

Videostatement Business Year 2015/16 Dr. Wolfgang Eder, CEO voestalpine AG

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

voestalpine again delivered an excellent performance during the business year 2015/16. This was achieved despite an extremely challenging economic environment, a strong fall in the price of raw materials, above all oil, and a global slump in the price of basic steel grades which was triggered by huge overcapacities, particularly in China.

Yet even faced with this difficult economic context, we managed to achieve a revenue of around EUR 11.1 billion, roughly the same level as that of the previous year. Earnings figures—a far more important indicator than revenue—have even improved. The Group's operating result, our EBITDA, rose by 3.5 percent to around EUR 1.6 billion, and our profitability, the EBITDA margin, to 14.3 percent. Similarly, profit from operations, the EBIT, rose to EUR 889 million, and the EBIT margin to 8 percent. This success is based on the expertise and 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 gratitude to them all.

2. What advances have been made in implementing the Group Strategy 2020?

We are successfully on course in implementing our Group Strategy 2020. Over the past business year we have continued to expand our market leadership in customer segments with the most demanding technological and quality requirements, especially in our core area of mobility, and we have once again extended the value chain further towards our end customers. We are focusing our efforts not simply on increasing revenue, but rather on raising profitability, because this will ensure our earnings leadership over the long term. Growth in non-European markets is also proceeding in line with our expectations. In addition to acquisitions in the USA and China, and enlarging facilities at many of our sites worldwide, the past business year also marked the opening of our first Chinese plant for the manufacture of high-strength automotive components, and the completion of the second expansion stage at our automotive site in Cartersville, in the USA.

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

An improvement in the global economy seems unlikely in the immediate future. However, for the latter part of the year there are certain indicators that suggest the economic trend could improve. But this would depend on a return to more stable raw materials prices, as well as global exchange rate structures remaining stable. Continued strong growth in the automotive industry is undoubtedly positive, as is the performance of the railway and aerospace sectors. As a result of our focus on highly technological and rapidly growing industries, especially in the mobility sector, we can expect both our operating result and profit from operations to be at least close to the level of our last business year.