

PRESS RELEASE

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voestalpine with increase in revenue and strong earnings performance—excellent fourth quarter

- » Upward trend over the course of BY 2016/17 confirmed—strong closing quarter—adjusted result above previous year
- » Revenue improved from EUR 11.1 billion to EUR 11.3 billion
- » Only a comparison of adjusted results meaningful due to positive non-recurring effects in the previous year
- » Operating result (EBITDA) excluding non-recurring effects increased by 6.6%, from EUR 1.45 billion to EUR 1.54 billion (including non-recurring effects: reduced by 2.7%, from EUR 1.58 billion to EUR 1.54 billion); adjusted EBITDA margin rose to 13.6%, just slightly below strategic 14% target for 2020/21
- » Profit from operations (EBIT) excluding non-recurring effects improved by 3.1%, from EUR 814 million to EUR 840 million (including non-recurring effects: reduced by 7.4%, from EUR 889 million to EUR 823 million); adjusted EBIT margin constant at 7.4%
- » At EUR 717 million, adjusted profit before tax is 5.9% higher than in the previous year; at EUR 539 million profit after tax excluding non-recurring effects improved by 5.8% compared to 2015/16 (non-adjusted profit before tax at EUR 700 million 6.8% below level of the previous year, and profit after tax at EUR 527 million 12.5% below level of the previous year)
- » Equity reaches an all-time high at over EUR 6 billion
- » Gearing ratio again improved, from 54.5% to 53.2%
- » Dividend raised for fifth year in a row: by 4.8%, from EUR 1.05 in 2015/16 to EUR 1.10 per share (proposed to the Annual General Shareholder's Meeting)

Despite an economic environment influenced more than usual by political events including the Brexit referendum in the UK, the US presidential election, terror and war in the Middle East, the challenges of immigration in Europe, and the global rise in trade barriers, the business year 2016/17 (April 1, 2016 to March 31, 2017) was again successful for the voestalpine Group. In a year-to-year comparison the company increased its revenue by 2.0%, from EUR 11.1 billion to EUR 11.3 billion. “As expected, the upward trend already perceptible in the preceding quarters came to a highly satisfactory conclusion with an excellent fourth quarter. Aside from generally strong demand in the steel sector, it was the automotive, aerospace, and consumer goods customer segments in particular which posted high order levels. These are industries on which voestalpine focuses with its strategy of quality,” explains Wolfgang Eder, Chairman of the Management Board of voestalpine AG.

Closing quarter records best operating result since 2011/12

voestalpine recorded the best quarterly performance of the business year by far in the last three months: during the fourth quarter of 2016/17 the company succeeded in raising the operating result (EBITDA) to a level last achieved in 2011/12. With the operating result (EBITDA) and profit from operations (EBIT) both influenced by significant positive non-recurring effects during the preceding year, as in the previous quarters of the business year 2016/17 a year-to-year comparison of the Annual Financial Statements is only meaningful when the adjusted figures are considered. The voestalpine Group's adjusted EBITDA rose 6.6%, from EUR 1.45 billion to EUR 1.54 billion. In a year-to-year comparison the adjusted EBITDA margin rose from 13.1% to 13.6%, falling just short of the Group's long-term 14% target for 2020/21. Adjusted EBIT improved by 3.1% in a year-to-year comparison, from EUR 814 million to EUR 840 million, resulting in

an adjusted EBIT margin of 7.4% (also 7.4% in the previous year). Without adjusting for these non-recurring effects, during the past business year the Group's operating result (EBITDA) fell by 2.7% compared to 2015/16, from EUR 1.58 billion to EUR 1.54 billion. The unadjusted profit from operations (EBIT) amounted to EUR 823 million, coming in at 7.4% below the figure of EUR 889 million for the previous year.

Unadjusted profit before tax (EBT) fell by 6.8%, from EUR 751 million to EUR 700 million, while unadjusted profit after tax (net income) sank by 12.5%, from EUR 602 million to EUR 527 million. In contrast, EBT adjusted for non-recurring effects increased by 5.9%, from EUR 677 million to EUR 717 million; during the same period the adjusted profit after tax (net income) rose by 5.8%, from EUR 510 million to EUR 539 million.

Higher dividend for shareholders, equity at record level

The voestalpine dividend paid to shareholders has risen consistently for the past five years. Subject to the approval of the Annual General Shareholders' Meeting on July 5, 2017, a dividend of EUR 1.10 per share will be paid to shareholders for the past business year. This constitutes a further increase of 4.8% compared to the previous year. While debt had already fallen in 2015/16 despite record investment expenditure, in a year-to-year comparison the gearing ratio (net financial debt in percent of equity) fell again during the business year 2016/17, from 54.5% as of March 31, 2016, to 53.2% as of March 31, 2017. This again demonstrates that intensive investment with a focus on high-end quality segments, as well as consistently implementing the internationalization strategy, are not inconsistent with a healthy financial performance. In light of this solid performance, equity also rose, by 7.2%, from EUR 5.7 billion to a record level of EUR 6.1 billion. It thus rose disproportionately to net financial debt in percent of equity which increased by 4.6% during the same period, from EUR 3.1 billion to EUR 3.2 billion.

Expansion of employee participation, more employees than ever before

voestalpine AG is also taking steps to further strengthen its employee participation plan which serves as a model throughout Europe. In order to do so, share capital was raised by around 0.8% at the end of the business year. The stake held by the *Mitarbeiterbeteiligung Privatstiftung*, which holds the shares on behalf of voestalpine employees, now stands at 14.8%. Consequently, the private foundation remains the second-largest shareholder of the Group which has a record 49,703 employees (FTE) as of March 31, 2017.

Positive outlook for the business year 2017/18

Demand in many customer segments at the beginning of the new business year is much more positive than it was a year ago. "Taking the voestalpine Group results which reflect this economic trend as our basis, as of the start of the new business year, we expect a strong, significantly higher revenue and earnings performance for the first half of the year compared to the same period in the previous year. However, it will only be possible to evaluate the economic situation for the second half of the business year with more precision after the summer ahead," says Wolfgang Eder.

Over the course of 2017/18, a whole series of recent major investments made by the voestalpine Group, such as the direct reduction plant in Texas, the new wire mill in Leoben, Donawitz, in Austria, and several downstream investments in Europe, the USA, and China, will be reflected in revenue and earnings for the first time. Already steel and steel processing are running at nearly full capacity, and will continue to do so through to the end of the business year, and consistent extension of the value chain generally leads to a

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comparatively stable business development. Furthermore, the impact of any US trade barriers and the pressure of steel imported into Europe at dumping prices should have a limited overall effect on voestalpine products. The Group-wide program of optimizing costs and raising efficiency currently being implemented is also expected to make the Group more competitive. "Against this backdrop, despite the uncertainties inherent in assessing the second half of the business year 2017/18, from our current perspective we expect a clearly positive revenue and earnings performance," Eder concludes.

The voestalpine Group

In its business segments, voestalpine is a globally leading technology and capital goods group with a unique combination of material and processing expertise. voestalpine, which operates globally, has around 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 to the automotive and consumer goods industries in Europe as well as to the aerospace, 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 2016/17, the Group generated revenue of EUR 11.3 billion, with an operating result (EBITDA) of over EUR 1.5 billion; it has around 50,000 employees worldwide who are collectively a major shareholder in the company with a stake of 14.8 percent.

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