Letter to Shareholders
1st Quarter 2015/16

ONE STEP AHEAD.

voestalpine Group Key Figures

Q 1 2014/15 vs. Q 1 2015/16

In millions of euros	**Q 1 2014/15** 04/01–06/30/2014	**Q 1 2015/16** 04/01–06/30/2015	Change in %
Revenue	2,826.7	3,001.7	6.2
EBITDA	363.7	526.7	44.8
EBITDA margin	12.9%	17.5%	
EBIT	218.4	368.5	68.7
EBIT margin	7.7%	12.3%	
Profit before tax (EBT)	192.9	328.8	70.5
Profit for the period[1]	150.0	289.4	92.9
EPS – Earnings per share (euros)	0.75	1.61	114.7
Investments in tangible and intangible assets and interests	184.4	333.1	80.6
Depreciation	145.3	158.1	8.8
Capital employed	8,719.3	9,695.9	11.2
Equity	5,416.9	5,559.3	2.6
Net financial debt	2,422.3	2,978.0	22.9
Net financial debt in % of equity (gearing)	44.7%	53.6%	
Employees (full-time equivalent)	47,463	48,653	2.5

[1] Before deduction of non-controlling interests and interest on hybrid capital.

Ladies and Gentlemen:

The coming months will be suspenseful ones for Europe. The key question will be whether it will actually be successful in achieving an economic turnaround on a comparatively broad-based level for the first time in years. Expressed in numbers, this would mean that the European Union would again attain a growth rate of close to two percent of its gross domestic product.

There are, however, several prerequisites in order for this to happen. First of all, the "crisis countries"—viewed realistically, with the exception of Greece—will have to finally be successful in getting their economic problems under control; after having gone through painful structural changes, this is within the range of possibility for practically all of them. Secondly—and closely connected to the previous point—the economic revival will depend on whether the expectations placed in the EU Commission's "EUR 315 billion package" with regard to broad-based investment incentives will actually take on concrete form in the coming months. And finally, European growth in the medium to long term will depend strongly on the conduct and positioning of the political decision-makers at the "climate summit" in Paris this coming December.

One thing, however, should definitely be clear to all the European representatives in Paris: if the climate protection efforts already being made by European industry—which are exceptional in a global comparison—continue to be increasingly penalized and not rewarded in any way (in other words, should Europe believe that it must continue along the path of unilateral efforts by industry), the subject of climate protection measures and technologies by industry on the old continent will marginalize itself within a generation. Against the backdrop of global cost pressure, industry will then quite simply no longer be able to afford Europe as a location. Then, providing an answer to the question of what this ultimately means for the political, social, and societal development of the European Union, for employment, and for the economic landscape will no longer be up to the decision-makers in business and industry, but to the political decision-makers. In any case, this attitude does a grave disservice to climate protection issues; nowhere in the world does industry operate under such strict environmental regulations for climate protection as in Europe.

For the voestalpine Group, the development of framework conditions in Europe in the areas of the environment, climate, and energy will certainly be a key criterion that the Group will use to come to fundamental decisions regarding investments that must be contemplated in the coming years.

Linz, August 4, 2015

The Management Board

Wolfgang Eder	Herbert Eibensteiner	Franz Kainersdorfer
Robert Ottel	Franz Rotter	Peter Schwab

Highlights Q 1 2015/16[1]

- Moderate economic uptrend in Europe; continuing good level of demand in North America; Asia with regionally differing economic development; Brazil continuing to trend downward
- Revenue and all reporting categories up significantly in a year-over-year comparison
- Substantial positive impact of non-recurring effects on earnings in the period under review due to changes in the scope of consolidation in the Metal Engineering Division (Seamless Tubes and Turnout Systems business segments)
- Revenue rises to EUR 3,002 million compared to EUR 2,827 million in the previous year (+6.2%)
- EBITDA up by 44.8% compared with the previous year, from EUR 363.7 million to EUR 526.7 million (without non-recurring effects: EUR 389.1 million, increase of 7.0%)
- EBIT improved by 68.7% from EUR 218.4 million to EUR 368.5 million (without non-recurring effects: EUR 237.0 million, increase of 8.5%)
- EBITDA and EBIT margins again improved
- At EUR 328.8 million, profit before tax is 70.5% higher than in the previous year (without non-recurring effects: EUR 197.3 million, increase of 2.3%)
- Profit for the period rises by 92.9% from EUR 150.0 million in the previous year to EUR 289.4 million (without non-recurring effects: EUR 151.7 million, increase of 1.1%)
- At 53.6%, gearing ratio (net financial debt in percent of equity) improved by almost 5% compared to March 31, 2015 (58.4%)
- Construction of direct reduction plant in Corpus Christi, Texas, on schedule

[1] All comparison figures refer to Q 1 2014/15 unless explicitly stated otherwise.

Interim Management Report

Report on the Group's business performance and the economic situation

Europe

In the first quarter of the business year 2015/16, the slight uptrend in Europe visible in recent quarters continued, driven primarily by Germany, Great Britain, and to some degree by the Southern and Eastern EU member states, with the exception of Greece.

This development is being bolstered primarily by private consumption, while investment activity continues to be rather cautious. Accordingly, practically all the divisions of the voestalpine Group have been profiting from outstanding demand from the automobile industry and a stable order situation at a solid level from the white goods and consumer goods industries.

In contrast, the mechanical engineering sector lost some of its momentum in comparison to its performance in the early part of the year, while the construction industry continued to be weak. The deterioration of the oil price has had a somewhat less dramatic effect on business in the oil and natural gas sectors in Europe than in other economic regions, however, the effects are being felt here as well. Counter to this development, the railway infrastructure sector again performed outstandingly; investments in this sector had been delayed for a lengthy period of time so that now there is considerable pent-up demand that must be gradually satisfied over the next several years. The situation in the aviation sector remains stable at a high level.

North America

The economic upwards trend in North America, which is now in its third year, experienced a consolidation phase in early 2015 due primarily to the unusually severe winter weather and declining investments in the oil and natural gas industries. The low oil price had positive effects for private households so that it increasingly stimulated broad-based consumer behavior in recent months. Against this backdrop, demand in the automobile and consumer goods industries was commensurately positive, and momentum in incoming orders from the aviation and railway infrastructure industries has continued to be strong. The traditional energy sector, on the other hand, is still suffering from the deterioration of the oil price.

South America / Brazil

Already at an extremely weak level, the economy in Brazil in the first quarter of the business year 2015/16 grew even weaker. Practically all market segments are impacted by this situation so that the activities of the voestalpine Group in the largest economic region of South America faced and will continue to face falling demand and rising prices due to the high rate of inflation. In order to stabilize earnings at a level that is still positive, all the Brazilian sites are working on implementing far-reaching cost and efficiency improvement measures. Besides Brazil, almost all other South American markets are also currently suffering from dramatic economic deficits.

Asia / China

After a slight decrease in growth in China in the beginning of the calendar year, its economic landscape was marked by considerable uncertainty, triggered primarily by growing doubts regarding the stability of the Chinese financial and capital markets. The voestalpine Group remained largely unaffected by these developments, as demand in the automobile, tool steel, and railway infrastructure sectors, which are particularly important for voestalpine, remained solid and stable. By and large, developments in most other countries in Asia are not very dramatic; however, it can be expected that in the short to medium term risks will predominate in Japan, while in India, opportunities will prevail.

Report on the financial key performance indicators of the voestalpine Group

In the first quarter of 2015/16, the voestalpine Group's revenue rose by 6.2% compared to the previous year, going from EUR 2,826.7 million to EUR 3,001.7 million. The increase was due to the good results of the Steel and Special Steel Divisions on one hand, and on the other, the initial full consolidation of the revenue generated by voestalpine Tubulars GmbH & Co KG, Austria, and CNTT Chinese New Turnout Technologies., Ltd., China (both part of the Metal Engineering Division) in the consolidated annual financial statements. In the business year 2014/15, both companies were still consolidated on an equity basis. The acquisition of Italian manufacturer of special wire Trafilerie Industriali S.p.A. in the fourth quarter of 2014/15 also contributed to the increase in revenue generated by the Metal Engineering Division compared to the previous year. The divestments of the Flamco Group (second quarter of 2014/15) and the plastics companies (third quarter of 2014/15)—all with headquarters in Holland—and Rotec AB, Sweden (fourth quarter of 2014/15) undertaken by the Metal Forming Division as part of its structural reforms could not be compensated in full by the simultaneous expansion of business in the Automotive Body Parts business segment so that the division's revenue in the first quarter of 2015/16 declined by 6% compared to the same quarter of the previous year.

The non-recurring effects that took effect as of April 1, 2015 in connection with assumption of control (full consolidation) of the Metal Engineering Division companies mentioned above are reported as part of earnings for the first quarter of 2015/16. Reassessments based on fair value less depreciation of hidden reserves positively impacted EBITDA of voestalpine AG with a total of EUR 137.6 million and EBIT with EUR 131.5 million. Therefore, the voestalpine Group achieved an operating result (EBITDA) in the first quarter of 2015/16 of EUR 526.7 million; compared to the previous year's figure of EUR 363.7 million, this corresponds to an increase of 44.8%. Even adjusted for the non-recurring effects, there is an increase in EBITDA of 7.0% to EUR 389.1 million. The adjusted EBITDA margin in the first quarter of 2015/16 is therefore 13.0% compared to 12.9% in the previous year. All four divisions of the voestalpine Group contributed to the increase in EBITDA adjusted for non-recurring effects, with the Steel Division showing the largest boost in earnings at 17.6%. Profit from operations (EBIT) went up by 68.7% from EUR 218.4 million in the first quarter of 2014/15 to EUR 368.5 million in the quarter under review. Reduced by non-recurring earnings contributions, in the first quarter of 2015/16, EBIT amounted to EUR 237.0 million, a gain of 8.5% compared to the previous year (EUR 218.4 million). The resulting EBIT margin of 7.9% is therefore slightly above the figure for the first quarter of 2014/15 (7.7%).

Profit before tax contains special effects amounting to EUR 131.5 million. At EUR 328.8 million, this figure was 70.5% higher in the first quarter of 2015/16 than in the previous year (EUR 192.9 million); even reduced by the non-recurring effects, it is at EUR 197.3 million, still 2.3% above the previous year's figure. Profit for the period rose in the same period by 92.9% from EUR 150.0 million to EUR 289.4 million. Due to the special tax treatment of non-recurring effects, profit for the period in the first quarter of 2015/16 contains extraordinary contributions amounting to EUR 137.7 million; thus, the adjusted profit for the period is EUR 151.7 million, which is 1.1% above the previous year's figure of EUR 150.0 million.

Equity rose in a year-to-year comparison by 2.6%, going from EUR 5,416.9 million to EUR 5,559.3 million despite the fact that hybrid bond 2007, which is recognized in equity (volume EUR 500.0 million), was refinanced with borrowed capital. The aforementioned changes in consolidation as of April 1, 2015 (from equity consolidation to full consolidation) contributed EUR 173.2 million to the increase in equity. The capital increase of 1.45% of share capital earmarked for a further expansion of the employee shareholding scheme also had a positive impact on the value of equity in the first quarter of 2015/16 by contributing EUR 85.3 million to equity. Compared to the reporting date in the business year 2014/15, equity rose by 8.9% from EUR 5,102.5 million to EUR 5,559.3 million.

In a year-to-year comparison, net financial debt rose by 22.9% from EUR 2,422.3 million to EUR 2,978.0 million, largely as the result of a change in the financing structure due to the aforementioned refinancing of hybrid bond 2007. There was no change in comparison to the figure as of March 31, 2015 (EUR 2,978.1 million).

The gearing ratio rose in a year-over-year comparison from 44.7% as of June 30, 2014 to 53.6% as of June 30, 2015. Compared to the reporting date of March 31, 2015 (58.4%), the gearing ratio was once again reduced by just under 5%.

As of the reporting date of June 30, 2015, the voestalpine Group had 48,653 employees (FTE), an increase of 2.5% in a year-to-year comparison (previous year: 47,463). The increase was primarily due to the previously mentioned initial full consolidation of two companies in the Metal Engineering Division.

Quarterly development of the voestalpine Group

In millions of euros	Q1 2014/15 04/01–06/30/2014	Q2 2014/15 07/01–09/30/2014	Q3 2014/15 10/01–12/31/2014	Q4 2014/15 01/01–03/31/2015	Q1 2015/16 04/01–06/30/2015
Revenue	2,826.7	2,734.4	2,693.8	2,934.6	3,001.7
EBITDA	363.7	393.2	330.3	443.0	526.7
EBITDA margin	12.9%	14.4%	12.3%	15.1%	17.5%
EBIT	218.4	226.3	182.7	258.9	368.5
EBIT margin	7.7%	8.3%	6.8%	8.8%	12.3%
Profit before tax	192.9	198.8	138.9	210.3	328.8
Profit for the period[1]	150.0	165.7	116.8	161.7	289.4
Employees (full-time equivalent)	47,463	47,379	46,461	47,418	48,653

[1] Before deduction of non-controlling interests. In BY 2014/15, the tax effects on hybrid capital interest and on costs associated with issuing hybrid capital were recognized directly in equity in accordance with IAS 8.

Steel Division

In millions of euros	Q1 2014/15 04/01–06/30/2014	Q1 2015/16 04/01–06/30/2015	Change in %
Revenue	975.0	1,060.9	8.8
EBITDA	114.1	134.2	17.6
EBITDA margin	11.7%	12.6%	
EBIT	56.8	74.7	31.5
EBIT margin	5.8%	7.0%	
Employees (full-time equivalent)	11,035	11,036	0.0

Market environment and business development

In the second calendar quarter 2015, global crude steel production continued to decrease compared to the previous year, falling by 2.4% after already suffering another drop in the first calendar quarter 2015 by 1.6%. The primary reason for this recessive trend was the situation in China, where crude steel production has declined for the first time after years of massive growth. Most recently, demand for steel in Europe was somewhat higher, so that, compared to the previous year, steel production increased by 0.9% in the second calendar quarter. As a result of the global decline in crude steel production and the concurrent expansion of capacity by iron ore mines, prices for iron ore continued to fall in the early part of the second calendar quarter 2015. Against this backdrop, steel prices on the spot market were not able to recover despite improved capacity utilization in European steel plants. Another reason for this development is the increasing pressure from China and Russia through imports of standard steel grades. Although the European Commission announced the introduction of anti-dumping customs duties on cold-rolled steel products originating in China and Russia, this has not yet mitigated the situation in respect to imports from these countries. In contrast, the price trend in the Steel Division in the first quarter of 2015/16 was better than the general market environment would lead one to expect. Full order books on one hand and on the other, concentration on the top quality segment enable a certain degree of price-based differentiation vis-à-vis the commodity market.

As far as demand is concerned, the automotive industry, which is the division's core customer segment, demonstrated a continued and stable high level of demand. Despite a certain cautiousness on the part of buyers in China, which is an important market, in the past months, there were no signs of a more broad-based reversal, particularly as registrations of compact and mid-size cars on the European markets have increased substantially in recent months.

The marked upswing in the strongly export-oriented German mechanical engineering industry in the early part of the 2015 calendar year has leveled off somewhat in recent months. This sector is expected to be impacted by a certain degree of volatility throughout 2015. Performance of the construction industry, which is less significant for the Steel Division, in the first three months of the current business year has continued at a low level, although there are differences from region to region. In contrast, the white goods and electrical industries have demonstrated a solid performance in recent months.

In the first quarter of 2015/16, the energy segment, a key industry for the Heavy Plate business segment, suffered from the continuing weak oil price. As a result, no contracts worth mentioning for pipeline projects were awarded. Speculation surrounding TurkStream, the proposed follow-up project for South Stream, came to an end in July 2015 for the time being after the order for the pipe-laying ship was canceled. The situation in the downstream segment is better, however, where demand for heavy plate for the manufacture of appliances has developed satisfactorily. The weak energy segment could be compensated to some extent by the improved development of the civil engineering segment resulting from an increase in infrastructural projects and a boost in orders in the strip segment, which has shown a solid performance.

The largest investment projects in the first quarter of 2015/16 continued to be the construction of the direct reduction plant in Corpus Christi, Texas, the construction of secondary metallurgy system 4 in Linz, Austria (which will start operation in the fall of 2015), and preparations for the replacement of the heavy plate rolling stand, also in Linz, that is scheduled for October 2015. In July 2015, ground was broken for the new continuous casting facility CC8 at the Linz site.

Financial key performance indicators

In the first quarter of 2015/16, the Steel Division's revenue rose substantially compared to the previous year, despite a decline in prices due to the low level of prices for raw materials. The lower prices were compensated by greater delivery volumes. The completion of an order in the energy sector by the Heavy Plate business segment that had been placed at a high price was primarily responsible for the increase in revenue by 8.8% from EUR 975.0 million in the previous year to EUR 1,060.9 million in the current year. The division also considerably increased its earnings in the first quarter of 2015/16. The operating result (EBITDA) improved by 17.6% from EUR 114.1 million (EBITDA margin 11.7%) to EUR 134.2 million (EBITDA margin 12.6%). The previously mentioned higher delivery volumes contributed to these increases, but the primary driver was the ongoing efficiency and cost optimization program. Accordingly, profit from operations (EBIT) also rose—by almost one third from EUR 56.8 million to EUR 74.7 million, with the EBIT margin going up from 5.8% to 7.0% as compared with the previous year.

The number of employees (FTE) in the Steel Division as of June 30, 2015 of 11,036 was practically the same as it had been at the end of the first quarter of the previous business year (11,035 FTE).

Special Steel Division

In millions of euros	**Q1 2014/15** 04/01–06/30/2014	**Q1 2015/16** 04/01–06/30/2015	Change in %
Revenue	675.9	709.0	4.9
EBITDA	96.1	100.0	4.1
EBITDA margin	14.2%	14.1%	
EBIT	61.3	65.3	6.5
EBIT margin	9.1%	9.2%	
Employees (full-time equivalent)	12,958	13,411	3.5

Market environment and business development

The market environment of the Special Steel Division in the first quarter of 2015/16 remained largely unchanged compared to the fourth quarter of the previous business year. Only the oil and natural gas sectors experienced a significant decline in incoming orders due to the development of the oil price. The strategy of maintaining on-site inventory in the USA and Southeast Asia proved to have an inhibiting effect in a positive sense, as it curbed short-term order volatility. The effects of subdued orders from the oil and natural gas sectors, however, are still barely noticeable.
In contrast, positive momentum continued to come from the aviation industry, where a multi-year contract of significant magnitude for sophisticated special steel forgings was signed at the Paris Air Show. The energy engineering industry continued to face challenging conditions: while Europe is increasingly turning its back on the construction of power plants, demand in Asia is being met to an ever greater degree by local suppliers.
Incoming orders from the automotive industry, on the other hand, continued to be strong in the first quarter of 2015/16, thus contributing particularly to the good performance in the tool steel segment.
The most recent development of the oil price together with continuing pressure in the sector of conventional energy resulted regionally in a slight weakening of performance in the European Union. Revenue generated from sales in North America rose, however, due in part to the changes in the rate of exchange. The economic environment in South America deteriorated still further in the early part of the business year 2015/16. Particularly, the automobile industry and the oil and natural gas sectors came under increased pressure. Comprehensive lean management measures at the division's sites in Brazil were able to largely compensate for the negative effects on earnings. The positive market environment for tool steel in Asia, particularly in China and to an ever greater extent in India, made it possible for the division to continue its trajectory of growth despite weaker market trends in other regions.

Once again, the expansion of the range of services provided, especially in the areas of coating and heat treatment, solidly bolstered performance in the first quarter of 2015/16. There were significant further increases in this segment compared to the previous year. Its leading global market position in the tool steel sector was greatly enhanced by the fact that it has been increasingly positioning itself as a problem solver for its customers.

In the past quarter, the High Performance Metals (production) business segment reported good capacity utilization overall. For the rest of the business year 2015/16, it should be possible to largely compensate the expected negative impacts on capacity utilization as a result of declining orders in the oil and natural gas sectors by undertaking increased sales efforts in other industrial segments. At the product site in Wetzlar, Germany, which has been most strongly affected by the weak energy engineering sector, a reengineering program is currently underway to enable a lasting optimization of earnings.

In order to meet growing demand for premium tool steel, especially from Asia, the site in Hagfors, Sweden, launched the operation of an additional electro slag remelting system in the first quarter of 2015/16 as scheduled. Another such system was ordered and will be put into operation by the middle of next year.

Financial key performance indicators

At EUR 709.0 million, in the first quarter of the business year 2015/16, revenue in the Special Steel Division was 4.9% above the previous year's figure of EUR 675.9 million. Sales volumes were significantly increased particularly in the segments of tool steel and special materials for the aviation industry, while declining orders in the oil and natural gas sectors have not manifested themselves markedly thus far in the revenue being generated. At EUR 100.0 million, the operating result (EBITDA) exceeded the figure in the same period of the previous year (EUR 96.1 million) by 4.1%, while the EBITDA margin of 14.1% was marginally below last year's figure (14.2%). The most important factor for the earnings increase in absolute figures was the good performance of the Value-Added Services business segment. Profit from operations (EBIT) in the first quarter of 2015/16 rose concurrently from EUR 61.3 million in the previous year to EUR 65.3 million, an improvement of 6.5%; the EBIT margin went up slightly from 9.1% to 9.2%.

As of June 30, 2015, the Special Steel Division had 13,411 employees (FTE). The increase by 453 employees (+3.5%) as of the end of the first quarter of 2015/16 was primarily due to efforts to be able to meet the demands of the positive market environment.

Metal Engineering Division

In millions of euros	Q1 2014/15 04/01–06/30/2014	Q1 2015/16 04/01–06/30/2015	Change in %
Revenue	679.3	774.0	13.9
EBITDA	106.7	236.1	121.3
EBITDA margin	15.7%	30.5%	
EBIT	79.6	197.2	147.7
EBIT margin	11.7%	25.5%	
Employees (full-time equivalent)	11,250	13,097	16.4

Market environment and business development

In the first quarter of 2015/16, the business performance of the Metal Engineering Division was characterized by an excellent level of demand from the railway infrastructure segment on one hand, but on the other, a marked weakening of demand from the oil and natural gas sectors. Overall, this enabled the division to continue to enjoy almost full capacity utilization of steel production in Donawitz, Austria, at the same level as in previous years.

The order situation in the Rail Technology business segment is currently at a record level so that by and large all available production capacity will be utilized throughout the entire business year 2015/16 for orders already received. The reason for the current boom is primarily the reinvigoration of railway infrastructure projects in Europe. The excellent level of incoming orders for high quality rail grades made it possible for the production facilities to transition from three-shift to four-shift operations for the first time ever so that record production is anticipated at the Donawitz site in the business year 2015/16.

In the first quarter of 2015/16, the Turnout Systems business segment also seamlessly maintained its outstanding performance of the past year. In order to keep up with customer demand, special investments will be undertaken in the current business year to expand a range of international production sites. Outside of Europe, North America and China are also seeing demand that remains very satisfactory. Against the backdrop of a decline in mining activity due to the drop in raw materials prices, the markets in Australia and Brazil are currently significantly weaker. As a result of the successful integration of Bathurst Rail Fabrication Center, which was acquired last year, the Turnout Systems business segment has become the clear market leader in Australia.

The Wire Technology business segment saw solid momentum in demand from the automobile industry in the first quarter of 2015/16 but also faced difficult conditions from the oil and natural gas industries. Last year's acquisition of the Italian wire manufacturer Trafilerie Industriali S.p.A. went very smoothly at the operational level, and the company has already contributed to the satisfactory development of the Wire Technology business segment in the first three months of the current business year.

As a result of the dramatic drop in activities in the oil and natural gas sectors, the market environment in the Seamless Tubes business seg-

ment has significantly deteriorated. While capacity in the seamless tube plant in Kindberg, Austria, was still fully utilized throughout the entire business year 2014/15, at the beginning of the current business year, the drop in demand made it necessary to reduce production by one shift. However, the current order status should ensure three-shift operation over the next few months. Incoming orders from North America have significantly declined in recent quarters, but demand from the Middle East is still at a satisfactory level despite increasing competition.
Stable development at an albeit moderate level was demonstrated by the Welding Technology business segment in the previous business year. The subdued situation in Europe, especially in the energy engineering sector, is not showing any signs of recovery in the short term. In contrast, market conditions in the Middle East and in India are better, while the market environment in China has most recently cooled. Since the beginning of the 2015 calendar year, the situation in the Brazilian energy sector has continued to decline.
The most important investments in the Metal Engineering Division were on track—both as far as schedule and budget are concerned. The new wire rod mill in Donawitz, Austria, will be put into operation on schedule at the end of the current business year and will enable the Wire Technology business segment to differentiate itself even more sharply than before from the competition—in terms of both technology and quality. In the fall of 2016, a new walking beam furnace for rail production will be ready for operation; with respect to quality, energy consumption, and throughput, it will represent an additional optimization of rail production.

Financial key performance indicators

In the first quarter of 2015/16, the Metal Engineering Division reported an increase in revenue of 13.9% from EUR 679.3 million to EUR 774.0 million, which was primarily the result of the initial full consolidation of voestalpine Tubulars GmbH & Co KG (Seamless Tubes business segment) and CNTT Chinese New Turnout Technologies Co., Ltd. (Turnout Systems business segment) as of April 1, 2015. Up to and including in the business year 2014/15, the equity method had been used by both companies to report financial results so that their earnings were not included in the voestalpine consolidated annual financial statements. Additionally, the acquisition of the Italian manufacturer of special wire Trafilerie Industriali S.p.A. in the fourth quarter of 2014/15 also contributed to the increase in revenue.
Non-recurring effects associated with the acquisition of full control of the two mentioned companies impacted the earnings of the division in the first quarter of 2015/16. In the first quarter of 2015/16, reassessments based on fair value less depreciation of hidden reserves resulted in positive non-recurring effects amounting to EUR 126.5 million reported in EBITDA and EUR 120.4 million reported in EBIT for the Metal Engineering Division. Therefore, the operating result (EBITDA) rose by a total of 121.3% from EUR 106.7 million to EUR 236.1 million. After deducting the non-recurring effects, EBITDA amounted to EUR 109.6 million, an increase of 2.7% compared to the previous year. This resulted in an adjusted EBITDA margin in the first quarter of 2015/16 of 14.2% compared to 15.7% in the same quarter of the previous year. The gain in profit from operations (EBIT) was even higher, going from EUR 79.6 million to EUR 197.2 million, an increase of 147.7%. Adjusted for the non-recurring effects, EBIT is EUR 76.8 million in the current business quarter, a decrease of 3.5% compared to the first quarter of 2014/15, and the EBIT margin went down from 11.7% to 9.9%.
As a result of the inclusion of employee figures of voestalpine Tubulars GmbH & Co KG and CNTT Chinese New Turnout Technologies Co., Ltd. as well as the acquisition of Trafilerie Industriali S.p.A., the number of employees (FTE) in the Metal Engineering Division rose by 16.4% to 13,097 (previous year: 11,250) in the first quarter of 2015/16.

Metal Forming Division

In millions of euros	Q1 2014/15 04/01–06/30/2014	Q1 2015/16 04/01–06/30/2015	Change in %
Revenue	601.9	565.5	–6.0
EBITDA	68.9	69.3	0.6
EBITDA margin	11.5%	12.3%	
EBIT	44.8	46.1	2.9
EBIT margin	7.4%	8.1%	
Employees (full-time equivalent)	11,423	10,282	–10.0

Market environment and business development

Overall, the performance of the Metal Forming Division in the first quarter of 2015/16 was at a quite satisfactory level, although there were marked differences between economic regions and industries.

In the first months of the current business year, the Automotive Body Parts business segment continued to be characterized by an optimistic mood that included not only the premium segment but the manufacturers of sub-compact and compact cars as well. The positive trend that had already been in place for some time on the European automobile market continued on an even wider basis in the first months of the new business year. While China has now become the most important single market for European premium products, the growth rates seen in prior periods have more recently lost some of their luster. Besides China, the USA still remain the most important market for the premium segment, although the development there has recently been more differentiated, depending on manufacturer and model policy. The automobile models that are significant for the development of the Automotive Body Parts business segment performed very well overall in the first quarter of 2015/16.

In the Tubes & Sections business segment, business performance varied greatly from region to region. The economies of Brazil and Russia that had been considered to be emerging markets skidded into a massive recession—for different reasons—and China has also recently demonstrated very little momentum. In contrast, the economic environment in the European core markets Germany and France was characterized by a slight upwards trend. The situation in Great Britain and the USA has continued to be satisfactory, with both regions showing stable momentum with regard to demand. Viewed globally, the fact that the automobile manufacturers have able to achieve very good capacity utilization has resulted in continuing strong demand and an excellent order situation for precision tube components and special profiles for the aviation industry. The entire construction industry and the truck sector, however, have seen only a slight recovery trend. The agricultural machine industry also remained under pressure due to low prices for food staples.

The Precision Strip business segment has experienced a solid development despite the continuing intense competition in its market environment. Similarly, the momentum that the Warehouse & Rack Solutions business segment has seen in recent quarters has persisted into the new business year and the segment continues to profit from a rewarding situation as far as projects are concerned, especially in the high-bay racking systems segment and in road safety components.
As far as investments are concerned, the Metal Forming Division maintained focus on the implementation of its internationalization strategy in the Automotive Body Parts business segment. In the current business year, two new "phs" facilities for the press-hardening of steel are being built in the USA and China. They are slated for completion in the business year 2015/16; then there will be a total of eight facilities for the indirect manufacture of "phs-ultraform." In the business year 2015/16, the first pilot facility for "phs-directform" will be built.

Financial key performance indicators

In the first quarter of 2015/16, the earnings of the Metal Forming Division declined by 6.0% compared to the same period of the previous year, going from EUR 601.9 million to EUR 565.5 million. The backdrop to this development is, on one hand, the fact that lower pre-material costs were passed on to customers, resulting in a price level that trended downward, and on the other to the division's structural reforms that included the divestment of the Flamco Group (second quarter of 2014/15), the plastics companies (third quarter of 2014/15), and Rotec AB (fourth quarter of 2014/15). Despite the deconsolidation of these companies in the last business year, the Metal Forming Division saw slight growth in the first quarter of 2015/16 in all reporting categories, due primarily to increasing business volume from internationalization activities in the Automotive Body Parts business segment. In the same period, EBITDA rose by 0.6% from EUR 68.9 million to EUR 69.3 million, which corresponds to an EBITDA margin of 12.3% (previous year: 11.5%). EBIT went up by 2.9% from EUR 44.8 million to EUR 46.1 million with an EBIT margin that increased from 7.4% to 8.1%.
The number of employees (FTE) in the Metal Forming Division declined significantly as of the end of the first quarter of 2015/16 by 10.0% from 11,423 as of June 30, 2014 to 10,282 as of the end of the current business quarter. This decline is the result of the divestment of the aforementioned companies in the business year 2014/15.

Business transactions with associated companies or parties

Information regarding business transactions with associated companies and parties is available in the Notes.

Report on company risk exposure

The voestalpine Group is exposed to various risks and uncertainties that can influence the results. For more information and details, see the Annual Report 2014/15.

Outlook

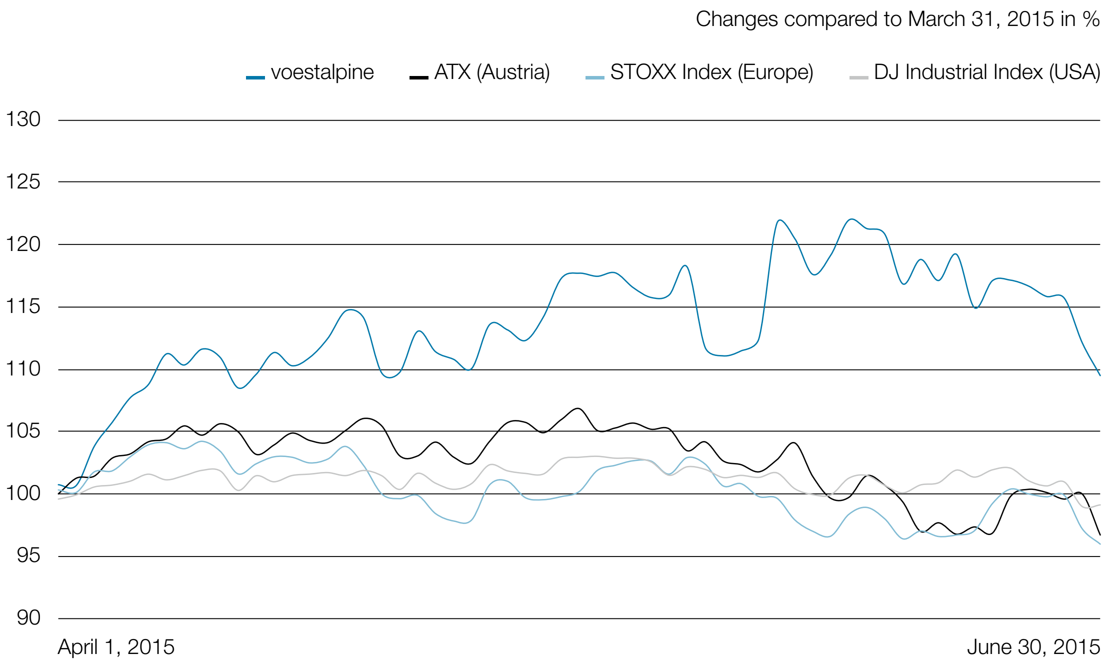
Since the publication of the annual financial statements 2014/15 around two months ago, nothing has changed with regard to expectations for 2015/16. This applies both to the individual regions and to the most important customer industries. For the rest of the business year, it can be anticipated that North America will continue to enjoy stable development at a high level. China is dealing with increasing problems as it transitions from a state-driven to a consumption-driven economy, but it is expected to continue to have high growth rates in the future. India should gradually increase its growth momentum, while the current situation in Brazil and Russia does not offer any signs that there might be a trend reversal in the coming quarters. After a number of years of little or no growth, the European Union should attain economic growth of close to 2%; however, the development in the individual member states will differ widely from country to country.

The fundamental trends in the most important customer industries are not showing any significant changes compared to the last publication. The automobile industry continues to be stable and to perform at a high level, while the energy sector will be characterized by a high degree of volatility in the development of the oil price and persisting uncertainty surrounding the energy transition or energy paradigm shift. The subdued situation in the construction industry remains unchanged, however, there is a possibility of a certain degree of revival in the course of the year resulting from economic stimulus measures by the EU Commission ("Juncker package"). Development in the railway infrastructure and aviation sectors continues to be stable at a very high level, while the performance of the consumer goods, white goods, and electrical industries is unremarkable.

Against this backdrop, the development of the voestalpine Group in the coming months should continue to be characterized by almost full capacity utilization in all sectors, with the exception of the energy sector (oil/natural gas and power plant construction). It can be anticipated that the increasing differentiation resulting from the ongoing enhancement of the product portfolio with regard to both technology and quality along with the EUR 900-million program to optimize earnings that is gradually taking effect will enable further improvement of both the operating result (EBITDA) and profit from operations (EBIT)—before any non-recurring effects and changes in the scope of consolidation.

Investor relations

voestalpine AG vs. the ATX and international indices



Price development of the voestalpine share

The price of the voestalpine share in the first quarter of 2015/16 was characterized by two marked gains, once at the beginning of the business year and again in early June 2015 as well as by a substantial drop toward the end of the reporting period. The boost in the early part of the business year was due primarily to a positive economic outlook so that the price of voestalpine share went up considerably in the wake of a market environment that was increasingly favorable. During this phase, the conflict between Russia and the Ukraine and the political trouble spots in the Middle East tended to recede into the background, allowing the capital markets to manage themselves.

The publication of the Group's annual figures on June 3, 2015 triggered a jump of more than 8% during the course of the day, and the voestalpine share saw the highest daily gain percentage-wise since the outbreak of the financial crisis in 2008. In addition to the outstanding results for the fourth reporting quarter, the solid outlook was also a driver for this increase. Due to the fact that the financial key performance indicators were substantially higher than analysts' expectations, the voestalpine share was able to outperform the benchmark indices. In the second half of June toward the end of the first quarter, the problems surrounding the situation in Greece increasingly emerged as the focus of the European capital markets. In particular as a result of the announcement of a referendum on the austerity measures demanded by Greece's lenders, European industrial stocks experienced a plunge across the board due to fears that the debt crisis would spread to other eurozone states, especially in Southern Europe, with commensurate effects on the European economy as a whole.

In the first three months of the business year 2015/16, the voestalpine share rose from EUR 34.34 to EUR 37.33, a plus of 8.7%, thus outperforming the benchmark indices ATX, STOXX Index Europe, and Dow Jones Industrial by a hefty margin.

Bonds

Type of bond	ISIN number	Volume	Interest rate	Share price (06/30/2015)
Corporate bond 2011–2018	AT0000A0MS58	EUR 500 million	4.75%	107.5
Corporate bond 2012–2018	XS0838764685	EUR 500 million	4.0%	106.5
Hybrid bond 2013	AT0000A0ZHF1	EUR 500 million	7.125%[1]	110.5
Corporate bond 2014–2021	AT0000A19S18	EUR 400 million	2.25%	101.5

[1] Interest rate: 7.125% p.a. from issue date to October 31, 2014 (excl.); 6% p.a. from October 31, 2014 to October 31, 2019; five-year swap rate (from October 29, 2019) + 4.93% p.a. from October 31, 2019 to October 31, 2024; then three-month EURIBOR +4.93% p.a. + step-up of 1% p.a. from October 31, 2024.

voestalpine AG is currently being analyzed by the following investment banks/institutions:

- Alpha Value, Paris
- Baader Bank AG, Munich
- Barclays, London
- Bank of America/Merrill Lynch, London
- Citigroup, London
- Commerzbank, Frankfurt
- Credit Suisse, London
- Deutsche Bank, London
- Erste Bank, Vienna
- Exane BNP Paribas, Paris
- Goldman Sachs, London
- HSBC, London
- Jefferies, London
- Kepler Cheuvreux, Frankfurt
- Macquarie, London
- Raiffeisen Centrobank, Vienna
- Royal Bank of Canada Europe Ltd., London
- Redburn, London
- Société Générale, Paris
- Steubing, Frankfurt
- UBS, London

Share information

Share capital	EUR 317,851,287.79 divided into 174,949,163 no-par value shares
Shares in proprietary possession as of June 30, 2015	28,597 shares
Class of shares	Ordinary bearer shares
Stock identification number	93750 (Vienna Stock Exchange)
ISIN	AT0000937503
Reuters	VOES.VI
Bloomberg	VOE AV

Prices (as of end of day)	
Share price high April 2015 to June 2015	EUR 41.58
Share price low April 2015 to June 2015	EUR 34.33
Share price as of June 30, 2015	EUR 37.33
Initial offering price (IPO) October 1995	EUR 5.18
All-time high price (July 12, 2007)	EUR 66.11
Market capitalization as of June 30, 2015*	EUR 6,529,784,728.78

* Based on total number of shares minus repurchased shares.

Business year 2014/15	
Earnings per share	EUR 3.11
Dividend per share	EUR 1.00
Book value per share	EUR 29.22

Financial calendar 2015/16	
Letter to shareholders for the second quarter of 2015/16	November 11, 2015
Letter to shareholders for the third quarter of 2015/16	February 10, 2016
Annual Report 2015/16	June 2, 2016
Annual General Shareholders' Meeting	July 6, 2016
Ex-dividend date	July 11, 2016
Dividend payment date	July 18, 2016

voestalpine AG

Financial data 06/30/2015

In accordance with International Financial Reporting Standards (IFRS)

Consolidated statement of financial position

Assets

	03/31/2015	06/30/2015
A. Non-current assets		
Property, plant and equipment	5,328.4	5,620.8
Goodwill	1,472.9	1,539.2
Other intangible assets	345.3	449.4
Investments in associates	219.1	117.9
Other financial assets	77.6	77.7
Deferred tax assets	328.9	346.7
	7,772.2	**8,151.7**
B. Current assets		
Inventories	2,977.5	3,064.3
Trade and other receivables	1,667.9	1,655.7
Other financial assets	412.8	407.8
Cash and cash equivalents	464.5	310.0
	5,522.7	**5,437.8**
Total assets	**13,294.9**	**13,589.5**

In millions of euros

Equity and liabilities

	03/31/2015	06/30/2015
A. Equity		
Share capital	313.3	317.9
Capital reserves	471.9	552.7
Hybrid capital	497.9	497.9
Retained earnings and other reserves	3,755.0	3,988.3
Equity attributable to equity holders of the parent	**5,038.1**	**5,356.8**
Non-controlling interests	64.4	202.5
	5,102.5	**5,559.3**
B. Non-current liabilities		
Pensions and other employee obligations	1,252.1	1,282.8
Provisions	70.4	69.5
Deferred tax liabilities	181.0	215.9
Financial liabilities	3,004.6	2,962.2
	4,508.1	**4,530.4**
C. Current liabilities		
Provisions	513.6	533.9
Tax liabilities	77.2	112.5
Financial liabilities	890.2	761.4
Trade and other payables	2,203.3	2,092.0
	3,684.3	**3,499.8**
Total equity and liabilities	**13,294.9**	**13,589.5**

In millions of euros

Consolidated statement of cash flows

	04/01–06/30/2014	04/01–06/30/2015
Operating activities		
Profit for the period	150.0	289.4
Adjustments	175.7	4.7
Changes in working capital		
Changes in inventories	–25.1	28.8
Changes in receivables and liabilities	–38.8	–142.7
Changes in provisions	–31.6	36.6
	–95.5	**–77.3**
Cash flows from operating activities	**230.2**	**216.8**
Investing activities		
Additions of other intangible assets, property, plant and equipment	–229.4	–350.0
Income from disposals of assets	14.5	2.0
Cash flows from the acquisition of control of subsidiaries	0.0	24.2
Cash flows from the loss of control of subsidiaries	0.1	0.1
Additions/divestments of other financial assets	–20.7	–1.3
Cash flows from investing activities	**–235.5**	**–325.0**
Financing activities		
Dividends paid/capital increase of non-controlling interests	–11.4	–33.8
Change of non-controlling interests	–6.0	–0.9
Capital increase/shareholder contribution	0.0	85.3
Change in non-current financial liabilities	–2.3	–42.1
Change in current financial liabilities	–49.0	–54.2
Cash flows from financing activities	**–68.7**	**–45.7**
Net decrease/increase in cash and cash equivalents	**–74.0**	**–153.9**
Cash and cash equivalents, beginning of year	532.4	464.5
Net exchange differences	2.0	–0.6
Cash and cash equivalents, end of year	**460.4**	**310.0**

In millions of euros

Consolidated income statement

	04/01–06/30/2014	04/01–06/30/2015
Revenue	**2,826.7**	**3,001.7**
Cost of sales	–2,240.3	–2,346.4
Gross profit	**586.4**	**655.3**
Other operating income	67.2	85.1
Distribution costs	–244.1	–264.1
Administrative expenses	–158.2	–155.9
Other operating expenses	–51.7	–101.2
Share of profit of entities consolidated according to the equity method	18.8	149.3
Profit from operations (EBIT)	**218.4**	**368.5**
Finance income	16.5	9.6
Finance costs	–42.0	–49.3
Profit before tax (EBT)	**192.9**	**328.8**
Tax expense	–42.9	–39.4
Profit for the period	**150.0**	**289.4**
Attributable to:		
Equity holders of the parent	128.9	281.2
Non-controlling interests	3.2	2.6
Share planned for hybrid capital owners	17.9	5.6
Basic and diluted earnings per share (euros)	**0.75**	**1.61**

In millions of euros

Consolidated other comprehensive income

	04/01–06/30/2014	04/01–06/30/2015
Profit for the period	**150.0**	**289.4**
Items of other comprehensive income that will be reclassified subsequently to profit or loss		
Cash flow hedges	–0.7	–18.1
Net investment hedges	0.0	–5.6
Currency translation	15.5	–33.4
Share of profit of entities consolidated according to the equity method	–0.1	–2.7
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss	**14.7**	**–59.8**
Other comprehensive income for the period, net of income tax	**14.7**	**–59.8**
Total comprehensive income for the period	**164.7**	**229.6**
Attributable to:		
Equity holders of the parent	143.3	223.9
Non-controlling interests	3.5	0.1
Share planned for hybrid capital owners	17.9	5.6
Total comprehensive income for the period	**164.7**	**229.6**

In millions of euros

Consolidated statement of changes in equity

	Q 1 2014/15			Q 1 2015/16		
	Group	Non-controlling interests	Total	Group	Non-controlling interests	Total
Equity as of April 1	**5,196.7**	**64.9**	**5,261.6**	**5,038.1**	**64.4**	**5,102.5**
Total comprehensive income for the period	161.2	3.5	164.7	229.5	0.1	229.6
Dividends to shareholders	0.0	–3.5	–3.5	0.0	–35.7	–35.7
Tax effect from transactions with hybrid capital owners	4.4	0.0	4.4	1.9	0.0	1.9
Capital increase	0.0	0.0	0.0	85.3	0.0	85.3
Other changes	2.7	–13.0	–10.3	2.0	173.7	175.7
Equity as of June 30	**5,365.0**	**51.9**	**5,416.9**	**5,356.8**	**202.5**	**5,559.3**

In millions of euros

voestalpine AG

Notes

General information/ accounting policies

These interim consolidated financial statements of voestalpine AG as of June 30, 2015 for the first quarter of the business year 2015/16 were prepared in accordance with IAS 34 – Interim Financial Reporting. The accounting policies are unchanged from the annual consolidated financial statements for the business year 2014/15 with the following exceptions:

The following new and revised standards were adopted for the first time in the business year 2015/16

Standard	Content	Effective date[1]
IAS 19, amendments	Defined Benefit Plans: Employee Contributions	July 1, 2014
Various standards, amendments	Annual Improvements to International Financial Reporting Standards, 2010–2012 Cycle	July 1, 2014
Various standards, amendments	Annual Improvements to International Financial Reporting Standards, 2011–2013 Cycle	July 1, 2014

[1] These standards are applicable to reporting periods beginning on or after the effective date.

There were no material effects of the new and revised standards on voestalpine AG's interim consolidated financial statements.

The following standards are already published as of the reporting date, but their application was not yet mandatory for the business year 2015/16 or they have not yet been adopted by the European Union:

Published by IASB but not adopted by the European Union as of the reporting date

Standard	Content	Effective date according to IASB[1]
IAS 1, amendments	Disclosure initiative	January 1, 2016
IAS 16 and IAS 38, amendments	Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016
IAS 16 and IAS 41, amendments	Agriculture: Bearer Plants	January 1, 2016
IAS 27, amendments	Equity Method in Separate Financial Statements	January 1, 2016
Various standards, amendments	Annual Improvements to International Financial Reporting Standards, 2012–2014 Cycle	January 1, 2016
IFRS 10 and IAS 28, amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	January 1, 2016
IFRS 10, IFRS 12 and IAS 28, amendments	Investment Entities: Applying the Consolidation Exception	January 1, 2016
IFRS 11, amendments	Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
IFRS 14	Regulatory Deferral Accounts	January 1, 2016
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 9	Financial Instruments	January 1, 2018

[1] These standards are applicable to reporting periods beginning on or after the effective date.

These standards—insofar as they have been adopted by the European Union—are not being adopted early by the Group. From today's perspective, material effects of the new and revised standards on the voestalpine Group's financial position are not expected.

Further information on the other principles of preparation is provided in the consolidated financial statements as of March 31, 2015, on which these interim consolidated financial statements are based.

The interim consolidated financial statements are presented in millions of euros (the functional currency of the parent company). The use of automated calculation systems may result in rounding differences.

Unless otherwise stated, comparative information relates to the first quarter of the business year 2014/15 (reporting date: June 30, 2014).

The present interim consolidated financial statements have not been audited or reviewed by auditors.

Scope of consolidated financial statements/acquisitions

The changes made in the scope of consolidated financial statements during the reporting period were as follows:

	Full consolidation	Equity method
As of April 1, 2015	**274**	**11**
Acquisitions	1	
Change in consolidation method		
Additions	3	
Disposals		–3
Reorganizations	–2	
Divestments or disposals		
As of June 30, 2015	**275**	**8**
Of which foreign companies	216	4

The following entities were deconsolidated during the first quarter of the business year 2015/16:

Name of entity
Reorganization – full consolidation in the business year 2014/15
voestalpine Stahl Service Center GmbH
BÖHLERSTAHL Vertriebsgesellschaft m.b.H.

The following entities are being included in the interim consolidated financial statements for the first time during the first quarter of the business year 2015/16:

Name of entity	Interest in %
Full consolidation	
voestalpine Tubulars GmbH	57.500%
voestalpine Tubulars GmbH & Co KG	49.600%
CNTT Chinese New Turnout Technologies Co., Ltd.	50.000%

Taking into consideration the shares in voestalpine Tubulars GmbH & Co KG held by voestalpine Tubulars GmbH results in an interest held by the Group in voestalpine Tubulars GmbH & Co KG that has been calculated to be 49.8875%.

Up to March 31, 2015, the equity method was used for the former joint ventures voestalpine Tubulars GmbH, voestalpine Tubulars GmbH & Co KG, and CNTT Chinese New Turnout Technologies Co., Ltd. and, beginning with the business year 2015/16, full consolidation is being applied as the Group has obtained control over these companies.

The company valuations of voestalpine Tubulars GmbH & Co KG, voestalpine Tubulars GmbH, and CNTT Chinese New Turnout Technologies Co., Ltd. were conducted by an independent expert. The valuation of non-controlling interest is determined in accordance with the fair values of the acquired assets and liabilities. Significant fair value adjustments were recorded for customer relationships, technology, property, plant and equipment, and inventories in accordance with IFRS 3. Non-controlling interests are reported in accordance with the partial goodwill method so that no goodwill is realized for non-controlling interests.

In accordance with IFRS 3, the acquired companies are included in the interim consolidated financial statements at the fair value carried forward of the acquired assets, liabilities, and contingent liabilities determined as of the acquisition date, including depreciation and amortization as appropriate. The carrying amount of the non-controlling interests is determined based on the fair values carried forward for the assets and liabilities acquired.

On April 8, 2015, effective as of April 1, 2015, voestalpine Bahnsysteme Vermögensverwaltungs GmbH and Grant Prideco European Holding LLC revised almost every existing contractual agreement relating to the control and management structure of voestalpine Tubulars GmbH & Co KG. At the same time, it was agreed to increase the shares of the voestalpine Bahnsysteme Vermögensverwaltungs GmbH in the managing close corporation general partner (Komplementär-GmbH) from 50.0% to 57.5%.

The company was presented in the business year 2014/15 as a joint venture between Grant Prideco European Holding LLC (subsidiary of the U.S.-based group National Oilwell Varco, Inc. with expertise in the segments of drill pipes and premium pipe couplings) and voestalpine Bahnsysteme Vermögensverwaltungs GmbH which, through its subsidiary voestalpine Stahl Donawitz GmbH, has applicable steel expertise and can furnish the pre-materials necessary for the exacting quality requirements. The headquarters and production location of voestalpine Tubulars GmbH & Co KG is located in Kindberg, Austria. The company has sales offices in the U.S. and in the Near East.

As a result of the fundamental revision of the key contractual agreements connected to the clear shifting of the close corporation general partner's share ownership, starting from April 2015 the criterion of control in accordance with IFRS 10.6 is fulfilled, since operating control is thereby possible in accordance with the interests of voestalpine.

This includes control over the budget (in the sense of setting the controlling operating conditions for management), including the supply of pre-materials, tax and financial policy, and fundamental marketing activities. With the amendments in the contractual agreements, voestalpine Bahnsysteme Vermögensverwaltungs GmbH will in the future be able to implement all essential operating affairs in accordance with its interests, both in the Management Board and in the Supervisory Board (in connection with the decisive vote cast by the Chairman).

The fair values of the identifiable assets and liabilities of voestalpine Tubulars GmbH & Co KG and voestalpine Tubulars GmbH are as follows when control is achieved:

	Recognized values
Non-current assets	232.5
Current assets	212.9
Non-current provisions and liabilities	–80.4
Current provisions and liabilities	–77.8
Net assets	**287.2**
Addition of non-controlling interests	–143.8
Goodwill	67.1
Costs of acquisition	**210.5**
Cash and cash equivalents acquired	0.4
Fair value of investments of previously recognized joint ventures	–198.2
Non-cash compensation	–12.3
Net cash inflow	**0.4**

In millions of euros

The goodwill of EUR 67.1 million results from the profit potential of the company, which cannot be allocated to individual capitalizable items according to IFRS, in particular the extensive technical expertise and the excellent sales expertise of the employees. The goodwill is assigned completely to the "Tubulars" unit, which carries the goodwill. It is not expected that any parts of the included goodwill will be eligible for corporate tax deductions.

Prior shares were included as a joint venture using the equity method. Directly before control is achieved, the prior shares were reassessed at fair value. This resulted in proceeds of EUR 133.6 million (including a recycling of cash flow hedges), which are recognized in the share of profit of entities consolidated according to the equity method in the first quarter of the business year 2015/16. Depreciation of disclosed hidden reserves resulted in an expense of EUR 24.3 million in the first quarter of the business year 2015/16.

Since its initial consolidation, voestalpine Tubulars GmbH & Co KG has contributed revenue of EUR 115.0 million to consolidated revenue. Its share of the Group's profit for the period was EUR −0.8 million for the same period. voestalpine Tubulars GmbH & Co KG was initially consolidated as of April 1, 2015.

As part of the first-time full consolidation of voestalpine Tubulars GmbH & Co KG, the following are being taken over at fair value: trade receivables of EUR 46.3 million (gross carrying amount EUR 46.3 million); receivables from finance and clearing of EUR 56.9 million (gross carrying amount EUR 56.9 million); and other receivables of EUR 8.0 million (gross carrying amount EUR 8.0 million). Receivables expected to be uncollectible can be considered immaterial.

Effective April 1, 2015, the fundamental revision of the key contractual agreements constitutes the criterion of control for CNTT Chinese New Turnout Technologies Co., Ltd. in accordance with IFRS 10.6. Two voestalpine companies hold

50% of CNTT Chinese New Turnout Technologies Co., Ltd. Because of the prior alternating nomination right for the CEO (between the joint venture partner and voestalpine), who had the power of decision in essential matters, CNTT Chinese New Turnout Technologies Co., Ltd. was previously treated as a company under joint control and, until March 31, 2015, included in the voestalpine consolidated financial statements using the equity method. Because of a change in the articles of association, from now on the "Board of Directors" will have decision-making power; the majority of representatives on this Board are from voestalpine. Consequently, starting April 1, 2015, CNTT Chinese New Turnout Technologies Co., Ltd. has been fully consolidated. The company produces turnouts and expansion joints for the further development of the high-speed railway network in China.

The fair value of the identifiable assets and liabilities of CNTT Chinese New Turnout Technologies Co., Ltd. is as follows when control is achieved:

	Recognized values
Non-current assets	27.2
Current assets	79.2
Non-current provisions and liabilities	–1.5
Current provisions and liabilities	–46.1
Net assets	**58.8**
Addition of non-controlling interests	–29.4
Goodwill	0.2
Costs of acquisition	**29.6**
Cash and cash equivalents acquired	23.9
Fair value of investments of previously recognized joint ventures	–29.6
Net cash inflow	**23.9**

In millions of euros

The goodwill of EUR 0.2 million results from the profit potential of the company, which according to IFRS cannot be allocated to individual capitalizable items. The goodwill is assigned completely to the "Turnout Systems" unit, which carries the goodwill. It is not expected that any parts of the recognized goodwill will be eligible for corporate tax deductions.

Prior shares were included as a joint venture using the equity method. Directly before control is achieved, the prior shares were reassessed at fair value. This resulted in proceeds of EUR 12.2 million (including a recycling of currency translation differences) which are recognized in the share of profit of entities consolidated according to the equity method in the first quarter of the business year 2015/16. Depreciation of disclosed hidden reserves resulted in an expense of EUR 0.6 million in the first quarter of the business year 2015/16.

Since their initial consolidation, CNTT Chinese New Turnout Technologies Co., Ltd. has contributed revenue of EUR 12.8 million to consolidated revenue. Its share of the Group's profit for the period was EUR 2.1 million for the same period. CNTT Chinese New Turnout Technologies Co., Ltd. was initially consolidated as of April 1, 2015.

As part of the first-time full consolidation of CNTT Chinese New Turnout Technologies Co., Ltd., the following were taken over at fair value: trade receivables of EUR 23.3 million (gross carrying amount EUR 28.5 million); and other receivables of EUR 0.1 million (gross carrying amount EUR 0.1 million).

With regard to the aforementioned first-time full consolidations in accordance with IFRS 3, due to time constraints and the fact that not all valuations have been completed, the following items are to be considered provisional: property, plant and equipment, intangible assets, inventories, and provisions—and consequently goodwill as well.

The increase of majority interests is treated as a transaction between owners. The difference between the costs of acquisition of additional shares and the pro-rated carrying value of the non-controlling interests is recognized directly in equity. During the first quarter of the business year 2015/16, EUR 0.9 million (2014/15: EUR 9.9 million) was paid for the acquisition of non-controlling interests or provisions were formed for the payment thereof. Non-controlling interests amounting to EUR 0.9 million (2014/15: EUR 7.6 million) were derecognized, and the remaining amount of EUR 0.0 million (2014/15: EUR 2.3 million) was recognized directly in equity.

Put options granted to non-controlling shareholders in exchange for their shares in Group companies are recorded in the statement of financial position as liabilities stated at fair value. If the risks and rewards associated with ownership of a non-controlling interest have already been transferred at the time the majority interest was acquired, an acquisition of 100% of the entity is assumed. If, however, the risks and rewards are not transferred, the non-controlling interests continue to be shown in equity. The liability is covered by a direct transfer from retained earnings with no effect on profit or loss (double credit approach).

Outstanding put options, which are offset against equity, had a fair value of EUR 0.6 million (March 31, 2015: EUR 0.6 million) as of June 30, 2015.

Subsidiaries with material non-controlling interests

Name of the subsidiary	Domicile	06/30/2015	
		Proportion of ownership	Proportion of ownership interests held by non-controlling interests
voestalpine Tubulars GmbH & Co KG	Kindberg, Austria	49.8875%	50.1125%
CNTT Chinese New Turnout Technologies Co., Ltd.	Qinhuangdao, China	50.000%	50.000%

In the reporting period, the total of all non-controlling interests amounts to EUR 202.5 million, of which EUR 111.6 million is attributable to voestalpine Tubulars GmbH & Co KG and EUR 29.4 million is attributable to CNTT Chinese New Turnout Technologies Co., Ltd. The remaining non-controlling interests, seen individually, can be considered immaterial for the Group.

Summarized financial information for each subsidiary with non-controlling interests that are material for the Group is in the following chart. The figures correspond to amounts prior to the elimination of Group-internal transaction.

Summarized statement of financial position

	voestalpine Tubulars GmbH & Co KG	**CNTT Chinese New Turnout Technologies Co., Ltd.**
	06/30/2015	**06/30/2015**
Non-current assets	71.8	20.7
Current assets	127.2	87.2
Non-current provisions and liabilities	34.4	0.1
Current provisions and liabilities	55.3	52.7
Net assets (100%)	**109.3**	**55.1**

In millions of euros

Summarized income statement

	voestalpine Tubulars GmbH & Co KG	**CNTT Chinese New Turnout Technologies Co., Ltd.**
	04/01–06/30/2015	**04/01–06/30/2015**
Revenue	118.2	12.8
EBIT	13.7	3.5
Profit for the period	17.4	2.6
Attributable to:		
Equity holders of the parent	8.7	1.3
Non-controlling interests	8.7	1.3
Dividends payed to non-controlling interests	31.0	0.0

In millions of euros

Summarized statement of cash flows

	voestalpine Tubulars GmbH & Co KG	CNTT Chinese New Turnout Technologies Co., Ltd.
	04/01–06/30/2015	**04/01–06/30/2015**
Cash flows from operating activities	28.9	1.0
Cash flows from investing activities	32.8	–0.2
thereof additions/divestments of other financial assets	*38.0*	*0.0*
Cash flows from financing activities	–61.8	0.0
Net decrease/increase in cash and cash equivalents	**–0.1**	**0.8**

In millions of euros

Notes on the consolidated statement of financial position

In the first quarter of the business year 2015/16, actual investments amounting to EUR 333.1 million exceeded depreciation totaling EUR 158.1 million. Furthermore, additions to assets resulting from the initial full consolidation of voestalpine Tubulars GmbH, voestalpine Tubulars GmbH & Co KG, and CNTT Chinese New Turnout Technologies Co., Ltd. amounting to EUR 326.9 million generated an increase in non-current assets of EUR 7,772.2 million to EUR 8,151.7 million. Although operational inventories were reduced (see consolidated cash flow statement), due to the aforementioned initial full consolidation of voestalpine Tubulars GmbH, voestalpine Tubulars GmbH & Co KG, and CNTT Chinese New Turnout Technologies Co., Ltd., the carrying amount of the inventories on the reporting date rose compared to March 31, 2015 by EUR 86.8 million.

As of June 30, 2015, voestalpine AG's share capital amounted to EUR 317,851,287.79 (March 31, 2015: EUR 313,309,235.65) and is divided into 174,949,163 shares (March 31, 2015: 172,449,163). The capital increase decided by the Management Board on March 9, 2015, and approved by the Supervisory Board on March 26, 2015, in the amount of 2.5 million shares was entered into the Commercial Register on April 25, 2015 and is therefore effective as of this date. The Company held 28,597 of its own shares as of the reporting date. In the first quarter of the business year 2015/16, the Company neither bought nor sold any of its own shares.

In the business year 2012/13, voestalpine AG issued a new subordinated bond with an indefinite term (hybrid bond 2013) with a volume of EUR 500 million. As the hybrid bond satisfies the IAS 32 criteria for equity, the proceeds from the bond issue are recognized as part of equity. Accordingly, coupon payments are also reported as part of appropriation of profit. The issue costs of the hybrid bond 2013 amounted to EUR 2.8 million, less EUR 0.7 million in tax effects. Therefore, equity increased by EUR 497.9 million in the business year 2012/13.

Profit for the period amounting to EUR 289.4 million has contributed to the increase in equity. For the business year 2014/15, a dividend per share of EUR 1.00 was decided upon at the Annual General Meeting on July 1, 2015; the dividend will be distributed in the second quarter of the business year 2015/16.

Notes on the consolidated income statement

Revenue for the period from April 1 to June 30, 2015, in the amount of EUR 3,001.7 million increased by 6.2% compared to the same period of the preceding year (EUR 2,826.7 million). In the first quarter of the business year 2015/16, EBIT reached EUR 368.5 million compared to EUR 218.4 million for the first three months of the business year 2014/15. After consideration of the financial result and taxes, profit for the period amounted to EUR 289.4 million compared to EUR 150.0 million for the first quarter of the preceding year.

Diluted and basic (undiluted) earnings per share are calculated as follows:

	04/01–06/30/2014	04/01–06/30/2015
Profit attributable to equity holders of the parent (in millions of euros)	128.9	281.2
Weighted average number of issued ordinary shares (millions)	172.4	174.9
Diluted and basic (undiluted) earnings per share (euros)	**0.75**	**1.61**

Operating segments

The following tables contain information on the operating segments of the voestalpine Group for the first quarter of the business year 2015/16 and business year 2014/15, respectively:

1st quarter of 2015/16

	Steel Division 04/01–06/30/2015	**Special Steel Division** 04/01–06/30/2015
Segment revenue	1,060.9	709.0
of which revenue with third parties	982.8	695.3
of which revenue with other segments	78.1	13.7
EBITDA	134.2	100.0
EBIT	74.7	65.3
EBIT margin	7.0%	9.2%
Segment assets	4,448.8	3,997.3
Employees (full-time equivalent)	11,036	13,411

1st quarter of 2014/15

	Steel Division 04/01–06/30/2014	**Special Steel Division** 04/01–06/30/2014
Segment revenue	975.0	675.9
of which revenue with third parties	897.4	662.4
of which revenue with other segments	77.6	13.5
EBITDA	114.1	96.1
EBIT	56.8	61.3
EBIT margin	5.8%	9.1%
Segment assets	3,871.5	3,876.3
Employees (full-time equivalent)	11,035	12,958

	Metal Engineering Division 04/01–06/30/2015	Metal Forming Division 04/01–06/30/2015	Other 04/01–06/30/2015	Reconciliation 04/01–06/30/2015	Total Group 04/01–06/30/2015
	774.0	565.5	255.0	–362.7	3,001.7
	763.3	557.9	2.4	0.0	3,001.7
	10.7	7.6	252.6	–362.7	0.0
	236.1	69.3	–22.4	9.5	526.7
	197.2	46.1	–24.3	9.5	368.5
	25.5%	8.1%			12.3%
	3,159.7	2,002.5	10,161.0	–10,179.8	13,589.5
	13,097	10,282	827	0	48,653

In millions of euros

	Metal Engineering Division 04/01–06/30/2014	Metal Forming Division 04/01–06/30/2014	Other 04/01–06/30/2014	Reconciliation 04/01–06/30/2014	Total Group 04/01–06/30/2014
	679.3	601.9	310.9	–416.3	2,826.7
	672.4	593.0	1.5	0.0	2,826.7
	6.9	8.9	309.4	–416.3	0.0
	106.7	68.9	–21.7	–0.4	363.7
	79.6	44.8	–23.7	–0.4	218.4
	11.7%	7.4%			7.7%
	2,487.0	1,959.8	9,989.2	–9,555.5	12,628.3
	11,250	11,423	797	0	47,463

In millions of euros

The reconciliation of the key ratios EBITDA and EBIT are shown in the following tables:

EBITDA

	04/01–06/30/2014	04/01–06/30/2015
Net exchange differences incl. result from valuation of derivatives	0.9	10.5
Consolidation	–1.3	–1.1
Other	0.0	0.1
EBITDA – Total reconciliation	**–0.4**	**9.5**

In millions of euros

EBIT

	04/01–06/30/2014	04/01–06/30/2015
Net exchange differences incl. result from valuation of derivatives	0.9	10.5
Consolidation	–1.3	–1.1
Other	0.0	0.1
EBIT – Total reconciliation	**–0.4**	**9.5**

In millions of euros

All other key figures contain solely the effects of consolidation.

Notes on the consolidated statement of cash flows

Non-cash expenses and income include depreciation (including financial assets) in the amount of EUR 165.9 million, less non-cash income in the amount of EUR 145.8 million from the aforementioned initial full consolidation of voestalpine Tubulars GmbH, voestalpine Tubulars GmbH & Co KG, and CNTT Chinese New Turnout Technologies Co., Ltd. Taking the change in working capital into consideration, cash flows from operating activities amounted to EUR 216.8 million in comparison to EUR 230.2 million in the first quarter of the preceding year; this represents a decline of about 6%. After the deduction of EUR 325.0 million in cash flows from investing activities and taking into account cash flows from financing activities amounting to EUR −45.7 million, the resulting change in cash and cash equivalents (without net exchange differences) amounts to EUR −153.9 million.

Notes on financial instruments

The following table compares the carrying amounts to the fair values for each class of financial assets and liabilities:

	06/30/2014		06/30/2015	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Financial assets measured at amortized cost	2,146.6	2,146.6	1,984.9	1,984.9
Financial assets measured at fair value	456.6	456.6	465.3	465.3
	2,603.2	**2,603.2**	**2,450.2**	**2,450.2**
Liabilities				
Financial liabilities measured at amortized cost	5,353.3	5,446.8	5,799.0	5,889.7
Financial liabilities measured at fair value	18.6	18.6	21.6	21.6
	5,371.9	**5,465.4**	**5,820.6**	**5,911.3**

In millions of euros

The carrying amount of the financial assets represents a reasonable approximation of fair value.

The liabilities measured at amortized cost, whose fair value is stated, fall under Level 2. Valuation is performed according to the mark-to-market method, whereby the input parameters for the calculation of the market values are the foreign exchange rates, interest rates, and credit spreads observable on the market. Based on the input parameters, fair values are calculated by discounting estimated future cash flows at typical market interest rates.

The table below analyzes financial assets and financial liabilities that are measured at fair value on a recurring basis. These measurements are based on a fair value hierarchy that categorizes the inputs for the valuation methods used to measure fair value into three levels. The three levels are defined as follows:

Inputs

Level 1	Comprises quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Comprises inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Comprises unobservable inputs for the asset or liability.

Level of the fair value hierarchy for recurring fair value measurements

	Level 1	Level 2	Level 3	Total
06/30/2015				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		17.8		17.8
Fair value option (securities)	410.8			410.8
Available for sale at fair value			36.7	36.7
	410.8	**17.8**	**36.7**	**465.3**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		21.6		21.6
	0.0	**21.6**	**0.0**	**21.6**
06/30/2014				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		10.5		10.5
Fair value option (securities)	405.0			405.0
Available for sale at fair value			41.1	41.1
	405.0	**10.5**	**41.1**	**456.6**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		18.6		18.6
	0.0	**18.6**	**0.0**	**18.6**

In millions of euros

The underlying assets of the fund of funds are reported as part of the "fair value option." The designation of fair value was selected to convey more useful information because this group of financial assets is managed according to their fair value, as documented in the risk management and investment strategy, and performance is observed and reported by means of fair value.

The derivative transactions (Level 2) are marked to market by determining the value that would be realized if the hedging position were closed out (liquidation method). The observable currency exchange rates and raw materials prices as well as the interest rates are the input for the calculation of fair values. Fair values are calculated based on the inputs by discounting expected future cash flows at typical market interest rates.

There were no transfers between Level 1 and Level 2, nor any reclassifications into or out of Level 3, during the reporting period. The reconciliation of Level 3 financial assets measured at fair value from the opening balance to the closing balance is depicted as follows:

Level 3 – Available for sale at fair value

	04/01–06/30/2014	04/01–06/30/2015
Opening balance	41.1	36.7
Closing balance	41.1	36.7

In millions of euros

Level 3 includes the non-consolidated investment in Energie AG Oberösterreich that is measured at fair value as "available for sale at fair value." The fair value of this company can be reliably determined based on the valuation report done once a year for Energie AG Oberösterreich as a whole.

Significant sensitivities in the determination of fair values can result from changes in the underlying market data of comparable entities and the input factors used to determine net present value (in particular discount rates, long-term forecasts, plan data, etc.).

Seasonality and cyclicality

We refer to the relevant explanations in the Interim Management Report.

Business transactions with associated companies or parties

Business transactions in the form of deliveries and services are carried out with associated Group companies within the scope of operational activities. These business transactions are implemented exclusively based on normal market terms.

There were no changes in transactions with associated companies and persons as set forth in the last annual financial report, which significantly affected the Company's financial situation or its net operating profit during the first three months of the current business year.

Antitrust proceedings relative to railway superstructure material

As of June 30, 2015, the provisions recognized in the annual financial statements 2014/15 in the amount of EUR 53.6 million for the antitrust proceedings and associated actions and costs as well as for the closure of TSTG Schienen Technik GmbH & Co KG remain basically unchanged.

Provisions and contingent liabilities

Please note that we are invoking the safeguard clause in accordance with IAS 37.92, according to which detailed information about provisions and contingent liabilities is not provided if this could seriously and adversely impact the Company's interests.

Events after the reporting period

No significant events have occurred after the reporting period.

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