

voestalpine AG

Corporate News

voestalpine with solid development in the first nine months of Business Year 2016/17

In a macroeconomic environment, which is characterized by moderate economic growth but political turbulences (Brexit, Trump, Turkey,...), voestalpine was able to continue its solid development.

In particular the automotive industry, as well as the whole consumer goods sector and the aviation industry continued to be the drivers of the positive economic trend. The development of the mechanical engineering segment and the building industry showed a positive progression as well, the railway infrastructure business on the other hand weakened somewhat over the course of the year. The downward trend of the oil- and gas-industry bottomed out in the third quarter of the business year 2016/17, in some areas first improvements from the demand side are becoming visible already.

The comparison of the financial key figures on an annual basis is distorted because of non-recurring items positively influencing the figures of last year's comparative period after changes of consolidations in the Metal Engineering Division (non-recurring positive effects on EBITDA resp. EBIT in the first nine months of the Business Year 2015/16: EUR 137.6 million respectively EUR 119.0 million). Excluding those non-recurring items, the 12-months comparison of the clean EBITDA shows a virtually stable development, although revenues declined slightly (-3.3%). The decline from last year's EUR 1,069.7 million to today's EUR 1,061.1 million stands for a decrease of 0.8%. Because of increased depreciation, EBIT decreased comparatively stronger by 8.5% to EUR 556.1 million. (Comparable period of last business year: EUR 608.0 million).

Responsible for this development are in particular the divisions Special Steel and Metal Forming, which were able to increase their earnings significantly, the latter one in a combination with rising revenues, a result of the successful implementation of the globalization strategy in the automotive segment. The Special Steel Division increased the earnings considerably despite lower revenues, a function of higher production- as well as sales-volumes and internal cost cutting and efficiency improvement measures. Also the Steel Division achieved a slightly improved EBITDA despite declining revenues. Because of the ramp up of the DRI-plant in Texas, USA, the depreciation went up in the third quarter of the Business Year 2016/17 and consequently the EBIT decreased in the annual

comparison. The Metal Engineering Division was affected most from the downturn of the oil- and gas- industry and had to face declining revenues as well as earnings.

For the fourth quarter of the business year we expect a significant growth in earnings compared to the third quarter, as a result of stabilizing raw materials prices (at least temporarily), as well as slow but continual improvements in the oil and gas sector, and increased steel-contract-prices becoming effective at the beginning of 2017.

In view of the above, the outlook for the business year 2016/17 as a whole continues to remain in line with the expectations expressed at the end of the first half of Business Year 2016/17 (September 30, 2016): The goal is still an (adjusted) operating result (EBITDA) at the level of the previous year (EUR 1.45 billion), and an (adjusted) profit from operations (EBIT) close to the level of the past business year (EUR 814 million).

Key figures of voestalpine Group

(acc. IFRS; in EURm)	Q1-Q3 2015/16 04/01 – 12/31/2015	Q1-Q3 2016/17 04/01 – 12/31/2016	Change in %
Revenue	8,380.4	8,101.2	-3.3
EBITDA	1,207.3	1,061.1	-12.1
EBITDA margin in %	14.4	13.1	
EBIT	727.0	545.0	-25.0
EBIT margin in %	8.7	6.7	
Profit before tax	628.5	461.4	-26.6
Profit for the period*	508.5	343.9	-32.4
EPS (in EUR)	2.74	1.86	-32.1
Gearing ratio in % (12/31)	57.0	61.2	

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

Figures adjusted by special items from changes of consolidation:

(acc. IFRS; in EURm)	ADJUSTED Q1-Q3 2015/16 04/01 – 12/31/2015	ADJUSTED Q1-Q3 2016/17 04/01 – 12/31/2016	ADJUSTED Change in %
EBITDA	1,069.7	1,061.1	-0.8
EBITDA margin in %	12.8	13.1	
EBIT	608.0	556.1	-8.5
EBIT margin in %	7.3	6.9	
Profit before tax	509.4	472.4	-7.3
Profit for the period*	382.7	352.2	-8.0
EPS (in EUR)	1.94	1.88	-3.1

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

Further details on the 3rd quarter results 2016/17 are available on our homepage www.voestalpine.com or feel free to contact our Investor Relations team +43/50304/15-9949.