

20 Years on the Stock Exchange



voestalpine

ONE STEP AHEAD.

voestalpine marks 20 years on the stock exchange

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Dear Reader,

October 9, 1995, was unquestionably a turning point in the history of voestalpine. This was not just the case because an IPO is generally a unique step in the development of a company, but especially because the IPO permanently changed our Group and moved it in a broader and more sustainable positive direction than we could ever have anticipated.

In the past two decades, voestalpine has become a different, a new company. Its commitment to transparency and clarity and the challenge of having to compete with the best companies in our industry on a global basis have made the voestalpine Group a highly professional, target-oriented organization. This successful development during the last two decades would not have been possible without the strong will of our employees and their desire to be one of the best, in other words, seeing performance and commitment as a positive challenge.

The IPO and the subsequent complete privatization brought us freedom from political intervention. We have used this independence to establish a new and comprehensive strategic reorientation that has made us the most profitable steel-based technology and capital goods group in Europe.

With this magazine, we would like to take a look back at the most important milestones of the past twenty years. We asked both in-house and external "witnesses to history" to share their memories, and we would like to revisit the gratifying development of our share and our company since the IPO.

I hope that you enjoy reading the magazine, and I wish all of us a successful future.

I would like to express my heartfelt thanks to all employees, wherever they may be, for their hard work and their commitment.

Wolfgang Eder
CEO

A handwritten signature in blue ink, appearing to read "W. Eder".

20 years on the stock exchange: an eventful history

Two decades ago, voestalpine AG began its journey as a privatized, exchange-listed company. Since then—in an up-and-down trajectory typical for the stock market—the value of the voestalpine share has increased sevenfold. A look back at the most important developments on the path to becoming an internationally successful, steel-based technology and capital goods group.



Peter Strahammer intervened with ÖIAG to have the company put on the privatization list and achieved a spectacular IPO of the then VOEST-ALPINE STAHL AG.

327: This was the number of the day! Traders and financial journalists saw the unbelievable number on the electronic board of the Vienna Stock Exchange: At a daily high of ATS 327, all predictions had been surpassed. On the morning of this memorable day, **October 9, 1995**, the share of voestalpine AG (then still operating under the name VOEST-ALPINE STAHL AG) began its life on the stock exchange with an initial value of ATS 285 (EUR 5.18 calculated retroactively to reflect the stock split in 2006). This meant a share price increase of 15% on the first day of listing. No one had expected such a successful beginning.

Two years before, some analysts and “industry experts” had still believed that VOEST-ALPINE STAHL AG was not ready to be listed on the stock exchange. Only after the management under CEO Peter Strahammer had intervened multiple times with ÖIAG, which administered the Republic of Austria’s corporate investments, was the company placed on the privatization list.

From the company’s vantage point, the IPO was the necessary route to obtain financial resources on the capital markets for the implementation of ambitious projects, and to be recognized as a competent market player who could take action independently of politically motivated decisions. Against this backdrop, members of the Management Board traveled tens of thousands of kilometers, from Linz to Boston, to present the new VOEST-ALPINE share. On that Monday in October, their commitment was rewarded.

Expansions and a new strategy. On **October 9, 1995**, VOEST-ALPINE STAHL AG launched its IPO with a total of 11.196 million shares. A financing model made it possible for employees to purchase shares, and every fifth employee took advantage of this opportunity.

With the new financial possibilities that the IPO created, a **comprehensive expansion of the Group** began in 1997/98/99. A major part of this was the acquisition of equity interests—from



A successful instrument: The first day that the voestalpine share was listed on the stock exchange, its price rose by 15%.

partial interests to complete acquisitions. The fact that the share price landed at EUR 5.05, the lowest price in its history, in October 1998 as a result of the downward trend of steel stocks was one of the unavoidable experiences of a listed company. The Group, the Works Council, and the employees all supported the necessary countermeasures both then and later. The strong bond that the employees have with their company was manifested in the establishment of the voestalpine employee shareholding scheme in the summer of 2000. The workforce now held 5% of the company's shares.

In 2001, the Group—now voestalpine AG—undertook a comprehensive **change in strategy** [see the article on p. 7] and restructured itself into four operational units (divisions). Under the slogan "Not more steel, but doing more with steel," voestalpine transformed itself from being purely a steel corporation to being a processing corporation; in the following quarters, acquisitions and investments in new facilities were accelerated.

Investments in 2001/02 were primarily directed toward expansion of the processing chain in the growth sectors motion (automotive) and railway systems. Furthermore, with the "Linz 2010" program, an investment project in the billions to modernize and expand the steel production and processing capacity, was implemented. As voestalpine AG forged ahead, not only companies and shareholders profited; from 2001 to 2005, the voestalpine share added a hefty 118 points to the Austrian ATX share index, 5% of the total points gained during this period.

A long, hard road. A seven-kilometer-long human chain between the main voestalpine plant entrance and the Linz Landhaus (the seat of the State government): In 2003, this and other public protests and demonstrations—as well as less contentious polemics rooted in party politics—marked the heated confrontations in the weeks prior to the **decision about final privatization**. Disengagement from influence by the government was supposed to ensure independence in the long term for voestalpine AG. The employees, on the other hand, were afraid that the Group would be weakened or even broken up, or relocated. The secret "Minerva" project, which planned the sale of the ÖIAG shares to the automotive supplier Magna, confirmed fears on both sides. Ultimately, this was the unwitting catalyst for the joint search by both warring parties for a solution that incorporated a stable Austrian shareholder structure.

With the acquisition of additional shares by the voestalpine Mitarbeiterbeteiligung Privatstiftung (a private foundation that manages the Group's employee shareholding scheme), its share surpassed the squeeze-out threshold; since then, this stake has protected the company against a hostile takeover. On September 5, 2003, the Supervisory Board of ÖIAG decided to fully privatize the voestalpine Group; since August 31, 2005, the Group has been completely free of any government influence. This process was accompanied by the creation of an (Upper) Austrian core shareholder base. Since then, the shareholder structure has remained the same with only negligible fluctuations. ➤

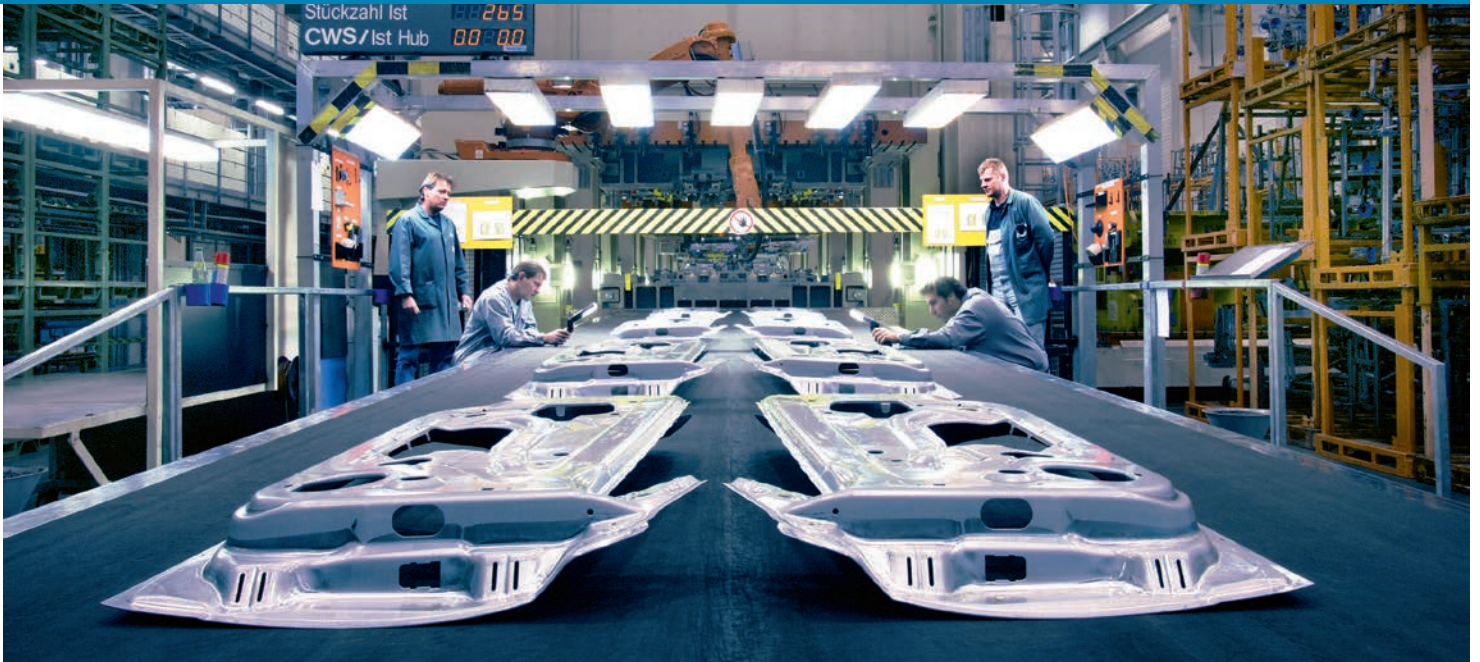
Defying turbulence. The price of the voestalpine share flourished with the development of the company and, between the IPO and 2006, had risen by 460%. As three-digit share price target was being maintained, the Annual General Shareholders' Meeting resolved a 1:4 **stock split**. With the share price quartered, going from EUR 114 to EUR 28.50, this was an incentive, especially to small investors. Just a few months later, in March 2007, the voestalpine Group launched a spectacular initiative: the **takeover of BÖHLER-UDDEHOLM AG**. By September 2008, it had acquired 100% of the special steel specialist's shares. Its integration as the Special Steel Division, the Group's fifth division, meant a huge step in the direction of specialization and internationalization of voestalpine. A total of EUR 3.5 billion was spent for the acquisition, the highest price ever paid for a company in the economic history of Austria. As early as November 2007, the Group began to integrate the 4,300 BÖHLER-UDDEHOLM employees in Austria

into the employee shareholding scheme. The assessment of the successful takeover by analysts brought the voestalpine share its **all-time high** on **July 12, 2007** at EUR 66.11. This share price was eleven times higher than at the time of the IPO in 1995—a rise of more than 1,000%!

But the view from the top already showed the clouds brewing that presaged the **US real estate crisis**; in August 2007, it triggered a financial crisis that sent share prices in Europe tumbling. With purchasing power sagging, stagnating order levels, mistrust within the banking sector, and reluctant lending, the crisis spread to the real economy. Between the onset of the crisis in August 2007 and March 2009, the value of the voestalpine share fell by 73%. On March 19, 2009, the share price reached its lowest point since full privatization. During the period of the share's slump, the Group issued 3.3 million primary or new shares as part of a 2% contingent capital increase for the employee shareholding scheme.

Full privatization of voestalpine was an emotional topic in Upper Austria during the election campaign that was taking place at the time. A seven-kilometer-long human chain between the main voestalpine site and the seat of the Upper Austrian State government reflects the uncertainty among the population.





Under the slogan “Not more steel, but doing more with steel,” voestalpine transformed itself from being purely a steel corporation to being a processing corporation. Four divisions instead of two show this extended value chain.

More international than ever. Regardless of how the economy was doing, however, the research ratio of voestalpine AG tended to be on the average above the one percent customary in the industry. The research and development sector was always a driving force in the company. By 2012, voestalpine AG had increased its R&D budget six-fold since the IPO to EUR 125 million. One of the highlights in this sector was the pbs-ultraform® technology for the production of particularly light, ultra high-strength automotive body parts.

In order to continue to increase its performance capability, in the same year, voestalpine AG reduced the number of its divisions from five to four. This more streamlined **new structure** also reflected changes within the individual parts of the Group. The renaming of the divisions with English names represented the high level of internationalization of the company. A particular symbol of this trend is the construction of a voestalpine direct reduction plant—as it happens in Corpus Christi, Texas, USA, thousands of kilometers from Linz. In scope and importance, this project stands out like a beacon among other investments in Europe, China, South Africa, Mexico, and Brazil.

In order to stay current about share prices, strategies, and innovations, no giant billboards or tiny columns of numbers are needed. The website www.voestalpine.com provides information on the latest developments; it has never been easier for investors to obtain an overview. News portals, online rankings, and ongoing news broadcasts are state-of-the-art and contribute additional information.

But even the newest Web technologies cannot replace ideas and innovations and a solid instinct for motivated pioneering thinkers and people who take initiative and think independently. In the future, voestalpine employees will continue to be **one step ahead** in this area as well. ◀

The background

From 1946 on, VOEST-ALPINE AG (operating under the name VÖEST until 1973), was owned by the Republic of Austria. In 1959, it was converted into a stock corporation. The decades prior to the privatization of VOEST-ALPINE were marked by turbulence. Political influence and global economic developments, but home-grown problems as well, repeatedly exemplified the dangers inherent in a large, state-owned corporation. Under the influence of maneuvers rooted in social and employment policies, VOEST-ALPINE grew to become a mammoth corporation with 80,000 employees. With this huge number of employees, the company ponderously navigated its way through the major steel crises in the 70s and 80s.

The “VOEST debacle” in 1985—the company was de facto bankrupt and subsequently lost almost half of its employees—was a warning signal that led to a comprehensive restructuring process. It was renamed VOEST-ALPINE STAHL AG in 1988, symbolizing this process. Strategic new considerations ultimately led to the establishment of VA Technologie AG, Böhler-Uddeholm AG, and VOEST-ALPINE STAHL AG in 1993; all three corporations launched their IPOs in 1994/95. VOEST-ALPINE STAHL AG had fewer than 15,000 employees when it began its journey as a privatized company on October 9, 1995, as the last of these three companies.



As early as 1952, the employees of the then VÖEST showed a spirit of innovation by inventing the LD process for steel production, which remains unique to this day. This spirit of innovation ensured the survival of voestalpine in both politically and economically stormy times.

»Today, the voestalpine spirit can be felt worldwide«

CEO Wolfgang Eder speaks with Hans Bürger, head of the domestic politics team at ORF, the Austrian national broadcaster, about what is behind the success story of voestalpine.



HB_ As I prepared for this interview, the number 5 caught my eye: in 1985, VOEST-ALPINE's crisis, in 1995, the IPO, in 2005, full privatization, and in 2015, 50,000 employees in 500 Group companies in more than 50 countries. Which five is the most important one for you?

WE_ The one in the 50,000 employees! This is really impressive: in 1995, at the time of the IPO, VOEST-ALPINE had fewer than 15,000 employees and today, that number has more than tripled. A company must be a proper professional home for its employees, and we are just that for 50,000 people worldwide. I am even more proud of that than of the outstanding development of our earnings.

HB_ *Let's look back briefly to 1985: were the right decisions made back then?*

WE_ I have often asked myself if it was necessary to go through this deep "valley of tears" from 1985 to 1995, when we lost almost half of our workforce and didn't know how things would go on and if they would go on at all? I think this path was necessary; otherwise, it would have ultimately been a compromise that certainly would not have resulted in what we have today—a company that has a globally recognized position.

HB_ *Were all of these organizational changes and name changes necessary? Voest, Stahl AG, Austrian Industries, etc.*

WE_ Many things arose from specific events—both political and business ones. Especially this intermezzo with Austrian Industries, where the goal was to create this huge diversified Austrian conglomerate and go public with it. This arose from a euphoric atmosphere when the economy was doing very well. Two years later, the good economy was gone and this idea as well.

.....
»A company must be a proper professional home for its employees.«

WOLFGANG EDER

HB_ *Was this a homecoming back to the old Voest?*

WE_ No, VOEST-ALPINE STAHL, VA Tech, BÖHLER-UDDEHOLM, and the Electrical and Electronics Holding were privatized and listed separately. Later on, this proved to be the right thing to do.

HB_ *5—this reminds me of the initial share price. How was this price set?*

WE_ There was a price range of 240 to 320 schillings as a possible initial price. We wanted the price to be as high as possible; the banks wanted it to be as low as possible. After seven hours of negotiations, an issue price of 285 schillings was set—a good compromise. We were able to place all the shares, and we still didn't undersell ourselves.

HB_ *Then you also changed the slogan: "Not more steel, but doing more with steel." Did people understand this?*

WE_ Not at the beginning, especially our own employees. That's understandable: Basically, this had always been a classic steel company for three generations. The LD process was invented here and suddenly, it wasn't more "steel," but "doing more with steel." It took a few years to get our employees comfortable with that. Today, it's completely clear.

HB_ *On September 5, 2003, the decision was made to completely privatize voestalpine. Would this have been possible without the organizational changes you've described?*

WE_ Complete privatization was only possible because the company had a strong organizational structure and a solid strategic position. The state no longer needed to have any kind of role in it—nor could it; on the capital market, state ownership is always viewed as an obstacle anyway.

HB_ Keyword “Minerva.” What comes to mind when you hear that?

WE_ Those were very hectic days and weeks, but everything turned out well in the end. We succeeded in maintaining voestalpine as one unit. I believe this is one of the reasons for our success today.

HB_ You’ve avoided one word—“Magna.” This could have been the new owner back then. Or—in retrospect—was the risk of this happening not so great?

WE_ It’s been twelve years but there are still some things I’d like to keep to myself. Just to summarize—the risk was very high ...

HB_ On August 31, 2005, almost exactly ten years ago, the state finally withdrew. A year later came the 1:4 stock split. Looking back, which one was the more important day?

WE_ I have always emphasized that August 31, 2005 was the best day in my professional life. It was completely clear at the time that an international industrial company gains nothing from being state-owned. This step was absolutely the right one. Today, our employees validate this. They have not just accepted the idea of employee shareholding, they see it as an essential part of their professional existence. As a result, all of them have become entrepreneurs to a certain degree.



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»In the long term, the price of our share will gradually go up.«

WOLFGANG EDER





HB_ *Are they more motivated? Has this been looked at more closely?*

WE_ Are they more motivated? And how! We would never ever have survived the crisis years 2008, 2009, 2010 so well if our employees had not had this huge level of commitment and conviction that "this is our company." During the crisis, the entire Management Board faced the employees for an entire evening every month. We spoke frankly about the problems we were facing. There were many serious questions, but no one ever engaged in personal attacks—not even close. There were no angry e-mails, no angry phone calls; all our communication had class and that made me very proud. And this despite the fact that we reduced our workforce from 47,000 employees to 38,000 within six months! People accepted that this was necessary for the future of the company. I found it extremely impressive. I admit that since then, I like being the CEO of voestalpine even more than before.

HB_ *May I make a personal remark? Both of my parents worked here at Voest, and there was this famous Voest spirit. Even as a child, you were proud to somehow breathe this Voest spirit in Linz. Then by the mid-1980s, it was gone and, as you said, there was a lot of name-calling. Is this spirit back?*

WE_ Yes, but today, it's a voestalpine spirit. I was around to experience the old spirit, as I started at the company in 1978. Then, during the crisis in the mid-1980s, I realized that part of the reason for the failure was a certain arrogance. We were the strong international conglomerate with 85,000 employees. Many thought, "Nothing can happen to us." There was this strong "we feeling," an undoubtedly exaggerated one, and then, the company fell off a cliff. It wasn't until the mid-1990s, with the new voestalpine, that a new voestalpine spirit developed as well. The litmus test of the new spirit came with Lehman in 2008, and I was afraid that, after 13 years without a real crisis, there would be a repetition of the early 1980s as far as our self-perception

»By international standards our company is small, and as far the development of our share price is concerned, it's as if you're in a huge, powerful river.«

WOLFGANG EDER

was concerned. But my fear was completely unfounded. From the first day of the crisis, everyone rolled up their sleeves—from the Management Board to the employees on the steelworks floor. With this attitude, we overcame the crisis much better than all our competitors. For me, this proved that there was a new voestalpine spirit that can be felt worldwide—in the steel plant here, in any of our component plants in China, at Villares in Brazil, or on the construction site in Corpus Christi.

HB_ *I would like to get to the present. The all-time high of the voestalpine share was on July 12, 2007, at 66.11 euros.*

WE_ An absolutely exceptional development. This was the time of the only-the-sky-is-the-limit philosophy, and the hype surrounding the new industries pulled the traditional ones into completely irrational evaluation dimensions. I don't think that we will see 66 again in the next few years. But if someone got on board in recent years, at 20 or 30 euros, then they're seeing a positive development. And there is one thing I would bet on: A voestalpine shareholder can assume two things, provided that there is no massive turmoil on the capital markets: Firstly, they will get a stable dividend, with a yield of 3 to 4%. And secondly, I believe that in the long term, we can assume that the price of our share will gradually go up. But we have to be clear about one thing: Even though this company is big by Austrian standards, by

international standards, we are still small. As far as how our share price develops, it's as if you're in a huge, powerful river that you can't influence very much. You can struggle against a river like this, using your own motor only to a limited extent. Once it becomes a raging river because there's a flood (to compare the capital market and some associated issues with this image), you are at the mercy of this torrent. But there are phases when the river is flowing calmly, and you can determine the direction yourself. I hope that these phases will increase.

HB_ *Southern Europe, and especially Greece, is that a raging river? And the situation in China?*

WE_ I would not categorize Greece as a "raging river"—or Brazil. But China could develop into a raging river. I think, however, that China is only experiencing a phase of adjustment, where it has to get used to the fact that not everything can be regulated in its own country. The international interdependencies have now become simply too great for that. But in the long term, China will remain a market that you can't get around.

HB_ *Austria has dropped out of the top 20 in three out of five business location rankings. Does this worry you or do you say, "What goes on in this little country doesn't really concern us as an international company."*

WE_ Of course it concerns us! Our heart is and will remain in Austria. We have extremely committed, well trained employees here, so we have a keen interest that this country should flourish. These rankings only reflect a development that must give us pause: Unemployment and sovereign debt are increasing from month to month. At the same time, the discussion about our educational system has been a dead end for decades. When you know that we urgently need well educated young people in order to at least maintain what we have attained, you get very worried about Austria as a location for business.

HB_ *The next generation will be the first one to have to deal with a loss of prosperity. How do you explain it to your children?*

WE_ The loss of prosperity is not yet noticeable. The ball is in the court of the politicians. This country must regain perspectives and goals. I would wish that the aim would be for Austria to become one of the three most successful countries in the EU—at least in education, for instance. It doesn't always have to be the economy even though this is what provides a livelihood for all of us. We need to have goals that we are all working toward. It is not acceptable that the major political groups are simply paralyzing each other.

»You do best on the stock market when you call a spade a spade and tell the truth.«

WOLFGANG EDER

HB_ *One more question about the future. Industry 4.0, digital working world ... do you know what is heading in our direction?*

WE_ In the near future, this can be reality: production halls with rolling stands, where coils or blooms will be brought in, placed on the machine, processed, taken down, and packaged—and there won't be a single person involved in the entire process. This also causes me a great deal of concern. Naturally, we will need more software developers, programmers, mechatronics engineers. But what do those people do whose capabilities are in craftsmanship or manual work? This will be a huge challenge! One more point: We are now investing 550 million euros in Corpus Christi, Texas, and are managing to create only 150 jobs. This is a taste of what this future will bring.

HB_ *You once said in an interview that in the long term, it's not a good idea to try to be everybody's darling on the stock market. What did you mean by that?*

WE_ That you do best on the stock market when you call a spade a spade and tell the truth. I've always done this and have fared well with this policy.

HB_ *Thank you for the interview!*



The capital market is important ...

... if you make sure in time that you have it when you need it.

Mr. Possegger, prior to the IPO, there were people who said that the steel sector of Austrian state-owned industry was not suitable for listing on the stock exchange. Did management have to fight for privatization?

HP_ Strahammer's team—Haidenthaler, Eder, and Struzl—definitely had to work very hard to get ÖIAG to agree to a definitive date for the IPO. The year 1993 was disastrous for the steel industry in all of Europe and that was why ÖIAG believed that steel would be a very hard sell on the stock exchange. Steel had a very poor image and was definitely not at the top of ÖIAG's priority list. Nevertheless, in early 1994, it was necessary to get the company ready for the stock market in a timely manner.

Apparently, there was a viewpoint from the outside of how things were and management's internal viewpoint that assessed things differently. What was management's vision for the company's future?

HP_ The vision was one of a partially privatized company. Of course, it is difficult to say now whether manage-

ment already had the idea of a fully privatized Group in the back of their mind. Looking back at the political circumstances at the time, however, this was unrealistic. Management wanted to at least get away from the absolute dominance of ÖIAG and thus indirectly from the influence of politics as well.

But they surely had an idea of what they wanted to achieve with this newly won freedom. What was the company supposed to look like afterwards?

HP_ What was not foreseeable at the time was the massive international growth from 1998 on. Compared to 1995, the year of the IPO, the Group has now become much more international. Back then, we were extremely Eurocentric. I remember very well the famous 500-kilometer radius we were so proud of because 75% of our revenue was generated within this radius where freight was so cost-effective.

What was foreseeable at the time, however, was the continuation of the niche strategy and the continuation of the company's development

toward technology and quality leadership. These strategies were highly successful and are still valid today. But I think that back in 1995, no one dared to even imagine the big vision of being an international player.

What has changed and how did the IPO impact this development?

HP_ Management could only think beyond the IPO once we saw that we were able to hold our own on the capital market, that we were a stable and successful company that always paid the promised dividends. Then, the Group could take more aggressive action and undertake acquisitions.

What did management have to do to get the company ready for the stock market?

HP_ In a capital market that expects attractive companies, it was necessary to get the Group ready for the IPO as far as its key figures were concerned. In other words, the preparation for the IPO meant that something had to be done at the cost end. That was why the so-called TOP program was



PERSONAL DATA:

When **Hubert Possegger**, the current Member of the Board of the Metal Engineering Division, began his career in the Legal Department of VOEST-ALPINE AG, privatization of the state-owned company was not even on the table yet. In 1987, he moved to the Group's trade subsidiary Intertrading. After his return to VOEST-ALPINE STAHL AG, as the Head of the Legal Department, which included M&A (Mergers & Acquisitions), his responsibility on Wolfgang Eder's team was to be the legal advisor for the IPO of VOEST-ALPINE STAHL AG. Later, Hubert Possegger also headed Investor Relations until 2000.

launched in 1993 and was implemented throughout the entire Group under the direction of McKinsey, a business management consultant firm. The big difference to earlier cost reduction programs was that it was supported by the employees, with bottom-up suggestions so that they were integrated into the process on the broadest base possible. This is precisely why it was so successful. But being ready for the stock market does not just mean having attractive key figures, profits, and dividends, but also the right attitude toward the capital market. It also requires knowing the expectations of the capital market and, in particular, being familiar with the criteria used by analysts to assess a company. You must also be aware of how difficult it is to win the confidence of the capital market and how quickly you can lose it, if you fall short of the expectations. We have learned that even a share is a product that must be marketed and maintained. The requirement was the creation of professional communication structures in the areas of Corporate Communications and Investor Relations, which we have done with remarkable success. ◀

An outstanding solution

At the time of the IPO, *Erhard Koppler* was the Chairman of the Group Works Council. He hoped that the IPO would bring economic independence and would finance necessary investments. In other words, provide capital that could no longer be expected from the previous owner. But he also had misgivings.

When did you notice that there was political will to privatize voestalpine?

EK_ The mood in the political arena and also among the population regarding state-owned industry was not very positive due to reports by the media. I joined Parliament in 1990 and understood quickly that the idea of state-owned industry was being abandoned. After one or two years, the Nationalization Committee was disbanded. But it was also necessary—you felt that another era was beginning.

Then, the process of getting the company ready for the stock market began. What did that trigger on the other side, on the part of the workforce of voestalpine?

EK_ The process of getting the company fit for “the future” began in the early 90s, when no one was thinking about the stock exchange yet—at least from the vantage point of the Works Council. There was a lot of uncertainty among the workforce: What's going to happen with my job? Will my company continue to exist? There were very many deliberations about closing or divesting various companies. The workforce raised the issue with us that it was being frequently criticized publicly—in contrast to earlier times—due to the negative reporting.

At the time, what was your attitude toward the IPO and the attitude of the Works Council? What were your personal misgivings?

EK_ Prior to 1995, there was serious trench warfare between Works Council members and the government. It was clear to us that privatization would happen and our attitude was no longer negative. But we were worried about a sell-out of our company. That was why we wanted a 50% plus one share stake. Or later, at the time of the IPO, we fought to have at least a 25% plus one share stake stipulated. But from today's viewpoint, you have to say that the IPO was a success story for the company. Then, the employee shareholding scheme was established to safeguard the future, and I believe this is an outstanding solution for the worries we had back then. ◀



Erhard Koppler was at VOEST from 1959 on. In 1987, he was elected Chairman of the Central Works Council of the state-owned VOEST; later, he was its shareholder representative on the Supervisory Board of ÖIAG and a member of the Austrian National Council. He was the Chairman of the Group Works Council of VOEST-ALPINE STAHL AG from 1967 to 2000.



Share /// The share is the best known form of certificated ownership in a corporation. In the case of par value shares, the par value corresponds to the

face value printed on the certificate. (No-par value) shares correspond to an interest of the authorized share capital or nominal capital, i.e., the theoretical par value of a (no-par value) share is the ratio of share capital divided by the number of shares. Profit is distributed on a per-share basis. The amount of equity held by a shareholder also determines the weight of the shareholder's opinion when corporate decisions are made by the Annual General Shareholders' Meeting.

Stock corporation /// Stock corporations are corporations where the shareholders make deposits to acquire an interest in the corporation's share capital. The share capital is divided into share certificates (shares), which are usually traded on stock exchanges.

Share price (or price) /// The price of a share is its price on the official market of the stock exchange. The term "price/share price" also includes the development of the price over a certain period of time. The share price is impacted by many factors. In addition to the results from business operations of a company (revenue, profit, etc.), these factors include its predicted or anticipated future prospects, but also current positioning, and strategy. Events, such as economic or political crises, or even rumors, impact stock prices, by way of mechanisms that are often almost impossible to pin down.

Share/stock split /// A share split divides the existing number of shares of a stock corporation by a certain factor; the value of each individual share is reduced by the same factor. As a result, after a split the individual share has a lower par value and appears more affordable to potential investors. This measure is intended to heighten investor confidence in the stock; it does not change the shareholder structure, the company's current market price, or the value of the interest held by a shareholder.

Analysts /// Analysts from banks or independent research firms rate listed companies and make recommendations regarding the purchase or sale of securities. Their analyses include not only corporate data, but also the strategies and performance assessments of the corporation's management. Well-known analysts can have a significant impact on the price of a share.

Analysts' ratings /// Analysts bundle their assessments in trading recommendations. The most important and well-known ones are "buy," "sell," "hold", and "accumulate" (buy, when the price drops briefly).

Supervisory Board /// The Supervisory Board monitors the Management Board (the management) of a stock corporation. It is elected by the Annual General Shareholders' Meeting (shareholders' representatives); in Austria, one third of the members are nominated by the Works Council (employee representatives). Members of the Supervisory Board may not belong to the Management Board at the same time.

Subscription right /// The subscription right is the right of a shareholder to purchase new shares at a specified price in the event of a capital increase. The number of shares offered to the shareholder depends on the percentage of share capital of the stock corporation previously held by the shareholder. This enables shareholders to maintain their equity share in the company if the shareholders so desire. Shares not acquired by existing shareholders can be subscribed by new shareholders.

Exchange /// An exchange is a (physical or electronic) marketplace where certain goods, such as commodities, foodstuffs, and precious metals, but also shares, or currency are traded. Today, the word is often used synonymously for stock exchange. Some of the most important stock exchanges today are London, New York, Frankfurt, Shanghai, Hong Kong, and Tokyo.

Initial Public Offering (IPO) /// An IPO is the first-time offering of a company's shares on the organized capital market. These can be both shares that were previously not publicly held (family-owned, government-owned) and traded and primary (new) shares through which the company can, for example, raise fresh capital for investments or reduce debt, as proceeds from shares are recognized in equity, while loans or bonds are generally recognized as part of borrowed capital, for which interest must be paid and which must be repaid.

Market price /// Market price (also market capitalization) reflects the total value of all exchange-listed shares of a stock corporation. The market price results from the demand for the stock corporation's shares; it is significantly impacted by expectations for a company. Fundamentally, the market price is determined independently of the company's material assets (property, plant, and equipment, real estate, intellectual property, etc.).

20 years on the stock exchange

Performance of the voestalpine share from 1995 to 2015

€60
€50
€40
€30
€20
€10
€0

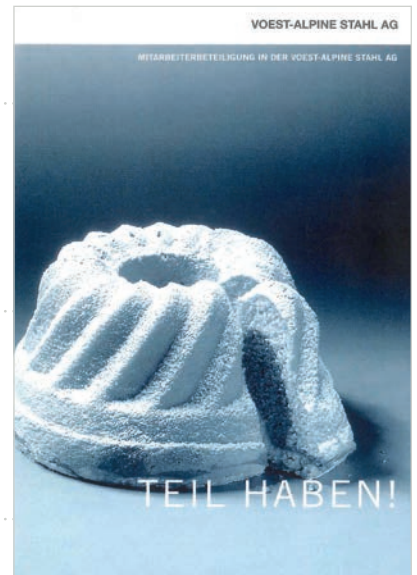
IPO in October 1995

EUR 5.18 was the initial offering price in today's currency on October 9, 1995, the first day that the former flagship company of Austrian nationalized industry, today's voestalpine AG— then still called VOEST-ALPINE STAHL AG— was listed on the Vienna Stock Exchange.



Initial expansion measures; crises in Russia and Asia

From 1997 through 1999, the situation of VOEST-ALPINE STAHL AG was characterized by strategic expansion deliberations (take-overs of competitors), the first successful downstream acquisitions and technical optimizations, and a bear market for steel.



Beginning of the employee shareholding scheme

In 2000, the management and the Works Council of the voestalpine Group developed a concept to enable the employees to become shareholders of the company: the voestalpine Mitarbeiterbeteiligung Privatstiftung, a private foundation.

1996

1997

1998

1999

2000

1996

1997

1998

1999

2000

“Minerva” and the employees

In 2003, the secret plan “Minerva” could have meant the dissolution of voestalpine. Instead, thanks to the commitment of the workforce and management it resulted in the final privatization of the Group and a significant bolstering of employee participation.



August 31, 2005: the end of state involvement

With the conversion of the bond into voestalpine shares, the state finally withdrew completely from voestalpine AG as of August 31, 2005.

Final privatization decision

In September 2003, the decision to definitively privatize voestalpine AG was made. The last state-owned interests were supposed to be sold by 2006.

Franz Struzl left the company in March 2004. His was succeeded by Wolfgang Eder.

Changing to a downstream strategy

After comprehensive preliminary work, in 2001, voestalpine AG adapted both its organization and the structure of its production and service sectors to the framework conditions that had fundamentally changed due to globalization and the Internet.

Peter Strahammer was involved in a tragic fatal accident in August of 2001. He had been the Chairman of the Management Board since 1994. He was succeeded by Franz Struzl.



Launch of the investment and acquisition offensive

In 2001/02, voestalpine invested more than EUR 600 million in the expansion of facilities and acquisitions of companies in order to ensure long-term economic security.



2001

2002

2003

2004

2005

2001

2002

2003

2004

2005

All-time high of EUR 66.11 on July 12, 2007

On July 12, 2007, the voestalpine share reached its all-time high thus far at EUR 66.11.

Stock split 1:4

A stock split as of August 31, 2006 at a ratio of 1:4 lowered the price of the voestalpine share and made it affordable again for small investors.



Outbreak of the subprime crisis in the USA

From mortgages in the USA to the plunge of the voestalpine share price: the real estate crisis that began in the USA in the summer of 2007, reflected dangerous global economic interconnections.

Takeover of BÖHLER-UDDEHOLM

The acquisition of a majority stake in BÖHLER-UDDEHOLM AG in 2007 created an even more internationalized and specialized voestalpine with extraordinary productivity.

BÖHLER UDDEHOLM
materializing visions



"Edelweiss" project

The steel plant project on the Black Sea with the code name "Edelweiss" was discontinued due to the economic downturn and the dramatically deteriorating economic expectations in the Black Sea region.



2006

2007

2008

2009

2010

2006

2007

2008

2009

2010



Capital increase /// A capital increase is an increase in equity by the stock corporation by issuing new or primary shares. A capital increase must be approved by the Annual General Shareholders' Meeting with a 75-percent majority. As the total number of issued shares increases, the proportionate equity interest of those shareholders, who do not exercise their right to purchase such primary shares (pro-rated), decreases (is diluted).

Price target /// The price target is the market price that a share should reach within a certain period of time according to assessments by experts (analysts). Analysts determine the value based on future projections and conclusions. As they take not only "hard" data, such as a company's key figures, into consideration but also the anticipated general economic and industry-specific development or political factors, there are frequently significant differences in how stocks are evaluated.

Ratings /// Ratings assess the creditworthiness of companies or countries. A rating assesses the risk of payment default by a debtor and impacts the terms at which a debtor can borrow money on the capital market. Rating agencies generally use codes for their assessments, for example, AAA ("Triple A") for the highest credit quality or "D" for junk status. Ratings are not undisputed as the impact of opinions or assumptions on the rating cannot be calculated. Well-known rating agencies are Moody's and Standard & Poor's.
Important: A company is not obligated to have itself rated. voestalpine exercises this option and is therefore not rated.

Road show /// A road show is the presentation of a newly issued share/bond. Representatives of the company (issuer) and the underwriting bank visit major financial centers and introduce the company to potential institutional investors. The objective is to convince potential major investors of the attractiveness of a company and its stock (declaration of intent to purchase). Subsequently, road shows are also organized by many exchange-listed companies when presenting semi-annual or annual results. The Investor Relations Department is responsible for these events.

Blocking minority /// A blocking minority (also "qualified minority") is a significant minority stake in a company that has certain rights. A blocking minority—here 25% plus one share—can prevent important resolutions by a stock corporation, such as amendments to the company's constitution or capital measures.

Voting rights /// Voting rights are the rights of a shareholder to participate in decisions based on the shareholder's certificated equity interest in a company. The voting rights depend on the number of shares held. Fundamentally, one share equals one vote.

Free float /// A company's shares that are not held for the long term by individual (major) shareholders as a block of shares but that are or can be traded on the market. A higher free float ratio increases the risk of a hostile takeover, but also usually means a higher level of liquidity of the share (higher trading volume).

Squeeze-out /// A squeeze-out is an action by way of which minority shareholders can be forced out of a company against compensation. If a shareholder holds at least 90% of the shares, the shareholder can seek to exclude the remaining shareholders and subsequently delist the company from the stock exchange.

Takeover /// On the stock exchange, a takeover is understood as the purchase of enough shares or equity interests of a stock corporation that the buyer can exercise control over the company or own a company in its entirety. A takeover offer must be made publicly. If the takeover is undertaken against the wishes of the target company, this is called a hostile takeover.

Convertible bond /// A convertible bond is a financial instrument that guarantees the investor a fixed interest payment during its term. Furthermore, the investor has the right to exchange the bond for shares at a set price.

Management Board /// The Management Board is appointed to be the managing entity by the Supervisory Board; it also represents the stock corporation vis-à-vis external parties. It is the top management level of a stock corporation.

Independence inspires

When in the spring of 2000, the Austrian government announced full privatization of major state-owned companies, the then Managing Director of Oberbank, *Hermann Bell*, suspected that this could have significant adverse effects on voestalpine. So Hermann Bell reached for the phone ...

You immediately contacted voestalpine CEO Peter Strahammer. What was the danger you saw?

HB_ Based on our experience with the privatization of CreditAnstalt (CA) in 1997, I was afraid that if the state sells its stake, voestalpine could fall into the hands of a major foreign corporation. After all, voestalpine is the flagship company of Upper Austria and is very important for the economy of our state. And of course I was interested in ensuring that Upper Austria's economy flourished because a regional bank can only be successful if the economy of the region is booming.

A fear that almost materialized in 2003—keyword “Minerva.” Why did you have a hunch as early as 2000 that an independent voestalpine could achieve more than if it were under the control of a powerful international corporation?

HB_ During my many years as a member of the voestalpine Supervisory Board, I got to know Peter Strahammer very well, as well as Wolfgang Eder, who was very young at the time, and the other gentlemen at the top management level, the technical staff, and the employees. And I was convinced that with their capabilities they could manage a company very successfully and would achieve more than if they were just taking orders. Besides, I am convinced that independence and autonomy of a company inspires both managers and employees and motivates them to achieve outstanding results.

In 2007, the price of the voestalpine share reached an all-time high. But Oberbank did not sell its shares but has even increased its stake throughout the years. Wasn't it of interest for you to make some quick money with the voestalpine share?

HB_ The intrinsic value of voestalpine was always higher than the market price. I therefore knew that a long-term stake in voestalpine is a very good investment and that we would be participating in the development and the success of a good company. But my intention was not primarily to make a profit with our investment. Oberbank doesn't need to pursue a one-time profit. My intention was to retain a strong company in order to maintain a strong economy in our state. That was why I hoped that other financial institutions would also purchase voestalpine shares and—together with the employee shareholding—create a group of core shareholders that would prevent voestalpine from losing its independence. Fortunately, it worked out, and I am very proud of that.



Hermann Bell was Chairman of the Management Board and Managing Director of Oberbank AG, a regional Austrian Bank headquartered in Linz, from 1972 to 2002. From 1994 to 2004, Hermann Bell was also on the Supervisory Board of voestalpine; today, the 83-year-old is still active on several Supervisory Boards, such as Wüstenrot, Pöttinger, and Bauhütte Leitl. Bell is Honorary President of the Supervisory Boards of five stock corporations, among them Oberbank, BKS Bank, BTV Bank, and Miba.

From problem child to stock exchange star

It was a small miracle that the initial public offering even became a reality in 1995, writes Margarete Freisinger in her historical review of voestalpine.

For voestalpine AG, 2015 is an anniversary year: 20 years ago, in October 1995, the state-owned company, then still called VA Stahl AG, went public. This was the beginning of a success story. This first step toward privatization with around one third of its capital was a pleasant surprise: Despite the gloomy mood of the market, the interest in both secondary and primary shares outstripped supply.

The fact that the IPO in the fall of 1995 took place at all can be considered a minor miracle. After all, ten years earlier, after oil speculation transactions by Intertrading, a trade subsidiary of VOEST-ALPINE AG, that led to enormous losses, only billions in state aid saved the company from collapse.

After this disaster, the ungovernable conglomerate—steel, construction of industrial plants, mechanical engineering, defense technology, electronics, trade—was broken up. The foundation for the later trend reversal was not laid until 1993, when the plans for the privatization of nationalized industry as a whole (Austrian Industries) had to be laid to rest due to huge losses by the aluminum group. Under the pressure of this predicament, the government decided to privatize majority stakes in individual sub-groups or entire sub-groups.

VOEST-ALPINE STAHL AG grasped this opportunity to cast off political influence with all of its adverse economic effects. Under the prudent leadership of the then

CEO Peter Strahammer, the Group was put into fighting trim. Thanks to streamlined cost management, a value-enhancing product policy, and assisted by the uptrend on the steel market, it moved out of the red and generated profits in the business year 1994. And this opened up the path for an IPO as soon as 1995.

Incidentally, it was Wolfgang Eder, since 2004 CEO of the Group, at the time General Secretary, who was primarily responsible for preparing and successfully implementing the IPO. It is not surprising that Strahammer and Eder acted so decisively. Both had experienced the decline and the struggle for survival of VOEST-ALPINE in the mid-80s up close and personal and had drawn the right conclusions.

However, the continued withdrawal of the state did not proceed undisturbed. In 2003, when complete privatization was pending, politicians and managers deliberated about a sale to competitors Thyssen Krupp and Magna. Fortunately, vehement protests prevented this. After the complete withdrawal by the then state holding company ÖIAG, as of late August 2005, voestalpine is fully privatized.

Nevertheless, the risk to become a takeover target is kept within reasonable limits: almost 40% of the capital is owned by the employees (Mitarbeiterstiftung), Raiffeisen Oberösterreich, and Oberbank. The solid results support the commitment of the two regional banks: Even in the extremely difficult business year 2009/10 under the impact of the worldwide financial and economic crisis, the Group generates profits



Margarete Freisinger is one of the most distinguished Austrian business journalists; today, she lives in Vienna and works as a freelance journalist. Margarete Freisinger graduated from the World Trade University in Vienna and began her career in journalism in 1967 on the business editorial staff of the Austrian Press Agency. From 1978 on, she worked for many years on the business editorial staff of the daily newspapers Die Presse (including as editor-in-chief) and Salzburger Nachrichten.



voestalpine won the Vienna Stock Exchange Award in both 2014 and 2015.

and pays dividends—as it has every year since the IPO. Measured by its price trajectory and dividend yield, the voestalpine share is one of the top performers on the Austrian share index ATX.

And chances that this success story will continue are solid. Dependence on the cyclical steel business has been significantly reduced by implementing the downstream strategy, which goes back to the Strahammer era and which has consistently expanded the processing sectors under the motto “We do more with steel.” With its four divisions (Steel, Special Steel, Metal Engineering, Metal Forming), the Group is very well positioned. Innovation, quality, efficiency, and cost savings are writ large. And last but not least, the level of investment is high. That this is increasingly taking place overseas has to do with the unfavorable framework conditions for industry in Europe and Austria.

The Vienna Stock Exchange

The Vienna Stock Exchange is considered small but impressive—and the gateway to Eastern Europe. The voestalpine share is the most liquid share on the Vienna Stock Exchange.

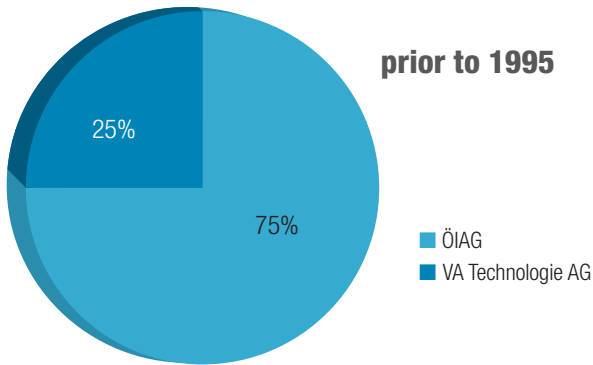
The Vienna Stock Exchange is one of the oldest stock exchanges in the world, founded in 1771 by Empress Maria Theresia. It gained international prestige due to the political and economic importance of the Habsburg monarchy. Today, the spotlight has shifted away from the Vienna Stock Exchange, especially since the beginning of the financial and economic crisis in 2008. Nevertheless, Vienna is still considered to be the gateway to Eastern Europe. The ATX (Austrian Trade Index) is the leading share index on the Vienna Stock Exchange. It comprises the 20 largest and best-performing shares; the voestalpine share is considered to be the most liquid—in other words, the most traded—share in Vienna. In 2014, a total of 99 companies were listed on the Vienna Stock Exchange. Share trading volume was EUR 47.76 billion. The Vienna Stock Exchange not only operates the only securities exchange in Austria but also the EXAA, the Austrian Energy Exchange, and the CEGH Gas Exchange.



The heart of the Vienna Stock Exchange is the trading surveillance room.

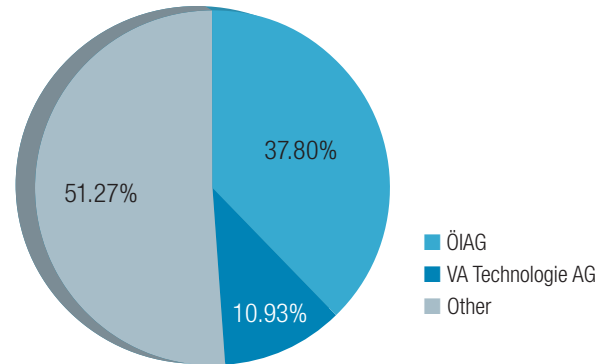
In good hands

The development of the ownership structure of voestalpine tells two stories: the withdrawal of the state from the Group and the stabilization of the core shareholder structure since full privatization was completed.



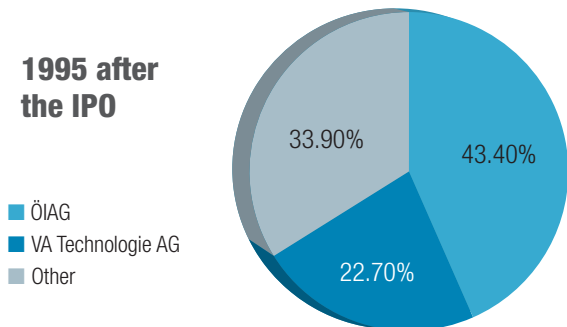
After their IPOs, voestalpine (then VOEST-ALPINE STAHL AG) and VA Tech (which was partially privatized in 1994)—the “sister companies” of state-owned industry—owned stakes in each other. VA Tech, however, was in financial difficulties and, in the following years, sold its increasingly valuable voestalpine shares to gain liquidity. By 2001, its stake in the company had dwindled to zero.

BY 2000/01



For the first time, free float surpassed the 50% mark. In contrast, the stake owned by VA Tech had been halved since the IPO. Shares previously owned by VA Tech were particularly heavily bought by future core shareholders, such as Oberbank and Raiffeisenlandesbank (which initially acted through its subsidiary OÖ Invest GmbH), who were highly interested in having a stable flagship company in the region (on this subject, see the interview with the former Managing Director of Oberbank Hermann Bell on page 21).

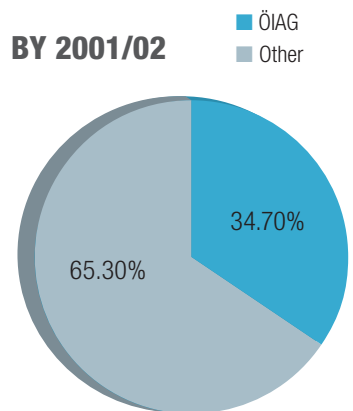
1995 after the IPO



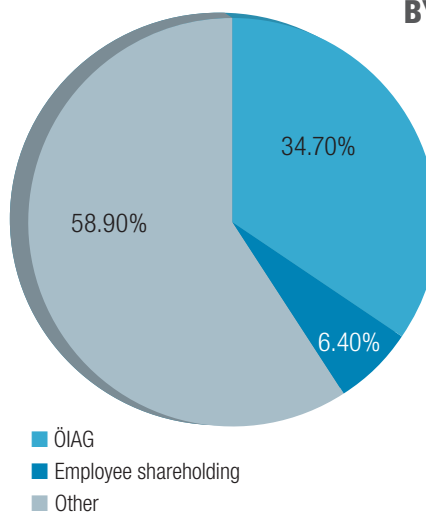
The IPO of the then VOEST-ALPINE STAHL AG occurred in October 1995. After just a few hours, the offering was oversubscribed many times over. The state’s interest, which was managed by holding company ÖIAG, fell to under 40%. In contrast, around 20% of the employees took advantage of assistance offered by the company—salary and wage advances, price-reduced shares, and loyalty bonus—to acquire shares themselves. They purchased 624,000 shares, which corresponded to about 1.9% of the voting rights. Strictly speaking, this was not yet a strategic employee shareholding scheme, but the concept was no longer very far away.

By issuing new shares in April 2002, voestalpine was able to increase its cash resources. The capital increase was intended to finance the company’s growth. The private core shareholders of the Group continued to purchase shares, thus proving their confidence in the path being pursued by the company. The state holding company, however, utilized only 50% of its subscription rights so that its stake fell from 37.8 to 34.7%.

BY 2001/02



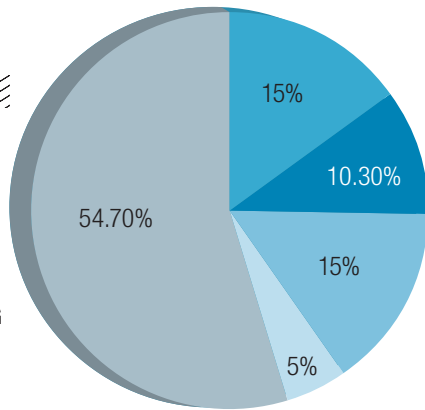
BY 2002/03



In 2000, the Works Council and the management of voestalpine jointly developed an innovative idea that came as a surprise to many people: The employees should have a stake in the company by owning shares. By bundling voting rights, they should become a stable core shareholder and also participate in voestalpine’s success individually (in this regard, see page 26). In a first step, 5% of the shares were purchased in 2001; in the coming years, the package was successively increased.

BY 2003/04

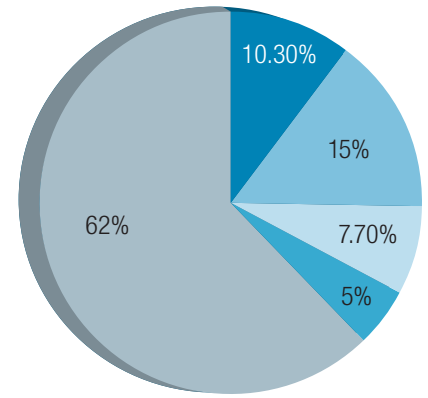
- ÖIAG
- Employee shareholding
- OÖ Invest GmbH & Co OEG
- Oberbank AG
- Other



In September 2003, the decision to completely privatize voestalpine AG was made. ÖIAG offered 19.7% of the company's shares on the stock exchange. As, however, it held 15% of the shares in the form of a convertible bond (in this regard, see the glossary on page 20), the Group was not yet completely privately owned. In order to eliminate the threat of a breakup of the company, three stable core shareholders had emerged in the previous three years: Oberbank, Raiffeisenlandesbank (OÖ Invest), and the employees of voestalpine themselves.

BY 2005/06

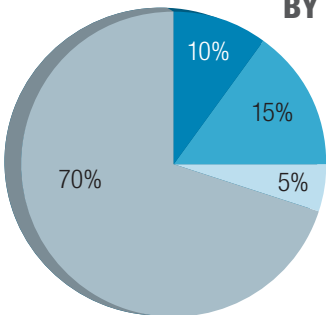
- Employee shareholding
- OÖ Invest GmbH & Co OEG
- Oberbank AG
- Goldman Sachs Group, Inc.
- Other



The positive development of the share price resulted in an early conversion of the ÖIAG convertible bond into voestalpine shares. In the previous year, the ÖIAG stake had declined to 8%, and the voestalpine employees had become the second largest shareholder through the employee shareholding scheme. This meant that as of August 31, 2005, voestalpine AG was finally completely privatized. The development of the share price had even attracted Goldman Sachs as a major investor.

BY 2008/09

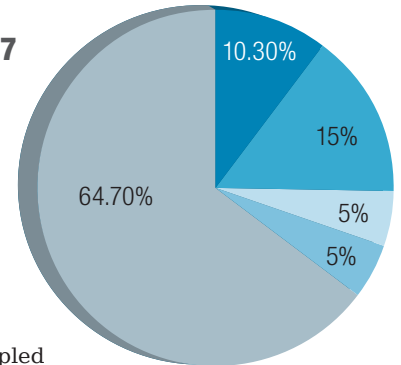
- Employee shareholding
- Raiffeisenlandesbank OÖ AG
- Oberbank AG
- Other



In the business year 2007/08, the most successful year by far in the Group's history, the voestalpine Group reached a new record as far as revenue, earnings, and number of employees were concerned for the sixth consecutive time. In July 2007, the share price rose to an all-time high of EUR 66.11. Subsequently, the AXA Group sold its block of shares. In contrast, the stable core shareholders were not interested in a short-term profit and remained on board. Even the following years of economic and financial turmoil after 2008/09, when there was a reversal and the price of the voestalpine share came under pressure, did not change their long-term commitment.

BY 2006/07

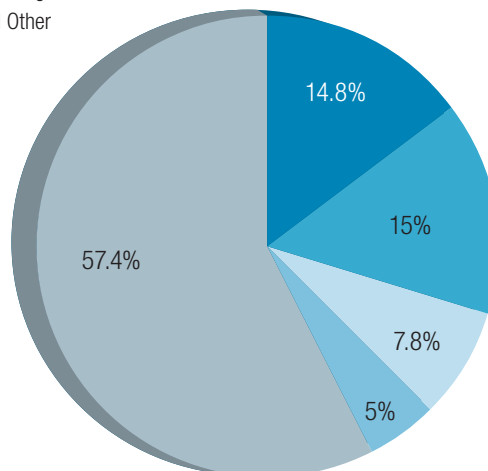
- Employee shareholding
- Raiffeisenlandesbank OÖ AG
- Oberbank AG
- AXA Group
- Other



In August 2006, the voestalpine share was split at a ratio of 1:4: This meant that the number of shares was quadrupled and the value of each share quartered so that the market value of the Group remained the same. The reason for the stock split was that the share price had risen by 460% since the IPO. The lower share price after the split was supposed to offer an incentive, especially to small investors. In the meantime, Goldman Sachs was replaced as a major shareholder by the French insurance Group AXA.

BY 2014/15

- Employee shareholding
- Raiffeisenlandesbank OÖ
- Oberbank AG
- Norges Bank
- Other



With a resolution adopted by the Management Board in May 2015, the share capital was increased for another expansion of the employee shareholding scheme. Thus, the voting share rose to 14.9%. The employee shareholding scheme had been successively increased in 2009 and 2012 by way of capital increases from authorized capital. The shareholder structure according to regions as of the end of the business year 2014/15 was as follows: Austria 49%, international employee shareholding scheme 13.6%, North America 13%, Great Britain and Ireland 7%, Scandinavia 7% (since December 2012, Norges Bank, the Norwegian Central Bank, has held a large block), Germany 3%, France 2%, Asia 2%, and the rest of Europe 3.4%.

The employee shareholding scheme creates stability and identity

The voestalpine employee shareholding scheme was established 15 years ago—in very unstable times—to be a stable core shareholder. Today, it is a model of success that enjoys a high degree of international recognition.

In 2000, political decision-makers resolved to fully privatize the remaining state interest in the voestalpine Group, which meant the withdrawal of the large, stable core shareholder (38.8%). The future ownership structure of the company and thus its future was uncertain, so Works Council and management acted quickly and—despite all the opposing interests—jointly developed the voestalpine employee shareholding scheme: The employees became co-owners of their company, and their shares were bundled in a foundation.

Strategic importance. The strategic importance continues to be huge to this day: A company's own workforce is a reliable and stable co-owner, who is interested in a sustainable development of the company. In 2003, the "Minerva" project, under which voestalpine was supposed to be sold to Magna, provided significant impetus for the employee shareholding

»Over the years, the employee shareholding scheme has become a significant asset for the voestalpine Group, both with regard to employees' motivation and their identification with the company, and as protection against a hostile takeover. Once again, this has put us a real step ahead.«

WOLFGANG EDER

scheme, and the 10% squeeze-out threshold, which gave the company a certain degree of protection against hostile takeovers, was surpassed. "Without reliable core shareholders, one can never know how a corporation will develop. Therefore, I can definitely imagine that without the employee share-



»As we employees own 10% of all voestalpine shares, a hostile takeover by another company would not be easy.«

Wilhelm Lenger, Foreman in finishing & processing,
BÖHLER Edelstahl GmbH & Co KG, Kapfenberg



»When you explain to people what employee shareholding is about, you always have the feeling that you are envied because we have this model.«

Mario Hoffelner, Production Worker in slab production,
voestalpine Stahl GmbH, Linz



»The Works Council and the management share a common objective that the employee stake be maintained at a level equaling voting rights of at least 10%.«

MAX STELZER

Max Stelzer, Executive Member of the Management Board of voestalpine Mitarbeiterbeteiligung Privatstiftung

holding scheme, voestalpine would be very different," says Max Stelzer, Executive Member of the Management Board of voestalpine Mitarbeiterbeteiligung Privatstiftung (a private foundation that manages the Group's employee shareholding scheme).

Comprehensive participation. Today, the voestalpine employee shareholding scheme is an integral part of the voestalpine identity for its employees. The employee shareholders personally participate in the company's success; they profit from receiving dividends and supplemental payments by the company, as well as possible national tax benefits and appreciation of the share price. But beyond these financial benefits, the participating employees are connected and empowered in yet another way: The representatives of the Mitarbeiterbeteiligung Privatstiftung speak up for the interests of the workforce at the Annual General Shareholders' Meeting and on the Supervisory Board of voestalpine AG.

A SHOWCASE MODEL

24,300 active employees of voestalpine AG hold roughly 24 million shares. Together with the voting rights of former employees, this makes a total of 14.7%. As a result, the voestalpine employee shareholding scheme is the largest such model in Austria; worldwide, it is the only such model that is both international and combines a bundling of voting rights with individual share ownership. All 51 Austrian Group companies are integrated into the scheme, as are 70 companies in the Netherlands, Germany, Great Britain, Poland, Belgium, Czech Republic, and Italy (as of September 2015).



»As a result of the employee shareholding scheme, I am interested in keeping track of how the company is doing.«

Nadine Krömer, Network Maintenance Technician, voestalpine Stahl Donawitz GmbH, Leoben



»For me, being a voestalpine shareholder means believing in a solid company, being engaged and happy with my work, and investing in my own future.«

Aldo Gorietti, Salesman, Böhler Uddeholm Italia S.p.A., Milan

»The voestalpine share is attractive to investors because the company itself is attractive«

Peter Fleischer is the Head of Investor Relations at voestalpine AG. He explains what the Investor Relations Department does and what creates the value of the voestalpine share and the company.

Mr. Fleischer, you are the Head of the Investor Relations Department. What does the term "Investor Relations" mean?

PF_ Investor Relations means developing and maintaining relationships with investors. It requires creating confidence and clear communication. Our investors invest their money in voestalpine shares and are then co-owners of the company. And as such, they need a department within the company that provides them with information on an ongoing basis. This is what we do in the Investor Relations Department, together with our CEO Wolfgang Eder.

What kind of information is this?

PF_ We inform investors about current figures, current projects, and the company's strategy. This is generally done in personal meetings during so-called road shows. In these one-on-ones, investors want to not just receive information about the company, but they also want to meet the CEO in person. Many investors may only invest after they have met the top management. Thus, Wolfgang Eder has a very important responsibility.



Mr. Investor Relations

Peter Fleischer began his voestalpine career in Controlling in 2000 and was Head of the Sales Controlling Department (both at Steel Division). He has been the Head of Investor Relations since 2006. Together with CEO Wolfgang Eder, he attends around 50 road show days every year.

In other words, you ensure that investors understand what voestalpine's plans are?

PF_ Exactly. What investors do is estimate what kind of profit we will generate in the future—in which industries, which markets, and which global regions. This is what their decision to buy, to hold, or to sell voestalpine shares is based on.

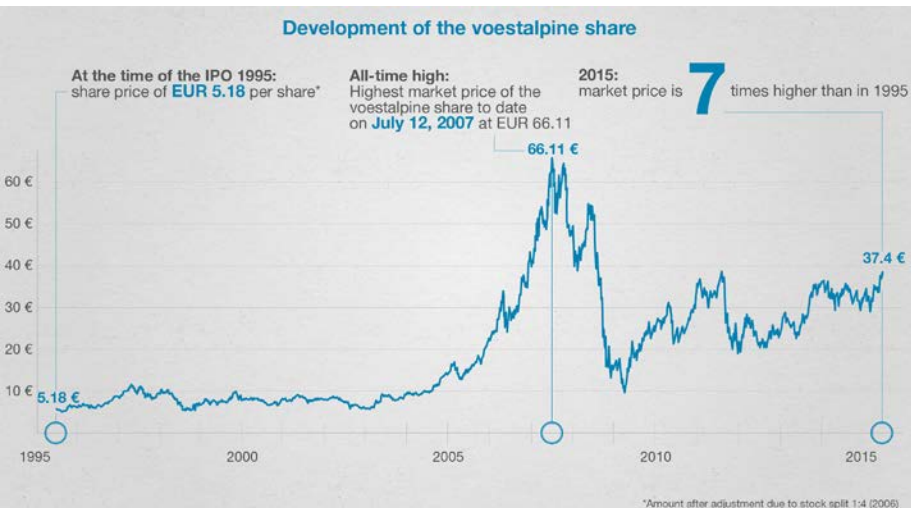
Who are our investors?

PF_ By and large, our investors can be categorized into three groups. On one hand, there are the strategically oriented core shareholders, who hold roughly 40% of voestalpine AG shares—Raiffeisenlandesbank Oberösterreich, Oberbank, the Norwegian Central Bank, and, very importantly, the employee shareholders. Furthermore, around 10% of the shares are held by private shareholders, a relatively high figure for an Austrian company. The remainder is distributed among so-called institutional investors, primarily insurance companies, asset management companies, and investment funds. These are the investors that we encounter and service at road shows. The meetings with the investors are very exciting, by the way. They are very interesting, intelligent dialogue partners.

Is it true that institutional investors are more dynamically oriented?

PF_ They tend to have a short-term, dynamic investment approach, while the first two groups tend to be oriented toward the long term. But one always needs both types of investors: the strategically oriented, long-term shareholders give the stock stability and the short-term investors provide liquidity for the stock. We have a good combination of the two.

A very positive development



What makes the voestalpine share attractive to investors?

PF_ That's simple. The voestalpine share is attractive to investors because the company itself is attractive. We have very good future earnings prospects, and this is a decisive point for investors. The basis for our future success is a solid strategy: we will continue to grow in sectors in which we have been successful historically. Not only we believe this, but many investors as well: An average of 200,000 voestalpine shares are traded every day, and this makes it one of the most liquid shares on the Vienna Stock Exchange

»We have very good future earnings prospects, and this is a decisive point for investors.«

PETER FLEISCHER



The analysis of the analyst

Franz Hörli is a stock analyst at Erste Bank. As such, he assists his customers, who are primarily institutional investors such as insurance companies and funds, in their investment decisions. In 2013, Franz Hörli was "Europe's best stockpicker." He analyzed the voestalpine share.

"The voestalpine share has developed very positively over the last 20 years. Naturally, there were ups and downs, but the bottom line is that the price has increased many times over and each year, there is an attractive dividend. Even in difficult years, such as 2009 and 2010, voestalpine performed well and paid a dividend; this is remarkable.

The share is, so to speak, a mirror for progress within the company itself that is ultimately reflected in its key figures. voestalpine does not seek to optimize short-term results but is working on continuously expanding its advantage over the competition and, at the same time, on extending its value chain.

One can say that voestalpine has acquired a kind of "special status" in the perception of investors in recent years as an absolute quality company that specializes in technologically sophisticated niche markets. This long-term strategy is not expected to change in the future. Most recently, there has been a greater focus on continuing internationalization; this is associated with trends in important customer industries."

Facts and Figures

Thus far, **EUR 2.2 billion** in dividends has been distributed to shareholders



Since the IPO, an estimated **one billion** voestalpine shares have been traded on the stock exchange

Currently (BY 2014/15), **174,949,163** voestalpine shares are in circulation



Affair of state with a happy ending

A review by Erwin Zankel, former editor-in-chief of the *Kleine Zeitung*.

First act

It is 1973 and Styria is in shock: Alpine, core piece and backbone of the economy in the “Iron March” is losing its independence. It is true there is bad news—losses in the coal mines, unemployment in the steel companies because the protective walls created by the imposition of quotas and customs duties are crumbling—but no one wants to believe that the situation is serious. Alpine Montangesellschaft, established in the 19th century by Archduke Johann, with its legendary Mount Erzberg (iron ore mountain), the blast furnaces in Donawitz, and the rolling mills along the Mur and Mürz rivers, is state-owned, but Styria considers itself its secret owner. It is not a coincidence that the CEO and his deputy are leaders in the two main political parties, the conservative People's Party (ÖVP) and the Socialist Party (SPÖ).

But under the pressure of reality, the state of Styria submits. Federal Chancellor Bruno Kreisky enforces the “big steel solution.” Reeling economically, Alpine is absorbed by VOEST, and Edelmetallwerke Böhler, Schoeller-Bleckmann, and Styria are merged and incorporated into VOEST as well. It takes some time before emotions calm down. At first, feelings run high due to the rumor that in Upper Austria, the successful LD process is being marketed as an abbreviation of “Linz-Danube” in order to not have to mention Donawitz. The matter is cleared up when CEO Herbert Koller comes to Styria and announces that investments will be made at the Styrian sites.

Second act

The merger alone does not solve the problems. The steel industry everywhere is undergoing radical changes. The necessity of creating leaner structures is diametrically opposed to Kreisky's imperative that jobs in state-owned industries be protected. Capacity in the individual operating units

Erwin Zankel was editor-in-chief and publishing director at the *Kleine Zeitung* from 1998 until his retirement at the end of March 2006. After graduating with a degree in Law, he began his career in journalism in 1965. Working on the home affairs desk at the *Kleine Zeitung*, the quality of his articles quickly helped him make a name for himself. In the following years, he increasingly turned to business journalism, steadily becoming a recognized specialist in the problems of nationalized industries in Austria.

is utilized with orders that are below cost. The company that has been operating at a loss since 1981 gets involved in reckless business transactions. The bubble finally bursts in 1985 after dizzying adventures with petroleum derivatives. The entire Management Board led by Heribert Apfalter must resign.

Third act

In the fall of 1986, the restructuring concept is made public. The prospects are bleak: more than 9000 people lose their jobs and VOEST-ALPINE, which had been inflated to a conglomerate, is broken up and restructured. The painful downsizing process, however, results in a rethinking process as well. The operating units, which have been saved again by injections of capital by the state, have to get back on their feet on their own; the political institutions decide to stay out the company's business in the future.

Fourth act

After the initial hesitant attempts by the parent company of state-owned industry to finance itself by issuing bonds, the subsidiaries venture into the capital market. In 1995, privatization of the steel corporation begins when the IPO is launched.



The stumbling blocks along the way are surmounted with persistence and perseverance. Sites such as Donawitz, which were in danger of closure, begin to flourish; the corporate headquarters in Linz becomes a technology trailblazer. Peter Strahammer frames the strategy; Wolfgang Eder continues and refines it further. Accelerated by speculations that Frank Stronach could go after the company that has now been renamed voestalpine AG, the privatization process is completed. With financial institutions from Upper Austria as shareholders and the employee shareholding scheme, the new owners have a stable core. In 2007, the acquisition of the special steel Group Böhler-Uddeholm brings it under the voestalpine roof.

Happy ending

Impressive key figures: almost 50,000 employees in 500 Group companies in more than 50 countries. A major German newspaper reports about the problems at ThyssenKrupp and asks CEO Eder, who is also the Chairman of the World Steel Association, how his company has managed to continue to grow despite the crisis. An Austrian success story—voestalpine, unfettered by politics and government influence.

20 Years on the Stock Exchange

Special exhibition at voestalpine Stahlwelt

In celebrating 20 years since voestalpine AG issued its IPO, voestalpine Stahlwelt, the Group's visitor and exhibition center at the voestalpine site in Linz, will be hosting a special exhibition from October 3, 2015, to March 31, 2016.

The key developments associated with the IPO and the Group's privatization will be retraced on numerous multimedia stations.

The special exhibition, 20 Years on the Stock Exchange, is open from Monday to Saturday, from 9 a.m. to 5 p.m. Entrance is free of charge.



www.voestalpine.com/ipo1995/en

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Group Press Investors Jobs Products

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IPO 1995 – 20 years on the stock exchange

Internal Events External Events

IPO 1995 – 20 years on the Stock Exchange

October 9, 1995 was a special milestone in the history of voestalpine. On this day, the voestalpine share was listed for the first time on the Vienna Stock Exchange, paving the way for voestalpine to become a successful privatized company.

Information & Media

Corporate Blog

20 years on the Stock Exchange

Infographic

Youtube Playlist

Website Employee Participation

Corporate Website Investor Relations

Stock market knowledge

Microsites on the internet and intranet

If you do not have the chance to visit the special exhibition at voestalpine Stahlwelt, you can read key content in "IPO 1995—20 years on the stock exchange" on microsites hosted on the corporate blog and on the intranet (*my.voestalpine.net*).

Memories, images and videos are presented in an interactive format, and the key milestones on the Group's path to becoming an internationally successful steel-based technology and capital goods Group are described.

A series of microsites reveal the key milestones of the past 20 years with the aid of an interactive share performance chart:

Website: www.voestalpine.com/ipo1995/en

Intranet area: group.voestalpine.net/ipo1995

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