



# Financial Year 2013/14

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Investor Relations

June 2014

voestalpine AG  
[www.voestalpine.com](http://www.voestalpine.com)

**voestalpine**  
ONE STEP AHEAD.

# voestalpine Group

## Overview

### From a steel producer to a technology and industrial goods corporation

- High-tech steel is the base of voestalpine, but 15 years of downstream strategy have converted the group from a steelmaker to a technology and industrial goods corporation
- Based on premium products, voestalpine is one of the leading partners for the European automotive and white goods industry as well as the worldwide oil and gas industry. It is worldmarket leader in turnout systems and rail technology, in tool steels and special sections

**Sales 11.2 €bn** | **EBITDA 1.38 €bn** | **Employees 48,100**

(Figures Financial Year 2013/14)



# voestalpine Group

## Business concept

### Number 3 in Europe by revenue and market cap

- The combination of **metallurgical know-how** in steel making and top **processing expertise** leads to innovative technical solutions and new products
- Focus on **strategic markets** with utmost technology and quality standards ⇒ **mobility** and **energy** (62 % of sales)
- **Long-term relationships** with customers, suppliers and R&D-institutions as **key drivers for innovation**
- Sustainable **leading position** with regards to **its specific markets** as well as **quality, technology** and **financial performance**



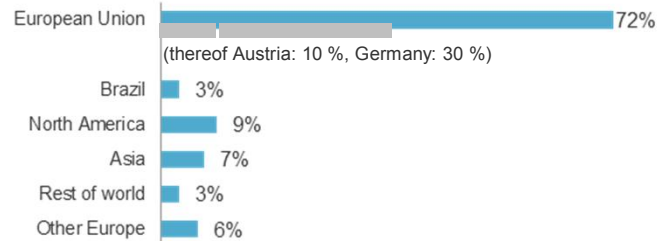
# voestalpine Group

## Global footprint

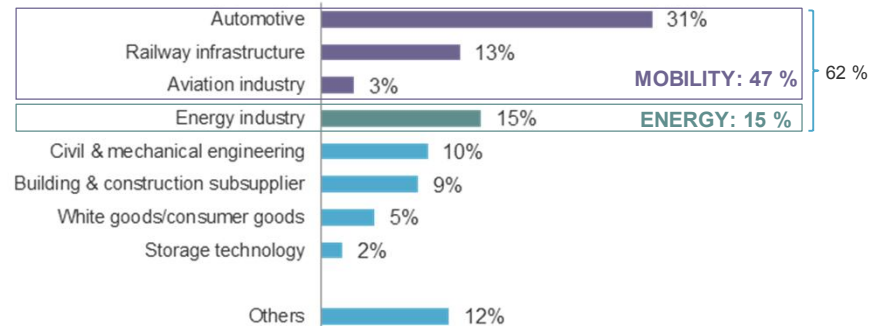
One Group – 500 sites – 50 countries – 5 continents



### Revenue by **regions** (Financial year 2013/14)



### Revenue by **industries** (Financial year 2013/14)



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## Long-term strategy, cornerstones 2020

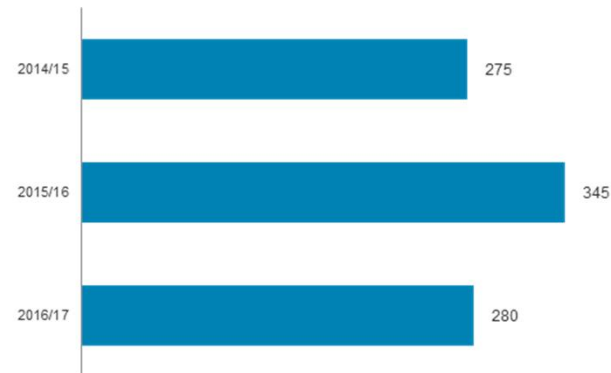
- Enhanced **continuation** of **value-added growth**
- Growth focus on **mobility- and energy-related** industries (70% of sales in 2020), aiming there for a **globally leading position** in defined high-tech product segments
- Expansion focused on growth markets **outside Europe**; in Europe, further strengthening of **market-, quality- and technology-leadership** in core segments
- Strong focus on downstream processing activities within portfolio ⇒ final transformation into a **technology and industrial goods corporation**
- Long-term European **leadership** in **financial performance**





- Efficiency improvement and cost optimisation program launched in March
- Savings target of 900 €m after full implementation over three years period
- Effects on net profit line realistically diluted by cost inflation and fierce price competition
- Targets defined and controlled at group-level, structure and implementation on divisional level individually according to different setup of divisions
- Main areas covered:
  - Optimization of logistics, working capital and plant maintenance
  - Increase of energy efficiency and structural improvement of raw material costs
  - Implementation of global benchmark- and best-practice systems
  - New organisational structure in Steel Division and several other business units

Expected effects on earnings (€m)\*



\*Gross earnings targets without effects of cost inflation, price deflation and necessary investments



### Steel Division

Continuous annealing line for production of premium quality electrical strip **(Q1 14/15\*)**

New heavy plate rolling mill for production of ultra high-strength heavy plate **(Q3 14/15\*)**

New coal injection system on all 3 blast furnaces **(Q4 14/15\*)**

Direct reduction plant in Texas/USA **(Q4 15/16\*)**

Focus on technology, product quality & cost optimization

### Special Steel Division

Expansion of capacity at powder-metallurgical steel plant in Kapfenberg/Austria **(Q2 13/14\*)**

Duo rolling mill at Böhler Bleche in Mürzzuschlag/Austria **(Q2 13/14\*)**

Overall optimization of quality and productivity in special steel plant Wetzlar/Germany **(FY 15/16\*)**

Expansion of processing activities globally (Asia, Brazil) **(Ongoing\*)**

Enhanced value-added strategy

### Metal Engineering Division

New wire rod mill at Donawitz/Austria site, most modern plant of its kind in Europe **(CY 2016\*)**

Walking beam furnace for rail production **(scheduled\*)**

Profitable growth & safeguarding of excellent market position

### Metal Forming Division

Cold rolling center for production of high quality strip steel in Kematen/Austria **(Q2 13/14\*)**

Progressive expansion of „phs-ultraform“, product segment with new facilities in the US, South Africa and China **(FY 14/15\*)**

New sections plant in China, extension in Brazil **(Q1 14/15\*)**

Implementation of internationalization strategy

\*(Expected) date of start up

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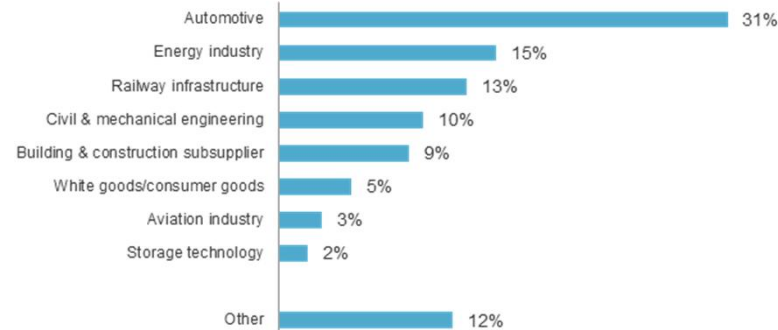
## Business development



- Challenging macroeconomic environment over whole of FY 2013/14
  - Stagnation in Europe at low level until end of CY 2013
  - Positive economic trend in North America temporarily interrupted by „government shutdown“ in US
  - Brazil back on very moderate growth track but still disappointing overall development
  - China back to growth rates above 7% after (another round of) government stimulus measures
- Results of voestalpine Group in FY 2013/14 slightly below FY 2012/13 (EBITDA -3.4%, EBIT -6.0%)
  - Special Steel and Metal Engineering Divisions with solid stable development
  - Improved profitability of Metal Forming Division
  - Earnings of Steel Division hit by extremely sluggish situation in energy segment

€m	Q1 2013/14	Q2 2013/14	Q3 2013/14	Q4 2013/14	FY 2013/14	FY 2012/13	Delta in %
Sales	2,936	2,788	2,661	2,844	11,228	11,524	-2.6
EBIT	223	177	173	219	792	843	-6.0
EBIT-%	7.6%	6.4%	6.5%	7.7%	7.1%	7.3%	
EBITDA	366	321	320	376	1,383	1,431	-3.4
EBITDA-%	12.5%	11.5%	12.0%	13.2%	12.3%	12.4%	

Sales by industry sector 2013/14





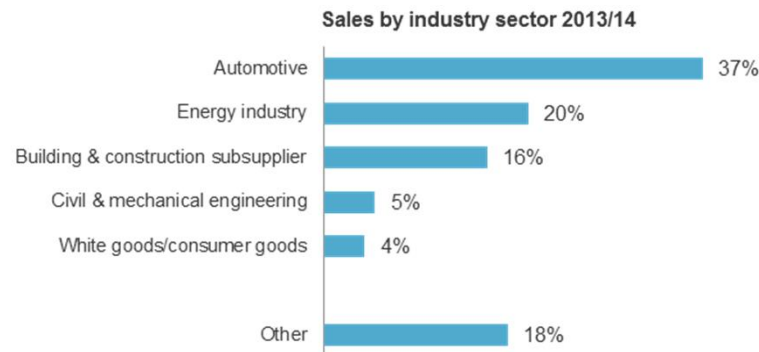
# Steel Division

## Business development



- Overall subdued sentiment in European steel industry in FY 2013/14
  - Structural overcapacities unsolved
  - Downward price trend of raw materials limiting pricing power
  - Recovery of demand in Q4 2013/14
- Mixed business environment in core segments of Steel Division
  - Pick-up in European automotive industry in H2 2013/14
  - Consumer goods industry stable, mechanical engineering industry with volatile but recently improving order intake
  - After years of deterioration in building and construction industry signs of stabilization in H2 2013/14
  - Energy segment (heavy plate) affected by delay of oil/gas projects, weak price level
- Record production and shipment figures of Steel Division in FY 2013/14, profitability clearly below last year's level

€m	Q1 2013/14	Q2 2013/14	Q3 2013/14	Q4 2013/14	FY 2013/14	FY 2012/13	Delta in %
Sales	990	939	887	995	<b>3,810</b>	3,922	<b>-2.9</b>
EBIT	55	30	29	47	<b>160</b>	215	<b>-25.5</b>
EBIT-%	5.6%	3.1%	3.2%	4.7%	<b>4.2%</b>	5.5%	
EBITDA	111	87	88	108	<b>393</b>	446	<b>-12.0</b>
EBITDA-%	11.2%	9.2%	9.9%	10.8%	<b>10.3%</b>	11.4%	



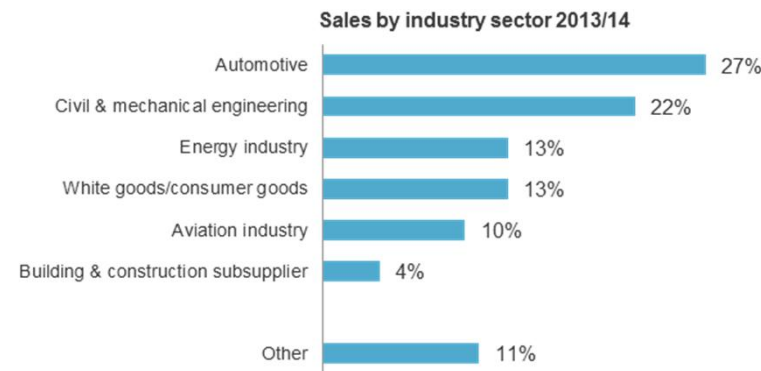
# Special Steel Division

## Business development



- Challenging environment for Special Steel Division over most of FY 2013/14, improved situation since turn of the year
  - Continued restrained demand in Europe – only modest upturn recently
  - Situation in US improving after bumpy start into FY 2013/14
  - Asia showing strongest demand in global comparison
- Automotive and mechanical engineering industries improving since Q4 2013
- On-going positive development in oil and gas exploration as well as in aviation sector, consumer goods industry stable
- Heavy machinery and energy equipment sectors unchanged weak

€m	Q1 2013/14	Q2 2013/14	Q3 2013/14	Q4 2013/14	FY 2013/14	FY 2012/13	Delta in %
Sales	683	643	621	681	<b>2,628</b>	2,748	<b>-4.4</b>
EBIT	65	45	45	70	<b>224</b>	222	<b>+1.2</b>
EBIT-%	9.5%	7.0%	7.2%	10.3%	<b>8.5%</b>	8.1%	
EBITDA	99	78	78	105	<b>359</b>	367	<b>-2.3</b>
EBITDA-%	14.4%	12.1%	12.5%	15.4%	<b>13.6%</b>	13.3%	



# Metal Engineering Division

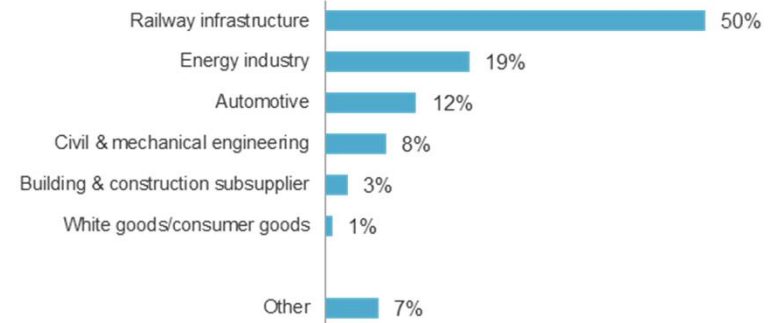
## Business development



- Unchanged of strong development of the Division in FY 2013/14
- Railway infrastructure as backbone of positive trend
  - Excellent performance of special rails benefiting from strong exports to international markets
  - Sustained strong momentum in turnout systems business in US, South Africa, Asia, Turkey & MENA-region
- Stable high investment activities in oil & gas exploration bolstering demand for Seamless Tubes
- Rise in demand for wire in H2 2013/14 based on improved situation in automotive sector
- Strained sentiment for welding consumables in Europe stemming from weakness in power plant business

€m	Q1 2013/14	Q2 2013/14	Q3 2013/14	Q4 2013/14	FY 2013/14	FY 2012/13	Delta in %
Sales	767	730	678	656	<b>2,831</b>	2,914	<b>-2.8</b>
EBIT	83	84	79	72	<b>317</b>	318	<b>-0.2</b>
EBIT-%	10.8%	11.5%	11.6	10.9%	<b>11.2%</b>	10.9%	
EBITDA	112	113	108	102	<b>435</b>	433	<b>+0.6</b>
EBITDA-%	14.6%	15.5%	15.9%	15.6%	<b>15.4%</b>	14.9%	

Sales by industry sector 2013/14



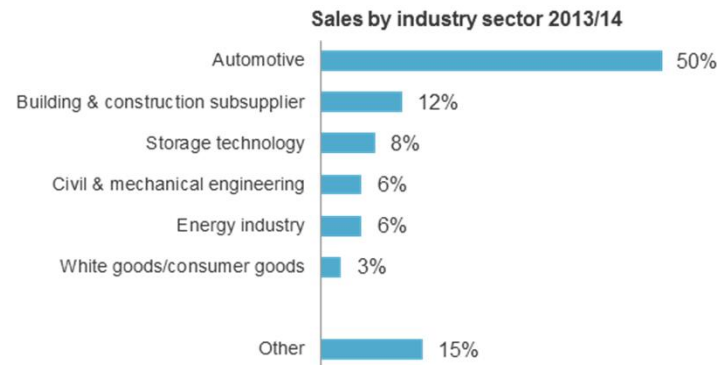
# Metal Forming Division

## Business development



- Healthy demand in Automotive Body Parts business
  - Some recovery of volume car producers since autumn 2013, premium segment unchanged on high level
- Improved profitability in Tubes & Sections business in an overall stable environment
  - Solid order intake in agricultural machinery, commercial vehicle and aviation sectors
  - European building industry stabilizing on low levels
  - Positive impact of operational (cost cutting) measures
- Market upturn but also intensified competition in Precision Strip business
- Warehouse & Rack Solutions business with strong performance due to continuing growth of online retail sales
- Overseas greenfield investments successfully completed in US, South Africa and China, new projects close to launch

€m	Q1 2013/14	Q2 2013/14	Q3 2013/14	Q4 2013/14	FY 2013/14	FY 2012/13	Delta in %
Sales	598	568	574	617	2,357	2,310	+2.0
EBIT	46	39	42	56	182	166	+10.2
EBIT-%	7.7%	6.9%	7.3%	9.0%	7.7%	7.2%	
EBITDA	69	61	65	82	276	256	+8.2
EBITDA-%	11.5%	10.8%	11.2%	13.3%	11.7%	11.1%	





# Financial overview

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# voestalpine Group

## Consolidated overview

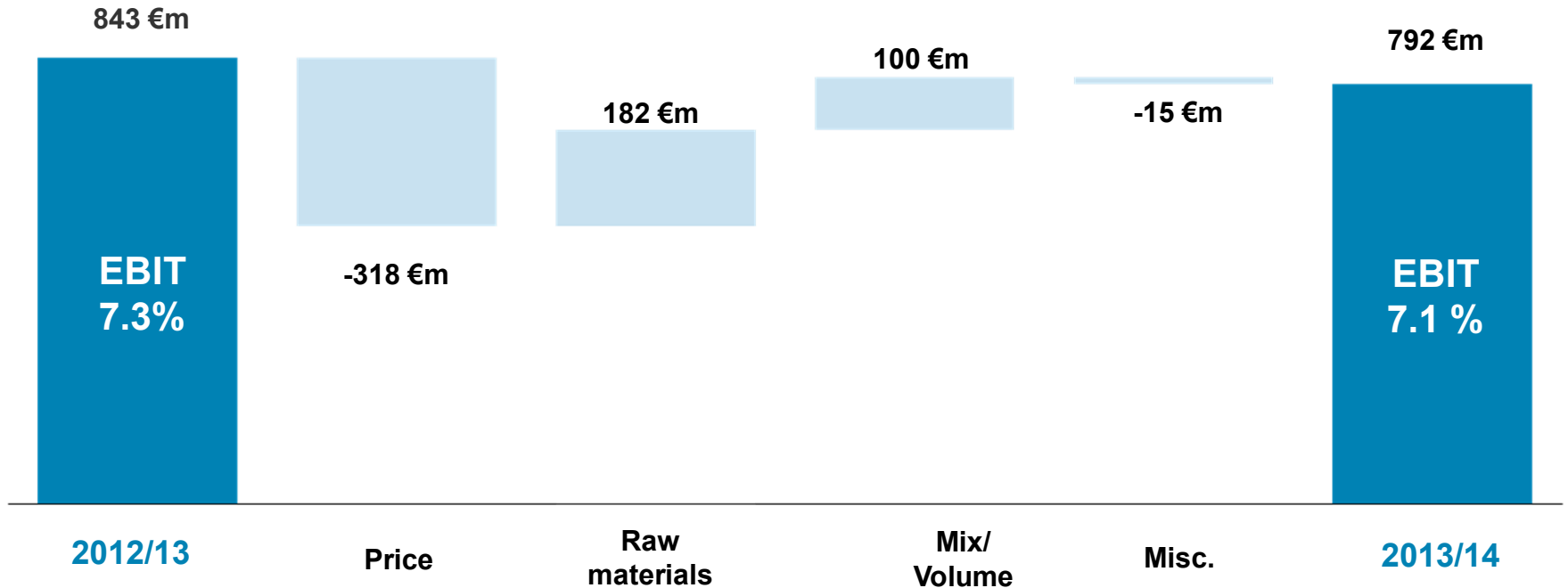
	FY 2012/13		FY 2013/14		Delta
	01.04.2012 - 31.03.2013		01.04.2013 - 31.03.2014		
	€m	% of Sales	€m	% of Sales	
Sales	11,524	100.0	11,228	100.0	-2.6
EBITDA	1,431	12.4	1,383	12.3	-3.4
EBIT	843	7.3	792	7.1	-6.0
EBT	655	5.7	656	5.8	+0.2
Net profit	522	4.5	523	4.7	+0.2
EPS*	2.61		2.60		
Investments**	852	7.4	944	8.4	+10.8
Equity	5,075	44.0	5,261	46.9	+3.7
Net financial debt	2,259	19.6	2,407	21.4	+6.6
Gearing	44.5%		45.8%		

\* Based on average number of shares

\*\* Fixed assets and acquisitions

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## Development EBIT



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## Development cash flow

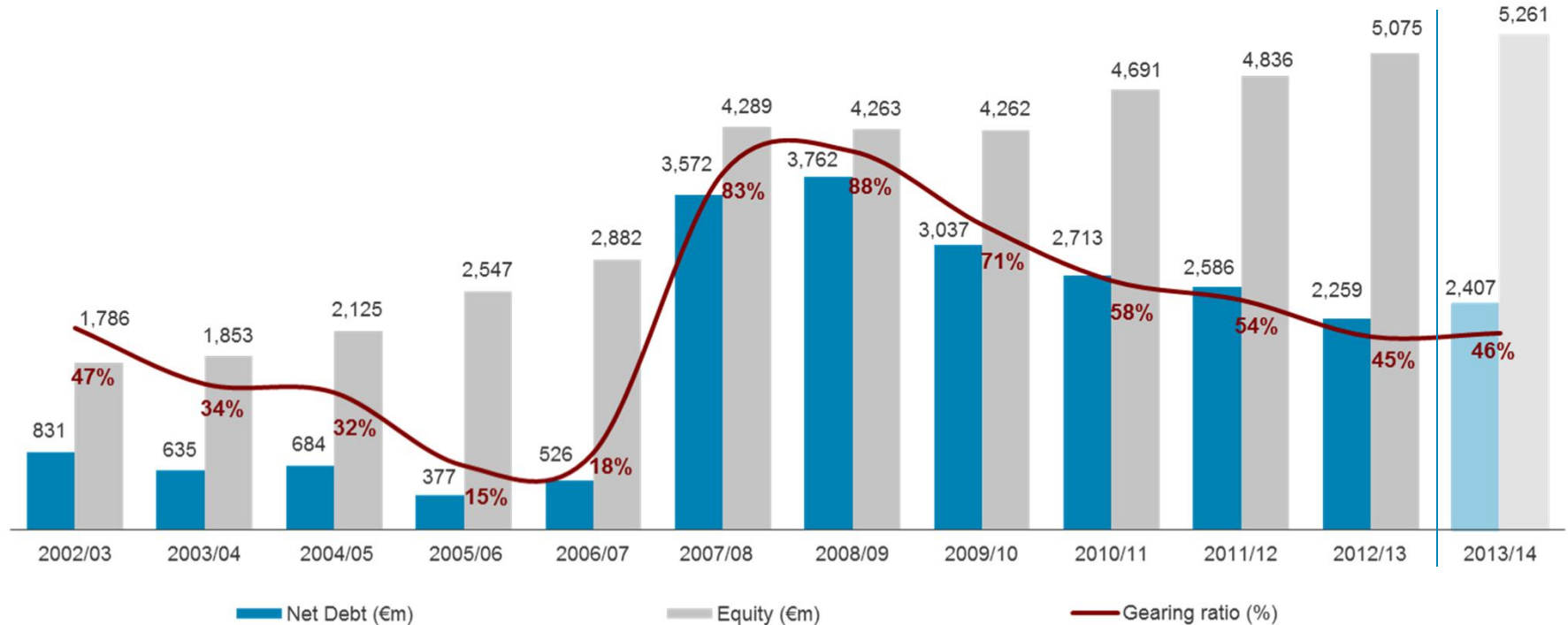
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	<b>FY 2012/13</b> 01.04.2012 - 31.03.2013	<b>FY 2013/14</b> 01.04.2013 - 31.03.2014
	€m	€m
Cash flow from results	1,097	1,175
Changes in working capital	225	-258
Cash flow from operating activities	1,322	917
Cash from investing activities	-814	-865
Free cash flow	508	52



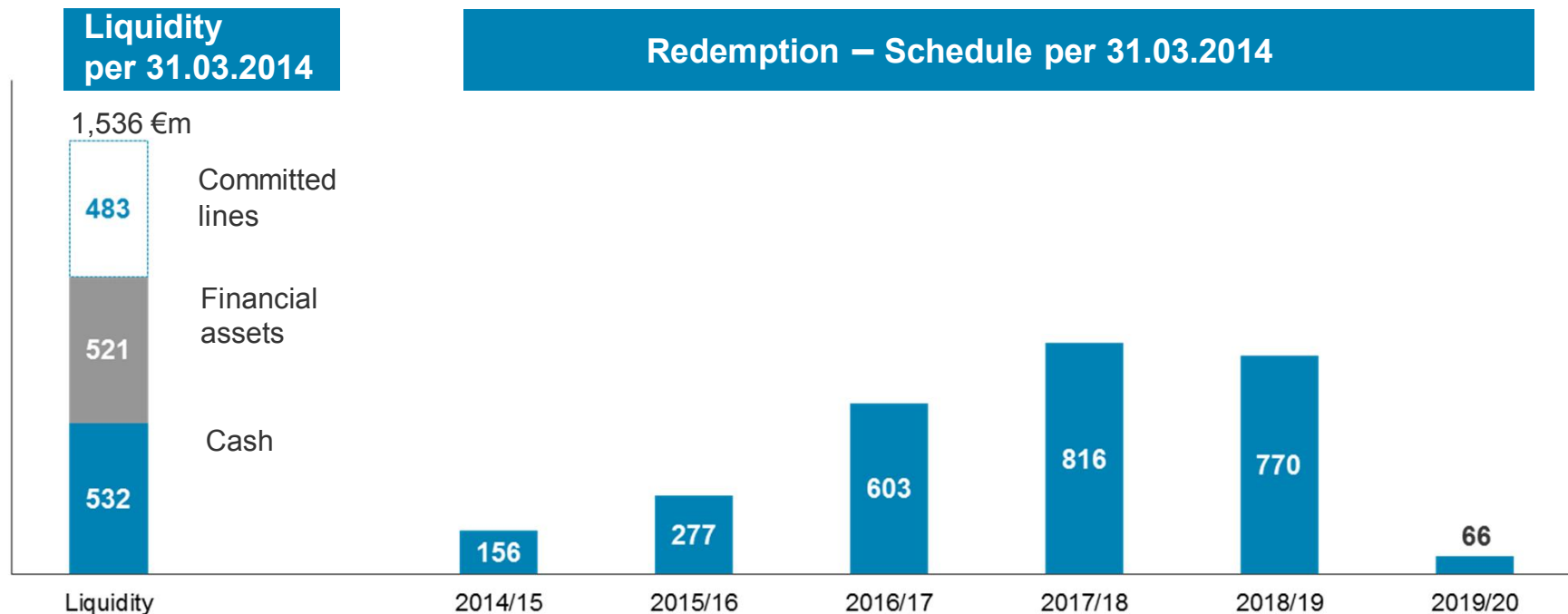
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## Development gearing ratio



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## Development liquidity



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## Outlook

- Increasing dynamics of global economy in 2014 expected. Confidence based on
  - Progress of restructuring in Southern and (partly) Eastern European countries
  - Sound upturn of economy in US and stabilization of GDP-growth in China at around 7%
  - However, subdued growth prospects in Russia and Brazil
- Indications for most important customer segments pointing to stable or rather improving development
  - First signals of pick-up in European building and construction industry
  - Continuation of upward trend in European automotive production and sales
  - Only slight recovery in energy transportation sector (oil & gas) expected
  - Stable sound performance in agricultural machinery and aviation industries as well as in railway infrastructure (outside Europe)



**2014/15 earnings expectations for voestalpine Group:  
Slight upturn of EBITDA and EBIT vs. 2013/14**



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