

WE MAKE IT POSSIBLE:

TECHNOLOGIES FOR THE FUTURE



REPORT FOR
THE 1st QUARTER 2012

RHI

Key Figures RHI Group

Earnings indicators

in € million	1 st Quarter		
	2012	2011	Change
Revenues	436.9	413.8	5.6%
EBITDA	47.6	42.4	12.3%
EBITDA margin	10.9%	10.2%	0.7pp
Operating result ¹⁾	33.6	29.2	15.1%
Operating result margin	7.7%	7.1%	0.6pp
EBIT	33.6	29.2	15.1%
EBIT margin	7.7%	7.1%	0.6pp
Profit before income taxes	35.4	23.7	49.4%
Profit	32.0	18.3	74.9%
Net cash flow from operating activities	45.0	26.8	67.9%
Investments in property, plant and equipment and intangible assets	(30.5)	(4.9)	(522.4)%
Number of employees at end of quarter	8,182	7,344	11.4%
Average number of employees Q1	8,091	7,319	10.5%

1) before reversal of impairment losses/impairment losses and restructuring costs

Balance sheet indicators

in € million	03/31/2012	04/01/2011	Change
Balance sheet total	1,738.3	1,451.2	19.8%
Equity	463.3	326.6	41.9%
Net debt	363.1	318.3	14.1%
Gearing Ratio ¹⁾	78.4%	97.5%	(19.1)pp

1) not including non-current personnel provisions

Stock exchange indicators

in €	1 st Quarter		
	2012	2011	Change
Earnings per share	0.80	0.46	73.9%
Share price: high	19.85	29.92	(33.7)%
Share price: low	15.55	23.15	(32.8)%
Share price: average	17.90	26.80	(33.2)%
Share price at end of quarter	18.97	25.40	(25.3)%
Market capitalization at end of quarter (in € million)	755	1,011	(25.3)%
Number of shares (in million units)	39.82	39.82	0.0%

Management Report RHI Group

The fears of a deep depression in the European Union expressed in the second half of last year appear not to have come true, amongst other things due the extensive monetary measures taken by the European Central Bank and the successful rescheduling of Greece's debts. With the second 36-month longer-term refinancing operations, the ECB granted liquidity in the amount of € 530 billion to 800 banks, thus significantly reducing refinancing pressure and the danger of bank insolvencies. The "fiscal pact" signed by the heads of state and government, which provides for strengthening budgetary discipline, the introduction of stricter monitoring within the European Monetary Union and closer coordination of economic policies, also contributed to easing the sovereign debt crisis. In the USA, the economic upswing gained momentum, which was reflected in the results of surveys of purchasing managers and an increase in the number of new loans granted, and led to a decline in the unemployment rate. In China, economic growth slowed down visibly and, at slightly above 8%, was weaker than expected by the Chinese government and international economists. However, worries about a hard landing of the Chinese economy seem unlikely to come true. The price of crude oil rose to more than 120 US dollars per barrel due to the political uncertainty in the Middle East, making global growth more difficult at this level.

In the current World Economic Outlook of April 2012, the IMF forecast an increase in the global GDP by 3.5% in comparison with the previous year despite all existing uncertainties. Compared with the forecast of January 2012, the economic growth expected for the industrialized nations this year was raised from 1.2% to 1.4% and that for developing and emerging countries from 5.4% to 5.7%. A slight decline in the economic performance by 0.3% in the euro area and 2.1% growth for the USA are expected. The growth projected for Brazil, Russia, India and China amounts to 3.0%, 4.0%, 6.9% and 8.2% respectively.

Despite the macroeconomic uncertainties, RHI increased its sales volume by 1.8% compared with the first quarter of 2011, while revenues grew far more significantly, reflecting the price increases achieved in the market. However, the record revenues of the fourth quarter of 2011 were not repeated as fewer projects were invoiced in the Industrial Division.

Revenues of the RHI Group increased to € 436.9 million in the first quarter of 2012, up 5.6% on the comparable period of 2011. While the Steel Division recorded an increase in revenues of 6.2%, revenues fell slightly by 1.1% in the Industrial Division. The operating result of the first quarter increased by 15.1% to € 33.6 million compared with the 2011 reference period despite negative foreign currency effects, and corresponds to EBIT as no restructuring costs were incurred. The EBIT margin improved from 7.1% to 7.7%. Tax expenses amounted to € 3.4 million in the first quarter and correspond to a tax rate of 9.6%.

As of March 31, 2012, the equity ratio amounted to 26.7%, compared with 26.0% at December 31, 2011. Cash and cash equivalents increased by € 9.6 million compared with year-end 2011 and amounted to € 154.1 million. Despite the acquisition of Stopinc AG and significantly higher investments, net debt rose only slightly to € 363.1 million, after € 361.5 million at December 31, 2011.

Net cash flow from operating activities increased to € 45.0 million in the first quarter of 2012 (Q1/2011: € 26.8 million). Due to the construction of a fusion

Business Development

Revenues & earnings

plant in Norway and the increase in the stake held in Stopinc AG from 50% to 100% in order to strengthen the segment of special products for the steel and nonferrous metal production, net cash flow from investing activities increased to € (41.9) million, after € (2.8) million in the first quarter of 2011.

The number of employees rose from 7,925 to 8,182, which is equivalent to a 3.2% increase compared to December 31, 2011.

Development of the individual divisions

Segment Reporting

	1 st Quarter		
	2012	2011	Change
Sales (thousand tons)	474.8	466.5	1.8%
in € million			
Revenues	436.9	413.8	5.6%
Steel Division	279.1	262.7	6.2%
Industrial Division	143.0	144.6	(1.1)%
Raw Materials Division			
External revenues	14.8	6.5	127.7%
Internal revenues	45.4	44.1	2.9%
Operating result ¹⁾	33.6	29.2	15.1%
Steel Division	12.8	6.1	109.8%
Industrial Division	13.1	15.8	(17.1)%
Raw Materials Division	7.7	7.3	5.5%
Operating result margin	7.7%	7.1%	0.6pp
Steel Division	4.6%	2.3%	2.3pp
Industrial Division	9.2%	10.9%	(1.7)pp
Raw Materials Division	12.8%	14.4%	(1.6)pp
EBIT	33.6	29.2	15.1%
Steel Division	12.8	6.1	109.8%
Industrial Division	13.1	15.8	(17.1)%
Raw Materials Division	7.7	7.3	5.5%
EBIT margin	7.7%	7.1%	0.6pp
Steel Division	4.6%	2.3%	2.3pp
Industrial Division	9.2%	10.9%	(1.7)pp
Raw Materials Division	12.8%	14.4%	(1.6)pp

1) before reversal of impairment losses/impairment losses and restructuring costs

Steel Division

In the first quarter of 2012, crude steel production, at approx. 377 million tons, significantly exceeded the figure of the fourth quarter of 2011. Especially in China, the European Union and the USA, growth rates of more than 5% were recorded. The increase by more than 17 million tons in China is attributable to the weak fourth quarter of 2011, which was far below the annual average, but was surprising in view of the slowing economic growth in China.

in million tons	1 st Quarter	4 th Quarter	Change
	2012	2011	
China	174.2	156.7	11.2%
World ex China	202.6	198.2	2.2%
thereof EU27	43.9	41.7	5.3%
thereof North America	31.2	29.6	5.4%
World	376.8	354.9	6.2%

While sales volume in the Steel Division fell slightly by 1.3% in comparison with the first quarter of 2011, revenues were up 6.2% as price increases were implemented. Further price adjustments, which were successfully negotiated in the past quarter, will continue to improve the earnings situation starting in the second quarter of 2012.

Revenues in the Steel Division amounted to € 279.1 million in the first quarter of 2012, significantly above the revenues of the first quarter of 2011 of € 262.7 million and slightly below the figure of the fourth quarter of 2011 of € 281.5 million. EBIT amounted to € 12.8 million in the first quarter, after € 6.1 million in the prior-year reference period. The EBIT margin improved from 2.3% to 4.6% due to price adjustments, but was affected by negative foreign currency effects.

Despite the fear of a deep recession in Europe expressed in the course of the exacerbating sovereign debt crisis, the steel market, and consequently the refractories market, showed a surprisingly robust development in Europe. Even in Spain and Italy, crude steel output was increased in comparison with the fourth quarter of 2011. However, with a production level of currently 180 million tons, Europe is still far off the pre-crisis levels of roughly 210 million tons of crude steel per year. Capacity utilization in the first quarter of 2012 amounted to approximately 75%.

Due to the strong pressure on margins from Chinese competitors in the stainless steel business, ThyssenKrupp and Outokumpu have combined their activities in this segment. RHI expects no impact on its own business from this combination.

On a positive note, RHI regained market share lost in the course of necessary price adjustments, especially in the ladle and converter business, through excellent service and outstanding product performance.

At the beginning of the first quarter of 2012, the takeover of the remaining 50% share in Stopinc AG represented an important step in strengthening the flow control segment, which involves the controlled flow of liquid steel in the production process. With the Interstop brand, Stopinc AG is one of the world

EMEA

market leaders in slide gate mechanics. The acquisition enables RHI to offer integrated solutions which include both slide gate mechanics and slide gate plates, and to push ahead innovations in a more targeted manner.

In Eastern Europe, exceptional winter influences led to temporary shutdowns of entire steelworks in the first quarter of 2012. In this region, RHI is confronted with difficult economic framework conditions. Some steel plants suffer from inefficiency and increasingly turn to less expensive Chinese products due to the high cost-related pressure. In the CIS states, RHI expanded revenues further and takes targeted measures to raise market share on a sustained basis with specific service packages in new construction projects.

After the Arab Spring, the situation in the Middle East has stabilized to a certain extent. In Egypt, production is running at normal capacity again, and an improvement in the economic situation is also tangible in Libya. Some of the planned new construction projects will be shifted to the next year.

North America The steel market in North America continued the positive trend of the second half of 2011 in the first quarter of 2012 and is still very strong. Positive economic data and an identifiable recovery in the labor market corroborate the expectation of a persisting slight increase in steel production in North America.

In order to be able to provide better service to our customers in the USA, among other things through shorter lead times, RHI is planning to build a production plant. In the course of a site evaluation, the search was narrowed down to three possible former industrial sites in the east of the USA. The construction of a plant is an important step towards reducing the working capital requirements on a sustained basis and to achieve benefits on the cost side through a reduction of logistics costs. The final investment decision is yet to be made.

South America The development of the steel market in South America was slightly weaker than expected in the first quarter of 2012. Lower economic growth combined with an increase in steel imports in Brazil led to a delay of planned capacity expansions and new construction projects. Accordingly, the forecasts regarding crude steel production in the coming years were adjusted downwards by market research institutes. However, the two upcoming major sports event, the Soccer World Cup 2014 and the Olympics 2016, will boost the economy as large sums are invested in the infrastructure.

As part of its growth strategy, RHI invests roughly € 85 million in the establishment of a production site in Brazil. In the first quarter of 2012, the leveling work on the premises was successfully completed and the next building phase successfully started.

South East Asia is one of the fastest growing markets for refractory products and consequently an important part of the growth strategy of RHI. Based on excellent service and technical support, market share in this region was expanded further. RHI is currently evaluating possible acquisitions in the flow control segment in order to participate in the growth to an even greater extent.

Asia / Pacific

Due to the difficult market environment in China, with more than 3,000 competitors, RHI pursues a selective growth strategy in the high-tech segment. Although revenues are moderate in relation to steel output, this sales region is one of the most profitable in the group. In order to meet local requirements, which in part differ substantially from those of our European customers, RHI invests more than € 1.0 million in the establishment of a research center in China.

China

Industrial Division

The sales volume in the Industrial Division dropped 5.9% because the cement business was weaker in comparison with the first quarter of 2011. The recovery of the markets back to pre-crisis levels is proceeding, but they still show a highly diverse picture depending on region and industry segment.

Revenues of the Industrial Division, at € 143.0 million in the first quarter of 2012, fell slightly short of the revenues of € 144.6 million recorded in the first quarter of 2011 and were significantly lower than the record revenues of € 181.1 million in the fourth quarter of 2011 as fewer projects were invoiced. EBIT amounted to € 13.1 million in the first quarter, after € 15.8 million in the prior-year reference period and includes € 1.3 million from the sale of a property. The EBIT margin decreased from 10.9% to 9.2% due to a massive increase in costs of raw materials containing zirconium and to negative foreign currency effects.

After an increase in production capacity in 2011, the global glass market presented itself largely stable in the first quarter of 2012. While production declined in some regions, the investment climate remains positive in Western Europe and parts of Asia.

Glass

In Europe, the investment backlog of the past years is now removed in the container glass segment. The Middle East, Thailand, Vietnam and India, where capacity expansions are planned or implemented, are also still important growth regions.

In China, the production capacities for flat glass, which increased considerably in the past years, are by far not fully utilized. This is attributable to low demand for architectural glass due to a cool-off in the construction industry as well as a decline in the production of solar glass. As a result of the US import restrictions for glass and solar panels made in China, more than 40% of the production capacity for float glass, especially obsolete plants, was closed down and all further investment projects slowed down. For RHI there is a chance in the medium term that the closed-down older production facilities are replaced by newer, more modern plants.

In Russia and the other CIS states, investments in replacements, which are urgently needed, and investments in modernization are not carried out at present

due to financing difficulties. In combination with the political turbulences surrounding the elections in Russia, this leads to a low level of incoming orders from this region.

Despite these negative developments, RHI assumes that the expected lower revenues in China and Russia will be compensated by more business in Europe and in the Middle East.

Cement / Lime

After the high level of orders received in the fourth quarter of 2011, the first quarter of 2012 fell slightly short of expectations. Amongst other things, the political unrest around the Persian Gulf also contributed to this situation. In Libya and Egypt the situation has not sufficiently stabilized yet to enable sustainable investments in building up the infrastructure. Therefore, orders from these countries were still subdued in the first quarter of 2012.

In contrast, business in Eastern Europe, Russia and the CIS states developed extremely positively. Here, the crisis in the construction industry has come to an end and both in third-party business and in project business, the demand for refractory materials saw a significant boost. Increasing sales volumes were also recorded in North America for the first time since 2008.

In China no new plants are built due to the slowing economic growth. Nevertheless, RHI still expects sales at a pre-crisis level in third-party business, which is very important for the company.

Latin America is currently the market with the highest number of cement plants under construction. In Brazil and Mexico in particular, several major projects are realized at present. In Mexico, where RHI is represented by its own production site, the company saw an above-average benefit from this market development in the first quarter of 2012.

The lime segment, which started with an order backlog from the previous year, expanded its order level further in the first quarter. RHI benefited directly from the upward trend in the construction industry in Germany and won contracts for new construction projects and major repairs.

Signs of a recovery are also visible in the North American market, where demand for new plants recorded a tangible increase. The project business in Central and South America remains at a very positive high level. With a contract for a refractories volume of approx. 4,500 tons for seven kilns, RHI received the largest contract in its "lime history". Moreover, important projects were acquired in the emerging regions India and South East Asia.

Nonferrous metals

The business development in the nonferrous metals segment was slightly weaker than in the comparable period of the previous year due to the situation in the important project business. The level of incoming orders, however, was very positive. Important large-scale projects were won in Guatemala, Chile, Finland and Kazakhstan. Further project contracts worth millions of euros are in the final offering phase and should be finalized in the coming weeks. As the large-scale ferrochrome project in Kazakhstan was delayed, revenues will, as announced previously, be considerably stronger in the second half of the year 2012 than in the first half.

The prices of the relevant nonferrous metals – above all of copper and nickel – declined slightly in the first quarter, but are still at a level where there is no reason to worry that investment projects or major repairs could be postponed or put on hold.

In the aluminum segment, some larger projects were won despite fierce competition. Here a contract from Brazil must be pointed out in particular, where RHI prevailed over local competition from Brazil due to its specific know-how, as well as another contract of a renowned kiln manufacturer for the Italian market.

The project business in new plant construction continues to develop positively. The International Energy Agency (IEA) expects an oil price of more than 100 US dollars per barrel for the coming years as well as slightly growing demand, which indicates that investment activities will at least remain at a similar level. Lively plant construction activities are to be seen especially in the Middle East and in Brazil. Some major projects have also been launched in Russia, the USA and Canada or are under preparation.

Third-party business is running at a stable level. However, the pressure on prices by customers in Europe and the USA is increasing. As RHI started to expand installation activities in Europe in the last year, market share was gained in an increasingly difficult environment though.

Raw Materials Division

The Raw Materials Division realized revenues of € 60.2 million in the first quarter of 2012, after € 50.6 million in the comparable period of the previous year.

The main reason for the increase were the significantly higher external revenues due to the acquisition of Premier Periclase Ltd. in September of the past year; these revenues amounted to € 14.8 million in the first quarter of the reporting year, after € 6.5 million in the first quarter of 2011. Internal demand within the group was roughly at the level of the prior-year reference period.

EBIT amounted to € 7.7 million in the first quarter, after € 7.3 million in the comparable period of the previous year, and corresponds to an EBIT margin of 12.8% and 14.4%, respectively. While proceeds on the sale of a property of € 2.7 million were included in the first quarter of 2012, this figure amounted to € 1.9 million in the first quarter of 2011.

All plants of the Raw Materials Division operated at full capacity in the first quarter of 2012 due to solid demand by the Steel and Industrial Divisions. The projects launched last year to increase backward integration of magnesia-based raw materials to roughly 80% are proceeding according to plan. The second rotary kiln in Turkey is scheduled to start operations in August. The construction of a new fusing plant at the Porsgrunn site in Norway is also progressing. The step-by-step commissioning of the fusion line is expected to start in September. Full operations with a monthly production of 7,000 tons of fused magnesia are scheduled to start in November.

Environment, Energy, Chemicals

RHI intends to participate in an auction for mining rights in Serbia. If the rights are acquired successfully, RHI plans to invest in sinter production capacities of approximately 100,000 tons and an adjacent mixes factory.

US Chapter 11 proceedings

In the US Chapter 11 proceedings, the court ruled in the year 2011 that in the remaining GIT appeals proceedings the case would be referred back to the first instance for the purpose of ascertaining further facts. In view of this decision, the ANH companies and part of the insurance companies successful in the appeals proceedings agreed on a settlement, while talks are still ongoing with the other part. Regardless of this, the first-instance proceedings are continued. Beyond that, no further developments of material importance took place.

Outlook

In a stable macroeconomic environment and with unchanged foreign currency exchange rates, RHI expects a similar level of revenues in the Steel Division in the second quarter, significantly higher revenues in the Industrial Division as well as a higher EBIT margin than in the first quarter of 2012. Price increases in combination with a positive contribution to earnings of the initiated backward integration projects lead us to expect a higher margin for the entire year 2012 than in the past financial year.

Risk Report

In the first quarter of 2012, there were no significant changes in risk management processes or key risks. There are no risks that are considered to be a threat to the existence of the Group.

Condensed, Unaudited Interim Consolidated Financial Statements

Consolidated Statement of Financial Position

in € million	03/31/2012	12/31/2011
ASSETS		
Non-current assets		
Property, plant and equipment	529.1	512.1
Goodwill	23.7	17.2
Other intangible assets	53.2	45.9
Shares in associates	15.9	14.5
Other non-current financial assets	31.3	41.7
Other non-current assets	11.6	11.0
Deferred tax assets	109.0	105.7
	773.8	748.1
Current assets		
Inventories	457.5	426.5
Trade and other current receivables	343.5	361.0
Income tax receivables	6.3	7.0
Other financial assets	3.1	2.8
Cash and cash equivalents	154.1	144.5
	964.5	941.8
	1,738.3	1,689.9
EQUITY AND LIABILITIES		
Equity		
Share capital	289.4	289.4
Group reserves	173.3	148.9
Equity attributable to equity holders of RHI AG	462.7	438.3
Non-controlling interests	0.6	0.6
	463.3	438.9
Non-current liabilities		
Non-current financial liabilities	322.0	285.7
Deferred tax liabilities	13.0	10.9
Personnel provisions	294.3	289.9
Other non-current provisions	3.7	3.5
Other non-current liabilities	7.2	7.5
	640.2	597.5
Current liabilities		
Current financial liabilities	195.2	220.3
Trade and other current payables	344.3	331.8
Other financial liabilities	0.4	0.3
Income tax payables	24.8	29.1
Current provisions	70.1	72.0
	634.8	653.5
	1,738.3	1,689.9

Consolidated Income Statement

in € million	1 st Quarter	
	2012	2011
Revenues	436.9	413.8
Cost of sales	(343.6)	(328.1)
Gross profit	93.3	85.7
Sales and marketing costs	(29.1)	(25.7)
General and administration costs	(31.1)	(26.7)
Other income	5.8	3.6
Other expenses	(5.3)	(7.7)
Operating result	33.6	29.2
Restructuring costs	0.0	0.0
Operating results (EBIT)	33.6	29.2
Interest income	0.6	0.2
Interest expenses	(4.6)	(3.6)
Other financial results	4.3	(4.0)
Financial results	0.3	(7.4)
Results from associates	1.5	1.9
Profit before income taxes	35.4	23.7
Income taxes	(3.4)	(5.4)
Profit	32.0	18.3
Profit attributable to		
equity holders of RHI AG	32.0	18.3
non-controlling interests	0.0	0.0
	32.0	18.3
in €		
Earnings per share (basic and diluted)	0.80	0.46

Consolidated Statement of Comprehensive Income

in € million	1 st Quarter	
	2012	2011
Profit after income taxes	32.0	18.3
Unrealized results from currency translation recognized in equity	(0.5)	(14.1)
Reclassification of fair value reserves of available-for-sale financial instruments to the income statement	(7.1)	0.0
Other changes	0.0	1.5
Total comprehensive income	24.4	5.7
Total comprehensive income attributable to equity holders of RHI AG	24.4	5.7
non-controlling interests	0.0	0.0
	24.4	5.7

Consolidated Statement of Changes in Equity

in € million	Equity attributable to equity holders of RHI AG						Non-controlling interests	Total equity
	Share capital	Group reserves			Accumulated results	Total		
		Additional paid-in capital	Fair value reserves	Currency translation reserves				
12/31/2011	289.4	38.3	8.7	(28.5)	130.4	438.3	0.6	438.9
Total comprehensive income	-	-	(7.1)	(0.5)	32.0	24.4	-	24.4
03/31/2012	289.4	38.3	1.6	(29.0)	162.4	462.7	0.6	463.3

in € million	Equity attributable to equity holders of RHI AG						Non-controlling interests	Total equity
	Share capital	Group reserves			Accumulated results	Total		
		Additional paid-in capital	Fair value reserves	Currency translation reserves				
12/31/2010	289.4	38.3	3.1	(28.7)	18.3	320.4	0.5	320.9
Total comprehensive income	-	-	-	(14.1)	19.8	5.7	-	5.7
04/01/2011	289.4	38.3	3.1	(42.8)	38.1	326.1	0.5	326.6

Consolidated Cash Flow Statement

in € million	1 st Quarter	
	2012	2011
Profit	32.0	18.3
Adjustments for		
income taxes	3.4	5.4
depreciation and amortization charges	15.4	13.2
reversal of impairment losses of property, plant and equipment	(1.3)	0.0
reversal of impairment losses of financial assets	(1.1)	0.0
gains from the disposal of property, plant and equipment	(4.1)	(2.0)
interest result	4.0	3.4
realized gains on financial instruments classified as available for sale	(7.1)	0.0
results from associates	(1.6)	(1.9)
other non-cash changes	6.6	7.7
Changes in assets and liabilities		
Inventories	(22.5)	5.1
Trade receivables	29.4	(9.6)
Other receivables and assets	(2.1)	(3.8)
Provisions	(5.2)	(4.3)
Trade payables	(0.8)	(10.7)
Other liabilities	10.4	9.8
Cash flow from operating activities	55.4	30.6
Income taxes paid	(10.4)	(3.8)
Net cash flow from operating activities	45.0	26.8
Acquisition of subsidiaries net of cash	(15.5)	0.0
Investments in non-controlling interests	0.0	(0.1)
Investments in property, plant and equipment and intangible assets	(30.5)	(4.9)
Cash inflows from the sale of property, plant and equipment	3.8	2.3
Changes in non-current receivables	(0.4)	(0.4)
Dividend payments from associates	0.1	0.1
Interest received	0.6	0.2
Net cash flow from investing activities	(41.9)	(2.8)
Proceeds from non-current borrowings and loans	38.0	0.4
Repayments of non-current borrowings and loans	(2.4)	(0.1)
Changes in current borrowings	(25.0)	8.4
Interest payments	(4.1)	(3.2)
Net cash flow from financing activities	6.5	5.5
Total cash flow	9.6	29.5
Change in cash and cash equivalents	9.6	29.5
Cash and cash equivalents as of 01/01	144.5	58.8
Change in cash and cash equivalents due to currency translation	0.0	(1.6)
Cash and cash equivalents at end of reporting period	154.1	86.7

Condensed, Unaudited Interim Consolidated Financial Statements

Selected Explanatory Notes

Starting on 01/01/2012, the reporting of RHI AG is based on calendar quarters. The reporting periods for the financial year 2012 and the periods of the previous year are shown in the table below:

Principles and methods

	2012	2011
1 st quarter	Jan 1 – March 31	Jan 1 – Apr 1
2 nd quarter	Apr 1 – Jun 30	Apr 2 – Jul 1
3 rd quarter	Jul 1 – Sep 30	Jul 2 – Sep 30
4 th quarter	Oct 1 – Dec 31	Oct 1 – Dec 31

The interim financial statements as of 03/31/2012 were prepared in accordance with the requirements of IAS 34 “Interim Financial Reporting” and with the International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU).

The interim financial statements do not include all information and disclosures required in the annual financial statements and should therefore be read in conjunction with the RHI Consolidated Financial Statements as of 12/31/2011.

In the interim financial statements as of 03/31/2012, the same accounting and valuation principles as in the preparation of the consolidated financial statements as of 12/31/2011 were used, with the exception of the amended IFRS 7 “Disclosures – Transfer of Financial Assets” as published in November 2011, which is also applicable in the EU and which is applied for the first time in the RHI Group in the year 2012. The amended IFRS 7 has no impact on the interim financial statements as the changes exclusively refer to disclosure obligations.

The interim consolidated financial statements as of 03/31/2012 were neither fully audited nor reviewed by an auditor.

Personnel provisions

In the first quarter of 2012 no actuarial gains or losses were recognized as there were no significant changes in the actuarial assumptions.

US Chapter 11 proceedings

In the US Chapter 11 proceedings, the court ruled in the year 2011 that in the remaining GIT appeals proceedings the case would be referred back to the first instance for the purpose of ascertaining further facts. In view of this decision, the ANH companies and part of the insurance companies successful in the appeals proceedings agreed on a settlement, while talks are still ongoing with the other part. Regardless of this, the first-instance proceedings are continued. Beyond that, no further developments of material importance took place.

Group of consolidated companies

In comparison with the balance sheet date 12/31/2011, four fully consolidated subsidiaries were added to the group of consolidated companies.

With a purchase contract dated 01/18/2012, Radex Vertriebsgesellschaft mbH, Leoben, acquired the remaining 50% share in Stopinc AG, Hünenberg, Switzerland, with retroactive effect from 01/01/2012. RHI now holds 100% of the shares in equity and voting rights.

Stopinc AG and its subsidiaries Interstop Corp., Cincinnati, USA, Interstop (Shanghai) Co., Ltd., Shanghai, China, as well as Mezubag AG, Pfäffikon, Switzerland, manufacture and sell special products for the use in the steel industry. With this takeover, RHI has strengthened the flow control segment, which covers the regulated flow of liquid steel in the production process. With the Interstop brand, Stopinc AG ranks among the world market leaders in this market sector. RHI AG will keep the trademark, expand its activities especially in Asia and continue to invest in research. At the time of acquisition, the Stopinc Group had 113 employees.

The effective date for the initial consolidation is 01/01/2012. The amounts recognized at the date of acquisition are preliminary and may therefore be adjusted or complemented during the measurement period.

Based on the preliminary fair values, the purchase price is made up of the following components:

in € million	01/01/2012
Non-current assets	15.6
Current assets (without cash and cash equivalents)	19.3
Cash and cash equivalents	1.9
Non-current liabilities	(6.8)
Current liabilities	(7.4)
Net assets acquired	22.6
Goodwill	6.3
Total purchase price	28.9

The total purchase price of € 28.9 million comprises the fair value of the equity share of 50% amounting to € 11.5 million held immediately before the acquisition as well as the purchase price of the remaining share paid in cash and cash equivalents, which amounted € 17.4 million. For the previously held shares no fair value adjustment was necessary at the time of the initial consolidation. The changes in fair value of € 7.1 million, which were recognized to equity in the previous years, were transferred to profit and loss through the financial results in accordance with IFRS 3.42. The costs related to the acquisition amount to less than € 0.1 million.

The goodwill of € 6.3 million resulting from the acquisition reflects the expected strategic advantages for the Group resulting from the expansion of the product portfolio in the flow control segment. The goodwill recognized is not usable for tax purposes.

The gross value of the receivables acquired is equivalent to the fair value and amounts to € 10.2 million.

Stopinc AG and its subsidiaries contributed € 5.6 million to revenues and € (1.2) million to the profit after income taxes in the first quarter of 2012.

The net effect from foreign currency losses and results from derivative financial instruments amounts to € (4.5) million (first quarter 2011: € (6.9) million).

Other income amounting to € 4.0 million results from the sale of land (first quarter 2011: € 1.9 million), of which € 2.7 million is accounted for by the Raw Materials Division (first quarter 2011: € 1.9 million) and € 1.3 million by the Industrial Division.

The Annual General Meeting on 05/03/2012 approved the payment of a dividend of € 0.75 per share for the year 2011. Therefore, dividends of € 29.9 million will be paid to the shareholders of RHI AG in the second quarter of 2012.

The following table shows the key figures of the operating segments for the first quarter of 2012:

in € million	Steel	Industrial	Raw Materials	Elimination/ Unallocated assets	Group
External revenues	279.1	143.0	14.8	0.0	436.9
Internal revenues	0.0	0.0	45.4	(45.4)	0.0
Segment revenues	279.1	143.0	60.2	(45.4)	436.9
EBIT	12.8	13.1	7.7	0.0	33.6
Financial results					0.3
Results from associates					1.5
Profit before income taxes					35.4
Segment assets at 03/31/2012	589.0	312.3	390.4	430.7	1,722.4
Shares in associates at 03/31/2012	0.2	0.0	15.7	0.0	15.9
					1,738.3

Other income/expenses

Dividends

Segment reporting

The operating segments for the first quarter of 2011 are shown in the following table:

in € million	Steel	Industrial	Raw Materials	Elimination/ Unallocated assets	Group
External revenues	262.7	144.6	6.5	0.0	413.8
Internal revenues	0.0	0.0	44.1	(44.1)	0.0
Segment revenues	262.7	144.6	50.6	(44.1)	413.8
EBIT	6.1	15.8	7.3	0.0	29.2
Financial results					(7.4)
Results from associates					1.9
Profit before income taxes					23.7
Segment assets at 12/31/2011	588.4	317.6	381.2	388.2	1,675.4
Shares in associates at 12/31/2011	0.2	0.0	14.3	0.0	14.5
					1,689.9

Segment assets include trade receivables and inventories, as well as property, plant and equipment, goodwill and other intangible assets, which are available to the segments and are reported to the management for control and measurement. Shares in associates are allocated to the segments. All other assets are shown under unallocated assets.

Related companies

The volume of transactions of RHI Group companies with affiliated, non-consolidated companies or associates is immaterial. The same also applies to accounts receivable from and accounts payable to related companies.

Contingent liabilities

Contingent liabilities recorded no material changes since the previous balance sheet date.

Seasonal and cyclical influences

Explanations regarding seasonal and cyclical influences on the operating activities of the RHI Group can be found in the management report.

Changes in the RHI Management Board

Mark J. Eckhout, CFO of RHI AG since 02/14/2011, resigned from the RHI Management Board with effect from 03/31/2012. The RHI Supervisory Board appointed Barbara Potisk-Eibensteiner CFO with effect from 04/01/2012.

The Management Board of RHI AG has decided to change the organization of the RHI Group from a divisional to a functional structure. The production plants currently assigned to the divisions Steel, Industrial and Raw Materials will be combined in technology clusters and concentrated in the reporting segment raw materials/production. This reporting segment reports to the CEO. The research activities will be centrally managed in the future. This new reporting structure in the RHI Group will be applied for the first time in the 3rd quarter of 2012.

Change in the reporting structure

Vienna, 05/15/2012

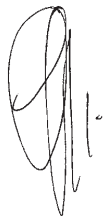
The Management Board



Franz Struzl
CEO



Barbara Potisk-Eibensteiner
CFO



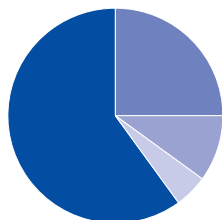
Giorgio Cappelli
COO Steel Division



Manfred Hödl
COO Industrial Division and
Raw Materials Division

RHI Share

RHI Shareholder structure



- < 60% Free float
- > 25% MS Private Foundation, Austria
- > 10% FEWI Beteiligungsgesellschaft mbH, Germany
- > 5% Raiffeisen Bank International AG, Austria

The shares of RHI AG are admitted to trading on the Vienna Stock Exchange. RHI is represented in the ATX, the lead index and the most important trading segment of the Austrian capital market, and a member of the Prime Market at the Vienna Stock Exchange. On March 31, 2012, 39,819,039 no-par common shares with voting rights of RHI AG were admitted to trading.

Financial Calendar 2012

Half-year results 2012

August 7, 2012

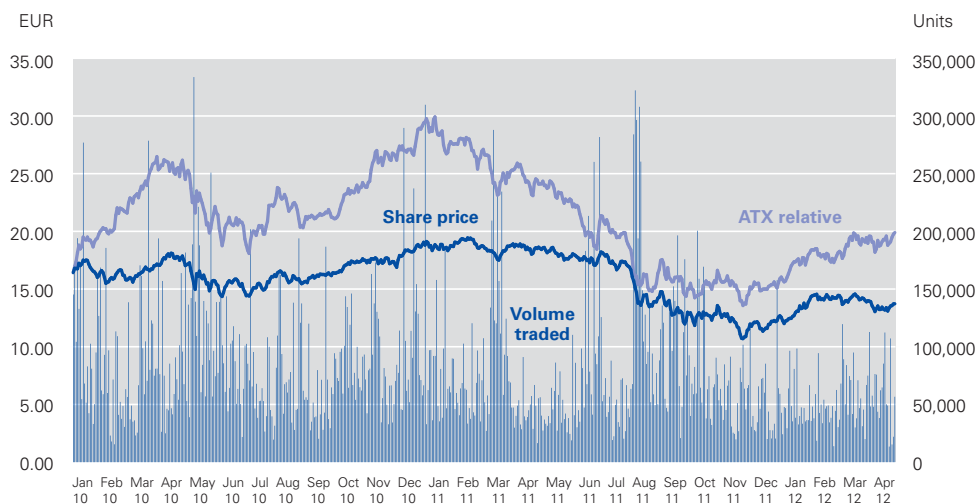
Results of the 3rd quarter 2012

November 6, 2012

Stock exchange key figures

in €	1 st Quarter	
	2012	2011
Highest share price	19.85	29.92
Lowest share price	15.55	23.15
Share price at end of quarter	18.97	25.40
Market capitalization (in € million)	755	1,011

Performance of the RHI share 01/2010 - 04/2012



ISIN

RHI share: AT0000676903

Reuters: RHIV.VI

Bloomberg: RHI AV

Information on RHI

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The English translation of the RHI quarterly report is for convenience.
Only the German text is binding.

This quarterly report contains forward-looking statements based on the currently held beliefs and assumptions of the management of RHI AG ("RHI"), which are expressed in good faith and, in their opinion, reasonable. These statements may be identified by words such as "expectation" or "target" and similar expressions, or by their context. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of RHI to differ materially from the results, financial condition, performance or achievements express or implied by such forward-looking statements. Given these risks, uncertainties and other factors, recipients of this document are cautioned not to place undue reliance on these forward-looking statements. RHI disclaims any obligation to update these forward-looking statements to reflect future events or developments.

In this report, terms may be used that are not IFRS financial measures. These additional financial measures should therefore not be viewed in an isolated manner as alternatives to the key figures for the financial position, earnings development or cash flow of RHI. For definitions of these additional financial measures, comparison with the most directly comparable figures in accordance with IFRS and information regarding the benefits and limitations of these additional financial measures, please contact the RHI Investor Relations Team (investor.relations@rhi-ag.com).