

# RHI AG

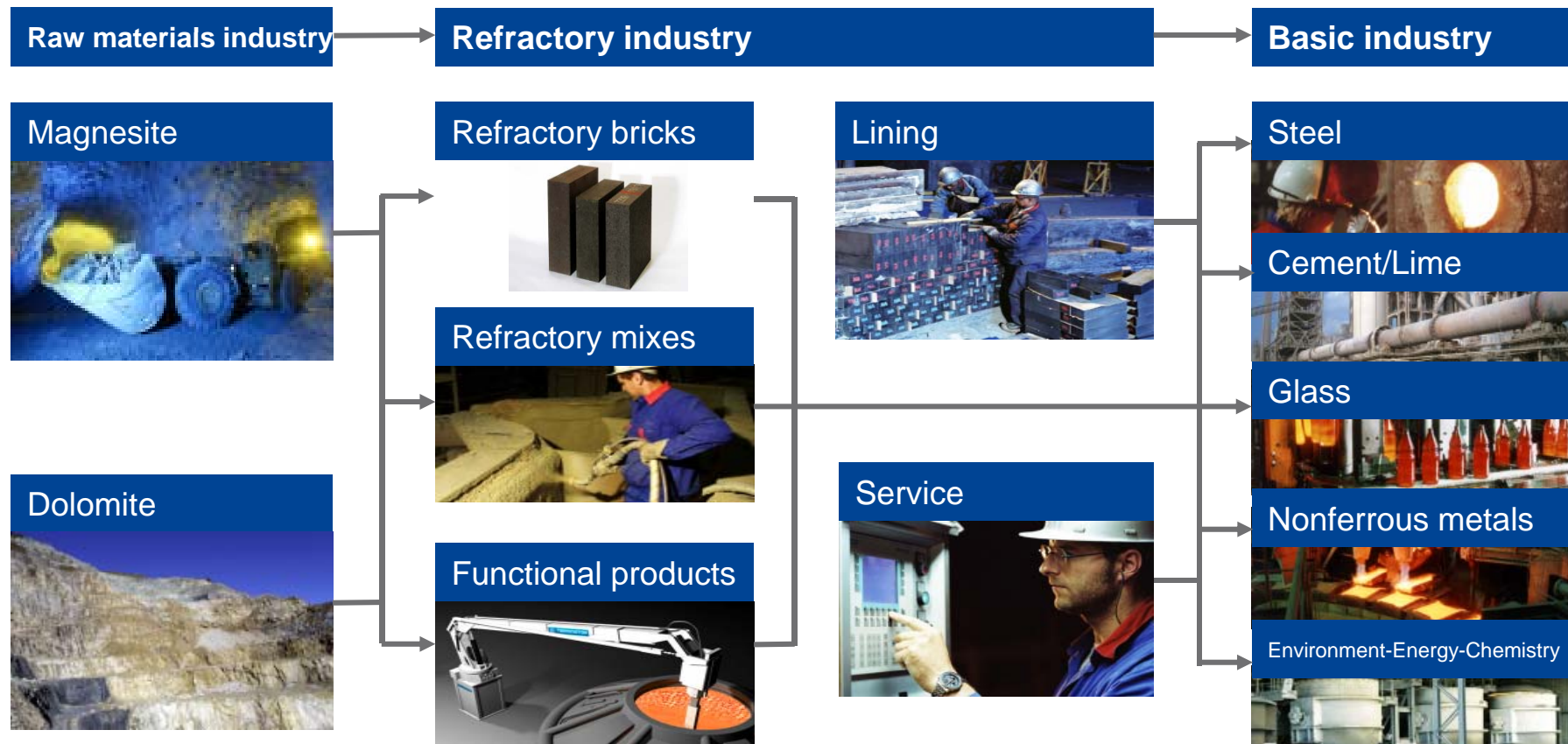
A World Leader in Refractories Technology



May 2012

[www.rhi-ag.com](http://www.rhi-ag.com) EXCELLENCE  
IN REFRACTORIES **RHI**

# Refractories – indispensable for the basic industry



RHI is a vertically integrated global provider of high-grade refractory products, systems and services, which are indispensable for industrial high-temperature processes exceeding 1,200 °C

# Overview



## Key facts

- Focus on production, sale and installation of high-grade refractory products
- Revenues of €1,759.0 million and EBIT of €150.9 million in 2011
- 33 productions sites and more than 70 sales offices with 8,000 employees
- Global partner for over 10,000 customers in more than 180 countries
- Technology leadership with close to market R&D facilities and tailor-made products

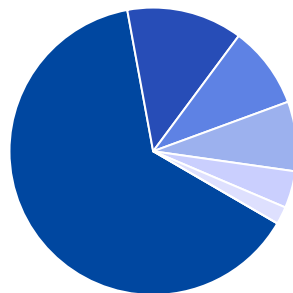
## Selected key customers

Steel	Cement	Glass	Nonferrous
   	   	  	  

# Market leader through global presence and comprehensive portfolio with broad customer base

## Customer Industries

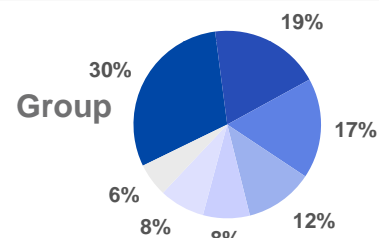
RHI Group – 2011 External Revenues



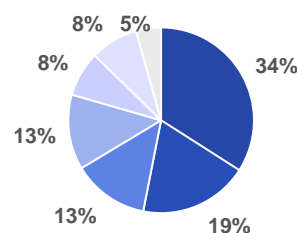
■ 63% Steel	<b>Steel Division</b>
■ 13% Cement/Lime	<b>Industrial Division</b>
■ 9% Nonferrous metals	
■ 9% Glass	
■ 4% Environment-Energy-Chemicals	<b>Raw Materials Division</b>
■ 2% Raw materials	

## Global Market Coverage

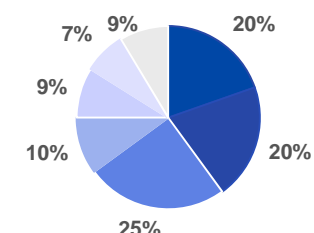
RHI – 2011 Revenues by region



### Steel Division

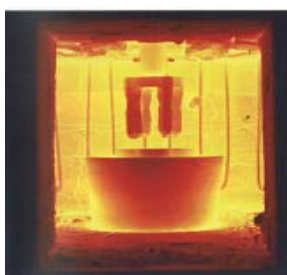


### Industrial Division



■ Western Europe	■ Near/Middle East
■ North America	■ South America
■ Asia/Pacific	■ Africa
■ Eastern Europe	

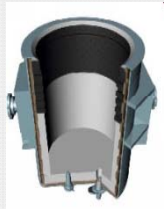
# Technological leader through research and development capabilities



- Close and longstanding co-operation with customers enables RHI to deliver tailor-made solutions
- About 150 international experts in global R&D team
- Active management of intellectual property (more than 1,500 individual patents)
- RHI's focus on complex, hard-to-replicate products and services such as full-line services and isostatic products fully supported by R&D activities
- Historical close relationship with international research institutes and universities

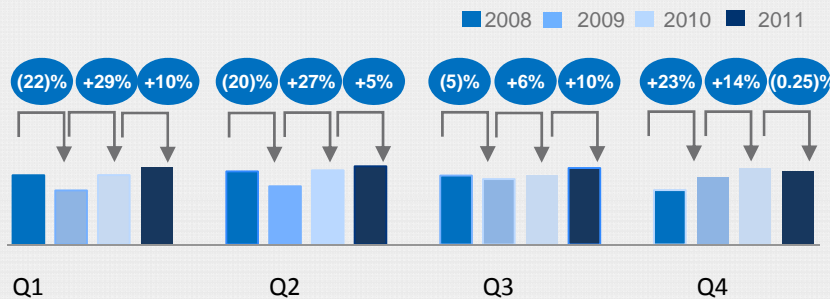
# Steel Division – Comprehensive offering of products, services and solutions

## Standardized/High-Volume Products



- Bricks and unshaped products for basic oxygen furnaces, electrical arc furnaces and steel casting ladles
- Regarded as consumable product due to comparably short replacement cycles (20 minutes to 2 months)

**Strong increase of world steel output<sup>1)</sup>**  
in million tonnes



1) World Steel Association January 2012

## Complex Solutions and Services





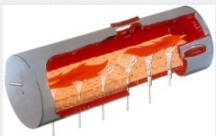

- Tailored products and solutions for customers in the steel industry
- Systems and solutions for complete refractory management (full line service)

### Full Line Service

Refractories	Machinery & Equipment	Engineering & Design	Services & Logistics
--------------	-----------------------	----------------------	----------------------

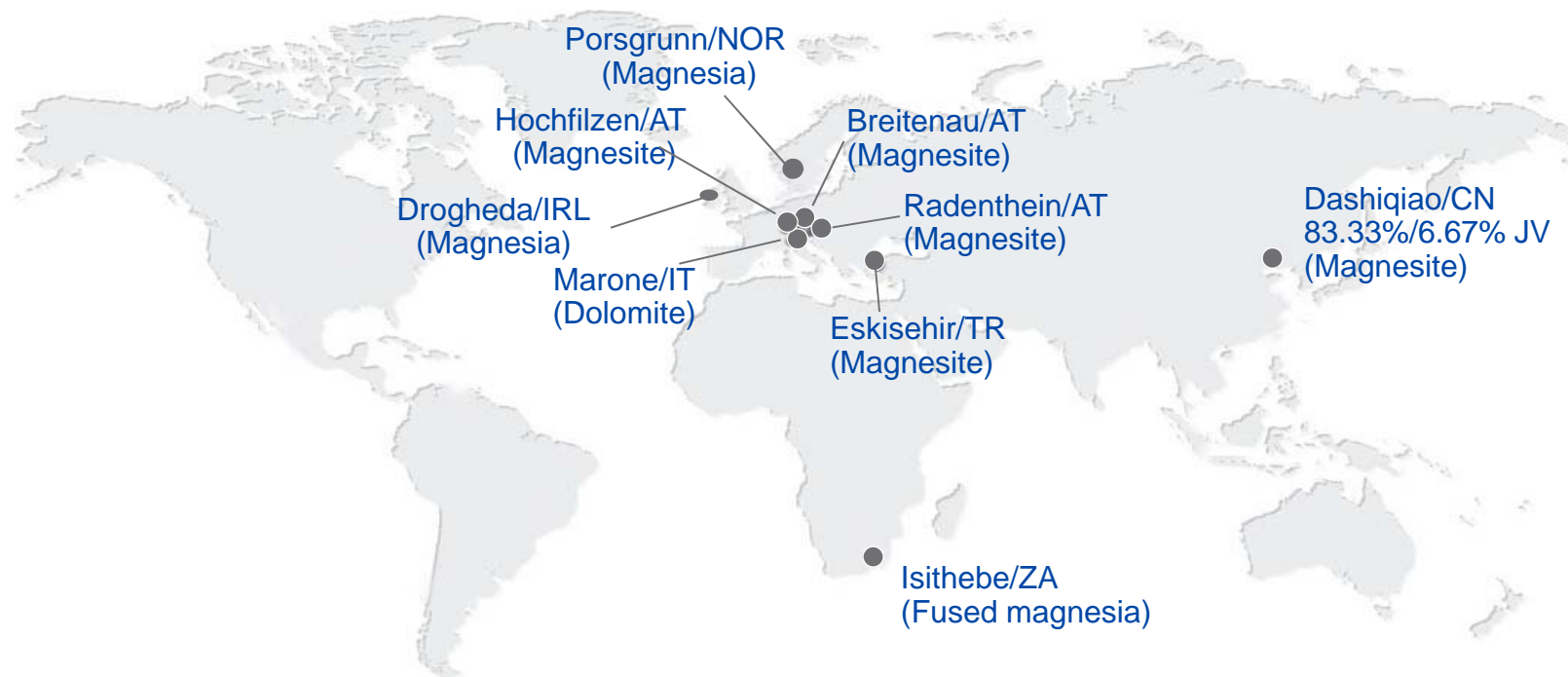
**Customer demand correlated to steel output due to consumable nature of refractory products in steel industry  
RHI strengthening higher margin FLS and complex solutions businesses**

# Industrial Division – Customized refractory products and solutions

Key industries	Exemplary applications	Replacement cycle	Customized solutions
Cement/ Lime	Kilns 	Annually	All-inclusive refractory solutions based on the specific requirements of various customers' industrial production processes including: <ul style="list-style-type: none"> <li>▪ Complete lining concepts</li> <li>▪ Refractory engineering with state-of-the-art CAD systems</li> <li>▪ Detailed project documentation including installation instructions</li> <li>▪ Developments of specific, individual refractory solutions in cooperation with research centres</li> <li>▪ Complete installation and lining supervision by experienced engineers</li> </ul>
Glass	Glass furnace 	Up to 10 years	
Nonferrous Metals	Copper Converter 	1 – 10 years	
Energy- Environment- Chemicals	Secondary reformer 	5 – 10 years	

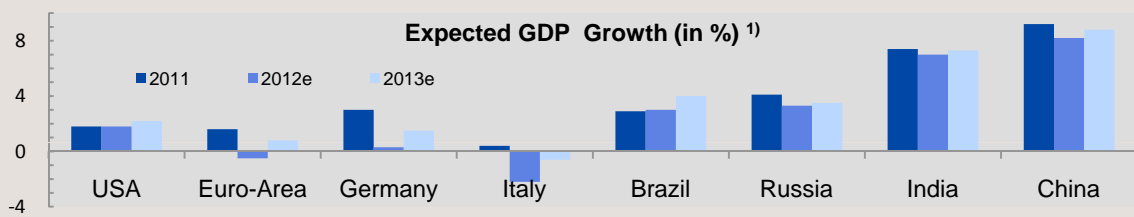
**Typically longer replacement cycles and higher customization compared to products provided to steel industry**  
**Wide areas of application, project driven demand cycles and perception as investment**

# Strategic mining and raw material production assets



- Mining of 1.3 million tonnes of magnesite and dolomite per year

# Key drivers of demand in selected end markets

	Steel	Cement/Lime	Glass	Nonferrous																																				
<b>Cross Industry Drivers</b> <ul style="list-style-type: none"> <li>▪ GDP growth</li> <li>▪ Level of industrial production</li> <li>▪ Level of government spending (recent infrastructure stimulus packages)</li> </ul>	<p><b>Expected GDP Growth (in %) <sup>1)</sup></b></p>  <table border="1"> <caption>Expected GDP Growth (in %) Data</caption> <thead> <tr> <th>Region</th> <th>2011</th> <th>2012e</th> <th>2013e</th> </tr> </thead> <tbody> <tr> <td>USA</td> <td>2.0</td> <td>2.0</td> <td>2.5</td> </tr> <tr> <td>Euro-Area</td> <td>1.5</td> <td>-0.5</td> <td>0.5</td> </tr> <tr> <td>Germany</td> <td>3.0</td> <td>0.5</td> <td>1.5</td> </tr> <tr> <td>Italy</td> <td>0.5</td> <td>-1.5</td> <td>-0.5</td> </tr> <tr> <td>Brazil</td> <td>3.0</td> <td>3.0</td> <td>4.0</td> </tr> <tr> <td>Russia</td> <td>4.0</td> <td>3.0</td> <td>3.5</td> </tr> <tr> <td>India</td> <td>7.0</td> <td>6.5</td> <td>7.0</td> </tr> <tr> <td>China</td> <td>8.5</td> <td>8.0</td> <td>8.5</td> </tr> </tbody> </table> <p><sup>1)</sup> IMF, January 2012</p>				Region	2011	2012e	2013e	USA	2.0	2.0	2.5	Euro-Area	1.5	-0.5	0.5	Germany	3.0	0.5	1.5	Italy	0.5	-1.5	-0.5	Brazil	3.0	3.0	4.0	Russia	4.0	3.0	3.5	India	7.0	6.5	7.0	China	8.5	8.0	8.5
	Region	2011	2012e	2013e																																				
USA	2.0	2.0	2.5																																					
Euro-Area	1.5	-0.5	0.5																																					
Germany	3.0	0.5	1.5																																					
Italy	0.5	-1.5	-0.5																																					
Brazil	3.0	3.0	4.0																																					
Russia	4.0	3.0	3.5																																					
India	7.0	6.5	7.0																																					
China	8.5	8.0	8.5																																					
<b>Industry Drivers</b> <ul style="list-style-type: none"> <li>▪ Influence of three major sectors: automotive, consumer durables, construction</li> <li>▪ Level of industrial production especially in BRIC countries</li> </ul>	<ul style="list-style-type: none"> <li>▪ Level of residential, commercial and infrastructure construction activity</li> <li>▪ Pollution regulations on production (e.g. China)</li> </ul>	<p><b>Flat Glass</b></p> <ul style="list-style-type: none"> <li>▪ Level of construction activity</li> <li>▪ Legislation and regulations on safety, noise attenuation and energy conservation</li> <li>▪ Growth in automotive sector</li> </ul> <p><b>Container Glass</b></p> <ul style="list-style-type: none"> <li>▪ Level of disposable income and domestic consumption</li> </ul>	<ul style="list-style-type: none"> <li>▪ Level of industrial production</li> <li>▪ Commodity price levels that encourage spending on capital expenditures to develop new mines</li> </ul>																																					
	<b>Emerging Market Drivers</b> <ul style="list-style-type: none"> <li>▪ Catch-up process in emerging markets</li> <li>▪ Foreign direct investment</li> <li>▪ Growth in domestic consumption</li> <li>▪ Growth in exports of steel based consumables</li> </ul>	<ul style="list-style-type: none"> <li>▪ Above average growth of domestic commercial and residential markets compared to developed markets</li> </ul>	<p><b>Flat Glass</b></p> <ul style="list-style-type: none"> <li>▪ Above average growth in residential/commercial markets</li> <li>▪ Growth automobiles sector</li> </ul> <p><b>Container Glass</b></p> <ul style="list-style-type: none"> <li>▪ Disposable income growth</li> </ul>	<ul style="list-style-type: none"> <li>▪ Foreign direct investment in mining sector</li> <li>▪ Above average growth of domestic economy</li> <li>▪ Infrastructure building</li> </ul>																																				
<b>Impact on RHI</b>	<p><b>Refractory demand to be driven by strong growth in emerging markets</b>  <b>RHI to benefit from recovery in key end markets</b></p>																																							

## 3 pillar strategy of RHI

### Expansion of activities in important growth markets

- Transfer of production capacities to emerging markets
- Capacity expansion in China
- Establish a fully integrated presence in Eastern Europe and Latin America

### Further enhancement of vertical integration into Raw Materials

- Further vertical integration via opportunistic acquisitions and JVs
- Expansion of existing raw material plants

### Operational excellence

- Further adaption of production footprint according to customer demand
- Improvement of cost structure due to lower logistic costs and lower working capital needs

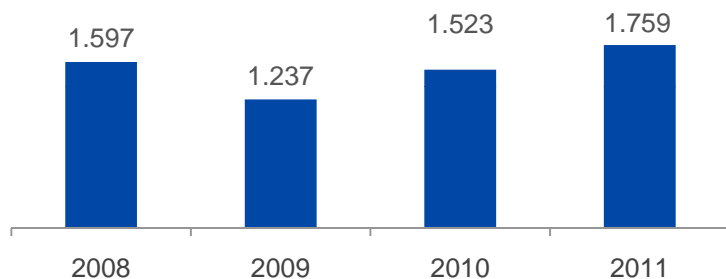
# Results 1. Quarter 2012

in € million	Q1 2012	Q1 2011	Changes
<b>Revenues</b>	<b>436.9</b>	413.8	5.6%
<b>EBITDA</b>	<b>47.6</b>	42.4	12.3%
<b>EBITDA margin</b>	<b>10.9%</b>	10.2%	0.7pp
<b>Operating results<sup>1)</sup></b>	<b>33.6</b>	29.2	15.1%
<b>Operating results margin</b>	<b>7.7%</b>	7.1%	0.6pp
<b>EBIT</b>	<b>33.6</b>	29.2	15.1%
<b>EBIT margin</b>	<b>7.7%</b>	7.1%	0.6pp
<b>Profit before income taxes</b>	<b>35.4</b>	23.7	49.4%
<b>Profit for the year</b>	<b>32.0</b>	18.3	74.9%
<b>Net cash flow from operating activities</b>	<b>45.0</b>	26.8	67.9%
<b>Number of employees at end of quarter</b>	<b>8,192</b>	7,344	11.4%

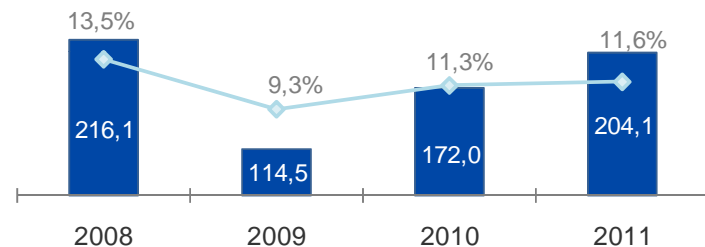
1) before reversal of impairment losses/impairment losses and restructuring costs

# Results 2011

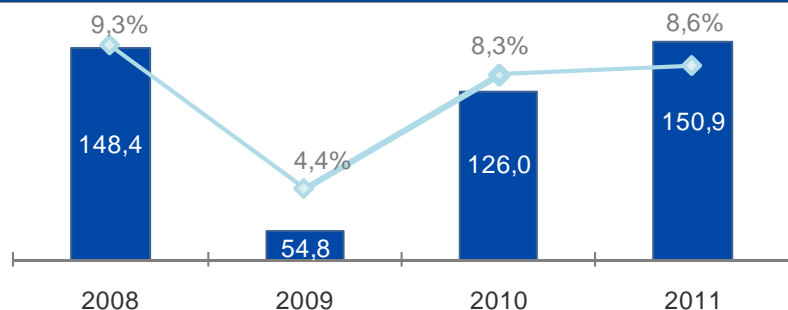
## Revenues in € million



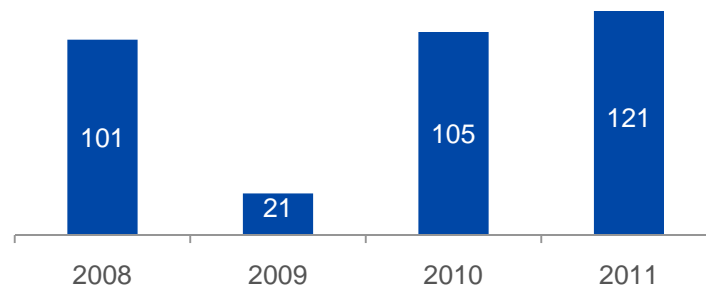
## EBITDA and Margin in € million



## EBIT and Margin in € million



## Net income in € million



# Results 2011

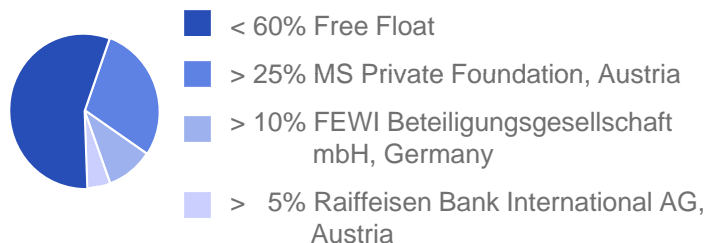
in € Mio	2011	2010	Change in %
<b>Revenues</b>	<b>1,758.6</b>	1,522.9	+15.5
<b>EBITDA</b>	<b>204.1</b>	172.0	+18.7
<b>EBITDA margin</b>	<b>11.6%</b>	11.3%	+2.7
<b>EBIT</b>	<b>150.9</b>	126.0	+19.8
<b>EBIT margin</b>	<b>8.6%</b>	8.3%	+3.6
<b>Profit before income taxes</b>	<b>125.5</b>	104.6	+20.0
<b>Profit for the year</b>	<b>120.8</b>	104.6	+15.5
<b>Diluted earnings per share (in €)</b>	<b>3.03</b>	2.63	+15.2
<b>Net cash flow from operating activities</b>	<b>124.4</b>	(12.3)	+1,111.4
<b>Number of employees at 31.12.2011</b>	<b>7,925</b>	7,266	+9.1

# Divisional key financials

in € Mio	2011	2010	Change
<b>Revenues</b>			
Steel Division	1,106.8	977.3	13.3%
Industrial Division	613.9	517.8	18.6%
Raw Materials Division			
External	37.9	27.8	36.3%
Internal	170.4	137.4	24.0%
<b>Operating result</b>			
Steel Division	70.1	62.7	11.8%
Industrial Division	68.3	74.3	(8.1)%
Raw Materials Division	10.2	1.8	466.7%
<b>Operating result margin</b>			
Steel Division	6.3%	6.4%	(1.6)%
Industrial Division	11.1%	14.3%	(22.4)%
Raw Materials Division	4.9%	1.1%	345.5%
<b>EBIT</b>			
Steel Division	71.5	61.7	15.9%
Industrial Division	71.8	60.6	18.5%
Raw Materials Division	7.6	3.7	105.4%
<b>EBIT margin</b>			
Steel Division	6.5%	6.3%	3.2%
Industrial Division	11.7%	11.7%	0.0%
Raw Materials Division	3.6%	2.2%	63.6%

# RHI share price & shareholder structure

## Shareholder structure



## Corporate calendar Information on RHI share

First Half-Year Results August 7, 2012

Number of shares issued: 39,819,039  
 ISIN: AT000676903

## RHI share performance



## Established brands

The RHI brand comprises a series of successfully established trade marks:



# RHI history

1830 – 1900



**VEITSCHER**

In **1881** Carl Spaeter discovered a magnesite deposit in Veitsch (Austria) and founded Veitscher Magnesitwerke Actien-Gesellschaft in **1899**.



**RADEX**

In **1908** Emil Winter acquired the mining rights for a magnesite deposit at Millstätter Alpe (Austria) and founded the “Austro-American Magnesite Company” (later Radex Austria)



**DIDIER**

In **1834** Friedrich Ferdinand Didier founded the factory Chamottefabrik F. Didier in Podejuch near Stettin, then Prussia. Didier thus became one of the first producers of refractory bricks in Germany.

**1966:** Acquisition STOPINC

**Dolomite Franchi**

Founded in **1919** by Attilio Franchi.

1900 – 2000

**Veitsch-Radex**

**1993:** Merger Veitsch-Radex AG, today Veitsch-Radex GmbH & Co is a 100 % subsidiary of RHI AG

**1993:** Acquisition REFEL

**1989:** Acquisition NARCO  
**1995** RHI acquired a majority holding in Didier-Werke AG.

**1993** RHI acquired a majority holding of Dolomite Franchi.

2000 – today

**1999:** Takeover of GIT/HARBISON-Walker

**Heraklith**  
since **1908**,  
sold in **2006**

**2001:** Deconsolidation of GIT/Harbison-Walker, NARCO

**2010:** 100% acquisition of Didier Werke AG

**2011:** Aquisition ZAO Podolsk/RU Premier Periclase Ltd./IRL SMA Mineral Magnesia AS/NOR

**2012:** 100% acquisition of Stopinc AG/CH

**RHI**

[www.rhi-ag.com](http://www.rhi-ag.com)

RHI AG, Corporate Communications

Elke Koch

Wienerbergstraße 9, 1100 Vienna, Austria

Tel: +43(0) 50213-6160, E-Mail: [elke.koch@rhi-ag.com](mailto:elke.koch@rhi-ag.com)

Important notice:

These materials contain forward-looking statements based on the currently held beliefs and assumptions of the management of RHI AG ("RHI"), which are expressed in good faith and, in their opinion, reasonable. These statements may be identified by words such as "expectation" or "target" and similar expressions, or by their context. Forward-looking statements involve known and unknown risks, uncertainties and other factors, which may cause the actual results, financial condition, performance, or achievements of RHI to differ materially from the results, financial condition, performance or achievements express or implied by such forward-looking statements. Given these risks, uncertainties and other factors, recipients of this document are cautioned not to place undue reliance on these forward-looking statements. RHI disclaims any obligation to update these forward-looking statements to reflect future events or developments. All personal identifications are valid for both sexes.