

## EANS-Adhoc: RHI AG / Improved revenues and earnings situation in the first quarter

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Revenues of the RHI Group increased to EUR 436.9 million in the first quarter of 2012, up 5.6% on the comparable period of 2011. While the Steel Division recorded an increase in revenues of 6.2%, revenues in the Industrial Division fell slightly by 1.1%. Despite negative foreign currency effects, the operating result of the first quarter increased by 15.1% to EUR 33.6 million compared with the reference period of 2011 and corresponds to EBIT as no restructuring costs were incurred. The EBIT margin improved from 7.1% to 7.7%.

As of March 31, 2012, the equity ratio amounted to 26.7%, after 26.0% at December 31, 2011. Cash and cash equivalents increased by EUR 9.6 million compared with the end of 2011 and amounted to EUR 154.1 million. Despite the acquisition of Stopinc AG and significantly higher investments, net debt rose only slightly to EUR 363.1 million, after EUR 361.5 million at December 31, 2011.

Net cash flow from operating activities increased to EUR 45.0 million in the first quarter of 2012 (Q1/2011: EUR 26.8 million). Due to the construction of a fusion plant in Norway and the increase in the stake held in Stopinc AG from 50% to 100% in order to strengthen the segment of special products for the steel and nonferrous metal production, net cash flow from investing activities increased to EUR (41.9) million, after EUR (2.8) million in the first quarter of 2011.

1st Quarter				
	in EUR million	2012	2011	Change
Revenues	436.9	413.8		5.6%
EBITDA	47.6	42.4		12.3%
EBITDA margin	10.9%	10.2%		0.7pp
Operating result <sup>1)</sup>	33.6	29.2		15.1%
Operating result margin	7.7%	7.1%		0.6pp
EBIT	33.6	29.2		15.1%
EBIT margin	7.7%	7.1%		0.6pp
Profit before income taxes	35.4	23.7		49.4%
Profit	32.0	18.3		74.9%
Net cash flow from operating activities	45.0	26.8		67.9%
Investments in property, plant and equipment and intangible assets	(30.5)	(4.9)		(522.4)%
Number of employees at end of quarter	8,182	7,344		11.4%
Average number of employees Q1	8,091	7,319		10.5%

### Steel Division

While sales volume in the Steel Division fell slightly by 1.3% in comparison with the first quarter of 2011, revenues were up 6.2% as price increases were implemented. Further price adjustments, which became necessary due to an increase in input costs, were successfully negotiated in the past quarter and will continue to improve the earnings situation starting in the second quarter of 2012.

Revenues in the Steel Division, at EUR 279.1 million in the first quarter of 2012, were far higher than the revenues of the first quarter of 2011 of EUR 262.7 million and slightly below the figure of the fourth quarter of 2011 of EUR 281.5 million. EBIT amounted to EUR 12.8 million in the first quarter,

after EUR 6.1 million in the prior-year reference period. The EBIT margin improved from 2.3% to 4.6% due to price adjustments, but was affected by

negative foreign currency effects.

#### Industrial Division

The sales volume in the Industrial Division dropped 5.9% in comparison with the first quarter of 2011 because the cement business was weaker. The recovery of the markets back to pre-crisis levels is proceeding, but they still show a highly diverse picture depending on region and industry segment.

Revenues of the Industrial Division, at EUR 143.0 million in the first quarter of 2012, fell slightly short of the revenues of EUR 144.6 million recorded in the first quarter of 2011 and were significantly lower than the record revenues of EUR 181.1 million in the fourth quarter of 2011 as fewer projects were invoiced. EBIT amounted to EUR 13.1 million in the first quarter, after EUR 15.8 million in the prior-year reference period. The EBIT margin decreased from 10.9% to 9.2% due to a massive increase in costs of raw materials containing zirconium and to negative foreign currency effects.

#### Raw Materials Division

The Raw Materials Division generated revenues of EUR 60.2 million in the first quarter of 2012, after EUR 50.6 million in the comparable period of the previous year. The main reason for the increase were the significantly higher external revenues related to the acquisition of Premier Periclase Ltd. in September of the past year; these revenues amounted to EUR 14.8 million in the first quarter of the reporting year, after EUR 6.5 million in the first quarter of 2011. Internal demand within the group was roughly at the level of the prior-year reference period.

EBIT amounted to EUR 7.7 million in the first quarter, after EUR 7.3 million in the comparable period of the previous year, and corresponds to an EBIT margin of 12.8% and 14.4%, respectively.

#### Outlook

In a stable macroeconomic environment and with unchanged foreign currency exchange rates, RHI expects a similar level of revenues in the Steel Division in the second quarter, significantly higher revenues in the Industrial Division as well as a higher EBIT margin than in the first quarter of 2012. Price increases and the cost cutting program initiated in 2012 in combination with a positive contribution to earnings of the higher level of backward integration lead us to expect a higher margin for the entire year 2012 than in the past financial year.

The interim financial statements as of March 31, 2012 as well as the online version of the quarterly financial report are available on the RHI website [www.rhi-ag.com](http://www.rhi-ag.com).

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