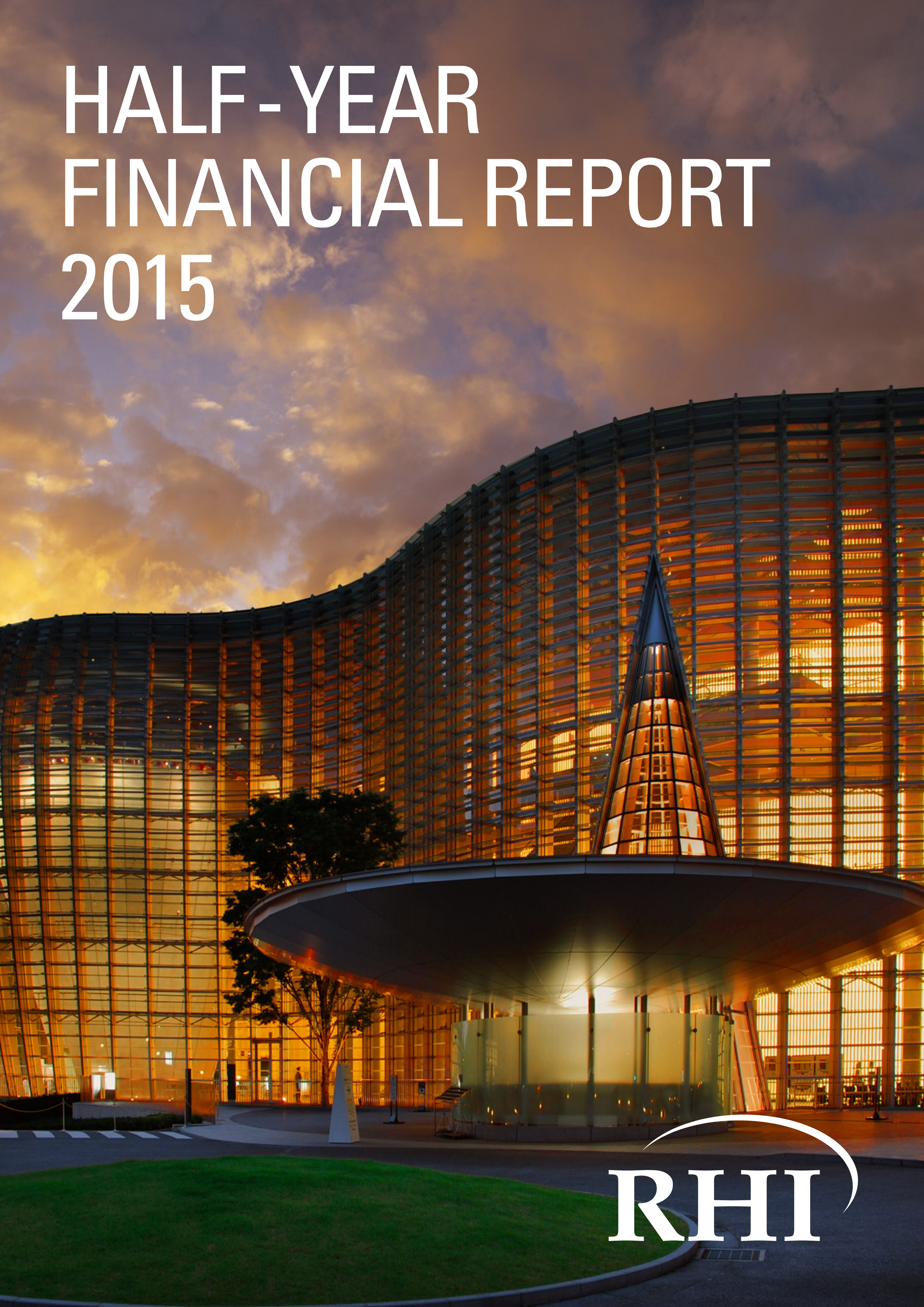
HALF-YEAR FINANCIAL REPORT 2015



Quarterly Overview

Earnings indicators (in € million)	Q2/2015	Q1/2015	Delta	Q4/2014	Q3/2014	Q2/2014
Revenue	477.9	424.1	12.7%	466.5	415.6	436.8
EBITDA	**51.3**	**51.2**	**0.2%**	**51.8**	**42.9**[1]	**54.7**[1]
Operating EBIT[2]	34.1	34.5	(1.2)%	41.8	28.3	37.7
EBIT	34.1	34.5	(1.2)%	11.9	25.3	38.5
Net finance costs	(3.4)	(6.8)	50.0%	(10.3)	(8.7)	(6.9)
Share of profit of joint ventures	2.4	2.2	9.1%	2.5	1.5	2.2
Profit before income tax	33.1	29.9	10.7%	4.1	18.1	33.8
Income tax	(9.6)	(8.8)	(9.1)%	(3.2)	(9.1)	(11.0)
Profit from continuing operations	23.5	21.1	11.4%	0.9	9.0	22.8
EBITDA %	10.7%	12.1%	(1.4)pp	11.1%	10.3%	12.5%
Operating EBIT %	7.1%	8.1%	(1.0)pp	9.0%	6.8%	8.6%
Profit from continuing operations %	4.9%	5.0%	(0.1)pp	0.2%	2.2%	5.2%

Cash flow indicators (in € million)	Q2/2015	Q1/2015	Delta	Q4/2014	Q3/2014	Q2/2014
Cash flow from operating activities	**43.1**	**21.8**	**97.7%**	**32.3**	**27.7**	**(10.6)**
Cash flow from investing activities	7.3	(9.4)	177.7%	(40.4)	(11.3)	(4.1)
Cash flow from financing activities	(27.1)	(57.7)	53.0%	67.9	4.9	(46.3)
Free cash flow	50.4	12.4	306.5%	(8.1)	16.4	(14.7)

Balance sheet indicators (in € million)	Q2/2015	Q1/2015	Delta	Q4/2014	Q3/2014	Q2/2014
Balance sheet total	1,869.6	1,926.4	(2.9)%	1,860.5	1,778.4	1,714.6
Equity	549.5	547.6	0.3%	493.9	506.1	485.4
Equity ratio (in %)	29.4%	28.4%	1.0pp	26.5%	28.5%	28.3%
Net debt	448.9	462.2	(2.9)%	466.9	451.2	459.2
Gearing ratio (in %)[3]	81.7%	84.4%	(2.7)pp	94.5%	89.2%	94.6%
Net debt / EBITDA[4]	**2.3**	**2.3**	**0.0%**	**2.3**	**2.4**	**2.3**
Working capital[5]	597.7	619.7	(3.6)%	570.9	563.2	542.7
Working capital %[6]	31.3%	36.5%	(5.2)pp	30.6%	33.9%	31.1%
Capital employed[7]	1,260.1	1,297.0	(2.8)%	1,225.2	1,215.8	1,184.6
Return on capital employed (in %)[8]	**7.7%**	**8.2%**	**(0.5)pp**	**2.9%**	**5.4%**	**9.4%**

Stock exchange indicators (Vienna)	Q2/2015	Q1/2015	Delta	Q4/2014	Q3/2014	Q2/2014
Number of shares (million units)	39.819	39.819	0.0%	39.819	39.819	39.819
Closing price (in €)	22.33	27.40	(18.5)%	18.81	21.83	24.59
Market capitalization (in € million)	**889**	**1,091**	**(18.5)%**	**749**	**869**	**979**
Earnings per share (in €)	0.58	0.52	11.5%	0.01	0.22	0.56
Price-earnings ratio	**9.6**	**13.2**	**(27.3)%**	**470.3**	**24.8**	**11.0**

1) adjusted for income from the reversal of investment subsidies recognized as liabilities
2) EBIT before impairment and restructuring expenses and result from Chapter 11 proceedings
3) Gearing ratio: net debt / equity
4) EBITDA trailing twelve months
5) Working Capital: inventories + trade receivables + receivables from long-term construction contracts – trade payables – prepayments received
6) Working Capital / (Revenue x 4)
7) Capital employed: property, plant and equipment + goodwill + other intangible assets + working capital
8) Return on average capital employed: (EBIT - taxes) / average capital employed

Condensed
Interim Management Report

as of June 30, 2015

Economic Environment

The IMF reduced its global economic growth forecast due to a weaker development in North America in the first half of 2015.

The International Monetary Fund (IMF) reduced its forecast regarding global economic growth in the update of the "World Economic Outlook" published in July from 3.5% at the beginning of the year to 3.3% at present. The reduction results predominantly from the fact that North America's economic performance was lower than expected in the first half of the year. The slowdown of growth in the US, which was amongst other things due to the US dollar's massive strengthening against the currencies of important trading partners, declining investments of the oil and gas industry, harbor strikes on the west coast and a harsh winter, also had a negative impact on the economy of the neighboring countries, Canada and Mexico. The International Monetary Fund thus reduced the growth expectations for the US from 3.6% to 2.5% for the year 2015. At the same time, the IMF considers the growth drivers in the advanced economies, for example the decline of the unemployment rate, the improving consumer climate, low energy prices and a stimulating monetary policy, to be intact. The deceleration of growth in the emerging markets results from different factors such as low raw material prices, capital outflows, geopolitical conflicts, declining export business and the dependence on individual economic sectors.

The euro area benefits from special factors like falling oil prices and the weak euro.

In the European Union the economic upswing is progressing despite the difficult negotiations regarding an additional aid package for Greece. According to the Purchasing Managers Index for industry and services compiled by Markit, the euro area recorded the strongest economic growth in four years in June. The unemployment rate also developed positively due to the reforms of the past years and the increase in export business related to the devaluation of the euro and dropped to the lowest level in more than three years. The IMF increased its growth expectations for the euro area from 0.8% at the beginning of the year to currently 1.5%. This development was influenced in particular by significantly increased forecasts for Spain, Italy and France.

The Chinese economy is burdened by the downturn in the property market, weak demand and high excess capacities.

While growth in China was driven by public investments, industry exports, cheap labor as well as high credit growth over a long period of time, the economy is likely to record the weakest growth in 25 years due to the downturn of the property market, weak exports, high excess capacities especially in the heavy industry, and declining domestic demand. In addition, China is struggling to prevent the bubble in the financial markets from bursting. After the Chinese lead index Shanghai Composite had picked up 150% year-on-year at the beginning of June 2015, prices dropped sharply by 30% within a few days as a result of stricter regulations related to loan-financed leverage products. Despite massive interventions of the Chinese authorities – trading of roughly 40% of the listed companies as well as planned IPOs were suspended, a fund financed by the Chinese central bank was established to stabilize the market and share buyback programs of state-controlled companies were adopted – share prices continued to fall after a brief recovery.

The European stock markets were burdened by the uncertainty about the future of Greece in the euro area, the fear of a further escalation in Ukraine and turbulences in the Chinese market, and declined significantly compared with their highs at the beginning of the second quarter of 2015. The return on 10-year German government bonds fell to roughly 0% per year in mid-April 2015, but then rose markedly to more than 1% by mid-June.

Asset, Financial and Earnings Position

The RHI Group's sales volume increased by 5.4% compared to the first half of 2014 and amounted to 963,000 tons in the first half of 2015. This increase is attributable to stepping up the sale of raw dolomite in Italy, which makes a significant contribution in terms of volume. However, due to the low sales prices per ton, the contribution in terms of value is low. While the Steel Division recorded a 2.6% decline in the first half of 2015, sales volume in the Industrial Division was 1.4% higher than in the comparative period of 2014. In comparison with the first quarter of 2015, an increase by 1.5% to roughly 485,000 tons was recorded in the past quarter as a result of a positive development in the Industrial Division.

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

In the first half of 2015, the RHI Group's revenue was up 7.5% on the comparative period of 2014 and amounted to € 902.0 million. The Steel Division's revenue rose by 7.3% primarily because of positive currency translation effects and a strong business development in India and South America. The 11.2% increase in revenue in the Industrial Division compared with the weak first half of 2014 is primarily attributable to higher project deliveries in the glass and environment, energy, chemicals business units.

The increase in revenue on the first half of 2014 is due to positive currency effects and higher project deliveries of the Industrial Division.

The operating EBIT amounted to € 68.6 million in the first half of the year. This corresponds to a decline by 4.5% compared with the operating EBIT of € 71.8 million in the first half of 2014. This development is primarily attributable to the Raw Materials Division's low contribution to earnings resulting from weaker capacity utilization at the raw material plants as well as falling raw material prices. While the Industrial Division benefited from a better utilization of fixed costs as a result of higher revenue, a better margin situation in the glass business unit and several major repairs in the nonferrous metals business unit, the operating EBIT of the Steel Division declined due to a weaker margin development in Europe and in the Middle East, as well as to negative product mix effects in the second quarter of 2015. The operating EBIT margin fell from 8.6% in the first half of 2014 to 7.6% in the first half of 2015.

The operating EBIT fell due to a lower contribution to earnings of the Raw Materials Division resulting from weaker capacity utilization and lower raw material prices.

EBIT of the first half of 2014 amounted to € 72.1 million and includes restructuring costs of € 0.5 million resulting from the closure of the plant in Duisburg, Germany, and income from the reversal of provisions amounting to € 0.8 million as a result of the remeasurement of the scope of obligations related to the termination of the US Chapter 11 proceedings. EBIT of the first half of 2015 included no extraordinary effects and thus corresponded to the operating result.

Net finance costs including the share of profit of joint ventures amounted to € (5.6) million in the first half of 2015. The improvement on the comparative period of 2014 is attributable to income from the sale of a 2.6% share amounting to € 3.0 million in a German residential property company, which the RHI Group owned since taking over Didier-Werke in the year 1995, and the sale of securities due to surplus coverage of the legally required provisions for pensions of two companies totaling € 1.3 million. The tax rate decreased from 31.9% in the first half of 2014 to 29.2% in the first half of 2015.

Finance costs include positive extraordinary effects from the sale of securities and shares in a residential property company.

Profit after income tax thus amounted to € 44.6 million in the first half of 2015 after € 42.6 million in the comparative period of 2014. Earnings per share rose by 4.8% from € 1.05 to € 1.10.

In comparison with the first quarter of 2015, the RHI Group's revenue was up 12.7% to € 477.9 million in the second quarter of 2015. This is in particular due to increased business volume in the Steel Division in Europe and North America as well as to significantly higher revenue in the environment, energy, chemicals, glass and nonferrous metals business units.

Despite the increase in revenue, the operating EBIT declined slightly to € 34.1 million compared with € 34.5 million in the first quarter of 2015. While the Industrial Division increased its operating EBIT significantly due to project deliveries, the operating EBIT of the Steel Division declined as a result of a weak earnings development in the linings business in Europe, which was amongst other things due to negative product mix effects, and in South America. In addition, negative currency effects burdened the operating result of the second quarter of 2015. The operating EBIT margin of the RHI Group consequently declined from 8.1% in the first quarter of 2015 to 7.1% in the second quarter.

The equity ratio improved to 29.4%.

Equity amounted to € 549.5 million at June 30, 2015 after € 493.9 million at December 31, 2014. Here, an increase in the actuarial interest rate to determine pension and termination payment obligations in the first half of 2015, especially in the euro area due to a higher interest environment, led to a reduction of personnel provisions by € 18.9 million, which at the same time increased equity by € 13.7 million taking into account deferred taxes. The equity ratio rose from 26.5% at the end of the financial year 2014 to 29.4% at June 30, 2015. Cash and cash equivalents decreased from € 151.1 million at December 31, 2014 to € 129.6 million due to the dividend payment of € 29.9 million, the working capital build-up and the repayment of non-current financial liabilities. Net debt declined from € 466.9 million at the end of the year 2014 to € 448.9 million at June 30, 2015 due to a favorable cash flow development.

Working capital was down € 22.0 million on the first quarter of 2015.

Working capital, which consists of inventories and trade receivables less trade payables and prepayments received, rose by € 26.8 million compared with the end of the year 2014 and amounted to € 597.7 million at June 30, 2015. This increase was amongst other things due to currency effects. Compared with the end of the first quarter of 2015, however, a reduction by € 22.0 million was recorded in the past quarter.

Free cash flow amounted to € 62.8 million in the first half of the year.

Net cash flow from operating activities amounted to € 64.9 million in the first half of 2015 after € 12.4 million in the comparative period of 2014. Net cash flow from investing activities amounted to € (2.1) million in the first half of the year and includes payments related to the sale of securities due to surplus coverage of the legally required provisions for pensions of two companies amounting to € 10.9 million as well as payments from the sale of a 2.6% share in a German residential property company amounting to € 3.0 million. Free cash flow thus amounted to € 62.8 million in the first half of 2015 vs. € 3.0 million in the comparative period of 2014.

ROACE (Return on Average Capital Employed), which is calculated from the annualized EBIT less taxes in relation to the average capital employed (property, plant and equipment, goodwill, other intangible assets and working capital) amounted to 8.1% in the first half of 2015, after 9.0% in the first half of 2014.

The number of employees rose slightly from 8,016 at the end of the year 2014 to 8,032.

Segment Reporting

	H1/2015	H1/2014	Q2/2015	Q1/2015	Q4/2014	Q3/2014	Q2/2014
Sales volume (thousand tons)	963	914	485	478	502	452	465
in € million							
Revenue	**902.0**	**839.1**	**477.9**	**424.1**	**466.5**	**415.6**	**436.8**
Steel Division	574.4	535.4	294.7	279.7	293.6	279.8	278.7
Industrial Division	309.9	278.8	173.1	136.8	162.7	125.1	145.6
Raw Materials Division							
external revenue	17.7	24.9	10.1	7.6	10.2	10.7	12.5
internal revenue	129.2	132.5	63.0	66.2	62.6	62.4	63.9
EBITDA	**102.5**	**104.7**[1)]	**51.3**	**51.2**	**51.8**	**42.9**[1)]	**54.7**[1)]
EBITDA margin	11.4%	12.5%	10.7%	12.1%	11.1%	10.3%	12.5%
Operating EBIT[2)]	**68.6**	**71.8**	**34.1**	**34.5**	**41.8**	**28.3**	**37.7**
Steel Division	40.0	42.8	17.2	22.8	27.9	22.4	24.6
Industrial Division	31.6	23.4	18.4	13.2	18.2	7.0	13.3
Raw Materials Division	(3.0)	5.6	(1.5)	(1.5)	(4.3)	(1.1)	(0.2)
Operating EBIT margin	**7.6%**	**8.6%**	**7.1%**	**8.1%**	**9.0%**	**6.8%**	**8.6%**
Steel Division	7.0%	8.0%	5.8%	8.2%	9.5%	8.0%	8.8%
Industrial Division	10.2%	8.4%	10.6%	9.6%	11.2%	5.6%	9.1%
Raw Materials Division[3)]	(2.0)%	3.6%	(2.1)%	(2.0)%	(5.9)%	(1.5)%	(0.3)%
EBIT	**68.6**	**72.1**	**34.1**	**34.5**	**11.9**	**25.3**	**38.5**
Steel Division	40.0	43.0	17.2	22.8	27.7	20.7	25.1
Industrial Division	31.6	23.5	18.4	13.2	5.7	5.7	13.6
Raw Materials Division	(3.0)	5.6	(1.5)	(1.5)	(21.5)	(1.1)	(0.2)
EBIT margin	**7.6%**	**8.6%**	**7.1%**	**8.1%**	**2.6%**	**6.1%**	**8.8%**
Steel Division	7.0%	8.0%	5.8%	8.2%	9.4%	7.4%	9.0%
Industrial Division	10.2%	8.4%	10.6%	9.6%	3.5%	4.6%	9.3%
Raw Materials Division[3)]	(2.0)%	3.6%	(2.1)%	(2.0)%	(29.5)%	(1.5)%	(0.3)%
Net finance costs	**(10.2)**	**(13.7)**	**(3.4)**	**(6.8)**	**(10.3)**	**(8.7)**	**(6.9)**
Share of profit of joint ventures	4.6	4.2	2.4	2.2	2.5	1.5	2.2
Profit before income tax	**63.0**	**62.6**	**33.1**	**29.9**	**4.1**	**18.1**	**33.8**
Income tax	(18.4)	(20.0)	(9.6)	(8.8)	(3.2)	(9.1)	(11.0)
Income tax in %	29.2%	31.9%	29.0%	29.4%	78.0%	50.3%	32.5%
Profit after income tax	**44.6**	**42.6**	**23.5**	**21.1**	**0.9**	**9.0**	**22.8**
Earnings per share in €[4)]	1.10	1.05	0.58	0.52	0.01	0.22	0.56

1) adjusted for income from the reversal of investment subsidies recognized as liabilities
2) EBIT before impairment losses, restructuring effects and result from the US Chapter 11 proceedings
3) based on external and internal revenue
4) basic and diluted

Steel Division

The market environment is characterized by an aggressive export strategy of Chinese producers resulting from a weak domestic market and high excess capacities.

The year 2015 may be the first year with globally declining steel production since the financial crisis in the years 2008 and 2009 or, not counting the crisis, since the year 1998. While growth was predominantly driven by rapid capacity building in China and a positive development in the emerging markets in the past years, global steel output in the first half of 2015 decreased by 2.0% compared with the same period of 2014. With the exception of India, steel output fell in all important markets. The market environment in the past half year was characterized by an aggressive export strategy of Chinese producers as a result of a weak domestic market and high excess capacities. This led to high pressure on steel prices and consequently the profitability of manufacturers and further on suppliers. In many markets, anti-dumping duties are intensively discussed as a response to massively growing Chinese imports and have in some cases already been introduced. To correct the excess capacities, the Chinese government recently adopted significantly stricter emission regulations.

in million tons	H1/2015	H1/2014	Delta	Q2/2015	Q1/2015	Delta
China	410.0	415.4	(1.3)%	208.9	201.1	3.9%
World ex China	403.0	414.5	(2.8)%	202.1	200.9	0.6%
thereof EU28	88.1	87.7	0.5%	44.1	44.0	0.2%
thereof US	39.9	43.6	(8.5)%	20.0	19.9	0.5%
thereof India	45.0	43.1	4.4%	22.5	22.5	0.0%
World	**813.0**	**829.9**	**(2.0)%**	**411.0**	**402.0**	**2.2%**

Source: World Steel Association (July 2015)

Sales volume of the Steel Division decreased by 2.6% compared with the first half of 2014 and amounted to roughly 606,000 tons. In comparison with the first quarter of 2015 an increase by 3.4% to approximately 308,000 tons was recorded in the past quarter.

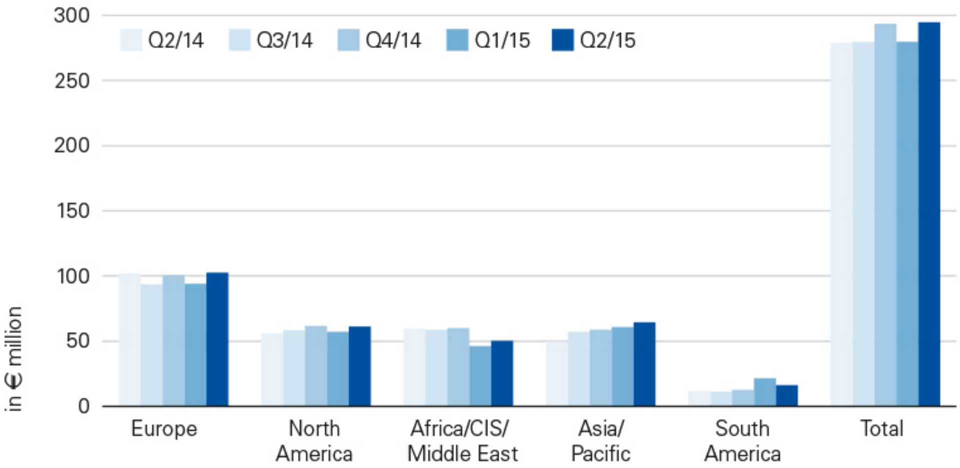
The Steel Division's increase in revenue is attributable to currency effects as well as a positive business development in India and South America.

The Steel Division's revenue in the first half of 2015, at € 574.4 million, was up 7.3% on the revenue of the comparative period of 2014, at € 535.4 million. This is above all attributable to a favorable business development in India and South America as well as positive currency translation effects. The operating EBIT declined from € 42.8 million in the first half of 2014 to € 40.0 million in the first half of 2015 due to deteriorating utilization of the production capacities, negative product mix effects as well as a weaker development of margins in Europe, in the Middle East and in North Africa. In addition, the first half of 2015 was affected by negative currency translation effects. The operating EBIT margin amounted to 7.0% and was thus lower than in the comparative period of 2014, at 8.0%.

In the second quarter of 2015, the Steel Division's revenue, at € 294.7 million, was higher than in the preceding quarter, at € 279.7 million, and also exceeded revenue of the second quarter of 2014, at € 278.7 million. The increase compared with the first quarter of 2015 is predominantly attributable to a higher contribution to revenue from Europe and North America. The operating EBIT dropped from € 22.8 million in the first quarter of 2015 to € 17.2 million in the past quarter, thus also falling short of the second quarter of 2014, at € 24.6 million. The decrease in the second quarter of 2015 was caused in particular by a weak earnings development in the linings business in Europe, which was amongst other things due to negative product mix effects, and in South America. While the operating EBIT of the first quarter of 2015 still included slightly positive currency translation effects from intra-group transactions and the measurement of balance sheet items, the second quarter of 2015 was negatively influenced.

Revenue in the past five quarters developed as follows:

Development of revenue



Europe

Negative product mix effects burdened the region's earnings development in the first half of the year.

Within the European Union, steel production in the first half of 2015 remained stable at roughly 88 million tons compared with the same period of 2014. The automotive industry continued to be the main driver of demand. According to the European Automobile Manufacturers' Association, the number of new car registrations in the European Union reached roughly 7.2 million in the first half of 2015, the highest value since the first half of the year 2010. Compared with the first half of 2014, the growth rate amounted to 8.2%. Especially in Spain and Italy new registrations picked up significantly by 22.0% and 15.2% respectively. The three largest markets, Germany, Great Britain and France, also recorded growth of more than 5% each.

After the European Commission had adopted anti-dumping duties on cold-rolled stainless steel sheets of 24.3% to 25.2% for Chinese producers and of 10.9% to 12.0% for Taiwanese producers at the end of March 2015, the European Steel Association Eurofer initiated a motion for the investigation regarding suspected dumping prices of Chinese and Russian manufacturers of cold-rolled flat steel products. This is the reaction to a substantial increase in steel imports from China in the past years due to massive local excess capacities. Some experts consider it a turning point in the European Union's trade policy, which could have a positive effect on the European steel industry.

The region's contribution to revenue in the first half of 2015 declined by roughly 1% compared with the same period of 2014. While the flow control business was expanded in the slide gate plate segment, the linings business decreased especially in the electric arc furnace segment. The contribution to revenue of Italy, the second largest European market after Germany, fell significantly by roughly 10% year-on-year due to the decline in steel production. The poor utilization situation and liquidity problems of many steel producers, which result from high debt, burdened the business development. However, in the second quarter of 2015, revenue was increased by roughly 9% compared with the preceding quarter. This development was influenced in particular by strong linings business in Poland, Great Britain, Germany and Spain, with revenue in the converter sector recording a positive development. However, due to a different product mix, the margins realized are significantly lower than in the electric steel segment.

North America

A significant increase in imports resulting from the strengthening of the US dollar burdens local steel producers.

In the first half of 2015 steel production in North America dropped by 6.9% compared with the same period of 2014. This is predominantly attributable to an increase in imports from China and Brazil as a result of the strengthening of the US dollar and the related lower competitiveness of US manufacturers. The Mexican steel industry is also suffering from the aggressive export strategy of Chinese producers. Imports from China soared by more than 100% in the first half of the year, which caused the Mexican government to introduce anti-dumping duties on cold-rolled flat steel and hot-rolled steel strip, amongst other things because of massive job cuts in the industry. In the US, manufacturers of sheets for the automotive industry combined their efforts to enforce anti-dumping duties on Chinese products.

The region's contribution to revenue was up roughly 8% in the first half of 2015, mostly due to favorable exchange rate developments; sales volume, however, dropped by approximately 9% compared with the same period of 2014. A large part of the increase was thus accounted for by the US as the US dollar strengthened massively against the euro, while revenue in Mexico, the second largest market in North America, remained constant. The flow control business saw a positive development with an expansion by more than 15%. Compared with the first quarter of 2015, an increase by 7% was recorded in the past quarter due to a strong development in the US.

Africa/CIS/Middle East

Steel production in the CIS region, the Middle East and North Africa is affected by geopolitical tensions.

Steel production in Africa fell by 9.7% in the first half of 2015 compared with the same period of 2014, reflecting the dependence on the two countries Egypt and South Africa, which together account for more than 80% of the steel output on the continent. Steel production dropped significantly in both countries in the first half of 2015 compared with the prior-year period. In addition, production in Libya slumped by more than 50%. The region's contribution to revenue in the first half of 2015 dropped significantly by some 28% compared with the same period of 2014 as a result of the weak business development in Egypt and Libya. In comparison with the first quarter of 2015, the contribution to revenue dropped by 13% in the second quarter.

In the CIS region, steel production in the first half of 2015 fell by 6.9% compared with the same period of 2014 due to the persisting political tensions in East Ukraine. While Russian producers slightly increased their output by 0.8% due to growing export business resulting from a devaluation of the ruble, steel production in Ukraine slumped by some 27%. The CIS region's contribution to revenue in the first half of 2015 was down some 10% on the comparative period of 2014. This is primarily attributable to a weaker linings business in Russia. Compared with the first quarter of 2015, an increase by roughly 2% was recorded in the past quarter.

In the first half of 2015 steel production in the Middle East rose by 2.9% compared with the same period of 2014 as a result of a volume expansion in the United Arab Emirates and in Iran. The region's contribution to revenue increased by roughly 1% compared with the first half of 2014. While the flow control business was up roughly 20%, higher imports from China led to a decline in revenue by more than 4% in the linings segment. Compared with the first quarter of 2015, an increase by roughly 9% was realized in the second quarter.

South America

Steel production in South America, at approximately 22 million tons in the first half of 2015, remained nearly unchanged compared with the first half of 2014. While domestic demand recorded a sharp drop, local manufacturers were able to offset this development by growing export business as a result of the devaluation of local currencies. The economies on the South American continent still suffer from low raw material prices, the withdrawal of capital by foreign investors, high inflation and a lack of growth prospects.

The region's contribution to revenue increased considerably as deliveries to Venezuela were resumed and contracts were won in Brazil.

Despite this challenging market environment, the region's contribution to revenue rose by roughly 65% in the first half of 2015. This is attributable to resumed deliveries to Venezuela after payments were received and to contracts won in Brazil. Especially the linings business developed positively in the ladle and degasser segments. The contribution to earnings improved considerably as a result of increasing revenue. Compared with the first quarter of 2015, revenue dropped by roughly 24% in the past quarter due to lower deliveries in Venezuela and Brazil.

Asia/Pacific

In the Asia/Pacific region steel production declined by 1.5% in the first half of 2015 compared with the same period of 2014. Of the four largest markets, China, Japan, India and South Korea, only India recorded growth, which amounted to 4.4% and is attributable to the commissioning of new steel production capacities created to meet local demand. In China, the downturn of the construction industry related to falling property prices and significantly reduced investment activities burdened the market environment. Due to massive excess capacities, which experts estimate at roughly 300 million tons, and low profitability in the domestic market, many steel producers pushed for an aggressive expansion of exports in the first half of 2015. Consequently, steel exports from China may exceed 100 million tons in the year 2015. This corresponds to more than twice the steel production of Germany and often gives rise to trade conflicts and protectionist measures in the targeted regions. The structural realignment of the heavy industry initiated by the Chinese government is accompanied by more rigorous environmental legislation. In the city of Tangshan for example, where some 90 million tons of steel are produced annually, new emission regulations were passed, which require an upgrade of more than 100 furnaces and more than 180 converters. The goal is to reduce steel output by roughly 30% by the year 2017.

With a 36% increase in revenue compared to the first half of 2014 to approx. € 77 million, India is by far the most important individual market of the Steel Division, ahead of the US.

The region's contribution to revenue in the first half of 2015 was up 29% on the comparative period of 2014 due to a further expansion of business in India. In addition, the strengthening of the Indian rupee and the Chinese yuan against the euro supported this development. The Steel Division's revenue generated in India in the first half of 2015 exceeded that of the first half of 2014 by some 36% and amounted to roughly € 77 million. India is thus clearly the most important individual market, ahead of the US. Compared with the first quarter of 2015 an increase by approximately 6% was realized in the past quarter.

Industrial Division

The Industrial Division's sales volume increased by 1.4% compared with the first half of 2014 to roughly 214,000 tons. In comparison with the first quarter of 2015, an increase by 9.8% to approximately 112,000 tons was recorded in the past quarter.

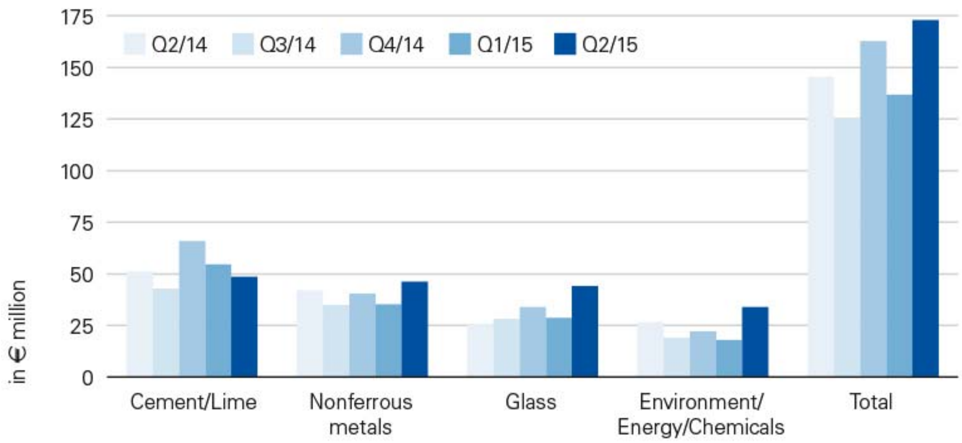
The Industrial Division's revenue and operating EBIT improved significantly due to project deliveries.

In the first half of 2015, revenue of the Industrial Division, at € 309.9 million, was up 11.2% on the revenue of the comparative period of 2014, at € 278.8 million. This is attributable to a very positive development of the environment, energy, chemicals business segment. In addition, some of the major repairs postponed by customers in the previous year were carried out in the nonferrous metals and glass business units. Due to an increase in revenue and an improved margin situation in the nonferrous metals and glass business units, the operating EBIT increased from € 23.4 million in the first half of 2014 to € 31.6 million in the first half of 2015. The operating EBIT margin, at 10.2%, exceeded that of the comparative period of 2014, at 8.4%.

In the second quarter of 2015, the Steel Division's revenue totaled € 173.1 million, thus exceeding revenue of the preceding quarter, at € 136.8 million, and also that of the second quarter of 2014, at € 145.6 million. The increase on the first quarter of 2015 is attributable to significantly higher contributions to revenue by the environment, energy, chemicals as well as the glass and nonferrous metals business units. The operating EBIT rose from € 13.2 million in the first quarter of 2015 to € 18.4 million in the past quarter, thus also exceeding the operating EBIT of the second quarter of 2014, at € 13.3 million.

Revenue in the past five quarters developed as follows:

Development of revenue



Cement/Lime

The business unit's contribution to earnings is adversely affected by the strengthening of the Chinese yuan.

The contribution to revenue of the cement/lime business unit increased slightly by 1% in the first half of 2015 compared with the first half of 2014. While revenue grew in the double-digit range in the regions Asia/Pacific and North America, the regions Africa, Middle East and Western Europe recorded drops in revenue. Compared with the preceding quarter, revenue in the second quarter of 2015 fell by roughly 11% for seasonal reasons and due to delays in the delivery of major contracts. These deliveries should, however, be carried out in the current third quarter, thus supporting the further development of revenue. The important export business from China is burdened by the strengthening of the yuan, causing the business unit's contribution to earnings to decline in comparison with the first half of 2014.

Despite a difficult market environment in China as a result of the downturn of the construction industry, declining property prices and lower investment activities, market share was gained in the world's largest cement market – with an annual production of roughly 2.5 billion tons – and revenue was raised significantly in the first half of 2015 due to the service quality offered. In India, with some 280 million annual tons the second largest market after China, revenue saw a stable development in the first half of 2015, which is attributable to the weaker first quarter. In the past quarter, revenue recorded a significant increase in the double-digit range in comparison with both the preceding quarter and the second quarter of 2014.

In North America, the upswing in the cement industry continued in the first half of the year. The progressing economic recovery is leading to growing demand for cement and to good capacity utilization of the rotary kilns. Due to this positive market development new plants are currently built and existing ones are upgraded. Consequently, sales opportunities in the new construction business arise for RHI in addition to the growing need for repairs. In Europe, the cement industry is still struggling with excess capacity related to weak demand. Due to cost pressure, the cement producers focus on measures to increase efficiency. In contrast, political uncertainties and the resulting lack of investments burden the business development in the Middle East and in the CIS region. The decline in revenue in Africa in the first half of the year can be explained by the delivery of a major project in the single-digit million range in Algeria in the first half of 2014.

Nonferrous metals

In the first half of 2015, the contribution to revenue of the nonferrous metal business unit rose by roughly 3% compared with the same period of 2014. This is primarily attributable to the positive business development in the copper and ferrochrome segments, while business continued weak in the ferronickel, lead and zinc segments. In the second quarter, an increase in revenue by roughly 31% on the preceding quarter was recorded as major repairs in the ferrochrome and ilmenite sectors were delivered.

The significant increase in revenue on the first quarter of 2015 is attributable to major repairs in the ferrochrome and ilmenite segments.

The prices of the relevant nonferrous metals continued to decline in the first half of 2015. On the London Metal Exchange, the prices of copper, aluminum and zinc fell by roughly 8% and the nickel and tin price by more than 20% compared with the level at the end of the year 2014. Due to the Chinese stock market slump, the prices of copper, aluminum, nickel and tin hit new five-year lows in July 2015. Despite this negative development, lucrative contracts were concluded, for example in Kazakhstan for the delivery of repair materials for ferrochrome aggregates. In the ilmenite sector, material with a value in the million-range was delivered for a major repair in Norway. In addition, a large part of the materials for the repair of a direct-current electric furnace in the nickel sector in New Caledonia was delivered. Moreover, materials for the repair of flash smelters in Russia and Botswana as well as various materials for copper furnaces in China, Germany and Brazil were supplied. The order level for the current third quarter is still positive and exceeded the prior-year value by roughly 34% at 30 June 2015, with incoming orders recording a downward trend in the last three months, reflecting the development of metal prices. A further outlook beyond the third quarter shows low visibility, especially when considering the price development. Metal prices are not expected to pick up in the short term, so new construction business should remain at a low level.

Glass

Despite an ongoing challenging market environment, revenue and operating EBIT developed positively.

The contribution to revenue of the glass business unit in the first half of 2015 was roughly 22% higher than in the weak comparative period of 2014. This positive development was influenced in particular by business in the container glass segment in Europe and in the Middle East and business in the special glass segment in Asia. In North America, deliveries that had been delayed because of a strike at the US plant in Falconer were carried out in the second quarter of 2015 so that revenue in the second quarter was roughly 130% higher than in the first quarter of 2015. However, a drop in revenue by approximately 24% was recorded in the first half of 2015 compared with the first half of 2014, after it had amounted to more than 60% in the first quarter of 2015.

The global market environment is still characterized by high excess capacity, especially in the flat glass segment, by a low level of investment activities and by an ongoing market consolidation especially in the US and Europe. For example, the sale of the container glass business of the Mexican producer Vitro for roughly 2 billion euros to Owens-Illinois and the sale of the glass packaging segment of the French building material group Saint-Gobain for some 3 billion euros to the US financial investor Apollo were announced. Market studies forecast significant growth rates for the special glass sector in the coming years. Especially in the area of thermal insulation of buildings, many regions, for example the US, have a great need to catch up. Based on the current order situation, the third quarter is expected to be weaker, whereas the forecast for the fourth quarter is favorable due to project deliveries.

Environment, energy, chemicals

The increase in revenue is attributable to a contract in the double-digit million range for a construction project in the coal gasification sector in India.

The contribution to revenue of the environment, energy, chemicals business unit rose by roughly 37% in the first half of 2015 in comparison with the same period of 2014. This is primarily attributable to a contract in the double-digit million range for a construction project in the coal and petrol coke gasification sector in India. In comparison with the first quarter of 2015, revenue was up some 88% in the second quarter of 2015, reflecting the start of the maintenance season in the oil and gas sector in North America and Europe.

Despite this positive development, the market environment is still challenging. Because of the low oil price, hardly any investments are made in the construction of new projects worldwide. The related high cost pressure in the industry leads to massive savings, capacity adjustments and a market consolidation. Especially customers operating with process costs that significantly exceed the current oil price level, in particular the oil sand industry in the west of Canada, are affected by this development. Further capacity adjustments are to be expected in this area in the second half of the year. Even new technologies such as coal and petrol coke gasification currently see little demand as they compete with cheap liquefied gas. The maintenance business is still at a normal level. The contribution to revenue in the second half of 2015 is expected to decrease as there is no major contract comparable to the first half of the year.

Raw Materials Division

The Raw Materials Division's sales volume totaled some 143,000 tons in the first half of 2015. This corresponds to an increase by approximately 76.5% compared with the first half of 2014 and is primarily attributable to pushing the sale of raw dolomite in Italy. While these sales contribute a large share to volume, the effect in terms of value is small as the sales prices per ton are low. Compared with the first quarter of 2015, sales volume in the past quarter fell by 16.7% to some 65,000 tons.

The sale of raw dolomite was stepped up, producing a large contribution in terms of volume, but little in terms of value.

In the first half of 2015, revenue of the Raw Materials Division, at € 146.9 million, was 6.7% lower than in the comparative period of 2014, at € 157.4 million. This is attributable to both a decline in internal demand by the Steel Division in the basic mixes segment and to a decrease in external revenue caused by the insolvency of a major Italian customer and led to weaker capacity utilization at the raw material plants in Austria and at the plant in Eskisehir, Turkey. The operating EBIT dropped from € 5.6 million in the first half of 2014 to € (3.0) million in the first half of 2015. This development reflects the decrease in capacity utilization at the raw material plants and the raw material price situation. The operating EBIT margin, at (2.0)% was lower than in the comparative period of 2014, at 3.6%.

The negative operating EBIT reflects the decrease in capacity utilization at the raw material plants and the raw material price situation.

In the second quarter of 2015 revenue of the Raw Materials Division amounted to € 73.1 million and was thus slightly lower than in the preceding quarter, at € 73.8 million and also lower than in the second quarter of 2014, at € 76.4 million. The operating EBIT in the second quarter of 2015 amounted to € (1.5) million as in the preceding quarter, thus falling short of the figure of the second quarter of 2014, at € (0.2) million.

At the site in Porsgrunn, Norway, roughly 19,000 tons of fused magnesia were produced in the first half of the year. The preparations for the reduction of production volume to an annual tonnage of roughly 30,000 tons as of the fourth quarter of 2015 are proceeding as planned. The earnings situation improved according to plan compared with the first half of 2014.

The earnings situation at the Norwegian site improved significantly compared with the previous year.

At the Austrian raw material sites, various measures to adjust capacity are currently being developed because of the weaker utilization situation. At the Hochfilzen plant, for example, the rotary kiln will be shut down in mid-August and not be re-started until October of the current year. Kiln capacities are not fully used at the Turkish site in Eskisehir either, where a rotary kiln and a shift kiln are currently not in operation. The construction of a mixing tower for the production of basic mixes with investments totaling approximately € 17 million is still proceeding on schedule. The commissioning of this facility is planned for the fourth quarter of 2015 so that full availability is expected for the beginning of the year 2016.

Slower economic growth in the emerging markets along with weaker industrial production has led to a slightly declining price level for important refractory raw materials such as sintered and fused magnesia, bauxite, andalusite and fused alumina. However, due to stricter environmental legislation in the largest mining country China, which for example prohibits the use of certain energy sources for raw material production, RHI expects raw material prices to increase in the medium term.

Outlook

The economic framework conditions do not indicate a significant recovery in the main customer markets for the second half of 2015. Weak domestic demand in China leads to expectations that export activities for Chinese steel will continue to increase, which causes an additional burden on our steel customers outside of China. Important industrial metals such as aluminum, copper, nickel and tin reached new five-year lows in July 2015. RHI expects a currency-driven increase in revenue of more than 3% for the year 2015. In this environment and provided that the exchange rates remain stable, the operating EBIT margin will amount to roughly 8%, contrary to previous expectations of roughly 9%.

Risk Report

In the first half of 2015, the risk management processes and key risks remained essentially unchanged. No risks that are considered to be a threat to the existence of the Group were identified. The main risks for the business development in the second half of 2015 are related to the aggressive export strategy of Chinese steel producers resulting from a weak domestic market and high excess capacities, and to important nonferrous metals such as copper, aluminum, nickel and tin reaching new five-year lows at the beginning of the third quarter of 2015 following a slump on the Chinese stock exchanges. While the significant increase in steel exports from China leads to high pressure on steel prices and thus on the profitability of manufacturers and subsequently on suppliers, the falling nonferrous metal prices could cause producers to postpone major repairs and maintenance work. Opportunities lie above all in the easing of economic sanctions against Iran in the course of settling the long-standing nuclear conflict and in a further recovery of the economy in the European Union.

Disclosures on related companies and persons

Information regarding transactions with related companies and related persons are provided in the notes to the interim consolidated financial statements.

Condensed, unaudited interim consolidated financial statements

as of 06/30/2015

Consolidated statement of financial position

as of 06/30/2015

in € million	06/30/2015	12/31/2014
ASSETS		
Non-current assets		
Property, plant and equipment	549.0	544.2
Goodwill	37.9	36.1
Other intangible assets	75.5	74.0
Investments in joint ventures	17.0	18.3
Other non-current financial assets	27.6	39.6
Other non-current assets	20.2	19.6
Deferred tax assets	122.3	130.1
	849.5	**861.9**
Current assets		
Inventories	464.3	429.0
Trade and other current receivables	415.5	408.4
Income tax receivables	7.5	6.9
Other current financial assets	3.2	3.2
Cash and cash equivalents	129.6	151.1
	1,020.1	**998.6**
	1,869.6	**1,860.5**

EQUITY AND LIABILITIES		
Equity		
Share capital	289.4	289.4
Group reserves	246.2	192.3
Equity attributable to shareholders of RHI AG	535.6	481.7
Non-controlling interests	13.9	12.2
	549.5	**493.9**
Non-current liabilities		
Non-current financial liabilities	436.8	417.0
Other non-current financial liabilities	1.2	1.3
Deferred tax liabilities	17.5	16.5
Personnel provisions	333.9	355.1
Other non-current provisions	5.7	6.1
Other non-current liabilities	9.0	8.8
	804.1	**804.8**
Current liabilities		
Current financial liabilities	141.7	201.0
Other current financial liabilities	9.3	0.4
Trade payables and other current liabilities	301.2	296.4
Income tax liabilities	22.5	24.1
Current provisions	41.3	39.9
	516.0	**561.8**
	1,869.6	**1,860.5**

Consolidated statement of profit or loss

from 01/01/2015 to 06/30/2015

in € million	4-6/2015	4-6/2014[1]	1-6/2015	1-6/2014[1]
Revenue	477.9	436.8	902.0	839.1
Cost of sales	(377.4)	(343.2)	(708.5)	(652.9)
Gross profit	**100.5**	**93.6**	**193.5**	**186.2**
Selling and marketing expenses	(30.4)	(28.7)	(58.0)	(55.1)
General and administrative expenses	(32.5)	(28.6)	(65.9)	(59.4)
Other income	0.0	8.4	45.5	21.8
Other expenses	(3.5)	(7.0)	(46.5)	(21.7)
Operating EBIT	**34.1**	**37.7**	**68.6**	**71.8**
Restructuring costs	0.0	0.0	0.0	(0.5)
Net income from US Chapter 11 proceedings	0.0	0.8	0.0	0.8
EBIT	**34.1**	**38.5**	**68.6**	**72.1**
Interest income	0.6	0.6	1.0	0.9
Interest expenses	(5.2)	(4.7)	(10.2)	(9.0)
Other net financial expenses	1.2	(2.8)	(1.0)	(5.6)
Net finance costs	**(3.4)**	**(6.9)**	**(10.2)**	**(13.7)**
Share of profit of joint ventures	2.4	2.2	4.6	4.2
Profit before income tax	**33.1**	**33.8**	**63.0**	**62.6**
Income tax	(9.6)	(11.0)	(18.4)	(20.0)
Profit after income tax	**23.5**	**22.8**	**44.6**	**42.6**
attributable to shareholders of RHI AG	23.2	22.4	43.9	41.9
attributable to non-controlling interests	0.3	0.4	0.7	0.7
in €				
Earnings per share (basic and diluted)	0.58	0.56	1.10	1.05

1) Explanations regarding adjustments are provided in the section "Selected explanatory notes".

Consolidated statement of comprehensive income

from 01/01/2015 to 06/30/2015

in € million	4-6/2015	4-6/2014	1-6/2015	1-6/2014
Profit after income tax	**23.5**	**22.8**	**44.6**	**42.6**
Currency translation differences				
Unrealized results from currency translation	(15.5)	4.0	30.5	3.0
Deferred taxes on unrealized results from currency translation	(1.6)	0.0	(1.6)	0.0
Effective taxes on unrealized results from currency translation	0.4	0.0	0.4	0.0
Market valuation of cash flow hedges				
Unrealized results from fair value change	0.2	(0.8)	0.1	(1.5)
Deferred taxes on unrealized results from fair value change	0.0	0.2	0.0	0.4
Reclassification cash flow hedge reserves to the statement of profit or loss	0.0	0.0	0.0	(0.1)
Market valuation of available-for-sale financial instruments				
Unrealized results from fair value change	(0.4)	1.0	2.0	1.8
Deferred taxes on unrealized results from fair value change	0.3	(0.3)	(0.3)	(0.5)
Reclassification of reserves of available-for-sale financial instruments to the statement of profit or loss	(4.2)	0.0	(4.2)	0.0
Reclassification of deferred taxes on reserves of available-for-sale financial instruments to the statement of profit or loss	0.3	0.0	0.3	0.0
Items that will be reclassified subsequently to profit or loss, if necessary	**(20.5)**	**4.1**	**27.2**	**3.1**
Remeasurement of defined benefit plans				
Remeasurement of defined benefit plans	39.9	(12.7)	18.9	(22.0)
Deferred taxes on remeasurement of defined benefit plans	(11.1)	3.6	(5.2)	6.1
Items that will not be reclassified to profit or loss	**28.8**	**(9.1)**	**13.7**	**(15.9)**
Other comprehensive income after income tax	**8.3**	**(5.0)**	**40.9**	**(12.8)**
Total comprehensive income	**31.8**	**17.8**	**85.5**	**29.8**
attributable to shareholders of RHI AG	32.2	17.4	83.8	28.7
attributable to non-controlling interests	(0.4)	0.4	1.7	1.1

Consolidated statement of cash flows

from 01/01/2015 to 06/30/2015

in € million	1-6/2015	1-6/2014
Profit after income tax	44.6	42.6
Adjustments for		
income tax	18.4	20.0
depreciation and amortization charges	34.4	32.9
income from the reversal of investment subsidies	(0.5)	(0.3)
(gains) / losses from the disposal of property, plant and equipment	(1.1)	0.7
gains from the disposal of securities and other financial assets	(4.3)	0.0
net income from US Chapter 11 proceedings	0.0	(0.8)
interest result	9.2	8.1
share of profit of joint ventures	(4.6)	(4.2)
other non-cash changes	12.3	5.4
Changes in		
inventories	(23.5)	(37.7)
trade receivables	8.6	(19.7)
other receivables and assets	(4.7)	6.9
provisions	(7.3)	(21.7)
trade payables	4.9	(0.9)
other liabilities	(3.5)	(1.7)
Cash flow from operating activities	**82.9**	**29.6**
Income tax paid less refunds	(18.0)	(17.2)
Net cash flow from operating activities	**64.9**	**12.4**
Investments in property, plant and equipment and intangible assets	(25.2)	(18.0)
Cash inflows from the sale of property, plant and equipment	1.9	1.6
Investments in / cash inflows from non-current receivables	(0.1)	0.1
Cash inflows from the sale of securities and other financial assets	13.9	0.0
Dividend payments from joint ventures	5.8	6.2
Investment subsidies received	0.6	0.0
Interest received	1.0	0.7
Net cash flow from investing activities	**(2.1)**	**(9.4)**
Dividend payments to shareholders of RHI AG	(29.9)	(29.9)
Proceeds from non-current borrowings and loans	30.2	1.2
Repayments of non-current borrowings and loans	(72.9)	(18.1)
Changes in current borrowings	(3.1)	7.4
Interest payments	(9.1)	(8.8)
Net cash flow from financing activities	**(84.8)**	**(48.2)**
Total cash flow	**(22.0)**	**(45.2)**
Change in cash and cash equivalents	**(22.0)**	**(45.2)**
Cash and cash equivalents at beginning of year	151.1	112.4
Changes due to currency translation	0.5	(0.3)
Cash and cash equivalents at year-end	129.6	66.9
Total interest paid	9.3	9.4
Total interest received	1.0	0.9

Consolidated statement of changes in equity

from 01/01/2015 to 06/30/2015

in € million	Share capital	Additional paid-in capital	Retained earnings
12/31/2014	**289.4**	**38.3**	**307.9**
Profit after income tax	**-**	**-**	**43.9**
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 tax	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**43.9**
Dividends	-	-	(29.9)
Transactions with shareholders	**-**	**-**	**(29.9)**
06/30/2015	**289.4**	**38.3**	**321.9**

in € million	Share capital	Additional paid-in capital	Retained earnings
12/31/2013	**289.4**	**38.3**	**287.7**
Profit after income tax	**-**	**-**	**41.9**
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 tax	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**41.9**
Dividends	-	-	(29.9)
Transactions with shareholders	**-**	**-**	**(29.9)**
06/30/2014	**289.4**	**38.3**	**299.7**

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
(1.0)	**4.5**	**(106.1)**	**(51.3)**	**481.7**	**12.2**	**493.9**
-	**-**	**-**	**-**	**43.9**	**0.7**	**44.6**
-	-	-	28.3	**28.3**	**1.0**	**29.3**
0.1	-	-	-	**0.1**	**-**	**0.1**
-	(2.2)	-	-	**(2.2)**	**-**	**(2.2)**
-	-	13.7	-	**13.7**	**-**	**13.7**
0.1	**(2.2)**	**13.7**	**28.3**	**39.9**	**1.0**	**40.9**
0.1	**(2.2)**	**13.7**	**28.3**	**83.8**	**1.7**	**85.5**
-	-	-	-	**(29.9)**	**-**	**(29.9)**
-	**-**	**-**	**-**	**(29.9)**	**-**	**(29.9)**
(0.9)	**2.3**	**(92.4)**	**(23.0)**	**535.6**	**13.9**	**549.5**

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**
-	**-**	**-**	**-**	**41.9**	**0.7**	**42.6**
-	-	-	2.6	**2.6**	**0.4**	**3.0**
(1.2)	-	-	-	**(1.2)**	**-**	**(1.2)**
-	1.3	-	-	**1.3**	**-**	**1.3**
-	-	(15.9)	-	**(15.9)**	**-**	**(15.9)**
(1.2)	**1.3**	**(15.9)**	**2.6**	**(13.2)**	**0.4**	**(12.8)**
(1.2)	**1.3**	**(15.9)**	**2.6**	**28.7**	**1.1**	**29.8**
-	-	-	-	**(29.9)**	**-**	**(29.9)**
-	**-**	**-**	**-**	**(29.9)**	**-**	**(29.9)**
(0.7)	**3.3**	**(86.2)**	**(69.7)**	**474.1**	**11.3**	**485.4**

Selected explanatory notes

Principles and methods

The interim financial statements as of 06/30/2015 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 12/31/2014.

All amounts in the explanatory notes and tables are shown in € million, unless indicated otherwise. For computational reasons, rounding differences may occur.

Initial application of new financial reporting standards

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

Standard	Title	Publication (EU endorsement)	Effects on RHI consolidated interim financial statements
New interpretation			
IFRIC 21	Levies	05/20/2013 (06/13/2014)	No effect
Amendments of standards			
Various	Annual improvements to IFRSs 2011-2013 Cycle	12/12/2013 (12/18/2014)	No effect

Other changes in comparative information

The following changes in presentation were introduced as of 12/31/2014 to enhance the informative value of the RHI consolidated financial statements:

Amortization charges on development costs, which had been included in general and administrative expenses until the third quarter of 2014, were reclassified to cost of sales with retroactive effect as of the fourth quarter of 2014 as this presentation is more appropriate (Adjustment 1).

Foreign exchange results were previously shown as the net amount of foreign exchange gains and losses, either under other income or under other expenses. The net results from foreign exchange contracts were shown as a correcting item to the foreign exchange result. Due to the materiality of the effects, they have no longer been offset since 12/31/2014 based on the no-netting principle (Adjustment 2).

As a result of the changes in presentation, the consolidated statement of profit or loss changed as follows for the first half-year of 2014:

	1-6/2014	Effect 1-6/2014		1-6/2014
in € million	as published	Adjustment 1	Adjustment 2	adjusted
Cost of sales	(651.9)	(1.0)	-	(652.9)
Gross profit	187.2	(1.0)	-	186.2
General and administrative expenses	(60.4)	1.0	-	(59.4)
Other income	2.1	-	19.7	21.8
Other expenses	(2.0)	-	(19.7)	(21.7)

Audit and review by an auditor

The consolidated interim financial statements as of 06/30/2015 were neither fully audited nor reviewed by an auditor.

Group of consolidated companies

Compared with the reporting date 12/31/2014, the group of consolidated companies was reduced by the fully consolidated subsidiary Veitsch Radex America Inc., Burlington, Canada, due to a merger with RHI Canada Inc., Burlington, Canada, and now comprises 78 fully consolidated subsidiaries and one joint venture consolidated using the equity method.

Property, plant and equipment and other intangible assets

Acquisitions during the first six months of the financial year increased non-current assets by € 20.6 million (1-6/2014: € 17.7 million).

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 obligations is recognized.

In the first half of 2015, a significant increase in the actuarial interest rate, especially in the euro area, led to a reduction of pension and termination benefit obligations by € 18.9 million (1-6/2014: increase by € 22.0 million, 1-3/2015: increase by € 21.0 million) and to an increase in equity by € 13.7 million (1-6/2014: reduction by € 15.9 million, 1-3/2015: reduction by € 15.1 million) (after deferred taxes).

Other income and expenses

The foreign exchange differences and derivative financial instruments had the following effect on the statement of profit or loss:

in € million	1-6/2015	1-6/2014
Foreign exchange gains	43.7	19.5
Foreign exchange losses	(35.8)	(18.8)
Gains from derivative financial instruments	0.0	0.6
Losses from derivative financial instruments	(10.1)	(0.9)
Net effect	**(2.2)**	**0.4**

Other net financial expenses

The item other net financial expenses in the statement of profit or loss includes income of € 4.3 million from the sale of securities and shares in a residential property company. Cash inflows from the sale amounting to € 13.9 million are shown separately under cash flow from investing activities.

Income tax

The tax rate in the first half-year of 2015 amounts to 29% (1-6/2014: 32%).

Segment reporting

The key figures of the operating segments for the first half-year of 2015 and the first half-year of 2014 are shown in the tables below:

in € million	Steel	Industrial	Raw Materials	Elimination/Un-allocated assets	Group 1-6/2015
External revenue	574.4	309.9	17.7	0.0	902.0
Internal revenue	0.0	0.0	129.2	(129.2)	0.0
Segment revenue	**574.4**	**309.9**	**146.9**	**(129.2)**	**902.0**
Operating EBIT/EBIT	**40.0**	**31.6**	**(3.0)**	**0.0**	**68.6**
Net finance costs	0.0	0.0	0.0	(10.2)	(10.2)
Share of profit of joint ventures	0.0	0.0	4.6	0.0	4.6
Profit before income tax					**63.0**
Segment assets 06/30/2015	663.5	329.7	474.9	384.5	1,852.6
Investments in joint ventures 06/30/2015	0.0	0.0	17.0	0.0	17.0
					1,869.6

in € million	Steel	Industrial	Raw Materials	Elimination/Un-allocated assets	Group 1-6/2014
External revenue	535.4	278.8	24.9	0.0	839.1
Internal revenue	0.0	0.0	132.5	(132.5)	0.0
Segment revenue	**535.4**	**278.8**	**157.4**	**(132.5)**	**839.1**
Operating EBIT	**42.8**	**23.4**	**5.6**	**0.0**	**71.8**
Restructuring costs	(0.3)	(0.2)	0.0	0.0	(0.5)
Net income from US Chapter 11 proceedings	0.5	0.3	0.0	0.0	0.8
EBIT	**43.0**	**23.5**	**5.6**	**0.0**	**72.1**
Net finance costs	0.0	0.0	0.0	(13.7)	(13.7)
Share of profit of joint ventures	0.0	0.0	4.2	0.0	4.2
Profit before income tax					**62.6**
Segment assets 12/31/2014	619.9	302.0	499.5	420.8	1,842.2
Investments in joint ventures 12/31/2014	0.0	0.0	18.3	0.0	18.3
					1,860.5

Disclosures on financial instruments

The following tables show the carrying amounts and fair values of the financial assets and liabilities by level and measurement category, and the allocation to the measurement levels in accordance with IFRS 13. In addition, the carrying amounts are shown aggregated according to measurement category.

in € million	IAS 39 Measurement category[1]	Level	(Amortized) cost	Fair value recognized in profit/loss	Fair value recognized in equity	06/30/2015 Carrying amount	06/30/2015 Fair value
Assets							
Available-for-sale investments	FAAC	-	0.5	-	-	0.5	-
Available-for-sale securities	AfS	1	-	-	24.0	24.0	24.0
Available-for-sale shares	FAAC	-	1.1	-	-	1.1	-
Other non-current financial receivables	LaR	-	2.0	-	-	2.0	-
Trade and other current receivables[2]	LaR	-	327.1	-	-	327.1	-
Other current financial receivables	LaR	-	1.7	-	-	1.7	-
Financial assets held for trading	FAHfT	2	-	1.5	-	1.5	1.5
Cash and cash equivalents	LaR	-	129.6	-	-	129.6	-
Equity and liabilities							
Non-current financial liabilities	FLAAC	2	436.8	-	-	436.8	460.6
Interest derivatives designated as cash flow hedges	-	2	-	-	1.2	1.2	1.2
Current financial liabilities	FLAAC	2	141.7	-	-	141.7	142.1
Financial liabilities held for trading	FLHfT	2	-	9.3	-	9.3	9.3
Trade payables and other current liabilities[3]	FLAAC	-	195.7	-	-	195.7	-
Aggregated according to measurement category							
Loans and receivables	LaR		460.4	-	-	460.4	
Available for sale financial instruments	AfS		-	-	24.0	24.0	
Financial assets at cost	FAAC		1.6	-	-	1.6	
Financial assets held for trading	FAHfT		-	1.5	-	1.5	
Financial liabilities measured at amortized cost	FLAAC		774.2	-	-	774.2	
Financial liabilities held for trading	FLHfT		-	9.3	-	9.3	

in € million	IAS 39 Measurement category[1)]	Level	(Amortized) cost	Fair value recognized in profit/loss	Fair value recognized in equity	12/31/2014 Carrying amount	12/31/2014 Fair value
Assets							
Available-for-sale investments	FAAC	-	0.5	-	-	0.5	-
Available-for-sale securities	AfS	1	-	-	33.7	33.7	33.7
Available-for-sale shares	AfS	3	-	-	2.2	2.2	2.2
Available-for-sale shares	FAAC	-	1.1	-	-	1.1	-
Other non-current financial receivables	LaR	-	2.1	-	-	2.1	-
Trade and other current receivables[2)]	LaR	-	334.0	-	-	334.0	-
Other current financial receivables	LaR	-	1.6	-	-	1.6	-
Financial assets held for trading	FAHfT	2	-	1.6	-	1.6	1.6
Cash and cash equivalents	LaR	-	151.1	-	-	151.1	-
Equity and liabilities							
Non-current financial liabilities	FLAAC	2	417.0	-	-	417.0	444.0
Interest derivatives designated as cash flow hedges	-	2	-	-	1.3	1.3	1.3
Current financial liabilities	FLAAC	2	201.0	-	-	201.0	201.3
Financial liabilities held for trading	FLHfT	2	-	0.4	-	0.4	0.4
Trade payables and other current liabilities[3)]	FLAAC	-	195.8	-	-	195.8	-
Aggregated according to measurement category							
Loans and receivables	LaR		488.8	-	-	488.8	
Available for sale financial instruments	AfS		-	-	35.9	35.9	
Financial assets at cost	FAAC		1.6	-	-	1.6	
Financial assets held for trading	FAHfT		-	1.6	-	1.6	
Financial liabilities measured at amortized cost	FLAAC		813.8	-	-	813.8	
Financial liabilities held for trading	FLHfT		-	0.4	-	0.4	

1) FAAC: Financial assets at cost
AfS: Available for sale financial instruments
LaR: Loans and receivables
FAHfT: Financial assets held for trading
FLAAC: Financial liabilities measured at amortized cost
FLHfT: Financial liabilities held for trading

2) Trade and other current receivables of € 415.5 million (12/31/2014: € 408.4 million) as shown in the statement of financial position also include non-financial assets of € 88.4 million (12/31/2014: € 74.4 million).

3) Trade and other current liabilities of € 301.2 million (12/31/2014: € 296.4 million) as shown in the statement of financial position also include non-financial liabilities of € 105.5 million (12/31/2014: € 100.6 million).

In the RHI Group especially securities, derivative financial instruments and shares in a residential property company are measured at fair value on a recurring basis.

Fair value is defined as the amount for which an asset could be exchanged, or a liability settled, between market participants in an arm's length transaction on the day of measurement. When the fair value is determined it is assumed that the transaction in which the asset is sold or the liability is transferred takes place either in the main market for the asset or liability, or in the most favorable market if there is no main market. RHI considers the characteristics of the asset or liability to be measured which a market participant would consider in pricing. It is assumed that market participants act in their best economic interest.

RHI takes into account the availability of observable market prices in an active market and uses the following hierarchy to determine fair value:

Level 1: Prices quoted 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 not based on observable market data.

The fair value of available-for-sale securities is based on price quotations at the reporting date (Level 1).

The fair value of interest derivatives in a hedging relationship (interest rate swaps) is determined by calculating the present value of future cash flows based on current yield curves taking into account the corresponding terms (Level 2).

The fair value of financial assets and liabilities held for trading corresponds to the market value of the forward exchange contracts and derivatives in orders denominated in a currency other than the functional currency. They are measured based on quoted forward rates (Level 2).

The fair value of available-for-sale shares in the residential property company, which are not listed, is determined by discounting the expected cash flow taking into account the country-specific weighted average cost of capital in the RHI Group (Level 3). In the second quarter of 2015 all of these shares were sold. The development of Level 3 fair values is presented below:

in € million	01/01/ - 06/30/2015	01/01/ - 12/31/2014
Fair values at beginning of period	**2.2**	**1.6**
Unrealized results from fair value change recognized in other comprehensive income	0.7	0.6
Reclassification to statement of profit or loss due to disposal	(2.9)	0.0
Fair values at end of period	**0.0**	**2.2**

RHI takes into account reclassifications in the measurement hierarchy at the end of the reporting period in which the changes occur. There were no shifts between the different measurement levels in the two reporting periods.

Financial liabilities are carried at amortized cost in the statement of financial position. The fair values of the financial liabilities are only shown in the notes. They are calculated as the present value of the discounted future cash flows using yield curves that are currently observable (Level 2).

Available-for-sale investments of € 0.5 million (12/31/2014: € 0.5 million) and available-for-sale shares of € 1.1 million (12/31/2014: € 1.1 million) are equity instruments carried at cost for which there is no quoted price on an active market. It was not possible to derive a fair value based on comparable transactions. These investments and shares are immaterial in comparison with the total position of the Group. The RHI Group intends to liquidate an investment with a carrying amount of € 0.1 million.

The fair value of the financial receivables roughly corresponds to the carrying amount as no material deviation between the fair value and the carrying amount is assumed due to the amount of the receivables and the credit default risk is accounted for by forming valuation allowances.

The remaining terms of trade and other current receivables and liabilities as well as cash and cash equivalents are predominantly short. Therefore, the carrying amounts of these items approximate fair value at the reporting date.

At the two reporting dates, no contractual netting agreements of financial assets and liabilities were in place.

Dividends

The Annual General Meeting on 05/08/2015 approved the payout of a dividend of € 0.75 per share for the year 2014. As a result, dividends totaling € 29.9 million were paid to the shareholders of RHI AG in the second quarter of 2015.

Disclosures on related companies and persons

With the exception of the dividends paid to MS Private Foundation and the dividends of € 5.8 million (1-6/2014: € 6.2 million) received from MAGNIFIN Magnesiaprodukte GmbH & Co KG, St. Jakob, Austria, no material transactions took place between the RHI Group and related companies and persons in the first half of 2015.

Contingent liabilities

As of 06/30/2015 contingent liabilities amount to € 39.6 million (12/31/2014: € 29.4 million). Of this total, warranties, performance guarantees and other guarantees account for € 38.6 million (12/31/2014: € 28.5 million) and sureties for € 1.0 million (12/31/2014: € 0.9 million).

Seasonal and cyclical influence

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

Employees

In the first half of 2015, the average number of employees of the RHI Group weighted by level of employment amounted to 7,979 (1-6/2014: 8,013).

Events after the reporting date 06/30/2015

No further events of material importance became known after the reporting date on 06/30/2015.

Statement by the Management Board according to § 87 (1) Austrian Stock Exchange Act

We confirm to the best of our knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by IFRS and that the group management report gives a true and fair view of important events that have occurred during the first six months of the financial year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the financial year and of the major related party transactions to be disclosed.

The results of the first half of 2015 ending on June 30 do not necessarily allow conclusions regarding the development of future results.

Vienna, 08/05/2015

Management Board

Franz Struzl
CEO
CSO Industrial Division

Barbara Potisk-Eibensteiner
CFO

Franz Buxbaum
COO
CTO R&D

Reinhold Steiner
CSO Steel Division

RHI Share

Shareholder structure

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 June 30, 2015 39,819,039 no-par common shares of RHI AG with voting rights were admitted to trading in Vienna.

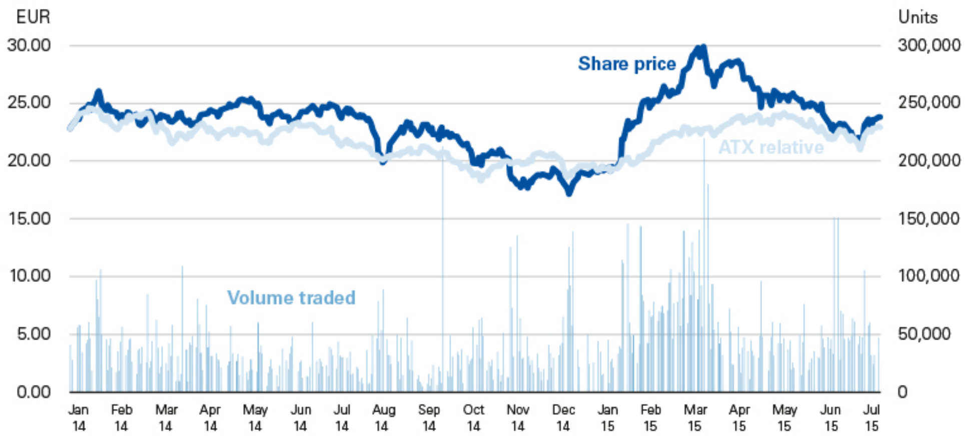
Capital market calendar 2015

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

Stock Exchange Indicators

Share price on the Vienna Stock Exchange (in €)	H1/2015	H1/2014
Highest closing price	29.87	26.05
Lowest closing price	19.04	22.85
Closing price at end of period	22.33	24.59
Market capitalization (in € million)	889	979

Share performance 01/2014 - 07/2015



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The English translation of the RHI annual 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.

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