22nd Annual General Meeting of voestalpine AG

Linz, July 2, 2014

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Agenda item 1

Presentation

- **of the adopted Annual Financial Statements of voestalpine AG,**
- **of the Management Report, which has been combined with the Consolidated Management Report,**
- **of the Consolidated Annual Financial Statements,**
- **of the Corporate Governance Report, and**
- **of the Report of the Supervisory Board to the Annual General Meeting on the business year 2013/14**

Business year 2013/14 of the voestalpine Group

22nd Annual General Meeting of voestalpine AG

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Business year 2013/14
Economic environment – Global development

- **Overall global economy extremely challenging**
  - General business performance slightly behind original expectations
  - Economic trend reversal sets only in the fall of 2013
- **Inconsistent development of the global markets**
  - Europe: stagnation until the end of 2013; both investment activity and industrial production down; economic revival from early 2014 on, driven primarily by exports
  - USA: positive economic mood interrupted by government shutdown; since then stable upward trend
  - China: trajectory of growth continued; GDP grows by 7.7% in 2013
  - Brazil: structural deficits have adverse effects on growth rates
  - India and Russia: continuing weak development

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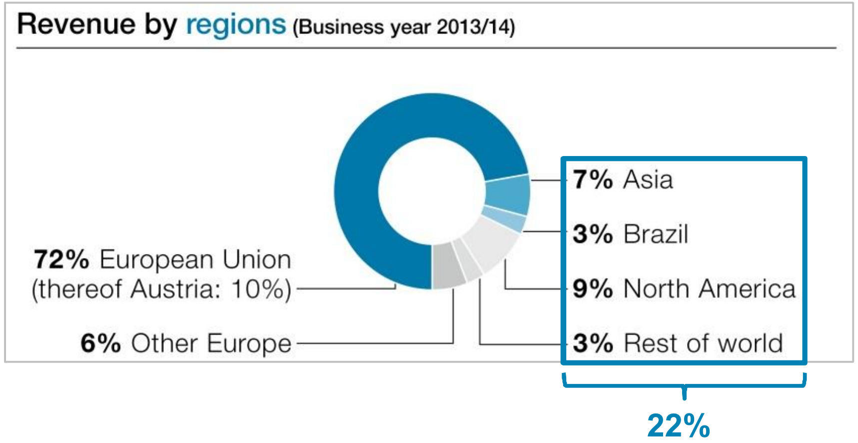
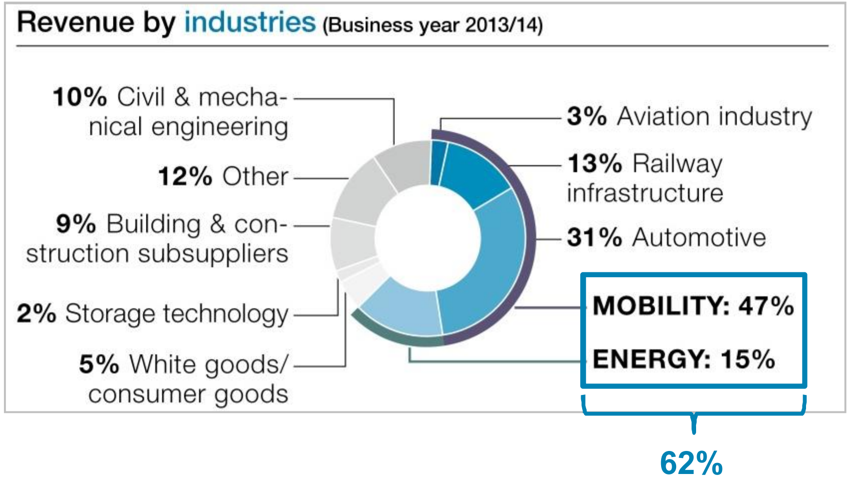
Business year 2013/14
voestalpine – Highlights (1)

Overall largely stable performance of the voestalpine Group

- driven by its “downstream” divisions
- and by its broad, global geographical and sectoral structure





Business year 2013/14
voestalpine – Highlights (2)

- **Revenue down only slightly**
  - −2.6% from EUR 11.5 billion to EUR 11.2 billion
  - Main reason: declining price levels due to lower pre-material costs and intense competition
- **Development of individual reporting categories**
  - At EUR 1.383 million, operating result (EBITDA) below previous year's figure (EUR 1,431 million) by 3.4%
  - Profit from operations (EBIT) down by 6.0% from EUR 843 million to EUR 792 million
  - EBITDA margin (12.3%) and EBIT margin (7.1%) stable compared to previous year
  - Profit before tax (EUR 656 million) and profit for the period (EUR 523 million) both at the previous year's level (+0.2%)
- **Continued rise in investments**
  - +10.9% from EUR 852 million to EUR 944 million

Business year 2013/14
voestalpine – Highlights (3)

- **Balance sheet structure stable despite higher investments**
  - Equity up by 3.7% from EUR 5.1 billion to EUR 5.3 billion
  - At 45.8%, gearing ratio almost unchanged compared to previous year (44.5%)
- **Increase in the dividend per share from EUR 0.90 to EUR 0.95** (proposal to AGM)
- **Total number of employees at all-time high**
  - Increase by 1,762 employees (3.8%) from 46,351 to 48,113 (FTE)
- **Consistent continuation of internationalization strategy**
  - Groundbreaking of direct reduction plant in Texas (largest ever foreign investment of the Group and largest US commitment by an Austrian company)
  - Opening/commissioning of new automotive parts/special section plants in China, South Africa, USA
- **R&D expenses rise to EUR 130 million – new record budget for 2014/15**
- **Slight increase in environmental expenditures from EUR 240 million to EUR 241 million**

Development of the key figures

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Business year 2013/14

Overview of the key figures

		2012/13	2013/14	Veränderung in %
Revenue	EUR million	11,524.4	**11,228.0**	−2.6
Operating result (EBITDA)	EUR million	1,431.3	**1,382.7**	−3.4
EBITDA margin	%	12.4	**12.3**	
Profit from operations (EBIT)	EUR million	843.1	**792.3**	−6.0
EBIT margin	%	7.3	**7.1**	

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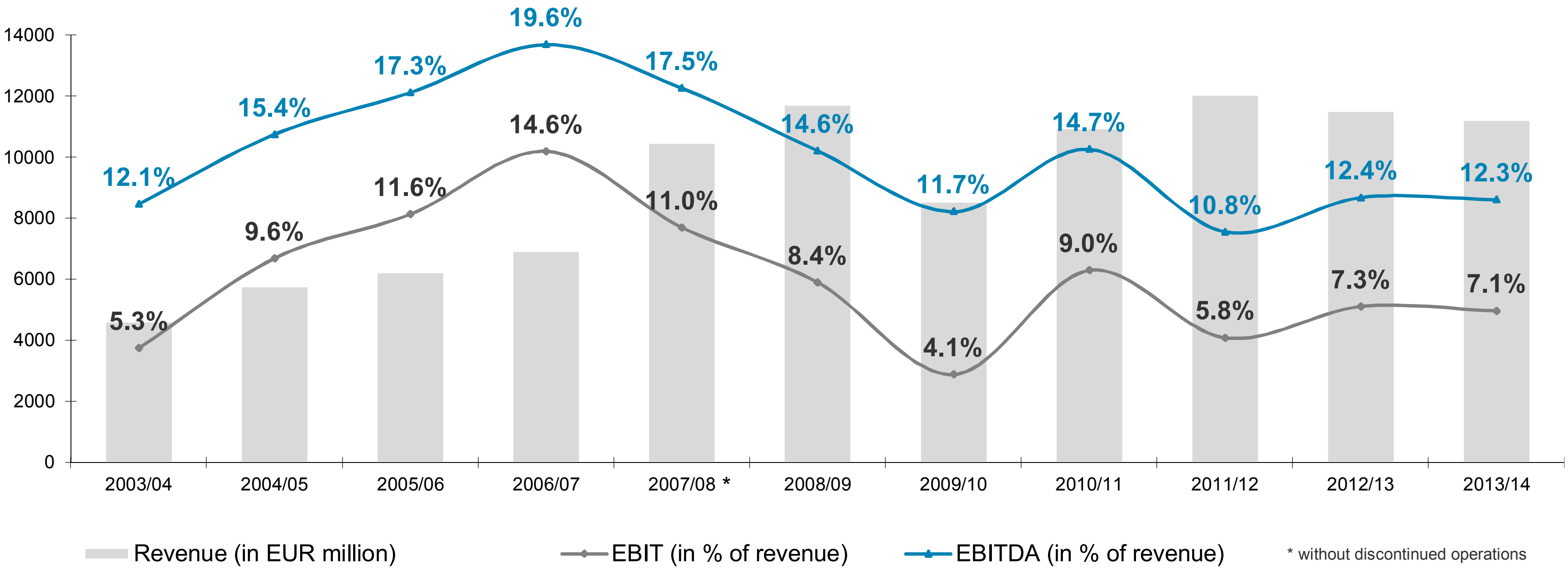
Development of the EBITDA/EBIT margin



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Business year 2013/14

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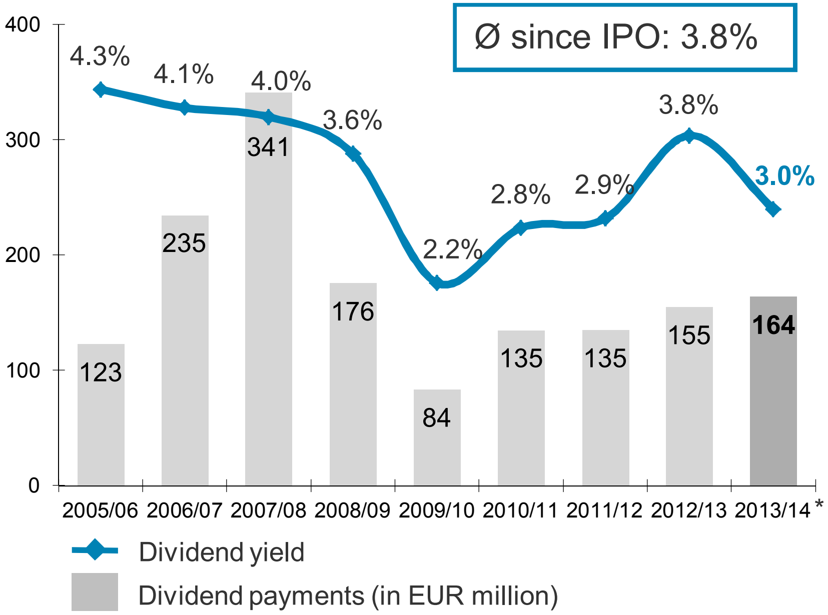
EBIT margin	%	7.3	**7.1**	
Profit before tax	EUR million	654,7	**656.0**	+0.2
Tax rate	%	20,3	**20.3**	
Profit for the period	EUR million	521,9	**522.9**	+0.2
Earnings per share	EUR	2.61	**2.60**	−0.4
Dividend per share	EUR	0.90	**0.95***	+5.6

* Proposal to the AGM

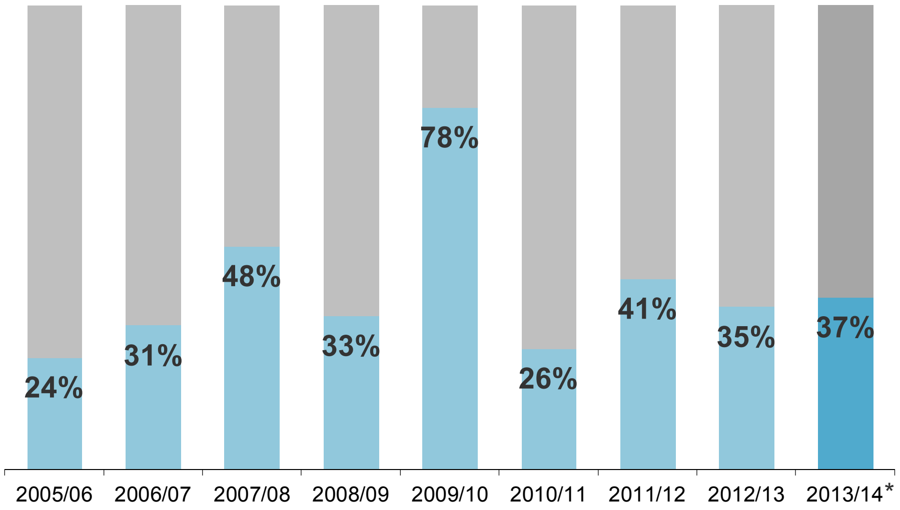
voestalpine AG – Dividend

* Proposal to the AGM

Dividend yield



Distribution ratio



Ongoing regular dividend payments since IPO in 1995 – total: EUR 2 billion

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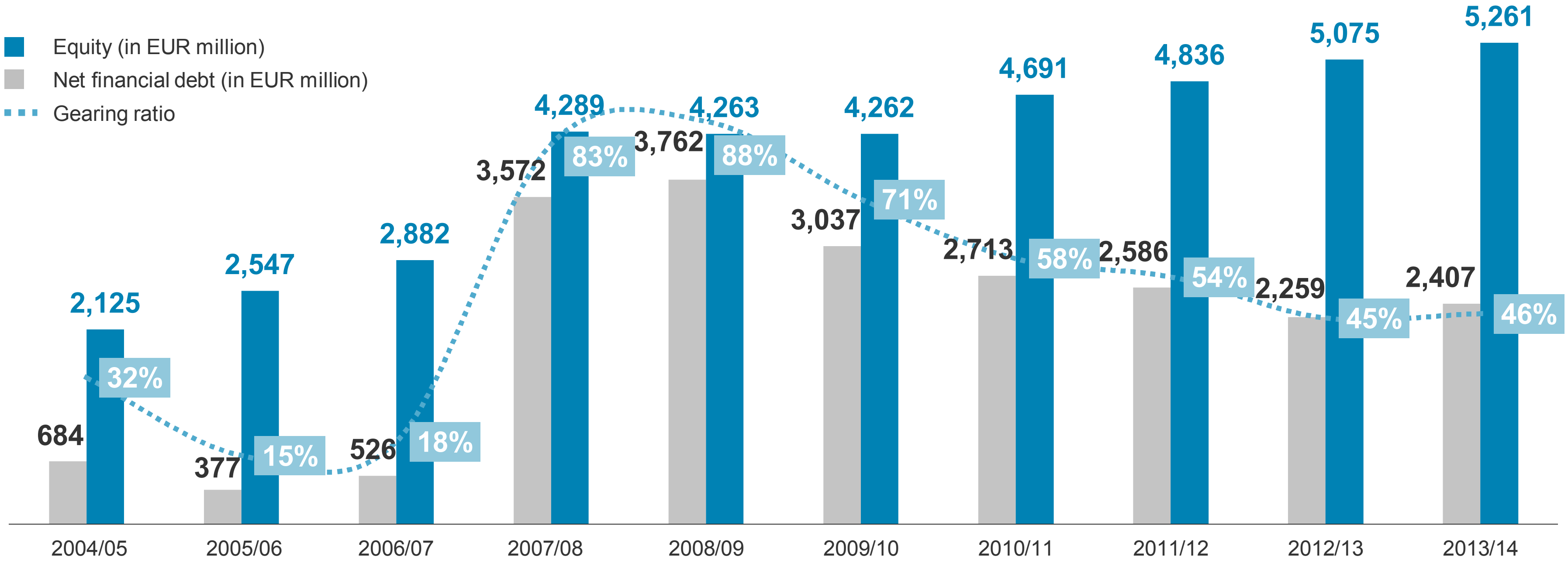
Development of the gearing ratio



Business year 2013/14
Employees

- **Total workforce reaches new record level**
  - Growth compared to previous year by 1,762 employees (3.8%) to 48,113 employees (FTE)
  - Increase driven by expansion of core staff (excluding apprentices and temporary personnel) by 1,797 employees (+4.3%) from 42,078 to 43,875 persons
  - Thereof 52.1% (22,864 employees) working outside of Austria

- **Apprentice training again expanded**
  - Increase by 4% from 1,351 to 1,405 apprentices – of whom 34.4% or more than one third are at international Group locations
- **14.0% of share capital of voestalpine AG (previous year: 14.4%) owned by employees**

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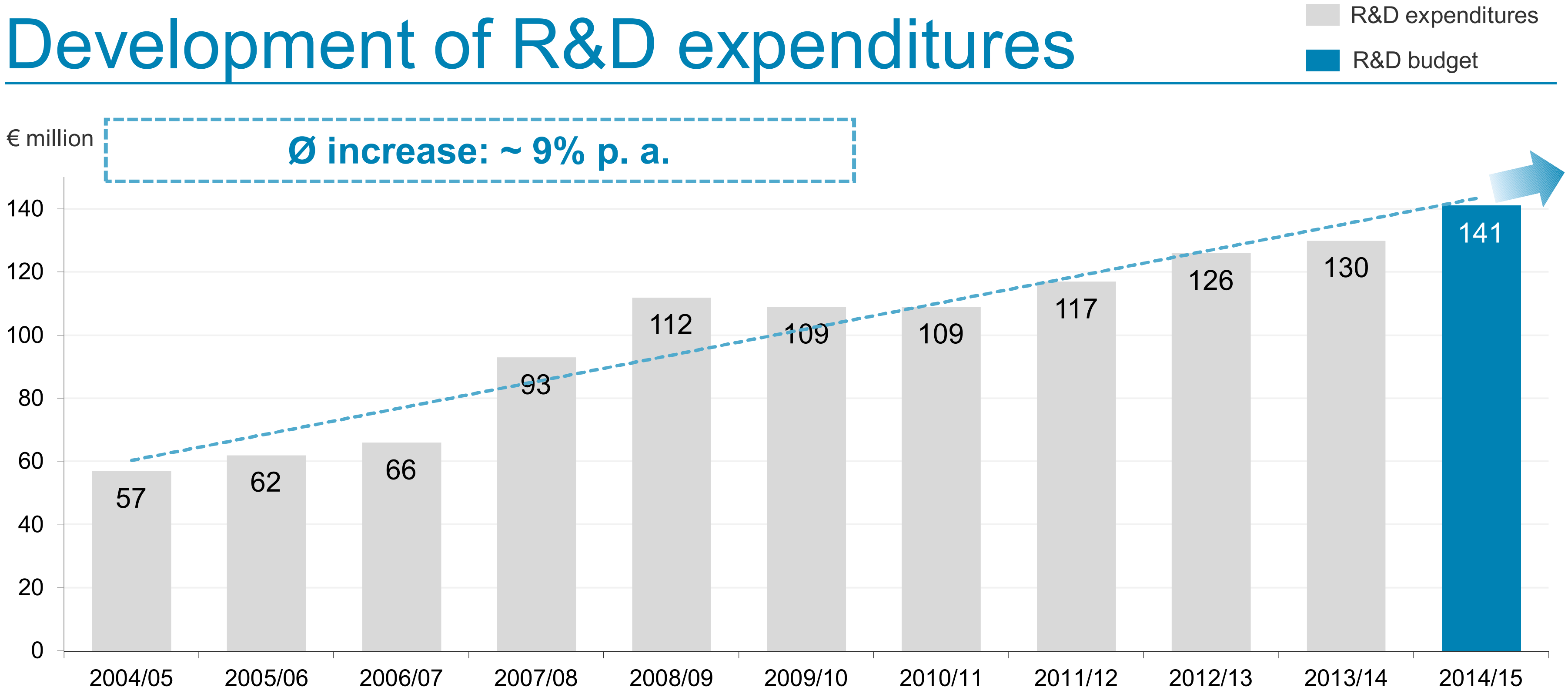
Development of R&D expenditures



The divisions

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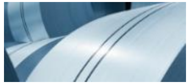
Business year 2013/14

Revenue by divisions

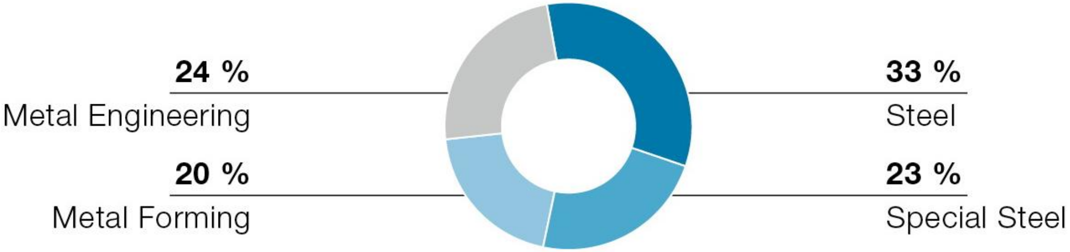
- **Steel**
  EUR 3,809.7 million



- **Special Steel**
  EUR 2,627.9 million

- **Metal Engineering**
  EUR 2,830.7 million

- **Metal Forming**
  EUR 2,356.9 million



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Business year 2013/14

Overview of divisional key figures

EUR million	Steel	Special Steel	Metal Engineering	Metal Forming	Group
Revenue	3,809.7	2,627.9	2,830.7	2,356.9	11,228.0
Share of Group's revenue (%)	33	23	24	20	
EBITDA	392.9	358.5	435.3	276.4	1,382.7
EBITDA margin (%)	10.3	13.6	15.4	11.7	12.3
EBIT	160.0	224.4	317.2	182.3	792.3
EBIT margin (%)	4.2	8.5	11.2	7.7	7.1
Employees (full-time equivalent)	11,192	12,885	11,845	11,416	48,113

Business year 2013/14
Steel Division

- Overall, difficult market environment for European steel industry
  - Continuing structural overcapacity for standard grades in conjunction with raw materials prices that are trending downward and subdued demand over long periods led to more intense price pressure
  - Beginning economic recovery only starting in the fourth quarter of the business year
- Divisional record production and delivery volumes
- EBITDA and EBIT significantly below previous year's level – nevertheless, Steel Division remains the benchmark of the EU steel industry
- Investments amounting to EUR 447 million 61% higher than previous year's figure (EUR 277.3 million)
- Groundbreaking for direct reduction plant in Texas – all official approval processes successfully completed; the plant is now under construction

Business year 2013/14
Special Steel Division

- Challenging market environment up to and including the third quarter, subsequently, beginning recovery
- Cautious development in Europe compared to gradual improvement of demand in the USA and, in particular, in Asia, the most successful market by far for the division in the past business year
- EBITDA slightly below and EBIT slightly above previous year's figures; margins improved compared to the business year 2012/13
- Comprehensive, successful integration of the companies acquired in the previous year (Sturdell Industries, Eifeler Group, Rieckermann); accelerated implementation of the global value-added strategy

Business year 2013/14
Metal Engineering Division

- It was again the Group's best performing division both with regard to margins and in absolute figures
- Railway infrastructure main driver of division's strong development
  - Special rails demonstrate excellent business performance (largely driven by exports)
  - Continuing high demand for turnout technology on markets outside of Europe
- Stable and high level of investment in oil/natural gas exploration is driving demand for high-tech seamless tubes for this segment
- As scheduled, closure of TSTG Schienen Technik GmbH & Co KG completed as of the end of 2013
- Overall solid performance in the other business segments (Wire, Welding Technology)

Metal Engineering Division
Anti-trust proceedings – rails

- The anti-trust proceedings have been concluded with the exception of still open claims for compensatory damages for deliveries to municipal mass transit agencies and other private market customers; due to the large number of companies involved, however, the period of time required to fully settle the matter cannot be currently estimated
- Reduction of the provisions amounting to a total of EUR 204.4 million formed in the annual financial statements 2012/13 for the anti-trust proceedings and the closure of TSTG Schienen Technik GmbH & Co KG were adjusted to these still open claims, resulting in non-recurring income of EUR 8.1 million (balance from reversal and appropriation) in the annual financial statements 2013/14

Business year 2013/14
Metal Forming Division

- Good development of both revenue and result
  - The only division that increased revenue compared to previous year (+2.0%)
  - Significant improvement of EBITDA (+8.2%) and EBIT (+10.2%), and the corresponding margins
- Continuing solid—and partly even increasing—demand in practically all business segments
- Greenfield investment projects on global growth markets are being successfully implemented
  - USA, South Africa, China (focal points: high-tech automotive components [phs® ultraform] and special sections)
  - Additional projects are close to start of production or are being implemented as scheduled

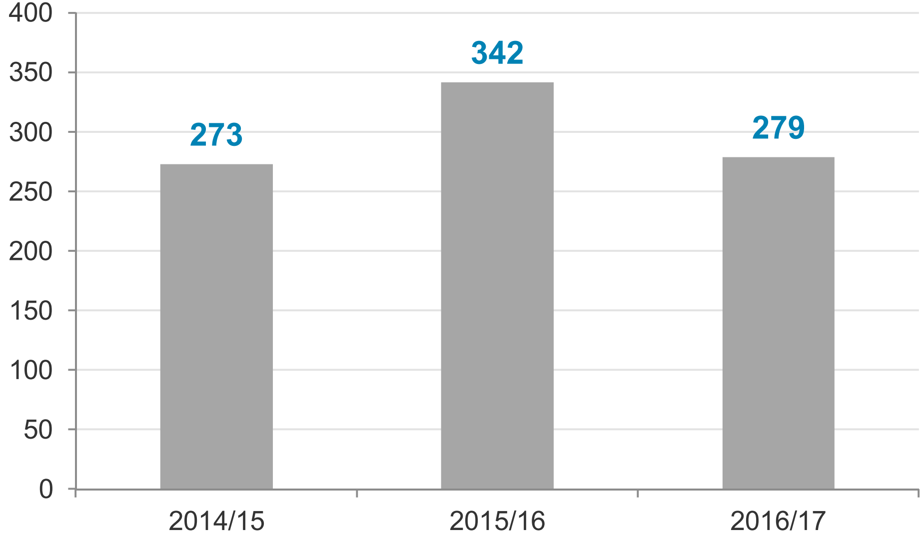
Earnings improvement program

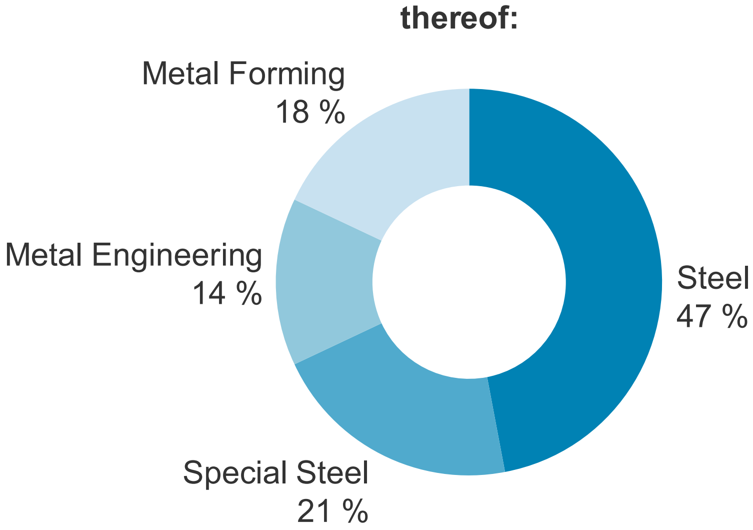
Earnings improvement program
Initial situation

- **In a direct comparison with the (European) competition, the Group is both quality and technology leader and more profitable than average**
- **At the same time, voestalpine is facing the following challenges:**
  - Highly intense competition and therefore increasing price pressure in many business sectors
  - Steel industry is suffering from massive structural overcapacity
  - Volatile market environment due to macroeconomic uncertainties
  - Factors arising from economic policymaking intensify pressure on European industry
  - Continually rising wages and energy costs, particularly in Europe
  - Extensive financing requirements to enable the Group's further consistent strategic development (investments/acquisitions ~ EUR 1 billion p.a.)
- **Ensuring the Group's economic success in the long term in an environment that is becoming more and more challenging makes it absolutely necessary to continue to drive forward ongoing cost and efficiency management**

Cost-cutting and efficiency improvement program

Target: cumulative optimization volume of ~ EUR 900 million within the next three years





Rising costs and competitive pressure reduce earnings effect to approx. 25–30%

Earnings improvement program
Focal points

- Streamlining of working capital; optimization of logistics
- Consistent increase of energy efficiency and structural improvement of raw materials costs
- Accelerated restructuring of inadequately performing locations
- Reorganization and streamlining of the entire Steel Division and other business units
- Optimization of plant management and maintenance
- Systematic implementation of Group-wide synergy projects
- Global implementation of benchmark and best practice systems

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Outlook

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Business year 2014/15 – Outlook

- **2014 increasing momentum of economic growth**
  - Progress in restructuring process in countries in Southern Europe and (in part) in Central European (EU) countries
  - Continuing uptrend of economic growth in North America and stabilization in China at a level of about +7% annually
  - More progressive growth in India as a result of the new government
  - However, subdued growth outlook in Russia and Brazil
- **Customer industries showing a largely positive trend**
  - Construction and construction supply industries in the EU are showing signs of a certain recovery
  - Continuing upward trend in automotive industry; revival in mechanical engineering sector
  - Energy exploration continues to be strong in contrast to energy transport (oil and natural gas)
  - Stable, good economic environment for agricultural machinery, aviation industry, and railway sector outside of Europe

Expectations for 2014/15: EBITDA and EBIT slightly above the level of 2013/14

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