

11 March 2010

Preliminary results of RHI AG: structural measures, cost management and strong fourth quarter enabled clearly positive result

- Restructuring programme shows clearly positive effects
- Significant increase in operating margin to 9.9% in the fourth quarter
- Revenues 2009: € 1,236.9 million (-22.5%)
- Operating result: € 79.0 million (-52.5%)
- EBIT: € 54.8 million, affected by restructuring measures and impairment losses of € 24.2 million
- Increase in operating cash flow by roughly 64% to € 202.0 million
- Significant improvement in balance sheet indicators
- Reduction of net debt from € 375.0 million to € 233.2 million
- Equity raised by 25% to € 227.8 million
- Positive demand continues in the first quarter of 2010

	2009	2008 ¹⁾	2009 Q4	2008 ¹⁾ Q4
Sales volume (thousand tonnes)	1,436.2	1,952.6	426.0	390.0
in € million				
Revenues	1,236.9	1,596.7	336.7	375.8
Steel Division	703.6	957.6	206.2	208.5
Industrial Division	513.6	605.6	125.9	158.8
Raw Materials Division				
External revenues	19.7	33.5	4.6	8.5
Internal revenues	439.1	583.8	128.5	138.0
Pre restructuring EBIT 2)	79.0	166.2	33.5	18.2
Steel Division	18.8	76.5	13.4	0.9
Industrial Division	75.5	79.3	22.0	21.9
Raw Materials Division	10.5	28.2	6.7	-2.0
Holding / other	-25.8	-17.8	-8.6	-2.6
EBIT	54.8	148.4	22.0	0.4
Steel Division	11.9	71.4	10.0	-4.2
Industrial Division	67.0	75.5	19.2	18.1
Raw Materials Division	6.1	19.3	3.0	-10.9
Holding / other	-30.2	-17.8	-10.2	-2.6

¹⁾ adjusted

²⁾ before impairment losses and restructuring expenses

Market environment

The year 2009 was characterised by a massive slump in steel output in Europe and North American in the first half and by a recovery in the second half of the year. Over the entire year, steel production recorded a decline by 30% in the EU27 and by 34% in North America. In contrast, steel output in China rose by 13.5%. The cement market suffered a drop of up to 50% in countries including the UK and Russia, while markets like China and the Near/Middle East remained

unaffected by the crisis. The glass industry focused its investments only on repairs to extend useful life, and the low raw material prices triggered an investment stop in the nonferrous metals industry.

Business development

With revenues dropping by 22.5% to € 1,236.9 million (after € 1,596.7 million), the operating result amounted to € 79.0 million (after € 166.2 million). EBIT equalled € 54.8 million (after restructuring measures and impairment losses totalling € 24.2 million) versus € 148.4 million in the financial year 2008. This value was achieved through capacity adjustments in all three divisions, an extensive cost-cutting programme and the resulting significantly improved cost structure. The operating margin amounted to 6.4% in the whole year 2009, but significantly improved to 9.9% in Q4, slightly below the margin of 10.4% in the year 2008.

"Against the backdrop of the extremely difficult market environment, our remarkable operating result and our net profit of € 21.4 million must be considered a success", Thomas Fahnemann, CEO of RHI, comments on the financial year 2009.

The **Steel Division** defended its position as a full-range supplier with innovative solutions in the core markets in 2009 and expanded it in important new markets such as Brazil. Revenues amounted to € 703.6 million (after € 957.6 million) and, at € 206.2 million in the fourth quarter, exceeded the level of the third quarter of 2009 by 15%.

The **Industrial Division** benefited from projects dating back to 2008 in the first quarter of 2009 and was affected by a drop in demand from the second quarter 2009. With revenues of € 513.6 million (after € 605.6 million), the operating result of € 75.5 million was only slightly below the prior-year figure von € 79.3 million.

The operating result of the **Raw Materials Division** equalled € 10.5 million (previous year € 28.2 million) and was above all attributable to the underutilisation of capacity in the first three quarters.

Measures

The initiated cost-cutting programme resulted in savings of roughly € 53 million for 2009, which exceeded the target of € 40 million. Through active cash flow management the cash flow from operating activities was increased by 64% to € 202.0 million. In addition, RHI introduced a new profit centre structure in 2009, which gives the company an orientation closer to the market and the customer. A new plant concept allows flexible adjustment of capacities to the market conditions. The project "Simplification" will lead to simpler internal processes. Overall, the course for future growth was set through these measures.

"While in the first months of 2009 we placed the focus on active crisis management, secured liquidity and rapidly implemented the necessary capacity adjustments, we were already able to reap the benefits of these measures on the cost side in the fourth quarter of 2009," says Fahnemann. *"In addition, we set the course for future growth through comprehensive structural changes. Our focus now clearly lies on further growth in the emerging markets and strengthening backward integration. In line with the new corporate strategy, which was also established in 2009, we intend to increase our market share significantly in these growth regions by 2015 through targeted investments, thus expanding our world market leadership."*

Balance sheet

Net debt as of 31.12.2009 was cut by 38% compared to the prior-year balance sheet date and amounted to € 233.2 million. The equity ratio amounted to 17.9% at 31.12.2009 (after 13.7%).

Outlook

From the current perspective, RHI expects the positive trend to continue in the Steel Division in the first half of 2010. The level of revenues and earnings in the first quarter will be comparable to that of the fourth quarter of 2009. The development of the industrial business, which is to a great extent project-driven, will largely depend on the expected infrastructure projects in Europe and North America, the development of raw material prices and the customers' possibilities to finance projects. The Raw Materials Division expects largely full capacity utilisation at its western plants in 2010.

RHI expects further growth in the Steel Division for the whole year 2010, while the Industrial Division will see a development similar to the year 2009. Due to the market recovery, the expansion of the market position and an improved cost structure, RHI expects revenues and earnings to increase.

All of the above data for 2009 are preliminary. The final results and the consolidated balance sheet 2009 will be published following the approval of the financial statements by the Supervisory Board on 26 March 2010.

Preliminary Results RHI Group 2009

	2009	2008 ¹⁾	2009 Q4	2008 ¹⁾ Q4
in € million				
Revenues	1,236.9	1,596.7	336.7	375.8
EBITDA	114.5	216.1	41.0	31.2
EBIT	54.8	148.4	22.0	0.4
Financial result	-32.0	-37.2	-4.8	-10.4
Result from associates	2.4	2.2	1.3	-0.1
Profit before income taxes	25.2	113.4	18.5	-10.1
Income taxes	-3.8	-11.6	-1.5	3.6
Profit from continuing operations	21.4	101.8	17.0	-6.5
Discontinued operations				
Loss from discontinued operations	0.0	-1.2	0.0	-0.1
Profit RHI Group	21.4	100.6	17.0	-6.6
Profit attributable to				
Equity holder of RHI AG	20.9	98.1	16.9	-8.4
Minority interest	0.5	2.5	0.1	1.8
	21.4	100.6	17.0	-6.6
in €				
Diluted earnings per share	0.52	2.51	0.41	-0.20

¹⁾ adjusted



in € million	2009	2008	Change
Cash flow from operating activities	202.0	123.5	63.6%
Capital expenditure	-41.5	-76.7	45.9%
Balance sheet total	1,271.2	1,323.3	-3.9%
Equity	227.8	181.8	25.3%
Net debt	233.2	375.0	-37.8%
Gearing	102.4%	206.3%	-50.4%
Employees at year-end	6,963	7,766	-10.3%

For further information please contact

Elke Koch / Media Relations

Phone: +43/1/50213-6160 / Fax: +43/1/50213-6797

Mobile: +43 (0)699 1870-6160 / E-mail: elke.koch@rhi-ag.com