Letter to Shareholders
1st Quarter 2016/17

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ONE STEP AHEAD.

voestalpine Group Key Figures

Q1 2015/16 vs. Q1 2016/17

In millions of euros	**Q1 2015/16**[1] 04/01–06/30/2015	**Q1 2016/17** 04/01–06/30/2016	Change in %
Revenue	3,001.7	2,772.4	–7.6
EBITDA	526.6	333.9	–36.6
EBITDA margin	17.5%	12.0%	
EBIT	368.4	167.6	–54.5
EBIT margin	12.3%	6.0%	
Profit before tax (EBT)	328.2	138.9	–57.7
Profit after tax[2]	289.5	105.8	–63.5
EPS – Earnings per share (euros)	1.61	0.58	–64.0
Investments in tangible and intangible assets and interests	333.1	232.9	–30.1
Depreciation	158.1	166.3	5.2
Capital employed	9,695.9	10,094.1	4.1
Equity	5,571.8	5,705.3	2.4
Net financial debt	2,978.0	3,188.9	7.1
Net financial debt in % of equity (gearing)	53.4%	55.9%	
Employees (full-time equivalent)	48,653	48,319	–0.7

[1] Q1 2015/16 retroactively adjusted.
Further details are given in the Notes to the consolidated financial statements 2015/16 under “B. Summary of accounting policies.”
[2] Before deduction of non-controlling interests and interest on hybrid capital.

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All quantities expressed as tons in this Annual Report are metric tons (1,000 kg).
The use of automated calculation systems may result in rounding differences.

Interim Management Report

This quarterly report was prepared in accordance with "Rules prime market: Section 2: Interim Reports" by Wiener Börse AG (Vienna Stock Exchange), which have been in force since November 26, 2015. It therefore differs in structure and content from earlier quarterly reports by voestalpine AG—to some extent significantly.

Market environment

Europe began 2016 with a continuation of last year's moderate growth, which has remained largely stable and was most recently supported by some growth in industrial production and expanding exports, despite increasing political instability in some regions (Brexit, attempted coup in Turkey, ISIS terrorism). The primary driver of the upward trend, however, is still private consumption.
Against this backdrop, the automotive industry—the most important market segment for voestalpine—continued its strong development in the past quarter. The outlook remains positive. The trend in the aerospace industry was similar; the consumer goods and railway infrastructure sectors were also characterized by a solid level of demand. In contrast, the weakness in demand in the entire energy sector remained dramatic. Momentum in the construction industry was only modest, but the mechanical engineering industry gained steam, although it is still volatile and differs widely from region to region.

In the past quarter of the business year, growth momentum has declined in the USA due to the weakness of the oil and natural gas sector as well as lower exports because of the strength of the US dollar. Like in Europe, private consumption stayed solid; it is the main pillar of the economic trend that remains fundamentally positive.
In the automotive and aerospace industries, which are the most important market segments for the voestalpine Group in North America, demand remained stable at a high level, while momentum in the railway infrastructure sector has begun to flag, primarily due to collateral effects (falling transport volumes) of the sluggish oil and natural gas industries.

Overall, China remains on a growth trajectory even though momentum has diminished compared to prior years. However, the key products of the voestalpine Group—tool steel, automotive components, and railway equipment—are not significantly affected by the cooling of the Chinese economy.

In the past quarter, the economic situation in Brazil was exacerbated, not least due to yet another escalation of the domestic political crisis situation. This downtrend was characterized by a further decrease in domestic demand and an unexpected upward reevaluation of the Brazilian real, which caused exports to decline.
The voestalpine companies in Brazil reacted by making the already very rigorous cost reduction and efficiency improvement measures even more stringent.

This report is a translation of the original report in German, which is solely valid.

Business performance and financial key performance indicators

The sustained challenging economic environment is reflected in the development of the financial key performance indicators of the voestalpine Group. In a year-to-year comparison, revenue declined by 7.6% from EUR 3,001.7 million to EUR 2,772.4 million, caused primarily by the increasingly noticeable deterioration of demand in the oil and natural gas sector, which affected all of the Group's divisions with the exception of the Metal Forming Division. An (uncommented) comparison of the earnings with the previous year has limited informative value due to non-recurring effects stemming from changes in consolidation in the Metal Engineering Division, which resulted in significant positive non-recurring effects in EBITDA and EBIT in the first quarter of the previous year. (Decline of EBITDA by 36.6% from EUR 526.6 million in the first quarter of 2015/16 to EUR 333.9 million in the first quarter of 2016/17; EBIT down by 54.5% from EUR 368.4 million in the first quarter of 2015/16 to EUR 167.6 million in the first quarter of 2016/17).

Excluding the non-recurring effects, the picture is much more positive; nevertheless, the economic environment has left its mark on the Group's operating result. In a year-to-year comparison of the first quarter, adjusted EBITDA fell by 14.2% from EUR 389.0 million to EUR 333.9 million, and adjusted EBIT declined by 27.6%, from EUR 236.9 million to EUR 171.5 million (before application of purchase price allocation).

In addition to negative operational effects in the first quarter of the business year 2016/17, the Steel Division also reported negative aperiodic impacts resulting from the start-up costs for the new direct reduction plant in Corpus Christi, Texas, USA, and the adjustment-related reduced performance of a blast furnace in Linz, which had been extensively renovated in the last business year. Overall, these two non-recurring effects had a negative impact of EUR 20 million on EBITDA and EBIT of the Steel Division and thus of the Group in the first quarter of 2016/17.

Furthermore, changes in the interest rates in the valuation of employee benefits resulted in negative effects in both income (about EUR –6 million) and—to a much greater extent—in equity (EUR –71 million). This was the primary reason for the increase in the gearing ratio (net financial debt in percent of equity) from 53.4% in the previous year (or from 54.5% as of the reporting date of March 31, 2016) to 55.9% as of June 30, 2016.

Investments

As had been the case with the investments made in recent years, those made in the first quarter of 2016/17 were part of the strategic growth concept "voestalpine 2020."

A particular highlight was the start-up of operations of the first facility worldwide for phs-directform®, which enables production of press-hardened, ultra high-strength, and corrosion-resistant automotive components made from galvanized steel strip in a single process step (direct process). Thus, the Metal Forming Division has become the first provider to make the technology leap to the direct hot forming of galvanized steel.

In the Metal Engineering Division, the new wire rod mill is in the start-up phase as scheduled; the same applies to the customers' required registration processes.

The currently largest investment project of the voestalpine Group, the direct reduction plant of the Steel Division in Corpus Christi, Texas, USA, has been in the start-up phase since the middle of the first quarter 2016/17.

Group-wide, investments in the first quarter of 2016/17 amounted to EUR 232.9 million, a decline in comparison to the same period of the previous year (EUR 333.1 million) of 30.1%.

Quarterly development of the voestalpine Group

In millions of euros	Q1 2015/16[1] 04/01–06/30/2015	Q2 2015/16[1] 07/01–09/30/2015	Q3 2015/16 10/01–12/31/2015	Q4 2015/16 01/01–03/31/2016	Q1 2016/17 04/01–06/30/2016
Revenue	3,001.7	2,785.0	2,593.7	2,688.3	2,772.4
EBITDA	526.6	365.5	315.2	376.1	333.9
EBITDA margin	17.5%	13.1%	12.2%	14.0%	12.0%
EBIT	368.4	206.7	151.9	161.8	167.6
EBIT margin	12.3%	7.4%	5.9%	6.0%	6.0%
Profit before tax	328.2	176.4	123.9	122.8	138.9
Profit after tax[2]	289.5	131.3	87.7	93.6	105.8
Employees (full-time equivalent)	48,653	48,719	47,900	48,367	48,319

[1] Q1 2015/16 and Q2 2015/16 retroactively adjusted.
Further details are given in the Notes to the consolidated financial statements 2015/16 under “B. Summary of accounting policies.”
[2] Before deduction of non-controlling interests and interest on hybrid capital.

Quarterly development of the voestalpine Group, adjusted

In millions of euros	Q1 2015/16[1] 04/01–06/30/2015	Q2 2015/16[1] 07/01–09/30/2015	Q3 2015/16 10/01–12/31/2015	Q4 2015/16 01/01–03/31/2016	Q1 2016/17 04/01–06/30/2016
Revenue	3,001.7	2,785.0	2,593.7	2,688.3	2,772.4
EBITDA adjusted	389.0	365.5	315.2	376.1	333.9
EBITDA margin adjusted	13.0%	13.1%	12.2%	14.0%	12.0%
EBIT adjusted	236.9	212.9	158.2	206.4	171.5
EBIT margin adjusted	7.9%	7.6%	6.1%	7.7%	6.2%
Profit before tax adjusted	196.7	182.6	130.1	167.4	142.8
Profit after tax[2] adjusted	151.7	138.7	92.3	127.1	108.7
Employees (full-time equivalent)	48,653	48,719	47,900	48,367	48,319

[1] Q1 2015/16 and Q2 2015/16 retroactively adjusted.
Further details are given in the Notes to the consolidated financial statements 2015/16 under “B. Summary of accounting policies.”
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Quarterly development of the Steel Division

In millions of euros	Q1 2015/16 04/01–06/30/2015	Q1 2016/17 04/01–06/30/2016	Change in %
Revenue	1,060.9	909.0	–14.3
EBITDA	134.2	87.2	–35.0
EBITDA margin	12.6%	9.6%	
EBIT	74.7	21.1	–71.8
EBIT margin	7.0%	2.3%	
Employees (full-time equivalent)	11,036	10,869	–1.5

Market environment and business development

After a phase of enormous price pressure for flat steel products in Europe, especially due to dramatically increased imports at the beginning of the calendar year 2016, the situation on the spot market eased up noticeably during the first half of the year. Due to its focus on the contract business model in the sophisticated quality sector, the Steel Division was not able to profit from this short-term increase of the global steel prices in the first quarter of 2016/17 in contrast to its competitors who are active in the spot market. However, as of the beginning of the second quarter of 2016/17, a significant improvement of net revenue appears to be on the horizon after a number of contracts with a term of three months and longer were renegotiated with higher prices as of July 1, 2016. As far as the market is concerned, the trend in the division's most important customer segment, the automotive industry, continued to be stable at a high level and demand in the white goods and consumer goods market segments remained solid. Demand in the mechanical engineering sector was positive as well, albeit somewhat more volatile.

A contract concluded for the delivery of several hundred thousand tons of pressure- and sour-gas-resistant heavy plate for the deep-sea portion of the "Nord Stream 2" project from August 2016 until February 2018 ensures solid capacity utilization in the Heavy Plate business segment, which has also acquired additional line pipe projects.

Financial key performance indicators

Due to the long-term nature of its contract business model, which differs from the spot market with its up-to-the-minute pricing, in the first quarter of 2016/17, the Steel Division experienced a significant decline of all key performance indicators in a year-to-year comparison. As a result of the pricing situation, revenue fell by 14.3% from EUR 1,060.9 million in the first quarter of 2015/16 to EUR 909.0 million in the first quarter of 2016/17, even though delivery volumes increased slightly. In terms of earnings, the trend in the first quarter of 2016/17 was the opposite of the same quarter in the previous business year, as previously repeatedly forecast. While in the first quarter of 2015/16, the gross margin rose due to countervailing trends with regard to prices and costs, in the first quarter of 2016/17, there was pressure on margins in the contract business because prices were fixed—in some cases up to the end of the quarter—while concurrently there was a rise in the prices of raw materials (scrap and iron ore). The fact that EBITDA plunged by 35.0% (from EUR 134.2 million to EUR 87.2 million) in a year-over-year comparison and EBIT plummeted by 71.8% (from EUR 74.7 million to EUR 21.1 million) is partly due to start-up losses recorded by the direct reduction plant in Texas (budgeted EBIT 2016/17 EUR –25 million) and to the extensive renovation of blast furnace 5 in the previous year, which operated with reduced performance in the first quarter of 2016/17 because of adjustments that had to be made (fine-tuning of the coal injection system). This adversely affected the operating result in the reporting period by more than EUR 20 million. These non-recurring effects contributed to the reduction of the EBITDA margin from 12.6% to 9.6% and of the EBIT margin from 7.0% to 2.3%.

Quarterly development of the Special Steel Division

In millions of euros	**Q1 2015/16**[1] 04/01–06/30/2015	**Q1 2016/17** 04/01–06/30/2016	Change in %
Revenue	709.0	667.1	–5.9
EBITDA	99.9	99.2	–0.7
EBITDA margin	14.1%	14.9%	
EBIT	65.2	63.4	–2.8
EBIT margin	9.2%	9.5%	
Employees (full-time equivalent)	13,411	13,507	0.7

[1] Q1 2015/16 retroactively adjusted.
Further details are given in the Notes to the consolidated financial statements 2015/16 “B. Summary of accounting policies.”

Market environment and business development

In the first quarter of 2016/17, the market environment of the Special Steel Division was significantly more subdued than in the first quarter of the previous year. However, a solid level of incoming orders from the automotive and consumer goods industry—primarily in the tool steel segment—compensated weaker demand in other industrial segments. Furthermore, the acquisitions undertaken in previous periods in the Value Added Services business segment have already made very positive contributions to earnings. The trend of demand for products for the oil and natural gas sector was characterized by a continuing low level of investment, although lagging demand has improved somewhat compared to the previous quarters. The trend in the aerospace industry remained positive.

Viewed regionally, demand in the European Union for special steel products again lost momentum. Most recently, business performance in

North America has been modest at best, primarily due to a lack of demand in the oil and natural gas sector. As far as the economy in Brazil is concerned, there is still no light at the end of the tunnel; Asia, on the other hand, continues to demonstrate a positive market environment in the special steel sector. Particularly in China, the Special Steel Division has been able to expand its position, not least due to the acquisition of Advanced Tooling Tek in Shanghai.
In Düsseldorf, Germany, a new technology center for additive manufacturing was opened in the first quarter of 2016/17. The expertise of the division in this future-oriented sector is being consistently expanded along the entire value chain, as evidenced by the new powder testing facilities in Hagfors, Sweden, and Kapfenberg, Austria.

Development of the key figures

At EUR 667.1 million, in the first quarter of the business year 2016/17 the revenue of the Special Steel Division was 5.9% below the previous year's figure of EUR 709.0 million. The reason for this dip was that in the first quarter of the previous year, the effects of the marked decline in incoming orders from the oil and natural gas sector were not yet being reflected in revenue and earnings. In the tool steel product segment, on the other hand, sales volume was once again increased compared to the previous year. While EBITDA at EUR 99.2 million (previous year: EUR 99.9 million) and EBIT at EUR 63.4 million (previous year: EUR 65.2 million) remained largely constant in absolute figures, the EBITDA and EBIT margins increased significantly from 14.1% to 14.9% and 9.2% to 9.5% respectively.

Quarterly development of the Metal Engineering Division

In millions of euros	Q 1 2015/16 04/01–06/30/2015	Q 1 2016/17 04/01–06/30/2016	Change in %
Revenue	774.0	680.4	–12.1
EBITDA	236.1	87.6	–62.9
EBITDA margin	30.5%	12.9%	
EBIT	197.2	49.7	–74.8
EBIT margin	25.5%	7.3%	
Employees (full-time equivalent)	13,097	12,606	–3.7

Quarterly development of the Metal Engineering Division, adjusted

In millions of euros	Q1 2015/16 04/01–06/30/2015	Q1 2016/17 04/01–06/30/2016	Change in %
Revenue	774.0	680.4	–12.1
EBITDA adjusted	109.6	87.6	–20.1
EBITDA margin adjusted	14.2%	12.9%	
EBIT adjusted	76.8	53.6	–30.2
EBIT margin adjusted	9.9%	7.9%	
Employees (full-time equivalent)	13,097	12,606	–3.7

Market environment and business development

In the first quarter of 2016/17, the performance of the Metal Engineering Division for the most part saw a continuation of the economic trends that prevailed during the final quarter of the last business year. In the early part of the new business year, the Rail Technology and Turnout Systems business segments again experienced solid demand from both European and Chinese railway companies. As had been the case in the two preceding quarters, demand in the mining regions and in North America continues to be weaker as a result of lower demand for raw materials.

In the first three months of the current business year, the Wire Technology business segment profited from sustained, positive demand from the automotive industry; the situation in the Seamless Tubes business segment, however, is still extremely challenging due to ongoing price pressure in the oil and natural gas sector.

The comprehensive restructuring measures, which were initiated in the Welding Consumables business segment in the course of the previous year due to the dramatic weakness of the energy segment, already showed initial positive results in the first quarter of 2016/17. The market, however, is not yet showing any signs of recovery.

Financial key performance indicators

The downward trend in revenue and earnings in the Metal Engineering Division, which had prevailed throughout all four quarters of the previous business year due to the dramatic slump in the oil and natural gas sector, was stopped in the first quarter of 2016/17. However, in a comparison of the first quarter of 2016/17 with the first quarter of the previous business year, the marked decline in the revenue and earnings figures since the summer of last year becomes obvious. In a year-to-year comparison, revenue fell by 12.1% from EUR 774.0 million to EUR 680.4 million. As far as earnings are concerned, the figures of the first quarter of the previous business year contained positive non-recurring effects due to the acquisition of the controlling interest in the companies voestalpine Tubulars GmbH & Co KG, voestalpine Tubulars GmbH (both belonging to the Seamless Tubes business segment), and CNTT Chinese New Turnout Technologies Co., Ltd. (Turnout Systems business segment), amounting to EUR 126.5 million recorded in EBITDA and EUR 120.4

million recorded in EBIT. In the first quarter of 2016/17, the depreciation of disclosed hidden reserves resulting from reassessments had an adverse effect on EBIT of EUR 3.9 million. As a result of the challenging economic environment in the oil and natural gas sector, adjusted EBITDA fell by 20.1% from EUR 109.6 in the first quarter of 2015/16 to EUR 87.6 million in the first quarter of 2016/17, and adjusted EBIT plunged by 30.2% from EUR 76.8 million to EUR 53.6 million. Adjusted for non-recurring effects, the EBITDA margin went down from 14.2% to 12.9%, while the adjusted EBIT margin declined from 9.9% to 7.9%.

Quarterly development of the Metal Forming Division

In millions of euros	Q1 2015/16 04/01–06/30/2015	Q1 2016/17 04/01–06/30/2016	Change in %
Revenue	565.5	615.8	8.9
EBITDA	69.3	80.0	15.4
EBITDA margin	12.3%	13.0%	
EBIT	46.1	55.2	19.7
EBIT margin	8.1%	9.0%	
Employees (full-time equivalent)	10,282	10,481	1.9

Market environment and business development

The Metal Forming Division reported an outstanding development of all four business segments in the first quarter of 2016/17, thus carrying forward the upward trend demonstrated during the previous quarters into the new business year. The driver of this continued growth is still the automotive industry worldwide. With the opening of the first facility for the hot forming of press-hardened steel in a single process step (direct process, or phs-directform®) in Schwäbisch Gmünd, Germany, in early July 2016, the division is maintaining its expansion in the automotive sector based on its highly innovative proprietary technology.

In the first quarter of 2016/17, the performance of the Tubes & Sections business segment was characterized by an economic environment in the European core markets and in specific segments of the US market (aerospace, storage technology) that was improved in comparison to the previous year, although the momentum coming out of China was limited. In the two other business segments (Precision Strip and Warehouse & Rack Solutions), the level of demand remained largely stable, while the operating result again increased.

Financial key performance indicators

The Metal Forming Division increased its revenue from EUR 565.5 million in the first quarter of 2015/16 to EUR 615.8 million in the first quarter of 2016/17. The Automotive Components business segment, which is showing very significant growth, had the largest boost in revenue. In terms of earnings, all of the business segments contributed to the marked improvement of the key performance indicators. EBITDA improved in a year-to-year comparison by 15.4%, from EUR 69.3 million to EUR 80.0 million, with EBIT even increasing by 19.7%, from EUR 46.1 million to EUR 55.2 million. Additionally, the division concurrently recorded a substantial gain in its net profit ratio. The EBITDA margin rose from 12.3% in the first quarter of 2015/16 to 13.0% in the first quarter of 2016/17, while the EBIT margin increased in the same period from 8.1% to 9.0%.

Outlook

Two months after publication of the forecast for the current business year in the annual financial statements 2015/16, the outlook for 2016/17 is largely unchanged. The qualification "largely" is not insignificant because the requirement set forth in the Annual Report for a sustained economic recovery due to de-escalation in the political trouble spots of the world appears to be less likely than it was at the time. Developments such as Brexit, the political crisis in Turkey, and the destabilization of entire countries by religiously motivated murders of unsuspecting citizens does not foster hopes of a broader economic recovery.

The economic parameters for the development in the next quarters have not, however, changed. The stable trend of demand at a high level from the automotive industry runs counter to continuing enormous price pressure and cautiousness regarding new investments worldwide in the energy sector, while continuing weak momentum in the European construction industry is counteracted by a quite solid development in the consumer goods industry, and volatility in the mechanical engineering sector faces the thriving railway sector that is profiting primarily from demand from Europe and China.

As emphasized at the presentation of the results of the business year 2015/16 in early June, the forecast for 2016/17 with regard to the earnings performance of the voestalpine Group anticipates that last year's course will be reversed. While the first six months of the last business year were very strong, the second half of the year was significantly weaker (both adjusted for non-recurring effects). For 2016/17, an increase in the operating result is expected during the course of the year so that this year, EBIT and EBITDA in the second half of the business year will be considerably higher than the figures in the first half of the year. Three major factors are driving this development. First, the structural time-lag in the steel sector that is based on the longer-term contract business model, where positive price trends are reflected with significant delay in contrast to the spot market and will therefore not have an effect until later in the year. Second, almost all of the start-up costs of the direct reduction plant in Corpus Christi, Texas, USA, are being generated in the first half of the business year. And third, the situation in the oil and natural gas sector is not expected to ease up until the end of the business year, when inventories of sophisticated equipment are expected to decline.

Based on this scenario and in conjunction with the consistent continuation of the comprehensive cost and efficiency optimization programs, the voestalpine Group continues to aim for an operating result (EBITDA) and profit from operations (EBIT) that will come close to the figures in the last business year (adjusted figures).

voestalpine AG
Condensed interim consolidated financial statements 06/30/2016

In accordance with International Financial Reporting Standards (IFRS).
This report is a translation of the original report in German, which is solely valid.

Consolidated statement of financial position

Assets

	03/31/2016	06/30/2016
A. Non-current assets		
Property, plant and equipment	6,006.5	6,116.5
Goodwill	1,544.4	1,545.2
Other intangible assets	414.1	411.9
Investments in entities consolidated according to the equity method	112.4	102.4
Other financial assets	69.8	69.3
Deferred tax assets	242.4	272.1
	8,389.6	**8,517.4**
B. Current assets		
Inventories	2,973.1	2,971.9
Trade and other receivables	1,513.3	1,591.0
Other financial assets	355.8	353.6
Cash and cash equivalents	774.8	670.1
	5,617.0	**5,586.6**
Total assets	**14,006.6**	**14,104.0**

In millions of euros

Equity and liabilities

	03/31/2016	06/30/2016
A. Equity		
Share capital	317.8	317.8
Capital reserves	553.7	552.3
Hybrid capital	497.9	497.9
Retained earnings and other reserves	4,102.0	4,168.3
Equity attributable to equity holders of the parent	**5,471.4**	**5,536.3**
Non-controlling interests	180.2	169.0
	5,651.6	**5,705.3**
B. Non-current liabilities		
Pensions and other employee obligations	1,229.1	1,330.6
Provisions	71.6	71.0
Deferred tax liabilities	122.0	121.9
Financial liabilities	3,342.8	3,185.3
	4,765.5	**4,708.8**
C. Current liabilities		
Provisions	567.2	550.7
Tax liabilities	98.3	113.1
Financial liabilities	898.2	1,051.8
Trade and other payables	2,025.8	1,974.3
	3,589.5	**3,689.9**
Total equity and liabilities	**14,006.6**	**14,104.0**

In millions of euros

Consolidated statement of cash flows

	04/01–06/30/2015[1]	04/01–06/30/2016
Operating activities		
Profit after tax	289.5	105.8
Non-cash expenses and income	4.6	170.0
Changes in working capital		
Change in inventories	28.8	24.0
Change in receivables and liabilities	–142.7	–80.5
Change in provisions	36.6	–3.7
	–77.3	**–60.2**
Cash flows from operating activities	**216.8**	**215.6**
Investing activities		
Additions of other intangible assets, property, plant and equipment	–350.0	–296.9
Income from disposals of assets	2.0	1.9
Cash flows from the acquisition of control of subsidiaries	24.2	0.2
Cash flows from the loss of control of subsidiaries	0.1	–
Additions/divestments of other financial assets	–1.3	10.4
Cash flows from investing activities	**–325.0**	**–284.4**
Financing activities		
Dividends paid non-controlling interests	–33.8	–8.9
Acquisition of non-controlling interests	–0.9	–1.9
Capital increase	85.3	–
Increase in long-term financial liabilities	2.3	2.7
Repayment of long-term financial liabilities	–58.5	–53.2
Repayment of long-term finance lease liabilities	–1.1	–1.3
Change in current financial liabilities and other financial liabilities	–39.0	24.8
Cash flows from financing activities	**–45.7**	**–37.8**
Net decrease/increase in cash and cash equivalents	**–153.9**	**–106.6**
Cash and cash equivalents, beginning of year	464.5	774.8
Net exchange differences	–0.6	1.9
Cash and cash equivalents, end of year	**310.0**	**670.1**

[1] Q1 2015/16 retroactively adjusted. Further details are given in the Notes to the consolidated financial statements 2015/16 under “B. Summary of accounting policies.”

In millions of euros

Consolidated statement of comprehensive income

Consolidated income statement

	04/01–06/30/2015[1]	04/01–06/30/2016
Revenue	**3,001.7**	**2,772.4**
Cost of sales	–2,346.5	–2,181.1
Gross profit	**655.2**	**591.3**
Other operating income	85.1	78.6
Distribution costs	–264.1	–267.8
Administrative expenses	–155.9	–150.1
Other operating expenses	–101.2	–88.6
Share of profit of entities consolidated according to the equity method	149.3	4.2
EBIT	**368.4**	**167.6**
Finance income	9.6	13.5
Finance costs	–49.8	–42.2
Profit before tax (EBT)	**328.2**	**138.9**
Tax expense	–38.7	–33.1
Profit after tax	**289.5**	**105.8**
Attributable to:		
Owners of the parent	281.3	101.0
Non-controlling interests	2.6	–0.8
Share planned for hybrid capital owners	5.6	5.6
Basic and diluted earnings per share (euros)	**1.61**	**0.58**

[1] Q1 2015/16 retroactively adjusted. Further details are given in the Notes to the consolidated financial statements 2015/16 under “B. Summary of accounting policies.”

In millions of euros

Consolidated statement of comprehensive income

Consolidated other comprehensive income

	04/01–06/30/2015[1]	04/01–06/30/2016
Profit after tax	**289.5**	**105.8**
Items of other comprehensive income that will be reclassified subsequently to profit or loss		
Cash flow hedges	–18.1	4.6
Net investment hedges	–5.6	–
Currency translation	–33.5	25.7
Share of result of entities consolidated according to the equity method	–2.7	–0.1
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss	**–59.9**	**30.2**
Items of other comprehensive income that will not be reclassified subsequently to profit or loss		
Actuarial gains/losses	–	–71.0
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	**–**	**–71.0**
Other comprehensive income for the period, net of income tax	**–59.9**	**–40.8**
Total comprehensive income for the period	**229.6**	**65.0**
Attributable to:		
Owners of the parent	223.9	60.6
Non-controlling interests	0.1	–1.2
Share planned for hybrid capital owners	5.6	5.6
Total comprehensive income for the period	**229.6**	**65.0**

[1] Q1 2015/16 retroactively adjusted. Further details are given in the Notes to the consolidated financial statements 2015/16 under “B. Summary of accounting policies.”

In millions of euros

Consolidated statement of changes in equity

	Q 1 2015/16[1]			Q 1 2016/17		
	Group	Non-controlling interests	Total	Group	Non-controlling interests	Total
Equity as of April 1	**5,050.6**	**64.4**	**5,115.0**	**5,471.4**	**180.2**	**5,651.6**
Total comprehensive income for the period	229.5	0.1	229.6	66.2	–1.2	65.0
Dividends to shareholders	0.0	–35.7	–35.7	0.0	–8.9	–8.9
Tax effect on transactions with hybrid capital owners	1.9	0.0	1.9	1.9	0.0	1.9
Capital increase	85.3	0.0	85.3	0.0	0.0	0.0
Share-based payment	0.0	0.0	0.0	–1.4	0.0	–1.4
Other changes	2.0	173.7	175.7	–1.8	–1.1	–2.9
Equity as of June 30	**5,369.3**	**202.5**	**5,571.8**	**5,536.3**	**169.0**	**5,705.3**

[1] Q1 2015/16 retroactively adjusted. Further details are given in the Notes to the consolidated financial statements 2015/16 under "B. Summary of accounting policies."

In millions of euros

voestalpine AG

Selected explanatory notes

voestalpine AG has adjusted the scope of quarterly reports on the first three and nine months of the business year due to the changed requirements of the “Rules prime market” of Wiener Börse AG (Vienna Stock Exchange). Adjustments particularly relate to the notes as required by IAS 34. The accounting policies are principally unchanged from the annual consolidated financial statements for the business year 2015/16.

Changes in the scope of consolidated financial statements

The changes made in the scope of consolidated financial statements during the first quarter of the business year 2016/17 were as follows:

	Full consolidation	Equity method
As of April 1, 2016	**278**	**9**
Acquisitions		
Change in consolidation method		
Additions	2	
Disposals		
Reorganizations	–4	
Divestments or disposals	–2	
As of June 30, 2016	**274**	**9**
Of which foreign companies	216	4

The following entities were deconsolidated during the first quarter of the business year 2016/17:

Name of entity
Full consolidation in business year 2015/16
Polynorm Immobilien GmbH & Co. KG
Sturdell Holdings, Inc.
Reorganizations
BU Beteiligungs- und Vermögensverwaltung GmbH
BÖHLER Wärmebehandlung GmbH
Grimstows Holdings Inc.
voestalpine Stamptec Qinhuangdao Co., Ltd.

The following entities are being included in the interim consolidated financial statements for the first time in the first quarter of the business year 2016/17:

Name of entity	Interest in %
Full consolidation	
ASSAB Steels Vietnam Company Limited	100.000%
voestalpine Rotec Corp.	100.000%

Notes on the consolidated statement of financial position

During the current business year, a decrease of the discount interest rate from 1.9% to 1.4% resulted specifically in an increase of the provisions for pension and severance obligations and consequently in an actuarial loss.

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