1st Half 2015/16

Press Conference, November 11, 2015

Welcome!

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Results and **Highlights 1st Half 2015/16**

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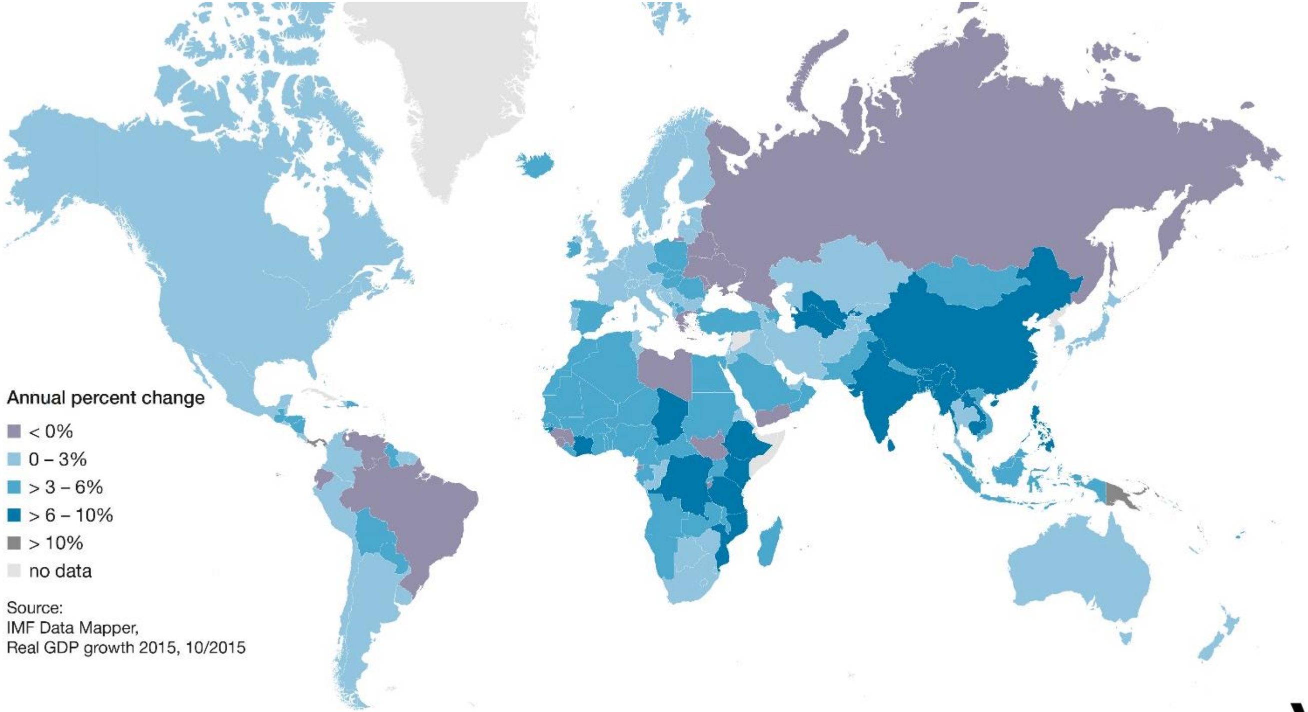
Macroeconomic Environment



Subdued upward trend in Europe

Stable development in North America

Slower growth in the emerging countries

Continuing recession in Russia and in parts of South America and Africa

Growing political risks (Middle East, Turkey) in Europe

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1st Half of 2015/16: Highlights

- Despite challenging environment (oil/gas, steel), solid performance
- Revenue of EUR 5.6 billion in the previous year increases to EUR 5.8 billion (+4.1%)
- Operating result (EBITDA) of EUR 757 million goes up by 17.9% to EUR 892 million
- Profit from operations (EBIT) improves by 29.4% from EUR 445 million to EUR 575 milllion
- Earnings impacted by non-recurring effects
- Very gratifying long-term development, including compared to industry competitors
- Construction of the direct reduction plant in Texas is proceeding on schedule

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Highlights from the divisions

- **Steel Division:** Major contract in the pipeline segment
  - Delivery of 95,000 tons of top quality line pipe steel for natural gas project in Abu Dhabi
- **Metal Engineering Division**: Construction of the most modern wire rolling mill in Europe
  - Investment volume of > EUR 100 million; start-up of operations: Q1 2016
  - Technology standard: Industry 4.0 (fully automated)
- **Special Steel Division**: Acquisition of Advanced Tooling Tek (ATT), Shanghai
  - Sale and processing of special steel products in China
  - Revenue: around EUR 20 million; employees: 95
- **Metal Forming Division**: New automotive plant in Shenyang/China
  - Production of ultra high-strength automotive body parts for premium automobile customers
  - Starting investment volume EUR 25 million; initially 70 employees (target: 500)

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Overview of financial key figures for the first half of 2015/16

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Overview of key figures for first half of 2015/16

In millions of euros	H1 2014/15	H1 2015/16	Change (in %)	Adjusted figures H1 2014/15*	H1 2015/16**	Change (in %)
Revenue	5,561	**5,787**	*+4.1*	5,561	**5,787**	*+4.1*
Operating result (EBITDA)	757	**892**	*+17.9*	690	**755**	*+9.3*
EBITDA margin	13.6	**15.4**		12.4	**13.0**	
Profit from operations (EBIT)	445	**575**	*+29.4*	400	**450**	*+12.7*
EBITDA margin	8.0	**9.9**		7.2	**7.8**	
Profit for the period	316	**421**	*+33.3*	272	**290**	*+6.6*
Employees (full-time equivalent)	47,379	**48,719**	*+2.8*			
CAPEX	427	**647**	*+51.6*			

*Adjusted for non-recurring effects due to divestments (Metal Forming Division) ** Adjusted for non-recurring effects due to changes in consolidation (Metal Engineering Division)

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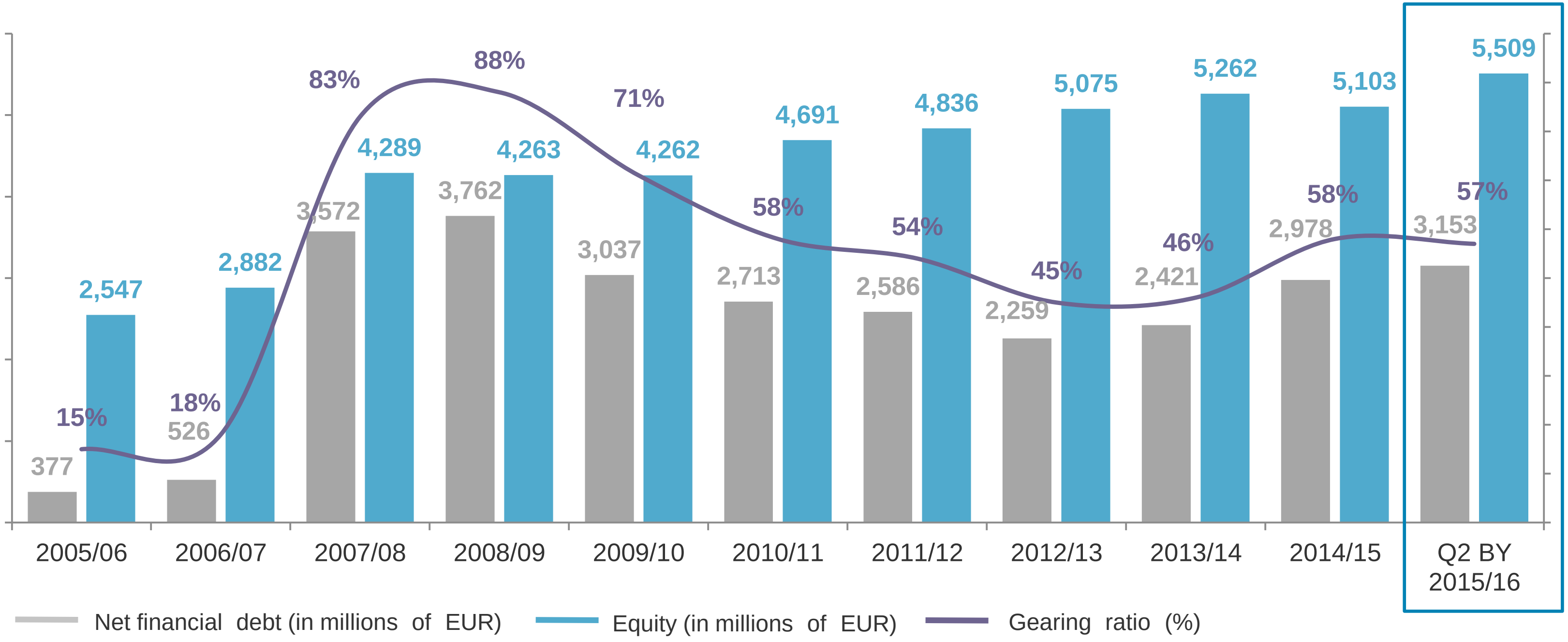
Development of gearing ratio



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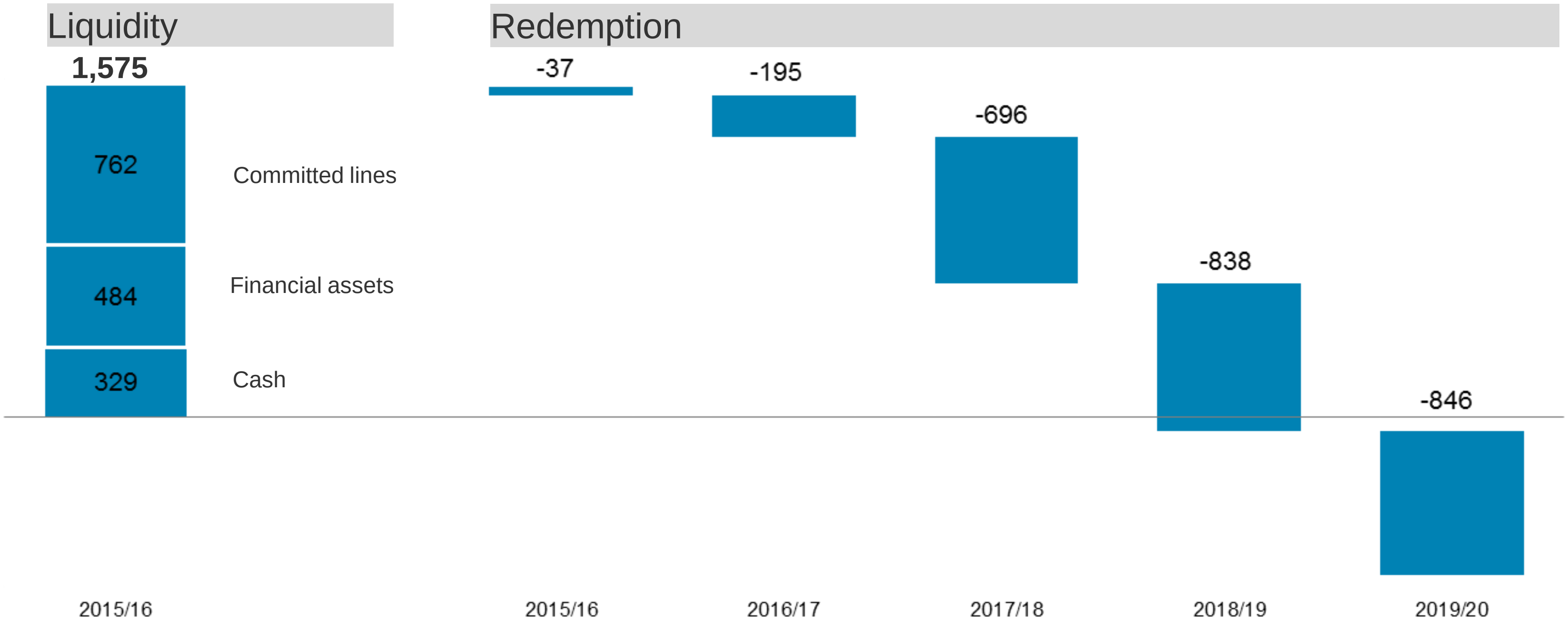
Development liquidity

Liquidity and redemption schedule as of 09/30/2015 in millions of euros



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Outlook and current issues

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Outlook for second half of 2015/16

- Beginning recovery in Europe is suffering increasingly as a result of the political situation in the Middle East and the refugee problem
- North America is stable; China in consolidation mode; Brazil and Russia are still in recession
- voestalpine core markets (automotive, railway infrastructure, aviation) continue to be strong
- Oil/gas, energy and construction industries are still weak
- Enormous price pressure on steel commodities due to global overcapacity, especially in China

For the second half of the year, a more difficult market situation is expected ➔ including non-recurring effects, voestalpine anticipates an increase in earnings (EBITDA, EBIT) in the current business year compared to 2014/15.

"Creeping" de-industrialization in Austria and Germany

Clear **trend toward shifting production** outside of Europe:

- Increase in foreign investments above the industry average
- Domestic investments are now lower than depreciation – capital stock is shrinking
- Marked reduction of net investments despite concurrent increase in production
- Measured in terms of gross value creation, industry is significantly more important in Austria and Germany than the average across the EU
  - In these countries, industry is still the pillar of the labor market, including training of young people by way of the dual education system
- Climate protection efforts in the EU are creating the danger of "technology leakage"

Source: Study Handelsblatt Research Institute

"Creeping" de-industrialization in A and D
Labor and energy costs are location factors

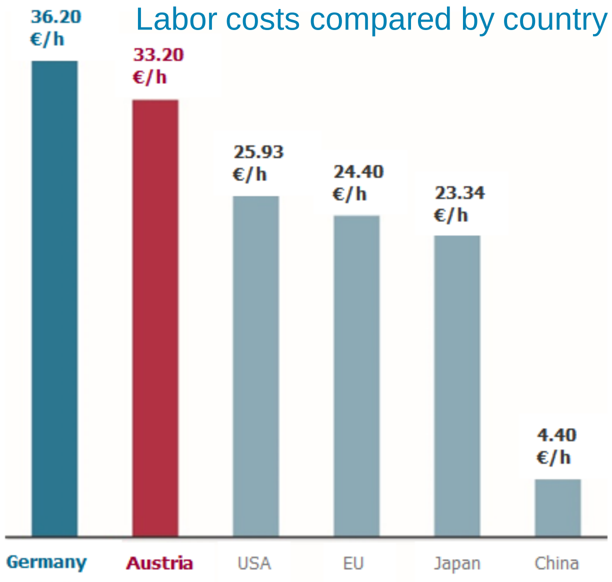
Labor costs

- In Germany (EUR 36.20) and Austria (EUR 33.20), they are among the highest in the world
  (➔ China: EUR 4.40)
- Labor costs are rising at a faster rate than productivity

Energy costs

- Marked increase in the net industrial electricity prices due to politically motivated charges ("energy transition")
  - Double those in the USA
  - 20% higher than in China
- Similar development for natural gas, that is generally up to three times more expensive in Europe than in the USA

Labor costs compared by country



Source: Study Handelsblatt Research Institute

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