

voestalpine defies economic headwinds: higher earnings after the first nine months of the business year 2015/16

- Revenue up by 1.5% from EUR 8.3 billion in the previous year to EUR 8.4 billion in the period under review
- Earnings impacted by increase in income from operations and positive non-recurring effects (*)
- Operating result (EBITDA) rises by 11.1% from EUR 1.09 billion to EUR 1.2 billion (excluding non-recurring effects, from EUR 1.02 billion to EUR 1.07 billion, a plus of 4.8%); EBITDA margin is 14.4%; at 12.8%, adjusted EBITDA margin also above the previous year's figure of 12.4%
- Profit from operations (EBIT) climbs by 15.9% from EUR 627 million to EUR 727 million (excluding non-recurring effects, from EUR 582 million to EUR 608 million, a plus of 4.5%); EBIT margin is 8.7%; adjusted EBIT margin also rises to 7.3% up from 7.0%
- At EUR 629 million, profit before tax is 18.8% higher than in the previous year (excluding non-recurring effects: EUR 510 million, a plus of 5.3%); profit for the period goes up by 17.6% to EUR 509 million (excluding non-recurring effects: EUR 383 million, -1.6% due to higher tax rate)
- At 57%, gearing ratio again improved
- Gain in headcount of 3.1% to 47,900

Although the economic environment became increasingly more challenging during the course of the year, the voestalpine Group successfully held its ground in the first nine months of the business year 2015/16 (April 1, to December 31, 2015). **Revenue** rose compared with the same period of the previous year by 1.5%, going from EUR 8.3 billion to EUR 8.4 billion; at the same time, earnings increased, even when non-recurring effects are excluded. "This gratifying performance confirms once more that consistent internationalization and extending the value chain in sophisticated technology sectors with a strong focus on premium products ensures a high level of stability for the company, especially in challenging framework conditions," states Wolfgang Eder, CEO and Chairman of the Management Board of voestalpine AG.

The boost in revenue is due largely to positive effects of the first-time full consolidation of companies in the Metal Engineering Division previously consolidated at equity (voestalpine Tubulars GmbH & CO KG, Austria, and CNTT Chinese New Turnout Technology, China). Furthermore, acquisitions undertaken in this division in the special wire segment (Trafilerie Industriali S.p.A, Italy) and in the railway infrastructure segment (Bathurst Rail Fabrication Centre (BRFC), Australia) also contributed to the increase in revenue. In contrast, the Special Steel

* Presentation of the earnings for the first three quarters of 2014/15 and 2015/16 in the following, both including and excluding non-recurring effects

voestalpine AG

Division reported a slight decline in revenue due to the continuing weak market of the oil and natural gas industries. Developments in other industries, some of which were outstanding, for example in the aviation industry, could not, however, compensate the resulting negative effects in their entirety. The Metal Forming Division saw a decrease in revenue due to last year's divestment of companies involved in non-core business activities (sale of the Flamco Group and plastics companies—all headquartered in the Netherlands—and Rotec AB in Sweden) The Steel Division, however, was able to increase its revenue slightly despite an extremely challenging market environment.

Improvement in all reporting categories (*)

In the first nine months of the business year 2015/16, the voestalpine Group's **operating result (EBITDA)** saw an 11.1% gain, going from EUR 1.09 billion in the previous year to EUR 1.2 billion in the period under review. As a result, the **EBITDA margin** went up to 14.4 % (13.2% in the previous year). Even excluding non-recurring effects, there is a gain in EBITDA of 4.8% from EUR 1.02 billion to EUR 1.07 billion, which corresponds to an EBITDA margin of 12.8% (previous year: 12.4%). **Profit from operations (EBIT)** rose from EUR 627 million to EUR 727 million (+15.9%). The **EBIT margin** is 8.7% in the period under review compared with 7.6% in the previous year. Adjusted for non-recurring effects, EBIT is still at EUR 608 million, which corresponds to an improvement of 4.5% compared with the previous year's figure of EUR 582 million (EBIT margin in the period under review is 7.3% compared with 7.0% in the previous year).

Profit before tax and profit for the period also saw this positive trend. **Profit before tax** rose by 18.8%, going from EUR 529 million to EUR 629 million. Even adjusted, the increase is still at 5.3%, going from EUR 484 million to EUR 510 million. **Profit for the period** was EUR 509 million, a gain of 17.6% (previous year: EUR 433 million). Adjusted profit for the period decreased slightly by 1.6% due to a higher tax rate in the current business year, going from EUR 389 million to EUR 383 million. **Equity** increased by 11.5% in a year-to-year comparison to EUR 5.6 billion. In addition to the gratifying earnings trend, the first-time full consolidation of the companies in the Metal Engineering Division mentioned earlier also contributed to this rise as did the capital increase of 1.45% of share capital slated to be used for the continuing development of the employee shareholding program.

In a year-to-year comparison, **net financial debt** rose much more modestly by only 3.5%, going from EUR 3.1 billion to EUR 3.2 billion so that the **gearing ratio** (net financial debt in percent of equity) was further reduced both in a year-over-year comparison (from 61.4% to 57% in the period under review) and compared with the reporting date of March 31, 2015 (58.4%) despite **record investment expenditures** of EUR 937 million during the last three quarters of the business year 2015/16 (previous year: EUR 747 million). As of the reporting date of December 31, 2015, the voestalpine Group had 47,900 **employees** (FTE), a plus of 3.1%.

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Outlook for the current business year 2015/16

Around the end of the 2015 calendar year, the worldwide deterioration of prices for both oil and a number of other raw materials as well as for steel commodities reached new heights. Currently, the situation is being aggravated by increasing uncertainty about the economic development in China. voestalpine cannot hold out against these trends completely, however, their negative impact has remained relatively moderate due to its longstanding consistent focus on premium products. "Thanks to our strong position in the automotive, railway infrastructure, and aviation sectors, which continue to do very well and which make up around 50% of the Group's industrial portfolio, as well as the largely stable development in the mechanical engineering and consumer goods industries, the somewhat weaker overall economic situation since the last quarterly report does not change the outlook for the business year 2015/16," Wolfgang Eder says.

This means that both the operating result (EBITDA) and profit from operations (EBIT) including non-recurring effects remain higher than the previous year's adjusted figures. As already stated in the report for the first half of the current business year, the earnings adjusted for non-recurring effects will, however, be lower than last year's adjusted figures.

The voestalpine Group

The voestalpine Group is a steel-based technology and capital goods group that operates worldwide. With around 500 Group companies and locations in more than 50 countries and on all five continents, the Group has been listed on the Vienna Stock Exchange since 1995. With its top-quality products, the Group is one of the leading partners to the automotive and consumer goods industries in Europe and to the oil and gas industries worldwide. The voestalpine Group is also the world market leader in turnout technology, special rails, tool steel, and special sections. In the business year 2014/15, the voestalpine Group reported revenue of EUR 11.2 billion and an operating result (EBITDA) of EUR 1.5 billion; it had around 47,500 employees worldwide.

Please direct your inquiries to:

voestalpine AG
Mag. Peter Felsbach, MAS
Head of Group Communications | Spokesman

voestalpine-Strasse 1
4020 Linz
Phone: +43/50304/15-2090
peter.felsbach@voestalpine.com
www.voestalpine.com