

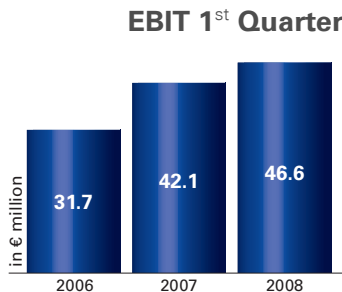
# Quarterly Financial Report I/2008



## Key figures RHI Group

in € million	1 <sup>st</sup> Quarter		
	2008	2007	Change
Revenues	394.6	361.2	9.2%
EBITDA	58.9	54.3	8.5%
EBITDA margin	14.9%	15.0%	-0.7%
EBIT	46.6	42.1	10.7%
EBIT margin	11.8%	11.7%	0.9%
Profit before income taxes	38.6	32.8	17.7%
Profit for the period	33.8	28.9	17.0%
Cash flow from operating activities	27.9	8.9	213.5%
Equity	111.1	-13.2	
Number of employees at 31 March	7,423	7,132	4.1%
Quarterly average number of employees	7,375	7,095	3.9%

# Management Report RHI Group



In the first quarter of 2008, the RHI Group increased revenues by 9.3% to € 394.6 million compared to the same period in 2007. EBITDA rose by 8.5% to € 58.9 million, and EBIT improved by 10.7% to € 46.6 million. At 11.8%, the EBIT margin slightly exceeded the prior-year figure of 11.7%.

Profit before income taxes amounted to € 38.6 million (previous year: € 32.8 million), up 17.7%. The tax rate, at 12.4%, remained at the level of the previous year. At € 33.8 million, the profit of the RHI Group exceeded the comparable figure of 2007 (€ 28.9 million) by 17.0%. At 31 March 2008, equity amounted to € 111.1 million, an increase by € 15.5 million compared to December 2007. Financial liabilities amounted to € 444.9 million at the balance sheet date and, taking into account cash and cash equivalents, net financial liabilities were € 394.3 million. Cash flow from operating activities, at € 27.9 million (previous year: € 8.9 million), clearly exceeded the figure of the previous year. Cash flow from investing activities, at € -17.1 million, primarily reflects investments in the raw material joint venture in China, which will go into full production in the fourth quarter of 2008.

No noteworthy developments took place in the US Chapter 11 proceedings in the first quarter of 2008.

## Segment Reporting

	1 <sup>st</sup> Quarter		
	2008	2007	Change
Sales (thousand tons)	526.1	488.6	7.7%
in € million			
	2008	2007	
<b>Revenues</b>	<b>394.6</b>	<b>361.2</b>	<b>9.2%</b>
Segment Steel	232.5	220.0	5.7%
Segment Industrial	149.6	129.2	15.8%
Segment Raw Materials/Production	259.0	241.3	7.3%
Consolidation	-246.5	-229.3	7.5%
<b>EBIT</b>	<b>46.6</b>	<b>42.1</b>	<b>10.7%</b>
Segment Steel	20.2	20.0	1.0%
Segment Industrial	21.1	15.9	32.7%
Segment Raw Materials/Production	5.3	6.2	-14.5%
<b>EBIT margin</b>	<b>11.8%</b>	<b>11.7%</b>	<b>0.9%</b>
Segment Steel	8.7%	9.1%	-4.4%
Segment Industrial	14.1%	12.3%	14.6%
Segment Raw Materials/Production	2.0%	2.6%	-23.1%

## Steel Division

The word steel output in the first three months of the year 2008 exceeded the comparable figure of the previous year by 18 million tonnes. RHI's Steel Division also benefited from this positive trend and raised revenues by 5.7% on the same period of the previous year to € 232.5 million. EBIT only slightly exceeded the figure of the previous year; at 8.7%, the EBIT margin fell short of the first quarter of 2007, as price increases did not completely compensate the weakness of the US dollar in North and South America the short term.

All other regions of the world recorded strong growth in terms of both revenue and EBIT; Europe clearly surpassed expectations despite a decline in steel output; in Russia and the Arabic region, larger contracts were concluded, while above-average growth also continued in Asia.

#### **Industrial Division**

RHI's Industrial Division recorded a 15.8% increase in revenues to € 149.6 million in the first quarter of 2008. With an EBIT margin of 14.1%, the Division recorded its best result to date. This is primarily attributable to the extraordinary development in the cement/lime and nonferrous metal segments, which achieved another increase compared to the record year 2007.

Following the successful integration of RHI Monofrax into the glass segment, the first synergies have already been utilised. At the beginning of the year, the company recorded the highest level of incoming orders in its more than 60 year history.

Incoming orders in the Industrial Division in the first quarter surpassed both the target figures and the comparable figures of 2007 by a clear margin. Project contracts concluded in the nonferrous metals segment and the cement industry made a substantial contribution to this. In the nonferrous metals industry, the focus is placed on the platinum industry in South Africa and new nickel plants in Brazil. In the environment, energy, chemicals segment, RHI won important contracts, for instance with Syncrude, a long-standing partner and the world's largest producer of crude oil from oil sand.

#### **Raw materials/Production Division**

RHI's Raw Materials/Production Division increased revenues by 7.3% to € 259.0 million in the first quarter of 2008. EBIT, at € 5.3 million, fell short of the comparable period of 2007 despite the good capacity utilisation of the raw material and production sites.

In addition to a new press in Bayuquan, China, one of the highest-performance hydraulic presses worldwide was commissioned in Veitsch, Austria. The new raw material plant in China will be fully commissioned according to schedule in the fourth quarter of 2008.

The first quarter of 2008 saw another price increase in raw materials, with the price for Chinese bauxite nearly doubling since the beginning of the year. Moreover, the export tax in China was raised again as of 1 January 2008.

#### **Outlook**

On 16 April 2008 the closing of the takeover of the two Foseco plants in Bonnybridge (UK) and Saybrook (USA) took place. These plants ideally complement RHI's current ISO product portfolio with their product range.

Due to the good level of incoming orders after the first quarter RHI expects the positive development to continue in 2008. This applies in particular to Europe and Asia, whereas the development in North and South America will be characterised by the further development of the US dollar, especially in the Steel Division.

Further increases in energy and transport costs are expected due to the high oil price. In addition, the company sees no relaxation in terms of the quality and quantity of raw materials, which will also lead to further price increases. These expectations on the cost side and RHI's excellent market position will demand continued price increases worldwide in all customer segments.

# Consolidated Financial Statements

## Balance Sheet

in € million	31.03.2008	31.12.2007
<b>ASSETS</b>		
<b>Non-current assets</b>		
Property, plant and equipment	421.1	419.9
Goodwill	15.2	15.3
Other intangible assets	34.8	36.6
Shares in associates	13.3	12.4
Other non-current financial assets	39.5	39.5
Non-current receivables	1.0	1.1
Deferred tax assets	71.0	72.6
	<b>595.9</b>	<b>597.4</b>
<b>Current assets</b>		
Inventories	315.5	311.3
Trade and other current receivables	305.1	283.8
Current portion of non-current receivables	0.7	1.3
Income tax receivables	3.7	8.1
Current financial assets	3.3	3.4
Cash and cash equivalents	50.6	35.0
	<b>678.9</b>	<b>642.9</b>
	<b>1,274.8</b>	<b>1,240.3</b>
<b>EQUITY AND LIABILITIES</b>		
<b>Equity</b>		
Share capital	272.5	272.3
Group reserves	-176.6	-193.1
Equity attributable to equity holders of RHI AG	95.9	79.2
Minority interest	15.2	16.4
	<b>111.1</b>	<b>95.6</b>
<b>Non-current liabilities</b>		
Subordinated convertible bond	17.0	17.2
Non-current financial liabilities	367.5	349.4
Deferred tax liabilities	10.2	10.1
Personnel provisions	316.3	318.1
Other non-current provisions	3.0	3.0
Other non-current liabilities	6.1	6.4
	<b>720.1</b>	<b>704.2</b>
<b>Current liabilities</b>		
Trade and other current payables	267.5	251.9
Current financial payables	77.4	84.3
Income tax payables	34.0	37.7
Current provisions	64.7	66.6
	<b>443.6</b>	<b>440.5</b>
	<b>1,274.8</b>	<b>1,240.3</b>

## Income Statement

in € million	1 <sup>st</sup> Quarter	
	2008	2007
Revenues	394.6	361.2
Special direct distribution costs	-34.3	-32.1
Cost of sales	-264.5	-241.7
<b>Gross profit</b>	<b>95.8</b>	<b>87.4</b>
Distribution costs	-18.8	-19.1
Administrative expenses	-28.0	-25.6
Other income	2.6	2.2
Other expenses	-5.0	-2.8
<b>Operating results</b>	<b>46.6</b>	<b>42.1</b>
Financial results	-9.0	-9.1
Results from associates	1.0	-0.2
<b>Profit before income taxes</b>	<b>38.6</b>	<b>32.8</b>
Income taxes	-4.8	-3.9
<b>Profit</b>	<b>33.8</b>	<b>28.9</b>
Profit attributable to equity holders of RHI AG	33.8	28.3
minority interest	0.0	0.6
	33.8	28.9
in €		
Basic earnings per share	0.90	0.97
Diluted earnings per share	0.85	0.73

## Cash flow Statement

in € million	2008	2007
<b>Cash and cash equivalents at 1 January</b>	<b>35.0</b>	<b>66.7</b>
Cash flow from operating activities	27.9	8.9
Cash flow from investing activities	-17.1	-37.2
Cash flow from financing activities	4.8	-8.0
<b>Cash and cash equivalents at 31 March</b>	<b>50.6</b>	<b>30.4</b>

## Statement of Changes in Equity

in € million	2008	2007
<b>Equity at 1 January</b>	<b>95.6</b>	<b>-64.5</b>
Change in currency translation reserves	-17.8	-4.0
Profit	33.8	28.9
<b>Total recognised income and expenses</b>	<b>16.0</b>	<b>24.9</b>
Dividend payments	-0.7	-1.0
Capital increase	0.2	25.2
Effects of convertible bonds	0.0	-0.8
Change in minority interest	0.0	3.0
<b>Equity at 31 March</b>	<b>111.1</b>	<b>-13.2</b>

# Consolidated Financial Statements

## Notes

### Principles and methods

The unaudited interim financial statements at 31 March 2008 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).

The explanations given in the notes to the consolidated financial statements 2007, in particular with a view to principles of accounting and valuation, apply correspondingly.

In the consolidated financial statements 2008 the following interpretations will be applied for the first time:

- >> IFRIC 11 "IFRS 2 – Group and Treasury Share Transactions"  
applying the restatement approach under
- >> IFRIC 12 "Service Concession Arrangements"
- >> IFRIC 14 "IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction"

### 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.

### Events after the Balance Sheet Data

Following the approvals by the European and US cartel authorities, the acquisition of two ISO plants in Scotland (Bonnybridge) and the USA (Saybrook) by RHI AG was closed on 16 April 2008. RHI takes over the two plants formerly operated by Foseco plc from the Cookson Group plc, the new owner of Foseco. Since the opening balance sheets of the acquired plants are not yet available, it is not possible to provide any well-founded information on the effect of this transaction on the consolidated balance sheet.

### 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, 6 May 2008

The Management Board:

Andreas Meier  
Chairman

Stefano Colombo  
Deputy Chairman, CFO

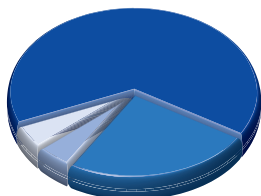
Giorgio Cappelli  
Steel Division

Manfred Hödl  
Industrial Division

Rudolf Payer  
Accounting, Taxes and IT

# RHI Share

## RHI Shareholder structure



- < 65% Free float
- > 25% MS Private Foundation, Austria
- > 5% Dr. Wilhelm Winterstein, Germany
- > 5% AvW Group, Austria

The shares of RHI AG are traded on the Vienna Stock Exchange. At the Vienna Stock Exchange, RHI is represented in the Prime Market and the Austrian Traded Index ATX, the lead index and most important trading segment of the Austrian capital market. Following the conversion of 9 convertible bond certificates in the first quarter of 2008, 37,503,539 no-par common shares with voting rights of RHI AG were admitted to trading.

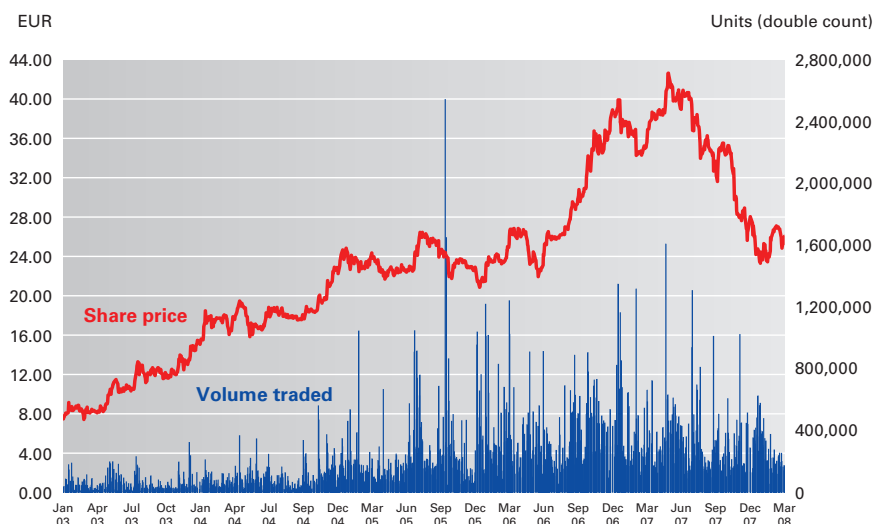
## Financial calendar for 2008

Annual General Meeting 2008	29 May 2008
Half-year result 2008	31 July 2008
Result Q3/2008	30 October 2008

## Stock market figures

in €	1 <sup>st</sup> Quarter	
	2008	2007
Lowest share price	23.35	32.28
Highest share price	27.45	42.73
Share price at 31 March	25.50	32.28
Market capitalisation (in € million)	956.34	1,208.10

## Performance of the RHI share 01/2003-03/2008



## ISIN

RHI share:  
AT0000676903  
RHI new shares from convertible bond:  
AT0000A07RF3  
Convertible bond tranche A:  
AT0000443049  
Convertible bond tranche B:  
AT0000443056

## Information on RHI

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# Imprint

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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 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.