PRESS RELEASE

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voestalpine posts record revenue for the business year 2018/19, lower earnings due to non-recurring effects

- **Revenue rises 5.1% year over year, from EUR 12.9 billion to a new all-time high of EUR 13.6 billion**
- **Negative external and internal non-recurring effects impact Group's earnings categories**
- **Operating result (EBITDA) declines by 19.9% from EUR 1.95 billion to EUR 1.56 billion, with an EBITDA margin of 11.5%**
- **Profit from operations (EBIT) drops by 33.9% from EUR 1.18 billion to just under EUR 780 million, with an EBIT margin of 5.7%**
- **Profit before tax drops by 38.1% to EUR 646 million and profit after tax by 44.4% to EUR 459 million**
- **At EUR 6.71 billion, equity reaches an all-time high (+2.4%)**
- **At 46.6%, gearing ratio is largely stable**
- **Increase of 0.6% in number of employees to 51,907**
- **Dividend of EUR 1.10 per share proposed to the Annual General Meeting (previous business year: EUR 1.40 per share).**

Following the record business year 2017/18, which produced all-time highs with respect to just about every key performance indicator of the voestalpine Group, the business year 2018/19 just ended was characterized by growing political and economic challenges. "While the Group succeeded against the backdrop of a significantly cooling economy in boosting its revenue yet again, its earnings performance fell considerably short of the previous year's results due to both external and internal negative factors," says Wolfgang Eder, Chairman of the Management Board of voestalpine AG. The escalating trade war between the United States and China as well as other regions (including Europe) are the main causes of the increasing economic slowdown. In the European Union, Britain's unproductive Brexit negotiations as well as the introduction of a new emissions test (the Worldwide Harmonized Light Vehicle Test Procedure – WLTP) in the important automotive industry weighed additionally on economic sentiment. A number of negative internal non-recurring effects compounded the increasingly difficult macroeconomic environment. In particular, the volume losses in production stemming from the complete overhaul of the large blast furnace at the Group's Linz facility, provisions that had to be set up in connection with ongoing cartel proceedings in the Heavy Plate business segment as well as difficulties related to the start-up of a new automotive component plant in Cartersville, Georgia, USA, had an impact on earnings for the year.

Record revenue—yet pressure on earnings

At EUR 13.6 billion, the voestalpine Group posted a new all-time revenue high in the business year 2018/19. The increase of 5.1% compared with the previous business year (EUR 12.9 billion) is rooted in positive revenue developments in each of the Group's four divisions, which is remarkable because the Steel Division had to contend with substantially reduced production capacities due to the complete overhaul of the Group's largest blast furnace (blast furnace A). However, the positive revenue trend did not translate into higher earnings due to the aforementioned factors. At EUR 1.56 billion, the operating result (EBITDA) in the business year 2018/19 thus was down 19.9% compared with the previous year (EUR 1.95 billion). The EBITDA margin fell accordingly from 15.2% to 11.5% year over year. The profit from operations (EBIT) followed a trajectory akin to that of the operating result. Specifically, it dropped from EUR 1.18 billion to just under EUR 780 million, a decline of 33.9%. The EBIT margin is 5.7% (business year 2017/18: 9.1%). In keeping with these outcomes, both profit before and after tax declined in the course of the business year. Profit before tax dropped from EUR 1.04 billion to EUR 646 million (–38.1%) and profit after tax by 44.4% from EUR 825 million to EUR 459 million.

More equity and employees—dividend proposal adjusted to reflect earnings performance

Subject to the approval of the Annual General Meeting of voestalpine AG, which will take place on July 3, 2019, the plan is to pay a dividend of EUR 1.10 per share for the business year 2018/19 to the shareholders. While this represents a decrease of 21.4% compared with the previous year's dividend of EUR 1.40 per share, it must be noted that the business year 2017/18 was the Group's most successful in its history. The current dividend proposal corresponds to the dividend paid for the—good—business year 2016/17. As a result, the dividend yield for the business year 2018/19 is 3.1% and the distribution ratio 48.1%. The gearing ratio (net financial debt in percent of equity) for the 2018/19 was largely stable at 46.6% compared with the previous year's level of 45.7%. While equity rose by EUR 160 million from EUR 6.55 billion to EUR 6.71 billion due to the earnings performance and thus represents a new all-time high, the net financial debt rose by EUR 130 million to EUR 3.1 billion as of the close of the business year 2018/19. As of March 31, 2019, the voestalpine Group had 51,907 employees (FTE), an increase of 0.6% year over year. Approximately one half of all of the Group's employees—including all employees in Austria—have a stake in voestalpine AG via voestalpine Mitarbeiterbeteiligung Privatstiftung (a private foundation for the company's employee shareholding scheme) and thus hold approximately 14.8% in toto of their company's shares.

Investment projects aimed at strengthening the Group's technology leadership

"In the past business year too, we implemented trailblazing projects that further strengthen the Group's pioneering role in technology as regards sophisticated customer segments such as the aerospace, automotive, and rail technology industries or the oil and natural gas sector," says Wolfgang Eder. The Group invested slightly more than EUR 1 billion and thus 13% more than in the previous business year. The overhaul of the largest blast furnace in Linz was completed successfully and will secure the Group's technology and quality leadership in flat steel products in the long term. The past business year also saw the successful commissioning of new aerospace component production facilities in Kapfenberg, Austria. Internationally, new automotive plants were started up in China and Mexico as well. The fact that the Group's rail technology expertise was combined under the single roof of the Railway Systems business unit was another highlight. This enabled voestalpine to become the world's only one-stop-shop provider of fully digitalized railway lines, including high-quality rails, high-tech turnouts, and digital monitoring systems. The current investment projects—especially the construction of the world's most advanced special steel plant in Kapfenberg—are proceeding as planned too. Moreover, product innovations for electromobility—along with its partnership with the still young yet extremely successful Formula E racing series—enable the Group to secure a key position in this dynamically expanding industry.

Outlook for the Business Year 2019/20

"The Management Board of voestalpine AG is working hard to put the operating result (EBITDA) in the 2019/20 business year on a stable footing—compared with the previous year—despite growing economic uncertainties," says Herbert Eibensteiner, member of the Management Board of voestalpine AG and Head of the Steel Division, who will take over as the Management Board's Chairman from Wolfgang Eder at the Annual General Meeting of voestalpine AG on July 3, 2019. The biggest internal challenge in this connection is the work to fix operational issues at the Group's plants in the US so that the ambitious volume targets can be met. What is key to macroeconomic developments, however, is the extent to which trade policies will continue to artificially affect the global flow of goods in the next 12 months; the extent to which the performance of the global raw materials industry will continue to be affected in the future, too, less by supply and demand and more by other criteria that are difficult to comprehend; and the extent to which the new emissions tests and the political debates about new visions for the future of automotive technology will affect consumers' spending patterns in Europe and beyond. Last but not least, the direction the European economy will take in connection with the question whether the Brexit will follow an orderly or disorderly process will also determine outcomes. "Since the company cannot influence nor decide any of these external factors, any guidance issued for the business year 2019/20 above and beyond the general direction expressed above would not have any basis in fact," says Eibensteiner.

The voestalpine Group

In its business segments, voestalpine is a globally leading technology group with a unique combination of materials and processing expertise. voestalpine, which operates globally, has around 500 Group companies and locations in more than 50 countries on all five continents. It has been listed on the Vienna Stock Exchange since 1995. With its top-quality products and system solutions using steel and other metals, it is a leading partner of the automotive and consumer goods industries as well as of the aerospace and oil & gas industries. voestalpine is also the world market leader in complete railway systems as well as in tool steel and special sections. In the business year 2018/19, the Group generated revenue of EUR 13.6 billion, with an operating result (EBITDA) of EUR 1.6 billion; it had just under 52,000 employees worldwide.

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