

Creation of a Leading Refractory Company



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IN REFRACTORIES **RHI**

Transaction Highlights

Creation of a leading refractory company

Transaction Overview	<ul style="list-style-type: none"> • RHI AG (“RHI”) and the controlling shareholders of Magnesita Refratários S.A. (“Magnesita”) (“Magnesita’s Controlling Shareholders”) have reached an agreement to combine the operations of RHI and Magnesita • Accordingly, RHI’s Management Board has agreed to sign a share purchase agreement (“SPA”) with Magnesita’s Controlling Shareholders regarding the acquisition of a controlling stake of at least 46%, but no more than 50% plus one share of the entire share capital in Magnesita, pending RHI’s Supervisory Board approval • Consideration will consist of cash and newly issued RHI Magnesita shares • GP will become a relevant shareholder of the combined company
Strategic Rationale	<ul style="list-style-type: none"> • RHI Magnesita will be a leading refractory company with an enhanced growth profile due to improved regional presence and complementary asset portfolios
Organizational Changes	<ul style="list-style-type: none"> • RHI is envisaging to migrate to the Netherlands and subsequently to be listed on the London Stock Exchange while the combined company shall be named RHI Magnesita • The migration of RHI will be effected by RHI Magnesita becoming the ultimate holding company of RHI Group and the shareholders of RHI ceasing to hold shares in RHI and instead holding RHI Magnesita shares • RHI’s shares will cease to be listed on the Vienna Stock Exchange. The place of effective management of RHI Magnesita will be Austria • Corporate governance will be constituted on a one-tier board structure while GP will be represented on the board of directors
Tender Offer	<ul style="list-style-type: none"> • A subsequent mandatory tender offer will be launched as a result of which a maximum number of 5.4 million RHI Magnesita shares will be issued, bringing the total number of newly issued RHI Magnesita shares to up to 10.0 million • The Offer will include a cash-only alternative amounting to € 8.19 per Magnesita share (subject to certain adjustments according to SPA) • RHI may decide to combine the Offer with a delisting offer and/or a voluntary offer to exit Magnesita from the “Novo Mercado” listing segment • The Offer will follow applicable Brazilian laws and regulations.
Synergy Potential	<ul style="list-style-type: none"> • Expected minimum annual run-rate synergies on EBIT level of approx. € 36 million to be achieved by 2020 • Higher synergies of up to approx. € 72 million in case the ownership in Magnesita will further increase as a result of the Offer
Financial Outlook	<ul style="list-style-type: none"> • Increased financial targets reflecting the impact of the combination with Magnesita • RHI expects the combined company to generate fully consolidated revenues of € 2.6 billion to € 2.8 billion (previously € 2.0 billion to € 2.2 billion) with an operating EBIT margin of more than 12% (previously more than 10%) by 2020 due to planned synergies

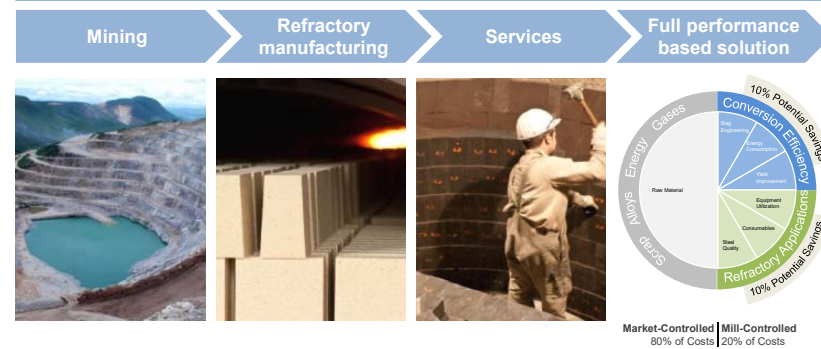
Magnesita Company Overview

A leading player in the global refractory industry

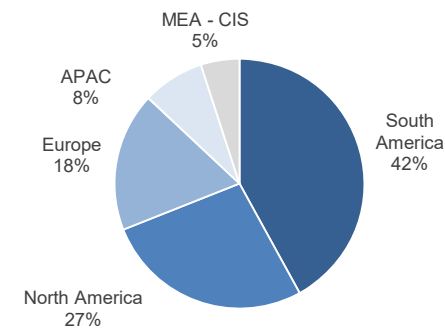
Key Highlights

- 3rd largest refractory producer and no. 1 player in South America
 - > Strong in steel in South America
 - > Strong in cement in South America
- No. 1 in dolomite products in North America and Western Europe
- More than 1,000 customers in approx. 100 countries
- Production and mining operations in 8 countries
 - > Argentina, Belgium, Brazil, China, France, Germany, Taiwan and the United States
- Revenues of US\$ 1.0 billion and Adjusted EBITDA⁽¹⁾ of US\$ 145 million in 2015
- Headquartered in São Paulo, Brazil and listed on the BM&FBovespa stock exchange

Fully Integrated Business Model



Revenue by Region (2015A)



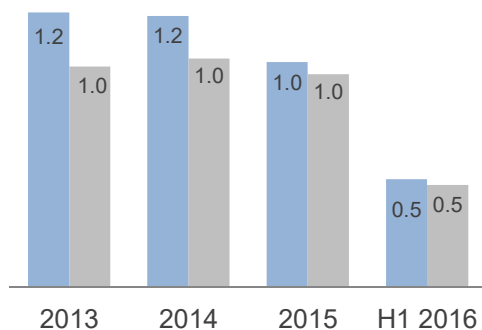
Source: Company information.
 Note: (1) Magnesita reported Adjusted EBITDA.

Magnesita Financial Overview

Solid operating performance (in US\$ million, except otherwise stated)

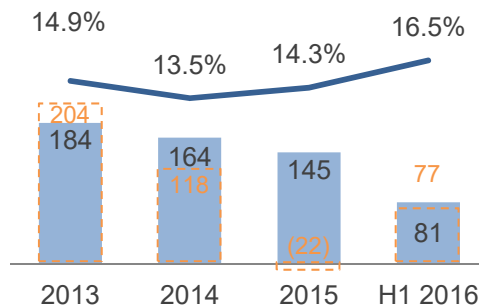
Revenue and Refractory Volume

Revenue (in US\$ billion) Volume (in million tons)

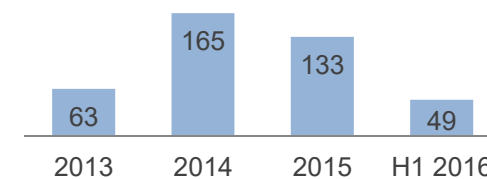


Adj. EBITDA and Margin⁽¹⁾

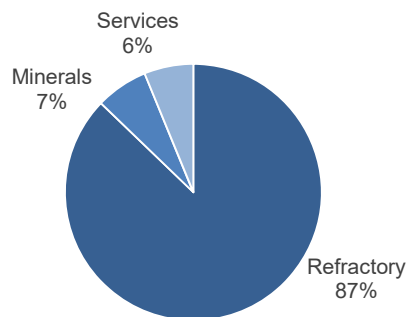
Adj. EBITDA Reported EBITDA



Operating Cash Flow⁽²⁾

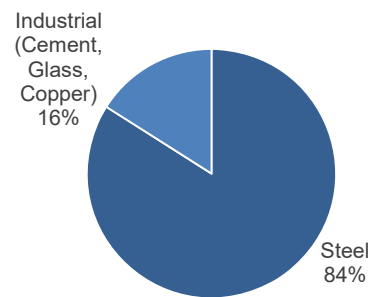


Total Revenue by Segment⁽³⁾



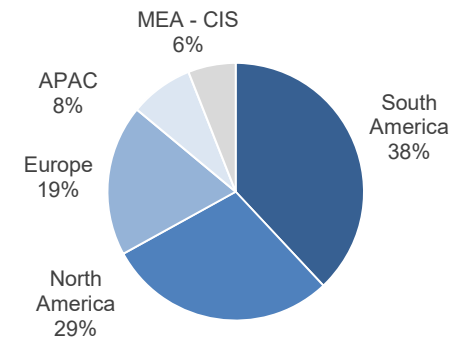
Total: US\$ 1.0 billion

Refractory Revenue by Industry⁽³⁾



Total: US\$ 883 million

Refractory Revenue by Geography⁽³⁾



Total: US\$ 883 million

Source: Company information.

Note: Magnesita figures converted at yearly average US\$/R\$ exchange rate 2013, 2014 and 2015 of 2.15, 2.36 and 3.34; H1 2016 as reported in US\$.

(1) Magnesita reported adjusted EBITDA. Excluding other income and expenses.

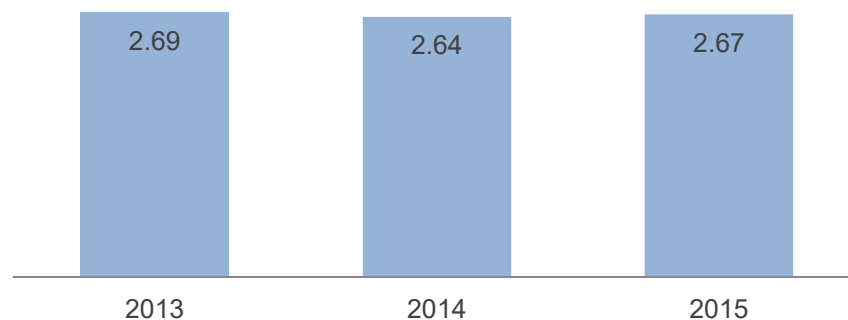
(2) Operating Cash Flow defined as Net Cash Flow from Operating Activities, converted at yearly average US\$/R\$ exchange rate 2013, 2014 and 2015 of 2.15, 2.36 and 3.34; H1 2016 as reported in US\$.

(3) As of 2015.

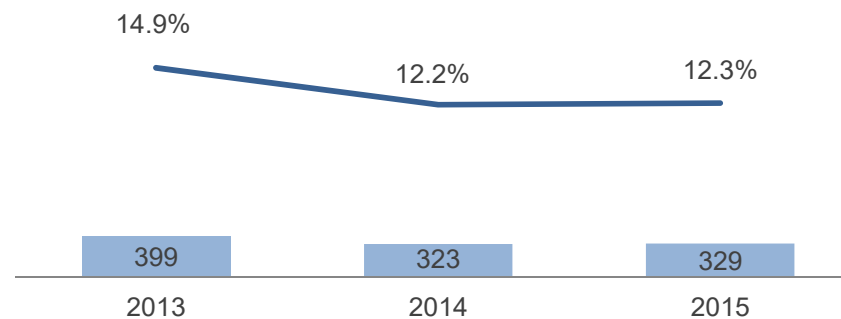
Pro-Forma Financial Results

Pro-forma for acquisition of 100% of Magnesita (Revenue in € billion, Adj. EBITDA in € million)

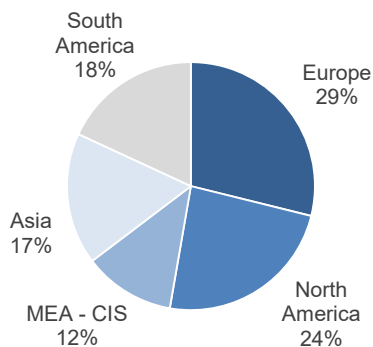
Combined Revenue



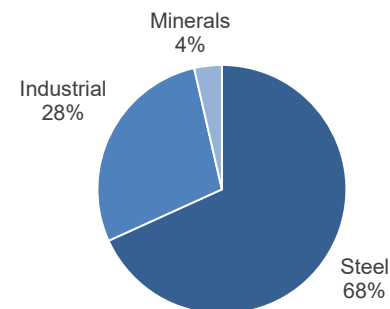
Combined Adj. EBITDA and Margin⁽¹⁾



Revenue by Region (2015)



Revenue by Segment (2015)⁽²⁾



Source: Company information.

Note: (1) Magnesita reported adjusted EBITDA and RHI reported EBITDA 2015 adjusted for negative effects on earnings related to a necessary change in the measurement of a long-term energy supply contract.

(2) Magnesita Service business allocated proportionally with 78% to Steel and 22% to Industrial. RHI raw materials revenue only accounts for external revenue and is included in Minerals within the PF analysis.

Rates: Magnesita figures converted at yearly average €/R\$ exchange rate 2013, 2014 and 2015 of 2.85, 3.12 and 3.70.

Strategic Rationale

Combination with Magnesita building on RHI's strategy formulated for 2020

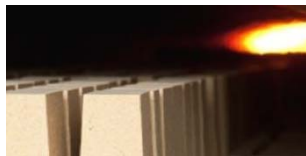
RHI Strategic Objectives for 2020	Combination with Magnesita
1 Selective business expansion with a focus on growth regions and attractive market niches	<ul style="list-style-type: none"> Enhance the growth profile of the combined company due to improved regional presence and complementary asset portfolio with high-quality magnesite and high value-added dolomite products
2 Differentiation through technology leadership and top-class service in strategic segments	<ul style="list-style-type: none"> Advantages through a distinctive service offering with focus on client performance
3 Alignment of the operating set-up to structural market changes	<ul style="list-style-type: none"> Strengthen geographic clusters of the combined company by adding production facilities in several markets where RHI and Magnesita on their own are lacking capacity
4 Raw material integration completed – focus on balancing in-house supply / external purchases	<ul style="list-style-type: none"> Retain raw material integration level and enhance flexibility

- The combination with Magnesita fully supports RHI's strategic objectives laid out for 2020
- The integration results in an improved financial outlook for the combined business

Strategic Rationale (Cont'd)

Tangible benefits as a result of the combination

1 Enhance Growth Profile



- Complementary asset portfolio based on high-quality magnesite and dolomite-based products
- Transaction to support regional growth in several markets, especially in South America, the United States and Asia
- Strengthening competitive position against consolidating Chinese refractory industry

2 Distinct Service Offer



- High level functional support on the ground locally
- On-site functional support with centralized solutions
- High quality brands, appreciated by clients

3 Strengthen RHI's Geographic Cluster



- Valuable assets to enhance the combined global footprint
- Economies of scale in important operational areas
- Increased proximity to customers

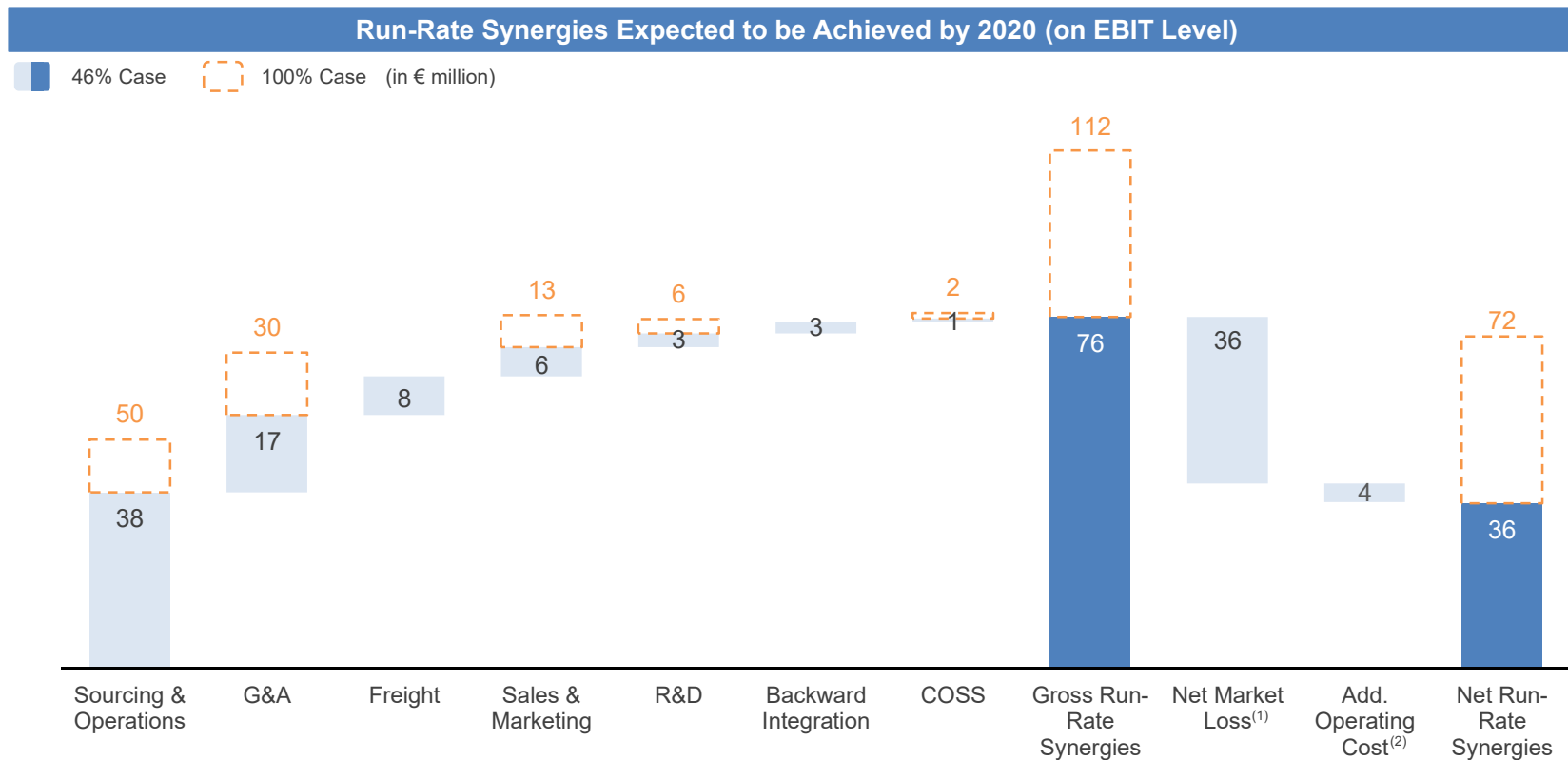
4 Retain Raw Material Integration



- Global mining network to smooth out demand volatility and reduce capital requirements as well as logistic costs
- Magnesita with significant value of reserves, with leading mines in Brazil (Brumado) and the United States (York)

Synergy Potential

Irrespective of ultimate ownership level significant synergy potential



Additional Synergies until 2020

- Annual Capex synergies of € 2 to € 7 million
- Aggregate working capital synergies of € 40 million

Implementation Costs until 2020

- Cash restructuring costs of € 50 to € 90 million
- Write-offs of € 20 to € 35 million

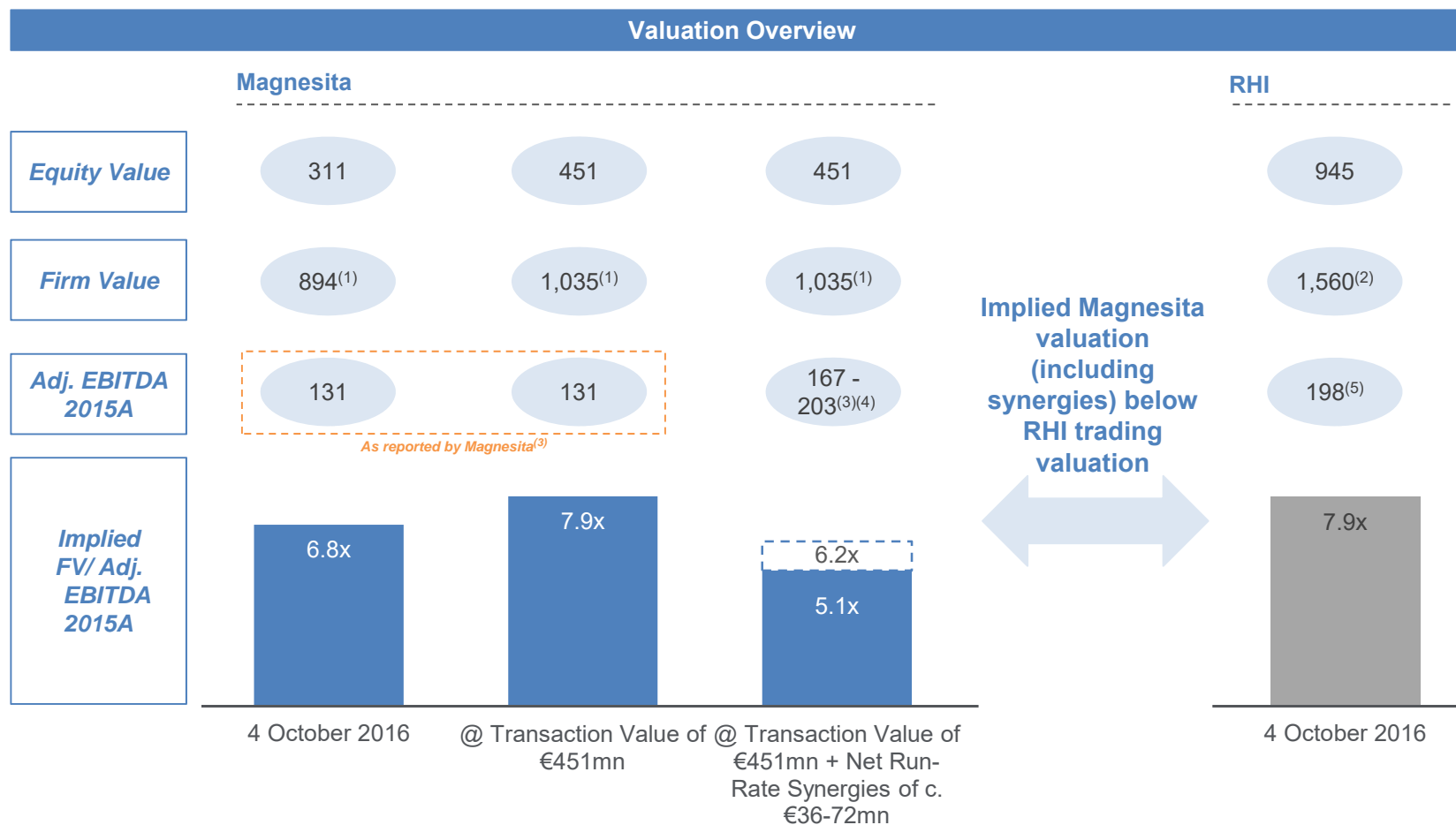
Source: Company information.

Note: (1) Net market loss due to customer overlap, netted against certain gross-selling revenue.

(2) Additional costs resulting from RHI Magnesita incorporation.

Valuation Overview

Attractive valuation considering significant synergy potential (in € million)



Source: Company information, Fact Set as per 4 October 2016.

Note: (1) FV adjusted for Net Debt of €491mn (Debt of €702mn less Cash and Cash Equivalents of €211mn), Investments of €2mn, Non Controlling Interest of €7mn and Pension Liabilities of €88mn as per H1 2016 – US\$/€: 0.90.

Note: (2) FV adjusted for Net Debt of €374mn (Debt of €530mn less Cash and Cash Equivalents of €156mn), Investments of €17mn, Non Controlling Interest of €14mn and Pension Liabilities of €244mn as per H1 2016 and AR 2015.

(3) Magnesita reported adjusted EBITDA converted at 2015 yearly average €/US\$ exchange rate of 1.11.

(4) Including run-rate synergies of €36-72 million allocated to 100% to Magnesita.

(5) RHI reported EBITDA adjusted for negative effects on earnings related to a necessary change in the measurement of a long-term energy supply contract.

Key Transaction Terms

Summary of key terms agreed by RHI and Magnesita

Offer Value and Consideration	<ul style="list-style-type: none"> • Offer value of € 208 million for 46% of Magnesita's equity capital¹ based on RHI's six-month volume-weighted average price of € 19.52 as of 4 October 2016, consisting of a stock consideration of 4.6 million RHI Magnesita shares and cash amounting to € 118 million • Implied value of € 451 million for 100% of Magnesita's equity 45% above Magnesita's market capitalization as of 4 October 2016¹
Conditions Precedent	<ul style="list-style-type: none"> • The completion of the Transaction is amongst other subject to: <ol style="list-style-type: none"> i. Approvals by the relevant competition authorities, ii. Migration of RHI to the Netherlands, iii. Listing of RHI Magnesita in the premium segment of the Official List on the Main Market of the London Stock Exchange, iv. RHI's shareholders not having exceeded statutory withdrawal rights in an amount of more than € 70 million in connection with organizational changes preceding RHI's migration from Austria
Break Fee	<ul style="list-style-type: none"> • Maximum aggregate break fee of up to € 20 million payable to the Magnesita's Controlling Shareholders in case the Transaction is terminated for reasons not under the control of Magnesita's Controlling Shareholders
Financial Terms	<ul style="list-style-type: none"> • Purchase Price to be financed by a combination of i) the issuance of new RHI Magnesita shares, and ii) additional debt • Magnesita continues to finance itself on a standalone basis without credit support from RHI Group • Before or at completion of the Transaction, Magnesita is expected to adopt RHI's accounting practices, which, according to RHI, could lead to significant, however substantially non-cash adjustments in Magnesita's equity book value
New RHI Shares	<ul style="list-style-type: none"> • Maximum number of 10 million shares to be issued by RHI Magnesita to Magnesita's Shareholders <ul style="list-style-type: none"> • Controlling Shareholders to receive 4.6 million RHI Magnesita shares in the 46% acquisition • Up to 5.4 million shares to be offered to Magnesita's other shareholders in mandatory tender offer • If some or all of Magnesita's other shareholders elect not to receive RHI Magnesita shares in the Offer, the Controlling Shareholders have committed to purchase at least 1.9 million and up to 3.4 million additional new RHI Magnesita shares, thereby increasing their total number of RHI Magnesita shares to a maximum of 8.0 million • Any RHI Magnesita shares that are not taken up by Magnesita's shareholders in the Offer may be either placed into the market or with institutional investors • Lock-up period of a minimum of 12 months applies to all RHI Magnesita shares issued

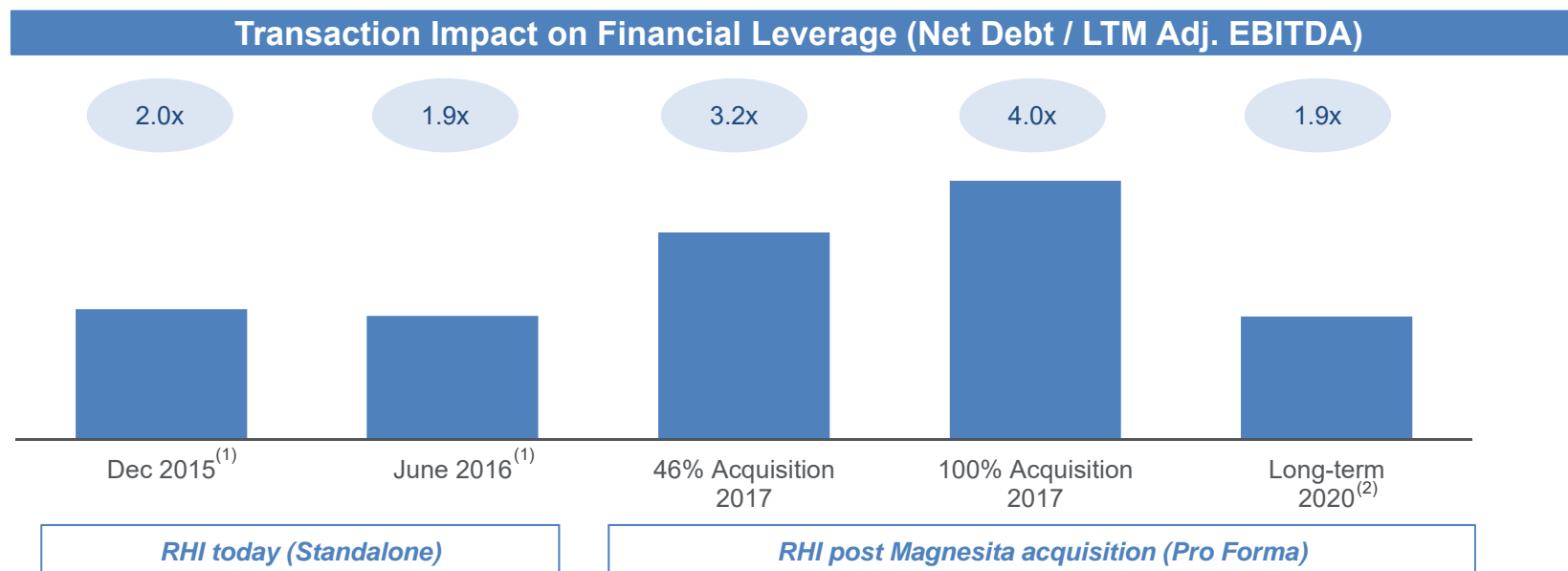
Key Transaction Steps

Magnesita acquisition to be followed by a mandatory tender offer



Financial Leverage and Dividend Payment Outlook

RHI with improving financial profile over time



Dividend Payment Outlook

- Stable dividend payout in line with previous years expected for 2017 and 2018
- Increase in dividend payments expected in the mid-to long-term, in line with stronger cash generation of the combined company due to synergies, growth and de-leveraging

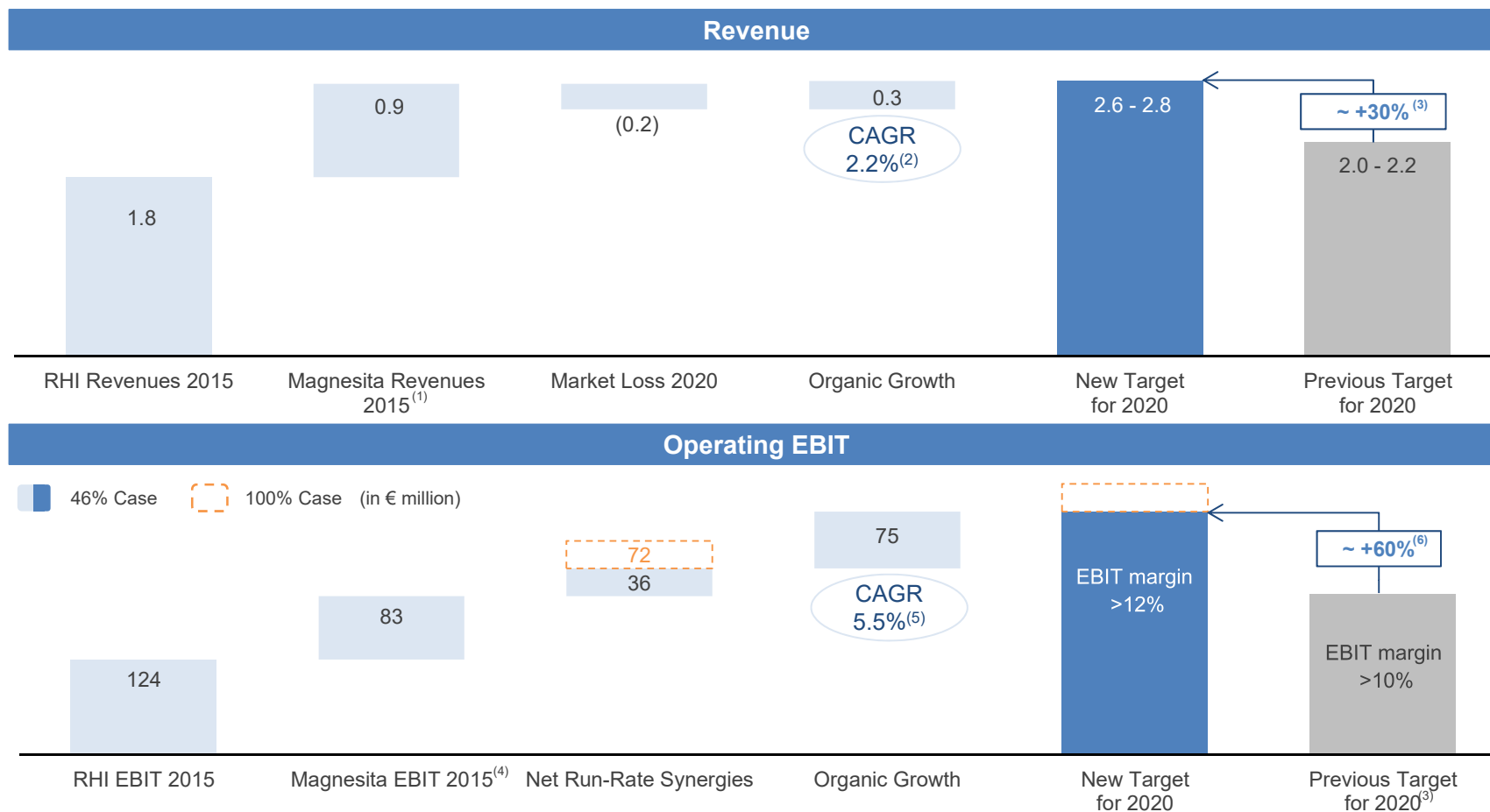
Source: Company information.

Note: (1) RHI reported EBITDA 2015 adjusted for negative effects on earnings related to a necessary change in the measurement of a long-term energy supply contract.

(2) Reflecting full net run-rate synergies of €72mn in 100% Acquisition case.

Update on Strategy 2020

Strongly improved outlook for the combined business (Revenue in € billion, EBIT in € million)



Source: Company information.

Note: (1) Magnesita Revenues 2015 converted at yearly average €/US\$ exchange rate of 1.11.

(2) Implied CAGR based on 2015PF combined revenues including expected market loss in 2020 and new revenues target for 2020.

(3) Assuming a new revenue target of €2.7bn and a previous target of €2.1bn, i.e. mid-point comparison conducted.

(4) Magnesita EBIT 2015 equals reported adjusted EBITDA less Depreciation and Amortization – Figures converted at yearly average €/BRL exchange rate of 3.70.

(5) Implied CAGR based on 2015PF combined EBIT including €36 million net run-rate synergies and new EBIT target for 2020.

(6) Based on implied EBIT values and assuming a previous EBIT target margin of 10%. Mid-point comparison conducted.

Annex

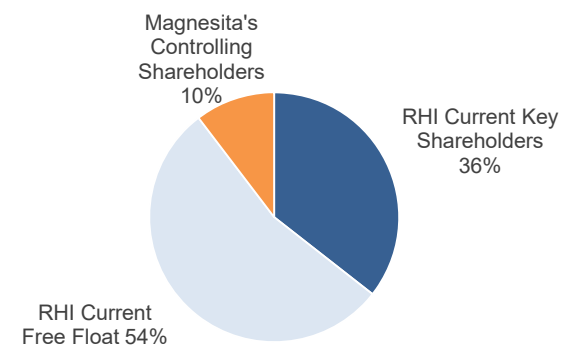
Annex

Organizational Changes and PF Ownership Structure

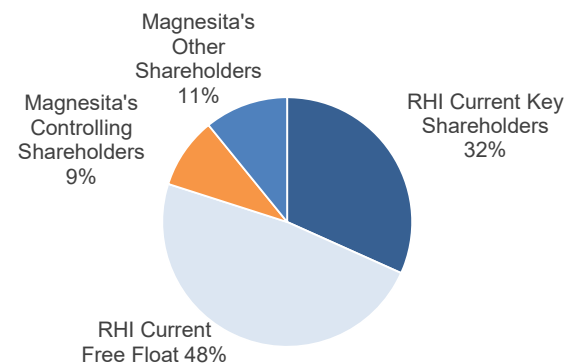
Key RHI Organizational Changes

- 1 RHI to incorporate a wholly-owned direct subsidiary in Austria (RHI AT)
- 2 RHI to incorporate a wholly-owned direct subsidiary in the Netherlands (RHI NL)
- 3 Transfer of all of RHI's assets, including all of the shares in each of its direct subsidiaries, to RHI AT
- 4 Merger by absorption between RHI and RHI NL (Migration to the Netherlands)
- 5 Listing in London and delisting of RHI in Austria
- 6 Issuance of up to 10 million new shares

PF Ownership post 46% Acquisition⁽¹⁾



PF Ownership post Tender Offer⁽²⁾



Source: Company information.

Note: (1) Assuming 4.6 million RHI Magnesita shares issued to Magnesita's Controlling Shareholders and the same number of shares outstanding for RHI Magnesita as RHI.

(2) Assuming 4.6 million RHI Magnesita shares issued to Magnesita's Controlling Shareholders and 5.4mn to all other Magnesita shareholders and the same number of shares outstanding for RHI Magnesita as RHI.

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