

voestalpine with solid half-year results for 2023/24 despite economic slowdown

- » Revenue for the first half of 2023/24 fell by 8.4% from EUR 9.3 billion to EUR 8.5 billion compared to record figures in the previous year
- » EBITDA fell by 36.7% from EUR 1.4 billion to EUR 915 million
- » EBIT fell by 40.9% year over year, from EUR 898 million to EUR 531 million
- » Profit before tax is EUR 440 million (H1 2022/23: EUR 846 million); profit after tax is EUR 333 million (H1 2022/23: EUR 715 million)
- » Gearing ratio improved year over year, from 32.7% to 26.6%
- » Employees: 51,212 FTE (+1.7%)
- » Economic slowdown intensifies, with developments differing widely by sector

voestalpine achieved a solid result in the first half of 2023/24 (April 1 to September 30) despite a weaker overall economic environment. Over the reporting period, the economic momentum continued to slow down in Europe in particular. For voestalpine, this meant a decline in demand from the construction, mechanical engineering, and consumer goods segments. Exports by Chinese steel manufacturers also placed huge pressure on the international steel markets. Nevertheless, voestalpine's performance in its most important customer segments remained consistently positive thanks to its strategic focus on the highest quality. In the automotive industry for instance, easing of the global supply chain situation resulted in stable production levels. The rail and aerospace industries, the conventional energy sector (oil & natural gas) and the renewable energy sector (solar industry) also continued to perform very well, defying the overall economic trend. Positive demand also prevailed in storage technology.

"In a market environment that was challenging at times, voestalpine was able to demonstrate its strengths in the first half of 2023/24 with its focus on high-quality products, particularly for the mobility and energy industries. The last business year saw record figures. The present results are in line with the long-term average and are definitely satisfactory in view of the current economic conditions," says Herbert Eibensteiner, CEO of voestalpine AG. The launch of greentec steel, voestalpine's ambitious step-by-step plan for a green steel production, recently represented an important step in the Group's future viability. The plan is for one blast furnace at each of the Linz and Donawitz sites to be replaced by a green electricity-powered electric arc furnace by 2027, resulting in a 30% reduction in carbon emissions. The official opening of the new high-tech stainless steel plant in Kapfenberg represented a further milestone for the future.

Development of revenue and earnings

After the voestalpine Group achieved record levels of revenue and earnings in the first half of the 2022/23 business year, weaker financial performance indicators were recorded when compared year over year. Specifically, revenue decreased by 8.4% from EUR 9.3 billion to EUR 8.5 billion in the first half of 2023/24. EBITDA fell by 36.7% from EUR 1.4 billion (margin of 15.6%) to EUR 915 million (margin of 10.7%). The Metal Engineering Division was able to increase both revenue and EBITDA, supported by strong performance in the Railway Systems business unit and the Tubulars (seamless

tubes) product segment. The other three divisions reported weaker development for the reporting period. Profit from operations (EBIT) fell by 40.9% in the first half of 2023/24, from EUR 898 million (margin of 9.7%) to EUR 531 million (margin of 6.2%).

Net financial income (financial income less finance costs) fell from EUR –52 million to EUR –91 million. As a result, profit before tax fell by 48.1% year over year from EUR 846 million to EUR 440 million. The voestalpine Group generated a profit after tax of EUR 333 million (–53.5%) overall in the first half of 2023/24.

The gearing ratio (net financial debt as a percentage of equity) fell year over year from 32.7% to 26.6% as of September 30, 2023. Specifically, voestalpine was able to reduce its net financial debt by 15.6% from EUR 2.5 billion to EUR 2.1 billion in the reporting period. In terms of the equity, the Group recorded a slight increase of 3.9% from EUR 7.5 billion to EUR 7.8 billion compared to the first half of the previous year. The number of employees (FTE, full-time equivalent) increased by 1.7% to 51,212 employees compared with the previous year's reporting date.

Outlook

The economic slowdown that has been expected for almost a year arrived in some areas of the voestalpine Group in the first half of the business year 2023/24, particularly in the second quarter.

As expected, the market environment in the construction, mechanical engineering, and consumer goods industries has weakened. From today's perspective, the current situation is expected to continue in the second half of the business year 2023/24 and thus we assume no substantial improvement in demand in these segments. This means stagnating demand at a subdued level.

From today's perspective, the automotive industry should remain largely robust in the second half of 2023/24. Although the high order backlogs built up as a result of the pandemic are increasingly being processed by car manufacturers, overall development is expected to remain largely stable until the end of the current business year.

The conventional energy sector (oil and natural gas) lost momentum on the price side in the course of the first half of the business year 2023/24, but this is due to the reduction of material bottlenecks and not to market weakness. Demand for voestalpine products for the oil and natural gas industry has consequently normalized. A largely stable development can be anticipated for the second half of 2023/24. The good market environment in the renewable energy sector (photovoltaics) is expected to continue for the remainder of the business year 2023/24.

In the area of railway systems, the current very good development is expected to continue for the remainder of the business year, although the usual seasonality over the Northern winter has to be taken into account.

The upward trend in the aerospace industry will also continue in the second half of the business year 2023/24.

The forecasts are therefore largely in line with previous assessments, although the economic outlook for Europe must now be viewed somewhat more cautiously. Investment activity in the industrial sector in particular has slowed and is estimated to remain at a low level in the second half of 2023/24.

Therefore, assuming no massive economic distortions on account of the central banks' interest rate policies or geopolitical escalation scenarios, the Management Board of voestalpine AG expects EBITDA for the business year 2023/24 to be at the lower end of the previously stated range (EUR 1.7 to 1.9 billion) and thus in the region of EUR 1.7 billion, which is also in line with current market expectations.

The impact of current geopolitical developments remains difficult to assess. However, it is clear that the war in Europe and the armed conflict in the Middle East have significantly increased the risk of unforeseeable influences on the economic environment. This makes all forecasts more uncertain.

KEY FIGURES – voestalpine GROUP

	H1 BY 2022/23 04/01/-09/30/2022	H1 BY 2023/24 04/01/-09/30/2023	Change in %
Revenue	9,295.2	8,512.8	-8.4
EBITDA	1,445.7	914.6	-36.7
EBITDA margin in %	15.6%	10.7%	
EBIT	898.1	531.1	-40.9
EBIT margin in %	9.7%	6.2%	
Profit before tax	846.3	439.6	-48.1
Profit after tax from continuing operations	626.9	334.5	-46.6
Profit after tax from discontinued operations	88.2	-2.0	
Profit after tax *	715.1	332.5	-53.5
EPS – basic earnings per share from continuing operations (euros)	3.30	1.59	-51.8
EPS – basic earnings per share from discontinued operations (euros)	0.50	-0.01	
EPS – basic earnings per share (euros)	3.80	1.58	-58.4
EPS – diluted earnings per share from continuing operations (euros)	3.30	1.56	-52.7
EPS – diluted earnings per share from discontinued operations (euros)	0.50	-0.01	
EPS – diluted earnings per share (euros)	3.80	1.55	-59.2
Gearing ratio in % (09/30)	32.7%	26.6%	

In millions of euros

* Before deduction of non-controlling interests.

voestalpine AG

The Report of the first half of 2023/24 of voestalpine AG as of the September 30, 2023, may be accessed on the company's website at www.voestalpine.com under the 'Investors' tab.

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