REPORT FOR THE 1st QUARTER 2017

RHI

Quarterly Overview

Earnings indicators (in € million)	Q1/2017	Q4/2016	Delta	Q3/2016	Q2/2016	Q1/2016
Revenue	418.8	423.9	(1.2)%	397.1	440.5	389.7
EBITDA	**48.5**	**40.4**	**20.0%**	**48.1**	**57.4**	**43.2**
Operating EBIT[1)]	37.9	25.2	50.4%	27.8	39.9	30.3
EBIT	32.6	15.0	117.3%	32.5	41.5	27.1
Net finance costs	(5.4)	(4.7)	(14.9)%	(5.4)	(5.1)	(6.0)
Share of profit of joint ventures	3.0	3.5	(14.3)%	2.0	2.7	2.7
Profit before income tax	30.2	13.8	118.8%	29.1	39.1	23.8
Income tax	(11.7)	(1.9)	(515.8)%	(4.0)	(15.0)	(9.0)
Profit from continuing operations	18.5	11.9	55.5%	25.1	24.1	14.8
EBITDA %	11.6%	9.5%	2.1pp	12.1%	13.0%	11.1%
Operating EBIT %	9.0%	5.9%	3.1pp	7.0%	9.1%	7.8%
Profit from continuing operations %	4.4%	2.8%	1.6pp	6.3%	5.5%	3.8%

Cash flow indicators (in € million)	Q1/2017	Q4/2016	Delta	Q3/2016	Q2/2016	Q1/2016
Cash flow from operating activities	**18.0**	**58.2**	**(69.1)%**	**27.8**	**46.2**	**30.5**
Cash flow from investing activities	(6.0)	(23.9)	74.9%	(11.9)	(8.7)	(8.4)
Cash flow from financing activities	(10.6)	(15.4)	31.2%	(10.9)	(50.5)	(3.9)
Free cash flow	12.0	34.3	(65.0)%	15.9	37.5	22.1

Balance sheet indicators (in € million)	Q1/2017	Q4/2016	Delta	Q3/2016	Q2/2016	Q1/2016
Balance sheet total	1,820.8	1,792.2	1.6%	1,758.0	1,757.2	1,801.3
Equity	555.0	524.0	5.9%	483.9	469.8	486.8
Equity ratio (in %)	30.5%	29.2%	1.3pp	27.5%	26.7%	27.0%
Net debt	325.2	332.8	(2.3)%	364.0	373.9	378.9
Gearing ratio (in %)[2)]	58.6%	63.5%	(4.9)pp	75.2%	79.6%	77.8%
Net debt / EBITDA[3)]	**1.7**	**1.8**	**(5.6)%**	**2.5**	**2.7**	**2.9**
Working capital[4)]	491.3	465.1	5.6%	497.9	495.1	516.4
Working capital %[5)]	29.3%	27.4%	1.9pp	31.3%	28.1%	33.1%
Capital employed[6)]	1,113.7	1,095.8	1.6%	1,111.9	1,113.7	1,142.3
Return on capital employed (in %)[7)]	**7.6%**	**4.7%**	**2.9pp**	**10.2%**	**9.4%**	**6.2%**

Stock exchange indicators (Vienna)	Q1/2017	Q4/2016	Delta	Q3/2016	Q2/2016	Q1/2016
Number of shares (million units)	39.819	39.819	0.0%	39.819	39.819	39.819
Closing price (in €)	24.01	24.25	(1.0)%	23.66	17.25	17.17
Market capitalization (in € million)	**956**	**966**	**(1.0)%**	**942**	**687**	**684**
Earnings per share (in €)	0.45	0.29	55.2%	0.62	0.59	0.36
Price-earnings ratio	**13.3**	**20.9**	**(36.4)%**	**9.5**	**7.3**	**11.9**

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) x 4 / average capital employed

Economic Environment

In its "World Economic Outlook" published in April, the International Monetary Fund (IMF) forecasts global economic growth of 3.5% for the current year and 3.6% for the year 2018, after 3.1% in the previous year. This is based on the cyclical recovery of industrial production, investment activity and global trade and is reflected in stronger economic activity, robust global demand, a reduced risk of deflation and optimistic financial markets. An even stronger recovery is held back by structural impediments such as lower productivity growth and high income inequality. These factors lead to domestically focused policies and protectionist measures especially in the advanced economies and pose a threat to free trade and further integration of the global economy. In the past decade, it was especially the emerging markets that benefited from this integration. By now these markets account for roughly 75% of global economic growth and are now confronted with downside risks resulting from changes in economic policies by the newly elected President of the US. Compared with the forecast at the beginning of the year, the experts of the International Monetary Fund increased their growth expectations, especially for the European Union, Russia and Brazil. In contrast, they now expect a weaker development of economic activity in the Middle East than in January 2017. While growth in the developed economies should amount to roughly 2.0% in the coming two years, growth of roughly 4.5% is forecast for the emerging markets, with the strongest increase being expected in Asia, at roughly 6.5%.

The IMF expects global economic growth of 3.5% for the current year and 3.6% for the year 2018, after 3.1% in the previous year.

Important data on the global economic activity and business climate showed a positive development in the past quarter and indicate a good start of the global economy to the year 2017. For example, the Markit Purchasing Managers Index in the euro area rose from 54.9 points at the end of the year 2016 to 56.2 points at the end of March 2017, thus reaching the highest level since 2011 and clearly exceeding the growth-signaling 50-point mark. The Business Climate Index published by the ifo Institute also reached the highest level since 2011 in March 2017. Encouraging signals for further economic trends also came from the US, China and Brazil in the past quarter. In addition, political risks within the euro area declined with the outcome of the parliamentary elections in the Netherlands, which were held in mid-March 2017. However, the withdrawal of the United Kingdom from the European Union, which was officially initiated in late March, and the early general election, which was surprisingly called in mid-April, have made it more difficult to assess the further political development in Europe.

Important data on the global economic activity and business climate showed a positive development in the past quarter.

After the interest rate increase in December of the previous year, the US Federal Reserve raised the base rate by another 0.25 percentage points at its meeting in mid-March 2017, and signaled further increases for the current year. At present, the base rate is now within a range of 0.75% to 1.0%. In Europe, the European Central Bank (ECB) still adheres to its monetary easing policy and maintained the interest rate and measures to support the economy at an unchanged level. The global stock markets benefited from positive economic data and the good development of corporate profits, and reached record levels in several cases. The Dow Jones Industrial Average Index, for example, marked a new all-time high closing at more than 21,000 points in early March 2017. Likewise, many raw material and metal prices picked up significantly in the past quarter, thus counteracting the risk of deflation.

While the interest rate was raised again in the US, the European Central Bank continues to adhere to its monetary easing policy.

Asset, Financial and Earnings Position

In the first quarter of 2017, the RHI Group's sales volume increased by 4.8% compared with the same period of 2016 to roughly 483,000 tons. While the Steel Division recorded an increase by 5.3% due to higher deliveries in Europe, North America, Africa and the Middle East, the Industrial Division's sales volume rose by 10.4% due to a positive development in nearly all business units. In contrast, the Raw Materials Division recorded a decline in external sales volume by 3.7%. Compared with the strongly project-driven fourth quarter of 2016, sales volume fell by 5.5%.

The increase in revenue compared with the first quarter of 2016 is attributable to a friendlier market environment in many customer industries and the related better order situation.

The RHI Group's revenue in the first quarter of 2017, at € 418.8 million, exceeded the revenue of the comparative period of 2016, at € 389.7 million, and was slightly lower than in the fourth quarter of 2016, at € 423.9 million. The increase in revenue compared with the first quarter of 2016 is attributable to the positive business development in both the Steel Division and in the Industrial Division. Operating EBIT amounted to € 37.9 million in the first quarter of 2017, after € 30.3 million in the comparative period of 2016, thus also exceeding the figure of the fourth quarter of 2016, at € 25.2 million. The increase compared with the first quarter of 2016 is among other things due to a friendlier market environment in many customer industries and the related better order situation as well as the resulting higher utilization of production capacities and product mix effects. The operating EBIT margin, at 9.0% in the first quarter of 2017, thus exceeded that of the comparative period of 2016, at 7.8%, and that of the fourth quarter of 2016, at 5.9%. The external costs associated with the planned combination of RHI and Magnesita incurred in the past quarter total € 3.8 million. Adjusted for these expenses, the operating EBIT amounted to € 41.7 million in the first quarter of 2017 and the operating EBIT margin to 10.0%.

EBIT amounted to € 32.6 million in the first quarter of 2017 and includes a negative net effect from the power supply contract in Norway amounting to € 4.3 million as a result of lower electricity future prices. In addition, restructuring costs of € 1.0 million were incurred related to the changes in the product portfolio at the site in Porsgrunn, Norway.

Net finance costs including the share of profit of joint ventures amounted to € (2.4) million in the past quarter compared with € (3.3) million in the first quarter of 2016. This improvement is among other things attributable to lower interest expenses due to a reduction of financial liabilities. The tax rate amounted to 38.7% in the past quarter, but is expected to match the prior-year level of roughly 30% again for the full year. Profit after income tax thus totaled € 18.5 million in the first quarter of 2017. Earnings per share amounted to € 0.45.

Net debt was reduced further to roughly € 325 million.

Equity was € 555.0 million at March 31, 2017, compared with € 524.0 million at December 31, 2016. This corresponds to an equity ratio of 30.5%. Working capital increased from € 465.1 million at the end of the year 2016 to € 491.3 million at March 31, 2017. This is primarily attributable to higher inventories due to an increase in the order level by roughly 15% compared with December 31, 2016. Free cash flow amounted to € 12.0 million in the past quarter compared with € 22.1 million in the same period of 2016 and is burdened by the increase in working capital. Net debt declined slightly from € 332.8 million at the end of 2016 to € 325.2 million at March 31, 2017. The number of employees amounted to 7,460 at the end of the past quarter.

Segment Reporting

	Q1/2017	Q1/2016	Delta	Q4/2016	Q3/2016	Q2/2016
Sales volume (thousand tons)	483	461	4.8%	511	476	531
Steel Division	299	284	5.3%	300	292	333
Industrial Division	106	96	10.4%	131	102	99
Raw Materials Division	78	81	(3.7)%	80	82	99
in € million						
Revenue	**418.8**	**389.7**	**7.5%**	**423.9**	**397.1**	**440.5**
Steel Division	273.3	255.9	6.8%	268.2	260.9	286.4
Industrial Division	133.0	123.6	7.6%	145.1	128.1	141.8
Raw Materials Division						
external revenue	12.5	10.2	22.5%	10.6	8.1	12.3
internal revenue	52.6	59.7	(11.9)%	51.7	51.8	61.6
EBITDA	**48.5**	**43.2**	**12.3%**	**40.4**	**48.1**	**57.4**
EBITDA margin	11.6%	11.1%	0.5pp	9.5%	12.1%	13.0%
Operating EBIT[1)]	**37.9**	**30.3**	**25.1%**	**25.2**	**27.8**	**39.9**
Steel Division	26.4	19.9	32.7%	13.1	15.7	27.5
Industrial Division	12.7	8.8	44.3%	13.9	10.3	11.5
Raw Materials Division	(1.2)	1.6	(175.0)%	(1.8)	1.8	0.9
Operating EBIT margin	**9.0%**	**7.8%**	**1.2pp**	**5.9%**	**7.0%**	**9.1%**
Steel Division	9.7%	7.8%	1.9pp	4.9%	6.0%	9.6%
Industrial Division	9.5%	7.1%	2.4pp	9.6%	8.0%	8.1%
Raw Materials Division[2)]	(1.8)%	2.3%	(4.1)pp	(2.9)%	3.0%	1.2%
EBIT	**32.6**	**27.1**	**20.3%**	**15.0**	**32.5**	**41.5**
Steel Division	26.4	19.9	32.7%	13.2	15.7	27.5
Industrial Division	12.7	8.8	44.3%	6.0	10.3	6.9
Raw Materials Division	(6.5)	(1.6)	(306.3)%	(4.2)	6.5	7.1
EBIT margin	**7.8%**	**7.0%**	**0.8pp**	**3.5%**	**8.2%**	**9.4%**
Steel Division	9.7%	7.8%	1.9pp	4.9%	6.0%	9.6%
Industrial Division	9.5%	7.1%	2.4pp	4.1%	8.0%	4.9%
Raw Materials Division[2)]	(10.0)%	(2.3)%	(7.7)pp	(6.7)%	10.9%	9.6%
Net finance costs	**(5.4)**	**(6.0)**	**10.0%**	**(4.7)**	**(5.4)**	**(5.1)**
Share of profit of joint ventures	3.0	2.7	11.1%	3.5	2.0	2.7
Profit before income tax	**30.2**	**23.8**	**26.9%**	**13.8**	**29.1**	**39.1**
Income tax	(11.7)	(9.0)	(30.0)%	(1.9)	(4.0)	(15.0)
Income tax in %	38.7%	37.8%	0.9pp	13.8%	13.7%	38.4%
Profit after income tax	**18.5**	**14.8**	**25.0%**	**11.9**	**25.1**	**24.1**
Earnings per share in €[3)]	0.45	0.36		0.29	0.62	0.59

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 expects the growth rate of demand for steel to fall short of global economic growth in the coming years due to a weaker development in China.

In its "Short Range Outlook" published in April 2017, the World Steel Association expects global demand for steel to grow by 1.0% in the current year and by 0.9% in 2018. This more optimistic outlook compared with October 2016 is predominantly due to a somewhat more positive assessment of the development in China. While in the previous year a decline in the demand for steel in China by 2.0% was forecast for the year 2017, demand is now expected to stagnate in the current year and to decline by 2.0% in the next year. The outlook for China thus remains subdued, whereas the experts of the World Steel Association believe there will be a cyclical upturn in demand for steel with a sustainable recovery in the developed economies and accelerated growth in the emerging markets without China. However, since China stands for roughly 45% of global steel demand, the predicted global growth of 1% in the coming years will fall short of the forecast global economic growth of roughly 3.5%. The World Steel Association expects the strongest growth in demand for steel in the emerging markets without China, which account for roughly 30% of the global demand for steel, at 4.0% and 4.9% in the coming two years. Here, estimates are now significantly more positive than in October 2016, especially for the future development in Russia and Brazil. In the developed economies, which represent roughly 25% of global steel demand, growth of 0.7% and 1.2% respectively is predicted for these two years. At roughly 3% in both years, it should be significantly higher in the US than in the European Union, at roughly 1%. In the automotive industry, which was one of the main supports of steel demand in the past years due to the consumer-driven recovery in the advanced economies, a moderate slowdown is expected. In contrast, the construction industry should continue to recover as a result of the economic upturn within the European Union and potential renovation initiatives for infrastructure in the US. Likewise, the mechanical engineering sector could benefit from the increasing investment activity.

Compared with the weak first quarter of 2016, global crude steel production increased significantly in all regions worldwide in the past quarter.

Compared with the weak first quarter of 2016, global crude steel production increased significantly in all regions worldwide in the past quarter and, at 410.5 million tons, exceeded output of the comparative period of the previous year by 5.7%. While Chinese producers increased their output by 4.6%, steel production outside China rose by 6.8%. Above all in India and Brazil, steel output picked up significantly by roughly 11% in both countries. In the European Union and the US, growth amounted to roughly 4%. As a result of the increase in steel production, global capacity utilization also improved. It amounted to an average of 71% in the past quarter, thus exceeding the average of the first quarter of 2016 by 3.5 percentage points. The growth rates of global steel production should, however, flatten out in the coming quarter due to the higher basis of comparison.

in million tons	Q1/2017	Q1/2016	Delta	Q4/2016	Q3/2016	Q2/2016
China	201.1	192.3	4.6%	202.0	203.5	209.4
World ex China	209.4	196.0	6.8%	202.6	200.0	202.8
thereof EU28	42.5	40.9	3.9%	40.7	38.7	41.8
thereof US	20.4	19.7	3.6%	18.9	19.5	20.4
thereof India	25.8	23.3	10.7%	24.4	24.3	23.7
World	**410.5**	**388.3**	**5.7%**	**404.6**	**403.5**	**412.2**

Source: World Steel Association (April 2017)

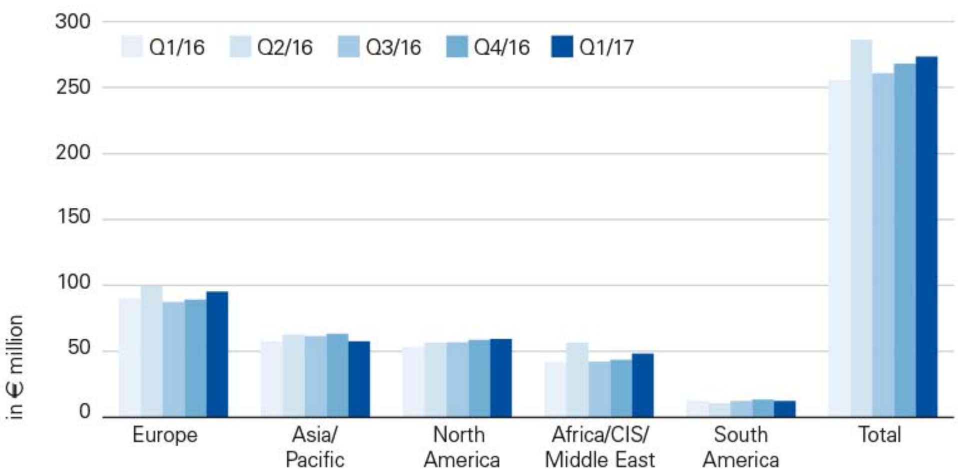
Sales volume in the Steel Division in the first quarter of 2017 was up 5.3% on the same period of 2016 and amounted to roughly 299,000 tons. This is primarily attributable to higher deliveries in Europe, North America, Africa and the Middle East. As a result of the increase in sales volume, revenue also rose significantly and was 6.8% higher than in the first quarter of 2016. Compared with the strong fourth quarter of 2016, sales volume remained nearly unchanged. In contrast, revenue increased by 1.9% due to product mix effects.

The Steel Division's revenue amounted to € 273.3 million in the first quarter of 2017, thus exceeding both the figure of the comparative period of 2016, at € 255.9 million, and of the fourth quarter of 2016, at € 268.2 million. The operating EBIT amounted to € 26.4 million in the first quarter of 2017, after € 19.9 million in the same period of 2016, thus also significantly exceeding that of the fourth quarter of 2016, at € 13.1 million. The increase compared with the first quarter of 2016 is among other things attributable to better utilization of the production capacities as a result of the increase in sales volume, a friendlier market environment especially in South America and Europe as well as product mix effects. The operating EBIT margin, at 9.7% in the first quarter of 2017, was higher than both in the comparative period of 2016, at 7.8%, and in the fourth quarter of 2016, at 4.9%.

The strong operating EBIT of the Steel Division is due to better utilization of the production capacities, a friendlier market environment and product mix effects.

Revenue developed as follows in the past five quarters:

Development of revenue



Europe

In the first quarter of 2017, steel production in the European Union was up 3.9% on the comparative period of 2016 and 4.4% on the preceding fourth quarter of 2016. The output volume grew on a broad scale and steel production rose in nearly all countries of the European Union. The most significant increase was recorded in Italy, Poland and Germany. The automotive industry is still an important driver of demand. The number of new registrations of passenger vehicles in the European Union rose significantly in the first three months of 2017 especially in Italy, Spain, Germany, France and the United Kingdom compared with the same period of 2016 and amounted to more than 4.1 million, which corresponds to an increase by 8.4% compared with the first quarter of 2016.

The region's revenue increased by roughly 6% compared with the first quarter of 2016 as a result of a positive development in the flow control business.

In response to the substantial increase in steel imports from China in the past years due to massive local excess capacities, the European Commission adopted a series of protective measures in the recent past against steel products imported at unfair conditions. In late January 2017, definitive anti-dumping duties ranging from 30.7% to 64.9% were thus imposed on the import of certain stainless steel tube and pipe butt-welding fittings originated in China. The preliminary anti-dumping duties imposed in October 2016 on imports of certain hot-rolled flat steel products from China were adopted definitively in early April and range between 18.1% and 39.7%. They are thus higher than originally announced. Consequently, 39 anti-dumping and anti-subsidy measures are now in force in the European Union, of which 17 affect goods originating in China.

The region's revenue rose by roughly 6% in the first quarter of 2017 compared with the same period of 2016. This is primarily attributable to a positive development in the flow control business, especially in the slide gate plate and tundish segments and is also a result of the increase in steel production. The sale of basic mixes also recorded a significant increase. At a country level, the highest growth rates were recorded in Italy and the United Kingdom. Compared with the fourth quarter of 2016, revenue was up roughly 7% and reflects the expansion of business in the important steel markets Germany, Italy and France.

Asia/Pacific

To reduce high excess capacities within the steel industry, the Chinese government decided to close down all induction furnaces by the end of June 2017.

Steel production in the Asia/Pacific region in the first quarter of 2017 increased by 5.4% compared with the same period of 2016 and by 0.4% compared with the fourth quarter of 2016. After the Chinese government had initiated first steps for the reduction of high excess capacities within the local steel industry, further measures were adopted in mid-February 2017. These measures include closing down all induction furnaces by the end of June of the current year. Experts estimate the production capacities affected total roughly 80 to 100 million tons, which were used to produce roughly 30 to 40 million tons of steel in the previous year. At the same time, strict environmental controls were announced to ensure the implementation of the targets. The Chinese government aims to reduce steel production capacities by roughly 140 million tons by the year 2018.

The region's revenue remained stable in the first quarter of 2017 compared with the same period of 2016. This is primarily attributable to a major delivery in Bangladesh carried out in the previous year, which was compensated by an expansion of business in Southeast Asia in the past quarter. Compared with the fourth quarter of 2016, revenue declined by roughly 8%. This was primarily due to a weaker business development in India among other things because of the focus on working capital reduction.

North America

While steel demand by the automotive industry declined in the US, demand by the construction industry recovered.

North American steel producers increased their output by 7.1% in the first quarter of 2017 compared with the same period of 2016 and by 9.1% compared with the fourth quarter of 2016. This is primarily attributable to a significant volume increase in Mexico, but steel production also saw a positive development in the US and Canada. While demand for steel by the automotive industry in the US dropped slightly because of a weaker market, demand by the construction industry and the oil and gas industry recovered significantly. Having recorded a multi-year low of 320 at mid-year 2016, the number of active oil drilling rigs in the US rose continuously and amounted to 660 at the end of March 2017. This also represents a substantial increase compared with the level of the end of March of the previous year, at roughly 400, and explains the growing demand for pipes, drilling heads and other steel equipment for oil production.

The region's revenue in the first quarter of 2017 was up roughly 11% on the comparative period of 2016. This is due to a positive development in all countries and product segments. Compared with the fourth quarter of 2016, revenue rose by roughly 1%. While the flow control business in the US was expanded significantly, the development of the linings business in Mexico was weak.

Africa/CIS/Middle East

The Steel Division recorded high increases in revenue in Africa, but also in the Middle East.

Steel production in the CIS region rose by 4.0% in the first quarter of 2017 compared with the same period of 2016 and thus roughly matched the level of the fourth quarter of 2016. The region's revenue decreased by roughly 9% in the past quarter compared with the same period of 2016 and by roughly 6% compared with the fourth quarter of 2016. This is primarily attributable to deliveries related to a major contract in Ukraine in the previous year.

In Africa, steel production rose by 14.5% in the first quarter of 2017 compared with the same period of 2016 and by 9.1% compared with the fourth quarter of 2016 and reflects the significant increase in output in Egypt. The region's revenue was up more than 50% in the past quarter on the weak comparative period of 2016 as a result of considerably higher deliveries in Egypt and South Africa, especially in the basic mixes segment. Compared with the fourth quarter of 2016, revenue rose by roughly 17% following an expansion of business in Libya.

Steel production in the Middle East in the first quarter of 2017 increased by 10.9% compared with the same period of 2016 and thus roughly matched the level of the fourth quarter of 2016. The region's revenue rose by roughly 5% compared with the same period of 2016, following a strong development in the flow control business, in particular in the slide gate plate segment. Compared with the fourth quarter of 2016, an increase in revenue of more than 20% was recorded due to successful linings business in the ladle and electric arc furnace segments.

South America

In South America, especially in Brazil, the market environment continued to improve.

Steel production in South America grew by 8.6% in the first quarter of 2017 compared with the same period of 2016 and by 1.1% compared with the fourth quarter of 2016. Especially in Brazil – the most important steel market with a share of roughly 75% – the market environment continued to improve. Local steel production thus increased by 10.9% compared with the same period of 2016 and by 4.1% compared with the fourth quarter of 2016 as a result of the economic recovery which started in the second half of the year 2016.

The region's revenue declined by roughly 4% in the first quarter of 2017 compared with the same period of 2016. While revenue was expanded in Brazil, business in Argentina decreased significantly. Compared with the fourth quarter of 2016, revenue dropped by 7% as a result of weaker linings business, in particular in the vacuum degasser segment.

Industrial Division

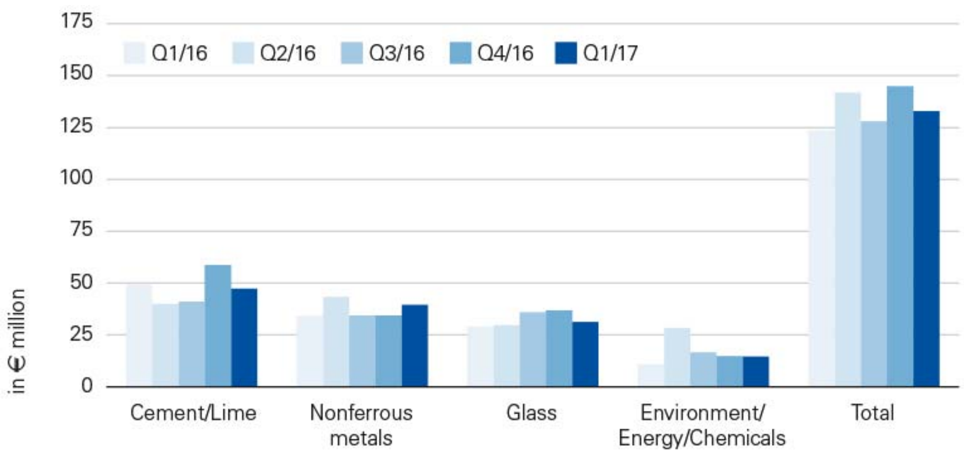
In the first quarter of 2017, sales volume in the Industrial Division rose by 10.4% compared with the same period of 2016 and amounted to roughly 106,000 tons. This is attributable to significantly higher deliveries in all business units with the exception of the cement/lime business unit, where weaker demand results predominantly from the Asia/Pacific region. The Industrial Division's revenue recorded a substantial increase by 7.6% compared with the first quarter of 2016 as a result of the increase in sales volume. Compared with the strongly project-driven fourth quarter of 2016, sales volume decreased by 19.1% and revenue by 8.3%.

The increase in revenue in the Industrial Division compared with the first quarter of 2016 is attributable to higher deliveries in all business units with the exception of the cement/lime business unit.

The Industrial Division's revenue amounted to € 133.0 million in the first quarter of 2017, thus exceeding the comparative period of 2016, at € 123.6 million; however, it was lower than in the fourth quarter of 2016, at € 145.1 million. The operating EBIT amounted to € 12.7 million in the first quarter of 2017 after € 8.8 million in the same period of 2016 and was lower than in the fourth quarter of 2016, at € 13.9 million. The increase compared with the first quarter of 2016 is attributable to a better order situation, especially in the environment, energy, chemicals, and nonferrous metals business units and the resulting improved utilization of production capacities. The decrease compared with the preceding fourth quarter of 2016 is due to the high number of project deliveries at the end of the year. The operating EBIT margin, at 9.5% in the first quarter of 2017, was higher than in the comparative period of 2016, at 7.1%, and slightly lower than in the fourth quarter of 2016, at 9.6%.

Revenue developed as follows in the past five quarters:

Development of revenue



Cement/Lime

The business unit's revenue declined by roughly 4% due to a weaker business development in the important Asian market compared with the first quarter of 2016.

In the first quarter of 2017, revenue of the cement/lime business unit declined by roughly 4% compared with the same period of 2016 due to a weaker business development in the important Asian market. In contrast, revenue recorded a positive development in North America, where in addition to straight-line business the project business including installation was expanded. In this region, further stimulation of the market environment is expected due to the good economic framework conditions. Despite the difficult political situation in some countries of North Africa, sales volume continued to develop very well in the African continent. RHI delivered some larger contracts in Algeria and South Africa and thus expanded its market share.

In China, sales volume and revenue were expanded in a challenging market environment characterized by excess capacity and closed-down cement plants. Business in India and Southeast Asia, in contrast, was subdued. However, a substantial recovery is expected here in the second quarter of 2017 due to a very high level of incoming orders. Low oil prices lead to low investments in infrastructure in the Middle East. This had a negative impact on business activities, especially in Saudi Arabia and the United Arab Emirates, where plants were also closed down. In Europe, a stabilization of the demand for cement can be observed and in some countries demand for cement has recovered.

Compared with the seasonally strong fourth quarter of 2016, revenue dropped by roughly 19%. A key driver of this seasonality is China, where refractory materials are delivered before the Chinese New Year's celebrations. However, the development was positive in business with North America, Europe and Africa in comparison with the preceding quarter. Especially in Canada, Germany and Algeria, revenue increased significantly.

Due to a strong order intake in the first quarter of 2017, RHI expects a positive business development in the second quarter of 2017. The major contracts won in Saudi Arabia, Germany and Algeria in the previous year should also provide for a positive contribution to revenue of the project business in the further course of the year. In general, more new plants are built this year, among other things due to the progressing recovery of the economy. For example, RHI expects further new installation projects to be commissioned in the US and Ecuador in the coming weeks.

Nonferrous metals

The increase in revenue is predominantly due to the positive development in the repair business in the important copper and nickel segment.

In the first quarter of 2017, prices of the relevant nonferrous metals continued their recovery, which had started at midyear 2016. Aluminum and lead thus recorded the strongest increase on the London Metal Exchange, at roughly 16%, followed by zinc, at roughly 8%, and copper, at roughly 5% compared with December 31, 2016. In contrast, the price of nickel stagnated at the level of the end of the year 2016. Only the price of tin fell by roughly 4% in the past quarter. Compared with the price level at the end of March 2016, the price of zinc was up roughly 53%, lead roughly 37%, aluminum roughly 29%, copper roughly 20%, nickel roughly 18% and tin roughly 21%. Despite higher metal prices, the important project business continued to develop at a low level. However, there is a certain hope that projects will be revived if the price level remains favorable in the further course of the year.

The nonferrous metals business unit increased revenue in the first quarter of 2017 by roughly 16% compared with the same period of 2016 and by roughly 15% compared with the fourth quarter of 2016. This is predominantly attributable to a positive development of the repair business in the important copper and nickel segment, which has a 50% share in the business unit's total revenue. Revenue in this segment was expanded in all regions with the exception of South America. Significant repairs were performed in Canada, China, Australia, Zambia and Germany. In the lead segment, important contracts were won in Mexico and the US. Additionally a major contract delivered in the aluminum segment in Austria underscores the good cooperation with a local kiln manufacturer. In the ferronickel segment, major repairs are currently overdue, whose realization should be decided in the near future.

Glass

The business unit's increase in revenue is primarily attributable to a high number of project deliveries in China.

In the first quarter of 2017, revenue of the glass business unit was up roughly 8% on the comparative period of 2016. This is primarily attributable to a high number of project deliveries in China. In addition, the first quarter of 2016 included revenue of the US subsidiary RHI Monofrax, LLC, which was sold in June of the previous year. Adjusted for this contribution to revenue, this business unit's revenue increased by roughly 47%. In the container glass segment – glass as high-quality packaging material in the food industry – major contracts were delivered in Mexico, Turkey and the US. Generally, an increased willingness to invest was noticeable among glass producers, so repairs which had been postponed so far are now increasingly carried out, especially in Europe and North America. In contrast, the market environment in the Middle East and Africa is difficult. Here, a recovery is expected for the coming year at the earliest.

Compared with the fourth quarter, which is traditionally strong due to the high number of project deliveries, revenue declined by roughly 15%. This development is primarily attributable to a lower number of deliveries in Thailand, Germany and Iran, especially in the flat glass segment. In the latter, a complete glass furnace was installed in the preceding quarter.

Incoming orders developed positively in the past quarter and rose by more than 20% compared with the level at the end of the year 2016. Contracts were won in Mexico and South Korea, where RHI will supply all fired products. Although the global market environment is still characterized by excess capacities and progressing market consolidation, the repair level and replacement investments should continue to develop positively in the coming quarters. RHI strives to participate in this development going forward.

Environment, energy, chemicals

The significant increase in revenue compared with the first quarter of 2016 is mainly due to larger contracts in Qatar, Saudi Arabia, China and Russia.

Revenue of the environment, energy, chemicals business unit rose significantly in the first quarter of 2017, up roughly 34% on the comparative period of 2016. This is primarily due to higher demand by the oil and gas industry as a result of higher prices. The price of Brent crude oil, for example, rose from an average of roughly USD 35 per barrel in the first quarter of 2016 to an average of roughly USD 55 per barrel in the past quarter. The significant increase in revenue is mainly due to larger contracts in Qatar, Saudi Arabia, China and Russia. However, companies are overall still cautious in terms of investments in capacity expansion, which is why there is great competition for new installation projects. As global demand by the oil processing industry is still at a good level, an increasing number of services are provided for existing plants. These services recorded a very positive development, especially in Europe. Offering customized package solutions consisting of engineering, material and service, RHI supports its customers in increasing their plant availability.

Compared with the fourth quarter of 2016, revenue decreased by roughly 2%. Lower business for seasonal reasons in Canada and weaker demand in the area of hardening plants for iron enrichment, so-called pelletizing plants, were compensated by higher revenue with customers in the oil and gas industry.

Raw Materials Division

External sales volume of the Raw Materials Division amounted to roughly 78,000 tons in the first quarter of 2017, down 3.7% on the comparative period of 2016. This includes, among other things, the sale of raw dolomite in Italy, which makes a large contribution in terms of volume, but is negligible in terms of value due to the low price per ton, and the sale of caustic calcined magnesia for the animal feed industry. Compared with the fourth quarter of 2016, sales volume decreased by 2.5%.

The decline in operating EBIT is attributable to lower production volumes at the sites in Eskisehir, Turkey, and Drogheda, Ireland.

In the first quarter of 2017, revenue of the Raw Materials Division, at € 65.1 million, was lower than in the comparative period of 2016, at € 69.9 million, but exceeded the revenue of the fourth quarter of 2016, at € 62.3 million. The operating EBIT amounted to € (1.2) million in the first quarter of 2017 compared with € 1.6 million in the comparative period of 2016, but slightly exceeded the figure of the fourth quarter of 2016, at € (1.8) million. The decline compared with the first quarter of 2016 is attributable to lower utilization of the production capacities, among others at the site in Drogheda, Ireland, and due to weather-related reasons at the site in Eskisehir, Turkey. In contrast, utilization at the two Austrian raw material plants in Breitenau and Hochfilzen continued to be strong. The operating EBIT margin, at (1.8)% in the first quarter of 2017, was lower than in the comparative period of 2016, at 2.3%, but exceeded that of the fourth quarter of 2016, at (2.9)%. EBIT of the Raw Materials Division amounted to € (6.5) million in the past quarter and is burdened by a negative net effect of the power supply contract in Norway. Based on own consumption and the sale at market prices, financial liabilities of roughly € 2.3 million were reversed and recognized through profit or loss. However, a negative non-cash effect on earnings of roughly € 6.6 million had to be recognized due to a decline in electricity future prices. In addition, restructuring costs of € 1.0 million related to the changes in the product portfolio at the site in Porsgrunn, Norway were incurred.

As a result of stricter requirements and production controls, many Chinese manufacturers of fused and sintered magnesia had to completely shut down their production in the past quarter.

The European raw material markets were stable in the first quarter of 2017. However, uncertainties occurred in China, where the government terminated its system of export quotas and export taxes on magnesia raw materials at the end of the year 2016 and, on the other hand, introduced stricter requirements and implemented stricter production controls in an effort to improve environmental and safety standards. As a result, many local manufacturers of sintered and fused magnesia had to completely shut down their production in the past quarter, which subsequently caused a sudden shortage in the supply situation. Due to this new situation, market prices are now rising. It can currently not be estimated when this situation will ease. As raw material supply from China is getting less secure, supply concepts are adapted continuously within the RHI Group.

Outlook

In its forecast published in April 2017, the International Monetary Fund predicts global economic growth of 3.5% in the current year after 3.1% in the year 2016. However, there is considerable uncertainty regarding the impact of the policies of the newly elected US government. Although the environment in the advanced economies improved, the pace of growth in the emerging markets will continue to influence the global economy to a significant extent. Based on a current study, the research institute CRU expects a decline in steel production in China by roughly 1% in the year 2017 and an increase in steel production outside China by an ambitious 5%. Based on these estimates, RHI expects a more positive market environment in 2017. The focus will stay on the generation of free cash flow in the current financial year in order to reduce net debt further. RHI is currently working on meeting the conditions precedent to the successful closing of the planned combination with Magnesita (the "Combined Group") and is preparing the integration of the two companies. In the context of these activities, external costs will be incurred.

Update on the planned combination with Magnesita

RHI filed for merger control clearance with the competition authorities in Brazil at the end of March and in Europe at the beginning of May and expects to have a clearer picture of the outcome of the proceedings around the end of the first half of 2017.

Based on their financial statements for the year 2016, the combined revenue of RHI and Magnesita amounted to approximately € 2.5 billion. RHI has revised its aspirational financial targets[1)] for the Combined Group in the course of a corporate strategy update. These targets replace any earlier financial targets (which are thus withdrawn) for the Combined Group and include the following. In the medium term, RHI's aspiration for the Combined Group is to have organic revenue growth in line with the volume growth in its customers' industries and an operating EBIT margin of more than 12% after capturing the Combined Group's envisaged net synergies of approximately € 70 million in case of a delisting of Magnesita. RHI's aspiration for the Combined Group is to pay stable dividends in 2017 and 2018, in line with RHI's previous years' payment levels. In the mid- to long-term, however, RHI's aspiration is to increase dividend payments from the Combined Group, as a result of stronger cash flow generation resulting from synergies, organic growth and de-leveraging of the company's capital structure.

1) Management's financial targets are not forecasts and there can be no guarantee that the actual results will resemble the targets in the medium term or mid- to long-term. RHI has not defined, and does not intend to define, "medium term" and "mid- to long-term", and these financial targets should not be read as indicating that RHI is targeting such metrics for any particular fiscal year.

Risk Report

In the first quarter of 2017, the risk management processes remain unchanged. No risks that are considered to be a threat to the RHI Group were identified and key risks are largely unchanged. The main drivers of business development are steel production, the investment climate as well as metal and energy prices. Although the Steel Division expects stable global markets in 2017, competitive pressure from China remains high and the market is contested. Despite the recovery of metal prices, the Industrial Division, which is highly dependent on project business, is still marked by low energy prices and project activities that are difficult to predict. Economic policy developments also represent significant uncertainties for the business development or intensify competition. However, concluding individual, unexpected projects may also contribute to higher revenue. Potential sales volume fluctuations lead to fluctuations in the utilization of production capacity, which have a significant influence on the Group's profitability due to the structure of fixed costs. Changes in the legal framework conditions in China are currently causing uncertainty in the raw material markets, which may be reflected in higher prices and changes in the supply chain. Due to the global sales and production activities of the RHI Group, currency fluctuations may lead to noticeable shifts in revenue and profitability.

Plant Veitsch, Austria

Condensed, unaudited interim consolidated financial statements

as of 03/31/2017

Consolidated statement of financial position

as of 03/31/2017

in € million	03/31/2017	12/31/2016
ASSETS		
Non-current assets		
Property, plant and equipment	515.0	521.8
Goodwill	38.5	37.8
Other intangible assets	68.9	71.1
Investments in joint ventures	22.8	20.5
Other non-current financial assets	19.3	18.9
Other non-current assets	18.3	17.7
Deferred tax assets	140.5	144.8
	823.3	**832.6**
Current assets		
Inventories	387.1	365.3
Trade and other current receivables	409.7	399.1
Income tax receivables	11.1	9.3
Other current financial assets	4.9	3.0
Cash and cash equivalents	184.7	182.9
	997.5	**959.6**
	1,820.8	**1,792.2**
EQUITY AND LIABILITIES		
Equity		
Share capital	289.4	289.4
Group reserves	249.2	219.3
Equity attributable to shareholders of RHI AG	538.6	508.7
Non-controlling interests	16.4	15.3
	555.0	**524.0**
Non-current liabilities		
Non-current financial liabilities	349.8	350.6
Other non-current financial liabilities	46.5	43.5
Deferred tax liabilities	14.0	13.5
Personnel provisions	309.0	317.4
Other non-current provisions	3.2	4.5
Other non-current liabilities	6.2	6.9
	728.7	**736.4**
Current liabilities		
Current financial liabilities	160.1	165.1
Other current financial liabilities	7.4	6.5
Trade payables and other current liabilities	318.3	312.7
Income tax liabilities	21.6	18.4
Current provisions	29.7	29.1
	537.1	**531.8**
	1,820.8	**1,792.2**

Consolidated statement of profit or loss

from 01/01/2017 to 03/31/2017

in € million	1-3/2017	1-3/2016
Revenue	418.8	389.7
Cost of sales	(317.0)	(303.2)
Gross profit	**101.8**	**86.5**
Selling and marketing expenses	(25.8)	(25.4)
General and administrative expenses	(35.0)	(29.9)
Other income	15.1	46.8
Other expenses	(18.2)	(47.7)
Operating EBIT	**37.9**	**30.3**
Loss from derivatives from supply contracts	(4.3)	(3.2)
Restructuring costs	(1.0)	0.0
EBIT	**32.6**	**27.1**
Interest income	0.4	0.4
Interest expenses	(4.3)	(4.5)
Other net financial expenses	(1.5)	(1.9)
Net finance costs	**(5.4)**	**(6.0)**
Share of profit of joint ventures	3.0	2.7
Profit before income tax	**30.2**	**23.8**
Income tax	(11.7)	(9.0)
Profit after income tax	**18.5**	**14.8**
attributable to shareholders of RHI AG	17.9	14.2
attributable to non-controlling interests	0.6	0.6

in €		
Earnings per share (basic and diluted)	0.45	0.36

Consolidated statement of comprehensive income

from 01/01/2017 to 03/31/2017

in € million	1-3/2017	1-3/2016
Profit after income tax	**18.5**	**14.8**
Currency translation differences		
Unrealized results from currency translation	8.1	(9.8)
Deferred taxes thereon	0.3	0.2
Current taxes thereon	(0.7)	0.0
Market valuation of cash flow hedges		
Unrealized results from fair value change	0.3	0.0
Deferred taxes thereon	(0.1)	0.0
Items that will be reclassified subsequently to profit or loss, if necessary	**7.9**	**(9.6)**
Remeasurement of defined benefit plans		
Remeasurement of defined benefit plans	6.2	(13.8)
Deferred taxes thereon	(1.6)	4.0
Items that will not be reclassified to profit or loss	**4.6**	**(9.8)**
Other comprehensive income after income tax	**12.5**	**(19.4)**
Total comprehensive income	**31.0**	**(4.6)**
attributable to shareholders of RHI AG	29.9	(4.7)
attributable to non-controlling interests	1.1	0.1

Consolidated statement of cash flows

from 01/01/2017 to 03/31/2017

in € million	1-3/2017	1-3/2016
Profit after income tax	18.5	14.8
Adjustments for		
income tax	11.7	9.0
depreciation and amortization charges	16.1	16.3
income from the reversal of investment subsidies	(0.2)	(0.2)
reversal of impairment losses on securities	0.0	(0.2)
gains from the disposal of property, plant and equipment	(0.2)	0.0
interest result	3.9	4.1
share of profit of joint ventures	(3.0)	(2.7)
other non-cash changes	7.4	3.0
Changes in		
inventories	(19.7)	(12.7)
trade receivables and receivables from long-term construction contracts	(6.4)	21.3
other receivables and assets	(2.4)	(7.5)
provisions	(5.8)	(10.7)
trade payables	(1.4)	0.9
prepayments received on orders[1)]	5.2	1.3
other liabilities[1)]	2.1	0.0
Cash flow from operating activities	**25.8**	**36.7**
Income tax paid less refunds	(7.8)	(6.2)
Net cash flow from operating activities	**18.0**	**30.5**
Investments in property, plant and equipment and intangible assets	(7.5)	(11.4)
Cash inflows from the sale of property, plant and equipment	0.7	1.8
Investments in / cash inflows from non-current receivables	(0.4)	0.1
Dividends received from joint ventures	0.8	0.8
Interest received	0.4	0.3
Net cash flow from investing activities	**(6.0)**	**(8.4)**
Investments in non-controlling interests	(0.6)	0.0
Repayments of non-current borrowings and loans	(2.1)	0.0
Changes in current borrowings	(4.8)	(0.6)
Interest payments	(3.1)	(3.3)
Net cash flow from financing activities	**(10.6)**	**(3.9)**
Total cash flow	**1.4**	**18.2**
Change in cash and cash equivalents	**1.4**	**18.2**
Cash and cash equivalents at beginning of period	182.9	149.7
Changes due to currency translation	0.4	(0.3)
Cash and cash equivalents at end of period	184.7	167.6
Total interest paid	3.1	3.4
Total interest received	0.4	0.5

1) Prior-year values adjusted to current presentation.

Consolidated statement of changes in equity

from 01/01/2017 to 03/31/2017

in € million	Share capital	Additional paid-in capital	Retained earnings
12/31/2016	**289.4**	**38.3**	**331.0**
Profit after income tax	**-**	**-**	**17.9**
Currency translation differences	-	-	-
Market valuation of cash flow hedges	-	-	-
Remeasurement of defined benefit plans	-	-	-
Other comprehensive income after income tax	**-**	**-**	**-**
Total comprehensive income	**-**	**-**	**17.9**
03/31/2017	**289.4**	**38.3**	**348.9**

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**

	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
	(0.7)	**0.0**	**(100.3)**	**(49.0)**	**508.7**	**15.3**	**524.0**
	-	**-**	**-**	**-**	**17.9**	**0.6**	**18.5**
	-	-	-	7.2	**7.2**	**0.5**	**7.7**
	0.2	-	-	-	**0.2**	**-**	**0.2**
	-	-	4.6	-	**4.6**	**-**	**4.6**
	0.2	**-**	**4.6**	**7.2**	**12.0**	**0.5**	**12.5**
	0.2	**-**	**4.6**	**7.2**	**29.9**	**1.1**	**31.0**
	(0.5)	**0.0**	**(95.7)**	**(41.8)**	**538.6**	**16.4**	**555.0**

	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**

Selected explanatory notes

(1) Principles and methods

The interim consolidated financial statements as of 03/31/2017 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 12/31/2016.

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

In the first quarter of 2017, no new financial reporting standards were applied for the first time. The same accounting and measurement principles as in the previous year were used.

Audit and review by an auditor

The consolidated interim financial statements as of 03/31/2017 were neither fully audited nor reviewed by an auditor.

(2) Group of consolidated companies

Compared with the reporting date 12/31/2016, the group of consolidated companies did not change and comprises 78 fully consolidated companies.

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 03/31/2017, the increase in the actuarial interest rate by roughly 20 basis points in the euro area compared with 12/31/2016 led to a decrease in pension and termination benefit obligations of € 6.2 million and to an increase in equity of € 4.6 million (after income tax).

Compared with 03/31 of the previous year, pension and termination benefit obligations increased by € 13.8 million due to a decrease in the actuarial interest rate by roughly 30 basis points in the euro area. Taking into account income taxes, the Group's equity declined by € 9.8 million.

(4) Other income and expenses

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

in € million	1-3/2017	1-3/2016
Foreign exchange gains	12.4	43.1
Foreign exchange losses	(17.5)	(46.9)
Gains from derivative financial instruments	1.9	2.3
Losses from derivative financial instruments	(0.4)	(0.2)
Net effect	**(3.6)**	**(1.7)**

(5) Income tax

The tax rate of the first quarter of 2017 amounts to 38.7% (1-3/2016: 37.8%).

(6) Segment reporting

The key figures of the operating segments for the first quarter of 2017 and the first quarter of 2016 are shown in the tables below:

in € million	Steel	Industrial	Raw Materials	Reconcil-iation	Group 1-3/2017
External revenue	273.3	133.0	12.5	0.0	418.8
Internal revenue	0.0	0.0	52.6	(52.6)	0.0
Segment revenue	**273.3**	**133.0**	**65.1**	**(52.6)**	**418.8**
Operating EBIT	**26.4**	**12.7**	**(1.2)**	**0.0**	**37.9**
Loss from derivatives from supply contracts	0.0	0.0	(4.3)	0.0	(4.3)
Restructuring costs	0.0	0.0	(1.0)	0.0	(1.0)
EBIT	**26.4**	**12.7**	**(6.5)**	**0.0**	**32.6**
Net finance costs	0.0	0.0	0.0	(5.4)	(5.4)
Share of profit of joint ventures	0.0	0.0	3.0	0.0	3.0
Profit before income tax					**30.2**
Segment assets 03/31/2017	662.0	278.0	395.2	462.8	1,798.0
Investments in joint ventures 03/31/2017	0.0	0.0	22.8	0.0	22.8
					1,820.8

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**
Loss 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 12/31/2016	645.4	269.6	397.8	458.9	1,771.7
Investments in joint ventures 12/31/2016	0.0	0.0	20.5	0.0	20.5
					1,792.2

(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.

	IAS 39			Fair value		03/31/2017	
in € million	Measurement category[1]	Level	(Amortized) cost	recognized in profit or loss	recognized in equity	Carrying amount	Fair value
Available-for-sale investments	FAAC	-	0.5	-	-	0.5	-
Available-for-sale securities	AfS	1	-	-	15.3	15.3	15.3
Available-for-sale shares	FAAC	-	0.5	-	-	0.5	-
Other non-current financial receivables	LaR	-	3.0	-	-	3.0	-
Trade and other current receivables[2]	LaR	-	316.1	-	-	316.1	-
Other current financial receivables	LaR	-	1.4	-	-	1.4	-
Financial assets held for trading	FAHfT	2	-	3.5	-	3.5	3.5
Cash and cash equivalents	LaR	-	184.7	-	-	184.7	-
Financial assets						**525.0**	
Non-current financial liabilities	FLAAC	2	349.8	-	-	349.8	370.3
Interest derivatives designated as cash flow hedges	-	2	-	-	0.6	0.6	0.6
Current financial liabilities	FLAAC	2	160.1	-	-	160.1	160.9
Financial liabilities held for trading	FLHfT	2	-	53.3	-	53.3	53.3
Trade payables and other current liabilities[3]	FLAAC	-	208.9	-	-	208.9	-
Financial liabilities						**772.7**	
Aggregated according to measurement category							
Loans and receivables	LaR		505.2	-	-	505.2	
Available for sale financial instruments	AfS		-	-	15.3	15.3	
Financial assets at cost	FAAC		1.0	-	-	1.0	
Financial assets held for trading	FAHfT		-	3.5	-	3.5	
Financial liabilities measured at amortized cost	FLAAC		718.8	-	-	718.8	
Financial liabilities held for trading	FLHfT		-	53.3	-	53.3	

in € million	IAS 39 Measurement category[1]	Level	(Amortized) cost	Fair value recognized in profit or loss	recognized in equity	12/31/2016 Carrying amount	Fair value
Available-for-sale investments	FAAC	-	0.4	-	-	0.4	-
Available-for-sale securities	AfS	1	-	-	15.3	15.3	15.3
Available-for-sale shares	FAAC	-	0.5	-	-	0.5	-
Other non-current financial receivables	LaR	-	2.7	-	-	2.7	-
Trade and other current receivables[2]	LaR	-	312.1	-	-	312.1	-
Other current financial receivables	LaR	-	1.5	-	-	1.5	-
Financial assets held for trading	FAHfT	2	-	1.5	-	1.5	1.5
Cash and cash equivalents	LaR	-	182.9	-	-	182.9	-
Financial assets						**516.9**	
Non-current financial liabilities	FLAAC	2	350.6	-	-	350.6	372.1
Interest derivatives designated as cash flow hedges	-	2	-	-	0.9	0.9	0.9
Current financial liabilities	FLAAC	2	165.1	-	-	165.1	165.8
Financial liabilities held for trading	FLHfT	2	-	49.1	-	49.1	49.1
Trade payables and other current liabilities[3]	FLAAC	-	217.3	-	-	217.3	-
Financial liabilities						**783.0**	
Aggregated according to measurement category							
Loans and receivables	LaR		499.2	-	-	499.2	
Available for sale financial instruments	AfS		-	-	15.3	15.3	
Financial assets at cost	FAAC		0.9	-	-	0.9	
Financial assets held for trading	FAHfT		-	1.5	-	1.5	
Financial liabilities measured at amortized cost	FLAAC		733.0	-	-	733.0	
Financial liabilities held for trading	FLHfT		-	49.1	-	49.1	

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 € 409.7 million (12/31/2016: € 399.1 million) as shown in the statement of financial position also include non-financial assets of € 93.6 million (12/31/2016: € 87.0 million).

3) Trade payables and other current liabilities of € 318.3 million (12/31/2016: € 312.7 million) as shown in the statement of financial position also include non-financial liabilities of € 109.4 million (12/31/2016: € 95.4 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 at least one significant parameter is based on non-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).

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 (12/31/2016: € 0.4 million) and available-for-sale shares of € 0.5 million (12/31/2016: € 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 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 03/31/2017 contingent liabilities amounted to € 34.5 million (12/31/2016: € 32.7 million). Of this total, warranties, performance guarantees and other guarantees account for € 34.0 million (12/31/2016: € 32.0 million) and sureties for € 0.5 million (12/31/2016: € 0.7 million).

(9) Disclosures on related companies and persons

With the exception of the dividend payment received from MAGNIFIN Magnesiaprodukte GmbH & Co KG, St. Jakob, Austria, which amounted to € 0.8 million (1-3/2016: € 0.8 million), no material transactions took place between the RHI Group and related companies and persons in the first quarter of 2017.

(10) Seasonal and cyclical influences

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 2017 the average number of employees of the RHI Group weighted by level of employment amounted to 7,342 (1-3/2016: 7,783).

(12) Events after the reporting date 03/31/2017

The Annual General Meeting on 05/05/2017 approved the payout of a dividend of € 0.75 per share for the year 2016. Therefore, a total of € 29.9 million will be paid out to the shareholders of RHI AG in the second quarter of 2017.

No further events of material importance became known after the reporting date on 03/31/2017.

Vienna, 05/11/2017

Management Board

Stefan Borgas
CEO

Barbara Potisk-Eibensteiner
CFO

Gerd Schubert
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 September 30, 2016, 39,819,039 no-par common shares of RHI AG with voting rights were admitted to trading in Vienna.

Capital market calendar 2017

Unaudited preliminary revenue and operating EBIT 2016	February 17, 2017
Preliminary group results 2016	March 14, 2017
Final group results 2016	April 3, 2017
Record date "Annual General Meeting"	April 25, 2017
Annual General Meeting	May 5, 2017
Ex-dividend date	May 10, 2017
Record date "dividends"	May 11, 2017
Report on the first quarter of 2017	May 11, 2017
Dividend payment date	May 12, 2017
Half-year financial report 2017	August 9, 2017
Report on the third quarter of 2017	November 9, 2017

Stock exchange indicators

Share price on the Vienna Stock Exchange (in €)	Q1/2017	Q1/2016
Highest closing price	24.13	18.55
Lowest closing price	22.00	14.69
Closing price at end of period	24.01	17.17
Market capitalization (in € million)	956	684

Share performance 01/2015 - 05/2016

ISIN

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

Information on RHI

Investor Relations
Simon Kuchelbacher, CIIA
Tel. +43 (0)50213-6676
E-Mail: investor.relations@rhi-ag.com
Internet: www.rhi-ag.com

Impressum

Owner and publisher:
RHI AG
Wienerbergstraße 9
A-1100 Vienna, Austria
Tel: +43 (0)50213-0
Fax: +43 (0)50213-6213
E-mail: rhi@rhi-ag.com
www.rhi-ag.com

Concept, text, graphic design and coordination:
RHI AG
Investor Relations
Tel: +43 (0)50213-6676

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.

These materials may use terms which are non-IFRS financial measures. These supplemental financial measures should not be viewed in isolation as alternatives to measures of RHI's financial condition, results of operations or cash flows as presented in accordance with IFRS in its Consolidated Financial Statements. For definition of these supplemental financial measures, a reconciliation to the most directly comparable IFRS financial measures and information regarding the usefulness and limitations of these supplemental financial measures please contact the RHI Investor Relations team (investor.relations@rhi-ag.com). In addition, the general disclaimer of the websites of the RHI Group applies to this quarterly report.

This document is for information purposes and shall not be treated as giving any investment advice, financial analysis and/or recommendation whatsoever; it does not constitute an offer or marketing of securities of RHI, nor a prospectus. This document is addressed exclusively to persons legally entitled to receive it and is in particular not addressed to U.S. persons or persons residing in, Australia, Canada, Japan, Ireland or the United Kingdom; it may not be distributed to the USA.