

CORPORATE NEWS

November 10, 2020

voestalpine delivers positive operating result (EBITDA) for the first half of the business year 2020/21 despite the economic crisis triggered by COVID-19

- » Revenue fell by 21.9% year over year, from EUR 6.5 billion to EUR 5.1 billion
- » At EUR 395 million, operating result (EBITDA) is substantially positive (H1 2019/20: EUR 666 million)
- » At EUR –215 million, profit from operations (EBIT) is negative (H1 2019/20: EUR 230 million) due to impairment losses and economic developments
- » Profit before tax drops from EUR 163 million to EUR –268 million, and profit after tax from EUR 115 million to EUR –276 million
- » Strong operating cash flow of EUR 563 million and free cash flow of EUR 281 million
- » Gearing ratio improves from 75.1% a year earlier to 66.2% currently
- » 47,917 employees (full-time equivalents, FTE) as of September 30, 2020 (–6.5%)
- » Technology segments railway systems and storage systems remain stable, automotive industry recovers in second quarter
- » Continued declining demand in aerospace as well as oil & gas

The financial key performance indicators (KPIs) of the voestalpine Group for the first half of the business year 2020/21 were shaped entirely by the COVID-19 pandemic. While the business year's first quarter was characterized by the massive meltdown in demand in almost all customer segments and regions, the second quarter saw a considerable rebound in major sectors. Particularly the European and the U.S. automotive industry but also the consumer goods and construction industry quickly regained their momentum following the lockdown measures that had been imposed in the spring. Thanks to rising demand for high quality steel products, in September voestalpine thus was able to restart the small blast furnace in Linz, Austria, that it had shut down temporarily. In regional terms, the Group's plants in China returned the fastest (i.e., during the business year's first quarter already) to pre-crisis levels of production capacity utilization. The situation in the aerospace as well as the oil and natural gas segments, which are hit especially hard by the ramifications of the pandemic, remained as difficult as before. The technology segments railway systems and storage systems continued to develop along a solid trajectory in this highly challenging environment.

“The substantially positive operating result (EBITDA) and the increase in cash flow show that our consistent cost-cutting and efficiency enhancement programs have taken hold. At the same time, this performance reflects rebounding demand in major customer segments during the business year's second quarter. But it remains to be seen despite positive market signals how the renewed lockdown measures in Europe will impact the economy,” says Herbert Eibensteiner, Chairman of the Management Board of voestalpine AG.

Development of revenue and earnings

Although the economy recovered incrementally from the economic meltdown at the start of the reporting period, both revenue and earnings for the first half of the business year 2020/21 fell far short of those for the same period the previous year. The decrease in revenue by 21.9% from EUR 6.5 billion

to EUR 5.1 billion stems from smaller delivery volumes and lower prices. On the earnings side, voestalpine succeeded in generating a substantially positive operating result (EBITDA) of EUR 395 million in the business year's first half despite extremely difficult market conditions. Against the backdrop of the COVID-19 crisis, EBITDA dropped 40.6%, down from EUR 666 million in the same period the previous year. In turn, this pushed the EBITDA margin from 10.2% a year earlier to 7.7% in the current reporting period. The decline in EBIT was much more pronounced: Apart from the pure operating performance, it was due especially to some EUR 200 million in impairment losses on assets at voestalpine Texas and voestalpine Tubulars owing to global market changes that were exacerbated by the COVID-19 pandemic. In sum, EBIT dropped from EUR 230 million in the first half of the business year 2019/20 to EUR -215 million in the first half of the business year 2020/21. Profit before tax fell year over year from EUR 163 million to EUR -268 million, and profit after tax from EUR 115 million to EUR -276 million. Thanks to intensive measures aimed at cost and earnings optimization as well as lower investments of EUR 245 million, during the business year's first half voestalpine generated substantially higher operating cash flow of EUR 563 million and free cash flow of EUR 281 million.

The gearing ratio (net financial debt as a percentage of equity) improved from 75.1% a year earlier to 66.2% as of September 30, 2020. Equity declined year over year from EUR 6.0 billion to currently EUR 5.3 billion due not only to the company's operating performance but also to the impairment losses. Net financial debt decreased from EUR 4.5 billion to EUR 3.5 billion thanks to good cash flow.

Year over year, the number of employees (FTE) in the voestalpine Group fell by 6.5% to 47,917. In October 2020, about 2,500 employees in Austria, about 1,200 in Germany, and about 1,800 internationally had been registered for short time work or similar models (particularly Brazil, Sweden, South Africa, France, Great Britain).

Outlook

There has been a dramatic increase in the number of COVID-19 infections in many areas of the world since the end of the reporting period. In Europe, many EU member states have reacted by imposing lockdowns of varying severity yet again. The impact of these measures on economic growth going forward cannot be prognosticated in detail at the time this report is published. What is certain, however, is that the uncertainty regarding forecasts of future developments is much greater now. Against this backdrop, the voestalpine Group will continue to focus on managing costs and stabilizing earnings. At the same time, our efforts to manage working capital will remain high and investments will remain low in order to strengthen the Group's cash flow as well as its asset and capital structure.

It is to be expected in any case even though the situation regarding COVID-19 has intensified that the gradual improvement in the economic environment at the end of the first half of the business year 2020/21 will continue as the business year progresses. With the exception of the oil and natural gas sector as well as the aerospace industry, the positive trend in demand for products of the voestalpine Group in all major market segments should continue unabated in the business year's second half. "Assuming that there will be no other major constraints on economic activity owing to the COVID-19 pandemic, such as additional governmental restrictions in this connection, the Management Board currently forecasts EBITDA of between EUR 800 million and EUR 1 billion for the entire business year 2020/21," says Herbert Eibensteiner.

KEY FIGURES – voestalpine GROUP

(pursuant to IFRS)	H1 BY 2019/20 04/01/–09/30/2019	H1 BY 2020/21 04/01/–09/30/2020	Change in %
Revenue	6,541.6	5,110.1	-21.9
EBITDA	665.5	395.0	-40.6
EBITDA margin in %	10.2 %	7.7 %	
EBIT	229.6	-215.0	-193.6
EBIT margin in %	3.5 %	-4.2 %	
Profit before tax	162.5	-267.5	-264.6
Profit after tax *	115.2	275.8	-339.4
Earnings per share	0.54	-1.53	-383.3
Gearing ratio in % (09/30)	75.1 %	66.2 %	

In millions of euros

* Before deduction of interest on hybrid capital (where relevant) and non-controlling interests

The Report of the first half of 2020/21 of voestalpine AG as of the September 30, 2020, may be accessed on the company's website at www.voestalpine.com under the 'Investors' tab.

In case of questions, please contact the company's Investor Relations team at +43/50304/15-9949.

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