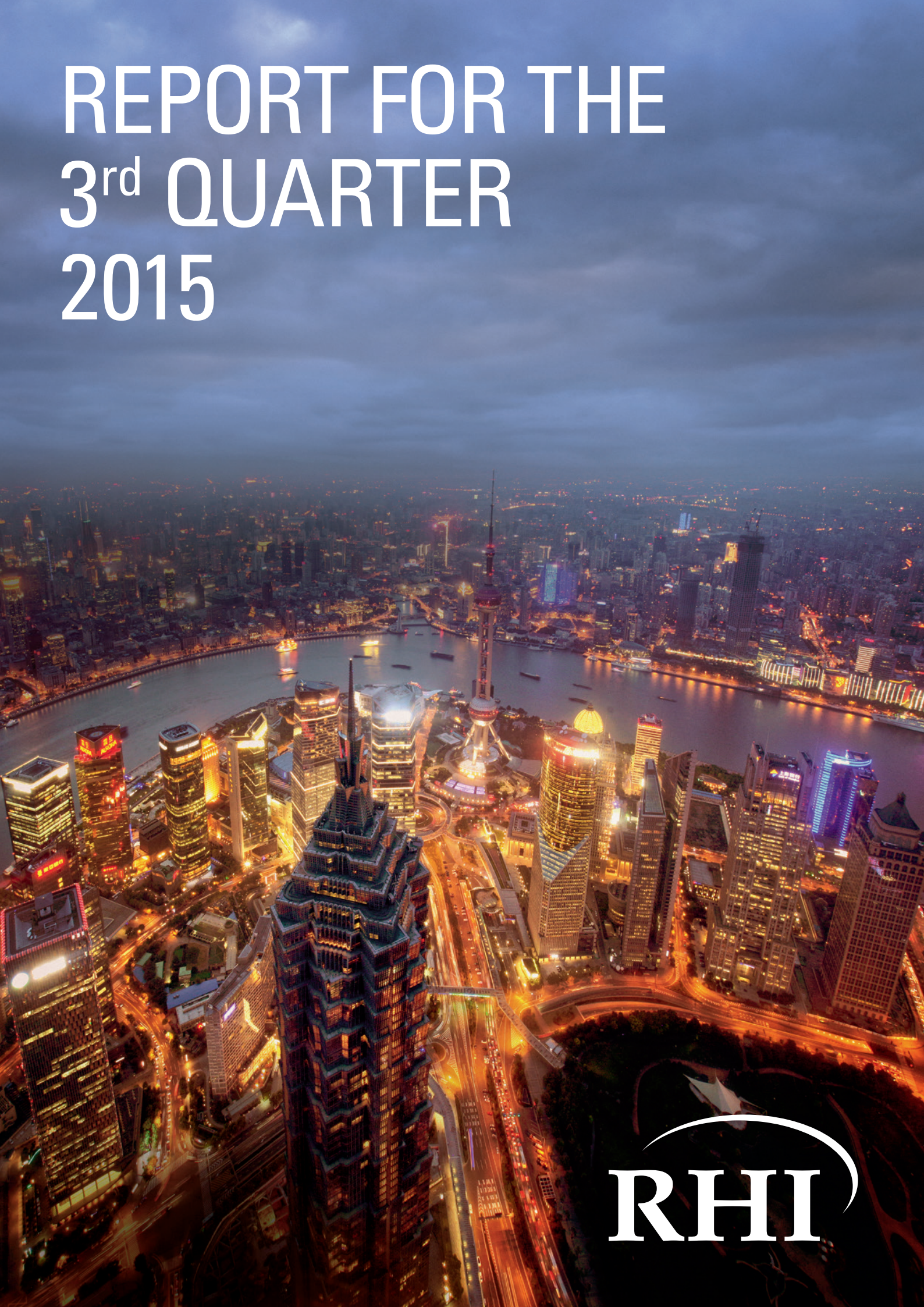
REPORT FOR THE 3rd QUARTER 2015



RHI

Quarterly Overview

Earnings indicators (in € million)	Q3/2015	Q2/2015	Delta	Q1/2015	Q4/2014	Q3/2014
Revenue	410.5	477.9	(14.1)%	424.1	466.5	415.6
EBITDA	**39.8**	**51.3**	**(22.4)%**	**51.2**	**51.8**	**42.9**[1]
Operating EBIT[2]	22.8	34.1	(33.1)%	34.5	41.8	28.3
EBIT	22.8	34.1	(33.1)%	34.5	11.9	25.3
Net finance costs	(5.8)	(3.4)	(70.6)%	(6.8)	(10.3)	(8.7)
Share of profit of joint ventures	2.1	2.4	(12.5)%	2.2	2.5	1.5
Profit before income tax	19.1	33.1	(42.3)%	29.9	4.1	18.1
Income tax	(7.7)	(9.6)	19.8%	(8.8)	(3.2)	(9.1)
Profit from continuing operations	11.4	23.5	(51.5)%	21.1	0.9	9.0
EBITDA %	9.7%	10.7%	(1.0)pp	12.1%	11.1%	10.3%
Operating EBIT %	5.6%	7.1%	(1.5)pp	8.1%	9.0%	6.8%
Profit from continuing operations %	2.8%	4.9%	(2.1)pp	5.0%	0.2%	2.2%

Cash flow indicators (in € million)	Q3/2015	Q2/2015	Delta	Q1/2015	Q4/2014	Q3/2014
Cash flow from operating activities	**26.9**	**43.1**	**(37.6)%**	**21.8**	**32.3**	**27.7**
Cash flow from investing activities	(14.9)	7.3	(304.1)%	(9.4)	(40.4)	(11.3)
Cash flow from financing activities	17.2	(27.1)	163.5%	(57.7)	67.9	4.9
Free cash flow	12.0	50.4	(76.2)%	12.4	(8.1)	16.4

Balance sheet indicators (in € million)	Q3/2015	Q2/2015	Delta	Q1/2015	Q4/2014	Q3/2014
Balance sheet total	1.840.1	1.869.6	(1.6)%	1.926.4	1.860.5	1.778.4
Equity	539.3	549.5	(1.9)%	547.6	493.9	506.1
Equity ratio (in %)	29.3%	29.4%	(0.1)pp	28.4%	26.5%	28.5%
Net debt	445.6	448.9	(0.7)%	462.2	466.9	451.2
Gearing ratio (in %)[3]	82.6%	81.7%	0.9pp	84.4%	94.5%	89.2%
Net debt / EBITDA[4]	**2.3**	**2.3**	**0.0%**	**2.3**	**2.3**	**2.4**
Working capital[5]	591.6	597.7	(1.0)%	619.7	570.9	563.2
Working capital %[6]	36.0%	31.3%	4.7pp	36.5%	30.6%	33.9%
Capital employed[7]	1.239.4	1.260.1	(1.6)%	1.297.0	1.225.2	1.215.8
Return on capital employed (in %)[8]	**4.8%**	**7.7%**	**(2.9)pp**	**8.2%**	**2.9%**	**5.4%**

Stock exchange indicators (Vienna)	Q3/2015	Q2/2015	Delta	Q1/2015	Q4/2014	Q3/2014
Number of shares (million units)	39.819	39.819	0.0%	39.819	39.819	39.819
Closing price (in €)	18.09	22.33	(19.0)%	27.40	18.81	21.83
Market capitalization (in € million)	**720**	**889**	**(19.0)%**	**1.091**	**749**	**869**
Earnings per share (in €)	0.28	0.58	(51.7)%	0.52	0.01	0.22
Price-earnings ratio	**16.2**	**9.6**	**68.8%**	**13.2**	**470.3**	**24.8**

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

Economic Environment

The IMF reduced its forecast regarding global economic growth due to a weaker development in the emerging markets.

As in the past years, the International Monetary Fund (IMF) reduced its growth forecasts in the course of the year. While at the beginning of the year global economic growth of 3.5% was expected, the forecast of the "World Economic Outlook" published in October 2015 was adjusted to 3.1%. The latest reduction of the forecast results primarily from weaker growth in the emerging markets due to lower raw material prices, the withdrawal of capital by foreign investors before the expected increase in the base rate in the US and the negative effects of the restructuring of the Chinese economy on the growth in other developing countries, which according to the IMF were more pronounced than expected. As the export- and investment-driven Chinese business model is hitting its limits, the local government initiated several reforms to strengthen domestic demand and the service sector. Despite the reform efforts, the Chinese economy continued to cool down, which is reflected, among other things, in declining export and import statistics as well as in falling property and raw material prices. The latter in turn have a negative impact on the growth of raw material exporting emerging countries such as Brazil and Russia. In addition, geopolitical conflicts, negative effects of the rapid growth of loans of the past years as well as the dependence on individual economic sectors burden the growth in the emerging markets. While in the year 2011 economic growth was still at 6.3% in the emerging markets, it is expected to decline to 4.0% in the current year according to the experts of the International Monetary Fund. Emerging and developing countries have thus been recording declining growth rates for the fifth consecutive year.

Despite good economic data, the US Federal Reserve decided to put off the first increase in the base rate due to potential effects of weaker growth in the emerging markets on the US economy.

In contrast, the advanced economies are recording a moderate, but steady economic recovery. Accordingly, growth in the advanced economies should reach 2.0% after 1.1% as recently as 2013. Especially in the US, the economy is in a robust state. In the context of strong domestic consumption, the unemployment rate dropped to 5.1%, thus marking the lowest level since the beginning of the economic crisis in the year 2008. Despite good economic data, the US Federal Reserve decided not to raise the base rate for the first time since the year 2006 due to the potential impacts of weaker growth in the emerging markets on the local economy.

The economy of the euro area currently benefits especially from the low energy prices, monetary easing of the European Central Bank and the euro's devaluation against other currencies. The Economic Sentiment Index, for example, improved to 105.6 points at the end of September and the Purchasing Manager Index, at 53.9 points, clearly exceeded the growth-signaling mark of 50 points. Moreover, increases in incoming orders and the order backlog indicate a continuation of the economic recovery. However, the deflation tendencies within the euro area still cause concern. In September 2015, the inflation rate amounted to (0.1)% as a result of low energy prices, which is why the European Central Bank is considering sharpening or extending the current € 1,140 billion bond purchase program.

In the capital markets, the widening of the trading band of the yuan against the US dollar reinforced smoldering concerns regarding economic growth in China in particular and in the emerging markets in general and subsequently led to another significant drop of many raw material and metal prices as well as a slump in share prices of raw material producers.

Asset, Financial and Earnings Position

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

In the first nine months of the year 2015, the RHI Group's sales volume increased by 2.8% compared with the same period of the previous year and amounted to roughly 1,404,000 tons. 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 decline by 5.6% in the first nine months of the year 2015, sales volume in the Industrial Division remained nearly constant year-on-year at (0.3)%. Compared with the second quarter of 2015, sales volume dropped significantly in both divisions, leading to a decline by 9.1% to approximately 441,000 tons.

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

The RHI Group's revenue in the first nine months of the year 2015 was up 4.6% on the comparative period of 2014 and amounted to € 1,312.5 million. Revenue of the Steel Division rose by 3.3%, mainly because of positive currency translation effects and a strong business development in India and South America. The Industrial Division's increase in revenue by 9.8% compared with the first nine months of the year 2014 is amongst other things due to higher project deliveries in the business units glass and environment, energy, chemicals. The operating EBIT of the RHI Group amounted to € 91.4 million in the first nine months of the current year. Compared with the operating EBIT of € 100.1 million in the same period of 2014, this corresponds to a decline by 8.7%. While the Industrial Division benefited from a better utilization of fixed costs resulting from the increment in revenue, an improved margin situation of the glass business unit and several major repairs in the nonferrous metals business unit, the operating EBIT in the Steel Division decreased due to a weaker margin development in Europe and in the Middle East as well as negative product mix effects related to a volume decline in the electric steel segment. The Raw Materials Division's lower contribution to earnings is attributable to weaker capacity utilization at the raw material plants related to the declining volumes in the electric steel sector. In addition, the operating EBIT was affected by negative exchange rate effects amounting to € 12.6 million from the valuation of balance sheet items, which are recorded under other expenses. The operating EBIT margin decreased from 8.0% in the first nine months of the year 2014 to 7.0% in the current financial year.

The operating EBIT of the third quarter of 2015 is burdened by negative exchange rate effects of the valuation of balance sheet items in the amount of € 10.4 million.

Compared with the second quarter of 2015, revenue fell by 14.1% to € 410.5 million in the past quarter. This is attributable to seasonally weaker business activities in Europe during the summer months, a weak business development in the electric steel segment in the Middle East in the Steel Division and to lower project deliveries in the business units environment, energy, chemicals as well as glass. The operating EBIT declined primarily due to negative exchange rate effects related to the valuation of balance sheet items in the amount of € 10.4 million, which primarily resulted from the devaluation of the Brazilian real, and due to lower revenues.

Despite a significant decrease in trade payables in the third quarter of 2015, the positive trend of working capital reduction continued. Net cash flow from operating activities rose to € 91.8 million in the first nine months of the year 2015, after it had amounted to € 40.1 million in the comparative period of 2014. Net debt declined from € 466.9 million at the end of 2014 to € 445.6 million at September 30, 2015 due to the positive cash flow development.

Segment Reporting

	9M/2015	9M/2014	Q3/2015	Q2/2015	Q1/2015	Q4/2014	Q3/2014
Sales volume (thousand tons)	1,404	1,366	441	485	478	502	452
in € million							
Revenue	**1,312.5**	**1,254.7**	**410.5**	**477.9**	**424.1**	**466.5**	**415.6**
Steel Division	842.1	815.2	267.7	294.7	279.7	293.6	279.8
Industrial Division	443.4	403.9	133.5	173.1	136.8	162.7	125.1
Raw Materials Division							
external revenue	27.0	35.6	9.3	10.1	7.6	10.2	10.7
internal revenue	184.7	194.9	55.5	63.0	66.2	62.6	62.4
EBITDA	**142.3**	**147.6**[1)]	**39.8**	**51.3**	**51.2**	**51.8**	**42.9**[1)]
EBITDA margin	10.8%	11.8%	9.7%	10.7%	12.1%	11.1%	10.3%
Operating EBIT[2)]	**91.4**	**100.1**	**22.8**	**34.1**	**34.5**	**41.8**	**28.3**
Steel Division	50.7	65.2	10.7	17.2	22.8	27.9	22.4
Industrial Division	40.7	30.4	9.1	18.4	13.2	18.2	7.0
Raw Materials Division	0.0	4.5	3.0	(1.5)	(1.5)	(4.3)	(1.1)
Operating EBIT margin	**7.0%**	**8.0%**	**5.6%**	**7.1%**	**8.1%**	**9.0%**	**6.8%**
Steel Division	6.0%	8.0%	4.0%	5.8%	8.2%	9.5%	8.0%
Industrial Division	9.2%	7.5%	6.8%	10.6%	9.6%	11.2%	5.6%
Raw Materials Division[3)]	0.0%	2.0%	4.6%	(2.1)%	(2.0)%	(5.9)%	(1.5)%
EBIT	**91.4**	**97.4**	**22.8**	**34.1**	**34.5**	**11.9**	**25.3**
Steel Division	50.7	63.7	10.7	17.2	22.8	27.7	20.7
Industrial Division	40.7	29.2	9.1	18.4	13.2	5.7	5.7
Raw Materials Division	0.0	4.5	3.0	(1.5)	(1.5)	(21.5)	(1.1)
EBIT margin	**7.0%**	**7.8%**	**5.6%**	**7.1%**	**8.1%**	**2.6%**	**6.1%**
Steel Division	6.0%	7.8%	4.0%	5.8%	8.2%	9.4%	7.4%
Industrial Division	9.2%	7.2%	6.8%	10.6%	9.6%	3.5%	4.6%
Raw Materials Division[3)]	0.0%	2.0%	4.6%	(2.1)%	(2.0)%	(29.5)%	(1.5)%
Net finance costs	**(16.0)**	**(22.4)**	**(5.8)**	**(3.4)**	**(6.8)**	**(10.3)**	**(8.7)**
Share of profit of joint ventures	6.7	5.7	2.1	2.4	2.2	2.5	1.5
Profit before income tax	**82.1**	**80.7**	**19.1**	**33.1**	**29.9**	**4.1**	**18.1**
Income tax	(26.1)	(29.1)	(7.7)	(9.6)	(8.8)	(3.2)	(9.1)
Income tax in %	31.8%	36.1%	40.3%	29.0%	29.4%	78.0%	50.3%
Profit after income tax	**56.0**	**51.6**	**11.4**	**23.5**	**21.1**	**0.9**	**9.0**
Earnings per share in €[4)]	1.38	1.27	0.28	0.58	0.52	0.01	0.22

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 by high surplus capacities.

In October, the World Steel Association significantly revised its expectations for global steel demand. While growth for the year 2015 was still estimated at 0.5% in April of this year, it has now been changed to (1.7)%. Especially the forecast for China, North America, South America and the CIS region was substantially reduced. The World Steel Association sees the steel industry at the end of a long growth cycle, which was primarily based on the economic rise of China. The restructuring of the local economy, which the Chinese government initiated to shift the focus from export- and investment-driven growth to consumer-driven growth has had a more negative effect on local demand for steel than expected. In particular, the downturn of the construction industry as a result of falling property prices and reduced investment activities has impacted the market environment. Expectations regarding the development of steel demand outside of China were reduced from originally 1.3% to (0.2)%. However, the World Steel Association expects a considerable rise by 2.9% in the demand for steel outside of China in the year 2016. While steel demand should continue to fall in China, it is expected to increase by 1.8% in the advanced economies in the year 2016 and by 3.8% in the emerging markets not including China.

The market environment in the current financial year is characterized by an aggressive export strategy of Chinese producers resulting from weak domestic demand and high excess capacities. Accordingly, this led to high pressure on steel prices and consequently on manufacturers' profitability. As a result, the supplier industries also came under pressure. In many markets, anti-dumping duties are being discussed or have already been introduced as an answer to the massive increase in Chinese imports. The Chinese government recently adopted significantly stricter emission regulations to eliminate surplus capacities. With the exception of India, steel output dropped in all important markets.

in million tons	9M/2015	9M/2014	Delta	Q3/2015	Q2/2015	Delta
China	608.9	622.0	(2.1)%	198.9	207.8	(4.3)%
World ex China	603.4	620.5	(2.8)%	197.2	204.2	(3.4)%
thereof EU28	127.5	127.9	(0.3)%	39.4	44.1	(10.7)%
thereof US	60.6	66.4	(8.7)%	20.6	20.1	2.5%
thereof India	67.6	65.5	3.2%	22.3	22.7	(1.8)%
World	**1,212.3**	**1,242.5**	**(2.4)%**	**396.1**	**412.0**	**(3.9)%**

Source: World Steel Association (October 2015)

Due to the lower fixed cost structure compared with integrated steel plants, the aggressive Chinese exports have a negative impact especially on the utilization rates in the electric steel segment.

Due to the lower fixed cost structure compared with integrated steel plants, the aggressive Chinese exports have a negative impact especially on the utilization rates in the electric steel segment, and led to temporary shutdowns of aggregates. In addition, due to a massive drop in iron ore and coal prices, the input costs for integrated steel plants decreased more strongly than the price of steel scrap, leading to a competitive disadvantage for electric steel producers. This caused a negative effect on the development of sales volume in this important customer segment. In the financial year 2014 the Steel Division generated revenue of roughly € 275 million in the electric arc furnace segment compared with revenue of roughly € 110 million in the basic oxygen converter segment.

The Steel Division's sales volume fell by 5.6% compared with the first nine months of the year 2014, to roughly 883,000 tons. This is primarily attributable to weaker business in the electric steel and ladle segments. In comparison with the second

quarter of 2015, sales volume dropped by 10.1% to approximately 277,000 tons in the past quarter, which was among other things due to seasonal effects in Europe and a weaker business development in the Middle East.

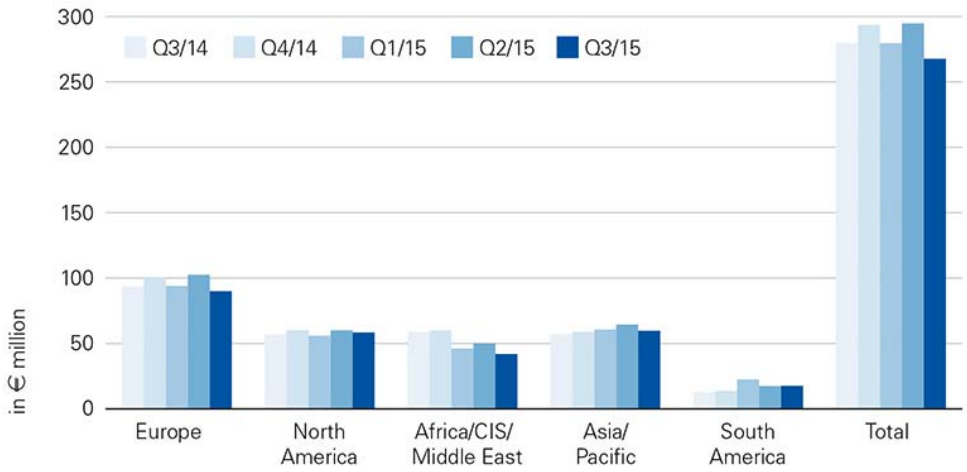
Revenue of the Steel Division, at € 842.1 million in the first nine months of the year 2015, was 3.3% higher than in the comparative period of 2014, at € 815.2 million. This is predominantly attributable to positive currency translation effects and a good business development in India and South America. Due to lower utilization of production capacities, negative product mix effects and a weaker development of margins in Europe, the Middle East and Africa, the operating EBIT dropped from € 65.2 million in the first nine months of the year 2014 to € 50.7 million in the current financial year. In addition, the operating EBIT was affected by negative exchange rate effects related to the valuation of balance sheet items, especially in the third quarter of 2015. The operating EBIT margin, at 6.0%, was below that of the comparative period of 2014, at 8.0%.

The Steel Division's increase in revenue is mainly due to currency effects and a good business development in India and South America.

In the third quarter of 2015, the Steel Division's revenue amounted to € 267.7 million, thus falling short of both the revenue of the preceding quarter, at € 294.7 million, and that of the third quarter of 2014, at € 279.8 million. The decline in comparison with the second quarter of 2015 is primarily attributable to seasonally weaker business in Europe as a result of scheduled shutdowns of plants in Southern Europe during the summer months as well as a weak business development in the electric steel sector in the Middle East. The operating EBIT decreased from € 17.2 million in the second quarter of 2015 to € 10.7 million in the past quarter, thus also falling short of the third quarter of 2014, at € 22.4 million.

Revenue developed as follows in the past five quarters:

Development of revenue



Europe

In the first nine months of the year 2015, steel production within the European Union remained largely stable compared with the same period of 2014 and totaled some 130 million tons. The automotive industry is still an important driver of demand. According to the European Automobile Manufacturers' Association, the number of new car registrations in the European Union exceeded the 10-million mark in the first nine months of the year 2015 and amounted to 10.4 million. This

Due to scheduled shutdowns during the summer months, the region's contribution to revenue decreased in the third quarter of 2015.

corresponds to growth of 8.8% compared with the same period of 2014. Especially in Spain and Italy the number of new registrations increased massively by 22.4% and 15.3% respectively. The three largest markets, Germany, the United Kingdom and France, also recorded growth of more than 5% each.

The region's contribution to revenue declined by roughly 2% in the first nine months of 2015 compared with the same period of 2014. While the flow control business was expanded in the slide gate plate segment, the linings business declined in the ladle and electric arc furnace segments. In the third quarter of 2015, revenue was down roughly 12% on the preceding quarter due to seasonal factors. This is attributable in particular to scheduled shutdowns of plants in Southern Europe during the summer months. Looking at the more comparable third quarter of 2014, revenue declined by approximately 4% due to a weaker linings business in the ladle and electric arc furnace segments. In order to counter the growing competitive pressure from China, RHI increasingly focuses on long-term full service contracts as well as package solutions consisting of refractory material, lining machines and service. For example, a contract for a taphole removal device including refractory supply was concluded for several years with an important customer in Belgium.

North America

Significant increases in imports due to the strengthening of the US dollar affect local steel producers.

Steel production in North America in the first nine months of the year 2015 was 6.8% lower than in the comparative period of 2014. This is primarily attributable to increasing imports resulting from a stronger US dollar as well as the related decline in competitiveness of US manufacturers. Due to the massive increase in imports, several steel producers initiated investigations regarding suspected dumping on the part of Chinese manufacturers. The region's contribution to revenue rose by approximately 7% in the first nine months of the year 2015, largely because of favorable exchange rate developments, while sales volume was down roughly 5% on the comparative period of 2014. The flow control business saw a very positive development, recording an increase by more than 11%. Compared with the second quarter of 2015, the region's contribution to revenue declined by roughly 3% due to a weaker business development in the US.

Africa/CIS/Middle East

The region's contribution to revenue decreased due to a weak business development in the important markets of Russia, Egypt, Libya and Qatar.

Steel production in Africa in the first nine months of the year 2015 remained unchanged compared with the same period of 2014. While production dropped by 8.8% in Egypt and by some 60% in Libya, steel output grew significantly by 14.5% in South Africa. The region's contribution to revenue dropped sharply by roughly 31% in the first nine months of the year 2015 compared with the same period of 2014 as a result of a weak business development in Egypt and in Libya. Compared with the second quarter of 2015, the contribution to revenue decreased by about 18% in the past quarter.

Steel production in the CIS region declined by 5.3% in the first nine months of the year 2015 compared with the same period of 2014 due to the continuing political tensions in Eastern Ukraine. While Russian steel producers compensated the weak domestic demand with an increase in exports based on the devaluation of the ruble, steel production in Ukraine recorded a massive slump by 20.5%. The CIS region's contribution to revenue in the first nine months of the year 2015 dropped by approximately 16% compared with the same period of 2014. This is primarily

attributable to a decline in competitiveness in Russia resulting from the currency devaluation and the stronger "buy Russian" mentality following the economic sanctions imposed by the European Union. In comparison with the preceding quarter, an increase by roughly 3% was recorded in the third quarter of 2015.

In the Middle East, steel production grew by 1.0% in the first nine months of 2015 compared with the same period of 2014. Some customers have already reacted to the low steel prices by cutting production. This resulted in a stock reduction of refractory products at the steel plants and led to a decrease in the region's contribution to revenue by roughly 11% compared with the first nine months of 2014. Qatar in particular recorded a weak business development as a result of the decline in steel output by 11.9%. While the flow control business was maintained nearly constant, increased refractory imports from China caused revenue to fall by more than 13% in the linings business. Compared with the second quarter of 2015, revenue dropped by some 29% in the third quarter of 2015 because of a weak business development in Saudi Arabia.

South America

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

In the first nine months of 2015 steel production in South America was 1.4% lower than in the comparative period of 2014. While domestic demand dropped sharply, local producers were able to compensate this development by increasing their export business following a devaluation of local currencies. The economies in the South American continent continue to suffer from low raw material prices, the withdrawal of capital by foreign investors, high inflation and a lack of growth perspectives. Despite this challenging market environment, the region's contribution to revenue rose by roughly 50% in the first nine months of the year 2015. This was possible because deliveries to Venezuela were resumed and new contracts were won in Brazil. Here, especially the linings business recorded a positive development in the ladle and degasser segments. Compared with the second quarter of 2015, revenue remained nearly constant.

Asia/Pacific

The region's contribution to revenue and earnings rose due to a further expansion of business in India.

Steel production in the Asia/Pacific region in the first nine months of the year 2015 was down 2.0% on the comparative period of 2014. Of the four largest markets, China, Japan, India and South Korea, only India recorded growth. In China, the downturn of the construction industry resulting from falling property prices as well as significantly lower investment activities burdened the market environment. Due to massive surplus capacities in China, which experts estimate at roughly 300 million tons, and lower profitability in the domestic market, many steel producers have been pushing the aggressive expansion of export business in the current financial year. More than 100 million tons of steel could be exported from China for the first time in the year 2015. The region's contribution to revenue rose by roughly 20% compared with the first nine months of the year 2014 as business in India was expanded further. In addition, the strengthening of the Indian rupee and of the Chinese yuan against the euro at the beginning of the year supported this development. Compared with the second quarter of 2015, revenue decreased by roughly 7% in the past quarter. This is due to the devaluation of the Indian rupee during the past months and to weaker flow control business after a very strong second quarter of 2015.

Industrial Division

Sales volume in the Industrial Division amounted to roughly 307,000 tons in the first nine months of the year 2015 and thus remained nearly constant compared with roughly 308,000 tons in the same period of 2014. Compared with the second quarter of 2015, sales volume declined by 4.1% to some 93,000 tons in the third quarter of 2015.

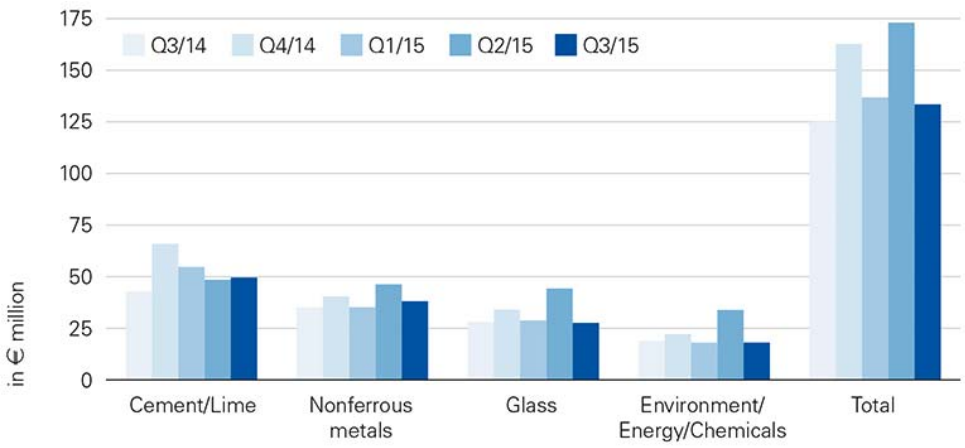
The Industrial Division's revenue and operating EBIT improved significantly due to project deliveries.

Revenue, at € 443.4 million in the first nine months of the year 2015, was 9.8% higher than in the comparative period of 2014, at € 403.9 million. This is, among other things, due to a major contract of the environment, energy, chemicals business unit in the pet coke gasification segment in India. Moreover, some of the major repairs postponed by customers last year were carried out in the nonferrous metals and glass business units. The cement/lime business unit additionally benefited from the positive development of the construction industry in North America. The operating EBIT increased from € 30.4 million in the first nine months in the year 2014 to € 40.7 million in the current financial year as a result of higher revenue and increased margins in the nonferrous metals business unit, and cost savings in the glass business unit. The operating EBIT margin amounted to 9.2%, thus exceeding the comparative period of 2014, at 7.5%.

In the third quarter of 2015 revenue of the Industrial Division totaled € 133.5 million and was thus lower than in the preceding quarter, at € 173.1 million, but higher than in the third quarter of 2014, at € 125.1 million. The decline compared with the second quarter of 2015 is primarily attributable to low project deliveries in the business units environment, energy, chemicals and glass. The operating EBIT dropped from € 18.4 million in the second quarter of 2015 to € 9.1 million in the past quarter, but exceeded the figure of the third quarter of 2014, at € 7.0 million.

Revenue developed as follows in the past five quarters:

Development of revenue



Cement/Lime

RHI benefits from the noticeable recovery of the construction industry in the North American market.

The contribution to revenue of the cement/lime business unit increased by roughly 6% in the first nine months of 2015 compared with the same period of 2014. This is primarily attributable to a good business development in the North American market as a result of the noticeable recovery of the construction industry. Due to the growing demand for cement and the resulting good utilization situation of the rotary kilns, new plants are currently being built and existing facilities are upgrad-

ed. In addition to increasing demand for repairs, this also led to sales opportunities in new project business for RHI. Besides North America, revenue also recorded double-digit growth in the Asia/Pacific region. In contrast, political uncertainties in the Middle East and in North Africa had a negative impact on the local cement production and consequently led to a decline in the region's contribution to revenue.

Although the third quarter is usually the weakest quarter because of seasonal effects, the contribution to revenue of the cement/lime business unit in the third quarter of 2015 rose by roughly 2% compared with the preceding quarter, and thus significantly exceeded the third quarter of 2014. This is attributable in particular to deliveries of major projects in North America, whereas business in Asia declined.

In China the slowdown of economic growth had a negative impact on the business environment. In the first quarter of 2015 volume growth was still in the double-digit percentage range, but declined in the further course of the year and volume finally decreased in the third quarter of 2015. In addition, a deterioration in payment behavior can be observed in the market. As large refractory orders are traditionally placed in the fourth quarter in order to have necessary repairs of cement production facilities completed before the Chinese New Year's celebrations, RHI expects business to pick up significantly in the coming months. The important export business from China is burdened by the yuan's strengthening against the euro, which led to a substantially lower contribution to earnings by this business unit than in the first nine months of 2014.

Nonferrous metals

Relevant metal prices marked new lows since the economic crisis of the year 2009 as a result of concerns regarding economic growth in China.

The prices of the relevant nonferrous metals recorded a significant drop in the first nine months of the year 2015 and in many cases marked new lows since the economic crisis in 2009 as a result of growing concerns regarding the economic development in China. On the London Metal Exchange the nickel price fell by roughly 31%, the zinc price by about 22%, the tin price by about 20%, the copper price by about 18% and the aluminum price by some 15% compared with the level at the end of 2014. Lead recorded the lowest decline of about 10%. Due to the price drops, all of the above-mentioned metal prices were traded substantially below the average price of the past five years, with nickel recording the highest decrease of about 41% and zinc the lowest at roughly 19%.

The contribution to revenue of the nonferrous metals business unit rose by roughly 5% in the first nine months of the year 2015 despite the difficult market environment compared with the same period of 2014. This is primarily attributable to a good business development in the copper and ferrochrome segments, while business in the ferronickel, lead and zinc segments remained weak. Compared with the preceding quarter, revenue decreased by roughly 18% in the third quarter of 2015, but exceeded the level of the third quarter of 2014 significantly. The decline is primarily attributable to a major project delivered in the ferrochrome segment in the second quarter of 2015.

Despite this negative development, important contracts were won in the past quarter, for example in Canada, Germany and Australia, where major repairs were carried out in the copper and nickel segment. Furthermore, repair materials worth millions of euros were again delivered in the copper segment in Zambia and the

ferrochrome sector in Kazakhstan. However, incoming orders were weak in the past quarter, reflecting the difficult situation of the large mining groups. They are suffering from the falling metal prices and are under enormous cost pressure because of very high debt burden. As a result, entire business units are under scrutiny or about to be sold, and major repairs are often only carried out in emergencies. In individual cases, capacities are taken off the market to stabilize prices. For RHI, this means that visibility is reduced even further.

Glass

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

The contribution to revenue of the glass business unit in the first nine months of the year 2015 was roughly 14% higher than in the weak comparative period of 2014. This is primarily attributable to a positive development in the container glass segment in Italy due to the closure of a competitor's plant, and in the special glass segment in the United Kingdom. In addition, multi-million euro orders were delivered in the Middle East. In contrast, a decline in revenue by roughly 20% was recorded in North America, which was among other things also related to a strike at the US plant in Falconer at the beginning of the current financial year. Compared with the preceding quarter, revenue declined by roughly 38% in the third quarter of 2015. This is attributable to a low level of project activities in the Middle East and in the Asia/Pacific region as well as to the catching-up effects in North America in the second quarter of 2015. While the strike at the Falconer plant had a negative impact on the development of revenue in the first quarter of 2015, the delayed projects were delivered in the second quarter of 2015.

The global market environment is still characterized by little willingness to invest, high excess capacities especially in the flat glass segment as well as a progressing market consolidation in the US and in Europe. In the past quarter, project activities cooled down noticeably in the container glass segment in Europe. In contrast, the planning of major projects was resumed due to the improved local market environment in the important Thai market. Based on the current order situation, revenue is expected to increase in the fourth quarter of 2015.

Environment, energy, chemicals

The increase in revenue is attributable to a multi-million contract for a new construction project in the coal gasification segment in India.

The contribution to revenue of the environment, energy, chemicals business unit rose by roughly 23% in the first nine months of 2015 compared with the same period of the year 2014. This is primarily attributable to a multi-million euro contract for a new project in the coal and pet coke gasification segment in India. Compared with the second quarter of 2015, revenue fell by 47% in the past quarter, reflecting lower project deliveries in Asia and North America. The market environment in the oil and gas processing industry, which is very important for this business unit, is still challenging.

The maintenance business for existing plants continues at a good level. The new business segment with pelletizing plants, i.e., hardening plants for iron ore pellets, is developing very positively. In this segment, several contracts for new plants including comprehensive engineering have been won in the current financial year. Most of the demand comes from the Middle East at present. In addition, after the expected termination of the international embargo, strong demand from the oil and gas processing industry is expected in Iran, which has already led to specific project plans.

Raw Materials Division

External sales volume of the Raw Materials Division totaled roughly 214,000 tons in the first nine months of 2015. The increase by 74.0% 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 second quarter of 2015, sales volume in the past quarter rose by 9.2% to about 71,000 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 nine months of the year 2015, revenue of the Raw Materials Division, at € 211.7 million, was 8.2% lower than in the comparative period of 2014, at € 230.5 million. This is attributable to both a decrease in internal demand by the Steel Division, especially in the area of basic mixes, and to lower external revenue following the insolvency of an Italian customer. The reduced demand by the Steel Division results from a decline in sales volume of roughly 9% in the electric steel segment. Hearth construction and gunning mixes are important products for the electric steel industry. Last year, the RHI Group generated revenue of roughly € 145 million with these products. In this segment, RHI has its own raw materials, which are mined at the Austrian sites in Breitenau und Hochfilzen. Consequently, the decline in sales volume resulted in a weak capacity utilization of the raw material plants. The operating EBIT dropped from € 4.5 million in the first nine months of the year 2014 to € 0.0 million in the current financial year. The operating EBIT margin, at 0.0%, was below that of the comparative period of 2014, at 2.0%.

The year-on-year decline in operating EBIT reflects the lower capacity utilization at the raw material plants.

In the third quarter of 2015, revenue of the Raw Materials Division amounted to € 64.8 million, thus falling short of the revenue of the preceding quarter and of the third quarter of 2014, at € 73.1 million respectively. The operating EBIT was raised from € (1.5) million in the second quarter of 2015 to € 3.0 million in the past quarter due to measures introduced to reduce fixed costs as well as operating progress in Norway, thus also exceeding the figure of € (1.1) million in the third quarter of 2014.

At the site in Porsgrunn, Norway, roughly 32,000 tons of fused magnesia were produced in the first nine months of 2015. The reduction of the production volume by roughly 30% to an annual volume of approximately 30,000 will be implemented in the fourth quarter of 2015 and should further improve the earnings situation as lower-value qualities which dropped in price are purchased from China. In operational terms, the biggest progress to date was made in reducing the melting time as well as in increasing the yield and the share of recyclable material. In addition, the lower oil price as well as the devaluation of the Norwegian krone supported the development.

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

Due to the weak order situation, sinter production was cut in the Austrian raw material plants. In Hochfilzen, rotary kiln operations were shut down for six months and in Breitenau, only one third of the capacity was utilized. Production was also reduced at the Turkish site Eskisehir. Here, one of three shaft kilns and one of two rotary kilns were not in operation. The construction of a mixing tower for the production of basic mixes with an investment total of roughly € 17 million is still proceeding according to plan. The commissioning of this facility is scheduled for the fourth quarter of 2015. In Ireland, the scheduled maintenance work on one of the two shaft kilns was brought forward due to weak demand.

Outlook

The difficult economic framework conditions in many customer industries lead to uncertainties regarding the delivery of refractory products and the completion of customer projects by the end of the year, thus making it more difficult to plan the refractory business. Nevertheless, RHI still expects an increase in revenue by more than 3% for the year 2015. Due to negative exchange rate effects related to the valuation of balance sheet items of € 10.4 million in the third quarter of 2015, reaching an operating EBIT margin of roughly 8% is becoming increasingly challenging.

Risk Report

In the first nine months 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 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 multi-year lows following slower economic growth in China. 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 the 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 as well as in a general pick-up of industrial production.

Condensed, unaudited interim consolidated financial statements

as of 09/30/2015

Consolidated statement of financial position

as of 09/30/2015

in € million	09/30/2015	12/31/2014
ASSETS		
Non-current assets		
Property, plant and equipment	538.5	544.2
Goodwill	37.0	36.1
Other intangible assets	72.3	74.0
Investments in joint ventures	18.0	18.3
Other non-current financial assets	27.3	39.6
Other non-current assets	18.1	19.6
Deferred tax assets	118.7	130.1
	829.9	**861.9**
Current assets		
Inventories	460.1	429.0
Trade and other current receivables	383.6	408.4
Income tax receivables	9.7	6.9
Other current financial assets	3.3	3.2
Cash and cash equivalents	153.5	151.1
	1,010.2	**998.6**
	1,840.1	**1,860.5**
EQUITY AND LIABILITIES		
Equity		
Share capital	289.4	289.4
Group reserves	236.9	192.3
Equity attributable to shareholders of RHI AG	526.3	481.7
Non-controlling interests	13.0	12.2
	539.3	**493.9**
Non-current liabilities		
Non-current financial liabilities	454.5	417.0
Other non-current financial liabilities	1.2	1.3
Deferred tax liabilities	17.3	16.5
Personnel provisions	322.7	355.1
Other non-current provisions	5.4	6.1
Other non-current liabilities	8.4	8.8
	809.5	**804.8**
Current liabilities		
Current financial liabilities	144.6	201.0
Other current financial liabilities	8.0	0.4
Trade payables and other current liabilities	275.9	296.4
Income tax liabilities	22.6	24.1
Current provisions	40.2	39.9
	491.3	**561.8**
	1,840.1	**1,860.5**

Consolidated statement of profit or loss

from 01/01/2015 to 09/30/2015

in € million	7-9/2015	7-9/2014[1)]	1-9/2015	1-9/2014[1)]
Revenue	410.5	415.6	1,312.5	1,254.7
Cost of sales	(322.2)	(332.1)	(1,030.7)	(985.0)
Gross profit	**88.3**	**83.5**	**281.8**	**269.7**
Selling and marketing expenses	(25.8)	(26.5)	(83.8)	(81.6)
General and administrative expenses	(29.8)	(29.2)	(95.7)	(88.6)
Other income	9.7	20.7	55.2	42.5
Other expenses	(19.6)	(20.2)	(66.1)	(41.9)
Operating EBIT	**22.8**	**28.3**	**91.4**	**100.1**
Restructuring costs	0.0	(3.0)	0.0	(3.5)
Net income from US Chapter 11 proceedings	0.0	0.0	0.0	0.8
EBIT	**22.8**	**25.3**	**91.4**	**97.4**
Interest income	0.3	0.2	1.3	1.1
Interest expenses	(4.9)	(5.9)	(15.1)	(14.9)
Other net financial expenses	(1.2)	(3.0)	(2.2)	(8.6)
Net finance costs	**(5.8)**	**(8.7)**	**(16.0)**	**(22.4)**
Share of profit of joint ventures	2.1	1.5	6.7	5.7
Profit before income tax	**19.1**	**18.1**	**82.1**	**80.7**
Income tax	(7.7)	(9.1)	(26.1)	(29.1)
Profit after income tax	**11.4**	**9.0**	**56.0**	**51.6**
attributable to shareholders of RHI AG	11.1	8.6	55.0	50.5
attributable to non-controlling interests	0.3	0.4	1.0	1.1
in €				
Earnings per share (basic and diluted)	0.28	0.22	1.38	1.27

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

Consolidated statement of comprehensive income

from 01/01/2015 to 09/30/2015

in € million	7-9/2015	7-9/2014	1-9/2015	1-9/2014
Profit after income tax	**11.4**	**9.0**	**56.0**	**51.6**
Currency translation differences				
Unrealized results from currency translation	(25.9)	19.9	4.6	22.9
Deferred taxes on unrealized results from currency translation	1.7	0.0	0.1	0.0
Effective taxes on unrealized results from currency translation	0.6	0.0	1.0	0.0
Market valuation of cash flow hedges				
Unrealized results from fair value change	0.0	(0.4)	0.1	(1.9)
Deferred taxes on unrealized results from fair value change	0.0	0.1	0.0	0.5
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	(0.1)	0.9	1.9	2.7
Deferred taxes on unrealized results from fair value change	0.0	(0.2)	(0.3)	(0.7)
Reclassification of reserves of available-for-sale financial instruments to the statement of profit or loss	0.0	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	0.0	0.0	0.3	0.0
Items that will be reclassified subsequently to profit or loss, if necessary	**(23.7)**	**20.3**	**3.5**	**23.4**
Remeasurement of defined benefit plans				
Remeasurement of defined benefit plans	3.8	(11.0)	22.7	(33.0)
Deferred taxes on remeasurement of defined benefit plans	(1.0)	3.0	(6.2)	9.1
Items that will not be reclassified to profit or loss	**2.8**	**(8.0)**	**16.5**	**(23.9)**
Other comprehensive income after income tax	**(20.9)**	**12.3**	**20.0**	**(0.5)**
Total comprehensive income	**(9.5)**	**21.3**	**76.0**	**51.1**
attributable to shareholders of RHI AG	(9.3)	20.3	74.5	49.0
attributable to non-controlling interests	(0.2)	1.0	1.5	2.1

Consolidated statement of cash flows

from 01/01/2015 to 09/30/2015

in € million	1-9/2015	1-9/2014
Profit after income tax	56.0	51.6
Adjustments for		
income tax	26.1	29.1
depreciation and amortization charges	51.6	50.7
income from the reversal of investment subsidies	(0.7)	(0.5)
(gains) / losses from the disposal of property, plant and equipment	(1.1)	0.4
gains from the disposal of securities and other financial assets	(4.6)	0.0
net income from US Chapter 11 proceedings	0.0	(0.8)
interest result	13.8	13.8
share of profit of joint ventures	(6.7)	(5.7)
other non-cash changes	24.3	14.4
Changes in		
inventories	(32.6)	(56.3)
trade receivables	25.4	(12.4)
other receivables and assets	(0.1)	7.0
provisions	(15.5)	(25.6)
trade payables	(11.2)	0.8
other liabilities	(7.1)	(1.2)
Cash flow from operating activities	**117.6**	**65.3**
Income tax paid less refunds	(25.8)	(25.2)
Net cash flow from operating activities	**91.8**	**40.1**
Investments in property, plant and equipment and intangible assets	(42.4)	(30.7)
Cash inflows from the sale of property, plant and equipment	2.6	2.0
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	7.0	7.0
Investment subsidies received	0.7	0.0
Interest received	1.3	0.9
Net cash flow from investing activities	**(17.0)**	**(20.7)**
Dividend payments to shareholders of RHI AG	(29.9)	(29.9)
Dividend payments to non-controlling interests	(0.5)	(0.6)
Proceeds from non-current borrowings and loans	48.2	1.4
Repayments of non-current borrowings and loans	(91.0)	(18.2)
Changes in current borrowings	18.9	18.1
Interest payments	(13.3)	(14.1)
Net cash flow from financing activities	**(67.6)**	**(43.3)**
Total cash flow	**7.2**	**(23.9)**
Change in cash and cash equivalents	**7.2**	**(23.9)**
Cash and cash equivalents at beginning of year	151.1	112.4
Changes due to currency translation	(4.8)	2.0
Cash and cash equivalents at year-end	153.5	90.5
Total interest paid	(13.6)	(15.1)
Total interest received	1.3	1.1

Consolidated statement of changes in equity

from 01/01/2015 to 09/30/2015

in € million	Share capital	Additional paid-in capital	Retained earnings
12/31/2014	**289.4**	**38.3**	**307.9**
Profit after income tax	**-**	**-**	**55.0**
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	**-**	**-**	**55.0**
Dividends	-	-	(29.9)
Transactions with shareholders	**-**	**-**	**(29.9)**
09/30/2015	**289.4**	**38.3**	**333.0**

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

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**
-	**-**	**-**	**-**	**55.0**	**1.0**	**56.0**
-	-	-	5.2	**5.2**	**0.5**	**5.7**
0.1	-	-	-	**0.1**	**-**	**0.1**
-	(2.3)	-	-	**(2.3)**	**-**	**(2.3)**
-	-	16.5	-	**16.5**	**-**	**16.5**
0.1	**(2.3)**	**16.5**	**5.2**	**19.5**	**0.5**	**20.0**
0.1	**(2.3)**	**16.5**	**5.2**	**74.5**	**1.5**	**76.0**
-	-	-	-	**(29.9)**	**(0.7)**	**(30.6)**
-	**-**	**-**	**-**	**(29.9)**	**(0.7)**	**(30.6)**
(0.9)	**2.2**	**(89.6)**	**(46.1)**	**526.3**	**13.0**	**539.3**

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

Selected explanatory notes

Principles and methods

The interim financial statements as of 09/30/2015 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 three quarters of 2014:

	1-9/2014	Effect 1-9/2014		1-9/2014
in € million	as published	Adjustment 1	Adjustment 2	adjusted
Cost of sales	(983.5)	(1.5)	-	(985.0)
Gross profit	271.2	(1.5)	-	269.7
General and administrative expenses	(90.1)	1.5	-	(88.6)
Other income	3.2	-	39.3	42.5
Other expenses	(2.6)	-	(39.3)	(41.9)

Audit and review by an auditor

The consolidated interim financial statements as of 09/30/2015 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. One joint venture is consolidated using the equity method, unchanged compared with the previous year.

Property, plant and equipment and other intangible assets

Acquisitions during the first nine months of the financial year increased non-current assets by € 37.1 million (1-9/2014: € 30.3 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.

As of 09/30/2015, an increase in the actuarial interest rate, especially in the euro area, led to a reduction of pension and termination benefit obligations by € 22.7 million (1-9/2014: increase by € 33.0 million, 1-6/2015: reduction by € 18.9 million) and to an increase in equity by € 16.5 million (1-9/2014: reduction by € 23.9 million, 1-6/2015: increase by € 13.7 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	1-9/2015	1-9/2014
Foreign exchange gains	52.4	39.3
Foreign exchange losses	(54.3)	(32.9)
Losses from derivative financial instruments	(10.7)	(6.8)
Net effect	**(12.6)**	**(0.4)**

Other net financial expenses

The item other net financial expenses in the statement of profit or loss includes income of € 4.6 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 three quarters of 2015 amounts to 32% (1-9/2014: 36%).

Segment reporting

The key figures of the operating segments for the first nine months of 2015 and the first nine months of 2014 are shown in the tables below:

in € million	Steel	Industrial	Raw Materials	Elimination/Unallocated assets	Group 1-9/2015
External revenue	842.1	443.4	27.0	0.0	1,312.5
Internal revenue	0.0	0.0	184.7	(184.7)	0.0
Segment revenue	**842.1**	**443.4**	**211.7**	**(184.7)**	**1,312.5**
Operating EBIT/EBIT	**50.7**	**40.7**	**0.0**	**0.0**	**91.4**
Net finance costs	0.0	0.0	0.0	(16.0)	(16.0)
Share of profit of joint ventures	0.0	0.0	6.7	0.0	6.7
Profit before income tax					**82.1**
Segment assets 09/30/2015	648.7	301.8	473.3	398.3	1,822.1
Investments in joint ventures 09/30/2015	0.0	0.0	18.0	0.0	18.0
					1,840.1

in € million	Steel	Industrial	Raw Materials	Elimination/Unallocated assets	Group 1-9/2014
External revenue	815.2	403.9	35.6	0.0	1,254.7
Internal revenue	0.0	0.0	194.9	(194.9)	0.0
Segment revenue	**815.2**	**403.9**	**230.5**	**(194.9)**	**1,254.7**
Operating EBIT	**65.2**	**30.4**	**4.5**	**0.0**	**100.1**
Restructuring costs	(2.0)	(1.5)	0.0	0.0	(3.5)
Net income from US Chapter 11 proceedings	0.5	0.3	0.0	0.0	0.8
EBIT	**63.7**	**29.2**	**4.5**	**0.0**	**97.4**
Net finance costs	0.0	0.0	0.0	(22.4)	(22.4)
Share of profit of joint ventures	0.0	0.0	5.7	0.0	5.7
Profit before income tax					**80.7**
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.

				Fair value		09/30/2015	
in € million	IAS 39 Measurement category[1]	Level	(Amortized) cost	recognized in profit/loss	recognized in equity	Carrying amount	Fair value
Assets							
Available-for-sale investments	FAAC	-	0.5	-	-	0.5	-
Available-for-sale securities	AfS	1	-	-	23.9	23.9	23.9
Available-for-sale shares	FAAC	-	0.5	-	-	0.5	-
Other non-current financial receivables	LaR	-	2.4	-	-	2.4	-
Trade and other current receivables[2]	LaR	-	300.0	-	-	300.0	-
Other current financial receivables	LaR	-	1.7	-	-	1.7	-
Financial assets held for trading	FAHfT	2	-	1.6	-	1.6	1.6
Cash and cash equivalents	LaR	-	153.5	-	-	153.5	-
Equity and liabilities							
Non-current financial liabilities	FLAAC	2	454.5	-	-	454.5	480.0
Interest derivatives designated as cash flow hedges	-	2	-	-	1.2	1.2	1.2
Current financial liabilities	FLAAC	2	144.6	-	-	144.6	145.0
Financial liabilities held for trading	FLHfT	2	-	8.0	-	8.0	8.0
Trade payables and other current liabilities[3]	FLAAC	-	176.1	-	-	176.1	-
Aggregated according to measurement category							
Loans and receivables	LaR		457.6	-	-	457.6	
Available for sale financial instruments	AfS		-	-	23.9	23.9	
Financial assets at cost	FAAC		1.0	-	-	1.0	
Financial assets held for trading	FAHfT		-	1.6	-	1.6	
Financial liabilities measured at amortized cost	FLAAC		775.2	-	-	775.2	
Financial liabilities held for trading	FLHfT		-	8.0	-	8.0	

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 € 383.6 million (12/31/2014: € 408.4 million) as shown in the statement of financial position also include non-financial assets of € 83.6 million (12/31/2014: € 74.4 million).

3) Trade and other current liabilities of € 275.9 million (12/31/2014: € 296.4 million) as shown in the statement of financial position also include non-financial liabilities of € 99.8 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/ - 09/30/2015	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 € 0.5 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 € 7.0 million (1-9/2014: € 7.0 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 three quarters of 2015.

Contingent liabilities

As of 09/30/2015 contingent liabilities amount to € 36.8 million (12/31/2014: € 29.4 million). Of this total, warranties, performance guarantees and other guarantees account for € 36.0 million (12/31/2014: € 28.5 million) and sureties for € 0.9 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 three quarters of 2015, the average number of employees of the RHI Group weighted by level of employment amounted to 7,995 (1-9/2014: 8,022).

Events after the reporting date 09/30/2015

No further events of material importance became known after the reporting date on 09/30/2015.

Vienna, 11/05/2015

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

* Voting rights are exercised jointly.

The shares of RHI AG are admitted to official trading on the Vienna Stock Exchange. RHI is represented in the ATX, the lead index and the most important trading segment of the Austrian capital market, and is a member of the Prime Market at the Vienna Stock Exchange. On September 30, 2015 39,819,039 no-par common shares of RHI AG with voting rights were admitted to trading in Vienna.

Capital market calendar 2016

Preliminary result 2015	February 15 2016
Final result 2015	April 4, 2016
Annual General Meeting	May 4, 2016
Ex-dividend date	May 11, 2016
Record date "dividends"	May 12, 2016
Report on the first quarter of 2016	May 12, 2016
Dividend payment date	May 17, 2016
Half-year financial report 2016	August 9, 2016
Report on the third quarter of 2016	November 8, 2016

Stock Exchange Indicators

Share price on the Vienna Stock Exchange (in €)	9M/2015	9M/2014
Highest closing price	29.87	26.05
Lowest closing price	16.59	19.87
Closing price at end of period	18.09	21.83
Market capitalization (in € million)	720	869

Share performance 01/2014 - 10/2015

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

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

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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