REPORT FOR THE FIRST HALF OF 2019/20

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voestalpine GROUP
KEY FIGURES

Q 1 2019/20 VS. Q 2 2019/20

In millions of euros	Q 1 2019/20 04/01 – 06/30/2019	Q 2 2019/20 07/01 – 09/30/2019	Change in %
Income statement			
Revenue	3,336.1	3,205.5	–3.9
EBITDA	370.9	294.6	–20.6
Depreciation	214.3	221.7	3.5
EBIT	156.7	72.9	–53.5
Profit before tax	124.4	38.1	–69.4
Profit after tax[1]	90.4	24.8	–72.6
Statement of financial position			
Investments in tangible and intangible assets and interests	170.9	166.6	–2.5
Equity	6,712.1	5,994.7	–10.7
Net financial debt	3,896.5	4,503.1	15.6
Net financial debt in % of equity (gearing)	58.1%	75.1%	
Financial key figures			
EBITDA margin	11.1%	9.2%	
EBIT margin	4.7%	2.3%	
Cash flows from operating activities	–86.3	288.3	434.1
Share information			
Share price, end of period (euros)	27.17	21.08	–22.4
Market capitalization, end of period	4,850.4	3,763.2	–22.4
Number of outstanding shares, end of period	178,520,566	178,520,566	0.0
EPS – earnings per share (euros)	0.44	0.10	–77.3
Personnel			
Employees (full-time equivalent), end of period	51,670	51,275	–0.8

[1] Before deduction of non-controlling interests and interest on hybrid capital.

H 1 2018/19 VS. H 1 2019/20

In millions of euros	H 1 2018/19 04/01 – 09/30/2018	H 1 2019/20 04/01 – 09/30/2019	Change in %
Income statement			
Revenue	6,674.0	6,541.6	–2.0
EBITDA	860.1	665.5	–22.6
Depreciation	380.6	436.0	14.6
EBIT	479.5	229.6	–52.1
Profit before tax	421.5	162.5	–61.4
Profit after tax[1]	319.9	115.2	–64.0
Statement of financial position			
Investments in tangible and intangible assets and interests	474.6	337.5	–28.9
Equity	6,550.9	5,994.7	–8.5
Net financial debt	3,599.0	4,503.1	25.1
Net financial debt in % of equity (gearing)	54.9%	75.1%	
Financial key figures			
EBITDA margin	12.9%	10.2%	
EBIT margin	7.2%	3.5%	
Cash flows from operating activities	165.0	202.0	22.4
Share information			
Share price, end of period (euros)	39.40	21.08	–46.5
Market capitalization, end of period	6,947.0	3,763.2	–45.8
Number of outstanding shares, end of period	176,320,566	178,520,566	1.2
EPS – earnings per share (euros)	1.69	0.54	–68.0
Personnel			
Employees (full-time equivalent), end of period	51,931	51,275	–1.3

[1] Before deduction of non-controlling interests and interest on hybrid capital.

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

INTERIM MANAGEMENT REPORT

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

LETTER FROM THE MANAGEMENT BOARD

Ladies and Gentlemen:

This Interim Report for the business year 2019/20 differs from its predecessors in many ways. We entered a phase of great uncertainty at the start of the business year 2019/20 following a long period of economic expansion. The leading economic indicators for the manufacturing industry that are key to our interests point to a significant weakening of the economic momentum worldwide. And Europe, our most important market, is the one where the downturn is the most pronounced.

Having made extensive investments in recent years, now is the time for us to create new financial leeway for further development options. This means that questions related to the Group's total asset structure, its ability to generate cash flows, and earnings optimization—in this order—are at the top of our current agenda. All requisite programs have been launched and are already being implemented.

While the current uncertainties and the resulting business climate will constrain our strategic options in the near term, our longer-term strategy of growing and extending the value chain remains valid, and we are pursuing it with an eye toward our liabilities.

The most recent changes in the global economic order—first and foremost the global trade war, but also the future development of Europe as an economic region whose interest in maintaining an all-encompassing industrial value chain is obviously waning—require an agenda that transcends purely short-term optimization strategies at the operating level. In the coming months, therefore, we will look closely at the ramifications of the changes in the global economic order for the positioning in the long term of all of the Group's key business segments.

That such phases are demanding and challenging is only natural. The Management Board's current focus thus is on reducing debts and stabilizing earnings.

The Management Board

INTERIM MANAGEMENT REPORT

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

ECONOMIC ENVIRONMENT AND COURSE OF BUSINESS

Uncertainty continued to characterize the overall economic environment in the first half of the business year 2019/20. Current triggers such as the global trade wars and the Brexit (along with its ramifications, especially in Europe) had a growing impact on the real economy. As a range of precursor indicators already show, in actual fact the willingness to make investments has declined worldwide. While service sectors with a predominantly regional orientation as well as consumers' spending patterns have largely remained robust so far, the first signs of negative collateral effects are making themselves felt on these sectors too.

EUROPE

The economy in Europe on the whole still managed to generate slight growth toward the end of the reporting period. Yet the gap between the manufacturing sector and the service sector (which continues to run smoothly) has grown substantially since the start of the business year. Both the good employment situation and consumers' strong purchasing power have helped to fuel the expansion of the service sector, although the momentum recently slowed a bit in this area also.
Europe's export-oriented industrial sector, by contrast, is increasingly suffering under the global trade barriers as well as the general decline in investments. This sector has had to contend with negative growth rates since the start of the current business year. These developments affect Germany, in particular, also on account of the weakening of its automotive industry.
The European Central Bank (ECB) has responded through fiscal measures aimed at stimulating investments: It has continued to lower interest rates and has restarted its large-scale asset purchases, also known as "quantitative easing" (QE). It is only natural that these developments would negatively affect the performance of voestalpine, which generates a good two-thirds of its revenue in Europe. Shrinking demand from the auto industry, reduced investments, and the downturn in the manufacturing sector on the whole have broad implications for voestalpine's divisions. Two positive developments stand out, however: the railway infrastructure segment as well as the aerospace industry. Both of them succeeded in avoiding the negative dynamic during the first half of the business year 2019/20. The steel industry, by contrast, was buffeted in the reporting period not only by slowing demand from individual market segments, but also by large volume steel imports to Europe as well as the high cost of raw materials.

NORTH AMERICA / USA

In North America, economic growth remained on track in the first two quarters of the business year 2019/20, even though here, too, the growth rates have recently begun to slacken somewhat. While consumption continued to boost growth, toward the end of the first half of the current business year investment activity as well as housing construction declined for the first time in years. Aside from the slackening of the economy worldwide,

growing uncertainties and falling corporate profits have put a break on investments here as well.
Just as in Europe, demand from the railway infrastructure sector as well as the aerospace industry for the products of the voestalpine Group continues unabated. By contrast, the Group's production levels had to be adjusted in response to declining demand from the oil and natural gas sector. Given the Section 232 restrictions on imports, on the whole the U.S. market has become a difficult economic proposition for voestalpine.

SOUTH AMERICA / BRAZIL

While the Brazilian economy managed to expand a bit at the start of the business year 2019/20, the momentum flattened out yet again over the summer. Investment activity, which had received a boost through fiscal measures, slowed as much as did manufacturing activity. Exports expanded a bit across the board, but remained at a low level on the whole not least due to developments in Argentina. Production of Brazil's most important export commodity—iron ore—was ramped up to normal levels for the first time since the fatal dam break in early 2019.
Overall, the voestalpine Group's Brazilian sites delivered solid performance in this moderate economic environment.

ASIA / CHINA

The trade war with the United States has put a substantial brake on China's economic development. It has triggered not only the downturn in exports, but has also affected domestic consumption. As in the past, China's central government reacted to these developments with a number of measures aimed at stimulating growth. So far, however, the positive expectations tied to these interventions have not yet borne fruit over the course of the current business year. As a result, consumption in China has remained weak, and the country has not yet succeeded in offsetting the substantial downturn in its automotive industry. Over time, the state-controlled infrastructure and real estate projects have led to a considerable expansion of steel production in China—the world's largest steel producer by far. In turn, this triggered a substantial increase in the cost of raw materials, above all iron ore.
The Chinese branches of the voestalpine Group have profited from the government's stimulus programs in the railway infrastructure segment. Low demand from both the consumer goods industry and the automotive industry have affected particularly the tool segment.

In sum, therefore, the voestalpine Group was confronted with a substantial dampening of economic sentiment. Europe, which accounts for the largest portion of voestalpine's regional portfolio, also had the weakest momentum. European steel production during the reporting period was characterized by an extraordinary situation: Falling demand and strong import pressures in tandem with sharp increases in raw materials prices have impacted financial results.
It is precisely in this highly uneven economic environment that voestalpine's strategy displayed its strengths. These include the Group's focus on technologically sophisticated markets as well as

its investments in recent years to extend the value chain. The railway infrastructure segment, the aerospace industry, storage systems as well as welding technology—all of which delivered good performance in the first six months of the business year 2019/20—provide solid evidence thereof.

REPORT ON THE FINANCIAL KEY PERFORMANCE INDICATORS OF THE voestalpine GROUP

Following years of growth, the voestalpine Group posted a slight decline in revenue for the first half of the business year 2019/20. This decline chiefly reflects the dampening of economic sentiment in important economic regions and/or customer segments as well as the resulting negative effect on the Group's delivery volume. Price developments paint a differentiated picture: Prices at both the High Performance Metals Division and the Metal Engineering Division (with the exception of wire products) were higher on account of the increases in the cost of raw materials. By contrast, steel prices in the Steel Division fell due to deteriorating market conditions despite rising pre-materials costs. All divisions except the Metal Forming Division had to contend with declining sales. In sum, this resulted in a 2.0% decrease in revenue, from EUR 6,674.0 million in the first half of the business year 2018/19 to EUR 6,541.6 million in the first half of the business year 2019/20.

The downturn in the voestalpine Group's earnings was substantially greater year over year. Although the previous year's comparative figure already was lower due to non-recurring effects in the Steel Division (the complete overhaul of its most important blast furnace), the Group's individual earnings categories all experienced significant declines in the first half of the current business year on account of the challenging market environment. All four divisions were affected by this development, albeit to different degrees. The Metal Engineering Division posted the smallest earnings decline, because its relatively stable Railway Systems business segment accounts for about one half of its business volume. By contrast, the Metal Forming Division was confronted with the greatest drop in earnings due to the cooling of the automotive industry as well as high start-up costs at its automotive plant in Cartersville, Georgia, USA. As a result, the EBITDA of the voestalpine Group on the whole fell from EUR 860.1 million in the previous year by 22.6% to EUR 665.5 million in the first half of the business year 2019/20. EBIT plummeted year over year by more than one half, from EUR 479.5 million to EUR 229.6 million. At net financial income of EUR –67.1 million in the first half of the business year 2019/20 (previous year: EUR –58.0 million), the profit before tax for the reporting period is EUR 162.5 million (previous year: EUR 421.5 million). Based on a tax rate of 29.1% (previous year: 24.1%), the profit after tax for the first half of the business year 2019/20 plunged by 64.0%, from EUR 319.9 million in the same period of the previous year to EUR 115.2 million in the reporting period.

The gearing ratio (net financial debt as a percentage of equity) of the voestalpine Group rose sharply, both year over year and compared with the annual reporting date. This is chiefly due to accounting issues and not to the Group's operating performance. For one, a portion of this increase stems from the recognition of leases pursuant to IFRS 16, which raised the interest-bearing liabilities by about EUR 437 million compared with the annual reporting date. For another, on September 9, 2019, the Management Board of voestalpine AG resolved to fully redeem the EUR 500 million hybrid bond issued in 2013 as of October 31, 2019. This means that, as of September 30, 2019, the hybrid bond is recognized in financial liabilities and not in equity. As regards the Group's operating performance, the increase in working capital compared with the March 31, 2019, reporting date adversely affected the debt ratio even though it was more or less stable year over year. Given these developments, net financial debt rose from EUR 3,599.0 million as of September 30, 2018 (or EUR 3,125.4 million as of the March 31, 2019, reporting date) to EUR 4,503.1 million as of September 30, 2019. During the same period and due to the redemption of the hybrid bond, equity fell from EUR 6,550.9 million as of September 30, 2018 (or EUR 6,709.8 million as of the March 31, 2019, reporting date) to EUR 5,994.7 million as of September 30, 2019. In turn, this caused the gearing ratio to climb from 54.9% as of September 30, 2018 (and 46.6% as of the March 31, 2019, reporting date) to 75.1% as of September 30, 2019.

COMPARISON OF THE QUARTERLY AND SIX-MONTH FIGURES OF THE voestalpine GROUP

In millions of euros	Q 1		Q 2		H 1		
	2018/19 04/01–06/30/2018	**2019/20** 04/01–06/30/2019	**2018/19** 07/01–09/30/2018	**2019/20** 07/01–09/30/2019	**2018/19** 04/01–09/30/2018	**2019/20** 04/01–09/30/2019	**Change in %**
Revenue	3,469.0	3,336.1	3,205.0	3,205.5	6,674.0	6,541.6	–2.0
EBITDA	513.0	370.9	347.1	294.6	860.1	665.5	–22.6
EBITDA margin	14.8%	11.1%	10.8%	9.2%	12.9%	10.2%	
EBIT	323.8	156.7	155.7	72.9	479.5	229.6	–52.1
EBIT margin	9.3%	4.7%	4.9%	2.3%	7.2%	3.5%	
Profit before tax	294.3	124.4	127.2	38.1	421.5	162.5	–61.4
Profit after tax[1]	226.3	90.4	93.6	24.8	319.9	115.2	–64.0
Employees (full-time equivalent)	51,827	51,670	51,931	51,275	51,931	51,275	–1.3

[1] Before deduction of non-controlling interests and interest on hybrid capital.

Net financial debt can be broken down as follows:

NET FINANCIAL DEBT

In millions of euros	09/30/2018	09/30/2019
Financial liabilities, non-current	2,376.3	3,584.6
Financial liabilities, current	1,756.7	1,689.1
Cash and cash equivalents	–264.0	–312.5
Other financial assets	–256.0	–442.5
Loans and other receivables from financing	–14.0	–15.6
Net financial debt	**3,599.0**	**4,503.1**

STEEL DIVISION

QUARTERLY DEVELOPMENT OF THE STEEL DIVISION

In millions of euros	Q 1		Q 2		H 1		
	2018/19 04/01–06/30/2018	2019/20 04/01–06/30/2019	2018/19 07/01–09/30/2018	2019/20 07/01–09/30/2019	2018/19 04/01–09/30/2018	2019/20 04/01–09/30/2019	Change in %
Revenue	1,276.4	1,182.1	1,139.2	1,139.0	2,415.6	2,321.1	–3.9
EBITDA	223.9	150.6	118.5	109.9	342.4	260.5	–23.9
EBITDA margin	17.5%	12.7%	10.4%	9.6%	14.2%	11.2%	
EBIT	145.0	60.8	36.7	20.2	181.7	81.0	–55.4
EBIT margin	11.4%	5.1%	3.2%	1.8%	7.5%	3.5%	
Employees (full-time equivalent)	11,111	10,730	10,972	10,682	10,972	10,682	–2.6

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

Following two years of good developments in the European steel industry, demand has gradually dampened in the course of the calendar year 2019 to date. Exorbitant increases in prematerials prices in tandem with decreases in steel prices have aggravated the tensions in steelmakers' environment. Add to that continued high imports of steel into the EU's Single Market. In July 2019, iron ore prices climbed to a level not seen since 2013 owing to both temporary production shutdowns and unexpectedly strong demand for raw materials from China. The "Safeguard Measures" initiated by the European Union were unable by and large to contain the pressure generated by flat steel imports. In turn, this lowered European steelmakers' production of crude steel by about 3% in the first eight months of 2019 compared with the same period of the previous year.
The Steel Division, too, was exposed to these conditions in the first half of the business year 2019/20. Thanks to long-standing customer relationships, however, it succeeded nonetheless in delinking itself to some extent from price developments in spot markets. But the increases in the price of iron ore had substantially negative effects on costs. The great importance of the German automotive industry to the Steel Division caused order levels to decline because the industry's production levels dropped to an extent even greater than that revealed by the sales figures. Yet the export-oriented mechanical engineering industry also had to contend with declining momentum, as did the white goods and consumer goods industry. Solely the construction industry remained robust during the first half of the business year 2019/20.
The energy sector, which is the most important customer segment of the Heavy Plate business segment, experienced overall declines. Project activities in this sector, especially in the demanding deep sea pipeline segment, were as restrained as before. Only the niche segment of high-quality clad plates for the downstream activities of the oil and natural gas sector exceeded expectations. There were no major shutdowns at the direct reduction plant in Corpus Christi, Texas, USA, during the business year to date, and production proceeded as planned. Nonetheless, both the rise in iron ore prices and the decline in scrap prices over the summer had adverse effects on the facility's performance.

FINANCIAL KEY PERFORMANCE INDICATORS

Year over year, the Steel Division's revenue fell by 3.9%, from EUR 2,415.6 million in the first half of 2018/19 to EUR 2,321.1 million in the first half of the reporting period due to slightly weaker deliveries and somewhat lower prices. Although the previous year's comparative figure for deliveries was about 10% lower than that for the first half of the business year 2017/18 owing to the general overhaul of Blast Furnace A, sales for the first six months of the current business year declined a little bit yet again due to macroeconomic factors. Prices fell, particularly in the short-term contract business, but remained largely stable for the time being in connection with annual contracts. The dampened economic sentiment that has gripped the European steel industry is reflected chiefly on the earnings side. Given the continual increase in raw materials prices that stem from sharp increases in iron ore prices, lower prices have had an additional negative effect on earnings growth. Accordingly, in the first half of the business year 2019/20 EBITDA dropped year over year by 23.9%, from EUR 342.4 million (margin of 14.2%) to EUR 260.5 million (margin of 11.2%).

The quarter-on-quarter (QoQ) comparison of the first and second quarters of the 2019/20 business year shows the fallout from the increasingly difficult economic environment in addition to customary seasonal shortfalls. Against this backdrop, revenue fell by 3.6%, from EUR 1,182.1 million in the first quarter of the business year 2019/20 to EUR 1,139.0 million in the second quarter. While the percentage decline in volumes corresponds to the generally expected shortfall in the summer quarter, the increases in the cost of iron ore did not lead to higher steel prices as it did in the past; on the contrary, they triggered further price declines in the short-term contract business. As a result, the quarter-on-quarter decline in earnings exceeded the fall in revenue many times over due to the price/cost pressures. Consequently, EBITDA dropped by 27.0%, from EUR 150.6 million in the first quarter of the business year 2019/20 to EUR 109.9 million in the second quarter; the EBITDA margin fell accordingly from 12.7% to 9.6%.

HIGH PERFORMANCE METALS DIVISION

QUARTERLY DEVELOPMENT OF THE HIGH PERFORMANCE METALS DIVISION

In millions of euros	Q 1		Q 2		H 1		
	2018/19 04/01–06/30/2018	2019/20 04/01–06/30/2019	2018/19 07/01–09/30/2018	2019/20 07/01–09/30/2019	2018/19 04/01–09/30/2018	2019/20 04/01–09/30/2019	Change in %
Revenue	780.3	777.6	765.6	723.3	1,545.9	1,500.9	–2.9
EBITDA	129.2	99.2	100.6	78.2	229.8	177.4	–22.8
EBITDA margin	16.6%	12.8%	13.1%	10.8%	14.9%	11.8%	
EBIT	91.9	57.1	63.8	35.3	155.7	92.4	–40.7
EBIT margin	11.8%	7.3%	8.3%	4.9%	10.1%	6.2%	
Employees (full-time equivalent)	14,344	14,302	14,528	13,837	14,528	13,837	–4.8

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The ongoing global decline in demand for tool steel defined the first half of the business year 2019/20 for the High Performance Metals Division. Worldwide, the weakness of the automotive industry lowered the number of both vehicles produced and new models brought to market. Demand for tool steel suffered commensurately. But the consumer goods industry also weakened worldwide and thus was unable to offset developments in this product segment.

The special materials segment presented a much better picture during the reporting period. For example, activities related to the oil and natural gas industry were generally stable, albeit at a slightly weaker level. Despite softening global markets, the division succeeded not only in successfully leveraging investments to expand its product portfolio but also in substantially enhancing its competitiveness.

It even posted considerable growth in the aerospace segment during the business year to date. Thanks to its investment in a new fast forge press, the High Performance Metals Division now is the only European manufacturer of demanding pre-materials for aircraft engine discs.

Its performance in Europe and North America largely paralleled this scenario. The market saw a weakening of automotive demand, which had corresponding adverse effects on both tool steel and high-speed steel for cutting tools. By contrast, the aerospace segment delivered further growth while the oil and natural gas segment remained largely stable. The Section 232 protectionist tariffs of 25% on all steel products that the United States imposed continue to generate strong uncertainty in the market, simultaneously intensifying competitive pressures.

In South America, the situation improved but marginally during the first half of the business year 2019/20.

The market environment in Asia was shaped by the trade war with the United States, especially in China. Here, too, the dramatic downturn in automotive production after years of stable growth as well as restrained demand from the consumer goods industry were the main factors driving the market decline.

Capacity utilization at those of the division's plants that are chiefly focused on tool steel was substantially lower due to the significant declines in demand than that at plants mainly geared to special materials. Consequently, efficiency-boosting measures aimed at stabilizing earnings and generating cash flow were introduced at all production facilities.

Steps to lower costs were also taken in the global Value Added Services business segment. In particular, this concerns human resources, investments, and inventory management. But it does not affect the consistent alignment of Value Added Services with the Group's aim to differentiate itself from the competition. In addition to offering expanded services, increasingly this approach also includes achieving efficiency gains for customers' benefit.

By now, the High Performance Metals Division manufactures components and parts using additive manufacturing processes (3D printing) at seven sites worldwide. The division's proprietary development of powder alloys is a unique selling proposition (USP) in this market and underscores its position as a premium supplier. Additive processes enable completely new ways of designing components and parts, boosting not only the range of technical applications but also their operational cost-effectiveness. Transcending its role as a component supplier, the division provides specialist expertise to its customers regarding additive manufacturing processes already in the design phase.

FINANCIAL KEY PERFORMANCE INDICATORS

The increasingly difficult economic environment is reflected in the key performance indicators (KPIs) of the High Performance Metals Division for the first half of the business year 2019/20. For example, deliveries fell by 12% year over year. The significant increase in the cost of the division's most important alloy material (nickel) caused the prices for tool steel and special materials to rise across the board. Against this backdrop, the 2.9% decline in revenue, from EUR 1,545.9 million in the previous year to EUR 1,500.9 million in the current year, is relatively moderate. The decline in EBITDA is due chiefly to lower capacity utilization at the division's production facilities and declining sales. On the whole, the operating result dropped by 22.8 year over year, from EUR 229.8 million to EUR 177.4 million, causing the EBITDA margin to shrink from 14.9% to 11.8%.

The quarter-on-quarter (QoQ) comparison of the first and second quarters of the 2019/20 business year also shows declining KPIs, most of which stem from seasonal effects. As a result, revenue fell by 7.0% quarter on quarter, from EUR 777.6 million to EUR 723.3 million. Given unchanged pricing, this is due to weaker volume trends. Moreover, the summer quarter (i.e. a period of slightly declining demand for seasonal reasons) is generally used to carry out more extensive maintenance work, with the commensurate effect on costs. These two factors lowered the division's EBITDA between the first and the second quarter of the business year 2019/20 by 21.2%, from EUR 99.2 million (margin of 12.8%) to EUR 78.2 million (margin of 10.8%).

METAL ENGINEERING DIVISION

QUARTERLY DEVELOPMENT OF THE METAL ENGINEERING DIVISION

In millions of euros	Q 1		Q 2		H 1		Change in %
	2018/19 04/01–06/30/2018	2019/20 04/01–06/30/2019	2018/19 07/01–09/30/2018	2019/20 07/01–09/30/2019	2018/19 04/01–09/30/2018	2019/20 04/01–09/30/2019	
Revenue	799.8	778.8	747.6	758.7	1,547.4	1,537.5	–0.6
EBITDA	98.5	90.0	85.3	82.3	183.8	172.3	–6.3
EBITDA margin	12.3%	11.6%	11.4%	10.8%	11.9%	11.2%	
EBIT	56.3	44.9	44.4	31.4	100.7	76.3	–24.2
EBIT margin	7.0%	5.8%	5.9%	4.1%	6.5%	5.0%	
Employees (full-time equivalent)	13,577	13,371	13,512	13,369	13,512	13,369	–1.1

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The first half of the business year 2019/20 has delivered a mixed bag for the Metal Engineering Division. While the Railway Systems and welding consumables segments developed along a very solid trajectory, the wire technology and tubulars (seamless tubes used in oil and natural gas exploration) segments, which are part of the Industrial Solutions segment, were confronted with a difficult market environment.

The turnout systems segment met with good demand in almost all of its key markets worldwide. In China, state-sponsored stimulus programs have boosted the rail technology business, among others, whereas in Europe demand is being driven by the investment backlog that had built up in recent years. In North America, by contrast, a period of very solid development in the railway sector gave way to first signs of a weakening toward the end of the business year's first half, which was triggered by the general downturn in the goods manufacturing industry.

Thanks to its strong focus on the European market, the premium rail technology segment benefited from largely satisfactory demand in the first two quarters of the business year 2019/20. However, pricing adjustments were unable to fully offset the massive increases in the cost of raw materials.

The globally positioned welding consumables segment delivered solid growth across all key markets despite the worldwide cooling of the economy during the reporting period. Besides positive effects from internal restructurings in recent years, expansions of the product portfolio as well as this segment's ongoing development into a one-stop system provider of welding equipment and consumables have contributed to this positive development.

The wire technology segment, which manufactures wire and steel bars chiefly for the automotive industry, has faced declining demand as well as rising competitive pressures since the start of the current business year. This led to the elimination of one shift at the Donawitz, Austria, facility back in April 2019; the plant has been operating triple-shift operations since then.

On top of the impact of the U.S.'s protectionist Section 232 tariffs, in the first six months of the business year 2019/20 the tubulars segment (seamless tubes for oil and natural gas exploration) was also confronted with the gradual deterioration of its North American market. These developments also led to the reduction of operations at the Donawitz facility in April 2019 from four shifts to three.

Due to the softening economy and the ensuing cuts in the number of shifts in individual rolling facilities of processing operations, modes of production at the LD steelmaking plant in Donawitz were adjusted accordingly and the use of the burden (mix of raw materials) was optimized. In the first two quarters of the current business year, developments in the cost of raw materials, particularly that of iron ore, were driven by high volatility and generally rising prices. This put a damper on the division's earnings, because the increase in raw materials prices could be passed on to customers only in part.

Steps to lower costs and boost efficiency are being implemented in all of the division's entities. In addition, we continue to pursue our strategy of continually refining all products and expanding the product portfolio in the direction of an extended value chain, not least in order to circumvent the growing pressure on commodity products.

FINANCIAL KEY PERFORMANCE INDICATORS

Year over year, the Metal Engineering Division posted stable revenue in the first half of the business year 2019/20. Declines in the Industrial Systems segment were offset through increases in the Railway Systems segment. Sales of wire and seamless tube products were substantially lower due to the intensifying downturn in both the automotive and the energy industry. As regards rail technology, deliveries of tracks increased by about 5% in the reporting period. Prices also rose because higher raw material costs were passed on to customers. The turnout systems segment, which succeeded in substantially expanding its business activities, was key to the generally good performance of the Railway Systems segment. Against this backdrop, at EUR 1,537.5 million the division's revenue in the first half of the business year 2019/20 closely tracked that achieved in the same period of the previous year (EUR 1,547.4 million). The good earnings performance of Railway Systems was pivotal to the relatively moderate decline in EBITDA by 6.3%, from EUR 183.8 million (margin of 11.9%) in the first half of the business year 2018/19 to EUR 172.3 million (margin of 11.2%) in the reporting period. By contrast, the Industrial Systems segment's performance was uneven. While the welding consumables segment posted stable earnings, the EBITDA of the wire technology and tubulars segments fell dramatically.

The outcome of the quarter-on-quarter comparison is similar, in that it pinpoints the effects of declining industrial activity in Europe on the Industrial Systems segment. In terms of both revenue and earnings, the performance during the business year to date of segments that are exposed to general economic developments continued to deteriorate. This was intensified by seasonally lower demand in the summer quarter. Both the revenue and earnings of the Railway Systems segment rose slightly from the first to the second quarter of the business year 2019/20. The division on the whole posted revenue of EUR 758.7 million for the second quarter of the current business year, down 2.6% from the previous year's level of EUR 778.8 million. At 8.6%, the decline in EBITDA from EUR 90.0 million (margin of 11.6%) to EUR 82.3 million (margin of 10.8%) was a bit more pronounced.

METAL FORMING DIVISION

QUARTERLY DEVELOPMENT OF THE METAL FORMING DIVISION

In millions of euros	Q 1		Q 2		H 1		
	2018/19 04/01–06/30/2018	2019/20 04/01–06/30/2019	2018/19 07/01–09/30/2018	2019/20 07/01–09/30/2019	2018/19 04/01–09/30/2018	2019/20 04/01–09/30/2019	Change in %
Revenue	748.0	737.6	697.1	715.7	1,445.1	1,453.3	0.6
EBITDA	84.4	58.4	68.2	48.7	152.6	107.1	–29.8
EBITDA margin	11.3%	7.9%	9.8%	6.8%	10.6%	7.4%	
EBIT	55.7	24.3	38.7	13.8	94.4	38.1	–59.6
EBIT margin	7.5%	3.3%	5.6%	1.9%	6.5%	2.6%	
Employees (full-time equivalent)	11,938	12,374	12,052	12,486	12,052	12,486	3.6

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The performance of the Metal Forming Division in the first half of the business year 2019/20 was weaker overall. Aside from the declining economic momentum in major customer segments and regions, the division was also confronted with a massive increase in the start-up costs of a component plant for the automotive industry in the United States.

To date, the business climate in the Automotive Components business segment has clouded over during the current business year. The decline of about 2% in the sales of Europe's renowned automakers triggered a slightly greater decline in production. In North America, demand for the locally manufactured products of the Automotive Components segment was altogether satisfactory in an otherwise stagnating market. While the number of new light vehicle registrations has fallen, the strong trend toward sport utility vehicles (SUVs) remains unbroken. Our plant in Cartersville, Georgia, USA, which is in its start-up phase, had to contend with substantially higher start-up costs in the first half of the current business year. This had a correspondingly negative impact on the business segment's earnings. Some of the steps that have been taken to ameliorate the situation have already been successfully implemented, and productivity has risen. But numerous other optimization measures will be necessary to meet the originally planned targets. In China, the growth rates of the German premium auto brands have fallen a bit in a sharply shrinking automotive market overall, but the local branches of Automotive Components succeeded nonetheless in benefiting from the solid demand.

Declining automotive sales worldwide also had a negative impact on the Tubes & Sections business segment in the first half of the business year 2019/20. The Rotec Group, which specializes in safety components for the automotive industry and is a link in the global supplier industry, was faced with lower sales as well as shrinking supply chain inventories. Regionally, orders from the commercial and construction machinery industry in Europe have declined. But the traditionally late-cycle construction industry is still delivering largely stable performance in the European Single Market. The Tubes & Sections business segment benefited from much better demand in the United States, relatively speaking. Both storage technology and the aerospace industry are the bedrock of the solid order volume in this region. So far, Brazil's trends toward a recovery have been weaker than expected.

Although the momentum in its market has been steadily declining in the most recent quarters, the

Precision Strip business segment delivered a largely satisfactory performance in the first half of the business year 2019/20 thanks to its good market position. While orders on hand recently stabilized at a lower level in China, the segment's environment in the U.S. has become less favorable. The European market for the products of the Precision Strip business segment is shrinking, too, but customers' order levels still remain relatively solid.
The Warehouse & Rack Solutions business segment, which specializes in manufacturing and installing high-bay warehouses and system racks, has been profiting for years from the excellent e-commerce business climate. Hence the scope of this segment's projects in the first two quarters of the current business year was highly satisfactory. In contrast to the U.S. market, which continues to prosper in this respect, the project pipeline in Europe has recently been buffeted by declining market dynamics.

FINANCIAL KEY PERFORMANCE INDICATORS

The Metal Forming Division had to contend with significant year-over-year declines in earnings in the first half of the business year 2019/20 despite stable revenue growth. This downturn is due only in part to the general downward trend; it stems for the most part from the sharply higher start-up costs at the Automotive Components plant in Cartersville, Georgia, USA. As a result, the segment's revenue of EUR 1,453.3 million is practically the same as in the same period of the previous year (EUR 1,445.1 million). The revenue of both Tubes & Sections and Precision Strip was down slightly on account of the prevailing business climate, yet these declines were offset by increases in the Automotive Components as well as Warehouse & Rack Solutions business segments. While the start-up of the Cartersville plant had a positive effect on revenue in Automotive Components, the positive performance of Warehouse & Rack Solutions was largely driven by the completion of numerous projects. Earnings, however, present a completely different picture. The decline in this key performance indicator stems to a large degree from the start-up difficulties at the Cartersville plant. Owing to the gradual dampening of economic sentiment, all business segments of the Metal Forming Division other than Warehouse & Rack Solutions recorded declining profits. On the whole, EBITDA fell year over year by 29.8%, from EUR 152.6 million (margin of 10.6%) in the first half of the business year 2018/19 to EUR 107.1 million (margin of 7.4%) in the reporting period.
Quarter to quarter, the division's key financial indicators point to declines that stem from both economic and seasonal effects. Revenue fell by 3.0%, from EUR 737.6 million in the first quarter of the business year 2019/20 to EUR 715.7 million in the second quarter. Solely the Automotive Components business segment managed to offset shrinking delivery volumes at other sites thanks to the steep ramp-up curve at the Cartersville plant that continued unabated. In terms of earnings, the weakening trend affected especially the two larger business segments (Tubes & Sections and Automotive Components). As a result, EBITDA dropped by 16.6%, from EUR 58.4 million (margin of 7.9%) in the first quarter of the business year 2019/20 to EUR 48.7 million (margin of 6.8%) in the second quarter.

INVESTMENTS

Following a steady stream of investments in recent years, some of which substantially exceeded depreciation, the voestalpine Group made fewer investments in the business year 2019/20 to date. As a result, this key performance indicator will be more or less equivalent to depreciation in the current business year. This must be considered against the backdrop of both the weakening economy and the optimization of processes in previously implemented projects. Overall, the investments of the voestalpine Group fell by 28.9%, from EUR 474.6 million in same period the previous year to EUR 337.5 million in the first half of the business year 2019/20.

The investments of the Steel Division dropped by almost two thirds, from EUR 206.8 million in the previous year to EUR 72.2 million in the reporting period. The comprehensive overhaul of Blast Furnace A at the Group's facility in Linz, Austria, from June 2018 through the end of September 2018 was the last of its major projects to be implemented. Presently, the Steel Division is focused on optimizing existent facilities as well as on select replacement and maintenance investments. Among other things, the project to replace the crane track girders in the steelworks is now entering the second phase. And a testing center is being established for the strip steel segment to determine the mechanical properties of cold-rolled steel strip.

At EUR 114.3 million, the investments of the High Performance Metals Division in the first half of the business year 2019/20 were 12.1% higher than the investments of EUR 102.0 million in the first half of the business year 2018/19. Currently, this division's most important project concerns the construction of the new special steel plant in Kapfenberg, Austria. Specialized companies are building the steel factory floor, the energy delivery system as well as the piping systems, thus ensuring that the construction work remains on schedule. The factory floor will be completed by the end of February 2020. The second half of the calendar year 2021 should see the completion of the project on the whole as well as the onset of the start-up phase. Work on another key project at the Kapfenberg site—a next-generation production facility for the construction of structural aircraft components—has already reached a highly advanced stage. The forging facility will be up and running in the next few months. The High Performance Metals Division already invested in a high-tech fast forge press for highly stress resistant, rotating aircraft turbine components a year earlier.

The investment volume of the Metal Engineering Division in the first half of the business year 2019/20 (EUR 61.3 million) was slightly less than in the first half of the business year 2018/19 (EUR 65.4 million). Currently, this division's most important project involves the construction of a new continuous casting facility ("CC4"). This cutting-edge facility will replace the existent one ("CC2") and create the conditions for even greater improvements in the product quality of the pre-materials used in processing operations. It is slated to be commissioned at the end of the current business year.

The investment expenditure of the Metal Forming Division in the first half of the business year 2019/20 (EUR 81.0 million) was 14.8% less than that in the first half of the business year 2018/19 (EUR 95.1 million). In recent years, this division had focused on the international rollout of its product innovations in automotive components (among others in China, the United States, and Mexico). This year, it is focused on optimizing processes at individual facilities. The Tubes & Sections business segment is currently pushing investments in new process technologies. For example, it invested in a powerful processing center in Shelbyville, Kentucky, USA, specifically for the aerospace industry. The French entity, Profilafroid, also focused on issues of production technology in the first half of the business year 2019/20 by installing a customized sectioning line.

BUSINESS TRANSACTIONS WITH ASSOCIATED COMPANIES OR PARTIES

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

RISK MANAGEMENT

Proactive risk management, as it has been understood by and practiced in the voestalpine Group for many years, serves both to ensure the existence of the Group as a going concern in the long term and to boost its value and thus is key to the success of the Group overall. As part of the systematic risk management process (which is undertaken Group-wide several times a year in uniform fashion) and as part of internal control systems (ICS, which are also integral elements of the Group's structural and workflow organization) material risks are systematically recorded, analyzed, assessed, and subjected to permanent monitoring early on; appropriate measures to minimize risks are taken as necessary.

The risk environment of the voestalpine Group in the first six months of the current business year as well as compared with the prior years has remained largely unchanged. Material fields of risk—such as the availability of raw materials and energy supplies, the loss of critical production facilities, the loss of critical IT systems, the CO_2 issue, knowledge management, or financial risks—and the respective precautionary measures thus have remained largely the same. The material fields of risk and the respective measures to minimize risk, which were presented and described in detail in the Annual Report 2018/19 of the voestalpine Group (Annual Report 2018/19, "Report on the Company's Risk Exposure"), thus remain valid for this interim management report.

There were no changes with respect to the disclosures in the Management Report for the business year 2018/19 regarding the Austrian energy tax rebate. Note that the Austrian Federal Finance Court *(Bundesfinanzgericht)* has directed a request for a preliminary ruling to the European Court of Justice (ECJ) (BFG 10/31/2014, RE/5100001/2014). The amendment of the Austrian Energy Tax Rebate Act *(Energieabgabenvergütungsgesetz)* by means of the 2011 Austrian Budget Accompanying Act *(Budgetbegleitgesetz* – BBG 2011), which applies to periods after December 31, 2010, limited the energy tax rebate to manufacturing companies. Subsequently, the question of whether this restriction, which may be deemed state aid, violated EU law was submitted to the ECJ for a preliminary ruling; this has actually been affirmed by the court (ECJ 7/21/2016, docket no. C-493/14, Dilly's Wellnesshotel GmbH). As a result, the restrictions pursued by the Budget Accompanying Act 2011 did not enter into force with legal effect and, therefore, service providers, in particular, can retroactively claim the energy tax rebate for periods after February 1, 2011. In its subsequent ruling, the Austrian Federal Finance Court declared that the restriction to manufacturing companies did not take effect. The Tax Office appealed this decision to the Higher Administrative Court, which in September 2017 (decision dated 9/14/2017, EU 2017/0005 and 0006-1) again sought recourse with the ECJ. The final applications of the advocate general were filed on February 14, 2019. To date, it is not known when the decision on the matter pending before the ECJ (C-585/17) will be handed down. No adverse impact is anticipated for the voestalpine Group.

Based on the insights gained as a result of past economic and financial crises and their effects on the voestalpine Group, additional steps—primarily of a corporate nature—were taken in recent years to minimize the Group's risk exposure, which are also described in detail in the Annual Report 2018/19, and these measures have been and are being consistently implemented in the current business year. Given the ongoing difficulties in the economic environment, as before a working group is tasked with monitoring any fallout from the Brexit decision. Consequences arising from (punitive) tariffs and global trade disputes are subject to continuous monitoring as well.

The measures that have been put in place to avert or prevent identified risks aim to reduce potential losses and/or minimize the likelihood of losses occurring.

It must be stated that, as of the date of this interim management report, the risk exposure of and resulting uncertainties in the voestalpine Group are limited and manageable, and do not threaten the continuation of the Group as a going concern. There are no threats to the company as a going concern in the future, nor are any such risks discernible as of the semi-annual reporting date.

OUTLOOK

The Management Board's assessment at the start of the business year 2019/20—specifically, that the previous year's performance based on EBITDA would probably be achievable again in the current business year—was premised on a number of factors. At the time, the key influencing variables in market and cost terms on which this assumption was based were as follows:

» A cooling of the economy in the markets that are key to voestalpine, but no recessionary or crises scenarios;
» A cooling of the momentum in the automotive industry, but no new dramatic distortions in the automotive market on account of the new emissions test to be introduced in Europe in September 2019;
» No negative effects from the global trade wars and/or the Brexit above and beyond the anticipated cooling of the economy;
» A normalizing of iron ore prices over the course of the business year; and
» Positive dispositions of challenges internal to the company.

Key assumptions largely did not come to pass over the course of the first six months of the current business year.

While the intracorporate challenges are being dealt with and certain improvements are still expected to be realized, the slowdown in the momentum of the automotive industry has been both more intense and widespread than originally expected, even though the new emissions test that was introduced in September of this year did not trigger the distortions seen a year ago.

The global trade war along with protectionist policies have clearly crimped investments in many parts of the world and thus have led, particularly toward the end of the current business year's first half, to significant demand declines in many markets that are key to the voestalpine Group.

Although iron ore prices did ease over the summer, the expected margin growth did not materialize. Record imports into the European Union combined with weak intra-European demand continued to depress steel prices at the end of this reporting period.

Given these negative macroeconomic developments, the scenario posited at the start of the current business year no longer applies. From today's vantage point, it is to be expected that the third business quarter is likely to be as difficult as the second quarter of the business year 2019/20. Positive effects from both seasonal influences and the resolution of intracorporate issues as well as earnings contributions from the steps taken to lower costs and boost efficiency should take effect in the business year's last quarter.

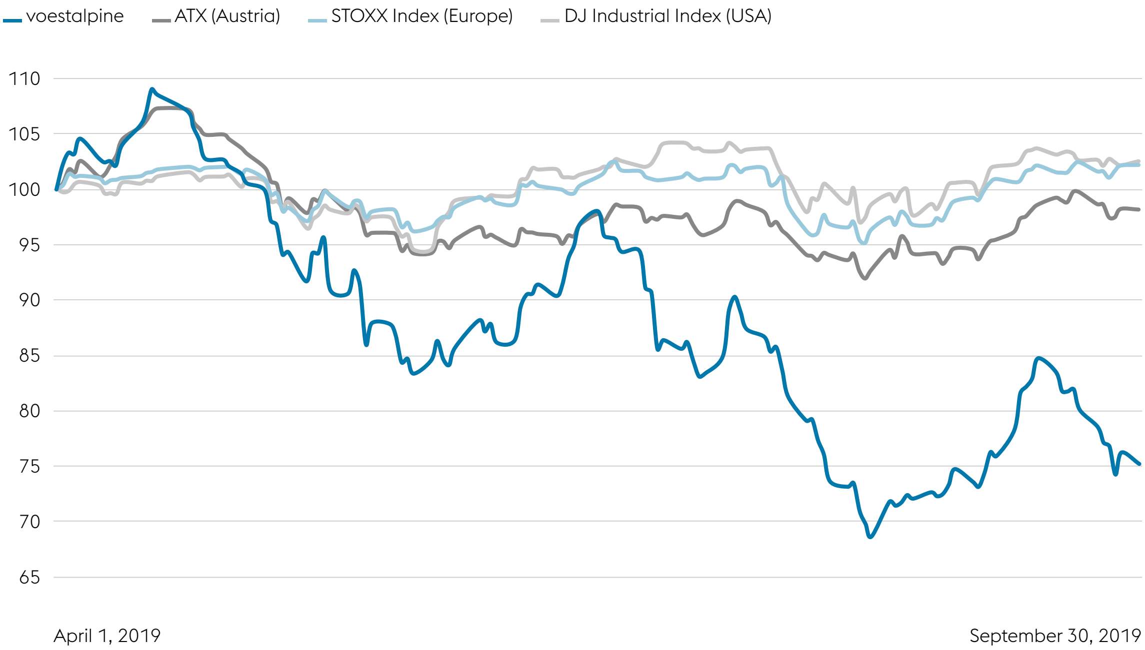
In this difficult environment, the Management Board's focus is on measures designed to stabilize earnings and generate free cash flow. Aside from short-term actions, over the next few months this will also entail examining the ramifications of the changed global economic framework for the long-term positioning of all of the Group's material business segments.

At this point in time, the Management Board of voestalpine AG thus expects EBITDA of about EUR 1.3 billion for the business year 2019/20—an assessment that is largely in line with market expectations.

INVESTOR RELATIONS

voestalpine AG VS. THE ATX AND INTERNATIONAL INDICES

Changes compared to March 31, 2019, in %



DEVELOPMENT OF THE voestalpine SHARE

At the start of the 2018 calendar year—i.e. right at the time at which the U.S. launched its trade wars against the rest of the world—the precursor indicators in Europe began to weaken, putting increasing pressure on the shares of companies sensitive to macroeconomic developments. The trade war between the United States and China has escalated in the 2019 calendar year. Leading economic indicators, such as the Ifo Business Climate Index or the Purchasing Managers' Indices (PMI) for the processing industries in Europe, have declined yet further due to the resulting uncertainties, especially in export-driven economies. The initial impact of these developments on the global economy already made themselves felt during the second half of the 2018 calendar year, first in China and then in Europe as well. While China counteracted the decline in both consumer and export-driven segments through economic growth measures in the construction and infrastructure industry, the economic headwinds in Europe have intensified substantially in the course of the 2019 calendar year. The economic downturn has had its greatest impact in the European steel sector. In this industry, the decline in demand has intensified what were already challenging structural conditions, for example, the rising cost of CO_2 allowances as well as ineffective steps to limit surging steel imports. To make matters worse, the economic environment in downstream processing has become increasingly difficult too.

Capital market players responded by issuing lower earnings forecasts which, in turn, intensified the downward spiral of voestalpine's share price in the first six months of the business year 2019/20, thus prolonging the previous year's trend. While the ATX trended laterally during this period, ending in minor negative territory of –2% at the end of September 2019, the price of voestalpine's stock was highly volatile during the entire period. Regularly recurring, geopolitical uncertainties—such as the growth of Italy's sovereign debt, the uncertain resolution of the Brexit, the U.S.'s conflict with Iran, the attacks on the oil industry in the Middle East, etc.—that pushed fears of a recession into the forefront of investors' minds further aggravated the large fluctuations. Against this backdrop, the voestalpine share had to contend with a loss of just under 25% in the first half of the business year 2019/20. While its price at the start of the business year still was EUR 28.04, its closing price as of the end of September 2019 was EUR 21.08. In contrast to the ATX, the Dow Jones Industrial and the STOXX Index Europe even followed a slightly positive trend in the same period.

BONDS

Type of bond	ISIN number	Issuing volume	Interest rate	Share price (09/30/2019)
Hybrid bond 2013	AT0000A0ZHF1	EUR 500 million	7.125%[1]	100.39
Corporate bond 2014–2021	AT0000A19S18	EUR 400 million	2.25%	103.45
Corporate bond 2017–2024	AT0000A1Y3P7	EUR 500 million	1.375%	102.88
Corporate bond 2019–2026	AT0000A27LQ1	EUR 500 million	+1.750%	103.13

[1] Interest rates: 7.125% p.a. from issue date to October 31, 2014 (excl.); 6% p.a. from October 31, 2014, to October 31, 2019; five-year swap rate (from October 29, 2019) +4.93% p.a. from October 31, 2019, to October 31, 2024; thereafter three-month EURIBOR +4.93% p.a. + step-up of 1% p.a. from October 31, 2024.

REDEMPTION OF THE 2013 HYBRID BOND

On September 9, 2019, the Management Board of voestalpine AG resolved to redeem the 2013 hybrid bond that had an issuing volume of EUR 500 million in full pursuant to the Bond Conditions effective as of the bond's first possible call date, namely, October 31, 2019 (redemption date).

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

- Alpha Value, Paris
- Baader Bank AG, Munich
- Bank of America/Merrill Lynch, London
- Citigroup, London
- Commerzbank, Frankfurt
- Credit Suisse, London
- Deutsche Bank, London
- Erste Bank, Vienna
- Goldman Sachs, London
- Jefferies, London
- J.P. Morgan, London
- Kepler Cheuvreux, Frankfurt
- Macquarie, London
- Morgan Stanley, London
- Oddo BHF, Paris
- Raiffeisen Centrobank, Vienna
- Société Générale, Paris
- UBS, London
- Wiener Privatbank, Vienna

SHARE INFORMATION

Share capital	EUR 324,391,840.99 divided into 178,549,163 no-par value shares
Treasury shares as of March 31, 2019	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 2019 to September 2019	EUR 30.58
Share price low, April 2019 to September 2019	EUR 19.24
Share price as of September 30, 2019	EUR 21.08
Initial offering price (IPO) October 1995	EUR 5.18
All-time high price (July 12, 2007)	EUR 66.11
Market capitalization as of September 30, 2019[1]	EUR 3,763,213,531.28

[1] Basis: total number of shares minus repurchased shares.

BUSINESS YEAR 2018/19

Earnings per share	EUR 2.31
Dividend per share	EUR 1.10
Carrying amount per share as of March 31, 2019	EUR 36.66

FINANCIAL CALENDAR

Q 3 2019/20 Report	February 6, 2020
Annual Report 2019/20	June 3, 2020
Record date for attendance at the AGM	June 21, 2020
Annual General Meeting	July 1, 2020
Ex-dividend date	July 09, 2020
Record date for dividend payment	July 10, 2020
Dividend payment date	July 13, 2020
Q 1 2020/21 Report	August 5, 2020
Q 2 2020/21 Report	November 10, 2020

voestalpine AG

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 09/30/2019

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

	03/31/2019	09/30/2019
A. Non-current assets		
Property, plant and equipment	6,580.2	6,952.7
Goodwill	1,548.3	1,549.0
Other intangible assets	395.1	378.9
Investments in entities consolidated according to the equity method	124.3	125.1
Other financial assets and other shares in companies	50.6	59.4
Deferred tax assets	197.3	225.5
	8,895.8	**9,290.6**
B. Current assets		
Inventories	4,053.0	4,203.6
Trade and other receivables	2,021.3	1,855.4
Other financial assets	182.3	442.5
Cash and cash equivalents	485.9	312.5
Assets – held for sale	13.3	13.3
	6,755.8	**6,827.3**
Total assets	**15,651.6**	**16,117.9**

In millions of euros

EQUITY AND LIABILITIES

	03/31/2019	09/30/2019
A. Equity		
Share capital	324.3	324.3
Capital reserves	667.0	665.9
Hybrid capital	497.9	0.0
Retained earnings and other reserves	5,054.8	4,846.9
Equity attributable to equity holders of the parent	**6,544.0**	**5,837.1**
Non-controlling interests	165.8	157.6
	6,709.8	**5,994.7**
B. Non-current liabilities		
Pensions and other employee obligations	1,276.9	1,408.1
Provisions	167.3	161.9
Deferred tax liabilities	110.5	106.3
Financial liabilities	2,661.8	3,584.6
	4,216.5	**5,260.9**
C. Current liabilities		
Provisions	642.9	573.5
Tax liabilities	101.6	65.2
Financial liabilities	1,142.3	1,689.1
Trade and other payables	2,838.5	2,534.5
	4,725.3	**4,862.3**
Total equity and liabilities	**15,651.6**	**16,117.9**

In millions of euros

CONSOLIDATED STATEMENT OF CASH FLOWS

	04/01–09/30/2018	04/01–09/30/2019
Operating activities		
Profit after tax	319.9	115.2
Non-cash expenses and income	337.1	422.8
Change in inventories	–134.7	–146.4
Change in receivables and liabilities	–333.8	–83.8
Change in provisions	–23.5	–105.8
Changes in working capital	**–492.0**	**–336.0**
Cash flows from operating activities	**165.0**	**202.0**
Investing activities		
Additions to other intangible assets, property, plant and equipment	–498.0	–387.0
Income from disposals of assets	5.0	2.1
Cash flows from the acquisition of control of subsidiaries	5.9	0.0
Additions to/divestments of other financial assets	129.7	–264.6
Cash flows from investing activities	**–357.4**	**–649.5**
Financing activities		
Dividends paid	–246.8	–196.3
Dividends paid non-controlling interests	–16.8	–18.5
Acquisition of non-controlling interests	–1.1	–3.2
Increase in non-current financial liabilities	74.0	555.2
Repayment of non-current financial liabilities	–449.5	–487.5
Repayment of lease liabilities	–2.1	–34.4
Change in current financial liabilities and other financial liabilities	397.0	460.8
Cash flows from financing activities	**–245.3**	**276.1**
Net decrease/increase in cash and cash equivalents	**–437.7**	**–171.4**
Cash and cash equivalents, beginning of year	705.8	485.9
Net exchange differences	–4.1	–2.0
Cash and cash equivalents, end of year	**264.0**	**312.5**

In millions of euros

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED INCOME STATEMENT

	04/01–09/30/2018	04/01–09/30/2019	07/01–09/30/2018	07/01–09/30/2019
Revenue	**6,674.0**	**6,541.6**	**3,205.0**	**3,205.5**
Cost of sales	–5,268.4	–5,356.9	–2,591.7	–2,675.2
Gross profit	**1,405.6**	**1,184.7**	**613.3**	**530.3**
Other operating income	207.6	222.2	67.8	132.3
Distribution costs	–584.4	–600.1	–282.5	–297.9
Administrative expenses	–333.9	–356.4	–163.1	–170.9
Other operating expenses	–224.9	–226.9	–81.7	–123.6
Share of profit of entities consolidated according to the equity method	9.5	6.1	1.9	2.7
EBIT	**479.5**	**229.6**	**155.7**	**72.9**
Finance income	23.7	23.1	10.4	13.7
Finance costs	–81.7	–90.2	–38.9	–48.5
Profit before tax	**421.5**	**162.5**	**127.2**	**38.1**
Tax expense	–101.6	–47.3	–33.6	–13.3
Profit after tax	**319.9**	**115.2**	**93.6**	**24.8**
Attributable to:				
Equity holders of the parent	297.9	97.2	84.0	19.6
Non-controlling interests	7.0	4.8	2.1	–0.5
Share planned for hybrid capital owners	15.0	13.2	7.5	5.7
Basic and diluted earnings per share (euros)	**1.69**	**0.54**	**0.48**	**0.10**

In millions of euros

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED OTHER COMPREHENSIVE INCOME

	04/01–09/30/2018	04/01–09/30/2019	07/01–09/30/2018	07/01–09/30/2019
Profit after tax	**319.9**	**115.2**	**93.6**	**24.8**
Items of other comprehensive income that will be reclassified subsequently to profit or loss				
Cash flow hedges	–6.8	–11.1	–4.8	–7.4
Currency translation	–2.5	–6.5	–6.6	9.1
Share of result of entities consolidated according to the equity method	–0.9	–1.1	–1.0	0.2
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss	**–10.2**	**–18.7**	**–12.4**	**1.9**
Items of other comprehensive income that will not be reclassified subsequently to profit or loss				
Actuarial gains/losses	–34.1	–95.7	–31.8	–41.0
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	**–34.1**	**–95.7**	**–31.8**	**–41.0**
Other comprehensive income for the period, net of income tax	**–44.3**	**–114.4**	**–44.2**	**–39.1**
Total comprehensive income for the period	**275.6**	**0.8**	**49.4**	**–14.3**
Attributable to:				
Equity holders of the parent	255.4	–16.1	40.9	–19.7
Non-controlling interests	5.2	3.7	1.0	–0.3
Share planned for hybrid capital owners	15.0	13.2	7.5	5.7
Total comprehensive income for the period	**275.6**	**0.8**	**49.4**	**–14.3**

In millions of euros

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	H 1 2018/19			H 1 2019/20		
	Group	Non-controlling interests	Total equity	Group	Non-controlling interests	Total equity
Equity as of April 1	**6,378.3**	**168.6**	**6,546.9**	**6,544.0**	**165.8**	**6,709.8**
Total comprehensive income for the period	270.4	5.2	275.6	–2.9	3.7	0.8
Dividends to shareholders	–246.8	–18.1	–264.9	–196.3	–14.0	–210.3
Hybrid capital	–	–	–	–500.0	–	–500.0
Share-based payment	–4.0	–	–4.0	–1.1	–	–1.1
Other changes	–2.4	–0.3	–2.7	–6.6	2.1	–4.5
Equity as of September 30	**6,395.5**	**155.4**	**6,550.9**	**5,837.1**	**157.6**	**5,994.7**

In millions of euros

GENERAL INFORMATION / ACCOUNTING POLICIES

These Interim Consolidated Financial Statements of voestalpine AG as of September 30, 2019, for the first half of the business year 2019/20 were prepared in accordance with IAS 34 – Interim Financial Reporting. The accounting policies are unchanged from the Consolidated Financial Statements for the business year 2018/19, with the exception of the changes below.

The following new and revised Standards and Interpretations were adopted for the first time in the business year 2019/20:

Standard	Content	Effective date[1]
IFRS 16	Leases	January 1, 2019
IFRS 9, amendments	Prepayment Features with Negative Compensation	January 1, 2019
IAS 28, amendments	Long-Term Interests in Associates and Joint Ventures	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019
IAS 19, amendments	Plan Amendment, Curtailment or Settlement	January 1, 2019

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

With the exception of IFRS 16, the amendments and new versions of Standards and Interpretations did not have any material effect on the voestalpine Group's net assets, financial position, and results of operations.

The disclosures resulting from the initial application of IFRS 16 follow below from the section entitled **Changes in Accounting Policies.**

Further information on the other principles of preparation is provided in the Consolidated Financial Statements as of March 31, 2019, 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 that affect amounts and percentages.

Unless otherwise stated, comparative information relates to the first half of the business year 2018/19 (reporting date: September 30, 2018).

The present Interim Consolidated Financial Statements have not been audited or reviewed by auditors.

CHANGES IN ACCOUNTING POLICIES

IFRS 16 Leases has been applied in the voestalpine Group since April 1, 2019, using the modified retrospective method of initial application. Hence there was no need to adjust the previous year's figures. The new Standard combines the guidance on lease accounting and replaces IAS 17 as well as the associated Interpretations.

The new rules eliminate the prior distinction on the part of the lessee between finance and operating leases. Previous operating leases thus must generally be treated in the same way as finance leases.

The application of IFRS 16 had an impact on the Group's net assets, financial position, and results of operations because voestalpine Group companies were considered lessees under operating leases as of the first-time adoption date.

The voestalpine Group identified the capitalization of right-of-use assets and the corresponding liabilities as the most significant effect. As a result, instead of recognizing lease expenses on a straight-line basis as in the past, depreciation expenses for right-of-use assets and interest on lease liabilities are recognized. This leads to an improvement in EBITDA and EBIT as well as to a shift between cash flows from operating activities and financing activities.

The voestalpine Group applies the following measurement choices and exemptions:

» IFRS 16 was only applied to agreements that had already been classified as leases prior to the date of initial application.
» Right-of-use assets and lease liabilities are not recognized separately in the statement of financial position but instead are presented in the Notes.
» Upon first-time adoption, a given lease liability was recognized at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the time of initial application; the right-of-use asset was recognized in the same amount.
» The Group elected the option not to determine a right-of-use asset or lease liability for leases with terms up to 12 months (short-term leases) and for leases where the underlying asset is of low value. In the voestalpine Group, low-value assets concern leased assets whose cost does not exceed EUR 5,000.
» At the transition date, leases with a residual term of up to 12 months were classified as short-term leases.
» No separation is made with respect to contracts containing both non-lease components and lease components; this does not apply to land and buildings.
» IFRS 16 is not applied to intangible asset leases.

The changes did not have significant effects on existent finance leases.

The table below presents the effects of the initial application of **IFRS 16 Leases** on the opening statement of financial position as of April 1, 2019:

CHANGE IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	03/31/2019	Continuation of existing finance lease	Adjustments according to IFRS 16	04/01/2019
Assets				
Land, land rights and buildings	1,809.5			2,181.5
Thereof right-of-use assets	0.0	21.9	372.0	393.9
Plant and equipment	3,891.9			3,910.2
Thereof right-of-use assets	0.0	1.3	18.3	19.6
Fixtures and fittings	361.6			407.7
Thereof right-of-use assets	0.0	1.6	46.1	47.7
Total property, plant and equipment	**6,580.2**	**24.8**	**436.4**	**7,016.6**
Total assets	**15,651.6**			**16,088.0**
Equity and liabilities				
Financial liabilities – non-current	2,661.8			3,054.8
Thereof non-current lease liabilities	7.4		393.0	400.4
Financial liabilities – current	1,142.3			1,185.7
Thereof current lease liabilities	7.9		43.4	51.3
Total equity and liabilities	**15,651.6**		**436.4**	**16,088.0**

In millions of euros

Lease payments of EUR 549.1 million on leases previously classified as operating leases were discounted using the incremental borrowing rate and recognized as lease liabilities at the resulting current value as of April 1, 2019. The average incremental borrowing rate used to this end as of the initial application date was 2.16%.

Liabilities from non-cancelable operating leases as of March 31, 2019, were EUR 207.0 million, while gross lease liabilities as of April 1, 2019 (the first time IFRS 16 was applied) were EUR 549.1 million. The difference relates, for one, to diminishing effects from short-term leases and from leases where the underlying asset is of low value and, for another, to the increases related to the recognition of options to renew, buy, and terminate leases beyond the minimum lease term. Management had to assess whether the renewal of a lease term was reasonably certain. This was assumed to be the case particularly with respect to both large investments in leased real estate and assets that serve functions critical to individual core activities.

The deduction of the discounting effect of EUR 112.7 million from the gross lease liabilities of EUR 549.1 million has led to net lease liabilities (excluding finance leases) of EUR 436.4 million (according to the transition table for the consolidated statement of financial position).

CHANGES IN THE SCOPE OF CONSOLIDATION

The changes made in the scope of consolidation during the first half of the business year 2019/20 were as follows:

	Full consolidation	Equity method
As of April 1, 2019	**281**	**9**
Additions from acquisitions		
Change in the consolidation method		
Additions	1	
Disposals		
Reorganizations		
Divestments or disposals		
As of September 30, 2019	**282**	**9**
Of which foreign companies	224	4

The following entities are being included in the Interim Consolidated Financial Statements for the first time in the first half of the business year 2019/20:

Name of entity	Interest in %
Full consolidation	
voestalpine Böhler Welding Selco Invest S.R.L.	90.000%

The additions to the scope of consolidation of fully consolidated entities include one newly established subsidiary.

SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Name of the subsidiary	Domicile	09/30/2018	09/30/2019
voestalpine Tubulars GmbH & Co KG	Kindberg, Austria		
Proportion of ownership		49.8875%	49.8875%
Proportion of ownership interests held by non-controlling interests		50.1125%	50.1125%
CNTT Chinese New Turnout Technologies Co., Ltd.	Qinhuangdao, China		
Proportion of ownership		50.0000%	50.0000%
Proportion of ownership interests held by non-controlling interests		50.0000%	50.0000%

In the reporting period, the total of all non-controlling interests is EUR 157.6 million (September 30, 2018: EUR 155.4 million), of which EUR 81.3 million (September 30, 2018: EUR 84.7 million) is attributable to voestalpine Tubulars GmbH & Co KG and EUR 30.6 million (September 30, 2018: EUR 30.5 million) is attributable to CNTT Chinese New Turnout Technologies Co., Ltd. The remaining non-controlling interests, considered individually, can be deemed 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 intragroup transactions.

SUMMARIZED STATEMENT OF FINANCIAL POSITION

	voestalpine Tubulars GmbH & Co KG		CNTT Chinese New Turnout Technologies Co., Ltd.	
	09/30/2018	09/30/2019	09/30/2018	09/30/2019
Non-current assets	123.1	124.1	14.0	14.3
Current assets	145.6	147.9	96.5	90.8
Non-current provisions and liabilities	30.3	32.1	2.8	4.3
Current provisions and liabilities	114.4	118.6	47.4	39.9
Net assets (100%)	**124.0**	**121.3**	**60.3**	**60.9**

In millions of euros

SUMMARIZED INCOME STATEMENT

	voestalpine Tubulars GmbH & Co KG		CNTT Chinese New Turnout Technologies Co., Ltd.	
	04/01 – 09/30/2018	04/01 – 09/30/2019	04/01 – 09/30/2018	04/01 – 09/30/2019
Revenue	266.3	212.5	27.5	23.3
EBIT	5.5	–0.3	11.4	6.9
Profit after tax	4.7	–1.6	8.6	6.0
Attributable to:				
Equity holders of the parent	2.3	–0.8	4.3	3.0
Non-controlling interests	2.4	–0.8	4.3	3.0
Dividends paid to non-controlling interests	0.0	1.7	8.4	3.9

In millions of euros

SUMMARIZED STATEMENT OF CASH FLOWS

	voestalpine Tubulars GmbH & Co KG		CNTT Chinese New Turnout Technologies Co., Ltd.	
	04/01 – 09/30/2018	04/01 – 09/30/2019	04/01 – 09/30/2018	04/01 – 09/30/2019
Cash flows from operating activities	19.3	15.0	20.3	18.9
Cash flows from investing activities	–9.0	–8.8	–0.9	–0.6
Thereof additions to/divestments of other financial assets	0.0	0.0	0.0	0.0
Cash flows from financing activities	–10.2	–6.3	–14.3	–16.4
Net decrease/increase in cash and cash equivalents	**0.1**	**-0.1**	**5.1**	**1.9**

In millions of euros

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

SHARES IN IMMATERIAL JOINT VENTURES

Profits from the joint ventures, which are individually immaterial for the voestalpine Interim Consolidated Financial Statements, are included using the equity method. This information relates to the interests held by the voestalpine Group in immaterial joint ventures and is broken down as follows:

	04/01 – 09/30/2018	04/01 – 09/30/2019
Group share of		
Profit after tax	0.2	0.4
Other comprehensive income	–0.1	–0.1
Comprehensive income	**0.1**	**0.3**
Carrying amount immaterial joint ventures	**3.8**	**4.7**

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 relates to the interests held by the voestalpine Group in associates and is broken down as follows:

	04/01 – 09/30/2018	04/01 – 09/30/2019
Group share of		
Profit after tax	9.3	5.7
Other comprehensive income	–0.8	–1.0
Comprehensive income	**8.5**	**4.7**
Carrying amount immaterial associates	**117.9**	**120.4**

In millions of euros

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

In the first half of the business year 2019/20, depreciation totaling EUR 436.0 million was less than actual investments in the amount of EUR 336.2 million. The first-time application of IFRS 16 increased property, plant and equipment by EUR 436.4 million. This and positive currency translation effects of EUR 24.4 million essentially led to an increase in non-current assets from EUR 8,895.8 million to EUR 9,290.6 million. Due primarily to an operational increase in inventories (see Consolidated Cash Flow Statement), compared to March 31, 2019, the carrying amount of the inventories as of the reporting date rose by EUR 150.6 million.

As of September 30, 2019, voestalpine AG's share capital was EUR 324,391,840.99 (March 31, 2019: EUR 324,391,840.99) and was divided into 178,549,163 shares (March 31, 2019: 178,549,163). The company held 28,597 of its treasury shares as of the reporting date. In the first half of the business year 2019/20, the company neither bought nor sold any treasury shares.

On September 9, 2019, the Management Board of voestalpine AG resolved to redeem the EUR 500.0 million hybrid bond issued in 2013 in full pursuant to Section 5 (2) of the Bond Conditions effective as of the bond's first possible call date, specifically, October 31, 2019. In the Q2 Report as of September 30, 2019, the hybrid bond thus is recognized as debt capital in current financial liabilities. This leads to a reduction in equity by EUR 500.0 million. A total of EUR 1.8 million in accrued interest are recognized as finance costs in the income statement for the period from September 9, 2019, to September 30, 2019.

Due primarily to changes in the actuarial result (negative), the profit after tax of EUR 115.2 million was reduced to total comprehensive income of EUR 0.8 million. This decreased equity to EUR 5,994.7 million, including the dividend distribution and the reclassification of the hybrid bond. For the business year 2018/19, a dividend per share of EUR 1.10 was decided upon at the Annual General Meeting on July 3, 2019. Therefore, voestalpine AG has distributed dividends of EUR 196.3 million to its shareholders in the current business year.

In the current business year, the adjustment of the discount rate from 1.5% as of March 31, 2019, to 0.8% as of September 30, 2019, resulted in an increase overall in the provisions for pension and severance obligations and consequently in an actuarial loss of EUR –95.7 million (after deferred taxes) recognized in the other comprehensive income. This also resulted in an (expensed) increase of EUR 15.8 million in the provisions for long-service bonus obligations (after deferred taxes of EUR 11.8 million).

NOTES ON THE CONSOLIDATED INCOME STATEMENT

Revenue for the period from April 1 to September 30, 2019, in the amount of EUR 6,541.6 million decreased by 2.0% compared to the same period of the previous year (EUR 6,674.0 million). In the first half of the business year 2019/20, EBIT is EUR 229.6 million compared to EUR 479.5 million for the same period of the previous year. EBIT is EUR 72.9 million for the second quarter of 2019/20, compared to EUR 155.7 million for the second quarter of 2018/19. After consideration of the financial result and taxes, profit after tax is EUR 115.2 million compared to EUR 319.9 million for the same period of the previous year.

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

	04/01 – 09/30/2018	**04/01 – 09/30/2019**
Profit attributable to equity holders of the parent (in millions of euros)	297.9	97.2
Weighted average number of outstanding ordinary shares (millions)	176.3	178.5
Diluted and basic (undiluted) earnings per share (euros)	**1.69**	**0.54**

CLASSIFICATION OF REVENUES

The following table contains information on the classification of external revenues by region and industry of the voestalpine Group for the first half of the business year 2019/20 and 2018/19, respectively:

REVENUE BY REGION

	Steel Division		High Performance Metals Division	
	04/01–09/30/2018	04/01–09/30/2019	04/01–09/30/2018	04/01–09/30/2019
European Union (without Austria)	1,445.1	1,414.9	737.1	675.9
Austria	238.5	243.1	68.1	57.0
NAFTA	236.6	261.4	224.4	250.3
Asia	62.0	50.3	277.7	269.4
South America	82.8	19.5	100.8	116.4
Rest of world	129.0	112.6	113.3	113.2
Total revenue by region	**2,194.0**	**2,101.8**	**1,521.4**	**1,482.2**

REVENUE BY INDUSTRY

	Steel Division		High Performance Metals Division	
	04/01–09/30/2018	04/01–09/30/2019	04/01–09/30/2018	04/01–09/30/2019
Automotive	813.2	797.5	443.4	382.1
Energy	469.8	303.5	188.5	226.3
Railway systems	4.1	4.4	4.3	6.8
Building/Construction	186.9	199.6	56.8	50.7
Mechanical engineering	113.5	118.0	295.8	300.7
White goods/Consumer goods	67.0	66.9	182.5	167.6
Aerospace	0.0	0.0	168.7	204.5
Other	539.5	611.9	181.4	143.5
Total revenue by industry	**2,194.0**	**2,101.8**	**1,521.4**	**1,482.2**

	Metal Engineering Division		Metal Forming Division		Other		Total Group	
	04/01–09/30/2018	04/01–09/30/2019	04/01–09/30/2018	04/01–09/30/2019	04/01–09/30/2018	04/01–09/30/2019	04/01–09/30/2018	04/01–09/30/2019
	748.3	749.1	990.4	958.5	6.5	1.7	3,927.4	3,800.1
	108.9	108.6	54.0	54.9	2.1	1.5	471.6	465.1
	312.9	265.9	252.0	273.0	0.0	0.1	1,025.9	1,050.7
	154.7	155.9	49.0	66.5	0.1	0.1	543.5	542.2
	26.2	25.6	39.9	40.7	0.0	0.0	249.7	202.2
	174.7	212.4	38.9	43.1	0.0	0.0	455.9	481.3
	1,525.7	**1,517.5**	**1,424.2**	**1,436.7**	**8.7**	**3.4**	**6,674.0**	**6,541.6**

In millions of euros

	Metal Engineering Division		Metal Forming Division		Other		Total Group	
	04/01–09/30/2018	04/01–09/30/2019	04/01–09/30/2018	04/01–09/30/2019	04/01–09/30/2018	04/01–09/30/2019	04/01–09/30/2018	04/01–09/30/2019
	252.4	198.2	787.5	816.2	0.0	0.0	2,296.5	2,194.0
	346.4	313.1	26.1	23.2	0.0	0.0	1,030.8	866.1
	680.0	771.9	1.6	1.3	0.0	0.0	690.0	784.4
	46.7	40.4	316.7	316.0	0.0	0.0	607.1	606.7
	74.8	73.0	126.0	118.5	0.0	0.0	610.1	610.2
	21.5	19.1	56.7	57.6	0.0	0.0	327.7	311.2
	0.0	0.0	9.4	13.2	0.0	0.0	178.1	217.7
	103.9	101.8	100.2	90.7	8.7	3.4	933.7	951.3
	1,525.7	**1,517.5**	**1,424.2**	**1,436.7**	**8.7**	**3.4**	**6,674.0**	**6,541.6**

In millions of euros

OPERATING SEGMENTS

The following table contains information on the operating segments of the voestalpine Group for the first half of the business year 2019/20 and 2018/19, respectively:

OPERATING SEGMENTS

	Steel Division		High Performance Metals Division	
	04/01–09/30/2018	04/01–09/30/2019	04/01–09/30/2018	04/01–09/30/2019
Segment revenue	2,415.6	2,321.1	1,545.9	1,500.9
Of which revenue with third parties	2,194.0	2,101.8	1,521.4	1,482.2
Of which revenue with other segments	221.6	219.3	24.5	18.7
EBITDA	342.4	260.5	229.8	177.4
EBIT	181.7	81.0	155.7	92.4
EBIT margin	7.5%	3.5%	10.1%	6.2%
Segment assets	5,167.9	5,451.7	4,271.2	4,414.9
Employees (full-time equivalent)	10,972	10,682	14,528	13,837

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

EBITDA

	04/01–09/30/2018	04/01–09/30/2019
Net exchange differences and result from valuation of derivatives	–1.7	–4.6
Consolidation	0.6	0.2
EBITDA – Total reconciliation	**–1.1**	**–4.4**

In millions of euros

	Metal Engineering Division		Metal Forming Division		Other		Reconciliation		Total Group	
	04/01–09/30/2018	04/01–09/30/2019	04/01–09/30/2018	04/01–09/30/2019	04/01–09/30/2018	04/01–09/30/2019	04/01–09/30/2018	04/01–09/30/2019	04/01–09/30/2017	04/01–09/30/2018
	1,547.4	1,537.5	1,445.1	1,453.3	623.2	960.8	–903.2	–1,232.0	6,674.0	6,541.6
	1,525.7	1,517.5	1,424.2	1,436.7	8.7	3.4	0.0	0.0	6,674.0	6,541.6
	21.7	20.0	20.9	16.6	614.5	957.4	–903.2	–1,232.0	0.0	0.0
	183.8	172.3	152.6	107.1	–47.4	–47.4	–1.1	–4.4	860.1	665.5
	100.7	76.3	94.4	38.1	–51.9	–53.8	–1.1	–4.4	479.5	229.6
	6.5%	5.0%	6.5%	2.6%					7.2%	3.5%
	3,350.0	3,561.4	2,504.2	2,691.2	11,032.3	11,732.2	–11,154.6	–11,733.5	15,171.0	16,117.9
	13,512	13,369	12,052	12,486	866	901	0	0	51,931	51,275

In millions of euros

EBIT

	04/01–09/30/2018	04/01–09/30/2019
Net exchange differences and result from valuation of derivatives	–1.7	–4.6
Consolidation	0.6	0.2
EBIT – Total reconciliation	**–1.1**	**–4.4**

In millions of euros

All other key performance indicators contain solely the effects of consolidation.

NOTES ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Non-cash expenses and income include depreciation/revaluation (including financial assets) in the amount of EUR 435.0 million. Taking the change in working capital into consideration, the cash flow from operating activities is EUR 202.0 million compared to EUR 165.0 million in the first half of the previous year; this represents an increase of about 22.0%. Taking into account EUR –649.5 million in cash flow from investing activities that includes EUR –264.6 million in investments of other financial assets (mainly fixed term deposits for refinancing the redemption of the hybrid bond 2013) and taking into account the cash flow from financing activities in the amount of EUR 276.1 million, the resulting change in cash and cash equivalents (without net exchange differences) is EUR –171.4 million.

NOTES ON FINANCIAL INSTRUMENTS

Categories of financial instruments

Categories	Financial assets measured at AC	Hedge accounting	Financial assets measured at FVTPL	Total
Assets 03/31/2019				
Other financial assets – non-current	2.4	–	33.4	35.8
Trade and other receivables	1,209.6[1]	12.4	160.9	1,382.9
Other financial assets – current	–	–	182.3	182.3
Cash and cash equivalents	485.9	–	–	485.9
Carrying amount	**1,697.9**	**12.4**	**376.6**	**2,086.9**

[1] The receivables of EUR 1,582.0 million reported as of March 31, 2019, were adjusted by EUR 372.4 million (mainly receivables from tax authorities).

In millions of euros

Categories	Financial assets measured at AC	Hedge accounting	Financial assets measured at FVTPL	Total
Assets 09/30/2019				
Other financial assets – non-current	9.9	–	33.4	43.3
Trade and other receivables	1,050.0	8.9	163.9	1,222.8
Other financial assets – current	–	–	442.5	442.5
Cash and cash equivalents	312.5	–	–	312.5
Carrying amount	**1,372.4**	**8.9**	**639.8**	**2,021.1**

In millions of euros

Categories	Financial liabilities measured at AC		Hedge accounting	Financial liabilities measured at FVTPL	Total	
	Carrying amount	Fair value	Carrying amount (= fair value)	Carrying amount (= fair value)	Carrying amount	Fair value
Liabilities 03/31/2019						
Financial liabilities – non-current	2,661.8	2,688.7	–	–	2,661.8	2,688.7
Financial liabilities – current	1,142.3	1,140.3	–	–	1,142.3	1,140.3
Trade and other payables	2,360.2[1]	2,360.2	4.9	16.1	2,381.2	2,381.2
Total	**6,164.3**	**6,189.2**	**4.9**	**16.1**	**6,185.3**	**6,210.2**

[1] Liabilities of EUR 2,710.9 million reported as of March 31, 2019, were adjusted by EUR 350.7 million (mainly liabilities to tax authorities and employees).

In millions of euros

Categories	Financial liabilities measured at AC		Hedge accounting	Financial liabilities measured at FVTPL	Total	
	Carrying amount	Fair value	Carrying amount (= fair value)	Carrying amount (= fair value)	Carrying amount	Fair value
Liabilities 09/30/2019						
Financial liabilities – non-current	3,584.6	3,636.5	–	–	3,584.6	3,636.5
Financial liabilities – current	1,689.1	1,689.9	–	–	1,689.1	1,689.9
Trade and other payables	2,057.3	2,057.3	16.3	15.5	2,089.1	2,089.1
Total	**7,331.0**	**7,383.7**	**16.3**	**15.5**	**7,362.8**	**7,415.5**

In millions of euros

The carrying amount of the financial assets and liabilities represents an adequate approximation of the fair value if there is no difference between the fair value and the carrying amount.

Financial liabilities measured at amortized cost, excluding bonds issued, fall under Level 2. The valuation is performed using the discounted cash flow method, where 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, the fair values are calculated by discounting the estimated future cash flows at typical market interest rates.

Bonds issued are measured using Level 1 inputs according to the quoted price as of the reporting date.

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 the quoted prices included in Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Comprises unobservable inputs for the asset or liability.

FAIR VALUE HIERARCHY LEVELS USED FOR RECURRING FAIR VALUE MEASUREMENTS

	Level 1	Level 2	Level 3	Total
03/31/2019				
Financial assets				
Other financial assets – non-current	1.3	–	32.1	33.4
Receivables from derivatives – hedge accounting	–	12.4	–	12.4
Trade and other receivables	–	17.6	143.3	160.9
Other financial assets – current	182.3	–	–	182.3
	183.6	**30.0**	**175.4**	**389.0**
Financial liabilities				
Liabilities from derivatives – hedge accounting	–	4.9	–	4.9
Trade and other payables	–	16.1	–	16.1
	0.0	**21.0**	**0.0**	**21.0**
09/30/2019				
Financial assets				
Other financial assets – non-current	1.3	–	32.1	33.4
Receivables from derivatives – hedge accounting	–	8.9	–	8.9
Trade and other receivables	–	27.2	136.7	163.9
Other financial assets – current	442.5	–	–	442.5
	443.8	**36.1**	**168.8**	**648.7**
Financial liabilities				
Liabilities from derivatives – hedge accounting	–	16.3	–	16.3
Trade and other payables	–	15.5	–	15.5
	0.0	**31.8**	**0.0**	**31.8**

In millions of euros

Derivative transactions (Level 2) are measured using the discounted cash flow method. This entails determining the value that would be realized if the hedging position were sold. The observable currency exchange rates and raw materials prices as well as the interest rates are the input for the calculation of fair values. The fair values are calculated based on the inputs by discounting expected future cash flows at typical market interest rates.

The voestalpine Group recognizes reclassifications between different levels of the fair value hierarchy as of the end of the reporting period in which the change occurred. No reclassifications were made in the business year 2018/19 and from April 1, 2019, through September 30, 2019.

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 – OTHER FINANCIAL ASSETS – NON-CURRENT

	04/01 – 09/30/2018	04/01 – 09/30/2019
Opening balance	**32.1**	**32.1**
Total of gains/losses recognized in the income statement:		
Finance costs/Finance income	0.0	0.0
Closing balance	**32.1**	**32.1**

In millions of euros

Level 3 includes the investment in Energie AG Oberösterreich that is measured at fair value as "FVTPL." The fair value of this company can be reliably determined based on the valuation performed once a year for Energie AG Oberösterreich as a whole and taking into account all relevant information.

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

LEVEL 3 – FVTPL – TRADE RECEIVABLES (SALE BUSINESS MODEL)

	04/01/2018 – 03/31/2019	04/01 – 09/30/2019
Opening balance	**144.1**	**143.3**
Disposals	–144.1	–143.3
Additions	143.3	136.7
Closing balance	**143.3**	**136.7**

In millions of euros

The receivables in this portfolio are sold monthly on a rolling basis as part of the Group's factoring programs. The results attributable to this portfolio are immaterial.

The credit risk associated with the respective debtor is the most important factor in the fair value determination of the portfolio entitled "Trade and other receivables earmarked for factoring." Hence any increase/decrease by 1% in the established default rates would result in a change in the fair value of this portfolio in the same amount; as a rule, however, the fair value change is disproportionately low, because credit insurance has been purchased for material portions of the portfolio.

SEASONALITY AND CYCLICALITY

See 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 non-consolidated subsidiaries, joint ventures, and associated Group companies as part of operational activities. These business transactions are carried out exclusively based on normal market terms.

There were no changes in transactions with associated companies and persons, which were described in the most recent annual financial statements and which significantly affected the company's financial position or its net operating profit during the first six months of the current business year.

ANTITRUST PROCEEDINGS

As of September 30, 2019, the provisions recognized in the annual financial statements 2018/19 in the amount of EUR 26.3 million for the antitrust proceedings and associated actions and costs relative to railway superstructure material as well as for the discontinuation of TSTG Schienen Technik GmbH & Co KG have been reduced to EUR 24.0 million due to the use of these provisions.

Companies of the High Performance Metals Division of the voestalpine Group were affected by proceedings of the German Federal Cartel Office *(Bundeskartellamt)* against companies that produce, process, or sell special steel products. These proceedings had already become public back in November 2015, following searches conducted on the premises of voestalpine's competitors. The proceedings of the Bundeskartellamt were initiated subsequent to an application under the Leniency Notice submitted by voestalpine AG. As it is the principal witness, no fines were imposed on the voestalpine Group. No provisions were recognized in this regard at the current interim reporting date.

In the course of the current investigations of the German Federal Cartel Office against steel producers, a search was conducted in the offices of voestalpine in Linz, Austria, from September 12 to 14, 2017, for the German Federal Cartel Office. The search took place on suspicion of anti-competitive practices in the market for heavy plates. Austrian authorities took part in accordance with European legal requirements. voestalpine AG is taking these allegations very seriously and is cooperating with the authorities. Potential negative financial effects have been taken into account as of the current interim reporting date.

PROVISIONS AND CONTINGENT LIABILITIES

Note that we are invoking the safeguard clause in accordance with IAS 37.92, pursuant to which detailed information on provisions and contingent liabilities is not disclosed 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.

MANAGEMENT BOARD STATEMENT
IN ACCORDANCE WITH SECTION 125 (1) AUSTRIAN STOCK EXCHANGE ACT 2018 *(BÖRSEGESETZ 2018 – BÖRSEG 2018)*

The Management Board of voestalpine AG confirms to the best of its knowledge that the Condensed Interim Financial Statements give a true and fair view of the assets, liabilities, financial position, and profit or loss of the Group as required by the applicable accounting standards and that the Group Management Report gives a true and fair view of important events that have occurred during the first six months of the business year and their impact on the Condensed Interim Financial Statements, of the principal risks and uncertainties for the remaining six months of the business year, and of the major related party transactions to be disclosed.

Linz, November 4, 2019

The Management Board

Herbert Eibensteiner
Chairman of the Management Board

Hubert Zajicek
Member of the Management Board

Franz Kainersdorfer
Member of the Management Board

Robert Ottel
Member of the Management Board

Franz Rotter
Member of the Management Board

Peter Schwab
Member of the Management Board

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

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