

# BUSINESS YEAR 2019/20

## 2<sup>ND</sup> QUARTER, 1<sup>ST</sup> HALF

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Investor Relations  
NOVEMBER 2019

# voestalpine GROUP BUSINESS MODEL



voestalpine combines material and processing expertise in one group

Our products are high-tech materials as well as components and system solutions based on steel and other metals

We focus on markets with highest requirements on quality and innovative technological solutions

We are on the way to becoming a technology group



# voestalpine GROUP GLOBAL FOOTPRINT

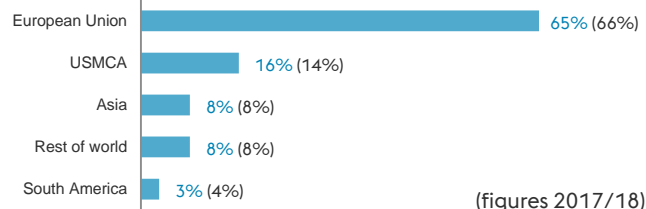
One Group – 500 sites – 50 countries – 5 continents



INCREASING NON-EU-BUSINESS, MOBILITY-SECTOR STABLE

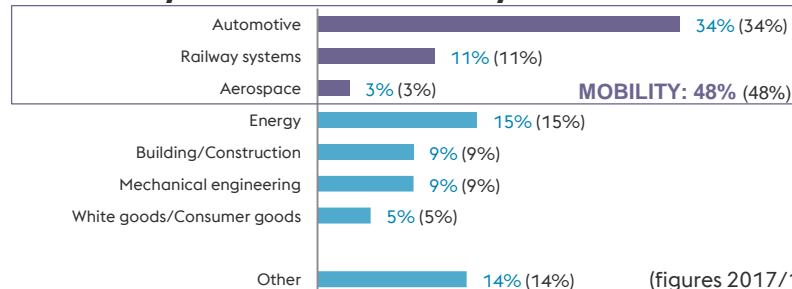
voestalpine AG

## Revenue by regions - Business year 2018/19



(figures 2017/18)

## Revenue by industries - Business year 2018/19



(figures 2017/18)

voestalpine

ONE STEP AHEAD.

# voestalpine GROUP

## COMPANY STRUCTURE AND MARKET POSITION

voestalpine Group (Revenue in BY 2018/19)

35%

22%

22%

21%



### Steel Division

#### Worldwide quality leadership

Global quality leadership in **highest quality steel strip** and global market leader in **heavy plate** for the most sophisticated applications as well as **casings** for **large turbines**.



### High Performance Metals Division

#### Global leadership

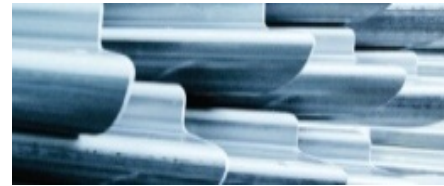
Worldwide leadership in **tool steel**, leading position in **high-speed steel** and **special forgings**.



### Metal Engineering Division

#### Global leadership

Worldwide market leader in **turnout technology**; European market leader in **rails** and **specially treated wire**; and leading position in **seamless tubes** for special applications and **high quality welding consumables**.



### Metal Forming Division

#### Global leadership

Global market leader in **defined niches** supplying **high quality metal processing solutions** with a **global network and service**.

# voestalpine GROUP

## BUSINESS DEVELOPMENT H1 BY 2019/20

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- » Global trade conflicts negatively affecting economic developments worldwide
  - » Export-oriented industries in Europe with fading momentum
  - » Trade war with US weighing on consumer confidence in China
  - » Unchanged positive consumer behavior in the US but downswing of industrial goods sector
  - » Only modest recovery in Brazil so far
- » Ambivalent performance of voestalpine Group in individual customer segments
  - » Receding order intake in automotive & mechanical engineering industries
  - » Softening demand situation in oil & gas industry in the US
  - » Ongoing solid dynamics in railway systems and aviation sectors
- » Comprehensive cost measures and efficiency improvement programs as response to increasingly challenging environment implemented

# STEEL DIVISION

## BUSINESS DEVELOPMENT H1 BY 2019/20

- » Extremely challenging environment in European steel sector
  - » Receding steel prices despite increasing input costs from iron ore
  - » Unchanged strong import pressure due to ineffective safeguard measures
  - » High cost burden from CO<sub>2</sub> emission allowances
- » Downward trend in order intake from automotive, machine building & consumer goods industries
- » Restrained activities in energy (Heavy plate business)
- » HBI: stable plant operation in H1 BY 2019/20, however dampening market sentiment since autumn

| €m       | Q1<br>19/20 | Q2<br>19/20 | H1<br>19/20 | H1<br>18/19 | Delta<br>in % |
|----------|-------------|-------------|-------------|-------------|---------------|
| Revenue  | 1,182       | 1,139       | 2,321       | 2,416       | -3.9          |
| EBITDA   | 151         | 110         | 261         | 342         | -23.9         |
| EBITDA-% | 12.7%       | 9.6%        | 11.2%       | 14.2%       |               |
| EBIT     | 61          | 20          | 81          | 182         | -55.4         |
| EBIT-%   | 5.1%        | 1.8%        | 3.5%        | 7.5%        |               |

# HIGH PERFORMANCE METALS DIVISION

## BUSINESS DEVELOPMENT H1 BY 2019/20

- » Tool steel business affected by declining demand and increasing price pressure
  - » Trade barriers causing uncertainty in many industries
  - » Capex postponements in automotive industry
  - » Reduced consumer spending in China, highly competitive landscape in Europe, declining dynamics in US
- » Solid sentiment in special materials business
  - » Broadly stable order intake in oil & gas industry
  - » Activities in aviation sector unchanged strong
- » Comprehensive cost measures as response to challenging business environment

| €m       | Q1<br>19/20 | Q2<br>19/20 | H1<br>19/20 | H1<br>18/19 | Delta<br>in % |
|----------|-------------|-------------|-------------|-------------|---------------|
| Revenue  | 778         | 723         | 1,501       | 1,546       | -2.9          |
| EBITDA   | 99          | 78          | 177         | 230         | -22.8         |
| EBITDA-% | 12.8%       | 10.8%       | 11.8%       | 14.9%       |               |
| EBIT     | 57          | 35          | 92          | 156         | -40.7         |
| EBIT-%   | 7.3%        | 4.9%        | 6.2%        | 10.1%       |               |

# METAL ENGINEERING DIVISION

## BUSINESS DEVELOPMENT H1 BY 2019/20

- » Railway Systems with unchanged positive performance
  - » Rails: satisfactory demand in major market Europe, price upturn lagging behind cost increase from raw materials
  - » Turnouts & Signaling: broadly favourable market conditions, first signs of moderating trend in the US after summer
- » In contrast situation in Industrial Systems clearly strained
  - » Weakening automotive industry and increasing competition from EAF-producers as drag in Wire segment
  - » US trade barriers and slowing dynamics in oil & gas sector negatively affecting Tubulars segment
  - » Welding Consumables segment with stable development based on operational performance improvement

| €m       | Q1<br>19/20 | Q2<br>19/20 | H1<br>19/20 | H1<br>18/19 | Delta<br>in % |
|----------|-------------|-------------|-------------|-------------|---------------|
| Revenue  | 779         | 759         | 1,538       | 1,547       | -0.6          |
| EBITDA   | 90          | 82          | 172         | 184         | -6.3          |
| EBITDA-% | 11.6%       | 10.8%       | 11.2%       | 11.9%       |               |
| EBIT     | 45          | 31          | 76          | 101         | -24.2         |
| EBIT-%   | 5.8%        | 4.1%        | 5.0%        | 6.5%        |               |



# METAL FORMING DIVISION

## BUSINESS DEVELOPMENT H1 BY 2019/20

- » Performance in Automotive Components business negatively affected by internal & external elements
  - » Still elevated cost burden from start-up of automotive component plant in Cartersville, USA
  - » RDE-tests of OEMs broadly successful, however slowing automotive economy in Europe
- » Receding dynamics in Tubes & Sections business
  - » Easing order intake in commercial vehicle, construction machinery & automotive industries
  - » Development in building & aviation sectors stable
- » Precision strip with increasing competition in Europe & China, but still facing healthy demand situation
- » Ongoing strong activities in Warehouse & Rack Solutions

| €m       | Q1<br>19/20 | Q2<br>19/20 | H1<br>19/20 | H1<br>18/19 | Delta<br>in % |
|----------|-------------|-------------|-------------|-------------|---------------|
| Revenue  | 738         | 716         | 1,453       | 1,445       | 0.6           |
| EBITDA   | 58          | 49          | 107         | 153         | -29.8         |
| EBITDA-% | 7.9%        | 6.8%        | 7.4%        | 10.6%       |               |
| EBIT     | 24          | 14          | 38          | 94          | -59.6         |
| EBIT-%   | 3.3%        | 1.9%        | 2.6%        | 6.5%        |               |

# FINANCIAL OVERVIEW

## H1 BY 2019/20

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# voestalpine GROUP

## FINANCIAL OVERVIEW

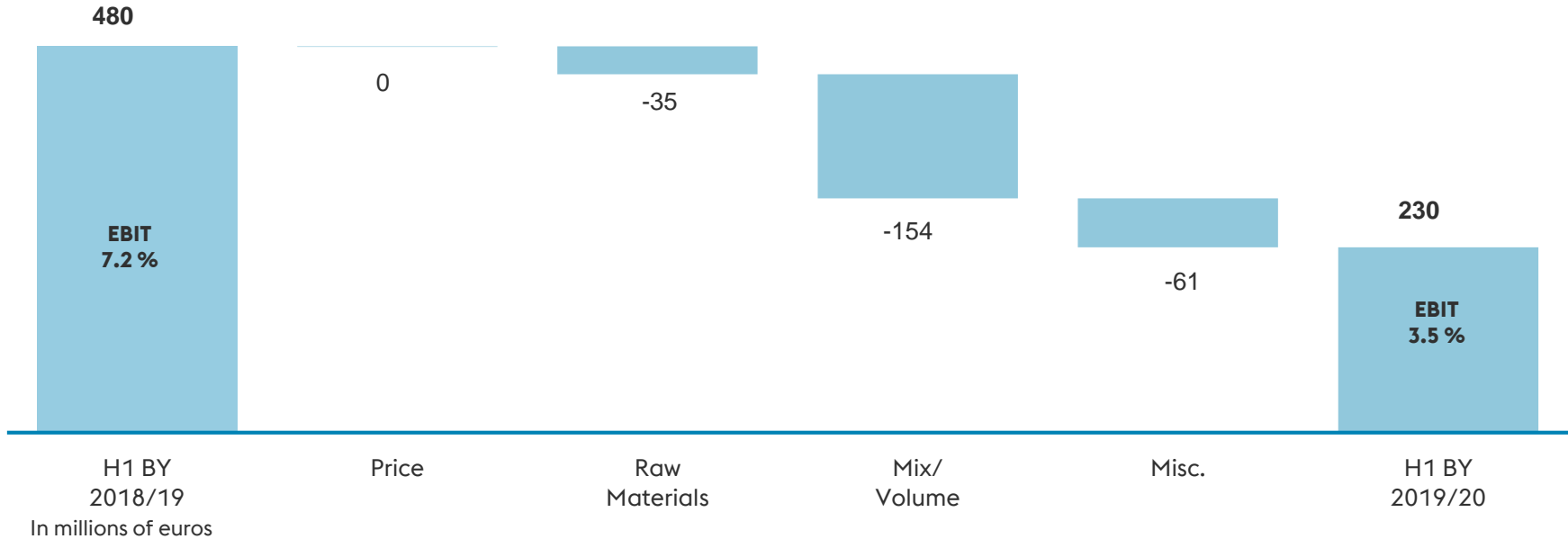
|                                  | <b>H1 BY 2018/19</b><br>2018/04/01-2018/09/30 | <b>H1 BY 2019/20</b><br>2019/04/01-2019/09/30 | <b>Delta</b><br>% |
|----------------------------------|---|---|-------------------|
| Revenue                          | 6,674   | <b>6,542</b>                                  | <b>-2.0</b>       |
| EBITDA                           | 860   | <b>666</b>                                    | <b>-22.6</b>      |
| EBITDA margin                    | 12.9%   | <b>10.2%</b>                                  |                   |
| EBIT                             | 480   | <b>230</b>                                    | <b>-52.1</b>      |
| EBIT margin                      | 7.2%  | <b>3.5%</b>                                   |                   |
| Profit before tax                | 422   | <b>163</b>                                    | <b>-61.4</b>      |
| Profit after tax*                | 320   | <b>115</b>                                    | <b>-64.0</b>      |
| EPS – earnings per share (euros) | 1.69  | <b>0.54</b>                                   | <b>-68.0</b>      |

In millions of euros

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

# voestalpine GROUP

## DEVELOPMENT EBIT H1 BY 2019/20



# voestalpine GROUP

## DEVELOPMENT CASH FLOW

**H1 BY 2018/19**  
2018/04/01-2018/09/30

**H1 BY 2019/20**  
2019/04/01-2019/09/30

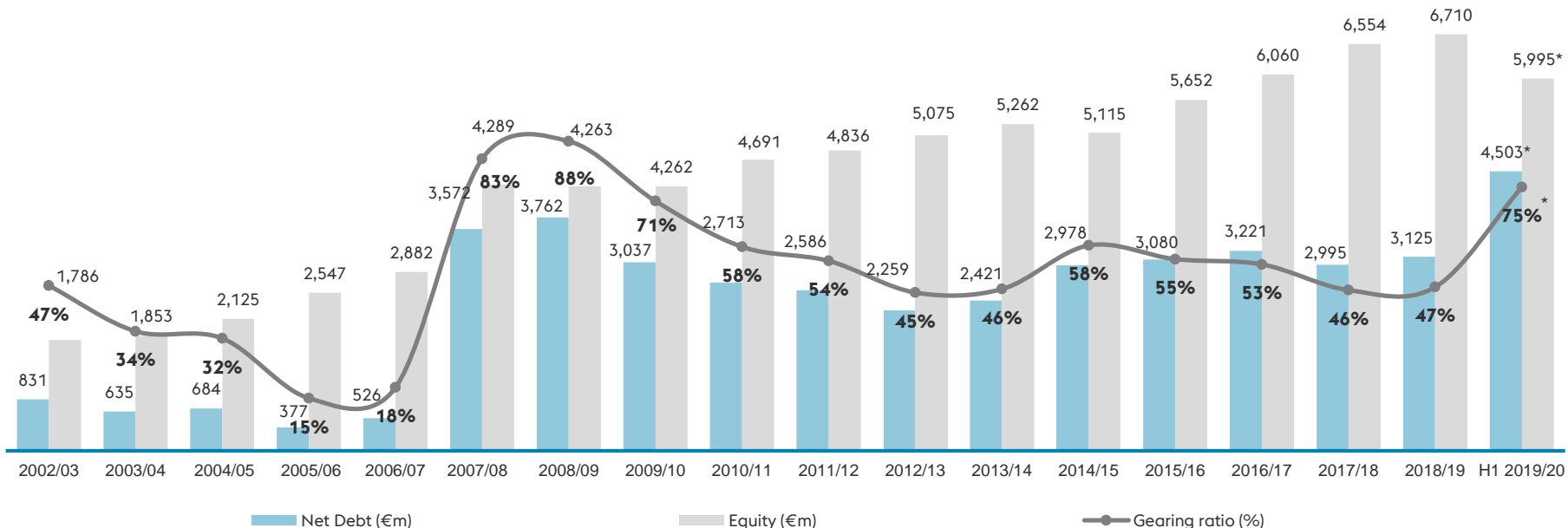
|                                     |      |      |
|-------------------------------------|------|------|
| Cash flow from results              | 657  | 538  |
| Changes in working capital          | -492 | -336 |
| Cash flow from operating activities | 165  | 202  |
| Cash flow from investing activities | -487 | -385 |
| Free cash flow                      | -322 | -183 |

In millions of euros

# voestalpine GROUP

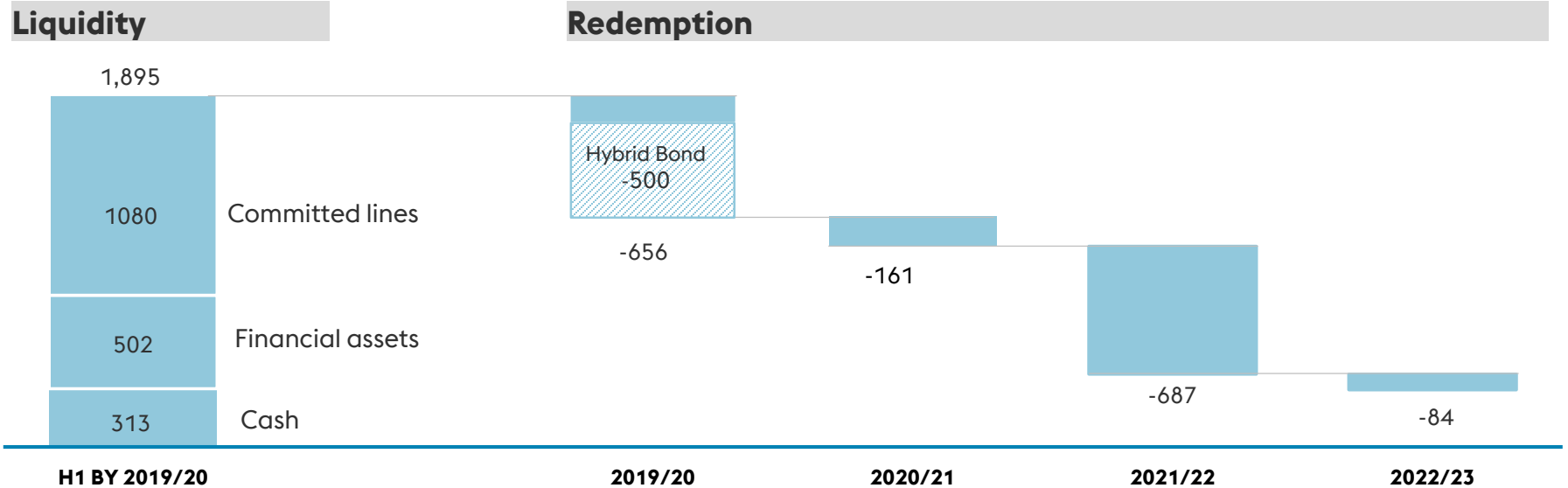
## DEVELOPEMENT GEARING RATIO

\*Structural changes in H1 2019/20 due to IFRS 16 and call of hybrid bond



# voestalpine GROUP

## LIQUIDITY AND REDEMPTION SCHEDULE



In millions of euros  
as of 2019/09/30

# voestalpine GROUP

## OUTLOOK

- » EBITDA-expectation of 1.3bn EUR based on:
  - » Distinctive cooling of global economy due to worldwide trade conflicts
  - » Broader than expected downturn in automotive industry
  - » Strong increase and high volatility of iron ore prices
- » Expectations for 2<sup>nd</sup> half of 2019/20
  - » Earnings in Q3 will remain under pressure
  - » Some recovery in Q4 based on seasonal effects, positive dispositions of internal issues and contributions from cost & efficiency improvement measures
- » Focus of voestalpine-management on free cash-flow generation and stabilization of earnings





# INVESTOR RELATIONS

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