

# BUSINESS YEAR 2017/18

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Investor Relations  
JUNE 2018

# voestalpine GROUP

## OVERVIEW – BUSINESS MODEL

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- » voestalpine is a **leading technology** and **capital goods group** with combined material and processing expertise
- » It is holding **global top positions** in its business units
- » The group focuses on most demanding **product** and **system solutions** based on **steel** and **other metals** in **technology-intensive** industries
- » Clear **focus** on strategically, in the long run most promising sectors like **mobility** and **energy**
- » **Long-term relationships** with customers, suppliers and R&D-institutions as **key drivers for innovation**



# voestalpine GROUP GLOBAL FOOTPRINT

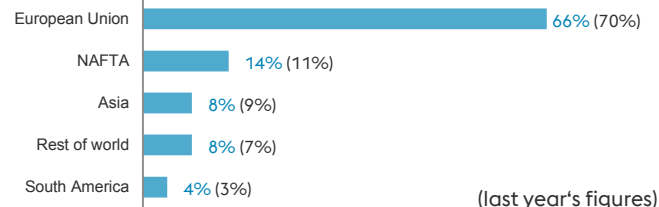
One Group – 500 sites – 50 countries – 5 continents



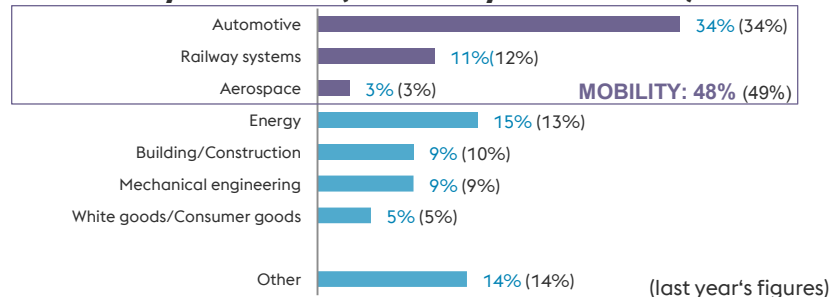
INCREASING NON-EU-BUSINESS, MOBILITY-SECTOR STABLE

voestalpine AG

## Revenue by regions (Business year 2017/18)



## Revenue by industries (Business year 2017/18)



voestalpine

ONE STEP AHEAD.

# voestalpine GROUP

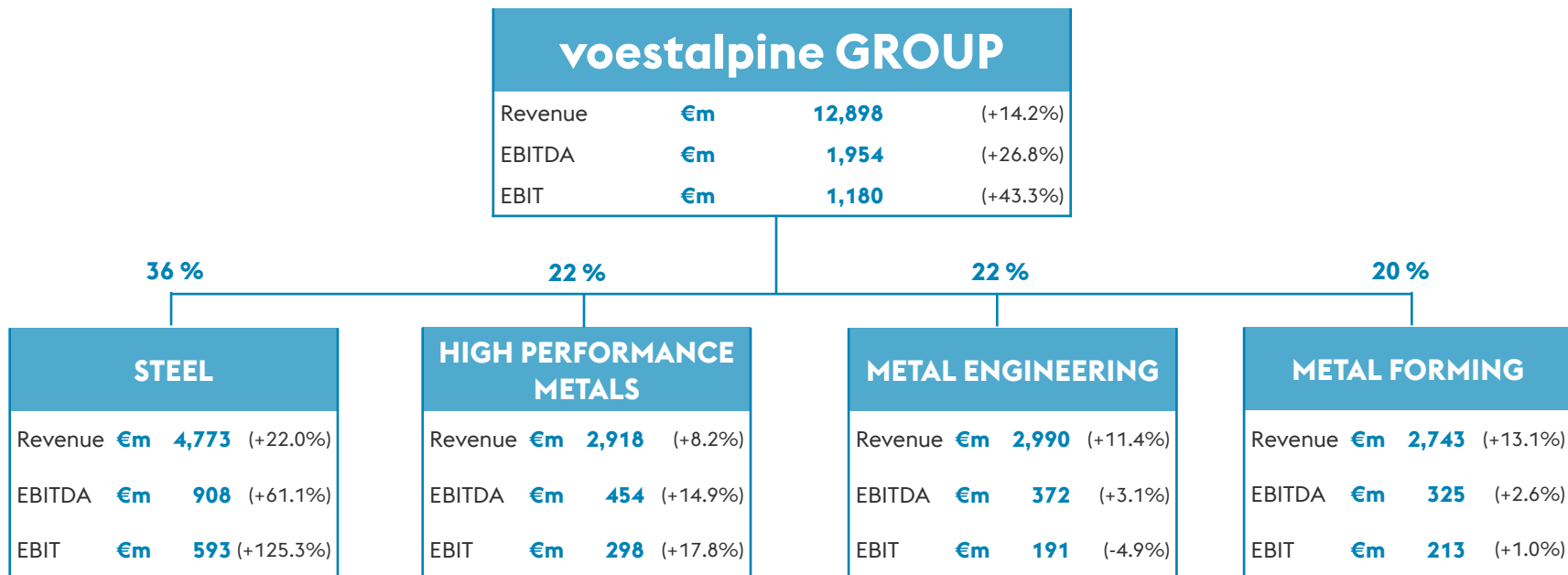
## BUSINESS YEAR 2017/18: ALL-TIME HIGH

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- » New records in all earnings categories as well as group revenues
  - » Combination of favorable market environment and consistent innovation & efficiency management over last 15 years
  - » In particular strong gains in Steel Division, but also High Performance Metals Division with significant growth, Metal Engineering and Metal Forming Divisions with sustainable upward trend
- » Europe, China, India and—slightly more volatile—NAFTA with strong growth, Brazil back from 4 years of recession
  - » Automotive industry with ongoing strong development, consumer goods and aircraft industries stable on high level, pick-up of mechanical engineering industry, step by step recovery of oil & gas business, challenging market conditions in European railway infrastructure
- » Increasing US-protectionism creates worries, but no major economic damages so far

# voestalpine GROUP & DIVISIONS

## BY 2017/18 (vs. BY 2016/17)



# STEEL DIVISION

## BUSINESS DEVELOPMENT BY 2017/18

- » Broad economic growth as well as cost, efficiency & technology optimization driving excellent performance
  - » Strong demand in major customer segments automotive, consumer goods and mechanical engineering
  - » Despite still only modest linepipe business, solid order intake in high-tech heavy plate
- » Decreasing Chinese dumping exports due to domestic capacity adjustments and improving internal demand
  - » However advancing imports from Turkey, India, South Korea, Iran and others
- » HBI-plant in Texas: positive market sentiment, continuously improving technical performance, despite “Harvey” and strong winter solid EBITDA

€m	Q1 17/18	Q2 17/18	Q3 17/18	Q4 17/18	BY 17/18	BY 16/17	Delta in %
Revenue	1,213	1,086	1,176	1,298	<b>4,773</b>	3,912	<b>22.0</b>
EBITDA	228	215	210	256,0	<b>908</b>	564	<b>61.1</b>
EBITDA-%	18.8%	19.8%	17.8%	19.7%	<b>19.0%</b>	14.4%	
EBIT	150	138	131	174	<b>593</b>	263	<b>125.3</b>
EBIT-%	12.4%	12.7%	11.1%	13.4%	<b>12.4%</b>	6.7%	

# HIGH PERFORMANCE METALS DIVISION

## BUSINESS DEVELOPMENT BY 2017/18

- » Strong business conditions in all sectors
  - » Automotive and consumer goods industries bolstering excellent tool steel demand
  - » Further recovery of onshore oil & gas activities
  - » Aviation sector with ongoing high order intake
  - » First commercial business in additive manufacturing
- » Europe as regional driver for strong performance
  - » US with increasing protectionist tendencies in special steels
  - » Brazil showing gradual recovery after years of downturn
  - » Ongoing strong momentum in China
- » US-driven impairment in Brazil reducing EBIT in Q4 by 10m EUR

€m	Q1 17/18	Q2 17/18	Q3 17/18	Q4 17/18	BY 17/18	BY 16/17	Delta in %
Revenue	739	692	704	783	<b>2,918</b>	2,698	<b>8.2</b>
EBITDA	127	99	103	125	<b>454</b>	395	<b>14.9</b>
EBITDA-%	17.2%	14.3%	14.6%	15.9%	<b>15.6%</b>	14.6%	
EBIT	90	63	67	79	<b>298</b>	253	<b>17.8</b>
EBIT-%	12.1%	9.0%	9.5%	10.0%	<b>10.2%</b>	9.4%	

# METAL ENGINEERING DIVISION

## BUSINESS DEVELOPMENT BY 2017/18

- » Uneven sentiment in railway infrastructure
  - » Earnings of Rail Technology affected by less demand and therefore high level of competition in Europe
  - » Only minor impulses in mining regions Brazil & South Africa
  - » Turnout Systems with solid development due to leading global market position and excellent order intake in China
- » Wire Technology benefiting from strong market conditions and most modern wire rod mill
  - » Impairment of 15m EUR in ultra thin fine wire due to ongoing market weakness
- » Full capacity utilization and step by step price recovery in Tubulars
- » Still difficult environment in Welding Consumables

€m	Q1 17/18	Q2 17/18	Q3 17/18	Q4 17/18	BY 17/18	BY 16/17	Delta in %
Revenue	770	741	728	751	<b>2,990</b>	2,685	<b>11.4</b>
EBITDA	87	91	84	110	<b>372</b>	361	<b>3.1</b>
EBITDA-%	11.3%	12.2%	11.5%	14.7%	<b>12.4%</b>	13.4%	
EBIT	47	34	43	67	<b>191</b>	201	<b>-4.9</b>
EBIT-%	6.1%	4.6%	5.8%	8.9%	<b>6.4%</b>	7.5%	



# METAL FORMING DIVISION

## BUSINESS DEVELOPMENT BY 2017/18

- » Excellent business sentiment in Automotive Components throughout BY 2017/18
  - » EU-car registrations 2017 further up
  - » However, short term negative earnings impacts from enhanced ramp-ups of new plants in China, US and Mexico
- » Improving conditions in special Tubes & Sections
  - » Positive impulses in European core markets, Brexit weighing on UK
  - » Upturn in Brazil, US with only moderate trend
- » Solid business sentiment and strong global position bolstering strong performance of Precision Strip
- » E-commerce supporting extensive global project activities in Warehouse & Rack Solutions

€m	Q1 17/18	Q2 17/18	Q3 17/18	Q4 17/18	BY 17/18	BY 16/17	Delta in %
Revenue	673	649	676	746	<b>2,743</b>	2,426	<b>13.1</b>
EBITDA	89	75	73	89	<b>325</b>	317	<b>2.6</b>
EBITDA-%	13.2%	11.6%	10.7%	11.9%	<b>11.9%</b>	13.1	
EBIT	61	47	44	60	<b>213</b>	211	<b>1.0</b>
EBIT-%	9.1%	7.3%	6.5%	8.0%	<b>7.8%</b>	8.7%	

# FINANCIAL OVERVIEW

## BY 2017/18

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# voestalpine GROUP

## FINANCIAL OVERVIEW

	<b>BY 2016/17</b> 2016/04/01-2017/03/31	<b>BY 2017/18</b> 2017/04/01-2018/03/31	<b>Delta</b> %
Revenue	11,295	12,898	<b>+14.2</b>
EBITDA	1,541	1,954	<b>+26.8</b>
EBITDA margin	13.6 %	15.2 %	
EBIT	823	1,180	<b>+43.3</b>
EBIT margin	7.3 %	9.1 %	
Profit before tax	700	1,043	<b>+48.9</b>
Profit after tax <sup>1</sup>	527	818	<b>+55.2</b>
EPS – earnings per share (euros)	2.84	4.40	<b>+54.9</b>

In millions of euros

<sup>1</sup>Before deduction of non-controlling interests and interest on hybrid capital.

# voestalpine GROUP

## BY 2017/18 (vs. BY 2016/17)

	1 <sup>st</sup> quarter 2017/18	2 <sup>nd</sup> quarter 2017/18	3 <sup>rd</sup> quarter 2017/18	4 <sup>th</sup> quarter 2017/18	Business Year 2017/18	Business Year 2016/17	Delta in %
Revenue	3,252	3,051	3,158	3,437	<b>12,898</b>	11,295	<b>+14.2</b>
EBITDA	514	455	437	549	<b>1,954</b>	1,541	<b>+26.8</b>
EBITDA margin	15.8%	14.9%	13.8%	16.0%	<b>15.2%</b>	13.6%	
EBIT	329	255	250	345	<b>1,180</b>	823	<b>+43.3</b>
EBIT margin	10.1%	8.4%	7.9%	10.0%	<b>9.1%</b>	7.3%	
Profit before tax	292	221	224	305	<b>1,043</b>	700	<b>+48.9</b>
Profit after tax <sup>1</sup>	218	171	167	262	<b>818</b>	527	<b>+55.2</b>

In millions of euros

<sup>1</sup>Before deduction of non-controlling interests and interest on hybrid capital.

# voestalpine GROUP

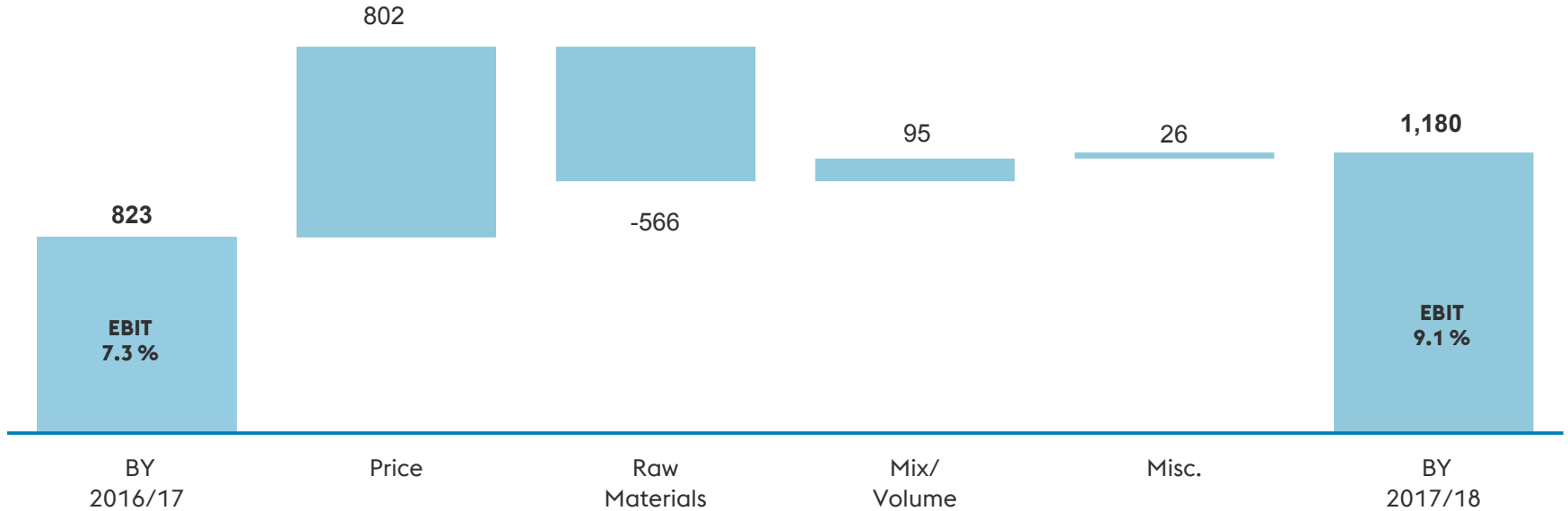
## FINANCIAL OVERVIEW

	<b>BY 2016/17</b> 2016/04/01-2017/03/31	<b>BY 2017/18</b> 2017/04/01-2018/03/31	<b>Delta</b> %	
CAPEX*	1,011	895	-11.5	*) Fixed assets and acquisitions
Depreciation	717	774	+7.9	
Equity	6,060	6,554	+8.2	
Net financial debt	3,221	2,995	-7.0	
Gearing	53.2 %	45.7 %		

In millions of euros

# voestalpine GROUP

## DEVELOPMENT EBIT BY 2017/18



In millions of euros

# voestalpine GROUP

## DEVELOPMENT CASH FLOW

**BY 2016/17**  
2016/04/01-2017/03/31

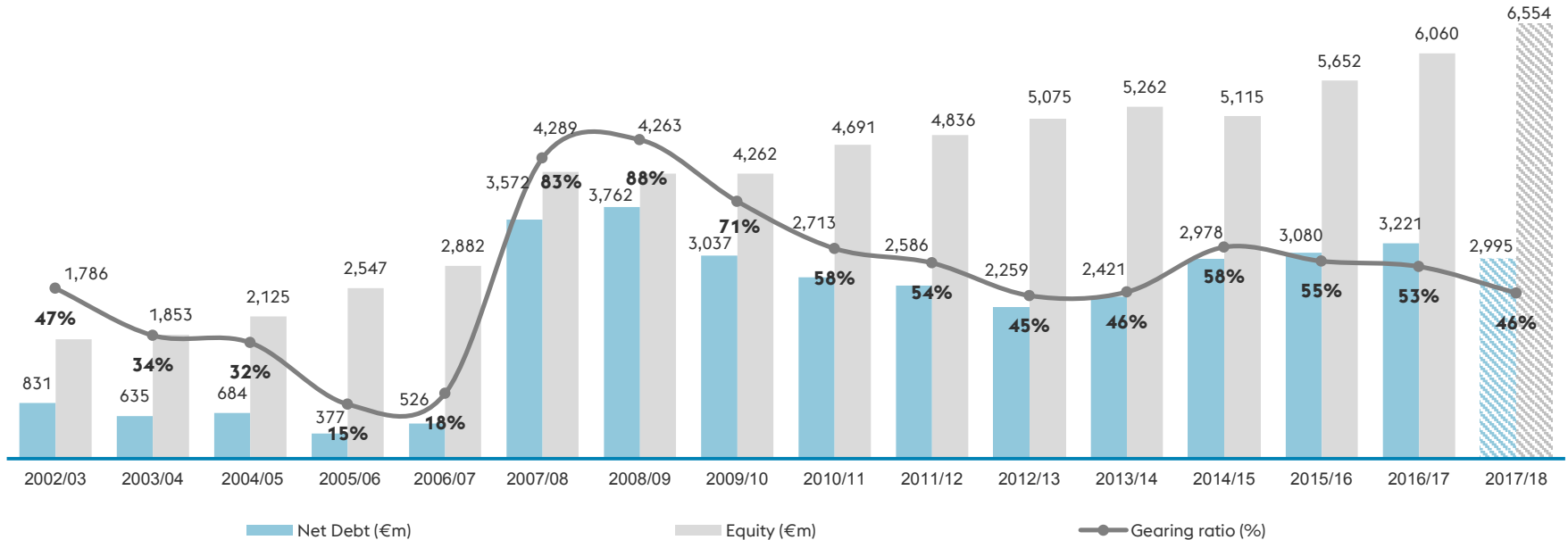
**BY 2017/18**  
2017/04/01-2018/03/31

Cash flow from results	1,249	1,622
Changes in working capital	-99	-427
Cash flow from operating activities	1,150	1,195
Cash flow from investing activities	-1,078	-827
Free cash flow	72	368

In millions of euros

# voestalpine GROUP

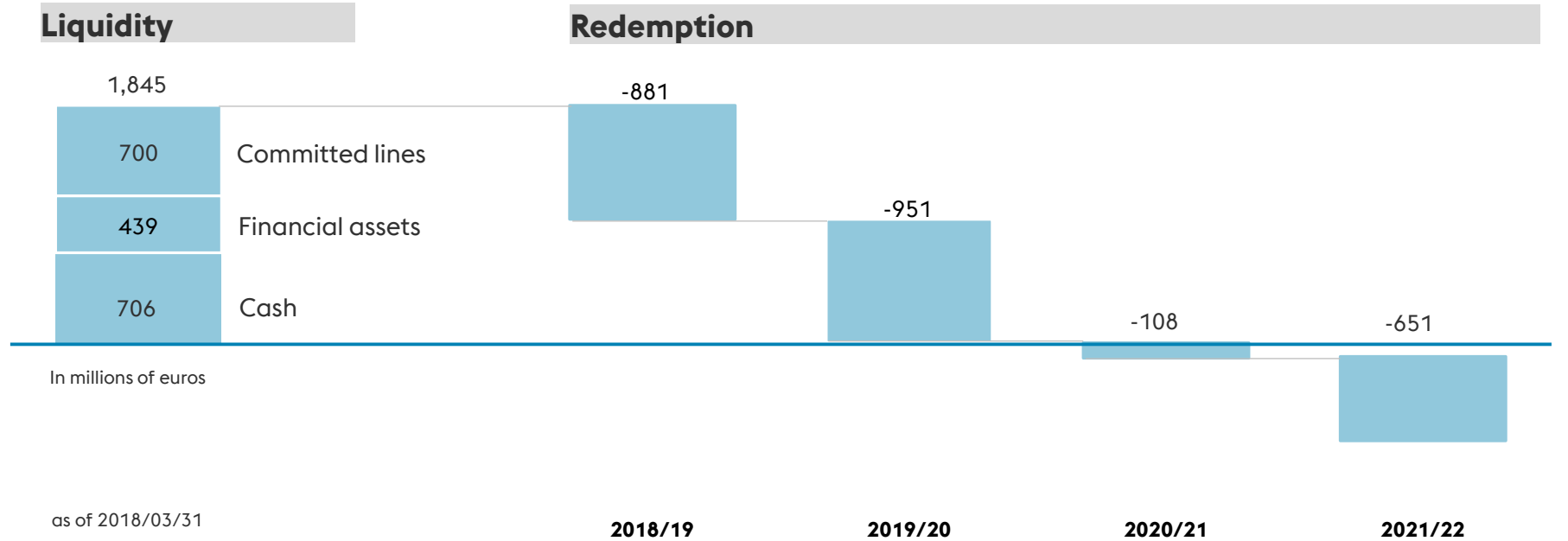
## DEVELOPEMENT GEARING RATIO





# voestalpine GROUP

## LIQUIDITY AND REDEMPTION SCHEDULE



## GLOBAL ECONOMIC SITUATION – OUTLOOK 2018

### WORLD

Global economic upturn still with solid momentum  
but increasing uncertainty due to protectionist measures especially in the US

#### NORTH AMERICA

US growth potential not  
fully utilized

#### EUROPE

Ongoing robust growth,  
increasing political risk

#### NEAR EAST & N-AFRICA

Discouraging business environment  
and geopolitical risks

#### ASIA

Unchanged driver of global  
economic upward trend

#### SOUTH AMERICA

Recovery continues,  
but at slow pace

#### SUBSAHARA-AFRICA

Inconsistent outlook,  
political uncertainty

# voestalpine GROUP

## OUTLOOK BY 2018/19

- » Promising start of Business Year 2018/19, strong order book for first 6 months
  - » Global growth continues, strong demand in major markets & industry segments
  - » Further improvements in oil & gas as well as railway infrastructure
- » Blast furnace relining in Steel Division with earnings impact, predominantly in the 2<sup>nd</sup> and 3<sup>rd</sup> quarter
- » Increasing contribution to sales and profits from completed investments of last 12 months
- » Negative impact from trade sanctions on global economy to be assessed as possible, but with limited effect in the short run

IN A GEOPOLITICALLY “BLUE SKY SCENARIO” 2018/19  
EARNINGS ON SIMILAR LEVEL AS IN 2017/18



# INVESTOR RELATIONS

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# voestalpine GROUP

## US BUSINESS

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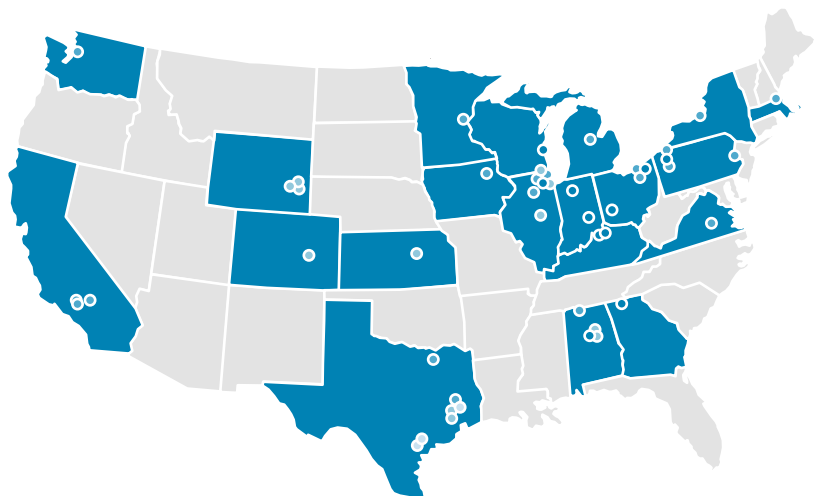
- » voestalpine generates revenues in USA of ~1.3bn EUR (BY 2017/18)
- » About **two third** of total US-revenue is derived from domestic US production sites
  - » HBI-plant, turnout production facilities, special sections plants, automotive components plants, etc.
- » About **one third** of total US-revenue is derived from imports; examples are
  - » **Sophisticated flat steels** primarily processed into automotive components (Steel Division)
  - » **Tool steels** as well as **special alloys** for aviation and oil & gas sectors (HPM Division)
  - » **Seamless tubes**, especially for oil & gas exploration (Metal Engineering)
  - » **Ultra thin strip steels** for scalpels etc. (Metal Forming Division)

# voestalpine GROUP

## US FOOTPRINT 2017/18

Revenue: EUR 1,298 million

Employees: 2,863 FTEs



**48 companies and locations** thereof **40 production sites**  
incl. value added services

€m	Steel	HPM	Metal Engineering	Metal Forming	Total
Revenue (BY 2016/17)	121	327	276	259	983
Revenue (BY 2017/18)	217	365	379	337	1,298
Employees*	268	539	995	1,061	2,863

\* FTEs

### Main segments:

<b>Energy</b>	<b>25 %</b>	<b>Aerospace</b>	<b>8 %</b>
<b>Automotive</b>	<b>22 %</b>	<b>White Goods/Consumer Goods</b>	<b>9 %</b>
<b>Railway Systems</b>	<b>11 %</b>	<b>Building/Construction</b>	<b>8 %</b>

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ONE STEP AHEAD.