

voestalpine AG

Corporate News regarding 2nd Quarter FY 2016/17

voestalpine significantly increased earnings in the second fiscal quarter 2016/17;

Half year's figures declined in comparison to last year because of weak oil- and gas markets

The macroeconomic environment of the first six months of the business year 2016/17 was characterized by the continuation of the moderate economic recovery in Europe, which turns out to be even resistant against the BREXIT-vote as well as the crisis in the Middle East so far. In North America on the other hand, economic dynamics started to slow down, whereas the growth trend in China stabilized and Brazil was able to decelerate its recession trend.

Against this backdrop the essential market segments for the voestalpine Group, automotive and aircraft industry, continued their strong development; Railway infrastructure as well as consumer goods remained on solid levels. By contrast the energy segment, in particular the oil- and gas-sector, showed no trend reversal after the slump in the previous year.

The decline in revenues of 6.5% in the annual comparison of the first six months is stemming from the deflationary trend of raw material developments in general but in particular from the continuing weak markets in the oil- and gas-segment.

The comparison of earnings in a 12-months perspective has only limited validity due to significant positive one-offs in the first half of the last business year. Clean figures, which are excluding these one-offs are describing the operational developments, but nevertheless the comparison is showing declining earnings.

The main reason for this development stems from the significant decline of the oil- and gas-business, which affected the Metal Engineering Division (seamless tubes for OCTG-goods) substantially, and to a lesser extent also the Steel Division (heavy plate for pipelines) and the Special Steel Division (special materials for oil- and gas-exploration).

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While the Steel and the Metal Engineering Division were confronted with declining revenues as well as earnings in the comparison of the half year's figures, the Special Steel Division was able to compensate the weakness in the oil- and gas-segment and delivered rising earnings despite declining revenues. The Metal Forming Division on the other hand significantly increased revenues as well as earnings due to the strong automotive business and the successful execution of the internationalization strategy.

Looking at the first half of business year 2016/17, voestalpine Group was able to significantly increase earnings (EBITDA: +11.1%, EBIT +20.1%) in the second fiscal quarter in comparison to the first fiscal quarter 2016/17.

The main driver for this development was the Steel Division, which markedly improved its earnings. The other divisions were showing a solid development on quarterly basis including the normal seasonality – meaning the second fiscal quarter was somewhat weaker than the first fiscal quarter because of summer season.

For the remainder of the actual business year 2016/17 no significant changes of the developments of the economies, being essential for the voestalpine Group, are expected. The same accounts for the most important customer segments of the group, where a continuation of the existing trends can largely be expected.

Against this backdrop, the actual expectations for the business year 2016/17 are as follows: Profit from operations (EBIT) should unchanged come close to the figures in the last business year (adjusted figure). With respect to operating result (EBITDA) a repetition of the adjusted figure from last year should now be possible.

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Comparison of the quarterly and six-month figures of the voestalpine Group

	In millions of euros						Change in %
	Q1		Q2		H1		
	2015/16 ¹ 04/01– 06/30/2015	2016/17 04/01– 06/30/2016	2015/16 ¹ 07/01– 09/30/2015	2016/17 07/01– 09/30/2016	2015/16 ¹ 04/01– 09/30/2015	2016/17 04/01– 09/30/2016	
Revenue	3,001.7	2,772.4	2,785.0	2,635.4	5,786.7	5,407.8	-6.5
EBITDA	526.6	333.9	365.5	371.0	892.1	704.9	-21.0
EBITDA margin	17.5%	12.0%	13.1%	14.1%	15.4%	13.0%	
EBIT	368.4	167.6	206.7	201.3	575.1	368.9	-35.9
EBIT margin	12.3%	6.0%	7.4%	7.6%	9.9%	6.8%	
Profit before tax	328.2	138.9	176.4	172.5	504.6	311.4	-38.3
Profit after tax ²	289.5	105.8	131.3	127.9	420.8	233.7	-44.5
Employees (full-time equivalent)	48,653	48,319	48,719	48,786	48,719	48,786	0.1

¹ Q 1 2015/16, Q 2 2015/16 and H 1 2015/16 retroactively adjusted. Further details are provided under "General information/Accounting policies."

² Before deduction of non-controlling interests and interest on hybrid capital.

Comparison of the quarterly and six-month figures of the voestalpine Group, adjusted

	In millions of euros						Change in %
	Q1		Q2		H1		
	2015/16 ¹ 04/01– 06/30/2015	2016/17 04/01– 06/30/2016	2015/16 ¹ 07/01– 09/30/2015	2016/17 07/01– 09/30/2016	2015/16 ¹ 04/01– 09/30/2015	2016/17 04/01– 09/30/2016	
Revenue	3,001.7	2,772.4	2,785.0	2,635.4	5,786.7	5,407.8	-6.5
EBITDA	389.0	333.9	365.5	371.0	754.5	704.9	-6.6
EBITDA margin	13.0%	12.0%	13.1%	14.1%	13.0%	13.0%	
EBIT	236.9	171.5	212.9	204.9	449.8	376.4	-16.3
EBIT margin	7.9%	6.2%	7.6%	7.8%	7.8%	7.0%	
Profit before tax	196.7	142.8	182.6	176.1	379.3	318.9	-15.9
Profit after tax ²	151.7	108.7	138.7	130.6	290.4	239.3	-17.6
Employees (full-time equivalent)	48,653	48,319	48,719	48,786	48,719	48,786	0.1

¹ Q 1 2015/16, Q 2 2015/16 and H 1 2015/16 retroactively adjusted. Further details are provided under "General information/Accounting policies."

² Before deduction of non-controlling interests and interest on hybrid capital.