

voestalpine reports solid result after first nine months of the business year 2013/14

- Revenue declines slightly by 3.1% from EUR 8.7 to EUR 8.4 billion
- At EUR 1.01 billion, operating result (EBITDA) just slightly below last year's figure (EUR 1.04 billion)
- At EUR 573 million, profit from operations (EBIT) is 5.6% or EUR 34 million below figure for 2012/13
- Margins remain largely unchanged (EBITDA margin 12%, EBIT margin 6.8%)
- Equity above EUR 5 billion (+1.5%), gearing ratio constant at 50%
- EUR 550 million direct reduction plant in Texas on schedule and within budget

In recent months, expectations regarding the global economic situation have only been partially fulfilled. Therefore, the performance of the voestalpine Group's earnings in the first three quarters of the business year 2013/14 (April 1, to December 31, 2013) took a slightly downward trajectory. The third quarter of the business year 2013/14 appears to have marked the economic turning point although—despite noticeable momentum in individual industries—a real upswing has not yet occurred. "Considering the fact that economic circumstances continue to be challenging, the voestalpine Group's results were very satisfactory," states Wolfgang Eder, CEO and Chairman of the Management Board of voestalpine AG.

A major reason for this achievement is the broad-based positioning of the Group, both geographically and sectorally. It is especially the unique combination of steel production and processing that provides the company with a comparatively crisis-resistant value chain; the processing of other materials as well, such as aluminum, titanium, and plastics, which is growing, additionally differentiates the Group from its competitors. "This development emphasizes the wisdom of the voestalpine Group's strategy, which was begun 15 years ago and is still being implemented today more consistently than ever. We will continue to press ahead in our objective of investing in order to extend the value chain and will continue to steer the company toward becoming a technology and capital goods group by 2020 with even greater drive than before. However, we will always maintain our strong steel-based roots to ensure high standards of quality and technology in the future," says Eder.

Varied development of individual divisions

In a year-to-year comparison, the Metal Forming and the Metal Engineering Divisions, which are closer to the end product stage of the supply chain, maintained a largely stable level of revenue and were able to post higher operating results, while the two divisions that are more materials-oriented, the Steel and Special Steel Divisions, recorded losses in both revenue and operating results. Overall, the voestalpine Group's revenue in the first nine months of the business year 2013/14 decreased compared to the same period of the previous year by 3.1% from EUR 8.7 billion to EUR 8.4 billion. The operating result (EBITDA) amounted to EUR 1.01 billion (previous year: EUR 1.04 billion), with the EBITDA margin remaining stable at 12% (previous year: 12.1%).

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The comparison of profit from operations (EBIT) was similar at EUR 573 million (previous year: EUR 607 million) and a margin that remained almost constant (6.8% compared to 7% in the previous year).

At EUR 457 million, profit before tax fell slightly by 3.6% (previous year: EUR 474 million) as did the profit for the period at EUR 352 million (4.8% below the previous year's figure of EUR 370 million). Equity rose by 1.5% to more than EUR 5.1 billion (2012: EUR 5.0 billion), and net financial debt rose minimally from EUR 2.5 to 2.6 billion. At 50.2%, the gearing ratio (net financial debt in percent of equity) remained at almost the same level (49.8% as of December 31, 2013).

Direct reduction plant in Texas:

Opening of shipping canal extension marks significant improvement in infrastructure

Last week, the first important infrastructure improvement for the planned direct reduction plant in Texas was finalized. "The extension of the La Quinta canal in Corpus Christi has been successfully completed so that our harbor facilities are directly connected to the Gulf of Mexico via a planned deepwater harbor," Eder says. Once it is finished in 2015, the extended and deepened shipping canal and the highly efficient logistics concept will enable voestalpine to provide its Austrian steel production sites in Linz and Donawitz with cost-effective and environmentally friendly HBI. Beginning of construction of the actual plant is slated for the second calendar quarter, with its opening planned for late 2015. Thus far, the project is precisely on schedule and within the projected budget. With this direct reduction plant in Corpus Christi/Texas (USA), voestalpine will be investing around EUR 550 million, the largest foreign investment in the Group's history. Starting in 2016, the plant will be fully operational and, with its approximately 150 employees, will be producing around two million tons of highest quality HBI ("sponge iron") to be used as a pre-material for the production of steel.

Outlook for the current business year 2013/14 subdued

As the economic environment was somewhat more favorable in recent months and considering that the current negative deviation compared to the same period of the previous year went down in the third quarter of 2013/14 as compared to the second quarter, the Group's earnings should continue to improve in the last quarter of the business year. "From the current vantage point and against the backdrop of a slightly improving economy overall, earnings (EBITDA, EBIT) are expected to be slightly under the previous year's figures. This negative deviation is due entirely to the continuing, extreme weakness of the market throughout the whole year in large parts of the conventional energy sector (oil and natural gas transport, power plant construction)," says Eder.

The voestalpine Group

The voestalpine Group is a steel-based technology and capital goods group that operates worldwide. With around 500 Group companies and locations in more than 50 countries and on all five continents, the Group has been listed on the Vienna Stock Exchange since 1995. With its top-quality products, the Group is one of the leading partners to the automotive and consumer goods industries in Europe and to the oil and gas industries worldwide. The voestalpine Group is also the world market leader in turnout technology, special rails, tool steel, and special sections. In the business year 2012/13, the voestalpine Group reported revenue of EUR 11.5 billion and an operating result (EBITDA) of EUR 1.45 billion; it had around 46,400 employees worldwide.

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