

19 November 2022

RHI Magnesita N.V.

("RHI Magnesita" or "the Group")

Acquisition of Dalmia Bharat Refractories Limited via Share Swap Agreement

RHI Magnesita announces the acquisition of the Indian refractory business of Dalmia Bharat Refractories Limited ("DBRL") via a Share Swap Agreement, in exchange for 27 million shares in RHI Magnesita India Limited, a 70% owned subsidiary of the Group which is listed on the Bombay Stock Exchange and National Stock Exchange of India.

Dalmia Bharat Refractories

DBRL is one of the leading refractory producers in India with approximately 1,200 employees and production capacity of over 300 ktpa, from five refractory plants and raw material sites. DBRL recorded adjusted EBITDA of ₹945 million (€12 million) in the year to 31 March 2022 and had Gross Assets of ₹13,925 million (€170 million) at 31 March 2022.

Benefits of the Acquisition

The Acquisition will enable the Group to increase its presence in the high growth Indian refractory market, with forecast steel production growth in India of 12% in 2022 and a 7-8% CAGR until 2030. The production footprint (5 plants) and product offering of DBRL is highly complementary to the Group's existing plant locations (4 plants) and product range with focus in the industrial segment, where RHI Magnesita is currently under-represented. Significant network benefits and margin improvement potential have been identified through the addition of production capacity in important industrial locations in the south and west of India, where the Group currently has no assets.

Acquisition details

Under the terms of the Share Swap Agreement, RHI Magnesita India Limited will acquire all outstanding shares in DOCL in exchange for 27 million new shares in RHI Magnesita India Limited. Based on the closing share price of RHI Magnesita India Limited on 18 November 2022 of ₹645.35 per share, the Consideration Shares had a value of approximately ₹17,424 million (€212 million).

The Group will consolidate DOCL's earnings and approximately €54 million of net debt held by DOCL through its majority shareholding in RHI Magnesita India Limited, resulting in a marginal increase in gearing at Group level. The Acquisition is expected to be accretive to Group earnings per share. Following completion of the Acquisition and the issuance of the Consideration Shares, the Group's shareholding in RHI Magnesita India Limited will reduce from its current level of 70.2% to 60.1% and the Dalmia Bharat Group and minority shareholders in DBRL will hold a combined 14.4% stake in RHI Magnesita India Limited.

The Acquisition, which is conditional on the completion of the Business Transfer Agreement and Share Swap Agreement and other customary closing conditions, is expected to complete in Q1 2023.

Trading outlook

Following the Q3 trading update announced on 19 September 2022, there has been a slippage of some orders towards the end of the fourth quarter and some weakening in the 2023 order book, in particular in Europe and east and southeast Asia. As a result of this change in the expected timing of shipments and associated customer payments, there is a risk that the Group may not achieve its target to reduce Net Debt:EBITDA by the 2022 year end to 2.4x, although a reduction from the 2.7x recorded at 30 June 2022 is still anticipated. The Group remains comfortably on track to meet consensus expectations for EBITA in 2022.

Commenting on the Acquisition, Stefan Borgas, Chief Executive, said: “I am very pleased to announce this highly value creating acquisition which will accelerate our development in the fast-growing Indian refractory market. It is another step in the execution of our Group strategy. We see material financial and operational benefits from the addition of the Dalmia Bharat Refractories business to our existing network, which will enable us to increasingly serve our customers with a ‘local for local’ approach in India and offer a broader range of products, in particular in the Industrial segment, in which RHI Magnesita is currently under-represented. This transaction demonstrates our ability to continue to grow our business in India where the outlook for the refractory industry is strong, at a time when demand in other geographies is weakening.”

Parmod Sagar, CEO and Managing Director of RHI Magnesita India, said: “As a trusted and reliable business partner, the integration of the Dalmia Bharat Refractories business into our network will underline our position as the leading player in the Indian refractory market. This transaction represents a strong commitment from the senior management of RHI Magnesita N.V. to continue strengthening the Group’s operations in India and to further expand our footprint in the region.”

Commenting on the transaction, Sameer Nagpal, Managing Director & CEO of DBRL said: “We were able to scale up the business over the last few years on the back of product breadth and service capabilities, establishing ourselves as a reliable Indian player. For the next phase of growth of this business it is imperative to have access to technology which RHI Magnesita, being a global leader, brings to the table. We believe our business can be optimally utilised to serve Indian customers by becoming a part of RHI Magnesita’s network.”

RHI Magnesita retained Deloitte Touche Tohmatsu India LLP as diligence advisor and Khaitan & Khaitan as legal advisors. DBRL was advised by Arpwood Capital as M&A advisor and Talwar Thakore & Associates as legal advisors.

A conference call with analysts will be hosted at 8:15am UK time on Monday 21 November 2022 to discuss the Acquisition:

Dial in (listen only)	UK 020 3936 2999 Austria 0800 802 898 International +44 20 3936 2999
Access code (listen only)	223157
Webcast and playback facility	LINK

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

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 13,500 employees in 29 main production sites 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 LN) 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

About RHI Magnesita India Limited

RHI Magnesita India Limited is a leading India-based supplier of high-grade refractory products, systems and solutions to the India and West Asia region, which are indispensable for industrial high-temperature processes exceeding 1,200°C in a wide range of industries including steel, cement, non-ferrous metals and glass. RHI Magnesita India Limited is listed on the Bombay Stock Exchange (stock code: 534076) and National Stock Exchange of India (symbol: RHIM NS) with ISIN INE743M01012. For more information please visit: www.rhimagnesitaindia.com

About Dalmia Bharat Refractories Limited

Established in 1954, Dalmia Bharat Refractories Limited (previously Shri Nataraj Ceramics and Chemical Industries Ltd.) is a leading India-based producer of high alumina refractory bricks for the Indian cement industry. DBRL provides a complete line of services including refractory design and layout for greenfield projects, refractory application and maintenance. DBRL offers end-to-end refractory products, solutions and services to customers in over 40 countries and is one of the oldest and leading suppliers of refractories to cement plants in India and the Middle East and North Africa region.

Definitions

“₹” and “€”	Indian Rupee and Euro. All currency conversions in this announcement have been made at an exchange rate of 82
“Acquisition”	The acquisition by RHI Magnesita India Limited of the refractory business of Dalmia Bharat Refractories Limited via a Share Swap Agreement with DOCL, in exchange for 27 million shares in RHI Magnesita India Limited
“Business Transfer Agreement”	Agreement dated 19 November 2022 between DBRL and DOCL for the transfer of the Indian refractory business of DBRL into DOCL
“CAGR”	Compound annual growth rate
“Consideration Shares”	27,000,000 new shares in RHI Magnesita India Limited to be issued to Dalmia Bharat Group pursuant to the Share Swap Agreement
“Dalmia Bharat Refractories” or “DBRL”	Dalmia Bharat Refractories Limited, a refractory business based in India which is a 75% owned subsidiary of the Dalmia Bharat Group
“DOCL”	Dalmia OCL Limited, a limited company incorporated in India. The Indian refractory business of DBRL will be transferred into DOCL under the terms of the Business Transfer Agreement, prior to the acquisition of DOCL by RHI Magnesita India Limited
“ktpa”	Kilotonnes per annum
“RHI Magnesita” or “the Company” or “the Group”	RHI Magnesita N.V. and its subsidiary companies

“Share Swap Agreement”

Agreement dated 19 November 2022 between RHI Magnesita India Limited and DOCL for the acquisition by RHI Magnesita India Limited of all outstanding shares in DOCL in exchange for the Consideration Shares

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.