

# BUSINESS YEAR 2019/20

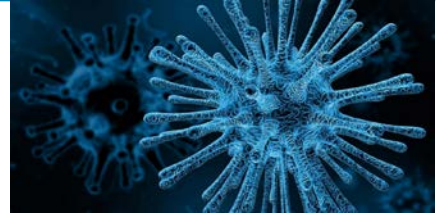
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Investor Relations  
JUNE 2020

# voestalpine GROUP

## COVID-19 UPDATE, 03.06.2020

- » Reduced utilization in many production facilities of voestalpine
  - » Shut down of blast furnace number 5 in Linz
  - » Output of EAFs of HPM Division adjusted to demand
  - » Reduced output at many industrial plants (automotive components, roll-forming, etc.) according to demand
- » 10,000 employees in short time work in Austria, 5,000 in similar systems in other countries and regions of the world
- » Restructuring of businesses, where we expect the downturn to be structural and not only cyclical and COVID-driven



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## COVID-19 UPDATE, 03.06.2020

- » Automotive industry has restarted car production at end of April / beginning of May in Europe and North America
- » Our Chinese business is up and running on levels prior to COVID-19 – not only in automotive
- » Railway Systems business is continuing to perform well even during spread of COVID-19
- » Warehouse and Rack Solutions business faces additional push from e-commerce after COVID lockdown on top of already strong demand before



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## BUSINESS ENVIRONMENT BY 2019/20

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- » Slowing economic momentum over first nine months of BY 2019/20, recovery started in last business quarter but ended abruptly by COVID-19 spread
  - » Trade war impacted growth on global scale, Europe and China harmed considerably
  - » Automotive industry stagnated in North America, slowed in Europe and slumped in China
  - » Energy industry suffered from low oil and gas prices and trade barriers in the US, additional collapse of the oil-price in the last quarter
  - » Railways business continued to do well in most regions of the world over the entire business year 2019/20
- » Steel industry faced margin pressure from rising raw material cost, in particular iron ore, in a shrinking demand environment in Europe
- » Spread of COVID-19 pandemic in the last quarter 2019/20
  - » Chinese business heavily affected in February but quick recovery since then
  - » European and American business heavily affected since mid of March

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## DEVELOPMENTS BY 2019/20

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- » In this environment the focus of the management of voestalpine was clearly put on cost- and working capital management, cash generation and deleveraging of the balance sheet
- » What have we achieved?
  - » EBITDA close to EUR 1.2 billion
  - » Free Cash Flow close to EUR 600 million, Cash Flow from operations above EUR 1.3 billion
  - » Working Capital release of around EUR 430 million
  - » Capex reduced to less than EUR 800 million (for next BY 2020/21 down to EUR 600 million)
  - » Headcount reduced by more than 4%
  - » Comfortable liquidity of EUR 1.7 billion per end of March 2020
  - » Gearing ratio at 67% by end of March 2020. A move in the right direction after high levels during BY 2019/20, also caused by the call of the hybrid bond (EUR 500 million change from equity to debt), change in IFRS accounting standards (EUR 440 million additional debt) and dividend payment in BY 2019/20 (EUR 220 million equity reduction)

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## NON RECURRING ITEMS BY 2019/20

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- » We conducted a strategic analysis of the changed global economic environment and its impact on our major business areas
- » The outcome forced us to adapt some long-term assumptions in specific business areas
- » Consequently, we had to revalue certain assets of those business areas and therefor recorded impairments
- » Additionally we had to build provisions for restructuring and other risks
- » Non recurring items included in earnings of voestalpine Group in BY 2019/20:
  - » EBITDA: EUR -85 million: provision for restructuring and other risk
  - » EBIT: EUR -485 million: EUR 400 million impairments + EBITDA effects

# DEVELOPMENT OF DIVISIONS in BY 2019/20

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# STEEL DIVISION

## BUSINESS DEVELOPMENT BY 2019/20

- » Overall difficult year for European steel industry
- » Slowing demand from automotive and mechanical engineering industry, sluggish energy- and white goods industries; only building and construction industry robust
- » Margin pressure due to rising raw material prices, in particular iron ore
- » Difficult market conditions for HBI in the 2<sup>nd</sup> half
- » Impairments at HBI plant and foundry group in 2<sup>nd</sup> half of BY 2019/20
- » Improving market dynamics in last quarter of BY 2019/20 stopped by spread of COVID-19
- » One small blast furnace shut down in March to align production output to sudden slump of demand

€m	Q1 19/20	Q2 19/20	Q3 19/20	Q4 19/20	BY 19/20	BY 18/19	Delta in %
Revenue	1,182	1,139	1,098	1,151	4,571	4,887	-6.5
EBITDA	151	110	97	137	494	653	-24.4
EBITDA-%	12.7%	9.6%	8.8%	11.9%	10.8%	13.4%	
EBIT	61	20	-193	12	-101	319	-131.5
EBIT-%	5.1%	1.8%	-17.6%	1.0%	-2.2%	6.5%	



# HIGH PERFORMANCE METALS DIVISION

## BUSINESS DEVELOPMENT BY 2019/20

- » Tool Steel facing challenging market environment over entire BY 2019/20
- » Special Materials for aerospace and oil & gas-industry with solid development in first nine month of the business year, but slowdown in 4<sup>th</sup> quarter
- » Europe most difficult market, restructuring of German special Steel plant Buderus
- » North American market muted and difficult to access after sec. 232
- » Quick recovery in China after COVID-19 lockdown
- » EAF steelwork production is fairly flexible, output aligned to demand

€m	Q1 19/20	Q2 19/20	Q3 19/20	Q4 19/20	BY 19/20	BY 18/19	Delta in %
Revenue	778	723	676	715	<b>2,891</b>	3,136	<b>-7.8</b>
EBITDA	99	78	7	92	<b>276</b>	435	<b>-36.5</b>
EBITDA-%	12.8%	10.8%	1.0%	12.8%	<b>9.5%</b>	13.9%	
EBIT	57	35	-48	32	<b>77</b>	280	<b>-72.6</b>
EBIT-%	7.3%	4.9%	-7.1%	4.5%	<b>2.6%</b>	8.9%	

# METAL ENGINEERING DIVISION

## BUSINESS DEVELOPMENT BY 2019/20

- » Railway Systems unchanged positive
  - » Sound development of Turnout Systems in most regions
  - » Rails segment with good demand in Europe
  - » Successful acquisitions in France & China
- » Mixed picture in industrial Systems
  - » Tubulars (OCTG) impacted by softening oil & gas sector and US-tariffs up from 2H BY 2019/20, additional slump in oil-price at the end of the business year
  - » Wire business confronted by lower demand from automotive and price pressure from EAF competition
  - » Stable development in Welding Consumables, acquisition of Selco makes us a full service provider in the welding business
- » COVID-19 with fairly limited impact on railway systems

€m	Q1 19/20	Q2 19/20	Q3 19/20	Q4 19/20	BY 19/20	BY 18/19	Delta in %
Revenue	779	759	708	697	2,942	3,147	-6.5
EBITDA	90	82	57	72	301	369	-18.4
EBITDA-%	11.6%	10.8%	8.0%	10.4%	10.2%	11.7%	
EBIT	45	31	-3	-40	33	202	-83.7
EBIT-%	5.8%	4.1%	-0.5%	-5.7%	1.1%	6.4%	

# METAL FORMING DIVISION

## BUSINESS DEVELOPMENT BY 2019/20

- » Declining car production over most of BY 2019/20 affecting Automotive Components business
  - » Structural improvements in US-plant in Cartersville
  - » Quick recovery of production and sales after COVID lockdown in China in the 4<sup>th</sup> quarter
  - » Complete shutdown of the industry at end of March in Europe, South Africa and North America
- » Mixed picture in Tubes & Sections business
  - » Construction, machinery, material handling, renewable energy and commercial vehicle segments solid over most of the business year; passenger car-related business challenging
- » Precision Strip somewhat lower after excellent past years
- » Warehouse and Rack Solutions faces additional push from e-commerce after COVID lockdown on top of already strong demand over entire BY 2019/20

€m	Q1 19/20	Q2 19/20	Q3 19/20	Q4 19/20	BY 19/20	BY 18/19	Delta in %
Revenue	738	716	667	718	<b>2,838</b>	2,937	<b>-3.4</b>
EBITDA	58	49	32	64	<b>203</b>	213	<b>-4.7</b>
EBITDA-%	7.9%	6.8%	4.8%	9.0%	<b>7.2%</b>	7.3%	
EBIT	24	14	-44	15	<b>9</b>	94	<b>-90.6</b>
EBIT-%	3.3%	1.9%	-6.6%	2.0%	<b>0.3%</b>	3.2%	

# FINANCIAL OVERVIEW BY 2019/20

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## FINANCIAL OVERVIEW

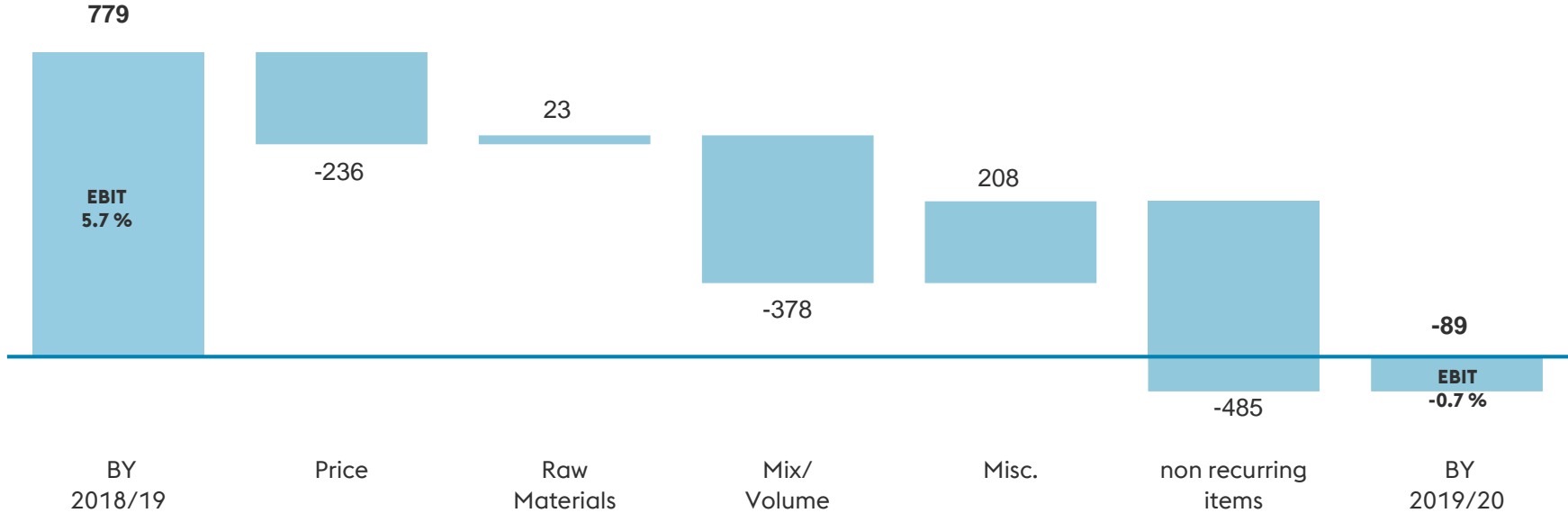
	<b>BY 2018/19</b> 2018/04/01-2019/03/31	<b>BY 2019/20</b> 2019/04/01-2020/03/31	<b>Delta</b> %
Revenue	13,561	12,717	-6.2
EBITDA	1,565	1,182	-24.5
EBITDA margin	11.5%	9.3%	
EBIT	779	-89	-111.4
EBIT margin	5.7%	-0.7 %	
Profit before tax	646	-230	-135.7
Profit after tax*	459	-216	-147.2
EPS – earnings per share (euros)	2.31	-1.24	-153.7

In millions of euros

\* Before deduction of non-controlling interests and interest on hybrid capital.

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## DEVELOPMENT EBIT BY 2019/20



In millions of euros

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## DEVELOPMENT CASH FLOW

**BY 2018/19**  
2018/04/01-2019/03/31

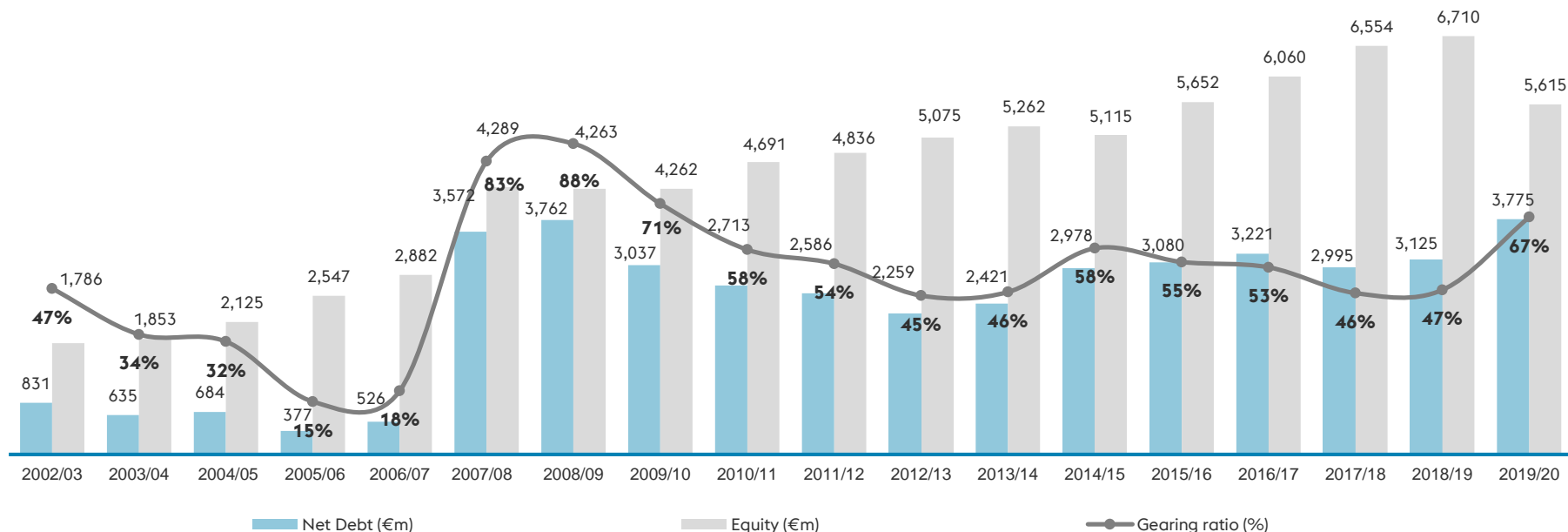
**BY 2019/20**  
2019/04/01-2020/03/31

Cash flow from results	1,304	870
Changes in working capital	-137	434
Cash flow from operating activities	1,167	1,304
Cash flow from investing activities	-1,020	-716
Free cash flow	147	588

In millions of euros

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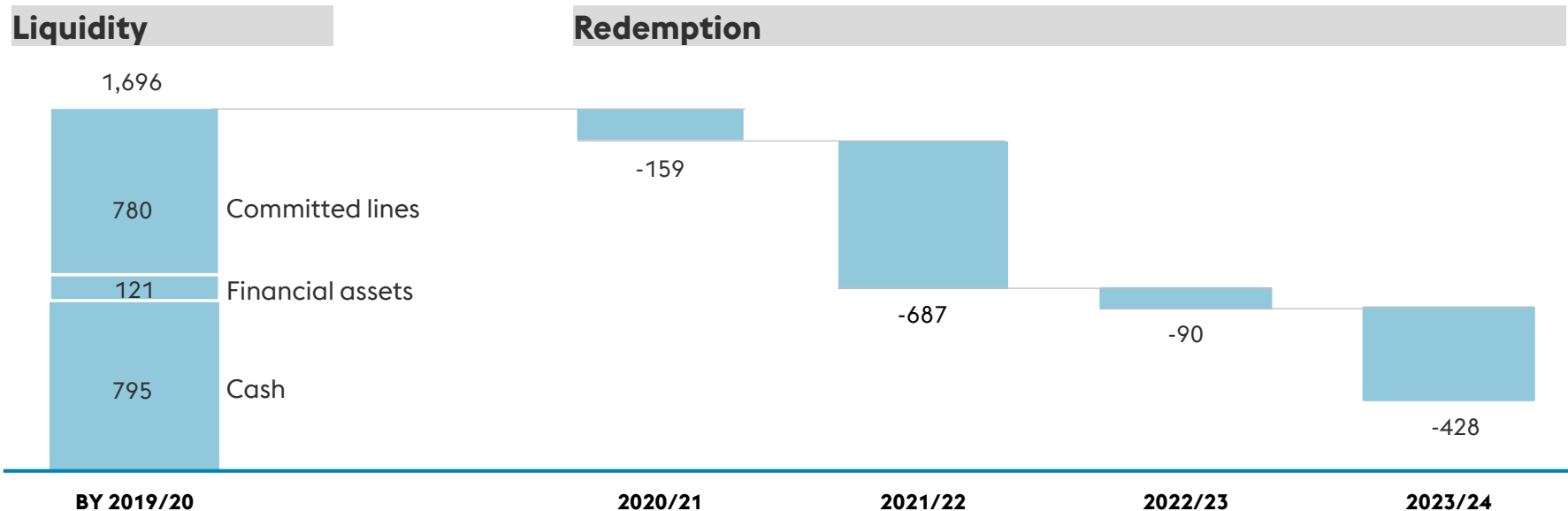
## DEVELOPEMENT GEARING RATIO





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## LIQUIDITY AND REDEMPTION SCHEDULE



In millions of euros  
as of 2020/03/31

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ONE STEP AHEAD.

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## OUTLOOK BY 2020/21

- » First impacts of COVID-19 already in Q4 of BY 2019/20
- » „Lockdown“ currently still in force in many regions of the world
- » Final effects not yet assessable, in Q1 BY 2020/21 strong economic contraction so far
- » We are currently assuming a recovery after summer 2020
- » The management puts the focus on cost- and working capital management as well as cash flow generation also in BY 2020/21
- » Anticipating a volatile economic environment, we expect for the BY 2020/21 an EBITDA in a range of between EUR 600 million and EUR 1 billion



# INVESTOR RELATIONS

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