

BUSINESS YEAR 2017/18

3rd QUARTER

Investor Relations
February 2018

voestalpine GROUP

OVERVIEW – BUSINESS MODEL

- » voestalpine is a **leading technology** and **capital goods group** with combined material and processing expertise
- » It is holding **global top positions** in its business units
- » The group focuses on most demanding **product** and **system solutions** based on **steel** and **other metals** in **technology-intensive** industries and niches
- » Clear **focus** on strategically in the long run most promising sectors like **mobility** and **energy**
- » **Long-term relationships** with customers, suppliers and R&D-institutions as **key drivers for innovation**

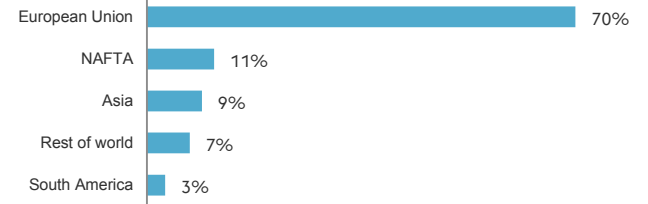


voestalpine GROUP GLOBAL FOOTPRINT

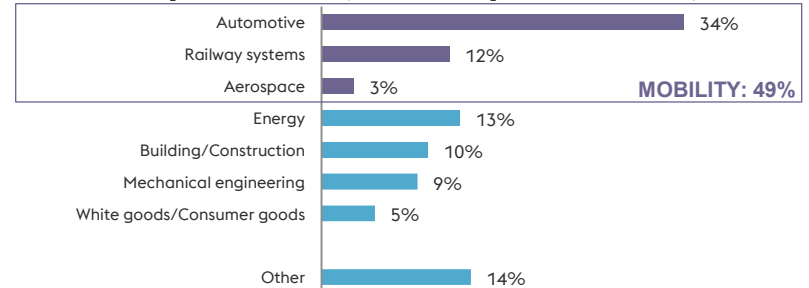
One Group – 500 sites – 50 countries – 5 continents



Revenue by regions (Business year 2016/17)



Revenue by industries (Business year 2016/17)



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BUSINESS DEVELOPMENT Q1-Q3 BY 2017/18 – SUMMARY

- » Significant **boost of earnings** compared to Q1-Q3 2016/17
 - » Steel business driving profitability → **high-tech steel-strategy paying off**
 - » Processing divisions with continuous growth and improving earnings → **downstream-strategy as solid basis**
- » **Increasing private investments supporting** economic **upturn** in Europe
 - » Pick-up of mechanical engineering and building industry, on-going strong development of automotive industry as well as consumer goods segments, oil and gas with (slowly) rising prices
- » Overall business climate in the **US unchanged positive**
- » Growth rates in **China** on stable **solid level**
 - » Strong performance of voestalpine-relevant sectors (railway systems, automotive, consumer goods)
- » Recent language regarding trade relations between USA and China causing uncertainty

voestalpine GROUP & DIVISIONS

Q1-Q3 BY 2017/18 (vs. Q1-Q3 BY 2016/17)

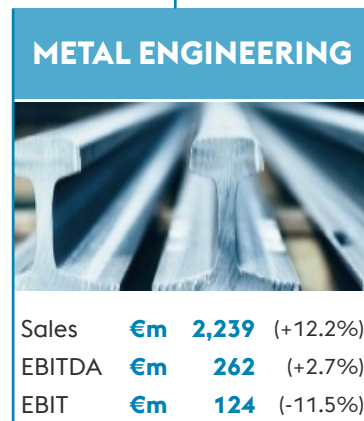
voestalpine AG



33 % (of group sales)



23 %



23 %



21 %

STEEL DIVISION

BUSINESS DEVELOPMENT Q1-Q3 BY 2017/18

- » Tailwind from economic growth drives EU steel industry
- » Steel imports still on high level but shift of trade flows
 - » Easing price pressure from Chinese steel imports due to trade barriers as well as improving domestic market and first plant closures in China
 - » Lower Chinese imports offset by India, South Korea & Turkey
- » Core segments of Steel Division with overall excellent performance
 - » Automotive, consumer goods & mechanical engineering as drivers for strong demand situation
 - » Despite still difficult market environment Heavy Plate with solid order intake

€m	Q1 17/18	Q2 17/18	Q3 17/18	Q1-Q3 17/18	Q1-Q3 16/17	Delta %
Revenue	1,213	1,086	1,176	3,475	2,704	28.5
EBITDA	228	215	210	652	369	76.8
EBITDA-%	18.8%	19.8%	17.8%	18.8%	13.6%	
EBIT	150	138	131	419	156	168.8
EBIT-%	12.4%	12.7%	11.1%	12.1%	5.8%	

HIGH PERFORMANCE METALS DIVISION

BUSINESS DEVELOPMENT Q1-Q3 BY 2017/18

- » Broadly positive market sentiment
 - » Strong tool steel market, improving product mix
 - » On-going recovery in onshore oil & gas sector, offshore activities still at low level
 - » Continuous growth in aviation industry
- » Upward trend with regional disparities
 - » Economic recovery bolstering demand in Europe
 - » Strong order intake in China
 - » Volatile market, but upward tendency in the US
 - » First positive signals in Brazil after long recession

€m	Q1 17/18	Q2 17/18	Q3 17/18	Q1-Q3 17/18	Q1-Q3 16/17	Delta %
Revenue	739	692	704	2,135	1,950	9.5
EBITDA	127	99	103	329	285	15.6
EBITDA-%	17.2%	14.3%	14.6%	15.4%	14.6%	
EBIT	90	63	67	219	179	22.6
EBIT-%	12.1%	9.0%	9.5%	10.3%	9.2%	

METAL ENGINEERING DIVISION

BUSINESS DEVELOPMENT Q1-Q3 BY 2017/18

- » Restrained demand situation in core segments
 - » Fierce price competition in European rail market, minor impulses from mining regions, project deferrals in Mid-East
 - » Volume-driven recovery in tubulars, price upturn following slowly
- » Turnout Systems compensating regional weaknesses by strong market position and excellent performance in China
- » Automotive industry driving wire market
 - » Most modern wire rod mill in full operation since end of Q2
 - » -15m EUR EBIT-effect in H1 2017/18 from impairment in ultra-high strength fine wire segment due to on-going market weakness
- » Market conditions in Welding Consumables still challenging

€m	Q1 17/18	Q2 17/18	Q3 17/18	Q1-Q3 17/18	Q1-Q3 16/17	Delta %
Revenue	770	741	728	2,239	1,995	12.2
EBITDA	87	91	84	262	255	2.7
EBITDA-%	11.3%	12.2%	11.5%	11.7%	12.8%	
EBIT	47	34	43	124	140	-11.5
EBIT-%	6.1%	4.6%	5.8%	5.5%	7.0%	

METAL FORMING DIVISION

BUSINESS DEVELOPMENT Q1-Q3 BY 2017/18

- » Automotive Components with on-going solid performance
 - » Further increasing car sales in Europe in CY 2017
 - » Premium-class with strong performance in Europe and high incoming order levels at non-European sites
 - » Global rollout of advanced automotive technologies on schedule
- » Mixed market conditions in Tubes & Sections
 - » Favorable sentiment in Europe, no notable setbacks from “Brexit”
 - » US lagging behind, China improving, slight recovery in Brazil
- » Excellent performance of Precision Strip
 - » Outstanding market position & solid business environment bolstering strong earnings
- » Ongoing decent demand situation in Warehouse & Rack Solutions

€m	Q1 17/18	Q2 17/18	Q3 17/18	Q1-Q3 17/18	Q1-Q3 16/17	Delta %
Revenue	673	649	676	1,998	1,754	13.9
EBITDA	89	75	73	236	223	5.8
EBITDA-%	13.2%	11.6%	10.7%	11.8%	12.7%	
EBIT	61	47	44	153	147	4.1
EBIT-%	9.1%	7.3%	6.5%	7.7%	8.4%	

FINANCIAL OVERVIEW

Q1-Q3 BY 2017/18

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FINANCIAL OVERVIEW

	Q1-Q3 BY 2016/17 2016/04/01-2016/12/31	Q1-Q3 BY 2017/18 2017/04/01-2017/12/31	Delta %
Revenue	8,101	9,460	16.8
EBITDA	1,061	1,406	32.5
EBITDA margin	13.1%	14.9%	
EBIT	545	835	53.1
EBIT margin	6.7%	8.8%	
EBT	461	737	59.8
Net profit	344	556	61.6
EPS	1.86	2.95	58.6

In millions of euros

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Q1-Q3 BY 2017/18 (vs. Q1-Q3 BY 2016/17)

	1 st quarter 2017/18	2 nd quarter 2017/18	2 nd quarter 2017/18	Q1-Q3 2017/18	Q1-Q3 2016/17	Delta %
Revenue	3,252	3,051	3,158	9,460	8,101	+16.8
EBITDA	514	455	437	1,406	1,061	+32.5
EBITDA-margin	15.8%	14.9%	13.8%	14.9%	13.1%	
EBIT	329	255	250	835	545	+53.1
EBIT-margin	10.1%	8.4%	7.9%	8.8%	6.7%	
EBT	292	221	224	737	461	+59.8
Net profit	218	171	167	556	344	+61.6

In millions of eurs

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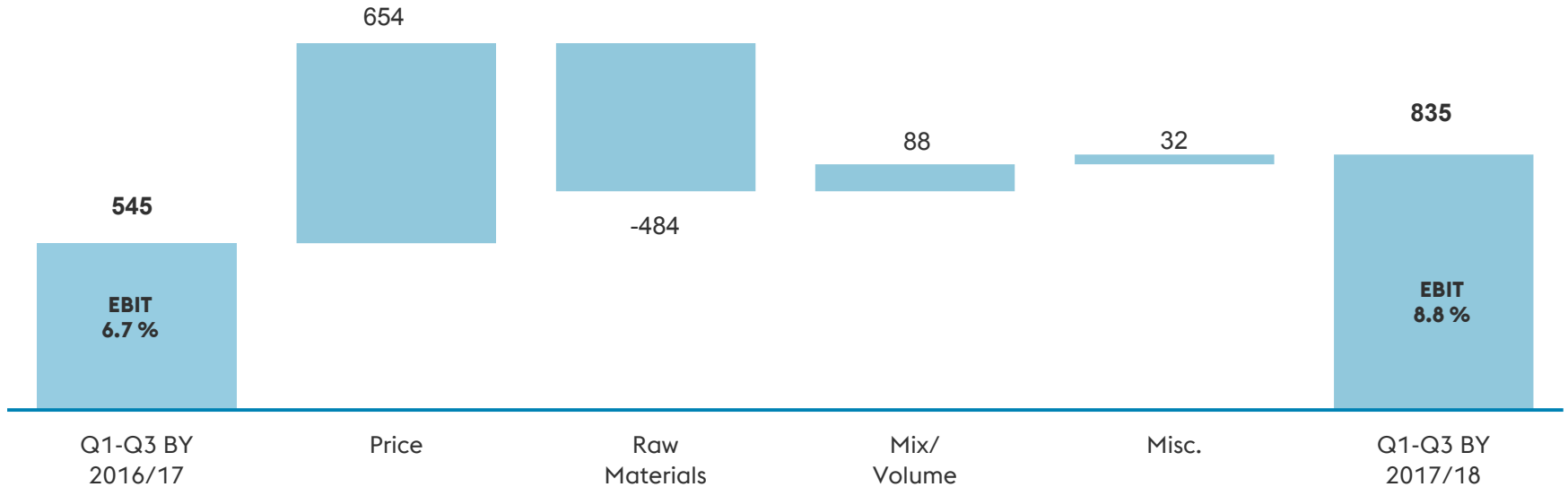
FINANCIAL OVERVIEW

	Q1-Q3 BY 2016/17 2016/04/01-2016/12/31	Q1-Q3 BY 2017/18 2017/04/01-2017/12/31	Delta %	
CAPEX*	711	527	-25.9	*) Fixed assets and acquisitions
Depreciation	516	571	+10.7	
Free Cash Flow	-196	6		
Equity	5,798	6,303	+8.7	
Net Financial Debt	3,546	3,370	-5.0	
Gearing	61.2%	53.5%		

In millions of euros

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DEVELOPMENT EBIT Q1-Q3 2017/18



In millions of euros

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DEVELOPMENT CASH FLOW

Q1-Q3 BY 2016/17
2016/04/01-2016/12/31

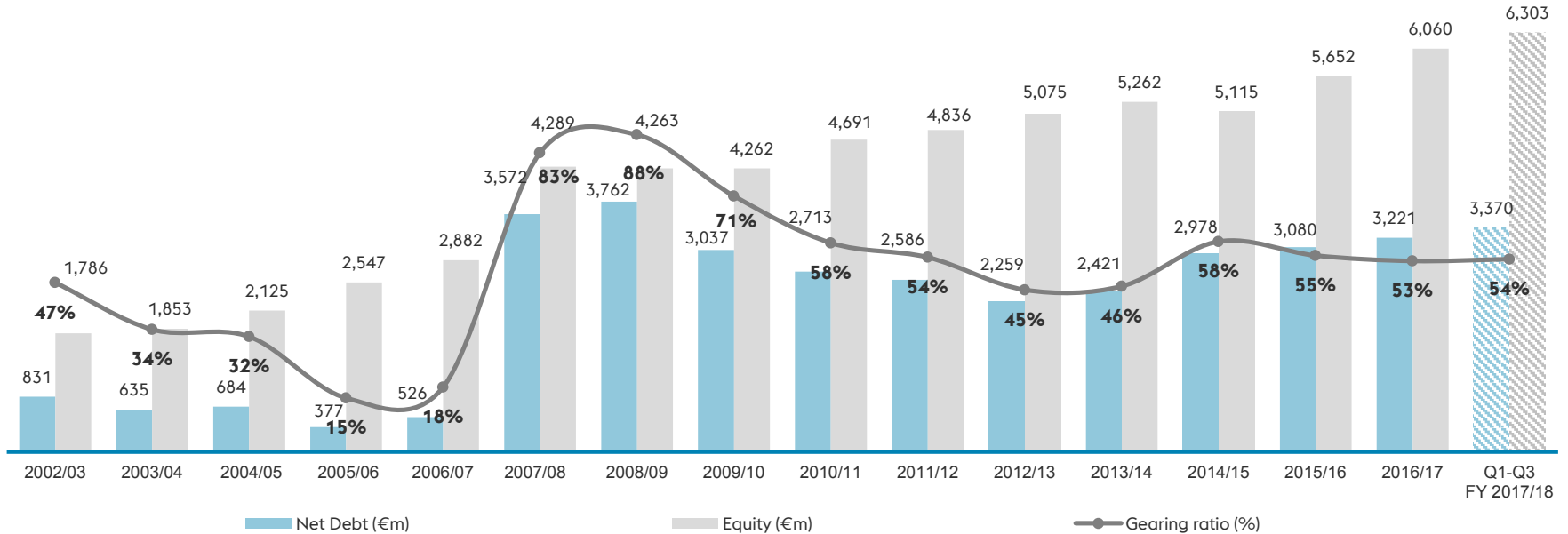
Q1-Q3 BY 2017/18
2017/04/01-2017/12/31

Cash flow from results	863	1,180
Changes in working capital	-264	-618
Cash flow from operating activities	599	562
Cash flow from investing activities	-795	-556
Free cash flow	-196	6

In millions of euros

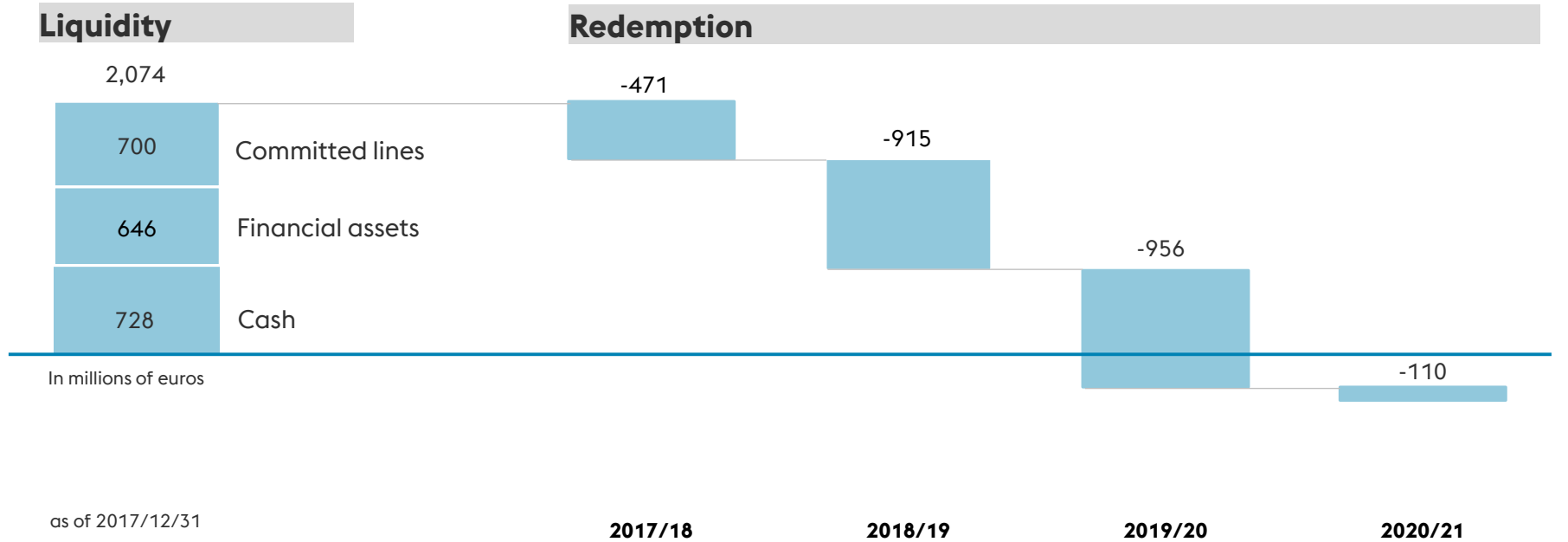
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DEVELOPEMENT GEARING RATIO



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LIQUIDITY AND REDEMPTION SCHEDULE



GLOBAL ECONOMIC SITUATION – OUTLOOK 2018

WORLD

Global economic upturn still gaining traction,
but increasing uncertainty because of protectionist measures

NORTH AMERICA

Satisfying fundamental data, but moderate momentum

EUROPE

Still robust growth across the board

NEAR EAST & N-AFRICA

Unstable business environment and geopolitical risks

ASIA

Unchanged driver of global economic upward trend

SOUTH AMERICA

Recovery continues, but at slow pace

SUBSAHARA-AFRICA

Inconsistent outlook, political uncertainty

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OUTLOOK BY 2017/18

- » Excellent economic environment with further increasing GDP growth rates on global level
- » BUT: Increasing uncertainties, in particular in the context of economic-political measures of the US administration
- » Strong demand in all essential customer segments
- » Increasing volatility of raw material prices, starting out from high levels (in particular iron ore and coking coal)



INVESTOR RELATIONS

Peter Fleischer

T. +43/50304/15-9949

peter.fleischer@voestalpine.com

Gerald Resch

T. +43/50304/15-3152

gerald.resch@voestalpine.com

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US BUSINESS

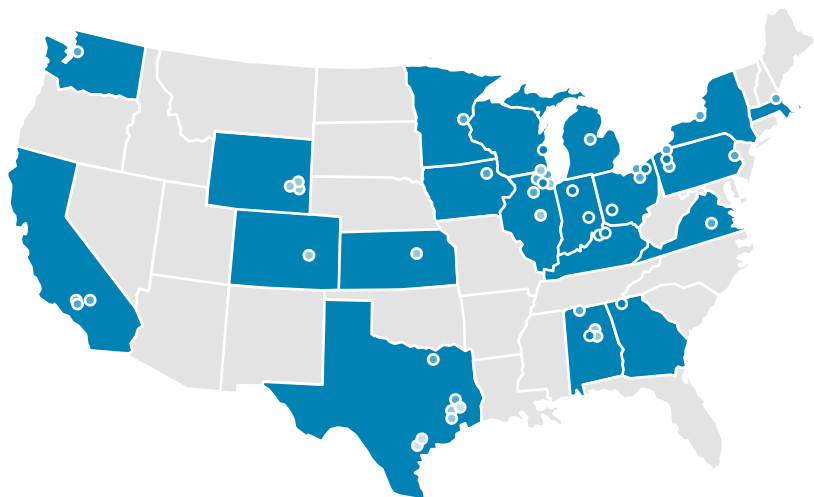
- » voestalpine generates revenues in USA of ~ EUR 1 bn. (BY 2016/17)
- » About **two third** of total US-revenue is derived from domestic US production sites
 - » HBI-plant, turnout production facilities, special sections plants, automotive components plants, etc.
- » About **one third** of total US-revenue is derived from imports; examples are
 - » **Sophisticated flat steels** primarily processed into automotive components (Steel Division)
 - » **Tool steels** as well as **special alloys** for aviation and oil & gas sectors (HPM Division)
 - » **Seamless tubes**, especially for oil & gas exploration (Metal Engineering)
 - » **Ultra thin strip steels** for scalpels etc. (Metal Forming Division)

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US FOOTPRINT 2016/17

Revenue: EUR 983 million

Employees: 2,698 FTEs



48 companies and locations thereof 40 production sites
incl. value added services

in EUR million	Steel	HPM	Metal Engineering	Metal Forming	Total
Revenue (BY 2016/17)	121	327	276	259	983
Revenue (BY 2017/18 Q1-Q3)	173	280	283	225	961
Employees*	261	541	962	934	2,698

* FTEs

Main segments:

Energy	22 %	Aerospace	11 %
Automotive	20 %	White Goods/Consumer Goods	10 %
Railway Systems	14 %	Building/Construction	8 %

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ONE STEP AHEAD.