funding of the Offeror or any other acquisition vehicle, or completion of the Offer, having given their approval to the transaction or having confirmed that the transaction does not fall within the jurisdiction of the relevant authority;
- 7.2 general conditions that, amongst other things, there has been no material adverse effect on the Group or the business since the Accounts Date and no member of the Group having purchased or redeemed any of its own securities, reduced its share capital or transferred or sold Shares out of treasury;
- 7.3 general conditions that, since the Announcement Date, there has been no material adverse change in the financial markets or conditions in Austria, the United Kingdom, the Netherlands or internationally; outbreak or escalation of hostilities or suspension or material limitations of trading on the London Stock Exchange or the Vienna Stock Exchange (Wiener Börse) or any over-the-counter market;
- 7.4 no decrease as at the close of trading of more than 10 per cent.:
- (a) in the market price for the Shares on the London Stock Exchange or in the general level of market prices for equity securities in the FTSE 250 Index (measured from the close of trading on 26 May 2023); or
  - (b) in the market price for the Shares on the Vienna Stock Exchange or in the general level of market prices for equity securities in the ATX Prime Index, measured from the close of trading on 29 May 2023,
- in each case, which subsists compared to the relevant closing price for the Shares or general level of market prices for equity securities in the FTSE 250 Index or ATX Prime Index (as applicable) on three consecutive trading days;
- 7.5 no third party, such as a governmental entity or employee representative body, having taken or having given notice to take any action which would or might reasonably be expected to prohibit or hinder or delay the Offer.

Shareholders should note that there can be no certainty that the conditions will be satisfied or waived. Therefore, even if they accept the Offer, there is no certainty that they will receive any cash consideration.

8. **Ability of the Offeror to scale down acceptances** - The Offeror is not obliged to accept any Tendered Shares to the extent that it would result in the Offeror holding more than the total number of Offer Shares. Therefore, if acceptance by the Offeror of all Shares validly tendered would result in the Offeror holding more Shares than the number of Offer Shares, the total number of Tendered Shares will be scaled down pro rata (with the effect that the total number of Shares held by the Offeror upon declaring the Offer unconditional shall be equal to the number of Offer Shares).
9. **Ability of the Offeror to acquire Shares outside of the Offer** - The Offeror is not restricted under the Offer Document from acquiring additional Shares outside the Offer and, as a consequence of the Offer not being subject to the pricing provisions of the ATA, there are no restrictions on the minimum price that the Offeror must pay to Shareholders for Shares acquired outside of the Offer, nor any requirement to increase the Offer Price if Shares are purchased outside the Offer for a price above the Offer Price. The Offer Document contains a statement that the Offeror did not hold any securities in the Company as at the date of the

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10. **Acceptance of the Offer will be irrevocable, including in the event of a Revised Offer** - The Offer Document states that any acceptances of the Offer will be irrevocable. Shareholders should note therefore that, if they accept the Offer during the acceptance period, they will be unable to sell their Tendered Shares or accept another offer in respect of their Tendered Shares, including a higher Competing Offer, if one were to be made. The Offeror has reserved the right to revise the Offer as may be necessary or desirable to give effect to any purported acceptance of the Offer and Shareholders who have accepted the Offer prior to the date of any revision will be bound by such revision, provided that it represents, as determined by the Offeror, an improvement (or no diminution) in the value of the Offer compared with the



11. **The Offer is not available to all Shareholders** - The Offer Document states that the communication of the Offer Document, and any other documents or materials relating to the Offer, is only being made to (i) persons who are outside the United Kingdom; (ii) investment professionals (as defined in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Financial Promotion Order**")) or (iii) high net worth entities and other persons to whom it may lawfully be communicated, falling within Article 49(2) (a) to (d) of the Financial Promotion Order (all such persons together being referred to as "**relevant persons**"). Any investment activity to which the Offer Document relates will only be available to, and will only be engaged in, with relevant persons. Any person who is not a relevant person cannot act or rely on the Offer Document or any of its contents. In order to be eligible to view the Offer Document or make a decision with respect to the Offer, Shareholders must be outside the Restricted Jurisdictions and must not be a Restricted Person.
12. **Jurisdiction for disputes** - any dispute regarding the Offer, or which arises in connection therewith, shall be exclusively settled by the courts of England and Wales, provided that under the Offer Document, the Offeror and the Receiving Agent (as defined in the Offer Document) have reserved the right to, and may in their absolute discretion, bring proceedings in the courts of any other country which may have jurisdiction.
13. As at the date of this Response Statement, the Shareholders in the Company, who are defined as Insiders within the definition of 'free float' in the Appendix, have not publicly stated their views on the Offer.

## Conclusion

The Board, having been so advised by Barclays and Peel Hunt on the financial terms of the offer, is of the view that the Offer undervalues the Company. In providing their financial advice to the Board, Barclays and Peel Hunt have taken into account the commercial assessments of the Board.

The Board believes that the benefits of organic and inorganic growth initiatives have not yet been fully realised or reflected in the share price. In addition, the Board notes that the Offer Price is lower than the average target price of equity research analysts of GBP 30.73 (representing a 7.3 per cent. discount) and the majority of equity research analysts (five out of seven) published a price target for the Company above the Offer Price.

The Offer is also subject to a number of significant conditions and there can be no certainty as to whether and, if it does, when the Offer will complete. Shareholders who accept the Offer will be unable to trade their Shares until the Offer is withdrawn or completes.

However, the Board notes that the Offer represents a premium over the pre-announcement share price and provides the possibility of a significant liquidity opportunity for Shareholders who are looking to monetise their investment given that the number of Offer Shares equates to the aggregate trading volumes over a period of approximately 298 days.

Taking into account the considerations set out above, the Board advises Shareholders to decide whether or not to tender their Shares depending on their own individual investment considerations and their own individual circumstances.

## The Board's views on the effect of the implementation of the Offer on the Company's interests, employees and locations

In addition to the matters set out above, article 20 and Annex G of the Netherlands Decree on Public Takeover bids requires the Board to give their views on certain matters, including the effect of the Offer

the Offer Document.

The Board does not expect the Offer to have any negative impact on employment, employment conditions and the locations of RHI Magnesita's places of business. As mentioned above (see paragraph 3), Rhône was a long-term investor in Magnesita in the past and during its tenure as a shareholder, Rhône was supportive of Magnesita's management and their overall strategy.

Yours faithfully

**Herbert Cordt**

*Non-Executive Chairman*

### Additional Information

#### 1 DIRECTORS AND INFORMATION ON THE COMPANY

1.1 The directors of RHI Magnesita and their respective positions are:

Herbert Cordt (Non-Executive Chairman)	Janice "Jann" Brown (Non-Executive Director)
John Ramsay (Non-Executive Deputy Chairman, Senior Independent Director)	Karl Sevelda (Non-Executive Director)
Stefan Borgas (Chief Executive Officer)	Marie-Hélène Ametsreiter (Non-Executive Director)
Ian Botha (Chief Financial Officer)	Wolfgang Ruttenstorfer (Non-Executive Director)
Janet Ashdown (Non-Executive Director)	Karin Garcia (Employee Representative Director)
David Schlaff (Non-Executive Director)	Martin Kowatsch (Employee Representative Director)
Stanislaus Prinz zu Sayn-Wittgenstein-Berleburg (Non-Executive Director)	Michael Schwarz (Employee Representative Director)

1.2 RHI Magnesita is registered in the Netherlands with registered number 68991665.

1.3 RHI Magnesita maintains a premium listing on the Official list of the London Stock Exchange (symbol: RHI Magnesita) and is a constituent of the FTSE 250 index, with a secondary listing on the prime segment of the Vienna Stock Exchange (Wiener Börse).

1.4 The registered office of RHI Magnesita is Kranichberggasse 6, 1120 Vienna, Austria.

1.5 The relevant business address of each of the Directors is Kranichberggasse 6, 1120 Vienna, Austria.

#### 2 INFORMATION ON SHARES HELD BY THE MEMBERS OF THE BOARD

Set out below are overviews of all transactions and agreements concluded in relation to securities of RHI Magnesita by the members of the Board, their spouses and/or registered partners, their minors and any legal entities in which they and/or these persons have control, for the period from the date of the start of the reporting period to the end of the reporting period.

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Name	Type of transaction	Date	Number of securities	Price per share
Stefan Borgas	Award of the LTIP 2023	06-Mar-23	76,929 options	£26.24
Stefan Borgas	Exercise of the LTIP 2020 options	30-May-23	50,042 ordinary shares	£20.50
Ian Botha	Award of the LTIP 2023	06-Mar-23	33,728 options	£26.24

2020 options				
Ian Botha	Vesting of 2019 Conditional Award	28-Nov-22	18,676 ordinary shares	£22.50
John Ramsay	Purchase	04-Nov-22	2,760 ordinary shares	£19.65
PCA of Stanislaus Prinz zu Sayn- Wittgenstein- Berleburg, Elisabeth Prinzessin zu Sayn- Wittgenstein- Berleburg	Off market gift	06-Nov-22	1,071,722 ordinary shares	Nil

### 3 FINANCIAL INFORMATION

The information in accordance with Annex G paragraph 2 of the Netherlands Decree on Public Takeover bids is contained in the adopted and approved annual report of RHI Magnesita for the financial year 2022 as well as the announcement of RHI Magnesita's trading update as published on 15 June 2023 (copies can be obtained from [ir.rhimagnesita.com/](http://ir.rhimagnesita.com/)). The trading update published on 15 June 2023 is incorporated by reference in this Response Statement.

## Definitions

The following definitions apply throughout this document unless the context requires otherwise:

"Accounts Date"	31 December 2022.
"Additional Shares"	has the meaning given in the section titled "Terms of the Offer" above.
"Announcement Date"	30 May 2023.
"Board"	means the unitary board of directors of the Company.
"Competing Offer"	means a public offer for all or any number of the Shares of the Company announced or launched by a third party on or after the publication of the Offer Document on 19 June 2023.
"Competition and FDI Approvals"	has the meaning given in the section titled "Letter from the Non-Executive Chairman of RHI Magnesita N.V." above.
"Declared Dividend"	means the dividend of EUR 1.10 per Share declared by the Company on 24 May 2023 for the financial year ended 31 December 2022.
"Directors"	means the directors of the Company from time to time.
"EBITA"	means earnings before interest, taxes, and amortisation.
"FCA"	means the Financial Conduct Authority in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000.
"free float"	means the shares of the Company that are not restricted and are available to the public for trading in the secondary market (see table below for reference)

Shareholder type	Number of shares	Total % of issued and outstanding capital
Insiders (including MSP Stiftung, Chestnut, FEWI, Silver*)	20,473,276	43.46%
Directors**	473,128	1.00%
Free float	26,164,486	55.54%
<b>Total issued and outstanding capital</b>	<b>47,110,890</b>	<b>100.00%</b>

Sources: AFM

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\*\*Includes PCAs of directors, unless these are included in the insider holdings.

In providing the table of shareholdings above, the Company has included the number of shares registered at the AFM on 26 June 2023, or, where the Company has been made aware of more up-to-date information through a direct notification by the shareholder, it has used this information. These stated interests may differ from the current interests of the relevant shareholders as these interests are based on the number of shares owned at

The total % of issued share capital in the table is calculated excluding treasury shares held by the Company

"Group"	means the Company and its subsidiaries.
"Issued and Outstanding Share Capital"	means at any time, the Issued Share Capital less the Treasury Shares.
"Issued Share Capital"	means, at any time, the issued share capital of the Company.
"Magnesita"	means Magnesita Refratários S.A., a corporation incorporated under the laws of Brazil having its registered office at Praça Louis Ensck, 240, Cidade Industrial, Contagem, Minas Gerais, 32210-902, BR.
"Management"	means senior management of the Group.
"Offer"	means the voluntary partial cash offer made by the Offeror to Shareholders to purchase 14,086,156 Shares on the terms and subject to the conditions set out in the Offer Document at an offer price of GBP 28.50 per Share.
"Offer Announcement"	means the announcement by the Offeror dated 30 May 2023 relating to the Offer.
"Offer Document"	means the offer document published by the Offeror dated 19 June 2023 containing the full terms and conditions of the Offer.
"Offer Price"	means GBP 28.50 per Share.
"Offer Shares"	means 14,086,156 Shares.
"Offeror"	means Ignite Luxembourg Holdings S.à r.l.
"Period"	means the five months ended 31 May 2023.
"PRA"	means the Prudential Regulation Authority.
"QIP"	means Qualified Institutional Placement.
"relevant persons"	has the meaning given in paragraph 11 above.
"Response Document Exchange Rate"	means the exchange rate of EUR 1:GBP 0.85831 as at 16:00 London time on 26 June 2023, being the last Trading Day prior to the date of the Response Statement, as derived from data provided by Bloomberg.
"Response Statement"	means this announcement.
"Restricted Jurisdiction"	has the meaning given in the section titled "Important Information" above.
"Restricted Person"	any person in, or acting for the account or benefit of persons in, any Restricted Jurisdiction (but only to the extent that such person is acting for the account or benefit of persons in any
"RHI Magnesita" or the "Company"	means RHI Magnesita N.V., a company registered in the Netherlands with registered number 68991665 with its registered office at Kranichberggasse 6, 1120 Vienna, Austria.
"Rhône"	means Rhône Holdings VI L.L.C.
"Share" or "Shares"	means the existing unconditionally allotted or issued and fully paid (or credited as fully paid) ordinary shares of EUR 1.00 each in the capital of the Company and any further such shares which are unconditionally allotted or issued and fully paid (or

<b>"Shareholders"</b>	means the holders of Shares and/or dematerialised depositary interests representing entitlements in the Shares.
<b>"Tendered Shares"</b>	means Shares which have been validly tendered in accordance with the Offer Document.
<b>"Trading Day"</b>	means a day on which the London Stock Exchange is open for the trading of shares.
<b>"Treasury Shares"</b>	means, at any time, Shares held by the Company in treasury.
<b>"United Kingdom" or "UK"</b>	means the United Kingdom of Great Britain and Northern Ireland.
<b>"United States" or "US"</b>	means the United States of America, its territories and possessions, any state of the United States of America, the District of Columbia and all other areas subject to its jurisdiction and any political sub-division thereof.

In this document:

All references to "pounds", "UK Pound Sterling", "GBP", "pounds Sterling", "Sterling", "£", "pence", "penny" and "p" are to the lawful currency of the United Kingdom.

All references to "euros", "EUR" and "€" are to the lawful currency of the member states of the European Union that adopted the single currency in accordance with the Treaty of Rome establishing the European Community (as amended)

All references to statutory provision or law or to any other order or regulation shall be construed as a reference to that provision, law, order or regulation as extended, modified, replaced or re-enacted from time to time and all statutory instruments, regulations and orders from time to time made thereunder or deriving validity therefrom.

Words importing the singular shall include the plural and vice versa, and words importing the masculine gender shall include the feminine or neutral gender.

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### 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

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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.rhimaginesita.com](http://www.rhimaginesita.com)

This announcement contains inside information for the purposes of Article 7 of the Market Abuse Regulation (596/2014/EU).

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