



Welcome!

23rd Annual General Meeting of voestalpine AG
Linz, July 1, 2015

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23rd Annual General Meeting of voestalpine AG

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Agenda item 1

Presentation

- of the adopted Annual Financial Statements of voestalpine AG,
- of the Management Report, which has been combined with the Consolidated Management Report,
- of the recommendation for appropriation of net profit,
- of the Consolidated Annual Financial Statements,
- of the Corporate Governance Report, and
- of the Report of the Supervisory Board



Business year 2014/15 of the voestalpine Group

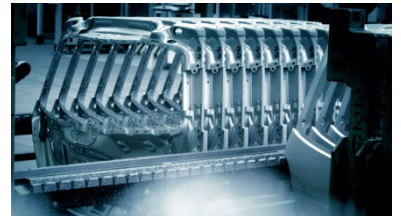
23rd Annual General Meeting of voestalpine AG

Business environment, highlights

Business year 2014/15

Economic environment

- **Global economic development uneven**
 - **Europe (euro zone):** overall volatile and subdued development, moderate economic revival in the last quarter (“quantitative easing” by ECB, EU investment offensive)
 - **North America:** continuing growth; consolidation phase in early 2015
 - **China:** high growth rates at stable level (+7%)
 - **Brazil and Russia:** between stagnation and recession
- Deflationary **raw materials prices** (ore, oil); shifts in **rates of exchange** (esp. US dollar vs. euro)



Business year 2014/15

voestalpine Group – Highlights (1)

- Despite negative price trends (iron ore, oil), revenue slightly up to EUR 11.2 billion
- EBITDA rose to EUR 1.53 billion (+11.4%), EBIT increased to EUR 886 million (+12.4%)
- Positive non-recurring effects (EBITDA EUR 61.9 million, EBIT EUR 45.2 million)
- Profit before tax and profit for the period rose disproportionately from EUR 641 million to EUR 741 million and EUR 503 million to EUR 594 million respectively
- Gearing ratio at 58.4% higher than previous year (46%) → special effects in statement of financial position
- Proposed dividend: EUR 1.00 per share (previous year: EUR 0.95)

Figures for business year 2013/14 retroactively adjusted.

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Business year 2014/15

voestalpine Group – Highlights (2)

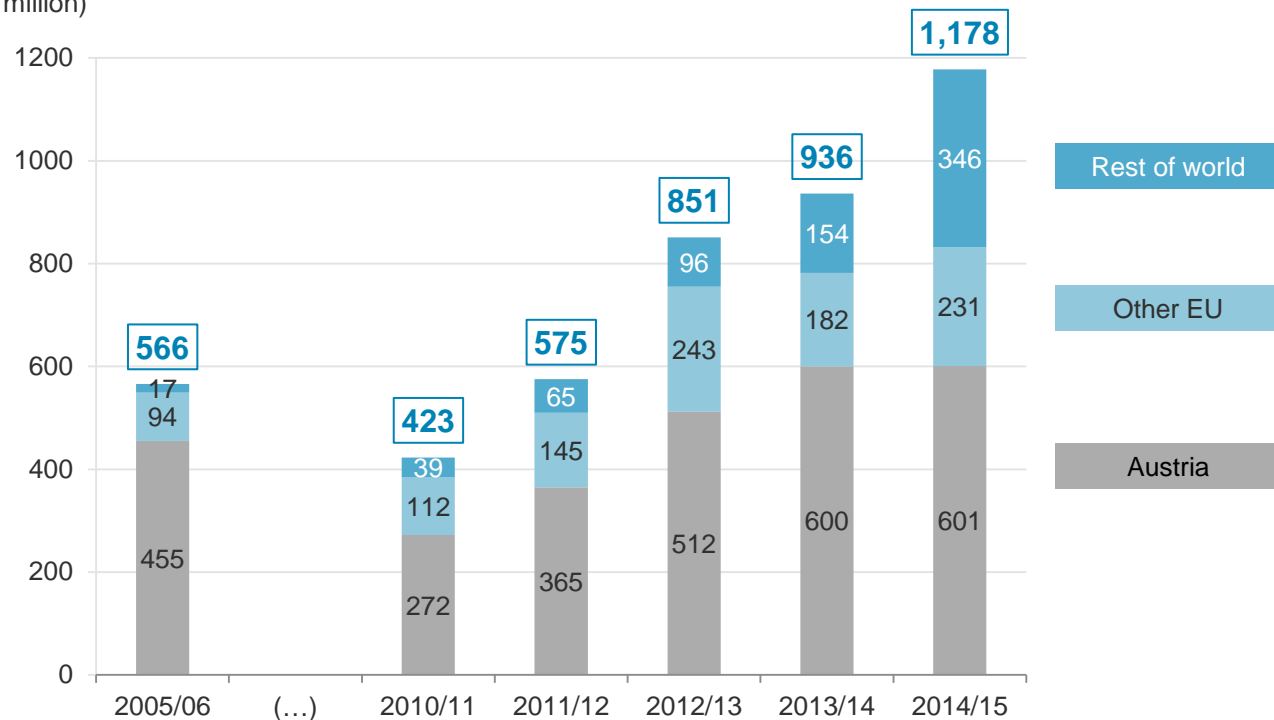
- Efficiency improvement and cost optimization program shows first effects on earnings
- Employment stable at high level:
 - More than 52% of core staff outside of Austria
 - At around 23,000 employees, employment record in Austria
- Direct reduction plant in Texas to 60% completed; largest ever Austrian foreign investment in the USA
- Investment at record high:
 - Increase from EUR 936 million to nearly EUR 1.2 billion
 - For the first time, approx. 50% of investments outside of Austria



voestalpine Group: Development of investments

(in EUR million)

∑ of the past 10 years: EUR 11 billion



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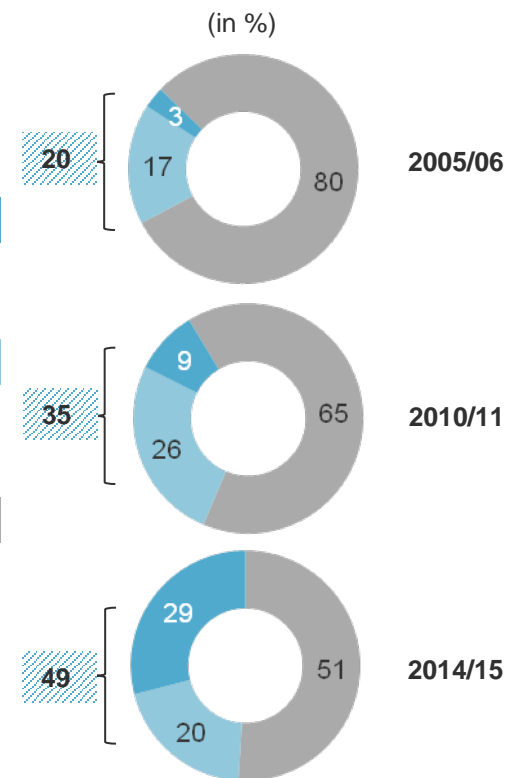
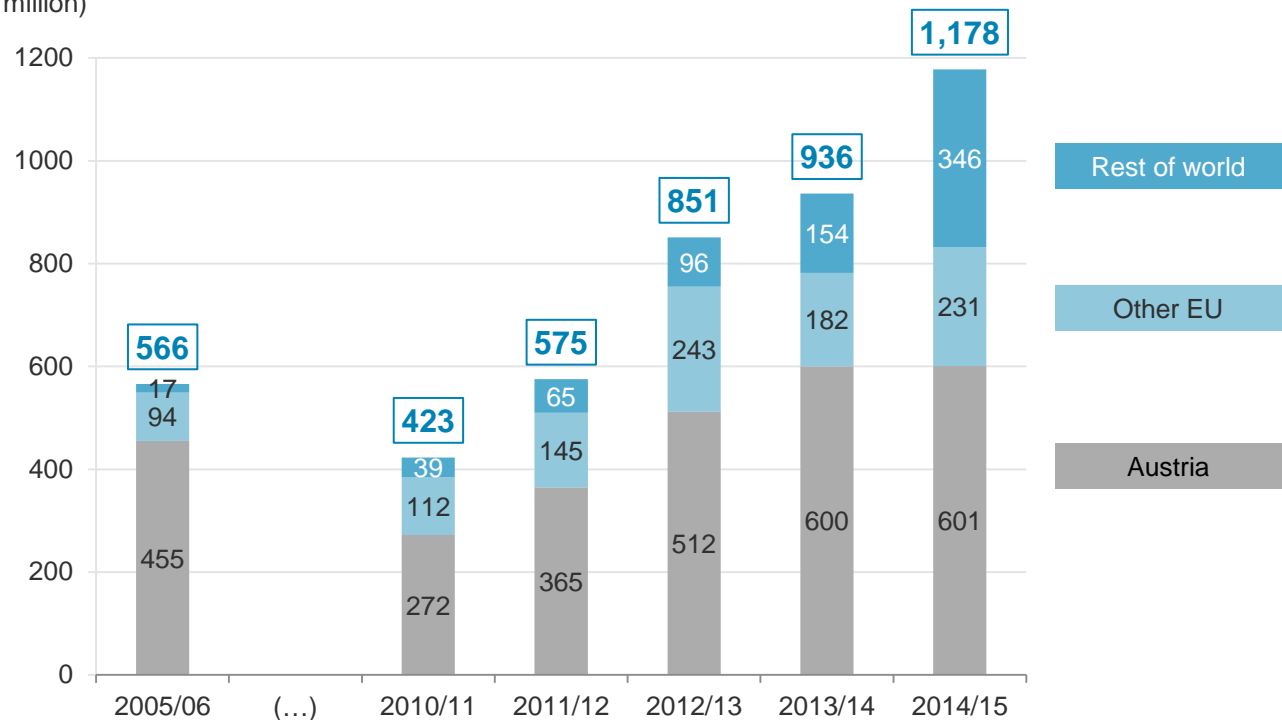
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voestalpine Group: Development of investments

(in EUR million)

Σ of the past 10 years: EUR 11 billion



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Overview of key figures

voestalpine Group

Development of key figures

* Figures retroactively adjusted

		2013/14*	2014/15	Change (%)
Revenue	EUR million	11,077.2	11,189.5	+1.0

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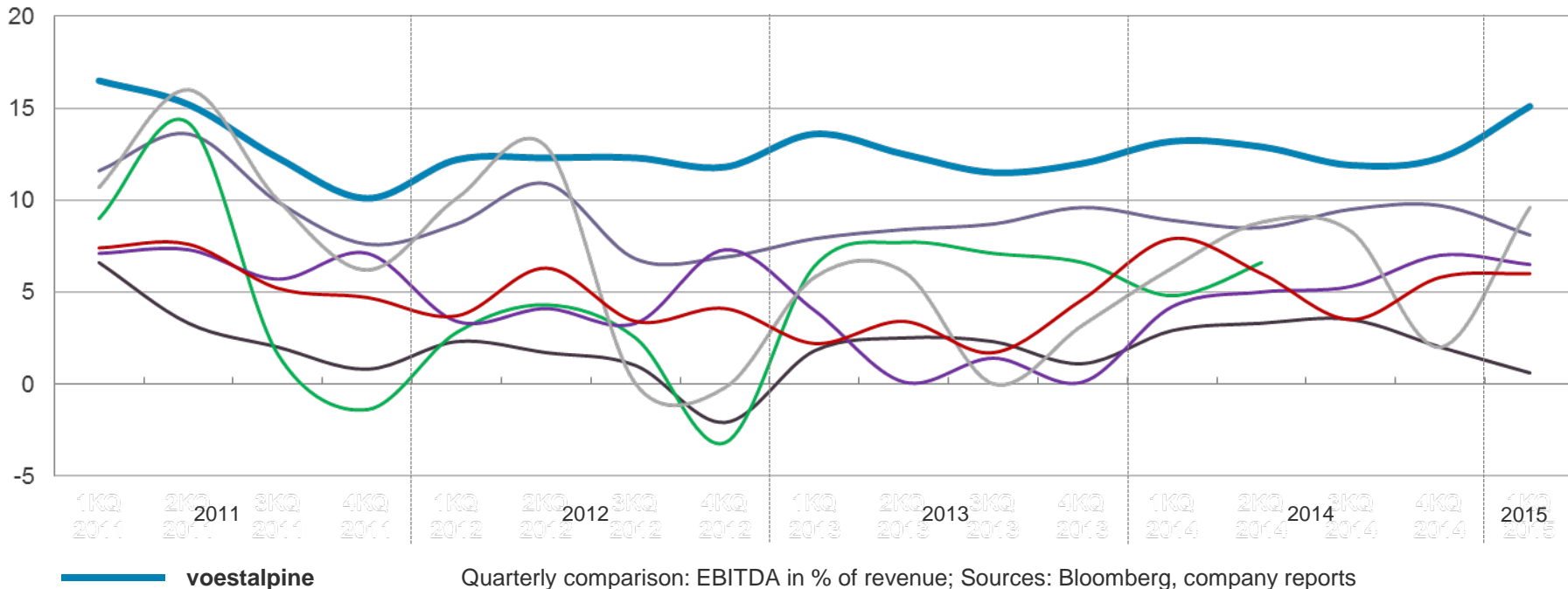
Development of key figures

* Figures retroactively adjusted

		2013/14*	2014/15	Change (%)
Revenue	EUR million	11,077.2	11,189.5	+1.0
Operating result (EBITDA)	EUR million	1,374.0	1,530.2	+11.4
EBITDA margin	%	12.4	13.7	

voestalpine vs. European steel industry

Development of EBITDA margin



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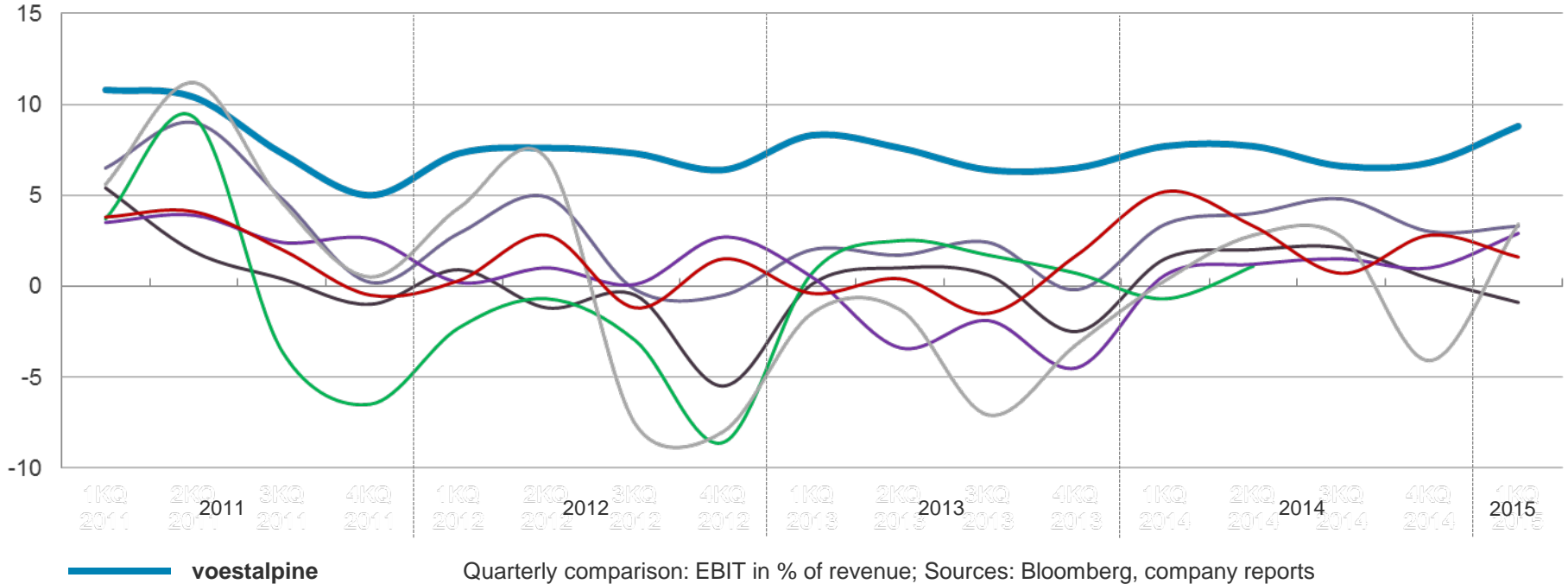
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Profit from operations (EBIT)	EUR million	788.4	886.3	+12.4
EBIT margin	%	7.1	7.9	

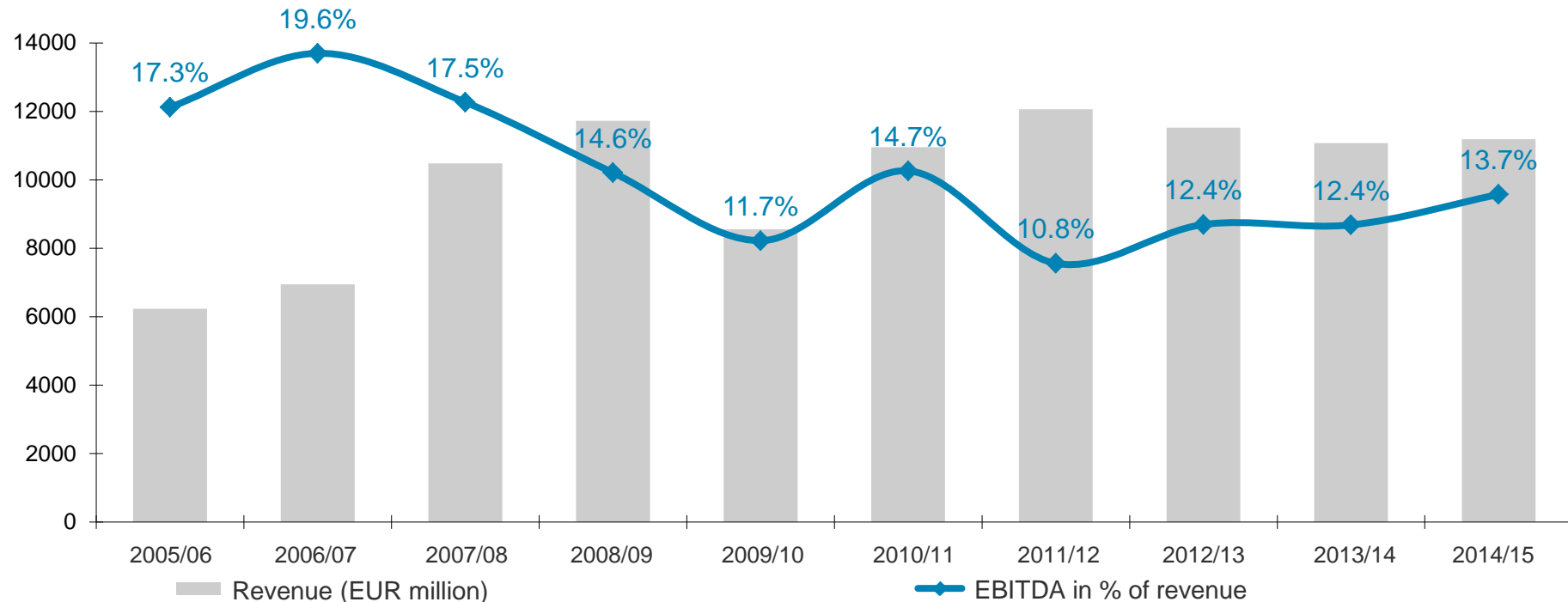
voestalpine vs. European steel industry

Development of EBIT margin



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Long-term comparison of EBIT/EBITDA margins



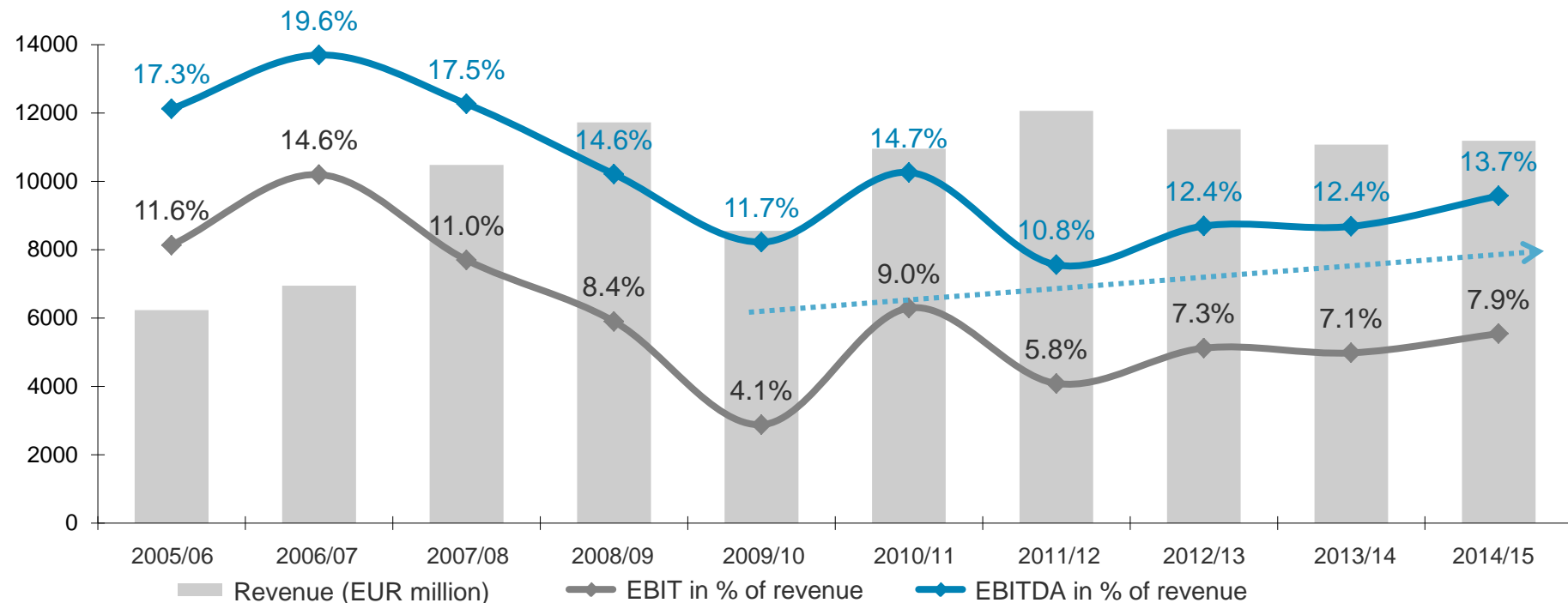
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Long-term comparison of EBIT/EBITDA margins



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Development of key figures

* Figures retroactively adjusted
** Before deduction of non-controlling interests and interest on hybrid capital

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Profit from operations (EBIT)	EUR million	788.4	886.3	+12.4
EBIT margin	%	7.1	7.9	
Profit before tax (EBT)	EUR million	640.8	740.9	+15.6
Profit for the period **	EUR million	503.4	594.2	+18.0

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Development of key figures

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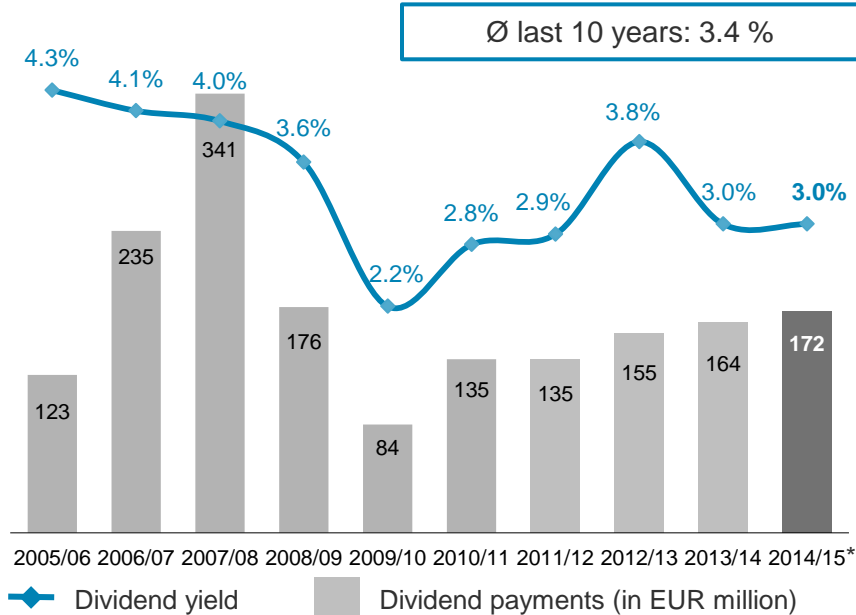
** Proposal to the AGM

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Profit for the period	EUR million	503.4	594.2	+18.0
Earnings per share (EPS)	EUR	2.59	3.11	+20.1
Dividend per share**	EUR	0.95	1.00	+5.3

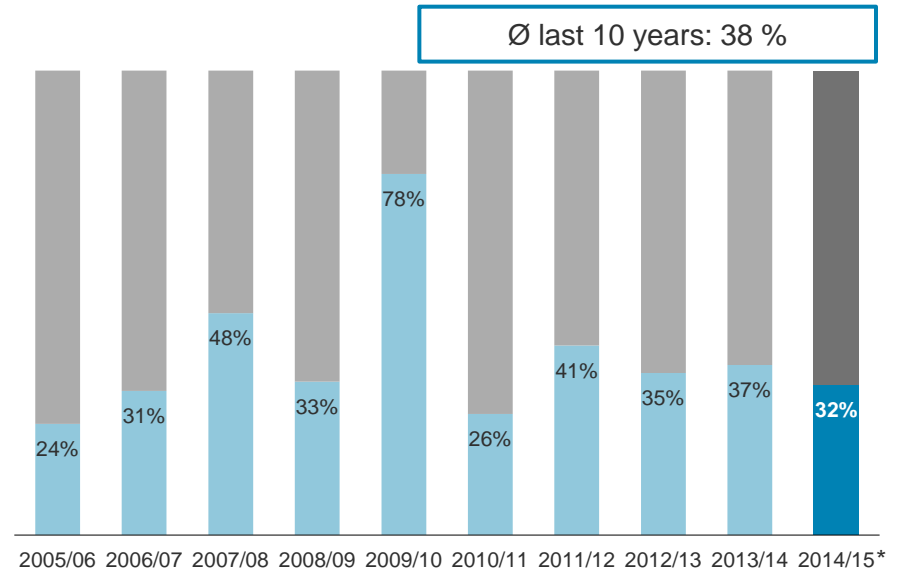
voestalpine AG: Dividend

* Proposal to the AGM

Dividend yield



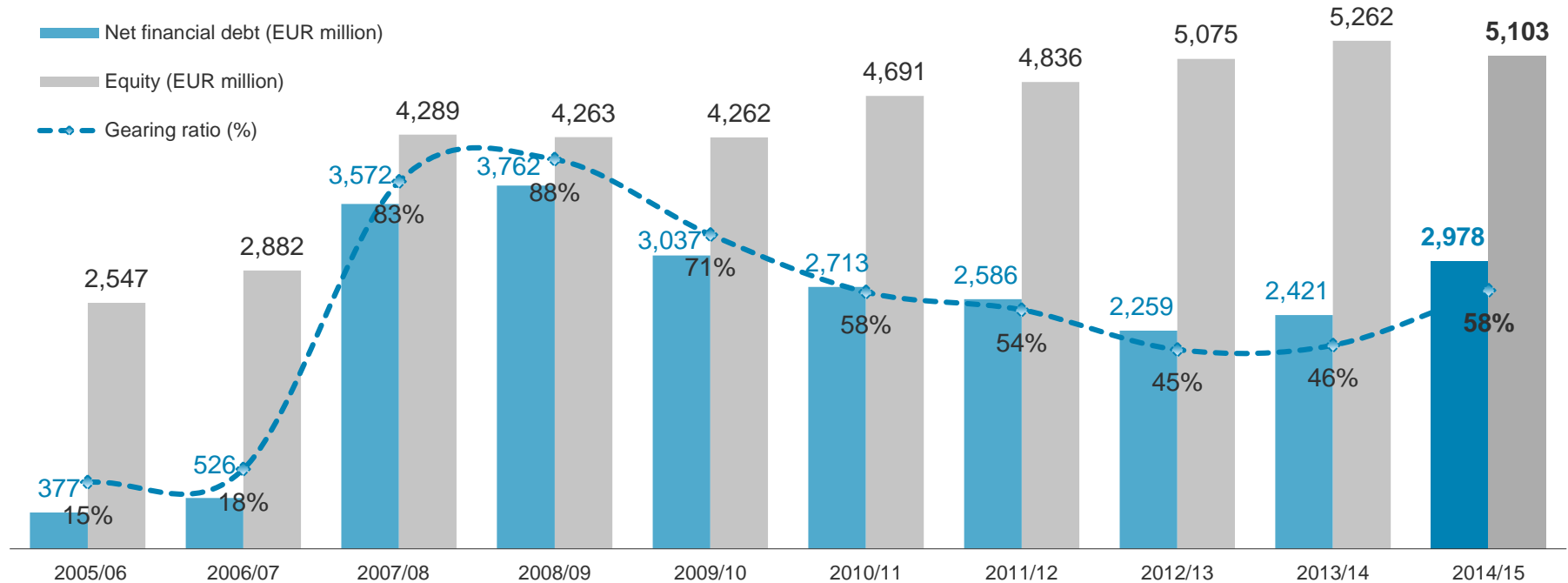
Distribution ratio



Continuous dividend payments since IPO in 1995 – total: EUR 2.2 billion

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Development of gearing ratio



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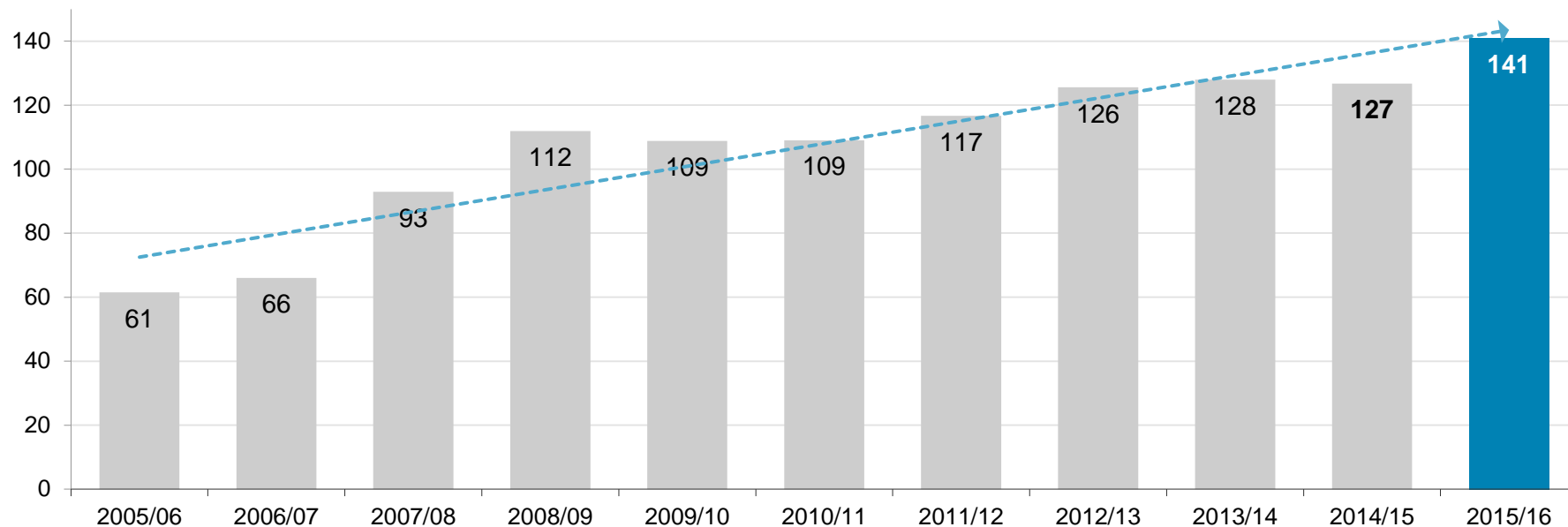
R&D expenses

(in EUR million)

■ R&D expenses

■ R&D budget

Ø annual increase in the last 10 years: 8.5%



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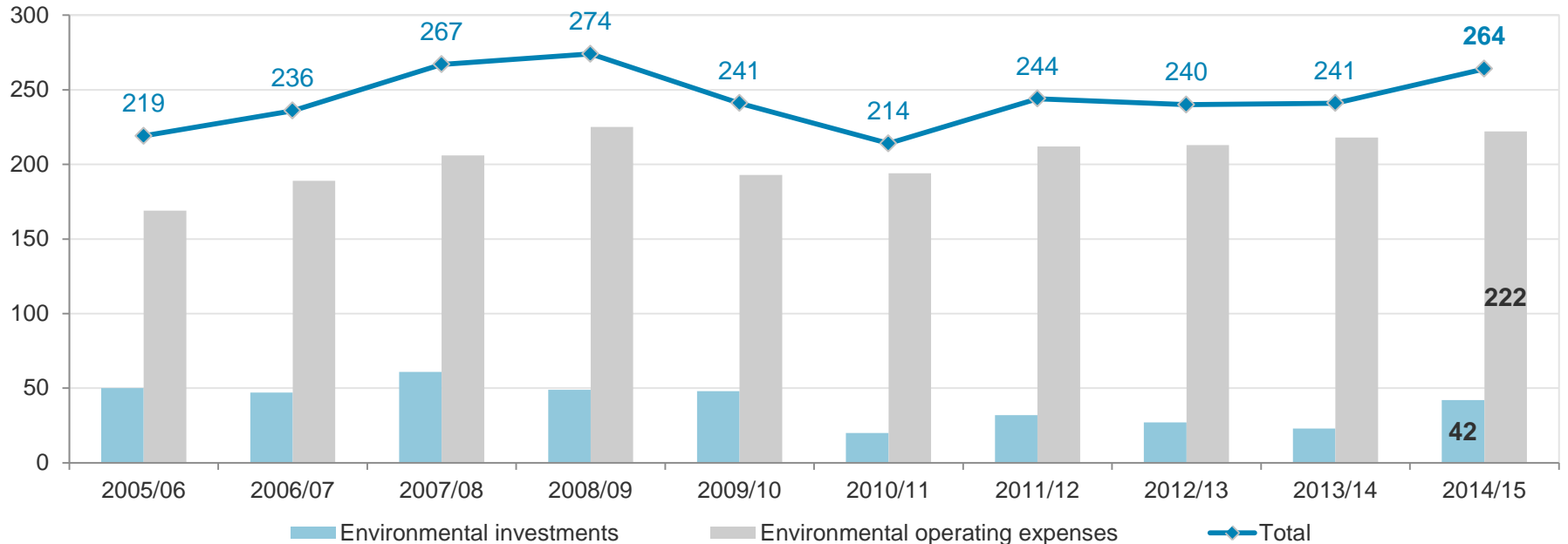
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Environmental expenses

(in EUR million; based on Austrian Group locations)

Σ in the last 10 years: ~ **EUR 2.5 bn**



Overview of divisions

Business year 2014/15

Key figures of the divisions

	Steel	Special Steel	Metal Engineering	Metal Forming	Group
Revenue (EUR million)	3,873.9	2,777.4	2,593.0	2,335.2	11,189.5
Share of Group revenue (%)	34	24	22	20	

Business year 2014/15

Key figures of the divisions

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Revenue (EUR million)	3,873.9	2,777.4	2,593.0	2,335.2	11,189.5
Share of Group revenue (%)	34	24	22	20	
EBITDA (EUR million)	450.3	407.0	419.8	331.3	1.530.2
EBITDA margin (%)	11.6	14.7	16.2	14.2	13.7

Business year 2014/15

Key figures of the divisions

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EBITDA (EUR million)	450.3	407.0	419.8	331.3	1,530.2
EBITDA margin (%)	11.6	14.7	16.2	14.2	13.7
EBIT (EUR million)	208.0	253.7	292.1	220.7	886.3
EBIT margin (%)	5.4	9.1	11.3	9.5	7.9

Business year 2014/15

Key figures of the divisions

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Revenue (EUR million)	3,873.9	2,777.4	2,593.0	2,335.2	11,189.5
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EBITDA margin (%)	11.6	14.7	16.2	14.2	13.7
EBIT (EUR million)	208.0	253.7	292.1	220.7	886.3
EBIT margin (%)	5.4	9.1	11.3	9.5	7.9
Employees (FTE)	11,103	13,490	11,685	10,328	47,418

Business year 2014/15

Steel Division – Highlights



- Market environment continues to be difficult
- Massive overcapacity and concurrently, falling raw materials prices → continuing price pressure on commodities
- Slight pick-up in demand beginning in last quarter of business year
- voestalpine:
 - Stable, good level of demand from all important customer industries
 - Record production and delivery volumes
 - Steel Division continues to be profitability benchmark for the steel industry in the EU
 - Investments 61% above previous year's figure – focus on direct reduction plant in the USA

Project in Texas on schedule

Absolute environmental benchmark

■ Construction

- Completion by the **end of 2015**
- Currently, **1,300 construction workers**
- 137-meter-high **reduction tower** 2/3 completed, loading port completed

■ Customers

- **80%** of sales volume already contractually **fixed**

■ Suppliers

- Full supply of **pre-material** (iron ore pellets) **ensured**

■ Environment

- **Zero waste** due to recycling of iron dust and iron slurry
- **Maximum raw material efficiency** by pressing dust into briquettes
- **Closed water piping system**



Business year 2014/15

Special Steel Division



- Regionally inconsistent, but overall improved market environment
 - Subdued development in Europe
 - USA and China continue to be dynamic
 - Automotive and consumer goods segments drive solid demand for tool steel; strong development in the aerospace industry
- Energy: power plant construction (esp. in Europe) continues to be weak; situation in oil and natural gas exploration still satisfactory in 2014
- Continuing expansion of global market leadership due to value-added strategy in technologically sophisticated product segments

Business year 2014/15

Metal Engineering Division



- Again **robust performance with regard to operating results and earnings** in all business segments **due to strong demand** in the most important customer industries
 - High **demand for rails**, primarily for **European railway infrastructure projects**
 - **Turnout technology** maintains high momentum worldwide
 - Solid business performance in the **Wire** segment (automobile industry)
 - No major consequences of the low oil price on the **seamless tube segment** in 2014
 - Stable development in the **Welding Consumables** (welding technology) business segment

Business year 2014/15

Metal Forming Division



- Successful start-up of operations at **new production sites** in China, South Africa, and the USA; **further expansion** is being implemented (“phs-ultraform[®]“)
- Divestment of Flamco and Plastics Group results in **portfolio optimization**
- Development of **individual business segments**:
 - Strong performance in the **Automotive Body Parts** segment
 - Inconsistent market environment for **Tubes & Sections**; aerospace industry is strong, construction industry shows only tentative recovery; commercial vehicles segment continues to be weak
 - **Precision Strip** segment holds its own against new capacities in Asia
 - **Warehouse & Rack Solutions** segment demonstrates very strong performance

Climate and energy

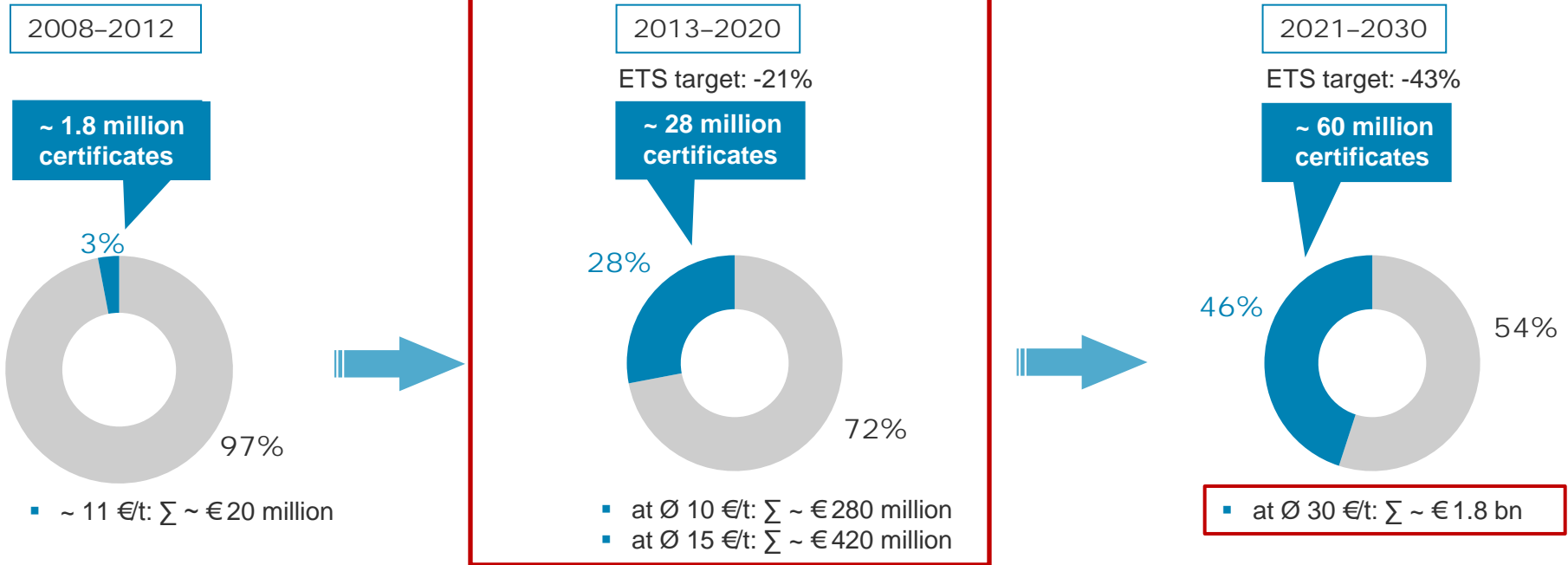
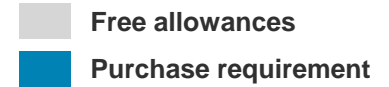
Climate and energy

Current developments

- **Intervention in the current emissions trading scheme resolved starting already in 2019**
 - Increase of CO₂ price by marked and permanent reduction of emission trading certificates already prior to 2020
- **Reform of EU emissions trading (for the period from 2021 to 2030)**
 - Will protective measures for the most environmentally friendly companies also be defined or only the burdens?
 - Recently, negative indications from the Commission (benchmark allocation and carbon leakage measures insufficient and clearly contradictory to guidelines set forth by the Council)
- **UN Climate Conference in Paris, November 30 – December 11, 2015**
 - Uniform and binding global regulations or continued unilateral pioneering role of the EU?
- **EU energy union**
 - Affordable and available energy through coordinated EU policies or a patchwork of national regulations?

CO₂ emissions trading

Effects on voestalpine Group

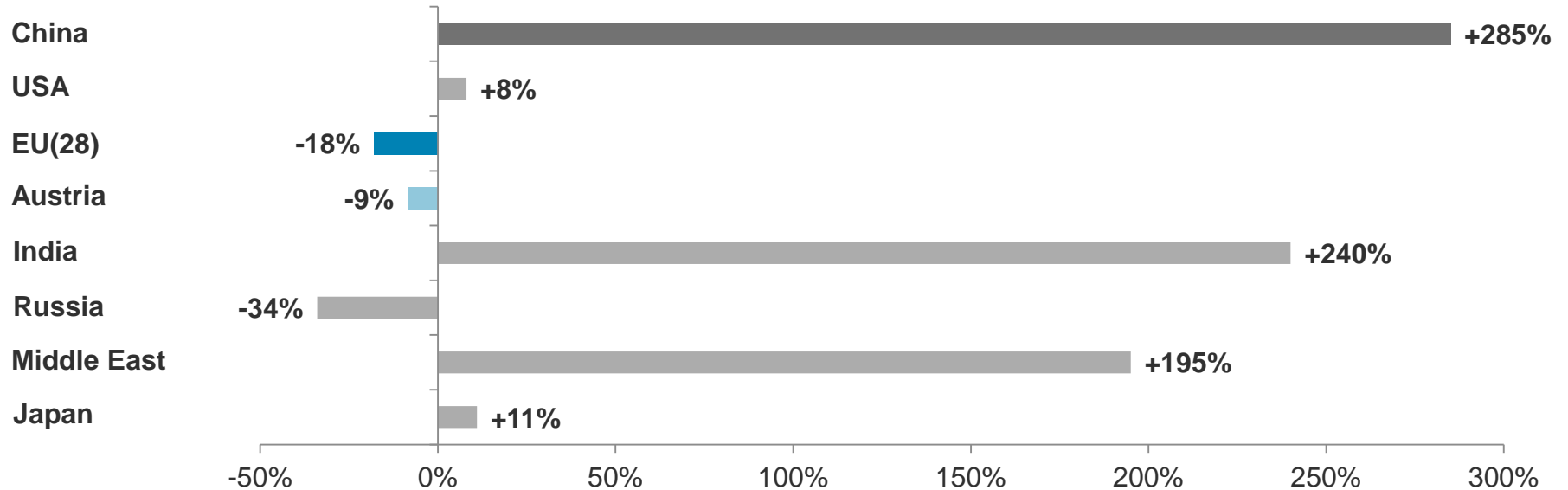


Basis: voestalpine's CO₂ emissions/real emissions and forecasts at current carbon leakage protection levels

CO₂ emissions by regions

Development 1990 – 2013

Sources: WV Stahl, United Nations Statistics Division
(Millennium Development Goals Indicators)



voestalpine Group: Outlook 2015/16

- **North America:** solid growth aside from seasonal fluctuation
- **China/Southeast Asia:** unchanged, stable development (with the exception of commodities)
- **India:** increasing revival of economy
- **Brazil, Russia:** continuing economic problems cannot be solved in the short term
- **EU:** trend reversal in the “crisis countries”; weak euro and economic measures by EU Commission and ECB stimulate economic development in 2015; effects of situation in Greece??
- **Oil price development:** negative, direct impact on oil and natural gas sectors, but positive for broad-based consumer behavior
- **Automobile and mechanical engineering sectors, railway infrastructure, aerospace industry:** strong development



Expectation 2015/16: further improvement of EBITDA and EBIT



Business year 2014/15 of the voestalpine Group

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