

**PRESS RELEASE**

August 8, 2018

**voestalpine delivers record revenue and positively stable earnings growth in the first quarter of 2018/19**

- » Revenue rises year over year from EUR 3.3 billion to EUR 3.5 billion (+6.7%)—a new high for a business quarter
- » At EUR 513 million, the operating result (EBITDA) is identical to the previous year's first quarter
- » Profit from operations (EBIT) declines slightly by 1.5% from EUR 329 million to EUR 324 million
- » Profit before tax improves from EUR 292 million to EUR 294 million; profit after tax climbs from EUR 218 million to EUR 224 million
- » At 49%, the gearing ratio falls by just under 5%
- » Equity soars to new high of EUR 6.8 billion
- » New record of 51,827 employees worldwide (+3.6%)
- » Hardly any effects from US import tariffs; effects from blast furnace repairs almost offset in full

At the start of the new reporting period, the voestalpine Group succeeded in maintaining not only the broad economic momentum that it built up in the course of the previous, record business year, but also the performance it achieved in the first quarter of the previous year by generating record revenue of just under EUR 3.5 billion in the first quarter of 2018/19 (April 1 to June 30, 2018). The economic momentum in Europe, China, and North America, which remains strong overall, has not been greatly affected by the increasingly protectionist tendencies in global trade. Yet the Brexit vote has started to have a dampening effect in Europe. "Thanks to the stable economic growth that continues unabated, voestalpine's most important customer markets remained at a high level. The automotive industry, for example, continued to expand, and even the oil and natural gas sector has become more dynamic," says Wolfgang Eder, Chairman of the Management Board of voestalpine AG. The construction and mechanical engineering industries replicated their strong performance of the previous quarters, as did both the consumer goods and aerospace industries. Demand in the railway infrastructure sector also followed a positive trajectory.

The Section 232 import tariffs that the United States imposed on steel products as of June 1, 2018, on "national security grounds" did not have any significant negative effects on the voestalpine Group in the first quarter of the business year 2018/19. Far removed from external market events, the long-planned overhaul of the Steel Division's blast furnace has started at the Linz facility in Austria. Effects on both revenue and results due to lower production volumes have already been offset almost in toto by higher prices and further improvements to the product mix.

**Record revenue and stable earnings growth**

The revenue of the voestalpine Group rose by 6.7% from EUR 3.3 billion in the first quarter of 2017/18 to just under EUR 3.5 billion in the first quarter of 2018/19—the highest level ever recorded for a business quarter. While all four divisions contributed to this revenue growth, the Metal Forming Division provided the greatest boost thanks to the continuous expansion of its automotive activities. Even the Steel Division succeeded in expanding its revenue despite the major blast furnace repairs and an (equally planned) three-week maintenance shutdown at its HBI facility in Texas. Higher sales prices

along with rising delivery volumes were responsible for the increase in the revenue of both the High Performance Metals Division and the Metal Engineering Division.

The voestalpine Group's performance in terms of profits was largely stable. At EUR 513 million, EBITDA in the first quarter of 2018/19 was practically identical to the previous year's level of EUR 513.8 million, but the EBITDA margin fell from 15.8% in the previous year to 14.8% in the first quarter of the current business year due to the higher revenue. Slightly higher depreciation lowered the Group's EBIT by 1.5%, from EUR 329 million in the previous year to EUR 324 million in the reporting quarter. The EBIT margin dropped from 10.1% to 9.3% in the same period. Due to the lower net interest expense as well as the declining tax rate, there was a slight year-over-year improvement in each of the categories, "profit before tax" (increase to EUR 294 million from EUR 292 million in the previous year) and "profit after tax" (increase to EUR 224 million from EUR 218 million in the previous year).

While the gearing ratio (net financial debt as a percentage of equity) as of June 30, 2018, declined to 49.0% from 53.8% as of June 30, 2017, it rose slightly compared with the March 31, 2018, reporting date (45.7%). At EUR 6.8 billion, equity as of June 30, 2018, improved yet again not just year over year (EUR 6.2 billion as of June 30, 2017), but also compared to the annual reporting date (EUR 6.6 billion as of March 31, 2018). As of June 30, 2018, the voestalpine Group had 51,827 employees (FTE)—an increase of about 3.6% year over year and a new high.

### **Outlook for the current business year is unchanged**

In just about every industrial sector and the most important economic regions, the first quarter of the business year 2018/19 was characterized by the ongoing strength of the economic environment. Nothing should change in this regard in the second quarter either—aside from the usual seasonal effects of summer and the effects on both revenue and results of the blast furnace repairs that are taking place during this period. "Instead, considered from our current position, the growth momentum seems to be so stable in terms of both breadth and intensity that it seems realistic to assume that the favorable economic climate will continue across the board in the fall, i.e. up until the end of the calendar year 2018. At this time, the protectionist measures of the United States with respect to global trade and/or the corresponding retaliatory actions of other countries pose the greatest potential threat to this development," says voestalpine's CEO Eder.

"Besides possible negative effects of these increasing political uncertainties that are still difficult to quantify, both EBITDA and EBIT of the voestalpine Group for the business year 2018/19 on the whole should equate more or less to the previous year's levels," Eder states. This again on the assumption that any such effects as well as the impact on results due to the current repairs of major facilities can be offset by and large through positive effects resulting from improvements in the economic climate of individual sectors (railway infrastructure, oil and natural gas sector) as well as the successful start-up of new major facilities.

**The voestalpine Group**

In its business segments, voestalpine is a globally leading technology and capital goods group with a unique combination of material and processing expertise. voestalpine, which operates globally, 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 metals, it is one of the leading partners to the automotive and consumer goods industries in Europe as well as to the aerospace and oil & gas industries worldwide. voestalpine is also the world market leader in turnout technology, special rails, tool steel, and special sections. In the business year 2017/18, the Group generated revenue of around EUR 13 billion, with an operating result (EBITDA) of almost EUR 2 billion; it has around 51,600 employees worldwide.

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