

Q & A voestalpine Group results BY 2022/23

Section I – non-recurring items in earnings

Q.) Are there any one-offs in the results of BY 2022/23?

A.) Yes, following non-recurring items are part of the 2022/23 results:

HPM-Division: Impairments: -173 million EUR EBIT / booked in Q2 2022/23

Extraordinary write-downs of 54 million EUR were recognized for the assets of Buderus Edelstahl (Wetzlar, Germany) and of 119 million EUR on the goodwill of HPM Production. The total of 173 million EUR of extraordinary write downs are affecting the EBIT negatively.

HPM-Division: Land sale: +133 million EUR EBITDA / booked in Q4 2022/23

Sale of a piece of land in Düsseldorf, Germany with a positive EBITDA-Effect of 133 million EUR and a Cash-inflow of 156 million EUR.

Steel Division: Impairment: -32 million EUR EBITDA / booked in Q4 2022/23

Extraordinary write downs of 32 million EUR were recognized for the 20% Stake of ArcelorMittal Texas HBI group. These write downs are affecting EBITDA negatively.

Earnings of the 20% stake of ArcelorMittal Texas HBI group are shown in the income statement under “share of profit of entities consolidated according to the equity method” since Q2 of BY 2022/23. This item consists of 20% of the net profit of AcelorMittal Texas HBI group and is part of the EBITDA of the Steel Division and subsequently of the EBITDA of voestalpine Group.

For this reason, the impairment of the 20% stake becomes visible in the EBITDA-line of voestalpine Group.

For BY 2022/23, the net effect of one-offs accounts for +101 million EUR positive on EBITDA and -72 million EUR negative on EBIT.

For Q4 BY 2022/23, the net effect of one-offs accounts for +101 million EUR positive on EBTDA and +101 million EUR positive on EBIT.

Q.) Were there any one-offs in the previous BY 2021/22?

A.) Yes, the results of BY 2021/22 contained impairments of 67 million EUR, affecting EBIT negatively. (Cartersville, Metal Forming Division and Buderus, High Performance Metals Division.)

Q.) How would a YoY comparison of adjusted (one-offs excluded) operational earnings look like?

A.)

		BY 2021/22			BY 2022/23		
		reported	one-offs	adjusted	reported	one-offs	adjusted
Revenue	Mio. EUR	14,923		14,923	18,225		18,225
EBITDA	Mio. EUR	2,291		2,291	2,545	+101	2,444
EBIT	Mio. EUR	1,454	-67	1,521	1,624	-72	1,697

Q.) Why did you impair the 20% stake of ArcelorMittal Texas HBI group?

A.) Because the earnings expectations have changed compared to the time we started equity-consolidation of the entity.

Q.) How is the ArcelorMittal Texas HBI group accounted for in the voestalpine results?

A.) The direct reduction plant in Texas was fully consolidated in the "Result from discontinued operations" in the 1st quarter of 2022/23. From the 2nd quarter 2022/23, the earnings presentation of the 20% share in the ArcelorMittal Texas HBI group was under the item "Results from equity-consolidated companies".

Section II – Tax rate and financial results

Q.) Why has the financial result changed in comparison to the previous year?

A.) several developments affected the financial results in BY 2022/23

Positive effects resulted from a reduction in net financial debt compared with the previous year.

Negative effects resulted from the increase in interest rate, which affected floating rate debt such as factoring and other as well as the discount rate for social capital.

Q.) Why has the tax rate changed in comparison to the previous year?

A.) The reason for the tax rate of around 27.5% in BY 2022/23 are non-recurring items in the reported results, which are not tax-deductible.

Q.) What tax rate can be considered as normal or sustainable?

A.) A tax rate of around 24% can be assumed as normal.

Section III – Cash flow and working capital

Q.) Why was the free cash flow so strong in Q4 BY 2022/23?

A.) Free Cash Flow in Q4 BY 2022/23 amounts to almost 1.2 billion EUR. The working capital release of around 840 million EUR is an essential element of this development. In addition, we had a cash inflow of 156 million EUR from the land sale in the HPM Division in Q4 BY 2022/23.

Q.) What were the moving parts in the working capital development in Q4 BY 2022/23?

A.) All divisions contributed to the strong working capital release in Q4 BY 2022/23. A strong decrease of stocks (approx. +360 million EUR positive cash effect) and increase of accounts payable (approx. +550 million EUR cash effect) against marginal increase of the accounts receivable (approx. -70 million EUR cash effect) drove the positive development.

Q.) How did one-offs (Texas and land sale) impact the free cash flow in BY 2022/23?

A.) Cash inflow from the sale of Texas amounts to	736 million EUR
Cash inflow from the land sale in the HPM Division amounts to	156 million EUR
Total cash inflow of one-offs amounts to	892 million EUR

Q.) What would have been a clean free cash flow (excluding one-offs) in BY 2022/23?

		BY 2022/23		
		reported	one-offs	adjusted
Cash Flow from results	Mio. EUR	1,970		1,970
Changes in working capital	Mio. EUR	-1,014		-1,014
Cash flow from operating activities	Mio. EUR	956		956
Cash flow from investing activities	Mio. EUR	142	892	-750
Free cash flow	Mio. EUR	1,098		206

Section IV - CAPEX

Q.) What is the difference between the capex under “key figures” and the capex in the “cashflow statement”?

A.) In the annual report under “development of the key figures” investments in property, plant and equipment and intangible assets for BY 2022/23 amount to 922 million EUR. This number is referring to additions to assets in the balance sheet.

In the consolidated statement of cash flows 2022/23 the additions in other intangible assets, property, plant and equipment amount to 752 million EUR.

The difference stems from non-cash items: The main positions are accounts payable related to investments and leasing obligations, which are capitalized in the balance sheet.

Q.) What incremental depreciation will incur from the new special steel plant of the HPM-Division in Kapfenberg, Austria? When does depreciation begin?

A.) Depreciation of the new special steel plant in Kapfenberg, Austria will start in May 2023. The incremental depreciation for BY 2023/24 will be around 22 million EUR. It will increase to 24 million EUR from BY 2024/25 on.