

RHI

QUARTERLY

FINANCIAL REPORT

I/2009



Key Figures RHI Group

Earnings indicators

in € million	1 st Quarter		
	2009	2008 ^{*)}	Change
Revenues	315.8	391.8	-19.4%
EBITDA	26.9	59.2	-54.6%
EBITDA margin	8.5%	15.1%	-43.6%
EBIT	14.1	46.9	-69.9%
EBIT margin	4.5%	12.0%	-62.5%
Profit before income taxes	5.4	39.0	-86.2%
Profit from continuing operations	4.7	34.2	-86.3%
Loss from discontinued operations	0.0	-0.4	n.a.
Profit	4.7	33.8	-86.1%
Number of employees at 31 March	7,567	7,334	3.2%
Quarterly average number of employees	7,627	7,286	4.7%

^{*)} adjusted

Balance sheet indicators

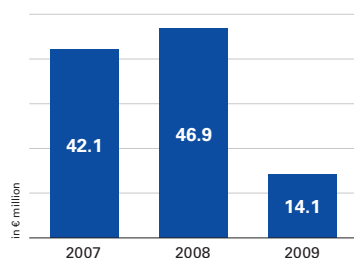
in € million	1 st Quarter		
	2009	2008	Change
Balance sheet total	1,334.4	1,274.8	4.7%
Equity	201.2	111.1	81.1%
Net debt	360.9	373.9	-3.5%
Gearing	179.4%	336.5%	-46.7%

Stock exchange indicators

in €	1 st Quarter		
	2009	2008	Change
Basic earnings per share	0.10	0.90	-88.9%
Diluted earnings per share	0.10	0.85	-88.2%
Share price: high	13.09	27.45	-52.3%
Share price: low	8.70	23.35	-62.7%
Share price: average	10.67	25.43	-58.0%
Share price at 31 March	10.41	25.50	-59.2%
Market capitalisation at year-end (in € million)	394.8	956.3	-58.7%
Number of shares (million units)	37.93	37.50	1.1%
Dividend per share	0.00	0.00	

Management Report RHI Group

EBIT 1st Quarter



The deepening of the global recession in the first quarter of 2009 had clearly negative effects on the business development of the RHI Group. World steel output plummeted by 22.8%, which led to a significant decline in demand in the Steel Division. In contrast, the Industrial Division, which benefited from a high order backlog in the first three months of 2009, presented itself in a robust state. However, the downturn is also setting in here with some delay. Lower demand also had a negative impact on the Raw Materials/Production Division. Therefore, RHI adjusted production volume to the market requirements in the first quarter of 2009. Maintenance work was brought forward and investment projects were postponed. In addition, optimisation measures effective in the short term, flexible working time models and short-time work were implemented, and a reduction of working capital was initiated in order to improve liquidity. Based on these measures, business was stabilised, however at an unsatisfactory earnings level.

As a result of the significantly declining market development, sales volume of the RHI Group fell by 34.3% to 345,800 tonnes in the first quarter of 2009. The decline in volume was partially compensated by the higher share in revenues of the Industrial business, so that revenues, at € 315.8 million, fell 19.4% short of the figure of the comparative period in 2008. The level of incoming orders in the first quarter of 2009 was clearly below that of the previous year. Sharp drops were recorded above in the Steel Division in Europe and North America due to reduced demand.

The dramatic drop in demand in the Steel Division caused a lower coverage of fixed costs due to reduced capacity utilisation. Lower energy, transport and raw material costs and the above-mentioned countermeasures, however, had a positive effect. Yet, EBITDA fell by 54.6% to € 26.9 million, EBIT deteriorated by 69.9% to € 14.1 million. The EBIT margin of 4.5% was substantially lower than in the previous year (12.0%).

Profit before income taxes amounted to € 5.4 million (previous year: € 39.0 million), down 86.2%. At 12.5%, the tax rate remained at the prior-year level. RHI's profit for the quarter amounted to € 4.7 million, 86.3% below the comparative figure of 2008 of € 34.2 million.

As of 31 March 2009, equity improved by € 19.4 million to € 201.2 million compared to December 2008. Financial liabilities amounted to € 438.3 million at the balance sheet date; less cash and cash equivalents amounting to € 77.4 million, net financial liabilities fell to € 360.9 million, compared to € 375.0 million at 31 December 2008. Cash flow from operating activities amounted to € 26.5 million in the first quarter of 2009 (previous year: € 27.2 million). Cash flow from investing activities, at € -8.2 million, fell clearly short of the prior-year figure of € -17.1 million and reflects the currently restrictive investment policy of the Group.

As of 31 March 2009 no further progress was made in the US Chapter 11 proceedings.

Segment Reporting

	1 st Quarter		
	2009	2008 ^{*)}	Change
Sales volume (thousand tonnes)	345.8	526.1	-34.3%
in € million			
	2009	2008 ^{*)}	
Revenues	315.8	391.8	-19.4%
Steel Division	165.3	232.5	-28.9%
Industrial Division	145.9	149.6	-2.5%
Raw Materials/Production Division	203.6	256.2	-20.5%
Consolidation	-199.0	-246.5	19.3%
EBIT	14.1	46.9	-69.9%
Steel Division	-0.7	20.2	-103.5%
Industrial Division	20.2	21.1	-4.3%
Raw Materials/Production Division	-5.4	5.6	-196.4%
EBIT margin	4.5%	12.0%	-62.5%
Steel Division	-0.4%	8.7%	-104.6%
Industrial Division	13.8%	14.1%	-2.1%
Raw Materials/Production Division	-2.7%	2.2%	-222.7%

*) adjusted

Steel Division

With an output of 263.6 million tonnes, the worldwide steel industry recorded a 22.8% decline in production in the first quarter of 2009. Only in China and Iran production rose by 1.4% and 17.9% respectively in contrast to the global trend. Adjusted for China, world steel output fell by 36.6% compared to the same period of the previous year.

Decline in steel output by region compared to the first quarter of 2008
(source: IISI):

Africa / Near and Middle East	-16.90%
Asia/Pacific	-9.40%
Eastern Europe	-36.50%
Latin America	-39.10%
North America	-53.90%
Western Europe	-43.00%

No turnaround is foreseeable in world steel production in the coming months. According to market forecasts, such a turnaround can be expected to start in the third quarter of 2009 at the earliest. Only price increases for scrap and a slight rise in the sale price of long products are to be observed. The production of flat steel is stagnating. The most recent forecast project a 20% decline in world steel output for the whole year 2009. Europe and North America will be especially affected, with declines expected to amount to 35% to 50%.

RHI's Steel Division was unable to defy the general trend and suffered a decline in revenues by 28.9% to € 165.3 million. At € -0.7 million, EBIT plummeted compared to the same period of the previous year (€ 20.2 million); the EBIT margin amounted to -0.4% (comparative period 2008: 8.7%).

Contracts with new customers caused an increase in the number of full line service contracts. Excellent results were also produced in the development of new isostatic products for thin slab plants.

- Africa / Near and Middle East** RHI managed to compensate the decrease in steel production in South Africa by stepping up sales activities. As a result, the revenues in these regions were retained at the level of the first quarter of 2008.
- Asia/Pacific** In the sales region Asia/Pacific, RHI improved the contribution margin despite a decline in revenues. This was possible because of the concentration on business with high profit margins.
- Eastern Europe** RHI was heavily affected by the decline in steel output in the East European countries. The sharpest drops were recorded in Poland (-43%), Romania (-66%), Russia (-33%) and in the Ukraine (-38%). In the long term, RHI considers opportunities in this region good because of the establishment of two new full line service projects and the tendency of Russian customers to increasingly purchase RHI products locally.
- Latin America** In the sales region Latin America, a clearly positive development was recorded in Argentina, Venezuela and Brazil. A new sales organisation enabled RHI to gain new customers and increase its market share. In Brazil revenues increased by 18% compared to the first quarter of 2008 due to the new local sales structure.
- North America** The steel market in North America was hit especially hard by the crisis of the automotive industry. Due to an active market presence and numerous activities in the flow control segment, the 25% drop in revenues was still significantly better than the market performance, which was characterised by a 53.9% decline in steel output.
- Western Europe** In Western Europe, steel output fell by 43% on the same period of the previous year. Despite a significant drop in revenues, RHI performed significantly better than the market in regions that are important to the company. This was achieved through new concepts for mixes and isostatic products and the delivery of new repair machinery.

Industrial Division

RHI's Industrial Division recorded a substantially more stable development than the Steel Division in the first quarter of 2009 due to a high order backlog. However, as customers were unable to finance their projects, an increasing number of projects was postponed or cancelled in the reporting period. At € 145.9 million, revenues were largely retained at the level of the same period of the previous year (-2.5%). EBIT, at € 20.2 million, was 4.3% below the level of the first quarter of 2008. The EBIT margin, at 13.8%, was only slightly lower than in the comparative period (14.1%).

Cement & Lime

In the cement segment, orders for the winter repair season are usually placed in the previous year; however, they are delivered during the repair phase so that the figures of the first quarter showed quite positive business activities. During the first three months of 2009, the financial crisis had an increasingly significant impact on the cement industry, which is why capacity had to be adjusted above all in Western Europe, the USA and Russia. This caused a decline in refractories sales volume in these regions. The further development of demand for refractories in these regions is dependent on a general economic recovery and the implementation of the announced economic recovery packages.

Some regions were unimpressed by the general economic downturn. In the important cement markets India, Middle East, Africa and China, the sales volumes recorded so far have been comparable to those of the year 2008. At present, no decline is foreseeable for the coming months either.

The first quarter of 2009 was still characterised by good demand. However, similar to the cement industry, investment projects were postponed or are no longer pursued due to the global economic crisis. Current business was predominantly carried by repairs and projects to be realised in the short term.

Glass

Sales volume and revenues of the Business Unit Glass were still influenced by the high order backlog from 2008 in the first quarter of 2009. The current situation of glass manufacturers is characterised by the general economic situation in all three segments. Production capacity was taken from the market, especially in the USA and in Western Europe. In the hollow glass segment, business was characterised by postponements for an indefinite time in both new construction and repair projects. Glass manufacturers are forced to revise their investment plans and cut costs due to a lack of availability of financing. For Western Europe, this could mean a further shift of production capacity to Eastern Europe and Russia. The flat glass market, which is highly dependent on the construction and automotive industries, has been hit particularly hard by the current economic crisis. Larger capacities were taken from the market, above all in the USA. The same trend can also be observed in the special glass segment. Consequently, the level of incoming orders was weak in the first quarter.

Nonferrous metals

Due to the sharp price drop in most nonferrous metals in the last quarter of 2008, the market conditions in this sector have changed fundamentally. Nearly all customers postponed or stopped initiated investment projects, which caused a de facto stagnation for suppliers, especially in the ferronickel segment. This development was mainly caused by the crisis in the steel sector so that no significant change is in sight in the second half of the year either.

As the copper price hit a historic low, the earnings situation of the copper plants deteriorated massively; in third-party business only the absolutely necessary repair materials are purchased, and only by exercising great price pressure on the suppliers. Existing inventory is being used up. All new projects have been put off or cancelled. Lead and zinc plants are confronted with a similarly difficult situation, with both segments being affected disproportionately by the crisis of the automotive industry. The price of aluminium fell to a level that threatens the very existence of aluminium plants. In many cases signs of liquidity problems were to be observed, which caused additional risk management work for RHI.

Due to this overall very negative situation, a sharp drop in sales volume compared with the previous year and considerable pressure on prices are to be generally expected in the nonferrous metals segment in the course of 2009.

**Environment, Energy,
Chemicals**

Investment activities in the chemicals and petrochemicals segments remained at a low level, which had a direct effect on incoming orders. In Canada, business developed according to plan and in a satisfactory manner due to a number of major plant downtimes in the petrochemicals and refinery sectors.

Raw Materials/Production Division

Revenues of RHI's Raw Materials/Production Division fell by 20.5% in the first quarter of 2009 compared to Q1/2008 and amounted to € 203.6 million. The negative divisional EBIT of € 5.4 million was primarily due to the low capacity utilisation and the related fixed cost deficit.

The production volume of finished products in the first quarter of 2009 was down roughly 30% on the same period of 2008. Due to and increased substitution of external raw materials with own raw materials, the production of the latter dropped by some 20% in the same period.

Due to the economic climate, the availability of magnesitic raw materials is sufficient. This applies to both China and the export market as export licenses are also readily available at present. The price of magnesitic raw materials declined moderately compared to the fourth quarter of 2008. Demand for refractory bauxite continues unabated and is reflected in stable prices at a high level, as is the case with chrome ore.

**Structural optimisation
and efficiency
enhancement programme**

Since the beginning of 2009, RHI has been working on a comprehensive programme to optimise the structure and increase efficiency. The programme has been implemented since the beginning of the second quarter of 2009.

As of 1 April 2009 a new profit centre organisation has been introduced, increasing the Group's proximity to the market and customers. The Divisions now act as independent profit centres. The reporting structure will be adjusted correspondingly starting in the third quarter of 2009. Efficiency increases resulting from the Group's orientation closer to the market have entailed personnel reductions in administration and other staff functions. 250 jobs were cut.

At the same time, capacity adjustments were made due to the ongoing difficult economic climate worldwide. The reduction of production volume due to the crisis also had an impact on the number of employees, which will be reduced by roughly 750 jobs in production in the year 2009.

Overall, RHI will thus reduce the number of employees of 7,766 by roughly 1,000 jobs worldwide in 2009.

The objective of the capacity reduction and structural optimisation now implemented is to save costs in the amount of approx. € 80 million. Half of it will become effective in 2009. Approx. 50% of the targeted savings potential is to be tapped by reductions in staff. Another € 40 million will be realised through material and other costs. In addition, a programme to reduce working capital has been initiated in order to strengthen liquidity further.

Moreover, RHI will also evaluate the existing plant concept within the framework of structural optimisation in the next few months in order to secure its competitive position and to take advantage of the growth opportunities in Asia and South America.

**Changes in the RHI
Management Board**

Stefano Colombo will terminate his Management Board mandate by mutual consent with effect from 28 May 2009. Chairman of the Management Board Thomas Fahnemann will take over the function of the CFO. At the same time the Supervisory Board announced that Giorgio Cappelli and Manfred Hödl were reappointed members of the Management Board for a period of three years with effect from 1 April 2009.

Outlook

The global recession will continue to deepen in the year 2009. Worldwide, the economic performance is expected to decline by approx. 3%; in the OECD countries, GDP is expected to drop by approx. 4.3% according to recent studies. Industrialised nations such as the USA, Japan and the European Union will be affected to a greater extent than emerging markets such as Brazil or China. Weak export markets and low investments in RHI's customer industries cause declines in sales volume, which are dramatic in some cases. This also has direct effects on the refractories industry. Due to the plummeting steel cycle a levelling out is the best case scenario for the Steel Division in 2009. In the Industrial Division, liquidity shortages on the customer side increasingly lead to postponements of investment projects.

Based on its new profit centre organisation, RHI will be in a position to respond quickly and flexibly to changes in the market and in demand in this difficult environment and to take advantage of sales opportunities even more efficiently. Moreover, the increased sales activities are to enable gaining market share worldwide through higher customer retention and winning new customers.

Due to the generally difficult economic climate and the development in the first quarter, RHI still expects a considerable decline in revenues and earnings in the financial year 2009 based on the current framework conditions. However, the decline in prices and volume is partially offset by lower raw material and energy costs. RHI reacted to the deepening recession by worldwide capacity adjustments so that significant cost savings are to be expected through the implementation of structural optimisation. RHI considers itself well positioned for the time after the crisis to actively take advantage of the opportunities in the global consolidation process and to improve its competitiveness through increased presence in the growth markets of Asia and South America.

Consolidated Financial Statements

Notes

Principles and methods

The unaudited interim financial statements at 31 March 2009 were drawn up in accordance with the provisions of IAS 34 and, applying § 245a UGB (Austrian Commercial Code), in accordance with the provisions of the International Financial Reporting Standards (IFRS) issued by International Accounting Standards Board (IASB) as amended and recognised by the European Union (EU).

In the interim financial statements at 31 March 2009, the same accounting and valuation principles as in the preparation of the consolidated financial statements at 31 December 2008 were applied.

As IAS 23 Borrowing Costs (revised in 2007) entered into force, financing costs attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the acquisition or production costs. This had no impact on the assets and earnings position of the RHI Group in the first quarter of 2009.

Through the initial application of IAS 1 (revised 2007) "Presentation of Financial Statements", income and expenses recognised in equity are shown in addition to profit and loss for the period and reconciled to comprehensive income in a separate statement of comprehensive income. The statement of changes in equity shows only transactions with owners. Comprehensive income is only shown as a balance.

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.

Changes in the Management Board

Stefano Colombo, who has exercised his function as Chief Financial Officer and Deputy Chairman of the Management Board of RHI AG since 6 June 2007, will terminate his Management Board mandate by mutual consent with effect from 28 May 2009. Chairman of the Management Board Thomas Fahnemann will take over the function of the CFO.

Statement by the Management Board

The Management Board of RHI AG declares, to the best of its knowledge, that the unaudited quarterly financial report is a fair presentation of the assets, financial and earnings position of the Group in accordance with IFRS to be applied in the EU.

Vienna, 5 May 2009

Thomas Fahnemann
Chairman

Stefano Colombo
Deputy Chairman & CFO

Giorgio Cappelli
Steel Division

Manfred Hödl
Industrial Division

Rudolf Payer
Accounting, Taxes & IT

Consolidated Financial Statements

Statement of Financial Position

in € million	31.03.2009	31.12.2008
ASSETS		
Non-current assets		
Property, plant and equipment	432.3	426.1
Goodwill	14.7	14.7
Other intangible assets	42.6	43.7
Shares in associates	11.4	14.1
Other financial assets	37.7	37.7
Non-current receivables	0.7	0.7
Deferred tax assets	72.8	69.4
	612.2	606.4
Current assets		
Inventories	383.9	380.9
Trade and other current receivables	244.1	272.7
Current portion of non-current receivables	3.1	1.0
Income tax receivables	7.2	8.2
Other financial assets	6.5	7.8
Cash and cash equivalents	77.4	46.3
	722.2	716.9
	1,334.4	1,323.3
EQUITY AND LIABILITIES		
Equity		
Share capital	275.6	275.6
Group reserves	-95.5	-113.0
Equity attributable to equity holders of RHI AG	180.1	162.6
Minority interest	21.1	19.2
	201.2	181.8
Non-current liabilities		
Non-current financial liabilities	301.3	302.4
Deferred tax liabilities	10.5	11.1
Personnel provisions	297.6	297.7
Other non-current provisions	3.2	3.2
Other non-current liabilities	5.3	5.4
	617.9	619.8
Current liabilities		
Subordinated convertible bond	13.9	13.9
Current financial liabilities	137.0	118.9
Trade and other current payables	254.9	282.1
Income tax payables	35.9	35.8
Current provisions	73.6	71.0
	515.3	521.7
	1,334.4	1,323.3

Statement of Comprehensive Income

in € million	1 st Quarter	
	2009	2008 ^{*)}
Revenues	315.8	391.8
Special direct distribution costs	-27.3	-34.3
Cost of sales	-219.7	-261.8
Gross profit	68.8	95.7
Distribution costs	-20.8	-18.8
Administrative expenses	-29.8	-27.6
Other income	1.1	2.6
Other expenses	-5.2	-5.0
Operating results	14.1	46.9
Interest income	0.4	0.6
Interest expenses	-4.8	-5.7
Other financial result	-4.4	-3.8
Financial result	-8.8	-8.9
Results from associates	0.1	1.0
Profit before income taxes	5.4	39.0
Income taxes	-0.7	-4.8
Profit from continuing operations	4.7	34.2
Loss from discontinued operations	0.0	-0.4
Profit	4.7	33.8
Profit attributable to equity holders of RHI AG	3.7	33.8
minority interest	1.0	0.0
	4.7	33.8
in €		
Basic earnings per share	0.10	0.90
Diluted earnings per share	0.10	0.85

^{*)} adjusted

Statement of Comprehensive Income

in € million	1 st Quarter	
	2009	2008
Profit	4.7	33.8
Change in currency translation reserves	14.7	-17.8
Total comprehensive income	19.4	16.0
Profit attributable to equity holders of RHI AG	17.5	16.5
minority interest	1.9	-0.5
	19.4	16.0

Statement of Changes in Equity

in € million	2009	2008
Equity at 1 January	181.8	95.6
Total comprehensive income	19.4	16.0
Dividend payments	0.0	-0.7
Capital increase	0.0	0.2
Equity at 31 March	201.2	111.1

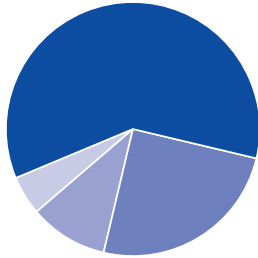
Statement of Cash Flows

in € million	2009	2008 ^{*)}
Cash and cash equivalents at 1 January	46.3	35.0
thereof cash and cash equivalents from continuing operations	46.3	34.6
Cash flow from operating activities	26.5	27.2
Cash flow from investing activities	-8.2	-17.1
Cash flow from financing activities	12.8	5.7
Cash flow from discontinued operations	0.0	-0.2
Cash and cash equivalents at 31 March	77.4	50.6
thereof cash and cash equivalents from continuing operations	77.4	50.4

^{*)} adjusted

RHI Share

RHI Shareholder structure



- < 60% Free float
- > 25% MS Private Foundation, Austria
- > 10% Wilhelm Winterstein, Germany
- > 5% Raiffeisen Group, 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 is a member of the Prime Market at the Vienna Stock Exchange. To date, a total of 3,274 of the 3,618 convertible bonds have been converted to 18,007,000 new RHI shares. On 1 April 2009, 37,927,039 no-par common shares with voting rights of RHI AG were admitted to trading in Vienna.

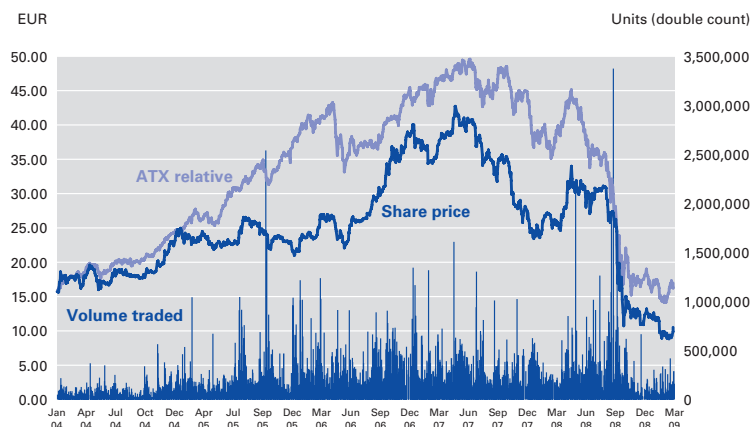
Financial calendar for 2009

Annual General Meeting 2009	28 May 2009
Half-year result 2009	4 August 2009
Result of the 3- Quarter 2009	3 November 2009

Stock market figures

in €	1 st Quarter	
	2009	2008
Lowest share price	8.70	23.35
Highest share price	13.09	27.45
Share price at 31 March	10.41	25.50
Market capitalisation (in € million)	394.8	956.3

Performance of the RHI share 01/2004 - 03/2009



ISIN

RHI share:
AT0000676903
RHI new shares from convertible bond:
AT0000A0BNR5
Convertible bond tranche A:
AT0000443049
Convertible bond tranche B:
AT0000443056

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Imprint

Owner and publisher:

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Concept, graphic design and coordination:

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Production:

In-house produced with FIRE.sys by
Michael Konrad GmbH
Kasseler Straße 1a
D-60486 Frankfurt am Main

Print:

E. Schausberger & Co. Ges.m.b.H.
Heidestraße 19
A-4623 Gunskirchen

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

This quarterly financial 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.