CUSTOMER BENEFITS

Report for the 3rd Quarter 2014

Quarterly Overview

Earnings indicators (in € million)	Q3/2014	Q2/2014	Delta	Q1/2014	Q4/2013	Q3/2013
Revenues	415.6	436.8	(4.9)%	402.3	456.6	427.4
EBITDA	**43.1**	**54.8**	**(21.4)%**	**50.2**	**43.3**	**50.2**
Operating result[1)]	28.3	37.7	(24.9)%	34.1	18.0	32.2
EBIT	25.3	38.5	(34.3)%	33.6	(53.0)	30.7
Financial result	(8.7)	(6.9)	(26.1)%	(6.8)	(1.9)	(7.2)
Results from joint ventures	1.5	2.2	(31.8)%	2.0	2.8	1.5
Result before income taxes	18.1	33.8	(46.4)%	28.8	(52.1)	25.0
Income taxes	(9.1)	(11.0)	17.3%	(9.0	13.6	(7.1)
Result from continued operations	9.0	22.8	(60.5)%	19.8	(38.5)	17.9
EBITDA %	10.4%	12.5%	(2.1)pp	12.5%	9.5%	11.7%
EBIT %	6.1%	8.8%	(2.7)pp	8.4%	(11.6)%	7.2%
Result from continued operations %	2.2%	5.2%	(3.0)pp	4.9%	(8.4)%	4.2%

Cash flow indicators (in € million)	Q3/2014	Q2/2014	Delta	Q1/2014	Q4/2013	Q3/2013
Cash flow from operating activities	**27.7**	**(10.6)**	**361.3%**	**23.0**	**54.5**	**53.7**
Cash flow from investing activities	(11.3)	(4.1)	(175.6)%	(5.3)	(42.6)	(14.1)
Cash flow from financing activities	4.9	(46.3)	110.6%	(1.9)	(68.0)	12.4
Free Cash flow	16.4	(14.7)	211.6%	17.7	11.9	39.6

Balance sheet indicators (in € million)	Q3/2014	Q2/2014	Delta	Q1/2014	Q4/2013	Q3/2013[2)]
Balance sheet total	1.778.4	1.714.6	3.7%	1.759.1	1.724.0	1.817.6
Equity	506.1	485.4	4.3%	497.5	485.5	527.2
Equity ratio (in %)	28.5%	28.3%	0.2pp	28.3%	28.2%	29.0%
Net debt	451.2	459.2	(1.7)%	408.3	422.9	430.8
Gearing-Ratio (in %)[3)]	89.2%	94.6%	(5.4)pp	82.1%	87.1%	81.7%
Net debt / EBITDA[4)]	**2.4**	**2.3**	**4.3%**	**1.7**	**1.6**	**1.6**
Working Capital[5)]	563.2	542.7	3.8%	507.5	481.0	513.1
Working Capital %[6)]	33.9%	31.1%	2.8pp	31.5%	26.3%	30.0%
Capital Employed[7)]	1.215.8	1.184.6	2.6%	1.152.6	1.138.8	1.218.9
Return on capital employed (in %)[8)]	**5.4%**	**9.4%**	**(4.0)pp**	**8.6%**	**(13.4)%**	**7.6%**

Stock exchange indicators (Vienna)	Q3/2014	Q2/2014	Delta	Q1/2014	Q4/2013	Q3/2013
Number of shares (million units)	39.819	39.819	0.0%	39.819	39.819	39.819
Closing price (in €)	21.83	24.59	(11.2)%	23.36	22.56	24.40
Market capitalization (in € million)	**869**	**979**	**(11.2)%**	**930**	**898**	**972**
Earnings per share (in €)	0.22	0.56	(60.5)%	0.49	(0.97)	0.44
Price-earnings ratio	**24.8**	**11.0**	**125.5%**	**11.9**	**(5.8)**	**13.9**

1) EBIT before impairment and restructuring expenses and result from Chapter 11 proceedings
2) for explanations regarding the adjustments, see Annual Report 2013, page 82 (other changes in comparative information)
3) excluding non-current provisions for pensions, termination benefits and service anniversary bonuses
4) EBITDA trailing twelve months
5) Working Capital: Inventories + Trade receivables and receivables from long-term construction contracts – Trade payables – Prepayments received
6) Working Capital / (Revenues x 4)
7) Capital Employed: Property, plant and equipment + Goodwill + Other intangible assets + Working Capital
8) Return on capital employed: (EBIT – Taxes) x 4 / average Capital Employed

Economic Environment

As in the past years, the IMF reduced its growth forecasts in the course of the year.

As in the past years, the International Monetary Fund (IMF) reduced its growth forecasts in the course of the year. While at the beginning of the year global economic growth was still estimated at 3.7% for the current year and the economy was expected to accelerate by 3.9% in the year 2015, the forecasts were adjusted to 3.3% and 3.8% respectively in the "World Economic Outlook" published in October 2014. Overcoming the legacies of the global financial and economic crisis, and the return to growth appear to be more difficult to accomplish than expected. The danger of stagnation associated with deflation in Europe also causes concerns regarding the further economic development. Here, the simultaneous debt reduction of the national budgets, private households and companies leads to a strong decline in investment activities. However, investments are the basis of future growth and employment. In addition, geopolitical tensions in Ukraine and the mutual sanctions between the European Union and Russia have an adverse effect on growth. The International Monetary Fund consequently reduced its growth forecast from 2.0% to 0.2% for Russia and from 1.0% to 0.8% for the euro zone. Here in particular the forecasts for the three major economies, Germany, France and Italy, were revised significantly downwards. For the year 2015, estimates amount to 0.5% and 1.3%, respectively. The IMF recommends the advanced economies to continue monetary easing, to increase investments in infrastructure to stimulate the economy, and to implement structural reforms, especially in the labor market.

While there are concerns about a combination of threatening stagnation and deflation in Europe, growth in the US shows a solid development.

In contrast, the prospects for the US, which are back on track for stable growth after a slump in the economic development in the first quarter related to the harsh winter, are much more positive. The unemployment rate in the US dropped to 5.9% in September and thus to the lowest level in six years. This development is particularly important for the monetary policy of the US Federal Reserve, which terminated the program for monthly purchases of US government bonds in the billion-dollar range in October 2014. An increase in the base rate, which has been kept at a historically low level of 0% to 0.25% by the Federal Reserve since the year 2008 to support the economy, is expected for the first half of the year 2015.

In the emerging economies, growth slowed down again as a result of falling raw material prices. Here, the failure to implement reforms in the boom years and different structural deficits in the individual countries led to lower growth rates. In Brazil, for example, bureaucratic requirements and high labor costs burden the further economic development. In China, economic growth also slowed down significantly due to a reorientation from export and investment-driven growth towards a consumption-oriented economy.

The financial markets experienced turbulence in early October due to uncertainties regarding the further economic development.

The stock markets saw a substantial correction in early October due to uncertainties regarding the further economic development as a result of weak macroeconomic leading indicators. The DAX, the most important German stock index, dropped by more than 10% and fell below 9,000 points. Metal and energy prices also dropped significantly again. The Brent oil price, for example, decreased from over 105 US dollars per barrel to roughly 85 US dollars. In early September, the European Central Bank lowered the base rate from 0.15% to 0.05% and the deposit rate from (0.1)% to (0.2)%. In addition, the purchase of loan securitizations and Pfandbriefe in the three-digit billion range as of October was announced. This decision subsequently led to a devaluation of the euro by roughly 4% against the US dollar.

Asset, Financial and Earnings Position

The increase in sales volume in the first nine months of 2014 results from higher external raw material sales.

The RHI Group's sales volume in the first nine months of the year 2014 rose by 4.3% compared with the same period of the previous year and amounted to roughly 1,366,000 tons. The increase predominantly results from the integration of Orient Refractories into the RHI Group in late April 2013 and from volume growth in the Raw Materials Division due to higher raw material sales. Compared with the preceding quarter, sales volume declined by 2.8% in the third quarter of 2014 and amounted to approximately 452,000 tons.

The 3.3% decline in revenues is attributable to the lack of new construction projects in the Industrial Division.

In the first nine months of the year 2014, revenues of the RHI Group were down 3.3% on the comparative period of 2013 and amounted to € 1,254.7 million. While revenues of the Steel Division decreased slightly by 0.4%, the Industrial Division recorded a drop in revenues of 9.9% year-on-year due to the weak development of new construction projects. Especially the contribution to revenues of the nonferrous metals business unit dropped sharply as a result of lower metal prices and that of the glass business unit due to low investment activities in the relevant customer industries. The operating result of the RHI Group in the first nine months of this year totaled € 100.1 million and was thus 8.0% lower than in the comparative period of 2013, at € 108.8 million. While the Steel Division benefited from an improved product mix of higher-grade products and better utilization of fixed costs as a result of the closure of the site in Duisburg, Germany, at the beginning of the financial year, the operating result of the Industrial Division decreased as a result of low construction activities and the related lower capacity utilization in the production plants. The operating result margin declined from 8.4% in the first nine months of the year 2013 to 8.0% in the current financial year.

The operating result of the third quarter is characterized by a weaker industrial business.

Compared with the second quarter of 2014, revenues in the third quarter of 2014 were down 4.9% to € 415.6 million. This is primarily due to a lack of new construction business in the Industrial Division and postponements of planned installations to the fourth quarter of 2014. As a result of weaker business in the Industrial Division, the operating result dropped from € 37.7 million in the preceding quarter to € 28.3 million in the third quarter of 2014. Consequently, the operating result margin decreased from 8.6% to 6.8% in the past quarter. EBIT amounted to € 25.3 million in the third quarter of 2014 and includes restructuring costs of € 3.0 million, which resulted from the closure of the plant in Duisburg, Germany. Contrary to the original plans regarding the winding-up of the site, no appropriate utilization options have arisen for the use of existing plant and equipment.

The development of cash flow from operating activities is influenced by a strong increase in working capital.

At September 30, 2014, equity amounted to € 506.1 million, compared with € 485.5 million at December 31, 2013. The equity ratio consequently rose from 28.2% at the end of the financial year 2013 to 28.5% at September 30, 2014. Cash and cash equivalents decreased from € 112.4 million to € 90.5 million, which was among other things due to the dividend payment of € 29.9 million and the increase in working capital compared with December 31, 2013. Payment from the Schuldscheindarlehen of € 170 million was received in early October. Net debt rose from € 422.9 million at the beginning of the year to € 451.2 million. Net cash flow from operating activities totaled € 40.1 million in the first nine months of 2014, after € 117.0 million in the comparative period of 2013. This is primarily attributable to a strong increase in working capital in the course of the year and payments of roughly € 12 million made in the context of the social plan related to the closure of the plant in Duisburg, Germany.

Segment Reporting

	9M/2014	9M/2013[1]	Q3/2014	Q2/2014	Q1/2014	Q4/2013	Q3/2013
Sales (thousand tons)	1,366	1,310[2]	452	465	449[2]	458[2]	431[2]
in € million							
Revenues	**1,254.7**	**1,298.1**	**415.6**	**436.8**	**402.3**	**456.6**	**427.4**
Steel Division	815.2	818.8	279.8	278.7	256.7	278.7	276.0
Industrial Division	403.9	448.1	125.1	145.6	133.2	170.9	140.7
Raw Materials Division							
External revenues	35.6	31.2	10.7	12.5	12.4	7.0	10.7
Internal revenues	194.9	178.1	62.4	63.9	68.6	58.1	55.6
EBITDA	**148.1**	**218.3**	**43.1**	**54.8**	**50.2**	**43.3**	**50.2**
EBITDA margin	11.8%	16.8%	10.4%	12.5%	12.5%	9.5%	11.7%
Operating result[3]	**100.1**	**108.8**	**28.3**	**37.7**	**34.1**	**18.0**	**32.2**
Steel Division	65.2	57.3	22.4	24.6	18.2	7.1	20.8
Industrial Division	30.4	50.5	7.0	13.3	10.1	19.7	12.8
Raw Materials Division	4.5	1.0	(1.1)	(0.2)	5.8	(8.8)	(1.4)
Operating result margin	**8.0%**	**8.4%**	**6.8%**	**8.6%**	**8.5%**	**3.9%**	**7.5%**
Steel Division	8.0%	7.0%	8.0%	8.8%	7.1%	2.5%	7.5%
Industrial Division	7.5%	11.3%	5.6%	9.1%	7.6%	11.5%	9.1%
Raw Materials Division[4]	2.0%	0.5%	(1.5)%	(0.3)%	7.2%	(13.5)%	(2.1)%
EBIT	**97.4**	**164.1**	**25.3**	**38.5**	**33.6**	**(53.0)**	**30.7**
Steel Division	63.7	94.0	20.7	25.1	17.9	3.3	21.1
Industrial Division	29.2	69.1	5.7	13.6	9.9	17.7	12.9
Raw Materials Division	4.5	1.0	(1.1)	(0.2)	5.8	(74.0)	(3.3)
EBIT margin	**7.8%**	**12.6%**	**6.1%**	**8.8%**	**8.4%**	**(11.6)%**	**7.2%**
Steel Division	7.8%	11.5%	7.4%	9.0%	7.0%	1.2%	7.6%
Industrial Division	7.2%	15.4%	4.6%	9.3%	7.4%	10.4%	9.2%
Raw Materials Division[4]	2.0%	0.5%	(1.5)%	(0.3)%	7.2%	(113.7)%	(5.0)%
Financial result	**(22.4)**	**(27.9)**	**(8.7)**	**(6.9)**	**(6.8)**	**(1.9)**	**(7.2)**
Results from joint ventures	5.7	5.2	1.5	2.2	2.0	2.8	1.5
Result before income taxes	**80.7**	**141.4**	**18.1**	**33.8**	**28.8**	**(52.1)**	**25.0**
Income taxes	(29.1)	(40.2)	(9.1)	(11.0)	(9.0)	13.6	(7.1)
Income taxes in %	36.1%	28.4%	50.3%	32.5%	31.3%	26.1%	28.4%
Result from continued operations	**51.6**	**101.2**	**9.0**	**22.8**	**19.8**	**(38.5)**	**17.9**
Earnings per share in €[5]	1.27	2.52	0.22	0.56	0.49	(0.97)	0.44

1) after reclassification

2) adjusted for sales volume of Orient Refractories Ltd.

3) EBIT before impairment and restructuring expenses and result from Chapter 11 proceedings

4) based on external and internal revenues

5) basic and diluted

Steel Division

The World Steel Association significantly changed its growth expectations for steel demand in the individual regions.

In October, the World Steel Association revised its growth forecasts for the global demand for steel significantly. While increases of 3.1% for the year 2014 and 3.3% for the year 2015 were still expected in April, the estimates now come to 2.0% in each year. Growth in the advanced economies is now seen more positively especially due to the strong development of the automotive industry, whereas the further development of the demand for steel in the emerging markets, especially in China, the CIS region and in South America is viewed far more critically. In China, for example, growth of only 0.8% is expected for 2015, after 1.0% this year. This is due to a significant cool-down of the construction industry. In South America and the CIS region falling raw material prices, a lack of structural reforms, high inflation rates and a difficult labor market should have a negative effect on steel demand in the future. The experts of the World Steel Association consequently expect a considerable drop for the year 2014 and only minor growth in the following year. Europe and the US, in contrast, should develop more positively. The estimates regarding the development of steel demand in the coming year amount to 2.9% for Europe and to 1.9% for the US.

In the first nine months of the year 2014 the global crude steel production was 2.1% higher than in the same period of the previous year. In China, a significant slowdown of the growth rates in the steel industry can be observed as a result of the worsening economic conditions. In addition to the Chinese Government's reduced spending on infrastructure in comparison with the previous years, limited construction activities are an additional burden on the further development. Consequently, the growth rate of the Chinese steel industry should approximate the average global growth. Of the important steel production regions, only the US increased their output significantly compared with the preceding quarter. Apart from seasonal reasons, this development is also attributable to a slowdown of the global growth rates.

in million tons	9M/2014	9M/2013	Delta	Q3/2014	Q2/2014	Delta
China	618.0	604.1	2.3%	204.8	208.6	(1.8)%
World ex China	612.8	600.8	2.0%	201.9	207.2	(2.6)%
thereof EU28	127.7	124.1	2.9%	40.1	43.7	(8.2)%
thereof US	66.3	65.3	1.5%	22.7	22.0	3.2%
World	**1,230.8**	**1,204.9**	**2.1%**	**406.7**	**415.8**	**(2.2)%**

Source: World Steel Association (October 2014)

The Steel Division's sales volume was up 2.7% compared with the first nine months of 2013 and amounted to roughly 935,000 tons. However, compared with the second quarter of 2014, sales volume decreased by 1.3% to roughly 313,000 tons.

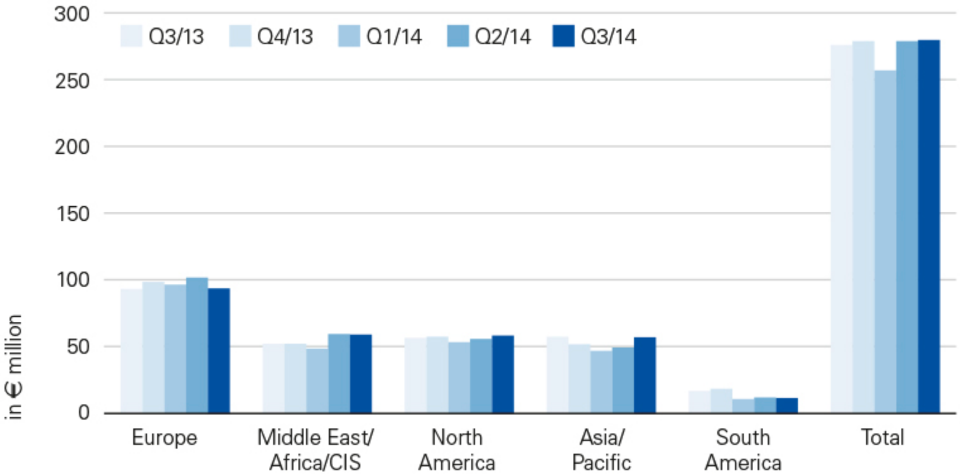
Revenues of the Steel Division remained nearly constant compared with the first nine months of 2013.

Revenues of the Steel Division, at € 815.2 million in the first nine months of 2014, were down 0.4% on the comparative period of 2013 with revenues of € 818.8 million. The weaker business development in South America was offset in particular by the positive development in India due to the integration of Orient Refractories into the RHI Group in late April 2013. The operating result rose from € 57.3 million in the first nine months of the year 2013 to € 65.2 million in the current financial year as a result of improvements in the product mix. Moreover, negative currency effects influenced the earnings situation in the previous year. The operating result margin, at 8.0%, thus exceeded that of the comparative period of 2013, at 7.0%.

In the third quarter of 2014 the Steel Division's revenues amounted to € 279.8 million and thus exceeded the revenues of the preceding quarter of € 278.7 million and were also slightly higher than in the comparative period of 2013, when revenues were € 276.0 million. While Europe's contributions to revenues declined for seasonal reasons, this was compensated by a positive revenue development in the Asia/Pacific region, especially in India. The operating result declined from € 24.6 million in the second quarter of 2014 to € 22.4 million in the past quarter, thus exceeding the figure of € 20.8 million in the comparative period of 2013.

The development of revenues in the past five quarters is shown below:

Development of revenues



Europe

The growth momentum of European steel production decreased significantly in the course of the year.

After a strong increase in steel production at the beginning of the year 2014, the growth rates slowed down in the course of the year. While growth in the first quarter of 2014 was still at 6.3% compared with the same period of the previous year, the increase only amounted to 4.0% in the first half of the year and decreased to 2.9% in the first nine months of the year. The slowing growth momentum can be observed in nearly all countries. The main driver of demand in this environment is the automotive industry. The number of new registrations of cars in the European Union was up 6.1% on the first nine months of the year 2013 and that of commercial vehicles by 9.6%. Construction steel continued its weak development due to low public investments in infrastructure projects as a result of the saving efforts to reduce national debt.

Revenues in the region remained nearly constant in the first nine months of 2014 in comparison with the same period of 2013. The decline in the slide gate and tundish segments in the flow control business was compensated by a positive development in the ladle and steel degassing segments of the linings business. While revenues in Germany and Italy declined, business in France and Spain was expanded. In the third quarter of 2014 revenues were some 8% lower than in the preceding quarter due to seasonal factors. This is primarily attributable to scheduled shut-downs of plants during the summer months in Southern Europe. Looking at the more comparable third quarter of 2013, revenues increased by roughly 1%. The development of the order level was stable in the past quarter.

Africa/CIS/Middle East

Despite geopolitical crises RHI increased the region's contribution to revenues after a difficult start to the year.

Steel production in the CIS region is characterized by political tensions between Ukraine and Russia and the related uncertainties regarding further economic developments. While steel production in the Ukraine, which is predominantly located in the Donbas region in the eastern part of the country, dropped sharply by 14% compared with the first nine months of the year 2013, Russian producers benefited from higher demand for arms and related materials and from improved competitiveness in the export business as a result of a devaluation of the ruble, and increased their output by roughly 3%. Overall, steel output in the CIS region was down 1.6% year-on-year. After a weak start into the year, RHI increased the GUS region's contribution to revenues by roughly 2% compared with the first nine months of the year 2013. While the revenues generated in Ukraine nearly came to a complete standstill, business with Russia was expanded significantly by more than 30%. This development was attributable especially due to a strong development in the ladle and converter segments of the linings business. Compared with the second quarter of 2014, the contribution to revenues was unchanged.

In the region Africa/Middle East, steel production increased by 6.2% compared with the same period of the previous year above all because of a higher steel output in Egypt and Saudi Arabia. The region's contribution to revenues in the first nine months of this year remained constant compared with the same period in 2013. While revenues in the linings business were considerably expanded, especially in the ladle and converter segments, they dropped by the same amount in the flow control business. Compared with the second quarter of 2014, revenues decreased by roughly 2%.

North America

As RHI produces the majority of the products for the US market at European sites, the Group benefits from the US dollar's strengthening against the euro.

North American steel producers increased their output by 2.3% in the first nine months of the year 2014 compared with the same period of 2013. While the increase in volume by 1.2% in the US fell short of expectations in the first half of the year and could not keep pace with the economic growth rate, there was a noticeable acceleration in the growth of steel production in the past quarter. US steel producers increased their output by 3.2% compared with the preceding quarter. However, two different trends can be observed in the steel industry in the US. While pipeline manufacturers are benefitting from the ongoing fracking boom, construction steel continues its weak development as there are not enough infrastructure projects.

The region's contribution to revenues in the first nine months of the year remained constant compared with the same period in 2013, after a year-on-year decline by roughly 2% had been recorded in the first half of 2014. While the flow control business was expanded with double-digit growth rates, the linings business recorded a weak development, in particular in the ladle segment. In the third quarter of 2014, revenues were up roughly 4% on the second quarter of 2014. This development was primarily attributable to a strong linings business in the electric arc furnace segment. RHI imports a large part of the products for the US market from European production facilities, thus benefitting from the US dollar strengthening against the euro. Apart from the transaction effect, the increased competitiveness in the US should subsequently lead to an expansion of the business volume.

South America

The South American steel production declined by 2.6% in the first nine months of the year as a result of marred economic prospects compared with the same period of 2013. This development was above all caused by the slump in steel production in Venezuela by more than 40% and the decline in Brazil, which is the most important South American market with a share of approximately 75%.

The devaluation of local currencies and high import duties have a negative impact on the RHI Group's competitiveness.

Being raw material exporters, the South American economies continue to suffer from falling raw material prices. The International Monetary Fund reduced its growth forecast for the Brazilian economy from 2.3% at the beginning of the year to currently 0.3%. The withdrawal of capital by foreign investors due to the slump in growth subsequently led to a strong devaluation of the local currencies and to high inflation rates. Experts expect the real to devalue by another 5% against the US dollar after the presidential elections in Brazil. Despite the increased competitiveness of South American producers in the world market resulting from the strong currency devaluation, they have hardly benefited from this development so far.

In the first nine months of the year 2014, the region's contribution to revenues fell by roughly 36% compared with the same period of 2013 and reflects the decline in competitiveness compared with local refractories producers. In addition, local manufacturers are often protected by high import duties on refractory products. Revenues in the third quarter of 2014 declined slightly compared with the preceding quarter. Due to the commissioning of the third furnace in the largest steel mill in Brazil and an important contract obtained in the ladle segment, revenues should improve in the coming quarters.

Asia/Pacific

As a result of lower profitability in their domestic market, many Chinese steel producers try to expand their export business in Southeast Asia. Especially local manufacturers in Indonesia, Malaysia, Thailand and Vietnam are increasingly confronted with imports from China. As imported Chinese slabs are in many cases offered at a significantly lower price than would be possible in local production, many steel producers are forced to adapt their production accordingly. Moreover, deteriorating payment morals are burdening the RHI Group's business development in this region.

Many Chinese steel producers try to expand their export business in Southeast Asia.

In the extremely fragmented Chinese refractories market with more than 2,000 competitors, local producers sound out their options for mergers in accordance with the guideline of the Chinese government. The government envisages a consolidation to about five companies of international size in the years to come. At present, the largest Chinese manufacturer generates revenues of roughly € 300 million.

In the first nine months of the year 2014, the region's contribution to revenues increased by some 10% compared with the same period in 2013. This is primarily attributable to the integration of Orient Refractories Ltd., which had been acquired in April 2013, into the RHI Group. Following a mixed start to the year, revenues were increased significantly by 15% compared with the preceding quarter. This development is above all due to the expansion of the linings business in the electric arc furnace and converter segments in India.

Industrial Division

The decline in revenues results from lower investments of the relevant customer industries.

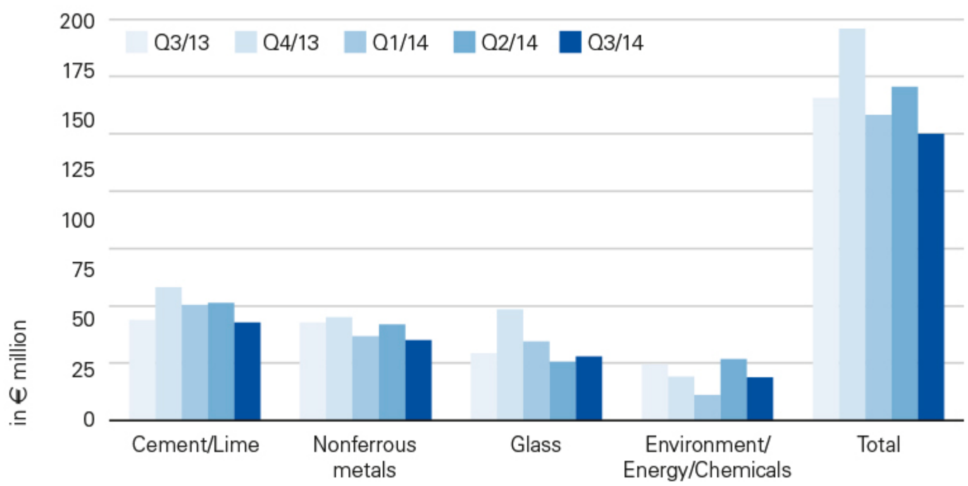
Sales volume of the Industrial Division declined by 1.6% to roughly 308,000 tons compared with the first nine months of the year 2013. In comparison with the second quarter of 2014, sales volume decreased by 11.0% to roughly 97,000 tons.

In the first nine months of the year 2014, revenues amounted to € 403.9 million, down 9.9% on the comparative period of 2013, at € 448.1 million. This is attributable to a weaker development of the nonferrous metals and glass business units due to the absence of new construction projects. The operating result declined from € 50.5 million in the first nine months of the year 2013 to € 30.4 million in the current financial year as a result of lower revenues and the associated lack of coverage of fixed costs at the production sites. The operating result margin, at 7.5%, fell short of that in the comparative period of 2013, at 11.3%.

Revenues of the Industrial Division amounted to € 125.1 million in the third quarter of 2014, thus falling short of the revenues of the preceding quarter, at € 145.6 million, and also of the revenues of the comparative quarter of 2013, at € 140.7 million. The operating result decreased from € 13.3 million in the second quarter of 2014 to € 7.0 million in the past quarter due to negative product mix effects, thus also falling short of the figure of the third quarter of 2013, at € 12.8 million.

The development of revenues in the past five quarters is shown below:

Development of revenues



Cement/Lime

Cement producers only carry out little maintenance work in the third quarter due to seasonal factors.

The third quarter is the quarter with the lowest revenues due to seasonal factors. As construction activities are strongest during the summer months due to weather and the demand for cement is therefore high, cement plants hardly carry out any maintenance work during this season.

Revenues of the cement/lime business unit in the third quarter were slightly lower than in the comparative period of the previous year. A comparison of the first nine months of 2014 with the same period of the previous year shows a similar picture. Here, revenues were also slightly lower than those of the comparative period of the previous year. This development is primarily attributable to a weaker business development in China, Venezuela and Eastern Europe, which was, however, nearly offset by strongly growing business in Africa and in the Middle East.

The European construction industry is still suffering from the austerity policy designed to consolidate the national budgets and the related small number of public infrastructure projects. As demand is weak, European cement plants try to cut their production costs and to increase the efficiency of their production facilities in order to prevent a loss of competitiveness. There is also no sign of an upturn in the construction industry in Eastern Europe, which is why production capacities are unused in many cases.

In the US the economic upswing leads to a clear stimulation of the real estate market and consequently to an increase in the demand for cement. RHI is currently working on an improved market approach in order to participate more successfully in this positive development. In South America, the local service team's understanding of cement production along with the right choice of refractory materials is greatly appreciated. As a result, RHI won an important large contract in Brazil despite high import duties.

In China, large refractories orders are traditionally placed in the fourth quarter to ensure that necessary repairs of cement production facilities can be completed before the Chinese New Year's celebrations. Consequently, business in China is expected to pick up significantly in the coming months. Business in the area of new plant construction developed particularly well in the past weeks, with RHI winning three projects through a large German plant engineering firm.

Nonferrous metals

The decline in revenues is due in particular to weak project business resulting from lower metal prices.

The contribution to revenues of the nonferrous metals business unit in the first nine months of the year 2014 fell by roughly 19% compared with the same period of the previous year. This is mainly due to a weak new project business resulting from falling metal prices. From a regional perspective, the contributions to revenues from Africa and the Middle East dropped most significantly.

As the major mining corporations are under great cost pressure because of declining margins, investment programs were reduced significantly in many cases and planned projects postponed to the future. Many kiln manufacturers also reported poor capacity utilization. This subsequently has an impact on the refractories business and does not indicate a rapid recovery by the end of the year.

In the past quarter, several orders for major repairs were delivered. Revenues in the copper sector in the US thus increased significantly. In the ferrochrome segment, refractory material was installed for a direct current electric arc furnace in South Africa, and RHI successfully carried out a major repair of a ferronickel aggregate in Brazil.

The order situation in the aluminum industry is currently developing very positively. As a result of capacity adjustments made in the past year, demand exceeds supply in this segment for the first time in more than five years and consequently leads to an increase in aluminum prices. Due to the trend of using light-weight materials in the automotive and aviation industries in order to reduce fuel consumption and emissions, experts expect the demand for aluminum to grow by roughly 7% annually. RHI mainly operates in the area of secondary aluminum, i.e. obtaining aluminum from aluminum scrap, and strives to participate in the growth of this industry.

Glass

The contribution to revenues and earnings of the glass business unit continued to be weak.

The contribution to revenues of the glass business unit declined by roughly 12% in an ongoing challenging market environment in the first nine months of the year 2014 compared with the same period of the previous year. This development was strongly influenced by the weak development of revenues in Europe, the CIS region and the Middle East. In contrast, business in Mexico and China saw a positive development.

The main causes for the difficult market environment include worldwide surplus capacities in the flat glass segment, which is dependent on the construction industry, and in the refractories industry. For example the utilization of the worldwide production capacities of fused cast bricks for glass furnaces is below 50%. In addition to a massive lack of coverage of fixed production costs, this also leads to pressure on the realizable prices in the market and consequently to a tense earnings situation among many refractories producers. Moreover, a decrease in specific refractory consumption has been noticeable in the past years due to demand-related low furnace utilization.

Despite an adverse business climate, the level of incoming orders improved in the past quarter. Especially the orders for the RHI production facility in San Vito al Tagliamento, Italy, developed particularly well assisted by the closure of a competitor's plant. The business development in China was also satisfactory. Here, flat glass furnaces are built or upgraded in terms of quality. Accordingly, this has a positive effect on the capacity utilization of RHI's plant in Dalian, China. Demand is also picking up noticeably in the special glass sector, especially for TFT and fiber glass. In this segment, RHI won three major contracts, which will be delivered in the first half of 2015.

Environment, energy, chemicals

The falling oil price has an unfavorable effect on the further development of the business unit.

The business climate for the environment, energy, chemicals business unit developed unfavorably in the past quarter. The oil price fell from more than 100 US dollars per barrel to less than 85 US dollars due to a combination of lower demand resulting from a slowdown of economic growth and an expansion of supply as a result of the shale oil and shale gas boom in the US. Experts estimate the exploration costs in the oil sand business in Canada, which is important for the RHI Group, at roughly 70 US dollars per barrel.

The oil price development also burdens demand in the downstream processing sector, which is weak anyway. Only minor replacement investments were made and new construction projects that had already been started in the Middle East and in China were continued. The planned large investments in Russia will be postponed due the sanctions imposed by the US and the European Union as a result of the conflict in the Ukraine.

At present, the situation is most difficult in the European market. In the absence of investments, all suppliers focus on the maintenance business at existing plants. This leads to pressure on realizable prices, especially when it comes to larger contracts. In contrast, business in the US recorded a positive development. Here, a contract was won for the refractory lining of the largest methanol plant.

Raw Materials Division

Revenues of the Raw Materials Division amounted to € 230.5 million in the first nine months of 2014, up 10.1% on the revenues of the comparative period of the previous year, at € 209.3 million. This is due to both an increase in internal demand and to higher external revenues. The operating result increased from € 1.0 million in the first nine months of the year 2013 to € 4.5 million in the current financial year. This development reflects the slightly improved situation in terms of capacity utilization at the raw material plants. The operating result margin, at 2.0%, exceeded that of the comparative period 2013, at 0.5%.

The increase in revenues is based on higher internal demand and an increase in raw material sales.

In the third quarter of 2014, revenues of the Raw Materials Division amounted to € 73.1 million and were lower than the revenues of € 76.4 million in the preceding quarter, but higher than in the comparative quarter of 2013. This development is attributable to lower external raw material sales than in the second quarter of 2014 and declining internal demand. Due to lower capacity utilization, the operating result decreased from € (0.2) million in the second quarter of 2014 to € (1.1) million in the past quarter and slightly exceeded that of the comparative period of 2013, at € (1.4) million.

In Porsgrunn, Norway, many of the technical measures defined to reduce production costs were implemented in the current financial year. Significant progress was made in the fusion operations. As a result, the output of fused magnesia in line with specifications was stabilized at roughly 1,000 tons per week and material waste was reduced accordingly. However, only little progress was made in the optimization of the upstream caustic magnesia process. Here, further efforts will be necessary to accomplish a competitive cost structure. At present, the sustainability of this process in its current form is being evaluated with the help of an external technical consultant. Proceeds from insurance amounting to roughly € 1.6 million resulting from fire damage suffered at the plant in May due to a power outage in the entire industry park are expected as part of an interim settlement in the fourth quarter of 2014. The final settlement will be made in spring 2015 after the kilns have been cleaned. RHI expects roughly another € 2 million in this context.

Further measures are required in the caustic magnesia process at the plant in Norway in order to achieve a competitive cost structure.

In early April RHI signed a contract to acquire a raw material plant with a production capacity of roughly 100,000 tons of sintered magnesia and mining rights in Erzurum, Turkey, with the aim to further expand self-supply with raw materials for refractory products for the steel and cement industries. The contract provided for different contractual conditions for the final fulfillment of the transaction. Although the deadline was repeatedly extended, several of these contractually defined conditions were not met. Consequently, the transaction was not closed at the expiry of the long stop date on September 30, 2014. The RHI Group did not extend the long stop date for the closing again and will thus not pursue the transaction any further.

As the capacity utilization situation at the raw material plant in Eskisehir, Turkey, is very good, and in order to optimize the supply chain, RHI is planning to establish a facility for mixes at the same site. Currently, gunning mixes based on Turkish raw materials for customers in the steel industry in the Middle East and Africa are supplied by European plants. A separate plant for mixes at the Turkish site would eliminate transport costs and times. In addition, customers will benefit from shorter lead times from the order placement to the delivery of the product, and from enhanced supply security.

Outlook

Provided that the macroeconomic environment and exchange rates remain stable, RHI expects similar revenues in the fourth quarter of 2014 as in the fourth quarter of 2013. In the Industrial Division, the fourth quarter should bring the highest revenues of the current financial year.

For the full year 2014, RHI expects revenues slightly below and an operating result slightly above the level of the previous year. Due to a decrease in production volume, RHI is currently evaluating the closure of a site in Europe as part of the plant concept. As a result, the reported EBIT margin may decline by 0.5 percentage points in the full year 2014 due to possible restructuring costs arising in this context.

Risk Report

In the first nine months of the year 2014, the risk management processes and key risks remained largely unchanged. Potential effects of the political crisis in Ukraine are considered a new, material uncertainty, whose development will be closely monitored. No risks that are considered to be a threat to the existence of the Group were identified.

Condensed, Unaudited Interim Consolidated Financial Statements

as of 09/30/2014

Consolidated Statement of Financial Position

as of 09/30/2014

in € million	09/30/2014	12/31/2013
ASSETS		
Non-current assets		
Property, plant and equipment	540.6	543.7
Goodwill	36.2	34.5
Other intangible assets	75.8	79.6
Shares in joint ventures	16.9	18.2
Other non-current financial assets	39.3	37.1
Other non-current assets	8.9	9.1
Deferred tax assets	123.3	121.4
	841.0	**843.6**
Current assets		
Inventories	454.3	389.4
Trade and other current receivables	382.7	368.6
Income tax receivables	7.9	7.8
Other current financial assets	2.0	2.2
Cash and cash equivalents	90.5	112.4
	937.4	**880.4**
	1,778.4	**1,724.0**
EQUITY AND LIABILITIES		
Equity		
Share capital	289.4	289.4
Group reserves	205.0	185.9
Equity attributable to equity holders of RHI AG	494.4	475.3
Non-controlling interests	11.7	10.2
	506.1	**485.5**
Non-current liabilities		
Non-current financial liabilities	275.2	362.1
Other non-current financial liabilities	1.3	0.0
Deferred tax liabilities	16.0	17.4
Personnel provisions	341.2	312.9
Other non-current provisions	4.2	4.1
Other non-current liabilities	6.6	7.9
	644.5	**704.4**
Current liabilities		
Current financial liabilities	266.5	173.2
Other current financial liabilities	7.1	0.3
Trade and other current payables	296.0	291.8
Income tax payables	23.8	25.7
Current provisions	34.4	43.1
	627.8	**534.1**
	1,778.4	**1,724.0**

Consolidated Income Statement

from 01/01/2014 to 09/30/2014

in € million	7-9/2014	7-9/2013	1-9/2014	1-9/2013
Revenues	415.6	427.4	1,254.7	1,298.1
Cost of sales	(331.6)	(339.0)	(983.5)	(1,004.5)
Gross profit	**84.0**	**88.4**	**271.2**	**293.6**
Sales and marketing costs	(26.5)	(28.7)	(81.6)	(88.1)
General and administration costs	(29.7)	(26.2)	(90.1)	(89.9)
Other income	1.1	1.8	3.2	6.3
Other expenses	(0.6)	(3.1)	(2.6)	(13.1)
Operating result	**28.3**	**32.2**	**100.1**	**108.8**
Restructuring costs	(3.0)	(1.9)	(3.5)	(20.9)
Net income from US Chapter 11 proceedings	0.0	0.4	0.8	76.2
Operating results (EBIT)	**25.3**	**30.7**	**97.4**	**164.1**
Interest income	0.2	0.3	1.1	1.4
Interest expenses	(5.9)	(5.1)	(14.9)	(21.1)
Other financial results	(3.0)	(2.4)	(8.6)	(8.2)
Financial results	(8.7)	(7.2)	(22.4)	(27.9)
Results from joint ventures	1.5	1.5	5.7	5.2
Result before income taxes	**18.1**	**25.0**	**80.7**	**141.4**
Income taxes	(9.1)	(7.1)	(29.1)	(40.2)
Result after income taxes	**9.0**	**17.9**	**51.6**	**101.2**
attributable to shareholders of RHI AG	8.6	17.4	50.5	100.3
attributable to non-controlling interests	0.4	0.5	1.1	0.9
in €				
Earnings per share (basic and diluted)	0.22	0.44	1.27	2.52

All items up to and including the operating result do not include any restructuring costs or results from the US Chapter 11 proceedings.

Consolidated Statement of Comprehensive Income

from 01/01/2014 to 09/30/2014

in € million	7-9/2014	7-9/2013	1-9/2014	1-9/2013
Result after income taxes	**9.0**	**17.9**	**51.6**	**101.2**
Currency translation differences				
Unrealized results from currency translation	19.9	(17.8)	22.9	(31.2)
Reclassification to the income statement due to the disposal of subsidiaries	0.0	0.0	0.0	(0.1)
Market valuation of cash flow hedges				
Unrealized results from fair value change	(0.4)	(0.2)	(1.9)	0.9
Deferred taxes on unrealized results from fair value change	0.1	0.1	0.5	(0.2)
Reclassification reserves to the income statement	0.0	0.0	(0.1)	0.0
Market valuation of available-for-sale financial instruments				
Unrealized results from fair value change	0.9	0.6	2.7	0.7
Deferred taxes on unrealized results from fair value change	(0.2)	(0.2)	(0.7)	(0.2)
Items that will be reclassified subsequently to profit or loss, if necessary	**20.3**	**(17.5)**	**23.4**	**(30.1)**
Remeasurement of defined benefit plans	(11.0)	0.0	(33.0)	0.0
Deferred taxes on remeasurement of defined benefit plans	3.0	0.0	9.1	0.0
Items that will not be reclassified to profit or loss	**(8.0)**	**0.0**	**(23.9)**	**0.0**
Other comprehensive income after income taxes	**12.3**	**(17.5)**	**(0.5)**	**(30.1)**
Total comprehensive income	**21.3**	**0.4**	**51.1**	**71.1**
attributable to shareholders of RHI AG	20.3	0.3	49.0	71.1
attributable to non-controlling interests	1.0	0.1	2.1	0.0

Consolidated Cash Flow Statement

from 01/01/2014 to 09/30/2014

in € million	1-9/2014	1-9/2013
Result after income taxes	51.6	101.2
Adjustments for		
income taxes	29.1	40.2
depreciation and amortization charges	50.7	52.3
impairment losses of property, plant and equipment and intangible assets	0.0	1.8
reversal of impairment losses on financial assets	0.0	(0.4)
losses/(gains) from the disposal of property, plant and equipment	0.4	(3.6)
net income from US Chapter 11 proceedings	(0.8)	(76.2)
interest result	13.8	19.7
results from joint ventures	(5.7)	(5.2)
other non-cash changes	13.9	39.5
Changes in assets and liabilities		
Inventories	(56.3)	(18.0)
Trade receivables	(12.4)	18.4
Other receivables and assets	7.0	(0.4)
Provisions	(25.6)	(19.3)
Trade payables	0.8	(24.7)
Other liabilities	(1.2)	(3.1)
Net cash inflows from US Chapter 11 proceedings	0.0	28.3
Cash flow from operating activities	**65.3**	**150.5**
Income taxes paid less refunds	(25.2)	(33.5)
Net cash flow from operating activities	**40.1**	**117.0**
Investments in subsidiaries net of cash	0.0	(49.9)
Cash inflows from the sale of subsidiaries net of cash	0.0	(0.2)
Investments in property, plant and equipment and intangible assets	(30.7)	(42.8)
Cash inflows from the sale of property, plant and equipment	2.0	6.0
Cash inflows from / investments in non-current receivables	0.1	0.0
Dividend payments from joint ventures	7.0	3.1
Interest received	0.9	1.3
Net cash flow from investing activities	**(20.7)**	**(82.5)**
Dividend payments to shareholders of RHI AG	(29.9)	(29.9)
Dividend payments to non-controlling interests	(0.6)	0.0
Proceeds from non-current borrowings and loans	1.4	13.1
Repayments of non-current borrowings and loans	(18.2)	(11.7)
Changes in current borrowings	18.1	(2.9)
Interest payments	(14.1)	(13.4)
Net cash flow from financing activities	**(43.3)**	**(44.8)**
Total cash flow	**(23.9)**	**(10.3)**
Change in cash and cash equivalents	**(23.9)**	**(10.3)**
Cash and cash equivalents at beginning of year	112.4	185.7
Changes due to currency translation	2.0	(5.1)
Cash and cash equivalents at year-end	90.5	170.3

Consolidated Statement of Changes in Equity

from 01/01/2014 to 09/30/2014

in € million	Share capital	Additional paid-in capital	Retained earnings
12/31/2013	**289.4**	**38.3**	**287.7**
Result after income taxes	**-**	**-**	**50.5**
Currency translation differences	-	-	-
Market valuation of cash flow hedges	-	-	-
Market valuation of available-for-sale financial instruments	-	-	-
Remeasurement of defined benefit plans	-	-	-
Other comprehensive income after income taxes	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**50.5**
Dividends	-	-	(29.9)
Transactions with shareholders	**-**	**-**	**(29.9)**
09/30/2014	**289.4**	**38.3**	**308.3**

in € million	Share capital	Additional paid-in capital	Retained earnings
12/31/2012 adjusted[1)]	**289.4**	**38.3**	**255.0**
Result after income taxes	**-**	**-**	**100.3**
Currency translation differences	-	-	-
Market valuation of cash flow hedges	-	-	-
Market valuation of available-for-sale financial instruments	-	-	-
Remeasurement of defined benefit plans	-	-	-
Other comprehensive income after income taxes	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**100.3**
Dividends	-	-	(29.9)
Change in non-controlling interests due to			
addition to consolidated companies	-	-	-
disposal of consolidated companies	-	-	-
Transactions with shareholders	**-**	**-**	**(29.9)**
09/30/2013	**289.4**	**38.3**	**325.4**

1) Explanations regarding adjustments are provided in the section "Other changes in comparative information" of the notes to the consolidated financial statements 2013.

			Group reserves			
			Accumulated other comprehensive income			
Cash flow hedges	Available-for-sale financial instruments	Defined benefit plans	Currency translation	Equity attributable to shareholders of RHI AG	Non-controlling interests	Total equity
0.5	2.0	(70.3)	(72.3)	475.3	10.2	485.5
-	-	-	-	50.5	1.1	51.6
-	-	-	21.9	21.9	1.0	22.9
(1.5)	-	-	-	(1.5)	-	(1.5)
-	2.0	-	-	2.0	-	2.0
-	-	(23.9)	-	(23.9)	-	(23.9)
(1.5)	2.0	(23.9)	21.9	(1.5)	1.0	(0.5)
(1.5)	2.0	(23.9)	21.9	49.0	2.1	51.1
-	-	-	-	(29.9)	(0.6)	(30.5)
-	-	-	-	(29.9)	(0.6)	(30.5)
(1.0)	4.0	(94.2)	(50.4)	494.4	11.7	506.1

			Group reserves			
			Accumulated other comprehensive income			
Cash flow hedges	Available-for-sale financial instruments	Defined benefit plans	Currency translation	Equity attributable to shareholders of RHI AG	Non-controlling interests	Total equity
-	1.6	(69.7)	(33.2)	481.4	0.7	482.1
-	-	-	-	100.3	0.9	101.2
-	-	-	(30.4)	(30.4)	(0.9)	(31.3)
0.7	-	-	-	0.7	-	0.7
-	0.5	-	-	0.5	-	0.5
-	-	-	-	-	-	-
0.7	0.5	-	(30.4)	(29.2)	(0.9)	(30.1)
0.7	0.5	-	(30.4)	71.1	-	71.1
-	-	-	-	(29.9)	(0.4)	(30.3)
-	-	-	-	-	5.1	5.1
-	-	-	-	-	(0.8)	(0.8)
-	-	-	-	(29.9)	3.9	(26.0)
0.7	2.1	(69.7)	(63.6)	522.6	4.6	527.2

Selected Explanatory Notes

Principles and methods

The interim financial statements as of 09/30/2014 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 consolidated 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 12/31/2013.

With the exception of the changes described in the following, the same accounting and measurement principles were used as in the previous year:

>> IAS 27 (revised version 2011): Separate Financial Statements
>> IAS 28 (revised version 2011): Investments in Associates and Joint Ventures
>> IAS 32 (amended 2011): Offsetting Financial Assets and Financial Liabilities
>> IAS 36 (amended 2013): Recoverable Amount Disclosures for Non-Financial Assets
>> IAS 39 (amended 2013): Novation of Derivatives and Continuation of Hedge Accounting
>> IFRS 10 (2011): Consolidated Financial Statements
>> IFRS 11 (2011): Joint Arrangements
>> IFRS 12 (2011): Disclosure of Interests in Other Entities
>> IFRS 10 - IFRS 12 (amended 2012): Transition Guidance
>> IFRS 10, IFRS 12, IAS 27 (amended 2012): Investment Entities

IFRS 10 "Consolidated Financial Statements" supersedes the provisions on consolidation previously defined in IAS 27 "Consolidated and Separate Financial Statements" and SIC 12 "Consolidation – Special Purpose Entities" and explains a standard control concept for all entities including special purpose entities.

Control exists when an investor is exposed to the risks of variable returns from the company in which it holds a share or has a right to variable returns and has the ability to affect those returns through its power over the investee. If one of those elements changes, it has to be reassessed whether control exists.

Hence, IAS 27 now only includes provisions regarding the accounting of interests in subsidiaries, associates and joint ventures in the separate financial statements of the parent company provided that they are prepared in accordance with IFRS.

IFRS 11 "Joint Arrangements" supersedes IAS 31 "Interests in Joint Ventures" and SIC 13 "Jointly Controlled Entities – Non-Monetary Contributions by Venturers". It governs the accounting of joint operations and joint ventures. The classification of a joint arrangement as a joint operation or a joint venture depends on the rights and duties of the parties to the arrangement. The structure, the legal form of the arrangement as well as all contractual conditions and other relevant facts and circumstances have to be taken into account in the classification.

A joint operation exists when two or more companies make an agreement whereby they have direct rights to the assets and obligations for the liabilities. A joint venture is defined as a joint arrangement in which the parties which jointly exercise control have rights to the net assets of the arrangement in which they hold an interest. Joint ventures have to be included in the consolidated financial statements using the equity method in accordance with IAS 28. Assets and liabilities as well as income and expenses of a joint operation have to be recognized proportionately in the consolidated statement of financial position and in the income statement.

IFRS 12 "Disclosure of Interests in Other Entities" provides disclosure standards for consolidated financial statements and pools the disclosures regarding interests in other entities. With IFRS 12, the disclosure requirements of IAS 27, IAS 28 and IAS 31 are superseded.

The initial application of the consolidation package IFRS 10 – 12 as of 01/01/2014 does not result in any changes in the type of consolidation for the companies of the RHI Group and consequently not in any change in the previous accounting of these Group companies. However, as a result of the reassessment of the involvement in MAGNIFIN Magnesiaprodukte GmbH & Co KG and Società Dolomite Italiana SDI S.R.L. i.L. (formerly Società Dolomite Italiana SDI S.p.A.), which used to be classified as associates, these companies were reclassified as joint ventures. As these entities continue to be accounted for using the equity method according to IFRS, there is no effect on the recognized assets, liabilities and comprehensive income of the RHI Group.

Due to the application of IFRS 12, taking into account the changed classification of the two above-mentioned investments, the required information regarding the interests in other entities in the RHI consolidated financial statements as of 12/31/2014 may be more extensive than previously.

The other accounting standards initially applied in 2014 have no impact on the asset, financial and earnings position of this interim report.

Audit and review by an auditor

The consolidated interim financial statements as of 09/30/2014 were neither fully audited nor reviewed by an auditor.

Group of consolidated companies

The group of consolidated companies was reduced by one fully consolidated subsidiary, INTERSTOP Corporation, in comparison with the balance sheet date 12/31/2013. After this US subsidiary had been sold to the RHI subsidiary RHI US Ltd. by Stopinc AG at the end of 2013, it was merged with this company in January 2014.

The preliminary fair values of the net assets determined as of 12/31/2013 for the share in Orient Refractories Ltd., India, which was acquired in the previous year, correspond to the final values. An adjustment to the amounts recognized on a preliminary basis due to new findings in the course of the business development was possible until 04/29/2014 according to IFRS 3.

Goodwill

Goodwill developed as follows:

in € million	01/01/ - 09/30/2014	01/01/ - 12/31/2013
Cost at beginning of period	36.7	17.4
Currency translation	1.8	(4.4)
Additions to consolidated companies	0.0	23.7
Cost at end of period	**38.5**	**36.7**
Accumulated impairment at beginning of period	(2.2)	0.0
Currency translation	(0.1)	0.0
Impairment losses	0.0	(2.2)
Accumulated impairment at end of period	**(2.3)**	**(2.2)**
Carrying amounts at end of period	**36.2**	**34.5**

Personnel provisions

For interim reports, provisions for pensions and termination payments are determined on the basis of a preview for the entire year prepared by an actuary. If there are significant changes in the actuarial assumptions in the course of the year, a remeasurement of the net debt from employee-related defined benefit obligation is recognized.

As of 09/30/2014, a reduction of the actuarial interest rate, especially in the euro area, by 90 basis points led to an increase in pension and termination benefit obligations amounting to € 33.0 million (06/30/2014: € 22.0 million). Taking into account deferred taxes, equity declined by € 23.9 million (06/30/2014: € 15.9 million). Pension and termination payment obligations were not reassessed as of 09/30 of the previous year because the interest rate level compared with the balance sheet date 12/31/2012 had been largely unchanged.

Other income/ Other expenses

Income from the sale of land shown in other income in the first three quarters of the previous year amounted to € 2.9 million and was allocable to the Raw Materials Division in its entirety. In the current reporting period no significant sale of land was realized.

The net effect from the foreign currency effects through profit and loss and the results from forward exchange contracts amounts to € (0.4) million in the first three quarters of 2014 (1-9/2013: € (12.0) million).

Closure Duisburg plant

Restructuring costs totaling € 3.5 million (1-9/2013: € 19.0 million) were incurred for the winding-up of the former production site in Duisburg, Germany, in the first three quarters of 2014. As of 03/31/2014 the majority of the plant's employees were transferred to a transitional company. Contrary to the original plans regarding the winding-up of the site and the utilization of the equipment and other assets existing at the site, no appropriate utilization options arose by 09/30/2014. As a result, existing employment relationships and the impairment of assets had to be reassessed. This reassessment in the third quarter of 2014 led to restructuring costs of € 3.0 million. Payments of € 12.0 million have been made for the social plan so far.

Net income US Chapter 11 proceedings

With effect from 04/30/2013, the reorganization proceedings under Chapter 11 of the US Bankruptcy Code of the RHI US companies which had been deconsolidated as of 12/31/2001 and the associated asbestos-related claims for damages were definitively completed with full legal security. This resulted in net income of € 76.2 million in the first three quarters of the previous year. (for details refer to the report for the 3rd quarter 2013, page 25 ff.). Net income from the US Chapter 11 proceedings of € 0.8 million recognized in the second quarter of 2014 resulted from the reduction of provisions due to a reassessment of the scope of obligations.

Income taxes

The tax rate in the first three quarters of 2014 amounts to 36% (1-9/2013: 28%).

Dividends

The Annual General Meeting on 05/09/2014 approved the payout of a dividend of € 0.75 per share for the year 2013. Consequently, dividends totaling € 29.9 million were paid to the shareholders of RHI AG in the second quarter of 2014.

Segment reporting

The key figures of the operating segments for the first nine months of 2014 are shown in the table below:

in € million	Steel	Industrial	Raw Materials	Elimination/ Unallocated assets	Group
External revenues	815.2	403.9	35.6	0.0	1,254.7
Internal revenues	0.0	0.0	194.9	(194.9)	0.0
Segment revenues	**815.2**	**403.9**	**230.5**	**(194.9)**	**1,254.7**
Operating result	**65.2**	**30.4**	**4.5**	**0.0**	**100.1**
Restructuring costs	(2.0)	(1.5)	0.0	0.0	(3.5)
Net income from US Chapter 11 proceedings	0.5	0.3	0.0	0.0	0.8
EBIT	**63.7**	**29.2**	**4.5**	**0.0**	**97.4**
Financial results					(22.4)
Results from joint ventures					5.7
Result before income taxes					**80.7**
Segment assets at 09/30/2014	630.1	276.1	509.8	345.5	1,761.5
Shares in joint ventures 09/30/2014	0.1	0.0	16.8	0.0	16.9
					1,778.4

The following table shows the operating segments for the first nine months of 2013:

in € million	Steel	Industrial	Raw Materials	Elimination/ Unallocated assets	Group
External revenues	818.8	448.1	31.2	0.0	1,298.1
Internal revenues	0.0	0.0	178.1	(178.1)	0.0
Segment revenues	**818.8**	**448.1**	**209.3**	**(178.1)**	**1,298.1**
Operating result	**57.3**	**50.5**	**1.0**	**0.0**	**108.8**
Restructuring costs	(12.3)	(6.7)	(1.9)	0.0	(20.9)
Net income from US Chapter 11 proceedings	49.0	25.3	1.9	0.0	76.2
EBIT	**94.0**	**69.1**	**1.0**	**0.0**	**164.1**
Financial results					(27.9)
Results from joint ventures					5.2
Result before income taxes					**141.4**
Segment assets at 12/31/2013	574.2	266.8	494.9	369.9	1,705.8
Shares in joint ventures 12/31/2013	0.2	0.0	18.0	0.0	18.2
					1,724.0

Disclosures on financial instruments

Financial assets and liabilities at fair value

As in the previous year, the fair values are determined according to the following hierarchy:

Level 1: Quoted prices in active markets for identical financial instruments.
Level 2: Measurement techniques in which all important data used are based on observable market data.
Level 3: Measurement techniques in which all important data used are based on non-observable market data.

Financial assets and liabilities measured at fair value and classified by the corresponding levels are shown below:

	09/30/2014		
in € million	Level 1	Level 2	Level 3
Financial assets			
Available-for-sale securities and shares	33.9	0.0	1.6
Financial assets held for trading	0.0	0.1	0.0
Financial liabilities			
Interest derivatives in a hedging relationship	0.0	1.3	0.0
Financial liabilities held for trading	0.0	7.1	0.0

in € million	Level 1	12/31/2013 Level 2	Level 3
Financial assets			
Available-for-sale securities and shares	31.2	0.0	1.6
Interest derivatives in a hedging relationship	0.0	0.6	0.0
Financial assets held for trading	0.0	0.2	0.0
Financial liabilities			
Financial liabilities held for trading	0.0	0.3	0.0

In the two reporting periods there were no transfers between fair value measurements of the levels 1, 2 and 3.

The fair value of level 3 financial assets did not change in the financial year 2013 and the first three quarters of 2014 and amounts to € 1.6 million.

Financial assets and liabilities at amortized cost

The following table shows the carrying amounts and fair values of the financial assets and liabilities which are carried at amortized cost:

	09/30/2014		12/31/2013	
in € million	Carrying amount	Fair value	Carrying amount	Fair value
Financial assets				
Available-for-sale investments	0.4	0.4	0.4	0.4
Available-for-sale securities and shares	1.2	1.2	1.1	1.1
Other financial receivables	4.1	4.1	4.2	4.2
Trade and other current receivables	382.7	382.7	368.6	368.6
Cash and cash equivalents	90.5	90.5	112.4	112.4
Financial liabilities				
Non-current financial liabilities	275.2	289.6	362.1	373.3
Current financial liabilities	266.5	266.5	173.2	173.2
Trade and other current payables	296.0	296.0	291.8	291.8

Related companies

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

Contingent liabilities

As of 09/30/2014 contingent liabilities amounting to € 28.0 million were recorded (12/31/2013: € 25.0 million).

Seasonal and cyclical influence

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

Employees

The average number of employees of the RHI Group weighted by level of employment amounted to 8,022 in the first three quarters of 2014 (1-9/2013: 8,330).

Investment project Turkey

The Turkish subsidiary Magnesit Anonim Sirketi, Eskisehir, signed a contract with the Cihan Group regarding the acquisition of a raw material plant and mining rights in Erzurum, Turkey, on 04/07/2014. The contract provided for different contractual conditions for the final fulfillment of the transaction (closing). Although the deadline was repeatedly extended, several of these contractually defined conditions were not met. Consequently, the transaction was not closed at the expiry of the long stop date on 09/30/2014. The RHI Group will not extend the long stop date for the closing again and thus not pursue the transaction any further.

Events after the balance sheet date 09/30/2014

RHI AG completed the placement of a "Schuldscheindarlehen" of € 170 million in early October 2014. The "Schuldscheindarlehen" with terms of five, seven and ten years was primarily placed with Austrian and German investors, with preference given to the longer terms in the allocation. RHI will use the proceeds from the transaction to refinance upcoming repayments and to secure liquidity in the long term.

Vienna, 11/05/2014

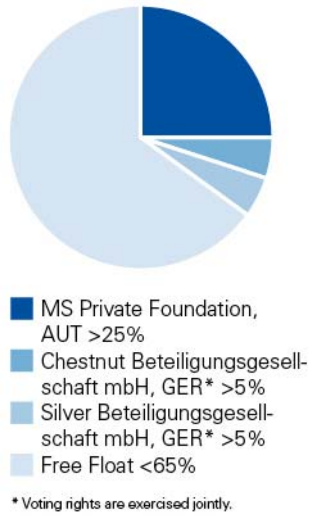
Management Board

Franz Struzl CEO CSO Industrial Division CTO R&D (until 08/31/2014)	Barbara Potisk-Eibensteiner CFO
Franz Buxbaum COO CTO R&D (starting 09/01/2014)	Reinhold Steiner CSO Steel Division

RHI Share

The shares of RHI AG are admitted to official 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. On September 30, 2014, 39,819,039 no-par common shares of RHI AG with voting rights were admitted to trading in Vienna.

Shareholder structure



Capital market calendar 2015

Preliminary results 2014	February 27, 2015
Final results 2014	March 27, 2015
Annual General Meeting	May 8, 2015
Expected ex-dividend day	May 11, 2015
Report on the first quarter of 2015	May 13, 2015
Dividend payment day	May 18, 2015
Half-year financial report 2015	August 6, 2015
Report on the third quarter of 2015	November 5, 2015

Stock exchange key figures

Share price on the Vienna Stock Exchange (in €)	9M/2014	9M/2013
Highest closing price	26.05	28.38
Lowest closing price	19.87	23.29
Closing price at end of period	21.83	24.40
Market capitalization (in € million)	869	972

Share performance 01/2013 - 10/2014

ISIN
RHI share: AT0000676903
Reuters: RHIV.VI
Bloomberg: RHI AV

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

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