ANNUAL REPORT 2016/17

voestalpine

ONE STEP AHEAD.

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DEVELOPMENT
OF THE KEY FIGURES

In millions of euros	2012/13	2013/14	2014/15	2015/16	2016/17
Income statement					
Revenue	11,524.4	11,077.2	11,189.5	11,068.7	11,294.5
EBITDA	1,431.3	1,374.0	1,530.1	1,583.4	1,540.7
Depreciation	588.2	585.6	643.9	694.6	717.4
EBIT	843.1	788.4	886.2	888.8	823.3
Profit before tax	654.7	640.8	739.0	751.3	699.9
Profit after tax[1]	521.9	503.4	595.0	602.1	527.0
Statement of financial position					
Investments in tangible and intangible assets and interests	851.5	936.0	1,177.8	1,310.9	1,011.4
Equity	5,075.3	5,261.6	5,115.0	5,651.6	6,060.3
Net financial debt	2,259.2	2,421.4	2,978.1	3,079.9	3,221.1
Net financial debt in % of equity (gearing)	44.5%	46.0%	58.2%	54.5%	53.2%
Financial key figures					
EBITDA margin	12.4%	12.4%	13.7%	14.3%	13.6%
EBIT margin	7.3%	7.1%	7.9%	8.0%	7.3%
Return on capital employed (ROCE)	10.4%	9.3%	10.0%	9.2%	8.1%
Cash flows from operating activities	1,321.9	934.6	1,119.9	1,282.2	1,150.4
Share information					
Share price, end of period (euros)	23.96	31.91	34.10	29.41	36.90
Dividend per share (euros)	0.90	0.95	1.00	1.05	1.10[2]
Market capitalization, end of period	4,128.8	5,501.1	5,878.7	5,143.5	6,506.2
Number of outstanding shares as of March 31	172,358,534	172,420,566	172,420,566	174,920,566	176,320,566
EPS – earnings per share (euros)	2.61	2.59	3.18	3.35	2.84
Personnel					
Employees (full time equivalent), end of period	46,351	47,485	47,418	48,367	49,703

[1] Before deduction of non-controlling interests and interest on hybrid capital.
[2] As proposed to the Annual General Shareholders' Meeting.

OVERVIEW
OF THE KEY FIGURES

voestalpine GROUP

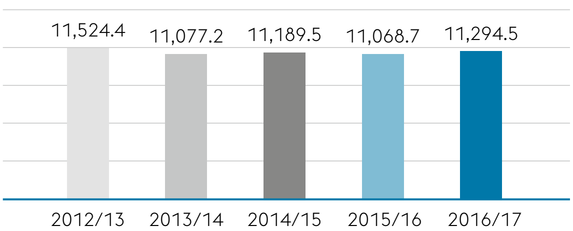
In millions of euros	2015/16	2016/17	Change in %
Revenue	11,068.7	11,294.5	2.0
EBITDA	1,583.4	1,540.7	–2.7
EBITDA margin	14.3%	13.6%	
EBIT	888.8	823.3	–7.4
EBIT margin	8.0%	7.3%	
Employees (full-time equivalent)	48,367	49,703	2.8

voestalpine DIVISIONS

In millions of euros	Steel	High Performance Metals	Metal Engineering	Metal Forming
Revenue	3,912.4	2,697.9	2,684.6	2,426.1
EBIT	263.2	252.7	200.8	210.7
EBIT margin	6.7%	9.4%	7.5%	8.7%
Employees (full-time equivalent)	10,898	13,733	13,157	11,073

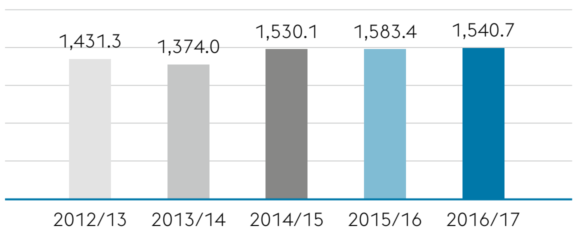
REVENUE

In millions of euros



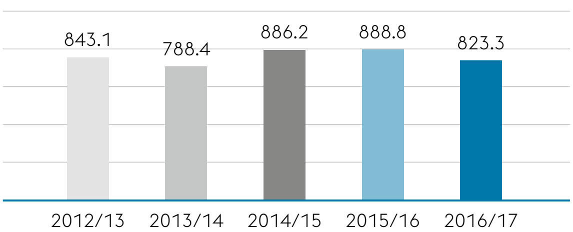
EBITDA

In millions of euros



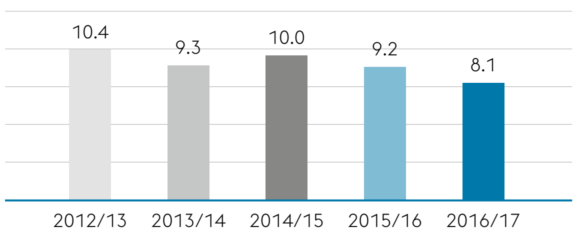
EBIT

In millions of euros



ROCE Return on capital employed

In %



You can find the online version
of our current Annual Report
on our website www.voestalpine.com

HIGHLIGHTS 2016/17

» Development of the European economy in 2016/17 surprisingly resistant to political risks

» Trend toward moderate growth in Europe and North America, with an upward trend in Europe toward the end of the business year and a downward trend in North America; China returns to its solid growth trajectory; turnaround in Brazil delayed yet again

» Automotive industry remains strong; consumer goods and aerospace stable on a high level; railway infrastructure weaker in the year's second half; simultaneous trend toward recovery in oil & gas sector

» Earnings trending upward in the course of the year; outstanding last quarter

» voestalpine Group posts a 2.0% increase in revenue, from EUR 11,069 million in the previous year to EUR 11,295 million in 2016/17

» Operating result (EBITDA) falls by 2.7% from EUR 1,583 million to EUR 1,541 million due to positive non-recurring effects in the previous year; adjusted EBITDA rises by 6.6% from EUR 1,446 million to currently EUR 1,541 million

» Profit from operations (EBIT) drops by 7.4% from EUR 889 million to EUR 823 million due to positive non-recurring effects in the previous year; adjusted EBIT rises by 3.1% from EUR 814 million to EUR 840 million

» Adjusted EBITDA margin increases from 13.1% to 13.6%; adjusted EBIT margin stable at 7.4%

» Profit before tax drops by 6.8% from EUR 751 million to EUR 700 million; excluding non-recurring effects, it rises by 5.9% from EUR 677 million to EUR 717 million

» Profit after tax declines by 12.5% from EUR 602 million to EUR 527 million; excluding non-recurring effects, it improves by 5.8% from EUR 510 million to EUR 539 million

» At more than EUR 6 billion, equity reaches an all-time high

» Gearing ratio (net financial debt in percent of equity) improves in a year-to-year comparison from 54.5% to 53.2%

» Dividend proposed to the Annual General Shareholders' Meeting: EUR 1.10 per share (previous year: EUR 1.05 per share) — continuous increase in dividend payments over the past five years

» Direct reduction plant in Texas, USA, has been in full operation since April 2017

CONTENTS

This report is a translation of the original report in German, which is solely valid.

THE GROUP

MANAGEMENT REPORT

DIVISIONAL REPORTS

CONSOLIDATED FINANCIAL STATEMENTS

SERVICE

All quantities expressed as tons in this Annual Report are metric tons (1,000 kg).

voestalpine GROUP
GLOBAL PRESENCE

Present in more than 50 countries as global leader in the manufacturing, processing, and development of sophisticated steel products, particularly for technology-intensive sectors, such as the automotive, railway, aerospace, and energy industries. In 500 Group companies and locations in more than 50 countries and on all 5 continents. With revenue of EUR 11.3 billion in the business year 2016/17 and an operating result (EBITDA) of EUR 1.5 billion.

OVERVIEW OF THE voestalpine GROUP

The voestalpine Group is divided into four divisions. Their product portfolios make them leading providers in Europe and worldwide.

STEEL DIVISION

WORLDWIDE QUALITY LEADERSHIP
Global quality leadership in highest quality steel strip and global market leader in heavy plate for the most sophisticated applications as well as casings for large turbines.

33%
OF GROUP REVENUE

Revenue (in millions of euros)	3,912.4
EBIT (in millions of euros)	263.2
EBIT margin	6.7%
Employees (full-time equivalent)	10,898

The voestalpine Steel Division is a strategic partner for Europe's well-known automobile manufacturers and major automotive suppliers. Additionally, it is one of the largest suppliers to the European consumer goods and white goods industries as well as to the mechanical engineering sector. voestalpine produces heavy plate for the energy sector that is used under extreme conditions in the oil and gas industries, for example, for deep-sea pipelines or in the permafrost regions of the world. Furthermore, the division is a global leader in the casting of large turbine casings.

HIGH PERFORMANCE METALS DIVISION

GLOBAL LEADERSHIP
Worldwide leadership in tool steel; leading position in high-speed steel and special forgings.

23%
OF GROUP REVENUE

Revenue (in millions of euros)	2,697.9
EBIT (in millions of euros)	252.7
EBIT margin	9.4%
Employees (full-time equivalent)	13,733

The High Performance Metals Division (formerly Special Steel Division) is the leading global manufacturer of high performance metals, which have specially developed material properties with regard to high resistance to wear, polishability, and toughness. Customers for these materials are the automotive and consumer goods industries in the segment of tool steel applications as well as the power plant construction industry and the oil and gas industries in the segment of special components. The division is also a leading supplier of forgings for the aviation and power generation industries.

METAL ENGINEERING DIVISION

GLOBAL LEADERSHIP
Worldwide market leader in turnout technology; European market leader in rails and specially treated wire; and leading position in seamless tubes for special applications and high quality welding consumables.

23%

OF GROUP REVENUE

Revenue (in millions of euros)	2,684.6
EBIT (in millions of euros)	200.8
EBIT margin	7.5%
Employees (full-time equivalent)	13,157

The voestalpine Metal Engineering Division has developed a leading position on the global railway market with its ultra long, head-hardened HSH© rails with a length of up to 120 meters. Furthermore, the division is the largest global provider of highly developed turnout systems as well as track-based monitoring systems for all railway applications. The division also has a leading market position in the specially treated wire segment, for sophisticated seamless tubes for the oil and gas industries worldwide, and high quality welding consumables.

METAL FORMING DIVISION

GLOBAL LEADERSHIP
Global market leader in defined niches supplying high quality metal processing solutions with a global network and service.

21%

OF GROUP REVENUE

Revenue (in millions of euros)	2,426.1
EBIT (in millions of euros)	210.7
EBIT margin	8.7%
Employees (full-time equivalent)	11,073

Within voestalpine the Metal Forming Division constitutes the center of competence for highly refined sections, tubes and precision strip steel products as well as for ready-to-install system components made of pressed, stamped and roll-formed parts. Its combination of material expertise and processing competence, which is unparalleled throughout the industry, and its global presence make the division the preferred partner to customers who are looking for innovation and quality.

THE SUPERVISORY BOARD OF voestalpine AG

Dr. Joachim Lemppenau
Chairman of the Supervisory Board (since July 1, 2004)
Initial appointment: July 7, 1999
Former Chairman of the Management Board of Volksfürsorge Versicherungsgruppe, Hamburg

Dr. Heinrich Schaller
Deputy Chairman of the Supervisory Board (since July 4, 2012)
Initial appointment: July 4, 2012
CEO of Raiffeisenlandesbank Oberösterreich AG, Linz

KR Dr. Franz Gasselsberger, MBA
Member of the Supervisory Board
Initial appointment: July 1, 2004
CEO of Oberbank AG, Linz

Dr. Hans-Peter Hagen
Member of the Supervisory Board
Initial appointment: July 4, 2007
Managing Director of BALDUS Consulting GmbH, Vienna

Dr. Michael Kutschera, MCJ. (NYU)
Member of the Supervisory Board
Initial appointment: July 1, 2004
Attorney at law; partner at Binder Grösswang Rechtsanwälte GmbH, Vienna

Prof. (em) Dr. Helga Nowotny, Ph.D.
Member of the Supervisory Board
Initial appointment: July 2, 2014
Former President of the European Research Council

Mag. Dr. Josef Peischer
Member of the Supervisory Board
Initial appointment: July 1, 2004
Former Director of the Chamber of Workers and Employees for Upper Austria, Linz

Dipl.-Ing. Dr. Michael Schwarzkopf
Member of the Supervisory Board
Initial appointment: July 1, 2004
CEO of Plansee Holding AG, Reutte

Appointed by the Works Council:

Josef Gritz
Member of the Supervisory Board
Initial appointment: January 1, 2000
Chairman of the Works Council for Wage Earners of voestalpine Stahl Donawitz GmbH, Donawitz

Brigitta Rabler
Member of the Supervisory Board
Initial appointment: May 1, 2013
Chairwoman of the Works Council for Salaried Employees of voestalpine AG, Linz

Hans-Karl Schaller
Member of the Supervisory Board
Initial appointment: September 1, 2005
Chairman of the Group Works Council of voestalpine AG, Linz
Chairman of the European Works Council of voestalpine AG, Linz

Gerhard Scheidreiter
Member of the Supervisory Board
Initial appointment: January 1, 2012
Chairman of the Works Council for Wage Earners of BÖHLER Edelstahl GmbH & Co KG, Kapfenberg

THE MANAGEMENT BOARD OF voestalpine AG

From left to right: Robert Ottel, Franz Rotter, Wolfgang Eder, Herbert Eibensteiner, Peter Schwab, Franz Kainersdorfer

Dr. Wolfgang Eder
Born 1952, Member of the Management Board since 1995,
Chairman of the Management Board since 2004
» Assigned areas of responsibility: Corporate Development, including Raw Materials Strategy; R&D and Innovation Strategy; Corporate Human Resources, Corporate Communications and Corporate Image; Compliance; Legal Department; M&A; Strategic Environmental Management; Investor Relations; Internal Auditing

Dipl.-Ing. Herbert Eibensteiner
Born 1963, Member of the Management Board since 2012,
Head of the Steel Division
» Assigned area of responsibility: Information Technology

Dipl.-Ing. Dr. Franz Kainersdorfer
Born 1967, Member of the Management Board since 2011,
Head of the Metal Engineering Division
» Assigned area of responsibility: Long-term energy supply of the Group

Mag. Dipl.-Ing. Robert Ottel, MBA
Born 1967, Member of the Management Board since 2004,
CFO
» Assigned areas of responsibility: Corporate Accounting and Reporting; Controlling including Investment Controlling; Group Treasury; Taxes; Management Information Systems; Risk Management

Dipl.-Ing. Franz Rotter
Born 1957, Member of the Management Board since 2011,
Head of the High Performance Metals Division
» Assigned areas of responsibility: Procurement Strategy; Health & Safety

Dipl.-Ing. Dr. Peter Schwab, MBA
Born 1964, Member of the Management Board since 2014,
Head of the Metal Forming Division

LETTER OF THE MANAGEMENT BOARD

Ladies and Gentlemen:

Our impression that, at the moment, the European economy is developing in a scope, at a speed, and at an intensity that reminds many of the "pre-Lehman era" might just stem from alternative facts. Where is the disruptive truth that brings us back to reality? What's up with Brexit, with the Crimean disputes, with the Syrian war, with the ISIS terror and the immigration chaos? With protectionist nationalism and EU bashing? How does all this square with economic growth and quiet optimism in matters related to "Europe's future"? Are companies, financial pundits, and their epigones repressing reality? Are they denying the facts?

Probably not, but they may also be seeing developments and facts other than only those that make for simple headlines. What they see in Europe—perhaps more consciously than others—are countries that are making serious efforts to put their financial house in order. They see increasing employment and decreasing youth unemployment in ever more European countries, a growing willingness on the part of both companies and individuals to invest, but also increasingly viable economic structures in the countries of the former Eastern Europe … and perhaps a whole lot more. But something else entirely might be in play, too, something that is more important than everything else in the long run: specifically, the return of confidence in Europe's future—buoyed by election results that confirm the trend or at least seem to do so and buoyed not least by growing numbers of young people who perceive Europe as their home, not some relatively narrow nation state.

It really seems to be the case these days that, in a departure from the past, the economic sphere is emancipating itself to some extent from the political sphere, in that political problems no longer trigger economic ones by definition and in that the "economy" (i.e., the corporate sphere) creates its own view of reality and then acts accordingly. To return to our starting point: Most certainly, this does not entail creating alternative facts. Instead, it means claiming freedom for oneself, developing an increasingly independent view of reality, and acting accordingly as well. This growing autonomy of the economic sphere relative to the political sphere, if you will, is being driven by another force as well: To wit, the consciousness and the conviction that, in the economic and geopolitical interplay of forces, solely a largely united Europe will be able to assert its interests against the other players in the long run. By its stance, the economic sphere is signaling that political risks and excuses should not be a reason, in and of itself, to shrink from believing in the future of a united Europe. But all of this depends on the right parameters. At the end of the day, Europe will be unable to muster the strength required for creating such a framework if it continues to be a mere agglomeration of nation states. Absent a basic consensus on these parameters and hence Europe's long-term trajectory—which all participants will then have to turn into a lived reality—the economic sphere will lack that which is indispensable in international competition: the support of a strong political partner. This is not so much about direct political intervention, but rather about the simple fact that one's counterpart needs to know that there's more than mere financial competence.

To voestalpine, this development shows that its strategy is on the mark. Europe will remain our Group's economic and financial base, however uncertain the political parameters may be in the future. Yet there is no real alternative to consistent and continued internationalization if the aim is to achieve the best possible distribution in the long term of the political and economic risks. At the end of the day, in our view the goal must be to distribute the entrepreneurial risk equally among Europe and the rest of the world. We believe that this puts us and the voestalpine Group in good hands.

Linz, May 24, 2017

The Management Board

Wolfgang Eder	Herbert Eibensteiner	Franz Kainersdorfer
Robert Ottel	Franz Rotter	Peter Schwab

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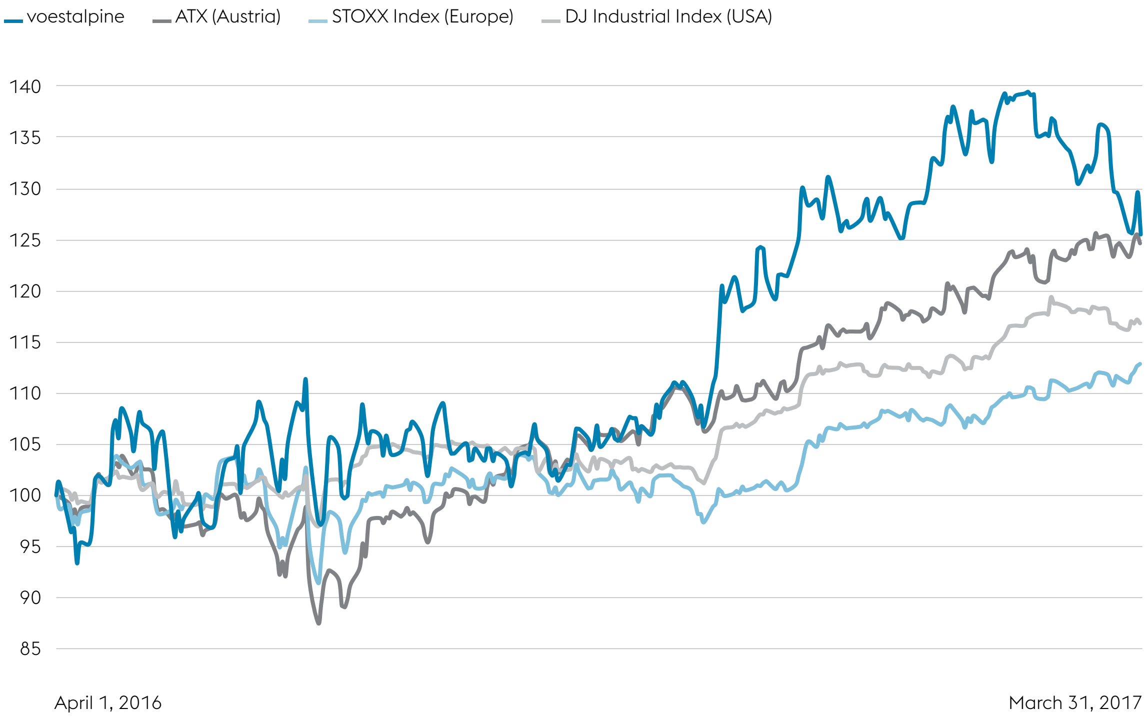
INVESTOR
RELATIONS

voestalpine AG VS. THE ATX AND INTERNATIONAL INDICES

Changes compared to March 31, 2016, in %



PRICE DEVELOPMENT OF THE voestalpine SHARE

The international stock markets developed very positively in the business year 2016/17 despite numerous geopolitical uncertainties. The Brexit vote in the UK at the end of June 2016 led to short-term drops in share prices—some of them significant—while other political events such as the failed constitutional reform and the resulting government crisis in Italy had very little impact on the capital markets. Contrary to original fears, the unexpected outcome of the presidential elections in the USA likewise did not lead to any significant losses on the global stock markets. Rather, this marked the start of an upturn not just on the US exchanges but in Europe as well. Although the compartmentalization of the US economy discussed in the election campaign represents a risk, not least for the export-driven European industry, investors' attention is clearly mainly focused on the significant infrastructure measures proposed by the new US president and their anticipated positive effects on growth.

Global economic development over the course of the 2016 calendar year and in the first few months of 2017 was characterized by a burgeoning recovery in the most important regions of the world. This was mainly due to the stabilization of economic growth in China over the course of the year on the one hand, and the stronger-than-expected upward trend in Europe on the other. The steel sector saw increasingly positive sentiment from the fall of 2016 on the back of an improvement in steel prices, driven by rising raw materials prices and more optimistic economic expectations, as well as by the EU Commission's increasingly restrictive approach to non-competitive steel imports.

In this environment, the voestalpine share trended sideways with high volatility in the first six months of 2016/17. The share price initially rallied in the second half of the business year but relinquished some of these gains toward the end of the period. Overall, the voestalpine share gained 23.9% over the past business year, rising by EUR 29.78 (as of April 1, 2016) to EUR 36.90 (as of March 31, 2017). It slightly outperformed the ATX and significantly outperformed the STOXX Index Europe and Dow Jones Industrial benchmark indices.

BONDS

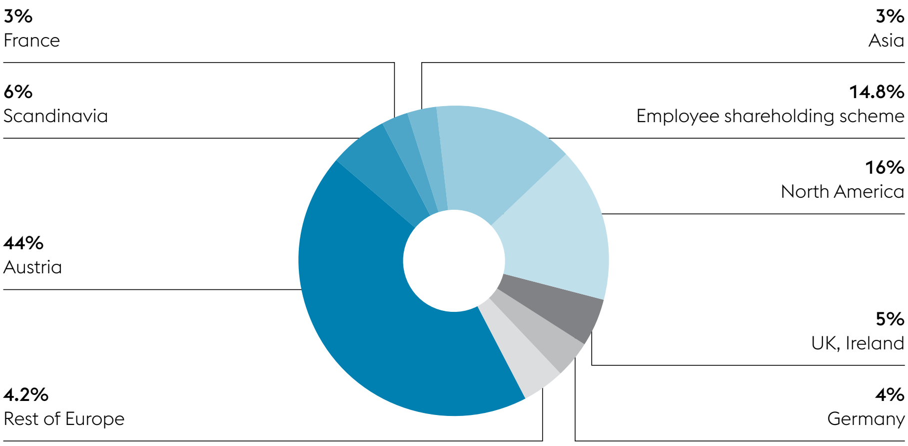
Type of bond	ISIN number	Issue volume	Interest rate	Share price (03/31/2017)
Corporate bond 2011–2018	AT0000A0MS58	EUR 500 million	4.75%	103.3
Corporate bond 2012–2018	XS0838764685	EUR 500 million	4.0%	105.2
Hybrid bond 2013	AT0000A0ZHF1	EUR 500 million	7.125%[1]	109.4
Corporate bond 2014–2021	AT0000A19S18	EUR 400 million	2.25%	106.4

[1] Interest rate: 7.125% p.a. from issue date to October 31, 2014 (excl.); 6% p.a. from October 31, 2014 to October 31, 2019; five-year swap rate (from October 29, 2019) + 4.93% p.a. from October 31, 2019 to October 31, 2024; then three-month EURIBOR +4.93% p.a. + step-up of 1% p.a. from October 31, 2024.

SHAREHOLDER STRUCTURE

The (indicative) shareholder structure according to regions as of the end of the business year 2016/17 is as follows:

SHAREHOLDER STRUCTURE



MAJOR INDIVIDUAL SHAREHOLDERS

Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG	< 15%
voestalpine employee shareholding scheme	14.8%
Oberbank AG	7.6%

voestalpine AG is currently being analyzed by the following investment banks/institutions:

» Alpha Value, Paris
» Baader Bank AG, Munich
» Barclays, London
» Bank of America/Merrill Lynch, London
» Berenberg, London
» Citigroup, London
» Commerzbank, Frankfurt
» Credit Suisse, London
» Deutsche Bank, London
» Erste Bank, Vienna
» Exane BNP Paribas, Paris
» Goldman Sachs, London
» Jefferies, London
» J.P. Morgan, London
» Kepler Cheuvreux, Frankfurt
» Morgan Stanley, London
» Raiffeisen Centrobank, Vienna
» Royal Bank of Canada Europe Ltd., London
» Société Générale, Paris
» UBS, London

SHARE INFORMATION

Share capital	EUR 320,394,836.99 divided into 176,349,163 no-par value shares
Shares in proprietary possession as of March 31, 2017	28,597 shares
Class of shares	Ordinary bearer shares
Stock identification number	93750 (Vienna Stock Exchange)
ISIN	AT0000937503
Reuters	VOES.VI
Bloomberg	VOE AV

PRICES (AS OF END OF DAY)

Share price high April 2016 to March 2017	EUR 41.00
Share price low April 2016 to March 2017	EUR 27.46
Share price as of March 31, 2017	EUR 36.90
Initial offering price (IPO) October 1995	EUR 5.18
All-time high price (July 12, 2007)	EUR 66.11
Market capitalization as of March 31, 2017*	EUR 6,506,228,885.40

* Based on total number of shares minus repurchased shares.

BUSINESS YEAR 2016/17

Earnings per share	EUR 2.84
Dividend per share	EUR 1.10*
Book value per share	EUR 33.42

* As proposed to the Annual General Meeting.

FINANCIAL CALENDAR 2017/18

Record date for participation in the AGM	June 25, 2017
Annual General Meeting	July 5, 2017
Ex-dividend date	July 13, 2017
Record date for dividend payment	July 14, 2017
Dividend payment date	July 17, 2017
Letter to Shareholders for the first quarter of 2017/18	August 9, 2017
Letter to Shareholders for the second quarter of 2017/18	November 8, 2017
Letter to Shareholders for the third quarter of 2017/18	February 8, 2018
Annual Report 2017/18	June 6, 2018
Annual General Meeting	July 4, 2018

CONSOLIDATED CORPORATE GOVERNANCE REPORT 2016/17

COMMITMENT TO THE AUSTRIAN CORPORATE GOVERNANCE CODE

The Austrian Corporate Governance Code provides Austrian stock corporations with a framework for managing and monitoring their company. The Code aims to establish a system of management and control of companies and Groups that is accountable and geared to creating sustainable, long-term value. It is designed to increase the degree of transparency for all stakeholders of a company.

The Code is based on the provisions of Austrian stock corporation, stock exchange, and capital market law, the EU recommendations regarding the responsibilities of members of Supervisory Boards and the compensation of company directors as well as the OECD Principles of Corporate Governance. Since 2002, the Code has undergone a number of revisions. The present Corporate Governance Report is based on the most recent amendment of the Code, which was adopted in January 2015.

» The Code can be accessed by the public at www.corporate-governance.at

The Code achieves validity when companies voluntarily undertake to adhere to it. The Management Board and the Supervisory Board of voestalpine AG recognized the Corporate Governance Code in 2003 and have also accepted and implemented the amendments introduced since that date. voestalpine AG has thus committed itself to comply with the most recent version, as amended, of the Austrian Corporate Governance Code.

In addition to the mandatory "L rules," the Company also complies with all of the "C rules" and "R rules" of the Code.[1]

[1] The Corporate Governance Code contains the following rules: "L rules" (= Legal) are measures prescribed by law; "C rules" (= Comply or Explain) must be justified in the event of non-compliance; "R rules" (= Recommendations) are recommendations.

COMPOSITION OF THE MANAGEMENT BOARD

» Dr. Wolfgang Eder

Born 1952;
Member of the Management Board since 1995; Chairman of the Management Board since 2004; End of the current term of office: 03/31/2019; Member of the Supervisory Board of Oberbank AG

Assigned areas of responsibility
Group Development, including Raw Materials Strategy; R&D and Innovation Strategy; Corporate Human Resources; Corporate Communications and Corporate Image; Compliance; Legal Department; M&A; Strategic Environmental Management; Investor Relations; Internal Auditing

Positions at material subsidiaries[1] of the voestalpine Group
voestalpine Stahl GmbH, Chairman of the Supervisory Board;
voestalpine Edelstahl GmbH, Chairman of the Supervisory Board;
voestalpine Metal Engineering GmbH, Chairman of the Supervisory Board;
voestalpine Metal Forming GmbH, Chairman of the Supervisory Board;
voestalpine Rohstoffbeschaffungs GmbH, Chairman of the Advisory Board

» Dipl.-Ing. Herbert Eibensteiner

Head of the Steel Division
Born 1963;
Member of the Management Board since 2012; End of the current term of office: 03/31/2019

Assigned area of responsibility
Information Technology

Positions at material subsidiaries[1] of the voestalpine Group
voestalpine Stahl GmbH, Chairman of the Management Board;
voestalpine Edelstahl GmbH, Member of the Supervisory Board;
voestalpine Metal Engineering GmbH, Member of the Supervisory Board;
voestalpine Metal Forming GmbH, Member of the Supervisory Board;
voestalpine Grobblech GmbH, Chairman of the Supervisory Board;
voestalpine Steel & Service Center GmbH, Chairman of the Supervisory Board;
Logistik Service GmbH, Chairman of the Supervisory Board;
voestalpine Rohstoffbeschaffungs GmbH, Deputy Chairman of the Advisory Board

» Dipl.-Ing. Dr. Franz Kainersdorfer

Head of the Metal Engineering Division
Born 1967;
Member of the Management Board since 2011; End of the current term of office: 03/31/2019; Member of the Supervisory Board of VA Erzberg GmbH, Eisenerz

Assigned area of responsibility
Long-term energy supply of the Group

Positions at material subsidiaries[1] of the voestalpine Group
voestalpine Metal Engineering GmbH, Chairman of the Management Board;
voestalpine Stahl GmbH, Member of the Supervisory Board;
voestalpine Edelstahl GmbH, Member of the Supervisory Board;
voestalpine Metal Forming GmbH, Member of the Supervisory Board;
voestalpine Stahl Donawitz GmbH, Chairman of the Supervisory Board;
voestalpine Schienen GmbH, Chairman of the Supervisory Board;
voestalpine Tubulars GmbH, Chairman of the Supervisory Board;
voestalpine Wire Rod Austria GmbH, Chairman of the Supervisory Board;
voestalpine Rohstoffbeschaffungs GmbH, Member of the Advisory Board

[1] The material subsidiaries listed in this report are the divisions' lead companies as well as subsidiaries of the voestalpine Group with revenue of over EUR 200 million.

» Mag. Dipl.-Ing. Robert Ottel, MBA	
CFO Born 1967; Member of the Management Board since 2004; End of the current term of office: 03/31/2019; Chairman of the Supervisory Board of APK-Pensionskasse AG, Vienna; Member of the Supervisory Board of Josef Manner & Comp. AG, Vienna; Member of the Supervisory Board of CEESEG AG, Vienna; Member of the Supervisory Board of Wiener Börse AG, Vienna	**Assigned areas of responsibility** Corporate Accounting and Reporting; Controlling, including Investment Controlling; Group Treasury; Taxes; Management Information Systems; Risk Management **Positions at material subsidiaries[1] of the voestalpine Group:** voestalpine Stahl GmbH, Deputy Chairman of the Supervisory Board; voestalpine Edelstahl GmbH, Deputy Chairman of the Supervisory Board; voestalpine Metal Engineering GmbH, Deputy Chairman of the Supervisory Board; voestalpine Metal Forming GmbH, Deputy Chairman of the Supervisory Board
» Dipl.-Ing. Franz Rotter	
Head of the High Performance Metals Division Born 1957; Member of the Management Board since 2011; End of the current term of office: 03/31/2019	**Assigned areas of responsibility** Procurement Strategy; Health & Safety **Positions at material subsidiaries[1] of the voestalpine Group** voestalpine Edelstahl GmbH, Chairman of the Management Board; voestalpine Stahl GmbH, Member of the Supervisory Board; voestalpine Metal Engineering GmbH, Member of the Supervisory Board; voestalpine Metal Forming GmbH, Member of the Supervisory Board; BÖHLER Edelstahl GmbH, Member of the Supervisory Board; Buderus Edelstahl GmbH, Member of the Supervisory Board; Uddeholms AB, Member of the Board of Directors; Villares Metal S.A., Member of the Supervisory Board; BÖHLER Schmiedetechnik GmbH, Member of the Supervisory Board
» Dipl.-Ing. Dr. Peter Schwab, MBA	
Head of the Metal Forming Division Born 1964; Member of the Management Board since 2014; End of the current term of office: 03/31/2019	**Positions at material subsidiaries[1] of the voestalpine Group** voestalpine Metal Forming GmbH, Chairman of the Management Board; voestalpine Stahl GmbH, Member of the Supervisory Board; voestalpine Edelstahl GmbH, Member of the Supervisory Board; voestalpine Metal Engineering GmbH, Member of the Supervisory Board

[1] The material subsidiaries listed in this report are the divisions' lead companies as well as subsidiaries of the voestalpine Group with revenue of over EUR 200 million.

COMPOSITION OF THE SUPERVISORY BOARD

» **Dr. Joachim Lemppenau** Born 1942	**Chairman of the Supervisory Board** (since 07/01/2004), Initial appointment: 07/07/1999 Former Chairman of the Management Board of Volksfürsorge Versicherungsgruppe, Hamburg
» **Dr. Heinrich Schaller** Born 1959	**Deputy Chairman of the Supervisory Board** (since 07/04/2012), Initial appointment: 07/04/2012 CEO of Raiffeisenlandesbank Oberösterreich AG, Linz; Second Deputy Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna; Deputy Chairman of the Supervisory Board of AMAG Austria Metall AG, Braunau-Ranshofen
» **KR Dr. Franz Gasselsberger, MBA** Born 1959	**Member of the Supervisory Board,** Initial appointment: 07/01/2004 CEO of Oberbank AG, Linz; Chairman of the Supervisory Board of Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck; Deputy Chairman of the Supervisory Board of BKS Bank AG, Klagenfurt; Member of the Supervisory Board of AMAG Austria Metall AG, Braunau-Ranshofen; Member of the Supervisory Board of Lenzing AG, Lenzing
» **Dr. Hans-Peter Hagen** Born 1959	**Member of the Supervisory Board,** Initial appointment: 07/04/2007 Managing Director of BALDUS Consulting GmbH, Vienna; Member of the Supervisory Board of Telekom Austria AG, Vienna
» **Dr. Michael Kutschera, MCJ. (NYU)** Born 1957	**Member of the Supervisory Board,** Initial appointment: 07/01/2004 Attorney at law; Partner at Binder Grösswang Rechtsanwälte GmbH, Vienna
» **Prof. (em) Dr. Helga Nowotny, Ph.D.** Born 1937	**Member of the Supervisory Board,** Initial appointment: 07/02/2014 Former President of the European Research Council
» **Mag. Dr. Josef Peischer** Born 1946	**Member of the Supervisory Board,** Initial appointment: 07/01/2004 Former Director of the Chamber of Workers and Employees for Upper Austria, Linz
» **Dipl.-Ing. Dr. Michael Schwarzkopf** Born 1961	**Member of the Supervisory Board,** Initial appointment: 07/01/2004 CEO of Plansee Holding AG, Reutte; Member of the Supervisory Board of Mayr-Melnhof Karton AG, Vienna; Member of the Board of Directors of Molibdenos y Metales S.A., Santiago, Chile

Delegated by the Works Council:

» **Josef Gritz** Born 1959	**Member of the Supervisory Board,** Initially delegated: 01/01/2000 Chairman of the Works Council for Wage Earners of voestalpine Stahl Donawitz GmbH, Donawitz
» **Brigitta Rabler** Born 1959	**Member of the Supervisory Board,** Initially delegated: 05/01/2013 Chairwoman of the Works Council for Salaried Employees of voestalpine AG, Linz
» **Hans-Karl Schaller** Born 1960	**Member of the Supervisory Board,** Initially delegated: 09/01/2005 Chairman of the Group Works Council of voestalpine AG, Linz; Chairman of the European Works Council of voestalpine AG, Linz
» **Gerhard Scheidreiter** Born 1964	**Member of the Supervisory Board,** Initially delegated: 01/01/2012 Chairman of the Works Council for Wage Earners of BÖHLER Edelstahl GmbH & Co KG, Kapfenberg

All Supervisory Board positions held by shareholders' representatives terminate as of the close of the Annual General Meeting of voestalpine AG, which adopts resolutions relative to the business year 2018/19.
None of the members of the Supervisory Board missed more than half of the meetings of the Supervisory Board during the last business year.

COMPENSATION REPORT FOR MANAGEMENT BOARD AND SUPERVISORY BOARD

Regarding the compensation report for Management Board and Supervisory Board, we refer to the notes to the annual financial statements (page 180).

INFORMATION REGARDING THE INDEPENDENCE OF THE MEMBERS OF THE SUPERVISORY BOARD

All of the members elected to the Supervisory Board by the Annual General Meeting have confirmed that they consider themselves to be independent based on the criteria defined by the Supervisory Board (Corporate Governance Code, Rule 53). The criteria for independence defined by the Supervisory Board may be viewed on the website www.voestalpine.com and correspond largely to Appendix 1 of the Corporate Governance Code. Furthermore, with the exception of Dr. Heinrich Schaller, who represents the shareholder Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG, and Mag. Dr. Josef Peischer, who represents the voestalpine Mitarbeiterbeteiligung Privatstiftung, none of the members elected to the Supervisory Board by the Annual General Meeting are shareholders with an investment of more than 10% or represent the interests of such shareholders (Rule 54).

COMMITTEES OF THE SUPERVISORY BOARD

The Articles of Incorporation authorize the Supervisory Board to appoint committees from among its ranks and to define their rights and responsibilities. The committees can also be given the right to make decisions. In accordance with the ratio defined in Section 110 (1) of the Labor Constitution Act *(Arbeitsverfassungsgesetz, ArbVG),* the employee representatives on the Supervisory Board have the right to nominate members with a seat and a vote for Supervisory Board committees. This does not apply to committees that handle relations between the Company and the members of the Management Board.

The following Supervisory Board committees have been established:

GENERAL COMMITTEE

The General Committee is both the Nomination and Compensation Committee as defined by the Corporate Governance Code.
As the Nomination Committee, the General Committee submits recommendations to the Supervisory Board regarding filling Management Board positions that become vacant and handles issues regarding succession planning. As the Compensation Committee, the General Committee is also responsible for executing, amending, and dissolving employment agreements with members of the Management Board as well as for all matters associated with the management of Management Board members' stock option plans. Furthermore, the General Committee has the right to make decisions in urgent cases. It also makes decisions regarding whether members of the Management Board are permitted to take on ancillary activities.

Members of the General Committee of the Supervisory Board:

» Dr. Joachim Lemppenau (Chairman)
» Dr. Heinrich Schaller (Deputy Chairman)
» Hans-Karl Schaller

AUDIT COMMITTEE

The Audit Committee is responsible for monitoring the financial reporting process, the work undertaken by the auditor, reviewing and preparing approval of the annual financial statements, reviewing and monitoring the independence of the auditor, and reviewing the recommendation for the appropriation of earnings, the Management Report, and the Consolidated Corporate Governance Report. It is also this committee's responsibility to review the Group's Consolidated Financial Statements and to submit a recommendation for the selection of an auditor and to report to the Supervisory Board in this matter. Furthermore, the Audit Committee is responsible for monitoring the effectiveness of the company-wide internal control system, the internal audit system, and the risk management system.

Members of the Audit Committee of the Supervisory Board:

- » Dr. Joachim Lemppenau (Chairman)
- » Dr. Heinrich Schaller (Deputy Chairman)
- » KR Dr. Franz Gasselsberger, MBA
- » Dr. Hans-Peter Hagen
- » Hans-Karl Schaller
- » Josef Gritz

NUMBER OF SUPERVISORY BOARD MEETINGS AND SIGNIFICANT MATTERS RAISED DURING SUPERVISORY BOARD MEETINGS AND MEETINGS OF THE COMMITTEES DURING THE BUSINESS YEAR 2016/17

During the business year 2016/17, the Supervisory Board fulfilled its responsibilities under the law and the Articles of Incorporation, holding five plenary sessions and three meetings of the Audit Committee. In addition to ongoing reports on the Group's current economic and financial situation, these meetings dealt in particular with company acquisitions, the NAFTA 2020 regional strategy, European energy and climate policy including potential alternative technologies for CO_2-reduced steel production, as well as matters involving the supply of raw materials, innovation, and IT. The Audit Committee dealt with the review and preparation of the approval of the Company's consolidated financial statements and the individual financial statements, preparation of the recommendation for the appointment of an auditor as well as topics relative to the internal control system, the risk management system, and Internal Auditing. The auditor, Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, attended two of the three meetings of the Audit Committee and was available for questions and discussions.

In the last meeting of the business year, the Supervisory Board carried out the self-evaluation stipulated under Rule 36 of the Corporate Governance Code and, without the presence of the Management Board, dealt with the general cooperation between Management Board and Supervisory Board, quality and scope of the documents made available to the Supervisory Board as well as organizational questions based on a list of questions.

PRINCIPLES OF THE voestalpine GROUP'S COMPENSATION POLICY

Employees' total compensation is primarily paid in the form of a fixed salary in line with market conditions, and otherwise as variable compensation.

The amount of the fixed salary is based on the activities, role, and position of the employee, as well as individual experience and expertise. Any relevant statutory provisions and agreements in collective wage agreements or works agreements are complied with. The amount of the variable compensation is dependent on the achievement of set targets. Depending on the employee's role, both qualitative and quantitative are set (in particular EBIT and ROCE). Targets are usually set for one business year in each case.

There are limits on the maximum possible variable compensation and the weighting of targets for managing directors and executives. Compensation packages for all other employees are determined by the individual companies according to local practice and requirements in line with market conditions. Various compensation elements are possible, including non-monetary elements:

- » Pension plans (e.g., in the Austrian pension fund)
- » Insurance (e.g., accident insurance)
- » Discounted canteens
- » Coupons

The compensation package for managing directors and executives always includes variable compensation (bonus) and in some cases a pension plan and a company car.

MEASURES TO ADVANCE WOMEN ON THE MANAGEMENT BOARD, THE SUPERVISORY BOARD, AND OTHER LEADERSHIP POSITIONS

In the business year 2016/17, the percentage of female executives was at about 11.5%, thus decreasing slightly compared to the previous year (12.0%). Since the business year 2013/14, one woman has been in a divisional management position; and since the last election in July 2014, two women have been on the Supervisory Board of voestalpine AG, which consists of twelve members. Within the scope of internal leadership development efforts, great importance is being placed

on continuing to expand the percentage of female participants. Therefore, the Group is making every effort to ensure that women are represented at each training level of the Leadership Development Program ("value:program"). In the business year 2016/17, of the total of 186 participants, 15.1% were women. This means that the percentage of women has fallen slightly compared to the previous year (15.4%), however, it is still above the percentage of women in the Group.
Overall, the percentage of women in the voestalpine Group in the business year 2016/17 was 13.5% (previous year: 13.1%). This percentage is still low compared to other sectors of the economy, and this has industry-specific, historical, and cultural reasons. In the consciousness of the public, the image of a steel, technology, and industrial goods company is still the image of heavy industry and, therefore, broad-based recruitment of female employees is a challenging undertaking. However, the percentage of women in the voestalpine Group among salaried employees up to the age of 30 is now around 40%; despite all of our efforts, the figure for workers is still only 5.5%.
None of the Group companies have explicit "female quotas." Rather, the voestalpine Group is striving to implement appropriate measures in order to increase the percentage of women in the Group at all levels. This includes a number of activities, some of which are country-specific, such as participation in "Girls' Day," the targeted advancement of women in technical professions, and/or increased hiring of female graduates of technical schools and universities. Furthermore, establishment and expansion of in-house child care facilities and collaborations with external facilities is being accelerated. Such facilities and collaborations can be found at the Austrian plant locations of Linz and Leoben/Donawitz, for instance. As a result of these efforts, women are now employed in leadership positions in traditionally male-dominated, technical areas of the Company. Women also occupy executive positions in the financial, legal, strategic, communications, and human resources departments in a number of Group companies. For example, the area "Legal and Compliance" in two of the four divisions is headed by women.
In annual human resources reporting, data on the percentage of women in executive positions is collected and analyzed regularly according to their qualifications and their status in the training programs in order to monitor the sustainability of the implemented measures.

EXTERNAL EVALUATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Corporate Governance Code provides for a regular external evaluation of compliance with the Code. This evaluation was carried out by the Group's auditor during the audit of the 2016/17 financial statements. The review of compliance with the C rules of the Code regarding the audit (Rules 77 to 83) was conducted by the law firm WOLF THEISS Rechtsanwälte GmbH & Co KG. As a result of this evaluation, the auditors have determined that the declaration given by voestalpine AG with regard to compliance with the January 2015 version of the Corporate Governance Code conforms to the actual conditions and/or facts. The external review report may be viewed on the website www.voestalpine.com.

Linz, May 17, 2017

The Management Board

Wolfgang Eder	Herbert Eibensteiner	Franz Kainersdorfer
Robert Ottel	Franz Rotter	Peter Schwab

This report is a translation of the original report in German, which is solely valid.

COMPLIANCE

CODE OF CONDUCT

In its business segments, voestalpine is a globally leading technology and capital goods group with a unique combination of material and processing expertise, and focused on product and system solutions in steel and other metals in technology-intensive industries and niches with the most demanding quality standards. As a reliable partner, the Group takes ownership of the challenges facing its customers, and is conscious of its particular responsibility in dealing with customers, suppliers and other business partners, as well as with its employees and shareholders. Consequently, it is expected that the management and employees adhere to all statutory and other external provisions as well as all internal guidelines applicable to voestalpine AG and its group companies while engaged in business and the process of decision-making. This understanding is expressed in the Code of Conduct of voestalpine AG which provides the basis for morally, ethically, and legally sound conduct by all employees of the Group. The Management Board explicitly and emphatically commits to upholding this Code of Conduct and a zero-tolerance approach toward violations thereof.

COMPLIANCE MANAGEMENT SYSTEM

In the business year 2011/12, a new, comprehensive compliance management system was established, based on risk analysis/prevention, detection and reaction, and compliance efforts were undertaken on a very broad Group-wide basis. In addition to a Group compliance officer, a compliance officer was appointed for each division, and for a series of business units as well as larger Group companies. The Group compliance officer reports directly to the Chairman of the Management Board and is not bound by directives. The compliance organization is responsible for the following areas:

» Antitrust law,
» Corruption,
» Capital market compliance,
» Fraud (internal incidences of theft, fraud, embezzlement, breach of trust),
» Conflicts of interest and
» Special issues with which the compliance offers are assigned by the Management Board of voestalpine AG (e.g., UN or EU sanctions).

All other compliance issues, such as those relating to environment, tax, invoicing, employment law, employee protection, data protection, etc., do not fall within the responsibility of the compliance officer and are not included in the compliance function. In these cases, responsibility for compliance management lies with each specialist function.

COMPLIANCE GUIDELINES

Additions to the provisions of the Code of Conduct were made in Group guidelines where they were defined more closely:

» **ANTITRUST LAW**
this guideline describes the prohibition of agreements restricting competition, provides rules for dealings and interaction with and in associations, professional associations, or other industry organizations, and defines concrete rules of conduct for employees of the voestalpine Group.

» **BUSINESS CONDUCT**
this guideline regulates, for example, conduct relative to gifts, invitations, and other benefits, donations, sponsoring, ancillary activities, and the private purchase of goods and services by employees of customers and suppliers.

» **GUIDELINE REGARDING DEALINGS WITH BUSINESS INTERMEDIARIES/BROKERS AND CONSULTANTS**
this guideline defines the procedure to be complied with prior to contracting or engaging sales representatives, other sales consultants, consultants, or lobbyists. An objective analysis of the prospective business partner's business environment and scope of activities prior to establishing business relations is required, in order to ensure that the business partner can comply with all applicable laws and the voestalpine Code of Conduct.

The Code of Conduct and the compliance guidelines apply across the entire Group and are available in 14 languages.

PREVENTION

Preventive measures are the first line of defense in an efficient compliance management system. In this context, comprehensive training programs were carried out across the Group in recent years. In order to achieve a training effect that is as broad-based as possible, e-learning systems are being increasingly used in addition to face-to-face training. For example, within the scope of web-based e-learning courses, more than 8,000 of the Group's employees received training on antitrust law, and around 21,000 employees received training on the Code of Conduct, with both courses including a final test. Face-to-face training is target-group oriented and is generally carried out during executive training programs and specific training programs for employees in sales and procurement. Additionally, compliance issues are brought to the attention of voestalpine employees on a regular basis by way of regular communications, particularly through employee magazines, poster campaigns, or at Group and divisional events.

» Information about the subject of compliance in the voestalpine Group is also available on the voestalpine AG website, and employees also have access to information on the Group intranet.

WHISTLEBLOWER SYSTEM

In January 2012, a web-based whistleblower system was launched. Reports of compliance violations should primarily be made openly, that is, providing the whistleblower's name. This web-based system, however, provides the additional possibility of reporting misconduct anonymously and communicating with whistleblowers while enabling them to maintain their absolute anonymity. This system will enable systematic use of internal information to effectively uncover compliance risks within the company early on.

MANAGEMENT REPORT 2016/17

This Consolidated Management Report refers to the Consolidated Financial Statements which were prepared in accordance with the International Financial Reporting Standards (IFRS) as mandated by Section 245a (1) of the Austrian Commercial Code (UGB).

MARKET ENVIRONMENT

The market environment in the business year 2016/17 was even more strongly marked by political events than in the previous years. Apart from the military conflicts in the Middle East, and above all the war in Syria and the resulting migration flows and the ISIS terror in Europe, unexpected political developments were also on the rise in established countries, such as the BREXIT vote in the UK, and the election of Donald Trump as president of the Unites States, or the establishment of a presidential system in Turkey. At the economic level, besides the erection of trade barriers associated with increasing protectionist ambitions in more and more countries worldwide, another decisive event was the fiscal policy change by the US Federal Reserve (FED), which gradually moved back toward a normalization of interest rate policy in the past business year.

The global economy grew by about 3% in the calendar year 2016, mainly driven by the Asian market, while the developed economies maintained their rather modest growth trend.

EUROPE

In 2016, Europe experienced a moderate growth trend that accelerated at the beginning of 2017 and thus leaves a rather solid macro-economic environment to be expected for the business year 2017/18.

In 2016/17, the overall economic growth in Europe was predominantly driven by consumer spending and backed throughout the year by low energy prices (oil prices), moderate inflation, and declining unemployment.

In comparison, investment activities contributed significantly less to the overall promising economic growth. On the one hand, many industry sectors still had free capacities in the past year that made investments in new facilities unnecessary; on the other hand, the focus in the industry remains primarily on increasing efficiencies rather than on investing in expansions. This trend is also reflected in the persistently weak credit demand from the industry in the past year. Even the retention of the extremely expansive fiscal policies of the European Central Bank could not provide any investment incentives to stimulate growth.

However, in Europe this low-interest-rate policy enabled several countries to reduce their debt burden which would allow for slightly more expansive fiscal policies on a national level. In fact, public sector spending in the business year 2016/17 affected the growth only marginally.

In this environment, the voestalpine Group benefited from the consistently positive performance of the automotive industry and a stable and robust economic situation in the consumer goods sector. The aerospace industry also continued its positive trend, while the construction sector still reported rather modest tendencies. In the second half of 2016, the railway infrastructure sector was faced with an increasingly weakening demand in Europe, which continued into the beginning of 2017. In comparison, after a longer lean period, the oil and gas industry saw recovery tendencies in the course of the year that continued to strengthen in the last business quarter.

NORTH AMERICA

After increasingly strong indications of a slowing economic momentum in North America at the end of the business year 2015/16, the US GDP only grew by a relatively moderate 1.6% in 2016. In particular, the prolonged low oil price and decreasing raw materials prices until the middle of the business year squeezed the growth rates in that region. This not only resulted in declining exports, but also had collateral effects on investments and the transport industry, particularly the railway infrastructure sector which cooled down significantly at first, but was able to stabilize again in the later part of the business year.

Independent of this development, consumer spending continued to be strong, supported by low unemployment rates, consistently positive labor market data and, with that, a healthy spending power, not least due to low energy prices.

In view of the above, the general mood about the economy certainly remained optimistic and even increased a bit after Donald Trump's election as president of the United States in November 2016, who had promised an extensive infrastructure package as well as substantial tax reductions in his campaign speeches.

However, insecurities about their extent, timeline, and financial feasibility as well as the surprising, significant increase of the military budget have since led to growing doubts about the feasibility of his plans. As if to confirm the growing uncertainty, US passenger car sales fell in the first calendar quarter of 2017.

In this albeit volatile, but still rather positive economic environment, the voestalpine Group was affected by the weakness of the oil and gas industry throughout most of the business year, but saw clearly positive impulses originating from that sector again in the second half of the business year. In the railway infrastructure segment, declining investment activities were increasingly noticeable during the course of the year, but cost- and efficiency-based countermeasures were able to contain any negative implications. In contrast, the two other business sectors the voestalpine Group focuses on in the US, the aerospace and automotive industries, showed a very dynamic trend in the course of the year, and the same is true for the consumer goods sector where the tool steel segment is of primary interest to voestalpine.

In Canada, the economic growth in the previous business year has been largely unspectacular, although with a slightly improved momentum compared to the previous year. Mexico, also a member of NAFTA, continued to profit from high investments in the automotive and its supply industry, but was subject to increasing insecurities in terms of its future political and economic ties with the US. Overall, however, Mexico reported an economic growth of 2.3%.

SOUTH AMERICA

At the beginning of the business year 2016/17, the most important market for the voestalpine Group in South America, Brazil, was still caught up in a downward trend that has lasted several years and has been marked by a sluggish domestic demand, falling raw material prices and a related decline in exports which was also impacted by the appreciation of the Brazilian currency. In addition to this already challenging environment, came a massive political crisis that led to the removal of the president from office.

This political new beginning on the one hand and a trend reversal starting around the middle of the business year on the other hand, paired with an easing of the currency situation, noticeably slowed the downward trend, even though by the end of the business year a full turnaround was still questionable. The successful reaction of the voestalpine sites in Brazil to this extremely challenging economic environment included rigorous cost reduction and efficiency improvement measures. Finally, the railway infrastructure sector saw first positive impulses due to a rise in raw material prices which prompted the Brazilian mines to invest in their infrastructure.

ASIA

In the business year 2015/16, the critical economic development in China led to considerable uncertainties in terms of the country's future expectations which were still noticeable in the first quarter of the business year 2016/17. But in the course of the summer of 2016, after implementing another recovery package consisting of investments in construction, infrastructure and real estate in conjunction with fiscal measures and an easing of the monetary policy, China returned to its usual growth rates.

Subsequently, the growth expanded and included industrial production which led to increased exports and ultimately to a solid economic growth of 6.7% in the calendar year 2016.

However, in the meantime, these exports in particular have resulted in the establishment of trade restrictions in many parts of the world, a situation that is considered a major risk for China's further development and demands wide-ranging corrective measures from the country's political leadership, primarily in the steel industry. Such measures have already been frequently announced and their initiation reported. However, to what extent they have actually been implemented and thus will lead to a better balance of supply and demand remains to be seen.

The voestalpine locations in China focus on the railway infrastructure, automotive industry and consumer goods, all of them industrial sectors that have seen a promising demand situation in the previous business year.

In India, the voestalpine Group is represented in the welding technology segment, in the production of components for the railway infrastructure, and also operates sales offices for tool steel. India is considered one of the most promising future growth markets and saw a considerable economic growth of almost 8% in 2016, which prevailed despite a rather controversial large-scale reform of the monetary system.

BUSINESS PERFORMANCE OF THE DIVISIONS

The environment of the voestalpine Steel Division was marked by a very good demand situation in the past business year, but also by the high volatility of the raw materials market, which reached unprecedented proportions particularly for metallurgical coal. Due to the high import volumes at questionably low prices for commodity steel products, anti-dumping duties were introduced even in Europe, primarily against China, after most of the rest of the world had previously taken corresponding defensive measures.

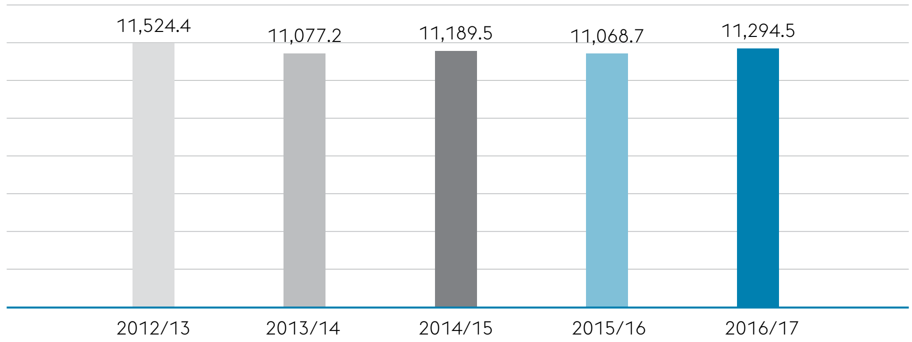
Despite this challenging situation, the voestalpine Steel Division not only managed to sell a new record volume of products, but also established continuous price increases in the course of the year, most particularly in the fourth and thus last business quarter. The background to this was a stable and good demand situation in almost all market segments with the automotive industry being the strongest driver once again. In terms of results, this was a significant success with regard to quarterly earnings in the course of the business year 2016/17 after a slow start. In view of the above and compared to the previous year, the division clearly gained, both in EBITDA as well as in EBIT.

At the beginning of the new business year, the former Special Steel Division was renamed High Performance Metals Division, which describes the activities of this division much more clearly. This traditionally very globally positioned division was confronted with varying regional economic developments in the business year 2016/17. However, the demand situation for tool steel as well as special materials overall remained solid and even gained slightly compared to the previous year. The demand in the market segments automotive, consumer goods and aerospace were solid practically worldwide, while the trend in mechanical engineering varied and the oil and gas industry showed a slight revival after a longer lean period. Viewed regionally, the markets in the mature economies in Europe and North America saw solid growth albeit with a modest momentum overall, while in Asia and particularly in China the demand for tool steel and special alloys accelerated further. In Brazil, the most important market in South America where the division operates a large production facility, a recession could not be circumvented in 2016 and thus led to a low demand situation, despite a slight upward trend toward the end of the year. In terms of results, the High Performance Metals Division clearly exceeded the levels of the previous year.

In the course of the year, the earnings performance of the Metal Engineering Division appears relatively stable due to balanced internal portfolio effects, despite the growth differences in the individual segments. Overall, this division was not able to yield the results of the previous year, because, for one, these were based on positive non-recurring effects due to consolidation changes during the same period of the previous year and secondly, because of the persistently weak trend in the oil and gas industry throughout the first half of the year. In the railway infrastructure segment, the trend in Europe was practically the opposite: Starting from a substantial base, the demand for rails dropped more and more toward the end of the business year. For turnouts, this trend could largely be kept at bay due to the segment's global positioning and especially the high demand coming from China. After a successful reorganization, the Welding Consumables segment reports significantly improved earnings for 2016/17 in comparison with the previous year, despite the still rather low market momentum. The highlight in the Wire Technology segment was the successful commissioning of the new wire rod mill.

REVENUE OF THE voestalpine GROUP

In millions of euros



In terms of demand, this segment was marked by the consistently positive performance of the automobile industry.

The successful implementation of the Metal Forming Division's international growth strategy is reflected in a continuous growth in revenue and earnings, thus raising the profits in the business year 2016/17 once again compared to the previous year. This trend was supported by the consistently positive performance of the automotive industry, particularly in Europe and Asia, while the market in North America took a lateral move despite its high level based on the increases over the past years. The Warehouse and Rack Solutions segment was marked by a continuously positive project landscape. Similarly excellent was also the trend in the Precision Strip segment which, besides the strong market growth, also profited from its continuously improving market position. The Tubes and Sections business segment on the other hand reported an inconsistent market trend. Despite the Brexit vote, the demand in the UK remained robust, while the situation in the core European markets was rather average.

REPORT ON THE FINANCIAL KEY PERFORMANCE INDICATORS OF THE voestalpine GROUP

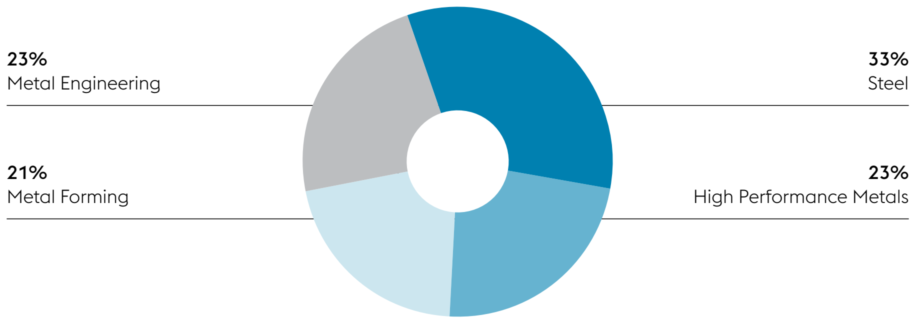
REVENUE AND OPERATING RESULT

In the business year 2016/17, the revenue generated by the voestalpine Group was EUR 11,294.5 million, 2.0% above the previous year's figure of EUR 11,068.7 million. Revenue in the Metal Engineering Division was down on the previous year due to economic factors—first and foremost as a result of the weak market environment in the oil and gas industry as well as a low investment appetite in the European rail sector. In contrast, the other three divisions all posted revenue growth, especially the Steel Division. Apart from the strong overall growth in demand in the second half of 2016/17, sales for the first time also included delivery volumes of HBI (sponge iron) from the new plant in Texas to external customers as well in the past business year. Higher deliveries in the High Performance Metals Division (formerly the Special Steel Division) saw a slight increase in revenue despite somewhat lower prices than in the previous year. The figures for the Metal Forming Division reflect the ongoing implementation of the internationalization strategy, not least in the significant revenue growth compared to the previous year. The acquisition of Summo Corp., Canada, which specializes in tube components for the automotive industry, also had a positive impact. The company has been included in the division's financial statements since the second quarter of 2016/17.

The consolidated operating result (EBITDA) declined by 2.7% in the past business year, from EUR 1,583.4 million in 2015/16 to EUR 1,540.7 million. However, the figures for the previous year (reported in accordance with IFRS) include significant non-recurring effects from non-operating activities. This non-recurring income was due to the first-time full consolidation of companies in the Metal Engineering Division in the annual financial statements for 2015/16 (due to the

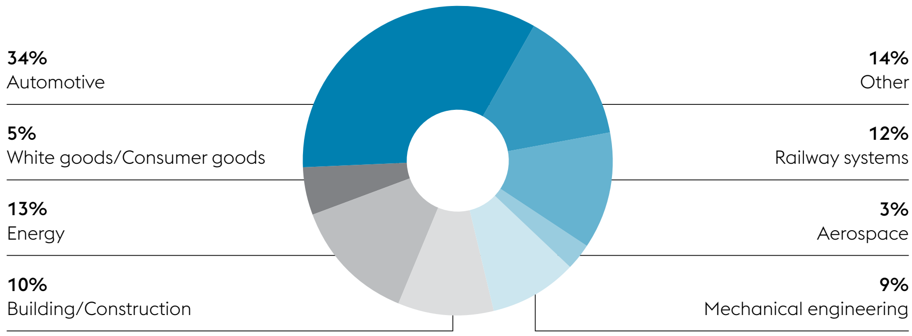
REVENUE BY DIVISIONS

As percentage of total divisional revenue, business year 2016/17



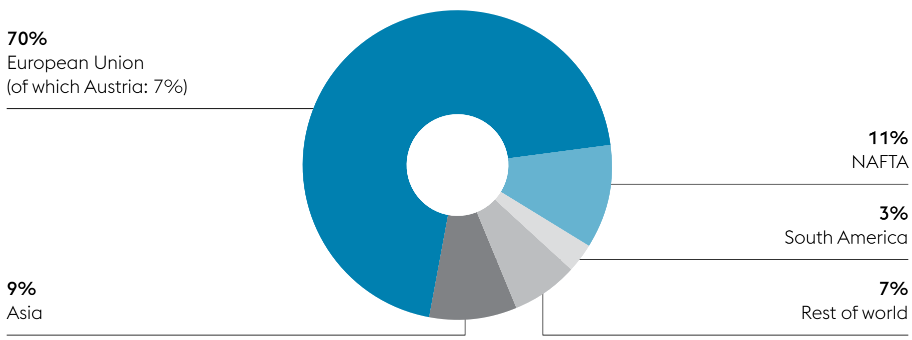
REVENUE BY INDUSTRIES

As percentage of Group revenue, business year 2016/17



REVENUE BY REGIONS

As percentage of Group revenue, business year 2016/17



required fair value measurement and the depreciation of the disclosed hidden reserves) previously included using the equity method. As a result of the change in the method of consolidation (see the Annual Report 2015/16 for more information), the consolidated figures for the previous year include non-recurring effects that increased the operating result (EBITDA) by EUR 137.6 million and profit from operations (EBIT) by EUR 74.4 million. The change in consolidation did not have any further effect on EBITDA in the business year 2016/17. In contrast, EBIT again declined by EUR 16.6 million in connection with the remeasurement of the fair value depreciation of disclosed hidden reserves. Excluding all non-recurring effects, EBITDA increased by 6.6% from EUR 1,445.8 million to EUR 1,540.7 million in a year-over-year comparison. The adjusted EBITDA margin rose from 13.1% in the previous year to 13.6%, only slightly lower than the target operating margin for 2020/21 of 14%.

Apart from the Metal Engineering Division, where earnings declined as a result of economic factors, all divisions significantly increased EBITDA in the past business year. In the Steel Division, strong demand for high-quality strip steel and the resulting substantial volume growth, coupled with rising prices over the course of the year, more than offset the negative earnings effects (reduced performance of blast furnace 5 as a result of fine-tuning adjustments to the coal injection system, financial provisions for the Nord Stream II heavy plate project due to rising raw materials prices, start-up losses at the HBI plant in Texas). The Steel Division thus posted the strongest earnings increases in the Group, due not least to the extremely successful cost optimization and efficiency improvement measures in recent years. The High Performance Metals Division (formerly the Special Steel Division) defied weaknesses in the oil and gas sector and—from a regional perspective—the ongoing recession in Brazil and also significantly increased EBITDA. The division was buoyed by a stable, solid trend in the global automotive industry and favorable overall market conditions in Asia. The improved operating result in the Metal Forming Division is attributable to the continued rise in contributions from internationalization activities as well as outstanding earnings growth in the Precision Strip business segment. In all four divisions, by far the best quarterly result for the business year was achieved in the fourth quarter. Against this backdrop, the voestalpine Group lifted the operating result (EBITDA) in the final quarter of 2016/17 to a level last achieved in the fourth quarter of the business year 2010/11.

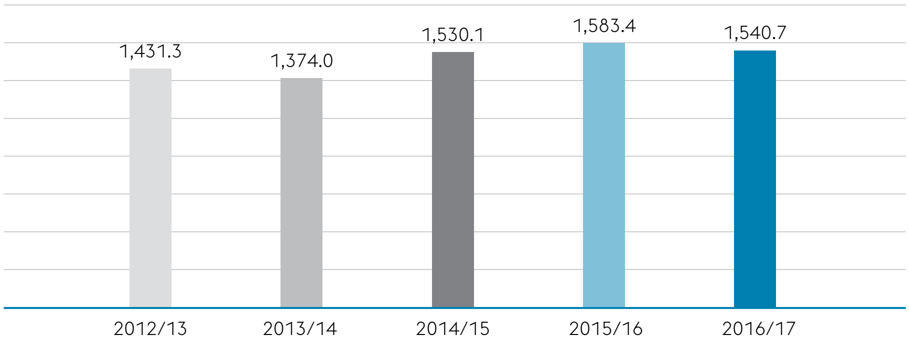
Reported in accordance with IFRS, profit from operations (EBIT) for 2016/17 came to EUR 823.3 million, down 7.4% on the prior-year figure (EUR 888.8 million). However, after adjustment for non-recurring effects, EBIT improved by 3.1% compared to the previous year, from EUR 814.4 million to EUR 839.9 million. This gives an adjusted EBIT margin of 7.4% for the business year 2016/17, as in the previous year.

PROFIT BEFORE TAX AND PROFIT AFTER TAX

According to the figures published in accordance with IFRS, profit before tax and profit after tax were both down year-over-year in the business

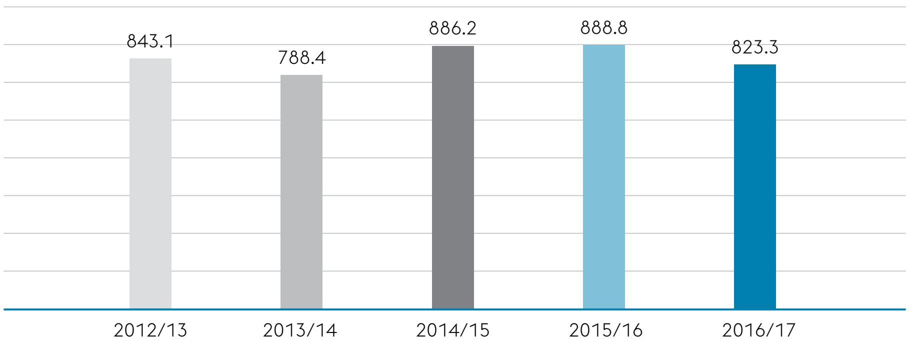
EBITDA

In millions of euros



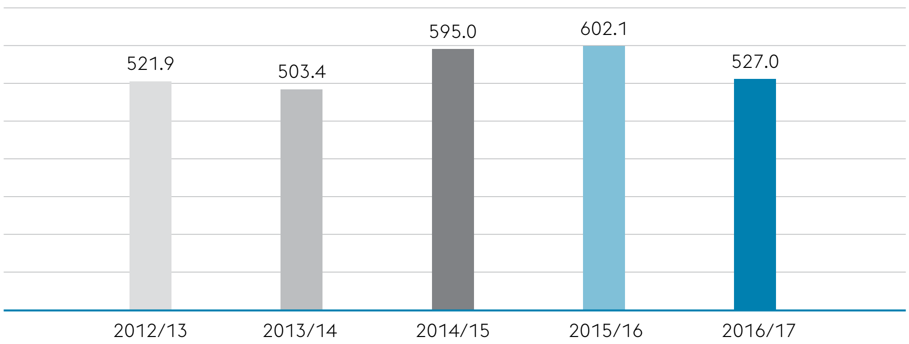
EBIT

In millions of euros



PROFIT AFTER TAX

In millions of euros



year 2016/17. This means that in accordance with IFRS, profit before tax declined by 6.8% from EUR 751.3 million to EUR 699.9 million, while profit after tax fell by 12.5% from EUR 602.1 million to EUR 527.0 million. Excluding non-recurring effects, which totaled EUR 74.5 million in 2015/16 and EUR –16.6 million in 2016/17 for profit before tax, and EUR 92.3 million in 2015/16 and EUR –12.5 million in 2016/17 for profit after tax, the adjusted figures for profit before tax and profit after tax both improved compared to the previous year. Adjusted for non-recurring effects, profit before tax increased by 5.9%, rising from EUR 676.8 million to EUR 716.5 million as a result of the further decline in net interest charges, among other factors. Also adjusted for non-recurring effects, profit after tax rose by 5.8% from EUR 509.8 million to EUR 539.4 million in the same period. Since the positive non-recurring effects in the business year 2015/16 were not taxable, the tax rate in the previous year (based on the reported figures) was only just under 20% (2016/17: 24.7%). In contrast, the adjusted tax rate for the business year 2016/17 was 24.7%, identical to the adjusted prior-year figure.

PROPOSED DIVIDEND

Subject to the approval of the Annual General Meeting of voestalpine AG on July 5, 2017, a dividend of EUR 1.10 per share will be paid to shareholders. This represents an increase of 4.8% compared to the previous year's dividend of EUR 1.05. Based on the earnings per share (reported in accordance with IFRS) of EUR 2.84 (2015/16: EUR 3.35), this recommendation corresponds to a distribution ratio of 39.0% (previous year: 31.4%). Based on the average price of the voestalpine share of EUR 33.62 in the business year 2016/17, the dividend yield is 3.3% (previous year: 3.2%).

GEARING RATIO

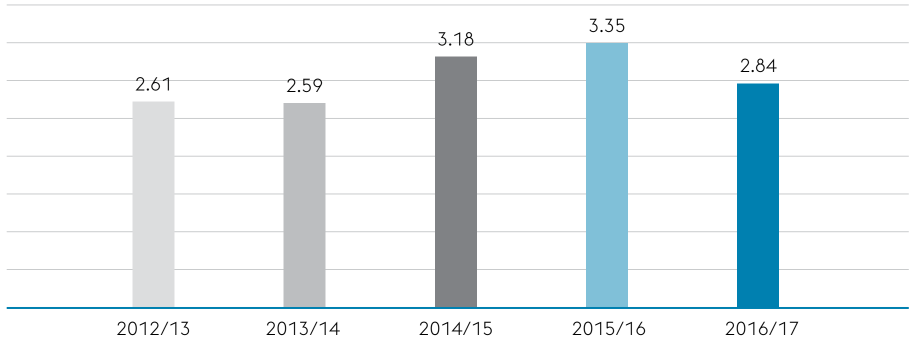
After having already declined in the previous year despite record investment in a year-to-year comparison, the voestalpine Group's gearing ratio (net financial debt as a percentage of equity) again decreased in the business year 2016/17 from 54.5% as of March 31, 2016, to 53.2% as of March 31, 2017. This was achieved despite the fact that investment in the past business year was again much higher than the level of depreciation, an increase in net working capital, mainly due to pricing factors, and another increase in the dividend. The long-term level of investment required to focus on the high-end quality segment and to implement the growth-driven internationalization strategy is therefore once again not in contradiction with solid financial growth. Against this backdrop, equity also rose by 7.2% from EUR 5,651.6 million as of March 31, 2016, to EUR 6,060.3 million as of March 31, 2017. Consequently, this also rose at a faster rate than net financial debt, which increased by 4.6% from EUR 3,079.9 million to EUR 3,221.1 million in the same period.

CASH FLOW

Cash flow from operating activities declined by 10.3% from EUR 1,282.2 million in the business year 2015/16 to EUR 1,150.4 million in the business year 2016/17. Including non-cash expenses

EPS – EARNINGS PER SHARE

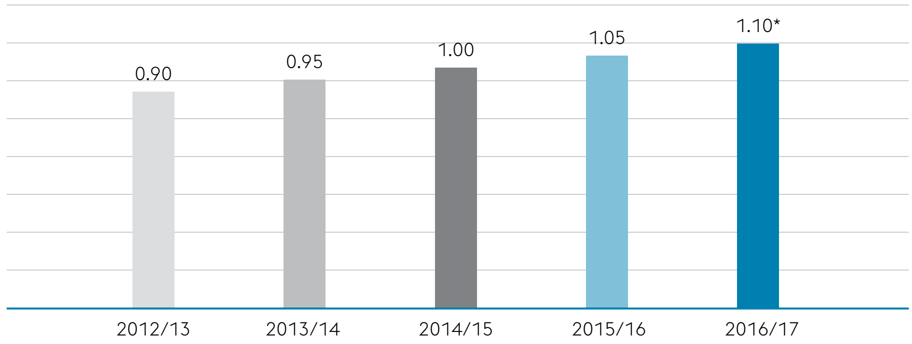
In euros



DIVIDEND PER SHARE

In euros

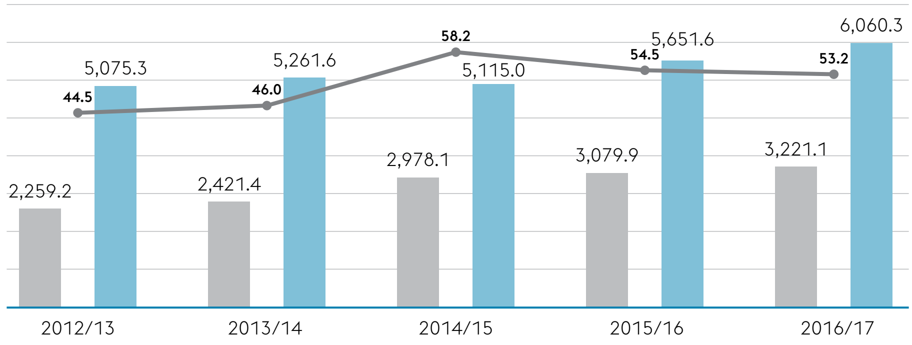
* As proposed to the Annual General Shareholders' Meeting.



NET FINANCIAL DEBT – EQUITY – GEARING RATIO

In millions of euros

Net financial debt Equity Gearing (in %)



and income, profit after tax increased significantly while net working capital turned negative in the past business year, from EUR 113.9 million in the previous year to EUR –98.6 million. Despite comprehensive countermeasures, working capital rose on the back of considerably higher raw materials and selling prices as of the end of March 2017 compared to the prior-year reporting date. In contrast, the capital allocated to investments in the business year 2016/17 was much lower than in 2015/16. This led to a corresponding decrease in cash flow from investing activities to EUR –1,049.8 million in the past business year, compared to EUR –1,230.0 million in the previous year. After cash outflow from financing activities exceeded cash inflow by EUR 366.7 million in the business year 2016/17, the closing balance of cash and cash equivalents as of March 31, 2017, came to EUR 503.3 million (March 31, 2016: EUR 774.8 million).

Net financial debt can be broken down as follows:

NET FINANCIAL DEBT

In millions of euros	03/31/2016	03/31/2017
Financial liabilites non-current	3,342.8	2,764.7
Financial liabilites current	898.2	1,332.9
Cash and cash equivalents	–774.8	–503.3
Other financial assets	–355.8	–348.3
Loans and other receivables from financing	–30.5	–24.9
Net financial debt	**3,079.9**	**3,221.1**

QUARTERLY DEVELOPMENT OF THE voestalpine GROUP

In millions of euros

	1st quarter 2016/17	2nd quarter 2016/17	3rd quarter 2016/17	4th quarter 2016/17	BY 2016/17	BY 2015/16	Change in %
Revenue	2,772.4	2,635.4	2,693.4	3,193.3	11,294.5	11,068.7	2.0
EBITDA	333.9	371.0	356.2	479.6	1,540.7	1,583.4	–2.7
EBITDA margin	12.0%	14.1%	13.2%	15.0%	13.6%	14.3%	
EBIT	167.6	201.3	176.1	278.3	823.3	888.8	–7.4
EBIT margin	6.0%	7.6%	6.5%	8.7%	7.3%	8.0%	
Profit before tax	138.9	172.5	150.0	238.5	699.9	751.3	–6.8
Profit after tax[1]	105.8	127.9	110.2	183.1	527.0	602.1	–12.5
Employees (full-time equivalent)	48,319	48,786	48,765	49,703	49,703	48,367	2.8

[1] Before deduction of non-controlling interests and interest on hybrid capital.

QUARTERLY DEVELOPMENT OF THE voestalpine GROUP, ADJUSTED

In millions of euros

	1st quarter 2016/17	2nd quarter 2016/17	3rd quarter 2016/17	4th quarter 2016/17	BY 2016/17	BY 2015/16	Change in %
Revenue	2,772.4	2,635.4	2,693.4	3,193.3	11,294.5	11,068.7	2.0
EBITDA	333.9	371.0	356.2	479.6	1,540.7	1,445.8	6.6
EBITDA margin	12.0%	14.1%	13.2%	15.0%	13.6%	13.1%	
EBIT	171.5	204.9	179.7	283.8	839.9	814.4	3.1
EBIT margin	6.2%	7.8%	6.7%	8.9%	7.4%	7.4%	
Profit before tax	142.8	176.1	153.5	244.1	716.5	676.8	5.9
Profit after tax[1]	108.7	130.6	112.9	187.2	539.4	509.8	5.8
Employees (full-time equivalent)	48,319	48,786	48,765	49,703	49,703	48,367	2.8

[1] Before deduction of non-controlling interests and interest on hybrid capital.

SIGNIFICANT EVENTS IN THE COURSE OF THE YEAR

CAPITAL INCREASE TO EXPAND THE EMPLOYEE PARTICIPATION PLAN

On March 6, 2017, the Management Board of voestalpine AG resolved to increase the Company's share capital by around 0.8% by issuing 1.4 million no-par value bearer shares to expand and safeguard voestalpine AG's employee participation plan. The capital increase was recorded in the Commercial Register on March 30, 2017. The share capital of voestalpine AG now amounts to EUR 320,394,836.99, divided into 176,349,163 shares/no-par value shares. With this capital increase, the shares held by the voestalpine Mitarbeiterbeteiligung Privatstiftung (including private shares) on behalf of the employees participating in the plan account for 14.8% of the share capital of voestalpine AG.

DIRECT REDUCTION PLANT TEXAS, USA

After the official groundbreaking for the construction of the largest direct reduction plant worldwide in Corpus Christi, Texas, USA, three years ago in April 2014, the plant went into full operation on April 1, 2017, and will be producing two million tons of high quality HBI (hot briquetted iron) per year. The porous sponge iron, which, for easier transport, is pressed into briquettes, is a high quality, relatively environmentally friendly ferrous material for use in steel production, both in blast furnace routes and electric furnaces. HBI is derived by reducing iron ore using natural gas instead of coke as with traditional blast furnaces. The use of the US-produced HBI in the voestalpine blast furnaces and steel shops broadens the raw material base and offers significantly more flexibility in that regard, lowers the energy footprint, reduces the site-specific CO_2 emissions by up to 5%, and provides technological options with regard to decarbonizing the steel production. Furthermore, with its heat recovery system, recycling of process gases and enclosed conveyors and ore deposits, the plant in Corpus Christi also sets new environmental standards.
The deep-sea port with loading and unloading cranes and the centerpiece of the investment—the 450-foot-high reduction tower—were successfully completed during the business year 2015/16. After a nearly two-and-a-half-year construction phase, the world's largest and most sophisticated plant of its kind was officially opened on October 26, 2016, following a successful start-up over the course of the previous month. Since stable operations at a high performance level were established at the new plant within only six months and the final performance test was successfully completed in March 2017, the facility moved into continuous operation at the beginning of the business year 2017/18. Not only were the targeted operating parameters achieved in technological terms after a relatively short period of time, the plant even managed to surpass the rather ambitious product quality specifications. Continuous supply of HBI from Texas to customers in the NAFTA region and Europe as well as to the domestic steel sites in Linz and Leoben/Donawitz in

Austria began toward the end of the calendar year 2016. In the business year 2017/18, the plant should already reach its annual nominal capacity of 2 million tons, and, with that, promises a clearly positive earnings contribution in only its first year of full operation. voestalpine Texas LLC has around 190 employees at the Corpus Christi location.

As already stated in various other publications, the project involved rather substantial cost increases due to extremely difficult weather conditions in the first phase causing delays, a considerable spike in building materials and labor costs because of a construction boom in Texas that began in 2014 and was not foreseeable at the time of the project decision in 2012, and due to additional investments and technical optimization measures (warehouse concept changes). With the completion of the start-up process, the total costs of the project amount to USD 1,012 million and exceed the originally budgeted USD 742 million (a priori calculated in USD) by about one-third. In terms of the strategic importance of this project, these cost increases do not make any difference, and, from today's viewpoint, the still viable economic attractiveness of the project is confirmed by the impairment test results in the recent annual financial statements.

CORPORATE GOVERNANCE REPORT

The Corporate Governance Report for the business year 2016/17 was published on the voestalpine AG website under the heading "Investors."

» The full link is
http://www.voestalpine.com/group/en/investors/corporate-governance

INVESTMENTS

Since numerous ongoing large-scale projects of the voestalpine Group were progressing successfully in the business year 2015/16 and the investment volume had reached an absolute peak with EUR 1,310.9 million during that time, many of these projects entered the start-up phase in the course of the business year 2016/17. Against this backdrop, the investment expenditures of EUR 1,011.4 million in the past business year were 22.8% below the previous year's figure, but still considerably higher than the level of depreciation.

Since the major portion of the investment volume had already been allocated for the largest and most modern direct reduction plant in Corpus Christi, Texas, USA, over the past business years, the investment expenditures in the **Steel Division** dropped by 41.8% from EUR 701.1 million in the previous year to EUR 408.1 million in the business year 2016/17. After a construction period of two and a half years, this facility was successfully completed in the fall of 2016. Following the run-up phase of almost six months, the plant went into full operation on April 1, 2017 (see Chapter "Direct reduction plant Texas, USA"). In addition, the Steel Division successfully continued or implemented several other strategically important investments in the business year 2016/17. For example, in the Heavy Plate segment the "toughcore®" plant developed in-house was put into operation in the third quarter of 2016/17. This technology provides unique product features in challenging environments, such as very low temperature conditions or extreme water depths.

For the continuous casting facility 8 investment project, with aims to further optimize the portfolio of the strip segment, the processing system was installed in the previous business year and cold tests were started according to plan in the spring of 2017. Commissioning is scheduled for the fall of 2017. Thanks to the excellent cooperation of all project partners, the major repair of the blast furnace 6 was completed ahead of schedule between July and November 2016. Concurrently, preparatory measures for the major repair of the large blast furnace A scheduled for 2018 have started.

The investment expenditures in the **High Performance Metals Division** (formerly Special Steel Division) of EUR 179.5 million in the business year 2016/17 are only marginally below those of the previous year (EUR 181.7 million) and primarily focused on strategic growth areas: For example, the revenue in the technologically challenging aerospace customer segment is to be almost doubled in the coming years. In light of the above, the Böhler Schmiedetechnik GmbH & Co KG is currently investing in a new high-tech fast forging line at the Kapfenberg facility in Austria, which is scheduled to begin operation at the end of calendar year 2018. The plant will primarily produce pre-material for extremely stress-resilient aircraft components (e.g., engine parts) as well as sophisticated forged parts for oil and gas exploration. Furthermore, with the construction of a production line for structural aircraft parts, the leading manufacturer of special forgings made from high-performance metals meets the needs of the booming aerospace industry. This fully automated plant will be commissioned in 2019. The activities at the Mürzzuschlag site in Austria currently focus on the construction of a straightening plant for titanium plates that are used in the aerospace industry, as well as in mechanical engineering and the chemical industry. At the two production sites in Kapfenberg, Austria, and Hagfors, Sweden, investments are still focused on power units for the production of powder metal made from steel and nickel-based alloys to be used in the additive manufacturing segment. Additive manufacturing centers for the production of metal components by 3D printing were constructed in Düsseldorf, Germany, and in Singapore in the business year 2016/17. In the Value Added Services business segment, the expansion of the plant capacities for heat treatment and machine processing in Chengdu, the economic center in southwestern China, as well as in Querétaro, the automotive hotspot in Mexico, was further advanced in the business year 2016/17.

In the **Metal Engineering Division,** the investment volume of EUR 211.0 million for the business year 2016/17 fell by 16.7% below the value of EUR 253.3 million from the previous year. The division's currently largest single investment in a new digitalized wire rod mill constitutes a technological benchmark to sustainably increase the performance, flexibility, and quality of the rolled wire production at the Leoben/Donawitz location in Austria. In the Seamless Tubes business segment, strategically vital future-oriented projects are being consequently implemented, despite the current market weakness. For example, the expansion of dimensions at the Kindberg location in Austria was successfully completed during the business year 2016/17. Installations for additional heat treatment capacities began in September 2016, making the commissioning in the first quarter of 2017/18 sufficiently certain.

The major portion of the investment volume in the **Metal Forming Division** that increased by 22.4% over the previous year from EUR 167.5 million to EUR 205.1 million was again allocated to strategically implement global roll-outs of key technologies in the automotive segment based on long-term contracts. For the local production of ultra high-strength automotive components, particularly for German premium brand automakers, the plant in Cartersville, USA, already started its third "phs" expansion phase in 2016. With Lanfang near Bejing, a new location was added in China to fulfill an ongoing order for the automotive industry spanning several years. The dynamic growth in the automotive segment in Mexico will be met with the construction of a new production facility for high-quality automotive components in Aguascalientes, Mexico. In addition, important strategic initiatives were set at European locations as well. In this regard, a notable highlight is the startup of operations of the first facility worldwide for "phs-directform®" in Schwäbisch Gmünd, Germany, in the second quarter of the business year 2016/17. With this innovation, this plant will be the first to produce press-hardened, ultra high-strength and corrosion-resistant automotive body parts from galvanized steel strip in one single process step. Another highlight for the Automotive Components business segment was the opening of what is now the largest production facility worldwide for laser-welded blanks in Linz, Austria, in the summer of 2016 after only just over a year of construction.

ACQUISITIONS

The voestalpine Group's acquisition activities in the business year 2016/17 were very limited. There was only one larger acquisition, due not least to opaque company valuations in many cases as a result of interest rate factors.

The Metal Forming Division significantly strengthened its position in the segment of high-quality passive safety components for the automotive industry in the NAFTA region with the acquisition of Summo Corp., based in Burlington, Canada, in July 2016. Renamed voestalpine Rotec Summo Corp., the company produces high-quality passive automotive safety components, such as airbag components and seatbelt and seat systems at its two production locations in Burlington, Canada, and Monterrey, Mexico. It has around 300 employees and most recently generated an annual revenue of approximately EUR 40 million.
Forward-looking product solutions for passive automotive safety components has been a focus area of the voestalpine Rotec Group, which is allocated to the Metal Forming Division and based in Krieglach, Austria, since the 1980s. The Rotec Group was already represented in North America before the acquisition of Summo with its location in Lafayette, Indiana, USA. The integration of the company into the Rotec Group's existing US activities is progressing very smoothly, not least because of its similar culture with a focus on customer centricity and technology and quality leadership.

EMPLOYEES

As of the reporting date, March 31, 2017, the voestalpine Group had 45,866 employees (excluding apprentices and temporary employees), and, with that, around 820 employees or 1.8% more than by March 31, 2016. In addition, there are 1,320 apprentices and 3,680 leased employees, which adds up to a total of 49,703 FTEs (full-time equivalents) and represents a rise in the headcount of 2.8% (or 1,336 FTEs) compared to the previous year. The number of temporary employees rose in a year-to-year comparison by 8.6% from 3,389 to 3,680 FTEs. About 53.5% of the employees (26,590 FTEs) are working at Group sites outside of Austria and 23,113 employees in Austrian companies.
As of the reporting date, March 31, 2017, the voestalpine Group was training 1,320 apprentices, 60.5% in Austrian companies and 39.5% at sites abroad. Compared to the previous year, the number of apprentices has decreased by 57 or 4.1%.

EMPLOYEE PARTICIPATION PLAN

The voestalpine employee participation plan was established in 2001 and has since been continually expanded. Besides all of the employees in Austria, personnel in Great Britain, Germany, the Netherlands, Poland, Belgium, the Czech Republic, Italy and Switzerland are enrolled. The expansion of participation at locations abroad was again further advanced in the business year 2016/17.
The voestalpine Mitarbeiterbeteiligung Privatstiftung (employee foundation for the Group's employee participation plan) is the second largest shareholder of the voestalpine AG. As of March 31, 2017, 24,100 employees participate in the plan and hold a total of 24.1 million shares, which represents 13.6% of the Company's share capital due to the general bundling of voting rights (previous year: 13.4%). In addition, the foundation also manages about 1.9 million "private shares" owned by current and former employees (corresponding to about 1.2% of the voting shares). Thus, as of March 31, 2017, 14.8% of voestalpine AG's share capital (previous year: 14.5%) is owned by employees.

THE STAHLSTIFTUNG (STEEL FOUNDATION) IN AUSTRIA

In 1987, the "Stahlstiftung" (Steel Foundation) was founded in Austria as an employee foundation with the goal to provide former employees of the previous VOEST-ALPINE Group as well as employees from a number of companies outside of the Group, who had to leave due to a crisis, with the opportunity of a professional reorientation through up to four years of training and continuing education courses in order to compensate for or at least alleviate the impact of the job loss.
In the business year 2016/17, more than 86% of the participants looking for work were able to find new professional perspectives with the help of the Stahlstiftung, despite the ongoing difficult situation on the Austrian labor market.
As of the reporting date, March 31, 2017, a total of 455 individuals received assistance from the

Stahlstiftung of whom 51.7% were former employees of the voestalpine Group. The total number of active Stahlstiftung members in the business year 2016/17 was 770 and 1.8% below that of the previous year (784 persons).

APPRENTICES AND YOUNG SKILLED WORKERS

In November 2016, the fourth voestalpine Group Apprentice Day was held at the voestalpine AG headquarters in Linz. 330 apprentices from Austria and Germany attended together with their trainers. The goal of the event is to introduce the apprentices to as many of their young colleagues as possible as well as to the Group.
The Company invests about EUR 70,000 in the comprehensive three- or four-year training program per apprentice. In order to efficiently approach potential apprentices, social media activities via Facebook, YouTube, Twitter, LinkedIn, Watchado, and Instagram were continuously intensified over the past years. The impressive number of apprenticeship completions confirms the validity of these investments in the future: 96.4% of the apprentices in Austria and Germany who took their final examination in the last business year passed. Of the Austrian graduates, 69.0% even passed with "good" or "excellent" grades.
For the apprenticeship year 2017/18 beginning in the fall of 2017, voestalpine offers around 370 new apprenticeship positions in Austria and Germany alone. Currently, training for 50 vocational occupations is being offered at 38 sites. Every year, prior to enrollment and as an introduction, schoolchildren and their parents are invited to an "open house event" at a number of sites to find out about the wide range of training and apprenticeship options.

DEVELOPMENT OF EXECUTIVES

In the business year 2016/17, 186 participants (15.1% female participation) from 25 countries began their the training courses in various categories of the voestalpine management development system as part of the group-wide development of executives or "value:program". It provides target group-specific training and advancement programs for all executive levels based on a combination of classroom and online courses, including external postgraduate and business school extensions. In addition to specialized tasks, focal points include strategy, change management, leadership, compliance, and organization.

OTHER DEVELOPMENT PROGRAMS

In order to foster and strengthen required employee competences in a targeted manner, some programs are being offered on a continuous basis, such as the Purchasing Power Academy, the HR Academy, the China Young Professional Training Program and the High Mobility Pool Program whose "generation 2015" just recently started their professional career after two years of training; "generation 2017" is following suit.
The further development portfolio for employees contains numerous other programs and training offerings at the divisional and business unit level.

EMPLOYEE SURVEY

In October 2016, another employee survey was conducted as is done every three years. This survey included 201 Group companies in 47 countries and was conducted anonymously based on an online or paper questionnaire in 25 different languages, and with almost 47,000 employees invited to take part, constituted a near full census. The objective of this regularly conducted survey is a continuous improvement of the work environment at voestalpine from identifying personal job satisfaction, information needs to organization and management behavior. The return rate of 77% not only set the standards for meaningful results, but even exceeded the already high return in 2013 (75%). Within the Group, each company involved will work out measures of improvement based on the respective results and prepare a report using a comprehensive reporting tool. Important fields of action that need to be focused on are "Professional development" and "Leadership". Overall, the employee survey confirmed the present course of the Group's development, despite the different results per region and business unit due to the difficult economic environment of the past years.

COOPERATION WITH UNIVERSITIES

Many voestalpine Group companies offer internships for college and university students; one special focus here includes scientific papers from students in cooperation with voestalpine companies. Currently numerous diploma and master theses as well as dissertations are being prepared within the Group.

For several years now, voestalpine has offered students from Emory University (Atlanta, USA) a ten week internship. In exchange, students of the Johannes Kepler University Linz, Austria, receive a scholarship to Emory University. In another special educational program, students in the international "ACT—Austria, Canada, Taiwan" course, a joint study program of the Johannes Kepler University Linz, Austria, the University of Victoria, Canada, and the National Sun Yat-sen University in Kaohsiung in Taiwan, take part in project work lasting several weeks at the Group's Linz location.

The Leoben University of Mining and Metallurgy in Austria is also involved in several educational cooperations. They range from sponsoring commitments to encourage young people to study for technical degrees, to voestalpine talks, a cooperative event with all student representatives, and participation in the student fair "teconomy." In March 2017, after a three year hiatus, the "voestalpine Student Meet" was held for the second time at the Leoben University of Mining and Metallurgy offering 450 students the opportunity to attend presentations by all six members of the voestalpine Board and ask questions and be introduced to executives and employees of the Group.

RAW MATERIALS

Following a continuously declining price trend over a period of several years for raw materials that are of primary importance for blast furnace-based crude steel production such as iron ore and metallurgical coal, the beginning of 2016 marked a turnaround.

This change was initiated by a first slight recovery of the iron ore prices in January 2016, after having bottomed out at roughly USD 38 per ton (CFR China). Since China is by far the world's largest importer of iron ore covering two thirds of the iron ore demand by sea freight, the economic situation of the Chinese steel industry naturally plays a vital role in terms of the general price development for iron ore. Besides the high steel production rates, the reason for the massive iron ore consumption in China is that the country's availability of scrap metal is relatively low, which is why it uses proportionally more pig iron in the steel industry than any other country. Even though, in light of the above, the downturn of the iron ore price over a period of two years was also the result of the weaker growth in crude steel production in China, it was further intensified by a concurrent substantial expansion of the global mining capacities based on excessive expectations on the part of the mining corporations with regard to the steel demand in China. Not least due to economic stimulus measures by the Chinese government, the steel demand bounced back in the course of calendar year 2016. Furthermore, supply parameters influencing the pricing process changed as well. Thus, for example, the major Australian and Brazilian iron ore producers curtailed their original growth plans. Since the Chinese iron ore is of comparably lower quality, the steel industry in China focuses increasingly on high quality iron ore, not least due to associated environmental issues, which in recent years resulted in the closing of numerous Chinese mines as well as higher import needs. In addition, due to the bursting of a dam in an iron ore mine in Brazil in November 2015, in particular the availability of iron ore pellets (precompressed ore) has gone down with the result that the surcharges for pellets worldwide have significantly increased. The notable spike of the ore base price to just under USD 90 per ton in March 2017 resulting from these developments and marking a peak since the summer of 2014—apart from the fundamental developments described above—is also the result of a substantial expansion of financial derivatives which are based on the development of the iron ore price and have therefore intensified the upward trend.

At the beginning of the business year 2016/17, the voestalpine Group began procuring raw materials and energy for the new location in Corpus Christi, Texas, USA. The respective volume flows have since been established and have become an integral part of the corporate raw materials portfolio.

Even more remarkable than the iron ore situation have been the price surges for coking coal in the business year 2016/17. The immediate trigger for this price explosion on the spot market starting in the summer of 2016 included mine closings by government order as well as the reduction of annual work days in Chinese coal mines and the supply shortage resulting from that. In addition, heavy rain falls in northern China caused logistical problems with the transport of the domestically mined coal and making Chinese steel companies increasingly dependent on imported coal. After the supply in North America had already noticeably dropped over the previous years due to numerous mine closings, the development of steel production, internationally regarded as stable, led to a shortage of high quality coking coal on the global spot markets in the course of 2016, because of restrictions in the Chinese mines. While the price for one ton of coking coal (FOB Australia) was still at USD 80 in March 2016, it jumped to roughly USD 300 within only a few months. The coal price thus reached a five-year high before eventually settling between USD 150–160. Even more dramatic was the surge in April 2017 when the coal price doubled within only one week. The reason for this, once again, was a supply shortage due to environmental conditions, but this time in Australia caused by a cyclone that damaged important railway connections from the mines in Queensland to the shipping ports.

In the business year 2016/17, the coke derived from coal and used in blast furnaces logically tracked the price of the base product. At its peak, the spot market price for one ton of coke (FOB China) was at roughly USD 330, which, compared to the listing in March 2016 of just over USD 100, is a three-fold increase in value.

During the past business year, the price for high quality scrap also showed some rather varying developments. While one ton of scrap was listed at about EUR 170 (type E3, Germany) at the beginning of 2016, it jumped to EUR 260 in May 2016 and back to under EUR 200 two months later. Only at the end of calendar year 2016 did the price increase reach a sustainable level. Toward the end of the business year 2016/17 the price of scrap returned to the level of about EUR 260 per ton.

After the prices for the most important alloys, which are a significant cost factor particularly in the High Performance Metals Division, dropped in part substantially in the business year 2015/16, business year 2016/17 brought about a trend reversal with some marked price increases for certain alloys. For example, in particular the procurement cost for molybdenum, vanadium, chrome, and manganese rose significantly. For nickel, the alloy with the highest value ratio in the High Performance Metals Division portfolio and subject to annual price fluctuations of up to 85% over the past years due to supply volatilities, the fluctuations persisted largely unabated in the past business year. Only the first months of 2017 showed a certain easing of the situation at the London Metal Exchange. The price development for zinc, an element primarily used in the Steel Division, rose continually over the course of the business year.

RESEARCH AND DEVELOPMENT

In the past business year, the voestalpine Group invested EUR 140.3 million in research, development, and innovation and thus—as in previous years—continues to be one of the most research-intensive companies in Austria. For one, the focus of our research is on further developing the steel production process and the manufacturing processes for steel and other metals, including the development of new production techniques such as additive manufacturing, and secondly on materials technology as well as the development of metal-based products, components, and complete system solutions.

The average annual 4.3% increase in R&D expenditures over the past years indicates that innovation is given top priority in the voestalpine Group. The research ratio (proportion of R&D expenditures in relation to revenue) remained unchanged at 1.2% and the R&D coefficient (expenses measured by added value) at 2.7%.

Our continuous cooperation with around 80 universities and research institutions worldwide, and, with that, the close interaction between research, science and industry forms the basis for the constant advancement of most sophisticated high tech metal products. Major research partners in Austria include the Montan University in Leoben, the Johannes Kepler University in Linz and K1-MET GmbH in Linz. Abroad, focus projects with MIT (Massachusetts Institute of Technology), USA, McGill University, Canada, the Royal Institute of Technology, Sweden, Aalto University, Finland and the Fraunhofer Institut, Germany, are ongoing.

Research work at voestalpine is decentralized, i.e., conducted in close vicinity to the relevant production facility as well as to customers and the market. In order to ensure continuous knowledge exchange within the Group besides regular Research Committee meetings where representatives responsible for R&D from the four Divisions share information and coordinate activities, the Research Board with the participation of the Management Board convenes twice a year and decides on fundamental issues regarding the Group's innovation developments. In addition, a one-and-a-half day Researcher Conference is held once a year with 2017 marking its tenth anniversary. This year's topic "Steel Production in the 21st Century" was discussed in detail in presentations from external and internal experts. At the location in Linz, Austria, a pilot project for hydrogen production was started and involves the strategic cooperation between voestalpine and VERBUND AG, the leading electricity producer in Austria. The focus here is the installation of the largest PEM (polymer electrolyte membrane) electrolysis unit worldwide with an output of 6 MW to produce "green" hydrogen, i.e., by using electric energy from renewable sources. The objective of this project is to test the PEM technology as well as reveal the potential of hydrogen in steel production. The use of this technology in the steel industry seems promising for the long-term future, but ultimately depends on the cost and availability of "green" power.

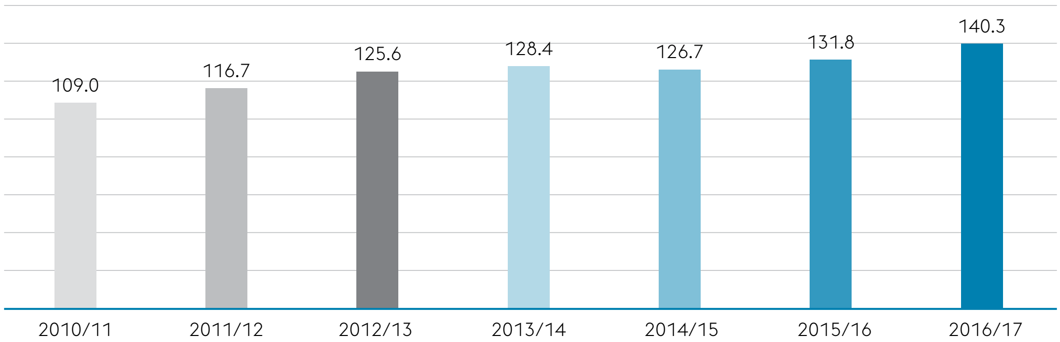
Research and development in the **Steel Division** are ever more strongly shaped by the need for flexible, autonomously controlled processes in terms of digitalization with a pronounced focus on the development of mechatronic systems as the basis for "smart production". The emphasis in the area of material technology is on the further development of ultra high-strength steel grades both for cold-rolled and hot-rolled steel strips as well as the development of more high-ductility grades—high-strength steels with increased formability—in combination with the relevant processing technologies, and especially in cooperation with the Metal Forming Division. The newly developed heavy plate sheet product toughcore® with its superior ductility properties was successfully launched and is used for challenging projects under the harshest conditions, such as in mining and linepipe offshore applications. In the coatings segment, the focus is on the development of alternative metal coatings and innovative organic coatings with integrated functionalities.

In its value added service developments, i.e., heat treatments, coatings and processing, the **High Performance Metals Division** (formerly Special Steel Division) relies increasingly on customer proximity and is thus expanding its global presence primarily in Asia in cooperation with other local R&D centers. In the summer of 2016, the voestalpine Additive Manufacturing Center was opened in Düsseldorf, Germany, to pool all Group-wide research activities in this field and develop techniques to manufacture special complex and light metal components—particularly for the aerospace and automotive industries as well as for toolmaking. The material required for the process—a metal powder produced using a special method—is developed and supplied by the Group companies Böhler Edelstahl GmbH & Co KG, Austria, and Uddeholms AB, Sweden. The High Performance Metals Division invests heavily in the digitalization of production as well with the goal to further increase production efficiency and product quality on a large scale. In the tool steel segment, a powder-metallurgical steel was recently developed that combines the previously incompatible properties of high-corrosion resistant but formable steel with the ductility and wear resistance of tool steel. Another innovation includes non-corrosive, pre-hardened steels for tool holders that significantly shorten the production route, lower production costs and time, and accelerate deliveries. Furthermore, this innovation eliminates the complex and environmentally critical chemical nickel plating of the tool holders.

In the previous year in the **Metal Engineering Division,** a research service company was founded to ensure optimal use of the research infrastructure and R&D processes were reorganized at the same time. voestalpine is the only turnkey supplier for rail technology and turnout systems worldwide. With these two segments, the division offers new cutting-edge system solutions for the railway infrastructure that also include an interactive life cycle cost tool developed by voestalpine Schienen GmbH, Leoben/Donawitz, Austria, for life cycle analyses of high performance rails to optimize procurement and maintenance strategies and facilitate cost projections over the

RESEARCH EXPENDITURE FOR THE voestalpine GROUP

In millions of euros, R&D gross expenditure (without R&D facility investments)



entire life cycle. The newly developed rail grade 400 UHC® HSH®, a heat-treated rail with increased carbon content, exhibits twice the rail service life compared to previous grades and thus has had a very positive market response. Digitalization was the central focus for the recently developed turnout systems with continuously optimized integrated diagnostic and monitoring technologies. Other R&D priorities of the division include the development of high-strength thermomechanically rolled wires as well as sour gas-resistant seamless tubular products and gas-tight connections, in particular for geologically and climatically challenging oil and gas exploration and production applications.

With the creation of twelve centers of excellence in the **Metal Forming Division,** R&D structures were comprehensively redefined and reorganized accordingly. The primary focus in this division is on innovative lightweight structures. This segment includes the forming and further processing of materials such as press-hardening steel, steel hybrid composites or aluminum into components and systems with the goal to maximize customer benefit by combining best-suited materials. Another priority for the division is the development of innovative, sophisticated profiles and pipes made from high-strength steel combined with metal coatings and plastic film or steel-plastic composites.

ENVIRONMENT

ENVIRONMENTAL EXPENDITURES

Since the business year 2015/16, in addition to the previously mentioned emission-intensive Austrian Group sites, several other, primarily international, production companies and their respective data were included for the first time as well. Overall, the ongoing operating costs for environmental systems of EUR 231 million have dropped slightly below the level of the previous year (EUR 237 million). At the same time, the voestalpine Group's environmental investments also decreased from EUR 55 million in the previous year to EUR 46 million.

ENVIRONMENTAL FOCUS AND MEASURES

Besides continuous energy efficiency improvements, the Group's focus in terms of environmentally relevant projects is on a further reduction or prevention of production based emissions in the air and water as well as on waste disposal. In the Steel Division (Linz, Austria), numerous additional system optimizations were performed in the past business year as part of a very ambitious environmental program to further lower emissions and to further improve energy efficiency, in particular in the areas of infrastructure and logistics. Amongst others, the installation of a new conveyor technology as part of the major repair of blast furnace 6 ensures a sustained reduction of burden dust. The now—as of April 1, 2017—fully operational direct reduction plant in Corpus Christi, Texas, USA is a true environmental benchmark from a technological perspective with its heat recovery system, recycling of process gases and enclosed conveyors and ore deposits and, with the use of natural gas rather than coke, marks an important first step toward a CO_2-reduced steel production within the Group.
With about EUR 16 million, the largest single environmental project was successfully completed at the High Performance Metals Division (formerly Special Steel Division) Kapfenberg site in Austria in the previous business year. In the special steel plant's new "pickling shop 4.0", emission-relevant processes (pickling, coating, salt bath) are now performed in a fully enclosed system (tunnel system). Offgas streams are purified by means of fume scrubbers, an optimized process reduces waste water volumes by 80%, and resource efficiency is increased while hazardous waste (pickling slurry) is reduced by about 25%. The electric-furnace steel plant at the Division's Hagfors site in Sweden was equipped with a new, significantly more efficient filter system. Besides emission reductions of 50%, it also helped reduce noise pollution noticeably.

A number of similar and lastingly effective investments were also made in the Metal Engineering Division, such as the expansion of the sprayer systems at the sinter plant (blast furnace) in Leoben/Donawitz, Austria, to reduce diffuse dust emissions by about 25% on all conveyor routes. In addition, air pollutants and energy consumption were further reduced at that location thanks to a new walking beam furnace for the rail production, and the commissioning of the new wire rod mill also ensures a significant reduction of energy consumption, air emissions (primarily nitrogen oxide), and waste water volumes.

ENVIRONMENTAL MANAGEMENT SYSTEMS

A large number of voestalpine Group companies have a broad range of environmental management systems (ISO 14001 or EMAS) and a certified energy management system (according to ISO 50001) in place. With the turnout production sites in Germany, more companies followed suit in implementing such systems and obtained certification in the past business year. DIN EN ISO 14001 certifications were also completed or will be obtained in the current business year by the automotive components segment of the Metal Forming Division.

ECOLOGICAL PRODUCT CONSIDERATIONS

Besides operative environmental measures, the ecological potential of steel as a material and as a product is the focus of optimization measures. Besides innovations in lightweight construction for the automotive sector, the railway infrastructure, and renewable energy applications (such as solar and photovoltaic solutions in the Metal Forming Division), this also includes the "Life Cycle Assessment", i.e., the overall ecological assessment of materials over their life cycle. In addition to its active involvement with interest groups on a national, European and global level—primarily to establish objective criteria such as measurability and comparability of assessment standards—voestalpine is also pursuing concrete projects in this regard with important customer industries (such as the automotive industry).

RESEARCH AND DEVELOPMENT OF CO_2-REDUCING TECHNOLOGIES

The technological research and development of alternative steel production processes is being advanced in particular by a cooperation between voestalpine and VERBUND AG, Vienna, Austria, that focuses primarily on flexibility concepts in energy production and energy demand ("demand-side management") as well as on a research cooperation for future-oriented hydrogen developments. At the beginning of 2017, the Linz site in Austria launched "H2FUTURE" as part of an EU-funded project, which involves a pilot facility for the production of "green" hydrogen from water by means of electrolysis using renewable energy sources. The objective of this project that is scheduled to run until 2021 is to identify potentials and options for the use of hydrogen in the various process steps of steel production. The project is valued at about EUR 18 million and also involves SIEMENS, K1-MET, APG (Austrian Power Grid) and ECN (Energy Research Centre of the Netherlands). In addition, further development projects, such as a test facility to study reduction processes with hydrogen plasma, are being advanced at the Leoben/Donawitz site in Austria.

LONG-TERM ENERGY AND CLIMATE-POLITICAL PURSUITS

At the global level, the UN global climate accord came into force on November 4, 2016, which is to replace the "Kyoto Protocol" as the global climate protection framework in 2020. The ecological process established at the World Climate Conference in Paris in November 2015 (in particular with regard to the evaluation and monitoring of climate protection measures) is now being substantiated and implemented. The "Paris Agreement" offers a historical chance to make climate protection contributions of major emitters binding and broadly comparable.

The EU as well as the individual member countries incorporated the "2030 Goals" that were decided upon already in 2014 in the global climate accord; since their resolution—regardless of the global context—these have formed the basis for the European Energy Union which establishes the European framework strategy for energy, climate, competition and innovation policies. Accordingly, by 2030, CO_2 emissions in the EU must be decreased by at least 40% compared to 1990. However, even more stringent reductions by 43% compared to 2005 apply for the sectors subject to the emissions trading system, such as the steel industry.

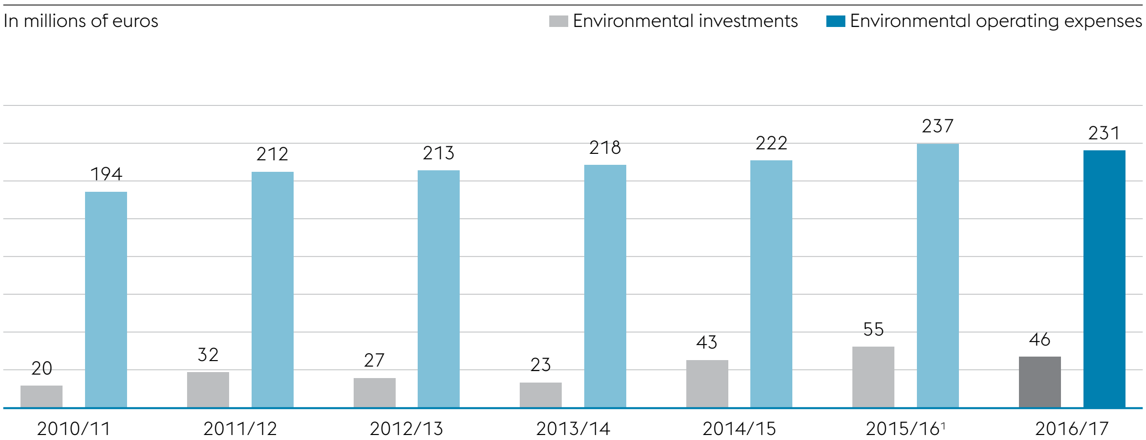
At the end of November 2016, the EU Commission presented comprehensive legislative proposals to the European Energy Union titled "Clean Energy for all Europeans" that cover the areas of energy efficiency, renewable energy, organization of the electricity market, power supply security and managing the Energy Union. In addition, the Commission proposes new ecodesign options as well as a strategy for networked and automated mobility.

The separately handled reform of the emission trade system for the trade period from 2021 to 2030 has been in negotiation with the Commission, the Council and Parliament of the European Union since March 2017. The objective of the discussions is to reach an agreement on key points with in part greatly diverging positions on the part of the three institutions. From voestalpine's viewpoint, the focus remains on sufficient availability of free certificates, their allocation mechanism (e.g., based on reasonable benchmark values) as well as the maximum inclusion of energetically used blast furnace gases in the assessment. A sound evaluation of the emission trade reform and its implications on voestalpine can only be performed after the trialogue or a legal definition of the result, i.e., probably not before the end of 2017. From the present point of view, it is to be expected that the voestalpine Group's need to purchase additional certificates in the period from 2021 until 2030 will remain approximately at the high level of the current trading period.

On the national level, voestalpine is engaged in an in-depth dialog with political decision makers about the integrated and national energy and climate plan which Austria will subsequently be introducing to the European Energy Union in the near future (at the latest by the end of 2018). The goal of the negotiations is to establish the framework conditions relevant to the Group (particularly in terms of economy and competition) in such a way that the voestalpine Group does not suffer any competitive disadvantages in the global market.

ENVIRONMENTAL EXPENDITURES

In millions of euros



[1] In the business year 2015/16, in addition to the emission-intensive Austrian Group sites, a number of other, primarily international, production companies were included.

REPORT ON COMPANY RISK EXPOSURE

Active risk management, as it has been understood and consistently practiced in the voestalpine Group, serves to ensure both the continued long-term existence of the Group and an increase in its value, thus representing a key factor in the success of the Group as a whole.

Since the business year 2000/01, the voestalpine Group has had a comprehensive risk management system in place that was established based on a general, Group-wide policy; this policy has been updated and expanded on an ongoing basis.

In accordance with the Austrian Company Law Amendment Act of 2008 *(Unternehmensrechts-Änderungsgesetz)* and the associated increased importance of an internal control system (ICS) and a risk management system, an Audit Committee has been set up at voestalpine AG, which addresses questions related to risk management and the internal control system (ICS) on an ongoing basis as well as the monitoring thereof. Both the risk management and the internal control systems are integral components of the existing management systems within the voestalpine Group. The Internal Auditing department independently monitors operational and business processes and the ICS and, as an independent, in-house department, also has full discretion when reporting and assessing audit results.

The systematic risk management process is an integral part of all essential business processes within the Group; it assists the management in recognizing potential risks early on and initiating appropriate action to avert or prevent dangers. Risk management covers both the strategic and the operational levels and is therefore a major element in the sustainable success of the Group.

Strategic risk management serves to evaluate and safeguard strategic planning for the future. Strategies are reviewed to ensure conformity with the Group's system of objectives in order to ensure value-adding growth by way of an optimum allocation of resources.

Operational risk management is based on a revolving procedure ("identify and analyze, assess, manage, document and monitor") that is run several times a year uniformly across the entire Group. The evaluation of identified risks is implemented using an evaluation matrix comprising nine fields that assesses possible losses and the probability of occurrence. The main risks being documented are operational, environmental, market, procurement, technological, financial, and IT risks. This process is aided by a special web-based IT system.

The preventive measures for the main risk areas presented in last year's Annual Report are still valid:

» AVAILABILITY OF RAW MATERIALS

In order to ensure the long-term supply of the required quantity and quality of raw materials and energy, the voestalpine Group has for some years maintained an appropriately diversified procurement strategy that reflects the increased risks. Long-term relationships with suppliers, the expansion of the supplier portfolio, and the development of its self-sufficiency are the core elements of this strategy, which is becoming increasingly important in view of the present volatility on the raw materials markets. (For more details, please refer to the "Raw materials" chapter of this Annual Report).

» GUIDELINES FOR HEDGING RAW MATERIALS PRICE RISK

An internal guideline defines objectives, principles and responsibilities, in addition to methodology, processes, and decision-making processes for how raw materials risks are handled. Based on the acquired information and taking the individual distinctive characteristics of each raw material into consideration, price risks for the raw materials are hedged by executing delivery contracts containing fixed price agreements or by utilizing derivative financial instruments. Financial derivatives are primarily deployed to hedge fixed price agreements on the sales side and variable price agreements on the purchasing side.

» CO_2 ISSUES

Risks associated with CO_2 are covered separately in the "Environment" chapter of this Annual Report.

» FAILURE OF IT SYSTEMS

At the majority of the Group's sites, business and production processes, which are largely based on complex IT systems, are serviced by voestalpine group-IT GmbH, a company that specializes in IT and that is wholly owned by the Group holding company voestalpine AG. Due to the importance of IT security and in order to minimize possible IT breakdown and security risks, minimum security standards for IT have been developed. These minimum standards are regularly revised and adapted to new circumstances; compliance with these new standards is reviewed annually by way of an audit. In order to reduce the risk of unauthorized access to IT systems and applications to the greatest possible extent, additional periodic penetration tests are carried out. Additionally, in the past business year, an online campaign was again conducted to raise employees' awareness with regard to issues relating to IT security.

» FAILURE OF PRODUCTION FACILITIES

In order to minimize the risk of breakdowns of critical facilities, ongoing targeted and comprehensive investments are made in the technical optimization of sensitive units. Consistent preventive maintenance, risk-oriented storage of spare parts, and appropriate employee training are additional measures that are being taken.

» KNOWLEDGE MANAGEMENT

In order to sustainably safeguard knowledge, and especially to prevent the loss of know-how, complex projects have already been initiated and are consistently maintained. Available knowledge is permanently documented on an ongoing basis, while new findings from key projects as well as lessons learned as the result of unplanned events are incorporated accordingly. Detailed process documentation, especially in IT-supported areas, also contributes to secure knowledge management.

» RISKS IN THE FINANCIAL SECTOR

Financial risk management is organized centrally with respect to policy-making powers, strategy determination, and target definition. The existing rules and regulations include targets, principles, tasks, and responsibilities for both the Group Treasury and the financial department of each Group company. Financial risks are continuously monitored and—where this is feasible—hedged. In particular, the strategy aims to use natural hedges and to reduce fluctuations in cash flow and income. Market risks are largely secured through the use of derivative financial instruments that are used exclusively in connection with an underlying transaction.

Financing risks are hedged using the following measures:

» Liquidity risk

Liquidity risks generally consist of a company being potentially unable to raise the funds necessary to meet its financial obligations. Existing liquidity reserves enable the company to meet its obligations within the prescribed period, also during crisis periods. The primary instrument for managing liquidity risk is a precise financial plan drawn up quarterly on a revolving basis. Required financing and bank credit lines are determined by the central Group Treasury based on the consolidated operating results.

» Credit risk

Credit risk refers to financial losses that may occur through non-fulfillment of contractual obligations by individual business partners. The credit risk of the underlying transactions is minimized to a large degree through credit insurance and bankable securities (guarantees, letters of credit). The default risk for the Group's own remaining risk is managed by way of defined processes of credit assessment, risk evaluation, risk classification, and credit monitoring. As of March 31, 2017, 78% of our trade receivables were covered by credit insurance. Counterparty credit risk in financial contracts is managed by way of daily monitoring of ratings and any changes in the CDS levels (credit default swap) of the Group's counterparties.

» Currency risk

The primary objective of foreign currency risk management is to create a natural hedge (cross-currency netting) within the Group by bundling cash flows. The Group implements hedges centrally by means of derivative hedging instruments through the Group Treasury. voestalpine AG hedges budgeted (net) foreign currency payment flows for the next twelve months. Longer-term hedging is only carried out for contracted projects. The hedging ratios are between 25% and 100% of the budgeted payment flows for the next twelve months.

» Interest rate risk

voestalpine AG conducts the interest rate risk assessment centrally for the entire Group. This assessment specifically manages cash flow risk (the risk that interest expenses or interest income will undergo an adverse change). As of the reporting date of March 31, 2017, a hike of the interest rate by one percentage point will result in an increase of the net interest expense by EUR 13.1 million in the next business year. This is, however, an assessment of risk potential on the reporting date, and it can be subject to significant fluctuations over time. As voestalpine AG maintains a liquidity reserve to ensure availability of liquidity, it also has interest-bearing investments. In order to avoid interest rate risk stemming from these investments, interest rate exposure on the asset side—expressed by way of the modified duration—is coupled with interest rate exposure on the liability side (asset-liability management).

» Price risk

voestalpine AG also assesses price risk, primarily using scenario analyses to quantify interest and currency risk.

» Compliance risks

Compliance violations, e.g., antitrust and corruption violations, represent a significant risk and can have adverse effects, both with respect to financial damages and damage to the Group's reputation. We address these risks, particularly antitrust and corruption violations, by way of our compliance management system, but they cannot be entirely excluded. Regarding antitrust proceedings and allegations, see Chapter 19 in the notes.

» UNCERTAINTIES STEMMING FROM LEGISLATION

Energy tax rebate in Austria

With regard to the Austrian energy tax rebate, the Austrian Federal Tax Court *(Bundesfinanzgericht)* has submitted a request for a preliminary ruling to the ECJ (Federal Tax Court 10/31/2014, RE/5100001/2014). As a result of the amendment of the Energy Tax Rebate Act *(Energieabgabenvergütungsgesetz)* with the Budget Accompanying Act 2011 *(Bundesbegleitgesetz),* which applies to periods after December 31, 2010, the energy tax rebate was restricted to manufacturing companies. Subsequently, the question of whether this restriction, which may be deemed to constitute state aid, violated EU law was submitted to the European Court of Justice for a preliminary ruling; this has now been confirmed by the highest court (ECJ 7/21/2016, case no. C-493/14, Dilly's Wellnesshotel GmbH). Thus the restrictions pursued by the Budget Accompanying Act 2011 did not enter into force with legal effect and therefore, among others, service providers in particular can retroactively assert the energy tax rebate for periods after February 1, 2011. In its subsequent decision, the Austrian Federal Tax Court ruled that the restriction to manufacturing companies had not come into force. The Austrian Federal Tax is appealing this decision to the Austrian Supreme Administrative Court *(Verwaltungsgerichtshof).* No adverse impact is anticipated for the voestalpine Group.

ECONOMIC AND FINANCIAL CRISIS

Based on the knowledge gained as a result of the recent economic and financial crises and their effect on the voestalpine Group, additional—primarily corporate—measures were taken during the past several years to minimize risk exposure, and these measures continued to be consistently implemented in the last business year and will continue in the coming years. These measures are in particular targeted at

- » Minimizing the negative effects that a recessionary economic trend would have on the Group by means of relevant planning precautions (scenario planning),
- » Maintaining high product quality with concurrent continual increases in efficiency and ongoing cost optimization,
- » Having sufficient financial liquidity available even in the event of constricted financial markets, and
- » Securing in-house expertise even more efficiently than before with a view to continuing the long-term expansion of the Group's quality and technology leadership

Concrete measures to eliminate or minimize the risks previously identified within the voestalpine Group have been developed and implemented. These measures are aimed at reducing potential losses and/or minimizing the likelihood of losses occurring.

It can be stated that, from today's perspective, the voestalpine Group is exposed to limited, manageable risks that do not threaten the continuation of the Group as a going concern. There is no indication of any risks that endanger the future survival of the Group.

REPORT ON THE KEY FEATURES OF THE GROUP'S INTERNAL CONTROL AND RISK MANAGEMENT SYSTEMS WITH REGARD TO ACCOUNTING PROCEDURES

In accordance with Section 243a (2) of the Austrian Commercial Code *(Unternehmensgesetzbuch, UGB),* companies whose shares are traded on the regulated markets must describe the key features of their internal control and risk management system with regard to accounting procedures in their management reports.

It is the responsibility of the Management Board to establish a suitable internal control and risk management system for accounting procedures pursuant to Section 82 of the Austrian Stock Corporation Act *(Aktiengesetz, AktG).* Therefore, the Management Board of voestalpine AG has adopted guidelines that are binding for the entire Group.

In line with the decentralized structure of the voestalpine Group, the local management of each Group company is obligated to establish and refine an internal control and risk management system for accounting procedures that meets the requirements of that individual company and ensures compliance with existing Group-wide guidelines and regulations.

The entire process, from procurement to payment, is subject to strict and unified Group-wide guidelines that are designed to reduce the risks associated with the business processes to a minimum. These Group guidelines set forth measures and rules for avoiding risk, such as the separation of functions, signature authority rules, and particularly signatory powers for authorizing payments that apply only collectively and are limited to only a few persons (four-eyes principle).

In this context, control measures for IT security constitute a cornerstone of the internal control system. Issuing IT authorizations restrictively supports the separation and/or segmentation of sensitive activities. Accounting in the individual Group companies is largely performed using SAP software. The reliability of these SAP systems is being guaranteed by automated business process controls that are built into the system as well as by other methods. Reports about critical authorizations and authorization conflicts are generated automatically.

In preparing the consolidated financial statements, the data for fully consolidated entities is transferred to the unified Group consolidation and reporting system.

The unified Group accounting policies for recording, posting, and recognition of commercial transactions are regulated in the voestalpine consolidated financial statements handbook and are binding for all Group companies.

On the one hand, automatic controls built into the reporting and consolidation system, together with numerous manual reviews on the other are implemented in order to avoid material misstate-

ments to the greatest extent possible. These controls extend from management reviews and discussions of income and expenses for each period to the specific reconciliation of accounts. The summarizing presentation of how the Group reports its accounting processes is provided in the voestalpine AG controlling handbook.
The accounting and controlling departments of the individual Group companies submit monthly reports with key performance indicators (KPIs) to their own managing directors and management boards of the divisions, and, after approval, to the holding division Corporate Accounting & Reporting to be aggregated, consolidated, and reported to the Group Management Board. Quarterly reports include additional information, such as detailed target-performance comparisons, and follow a similar process. Quarterly reports are submitted to the supervisory board, management board or advisory board of each Group company and a consolidated report is submitted to the Supervisory Board of voestalpine AG.
Besides operational risks, accounting procedures are also subject to the Group risk management. In this context, possible risks regarding accounting are analyzed on a regular basis, and measures to avoid them are taken. The focus is placed on those risks that are regarded as fundamental to the activities of that company. Compliance with the internal control system, including the required quality standards, is monitored on an ongoing basis in the form of audits at the Group company level. The Internal Audit department works closely with the responsible Management Board members and managing directors. The Internal Audit department reports directly to the CEO and submits reports periodically to the Management Board and, subsequently, to the Audit Committee of the Supervisory Board of voestalpine AG.
The control systems and their Group-wide implementation are also subject to audit procedures by the auditor within the scope of the inspection of the annual financial statements and the consolidated annual financial statements to the extent that these control systems are relevant to the preparation of the Group's consolidated financial statements and to a true and fair view of the Group's financial position.

HOLDINGS OF OWN SHARES

Holdings of own shares for the purpose of issuing shares to employees and executives of the Company and affiliated companies under the existing employee stock ownership plan as of March 31, 2017, are as follows:

	Own shares in thousands of shares	Percentage of share capital	Percentage of share capital in thousands of euros
As of 03/31/2016	**28.6**	**0.0**	**52.0**
Additions in 2016/17	0.0	0.0	0.0
Disposals in 2016/17	0.0	0.0	0.0
Depreciation 2016/17	0.0	0.0	0.0
As of 03/31/2017	**28.6**	**0.0**	**52.0**

The own shares have been held by the Company for years.

DISCLOSURES ON CAPITAL, SHARE, VOTING, AND CONTROL RIGHTS AND ASSOCIATED OBLIGATIONS

As of March 31, 2017, the share capital of voestalpine AG amounted to EUR 320,394,836.99 (March 31, 2016: EUR 317,851,287.79) and is divided into 176,349,163 (March 31, 2016: 174,949,163) no-par value bearer shares. There are no restrictions on voting rights (1 share = 1 vote). voestalpine AG is unaware of any agreements among its shareholders or between its shareholders and third parties that restrict voting rights or the transfer of shares.

Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG, Linz, Austria, as well as the voestalpine Mitarbeiterbeteiligung Privatstiftung (a private foundation for the Company's employee participation plan), Linz, Austria, each hold more than 10% (and less than 15%) of the Company's share capital. Oberbank AG, Linz, holds more than 5% (and less than 10%).

The Management Board of voestalpine Mitarbeiterbeteiligung Privatstiftung exercises the voting rights of shares that are held in trust by voestalpine Mitarbeiterbeteiligung Privatstiftung for the employees of the Group companies of voestalpine AG participating in the employee participation plan. However, the way in which the voting rights are exercised requires the approval of the Advisory Board of voestalpine Mitarbeiterbeteiligung Privatstiftung. The Advisory Board decides on the approval with a simple majority. The Advisory Board is constituted on a basis of parity, with six members representing employees and six members representing the employer. The Chairman of the Advisory Board, who must be appointed by the employee representatives, has the deciding vote in the event of a tie.

With regard to the Management Board's powers that are not derived directly from applicable statutes, such as the purchase of the Company's own shares, authorized or contingent capital, reference is made to item 17 (Equity) of the notes to the consolidated financial statements 2016/17.

The hybrid bond issued in March 2013 with a volume of EUR 500 million, EUR 500 million fixed-interest securities 2011–2018, EUR 500 million fixed-interest securities 2012–2018, EUR 400 million fixed-interest securities 2014–2021, the promissory note loans in the amount of a total of EUR 638.5 million and USD 100 million, and the syndicated loan executed in March 2015 in the amount of EUR 900 million (used for general corporate purposes and to refinance the syndicated loan 2011; of which EUR 600 million is being used as a revolving credit facility to ensure liquidity) and bilateral loan agreements amounting to EUR 486 million and USD 399.5 million contain so-called change-of-control clauses. With the exception of the hybrid bond, according to the terms of these financing agreements, the bondholders or the lending banks have the right to demand redemption of their bonds or repayment of their loans if control of the company changes. Under the terms and conditions of the hybrid bond issue, the fixed interest rate (interest rate during the fixed-interest periods) and/or the margin (interest rate during the variable interest periods) go up by 5% 61 days after a change in control occurs.

voestalpine AG has the right to call and redeem the bonds no later than 60 days after a change in control. According to the terms and conditions of the aforementioned bonds and financing agreements, control by voestalpine AG changes when a controlling interest within the meaning of the Austrian Takeover Act *(Übernahmegesetz)* is acquired by another party.

The company has no compensation agreements with the members of the Management Board, Supervisory Board, or employees in the event of a public takeover bid.

OUTLOOK

"… the voestalpine Group should be able to achieve an (adjusted) operating result (EBITDA) and (adjusted) profit from operations (EBIT) in the business year 2016/17 that will at least come close to the (adjusted) figures in the past business year even if the economic environment remains challenging. Due to the extreme political and economic uncertainties in the current environment, making any additional forecast would contradict the requirements of responsible corporate and capital market communication." This was last year's outlook for the business year 2016/17 now ended. The earnings growth projected at the time was even slightly exceeded but from today's perspective, there is little to add to the reference to political uncertainties in the environment. This is just as relevant for the coming twelve months as it was a year ago.

While the critical statements on the global political conditions made in the previous year continue to apply in full, the economic outlook is today much brighter than a year earlier. This has also been increasingly reflected in the economic forecasts of well-known economic institutions such as the International Monetary Fund or the OECD since the fall of 2016.

Surprisingly, the challenging political environment has not had any real negative impact on this upward trend, at least not yet. The current upswing is being driven first and foremost by a return to stable positive economic growth in China since the previous year and the growth momentum in Europe, which is much stronger than anticipated in both scope and intensity. The global upward trend will also be buoyed somewhat by continued strong economic growth in India, as well as the expectation that Brazil and Russia should achieve an economic turnaround this year following a longer recession in both countries.

The USA is currently contributing less to growth than hoped for at the beginning of 2017. Its economic development over the course of the year will largely depend on the new government's forthcoming decisions on the country's fiscal and economic policy going forward.

Demand in many customer segments at the beginning of the new business year is more uniform and overall significantly more positive than a year ago. As well as ongoing strong demand from the automotive industry, the upturn is also supported by sectors such as aircraft, the consumer goods, white goods, and electrical industries, and parts of the mechanical engineering sector, as well as signs of a recovery in the (European) construction industry and an improvement—primarily volume-driven—in the oil and gas sector. Demand is weaker in the rail sector (infrastructure), especially in Europe. Conventional energy generation (construction of power plants and energy engineering) in Europe has been very modest for years now as a consequence of the energy transition ("Energiewende").

Prices for the primary raw materials used in steel production (iron ore, metallurgical coal, scrap) should settle somewhat over the course of the year following an extremely volatile phase since the fall of 2016.

Based on this economic trend, the voestalpine Group should record strong revenue and earnings in the first half of the new business year, with figures significantly higher than in the same period of the previous year. However, the economic trend in the second half of the business year will only be able to be assessed in concrete terms after the coming summer.

In light of the fact that

» a number of recent major investments—such as the HBI plant in Texas, USA, the new wire production in Leoben/Donawitz, Austria, and several downstream investments in Europe, the USA, and China—will be fully included in the voestalpine Group's revenue and earnings for the first time in the course of the business year,

» steel and steel processing capacities, including the heavy plate sector, are already largely utilized until the end of the business year and the increasingly strong downstream focus is leading to comparably stable business development,

» the effect of any US trade barriers and pressure from European steel imports at dumping prices on voestalpine products should be limited overall,

» the Group-wide cost and efficiency optimization program being implemented is expected to further strengthen the Group's competitiveness,

a clearly positive revenue and earnings development is expected from today's perspective despite uncertainties in the outlook for the voestalpine Group in the second half of the business year 2017/18.

Linz, May 24, 2017

The Management Board

Wolfgang Eder	Herbert Eibensteiner	Franz Kainersdorfer
Robert Ottel	Franz Rotter	Peter Schwab

This report is a translation of the original report in German, which is solely valid.

STEEL DIVISION

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The market environment in the European steel industry has been subject to a hitherto unknown level of volatility in the past years, both in terms of price and quantity. This also impacted the Steel Division during the business year 2016/17.
However, the development of demand and prices was increasingly positive over the course of the business year. As the result of the position enjoyed by the division in sophisticated market niches, and with the greatest product-quality mix in the industry, it was possible to realize significant price increases over the four quarters. Strong levels of incoming orders in a series of product segments including hot-dip galvanized steel strip resulted in record production quantities.
On the procurement side, the past business year was characterized by strong price fluctuations, particularly for metallurgical coal. In November 2016 the price for metallurgical coal, the most important raw material in blast furnace steel production after iron ore, reached a price of around USD 300 a ton, rising from USD 80 a ton in a period of just a few months. In contrast, the price development of iron ore was much more moderate, although also marked by a continuing upwards trend through to the end of the business year.
In response to the high degree of volatility in the raw materials markets, in the past periods a contract portfolio has been established on the sales side which serves to spread the cost risks by varying contract durations and staggering starting points.

In comparison with the USA, Europe has responded far more slowly to the increasing flood of cheap steel on the global market, primarily from China, and has applied much lower import duties. However, the anti-dumping measures have made an impact over the business year 2016/17. After first subjecting imports of cold-rolled steel strip from China and Russia to duties, in October 2016 additional, preliminary import tariffs were placed on hot-rolled steel strip and heavy plate from China. Although this resulted in a significant fall in the quantity of flat steel imports from China, overall the level of steel imports into Europe remained high, the result of other countries simultaneously increasing their own delivery volumes of flat steel to Europe on a massive scale. However, in April 2017 the European Commission did not act to extend these import restrictions to cover hot-rolled steel strip from Brazil, China, Iran, Russia, Serbia, and Ukraine. In light of this, the strategic approach adopted by the Steel Division of orientation toward technologically-sophisticated customer segments, and offering a range of highest quality products, was once again very successful, ensuring voestalpine was largely unaffected by the strong downward pressure on prices suffered by standard products.

In the business year 2016/17 the performance of the key industry segments was primarily characterized by continued, robust demand from the automotive industry. Sales figures for passenger cars have risen strongly in Europe since 2015, and car registrations also continued to grow significantly in the calendar year 2016. Continuing high

KEY FIGURES OF THE STEEL DIVISION

In millions of euros	2015/16	2016/17	Change in %
Revenue	3,753.7	3,912.4	4.2
EBITDA	478.3	563.9	17.9
EBITDA margin	12.7%	14.4%	
EBIT	220.0	263.2	19.6
EBIT margin	5.9%	6.7%	
Employees (full-time equivalent)	10,891	10,898	0.1

sales volumes during the first months of 2017 across all automotive segments indicate that this stable trend is likely to continue. Positive momentum also came from the white goods and mechanical engineering industries in 2016/17. There was also a slight improvement in demand from the construction industry over the course of the business year. The electrical industry gained considerable momentum, particularly in the second half of the business year.

In the energy sector the Heavy Plate business segment was able to secure a solid level of capacity utilization with the start of production for the "Nord Stream 2" line pipe contract during the second quarter of 2016/17. Deliveries of pressure-resistant and sour gas-resistant heavy plate for the deep-sea part of the project will continue through to the end of the business year 2017/18. Additionally, in the fourth quarter of 2016/17 orders were also acquired for further deep-sea projects in the Mediterranean. In contrast, demand for apparatus engineering and steel construction in the Heavy Plate business segment was only moderate.

FINANCIAL KEY PERFORMANCE INDICATORS

After an initially restrained start to the business year 2016/17, the Steel Division was able to successively improve its results over the course of the business year to finally deliver the best operating result (EBITDA) since the outbreak of the financial and economic crisis (second quarter of 2008/09) in the fourth quarter. A brightening of the operating environment contributed to this success, as well as the continuously intensified program of cost and efficiency optimization measures executed over the past years. In view of the excellent level of demand for high-quality flat steel products, as well as considerable rises in raw material costs, it was possible to increase contract prices significantly, especially in the final quarter of

2016/17. Together with an increase in sales volumes, revenue rose by 4.2%, from EUR 3,753.7 million to EUR 3,912.4 million in a year-to-year comparison. For the first time in the Steel Division, since the second half of 2016/17 revenue also included deliveries of HBI (sponge iron) to external customers.

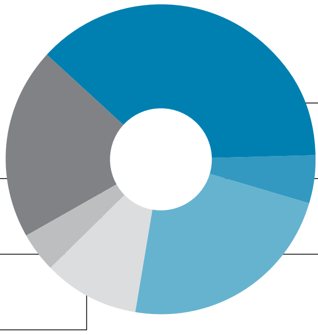
In terms of earnings performance, in the business year just ended the division recorded a substantial improvement, even taking into account the start-up losses at the HBI plant in Texas, USA, and the provisions made in the financial statements in the third quarter of 2016/17 for ongoing orders in the heavy plate segment due to the strong rise in coking coal prices since summer 2016. In addition, the performance loss resulting from the extensive renovation of blast furnace 5 in the business year 2015/16 (fine-tuning adjustments to the coal injection system) adversely affected the division's result in the first quarter of 2016/17. The operating result (EBITDA) rose by 17.9% in the business year 2016/17, from EUR 478.3 million to EUR 563.9 million compared to the previous year. In percentage terms, profit from operations (EBIT) also improved to a similar extent, recording a plus of 19.6%, from EUR 220.0 million to EUR 263.2 million. Seen in terms of absolute values, the increase in EBIT was smaller than the rise in EBITDA due to the higher depreciation basis, the result of finalizing major investment projects (renovation of blast furnace 5, a new vacuum system at the site in Linz, Austria, and the HBI plant in Texas, USA). In a year-to-year comparison the EBITDA margin improved from 12.7% to 14.4%, and the EBIT margin from 5.9% to 6.7%.

In a direct quarter-to-quarter comparison between the third and fourth quarters of 2016/17, the Steel Division demonstrated a surge in revenue and results which reflects the generally positive economic framework conditions at the start of 2017, as well as traditionally solid demand during the first quarter of the calendar year. Consequently, during the closing quarter of 2016/17 the division not only succeeded in passing on the huge rises in raw material costs to the market, it also increased delivery volumes by around 15% compared to the third quarter of the business year. As a result, revenue rose by 30.3%, from EUR 927.8 million in the third quarter to EUR 1,208.5 million in the fourth quarter. In terms of earnings performance, in a direct quarter-to-quarter comparison EBITDA increased by 41.2%, from EUR 138.1 million to EUR 195.0 million, and EBIT by as much as 83.0%, from EUR 58.7 million to EUR 107.4 million. The EBITDA margin improved during this period from 14.9% to 16.1%, with the EBIT margin rising from 6.3% to 8.9%.

As of March 31, 2017, the Steel Division had 10,898 employees (FTE); this remained constant in comparison to the figure on the reporting date in the previous year (10,891 employees).

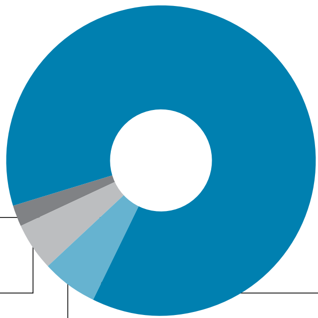
CUSTOMERS OF THE STEEL DIVISION

As percentage of divisional revenue, business year 2016/17



MARKETS OF THE STEEL DIVISION

As percentage of divisional revenue, business year 2016/17



QUARTERLY DEVELOPMENT OF THE STEEL DIVISION

In millions of euros	1st quarter 2016/17	2nd quarter 2016/17	3rd quarter 2016/17	4th quarter 2016/17	BY 2016/17
Revenue	909.0	867.1	927.8	1,208.5	3,912.4
EBITDA	87.2	143.6	138.1	195.0	563.9
EBITDA margin	9.6%	16.6%	14.9%	16.1%	14.4%
EBIT	21.1	76.0	58.7	107.4	263.2
EBIT margin	2.3%	8.8%	6.3%	8.9%	6.7%
Employees (full-time equivalent)	10,869	10,928	10,869	10,898	10,898

HIGH PERFORMANCE METALS DIVISION[1]

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

Market conditions changed little in comparison to the previous year, so the strategy followed by the High Performance Metals Division (formerly Special Steel Division) during past business years of consistently focusing on technological innovations in the product sector, as well as establishing a global network of comprehensive sales and service activities, resulted in a significant improvement in earnings performance in 2016/17. After restrained business performance during the first three quarters, the final quarter of the year was marked by a perceptible rise in incoming orders and an increase in deliveries. Despite positive demand from the automotive and consumer goods industries, the key customer segments for tool steel products, it was a severe fall in special steel consumption in the oil and gas sector together with associated changes in the product mix which placed pressure on tool steel prices. For the remaining key revenue generators, demand from the mechanical engineering industry was still muted whereas performance in the aerospace industry remained positive.
Seen regionally, economic development during the business year 2016/17 was far from uniform. Demand in Europe remained at only a moderate level, despite positive developments in the automotive and consumer goods industries. In addition to the structural weakness in Europe's power plant and energy engineering industries which has dragged on for several years, general mechanical engineering also remained below the expectations held at the start of the year for reasons including continued weak demand from China and Russia, the most important export markets. Nor was there any perceptible recovery in the USA. Although the strengthening of the dollar vis-à-vis the euro improved the division's competitiveness for sales of products manufactured in Europe, increasing numbers of protectionist measures enacted by the US administration negated this positive effect over the course of the year. Moreover, the general US market environment lacked dynamism in the business year 2016/17. A positive exception was deliveries to the aerospace industry which were substantially higher than in the previous year, both in terms of volume and value. An initial uptick in orders from the oil and gas industry at the end of 2016 suggests that the slump in this sector has bottomed out in the USA. One positive development, which was primarily due to the booming automotive industry, was an increase in demand for tool steel in Mexico, even though the political changes in the USA make longer-term developments harder to predict.
Despite political changes in Brazil, during the past business year there has been no improvement in the economic climate. The processing industries, especially the automotive and mechanical engineering industries, were still confronted with low levels of capacity utilization, and investments in the oil and gas industry have remained at a con-

[1] formerly Special Steel Division

KEY FIGURES OF THE HIGH PERFORMANCE METALS DIVISION

In millions of euros	2015/16	2016/17	Change in %
Revenue	2,650.9	2,697.9	1.8
EBITDA	364.1	395.2	8.5
EBITDA margin	13.7%	14.6%	
EBIT	227.2	252.7	11.2
EBIT margin	8.6%	9.4%	
Employees (full-time equivalent)	13,470	13,733	2.0

sistently weak level. Although a devaluation of the Brazilian real in the previous period encouraged exports from local sites, this exchange rate advantage was lost after a currency revaluation in 2016.

In Asia, especially China, the division profited from continued positive economic development. Despite somewhat sluggish industrial growth, deliveries in China rose significantly in a year-over-year comparison. The main positive momentum came from the automotive and consumer goods industries which saw an increase in demand for high-quality tool steel.

In terms of production, during the business year 2016/17 the division succeeded in further increasing the share of premium products, although deliveries to the technologically-sophisticated oil and gas sector were at a low level. The situation for forging products for the heavy mechanical engineering and energy engineering industries remained challenging. In contrast, sales volumes rose in the tool steel and precision strip steel product categories in 2016/17, with the anti-dumping proceedings instigated by the European Commission against imports from China having a positive impact on volume growth. Demand for special steels for the aerospace industry continued at a very positive level, so that a major investment for the production of aircraft components will be launched in the current business year.

In the Value Added Services business segment the expansion of service offerings progressed as planned during the past business year. The division's consistent strategy of expanding this business segment with its 160 existing service centers, in order to further strengthen its leading position as a premium service provider for toolmaking worldwide, serves to increase customer retention and, as a result, to achieve continuous growth in delivery volumes.

FINANCIAL KEY PERFORMANCE INDICATORS

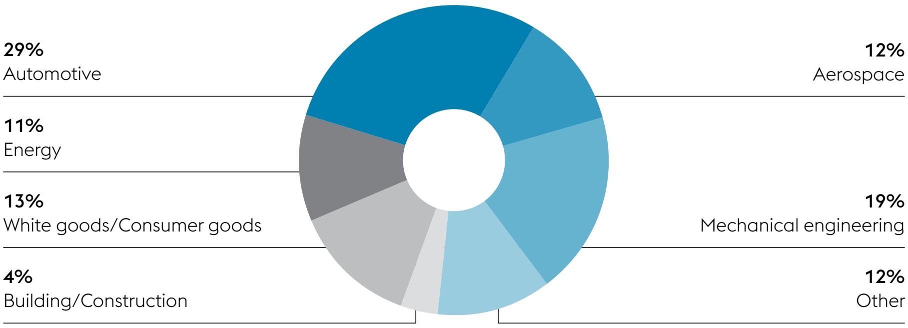
Despite weakness in the oil and gas sector and recessionary developments in Brazil, the High Performance Metals Division succeeded in consistently improving its financial performance indicators in the business year 2016/17. A reason for this development is that the division profits from strong global economic growth in the automotive industry, as well as, in regional terms, favorable market conditions in Asia, and because it has managed to increase delivery volumes, above all for premium products. Against this backdrop, the division improved its revenue by 1.8%, from EUR 2,650.9 million in 2015/16 to EUR 2,697.9 million in the past business year. As in past years, in 2016/17 the key internal focus lay in implementing cost and efficiency optimization programs in order to increase both the operating result (EBITDA) and profit from operations (EBIT). This led to an 8.5% rise in EBITDA, from EUR 364.1 million in the previous year (margin: 13.7%) to EUR 395.2 million (margin: 14.6%) in 2016/17. EBIT improved in the same period by 11.2%, from EUR 227.2 million (margin: 8.6%) to EUR 252.7 million (margin: 9.4%).

In a direct comparison between the third and fourth quarters of 2016/17, the High Performance Metals Division achieved significant revenue growth of 16.3% which is primarily the result of greater delivery volumes, although partly due to a rise in prices. The increased delivery volumes were the result both of the usual seasonal effects as well as an improved economic environment at the start of 2017. The division demonstrated an even more significant increase in earnings performance, with a 21.6% rise in the operating result (EBITDA), from EUR 91.0 million to EUR 110.7 million, and even a 30.4% improvement in profit from operations (EBIT), from EUR 56.9 million to EUR 74.2 million. As a result the EBITDA margin rose from 14.1% to 14.8%, and the EBIT margin from 8.8% to 9.9%.

As of March 31, 2017, the High Performance Metals Division had 13,733 employees (FTE). This is an increase of 2.0% compared to the same reporting date in the past business year (13,470 FTE) and is primarily the consequence of continued expansion in the Value Added Services business segment.

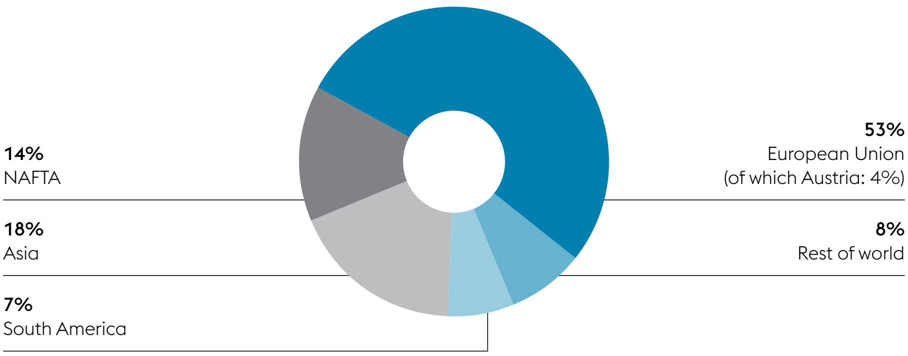
CUSTOMERS OF THE HIGH PERFORMANCE METALS DIVISION

As percentage of divisional revenue, business year 2016/17



MARKETS OF THE HIGH PERFORMANCE METALS DIVISION

As percentage of divisional revenue, business year 2016/17



QUARTERLY DEVELOPMENT OF THE HIGH PERFORMANCE METALS DIVISION

In millions of euros	1st quarter 2016/17	2nd quarter 2016/17	3rd quarter 2016/17	4th quarter 2016/17	BY 2016/17
Revenue	667.1	638.9	643.5	748.4	2,697.9
EBITDA	99.2	94.3	91.0	110.7	395.2
EBITDA margin	14.9%	14.8%	14.1%	14.8%	14.6%
EBIT	63.4	58.2	56.9	74.2	252.7
EBIT margin	9.5%	9.1%	8.8%	9.9%	9.4%
Employees (full-time equivalent)	13,507	13,573	13,587	13,733	13,733

METAL ENGINEERING DIVISION

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

As a leading quality supplier to the rail and turnout technology, wire, seamless tubes, and welding consumables sectors, during the business year 2016/17 the Metal Engineering Division succeeded in performing well in the consistently challenging market environment which characterizes these segments. This was in no small part due to rigorously implementing the strategy of offering its customers innovative products as well as tailor-made logistics solutions and services. The focus on customer-specific research projects, as well as investments in new and technologically-sophisticated facilities, and the ongoing exchange of know-how between the individual business segments, contribute to further differentiating the division from its competitors.

Following the predominantly attractive market environment of the past years which prevailed in Europe's railway infrastructure sector (the core market for the Rail Technology business segment), these conditions deteriorated during the second half of the business year 2016/17. The positive market development in Europe in 2014 and 2015 was primarily due to the backlog in maintenance investments, and less the result of laying new lines. Over the course of the calendar year 2016 the level of maintenance activities in the European rail network once more returned to a much more moderate level. In the oil-financed Gulf States and the mining countries of Brazil, Australia, and South Africa, investments in railway infrastructure also fell below that of previous years, due, among other factors, to low oil and raw materials prices. In Brazil, however, the order situation improved slightly towards the end of the business year with the securing of contracts for several individual projects.

As a globally-active division with over 40 production and sales sites, the Turnout Systems business segment was largely able to compensate for the weakness in the European market. Demand for high-speed lines in China in particular was at a very attractive level during the past business year. In contrast, demand for turnouts in the US heavy-haul transport market fell significantly, due to comparatively low freight transport volumes in 2016. Bureaucratic hurdles in India in 2015/16 resulted in project delays, whereas an increased number of contracts were recorded in 2016/17.

For the Wire Technology business segment, which manufactures high quality rod wire, drawn wire, flat and shaped wire, as well as ultra-high-tensile fine wire, the business year 2016/17 marked a turning point; commissioning of the new wire rod mill is almost complete so that the world's most modern facility of its type will be fully operational during the business year 2017/18. In terms of demand, the mood in the automotive industry remained positive during the business year 2016/17. In addition, there was a slight market upswing in special wires for the oil and natural gas industries during the second half of the business year.

There was also a significant uptick in orders from this sector for the Seamless Tubes business segment, leading to an improved performance in the second half of the business year. As well as

KEY FIGURES OF THE METAL ENGINEERING DIVISION

In millions of euros	2015/16	2016/17	Change in %
Revenue	2,850.4	2,684.6	–5.8
EBITDA	510.9	360.8	–29.4
EBITDA margin	17.9%	13.4%	
EBIT	314.9	200.8	–36.2
EBIT margin	11.0%	7.5%	
Employees (full-time equivalent)	12,675	13,157	3.8

KEY FIGURES OF THE METAL ENGINEERING DIVISION, ADJUSTED

In millions of euros	2015/16	2016/17	Change in %
Revenue	2,850.4	2,684.6	–5.8
EBITDA	384.4	360.8	–6.1
EBITDA margin	13.5%	13.4%	
EBIT	251.5	217.4	–13.6
EBIT margin	8.8%	8.1%	
Employees (full-time equivalent)	12,675	13,157	3.8

increased oil shale mining activity in the oil and gas industry in the USA, the implementation of new and innovative product solutions designed to optimize the exploration process was a significant factor in the growing upwards trend. However, improved capacity utilization in the industry was initially reflected only in an increase in volumes, not a rise in prices; it was only toward the end of the business year that the rising costs of iron ore and coke could be gradually reflected in higher prices. The measures the US government plans to protect its national steel sector are not yet clear, but continue to entail significant volatility for the US business.

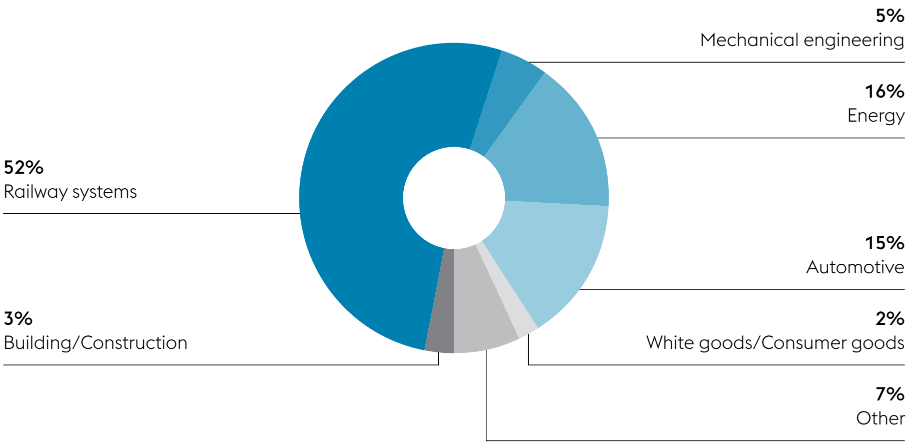
The market environment faced by the Welding Consumables business segment continued to be challenging during the past business year. It was primarily the energy sector which suffered continuing market weakness. It terms of the key sales regions, market conditions in Asia, and especially China, were significantly more attractive than in Europe and the USA; in contrast, no notable revival of demand is expected in South America for the time being. Conversely, the program of restructuring and diversification introduced and partly implemented in past years has already contributed to a significant improvement in earnings.

FINANCIAL KEY PERFORMANCE INDICATORS

Revenue and earnings in the Metal Engineering Division were lower in the business year just ended than in the previous year. This is primarily due to the massive economic downturn in the oil and gas sector as well as falling volumes of rail deliveries over the course of the year, themselves the consequence of reduced infrastructure activities particularly in the European railway systems customer segment. During the fourth quarter of 2016/17 the division was able to trigger a reversal of this trend after stabilizing the key figures in the first three quarters of the past business year, although at a level significantly lower than in the previous year. This was supported both by the upswing in the oil and gas sector, as well as the restructuring measures undertaken in the Welding Consumables business segment which have had a noticeably positive impact. In a year-over-year comparison, the division's revenue decreased by 5.8%, from EUR 2,850.4 million in 2015/16 to EUR 2,684.6 million in the business year just ended. Earnings performance during the past business year was positively influenced by non-recurring effects amounting to EUR 126.5 million recorded in EBITDA and EUR 63.4 million recorded in EBIT due to the acquisition of the controlling interest in the companies voestalpine Tubulars GmbH & Co KG, voestalpine Tubulars GmbH (both belonging to the Seamless Tubes business segment), as well as CNTT Chinese New Turnout Technologies Co., Ltd. (Turnout Systems business segment) which were fully consolidated for the first time. As a result of reassessments based on fair value less depreciation of hidden reserves which are also included in the non-recurring effects of the previous year, EBIT declined by a total of EUR 16.6 million in the business year 2016/17.

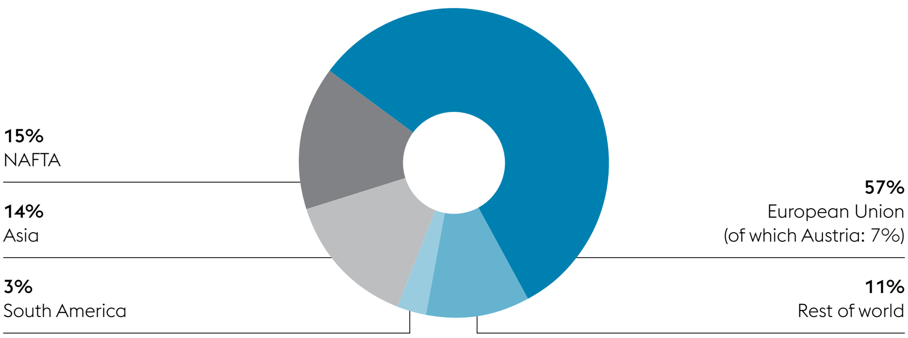
CUSTOMERS OF THE METAL ENGINEERING DIVISION

As percentage of divisional revenue, business year 2016/17



MARKETS OF THE METAL ENGINEERING DIVISION

As percentage of divisional revenue, business year 2016/17



Against this backdrop, in a year-to-year comparison the earnings figures published in accordance with International Financial Reporting Standards (IFRS) declined by around a third, with EBITDA falling from EUR 510.9 million to EUR 360.8 million, and EBIT from EUR 314.9 million to EUR 200.8 million. Disregarding these non-recurring effects, the adjusted operating result (EBITDA) for the division only declined by 6.1%, from EUR 384.4 million in the previous year, to EUR 360.8 million in 2016/17. Adjusted for non-recurring effects, during the same period profit from operations (EBIT) declined by 13.6%, from EUR 251.5 million to EUR 217.4 million. As a result of lower revenue, in a twelve-month comparison the adjusted EBITDA margin remained stable at 13.4% (previous year 13.5%), while the adjusted EBIT margin dropped from 8.8% in the previous year to its current level of 8.1%.

A comparison of the fourth quarter of 2016/17 with the quarter immediately preceding highlights the positive trend visible toward the end of the business year. This rise is mainly contributable to the Wire Technology, Seamless Tubes, and Welding Consumables business segments which are the segments particularly active in the energy sector. Against this backdrop, compared to the quarter immediately preceding, revenue in the division rose by 4.1%, from EUR 662.4 million to EUR 689.7 million. The improvement in the earnings figures was far more significant. EBITDA rose by 28.6%, from EUR 82.6 million in the third quarter to EUR 106.2 million in the fourth quarter. EBIT increased by 36.6%, from EUR 44.5 million to EUR 60.8 million, and EBIT adjusted for non-recurring effects gained 38.3%, rising from EUR 48.0 million to EUR 66.4 million. As a result of this positive development, the adjusted EBITDA margin rose from 12.5% in the third quarter to 15.4% in the fourth quarter, while the EBIT margin adjusted for non-recurring effects grew from 7.2% to 9.6%.

As of March 31, 2017, the Metal Engineering Division had 13,157 employees (FTE), an increase of 3.8% compared to the same reporting date in the past business year (12,675). This primary reason for this rise since the start of the business year is the improved level of orders from the oil and gas industry; personnel capacities in the Seamless Tubes business segment have been adjusted to reflect this improved market environment.

QUARTERLY DEVELOPMENT OF THE METAL ENGINEERING DIVISION

In millions of euros	1st quarter 2016/17	2nd quarter 2016/17	3rd quarter 2016/17	4th quarter 2016/17	BY 2016/17
Revenue	680.4	652.1	662.4	689.7	2,684.6
EBITDA	87.6	84.4	82.6	106.2	360.8
EBITDA margin	12.9%	12.9%	12.5%	15.4%	13.4%
EBIT	49.7	45.8	44.5	60.8	200.8
EBIT margin	7.3%	7.0%	6.7%	8.8%	7.5%
Employees (full-time equivalent)	12,606	12,709	12,822	13,157	13,157

QUARTERLY DEVELOPMENT OF THE METAL ENGINEERING DIVISION, ADJUSTED

In millions of euros	1st quarter 2016/17	2nd quarter 2016/17	3rd quarter 2016/17	4th quarter 2016/17	BY 2016/17
Revenue	680.4	652.1	662.4	689.7	2,684.6
EBITDA	87.6	84.4	82.6	106.2	360.8
EBITDA margin	12.9%	12.9%	12.5%	15.4%	13.4%
EBIT	53.6	49.4	48.0	66.4	217.4
EBIT margin	7.9%	7.6%	7.2%	9.6%	8.1%
Employees (full-time equivalent)	12,606	12,709	12,822	13,157	13,157

METAL FORMING DIVISION

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

Over the past years the performance of the Metal Forming Division has been shaped by a series of strategic measures including structural adjustments to the portfolio as well as the implementation of a consistent growth strategy, with the global application of key technologies in qualitatively and technologically sophisticated market segments. The successful realization of the division's reorientation is reflected in the continuous improvement in profitability over the past years. In continuing this trend, the Metal Forming Division has also performed solidly in the business year 2016/17, posting excellent operating results, especially in the fourth quarter.

The strategic focus of the Automotive Components business segment lies in the gradual expansion of production sites outside Europe, primarily in North America and China, in order to supply chiefly European premium automobile manufacturers with assembled, high-strength components. Supported by an excellent economic climate in the automotive market both in Europe and overseas, capacity utilization in this business segment was at a high level for the entire duration of the business year. European car sales, driven by all the manufacturers, have strongly improved for the third year in succession. Furthermore, there has been a massive rise in car registrations in the premium sector in China over the past years. In contrast, the trend in the USA during the calendar year 2016 was only sideward, although at a high level.

In 2016/17 the Tubes & Sections business segment exhibited a generally satisfactory performance which, as in previous years, was characterized by large regional differences. Demand was uneven both globally and within continental Europe. For instance, despite nascent insecurities following the Brexit referendum, Great Britain's construction industry remained dynamic, while the mood in the core Western European markets was only average in comparison. Equally, recovery in the agricultural and construction machinery segment was only gradual, while the performance of Europe's commercial vehicles industry was significantly better. After a long phase of decline the Brazilian economy was able to slow its deterioration slightly, but it still remains some way from a real turnaround. There were temporary fluctuations in call-offs in the US aerospace sector during the past business year, not least due to consolidation measures in customers' value chains. With the acquisition of the Canadian Summo Corporation (see "Acquisitions" chapter) the Tubes & Sections business segment has risen to become the North American market leader for passive safety components for the automotive industry.

The Precision Strip business segment recorded an excellent performance during the past business year, attributable both to its continuously strengthened market position as well as a positive market development. It was also supported by the successful integration of a US-based company acquired in the business year 2015/16, allowing the business segment to significantly expand its market presence in North America's special steel strip

KEY FIGURES OF THE METAL FORMING DIVISION

In millions of euros	2015/16	2016/17	Change in %
Revenue	2,224.9	2,426.1	9.0
EBITDA	290.5	317.0	9.1
EBITDA margin	13.1%	13.1%	
EBIT	194.5	210.7	8.3
EBIT margin	8.7%	8.7%	
Employees (full-time equivalent)	10,470	11,073	5.8

sector. Overall, in 2016/17 the market conditions for this segment in Europe and China improved slightly, while remaining positive in the USA.
In view of the continuing attractive project landscape for customized high bay warehouses and system racks, the Warehouse & Rack Solutions business segment was able to extend its excellent performance of past years into 2016/17. As the result of strategic partnerships with automation companies and driving forward projects for complete solutions which cover the entire value chain, as well as a sustained robust economy (especially in ecommerce), this positive trend is expected to continue for the foreseeable future.

FINANCIAL KEY PERFORMANCE INDICATORS

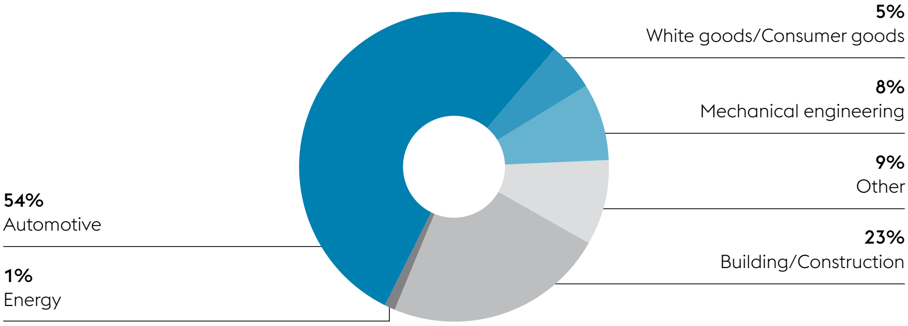
Over the past business year the Metal Forming Division demonstrated growth both in revenue and across all results categories. This is not only the consequence of an improved operating environment (particularly in the fourth quarter), but is mainly due to the division consistently implementing its internationalization strategy. Accordingly, the Automotive Components business segment, which has undergone the greatest expansion, is responsible for the largest contribution to the 9.0% rise in revenue from EUR 2,224.9 million to EUR 2,426.1 million. The Tubes & Sections business segment also succeeded in driving up its revenue, most recently through the acquisition of Canadian company Summo Corp., which is specialized in tube components for the automotive industry and has been included in the financial statements for the division since the second quarter of 2016/17. In turn, during the past business year the Precision Strip business segment benefited from an excellent market position and improved demand from China so that, similar to the Warehouse & Rack Solutions business segment, it was able to further increase its revenue in a year-over-year comparison. In terms of earnings performance, both the Tubes & Sections and the Warehouse & Rack Solutions segments demonstrated a stable and solid performance, while earnings in the Automotive Components and Precision Strip business segments improved even further. Based on this overall strong performance, the operating result (EBITDA) for the Metal Forming Division in 2016/17 amounted to EUR 317.0 million, around 9.1% above the value of EUR 290.5 million from the previous year. Profit from operations (EBIT) improved in the same period by 8.3%, from EUR 194.5 million to EUR 210.7 million. As revenue and results have risen in step, in 2016/17 both the EBITDA margin, at 13.1%, and EBIT margin, at 8.7%, are unchanged in comparison with the values from the previous year.

Comparing the third quarter of 2016/17 directly with the fourth quarter, the upswing which occurred at the end of the business year is clearly observable. Accordingly, the Metal Forming Division increased its revenue by 18.7% from the third to the fourth quarter, from EUR 566.0 million to EUR 672.1 million. In a direct quarter-to-quarter comparison the division's two largest business segments, Tubes & Sections and Automotive Components, also recorded the greatest revenue rises in percentage terms. As far as earnings are concerned, all four business segments showed significant improvements, with Tubes & Sections achieving the greatest jump in results. The segment was also able to benefit from increased prices—although with significantly higher prematerials costs—as well as a seasonal rise in delivery volumes. Against this backdrop, in a quarter-to-quarter comparison the division's operating result (EBITDA) rose by over a third, from EUR 69.9 million (margin: 12.3%) to EUR 93.7 million (margin 13.9%). The improvement in profit from operations (EBIT) was even clearer, rising by 46.3% from EUR 43.6 million in the third quarter to EUR 63.8 million in the fourth quarter. As a result, in a quarter-to-quarter comparison the EBIT margin rose from 7.7% to 9.5%.

As of the end of the business year 2016/17, the number of employees (FTE) in the Metal Forming Division was 11,073, or 5.8% above last year's figure (10,470). This rise is primarily the result of expansion of automotive activities at international sites as well as the acquisition of Summo Corp. in Canada.

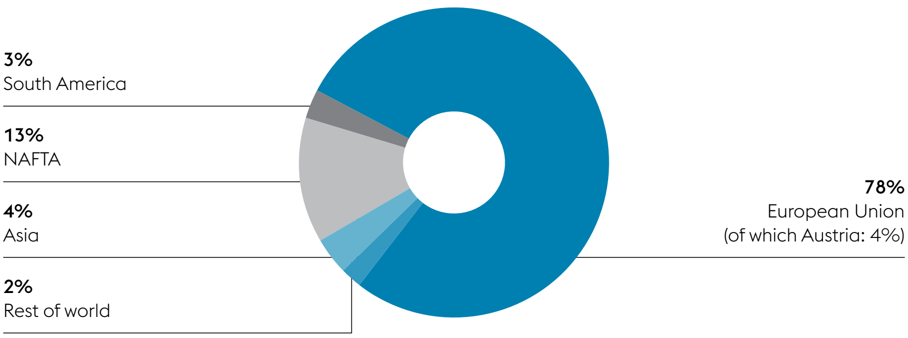
CUSTOMERS OF THE METAL FORMING DIVISION

As percentage of divisional revenue, business year 2016/17



MARKETS OF THE METAL FORMING DIVISION

As percentage of divisional revenue, business year 2016/17



QUARTERLY DEVELOPMENT OF THE METAL FORMING DIVISION

In millions of euros	1st quarter 2016/17	2nd quarter 2016/17	3rd quarter 2016/17	4th quarter 2016/17	BY 2016/17
Revenue	615.8	572.2	566.0	672.1	2,426.1
EBITDA	80.0	73.4	69.9	93.7	317.0
EBITDA margin	13.0%	12.8%	12.3%	13.9%	13.1%
EBIT	55.2	48.1	43.6	63.8	210.7
EBIT margin	9.0%	8.4%	7.7%	9.5%	8.7%
Employees (full-time equivalent)	10,481	10,724	10,650	11,073	11,073

voestalpine AG

CONSOLIDATED FINANCIAL STATEMENTS 2016/17

CONSOLIDATED FINANCIAL STATEMENTS

SERVICE

This report is a translation of the original report in German, which is solely valid.

REPORT OF THE SUPERVISORY BOARD ON THE BUSINESS YEAR 2016/17

During the business year 2016/17, the Supervisory Board fulfilled its responsibilities under the law and the Articles of Incorporation, holding five plenary sessions and three meetings of the Audit Committee. The Management Board provided comprehensive information both orally and in written form regarding the state of business and the situation of the company.

In addition to ongoing reports on the Group's current economic and financial situation, these meetings dealt in particular with company acquisitions, the NAFTA 2020 regional strategy, European energy and climate policy including potential alternative technologies for CO_2 reduced steel production, as well as matters involving the supply of raw materials, innovation, and IT. The Audit Committee dealt with the review and preparation of the approval of the Company's Consolidated Financial Statements and the Individual Financial Statements, preparation of the recommendation for the appointment of an auditor as well as topics relative to the internal control system, the risk management system, and Internal Auditing. Please refer to the Consolidated Corporate Governance Report 2016/17 for further information on the composition and workings of the Supervisory Board and its committees.

The Annual Financial Statements and the Group's Consolidated Financial Statements as of March 31, 2017 were audited by Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, which was engaged as mandated by Section 270 of the Austrian Commercial Code *(Unternehmensgesetzbuch, UGB)*. The auditor attended two of the three meetings of the Audit Committee and was available for questions and discussions.

The audits did not give rise to any objections and showed that the Annual Financial Statements and the Consolidated Financial Statements, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as mandated by Section 245a of the Austrian Commercial Code, conform to the statutory regulations. The auditor issued an unqualified audit opinion both for the Annual Financial Statements and the Consolidated Financial Statements and confirmed that the Management Report is consistent with the Annual Financial Statements and the Consolidated Management Report is consistent with the Consolidated Financial Statements.

After they had been considered by the Audit Committee, on May 31, 2017, the Supervisory Board reviewed and approved the Annual Financial Statements as of March 31, 2017. The Annual Financial Statements are herewith deemed adopted pursuant to Section 96 (4) of the Austrian Stock Corporation Act *(Aktiengesetz)*. Furthermore, after they had been considered by the Audit Committee, the Supervisory Board reviewed and approved the Management Report as well as the Consolidated Financial Statements together with the Consolidated Management Report and the Consolidated Corporate Governance Report.

The Consolidated Corporate Governance Report was also audited by Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, within the scope of the annual external review of voestalpine AG's compliance with the Corporate Governance Code, and it was determined that the report is in agreement with actual circumstances and the rules have been complied with. Compliance with the C rules of the Code pertaining to the auditor (Rules 77 to 83) was reviewed by the law firm WOLF THEISS Rechtsanwälte GmbH & Co KG. This review also confirmed compliance with the rules.

It has been established that the business year 2016/17 has ended with a net profit of EUR 194,000,000.00; it is being recommended that a dividend of EUR 1.10 per dividend-bearing share be paid to the shareholders and that the remaining amount be carried forward.

The Supervisory Board

Dr. Joachim Lemppenau
(Chairman)

Linz, May 31, 2017

This report is a translation of the original report in German, which is solely valid.

voestalpine AG

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31, 2017

ASSETS

	Notes	03/31/2016	03/31/2017
A. Non-current assets			
Property, plant and equipment	9	6,006.5	6,371.9
Goodwill	10	1,544.4	1,549.5
Other intangible assets	11	414.1	419.4
Investments in entities consolidated according to the equity method	12	112.4	113.0
Other financial assets	12	69.8	66.1
Deferred tax assets	13	242.4	213.7
		8,389.6	**8,733.6**
B. Current assets			
Inventories	14	2,973.1	3,408.2
Trade and other receivables	15	1,513.3	1,714.1
Other financial assets	12	355.8	348.3
Cash and cash equivalents	16	774.8	503.3
		5,617.0	**5,973.9**
Total assets		**14,006.6**	**14,707.5**

In millions of euros

EQUITY AND LIABILITIES

	Notes	03/31/2016	03/31/2017
A. Equity			
Share capital		317.8	320.3
Capital reserves		553.7	607.1
Hybrid capital		497.9	497.9
Reserve for own shares		–1.5	–1.5
Other reserves		–46.7	21.7
Retained earnings		4,150.2	4,446.6
Equity attributable to equity holders of the parent		**5,471.4**	**5,892.1**
Non-controlling interests		180.2	168.2
	17	**5,651.6**	**6,060.3**
B. Non-current liabilities			
Pensions and other employee obligations	18	1,229.1	1,226.4
Provisions	19	71.6	79.4
Deferred tax liabilities	13	122.0	119.4
Financial liabilities	20	3,342.8	2,764.7
		4,765.5	**4,189.9**
C. Current liabilities			
Provisions	19	567.2	585.0
Tax liabilities		98.3	77.2
Financial liabilities	20	898.2	1,332.9
Trade and other payables	21	2,025.8	2,462.2
		3,589.5	**4,457.3**
Total equity and liabilities		**14,006.6**	**14,707.5**

In millions of euros

voestalpine AG

CONSOLIDATED STATEMENT OF CASH FLOWS 2016/17

	Notes	2015/16	2016/17
Operating activities			
Profit after tax		602.1	527.0
Non-cash expenses and income	24	566.2	722.0
Changes in working capital			
Change in inventories		91.7	–385.0
Change in receivables and liabilities		–38.7	295.3
Change in provisions		60.9	–8.9
		113.9	**–98.6**
Cash flows from operating activities		**1,282.2**	**1,150.4**
Investing activities			
Additions to other intangible assets, property, plant and equipment		–1,284.3	–1,068.1
Income from disposals of assets		17.1	15.5
Cash flows from the acquisition of control of subsidiaries	24	–13.1	–27.9
Cash flows from the loss of control of subsidiaries	24	0.1	2.0
Additions to/divestments of other financial assets		50.2	28.7
Cash flows from investing activities		**–1,230.0**	**–1,049.8**
Financing activities			
Dividends paid		–204.8	–213.7
Dividends paid/capital increase non-controlling interests	24	–46.3	–15.8
Acquisition of non-controlling interests		–2.4	–3.8
Capital increase		85.6	55.9
Increase in long-term financial liabilities		642.9	71.4
Repayment of long-term financial liabilities		–180.7	–256.0
Repayment of long-term finance lease liabilities		–8.7	–4.8
Change in current financial liabilities and other financial liabilities		–24.5	0.1
Cash flows from financing activities		**261.1**	**–366.7**
Net decrease/increase in cash and cash equivalents		**313.3**	**–266.1**
Cash and cash equivalents, beginning of year		464.5	774.8
Net exchange differences		–3.0	–5.4
Cash and cash equivalents, end of year	16	**774.8**	**503.3**

In millions of euros

voestalpine AG

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 2016/17

CONSOLIDATED INCOME STATEMENT

	Notes	2015/16	2016/17
Revenue	1, 2	**11,068.7**	**11,294.5**
Cost of sales		–8,631.7	–8,777.1
Gross profit		**2,437.0**	**2,517.4**
Other operating income	3	362.0	348.8
Distribution costs		–1,028.1	–1,079.2
Administrative expenses		–610.6	–622.3
Other operating expenses	4	–424.5	–356.0
Share of profit of entities consolidated according to the equity method	5	153.0	14.6
EBIT		**888.8**	**823.3**
Finance income	6	32.1	51.5
Finance costs	7	–169.6	–174.9
Profit before tax		**751.3**	**699.9**
Tax expense	8	–149.2	–172.9
Profit after tax		**602.1**	**527.0**
Attributable to:			
Equity holders of the parent		585.3	496.8
Non-controlling interests		–5.7	7.7
Share planned for hybrid capital owners		22.5	22.5
Basic and diluted earnings per share (euros)	30	**3.35**	**2.84**

CONSOLIDATED OTHER COMPREHENSIVE INCOME

	2015/16	2016/17
Profit after tax	**602.1**	**527.0**
Items of other comprehensive income that will be reclassified subsequently to profit or loss		
Cash flow hedges	–19.8	7.0
Net investment hedges	–10.3	–
Currency translation	–88.9	62.2
Share of result of entities consolidated according to the equity method	–8.5	0.2
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss	**–127.5**	**69.4**
Items of other comprehensive income that will not be reclassified subsequently to profit or loss		
Actuarial gains/losses	43.6	–13.7
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	**43.6**	**–13.7**
Other comprehensive income for the period, net of income tax	**–83.9**	**55.7**
Total comprehensive income for the period	**518.2**	**582.7**
Attributable to:		
Equity holders of the parent	506.7	551.3
Non-controlling interests	–11.0	8.9
Share planned for hybrid capital owners	22.5	22.5
Total comprehensive income for the period	**518.2**	**582.7**

In millions of euros

voestalpine AG

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2016/17

	Share capital	Capital reserves	Hybrid capital	Reserve for own shares
Balance as of April 1, 2015	**313.3**	**471.9**	**497.9**	**–1.5**
Profit after tax	**–**	**–**	**–**	**–**
Items of other comprehensive income that will be reclassified subsequently to profit or loss				
Cash flow hedges	–	–	–	–
Net investment hedges	–	–	–	–
Currency translation	–	–	–	–
Share of result of entities consolidated according to the equity method	–	–	–	–
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss	**–**	**–**	**–**	**–**
Items of other comprehensive income that will not be reclassified subsequently to profit or loss				
Actuarial gains/losses	–	–	–	–
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	**–**	**–**	**–**	**–**
Other comprehensive income for the period, net of income tax	**–**	**–**	**–**	**–**
Total comprehensive income for the period	**–**	**–**	**–**	**–**
Dividends	–	–	–	–
Dividends to hybrid capital owners	–	–	–	–
Tax effect from transactions with hybrid capital owners	–	–	–	–
Capital increase	4.5	81.7	–	–
Share-based payment	–	0.7	–	–
Acquisition of control of subsidiaries	–	–	–	–
Other changes	–	–0.6	–	–
	4.5	**81.8**	**–**	**–**
Balance as of March 31, 2016 = **Balance as of April 1, 2016**	**317.8**	**553.7**	**497.9**	**–1.5**
Profit after tax	**–**	**–**	**–**	**–**
Items of other comprehensive income that will be reclassified subsequently to profit or loss				
Cash flow hedges	–	–	–	–
Currency translation	–	–	–	–
Share of result of entities consolidated according to the equity method	–	–	–	–
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss	**–**	**–**	**–**	**–**
Items of other comprehensive income that will not be reclassified subsequently to profit or loss				
Actuarial gains/losses	–	–	–	–
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	**–**	**–**	**–**	**–**
Other comprehensive income for the period, net of income tax	**–**	**–**	**–**	**–**
Total comprehensive income for the period	**–**	**–**	**–**	**–**
Dividends	–	–	–	–
Dividends to hybrid capital owners	–	–	–	–
Tax effect from transactions with hybrid capital owners	–	–	–	–
Capital increase	2.5	53.4	–	–
Other changes	–	–	–	–
	2.5	**53.4**	**–**	**–**
Balance as of March 31, 2017	**320.3**	**607.1**	**497.9**	**–1.5**

Other reserves: Translation reserve	Other reserves: Hedging reserve	Retained earnings	Total attributable to equity holders of the parent	Non-controlling interests	Total equity
54.3	**21.3**	**3,693.4**	**5,050.6**	**64.4**	**5,115.0**
–	**–**	**607,8**	**607,8**	**–5,7**	**602,1**
–	–19.8	–	–19.8	–	–19.8
–	–10.3	–	–10.3	–	–10.3
–82.4	–	–	–82.4	–6.5	–88.9
–13.0	4.5	–	–8.5	–	–8.5
–95.4	**–25.6**	**–**	**–121.0**	**–6.5**	**–127.5**
–	–	42.4	42.4	1.2	43.6
–	**–**	**42.4**	**42.4**	**1.2**	**43.6**
–95.4	**–25.6**	**42.4**	**–78.6**	**–5.3**	**–83.9**
–95.4	**–25.6**	**650.2**	**529.2**	**–11.0**	**518.2**
–	–	–174.8	–174.8	–47.8	–222.6
–	–	–30.0	–30.0	–	–30.0
–	–	7.5	7.5	–	7.5
–	–	–	86.2	–	86.2
–	–	–	0.7	–	0.7
–	–	–	–	173.2	173.2
–0.2	–1.1	3.9	2.0	1.4	3.4
–0.2	**–1.1**	**–193.4**	**–108.4**	**126.8**	**18.4**
–41.3	**–5.4**	**4,150.2**	**5,471.4**	**180.2**	**5,651.6**
–	**–**	**519.3**	**519.3**	**7.7**	**527.0**
–	7.0	–	7.0	–	7.0
61.2	–	–	61.2	1.0	62.2
0.2	–	–	0.2	–	0.2
61.4	**7.0**	**–**	**68.4**	**1.0**	**69.4**
–	–	–13.9	–13.9	0.2	–13.7
–	**–**	**–13.9**	**–13.9**	**0.2**	**–13.7**
61.4	**7.0**	**–13.9**	**54.5**	**1.2**	**55.7**
61.4	**7.0**	**505.4**	**573.8**	**8.9**	**582.7**
–	–	–183.6	–183.6	–17.9	–201.5
–	–	–30.0	–30.0	–	–30.0
–	–	7.5	7.5	–	7.5
–	–	–	55.9	2.0	57.9
–	–	–2.9	–2.9	–5.0	–7.9
–	**–**	**–209.0**	**–153.1**	**–20.9**	**–174.0**
20.1	**1.6**	**4,446.6**	**5,892.1**	**168.2**	**6,060.3**

In millions of euros

voestalpine AG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2016/17

A. GENERAL INFORMATION AND CORPORATE PURPOSE

The voestalpine Group is a steel-based technology and capital goods group that operates worldwide. With its top-quality products, the Group is one of the leading partners to the automotive and consumer goods industries in Europe and to the oil and gas industries worldwide.

voestalpine AG is the Group's ultimate parent company and prepares the consolidated financial statements. It is registered in the Commercial Register of Linz and has its registered office in voestalpine-Strasse 1, 4020 Linz, Austria. The shares of voestalpine AG are listed on the stock exchange in Vienna, Austria.

The consolidated financial statements for the year ended March 31, 2017 (including comparative figures for the year ended March 31, 2016) have been prepared pursuant to Section 245a (1) of the Austrian Commercial Code *(Unternehmensgesetzbuch, UGB)* in accordance with the International Financial Reporting Standards (IFRS) as published by the International Accounting Standard Board (IASB) and adopted by the European Union.

The consolidated financial statements are presented in millions of euros (= functional currency of the parent company).

The consolidated income statement has been prepared using the cost-of-sales method.

The use of automated calculation systems may result in rounding differences.

The Management Board of voestalpine AG approved the consolidated financial statements and authorized the consolidated financial statements for submission to the Supervisory Board on May 24, 2017.

B. SUMMARY OF ACCOUNTING POLICIES

GENERAL INFORMATION

The accounting policies applied to the consolidated financial statements are consistent with those of the previous year with the exceptions listed below.

The following new and revised standards were adopted for the first time in the business year 2016/17:

THE FOLLOWING NEW AND REVISED STANDARDS AND INTERPRETATIONS WERE ADOPTED FOR THE FIRST TIME IN THE BUSINESS YEAR 2016/17

Standard	Content	Effective date[1]
IAS 1, amendments	Disclosure Initiative	January 1, 2016
IAS 16 and IAS 38, amendments	Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016
IAS 16 and IAS 41, amendments	Agriculture: Bearer Plants	January 1, 2016
IAS 27, amendments	Equity Method in Separate Financial Statements	January 1, 2016
Various standards, amendments	Annual Improvements to International Financial Reporting Standards, 2012-2014 Cycle	January 1, 2016
IFRS 10, IFRS 12 and IAS 28, amendments	Investment Entities: Applying the Consolidation Exception	January 1, 2016
IFRS 11, amendments	Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016

[1] In accordance with EU endorsements, these standards are applicable to reporting periods beginning on or after the effective date.

The application of the above amendments did not have any material effects on the consolidated financial statements.

The following new and revised standards had already been published as of the reporting date but their application was not yet mandatory for the business year 2016/17 or they have not yet been adopted by the European Union:

PUBLISHED BY IASB BUT NOT YET ADOPTED BY THE EUROPEAN UNION OR WHOSE APPLICATION WAS NOT YET MANDATORY AS OF THE REPORTING DATE

Standard	Content	Effective date according to IASB[1]
IAS 12, amendments	Recognition of Deferred Tax Assets for Unrealized Losses	January 1, 2017[2]
IAS 7, amendments	Disclosure Initiative	January 1, 2017[2]
IFRS 9	Financial Instruments	January 1, 2018
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 15, clarifications	Clarifications to IFRS 15 Revenue from Contracts with Customers	January 1, 2018[2]
IFRS 2, amendments	Classification an Measurement of Share-based Payment Transactions	January 1, 2018[2]
Various standards, amendments	Annual Improvements to International Financial Reporting Standards, 2014-2016 Cycle	January 1, 2018 / January 1, 2017[2]
IAS 40, amendments	Transfers of Investment Property	January 1, 2018[2]
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018[2]
IFRS 4, amendments	Applying IFRS 9 with IFRS 4	January 1, 2018[2]
IFRS 16	Leases	January 1, 2019[2]
IFRS 10 and IAS 28, amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	postponed
IFRS 14	Regulatory Deferral Accounts	January 1, 2016[3]

[1] These standards are applicable to reporting periods beginning on or after the effective date.
[2] Has not yet been endorsed by the EU.
[3] Not adopted by the EU.

These standards—in so far as they have been adopted by the European Union—will not be adopted early by the Group. From today's perspective, the new ad revised standards and interpretations are not expected to have any material effects on the voestalpine Group's net assets, financial position, and results of operations. The following effects are expected from the new standards IFRS 9, IFRS 15 and IFRS 16:

IFRS 9 Financial Instruments results in amendments and revisions in the area of financial instruments and will replace IAS 39 (except for portfolio fair value hedges). Going forward, the classification rules vary according to the characteristics of the business model and the contractual cash flows of financial assets. Another fundamental change arises in connection with impairment, which in the future will be based on an expected loss model rather than, as has been the case, on incurred loss. In addition, IFRS 9 contains new general accounting requirements for hedge accounting but retains the existing provisions on the recognition and derecognition of financial instruments from IAS 39. Significant effects on the classification of financial assets are not currently expected. The classification of financial liabilities remains unchanged from today's perspective. Loan defaults will be recognized earlier in the future under the new impairment model. From today's perspective, the voestalpine Group expects this to lead to an immaterial increase in impairment of trade receivables. With respect to hedge accounting, there are additional options for raw materials in particular that must be reviewed in detail. The existing hedges largely meet the requirements of IFRS 9 and so initial application is not expected to have any significant effect at this point.

IFRS 15 Revenue from Contracts with Customers brings togehter the rules for revenue recognition and replaces IAS 18 and IAS 11 as well as the related interpretations. In the future, it is no longer determined by transfers of significant opportunities and risks but rather the point in time when the transfer of control over the goods and services occurs and thus the benefits to be derived through it. An analysis of the revenue groups with respect to their future recognition and measurement under the new five-step model is currently being conducted within the Group in order to evaluate the impact of the initial application of IFRS 15. Based on present knowledge, this is not expected to have any significant effects on the net assets, financial position, and results of operations of the voestalpine Group. However, a final assessment of the effects will only be possible over the coming months once detailed analysis of the contracts has been completed. The voestalpine Group plans to apply the new standard using the modified retrospective method.

IFRS 16 Leases governs accounting for leasing arrangements and will replace IAS 17 as well as previous interpretations. The new rules eliminate the prior distinction between finance and operating leasing arrangements by the lessee. In this respect, operating leases will essentially be treated in the same way as finance leases in the future. voestalpine Group companies currently operate as lessees in operating leases and so the application of IFRS 16 is expected to have an impact on net assets, financial position, and results of operations. In its initial assessment, the voestalpine Group identified the future capitalization of right-of-use assets and the corresponding liabilities as the most significant effect. As a result, instead of recognizing lease expenses on a straight-line basis as in the past, depreciation expenses for right-of-use assets and interest on lease liabilities are recognized. This will lead to an improvement in EBITDA and EBIT as well as a shift between cash flows from operating activities and financing activities. However, it is not possible to quantify these effects at the moment since the underlying contracts have not yet been examined in detail with respect to the applicability of IFRS 16. Some of these will fall under the exceptions for short-term or low-value leases and thus not lead to any changes. For a list of existing operating leases as of the reporting date, see Note 9. Property, plant and equipment. No significant effects are expected for existing finance leases.

BASIS OF CONSOLIDATION

The annual financial statements of fully consolidated entities are prepared using uniform accounting policies. For entities included using the equity method (associates and joint ventures), local accounting policies and different reporting dates (see "Investments" appendix to the Notes) are maintained due to considerations regarding cost and benefit if the relevant amounts are immaterial.

In the case of initial consolidation, assets, liabilities, and contingent liabilities are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the net of the assets acquired and liabilities assumed is recognized as goodwill. If the net of the assets acquired and liabilities assumed exceeds the cost of acquisition, the difference is recognized in profit or loss in the period of acquisition. The hidden reserves and/or hidden losses attributed to the non-controlling interests are also accounted for.

All intra-group profits, receivables and payables, income and expenses are eliminated.

FOREIGN CURRENCY TRANSLATION

In accordance with IAS 21, annual financial statements prepared in foreign currencies that are included in the consolidated financial statements are translated into euros using the functional currency method. The relevant national currency is the functional currency in all cases since, from a financial, economic, and organizational perspective, these entities all operate independently. Assets and liabilities are translated using the exchange rate on the reporting date. Income and expenses are translated using the average exchange rate for the business year.

Equity is translated using the historical exchange rate. Currency translation differences are recognized directly in equity in the currency translation reserve.

In the separate financial statements of consolidated entities, foreign currency transactions are translated into the functional currency of the entity using the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from translation at the transaction date and reporting date are recognized in the consolidated income statement.

Currency exchange rates (ECB fixing) of key currencies have changed as follows:

	USD	GBP	BRL	SEK	PLN
Closing exchange rate					
03/31/2016	1.1385	0.7916	4.1174	9.2253	4.2576
03/31/2017	1.0691	0.8555	3.3800	9.5322	4.2265
Average annual rate					
2015/16	1.1036	0.7323	3.9650	9.3404	4.2260
2016/17	1.0975	0.8413	3.6220	9.5122	4.3521

UNCERTAINTIES IN ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the consolidated financial statements in conformity with IFRS requires the management to make accounting estimates and assumptions that may significantly affect the recognition and measurement of assets and liabilities, the recognition of other obligations as of the reporting date, and the recognition of income and expenses during the business year.

The following assumptions bear a significant risk of causing a material adjustment to assets and liabilities within further periods:

» **Recoverability of assets**
The assessment of the recoverability of intangible assets, goodwill as well as property, plant and equipment is based on assumptions concerning the future. The determination of the recoverable amount in the course of an impairment test is based on various assumptions, such as future net cash flows and discount rates. The net cash flows correspond to the amounts in the most current business plan at the time of the preparation of financial statements. See therefore also B. Summary of accounting policies, the section entitled Impairment testing of goodwill, other intangible assets, and property, plant and equipment, as well as the Notes 9. Property, plant and equipment, 10. Goodwill, and 11. Other intangible assets.

» **Recoverability of financial instruments**
Where the assessment of the recoverability of financial instruments cannot be derived from active markets, it is determined using alternative actuarial models. The underlying parameters used in the determination of the fair values are based partially on assumptions concerning the future. See also B. Summary of accounting policies, the section entitled Financial instruments, as well as Note 23. Financial instruments.

» **Pensions and other employee obligations**
The valuation of existing severance payment and pension obligations is based on assumptions regarding interest rate, retirement age, life expectancy, and future salary/wage increases. See also B. Summary of accounting policies, the section entitled Pensions and other employee obligations, as well as Note 18. Pensions and other employee obligations.

» **Assets and liabilities associated with acquisitions**
Estimates associated with determining the fair value of identified assets, liabilities, and contingent considerations are required in the context of acquisitions. All available information about the situation at the acquisition date is applied in this procedure. The fair values of buildings and land are typically determined by external experts or experts within the Group. Intangible assets are measured using appropriate valuation methods depending on the type of asset and the availability of information. These measurements are closely connected with assumptions about the future development of estimated cash flows as well as the applied discount rates.

Information aboute acquisitions made during the reporting period is reported can be found under D. Acquisitions and other additions to the scope of consolidated financial statements.

» **Other provisions**

Other provisions due to present obligations arising from past events, which lead to an outflow of resources embodying economic benefits, are stated at the amount that reflects the most probable value based on a reliable estimate. Provisions are discounted where the effect is material. For details concerning provisions see B. Summary of accounting policies, the section entitled Other provisions, as well as Note 19. Provisions.

» **Income taxes**

Income tax expense represents the total of current and deferred tax. Current tax is based on taxable income and is calculated using the tax rates currently applicable. The calculation of deferred taxes is based on the respective local income tax rates that have been enacted or substantively enacted. The recognition and measurement of current and deferred taxes is subject to numerous uncertainties.

The voestalpine Group's international scope means that the Group falls within multiple tax jurisdictions in the respective relevant tax jurisdictions. The tax items presented in the financial statements were established according for the relevant tax regulations, and, because of their complexity, may possibly support interpretations that vary between taxpayers and local finance authorities. Since varying interpretations of tax laws may lead to additional tax payments for past years as a result of company audits, they are included in the analysis based on the assessment by company management.

Recognition of deferred tax assets is based on the assumption that sufficient taxable profit will be generated in the future to utilize these tax loss carryforwards.

For further information see B. Summary of accounting policies, the section entitled Income taxes, as well as the Note 8. Income taxes and 13. Deferred taxes.

» **Legal risks**

As an internationally active Company, the voestalpine Group is exposed to legal risks. The results of present or future legal disputes are generally not predictable and may have a material effect on the Group's net assets, financial position, and results of operations. In order to reliably assess potential obligations, the underlying information and assumptions are continually reviewed by management and used for further evaluation both internally and by external legal counsel. Provisions are recognized to cover probable present obligations, including a reliable estimate of legal costs. If the future outflow of resources is not probable, or if the confirmation of actual events is not within the Company's control, the option to record a contingent liability is considered.

Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates if the determining factors at the reporting date differ from expectations. Revisions to accounting estimates are recognized through profit or loss in the period in which the estimates are revised, and the assumptions are adjusted accordingly.

RECOGNITION OF REVENUE AND EXPENSES
Revenue arising from the provision of goods and services is realized when all material risks and rewards arising from the goods or services provided have passed to the buyer. Operating expenses are recognized when goods or services are used or when the expense is incurred.

Investment grants are treated as deferred items and recognized as income over the useful life of the asset. Cost subsidies are recognized on an accrual basis, corresponding to the associated expenses. Government grants of EUR 22.6 million (2015/16: EUR 25.2 million) for capital expenditures, research and development, and promotion of job opportunities were recognized as income during the reporting period. Expenses for research and development amounted to EUR 140.3 million (2015/16: EUR 131.8 million) in the business year 2016/17.

PROPERTY, PLANT AND EQUIPMENT
Property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

The cost of self-constructed property, plant and equipment includes direct costs and an appropriate portion of indirect materials and indirect labor as well as borrowing costs for qualifying assets. The commencement date for capitalization is the date when expenditures for the asset and borrowing costs are incurred as well as activities are undertaken that are necessary to prepare the asset for its intended use or sale.

Depreciation is calculated on a straight-line basis over the expected useful lives. Land is not subject to depreciation. Depreciation is based on the following rates for each asset category:

Buildings	2.0 – 20.0%
Plant and equipment	3.3 – 25.0%
Fixtures and fittings	5.0 – 20.0%

Investment property is measured using the cost model. Useful lives and depreciation methods are identical to property, plant and equipment recognized under IAS 16.

LEASES
Leased assets are treated as finance leases when they are considered asset purchases subject to long-term financing in economic terms. All other leased assets are classified as operating leases. Lease payments under operating leases are shown as expenses in the consolidated income statement.

Finance leases are initially recognized as Group assets at fair value or the lower present value of the minimum lease payments at the inception of the lease. The corresponding liabilities to the lessors are recorded under financial liabilities in the consolidated statement of financial position.

Finance leases are depreciated over their expected useful lives on the same basis as comparable assets or, where shorter, over the term of the relevant lease. The Group does not act as a lessor.

GOODWILL
All corporate acquisitions are accounted for by applying the purchase method. Goodwill arises from the acquisition of subsidiaries and investments in associates and joint ventures.

Goodwill is allocated to cash-generating units or groups of cash-generating units and, in accordance with IFRS 3, is not amortized, but tested for impairment at least annually and additionally if circumstances exist that indicate possible impairment. The carrying amount of investments in associates and joint ventures also includes the carrying amount of goodwill.

Negative goodwill arising from an acquisition is immediately recognized as income.

On disposal of a subsidiary, the goodwill associated with the subsidiary is included in the determination of the profit or loss on disposal based on relative value in accordance with IAS 36.86.

OTHER INTANGIBLE ASSETS
Expenses for research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized as an expense as incurred. In accordance with IAS 38.57, development expenditure is capitalized from the date on which if the relevant criteria are satisfied. In this way, the expenses incurred are not capitalized subsequently if all of the above conditions are only met at a later date. Expenditure on internally generated goodwill and brands is recognized as an expense as incurred.

Other intangible assets are stated at cost less accumulated amortization and impairment charges. In the case of a business combination, the cost of acquisition is the fair value as of the acquisition date. Amortization is charged on a straight-line basis over the expected useful life of the asset. The maximum expected useful lives are as follows:

Backlog of orders	1 year
Customer relations	15 years
Technology	10 years
Software	10 years

IMPAIRMENT TESTING OF GOODWILL, OTHER INTANGIBLE ASSETS, AND PROPERTY, PLANT AND EQUIPMENT
Cash-generating units or groups of cash-generating units that include goodwill and other intangible assets with indefinite useful lives are tested for impairment at least annually as well as if circumstances exist that indicate possible impairment. All other assets and cash-generating units are tested for impairment if there are any indications that impairment may have arisen. Impairment testing is based on the value-in-use concept; accordingly, the recoverable amount is determined based on value in use.

For the purpose of impairment testing, assets are grouped at the lowest levels at which cash flows are independently generated (cash-generating units). Goodwill is allocated to those cash-generating units or groups of cash-generating units that are expected to benefit from synergies of the related business combination and this must be on the lowest level at which the goodwill in question is monitored for internal management purposes.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the fair value less cost to sell and the value in use. Impairment losses recognized with regard to cash-generating units or groups of cash-generating units to which goodwill has been allocated are first applied against the carrying amount of goodwill. Any remaining impairment loss reduces the carrying amounts of the assets of the cash-generating unit on a pro-rata basis. Insofar as the impairment test for goodwill is conducted for a group of cash-generating units, and this results in an impairment, the individual cash-generating units included in this group are also tested for impairment and a possible impairment of assets is first recorded at this level. This is followed by another impairment test for the cash-generating units at the group level.

If there are indications that an impairment loss recognized for an asset, a cash-generating unit, or a group of cash-generating units (excluding goodwill) in earlier periods no longer exists or may have declined, the recoverable amount is to be estimated and then recognized (reversal of impairment).

FINANCIAL INSTRUMENTS

Derivative financial instruments are used exclusively by voestalpine AG for the purpose of hedging the foreign currency risk, interest rate risk, and raw materials price risk. Derivative financial instruments are carried at fair value and recognized as profit or loss. Hedge accounting in accordance with IAS 39 is used for some of the Group's derivative financial instruments. Consequently, gains or losses resulting from changes in the value of derivative financial instruments are recognized either as profit or loss or under other comprehensive income, depending on whether a fair value hedge or the effective portion of a cash flow hedge is involved.

Loans and receivables are carried at amortized cost. Since the Group's securities meet the criteria in accordance with IAS 39.9 for application of the fair value option, securities are recognized at fair value through profit or loss. The designation of fair value was selected to convey more useful information because this group of financial assets is managed according to their fair value, as documented in the risk management and investment strategy, and performance is observed and reported by means of fair value. There are no held-to-maturity financial instruments.

OTHER INVESTMENTS

Investments in subsidiaries, joint ventures, and associates that are not included in the consolidated financial statements by full consolidation or the equity method are reported under other investments. They are held as “available for sale at cost” and measured at cost because these investments do not have a price quoted in an active market, and their fair value cannot be reliably determined. Only the non-consolidated investment in Energie AG Oberösterreich is measured at fair value as “available for sale at fair value” because the fair value of this company can be reliably determined based on the valuation report prepared once a year for Energie AG Oberösterreich as a whole.

INCOME TAXES

Income tax expense represents the total of current and deferred tax. Current tax is based on taxable income and is calculated using the tax rates currently applicable.

In accordance with IAS 12, all temporary differences between items in the consolidated financial statements and their tax bases are included in deferred taxes. Deferred tax assets on carryforwards of unused tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilized.

In accordance with IAS 12.39 and IAS 12.44, deferred taxes on differences resulting from investments in subsidiaries, associates, and joint ventures were not recognized.

Deferred tax assets are reconized in place for planned dividends subject to withholding tax.

The calculation of deferred taxes is based on the respective local income tax rates that have been enacted or substantively enacted. Deferred tax assets and deferred tax liabilities are offset when they relate to the same tax authority and an offset right exists.

INVENTORIES

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less estimated costs of completion and estimated costs necessary to make the sale. In exceptional cases, the replacement cost of raw materials and supplies may serve as the basis of measurement in accordance with IAS 2.32.

The cost of inventories of the same type is determined by the weighted average price method or a similar method. Cost includes directly attributable costs and all pro-rated material and production overheads based on normal capacity utilization. Interest costs, general administrative expenses and distribution costs are not recognized in inventory.

EMISSION CERTIFICATES

Free certificates are measured at zero cost over the entire holding period, as the rights have been allocated free of charge. Purchased emission certificates are recorded at actual cost under current assets and measured at fair value at the reporting date (limited by the actual cost).

In the case of under-allocation, amounts for CO_2 emission certificates are included in other provisions. The measurement is based on the rate prevailing on the reporting date (or the carrying amount) of the relevant certificates.

TRADE AND OTHER RECEIVABLES

Trade and other receivables are stated at amortized cost. Identifiable risks are mainly covered by acquiring credit insurance. Non-interest- or low-interest-bearing receivables with a remaining period of more than one year are recognized at their discounted present value. Sold receivables are derecognized according to the provisions of IAS 39 (see Note 28. Disclosures of transactions not recorded in the statement of financial position).

When the outcome of a construction contract pursuant to IAS 11 can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognized by reference to the stage of completion of the contract activity at the end of the reporting period ("percentage of completion method"), measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract cost incurred that is probably recoverable. Contract costs are recognized as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognized as an expense.

Accruals and deferrals are reported under other receivables and other liabilities.

CASH AND CASH EQUIVALENTS
Cash and cash equivalents include cash on hand, cash at banks, and checks and are carried at market value.

PENSIONS AND OTHER EMPLOYEE OBLIGATIONS
Pensions and other employee obligations include provisions for severance payments, pensions, and long-service bonuses and are recognized in accordance with IAS 19 using the projected unit credit method.

Actuarial gains and losses from severance and pension provisions are taken directly to other comprehensive income in the year in which they are incurred. Actuarial gains and losses from provisions for long-service bonuses are recognized immediately in profit or loss.

Severance obligations
Employees of Austrian entities who started their employment before January 1, 2003, are entitled to receive a severance payment if their employment is terminated by the employer or if they retire. The amount to be paid depends on the number of years of service and the employee's salary or wage at the time employment ends. For employees who started their employment after December 31, 2002, a contribution-based system is provided. The contributions to external employee pension funds are recognized as expenses.

Defined contribution plans
Defined contribution plans involve no future obligations after the payment of premiums to the managing pension fund or commercial insurance company.

Defined benefit plans
Defined benefit plans guarantee the employee a specified pension. The payment starts after retirement (or death or disability) and is continued until death of the former employee (or death of spouse). Widow's and widower's pensions (50% to 75% of the old age pension) are paid to the surviving spouse until death or remarriage. Orphans' pensions (10% to 20% of the old age pension) are paid to dependent children until the end of their education but only up to the age of 27.

Longevity is the central risk within these defined benefit pension obligations. All calculations are made using the most recent mortality tables. Given a 10% relative decrease or increase in mortality, the DBO of pensions changes by +3.9% or respectively -3.5% on the reporting date. Other risks, such as the risk of rising costs of medical services, do not have any significant impact on the obligations.

Almost all pension obligations within the Group cover vested claims.

Austria

The amount of the pension is either based on a certain percentage of the final salary depending on the years of service or on a valorized fixed amount per year of service. The predominant part of the defined benefit pension obligations is transferred to a pension fund although the obligation for subsequent payments remains within the company.

Germany

There are different pension schemes in Germany, which calculate the amount of the pension as follows:

» A certain percentage of the final salary depending on the years of service
» An increasing percentage of a fixed target pension depending on the years of service
» A fixed pension amount
» A fixed, valorized amount per year of service linked to the average salary within the company
» A fixed, valorized amount per year of service

A small part of the pension rights are financed by insurers although the obligations themselves remain within the companies.

The calculation of employee benefits in all countries with significant benefit obligations is based on the following parameters:

	2015/16	2016/17
Interest rate (%)	1.90	1.60
Salary/wage increases (%)[1]	3.00	3.00
Pension benefit increases (%)[1]	2.25	2.25
Retirement age men/women		
Austria	max. 62 years	max. 62 years
Germany	63–67 years	63–67 years
Mortality tables		
Austria	AVÖ 2008-P	AVÖ 2008-P
Germany	Richttafeln 2005 G	Richttafeln 2005 G

[1] Recognition only for salary-dependent and/or value-guaranteed commitments.

Net interest expenses resulting from employee benefits are included in the consolidated income statement under finance costs.

Obligations from long-service bonuses

In most of the Austrian Group companies, employees are entitled to payment of a long-service bonus, which is based either on a collective agreement or a provision in a works agreement. This is a one-time payment when the anniversary of service has been reached; depending on the length of service, the bonus generally amounts to between one monthly salary and three monthly salaries.

OTHER PROVISIONS

Other provisions due to present obligations arising from past events, which lead to an outflow of resources embodying economic benefits, are stated at the amount that reflects the most probable value based on a reliable estimate. Provisions are discounted where the effect is material.

The assumptions that underlie the provisions are reviewed on an ongoing basis. The actual figures can deviate from the assumptions if the underlying circumstances as of the reporting date have not developed as expected. As soon as better information is available, changes are recognized through profit and loss and the assumptions are adjusted accordingly.

Please note that we are invoking the safeguard clause in accordance with IAS 37.92, according to which information about provisions is not disclosed if this could seriously and adversely impact the Company's interests.

CONTINGENT LIABILITIES

Contingent liabilities are present obligations arising from past events, where it is not probable that an outflow of resources will be required to settle the obligation, or possible obligations arising from past events whose existence or non-existence depends on less certain future events, which are not within the Company's full control. When, in extremely rare cases, an existing debt cannot be stated in the statement of financial position as a provision because a reliable estimate of the debt is not possible, a contingent liability shall also be recognized.

With regard to possible obligations, we wish to point out that in accordance with IAS 37.92 information about contingent liabilities is not disclosed if this could seriously and adversely impact the Company's interests.

LIABILITIES
Liabilities, except liabilities from derivative financial instruments, are stated at amortized cost.

EMPLOYEE STOCK OWNERSHIP PLAN
The employee stock ownership plan in Austrian Group companies is based on the appropriation of a part of the salary and wage increase due to collective bargaining agreements over several business years. For the first time in the business year 2000/01, employees received voestalpine AG shares in return for a 1% lower salary or wage increase.

In each of the business years 2002/03, 2003/04, 2005/06, 2007/08, 2008/09, and 2014/15, between 0.3% and 0.5% of the total amount of wages and salaries required for the increase were used to provide voestalpine AG shares to employees. The actual amount is calculated from the monthly amount of wages and salaries waived, based on November 1, 2002, 2003, 2005, 2007, 2008, and 2014, applying an annual increase of 3.5%. In the business years 2012/13, 2013/14, and 2016/17, an additional 0.3% and 0.27%, respectively, of the total amount of wages and salaries needed for the collective agreement pay increase for 2012, 2013, and 2016, respectively, were used to provide shares under the participation plan for those Austrian Group companies whose initial participation in the employee stock ownership plan had begun at a later date.

The Works Council and each company enter into an agreement for implementation of the Austrian employee stock ownership plan. Shares are acquired by the voestalpine Mitarbeiterbeteiligung Privatstiftung (a private foundation for the Company's employee shareholding scheme), which transfers the shares to employees according to the wages and salaries they have waived. The value of the consideration provided is independent of price fluctuations. Therefore, IFRS 2 does not apply to the allocation of shares based on lower collective bargaining agreements.

An international participation model was developed for Group companies outside Austria, which was initially implemented in several companies in Great Britain and Germany in the business year 2009/10. Due to very positive experience gained in these pilot projects, the model was expanded in these two countries and introduced step by step in the Netherlands, in Poland, in Belgium, in the Czech Republic, in Italy, and in Switzerland, in the following business years. In the business year 2016/17, a total of 76 companies participated in the international employee stock ownership program in these eight countries.

On March 31, 2017, the voestalpine Mitarbeiterbeteiligung Privatstiftung held approximately 14.8% (March 31, 2016: 14.5%) of voestalpine AG's shares in trust for employees.

C. SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

The consolidated Group (see "Investments" appendix to the Notes) is defined in accordance with IFRS. In addition to the annual financial statements of voestalpine AG, the consolidated financial statements also include the financial statements of entities controlled by voestalpine AG (and its subsidiaries). Entities controlled by voestalpine AG that are not included in the financial statements of voestalpine AG are negligible, both individually and collectively.

Subsidiaries are entities controlled by the Group. Control exists when the voestalpine Group has the power over the investee, is exposed to variable returns and has the ability to use its power over the investee to affect the amount of the investor's returns. The annual financial statements of subsidiaries are included in the consolidated financial statements as of the point in time at which the Group acquires control over the subsidiary and extends to the point in time at which the Group ceases to exercise control over the subsidiary.

Associates are entities over which the voestalpine Group has significant influence through participating in the financial and operating policy decisions, but not control or joint control of those policies. Joint ventures are joint arrangements in which partner companies (the voestalpine Group and one or more partners) exercise joint control over the arrangement and possess rights to the company's net assets. The annual financial statements of associates and joint ventures are included in the consolidated financial statements using the equity method from the acquisition date until disposal date. The Group's associates and joint ventures are listed in the "Investments" appendix to the Notes.

CHANGES IN SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

The scope of consolidated financial statements changed as follows during the business year under review:

	Full consolidation	Equity method
As of April 1, 2016	**278**	**9**
Acquisitions	1	
Change in consolidation method		
Additions	10	
Disposals		
Reorganizations	–6	
Divestments or disposals	–6	
As of March 31, 2017	**277**	**9**
Of which foreign companies	218	4

The following entities were deconsolidated during the business year 2016/17:

Name of entity	Date of deconsolidation
Full consolidation in the business year 2015/16	
Polynorm Immobilien GmbH & Co. KG	April 1, 2016
Sturdell Holdings, Inc.	April 5, 2016
Kadow und Riese Laser- und Umformtechnik GmbH	July 26, 2016
Vacotec S.A.	March 2, 2017
Eschmann Steels Trading (Shanghai) Co., Ltd.	March 2, 2017
OOO voestalpine Arkada Profil	March 17, 2017
Reorganizations	
BU Beteiligungs- und Vermögensverwaltung GmbH	April 1, 2016
BÖHLER Wärmebehandlung GmbH	April 1, 2016
Grimstows Holdings Inc.	April 1, 2016
voestalpine Stamptec Qinhuangdao Co., Ltd.	April 1, 2016
voestalpine Precision Strip WI, Inc.	April 1, 2016
Nedcon Magazijninrichting B.V.	April 1, 2016

In late July, the sale of Kadow und Riese Laser- und Umformtechnik GmbH (part of the Metal Forming Division) was concluded. The company primarily produces sheet-formed parts in the form of prototypes, pilot series and small-batch series for the mobility sector. Due to the company's growing strategic deviation from voestalpine's core business, voestalpine decided to go forward with the sale (few synergies with other companies of the voestalpine Group because of its stand-alone location and the very volatile and short-term business in the prototype segment). The company generated revenue of around EUR 8 million in the business year 2015/16 and has around 70 employees.

The disposal had the following effect on the consolidated financial statements:

	Recognized values
Non-current assets	0.6
Current assets	1.8
Non-current provisions and liabilities	0.0
Current provisions and liabilities	–2.4
Net assets	**0.0**
Result from the loss of control	2.4
Consideration received	**2.4**
Cash and cash equivalents disposed of	–0.4
Net cash inflow	**2.0**

In millions of euros

D. ACQUISITIONS AND OTHER ADDITIONS TO THE SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

The following entities were included in the consolidated financial statements for the first time during the business year 2016/17:

Name of entity	Interest in %	Date of initial consolidation
Full consolidation		
ASSAB Steels Vietnam Company Limited	100.000%	April 1, 2016
voestalpine Rotec Summo Corp.	100.000%	June 1, 2016
voestalpine Rotec Summo de Mexico S. de R.L. de C.V.	100.000%	July 11, 2016
voestalpine Steel Trading (Shenyang) Co., Ltd.	100.000%	July 26, 2016
voestalpine Additive Manufacturing Center Singapore Pte. Ltd	100.000%	September 29, 2016
voestalpine SIGNALING USA Inc.	100.000%	November 4, 2016
voestalpine Boehler Welding USA Technology LLC	100.000%	November 4, 2016
voestalpine Automotive Components Aguascalientes S. de R.L. de C.V.	100.000%	November 8, 2016
voestalpine Tubulars Al Bassam Company Limited	51.000%	January 18, 2017
voestalpine Technology Institute (Asia) Co. Ltd.	100.000%	March 22, 2017
voestalpine Treasury Holding GmbH	100.000%	March 29, 2017

The additions to the scope of consolidated financial statements of fully consolidated entities include one acquisition, eight newly established subsidiaries, and the consolidation of two entities not previously included in the scope of the consolidated financial statements.

In accordance with IFRS 3, the acquired companies are included in the consolidated financial statements at the fair value carried forward of the acquired assets, liabilities, and contingent liabilities determined as of the acquisition date, including depreciation and amortization as appropriate. The carrying amount of the non-controlling interests is determined based on the fair values carried forward for the assets and liabilities acquired. With regard to the first-time full consolidations in accordance with IFRS 3, due to time constraints and the fact that not all valuations have been completed, the following items are to be considered provisional: property, plant and equipment, intangible assets, inventories, and provisions—and consequently goodwill as well.

The increase in majority interests is treated as a transaction between owners. The difference between the costs of acquisition of additional shares and the pro-rated carrying amount of the non-controlling interests is recognized directly in equity. During the reporting period, EUR 3.8 million (2015/16: EUR 2.4 million) was paid for the acquisition of non-controlling interests or provisions were formed for the payment thereof. Non-controlling interests amounting to EUR 2.2 million (2015/16: EUR 0.0 million) were derecognized and the remaining amount of EUR 1.6 million (2015/16: EUR 2.4 million) was recognized directly in equity.

Put options granted to non-controlling shareholders in exchange for their shares in Group companies are recorded in the statement of financial position as liabilities stated at fair value. If the risks and rewards associated with ownership of a non-controlling interest have already been transferred at the time the majority interest was acquired, an acquisition of 100% of the entity is assumed. If, however, the risks and rewards are not transferred, the non-controlling interests continue to be shown in equity. The liability is covered by a direct transfer from retained earnings with no effect on profit or loss (double credit approach).

Outstanding put options, which are offset against equity, had a fair value of EUR 0.3 million (March 31, 2016: EUR 0.2 million) as of March 31, 2017. For the purposes of the valuation, the discounted cash flow method was applied, taking the contractual maximum limits into account. Input factors in the discounted cash flow method include but are not limited to the medium-term business plan and the discount rate.

On July 11, 2016, voestalpine Rotec GmbH, which is part of the voestalpine Group's Metal Forming Division, acquired assets from the sellers (asset deal) for the newly established voestalpine Rotec Summo Corp. (headquartered in Burlington, Canada) as well as 100% of the shares (share deal) for the subsequently renamed voestalpine Rotec Summo de Mexico S. de R.L. de C.V. (headquartered in Apodaca, Mexico) as part of a hybrid deal. At both locations (Canada: 135 employees; Mexico: 165 employees; an annual revenue of around EUR 40 million was most recently generated), automotive tube components are manufactured for the North American market. The primary strategic considerations of the deal are the expanded access to the North American market (NAFTA countries) by the voestalpine Rotec Group, the direct proximity of the Mexican site to a large number of local OEMs, and the expansion of market leadership in tube components for passive safety equipment.

These acquisitions have the following impact on the consolidated financial statements:

	Recognized values
Non-current assets	16.8
Current assets	9.6
Non-current provisions and liabilities	–2.4
Current provisions and liabilities	–3.6
Net assets	**20.4**
Goodwill	6.9
Costs of acquisition	**27.3**
Cash and cash equivalents acquired	–0.2
Purchase price not yet paid	–3.9
Net cash outflow	**23.2**

In millions of euros

Goodwill of EUR 6.9 million results from the profit potential of the company, which cannot be allocated to individual capitalizable items according to IFRS, and in particular its extensive expertise in the technology used in the processing of tubes, and access to the automotive market in North America. Goodwill is assigned completely to the “Tubes & Sections” unit, which carries the goodwill. Goodwill of EUR 4.1 million is expected to be deductible for tax purposes.

Since their initial consolidation, these acquisitions have contributed revenue of EUR 27.4 million to consolidated revenue. Their share of the Group’s profit after tax was EUR 0.7 million for the same period. The consolidated revenue would have been EUR 9.7 million higher and the Group’s profit after tax would have been EUR 0.7 million higher if the acquisitions had been consolidated as of April 1, 2016.

As part of the first-time full consolidation of voestalpine Rotec Summo de Mexico S. de R.L. de C.V. and voestalpine Rotec Summo Corp., fair values for trade receivables of EUR 4.2 million (gross carrying amount: EUR 4.2 million) and other receivables of EUR 0.6 million (gross carrying amount: EUR 0.6 million) were taken over. Receivables that are expected to be uncollectible are considered immaterial and negligible. Acquisition-related costs of EUR 0.5 million were recognized in other operating expenses for this acquisition.

On November 7, 2016, voestalpine SIGNALING USA Inc. (Wyoming, USA), a wholly owned subsidiary of voestalpine SIGNALING Siershahn GmbH, Germany, and company of the Metal Engineering Division that was newly established on November 4, 2016, acquired the assets and took over seven employees of DataTraks Inc., based in Loveland, Colorado (USA), as part of an asset deal. The company produces and markets acoustic monitoring systems for railway signaling applications. The strategic background to the establishment of voestalpine SIGNALING USA Inc. and the acquisition of the assets of DataTraks is the creation of a local support center to assist with the market launch of railway monitoring products in the NAFTA market with the advantage of acquiring a complete setup in this business field including the existing service business, experienced employees, and in particular expertise in acoustic monitoring (ABM). The platform created offers the possibility to quickly establish internal, cost-effective product development in the area of ABM and to potentially place HBD (hotbox detector) and WILD (wheel impact load detector) systems in the US market.

This acquisition has the following impact on the consolidated financial statements:

	Recognized values
Non-current assets	0.6
Net assets	**0.6**
Goodwill	0.1
Costs of acquisition	**0.7**
Net cash outflow	**0.7**

In millions of euros

Goodwill of EUR 0.1 million, which is not eligible for corporate tax deductions, reflects the growth prospects for the placement of SIGNALING products.

Since its initial consolidation, this acquisition has contributed revenue of EUR 0.1 million to consolidated revenue. Its share of the Group's profit after tax was EUR –0.1 million for the same period. The consolidated revenue would have been EUR 1.0 million higher and the Group's profit after tax would have been EUR 0.1 million higher if the acquisitions had been consolidated as of April 1, 2016.

In the current reporting period, EUR 4.1 million were paid for earlier acquisitions made in accordance with IFRS 3.

E. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Name of the subsidiary	Domicile	03/31/2016	03/31/2017
voestalpine Tubulars GmbH & Co KG	Kindberg, Austria		
Proportion of ownership		49.8875%	49.8875%
Proportion of ownership interests held by non-controlling interests		50.1125%	50.1125%
CNTT Chinese New Turnout Technologies Co., Ltd.	Qinhuangdao, China		
Proportion of ownership		50.0000%	50.0000%
Proportion of ownership interests held by non-controlling interests		50.0000%	50.0000%

In the reporting period, the total of all non-controlling interests amounts to EUR 168.2 million (March 31, 2016: EUR 180.2 million), of which EUR 80.7 million (March 31, 2016: EUR 95.4 million) is attributable to voestalpine Tubulars GmbH & Co KG and EUR 32.8 million (March 31, 2016: EUR 26.2 million) is attributable to CNTT Chinese New Turnout Technologies Co., Ltd. The remaining non-controlling interests, seen individually, can be considered immaterial for the Group.

Summarized financial information for each subsidiary with non-controlling interests that are material for the Group is depicted in the following chart. The figures correspond to amounts prior to the elimination of intragroup transactions.

SUMMARIZED STATEMENT OF FINANCIAL POSITION

	voestalpine Tubulars GmbH & Co KG		CNTT Chinese New Turnout Technologies Co., Ltd.	
	03/31/2016	03/31/2017	03/31/2016	03/31/2017
Non-current assets	91.5	112.3	20.1	18.2
Current assets	120.5	124.7	94.5	96.1
Non-current provisions and liabilities	30.9	30.0	0.9	3.0
Current provisions and liabilities	58.7	103.6	63.5	46.7
Net assets (100%)	**122.4**	**103.4**	**50.2**	**64.6**

In millions of euros

SUMMARIZED INCOME STATEMENT

	voestalpine Tubulars GmbH & Co KG		CNTT Chinese New Turnout Technologies Co., Ltd.	
	2015/16	**2016/17**	**2015/16**	**2016/17**
Revenue	354.8	274.8	69.8	93.2
EBIT	20.1	–7.7	20.3	30.7
Profit after tax	24.1	–8.0	15.5	23.5
Attributable to:				
Equity holders of the parent	12.0	–4.0	7.8	11.7
Non-controlling interests	12.1	–4.0	7.8	11.7
Dividends paid to non-controlling interests	31.0	5.2	7.4	4.5

In millions of euros

SUMMARIZED STATEMENT OF CASH FLOWS

	voestalpine Tubulars GmbH & Co KG		CNTT Chinese New Turnout Technologies Co., Ltd.	
	2015/16	**2016/17**	**2015/16**	**2016/17**
Cash flows from operating activities	22.2	4.8	8.0	37.2
Cash flows from investing activities	22.3	–30.2	–2.2	–0.8
thereof additions to/divestments of other financial assets	56.2	0.1	0.0	0.0
Cash flows from financing activities	–44.5	25.8	–9.6	–14.0
Net decrease/increase in cash and cash equivalents	**0.0**	**0.4**	**–3.8**	**22.4**

In millions of euros

F. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

SHARES IN IMMATERIAL JOINT VENTURES

Profits from the joint ventures, which are individually immaterial for the voestalpine consolidated financial statements, are included using the equity method. Interests held are presented in the appendix to the Notes on "Investments." This information relates to the interests held by the voestalpine Group in immaterial joint ventures and is broken down as follows:

	2015/16	2016/17
Group share of		
Profit after tax	0.2	0.9
Other comprehensive income	–0.3	0.0
Comprehensive income	**–0.1**	**0.9**
Carrying amount immaterial joint ventures	**3.2**	**3.8**

In millions of euros

voestalpine Giesserei Linz GmbH holds 51.0% of shares in Jiaxing NYC Industrial Co., Ltd. The Articles of Incorporation require at least one vote from another partner for all significant decisions (budget, investments). As a result, it is assumed that despite the 51.0% interest, control is not exercised over the interest.

SHARES IN IMMATERIAL ASSOCIATES

The profit from associates that are individually immaterial for the voestalpine consolidated financial statements are included using the equity method. This information relates to the interests held by the voestalpine Group in associates and is broken down as follows:

	2015/16	2016/17
Group share of		
Profit after tax	7.0	13.7
Other comprehensive income	–3.8	0.2
Comprehensive income	**3.2**	**13.9**
Carrying amount immaterial associates	**109.2**	**109.2**

In millions of euros

Associates and the interests held in them are presented in the appendix to the Notes on "Investments."

G. EXPLANATIONS AND OTHER DISCLOSURES

1. REVENUE

Revenue is broken down as follows:

	2015/16	2016/17
Revenue from the sale of products (including services)	10,851.4	11,049.2
Revenue from construction contracts	217.3	245.3
Revenue	**11,068.7**	**11,294.5**

In millions of euros

2. OPERATING SEGMENTS

The voestalpine Group operates in five reportable segments: Steel Division, High Performance Metals Division, Metal Engineering Division, Metal Forming Division, and Other. The reporting system, which is based primarily on the nature of the products provided, reflects the internal financial reporting, the management structure of the organization, and the Company's predominant sources of risks and rewards.

The Steel Division focuses on the production and processing of steel products for the segments automotive industry, white goods, electrical industry, processing industry, energy, and engineering industry. It is the global leader in highest quality strip steel, and the global market leader in heavy plate for the most sophisticated applications as well as in casings for large turbines. The division produces and processes hot and cold-rolled steel as well as electrogalvanized, hot-dip galvanized, and organically coated plate and electrical steel strip. Its other activities include heavy plate production and a foundry, and a focus on a number of downstream processes.

The High Performance Metals Division is the global market leader in the tool steel and high-speed steel sector. In the segment of special alloys for the oil and natural gas industries, the aerospace industry, and the energy engineering industry, the High Performance Metals Division holds a leading position on the global market. The division has a global network of service centers with a focus on tool manufacturing, offering heat treatment and coating services as well as warehousing and preprocessing of special steels. In Houston (Texas, USA), Singapore, and Birmingham (GBR), the division offers a broad spectrum of services including logistics, distribution, and processing, especially for the oil and natural gas industries. Its position as a technology leader in this field is highlighted by the one-stop-shop solutions it offers customers. Additive manufacturing, a business segment that will be hugely important in the future, is being established along its entire value chain, from powders to the finished "printed" part.

The Metal Engineering Division is worldwide market leader in turnout technology, the European market leader in rails and specially treated wire, and has a leading position in seamless tubes for special applications and high-quality welding consumables. The division manufactures the world's widest range of high-quality rails and turnout products, high-quality rod wire, drawn wire, premium seamless tubes, and welding filler materials. Furthermore, the division offers an extensive range of services in the railway systems sector. Moreover, the Metal Engineering Division has access to its own steel production.

The Metal Forming Division is the expertise center at voestalpine for highly developed special sections, tube products, and precision strip steel as well as pre-finished system components made from pressed, punched, and roll-profiled parts. This combination of expertise in materials and processing is unique in the industry, and with its global presence, the division is the first choice for customers who value innovation and quality. These customers include nearly all leading manufacturers in the automobile manufacture and supply industry, with a significant focus on the premium segment, as well as several companies in the commercial vehicle, construction, storage, energy, and (agricultural) equipment industries.

The holding company, several Group financing and raw materials purchasing companies as well as one personal services company and the group-IT companies are included in the segment Other. These companies are combined in this segment because their focus is on providing coordination services and assistance to the subsidiaries.

Segment revenue, segment expenses, and segment results include transfers between operating segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar products. These transactions have been eliminated in the consolidated financial statements.

The voestalpine Group uses EBIT as the key figure to measure the performance of the segments. In the voestalpine Group, this figure is a widely accepted indicator for measuring profitability.

The operating segments of the Group are as follows:

OPERATING SEGMENTS

	Steel Division		High Performance Metals Division	
	2015/16	2016/17	2015/16	2016/17
Segment revenue	3,753.7	3,912.4	2,650.9	2,697.9
Of which revenue with third parties	3,450.8	3,599.5	2,596.2	2,641.7
Of which revenue with other segments	302.9	312.9	54.7	56.2
EBITDA	478.3	563.9	364.1	395.2
Depreciation and amortization of property, plant and equipment and intangible assets	258.3	300.6	136.9	142.5
Of which impairment	0.2	0.0	0.0	0.0
Reversal of impairment of property, plant and equipment and intangible assets	0.0	0.0	0.0	0.0
Share of profit of entities consolidated according to the equity method	6.1	12.7	0.0	0.0
EBIT	220.0	263.2	227.2	252.7
EBIT margin	5.9%	6.7%	8.6%	9.4%
Interest and similar income	0.7	8.8	8.7	13.5
Interest and similar expenses	40.7	54.1	56.0	69.2
Income tax expense	–28.4	–33.2	–68.0	–65.9
Profit after tax	149.9	187.5	112.3	132.8
Segment assets	4,671.9	5,255.3	3,881.9	4,087.2
Of which investments in entities consolidated according to the equity method	92.1	93.9	0.0	0.0
Net financial debt	1,785.3	1,926.8	815.0	914.0
Investments in property, plant and equipment and intangible assets	701.0	404.2	181.7	179.5
Employees (full-time equivalent)	10,891	10,898	13,470	13,733

Metal Engineering Division		Metal Forming Division		Other		Reconciliation		Total Group	
2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
2,850.4	2,684.6	2,224.9	2,426.1	934.4	1,395.0	–1,345.6	–1,821.5	11,068.7	11,294.5
2,812.8	2,648.8	2,195.5	2,386.4	13.4	18.1	0.0	0.0	11,068.7	11,294.5
37.6	35.8	29.4	39.7	921.0	1,376.9	–1,345.6	–1,821.5	0.0	0.0
510.9	360.8	290.5	317.0	–73.9	–89.3	13.5	–6.9	1,583.4	1,540.7
196.0	160.0	96.0	106.3	7.4	8.0	0.0	0.0	694.6	717.4
38.8	5.0	0.2	0.1	0.0	0.0	0.0	0.0	39.2	5.1
0.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.2	0.0
145.5	0.2	0.0	0.0	0.8	0.7	0.6	1.0	153.0	14.6
314.9	200.8	194.5	210.7	–81.3	–97.2	13.5	–6.9	888.8	823.3
11.0%	7.5%	8.7%	8.7%					8.0%	7.3%
3.5	2.7	3.5	2.2	198.9	147.7	–188.2	–147.3	27.1	27.6
36.5	39.8	26.5	28.0	187.5	130.2	–189.5	–150.6	157.7	170.7
–53.2	–47.9	–25.6	–48.3	28.1	21.3	–2.1	1.1	–149.2	–172.9
228.7	117.4	145.9	136.6	48.3	523.0	–83.0	–570.3	602.1	527.0
3,140.9	3,260.5	2,028.2	2,236.3	10,483.5	10,984.2	–10,199.8	–11,116.0	14,006.6	14,707.5
5.0	5.1	0.0	0.0	6.1	6.7	9.2	7.3	112.4	113.0
700.9	838.2	413.1	556.3	–661.0	–1,038.4	26.6	24.2	3,079.9	3,221.1
248.2	211.0	167.5	205.1	7.1	7.7	0.2	–0.1	1,305.7	1,007.4
12,675	13,157	10,470	11,073	861	842	0	0	48,367	49,703

In millions of euros

The reconciliation of the key figures EBITDA and EBIT are shown in the following tables:

EBITDA

	2015/16	2016/17
Net exchange differences and result from valuation of derivatives	12.6	–2.2
Consolidation	0.9	–4.7
EBITDA – Total reconciliation	**13.5**	**–6.9**

In millions of euros

EBIT

	2015/16	2016/17
Net exchange differences and result from valuation of derivatives	12.6	–2.2
Consolidation	0.9	–4.7
EBIT – Total reconciliation	**13.5**	**–6.9**

In millions of euros

All other key figures contain solely the effects of consolidation.

Geographical information

The following table provides selected financial information summarized according to the major geographical areas. External revenue is allocated to the customers' geographical location. Non-current assets and investments are reported based on the geographical location of the companies.

	Austria		European Union		Other countries	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
External revenue	829.0	813.5	6,949.4	7,036.8	3,290.3	3,444.2
Non-current assets	5,088.8	5,123.6	1,572.0	1,613.6	1,401.8	1,702.0
Investments in property, plant and equipment and intangible assets	601.3	522.7	180.3	188.5	524.1	296.2

In millions of euros

The voestalpine Group does not record any revenue from transactions with a single external customer amounting to 10% or more of the entity's revenue.

3. OTHER OPERATING INCOME

	2015/16	2016/17
Gains on disposal and appreciation of intangible assets, property, plant and equipment	8.9	7.8
Income from reversal of provisions	51.8	32.9
Exchange profits	85.4	95.5
Income from the valuation of derivatives	14.7	6.9
Gains from deconsolidation	0.0	3.8
Other operating income	201.2	201.9
	362.0	**348.8**

In millions of euros

In the business year 2016/17, operating income of EUR 94.2 million (2015/16: EUR 83.3 million) from the sale of products not generated in the course of ordinary activities is included in other operating income.

4. OTHER OPERATING EXPENSES

	2015/16	2016/17
Taxes other than income taxes	20.7	18.1
Losses on disposal of property, plant and equipment	6.3	6.8
Exchange losses	91.2	69.9
Expenses from the valuation of derivatives	0.6	31.7
Losses from deconsolidation	0.9	2.9
Other operating expenses	304.8	226.6
	424.5	**356.0**

In millions of euros

5. SHARE OF PROFIT OF ENTITIES CONSOLIDATED ACCORDING TO THE EQUITY METHOD

	2015/16	2016/17
Income from associates	7.0	13.9
Expenses from associates	0.0	–0.2
Income from joint ventures	146.0	0.9
Expenses from joint ventures	0.0	0.0
	153.0	**14.6**

In millions of euros

Income from associates is primarily attributable to METALSERVICE S.P.A., Scholz Austria GmbH and Kocel Steel Foundry Co., Ltd. In the business year 2015/16, income from joint ventures includes EUR 145.8 million (including a recycling of cash flow hedges and of currency translation differences) from the transitional consolidation of voestalpine Tubulars GmbH & Co KG, voestalpine Tubulars GmbH, and CNTT Chinese New Turnout Technologies Co., Ltd. All income from entities consolidated according to the equity method in the business year 2016/17 are the pro-rated profits for the period.

6. FINANCE INCOME

	2015/16	2016/17
Income from investments	3.8	4.2
Of which from affiliates	2.0	2.4
Income from other long-term securities and loans	7.2	7.2
Of which from affiliates	0.0	0.0
Other interest and similar income	19.9	20.4
Of which from affiliates	0.4	0.1
Income from the disposal and revaluation of financial assets and securities classified as current assets	1.2	19.7
	32.1	**51.5**

In millions of euros

7. FINANCE COSTS

	2015/16	2016/17
Expenses from other financial assets		
Valuation of securities	7.0	4.2
Expenses from affiliates	0.0	0.0
Other expenses	4.9	0.0
	11.9	**4.2**
Other interest and similar expenses	157.7	170.7
Of which from affiliates	0.0	0.1
	169.6	**174.9**

In millions of euros

8. INCOME TAXES

Income taxes include income taxes paid and owed as well as deferred taxes (+ income tax expense/ – income tax benefit).

	2015/16	2016/17
Current tax expense	**145.2**	**142.8**
Effective tax expense	146.3	141.4
Adjustments of taxes from previous periods	–0.9	1.7
Recognition of tax losses from prior periods	–0.2	–0.3
Deferred tax expense	**4.0**	**30.1**
Origination/reversal of temporary differences	13.1	47.5
Adjustments of taxes from previous periods	–4.2	–6.5
Impact of changes in tax rates	0.6	0.0
Recognition of tax losses from prior periods	–5.5	–10.9
	149.2	**172.9**

In millions of euros

The changes in tax rates apply solely to foreign taxes.

The following reconciliation shows the difference between the Austrian corporate tax rate of 25% and the effective Group tax rate:

	2015/16		2016/17	
Profit before tax		**751.3**		**699.9**
Income tax using the Austrian corporate tax rate	25.0%	187.8	25.0%	175.0
Difference to foreign tax rates	0.4%	2.7	–0.6%	–4.1
Non-taxable income and expenses	–3.0%	–22.7	–2.5%	–17.5
Non-taxable income from investments	–0.4%	–2.7	–0.7%	–4.9
Effects of depreciation of investments and utilization of previously unrecognized losses carried forward and non-recognition of losses carried forward, respectively	0.1%	0.3	0.2%	1.4
Taxes from previous periods	–0.7%	–5.1	–0.7%	–4.8
Other differences	–1.5%	–11.1	4.0%	27.8
Effective Group tax rate (%)/income tax expense	**19.9%**	**149.2**	**24.7%**	**172.9**

In millions of euros

9. PROPERTY, PLANT AND EQUIPMENT

	Land, land rights, and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction	Total
Gross carrying amount	2,851.5	9,361.1	1,022.3	939.9	14,174.8
Accumulated depreciation and impairment	–1,390.7	–6,692.1	–762.8	–0.8	–8,846.4
Carrying amount as of April 1, 2015	**1,460.8**	**2,669.0**	**259.5**	**939.1**	**5,328.4**
Gross carrying amount	3,187.7	10,082.9	1,113.6	1,150.2	15,534.4
Accumulated depreciation and impairment	–1,499.3	–7,202.8	–823.7	–2.1	–9,527.9
Carrying amount as of March 31, 2016	**1,688.4**	**2,880.1**	**289.9**	**1,148.1**	**6,006.5**
Gross carrying amount	3,433.8	11,374.4	1,185.3	486.1	16,479.6
Accumulated depreciation and impairment	–1,577.7	–7,655.8	–873.1	–1.1	–10,107.7
Carrying amount as of March 31, 2017	**1,856.1**	**3,718.6**	**312.2**	**485.0**	**6,371.9**

In millions of euros

The following table shows a reconciliation of the carrying amounts of property, plant and equipment for the periods presented in the consolidated financial statements as of March 31, 2017:

	Land, land rights, and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction	Total
Carrying amount as of April 1, 2015	**1,460.8**	**2,669.0**	**259.5**	**939.1**	**5,328.4**
Changes in the scope of consolidated financial statements	61.3	73.6	8.1	6.6	149.6
Additions	192.2	325.7	78.2	646.0	1,242.1
Transfers	78.7	308.5	18.8	–407.4	–1.4
Disposals	–4.2	–4.5	–3.0	–1.1	–12.8
Depreciation	–76.6	–457.6	–67.9	0.0	–602.1
Impairment	–0.2	0.0	0.0	–0.2	–0.4
Reversal of impairment	0.2	0.0	0.0	0.0	0.2
Net exchange differences	–23.8	–34.6	–3.8	–34.9	–97.1
Carrying amount as of March 31, 2016	**1,688.4**	**2,880.1**	**289.9**	**1,148.1**	**6,006.5**
Changes in the scope of consolidated financial statements	1.9	7.6	0.3	0.8	10.6
Additions	166.2	338.5	73.8	366.3	944.8
Transfers	63.3	961.7	20.6	–1,053.9	–8.3
Disposals	–1.8	–2.9	–1.8	–3.9	–10.4
Depreciation	–84.6	–507.8	–73.4	0.0	–665.8
Impairment	0.0	–3.3	0.0	–0.1	–3.4
Reversal of impairment	0.0	0.0	0.0	0.0	0.0
Net exchange differences	22.7	44.7	2.8	27.7	97.9
Carrying amount as of March 31, 2017	**1,856.1**	**3,718.6**	**312.2**	**485.0**	**6,371.9**

In millions of euros

As of March 31, 2017, restrictions on the disposal of property, plant and equipment amounted to EUR 11.9 million (March 31, 2016: EUR 10.9 million). Furthermore, as of March 31, 2017, commitments for the purchase of property, plant and equipment amounted to EUR 242.6 million (March 31, 2016: EUR 324.2 million).

Borrowing costs related to qualifying assets in the amount of EUR 15.8 million (2015/16: EUR 16.7 million) were capitalized in the reporting period. The calculation was based on an average borrowing cost rate of 2.5 % (2015/16: 2.5 %).

As of March 31, 2017, the gross carrying amount and accumulated depreciation of investment properties (IAS 40) are reported as follows:

	03/31/2016	03/31/2017
Gross carrying amount	23.4	23.3
Accumulated depreciation and impairment	–8.6	–8.6
Carrying amount	**14.8**	**14.7**

In millions of euros

The following table shows a reconciliation of the carrying amounts of investment properties for the periods presented in the consolidated financial statements as of March 31, 2017:

	2015/16	2016/17
Carrying amount as of April 1	**15.2**	**14.8**
Transfers	0.1	0.0
Disposals	–0.6	0.0
Reversal of impairment	0.2	0.0
Net exchange differences	–0.1	–0.1
Carrying amount as of March 31	**14.8**	**14.7**

In millions of euros

Investment properties are measured at cost. Depreciation is recorded in line with the general accounting policies for property, plant and equipment. Based on comparable sales transactions, the market value of these assets is estimated at EUR 15.7 million (March 31, 2016: EUR 15.8 million). Rental income and expenses for investment properties are immaterial.

The carrying amount for each class of asset under finance leases is reported as follows:

	Property, plant and equipment				Intangible Assets	Total
	Land, land rights, and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction		
2015/16						
Gross carrying amount	62.8	38.2	5.8	0.0	1.0	107.8
Accumulated depreciation and impairment	−24.1	−27.2	−2.4	0.0	−1.0	−54.7
Carrying amount	**38.7**	**11.0**	**3.4**	**0.0**	**0.0**	**53.1**
2016/17						
Gross carrying amount	49.9	32.7	6.4	0.5	1.0	90.5
Accumulated depreciation and impairment	−20.6	−24.7	−3.5	0.0	−1.0	−49.8
Carrying amount	**29.3**	**8.0**	**2.9**	**0.5**	**0.0**	**40.7**

In millions of euros

The present value of the minimum finance lease payments is due as follows:

	Minimum finance lease payments		Discounts on finance lease payments		Present value of the minimum finance lease payments	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
Less than one year	8.8	5.9	−1.7	−1.4	7.1	4.5
Between one and five years	21.7	17.9	−1.8	−1.2	19.9	16.7
More than five years	5.7	5.2	−0.6	−0.4	5.1	4.8
	36.2	**29.0**	**−4.1**	**−3.0**	**32.1**	**26.0**

In millions of euros

The most significant finance lease agreements for buildings and production plants have a remaining term of seven years. The Group has the option to purchase the plants at the end of the contractually agreed period or to renew the contract.

In addition to finance leases, obligations also exist under operating leases for property, plant and equipment that are not reported in the statement of financial position. These obligations are due as follows:

	2015/16	2016/17
Less than one year	51.8	49.2
Between one and five years	117.1	119.2
More than five years	72.0	58.9
	240.9	**227.3**

In millions of euros

Payments of EUR 62.5 million (2015/16: EUR 62.8 million) under operating leases have been recognized as expenses.

The most significant operating lease agreements relate to land and buildings with a lease term of up to 50 years (some with a termination option for voestalpine companies) and with a renewal option in certain cases. At the end of the lease term there are purchase options at fair value. There are no restrictions concerning dividends, additional debt, and further leases.

Reconciliation of depreciation, amortization and impairment of property, plant and equipment and intangible assets by functional area

	2015/16	2016/17
Cost of sales	588.2	640.9
Distribution costs	24.8	27.6
Administrative expenses	21.4	20.9
Other operating expenses	60.2	28.0
	694.6	**717.4**

In millions of euros

Impairment losses and reversal of impairment losses
In the business year 2016/17, the cash-generating unit in the Metal Engineering Division that works with the production of special drawn wire (ultrafine wire) recognized impairment losses of EUR 3.3 million on property, plant and equipment under other operating expenses as a result of project start-up delays and lower earnings expectations. These contrast with reversals of investment grants in the amount of EUR 1.0 million. The recoverable amount for these assets is EUR 50.2 million. A pre-tax discount rate of 7.52% was applied.

The direct reduction plant in Texas, USA, which was put into operation in the business year 2016/17 and produces high-quality HBI (hot briquetted iron), is part of the Steel Division and an independent cash-generating unit. An impairment test was carried out due to investment overruns in the construction phase. The impairment test resulted in a significant surplus.

10. GOODWILL

	03/31/2015	03/31/2016	03/31/2017
Gross carrying amount	1,485.2	1,556.7	1,561.8
Impairment	–12.3	–12.3	–12.3
Carrying amount	**1,472.9**	**1,544.4**	**1,549.5**

In millions of euros

The following table shows a reconciliation of the carrying amounts of goodwill for the periods presented in the consolidated financial statements as of March 31, 2017:

	Goodwill
Carrying amount as of April 1, 2015	**1,472.9**
Additions	73.0
Net exchange differences	–1.5
Carrying amount as of March 31, 2016	**1,544.4**
Additions	5.4
Disposals	–2.0
Net exchange differences	1.7
Carrying amount as of March 31, 2017	**1,549.5**

In millions of euros

The additions to goodwill of EUR 5.4 million include EUR 7.0 million from company acquisitions in the business year 2016/17 as well as an adjustment to the provisional purchase price allocation of Advanced Tooling TEK Co., LTD., China, from the business year 2015/16, due to final fair value adjustments to inventories, property, plant and equipment, and other intangible assets amounting to EUR –1.6 million.

Impairment tests for cash-generating units or groups of cash-generating units containing goodwill

Goodwill is allocated to the following cash-generating units or groups of cash-generating units:

	2015/16	2016/17
Total Steel Division	**160.1**	**160.1**
HPM Production	378.8	378.8
Value Added Services	314.9	314.9
Total High Performance Metals Division	**693.7**	**693.7**
Steel	25.8	25.8
Wire Technology	7.1	7.1
Rail Technology	31.8	29.8
Tubulars	67.1	67.1
Turnout Systems	124.6	124.7
Welding Consumables	172.2	172.2
Total Metal Engineering Division	**428.6**	**426.7**
Tubes & Sections	63.0	70.0
Automotive Body Parts	84.0	84.0
Precision Strip	103.8	103.8
Warehouse & Rack Solutions	11.2	11.2
Total Metal Forming Division	**262.0**	**269.0**
voestalpine Group	**1,544.4**	**1,549.5**

In millions of euros

With regard to the value in use, goodwill is reviewed for impairment applying the discounted cash flow method. The calculation is performed on the basis of cash flows as of the beginning of March under a five-year medium-term business plan approved by the Supervisory Board. This medium-term business plan is based on historical data as well as on assumptions regarding the expected future market performance. The Group's planning assumptions are extended to include sectoral planning assumptions. Intra-group evaluations are complemented by external market studies. The cash flows in the perpetual annuity are based on the assumption of country-specific growth derived from external sources. The capital costs are calculated as the weighted average cost of equity and the weighted average cost of borrowed capital and using the capital asset pricing model (weighted average costs of capital). The parameters used for determining the WACC are established on an objective basis.

Estimates and assumptions used to measure the recoverable amounts of cash-generating units or groups of cash-generating units with a significant share of the voestalpine Group's total goodwill include:

The **Steel Division** focuses on the production and processing of steel products for the segments automotive industry, white goods, electrical industry, processing industry, energy, and engineering industry. The five-year medium-term business plan for the Steel Division was prepared on the basis of external economic forecasts for the eurozone, the USA, China, Russia, and Mexico (based on the IMF's world economic outlook)[1] and under consideration of expected steel consumption[2]. EUROFER anticipates growth in demand for steel, especially in the automotive and construction industries. The CRU-index is also taken into account in planning for flat steel products.

Some quality-related adjustments have been made due to positive feedback from individual customer segments. The production plan reflects the sales forecasts. With respect to procurement, the assumptions regarding raw materials according to global market forecasts (based on e.g. Platts price assessments) were taken as a basis for planning. Based on these assumptions, the gross margin is expected to develop positively in the medium term.

The fifth plan year was used to calculate the perpetual annuity based on an expected growth rate of 1.27% (2015/16: 1.25%). The pre-tax WACC is 7.74% (2015/16: 7.56%).

The five-year medium-term business plan for the **High Performance Metals Division** and its two goodwill-carrying units—High Performance Metals (HPM) Production and Value Added Services—was based on both the general economic environment of the relevant industry segments (in particular the automotive,[3] oil and gas,[4] and aerospace industries[5]) as well as the growth forecasts for the regional sales markets in its core markets, especially the eurozone, the USA, China, Brazil, and Mexico (based on the IMF's world economic outlook[6] and Deutsche Bank Research[7]).

[1] World Economic Outlook, IMF 10/2016
[2] EUROFER – Dachverband der europäischen Stahlindustrie
[3] LMC Automotive Q3-2016, HIS Automotive – global light vehicle production forecast
[4] Baker Hughes – rig-count 10/2016
[5] Oxford Economics, Autum 2016
[6] World Economic Outlook, IMF 10/2016
[7] Deutsche Bank Research 1/2017

HPM Production bundles seven production locations around the world. Production covers a highly complex and highly demanding production spectrum: tool steel, high-speed steel, valve steel, special constructional steel, powder-metallurgical steel, special steels, and nickel-based alloys. It includes smelting and transforming (rolling, forging, hot-rolled, and cold-rolled strips) to heat treatment and processing, as well as meeting the properties and specifications required by the customer. The processing companies produce plate, profiles, and drop-forged parts from titanium alloys, nickel-based alloys and high, medium, and low-grade alloyed steels.

The internal forecasts and estimates for HPM production—in particular with regard to the components business that targets sophisticated metallurgical applications in the aerospace, oil and gas, energy engineering, and automotive industries—rely on these external sources of information and are largely consistent with them. A positive trend is again forecast for the automotive segment. A conservative budget approach was taken in the oil and gas segment; no substantial recovery is expected before the end of 2017. The aerospace industry should again see a positive trend with market dynamics flattening at a high level. Overall, this will lead to higher revenue and a positive gross margin trend in the planning period.

Changes in the cost of input materials due to the price of alloys can mostly be passed on to customers. The final plan year was used to calculate the perpetual annuity based on a growth factor of 1.72% (2015/16: 1.74%). The pre-tax WACC is 9.54% (2015/16: 9.72%).

In the **Value Added Services** business segment, the continued systematic expansion of services in the planning period will lead to greater customer loyalty and increased value creation. Further focus areas were defined here in the past business year. Preprocessing, heat treatment, and coating—Value Added Services now operates 18 coating centers for customers worldwide—will also be expanded in line with customer requirements. Ongoing activities will additionally focus on the systematic continuation of tried and tested cost-cutting and optimization programs as well as new initiatives, especially in the area of digitalization. This will lead to higher revenue and a positive gross margin trend in the planning period. Changes in material costs due to alloy prices can also be passed on to the market through what are known as "alloy surcharges." The perpetual annuity begins with the fifth plan year and is based on a growth factor of 1.60% (2015/16: 1.51%). The pre-tax WACC is 9.70% (2015/16: 10.02%).

The medium-term planning for **Turnout Systems** for the next five years is based on market forecasts[1] and project planning for railway infrastructure, taking into consideration the business segment's strategic focus and the increasing influence of digitalization in the rail segment. It also accounts for the different levels of economic development in the individual regions[2]. With regard to the most important factor cost developments, general forecasts of the development of personnel expenses and internal assumptions on the development of steel prices were integrated into the budgets. The planning assumes that the gross margin is kept relatively constant over the planning period and that fluctuation in the individual markets balance each other out as a result of the business segment's global reach. The perpetual annuity begins with the fifth plan year and is based on a growth factor of 1.64% (2015/16: 1.51%). The pre-tax WACC is 9.35% (2015/16: 8.94%).

1 UNIFE Annual Report 2016, 01/2016
2 World Economic Outlook, IMF 10/2016

The five-year medium-term planning for **Welding Consumables** takes into account both macroeconomic trends[1] in each region as well as the projected developments in the relevant industry segments. The expected price trends for raw materials, and in particular for alloys, are derived from current quoted market prices as well as the available forecasts. Based on the organizational measures and optimization program initiated and being implemented, which will be systematically continued in the planning period, as well as market forecasts, volume growth and a slight increase in the gross margin is anticipated in the planning period. The discounted cash flow method used in the course of the impairment tests is applied using a perpetual annuity based on the last planning period. A growth factor of 1.45% (2015/16: 1.36%) was applied for the perpetual annuity. The pre-tax WACC is 8.97% (2015/16: 8.70%).

The cash flow forecasts for **Automotive Components** are based on the medium-term market growth and production forecasts for the global automotive market according to the forecasts published by LMC Automotive[2], particularly for our most important markets in Europe, in the NAFTA region, and in Asia, as well as for our most important customers—premium European manufacturers. Internal estimates reflect the business segment's internationalization and growth strategy. External indicators and market dynamics were adjusted in line with the current model portfolio of Automotive Components customers. Customer-specific information about medium-term outlooks and sales projections also served as sources for business planning at Automotive Components. This will lead to higher revenue and a positive gross margin trend in the planning period. The fifth plan year was used to calculate the perpetual annuity based on a growth factor of 1.24% (2015/16: 1.15%). The pre-tax WACC is 9.04% (2015/16: 9.19%).

[1] World Economic Outlook, IMF 10/2016
[2] LMCA_GAPF_Data_Quarter 4 2016

Precision Strip specializes in the production of globally available, technologically complex cold-rolled strip steel products with exact dimensional accuracy, outstanding surface quality, and unique edge profiles for the highest customer requirements in the process industry. The five-year medium-term business plan for Precision Strip was prepared under consideration of the general regional conditions in the core markets and reflects the general economic environment of the most important industry segments for the companies. Current market conditions are characterized by strong competition and pressure on margins. The growth indicated in the planning is largely based on securing market leadership in niche markets, expanding market shares, and developing new markets. External forecasts were taken into account in internal estimates and, as a general rule, were adjusted very slightly downward. These external forecasts are country-specific figures for expected economic growth (GDP forecasts)[1], supplemented by industry-specific experience in the relevant markets for each product segment. Customer-specific information about medium-term outlooks and sales projections also served as sources for business planning at Precision Strip. As a result, revenue is expected to increase and the gross margin should be stable in the planning period. The final plan year was used to calculate the perpetual annuity based on a growth factor of 1.31% (2015/16: 1.24%). The pre-tax WACC is 8.91% (2015/16: 9.00%).

The value of all goodwill was confirmed by the impairment tests. A sensitivity analysis of the goodwill-carrying units described above showed that all carrying amounts would still be covered if the interest rate were to rise by one percentage point and there is no need to recognize an impairment loss. Furthermore, the cash flow sensitivity analysis showed that if the cash flows are reduced by 10%, all carrying amounts are still covered and there is no need to recognize an impairment loss. A combined sensitivity analysis of the goodwill-carrying units described above showed that, with an increase of the discount rate by one percentage point and a reduction in cash flow of 10%, the carrying amounts are still covered with three exceptions (Steel Division, High Performance Metals Production and Welding Consumables).

[1] World Economic Outlook, IMF 10/2016

The following table shows the carrying amount coverage as well as the amount by which both major assumptions would have to change for the estimated recoverable amount to become equal to the carrying amount:

STEEL DIVISION

	2015/16	2016/17
Carrying amount coverage in millions of euros	1,273.3	1,087.1
Discount rate in %	2.0	1.8
Cash flow in %	–26.0	–22.4

HIGH PERFORMANCE METALS PRODUCTION

	2015/16	2016/17
Carrying amount coverage in millions of euros	336.5	308.3
Discount rate in %	1.2	1.1
Cash flow in %	–15.1	–13.6

WELDING CONSUMABLES

	2015/16	2016/17
Carrying amount coverage in millions of euros	171.8	112.0
Discount rate in %	2.5	1.7
Cash flow in %	–28.7	–20.6

11. OTHER INTANGIBLE ASSETS

	Brands	Other	Advance payments or payments in progress	Total
Gross carrying amount	227.6	1,093.6	57.0	1,378.2
Accumulated amortization and impairment	−19.5	−1,013.3	−0.1	−1,032.9
Carrying amount as of April 1, 2015	**208.1**	**80.3**	**56.9**	**345.3**
Gross carrying amount	227.6	1,263.9	56.3	1,547.8
Accumulated amortization and impairment	−25.2	−1,108.5	0.0	−1,133.7
Carrying amount as of March 31, 2016	**202.4**	**155.4**	**56.3**	**414.1**
Gross carrying amount	227.6	1,322.5	50.0	1,600.1
Accumulated amortization and impairment	−30.9	−1,149.8	0.0	−1,180.7
Carrying amount as of March 31, 2017	**196.7**	**172.7**	**50.0**	**419.4**

In millions of euros

The “Brands” column contains brands with an indefinite useful life amounting to EUR 170.6 million. It also includes a capital market funding advantage associated with the brand name Böhler-Uddeholm. The amortization period of the capital market funding advantage is ten years.

Intangible assets with unlimited useful life

The following cash-generating units and groups of cash-generating units contain brands with indefinite useful lives:

	2015/16	2016/17
High Performance Metals Division	**155.4**	**155.4**
Welding Consumables	12.6	12.6
Total Metal Engineering Division	**12.6**	**12.6**
Precision Strip	2.6	2.6
Total Metal Forming Division	**2.6**	**2.6**
voestalpine Group	**170.6**	**170.6**

In millions of euros

The period during which these trademark rights are expected to generate cash flows is not subject to a foreseeable limit. Trademark rights are therefore not subject to wear and tear and are not amortized. No impairments have arisen.

The following table shows a reconciliation of the carrying amounts of other intangible assets for the periods presented in the consolidated financial statements as of March 31, 2017:

	Brands	Other	Advance payments or payments in progress	Total
Carrying amount as of April 1, 2015	**208.1**	**80.3**	**56.9**	**345.3**
Changes in the scope of consolidated financial statements	0.0	124.0	0.0	124.0
Additions	0.0	20.1	17.8	37.9
Transfers	0.0	19.3	–18.2	1.1
Disposals	0.0	–0.1	0.0	–0.1
Amortization	–5.7	–47.4	0.0	–53.1
Impairment	0.0	–38.8	0.0	–38.8
Net exchange differences	0.0	–2.0	–0.2	–2.2
Carrying amount as of March 31, 2016	**202.4**	**155.4**	**56.3**	**414.1**
Changes in the scope of consolidated financial statements	0.0	7.9	0.0	7.9
Additions	0.0	23.3	16.0	39.3
Transfers	0.0	27.0	–22.5	4.5
Disposals	0.0	0.0	0.0	0.0
Amortization	–5.7	–40.7	0.0	–46.4
Impairment	0.0	–1.7	0.0	–1.7
Net exchange differences	0.0	1.5	0.2	1.7
Carrying amount as of March 31, 2017	**196.7**	**172.7**	**50.0**	**419.4**

In millions of euros

The functional areas of cost of sales, distribution costs, administrative expenses, and other operating expenses may include amortization of intangible assets.

As of March 31, 2017, commitments for the acquisition of intangible assets amounted to EUR 1.0 million (March 31, 2016: EUR 5.0 million). Additions to “Advance payments or payments in progress” contain EUR 15.1 million (March 31, 2016: EUR 13.7 million) in capitalized development costs for a software project intended to map cross-company business processes and business processes that have been harmonized within the Steel Division. The carrying amount in the other intangible assets as of March 31, 2017 amounts to EUR 76.9 million (March 31, 2016: EUR 60.2 million); the expected useful life is ten years.

Impairment losses and reversal of impairment losses
In the business year 2016/17, impairment losses of EUR 1.7 million (March 31, 2016: EUR 38.8 million) were recognized on intangible assets for a cash-generating unit in the Metal Engineering Division that works with the production of seamless tubes due to ongoing negative market trends, in particular as a result of continued competitive pressure. These are recognized under other operating expenses. The recoverable amount for these assets is EUR 37.9 million (March 31, 2016: EUR 48.2 million). A pre-tax discount rate of 5.71% was applied (March 31, 2016: between 6.01% and 6.99%).

12. INVESTMENTS IN ENTITIES CONSOLIDATED ACCORDING TO THE EQUITY METHOD AND OTHER FINANCIAL ASSETS

	Investments in affiliates	Investments in associates	Investments in joint ventures	Other investments	Securities	Loans granted	Advance payments	Total
Gross carrying amount	16.6	117.1	102.0	55.3	3.8	19.8	0.0	314.6
Accumulated depreciation/revaluation	–6.3	0.0	0.0	–10.9	0.2	–0.9	0.0	–17.9
Carrying amount as of April 1, 2015	**10.3**	**117.1**	**102.0**	**44.4**	**4.0**	**18.9**	**0.0**	**296.7**
Gross carrying amount	17.5	109.4	3.2	54.9	3.3	18.2	0.2	206.7
Accumulated depreciation/revaluation	–6.8	–0.2	0.0	–16.8	0.1	–0.8	0.0	–24.5
Carrying amount as of March 31, 2016	**10.7**	**109.2**	**3.2**	**38.1**	**3.4**	**17.4**	**0.2**	**182.2**
Gross carrying amount	14.3	109.6	3.8	55.0	2.1	17.9	0.1	202.8
Accumulated depreciation/revaluation	–6.0	–0.4	0.0	–17.0	0.3	–0.7	0.0	–23.8
Carrying amount as of March 31, 2017	**8.3**	**109.2**	**3.8**	**38.0**	**2.4**	**17.2**	**0.1**	**179.0**

In millions of euros

The following table shows a reconciliation of the carrying amounts of investments in entities consolidated according to the equity method and other financial assets for the periods presented in the consolidated financial statements as of March 31, 2017:

	Investments in affiliates	Investments in associates	Investments in joint ventures	Other investments	Securities	Loans granted	Advance payments	Total
Carrying amount as of April 1, 2015	**10.3**	**117.1**	**102.0**	**44.4**	**4.0**	**18.9**	**0.0**	**296.7**
Changes in the scope of consolidated financial statements	0.9	0.0	−98.6	0.0	0.0	0.2	0.0	−97.5
Additions	0.0	0.0	0.1	0.0	0.0	0.6	0.2	0.9
Transfers	0.0	0.0	0.0	−0.4	0.0	−0.3	0.0	−0.7
Disposals	0.0	−3.9	0.0	0.0	−0.6	−1.7	0.0	−6.2
Impairment	−0.5	−0.2	0.0	−5.9	0.0	0.0	0.0	−6.6
Revaluation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net exchange differences	0.0	−3.8	−0.3	0.0	0.0	−0.3	0.0	−4.4
Carrying amount as of March 31, 2016	**10.7**	**109.2**	**3.2**	**38.1**	**3.4**	**17.4**	**0.2**	**182.2**
Changes in the scope of consolidated financial statements	0.0	0.0	0.0	0.0	0.0	1.6	0.0	1.6
Additions	0.1	18.5	0.9	0.1	0.0	2.4	0.0	22.0
Transfers	−0.2	0.0	0.0	0.0	0.0	−0.2	−0.1	−0.5
Disposals	−2.3	−18.5	−0.3	0.0	−1.1	−3.9	0.0	−26.1
Impairment	0.0	−0.2	0.0	−0.2	0.0	0.0	0.0	−0.4
Revaluation	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1
Net exchange differences	0.0	0.2	0.0	0.0	0.0	−0.1	0.0	0.1
Carrying amount as of March 31, 2017	**8.3**	**109.2**	**3.8**	**38.0**	**2.4**	**17.2**	**0.1**	**179.0**

In millions of euros

Loans granted comprise the following items:

	03/31/2015	03/31/2016	03/31/2017
Loans to affiliates	0.7	0.6	0.5
Other loans	10.6	9.3	10.9
Other receivables from financing	7.6	7.5	5.8
	18.9	**17.4**	**17.2**

In millions of euros

Other current investments in the amount of EUR 348.3 million (March 31, 2016: EUR 355.8 million) include securities of the V54 fund of funds amounting to EUR 298.2 million (March 31, 2016: EUR 325.2 million), and other securities amounting to EUR 50.1 million (March 31, 2016: EUR 30.6 million).

As of March 31, 2016, the fund assets of the V54 fund of funds, which represent a carrying amount of current securities amounting to EUR 21.5 million in the consolidated financial statements, were pledged for investment loans granted by the European Investment Bank. As of March 31, 2017, there are no pledges in this context.

VA Intertrading Aktiengesellschaft was recognized — as in the previous year — under other current financial investments, as the prerequisites for the application of IFRS 5 provisions have now been met; however, as these are immaterial and negligible, it is not appropriate to list them as a separate line item in the consolidated statement of financial position. VA Intertrading Aktiengesellschaft is part of the operating segment "Other."

13. DEFERRED TAXES

The tax effects of temporary differences, tax losses carried forward, and tax credits that result in a recognition of deferred tax assets and liabilities include the following items:

	Deferred tax assets		Deferred tax liabilities	
	03/31/2016	03/31/2017	03/31/2016	03/31/2017
Non-current assets	45.8	40.6	156.6	319.8
Current assets	67.7	61.2	73.5	111.4
Non-current provisions and liabilities	212.4	219.1	35.1	29.9
Current provisions and liabilities	34.2	32.8	30.9	28.5
Losses carried forward	49.2	219.6	0.0	0.0
	409.3	**573.3**	**296.1**	**489.6**
Intercompany profit elimination (netted)	21.8	23.7	0.0	0.0
Hidden reserves (netted)	0.0	0.0	113.5	104.9
Acquisition-related tax credit	90.3	72.3	0.0	0.0
Other	17.0	21.8	8.4	2.3
Netting of deferred taxes to the same tax authority	–296.0	–477.4	–296.0	–477.4
Net deferred taxes	**242.4**	**213.7**	**122.0**	**119.4**

In millions of euros

Pursuant to IAS 12.34, the tax benefit from the acquisition of BÖHLER-UDDEHOLM Aktiengesellschaft is reported as unused tax credit and will be released as a deferred tax expense over a period of 14 years with an amount of EUR 18.1 million per year (remaining term four years). This is offset by actual tax savings.

Deferred tax assets on losses carried forward in the amount of EUR 219.6 million (March 31, 2016: EUR 49.2 million) were recognized. As of March 31, 2017, there is a total of unused tax losses of approximately EUR 313.6 million (corporate income tax) (March 31, 2016: total of approximately EUR 251.9 million), for which no deferred tax asset has been recognized. Up to 2027, approximately EUR 62.2 million of tax loss carryforwards (corporate income tax) will expire.

No deferred tax liabilities are shown for the taxable temporary differences due on investments in subsidiaries, joint ventures, and associates of EUR 2,504.8 million (March 31, 2016: EUR 2,529.5 million) because the parent company is able to control the timing of the reversal of the temporary differences and no reversal of the temporary differences is expected in the foreseeable future.

The change in the balance between deferred tax assets and liabilities amounts to EUR –26.0 million (March 31, 2016: EUR –55.2 million). This essentially corresponds to the deferred tax expense of EUR 30.1 million (March 31, 2016: EUR 4.0 million) less the deferred tax assets recognized in the other comprehensive income in the amount of EUR 2.6 million (March 31, 2016: EUR –4.4 million) and less the deferred taxes of initial consolidation and deconsolidation in the amount of EUR –1.6 million (March 31, 2016: EUR –43.6 million).

Additional disclosures pursuant to IAS 12.81 (ab):

	Change 2015/16	**03/31/2016**	**Change 2016/17**	**03/31/2017**
Deferred taxes on actuarial gains/losses	–12.6	152.6	5.0	157.6
Deferred taxes on cash flow hedges	6.5	1.7	–2.3	–0.6
Deferred taxes on net investment hedges	3.5	0.0	0.0	0.0
Total of deferred taxes recognized in other comprehensive income	**–2.6**	**154.3**	**2.7**	**157.0**

In millions of euros

14. INVENTORIES

	03/31/2016	**03/31/2017**
Raw materials and supplies	912.2	1,207.8
Work in progress	850.3	931.0
Finished goods	997.1	1,060.7
Merchandise	188.8	176.9
As yet unbillable services	7.1	7.7
Advance payments	17.6	24.1
	2,973.1	**3,408.2**

In millions of euros

Write-downs to the lower net realizable value amounting to EUR 140.4 million (March 31, 2016: EUR 121.3 million) are recorded in the consolidated financial statements. The carrying amount of the inventories that have been written down to the lower net realizable value amounts to EUR 541.0 million (March 31, 2016: EUR 567.6 million). As in the previous year, no inventories are pledged as security for liabilities as of March 31, 2017. An amount of EUR 5,689.7 million (March 31, 2016: EUR 5,547.6 million) has been recognized as cost of materials.

15. TRADE AND OTHER RECEIVABLES

	03/31/2016	Remaining term over one year	03/31/2017	Remaining term over one year
Trade receivables	1,134.3	1.0	1,320.3	1.5
Other receivables and other assets	379.0	8.7	393.8	11.0
of which current tax assets	36.2		39.8	
	1,513.3	**9.7**	**1,714.1**	**12.5**

In millions of euros

Trade receivables include the following receivables from construction contracts:

	03/31/2016	03/31/2017
Aggregate amount of costs incurred up to the reporting date	172.8	168.2
Aggregate amount of accrued profits up to the reporting date	22.9	30.4
Aggregate amount of incurred losses up to the reporting date	–10.8	–5.5
Gross receivables from construction contracts	**184.9**	**193.1**
Less amount of advances received	–121.5	–118.8
Receivables from construction contracts	**63.4**	**74.3**

In millions of euros

Liabilities include the following liabilities from construction contracts:

	03/31/2016	03/31/2017
Aggregate amount of costs incurred up to the reporting date	12.0	20.1
Aggregate amount of accrued profits up to the reporting date	6.0	6.7
Aggregate amount of incurred losses up to the reporting date	0.0	0.0
Gross liabilities from construction contracts	**18.0**	**26.8**
Less amount of advances received	–22.2	–35.0
Liabilities from construction contracts	**–4.2**	**–8.2**

In millions of euros

Revenue from construction contracts amounted to EUR 245.3 million in the business year 2016/17 (2015/16: EUR 217.3 million).

16. CASH AND CASH EQUIVALENTS

	03/31/2016	03/31/2017
Cash on hand, cash at banks, checks	**774.8**	**503.3**

In millions of euros

17. EQUITY

Share capital (incl. disclosures in accordance with Section 241 of the Austrian Commercial Code *(Unternehmensgesetzbuch, UGB))*

As of March 31, 2017, the share capital amounts to EUR 320,394,836.99 (March 31, 2016: EUR 317,851,287.79) and is divided into 176,349,163 (March 31, 2016: 174,949,163) no-par value bearer shares. All shares are fully paid up.

Under Section 4 (2a) of the Articles of Incorporation, the Management Board of voestalpine AG is authorized until June 30, 2019, with the consent of the Supervisory Board, to increase the Company's share capital by up to EUR 125,323,693.90 by issuing up to 68,979,665 shares (= 40%) against cash contributions, if necessary in several tranches (Authorized Capital 2014/I). The Management Board did not exercise this authority during the reporting period.

Under Section 4 (2b) of the Articles of Incorporation, the Management Board of voestalpine AG is authorized until June 30, 2019, with the consent of the Supervisory Board, to increase the Company's share capital by up to EUR 31,330,923.02 by issuing up to 17,244,916 shares (= 10%) against contributions in kind and/or cash contributions to issue shares to employees, executives, and members of the Management Board of the Company or an affiliated company — if necessary in several tranches — as well as the right to exclude the shareholders' legal subscription right if (i) the capital increase is made against contributions in kind, which means that shares are issued for the purpose of acquiring companies, operations, partial operations, or shares in one or more companies located in Austria or abroad, or (ii) the capital increase is performed for the purpose of issuing shares to employees, executives, and members of the Management Board of the Company or an affiliated company in the context of an employee stock ownership plan (Authorized Capital 2014/II). The Management Board of voestalpine AG decided on March 9, 2015, to use this authorization to increase the share capital of voestalpine AG by issuing 2,500,000 new no-par value bearer shares, or by 1.45%, for the purpose of issuing shares to employees and executives of the Company and affiliated companies in the context of an existing employee stock ownership plan. This capital increase was entered into the Commercial Register on April 25, 2015. Furthermore, the Management Board of voestalpine AG decided on March 6, 2017, to use this authorization to increase the share capital of voestalpine AG by issuing 1,400,000 new no-par value bearer shares, or by 0.8%, for the purpose of issuing shares to employees and executives of the Company and affiliated companies in the context of an existing employee stock ownership plan. This capital increase was entered into the Commercial Register on March 30, 2017. Capital funding costs were deducted from equity.

Under Section 4 (6) of the Articles of Incorporation, the Management Board of voestalpine AG is authorized to increase the share capital of the Company by up to EUR 31,330,923.02 by issuing up to 17,244,916 ordinary no-par value bearer shares (= 10%) for issuance to creditors of financial instruments within the meaning of Section 174 of the Austrian Stock Corporation Act *(Aktiengesetz, AktG)* (convertible bonds, income bonds, or participation rights); the Management Board was authorized to issue these shares during the Annual General Meeting on July 2, 2014 (contingent capital increase). To date, the Management Board has not exercised the authority granted on July 2, 2014, to issue financial instruments within the meaning of Section 174 of the Austrian Stock Corporation Act.

During the Annual General Meeting on July 1, 2015, the Management Board was authorized to repurchase own shares for a term of validity of 30 months, representing no more than 10% of the respective share capital. The repurchase price may not be more than 20% below or 10% above the average closing price of the shares on the three market trading days prior to the repurchase. The Management Board has not exercised this authority to date.

Capital reserves mainly include the share premium (net of capital funding costs), gains/losses from the sale of own shares, and share-based compensation.

Reserves for own shares include the deducted cost of acquisition and the increase in equity from disposal of own shares at cost.

Retained earnings include the profit after tax less dividend distributions. When increasing or decrease majority interests, the difference between the cost of acquisition for the additional shares and the pro-rated carrying amount of the non-controlling interests is recognized directly in retained earnings. Actuarial gains and losses from severance and pension obligations are recognized directly in retained earnings in the year in which they are incurred.

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign subsidiaries.

The hedging reserve comprises gains and losses from the effective portion of the cash flow hedges. The cumulative gains or losses from hedged transactions recognized in the reserves are not recognized in the income statement until the hedged transaction also affects the result.

The number of shares outstanding for the periods presented in the consolidated financial statements as of March 31, 2017, has changed as follows:

	Number of no-par value shares	Number of own shares	Number of shares outstanding
Balance as of April 1, 2015	**172,449,163**	**28,597**	**172,420,566**
Additions	2,500,000		2,500,000
Balance as of March 31, 2016	**174,949,163**	**28,597**	**174,920,566**
Additions	1,400,000		1,400,000
Balance as of March 31, 2017	**176,349,163**	**28,597**	**176,320,566**

Shares

Hybrid capital
In the fourth quarter of the business year 2012/13, voestalpine AG issued a new subordinate undated bond (hybrid bond 2013) with a volume of EUR 500 million following an invitation extended to the holders of the hybrid bond 2007 to exchange the bond for a new hybrid bond at a 1:1 ratio. The outstanding nominal value of the hybrid bond 2007 as a result of this exchange was thus EUR 500 million. This was later completely terminated and redeemed as of October 31, 2014. The coupon of the hybrid bond 2013 is 7.125% until October 31, 2014, 6% from October 31, 2014, to October 31, 2019, the 5-year swap rate +4.93% from October 31, 2019, to October 31, 2024, and the 3-month EURIBOR +4.93% plus a step-up of 1% starting October 31, 2024. The hybrid bond 2013 can be first called in and redeemed by voestalpine AG, but not the creditors, on October 31, 2019. A total of EUR 30.0 million was paid out on October 31, 2016 (October 31, 2015: EUR 30.0 million) for interest on the hybrid bond 2013.

As the hybrid bond satisfies the IAS 32 criteria for equity, the proceeds from the bond issues are recognized as part of equity. Accordingly, coupon payments are also presented as part of the appropriation of profit.

The issue costs of the hybrid bond 2013 amounted to EUR 2.8 million, less EUR 0.7 million tax effect. Therefore hybrid capital amounts to EUR 497.9 million in equity.

Share-based compensation
Due to the practice of granting employees voestalpine shares as part of the annual profit bonus, 69 thousand shares with a market value of EUR 1.7 million (2015/16: EUR 1.0 million) were taken from equity to pay for this, and 43 thousand shares with a value of EUR 1.7 million (2015/16: EUR 1.7 million) were added to equity.

18. PENSIONS AND OTHER EMPLOYEE OBLIGATIONS

	03/31/2016	03/31/2017
Provisions for severance payments	598.0	605.7
Provisions for pensions	491.4	476.9
Provisions for long-service bonuses	139.7	143.8
	1,229.1	**1,226.4**

In millions of euros

PROVISIONS FOR SEVERANCE PAYMENTS

	2015/16	2016/17
Present value of defined benefit obligation (DBO) as of April 1	**606.0**	**598.0**
Service costs for the period	14.6	12.9
Past service costs	0.3	0.2
Interest costs for the period	9.3	11.0
Gains (–)/losses (+) on plan settlement	–0.6	0.0
Changes in the scope of consolidated financial statements	26.1	0.0
Severance payments	–27.8	–31.3
Actuarial gains (–)/losses (+) due to changes in financial assumptions	–27.4	19.3
Actuarial gains (–)/losses (+) due to experience-based adjustments	0.5	–4.4
Plan settlements	–2.9	0.0
Other	–0.1	0.0
Present value of defined benefit obligation (DBO) as of March 31	**598.0**	**605.7**

In millions of euros

PROVISIONS FOR PENSIONS

	Present value of DBO	Plan assets	Provisions for pensions
As of April 1, 2015	**905.5**	**–379.5**	**526.0**
Service costs for the period	10.3	0.0	10.3
Past service costs	–0.5	0.0	–0.5
Net interest for the period	15.3	–5.7	9.6
Return on plan assets (excluding amounts included in net interest)	0.0	15.3	15.3
Gains (–)/losses (+) on plan settlement/curtailment	–7.6	0.0	–7.6
Changes in the scope of consolidated financial statements	5.8	–3.4	2.4
Pension payments	–34.2	18.8	–15.4
Net exchange differences	–8.7	5.8	–2.9
Employer contributions/repayments	0.0	2.3	2.3
Contributions by plan participants	0.0	–0.5	–0.5
Actuarial gains (–)/losses (+) due to changes in financial assumptions	–46.2	0.0	–46.2
Actuarial gains (–)/losses (+) due to changes of demographic assumptions	0.4	0.0	0.4
Actuarial gains (–)/losses (+) due to experience-based adjustments	–1.7	0.0	–1.7
Plan settlements	–64.2	64.2	0.0
Other	–0.2	0.1	–0.1
As of March 31, 2016	**774.0**	**–282.6**	**491.4**

In millions of euros

PROVISIONS FOR PENSIONS

	Present value of DBO	Plan assets	Provisions for pensions
As of April 1, 2016	**774.0**	**–282.6**	**491.4**
Service costs for the period	9.8		9.8
Past service costs	–0.5		–0.5
Net interest for the period	16.9	–6.1	10.8
Return on plan assets (excluding amounts included in net interest)		–22.0	–22.0
Gains (–)/losses (+) on plan settlement/curtailment	–8.0		–8.0
Changes in the scope of consolidated financial statements	–0.1		–0.1
Pension payments	–35.0	19.4	–15.6
Net exchange differences	0.8	1.7	2.5
Employer contributions/repayments		–15.3	–15.3
Contributions by plan participants		–0.6	–0.6
Actuarial gains (–)/losses (+) due to changes in financial assumptions	36.4		36.4
Actuarial gains (–)/losses (+) due to changes of demographic assumptions	–4.2		–4.2
Actuarial gains (–)/losses (+) due to experience-based adjustments	–5.5		–5.5
Plan settlements			0.0
Other	–0.9	–1.3	–2.2
As of March 31, 2017	**783.7**	**–306.8**	**476.9**

In millions of euros

In the business year 2016/17, the obligation to active employees to make an additional payment to the national health care plan in their pension phase was eliminated at a Brazilian company. Provisions were therefore adjusted in line with the obligations to the remaining beneficiaries.

The conversion of pension obligations from defined benefit pension plans to defined contribution plans for a number of Dutch companies, which was initiated in 2013, was completed in the business year 2015/16.

The major categories of plan assets for the periods presented in the consolidated financial statements as of March 31, 2017, are as follows:

2015/16

Category	Assets with quoted market price in an active market	Assets without quoted market price in an active market	Total assets
Debt instruments	48.6%	0.0%	48.6%
Equity instruments	25.7%	0.0%	25.7%
Property	0.7%	2.3%	3.0%
Cash and cash equivalents	7.1%	0.1%	7.2%
Insurance	0.0%	9.9%	9.9%
Other assets	5.6%	0.0%	5.6%
Total	**87.7%**	**12.3%**	**100.0%**

2016/17

Category	Assets with quoted market price in an active market	Assets without quoted market price in an active market	Total assets
Debt instruments	43.8%	0.0%	43.8%
Equity instruments	30.7%	0.0%	30.7%
Property	0.0%	2.2%	2.2%
Cash and cash equivalents	5.7%	0.1%	5.8%
Insurance	0.0%	9.0%	9.0%
Other assets	8.4%	0.1%	8.5%
Total	**88.6%**	**11.4%**	**100.0%**

The plan assets include own shares with a fair value of EUR 1.0 million (March 31, 2016: EUR 0.9 million).

The average expected return is determined by the portfolio structure of the plan assets, empirical data, and estimates of future investment returns. The calculation of the provisions for pensions was based on an expected (average) interest rate of 2.2% on plan assets. The actual interest rate was 9.9%.

The amount recognized as an expense in the income statement for defined contribution plans is EUR 29.6 million (2015/16: EUR 26.9 million).

The sensitivity analysis of the key actuarial assumptions used to determine defined benefit obligations is depicted below:

SENSITIVITIES

	Interest rate		Salary/wage increases		Pension increases	
	+1.0%	**–1.0%**	**+0.5%**	**–0.5%**	**+0.25%**	**–0.25%**
Pensions	–13.3%	+16.9%	+0.8%	–0.8%	+3.1%	–3.0%
Severance	–10.1%	+12.0%	+5.6%	–5.2%		

Group-wide figures were determined for the effects associated with the interest rate, wage and salary increases, and pension increases. The sensitivities are not determined by way of estimates or approximations, but by way of comprehensive analyses, which vary the parameters.

For the business year 2017/18, the expected contributions to the defined benefit plans amount to EUR 2.5 million.

The interest-weighted, average duration for pension plans is 15.1 years and 11.1 years for severance payments.

PROVISIONS FOR LONG-SERVICE BONUSES

	2015/16	2016/17
Present value of long-service bonus obligations (DBO) as of April 1	**135.3**	**139.7**
Service costs for the period	8.8	8.8
Interest costs for the period	2.0	2.5
Changes in the scope of consolidated financial statements	5.8	0.0
Long-service bonus payments	–9.0	–9.0
Actuarial gains (–)/losses (+) due to changes in assumptions	–6.6	5.0
Actuarial gains (–)/losses (+) due to experience-based adjustments	3.6	–1.7
Other	–0.2	–1.5
Present value of long-service bonus obligations (DBO) as of March 31	**139.7**	**143.8**

In millions of euros

Expenses/revenue relative to provisions for severance payments, pensions, and long-service bonuses recognized in the income statement are categorized as follows:

	2015/16	2016/17
Service costs for the period	33.5	31.2
Net interest for the period	20.9	24.3
Gains (–)/losses (+) on plan settlement/curtailment	–8.2	–8.0
Actuarial gains (–)/losses (+) from long-service bonus obligations	–3.0	3.3
Expenses/revenue recognized in the income statement	**43.2**	**50.8**

In millions of euros

Net interest for the period is recognized in finance costs.

19. PROVISIONS

	Balance as of 04/01/2016	Changes in the scope of consolidated financial statements	Net exchange differences	Use	Reversals	Transfers	Additions	Balance as of 03/31/2017
Non-current provisions								
Other personnel expenses	23.4	0.0	1.6	–4.9	–0.1	–0.1	4.5	24.4
Warranties and other risks	10.8	0.0	0.1	–2.0	–0.5	–0.3	6.5	14.6
Other non-current provisions	37.4	0.0	1.1	–6.3	–0.2	1.4	7.0	40.4
	71.6	**0.0**	**2.8**	**–13.2**	**–0.8**	**1.0**	**18.0**	**79.4**
Current provisions								
Unused vacation entitlements	131.3	0.0	1.1	–83.2	–0.1	0.0	86.0	135.1
Other personnel expenses	169.5	0.5	1.9	–143.4	–5.5	0.1	163.2	186.3
Warranties and other risks	54.0	0.0	0.5	–11.6	–9.6	0.2	19.8	53.3
Onerous contracts	62.5	0.0	0.0	–50.7	–3.0	–1.2	47.1	54.7
Other current provisions	149.9	0.2	0.9	–73.8	–13.7	–0.1	92.2	155.6
	567.2	**0.7**	**4.4**	**–362.7**	**–31.9**	**–1.0**	**408.3**	**585.0**
	638.8	**0.7**	**7.2**	**–375.9**	**–32.7**	**0.0**	**426.3**	**664.4**

In millions of euros

The provisions for personnel expenses mainly include bonuses. Provisions for warranties and other risks as well as onerous contracts apply to current operating activities. The other provisions mainly consist of provisions for commissions, litigation, legal, and consulting fees, and environmental protection obligations.

The amount recognized as a provision for warranties and other risks is calculated as the most reliable estimated value of the amount that would be required to settle these obligations at the reporting date. The statistical measure is the expected value, which is based on the probability of occurrence of an event according to past experience.

Provisions for onerous contracts are recognized when the earnings expected to be derived by the Group from contracts are lower than the unavoidable cost of meeting its obligations under these contracts. Before recognizing a separate provision for onerous contracts, the Group recognizes an impairment loss on the assets associated with such contracts.

The provisions recognized in the annual financial statements 2015/16 in the amount of EUR 43.1 million for the antitrust proceedings and associated actions and costs relating to railway superstructure material as well as for the closure of TSTG Schienen Technik GmbH & Co KG have been reduced to EUR 35.6 million due to the use of these provisions in the business year 2016/17.

Companies of the High Performance Metals Division of the voestalpine Group are affected by proceedings of the German Federal Cartel Office (Bundeskartellamt) that became known as of November 26, 2015, due to searches of the premises of voestalpine's competitors. voestalpine is taking these proceedings very seriously, is cooperating with the authorities, and currently does not expect that significant fines will be imposed against voestalpine in these proceedings. No provisions were formed in this regard in the current reporting period.

Increases in provisions totaling EUR 9.4 million (2015/16: EUR 6.4 million) are included in the reporting period, based on accrued interest and on changes in the discount rate.

20. FINANCIAL LIABILITIES

	Up to one year		Over one year	
	03/31/2016	03/31/2017	03/31/2016	03/31/2017
Bank loans and bonds	851.9	1,280.9	3,256.5	2,681.0
Liabilities from finance leases	7.1	4.5	25.0	21.5
Liabilities from affiliates	14.5	11.6	0.0	0.0
Liabilities from other investments	0.0	1.3	0.0	0.0
Other payables and liabilities	24.7	34.6	61.3	62.2
	898.2	**1,332.9**	**3,342.8**	**2,764.7**

In millions of euros

On February 3, 2011, voestalpine AG issued a corporate bond amounting to EUR 500.0 million. The bond will be redeemed on February 5, 2018. The outstanding principal amount of the bond accrues interest at an annual rate of 4.75%.

On October 5, 2012, voestalpine AG issued a corporate bond with a volume of EUR 500.0 million. The bond will be redeemed on October 5, 2018. The outstanding principal amount of the bond accrues interest at an annual rate of 4.00%.

On October 14, 2014, voestalpine AG issued a fixed interest bond of EUR 400.0 million. The bond will be redeemed in October 2021 and carries an annual interest rate of 2.25%.

As in the previous year, there were ongoing buybacks of corporate bonds from 2012–2018 and 2011–2018 in the business year 2016/17. EUR 16.2 million (2015/16: EUR 24.4 million) were repurchased from the total principal amount of the 2012–2018 corporate bond and EUR 13.6 million (2015/16: EUR 25.0 million) from the total principal amount of the 2011–2018 corporate bond.

21. TRADE AND OTHER PAYABLES

	03/31/2016	03/31/2017
Prepayments received on orders	102.3	100.5
Trade payables	1,101.2	1,294.2
Trade payables with reverse factoring agreements	37.3	9.5
Liabilities from bills of exchange accepted and drawn	299.4	561.0
Other liabilities from taxes	88.8	109.5
Other liabilities related to social security	47.8	48.0
Other payables and liabilities	349.0	339.5
	2,025.8	**2,462.2**

In millions of euros

22. CONTINGENT LIABILITIES

	03/31/2016	03/31/2017
Liabilities from the issue and transfer of bills of exchange	1.9	1.1
Surety bonds and guarantees	1.5	1.5
	3.4	**2.6**

In millions of euros

The federal finance court has directed a request for a preliminary ruling to the ECJ with regard to the Austrian energy tax rebate (BFG 10/31/2014, RE/5100001/2014). The energy tax rebate was restricted to production companies through the amendment to the Energy Tax Rebate Act in the Budget Accompanying Act 2011, applicable to the periods after December 31, 2010. Subsequently, the question of whether this restriction that can be deemed to constitute state aid violated EU law was submitted to the European Court of Justice for a preliminary ruling; this has now actually been affirmed by the highest court (ECJ 7/21/2016, case no. C-493/14, Dilly's Wellnesshotel GmbH). Thus, the restrictions pursued by the Budget Accompanying Act 2011 did not enter into force with legal effect and therefore, service providers specifically, among others, can retroactively assert the energy tax rebate for periods after February 1, 2011. In its subsequent ruling, the federal finance court declared that the restriction to production companies did not enter into effect. The tax office appealed against this decision to the Higher Administrative Court. No adverse impact is anticipated for the voestalpine Group.

23. FINANCIAL INSTRUMENTS

General information

The principal financial instruments used by the voestalpine Group consist of bank loans, bonds, borrower's notes, and trade payables. The primary aim of the financial instruments is to finance the business activities of the Group. The Group holds various financial assets, such as trade receivables, short-term deposits, and non-current investments, which result directly from the Group's business activities.

The Group also uses derivative financial instruments. These instruments mainly include interest rate swaps, forward exchange transactions, and commodity swaps. These derivative financial instruments are used to hedge interest rate and currency risks and risks from fluctuations in raw materials prices, which result from the business activities of the Group and its sources of financing.

Capital management
In addition to ensuring availability of the liquidity necessary to support business activities and maximizing shareholder value, the primary objective of the Group's capital management is to ensure appropriate creditworthiness and a satisfactory equity ratio.

Capital management in the voestalpine Group is performed using the net financial debt to EBITDA ratio and the gearing ratio, i.e., the net financial debt to equity ratio. Net financial debt consists of interest-bearing loans less financing receivables and other loan receivables, securities, cash, and cash equivalents. Equity includes non-controlling interests in Group companies and the hybrid capital.

The target amount for the gearing ratio is 50% and may only be exceeded up to a maximum of 75% for a limited period of time. The net financial debt to EBITDA ratio may not exceed 3.0. All growth measures and capital market transactions are based on these ratios.

The following table shows these two ratios for the reporting period:

	03/31/2016	03/31/2017
Gearing ratio in %	54.5%	53.2%
Net financial debt to EBITDA ratio	1.9	2.1

Financial risk management—Corporate finance organization
Financial risk management also includes the area of raw material risk management. Financial risk management is organized centrally with respect to policy-making power, strategy determination, and target definition. The existing policies include targets, principles, duties, and responsibilities for both the Group Treasury and individual Group companies. In addition, they govern the areas of pooling, money market, credit and securities management, currency, interest rate, liquidity, and commodity price risk, and reporting. The Group Treasury, acting as a service center, is responsible for implementation. Three organizationally separate units are responsible for closing, processing, and recording transactions, which guarantees a six-eyes principle. Policies, policy compliance, and the ICS conformity of business processes are additionally audited at regular intervals by an external auditor.

It is part of the voestalpine Group's corporate policy to continuously monitor, quantify, and, where reasonable, hedge financial risks. The Group's willingness to accept risk is relatively low. The strategy aims at achieving natural hedges and reducing fluctuations in cash flows and income. Market risks are largely hedged by means of derivative financial instruments.

To quantify interest rate risk, voestalpine AG uses interest rate exposure and fair value risk as indicators. Interest rate exposure quantifies the impact of a 1% change in the market interest rate on interest income and interest expenses. Fair value risk means the change in the fair value of an interest rate-sensitive item with a 1% parallel shift of the interest yield curve.

voestalpine AG uses the "@risk" concept to quantify currency risk. The maximum loss within one year is determined with 95% certainty. Risk is calculated for the open position, which is defined as the budgeted quantity for the next twelve months less the quantity that has already been hedged. The variance-covariance approach is used to evaluate foreign currency risk.

Liquidity risk—Financing

Liquidity risk refers to the risk of not being able to fulfill payment obligations due to insufficient means of payment.

The primary instrument for controlling liquidity risk is a precise financial plan that is submitted quarterly by the operating entities directly to the Group Treasury of voestalpine AG. The funding requirements with regard to financing and bank credit lines are determined based on the consolidated results.

Working capital is financed by the Group Treasury. A central clearing system performs intra-group netting daily. Entities with liquidity surpluses indirectly put these funds at the disposal of entities requiring liquidity. The Group Treasury places any residual liquidity with their principal banks. This allows the volume of outside borrowing to be decreased and net interest income to be optimized.

Financing is carried out in the local currency of the borrower in order to avoid exchange rate risk or is currency-hedged using cross-currency swaps.

voestalpine AG holds securities and current investments as a liquidity reserve. As of March 31, 2017, non-restricted securities amounted to EUR 348.3 million (March 31, 2016: EUR 334.3 million). Furthermore, cash and cash equivalents in the amount of EUR 503.3 million (March 31, 2016: EUR 774.8 million) are reported in the consolidated financial statements.

Additionally, adequate credit lines that are callable at any time exist with domestic and foreign banks. These credit lines have not been drawn. In addition to the possibility of exhausting these financing arrangements, contractually guaranteed credit lines of EUR 710 million (2015/16: EUR 711 million) are available to bridge any economic downturns.

The sources of financing are managed on the basis of the principle of bank independence. Financing is currently being provided by approximately 20 different domestic and foreign banks. Covenants agreed for a minor part of the total credit volume with a single bank are adhered to. The capital market is also used as a source of financing. No capital market transactions were performed in the business year 2015/16. No new debt was raised through capital market transactions in the business year 2016/17. The capital increase decided by the Management Board on March 6, 2017, and approved by the Supervisory Board on March 23, 2017, in the amount of 1.4 million shares was entered into the Commercial Register on March 30, 2017, and is therefore effective as of this date.

A maturity analysis of all liabilities existing as of the reporting date is presented below:

LIABILITIES

	Due within one year		Due between one and five years		Due after more than five years	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
Bonds	0.0	460.9	947.6	852.4	392.9	0.0
Bank loans	851.9	820.0	1,545.5	1,595.2	370.5	233.3
Trade payables	1,136.2	1,302.9	2.3	0.8	0.0	0.0
Liabilities from finance leases	7.1	4.5	19.9	16.7	5.1	4.8
Liabilities from foreign currency hedges and commodity hedges	7.6	13.1	0.0	0.6	0.0	0.0
thereof designated as hedge accounting	3.1	1.7	0.0	0.3	0.0	0.0
Liabilities from interest hedges (incl. Cross-Currency-Swaps)	5.1	11.1	7.5	6.0	0.0	0.0
thereof designated as hedge accounting	0.0	0.0	4.5	2.5	0.0	0.0
Other financial liabilities	39.1	47.5	36.2	36.9	25.1	25.3
Total liabilities	**2,047.0**	**2,660.0**	**2,559.0**	**2,508.6**	**793.6**	**263.4**

In millions of euros

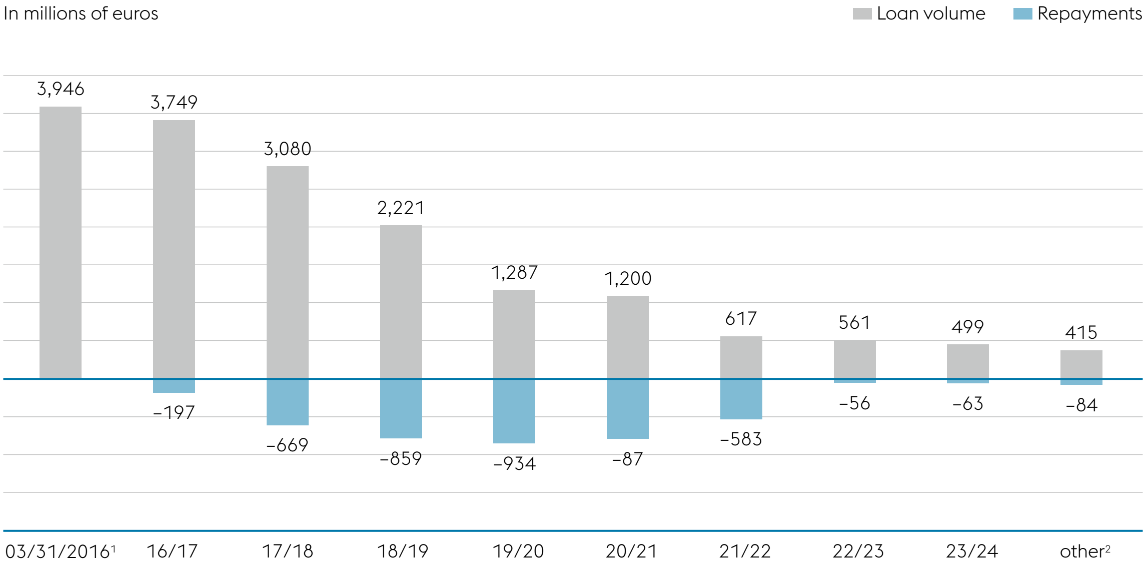
As estimated as of the reporting date, the following (prospective) interest charges correspond to these existing liabilities:

	Due within one year		Due between one and five years		Due after more than five years	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
Interest on bonds	50.6	49.3	96.6	54.4	9.0	0.0
Interest on bank loans	40.5	40.9	78.1	62.4	14.5	11.5
Interest on liabilities from finance leases	1.7	1.4	1.8	1.2	0.6	0.4
Interest on interest hedges (incl. Cross-Currency-Swaps)	13.4	14.3	8.5	4.9	0.0	0.0
Interest on other financial liabilities	1.6	1.8	6.2	5.4	3.0	2.3
Total interest charges	**107.8**	**107.7**	**191.2**	**128.3**	**27.1**	**14.2**

In millions of euros

As of March 31, 2016, the maturity structure of the loan portfolio has the following repayment profile for the next several years:

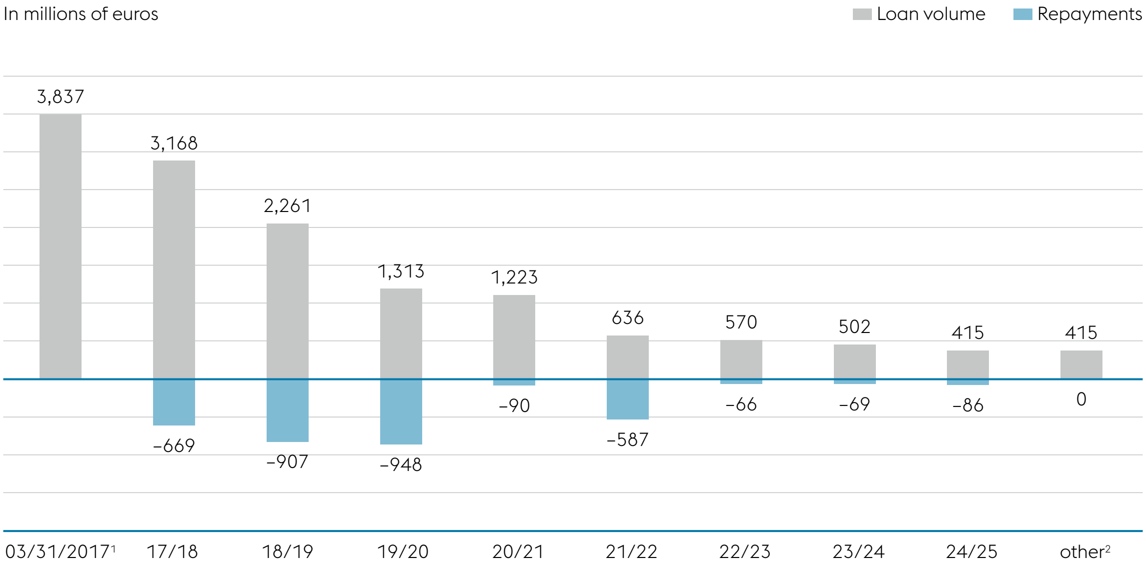
LOAN PORTFOLIO MATURITY STRUCTURE AS OF MARCH 31, 2016



¹ Debit balances with banks not included
² Contains EUR 406.1 million of revolving export loans

As of March 31, 2017, the maturity structure of the loan portfolio has the following repayment profile for the next several years:

LOAN PORTFOLIO MATURITY STRUCTURE AS OF MARCH 31, 2017



[1] Debit balances with banks not included
[2] Contains EUR 406.1 million of revolving export loans

Credit risk

Credit risk refers to financial losses that may occur through non-fulfillment of contractual obligations by business partners.

The credit risk of the underlying transactions is kept low by precise management of receivables. A high percentage of delivery transactions is covered by credit insurance. Bankable security is also provided, such as guarantees and letters of credit.

As of the reporting date, there were receivables that are neither past due nor impaired in the amount of EUR 1,357.9 million. The age structure of receivables that are past due but not impaired is presented below:

RECEIVABLES THAT ARE PAST DUE BUT NOT IMPAIRED

	2015/16	2016/17
Up to 30 days past due	137.2	136.2
31 to 60 days past due	33.4	29.9
61 to 90 days past due	12.9	11.5
91 to 120 days past due	8.3	10.5
More than 120 days past due	37.9	41.8
Total	**229.7**	**229.9**

In millions of euros

The following impairment was recorded for receivables of voestalpine AG during the reporting period:

IMPAIRMENT FOR RECEIVABLES

	2015/16	2016/17
Opening balance as of April 1	**34.8**	**31.0**
Additions	10.6	10.0
Net exchange differences	–1.4	0.7
Changes in the scope of consolidated financial statements	4.4	–0.1
Reversal	–10.4	–2.7
Use	–7.0	–6.1
Closing balance as of March 31	**31.0**	**32.8**

In millions of euros

Impaired receivables amounted to EUR 159.2 million gross as of March 31, 2017.

As most of the receivables are insured, the risk of bad debt losses is limited. The maximum loss, which is theoretically possible, equals the amount at which the receivables are stated in the statement of financial position.

The management of credit risk from investment and derivative transactions is governed by internal guidelines. All investment and derivative transactions are limited for each counterparty, with the size of the limit dependent on the rating of the bank.

The credit risk for derivative financial instruments is limited to transactions with a positive market value and to the replacement cost of such transactions. Therefore, derivative transactions are only valued at their positive market value up to this limit. Derivative transactions are exclusively based on standardized master agreements for financial forward transactions.

BREAKDOWN OF INVESTMENTS AT FINANCIAL INSTITUTIONS BY RATING CLASSES

	AAA	AA	A	BBB	<BBB/NR
Bonds	62.6	141.1	0.0	2.1	0.0
Money market investments excl. account credit balances	0.0	48.0	81.5	10.6	0.0
Derivatives[1]	0.0	2.0	9.3	5.9	0.2

[1] Only positive market value

In millions of euros

Currency risk

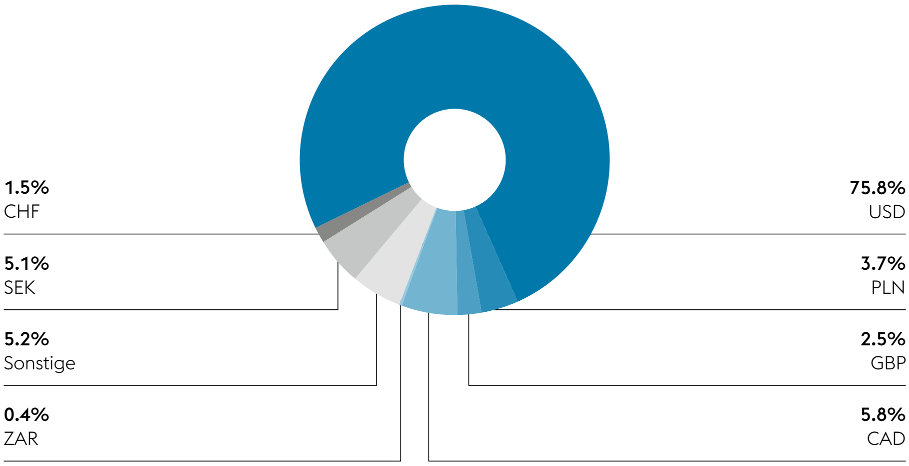
The largest currency position in the Group arises from raw materials purchases in USD; however, the global business activities of the voestalpine Group also give rise to currency exposures in various other currencies.

Cash inflows and outflows in the respective currencies are offset thanks to the implementation of rolling multi-currency netting. The natural hedge created in this way mitigates risk. The use of derivative hedging instruments is another possibility. voestalpine AG hedges budgeted foreign currency payments over the next twelve months. Longer-term hedging occurs only for contracted projects. The hedging ratio is between 25% and 100%. The further in the future the cash flow lies, the lower the hedging ratio.

The net requirement for USD in the voestalpine Group was USD 582.0 million in the business year 2016/17. The increase compared to the previous year (USD 530.9) was due primarily to the increase in prices of raw materials purchased. The remaining foreign currency exposure, resulting primarily from exports to the “non-euro area” and raw material purchases, is significantly lower than the USD risk.

Based on the Value-at-Risk calculation, as of March 31, 2017, the risks for all open positions for the upcoming business year are as follows:

FOREIGN CURRENCY PORTFOLIO 2016/17 (NET)



Undiversified	USD	PLN	ZAR	GBP	CAD	CHF	SEK	Other
Position[1]	–489.5	35.7	3.3	19.5	54.2	11.5	–35.0	40.6
VaR (95%/year)	74.2	4.8	0.7	2.4	8.3	1.9	4.0	6.5

[1] Unhedged planned positions for the business year 2017/18

In millions of euros

Taking into account the correlation between the different currencies, the resulting portfolio risk is EUR 65.0 million (March 31, 2016: EUR 17.5 million) for the voestalpine Group.

Interest rate risk

voestalpine AG differentiates between cash flow risk (the risk that interest expenses or interest income will undergo a detrimental change) for variable-interest financial instruments and present value risk for fixed-interest financial instruments. The positions shown include all interest rate-sensitive financial instruments (loans, money market, issued and purchased securities, as well as interest rate derivatives).

The primary objective of interest rate management is to optimize interest expenses while taking the risk into consideration. In order to achieve a natural hedge for interest-bearing positions, the modified duration of assets is closely linked to the modified duration of the liabilities.

The variable-interest positions on the liabilities side significantly exceed the positions on the assets side so that a 1% increase in the money market rate increases the interest expense by EUR 13.1 million (2015/16: EUR 8.6 million).

The weighted average interest rate for asset positions is 0.50% (2015/16: 0.66%) with a duration of 0.86 years (2015/16: 0.98 years)—including money market investments—and 2.03% (2015/16: 2.26%) for liability positions with a duration of 1.15 years (2015/16: 1.95 years).

	Positon[1]	Weighted average interest rate	Duration (years)	Average capital commitment (years)[2]	Sensitivity to a 1% change in the interest rate[1]	Cash flow risk[1]
Assets	1,036.5	0.50%	0.86	1.21	–3.3	–8.6
Liabilities	–4,472.7	2.03%	1.15	2.27	59.1	21.7
Net	–3,436.2				55.8	13.1

[1] In millions of euros
[2] Excluding revolving export loans of EUR 406.1 million

The present value risk determined using the Value-at-Risk calculation for March 31, 2017, is equal to EUR 1.0 million (March 31, 2016: EUR 8.6 million) for positions on the assets side given a 1% change in the interest rate and EUR 34.7 million (March 31, 2016: EUR 130.8 million) for positions on the liabilities side. Therefore, in the event of a 1% drop in the interest rate, voestalpine AG would have an imputed (unrecognized) net present value loss of EUR 36.4 million (March 31, 2016: EUR 122.2 million).

The asset positions include EUR 343.3 million (previous year: EUR 409.0 million) of investments in the V54 fund of funds. 100% of the fund assets are invested in bonds and money market securities in euros or in cash in the two sub-funds V101 and V103 and in various special funds as follows:

Funds		
Sub-fund V101	EUR 166.3 million	with a duration of 2.7
Sub-fund V103	EUR 83.7 million	with a duration of 2.6
Special funds	EUR 92.6 million	(only included in V54)

In addition to the investment fund, there are also securities exposures in the amount of EUR 46.2 million (March 31, 2016: EUR 7.4 million).

In the business year 2016/17, gains in the amount of 1.19% (2015/16: 0.47%) were recorded in the V54 fund of funds.

Securities are measured at fair value. For the determination of the fair value, quoted prices for identical assets or liabilities in active markets (unadjusted) are used. Net profit amounting to EUR 22.7 million (2015/16: EUR 1.3 million) is recognized at fair value through profit or loss for financial instruments that are measured using the fair value option.

Derivative financial instruments
Portfolio of derivative financial instruments:

	Nominal value (in millions of euros)		Market value (in millions of euros)		Of which accounted for in equity		Maturity	
	03/31/2016	03/31/2017	03/31/2016	03/31/2017	03/31/2016	03/31/2017	03/31/2016	03/31/2017
Foreign currency hedges	826.4	1,533.4	2.3	–7.7	–2.7	–0.9	< 1 year	< 2 years
thereof designated as hedge accounting	164.9	209.2	–2.7	–0.9				
Interest hedges	456.2	255.8	–7.0	–2.5	–4.5	–2.5	< 3 years	< 2 years
thereof designated as hedge accounting	255.0	254.4	–4.5	–2.5				
Cross-Currency-Swaps	139.9	135.3	8.4	–13.3			≤ 4 years	≤ 3 years
thereof designated as hedge accounting	0.0	0.0	0.0	0.0				
Commodity hedges	19.1	47.5	0.6	9.9	0.0	5.6	< 2 years	< 1 year
thereof designated as hedge accounting	16.6	44.8	1.1	9.7				
Total	**1,441.6**	**1,972.0**	**4.3**	**–13.6**	**–7.2**	**2.2**		
thereof designated as hedge accounting	436.5	508.4	–6.1	6.3				

The derivative transactions are marked to market daily by determining the value that would be realized if the hedging position were closed out (liquidation method). Input for the calculation of market values are observable currency exchange rates and raw materials prices as well as interest rates. Based on the input, the market value is calculated using generally accepted actuarial formulas.

Unrealized profits or losses from hedged transactions are accounted for as follows:

» If the hedged asset or liability is already recognized in the statement of financial position or an obligation not recorded in the statement of financial position is hedged, the unrealized profits and losses from the hedged transaction are recognized through profit and loss. At the same time, the hedged item is reported at fair value, regardless of its initial valuation method. The resulting unrealized profits and losses are offset with the unrealized results of the hedged transaction in the income statement, so that in total, only the ineffective portion of the hedged transaction is reported in profit or loss for the period (fair value hedges).

» If a future transaction is hedged, the effective portion of the unrealized profits and losses accumulated up to the reporting date is recognized in other comprehensive income. The ineffective portion is recognized through profit and loss. When the transaction that is hedged results in the recognition of a non-financial asset or a liability in the statement of financial position, the amount recognized in other comprehensive income is taken into account when the carrying amount of this item is determined. Otherwise, the amount reported in other comprehensive income is recognized through profit or loss in accordance with the income effectiveness of the future transaction or the existing obligation (cash flow hedges).

In the business year 2016/17, hedge accounting in accordance with IAS 39 was used for hedging foreign currency cash flows, interest-bearing receivables and liabilities, and raw materials purchase agreements. The hedges are mainly cash flow hedges, while only a small proportion—largely raw material hedges—are designated as fair value hedges. Hedge accounting is only applied to a part of any completed hedge transactions.

Net losses of foreign currency, raw material, and interest rate derivatives amounting to EUR 27.3 million (2015/16: net gains amounting to EUR 10.3 million) were recognized through profit and loss in the reporting period.

Losses amounting to EUR 1.5 million (2015/16: gains amounting to EUR 2.3 million) on raw material hedges, which are designated as fair value hedges, were recognized through profit and loss. Gains for the corresponding underlying transactions amounting to EUR 1.5 million (2015/16: losses amounting to EUR 2.3 million) were also recognized through profit and loss.

In the business year 2016/17, ineffective hedging amounting to EUR 0.4 million (2015/16: EUR 0.0 million) was recorded in profit or loss.

Negative market values amounting to EUR 2.7 million (2015/16: positive market values amounting to EUR 37.4 million) previously recorded in the reserve for foreign exchange hedges were recognized through profit and loss in cost of materials during the reporting period; negative market values amounting to EUR 0.9 million (2015/16: negative market values amounting to EUR 2.7 million) were allocated to the reserve. In the business year 2016/17, the reserve for interest rate hedges was increased by EUR 2.0 million (2015/16: decreased by EUR 0.1 million) due to changes in the fair values. The commodity hedge reserve was increased by EUR 5.6 million (2015/16: EUR 0.0 million) as a result of redesignation and changes in fair value. There were no additional changes and no amounts were withdrawn or reclassified.

Derivatives designated as cash flow hedges have the following effects on cash flows and profit or loss for the period:

	Total contractual cash flows		Contractual cash flows					
			< 1 year		> 1 year and < 5 years		> 5 years	
	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17	2015/16	2016/17
Interest hedges								
Assets	0.0	0.2	0.0	0.2	0.0	0.0	0.0	0.0
Liabilities	–4.5	–2.7	–1.2	–1.7	–3.3	–1.0	0.0	0.0
	–4.5	**–2.5**	**–1.2**	**–1.5**	**–3.3**	**–1.0**	**0.0**	**0.0**
Foreign currency hedges								
Assets	0.4	0.5	0.4	0.5	0.0	0.0	0.0	0.0
Liabilities	–3.1	–1.4	–3.1	–1.1	0.0	–0.3	0.0	0.0
	–2.7	**–0.9**	**–2.7**	**–0.6**	**0.0**	**–0.3**	**0.0**	**0.0**
Commodity hedges								
Assets	0.0	10.6	0.0	10.6	0.0	0.0	0.0	0.0
Liabilities	0.0	–0.3	0.0	–0.3	0.0	0.0	0.0	0.0
	0.0	**10.3**	**0.0**	**10.3**	**0.0**	**0.0**	**0.0**	**0.0**

In millions of euros

Categories of financial instruments

Classes	Financial assets measured at amortized cost		Financial assets measured at fair value			Total
Categories	Loans and receivables	Available for sale at cost	Available for sale at fair value	Financial assets measured at fair value through profit or loss		
				Held for trading (derivatives)	Other	
Assets 2015/16						
Other financial assets – non-current	17.6	16.7	32.1		3.4	69.8
Trade and other receivables	1,488.8			24.5		1,513.3
Other financial assets – current					355.7	355.7
Cash and cash equivalents	774.8					774.8
Carrying amount (= Fair value)	**2,281.2**	**16.7**	**32.1**	**24.5**	**359.1**	**2,713.6**
Assets 2016/17						
Other financial assets – non-current	17.4	14.2	32.1		2.4	66.1
Trade and other receivables	1,697.0			17.1		1,714.1
Other financial assets – current					348.3	348.3
Cash and cash equivalents	503.3					503.3
Carrying amount (= Fair value)	**2,217.7**	**14.2**	**32.1**	**17.1**	**350.7**	**2,631.8**

In millions of euros

The carrying amount of the financial assets represents a reasonable approximation of fair value.

The item “Other” in the category “Financial assets measured at fair value through profit or loss” contains securities measured using the fair value option.

Subsidiaries, joint ventures, and investments in associates that are not fully consolidated in these consolidated financial statements or are included using the equity method are held as "available for sale at cost" and measured at cost because these investments do not have a price quoted in an active market, and their fair value cannot be reliably determined. Only the non-consolidated investment in Energie AG Oberösterreich is measured at fair value as "available for sale at fair value" because the fair value of this company as a whole can be reliably determined based on the valuation report performed once a year for Energie AG Oberösterreich taking into account all relevant information.

Classes	Financial liabilities measured at amortized cost		Financial liabilities measured at fair value	Total	
Categories	Financial liabilities measured at amortized cost		Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		
	Carrying amount	Fair value	Carrying amount (= Fair value)	Carrying amount	Fair value
Liabilities 2015/16					
Financial liabilities – non-current	3,342.8	3,445.6		3,342.8	3,445.6
Financial liabilities – current	898.2	898.8		898.2	898.8
Trade and other payables	2,012.1	2,012.1	20.2	2,032.3	2,032.3
Total	**6,253.1**	**6,356.5**	**20.2**	**6,273.3**	**6,376.7**
Liabilities 2016/17					
Financial liabilities – non-current	2,764.7	2,833.9		2,764.7	2,833.9
Financial liabilities – current	1,332.9	1,346.5		1,332.9	1,346.5
Trade and other payables	2,436.7	2,436.7	30.7	2,467.4	2,467.4
Total	**6,534.3**	**6,617.1**	**30.7**	**6,565.0**	**6,647.8**

In millions of euros

The financial liabilities measured at amortized cost, excluding bonds issued, fall under Level 2. Valuation is performed according to the mark-to-market method, whereby the input parameters for the calculation of the market values are the foreign exchange rates, interest rates, and credit spreads observable on the market. Based on the input parameters, fair values are calculated by discounting estimated future cash flows at typical market interest rates.

Bonds issued are measured using Level 1 inputs according to the quoted price as of the reporting date.

The carrying amounts of trade and other payables are an appropriate approximation of fair value.

The table below analyzes financial assets and financial liabilities that are measured at fair value on a recurring basis. These measurements are based on a fair value hierarchy that categorizes the inputs for the valuation methods used to measure fair value into three levels. The three levels are defined as follows:

INPUTS

Level 1	Comprises quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Comprises inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Comprises unobservable inputs for the asset or liability.

LEVEL OF THE FAIR VALUE HIERARCHY FOR RECURRING FAIR VALUE MEASUREMENTS

	Level 1	Level 2	Level 3	Total
2015/16				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		24.5		24.5
Fair value option (securities)	359.1			359.1
Available for sale at fair value			32.1	32.1
	359.1	**24.5**	**32.1**	**415.7**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		20.2		20.2
	0.0	**20.2**	**0.0**	**20.2**
2016/17				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		17.1		17.1
Fair value option (securities)	350.7			350.7
Available for sale at fair value			32.1	32.1
	350.7	**17.1**	**32.1**	**399.9**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		30.7		30.7
	0.0	**30.7**	**0.0**	**30.7**

In millions of euros

The underlying assets of the fund of funds are reported as part of the “fair value option.” The designation of fair value was selected to convey more useful information because this group of financial assets is managed according to their fair value, as documented in the risk management and investment strategy, and performance is observed and reported by means of fair value.

The derivative transactions (Level 2) are marked to market by determining the value that would be realized if the hedging position were closed out (liquidation method). The observable currency exchange rates and raw materials prices as well as the interest rates are the input for the calculation of fair values. Fair values are calculated based on the inputs by discounting expected future cash flows at typical market interest rates.

The voestalpine Group recognizes reclassifications between different levels of the fair value hierarchy as of the end of the reporting period in which the change occurred. As of March 31, 2017, own bonds with a carrying amount of EUR 1,313.3 million were transferred from Level 2 to Level 1 since the quoted prices on the German stock exchange as the principal market now represent the more appropriate basis of observation for calculating fair value. Apart from this reclassification, there were no other reclassifications in the business years 2015/16 or 2016/17.

The reconciliation of Level 3 financial assets measured at fair value from the opening balance to the closing balance is depicted as follows:

LEVEL 3—AVAILABLE FOR SALE AT FAIR VALUE

	2015/16	2016/17
Opening balance	**36.7**	**32.1**
Total of gains/losses recognized in the income statement:		
Finance costs/Finance income (impairment)	–4.6	0.0
Closing balance	**32.1**	**32.1**

In millions of euros

Level 3 includes the non-consolidated investment in Energie AG Oberösterreich that is measured at fair value as “available for sale at fair value.” The fair value of this company can be reliably determined based on the valuation report performed once a year for Energie AG Oberösterreich as a whole and taking into account all relevant information.

Significant sensitivities in the determination of fair values can result from changes in the underlying market data of comparable entities and the input factors used to determine net present value (in particular discount rates, long-term forecasts, plan data, etc.).

The table below shows net gains and losses on financial instruments, broken down by category:

	2015/16	2016/17
Loans and receivables	13.9	7.9
Available for sale at cost	3.4	4.2
Held for trading (derivatives)	12.4	–27.3
Available for sale at fair value	–4.6	0.0
Other	1.3	22.8
Financial liabilities	–115.7	–128.8

In millions of euros

Total interest income and total interest expense for financial assets and financial liabilities that were not measured at fair value through profit or loss were recorded as follows:

	2015/16	2016/17
Total interest income	11.2	11.7
Total interest expense	–115.7	–128.8

In millions of euros

The impairment loss on financial instruments measured at amortized cost amounts to EUR 11.9 million (2015/16: EUR 16.7 million).

24. CONSOLIDATED STATEMENT OF CASH FLOWS

The consolidated statement of cash flows was prepared using the indirect method. Cash and cash equivalents include cash on hand, cash at banks, and checks. The effects of changes in the scope of consolidated financial statements were eliminated and reported in the cash flows from investing activities.

	2015/16	2016/17
Interest received	7.7	7.3
Interest paid	132.8	139.1
Taxes paid	118.8	160.0

In millions of euros

Interest received and paid as well as taxes paid are included in the cash flows from operating activities.

NON-CASH EXPENSES AND INCOME

	2015/16	2016/17
Depreciation, amortization, and impairment	705.2	717.8
Result from sale of assets	–2.3	–1.6
Changes in pensions and other employee obligations, non-current provisions, and deferred taxes	–5.2	10.5
Other non-cash income and expenses	–131.5	–4.7
	566.2	**722.0**

In millions of euros

Cash flows from operating activities include dividend income of EUR 14.0 million (2015/16: EUR 19.9 million) from associates and joint ventures as well as other investments.

Cash flows from investing activities include inflows of cash and cash equivalents in the amount of EUR 0.4 million (2015/16: EUR 26.5 million) from initial consolidation of acquired and/or newly consolidated companies and outflows of the purchase price in the amount of EUR 28.3 million (2015/16: EUR 39.7 million). The sale of subsidiaries resulted in an outflow of cash and cash equivalents from cash flows from investing activities of EUR 0.5 million (2015/16: EUR 0.0 million) and an inflow of the sale price in the amount of EUR 2.5 million (2015/16: EUR 0.1 million).

Cash flows from financing activities include dividends for non-controlling interests amounting to EUR 17.9 million (2015/16: EUR 47.8 million) and capital increase of non-controlling interests in the amount of EUR 2.1 million (2015/16: EUR 1.5 million).

The additions to assets due to finance lease activities contain non-cash investments amounting to EUR 0.8 million (2015/16: EUR 4.2 million).

25. RELATED PARTY DISCLOSURES

Business transactions between the Group and non-consolidated subsidiaries and associates or their subsidiaries as well as joint ventures are carried out at arm's length and are included in the following items of the consolidated financial statements:

	2015/16		2016/17	
	With joint ventures	With associates and non-consolidated subsidiaries	With joint ventures	With associates and non-consolidated subsidiaries
Revenue	1.3	243.7	1.1	196.3
Material expenses	3.3	127.1	4.4	128.5
Other operating income	0.3	5.9	0.3	4.6
Other operating expenses	0.0	1.7	0.0	4.1
	03/31/2016		03/31/2017	
Trade and other receivables	0.0	32.7	0.6	46.7
Financial liabilities/trade and other payables	0.1	26.3	0.0	41.0

In millions of euros

Receivables and liabilities with associates and joint ventures as well as with non-consolidated subsidiaries comprise both direct and indirect relationships.

In addition, there are business transactions with core shareholders that have a significant influence due to consolidation of the voestalpine shares using the equity method. Business transactions are carried out at arm's length and can be depicted as follows:

	03/31/2016	03/31/2017
Cash and cash equivalents	110.7	2.1
Financial liabilities/trade and other payables	110.3	120.3
Guarantees received	1.0	1.1

In millions of euros

The non-inclusion of non-consolidated entities in the consolidated financial statements has no significant impact on the Group's net assets, financial position, or results of operations.

Management Board

The fixed compensation of the Management Board is determined by the General Committee of the Supervisory Board pursuant to the Austrian legal situation and is reviewed periodically.

The award of a bonus is subject to a target agreement to be concluded with the General Committee of the Supervisory Board that consists of quantitative and qualitative targets. The maximum bonus is limited to 200% of the annual gross salary for members of the Management Board and to 250% of the annual gross salary for the Chairman of the Management Board. If the agreed target values for quantitative targets are achieved exactly, 60% of the maximum bonus applies; if the agreed target values for qualitative targets are achieved, 20% of the maximum bonus applies. The over-achievement of the targets is taken into consideration proportionately until the maximum bonus is reached. The target amounts for the quantitative targets are EBIT and the return on capital employed (ROCE). Specific target amounts are determined periodically (for a period of three years) by the General Committee of the Supervisory Board in consultation with the Management Board. Its basis of calculation is independent of the respective budget and the medium-term business plan, i.e., budget compliance does not mean achieving a bonus. The qualitative targets agreed for the business year 2016/17 were firstly the presentation of a long-term NAFTA strategy for the voestalpine Group and, secondly, the development of basic technology options for CO_2-reduced steel production.

The amount of the contractually approved company pension depends on the length of service for members of the Management Board Dr. Eder, Mag. Dipl.-Ing. Ottel, and Dipl.-Ing. Eibensteiner. The amount of the annual pension equals 1.2% of the last annual gross salary for each year of service. The pension benefit cannot exceed 40% of the last annual gross salary (without variable compensation). A defined contribution arrangement was made with the members of the Management Board Dipl.-Ing. Rotter, Dipl.-Ing. Dr. Kainersdorfer, and Dipl.-Ing. Dr. Schwab; whereby 15% of their annual gross salary (without bonuses) is paid by the Company into the pension fund.

The members of the Management Board receive severance benefits at the time of termination of their employment by way of analogous application of the Salaried Employees Act *(Angestelltengesetz)*.

D&O insurance has been taken out for the members of the Management Board (as well as for executives) and for the members of the Supervisory Board, the costs of which amounting to EUR 0.1 million (2015/16: EUR 0.1 million) are borne by the entity.

The compensation paid to the members of the Management Board of voestalpine AG is comprised as follows for the business year 2016/17:

	Current fixed compensation	Current variable compensation	Total
Dr. Wolfgang Eder	1.10	2.03	3.13
Dipl.-Ing. Herbert Eibensteiner	0.80	1.17	1.97
Dipl.-Ing. Dr. Franz Kainersdorfer	0.80	1.17	1.97
Mag. Dipl.-Ing. Robert Ottel	0.80	1.17	1.97
Dipl.-Ing. Franz Rotter	0.80	1.17	1.97
Dipl.-Ing. Dr. Peter Schwab	0.80	1.17	1.97
2016/17	**5.10**	**7.88**	**12.98**
2015/16	4.44	5.98	10.42

In millions of euros

In addition to the remuneration in accordance with the above table, the following service costs (personnel expenses) are recognized in the consolidated financial statements for members of the Management Board with defined benefit pension agreements: Dr. Eder EUR 0.00 million (2015/16: EUR 0.00 million), Mag. Dipl.-Ing. Ottel EUR 0.30 million (2015/16: EUR 0.35 million), and Dipl.-Ing. Eibensteiner EUR 0.27 million (2015/16: EUR 0.31 million); the following pension costs are recognized in the consolidated financial statements for members of the Management Board with defined contribution pension agreements: Dipl.-Ing. Rotter EUR 0.12 million (2015/16: EUR 0.11 million), Dipl.-Ing. Dr. Kainersdorfer EUR 0.12 million (2015/16: EUR 0.11 million), and Dipl.-Ing. Dr. Schwab EUR 0.12 million (2015/16: EUR 0.09 million). Pension payments amounting to EUR 0.96 million (2015/16: EUR 0.93 million) were paid by the pension fund for former members of the Management Board with defined benefit pension agreements.

At the reporting date, the outstanding balance of the variable compensation was EUR 6.64 million (2015/16: EUR 4.92 million). No advances or loans were granted to the members of the Management Board of voestalpine AG.

Until July 3, 2016, directors' dealings notices of the members of the Management Board were published on the website of the Austrian Financial Market Authority at www.fma.gv.at; after July 3, 2016, notices are published on the Company's website (www.voestalpine.com » Investors » Corporate Governance).

Supervisory Board
Under Section 15 of the Articles of Incorporation, the members of the Supervisory Board of voestalpine AG receive 0.1% of the profit after tax reported in the approved consolidated financial statements as compensation. The total amount is distributed in accordance with an allocation key as follows: 100% for the Chairman, 75% for the Deputy Chairman, and 50% for all other members, according to the change to Section 15 of the Articles of Incorporation resolved by the 2016 Annual General Meeting with a minimum compensation of EUR 27,000 for the Chairman, EUR 20,000 for the Deputy Chairman, and EUR 13,000 for all other members of the Supervisory Board. Compensation is limited to a multiple of four times the stated amounts. Additionally, members of the Supervisory Board receive an attendance fee amounting to EUR 500 per Supervisory Board meeting. There is no separate compensation for meetings of the committees of the Supervisory Board, but they receive an attendance fee of EUR 500 per meeting.

According to this regulation, the shareholders' representatives on the Supervisory Board received the following compensation for the business year 2016/17: Dr. Joachim Lemppenau (Chairman): EUR 108,000 (2015/16: EUR 108,000)[1]; Dr. Heinrich Schaller (Deputy Chairman): EUR 80,000 (2015/16: EUR 80,000)[1]; all other shareholders' representatives: EUR 52,000 (2015/16: EUR 52,000)[1]. The members of the Supervisory Board nominated by the Works Council do not receive any compensation.

The annual compensation of members of the Supervisory Board and the mode of calculation have been definitively regulated by the Articles of Incorporation since the 2006 Annual General Meeting and do not require a separate resolution by the Annual General Meeting every year.

The compensation of the Supervisory Board (including attendance fee) totaled EUR 0.55 million (2015/16: EUR 0.55 million)[1] in the business year 2016/17. The compensation of the Supervisory Board for the business year 2016/17 is paid out at the latest 14 days after the Annual General Meeting on July 5, 2017. No advances or loans were granted to members of the Supervisory Board of voestalpine AG.

Until July 3, 2016, directors' dealings notices of the members of the Supervisory Board were published on the website of the Austrian Financial Market Authority at www.fma.gv.at; after July 3, 2016, notices are published on the Company's website (www.voestalpine.com » Investors » Corporate Governance).

As legal counsel to voestalpine AG and its subsidiaries, the law firm Binder Grösswang Rechtsanwälte GmbH, of which Dr. Michael Kutschera (member of the Supervisory Board) is a partner, provided legal advisory services relating in particular to corporate and capital market law issues in the business year 2016/17. Fees for these matters were invoiced at the general hourly rates of the law firm of Binder Grösswang Rechtsanwälte GmbH applicable at the time. For the business year 2016/17, total net fees of EUR 32,098.00 (2015/16: EUR 36,994.00) were incurred for services provided by the law firm of Binder Grösswang Rechtsanwälte GmbH.

[1] Change to the amount of compensation for the shareholders' representatives on the Supervisory Board published in the Annual Report 2015/16 on the basis of the change to Section 15 of the Articles of Incorporation resolved by the 2016 Annual General Meeting.

26. EMPLOYEE INFORMATION

TOTAL NUMBER OF EMPLOYEES

	Reporting date		Average	
	03/31/2016	03/31/2017	2015/16	2016/17
Waged employees	28,155	28,712	28,080	28,283
Salaried employees	16,891	17,154	16,710	17,031
Apprentices	1,377	1,320	1,482	1,449
	46,423	**47,186**	**46,272**	**46,763**

The personnel expenses included in these consolidated financial statements amount to EUR 2,859.6 million (2015/16: EUR 2,785.3 million).

27. EXPENSES FOR THE GROUP AUDITOR

Expenses for the Group auditor in the business year are structured as follows:

	2015/16	2016/17
Expenses for the audit of the financial statements	0.25	0.25
Expenses for other certifications	1.07	1.06
Expenses for tax consulting services	0.00	0.00
Expenses for other services	0.02	0.22
	1.34	**1.53**

In millions of euros

28. DISCLOSURES OF TRANSACTIONS NOT RECORDED IN THE STATEMENT OF FINANCIAL POSITION

In the voestalpine Group, trade receivables are sold monthly to various banks on a revolving basis. In this context, there are four different types of factoring agreements.

In the first type of factoring agreement, trade receivables totaling EUR 611.1 million (March 31, 2016: EUR 507.1 million) were sold to various banks. Receivables covered by credit insurance were assigned to banks to the amount 100% of the nominal value, with the acquiring banks assuming the risk of default. Any claims arising from credit insurance are assigned to the acquiring bank. The Group company that is selling only assumes a liability for default to the amount of—generally—10% of the retention level from the credit insurance. On the reporting date, the maximum risk associated with liability for default was EUR 59.5million (March 31, 2016: EUR 51.3 million).The liability for default corresponds to the theoretical maximum loss. The probability of needing to fall back on this liability is extremely low. The fair value of this risk is assessed at EUR 0.0 million. The receivables are fully derecognized in accordance with the regulations of IAS 39 on the basis of the cessions of the essential opportunities and risks and on the basis of the transfer of the right of use to the acquiring party.

In the second type of factoring agreement, uninsured trade receivables of EUR 117.1 million (March 31, 2016: EUR 107.9 million) are sold. The purchasing bank assumes 100% of the risk of default. All of the receivables are fully derecognized. With the exception of the capitalized service fee mentioned below for administration of receivables, there is no ongoing commitment.

In the third type of factoring agreement (introduced in October 2014), both insured and uninsured trade receivables of EUR 124.3 million (March 31, 2016: EUR 123.7 million) are sold. Any claims arising from credit insurance are assigned to the acquiring bank. At the time of the sale of the receivable, loss reserves of 0.9% and dilution reserves of 1.6% (with reference to the sold receivables) are deducted from the purchase price. The dilution reserves totaling EUR 2.0 million for receivables sold on the reporting date are for payment of discounts, bonuses, etc. and are posted as other receivables. The carrying amount corresponds to the fair value. A loss reserve to cover any defaults to the amount of EUR 1.1 million for receivables sold on the reporting date was posted as an expenditure, which is reversed in the absence of any defaults. The theoretical maximum loss is limited to the loss reserve. The receivables are fully derecognized in accordance with the regulations of IAS 39 on the basis of the cessions of the essential opportunities and risks and on the basis of the transfer of the right of use to the acquiring party.

In the fourth type of factoring agreement, both insured and uninsured trade receivables of EUR 28.0 million (March 31, 2016: EUR 23.6 million) are sold. Any claims arising from credit insurance are assigned to the acquiring bank. For any bad debts, a “first loss reserve account” was funded to the amount of EUR 0.2 million for 12 months by the selling Group company. The first loss reserve account was EUR 0.2 million on the reporting date and was reported as cash. The carrying amount corresponds to the fair value. The theoretical maximum loss is limited to the amount within the “first loss reserve account.” Because of the transfer of significant rewards and risks and the transition of control to the purchaser, the receivables were fully derecognized pursuant to the provisions of IAS 39.

In all of the types of factoring agreements, the payments received from customers during the period between the last sale of receivables and the reporting date are recognized on an accrual basis under other short-term financial liabilities in the voestalpine Group.

Administration of receivables for all types of factoring contracts remains with the particular companies of the Group. For the receivables that were sold, as of March 31, 2017, a total service fee of 0.15% of the sold amount of receivables of EUR 1.3 million was recorded as other provision. The carrying amount corresponds to the fair value of the ongoing commitment.

29. EVENTS AFTER THE REPORTING PERIOD

No significant events have occurred after the reporting period.

30. EARNINGS PER SHARE

Diluted and basic (undiluted) earnings per share are calculated as follows:

	2015/16	2016/17
Profit attributable to equity holders of the parent (in millions of euros)	**585.3**	**496.8**
Issued ordinary shares (average)	174,949,163	175,065,830
Effect of own shares held (average)	–28,597	–28,597
Weighted average number of outstanding ordinary shares	**174,920,566**	**175,037,233**
Diluted and basic (undiluted) earnings per share (euros)	**3.35**	**2.84**

31. APPROPRIATION OF NET PROFIT

In accordance with the Austrian Stock Corporation Act, the appropriation of net profit is based on the annual financial statements of voestalpine AG as of March 31, 2017. These financial statements show net retained profits of EUR 194.0 million. The Management Board proposes a dividend of EUR 1.10 per share (2015/16: EUR 1.05).

Linz, May 24, 2017

The Management Board

Wolfgang Eder	Herbert Eibensteiner	Franz Kainersdorfer
Robert Ottel	Franz Rotter	Peter Schwab

The consolidated financial statements of voestalpine AG and associated documents will be filed with the Commercial Register of the Commercial Court of Linz under company register number FN 66209 t.

Appendix to the Notes: Investments

This report is a translation of the original report in German, which is solely valid.

AUDITOR'S REPORT

REPORT ON THE CONSOLIDATED FINANCIAL STATEMENTS

AUDIT OPINION

We have audited the consolidated financial statements of **voestalpine AG, Linz,** and of its subsidiaries (the Group) comprising the consolidated statement of financial position as of March 31, 2017, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the fiscal year then ended and the notes to the consolidated financial statements.

Based on our audit the accompanying consolidated financial statements were prepared in accordance with the legal regulations and present fairly, in all material respects, the assets and the financial position of the Group as of March 31, 2017, and its financial performance for the year then ended in accordance with IFRS as endorsed in the European Union and the addition requirements of Section 245a Companies Act.

BASIS FOR OPINION

We conducted our audit in accordance with Austrian Standards on Auditing. Those standards require that we comply with International Standards on Auditing (ISA). Our responsibilities under those regulations and standards are further described in the "Auditor's Responsibilities for the Audit of the Financial Statements" section of our report. We are independent of the Group in accordance with laws and regulations applicable in Austria and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

KEY AUDIT MATTERS

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the fiscal year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In the following we present the matters which, in our view, represent the key audit matters:

a) Recoverability of goodwill
b) Recoverability of property, plant and equipment
c) Recoverability of deferred tax assets on tax losses brought forward

a) Recoverability of goodwill

In the consolidated financial statements of voestalpine AG as at March 31, 2017, an amount of EUR 1,549.5 million is presented under the item "Goodwill" (10.5% of total assets). Goodwills are tested for impairment at least annually, and – if applicable – as events occur. The valuation of goodwill is performed based on a valuation model according to the discounted cash flow methodology. The book value goodwill is compared to the recoverable amount (value in use) derived from the valuation model. As far as the recoverable amount is lower than the book value, goodwill will be impaired.

Given the materiality of goodwill, the estimation uncertainty involved in the derivation of data for the valuation model, the immanent discretionary decisions as well as the complexity of the valuation model itself, the recoverability of goodwill is considered a key audit matter. The results of the valuation model depend heavily on management's estimates of future cash inflows and of the discount rate applied and are therefore subject to material uncertainty. The risk for the consolidated financial statements consists in the fact that assumptions and estimates on which the valuation is based can lead to a shortfall of book values in case of a negative deviation of the actual development.

We have verified the appropriateness of the future cash flows used in the calculation by comparing these to the current values in the five-year mid-term planning prepared by management and approved by the supervisory board and to general and industry-specific market expectations. Here we also acknowledged the major assumptions and discretionary decisions that formed the basis of the planning. Under consideration of the fact that already small changes of the discount rate applied can significantly influence the amount of the resulting entity value, we also placed audit emphasis on the parameters used in determining the applicable discount rate including the average cost of capital ("weighted average cost of capital"), among others by comparing them to market and industry specific guideline values and verified the mathematical correctness of the valuation result. Due to the substantial role of goodwill, which makes up for 10.5% of group total assets and due to the fact that its valuation is also influenced by the macroeconomic environment which cannot be influenced by the Group, we have also re-performed the sensitivity analyses prepared by the Group and verified the impact of parameter changes (changes in discount rate and cash flows) on the amount by which the value in use derived from the valuation model exceeds the book value of goodwill.

The Group's disclosures concerning goodwill and impairment tests are included in Sections B. and G.10. of the notes to the consolidated financial statements.

b) Recoverability of property, plant and equipment

In the consolidated financial statements of voestalpine AG, an amount of EUR 6,371.9 million is disclosed under the item "property, plant and equipment" (43.3% of total assets). Management will determine upon identification of triggering events whether a permanent impairment or full recoverability of property, plant and equipment or of the relevant cash generating unit (CGU) is present.

An impairment charge is recognized to the extent that the book value of an individual asset or of a cash generating unit exceeds the recoverable amount. The recoverable amount is the higher of net realizable value and value in use. The valuation model is basically the same as for the impairment tests of goodwill.

Due to the materiality of property, plant and equipment, the estimation uncertainty for the derivation of data for the valuation model and the immanent discretionary decisions as well as the complexity of the valuation model, recoverability of property, plant and equipment is considered a key audit matter. The results of the valuation model depend significantly on the estimation of future cash inflows by management as well as on the discount rate applied and are therefore exposed to significant uncertainty. The risk for the consolidated financial statements consists in the fact that the assumptions and estimates on which the valuation is based can lead to a shortfall of book values in case of a negative deviation of the actual development.

Thus for property, plant and equipment the same reasons for the classification as a key audit matters are relevant. Our audit approach therefore corresponds to our approach in the audit of the recoverability of goodwill, so that we can refer to our explanations in the context of recoverability of goodwill. In the fiscal year 2016/17, the Metal Engineering Division has accounted for impairments of property, plant and equipment amounting to EUR 3.3 million in the cash generating unit dealing with the production of special wires (fine wires) which are due to delays in the project run-up phase and reduced profit expectations.

The direct reduction plant for the production of high-quality hot briquetted iron in Texas which was put into operation in the fiscal year 2016/17 is part of the Steel Division and forms a separate cash generating unit (voestalpine Texas group). The excess of investment expenditures incurred (increase of investment expenditures compared to the original planning at project start) was the triggering event for an impairment test for property, plant and equipment and intangible assets respectively of the CGU voestalpine Texas group. The impairment test performed has confirmed the recoverability of the book values recognized in the consolidated financial statements for the CGU (EUR 911.4 million).

In connection with our audit of the recoverability we have also verified to which extent reversals of impairments recognized in previous years were required in the fiscal year 2016/17.

The Group's disclosures concerning the recoverability of property, plant and equipment as well as concerning impairments and reversals of past impairments are included in Sections B. and G.9. of the notes to the consolidated financial statements.

c) Recoverability of deferred tax assets on tax losses brought forward

In the consolidated financial statements of voestalpine AG as at March 31, 2017, deferred tax assets on tax losses brought forward amounting to EUR 219.6 million (previous year: EUR 49.2 million) are recognized. Moreover, the group has unused tax losses amounting to EUR 313.6 million (previous year: EUR 251.9 million) for which no deferred tax asset has been recognized.

In our view, this matter is of particular importance for the consolidated financial statements as the calculation model for deferred taxes is complex, the result of the calculation of the deferred tax asset on tax losses brought forward is highly dependent on the estimate of the future tax results of the relevant group companies and is therefore subject to material uncertainty. The risk for the consolidated financial statements consists in the fact that the assumptions and estimates on which the accounting treatment of deferred taxes is based do not lead to the expected tax relief in case of a negative deviation of the actual development.

We have audited the calculation model as well as the structure and effectiveness of existing controls with the involvement of tax experts. The corresponding notes in the group reporting concerning deferred taxes (tax workbook), which have been completed by the individual group companies and – on an aggregated basis – by the divisions and the group itself have been analysed for their correctness and reasonableness. We have reviewed and corroborated the planning of the future tax results which also included the verification as to whether the planning of future tax results is consistent with the five-year plans approved by the relevant bodies.

Moreover, we have performed an evaluation whether any limitations in the use of tax losses or expiry dates for the usage of tax losses have been incorporated in the calculation.

The Group's disclosures concerning deferred taxes are included in Sections B. and G.13. of the notes to the consolidated financial statements.

RESPONSIBILITIES OF MANAGEMENT AND OF THE SUPERVISORY BOARD/ AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS

Management is responsible for the preparation of the consolidated financial statements in accordance with IFRS as endorsed in the European Union and the additional requirements of Section 245a Companies Act, for them to present a true and fair view of the assets, the financial position and the financial performance of the Group and for such internal controls as management determines are necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The Supervisory Board/Audit Committee is responsible for overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with in accordance with Austrian Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Austrian Standards on Auditing, which require the application of ISA, we exercise professional judgment and maintain professional scepticism throughout the audit.

We also:

» identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Supervisory Board/Audit Committee regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the Supervisory Board/Audit Committee with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Supervisory Board/Audit Committee, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Comments on the Management Report for the Group
Pursuant to Austrian Generally Accepted Accounting Principles, the Group management report is to be audited as to whether it is consistent with the consolidated financial statements and as to whether it was prepared in accordance with the applicable legal regulations.

Management is responsible for the preparation of the Group's management report in accordance with Austrian Generally Accepted Accounting Principles.

We conducted our audit in accordance with Austrian Standards on Auditing for the audit of the Group's management report.

» Opinion
In our opinion, the management report for the group was prepared in accordance with the applicable legal requirements, contains appropriate indications according to Section 243a Companies Act and is consistent with the consolidated financial statements.

» Statement
Based on the findings during the audit of the consolidated financial statements and due to the thus obtained understanding concerning the Group and its circumstances no material misstatements in the Group's management report came to our attention.

Other Information
Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the consolidated financial statements, the Group's management report and the auditor's report thereon. The annual report is estimated to be provided to us after the date of the auditor's report. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information, as soon as it is available, and, in doing so, to consider whether – based on our knowledge obtained in the audit – the other information is materially inconsistent with the consolidated financial statements or otherwise appears to be materially misstated.

Responsible Austrian Certified Public Accountant
The engagement partner on the audit resulting in this independent auditor's report is
Univ.Doz. Dr. Walter Platzer, Certified Public Accountant.

Vienna, May 24, 2017

Grant Thornton Unitreu GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Univ.Doz. Dr. Walter Platzer

This report is a translation of the original report in German, which is solely valid.

Publication or sharing with third parties of the group financial statements together with our auditor's opinion is only allowed if the financial statements and the management report are identical with the audited version. This audit opinion is only applicable to the German and complete financial statements with the management report. Section 281 paragraph 2 UGB (Austrian Company Code) applies to alternated versions.

MANAGEMENT BOARD STATEMENT
IN ACCORDANCE WITH SECTION 82 (4) OF THE STOCK EXCHANGE ACT *(BÖRSEGESETZ, BÖRSEG)*

The Management Board of voestalpine AG confirms to the best of its knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group Management Report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Linz, May 24, 2017

The Management Board

Wolfgang Eder Chairman of the Management Board	Herbert Eibensteiner Member of the Management Board	Franz Kainersdorfer Member of the Management Board
Robert Ottel Member of the Management Board	Franz Rotter Member of the Management Board	Peter Schwab Member of the Management Board

This report is a translation of the original report in German, which is solely valid.

voestalpine AG

INVESTMENTS

Explanations:
KV Full consolidation
KEA Equity method associates
KEG Equity method joint ventures
K0 No consolidation

STEEL DIVISION

		03/31/2017		03/31/2016	
	Domicile of the company	Interest held	Type of consol-idation	Interest held	Type of consol-idation
voestalpine Stahl GmbH	AUT	100.000%	KV	100.000%	KV
Cargo Service GmbH	AUT	100.000%	KV	100.000%	KV
Caseli GmbH	AUT	100.000%	KV	100.000%	KV
Logistik Service GmbH	AUT	100.000%	KV	100.000%	KV
VAPS GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Eurostahl GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Giesserei Linz GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Giesserei Traisen GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Grobblech GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Standortservice GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Steel & Service Center GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Steel Service Center Polska Sp. z o.o.	POL	100.000%	KV	100.000%	KV
voestalpine Steel Service Center Romania SRL	ROU	100.000%	KV	100.000%	KV
voestalpine Steel Trading (Shenyang) Co., Ltd.	CHN	100.000%	KV		
voestalpine Texas Holding LLC	USA	100.000%	KV	100.000%	KV
voestalpine Texas LLC	USA	100.000%	KV	100.000%	KV
voestalpine Treasury Holding GmbH	AUT	100.000%	KV		
GEORG FISCHER FITTINGS GmbH[1]	AUT	49.000%	KEA	49.000%	KEA
Industrie-Logistik-Linz GmbH[1]	AUT	49.000%	KEA	37.000%	KEA
Jiaxing NYC Industrial Co., Ltd[1]	CHN	51.000%	KEG	51.000%	KEG
Kocel Steel Foundry Co., Ltd.[1]	CHN	49.000%	KEA	49.000%	KEA
Kühne + Nagel Euroshipping GmbH[1]	DEU	49.000%	KEA	49.000%	KEA
METALSERVICE S.P.A.[1]	ITA	40.000%	KEA	40.000%	KEA
Scholz Austria GmbH[1]	AUT	34.011%	KEA	34.011%	KEA
Energie AG Oberösterreich	AUT	2.061%	K0	2.063%	K0

[1] For companies consolidated according to the equity method marked[1], the reporting date of December 31 applies.

STEEL DIVISION

	Domicile of the company	03/31/2017 Interest held	Type of consolidation	03/31/2016 Interest held	Type of consolidation
K1-Met GmbH	AUT	35.000%	KO	35.000%	KO
Kontext Druckerei GmbH	AUT	64.800%	KO	64.800%	KO
Linzer Schlackenaufbereitungs- und vertriebsgesellschaft m.b.H.	AUT	33.333%	KO	33.333%	KO
vivo Mitarbeiter-Service GmbH	AUT	100.000%	KO	100.000%	KO
voestalpine Belgium NV/SA	BEL	100.000%	KO	100.000%	KO
voestalpine Camtec Corp.	CAN	100.000%	KO		
voestalpine CR, s.r.o.	CZE	100.000%	KO	100.000%	KO
voestalpine d.o.o.	HRV	100.000%	KO	100.000%	KO
voestalpine d.o.o.	SRB	100.000%	KO	100.000%	KO
voestalpine d.o.o.	SVN	100.000%	KO	100.000%	KO
voestalpine Danmark ApS.	DNK	100.000%	KO	100.000%	KO
voestalpine Deutschland GmbH	DEU	100.000%	KO	100.000%	KO
voestalpine France SAS	FRA	100.000%	KO	100.000%	KO
voestalpine Hungaria Kft.	HUN	99.000%	KO	99.000%	KO
voestalpine Italia S.r.l.	ITA	100.000%	KO	100.000%	KO
voestalpine Nederland B.V.	NLD	100.000%	KO	100.000%	KO
voestalpine Polska Sp. z o. o.	POL	100.000%	KO	100.000%	KO
voestalpine Romania S.R.L.	ROU	100.000%	KO	100.000%	KO
voestalpine Scandinavia AB	SWE	100.000%	KO	100.000%	KO
voestalpine Schweiz GmbH	CHE	100.000%	KO	100.000%	KO
voestalpine Slovakia, s.r.o.	SVK	100.000%	KO	100.000%	KO
voestalpine Stahlwelt GmbH	AUT	100.000%	KO	100.000%	KO
voestalpine UK Ltd.	GBR	100.000%	KO	100.000%	KO
voestalpine USA Corp.	USA	100.000%	KO	100.000%	KO
Werksgärtnerei Gesellschaft m.b.H.	AUT	100.000%	KO	100.000%	KO

HIGH PERFORMANCE METALS DIVISION

		03/31/2017		03/31/2016	
	Domicile of the company	Interest held	Type of consol-idation	Interest held	Type of consol-idation
voestalpine Edelstahl GmbH	AUT	100.000%	KV	100.000%	KV
Aceros Boehler del Ecuador S.A.	ECU	100.000%	KV	100.000%	KV
Aceros Boehler del Peru S.A.	PER	100.000%	KV	100.000%	KV
ACEROS BOEHLER UDDEHOLM S.A.	ARG	100.000%	KV	100.000%	KV
AÇOS BÖHLER-UDDEHOLM DO BRASIL LTDA.	BRA	100.000%	KV	100.000%	KV
Advanced Tooling Tek (Shanghai) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
ASSAB Steels (HK) Ltd.	CHN	95.000%	KV	95.000%	KV
ASSAB Steels (Malaysia) Sdn Bhd	MYS	95.000%	KV	95.000%	KV
ASSAB Steels (Taiwan) Ltd.	TWN	94.500%	KV	82.500%	KV
ASSAB Steels (Thailand) Ltd.	THA	95.000%	KV	95.000%	KV
ASSAB Steels Korea Co., Ltd	KOR	100.000%	KV	100.000%	KV
ASSAB Steels Singapore (Pte) Ltd.	SGP	100.000%	KV	100.000%	KV
ASSAB Steels Vietnam Company Limited	VNM	100.000%	KV	100.000%	KO
ASSAB Tooling (Beijing) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
ASSAB Tooling (Dong Guan) Co., Ltd.	CHN	95.000%	KV	95.000%	KV
ASSAB Tooling (Qing Dao) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
ASSAB Tooling (Xiamen) Co., Ltd.	CHN	95.000%	KV	95.000%	KV
ASSAB Tooling Technology (Chongqing) Co., Ltd.	CHN	95.000%	KV	95.000%	KV
ASSAB Tooling Technology (Ningbo) Co., Ltd.	CHN	95.000%	KV	95.000%	KV
ASSAB Tooling Technology (Shanghai) Co., Ltd.	CHN	95.000%	KV	95.000%	KV
BÖHLER Bleche GmbH	AUT	100.000%	KV	100.000%	KV
BÖHLER Bleche GmbH & Co. KG	AUT	100.000%	KV	100.000%	KV
BÖHLER Edelstahl GmbH	AUT	100.000%	KV	100.000%	KV
BÖHLER Edelstahl GmbH & Co KG	AUT	100.000%	KV	100.000%	KV
BÖHLER GRUNDSTÜCKS BETEILIGUNGS GMBH	DEU	100.000%	KV	100.000%	KV
Böhler Grundstücks GmbH & Co. Kommanditgesellschaft[1]	DEU	100.000%	KV	100.000%	KV
Böhler International GmbH	AUT	100.000%	KV	100.000%	KV
Bohler Pacific Pte. Ltd.	SGP	100.000%	KV	100.000%	KV
Böhler PROFIL GmbH	AUT	100.000%	KV	100.000%	KV
BÖHLER Schmiedetechnik GmbH	AUT	100.000%	KV	100.000%	KV
BÖHLER Schmiedetechnik GmbH & Co KG	AUT	100.000%	KV	100.000%	KV
Bohler Special Steels (Shanghai) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
Bohler Uddeholm (Australia) Pty Ltd	AUS	100.000%	KV	100.000%	KV
BOHLER UDDEHOLM AFRICA (PTY) LTD	ZAF	100.000%	KV	100.000%	KV
Böhler Uddeholm Celik Sanayi ve Ticaret A.S.	TUR	100.000%	KV	100.000%	KV

[1] These consolidated financial statements represent an exemption for Böhler Grundstücks GmbH & Co. Kommanditgesellschaft in accordance with Section 264b of the German Commercial Code *(dHGB)*.

HIGH PERFORMANCE METALS DIVISION

	Domicile of the company	03/31/2017 Interest held	03/31/2017 Type of consolidation	03/31/2016 Interest held	03/31/2016 Type of consolidation
Böhler Uddeholm CZ s.r.o.	CZE	100.000%	KV	100.000%	KV
Böhler Uddeholm Italia S.p.A.	ITA	100.000%	KV	100.000%	KV
BOHLER UDDEHOLM POLSKA Sp. z o. o.	POL	100.000%	KV	100.000%	KV
BOHLER UDDEHOLM ROMANIA S.R.L.	ROU	100.000%	KV	100.000%	KV
BÖHLER Wärmebehandlung GmbH	AUT			100.000%	KV
BOHLER-UDDEHOLM (UK) LIMITED	GBR	100.000%	KV	100.000%	KV
BÖHLER-UDDEHOLM AS	NOR	100.000%	KV	100.000%	KV
Böhler-Uddeholm B.V.	NLD	100.000%	KV	100.000%	KV
BOHLER-UDDEHOLM COLOMBIA S.A.	COL	100.000%	KV	100.000%	KV
Bohler-Uddeholm Corporation	USA	100.000%	KV	100.000%	KV
BÖHLER-UDDEHOLM DEUTSCHLAND GMBH	DEU	100.000%	KV	100.000%	KV
BÖHLER-UDDEHOLM France S.A.S.	FRA	100.000%	KV	100.000%	KV
BÖHLER-UDDEHOLM HOLDING GMBH	DEU	100.000%	KV	100.000%	KV
Böhler-Uddeholm Hungary Kft.	HUN	100.000%	KV	100.000%	KV
Böhler-Uddeholm Iberica S.A.U.	ESP	100.000%	KV	100.000%	KV
BOHLER-UDDEHOLM INDIA PRIVATE LIMITED	IND	100.000%	KV	100.000%	KV
Bohler-Uddeholm KK	JPN	100.000%	KV	100.000%	KV
Böhler-Uddeholm Ltd.	CAN	100.000%	KV	100.000%	KV
Böhler-Uddeholm Schweiz AG	CHE	99.833%	KV	99.833%	KV
Böhler-Uddeholm SLOVAKIA, s.r.o.	SVK	100.000%	KV	100.000%	KV
BU Beteiligungs- und Vermögensverwaltung GmbH	AUT			100.000%	KV
Buderus Edelstahl GmbH	DEU	100.000%	KV	100.000%	KV
Densam Industrial Co. Ltd.	TWN	97.305%	KV	91.425%	KV
Deville Rectification S.A.S.U.	FRA	100.000%	KV	100.000%	KV
DIN ACCIAI S.p.A.	ITA	100.000%	KV	100.000%	KV
EDRO Engineering, Inc.	USA	100.000%	KV	100.000%	KV
EDRO Specialty Steels GmbH	DEU	100.000%	KV	100.000%	KV
EDRO Specialty Steels, Inc.	USA	100.000%	KV	100.000%	KV
Eifeler Coatings Technology, Inc.	USA	100.000%	KV	100.000%	KV
Eifeler Lasertechnik GmbH	DEU	100.000%	KV	100.000%	KV
Eifeler Swiss AG	CHE	100.000%	KV	100.000%	KV
Eifeler Werkzeuge GmbH	DEU	100.000%	KV	100.000%	KV
eifeler-Vacotec GmbH	DEU	100.000%	KV	100.000%	KV
ENPAR Sonderwerkstoffe GmbH	DEU	100.000%	KV	85.000%	KV
Eschmann Steels Trading (Shanghai) Co., Ltd.	CHN			100.000%	KV

HIGH PERFORMANCE METALS DIVISION

	Domicile of the company	03/31/2017 Interest held	Type of consol-idation	03/31/2016 Interest held	Type of consol-idation
Eschmann Textura Internacional - Transformacao de Ferramentas, Unipessoal, LDA	PRT	100.000%	KV	100.000%	KV
Eschmann Textures India Private Limited	IND	100.000%	KV	100.000%	KV
Eschmann Textures International GmbH	DEU	100.000%	KV	100.000%	KV
EschmannStahl GmbH & Co. KG[1]	DEU	100.000%	KV	100.000%	KV
GMV Eschmann International SAS	FRA	100.000%	KV	100.000%	KV
Grandacos – Servicos Maquinados Portugal, Unipessoal, Lda	PRT	100.000%	KV	100.000%	KV
Gravutex Eschmann International Limited	GBR	100.000%	KV	100.000%	KV
Grimstows Holdings Inc.	CAN			100.000%	KV
IS Intersteel Stahlhandel GmbH	DEU	100.000%	KV	100.000%	KV
Jing Ying Industrial Co. Ltd.	TWN	97.305%	KV	91.425%	KV
Microcosmic Metal Co., Ltd.	CHN	100.000%	KV	100.000%	KV
OOO BÖHLER-UDDEHOLM	RUS	100.000%	KV	100.000%	KV
PT Assab Steels Indonesia	IDN	100.000%	KV	100.000%	KV
Sacma Acciai Speciali S.p.A.	ITA	100.000%	KV	100.000%	KV
Sermetal Barcelona, S.L.	ESP	100.000%	KV	100.000%	KV
Sturdell Holdings, Inc.	USA			100.000%	KV
Sturdell Industries Inc.	CAN	100.000%	KV	100.000%	KV
Sturdell Industries, Inc.	USA	100.000%	KV	100.000%	KV
Uddeholm A/S	DNK	100.000%	KV	100.000%	KV
Uddeholm Eiendom AS	NOR	100.000%	KV	100.000%	KV
Uddeholm Oy Ab	FIN	100.000%	KV	100.000%	KV
Uddeholm Svenska Aktiebolag	SWE	100.000%	KV	100.000%	KV
Uddeholms AB	SWE	100.000%	KV	100.000%	KV
Vacotec S.A.	CHE			100.000%	KV
Villares Metals International B.V.	NLD	100.000%	KV	100.000%	KV
Villares Metals S.A.	BRA	100.000%	KV	100.000%	KV
voestalpine Additive Manufacturing Center GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Additive Manufacturing Center Singapore Pte. Ltd	SGP	100.000%	KV		
voestalpine Edelstahl Deutschland GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Edelstahl Wärmebehandlung GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Pacific Pte. Ltd.	SGP	100.000%	KV	100.000%	KV

[1] These consolidated financial statements represent an exemption for EschmannStahl GmbH & Co. KG in accordance with Section 264b of the German Commercial Code *(dHGB)*.

HIGH PERFORMANCE METALS DIVISION

		03/31/2017		03/31/2016	
	Domicile of the company	Interest held	Type of consol-idation	Interest held	Type of consol-idation
voestalpine High Performance Metals S.A. de C.V.	MEX	100.000%	KV	100.000%	KV
voestalpine Special Steels China Limited	CHN	100.000%	KV	100.000%	KV
voestalpine Technology Institute (Asia) Co. Ltd.	TWN	100.000%	KV		
Associated Swedish Steels Phils., Inc.	PHL			92.500%	KO
Bohlasia Steels Sdn. Bhd.	MYS	53.333%	KO	53.333%	KO
BÖHLER-UDDEHOLM Immobilien GmbH	AUT	100.000%	KO	100.000%	KO
Böhler-Uddeholm Solidaritätsfonds Privatstiftung	AUT	100.000%	KO	100.000%	KO
BÖHLER-UDDEHOLM UKRAINE LLC	UKR	100.000%	KO	100.000%	KO
BÖHLER-UDDEHOLM ZAGREB d.o.o.	HRV	100.000%	KO	100.000%	KO
Edelstahlwerke Buderus Nederland B.V.	NLD			100.000%	KO
EDRO Limited	CHN	100.000%	KO	100.000%	KO
Eschmann Beteiligungsgesellschaft mbH	DEU	100.000%	KO	100.000%	KO
Grundstück-Verwaltungsgesellschaft Gewerbehof Sendling mbH & Co. KG	DEU	62.916%	KO	62.916%	KO
HOTEL BÖHLERSTERN Gesellschaft m.b.H.	AUT	100.000%	KO	100.000%	KO
V.K. Italia S.r.l. in liquidazione	ITA	20.000%	KO	20.000%	KO
voestalpine Treasury Holding GmbH	AUT			100.000%	KO

METAL ENGINEERING DIVISION

		03/31/2017		03/31/2016	
	Domicile of the company	Interest held	Type of consol-idation	Interest held	Type of consol-idation
voestalpine Metal Engineering GmbH & Co KG	AUT	100.000%	KV	100.000%	KV
CNTT Chinese New Turnout Technologies Co., Ltd.	CHN	50.000%	KV	50.000%	KV
JEZ Sistemas Ferroviarios S.L.	ESP	70.000%	KV	70.000%	KV
LASA Schienentechnik GmbH	DEU	100.000%	KV	100.000%	KV
Maruti Weld Private Limited	IND	100.000%	KV	100.000%	KV
Materiel Ferroviaire d'Arberats SASU	FRA	70.000%	KV	70.000%	KV
Nortrak-Damy, Cambios de Via, S.A.P.I. de C.V.	MEX	51.007%	KV	51.007%	KV
OOO voestalpine Bohler Welding Russia	RUS	100.000%	KV	100.000%	KV
PT voestalpine Bohler Welding Asia Pacific	IDN	100.000%	KV	100.000%	KV
TSF-A GmbH	AUT	50.100%	KV	50.100%	KV
TSTG Schienen Technik GmbH & Co KG[1]	DEU	100.000%	KV	100.000%	KV
TSTG Schienen Technik Verwaltungs GmbH	DEU	100.000%	KV	100.000%	KV
VAMAV Vasúti Berendezések Kft.	HUN	50.000%	KV	50.000%	KV
voestalpine Bahnsysteme Beteiligungsverwaltung Deutschland GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Bahnsysteme Vermögensverwaltungs GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Boehler Welding USA Technology LLC	USA	100.000%	KV		
voestalpine Böhler Welding (China) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Bohler Welding Asia Pacific Pte. Ltd.	SGP	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Austria GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Belgium S.A.	BEL	100.000%	KV	100.000%	KV
voestalpine Bohler Welding Canada Ltd.	CAN	100.000%	KV	100.000%	KV
voestalpine Böhler Welding CEE GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Fileur SRL	ITA	90.000%	KV	90.000%	KV
voestalpine Böhler Welding Fontargen GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Böhler Welding France SAS	FRA	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Germany GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Böhler Welding GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Group GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Hellas S.A.	GRC	100.000%	KV	100.000%	KV
voestalpine Bohler Welding India Private Limited	IND	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Italia S.r.l.	ITA	100.000%	KV	100.000%	KV
voestalpine Bohler Welding Mexico S.A. de C.V.	MEX	100.000%	KV	100.000%	KV
voestalpine Bohler Welding Middle East FZE	ARE	100.000%	KV	100.000%	KV

[1] These consolidated financial statements represent an exemption for TSTG Schienen Technik GmbH & Co KG in accordance with Section 264b of the German Commercial Code *(dHGB)*.

METAL ENGINEERING DIVISION

	Domicile of the company	03/31/2017 Interest held	03/31/2017 Type of consol-idation	03/31/2016 Interest held	03/31/2016 Type of consol-idation
voestalpine Böhler Welding Nederland B.V.	NLD	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Nordic AB	SWE	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Northeast Asia Ltd.	KOR	100.000%	KV	100.000%	KV
voestalpine Bohler Welding Romania SRL	ROU	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Schweiz AG	CHE	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Soldas do Brasil Ltda.	BRA	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Spain, S.A.	ESP	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Trading (Shanghai) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Bohler Welding UK Limited	GBR	100.000%	KV	100.000%	KV
voestalpine Bohler Welding USA, Inc.	USA	100.000%	KV	100.000%	KV
voestalpine Böhler Welding UTP Maintenance GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine BWG GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine BWG Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Forschungsservicegesellschaft Donawitz GmbH	AUT	93.986%	KV	93.986%	KV
voestalpine Kardemir Demiryolu Sistemleri Sanayi ve Ticaret Anonim Sirketi	TUR	59.935%	KV	59.935%	KV
voestalpine Klöckner Bahntechnik GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Metal Engineering GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Nortrak Inc.	USA	100.000%	KV	100.000%	KV
voestalpine Nortrak Ltd.	CAN	100.000%	KV	100.000%	KV
voestalpine Rail Center Duisburg GmbH[1]	DEU	100.000%	KV	100.000%	KV
voestalpine Rail Center Königsborn GmbH[1]	DEU	100.000%	KV	100.000%	KV
voestalpine Railpro B.V.	NLD	70.000%	KV	70.000%	KV
voestalpine Railway Systems (Thailand) Co., Ltd.	THA	100.000%	KV	100.000%	KV
voestalpine Railway Systems Polska Sp. z o. o.	POL	100.000%	KV	100.000%	KV
voestalpine Schienen GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine SIGNALING Fareham Ltd.	GBR	100.000%	KV	100.000%	KV
voestalpine SIGNALING Sainerholz GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine SIGNALING Siershahn GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine SIGNALING Sopot Sp. z o.o.	POL	100.000%	KV	100.000%	KV
voestalpine SIGNALING USA Inc.	USA	100.000%	KV		
voestalpine SIGNALING Zeltweg GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Special Wire GmbH	AUT	100.000%	KV	100.000%	KV

[1] These consolidated financial statements represent an exemption for voestalpine Rail Center Duisburg GmbH and voestalpine Rail Center Königsborn GmbH in accordance with Section 264 (3) of the German Commercial Code *(dHGB)*.

METAL ENGINEERING DIVISION

	Domicile of the company	03/31/2017 Interest held	Type of consolidation	03/31/2016 Interest held	Type of consolidation
voestalpine Stahl Donawitz GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Track Solutions Saudi Arabia Limited	SAU	51.000%	KV	51.000%	KV
voestalpine Tubulars Al Bassam Company Limited	SAU	29.325%	KV		
voestalpine Tubulars GmbH	AUT	57.500%	KV	57.500%	KV
voestalpine Tubulars GmbH & Co KG	AUT	49.888%	KV	49.888%	KV
voestalpine VAE Africa (Pty) Ltd.	ZAF	100.000%	KV	100.000%	KV
voestalpine VAE Apcarom SA	ROU	100.000%	KV	100.000%	KV
voestalpine VAE Brasil Produtos Ferroviários Ltda.	BRA	100.000%	KV	100.000%	KV
voestalpine VAE GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine VAE Italia S.r.l.	ITA	100.000%	KV	100.000%	KV
voestalpine VAE Legetecha UAB	LTU	66.000%	KV	66.000%	KV
voestalpine VAE Railway Systems Pty.Ltd.	AUS	100.000%	KV	100.000%	KV
voestalpine VAE Riga SIA	LVA	100.000%	KV	100.000%	KV
voestalpine VAE SA (Pty) Ltd.	ZAF	69.000%	KV	69.000%	KV
voestalpine VAE Sofia OOD	BGR	51.000%	KV	51.000%	KV
voestalpine VAE UK Ltd.	GBR	100.000%	KV	100.000%	KV
voestalpine VAE VKN India Private Limited	IND	55.200%	KV	55.200%	KV
voestalpine WBN B.V.	NLD	100.000%	KV	100.000%	KV
voestalpine Weichensysteme GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Wire (Suzhou) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Wire Austria GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Wire Germany GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Wire Italy s.r.l.	ITA	100.000%	KV	100.000%	KV
voestalpine Wire Rod Austria GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Wire Technology GmbH	AUT	100.000%	KV	100.000%	KV
Weichenwerk Wörth GmbH	AUT	56.950%	KV	56.950%	KV
WS Service GmbH[1]	AUT	49.000%	KEA	49.000%	KEA
Burbiola S.A.	ESP	35.000%	KO	35.000%	KO
Casedo GmbH	AUT	100.000%	KO	100.000%	KO
KW PenzVAEE GmbH	AUT	49.000%	KO	49.000%	KO
Liegenschaftsverwaltungs GmbH	AUT	100.000%	KO	100.000%	KO
Parkwood Way Holdings Ltd.	CAN	40.000%	KO	40.000%	KO
va Tubulars Export GmbH	AUT	100.000%	KO	100.000%	KO
VOEST-ALPINE TUBULAR CORP.	USA	57.500%	KO	57.500%	KO
voestalpine Tubulars Middle East DMCC	ARE	57.500%	KO	57.500%	KO

[1] For the company consolidated according to the equity method marked[1], the reporting date of December 31 applies.

METAL FORMING DIVISION

	Domicile of the company	03/31/2017 Interest held	03/31/2017 Type of consol-idation	03/31/2016 Interest held	03/31/2016 Type of consol-idation
voestalpine Metal Forming GmbH	AUT	100.000%	KV	100.000%	KV
Compania de Industria y Comercio, S.A. de C.V.	MEX	100.000%	KV	100.000%	KV
Global Rollforming Corporation	USA	100.000%	KV	100.000%	KV
Kadow und Riese Laser- und Umformtechnik GmbH	DEU			100.000%	KV
Nedcon Bohemia, s.r.o.	CZE	100.000%	KV	100.000%	KV
Nedcon France SASU	FRA	100.000%	KV	100.000%	KV
Nedcon B.V.	NLD	100.000%	KV	100.000%	KV
Nedcon Lagertechnik GmbH	DEU	100.000%	KV	100.000%	KV
Nedcon Magazijninrichting B.V.	NLD			100.000%	KV
Nedcon USA Inc.	USA	100.000%	KV	100.000%	KV
OOO voestalpine Arkada Profil	RUS			100.000%	KV
Polynorm Immobilien GmbH & Co. KG	DEU			100.000%	KV
Polynorm Leasing B.V.	NLD	100.000%	KV	100.000%	KV
Roll Forming Corporation	USA	100.000%	KV	100.000%	KV
Sharon Custom Metal Forming, Inc.	USA	100.000%	KV	100.000%	KV
STAMPTEC France SAS	FRA	100.000%	KV	100.000%	KV
voestalpine Automotive Body Parts Shenyang Co., Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Automotive Components Aguascalientes S. de R.L. de C.V.	MEX	100.000%	KV		
voestalpine Automotive Components Arad SRL	ROU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Birkenfeld GmbH[1]	DEU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Böhmenkirch GmbH & Co. KG[2]	DEU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Bunschoten B.V.	NLD	100.000%	KV	100.000%	KV
voestalpine Automotive Components Cartersville Inc.	USA	100.000%	KV	100.000%	KV
voestalpine Automotive Components Dettingen GmbH[1]	DEU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Deutschland GmbH	DEU	100.000%	KV	100.000%	KV

[1] These consolidated financial statements represent an exemption for voestalpine Automotive Components Birkenfeld GmbH and voestalpine Automotive Components Dettingen GmbH in accordance with Section 264 (3) of the German Commercial Code *(dHGB)*.
[2] These consolidated financial statements represent an exemption for voestalpine Automotive Components Böhmenkirch GmbH & Co. KG in accordance with Section 264b of the German Commercial Code *(dHGB)*.

METAL FORMING DIVISION

		03/31/2017		03/31/2016	
	Domicile of the company	Interest held	Type of consol-idation	Interest held	Type of consol-idation
voestalpine Automotive Components East London (Pty) Ltd.	ZAF	100.000%	KV	100.000%	KV
voestalpine Automotive Components Fontaine	FRA	99.998%	KV	99.998%	KV
voestalpine Automotive Components Linz GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Automotive Components Nagold GmbH & Co. KG[1]	DEU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Schmölln GmbH[2]	DEU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Schwäbisch Gmünd Beteiligung GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Schwäbisch Gmünd GmbH & Co. KG[1]	DEU	100.000%	KV	100.000%	KV
voestalpine Elmsteel Group Limited	GBR	100.000%	KV	100.000%	KV
voestalpine HTI Beteiligungs GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Krems Finaltechnik GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Krems GmbH	AUT	100.000%	KV	100.000%	KV
VOEST-ALPINE KREMS U.K. plc	GBR	100.000%	KV	100.000%	KV
voestalpine Meincol S.A.	BRA	100.000%	KV	100.000%	KV
voestalpine Metal Forming Netherlands Holding B.V.	NLD	100.000%	KV	100.000%	KV
voestalpine Metsec plc	GBR	100.000%	KV	100.000%	KV
voestalpine Präzisionsprofil GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Precision Strip AB	SWE	100.000%	KV	100.000%	KV
voestalpine Precision Strip GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Precision Strip LLC	USA	100.000%	KV	100.000%	KV
voestalpine Precision Strip Trading (Suzhou) Co., Ltd	CHN	100.000%	KV	100.000%	KV
voestalpine Precision Strip WI, Inc.	USA			100.000%	KV
voestalpine Precision Strip, S.A.U.	ESP	100.000%	KV	100.000%	KV
voestalpine Profilafroid	FRA	99.925%	KV	99.925%	KV
voestalpine Profilform (China) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine PROFILFORM s.r.o.	CZE	100.000%	KV	100.000%	KV
voestalpine Rotec GmbH	AUT	100.000%	KV	100.000%	KV

[1] These consolidated financial statements represent an exemption for voestalpine Automotive Components Nagold GmbH & Co. KG and voestalpine Automotive Components Schwäbisch Gmünd GmbH & Co. KG in accordance with Section 264b of the German Commercial Code *(dHGB)*.

[2] These consolidated financial statements represent an exemption for voestalpine Automotive Components Schmölln GmbH in accordance with Section 264 (3) of the German Commercial Code *(dHGB)*.

METAL FORMING DIVISION

	Domicile of the company	03/31/2017 Interest held	03/31/2017 Type of consolidation	03/31/2016 Interest held	03/31/2016 Type of consolidation
voestalpine Rotec GmbH & Co. KG[1]	DEU	100.000%	KV	100.000%	KV
voestalpine Rotec Iberica S.A.	ESP	100.000%	KV	100.000%	KV
voestalpine Rotec Incorporated	USA	100.000%	KV	100.000%	KV
voestalpine Rotec Limited	GBR	100.000%	KV	100.000%	KV
voestalpine Rotec Sp. z o. o.	POL	100.000%	KV	100.000%	KV
voestalpine Rotec Summo Corp.	CAN	100.000%	KV		
voestalpine Rotec Summo de Mexico S. de R.L. de C.V.	MEX	100.000%	KV		
voestalpine S.A.P.	FRA	100.000%	KV	100.000%	KV
voestalpine Sadef nv	BEL	100.000%	KV	100.000%	KV
voestalpine Stamptec Holding GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Stamptec Pfaffenhofen GmbH & Co. KG[1]	DEU	100.000%	KV	100.000%	KV
voestalpine Stamptec Qinhuangdao Co., Ltd.	CHN			100.000%	KV
Entwicklungsgesellschaft Gügling Ost GmbH & Co. KG	DEU	6.000%	KO	6.000%	KO
Entwicklungsgesellschaft Gügling Verwaltungs GmbH	DEU	100.000%	KO	100.000%	KO
EURACIER	FRA	20.000%	KO	20.000%	KO
Hinckley Precision Tubes Limited	GBR	100.000%	KO	100.000%	KO
Martin Miller Blansko, spol. s r. o. (in Liquidation)	CZE	100.000%	KO	100.000%	KO
Martin Miller North America, Inc.	USA	100.000%	KO	100.000%	KO
Metal Sections Limited	GBR	100.000%	KO	100.000%	KO
Munkfors Energi AB	SWE	40.000%	KO	40.000%	KO
Polynorm Immobilien Beteiligungs-GmbH	DEU			100.000%	KO
SADEF FRANCE S.A.R.L.	FRA	100.000%	KO	100.000%	KO
voestalpine Arkada Zapad ITUP	BLR			100.000%	KO
voestalpine Automotive Components Tianjing Co., Ltd.	CHN	100.000%	KO		
voestalpine Beteiligungsgesellschaft Schwäbisch Gmünd mbH	DEU	100.000%	KO	100.000%	KO
voestalpine Stamptec Beteiligungs GmbH	DEU	100.000%	KO	100.000%	KO

[1] These consolidated financial statements represent an exemption for voestalpine Rotec GmbH & Co. KG and voestalpine Stamptec Pfaffenhofen GmbH & Co. KG in accordance with Section 264b of the German Commercial Code *(dHGB)*.

OTHER

	Domicile of the company	03/31/2017 Interest held	Type of consolidation	03/31/2016 Interest held	Type of consolidation
Danube Equity AG	AUT	71.373%	KV	71.373%	KV
Importkohle Gesellschaft m.b.H.	AUT	100.000%	KV	100.000%	KV
RLBV54 Fonds	AUT	99.554%	KV	99.624%	KV
voestalpine Dienstleistungs- und Finanzierungs GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Finanzierungs GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Finanzierungs Holding GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Funding International GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine group-IT AB	SWE	100.000%	KV	100.000%	KV
voestalpine group-IT GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine group-IT GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine group-IT Tecnologia da Informacao Ltda.	BRA	100.000%	KV	100.000%	KV
voestalpine Personal Services GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Rohstoffbeschaffungs GmbH	AUT	100.000%	KV	100.000%	KV
APK-Pensionskasse Aktiengesellschaft[1]	AUT	29.192%	KEA	29.192%	KEA
AC styria Autocluster GmbH	AUT	12.333%	KO	12.333%	KO
Donauländische Baugesellschaft m.b.H.	AUT	100.000%	KO	100.000%	KO
VA Intertrading Aktiengesellschaft	AUT	3.397%	KO	5.662%	KO
voestalpine group-IT (Suzhou) Co., Ltd.	CHN	100.000%	KO		
voestalpine Insurance Services GmbH	AUT	100.000%	KO	100.000%	KO

[1] For the company consolidated according to the equity method marked[1], the reporting date of December 31 applies.

GLOSSARY

Acquisition. Takeover or purchase of companies or of interests in companies.

Asset deal. Company takeover, where the buyer purchases individual assets (rather than shares).

ATX. "Austrian Traded Index," the leading index of the Vienna Stock Exchange, which contains the 20 most important stocks in the prime market segment.

Capital employed. Total employed interest-bearing capital.

Cash flow.
» From investing activities: outflow/inflow of liquid assets from investments/disinvestments;
» From operating activities: outflow/inflow of liquid assets not affected by investment, disinvestment, or financing activities.
» From financing activities: outflow/inflow of liquid assets from capital expenditures and capital contributions.

EBIT (earnings before interest and taxes). Profit before the deduction of taxes, non-controlling interests, and financial result.

EBIT margin. EBIT as a percentage of revenue.

EBITDA (earnings before interest, taxes, depreciation, and amortization). Profit before the deduction of taxes, non-controlling interests, financial result, and depreciation and amortization expenses.

EBITDA margin. EBITDA as a percentage of revenue.

Equity. Assets made available to a corporation by the owners through deposits and/or contributions or from retained profits.

Equity ratio. Equity divided by total assets.

Free float. The portion of the share capital that is actively traded on the stock exchange.

Full-time equivalent (FTE). A full-time employee corresponds to a full-time equivalent of one, part-time employees are taken into account on a pro-rata basis corresponding to their working hours.

Gearing. Ratio of net financial debt to equity.

Gross profit. Revenue less cost of sales.

IFRS (International Financial Reporting Standards). Accounting regulations developed to guarantee comparable accounting and disclosure.

Market capitalization. Market capitalization reflects the current market price of an exchange-listed company.

Net financial debt. Interest-bearing liabilities less interest-earning assets.

Rating. An evaluation of the credit quality of a company recognized on international capital markets.

Return on equity. ROE is the ratio of profit for the period to equity as recorded in the previous period.

ROCE (return on capital employed). ROCE is the ratio of EBIT to average capital employed, that is, profit generated by the capital invested.

Volatility. The degree of fluctuation in stock prices and currency exchange rates or in prices of consumer goods in comparison to the market.

Weighted average cost of capital (WACC). Average capital costs for both borrowed capital and equity.

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& IMPRINT

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