REPORT FOR THE 1st QUARTER 2016

RHI

Quarterly Overview

Earnings indicators (in € million)	Q1/2016	Q4/2015	Delta	Q3/2015	Q2/2015	Q1/2015
Revenue	389.7	440.0	(11.4)%	410.5	477.9	424.1
EBITDA	**43.2**	**(2.3)**	**1,978.3%**	**39.8**	**51.3**	**51.2**
Operating EBIT[1)]	30.3	32.7	(7.3)%	22.8	34.1	34.5
EBIT	27.1	(53.9)	150.3%	22.8	34.1	34.5
Net finance costs	(6.0)	(3.3)	(81.8)%	(5.8)	(3.4)	(6.8)
Share of profit of joint ventures	2.7	2.5	8.0%	2.1	2.4	2.2
Profit before income tax	23.8	(54.7)	143.5%	19.1	33.1	29.9
Income tax	(9.0)	16.3	(155.2)%	(7.7)	(9.6)	(8.8)
Profit from continuing operations	14.8	(38.4)	138.5%	11.4	23.5	21.1
EBITDA %	11.1%	(0.5)%	11.6pp	9.7%	10.7%	12.1%
Operating EBIT %	7.8%	7.4%	0.4pp	5.6%	7.1%	8.1%
Profit from continuing operations %	3.8%	(8.7)%	12.5pp	2.8%	4.9%	5.0%

Cash flow indicators (in € million)	Q1/2016	Q4/2015	Delta	Q3/2015	Q2/2015	Q1/2015
Cash flow from operating activities	**30.5**	**83.6**	**(63.5)%**	**26.9**	**43.1**	**21.8**
Cash flow from investing activities	(8.4)	(30.2)	72.2%	(14.9)	7.3	(9.4)
Cash flow from financing activities	(3.9)	(56.8)	93.1%	17.2	(27.1)	(57.7)
Free cash flow	22.1	53.4	(58.6)%	12.0	50.4	12.4

Balance sheet indicators (in € million)	Q1/2016	Q4/2015	Delta	Q3/2015	Q2/2015	Q1/2015
Balance sheet total	1,801.3	1,804.5	(0.2)%	1,840.1	1,869.6	1,926.4
Equity	486.8	491.4	(0.9)%	539.3	549.5	547.6
Equity ratio (in %)	27.0%	27.2%	(0.2)pp	29.3%	29.4%	28.4%
Net debt	378.9	397.9	(4.8)%	445.6	448.9	462.2
Gearing ratio (in %)[2)]	77.8%	81.0%	(3.2)pp	82.6%	81.7%	84.4%
Net debt / EBITDA[3)]	**2.9**	**2.8**	**3.6%**	**2.3**	**2.3**	**2.3**
Working capital[4)]	516.4	532.6	(3.0)%	591.6	597.7	619.7
Working capital %[5)]	33.1%	30.3%	2.8pp	36.0%	31.3%	36.5%
Capital employed[6)]	1,142.3	1,176.5	(2.9)%	1,239.4	1,260.1	1,297.0
Return on capital employed (in %)[7)]	**6.2%**	**(12.5)%**	**18.7pp**	**4.8%**	**7.7%**	**8.2%**

Stock exchange indicators (Vienna)	Q1/2016	Q4/2015	Delta	Q3/2015	Q2/2015	Q1/2015
Number of shares (million units)	39.819	39.819	0.0%	39.819	39.819	39.819
Closing price (in €)	17.17	18.01	(4.7)%	18.09	22.33	27.40
Market capitalization (in € million)	**684**	**717**	**(4.7)%**	**720**	**889**	**1,091**
Earnings per share (in €)	0.36	(0.98)	136.7%	0.28	0.58	0.52
Price-earnings ratio	**11.9**	**(4.6)**	**358.7%**	**16.2**	**9.6**	**13.2**

1) EBIT before expenses from derivatives from supply contracts, impairment and restructuring effects
2) Gearing ratio: net debt / equity
3) EBITDA trailing twelve months
4) Working Capital: inventories + trade receivables + receivables from long-term construction contracts – trade payables – prepayments received
5) Working Capital / (Revenue x 4)
6) Capital employed: property, plant and equipment + goodwill + other intangible assets + working capital
7) Return on average capital employed: (EBIT - taxes) / average capital employed

Economic Environment

The IMF reduced its forecast for global economic growth to 3.2%.

In its World Economic Outlook published in April, the International Monetary Fund reduced its expectations for global growth for the years 2016 and 2017. While growth of 3.4% and 3.6% was still forecast in January, expectations are now at 3.2% and 3.5% respectively. The reason for the repeated downward revision of the forecast lies above all in the deceleration of the global economic development, which is attributable to several factors. For example, the high volatility in the financial markets, slower growth in the developed economies, the continued recession in important emerging countries such as Russia and Brazil as well as a slowdown of growth in China are dampening a global upswing. Furthermore, political uncertainties such as the growing nationalism in some European countries caused by the refugee crisis and terrorist attacks as well as the possibility that the United Kingdom may leave the European Union pose a significant threat to global economic stability. Compared with the forecast at the beginning of the year, the International Monetary Fund reduced its growth expectations for the year 2016 by 0.2% for both the advanced economies and the emerging markets. The most significant reductions refer to the CIS region, the Middle East and Africa, while growth in China is now surprisingly expected to be 0.2 percentage points higher, at 6.5%.

At its meeting in March 2016, the European Central Bank adopted another set of measures to boost the growth-inhibiting weak inflation.

As the inflation rate has been persisting at a low level in the euro zone, the European Central Bank (ECB) adopted another set of measures at its meeting in March 2016 in order to boost the growth-inhibiting weak inflation. For example, the deposit rate was lowered from (0.3)% to (0.4)%. Consequently, banks which deposit money with the ECB in the short term have to pay a higher penalty interest. The objective is, among other things, to encourage banks to expand lending rather than hoarding surplus liquidity. In addition, the bond purchase program, which has been running since March 2015, has been increased and extended to corporate bonds in the investment-grade segment. As a result, bonds of a volume totaling roughly € 80 billion, rather than the initially planned € 60 billion, should be purchased in the period from April 2016 to at least March 2017. Somewhat surprisingly, the base rate was also lowered from 0.05% to 0.0%. Moreover, four targeted longer-term refinancing operations in the period from June 2016 to March 2017 were announced, which will enable banks to procure liquidity for themselves at the base rate for four years. Provided that banks increase their loan volume to households and companies by 2.5% by January 31, 2018, the interest rate will decrease to the deposit rate of currently (0.4)%. Hence, less money than originally borrowed would have to be paid back to the European Central Bank. In the US, the Federal Reserve maintained the interest rate unchanged at 0.5%, after the base rate had been raised in December 2015 for the first time since the year 2006.

The global stock markets had a weak start this year due to emerging concerns regarding a global recession.

The global stock markets recorded the weakest start to the year since 2009 as a result of the re-emerging concerns regarding economic growth in China and other emerging markets and the related fear of a global recession. In addition, investors were concerned about a further decline in the oil price and many metal and basic material prices at the beginning of the year, especially with a view to the credit quality in the bank balance sheets. Against this background, the German lead index DAX recorded its annual low to date of roughly 8,753 points on February 11, 2016. This corresponds to a 19% drop compared with the level at the end of the year 2015. However, losses were curbed as the quarter progressed. At the end of the past quarter, the DAX stood at roughly 9,966 points.

Asset, Financial and Earnings Position

The RHI Group's sales volume declined by 3.6% in comparison with the first quarter of 2015 and amounted to roughly 461,000 tons in the first quarter of 2016. While the Steel Division Stahl recorded a decline by 4.7% as a result of lower deliveries in South America and the Middle East, sales volume in the Industrial Division decreased due to a weaker development in the cement/lime and environment, energy, chemicals business units. In contrast, the Raw Materials Division recorded a 3.8% increase in sales volume. Compared with the fourth quarter of 2015, which was heavily driven by project business, sales volume dropped by 5.5%.

The decline in revenue is attributable to a weaker business development in both the Steel Division and the Industrial Division.

Revenue of the RHI Group amounted to € 389.7 million in the first quarter of 2016, thus falling short of the revenue of € 424.1 million in the comparative period of 2015 and the revenue of € 440.0 million in the fourth quarter of 2015. The decline compared with the first quarter of 2015 is attributable to a weaker business development in both the Steel Division and the Industrial Division. The operating EBIT amounted to € 30.3 million in the first quarter of 2016, after € 34.5 million in the comparative period of 2015 and was thus also lower than in the fourth quarter of 2015, at € 32.7 million. While the Raw Materials Division increased its operating EBIT compared with the first quarter of 2015 due to better utilization of the raw material production capacities, the operating EBIT of the Steel and Industrial Divisions decreased due to declining revenues. In comparison with the fourth quarter of 2015 the Steel Division increased its operating EBIT significantly, among other things due to a positive development in Europe and North America as a result of an improved product mix. The decline in the operating EBIT of the Industrial Division can be explained by the high number of project deliveries at the end of the year. The operating EBIT margin, at 7.8% in the first quarter of 2016, was lower than in the comparative period at 8.1%, but exceeded that of the fourth quarter of 2015, at 7.4%. EBIT includes a negative net effect from the power supply contract in Norway. Here, financial liabilities of roughly € 1.9 million were reversed through profit and loss due to own use and the sale at market prices; however, due to a decline in electricity future prices, a negative non-cash effect on earnings of roughly € 5.1 million had to be recognized.

Net finance costs including the share of profit of joint ventures amounted to € (3.3) million in the past quarter, compared with € (4.6) million in the same period of 2015. This improvement is on the one hand due to lower interest expenses as a result of decreasing interest rates on loan capital and reduced net financial liabilities and on the other hand to a higher share of profit of MAGNIFIN Magnesiaprodukte GmbH & Co KG. The tax rate of roughly 37.8% is among other things attributable to regional shifts in revenue. Profit after income tax thus amounted to € 14.8 million in the first quarter of 2016 and earnings per share to € 0.36.

Net financial liabilities continued to decline due to a good free cash flow-generation.

Equity amounted to € 486.8 million at March 31, 2016, after € 491.4 million at December 31, 2015. This development is among other things due to a reduction of the actuarial interest rate to determine pension and termination benefit obligations predominantly in Austria and Germany as well as results from currency translation recognized in equity. Working capital was reduced from € 532.6 million at the end of the year 2015 to € 516.4 million at March 31, 2016 due to lower receivables. Free cash flow amounted to € 22.1 million in the past quarter after € 12.4 million in the comparative period of 2015. As a result, net debt dropped from € 397.9 million at the end of the year 2015 to € 378.9 million at March 31, 2016. The number of employees declined slightly from 7,898 at the end of the year 2015 to 7,876.

Segment Reporting

	Q1/2016	Q1/2015	Delta	Q4/2015	Q3/2015	Q2/2015
Sales volume (thousand tons)	461	478	(3.6)%	488	441	485
Steel Division	284	298	(4.7)%	269	277	308
Industrial Division	96	102	(5.9)%	136	93	112
Raw Materials Division	81	78	3.8%	83	71	65
in € million						
Revenue	**389.7**	**424.1**	**(8.1)%**	**440.0**	**410.5**	**477.9**
Steel Division	255.9	279.7	(8.5)%	257.8	267.7	294.7
Industrial Division	123.6	136.8	(9.6)%	171.2	133.5	173.1
Raw Materials Division						
external revenue	10.2	7.6	34.2%	11.0	9.3	10.1
internal revenue	59.7	66.2	(9.8)%	49.9	55.5	63.0
EBITDA	**43.2**	**51.2**	**(15.6)%**	**(2.3)**	**39.8**	**51.3**
EBITDA margin	11.1%	12.1%	(1.0)pp	(0.5)%	9.7%	10.7%
Operating EBIT[1)]	**30.3**	**34.5**	**(12.2)%**	**32.7**	**22.8**	**34.1**
Steel Division	19.9	22.8	(12.7)%	13.6	10.7	17.2
Industrial Division	8.8	13.2	(33.3)%	24.3	9.1	18.4
Raw Materials Division	1.6	(1.5)	206.7%	(5.2)	3.0	(1.5)
Operating EBIT margin	**7.8%**	**8.1%**	**(0.3)pp**	**7.4%**	**5.6%**	**7.1%**
Steel Division	7.8%	8.2%	(0.4)pp	5.3%	4.0%	5.8%
Industrial Division	7.1%	9.6%	(2.5)pp	14.2%	6.8%	10.6%
Raw Materials Division[2)]	2.3%	(2.0)%	4.3pp	(8.5)%	4.6%	(2.1)%
EBIT	**27.1**	**34.5**	**(21.4)%**	**(53.9)**	**22.8**	**34.1**
Steel Division	19.9	22.8	(12.7)%	12.7	10.7	17.2
Industrial Division	8.8	13.2	(33.3)%	18.2	9.1	18.4
Raw Materials Division	(1.6)	(1.5)	(6.7)%	(84.8)	3.0	(1.5)
EBIT margin	**7.0%**	**8.1%**	**(1.1)pp**	**(12.3)%**	**5.6%**	**7.1%**
Steel Division	7.8%	8.2%	(0.4)pp	4.9%	4.0%	5.8%
Industrial Division	7.1%	9.6%	(2.5)pp	10.6%	6.8%	10.6%
Raw Materials Division[2)]	(2.3)%	(2.0)%	(0.3)pp	(139.2)%	4.6%	(2.1)%
Net finance costs	**(6.0)**	**(6.8)**	**11.8%**	**(3.3)**	**(5.8)**	**(3.4)**
Share of profit of joint ventures	2.7	2.2	22.7%	2.5	2.1	2.4
Profit before income tax	**23.8**	**29.9**	**(20.4)%**	**(54.7)**	**19.1**	**33.1**
Income tax	(9.0)	(8.8)	(2.3)%	16.3	(7.7)	(9.6)
Income tax in %	37.8%	29.4%	8.4pp	29.8%	40.3%	29.0%
Profit after income tax	**14.8**	**21.1**	**(29.9)%**	**(38.4)**	**11.4**	**23.5**
Earnings per share in €[3)]	0.36	0.52		(0.98)	0.28	0.58

1) EBIT before expenses from derivatives from supply contracts, impairment and restructuring effects
2) based on external and internal revenue
3) basic and diluted

Steel Division

The World Steel Association revised its growth expectations for steel demand downwards in the year 2016.

In April 2016, the World Steel Association revised its growth expectations for global steel demand downwards in its semi-annually published outlook. While a growth rate of 0.7% for the year 2016 was still predicted in October 2015, a decline of 0.8% is now expected. Estimates for the advanced economies remained largely stable at 1.7%, whereas the development of steel demand in the emerging markets is expected to be significantly weaker at (1.7)% – after forecast growth of 0.2% in October 2015. The environment of the steel industry is still considered to be challenging due to the effects of the economic deceleration in China. Here, the reduction of construction activities resulting from declining property prices, significantly lower investment activities of the basic industry as well as slower growth in the automotive industry have had a particularly negative impact on the local steel demand. Therefore, the World Steel Association does not expect a quick recovery of the steel sector in China and forecasts a decline in demand by 4.0% in the year 2016 and by 3.0% in the year 2017. Hence, a growth rate of 1.8% is expected for steel demand outside China. In the emerging markets, the development of steel demand fell short of expectations in the past quarters. The World Steel Association attributes this to weaker export business, a sharp drop in investments resulting from lower raw material and energy prices as well as the withdrawal of capital by foreign investors. Consequently, a steep decline in steel demand is expected especially for South America, at (6.0)%, and the CIS region at (7.4)% in the year 2016. In contrast, according to the forecasts, solid growth of 3.2% should be recorded in North America, and a progressing slight recovery of 1.4% should occur in Europe.

In the past quarter global crude steel production declined worldwide compared with the first quarter of 2015.

In the past quarter, global crude steel production declined in all regions worldwide with the exception of India compared with the first quarter of 2015. Despite a gradual economic recovery in Europe, steel production dropped sharply by 7.0% in the European Union. This is primarily due to the decline of roughly 39% in the UK resulting from the closure of a steel plant. In China, weak demand by the construction industry and the metalworking industry led to a decrease by 2.7%. Only India was able to detach itself from this global development. Here, steel output rose by 1.8% compared with the first quarter of 2015. In comparison with the other important markets, the US reported the lowest decline, at 1.5%. This is attributable to the fact that the prior-year quarter was already weak due to plummeting demand by the local oil industry because of a significant drop in the oil price and an increase in imports resulting from the strengthening of the US dollar against many currencies. In comparison with the preceding fourth quarter of 2015, the European Union stands out positively with an increase in steel output by 5.7%; so does the US with an increase by 7.1% - based on a low starting level – and India with an increase by 4.6%. In contrast, steel production in South America and China continues its weak development.

in million tons	Q1/2016	Q1/2015	Delta	Q4/2015	Q3/2015	Q2/2015
China	191.7	197.1	(2.7)%	193.8	198.9	207.8
World ex China	193.7	201.9	(4.1)%	191.3	196.6	204.0
thereof EU28	40.9	44.0	(7.0)%	38.7	39.2	44.1
thereof US	19.6	19.9	(1.5)%	18.3	20.5	20.1
thereof India	22.9	22.5	1.8%	21.9	22.3	22.7
World	**385.4**	**399.0**	**(3.4)%**	**385.1**	**395.5**	**411.8**

Source: World Steel Association (April 2016)

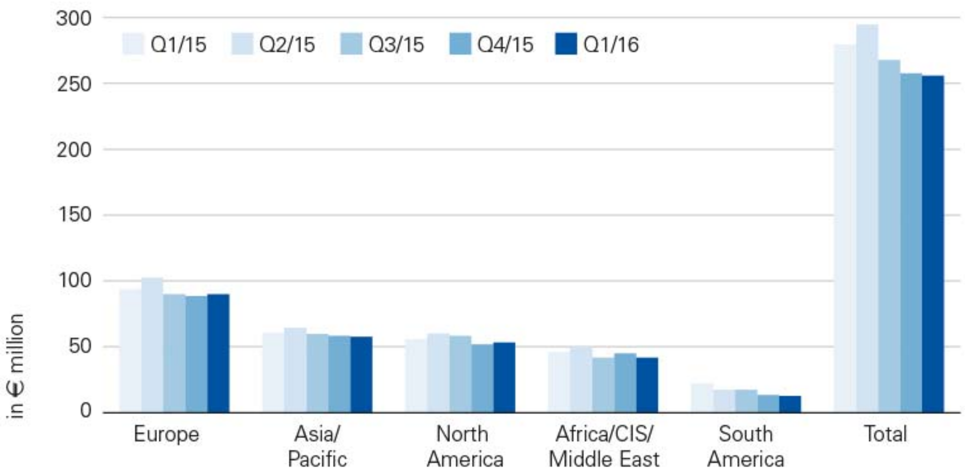
In the first quarter of 2016, the Steel Division's sales volume decreased by 4.7% compared with the same period of 2015 and amounted to roughly 284,000 tons. This is primarily attributable to lower deliveries in South Africa and the Middle East. As steel production dropped significantly compared with the first quarter of 2015, the Steel Division reported declining business in all major markets. This led to a decrease in revenue by 8.5% compared with the first quarter of 2015. In comparison with the fourth quarter of 2015, sales volume rose by 5.6%, which was among other things due to a recovery of the business with basic mixes in the electric arc furnace segment. In contrast, revenue remained nearly stable in comparison with the fourth quarter of 2015 due to shifts in the product mix.

The operating EBIT of the Steel Division increased on the fourth quarter of 2015 due to a positive development in Europe and North America.

The Steel Division's revenue, at € 255.9 million in the first quarter of 2016, was lower than in the comparative period of 2015, at € 279.7 million, and slightly lower than in the fourth quarter of 2015, at € 257.8 million. The operating EBIT amounted to € 19.9 million in the first quarter of 2016, after € 22.8 million in the comparative period of 2015, but clearly exceeded that of the fourth quarter of 2015, at € 13.6 million. The decline compared with the first quarter of 2015 is primarily attributable to lower profitability in South America as a result of the devaluation of the Brazilian real against the euro. In contrast, the increase in operating EBIT compared with the fourth quarter of 2015 is among other things due to a positive development in Europe and North America as a result of an improved product mix. The operating EBIT margin, at 7.8% in the first quarter of 2016, was lower than in the comparative period of 2015, at 8.2%, but significantly exceeded that of the fourth quarter of 2015, at 5.3%.

Revenue developed as follows in the past five quarters:

Development of revenue



Europe

Due to the massive increase in steel imports from China and Russia, the European Union adopted temporary duties on cold-rolled flat steel products.

Compared with the first quarter of 2015, steel production declined by 7.0% in the first quarter of 2016, but increased by 5.7% compared with the preceding quarter. The decrease in output volume compared with the first quarter of 2015 took place on a broad scale and steel production dropped in nearly all countries of the European Union. Especially in the UK, a substantial decline of roughly 39% was recorded as a result of the closure of the steel plant in Redcar. The increase in steel output compared with the fourth quarter of 2015 is primarily related to an expansion of production in the three main markets, Germany, Italy and France. The automotive industry continues to drive demand, so the number of new registrations of passenger vehicles in the European Union increased for the thirty-first consecutive month in March 2016 and totaled more than 3.8 million in the past quarter. This corresponds to an increase by 8.2% compared with the first quarter of 2015.

In response to the significant increase in steel imports from China in the past years due to massive local excess capacities the European Union adopted temporary duties ranging from 13.8% to 26.2% on cold-rolled flat steel products of Chinese and Russian producers at the beginning of the year 2016. Such materials are widely used in the automotive industry, in mechanical engineering as well as for a variety of household appliances.

The region's revenue dropped by roughly 4% in the first quarter of 2016 compared with the same period of 2015. This is primarily attributable to the decline in steel production and changes in the product mix. While the flow control business recorded a considerable decline in the slide gate plate segment, the linings business was slightly expanded. Compared with the fourth quarter of 2015, revenue rose by roughly 2% due to significant growth in the electric arc furnace segment.

Asia/Pacific

All important markets in the Asia/Pacific region recorded a decline in steel production.

In the first quarter of 2016 steel production in the Asia/Pacific region decreased by 2.8% compared with the same period of 2015 and by 1.1% compared with the fourth quarter of 2015. All important markets with the exception of India recorded a decline. In China the downturn of the construction industry as a result of falling property prices, high excess capacities in the basic industry as well as the resulting substantially reduced investment activities are burdening the market environment. In India, the growth rates of the local steel industry declined as a result of the imports from China. However, due to the increase in iron ore prices by roughly 50% in China compared with the low of December 2015, a recovery is to be expected especially for producers melting steel scrap in electric arc furnaces or open hearth furnaces.

The region's revenue was roughly 5% lower in the first quarter of 2016 than in the comparative period of 2015 due to a weaker business development in China. Compared with the fourth quarter of 2015, revenue declined by roughly 1%. While a substantial decrease in revenue had to be recognized in China, revenue was expanded in nearly all other countries.

North America

Steel demand by the oil and gas industry in the US continued to be weak.

The North American steel producers reduced their output by 1.1% in the first quarter of 2016 compared with the same period of 2015. Steel demand by the oil and gas industry continued to be weak. After an all-time high of roughly 1,600 in October 2014, the number of active oil drilling rigs in the US fell continuously and only amounted to roughly 350 in April 2016. This is equivalent to the level of the year 2009 and explains the plummeting demand for pipes, drill heads and other steel equipment for oil production. Compared with the low level of the fourth quarter of 2015, steel production in North America was up 7.1%, which is primarily attributable to the development in the US.

In the first quarter of 2016, the region's revenue declined by roughly 5% compared with the same period of 2015. This is above all due to a weaker business development in Mexico. Compared with the fourth quarter of 2015, however, revenue rose by roughly 3%. While the linings business recorded a slight decline, the flow control business was expanded significantly in the slide gate plate segment.

Africa/CIS/Middle East

Revenue declined in Africa, the Middle East and in the CIS region in the past quarter.

In the first quarter of 2016, steel production in the CIS region declined by 0.4% compared with the same period of 2015. While steel production in Russia dropped by more than 5%, Ukrainian producers increased their production by roughly 18%. Compared with the fourth quarter of 2015, steel production remained at an unchanged level. The region's revenue was roughly 12% lower than in the comparative period of 2015, which is primarily attributable to a weaker flow control business. Compared with the strong fourth quarter of 2015, revenue plunged by roughly 23%, among other things because of weaker business in Russia.

In Africa, steel production fell by 22.6% in the first quarter of 2016 compared with the same period of 2015, reflecting the development in the two important countries Egypt and South Africa, which together account for more than 80% of the continent's steel production. Compared with the fourth quarter of 2015, steel production was up 7.7% due to a significant increase in Libya and South Africa. The region's revenue fell by roughly 23% compared with the same period of 2015. However, compared with the fourth quarter of 2015, revenue increased by roughly 26% due to high deliveries in Libya.

In the Middle East, steel production in the first quarter of 2016 was down 2.3% on the comparative period of 2015. Compared with the weak fourth quarter of 2015, output rose by 11.2% driven by massive volume growth in Saudi Arabia. The region's revenue dropped by roughly 9% compared with the same period of 2015 due to weaker business in Oman and the United Arab Emirates. Compared with the fourth quarter of 2015, a decline of 5% in revenue was recorded primarily due to a weaker flow control business.

South America

Steel production in South America declined as a result of the severe recession in Brazil.

In the first quarter of 2016, steel production in South America decreased by 14.1% compared with the same period of 2015 as a result of the severe recession in Brazil, which is the most important steel market with a share of 75%, and by 11.2% compared with the fourth quarter of 2015. The economies on the South American continent suffer from low raw material prices, high inflation and lacking growth perspectives. For example, industrial production in Brazil declined for the twenty-third consecutive month in March 2016.

After a very strong first quarter of 2015, the region's revenue dropped significantly by roughly 43% in the first quarter of 2016 due to lower deliveries in Brazil and Venezuela. Compared with the fourth quarter of 2015, revenue decreased by roughly 5% as a result of weaker linings business.

Industrial Division

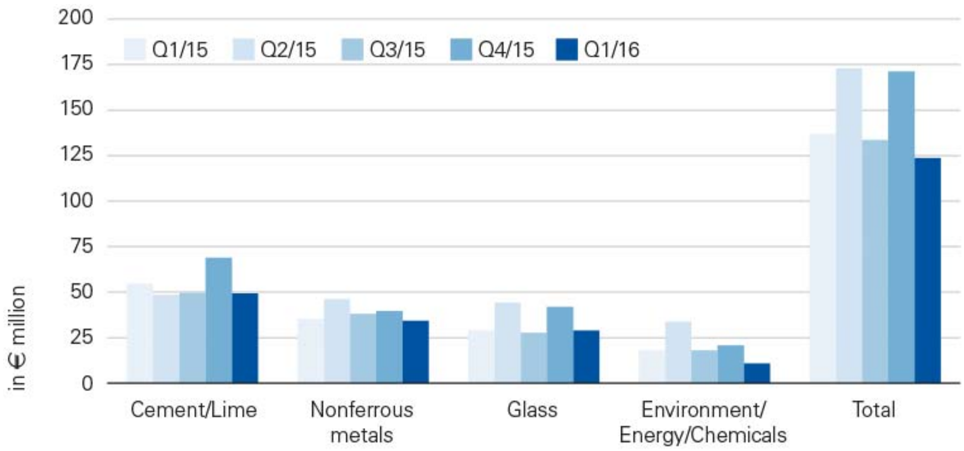
In the first quarter of 2016, the Industrial Division's sales volume declined by 5.9% compared with the same period of 2015 and amounted to roughly 96,000 tons. This is primarily attributable to a decrease in deliveries in the cement/lime and environment, energy, chemicals business units. The weaker demand in the cement/lime business unit is predominantly a result of delivery postponements on the part of customers, while in the environment, energy, chemicals business unit a major contract was delivered in the coal and petroleum coke sector in the previous year. Thus the Industrial Division's revenue was 9.6% down on the comparative quarter of 2015. Compared with the strongly project-driven fourth quarter of 2015, sales volume decreased by 29.4% and revenue by 27.8%.

The decline in operating EBIT is attributable to lower deliveries and the resulting weaker production capacity utilization.

The Industrial Division's revenue amounted to € 123.6 million in the first quarter of 2016 and was thus lower than in the comparative period of 2015, at € 136.8 million, and also lower than in the fourth quarter of 2015, at € 171.2 million. The operating EBIT totaled € 8.8 million in the first quarter 2016 after € 13.2 million in the comparative period of 2015, and was also lower than in the fourth quarter of 2015, at € 24.3 million. The decline compared with the first quarter of 2015 is attributable to lower deliveries in the cement/lime and environment, energy, chemicals business units and to the resulting weaker utilization of production capacities. The decline compared with the fourth quarter of 2015 is due to the high number of project deliveries at the end of the year. The operating EBIT margin, at 7.1% in the first quarter of 2016, fell short of that in the comparative period of 2015 at 9.6% and also of that in the fourth quarter of 2015, at 14.2%.

Revenue developed as follows in the past five quarters:

Development of revenue



Cement/lime

With the exception of India and Indonesia, revenue declined in all important cement markets.

Revenue of the cement/lime business unit decreased by roughly 10% in the first quarter of 2016 compared with the same period of 2015 as a result of delivery postponements by customers. Nearly all regions recorded a decline in business. Only the contribution to revenue of the Asia/Pacific region rose in the double-digit range due to a positive business development in India and Indonesia – despite a significant drop in China. Compared with the strongly project-driven fourth quarter of 2015, revenue plunged by roughly 28%. For example, materials for new plants in North America were delivered at the end of the year 2015. In addition, business in China usually generates particularly strong revenue in the fourth quarter. A positive development compared with the fourth quarter of 2015 was recorded in Europe. Here, revenue was significantly expanded especially in Germany and France.

In general, the weak economic situation and regional excess capacities cause lower repair activities. Capacities are currently only expanded in individual countries in North America. In this context, RHI won a contract for a new plant in Mexico. In South America many economies are struggling with a slowdown of the economy as a result of falling raw material prices. Here, the declining demand for cement burdens the development of the business unit. Moreover, political uncertainties in some regions have a negative effect on the development of the cement industry. In the CIS region the Russian ruble's strong devaluation additionally affects the RHI Group's competitiveness compared with local suppliers.

The African continent has become an important customer market in the past years. Countries such as Libya and Egypt are lagging behind this development due to political uncertainties. The most important individual markets are Algeria and Nigeria. In the Middle East the persisting low oil price leads to low investments in infrastructure. This has a negative effect on the business activities in this region, above all Saudi Arabia. A positive business environment for the sale of refractory products may develop in Iran as a result of lifting the sanctions against the country.

In China the downturn of the construction industry and declining property prices are burdening local cement producers. This leads to low utilization of the cement production capacities and partial closures of plants, and consequently to a reduced repair level for refractories producers. In this environment, RHI focuses on the service packages appreciated by the customers.

Nonferrous metals

The prices of the relevant nonferrous metals marked new multi-year lows at the beginning of the year 2016 as a result of the market turbulence caused by the concerns regarding economic growth of China. However, they recovered slightly as the quarter progressed. At the end of the quarter, tin recorded the strongest increase in comparison with the low of mid-January 2016, at 26%, followed by zinc, which was up roughly 24%, copper and nickel, each up roughly 12%, lead at roughly 7% and aluminum at roughly 5%. Compared with the level of March 31, 2015, nickel recorded the most significant drop, at roughly 32%, followed by copper at roughly 20%, aluminum at roughly 15%, zinc at roughly 13% and lead at roughly 6%. Only the tin price rose by roughly 1% year on year. The development of the metal prices thus reflects the globally subdued economic prospects.

The prices of the relevant nonferrous metals marked new multi-year lows as a result of the market turbulence caused by the concerns regarding economic growth in China.

Revenue of the nonferrous metals business unit declined by roughly 3% in the first quarter of 2016 compared with the same period of 2015. While revenue in South America increased substantially due to two major repairs in Peru and Bolivia, revenue in Africa decreased significantly because the number of project deliveries declined. Compared with the strong fourth quarter of 2015, revenue dropped by roughly 13%, which was among other things due to a major repair in Canada which had been invoiced in the previous quarter. Despite the decline in revenue, the contribution to earnings was maintained nearly stable due to urgent repairs in the million euro range in the ferrochrome and titanium oxide segments.

Another significant focus was also placed in Bulgaria and Namibia, where materials for major repairs of key aggregates were supplied in the copper segment. Other major deliveries went to Kazakhstan, Canada, China and Australia, where regular customers trusted in RHI materials. Another positive development was a major contract in the aluminum segment won in China. Here, a total of seven kilns will be lined with refractory materials in the second half of the current financial year; three purging systems will also be integrated into these kilns. In addition, an important part of the metallurgical process technology will also be provided by RHI.

Glass

A decline in revenue in the area of fused cast products was compensated by an increase in revenue in the fired brick segment.

Revenue of the glass business unit remained unchanged in the first quarter of 2016 compared with the same period of 2015. However, regional changes occurred. While significantly more projects were delivered in North America, business in Africa and the Middle East contracted considerably. There were also changes in the product mix. As a result, the decline in revenue by roughly 17% in the area of fused cast products was compensated by an increase in revenue in the fired brick segment. Compared with the fourth quarter, which is traditionally strong due to the high number of project deliveries, revenue fell by roughly 31%. This development is primarily attributable to the installations performed in the Middle East in the preceding quarter. Projects postponed by customers for two large projects in China and the Middle East prevented a better result in the past quarter.

Incoming orders developed very positively in the past quarter and rose by more than 20% compared with the level at the end of the year 2015. For example, three contracts were won in Kazakhstan and Thailand. Here, RHI will deliver large parts of the required refractories, with the exception of fused cast products. In contrast, a contract for the entire refractory material was won in Kuwait. Repairs and replacement investments, especially in the flat glass segment, are currently also under preparation in Europe, the US and Russia. RHI hopes to land further orders here.

Environment, energy, chemicals

The business unit's decline in revenue is primarily due to a major contract in the coal and petroleum coke gasifier segment in India delivered in the previous year.

Revenue of the environment, energy, chemicals business unit fell significantly in the first quarter of 2016 compared with the same period of 2015. This is primarily attributable to a major contract in the coal and petroleum coke segment delivered in India in the previous year. Compared with the fourth quarter of 2015, revenue dropped by 48%, which was primarily attributable to seasonally weaker business in Canada and lower project deliveries in the Middle East.

The permanently low oil price causes a challenging market environment in the oil and gas extraction industry. Especially in the Canadian oil sand business, the market price is below production cost, leading to high cost pressure. As a result, an important customer was taken over by a new owner. In contrast, the Iranian market saw a positive development. After the trade embargo was lifted, a significant increase was recorded in the number of enquiries from the pelletizing plant segment as well as the oil and gas industry. Many customers want to upgrade their outdated plants.

Raw Materials Division

In the first quarter of 2016 the Raw Materials Division's external sales volume amounted to roughly 81,000 tons and thus rose by 3.8% compared with the same period of 2015. This included, among other things, the sale of raw dolomite in Italy, which makes a significant contribution in terms of volume, but is negligible in terms of value due to the low price per ton, as well as the sale of caustic magnesia for the animal feed industry. Compared with the fourth quarter of 2015, sales volume declined by 2.4%.

The increase in operating EBIT is primarily due to improved utilization of the raw material plants.

The Raw Materials Division's revenue, at € 69.9 million in the first quarter of 2016, was lower than in the comparative period of 2015 at € 73.8 million, but exceeded the revenue of € 60.9 million in the fourth quarter of 2015. The operating EBIT amounted to € 1.6 million in the first quarter of 2016 after € (1.5) million in the comparative period of 2015 and thus also exceeded that of the fourth quarter of 2015 at € (5.2) million. The increase is primarily attributable to good utilization at the two Austrian raw material plants in Breitenau and Hochfilzen. At the locations in China and Turkey, utilization of the raw material production capacities also improved. The operating EBIT margin, at 2.3% in the first quarter of 2016, exceeded that of the comparative period of 2015 at (2.0)% as well as that of the fourth quarter of 2015, at (8.5)%. EBIT of the Raw Materials Division amounted to € (1.6) million in the past quarter and is affected by a negative net effect from the power supply contract in Norway. Here, financial liabilities of roughly € 1.9 million were reversed through profit and loss due to own use and the sale at market price; however, due to a decline in electricity future prices, a negative non-cash effect on earnings of roughly € 5.1 million had to be recognized.

At the site in Porsgrunn, Norway, roughly 8,500 tons of fused magnesia were produced in the first quarter of 2016. The operating EBIT situation before effects from the power supply contract improved significantly in comparison with both the comparative period of 2015 and the fourth quarter of 2015. Lower-value qualities of fused magnesia are bought in China at a lower price, while the Norwegian raw materials will still be used for the high-quality grades for the steel industry.

The slower economic growth in the emerging markets, combined with weaker industrial production, led to a decline in the price level of important refractory raw materials such as sintered and fused magnesia, bauxite, andalusite and fused corundum in the year 2015 and also in the past quarter. Many suppliers make losses due to the current market prices.

Outlook

For the full year 2016, the Management Board of the RHI Group still expects revenue (2015: € 1,752.5 million) below and operating EBIT (2015: € 124.1 million) at the level of the past financial year, provided that the macroeconomic environment and exchange rates remain stable, with the first half of 2016 slightly weaker than the second half of the year. The expected decline in revenue in the Steel Division is related especially to an expected slowdown of the business development in South America and a highly competitive environment. In the Industrial Division, a weaker nonferrous metals and cement business could cause a decrease in revenue.

Due to the development in the customer industries, RHI is currently working on further optimizing the plant structure, which could lead to an adjustment of production capacities in Europe in the current financial year. In addition, different cost measures have been defined in the sales and general administrative departments. The planned continuation of the reduction of working capital should support the generation of free cash flow and lead to a further reduction of net debt.

Risk Report

In the first quarter of 2016, 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 the low price level of important nonferrous metals such as copper, aluminum, nickel and tin because of slower economic growth in China and low oil prices. 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 metal and energy prices could cause producers to postpone new projects, major repairs and maintenance work. Opportunities lie above all in an increase in steel production volume in electric arc furnaces due to a considerable increase in iron ore prices, which lead to higher production costs at integrated steel plants, thus reducing their competitiveness.

Condensed, unaudited interim consolidated financial statements

as of 03/31/2016

Consolidated statement of financial position

as of 03/31/2016

in € million	03/31/2016	12/31/2015
ASSETS		
Non-current assets		
Property, plant and equipment	517.8	532.2
Goodwill	36.6	37.5
Other intangible assets	71.5	74.2
Investments in joint ventures	21.4	19.3
Other non-current financial assets	23.9	23.7
Other non-current assets	18.3	18.0
Deferred tax assets	149.6	146.1
	839.1	**851.0**
Current assets		
Inventories	413.4	403.9
Trade and other current receivables	370.4	390.0
Income tax receivables	5.3	5.9
Other current financial assets	5.5	4.0
Cash and cash equivalents	167.6	149.7
	962.2	**953.5**
	1,801.3	**1,804.5**

EQUITY AND LIABILITIES		
Equity		
Share capital	289.4	289.4
Group reserves	183.5	188.2
Equity attributable to shareholders of RHI AG	472.9	477.6
Non-controlling interests	13.9	13.8
	486.8	**491.4**
Non-current liabilities		
Non-current financial liabilities	435.7	438.0
Other non-current financial liabilities	54.9	51.3
Deferred tax liabilities	14.4	15.3
Personnel provisions	336.4	326.3
Other non-current provisions	4.0	4.3
Other non-current liabilities	6.6	7.9
	852.0	**843.1**
Current liabilities		
Current financial liabilities	110.8	109.6
Other current financial liabilities	7.6	8.5
Trade payables and other current liabilities	289.0	293.6
Income tax liabilities	27.5	25.3
Current provisions	27.6	33.0
	462.5	**470.0**
	1,801.3	**1,804.5**

Consolidated statement of profit or loss

from 01/01/2016 to 03/31/2016

in € million	1-3/2016	1-3/2015
Revenue	389.7	424.1
Cost of sales	(303.2)	(331.1)
Gross profit	**86.5**	**93.0**
Selling and marketing expenses	(25.4)	(27.6)
General and administrative expenses	(29.9)	(33.4)
Other income	46.8	45.5
Other expenses	(47.7)	(43.0)
Operating EBIT	**30.3**	**34.5**
Losses from derivatives from supply contracts	(3.2)	0.0
EBIT	**27.1**	**34.5**
Interest income	0.4	0.4
Interest expenses	(4.5)	(5.0)
Other net financial expenses	(1.9)	(2.2)
Net finance costs	**(6.0)**	**(6.8)**
Share of profit of joint ventures	2.7	2.2
Profit before income tax	**23.8**	**29.9**
Income tax	(9.0)	(8.8)
Profit after income tax	**14.8**	**21.1**
attributable to shareholders of RHI AG	14.2	20.7
attributable to non-controlling interests	0.6	0.4

in €		
Earnings per share (basic and diluted)	0.36	0.52

Consolidated statement of comprehensive income

from 01/01/2016 to 03/31/2016

in € million	1-3/2016	1-3/2015
Profit after income tax	**14.8**	**21.1**
Currency translation differences		
Unrealized results from currency translation	(9.8)	46.0
Deferred taxes thereon	0.2	0.0
Market valuation of cash flow hedges		
Unrealized results from fair value change	0.0	(0.1)
Market valuation of available-for-sale financial instruments		
Unrealized results from fair value change	0.0	2.4
Deferred taxes thereon	0.0	(0.6)
Items that will be reclassified subsequently to profit or loss, if necessary	**(9.6)**	**47.7**
Remeasurement of defined benefit plans		
Remeasurement of defined benefit plans	(13.8)	(21.0)
Deferred taxes thereon	4.0	5.9
Items that will not be reclassified to profit or loss	**(9.8)**	**(15.1)**
Other comprehensive income after income tax	**(19.4)**	**32.6**
Total comprehensive income	**(4.6)**	**53.7**
attributable to shareholders of RHI AG	(4.7)	51.6
attributable to non-controlling interests	0.1	2.1

Consolidated statement of cash flows

from 01/01/2016 to 03/31/2016

in € million	1-3/2016	1-3/2015
Profit after income tax	14.8	21.1
Adjustments for		
income tax	9.0	8.8
depreciation and amortization charges	16.3	16.9
income from the reversal of investment subsidies	(0.2)	(0.2)
reversal of impairment losses on securities	(0.2)	0.0
gains from the disposal of property, plant and equipment	0.0	(0.9)
interest result	4.1	4.6
share of profit of joint ventures	(2.7)	(2.2)
other non-cash changes	3.0	5.1
Changes in		
inventories	(12.7)	(27.6)
trade receivables	21.3	2.4
other receivables and assets	(7.5)	(6.4)
provisions	(10.7)	(2.8)
trade payables	0.9	(1.2)
other liabilities	1.3	12.4
Cash flow from operating activities	**36.7**	**30.0**
Income tax paid less refunds	(6.2)	(8.2)
Net cash flow from operating activities	**30.5**	**21.8**
Investments in property, plant and equipment and intangible assets	(11.4)	(11.3)
Cash inflows from the sale of property, plant and equipment	1.8	1.2
Investments in / cash inflows from non-current receivables	0.1	(0.2)
Dividend payments from joint ventures	0.8	0.5
Interest received	0.3	0.4
Net cash flow from investing activities	**(8.4)**	**(9.4)**
Repayments of non-current borrowings and loans	0.0	(51.7)
Changes in current borrowings	(0.6)	(1.7)
Interest payments	(3.3)	(4.3)
Net cash flow from financing activities	**(3.9)**	**(57.7)**
Total cash flow	**18.2**	**(45.3)**
Change in cash and cash equivalents	**18.2**	**(45.3)**
Cash and cash equivalents at beginning of period	149.7	151.1
Changes due to currency translation	(0.3)	3.9
Cash and cash equivalents at end of period	167.6	109.7
Total interest paid	3.4	4.3
Total interest received	0.5	0.4

Consolidated statement of changes in equity

from 01/01/2016 to 03/31/2016

in € million	Share capital	Additional paid-in capital	Retained earnings
12/31/2015	**289.4**	**38.3**	**284.5**
Profit after income tax	**-**	**-**	**14.2**
Currency translation differences	-	-	-
Remeasurement of defined benefit plans	-	-	-
Other comprehensive income after income tax	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**14.2**
03/31/2016	**289.4**	**38.3**	**298.7**

in € million	Share capital	Additional paid-in capital	Retained earnings
12/31/2014	**289.4**	**38.3**	**307.9**
Profit after income tax	**-**	**-**	**20.7**
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	**-**	**-**	**20.7**
03/31/2015	**289.4**	**38.3**	**328.6**

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
(0.9)	**0.0**	**(91.9)**	**(41.8)**	**477.6**	**13.8**	**491.4**
-	**-**	**-**	**-**	**14.2**	**0.6**	**14.8**
-	-	-	(9.1)	**(9.1)**	**(0.5)**	**(9.6)**
-	-	(9.8)	-	**(9.8)**	**-**	**(9.8)**
-	**-**	**(9.8)**	**(9.1)**	**(18.9)**	**(0.5)**	**(19.4)**
-	**-**	**(9.8)**	**(9.1)**	**(4.7)**	**0.1**	**(4.6)**
(0.9)	**0.0**	**(101.7)**	**(50.9)**	**472.9**	**13.9**	**486.8**

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**
-	**-**	**-**	**-**	**20.7**	**0.4**	**21.1**
-	-	-	44.3	**44.3**	**1.7**	**46.0**
(0.1)	-	-	-	**(0.1)**	**-**	**(0.1)**
-	1.8	-	-	**1.8**	**-**	**1.8**
-	-	(15.1)	-	**(15.1)**	**-**	**(15.1)**
(0.1)	**1.8**	**(15.1)**	**44.3**	**30.9**	**1.7**	**32.6**
(0.1)	**1.8**	**(15.1)**	**44.3**	**51.6**	**2.1**	**53.7**
(1.1)	**6.3**	**(121.2)**	**(7.0)**	**533.3**	**14.3**	**547.6**

Selected explanatory notes

(1) Principles and methods

The interim consolidated financial statements as of 03/31/2016 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 12/31/2015.

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
Amendments of standards			
IAS 1	Disclosure Initiative	12/18/2014 (12/18/2015)	No effect
IAS 16, IAS 38	Clarification of Acceptable Methods of Depreciation and Amortization	05/12/2014 (12/02/2015)	No effect
IAS 16, IAS 41	Bearer Plants	06/30/2014 (11/23/2015)	Not relevant
IAS 27	Equity Method in Separate Financial Statements	08/12/2014 (12/18/2015)	Not relevant
IFRS 11	Accounting for Acquisitions of Interests in Joint Operations	05/06/2014 (11/24/2015)	No effect
Various	Annual Improvements to IFRSs 2010-2012 Cycle	12/12/2013 (12/17/2014)	No effect
Various	Annual Improvements to IFRSs 2012-2014 Cycle	09/25/2014 (12/15/2015)	No effect

Audit and review by an auditor

The consolidated interim financial statements as of 03/31/2016 were neither fully audited nor reviewed by an auditor.

(2) Group of consolidated companies

Compared with the reporting date 12/31/2015, the group of consolidated companies was extended by the newly founded subsidiary RHI United Offices Europe, S.L. (100%), Lugones, Spain, increasing the number of fully consolidated subsidiaries to 78. The purpose of this company is the provision of internal administrative services.

One joint venture is consolidated using the equity method, unchanged compared with the previous year.

(3) 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 03/31/2016 a significant reduction in the actuarial interest rate, especially in the euro area, led to an increase in pension and termination benefit obligations of € 13.8 million (03/31/2015: € 21.0 million) and a reduction of equity by € 9.8 million (03/31/2015: € 15.1 million) (after deferred taxes).

(4) Other income and expenses

Foreign exchange differences and derivative financial instruments had the following effect on the operating EBIT:

in € million	1-3/2016	1-3/2015
Foreign exchange gains	43.1	44.1
Foreign exchange losses	(46.9)	(29.6)
Gains from derivative financial instruments	2.3	0.0
Losses from derivative financial instruments	(0.2)	(13.1)
Net effect	**(1.7)**	**1.4**

(5) Income tax

The tax rate of the first quarter of 2016 amounts to 37.8% (1-3/2015: 29.4%).

(6) Segment reporting

The key figures of the operating segments for the first quarter of 2016 and the first quarter of 2015 are shown in the tables below:

in € million	Steel	Industrial	Raw Materials	Reconcil-iation	Group 1-3/2016
External revenue	255.9	123.6	10.2	0.0	389.7
Internal revenue	0.0	0.0	59.7	(59.7)	0.0
Segment revenue	**255.9**	**123.6**	**69.9**	**(59.7)**	**389.7**
Operating EBIT	**19.9**	**8.8**	**1.6**	**0.0**	**30.3**
Losses from derivatives from supply contracts	0.0	0.0	(3.2)	0.0	(3.2)
EBIT	**19.9**	**8.8**	**(1.6)**	**0.0**	**27.1**
Net finance costs	0.0	0.0	0.0	(6.0)	(6.0)
Share of profit of joint ventures	0.0	0.0	2.7	0.0	2.7
Profit before income tax					**23.8**
Segment assets 03/31/2016	635.5	284.3	414.3	445.8	1,779.9
Investments in joint ventures 03/31/2016	0.0	0.0	21.4	0.0	21.4
					1,801.3

in € million	Steel	Industrial	Raw Materials	Reconcil-iation	Group 1-3/2015
External revenue	279.7	136.8	7.6	0.0	424.1
Internal revenue	0.0	0.0	66.2	(66.2)	0.0
Segment revenue	**279.7**	**136.8**	**73.8**	**(66.2)**	**424.1**
Operating EBIT/EBIT	**22.8**	**13.2**	**(1.5)**	**0.0**	**34.5**
Net finance costs	0.0	0.0	0.0	(6.8)	(6.8)
Share of profit of joint ventures	0.0	0.0	2.2	0.0	2.2
Profit before income tax					**29.9**
Segment assets 12/31/2015	647.0	291.3	429.6	417.3	1,785.2
Investments in joint ventures 12/31/2015	0.0	0.0	19.3	0.0	19.3
					1,804.5

(7) Disclosures on financial instruments

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

in € million	IAS 39 Measurement category[1]	Level	(Amortized) cost	Fair value recognized in profit or loss	Fair value recognized in equity	03/31/2016 Carrying amount	03/31/2016 Fair value
Assets							
Available-for-sale investments	FAAC	-	0.5	-	-	0.5	-
Available-for-sale securities	AfS	1	-	-	20.7	20.7	20.7
Available-for-sale shares	FAAC	-	0.5	-	-	0.5	-
Other non-current financial receivables	LaR	-	2.2	-	-	2.2	-
Trade and other current receivables[2]	LaR	-	280.9	-	-	280.9	-
Other current financial receivables	LaR	-	1.6	-	-	1.6	-
Financial assets held for trading	FAHfT	2	-	3.9	-	3.9	3.9
Cash and cash equivalents	LaR	-	167.6	-	-	167.6	-
Liabilities							
Non-current financial liabilities	FLAAC	2	435.7	-	-	435.7	463.0
Interest derivatives designated as cash flow hedges	-	2	-	-	1.3	1.3	1.3
Current financial liabilities	FLAAC	2	110.8	-	-	110.8	111.4
Financial liabilities held for trading	FLHfT	2	-	61.2	-	61.2	61.2
Trade payables and other current liabilities[3]	FLAAC	-	186.1	-	-	186.1	-
Aggregated according to measurement category							
Loans and receivables	LaR		452.3	-	-	452.3	
Available for sale financial instruments	AfS		-	-	20.7	20.7	
Financial assets at cost	FAAC		1.0	-	-	1.0	
Financial assets held for trading	FAHfT		-	3.9	-	3.9	
Financial liabilities measured at amortized cost	FLAAC		732.6	-	-	732.6	
Financial liabilities held for trading	FLHfT		-	61.2	-	61.2	

in € million	IAS 39 Measurement category[1)]	Level	(Amortized) cost	Fair value recognized in profit or loss	recognized in equity	12/31/2015 Carrying amount	Fair value
Assets							
Available-for-sale investments	FAAC	-	0.5	-	-	0.5	-
Available-for-sale securities	AfS	1	-	-	20.4	20.4	20.4
Available-for-sale shares	FAAC	-	0.5	-	-	0.5	-
Other non-current financial receivables	LaR	-	2.3	-	-	2.3	-
Trade and other current receivables[2)]	LaR	-	308.4	-	-	308.4	-
Other current financial receivables	LaR	-	1.7	-	-	1.7	-
Financial assets held for trading	FAHfT	2	-	2.3	-	2.3	2.3
Cash and cash equivalents	LaR	-	149.7	-	-	149.7	-
Liabilities							
Non-current financial liabilities	FLAAC	2	438.0	-	-	438.0	461.3
Interest derivatives designated as cash flow hedges	-	2	-	-	1.3	1.3	1.3
Current financial liabilities	FLAAC	2	109.6	-	-	109.6	110.1
Financial liabilities held for trading	FLHfT	2	-	58.5	-	58.5	58.5
Trade payables and other current liabilities[3)]	FLAAC	-	196.9	-	-	196.9	-
Aggregated according to measurement category							
Loans and receivables	LaR		462.1	-	-	462.1	
Available for sale financial instruments	AfS		-	-	20.4	20.4	
Financial assets at cost	FAAC		1.0	-	-	1.0	
Financial assets held for trading	FAHfT		-	2.3	-	2.3	
Financial liabilities measured at amortized cost	FLAAC		744.5	-	-	744.5	
Financial liabilities held for trading	FLHfT		-	58.5	-	58.5	

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 € 370.4 million (12/31/2015: € 390.0 million) as shown in the statement of financial position also include non-financial assets of € 89.5 million (12/31/2015: € 81.6 million).

3) Trade payables and other current liabilities of € 289.0 million (12/31/2015: € 293.6 million) as shown in the statement of financial position also include non-financial liabilities of € 102.9 million (12/31/2015: € 96.7 million).

In the RHI Group especially securities and derivative financial instruments 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 open orders denominated in a currency other than the functional currency and the market value of a long-term power supply contract. These financial assets and liabilities held for trading are measured based on quoted forward rates (Level 2).

The available-for-sale unlisted shares in a residential property company (Level 3) were sold in their entirety in the second quarter of 2015. The measurement performed was already based on the selling price. The development of the shares measured according to level 3 in the financial year 2015 is presented in the table below:

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

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 (12/31/2015: € 0.5 million) and available-for-sale shares of € 0.5 million (12/31/2015: € 0.5 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 financial receivables roughly correspond to the fair value 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 fair value approximates the carrying amounts at the reporting date.

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

(8) Contingent liabilities

As of 03/31/2016 contingent liabilities amount to € 31.4 million (12/31/2015: € 35.2 million). Of this total, warranties, performance guarantees and other guarantees account for € 30.5 million (12/31/2015: € 34.3 million) and sureties for € 0.9 million (12/31/2015: € 0.9 million).

(9) Disclosures on related companies and persons

With the exception of dividend payment received from MAGNIFIN Magnesiaprodukte GmbH & Co KG, St. Jakob, Austria, which amounted to € 0.8 million (1-3/2015: € 0.5 million), no material transactions took place between the RHI Group and related companies and persons in the first quarter of 2016.

(10) 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 management report.

(11) Employees

In the first quarter of 2016 the average number of employees of the RHI Group weighted by level of employment amounted to 7,783 (1-3/2015: 7,973).

(12) Events after the reporting date 03/31/2016

The Annual General Meeting on 05/04/2016 approved the payout of a dividend of € 0.75 per share for the year 2015. Therefore, a total of € 29.9 million will be paid out to the shareholders of RHI AG in the second quarter of 2016.

No further events of material importance became known after the reporting date on 03/31/2016.

Vienna, 05/12/2016

Management Board

Franz Struzl
CEO

Barbara Potisk-Eibensteiner
CFO

Franz Buxbaum
COO
CTO R&D

Thomas Jakowiak
CSO Industrial Division

Reinhold Steiner
CSO Steel Division

RHI Share

Shareholder structure

- MSP Foundation, LIE >25%
- Chestnut Beteiligungsgesellschaft mbH, GER* >5%
- Silver Beteiligungsgesellschaft mbH, GER* >5%
- Free Float <65%

* 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 March 31, 2016, 39,819,039 no-par common shares of RHI AG with voting rights were admitted to trading in Vienna.

Capital market calendar 2016

Preliminary results 2015	February 15, 2016
Final results 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 €)	Q1/2016	Q1/2015
Highest closing price	18.55	29.87
Lowest closing price	14.69	19.04
Closing price at end of period	17.17	27.40
Market capitalization (in € million)	684	1,091

Share performance 01/2015 - 05/2016

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

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The English translation of this 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 earnings position, profitability, performance or results of RHI to differ materially from the earnings position, profitability, performance or results expressed 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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