FIT FOR NEW GROWTH
REPORT FOR THE 3rd QUARTER 2011

RHI

Key Figures RHI Group

Earnings indicators

in € million	Q1 - Q3 2011	Q1 - Q3 2010	Change
Revenues	1,280.7	1,122.0	14.1%
EBITDA	148.0	137.4	7.7%
EBITDA margin	11.6%	12.2%	(4.9)%
Operating results[1]	108.4	107.2	1.1%
Operating results margin	8.5%	9.6%	(11.5)%
EBIT	108.4	96.7	12.1%
EBIT margin	8.5%	8.6%	(1.2)%
Profit before income taxes	88.9	83.3	6.7%
Profit for the year	90.0	88.8	1.4%
Net cash flow from operating activities	74.9	(4.9)	1,628.6%
Investments in property, plant and equipment and intangible assets	32.2	30.4	5.9%
Number of employees at 30.09.	8,001	7,370	8.6%
Average number of employees Q1-Q3	7,711	7,223	6.8%

1) EBIT before restructuring costs

Balance sheet indicators

in € million	09/30/2011	10/01/2010[1]	Change
Balance sheet total	1,547.1	1,430.6	8.1%
Equity	379.0	309.6	22.4%
Net debt	356.6	300.8	18.6%
Gearing	94.1%	97.2%	(3.2)%

1) Explanations regarding the adjusted reference figures can be found in the RHI Annual Report 2010.

Stock exchange indicators

in €	Q1 - Q3 2011	Q1 - Q3 2010	Change
Basic earnings/diluted earnings per share	2.26	2.28	(0.9)%
Share price: high	29.92	26.47	13.0%
Share price: low	14.39	16.43	(12.4)%
Share price: average	22.20	21.78	1.9%
Share price at end of quarter	15.00	21.90	(31.5)%
Market capitalization (in € million)	597	872	(31.5)%
Number of shares (in million units)	39.82	39.82	0.0%

Management Report RHI Group

Business Development

In view of the most recent downturn of sentiment indicators and stock markets, the economic outlook for the euro area has deteriorated significantly. Apart from state demand, investment demand is also expected to decline, which may lead to a weak recovery of the job market and consequently dampen private consumption. A further exacerbation of the crisis in the eurozone could also have a massive impact on the European emerging countries due to the close economic and financial ties.

After the disappointingly slow growth in the first two quarters, the economic development in the USA picked up slightly in the summer months. In addition to a moderate increase in private consumption, investments appear to have made a distinctly positive contribution to growth.

In accordance with the weaker global perspective, growth in Asia and the Pacific region is expected to fall short of previous forecasts for the year 2011. Here it is especially important for China to continue to get a grip on the inflation risk.

In Brazil, economic growth has slowed down noticeably in the past months. This is primarily attributable to the high level of real interest and the strong currency. Taking into account the respective development of inflation, the exchange rate vis-à-vis the most important trading partners has nearly doubled since 2004.

The IMF published its economic forecast in September with the introductory phrase "The global economy is in a dangerous new phase". In this report, the forecasts for all economies were revised to 4.0% for the year 2012. The IMF expects the advanced economies to record a growth rate of 2% in 2012, following 1.5% in 2011. This is based on the assumption that European policy makers will contain the debt crisis, the USA will find a balance between growth stimulation and budget consolidation and the volatility in the financial markets does not escalate.

As expected, RHI's business development slowed down in the third quarter of 2011 due to a series of seasonal effects. Sales volume, at 474,655 metric tons, fell 5.7% short of the second quarter of 2011, but exceeded the reference quarter of 2010 by 5.5%. The decline in sales amounted to 3.5% in the Steel Division and to 11.4% in the Industrial Division

Revenues & Earnings

In comparison with the second quarter of 2011, revenues of the RHI Group declined by 1.7% in the third quarter; the operating result fell by 2.0% to € 39.2 million and corresponds to the EBIT since there were no restructuring costs in the third quarter of 2011. The operating result margin of 9.1% is slightly below that of the second quarter of 2011, which amounted to 9.2%. This is primarily attributable to the Steel Division's weaker business in Southern Europe during the summer months and the seasonal effects in the cement industry.

Revenues of the RHI Group increased to € 429.8 million in the third quarter of 2011, up 12.7% on the reference quarter of 2010. The operating result of the third quarter, significantly exceeded the level of the 2010 reference period of € 32.8 million. The operating result margin amounts to 9.1%, thus exceeding the comparative figure of 8.6% in 2010.

At September 30, 2011 the equity ratio equaled 24.5%, up 2 percentage points on the second quarter of 2011. Cash and cash equivalents declined from € 86.6 million to € 74.6 million as a result of purchase price payments for the acquisitions in Norway and Ireland, which also caused net debt to rise from € 346.9 million at July 1, 2011 to € 356.6 million.

Net cash flow from operating activities increased to € 74.9 million in the third quarter of 2011 (Q2/2011: € 29.1 million). The increase in working capital is primarily attributable to the initial consolidation of the two newly acquired companies. Cash flow from investing activities rose by € 49.7 million in comparison with the half-year figure and, in addition to the acquisitions, mainly consists of investment-related expenses in Turkey, China and Brazil.

The number of employees rose from 7,796 in the second quarter to 8,001. This is primarily attributable to the acquisitions in Ireland and Norway.

Development of the individual divisions

Segment Reporting

	3rd Quarter		Q1 - Q3	
	2011	2010	2011	2010
Sales (thousand tons)	474.6	450.0	1,444.3	1,312.2
in € million				
Revenues	**429.8**	**381.3**	**1,280.7**	**1,122.0**
Steel Division	282.5	254.2	825.3	720.4
Industrial Division	138.9	120.3	432.8	382.4
Raw Materials Division				
External revenues	8.4	6.8	22.6	19.2
Intragroup revenues	39.6	36.4	130.8	101.7
Operating result[1)]	**39.2**	**32.8**	**108.4**	**107.2**
Steel Division	20.4	15.4	47.1	46.3
Industrial Division	13.7	13.0	47.7	52.2
Raw Materials Division	5.1	4.4	13.6	8.7
Operating result margin	**9.1%**	**8.6%**	**8.5%**	**9.6%**
Steel Division	7.2%	6.1%	5.7%	6.4%
Industrial Division	9.9%	10.8%	11.0%	13.7%
Raw Materials Division	10.6%	10.2%	8.9%	7.2%
EBIT	**39.2**	**26.4**	**108.4**	**96.7**
Steel Division	20.4	18.9	47.1	47.7
Industrial Division	13.7	3.2	47.7	40.5
Raw Materials Division	5.1	4.3	13.6	8.5
EBIT margin	**9.1%**	**6.9%**	**8.5%**	**8.6%**
Steel Division	7.2%	7.4%	5.7%	6.6%
Industrial Division	9.9%	2.7%	11.0%	10.6%
Raw Materials Division	10.6%	10.0%	8.9%	7.0%

1) before restructuring costs

Steel Division

In the third quarter, the global output of raw steel dropped by 2.4% compared with the previous quarter. At 375.0 million tons, the level of the first quarter was not reached either. The strongest decline was recorded in the EU, where output fell by 10.5%. China, the world's largest steel producer, surprised with a 2.5% decline. North America defied the trend and showed a 1.5% growth rate.

The Steel Division's sales volume was down 3.5% on the previous quarter due to the declining steel production in Europe, thus recording a stronger decline than world steel output. Nevertheless, the division's revenues were up roughly 1% on the previous quarter due to further price increases based on higher raw material costs. The operating result, at € 20.4 million, was only slightly below the figure of the previous quarter of € 20.6 million. The operating result margin was nearly stable at 7.2%, compared with 7.4% in the second quarter.

RHI's Steel Division increased its revenues by 11.1% in the third quarter of 2011 compared with the third quarter of 2010. The operating result improved from € 15.4 million to € 20.4 million. The operating result margin, at 7.2%, significantly exceeded the figure of the reference quarter of 2010, at 6.1%.

EMEA

In Western Europe, the demand for steel did not pick up as expected after the summer months, which are weak for seasonal reasons. This led to temporary shutdowns of individual units and in some cases of entire production lines/plants in the steel industry. The major steel manufacturers in particular have tried to maintain prices stable by cutting production volume. Multiple revisions in combination with growing problems in the euro area and the danger of these problems spreading from the peripheral to the core countries caused a massive loss of confidence in the sustainability of the upswing, which had been ongoing since mid-2009. This loss of confidence now threatens to spill over from the finance sector to the real economy. Due the lower capacity utilization in the European steel industry and its lower inventories, RHI currently considers a dramatic development similar to 2008/2009 to be unlikely.

The Eastern European markets were also unable to escape the economic downward trend. Temporary shutdowns of individual units and in some cases even complete production lines were also to be seen in this region. RHI increased both sales volume and revenues in this region despite the difficult climate.

In the Middle East several planned new construction projects were delayed. Following the political upheavals, production in Egypt ran at normal capacity again, while no improvement in the economic situation can be seen in Libya yet.

North America

In contrast to Europe, the steel market in North America has been largely stable. The downgrade rating of the US in combination with weak early indicators, which have, however, recently stabilized again, did not yet result in a significant decline in demand and production.

Due to a lack of production sites, business in North America requires a large volume of working capital. The projects designed to optimize the supply chain, which were started in the first half of the year, produced first successes.

South America

South America also saw a decline in steel output in the third quarter, which was 3% lower than in the previous quarter.

Construction work for the first RHI plant in Brazil started in September and should boost the growing business in South America further. The new site was chosen based on the strategically favorable location in the industrial district of Queimados (approx. 50 km outside the city of Rio de Janeiro) and is situated in the immediate vicinity of the most important customers such as ThyssenKrupp CSA and ArcelorMittal, on the highway between Rio de Janeiro and Sao Paulo, only 30 km from the industrial port. The investment totals roughly € 80 million

Asia/Pacific

The Southeast Asian region and India are integral parts of RHI's growth strategy, which is why relevant projects have been evaluated again and again in this region. These rapidly growing markets for refractory products show a substantial need to catch up, which RHI intends to benefit from. Contrary to the trend, steel output grew by 0.7% in this region in the third quarter.

China

In China, a growth (especially the construction industry) slowed down as a result of a tighter monetary policy. Business is still highly competitive and challenging in terms of both pricing and payment terms. First results of a market study, which has been commissioned, are expected for the fourth quarter.

Industrial Division

Revenues in the Industrial Division are always lower in the third quarter than in the rest of the year due to seasonal effects. At € 138.9 million, revenues of the third quarter were down 7% on the previous quarter. The decline in the margin to 9.9%, compared with 12.2% in the second quarter, is largely attributable to higher raw material costs, especially for zircon sand. Zircon sand is used for refractory products for the glass industry.

Compared with the third quarter of 2010, the Industrial Division increased revenues by some 15% due to the good nonferrous metals business development, but the EBIT margin of 10.8% was not reached.

Glass

The glass market has continued its positive development after the worldwide economic slump in 2008. Although production capacities are not fully utilized in all regions and segments, this does not dampen glass manufacturers' expectations for the medium term.

The container glass market is still experiencing a very positive development as manufacturers successfully rely on glass as "premium" packaging. Capacity expansions are planned especially in the Middle East growth regions (Turkey in particular), ASEAN (here Thailand) and India. In Europe and North America, new investments are postponed and priority is given to investment in repairs – a trend that can be observed especially among key accounts.

In China, flat glass production capacities, which were significantly increased in the past years, are not fully utilized as demand for architectural and automotive glazing experienced slower growth. Nevertheless, growth forecasts are positive because central importance is attached to glass as a material to reduce energy consumption in properties. In addition, the restrictive monetary policy in China currently obstructs business as financing is becoming increasingly difficult for customers.

Driven by soaring energy costs and tighter environmental requirements worldwide, alternative technologies are increasingly discussed and developed in the glass production segment. They partially also relate to refractory materials, where, for example in the case of the stepped-up introduction of the oxy-fuel technology and the increased use of batch preheaters, other raw materials are applied.

The level of incoming orders of the second of third quarters of 2011 exceeded the level budgeted for 2011, thus offsetting the weaker order situation in the first quarter. A general flattening of demand due to uncertainties in the financial market has not been observed to date.

Cement/Lime

The third quarter is traditionally characterized by declining sales volumes due to seasonal effects. As a general trend, orders for the upcoming winter repairs have come in more slowly than in the previous years. However, a decline in cement production resulting from a weaker economy is at this stage not discernable yet.

A positive development is the increasing recovery of the European and Russian cement markets. In this region, demand is rising again after massive cost-cutting programs and measures to reduce inventories. In the large cement markets like China, Brazil and India, demand for cement continues to be strong, and the outlook is altogether positive. In Brazil in particular, RHI expanded its market share significantly due to improved market presence. In addition to high product quality, customers appreciate the competent technical service, which has a positive influence on the refractory service life.

In the USA, Italy and Spain the demand for cement continues to drop, so cement capacities are shut down and in some cases entire plants are closed. A recovery in the USA is expected in the year 2013 at the earliest.

The lime segment showed no significant changes in the general order level and in business development in third quarter of 2011. The repair business declined for seasonal reasons and only individual projects are realized in various different regions. However, plant manufacturers Maerz, Cimprogetti and Qualical recorded a growing number of requests for quotes towards the end of the third quarter, which indicates a positive outlook for the first quarter of 2012.

Nonferrous metals

In the third quarter, the business development of the nonferrous metals segment continued on a similarly high level as in the second quarter as a result of strong project business in China, South Africa and Russia. In July and August, disproportionately high sales volume and revenues were recorded, with high margins at the same time, while the development in September was below average. In comparison with the second quarter of 2011, revenues increased slightly, with sales volume remaining roughly constant; however, contributions to earnings were some 10% higher. Increases by 10% in volume and 12% in revenues were realized in comparison with the 2010 reference period; margins rose by more than 25%.

A slight decline in the order situation is to be expected for the next quarter and 2012 as a result of the economic situation in the euro area and the extreme fluctuation of the most important metal prices, which is due to the uncertainty that is clearly noticeable in the market again. All prices of the essential metals have dropped by up to 20% in the last three months. This tendency has a particularly strong impact on copper, which is very important for this business segment. Nickel has fallen below the mark of USD 20,000 per metric ton for the first time in a long period of time.

Sales volume in the aluminum sector remained at a comparatively low level, similar to the reference period of the previous year; however, the margins realized have improved.

In the fourth quarter, business is generally expected to develop at a reduced level, with part of the major project in Kazakhstan compensating for this development and ensuring that all targets set for the nonferrous metals segment will be surpassed in 2011.

Environment, Energy, Chemicals

The past quarter was above plan in terms of sales volume, revenues and contribution margins. Traditionally, the third quarter is very strong in the EEC segment because installation activities in Canada are at a high level at this time of the year. This time, however, positive impetus also came from Western and Eastern Europe. Higher revenues were generated in Turkmenistan and Uzbekistan, where modernization measures in the oil and gas segment are carried out and long-term investments are made in new plants.

The order level was also significantly above plan in the third quarter. Most orders once again came from the Middle East. Demand is primarily driven by investment projects for new plants in gas processing for the production of hydrogen or synthesis gas and for liquefied natural gas plants (LNG).

The general environment is currently still positive, with the outlook being rather uncertain. The unclear development in the demand for oil and gas as well as products made from these materials, currently leads to a delay in planning. Falling oil and gas prices dampen demand additionally.

Raw Materials Division

As demand remained at a high level, the plants of the Raw Material Division continued to operate at full capacity in the third quarter of the reporting year. The division's external revenues amounted to € 8.4 million, and EBIT of € 5.1 million included € 1.0 million from the sale of a property.

At the Breitenau plant a new filter system was put into operation. This system cost € 3.5 million and contributes decisively to enhancing energy efficiency and consequently to conserving resources: the gas consumption in the two rotary kilns can be reduced by 2%, which corresponds to the annual consumption of 180 households. CO^2 emissions will be reduced by 700 metric tons.

In the third quarter of 2011 two important steps were taken to improve the backward integration of the Group: with effect from September 30, 2011, RHI acquired Premier Periclase Ltd., Ireland. Premier Periclase Ltd. produces roughly 70,000 annual tons of seawater-based large crystal sintered magnesia in the north of Dublin with 109 employees. The closing of the acquisition of SMA Mineral Magnesia AS, Norway, also took place with effect from September 30, 2011. Following these acquisitions and the capacity expansion at the production site Eskisehir in Turkey, RHI will reach a self-sufficiency level for magnesia raw materials of roughly 80% in 2012.

US Chapter 11 proceedings

In the US Chapter 11 proceedings, the court ruled in the remaining GIT appeals proceedings on May 4, 2011 to refer the case back to the first instance for the purpose of ascertaining further facts. In view of this decision, the ANH companies and the insurance companies successful in the appeals proceedings agreed on conducting a mediation, whose result is still outstanding. Beyond that, there were no new developments.

Outlook

Based on the capacity reduction in the steel industry as well as the conservative investment and ordering behavior of customers in the industrial segment, RHI expects business to slow down moderately in the coming months. However, this trend could come to an end again in the second quarter of 2012. The World Steel Association forecasts an increase in steel output of approx. 5.4% for the year 2012. Steel production in China will continue to grow above average at 6% and Europe will, despite major regional differences, reach the record production level of 2007 with a growth rate of 2.5%.

Risk report

In the third quarter of 2011, there were no changes in the risk management processes and key risks. No risks considered to be a threat to the existence of the Group were identified.

Condensed, Unaudited Interim Consolidated Financial Statements

Consolidated Statement of Financial Position

in € million	09/30/2011	12/31/2010
ASSETS		
Non-current assets		
Property, plant and equipment	445.7	436.2
Goodwill	33.0	14.4
Other intangible assets	41.7	44.7
Shares in associates	13.7	15.5
Other financial assets	36.5	37.2
Non-current receivables	9.1	0.3
Deferred tax assets	116.6	98.8
	696.3	**647.1**
Current assets		
Inventories	445.9	432.6
Trade and other current receivables	322.4	303.5
Income tax receivables	6.2	4.7
Other financial assets	1.7	2.0
Cash and cash equivalents	74.6	58.8
	850.8	**801.6**
	1,547.1	**1,448.7**
EQUITY AND LIABILITIES		
Equity		
Share capital	289.4	289.4
Group reserves	89.0	31.0
Equity attributable to equity holders of RHI AG	378.4	320.4
Non-controlling interests	0.6	0.5
	379.0	**320.9**
Non-current liabilities		
Non-current financial liabilities	231.9	236.3
Deferred tax liabilities	7.0	3.6
Personnel provisions	303.5	308.5
Other non-current provisions	3.3	3.3
Other non-current liabilities	7.6	6.3
	553.3	**558.0**
Current liabilities		
Current financial liabilities	199.3	163.5
Trade and other current payables	303.2	293.2
Other financial liabilities	0.5	1.8
Income tax payables	38.5	34.5
Current provisions	73.3	76.8
	614.8	**569.8**
	1,547.1	**1,448.7**

Consolidated Income Statement

	3rd Quarter		Q1 - Q3	
in € million	2011	2010	2011	2010
Revenues	429.8	381.3	1,280.7	1,122.0
Cost of sales	(340.5)	(294.2)	(1,008.6)	(860.8)
Gross profit	**89.3**	**87.1**	**272.1**	**261.2**
Sales and marketing costs	(25.6)	(20.9)	(78.4)	(72.2)
General and administration costs	(25.9)	(27.9)	(81.2)	(78.6)
Other income	1.5	2.1	6.2	11.3
Other expenses	(0.1)	(7.6)	(10.3)	(14.5)
Operating result	**39.2**	**32.8**	**108.4**	**107.2**
Reversal of impairment losses/impairment losses	0.0	3.7	0.0	3.7
Restructuring costs	0.0	(10.1)	0.0	(14.2)
Operating results (EBIT)	**39.2**	**26.4**	**108.4**	**96.7**
Interest income	0.3	0.3	0.9	1.2
Interest expenses	(6.4)	(3.1)	(14.4)	(10.0)
Other financial result	(3.7)	(3.7)	(10.6)	(9.9)
Financial result	(9.8)	(6.5)	(24.1)	(18.7)
Results from associates	0.9	1.7	4.6	5.3
Profit before income taxes	**30.3**	**21.6**	**88.9**	**83.3**
Income taxes	10.7	18.1	1.1	5.5
Profit from continuing operations	**41.0**	**39.7**	**90.0**	**88.8**
Profit from discontinued operation	0.0	0.5	0.0	0.5
Profit for the year	**41.0**	**40.2**	**90.0**	**89.3**
Profit/Loss attributable to				
equity holders of RHI AG	41.0	40.5	90.0	90.7
non-controlling interests	0.0	(0.3)	0.0	(1.4)
	41.0	40.2	90.0	89.3
in €				
Basic earnings/diluted earnings per share	1.03	1.02	2.26	2.28

Consolidated Statement of Comprehensive Income

	3rd Quarter		Q1 - Q3	
in € million	2011	2010	2011	2010
Profit after income taxes	41.0	40.2	90.0	89.3
Unrealized results from currency translation recognized in equity	4.6	(14.8)	(13.5)	23.3
Other changes	0.0	0.0	1.5	0.0
Total comprehensive income	**45.6**	**25.4**	**78.0**	**112.6**
Total comprehensive income attributable to				
equity holders of RHI AG	45.6	26.7	77.9	112.7
non-controlling interests	0.0	(1.3)	0.1	(0.1)
	45.6	25.4	78.0	112.6

Consolidated Statement of Changes in Equity

	Equity attributable to equity holders of RHI AG							
in € million	Share capital	Additional paid-in capital	Fair value reserves	Currency translation reserves	Accumulated results	Total	**Non-controlling interests**	**Total equity**
12/31/2010	**289.4**	**38.3**	**3.1**	**(28.7)**	**18.3**	**320.4**	**0.5**	**320.9**
Total comprehensive income	-	-	-	(13.6)	91.5	**77.9**	**0.1**	**78.0**
Dividends	-	-	-	-	(19.9)	**(19.9)**	**-**	**(19.9)**
09/30/2011	**289.4**	**38.3**	**3.1**	**(42.3)**	**89.9**	**378.4**	**0.6**	**379.0**

	Equity attributable to equity holders of RHI AG							
in € million	Share capital	Additional paid-in capital	Fair value reserves	Currency translation reserves	Accumulated results	Total	**Non-controlling interests**	**Total equity**
12/31/2009 1)	**289.4**	**38.3**	**3.1**	**(61.3)**	**(67.9)**	**201.6**	**4.5**	**206.1**
Total comprehensive income 2)	-	-	-	22.0	90.7	**112.7**	**(0.1)**	**112.6**
Dividends 2)	-	-	-	-	-	**0.0**	**(3.3)**	**(3.3)**
Change in non-controlling interests	-	-	-	-	(1.5)	**(1.5)**	**(4.3)**	**(5.8)**
10/01/2010	**289.4**	**38.3**	**3.1**	**(39.3)**	**21.3**	**312.8**	**(3.2)**	**309.6**

1) Including adjustment for the recognition of non-controlling interests in accordance with IAS 8.
2) Not taking into account the adjustment of non-controlling interests and accumulated results.

Consolidated Cash Flow Statement

in € million	Q1 - Q3 2011	Q1 - Q3 2010
Profit from continuing operations	90.0	88.8
Adjustments for		
income taxes	(1.1)	(5.5)
depreciation and amortization charges	39.6	40.3
impairment losses of property, plant and equipment and intangible assets	0.0	5.7
write-ups of property, plant and equipment and intangible assets	0.0	(5.3)
write-ups of financial assets	0.0	(1.1)
result from the disposal of property, plant and equipment	(3.3)	0.4
interest result	13.5	8.8
dividend income	(0.8)	(0.8)
results from associates	(4.6)	(5.3)
other non-cash changes	19.5	14.5
Changes in assets and liabilities		
Inventories	(18.8)	(122.5)
Trade receivables	(14.1)	(20.3)
Other receivables and assets	(10.5)	(9.2)
Provisions	(17.0)	(14.6)
Trade payables	(10.0)	30.7
Other liabilities	11.1	0.9
Cash flow from operating activities	**93.5**	**5.5**
Income taxes paid	(18.6)	(10.4)
Net cash flow from operating activities	**74.9**	**(4.9)**
Investments in subsidiaries net of cash	(36.4)	0.0
Investments in non-controlling interests	(0.3)	(6.1)
Investments in property, plant and equipment and intangible assets	(32.2)	(30.4)
Cash inflows from the sale of property, plant and equipment	3.5	1.5
Changes in non-current receivables	(1.9)	0.0
Investments in financial assets	0.0	(0.5)
Dividend payments from associates	6.5	3.2
Investment subsidies received	0.0	1.4
Interest received	0.9	1.2
Dividends received	0.8	0.8
Net cash flow from investing activities	**(59.1)**	**(28.9)**
Dividend payments	(19.9)	0.0
Proceeds from non-current borrowings and loans	20.7	5.7
Repayments of non-current borrowings and loans	(1.6)	(4.6)
Changes in current borrowings	15.0	4.0
Interest payments	(11.8)	(10.0)
Net cash flow from financing activities	**2.4**	**(4.9)**
Cash flow from continuing operations	**18.2**	**(38.7)**
Cash flow from discontinued operations	**(0.2)**	**0.0**
TOTAL CASH FLOW	**18.0**	**(38.7)**
Change in cash and cash equivalents	**18.0**	**(38.7)**
Cash and cash equivalents as of 1.1.	58.8	139.8
Change in cash and cash equivalents due to currency translation	(2.2)	2.5
Cash and cash equivalents at end of reporting period	74.6	103.6

Condensed, Unaudited Consolidated Interim Financial

Selected Explanatory Notes

Principles and methods

The reporting periods for the financial year 2011 and the periods of the previous year are illustrated in the following table:

	2011	2010
1st quarter	Jan 1 - Apr 1	Jan 1- Mar 31
2nd quarter	Apr 2 - Jul 1	Apr 1 - Jul 2
3rd quarter	Jul 2 - Sep 30	Jul 3 - Oct 1
4th quarter	Oct 1 - Dec 31	Oct 2 - Dec 31

The condensed interim financial statements as of September 30, 2011 comply with the requirements of IAS 34 "Interim Financial Reporting" and were prepared in accordance with the International Financial Reporting Standards (IFRSs), as endorsed by the European Union (EU).

The interim 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 December 31, 2010.

In the interim financial statements as of September 30, 2011, the same accounting and valuation principles as in the preparation of the consolidated financial statements as of December 31, 2010 were applied. The following new or revised accounting standards and interpretations, which are also applicable within the EU, were applied for the first time in the year 2011:

>> IAS 24 (revised 2009): Related Party Disclosures
>> IAS 32 (amended 2009): Financial Instruments: Presentation – Classification of Rights Issues
>> Improvements to IFRSs (2010)
>> IFRIC 14 (amended 2009): IAS 19 - The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction
>> IFRIC 19 (2009): Extinguishing Financial Liabilities with Equity Instruments

The initial application of new or revised standards and interpretations had no or no material effect on the RHI Group.

The interim consolidated financial statements as of September 30, 2011 were neither fully audited nor reviewed by an auditor.

Accounting of non-controlling interests

In the previous year the RHI Group re-evaluated its accounting method regarding the shares of non-controlling interests in four fully consolidated subsidiaries. In the annual financial statements of 2010, financial instruments that subsidiaries issued to non-controlling interests were classified as financial liabilities. Previously, they were classified as equity instruments. Interest and dividends as well as profits and losses related to such financial liabilities are subsequently recorded as expense or income in the consolidated income statement.

For reasons of immateriality, the income statement first half 2010 was not retroactively adjusted for this change in accounting method. If such an adjustment had been made, the operating results and the EBITDA for the first three quarters of 2010 would be € 0.2 million lower than the reported operating results of € 96.7 million and the EBITDA of € 137.4 million. The financial result would deteriorate by € 1.4 million, from € (18.7) million to € (20.1) million. Overall the profit for the first three quarters of 2010 would be € 1.6 million lower and would thus amount to € 87.7 million rather than € 89.3 million. Dividend payments to non-controlling interests amounting € 3.3 million would have reduced financial liabilities rather than the Group's equity. In the consolidated cash flow statement of the first three quarters of 2010, dividend payments to non-controlling interests to the amount of € 1.1 million were reclassified to the changes in financial liabilities.

Personnel provisions
For the first three quarters of 2011, no actuarial gains or losses were recognized as the provisions for pensions, termination benefits and service anniversary bonuses were calculated on the basis of a preview for the entire year prepared by an actuary.

US Chapter 11 proceedings
In the US Chapter 11 proceedings, the court ruled in the remaining GIT appeals proceedings on May 4, 2011 to refer the case back to the first instance for the purpose of ascertaining further facts. In view of this decision, the ANH companies and the insurance companies successful in the appeals proceedings agreed on conducting a mediation, whose result is still outstanding. Beyond that there were no new developments.

Group of consolidated companies

Compared to the reporting date of December 31, 2010, three fully consolidated subsidiaries were added to the group of consolidated companies; one company consolidated at equity was disposed of.

Premier Periclase Ltd.
On September 30, 2011, RHI acquired 100% of the shares of the Irish raw material producer Premier Periclase Ltd. ("PPL") through its subsidiary Dutch US Holding B.V., Arnhem, Netherlands. The Dublin-based company produces seawater-based sintered magnesia with 109 employees. By taking over PPL, RHI has further expanded its self-supply with raw materials.

The initial consolidation was based on preliminary IFRS valuations due to the short period of time between the acquisition date on September 30, 2011 and the publication of the quarterly results on November 3, 2011.

The following table shows the net assets of the company (before adjustment to the fair values) as of September 30, 2011:

in € million	IFRS carrying amounts at the date of acquisition
Non-current assets	1.0
Current assets (not including cash and cash equivalents)	12.1
Cash and cash equivalents	1.3
Liabilities	(5.7)
Net assets acquired	**8.7**
Goodwill before purchase price allocation	14.5
Total purchase consideration	**23.2**

In accordance with IFRS 3, an adjustment of the amounts recorded on a preliminary basis is possible until September 30, 2012.

The total purchase consideration of € 23.2 million is to be paid in cash. The amount of € 21.8 million was payable upon takeover. The acquisition-related external costs and costs of the M&A Department amount to roughly € 0.5 million.

As PPL was included in the interim consolidated financial statements for the first time at September 30, 2011, the company did not contribute to the consolidated revenues and profit. In the first nine months of the financial year 2011, the company realized revenues of € 24.9 million and a profit after income tax of roughly € 3.0 million.

RHI Normag AS

As of September 30, 2011, Radex Vertriebsgesellschaft mbH, Leoben, Austria, acquired 100% of the shares in SMA Mineral Magnesia AS ("SMA"), Porsgrunn, Norway. The company, whose name was changed to RHI Normag AS on October 15, 2011, produces seawater-based magnesium hydroxide, which can be converted to fused magnesia. SMA employs 20 people. As a result of the acquisition, RHI has increased the level of self-sufficiency with magnesia raw materials.

The effective date for the initial consolidation is September 30, 2011. The initial accounting of this business combination was based on preliminary fair values, which may be adjusted within the valuation period in accordance with IFRS 3.

The following table shows the main groups of the assets and liabilities acquired:

in € Mio	Fair values at the date of acquisition
Non-current assets	14.1
Current assets (without cash and cash equivalents)	0.4
Cash and cash equivalents	0.1
Non-current liabilities	(3.6)
Current liabilities	(1.1)
Net assets acquired	**9.9**
Goodwill	3.7
Total purchase consideration	**13.6**

At the time of the closing RHI paid € 13.1 million of the total purchase consideration. A contingent consideration amounting to € 1.9 million depends on the compliance with legal and contractual environmental requirements and becomes due in 2012. The final purchase consideration will be determined on the basis of the final opening balance sheet. RHI currently assumes a reduction of the purchase consideration by € 1.4 million. The external acquisition-related costs and costs of the M&A Department total roughly € 0.2 million and are included in general and administration expenses.

The goodwill of € 3.7 million arising from the acquisition largely reflects the expected strategic advantages for the group, which result from increasing the level of self-supply with raw materials. None of the goodwill is expected to be deductible for income tax purposes.

The gross amount of the receivables acquired corresponds to the fair value and amounts to € 0.4 million.

As SMA was initially consolidated as of September 30, 2011, it did not contribute to consolidated revenues and profit. In the first nine months of the financial year 2011, the company realized revenues of € 8.4 million and a loss of roughly € 1.4 million.

CJSC “RHI Podolsk Refractories”

On June 16, 2011, Radex Vetriebsgesellschaft mbH, Leoben, Austria, acquired the remaining 76.5% in the Russian company CJSC Podolsk Refractories (“Podolsk”) based in Moscow. The RHI Group now holds 100% of the shares and exercises control over this entity, which results in a change in accounting from the acquisition cost method to full consolidation. On September 7, 2011 a decision was adopted to change the company name to CJSC “RHI Podolsk Refractories”.

The primary business activity of the acquired company covers the manufacturing of refractory products which are used in the glass industry. Podolsk has 224 employees. Due to the acquisition and integration of Podolsk, RHI will be able to further expand its position in the Russian market.

For reasons of simplification, July 1, 2011 was selected as the date of the initial consolidation. The initial accounting for the Podolsk acquisition is preliminary. The provisional amounts recognized at the acquisition date may therefore be adjusted or completed during the measurement period. No adjustments were made in the third quarter.

The following table summarizes the preliminary acquisition-date fair values of the assets and liabilities:

in € Mio	Fair values at the date of acquisition
Non-current assets	5.6
Current assets (without cash and cash equivalents)	4.5
Cash and cash equivalents	0.5
Current liabilities	(4.9)
Net assets acquired	**5.7**
Goodwill	0.6
Total purchase consideration	**6.3**

The total purchase consideration of € 6.3 million comprises the acquisition costs of the previously held 23.5% share of € 1.4 million, a consideration in cash of € 3.4 million transferred in June 2011 and the contingent consideration of € 1.5 million. RHI expects to pay the maximum amount under the contingent consideration arrangement to the former owner. The payment will be due in 2013 and is primarily dependent on the continuance of local expertise in the acquired company. Acquisition-related costs in the total amount of approx. € 0.5 million were recognized in the general and administration costs in the first three quarters of 2011 and in the year 2010.

The goodwill of € 0.6 million arising from the acquisition consists largely of expected synergies regarding the sale of refractory products in the Russian market. None of the goodwill is expected to be deductible for income tax purposes.

The result from the fair value adjustment of the previously held equity interests amounts to less than € 0.1 million and was not recognized in the consolidated interim report due to immateriality.

The gross carrying amount of the receivables acquired is € 2.6 million at the acquisition date, and the net carrying amount is € 2.4 million (equivalent to the fair value).

As the influence of the company acquired is immaterial to the RHI consolidated interim financial statements, no pro-forma information was prepared.

Dolomite di Montignoso S.p.A.
Dolomite di Montignoso S.p.A., Genoa, Italy, which had been consolidated at equity, was deconsolidated as of February 10, 2011 as a result of being sold. This sale had no material effect on the Group's assets, liabilities, financial position and profit or loss.

Other income/expenses

The net effect from foreign exchange losses and results from changes in the market value of forward exchange contracts amounted to € (10.0) million. The net loss in the comparative period amounted to € (11.3) million. As of September 30, 2011 there were no derivative financial instruments in use.

Other income amounting to € 2.9 million results from the sale of real estate and is allocable to the Raw Materials Division.

Other income in the comparable period of 2010 includes a non-recurring effect amounting to € 8.5 million, which comprises the proceeds from insurance compensation for the RHI plant destroyed by the earthquake in Santiago de Chile, netted against the expenses related the derecognition of property, plant and equipment, as well as compensation for the interruption of operations and other damage.

Income taxes

The RHI Group recognizes income from income taxes amounting to € 10.7 million in the third quarter of 2011. Of this total, € 7.1 million are related to expenses from current and prior-period income taxes. They are contrasted by income from deferred taxes amounting to € 17.8 million. These result essentially from the additional capitalization of deferred taxes for tax loss carryforwards amounting to € 17.5 million because, based on the improved earnings outlook within the planning period defined for the accounting and measurement of deferred taxes, the estimate of the use of tax loss carryforwards has changed.

Dividends

The Annual General Meeting of May 6, 2011 approved the payment of a dividend of € 0.50 per share for the year 2010. Therefore, dividends amounting to € 19.9 million were paid out to the shareholders of RHI AG during the second quarter of 2011.

Segment reporting

The following table shows the financial data for the operating segments for the first three quarters of 2011:

in € million	Steel	Industrial	Raw Materials	Elimination/ Unallocated assets	Group
External revenues	825.3	432.8	22.6	0.0	1,280.7
Intragroup revenues	0.0	0.0	130.8	(130.8)	0.0
Segment revenues	**825.3**	**432.8**	**153.4**	**(130.8)**	**1,280.7**
Operating result/EBIT	**47.1**	**47.7**	**13.6**	**0.0**	**108.4**
Financial results					(24.1)
Results from associates					4.6
Profit before income taxes					**88.9**
Segment assets 09/30/2011	567.1	318.7	333.4	314.2	1,533.4
Shares in associates 09/30/2011	0.2	0.0	13.5	0.0	13.7
					1,547.1

The operating segments for the first three quarters of 2010 are shown in the following table:

in € million	Steel	Industrial	Raw Materials	Elimination/ Unallocated assets	Group
External revenues	720.4	382.4	19.2	0.0	1,122.0
Intragroup revenues	0.0	0.0	101.7	(101.7)	0.0
Segment revenues	**720.4**	**382.4**	**120.9**	**(101.7)**	**1,122.0**
Operating result	**46.3**	**52.2**	**8.7**	**0.0**	**107.2**
Reversal of impairment losses/(impairment losses)	4.3	(0.5)	(0.1)	0.0	3.7
Restructuring costs	(2.9)	(11.2)	(0.1)	0.0	(14.2)
Operating result (EBIT)	**47.7**	**40.5**	**8.5**	**0.0**	**96.7**
Financial results					(18.7)
Results from associates					5.3
Profit before income taxes					**83.3**
Segment assets 12/31/2010	539.4	292.4	334.5	266.9	1,433.2
Shares in associates 12/31/2010	0.2	0.0	15.3	0.0	15.5
					1,448.7

Segment assets include trade receivables and inventories, as well as property, plant and equipment, goodwill and other intangible assets, which are available to the segments and are reported to the management for control and measurement. Shares in associates are allocated to the segments. All other assets are shown under unallocated assets.

Related companies

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

Contingent liabilities

Contingent liabilities recorded an immaterial increase since the previous balance sheet date.

Changes in the RHI Management Board

Henning E. Jensen, member of the Management Board of RHI AG since January 18, 2010, CEO since February 04, 2011, resigned from his mandate with effect from September 7, 2011. With effect from September 8, 2011, the RHI Supervisory Board appointed Franz Struzl Chairman of the Management Board.

Vienna, November 3, 2011

The Management Board

Franz Struzl
CEO

Mark J. Eckhout
CFO

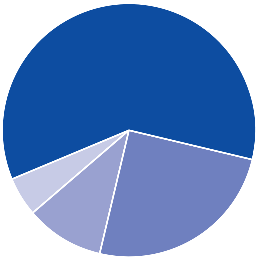
Giorgio Cappelli
COO Steel Division

Manfred Hödl
COO Industrial Division and
Raw Materials Division

RHI Share

The shares of RHI AG are admitted to 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 a member of the Prime Market at the Vienna Stock Exchange. On October 1, 2011 39,819,039 no-par common shares with voting rights of RHI AG were admitted to trading in Vienna.

RHI Shareholder structure



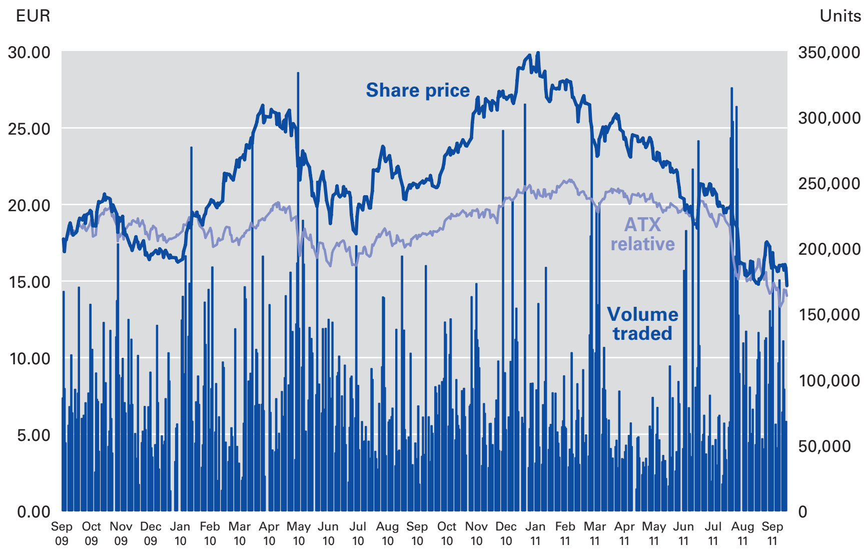
Financial Calendar 2012

Preliminary results 2011	March 6, 2012
Final results 2011	March 27, 2012
Annual General Meeting	May 3, 2012
Results for the 1st quarter 2012	May 15, 2012
Half-year results 2011	August 7, 2012
Results for the 3rd quarter 2012	November 6, 2012

Stock exchange key figures

	Q1 - Q3	
in €	2011	2010
Highest share price	29.92	26.47
Lowest share price	14.39	16.43
Share price at end of quarter	15.00	21.90
Market capitalization (in € million)	597	872

Performance of the RHI share 09/2009 - 09/2011



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The English translation of the RHI quarterly 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.

In this report, terms may be used that are IFRS financial measures. These additional financial measures should therefore not be viewed in an isolated manner as alternatives to the key figures for the financial position, earnings development or cash flow of RHI. For definitions of these additional financial measures, comparison with the most directly comparable figures in accordance with IFRS and information regarding the benefits and limitations of these additional financial measures, please contact the RHI Investor Relations Team (investor.relations@rhi-ag.com).