

LETTER TO SHAREHOLDERS

1st Quarter 2018/19

voestalpine GROUP

KEY FIGURES

Q 1 2017/18 VS. Q 1 2018/19

In millions of euros	Q 1 2017/18 04/01 – 06/30/2017	Q 1 2018/19 04/01 – 06/30/2018	Change in %
Income statement			
Revenue	3,251.5	3,469.0	6.7
EBITDA	513.8	513.0	-0.2
Depreciation	185.0	189.2	2.3
EBIT	328.8	323.8	-1.5
Profit before tax	292.4	294.3	0.6
Profit after tax ¹	218.4	224.4	2.7
Statement of financial position			
Investments in tangible and intangible assets and interests	162.0	207.7	28.2
Equity	6,220.8	6,763.3	8.7
Net financial debt	3,347.2	3,314.4	-1.0
Net financial debt in % of equity (gearing)	53.8%	49.0%	
Financial key figures			
EBITDA margin	15.8%	14.8%	
EBIT margin	10.1%	9.3%	
Cash flow from operating activities	20.7	-3.0	-114.5
Share information			
Share price, end of period (euros)	40.80	39.45	-3.3
Market capitalization, end of period	7,193.9	6,955.8	-3.3
Number of outstanding shares as of June 30	176,320,566	176,320,566	0.0
EPS – earnings per share (euros)	1.18	1.21	2.5
Personnel			
Employees (full-time equivalent), end of period	50,047	51,827	3.6

¹ Before deduction of non-controlling interests and interest on hybrid capital.

INTERIM MANAGEMENT REPORT

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

REPORT ON THE GROUP'S BUSINESS PERFORMANCE AND THE ECONOMIC SITUATION

2017 was a very good year, and the European economy remained on a growth track in the first half of 2018 as well, even though the previous year's strong momentum has weakened a bit as expected. Aside from the decisions of the US Administration on trade policies that display protectionist tendencies, the fallout of the Brexit had a dampening effect on economic developments overall in the first quarter of the business year 2018/19. In Great Britain, for example, vehicle registrations declined during this period for the very first time, and the construction industry on the island is also weakening more and more. In Continental Europe, by contrast, both the automotive industry and the construction industry continued to expand, as did the mechanical engineering and consumer goods industries. While the railway infrastructure sector, particularly the rail segment—whose performance in recent quarters was merely modest—showed slight signs of a recovery as regards volumes in the first quarter of the business year 2018/19, so far prices have failed to keep pace with this development because of stiff competition. The performance of the aerospace industry remains solid.

Currently, the main risks to the continued expansion of the European economy do not stem from the market environment, which continues to signal growth, but instead from the unpredictable developments in global trade that the United States

has unleashed. Recent decisions in this regard have triggered both positive and negative effects in North America—albeit differently for each sector—even though the uncertainty regarding the fallout in the medium and long term of the “America First” philosophy, heretofore unknown in this intensity, seems to have been growing of late. In the first quarter of the business year 2018/19, however, the dynamic of the North American economy remained stable nonetheless underpinned by strong GDP growth and labor market data. voestalpine's North American sites prospered in this environment, particularly in the aerospace business segment, but also in the railway infrastructure business where an upward trend finally started to make itself felt after a number of difficult quarters. Steel imports into the United States were already affected by “Section 232” import tariffs toward the end of the reporting quarter, but the added costs were passed on to customers for the most part. Where this was not possible, other markets were served instead.

The Chinese economy had to go through a certain restart following the national New Year celebrations in February 2018 before it was able to regain its accustomed momentum. It returned to its robust development before the spring was out, with solid demand in the markets that are key to voestalpine, especially the consumer goods industry, the railway infrastructure sector, and not least the automotive sector. Domestic demand for steel remained high at attractive prices which, together with structural capacity adjustments in steel pro-

duction, led to declining steel exports from China and thus to a recovery of steel prices beyond the country's borders.

Given that the US Administration's protectionist trade policies are increasingly aimed at China and have been accompanied by correspondingly explicit rhetoric, the summer so far has seen a slight dampening of economic sentiment in the country. But the Chinese central government promptly counteracted this development by announcing stimulus measures.

The euphoria surrounding the growth that had finally returned to the Brazilian economy at the end of 2017 was not only qualified in the first quarter of the business year 2018/19 by real growth data, but also further dampened by the most recent wave of negative political headlines. The country's situation is exacerbated by the rising US dollar; rising interest rates in the United States, Brazil's most important export market; rising oil prices; and the general fear that the global trade wars will escalate—all told, a macro-economic scenario that is not particularly conducive to providing a powerful impetus to the growth rates of emerging markets such as Brazil. Brazil's economy did grow in the first quarter of the business year 2018/19, however, which also benefitted voestalpine's local activities in the tool steel and special materials business segments as well as in the railway infrastructure and special sections business.

REPORT ON THE FINANCIAL KEY PERFORMANCE INDICATORS OF THE voestalpine GROUP

Revenue of the voestalpine Group in the first quarter of 2018/19 was EUR 3,469.0 million compared to EUR 3,251.5 million in the first quarter of 2017/18—an increase of 6.7% that also represents the highest ever for a business quarter. While all four divisions contributed to this revenue growth, the Metal Forming Division provided the greatest boost thanks to the continuous expansion of its automotive activities. Despite the substantial reduction in delivery volumes due especially to the long-planned overhaul of the blast furnace, the Steel Division succeeded in raising its revenue as well thanks to better prices and its continually improved product mix. Higher sale prices in connection with rising deliveries lifted the revenue of

both the High Performance Metals Division and the Metal Engineering Division.

The voestalpine Group's performance in terms of profits was largely stable year over year. At EUR 513.0 million, EBITDA in the first quarter of the business year 2018/19 was practically identical to the previous year's level of EUR 513.8 million, but the EBITDA margin fell from 15.8% to 14.8% on account of the current rise in revenue. In terms of earnings, the Steel Division largely offset the loss of production resulting from the overhaul of its major blast furnace and the associated decline in volumes through both higher prices and an improved product mix. Slightly higher delivery volumes in the High Performance Metals Division led to some improvement in EBITDA over the previous year. The Metal Engineering Division boosted its operating result primarily thanks to the good performance of the wire segment following the start-up losses the division incurred in the same period of the previous year in connection with the new rolling mill. In the Metal Forming Division, by contrast, the slightly weaker operating performance of the Tubes & Sections business segment caused EBITDA in the first quarter of the business year 2018/19 to fall somewhat below the level in the same quarter of the previous year. Due to slightly higher depreciation, the voestalpine Group's EBIT declined by 1.5% from EUR 328.8 million in the first quarter of 2017/18 to EUR 323.8 million in the reporting quarter. This caused the EBIT margin to drop from 10.1% to 9.3% in the same period. Due to the lower net interest expense as well as the declining tax rate, there was a year-over-year improvement in each of the two categories, "profit before tax" (increase to EUR 294.3 million from EUR 292.4 million in the previous year) and "profit after tax" (increase to EUR 224.4 million from EUR 218.4 million in the previous year).

While the gearing ratio (net financial debt as a percentage of equity) as of June 30, 2018, fell to 49.0% from 53.8% as of June 30, 2017, it rose slightly compared to the March 31, 2018, reporting date (45.7%). The increase measured at the close of the previous business year resulted primarily from the increase in the net financial debt from EUR 2,995.1 million as of March 31, 2018, to EUR 3,314.4 million as of June 30, 2018. Year over year, however, the net financial debt declined somewhat from EUR 3,347.2 million as of June 30, 2017. The simultaneous increase in receivables and decrease in payables as well as

the slight increase in inventories caused the working capital to rise accordingly in the first three months of the current business year. In contrast to the net financial debt, as of June 30, 2018, at EUR 6,763.3 million equity improved substantially yet again not just in a year-over-year comparison (EUR 6,220.8 million as of June 30, 2017),

but also compared to the annual reporting date (EUR 6,554.3 million as of March 31, 2018). As of June 30, 2018, the voestalpine Group had 51,827 employees (FTE), an increase of about 3.6% year over year (50,047 employees). This is 0.4% higher than the number as of the March 31, 2018, reporting date (51,621 employees).

COMPARISON OF THE QUARTERLY FIGURES OF THE voestalpine GROUP

In millions of euros	Q 1 2017/18 04/01-06/30/2017	Q 2 2017/18 07/01-09/30/2017	Q 3 2017/18 10/01-12/31/2017	Q 4 2017/18 01/01-03/31/2018	Q 1 2018/19 04/01-06/30/2018
Revenue	3,251.5	3,050.8	3,158.1	3,437.4	3,469.0
EBITDA	513.8	455.1	436.6	548.6	513.0
EBITDA margin	15.8%	14.9%	13.8%	16.0%	14.8%
EBIT	328.8	255.4	250.4	345.4	323.8
EBIT margin	10.1%	8.4%	7.9%	10.0%	9.3%
Profit before tax	292.4	221.3	223.5	305.3	294.3
Profit after tax	218.4	170.5	167.0	262.0	224.4
Employees (full-time equivalent), end of period	50,047	50,638	50,658	51,621	51,827

Net financial debt can be broken down as follows:

NET FINANCIAL DEBT

In millions of euros	06/30/2017	06/30/2018
Financial liabilities, non-current	3,063.5	2,564.5
Financial liabilities, current	1,119.0	1,426.5
Cash and cash equivalents	-467.9	-298.0
Other financial assets	-343.7	-366.8
Loans and other receivables from financing	-23.7	-11.8
Net financial debt	3,347.2	3,314.4

STEEL DIVISION

QUARTERLY DEVELOPMENT OF THE STEEL DIVISION

In millions of euros	Q 1 2017/18 04/01-06/30/2017	Q 1 2018/19 04/01-06/30/2018	Change in %
Revenue	1,213.3	1,276.4	5.2
EBITDA	227.8	223.9	-1.7
EBITDA margin	18.8%	17.5%	
EBIT	150.2	145.0	-3.5
EBIT margin	12.4%	11.4%	
Employees (full-time equivalent)	10,810	11,111	2.8

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The positive market environment that prevailed in recent quarters continued in the first quarter of 2018/19 with regard to the Steel Division. Hence the demand for high-quality strip steel used in automotive engineering remained as strong as before, and there was no break in the excellent momentum that drove the mechanical engineering, construction, and consumer goods industries in the previous business year. Project activity in the oil and gas sector, which procures primarily highest-quality heavy plate for the construction of deep sea pipelines from the Steel Division, has expanded most recently. Demand for sponge iron (HBI) also remained stable at a high level.

However, the continuation of the advantageous economic climate has not only given the European steel industry a solid volume market, it has also pushed steel imports to a new high. Walling-off the US steel market by means of protectionist tariffs in the name of national security ("Section 232") is the primary driver of this development; it has caused the global export streams to be re-routed particularly towards Europe. The European Commission has reacted to this development by adopting "Safeguard Measures," which lead us to expect that imports will be relaxed, as is already happening.

In the Steel Division, the ongoing stability of the market environment has led to the continuation, for the most part, of the highly pleasing earnings growth in the previous year, even though the division was unable to fully exploit the demand potential in the first quarter of 2018/19, as expected, owing to the overhaul of the largest blast furnace in the Linz, Austria, facility ("blast furnace A"), which started in June 2018 as planned.

This overhaul, the first in 14 years of continuous operation, entails completely renovating the blast furnace's fire-proof interior lining; the associated infrastructure as well as ancillary units will also undergo a comprehensive overhaul in this connection.

The facility will be restarted in early October. The diminished production capacity will have a predictably intense effect on the second quarter of the business year 2018/19, and earnings will be substantially lower than those recorded in the first business quarter, as planned.

FINANCIAL KEY PERFORMANCE INDICATORS

A year-over-year comparison by quarter shows that the division succeeded in keeping its key performance indicators stable despite the initial negative effects from the blast furnace repairs. The Heavy Plate business segment, which is engaged mainly in the energy industry (oil and natural gas pipelines), succeeded in delivering significant increases in both revenue and results in the face of declining volumes thanks to the substantially higher quality of its product mix. Margins in the strip business segment remained stable despite rising raw materials costs. As expected, the limits on production volumes resulting from the overhaul of the blast furnace have already had a negative impact overall on the first quarter of 2018/19.

Nonetheless, the Steel Division succeeded in boosting its revenue year over year from EUR 1,213.3 million in the previous year to EUR 1,276.4 million in the current year, which corresponds to a plus of 5.2%. This increase is due largely to the improvement of the product mix in the Heavy Plate business segment as well as the higher prices for strip steel, both of which more than just offset

the effects from declining volumes. In terms of profits, this could not be achieved to the same extent because of the blast furnace repairs and a planned, three-week maintenance shutdown of the direct reduction plant in Texas. This led to a slight lowering of EBITDA by 1.7% to EUR 223.9 million (previous year: EUR 227.8 million). The EBITDA margin fell from 18.8% to 17.5%. EBIT declined in the same period by 3.5% to EUR 145.0 million (previous year: EUR 150.2 million), and the

EBIT margin dropped slightly to 11.4% (previous year: 12.4%).

As of June 30, 2018, the division had 11,111 employees (FTE), which means that the number of employees rose by 2.8% year over year (10,810 employees) due to high capacity utilization in the Heavy Plate business segment as well as the extensive repairs in both Linz, Austria, and Texas, USA.

HIGH PERFORMANCE METALS DIVISION

QUARTERLY DEVELOPMENT OF THE HIGH PERFORMANCE METALS DIVISION

In millions of euros	Q 1 2017/18 04/01–06/30/2017	Q 1 2018/19 04/01–06/30/2018	Change in %
Revenue	739.3	780.3	5.5
EBITDA	127.4	129.2	1.4
EBITDA margin	17.2%	16.6%	
EBIT	89.6	91.9	2.6
EBIT margin	12.1%	11.8%	
Employees (full-time equivalent)	13,823	14,344	3.8

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The market environment of the High Performance Metals Division in the first quarter of the current business year was positively stable. This enabled the aerospace industry to operate at a high level, as before. In the oil and gas sector, the increase in oil prices led to rising investment activity along with associated effects on orders for sophisticated special materials. Thanks to its innovative own developments, the division also succeeds in gaining market share in this industrial sector. The first quarter of 2018/19 also saw the very first deliveries of products based on additive manufacturing processes (3D printing) to the oil and gas industry. The automotive industry, which is particularly relevant to demand for tool steel, continued the previous year's positive trend at the start of the business year 2018/19. The performance of the consumer goods industry, another strong driver of orders for tool steel, was stable too. The first quarter saw the successful production of the very first components using additive manufacturing processes in toolmaking as well, which re-

quires production processes that are tailored to individual customers' needs.

Regionally speaking, the High Performance Metals Division benefitted from the strong momentum that continues unabated in Europe, its domestic market. So far, not even the Brexit has had any negative effects on orders received in this division. With the exception of the aerospace industry and the oil and gas sector, the economic sentiment in North America, by contrast, was more subdued. The tariffs on steel imports to the United States, which were introduced on June 1, 2018, have led to uncertainty in the market for special steel products. The Company has the—realistic—expectation, among others, that the protectionist policies will have not just positive effects on the long value chains in toolmaking. While the economic environment in Brazil has recovered slightly after several years of recession, at the start of the business year 2018/19 the economy was stuck at a level that is distinctively lower than the one prevailing at the onset of the downturn. Asia's economic climate remained positive overall, although China's current growth rates are weakening a little bit.

In manufacturing, capacity utilization of the key production facilities remained very good thanks to solid demand. The cornerstone for the new special steel plant at the Kapfenberg, Austria, site was laid on April 24, 2018. The Value Added Services business segment—which supplements production and has a global footprint—has focused the entire range of its portfolio on consistently distinguishing itself from the competition, which does not even come close to possessing comparable capabilities. The Performance & Transformation project was launched with the aim of leveraging the potential of digitalization to such an extent that the Company can actively participate in the shaping of substantial technological changes, especially as regards processes. Pursuant to the recently issued court decision in the so-called “special steel cartel” case, which became known in November 2015 due to the investigations the German Federal Cartel Office (*Bundeskartellamt*) had launched at a number of competitors, the voestalpine Group avoided having to pay a fine thanks to the “principal witness” status it was granted.

FINANCIAL KEY PERFORMANCE INDICATORS

At EUR 780.3 million, the revenue of the High Performance Metals Division in the first quarter of 2018/19 surpassed the revenue of EUR 739.3 million in the first quarter of 2017/18 by 5.5%. This increase is due to both higher unit sales—particularly of special materials for the aerospace industry as well as the oil and gas sector—and higher prices overall resulting from higher raw material costs. Earnings also improved slightly year over year. At EUR 129.2 million, the operating result (EBITDA) rose by 1.4% from EUR 127.4 million in the first quarter of 2017/18, causing the EBITDA margin to fall slightly from 17.2% to 16.6% on account of stronger revenue growth. Profit from operations (EBIT) improved in the same period by 2.6%, from EUR 89.6 million to EUR 91.9 million. This caused the EBIT margin to decline from 12.1% to 11.8%.

Due to good utilization of the division’s production capacities, at 14,344 (FTE) the number of employees in the High Performance Metals Division as of June 30, 2018, exceeds the previous year’s level of 13,823 (FTE) by 3.8%.

METAL ENGINEERING DIVISION

QUARTERLY DEVELOPMENT OF THE METAL ENGINEERING DIVISION

In millions of euros	Q 1 2017/18 04/01–06/30/2017	Q 1 2018/19 04/01–06/30/2018	Change in %
Revenue	770.0	799.8	3.9
EBITDA	87.2	98.5	13.0
EBITDA margin	11.3%	12.3%	
EBIT	47.0	56.3	19.8
EBIT margin	6.1%	7.0%	
Employees (full-time equivalent)	13,274	13,577	2.3

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The market conditions in the key customer industries of the Metal Engineering Division continued to present an ambiguous picture at the start of the business year 2018/19. European demand overall in the largest business segment—Railway Systems, which now combines the rails and turnouts product groups including signaling technology since the start of the business year—remained

moderate, but registered a slight uptick. Although it is the leading provider of specialty rail tracks such as ultralong, heat-treated premium grades, the railways product segment, which focuses primarily on Europe, had to participate to some degree in the very intense price wars. The situation in the Turnout Systems segment which, given both its worldwide presence and very good market position, performed much better, is a bit different. While the high-speed railways segment in China

experienced slightly slowing demand in the first quarter of 2018/19 compared with the extraordinarily high demand the previous year due to project delays, the key heavy-haul transports segment in the United States showed some signs of recovering. Solely the market environment in South Africa for the turnout segment remained as challenging as before.

The Wire Technology business segment, which will be able to fully exploit the potential of the new state-of-the-art wire rod mill for the first time this business year, benefitted in the first quarter of 2018/19 particularly from the continued positive environment in its most important customer segment, the automotive industry.

While the upturn in oil and gas exploration activities in the United States continued in the Tubulars business segment, the tubulars manufactured in Austria faced massive disadvantages at the same time owing to the import tariffs ("Section 232") that the US Administration has imposed on European steel imports. voestalpine has filed comprehensive applications for tariff exemptions, which have not yet been decided upon, against the backdrop of the inadequate national capacity coverage of the Oil Country Tubular Goods (OCTG) market in the US.

The Welding Consumables business segment followed a satisfactory trajectory in the first quarter of 2018/19, given strong competitive price pressures. Even though a slight upturn made itself felt recently in both Asia and Europe as well as in the oil and gas sector, efforts to rein in costs in these areas will intensify yet again in the current business year.

FINANCIAL KEY PERFORMANCE INDICATORS

Year over year, the Metal Engineering Division boosted both its revenue and its results. The division posted a revenue increase of 3.9%, from EUR 770.0 million in the first quarter of 2017/18 to EUR 799.8 million in the first quarter of 2018/19. Rising deliveries of rails and seamless tubes as well as generally higher prices resulting from raw materials costs are the main drivers of this revenue growth. The division delivered even greater increases in the individual earnings categories in the same period, but these increases were largely driven by the Wire Technology business segment. While the new rolling mill was still in its start-up phase in the first quarter of 2017/18, the facility has been able to boost its performance incrementally since it became fully operational in October 2017. Despite the imposition of protective tariffs in the United States on imported steel products as of June 1, 2018, the Tubulars business segment managed to improve its profitability, with the result that the operating result overall (EBITDA) of the Metal Engineering Division rose year over year by 13.0%, from EUR 87.2 million (margin of 11.3%) in the first quarter of 2017/18 to EUR 98.5 million (margin of 12.3%) in the first quarter of 2018/19. The increase in the profit from operations (EBIT) was even higher, soaring by 19.8% from EUR 47.0 million to EUR 56.3 million and, in turn, lifting the EBIT margin from 6.1% to 7.0%.

At 13,577, the number of employees (FTE) in the Metal Engineering Division at the end of the first quarter of 2018/19 was 2.3% higher compared to the previous year (13,274).

METAL FORMING DIVISION

QUARTERLY DEVELOPMENT OF THE METAL FORMING DIVISION

In millions of euros	Q 1 2017/18 04/01–06/30/2017	Q 1 2018/19 04/01–06/30/2018	Change in %
Revenue	672.7	748.0	11.2
EBITDA	88.6	84.4	-4.7
EBITDA margin	13.2%	11.3%	
EBIT	61.3	55.7	-9.1
EBIT margin	9.1%	7.5%	
Employees (full-time equivalent)	11,300	11,938	5.6

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The Metal Forming Division succeeded in carrying the previous year's solid development over into the new business year. Demand from European automotive manufacturers (the division's most important customer segment) remained high, and vehicle registrations in the European Union in the first six months of 2018 rose by some 3% yet again from the already impressive previous year's level. At voestalpine's sites outside of Europe, the focus in the past few months was on starting up new facilities, some of which will be fully operational before the current business year is out and thus should have an increasingly positive impact on the results of the Automotive Components business segment.

The Tubes & Sections business segment was also embedded in a largely positive market environment in the first quarter of 2018/19. Demand in the utility vehicles and agricultural machinery industry as well as in the construction and construction machinery industry—all of which are important customer segments—which was characterized by rising orders in the past business year remained mainly stable. Regionally speaking, with the exception of Great Britain (which is increasingly losing its economic momentum due to the negative Brexit vote) our European core markets exhibited stable growth. After several years of recession, the Brazilian economy presented a slightly improved environment for the local sites of the Tubes & Sections business segment. The US market, in turn, exhibited merely moderate order activity that remained volatile as well as distortions caused not least by protectionist tariffs. The signs of overheating, which had affected the Precision Strip business segment in the previous

year, were replaced at the start of the current business year by "merely" solid order activity on customer's part.

The previous years' positive momentum in the Warehouse & Rack Solutions segment continued at the start of the business year 2018/19 as well. Supported by strong e-commerce demand for high-bay warehouses and storage systems, which remains unabated, full utilization of our production capacities is already assured at least up to the end of the current business year.

FINANCIAL KEY PERFORMANCE INDICATORS

The financial indicators of the Metal Forming Division for the first quarter of the business year 2018/19 show a substantial increase in revenue due mainly to the distinctive improvement in the Automotive Components business segment as a result of the continued expansion of its international activities. While the Tubes & Sections business segment also succeeded in lifting its revenue year over year, revenue in the two smaller business segments—Precision Strip and Warehouse & Rack Solutions—dropped slightly in a year-over-year comparison. In sum, the division's revenue rose year over year by 11.2% from EUR 672.7 million in the first quarter of 2017/18 to EUR 748.0 million in the reporting quarter. As far as earnings are concerned, however, the Metal Forming Division posted a slight decline due primarily to the weaker performance of the Tubes & Sections business segment—not least on account of the diminished earnings contribution from the United States as a result of customers' increasingly volatile order activity since protectionist tariffs were introduced. Against this backdrop, the operating result (EBITDA) fell by 4.7% from EUR 88.6 million (margin of 13.2%) in the first quarter of 2017/18

to EUR 84.4 million (margin of 11.3%) in the first quarter of 2018/19. The profit from operations (EBIT) fell in the same period by 9.1% from EUR 61.3 million to EUR 55.7 million, causing the EBIT margin to drop from 9.1% to 7.5%.

As of June 30, 2018, the Metal Forming Division had 11,938 employees (FTE). This equals an increase of 5.6% compared with the previous business year's corresponding reporting date (11,300), largely due to the expansion of the non-European sites in the automotive business segment.

OUTLOOK

In just about every industrial sector and the most important economies, the ongoing strength of the economic environment shaped the first quarter of the business year 2018/19. Nothing should change in this regard in the second quarter either, aside from the usual seasonal effects of summer and the impact on both revenue and results of the blast furnace repairs that are taking place during this period and have already been addressed repeatedly. Instead, considered from our

current position, the growth momentum looks so stable in terms of both breadth and intensity that it seems realistic to assume that the favorable economic climate will continue across the board in the fall, i.e. up until the end of the calendar year 2018. At this time, the protectionist global trade measures of the United States and/or the corresponding retaliatory actions of other countries pose the greatest potential threat to this development.

Besides possible negative effects of these increasing political uncertainties that are still difficult to quantify, both EBITDA and EBIT of the voestalpine Group for the business year 2018/19 on the whole should equate more or less to the previous year's levels. This again on the assumption that all such effects and impact on results due to the current general overhaul of major facilities can be offset by and large through positive effects resulting from improvements in the economic climate of individual sectors (railway infrastructure, oil and natural gas sector) as well as the successful start-up of new major facilities.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 06/30/2018

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

	03/31/2018	06/30/2018
A. Non-current assets		
Property, plant and equipment	6,282.1	6,342.2
Goodwill	1,545.9	1,547.4
Other intangible assets	396.0	392.7
Investments in entities consolidated according to the equity method	118.5	122.1
Other financial assets	51.1	50.2
Deferred tax assets	196.1	206.6
	8,589.7	8,661.2
B. Current assets		
Inventories	3,998.4	3,990.5
Trade and other receivables	1,773.0	1,925.3
Other financial assets	388.1	366.8
Cash and cash equivalents	705.8	298.0
	6,865.3	6,580.6
Total assets	15,455.0	15,241.8

In millions of euros

EQUITY AND LIABILITIES

	03/31/2018	06/30/2018
A. Equity		
Share capital	320.3	320.3
Capital reserves	609.6	605.7
Hybrid capital	497.9	497.9
Retained earnings and other reserves	4,957.9	5,170.4
Equity attributable to equity holders of the parent	6,385.7	6,594.3
Non-controlling interests	168.6	169.0
	6,554.3	6,763.3
B. Non-current liabilities		
Pensions and other employee obligations	1,171.7	1,170.7
Provisions	76.6	76.1
Deferred tax liabilities	107.6	109.8
Financial liabilities	2,783.6	2,564.5
	4,139.5	3,921.1
C. Current liabilities		
Provisions	615.2	560.9
Tax liabilities	183.4	235.7
Financial liabilities	1,315.5	1,426.5
Trade and other payables	2,647.1	2,334.3
	4,761.2	4,557.4
Total equity and liabilities	15,455.0	15,241.8

In millions of euros

CONSOLIDATED STATEMENT OF CASH FLOWS

	04/01- 06/30/2017	04/01- 06/30/2018
Operating activities		
Profit after tax	218.4	224.4
Non-cash expenses and income	195.1	144.7
Change in inventories	-205.0	-87.7
Change in receivables and liabilities	-185.6	-281.8
Change in provisions	-2.2	-2.6
Changes in working capital	-392.8	-372.1
Cash flow from operating activities	20.7	-3.0
Investing activities		
Additions to other intangible assets, property, plant and equipment	-217.9	-299.4
Income from disposals of assets	5.6	2.1
Cash flow from the acquisition of control of subsidiaries	-	5.9
Additions to/divestments of other financial assets	7.5	20.8
Cash flow from investing activities	-204.8	-270.6
Financing activities		
Dividends paid/capital increase non-controlling interests	-8.2	-5.9
Increase in long-term financial liabilities	246.8	2.5
Repayment of long-term financial liabilities	-77.3	-299.8
Repayment of long-term finance lease liabilities	-1.1	-1.1
Change in current financial liabilities and other financial liabilities	-30.5	171.3
Cash flow from financing activities	129.7	-133.0
Net decrease/increase in cash and cash equivalents	-54.4	-406.6
Cash and cash equivalents, beginning of year	503.3	705.8
Net exchange differences	19.0	-1.2
Cash and cash equivalents, end of year	467.9	298.0

In millions of euros

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED INCOME STATEMENT

	04/01– 06/30/2017	04/01– 06/30/2018
Revenue	3,251.5	3,469.0
Cost of sales	-2,467.5	-2,676.7
Gross profit	784.0	792.3
Other operating income	128.8	139.8
Distribution costs	-291.3	-301.9
Administrative expenses	-158.4	-170.8
Other operating expenses	-140.7	-143.2
Share of profit of entities consolidated according to the equity method	6.4	7.6
EBIT	328.8	323.8
Finance income	10.2	13.3
Finance costs	-46.6	-42.8
Profit before tax	292.4	294.3
Tax expense	-74.0	-69.9
Profit after tax	218.4	224.4
Attributable to:		
Equity holders of the parent	207.4	213.9
Non-controlling interests	5.4	4.9
Share planned for hybrid capital owners	5.6	5.6
Basic and diluted earnings per share (euros)	1.18	1.21

In millions of euros

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED OTHER COMPREHENSIVE INCOME

	04/01– 06/30/2017	04/01– 06/30/2018
Profit after tax	218.4	224.4
Items of other comprehensive income that will be reclassified subsequently to profit or loss		
Cash flow hedges	-11.0	-2.0
Currency translation	-63.0	4.1
Share of result of entities consolidated according to the equity method	-1.6	0.1
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss	-75.6	2.2
Items of other comprehensive income that will not be reclassified subsequently to profit or loss		
Actuarial gains/losses	27.8	-2.3
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	27.8	-2.3
Other comprehensive income for the period, net of income tax	-47.8	-0.1
Total comprehensive income for the period	170.6	224.3
Attributable to:		
Equity holders of the parent	162.3	214.5
Non-controlling interests	2.7	4.2
Share planned for hybrid capital owners	5.6	5.6
Total comprehensive income for the period	170.6	224.3

In millions of euros

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Q 1 2017/18			Q 1 2018/19		
	Group	Non-controlling interests	Total	Group	Non-controlling interests	Total
Equity as of March 31	5,892.1	168.2	6,060.3	6,385.7	168.6	6,554.3
Adjustment – initial application IFRS 15				-7.4	-	-7.4
Equity as of April 1, adjusted				6,378.3	168.6	6,546.9
Total comprehensive income for the period	167.9	2.7	170.6	220.1	4.2	224.3
Dividends to shareholders	-	-10.8	-10.8	-	-5.9	-5.9
Tax effect from transactions with hybrid capital owners	1.9	-	1.9	1.9	-	1.9
Share-based payment	-0.2	-	-0.2	-3.9	-	-3.9
Other changes	-1.1	0.1	-1.0	-2.1	2.1	-
Equity as of June 30	6,060.6	160.2	6,220.8	6,594.3	169.0	6,763.3

In millions of euros

voestalpine AG

SELECTED EXPLANATORY NOTES

The accounting policies are principally unchanged from the Consolidated Financial Statements for the business year 2017/18, with the exception of IFRS 9 and IFRS 15. The initial application of IFRS 9 as of April 1, 2018, does not have any material effects. IFRS 15 was applied in modified retrospective manner as of April 1, 2018; the previous year's figures were not adjusted therefore. The changes in the Consolidated Statement of Cash Flows concern the figures that were adjusted as of April 1, 2018, pursuant to IFRS 15. For further details, please see the Consolidated Financial Statements 2017/18.

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 2018/19 were as follows:

	Full consolidation	Equity method
As of April 1, 2018	280	9
Acquisitions		
Change in consolidation method		
Additions	2	
Disposals		
Reorganizations		
Divestments or disposals		
As of June 30, 2018	282	9
Of which foreign companies	224	4

The following entities are being included in the Interim Consolidated Financial Statements for the first time in the first quarter of the business year 2018/19:

Name of entity	Interest in %
Full consolidation	
voestalpine HR Services GmbH	100.000%
VOEST-ALPINE TUBULAR CORP.	100.000%

The additions to the scope of Consolidated Financial Statements of fully consolidated entities include the consolidation of two entities not previously included in the scope of the Consolidated Financial Statements.

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

The slightly negative performance of the pension fund during the current business year resulted in an actuarial loss recognized in the other comprehensive income.

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