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Preliminary results 2010 of RHI AG: Increase in revenues by 23% leads to rise in EBIT by 130%

- Strong recovery of world steel output in 2010 – RHI's Steel Division outperforms the market
- Industrial business driven by repair business – growing number of new projects from Q4
- Operating result margin increased from 6.4% to 9.1%
- RHI will propose a dividend to the Annual General Meeting

	2010	2009 ¹⁾	+/-	2010 Q4	2009 ¹⁾ Q4	+/-
Sales volume (thousand tonnes)	1,786.7	1,436.2	24.4%	474.5	426.0	11.4%
in € million						
Revenues	1,522.9	1,236.9	23.1%	400.9	336.7	19.1%
Steel Division	977.3	703.6	38.9%	256.9	206.2	24.6%
Industrial Division	517.8	513.6	0.8%	135.4	125.9	7.5%
Raw Materials Division						
External revenues	27.8	19.7	41.1%	8.6	4.6	87.0%
Internal revenues	137.4	115.4	19.1%	35.7	34.6	3.2%
Operating result²⁾	138.8	79.0	75.7%	31.6	33.3	(5.1)%
Steel Division	62.7	2.7	2,222.2%	16.4	8.4	95.2%
Industrial Division	74.3	64.6	15.0%	22.1	18.4	20.1%
Raw Materials Division	1.8	11.7	(84.6)%	(6.9)	6.5	(206.2)%
EBIT	126.0	54.8	129.9%	29.3	22.0	33.2%
Steel Division	61.7	(6.7)	1,020.9%	14.0	4.1	241.5%
Industrial Division	60.6	54.2	11.8%	20.1	15.1	33.1%
Raw Materials Division	3.7	7.3	(49.3)%	(4.8)	2.8	(271.4)%

¹⁾ after reclassification

²⁾ before reversal of impairment losses/impairment losses and restructuring expenses

Market environment

Following the decline in world steel output by 8% due to the crisis in the year 2009 (outside China -20%), the year 2010 was characterised by a worldwide recovery. World steel output rose to 1,4 billion tonnes in 2010, up roughly 15% on the reference year 2009, with a particularly good development in the regions that are especially important for RHI: in the EU27 (+24.6%), North America (+35.7%) and Asia excl. China (+17.3%).

Both the cement and the glass industry reported subdued investment activities, with the exception of the growth regions China and Brazil, where infrastructure projects drove new construction activities. A recovery became visible only in the fourth quarter. In the nonferrous metals segment, the high price levels of nickel, lead and zinc caused a revival of investment projects. At the end of the year, a major contract amounting to €47 million in the ferrochrome sector was concluded in the CIS, which will be delivered in 2012.

Business Development

RHI's revenues were up 23.1% to €1,522.9 million in 2010 (previous year: €1,236.9 million); the operating result increased by 75.7% to €138.8 million (previous year: €79.0 million). Earnings before interest and taxes (EBIT) thus rose by 129.9% to €126.0 million (previous year: €54.8 million) and take into account restructuring measures and impairment losses for the shut-down of the plants in Chile and Canada as well as a raw material site in the EMEA region. The operating result margin, at 9.1% in 2010, significantly exceeded the prior-year figure of 6.4%, but fell short of the pre-crisis level of 10.4%.

The **Steel Division** benefited from the good development of the steel industry in the year 2010, increased revenues each quarter throughout the year and even surpassed the revenue level of 2008. Revenues amounted to €977.3 million (previous year: €703.6 million) and at €256.9 million in the fourth quarter exceeded revenues of the fourth quarter of 2009 by some 25%. The division's operating result was negatively affected by the soaring raw material prices, which can only be gradually passed to customers with a delay due to agreements.

Revenues of the **Industrial Division**, where business is strongly characterised by the investment cycle, roughly matched the level of 2009 in terms of. With revenues amounting to €517.8 million (previous year: €513.6 million), the operating result of €74.3 million significantly exceeded the prior-year figure of €64.6 million. In late 2010, the contract regarding the complete takeover of ZAO Podolsk Refractories was signed; the closing will take place in the second quarter of 2011.

Capacity utilisation at the **Raw Materials Division** was good throughout the year 2010; both internal and external revenues were significantly increased.

Statement of financial position

The company's equity was increased by 55.7% to €320.9 million (previous year: €206.1 million); the equity ratio at the balance sheet date was 22.2% (previous year: 16.2%). Net debt at 31 December 2010 amounted to €341.0 million (previous year: €255.9 million) due to the increase in working capital. The Management Board of RHI AG will propose a dividend of €0.50 per share to the Annual General Meeting on 6 May 2011.

Outlook

Overall, RHI expects an increase in revenues of approximately 5% for the year 2011 based on the generally positive economic forecasts. Sales growth will be driven by the Industrial Division, which received positive signals from all customer industries in the fourth quarter of 2010. In the highly competitive steel segment, the focus will lie on defending existing market shares due to necessary price increases in the developed markets. Therefore, the Steel Division's contribution to growth in revenues will largely stem from the planned price increases.

All of the data given for 2010 are preliminary figures; the final result as well as the consolidated statement of financial position 2010 will be published on 21 March 2011 following the approval of the consolidated financial statements by the Supervisory Board.

Preliminary figures RHI Group 2010

	2010	2009 ¹⁾	+/-	2010 Q4	2009 ¹⁾ Q4	+/-
in € million						
Continuing operations						
Revenues	1,522.9	1,236.9	23.1%	400.9	336.7	19.1%
EBIT	126.0	54.8	129.9%	29.3	22.0	33.2%
Financial result	(28.0)	(32.0)	12.5%	(9.3)	(4.8)	(93.8%)
Result from associates	6.6	2.4	175.0%	1.3	1.3	0.0%
Profit before income taxes	104.6	25.2	315.1%	21.3	18.5	15.1%
Income taxes	0.0	(3.8)	n.a.	(5.5)	(1.5)	(266.7)%
Profit from continuing operations	104.6	21.4	388.8%	15.8	17.0	(7.1)%
Discontinued operations						
Profit from discontinued operations	1.1	0.0	n.a.	0.6	0.0	n.a.
Profit RHI Group	105.7	21.4	393.9%	16.4	17.0	(3.5)%
Profit attributable to						
Equity holder of RHI AG	105.9	20.9	406.7%	15.2	16.9	(10.1)%
non-controlling interests	(0.2)	0.5	(140.0)%	1.2	0.1	1,100.0%
	105.7	21.4	393.9%	16.4	17.0	(3.5)%
in €						
Diluted earnings per share	2.63	0.52	405.8%	0.36	0.42	(14.3)%
Dividend per share	0.50	0.00	n.a.	-	-	-
Dividend yield	1.70%	0.00%	n.a.	0.00%	0.00%	n.a.

¹⁾ adjusted

²⁾ basis closing price 30 December 2010 at Vienna Stock Exchange

	2010	2009	Change
Net cash flow from operating activities	(12.3)	202.0	(106.1)%
Investments in property, plant and equipment and intangible assets	57.4	41.5	38.3%
Balance sheet total	1,448.7	1,272.2	13.9%
Equity	320.9	206.1	55.7%
Equity ratio	22.2%	16.4%	37.0%
Net debt	341.0	255.9	33.3%
Gearing ratio	106.3%	124.2%	(14.4)%
Number of employees at 31.12.	7,266	6,963	4.4%

For further information please contact

Investor Relations / Barbara Potisk-Eibensteiner
Tel +43 (0)50213-6117 / Fax +43 (0)50213-6130
E-Mail: barbara.potisk@rhi-ag.com

Media Relations / Elke Koch
Phone +43/1/50213-6160 / Fax +43/1/50213-6797
Mobile: +43 (0)699 1870-6160 / E-mail: elke.koch@rhi-ag.com