

voestalpine defies negative market environment

- Increase in all reporting categories (in part due to positive non-recurring effects)
- At EUR 11.1 billion (after EUR 11.2 billion in the previous year) revenue remains virtually at previous year's level (-1.1%)
- Operating result (EBITDA) rises by 3.5% from EUR 1.5 billion to EUR 1.6 billion (excluding non-recurring effects, marginal decline from EUR 1.47 billion to EUR 1.45 billion); EBITDA margin is 14.3 %, with adjusted EBITDA margin remaining constant at 13.1%.
- Profit from operations (EBIT) at EUR 889 million after EUR 886 million in the previous year slightly higher (excluding non-recurring effects, slight dip from EUR 841 million to EUR 814 million, -3.2%); EBIT margin 8.0%, adjusted EBIT margin at 7.4% remains virtually constant (7.5% in the previous year)
- At EUR 751 million, profit before tax is 1.7% higher than in the previous year (excluding non-recurring effects: EUR 677 million, -2.5%); profit after tax up by 1.2% to EUR 602 million (excluding non-recurring effects: EUR 510 million, -7.7%)
- Record investment expenditure of EUR 1.3 billion; nevertheless, gearing ratio significantly improved at 54.5% (compared with 58.2%)
- Workforce at record level of around 48,500 employees (FTE)
- Direct reduction plant in Texas almost ready for start-up of operations

In the business year 2015/16 (April 1, 2015 to March 31, 2016), the voestalpine Group has again proven its very specific position on the market despite an economic environment made extremely challenging by the dramatic slump in the oil and natural gas sector and global price deterioration for steel commodities, primarily due to enormous overcapacity in China. Notwithstanding these difficult framework conditions, the voestalpine Group was largely able to maintain its revenue at the previous year's level: roughly EUR 11.1 billion compared with EUR 11.2 billion (-1.1%). "The stable, positive performance in the past business year clearly shows that by consistently focusing on technologically and qualitatively sophisticated market segments, we are relying on the right strategy in the long term and are very well positioned even in economically challenging times," says Dr. Wolfgang Eder, CEO and Chairman of the Management Board of voestalpine AG.

First-time full consolidation as of the beginning of the business year 2015/16 of companies belonging to the Metal Engineering Division, which had previously been consolidated at equity, and increasing revenue contributions from companies acquired by the same division in 2014/15 resulted in positive non-recurring effects reported in the annual financial statements for 2015/16. In addition to the previously mentioned economic factors, the divestments undertaken in the previous year in the Metal Forming Division (sale of significant companies that were no longer relevant to the Group's core activities) had a slight negative effect on revenue.

Improvement in all reporting categories

Thanks to (moderate) non-recurring effects, earnings improved even more. The consolidated operating result (EBITDA) rose by 3.5% from EUR 1.5 billion to around EUR 1.6 billion, with profitability (EBITDA margin) going up to 14.3% (previous year: 13.7%). These results contain both the previously mentioned non-recurring effects reported in the previous year and those that became effective in the business year 2015/16. Adjusted for all of these non-recurring effects, EBITDA declined slightly in a year-over-year comparison by 1.5% from EUR 1.47 billion to EUR 1.45 billion. The adjusted EBITDA margin in both years was 13.1%. Unadjusted profit from operations (EBIT) in the business year 2015/16 was EUR 889 million, slightly higher than in the previous year (EUR 886 million); EBIT margin in 2014/15: 7.9% and in 2015/16: 8.0% After deducting the non-recurring effects, EBIT fell by 3.2% from EUR 841 million to EUR 814 million, resulting in a largely stable adjusted EBIT margin of 7.4% vs. 7.5% in the previous year.

Again higher dividend for shareholders

Profit before tax and profit after tax (net income) rose slightly in the past business year. Profit before tax went up in the business year 2015/16 by 1.7% from EUR 739 million to EUR 751 million. Excluding non-recurring effects, profit before tax declined by 2.5%, going from EUR 694 million to EUR 677 million. Profit after tax (net income) gained 1.2%, going from EUR 595 million to EUR 602 million. Adjusted for non-recurring effects, profit after tax decreased by 7.7%, going from EUR 553 million to EUR 510 million in 2015/16. Subject to the approval of the Annual General Shareholders' Meeting of voestalpine AG on July 6, 2016, a dividend of EUR 1.05 per share will be paid to shareholders, an increase of EUR 0.05 or 5% compared to the previous year's dividend.

Record investment expenditure and higher number of employees

Despite record investment of more than EUR 1.3 billion in the business year 2015/16 – due to largely finalizing important future-oriented projects, such as the new wire production in Donawitz, the new heavy plate mill in Linz, several automotive component plants worldwide, and the direct reduction plant in Corpus Christi, Texas – the gearing ratio (net financial debt in percent of equity) of 58.2% as of March 31, 2015 was reduced to 54.5% as of March 31, 2016. This trend shows yet again that the high-tech/high-quality growth strategy that the voestalpine Group has been pursuing for many years is not mutually exclusive with sound financial management despite the high level of investment, but on the contrary, adds value and provides for a secure future. The most significant factor was stable and solid development of earnings that made an increase of the equity base possible by a healthy 10.5% from EUR 5.1 billion at the end of the business year 2014/15 to EUR 5.7 billion as of the end of the business year 2015/16. Despite the massive expansion in investment activity in the past twelve months, net financial debt rose only slightly by 3.4% from EUR 3 billion as of March 31, 2015 to EUR 3.1 billion as of March 31, 2016. At 48,367 employees (FTE), a plus of 2%, the workforce of the voestalpine Group has again reached a new record.

Strategy 2020 on track, with a focus on internationalization and the mobility sector

The consistent realization of the Group's Strategy 2020 was also a factor in ensuring the company's stable performance: "The implementation of our strategy is successfully on track. In the past business year, we have again expanded our market leadership in those customer segments with the highest technology and quality requirements, in particularly our core sector of mobility, and thus extended the value chain toward the end customer," Eder emphasizes. The priority was not revenue growth, but rather profitability in order to ensure the Group's earnings leadership for the long term. After undertaking strategic acquisitions in the USA and China as well as expanding numerous locations worldwide, particularly in the automotive sector, the construction of the direct reduction plant in Corpus Christi, Texas, USA is now nearing its successful completion. The plant will produce highest quality HBI (sponge iron), a pre-material for steel production; it is scheduled to start operations in the summer of 2016. It is the largest and most modern plant of its kind, and more than 90 percent of its annual production volume has already been sold.

Outlook for the business year 2016/17

In the short term, an improvement of the global economic situation seems unlikely. There are, however, indications that the economic situation will recover somewhat in the course of the year. For this to occur, it is necessary for raw materials prices to stabilize and for the global foreign exchange system to remain stable. The continuing strong performance of the automotive industry as well as the railway and aerospace sectors is definitely a positive factor. "Thanks to our focus on technology- and growth-intensive industries, especially in the mobility sector, we anticipate that an (adjusted) operating result (EBITDA) and (adjusted) profit from operations (EBIT) that at least approximates the figures of the last business year will be possible," Eder says.

The voestalpine Group

In its business segments, voestalpine is a globally leading technology and capital goods group with a unique combination of material and processing expertise. voestalpine, which operates globally, has around 500 Group companies and locations in more than 50 countries on all five continents. It has been listed on the Vienna Stock Exchange since 1995. With its top-quality products and system solutions using steel and other metals, it is one of the leading partners to the automotive and consumer goods industries in Europe and to the oil and gas industries worldwide. The voestalpine Group is also the world market leader in turnout technology, special rails, tool steel, and special sections. In the business year 2015/16, the Group generated revenue of EUR 11.1 billion, with an operating result (EBITDA) of EUR 1.6 billion; it has 48,500 employees worldwide, who are collectively a major shareholder in the company with a stake of 14.5 percent.

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