

voestalpine posts highest revenue and earnings since “Lehman” for the year’s first half

- » **Fallout of the financial and economic crisis has finally been overcome**
- » **Intensifying economic momentum particularly in Europe supports the positive development**
- » **In a year-over-year comparison, revenue rises by 16.5% from EUR 5.4 billion to EUR 6.3 billion in the year’s first six months**
- » **Operating result (EBITDA) expands by 37.5% from EUR 705 million to EUR 969 million**
- » **EBIT jumps by 58.4% from EUR 369 million to EUR 584 million**
- » **Both profit before and after tax rise by about two thirds**
- » **Gearing ratio improves from 60.1% to 53.5% year on year**
- » **Number of employees as of September 30, 2017, grows by another 3.8% to a new high of 50,638 FTE**
- » **Decision has been made to build the world’s most advanced special steel plant in Kapfenberg, Austria**

Having already returned to a level of earnings in the first quarter of the current business year that was last seen before the onset of the 2008 financial and economic crisis, the technology and capital goods Group succeeded in further exploiting the continued positive economic momentum. Compared with the same period the previous year, it closed the first half of the business year 2017/18 (April 1 to September 30, 2017) with a significant increase in both revenue and earnings. “The pronounced upward trend of the economy especially in Europe, combined with continuing strong demand from our main customer segments—notably the automotive industry—led in the past six months to the best semi-annual results since the onset of the financial and economic crisis about nine years ago,” says Wolfgang Eder, Chairman of the Management Board of voestalpine AG.

Aside from a substantial year-over-year improvement on the price side in general, both the excellent order levels as well as the consistent enhancement of the Group’s highly specialized product and systems solutions contributed in particular to this positive development. The successful implementation of anti-dumping measures in the European Union buttressed these developments, especially in the commodity-oriented steel spot market. The Group’s Steel Division, which is focused on the contract business in the high-quality segment, benefitted indirectly from this development as well, posting the highest year-on-year growth. At the same time, the consistent international expansion and continuous growth of the processing divisions also contributed to the excellent outcome in terms of both revenue and earnings.

Substantial growth in revenue and all earnings categories

The voestalpine Group succeeded in boosting revenue from EUR 5.4 billion in the first six months of the previous year by 16.5% to EUR 6.3 billion in the first half of 2017/18. The operating result (EBITDA) rose from EUR 705 million to currently EUR 969 million, which corresponds to an increase of 37.5%. The EBITDA margin is 15.4% and thus surpasses the Group’s strategic target of 14% (for the business year 2020/21) by a substantial margin yet again—as already in the first quarter of 2017/18.

The profit from operations (EBIT) for the same period shot up 58.4% from EUR 369 million in the previous year to EUR 584 million in the first half of 2017/18. The profit before tax improved by 64.9% from EUR 311 million to EUR 514 million. The profit after tax (net income) rose by an even greater margin, specifically, by 66.4%, to EUR 389 million (previous year: EUR 234 million).

Peak performance also with respect to equity and employees

Equity during the first half of 2017/18 was stable at EUR 6.2 billion, which corresponds to an increase of 10.2% in a year-over-year comparison and an increase of about 2.0% compared with the reporting date (03/31/2017) of the business year 2016/17. While the net financial debt of EUR 3.3 billion decreased slightly year on year (-1.8%), compared with the level (EUR 3.2 billion) as of the previous business year's reporting date there has been a slight increase due especially to the dividend distributions of just over EUR 200 million that were made in the meantime. The voestalpine Group's consistent growth strategy caused the number of employees to rise to a new record of 50,638 employees (FTE) in the year's first half—an increase of 3.8%.

Cutting-edge investment project launched in Kapfenberg, Austria

At EUR 338 million, investments in the first half of 2017/18 fell short of depreciations for the first time in years due, in particular, to the successful completion of certain major investment projects of the past few years such as the direct reduction plant in Texas, USA, or the new, fully digitalized wire rod mill in Donawitz, Austria. "We are taking a break, so to speak, before the next round of technology investments in the first half of the 2020s," Wolfgang Eder explains. That said, the internationalization strategy with its focus on China and North America, key markets both, as well as ongoing investments in cutting-edge technologies will be consistently implemented in the future as well. The decision to build the world's most advanced special steel plant in Kapfenberg, Austria, was taken in late September 2017. "This mega investment with a total expenditure of between EUR 330 and EUR 350 million will provide the basis for saving more than 3,000 jobs in Styria, Austria, and assure our technology leadership in the high-performance metals segment in the long term," Eder continues. The commissioning is slated for 2021.

Outlook for the current business year

Global economic developments in the past few months exhibited a relatively high level of stability along with positive fundamentals overall. It is remarkable that, these days, critical political developments have less of an impact on economic activity than in the past—which may change at a moment's notice, however.

Developments in the industrial sectors critical to the success of the voestalpine Group in the long term are promising: be it in the automotive industry, which faces the twin challenges of electric mobility and autonomous cars, or the consumer goods industry with its high long-term growth potential in the emerging markets. Most recently, stronger growth signals even came from the mechanical engineering and construction industries in a number of regions, whereas growth in the conventional energy sector (power plant construction/electrical energy) is increasingly limited to the emerging markets. Particularly in terms of prices, products for the oil and natural gas sector should

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offer substantial room for growth in subsequent quarters. Medium-term developments in aircraft construction must be deemed more volatile than before yet still clearly geared toward growth. The railway sector will probably exhibit regionally varying growth perspectives in the near future for political and economic reasons.

“Given the positive global growth prospects that remain unchanged even at the start of the second half of the business year 2017/18, it seems that the substantially positive momentum in both revenue and earnings, which is expected for the business year overall compared to the previous year, will continue,” Wolfgang Eder says.

The voestalpine Group

In its business segments, voestalpine is a globally leading technology and capital goods group with a unique combination of materials and processing expertise. This global Group comprises about 500 Group companies and locations in more than 50 countries on all five continents. It has been listed on the Vienna Stock Exchange since 1995. With its top-quality products and system solutions using steel and other metals, it is one of the leading partners of the automotive and consumer goods industries in Europe as well as the aerospace and oil & natural gas industries worldwide. Furthermore, voestalpine is also the world market leader in turnout technology, special rails, tool steel, and special sections. In the business year 2016/17, the Group generated revenue of EUR 11.3 billion, with an operating result (EBITDA) of EUR 1.54 billion; it had about 50,000 employees worldwide.

Please direct your inquiries to

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

voestalpine-Strasse 1
4020 Linz, Austria
T. +43/50304/15-2090
peter.felsbach@voestalpine.com
www.voestalpine.com