Letter to Shareholders
1st Half 2015/16

voestalpine

ONE STEP AHEAD.

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voestalpine Group Key Figures

H1 2014/15 vs. H1 2015/16

In millions of euros	**H1 2014/15** 04/01–09/30/2014	**H1 2015/16** 04/01–09/30/2015	Change in %
Revenue	5,561.1	5,786.7	4.1
EBITDA	756.9	892.3	17.9
EBITDA margin	13.6%	15.4%	
EBIT	444.7	575.3	29.4
EBIT margin	8.0%	9.9%	
Profit before tax (EBT)	391.7	505.7	29.1
Profit for the period[1]	315.6	420.6	33.3
EPS – Earnings per share (euros)	1.65	2.29	38.8
Investments in tangible and intangible assets and interests	427.1	647.3	51.6
Depreciation	312.2	317.0	1.5
Capital employed	8,747.8[2]	9,768.7	11.7
Equity	4,932.1	5,509.4	11.7
Net financial debt	2,898.8	3,152.9	8.8
Net financial debt in % of equity (gearing)	58.8%	57.2%	
Employees (full-time equivalent)	47,379	48,719	2.8

[1] Before deduction of non-controlling interests and interest on hybrid capital.
[2] Without disposal group.

Q1 2015/16 vs. Q2 2015/16

In millions of euros	**Q1 2015/16** 04/01–06/30/2015	**Q2 2015/16** 07/01–09/30/2015	Change in %
Revenue	3,001.7	2,785.0	–7.2
EBITDA	526.7	365.6	–30.6
EBITDA margin	17.5%	13.1%	
EBIT	368.5	206.8	–43.9
EBIT margin	12.3%	7.4%	
Profit before tax (EBT)	328.8	176.9	–46.2
Profit for the period[1]	289.4	131.2	–54.7
EPS – Earnings per share (euros)	1.61	0.68	–57.8
Investments in tangible and intangible assets and interests	333.1	314.2	–5.7
Depreciation	158.1	158.9	0.5
Capital employed	9,695.9	9,768.7	0.8
Equity	5,559.3	5,509.4	–0.9
Net financial debt	2,978.0	3,152.9	5.9
Net financial debt in % of equity (gearing)	53.6%	57.2%	
Employees (full-time equivalent)	48,653	48,719	0.1

[1] Before deduction of non-controlling interests and interest on hybrid capital.

Ladies and Gentlemen:

Rarely has it been so difficult to predict what the second half of the business year will be like despite a very satisfactory first six months. This does not just apply to Europe but also to most of the other global economic regions. Let us begin with the more straightforward forecasts: one does not have to be a prophet to predict that the recessive trend will continue for Brazil and Russia: the former's domestic structural, political, and economic problems are too far-reaching and the latter's political relationships and the sanction mechanisms—particularly with regard to the European Union— that impact it are too complex to expect the economic situation to improve in the short term. Japan should be able to generate some economic growth, while India's growth is anticipated to be quite substantial, but nevertheless neither region is expected to provide any appreciable growth momentum for the global economy as they will be too preoccupied with themselves—at least in the near future.

America, China, and Europe: what are the expectations for these regions in the coming months? America—or more precisely the USA and Mexico—should be able to maintain their growth momentum in the near future despite the appreciation of the US dollar and rising expectations of an increase in the interest rate. However, here, too, the air is getting thin. As far as the development of the Chinese economy is concerned, one should not fall prey to any illusions: after around twelve years of constant and breathtakingly rapid growth, a phase of consolidation is long overdue. The country's economic success has to be "digested" at some point and must be equitably distributed. Otherwise, the desired transformation from a state-controlled economy to a consumption-driven society will remain an illusion and will be replaced by rapidly increasing political and social tensions. And this is something that no one wants—either within or outside of China. Realistically, Chinese growth momentum will abate somewhat in the interest of long-term sustainability of its economic development; this also applies to the impetus for growth on a global scale. And Europe? Is it really time—as more and more economists have suggested—to undertake a kind of economic co-leadership at a global level, perhaps together with the USA? Any observer who has retained any sense of reality will have a major problem with such ideas. Despite the economic progress that has unquestionably been made, Europe still has plenty of homework to accomplish—the final turnaround in Southern Europe, the recapitalization of the banks and state finances in a number of countries, the enormous refugee problem, growing escalation in the war and crisis zones in the Middle East, practically on its doorstep, and more. With all of these problems on its plate, Europe will be lucky if it is able to maintain a modest level of growth in the next year.

What will the next six, nine, or twelve months really look like? Considering the aforementioned problems, the stronger arguments are probably on the side of those who sound a note of caution rather than on the side of the optimists. After all, there is a whole litany of problematic issues, such as the continuing crisis in the oil and natural gas industries—in fact, the entire energy sector—the ruinous worldwide overcapacity in mining, in the steel industry, and others. All of this is not the stuff that rapid economic recovery is made of, but rather the stuff of new cost and efficiency optimization programs. But whatever comes—this will not be the first time that voestalpine takes its future into its own hands.

Linz, November 9, 2015

The Management Board

Wolfgang Eder Chairman of the Management Board	Herbert Eibensteiner Member of the Management Board	Franz Kainersdorfer Member of the Management Board
Robert Ottel Member of the Management Board	Franz Rotter Member of the Management Board	Peter Schwab Member of the Management Board

Highlights 1st Half 2015/16

- Moderate economic recovery continues in Europe; strong demand persists in North America; growing uncertainty regarding developments in China; revival in India; recession in Brazil and Russia
- voestalpine Group significantly increases revenue and earnings in the first half of 2015/16
- Even excluding positive non-recurring effects, gain in revenue and substantially higher earnings
- Revenue up by 4.1% from EUR 5,561.1 million to EUR 5,786.7 million
- In a year-to-year comparison, EBITDA goes up by 17.9% from EUR 756.9 million to EUR 892.3 million (excluding non-recurring effects[1], increase of 9.3% from EUR 690.4 million to EUR 754.7 million)
- EBIT improves by 29.4% from EUR 444.7 million to EUR 575.3 million (excluding non-recurring effects, increase of 12.7% from EUR 399.5 million to EUR 450.1 million)
- Even excluding non-recurring effects, EBITDA and EBIT margins rise from 12.4% to 13.0% and from 7.2% to 7.8% respectively
- At EUR 505.7 million, profit before tax climbs by 29.1% from EUR 391.7 million (excluding non-recurring effects, EUR 380.5 million, a gain of 9.8%)
- Profit for the period up by 33.3%, going from EUR 315.6 million in the previous year to EUR 420.6 million (excluding non-recurring effects, EUR 290.2 million, a rise of 6.6%)
- At 57.2%, gearing ratio (net financial debt in percent of equity) improves both compared to September 30, 2014 (58.8%) and March 31, 2015 (58.4%) despite distribution of dividends in July
- Construction of the direct reduction plant in Corpus Christi, Texas, is proceeding on schedule

[1] Positive non-recurring effects in the first half of the business year 2014/15 due to divestments and in the first half of the business year 2015/16 due to changes in consolidation.

Interim Management Report

Report on the Group's business performance and the economic situation

The business year 2015/16 began with a continuation of the previous year's trend: a moderate recovery in Europe with intermittent new flare-ups of the crisis in Greece, a continuing strong economy in North America, recession in Brazil and Russia, and increasing uncertainty about the economic development in China. While the situation in Greece settled down over the summer, the escalating military conflicts in the Middle East have sent an unprecedented wave of refugees flooding into Europe. Now Europe is increasingly facing the political and economic consequences of this refugee crisis. For China, it is becoming more and more obvious that after twelve years of continuous economic progress, a certain phase of consolidation has become unavoidable, and the economic situation in Brazil and Russia continues to be precarious.

Europe

Despite uncertainty stemming from the situation in Greece, particularly in the first half of the year, a slight uptrend has continued in Europe as the year progresses, due primarily to private consumption, assisted by low energy prices, low inflation, and low interest rates. This trend is also supported by increased exports, particularly to the USA, as a result of falling exchange rate EUR-USD. A slow but steady improvement in the labor market data across Europe confirms this trend.

In contrast, investments continue to lag, and in the spring of 2015 even declined slightly. The reasons—in addition to the uncertainties regarding the development of the markets in Europe—lie in the uneasiness about economic development in China. While Europe's exports have continuously risen in the course of the year thus far, it is increasingly doubtful whether this trend will persist into the near future.

In this European environment, the voestalpine Group has profited from strong demand from the automobile sector and solid development in the white goods and consumer goods industries. Demand has also been flourishing from the aviation industry and the railway infrastructure sector, where—after a phase of consolidation of government budgets in many countries—the market has recovered rapidly since the end of the last business year. In particular since the summer months, demand in the mechanical engineering sector has been increasingly volatile, while the construction industry overall has continued to be weak. In the energy sector, construction of power plants has been under ongoing pressure in Europe for years, while the drastic decline in the oil and gas industry is due to the deterioration of the oil price in the last twelve months.

Overall, the development for voestalpine in Europe in the first half of 2015/16 has been quite gratifying due to the stable and positive level of demand in the mobility sector (automotive, railway, and aviation), its strategic core customer segment.

North America

In North America, the growth trend that has been ongoing for two years has continued. In the spring of 2015, expectations for the year have even been raised again. This positive development is being driven by private consumption, exports, accelerated investment, and increasing public spending. The latest early indicators, however, show a somewhat more mixed picture for the next months. While the signs for private consumption, the service sector, and the construction sector continue to point to a continuation of the present robust economic development, a slowdown seems

to be looming for the manufacturing industries. In addition to the continuing weakness of some important international markets, the strong US dollar is noticeably and adversely impacting exports.
Against this economic backdrop, the performance of the voestalpine Group in the NAFTA region in the first six months of the current business year has been very satisfactory. With the exception of the energy sector that is suffering due to the low oil price—especially in North America—almost all market segments have been contributing to the positive development.

Asia / China

Up to now, China's economic growth was largely driven by infrastructure investment managed by the State, but now its economy has reached a level of maturity where economic development must be increasingly sustained by the private sector, both with regard to consumption and investment. The development in recent months has shown that this transformation process cannot proceed without economic reversals. The growth rates are being mainly impacted by sluggish investment activity, increasing international competition, and growing sovereign debt. While private consumption and the service sector are relatively stable, performance in the manufacturing sector has fallen considerably. As the country was being industrialized, China built up huge overcapacity in many areas of industrial manufacturing that is now not only making it difficult for its own economy to thrive, but is creating turmoil on many global markets.
For voestalpine, this development has a greater impact in Europe than in China itself. For example, the European spot market price for steel has fallen to new lows since September 2015 due to massive imports from China at prices that are not economically sustainable by European suppliers. While this does not have direct consequences for the Group due to its philosophy of primarily targeting the premium sectors, this will have an indirect impact on pending contractual negotiations.
In China itself, the voestalpine Group's performance continues to be positive. It is, however, increasingly difficult to make reliable forecasts due to the general uncertainty in the country. The Chinese government has reacted to the slowdown in growth by stepping up its monetary policy and its fiscal measures, which created nervousness on the international capital markets in the summer of 2015 but had a stabilizing effect in the country itself—at least for the time being.

Brazil

In Brazil, the recent economic and political problems continue to plague the country. In a recessive environment that is also dealing with high inflation, companies are struggling with weak domestic demand and—despite a currency devaluation—declining exports. Cost-cutting measures by the public sector and recent scandals in that part of the economic sector that is within the government's sphere of influence have had an additional negative impact on the situation. This means that another decline in GDP of around 2.5% is expected for 2015, and a recovery in 2016 seems rather unlikely.
As a result, the progress of voestalpine's business is challenging in this environment. Comprehensive and far-reaching cost-cutting measures and efficiency improvement programs are being implemented at all locations in Brazil in order to maintain their competitiveness. This will also enable the companies to continue to achieve stable and positive results.

Report on the financial key performance indicators of the voestalpine Group

Revenue of the voestalpine Group in the first half of 2015/16 was EUR 5,786.7 million, 4.1% higher than the figure of EUR 5,561.1 million in the same period of the previous year. This gain can be attributed to three factors: a rise in sales resulting from operational activities in the individual divisions, revenue contributions stemming from acquisitions undertaken by the Metal Engineering Division in the second half of 2014/15, and a change in the consolidation of two Metal Engineering Division companies as of April 1, 2015 from consolidation at equity to full consolidation.

From a purely operational perspective, revenue in the Steel Division and the Special Steel Division rose despite a slight decline in volume. While a special project in the heavy plate business segment was responsible for this gain in the Steel Division, the increase in the Special Steel Division was due to that fact that the product mix was improved in the current business year.

In the Metal Engineering Division, the acquisitions made in the second half of the past business year—Italian manufacturer of special wire Trafilerie Industriali S.p.A. and Australian specialist for railway systems Bathurst Rail Fabrication Centre (BRFC)—contributed to the boost in sales. Furthermore, the revenue generated by voestalpine Tubulars GmbH & Co KG, Austria, and CNTT Chinese New Turnout Technologies. Ltd., China, which also belong to this division, were consolidated for the first time in the current business year. Streamlining that had been undertaken in the past business year in the Metal Forming Division had a negative impact on its revenue in the business year 2015/16. It consisted of the divestment of the Flamco Group (second quarter of 2014/15) and of the plastics companies (third quarter of 2014/15), all of which were headquartered in Holland, as well as Rotec AB, Sweden (fourth quarter of 2014/15).

The earnings figures for the first half of 2015/16 contain non-recurring effects in connection with the achievement of control of the aforementioned Metal Engineering Division companies, which were reported as of April 1, 2015. Revaluations based on the fair values less depreciation of hidden reserves impacted EBITDA of voestalpine AG with a total of EUR 137.6 million and EBIT with EUR 125.2 million. In the first half of 2014/15, the results of the voestalpine Group were impacted by non-recurring effects in the Metal Forming Division, with EBITDA going up by EUR 66.5 million and EBIT rising by EUR 45.2 million. Including the non-recurring effects in both comparative periods, EBITDA amounted to EUR 892.3 million in the current business year compared to EUR 756.9 million in the previous year, an increase of 17.9%.

Excluding the non-recurring effects, in the first half of 2015/16, adjusted EBITDA amounted to EUR 754.7 million, a rise of 9.3% over the previous year's figure of EUR 690.4 million. The adjusted EBITDA margin improved from 12.4% to 13.0%. EBIT went up significantly in the current business year, rising from EUR 444.7 million in the previous year to EUR 575.3 million, a plus of 29.4%. Adjusted by the non-recurring effects, the increase is 12.7% from EUR 399.5 million to EUR 450.1 million. The corresponding EBIT margin rose from 7.2% to 7.8%. With the exception of the Metal Engineering Division, which was most severely affected by the negative results of the decline in the energy sector, all of the divisions reported a higher EBIT margin after exclusion of the non-recurring effects.

In the first half of 2015/16, profit before tax contained non-recurring effects amounting to EUR 125.2 million (previous year: EUR 45.2 million) and profit for the period contained EUR 130.4 million (previous year: EUR 43.4 million) due to the specific tax treatment of these non-recurring effects in this case. Compared to the previous year, profit before tax went up by 29.1% from EUR 391.7 million to EUR 505.7 million, while profit for the period rose by one third from EUR 315.6 million to EUR 420.6 million. Excluding the non-recurring effects, profit before tax in the current business year was at EUR 380.5 million, 9.8% over the previous year's figure of EUR 346.5 million, while profit for the period rose by 6.6% from EUR 272.2 million to EUR 290.2 million.

Equity increased by 11.7% in a year-to-year comparison, going from EUR 4,932.1 million to EUR 5,509.3 million. In addition to the solid earnings trend in recent quarters, the aforementioned changes in consolidation (from equity to full consolidation) as of April 1, 2015 also contributed to the rise in equity. Another positive effect in the first half of 2015/16 was the capital increase of 1.45% of share capital slated to be used for the continuing development of the employee shareholding program, which boosted equity by EUR 85.3 million. Compared to the reporting date in the business year 2014/15, equity rose by 8.0% from EUR 5,102.5 million to EUR 5,509.3 million.

During the past twelve months, net financial debt grew by 8.8% from EUR 2,898.8 million as of September 30, 2014 to EUR 3,152.9 million as of September 30, 2015. Compared with the figure on the reporting date of March 31, 2015

(EUR 2,978.1 million), net financial debt went up by 5.9%. This increase compared to the prior reporting date is due to the Group's considerable investment activity in the current business year and the payment of dividends in the second quarter of 2015/16.
The gearing ratio was reduced both in a year-to-year comparison and compared to the reporting date of the business year 2014/15. As of the end of September 2014, the gearing ratio was at 58.8%. It then decreased slightly as of March 31, 2015 to 58.4% and now, as of the end of the first half of 2015/16, it is at 57.2%.
As of the reporting date September 30, 2015, the voestalpine Group had 48,719 employees (FTE). In a year-to-year comparison (47,379 FTE as of September 30, 2014), this is an increase of 2.8%. Compared to the reporting date of March 31, 2015 (47,418 FTE), this is a plus of 2.7%. The expansion of the workforce compared to the previous year is primarily the result of acquisitions in the Metal Engineering Division in the past business year and the aforementioned full consolidation measures, which also affected companies in the Metal Engineering Division. Compared to the previous year, the number of employees in the Metal Forming Division was reduced by the divestment of the plastics companies (third quarter of 2014/15) and Rotec AB (fourth quarter of 2014/15).

Comparison of the quarterly and six-month figures of the voestalpine Group

In millions of euros	Q1		Q2		H1		
	2014/15 04/01–06/30/2014	2015/16 04/01–06/30/2015	2014/15 07/01–09/30/2014	2015/16 07/01–09/30/2015	2014/15 04/01–09/30/2014	2015/16 04/01–09/30/2015	Change in %
Revenue	2,826.7	3,001.7	2,734.4	2,785.0	5,561.1	5,786.7	4.1
EBITDA	363.7	526.7	393.2	365.6	756.9	892.3	17.9
EBITDA margin	12.9%	17.5%	14.4%	13.1%	13.6%	15.4%	
EBIT	218.4	368.5	226.3	206.8	444.7	575.3	29.4
EBIT margin	7.7%	12.3%	8.3%	7.4%	8.0%	9.9%	
Profit before tax	192.9	328.8	198.8	176.9	391.7	505.7	29.1
Profit for the period[1]	150.0	289.4	165.7	131.2	315.6	420.6	33.3
Employees (full-time equivalent)	47,463	48,653	47,379	48,719	47,379	48,719	2.8

[1] Before deduction of non-controlling interests. For each quarter in BY 2014/15, the tax effects on hybrid capital interest and on costs associated with issuing hybrid capital were retroactively recognized directly in equity in accordance with IAS 8.

Steel Division

In millions of euros	Q1		Q2		H1		
	2014/15 04/01–06/30/2014	2015/16 04/01–06/30/2015	2014/15 07/01–09/30/2014	2015/16 07/01–09/30/2015	2014/15 04/01–09/30/2014	2015/16 04/01–09/30/2015	Change in %
Revenue	975.0	1,060.9	928.5	929.9	1,903.5	1,990.8	4.6
EBITDA	114.1	134.2	96.9	119.0	211.0	253.2	20.0
EBITDA margin	11.7%	12.6%	10.4%	12.8%	11.1%	12.7%	
EBIT	56.8	74.7	38.3	58.0	95.1	132.7	39.5
EBIT margin	5.8%	7.0%	4.1%	6.2%	5.0%	6.7%	
Employees (full-time equivalent)	11,035	11,036	11,216	11,054	11,216	11,054	–1.4

Market environment and business development

The framework conditions in the European steel industry in the first half of the business year 2015/16 were characterized on one hand by a positive situation with regard to demand but on the other hand, by constantly growing pressure from imports, particularly from China. To a large degree, the growth in demand was skimmed off by manufacturers from third countries. As a result of massive imports of commodity steel products toward the end of the summer, steel prices plunged on the European spot market. A number of countries in Asia and the Americas, which were also being flooded with Chinese steel, reacted by setting up trade barriers. In Europe, the European Commission initiated investigations during the past six months regarding possible anti-dumping measures for cold-rolled steel and several smaller product groups of minor importance, however, no significant steps beyond this have been taken thus far. Overall, crude steel production in the European Union in the first six months of the current business year remained at the same level as last year.

As far as raw materials are concerned, against the backdrop of very low prices, in the first half of the business year, prices for iron ore, coal, and coke mostly moved laterally (albeit shifting slightly downward recently), while prices for scrap headed downward as global demand for this material declined.

With regard to the customer segments most important for voestalpine, the automobile industry continued the positive trend seen in previous periods. It therefore remained the cornerstone of the Steel Division's incoming orders in the first half of 2015/16, which were satisfactory overall. The premium segment remained strong, however, the mass market manufacturers have also been able to substantially increase their sales figures in recent quarters. The civil engineering sector is profiting from the somewhat weaker euro, but demand continues to remain volatile. Demand in the white goods and consumer goods sectors, on the other hand, remained at a stable level. The electrical industry, which faced a difficult competitive environment during the past business year, demonstrated a slight upward trend in the first six months of the current business year. The construction industry—the most important customer segment for mass market steel—however, is still not showing any substantial growth momentum.

The performance of the energy sector continues to be impacted by the low oil price, which, in turn, results in restrained investment activity. One of the few major pipeline projects that were awarded in the past six months—high-quality tube plates for a natural gas project in Abu Dhabi in the

United Arab Emirates—was awarded to the Steel Division's heavy plate business segment. This order will provide satisfactory capacity utilization for the relevant facilities in the second half of the current business year.

The division's investment focus in the first half of 2015/16 was the continuation of construction of the direct reduction plant in Corpus Christi, Texas and of secondary metallurgy system 4 in Linz, Austria, which has been largely completed. The port facility in Texas has now been completed and the main facility, the 137-meter-high reduction tower has already reached its full height. The launch of production continues to be on track for the first calendar quarter of 2016. The investment project for secondary metallurgy system 4 in Linz is now in its final phase. Start-up of operations is set to take place gradually; the vacuum system is slated to be commissioned first, followed by the ladle furnace. The entire system is expected to be available beginning in January 2016. Ground was broken for the new continuous casting facility CC8 in Linz last July; once it has begun operations, a number of product innovations will be possible. In the heavy plate business segment (Linz), the entire quarto rolling stand is being replaced. Work began in mid-October and will continue until mid-November 2015. On October 29, 2015, blast furnace 5 was recommissioned; a previously scheduled major repair had been undertaken during the past four and one half months without any noteworthy incidents. In the first half of the current business year, the Steel Division invested a total of EUR 401.9 million (previous year; EUR 189.3 million).

Financial key performance indicators

Revenue in the Steel Division rose in the first half of 2015/16 compared to the same period of the previous year by 4.6% from EUR 1,903.5 million to EUR 1,990.8 million. The primary reason for this gain was the completion of a major order by the heavy plate business segment in the energy sector. There were also negative impacts on revenue, however, as sales in the second quarter of 2015/16 declined because a blast furnace was being relined and because of falling prices. The Steel Division's operating results, however, experienced a significant boost in earnings in the first half of 2015/16. This increase was primarily the result of visible effects of the ongoing efficiency and cost optimization program. Overall, the operating result (EBITDA) went up in the first six months of 2015/16 compared to the first half of 2014/15 by 20.0%, going from EUR 211.0 million to EUR 253.2 million. At the same time, the EBITDA margin went up from 11.1% to 12.7%. Profit from operations (EBIT) showed an even more substantial increase, rising by 39.5% from EUR 95.1 million to EUR 132.7 million. Thus, at 6.7%, the EBIT margin in the first half of 2015/16 is considerably higher than in the previous year (5.0%).

Compared to the immediately preceding quarter, the key performance indicators in the second quarter of 2015/16 were slightly below those of the previous quarter. The reason for this was a decline in volume resulting from seasonal fluctuations and the relining of a blast furnace in the second quarter. In comparison with the immediately preceding quarter, revenue slipped somewhat by 12.3%, going from EUR 1,060.9 million to EUR 929.9 million. Operating results (EBITDA) went down by 11.3% going from EUR 134.2 million in the first quarter of 2015/16 to EUR 119.0 million in the second quarter. Due to the lower revenue basis, the EBITDA margin improved in the same time period, rising from 12.6% to 12.8%. EBIT fell by 22.4% from EUR 74.7 million (margin: 7.0%) to EUR 58.0 million (margin: 6.2%).

At 11,054 as of the end of the first half of 2015/16, the number of employees (FTE) in the Steel Division was 1.4% below the figure in the same period of the past business year and 0.4% higher than the figure as of the end of the past business year (11,103).

Special Steel Division

In millions of euros	Q1		Q2		H1		
	2014/15 04/01–06/30/2014	2015/16 04/01–06/30/2015	2014/15 07/01–09/30/2014	2015/16 07/01–09/30/2015	2014/15 04/01–09/30/2014	2015/16 04/01–09/30/2015	Change in %
Revenue	675.9	709.0	674.5	659.8	1,350.4	1,368.8	1.4
EBITDA	96.1	100.0	87.3	86.3	183.4	186.3	1.6
EBITDA margin	14.2%	14.1%	12.9%	13.1%	13.6%	13.6%	
EBIT	61.3	65.3	53.0	52.6	114.3	117.9	3.1
EBIT margin	9.1%	9.2%	7.9%	8.0%	8.5%	8.6%	
Employees (full-time equivalent)	12,958	13,411	13,086	13,434	13,086	13,434	2.7

Market environment and business development

In the first half of the business year 2015/16, the market environment in the special steel sector softened significantly compared to the same period in the previous year, due particularly to continuing weak demand in the oil and natural gas segments that has been noticeable since January 2015. As a result of low prices with constantly rising productivity, projects to develop new oil and natural gas reserves have been dramatically curtailed so that the entire value chain has reacted with consolidation measures and a reduction of material inventories. In this environment, maintaining inventory locally in the USA and in Asia has shown itself to be a positive strategy, as this makes it possible to fill customer requirements that arise on short notice more quickly than many competitors. While revenue losses in the oil/natural gas sectors remained negligible in the first quarter of 2015/16 due to a backlog of orders, the effects of cautious order patterns became far more apparent in the following quarter. This effect is expected to become even more pronounced in the coming quarters. The energy engineering industry has not sent out any positive signals heralding a market recovery in quite some time. Nevertheless, Europe is clinging to massive capacity, despite the fact that Asian end customers are increasingly availing themselves of local suppliers who have invested in European technology.

In contrast, the aviation industry showed positive signs in the first half of the business year 2015/16, and the division's deliveries—both with regard to volume and revenue—were considerably higher than in the same period of the previous year. Sales to the automobile industry have also continued to record gains. The Special Steel Division, with its comprehensive local service, has again successfully expanded its leading position in the supply of special steel for sophisticated tools for the automobile industry, especially in China.

Viewed regionally, performance in the European Union in the second quarter of 2015/16 was substantially more subdued than in the spring; to a large extent, this is due to greatly reduced deliveries to major customers in the oil and natural gas sectors. In North America, on the other hand, sales figures rose, assisted by changes in the exchange rate. Declining orders from the oil and natural gas sectors, however, have held revenues in check. In South America, the results of the crisis in Brazil have been even more noticeable than previously. However, as the special steel plant in Brazil is strongly focused on exports and has practiced wide-reaching lean management, the negative effects have been largely held at bay. The market environment in Asia has continued to be positive, although there has been increasing uncertainty in the main growth market of China. Capacity utilization in the High Performance Metals (production) business segment has been impacted by temporary local underutilization at locations that depend significantly on the oil and natural gas industries. In particular BÖHLER Edelstahl GmbH in Kapfenberg, Austria, has only been able to partially compensate the decline in volume in the oil and natural gas sector despite increased sales activities in other industrial sectors. At the location in Wetzlar, Germany, which has been impacted considerably by the weakness of the energy engineering sector, a comprehensive reengineering program is currently being implemented with the goal of sustainably optimizing earnings.

The Value-Added Services business segment has increasingly profited from investments in coating and heat treatment services as well as mechanical processing at a number of locations worldwide. A change in the product mix that highlights remelted premium grades and the production of powder-metallurgical tool steel and high-speed steel has resulted in an overall package of high-quality steel and premium services that is unique on the market, thus ensuring the position of this segment as a premium supplier. In a difficult market environment, this type of differentiation vis-à-vis the competition also results in lower price volatility.

As far as investment activities in the first quarter of 2015/16 are concerned, an additional electro slag remelting (ESR) system was put into operation as scheduled at the Hagfors location in Sweden, in order to satisfy demand for premium tool steel. The capacity utilization rate of this facility is already at 100%. Another facility was ordered and will be commissioned around the middle of next year. In the first six months of the business year 2015/16, the Special Steel Division invested a total of EUR 68.7 million (previous year: EUR 58.1 million).

Financial key performance indicators

Compared to the previous year, the challenging environment in the first six months of the current business year resulted in lower margins, however, due to the improved product mix, the average prices made gains. While delivery volumes for the oil and natural gas industry declined, sales of special materials for the aviation industry rose. Overall, revenue rose in the first half of 2015/16 (EUR 1,368.8 million) compared to the same period of the previous year (EUR 1,350.4 million) by 1.4%. At EUR 186.3 million or a plus of 1.6%, the operating result (EBITDA) in the first half of 2015/16 experienced a similar gain compared to the previous year's figure of EUR 183.4 million. The EBITDA margin remained unchanged at 13.6%. Profit from operations (EBIT) rose during the same period by 3.1% from EUR 114.3 million to EUR 117.9 million; as a result, the EBIT margin of 8.6% remained practically the same as in the first six months of 2014/15 (EBIT margin: 8.5%). In comparison with the immediately preceding quarter, revenue fell by 6.9% from EUR 709.0 million in the first quarter of 2015/16 to EUR 659.8 million in the second quarter of 2015/16. On one hand, the decline was due to seasonal effects, but on the other, it resulted from lower sales in the oil and natural gas sector. Therefore, EBITDA fell by 13.7% from EUR 100.0 million to EUR 86.3 million, with the EBITDA margin going from 14.1% to 13.1%. EBIT decreased by 19.4% from EUR 65.3 million (with a margin of 9.2%) to EUR 52.6 million (with a margin of 8.0%).

The number of employees (FTE) in the Special Steel Division as of the end of the second quarter of 2015/16, was 13,434, a gain of 2.7% compared to the same quarter of the past business year (13,086 FTE); the figure fell slightly by 0.4% compared to the figure as of the end of the business year 2014/15 (13,490 FTE).

Metal Engineering Division

In millions of euros	Q1		Q2		H1		
	2014/15 04/01–06/30/2014	2015/16 04/01–06/30/2015	2014/15 07/01–09/30/2014	2015/16 07/01–09/30/2015	2014/15 04/01–09/30/2014	2015/16 04/01–09/30/2015	Change in %
Revenue	679.3	774.0	650.5	751.3	1,329.8	1,525.3	14.7
EBITDA	106.7	236.1	97.0	100.0	203.7	336.1	65.0
EBITDA margin	15.7%	30.5%	14.9%	13.3%	15.3%	22.0%	
EBIT	79.6	197.2	69.4	61.2	149.0	258.4	73.4
EBIT margin	11.7%	25.5%	10.7%	8.1%	11.2%	16.9%	
Employees (full-time equivalent)	11,250	13,097	11,351	13,080	11,351	13,080	15.2

Market environment and business development

The performance of the Metal Engineering Division in the first half of the business year 2015/16 was characterized by stable and high demand from the railway infrastructure sector one hand and on the other, by increasingly weak demand from the energy sector, primarily as a result of the rapid decline of the oil price. Overall, however, the positive performance of the previous quarters largely continued so that the steel production capacity in Donawitz, Austria, can continue to be fully utilized.

In the Rail Technology business segment, record rail production is anticipated for the current business year due to a very good environment for railway projects, particularly due to the ambitious projects planned by European railway operators. Furthermore, overseas projects in the areas of heavy-haul railway transport and mass transit are contributing to the very satisfactory level of demand for premium rails. As a result, rail production expanded from a three-shift to a four-shift operation for the first time as of the beginning of this business year.

The Turnout Systems business segment, which has production locations worldwide, also profited from global momentum in the railway infrastructure sector. Currently, there are a number of projects for high-speed and mass transit lines being implemented, including in China. In the first six months of 2015/16, positive impulses originated from the USA and South Africa, although it can be anticipated that investments in railway freight transport in the USA will soften somewhat as a result of the decline of the transport of wheat, oil, and coal due to the economic climate. This should be at least partially compensated by the implementation of mass transit projects in the USA. Massive investments in railway infrastructure in the MENA countries, especially Saudi Arabia, also contributed to this business segment's excellent revenue and earnings figures.

In the first half of 2015/16, the Wire Technology business segment enjoyed a solid level of demand, particularly from the automobile industry. As a result of the drop in sales of shaped wire for the oil and natural gas industries, the capacity of the wire drawing facility in Bruck an der Mur, Austria, has not been utilized as fully as in previous periods. The integration of Italian manufacturer of special wire Trafilerie Industriali S.p.A., which was acquired last year, proceeded on schedule, and the company has already made a commensurate contribution to the positive performance of this business segment.

In the past quarter, the Seamless Tubes business segment could no longer hold out against the trend toward increasing restraint in making investments, especially in the North American oil and natural gas industries. Contracts being awarded by countries in the Middle East are still at quite a good level, although the competition for these contracts has become fiercer. In contrast,

the smaller segment of industrial tubes profited from the continuing positive performance of the automobile industry. As a result of declining orders from the oil and natural sector, capacity adjustments at the production site in Kindberg, Austria, were made at the beginning of the business year. As of the second quarter of the business year 2015/16, one shift was completely eliminated. However, the backlog of orders is still quite solid despite the challenging market environment so that there is sufficient work for three-shift operation in the coming months.
The Welding Technology business segment, which is also disproportionately dependent on the energy sector, has faced a very difficult market environment in the course of the current business year. Sales of welding consumables, which are used in the construction of power plants and in the energy engineering industry for line pipe projects or for oil and natural gas exploration, have been suffering from weak demand in this segment for quite some time. This lack of momentum in demand is currently being countered with a massive restructuring program.
The most important investment projects for the Metal Engineering Division are on track throughout. The most significant project as far as size is concerned, is the construction of a new and extremely technologically sophisticated wire rolling mill in Donawitz, Austria. Construction has already reached an advanced stage, and its completion, which is scheduled for the end of the business year 2015/16, is on track. Furthermore, the fall of 2016 will see installation of a new walking beam furnace for rail production; this will ensure yet another improvement in quality and optimization of throughput. Currently, investments are being made in the creation of additional capacity for the processing of turnout components due to the excellent order situation for turnout systems and continuing positive future prospects in Europe. In the current reporting period, the Metal Engineering Division invested a total of EUR 95.3 million (previous year: EUR 87.8 million).

Financial key performance indicators

The key performance indicators of the Metal Engineering Division in the first half of the business year 2015/16 demonstrate that it was able to hold its own in an ambivalent market environment. Revenue rose by 14.7% from EUR 1,329.8 million in the previous year to EUR 1,525.3 million in the current reporting period. Some of the crucial factors responsible for this gain were the expansion of business volume in the turnout system business segment, the acquisition of Bathurst Rail Fabrication Centre (Turnout Systems business segment) and Trafilerie Industriali S.p.A. (Wire Technology business segment) in the second half of 2014/15 as well as the first-time full consolidation of voestalpine Tubulars GmbH & Co KG (Seamless Tubes business segment) and CNTT Chinese New Turnout Technologies Co., Ltd. (Turnout Systems business segment) as of the beginning of the business year. The equity method had been used by the latter two companies to report financial results up to and including the business year 2014/15 so that their earnings were not included in the voestalpine consolidated financial statements. As far as earnings are concerned, the first half of 2015/16 was substantially impacted by non-recurring effects associated with the acquisition of full control of these two companies. In the Metal Engineering Division, reassessments based on fair value less depreciation of hidden reserves resulted in positive non-recurring effects in the first half of 2015/16 amounting to EUR 126.5 million reported in EBITDA and EUR 114.1 million reported in EBIT. Therefore, EBITDA rose by almost two thirds from EUR 203.7 million in the first half of 2014/15 to EUR 336.1 million in same period of the current business year. Adjusted by these non-recurring effects, current EBITDA amounts to EUR 209.6 million, an increase of 2.9% compared to the previous year. The adjusted EBIT margin fell from 15.3% to 13.7%. In the same period, (unadjusted) EBIT rose by 73.4% from EUR 149.0 million to EUR 258.4 million. After deduction of the non-recurring effects, remaining EBIT (on a purely operating basis) is EUR 144.3 million, a slight decline of 3.2%. The EBIT margin went down from 11.2% to 9.5%.
A comparison of the first quarter of 2015/16 with the second quarter of 2015/16 shows a reduction in revenue of 2.9%, down from EUR 774.0 million to EUR 751.3 million; this was primarily the result of a decline in the sales of seamless tubes for the oil and natural gas industries. In a quarter-to-quarter comparison, the first quarter of 2015/16 was also impacted by non-recurring effects associated with the acquisition of full control of the

aforementioned companies, resulting in a positive EBITDA figure of EUR 126.5 million and EBIT of EUR 120.4 million. In the second quarter of 2015/16, due to depreciation of hidden reserves that was associated with the acquisition of full control, there were negative non-recurring effects on EBIT amounting to EUR 6.3 million. EBITDA fell by 57.6% in a quarter-to-quarter comparison, going from EUR 236.1 million to EUR 100.0 million. Reduced by the non-recurring effects, EBITDA dropped by 8.8% from EUR 109.6 million (margin: 14.2%) to EUR 100.0 million (margin: 13.3%). Apart from seasonal effects, the main reason for this was the weak energy sector, which increasingly impacted the Seamless Tubes and Welding Technology business segments. From the first to the second quarter, (unadjusted) EBIT went down by 69.0% going from EUR 197.2 million to EUR 61.2 million. Adjusted by the non-recurring effects, EBIT declined by 12.1% from EUR 76.8 million (margin: 9.9%) to EUR 67.5 million (margin: 9.0%).

As of the end of the second quarter of 2015/16, the number of employees (FTE) in the Metal Engineering Division was 13,080 or 15.2% higher than last year's figure in the same period (11,351). The increase is the result of the inclusion of the employees of voestalpine Tubulars GmbH & Co KG and CNTT Chinese New Turnout Technologies Co., Ltd. as well as those of the acquired companies Bathurst Rail Fabrication Centre and Trafilerie Industriali S.p.A. Compared to the figure at the end of the past business year (11,685), the number of employees increased by 11.9%.

Metal Forming Division

In millions of euros	Q1		Q2		H1		
	2014/15 04/01–06/30/2014	2015/16 04/01–06/30/2015	2014/15 07/01–09/30/2014	2015/16 07/01–09/30/2015	2014/15 04/01–09/30/2014	2015/16 04/01–09/30/2015	Change in %
Revenue	601.9	565.5	578.9	540.9	1,180.8	1,106.4	–6.3
EBITDA	68.9	69.3	129.9	69.0	198.8	138.3	–30.4
EBITDA margin	11.5%	12.3%	22.4%	12.8%	16.8%	12.5%	
EBIT	44.8	46.1	85.3	45.4	130.1	91.5	–29.7
EBIT margin	7.4%	8.1%	14.7%	8.4%	11.0%	8.3%	
Employees (full-time equivalent)	11,423	10,282	10,921	10,314	10,921	10,314	–5.6

Market environment and business development

In the first half of the business year 2015/16, the performance of the Metal Forming Division was marked by a solid trend in the automobile and storage technology industries. In contrast, demand in the construction and mechanical engineering sectors—with some regional exceptions—was largely subdued.

Demand in the Automotive Body Parts business segment continued to be stable, enabling production capacity to be well utilized. One of the reasons for this was that the rising trend among European premium manufacturers in the increasingly important U.S. sales market largely continued, although there was some differentiation depending on manufacturer and their model policies. Growing sales numbers of compact and sub-compact vehicles on the European markets contributed to the positive situation in the automobile industry.

In the Tubes & Sections business segment, momentum was inconsistent in the individual markets and regions. The European core markets—with the exception of Great Britain—achieved a performance that was merely average. Demand was at a relatively subdued level, not only in Germany and France, but in Central Europe as well. In contrast, both Great Britain and the USA saw incoming orders that continued to be at a robust level. In Brazil, however, demand declined markedly yet again during the current business year, and this development was countered by comprehensive cost-cutting measures in order to keep earnings losses as low as possible. As a result of declining investments by Chinese infrastructure providers, overall, contracts awarded by international customers in China (e.g., construction machinery manufacturers) to the Tubes & Sections business segment were few and far between.

Broken down by sectors, the European construction industry showed practically no upward movement. Because agricultural prices are low worldwide, customers from the agricultural machinery industry demonstrated very cautious order patterns. The situation of the commercial vehicle industry, however, improved somewhat. On the other hand, the trend in the segments of precision tube components for safety-relevant automobile parts and special sections for the aviation industry was quite positive.

In recent months, the Precision Strip business segment faced stubbornly weak demand in China. The European market in this segment was also rather subdued, although the elimination of a competitor's production capacity resulted in a slight shrinkage of the supply surplus in some sub-areas. The market environment in the USA, however, continues to be positive. In the Warehouse & Rack Solutions business segment, incoming orders remained at a stable and high level so that the outstanding operating results achieved in recent years were maintained.

Investment activity by the Metal Forming Division in the first half of 2015/16 was focused on its growth strategy in the Automotive Body Parts business segment. In Shenyang, China, the seventh production facility for the hot forming of press-hardened steel based on the phs-ultraform technology was commissioned in the fall of 2015. In the first calendar quarter of 2016, a new "phs" line will be put into operation in Cartersville, Georgia, USA. Thus, there will then be a total of eight facilities for the hot forming process of press-hardened steel in operation worldwide by the end of the business year 2015/16. The first pilot facility for the direct "phs" process will also be completed before the end of the business year 2015/16. On July 2, 2015, ground was broken in Linz, Austria, for the second voestalpine Europlatinen GmbH plant for the production of high-quality blanks, which are used in automobile production. The renovation of press line 5 in Bunschoten, Holland was successfully completed toward the end of the first half of 2015/16; in the future, it will also be possible to process aluminum on this line. In the first half of the business year 2015/16, the Metal Forming Division invested a total of EUR 78.4 million (previous year: EUR 88.1 million).

Financial key performance indicators

Against the backdrop of prices that were trending downward due to falling pre-material costs and a streamlining of the portfolio in the past business year (divestment of the Flamco Group, the plastics companies, and Rotec AB), the revenue of the Metal Forming Division decreased by 6.3% going from EUR 1,180.8 million in the first half of 2014/15 to EUR 1,106.4 million in the first half of 2015/16. As far as earnings are concerned, in the second quarter of 2014/15, streamlining resulted in positive non-recurring effects of EUR 66.5 million on EBITDA and EUR 45.2 million on EBIT. Due to these non-recurring effects in the previous year, both the operating result (EBITDA) and profit from operations (EBIT) in the current business year are significantly lower than last year's figures. While EBITDA dropped by 30.4% from EUR 198.8 million to EUR 138.3 million, EBIT fell by 29.7% from EUR 130.1 million to EUR 91.5 million. Disregarding any non-recurring effects, however, a positive trend is visible that is a result of cost optimization measures on one hand, and on the other, of increasing internationalization activities in the Automotive Body Parts business segment. Adjusted EBITDA went from EUR 132.3 million (margin: 11.2%) in the previous year to EUR 138.3 million (margin: 12.5%) in the current

business year, an increase of 4.5%. Adjusted EBIT rose by 7.8% from EUR 84.9 million (margin: 7.2%) to EUR 91.5 million (margin: 8.3%).
A direct comparison of the first and second quarters shows that revenue declined slightly, while earnings remained largely stable despite the seasonal effects of the summer quarter. Overall, revenue fell by 4.4% from EUR 565.5 million in the first quarter of 2015/16 to EUR 540.9 million in the following quarter. At EUR 69.0 million, the operating result (EBITDA) in the current quarter remained almost unchanged compared to the previous quarter (EUR 69.3 million). Due to the lower revenue basis, the EBITDA margin improved in the same time period, rising from 12.3% to 12.8%. In the second quarter of 2015/16, profit from operations (EBIT) remained almost constant at EUR 45.4 million (first quarter: EUR 46.1 million). The EBIT margin also rose slightly from 8.1% to 8.4%.
As of September 30, 2015, the Metal Forming Division had 10,314 employees (FTE), a decrease of 5.6% compared to the reporting date in the previous business year (10,921) due to divestments. There is no significant change compared to the figure as of the end of the business year 2014/15 (10,328).

Business transactions with associated companies or parties

Information regarding business transactions with associated companies and parties is available in the Notes.

Report on company risk exposure

Active risk management, as it has been understood and practiced in the voestalpine Group for many years, serves to ensure both the continued long-term existence of the Group and an increase in its value, thus representing a key factor in the success of the voestalpine Group as a whole. As part of the systematic risk management process, which is run at least once a year uniformly across the entire Group, and internal control systems, which are also integral parts of the organizational and operational structures, potential risks are recognized systematically and early on, analyzed, assessed and monitored on an ongoing basis so that appropriate preventative measures can then be implemented.

The risk environment of the voestalpine Group in the first six months of the current business year remained by and large unchanged in comparison to the previous year. The main risk areas (for example, supply of the required quantity and quality of raw materials, outages of critical production facilities and/or IT systems, knowledge management, and financial risks) and the appropriate preventative measures are predominantly stable. It should be pointed out, however, that while medium- and long-term risks resulting from EU climate protection legislation have not changed as to their content, they have escalated technically compared to the end of the previous business year due to the decisions made by EU bodies, which have now confirmed this legislation. The description of the most significant other risk areas and the preventative measures being taken, which were depicted in detail in the voestalpine Group's Annual Report 2014/15 (Annual Report 2014/15, "Report on company risk exposure"), continues to be valid for the report on the first half of the current business year.

With regard to the remarks set forth in the Management Report for the business year 2014/15 regarding goodwill amortization under Austrian tax law within the framework of the group taxation regime in Austria, it should be added that in its decision C-66/14 on October 6, 2015, the Court of Justice of the European Union (CJEU) has ruled that limiting goodwill amortization to Group members with unlimited tax liability is incompatible with the freedom of establishment as set forth in Section 49 of TFEU. The first question referred to the court, the subject of which was whether State aid is deemed unlawful, was held inadmissible under the decision of the Court of Justice of the European Union, as it obviously has nothing to do with the subject of the original dispute. This issue referred to the court was thus not addressed as to its content. In the proceeding before the Court of Justice of the European Union, the Advocate General (AG Kokott) argued in her concluding motion C-66/14, dated April 16, 2015, that the goodwill amortization under Austrian tax law does not represent prohibited State aid. Now it remains to be seen what the decision of the Austrian Supreme Administrative Court will be. Against the backdrop of the cited decision by the Court of Justice of the European Union and the concluding motion of the Advocate General in this proceeding, the risk of a reversal has been reduced even further and is viewed as being very unlikely.

Additional measures that minimize risk exposure, which were implemented in recent years based on knowledge gained as a result of the recent economic and financial crisis and which were described in detail in the Annual Report 2014/15, were consistently put into action in the current business year and will continue to be implemented.

These measures to avert or prevent risks are aimed at reducing potential losses and/or minimizing the likelihood of losses occurring.

In summary, it can be stated that at the time of presentation of the Management Report for the first half of the business year 2015/16, the risks and the resulting uncertainties in and for the voestalpine Group are limited and manageable and do not endanger the company's survival. As of the reporting date for the first half of the year, there is no indication of any risks that endanger the future survival of the Group.

Outlook

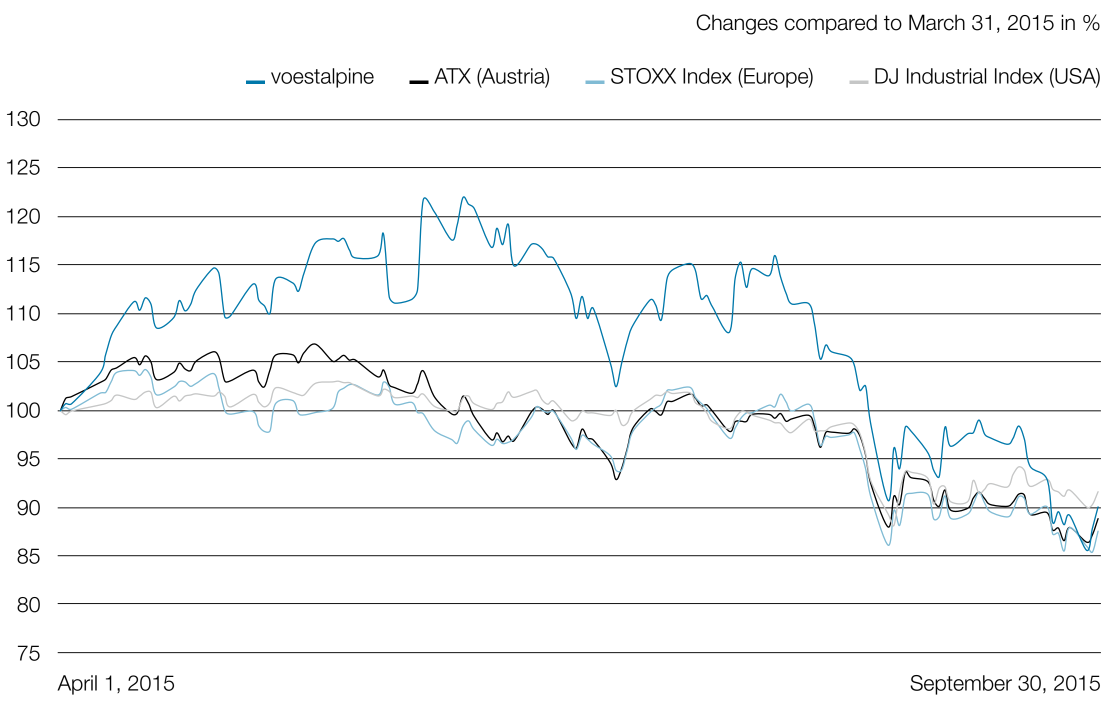
The first half of the business year 2015/16 was marked by a relatively stable development at a satisfactory level for the voestalpine Group. In the course of the summer, however, the global weakness in the energy market—particularly oil and natural gas—became increasingly evident. Concurrently, steel prices on European spot markets deteriorated dramatically. The reasons lay in the longstanding weakness of the European construction sector as the main customer of the steel industry on one hand and, on the other—and even more importantly—a massive increase in the imports of steel commodities from China, at a time when Europe is struggling with considerable overcapacity.

Up to now, voestalpine has only been marginally affected by this development due to its focus on premium products in both the energy and steel sectors and was able to largely compensate it by concentrating on other industrial segments and economic regions. This strategy will now become more difficult in the second half of the business year due to the more precarious economic situation in both of these industrial sectors since the end of the summer, despite the overall slight upward trend in Europe and a largely stable economic development in North America, as very little demand to speak of can be expected from other global regions.

Against this backdrop and from today's vantage point, a softening of the earnings trend is looming for the third and fourth quarters of the current business year compared to the first half of the year. While operating result (EBITDA) and profit from operations (EBIT) for the year as a whole are still expected to be higher than the previous year's figures (including non-recurring effects and changes in consolidation), the adjusted figures will be lower than those of the previous year in view of the increasingly challenging market environment.

Investor relations

voestalpine AG vs. the ATX and international indices



Price development of the voestalpine share

The first six months of the business year 2015/16 have been marked by considerable volatility on the international stock markets. While the rise of the voestalpine share in the early part of the business year was due to the positive economic outlook in Europe that resulted from a combination of factors (the weak euro, the low oil price, and a low interest rate), this positive trend was bolstered by the publication of the company's key figures for 2014/15. The announcement of the annual results on June 3, 2015 triggered an immediate price gain for the share of more than 8%. Subsequently, however, the voestalpine share lost considerable value. In addition to geopolitical uncertainties, one of the main reasons for this were the macroeconomic developments in previously fast-growing emerging markets, which were forced to downgrade their growth prospects for a variety of reasons. While the Russian Federation slipped into a recession back in 2014 due to sanctions put into place against it as a result of the Ukraine crisis, the economic output in Brazil has kept dwindling due to numerous home-made problems. However, it was the doubts that began to emerge again in the summer of 2015 regarding the robustness of the Chinese economy that had an even greater global effect. At the same time, the problems surrounding the situation in Greece were again the focus of the European capital markets among new fears that the debt issue would spread to the European real economy. These critical developments ultimately led to permanent pressure on the international capital markets in the third calendar quarter and thus also to pressure on the voestalpine share.

In the first six months of the business year 2015/16, it performed at about the same level as the benchmark indices ATX, STOXX Index Europe, and Dow Jones showing a minus of 10.6% as of September 30, 2015. At the beginning of the business year, the share price was at EUR 34.34, while at the end of September, it was at EUR 30.70.

Bonds

Type of bond	ISIN number	Volume	Interest rate	Share price (09/30/2015)
Corporate bond 2011–2018	AT0000A0MS58	EUR 500 million	4.75%	107.5
Corporate bond 2012–2018	XS0838764685	EUR 500 million	4.0%	107.5
Hybrid bond 2013	AT0000A0ZHF1	EUR 500 million	7.125%[1]	108.5
Corporate bond 2014–2021	AT0000A19S18	EUR 400 million	2.25%	103.0

[1] Interest rate: 7.125% p.a. from issue date to October 31, 2014 (excl.); 6% p.a. from October 31, 2014 to October 31, 2019; five-year swap rate (from October 29, 2019) + 4.93% p.a. from October 31, 2019 to October 31, 2024; then three-month EURIBOR +4.93% p.a. + step-up of 1% p.a. from October 31, 2024.

voestalpine AG is currently being analyzed by the following investment banks/institutions:

- Alpha Value, Paris
- Baader Bank AG, Munich
- Barclays, London
- Bank of America/Merrill Lynch, London
- Berenberg, London
- Citigroup, London
- Commerzbank, Frankfurt
- Credit Suisse, London
- Deutsche Bank, London
- Erste Bank, Vienna
- Exane BNP Paribas, Paris
- Goldman Sachs, London
- HSBC, London
- Jefferies, London
- Kepler Cheuvreux, Frankfurt
- Macquarie, London
- Raiffeisen Centrobank, Vienna
- Royal Bank of Canada Europe Ltd., London
- Redburn, London
- Société Générale, Paris
- Steubing, Frankfurt
- UBS, London

Share information

Share capital	EUR 317,851,287.79 divided into 174,949,163 no-par value shares
Shares in proprietary possession as of September 30, 2015	28,597 shares
Class of shares	Ordinary bearer shares
Stock identification number	93750 (Vienna Stock Exchange)
ISIN	AT0000937503
Reuters	VOES.VI
Bloomberg	VOE AV

Prices (as of end of day)	
Share price high April 2015 to September 2015	EUR 41.58
Share price low April 2015 to September 2015	EUR 29.17
Share price as of September 30, 2015	EUR 30.70
Initial offering price (IPO) October 1995	EUR 5.18
All-time high price (July 12, 2007)	EUR 66.11
Market capitalization as of September 30, 2015*	EUR 5,370,061,376.20

* Based on total number of shares minus repurchased shares.

Business year 2014/15	
Earnings per share	EUR 3.11
Dividend per share	EUR 1.00
Book value per share	EUR 29.22

Financial calendar 2015/16	
Letter to shareholders for the third quarter of 2015/16	February 10, 2016
Annual Report 2015/16	June 2, 2016
Record date for participation in the AGM	June 26, 2016
Annual General Shareholders' Meeting	July 6, 2016
Ex-dividend date	July 14, 2016
Record date for dividend payment	July 15, 2016
Dividend payment date	July 18, 2016
Letter to shareholders for the first quarter of 2016/17	August 9, 2016
Letter to shareholders for the second quarter of 2016/17	November 9, 2016

voestalpine AG

Financial data 09/30/2015

In accordance with International Financial Reporting Standards (IFRS)

Consolidated statement of financial position

Assets

	03/31/2015	09/30/2015
A. Non-current assets		
Property, plant and equipment	5,328.4	5,713.1
Goodwill	1,472.9	1,539.0
Other intangible assets	345.3	443.8
Investments in entities consolidated according to the equity method	219.1	123.2
Other financial assets	77.6	76.6
Deferred tax assets	328.9	339.9
	7,772.2	**8,235.6**
B. Current assets		
Inventories	2,977.5	3,057.8
Trade and other receivables	1,667.9	1,519.1
Other financial assets	412.8	407.3
Cash and cash equivalents	464.5	329.1
	5,522.7	**5,313.3**
Total assets	**13,294.9**	**13,548.9**

In millions of euros

Equity and liabilities

	03/31/2015	09/30/2015
A. Equity		
Share capital	313.3	317.9
Capital reserves	471.9	551.7
Hybrid capital	497.9	497.9
Retained earnings and other reserves	3,755.0	3,937.8
Equity attributable to equity holders of the parent	**5,038.1**	**5,305.3**
Non-controlling interests	64.4	204.1
	5,102.5	**5,509.4**
B. Non-current liabilities		
Pensions and other employee obligations	1,252.1	1,202.2
Provisions	70.4	68.2
Deferred tax liabilities	181.0	234.9
Financial liabilities	3,004.6	3,180.0
	4,508.1	**4,685.3**
C. Current liabilities		
Provisions	513.6	535.4
Tax liabilities	77.2	110.2
Financial liabilities	890.2	735.8
Trade and other payables	2,203.3	1,972.8
	3,684.3	**3,354.2**
Total equity and liabilities	**13,294.9**	**13,548.9**

In millions of euros

Consolidated statement of cash flows

	04/01–09/30/2014	04/01–09/30/2015
Operating activities		
Profit for the period	315.6	420.6
Adjustments	280.4	169.6
Changes in working capital		
Change in inventories	–9.1	–12.8
Change in receivables and liabilities	–13.2	–71.0
Change in provisions	–40.3	41.3
	–62.6	**–42.5**
Cash flows from operating activities	**533.4**	**547.7**
Investing activities		
Additions of other intangible assets, property, plant and equipment	–473.1	–691.9
Income from disposals of assets	27.6	3.3
Cash flows from the acquisition of control of subsidiaries	0.0	23.4
Cash flows from the loss of control of subsidiaries	111.0	0.1
Additions/divestments of other financial assets	30.5	–0.6
Cash flows from investing activities	**–304.0**	**–665.7**
Financing activities		
Dividends paid	–163.8	–174.8
Dividends paid/capital increase non-controlling interests	–14.2	–37.3
Change of non-controlling interests	–6.0	–0.9
Capital increase/shareholder contribution	0.0	85.3
Change in non-current financial liabilities	269.7	182.9
Change in current financial liabilities	–2.2	–64.2
Cash flows from financing activities	**83.5**	**–9.0**
Net decrease/increase in cash and cash equivalents	**312.9**	**–127.0**
Cash and cash equivalents, beginning of year	532.4	464.5
Net exchange differences	7.4	–8.4
Cash and cash equivalents, end of period	**852.7**	**329.1**

In millions of euros

Consolidated statement of comprehensive income

Consolidated income statement

	04/01–09/30/2014	04/01–09/30/2015	07/01–09/30/2014	07/01–09/30/2015
Revenue	**5,561.1**	**5,786.7**	**2,734.4**	**2,785.0**
Cost of sales	–4,442.2	–4,513.5	–2,201.9	–2,167.1
Gross profit	**1,118.9**	**1,273.2**	**532.5**	**617.9**
Other operating income	215.1	166.5	147.9	81.4
Distribution costs	–487.2	–514.6	–243.1	–250.5
Administrative expenses	–297.5	–308.9	–139.3	–153.0
Other operating expenses	–133.8	–193.3	–82.1	–92.1
Share of profit of entities consolidated according to the equity method	29.2	152.4	10.4	3.1
EBIT	**444.7**	**575.3**	**226.3**	**206.8**
Finance income	34.4	15.3	17.9	5.7
Finance costs	–87.4	–84.9	–45.4	–35.6
Profit before tax (EBT)	**391.7**	**505.7**	**198.8**	**176.9**
Income tax expense	–76.1	–85.1	–33.2	–45.7
Profit for the period	**315.6**	**420.6**	**165.6**	**131.2**
Attributable to:				
Equity holders of the parent	284.7	401.0	151.4	119.8
Non-controlling interests	5.6	8.3	2.4	5.7
Share planned for hybrid capital owners	25.3	11.3	11.8	5.7
Diluted and basic earnings per share (euros)	**1.65**	**2.29**	**0.88**	**0.68**

In millions of euros

Consolidated statement of comprehensive income

Consolidated other comprehensive income

	04/01–09/30/2014	04/01–09/30/2015	07/01–09/30/2014	07/01–09/30/2015
Profit for the period	**315.6**	**420.6**	**165.6**	**131.2**
Items of other comprehensive income that will be reclassified subsequently to profit or loss				
Cash flow hedges	5.7	–19.4	6.4	–1.3
Net investment hedges	0.0	–7.6	0.0	–2.0
Currency translation	47.8	–96.9	32.3	–63.5
Share of profit of entities consolidated according to the equity method	5.9	–3.7	6.0	1.1
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss	**59.4**	**–127.6**	**44.7**	**–67.8**
Items of other comprehensive income that will not be reclassified subsequently to profit or loss				
Actuarial gains/losses	0.0	59.9	0.0	59.9
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	**0.0**	**59.9**	**0.0**	**59.9**
Other comprehensive income for the period, net of income tax	**59.4**	**–67.7**	**44.7**	**–7.9**
Total comprehensive income for the period	**375.0**	**352.9**	**210.3**	**123.3**
Attributable to:				
Equity holders of the parent	343.0	337.9	195.3	114.0
Non-controlling interests	6.7	3.7	3.2	3.6
Share planned for hybrid capital owners	25.3	11.3	11.8	5.7
Total comprehensive income for the period	**375.0**	**352.9**	**210.3**	**123.3**

In millions of euros

Consolidated statement of changes in equity

	H1 2014/15			H1 2015/16		
	Group	Non-controlling interests	Total	Group	Non-controlling interests	Total
Equity as of April 1	**5,196.7**	**64.9**	**5,261.6**	**5,038.1**	**64.4**	**5,102.5**
Total comprehensive income for the period	368.3	6.7	375.0	349.2	3.7	352.9
Dividends to shareholders	–163.8	–6.3	–170.1	–174.8	–38.7	–213.5
Redemption hybrid bond	–500.0	–	–500.0	–	–	–
Dividends to hybrid capital owners	–30.5	–	–30.5	–	–	–
Tax effect from transactions with hybrid capital owners	8.4	–	8.4	3.8	–	3.8
Capital increase	–	–	–	85.3	–	85.3
Share-based payment	–	–	–	–1.0	–	–1.0
Acquisition of control of subsidiaries	–	–	–	–	173.2	173.2
Other changes	0.7	–13.0	–12.3	4.7	1.5	6.2
Equity as of September 30	**4,879.8**	**52.3**	**4,932.1**	**5,305.3**	**204.1**	**5,509.4**

In millions of euros

voestalpine AG

Notes

General information/accounting policies

These interim consolidated financial statements of voestalpine AG as of September 30, 2015 for the first half of the business year 2015/16 were prepared in accordance with IAS 34 – Interim Financial Reporting. The accounting policies are unchanged from the annual consolidated financial statements for the business year 2014/15 with the following exceptions:

The following new and revised standards were adopted for the first time in the business year 2015/16

Standard	Content	Effective date[1]
IAS 19, amendments	Defined Benefit Plans: Employee Contributions	July 1, 2014
Various standards, amendments	Annual Improvements to International Financial Reporting Standards, 2010–2012 Cycle	July 1, 2014
Various standards, amendments	Annual Improvements to International Financial Reporting Standards, 2011–2013 Cycle	July 1, 2014

[1] These standards are applicable to reporting periods beginning on or after the effective date.

There were no material effects of the new and revised standards on voestalpine AG's interim consolidated financial statements.

The following standards have already been published as of the reporting date, but their application was not yet mandatory for the business year 2015/16, or they have not yet been adopted by the European Union:

Published by IASB but not adopted by the European Union as of the reporting date

Standard	Content	Effective date according to IASB[1]
IAS 1, amendments	Disclosure initiative	January 1, 2016
IAS 16 and IAS 38, amendments	Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016
IAS 16 and IAS 41, amendments	Agriculture: Bearer Plants	January 1, 2016
IAS 27, amendments	Equity Method in Separate Financial Statements	January 1, 2016
Various standards, amendments	Annual Improvements to International Financial Reporting Standards, 2012–2014 Cycle	January 1, 2016
IFRS 10, IFRS 12 and IAS 28, amendments	Investment Entities: Applying the Consolidation Exception	January 1, 2016
IFRS 11, amendments	Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 9	Financial Instruments	January 1, 2018

[1] These standards are applicable to reporting periods beginning on or after the effective date.

These standards—insofar as they have been adopted by the European Union—are not being adopted early by the Group. From today's perspective, material effects of the new and revised standards on the voestalpine Group's financial position are not expected.

Further information on the other principles of preparation is provided in the consolidated financial statements as of March 31, 2015, on which these interim consolidated financial statements are based.

The interim consolidated financial statements are presented in millions of euros (the functional currency of the parent company). The use of automated calculation systems may result in rounding differences.

Unless otherwise stated, comparative information relates to the first half of the business year 2014/15 (reporting date: September 30, 2014).

A minor error in the allocation of profit to equity holders of the parent and owners of hybrid capital occurred in the Letter to Shareholders for the first quarter of 2015/16 due to the retroactive adjustment for the same period of the previous year (first quarter of 2014/15), which has now been corrected in the current interim consolidated financial statements.

The present interim consolidated financial statements have not been audited or reviewed by auditors.

Scope of consolidated financial statements/acquisitions

The changes made in the scope of consolidated financial statements during the reporting period were as follows:

	Full consolidation	Equity method
As of April 1, 2015	**274**	**11**
Acquisitions		1
Change in consolidation method		
Additions	3	
Disposals		–3
Reorganizations	–2	
Divestments or disposals	–2	
As of September 30, 2015	**273**	**9**
Of which foreign companies	214	4

The following entities were deconsolidated during the first half of the business year 2015/16:

Name of entity
Full consolidation in the business year 2014/15
Aktiebolaget Finansa
Associated Swedish Steels Aktiebolag
Reorganization – full consolidation in the business year 2014/15
voestalpine Stahl Service Center GmbH
BÖHLERSTAHL Vertriebsgesellschaft m.b.H.
Equity method in the business year 2014/15
voestalpine Tubulars GmbH
voestalpine Tubulars GmbH & Co KG
CNTT Chinese New Turnout Technologies Co., Ltd.

On September 4, 2015, the voestalpine Group sold all its shares of Aktiebolaget Finansa and Associated Swedish Steels Aktiebolag at the book value of EUR 0.0 million.

The following entities are being included in the interim consolidated financial statements for the first time in the first half of the business year 2015/16:

Name of entity	Interest in %
Full consolidation	
voestalpine Tubulars GmbH	57.500%
voestalpine Tubulars GmbH & Co KG	49.600%
CNTT Chinese New Turnout Technologies Co., Ltd.	50.000%
Equity method	
WS Service GmbH	49.000%

Taking into consideration the shares in voestalpine Tubulars GmbH & Co KG held by voestalpine Tubulars GmbH results in an interest held by the Group in voestalpine Tubulars GmbH & Co KG that has been calculated to be 49.8875%.

Up to March 31, 2015, the equity method was used for the former joint ventures voestalpine Tubulars GmbH, voestalpine Tubulars GmbH & Co KG, and CNTT Chinese New Turnout Technologies Co., Ltd. and, beginning with the business year 2015/16, full consolidation is being applied as the Group has obtained control over these companies.

The company valuations of voestalpine Tubulars GmbH & Co KG, voestalpine Tubulars GmbH, and CNTT Chinese New Turnout Technologies Co., Ltd. were conducted by an independent expert. The valuation of non-controlling interests is determined in accordance with the fair values of the acquired assets and liabilities. Significant fair value adjustments were recorded for customer relationships, technology, property, plant and equipment, and inventories in accordance with IFRS 3. Non-controlling interests are reported in accordance with the partial goodwill method so that no goodwill is realized for non-controlling interests.

In accordance with IFRS 3, the acquired companies are included in the interim consolidated financial statements at the fair value carried forward of the acquired assets, liabilities, and contingent liabilities determined as of the acquisition date, including depreciation and amortization as appropriate. The carrying amount of the non-controlling interests is determined based on the fair values carried forward for the assets and liabilities acquired.

On April 8, 2015, effective as of April 1, 2015, voestalpine Bahnsysteme Vermögensverwaltungs GmbH and Grant Prideco European Holding LLC revised almost every existing contractual agreement relating to the control and management structure of voestalpine Tubulars GmbH & Co KG. At the same time, it was agreed to increase the interest of the voestalpine Bahnsysteme Vermögensverwaltungs GmbH in the managing close corporation general partner (Komplementär-GmbH) from 50.0% to 57.5%.

The company was presented in the business year 2014/15 as a joint venture between Grant Prideco European Holding LLC (subsidiary of the U.S.-based group National Oilwell Varco, Inc. with expertise in the segments of drill pipes and premium pipe couplings) and voestalpine Bahnsysteme Vermögensverwaltungs GmbH which, through its subsidiary voestalpine Stahl Donawitz GmbH, has applicable steel expertise and can furnish the pre-materials that meet for the exacting quality requirements. The headquarters and production location of voestalpine Tubulars GmbH & Co KG are located in Kindberg, Austria. The company has sales offices in the U.S. and in the Middle East.

As a result of the fundamental revision of the key contractual agreements associated with the clear-cut change in the close corporation general partner's shareholding, the criterion of control in accordance with IFRS 10.6 is fulfilled from April 2015 onward, since this enables operational management that is consistent with the interests of voestalpine.

This includes control over the budget (in the sense of setting the controlling operating conditions for management), including the supply of pre-materials, tax and financial policy, and fundamental marketing activities. With the amendments in the contractual agreements, voestalpine Bahnsysteme Vermögensverwaltungs GmbH will in the future be able to implement all essential operating matters in accordance with its interests, both on the Management Board and on the Supervisory Board (in connection with the decisive vote cast by the Chairman).

The fair values of the identifiable assets and liabilities of voestalpine Tubulars GmbH & Co KG and voestalpine Tubulars GmbH are as follows once control has been achieved:

	Recognized values
Non-current assets	232.5
Current assets	212.9
Non-current provisions and liabilities	–80.4
Current provisions and liabilities	–77.8
Net assets	**287.2**
Addition of non-controlling interests	–143.8
Goodwill	67.1
Costs of acquisition	**210.5**
Cash and cash equivalents acquired	0.4
Fair value of investments of previously recognized joint ventures	–198.2
Non-cash compensation	–12.3
Net cash inflow	**0.4**

In millions of euros

Goodwill of EUR 67.1 million results from the profit potential of the company, which cannot be allocated to individual capitalizable items according to IFRS, in particular, the extensive technical expertise and the excellent sales expertise of the employees. Goodwill is assigned completely to the "Tubulars" unit, which carries the goodwill. It is not expected that any part of included goodwill will be eligible for corporate tax deductions.

Prior shares were included as a joint venture using the equity method. Directly before control was achieved, the prior shares were reassessed at fair value. This resulted in proceeds of EUR 133.6 million (including a recycling of cash flow hedges), which are recognized in the first half of the business year 2015/16 in the share of profit of entities consolidated according to the equity method. Depreciation of disclosed hidden reserves resulted in an expense of EUR 29.8 million in the first half of the business year 2015/16.

Since its initial consolidation, voestalpine Tubulars GmbH & Co KG and voestalpine Tubulars GmbH have contributed revenue of EUR 191.5 million to consolidated revenue. Their share of the Group's profit for the period was EUR 2.5 million (after depreciation of the hidden reserves recognized within the scope of purchase price allocation) for the same period. voestalpine Tubulars GmbH & Co KG and voestalpine Tubulars GmbH were initially consolidated as of April 1, 2015.

As part of the first-time full consolidation of voestalpine Tubulars GmbH & Co KG and voestalpine Tubulars GmbH, the following are being taken over at fair value: trade receivables of EUR 46.3 million (gross carrying amount EUR 46.3 million); receivables from finance and clearing of EUR 56.9 million (gross carrying amount EUR 56.9 million); and other receivables of EUR 8.0 million (gross carrying amount EUR 8.0 million). Receivables expected to be uncollectible can be considered immaterial.

Effective April 1, 2015, the fundamental revision of the key contractual agreements constitutes the criterion of control for CNTT Chinese New Turnout Technologies Co., Ltd. in accordance with IFRS 10.6. Two voestalpine companies hold 50% of CNTT Chinese New Turnout Technologies Co., Ltd. Because of the prior alternating nomination right for the CEO (between the joint venture partner and voestalpine), who has the decision-making powers in essential matters, CNTT Chinese New Turnout Technologies Co., Ltd. was previously treated as a company under joint control and, until March 31, 2015, included in the voestalpine consolidated financial statements using the equity method. Because of a change in the articles of association, from now on the "Board of Directors" will have decision-making powers; the majority of representatives on this Board are from voestalpine. Consequently, starting April 1, 2015, CNTT Chinese New Turnout Technologies Co., Ltd. has been fully consolidated. The company produces turnouts and expansion joints for the continuing development of the high-speed railway network in China.

The fair value of the identifiable assets and liabilities of CNTT Chinese New Turnout Technologies Co., Ltd. is as follows once control has been achieved:

	Recognized values
Non-current assets	27.2
Current assets	79.2
Non-current provisions and liabilities	–1.5
Current provisions and liabilities	–46.1
Net assets	**58.8**
Addition of non-controlling interests	–29.4
Goodwill	0.2
Costs of acquisition	**29.6**
Cash and cash equivalents acquired	23.9
Fair value of investments of previously recognized joint ventures	–29.6
Net cash inflow	**23.9**

In millions of euros

Goodwill of EUR 0.2 million results from the profit potential of the company, which according to IFRS, cannot be allocated to individual capitalizable items. Goodwill is assigned completely to the "Turnout Systems" unit, which carries the goodwill. It is not expected that any part of recognized goodwill will be eligible for corporate tax deductions.

Prior shares were included as a joint venture using the equity method. Directly before control was achieved, the prior shares were reassessed at fair value. This resulted in proceeds of EUR 12.2 million (including a recycling of currency translation differences), which are recognized in the first half of the business year 2015/16 in the share of profit of entities consolidated according to the equity method. Depreciation of disclosed hidden reserves resulted in an expense of EUR 1.4 million in the first half of the business year 2015/16.

Since their initial consolidation, CNTT Chinese New Turnout Technologies Co., Ltd. has contributed revenue of EUR 45.9 million to consolidated revenue. Its share of the Group's profit for the period was EUR 8.2 million for the same period. CNTT Chinese New Turnout Technologies Co., Ltd. was initially consolidated as of April 1, 2015.

As part of the first-time full consolidation of CNTT Chinese New Turnout Technologies Co., Ltd., the following were taken over at fair value: trade receivables of EUR 23.3 million (gross carrying amount EUR 28.5 million); and other receivables of EUR 0.1 million (gross carrying amount EUR 0.1 million).

With regard to the first-time full consolidations in accordance with IFRS 3, due to time constraints and the fact that not all valuations have been completed, the following items are to be considered provisional: property, plant and equipment, intangible assets, inventories, and provisions—and consequently goodwill as well.

The increase of majority interests is treated as a transaction between owners. The difference between the costs of acquisition of additional shares and the pro-rated carrying value of the non-controlling interests is recognized directly in equity. During the first half of the business year 2015/16, EUR 0.9 million (2014/15: EUR 9.9 million) was paid for the acquisition of non-controlling interests or provisions were formed for the payment thereof. Non-controlling interests amounting to EUR 0.9 million (2014/15: EUR 7.6 million) were derecognized, and the remaining amount of EUR 0.0 million (2014/15: EUR 2.3 million) was recognized directly in equity.

The decrease of majority interests is treated as a transaction between owners. The difference between the fair value and the non-controlling interests is recognized directly in equity. In the first half of the business year 2015/16, non-controlling interests were exchanged at the fair value of EUR 4.9 million (2014/15: EUR 0.0 million) (see Chapter "Shares in immaterial associates"). Non-controlling interests amounting to EUR 1.1 million (2014/15: EUR 0.0 million) were derecognized, and the remaining amount of EUR 3.8 million (2014/15: EUR 0.0 million) was recognized directly in equity.

Put options granted to non-controlling shareholders in exchange for their shares in Group companies are recorded in the statement of financial position as liabilities stated at fair value. If the risks and rewards associated with ownership of a non-controlling interest have already been transferred at the time the majority interest was acquired, an acquisition of 100% of the entity is assumed. If, however, the risks and rewards are not transferred, the non-controlling interests continue to be shown in equity. The liability is covered by a direct transfer from retained earnings with no effect on profit or loss (double credit approach).

Outstanding put options, which are offset against equity, had a fair value of EUR 0.6 million (March 31, 2015: EUR 0.6 million) as of September 30, 2015.

As part of an asset deal, voestalpine WBN B.V. Netherlands, which is part of the Metal Engineering Division of the voestalpine Group, acquired Rail Service Netherlands (RSN), which is headquartered in Alkmaar. This company, which has around 10 employees, manufactures point machines and corresponding mechanical interfaces (drive and detection rods) for the Dutch market. The most important strategic considerations of the asset deal are to strengthen and ensure the market position of voestalpine WBN B.V. by integrating drive, locking, and detection technology (system turnouts for the Netherlands), creation of a competence center for signaling technology for the Netherlands as well as the expansion of the existing service business, the acceleration of the market entry of other signaling products by leveraging the excellent reputation of RSN, and the more rapid market expansion of RSN turnout drives due to the excellent market position of voestalpine on the Dutch railway market.

	Recognized values
Non-current assets	0.5
Current assets	0.4
Non-current provisions and liabilities	0.0
Current provisions and liabilities	0.0
Net assets	**0.9**
Goodwill	0.0
Costs of acquisition	**0.9**
Cash and cash equivalents acquired	0.0
Net cash outflow	**0.9**

In millions of euros

Since their initial consolidation, this acquisition has contributed revenue of EUR 0.1 million to consolidated revenue. Its share of the Group's profit for the period was EUR 0.0 million for the same period. The consolidated revenue would have been EUR 0.6 million higher and the Group's profit for the period would have been EUR 0.1 million higher if the acquisition had been consolidated as of April 1, 2015.

Subsidiaries with material non-controlling interests

Name of the subsidiary	Domicile	09/30/2015	
		Proportion of ownership	Proportion of ownership interests held by non-controlling interests
voestalpine Tubulars GmbH & Co KG	Kindberg, Austria	49.8875%	50.1125%
CNTT Chinese New Turnout Technologies Co., Ltd.	Qinhuangdao, China	50.000%	50.000%

In the reporting period, the total of all non-controlling interests amounts to EUR 204.1 million, of which EUR 113.3 million is attributable to voestalpine Tubulars GmbH & Co KG and EUR 31.7 million is attributable to CNTT Chinese New Turnout Technologies Co., Ltd. The remaining non-controlling interests, seen individually, can be considered immaterial for the Group.

Summarized financial information for each subsidiary with non-controlling interests that are material for the Group is depicted in the following chart. The figures correspond to amounts prior to the elimination of Group-internal transactions.

Summarized statement of financial position

	voestalpine Tubulars GmbH & Co KG	CNTT Chinese New Turnout Technologies Co., Ltd.
	09/30/2015	09/30/2015
Non-current assets	83.0	19.4
Current assets	120.9	97.5
Non-current provisions and liabilities	34.6	0.1
Current provisions and liabilities	50.2	56.6
Net assets (100%)	**119.1**	**60.2**

In millions of euros

Summarized income statement

	voestalpine Tubulars GmbH & Co KG	CNTT Chinese New Turnout Technologies Co., Ltd.
	04/01–09/30/2015	**04/01–09/30/2015**
Revenue	197.6	45.9
EBIT	20.8	12.3
Profit for the period	24.9	9.3
Attributable to:		
Equity holders of the parent	12.4	4.7
Non-controlling interests	12.5	4.7
Dividends payed to non-controlling interests	31.0	0.0

In millions of euros

Summarized statement of cash flows

	voestalpine Tubulars GmbH & Co KG	CNTT Chinese New Turnout Technologies Co., Ltd.
	04/01–09/30/2015	**04/01–09/30/2015**
Cash flows from operating activities	26.0	5.9
Cash flows from investing activities	34.4	–0.3
thereof additions/divestments of other financial assets	53.6	0.0
Cash flows from financing activities	–60.5	0.0
Net decrease/increase in cash and cash equivalents	**–0.1**	**5.6**

In millions of euros

Investments in associates and joint ventures

Shares in immaterial joint ventures

As of September 30, 2015 only Jiaxing NYC Industrial Co., Ltd is reported as a joint venture. Up to March 31, 2015, the equity method was used for the former joint ventures voestalpine Tubulars GmbH & Co KG (up to now classified as material joint venture), voestalpine Tubulars GmbH, and CNTT Chinese New Turnout Technologies Co., Ltd. (up to now classified as immaterial joint ventures) and, beginning with the business year 2015/16, full consolidation is being applied as the Group has obtained control over these companies. For the related amounts recognized in the share of profit of entities consolidated according to the equity method and in the other comprehensive income see Chapter "Scope of consolidated financial statements/acquisitions".

Profits from the joint ventures, which are individually immaterial for the voestalpine interim consolidated financial statements, are included using the equity method. This information is related to the interest held by the voestalpine Group in immaterial joint ventures and break down as follows:

	04/01–09/30/2014	04/01–09/30/2015
Group share of		
Profit for the period	4.3	0.0
Other comprehensive income	2.6	–0.2
Comprehensive income	**6.9**	**–0.2**
Carrying amount immaterial joint ventures	**26.2**	**3.3**

In millions of euros

Shares in immaterial associates

The profit from associates that are individually immaterial for the voestalpine interim consolidated financial statements are included using the equity method. This information is related to the interest held by the voestalpine Group in associates and break down as follows:

	04/01–09/30/2014	04/01–09/30/2015
Group share of		
Profit for the period	6.3	6.5
Other comprehensive income	3.3	–2.5
Comprehensive income	**9.6**	**4.0**
Carrying amount immaterial associates	**114.0**	**119.9**

In millions of euros

In the first half the business year 2015/16, WS Service GmbH, which specializes in the inspection, service, and corrective maintenance of turnouts, was included in the interim consolidated financial statements for the first time as an associate. By way of a share deal (share exchange), voestalpine Weichensysteme GmbH (Metal Engineering Division) now holds 49.0% of WS Service GmbH (reporting date: December 31). As part of this share deal, 13.05% of the shares from Weichenwerk Wörth GmbH were divested and 49.0% of the WS Service GmbH shares were added.

Notes on the consolidated statement of financial position

In the first half of the business year 2015/16, actual investments amounting to EUR 642.2 million exceeded depreciation totaling EUR 317.0 million. Furthermore, additions to assets resulting from the initial full consolidation of voestalpine Tubulars GmbH, voestalpine Tubulars GmbH & Co KG, and CNTT Chinese New Turnout Technologies Co., Ltd. amounting to EUR 326.9 million generated an increase in non-current assets of EUR 7,772.2 million to EUR 8,235.6 million. Besides an operational increase in inventories (see consolidated cash flow statement), the carrying amount of the inventories on the reporting date compared to March 31, 2015 rose by EUR 80.3 million due primarily to the aforementioned initial full consolidation of voestalpine Tubulars GmbH, voestalpine Tubulars GmbH & Co KG, and CNTT Chinese New Turnout Technologies Co., Ltd.

As of September 30, 2015, voestalpine AG's share capital amounted to EUR 317,851,287.79 (March 31, 2015: EUR 313,309,235.65) and is divided into 174,949,163 shares (March 31, 2015: 172,449,163). The capital increase decided by the Management Board on March 9, 2015, and approved by the Supervisory Board on March 26, 2015, in the amount of 2.5 million shares was recorded in the Commercial Register on April 25, 2015 and is therefore effective as of this date. The Company held 28,597 of its own shares as of the reporting date. In the first half of the business year 2015/16, the Company neither bought nor sold any of its own shares.

In the business year 2012/13, voestalpine AG issued a new subordinated bond with an indefinite term (hybrid bond 2013) with a volume of EUR 500 million. As the hybrid bond satisfies the IAS 32 criteria for equity, the proceeds from the bond issue are recognized as part of equity. Accordingly, coupon payments are also reported as part of appropriation of profit. The issue costs of the hybrid bond 2013 amounted to EUR 2.8 million, less EUR 0.7 million in tax effects. Therefore, equity increased by EUR 497.9 million in the business year 2012/13.

Profit for the period amounting to EUR 420.6 million has contributed to the increase in equity. For the business year 2014/15, a dividend per share of EUR 1.00 was decided upon at the Annual General Meeting on July 1, 2015. Therefore, voestalpine AG distributed dividends amounting to EUR 174.8 million to its shareholders in the current business year.

Provisions for pensions, severance, and long-service bonus obligations are taken into account for the interim consolidated financial statements based on an expert opinion on the forecast for the entire current business year 2015/16. If significant changes of the parameters occur during the year, a reassessment of the net debt is carried out.

As of September 30, 2015, an increase of the discount interest rate from 1.5% to 2.0% and a negative performance of the pension fund of −3.05% resulted in a reduction of the provisions for pension and severance obligations and consequently to an actuarial gain of EUR 59.9 million (after deferred taxes).

In connection with the provisions for long-service bonus obligations, another adjustment will be needed due to the latest Austrian tax reform. According to the law that will come into effect on January 1, 2016 (which must already be taken into account at the present time), a social insurance employer contribution will be required for long-service bonuses, which must also be recognized in the provisions for long-service bonus obligations. This adjustment and the increase of the discount interest rate from 1.5% to 2.0% resulted in a reduction of the provisions for long-service bonus obligations amounting to EUR 1.6 million and income recognized in the income statement (after deferred taxes) amounting to EUR 1.2 million.

Notes on the consolidated income statement

Revenue for the period from April 1 to September 30, 2015, in the amount of EUR 5,786.7 million increased by 4.1% compared to the same period of the preceding year (EUR 5,561.1 million). In the first half of the business year 2015/16, EBIT reached EUR 575.3 million compared to EUR 444.7 million for the first six months of the business year 2014/15. EBIT equaled EUR 206.8 million for the second quarter of 2015/16, compared to EUR 226.3 million for the second quarter of 2014/15. After consideration of the financial result and taxes, profit for the period amounted to EUR 420.6 million compared to EUR 315.6 million for the first half of the preceding year.

Diluted and basic (undiluted) earnings per share are calculated as follows:

	04/01–09/30/2014	04/01–09/30/2015
Profit attributable to equity holders of the parent (in millions of euros)	284.7	401.0
Weighted average number of issued ordinary shares (millions)	172.4	174.9
Diluted and basic (undiluted) earnings per share (euros)	**1.65**	**2.29**

Operating segments

The following table contains information on the operating segments of the voestalpine Group for the first half of the business year 2015/16 and business year 2014/15, respectively:

Operating segments

	Steel Division		Special Steel Division		Metal Engineering Division	
	04/01–09/30/2014	04/01–09/30/2015	04/01–09/30/2014	04/01–09/30/2015	04/01–09/30/2014	04/01–09/30/2015
Segment revenue	1,903.5	1,990.8	1,350.4	1,368.8	1,329.8	1,525.3
of which revenue with third parties	1,754.2	1,841.1	1,323.1	1,342.1	1,316.3	1,504.9
of which revenue with other segments	149.3	149.7	27.3	26.7	13.5	20.4
EBITDA	211.0	253.2	183.4	186.3	203.7	336.1
EBIT	95.1	132.7	114.3	117.9	149.0	258.4
EBIT margin	5.0%	6.7%	8.5%	8.6%	11.2%	16.9%
Segment assets	3,976.8	4,562.6	3,898.1	3,864.4	2,526.4	3,144.0
Employees (full-time equivalent)	11,216	11,054	13,086	13,434	11,351	13,080

	Metal Forming Division		Other		Reconciliation		Total Group	
	04/01–09/30/2014	04/01–09/30/2015	04/01–09/30/2014	04/01–09/30/2015	04/01–09/30/2014	04/01–09/30/2015	04/01–09/30/2014	04/01–09/30/2015
	1,180.8	1,106.4	592.9	471.8	–796.3	–676.4	5,561.1	5,786.7
	1,164.5	1,091.9	3.0	6.7	0.0	0.0	5,561.1	5,786.7
	16.3	14.5	589.9	465.1	–796.3	–676.4	0.0	0.0
	198.8	138.3	–41.8	–31.5	1.8	9.9	756.9	892.3
	130.1	91.5	–45.6	–35.1	1.8	9.9	444.7	575.3
	11.0%	8.3%					8.0%	9.9%
	1,986.1	2,000.4	10,336.6	10,181.1	–9,698.0	–10,203.6	13,026.0	13,548.9
	10,921	10,314	805	837	0	0	47,379	48,719

In millions of euros

The reconciliation of the key ratios EBITDA and EBIT are shown in the following tables:

EBITDA

	04/01–09/30/2014	04/01–09/30/2015
Net exchange differences incl. result from valuation of derivatives	1.8	12.2
Consolidation	0.0	–2.3
EBITDA – Total reconciliation	**1.8**	**9.9**

In millions of euros

EBIT

	04/01–09/30/2014	04/01–09/30/2015
Net exchange differences incl. result from valuation of derivatives	1.8	12.2
Consolidation	0.0	–2.3
EBIT – Total reconciliation	**1.8**	**9.9**

In millions of euros

All other key figures contain solely the effects of consolidation.

Notes on the consolidated statement of cash flows

Non-cash expenses and income include depreciation (including financial assets) in the amount of EUR 325.3 million, less non-cash income in the amount of EUR 145.8 million from the aforementioned initial full consolidation of voestalpine Tubulars GmbH, voestalpine Tubulars GmbH & Co KG, and CNTT Chinese New Turnout Technologies Co., Ltd. Taking the change in working capital into consideration, cash flows from operating activities amounted to EUR 547.7 million in comparison to EUR 533.4 million in the first half of the preceding year; this represents an increase of about 3%. After the deduction of EUR 665.7 million in cash flows from investing activities and taking into account cash flows from financing activities amounting to EUR −9.0 million (mainly borrowings, capital increase, and dividends), the resulting change in cash and cash equivalents (without net exchange differences) amounts to EUR −127.0 million.

Notes on financial instruments

The following table compares the carrying amounts to the fair values for each class of financial assets and liabilities:

	09/30/2014		09/30/2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Financial assets measured at amortized cost	2,474.8	2,474.8	1,869.0	1,869.0
Financial assets measured at fair value	484.0	484.0	462.0	462.0
	2,958.8	**2,958.8**	**2,331.0**	**2,331.0**
Liabilities				
Financial liabilities measured at amortized cost	6,246.3	6,331.0	5,875.4	5,979.4
Financial liabilities measured at fair value	27.7	27.7	17.1	17.1
	6,274.0	**6,358.7**	**5,892.5**	**5,996.5**

In millions of euros

The carrying amount of the financial assets represents a reasonable approximation of fair value.

The liabilities measured at amortized cost, whose fair value is stated, fall under Level 2. Valuation is performed according to the mark-to-market method, whereby the input parameters for the calculation of the market values are the foreign exchange rates, interest rates, and credit spreads observable on the market. Based on the input parameters, fair values are calculated by discounting estimated future cash flows at typical market interest rates.

The table below analyzes financial assets and financial liabilities that are measured at fair value on a recurring basis. These measurements are based on a fair value hierarchy that categorizes the inputs for the valuation methods used to measure fair value into three levels. The three levels are defined as follows:

Inputs

Level 1	Comprises quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Comprises inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Comprises unobservable inputs for the asset or liability.

Level of the fair value hierarchy for recurring fair value measurements

	Level 1	Level 2	Level 3	Total
09/30/2015				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		15.1		15.1
Fair value option (securities)	410.2			410.2
Available for sale at fair value			36.7	36.7
	410.2	**15.1**	**36.7**	**462.0**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		17.1		17.1
	0.0	**17.1**	**0.0**	**17.1**
09/30/2014				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		44.0		44.0
Fair value option (securities)	398.9			398.9
Available for sale at fair value			41.1	41.1
	398.9	**44.0**	**41.1**	**484.0**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		27.7		27.7
	0.0	**27.7**	**0.0**	**27.7**

In millions of euros

The underlying assets of the fund of funds are reported as part of the "fair value option." The designation of fair value was selected to convey more useful information because this group of financial assets is managed according to their fair value, as documented in the risk management and investment strategy, and performance is observed and reported by means of fair value.

The derivative transactions (Level 2) are marked to market by determining the value that would be realized if the hedging position were closed out (liquidation method). The observable currency exchange rates and raw materials prices as well as the interest rates are the input for the calculation of fair values. Fair values are calculated based on the inputs by discounting expected future cash flows at typical market interest rates.

There were no transfers between Level 1 and Level 2, nor any reclassifications into or out of Level 3, during the reporting period. The reconciliation of Level 3 financial assets measured at fair value from the opening balance to the closing balance is depicted as follows:

Level 3 – Available for sale at fair value

	04/01–09/30/2014	04/01–09/30/2015
Opening balance	**41.1**	**36.7**
Closing balance	**41.1**	**36.7**

In millions of euros

Level 3 includes the non-consolidated investment in Energie AG Oberösterreich that is measured at fair value as "available for sale at fair value." The fair value of this company can be reliably determined based on the valuation report done once a year for Energie AG Oberösterreich as a whole.

Significant sensitivities in the determination of fair values can result from changes in the underlying market data of comparable entities and the input factors used to determine net present value (in particular discount rates, long-term forecasts, plan data, etc.).

Seasonality and cyclicality

We refer to the relevant explanations in the Interim Management Report.

Business transactions with associated companies or parties

Business transactions in the form of deliveries and services are carried out with associated Group companies within the scope of operational activities. These business transactions are implemented exclusively based on normal market terms.

There were no changes in transactions with associated companies and persons as set forth in the last annual financial report, which significantly affected the Company's financial situation or its net operating profit during the first six months of the current business year.

Antitrust proceedings

As of September 30, 2015, the provisions recognized in the annual financial statements 2014/15 in the amount of EUR 53.6 million for the antitrust proceedings and associated actions and costs relative to railway superstructure material as well as for the closure of TSTG Schienen Technik GmbH & Co KG have been reduced to EUR 47.8 million due to the use of these provisions.

The European Court of Justice (ECJ) has now reduced the fines handed down by the EU Commission (in October 2010) in connection with the European prestressing steel cartel. voestalpine also profits from this decision; its fine was reduced from the original amount of EUR 22 million to EUR 7.5 million. The fine was paid in the second quarter of 2015/16 and the remaining provisions (including provisions for interest) amounting to EUR 10.6 million were released to income.

Provisions and contingent liabilities

Please note that we are invoking the safeguard clause in accordance with IAS 37.92, according to which detailed information about provisions and contingent liabilities is not provided if this could seriously and adversely impact the Company's interests.

Events after the reporting period

As of the beginning of November 2015, voestalpine Precision Strip GmbH, a company in the Metal Forming Division, is acquiring the Wickeder Steel Company, based in Pleasant Prairie, Wisconsin (US). The enterprise has a staff of 50 employees and generated revenue of around EUR 13 million in 2014. This acquisition strengthens the voestalpine product portfolio of hardened special steel strip for sophisticated applications such as band saw blades for the food industry.

Statement in accordance with Sec. 87 (1) of the Stock Exchange Act (Börsegesetz, BörseG)

The Management Board of voestalpine AG confirms to the best of its knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group as required by the applicable accounting standards and that the Group Management Report gives a true and fair view of important events that have occurred during the first six months of the business year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the business year, and of the major related party transactions to be disclosed.

Linz, November 9, 2015

The Management Board

Wolfgang Eder
Chairman of the Management Board

Herbert Eibensteiner
Member of the Management Board

Franz Kainersdorfer
Member of the Management Board

Robert Ottel
Member of the Management Board

Franz Rotter
Member of the Management Board

Peter Schwab
Member of the Management Board

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