

## voestalpine gets a significant boost in earnings in the 1st half of 2015/16

- Revenue up by 4.1% from EUR 5.6 billion to EUR 5.8 billion
- Earnings impacted by both positive non-recurring effects and increase in operating result
- Operating result (EBITDA) rises by 17.9% from EUR 757 million to EUR 892 million (excluding non-recurring effects, going from EUR 690 million to EUR 755 million, a plus of 9.3%); EBITDA margin is 15.4%; at 13%, the adjusted EBITDA margin is also a clear gain over the previous year's figure of 12.4%
- Profit from operations (EBIT) climbs by 29.4% from EUR 445 million to EUR 575 million (excluding non-recurring effects, going from EUR 400 million to EUR 450 million, a plus of 12.7%); EBIT margin is 9.9%; the adjusted EBIT margin is also up from 7.2% to 7.8%
- At EUR 506 million, profit before tax is 29.1% higher than in the previous year (excluding non-recurring effects: EUR 381 million, +9.8%); profit for the period goes up by 33.3% to EUR 421 million (excluding non-recurring effects: EUR 290 million, +6.6%)
- At 57.2%, gearing ratio improves despite the recent distribution of dividends
- Construction of the direct reduction plant in Texas has almost reached the final phase
- At 48,719 as of the end of the first half of 2015/16, the workforce reaches a record high

In the first half of the business year 2015/16 (April 1 to September 30), the voestalpine Group continued its successful performance despite an economic environment that – viewed globally – is inconsistent. In a year-to-year comparison, it increased its revenue by 4.1% from EUR 5.6 billion to EUR 5.8 billion. “The first six months of the business year have been quite gratifying,” stated Wolfgang Eder, CEO and Chairman of the Management Board of voestalpine AG. “Individual major contracts and strategic steps in the internationalization process with acquisitions and new plants, particularly in the USA and Asia, have once again improved our product mix in the high-tech segment, contributing significantly to an earnings trend that is all in all very satisfactory.”

This trend is the result of both a rise in sales resulting from operational activities in individual divisions and revenue contributions stemming from acquisitions undertaken by the Metal Engineering Division in the second half of 2014/15 (Trafilerie Industriali S.p.A., Italy, and Bathurst Rail Fabrication Centre, BRFC, Australia). Furthermore, the companies voestalpine Tubulars GmbH & Co KG, Austria, and CNTT Chinese New Turnout Technologies, Ltd., China, which also belong to this division, went from consolidation at equity to full consolidation for the first time in the current business year. Divestments undertaken in the previous year by the Metal Forming Division (sale of the Flamco Group and the plastics companies, both in Holland, and Rotec AB, Sweden) had a negative impact on revenue in the business year 2015/16.

## Significant improvement in all reporting categories

Taking all non-recurring effects into account, the voestalpine Group generated an operating result (EBITDA) in the first half of 2015/16 of EUR 892 million; this is an increase of 17.9% compared to the previous year's figure of EUR 757 million. Even adjusted for the non-recurring effects, there is a gain of 9.3% to EUR 755 million. The adjusted EBITDA margin improved from 12.4% to 13.0%. At EUR 575 million, profit from operations (EBIT) also rose substantially by 29.4% compared to EUR 445 million in the previous year (adjusted for the non-recurring effects, EUR 450 million, +12.7%). The adjusted EBIT margin rose from 7.2% to 7.8%. With the exception of the Metal Engineering Division, which was most severely affected by the negative results of the decline in the oil/natural gas sector, all of the divisions reported a higher EBIT margin after exclusion of the non-recurring effects.

At EUR 506 million, profit before tax in the first half of 2015/16 rose by 29.1% compared to the previous year (EUR 392 million). Profit before tax includes non-recurring effects amounting to EUR 125.2 million (previous year: EUR 45.2 million). Even adjusted by these non-recurring effects (EUR 381 million), this figure is still 9.8% higher than the previous year's figure. Profit for the period rose by about one third from EUR 316 million to EUR 421 million. Due to the specific tax treatment of these non-recurring effects, in the first half of 2015/16, they contain extraordinary amounts of EUR 130.4 million (previous year: EUR 43.4 million), resulting in an adjusted profit for the period of EUR 290 million (previous year: EUR 272 million, +6.6%).

Equity increased by 11.7% in a year-to-year comparison to EUR 5.5 billion. In addition to the solid earnings trend in recent quarters, changes in consolidation (from equity to full consolidation) as of April 1, 2015 also contributed to the rise in equity. Another positive effect in the first half of 2015/16 was the capital increase of 1.45% of share capital slated to be used for the continuing development of the employee shareholding program. For 15 years, this program has been viewed throughout Europe as a unique and successful model that makes the voestalpine employees the second largest shareholder of the Group. This increase boosted equity by another EUR 85.3 million. Compared to the reporting date in the business year 2014/15 (March 31, 2015), equity rose by 8% from EUR 5.1 billion to EUR 5.5 billion.

Net financial debt increased by 8.8% in a year-to-year comparison, going from EUR 2.9 billion to EUR 3.2 billion. Compared to the reporting date of March 31, 2015 (EUR 3 billion), net financial debt rose by 5.9%. This increase compared to the prior reporting date is due to the Group's considerable investment activity in the current business year and the payment of dividends in the second quarter of 2015/16. The gearing ratio (net financial debt in percent of equity) improved from 58.8% as of the end of September 2014 to currently 57.2% (as of March 31, 2015, it was at 58.4%). With 48,719 employees (FTE) as of September 30, 2015, a plus of 2.8%, the workforce of the voestalpine Group is at a record high.

## Consistent internationalization is a success factor

The Group's accelerated internationalization strategy was a not insignificant factor in the positive business performance in the last six months. In addition to the commissioning of new plants, for example, most recently in the automotive sector in Shenyang, China, construction of the direct reduction plant in Corpus Christi, USA – the largest ever foreign investment made by voestalpine in its history – continues to be on schedule. It is just a few months away from the run-up phase. "The project is now 80 percent complete, and we can see the light at the end of the tunnel," stated Wolfgang Eder.

### Outlook for the current business year 2015/16

The first half of the business year 2015/16 was marked by a relatively stable development for the voestalpine Group. In the course of the summer, however, the global weakness in the energy sector (oil and natural gas) became increasingly evident. Concurrently, steel prices on European spot markets deteriorated dramatically due to the longstanding weakness of the European construction sector and the massive increase in the imports of steel commodities – primarily from China – at a time when Europe is struggling with considerable overcapacity. Up to now, voestalpine has only been marginally affected by this development due to its focus on premium products in both the energy and steel sectors and was able to largely compensate it by concentrating on other industrial segments and economic regions. This strategy will now become more difficult in the second half of the business year, despite the overall slight upward trend in Europe and a largely stable economic development in North America, as very little demand to speak of can be expected from other global regions.

“Against this backdrop and from today’s vantage point, a softening of the earnings trend is looming for the third and fourth quarters of the current business year compared to the first half of the year,” Eder says. “While the operating result (EBITDA) and profit from operations (EBIT) for the year as a whole are still expected to be higher than the previous year’s figures (including non-recurring effects and changes in consolidation), the adjusted figures will be lower than those of the previous year in view of the increasingly challenging market environment,” he adds.

### The voestalpine Group

The voestalpine Group is a steel-based technology and capital goods group that operates worldwide. With around 500 Group companies and locations in more than 50 countries and on all five continents, the Group has been listed on the Vienna Stock Exchange since 1995. With its top-quality products, the Group is one of the leading partners to the automotive and consumer goods industries in Europe and to the 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 2014/15, the voestalpine Group reported revenue of EUR 11.2 billion and an operating result (EBITDA) of EUR 1.5 billion; it had around 47,500 employees worldwide.

### Please direct your inquiries to

voestalpine AG  
Peter Felsbach  
Head of Group Communications | Spokesman

voestalpine-Strasse 1  
4020 Linz  
Phone: +43/50304/15-2090  
peter.felsbach@voestalpine.com  
www.voestalpine.com