

BUSINESS YEAR 2018/19

Press Conference, June 5, 2019

Welcome!

SUCCESSFUL BUSINESS MODEL IS THE BASIS FOR THE FUTURE



» voestalpine is a leading technology Group with combined material and processing expertise, holding global top positions in its business units. The Group focuses on product and system solutions based on steel and other metals of the highest quality in technology-intensive industries and niches.

TECHNOLOGY GROUP: CORE ELEMENTS OF THE DIFFERENTIATION STRATEGY



- » Utmost customer proximity
- » Leadership in innovation, technology, and quality
- » Differentiation in technology-intensive industries with the most stringent quality standards
- » Operational excellence: continuous development of all processes



TURNING PASSION INTO TECHNOLOGY

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ONE STEP AHEAD.



BUSINESS YEAR 2018/19 ENVIRONMENT AND HIGHLIGHTS

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ECONOMIC ENVIRONMENT



USMCA: Continued solid economic environment

Brazil: Moderate upward trend

Europe: Significant economic softening

Africa: Little movement

China/Asia: Declining momentum (except India)

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KEY FIGURES



- » Revenue: EUR 13.6 billion (+5.1%)
- » EBITDA: EUR 1.6 billion (-19.9%)
- » EBIT: EUR 779 million (-33.9%)
- » Equity: EUR 6.7 billion (+2.4%)
- » Dividend: EUR 1.10* (-21.4%)
- » Total employees: 51,900 (+0.6%)

*) Proposed to the Annual General Meeting.

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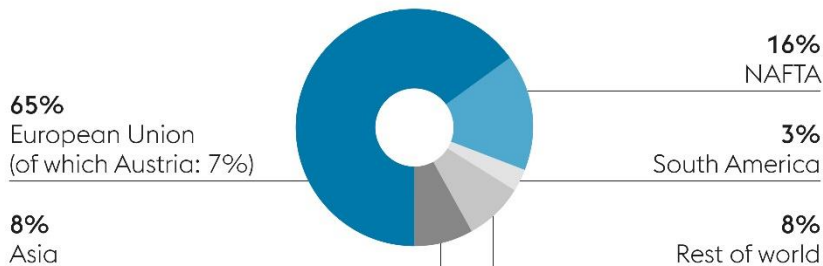
INTERNAL AND EXTERNAL FACTORS

- » Overhaul of the large blast furnace at the Linz site (summer of 2018)
- » Unscheduled downtime at the HBI plant in Texas in the fall of 2018
- » Provisions in the Heavy Plate segment (ongoing investigations by the German *Bundeskartellamt*)
- » Start-up difficulties of the US automotive plant in Cartersville, Georgia
- » Significant economic cooling off in the 2nd half of the business year
- » Negative impacts of the global trade wars
- » Changes in EU exhaust emissions test procedure (WLTP) causes turbulence in the automotive industry

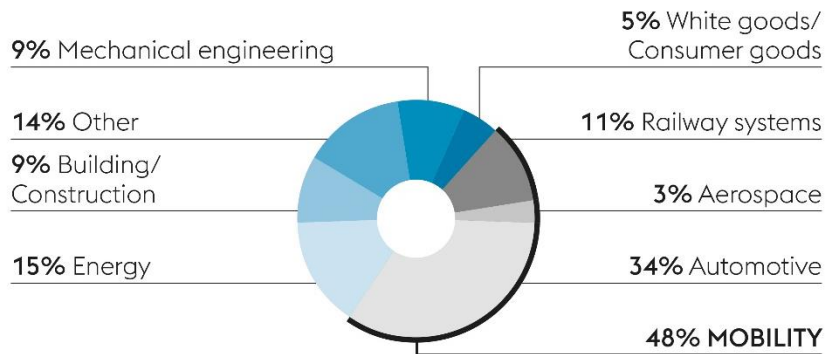
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REGIONS AND INDUSTRIES WORLDWIDE

REVENUE BY REGIONS (Business year 2018/19)



REVENUE BY INDUSTRIES (Business year 2018/19)





BUSINESS YEAR 2018/19 FINANCIAL KEY FIGURES

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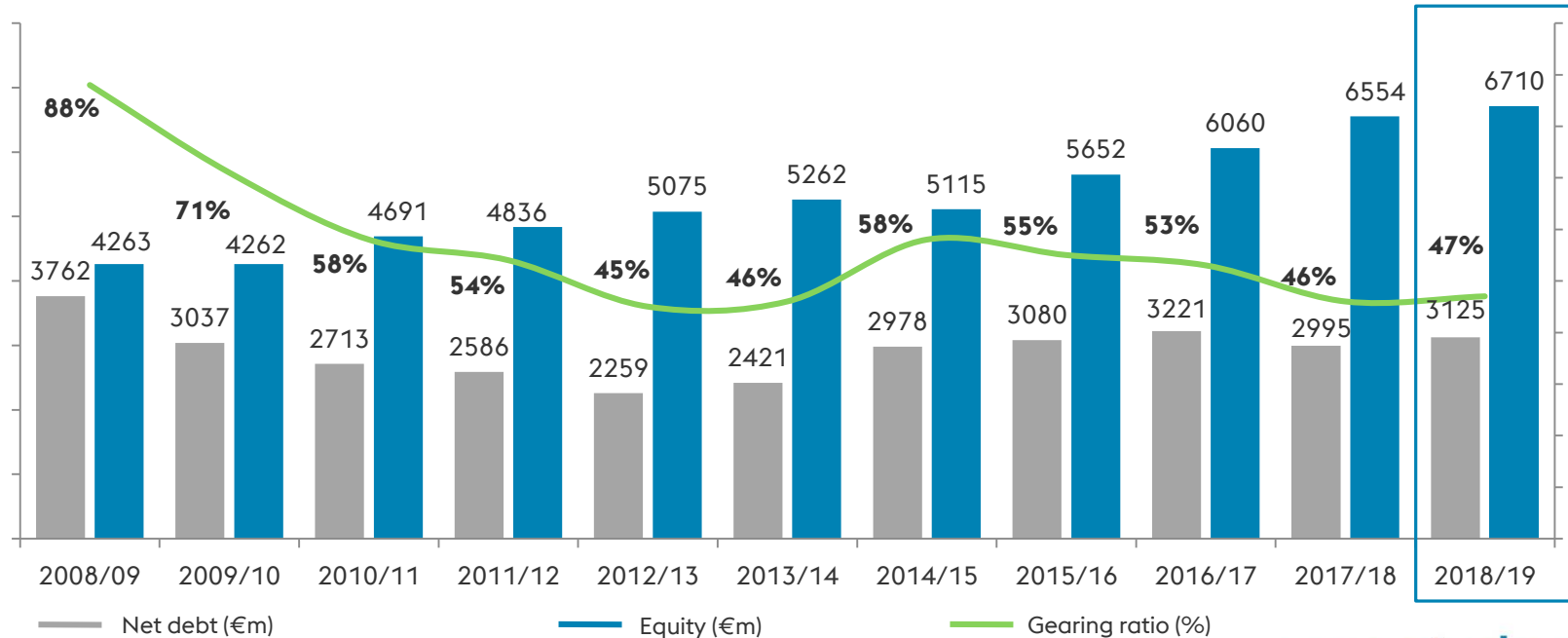
OVERVIEW OF KEY FIGURES

In millions of euros	BY 2017/18	BY 2018/19	Change (in %)
Revenue	12,898	13,561	+5.1
Operating result (EBITDA)	1,954	1,565	-19.9
Profit from operations (EBIT)	1,180	779	-33.9
Profit before tax (EBT)	1,043	646	-38.1
Profit after tax ^{*)}	825	459	-44.4
Earnings per share	4.40	2.31	-47.5
Dividend per share	1.40	1.10 ^{**)}	-21.4
Employees (full-time equivalent)	51,621	51,907	+0.6

^{*} Before deduction of non-controlling interests and interest on hybrid capital; ^{**)} Proposed to the Annual General Meeting

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DEVELOPMENT OF THE GEARING RATIO



HIGHLIGHTS FROM THE DIVISIONS

STEEL DIVISION

HIGHLIGHTS OF THE BUSINESS YEAR 2018/19



- » Waning momentum in auto industry
- » Changes in flow of goods to Europe → price pressure
- » Rising raw materials prices
- » Overhaul of blast furnace A in Linz
 - » 111 days → most advanced plant of its type worldwide
 - » Digitalization campaign at Linz site
- » Construction of world's largest pilot plant for "green" hydrogen

HIGH PERFORMANCE METALS DIVISION

HIGHLIGHTS BUSINESS YEAR 2018/19



- » Challenging market environment
- » Construction of **world's most advanced special steel plant in Kapfenberg** on schedule
- » Start-up of **new high-tech forge** for aerospace materials
- » **3D printing** rollout → additional center in **Houston/USA**, **powder production** in Kapfenberg and Hagfors/Sweden
- » Consistent expansion of **digital technologies** and **artificial intelligence**

METAL ENGINEERING DIVISION

HIGHLIGHTS OF THE BUSINESS YEAR 2018/19



- » **Railway infrastructure:** solid demand in Europe, attractive market in China
- » **Automotive:** waning momentum
- » **Oil & gas:** seamless tubes impacted by punitive US tariffs
- » **voestalpine Railway Systems** → only global full-service provider of digital railway lines (rails, turnouts, and signaling technology)
- » Opening of **Metallurgy Center** steel research facility

METAL FORMING DIVISION

HIGHLIGHTS OF THE BUSINESS YEAR 2018/19



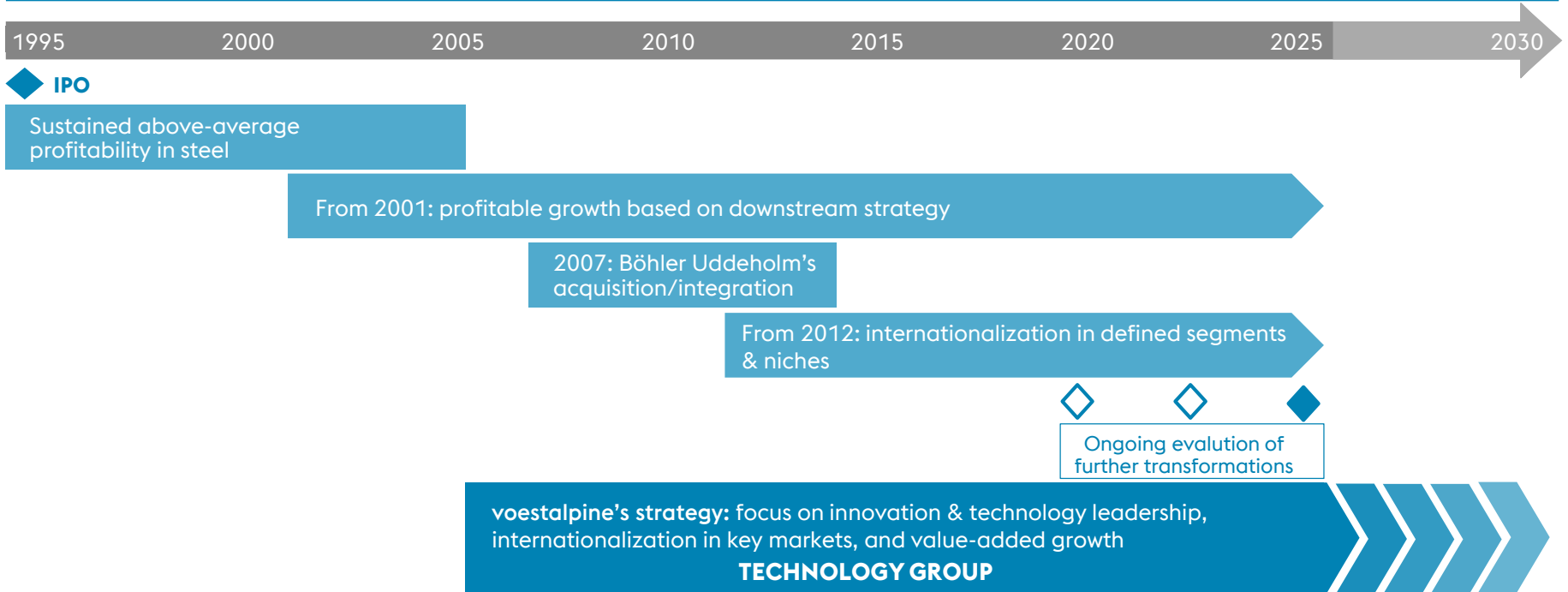
- » Automotive
 - » Economic challenges
 - » Increased start-up costs at US Cartersville plant
 - » Successful plant start-ups in China, Mexico, South Africa
 - » New e-mobility product innovations
- » Positive development in warehousing technologies and solar industry
- » Extended value chain for complex automotive components

» PARTNERSHIP WITH ABB FIA FORMULA E
“voestalpine EUROPEAN RACES” 2019



voestalpine TECHNOLOGY GROUP

OVERVIEW OF TRANSFORMATION



KEY STRATEGIC QUESTIONS FOR THE NEXT DECADE

- » Will the previous endeavors for open markets be replaced by a new era of protectionism?
- » What's the solution for the steel technology of the future?
- » In which direction are future technologies in the automotive industry heading?

▶ By 2025 we will have collectively developed a sound basis for responding to these future challenges.



voestalpine Group STRATEGY 2025

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ACTIVELY SHAPING CHANGE

WHAT IS IMPORTANT TO US



- » Push innovation, technology, and value-added growth
- » Highly-qualified and highly-motivated employees
- » Focus on sustainability
- » Continuously expand international footprint
- » Consistent focus on digitalization
- » strategy “voestalpine 2025” is the next step in voestalpine’s successful business model

OUTLOOK FOR THE BUSINESS YEAR 2019/20

KEY EARNINGS FACTORS

- » Fixing operational issues at our US plants is the greatest internal challenge
- » Effects of trade policy measures on global flow of goods
- » Future developments regarding raw materials markets and CO₂ costs
- » New emissions tests and future concepts in automotive technology
- » Impact of the Brexit on Europe's economic development

The goal is to put EBITDA on a solid footing in 2019/20 compared to the previous year — despite growing economic uncertainties.

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