Letter to Shareholders
1st – 3rd Quarter 2015/16

www.voestalpine.com

ONE STEP AHEAD.

voestalpine Group Key Figures

Q 1 – Q 3 2014/15 vs. Q 1 – Q 3 2015/16

In millions of euros	**Q 1–Q 3 2014/15**[1] 04/01– 12/31/2014	**Q 1–Q 3 2015/16** 04/01– 12/31/2015	Change in %
Revenue	8,254.9	8,380.4	1.5
EBITDA	1,086.9	1,207.3	11.1
EBITDA margin	13.2%	14.4%	
EBIT	627.1	727.0	15.9
EBIT margin	7.6%	8.7%	
Profit before tax (EBT)	528.9	628.5	18.8
Profit for the period[2]	432.5	508.5	17.6
EPS – Earnings per share (euros)	2.28	2.74	20.2
Investments in tangible and intangible assets and interests	747.1	936.7	25.4
Depreciation	459.8	480.3	4.5
Capital employed	9,017.1	9,904.5	9.8
Equity	5,025.6	5,605.6	11.5
Net financial debt	3,086.6	3,194.8	3.5
Net financial debt in % of equity (gearing)	61.4%	57.0%	
Employees (full-time equivalent)	46,461	47,900	3.1

[1] Business year 2014/15 retroactively adjusted. Further details are described under "General information/Accounting policies."
[2] Before deduction of non-controlling interests and interest on hybrid capital.

Ladies and Gentlemen:

"... All of this is not the stuff that rapid economic recovery is made of, but rather the stuff of new cost and efficiency optimization programs. But whatever comes—this will not be the first time that voestalpine takes its future into its own hands." This was the summary of the overall economic situation in our letter to shareholders on November 9, 2015, in our report on the first half of the business year 2015/16.

Today, three months later, we are, in fact, no closer to a deescalation of the situation, not to mention an actual broad-based recovery. Nothing has come of a trend reversal in the oil price, nothing has come of the hoped for economic stabilization in China or a rethinking of the mechanism that has imposed sanctions between the European Union and Russia, and nothing has come of a European solution for the refugee problem or a real peace initiative for the Middle East. From our industry's perspective, two other items have to be at the top of this list of crises. One is the fact that the EU institutions have the intention of escalating the framework conditions for energy-intensive industries. And the other is the absolutely unprecedented flood of subsidized steel imports into the European Union. Thus far, an appropriate reaction from the EU Commission has been absent. In any case, the current behavior of the majority of the political decision-makers in Europe does not indicate a real interest in maintaining Europe's fundamental industrial infrastructure. If this is indeed the case, it would be only logical to communicate this and to develop a political response to the consequences of such a step in the interests of clarity and security for all those involved.

For the voestalpine Group, there can only be one response to all of these developments: continued and accelerated expansion of our technology and quality leadership in our core sectors, while concurrently intensifying our endeavors to optimize costs and increase efficiency. The expansion of our technology and quality leadership means not only a continuing increase of our research and development activities—both with regard to products and processes—but the consistent realization of our ongoing and planned investment projects. This will enable us to reinforce our unique selling points in the most sophisticated product sectors based on a corporate philosophy that aligns the value chain with the needs of our end customers. The fact that the Group's performance has remained so solid in a market environment that is extraordinarily difficult confirms yet again that the strategy we have been pursuing without compromise over the last fifteen years was exactly right. Continuing on this path will—without a doubt—remain challenging, not least from a financial perspective. In the interest of ensuring the economic sustainability of the voestalpine Group's financial standing, the implementation of investments is always undertaken under the imperative that they can be reduced by up to 50 percent—if necessary, in the very short term—in the event of a persistent worsening of the economy, comparable to what happened from 2009 to 2011.

Apart from such considerations, which are not applicable at the present time, our targets with regard to profit optimization are being raised as a result of the ongoing difficult market development in the quarter under review. Concretely, this means that the three-year (i.e., until the end of the business year 2016/17) EUR-900-million program to increase efficiency and optimize earnings, which was decided in March 2014, will be expanded in the coming twelve months by EUR 100 million to a total of EUR 1 billion so that additional measures can be taken. This will enable us to ensure the Group's stable earnings performance—as we have been able to do in the past two years—despite the critical economic framework conditions. For us, this goal is both an obligation and a challenge, not only in the interests of our company and its employees, but also as an integral part of maintaining a reliable and lasting partnership with our customers and shareholders.

Linz, February 9, 2016

The Management Board

Wolfgang Eder	Herbert Eibensteiner	Franz Kainersdorfer
Robert Ottel	Franz Rotter	Peter Schwab

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

Highlights

(Comparisons refer to the first three quarters of the BY 2014/15)

- Continuation of a moderate economic recovery in Europe; North America sees somewhat dwindling momentum; broad-based uncertainty regarding developments in China; India experiences a stable upward trend; Brazil and Russia continue to be in the grip of a recession
- Automobile industry, railway infrastructure, and aviation continue to be the main pillars of voestalpine's business; mechanical engineering sector shows signs of recovery; consumer goods industry is stable; energy, oil, and natural gas are still weak
- In the first nine months of the business year 2015/16, voestalpine increases both revenue and earnings compared to the previous year; earnings are significantly impacted by positive non-recurring effects, however, the operating profit is also higher
- Revenues increase by 1.5% from EUR 8,254.9 million to EUR 8,380.4 million
- EBITDA goes up by 11.1% from EUR 1,086.9 million to EUR 1,207.3 million; adjusted EBITDA up by 4.8% from EUR 1,020.4 million to EUR 1,069.7 million
- EBIT up by 15.9% from EUR 627.1 million to EUR 727.0 million; adjusted EBIT up by 4.5% from EUR 581.9 million to EUR 608.0 million
- Profit before tax increases by 18.8% from EUR 528.9 million to EUR 628.5 million; adjusted profit before tax up by 5.3% from EUR 483.7 million to EUR 509.5 million
- Profit for the period goes up by 17.6% from EUR 432.5 million to EUR 508.5 million; adjusted profit for the period down by 1.6% from EUR 389.1 million to EUR 382.8 million due to higher tax rate
- At currently 57.0%, the gearing ratio (net financial debt in percent of equity) is below the previous year's figure and lower than on the last reporting date
- Direct reduction plant in Corpus Christi, Texas, 90% completed

Interim Management Report

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

Report on the Group's business performance and the economic situation

Viewed globally, the economic development in the first nine months of the business year 2015/16 was characterized by increasingly dwindling growth momentum and fears of a renewed crisis, despite the fact that Europe was able to largely maintain its moderate growth throughout the year. In contrast, the solid economic growth in the NAFTA region throughout much of the year showed disappointing early indicators in the manufacturing industries toward the end of the year. In China, on the other hand, a very significant weakening of economic sentiment was felt much earlier. After a number of weak economic indicators across all industries and the resulting devaluation of the Chinese currency, ever since the fall of 2015, the country has been gripped by uncertainty about future economic prospects. Of the other major emerging economies, only India was able to increase economic momentum during the year, while Brazil and Russia remained in a deep recession.

Europe

In Europe, the somewhat positive economic trend, which began in previous reporting periods, continued in the last calendar quarter of 2015. The early economic indicators even improved toward the end of the year, reflecting a brightening of the mood in the European Union. At the end of the year, private consumption remained the main driver of the positive development, while investment activity stayed weak. Consequently, the performance of the manufacturing industries, including the construction sector, remained subdued, while the tertiary sector (service sector) maintained its robust trend.

In the third quarter of the current business year, the voestalpine Group continued to profit from both the very dynamic momentum in the automobile sector and solid demand in the consumer goods sector. The railway infrastructure and aviation sectors continued to demonstrate a strong performance.
The performance of the construction industry, which is comparatively less important for voestalpine, continued to be modest at best.
Largely unaffected by the positive development in individual industries, the European steel industry struggled with the continuing dramatic price decline on the spot market in the third quarter of the business year 2015/16, which was triggered by an unprecedented boom in imports of commodity steel, particularly from China and Russia. The Steel Division of voestalpine was only indirectly affected by these developments, as the volume it sells on the spot markets is not particularly noteworthy because the division is focused on highly specialized, top quality, sophisticated product segments. Nevertheless, the massive volume of products offered at dumping prices led to extremely negative sentiment on the steel market overall, which resulted in difficult negotiations even in the high-tech sector.

North America

While the economy in North America performed positively throughout the business year 2015/16 thus far, toward the end of the 2015 calendar year, the economy began to show weaknesses for the first time in quite a long time, which were triggered by disappointing early indicators in some branches of the manufacturing industries. In contrast, the service sector continued to perform at a solid level so that the overall economic situation in North America at the beginning of 2016 remains positive.

For voestalpine, business in North America in the first nine months of the current business year differed from industry to industry. While the rapid decline of the oil price and the associated greatly reduced exploration activity left its mark in the performance of the Special Steel and Metal Engineering Divisions, the Group's other activities in the NAFTA region performed at a very satisfactory level.
Demand from the aviation industry is particularly positive, but the automobile and consumer goods sectors as well as the railway infrastructure sector also maintained a stable performance.

Asia / China

Ever since the first half of 2015, signs of a slowdown of economic growth in China have been increasing on practically a monthly basis. At the heart of this development is the fact that the transition from an economy managed by the State to an economy that is consumer-oriented and consumer-driven in every respect—time, money, organization, and society itself—is more challenging than expected. The reaction of the Chinese Central Bank and the devaluation of the renminbi appears to have emphasized the pessimistic mood even more forcefully.
While demand in China for voestalpine products, for example, in the automotive component and tool steel sectors, remained stable, the cooling of the domestic economy in China produced massive waves on the international commodity markets. For example, the substantial decline in demand for commodity steel in China had a dramatic effect on the global commodity markets, resulting in yet another reinforcement of the already existing negative price trend. Furthermore, Chinese steel manufacturers looked for alternative sales opportunities on the global export markets, which led to an enormous price decline on the steel spot markets worldwide.
Although many economies reacted to this deluge of Chinese exports, which are subsidized by the State, with broad-based import restrictions, the European Union has thus far not been able to bring itself to implement comprehensive measures, with the exception of individual product groups. The result has been an explosion of imports during the course of the year and a dramatic plunge in prices on the European market.

Brazil

In the past quarter, the recession in Brazil has continued unchecked. The economic parameters are still dictated by negative economic growth that, in turn, swells the country's sovereign debt. The voestalpine locations in Brazil have reacted to these framework conditions with restructuring measures, rigorous cost-cutting programs, and increasing development of new international markets. As a result, the earnings of these Brazilian subsidiaries have remained satisfactory and stable.

Report on the financial key performance indicators of the voestalpine Group

Despite the fact that the economic environment has become increasingly challenging over the course of the year, the voestalpine Group was able to increase its revenue in the first nine months of the business year 2015/16 compared with the same period of the previous year by 1.5% from EUR 8,254.9 million to EUR 8,380.4 million. This development is due to a boost in sales revenue in the Steel Division and to positive effects of the first-time full consolidation of companies in the Metal Engineering Division previously consolidated at equity (voestalpine Tubulars GmbH & CO KG, Austria, and CNTT Chinese New Turnout Technology, China). Furthermore, acquisitions undertaken in this division last year in the special wire segment (Trafilerie Industriali S.p.A, Italy) and in the railway infrastructure segment (Bathurst Rail Fabrication Centre (BRFC), Australia) also contributed to the increase in revenue. In a year-to-year comparison, the Special Steel Division suffered a slight decline in revenue. This was due to the falling demand from the energy segment (oil and natural gas exploration), the negative effects of which were not entirely compensated by developments in other industries, some of which were outstanding, for example in the aviation industry. The Metal Forming Division also saw a decrease in revenue year over year, which, however, was the result of non-recurring effects following the divestment of companies involved in non-core business activities (Flamco Group and plastics companies—all headquartered in the Netherlands—and Rotec AB, Sweden), which had contributed to revenue in the comparable period of the previous year.

The change in the method of consolidation for two companies in the Metal Engineering Division, which is described at the beginning of this section, affected the earnings trend due to the required fair value measurement and the depreciation of the disclosed hidden reserves. For the first three quarters, this effect had a positive impact Group-wide with an EBITDA gain of EUR 137.6 million and an EBIT gain of EUR 119.0 million.

In order to undertake a comparison of the earnings from operations only, the figures published in accordance with IFRS must be adjusted by these effects, just as the previous year's figures must be adjusted by the non-recurring earnings contribution resulting from the divestment of the companies in the Metal Forming Division, which came to EUR 66.5 million in EBITDA and EUR 45.2 million in EBIT in the business year 2014/15.

Based on the reported figures (i.e., including the non-recurring effects), EBITDA rose by 11.1%, going from EUR 1,086.9 million in the previous year to EUR 1,207.3 million in the period under review. This corresponds to a current EBITDA margin of 14.4% (previous year: 13.2%)

Excluding the non-recurring effects both in the period under review and in the same period in the previous year, i.e., from a purely operational perspective, EBITDA increased by 4.8%, going from EUR 1,020.4 million in the previous year to EUR 1,069.7 million in the period under review; this corresponds to an adjusted EBITDA margin of 12.8% (previous year: 12.4%).

Compared with the previous year, EBIT reported in accordance with IFRS rose in the first nine months of 2015/16 from EUR 627.1 million to EUR 727.0 million, equaling an increase of 15.9% (EBIT margin of 8.7% compared with 7.6% in the previous year).

From a purely operational perspective, i.e., adjusted by the non-recurring effects, EBIT in the period under review is EUR 608.0 million, an increase of 4.5% over the previous year's figure of EUR 581.9 million. The EBIT margin is 7.3% in the period under review compared with 7.0% in the previous year.

This gratifying earnings trend was driven primarily by the Steel and Metal Forming Divisions, which boosted their results in a period-to-period comparison considerably, thus more than compensating for the decrease in business activity in the oil and natural gas segments, which affected the Special Steel and Metal Engineering Divisions most strongly.

Profit before tax and profit for the period also saw this very satisfactory trend. Profit before tax rose by 18.8%, going from EUR 528.9 million to EUR 628.5 million. Adjusted by the non-recurring effects, the increase is 5.3% from EUR 483.7 million in the previous year to EUR 509.5 million in the period under review.

In a year-to-year comparison, profit for the period (unadjusted) gained 17.6%, going to EUR 508.5 million (previous year: EUR 432.5 million). Adjusted by the non-recurring effects, it decreased by 1.6% from EUR 389.1 million in the previous year to EUR 382.8 million in the period under review, due to the unusually low tax rate in the previous year's period.

Equity increased by 11.5% in a year-to-year comparison to EUR 5,605.6 million (previous year: EUR 5,025.6 million). In addition to the gratifying earnings trend in the first nine months of the current business year, the first-time consolidation of the companies mentioned earlier also contributed to this rise. Furthermore, the expansion of the employee participation program through a capital increase amounting to 1.45% of the share capital raised equity by another EUR 85.3 million.

Compared with the reporting date of March 31, 2015, equity rose by 9.9% from EUR 5,115.0 million to EUR 5,605.6 million.
Net financial debt went up by 3.5% in a year-to-year comparison, going from EUR 3,086.6 million to EUR 3,194.8 million. Compared with the figure at the end of the business year 2014/15 (EUR 2,978.1 million), the increase was 7.3%. The reasons for this rise are the high level of investment and the payment of dividends in the second quarter of the business year 2015/16.
As, however, net financial debt rose considerably less than equity, the gearing ratio (net financial debt in percent of equity) was lowered both in a year-to-year comparison (from 61.4% to 57.0%) and compared with the reporting date of March 31, 2015 (58.2%).
As of the reporting date of December 31, 2015, the voestalpine Group had 47,900 employees (full-time equivalent, FTE). This corresponds to a gain of 3.1% in the last twelve months (previous year: 46,461 FTE). Compared with the figure on the reporting date at the end of the previous business year (47,418 FTE), this is an increase of 1.0%. This boost in headcount is due to acquisitions and to the previously mentioned change in consolidation.

Comparison of the quarterly and nine-month figures of the voestalpine Group

In millions of euros				Q 1 – Q 3		
	Q 1 2015/16[1] 04/01–06/30/2015	Q 2 2015/16[1] 07/01–09/30/2015	Q 3 2015/16 10/01–12/31/2015	2015/16 04/01–12/31/2015	2014/15[1] 04/01–12/31/2014	Change in %
Revenue	3,001.7	2,785.0	2,593.7	8,380.4	8,254.9	1.5
EBITDA	526.6	365.5	315.2	1,207.3	1,086.9	11.1
EBITDA margin	17.5%	13.1%	12.2%	14.4%	13.2%	
EBIT	368.4	206.7	151.9	727.0	627.1	15.9
EBIT margin	12.3%	7.4%	5.9%	8.7%	7.6%	
Profit before tax	328.2	176.4	123.9	628.5	528.9	18.8
Profit for the period[2]	289.5	131.3	87.7	508.5	432.5	17.6
Employees (full-time equivalent)	48,653	48,719	47,900	47,900	46,461	3.1

[1] Business year 2014/15, Q 1 2015/16 and Q 2 2015/16 retroactively adjusted. Further details are described under "General information/Accounting policies."
[2] Before deduction of non-controlling interests and interest on hybrid capital.

Steel Division

In millions of euros	Q 1 2015/16 04/01– 06/30/2015	Q 2 2015/16 07/01– 09/30/2015	Q 3 2015/16 10/01– 12/31/2015	Q 1 – Q 3 2015/16 04/01– 12/31/2015	Q 1 – Q 3 2014/15 04/01– 12/31/2014	Change in %
Revenue	1,060.9	929.9	844.3	2,835.1	2,812.7	0.8
EBITDA	134.2	119.0	106.6	359.8	308.2	16.7
EBITDA margin	12.6%	12.8%	12.6%	12.7%	11.0%	
EBIT	74.7	58.0	41.4	174.1	130.6	33.3
EBIT margin	7.0%	6.2%	4.9%	6.1%	4.6%	
Employees (full-time equivalent)	11,036	11,054	10,858	10,858	11,148	–2.6

Market environment and business development

In a year-to-year comparison, crude steel production in Europe went down slightly in the first three quarters of 2015/16, with the decline taking place primarily in the third quarter of the business year. In contrast, demand for steel in Europe during the same period actually trended up slightly, due mostly to higher demand on the European markets, driven by moderate economic growth in the EU. The reason why the production figures of the European steel industry could not keep with with growing demand for steel was that pressure from imports escalated during the current business year to an unprecedented degree. Especially the Chinese steel manufacturers reacted to dwindling domestic demand by expanding exports and flooding the spot markets worldwide with commodity products. Against this backdrop, the European Commission initiated investigations into dumping allegations against China, Russia, and other countries with regard to cold-rolled steel strip and other product groups as well, which, however, are less important for the European steel industry. The official decision regarding introduction of temporary customs duties for cold-rolled steel strip is expected shortly. Notwithstanding this measure, the European Steel Association EUROFER is trying to motivate the European institutions to take immediate and comprehensive trade measures with regard to other—and more significant—product groups.

The massive pressure on steel prices, however, is not just coming from dramatically increased imports but is also due to the continuously decreasing raw materials prices. The trend in the price of iron ore, which began to move downward early in the 2014 calendar year, briefly shifted laterally in the first half of the current business year, but in the third quarter of 2015/16, it recommenced its downward trajectory. Fine ore, the most important raw material for blast furnace-based crude steel production, fell in December 2015 to under USD 40 per ton (CFR China); just two years ago, its price had been USD 130 per ton. While the timeline has been different for scrap, the price has been on the same trajectory. While the drop in the price of scrap was still moderate in the 2014 calendar year, in the summer and fall of 2015, the price plummeted to around EUR 165 per ton. Due to this and other reasons, the spot price for hot-rolled strip in southern Europe fell toward the end of the third quarter of the business year 2015/16 to below EUR 300 for the first time. Although the Steel Division focuses on high-quality steel and long-term contracts with its customers and thus does not depend on spot business, it cannot escape such negative sentiment. Nevertheless, the effects of this trend on its earnings have been comparatively modest.

As far as the development of the most important customer segments of the Steel Division is concerned, in the first nine months of the business year 2015/16 it was once again the automobile industry that constituted the backbone of a continuing solid demand trend that was driven to no small degree by the increasing number of new car registrations that reflected the growth of the European automobile industry. Both the premium manufacturers and the manufacturers of compact and mid-size cars are profiting from this trend. Furthermore, the premium segment was able to maintain its high export rate to overseas markets, while continuing to expand local production, particularly in China and the USA. The mechanical engineering industry experienced volatility in the course of the business year, although demand was relatively stable toward the end of the 2015 calendar year. Demand in the European construction industry remains subdued. The white goods and consumer goods sectors, on the other hand, saw demand that remained at a satisfactory level. The heavy plate business segment, which is strongly focused on the energy sector (oil/natural gas), demonstrated a solid performance considering the difficult market environment. The long-standing strategy of providing a range of grades of the highest quality, especially in the pipeline segment, is a highly effective one, even in times when the oil and natural gas industries are seeing less activity. As a result, this business segment is enjoying almost full capacity utilization despite the challenging market.

In the first nine months of 2015/16, the Steel Division's investments were focused on the completion of several new key facilities at the Linz site. A new ladle furnace was put into operation in the 2015 calendar year, and in early January 2016, another vacuum system was commissioned so that now the secondary metallurgy 4 project has been completed on schedule. The replacement of the entire quarto rolling stand in the heavy plate business segment was also finished on time despite the tight deadline. The replacement was completed in only one month, and the new facility has been fully operational since mid-November 2015. In late October 2015, blast furnace 5 was recommissioned after a scheduled major repair that took four and a half months. The implementation of the continuous casting facility CC8 is still in its early phase. Ground was broken in July 2015, and construction is in full swing. Construction of the direct reduction plant in Corpus Christi, Texas, is getting close to its final phase. The roof of the reduction tower, which is the core piece of the facility, was largely completed in January 2016. In the first three quarters of 2015/16, the Steel Division undertook investments totaling EUR 557.7 million, 59.5% more than in the same period of the previous year.

Financial key performance indicators

In a year-over-year comparison, the Steel Division achieved revenue growth of 0.8%, going from EUR 2,812.7 million to EUR 2,835.1 million in the first three quarters of 2015/16. Considering the persistent recessive price trend and the loss of production volume during the repair of blast furnace 5, this is quite remarkable. One of the reasons for the increase in revenue was an improvement in the product mix in the heavy plate business segment. It fulfilled a major order for the energy segment, which was extremely demanding as far as quality is concerned, and this had a positive impact on revenue. The Division's figures in the reporting categories from operating activities are substantially above those of the previous year. The main reasons for this revenue growth include a boost in gross income (earnings less raw materials costs) and increasing positive effects of the ongoing efficiency and cost optimization program. This has not only more than compensated the slightly lower production volumes (blast furnace repair) but also considerably improved the operating result (EBITDA) and profit from operations (EBIT). While EBITDA rose by 16.7% from EUR 308.2 million (margin: 11.0%) to EUR 359.8 million (margin: 12.7%), EBIT even showed a gain of one third, going from EUR 130.6 million to EUR 174.1 million. As a result, the EBIT margin improved from 4.6% to 6.1%.

In a direct comparison of the third quarter of 2015/16 with the immediately preceding quarter, however, the key indicators fell. Price reductions in the quarterly contracts and the decrease in production volume in the heavy plate business segment due to investments resulted in a drop in revenue in a quarter-to-quarter comparison of 9.2%, going from EUR 929.9 million to EUR 844.3 million. Comparing earnings, the picture is a similar one: in the third quarter of the business year, EBITDA fell by 10.4% compared with the second quarter, going from EUR 119.0 million to EUR 106.6 million, causing the EBITDA margin to decrease as well (from 12.8% to 12.6%). Concurrently, EBIT also declined by 28.6% from EUR 58.0 million (margin: 6.2%) to EUR 41.4 million (margin: 4.9%). Nevertheless, despite a far more difficult market environment, this was still 16.6% higher than EBIT in the third quarter of the business year 2014/15 (EUR 35.5 million and a margin of 3.9%).

At 10,858 as of the end of the first three quarters of 2015/16, the number of employees (FTE) in the Steel Division was 2.6% below the previous year's figure (11,148) and 2.2% below the figure as of the end of the past business year (11,103).

Special Steel Division[1]

In millions of euros	Q 1 2015/16[1] 04/01–06/30/2015	Q 2 2015/16[1] 07/01–09/30/2015	Q 3 2015/16 10/01–12/31/2015	Q 1–Q 3 2015/16 04/01–12/31/2015	Q 1–Q 3 2014/15 04/01–12/31/2014	Change in %
Revenue	709.0	659.8	616.0	1,984.8	2,028.9	–2.2
EBITDA	99.9	86.2	73.8	259.9	278.9	–6.8
EBITDA margin	14.1%	13.1%	12.0%	13.1%	13.7%	
EBIT	65.2	52.5	40.5	158.2	176.0	–10.1
EBIT margin	9.2%	8.0%	6.6%	8.0%	8.7%	
Employees (full-time equivalent)	13,411	13,434	13,301	13,301	13,334	–0.2

[1] Business year 2014/15, Q 1 2015/16 and Q 2 2015/16 retroactively adjusted. Further details are described under "General information/Accounting policies."

Market environment and business development

The economic environment of the Special Steel Division in the first nine months of the current business year lost considerable momentum compared with the previous year. As a result, the number of incoming orders declined, especially from the mechanical engineering industry and from the oil and natural gas exploration sector. The weakening of the mechanical engineering industry was rooted in a lack of demand from China and Russia, two of its important export markets. Because the oil price has stayed very low, the use of special steel in the oil and natural gas sectors will continue to be significantly below that of recent years due to reduced exploration and drilling activity. Although the tool steel segment also experienced growing price pressure on standard products in the last months of the 2015 calendar year, its situation has generally been far more stable, as the capacity freed by lower demand for special steel in the oil and natural gas and mechanical engineering sectors has been used increasingly for the production of tool steel.

In the first three quarters of the business year 2015/16, the picture varied widely from region to region. Despite stable development in the automobile and consumer goods industries, the fall of 2015 was more difficult in Europe than expected. There is still no sign of a recovery in the energy engineering industry (power plants); the mechanical engineering industry has also remained below expectations. The low level of investment activity in the oil and natural gas industries has had a negative effect on the European suppliers of the global players in these industries. In contrast, the weakness of the euro has strengthened the division's competitive position in the USA compared with its North American competitors; this has had positive effects, particularly for deliveries to the aviation industry.

New automobile plants have been opened in Mexico, attracting suppliers who have set up operations there, resulting in increasing demand for locally manufactured tools. In Brazil, however, the economic climate worsened in the course of the year, and industry, especially automobile production, has faced declining sales figures. The low price of oil, combined with very high extraction costs at wells off the coast of Brazil, and rampant corruption scandals adversely affected the investment activity of Brazilian oil company Petrobras, which is important for the division. A positive aspect with regard to Brazil is that the rate of exchange for the Brazilian real has fallen significantly, thus strengthening the international competitiveness of local manufacturing operations, especially with regard to exports to North America. In Asia, particularly in China and India, the division profited from the favorable economic trend in the customer industries important for its products, and business volume was expanded compared to the previous year.

In the current business year, the High Performance Metals business segment (production) had to deal with lower demand due to the economic situation that has resulted in customers' high inventory levels. Nevertheless, it was able to once again increase deliveries of premium products, e.g., remelted and powder-metallurgical steel. The situation for open die forging products for the heavy mechanical engineering and energy engineering industries remained challenging. Volumes in the precision strip steel segment also declined, while the sales volume of special steel for the aviation industry rose. Overall, capacity utilization of the Special Steel Division's production companies in the first nine months of 2015/16 fell slightly below the previous year's level.

In the first nine months of the current business year, the Value-Added Services business segment greatly benefited from the ongoing expansion of the global sales network that includes service activities, such as heat treatment, pre-processing, and coating. Despite the challenging market conditions, the consistent strategy pursued by the Special Steel Division of continuing to expand its leading position as a premium service provider for toolmaking worldwide enabled the division to achieve greater delivery volumes at prices that were relatively consistent.

As far as the focal points of the investment activity of the Special Steel Division in the first three quarters of 2015/16 are concerned, an additional electro slag remelting (ESR) system was put into operation as scheduled in the first quarter of 2015/16 at the Hagfors location in Sweden. It is being used to manufacture premium tool steel. In the Value-Added Services business segment, the expansion of the location in Katowice, Poland, made the concentration of warehousing, heat treatment, coating, and processing at a Polish location possible. A new branch that will focus on support services for the oil and natural gas industries was opened in Singapore. In the third quarter of 2015/16, the division also established a center for additive manufacturing of components (3-D printing) in Düsseldorf; this is an important step for the advancement of future-oriented technologies. New applications will be developed here jointly with customers that build on existing competence in the production of powdered metal. The investment volume of the Special Steel Division in the first nine months of 2015/16 was at EUR 105.6 million, 6.6% higher than the figure in the same period of the previous year (EUR 99.1 million).

Financial key performance indicators

As a result of the challenging market environment, especially in the oil and natural gas sectors, the delivery volume of the Special Steel Division in the first three quarters of 2015/16 was somewhat lower than in the previous year. Economic effects, along with falling raw materials prices and shifts in the exchange rates—some of which were substantial—also created pressure on prices. While lower costs for raw materials exerted pressure on sales revenue, the strong US dollar had a positive effect for deliveries to North America. Against this backdrop, the revenue generated by the Special Steel Division fell in the first three quarters of 2015/16 compared to the same period of the previous year by 2.2%, going from EUR 2,028.9 million to EUR 1,984.8 million. The declining raw materials prices affected not only the price level but also required value adjustments of inventory that had commensurate negative effects on earnings. As a countermeasure to this trend, the division has stepped up its cost-cutting and lean management programs at key locations. As a result of these circumstances, the operating result (EBITDA) in the first three quarters of 2015/16, which amounted to EUR 259.9 million, was 6.8% below the previous year's figure of EUR 278.9 million; the EBITDA margin went down from 13.7% in the previous year to 13.1%.

The development of profit from operations (EBIT) was similar, falling by 10.1% from EUR 176.0 million (margin: 8.7%) to EUR 158.2 million (margin: 8.0%).
In comparison with the immediately preceding quarter, revenue fell by 6.6% from EUR 659.8 million in the second quarter of 2015/16 to EUR 616.0 million in the third quarter. Despite continuing solid sales of tool steel, they were not able to compensate declining deliveries to the oil and natural gas industries, which are now also affecting the division's business with customers in Asia. Due to lower delivery volumes and the value adjustments on inventory that were made in the last quarter, in the third quarter of 2015/16, both EBITDA and EBIT were lower than the figures in the immediately preceding quarter. While EBITDA dropped by 14.4% from EUR 86.2 million to EUR 73.8 million, EBIT went down by 22.9% from EUR 52.5 million to EUR 40.5 million. Therefore, in a comparison with the immediately preceding quarter, the EBITDA margin decreased from 13.1% to 12.0%, and the EBIT margin went from 8.0% to 6.6%.
The number of employees (FTE) in the Special Steel Division as of the end of the third quarter of 2015/16 was 13,301, 0.2% below the comparative figure in the previous year (13,334 FTE). This means that the increase in staff to handle the expanded service portfolio in the Value-Added Services business segment was largely offset by a decrease in staff in production facilities due to lower capacity utilization. Compared with the figure at the end of the last business year (13,490), headcount fell by 1.4%.

Metal Engineering Division

In millions of euros				Q 1 – Q 3		
	Q 1 2015/16 04/01–06/30/2015	Q 2 2015/16 07/01–09/30/2015	Q 3 2015/16 10/01–12/31/2015	2015/16 04/01–12/31/2015	2014/15 04/01–12/31/2014	Change in %
Revenue	774.0	751.3	687.7	2,213.0	1,960.3	12.9
EBITDA	236.1	100.0	90.4	426.5	295.9	44.1
EBITDA margin	30.5%	13.3%	13.1%	19.3%	15.1%	
EBIT	197.2	61.2	52.0	310.4	214.0	45.0
EBIT margin	25.5%	8.1%	7.6%	14.0%	10.9%	
Employees (full-time equivalent)	13,097	13,080	12,652	12,652	11,284	12.1

Market environment and business development

In the first three quarters of 2015/16, the performance of the Metal Engineering Division was characterized by the development of those industrial sectors that are the determining factor for the Group's earning potential—railway infrastructure, the automobile industry, and the energy industry (oil and natural gas). While demand from the railway infrastructure sector and the automobile industry remained stable at a very good level, investment by oilfield equipment suppliers fell drastically due to the dramatic deterioration of the price of oil. Despite this development, the division was able to maintain full capacity utilization at its steel base in Donawitz, Austria.
In the Rail Technology business segment, strong performance in Europe was reflected in the high demand for special rails, especially heat-treated rails. This development was driven primarily by

numerous projects focused on replacement of legacy equipment. Additionally, a good many projects were concluded with overseas railway operators. In order to achieve the high production figures necessary to fulfill all orders, production was expanded from a three-shift to a four-shift operation already at the beginning of the business year.

In the Turnout Systems business segment, the market environment in Europe was similarly positive. Attractive projects in the high-speed sector in China and cross-country routes and mass transit in the Middle East also contributed to the business segment's very satisfactory performance. In the first nine months of 2015/16, demand in the USA continued at a very good level, although most recently, there was a decline in investment in the freight transport segment due to a slowdown in metal production and processing and fewer shipments of wheat, oil, and coal. Raw materials suppliers Brazil and Australia were very restrained in their investments in railway infrastructure as raw materials prices are under enormous pressure.

During the course of the business year thus far, the Wire Technology business segment was able to fully utilize the capacity of its rolling mill in Donawitz, Austria, as business with automobile manufacturers has continued to boom. As far as the start-up of the wire rolling mill, which is set to begin in the first quarter of the business year 2016/17, is concerned, an additional shift will be added to the existing team, as the old and the new wire rolling mills will be operated in tandem until the end of the 2016 calendar year, in order to meet customer demand despite the transition. Compared with the previous year, the Wire Technology business segment most recently saw diminishing demand in the processing of drawn wire and special drawn wire.

As production in the Seamless Tubes business segment is geared to a large extent to the oil and natural gas industries, it has been adversely impacted throughout the entire business year 2015/16 thus far by the dramatic decline of the oil price. After completing orders from the previous year in the first months of the current business year, which had been concluded at more or less attractive prices, performance of this business segment during the last quarter has softened.

In the first three quarters of 2015/16, the Welding Technology business segment also suffered considerably from weak demand from the energy industry, which is its most important customer segment. While recent years already saw very few impulses from the energy engineering sector, in the current business year, demand from the oil and natural gas industries has collapsed completely. As a market recovery is not expected in the short term, a comprehensive restructuring program and a reduction of staff has been initiated.

The most important investment projects in the Metal Engineering Division are currently either in their final implementation phase or were already completed in the current business year. In early January 2016, a new walking beam furnace for rail production was put into operation; it will enable even better quality and will optimize throughput. As far as size and importance are concerned, the most significant project at the moment is the new wire rolling mill in Donawitz, Austria, which is scheduled to be put into operation in the first quarter of the next business year. Once it has been commissioned, this forward-looking plant with state-of-the-art technology will be available to provide the most sophisticated range of grades in the wire sector. Most recently, investments were also made in the Seamless Tubes business segment to expand its product portfolio. In the first three quarters of 2015/16, the Metal Engineering Division's investments amounted to EUR 148.5 million and were 10.1% below last year's figure of EUR 165.1 million.

Financial key performance indicators

In the first three quarters of 2015/16, the Metal Engineering Division increased its revenue by 12.9%, from EUR 1,960.3 million in the previous year to EUR 2,213.0 million. The increase in revenue, however, is not from operations but is due to the first-time full consolidation of voestalpine Tubulars GmbH & Co KG (Seamless Tubes business segment) and CNTT Chinese New Turnout Technologies Co., Ltd. (Turnout Systems business segment) as of April 1, 2015. The equity method had been used by the latter two companies to report financial results up to and including the business year 2014/15 so that their earnings were not included in the voestalpine consolidated financial statements. In addition to these accounting effects, the acquisitions made in the second half of 2014/15 of Bathurst Rail Fabrication Centre (Turnout Systems business segment) and Trafilerie Industriali S.p.A. (Wire Technology business segment) contributed to increase revenue. The weak oil and natural gas sectors had an adverse effect on revenue; this affected the Seamless Tubes, the Wire Technology, and the Welding Technology business segments.

In the first quarters of 2015/16, earnings were also impacted by non-recurring effects associated with the acquisition of the controlling interest in the two previously mentioned companies. In the Metal Engineering Division, reassessments based on fair value less depreciation of hidden reserves resulted in positive non-recurring effects in the first three quarters of 2015/16 amounting to EUR 126.5 million reported in EBITDA and EUR 107.9 million reported in EBIT. Against this backdrop, the operating result (EBITDA) rose by 44.1% to EUR 426.5 million in the current business year (previous year: EUR 295.9 million). Adjusted for non-recurring effects, EBITDA was also higher, although only by 1.4% at EUR 300.0 million. The adjusted EBITDA margin fell to 13.6% from 15.1%. Similarly to the (unadjusted) operating result, the (unadjusted) profit from operations (EBIT) also improved by 45.0% from EUR 214.0 million in the first three quarters of 2014/15 to EUR 310.4 million in the period under review. Reduced by the non-recurring effects, profit from operations declined compared with the first nine months of 2014/15 by 5.4% to EUR 202.5 million. The EBIT margin fell therefore from 10.9% in the previous year to 9.2% in the period under review. Improved performance from operations in the railway infrastructure sector (rails and turnouts) is contrasted with a sometimes significant decline in earnings in those business segments that are heavily involved with the energy sector.

Comparing the third quarter of 2015/16 with the second quarter of 2015/16, revenue decreased somewhat by 8.5% going from EUR 751.3 million to EUR 687.7 million. The lower level of investment in the railway infrastructure sector during the winter months is the main reason for this decline. Comparing the quarter under review with the immediately preceding quarter, non-recurring effects relating to depreciation of hidden reserves associated with the acquisition of full control of the two aforementioned companies had a negative impact of EUR −6.2 million on EBIT in the third quarter; the non-recurring effects were almost identical to those in the immediately preceding quarter (EUR 6.3 million). EBITDA fell by 9.6% in the third quarter of 2015/16 compared with the immediately preceding quarter, going from EUR 100.0 million to EUR 90.4 million; at 13.1%, the EBITDA margin remained practically unchanged in the third quarter due to lower revenue (immediately preceding quarter: 13.3%). EBIT fell by 15.0% in a quarter-to-quarter comparison, going from EUR 61.2 million to EUR 52.0 million. Taking the non-recurring effects during the quarter into consideration, EBIT decreased by 13.8%, going from EUR 67.5 million (margin: 9.0%) to EUR 58.2 million (margin: 8.5%). In addition to slightly lower earnings contributions due to seasonal effects by the Rail Technology business segment, the main reason was a continued weakening of the energy sector; this impacted the Seamless Tubes business segment by causing prices to decline.

As of December 31, 2015, the Metal Engineering Division had 12,652 employees (FTE), an increase of 12.1% compared to the same reporting date in the past business year (11,284). This gain is the result of the inclusion of employee figures of voestalpine Tubulars GmbH & Co KG and CNTT Chinese New Turnout Technologies Co., Ltd. and acquisitions in the current business year. Compared with the figure at the end of the last business year (11,685), headcount rose by 8.3%.

Metal Forming Division

In millions of euros	Q 1 2015/16 04/01–06/30/2015	Q 2 2015/16 07/01–09/30/2015	Q 3 2015/16 10/01–12/31/2015	Q 1 – Q 3 2015/16 04/01–12/31/2015	Q 1 – Q 3 2014/15 04/01–12/31/2014	Change in %
Revenue	565.5	540.9	543.4	1,649.8	1,742.4	–5.3
EBITDA	69.3	69.0	67.2	205.5	259.3	–20.7
EBITDA margin	12.3%	12.8%	12.4%	12.5%	14.9%	
EBIT	46.1	45.4	42.9	134.4	167.6	–19.8
EBIT margin	8.1%	8.4%	7.9%	8.1%	9.6%	
Employees (full-time equivalent)	10,282	10,314	10,212	10,212	9,885	3.3

Market environment and business development

In the first three quarters of 2015/16, the Metal Forming Division's market environment was dominated by the continuing stable development of its most important customer segment, the automobile industry. With the exception of the Storage Technology business segment, which maintained its high level of recent years, the other business segments remained subdued, although there were considerable differences from region to region.

As the European automobile manufacturers have been reporting outstanding production and sales figures, the Automotive Body Parts business segment saw a solid performance overall in the first three quarters of 2015/16, although it had to deal with the start-up of operations in a large number of plants. Concerns emerged in the spring of 2015 that sales in China, a very important market for German premium manufacturers, could stagnate or even contract, but these concerns proved to be unwarranted. European manufacturers are continuing to establish production facilities in the USA and China, and this business segment is being successfully integrated so that its global presence is being continuously expanded. As a result of the positive economic trend in Europe, the number of new compact and sub-compact cars being registered since early 2015 has increased significantly.

Momentum in the Tubes & Sections business segment during the business year 2015/16 thus far has been average across all the important sales regions and industrial segments. Demand from Great Britain and the USA has remained positive. In the European core markets, however, demand has been more or less subdued, although sentiment in individual sectors, such as the construction, commercial vehicle, and solar industries, has improved somewhat in several regions. Production facilities in Brazil reacted to the market's drastic decline with rigorous cost-cutting measures and a greater focus on exports. While generally the agricultural sector is stagnant due to low food prices, demand from international customers in the automobile industry in the area of passive safety components has been extremely satisfactory. The Precision Strip business segment has been able to assert itself extraordinarily well in the current business year despite a market environment that has been subject to strong competitive pressure for quite some time. Due to its strong international position, it recently acquired new customers in Europe as well. In North America, the business segment recently expanded its market presence by acquiring the US company Wickeder Steel Company (50 employees, domiciled in Pleasant Prairie, Wisconsin). This acquisition enables it to enhance its product portfolio, particularly in the segment of hardened special steel strip for high-quality applications, for example, the food sector.

In the first three quarters of 2015/16, the Warehouse & Rack Solutions business segment saw a healthy level of incoming orders, driven primarily by continuing robust demand for state-of-the-

art storage technologies from online retailers. Product innovations have enabled this business segment to not only profit from the current positive market situation but to undertake important strategic steps to leverage long-term competitive advantages with sophisticated new solutions for racking systems.
Investment activity by the Metal Forming Division in the first nine months of 2015/16 was focused on implementing its internationalization strategy in the Automotive Body Parts business segment. During the current business year, one of two new manufacturing plants outside of Europe for indirect hot forming of press-hardened steel ("phs") has already been successfully put into operation in Cartersville, GA, USA; the second plant in Shenyang, China, is in the start-up phase. Now a total of seven state-of-the-art plants are in operation. The pilot plant for direct hot forming of press-hardened steel based on the "phs" technology is already under construction in Schwäbisch-Gmünd, Germany. voestalpine is now well on its way to becoming a one-stop provider for the hot forming of galvanized steel. A second plant for the production of blanks right next to the existing plant in Linz, Austria, is on track both with regard to cost and construction progress. In the first nine months of 2015/16, the Metal Forming Division has spent EUR 120.2 million (previous year: EUR 126.9 million) on investments.

Financial key performance indicators

The revenue generated by the Metal Forming Division in the first three quarters of 2015/16 fell in a year-to-year comparison by 5.3%, going from EUR 1,742.4 million to EUR 1,649.8 million. The decrease is primarily due to divestments undertaken in the previous year (Flamco Group, plastics companies, Rotec AB). Furthermore, as a result of falling pre-material costs throughout the current business year, the general level of prices has been below that of the previous year. The excellent market environment for automobiles and the continued expansion of internationalization activities has had a positive effect on revenue. As far as earnings are concerned, at first glance, they appear to have declined if non-recurring effects in the previous year resulting from proceeds from divestments are excluded (EUR 66.5 million reported in EBITDA and EUR 45.2 million reported in EBIT), however, both the operating result (EBITDA) and profit from operations (EBIT) increased in a year-over-year comparison. Non-adjusted EBITDA dropped by 20.7% from EUR 259.3 million to EUR 205.5 million, and adjusted EBIT went down by 19.8% from EUR 167.6 million to EUR 134.4 million. Adjusted for non-recurring effects, in the first three quarters of the previous year, EBITDA was EUR 192.8 million; thus, there is an increase of 6.6% when comparing adjusted EBITDA. Adjusted for non-recurring effects, EBIT in the previous year was EUR 122.4 million; compared with EUR 134.4 million in the last nine months, this means a rise of 9.8%. The EBITDA margin adjusted for non-recurring effects improved significantly—not least due to the structural reforms implemented in the previous year—from 11.1% to 12.5%, while the adjusted EBIT margin also went up markedly from 7.0% to 8.1%.
The direct comparison of the third quarter of 2015/16 with the immediately preceding quarter shows that the revenue trend has been stable. A slight decline in the Tubes & Sections business segment in the third quarter of 2015/16 was compensated by revenue growth in the Automotive Body Parts business segment; overall, revenue rose in the third quarter compared to the immediately preceding quarter by 0.5%, going from EUR 540.9 million to EUR 543.4 million. In a comparison with the immediately preceding quarter, earnings in the third quarter—taking the customary seasonal effects into consideration—showed a solid performance: EBITDA went down by a very moderate decrease of 2.6% from EUR 69.0 million (margin: 12,8%) to EUR 67.2 million (margin: 12.4%), and EBIT fell by 5.5% from EUR 45.4 million to EUR 42.9 million. For the EBIT margin, this means a decline from 8.4% in the second quarter of 2015/16 to 7.9% in the quarter under review.
As of the end of the third quarter of 2015/16, the number of employees (FTE) in the Metal Forming Division was 10,212 or 3.3% higher than last year's figure in the same period (9,885). This gain is the result of the start-up of new plants in the Automotive Body Parts business segment as part of the Group's internationalization strategy and the acquisition of Wickeder Steel Company in the USA. Compared with the figure at the end of the last business year (10,328), headcount fell by 1.1%.

Business transactions with associated companies or parties

Information regarding business transactions with associated companies and parties is available in the Notes.

Outlook

While the beginning of the business year 2015/16 was still characterized by a relatively stable trend at a level that was satisfactory all in all, the market environment in the energy sector, particularly oil and natural gas, weakened over the summer months of 2015. At about the same time, a dramatic decline of steel prices on the spot markets began, first in Europe and subsequently worldwide. This was driven primarily by enormous overcapacity and concurrently increasingly weak markets not only in a number of emerging economies but in mature economies as well. The situation in Europe was—and still is—exacerbated by structural overcapacity that has existed since the financial and economic crisis at the end of the previous decade.

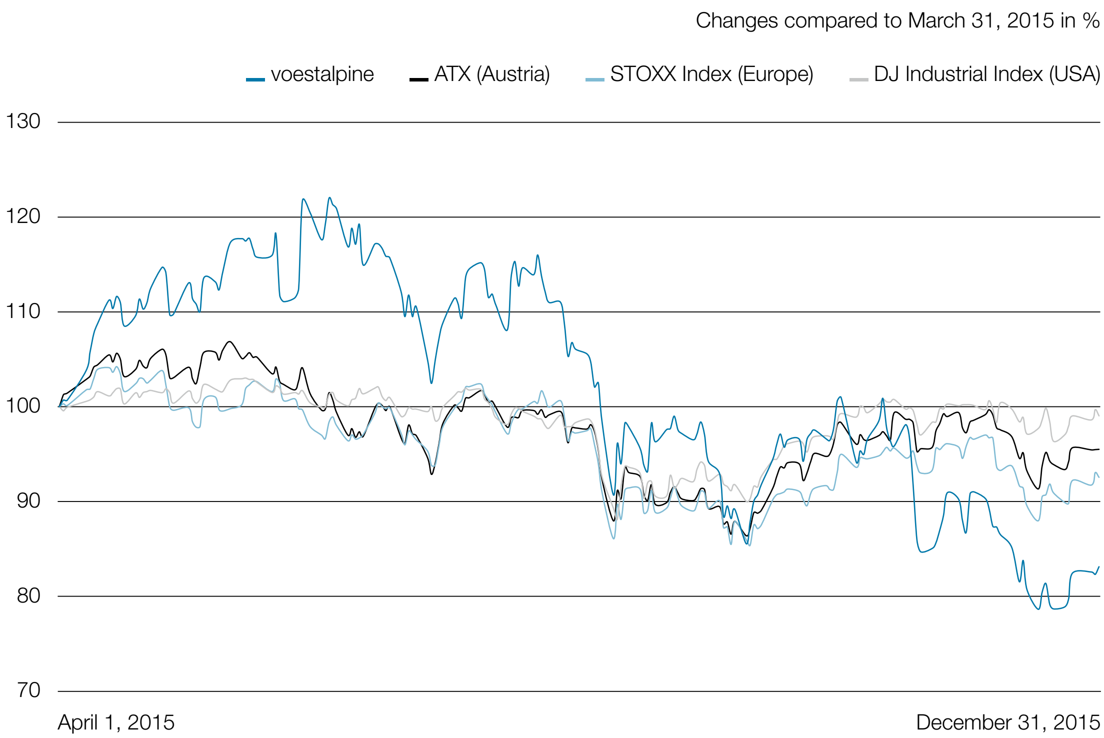
Around the end of the 2015 calendar year, the worldwide deterioration of prices for both oil and steel commodities reached new heights. Currently, the situation is is being aggravated by increasing uncertainty about the economic development in China.

voestalpine cannot hold out against these trends, however, their negative impact is relatively moderate due to voestalpine's longstanding consistent focus on premium products, both in the oil/natural gas and steel sectors, so that it is not dependent on the spot markets. In view of its strong position in the automotive, railway infrastructure, and aviation sectors, which continue to do very well and which make up around 50% of the Group's industrial portfolio, as well as the largely stable development in the mechanical engineering and consumer goods sectors, the somewhat weaker overall economic situation since the last quarterly report does not change the outlook for the business year 2015/16. As already stated in the report for the first half of the current business year, a somewhat weaker second half is expected to follow an overall satisfactory first half of 2015/16. As previously stated, both the operating result (EBITDA) and profit from operations (EBIT)—including non-recurring effects (changes in consolidation)—will remain higher than the previous year's adjusted figures; the adjusted earnings in the business year 2015/16 will, however, be lower than last year's adjusted figures.

As far as performance in the business year 2016/17, which begins on April 1st, is concerned, this will depend largely on how the global oil and natural gas markets develop and on how overcapacity in the raw materials sector and especially in the steel sector is handled. Notwithstanding how these issues are resolved, the overarching question of China's economic future—including the subject of its market economy status—remains the central criterion for the future development of the markets. From today's perspective, it is difficult to imagine a sustainable economic recovery without a real de-escalation in these problem areas that are highly relevant not only in an economic respect, but also politically.

Investor relations

voestalpine AG vs. the ATX and international indices



Price development of the voestalpine share

In times of escalating geopolitical crises, plunging commodity prices, and increasing global fears with regard to the economy, the pressure to sell cyclical stocks grows. Against this backdrop, it is not surprising that the performance of the voestalpine share in the first nine months of the business year 2015/16 lagged behind the benchmark indices ATX, STOXX Index Europe, and the Dow Jones Industrial. In the early part of the business year, the voestalpine share had wind in its sails in the form of a positive economic outlook and the publication of its solid figures in the past business year in early June 2015, and it was therefore able to move substantially ahead of the indices. The subsequent decline of the prices on the stock markets in the course of the summer was primarily due to the alarming news from China, where

stock prices dropped dramatically and rapidly. Ultimately, they were stabilized, but only with state intervention. The fact that the previously thriving emerging economies in Brazil and Russia have not been able to stabilize has also been a consistent drag on the capital markets. In addition to the deterioration of prices for raw materials, which profoundly affects both countries equally due to their dependence on exports, the problems in Brazil lie in declining consumer spending and constant political turmoil, while Russia is still in the grip of a massive recession resulting from sanctions over the Ukraine crisis.
Looking specifically at the steel industry, it faced tough market conditions worldwide that grew persistently during the current business year due to the steady flood of exports, primarily from China and Russia. The plummeting prices resulting from dumping on the steel spot markets and extremely reduced investment activity by the oil and natural gas industries had commensurate effects on voestalpine, and in mid-November the earnings outlook for the entire business year 2015/16 was downgraded. As a result, the share price lost even more value during the following weeks.
Overall, in the first nine months of 2015/16, the price of the voestalpine share suffered losses amounting to 17.4%, and as of the end of December 2015, it was at EUR 28.35, considerably below its price at the beginning of the business year (EUR 34.34).

Bonds

Type of bond	ISIN number	Volume	Interest rate	Share price (12/31/2015)
Corporate bond 2011–2018	AT0000A0MS58	EUR 500 million	4.75%	108.0
Corporate bond 2012–2018	XS0838764685	EUR 500 million	4.0%	107.5
Hybrid bond 2013	AT0000A0ZHF1	EUR 500 million	7.125%[1]	106.5
Corporate bond 2014–2021	AT0000A19S18	EUR 400 million	2.25%	103.5

[1] Interest rate: 7.125% p.a. from issue date to October 31, 2014; 6% p.a. from October 31, 2014 to October 31, 2019; five-year swap rate (from October 31, 2019) + 4.93% p.a. from October 31, 2019 to October 31, 2024; then three-month EURIBOR +4.93% p.a. + step-up of 1% p.a. from October 31, 2024.

voestalpine AG is currently being analyzed by the following investment banks/institutions:

■ Alpha Value, Paris ■ Baader Bank AG, Munich ■ Barclays, London ■ Bank of America/ Merrill Lynch, London ■ Berenberg, London ■ Citigroup, London ■ Commerzbank, Frankfurt ■ Credit Suisse, London ■ Deutsche Bank, London ■ Erste Bank, Vienna ■ Exane BNP Paribas, Paris ■ Goldman Sachs, London ■ HSBC, London ■ Jefferies, London ■ Kepler Cheuvreux, Frankfurt ■ Macquarie, London ■ Raiffeisen Centrobank, Vienna ■ Royal Bank of Canada Europe Ltd., London ■ Redburn, London ■ Société Générale, Paris ■ Steubing, Frankfurt ■ UBS, London.

Share information

Share capital	EUR 317,851,287.79 divided into 174,949,163 no-par value shares
Shares in proprietary possession as of December 31, 2015	28,597 shares
Class of shares	Ordinary bearer shares
Stock identification number	93750 (Vienna Stock Exchange)
ISIN	AT0000937503
Reuters	VOES.VI
Bloomberg	VOE AV

Prices (as of end of day)	
Share price high April 2015 to December 2015	EUR 41.58
Share price low April 2015 to December 2015	EUR 26.82
Share price as of December 31, 2015	EUR 28.35
Initial offering price (IPO) October 1995	EUR 5.18
All-time high price (July 12, 2007)	EUR 66.11
Market capitalization as of December 31, 2015*	EUR 4,958,123,443.27

* Based on total number of shares minus repurchased shares.

Business year 2014/15	
Earnings per share	EUR 3.11
Dividend per share	EUR 1.00
Book value per share	EUR 29.22

Financial calendar 2016/17	
Annual Report 2015/16	June 2, 2016
Record date for participation in the AGM	June 26, 2016
Annual General Shareholders' Meeting	July 6, 2016
Ex-dividend date	July 14, 2016
Record date for dividend payment	July 15, 2016
Dividend payment date	July 18, 2016
Letter to shareholders for the first quarter of 2016/17	August 9, 2016
Letter to shareholders for the second quarter of 2016/17	November 9, 2016
Letter to shareholders for the third quarter of 2016/17	February 9, 2017

voestalpine AG
Interim consolidated financial statements 12/31/2015

In accordance with International Financial Reporting Standards (IFRS).
This report is a translation of the original report in German, which is solely valid.

Consolidated statement of financial position

Assets

	04/01/2014[1]	03/31/2015[1]	12/31/2015
A. Non-current assets			
Property, plant and equipment	4,741.8	5,328.4	5,870.8
Goodwill	1,472.3	1,472.9	1,539.8
Other intangible assets	336.2	345.3	440.0
Investments in associates	214.7	219.1	121.8
Other financial assets	90.7	77.6	74.8
Deferred tax assets	211.5	238.7	212.8
	7,067.2	**7,682.0**	**8,260.0**
B. Current assets			
Inventories	2,883.7	2,977.5	3,103.7
Trade and other receivables	1,621.0	1,667.9	1,338.3
Other financial assets	429.7	412.8	399.4
Cash and cash equivalents	532.4	464.5	430.4
	5,466.8	**5,522.7**	**5,271.8**
Total assets	**12,534.0**	**13,204.7**	**13,531.8**

[1] Business year 2014/15 retroactively adjusted.
Further details are described under "General information/Accounting policies."

In millions of euros

Equity and liabilities

	04/01/2014[1]	03/31/2015[1]	12/31/2015
A. Equity			
Share capital	313.3	313.3	317.9
Capital reserves	470.8	471.9	551.7
Hybrid capital	993.9	497.9	497.9
Retained earnings and other reserves	3,429.9	3,767.5	4,036.5
Equity attributable to equity holders of the parent	**5,207.9**	**5,050.6**	**5,404.0**
Non-controlling interests	64.9	64.4	201.6
	5,272.8	**5,115.0**	**5,605.6**
B. Non-current liabilities			
Pensions and other employee obligations	1,029.3	1,267.3	1,206.5
Provisions	99.2	70.4	67.3
Deferred tax liabilities	61.4	63.1	100.0
Financial liabilities	2,596.7	3,004.6	3,237.5
	3,786.6	**4,405.4**	**4,611.3**
C. Current liabilities			
Provisions	497.9	513.6	547.1
Tax liabilities	58.3	77.2	101.8
Financial liabilities	831.8	890.2	812.0
Trade and other payables	2,086.6	2,203.3	1,854.0
	3,474.6	**3,684.3**	**3,314.9**
Total equity and liabilities	**12,534.0**	**13,204.7**	**13,531.8**

[1] Business year 2014/15 retroactively adjusted.
Further details are described under “General information/Accounting policies.”

In millions of euros

Consolidated statement of cash flows

	04/01 – 12/31/2014[1]	04/01 – 12/31/2015
Operating activities		
Profit for the period	432.5	508.5
Adjustments	410.1	345.0
Changes in working capital		
Changes in inventories	–142.0	–43.4
Changes in receivables and liabilities	48.5	–15.6
Changes in provisions	–24.1	43.2
	–117.6	**–15.8**
Cash flows from operating activities	**725.0**	**837.7**
Investing activities		
Additions of other intangible assets, property, plant and equipment	–764.7	–986.9
Income from disposals of assets	32.1	11.0
Cash flows from the acquisition of control of subsidiaries	–34.8	19.6
Cash flows from the loss of control of subsidiaries	120.3	0.1
Additions/divestments of other financial assets	19.1	9.1
Cash flows from investing activities	**–628.0**	**–947.1**
Financing activities		
Dividends paid	–230.0	–204.8
Dividends paid/capital increase non-controlling interests	–16.3	–43.8
Change of non-controlling interests	–9.7	–2.3
Redemption hybrid bond	–500.0	–
Capital increase/shareholder contribution	–	85.3
Change in non-current financial liabilities	498.8	238.0
Change in current financial liabilities	37.6	4.6
Cash flows from financing activities	**–219.6**	**77.0**
Net decrease/increase in cash and cash equivalents	**–122.6**	**–32.4**
Cash and cash equivalents, beginning of year	532.4	464.5
Net exchange differences	11.2	–1.7
Cash and cash equivalents, end of year	**421.0**	**430.4**

[1] Business year 2014/15 retroactively adjusted.
Further details are described under “General information/Accounting policies.”

In millions of euros

Consolidated statement of comprehensive income

Consolidated income statement

	04/01– 12/31/2014[1]	04/01– 12/31/2015	10/01– 12/31/2014[1]	10/01– 12/31/2015
Revenue	**8,254.9**	**8,380.4**	**2,693.8**	**2,593.7**
Cost of sales	–6,591.9	–6,547.2	–2,149.5	–2,033.6
Gross profit	**1,663.0**	**1,833.2**	**544.3**	**560.1**
Other operating income	303.0	261.2	87.9	94.7
Distribution costs	–732.9	–768.3	–245.7	–253.7
Administrative expenses	–442.5	–462.4	–145.0	–153.4
Other operating expenses	–206.1	–290.9	–72.3	–97.6
Share of profit of entities consolidated according to the equity method	42.6	154.2	13.4	1.8
EBIT	**627.1**	**727.0**	**182.6**	**151.9**
Finance income	42.3	21.7	7.9	6.4
Finance costs	–140.5	–120.2	–52.1	–34.4
Profit before tax (EBT)	**528.9**	**628.5**	**138.4**	**123.9**
Tax expense	–96.4	–120.0	–21.3	–36.2
Profit for the period	**432.5**	**508.5**	**117.1**	**87.7**
Attributable to:				
Equity holders of the parent	393.8	479.9	109.3	78.8
Non-controlling interests	7.2	11.7	1.6	3.4
Share planned for hybrid capital owners	31.5	16.9	6.2	5.6
Diluted and basic earnings per share (euros)	**2.28**	**2.74**	**0.63**	**0.45**

[1] Business year 2014/15 retroactively adjusted.
Further details are described under “General information/Accounting policies.”

In millions of euros

Consolidated statement of comprehensive income

Consolidated other comprehensive income

	04/01–12/31/2014[1]	04/01–12/31/2015	10/01–12/31/2014[1]	10/01–12/31/2015
Profit for the period	**432.5**	**508.5**	**117.1**	**87.7**
Items of other comprehensive income that will be reclassified to profit or loss				
Cash flow hedges	9.9	–17.8	4.2	1.6
Net investment hedges	–	–10.4	–	–2.8
Currency translation	48.2	–70.9	0.5	23.7
Share of profit of entities consolidated according to the equity method	6.5	0.1	0.6	3.8
Subtotal of items of other comprehensive income that will be reclassified to profit or loss	**64.6**	**–99.0**	**5.3**	**26.3**
Items of other comprehensive income that will not be reclassified to profit or loss				
Acturial gains/losses	–	62.7	–	2.8
Acturial gains/losses of entities consolidated according to the equity method	–	–1.2	–	–1.2
Subtotal of items of other comprehensive income that will not be reclassified to profit or loss	**–**	**61.5**	**–**	**1.6**
Other comprehensive income for the period, net of income tax	**64.6**	**–37.5**	**5.3**	**27.9**
Total comprehensive income for the period	**497.1**	**471.0**	**122.4**	**115.6**
Attributable to:				
Equity holders of the parent	457.2	447.3	114.5	106.9
Non-controlling interests	8.4	6.8	1.7	3.1
Share planned for hybrid capital owners	31.5	16.9	6.2	5.6
Total comprehensive income for the period	**497.1**	**471.0**	**122.4**	**115.6**

[1] Business year 2014/15 retroactively adjusted.
Further details are described under “General information/Accounting policies.”

In millions of euros

Consolidated statement of changes in equity

	Q 1 – Q 3 2014/15[1]			Q 1 – Q 3 2015/16		
	Group	Non-controlling interests	Total	Group	Non-controlling interests	Total
Equity as of April 1	**5,207.9**	**64.9**	**5,272.8**	**5,050.6**	**64.4**	**5,115.0**
Total comprehensive income for the period	488.7	8.4	497.1	464.2	6.8	471.0
Dividends to shareholders	–163.8	–8.3	–172.1	–174.8	–45.2	–220.0
Redemption hybrid bond	–500.0	–	–500.0	–	–	–
Dividends to hybrid capital owners	–66.2	–	–66.2	–30.0	–	–30.0
Tax effect from transactions with hybrid capital owners	10.4	–	10.4	5.6	–	5.6
Capital increase	–	–	–	85.3	–	85.3
Share-based payment	–	–	–	–1.0	–	–1.0
Acquisition of control of subsidiaries	–	–	–	–	173.2	173.2
Other changes	–1.1	–15.3	–16.4	4.1	2.4	6.5
Equity as of December 31	**4,975.9**	**49.7**	**5,025.6**	**5,404.0**	**201.6**	**5,605.6**

[1] Business year 2014/15 retroactively adjusted.
Further details are described under “General information/Accounting policies.”

In millions of euros

voestalpine AG

Notes

General information/accounting policies

These interim consolidated financial statements of voestalpine AG as of December 31, 2015 for the first three quarters of the business year 2015/16 were prepared in accordance with IAS 34 – Interim Financial Reporting. The accounting policies are unchanged from the annual consolidated financial statements for the business year 2014/15 with the following exceptions:

The following new and revised standards were adopted for the first time in the business year 2015/16

Standard	Content	Effective date[1]
IAS 19, amendments	Defined Benefit Plans: Employee Contributions	July 1, 2014
Various standards, amendments	Annual Improvements to International Financial Reporting Standards, 2010–2012 Cycle	July 1, 2014
Various standards, amendments	Annual Improvements to International Financial Reporting Standards, 2011–2013 Cycle	July 1, 2014

[1] These standards are applicable to reporting periods beginning on or after the effective date.

There were no material effects of the new and revised standards on voestalpine AG's interim consolidated financial statements.

The following three issues were adjusted retroactively in these consolidated interim financial statements according to IAS 8:

- As a result of changes to the Austrian AFRAC Opinion "Auswirkungen der steuerlichen Teilwertabschreibung nach § 12 Abs. 3 Z 2 KStG auf die Bilanzierung von Ertragsteuern nach IAS 12 in einem Konzern- oder separaten Einzelabschluss nach IFRS" (Impact of the write-down to current value for tax purposes in accordance with Section 12 (3) (2) of the Austrian Corporation Tax Act (KStG) on accounting for income taxes in accordance with IAS 12 in consolidated or single entity financial statements in accordance with IFRS) no provisions have to be considered for anticipated write-ups.
- In addition, deferred taxes are also netted for all companies per tax group.
- Provisions were formed for the first time for obligations similar to pension payments for a South American subsidiary.

Change in the consolidated statement of financial position

04/01/2014 = 03/31/2014	Values without restatement	Adjustments	Values retroactively adjusted
Total assets	**12,634.9**	**–100.8**	**12,534.1**
thereof Deferred tax assets	312.3	–100.8	211.5
Total equity and liabilities	**12,634.9**	**–100.8**	**12,534.1**
thereof Equity	5,261.6	11.2	5,272.8
thereof Pensions and other employee obligations	1,015.3	14.0	1,029.3
thereof Deferred tax liabilities	187.4	–126.0	61.4

In millions of euros

Change in the consolidated statement of financial position

12/31/2014	Values without restatement	Adjustments	Values retroactively adjusted
Total assets	**12,717.0**	**–118.8**	**12,598.2**
thereof Deferred tax assets	299.2	–118.8	180.4
Total equity and liabilities	**12,717.0**	**–118.8**	**12,598.2**
thereof Equity	5,014.0	11.6	5,025.6
thereof Pensions and other employee obligations	984.7	15.2	999.9
thereof Deferred tax liabilities	213.1	–145.6	67.5

In millions of euros

Change in the consolidated income statement

04/01 – 12/31/2014	Values without restatement	Adjustments	Values retroactively adjusted
Revenue	**8,254.9**	**0.0**	**8,254.9**
Cost of sales	–6,591.7	–0.2	–6,591.9
Gross profit	**1,663.2**	**–0.2**	**1,663.0**
Other operating income	303.0	0.0	303.0
Distribution costs	–732.9	0.0	–732.9
Administrative expenses	–442.4	–0.1	–442.5
Other operating expenses	–206.1	0.0	–206.1
Share of profit of entities consolidated according to the equity method	42.6	0.0	42.6
EBIT	**627.4**	**–0.3**	**627.1**
Finance income	42.3	0.0	42.3
Finance costs	–139.1	–1.4	–140.5
Profit before tax (EBT)	**530.6**	**–1.7**	**528.9**
Tax expense	–98.2	1.8	–96.4
Profit for the period	**432.4**	**0.1**	**432.5**
Attributable to:			
Equity holders of the parent	393.7	0.1	393.8
Non-controlling interests	7.2	0.0	7.2
Share planned for hybrid capital owners	31.5	0.0	31.5
Basic and diluted earnings per share (euros)	**2.28**	**0.00**	**2.28**

In millions of euros

Change in the consolidated other comprehensive income

04/01 – 12/31/2014	Values without restatement	Adjustments	Values retroactively adjusted
Profit for the period	**432.4**	**0.1**	**432.5**
Items of other comprehensive income that will be reclassified subsequently to profit or loss			
Cash flow hedges	9.9	0.0	9.9
Currency translation	47.9	0.3	48.2
Share of profit of entities consolidated according to the equity method	6.5	0.0	6.5
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss	**64.3**	**0.3**	**64.6**
Other comprehensive income for the period, net of income tax	**64.3**	**0.3**	**64.6**
Total comprehensive income for the period	**496.7**	**0.4**	**497.1**
Attributable to:			
Equity holders of the parent	456.8	0.4	457.2
Non-controlling interests	8.4	0.0	8.4
Share planned for hybrid capital owners	31.5	0.0	31.5
Total comprehensive income for the period	**496.7**	**0.4**	**497.1**

In millions of euros

Change in the consolidated income statement

10/01 – 12/31/2014	Values without restatement	Adjustments	Values retroactively adjusted
Revenue	**2,693.8**	**0.0**	**2,693.8**
Cost of sales	–2,149.5	0.0	–2,149.5
Gross profit	**544.3**	**0.0**	**544.3**
Other operating income	87.9	0.0	87.9
Distribution costs	–245.7	0.0	–245.7
Administrative expenses	–144.9	–0.1	–145.0
Other operating expenses	–72.3	0.0	–72.3
Share of profit of entities consolidated according to the equity method	13.4	0.0	13.4
EBIT	**182.7**	**–0.1**	**182.6**
Finance income	7.9	0.0	7.9
Finance costs	–51.7	–0.4	–52.1
Profit before tax (EBT)	**138.9**	**–0.5**	**138.4**
Tax expense	–22.1	0.8	–21.3
Profit for the period	**116.8**	**0.3**	**117.1**
Attributable to:			
Equity holders of the parent	109.0	0.3	109.3
Non-controlling interests	1.6	0.0	1.6
Share planned for hybrid capital owners	6.2	0.0	6.2
Basic and diluted earnings per share (euros)	**0.63**	**0.00**	**0.63**

In millions of euros

Change in the consolidated other comprehensive income

10/01 – 12/31/2014	Values without restatement	Adjustments	Values retroactively adjusted
Profit for the period	**116.8**	**0.3**	**117.1**
Items of other comprehensive income that will be reclassified subsequently to profit or loss			
Cash flow hedges	4.2	0.0	4.2
Currency translation	0.1	0.4	0.5
Share of profit of entities consolidated according to the equity method	0.6	0.0	0.6
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss	**4.9**	**0.4**	**5.3**
Other comprehensive income for the period, net of income tax	**4.9**	**0.4**	**5.3**
Total comprehensive income for the period	**121.7**	**0.7**	**122.4**
Attributable to:			
Equity holders of the parent	113.8	0.7	114.5
Non-controlling interests	1.7	0.0	1.7
Share planned for hybrid capital owners	6.2	0.0	6.2
Total comprehensive income for the period	**121.7**	**0.7**	**122.4**

In millions of euros

Change in the consolidated statement of cash flows

04/01 – 12/31/2014	Values without restatement	Adjustments	Values retroactively adjusted
Operating activities			
Profit for the period	432.4	0.1	432.5
Adjustments	410.2	–0.1	410.1
Changes in working capital	–117.6	0.0	–117.6
Cash flows from operating activities	**725.0**	**0.0**	**725.0**
Cash flows from investing activities	**–628.0**	**0.0**	**–628.0**
Cash flows from financing activities	**–219.6**	**0.0**	**–219.6**
Net decrease/increase in cash and cash equivalents	**–122.6**	**0.0**	**–122.6**
Cash and cash equivalents, beginning of period	532.4	0.0	532.4
Net exchange differences	11.2	0.0	11.2
Cash and cash equivalents, end of period	**421.0**	**0.0**	**421.0**

In millions of euros

Further information on the other principles of preparation is provided in the consolidated financial statements as of March 31, 2015, on which these interim consolidated financial statements are based.

The interim consolidated financial statements are presented in millions of euros (the functional currency of the parent company). The use of automated calculation systems may result in rounding differences.

Unless otherwise stated, comparative information relates to the first three quarters of the business year 2014/15 (reporting date: December 31, 2014).

The present interim consolidated financial statements have not been audited or reviewed by auditors.

Scope of consolidated financial statements/acquisitions

The changes made in the scope of consolidated financial statements during the reporting period were as follows:

	Full consolidation	Equity method
As of April 1, 2015	**274**	**11**
Acquisitions	1	1
Change in consolidation method		
Additions	5	
Disposals		–3
Reorganizations	–3	
Divestments or disposals	–2	
As of December 31, 2015	**275**	**9**
Of which foreign companies	216	4

The following entities were deconsolidated during the first three quarters of the business year 2015/16:

Name of entity
Full consolidation in the business year 2014/15
Aktiebolaget Finansa
Associated Swedish Steels Aktiebolag
Reorganization – full consolidation in the business year 2014/15
voestalpine Stahl Service Center GmbH
BÖHLERSTAHL Vertriebsgesellschaft m.b.H.
Bohler High Performance Metals Private Limited
Equity method in the business year 2014/15
voestalpine Tubulars GmbH
voestalpine Tubulars GmbH & Co KG
CNTT Chinese New Turnout Technologies Co., Ltd.

On September 4, 2015, the voestalpine Group sold all its shares of Aktiebolaget Finansa and Associated Swedish Steels Aktiebolag at the book value of EUR 0.0 million.

The following entities are being included in the interim consolidated financial statements for the first time in the first three quarters of the business year 2015/16:

Name of entity	Interest in %
Full consolidation	
voestalpine Tubulars GmbH	57.500%
voestalpine Tubulars GmbH & Co KG	49.600%
CNTT Chinese New Turnout Technologies Co., Ltd.	50.000%
Eschmann Steels Trading (Shanghai) Co., Ltd.	100.000%
voestalpine Additive Manufacturing Center GmbH	100.000%
voestalpine Precision Strip WI, Inc.	100.000%
Equity method	
WS Service GmbH	49.000%

Taking into consideration the shares in voestalpine Tubulars GmbH & Co KG held by voestalpine Tubulars GmbH, this results in an interest held by the Group in voestalpine Tubulars GmbH & Co KG that has been calculated to be 49.8875%.

Up to March 31, 2015, the equity method was used for the former joint ventures voestalpine Tubulars GmbH, voestalpine Tubulars GmbH & Co KG, and CNTT Chinese New Turnout Technologies Co., Ltd. and, beginning with the business year 2015/16, full consolidation is being applied as the Group has obtained control over these companies. The other additions to the scope of consolidated financial statements of fully consolidated entities include one acquisition and two newly established subsidiaries.

The company valuations of voestalpine Tubulars GmbH & Co KG, voestalpine Tubulars GmbH, and CNTT Chinese New Turnout Technologies Co., Ltd. were conducted by an independent expert. The valuation of non-controlling interests is determined in accordance with the fair values of the acquired assets and liabilities. Significant fair value adjustments were recorded for customer relationships, technology, property, plant and equipment, and inventories in accordance with IFRS 3. Non-controlling interests are reported in accordance with the partial goodwill method so that no goodwill is realized for non-controlling interests.

In accordance with IFRS 3, the acquired companies are included in the interim consolidated financial statements at the fair value carried forward of the acquired assets, liabilities, and contingent liabilities determined as of the acquisition date, including depreciation and amortization as appropriate. The carrying amount of the non-controlling interests is determined based on the fair values carried forward for the assets and liabilities acquired.

On April 8, 2015, effective as of April 1, 2015, voestalpine Bahnsysteme Vermögensverwaltungs GmbH and Grant Prideco European Holding LLC revised almost every existing contractual agreement relating to the control and management structure of voestalpine Tubulars GmbH & Co KG. At the same time, it was agreed to increase the interest of the voestalpine Bahnsysteme Vermögensverwaltungs GmbH in the managing "Komplementär-GmbH" (close corporation general partner) from 50.0% to 57.5%.

The company was presented in the business year 2014/15 as a joint venture between Grant Prideco European Holding LLC (subsidiary of the US-based group National Oilwell Varco, Inc. with expertise in the segments of drill pipes and premium pipe couplings) and voestalpine Bahnsysteme Vermögensverwaltungs GmbH, which, through its subsidiary voestalpine Stahl Donawitz GmbH, has applicable steel expertise and can furnish the pre-materials that meet the exacting quality requirements. The headquarters and production location of voestalpine Tubulars GmbH & Co KG are located in Kindberg, Austria. The company has sales offices in the USA and in the Middle East.

As a result of the fundamental revision of the key contractual agreements associated with the clear-cut change in the close corporation general partner's shareholding, the criterion of control in accordance with IFRS 10.6 is fulfilled from April 2015 onward, since this enables operational management that is consistent with the interests of voestalpine.

This includes control over the budget (in the sense of setting the controlling operating conditions for management), including the supply of pre-materials, tax and financial policy, and fundamental marketing activities. With the amendments in the contractual agreements, voestalpine Bahnsysteme Vermögensverwaltungs GmbH will in the future be able to implement all essential operating matters in accordance with its interests, both on the Management Board and on the Supervisory Board (in connection with the decisive vote cast by the Chairman).

The fair values of the identifiable assets and liabilities of voestalpine Tubulars GmbH & Co KG and voestalpine Tubulars GmbH are as follows once control has been achieved:

	Recognized values
Non-current assets	232.5
Current assets	212.9
Non-current provisions and liabilities	–80.4
Current provisions and liabilities	–77.8
Net assets	**287.2**
Addition of non-controlling interests	–143.8
Goodwill	67.1
Costs of acquisition	**210.5**
Cash and cash equivalents acquired	0.4
Fair value of investments of previously recognized joint ventures	–198.2
Non-cash compensation	–12.3
Net cash inflow	**0.4**

In millions of euros

Goodwill of EUR 67.1 million results from the profit potential of the company, which cannot be allocated to individual capitalizable items according to IFRS, in particular, the extensive technical expertise and the excellent sales expertise of the employees. Goodwill is assigned completely to the "Tubulars" unit, which carries the goodwill. It is not expected that any part of included goodwill will be eligible for corporate tax deductions.

Prior shares were included as a joint venture using the equity method. Directly before control was achieved, the prior shares were reassessed at fair value. This resulted in proceeds of EUR 133.6 million (including a recycling of cash flow hedges), which are recognized in the first three quarters of the business year 2015/16 in the share of profit of entities consolidated according to the equity method. Depreciation of disclosed hidden reserves resulted in an expense of EUR 35.2 million in the first three quarters of the business year 2015/16.

Since its initial consolidation, voestalpine Tubulars GmbH & Co KG and voestalpine Tubulars GmbH have contributed revenue of EUR 265.0 million to consolidated revenue. Their share of the Group's profit for the period was EUR 0.1 million (after depreciation of the hidden reserves recognized within the scope of purchase price allocation) for the same period. voestalpine Tubulars GmbH & Co KG and voestalpine Tubulars GmbH were initially consolidated as of April 1, 2015.

As part of the first-time full consolidation of voestalpine Tubulars GmbH & Co KG and voestalpine Tubulars GmbH, the following are being taken over at fair value: trade receivables of EUR 46.3 million (gross carrying amount: EUR 46.3 million); receivables from finance and clearing of EUR 56.9 million (gross carrying amount: EUR 56.9 million); and other receivables of EUR 8.0 million (gross carrying amount: EUR 8.0 million). Receivables expected to be uncollectible are considered immaterial and negligible.

Effective April 1, 2015, the fundamental revision of the key contractual agreements constitutes the criterion of control for CNTT Chinese New Turnout Technologies Co., Ltd. in accordance with IFRS 10.6. Two voestalpine companies hold 50% of CNTT Chinese New Turnout Technologies Co., Ltd. Because of the prior alternating nomination right for the CEO (between the joint venture partner and voestalpine), who has the decision-making powers for essential matters, CNTT Chinese New Turnout Technologies Co., Ltd. was previously treated as a company under joint control and, until March 31, 2015, included in the voestalpine consolidated financial statements using the equity method. Because of a change in the articles of association, from now on the Board of Directors will have decision-making powers; the majority of representatives on this Board are from voestalpine. Consequently, starting April 1, 2015, CNTT Chinese New Turnout Technologies Co., Ltd. has been fully consolidated. The company produces turnouts and expansion joints for the continuing development of the high-speed railway network in China.

The fair value of the identifiable assets and liabilities of CNTT Chinese New Turnout Technologies Co., Ltd. is as follows once control has been achieved:

	Recognized values
Non-current assets	27.2
Current assets	79.2
Non-current provisions and liabilities	–1.5
Current provisions and liabilities	–46.1
Net assets	**58.8**
Addition of non-controlling interests	–29.4
Goodwill	0.2
Costs of acquisition	**29.6**
Cash and cash equivalents acquired	23.9
Fair value of investments of previously recognized joint ventures	–29.6
Net cash inflow	**23.9**

In millions of euros

Goodwill of EUR 0.2 million results from the profit potential of the company, which according to IFRS, cannot be allocated to individual capitalizable items. Goodwill is assigned completely to the "Turnout Systems" unit, which carries the goodwill. It is not expected that any part of recognized goodwill will be eligible for corporate tax deductions.

Prior shares were included as a joint venture using the equity method. Directly before control was achieved, the prior shares were reassessed at fair value. This resulted in proceeds of EUR 12.2 million (including a recycling of currency translation differences), which are recognized in the first three quarters of the business year 2015/16 in the share of profit of entities consolidated according to the equity method. Depreciation of disclosed hidden reserves resulted in an expense of EUR 2.2 million in the first three quarters of the business year 2015/16.

Since its initial consolidation, CNTT Chinese New Turnout Technologies Co., Ltd. has contributed revenue of EUR 64.1 million to consolidated revenue. Its share of the Group's profit for the period was EUR 10.9 million for the same period. CNTT Chinese New Turnout Technologies Co., Ltd. was initially consolidated as of April 1, 2015.

As part of the first-time full consolidation of CNTT Chinese New Turnout Technologies Co., Ltd., the following were taken over at fair value: trade receivables of EUR 23.3 million (gross carrying amount: EUR 28.5 million); and other receivables of EUR 0.1 million (gross carrying amount: EUR 0.1 million).

voestalpine Precision Strip GmbH, a company in the Metal Forming Division, acquired the US company Wickeder Steel Company (now voestalpine Precision Strip WI, Inc.) in Wisconsin at the start of November 2015. This company specializes in heat treating and hardening carbon steel to produce saws, hand tools, and flap valves and ranks among the top five on the US market. This company has 50 employees, and in 2015, it recorded revenue of around EUR 13 million. Wickeder Steel Company's product and technology range is in line with the Precision Strip business segment's US growth strategy and its core competences. Wickeder Steel Company has a long history of heat treating and hardening special strip steel for the highest customer requirements. This acquisition will additionally reinforce voestalpine's product range for hardened special strip steel for high-quality applications such as band saw blades for the food sector. voestalpine Precision Strip WI, Inc. was initially consolidated as of November 2, 2015.

voestalpine WBN B.V. Netherlands, which is part of the Metal Engineering Division of the voestalpine Group, acquired Rail Service Netherlands (RSN), which is headquartered in Alkmaar, on September 1, 2015 as part of an asset deal. This company, which has around ten employees, manufactures turnout drives and corresponding mechanical interfaces (drive and detection rods) for the Dutch market. The most important strategic considerations of the asset deal are to strengthen and ensure the market position of voestalpine WBN B.V. by integrating drive, locking, and detection technology (system turnouts for the Netherlands), creation of a competence center for signaling technology for the Netherlands as well as the expansion of the existing service business, the acceleration of the market entry of other signaling products by leveraging the excellent reputation of RSN, and the more rapid market expansion of RSN turnout drives due to the excellent market position of voestalpine on the Dutch railway market.

These two acquisitions had the following impact on the interim consolidated financial statements:

	Recognized values
Non-current assets	4.4
Current assets	4.7
Non-current provisions and liabilities	–2.3
Current provisions and liabilities	–1.2
Net assets	**5.6**
Badwill	–0.6
Costs of acquisition	**5.0**
Cash and cash equivalents acquired	–0.1
Agreement on contingent consideration	–0.3
Net cash outflow	**4.6**

In millions of euros

Since their initial consolidation, these acquisitions have contributed revenue of EUR 1.8 million to consolidated revenue. Its share of the Group's profit for the period was EUR –0.1 million for the same period. The consolidated revenue would have been EUR 7.8 million higher and the Group's profit for the period would have been EUR –0.1 million lower if the acquisitions had been consolidated as of April 1, 2015.

As part of the first-time full consolidation of voestalpine Precision Strip WI, Inc., fair values for trade receivables of EUR 1.4 million (gross carrying amount: EUR 1.4 million) and other receivables of EUR 0.1 million (gross carrying amount: EUR 0.1 million) were taken over. Receivables that are expected to be uncollectible are considered immaterial and negligible. Acquisition-related costs of EUR 0.1 million were recognized in other operating expenses for this acquisition.

The earn out clause "Inventory Pay-Out" agreed during the acquisition of voestalpine Precision Strip WI, Inc. stipulates that of the "inventories at risk" identified in the agreement, 50% of the proceeds generated from the sale of "inventories at risk" (capped at USD 0.5 million and for a limited period through to June 30, 2017) will be remunerated in addition to the agreed purchase price.

With regard to the first-time full consolidations in accordance with IFRS 3, due to time constraints and the fact that not all valuations have been completed, the following items are to be considered provisional: property, plant and equipment, intangible assets, inventories, and provisions—and consequently goodwill as well.

The increase in majority interests is treated as a transaction between owners. The difference between the costs of acquisition of additional shares and the pro-rated carrying value of the non-controlling interests is recognized directly in equity. During the first three quarters of the business year 2015/16, EUR 2.4 million (2014/15: EUR 9.9 million) was paid for the acquisition of non-controlling interests or provisions were formed for the payment thereof. Non-controlling interests amounting to EUR 0.0 million (2014/15: EUR 7.6 million) were derecognized, and the remaining amount of EUR 2.4 million (2014/15: EUR 2.3 million) was recognized directly in equity.

The decrease in majority interests is treated as a transaction between owners. The difference between the fair value and the non-controlling interests is recognized directly in equity. In the first three quarters of the business year 2015/16, non-controlling interests were exchanged at the fair value of EUR 4.9 million (2014/15: EUR 0.0 million) (see Chapter "Shares in immaterial associates"). Non-controlling interests amounting to EUR 1.0 million (2014/15: EUR 0.0 million) were derecognized, and the remaining amount of EUR 3.9 million (2014/15: EUR 0.0 million) was recognized directly in equity.

Put options granted to non-controlling shareholders in exchange for their shares in Group companies are recorded in the statement of financial position as liabilities stated at fair value. If the risks and rewards associated with ownership of a non-controlling interest have already been transferred at the time the majority interest was acquired, an acquisition of 100% of the entity is assumed. If, however, the risks and rewards are not transferred, the non-controlling interests continue to be shown in equity. The liability is covered by a direct transfer from retained earnings with no effect on profit or loss (double credit approach).

Outstanding put options, which are offset against equity, had a fair value of EUR 0.6 million (March 31, 2015: EUR 0.6 million) as of December 31, 2015.

Subsidiaries with material non-controlling interests

Name of the subsidiary	Domicile	12/31/2015	
		Proportion of ownership	Proportion of ownership interests held by non-controlling interests
voestalpine Tubulars GmbH & Co KG	Kindberg, Austria	49.8875%	50.1125%
CNTT Chinese New Turnout Technologies Co., Ltd.	Qinhuangdao, China	50.0000%	50.0000%

In the reporting period, the total of all non-controlling interests amounts to EUR 201.6 million, of which EUR 112.0 million is attributable to voestalpine Tubulars GmbH & Co KG and EUR 28.5 million is attributable to CNTT Chinese New Turnout Technologies Co., Ltd. The remaining non-controlling interests, seen individually, can be considered immaterial for the Group.

Summarized financial information for each subsidiary with non-controlling interests that are material for the Group is depicted in the following chart. The figures correspond to amounts prior to the elimination of Group-internal transactions.

Summarized statement of financial position

	12/31/2015	
	voestalpine Tubulars GmbH & Co KG	CNTT Chinese New Turnout Technologies Co., Ltd.
Non-current assets	86.9	20.5
Current assets	133.8	101.6
Non-current provisions and liabilities	33.9	0.0
Current provisions and liabilities	66.8	67.5
Net assets (100%)	**120.0**	**54.6**

In millions of euros

Summarized income statement

	04/01 – 12/31/2015	
	voestalpine Tubulars GmbH & Co KG	**CNTT Chinese New Turnout Technologies Co., Ltd.**
Revenue	274.0	64.1
EBIT	23.1	16.4
Profit for the period	26.5	12.6
Attributable to:		
Equity holders of the parent	13.2	6.3
Non-controlling interests	13.3	6.3
Dividends paid to non-controlling interests	31.0	4.7

In millions of euros

Summarized statement of cash flows

	04/01 – 12/31/2015	
	voestalpine Tubulars GmbH & Co KG	**CNTT Chinese New Turnout Technologies Co., Ltd.**
Cash flows from operating activities	3.4	15.0
Cash flows from investing activities	30.2	–1.0
thereof additions/divestments of other financial assets	56.2	0.0
Cash flows from financing activities	–33.7	–2.4
Net decrease/increase in cash and cash equivalents	**–0.1**	**11.6**

In millions of euros

Investments in associates and joint ventures

Shares in immaterial joint ventures

As of December 31, 2015 only Jiaxing NYC Industrial Co., Ltd is reported as a joint venture. Up to March 31, 2015, the equity method was used for the former joint ventures voestalpine Tubulars GmbH & Co KG (up to now classified as material joint venture), voestalpine Tubulars GmbH, and CNTT Chinese New Turnout Technologies Co., Ltd. (up to now classified as immaterial joint ventures) and, beginning with the business year 2015/16, full consolidation is being applied as the Group has obtained control over these companies. For the related amounts recognized in the share of profit of entities consolidated according to the equity method and in the other comprehensive income see Chapter "Scope of consolidated financial statements/acquisitions."

Profits from the joint ventures, which are individually immaterial for the voestalpine interim consolidated financial statements, are included using the equity method. This information is related to the interest held by the voestalpine Group in immaterial joint ventures and breaks down as follows:

	04/01 – 12/31/2014	04/01 – 12/31/2015
Group share of		
Profit for the period	6.6	0.1
Other comprehensive income	3.1	0.0
Comprehensive income	**9.7**	**0.1**
Carrying amount immaterial joint ventures	**35.3**	**3.3**

In millions of euros

Shares in immaterial associates

The profit from associates that are individually immaterial for the voestalpine interim consolidated financial statements are included using the equity method. This information is related to the interest held by the voestalpine Group in associates and breaks down as follows:

	04/01– 12/31/2014	04/01– 12/31/2015
Group share of		
Profit for the period	8.0	8.3
Other comprehensive income	3.5	0.1
Comprehensive income	**11.5**	**8.4**
Carrying amount immaterial associates	**107.9**	**118.5**

In millions of euros

In the first half the business year 2015/16, WS Service GmbH, which specializes in the inspection, service, and corrective maintenance of turnouts, was included in the interim consolidated financial statements for the first time as an associate. By way of a share deal (share exchange), voestalpine Weichensysteme GmbH (Metal Engineering Division) now holds 49.0% of WS Service GmbH (reporting date: December 31). As part of this share deal, 13.05% of the shares of Weichenwerk Wörth GmbH were divested and 49.0% of the WS Service GmbH shares were added.

Notes on the consolidated statement of financial position

In the first three quarters of the business year 2015/16, actual investments amounting to EUR 931.5 million exceeded depreciation totaling EUR 480.3 million. Furthermore, additions to assets resulting from the initial full consolidation of voestalpine Tubulars GmbH, voestalpine Tubulars GmbH & Co KG, and CNTT Chinese New Turnout Technologies Co., Ltd. amounting to EUR 326.9 million generated an increase in non-current assets from EUR 7,682.0 million to EUR 8,260.0 million. Besides an operational increase in inventories (see consolidated cash flow statement), the carrying amount of the inventories on the reporting date compared to March 31, 2015 rose by EUR 126.2 million due primarily to the aforementioned initial full consolidation of voestalpine Tubulars GmbH, voestalpine Tubulars GmbH & Co KG, and CNTT Chinese New Turnout Technologies Co., Ltd.

As of December 31, 2015, voestalpine AG's share capital amounted to EUR 317,851,287.79 (March 31, 2015: EUR 313,309,235.65) and is divided into 174,949,163 shares (March 31, 2015: 172,449,163). The capital increase decided by the Management Board on March 9, 2015, and approved by the Supervisory Board on March 26, 2015, in the amount of 2.5 million shares was recorded in the Commercial Register on April 25, 2015 and is therefore effective as of this date. The Company held 28,597 of its own shares as of the reporting date. In the first three quarters of the business year 2015/16, the Company neither bought nor sold any of its own shares.

In the business year 2012/13, voestalpine AG issued a new subordinated bond with an indefinite term (hybrid bond 2013) with a volume of EUR 500 million. As the hybrid bond satisfies the IAS 32 criteria for equity, the proceeds from the bond issue are recognized as part of equity. Accordingly, coupon payments are also reported as part of appropriation of profit. The issue costs of the hybrid bond 2013 amounted to EUR 2.8 million, less EUR 0.7 million in tax effects. Therefore, equity increased by EUR 497.9 million in the business year 2012/13.

Profit for the period amounting to EUR 508.5 million has contributed to the increase in equity. For the business year 2014/15, a dividend per share of EUR 1.00 was decided upon at the Annual General Meeting on July 1, 2015. Therefore, voestalpine AG distributed dividends amounting to EUR 174.8 million to its shareholders in the current business year.

Provisions for pensions, severance, and long-service bonus obligations are taken into account for the interim consolidated financial statements based on an expert opinion on the forecast for the entire current business year 2015/16. If significant changes of the parameters occur during the year, a reassessment of the net debt is carried out.

During the current business year, an increase of the discount interest rate from 1.5% to 2.0% and a negative performance of the pension fund of –2.1% resulted in a reduction of the provisions for pension and severance obligations and consequently to an actuarial gain of EUR 62.7 million (after deferred taxes).

In connection with the provisions for long-service bonus obligations, another adjustment will be needed due to the latest Austrian tax reform. According to the law that will come into effect on January 1, 2016 (which must already be taken into account at the present time), a social insurance employer contribution will be required for long-service bonuses, which must also be recognized in the provisions for long-service bonus obligations. This adjustment and the increase of the discount interest rate from 1.5% to 2.0% resulted in a reduction of the provisions for long-service bonus obligations amounting to EUR 1.6 million and income recognized in the income statement (after deferred taxes) amounting to EUR 1.2 million.

Notes on the consolidated income statement

Revenue for the period from April 1 to December 31, 2015, in the amount of EUR 8,380.4 million increased by 1.5% compared to the same period of the preceding year (EUR 8,254.9 million). In the first three quarters of the business year 2015/16, EBIT reached EUR 727.0 million compared to EUR 627.1 million for the first nine months of the business year 2014/15. EBIT equaled EUR 151.9 million for the third quarter of 2015/16, compared to EUR 182.6 million for the third quarter of 2014/15. After consideration of the financial result and taxes, profit for the period amounted to EUR 508.5 million compared to EUR 432.5 million for the first three quarters of the preceding year.

Diluted and basic (undiluted) earnings per share are calculated as follows:

	04/01 – 12/31/2014	04/01 – 12/31/2015
Profit attributable to equity holders of the parent (in millions of euros)	393.8	479.9
Weighted average number of issued ordinary shares (millions)	172.4	174.9
Diluted and basic (undiluted) earnings per share (euros)	**2.28**	**2.74**

Operating segments

The following table contains information on the operating segments of the voestalpine Group for the first three quarters of the business year 2015/16 and business year 2014/15, respectively:

Operating segments

	Steel Division		Special Steel Division		Metal Engineering Division	
	04/01–12/31/2014	04/01–12/31/2015	04/01–12/31/2014	04/01–12/31/2015	04/01–12/31/2014	04/01–12/31/2015
Segment revenue	2,812.7	2,835.1	2,028.9	1,984.8	1,960.3	2,213.0
of which revenue with third parties	2,591.8	2,613.5	1,990.3	1,943.2	1,940.7	2,184.2
of which revenue with other segments	220.9	221.6	38.6	41.6	19.6	28.8
EBITDA	308.2	359.8	278.9	259.9	295.9	426.5
EBIT	130.6	174.1	176.0	158.2	214.0	310.4
EBIT margin	4.6%	6.1%	8.7%	8.0%	10.9%	14.0%
Segment assets	4,134.7	4,621.8	3,885.2	3,830.4	2,562.5	3,156.7
Employees (full-time equivalent)	11,148	10,858	13,334	13,301	11,284	12,652

	Metal Forming Division		Other		Reconciliation		Total Group	
	04/01–12/31/2014	04/01–12/31/2015	04/01–12/31/2014	04/01–12/31/2015	04/01–12/31/2014	04/01–12/31/2015	04/01–12/31/2014	04/01–12/31/2015
	1,742.4	1,649.8	896.2	696.6	–1,185.6	–998.9	8,254.9	8,380.4
	1,717.4	1,628.0	14.7	11.5	0.0	0.0	8,254.9	8,380.4
	25.0	21.8	881.5	685.1	–1,185.6	–998.9	0.0	0.0
	259.3	205.5	–61.6	–52.7	6.2	8.3	1,086.9	1,207.3
	167.6	134.4	–67.3	–58.4	6.2	8.3	627.1	727.0
	9.6%	8.1%					7.6%	8.7%
	1,935.7	2,033.7	9,948.1	10,236.1	–9,868.0	–10,346.9	12,598.2	13,531.8
	9,885	10,212	810	877	0	0	46,461	47,900

In millions of euros

The reconciliation of the key ratios EBITDA and EBIT are shown in the following tables:

EBITDA

	04/01 – 12/31/2014	04/01 – 12/31/2015
Net exchange differences incl. result from valuation of derivatives	5.9	10.2
Consolidation	0.3	–1.9
EBITDA – Total reconciliation	**6.2**	**8.3**

In millions of euros

EBIT

	04/01 – 12/31/2014	04/01 – 12/31/2015
Net exchange differences incl. result from valuation of derivatives	5.9	10.2
Consolidation	0.3	–1.9
EBIT – Total reconciliation	**6.2**	**8.3**

In millions of euros

All other key figures contain solely the effects of consolidation.

Notes on the consolidated statement of cash flows

Non-cash expenses and income include depreciation (including financial assets) in the amount of EUR 488.7 million, less non-cash income in the amount of EUR 145.8 million from the aforementioned initial full consolidation of voestalpine Tubulars GmbH, voestalpine Tubulars GmbH & Co KG, and CNTT Chinese New Turnout Technologies Co., Ltd. Taking the change in working capital into consideration, cash flows from operating activities amounted to EUR 837.7 million in comparison to EUR 725.0 million in the first three quarters of the preceding year; this represents an increase of about 16%. After the deduction of EUR 947.1 million in cash flows from investing activities and taking into account cash flows from financing activities amounting to EUR 77.0 million (mainly borrowings, capital increase, and dividends), the resulting change in cash and cash equivalents (without net exchange differences) amounts to EUR –32.4 million.

Notes on financial instruments

The following table compares the carrying amounts to the fair values for each class of financial assets and liabilities:

	12/31/2014		12/31/2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Financial assets measured at amortized cost	1,881.0	1,881.0	1,791.7	1,791.7
Financial assets measured at fair value	492.2	492.2	450.2	450.2
	2,373.2	**2,373.2**	**2,241.9**	**2,241.9**
Liabilities				
Financial liabilities measured at amortized cost	5,884.0	5,956.1	5,894.5	5,996.4
Financial liabilities measured at fair value	23.0	23.0	14.8	14.8
	5,907.0	**5,979.1**	**5,909.3**	**6,011.2**

In millions of euros

The carrying amount of the financial assets represents a reasonable approximation of fair value.

The liabilities measured at amortized cost, whose fair value is stated, fall under Level 2. Valuation is performed according to the mark-to-market method, whereby the input parameters for the calculation of the market values are the foreign exchange rates, interest rates, and credit spreads observable on the market. Based on the input parameters, fair values are calculated by discounting estimated future cash flows at typical market interest rates.

The table below analyzes financial assets and financial liabilities that are measured at fair value on a recurring basis. These measurements are based on a fair value hierarchy that categorizes the inputs for the valuation methods used to measure fair value into three levels. The three levels are defined as follows:

Inputs

Level 1	Comprises quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Comprises inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Comprises unobservable inputs for the asset or liability.

Level of the fair value hierarchy for recurring fair value measurements

	Level 1	Level 2	Level 3	Total
12/31/2015				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		11.7		11.7
Fair value option (securities)	401.8			401.8
Available for sale at fair value			36.7	36.7
	401.8	**11.7**	**36.7**	**450.2**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		14.8		14.8
	0.0	**14.8**	**0.0**	**14.8**
12/31/2014				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		41.1		41.1
Fair value option (securities)	414.4			414.4
Available for sale at fair value			36.7	36.7
	414.4	**41.1**	**36.7**	**492.2**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		23.0		23.0
	0.0	**23.0**	**0.0**	**23.0**

In millions of euros

The underlying assets of the fund of funds are reported as part of the "fair value option." The designation of fair value was selected to convey more useful information because this group of financial assets is managed according to their fair value, as documented in the risk management and investment strategy, and performance is observed and reported by means of fair value.

The derivative transactions (Level 2) are marked to market by determining the value that would be realized if the hedging position were closed out (liquidation method). The observable currency exchange rates and raw materials prices as well as the interest rates are the input for the calculation of fair values. Fair values are calculated based on the inputs by discounting expected future cash flows at typical market interest rates.

There were no transfers between Level 1 and Level 2, nor any reclassifications into or out of Level 3, during the reporting period. The reconciliation of Level 3 financial assets measured at fair value from the opening balance to the closing balance is depicted as follows:

Level 3 – Available for sale at fair value

	04/01–12/31/2014	04/01–12/312015
Opening balance	**41.1**	**36.7**
Total of gains/losses recognized in the income statement:		
Finance costs/Finance income	–4.4	0.0
Closing balance	**36.7**	**36.7**

In millions of euros

Level 3 includes the non-consolidated investment in Energie AG Oberösterreich that is measured at fair value as "available for sale at fair value." The fair value of this company can be reliably determined based on the valuation report done once a year for Energie AG Oberösterreich as a whole.

Significant sensitivities in the determination of fair values can result from changes in the underlying market data of comparable entities and the input factors used to determine net present value (in particular discount rates, long-term forecasts, plan data, etc.).

Seasonality and cyclicality

We refer to the relevant explanations in the Interim Management Report.

Business transactions with associated companies or parties

Business transactions in the form of deliveries and services are carried out with associated Group companies within the scope of operational activities. These business transactions are implemented exclusively based on normal market terms.

There were no changes in transactions with associated companies and persons as set forth in the last annual financial report, which significantly affected the Company's financial situation or its net operating profit during the first nine months of the current business year.

Antitrust proceedings

As of December 31, 2015, the provisions recognized in the annual financial statements 2014/15 in the amount of EUR 53.6 million for the antitrust proceedings and associated actions and costs relative to railway superstructure material as well as for the closure of TSTG Schienen Technik GmbH & Co KG have been reduced to EUR 45.6 million due to the use of these provisions.

The European Court of Justice (ECJ) has now reduced the fines handed down by the EU Commission (in October 2010) in connection with the European prestressing steel cartel. voestalpine also profits from this decision; its fine was reduced from the original amount of EUR 22 million to EUR 7.5 million. The fine was paid in the second quarter of 2015/16 and the remaining provisions (including provisions for interest) amounting to EUR 10.6 million were released to income.

Companies of the Special Steel Division of the voestalpine Group are affected by proceedings of the German Federal Cartel Office (Bundeskartellamt) that became known as of November 26, 2015 due to searches of the premises of voestalpine's competitors. voestalpine is taking these proceedings very seriously, is cooperating with the authorities, and currently does not expect that significant fines will be imposed against voestalpine in these proceedings. No provisions were formed in this regard in the current interim reporting period.

Provisions and contingent liabilities

Please note that we are invoking the safeguard clause in accordance with IAS 37.92, according to which detailed information about provisions and contingent liabilities is not provided if this could seriously and adversely impact the Company's interests.

Events after the reporting period

No significant events have occurred after the reporting period.

Imprint
Owner and media proprietor: voestalpine AG, voestalpine Strasse 1, 4020 Linz
Senior editor and editorial staff: voestalpine AG, Investor Relations
T. +43/50304/15-9949, F. +43/50304/55-5581, IR@voestalpine.com, www.voestalpine.com
Design and implementation: gugler* brand & digital, 3100 St. Pölten

voestalpine AG
voestalpine Strasse 1
4020 Linz, Austria
T. +43/50304/15-0
F. +43/50304/55+Ext.
www.voestalpine.com

voestalpine
ONE STEP AHEAD.