

voestalpine with stable operating result in the third quarter of 2016/17

- **Operating result is stable both in the year-to-year comparison and in the quarter-to-quarter comparison**
- **Weak oil and gas sector slows the recovery**
- **Due to significant positive non-recurring effects of the previous year, a comparison of earnings has limited informative value unless looking at the “adjusted” figures**
- **Revenue fell by 3.3% from EUR 8.4 billion in the previous year to EUR 8.1 billion**
- **Adjusted operating result (EBITDA) drops by a marginal 0.8% from EUR 1.07 to EUR 1.06 billion, EBITDA margin rises from 12.8% to 13.1%**
- **Adjusted profit from operations (EBIT) declines by 8.5% from EUR 608 to EUR 556 million for the most part due to investment-related higher depreciation, EBIT margin sees slight decline from 7.3% to 6.9%**

The global economic environment during the first nine months of the business year 2016/17 (April 1 to December 31, 2016) was inconsistent. The first three quarters were marked by moderate growth trends in Europe, continuing volatility with a recent increase in economic expectations due to announcements from the new president in the USA, stable growth in China as well as a weakening recession in Brazil. Among voestalpine’s main customer segments, the automotive industry demonstrated ongoing high demand and the consumer goods segment enjoyed a solid recovery. At the same time, the railway infrastructure sector recorded slight declines and the energy sector showed continued signs of weakness not only in Europe. “Despite these complex framework conditions, the voestalpine Group was able to keep results at a stable level, not least due to its consistent focus on sophisticated product solutions and its accelerated international presence in direct proximity to its customers,” explains Wolfgang Eder, CEO and Chairman of the Management Board of voestalpine AG.

Constant operating result and increase in employees

Slight decline in the financial key performance indicators (adjusted for non-recurring effects) of the voestalpine Group in the first three quarters of 2016/17 compared to the first nine months of the previous year is primarily due to the extremely weak oil and gas sector throughout the entire 2016 calendar year. Against this backdrop, revenue fell by 3.3% from EUR 8.4 to EUR 8.1 billion in a comparison of the nine month figures. Since the operating result (EBITDA) and the profit from operations (EBIT) of the voestalpine Group in the previous year were considerably impacted by positive non-recurring effects, a comparison has limited informative value unless looking at the adjusted figures. On this basis, EBITDA dropped marginally by 0.8% from EUR 1.07 to EUR 1.06 billion in the year-to-year comparison. Conversely, based on the reported figures (i.e. not adjusted for non-recurring effects), EBITDA declined by 12.1% from EUR 1.2 to EUR 1.1 billion. Even more marked was the decline in profit from operations (EBIT) as a result of the depreciation basis increase, especially due to finalizing major investment projects. Adjusted for non-recurring effects, EBIT dropped by 8.5% from EUR 608 million to EUR 556 million in the year-to-year comparison. The non-adjusted EBIT went down by 25%, from EUR 727 million to EUR 545 million. The increase in the net financial debt from EUR 3.2 billion recorded on December 31, 2015 to EUR 3.5 billion recorded on December 31, 2016, and thereby also the rise in the gearing ratio from 57% to

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61.2% during the same period, is mainly due to the considerable rise in raw material prices. The voestalpine Group's number of employees rose by 1.8% to 48,765 (FTE) in the year-to-year comparison.

Future-oriented investment projects

In October 2016, the Steel Division opened the world's largest and most modern direct reduction plant in Texas. The start-up phase has so far proceeded on schedule and the plant should transition to normal operation by the end of the fourth quarter of 2016/17. Moreover, in this division, with its new plant developed in-house to produce heavy plate featuring completely new product properties and the continuous casting facility 8 currently under construction (start-up of operations is scheduled for fall 2017), both located at the Linz site, technological expansion is being consistently driven forward. The Metal Forming Division remains focused on the implementation of key technologies for automotive components—including, to name a few, the start-up of its facility for the direct hot forming of galvanized steel ("phs directform") at the location in Schwäbisch Gmünd, Germany, and, the start-up of its second plant for producing laser-welded blanks in Linz, which has helped the site become a global leader in this technology segment. With the opening of an additive manufacturing center (3D printing) for producing complex metal components in Düsseldorf, Germany, the Special Steel Division has taken yet another step for the advancement of future-oriented technologies. The Metal Engineering Division focused on starting up its new wire rod mill in Donawitz. This plant is fully automated and is considered state-of-the-art in terms of Industry 4.0.

Outlook for the current business year 2016/17 remains unchanged

Due to a stabilization—at least temporary—in the raw material prices, a brightening mood, albeit slight, in the oil and gas sector as well as rising prices in the steel contract business at the turn of the year, a considerable increase in earnings compared to the last quarter is expected. "Against this backdrop, the outlook for the entire business year 2016/17 remains unchanged compared to expectations at the end of the first half of the year: The goal is still to achieve an (adjusted) operating result (EBITDA) equal to the level of the last business year of EUR 1.45 billion and an (adjusted) profit from operations (EBIT) close to the level of the last business year of EUR 814 million," says Eder.

The voestalpine Group

In its business segments, voestalpine is a leading global technology and capital goods group with a unique combination of material and processing expertise. The globally active corporate group has around 500 group companies and locations in more than 50 countries on all five continents. It has been listed on the Vienna Stock Exchange since 1995. With its top-quality products and system solutions using steel and other metal, it is one of the leading partners of 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 2015/16, with revenue of EUR 11.1 billion, the Group generated an operating result (EBITDA) of EUR 1.6 billion, it has around 48,500 employees worldwide, who are collectively a major shareholder in the company with a stake of 14.5 percent.

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