



1st Half 2014/15

Press Conference, November 5, 2014
Welcome!

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Business model (I)

- High-tech steel as the basis – also processing of other materials (titanium, aluminum, ...)
- Consistent "downstream strategy" → technology and capital goods group (two thirds of revenue)
- Combination of top metallurgical know-how and leading processing expertise
→ new technological solutions and innovative products
- Global market, quality, and technology leadership in the core business segments



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Business model (2)

- Focus: markets with highest **technology and quality demands** → **mobility and energy** (62% of revenue)
- **Long-term R&D partnerships** with customers and scientific partners as the **key to innovation**
- Industry benchmark in Europe for **environmental standards, resource efficiency and earnings**

500 Group companies and sites - 50 countries - 5 continents





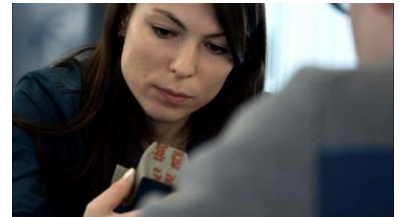
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Results and Highlights 1st Half 2014/15

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1st Half 2014/15 - Highlights

- Revenue at EUR 5.6 billion only slightly below previous year (-1.5%)
- EBITDA rose to EUR 757 million (+11.2%), EBIT to EUR 445 million (+ 12.2%)
- EBITDA positively influenced by non-recurring effects of EUR 67 million, EBIT of EUR 45 million (→ sale of Flamco/Plastics)
- Profit before tax increased from EUR 312 million to EUR 392 million (+ 25.5%) and for the period from EUR 238 million to EUR 324 million (+ 35.9%)
- Also after adjustment for non-recurring effects: profit before tax increased by 11%, profit for the period by 17.7%
- Gearing ratio increased from 47% to 59% due to calling of hybrid bond 2007 (EUR 500 million)
- Start of construction for the direct reduction plant in Texas in July



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1st Half 2014/15 - Market Environment

- **Inconsistent global economic trend**
 - Growth in Europe (eurozone) loses momentum over the H1 2014/15
 - Stable growth in the USA – driver of global economic growth
 - China stable with 7% growth course
 - Brazil and Russia with continued slow development
- voestalpine Group business performance stable in a volatile environment



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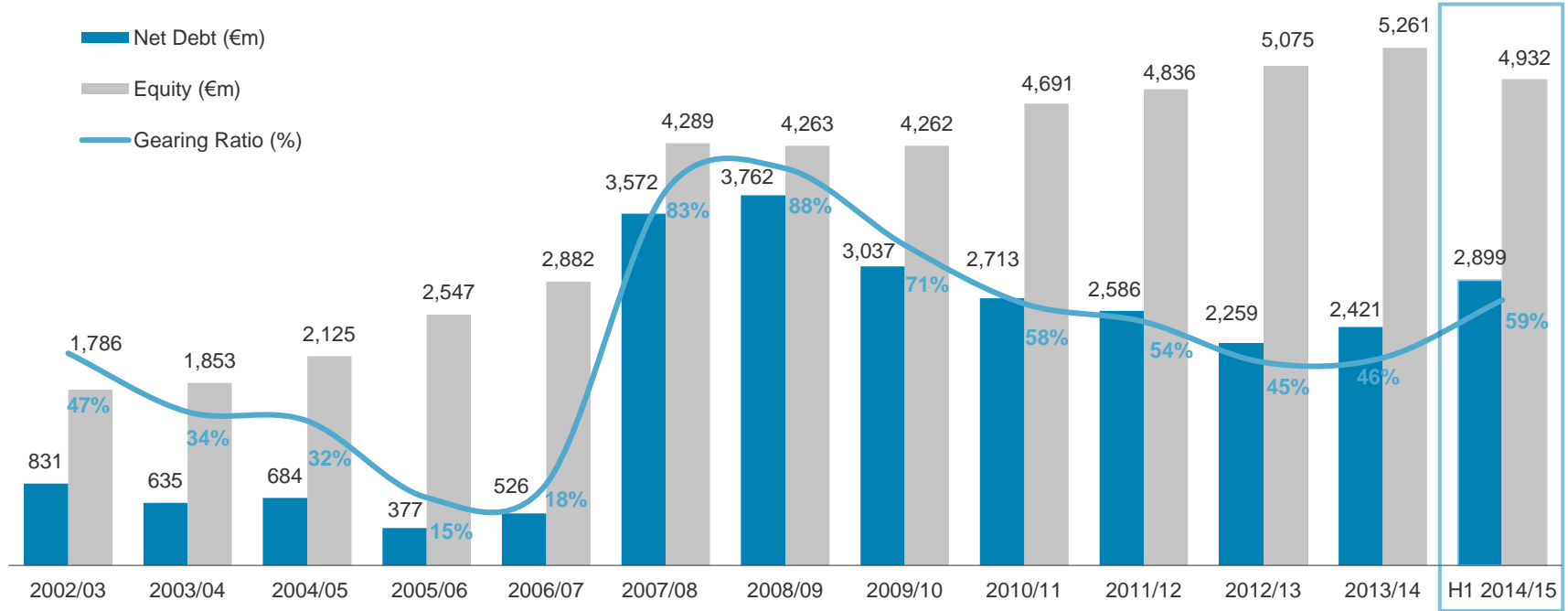
Overview of key figures

(values rounded)

In millions of euros	BY 2013/14	H1 2013/14	H1 2014/15	Change (in %)	Adjusted H1 2014/15
Revenue	11,228	5,643	5,561	-1.5	5,561
Operating result (EBITDA)	1,383	680	757	11.2	690
EBITDA margin (%)	12.3	12.1	13.6		12.4
Profit from operations (EBIT)	792	396	445	12.2	400
EBIT margin (%)	7.1	7.0	8.0		7.2
Profit before tax (EBT)	656	312	392	25.5	347
Profit for the period	523	238	324	35.9	281
Gearing ratio (%)	45.8	46.8	58.8		
Employees (full-time equivalent)	48,113	47,126	47,379	0.5	

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Gearing ratio





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Position: **EU climate and energy policies 2030**

EU climate and energy policies 2030

Goals

- Reduction of greenhouse gas emissions at overall EU level by at least 40% against 1990
- Reduction of greenhouse gas emissions for sectors subject to emissions trading by 43% against 2005
- Increase share of renewable energies against 1990 to at least 27%
- Energy savings of at least 27% against 1990 (indicative, i.e., due to be revised in 2020, although target of 30% remains; member states can also set higher targets at national level)
- Relief for "poorer" EU member states

EU climate and energy policies 2030

Evaluation (1)

- + Free allocation remains (extent still to be defined) to 2030
 - In future the (currently unrealistic) benchmark values for free allocation will be periodically examined; therefore allocations can also be reduced at any time
- + The best facilities in each sector should not be subject to any "undue" direct and indirect costs which result in the loss of international competitiveness and lead to the relocation of production ("carbon leakage")
 - However, it is unclear how this formulation ("inappropriate, illegitimate, excessive") should be interpreted
- + Commitment to protect industry from carbon leakage, also after 2020, where no comparable climate protection regulations are in place in other global economic regions

EU climate and energy policies 2030

Evaluation (2)

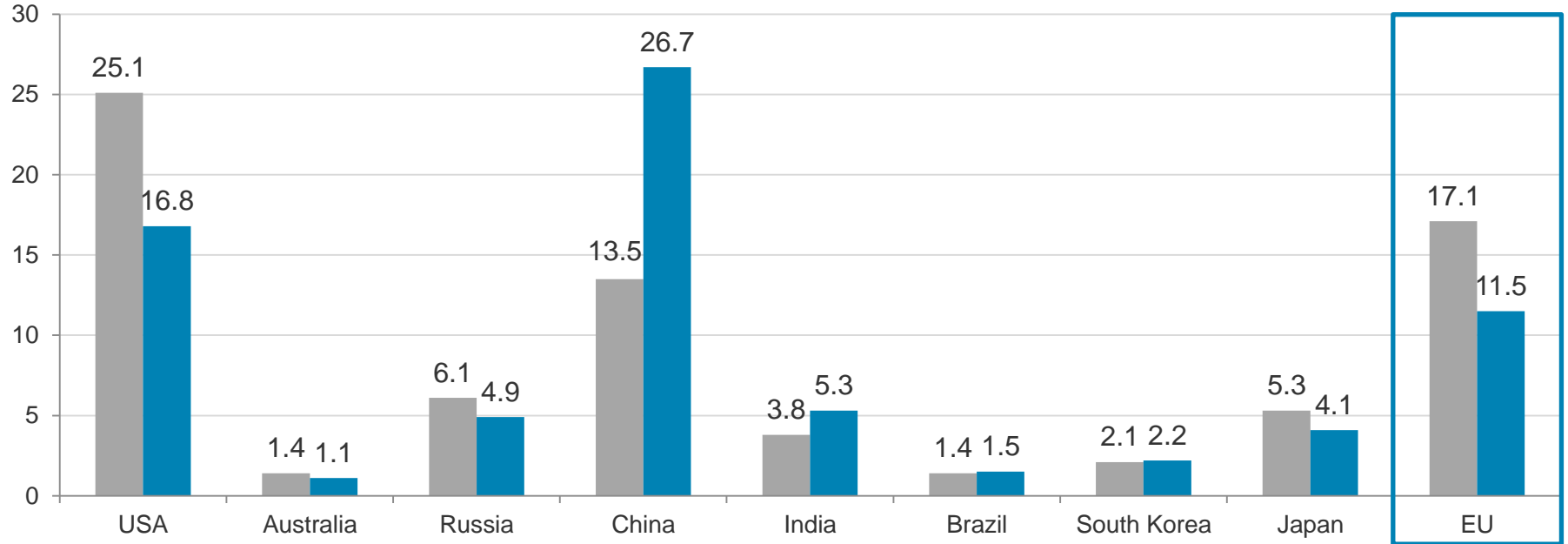
- + Fundamental commitment to continuance of industry in Europe and consideration of international climate protection agreements
- But: goals and partly also liabilities will be precisely quantified, however, relief measures remain vague
- + Council remains involved and instructs Commission to maintain constant dialog with all those affected
- Further arrangement and specification of the framework, as well as more precisely defined protective measures, will be decisive for the final evaluation
- This applies in particular to the drawing up of the allocation mechanism (goal: 100 % free allocation for the best 10% of facilities, i.e., with no deductions)

CO₂ emissions

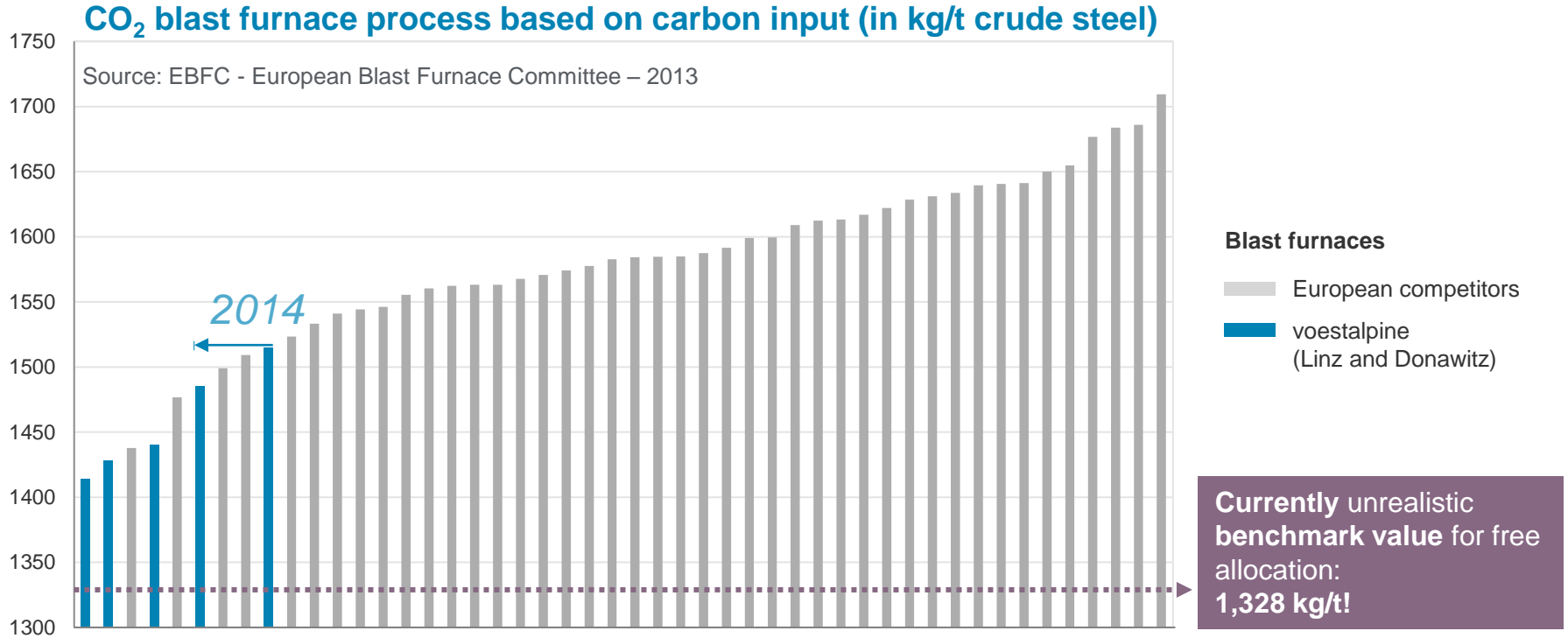
Share by region in %

2000
2012

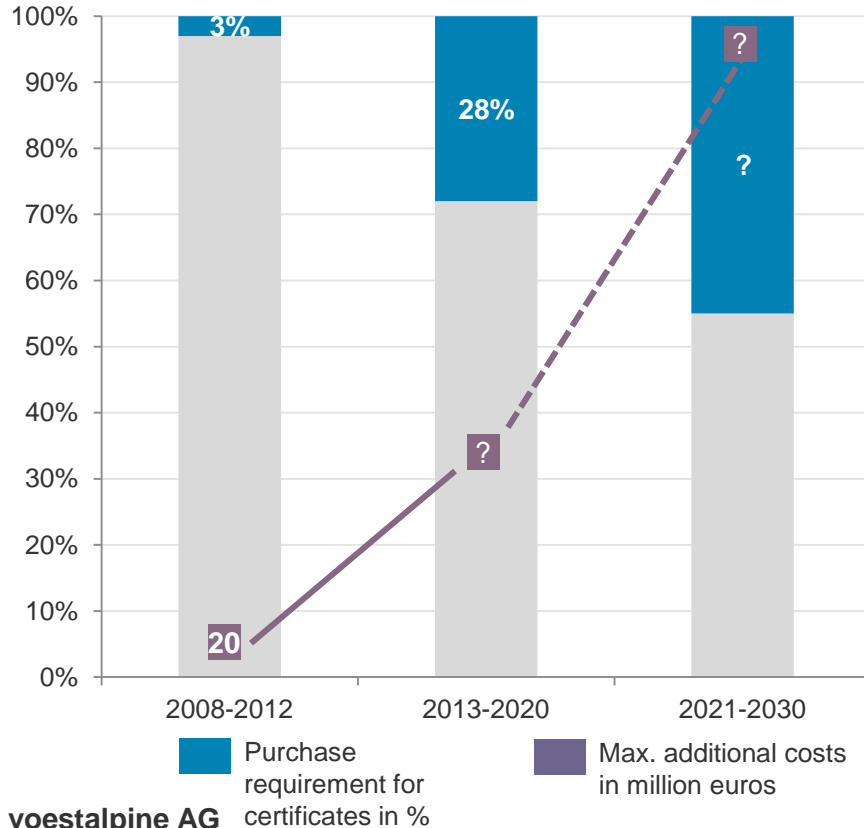
Source: Cologne Institute for Economic Research IW
Consult, International Energy Agency, BP



voestalpine as benchmark – international comparison



CO₂emissions trading: effects on voestalpine



...and yet to date voestalpine is the only steel company in the EU that is a net payer within the emissions trading system!

- **Purchase requirement increases** during the period from 2013 to 2020 **by 3% to 28%** (= 28 million certificates). Actual cost burden depends on CO₂ price.
- **According to current planning assumptions** (i.e., with existing allocation mechanism and continuation of current carbon leakage protection) **we can assume a further, massive increase** in the period 2021 to 2030.
- **However**, after the Council commitments **these should be improved. The precise effects** now depend on the further design of the emissions trading system and therefore **cannot currently be quantified precisely.**

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ONE STEP AHEAD.



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Outlook BY 2014/15

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Outlook

- Conflicts in the **Near and Middle East** and **Russia/Ukraine** are putting increasing pressure on economic development in **Europe** – recovery delayed
 - Only moderate level of voestalpine Group activity in conflict regions (< 2% of overall revenue)
- **USA and China** remain strong with stable growth
- **Brazil and Russia** with continued economic problems
- Expectations for several large customer segments (construction industry, mechanical engineering industry) **more reserved** than at start of the BY 2014/15
- Even so: **solid development across all four divisions** for the remaining six months – largely full capacity utilization expected
- Outlook for the **BY 2014/15 unchanged** despite increasingly challenging environment:

Expectation: Results (EBITDA, EBIT) slightly above BY 2013/14





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