

## **Quarterly Financial Information**

### **Magnesita Refratários S.A.**

March 31, 2015  
with Independent Auditor's Report

## MAGNESITA ANNOUNCES ITS 1Q15 RESULTS

Contagem, Brazil – May 14<sup>th</sup>, 2015 – MAGNESITA REFRAATÓRIOS S.A. (BM&FBOVESPA, Novo Mercado: MAGG3 | ADR Level 1 (OTCQX): MFRSY) announces today its results for the first quarter of 2015 (“1Q15”). Unless otherwise indicated, the Company’s operational and financial information are presented in consolidated form, in millions of Reais (R\$), and in accordance with Brazilian corporate law.

### MAIN INDICATORS

In R\$ million, unless otherwise indicated	Trimestre			Variação %		LTM Acumulado		Var. %
	1T15 (a)	4T14 (b)	1T14 (c)	(a/b)	(a/c)	1T15 (d)	1T14 (e)	d/e
Refractories volume ('000 tons)	255.7	251.0	254.4	1.9%	0.5%	1,035.7	1,002.4	3.3%
Net operating revenues	806.2	717.8	719.4	12.3%	12.1%	2,958.8	2,752.9	7.5%
Gross profit	268.5	201.3	231.1	33.4%	16.2%	920.0	885.2	3.9%
Gross margin (%)	33.3%	28.0%	32.1%	530 pb	120 pb	31.1%	32.2%	-110 pb
EBIT	90.8	-59.3	63.4	n/a	43.4%	158.0	288.7	-45.3%
<b>EBITDA</b>	<b>131.3</b>	<b>-17.2</b>	<b>98.5</b>	<b>n/a</b>	<b>33.3%</b>	<b>310.0</b>	<b>420.9</b>	<b>-26.4%</b>
EBITDA margin (%)	16.3%	-2.4%	13.7%	n/a	260 pb	10.5%	15.3%	-480 pb
<b>EBITDA ex. ore<sup>1</sup></b>	<b>141.5</b>	<b>81.0</b>	<b>103.7</b>	<b>74.8%</b>	<b>36.5%</b>	<b>424.6</b>	<b>384.8</b>	<b>10.3%</b>
EBITDA ex-ore margin (%)	17.6%	11.3%	14.4%	630 pb	310 pb	14.3%	14.0%	40 pb
Net income	-26.8	-76.4	-16.6	-64.9%	61.6%	-107.2	15.5	n/a
Net margin (%)	-3.3%	-10.6%	-2.3%	730 pb	-100 pb	-3.6%	0.6%	n/a
Earnings per share (R\$/share) <sup>2</sup>	-0.10	-0.26	-0.06	-63.5%	65.4%	-0.37	0.05	n/a

<sup>1</sup>Excluding other operating revenues / expenses

<sup>2</sup>EPS considers the weighted amount of shares in the period - shares held in treasury

### 1Q15 Earnings Conference Call: Friday, May 15<sup>th</sup>, 2015

#### In English, with simultaneous translation to Portuguese

11 am (Brasília time): +55 11 2188 0155 (Brazil)\*

10 am (New York time): +1 646 843 6054 (United States)

3 pm (London time): +44 203 051 6929 (Other countries)

**Password: Magnesita**

\*In the above dial-in, the participant will be directed automatically to the original audio in English. In case you would like to hear the audio in Portuguese (simultaneous translation), please ask the operator.

Webcast (English): [cast.comunique-se.com.br/magnesita/1Q15](http://cast.comunique-se.com.br/magnesita/1Q15)

Webcast (Portuguese): [cast.comunique-se.com.br/magnesita/1T15](http://cast.comunique-se.com.br/magnesita/1T15)

#### Investor Relations contacts

Eduardo Gotilla – CFO e IRO

Daniel Domiciano – Investor Relations Manager

Lucas Veiga – Investor Relations Analyst

Phone: +55 11 3152 3237 / 3241 / 3202

[ri@magnesita.com](mailto:ri@magnesita.com)

[www.magnesita.com/ri](http://www.magnesita.com/ri)

## Message from the CEO

*"In 2015 we started the third year of execution of our new long term strategic plan, with the conviction we are on track to deliver sustainable business growth and value to our shareholders. One of the core pillars of our strategy is to gain share in markets where we have competitive advantages and can deliver superior value to our customers. Since the beginning of the plan in 2013, our refractory volume sold has grown more than 7%, despite stagnant steel production in our established markets. We delivered significant sales expansion in the Americas and in selected markets in Asia and the Middle East.*

*In the 1Q15, despite an adverse economic backdrop in our established markets, with steel imports reaching record highs in the US, recession and inflation in Brazil, and low growth in Western Europe, the latter also facing increased steel imports, we had a quite satisfactory performance, with sales and EBITDA<sup>1</sup> reaching R\$806.2 million and R\$141.5 million, respectively.*

*The 17.6% EBITDA margin in the 1Q15, 310 basis-points above the previous year, reflects a better mix, with higher sales to the industrial sector; the positive impact of exchange rate, since we have disproportionately higher costs than revenues in Reais; greater fixed costs dilution, as a consequence of higher volume sold; higher minerals sales, and finally; efficiency gains in our mining and refractories operations, also a key pillar of our strategy.*

*Despite the positive start, we are cautious with the next quarters due the challenging macroeconomic picture. Steel production has successively declined in our established markets. We should face a tough year in Brazil, with recession, tax increases, inflationary pressures, in addition to capacity shut-downs. Moreover, we should continue dealing with uncertain prospects in the United States and Europe due to the increase of steel imports and the ensuing lower steel production.*

*Despite the uncertainties, we remain focused on the execution of our strategic plan. We are quite confident that we will continue to grow above steel production growth, with greater geographic diversification, and with the conviction that our current global market share is below our potential. Furthermore, in 2015 we will continue focused on cost control, improving operational efficiency and cash generation."*

Octavio Pereira Lopes

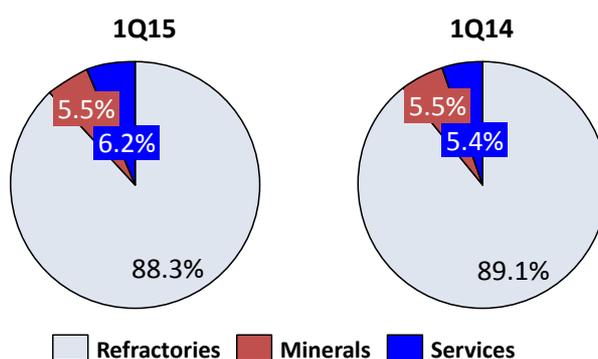
<sup>1</sup>EBITDA excluding other operating income and expenses

## CONSOLIDATED OPERATIONAL AND FINANCIAL PERFORMANCE

### REVENUE AND VOLUME

Segment	Quarter			Var. %		LTM Accumulated		Var. %
	1Q15 (a)	4Q14 (b)	1Q14 (c)	(a/b)	(a/c)	1Q15 (d)	1Q14 (e)	d/e
<b>Refractory Solutions</b>								
Volume ('000 tons)	255.7	251.0	254.4	1.9%	0.5%	1,035.7	1,002.4	3.3%
Revenues (R\$ million)	712.1	642.6	641.1	10.8%	11.1%	2,633.1	2,430.2	8.3%
<b>Industrial Minerals</b>								
Revenues (R\$ million)	44.1	32.3	39.4	36.6%	11.8%	149.6	169.8	-11.9%
<b>Services</b>								
Revenues (R\$ million)	50.0	43.0	38.9	16.3%	28.7%	176.2	130.8	34.7%
<b>TOTAL</b>								
Revenues (R\$ million)	806.2	717.8	719.4	12.3%	12.1%	2,958.8	2,730.8	8.4%

Percentage of revenue by segment



### RESULT ANALYSIS BY SEGMENT

#### Refractory solutions - Total

Refractories sales reached R\$712.1 million in the 1Q15, up 11.1% when compared to the 1Q14 and 10.8% when compared to the 4Q14. Volume sold expanded by 0.5% and 1.9% in comparison to the 1Q14 and 4Q14, respectively. However, revenue growth reflects mostly the Real devaluation against the U.S. Dollar, since roughly 50% of Magnesita's sales are U.S. Dollar denominated.

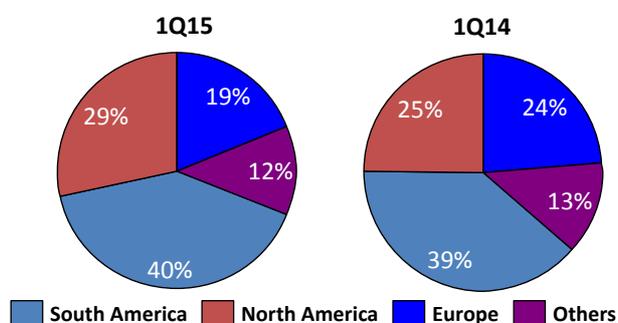
In the Last Twelve Months ("LTM") ended in the 1Q15, refractories sales reached R\$2,633.1 million, up 8.3% when compared to the 1Q14 LTM. The growth reflects the 3.3% volume expansion, both in steel and industrial, in addition to the currency translation effect on sales in foreign currency.

Refractory Solutions	Quarter			Var. %		LTM Accumulated		Var. %
	1Q15 (a)	4Q14 (b)	1Q14 (c)	(a/b)	(a/c)	1Q15 (d)	1Q14 (e)	d/e
Volume ('000 tons)	255.7	251.0	254.4	1.9%	0.5%	1,035.7	1,002.4	3.3%
Revenues (R\$ million)	712.1	642.6	641.1	10.8%	11.1%	2,633.1	2,430.2	8.3%

It is worth mentioning sales performance in North America, which accounted for 29% of the total sales in this quarter 1Q15, compared to 25% in the 1Q14 and 23% in the 1Q13.

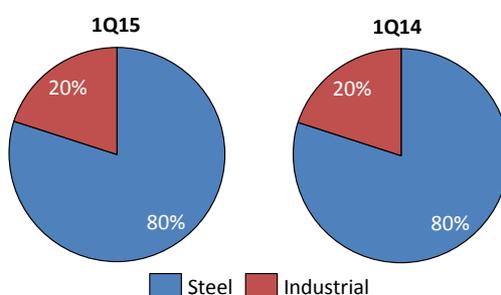
Despite the steady growth of sales in Brazil, the current participation of this market declined to approximately 30% of the total refractory sales, and refractory sales to the Brazilian steel industry dropped to around 20% of the total sales. The higher growth in other regions and the Real devaluation continue diluting Brazil's share in Magnesita's total sales.

#### Refractory sales per region (in R\$)



The first quarter of the year is seasonally the strongest quarter for industrial sales, as cement kilns relining are concentrated during this period. In the 1Q15, the proportion of sales between steel and industrial was in line with the 1Q14; however, when compared to the 4Q14, the industrial sales participation increased substantially due to this seasonality. In the 1Q15 LTM period, the ratio of sales to steel and industrial was 83.3% and 16.7%, respectively, compared to 82.6% and 17.4% in the 1Q14 LTM.

#### Refractories sales by segment(R\$)



### Refractory Solutions - Steel Industry

According to the World Steel Association, global steel production in the 1Q15 decreased by

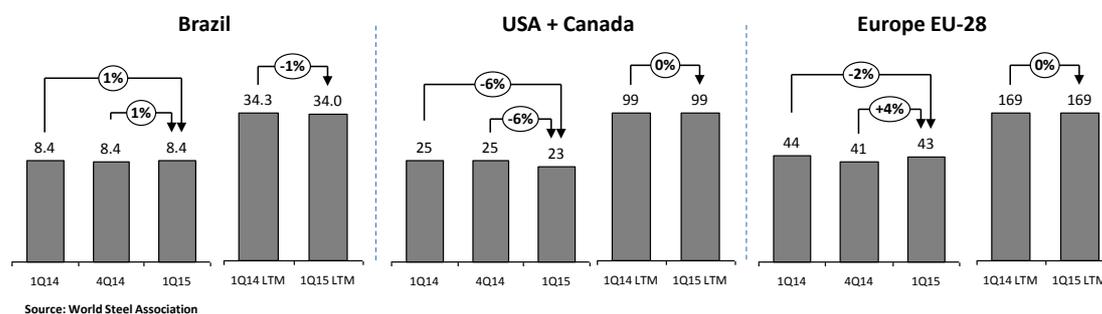
1.3% compared to the 1Q14, reaching 399.5 million tonnes. In Magnesita's established markets (Brazil, US & Canada and Western Europe), production dropped by 2.7% in comparison to the 1Q14, and remained stable (+0.3%) compared to the 4Q14.

The US economy is gaining momentum in tandem with U.S. Dollar strengthening. Thus, steel-producing countries, especially from emerging markets, have gained competitiveness and began to export more steel to the United States. Imported steel reached 34% market share in the 1Q15, the highest level ever, compared to 28% in 2014, which was already a record, and 23% in 2013. As a result, capacity utilization decreased to 69%, the lowest level since 2009. In the 1Q15, steel production in the country decreased by 7.2% and 8.0% when compared to the 1Q14 and 4Q14, respectively.

In Brazil, economic activity remains weak. According to IBGE (the Brazilian Institute of Geography and Statistics), industrial production in the first quarter fell by 5.9% when compared to the same period of last year, the largest drop since the third quarter of 2009. One of the most dramatic situations was in the automotive industry, with a 20% decline. Other steel-intensive industries also faced significant downturns in the period. In the first quarter of the year, production of capital goods dropped by 18.0% and durable goods, 15.8%. Moreover, the country has been dealing with increasing unemployment and inflation rates. The aspired fiscal adjustment being implemented by the new economic team, coupled with higher interest rates attempting to curb inflation, should continue putting pressure on the country's economic activity. In the 1Q15 the Real also experienced a sharp devaluation against the U.S. Dollar. U.S. Dollar appreciation in the period (+20%) contributed to increase steel exports from Brazil, which partially compensated weak domestic demand. In the 1Q15, steel production remained flat when compared to the 1Q14 and 4Q14 (+0.6% compared to 1Q14 and +0.7% compared to 4Q14, according to IABr – the Brazilian Steel Institute – data).

In the European Union, leading economic indicators have shown improvement. The Euro devaluation against the U.S. Dollar, coupled with the drop in oil prices, renewed prospects for more robust GDP growth in 2015. However, the region has also faced higher steel imports, mainly from China and Russia. Steel production in the 1Q15 fell by 1.6% against the previous year, despite the 4.2% increase compared to the 4Q14. In the end of March, the government imposed anti-dumping measures against imports of stainless steel cold rolled flat products from China and Taiwan. This measure might bring relief for the stainless steel producers in the region, a segment where Magnesita is the leading refractory supplier.

### Steel production in Magnesita's established markets (million tonnes)



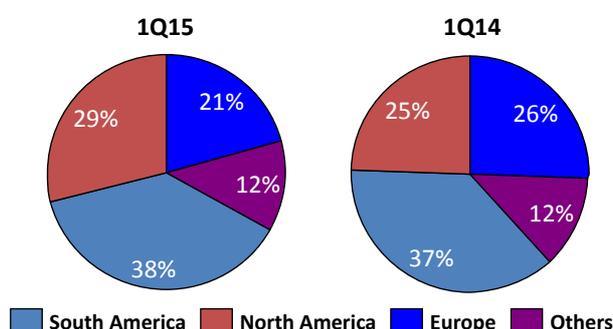
Despite the 2.7% drop in steel production in Magnesita's established markets, refractories sales to the steel industry declined by just 0.8% in the 1Q15, which once again reflects market share gains both in established and growth markets. It is worth highlighting the performance in North America, with sales expansion both in the traditional segments for Magnesita, like mini-mills and stainless steel mills, and in new markets and segments, like the integrated mills and Mexico, where the Company has been growing consistently over the past two years. On the other hand, sales declined in Western Europe, due to the lower steel production in the period. Sales also decrease in South America outside Brazil, mainly due to the higher steel imports in the region. In Argentina and Colombia, the two main markets for Magnesita in the region, the steel production fell by 14.9% and 5.9%, respectively, compared to the previous year.

Refractory Solutions - Steel	Quarter			Var. %		LTM Accumulated		Var. %
	1Q15 (a)	4Q14 (b)	1Q14 (c)	(a/b)	(a/c)	1Q15 (d)	1Q14 (e)	d/e
Volume ('000 tons)	209.7	216.6	211.4	-3.2%	-0.8%	881.3	851.8	3.5%
Revenues (R\$ million)	570.5	544.6	515.6	4.8%	10.6%	2,193.9	2,006.3	9.4%

In the last twelve months ended in the 1Q15, sales volume to steel increased by 3.5%, despite stagnant steel production (-0.1%) in the established markets. Growth derived both from established and growth markets. In the established markets, the highlight was performance in the US and Canada, and Brazil. In growth markets, the Company outperformed in virtually all the regions: U.S. integrated mills, Mexico, Middle East & Africa, Eastern Europe and Asia. South America outside Brazil was the only region where sales disappointed, explained primarily by Venezuela, where sales dropped by 85% in the 1Q15 LTM versus 1Q14 LTM. Excluding the effect from Venezuela, sales in the region grew by 9% in the period.

Regarding sales by geography, South America remains the largest region; however North America has been gaining more relevance, reaching 29% in the 1Q15.

### Refractory Sales to Steel segment by region (R\$)



Revenue to the steel industry amounted to R\$570.5 million, up 10.6% compared to the 1Q14, mainly explained by the currency translation effect on U.S. Dollar denominated sales. Compared to the 4Q14, despite the 3.2% decline in sales volume, revenue grew by 4.8%, also explained by the effect of exchange rate translation on sales in foreign currency, given the strong Real devaluation in the period.

In the 1Q15 LTM, revenue reached R\$2,193.9 million, up 9.4% compared to the 1Q14 LTM. This growth reflects the 3.5% volume increase and the currency translation effect on sales in U.S. Dollar.

### Refractory Solutions - Industrial

Sales to the industrial segment are seasonally stronger in the first quarter due to higher concentration of cement kilns relining during this period. In the 1Q15, sales volume rose by 7.1% compared to the 1Q14, with growth in both established and growth markets. In established markets, the highlight was the performance in the cement and lime industries in Brazil, and the cement, lime and non-ferrous industries in North America. In growth markets, the highlight was the South America outside Brazil where sales grew by 25.9% compared to the 1Q14, driven by higher sales to the cement industry in Argentina and the nickel industry in Colombia. Additionally, volume sold in the Middle East & Africa grew by 32.9% compared to the 1Q14.

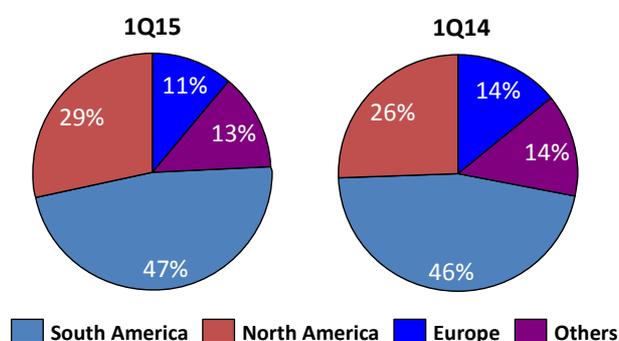
In the LTM ended in the 1Q15, sales volume grew by 2.5% when compared to 1Q14 LTM, driven mostly by sales expansion in Brazil, Western Europe and the Middle East & Africa.

Refractory Solutions - Industrial	Quarter			Var. %		LTM Accumulated		Var. %
	1Q15 (a)	4Q14 (b)	1Q14 (c)	(a/b)	(a/c)	1Q15 (d)	1Q14 (e)	d/e
Volume ('000 tons)	46.0	34.4	43.0	33.8%	7.1%	154.4	150.6	2.5%
Revenues (R\$ million)	141.6	98.0	125.5	44.5%	12.9%	439.2	423.9	3.6%

Revenue from the industrial segment amounted to R\$141.6 million in the quarter, up 12.9% when compared to 1Q14, driven by 7.1% volume growth as well as the currency translation

effect on U.S. Dollar denominated sales. In 1Q15 LTM, revenue grew by 3.6%, also due to volume expansion and the exchange rate.

#### Refractory Sales to Industrial segment by region (R\$)



### Industrial Minerals

Industrial Minerals	Quarter			Var. %		LTM Accumulated		Var. %
	1Q15 (a)	4Q14 (b)	1Q14 (c)	(a/b)	(a/c)	1Q15 (d)	1Q14 (e)	d/e
Revenues (R\$ million)	44.1	32.3	39.4	36.6%	11.8%	149.6	169.8	-11.9%

Mineral sales reached R\$44.1 million in the quarter, up 11.8% compared to the 1Q14 and 36.6% compared to the 4Q14. This increase was mostly driven by higher magnesite sinter (“DBM”) sales, reflecting efficiency gains in Brumado and resulting increase in the surplus of sinter available for sale. Higher chromite sales and the exchange rate translation effect also contributed to revenue growth in the quarter. These effects offset the decline in talc sales, dragged down by the slump in the Brazilian automotive industry, the main customer for this product.

In the 1Q15 LTM period, revenue reached R\$149.6 million, down 11.9% when compared to 1Q14 LTM. This decrease reflects lower sinter sales, as the Company carried out many maintenance stoppages in Brumado in 2014. The drop in talc and chromite sales also contributed to a decrease in revenues for the period.

### Services

Services	Quarter			Var. %		LTM Accumulated		Var. %
	1Q15 (a)	4Q14 (b)	1Q14 (c)	(a/b)	(a/c)	1Q15 (d)	1Q14 (e)	d/e
Revenues (R\$ million)	50.0	43.0	38.9	16.3%	28.7%	176.2	130.8	34.7%

Revenue from the services segment amounted to R\$50.0 million in the quarter, up 28.7% and 16.3% compared to the 1Q14 and 4Q14, respectively. This growth is due to the significant

increase in services rendered to the cement industry in Brazil, the substantial amount of spot services, and the business development in North America and South America. Magnesita continues to expand and to diversify its service business. The Brazilian steel industry, which accounted for almost 100% of service revenues in the past, represented only 54% in the 1Q15.

In the 1Q15 LTM period, revenue from services totaled R\$176.2 million, up 34.7% compared to 1Q14 LTM, also explained by the growth in the industrial sectors, especially cement, in addition to the geographic expansion in the Americas.

## GROSS PROFIT AND GROSS MARGIN

### Consolidated

Consolidated	Quarter			Var. %		LTM Accumulated		Var. %
	1Q15 (a)	4Q14 (b)	1Q14 (c)	(a/b)	(a/c)	1Q15 (d)	1Q14 (e)	d/e
Revenues (R\$ million)	806.2	717.8	719.4	12.3%	12.1%	2,958.8	2,730.8	8.4%
Gross profit (R\$ million)	268.5	201.3	231.1	33.4%	16.2%	920.0	881.2	4.4%
Gross margin (%)	33.3%	28.0%	32.1%	530 bp	120 bp	31.1%	32.3%	-120 bp

### By segment

### Refractory Solutions

Refractory Solutions	Quarter			Var. %		LTM Accumulated		Var. %
	1Q15 (a)	4Q14 (b)	1Q14 (c)	(a/b)	(a/c)	1Q15 (d)	1Q14 (e)	d/e
Volume ('000 tons)	255.7	251.0	254.4	1.9%	0.5%	1,035.7	1,002.4	3.3%
Revenues (R\$ million)	712.1	642.6	641.1	10.8%	11.1%	2,633.1	2,430.2	8.3%
Gross profit (R\$ million)	242.5	183.5	212.2	32.2%	14.3%	831.2	796.6	4.3%
Gross margin (%)	34.1%	28.5%	33.1%	550 bp	90 bp	31.6%	32.8%	-120 bp

Gross margin for the refractory segment reached 34.1% in the quarter, compared to 33.1% in the 1Q14 and 28.5% in the 4Q14. Compared to the previous year this expansion was driven by: i) exchange rate effect on sales in foreign currency, since Magnesita has disproportionately higher costs than revenues in Reais; ii) continuous fixed costs dilution as a consequence of sales growth; iii) better mix, with higher sales to industrial clients.

Compared to the 4Q14, the 550 bps expansion reflects mainly the improved sales mix, with industrial reaching 19.9% of refractories sales in the 1Q15, compared to 15.3% in the 4Q14. The exchange rate effect also contributed to the margin improvement.

In the 1Q15 LTM period, refractory gross margin stood at 31.6%, against 32.8% in the 1Q14 LTM.

## Industrial Minerals

Industrial Minerals	Quarter			Var. %		LTM Accumulated		Var. %
	1Q15 (a)	4Q14 (b)	1Q14 (c)	(a/b)	(a/c)	1Q15 (d)	1Q14 (e)	d/e
Revenues (R\$ million)	44.1	32.3	39.4	36.6%	11.8%	149.6	169.8	-11.9%
Gross profit (R\$ million)	13.9	10.8	12.3	29.2%	13.2%	50.2	64.3	-21.8%
Gross margin (%)	31.6%	33.4%	31.2%	-180 bp	40 bp	33.6%	37.8%	-430 bp

Gross margin for the minerals segment ended the quarter at 31.6%, 40 bps higher than the 1Q14 and 180 bps lower than the 4Q14. Despite the higher DBM sales in the quarter, as already explained, there was a decline in talc sales. Additionally, talc margin for this quarter was affected by mix, with lower sales of high value-added products to the automobile industry in Brazil, as explained above.

In the LTM comparison, margin decreased by 430 bps, mainly driven by the decline in DBM margin, due to lower international prices and higher fuel cost in 2014. Finally, the lower margin from talc sales, as explained before, also had negative impacts.

## Services

Services	Quarter			Var. %		LTM Accumulated		Var. %
	1Q15 (a)	4Q14 (b)	1Q14 (c)	(a/b)	(a/c)	1Q15 (d)	1Q14 (e)	d/e
Revenues (R\$ million)	50.0	43.0	38.9	16.3%	28.7%	176.2	130.8	34.7%
Gross profit (R\$ million)	12.1	7.1	6.6	71.5%	84.3%	38.6	20.3	89.6%
Gross margin (%)	24.2%	16.4%	16.9%	780 bp	730 bp	21.9%	15.6%	630 bp

Services gross margin reached 24.2% in the 1Q15, compared to 16.9% and 16.4% in the 1Q14 and 4Q14, respectively. The 1Q15 margin was positively impacted by the higher amount of spot services with atypical margins.

In the LTM comparison, services margin grew by 630 bps, reaching 21.9% in 1Q15. In the period, the Company concentrated two quarters (1Q15 and 3Q14) with a large amount of spot services with atypical margins.

## SELLING, GENERAL AND ADMINISTRATIVE EXPENSES (SG&A)

SG&A	Quarter			Var. %		LTM Accumulated		Var. %
	1Q15 (a)	4Q14 (b)	1Q14 (c)	(a/b)	(a/c)	1Q15 (d)	1Q14 (e)	d/e
Revenues (R\$ million)	806.2	717.8	719.4	12.3%	12.1%	2,958.8	2,752.9	7.5%
Operating expenses	-167.9	-162.9	-162.6	3.1%	3.3%	-649.0	-633.1	2.5%
% on sales	20.8%	22.7%	22.6%	-190 bp	-180 bp	21.9%	23.0%	-110 bp
G&A	-61.2	-60.8	-56.3	0.6%	8.7%	-240.0	-241.2	-0.5%
% on sales	7.6%	8.5%	7.8%	-90 bp	-20 bp	8.1%	8.8%	-70 bp
Selling expenses	-106.8	-102.0	-106.2	4.6%	0.5%	-409.0	-391.9	4.4%
% on sales	13.2%	14.2%	14.8%	-97 bp	-152 bp	13.8%	14.2%	-40 bp
Freight	-45.2	-44.3	-47.6	2.0%	-5.1%	-179.0	-167.9	6.6%
% on sales	5.6%	6.2%	6.6%	-56 bp	-101 bp	6.0%	6.1%	-10 bp
Other selling expenses	-61.6	-57.7	-58.6	6.6%	5.0%	-230.1	-224.0	2.7%
% on sales	7.6%	8.0%	8.1%	-41 bp	-51 bp	7.8%	8.1%	-40 bp

In the quarter, G&A amounted to R\$61.2 million, an 8.7% increase compared to the 1Q14 and in line with the 4Q14. In comparison to the previous year, the increase reflects cost inflation in Brazil and the exchange rate translation impact on expenses denominated in foreign currencies, especially in U.S. Dollar.

In the 1Q15 LTM, G&A remained stable compared to the 1Q14 LTM, despite the exchange rate impact on expenses in foreign currency. It is worth highlighting that due to sales growth in the period, G&A has been diluted from 8.8% of revenues in the previous year to 8.1% in the 1Q15 LTM.

Selling expenses totaled R\$106.8 million in the 1Q15, stable compared to the 1Q14 and 4.6% higher when compared to the 4Q14. Despite the currency impact from the expenses in U.S. Dollar, selling expenses have been positively impacted by the drop of international freight costs. Freight expenses accounted for 5.6% of sales in this quarter, compared to 6.6% in the 1Q14 and 6.2% in the 4Q14. Regarding fixed selling expenses, despite the increase in Real terms, these expenses have also been diluted as a consequence of sales growth. In the quarter, fixed selling expenses accounted for 7.6% of sales, compared to 8.1% in the 1Q14 and 8.0% in the 4Q14.

## EBITDA

EBITDA (R\$ million)	Quarter			Var. %		LTM Accumulated		Var. %
	1Q15 (a)	4Q14 (b)	1Q14 (c)	(a/b)	(a/c)	1Q15 (d)	1Q14 (e)	d/e
Operating income (EBIT)	90.8	-59.3	63.4	n/a	43.4%	158.0	288.7	-45.3%
Depreciation/amortization	40.5	42.1	35.1	-3.8%	15.3%	152.0	132.3	14.9%
<b>EBITDA</b>	<b>131.3</b>	<b>-17.2</b>	<b>98.5</b>	<b>n/a</b>	<b>33.3%</b>	<b>310.0</b>	<b>420.9</b>	<b>-26.4%</b>
<b>EBITDA margin (%)</b>	<b>16.3%</b>	<b>-2.4%</b>	<b>13.7%</b>	<b>n/a</b>	<b>260 bp</b>	<b>10.5%</b>	<b>15.3%</b>	<b>-480 bp</b>
Other operating income/expenses	-10.2	-98.1	-5.2	-89.6%	96.9%	-114.6	36.2	n/a
<b>EBITDA ex. ore*</b>	<b>141.5</b>	<b>81.0</b>	<b>103.7</b>	<b>74.8%</b>	<b>36.5%</b>	<b>424.6</b>	<b>384.8</b>	<b>10.3%</b>
<b>EBITDA ex-ore* margin (%)</b>	<b>17.6%</b>	<b>11.3%</b>	<b>14.4%</b>	<b>630 bp</b>	<b>310 bp</b>	<b>14.3%</b>	<b>14.0%</b>	<b>40 bp</b>

\*Other operational revenues / expenses

EBITDA excluding other operating income and expenses ("ex-others") reached R\$141.5 million in the 1Q15. EBITDA margin stood at 17.6%, compared to 14.4% in the 1Q14 and 11.3% in the 4Q14. The improvement in this quarter was driven by: i) refractories margin expansion; ii) service margin expansion; iii) fixed SG&A expenses dilution and; iv) lower freight expenses.

In the LTM comparison, EBITDA ex-others reached R\$424.6 million in the 1Q15, up 10.3% compared to the 1Q14. Margin stood at 14.3% in the 1Q15, compared to 14.0% in the previous period.

## FINANCIAL INCOME / EXPENSES

Financial Result	Quarter			Var. %		LTM Accumulated		Var. %
	1Q15 (a)	4Q14 (b)	1Q14 (c)	(a/b)	(a/c)	1Q15 (d)	1Q14 (e)	d/e
Financial income / expenses	-1.1	-53.5	-42.2	-97.9%	-97.3%	-151.9	-161.9	-6.2%
Other financial income / expenses	-5.2	21.4	0.7	n/a	n/a	12.7	-1.0	n/a
Forex variation	-90.8	-45.2	-27.3	101.0%	232.6%	-153.7	-65.5	134.6%
<b>Net financial result</b>	<b>-97.2</b>	<b>-77.3</b>	<b>-68.8</b>	<b>25.7%</b>	<b>41.1%</b>	<b>-293.0</b>	<b>-228.4</b>	<b>28.3%</b>

In the quarter, the net financial result was a R\$97.2 million expense, up 41.1% over the 1Q14 and up 25.7% compared to the 4Q14. This quarter was heavily impacted by the Real devaluation, which generated a net non-cash expense of R\$90.8 million related to exchange rate variations. These effects were partially offset by the U.S. Dollar-Euro swap, which expired in March, where the Company recorded a gain as a consequence of the Euro devaluation against the U.S. Dollar.

In the 1Q15 LTM, the net financial result was R\$293.0 million expense, up 28.3% compared to the 1Q14 LTM. In the 1Q15 LTM, financial results were also impacted by the increase of non-cash expenses from exchange rate variations due to the strong Real devaluation in the period. The increase in interest expenses, as a result of a higher net debt and the exchange rate effect on foreign currency denominated debt was partially offset by the gain from the currency swap which matured in the 1Q15.

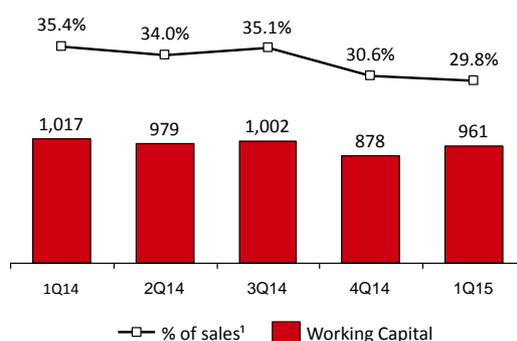
## NET RESULT

Magnesita recorded a net loss of R\$26.8 million in the 1Q15, compared to a R\$16.6 million loss in the 1Q14 and R\$76.4 million loss in the 4Q14. The net result has been negatively impacted by non-cash expenses from exchange rate variations, which amounted to R\$90.8 million in the 1Q15. These expenses arise mainly from the mark-to-market of foreign currency denominated debt in the parent Company. Despite the negative R\$9.8 million earnings before tax, the Company recorded income tax expenses of R\$20.5 million, as income tax is accrued by legal entity rather than the consolidated result.

In the LTM comparison, the Company posted a net loss of R\$107.2 million in the 1Q15, compared to a net income of R\$15.5 million in the 1Q14. The 1Q15 result was also negatively impacted by the R\$153.7 million non-cash expenses related to exchange rate variations, plus the accounting adjustments related to adjustments and provisions recorded in the 4Q14.

## WORKING CAPITAL

The Company's working capital totaled R\$960.9 million at quarter-end, representing 29.8% of annualized quarterly sales, compared to 35.4% in the 1Q14 and 30.6% in the 4Q14. The improvement over the previous year, despite the negative effect from the foreign exchange rate impact in the end of the quarter, reflects the Company's continued efforts in improving working capital.



<sup>1</sup>Calculation considers annualized quarterly sales.

## CAPITAL STRUCTURE

The Company ended the quarter with net debt at R\$1,706.2 million, compared to R\$1,494.0 in the 1Q14 and R\$1,595.7 in the 4Q14. The increase was driven exclusively by the exchange rate impact on foreign currency denominated debt. At quarter-end, approximately 70% of the net debt was in foreign currency and the remaining in Reais. Cash at quarter-end amounted to R\$969.1 million, versus R\$818.6 million in the 1Q14 and R\$913.5 million in the previous quarter. The increase is due to the U.S. Dollar appreciation, since most of the Company's cash

is held in this currency, besides the cash generation in the period.

The leverage ratio, measured by Net Debt / LTM EBITDA ex-other, stood at 4.0x at the end of 1Q15, against 4.1x in the 4Q14 and 3.9x in the 1Q14, in spite of the sharp Real devaluation in the period and the resulting negative mark-to-market impact. This effect is due to the debt being marked by the closing rate while EBITDA being marked by the average rate of the last 12 months. Without this effect, leverage in the quarter decreased to 3.5x, against 3.9x in the 4Q14 and 3.8x in the 1Q14.

Despite the leverage ratio being above what is considered ideal by Management, the Company remains with a very comfortable liquidity position. The R\$969.1 million cash balance in the end of the quarter was sufficient to cover the amortization needs for the next five years, and only 11.5% of the total debt matures in the short term. In addition, the Company has a perpetual bond of US\$250 million, which represents roughly 48% of net debt, and the remaining long-term debt has an average maturity of around 5 years. Excluding the perpetual, the leverage ratio would be 2.1x at the end of the quarter.

## CAPEX

CAPEX in the 1Q15 amounted to R\$33.9 million, up 45.9% when compared to the R\$23.2 million invested in the same period of last year. The increase was mainly driven by higher investments in IT, primarily related to the implementation of the global platform, and legal requirements related to safety and environment. The increase in maintenance CAPEX and the currency translation effect of on investments outside Brazil also contributed to the CAPEX increase in comparison with the 1Q14.

In the 1Q15 LTM, CAPEX totaled R\$187.5 million, down 8.2% over the previous period, mainly explained by the interruption of investments in mining projects and lower CAPEX related to expansion and productivity gains, which more than offset the increase in IT investments.

CAPEX	Quarter			Var. %		LTM Accumulated		Var. %
	1Q15 (a)	4Q14 (b)	1Q14 (c)	(a/b)	(a/c)	1Q15 (d)	1Q14 (e)	d/e
Maintenance	20.2	45.2	10.6	-55.3%	91.2%	111.5	102.5	8.8%
Expansion / Productivity Gains	2.4	4.7	2.1	-48.9%	15.8%	15.6	38.2	-59.2%
IT (Information Technology)	7.8	18.6	3.7	-58.1%	113.0%	41.3	28.0	47.2%
Legal (Safety and Environment)	2.8	0.0	0.0	n/a	n/a	2.8	0.0	n/a
Project Mining	0.7	4.9	6.9	-85.6%	-89.9%	16.3	35.5	-54.0%
<b>CAPEX Total</b>	<b>33.9</b>	<b>73.4</b>	<b>23.2</b>	<b>-53.8%</b>	<b>45.9%</b>	<b>187.5</b>	<b>204.2</b>	<b>-8.2%</b>

## CAPITAL MARKETS

Magnesita's shares (Novo Mercado: MAGG3 | OTCQX: MFRSY) ended March 2015 at R\$2.34, appreciating 13.0% year-to-date. In the quarter, the Ibovespa index decreased by 2.3%, closing at 49,630 points.

The average daily trading volume in the quarter was R\$1.1 million, with an average of 579,000 shares traded per day. Magnesita's market capitalization at the end of the quarter was R\$662.7 million.

### ***Adjustments / changes due to a revision in accounting practices***

#### ***Discontinuation of Shanxi LWB Taigang Refractories Company Ltd. "LTR" (Note 1 of DFP from 12/31/2013)***

*Since 3Q13, Magnesita ceased to exercise control over LTR (joint venture in China). Thus, it ceased to consolidate, as well as to recognize equity in that quarter. For comparison purposes, LTR numbers for the year 2013, thus impacting the comparison with the last twelve months of the 1Q14 ("1Q14 LTM") were disregarded in the sector analysis (volume, revenues and margin by sector), to avoid distorting the comparison.*

#### ***Changes in segment information***

*In the 4Q14, the Company implemented new changes in the information per segment. These adjustments are intended to rank better distributors or intermediaries with clear end segment that were not allocated consistently. Thus, historical information was also reclassified so that the comparison with the current data is consistent.*

*Another change: Given the wide range of products sold within the minerals division, from high value-added products, such as talc, to low-value products such as byproducts, the mineral volume information ends up generating doubts due to the large difference that exists in the prices of these products. Thus, from the 4Q14 and onwards, the Company stopped disclosing volumes sold of Minerals segment in the information by operating segment.*

#### ***Other restatements***

*In the 4Q13, the Company reassessed the presentation of international freight, which was previously deducted directly from net income and is now being resubmitted in selling expenses, and profit sharing, which was previously fully classified in general and administrative expenses, is now being resubmitted in cost of sales and services, selling expenses and general and administrative expenses.*

**Notice**

*Statements contained in this report related to business outlook, operational and financial result projections, as well as references to the Company's growth potential constitute mere forecasts and were based on expectations and estimates of Management concerning the future performance of Magnesita. Although the Company believes that such predictions are based on reasonable assumptions, it does not guarantee their achievement. Expectations and estimates underlying the Company's future prospects are highly dependent on market conditions, the economic and political situation of Brazil, current and future government regulations, industry and international markets and, therefore, subject to changes beyond Magnesita's and its Management's control. The Company undertakes no obligation to publicly update or revise expectations, estimates and forecasts contained in this release resulting from new information or future events. All statements regarding mineral reserves and estimates are projections based on available geological information and statistical geological models. Actual future mineral production may differ substantially from the estimates.*

### **About Magnesita Refratários S.A.**

*Magnesita Refratários S.A. is a privately held, publicly traded Company with shares traded on the Novo Mercado of BM&FBOVESPA in Brazil and through ADRs level 1 in the United States, dedicated to mining, producing and marketing an extensive line of refractory and industrial mineral materials. Its products are mainly used by the cement, glass, and steel industries. Industrial activities began in 1940, soon after the discovery of magnesite deposits in Brumado, Bahia. Today, it operates 28 industrial and mining units, sixteen in Brazil, three in Germany, three in China, one in the United States, two in France, one in Belgium, one in Taiwan, and one in Argentina with a production refractory capacity of more than 1.4 million tons per year. The company is a refractory market leader in the Americas, and its products were sold to more than 100 countries in 2014.*

### **Mission**

*To provide integrated services, refractories, and minerals that maximize client returns in order to create profitable, lasting relationships replicable to different regions.*

### **Vision**

*To be the best solution provider in refractories and industrial minerals by leveraging and developing our mineral resources.*

### **Values**

- ✓ Clients
- ✓ People
- ✓ Meritocracy
- ✓ Ethics
- ✓ Profit
- ✓ Management and Method
- ✓ Agility and Transparency
- ✓ Safety, Environment and Community

APPENDIX I - CONSOLIDATED BALANCE SHEET

As per Brazilian Corporate Law (R\$ million)	31/03/15	31/12/14	31/03/14
<b>ASSETS</b>			
<b>Current</b>	2,762.5	2,556.6	2,440.7
Cash and cash equivalents	969.1	913.5	818.6
Accounts receivable	584.3	515.6	607.8
Inventories	1,039.0	948.4	793.6
Recoverable taxes	136.6	131.1	176.6
Others	33.4	48.0	44.1
<b>Long term</b>	4,200.0	4,051.6	3,845.0
Deferred income and social contribution taxes	38.4	32.8	8.7
Others	82.9	71.8	41.8
Investments	69.4	68.1	73.5
Property, plant and equipment	1,388.7	1,310.6	1,213.8
Intangibles	2,620.6	2,568.3	2,507.1
<b>Total Assets</b>	<b>6,962.5</b>	<b>6,608.1</b>	<b>6,285.7</b>
<b>LIABILITIES</b>			
<b>Current</b>	1,275.0	1,146.7	769.1
Suppliers	662.4	585.7	384.0
Loans	306.6	305.2	82.5
Salaries and social charges	128.4	103.6	118.2
Taxes and contributions	72.0	57.5	67.5
Others	105.7	94.6	116.9
<b>Long term liabilities</b>	2,765.7	2,568.6	2,566.3
Loans	2,368.8	2,203.9	2,230.1
Deferred tax and contributions	10.6	8.3	65.6
Severance payment	323.0	300.2	217.0
Provision for contingencies	45.3	39.3	39.6
Others	18.0	16.8	14.0
<b>Shareholder's equity</b>	2,921.9	2,892.9	2,950.3
Capital	2,528.1	2,528.1	2,528.1
Capital and revenue reserves	216.1	213.6	256.4
Profit reserves	23.2	23.2	119.0
Retained earnings (losses)	-27.1	0.0	-16.7
Other comprehensive income	165.8	111.4	77.1
Shares buyback	-2.1	0.0	-33.0
Non- controlling interests	17.9	16.5	19.2
<b>Total liabilities and Shareholder's equity</b>	<b>6,962.5</b>	<b>6,608.1</b>	<b>6,285.7</b>
Total number of shares outstanding (million)	283.0	285.3	288.1
Book Value Per Share*	10.33	10.14	10.24

\*BVS = Shareholder's equity / (number of shares outstanding - treasury shares)

## APPENDIX II - CONSOLIDATED INCOME STATEMENT

As per Brazilian Corporate Law (R\$ million)	Quarter			Var. %		Accumulated LTM		Var. %
	1Q15 (a)	4Q14 (b)	1Q14 (c)	a/b	a/c	1Q15 (f)	1Q14 (g)	f/g
<b>Net operating revenues</b>	<b>806.2</b>	<b>717.8</b>	<b>719.4</b>	<b>12.3%</b>	<b>12.1%</b>	<b>2,958.8</b>	<b>2,752.9</b>	<b>7.5%</b>
Cost of goods sold	-537.7	-516.5	-488.3	4.1%	10.1%	-2,038.9	-1,867.8	9.2%
<b>Gross profit</b>	<b>268.5</b>	<b>201.3</b>	<b>231.1</b>	<b>33.4%</b>	<b>16.2%</b>	<b>920.0</b>	<b>885.2</b>	<b>3.9%</b>
Gross margin (%)	33.3%	28.0%	32.1%	530pb	120pb	31.1%	32.2%	-110pb
Selling expenses	-106.8	-102.0	-106.2	4.6%	0.5%	-409.0	-391.9	4.4%
General and administrative expenses	-61.2	-60.8	-56.3	0.6%	8.7%	-240.0	-241.2	-0.5%
Other operating income /expenses	-10.2	-98.1	-5.2	-89.6%	96.9%	-114.6	36.2	n/a
Equity pickup	0.5	0.4	0.0	13.6%	n/a	1.6	0.4	257.6%
<b>Operating profit (EBIT)</b>	<b>90.8</b>	<b>-59.3</b>	<b>63.4</b>	<b>n/a</b>	<b>43.4%</b>	<b>158.0</b>	<b>288.7</b>	<b>-45.3%</b>
Operating margin (%)	11.3%	-8.3%	8.8%	n/a	250pb	5.3%	10.5%	-510pb
<b>Net financial result</b>	<b>-97.2</b>	<b>-77.3</b>	<b>-68.8</b>	<b>25.7%</b>	<b>41.1%</b>	<b>-293.0</b>	<b>-228.4</b>	<b>28.3%</b>
Financial income / expenses	-1.1	-53.5	-42.2	-97.9%	-97.3%	-151.9	-161.9	-6.2%
Other financial income / expenses	-5.2	21.4	0.7	n/a	n/a	12.7	-1.0	n/a
Net currency variation	-90.8	-45.2	-27.3	101.0%	232.6%	-153.7	-65.5	134.6%
<b>Income before income tax and social contrib.</b>	<b>-6.4</b>	<b>-136.6</b>	<b>-5.5</b>	<b>-95.4%</b>	<b>15.6%</b>	<b>-135.0</b>	<b>60.3</b>	<b>n/a</b>
Income tax and social contribution	-20.5	60.2	-11.1	n/a	84.3%	27.7	-44.8	n/a
<b>Net income (losses)</b>	<b>-26.8</b>	<b>-76.4</b>	<b>-16.6</b>	<b>-64.9%</b>	<b>61.6%</b>	<b>-107.2</b>	<b>15.5</b>	<b>n/a</b>
Net margin (%)	-3.3%	-10.6%	-2.3%	730pb	-100pb	-3.6%	0.6%	n/a
<b>Earnings per share (R\$)</b>	<b>-0.10</b>	<b>-0.26</b>	<b>-0.06</b>	<b>-63.5%</b>	<b>65.4%</b>	<b>-0.37</b>	<b>0.05</b>	<b>n/a</b>
Depreciation/amortization	40.5	42.1	35.1	-3.8%	15.3%	152.0	132.3	14.9%
<b>EBITDA</b>	<b>131.3</b>	<b>-17.2</b>	<b>98.5</b>	<b>n/a</b>	<b>33.3%</b>	<b>310.0</b>	<b>420.9</b>	<b>-26.4%</b>
EBITDA margin (%)	16.3%	-2.4%	13.7%	n/a	260pb	10.5%	15.3%	-480pb
<b>EBITDA ex-ore</b>	<b>141.5</b>	<b>81.0</b>	<b>103.7</b>	<b>74.8%</b>	<b>36.5%</b>	<b>424.6</b>	<b>384.8</b>	<b>10.3%</b>
EBITDA ex-ore margin (%)	17.6%	11.3%	14.4%	630pb	310pb	14.3%	14.0%	40pb

## APPENDIX III - CONSOLIDATED CASH FLOW

As per Brazilian Corporate Law (R\$ million)	1Q15 (a)	1Q14 (b)	a/b
<b>Cash flow from operating activities:</b>			
<b>Net income (losses)</b>	<b>-26.8</b>	<b>-16.6</b>	<b>61.6%</b>
<b>Adjustments</b>			
Charges and monetary/exchange variations, net	90.8	-25.4	n/a
Interest charge	54.2	52.0	4.3%
Depreciation and depletion	38.5	33.4	15.1%
Intangible amortization	2.0	1.7	18.2%
Deferred income tax and social contribution	1.7	-0.4	n/a
Derivatives - fair value swap	52.5	0.0	n/a
Stock Option	2.4	1.8	37.0%
Minority interests	-0.3	-0.1	237.5%
Equity pickup	-0.5	0.0	n/a
Provision for losses on inventory and accounts receivable	0.1	0.0	n/a
	<b>214.7</b>	<b>46.5</b>	<b>362.1%</b>
<b>Change in assets and liabilities</b>			
Accounts receivable	-10.1	-2.7	271.0%
Inventories	-84.6	-35.0	141.4%
Taxes recoverable	-12.9	8.5	n/a
Suppliers	62.4	-28.0	n/a
Accrued taxes	14.5	15.0	-3.4%
Dividends/interests on equity payable	0.0	0.0	n/a
Others	48.6	4.9	896.5%
	<b>17.8</b>	<b>-37.4</b>	<b>n/a</b>
<b>Net cash provided from (used in) operating activities</b>	<b>232.5</b>	<b>9.1</b>	<b>2460.3%</b>
<b>Cash flow from investing activities</b>			
Securities and other investments	-3.8	-11.9	-68.1%
Disposal of property, plant and equipment	1.6	1.4	11.9%
Additions of fixed, investments and intangible assets	-35.5	-25.5	39.2%
<b>Net cash provided from (used in) investing activities</b>	<b>-37.7</b>	<b>-36.0</b>	<b>4.9%</b>
<b>Cash flows from financing activities</b>			
New loans and financing	0.0	13.4	-100.0%
Payment of loans and financing	-157.3	-46.8	235.9%
Payment of loans and financing - interest	-53.3	-63.0	-15.4%
Shares in treasury	-2.2	-13.1	-83.6%
<b>Net cash provided from (used in) financing activities</b>	<b>-212.7</b>	<b>-109.5</b>	<b>94.3%</b>
<b>Increase (decrease) in cash and cash equivalents</b>	<b>-17.9</b>	<b>-136.4</b>	<b>-86.9%</b>
Exchange variations - opening balance	73.1	-17.6	n/a
<b>Opening balance of cash and equivalents</b>	<b>887.4</b>	<b>949.1</b>	<b>-6.5%</b>
<b>Closing balance - cash and equivalents</b>	<b>942.5</b>	<b>795.1</b>	<b>18.5%</b>

## APPENDIX IV - HISTORICAL INFORMATION BY SEGMENT

<b>Refractory Solutions - Total</b>	<b>1Q13</b>	<b>2Q13</b>	<b>3Q13</b>	<b>4Q13</b>	<b>1Q14</b>	<b>2Q14</b>	<b>3Q14</b>	<b>4Q14</b>	<b>1Q15</b>
Volume ('000 ton)	245.3	251.3	236.5	260.2	254.4	267.4	261.5	251.0	255.7
Revenues (R\$ million)	544.3	562.4	576.6	650.1	641.1	643.5	634.9	642.6	712.1
Gross Profit (R\$ million)	192.8	195.2	186.2	203.0	212.2	199.3	206.0	183.4	242.5
Gross Margin (%)	35.4%	34.7%	32.3%	31.2%	33.1%	31.0%	32.4%	28.5%	34.0%
<b>Refractory Solutions - Steel</b>	<b>1Q13</b>	<b>2Q13</b>	<b>3Q13</b>	<b>4Q13</b>	<b>1Q14</b>	<b>2Q14</b>	<b>3Q14</b>	<b>4Q14</b>	<b>1Q15</b>
Volume ('000 ton)	198.6	216.4	205.8	218.2	211.4	235.0	219.9	216.6	209.7
Revenues (R\$ million)	427.4	468.0	492.8	529.9	515.6	555.3	523.6	544.6	570.4
<b>Refractory Solutions - Industrial</b>	<b>1Q13</b>	<b>2Q13</b>	<b>3Q13</b>	<b>4Q13</b>	<b>1Q14</b>	<b>2Q14</b>	<b>3Q14</b>	<b>4Q14</b>	<b>1Q15</b>
Volume ('000 ton)	46.7	34.9	30.7	42.0	43.0	32.4	41.6	34.4	46.0
Revenues (R\$ million)	117.0	94.3	83.9	120.2	125.5	88.2	111.3	98.0	141.6
<b>Minerals</b>	<b>1Q13</b>	<b>2Q13</b>	<b>3Q13</b>	<b>4Q13</b>	<b>1Q14</b>	<b>2Q14</b>	<b>3Q14</b>	<b>4Q14</b>	<b>1Q15</b>
Revenues (R\$ million)	28.5	38.1	38.3	53.9	39.4	34.3	38.9	32.3	44.1
Gross Profit (R\$ million)	11.8	18.0	15.7	18.3	12.3	12.0	13.5	10.8	13.9
Gross Margin (%)	41.5%	47.2%	40.9%	34.0%	31.2%	34.8%	34.8%	33.4%	31.6%
<b>Services</b>	<b>1Q13</b>	<b>2Q13</b>	<b>3Q13</b>	<b>4Q13</b>	<b>1Q14</b>	<b>2Q14</b>	<b>3Q14</b>	<b>4Q14</b>	<b>1Q15</b>
Revenues (R\$ million)	28.8	29.3	30.5	32.1	38.9	42.3	40.9	43.1	50.0
Gross Profit (R\$ million)	3.3	4.3	4.5	5.0	6.6	8.9	10.5	7.2	12.1
Gross Margin (%)	11.4%	14.5%	14.8%	15.6%	16.9%	21.1%	25.6%	16.6%	24.2%
<b>CONSOLIDATED</b>	<b>1Q13</b>	<b>2Q13</b>	<b>3Q13</b>	<b>4Q13</b>	<b>1Q14</b>	<b>2Q14</b>	<b>3Q14</b>	<b>4Q14</b>	<b>1Q15</b>
Revenues (R\$ million)	601.7	629.7	645.5	736.1	719.4	720.1	714.7	717.8	806.2
Gross Profit (R\$ million)	208.0	217.4	206.4	226.3	231.1	220.1	230.0	201.3	268.5
Gross Margin (%)	34.6%	34.5%	32.0%	30.7%	32.1%	30.6%	32.2%	28.0%	33.3%

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**A free translation from Portuguese into English of Independent Auditor's Review Report on Individual and Consolidated Interim Financial Information prepared in Brazilian currency in accordance with CPC 21 (R1) and International Standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, and presented in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Quarterly Financial Information (ITR)**

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## **Independent auditor's review report on quarterly information (ITR)**

The Board of Directors, Shareholders and Officers

**Magnesita Refratários S.A.**

Belo Horizonte - MG

### **Introduction**

We have reviewed the accompanying individual and consolidated interim financial information of Magnesita Refratários S.A. (the "Company") contained in the Quarterly Information Form – ITR for the quarter ended March 31, 2015, which comprise the balance sheets as at March 31, 2015 and the related statements of operations, of comprehensive income (loss), of changes in equity and cash flow statements for the three-month period then ended, including the explanatory information.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with CPC 21 (R1) and International Standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, as well as the presentation of this information in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Quarterly Financial Information (ITR). Our responsibility is to express an opinion on this interim financial information based on our review.

### **Scope of review**

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

## **Conclusion**

Based on our review, nothing has come to our attention that causes us to believe that the accompanying individual and consolidated interim financial information included in the quarterly information referred to above is not fairly presented, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of quarterly information (ITR), and consistently with the rules issued by the CVM.

## **Other matters**

### ***Statements of value added***

We have also reviewed the individual and consolidated statement of value added (SVA) for the three-month period ended March 31, 2015, prepared under the responsibility of the Company management, the presentation of which in the interim information is required by the rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information (ITR), and as supplementary information under the IFRS, which do not require SVA presentation. These statements have been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that they are not prepared, in all material respects, consistently with the overall individual and consolidated interim financial information.

Belo Horizonte, May 12, 2015.

ERNST & YOUNG  
Auditores Independentes S.S.  
CRC 2SP015199/O-6-F-MG

Rogério Xavier Magalhães  
Accountant CRC-1MG080613/O-1

Luciana Ferreira Barbosa  
Accountant CRC- 1MG068775/O-9

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## **Company Information / Capital Breakdown**

<b>Number of shares (Units)</b>	<b>Current quarter 03/31/2015</b>
Paid-in capital	
Common shares	283,270,134
Preferred shares	0
Total	283,270,134
Treasury shares	
Common shares	916,700
Preferred shares	0
Total	916,700

**Individual financial statements / Balance sheets - Assets****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Current quarter 03/31/2015</b>	<b>Prior year 12/31/2014</b>
1	Total assets	5,072,983	4,833,790
1.01	Current assets	1,188,190	1,011,008
1.01.01	Cash and cash equivalents	261,616	102,766
1.01.02	Short-term investments	26,620	26,100
1.01.02.01	Short-term investments at fair value	26,620	26,100
1.01.02.01.01	Trading securities	26,620	26,100
1.01.03	Receivables	509,465	485,198
1.01.03.01	Trade accounts receivable	507,770	482,511
1.01.03.01.01	Domestic trade accounts receivable	138,543	128,493
1.01.03.01.02	Foreign trade accounts receivable	370,322	360,987
1.01.03.01.03	Allowance for doubtful accounts	(20,111)	(19,692)
1.01.03.01.04	Unbilled measurements	19,016	12,723
1.01.03.02	Other accounts receivable	1,695	2,687
1.01.03.02.01	Receivables for sale of property	1,695	2,687
1.01.04	Inventories	321,590	318,461
1.01.06	Taxes recoverable	49,202	54,606
1.01.06.01	Current taxes recoverable	49,202	54,606
1.01.06.01.01	Income taxes recoverable	16,562	4,216
1.01.06.01.02	Other taxes recoverable	32,640	50,390
1.01.07	Prepaid expenses	4,504	-
1.01.08	Other current assets	15,193	23,877
1.01.08.03	Other	15,193	23,877
1.02	Noncurrent assets	3,884,793	3,822,782
1.02.01	Long-term receivables	141,408	129,232
1.02.01.01	Short-term investments at fair value	3,266	-
1.02.01.01.01	Trading securities	3,266	-
1.02.01.03	Receivables	6,226	6,410
1.02.01.03.02	Other accounts receivable	6,226	6,410
1.02.01.06	Deferred taxes	-	485
1.02.01.08	Receivables from related parties	63,557	58,052
1.02.01.08.02	Receivables from subsidiaries	63,557	58,052
1.02.01.09	Other noncurrent assets	68,359	64,285
1.02.01.09.04	Judicial deposits	15,620	15,007
1.02.01.09.05	Other	52,739	49,278
1.02.02	Investments	1,937,282	1,894,130
1.02.02.01	Equity interest	1,876,449	1,833,297
1.02.02.01.02	Investments in subsidiaries	1,876,074	1,832,935
1.02.02.01.04	Other equity interests	375	362
1.02.02.02	Investment properties	60,833	60,833
1.02.03	Property, plant and equipment	721,880	714,613
1.02.03.01	Property, plant and equipment in use	554,473	519,699
1.02.03.03	Construction in progress	167,407	194,914
1.02.04	Intangible assets	1,084,223	1,084,807
1.02.04.01	Intangible assets	1,084,223	1,084,807
1.02.04.01.02	Software and other items	40,569	41,153
1.02.04.01.03	Goodwill	1,043,654	1,043,654

**Individual financial statements / Balance sheets – Liabilities****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Current quarter 03/31/2015</b>	<b>Prior year 12/31/2014</b>
2	Total liabilities	5,072,983	4,833,790
2.01	Current liabilities	635,508	563,391
2.01.01	Labor and social charges	64,121	58,227
2.01.01.01	Social charges	34,546	33,031
2.01.01.02	Labor charges	29,575	25,196
2.01.02	Trade accounts payable	161,517	167,983
2.01.02.01	Domestic trade accounts payable	157,847	98,502
2.01.02.02	Foreign trade accounts payable	3,670	69,481
2.01.03	Tax liabilities	20,245	18,793
2.01.03.01	Federal tax liabilities	11,397	9,397
2.01.03.01.01	Income and social contribution taxes payable	1,251	-
2.01.03.01.02	Other federal tax liabilities	10,146	9,397
2.01.03.02	State tax liabilities	8,410	8,825
2.01.03.03	Local tax liabilities	438	571
2.01.04	Loans and financing	230,713	205,238
2.01.04.01	Loans and financing	230,713	205,238
2.01.04.01.01	In local currency	203,457	197,027
2.01.04.01.02	In foreign currency	27,256	8,211
2.01.05	Other liabilities	158,912	113,150
2.01.05.02	Other	158,912	113,150
2.01.05.02.01	Dividends and interest on equity (IOE) payable	352	353
2.01.05.02.05	Accounts payable for investment acquisition	23,140	23,140
2.01.05.02.06	Accounts payable – forfeiting transactions	99,305	58,171
2.01.05.02.07	Other liabilities	36,115	31,486
2.02	Noncurrent liabilities	1,533,509	1,394,031
2.02.01	Loans and financing	1,400,912	1,266,849
2.02.01.01	Loans and financing	1,400,912	1,266,849
2.02.01.01.01	In local currency	598,912	602,799
2.02.01.01.02	In foreign currency	802,000	664,050
2.02.02	Other liabilities	90,690	88,640
2.02.02.02	Other	90,690	88,640
2.02.02.02.03	Post-employment obligations	90,690	88,640
2.02.03	Deferred taxes	2,019	-
2.02.04	Provisions	39,888	38,542
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	39,888	38,542
2.02.04.01.01	Provisions for tax contingencies	12,280	12,149
2.02.04.01.02	Provisions for social security and labor contingencies	27,270	26,266
2.02.04.01.04	Provisions for civil contingencies	338	127
2.03	Equity	2,903,966	2,876,368
2.03.01	Paid-in capital	2,528,146	2,528,146
2.03.02	Capital reserves	213,923	213,649
2.03.02.02	Special goodwill reserve from merger	88,874	88,874
2.03.02.04	Stock options granted	46,280	43,855
2.03.02.05	Treasury shares	(2,136)	-
2.03.02.07	Special reserve - Law No. 8200/91	5,973	5,973
2.03.02.08	Share issue reserve	92,158	92,173
2.03.02.09	Share issue cost	(17,226)	(17,226)
2.03.04	Income reserves	23,199	23,199
2.03.04.01	Legal reserve	8,290	8,290
2.03.04.05	Retained earnings reserve	14,909	14,909
2.03.05	Retained earnings/(Accumulated losses)	(27,100)	-
2.03.08	Other comprehensive income (loss)	165,798	111,374

**Individual financial statements / Statements of operations****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>YTD 01/01/2015 to 03/31/2015</b>	<b>Prior YTD 01/01/2014 to 03/31/2014</b>
3.01	Sales and service revenue	392,494	335,249
3.02	Cost of sales	(261,399)	(231,517)
3.03	Gross profit	131,095	103,732
3.04	Operating income/(expenses)	(106,269)	(93,034)
3.04.01	Selling expenses	(41,609)	(49,517)
3.04.02	General and administrative expenses	(32,197)	(31,911)
3.04.04	Other operating income	6,493	2,935
3.04.05	Other operating expenses	(6,655)	(5,718)
3.04.06	Equity pickup	(32,301)	(8,823)
3.05	Income before financial income/(expenses) and taxes	24,826	10,698
3.06	Financial income (expenses)	(47,246)	(30,519)
3.06.01	Financial income	140,653	(11,289)
3.06.01.01	Monetary and exchange gains	83,525	(20,169)
3.06.01.02	Gains from short-term investments	56,503	8,361
3.06.01.03	Other revenues	625	519
3.06.02	Financial expenses	(187,899)	(19,230)
3.06.02.01	Monetary and exchange losses	(148,426)	14,427
3.06.02.02	Interest on loans	(38,681)	(32,594)
3.06.02.03	Other	(792)	(1,063)
3.07	Income before income taxes	(22,420)	(19,821)
3.08	Income and social contribution taxes	(4,680)	3,137
3.08.01	Current	(2,177)	3,137
3.08.02	Deferred	(2,503)	-
3.09	Net income/(loss) from continuing operations	(27,100)	(16,684)
3.11	Income/loss for the period	( 27,100)	(16,684)
3.99	Earnings per share (Reais / shares)	-	-
3.99.01	Basic earnings per share	-	-
3.99.01.01	Common shares (ON)	(0.0959)	(0.0600)
3.99.02	Diluted earnings per share	-	-
3.99.02.01	Common shares (ON)	(0.0959)	(0.0600)

**Individual financial statements / Statements of comprehensive income (loss)**

**(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>YTD 01/01/2015 to 03/31/2015</b>	<b>Prior YTD 01/01/2014 to 03/31/2014</b>
4.01	Net income/(loss) for the period	(27,100)	(16,684)
4.02	Other comprehensive income (loss)	54,424	(45,376)
4.02.01	Exchange gains/(losses) - subsidiaries abroad	54,424	(45,376)
4.03	Comprehensive income (loss) for the period	27,324	(62,060)

**Individual Financial Statements / Cash flow statements - Indirect method****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>YTD 01/01/2015 to 03/31/2015</b>	<b>Prior YTD 01/01/2014 to 03/31/2014</b>
6.01	Net cash from operating activities	207,315	(3,764)
6.01.01	Cash from operations	131,355	23,435
6.01.01.01	Income/(loss) for the year	(27,100)	(16,684)
6.01.01.02	Interest charges	38,834	29,620
6.01.01.03	Monetary restatements and exchange rate fluctuations, net	64,900	(11,644)
6.01.01.04	Depreciation	15,666	13,030
6.01.01.05	Amortization	1,824	1,656
6.01.01.06	Equity pickup	32,301	8,823
6.01.01.07	Deferred income and social contribution taxes	2,504	(3,137)
6.01.01.08	Stock options	2,426	1,771
6.01.02	Changes in assets and liabilities	75,960	(27,199)
6.01.02.01	Trade accounts receivable	39,553	8,191
6.01.02.02	inventories	(3,129)	(7,803)
6.01.02.03	Taxes recoverable	5,404	6,864
6.01.02.04	Trade accounts payable	20,040	(35,707)
6.01.02.05	Taxes payable	1,452	677
6.01.02.06	Other	12,640	579
6.02	Net cash from investing activities	(27,421)	(169,017)
6.02.01	Disposal of PP&E, investments and intangible assets	70	4
6.02.02	Additions to PP&E and intangible assets	(24,256)	(15,366)
6.02.03	Capital contribution in subsidiary	(625)	(142,930)
6.02.04	Marketable securities	(3,786)	(11,869)
6.02.05	Receivables for sale of property, plant and equipment	1,176	1,144
6.03	Net cash from financing activities	(21,044)	(33,844)
6.03.01	Loans and financing raised	-	4,731
6.03.02	Repayment of loans and financing	(2,948)	-
6.03.03	Interest paid - loans and financing	(15,944)	(25,457)
6.03.04	Treasury shares	(2,152)	(13,118)
6.05	Increase (decrease) in cash and cash equivalents	158,850	(206,625)
6.05.01	Cash and cash equivalents – opening balance	102,766	719,976
6.05.02	Cash and cash equivalents – closing balance	261,616	513,351

**Individual financial statements / Statements of changes in equity (SCE) - 01/01/2015 to 03/31/2015****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Paid-in capital</b>	<b>Capital reserves, stock options granted and treasury shares</b>	<b>Income reserves</b>	<b>earnings/(Accumulated losses)</b>	<b>Other comprehensive income (loss)</b>	<b>Equity</b>
5.01	Opening balances	2,528,146	213,649	23,199	-	111,374	2,876,368
5.02	Prior-year adjustments	-	-	-	-	-	-
5.03	Adjusted opening balances	2,528,146	213,649	23,199	-	111,374	2,876,368
5.04	Capital transactions with shareholders	-	274	-	-	-	274
5.04.03	Stock options granted and recognized	-	2,426	-	-	-	2,426
5.04.04	Treasury shares purchased	-	(2,152)	-	-	-	(2,152)
5.05	Total comprehensive income/(loss)	-	-	-	(27,100)	54,424	27,324
5.05.01	Net income/(loss) for the period	-	-	-	(27,100)	-	(27,100)
5.05.02	Other comprehensive income (loss)	-	-	-	-	54,424	54,424
5.05.02.06	Exchange gains from (losses on) foreign investments	-	-	-	-	54,424	54,424
5.07	Closing balances	2,528,146	213,923	23,199	(27,100)	165,798	2,903,966

**Individual financial statements / Statements of changes in equity (SCE) - 01/01/2014 to 03/31/2014****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Paid-in capital</b>	<b>Capital reserves, stock options granted and treasury shares</b>	<b>Income reserves</b>	<b>earnings/(Accumulated losses)</b>	<b>Retained</b>	<b>Other comprehensive income (loss)</b>	<b>Equity</b>
5.01	Opening balances	2,528,146	234,794	119,008	-	-	122,492	3,004,440
5.02	Prior-year adjustments	-	-	-	-	-	-	-
5.03	Adjusted opening balances	2,528,146	234,794	119,008	-	-	122,492	3,004,440
5.04	Capital transactions with shareholders	-	(11,347)	-	-	-	-	(11,347)
5.04.03	Stock options granted and recognized	-	1,771	-	-	-	-	1,771
5.04.04	Treasury shares purchased	-	(13,118)	-	-	-	-	(13,118)
5.05	Total comprehensive income/(loss)	-	-	-	-	(16,684)	(45,376)	(62,060)
5.05.01	Net income/(loss) for the period	-	-	-	-	(16,684)	-	(16,684)
5.05.02	Other comprehensive income (loss)	-	-	-	-	-	(45,376)	(45,376)
5.05.02.06	Exchange gains from (losses on) foreign investments	-	-	-	-	-	(45,376)	(45,376)
5.07	Closing balances	2,528,146	223,447	119,008	-	(16,684)	77,116	2,931,033

**Individual financial statements / Statements of value added****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>YTD 01/01/2015 to 03/31/2015</b>	<b>Prior YTD 01/01/2014 to 03/31/2014</b>
7.01	Turnover	512,826	442,001
7.01.01	Goods and products sold and services rendered	484,078	421,492
7.01.02	Other turnover	5,756	2,837
7.01.03	Turnover from construction of own assets	23,676	17,672
7.01.04	Provision for/reversal of credits Doubtful accounts	(684)	-
7.02	Bought-in inputs	(337,547)	(314,383)
7.02.01	Cost of sales and services	(241,705)	(218,063)
7.02.02	Materials, energy, third-party services and other expenses	(95,842)	(96,320)
7.03	Gross value added	175,279	127,618
7.04	Retention	(17,490)	(14,686)
7.04.01	Depreciation, amortization and depletion	(17,490)	(14,686)
7.05	Net value added produced by the Company	157,789	112,932
7.06	Value added received in transfer	108,352	(20,112)
7.06.01	Equity pickup	(32,301)	(8,823)
7.06.02	Financial turnover	140,653	(11,289)
7.07	Total value added payable	266,141	92,820
7.08	Payment of value added	266,141	92,820
7.08.01	Personnel	80,998	81,151
7.08.02	Taxes, charges and contributions	20,835	4,767
7.08.03	Debt remuneration	191,408	23,586
7.08.03.01	Interest	38,681	32,594
7.08.03.02	Rents	3,509	4,356
7.08.03.03	Other	149,218	(13,364)
7.08.04	Equity remuneration	(27,100)	(16,684)
7.08.04.03	Retained profit / (Loss for the period)	(27,100)	(16,684)

**Consolidated financial statements - Balance sheets - Assets****(In thousands of reais)**

Account code	Account description	Current quarter	Prior year 12/31/2014
		03/31/2015	
1	Total assets	6,962,521	6,608,145
1.01	Current assets	2,762,473	2,556,562
1.01.01	Cash and cash equivalents	942,515	887,374
1.01.02	Short-term investments	26,620	26,100
1.01.02.01	Short-term investments at fair value	26,620	26,100
1.01.02.01.01	Trading securities	26,620	26,100
1.01.03	Receivables	585,992	518,241
1.01.03.01	Trade accounts receivable	584,297	515,554
1.01.03.01.01	Domestic trade accounts receivable	158,717	144,192
1.01.03.01.02	Foreign trade accounts receivable	411,645	382,490
1.01.03.01.03	Allowance for doubtful accounts	(29,994)	(23,851)
1.01.03.01.04	Unbilled measurements	43,929	12,723
1.01.03.02	Other accounts receivable	1,695	2,687
1.01.03.02.01	Receivables for sale of property	1,695	2,687
1.01.04	inventories	1,039,023	948,377
1.01.06	Taxes recoverable	136,643	131,118
1.01.06.01	Current taxes recoverable	136,643	131,118
1.01.06.01.01	Income taxes recoverable	44,156	34,876
1.01.06.01.02	Other taxes recoverable	92,487	96,242
1.01.07	Prepaid expenses	11,486	6,868
1.01.08	Other current assets	20,194	38,484
1.01.08.03	Other	20,194	38,484
1.02	Noncurrent assets	4,200,048	4,051,583
1.02.01	Long-term receivables	121,351	104,627
1.02.01.01	Short-term investments at fair value	3,266	-
1.02.01.01.01	Trading securities	3,266	-
1.02.01.03	Receivables	6,226	6,410
1.02.01.03.01	Trade accounts receivable	-	-
1.02.01.03.02	Other accounts receivable	6,226	6,410
1.02.01.06	Deferred taxes	38,417	32,795
1.02.01.06.01	Deferred income and social contribution taxes	38,417	32,795
1.02.01.09	Other noncurrent assets	73,442	65,422
1.02.01.09.04	Judicial deposits	16,742	16,126
1.02.01.09.05	Other	56,700	49,296
1.02.02	Investments	69,410	68,053
1.02.02.01	Equity interest	8,577	7,220
1.02.02.01.04	Other equity interests	8,577	7,220
1.02.02.02	Investment properties	60,833	60,833
1.02.03	Property, plant and equipment	1,388,705	1,310,611
1.02.03.01	Property, plant and equipment in use	1,186,754	1,087,137
1.02.03.03	Construction in progress	201,951	223,474
1.02.04	Intangible assets	2,620,582	2,568,292
1.02.04.01	Intangible assets	62,710	59,403
1.02.04.02	Goodwill	2,557,872	2,508,889

**Consolidated financial statements / Balance sheets – Liabilities****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Current quarter 03/31/2015</b>	<b>Prior year 12/31/2014</b>
2	Total liabilities	6,962,521	6,608,145
2.01	Current liabilities	1,274,974	1,146,659
2.01.01	Labor and social charges	128,386	103,571
2.01.01.01	Social charges	39,186	40,438
2.01.01.02	Labor charges	89,200	63,133
2.01.02	Trade accounts payable	427,423	419,216
2.01.02.01	Domestic trade accounts payable	162,508	102,472
2.01.02.02	Foreign trade accounts payable	264,915	316,744
2.01.03	Tax liabilities	71,969	57,501
2.01.03.01	Federal tax liabilities	46,463	12,650
2.01.03.01.01	Income and social contribution taxes payable	21,198	-
2.01.03.01.02	Other federal tax liabilities	25,265	12,650
2.01.03.02	State tax liabilities	25,506	44,280
2.01.03.03	Local tax liabilities	-	571
2.01.04	Loans and financing	306,572	305,220
2.01.04.01	Loans and financing	306,572	305,220
2.01.04.01.01	In local currency	203,457	197,061
2.01.04.01.02	In foreign currency	103,115	108,159
2.01.05	Other liabilities	340,624	261,151
2.01.05.02	Other	340,624	261,151
2.01.05.02.01	Dividends and interest on equity (IOE) payable	659	642
2.01.05.02.05	Accounts payable for investment acquisition	23,140	23,140
2.01.05.02.06	Accounts payable – forfeiting transactions	234,971	166,519
2.01.05.02.07	Other liabilities	81,854	70,850
2.02	Noncurrent liabilities	2,765,668	2,568,609
2.02.01	Loans and financing	2,368,783	2,203,939
2.02.01.01	Loans and financing	2,368,783	2,203,939
2.02.01.01.01	In local currency	598,912	602,799
2.02.01.01.02	In foreign currency	1,769,871	1,601,140
2.02.02	Other liabilities	341,005	317,005
2.02.02.02	Other	341,005	317,005
2.02.02.02.04	Post-employment obligations	322,986	300,169
2.02.02.02.05	Other liabilities	18,019	16,836
2.02.03	Deferred taxes	10,584	8,339
2.02.03.01	Deferred income and social contribution taxes	10,584	8,339
2.02.04	Provisions	45,296	39,326
2.02.04.01	Provisions for tax, social security, labor and civil contingencies	45,296	39,326
2.02.04.01.01	Provisions for tax contingencies	15,674	12,933
2.02.04.01.02	Provisions for social security and labor contingencies	27,396	26,266
2.02.04.01.04	Provisions for civil contingencies	2,226	127
2.03	Consolidated equity	2,921,879	2,892,877
2.03.01	Paid-in capital	2,528,146	2,528,146
2.03.02	Capital reserves	213,923	213,649
2.03.02.02	Special goodwill reserve from merger	88,874	88,874
2.03.02.04	Stock options granted	46,280	43,855
2.03.02.05	Treasury shares	(2,136)	-
2.03.02.07	Special reserve - Law No. 8200/91	5,973	5,973
2.03.02.08	Share issue reserve	92,158	92,173
2.03.02.09	Share issue cost	(17,226)	(17,226)
2.03.04	Income reserves	23,199	23,199
2.03.04.01	Legal reserve	8,290	8,290
2.03.04.05	Retained earnings reserve	14,909	14,909
2.03.05	Retained earnings/(Accumulated losses)	(27,100)	-
2.03.08	Other comprehensive income (loss)	165,798	111,374
2.03.09	Noncontrolling interests	17,913	16,509

**Consolidated Financial Statements / Statements of Operations****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>YTD 01/01/2015 to 03/31/2015</b>	<b>Prior YTD 01/01/2014 to 03/31/2014</b>
3.01	Sales and service revenue	806,162	719,364
3.02	Cost of sales	(537,661)	(488,274)
3.03	Gross profit	268,501	231,090
3.04	Operating income/(expenses)	(177,688)	(167,740)
3.04.01	Selling expenses	(106,761)	(106,236)
3.04.02	General and administrative expenses	(61,187)	(56,315)
3.04.04	Other operating income	10,830	5,750
3.04.05	Other operating expenses	(21,047)	(10,939)
3.04.06	Equity pickup	477	-
3.05	Income before financial income/(expenses) and taxes	90,813	63,350
3.06	Financial income (expenses)	(97,164)	(68,842)
3.06.01	Financial income	172,118	(8,024)
3.06.01.01	Monetary and exchange gains	108,190	(22,520)
3.06.01.02	Gains from short-term investments	57,497	8,916
3.06.01.03	Other revenues	6,431	5,580
3.06.02	Financial expenses	(269,282)	(60,818)
3.06.02.01	Monetary and exchange losses	(199,018)	(4,792)
3.06.02.02	Interest on loans	(58,643)	(51,148)
3.06.02.03	Other	(11,621)	(4,878)
3.07	Income before income taxes	(6,351)	(5,492)
3.08	Income and social contribution taxes	(20,479)	(11,113)
3.08.01	Current	(18,802)	(11,473)
3.08.02	Deferred	(1,677)	360
3.09	Net income/(loss) from continuing operations	(26,830)	(16,605)
3.11	Consolidated income/(loss) for the period	(26,830)	(16,605)
3.11.01	Attributable to controlling shareholders	(27,100)	(16,684)
3.11.02	Attributable to noncontrolling shareholders	270	79
3.99.01.01	Common shares (ON)	(0.0959)	(0.0600)
3.99.02	Diluted earnings per share	-	-
3.99.02.01	Common shares (ON)	(0.0959)	(0.0600)

**Consolidated financial statements / Statements of comprehensive income (loss)****(In thousands of reais)**

Account code	Account description	YTD	
		01/01/2015 to 03/31/2015	01/01/2014 to 03/31/2014
4.01	Consolidated net income for the period	(26,830)	(16,605)
4.02	Other comprehensive income (loss)	55,558	(45,707)
4.02.01	Exchange gains/(losses) - subsidiaries located abroad	55,558	(45,707)
4.03	Consolidated comprehensive income/(loss) for the period	28,728	(62,312)
4.03.01	Attributable to controlling shareholders	27,324	(62,060)
4.03.02	Attributable to noncontrolling shareholders	1,404	(252)

**Consolidated Financial Statements / Cash Flow Statements - Indirect Method****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>YTD 01/01/2015 to 03/31/2015</b>	<b>Prior YTD 01/01/2014 to 03/31/2014</b>
6.01	Net cash from operating activities	232,544	9,082
6.01.01	Cash from operations	214,703	46,466
6.01.01.01	Net income/(loss) for the year	(26,830)	(16,605)
6.01.01.02	Monetary restatements and exchange rate fluctuations, net	90,828	(25,360)
6.01.01.03	Interest charges	54,219	51,962
6.01.01.04	Depreciation and depletion	38,500	33,439
6.01.01.05	Amortization of intangible assets	2,009	1,699
6.01.01.06	Deferred income and social contribution taxes	1,677	(360)
6.01.01.07	Stock options	2,426	1,771
6.01.01.08	Noncontrolling interest	(270)	(80)
6.01.01.09	Allowance for doubtful accounts	6,143	-
6.01.01.10	Provision for obsolete inventories	(6,056)	-
6.01.01.11	Financial instruments – fair value - swap	52,534	-
6.01.01.12	Equity pickup	(477)	-
6.01.02	Changes in assets and liabilities	17,841	(37,384)
6.01.02.01	Trade accounts receivable	(10,074)	(2,715)
6.01.02.02	inventories	(84,590)	(35,037)
6.01.02.03	Taxes recoverable	(12,930)	8,533
6.01.02.04	Trade accounts payable	(6,061)	(28,021)
6.01.02.05	Taxes payable	14,466	21,465
6.01.02.06	Obligations arising from purchases of raw materials	68,452	-
6.01.02.07	Other	48,578	(1,609)
6.02	Net cash from investing activities	(37,724)	(35,976)
6.02.01	Disposal of PP&E, investments and intangible assets	380	246
6.02.02	Additions to PP&E and intangible assets	(35,494)	(25,497)
6.02.03	Marketable securities	(3,786)	(11,869)
6.02.04	Receivables for sale of property, plant and equipment	1,176	1,144
6.03	Net cash from financing activities	(212,738)	(109,510)
6.03.01	Loans and financing raised	-	13,390
6.03.02	Repayment of loans and financing	(157,308)	(46,831)
6.03.03	Interest paid - loans and financing	(53,278)	(62,951)
6.03.04	Treasury shares	(2,152)	(13,118)
6.04	Exchange gain/(loss) on cash and cash equivalents	73,059	(17,575)
6.05	Increase (decrease) in cash and cash equivalents	55,141	(153,979)
6.05.01	Cash and cash equivalents – opening balance	887,374	949,097
6.05.02	Cash and cash equivalents – closing balance	942,515	795,118

**Consolidated financial statements / Statements of changes in equity (SCE) - 01/01/2015 to 03/31/2015****(In thousands of reais)**

Account code	Account description	Paid-in capital	Capital reserves, stock options granted and treasury shares	Income reserves	Retained earnings/(Accumulated losses)	Other comprehensive income (loss)	Equity	Noncontrolling interest	Consolidated equity
5.01	Opening balances	2,528,146	213,649	23,199	-	111,374	2,876,368	16,509	2,892,877
5.02	Prior-year adjustments	-	-	-	-	-	-	-	-
5.03	Adjusted opening balances	2,528,146	213,649	23,199	-	111,374	2,876,368	16,509	2,892,877
5.04	Capital transactions with shareholders	-	274	-	-	-	274	-	274
5.04.01	Capital increase	-	-	-	-	-	-	-	-
5.04.02	Share issue cost	-	-	-	-	-	-	-	-
5.04.03	Stock options granted and recognized	-	2,426	-	-	-	2,426	-	2,426
5.04.04	Treasury shares purchased	-	(2,152)	-	-	-	(2,152)	-	(2,152)
5.04.05	Treasury shares sold	-	-	-	-	-	-	-	-
5.04.06	Dividends	-	-	-	-	-	-	-	-
5.04.07	Interest on equity	-	-	-	-	-	-	-	-
5.05	Total comprehensive income/(loss)	-	-	-	(27,100)	54,424	27,324	1,404	28,728
5.05.01	Net income/(loss) for the period	-	-	-	(27,100)	-	(27,100)	270	(26,830)
5.05.02	Other comprehensive income (loss)	-	-	-	-	54,424	54,424	1,134	55,558
5.05.02.01	Adjustments to financial instruments	-	-	-	-	-	-	-	-
5.05.02.02	Taxes on adjustments to financial instruments	-	-	-	-	-	-	-	-
5.05.02.03	Equity pickup on comprehensive income/(loss) – affiliates	-	-	-	-	-	-	-	-
5.05.02.04	Translation adjustments for the period	-	-	-	-	-	-	-	-
5.05.02.05	Taxes on translation adjustments for the period	-	-	-	-	-	-	-	-
5.05.02.06	Exchange gains from (losses on) foreign investments	-	-	-	-	54,424	54,424	1,134	55,558
5.05.03	Reclassifications to income	-	-	-	-	-	-	-	-
5.05.03.01	Adjustments to financial instruments	-	-	-	-	-	-	-	-
5.06	Internal changes in equity	-	-	-	-	-	-	-	-
5.06.01	Set-up of reserves	-	-	-	-	-	-	-	-
5.06.02	Realization of revaluation reserve	-	-	-	-	-	-	-	-
5.06.03	Taxes on realization of revaluation reserve	-	-	-	-	-	-	-	-
5.07	Closing balances	2,528,146	213,923	23,199	(27,100)	165,798	2,903,966	17,913	2,921,879

**Consolidated financial statements / Statements of changes in equity (SCE) - 01/01/2014 to 03/31/2014****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>Paid-in capital</b>	<b>Capital reserves, stock options granted and treasury shares</b>	<b>Income reserves</b>	<b>Retained earnings/(Accumulated losses)</b>	<b>Other comprehensive income (loss)</b>	<b>Equity</b>	<b>Noncontrolling interest</b>	<b>Consolidated equity</b>
5.01	Opening balances	2,528,146	234,794	119,008	-	122,492	3,004,440	19,486	3,023,926
5.02	Prior-year adjustments	-	-	-	-	-	-	-	-
5.03	Adjusted opening balances	2,528,146	234,794	119,008	-	122,492	3,004,440	19,486	3,023,926
5.04	Capital transactions with shareholders	-	(11,347)	-	-	-	(11,347)	-	(11,347)
5.04.01	Capital increase	-	-	-	-	-	-	-	-
5.04.02	Share issue cost	-	-	-	-	-	-	-	-
5.04.03	Stock options granted and recognized	-	1,771	-	-	-	1,771	-	1,771
5.04.04	Treasury shares purchased	-	(13,118)	-	-	-	(13,118)	-	(13,118)
5.04.05	Treasury shares sold	-	-	-	-	-	-	-	-
5.04.06	Dividends	-	-	-	-	-	-	-	-
5.04.07	Interest on equity	-	-	-	-	-	-	-	-
5.05	Total comprehensive income/(loss)	-	-	-	(16,684)	(45,376)	(62,060)	(252)	(62,312)
5.05.01	Net income/(loss) for the period	-	-	-	(16,684)	-	(16,684)	79	(16,605)
5.05.02	Other comprehensive income (loss)	-	-	-	-	(45,376)	(45,376)	(331)	(45,707)
5.05.02.01	Adjustments to financial instruments	-	-	-	-	-	-	-	-
5.05.02.02	Taxes on adjustments to financial instruments	-	-	-	-	-	-	-	-
5.05.02.03	Equity pickup on comprehensive income/(loss) – affiliates	-	-	-	-	-	-	-	-
5.05.02.04	Translation adjustments for the period	-	-	-	-	-	-	-	-
5.05.02.05	Taxes on translation adjustments for the period	-	-	-	-	-	-	-	-
5.05.02.06	Exchange gains from (losses on) foreign investments	-	-	-	-	(45,376)	(45,376)	(331)	(45,707)
5.05.03	Reclassifications to income	-	-	-	-	-	-	-	-
5.05.03.01	Adjustments to financial instruments	-	-	-	-	-	-	-	-
5.06	Internal changes in equity	-	-	-	-	-	-	-	-
5.06.01	Set-up of reserves	-	-	-	-	-	-	-	-
5.06.02	Realization of revaluation reserve	-	-	-	-	-	-	-	-
5.06.03	Taxes on realization of revaluation reserve	-	-	-	-	-	-	-	-
5.07	Closing balances	2,528,146	223,447	119,008	(16,684)	77,116	2,931,033	19,234	2,950,267

**Consolidated financial statements / Statements of value added****(In thousands of reais)**

<b>Account code</b>	<b>Account description</b>	<b>YTD 01/01/2015 to 03/31/2015</b>	<b>Prior YTD 01/01/2014 to 03/31/2014</b>
7.01	Turnover	925,440	829,288
7.01.01	Goods and products sold and services rendered	902,151	810,135
7.01.02	Other turnover	5,756	1,481
7.01.03	Revenues from construction of own assets	23,676	17,672
7.01.04	Provision for/reversal of credits Doubtful accounts	(6,143)	-
7.02	Bought-in inputs	(667,952)	(570,126)
7.02.01	Cost of sales and services	(473,590)	(393,044)
7.02.02	Materials, energy, third-party services and other expenses	(194,362)	(177,082)
7.02.03	Impairment of assets	-	-
7.02.04	Other	-	-
7.03	Gross value added	257,488	259,162
7.04	Retention	(40,509)	(35,138)
7.04.01	Depreciation, amortization and depletion	(40,509)	(35,138)
7.04.02	Other	-	-
7.05	Net value added produced by Company	216,979	224,024
7.06	Value added received in transfer	172,595	6,376
7.06.01	Equity pickup	477	-
7.06.02	Financial turnover	172,118	6,376
7.06.03	Other	-	-
7.07	Total value added payable	389,574	230,400
7.08	Payment of value added	389,574	230,400
7.08.01	Personnel	106,688	147,432
7.08.01.01	Direct compensation	-	-
7.08.01.02	Benefits	-	-
7.08.01.03	F.G.T.S.	-	-
7.08.01.04	Other	-	-
7.08.02	Taxes, charges and contributions	36,706	18,586
7.08.02.01	Federal	-	-
7.08.02.02	State	-	-
7.08.02.03	Local	-	-
7.08.03	Debt remuneration	273,010	80,987
7.08.03.01	Interest	58,643	51,148
7.08.03.02	Rents	3,728	5,769
7.08.03.03	Other	210,639	24,070
7.08.04	Equity remuneration	(26,830)	(16,605)
7.08.04.01	Interest on equity	-	-
7.08.04.02	Dividends	-	-
7.08.04.03	Retained profit / (Loss for the period)	(27,100)	(16,684)
7.08.04.04	Noncontrolling interest in retained profits	270	79
7.08.05	Other	-	-

# **Magnesita Refratários S.A.**

Notes to quarterly financial information (ITR)

March 31, 2015

(In thousands of reais, unless otherwise stated)

## **1. Operations**

Magnesita Refratários S.A. (the “Company” or “Magnesita”), a publicly-held entity controlled by GP Investments Ltd. and Rhône Group, is listed in the “Novo Mercado” (New Market) of BM&F BOVESPA. Together with its subsidiaries, Magnesita is primarily engaged in the manufacture of refractory products, which are essential for high temperature processes. The Company’s products are made of magnesite, dolomite or alumina and are available in a wide range of forms, such as: bricks, masses, mortars and concrete. Leveraging its synergy with customers, the Company also provides refractory maintenance and assembly services. In addition, the Company operates with processing and sale of industrial minerals such as talc, caustic magnesia and magnesite sinter.

In addition to the plant located in Contagem, MG, Brazil (Company's headquarters), the Company has subsidiaries and jointly-controlled entities, both direct and indirect, holdings, and production, commercial, mining or non-operating plants, which comprise the consolidated financial statements (“Magnesita Group” or the “Group”). These companies are described in Note 12.

## **2. Approval of the financial statements**

These financial statements were approved for disclosure by Company's Board of Directors at May 12, 2015.

## **3. Summary of significant accounting practices**

The individual and consolidated interim financial information, presented herein as Company and Consolidated, respectively, was prepared and is presented in accordance with CPC 21 (R1) and International Standard IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board – IASB, and in accordance with the rules issued by the Brazilian Securities and Exchange Commission (CVM), applicable to the preparation of Quarterly Financial Information (ITR).

The accounting practices adopted in the accompanying quarterly financial information are consistent with those described in Note 3 to the Company’s financial statements for the year ended December 31, 2014, as filed with the CVM.

The accounting practices were consistently applied in the periods presented, unless otherwise stated.

## **Magnesita Refratários S.A.**

Notes to quarterly financial information (ITR) (Continued)

March 31, 2015

(In thousands of reais, unless otherwise stated)

### **3. Summary of significant accounting practices (Continued)**

#### **3.1. Basis of preparation and presentation of quarterly information**

Company and consolidated quarterly information was prepared under the historical cost convention and was adjusted to reflect the fair value of certain financial assets and liabilities (including derivative instruments), measured at fair value.

The quarterly information was prepared based on certain critical accounting estimates and use of professional judgment by Company management in the process of applying the accounting practices. The areas which require a higher degree of judgment and are more complex, as well as the areas in which assumptions and estimates are significant for Company, are disclosed in Note 4 to the consolidated financial statements as at December 31, 2014 and remain unchanged in relation to the period ended March 31, 2015. For the period ended March 31, 2015, there is no indication of impairment that would require the Company to redo the impairment test.

Considering that there were no significant changes in the breakdown and nature of the balances reported in the financial statements as at December 31, 2014, the following Notes are presented on a condensed basis for the quarter ended March 31, 2015:

- 17 – Provision for contingencies;
- 18 – Post-employment liabilities; and
- 21 – Stock option plan.

For the period ended March 31, 2015, no new standards, amendments and interpretations of standards were issued, in addition to those disclosed in Note 3.21 to the Company's financial statements for the year ended December 31, 2014. Also, no changes in relation to expected and disclosed impacts were observed in these financial statements that could affect the interim financial statements for such period.

## **Magnesita Refratários S.A.**

Notes to quarterly financial information (ITR) (Continued)

March 31, 2015

(In thousands of reais, unless otherwise stated)

### **4. Financial risk management**

#### **4.1. Financial risk factors**

a) Liquidity risk

The excess cash held by operational entities, in addition to the balance required for managing working capital, is managed by the Treasury department. The treasury invests the excess cash in checking accounts bearing interests, time deposits, short-term deposits and marketable securities, by choosing instruments with adequate maturity or sufficient liquidity to provide enough margin as determined by the above-mentioned estimates. As at March 31, 2015, Magnesita Group had R\$ 969,135 (R\$ 913,474 as at December 31, 2014) in cash and cash equivalents and marketable securities, which are expected to generate immediate cash inflows to manage liquidity risk.

b) Market risk

i) *Currency risk*

Magnesita Group operates in the foreign market and is exposed to currency risk arising from exposure to certain currencies, in particular the US dollar, euro and yuan. The currency risk arises from recognized assets and liabilities and net investments in foreign operations.

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)  
 March 31, 2015  
 (In thousands of reais, unless otherwise stated)

### 4. Financial risk management (Continued)

#### 4.1. Financial risk factors (Continued)

##### b) Market risk (Continued)

##### i) *Currency risk* (Continued)

As a precautionary measure and for the purpose of reducing the effects of exchange rate fluctuation, management has adopted the policy of having exchange rate-indexed assets, as follows:

	Consolidated							
	In thousands of reais - 03/31/2015				In thousands of reais - 12/31/2014			
	USD	€	Other currencies	Total	USD	€	Other currencies	Total
Assets and liabilities in foreign currency								
Cash and banks	536,983	92,543	45,049	674,575	596,495	154,536	38,354	789,385
Trade accounts receivable, net of allowance for doubtful accounts	270,296	184,028	55,846	510,170	208,031	73,942	64,084	346,057
Trade accounts payable, obligations arising from purchases of raw materials	(405,435)	(128,175)	(113,959)	(647,569)	(173,412)	(70,504)	(18,715)	(262,631)
Loans and financing	(1,800,946)	(11,114)	(71,148)	(1,883,208)	(1,649,767)	(10,816)	(56,571)	(1,717,154)
Derivative financial instruments	-	-	-	-	399,658	(395,733)	-	3,925
Other monetary assets (liabilities), net - abroad	(18,358)	(19,051)	(17,848)	(55,257)	(7,080)	(5,223)	(26,858)	(39,161)
Net exposure	(1,417,460)	118,231	(102,060)	(1,401,289)	(626,075)	(253,798)	294	(879,579)

The Company management seeks to mitigate currency risk exposure related to loans through transactions carried out in the United States and Europe.

The sensitivity analysis of currency risk considered the expected next year-end scenario the probable scenario. Scenarios I and II were calculated applying depreciation at 25% and 50% respectively on the probable scenario, taking these hypothesis into consideration for March 31, 2015.

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)  
March 31, 2015  
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### 4. Financial risk management (Continued)

#### 4.1. Financial risk factors (Continued)

##### b) Market risk (Continued)

##### i) *Currency risk* (Continued)

This analysis leads to the following:

Description	Probable scenario	Scenario I	Scenario II
Currency risk exposure (increase in USD)	(1,417,460)	(1,417,460)	(1,417,460)
USD rate at 03/31/2015	3.2080	3.2080	3.2080
Currency risk exposure (translation into USD)	(441,852)	(441,852)	(441,852)
Estimated FX rate based on probable scenario	3.2080	4.0100	4.8120
Rate difference	-	0.8020	1.6040
Effect on financial expenses (in Reais)	-	(354,365)	(708,730)
Currency risk exposure (increase in Euro)	118,231	118,231	118,231
Euro rate at 03/31/2015	3.4457	3.4457	3.4457
Currency risk exposure (translation into Euro)	34,313	34,313	34,313
Estimated FX rate based on probable scenario	3.4457	4.3071	5.1686
Rate difference	-	0.8614	1.7229
Effect on financial expenses (in Reais)	-	29,557	59,118

##### ii) *Cash flow or fair value interest rate risk*

The interest rate risk of Magnesita Group arises from short-term investments and loans and financing. Borrowings at fixed rates expose Magnesita Group to the fair value risk associated with the interest rate.

The financial policy of Magnesita Group provides for that the purpose of derivative transactions is to mitigate the risk by replacing floating interest rates with fixed interest rates or replacing fixed interest rates.

In 2014 and 2015, Magnesita Group had floating rate loans in reais and US dollars.

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)

March 31, 2015

(In thousands of reais, unless otherwise stated)

### 4. Financial risk management (Continued)

#### 4.1. Financial risk factors (Continued)

##### b) Market risk (Continued)

##### ii) *Cash flow and fair value interest rate risk* (Continued)

Interest rates agreed upon for loans and financing and long-term debt bonds in current and noncurrent liabilities are as follows:

	Consolidated				Company			
	03/31/2015	%	12/31/2014	%	03/31/2015	%	12/31/2014	%
Loans and financing								
CDI	643,264	24.0	633,422	25.2	643,264	39.4	633,422	43.0
	<u>643,264</u>	<u>24.0</u>	<u>633,422</u>	<u>25.2</u>	<u>643,264</u>	<u>39.4</u>	<u>633,422</u>	<u>43.0</u>
Other loans not subject to interest rate risk								
Loans at fixed rates	1,070,060	40.0	907,843	36.2	988,361	60.6	838,665	57.0
Long-term fixed debt bonds	962,031	36.0	967,894	38.6	-	-	-	-
	<u>2,032,091</u>	<u>76.0</u>	<u>1,875,737</u>	<u>74.8</u>	<u>988,361</u>	<u>60.6</u>	<u>838,665</u>	<u>57.0</u>
	<u>2,675,355</u>	<u>100</u>	<u>2,509,159</u>	<u>100</u>	<u>1,631,625</u>	<u>100</u>	<u>1,472,087</u>	<u>100</u>

The interest rate risk relating to short-term investments is as follows:

	Consolidated				Company			
	03/31/2015	%	12/31/2014	%	03/31/2015	%	12/31/2014	%
CDI								
CDB and fixed income transactions	243,926	89	89,697	77.5	224,597	88	72,490	73
Marketable securities	26,620	11	26,100	22.5	26,620	12	26,100	27
	<u>270,546</u>	<u>100</u>	<u>115,797</u>	<u>100</u>	<u>251,217</u>	<u>100</u>	<u>98,590</u>	<u>100</u>

The Company has no derivative financial instruments for the purpose of managing the risk to which the Company is exposed in connection with short-term investments subject to rate variation.

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)  
 March 31, 2015  
 (In thousands of reais, unless otherwise stated)

### 4. Financial risk management (Continued)

#### 4.1. Financial risk factors (Continued)

##### b) Market risk (Continued)

##### ii) *Cash flow and fair value interest rate risk* (Continued)

Interest risk to which the Company's operations are exposed is as follows:

	<b>Consolidated 03/31/2015</b>
	<b>CDI</b>
Cash equivalents and marketable securities	270,546
Position purchased in future DI	100,339
	<b>370,885</b>
Export credit notes	<b>(203,672)</b>
Advances on export invoices	<b>(9,804)</b>
Debentures	<b>(413,724)</b>
Bank credit bill	<b>(16,064)</b>
Total liability exposure	<b>(643,264)</b>
Net exposure	<b>(272,379)</b>

The table below shows the incremental loss that would have been recognized in the statement of operations for the period ended March 31, 2015. The sensitivity analysis of interest rate risk considered the expected next year-end scenario the probable scenario. Scenarios I and II were calculated applying depreciation at 25% and 50% respectively on the probable scenario, taking these hypothesis into consideration for March 31, 2015. This analysis leads to the following:

Description	Probable scenario	Scenario I	Scenario II
CDI risk exposure (rate increase)	(272,379)	(272,379)	(272,379)
Cumulative CDI rate at 03/31/2015	11.25%	11.25%	11.25%
Interest rate based on probable scenario	-	14.06%	16.88%
Rate difference	-	2.81%	5.63%
Effect on financial expenses	-	(7,654)	(15,335)

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)  
March 31, 2015  
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### 4. Financial risk management (Continued)

#### 4.2. Capital management

Magnesita Group's objectives in managing their capital are to safeguard its ability to continue as a going concern in order to provide return for shareholders and benefits for other stakeholders as well as to maintain an optimal target capital structure to reduce the cost of capital.

In order to maintain or adjust its capital structure, the Company may revise the policy for payment of dividends, return capital to shareholders, issue new shares, or sell assets to reduce its indebtedness, for example.

Magnesita Group monitors capital based on the financial leverage ratio. Net debt, in turn, corresponds to total loans, financing and long-term debt bonds, less cash and cash equivalents. Total capital is determined by adding equity, as disclosed in the balance sheet, to net debt.

Debt equity ratio is as under:

	Consolidated		Company	
	03/31/2015	12/31/2014	03/31/2015	12/31/2014
Total loans, financing and derivative financial instruments	<b>2,675,355</b>	2,509,159	<b>1,631,625</b>	1,472,087
Less: cash and cash equivalents, marketable securities and derivative financial instruments	<b>(969,135)</b>	(917,399)	<b>(288,236)</b>	(132,791)
Total	<b>1,706,220</b>	1,591,760	<b>1,343,389</b>	1,339,296
Total equity	<b>2,921,879</b>	2,892,877	<b>2,903,966</b>	2,876,368
Total capital	<b>4,628,099</b>	4,484,637	<b>4,247,355</b>	4,215,664
Financial leverage ratio	<b>37%</b>	35%	<b>32%</b>	32%

#### 4.3. Fair value estimate

The balances of trade accounts receivable less allowance for doubtful accounts and of trade accounts payable approximate fair value, given their short-term maturity.

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)  
March 31, 2015  
(In thousands of reais, unless otherwise stated)

### 4. Financial risk management (Continued)

#### 4.3. Fair value estimate (Continued)

For swap and NDF transactions, the long and short positions are calculated by the Company independently, using the marked-to-market methodology, according to the rates applied and verified in disclosures on the website of BM&F, Broadcast and Bloomberg. If there is no negotiation for the term of the Company's portfolio, the interpolation methodology is used to find the rates relating to the specific terms. In both cases, the present value of flows is calculated. The difference between payables and receivables is the fair value of transactions.

##### a) Financial instruments measured at fair value in the balance sheet

Magnesita Group's assets and liabilities measured at fair value through profit or loss include cash equivalents, marketable securities and derivative financial instruments, which are classified into level 2 of the fair value hierarchy.

### 5. Derivative financial instruments

The Company has no derivative operations for speculative purposes and in general does not settle them before respective maturities.

Description	Maturity month / year	Notional value	Consolidated	
			03/31/2015	12/31/2014
			Fair value R\$	Fair value R\$
Exchange rate hedging:				
Swap Long position	03/30/2015	US\$ 150,000	-	3,925
Interest rate hedging:				
Position purchased in future DI Long position	01/02/2017	R\$ 125,000	-	-

The effect of R\$ 58,080 was recognized in 2015 profit or loss, under financial income (R\$ 34,759 in 2014).

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)

March 31, 2015

(In thousands of reais, unless otherwise stated)

### 6. Financial instruments by category

	Consolidated			Company		
	Assets measured at fair value through profit or loss	Loans and receivables	Total	Assets measured at fair value through profit or loss	Loans and receivables	Total
Assets						
March 31, 2015						
Cash and cash equivalents and marketable securities						
- Cash and banks	698,589	-	698,589	37,019	-	37,019
- CDB and fixed income transactions	243,926	-	243,926	224,597	-	224,597
Marketable securities	26,620	-	26,620	26,620	-	26,620
Trade accounts receivable	-	584,297	584,297	-	507,770	507,770
Other accounts receivable (except prepayments)	-	7,921	7,921	-	7,921	7,921
Judicial deposits	-	16,742	16,742	-	15,620	15,620
	<b>969,135</b>	<b>608,960</b>	<b>1,578,095</b>	<b>288,236</b>	<b>531,311</b>	<b>819,547</b>

	Consolidated			Company		
	Assets measured at fair value through profit or loss	Loans and receivables	Total	Assets measured at fair value through profit or loss	Loans and receivables	Total
Assets						
December 31, 2014						
Cash and cash equivalents and marketable securities						
- Cash and banks	797,677	-	797,677	30,276	-	30,276
- CDB and fixed income transactions	89,697	-	89,697	72,490	-	72,490
Marketable securities	26,100	-	26,100	26,100	-	26,100
Trade accounts receivable	-	515,554	515,554	-	482,511	482,511
Other accounts receivable (except prepayments)	-	9,097	9,097	-	9,097	9,097
Judicial deposits	-	16,126	16,126	-	15,007	15,007
Derivative financial instruments	3,925	-	3,925	3,925	-	3,925
	<b>917,399</b>	<b>540,777</b>	<b>1,458,176</b>	<b>132,791</b>	<b>506,615</b>	<b>639,406</b>

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)

March 31, 2015

(In thousands of reais, unless otherwise stated)

### 6. Financial instruments by category (Continued)

	<u>Consolidated</u> <u>Financial</u> <u>liabilities not for</u> <u>trading</u>	<u>Company</u> <u>Financial</u> <u>liabilities not for</u> <u>trading</u>
Liabilities		
March 31, 2015		
Loans and financing and debt bonds	2,675,355	1,631,625
Trade accounts payable, obligations arising from purchases of raw materials, contractors and freight	<u>662,394</u>	<u>260,822</u>
	<u>3,337,749</u>	<u>1,892,447</u>
	<u>Consolidated</u> <u>Financial</u> <u>liabilities not for</u> <u>trading</u>	<u>Company</u> <u>Financial</u> <u>liabilities not for</u> <u>trading</u>
Liabilities		
December 31, 2014		
Loans and financing and debt bonds	2,509,159	1,472,087
Trade accounts payable, obligations arising from purchases of raw materials, contractors and freight	<u>585,735</u>	<u>226,154</u>
	<u>3,094,894</u>	<u>1,698,241</u>

#### 6.1. Fair value

	<u>Consolidated -</u> <u>At 03/31/2015</u>	
	<u>Book value</u>	<u>Fair value</u>
Cash and banks	698,589	698,589
CDB and fixed income transactions	243,926	243,926
Marketable securities	26,620	26,620
Trade accounts receivable	584,297	584,297
Other accounts receivable (except prepayments)	7,921	7,921
Judicial deposits	<u>16,742</u>	<u>16,742</u>
	<u>1,578,095</u>	<u>1,578,095</u>
Loans and financing and debt bonds	2,675,355	2,692,770
Trade accounts payable, obligations arising from purchases of raw materials, contractors and freight	<u>662,394</u>	<u>662,394</u>
	<u>3,337,749</u>	<u>3,355,164</u>

Fair value of financial assets and liabilities is included in the value for which the instrument could be exchanged in a current transaction between willing parties, and not on a forced sale or settlement.

The fair value of negotiable instruments is based on price quotes as at the reporting date. The fair value of nonnegotiable instruments, bank loans and other financial liabilities is estimated based on discounted future cash flows at rates currently available for similar or remaining debts or terms.

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)

March 31, 2015

(In thousands of reais, unless otherwise stated)

### 7. Cash and cash equivalents

	Consolidated		Company	
	03/31/2015	12/31/2014	03/31/2015	12/31/2014
Cash and banks	698,589	797,677	37,019	30,276
CDB and fixed income transactions	243,926	89,697	224,597	72,490
	<b>942,515</b>	<b>887,374</b>	<b>261,616</b>	<b>102,766</b>

In Consolidated, a portion of cash and cash equivalents amounts to R\$ 674,575 in foreign currency (December 31, 2014 - R\$ 789,385).

### 8. Trade accounts receivable

	Consolidated		Company	
	03/31/2015	12/31/2014	03/31/2015	12/31/2014
Trade accounts receivable – in reais	214,913	156,774	138,160	141,075
Trade accounts receivable – in other currencies	355,449	369,908	74,226	51,169
Receivables from subsidiaries	-	-	296,479	297,236
Provision for impairment losses	(29,994)	(23,851)	(20,111)	(19,692)
Notes receivable, net	540,368	502,831	488,754	469,788
Unbilled measurements	43,929	12,723	19,016	12,723
Trade accounts receivable	<b>584,297</b>	<b>515,554</b>	<b>507,770</b>	<b>482,511</b>

Accounts receivable are not of a financing nature and upon initial recognition are measured and recorded at fair value.

The aging list of notes receivable is as follows:

	Consolidated		Company	
	03/31/2015	12/31/2014	03/31/2015	12/31/2014
Falling due:				
Within 90 days – Third parties	370,684	339,065	91,375	93,122
Within 90 days - Intercompany	-	-	67,320	69,777
Above 90 days – Third parties	95,734	65,801	82,547	55,088
Above 90 days - Intercompany	-	-	3,912	16,157
Overdue:				
Within 30 days – Third parties	63,993	116,965	10,717	18,113
Within 30 days - Intercompany	-	-	31,922	30,714
Above 30 days – Third parties	83,880	17,574	46,763	38,644
Above 30 days - Intercompany	-	-	193,325	180,588
(-) Provision for impairment losses	(29,994)	(23,851)	(20,111)	(19,692)
	<b>584,297</b>	<b>515,554</b>	<b>507,770</b>	<b>482,511</b>

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)

March 31, 2015

(In thousands of reais, unless otherwise stated)

### 8. Trade accounts receivable (Continued)

Changes in the provision for impairment losses were as follows:

	<u>Consolidated</u>	<u>Company</u>
At December 31, 2014	(23,851)	(19,692)
Additions	(4,503)	(61)
Write-offs	2,986	2,986
Exchange gains/(losses)	(4,626)	(3,344)
At March 31, 2015	<u>(29,994)</u>	<u>(20,111)</u>

### 9. Inventories

	<u>Consolidated</u>		<u>Company</u>	
	<u>03/31/2015</u>	<u>12/31/2014</u>	<u>03/31/2015</u>	<u>12/31/2014</u>
Finished goods	539,663	472,525	98,084	106,570
Work in process	41,748	38,787	23,462	23,879
Raw materials	391,284	379,670	154,403	148,392
Materials and supplies (replacement materials and other)	101,493	86,504	50,424	44,403
Provision for losses	(35,165)	(29,109)	(4,783)	(4,783)
	<u>1,039,023</u>	<u>948,377</u>	<u>321,590</u>	<u>318,461</u>

Changes in the provision for losses were as follows:

	<u>Consolidated</u>	<u>Company</u>
Balance at 12/31/2014	(29,109)	(4,783)
Additions	(2,900)	-
Write-offs	1,092	-
Exchange gains/(losses)	(4,248)	-
Balance at 03/31/2015	<u>(35,165)</u>	<u>(4,783)</u>

### 10. Other taxes recoverable

	<u>Consolidated</u>			
	<u>03/31/2015</u>		<u>12/31/2014</u>	
	<u>Current</u>	<u>Noncurrent</u>	<u>Current</u>	<u>Noncurrent</u>
Indirect taxes	90,037	56,700	93,383	49,296
Taxes on goods shipped on consignment	2,346	-	2,757	-
Other	104	-	102	-
	<u>92,487</u>	<u>56,700</u>	<u>96,242</u>	<u>49,296</u>

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Notes to quarterly financial information (ITR) (Continued)

March 31, 2015

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### 10. Other taxes recoverable (Continued)

	Company			
	03/31/2015		12/31/2014	
	Current	Noncurrent	Current	Noncurrent
Indirect taxes	30,210	52,739	47,545	49,278
Taxes on goods shipped on consignment	2,327	-	2,743	-
Other	103	-	102	-
	<b>32,640</b>	<b>52,739</b>	<b>50,390</b>	<b>49,278</b>

### 11. Income and social contribution taxes

#### a) Tax credits

Tax credits by nature of temporary additions are as follows:

	Consolidated		Company	
	03/31/2015	12/31/2014	03/31/2015	12/31/2014
Tax credits on temporary additions				
Provision for contingencies	21,998	21,617	21,998	21,617
Post-employment obligations	75,658	70,210	30,834	30,138
Provision for bonuses	8,507	5,967	8,507	5,967
Accelerated depreciation	853	438	-	-
Other	40,242	38,447	7,341	9,592
	<b>147,258</b>	<b>136,679</b>	<b>68,680</b>	<b>67,314</b>
Tax credits on income and social contribution tax losses	380,174	385,591	353,827	352,516
Tax credit on shareholder merger	30,405	32,952	30,405	32,952
Total tax credits	<b>557,837</b>	<b>555,222</b>	<b>452,912</b>	<b>452,782</b>

The realization of deferred income and social contribution tax credits is subject to future events which will allow the provisions which generated them to be deducted, in accordance with the provisions of tax legislation currently in force, as well as to the generation of future taxable profits.

Accordingly, the estimated realization of tax assets shall not be used as the only indication of Magnesita's future results. Taxable profit considers variables, such as: tax incentives, permanent and temporary differences, thus having no direct correlation with the Company's net income.

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Notes to quarterly financial information (ITR) (Continued)

March 31, 2015

(In thousands of reais, unless otherwise stated)

### 11. Income and social contribution taxes (Continued)

#### a) Tax credits (Continued)

The income estimates available, combined with Company operations history, indicate that Company and subsidiaries will earn future taxable income in an amount sufficient to absorb referred to tax credits. Projections of future taxable income consider estimates relating, without limitation, to the Company's performance, market behavior, certain economic aspects. Actual amounts may differ from the estimates adopted.

Management estimates that the realization of deferred tax assets will be as follows:

	<u>Consolidated</u>	<u>Company</u>
1 year	54,112	23,998
2 years	36,110	28,599
3 years	75,858	68,347
4 years	39,184	32,606
5 years onwards	352,573	299,362
Balance at 03/31/2015	<u>557,837</u>	<u>452,912</u>

Tax credits from income and social contribution tax losses are generated especially from the amortization of goodwill on future profitability due to the acquisition of subsidiaries. Referred to goodwill will be amortizable by 2018 (R\$ 223,389), which provides a basis for management's expectation concerning the realization of these credits.

Worth mentioning, the tax credits recorded are supported by the technical study which CVM Ruling No. 371/02 refers to.

The Group has tax losses generated in China, amounting to R\$ 137,931. No deferred tax assets were recognized on these losses since they may not be used to offset taxable income of other Group companies and since they were generated in deficient subsidiaries some time ago. The subsidiaries do not have taxable temporary differences or other available tax planning opportunities that support the recognition of such losses as deferred tax assets. If the Group could recognize all deferred tax assets, these would total R\$ 34,483.

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)

March 31, 2015

(In thousands of reais, unless otherwise stated)

### 11. Income and social contribution taxes (Continued)

#### a) Tax credits (Continued)

Noncurrent liabilities are as follows:

	Consolidated		Company	
	03/31/2015	12/31/2014	03/31/2015	12/31/2014
Deferred taxes on tax amortization of goodwill	429,859	435,564	429,859	427,225
Deferred taxes on accelerated tax depreciation	71,069	70,130	-	-
Deferred taxes on net fair value gains	18,525	18,525	18,525	18,525
Other	10,551	6,547	6,547	6,547
	<b>530,004</b>	<b>530,766</b>	<b>454,931</b>	<b>452,297</b>

#### b) Reconciliation of income tax and social contribution tax expenses

	Consolidated		Company	
	03/31/2015	03/31/2014	03/31/2015	03/31/2014
Income (loss) before income and social contribution taxes	(6,351)	(5,492)	(22,420)	(19,821)
Combined statutory rate - %	34%	34%	34%	34%
Tax benefit at statutory rate	2,159	1,867	7,623	6,739
Income and social contribution taxes on				
Equity pickup	162	-	(10,982)	(3,000)
Effect of different rates used by the subsidiaries located in other jurisdictions	(367)	(8,208)	-	-
Effect of the limited interest deductibility rule - Germany	1,836	(3,452)	-	-
Tax effect of local adjustments to income tax of Germany, referring to Bond transfer	(14,413)	-	-	-
Other permanent differences, net	(9,856)	(1,320)	(1,321)	(602)
Income and social contribution tax expenses	<b>(20,479)</b>	<b>(11,113)</b>	<b>(4,680)</b>	<b>3,137</b>
Current	(18,802)	(11,473)	(2,177)	3,137
Deferred	(1,677)	360	(2,503)	-

#### c) Reconciliation of deferred tax assets and liabilities, net

	Consolidated		Company	
	03/31/2015	12/31/2014	03/31/2015	12/31/2014
Deferred tax assets	557,837	555,222	452,912	452,782
Deferred tax (liabilities)	(530,004)	(530,766)	(454,931)	(452,297)
Deferred tax assets (liabilities)	27,833	24,456	(2,019)	485
Reflected on the balance sheet				
Assets	38,417	32,795	-	485
Liabilities	(10,584)	(8,339)	(2,019)	-
Net	<b>27,833</b>	<b>24,456</b>	<b>(2,019)</b>	<b>485</b>

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)  
March 31, 2015  
(In thousands of reais, unless otherwise stated)

### 11. Income and social contribution taxes (Continued)

d) Changes in deferred tax assets and liabilities, net

	<u>Consolidated</u>	<u>Company</u>
Balance at December 31, 2014 – Assets (liabilities)	<u>24,456</u>	<u>485</u>
Tax income / (expenses) recognized in the statement of operations	<u>(1,677)</u>	<u>(2,504)</u>
Exchange gains/(losses)	<u>5,054</u>	<u>-</u>
Balance at March 31, 2015 – Assets (liabilities)	<u><u>27,833</u></u>	<u><u>(2,019)</u></u>

e) Law No. 12973/13

The Company prepared studies on the effects that could result from application of the provisions of Law No. 12973 and concluded that there are no significant effects on its financial statements for March 31, 2015 and December 31, 2014.

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)

March 31, 2015

(In thousands of reais, unless otherwise stated)

### 12. Investments in subsidiaries and jointly-controlled entities

#### a) Investment information

##### *Book value - Company*

	Equity interest %	Adjusted equity	Adjusted net income (loss)	Total assets		Interest	
				Liabilities	Net revenue	Net income (loss) before IR/CS	
Iliama II Trading (Sociedade Unipessoal) Lda. Capital worth 3 thousand EUROS and 3,010 units of interest	100	-	(6,880)	15,110	15,110	-	(6,880)
Magnesita Finance Ltd. (*) Capital worth 489,077 thousand EUROS and 2,204 units of interest	100	1,298,857	(27,189)	6,671,314	5,372,457	461,195	(15,076)
Magnesita Grundstücks Beteiligungs GmbH Capital worth 25 thousand EUROS and 1 unit of interest	100	415	-	448	33	-	-
Magnesita Insider Refratários Ltda. Capital worth R\$ 64,490 thousand and 944,900 units of interest	100	69,680	2,060	81,971	12,291	7,805	2,804
MAG-Tec Ltda. Capital worth R\$ 200 thousand and 800,000 units of interest	100	245	-	285	40	-	-
RASA - Refractários Argentinos S.A. I. C. y M. Capital worth ARS 1,000 thousand and 1,000,000 shares	100	(9,004)	(3,824)	140,647	149,651	34,816	(3,708)
Refractários Magnesita Colômbia S.A. Capital worth COP 11,673,200 thousand and 1,167,320,000 units of interest	100	33,784	3,207	48,748	14,964	16,199	4,654
Refractários Magnesita Peru S.A.C. Capital worth PEN 6,890 thousand and 1,000 units of interest	100	16,018	487	16,813	795	4,769	487
Refractários Magnesita Uruguay S.A. Capital worth UYU 450 thousand and 450,000 units of interest	100	890	9	2,603	1,713	-	10
Reframec Manutenção e Montagem de Refratários Ltda. Capital worth R\$1,786 and 1,786,000 units of interest	57	12,075	2,926	19,870	7,795	14,404	4,430
Dalian Magnesita Refractories Co. Limited Capital worth US\$13,550 and 1 unit of interest	100	9,394	(3,097)	114,385	104,991	26,841	(3,097)
Total in 2015		<b>1,432,354</b>	<b>(32,301)</b>				
Total in 2014		<b>1,413,893</b>	<b>(23,017)</b>				

(\*) The Company indirectly has an investment in a jointly-controlled entity of 40%, in Krosaki Magnesita Refractories LLC (United States).

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)  
March 31, 2015  
(In thousands of reais, unless otherwise stated)

### 12. Investments in subsidiaries and jointly-controlled entities (Continued)

#### a) Investment information (Continued)

##### *Goodwill*

	<u>Goodwill on acquisition</u>
Of subsidiary Magnesita Finance Ltd.	422,352
Of subsidiary Reframec Manutenção e Montagem de Refratários Ltda.	21,369
Total at 03/31/2015	<u>443,721</u>
Total in 2014	<u>419,042</u>

#### b) Changes in equity interests

The changes in Company investments for the period ended March 31, 2015 were as follows:

	<u>2015</u>
Balance at beginning of year	1,833,297
Equity pickup	(32,301)
Exchange rate fluctuation - investments (i)	29,745
Exchange rate fluctuation - goodwill (ii)	24,679
Capital payment in subsidiary (iii)	625
Other	20,404
Balance at end of year	<u>1,876,449</u>

- (i) Exchange rate fluctuation on investments matched against equity (Note 24 (d)).
- (ii) Exchange rate fluctuation on goodwill matched against equity.
- (iii) Capital payment in subsidiary Magnesita Finance Ltd.

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)

March 31, 2015

(In thousands of reais, unless otherwise stated)

### 12. Investments in subsidiaries and jointly-controlled entities (Continued)

#### c) Related parties (Company)

##### *Balances and transactions*

At March 31, 2015, major trade accounts receivable and payable and key transactions carried out in the period then ended, such as sales, purchases of services and products and dividends received, involving Company subsidiaries were as follows:

	Balances			Transactions	
	Receivables	Trade accounts payable	Credits (debits)	Sales	Purchase of products
Magnesita Insider Refratários Ltda. (i)	383	5,616	(611)	1,564	4,062
Dalian Magnesita Refractories Co. Limited	-	-	37,998	-	-
RASA - Refratarios Argentinos S.A. I. C. y M. (ii)	90,695	-	-	5,722	-
Iliama II Trading (Sociedade Unipessoal) Lda.	-	-	14,469	-	-
Refratários Magnesita Uruguay S.A. (iii)	-	-	-	-	-
Refratários Magnesita Colômbia S.A. (iii)	2,573	(253)	-	2,732	-
Refratários Magnesita Peru S.A.C. (iii)	523	-	-	1,679	-
Refratários Magnesita Chile (iii)	3,535	-	-	937	-
LWB companies (i)	198,769	4,870	11,724	84,008	-
Other	-	-	(23)	(63)	706
At March 31, 2015	<b>296,478</b>	<b>10,233</b>	<b>63,557</b>	<b>96,579</b>	<b>4,768</b>
At December 31, 2014	<b>284,514</b>	<b>9,475</b>	<b>58,052</b>	<b>307,531</b>	<b>14,184</b>

- (i) Sales of raw materials by the Company for production of refractory materials by the subsidiary;
- (ii) Sales of raw materials and refractory materials by the Company for production and sale of refractory materials by the subsidiary;
- (iii) Sale of refractory products for resale in the countries where the subsidiaries are located.

The products and services purchase and sale transactions between Company and subsidiaries are carried out under terms agreed upon by the parties, which are eliminated in the consolidated information.

The Company fully and unconditionally guarantees debt securities issued by its subsidiaries Rearden G Holdings Eins GmbH and Magnesita Finance Ltd. (LWB Group companies).

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)

March 31, 2015

(In thousands of reais, unless otherwise stated)

### 13. Property, plant and equipment

	Consolidated						Annual weighted average depreciation rate %
	03/31/2015			12/31/2014			
	Cost	Accumulated depreciation	Net value	Cost	Accumulated depreciation	Net value	
Land	94,244	-	94,244	84,566	-	84,566	
Mineral deposits	78,488	(18,572)	59,916	64,258	(15,122)	49,136	Based on volume
Buildings and improvements	662,837	(282,486)	380,351	610,605	(257,763)	352,842	4
Machinery, facilities and equipment, including IT equipment	1,847,603	(1,231,887)	615,716	1,690,798	(1,124,947)	565,851	7
Transportation equipment	17,643	(16,450)	1,193	16,767	(15,638)	1,129	6
Furniture, fixtures and other	79,505	(44,171)	35,334	73,517	(39,904)	33,613	9
Construction in progress	201,951	-	201,951	223,474	-	223,474	
Total property, plant and equipment	<u>2,982,271</u>	<u>(1,593,566)</u>	<u>1,388,705</u>	<u>2,763,985</u>	<u>(1,453,374)</u>	<u>1,310,611</u>	
	Company						
	03/31/2015			12/31/2014			
	Cost	Accumulated depreciation	Net value	Cost	Accumulated depreciation	Net value	
Land (ii)	12,108	-	12,108	12,126	-	12,126	
Mineral deposits	34,798	(6,780)	28,018	28,067	(5,458)	22,609	Based on volume
Buildings and improvements (i) (ii)	240,386	(101,825)	138,561	234,962	(100,319)	134,643	4
Machinery, facilities and equipment, including IT equipment (i)	973,771	(614,962)	358,809	936,502	(603,271)	333,231	10
Transportation equipment	11,376	(11,368)	8	11,376	(11,367)	9	20
Furniture, fixtures and other	34,760	(17,790)	16,970	34,316	(17,235)	17,081	10
Construction in progress	167,406	-	167,406	194,914	-	194,914	
Total property, plant and equipment	<u>1,474,605</u>	<u>(752,725)</u>	<u>721,880</u>	<u>1,452,263</u>	<u>(737,650)</u>	<u>714,613</u>	

(i) The Company reassessed the useful life of these assets for 2015 and concluded that there were no significant changes which would impact the depreciation rates currently used.

(ii) The Company has assets given in guarantee in administrative and legal proceedings totaling R\$ 28,679 at March 31, 2015 (December 31, 2014 - R\$ 28,679).

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)

March 31, 2015

(In thousands of reais, unless otherwise stated)

### 13. Property, plant and equipment (Continued)

Changes in property, plant and equipment were as follows:

	<b>Consolidated</b>	<b>Company</b>
At December 31, 2014	1,310,611	714,613
Additions	<b>33,398</b>	<b>24,140</b>
Write-offs	<b>(380)</b>	<b>(83)</b>
Depreciation	<b>(38,500)</b>	<b>(15,666)</b>
Transfer to intangible assets	<b>(1,746)</b>	<b>(1,124)</b>
Exchange rate fluctuation (foreign assets)	<b>85,322</b>	-
At March 31, 2015	<b>1,388,705</b>	<b>721,880</b>

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)

March 31, 2015

(In thousands of reais, unless otherwise stated)

### 14. Intangible assets

	Consolidated						Annual amortization rate - %
	03/31/2015			12/31/2014			
	Cost	Accumulated amortization	Net value	Cost	Accumulated amortization	Net value	
Software and other items (i)	154,810	(92,100)	62,710	146,787	(86,686)	60,101	12 to 20
Goodwill on acquisition of investments							
Magnesita S.A.	1,316,509	(272,855)	1,043,654	1,316,509	(272,855)	1,043,654	
LWB	1,455,615	(2,602)	1,453,013	1,405,934	(2,602)	1,403,332	
Insider Insumos Refratários para Siderurgia Ltda.	40,536	(699)	39,837	40,536	(699)	39,837	
Reframec Montagens e Manutenção de Refratários Ltda.	21,368	-	21,368	21,368	-	21,368	
Total intangible assets	<u>2,988,838</u>	<u>(368,256)</u>	<u>2,620,582</u>	<u>2,931,134</u>	<u>(362,842)</u>	<u>2,568,292</u>	

	Company						Annual amortization rate - %
	03/31/2015			12/31/2014			
	Cost	Accumulated amortization	Net value	Cost	Accumulated amortization	Net value	
Software and other items	95,007	(54,438)	40,569	93,767	(52,614)	41,153	12 to 20
Goodwill on acquisition of investments							
Magnesita S.A.	1,316,509	(272,855)	1,043,654	1,316,509	(272,855)	1,043,654	
Total intangible assets	<u>1,411,516</u>	<u>(327,293)</u>	<u>1,084,223</u>	<u>1,410,276</u>	<u>(325,469)</u>	<u>1,084,807</u>	

- (i) The Company reassessed the useful life of these assets for 2014 and concluded that there were no significant changes which would impact the amortization rates currently used.

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)  
March 31, 2015  
(In thousands of reais, unless otherwise stated)

### 14. Intangible assets (Continued)

Changes in intangible assets were as follows:

	<u>Consolidated</u>	<u>Company</u>
At December 31, 2014	2,568,292	1,084,807
Additions	<b>2,096</b>	<b>116</b>
Transfers of PP&E	<b>1,746</b>	<b>1,124</b>
Exchange gains/(losses)	<b>50,448</b>	-
Amortization	<b>(2,000)</b>	<b>(1,824)</b>
At March 31, 2015	<u><b>2,620,582</b></u>	<u><b>1,084,223</b></u>

### 15. Obligations arising from purchases of raw materials

The Company purchases raw materials from suppliers particularly located in China to obtain better cost conditions and to reduce mineral price risks. These purchases caused the Company to stock up on imported raw materials for a period longer than usual, with expected realization within 12 months.

Such purchases are negotiated with payment due dates consistent with the use of these raw materials. Company's suppliers, in turn, discount the notes with first-tier financial institutions by means of a trade finance transaction called forfaiting, which basically consists of selling these receivables, without legal recourse, at interest rates between 1.5% and 2%. Accordingly, at March 31, 2015, the financial liability is due to financial institutions, and the balances related to these purchases corresponded to R\$ 99,305 in Company and R\$ 234,971 in Consolidated, with average payment period around 360 days.

The Company classified these transactions in the operating cash flow statements, since these purchases of raw materials are matched against changes in inventories.

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)

March 31, 2015

(In thousands of reais, unless otherwise stated)

### 16. Loans and financing

	Consolidated			
	Currency	Average annual interest rate	03/31/2015	12/31/2014
Export credit notes	R\$	CDI+1.10%	203,672	209,854
Perpetual debt bonds	US\$	8.63%	819,452	664,209
(-) Unamortized transaction costs	-	-	(12,404)	(9,567)
Long-term debt bonds	US\$	7.88%	962,031	968,815
(-) Unamortized transaction costs	-	-	-	(921)
BNDES Revitaliza-Export	R\$	8.00%	101,616	101,660
Debentures	R\$	112% CDI	413,724	401,162
(-) Unamortized transaction costs	-	-	(2,471)	(2,249)
CCB	R\$	CDI+1.34%	16,064	16,467
Property, plant and equipment financing In local currency	R\$	7.50%	71,875	75,564
Advances on export invoices	US\$	63.9% CDI	9,804	8,188
Other	US\$	7.25%	9,659	8,555
Other	€	5.31%	11,114	10,816
Other	¥	-	71,148	56,571
Other	R\$	-	71	35
			<b>2,675,355</b>	<b>2,509,159</b>
		Current	306,572	305,220
		Noncurrent	2,368,783	2,203,939

	Company			
	Currency	Average annual interest rate	03/31/2015	12/31/2014
Export credit notes	R\$	CDI+1.10%	203,672	209,854
Perpetual debt bonds	US\$	8.63%	819,452	664,209
(-) Unamortized transaction costs	-	-	(2,111)	(2,768)
BNDES Revitaliza-Export	R\$	8.00%	101,616	101,660
Debentures	R\$	112% CDI	413,724	401,162
(-) Unamortized transaction costs	-	-	(2,471)	(2,249)
CCB	R\$	CDI+1.34%	16,064	16,467
Property, plant and equipment financing In local currency	R\$	7.50%	71,875	75,564
Advances on export invoices	US\$	63.9% CDI	9,804	8,188
			<b>1,631,625</b>	<b>1,472,087</b>
		Current	230,713	205,238
		Noncurrent	1,400,912	1,266,849

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)  
March 31, 2015  
(In thousands of reais, unless otherwise stated)

### 16. Loans and financing (Continued)

a) Perpetual debt bonds

In 2012, the Company issued US\$ 250 million in perpetual debt bonds in US dollars by means of its wholly-owned subsidiary Magnesita Finance Ltd. Such bonds consist of unsecured and unsubordinated obligations of Magnesita Finance Ltd. and are fully and unconditionally guaranteed by the Company and its significant subsidiaries. At March 31, 2015, perpetual debt bonds in long-term total R\$ 819,452.

b) Long-term debt bonds

In 2010, the Company issued US\$ 400 million in long-term debt bonds in US dollars by means of its wholly-owned subsidiary Rearden G Holdings Eins GmbH. Such bonds consist of unsecured and unsubordinated obligations of Rearden G Holdings Eins GmbH and are fully and unconditionally guaranteed by the Company and its significant subsidiaries. Long-term debt bonds have incurrence covenants, which may restrict Company's ability to take out new debts should net debt/EBITDA be above 3.75. At March 31, 2015, long-term debt bonds total R\$ 962,031. All covenants were met.

c) Export credit notes (Consolidated)

Characteristics of Company operations involving export credit notes are as follows:

- Creditor: Banco do Brasil S.A.
- Amount: R\$ 200,000
- Term: 7 years
- Grace period: 3 years
- Annual interest: CDI + 1.50% until September 4, 2012 and CDI + 1.10% thereafter

Export credit notes have covenants that are similar to the covenants of long-term debt bonds. All covenants were met.

Unamortized transaction costs refer to commission paid upon contract renegotiation and will be amortized over the terms of the related contract term.

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)  
March 31, 2015  
(In thousands of reais, unless otherwise stated)

### 16. Loans and financing (Continued)

#### d) Debentures

On December 20, 2013, the Company issued 40,000 (forty thousand) unsecured debentures, not convertible into shares, with a par value of R\$ 10,000 (ten thousand reais) each, totaling R\$ 400,000, remunerated at 112% of accumulated variation in the average daily rates of Interbank Deposits. Compensatory interest is paid semiannually. The debentures have a two-year grace period, maturing on December 20, 2018, and the first amortization shall be paid on December 20, 2017.

Unamortized transaction costs refer to commission paid upon contract renegotiation and will be amortized over the terms of the related contract term. The covenants (Net debt / EBITDA adjusted up to 3.75) were met.

#### e) Maturity

At March 31, 2015, current and noncurrent undiscounted balances payable mature as follows:

	<u>Consolidated</u>	<u>Company</u>
Within 180 days	251,076	204,794
From 180 to 360 days	55,496	25,919
2016	44,721	39,986
2017	287,620	284,172
2018 onwards	2,036,442	1,076,754
	<u>2,675,355</u>	<u>1,631,625</u>

#### f) Credit limits

The Company has the following unused credit lines:

	<u>03/31/2015</u>	<u>12/31/2014</u>
Floating rate		
- Maturity within one year	97,730	89,528
- Maturity over one year	545,534	546,007
Fixed rate		
- Maturity within one year	134,015	116,741
- Maturity over one year	858,929	724,692
	<u>1,636,208</u>	<u>1,476,968</u>

The credit lines which mature within one year are subject to annual review on different dates in 2015. The other credit lines were contracted for the purpose of assisting the financing of the proposed expansion of the Group activities.

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)

March 31, 2015

(In thousands of reais, unless otherwise stated)

### 17. Provision for contingencies

	Consolidated		Company	
	03/31/2015	12/31/2014	03/31/2015	12/31/2014
Tax - Provision	15,673	12,933	12,280	12,149
Tax – Judicial deposit	(8,342)	(8,345)	(7,749)	(7,749)
Labor - Provision	25,722	24,653	25,596	24,653
Labor – Judicial deposit	(6,359)	(5,803)	(5,893)	(5,280)
Civil – Provision	2,227	127	338	127
Social security - Provision	1,674	1,613	1,674	1,613
Social security – Judicial deposit	(2,041)	(1,978)	(1,978)	(1,978)
	<b>28,554</b>	<b>23,200</b>	<b>24,268</b>	<b>23,535</b>
Noncurrent - Provision	45,296	39,326	39,888	38,542
Noncurrent – Judicial deposit	(16,742)	(16,126)	(15,620)	(15,007)
	<b>28,554</b>	<b>23,200</b>	<b>24,268</b>	<b>23,535</b>

Based on information provided by its legal advisors, management set up provisions in amounts deemed sufficient to cover probable losses on ongoing litigations, classified into short- and long-term, in accordance with the expected outcomes, as above.

Significant contingent liabilities with probable unfavorable outcome, with provisioned amounts, are as follows:

Description	Position	03/31/2015	12/31/2014
		Balance	Balance
INSS deficiency notice amounting to R\$ 26,677 of 06/30/2008 drawn up without observing the five-year laches	Pending judgment	1,674	1,613
Referring to the lawfulness statement for Brumado IPI matching credit as a reimbursement of Contribution Taxes on Gross Revenue for Social Integration Program and for Social Security Financing (PIS/COFINS) levied on acquisitions of raw material in the domestic market	Appeal	9,146	9,069
Financial compensation on the tax base of Mineral Resource Exploration offset	Injunction	2,293	2,238

For labor claims, the Company sets up a provision considering real chances of success of the requests made in each case. Significant requests made in these labor claims are as follows: equal pay, compensation for occupational disease, accident at work, hazard pay and overtime.

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)  
March 31, 2015  
(In thousands of reais, unless otherwise stated)

### 17. Provision for contingencies (Continued)

Proceedings of a tax, civil and labor nature whose likelihood of loss is estimated as possible based on the opinion of Company legal advisors did not change significantly in the course of litigation and remain consistent with the discussion and rationale presented in Note 22 of Company financial statements for the year ended December 31, 2014, filed with the CVM.

### 18. Post-employment obligations

The Company and its subsidiaries offer retirement plans to employees, whose actuarial losses, recognized in the 2014 consolidated financial statements, are as follows:

Description	Subsidiaries			Region	
	Europe	United States	China	Company South America	Consolidated
Defined benefit plan	162,155	69,173	-	90,690	322,018
Seniority bonus	968	-	-	-	968
At March 31, 2015	<b>163,123</b>	<b>69,173</b>	-	<b>90,690</b>	<b>322,986</b>
At December 31, 2014	141,754	69,775	-	88,640	300,169

#### Company

The post-employment benefit plans offered by the Company are disclosed in the financial statements for the year ended December 31, 2014.

For 2015, budgeted expenses to fund the Defined Contribution Plan ("CD") amount to R\$ 8,199 and will be charged to financial expenses. At March 31, 2015, the Defined Contribution Plan had 7,265 active members (December 31, 2014 – 7,096).

At March 31, 2015, the Defined Benefit Plan (DB) had 273 (December 31, 2014 - 273) inactive members, retirees and pensioners, and 1,457 (December 31, 2014 – 1,462) members waiting for the Defined Benefit.

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)  
March 31, 2015  
(In thousands of reais, unless otherwise stated)

### 18. Post-employment obligations (Continued)

#### Subsidiaries

##### i) *Defined Contribution Plans*

The general characteristics and conditions of the defined contribution plans in the US and UK, as well as the assumptions used for the purpose of calculating the plan obligations, remain unchanged and consistent with those presented in Note 23 of Company's financial statements for the year ended December 31, 2014, filed with the CVM.

The total cost of these Plans amounted to R\$ 2,691 (R\$ 5,190 in 2014), calculated in accordance with the rates defined in the related rules.

##### ii) *Defined benefit plans*

The subsidiaries also have Defined Benefit Plans in Europe and the US determined by using the unit credit method projected based on the independent actuary's analysis, which maintained the economic actuarial assumptions aligned and consistent with those presented in Note 23 to the Company's financial statements for December 31, as follows:

	<u>Europe</u>		<u>United States</u>	
	<u>03/31/2015</u>	<u>12/31/2014</u>	<u>03/31/2015</u>	<u>12/31/2014</u>
Present value of actuarial liabilities	<b>(163,123)</b>	(141,754)	<b>(513,309)</b>	(261,347)
Fair value of assets	-	-	<b>444,136</b>	191,572
Actuarial liabilities	<b>(163,123)</b>	(141,754)	<b>(69,173)</b>	(69,775)
Active members	<b>281</b>	443	<b>218</b>	209
Assisted members	<b>1,076</b>	1,144	<b>544</b>	347
Terminated members, eligible for the Plan	<b>236</b>	325	<b>442</b>	209

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)  
March 31, 2015  
(In thousands of reais, unless otherwise stated)

### 19. Equity

#### a) Capital

At March 31, 2015, Company's capital totaled R\$ 2,528,146 (December 31, 2014 - R\$ 2,528,146), represented by 283,270,134 common shares (December 31, 2014 – 283,270,134), all registered and without par value.

The Company is authorized to increase capital by R\$4,000,000, irrespective of any amendments to Company Articles of Association, through a decision made by the Board of Directors establishing the conditions for issue.

In a meeting held on March 20, 2015, the Board of Directors approved the Company's 3<sup>rd</sup> Share Buyback Program, beginning on March 23, 2015 and ending on March 21, 2016. Magnesita may acquire up to 16,291,946 common shares, representing 10.00% of total outstanding shares.

Share buy-back transactions are conducted at market prices quoted on BM&FBOVESPA - Bolsa de Valores, Mercadorias e Futuros S.A., observing legal and regulatory provisions regarding black-out and lock-out periods, especially those defined in article 12 of CVM Rule No. 476, dated January 16, 2009 and in article 48 of CVM Rule No. 400 dated December 29, 2003. As a result of the Company's 3<sup>rd</sup> Share Buyback Program, by March 31, 2015, the Company had acquired 916,700 shares for R\$ 2,136.

Information on the acquisition of Company-issued shares is as follows:

3 <sup>rd</sup> Share Buyback Program							
Period	Type	Number of buyback shares	Buyback trading price (R\$)			Closing market quote <sup>1</sup> (R\$)	Market value (in thousands of reais)
			Minimum	Weighted average	Maximum		
Q1 2015	Common shares	916,700	2.29	2.33	2.34	2.34	2,145

1) Stock exchange closing price disclosed by BM&FBOVESPA - Bolsa de Valores, Mercadorias e Futuros S.A., referring to Magnesita common shares, traded under ticker symbol MAGG3, based on the last trading price of March 2015.

At March 31, 2015, the Company had 916,700 treasury common shares, representing 0.32% of total shares issued by the Company, which were recorded at R\$ 2,136.

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)

March 31, 2015

(In thousands of reais, unless otherwise stated)

### 19. Equity (Continued)

#### b) Capital reserves

- Share premium reserve: amounting to R\$139,327, this refers to 50% of the premium upon subscription of the shares issued in 2011.
- Special reserve - Law No. 8200/91: Refers to special monetary adjustment introduced in 1991 by Law No. 8200/91. This reserve may be used to increase capital or offset accumulated losses.
- Special goodwill reserve on merger: This refers to goodwill from merger of Mukden Participações Ltda., a shareholder of Magnesita Refratários S.A., net of the provision recognized pursuant to CVM Ruling No. 349/01. Shares will be distributed to all shareholders when this reserve is used for increasing capital.
- Stock options granted: This refers to the amount of stock options granted to Company management. In 2015, the reserves were matched against expenses recognized in profit or loss for the year, totaling R\$ 2,426 (2014 - R\$ 6,140).

#### c) Income reserve

- Legal reserve: The legal reserve is recorded based on the allocation of 5% of net income for the year, after legally required adjustments and deductions, including the deduction of accumulated losses, if any, limited to 20% of the Company's total capital, pursuant to article 193 of Brazil's Corporation Law.
- Investment reserve: This reserve is recognized pursuant to article 27, line d, of Company Articles of Incorporation, which state that new investments may be made using the remaining portion of net income after allocations to legal reserve and mandatory minimum dividends. The balance of this reserve, plus other income reserves, less unrealized earnings reserve and provisions for contingencies, cannot exceed total capital.

#### d) Other comprehensive income (loss)

This records foreign exchange gains and losses on foreign subsidiaries, on intercompany loans with foreign subsidiaries and goodwill, results from actuarial valuation and gain on fair value measurement of investment property.

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)  
 March 31, 2015  
 (In thousands of reais, unless otherwise stated)

### 19. Equity (Continued)

#### d) Other comprehensive income (loss) (Continued)

Amounts recorded in the form of foreign exchange gains and losses on investments and goodwill abroad were as follows:

	<u>Company</u>
Balance at 12/31/2014	111,374
Exchange gains from (losses on) foreign investments	29,745
Exchange gains from (losses on) goodwill abroad	24,679
Balance at 03/31/2015	<u>165,798</u>

### 20. Segment information

Management and the Board of Directors have performed business analyses since October 2012 by segmenting it into business lines, namely Refractory Products, Minerals and Services.

Revenue from the reported operating segments derives basically from the manufacture and sale of refractory products.

The amounts informed to the Board of Directors are consistent with the balances recorded in the consolidated financial statements.

Information by business segment, reviewed by management, for the periods ended March 31, 2015 and 2014 is as follows:

	<u>Consolidated - 03/31/2015</u>			
	<u>Refractories</u>	<u>Minerals</u>	<u>Services</u>	<u>Total</u>
Net sales and service revenue	712,075	44,075	50,012	806,162
Cost of sales	(469,615)	(30,138)	(37,908)	(537,661)
Gross profit	242,459	13,938	12,104	268,501
	<u>Consolidated – 03/31/2014</u>			
	<u>Refractories</u>	<u>Minerals</u>	<u>Services</u>	<u>Total</u>
Net sales and service revenue	641,068	39,427	38,869	719,364
Cost of sales	(428,861)	(27,113)	(32,300)	(488,274)
Gross profit	212,207	12,314	6,569	231,090

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)  
March 31, 2015  
(In thousands of reais, unless otherwise stated)

### 20. Segment information (Continued)

Net sales and service revenue by geographic region for the periods ended March 31, 2015 and 2014 is as follows:

Consolidated - 03/31/2015							
	South America	Europe	North America	China	Dalian	Eliminations	Total
Net sales and service revenue	453,607	197,156	238,438	25,601	26,841	(135,481)	806,162

Consolidated - 03/31/2014							
	South America	Europe	North America	China	Dalian	Eliminations	Total
Net sales and service revenue	385,165	220,560	192,427	24,647	6,619	(110,054)	719,364

There is no concentration of sales to specific customers.

### 21. Stock option plan

In accordance with its Articles of Incorporation, the Company has a stock option plan approved by the Annual Shareholders' Meeting with a view to including executives in the Company's development process in the medium and long terms. This plan is managed by the Board of Directors or, at the Board's discretion, by a committee, which shall approve the stock option plan. The options granted shall represent no more than 6% of total capital stock.

The options granted will entitle shareholders the right to acquire Company shares over the period of two years after the grant date at a rate of 100% of the number of shares granted at the end of the grace period. Options can only be exercised if an employment relationship with the Company exists at the time the option is exercised. The shares acquired each year may not be sold for one year.

In the first quarter of 2015, share-based payment expenses were recognized amounting to R\$ 2,426 (R\$ 1,771 in the first quarter of 2014). Future expenses to be recognized total R\$ 2,112.

The Company made a new grant in the first quarter of 2015 as a replacement for a portion of the options in force at December 31, 2014. Additionally, there was a buyback amounting to R\$ 1,531, and the remaining options were cancelled.

The fair value measurement model and assumptions are the same as those adopted in the financial statements for the year ended December 31, 2014.

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)

March 31, 2015

(In thousands of reais, unless otherwise stated)

### 22. Expenses by nature

	Consolidated		Company	
	Q1 2015	Q1 2014	Q1 2015	Q1 2014
Depreciation and amortization	40,509	35,138	17,490	14,685
Employee benefits	198,820	164,400	93,788	85,012
Raw materials and supplies	280,419	244,233	132,266	126,507
Expenses with transportation and commissions	52,593	51,683	23,917	27,702
Third-party services	40,304	63,954	26,462	32,611
Other	92,964	91,417	41,282	26,428
	<b>705,609</b>	<b>650,825</b>	<b>335,205</b>	<b>312,945</b>
Classification				
Cost of sales	537,661	488,274	261,399	231,517
Selling expenses	106,761	106,236	41,609	49,517
General and administrative expenses	58,761	54,544	29,771	30,140
Stock options	2,426	1,771	2,426	1,771
	<b>705,609</b>	<b>650,825</b>	<b>335,205</b>	<b>312,945</b>

### 23. Expenses with employee benefits

	Consolidated		Company	
	Q1 2015	Q1 2014	Q1 2015	Q1 2014
Salaries and compensation	133,752	110,264	55,895	51,158
Social charges	42,670	35,968	24,421	22,841
Stock options	2,426	1,771	2,426	1,771
Profit sharing	15,232	12,220	9,211	7,438
Retirement plan	4,740	4,177	1,835	1,804
	<b>198,820</b>	<b>164,400</b>	<b>93,788</b>	<b>85,012</b>

### 24. Other operating income (expenses), net

	Consolidated		Company	
	Q1 2015	Q1 2014	Q1 2015	Q1 2014
Labor claims	(4,674)	(4,498)	(4,674)	(4,498)
Electric energy sale	5,756	2,837	5,756	2,837
Assignment of payroll processing rights	(940)	(817)	-	-
Restructuring costs	(916)	-	(916)	-
Nonrecurring losses on assets	(12,964)	(1,356)	-	-
Other, net	3,521	(1,355)	(328)	(1,122)
	<b>(10,217)</b>	<b>(5,189)</b>	<b>(162)</b>	<b>(2,783)</b>

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)  
March 31, 2015  
(In thousands of reais, unless otherwise stated)

### 25. Earnings (loss) per share

a) Basic

	Consolidated	
	Q1 2015	Q1 2014
Basic		
Basic numerator		
Net income (loss) attributable to controlling shareholders	(27,100)	(16,684)
Basic denominator		
Weighted average number of outstanding shares	282,965	288,061
Basic earnings (loss) per share (in R\$)	<u>(0.10)</u>	<u>(0.06)</u>

b) Diluted

Diluted earnings per share are reached after adjusting the weighted average of common shares outstanding, assuming conversion of all potentially diluted common shares. The Company has only one category of potentially dilutive common shares: stock options.

As such, a calculation is made in order to determine the number of shares which could have been purchased at fair value (determined as the annual average market price of Company shares), based on the monetary value of the subscription rights linked to the purchase options of shares outstanding.

The number of shares calculated as above is compared to the number of shares issued, assuming the exercise of the stock options.

	Consolidated	
	Q1 2015	Q1 2014
Diluted		
Diluted numerator		
Net income (loss) attributable to controlling shareholders	(27,100)	(16,684)
Diluted denominator		
Weighted average number of outstanding shares	282,965	288,061
Weighted average number of shares for diluted earnings	282,965	288,061
Diluted earnings per share (in R\$)	<u>(0.10)</u>	<u>(0.06)</u>

In the first quarter of 2015, the Company had 17,092 options that were not diluted due to loss presented in the year.

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)  
March 31, 2015  
(In thousands of reais, unless otherwise stated)

### 26. Net sales and service revenue

	Consolidated		Company	
	Q1 2015	Q1 2014	Q1 2015	Q1 2014
Gross sales and service revenue				
In reais	<b>374,626</b>	343,630	<b>353,789</b>	324,048
In other currencies	<b>527,525</b>	466,505	<b>130,289</b>	97,445
	<b>902,151</b>	810,135	<b>484,078</b>	421,493
Deductions from sales	<b>(95,989)</b>	(90,771)	<b>(91,584)</b>	(86,244)
Net sales and service revenue	<b>806,162</b>	719,364	<b>392,494</b>	335,249

### 27. Commitments

#### 27.1. Input supply agreements

The Company has a commitment arising from electric power supply agreements related to its industrial activities, effective up to 2021. At March 31, 2015, the Company was in compliance with such agreements.

The amounts are based on energy consumption estimates over the contract term and the prices are also based on estimated volumes resulting from the Company's continuing operations.

Total minimum payments related to input supply, measured at nominal value, according to the agreement are as follows:

	Company and Consolidated – 2015
Less than one year	<b>24,240</b>
More than one year and less than four years	<b>56,207</b>
More than four years	<b>47,927</b>
	<b>128,374</b>

#### 27.2. Operating lease liabilities

The Company has commitments arising from lease of the properties in which it carries out product storage and shipment activities, as well as from lease of machinery and equipment. Lease agreement terms vary from one to six years and do not have a purchase option at the end of the lease term; however, they allow timely renewal under market conditions prevailing at the time when they are renewed. At March 31, 2015, the commitment in connection with future consideration for these operating leases had the following payment terms:

## Magnesita Refratários S.A.

Notes to quarterly financial information (ITR) (Continued)  
March 31, 2015  
(In thousands of reais, unless otherwise stated)

### 27. Commitments (Continued)

#### 27.2. Operating lease liabilities (Continued)

	<u>Company and Consolidated – 2015</u>
Less than one year	12,080
More than one year and less than five years	27,173
	<u>39,253</u>

### 28. Insurance coverage

The Company and its subsidiaries have insurance coverage against operational risks on industrial facilities, machinery and inventories. This coverage guarantees loss of profits, fire, flood and other risks, as follows:

	<u>Consolidated 03/31/2015</u>	<u>Company 03/31/2015</u>
Amount insured	3,387,644	1,757,525
Loss of profit	973,033	92,937
Civil liability	325,887	25,000

Additionally, the Company has insurance for civil liability risk of the Board of Directors and officers, credit insurance, group life insurance for employees, transportation insurance, work accident insurance and travel insurance for employees.

### 29. Key management personnel compensation

In the first quarter of 2015, compensation paid to key management personnel (Board members and Executive Officers) in the form of management fees amounted to R\$ 1,565 (first quarter of 2014 - R\$ 1,964). Additionally, the fair value of the stock options granted in the amount of R\$ 2,426 (first quarter of 2014 - R\$ 1,771) is recorded in net income for the period.

## **Pronouncement of the Board of Directors**

In accordance with item V, article 142 of Brazil's Corporation Law (Law No. 6404 of December 15, 1976), the Board of Directors of Magnesita Refratários S.A., at a meeting held on May 12, 2015, received the Management Report and the quarterly information for the last period ended and approved the Executive Board accounts.

Contagem, May 12, 2015.

Fersen Lamas Lambranco – Chairman  
Thiago Emanuel Rodrigues - Vice Chairman  
Eduardo Alcalay  
Nelson Rozental  
Robert Frank Agostinelli  
Bernardo Guimarães Rodarte  
Rodrigo Boscolo  
Alexandre Grzybowski  
Ronaldo de Carvalho Caselli

## **Opinion of the Supervisory Board**

On May 13, 2015, full members of the Supervisory Board of Magnesita Refratários S.A. (the “Company”) held a meeting at 2 p.m., by means of conference call, attended by Mr. Eduardo Guardiano Leme Gotilla, Company’s CFO, and Mr. Welder Ferreira Santos, Company’s Tax Officer.

After analyzing the quarterly information (ITR), with the information provided by Company management for the first quarter of 2015, the Board formalized the opinion favorable to the ITR, as described in Attachment I hereto.

In witness whereof, the members closed the meeting and drawn up these minutes that, after being read and approved, were executed by all the members of the Supervisory Board that attended the meeting.

Contagem, May 13, 2015.

Pedro Wagner Pereira Coelho  
Alexei Ribeiro Nunes  
Sergio Antonio Cordeiro de Oliveira  
Ricardo Scalzo  
Rafael Ferraz Dias de Moraes

## REPRESENTATION

In the capacity of Corporate Officers of Magnesita Refratários S.A., we hereby represent, pursuant to article 25, paragraph 1, items V and VI of CVM Rule No. 480 of December 7, 2009, that:

- we have analyzed, discussed and agreed with the quarterly financial information (Company and Consolidated) for the period ended March 31, 2015;
- we have analyzed, discussed and agreed with the terms of the independent auditor's review report on the quarterly financial information (Company and Consolidated) for the period ended March 31, 2015.

Contagem, May 12, 2015.

Octávio Cortes Pereira Lopes  
Chief Executive Officer

Eduardo Guardiano Leme Gotilla  
CFO and Investor Relations Officer

Officers with no specific title:

Otto Alexandre Levy Reis  
Luís Rodolfo Mariani Bittencourt  
Luiz Gustavo Perrotti Rossato

Gilmar Fava Carrara  
José André de Castro Alves  
Otávio Augusto Castro Lustosa Nogueira

Chief Technical Officer in charge  
Welder Ferreira Santos  
Accountant - CRC-MG 51.003/O-6