

CORPORATE NEWS

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Ramifications of the Covid-19 pandemic have massive impact on voestalpine's earnings for Q1 2020/21

- » **Massive meltdown in demand in almost all countries and sectors**
- » **At EUR 2.4 billion, Group revenue for Q1 2020/21 is 28.1% lower than in the previous year (EUR 3.3 billion)**
- » **Positive EBITDA of EUR 158 million (-58%)**
- » **Negative EBIT of EUR -49 million (-131%)**
- » **Profit before tax is EUR -74 million (previous year: EUR 124 million), and profit after tax EUR -70 million (previous year: EUR 90 million)**
- » **Gearing ratio rises year over year from 58.1% to 71.7%**
- » **Reduction in equity to EUR 5.5 billion (previous year: EUR 6.7 billion)**
- » **Number of employees (FTE): 47,894 (-7.3%)**

In the first quarter of the business year 2020/21 (April 1 to June 30, 2020), voestalpine was affected by the massive meltdown in demand from almost all of its customer segments on account of the Covid-19 pandemic. Not only the standstill of the automotive industry, but also the general weakness of the industrial sector—especially in Europe, where the Group generates about two-thirds of its revenue—hit all four of its divisions. The strong downturn in demand led to a decline in steel prices which, due to the strength of China's steel industry, did not go hand-in-hand with a decline in iron ore prices, thus intensifying the negative impact on earnings. Whereas the economies in North and South America experienced substantial downturns as well, the Group's locations in China returned to pre-pandemic capacity utilization during the reporting period. "We managed to adapt very quickly to the completely new environment. voestalpine succeeded in generating a positive operating result (EBITDA) for the first quarter of the business year 2020/21 despite the extremely challenging environment. This is due, above all, to our consistent cost management and the rapid implementation of steps aimed at optimizing earnings within the Group on the whole. In addition, we also still have adequate liquidity," says Herbert Eibensteiner, Chairman of the Management Board of voestalpine AG.

The technology segments rail technology and high-bay warehouses continued to develop along an absolutely solid trajectory in this difficult environment. The latter benefited, in particular, from booming online commerce. Due to the restrictions on air travel and the global reduction in the demand for energy, however, the aerospace as well as the oil and natural gas industries were hit particularly hard by the ramifications of the Covid-19 pandemic.

Development of revenue and earnings figures

The key performance indicators (KPIs) of the voestalpine Group for the first quarter of the business year 2020/21 reflect the worldwide recession arising from the Covid-19 pandemic. Hence revenue fell by 28.1% year over year, from EUR 3.3 billion to EUR 2.4 billion. In earnings terms, EBITDA dropped by slightly more than one half year over year, from EUR 371 million to EUR 158 million, but stayed in positive territory nonetheless. At EUR -49 million, profit from operations (EBIT) was negative (previous year: EUR 157 million) but followed a substantially positive trend most recently.

The Group's profit before tax is EUR -74 million (Q1 2019/20: EUR 124 million), while the profit after tax is EUR -70 million (Q1 2019/20: EUR 90 million). The gearing ratio (net financial debt as a percentage of equity) climbed from 58.1% (year over year) or 67.2% (as of March 31, 2020) to 71.7% as of June 30, 2020. While net debt rose slightly from EUR 3.9 billion in the previous year to EUR 4 billion in the reporting period, equity fell from EUR 6.7 billion to EUR 5.5 billion. Besides the negative non-recurring effects in the third and fourth quarters of the previous business year (2019/20), this development is due also to the redemption of a hybrid bond as of October 31, 2019. The number of employees (FTE) in the voestalpine Group fell year over year by 7.3% from 51,670 to 47,894 due to lower production capacity utilization. In June 2020, about 10,400 voestalpine employees in Austria, about 2,600 in Germany, and about 2,300 internationally were registered for short time work or similar models, e.g., in Great Britain, Romania, Belgium, France, and the United States.

Outlook

The end of the lockdown in the first quarter of the business year 2020/21 led to an incremental recovery in demand. The extent of the rebound depends on both regions and market segments. The second business quarter is expected to see seasonally slightly weaker demand over the summer, as usual, for example, due to customer shutdowns. Hence a more informed assessment of both the strength and the sustainability of this economic recovery will have to wait until the end of the second business quarter. Given the ongoing volatility in an uncertain market environment affected by Covid-19, the voestalpine Group will continue to focus on cost management and earnings stabilization. At the same time, our efforts to manage working capital will remain high and investments will remain low in order to strengthen the Group's cash flow as well as its asset and capital structure. "Against this backdrop, we will stick to our initial forecast expressed at the start of the current business year pursuant to which the voestalpine Group is expected to generate EBITDA of between EUR 600 million and EUR 1 billion in the business year 2020/21," says Herbert Eibensteiner.

KEY FIGURES – voestalpine GROUP

(pursuant to IFRS)	Q1 BY 2019/20 04/01/-06/30/2019	Q1 BY 2020/21 04/01/-06/30/2020	Change in %
Revenue	3,336.1	2,397.3	-28.1
EBITDA	370.9	157.8	-57.5
EBITDA margin in %	11.1 %	6.6 %	
EBIT	156.7	-48.7	-131.1
EBIT margin in %	4.7 %	-2.0 %	
Profit before tax	124.4	-74.4	-159.8
Profit after tax *	90.4	-69.7	-177.1
Earnings per share	0.44	-0.40	-190.9
Gearing ratio in % (06/30)	58.1 %	71.7 %	

In millions of euros

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

The Report of the first quarter of 2020/21 of voestalpine AG as of the June 30, 2020, may be accessed on the company's website at www.voestalpine.com under the 'Investors' tab.

voestalpine AG

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