

CAPITAL MARKETS DAY 2017

The automotive strategy of voestalpine
Wolfgang Eder, CEO voestalpine AG

voestalpine GROUP

BUSINESS MODEL



- » voestalpine is a leading technology and capital goods 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.

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HIGH-TECH SOLUTIONS



- » Focus on **product and system solutions** based on steel and other metals → “Downstream strategy”
- » A leading partner to the **European automotive and consumer goods industries** and to the **oil and gas industries worldwide**
- » World market leader in **turnout technology, special rails, tool steel, and special sections**
- » Listed on the **Vienna Stock Exchange since 1995**
- » **Business year 2016/17: EUR 11.3 billion revenue; EBITDA: EUR 1.5 billion; 50,000 employees**

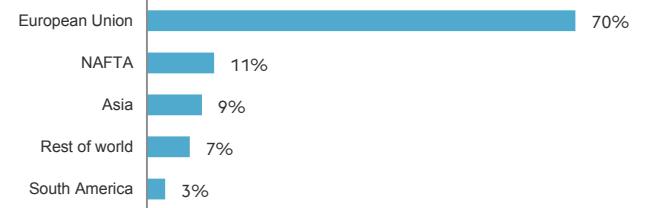
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GLOBAL FOOTPRINT

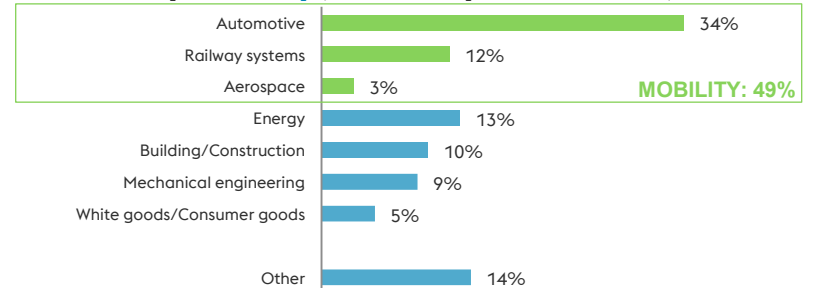
One Group – 500 locations – 50 countries – 5 continents



Revenue by region (business year 2016/17)



Revenue by industry (business year 2016/17)



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STRATEGY 2020

- » Enhanced continuation of **value-added growth** (since 2001)
- » Differentiation via **innovation in sophisticated customer segments**
- » Focus on the **growth sector mobility** (automotive, aerospace, railway) **as well as demanding niches** in other industrial segments
- » **Market, quality, and technology leadership**
- » Driving **internationalization** with expansion focused on the **NAFTA region and China**
- » Unique position due to **combined material and processing expertise**

Target revenue: EUR ~15 bn

*Targets for BY2020/21

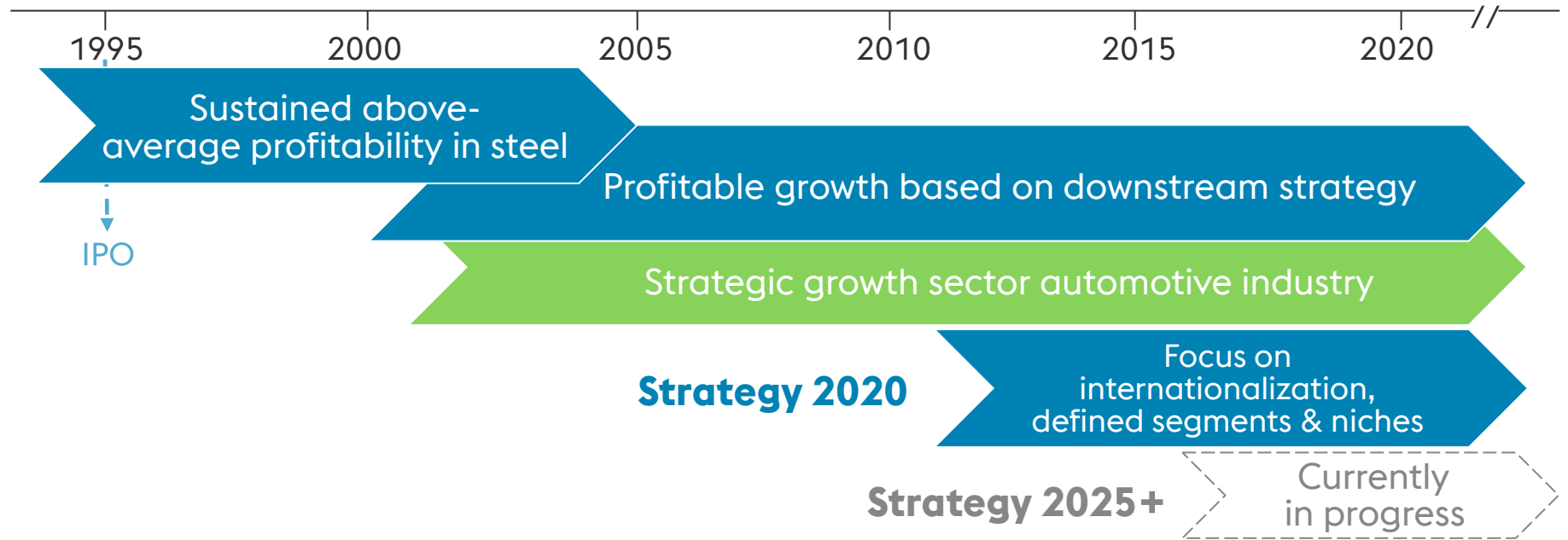
Target EBIT margin (Ø): 9%

Target EBITDA margin (Ø): 14%

Target ROCE (Ø): 15%

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THE TRANSFORMATION PROCESS...



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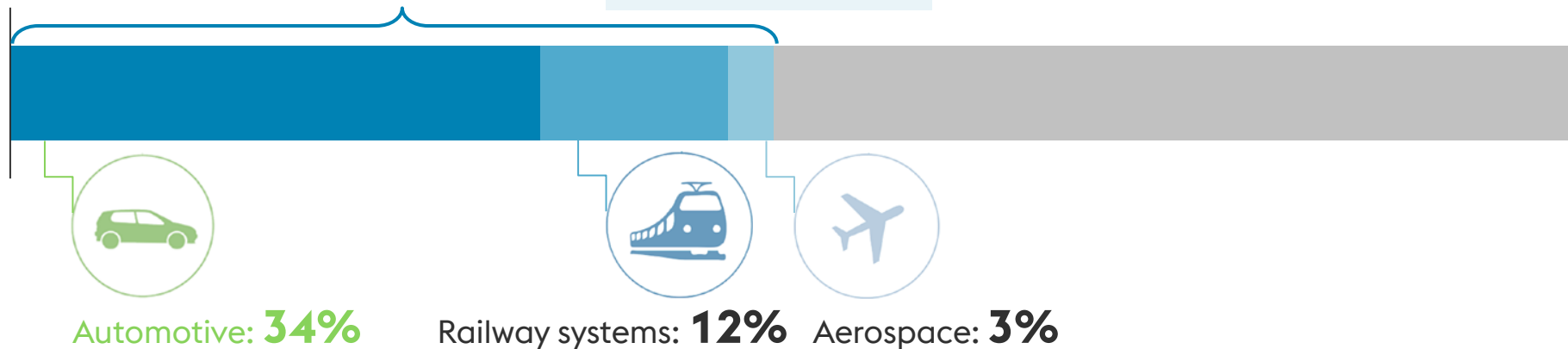
MOBILITY – THE CORE SEGMENT

BY 2016/17*
49% Mobility



BY 2020/21*
~50% Mobility

*share of total revenue



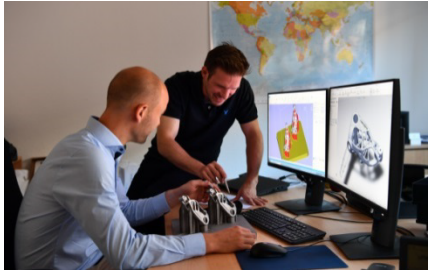
Automotive: **34%**

Railway systems: **12%** Aerospace: **3%**

High-tech products for the
most demanding customers

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FUTURE TRENDS IN AUTOMOTIVE

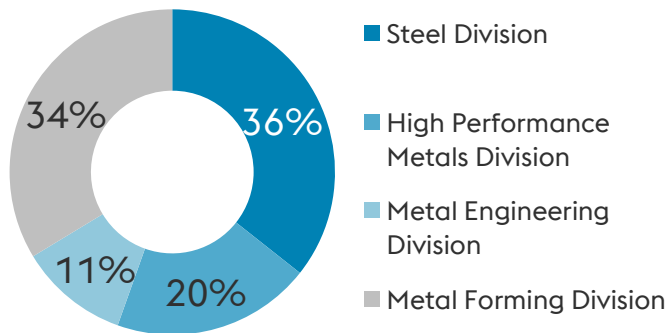


Most striking trends:

- » Long-term rising demand for passenger & freight transportation
- » E-mobility
- » Digitalization / connectivity / autonomous driving
- » New mobility concepts (car sharing,...)
- » Urbanization / mixed mobility
- » New materials and technologies (e.g. lightweight)
- » Lifecycle costs, efficiency, reliability, and safety
- » Changes in market structure

voestalpine GROUP – AUTOMOTIVE INDUSTRY FACTS

Revenue in Automotive by Division BY2016/17



- » Broad range of voestalpine products in numerous car models and automotive components
- » Focus on **lightweight, safety, and e-mobility** – innovation leader
- » Customers are almost all major OEMs **with emphasis on premium solutions**

Revenue BY2016/17 in Automotive: **EUR 3,827 million**

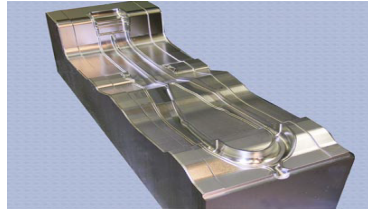
Share of total Group revenue: **34%**

voestalpine GROUP – AUTOMOTIVE INDUSTRY

KEY TECHNOLOGIES / PRODUCT EXAMPLES



Advanced high-strength steel
and coated sheets



Special alloyed tool steels



Cold heading wire



phs technology



Electrical steel / glued stacks



Valve steel



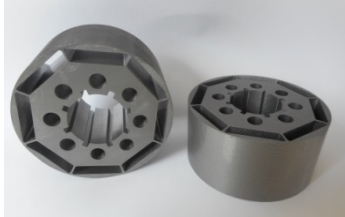
Welding consumables



Passive safety components

voestalpine GROUP – AUTOMOTIVE INDUSTRY

STEEL DIVISION



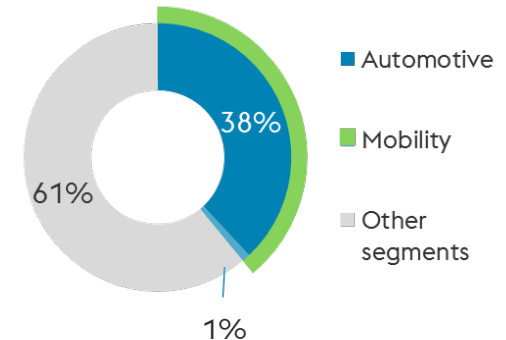
- » Technology and quality leader for high-quality flat steel and high-strength steels due to combination of most advanced material and processing know-how
- » Superior delivery performance as solid basis of long-term customer partnerships
- » Global support of customers
- » Customer-oriented innovation of products, services, and technology

REVENUE BY 2016/17

Steel Division

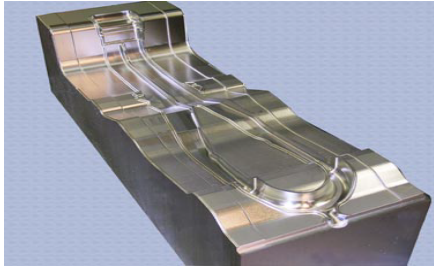
Automotive:

EUR 1,384 million



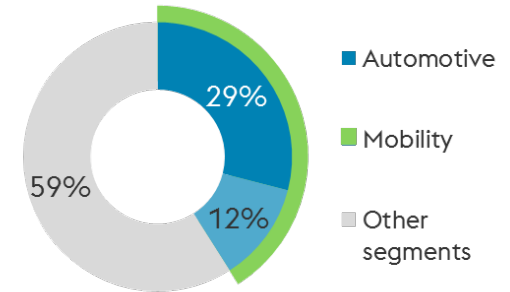
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HIGH PERFORMANCE METALS DIVISION



- » Benchmark in the tooling industry as global supplier of both materials and services
- » Unique value chain due to local service integration (value-added services)
- » High-quality materials technology and production know-how
- » Technologically most demanding steels and components
- » Additive manufacturing

REVENUE BY 2016/17
High Performance
Metals Division
Automotive: **EUR 756 million**



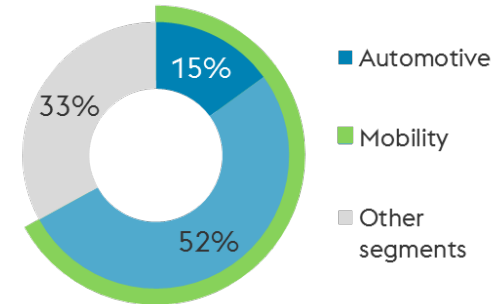
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METAL ENGINEERING DIVISION



- » Metallurgy network – combination of metallurgical and processing know-how focused on wire and seamless components
- » Leading welding technology
- » Highly efficient product innovation through specific R&D infrastructure
- » High flexibility to meet demanding customer requirements regarding delivery times, logistics, lot sizes, and specific solutions

REVENUE BY 2016/17
Metal Engineering
Division
Automotive: **EUR 403 million**



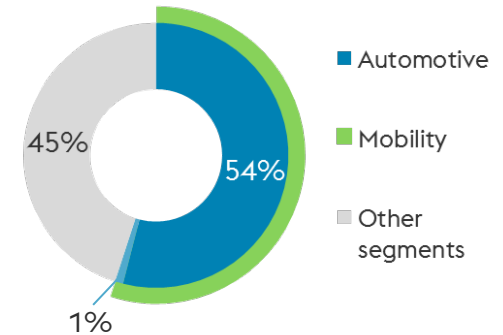
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METAL FORMING DIVISION



- » Focus on **lightweight construction** and on **assembled, complex modules** with high added value as well as **safety components**
- » **Global rollout** of key technologies (phs, ...); **follow strategic customers** – focus on NAFTA and China
- » Sustainable profitability through **business excellence and permanent innovation**

REVENUE BY 2016/17
Metal Forming Division
Automotive:
EUR 1,286 million



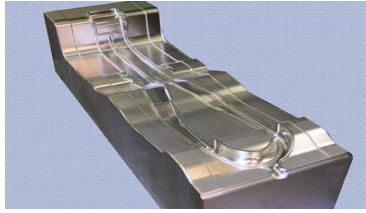
voestalpine GROUP – AUTOMOTIVE INDUSTRY VALUE CHAIN (EXAMPLE)

STEEL



Metallurgical know-how to create high-strength steel grades

TOOL



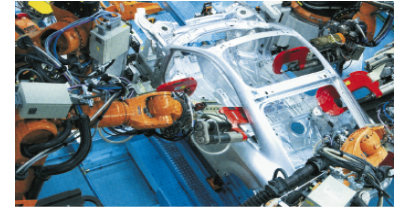
Know-how in producing special alloyed tool steels

SHAPING



Know-how in 3D shaping of high-strength steel grades

WELDING



Know-how in welding high-strength steel grades

Leading know-how throughout the value chain as main strategic pillar

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NEW TECHNOLOGIES (EXAMPLES)



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CURRENT STRATEGIC PROJECTS & INVESTMENTS

- » **Global expansion of phs technologies:**
15 phs facilities by 2020/21 (Europe, China, NAFTA), 9 already in operation including the world's first phs-directform® plant in Schwäbisch Gmünd, Germany
- » **Innovative joining technologies:**
World's largest production site for automotive blanks in Linz, Austria
- » **New e-mobility products: compacore®**
Inline bonded lamination stacks for more efficient and powerful electric motors
- » **Investment in high-tech wire production:**
World's most advanced wire rolling mill in Donawitz, Austria
- » **Innovation “Metal Additive Manufacturing”:**
Development and testing center in Düsseldorf, metal powder production in Austria and Sweden, expansion to Asia and NAFTA

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OVERVIEW STRATEGY IN AUTOMOTIVE INDUSTRY

The automotive industry is a significant driver of innovation and THE international growth segment of voestalpine.

The overall objective is to further strengthen the Group's position globally with a clear focus on the most profitable high-end segments.

- » Rollout of new key technologies
- » Drive innovation and aligned products/services
- » Follow the customer
- » Enter new fields of growth (future powertrain concepts, additive manufacturing,...)
- » Intensify local value-added services

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KEY ASPECTS OF voestalpine STRATEGIC APPROACH



Stable, proven, and consistent “downstream strategy”
for more than 15 years



Unique and successful → no copies



Fit for the future →
well prepared for upcoming trends and challenges