



EANS-Adhoc: RHI AG / Preliminary results 2012: New record level of revenues, EBIT and investments for RHI

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annual result/preliminary result 2012

Business Development

In a macro-economically challenging environment, the RHI Group's sales volume dropped by 5.0% from 1,948,000 tons in the year 2011 to 1,850,000 tons, which was primarily due to weaker steel business in Europe and weaker cement and glass business in Asia.

Although sales volume was lower, revenues of the RHI Group reached a new record level of EUR 1,835.7 million in 2012 (previous year: EUR 1,758.6 million). The increase by 4.4% in comparison with 2011 is primarily attributable to shifts in product mix, the positive effects of a weaker euro-dollar exchange rate as well as pricing effects.

The operating result before restructuring effects increased by 10.6% in comparison with the previous year, from EUR 148.6 million to EUR 164.4 million. The balance of expenses and income from the reversal of impairment losses and restructuring amounted to EUR 3.2 million and is related to the partial closure of the ISO production line at the Bonnybridge plant, UK, and the sale of the Isithebe plant in South Africa.

The Group's EBIT amounted to EUR 167.6 million in the past financial year, exceeding the prior-year EBIT of EUR 150.9 million by 11.1%. The EBIT margin improved from 8.6% in the year 2011 to 9.1% in the year 2012.

The profit for the year amounted to EUR 113.5 million in the past financial year, after EUR 121.5 million in the previous year. Earnings per share decreased from EUR 3.03 to EUR 2.85 in the year 2012.

The Management Board of RHI AG will propose a dividend of EUR 0.75 to the Annual General Meeting on May 3, 2013.

Financial and Assets Position

Net cash flow from operating activities increased from EUR 124.4 million in the year 2011 to EUR 161.1 million in the year 2012 due to a positive development of the operating business and consistent working capital management.

Net cash flow from investing activities rose from EUR (105.5) million in the previous year to EUR (165.9) million in the year 2012 as the self-sufficiency level for magnesia raw materials was increased to 80% with the construction of the smelter in Norway and the second rotary kiln in Turkey, the flow control segment was strengthened through the acquisition of the remaining 50% share in Stopinc AG, Switzerland, and a fourth tunnel kiln was built at the Dalian plant in China.

The balance sheet total of the RHI Group increased by 9.5%, from EUR 1,689.9 million in the previous year to EUR 1,850.3 million in 2012, which was mainly due to the above-mentioned investments.

The consolidated statement of financial position as of December 31, 2012 shows net financial liabilities of EUR 418.5 million (previous year: EUR 361.5 million). That corresponds to roughly 1.8 times the EBITDA of the year 2012.

RHI continued to build up equity in 2012. At December 31, 2012 it amounted to EUR 480.5 million (previous year: EUR 438.9 million). The equity ratio remained stable at 26.0% due to the higher balance sheet total.

Steel Division

In a challenging market environment, in which many steel producers struggled with losses resulting from the decline in demand, the sales volume of the Steel

Division was also down 7% year-on-year and amounted to 1,245,000 tons, thus even slightly below the level of the year 2010. In contrast, revenues were maintained stable at EUR 1,112.7 million after EUR 1,106.8 million in the previous year and reflect the adjustments in pricing necessary due to soaring raw material prices, and the more favorable regional mix. The operating result amounted to EUR 54.0 million in the past financial year after EUR 66.0 million in the previous year.

Industrial Division

Sales volume of the Industrial Division decreased by 7% to roughly 470,000 tons in comparison with the previous year due to a shift in product mix and a challenging environment in the glass industry. Despite the decline in volume, revenues rose by 9.8% to a new record level of EUR 673.9 million after EUR 613.9 million in the year 2011. This increase is mainly attributable to a higher share of the service business, the delivery of a major project in the ferrochrome segment as well as a positive development in the business units nonferrous metals and environment, energy chemicals. Both business units realized a historic record in both revenues and contribution to earnings. The operating result thus improved significantly from EUR 69.9 million to EUR 91.8 million in the year 2012.

Raw Materials Division

Despite a difficult market environment, production in the Raw Materials Division was at a very high level in the first half 2012, but could not be maintained constant at this level throughout the year. As sales volume declined in the Steel and Industrial Divisions, internal demand for raw materials dropped accordingly. Revenues in the Raw Materials Division amounted to EUR 237.6 million in the past financial year, compared with EUR 208.3 million in the year 2011. The operating result of EUR 12.7 million in the year 2011 was increased to EUR 18.6 million in 2012.

Outlook

RHI expects revenues to reach a similar level in the year 2013 as in 2012 if the macroeconomic environment remains stable and exchange rates do not change. The EBIT margin should continue to improve due to increased backward integration and consistent cost management.

The expected lower growth rates in Europe require an adjustment of capacities in order to ensure optimal utilization of the production plants. Therefore, a plant concept is currently being evaluated in the RHI Group. The results are expected in the first half of 2013.

RHI will invest some EUR 75 million in the year 2013, of which roughly 25% will be used for environmental investments.

Preliminary Key Figures in EUR million	2012	2011	1) Delta
Balance sheet total	1,850.3	1,689.9	9.5%
Equity	480.5	438.9	9.5%
Equity ratio (in %)	26.0%	26.0%	0.0pp
Investments in PP&E and intangible assets	167.9	86.6	93.9%
Net debt	418.5	361.5	15.8%
Gearing ratio (in %)2)	87.1%	82.4%	4.7pp
Net debt / EBITDA	1.8	1.8	0.0
Working capital	479.6	473.8	1.2%
Working capital (in %)	26.1%	26.9%	(0.8pp)
Capital employed	1,184.4	1,049.0	12.9%
Return on capital employed (in %)	11.6%	14.5%	(2.9pp)
Net cash flow from operating activities	161.1	124.4	29.5%
Net cash flow from investing activities	(165.9)	(105.5)	57.3%
Net cash flow from financing activities	47.8	67.3	(29.0%)

1) after reclassification (for explanations refer to the report for the third quarter 2012)

2) without non-current personnel provisions

Preliminary Key Figures 2012

in EUR Mio	2012	2011	1) Delta	4Q/12	4Q/11	1) Delta
Revenues	1,835.7	1,758.6	4.4%	463.0	477.9	(3.1%)
Steel Division	1,112.7	1,106.8	0.5%	264.7	281.5	(6.0%)
Industrial Division	673.9	613.9	9.8%	186.9	181.1	3.2%
Raw Materials Division						
External revenues	49.1	37.9	29.6%	11.4	15.3	(25.5%)
Internal revenues	188.5	170.4	10.6%	44.3	39.6	11.9%
EBITDA	229.4	204.1	12.4%	48.4	56.1	(13.7%)
EBITDA margin	12.5%	11.6%	0.9pp	10.5%	11.7%	(1.2pp)

Operating result ¹⁾	164.4	148.6	10.6%	31.8	40.2	(20.9%)
Steel Division	54.0	66.0	(18.2%)	3.8	17.2	(77.9%)
Industrial Division	91.8	69.9	31.3%	26.7	19.3	38.3%
Raw Materials Division	18.6	12.7	46.5%	1.3	3.7	(64.9%)
Operating result margin	9.0%	8.4%	0.6pp	6.9%	8.4%	(1.5pp)
Steel Division	4.9%	6.0%	(1.1pp)	1.4%	6.1%	(4.7pp)
Industrial Division	13.6%	11.4%	2.2pp	14.3%	10.7%	3.6pp
Raw Materials Division	7.8%	6.1%	1.7pp	2.3%	6.7%	(4.4pp)
EBIT	167.6	150.9	11.1%	33.3	42.5	(21.6%)
Steel Division	50.1	67.4	(25.7%)	5.1	18.6	(72.6%)
Industrial Division	91.8	73.4	25.1%	27.1	22.8	18.9%
Raw Materials Division	25.7	10.1	154.5%	1.1	1.1	0.0%
EBIT margin	9.1%	8.6%	0.5pp	7.2%	8.9%	(1.7pp)
Steel Division	4.5%	6.1%	(1.6pp)	1.9%	6.6%	(4.7pp)
Industrial Division	13.6%	12.0%	1.6pp	14.5%	12.6%	1.9pp
Raw Materials Division	10.8%	4.8%	6.0pp	2.0%	2.0%	0.0pp
Financial results	(21.3)	(30.9)	(31.1%)	(6.6)	(6.8)	(2.9%)
Result from associates	5.3	5.5	(3.6%)	0.9	0.9	0.0%
Profit before income taxes	151.6	125.5	20.8%	27.6	36.6	(24.6%)
Income taxes	(38.1)	(4.7)	710.6%	0.3	(5.8)	(105.2%)
Income taxes (in %)	25.1%	3.7%	21.4pp	(1.1%)	15.8%	(16.9pp)
Profit from continuing operations	113.5	120.8	(6.0%)	27.9	30.8	(9.4%)
Profit from discontinued operations	0.0	0.7	(100.0%)	0.0	0.7	(100.0%)
Profit for the year	113.5	121.5	(6.6%)	27.9	31.5	(11.4%)
Earnings per share in EUR						
Continuing operations	2.85	3.03		0.71	0.77	
Discontinued operations	0.00	0.02		0.00	0.02	

1) after reclassification (for explanations refer to the report for the third quarter 2012)

2) before restructuring effects

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