REPORT FOR
Q1–Q3 2021/22

voestalpine

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voestalpine GROUP
KEY FIGURES

Q 1 – Q 3 2020/21 VS. Q 1 – Q 3 2021/22

In millions of euros	Q 1 – Q 3 2020/21 04/01–12/31/2020	Q 1 – Q 3 2021/22 04/01–12/31/2021	Change in %
Income statement			
Revenue	7,971.1	10,895.7	36.7
EBITDA	682.9	1,545.8	126.4
Depreciation	816.6	598.4	–26.7
EBIT	–133.7	947.4	
Profit before tax	–210.5	892.7	
Profit after tax[1]	–159.3	697.6	
Statement of financial position			
Investments in tangible and intangible assets and interests	410.5	420.0	2.3
Equity	5,411.3	6,301.0	16.4
Net financial debt	3,158.3	2,898.8	–8.2
Net financial debt in % of equity (gearing)	58.4%	46.0%	
Financial key performance indicators (KPIs)			
EBITDA margin	8.6%	14.2%	
EBIT margin	–1.7%	8.7%	
Cash flows from operating activities	1,008.5	393.5	–61.0
Share information			
Share price, end of period (euros)	29.30	32.52	10.9
Market capitalization, end of period	5,230.7	5,712.7	9.2
Number of outstanding shares, end of period	178,520,616	178,520,616	0.0
EPS – earnings per share (euros)	–0.86	3.81	
Personnel			
Employees (full-time equivalent), end of period	47,871	49,157	2.7

[1] Before deduction of non-controlling interests.

INTERIM REPORT FOR Q 1 – Q 3 2021/22

This report is a translation of the original report in German, which is solely valid.

ECONOMIC ENVIRONMENT AND COURSE OF BUSINESS

The economic rebound continued throughout the first three quarters of the business year 2021/22. Rising vaccination coverage rates made it possible to open up economies step by step. The resulting strong economic momentum at the start of the current business year held up over the Northern summer of 2021 but flattened out a bit as time wore on. While demand soared, some industrial sectors, particularly those with global value chains, were confronted with pre-material supply bottlenecks. Skyrocketing energy costs in the third business quarter along with prevailing conditions in the economic environment pushed inflation up substantially. At the end of the reporting period, the COVID-19 pandemic moved back to the front burner because the new Omicron variant triggered increases in infection rates to an extent never seen before. Given vaccination coverage rates as well as most people's ability by now to handle protective measures, both Europe and North America opted to forego comprehensive lockdowns. As a result, economic momentum was not affected as much as it had been in the pandemic's previous waves.

EUROPE

Domestic demand, especially private consumption, was the main driver of the overall favorable economic environment in Europe throughout the first three quarters of the business year 2021/22. The brightening labor market along with declining savings rates supported consumer demand. Governmental support programs also contributed to the highly positive momentum at the start of the current business year. While consumer demand remained strong as time wore on, pre-material supply bottlenecks started to make themselves felt in some sectors. This had a particularly strong impact on the automotive industry, where the lack of semiconductor chips intensified production curtailments starting in the second business quarter. Rapidly rising energy prices over and above accelerating COVID-19 infection rates put an additional damper on the economy in the third business quarter. The cost of energy impeded exports to Asia and North America because energy prices there are much lower.

voestalpine's facilities in Europe delivered very solid performance in this environment. Manufacturing companies strongly oriented toward the automotive industry, however, had to contend with slightly weaker capacity utilization. Those voestalpine entities that make products and services available to the rail technology sector maintained solid production levels. The aerospace industry, which was massively affected by the COVID-19 pandemic, not only rebounded over the course of the reporting period but also saw its momentum accelerate toward the period's end.

NORTH AMERICA

Echoing developments in Europe, the strong upturn in North America started to follow a downward trend from the start of the business year

2021/22. While private consumption supported economic growth, the difficulties of the sectors with global value chains had an increasingly negative impact. Investments in private housing construction also declined somewhat throughout the current business year.

Just as in the preceding season, a flood of new COVID-19 infections palpably dampened economic activity toward the close of the third business quarter, which coincides with the current Northern winter. In contrast to the European Central Bank (ECB), the U.S. Federal Reserve (Fed) announced in the light of growing inflation that it will taper its expansionary monetary policy and raise interest rates in the future.

voestalpine's facilities in North America succeeded in exploiting the region's positive economic environment overall and delivered satisfactory performance. Additionally, the exports of voestalpine's European entities benefited from the ongoing rebound in the American oil & natural gas sector as well as in the aerospace industry.

SOUTH AMERICA/BRAZIL

While the economic momentum in Brazil was still very strong at the start of the business year 2021/22, it flattened out as time wore on. High inflation rates dampened private consumption, but conditions in the metal industry remained robust.

voestalpine's Brazilian entities succeeded in maintaining their momentum despite the general slowdown in Brazil's domestic market. Their focus on robust market segments as well as good export opportunities that were fueled not least by the Brazilian currency's favorable development were key to their performance.

ASIA/CHINA

The slowdown in China's economic momentum throughout the business year 2021/22 to date was more pronounced than the downturn in the other major economies. While governmental stimulus measures that were enacted in the previous calendar year broadly supported the country's economic development, in calendar year 2021 the state steadily reduced these measures. At the same time, issues in the Chinese real estate market intensified after Evergrande's problems became apparent, clouding the investment climate. Since the country's infrastructure and real estate sectors are the backbone of the Chinese steel industry, their weakening triggered a decline in the steel production volume. Energy shortages forced both production companies and the industrial sector to curtail their activities. Consumption also fell somewhat short of expectations. China's approach to the COVID-19 pandemic—i.e., the consistent suppression of the virus by way of strict local lockdowns—has had correspondingly negative effects on private consumption. But the performance of voestalpine's local entities remained good despite these impediments. With the exception of the robust rail technology segment, voestalpine's entities in China focus chiefly on consumer-oriented markets such as the automotive and the consumer goods industry.

DEVELOPMENT OF THE KEY FIGURES OF THE voestalpine GROUP

Following the considerable weakening of its key performance indicators (KPIs) in the business year 2020/21 due to the spread of the COVID-19 pandemic, the voestalpine Group experienced a dramatic upturn throughout the first three quarters of the business year 2021/22 that significantly surpassed its performance prior to the pandemic's outbreak. During the reporting period, revenue rose 36.7% year over year to EUR 10,895.7 million (Q 1 – Q 3 2020/21: EUR 7,971.1 million). The positive momentum that resulted as much from growing delivery volumes as it did from sharp price increases was driven in equal measure by all four divisions. Year over year, the growth in individual earnings categories was even more dramatic. EBITDA for the first three quarters of the business year 2021/22 soared 126.4% year over year to EUR 1,545.8 million (Q 1 – Q 3 2020/21: EUR 682.9 million). The voestalpine Group's divisions also succeeded in boosting their gross margins by systematically raising contract prices in response to the steep increases in the cost of both raw materials and energy. The Group's highly satisfactory earnings performance is due, furthermore, to intensified capacity utilization in the production plants as well as to its continued focus on measures aimed at lowering costs. In the first three quarters of the previous business year, EUR 200 million in non-recurring effects that impacted entities of the Steel Division and the Metal Engineering Division led to EBIT of EUR –133.7 million. For the reporting period, by contrast, the voestalpine Group posted EBIT of 947.4 million. Profit before tax for the first three quarters of the business year 2021/22 stands at EUR 892.7 million (Q 1 – Q 3 2020/21: EUR –210.5 million). At EUR 697.6 million, profit after tax is also very satisfactory (Q 1 – Q 3 2020/21: EUR 159.3 million).

At 46.0%, the voestalpine Group succeeded in improving its gearing ratio (net financial debt as a percentage of equity) as of December 31, 2021—both year over year (December 31, 2020: 58.4%) and compared with the March 31, 2021, reporting date (48.5%). Steady equity growth is a major factor in this development. Equity rose from EUR 5,411.3 million as of December 31, 2020 (March 31, 2021, reporting date: EUR 5,649.9 million) to EUR 6,301.0 million as of December 31, 2021, the end of the reporting period. Furthermore, the reduction in net financial debt by 8.2% as of December 31, 2021, to EUR 2,898.8 million (December 31, 2020: EUR 3,158.3 million) also contributed to the year-over-year reduction in the gearing ratio. Relative to the March 31, 2021, reporting date, the gearing ratio rose 5.7% to EUR 2,742.8 million due to the build-up of working capital especially in response to the significant, ongoing increases in the cost of raw materials.

There has been a slight year-over-year increase in the number of the voestalpine Group's employees; it had been lowered in the previous business year on account of the difficult economic environment. While the Group had 47,871 employees (FTE) as of December 31, 2020, the number rose 2.7% to 49,157 as of December 31, 2021. This represents an increase of 1.0% relative to the figure as of the March 31, 2021, reporting date (48,654).

QUARTERLY DEVELOPMENT AND NINE-MONTH FIGURES OF THE voestalpine GROUP

In millions of euros	Q 1 2021/22	Q 2 2021/22	Q 3 2021/22	Q 1 – Q 3 2021/22	Q 1 – Q 3 2020/21	Change in %
	04/01–06/30/2021	07/01–09/30/2021	10/01–12/31/2021	04/01–12/31/2021	04/01–12/31/2020	
Revenue	3,490.0	3,552.9	3,852.8	10,895.7	7,971.1	36.7
EBITDA	539.6	510.2	496.0	1,545.8	682.9	126.4
EBITDA margin	15.5%	14.4%	12.9%	14.2%	8.6%	
EBIT	339.6	311.0	296.8	947.4	–133.7	
EBIT margin	9.7%	8.8%	7.7%	8.7%	–1.7%	
Profit before tax	318.8	292.3	281.6	892.7	–210.5	
Profit after tax[1]	259.2	226.5	211.9	697.6	–159.3	
Employees (full-time equivalent), end of period	48,880	49,068	49,157	49,157	47,871	2.7

[1] Before deduction of non-controlling interests.

Net financial debt can be broken down as follows:

NET FINANCIAL DEBT

In millions of euros	12/31/2020	12/31/2021
Financial liabilities, non-current	3,226.3	2,520.9
Financial liabilities, current	951.0	1,082.5
Cash and cash equivalents	–811.1	–417.2
Other financial assets	–184.6	–260.8
Loans and other receivables from financing	–23.3	–26.6
Net financial debt	**3,158.3**	**2,898.8**

STEEL DIVISION

QUARTERLY DEVELOPMENT OF THE STEEL DIVISION

In millions of euros	Q 1 2021/22 04/01–06/30/2021	Q 2 2021/22 07/01–09/30/2021	Q 3 2021/22 10/01–12/31/2021	Q 1–Q 3 2021/22 04/01–12/31/2021	Q 1–Q 3 2020/21 04/01–12/31/2020	Change in %
Revenue	1,322.0	1,395.4	1,588.8	4,306.2	2,956.4	45.7
EBITDA	263.0	258.2	261.5	782.7	293.0	167.1
EBITDA margin	19.9%	18.5%	16.5%	18.2%	9.9%	
EBIT	186.9	183.3	186.3	556.5	–119.6	
EBIT margin	14.1%	13.1%	11.7%	12.9%	–4.0%	
Employees (full-time equivalent), end of period	10,429	10,581	10,594	10,594	10,342	2.4

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The European steel market, which was buffeted by materials shortages and supply chain bottlenecks at the start of the business year 2021/22, largely returned to normal after the Northern summer of 2021.

In addition to rising imports, this was also due to declining demand from the automotive industry. The lack of semiconductor chips forced the latter to curtail production yet again, this time in the Northern fall of 2021, impeding its ability to fully serve good demand in Europe's passenger car market. The other market segments, especially the construction industry, continued to perform very well throughout the first nine months of the current business year.

Both the **consumer goods and the white goods industries** benefited as well from stable, high demand during the reporting period. While the difficulties in the supply of electronic components have affected a few customers in this segment, too, so far they have not reduced demand for the Steel Division's steel products.

Thanks to the rebound at the start of the business year 2021/22, the **mechanical engineering industry** continued to benefit from strong orders particularly for high-quality steel grades throughout the reporting period.

Semiconductor supply chain disruptions have challenged automotive manufacturers since the beginning of the current business year. While the situation was initially expected to ease no later than during the Northern summer of 2021, it became clear as the business year wore on that the chip crisis would preoccupy first the **automotive industry** and then the automotive supplier industry for some time to come. In fact, the supply chain issues intensified yet further after the Northern summer of 2021. Numerous automotive production plants, especially in Europe, had to curtail production for short periods or even fully suspend it for a time. The situation finally became a bit more predictable toward the end of the reporting period, indicating that the chip crisis may have bottomed out in the Northern fall of 2021.

The Steel Division responded to this development by shifting production capacities usually geared to the automotive industry to other customer segments. It managed to ensure that sales volumes remained stable over extended periods and thus that manufacturing capacity utilization remained high despite automotive customers' inability to properly plan order call-ups.

The **energy sector**—an important market for the heavy plate product segment—delivered positive performance throughout the business year 2021/22 to date. Rising demand for crude oil and natural gas and the resulting increases in the price of these commodities fueled this development.

While the steel markets in Europe and North America maintained their overall momentum on the whole, toward the end of the reporting period

China saw a decline in steel production for the very first time in its recent history. Aside from the expiration of economic stimulus measures, this was also due to the declining momentum in the real property sector as well as governmentally prescribed production cutbacks for environmental reasons. These developments had a direct impact on the global commodities markets, because China has by far the greatest steel production capacities worldwide. After jumping to new highs in the first half of the current business year, the price of iron ore fell by almost half from its record levels in the Northern summer through to the end of the third business quarter. By contrast, the energy shortages throughout China caused the price of metallurgical coal to explode. At its peak in October 2021, the price had almost quadrupled from its level at the start of the business year 2021/22. While the situation did not ease at all until the end of the reporting period, metallurgical coal prices in the international commodities markets remain at historically high levels. Given the Steel Division's specific procurement structure as well as logistical lags, the division had to contend with rising raw materials costs across the board during the first nine months of the current business year. This was further exacerbated in the third business quarter by sudden increases in the cost of energy, specifically, electricity and natural gas.

So far, rising steel prices have at least helped to offset these cost disadvantages. They reached a temporary high in the European spot market during the Northern summer of 2021, only to fall again slightly toward the end of the reporting period. The fact that the division's steel prices climbed through to the end of the reporting period is due to its specific contracting structure.

The direct reduction plant in Texas, USA, a profited from good demand for steel in North America.

FINANCIAL KEY PERFORMANCE INDICATORS

The Steel Division's key performance indicators (KPIs) reflect the significant improvement in its economic environment. They show that revenue for the first three quarters of the business year 2021/22 jumped 45.7% to EUR 4,306.2 million (Q 1 – Q 3 2020/21: EUR 2,956.4 million). Since delivery volumes rose moderately in the same period, the revenue increase is due primarily to substantially improved pricing. Contract prices for flat steel products surged throughout the current business year, especially due to the massive increases in the cost of raw materials. On the earnings side, rising production and delivery volumes along with the expansion of the division's gross margin had a positive effect. In the first three quarters of the business year 2021/22, EBITDA soared 167.1% to EUR 782.7 million with a margin of 18.2% (Q 1 – Q 3 2020/21: EUR 293.0 million, margin of 9.9%). The upward trend in EBIT was even more pronounced. At EUR –119.6 million (margin of –4.0%), EBIT for the same period of the previous business year was negative due to challenging conditions overall and, not least, roughly EUR 170 million in nonrecurring effects attributable to the direct reduction plant in Texas, USA. The Steel Division's EBIT for the reporting period is EUR 556.5 million with a margin of 12.9%.

The quarter-on-quarter (QoQ) comparison of the division's performance in the current business year's second and third quarters shows an increase in revenue and a stable trend in earnings. Revenue for the third quarter of the current business year rose 13.9% to EUR 1,588.8 million (Q 2 2021/22: EUR 1,395.4 million). Increases in delivery volumes contributed as much to this increase as did the implementation of higher contract prices in the third business quarter. At EUR 261.5 million (margin of 16.5%), EBITDA for the third business quarter of 2021/22 remained steady quarter on quarter (Q 2 2021/22: EUR 258.2 million, margin of 18.5%). EBIT for the third quarter followed a similar track, coming in at EUR 186.3 million with a margin of 11.7% (Q 2 2021/22: EUR 183.3 million, margin of 13.1%).

HIGH PERFORMANCE METALS DIVISION

QUARTERLY DEVELOPMENT OF THE HIGH PERFORMANCE METALS DIVISION

In millions of euros				Q1–Q3		
	Q 1 2021/22 04/01– 06/30/2021	Q 2 2021/22 07/01– 09/30/2021	Q 3 2021/22 10/01– 12/31/2021	2021/22 04/01– 12/31/2021	2020/21 04/01– 12/31/2020	Change in %
Revenue	704.2	721.3	735.9	2,161.4	1,633.7	32.3
EBITDA	101.2	90.4	78.3	269.9	131.7	104.9
EBITDA margin	14.4%	12.5%	10.6%	12.5%	8.1%	
EBIT	61.4	50.6	39.0	151.0	8.5	
EBIT margin	8.7%	7.0%	5.3%	7.0%	0.5%	
Employees (full-time equivalent), end of period	12,802	12,891	13,083	13,083	12,369	5.8

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The High Performance Metals Division saw a substantial year-over-year improvement in its market environment during the first three quarters of the business year 2021/22 thanks to an upward trend that included all key industrial segments but impacted each in different ways. While most of the increases in the cost of raw materials were largely passed on to customers, the division had to absorb some of the exorbitant energy price increases in the Northern fall of 2021. Its ability to pass on higher energy costs was limited, especially in connection with exports to Asia and North America, because the prices for electricity and natural gas in Europe exceeded prices in these sales regions by far.

Tool Steel

Despite the production curtailments in the automotive industry due to the chip shortage, orders for tool steel remained at a good level during the reporting period. This was also due to the fact that the momentum in the consumer goods industry, which is the second-largest driver of demand, was very solid.

Special Materials

Following its meltdown a year earlier on account of the spreading COVID-19 pandemic, the aerospace industry has seen an uninterrupted upward trend throughout the current business year. The need for short-haul aircraft is rising because, in certain respects, regional air traffic has already returned to pre-pandemic levels; as far as transatlantic air traffic is concerned, however, this is not expected to occur until calendar years 2024/25 at the earliest. Hence the aerospace industry seems to have bottomed out as much as the oil & natural gas sector, where investment activity already picked up at the start of the business year 2021/22. The number of new offshore project launches requiring more sophisticated special materials has been growing as well.

The **HPM Production** segment used the sharp increase in orders during the current business year to date to improve capacity utilization in all key production plants. Investments in technological innovation also proceeded apace. Work on the main facilities of the division’s biggest construction project—the new special steel plant in Kapfenberg, Austria—was largely completed at the end of calendar year 2021. As planned, the commissioning of the plant is slated for mid-2022.

Strong demand for the tool steel product segment of the **Value Added Services** business segment turned out to be the main driver of the latter’s good performance in the reporting period. Sales of services such as heat treatment and coating were highly satisfactory as well.

Regional Development

» Europe

The High Performance Metals Division saw a significant upward trend in Europe during the first three quarters of the business year 2021/22. Rising investments in the automotive industry triggered good demand especially for tool steel. Demand for special materials used in the aerospace industry as well as in the oil & natural gas sector also improved in part.

» North America

In North America, sales of tools for the automotive industry rebounded, too, in turn increasing demand for tool steel. The momentum in the oil & natural gas industry also improved significantly. As before, however, the 25% tariffs that the United States imposed on steel products several years ago continued to have an adverse effect on imports. In this respect, a new agreement between the U.S. and Europe provides for the introduction of quotas at the start of calendar year 2022, which is expected to bring about substantial improvements in European deliveries of steel to the United States.

» South America

In South America, the upward trend during the reporting period resulted from the brighter outlook in both the automotive and the mechanical engineering industries. To some extent, the High Performance Metals Division also benefited from improved conditions in the continent's oil & natural gas industry.

» Asia

While the division encountered largely positive conditions in Asia at the start of the business year 2021/22, the market environment especially in China weakened a bit during the first three business quarters. The Indian market saw a slight decline in orders during the reporting period's third quarter.

FINANCIAL KEY PERFORMANCE INDICATORS

Following the COVID-19-induced meltdown in the business year 2020/21, the key performance indicators (KPIs) of the High Performance Metals Division for the first three quarters of the business year 2021/22 reflect clearly positive performance. Year over year, revenue jumped almost one third to EUR 2,161.4 million (Q 1 – Q 3 2020/21: EUR 1,633.7 million). About two-thirds of this amount stem from greater delivery volumes and the remaining third from the fact that higher raw materials and energy prices were passed on to customers, resulting in higher sales prices. At EUR 269.9 million with a margin of 12.5%, EBITDA for the first three quarters of the current business year is more than double the amount posted the previous year (Q 1 – Q 3 2020/21: EUR 131.7 million, margin of 8.1%). Over and above greater delivery volumes, this improvement is also due to the implementation of measures aimed at lowering costs and boosting efficiency. Yet sharp increases in the costs of both raw materials and energy offset favorable developments in pricing. EBIT for the first three quarters of the business year 2021/22 multiplied year over year to EUR 151.0 million with a margin of 7.0% (Q 1 – Q 3 2020/21: EUR 8.5 million, margin of 0.5%).

The quarter-on-quarter (QoQ) comparison of the second and third quarters of the current business year shows that, in the third quarter, revenue rose slightly by 2.0% to EUR 735.9 million (Q 2 2021/22: EUR 721.3 million). While the delivery volume declined a little bit, sales prices rose a bit in the third business quarter. The most recent, exorbitant increases in electricity and natural gas costs at the division's European production plants caused EBITDA to fall 13.4% in the third business quarter to EUR 78.3 million with a margin of 10.6% (Q 2 2021/22: EUR 90.4 million, margin of 12.5%). EBIT for the third quarter fell 22.9% to EUR 39.0 million with a margin of 5.3%, down from EUR 50.6 million (margin of 7.0%) in the second quarter.

METAL ENGINEERING DIVISION

QUARTERLY DEVELOPMENT OF THE METAL ENGINEERING DIVISION

In millions of euros	Q 1 2021/22	Q 2 2021/22	Q 3 2021/22	Q 1 – Q 3		Change in %
				2021/22	2020/21	
	04/01–06/30/2021	07/01–09/30/2021	10/01–12/31/2021	04/01–12/31/2021	04/01–12/31/2020	
Revenue	800.9	814.0	858.4	2,473.3	1,959.6	26.2
EBITDA	96.2	103.5	86.9	286.6	157.5	82.0
EBITDA margin	12.0%	12.7%	10.1%	11.6%	8.0%	
EBIT	51.9	59.2	42.7	153.8	–7.8	
EBIT margin	6.5%	7.3%	5.0%	6.2%	–0.4%	
Employees (full-time equivalent), end of period	13,063	13,276	13,146	13,146	12,773	2.9

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

In the first three quarters of the business year 2021/22, the market environment of the Metal Engineering Division was characterized by the stable, good performance of its Railway Systems business segment and the striking year-over-year improvement in the performance of its Industrial Systems business segment. While Railway Systems benefited from robust demand in its European core markets, conditions for Industrial Systems improved especially on account of the oil & natural gas sector's ongoing rebound. In the third business quarter, the division's production plants at its European sites had to contend with skyrocketing energy costs.

Capacity utilization in the key production companies of the **Railway Systems** business segment during the business year to date has been satisfactory. Note that, in contrast to many other customer segments, project delays in Railway Systems were immaterial, even during strict COVID-19 lockdowns. Good demand from both Austrian and German railway operators as well as the rebound in Eastern Europe were the most important drivers of sales in the rail product segment. Deliveries to overseas markets, by contrast, were slightly lower than expected.

The satisfactory performance of the turnout systems product segment resulted from stable demand in the relevant regions of the division's European market. Outside of Europe, this product segment benefited from a slight improvement in demand for greater quantities in the U.S.'s rail industry as well as higher demand in Mexico. In Brazil, additional demand from mine operators led to positive performance. South Africa continued to be hampered by restrained demand. In China, orders from railway operators for the country's high-speed network fluctuated widely during the first three quarters of the business year 2021/22.

Following the meltdown in orders owing to COVID-19 in the previous business year, the **Industrial Systems** business segment benefited from the strong rebound in the reporting period's first nine months. Deliveries in the wire product segment improved significantly, especially in the first half of the current business year. The production curtailments at original equipment manufacturers (OEMs) owing to shortages of electronic components did not impact order levels in the automotive supplier industry customer segment until the third business quarter. Customer demand in the construction and mechanical engineering industry developed along a positive trajectory throughout the reporting period. Thanks to the existent contract structure, this segment was able to translate the significant increases in raw materials prices into higher sales prices, albeit with a slight delay.

The tubulars product segment benefited during the reporting period from rising exploration activity in the oil & natural gas industry. Drilling activities in North America, the segment's most important market, rose substantially in the past few quarters. The volatility in delivery volumes throughout the reporting period resulted mainly from logistical capacity bottlenecks in connection with deliveries to overseas markets. Section 232 protectionist tariffs on steel imports into the United States continued to have a negative impact on the performance of the tubulars segment in the current business year's first three quarters. The start of calendar year 2022 brought a strong improvement in this respect: Under a new agreement, from now on the 25% tariff will apply only once a fixed quota has been exceeded.

Market conditions in the welding product segment's main sales regions were positive during the first three quarters of the business year 2021/22. Particularly the rebound in the energy sector pushed demand higher. In addition to Europe, the market environment in Mexico, Canada, and Brazil among other countries was good, whereas the momentum in the United States remained restrained. On the whole, voestalpine's main European production plants in the welding segment saw satisfactory capacity utilization. The energy shortages in China that occurred after the Northern summer of 2021 triggered a number of challenges, some of which led to production shutdowns at the plant in Suzhou.

FINANCIAL KEY PERFORMANCE INDICATORS

The Metal Engineering Division succeeded in exploiting improved economic conditions in the Industrial Systems business segment during the first three quarters of the business year 2021/22 to substantially boost its key performance indicators (KPIs). At the same time, the Railway Systems business segment maintained the good performance level it had achieved the previous year even in light of comprehensive COVID-19 lockdowns.

Industrial Systems benefited from a substantial expansion of delivery volumes in its wire technology and tubulars product segments. Across all product groups and throughout the current business year, sales prices also exceeded those of the previous business year on account of rising raw materials and energy costs. Against this backdrop, the revenue of the Metal Engineering Division rose 26.2% for the first three quarters of the business year 2021/22 to EUR 2,473.3 million (Q 1 – Q 3 2020/21: EUR 1,959.6 million). The increase in EBITDA by 82.0% to currently EUR 286.6 million with a margin of 11.6% (Q 1 – Q 3 2020/21: EUR 157.5 million, margin of 8.0%) is largely due to increases in the delivery volumes of both wire technology and tubulars. Cost savings also contributed to the positive earnings performance. The favorable developments in pricing, however, were equalized by the increases in the cost of raw materials and energy. EBIT for the reporting period is EUR 153.8 million with a margin of 6.2%, up year over year from slightly negative EUR –7.8 million with a margin of –0.4%.

The quarter-on-quarter (QoQ) comparison of the second and third quarters of the business year 2021/22 shows that revenue rose 5.5% in the third quarter to EUR 858.4 million (Q 2 2021/22: EUR 814.0 million). While this increase stems from improved pricing due to sharp cost increases, the division was unable to shift particularly the exorbitant increases in energy costs to the market on short notice. Add to that seasonal effects that always cause a slight dip in the earnings of the Railway Systems business segment for the given business year's second half. Consequently, EBITDA decreased in Q 3 2021/22 by 16.0% to EUR 86.9 million with a margin of 10.1% (Q 2 2021/22: EUR 103.5 million, margin of 12.7%). EBIT fell during the same period by 27.9% to EUR 42.7 million with a margin of 5.0% (Q 2 2021/22: EUR 59.2 million, margin of 7.3%).

METAL FORMING DIVISION

QUARTERLY DEVELOPMENT OF THE METAL FORMING DIVISION

In millions of euros				Q 1 – Q 3		
	Q 1 2021/22	Q 2 2021/22	Q 3 2021/22	2021/22	2020/21	Change in %
	04/01–06/30/2021	07/01–09/30/2021	10/01–12/31/2021	04/01–12/31/2021	04/01–12/31/2020	
Revenue	825.5	791.6	836.4	2,453.5	1,758.7	39.5
EBITDA	104.5	86.6	89.5	280.6	149.8	87.3
EBITDA margin	12.7%	10.9%	10.7%	11.4%	8.5%	
EBIT	68.0	50.0	52.0	170.0	44.3	283.7
EBIT margin	8.2%	6.3%	6.2%	6.9%	2.5%	
Employees (full-time equivalent), end of period	11,629	11,386	11,405	11,405	11,458	–0.5

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The Metal Forming Division delivered altogether solid performance in the first three quarters of the business year 2021/22. Three of its business segments—Tubes & Sections, Precision Strip as well as Warehouse & Rack Solutions—benefited from very good demand in the third business quarter, escaping the overheating trends that made themselves felt now and then during the current business year's first half. By contrast, the Automotive Components business segment had to contend with adverse conditions.

While demand for passenger cars collapsed in the Northern spring of 2020 owing especially to the first COVID-19 wave, in 2021 production issues were at the root of the weakness in global sales volumes. Semiconductor supply bottlenecks impacted global automotive production in calendar year 2021. Consequently, new passenger car registrations in Europe were even slightly lower in 2021 than they were during the preceding 2020 pandemic year. In the current business year, the **Automotive Components** business segment has been challenged by highly volatile order call-ups as well as, in particular, by original equipment manufacturers' cancellations on short notice. The lack of key components within the automotive industry's value chain affected the industry in different ways, depending on manufacturer and region. The fact that automotive production in Germany, Automotive Components' most important sales market, declined in calendar year 2021 for the fifth year in a row illustrates the difficult environment. voestalpine's affected production plants responded to these issues by adjusting capacity immediately. The impact of the semiconductor bottlenecks on the automotive industry will likely continue into the next business year.

During the business year to date, the **Tubes & Sections** business segment has experienced highly satisfactory demand in its key customer segments and regions. The segment's solid order levels in its European core markets were rooted especially in the dynamic performance of the agricultural machinery and commercial vehicle customer segments as well as that of the construction and storage technology industry. Solely demand from the automotive and solar industries was stuck on a moderate level.

In contrast to the trend in Europe, the solar industry in Brazil was precisely the customer segment that enabled the exceedingly positive performance of the Tubes & Sections business segment in that country. Thanks to their specific production and industry mix, voestalpine's Brazilian entities succeeded in performing very well throughout the reporting period despite the weakening of the country's economy in the second and third business quarters. In the United States, for its part, the booming storage technology sector offset weak orders from the aerospace industry. The segment's activities in China with respect to deliveries of tubes and sections also followed a positive trajectory.

In the **Precision Strip** business segment, favorable conditions have prevailed throughout the business year 2021/22 to date. The positive macroeconomic situation led, here and there, to prematerials supply chain disruptions. In the U.S., sales of wood band saws drove the demand for band saw steel. In China, this business segment delivered substantial growth due, in particular, to the strong momentum in the paper and printing industry. High energy prices in Europe are starting to have a negative impact on business, especially in North America and China.

The excellent performance of the **Warehouse & Rack Solutions** business segment in previous years, which offers turnkey solutions in storage technology and high-bay warehouses, continued unabated in the first three quarters of the current business year. Rising e-commerce remains the driver of this success story. Numerous projects were completed in Europe and the United States.

FINANCIAL KEY PERFORMANCE INDICATORS

Just as in the other three divisions of the voestalpine Group, in the previous business year the key performance indicators (KPIs) of the Metal Forming Division clearly reflected the negative impact of the COVID-19 pandemic. But the numbers for the first three quarters of the business year 2021/22 clearly show the subsequent upward trend. Revenue rose 39.5% to EUR 2,453.5 million (Q 1 – Q 3 2020/21: EUR 1,758.7 million). With the exception of Automotive Components, which had to contend with automotive manufacturers' volatile order call-ups, the division's other business segments delivered highly dynamic performance throughout the business year to date as the earnings categories show. Year over year, EBITDA jumped 87.3% to EUR 280.6 million with a margin of 11.4% (Q 1 – Q 3 2020/21: EUR 149.8 million, margin of 8.5%). EBIT soared in the same period by 283.7% to EUR 170.0 million with a margin of 6.9% (Q 1 – Q 3 2020/21: EUR 44.3 million, margin of 2.5%).

The quarter-on-quarter (QoQ) comparison of the current business year's second and third quarters shows that the KPIs of the Metal Forming Division largely remained stable. The increase in revenue by 5.7% from EUR 791.6 million in Q 2 2021/22 to EUR 836.4 million in Q 3 2021/22 is primarily due to the Automotive Components business segment. Starting from a low level, it posted a slight increase in its business volume. The slightly higher utilization of production capacity in Automotive Components also led to slight improvements in EBITDA by 3.3%, from EUR 86.6 million (margin of 10.9%) to EUR 89.5 million (margin of 10.7%), and in EBIT by 4.0%, from EUR 50.0 million (margin of 6.3%) in Q 2 2021/22 to EUR 52.0 million (margin of 6.2%) in Q 3.

OUTLOOK

If one were to analyze solely the company's excellent earnings performance in the first nine months of its current business year, one might conclude that the company's financial position reflects an economic boom. In actual fact, however, the current business year to date has been buffeted by extraordinarily volatile developments affecting the markets as well as raw materials and energy.

Nor did this situation change at the start of the business year's final quarter. In Europe and North America, the Omicron variant of the COVID-19 virus is causing record levels of new infections, the bottlenecks in the global supply chains continue unabated and the cost of energy in Europe went through the roof in recent weeks.

Yet the positive trends in the company's key markets should prevail regardless, for the following reasons. The supply chain problems particularly in the automotive industry seem to have bottomed out in the Northern fall of calendar year 2021. The rebound in the energy sector should continue. And the aerospace industry, which was hit very hard by the pandemic, recently showed clear signs of recovering.

It seems, therefore, that the economy remains resilient in the face of the COVID-19 pandemic—a fact reflected as well in the outlook for the current business year's final quarter. Assuming that there will be no unexpected economic distortions, the last quarter should see another substantial increase in the company's key performance indicators over and above the already very good preceding quarters.

The Management Board of voestalpine AG expects EBITDA for the business year 2021/22 to reach the upper end of the previously communicated range and thus a number up to EUR 2,200 million.

voestalpine AG

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 12/31/2021

The report for the first through third quarters of 2021/22 was prepared in accordance with the International Financial Reporting Standards (IFRS). This report has not been audited nor reviewed, nor does it constitute a complete consolidated interim report pursuant to IAS 34.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

	03/31/2021	12/31/2021
A. Non-current assets		
Property, plant and equipment	6,120.0	5,981.5
Goodwill	1,469.2	1,469.9
Other intangible assets	307.2	292.7
Investments in entities consolidated according to the equity method	135.7	146.8
Other financial assets and other equity investments	66.2	77.2
Deferred tax assets	345.9	289.6
	8,444.2	**8,257.7**
B. Current assets		
Inventories	3,438.8	4,726.7
Trade and other receivables	1,722.2	2,033.9
Other financial assets	145.3	260.8
Cash and cash equivalents	1,159.7	417.2
	6,466.0	**7,438.6**
Total assets	**14,910.2**	**15,696.3**

In millions of euros

EQUITY AND LIABILITIES

	03/31/2021	12/31/2021
A. Equity		
Share capital	324.3	324.3
Capital reserves	661.2	660.2
Retained earnings and other reserves	4,539.1	5,177.6
Equity attributable to equity holders of the parent	**5,524.6**	**6,162.1**
Non-controlling interests	125.3	138.9
	5,649.9	**6,301.0**
B. Non-current liabilities		
Pensions and other employee obligations	1,257.2	1,177.6
Provisions	119.3	119.9
Deferred tax liabilities	93.8	77.7
Financial liabilities	2,846.2	2,520.9
	4,316.5	**3,896.1**
C. Current liabilities		
Provisions	700.6	848.4
Tax liabilities	51.6	150.4
Financial liabilities	1,220.7	1,082.5
Trade and other payables	2,188.8	2,330.1
Trade payables from bills of exchange and trade payables from reverse factoring agreements	782.1	1,087.8
	4,943.8	**5,499.2**
Total equity and liabilities	**14,910.2**	**15,696.3**

In millions of euros

CONSOLIDATED STATEMENT OF CASH FLOWS

	04/01–12/31/2020	04/01–12/31/2021
Operating activities		
Profit after tax	–159.3	697.6
Non-cash expenses and income, deposits and disbursements not recognized in income statement	791.5	573.1
Change in inventories	209.3	–1,255.1
Change in receivables and liabilities	158.1	138.7
Change in provisions	8.9	239.2
Changes in working capital	**376.3**	**–877.2**
Cash flows from operating activities[1]	**1,008.5**	**393.5**
Investing activities		
Additions to other intangible assets, property, plant and equipment	–425.1	–431.5
Income from disposals of assets	14.6	16.4
Cash flows from the acquisition of control of subsidiaries	–2.0	0.0
Cash flows from the loss of control of subsidiaries	0.3	0.0
Additions to/divestments of other financial assets	–128.5	–113.3
Cash flows from investing activities	**–540.7**	**–528.4**
Financing activities		
Dividends paid	–35.7	–89.3
Dividends paid, non-controlling interests	–14.5	–18.7
Capital increase, non-controlling interests	0.8	0.0
Acquisition of non-controlling interests	0.0	–1.8
Increase in non-current financial liabilities	152.2	2.8
Repayment of non-current financial liabilities	–550.3	–754.1
Repayment of lease liabilities	–33.6	–34.0
Change in current financial liabilities and other financial liabilities	40.0	279.6
Cash flows from financing activities	**–441.1**	**–615.5**
Net decrease/increase in cash and cash equivalents	**26.7**	**–750.4**
Cash and cash equivalents, beginning of reporting period	794.7	1,159.7
Net exchange differences	–10.3	7.9
Cash and cash equivalents, end of reporting period	**811.1**	**417.2**

[1] Cash flows from operating activities include interest received of EUR 2.4 million (04/01–12/31/2020: EUR 2.8 million); interest paid of EUR 67.7 million (04/01–12/31/2020: EUR 71.9 million); taxes paid of EUR 44.0 million (04/01–12/31/2020: EUR 38.3 million); and dividend income of EUR 12.0 million (04/01–12/31/2020: EUR 8.4 million).

In millions of euros

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED INCOME STATEMENT

	04/01–12/31/2020	04/01–12/31/2021	10/01–12/31/2020	10/01–12/31/2021
Revenue	**7,971.1**	**10,895.7**	**2,861.0**	**3,852.8**
Cost of sales	–6,786.3	–8,557.2	–2,360.7	–3,076.6
Gross profit	**1,184.8**	**2,338.5**	**500.3**	**776.2**
Other operating income	400.8	275.8	126.8	109.7
Distribution costs	–746.0	–893.5	–260.7	–307.3
Administrative expenses	–488.5	–525.6	–176.0	–185.9
Other operating expenses	–495.5	–263.2	–112.1	–101.4
Share of profit of entities consolidated according to the equity method	10.7	15.4	3.0	5.5
EBIT	**–133.7**	**947.4**	**81.3**	**296.8**
Finance income	14.9	22.6	–0.3	9.9
Finance costs	–91.7	–77.3	–24.0	–25.1
Profit before tax	**–210.5**	**892.7**	**57.0**	**281.6**
Tax expense	51.2	–195.1	59.5	–69.7
Profit after tax	**–159.3**	**697.6**	**116.5**	**211.9**
Attributable to:				
Equity holders of the parent	–153.9	679.7	118.6	205.8
Non-controlling interests	–5.4	17.9	–2.1	6.1
Diluted and basic earnings per share (euros)	**–0.86**	**3.81**	**0.66**	**1.15**

In millions of euros

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED OTHER COMPREHENSIVE INCOME

	04/01–12/31/2020	04/01–12/31/2021	10/01–12/31/2020	10/01–12/31/2021
Profit after tax	**−159.3**	**697.6**	**116.5**	**211.9**
Items of other comprehensive income that will be reclassified subsequently to profit or loss				
Cash flow hedges	53.7	−1.5	13.7	0.0
Currency translation	14.9	15.0	21.6	4.1
Share of result of entities consolidated according to the equity method	−1.1	2.3	−0.3	1.5
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss	**67.5**	**15.8**	**35.0**	**5.6**
Items of other comprehensive income that will not be reclassified subsequently to profit or loss				
Actuarial gains/losses[1]	−77.5	35.8	−14.5	1.9
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	**−77.5**	**35.8**	**−14.5**	**1.9**
Other comprehensive income for the period, net of income tax	**−10.0**	**51.6**	**20.5**	**7.5**
Total comprehensive income for the period	**−169.3**	**749.2**	**137.0**	**219.4**
Attributable to:				
Equity holders of the parent	−162.3	730.5	139.4	214.0
Non-controlling interests	−7.0	18.7	−2.4	5.4
Total comprehensive income for the period	**−169.3**	**749.2**	**137.0**	**219.4**

[1] The valuation of the social capital was based on an interest rate of 1.0% as of December 31, 2021 (0.8% as of March 31, 2021) and 0.6% as of December 31, 2020 (1.5% as of March 31, 2020).

In millions of euros

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Q 1 – Q 3 2020/21			Q 1 – Q 3 2021/22		
	Group	Non-controlling interests	Total equity	Group	Non-controlling interests	Total equity
Equity as of April 1	**5,478.2**	**136.7**	**5,614.9**	**5,524.6**	**125.3**	**5,649.9**
Total comprehensive income for the period	–162.3	–7.0	–169.3	730.5	18.7	749.2
Dividends to shareholders	–35.7	–9.6	–45.3	–89.3	–12.7	–102.0
Acquisition of control of subsidiaries	–	5.4	5.4	–	–	–
Share-based payment	–	–	–	–1.0	–	–1.0
Other changes	–1.9	7.5	5.6	–2.7	7.6	4.9
Equity as of December 31	**5,278.3**	**133.0**	**5,411.3**	**6,162.1**	**138.9**	**6,301.0**

In millions of euros

Disclaimer
This report contains forward-looking statements that reflect the current views of voestalpine AG regarding future events. Forward-looking statements naturally are subject to risks and uncertainties, which is why actual events and hence results may differ substantially from such statements. The company is under no obligation to publish updates of the forward-looking statements contained herein unless so required under applicable law.

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