

VIDEOSTATEMENT BUSINESS YEAR 2016/17

DR. WOLFGANG EDER, CEO voestalpine AG

1. How would you summarize voestalpine performance over the past business year?

2016/17 has been another successful business year for voestalpine. This was despite a challenging economic environment, influenced more than usual by political events such as the Brexit referendum in the UK, the presidential elections in the US or the global rise of trade barriers. Therefore it is all the more pleasing that we were able to increase our revenue to EUR 11.3 billion. Our adjusted earnings figures – that means without taking into account significant financial non-recurring effects from the previous year – have also improved. The Group's operating result, the EBITDA, rose by 6.6% to just over EUR 1.5 billion, and our profitability, the EBITDA margin improved to 13.6%. EBIT, the profit from operations rose to EUR 840 million. This success is largely based on our capacity to innovate, as well as the day-to-day efforts of our almost 50,000 employees around the world. And so I'd like to take this opportunity to express my heartfelt thanks to them all.

2. What milestones has the company achieved in terms of continuing to develop its technologies?

In the past fifteen years we have continuously developed from a traditional steel-maker into a global technology and capital goods group. As many highlights from the past year indicate, we are successfully continuing along this path: for example, we opened our first research and development center for 3D printing of high-tech metal parts in Düsseldorf, Germany. Global expansion of this pioneering technology is already moving forward with further locations in Asia and Canada. voestalpine presented its new phs-directform innovation for lightweight automotive construction, opening the first facility of its kind in Schwäbisch Gmünd, Germany, with further ones following in the US and China. As a result, it is now possible to produce ultra-high strength onto body parts in one single step. Furthermore, the new direct reduction plant in Texas is now fully operational, as well as the world's most advanced wire rod mill in Leoben/ Donawitz. As environmental benchmark in its industry, voestalpine is currently also installing the world's largest pilot plant for the production of "green" hydrogen at its site in Linz in order to investigate the future potential for CO₂-neutral steel production.

3. What is the outlook for the coming business year?

Demand in many customer segments at the beginning of the new business year is clearly more positive than it was a year ago. Over the course of this new business year, a whole series of recent major investments such as the direct reduction plant in Texas, the new wire rod mill in Leoben/Donawitz, and several downstream investments in Europe, the USA and China, will be reflected in revenue and earnings for the first time. Our steel and steel processing units are running more or less continuously at full capacity, and will continue to do so right through to the end of the current business year. Against this backdrop, despite the uncertainties inherent in assessing the second half of our new business year, from our current perspective we expect a clearly positive revenue and earnings performance.