ANNUAL REPORT 2018/19

voestalpine
ONE STEP AHEAD.

www.voestalpine.com

DEVELOPMENT OF THE KEY FIGURES

In millions of euros	2014/15	2015/16	2016/17	2017/18[1]	2018/19
Income statement					
Revenue	11,189.5	11,068.7	11,294.5	12,897.8	13,560.7
EBITDA	1,530.1	1,583.4	1,540.7	1,954.1	1,564.6
Depreciation	643.9	694.6	717.4	774.1	785.2
EBIT	886.2	888.8	823.3	1,180.0	779.4
Profit before tax	739.0	751.3	699.9	1,042.5	645.7
Profit after tax[2]	595.0	602.1	527.0	825.4	458.6
Statement of financial position					
Investments in tangible and intangible assets and interests	1,177.8	1,310.9	1,011.4	895.2	1,011.8
Equity	5,115.0	5,651.6	6,060.3	6,554.3	6,709.8
Net financial debt	2,978.1	3,079.9	3,221.1	2,995.1	3,125.4
Net financial debt in % of equity (gearing)	58.2%	54.5%	53.2%	45.7%	46.6%
Financial key figures					
EBITDA margin	13.7%	14.3%	13.6%	15.2%	11.5%
EBIT margin	7.9%	8.0%	7.3%	9.1%	5.7%
Return on capital employed (ROCE)	10.0%	9.2%	8.1%	11.1%	7.0%
Cash flows from operating activities	1,119.9	1,282.2	1,150.4	1,195.1	1,166.6
Share information					
Share price, end of period (euros)	34.10	29.41	36.90	42.57	27.07
Dividend per share (euros)	1.00	1.05	1.10	1.40	1.10[3]
Market capitalization, end of period	5,878.7	5,143.5	6,506.2	7,506.0	4,832.6
Number of outstanding shares as of March 31	172,420,566	174,920,566	176,320,566	176,320,566	178,520,566
EPS – earnings per share (euros)	3.18	3.35	2.84	4.40	2.31
Personnel					
Employees (full time equivalent), end of period	47,418	48,367	49,703	51,621	51,907

[1] Business year 2017/18, retroactively adjusted.
[2] Before deduction of non-controlling interests and interest on hybrid capital.
[3] As proposed to the Annual General Meeting.

HIGHLIGHTS 2018/19

» Economy's very good start into the business year followed by increasingly critical macroeconomic developments over the remainder of the year.

» Worldwide dampening of economic sentiment not least due to the escalating trade war between the United States and China as well as other regions including Europe.

» Europe's economic momentum also impacted by the UK's unproductive Brexit negotiations as well as the introduction of the Worldwide Harmonized Light Vehicle Test Procedure (WLTP) in the economically important automotive industry.

» At EUR 13.6 billion, the voestalpine Group delivers a new all-time revenue high (previous year: EUR 12.9 billion).

» Negative financial one-time effects stemming from complete overhaul of Group's largest blast furnace, provisions related to ongoing cartel investigation, and steeper start-up costs at Group's US automotive component plant affected the Group's key earnings figures for the business year 2018/19.

» Operating result (EBITDA) falls 19.9% to EUR 1,565 million (previous year: EUR 1,954 million), EBITDA margin of 11.5% (previous year: 15.2%).

» Profit from operations (EBIT) drops 33.9% to EUR 779 million (previous year: EUR 1,180 million), EBIT margin of 5.7% (previous year: 9.1%).

» Profit before tax drops 38.1%, from EUR 1,043 million in the previous business year to EUR 646 million in 2018/19.

» Profit after tax drops 44.4%, from EUR 825 million in the previous year to EUR 459 million.

» Equity climbs to EUR 6,710 million as of March 31, 2019, up from EUR 6,554 million as of March 31, 2018.

» At 46.6%, gearing ratio (net financial debt relative to equity) largely stable compared with the previous year (45.7%).

» Dividend proposal to Annual General Meeting: EUR 1.10 per share (previous year: EUR 1.40 per share).

CONTENTS

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

THE GROUP

MANAGEMENT REPORT

DIVISIONAL REPORTS

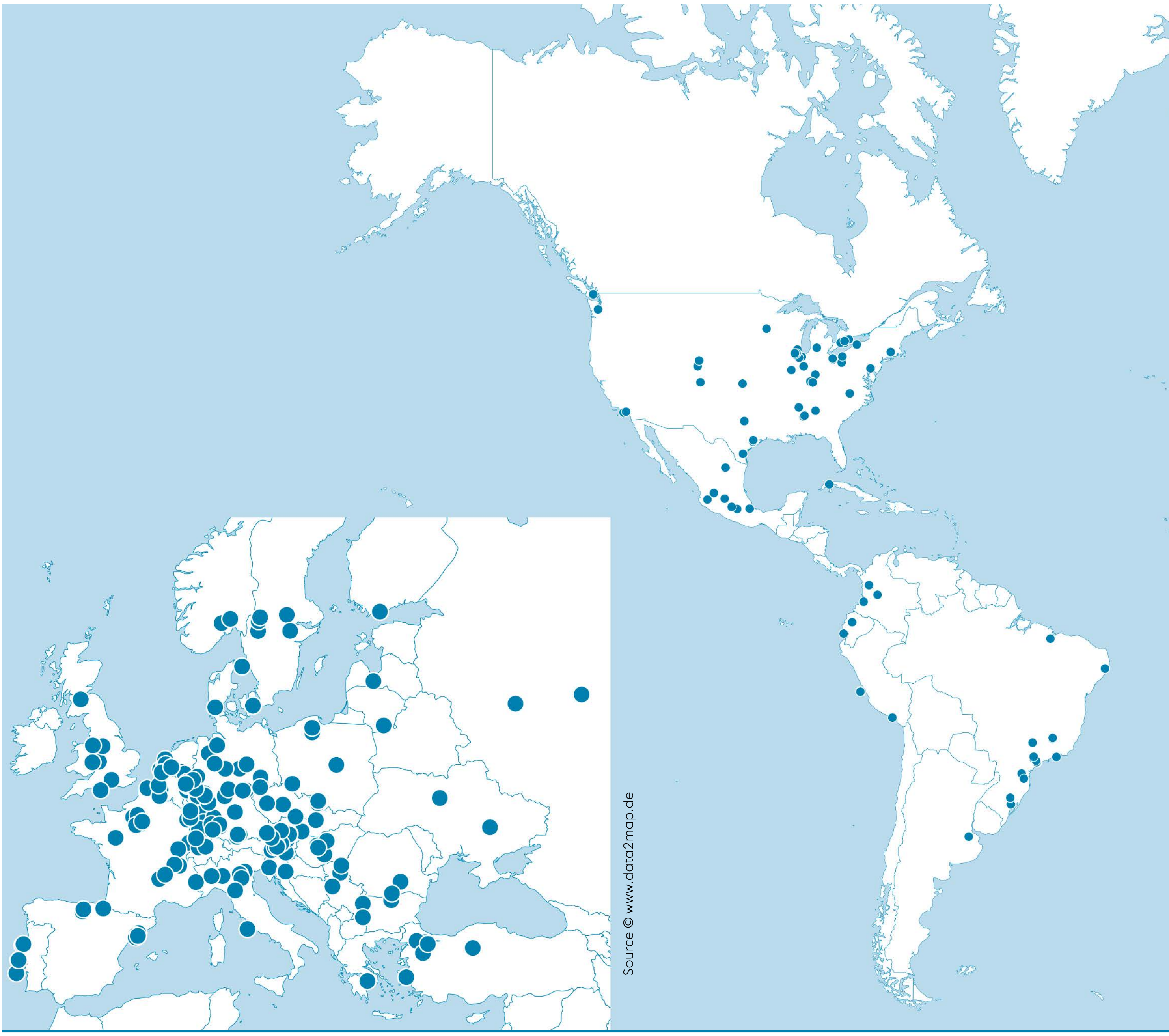
CONSOLIDATED FINANCIAL STATEMENTS

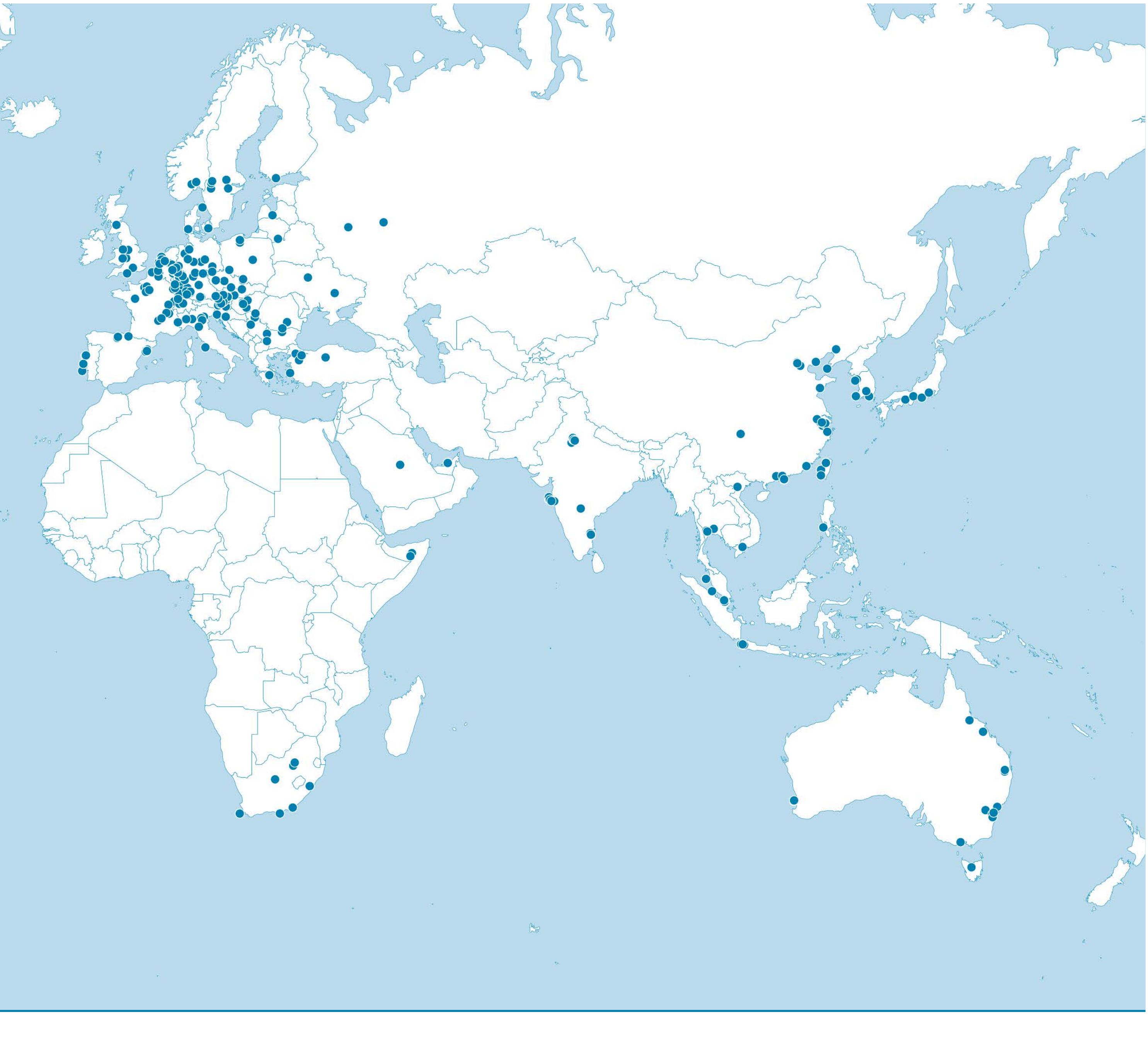
SERVICE

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

voestalpine GROUP
GLOBAL PRESENCE

Present in more than 50 countries as the 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 13.6 billion in the business year 2018/19 and an operating result (EBITDA) of EUR 1.6 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.

35%
OF GROUP REVENUE

Revenue (in millions of euros)	4,887.3
EBIT (in millions of euros)	319.0
EBIT margin	6.5%
Employees (full-time equivalent)	10,877

The 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.

22%
OF GROUP REVENUE

Revenue (in millions of euros)	3,136.3
EBIT (in millions of euros)	280.0
EBIT margin	8.9%
Employees (full-time equivalent)	14,398

The High Performance Metals 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.

22%

OF GROUP REVENUE

Revenue (in millions of euros)	3,147.1
EBIT (in millions of euros)	202.0
EBIT margin	6.4%
Employees (full-time equivalent)	13,501

The 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)	2,937.4
EBIT (in millions of euros)	93.8
EBIT margin	3.2%
Employees (full-time equivalent)	12,240

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.

SUPERVISORY BOARD
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 Upper Austria Chamber of Workers and Employees, Linz

Dipl.-Ing. Dr. Michael Schwarzkopf (until August 1, 2018)
Member of the Supervisory Board
Initial appointment: July 1, 2004
Chairman of the Supervisory Board of Plansee Holding AG, Reutte

Delegated by the Works Council:

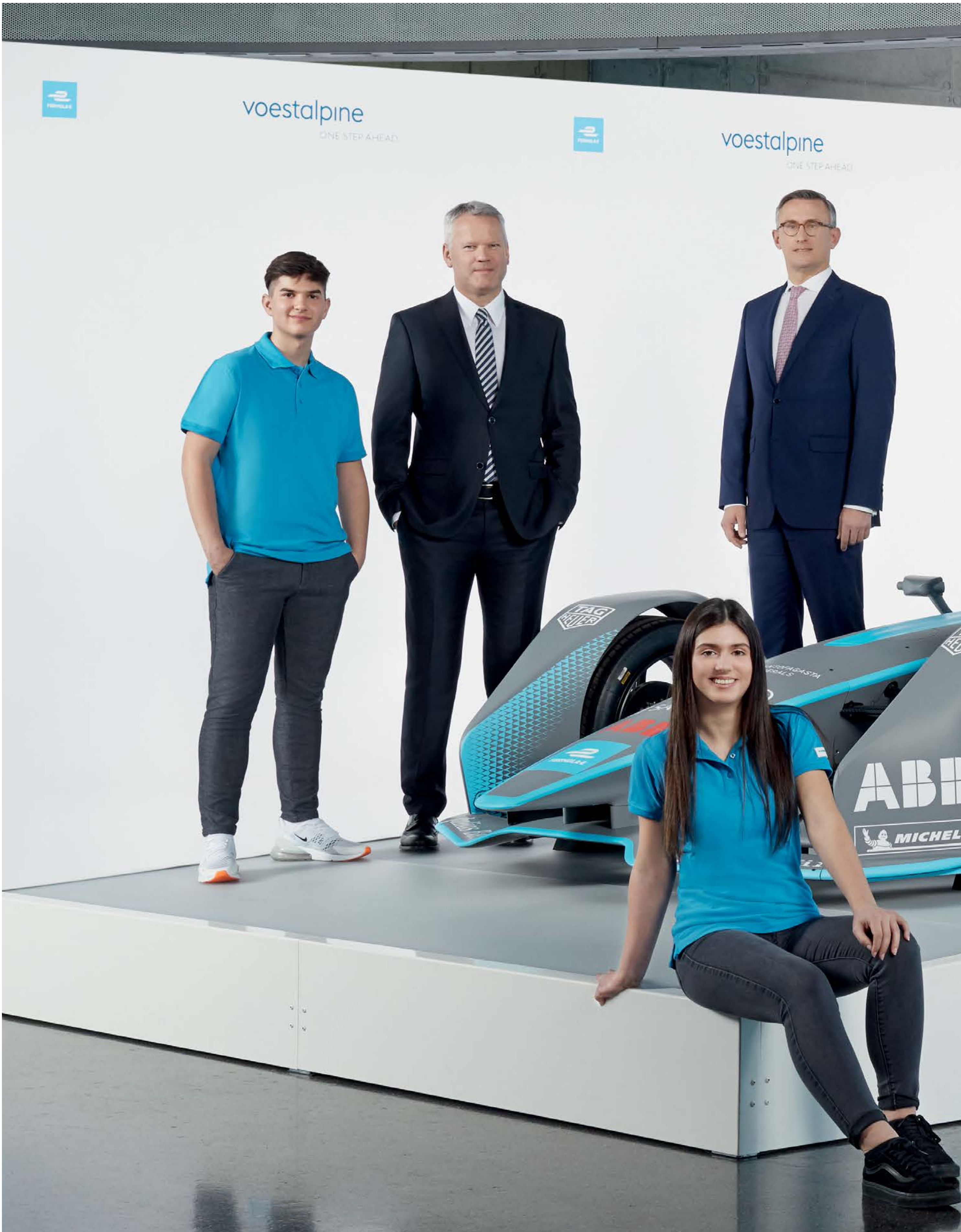
Josef Gritz
Member of the Supervisory Board
Initial appointment: January 1, 2000
Chairman of the Works Council for Workers of voestalpine Stahl Donawitz GmbH, Donawitz

Friedrich Hofstätter (until June 15, 2019)
Member of the Supervisory Board
Initial appointment: July 1, 2017
Chairman of the Works Council for Salaried Employees of voestalpine AG, Linz

Sandra Fritz (from June 15, 2019)
Member of the Supervisory Board
Initial appointment: June 15, 2019
Member 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 Workers of voestalpine BÖHLER Edelstahl GmbH & Co KG, Kapfenberg


voestalpine
ONE STEP AHEAD
voestalpine
ONE STEP AHEAD
ABB
MICHELIN

From left to right: Edion Dobruna, Franz Kainersdorfer, Albiona Dobruna, Robert Ottel,
Herbert Eibensteiner, Wolfgang Eder, Anna Traxler, Franz Rotter, Florian Grünberger, Peter Schwab

MANAGEMENT BOARD
voestalpine AG

Dr. Wolfgang Eder

Chairman of the Management Board since 2004
Born 1952, Member of the Management Board since 1995

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
» M&A
» Strategic Environmental Management
» Investor Relations
» Internal Audit

Dipl.-Ing. Herbert Eibensteiner

Head of the Steel Division
Born 1963, Member of the Management Board since 2012

Assigned area of responsibility:
» Information Technology

Dipl.-Ing. Dr. Franz Kainersdorfer

Head of the Metal Engineering Division
Born 1967, Member of the Management Board since 2011

Assigned area of responsibility:
» Group’s Long-Term Energy Supply

Mag. Dipl.-Ing. Robert Ottel, MBA

Chief Financial Officer (CFO)

Born 1967, Member of the Management Board since 2004

Assigned areas of responsibility:

» Corporate Accounting and Reporting
» Controlling including Investment Controlling
» Group Treasury
» Taxes
» Management Information Systems
» Risk Management

Dipl.-Ing. Franz Rotter

Head of the High Performance Metals Division

Born 1957, Member of the Management Board since 2011

Assigned areas of responsibility:

» Procurement Strategy
» Health & Safety

Dipl.-Ing. Dr. Peter Schwab, MBA

Head of the Metal Forming Division

Born 1964, Member of the Management Board since 2014

Effective as per the close of the Annual General Meeting on July 3, 2019, Dr. Wolfgang Eder will step down from the Management Board of voestalpine AG. On June 5, 2018, the Supervisory Board appointed Dipl.-Ing. Herbert Eibensteiner to succeed Dr. Wolfgang Eder as the Chairman of the Management Board. On December 18, 2018, the Supervisory Board appointed Dipl.-Ing. Hubert Zajicek to the Management Board of voestalpine AG and the successor of Dipl.-Ing. Herbert Eibensteiner as the Head of the Steel Division effective July 4, 2019.

LETTER OF THE MANAGEMENT BOARD

Ladies and Gentlemen:

Following the record business year 2017/18, which produced all-time highs with respect to just about every key performance indicator of the voestalpine Group, the business year 2018/19 just ended was buffeted by growing political and economic challenges. While the Group succeeded nonetheless in boosting its revenue yet again, its earnings performance fell considerably short of the previous year's results due to both external and internal negative factors.

The geopolitical environment has become ever more complex in the past 12 months. The trade wars that the United States triggered with a number of economic regions in the spring of 2018—China above all, but Europe too—evolved over the year into an accelerating cycle of tit-for-tat measures. At the political level, the resulting, ever-widening movement against the free exchange of goods and for protectionist policies—not least under the guise of the need to protect national interests—is simultaneously supporting the growth of populist movements, even in Europe.
It goes without saying that the intensifying interventions by a number of governments in trade and economic policies affected global economic trends also. In turn, the flow of goods was no longer just left to the "classical" market mechanisms, so to speak, but instead was subjected in part to artificial interventions that put open markets such as the European Union under growing pressure. Independently of political countermeasures, this leads in any case to widespread economic uncertainty among consumers and producers alike. This is precisely what happened in Europe over the course of the past business year in a number of sectors, for example, the automotive and the consumer goods industry.

On the whole, many of the current developments in trade policies seem downright contemptuous of calls for more consistency in global economic standards and criteria. Instead of at least trying to bring everyone closer to a "global, level playing field," the positions of more and more regions and countries seem to be drifting further and further apart. This applies to topics such as climate protection and energy efficiency—the Paris Agreement, for one—as much as to state subsidies, in regards to which many countries pay political lip service to transparency but don't do much about it.
There is nothing objectionable in Europe's endeavors to position itself as a positive example and as a beacon of a new worldview despite the headwind blowing from other regions. Yet this will work only as long as we don't undermine our own future.

The past business year delivered good and bad tidings for the voestalpine Group. Its current mega investment projects remained on track. For example, the construction of the new special steel plant in Kapfenberg, Austria, is proceeding apace in terms of both time and money. This means that the route for its scheduled launch in about two years should be clear. While the complete overhaul of the Steel Division's largest blast furnace during the summer of 2018 was a challenge, in the end everything went according to plan. For another 15 years or so, the plant will thus serve as the state-of-the-art backbone of steel production in Linz, Austria, and thus of a growing number of high-tech products made of steel.
By contrast, the ramp-up curve of the massively expanded automotive component plant in Cartersville, Georgia, USA, turned out to be much more difficult than expected. The plant's design was ambitious from the get-go, yet massive support from the Group was needed to get the complex

facility going, so to speak, with corresponding effects on earnings—as already communicated a number of times. Provisions for pending cartel proceedings in the Steel Division's Heavy Plate segment were another negative, non-recurring effect in the Consolidated Financial Statements 2018/19.
This, in conjunction with a number of smaller adverse earnings effects and, in particular, the considerable cooling of the economy in the business year's second half, led year over year to considerably weaker earnings performance in the business year 2018/19.

But both the financial position of the voestalpine Group and its capital structure are as healthy as ever. Against the backdrop of the impending intensification of difficulties in the economic environment and the technological challenges to come over the next decade, however, the Group will focus more than before on working capital and CapEx management and thus on optimizing cash flow.
As the business year 2017/18 delivered outstanding results and a commensurate dividend of EUR 1.40 per share, the Management Board took the good performance of the business year 2016/17, for which a dividend of EUR 1.10 per share was paid to our shareholders, as the basis for its current dividend proposal. The dividend for the business year 2018/19 equates to a return of 3.1% on the average share price during the year and a distribution ratio of 48.1%.

voestalpine remains on its growth track, even though both the economic and the political environment of the past 12 months became ever more complex and thus an ever-increasing challenge at the entrepreneurial level. The fundamental change from a steel group to a technology group that voestalpine has pursued simultaneously and consistently now is a fact and irreversible. It provides the basis for a successful long-term trajectory, especially in an increasingly competitive global economic environment—in the interest of our customers, our shareholders, and our employees.

Linz, May 28, 2019

The Management Board

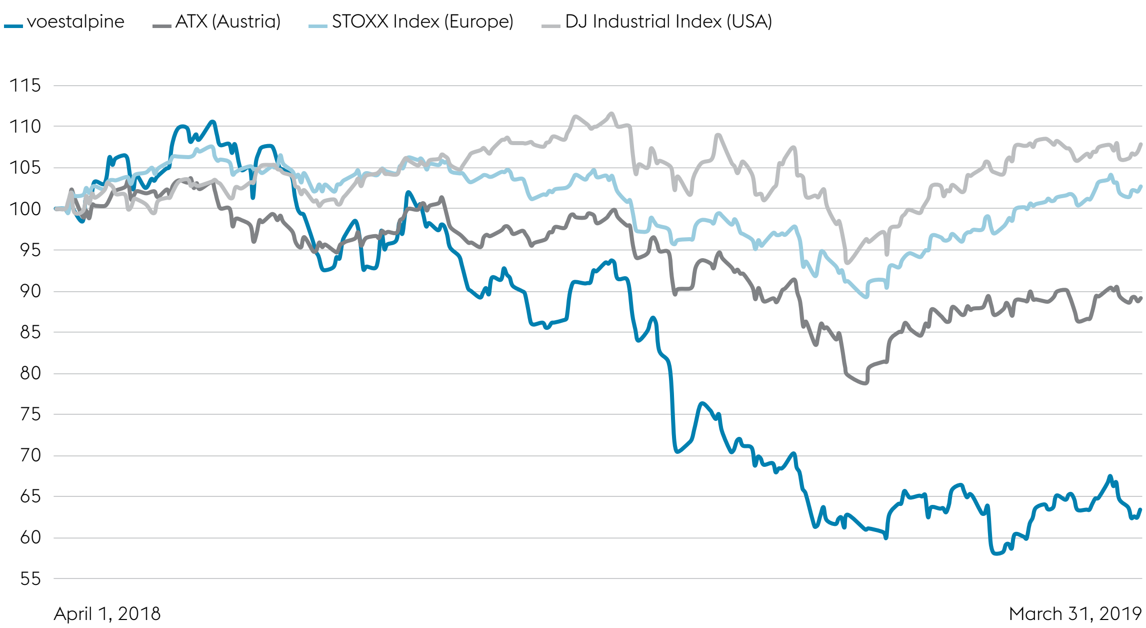
Wolfgang Eder	Herbert Eibensteiner	Franz Kainersdorfer
Robert Ottel	Franz Rotter	Peter Schwab

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

INVESTOR RELATIONS

voestalpine AG VS. THE ATX AND INTERNATIONAL INDICES

Changes compared to March 31, 2018, in %



DEVELOPMENT OF THE voestalpine SHARE

While the mere threat on the part of US politicians at the start of the calendar year 2018 that Section 232 import tariffs would be imposed on steel and aluminum products on national security grounds unsettled the international capital markets, the nervousness caused by the subsequent implementation of precisely such measures grew exponentially. The voestalpine share came under pressure less from the direct effects of these actions (which, as far as voestalpine was concerned, were deemed manageable thanks to numerous exemptions), and more from fears of the consequences of the diversion of steel products from third countries to the European Union. Subsequently, the voestalpine Group's customer focus on the European automotive industry intensified the share's downward spiral in the fall of 2018, because the initial rollout of the WLTP emissions testing procedure gave rise to worries that automotive sales in Europe would lose their momentum not just temporarily, but instead that

the positive momentum of the automotive industry would definitely come to an end after several boom years. Substantially higher start-up losses at the Group's automotive facility in Cartersville, Georgia, USA, were a drag on the share price as well. Starting in the fall of 2018, the increasing restrictions on free trade between the United States and China caused uncertainty among Chinese consumers to grow and growth prospects to shrink—the latter not just in China itself, but also in the European Union, which is heavily dependent on exports. In the fall of 2018 and January 2019, respectively, these developments resulted in a change in voestalpine's outlook with respect to its performance in the business year 2018/19, putting sustained pressure on its share price.
The sentiment in the capital markets during the first quarter of the calendar year 2019 improved somewhat, even though economic forecasts basically remained subdued. Overall, the voestalpine share shed more than one third of its value during the business year 2018/19. While its price at the start of the business year still was EUR 42.64, its closing price on the business year's last trading day was EUR 27.07. In the same period, the performance of the leading Austrian share index (ATX) was about 10% weaker, whereas both the Dow Jones Industrial and the STOXX Index Europe (both benchmark indices) even trended slightly positive.

CORPORATE BOND 2019–2026

In April 2019, voestalpine AG successfully placed a EUR 500 million corporate bond issue with a coupon of 1.75% in the capital market for general corporate funding purposes. April 10, 2019, was the value date and start of official trading of the seven-year bond (ISIN AT0000A27LQ1).

BONDS

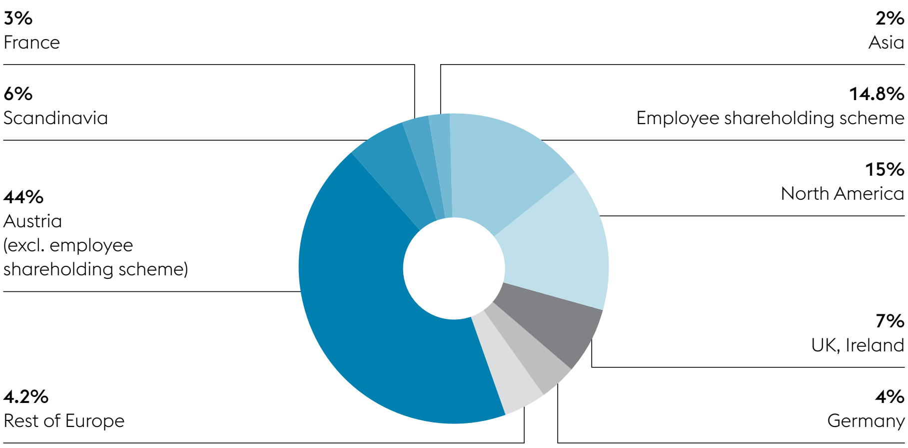
Type of bond	ISIN number	Issuing volume	Interest rate	Share price (03/31/2019)
Hybrid bond 2013	AT0000A0ZHF1	EUR 500 million	7.125%[1]	102.9
Corporate bond 2014 – 2021	AT0000A19S18	EUR 400 million	2.25%	104.9
Corporate bond 2014 – 2024	AT0000A1Y3P7	EUR 500 million	1.375%	101.8

[1] Interest rates: 7.125% p.a. from issue date to October 31, 2014; 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; thereafter three-month EURIBOR +4.93% p.a. + step-up of 1% p.a. from October 31, 2024.

SHAREHOLDER STRUCTURE

The shareholder structure by region as of the end of the business year 2018/19 presents the following (indicative) picture:

SHAREHOLDER STRUCTURE



MAJOR INDIVIDUAL SHAREHOLDERS

Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG	< 15%
voestalpine employee shareholding scheme	14.8%
Oberbank AG	8.1%

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

» Alpha Value, Paris
» Baader Bank AG, Munich
» Bank of America/Merrill Lynch, 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
» Macquarie, London
» Morgan Stanley, London
» Oddo BHF, Paris
» Raiffeisen Centrobank, Vienna
» UBS, London

SHARE INFORMATION

Share capital	EUR 324,391,840.99 divided into 178,549,163 no-par value shares
Treasury shares as of March 31, 2019	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 2018 to March 2019	EUR 47.11
Share price low April 2018 to March 2019	EUR 24.82
Share price as of March 31, 2019	EUR 27.07
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, 2019*	EUR 4,832,551,721.62

* Basis: total number of shares minus repurchased shares.

BUSINESS YEAR 2018/19

Earnings per share	EUR 2.31
Dividend per share	EUR 1.10*
Carrying amount per share as of March 31, 2019	EUR 36.66

* As proposed to the Annual General Meeting.

FINANCIAL CALENDAR 2019/20

Record date for participation in the AGM	June 23, 2019
Annual General Meeting (AGM)	July 3, 2019
Ex-dividend date	July 11, 2019
Record date for dividend payment	July 12, 2019
Dividend payment date	July 15, 2019
Letter to Shareholders for the first quarter of 2019/20	August 7, 2019
Letter to Shareholders for the second quarter of 2019/20	November 6, 2019
Letter to Shareholders for the third quarter of 2019/20	February 6, 2020
Annual Report 2019/20	June 3, 2020
Annual General Meeting	July 1, 2020

CONSOLIDATED CORPORATE GOVERNANCE REPORT 2018/19

COMMITMENT TO THE AUSTRIAN CORPORATE GOVERNANCE CODE

The Austrian Corporate Governance Code ("Code") provides Austrian stock corporations with a framework for managing and monitoring their company. It serves to establish a system for managing and controlling companies and groups that is accountable and geared to creating sustainable, long-term value. This is designed to ensure a high 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 directors; and 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 2018.

» The Code is publicly accessible at www.corporate-governance.at

It achieves validity when companies voluntarily undertake to adhere to it. The Management Board and the Supervisory Board of voestalpine AG decided as early as in 2003 to acknowledge the Corporate Governance Code, and they have also accepted and implemented the amendments introduced since then. voestalpine AG thus commits itself to comply with the Austrian Corporate Governance Code as amended.

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; non-compliance with the "C Rules" (= Comply or Explain) must be justified; "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: 07/03/2019; Member of the Supervisory Board of Oberbank AG, Linz, Austria (until 05/14/2019); Member of the Supervisory Board of Infineon Technologies AG, Munich, Germany	**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; M&A; Strategic Environmental Management; Investor Relations; Internal Audit **Positions at material subsidiaries[2] of the voestalpine Group** voestalpine Stahl GmbH, Chairman of the Supervisory Board; voestalpine High Performance Metals 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 **Chairman of the Management Board (from 07/03/2019)** Born 1963; Member of the Management Board since 2012; End of the current term of office: 03/31/2024	**Assigned area of responsibility** Information Technology **Positions at material subsidiaries[2] of the voestalpine Group** voestalpine Stahl GmbH, Chairman of the Executive Management Board; voestalpine High Performance Metals 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 Texas LLC, Chairman of the Board of Directors; 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: 03/31/2024; Member of the Supervisory Board of VA Erzberg GmbH, Eisenerz, Austria	**Assigned area of responsibility** Group's Long-Term Energy Supply **Positions at material subsidiaries[2] of the voestalpine Group** voestalpine Metal Engineering Verwaltung GmbH, Chairman of the Executive Management Board; voestalpine Stahl GmbH, Member of the Supervisory Board; voestalpine High Performance Metals 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 Texas LLC, Member of the Board of Directors; voestalpine Rohstoffbeschaffungs GmbH, Member of the Advisory Board

[2] 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

Chief Financial Officer (CFO) Born 1967; Member of the Management Board since 2004; End of the current term of office: 03/31/2024; Deputy Chairman of the Supervisory Board of APK-Pensionskasse AG, Vienna, Austria; Member of the Supervisory Board of Josef Manner & Comp. AG, Vienna, Austria; Member of the Supervisory Board of CEESEG AG, Vienna, Austria; Member of the Supervisory Board of Vienna Stock Exchange AG, Vienna, Austria	**Assigned areas of responsibility** Corporate Accounting and Reporting; Controlling including Investment Controlling; Group Treasury; Taxes; Management Information Systems; Risk Management **Positions at material subsidiaries[2] of the voestalpine Group:** voestalpine Stahl GmbH, Deputy Chairman of the Supervisory Board; voestalpine High Performance Metals 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; voestalpine Texas LLC, Member of the Board of Directors

» 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: 03/31/2024	**Assigned areas of responsibility** Procurement Strategy; Health & Safety **Positions at material subsidiaries[2] of the voestalpine Group** voestalpine High Performance Metals GmbH, Chairman of the Executive 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; voestalpine BÖHLER Edelstahl GmbH, Member of the Supervisory Board; Buderus Edelstahl GmbH, Member of the Supervisory Board; Uddeholms AB, Member of the Executive Board; Villares Metal S.A., Member of the Supervisory Board; voestalpine BÖHLER Aerospace 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: 03/31/2024	**Positions at material subsidiaries[2] of the voestalpine Group** voestalpine Metal Forming GmbH, Chairman of the Executive Management Board; voestalpine Stahl GmbH, Member of the Supervisory Board; voestalpine High Performance Metals GmbH, Member of the Supervisory Board; voestalpine Metal Engineering GmbH, Member of the Supervisory Board; voestalpine Precision Strip GmbH, Chairman of the Supervisory Board; voestalpine Krems GmbH, Chairman of the Supervisory Board; voestalpine Sadef nv, Chairman of the Supervisory Board; voestalpine Automotive Components Dettingen Verwaltungs GmbH, Chairman of the Advisory Board; voestalpine Automotive Components Schwäbisch Gmünd GmbH & Co. KG, Chairman of the Advisory Board

[2] 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.

CHANGES ON THE MANAGEMENT BOARD FROM JULY 3, 2019

Dr. Wolfgang Eder will step down from the Management Board of voestalpine AG at the close of the Annual General Meeting on July 3, 2019. On June 5, 2018, the Supervisory Board appointed Dipl.-Ing. Herbert Eibensteiner to succeed Dr. Wolfgang Eder as the Chairman of the Management Board. On December 18, 2018, the Supervisory Board appointed Dipl.-Ing. Hubert Zajicek to the Management Board of voestalpine AG; he succeeds Dipl.-Ing. Herbert Eibensteiner as the Head of the Steel Division effective July 4, 2019. Hence the Management Board of voestalpine AG will be constituted as follows after the Annual General Meeting of voestalpine AG on July 3, 2019:

» Herbert Eibensteiner
(Chairman of the Management Board)
» Robert Ottel
(Chief Financial Officer (CFO))
» Franz Rotter
(Head of the High Performance Metals Division)
» Franz Kainersdorfer
(Head of the Metal Engineering Division)
» Peter Schwab
(Head of the Metal Forming Division)
» Hubert Zajicek
(Head of the Steel Division)

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, Germany
» **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, Austria; Second Deputy Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna, Austria; Deputy Chairman of the Supervisory Board of AMAG Austria Metall AG, Braunau-Ranshofen, Austria
» **KR Dr. Franz Gasselsberger, MBA** Born 1959	**Member of the Supervisory Board,** Initial appointment: 07/01/2004 CEO of Oberbank AG, Linz, Austria; Chairman of the Supervisory Board of Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck, Austria; Deputy Chairman of the Supervisory Board of BKS Bank AG, Klagenfurt, Austria; Member of the Supervisory Board of AMAG Austria Metall AG, Braunau-Ranshofen, Austria (until 04/10/2019); Member of the Supervisory Board of Lenzing AG, Lenzing, Austria
» **Dr. Hans-Peter Hagen** Born 1959	**Member of the Supervisory Board,** Initial appointment: 07/04/2007 Managing Director of BALDUS Consulting GmbH, Vienna, Austria; Member of the Supervisory Board of Telekom Austria AG, Vienna, Austria
» **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, Austria
» **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 Upper Austria Chamber of Workers and Employees, Linz, Austria
» **Dipl.-Ing. Dr. Michael Schwarzkopf** Born 1961	**Member of the Supervisory Board** (until 08/01/2018) Initial appointment: 07/01/2004 Chairman of the Supervisory Board of Plansee Holding AG, Reutte, Austria; Member of the Supervisory Board of Mayr-Melnhof Karton AG, Vienna, Austria

Delegated by the Works Council:

» **Josef Gritz** Born 1959	**Member of the Supervisory Board,** Initial appointment: 01/01/2000 Chairman of the Works Council for Workers of voestalpine Stahl Donawitz GmbH, Donawitz, Austria
» **Friedrich Hofstätter** (until 06/15/2019) Born 1965	**Member of the Supervisory Board,** Initial appointment: 07/01/2017 Chairman of the Works Council for Salaried Employees of voestalpine AG, Linz, Austria
» **Sandra Fritz** (from 06/15/2019) Born 1977	**Member of the Supervisory Board,** Initial appointment: 06/15/2019 Member of the Works Council for Salaried Employees of voestalpine AG, Linz, Austria
» **Hans-Karl Schaller** Born 1960	**Member of the Supervisory Board,** Initial appointment: 09/01/2005 Chairman of the Group Works Council of voestalpine AG, Linz, Austria; Chairman of the European Works Council of voestalpine AG, Linz, Austria
» **Gerhard Scheidreiter** Born 1964	**Member of the Supervisory Board,** Initial appointment: 01/01/2012 Chairman of the Works Council for Workers of voestalpine BÖHLER Edelstahl GmbH & Co KG, Kapfenberg, Austria

All Supervisory Board positions held by shareholders' representatives end as of the close of the Annual General Meeting of voestalpine AG on July 3, 2019, which will adopt resolutions regarding the business year 2018/19.
With the exception of Dipl.-Ing. Dr. Michael Schwarzkopf, none of the members of the Supervisory Board missed more than one half of the meetings of the Supervisory Board during the past 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 Consolidated Financial Statements (page 203).

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 company's website, www.voestalpine.com. Furthermore, with the exception of Dr. Heinrich Schaller (who represents the shareholder Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OF) 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 may also be given the right to make decisions. In accordance with the ratio defined in Section 110 (1) Austrian 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 the Compensation Committee** as defined in the Corporate Governance Code.

As the Nomination Committee, the General Committee submits recommendations to the Supervisory Board as to the filling of Management Board positions that are becoming vacant and handles issues related to succession planning. As the Compensation Committee, the General Committee is also responsible for executing, amending, and dissolving director's contracts with members of the Management Board as well as for all matters associated with the administration of Management Board members' stock option plans. Furthermore, the General Committee has the right to make decisions in urgent cases. It also resolves whether members of the Management Board are permitted to take on secondary employment.

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; supervising the work of the auditor; reviewing and preparing the approval of the annual financial statements; reviewing and monitoring the auditor's independence as well as reviewing the proposal 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 Group-wide internal control system, Internal Audit, 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 AND SIGNIFICANT CONTENT OF THE MEETINGS OF THE SUPERVISORY BOARD AND THE COMMITTEE IN THE BUSINESS YEAR 2018/19

During the business year 2018/19, the Supervisory Board fulfilled its responsibilities under the law and the Articles of Incorporation, holding seven plenary sessions, four Audit Committee meetings, and eight General Committee meetings. In addition to these regular reports on the Group's current business and financial position—particularly, its Strategy 2025—the meetings of the Supervisory Board dealt with the core elements of the voestalpine Group's digital transformation as well as with matters involving innovation and information technology. Moreover, both the General Committee and the Supervisory Board dealt intensively during the reporting period with the succession of the current Chairman of the Management Board, Dr. Wolfgang Eder. This process led to the appointment at the Supervisory Board meeting on June 5, 2018, of Dipl.-Ing. Herbert Eibensteiner as the new chairman of the Management Board effective July 3, 2019. Up to now, Mr. Eibensteiner has been the member of the Management Board responsible for the Steel Division. At the Supervisory Board meeting on December 18, 2018, Dipl.-Ing. Hubert Zajicek was appointed his successor as the member of the Management Board responsible for the Steel Division. In particular, the Audit Committee dealt with the preparation and review of the approval of the company's Consolidated Financial Statements and the individual financial statements; the review of the auditor's independence; the selection process for a new auditor as well as topics related to the internal control system, the risk management system, and Internal Audit.

The auditor, Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, attended three of the four meetings of the Audit Committee and was available for questions and discussions.

At the last meeting of the business year on March 21, 2019, the Supervisory Board also carried out the self-evaluation required under Rule 36 of the Corporate Governance Code and, after asking the Management Board to leave the room, used a list of questions to address the general cooperation between Management Board and Supervisory Board, the quality and scope of the documents made available to the Supervisory Board as well as organizational issues.

PRINCIPLES OF THE voestalpine GROUP'S COMPENSATION POLICY

Employees' total compensation is paid, for one, in the form of a fixed salary in line with market conditions and, for another, in the form of variable compensation.
The amount of the fixed salary is based on the activities, role, and position of the given employee, as well as their individual experience and expertise. Any relevant statutory requirements and contracts under collective bargaining agreements or works agreements are complied with as applicable. The amount of the variable compensation is contingent on the achievement of stipulated targets. Depending on the given employee's role, both qualitative and quantitative targets are agreed (in particular EBIT and ROCE). Targets are usually set for one business year at a time.
As far as managing directors and executives are concerned, there are limits on the maximum possible variable compensation and the weighting of targets. Compensation packages for all other employees are determined by each individual company in line with market conditions, taking into account both local practice and local requirements. Various compensation elements are possible, including non-monetary elements:

» Pension plans (e.g. in Austria, a pension fund)
» Insurance (e.g. accident insurance)
» Employer-subsidized meals
» Coupons

The compensation packages of managing directors and executives always include variable compensation (bonus) and, in some cases, both a pension plan and a company car.

COMPOSITION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

The selection of Management Board members is based on the following material criteria: professional suitability (i.e. whether the candidate possesses the requisite competence and experience) and personality traits (e.g. personal integrity). In addition, age and gender are also included in the decision-making process. Independent management audits by external advisers that are conducted as necessary ensure that the decisions are also based on objective evaluations. At present, no woman sits on the Management Board of voestalpine AG. There is balance in terms of the distribution of age, educational background, and professional experience.
The shareholder representatives on the Supervisory Board are elected by the Annual General Meeting in accordance with the applicable statutory framework. The requirements under the Austrian Act on Gender Parity in Supervisory Boards *(Gleichstellungsgesetz von Frauen und Männern im Aufsichtsrat – GFMA-G)* shall be applied for the first time in connection with the elections for the Supervisory Board of voestalpine AG at the Annual General Meeting on July 3, 2019. At this time, the Supervisory Board includes one woman and one non-Austrian national. As of June 15, 2019, the Supervisory Board will have two female members because of a new Works Council delegate. There is balance in terms of the distribution of age, educational background, and professional experience.

STEPS FOR PROMOTING WOMEN

In the business year 2018/19, the percentage of female executives was about 12.5%, a slight increase over the previous year (12.3%). One woman has been appointed to a divisional management position since the business year 2013/14.
Within the scope of internal leadership development efforts, great importance is placed on continuing to increase the percentage of female participants. The Group is trying to ensure for this reason that women are represented at each training level of the Leadership Development Program ("value program"). Of the total of 176 participants in the business year 2018/19, 15.9% were women. This means that the percentage of women has risen slightly compared with the previous year (15.7%) and that it surpasses the percentage of women in the Group on the whole.
Overall, the percentage of women in the voestalpine Group in the business year 2018/19 was 14.4% (previous year: 13.8%). There are industry-specific, historical, and cultural reasons for this percentage—which remains low compared with

other industries. In the public's consciousness, the image of a steel and technology goods Group still conforms to the image of the heavy industry, with the result that broad-based recruitment of female employees is a challenging undertaking. Nonetheless, the percentage of women in the voestalpine Group among salaried employees up to the age of 30 is now around 39.1%; despite all of our efforts, however, women still only account for a mere 7.7% among blue-caller workers. None of the Group companies have explicit "female quotas." Instead, the voestalpine Group is striving to raise the percentage of women in the Group at all levels through appropriate measures. This includes a number of activities, some of which are country specific, e.g. participation in the "Girls' Day," the specific advancement of women in technical trades requiring apprenticeships, and/or boosting the hiring of female graduates of technical schools and universities. In addition, the establishment and expansion of in-house child care facilities and/or collaborations with external facilities is being accelerated. Such facilities and collaborations can be found at the Group's plants in Linz and Leoben/Donawitz, Austria, for instance. As a result of these efforts, by now women are also employed in leadership positions in traditionally male-dominated, technical areas of the company. Women also hold executive positions in the financial, legal, strategic, communications, and human resources departments in a number of Group companies. For example, "Legal and Compliance" in two of the four divisions is headed by women.

As part of the annual human resources report, data on the percentage of women in executive positions is regularly collected and analyzed based on qualifications and training programs for the purpose of monitoring the long-term impact of all measures.

EXTERNAL EVALUATION OF COMPLIANCE WITH THE CORPORATE GOVERNANCE CODE

The Corporate Governance Code provides for a regular external evaluation of the company's compliance with the Code. This evaluation was carried out by the Group's auditor as part of the audit of the 2018/19 financial statements. The law firm WOLF THEISS Rechtsanwälte GmbH & Co KG conducted the review of compliance with those C rules of the Code that concern the audit (Rules 77 to 83). As a result of this evaluation, the auditors have determined that the declaration provided by voestalpine AG with regard to compliance with the Corporate Governance Code as amended in January 2018 conforms to actual conditions.

The external review report may be viewed on the website www.voestalpine.com.

Linz, May 20, 2019

The Management Board

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

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

COMPLIANCE

CODE OF CONDUCT

In its business segments, the voestalpine Group is a globally leading technology Group that boasts combined expertise in materials and processing, focuses on product and system solutions in steel and other metals in technology-intensive industries and niches, and applies the most demanding quality standards. As a reliable partner, the Group not only takes ownership of the challenges facing its customers, but also is fully aware of its particular responsibilities in its dealings with customers, suppliers, and other business partners as well as with its employees and shareholders. Consequently, in all of their professional actions and decisions both the executive and the non-executive personnel must comply with all statutory and other external requirements as well as with all internal rules and regulations applicable to voestalpine AG and its Group companies. This understanding is expressed in the Code of Conduct of voestalpine AG, which provides the basis for the morally, ethically, and legally sound conduct of all of the Group's employees. The Management Board explicitly and emphatically commits to both this Code of Conduct and a zero-tolerance policy toward violations thereof.

COMPLIANCE MANAGEMENT SYSTEM

A new, comprehensive Compliance management system encompassing risk analysis/prevention, identification, and reaction was established in the voestalpine Group during the business year 2011/12, thus placing Compliance on a very broad Group-wide basis. In addition to a Group Compliance Officer, additional Compliance officers were appointed for all divisions and a number 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 instructions. The Compliance unit is responsible for the following areas:

» Antitrust law;
» Corruption;
» Capital market compliance;
» Fraud (internal cases of theft, fraud, embezzlement, breach of trust);
» Conflicts of interest; and
» Special issues that are assigned to the Compliance officers by the Management Board of voestalpine AG (e.g. UN or EU sanctions).

All other Compliance issues—such as those relating to the environment, taxes, accounting, labor law, employee protection, data privacy, etc.—do not fall within the purview of the Compliance officers and/or are not covered by Compliance. In this respect, the responsibility for Compliance management rests with the respective specialist departments.

COMPLIANCE GUIDELINES

The provisions of the Code of Conduct are supplemented and fleshed out by Group guidelines as follows:

» **ANTITRUST LAW**
This guideline describes the prohibition of agreements restricting competition; establishes rules for dealing and interacting with industry associations, professional associations, and/or other sector organizations; and defines particular rules of conduct for employees of the voestalpine Group.

» **BUSINESS CONDUCT**
Among other things, this guideline regulates conduct related to gifts, invitations, and other benefits; donations, sponsoring, and ancillary activities; as well as the private purchase of goods and services by employees from customers and suppliers.

» **GUIDELINE ON DEALINGS WITH SALES REPRESENTATIVES AND CONSULTANTS**
This guideline prescribes the procedure to be followed prior to contracting or engaging sales representatives, marketing and other consultants, or lobbyists. An objective analysis of the prospective business partner's environment and scope of activities prior to establishing business relations serves to ensure that the business partners, too, comply with all applicable laws and the voestalpine Code of Conduct.

The Code of Conduct and the Compliance Guidelines apply Group-wide and are available in a total of 14 languages.

PREVENTION

Preventive measures are the first line of defense of an efficient Compliance management system. In this context, comprehensive training programs have been carried out across the Group in recent years. E-learning systems are increasingly being used in addition to face-to-face training in order to achieve the broadest possible training effect. For example, to date web-based courses have been used to train some 11,000 Group employees in antitrust law and some 24,700 employees with respect to the Code of Conduct, in each case including a final test. Face-to-face training is tailored to target groups, for one, and generally carried out in connection with executive training programs as well as specific training programs for non-executive employees in sales and procurement, for another. In addition to these measures, Compliance issues are repeatedly brought to the attention of voestalpine's personnel through regular communications, especially employee magazines and poster campaigns or in the context of Group and divisional events.

» Information on the subject of Compliance in the voestalpine Group is also available on the website of voestalpine AG and, specifically for employees, on the Group's intranet.

WHISTLEBLOWING SYSTEM

A web-based whistleblower system was launched in January 2012. Reports of Compliance violations are generally expected to be made openly, i.e. using the whistleblower's name. This web-based system, however, offers the additional possibility of reporting misconduct anonymously and of communicating with whistleblowers in ways that allow them to remain completely anonymous. This system will enable the systematic use of internal information to effectively uncover Compliance risks within the Group early on.

MANAGEMENT REPORT 2018/19

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).

CORPORATE GOVERNANCE REPORT

The (consolidated) Corporate Governance Report for the business year 2018/19 was published on the voestalpine AG website under the "Investors" tab.

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

REPORT ON THE GROUP'S BUSINESS PERFORMANCE AND ECONOMIC SITUATION

While the start of the business year 2018/19 was still marked by the tail end of the past years' economic boom, the remainder of the year saw an increased dampening of sentiment in the macroeconomic environment—particularly against the backdrop of the escalating trade war between the United States and China as well as other regions, including Europe. In the European Union (EU), economic growth prospects were weighed down additionally by the unproductive nature of Britain's Brexit negotiations as well as the introduction of a new emissions test (the "Worldwide Harmonized Light Vehicle Test Procedure" – WLTP) in the important automotive industry. It was predictable no later than from the start of the business year's second half, therefore, that the broad economic expansion in recent years was coming to a close.

EUROPE

While the European economy still remained on a growth track in early 2018, it was unable to maintain the strong momentum that had characterized 2017. The rhetoric of US president Donald Trump regarding changes in the trade relationships of the United States with the rest of the world still did not have much of an effect on the European economy at the start of the business year 2018/19, but the mood clearly started to darken during the summer, and not just in Europe. Particularly the imposition of protectionist (Section 232) tariffs in the name of national security on both steel and aluminum—which were subsequently followed by additional restrictions in other economic sectors—changed not only the global trade flows, but also the political relationships between the world's major economies.

In addition, the introduction of the new emissions test (WLTP) in September 2018 triggered unexpectedly strong distortions especially in the German automotive industry which, given the size and significance of this sector, accelerated the dampening of economic sentiment in Europe toward the end of the calendar year. Due to the continued escalation of trade policies as the year wore on, primarily between the United States and China, European exports began to decline as well across a widening range of countries and industries. The negotiations regarding Great Britain's withdrawal from the European Union, which seemed downright unproductive, also had an increasingly negative impact not just on the political mood in the EU, but also on its economic mood.

In this economic environment, which became ever more challenging from one quarter to the next, voestalpine's performance overall in Europe (its domestic market) was uneven both over time and across industries. While the company's automotive activities, in particular, continued to boom at the start of the business year 2018/19 and its other market segments largely benefited from solid demand as well, after the summer most sectors experienced a rapid decline in demand. These developments had the greatest impact on the automotive sector not least due to the changes triggered by the WLTP, but the tool steel industry for its part was faced with strong price pressures in Europe especially due to the diversion of international trade flows in the wake of the global tariff wars. In the EU, aerospace and construction were the only industries that escaped the dampening of sentiment in the past business year.

NORTH AMERICA

The longest economic expansion in the history of the United States continued unabated in the business year 2018/19 even though the country's mood was not as euphoric as in previous years due, for one, to the long government shutdown at the end of 2018 and the start of 2019 and, for another, to the slowing down of the global economy—particularly as a result of the trade war between the United States and China. Toward the end of the business year, the normalization of credit conditions together with rising interest rates led, moreover, to an inversion of the interest rate curve and thus to growing fears of a recession in the country. On the whole, however, in the United States the business year 2018/19 was characterized by the continued solidity of the economic environment; the voestalpine Group benefited from this scenario especially in aerospace and storage technology but also increasingly in railway infrastructure. The US automotive industry, by contrast, started to trend laterally, albeit at the same high level as before. Even the US oil and natural gas industry experienced good demand overall during this period despite fluctuating crude oil prices, yet voestalpine was able to benefit from this development only to a limited extent, particularly in margin terms, owing to the imposition of Section 232 protectionist tariffs.

Economic developments in Canada and Mexico during the business year 2018/19 were buffeted especially by the unilateral termination by the United States of the North American Free Trade Agreement (NAFTA) and the resulting onset of tariff discussions. While Canada's economic environment remained relatively stable nonetheless, enabling voestalpine's local entities to perform accordingly, at the start of 2019 Mexico saw a change in government that put a damper on the country's economic momentum. But the Mexican automotive industry, which is important to voestalpine's local companies, was not affected as much from these developments.

SOUTH AMERICA

In Brazil, the positive mood at the end of a multiyear recession led to a moderate upswing during the past business year, at least for the time being. Aside from intra-Brazilian factors such as the presidential election campaign (which took almost an entire year), the protectionist policies of the United States—one of the country's key export markets—put as much of a damper on hopes for a wider upturn as did the darkening of economic sentiment globally. Rising interest rates in the United States as well as the appreciation of the US dollar, moreover, caused the credit conditions facing Brazil to deteriorate further.

In addition, all of South America was adversely affected during the business year 2018/19 by the critical developments that continued unabated in Venezuela, but also in Argentina and Colombia.

In this economic environment which, while positive overall, had not lived up to the company's high expectations at the start of the business year, the voestalpine Group actually performed better than initially expected in both tool steel and special materials but also in railway infrastructure and special sections.

ASIA / CHINA

At the very start of the business year 2018/19, China's economic development was clouded by uncertainties that became apparent not least when the economy took longer than expected to gather steam again after the traditional Chinese New Year celebrations. Nonetheless, the momentum of the country's economy accelerated substantially thereafter until the tensions arising from the trade war with the United States escalated during the summer of 2018 and the economic sentiment started to cloud over yet again. China's central government reacted by lowering interest rates and initiating economic stimulus measures, as before mainly in infrastructure. Even though the mood improved thereafter, increasingly the real economy began to suffer from the trade war with the United States. Aside from the resulting significant downturn in exports, the growing uncertainty among Chinese consumers and their curtailed spending had a corresponding effect on China's economic momentum.

In this environment, China's demand for the voestalpine Group's tool steel declined substantially over the course of the business year, thus reflecting weaker growth not only in the consumer goods industry but especially in the automotive industry also. Having already started the business year on a weak footing, the automotive sector virtually collapsed after the summer. So far, however, the impact of this decline on the automotive components production of the voestalpine Group has been relatively weak, because these units supply primarily European automotive manufacturers in China, which were fairly successful during the past business year in escaping the broad downward trend.

As regards railway infrastructure, voestalpine benefited from the newly launched infrastructure projects, thus succeeding in recording substantially rising order levels as the year wore on.

BUSINESS PERFORMANCE OF THE DIVISIONS

Steel Division

Ambivalent developments affected the performance of the Steel Division in the business year 2018/19. While the division's young North American direct reduction plant in Corpus Christi, Texas, USA, continued to pursue technical finetuning work in a very attractive environment, an extensive, technically warranted maintenance shutdown prevented full capacity utilization of its main facility in Linz, Austria.

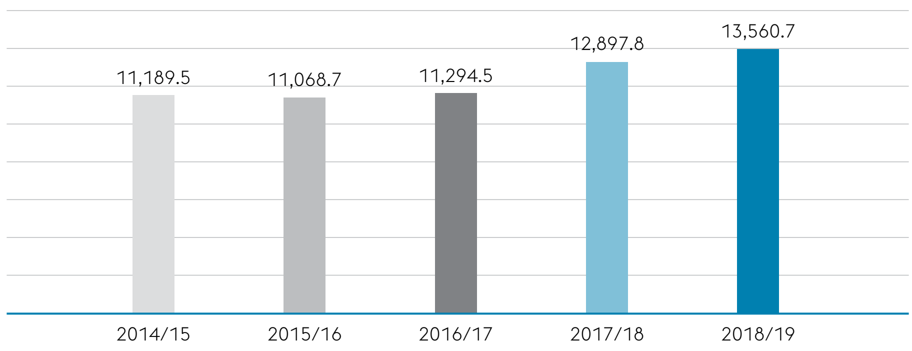
This long-planned, comprehensive overhaul (relining) of the Group's largest blast furnace—most of which took place during the entire second business quarter and was successfully completed in the early fall of 2018—was the key issue facing the Steel Division in the business year 2018/19. To a considerable degree, the resulting loss of production volume was offset through both pre-production and purchases of semi-finished goods (slabs), albeit at a higher cost than would have been incurred, had self-produced material been used, with the corresponding effect on earnings.

As far as the market is concerned, the division met with excellent demand for high-quality steel products at the start of the business year, a dynamic that seamlessly continued the existent trend from prior periods but cooled off increasingly as the business year wore on. Particularly the distortions in the automotive industry stemming from the new Worldwide Harmonized Light Vehicle Test Procedure (WLTP) emissions test led to volatile order intake at a lower level overall in the business year's second half. With the exception of the mechanical engineering and construction industry, all other market segments that are key to the Steel Division also experienced declines in demand.

Over the course of the business year 2018/19, the protectionist policies of the United States, which reached an initial high when tariffs were

REVENUE OF THE voestalpine GROUP

In millions of euros



slapped on steel and aluminum on national security grounds (Section 232), led to diversion effects from changes in the global flow of goods, causing an increase in steel imports to Europe. The measures enacted by the European Union in response (import quotas labeled "Safeguard Measures") fell—and continue to—fall short by far, thus making it impossible to maintain some sort of equilibrium in the European steel market.

In an environment of falling demand and rising imports the price of iron ore, the raw material that is key to the production of steel, sharply increased. This against the backdrop of continued high demand from China coupled with supply-side declines in iron ore volumes on the global market due, in particular, to the massive technical failure of a dam in a Brazilian mining operation. Toward the close of the business year, this combination of lower demand, high imports, and higher raw materials prices led to increasing pressure on the Steel Division's results.

Furthermore, the potentially adverse effects on the Group's net assets, financial position, and results of operations from the pending investigation by the German Federal Cartel Office *(Bundeskartellamt)* against several steel producers on suspicion of anti-competitive practices made it necessary in the second half of the business year 2018/19 to set up provisions in the Heavy Plate business segment.

High Performance Metals Division

While this division of the voestalpine Group, which has the broadest international footprint, succeeded in benefiting from the ongoing, positive economic developments in both North America and Brazil, at the same time it suffered greatly from changes in the global trade flows—particularly in the wake of the trade war between the United States and China that accelerated during the business year.

Solid demand continued to characterize the global market environment in most of the customer segments of the High Performance Metals Division at the start of the business year 2018/19, but the widespread uncertainty among customers in China owing to the latter's trade war with the United States increasingly became apparent in the course of the business year's first half. Subsequently, this uncertainty continued to intensify and led in both the automotive industry and the consumer goods industry to clearly growing restraint with respect to purchasing decisions, especially in tool steel.

The increasingly protectionist trade policies of ever more economies also made itself felt in the European tool steel market. As far as individual quality categories are concerned, this triggered a growing imbalance of supply and demand, thus intensifying price pressures.

However, these developments did not have much of an impact on demand for high-alloyed special materials in the aerospace industry as well as in oil and natural gas exploration, which remained positive at a stable level.

Metal Engineering Division

The performance of the Metal Engineering Division in the business year 2018/19 differed by segment. While demand for turnouts in railway

infrastructure was good in most of the world's regions—especially in China thanks to the rollout of new economic stimulus packages—demand for rails was solid yet not strong enough in terms of its momentum to fully pass on hikes in raw materials prices to the market.
The wire technology product segment, which largely serves the automotive industry, was affected by the massive downturn in sales resulting from the switch to the new WLTP emissions testing procedure after the summer of 2018. Having generated excellent results in the first quarter of the business year 2018/19, it was confronted with volatile and substantially lower demand particularly in the business year's second half.
Demand in the oil and natural gas industry for seamless tubes used in exploration remained relatively stable in spite of volatile crude oil prices, allowing the tubulars product segment to benefit in volume terms. Because of the Section 232 tariffs that the United States imposed on national security grounds, however, this positive, volume-driven market environment is not reflected in the segment's results for the past business year.
Thanks not least to programs aimed at lowering costs and boosting efficiency, the welding consumables product segment delivered solid performance despite continuing challenges in the market environment.

Metal Forming Division
The performance in the business year 2018/19 of the Metal Forming Division's two smaller business segments, Precision Strip as well as Warehouse & Rack Solutions, was still pleasing, whereas the division's main revenue generating units (Tubes & Sections as well as Automotive Components) were faced with declining momentum. Particularly the automotive sector, which accounts for almost one half of the division's revenue, experienced substantial distortions in Europe following the introduction of the new WLTP emissions test in September 2018. Automotive sales in China dropped in the business year's second half even absent such testing changes, but these developments had little effect on the European premium producers that the Metal Forming Division supplies locally; in fact, they even succeeded to a large extent in boosting their sales yet further. Generally speaking, in the business year 2018/19 the automotive market in North America was stable on a continued high level.
Owing to difficulties in both production and logistics processes, the division's automotive component plant at its Cartersville, Georgia site (its largest in North America) incurred much higher start-up costs than planned in connection with the commissioning of new facilities. Shifts in orders also made it necessary to set up provisions. These non-recurring effects had a substantially negative effect on the results of the Metal Forming Division in the business year 2018/19.

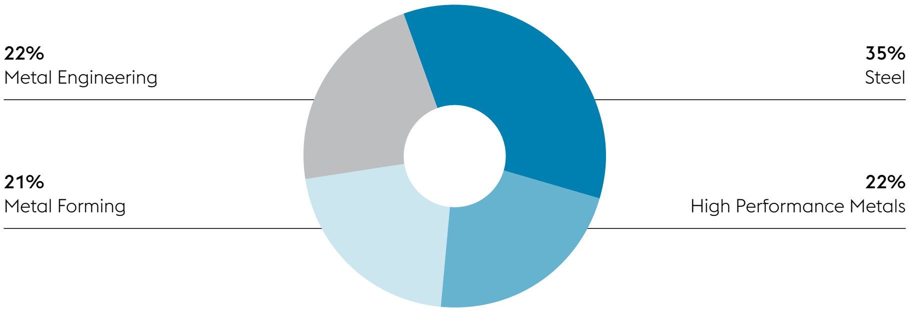
REPORT ON THE FINANCIAL KEY PERFORMANCE INDICATORS OF THE voestalpine GROUP

REVENUE AND OPERATING RESULT
The positive revenue trend that prevailed in recent years continued in the business year 2018/19. Besides the boost from the investments made especially in recent years as part of the Group's internationalization strategy, this development was also due to significant increases in the prices of both raw materials and alloys along with the resulting effects on sales revenue as well as to the positive economic climate that still held sway in the business year's first half. The dampening of sentiment toward the end of the period affected the development of revenue during the year in that the last quarter was the strongest one yet again in this business segment too, but the difference to the preceding quarters was not as pronounced as in previous business years.

The year-over-year increase in revenue is based on positive developments in each of the Group's four divisions, which is remarkable because the Steel Division had to contend with substantially reduced production capacities in the past 12 months owing to the complete overhaul (relining) of the Group's largest blast furnace (blast furnace A) in Linz, Austria, and thus fell short substantially year over year with respect to sales volumes.
The High Performance Metals Division boosted its revenue as well, but the sales volume was just about the same as in the previous business year. Hence higher price levels driven by much higher prices for alloys largely account for the improvement in revenue.
In the Metal Engineering Division, the increase in revenue is due to effects from both the product mix and prices. As far as sales volumes are con-

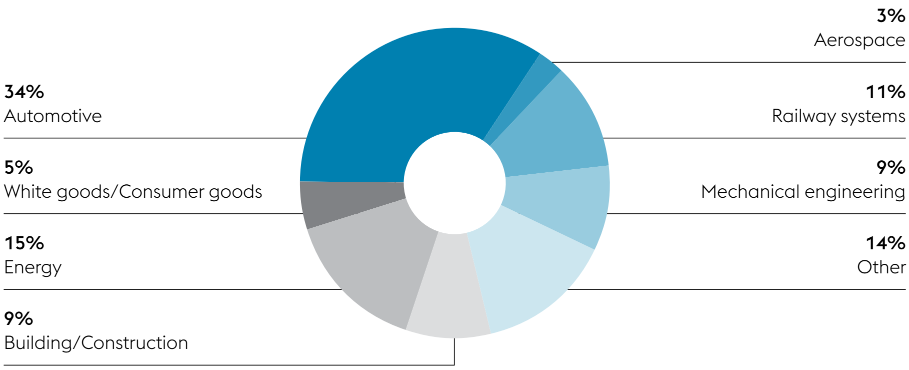
REVENUE BY DIVISIONS

As percentage of total divisional revenue, business year 2018/19



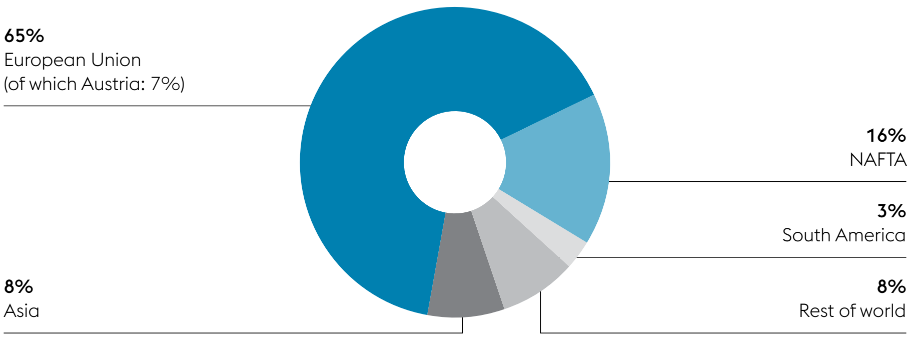
REVENUE BY INDUSTRIES

As percentage of Group revenue, business year 2018/19



REVENUE BY REGIONS

As percentage of Group revenue, business year 2018/19



cerned, particularly the rail technology and wire technology product segments lost a bit of ground year over year, whereas the tubulars product segment, which is engaged primarily in the oil and natural gas exploration business, succeeded in recovering from its low revenue levels in previous periods.
In the Metal Forming Division, revenue growth was driven by the Tubes & Sections business segment as well as, in particular, the expansion of automotive activities, while the remaining business segments posted stable revenue growth.
At EUR 13,560.7 million, the voestalpine Group saw a new all-time revenue high against this backdrop, which equates to an increase of 5.1% year over year (EUR 12,897.8 million).

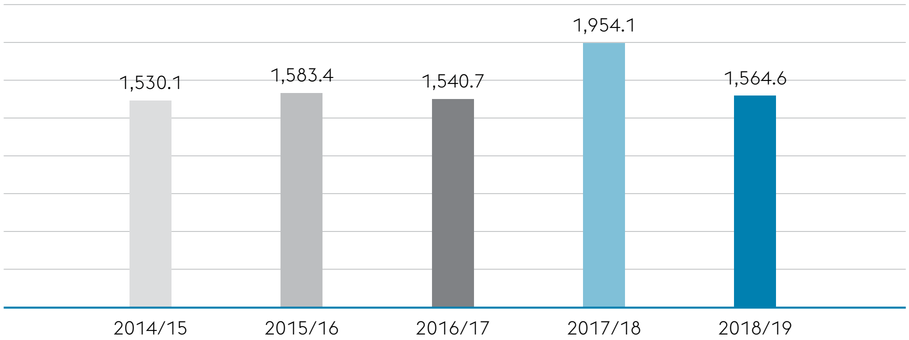
Due to the significant cooling of the economy as well as non-recurring effects specific to the Group, however, the positive revenue development did not translate into higher earnings. As a result, at EUR 1,564.6 million the operating result (EBITDA) in the business year 2018/19 was down 19.9% compared with the previous year (EUR 1,954.1 million). The EBITDA margin fell accordingly from 15.2% to 11.5% year over year.
The profit from operations (EBIT) followed a trajectory akin to that of the operating result. Specifically, it dropped from EUR 1,180.0 million (EBIT margin of 9.1%) in the business year 2017/18 to EUR 779.4 million (EBIT margin of 5.7%) in the business year 2018/19, which corresponds to a decline of 33.9%.

While the substantial cooling of the economy in the business year's second half had a negative effect on all of the voestalpine Group's divisions, the effects of the global trade wars triggered by the isolationist stance of the United States impacted particularly the High Performance Metals Division and the Metal Engineering Division, whereas the Steel Division and the Metal Forming Division suffered primarily from internal negative non-recurring effects.
To a large extent, the volume losses in production owing to the overhaul (relining) of blast furnace A in the Steel Division were offset by purchases of pre-materials from third parties—in addition to a certain level of pre-production activities—which supported revenue growth yet succeeded only in mitigating the negative effects as far as results are concerned. A three-week planned maintenance shutdown as well as unplanned production stoppages at the HBI facility in Texas, USA, due especially to flooding and a gas pipe rupture made matters worse. Furthermore, the Steel Division had to set up provisions at the start of the calendar year 2019 due to potentially adverse financial effects on the Group from the pending investigation by the German Federal Cartel Office *(Bundeskartellamt)* against several steel producers on suspicion of past anti-competitive practices in the Heavy Plate business segment.
In September 2018, the market segment that is key to the voestalpine Group—the automotive industry—experienced significant turbulence with corresponding effects on demand in the wake of the switch in emissions testing procedures to uniform standards worldwide (specifically, the Worldwide Harmonized Light Vehicle Test Procedure – WLTP). This had an especially negative effect on the Metal Forming Division, where the automotive industry accounts for just nearly one half of revenue. Starting in the fall of 2018, moreover, this division was confronted with significant negative effects on earnings due to difficulties in connection with the start-up of a new automotive component plant in Cartersville, Georgia, USA, as well as associated one-time effects from the provisions that were set up on account of shifts in order activity.
The Section 232 tariffs on steel and aluminum imports that the United States introduced on national security grounds affected the voestalpine Group both directly and indirectly. The direct effects concern primarily the tubulars product segment of the Metal Engineering Division, which exports a substantial portion of its products to the US and thus was exposed to margin pressures. Indirectly, the US measures had an impact on prices in both the European and the Chinese tool steel industry on account of the effects from the diversion of global trade flows with corresponding consequences on the earnings growth of the High Performance Metals Division.

Due to the non-recurring effects on earnings, most of which were posted in the third quarter of the business year 2018/19, the direct comparison of this quarter with the business year's fourth quarter shows a jump in earnings of 88.7% from EUR 244.0 million in the third quarter to EUR 460.5 million in the fourth. Accordingly, EBIT skyrocketed from EUR 46.0 million in the third quarter of the

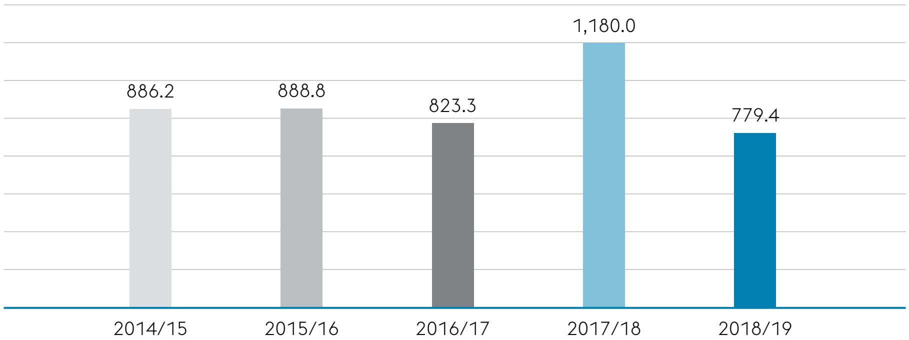
EBITDA

In millions of euros



EBIT

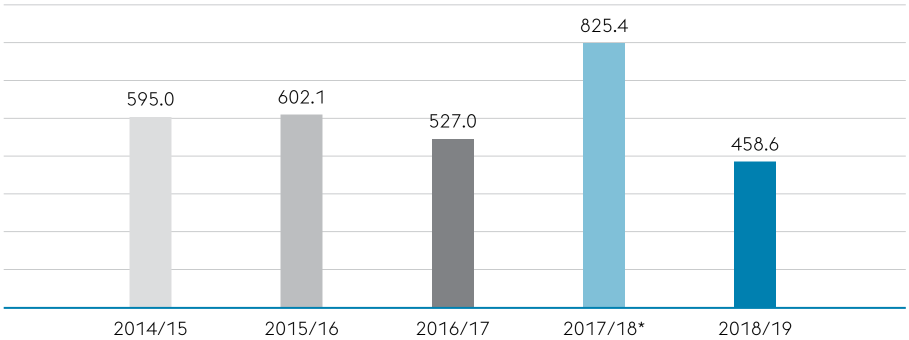
In millions of euros



PROFIT AFTER TAX

In millions of euros

Before deduction of non-controlling interests and interest on hybrid capital.
*Business year 2017/18 retroactively adjusted.



business year 2018/19 to EUR 253.9 million in the fourth quarter—an increase of 452.0%.
The analysis of the division's performance during the business year based solely on the operating business—i.e. subject to adjustment of the third-quarter results for the aforementioned one-time effects—shows a merely small increase in both the operating result (EBITDA) and the profit from operations (EBIT) between the third and the fourth quarter.

PROFIT BEFORE TAX AND PROFIT AFTER TAX

In keeping with both the operating result (EBITDA) and the profit from operations (EBIT), both profit before and after tax (net income) declined in the course of the business year. Based on net financial income of EUR –133.7 million (previous year: EUR –137.5 million), the profit before tax for the business year 2018/19 is EUR 645.7 million which, compared with the previous year's level of EUR 1,042.5 million, equates to a decline of 38.1%.
The tax rate rose significantly year over year from 20.8% in the previous year to 29.0% in the past business year in connection with the aforementioned one-time effects.
As a result, the profit after tax is EUR 458.6 million—a decline of 44.4% from EUR 825.4 million in the previous year.

PROPOSED DIVIDEND

Subject to the approval of the Annual General Meeting of voestalpine AG on July 3, 2019, a dividend of EUR 1.10 per share will be paid to the shareholders, which represents a decrease of 21.4% compared with the previous year's dividend of EUR 1.40 per share. Note, however, that the business year 2017/18 was the Group's most successful in its history. The current dividend proposal corresponds exactly to the dividend proposed for the business year 2016/17 and thus is in line with the level during normal business years, economically speaking. Based on the earnings per share (EPS) of EUR 2.31 (previous year: EUR 4.40) that are reported in accordance with IFRS, the resulting distribution ratio is 48.1% (previous year: 31.8%). Relative to the average price of the voestalpine share of EUR 35.59 in the business year 2018/19, the dividend yield is 3.1%.

GEARING RATIO

The gearing ratio (net financial debt in percent of equity) was 46.6% at the end of the business year 2018/19 and thus is largely stable compared with the previous year's level of 45.7%.
While equity rose 2.4% from EUR 6,554.3 million as of the end of March 2018 to EUR 6,709.8 million as of the current reporting date (March 31, 2019), the net financial debt rose by 4.4% year over year, from EUR 2,995.1 million as of March 31, 2018, to EUR 3,125.4 million as of the close of the business year 2018/19. While negative effects resulted, for one, from the development of working capital, which was driven by a significant increase in value throughout the business year 2018/19 due to rising raw material and alloy prices, for another, investment expenditure for other intangible assets, property, plant and equipment also went up year over year, from EUR 850.2 million to EUR 1,045.7 million.

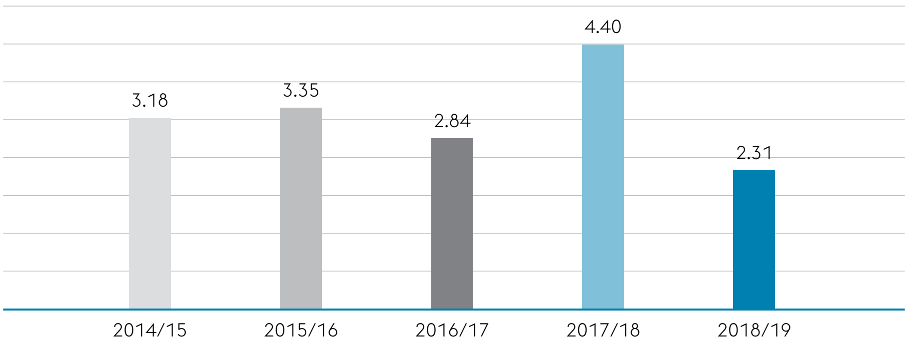
CASH FLOWS

At EUR 1,166.6 million, the cash flows from operating activities was kept at almost the same level as in the previous year (EUR 1,195.1 million) despite the much more difficult environment; the decline equates to merely 2.4%. This is due mainly to the development of the working capital which, at EUR –137.1 million, is negative for the business year 2018/19, thus leading to a much lower commitment of funds than in the previous year (EUR –426.9 million).

While the voestalpine Group's net investments in 2018/19 were EUR 810.0 million, slightly less than the EUR 847.7 million in the previous business year, the former figure includes EUR 210.1 million in disinvestments of financial assets. Investments in other intangible assets, property, plant and equipment were EUR 1,045.7 million, up 23.0% from the previous business year (EUR 850.2 million).
The cash flows from Group financing activities in the business year 2018/19 is EUR –579.3 million (previous year: EUR –129.7 million). The closing balance of cash and cash equivalents as of March 31, 2019, is EUR 485.9 million.

EPS – EARNINGS PER SHARE

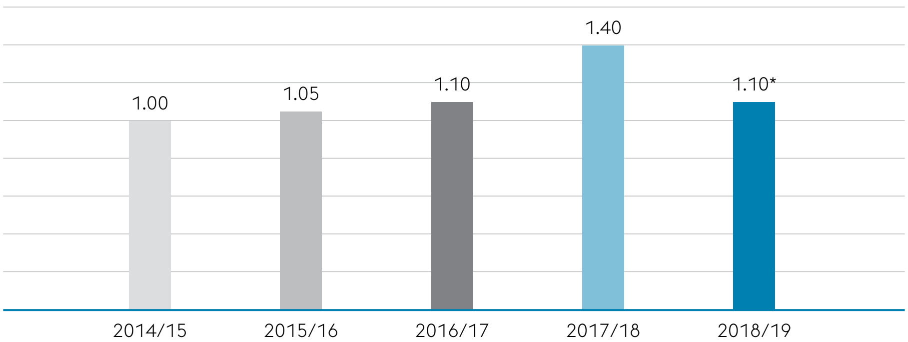
In euros



DIVIDEND PER SHARE

In euros

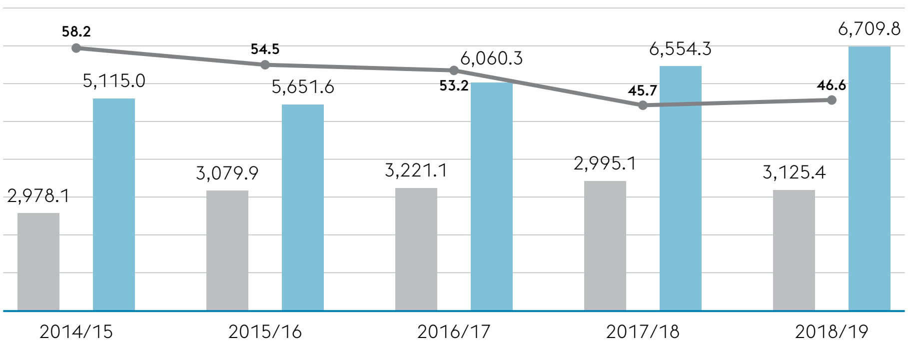
* As proposed to the Annual General Meeting.



NET FINANCIAL DEBT – EQUITY – GEARING RATIO

In millions of euros

Net financial debt Equity Gearing (in %)



Net financial debt can be broken down as follows:

NET FINANCIAL DEBT

In millions of euros	03/31/2018	03/31/2019
Financial liabilities, non-current	2,783.6	2,661.8
Financial liabilities, current	1,315.5	1,142.3
Cash and cash equivalents	–705.8	–485.9
Other financial assets	–388.1	–182.3
Loans and other receivables from financing	–10.1	–10.5
Net financial debt	**2,995.1**	**3,125.4**

QUARTERLY DEVELOPMENT OF THE voestalpine GROUP

In millions of euros					BY		
	1st quarter 2018/19[1]	2nd quarter 2018/19[1]	3rd quarter 2018/19[1]	4th quarter 2018/19	2018/19	2017/18[1]	Change in %
Revenue	3,469.0	3,205.0	3,274.6	3,612.1	13,560.7	12,897.8	5.1
EBITDA	513.0	347.1	244.0	460.5	1,564.6	1,954.1	–19.9
EBITDA margin	14.8%	10.8%	7.4%	12.7%	11.5%	15.2%	
EBIT	323.8	155.7	46.0	253.9	779.4	1,180.0	–33.9
EBIT margin	9.3%	4.9%	1.4%	7.0%	5.7%	9.1%	
Profit before tax	294.3	127.2	9.1	215.1	645.7	1,042.5	–38.1
Profit after tax[2]	226.3	93.6	–38.6	177.3	458.6	825.4	–44.4
Employees (full-time equivalent)	51,827	51,931	51,472	51,907	51,907	51,621	0.6

[1] Business year 2017/18 and 1st – 3rd quarter 2018/19 retroactively adjusted.
For details see the Notes to the Consolidated Financial Statements under B. Summary of Accounting Policies.
[2] Before deduction of non-controlling interests and interest on hybrid capital.

INVESTMENTS

The Group's investments in the business year 2018/19 focused on maintenance and optimization projects in metallurgy, which provides the basis for its downstream activities. Moreover, the Group also implemented pioneering projects in the downstream business that will further boost voestalpine's trailblazing role in technology as regards products for sophisticated customer segments such as the aerospace and automotive sectors as well as the oil and natural gas industry. Total investments of the voestalpine Group in the business year 2018/19 were EUR 1,011.8 million and thus 13.0% more than in the previous business year (EUR 895.2 million).

The investment expenditures of the **Steel Division** in the business year 2018/19 rose by 40.6% from EUR 229.5 million in the previous year to EUR 322.7 million this year. While the division's focus in years past served primarily to secure the long-term technology and quality leadership of the Linz-based flat steel facility's end products, recently its focus has been on the comprehensive, planned overhaul (relining) of the Group's most important blast furnace in terms of capacity. A three-year, detailed planning period provided the basis for ensuring that this challenging maintenance project was completed in just over 100 days. The furnace was again operating at its nominal capacity just a few days later. An extensive pre-materials inventory of slabs from both in-house and external production sources had been built up during the preparation phase in order to ensure the best possible capacity utilization of the downstream rolling facilities during the relining process and thus the Group's delivery performance to which its customers are accustomed. The complete overhaul, which cost about EUR 180 million in toto, included upgrading not just the actual core unit, but also all other plants and facilities associated with the blast furnace such as hot-blast stoves, the natural gas supply system, and dedusting systems. It also entailed integrating brand new digital measurement and control instruments. Taking advantage of the lower production of pig iron during the summer of 2018, the division also carried out the replacement of the key crane track girders in the steel plant (the need for which had become apparent over the years) largely during ongoing operations.

At EUR 241.2 million, the investment expenditure of the **High Performance Metals Division** in the business year 2018/19 was 6.5% higher year over year (EUR 226.4 million). The groundbreaking ceremony for the new special steel plant in Kapfenberg, Austria, took place on April 24, 2018, six months after the siting decision had been announced. Following a three-year construction period, starting in 2021 the fully digital facility will ensure the technology leadership of the Kapfenberg site in the long term. From that point onward, some 205,000 tons annually of sophisticated high-performance steels primarily for the international aerospace and automotive industry as well as the oil and natural gas sector will be delivered around the world. Specifically, the preliminary field work as well as the contract awards for the core units (electric arc furnace and converter) and the secondary metallurgical facilities of the EUR 350 million project were implemented as planned in the business year 2018/19. The work on the foundations of the steel mill hall has reached an advanced stage by now, and the construction of the production hall itself will follow as the business year 2019/20 wears on. The Kapfenberg facility also saw an investment in a high-tech fast forge press used mainly to manufacture base products for highly stress-resistant, rotating aircraft turbine components. In the future, the new, highly automated facility will also be used to produce components for the automotive industry as well as the oil and natural gas industry. A new rolling unit was started up in Mürzzuschlag, Austria, in August 2018. This investment makes voestalpine BÖHLER Bleche GmbH the only European manufacturer of extremely resistant and at the same time light titanium sheets for the aerospace industry. In the Value Added Services business segment, the Group's Houston, Texas, USA, site invested in a processing center for the oil and natural gas sector, which was launched in July 2018.

At EUR 210.8 million, the investment volume of the **Metal Engineering Division** in the business year 2018/19 was about the same (EUR 207.5 million) as in the previous year. The most important investments concerned steel production at the Donawitz, Austria, facility from where the division's downstream operations are supplied with high-purity steels. For example, interim repairs were carried out at one of the two blast furnaces, but both the time required (64 days) and the cost (EUR 14 million) do not even come close to the cost of the Steel Division's major overhaul project. Currently, a new continuous casting facility (CC4) with an annual capacity of 950,000 tons and a total investment volume of more than EUR 100 million is being built at the downstream steel plant; it will probably be commissioned in the fall of 2019 to replace the existent CC2 unit. Moreover, the division established a Metallurgy Center research facility at its Donawitz plant in the business year 2017/18 and launched its test operations at the start of the business year 2018/19. This "mini steel plant" will serve to manufacture new steel grades in batches of four tons each concurrently with the production of steel in the major plant and thus help to accelerate the development of high-performance steel products.

In the business year 2018/19, the **Metal Forming Division** delivered stable performance also with respect to its investments of EUR 223.2 million (previous year: EUR 218.6 million). The division continued to pursue the international rollout of product innovations that are developed in-house for automotive components based on long-term partnerships with customers. At the end of August 2018, a new production facility was opened in Aguascalientes, Mexico, with the aim of promoting the strong expansion of automotive production in Mexico. In contrast to the already existent assembly plant, the new plant will produce complex auto body and structural components. Sophisticated tube components have been manufactured in Zacatecas, Mexico, for use in passive automotive safety components since the launch of production there in the summer of 2018. Yet another expansion phase of the facility in Cartersville, Georgia, USA, was completed in the business year 2018/19; the highly challenging ramp-up curve led to a massive increase in start-up costs (see page 36). In Tianjin, China, an assembly plant was started up as planned near Beijing and in the immediate vicinity of the production facility of a European automotive manufacturer.

ACQUISITIONS

As in previous business years, in the business year 2018/19, too, the fact that interest rates have been low since the financial crisis has continued to constrain the acquisition activities of the voestalpine Group, because the prices paid particularly by financial investors in this environment for acquisitions are not sufficiently viable, economically speaking, for an industrial investor such as voestalpine.

As a result, just one smaller acquisition was made in the business year 2018/19, specifically, in the Metal Engineering Division's downstream business. Working through voestalpine VAE Apcarom SA, Romania, the Railway Systems business unit acquired a majority stake in Travertec S.R.L., which is headquartered in Buzau, Romania, and is specialized in the manufacture of concrete sleepers for turnouts and rail tracks.

EMPLOYEES

As of the close of the business year 2018/19 on March 31, 2019, the voestalpine Group had 48,792 employees (excluding apprentices and temporary employees) and thus around 1,189 employees or 2.5% more than as of March 31, 2018. Including the 1,310 apprentices and 3,300 temporary employees, the number of full-time equivalents (FTEs) is 51,907; this represents a year-over-year increase of 0.6% (or 287 FTEs) in the total headcount.

Compared with the previous business year, the number of temporary personnel (3,300) represents a decrease of 14.7%.

A total of 55.1% of the employees (28,575 FTEs) work at Group sites outside of Austria, and 23,332 employees work in Austrian voestalpine companies.

As of the reporting date (March 31, 2019), the voestalpine Group was training 1,310 apprentices: 61.5% of them in Austrian companies and 38.5% at locations abroad. Compared with the previous year, the total number of apprentices has risen by nine individuals or 0.7%.

EMPLOYEE SHAREHOLDING SCHEME

voestalpine has had an employee shareholding scheme since 2001, which has been continually expanded since then. Besides all of the employees in Austria, employees in Great Britain, Germany, the Netherlands, Poland, Belgium, the Czech Republic, Italy, Switzerland, Romania, Spain, and Sweden also have a share in "their" company.

The voestalpine Mitarbeiterbeteiligung Privatstiftung (employee foundation for the Group's employee shareholding scheme) is the second largest shareholder of voestalpine AG. As of March 31, 2019, a total of 25,500 employees have a stake in voestalpine AG through this foundation. They hold about 24 million shares which, due to the general bundling of voting rights, represent 13.4% of the company's share capital (previous year: 12.9%). In addition, former and active employees of voestalpine hold approx. 2.5 million "private shares" of voestalpine AG (which corresponds to 1.4% of the voting shares), the voting rights of which are also exercised by the foundation as long as the given employees do not exercise their right to dispose of these shares. On the whole, therefore, as of March 31, 2019, the voting rights of 14.8% of the share capital of voestalpine AG are bundled in the foundation.

THE STAHLSTIFTUNG (STEEL FOUNDATION)

In 1987, the so-called *Stahlstiftung* (Steel Foundation) was founded in Linz, Austria, as an employee fund with the aim of providing not only employees of the VOEST-ALPINE Group (as it was called at the time), who were dismissed during crises, but also employees of companies outside of the Group the opportunity to reorient themselves professionally while undergoing up to four years of training and continuing education in order to offset or at least alleviate the impact of losing their jobs.

In the business year 2018/19, about 88% of the participants looking for work were able to develop a new professional perspective with the help of the Stahlstiftung.

As of the reporting date (March 31, 2019), the Stahlstiftung supported a total of 296 individuals, 60.8% of whom were participants from voestalpine Group companies. The total number of active Stahlstiftung participants in the business year 2018/19 was 560, i.e. 17.2% less than in the previous year (676 individuals).

APPRENTICES AND YOUNG SKILLED WORKERS

The sixth voestalpine Group Apprentice Day was held at the headquarters of voestalpine AG in

Linz, Austria, in December 2018. About 350 apprentices from Austria, Germany, and Switzerland attended the event together with their trainers. The event aims to introduce the Group's apprentice employees to as many of their young colleagues from other Group sites as possible, but also to give them something of a first-hand overview, so to speak, of the Group.
Per apprentice, the company invests about EUR 70,000 in the comprehensive three or four-year training program. In order to efficiently approach potential apprentices, voestalpine has continuously expanded its social media activities via Facebook, YouTube, Twitter, LinkedIn, Watchado, and Instagram in recent years. Using the Job Bot, voestalpine has also been offering an innovative job search option on Facebook.
The Group's excellent numbers in terms of completed apprenticeships create a solid base of skilled workers for the future: 98.7% of the apprentices in Austria and Germany passed their final apprenticeship exam in the past business year; of the Austrian graduates, 70.2% even did so with "good" or "excellent" grades. Numerous medals were to be had in connection with a variety of Austrian state championships—a total of 13 medals just in connection with the "Upper Austrian Apprentice Awards." At the Austrian Skills 2018 Championships (a vocational education and skills competition), the voestalpine apprentices won the Austrian title and third place in the Electrical Systems category.

As an innovative company, it is of great importance to voestalpine to ensure that its apprentices delve into the issue of digitalization/Industry 4.0 from the start of their training. A variety of digitalization projects as well as, in particular, a new lab for electrical and automation technology at the Group's site in Kapfenberg, Austria, serve to boost digital skills as part of the training and thus to ensure the availability of skilled workers in the future. The apprentices are supported by highly motivated trainers, who impart knowledge far beyond statutory standards. At the first voestalpine trainers meeting in March 2019, the participants shared their real-life experiences; here, too, the issue of how to teach digitalization was a key topic.
For the apprenticeship year 2019/20 that begins in the fall of 2019, voestalpine is offering about 480 new apprenticeships in Austria and Germany alone. Before the training starts, many of the 40 companies organize an "Open House," where students and their parents can obtain information in person on the wide range of vocational training and education (VET) options.

HUMANS AS THE LOCUS OF COMMUNICATION

A key aspect of a communications campaign conducted in the business year 2018/19 focused on the issue of "Humans in the voestalpine Group." This campaign underscores the priority voestalpine attaches to its employees, whose performance makes a decisive contribution to the company's business performance, day in and day out. Numerous employee portraits were created as part of this campaign; the Group's website currently displays them in organized fashion on a new, interactive world map. This turns the company's employees into its authentic ambassadors.

EXECUTIVE DEVELOPMENT

In the past business year, too, voestalpine continued to rely on a comprehensive, Group-wide executive development program based on its tried and tested "value:program." One hundred and seventy-six employees from 24 countries participated in this multi-level leadership program during the business year 2018/19. It provides target group-specific training and advancement programs for all executive levels based on a combination of classroom and online courses, including supplementary options for attending external postgraduate and business school programs. What makes this program special—aside from the skills training offered by leading international experts and the broad range of the program's methods—is the intensive collaboration on the part of representatives from voestalpine's expanded leadership team, irrespective of whether they are speakers, project managers, or even sparring partners, so to speak, in wide-ranging exchanges of experience. This mixture of external and internal know-how along with the interest across the entire Group in ensuring that employees possess advanced qualifications make the voestalpine leadership program a central component of the Group's claim to being "one step ahead."

OTHER EMPLOYEE DEVELOPMENT PROGRAMS

In order to foster and boost required employee capabilities and skills in a manner that is both functional and regional, the Group offers a number of additional programs: For example, this includes the "Purchasing Power Academy"; the "HR Academy"; the "Early Career Program" in North America; and the "Young Professional Training Program" (YPTP) in China. Following highly successful start-up years, 2018 was the first time a refresher program was carried out for former YPTP participants. Twenty-nine select participants, who had completed the YPTP in 2015 and 2016, were invited to a three-day refresher training. Besides professional training, the focus again was on the mutual exchange of experiences as well as on the opportunity to engage in personal networking within the Group.
The "High Mobility Pool" executive development program was also repeated in the business year 2018/19 in order to foster international talent. This program is aimed at young, international college graduates with a few years of professional experience, who carry out project work worldwide at a high level within a predefined period. It gives young, talented individuals the opportunity to rapidly absorb corporate practice and to promote international networks within the Group through their projects.

Numerous other programs and training options in individual divisions and business units complement the Group-wide training and advancement portfolio available to voestalpine's employees.

EMPLOYEE SURVEY

A total of 377 improvements were suggested in connection with the Group-wide employee survey conducted in 2016. Ninety-four percent of these suggestions have already been or are still being implemented. The next, slightly modified voestalpine employee survey will be carried out in the fall of 2019. Changes include a reduction in the interview period from three years to two, the fact that the entire survey will be conducted online, as well as a simplified and shortened questionnaire. In turn, these adjustments will enable a number of changes: simpler and more efficient survey processing, quicker preparation of the results, and a less complex process of analyzing the survey's findings. The employee survey will be conducted in 48 countries, 26 languages, and more than 230 companies. On the whole, some 47,000 employees will be able to participate in it. The Group will continue to measure the key indicator, "commitment," and maintain a consistent process to translate the results into practice.

COOPERATION WITH UNIVERSITIES

Many voestalpine Group companies offer internships for college and university students. Among other things, particular emphasis is placed on scientific papers prepared by students in collaboration with voestalpine companies. Currently, a total of about 200 diploma and masters theses as well as dissertations are being written in cooperation with the Group.

For several years now, voestalpine has offered students from Emory University, Atlanta, Georgia, USA, a ten-week internship at the Group. In exchange, students of Johannes Kepler University, Linz, Austria, are offered a scholarship to attend Emory University. In another special educational program, students enrolled in the international "ACT – Austria, Canada, Taiwan" training course—a joint program of Johannes Kepler University; University of Victoria, British Columbia, Canada; and National Sun Yat-sen University, Kaohsiung, Taiwan—are integrated into project work lasting several weeks at the Group's Linz location in Austria.

Numerous educational collaboration projects are carried out with the University of Mining and Metallurgy in Leoben, Austria. They range from sponsoring commitments to generate interest among young people to aim for a degree in a technical field, to the so-called "voestalpine talks" (a collaborative event with all student representatives), all the way to support for the annual "teconomy" student trade fair.

RAW MATERIALS

The prices of the input materials—iron ore and coal—that are key to the production of steel in blast furnaces followed a continuously rising trend in the business year 2018/19 that reached a challenging level toward its end. In the business year's first three quarters, the spot prices for iron ore (the most important raw material for the aforementioned method) fluctuated between USD 65 and USD 75 per ton (cost and freight (CFR) China) and thus were less volatile than in previous business years. Overall, however, iron ore prices followed a robust trend driven by a noticeable increase in the production of steel in China, which accounts for more than 50% of worldwide steel production and thus occupies a controlling global position. By now, China imports more than one billion tons of iron ore annually by sea, because it decided for quality reasons to gradually reduce its self-sufficiency regarding iron ore. Both the solidity of steel prices in the domestic market and environmental issues contributed to the country's need to import higher-rated iron ore from Australia and Brazil. Iron ore supply and demand were largely balanced throughout the calendar year 2018 due to the advantageous, demand-driven situation and despite yet another push on the part of the major mine operators in the aforementioned two countries to expand capacities. This equilibrium ended abruptly at the start of the calendar year 2019, however, when a dam in an iron ore mine in the Brazilian state of Minas Gerais failed, triggering a humanitarian and ecological catastrophe. The operations of the affected company's other mines of the same or a similar type were closed for security reasons. Experts believe that this has removed some 100 million tons of iron ore capacity from the market on an annual basis, at least temporarily. The situation was aggravated in March 2019 when a cyclone hit Western Australia, damaging the infrastructure needed to ship iron ore in the affected region. Initially, the global iron ore spot market price skyrocketed in the last quarter of the business year 2018/19 against this backdrop, and subsequently remained at a level of between USD 85 and USD 95 per ton. Because the dam break in Brazil had an impact not just on fine ore (the base product), but also on the production of iron ore pellets, there was a shortage of relevant supplies which, in turn, triggered yet another increase in the price of this high-quality input material.

As far as the second base material—metallurgical or coking coal—for the production of steel by blast furnace process is concerned, structurally speaking general price levels have risen substantially in recent years due to both mine closings in China by order of government agencies and a reduction in the annual number of workdays in Chinese coal mines. Furthermore, the past two years saw erratic price fluctuations resulting from temporary supply bottlenecks caused by freak weather in Australia and China. As the major coal deposits largely did not experience even greater, weather-related capacity losses during the business year 2018/19, recently the price volatility declined and spot buying prices settled at a level of between USD 175 and USD 230 per ton (free on board (FOB) Australia).

High-quality scrap is used in both the Steel Division and the Metal Engineering Division to supplement pig iron, for one, and it is the main raw material for the production of special steel in the electric arc furnaces of the High Performance Metals Division, for another. At the start of the business year 2018/19, the price for high-quality scrap (type E3, Germany) was about EUR 300 per ton but, by the end of March 2019, the price had fallen slightly below this level to about EUR 285 per ton subject to considerable volatility throughout the business year.

An even more uneven and especially volatile development occurred during the business year 2018/19 with respect to the alloy elements that are indispensable to steel processing. Alloys are an important base material particularly, but not only, for the production of special steel and thus are a material cost factor especially in the High Performance Metals Division.

While the price of molybdenum trended laterally for most of the past business year, the price of chromium dropped sharply following a steep increase at the start of the business year. Prices for nickel, the most valuable element in the alloy portfolio, fluctuated wildly as well during the business year. Following a steep rise in the first business quarter of 2018/19 to more than USD 15,500 per ton, subsequently the price at the London Metal Exchange gradually dropped back down to about USD 10,500, only to climb back up again to about USD 13,000 in the business year's last quarter. But the price of vanadium experienced the strongest fluctuations by far during the past business year. In the first three business quarters of 2018/19, the price almost doubled to more than USD 125,000 per ton due to the growing significance of electromobility. After peaking in November 2018, however, it dropped back down sharply to less than USD 60,000 per ton. The price of zinc, which is used primarily in the Steel Division, fluctuated during the business year 2018/19 between USD 2,300 and USD 3,000 per ton.

RESEARCH AND DEVELOPMENT

voestalpine's strategy of pushing Research and Development (R&D) at all times is key to its corporate strategy. It is indispensable for a technology-driven company to engage continuously in the development of new products and production processes in order to distinguish itself from the competition and prevail in an increasingly competitive market.

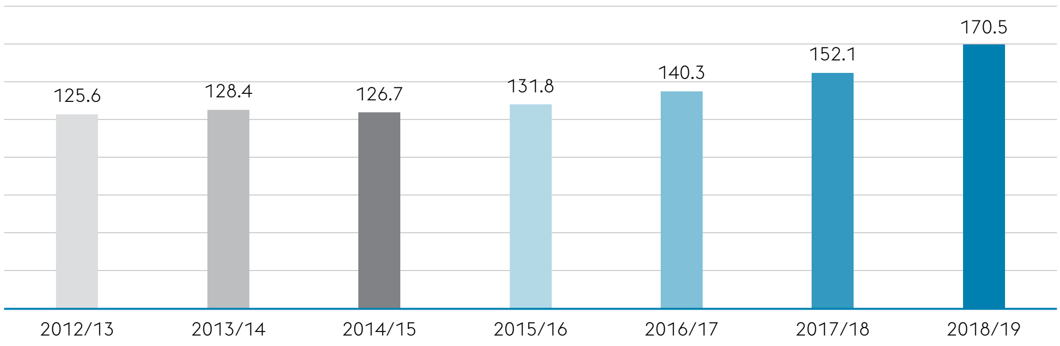
The Group's research expenditures have climbed continually in recent years against this backdrop. Expenses for R&D in the business year 2018/19 were EUR 170.5 million, and the budget of EUR 174.6 million for the business year 2019/20 shows that the long-term upward trend is continuing.
voestalpine's research activities serve to develop complete innovative solutions for its customers, with a focus on combining expertise in both materials and processing based on metallic materials. Yet the development of products and processes in the voestalpine Group also focuses on industries with the most sophisticated technological requirements—particularly mobility and energy.
Cutting-edge materials also were the main topic at the annual "voestalpine Synergy Platform," which took place in Vienna, Austria, this past business year. Presentations by internal and external experts offered an exciting overview of the current state of the art in materials development and of potentially new, cutting-edge materials and development methods.
Lightweight construction is the core challenge facing both the automotive and the aerospace industry. It saves fuel and lowers emissions. In electromobility, these two factors largely define vehicles' reach. The Group steps up to these challenges by developing ultra-high tensile steels and high-quality forged components made of special metal alloys. But such high and ultra-high tensile steels with a strength of up to 2,000 megapascal (MPa) also promote passenger safety by ensuring that the vehicle's safety components possess high crash resistance. This also entails the ongoing development of the required hot forming processes of the "phs" technology family, which was developed by voestalpine and is used to manufacture autobody parts relevant to crashes.
The company supplies so-called HD grades, i.e. ultra-high tensile steels with high ductility (HD), to all renowned European automotive manufacturers or is in the process of licensing them. voestalpine is the very first non-Japanese partner ever to have been granted a license to offer 1180 HD steel to the European plants of Japanese automotive manufacturers.
Alongside the development of state-of-the-art, high-tech steel particularly for the automotive industry, the company is also continuously refining the sophisticated tool steels and tool coatings required for processing such steel grades so that the Group on the whole can ensure that these new materials are optimally worked and processed.
As far as railway systems are concerned, both passenger safety and high track availability are a priority. To this end, new track materials that considerably expand the useful life of tracks are being developed and intelligent turnout systems put in place; the latter's support and diagnostic systems enable mobile management and control as well as, additionally, prospective self-diagnostics. In the future, this will substantially reduce roadway disruptions, in turn significantly boosting both availability and safety.
In the field of energy, currently the next generation of support structures for photovoltaic (PV) modules is being developed for land-based installations and for those that float on bodies of water.
Additional centers of excellence were established in Asia and Canada to expand the Group's technology leadership in metal additive manufacturing. voestalpine became a member of Singapore's Advanced Remanufacturing and Technology Centre (ARTC) in connection with this project. Thanks to its expertise which, by now, has been coordinated worldwide and thus pooled, voestalpine is able to continuously expand its know-how and thus the possibilities of this new technology in order to offer its customers the best possible solutions—from sophisticated metal

powder as the base material all the way to complete product design and thus finished products. The Metallurgy Center research facility of the Metal Engineering Division was brought online recently in Donawitz, Austria. In the future, it will be used to produce experimental materials and small series as the basis for future large-scale manufacturing. All of this will help to achieve greater efficiency in the development of materials and accelerate the time-to-market process in product development.

Increasingly, new products are evolving from holistic, ecological analyses of the product life cycle, including in spheres of life that are unusual for a technology company—e.g. the leova® vineyard post made of steel that is just starting to become accepted in sustainable viniculture.

RESEARCH EXPENDITURE FOR THE voestalpine GROUP

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



ENVIRONMENT

ENVIRONMENTAL EXPENDITURES

Environmental investments (+62.7%) as well as current environmental operating expenses (+16.1%) in the business year 2018/19 substantially surpassed those in previous years.
The new environmental investments rose in the past business year from EUR 40.7 million to EUR 66.2 million. This increase stems mainly from two large projects in the Steel Division and the High Performance Metals Division, respectively. By contrast, the increase in current environmental expenditures from EUR 257.7 million to EUR 299.1 million reflects the significant increase in costs associated with EU emissions trading. Because the price of the CO_2 certificates has risen over time, the resulting expenses of the voestalpine Group in the business year 2018/19 were EUR 69 million, and thus EUR 36 million higher year over year. The Steel Division alone had to spend EUR 44 million to buy CO_2 certificates and thus EUR 26 million more than a year earlier—even though its CO_2 emissions in the business year just ended were much lower than in previous years due to the complete overhaul (relining) of its largest blast furnace.
On average, the shortfall (overall need for certificates less allocation of free certificates) in the past business year was about one third, just as in previous years.
After skyrocketing in the business year 2017/18 by almost 173% on average, the price of a certificate jumped yet again in the business year 2018/19 by another 61.7%, from EUR 13.26 per ton of CO_2 to EUR 21.44 per ton. Note in this connection the extremely high price volatility of the price trend, with a doubling of prices in the first five months of the business year 2018/19 and yet another massive increase in April 2019 to more than EUR 27 per ton of CO_2.

CORPORATE ENVIRONMENTAL FOCUS AND MEASURES

The Group's environmental programs in the past business year again focused on further reductions in process-related emissions and continual improvements in resource efficiency (especially in connection with the consumption of energy and raw materials), although existent steel production processes offer only limited options for doing so.
In the **Steel Division,** more efficient filter systems were introduced as part of the complete overhaul of the Group's largest individual blast furnace (blast furnace A), and extensive supplementary steps were taken to ensure blast furnace gas cleaning and dedusting. The rehabilitation work on the area of the division's coking plant in Linz, Austria, which has been contaminated since World War II, has been ongoing since 2011; highly contaminated sites in the eastern portion were removed by way of so-called hot spot excavation in the business year 2018/19. More than 25 tons of aromatic hydrocarbons have been removed from the subsoil using soil vapor extraction since 2015.
The **High Performance Metals Division** has lowered its consumption of energy to a considerable extent by acquiring a new forging press with automated system controls as well as by putting in place new, energy-efficient furnaces.
In the **Metal Engineering Division,** additional steps have been taken to suppress dust, for example, by misting the production lines near the blast furnaces in Donawitz, Austria, as well as by installing dust-suction equipment at the annealing furnace in Kindberg, Austria.
The **Metal Forming Division** focused on expanding its in-house generation of hydropower and thus the production of renewable energy, which the voestalpine Group has already pursued in the past at several sites. As far as the current project is concerned, a more powerful turbine was installed in one of the existent hydroelectric plants and the power plant as such—all the way to its control systems—was brought up to specifications. Steps aimed at using electromobility as the intra-

company mode of transportation were accelerated in a number of this division's units.

ENVIRONMENTAL MANAGEMENT SYSTEMS

Of the roughly 130 Group companies worldwide that are included in the environmental data management system (including all larger, environmentally sensitive operating sites), about 60% use an environmental management system (EMS) pursuant to ISO 14001, about 15% have also been validated under the EU's Eco-Management and Audit Scheme (EMAS), and more than 20% utilize a certified energy management standard pursuant to ISO 50001. The implementation of ISO 14001 at the Group's facility in Corpus Christi, Texas, USA, will be completed by the end of the business year 2019/20.
In September 2018, the voestalpine Group's environmental team was awarded the EMAS prize for the best environmental team by the Austrian Ministry of the Environment.

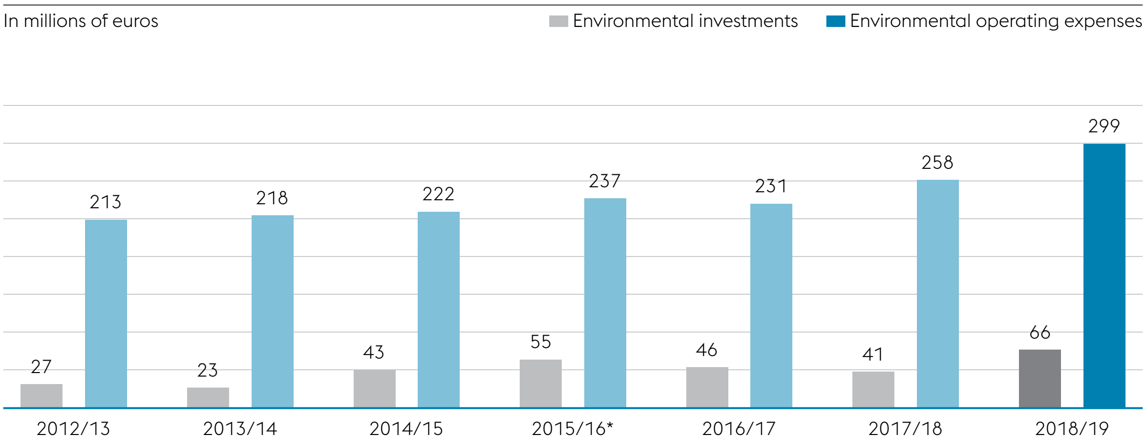
PRODUCT SUSTAINABILITY

"Product sustainability"—i.e. the analysis of a product based on ecological, economic, and social criteria across its entire useful life—is increasingly gaining significance, and not just from the customers' standpoint; increasingly, it is also being addressed at both the political and the legislative level in connection with climate protection.
voestalpine has been pushing the complex issue for many years, taking into account all affected areas of both the Group and its divisions, including the latter's operating units.
In particular, current customer-specific activities concern the following:

» Life cycle assessment, material compliance, environmental product declarations (EPDs), circular economy models;
» Social aspects (e.g. conflict minerals); and
» Economic analyses (particularly regarding life cycle costs).

Furthermore, increasingly detailed information and data on product assessment are being made

ENVIRONMENTAL EXPENDITURES



* 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.

available, for instance, as the basis for certification systems related to sustainable buildings or international product-related standards (e.g. the Framework Standard for Responsible Sourcing – BES6001). voestalpine also participates in initiatives such as the Carbon Disclosure Project (CDP) in connection with the comprehensive assessment of delivery chains.

ENERGY AND CLIMATE POLICY

Energy-intensive and thus emissions-intensive sectors such as the steel industry are currently pushing their research and development activities to reduce the CO_2 emissions that are generated in the production of steel. Aside from the actual innovation activity in metallurgy, cross-sector projects are becoming significant, especially those related to energy. At the same time, the framework for energy, climate, and research policies that are key to the feasibility in the long term of new technologies is being fleshed out incrementally at the global as well as at the European and national level.

The United Nations World Climate Agreement, which was adopted in Paris in 2015 and took effect at the end of 2016, was given a rule book in November 2018 that is binding on all 196 parties to the accord. Starting in 2020, therefore, global climate protection will be subject to uniform standards, requirements, and mechanisms—at least formally so.

At the European level, the actual, legal implementation of the "Clean Energy for all Europeans" package intended for the implementation of the EU's "2030 Goals"—which addresses discrete topics such as energy efficiency, expansion of renewables, electricity market design, and governance—currently is in its final phase. The emissions trading system (ETS) for the 2021 to 2030 trading period now is subject to tertiary legislation (final determination of key parameters such as benchmarks for the free allocation of certificates).

Also at this time, the EU's innovation and trading policy up to 2030 is under discussion and/or in the process of being prepared at the legislative level. The monies available during the multi-year funding period from 2021 through 2027 for research, development, and upscaling to large-scale standards are the element of this legislation that is material to the industry. Thinking beyond 2030, currently the EU is also developing its long-term "A Clean Planet for All" decarbonization strategy up to 2050.

Austria held the presidency of the European Council in the second half of the calendar year 2018. Hence voestalpine participated in a multitude of related events and activities that served as platforms for presenting and discussing the company's challenges, approaches to solutions, and ongoing projects aimed at decarbonizing the production of steel in the long term. The high-level conference, "Charge for Change: Innovative Technologies for Energy-Intensive Industries," was held in September 2018 at voestalpine Stahlwelt, Linz, Austria, as part of an informal meeting of the EU Council of Energy Ministers. The European Hydrogen Initiative adopted by the Energy Ministers was signed by voestalpine too.

Nationally, Austria's hydrogen strategy, which is based thereon and is supposed to be ready by the end of 2019, is one focus of the implementation of the "Integrated Climate and Energy Strategy" (#mission2030) that the Austrian government presented in June 2018.

voestalpine is chairing one of four working groups, specifically, the one headlined "Hydrogen in Industrial Processes" at the invitation of the Austrian Federal Ministry for Sustainability and Tourism, which is tasked with managing the hydrogen strategy.

Additional Austrian administrative laws pertaining to the #mission2030 were being discussed or implemented at the time the present Annual Report was being prepared. In particular, this includes the Austrian Expansion of Renewables Act *(Erneuerbaren-Ausbaugesetz – EAG);* the Austrian Energy Efficiency Act *(Energieeffizienzgesetz – EEffG);* the Austrian sustainable heating supply strategy as well as the finalizing of the National

Energy and Climate Plan *(Nationaler Energie- und Klimaplan – NEKP)*. The latter must encompass specific actions for achieving the 2030 Goals, and Austria must submit it to the EU Commission in binding fashion by the end of 2019.

DECARBONIZATION: EU H2FUTURE SHOWCASE PROJECT AND SUSTEEL

The adequate and stably secured, large-scale availability of "green" hydrogen is one of the basic requirements for the development in the long term of hydrogen-based breakthrough technologies for CO_2 minimized steel production.

The "H2FUTURE – green hydrogen" showcase project, which is supported by the Fuel Cells and Hydrogen Joint Undertaking (FCH JU) as part of the EU's "Horizon 2020" research program at voestalpine's Linz site, is researching proton exchange membrane (PEM) electrolyte technology on an industrial scale for the purpose of generating hydrogen in the future using electricity from renewable energy, its potential for use in steelmaking, and its simultaneous contribution to grid stabilization. This joint venture of six industrial and scientific partners from Austria, Germany, and the Netherlands—specifically, VERBUND (Austria's largest electricity provider); voestalpine; Siemens; Austrian Power Grid (APG); K1-MET (a metallurgical competence center); and ECN part of TNO (a Dutch research organization)—is currently engaged in preparing the demonstration operation that will run until mid-2021.

A massive push is being made with respect to the "Sustainable Steelmaking" (SuSteel) project at the Group's Donawitz facility in Austria, another long-term research project in the field of hydrogen metallurgy. It is aimed at producing pig iron directly from the base material by way of a hydrogen plasma smelting reduction without any intermediate steps. Tests in connection with this multi-year research and development project are currently being conducted at a pilot plant, though for now solely at the bench scale. The project is being undertaken jointly with the University of Mining and Metallurgy in Leoben, Austria, and with the support of the Austrian Research Promotion Agency (FFG), among others.

voestalpine is also exploring the possibilities of carbon capture and usage (CCU). In particular, current projects or those that are beginning to take shape in connection with "Carbon-2-X" concern the conversion of CO_2 from process gases and its subsequent utilization as a raw material in the chemical industry.

Research projects on the development of metallurgy and raw materials that are aimed at optimizing existent production processes with respect to CO_2 are being pursued concurrently.

REPORT ON THE COMPANY'S RISK EXPOSURE

Proactive risk management, as it has been understood by and practiced in the voestalpine Group for many years, serves to both ensure the existence of the Group as a going concern in the long term and boost its value and thus is key to the success of the voestalpine Group on the whole.
The voestalpine Group has had a comprehensive risk management system since the business year 2000/01, which is rooted in a general policy that applies throughout the Group and has been updated and expanded repeatedly since then.

This systematic risk management process assists management in identifying risks early on and initiating appropriate action to avert or prevent dangers. In the sense of responsible corporate management that is oriented toward both the long term and shareholder value, risk management is an integral part of the decision-making and business processes of all of the company's divisions and hierarchy levels. Risk management covers the strategic and operational levels and is therefore a major element in the sustainable success of the Group.

Strategic risk management serves to evaluate and safeguard the strategic planning for the future. The strategy is reviewed as to its conformity with the Group's system of objectives in order to ensure value-added growth based on the best possible 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. Operational risk management also includes ensuring conformity with the given strategy.
Identified risks are appraised using a nine-field assessment matrix that evaluates the extent of possible losses and the probability of their occurring. In the main, operational, environmental, market, procurement, technological, financial, compliance, and IT risks are documented at both the strategic and the operational level. The risk management process is supported by a special web-based IT system.

Since the coming into force of the Austrian Company Law Amendment Act of 2008 *(Unternehmensrechts-Änderungsgesetz)* and the resulting increase in the importance of the internal control system (ICS) and the risk management system, an Audit Committee has been set up at voestalpine AG which, among other things, is also tasked with continually addressing questions related to risk management and the ICS as well as the monitoring thereof; see also the "Audit Committee" chapter of this Annual Report. Both the risk management and the internal control systems are integral components of existing management systems within the voestalpine Group. Internal Audit monitors the operational and business processes and associated risks as well as the ICS and, in its capacity as an independent in-house department not bound by instructions, also has full discretion with respect to both the reporting on and the appraisal of the audit results.

The preventive measures for the main risk areas presented in the previous business year's Annual Report are still valid.

» AVAILABILITY OF RAW MATERIALS AND ENERGY SUPPLIES

In order to ensure the supply of raw materials and energy in the required quantities and quality in the long term, the voestalpine Group has for some years already pursued a diversified procurement strategy that is appropriate to the heightened political and economic risks of this globalized market. Long-term supply relationships, the expansion of the supplier portfolio as well as the development of the Group's self-sufficiency are the core elements of this strategy, which remain as important as before given the volatility of the raw materials markets; for details see the "Raw Materials" chapter of this Annual Report. As far as energy supplies are concerned, the Group is continually on the lookout for alternative energy resources.

» GUIDELINE FOR HEDGING THE RAW MATERIALS PRICE RISK

An internal guideline defines the objectives, principles, and responsibilities as well as the methodology, procedures, and decision-making processes that are applied to the handling of raw materials risks. Based thereon and taking into account individual specificities of the respective Group company's business model, prices are hedged by way of delivery contracts containing fixed price agreements or by way of derivative financial instruments. Financial derivatives are deployed to hedge raw materials procurement contracts.

» THE CO_2 ISSUE

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

» FAILURE OF PRODUCTION FACILITIES

In order to minimize the risk of critical facilities breaking down, ongoing targeted and comprehensive investments are made to technically optimize sensitive units. Supplementary measures encompass consistent preventive maintenance, risk-oriented storage of spare parts as well as employee training.

» FAILURE OF IT SYSTEMS

At the majority of the Group's sites, business and production processes, which are largely based on complex information technology (IT) systems, are serviced by voestalpine group-IT GmbH, a company that specializes in IT and is wholly owned by the Group holding company voestalpine AG. Given the importance of IT security and in order to continue minimizing possible IT breakdown and security risks, minimum IT security standards that also encompass guidance on business continuity management were developed in the past. These minimum standards are regularly adapted to new circumstances, and compliance is reviewed annually by way of an audit. Additional periodic penetration tests are carried out in order to further reduce the risk of unauthorized access to IT systems and applications. Broad online campaigns aimed at further sensitizing our employees to security issues were carried out yet again in the business year just ended. Increasingly, attention is being paid also to the topic of cyber security as part of these online campaigns. Evidence of cyber fraud attacks (such as social engineering, CEO fraud, man-in-the-middle attacks related to payments and deliveries) are collected by a working group, preventive measures are developed, and existent measures are reviewed and adjusted as necessary. In addition, extensive online campaigns were carried out and special e-learning programs were initiated to both prevent potential cyber fraud attacks and further sensitize our employees to these risks.

» KNOWLEDGE MANAGEMENT / PROJECT MANAGEMENT

In order to sustainably safeguard the Group's knowledge—in particular, to prevent the loss of its know-how—complex projects initiated in the past are consistently refined on a continuous basis. Besides permanently documenting all available knowledge, new findings from key projects as well as lessons learned as the result of unplanned events are analyzed and incorporated as appropriate. Detailed process documentation, especially in IT-supported areas, also contributes to securing the available knowledge.

A diverse range of project management tools and suitable project monitoring are used to counteract any project risks (e.g. investments, the project business). Insights gained from earlier activities are also collected in the sense of lessons learned and form the basis of the ongoing enhancement of already available tools to ensure that they are consistently applied in future projects.

» COMPLIANCE RISKS

Compliance violations (e.g. antitrust and corruption violations) represent a significant risk and may have adverse effects in that they may trigger both financial losses and damage to the Group's reputation. A Group-wide compliance management system is designed particularly to counteract antitrust and corruption violations. Regarding antitrust proceedings and allegations, see chapter 19 of the Notes.

» RISKS OF NONCOMPLIANCE WITH DATA PRIVACY REQUIREMENTS

Violations of requirements under data privacy laws may have adverse financial effects and lead to reputational damage. A data privacy unit was established on the basis of the data privacy requirements that apply throughout the Group. It helps the management of Group companies to carry out their responsibilities regarding compliance with statutory and intra-Group data privacy requirements.

» FINANCIAL RISKS

Financial risk management is organized centrally with respect to policy-making power, strategy determination, and target definition. The existent policies encompass targets, principles, duties, and responsibilities for both Group Treasury and the financial departments of the individual Group companies. Financial risks are monitored continuously and hedged where feasible. In particular, this strategy aims to bring about natural hedges and to reduce the fluctuations in both cash flows and income. Market risks are largely secured through derivative financial instruments that are used exclusively in connection with an underlying transaction.

Specifically, **financing risks** are hedged using the following measures:

» Liquidity risk

Liquidity risks generally consist of a company being potentially unable to meet its financial obligations. Existent liquidity reserves enable the company to duly meet its obligations even in times of crisis. Furthermore, a precise financial plan that is prepared on a revolving quarterly basis is the primary instrument for controlling liquidity risks. Group Treasury centrally determines the need for funds and bank credit lines based on the consolidated operating results.

» Credit risk

Credit risk refers to financial losses that may arise from the non-fulfillment of contractual obligations by individual business partners. The credit risk of the underlying transactions is largely minimized by way of extensive credit insurance and bankable securities (guarantees, letters of credit). The default risk related to the Group's remaining own risk is managed by way of defined credit assessment, risk evaluation, risk classification, and credit monitoring processes. Counterparty credit risk in financial contracts is managed daily by monitoring the ratings of counterparties and any changes in their credit default swap (CDS) levels.

» Foreign exchange risk

The primary objective of foreign currency risk management is to create a natural hedge (cross-currency netting) within the Group by bundling the cash flows. In this connection, hedges are implemented centrally by Group Treasury using derivative hedging instruments. voestalpine AG hedges the budgeted (net) foreign currency cash flows for the next 12 months. Longer-term hedging is carried out only in connection with contracted project business. The hedging ratio is between 25% and 100% of the budgeted cash flows within the next 12 months.

» Interest rate risk

voestalpine AG conducts interest rate risk assessments centrally for the entire Group. In particular, this entails managing cash flow risks (i.e. the risk that interest expense or interest income may undergo an adverse change). As of the March 31, 2019, reporting date, any increase in the interest rate by one percentage point would raise the net interest expense by EUR 14.3 million in the following business year. However, this is a reporting date assessment that may be subject to significant fluctuations over time. Interest-bearing investments have also been made, because voestalpine AG maintains a liquidity reserve to ensure the availability of liquidity. In order to avoid interest rate risks stemming from these investments, the interest rate exposure on the asset side (expressed by way of the modified duration) is coupled with the interest rate exposure on the liability side (asset/liability management).

» Price risk

voestalpine AG also assesses price risks, primarily using scenario analyses for the purpose of quantifying interest and currency risks.

» UNCERTAINTIES STEMMING FROM LEGISLATION

Energy tax rebate in Austria

It must be noted with respect to the Austrian energy tax rebate that the Austrian Federal Finance Court *(Bundesfinanzgericht)* has directed a request for a preliminary ruling to the European Court of Justice (ECJ) (BFG 10/31/2014, RE/5100001/2014). The amendment of the Austrian Energy Tax Rebate Act *(Energieabgabenvergütungsgesetz)* by means of the 2011 Austrian Budget Accompanying Act *(Budgetbegleitgesetz – BBG 2011),* which applies to periods after December 31, 2010, limited the energy tax rebate to manufacturing companies. Subsequently, the question as to whether this restriction, which may be deemed state aid, violated European Union law was submitted to the ECJ for a preliminary ruling; the highest court has by now answered the question in the affirmative (ECJ 07/21/2016, docket no. C-493/14, Dilly's Wellnesshotel GmbH). This means that the restrictions envisioned in the BBG 2011 have not taken effect. Therefore, service providers, in particular, can retroactively apply for the energy tax rebate for periods after February 1, 2011. In its subsequent ruling, the Austrian Federal Finance Court declared that the restriction to manufacturing companies did not take effect. The Austrian fiscal authorities appealed this decision to the Austrian Higher Administrative Court *(Verwaltungsgerichtshof),* which in September 2017 (decision dated 09/14/2017, EU 2017/0005 and 0006-1) again sought recourse with the ECJ. The final applications of the advocate general were filed on February 14, 2019. To date, it is not known when the decision on the matter pending before the ECJ (C-585/17) will be handed down. No adverse impact is anticipated for the voestalpine Group.

ECONOMIC AND FINANCIAL CRISES

Based on the insights gained as a result of past economic and financial crises and their effects on the voestalpine Group, additional steps—primarily of a corporate nature—were taken in recent years to minimize the Group's risk exposure; both the past year and the coming years, respectively, saw and will see consistent implementation and enhancement of these measures. In particular, these measures are aimed at

- » Minimizing the negative effects that a recessionary economic trend would have on the company by means of relevant planning precautions ("scenario planning");
- » Maintaining high product quality along with concurrent continual efficiency gains and ongoing cost optimization;
- » Having sufficient financial liquidity available even in the event of constricted financial markets; as well as
- » 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.

Given the ongoing difficulties in the economic environment, as before a working group is tasked with continually monitoring and analyzing any fallout from the Brexit decision. Consequences arising from (punitive) tariffs and global trade war conflicts are subject to continuous monitoring as well.

Specific measures to hedge 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 risks of the voestalpine Group are limited and manageable and that they do not threaten the continuation of the Group as a going concern. There is no indication that the company's continued existence as a going concern in the future is at risk.

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

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

Section 82 of the Austrian Stock Corporation Act *(Aktiengesetz – AktG)* requires the Management Board to establish a suitable internal control and risk management system for accounting procedures. The Management Board of voestalpine AG thus has adopted guidelines that are binding on 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 given entity's requirements; the management must also comply with existing Group-wide guidelines and regulations.

The entire process, from procurement to payment, is subject to strict 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, signing powers for authorizing payments that apply only collectively and are limited to only a few persons (four-eyes principle).

In this context, control measures related to IT security are a cornerstone of the internal control system (ICS). Issuing IT authorizations restrictively supports the separation and/or segmentation of sensitive activities. The accounting in the individual Group companies is largely carried out using the SAP software. The reliability of these SAP systems is 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 regarding fully consolidated entities is transferred to the Group-wide consolidation and reporting system.
The Group-wide accounting policies for the recording, posting, and recognition of commercial transactions are regulated by the voestalpine Consolidated Financial Statements Handbook and are binding on all Group companies. On the one hand, automatic controls built into the consolidation and reporting system, together with numerous manual reviews on the other, are implemented in order to avoid material misstatements to the greatest extent possible. These controls range 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 containing key performance indicators (KPIs) to their own managing directors and to the management boards of the divisions, and, after approval, to the holding company's Corporate Accounting & Reporting department 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.

In this context, possible accounting risks 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 ICS, including the required quality standards, is monitored on an ongoing basis through internal audits at the Group company level. Internal Audit works closely with the responsible Management Board members and managing directors. It 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.

NUMBER OF TREASURY SHARES

Holdings of treasury shares for the purpose of issuing shares to employees and executives of the company and of affiliated companies under the existent employee shareholding scheme as of March 31, 2019, are as follows:

	Treasury shares in thousands of shares	Percentage of share capital in %	Percentage of share capital in thousands of euros
As of 03/31/2018	**28.6**	**0.0**	**52.0**
Additions in 2018/19	0.0	0.0	0.0
Disposals in 2018/19	0.0	0.0	0.0
As of 03/31/2019	**28.6**	**0.0**	**52.0**

The company has held its treasury shares for years.

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

As of March 31, 2019, the share capital of voestalpine AG is EUR 324,391,840.99 (March 31, 2018: EUR 320,394,836.99) and is divided into 178,549,163 (March 31, 2018: 176,349,163) no-par value bearer shares. There are no restrictions on voting rights (1 share = 1 vote). voestalpine AG is unaware of any agreements among or between its shareholders and third parties that restrict voting rights or the transfer of shares.

Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG, Linz, Austria, and the voestalpine Mitarbeiterbeteiligung Privatstiftung (a private foundation for the company's employee shareholding scheme), Linz, 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 held in trust by voestalpine Mitarbeiterbeteiligung Privatstiftung for the employees of the Group companies of voestalpine AG that participate in the employee shareholding scheme. However, the way the voting rights are exercised requires the approval of the Advisory Board of voestalpine Mitarbeiterbeteiligung Privatstiftung. The Advisory Board—which is constituted on the basis of parity, with six members each representing the employees and the employer—resolves approval with a simple majority. The chairperson of the Advisory Board, who must be appointed by the employee representatives, casts the deciding vote in the event of a tie.

As regards those of the Management Board's powers that do not follow directly from the law (such as buybacks of the company's treasury shares, authorized or contingent capital), please see item 17 (Equity) of the Notes to the Consolidated Financial Statements 2018/19.

The EUR 500 million hybrid bond issued in March 2013; the EUR 400 million fixed-interest securities 2014–2021; the EUR 500 million fixed-interest securities 2017–2024; the EUR 500 million fixed-interest securities 2019–2026 issued in April 2019; the promissory note loans totaling EUR 574.5 million and USD 320 million; the EUR 900 million syndicated loan closed in March 2015 (which is used for general corporate purposes and to refinance the syndicated loan 2011, EUR 600 million of which is being used as a revolving credit facility to ensure liquidity); as well as bilateral loan agreements for a total of EUR 211.1 million and USD 600.7 million contain change-of-control clauses. With the exception of the hybrid bonds, according to the terms of these financing agreements, the bondholders or the lenders have the right to demand redemption of their bonds or repayment of their loans if control of the company changes hands. Under the terms and conditions of the hybrid bond issue, the respective fixed interest rate (interest rate during the fixed-interest periods) and/or the respective margin (interest rate during the variable interest periods) rises by 5% 61 days from the date on which a change of control occurs. voestalpine AG has the right to call and redeem the bonds effective no later than 60 days from the change of control. Under the terms and conditions of the aforementioned bonds and financing agreements, the acquisition by another party of a controlling interest as defined in the Austrian Takeover Act *(Übernahmegesetz)* triggers a change of control at voestalpine AG.
There are no indemnity agreements between the company and the members of its Management Board and its Supervisory Board, or its employees, in the event of a public takeover bid.

OUTLOOK

While stability and a positive sentiment still were the dominant characteristics of the economic climate in the first half of the business year 2018/19, a dampening of the macroeconomic environment set in at the start of the business year's second half, particularly in Europe. For one, the negative dynamic was driven by rising raw materials and energy prices. For another and for the very first time, it was also fueled by considerable negative effects resulting from the global trade wars that put increasing pressure on China's economy as the year wore on. No later than at the start of the past business year's third quarter, moreover, the multi-year upswing in a number of sectors took a major hit. This affected chiefly the automotive industry, which was not only at the tail end of an extended upturn but also suffering under the pressure of a new EU emissions testing procedure; the consumer goods and electrical industry; and the oil and natural gas equipment sector, which was buffeted by sporadic dips in crude oil prices. While a number of segments of the mechanical engineering industry also lost steam toward the end of the business year, the construction industry as well as the aerospace and railway systems infrastructure segment remained stable at a solid level. Regionally, the economies of the EU and especially China have been under much more pressure since the end of 2018 than they were 12 months ago, whereas the USMCA region remained stable at a high level and Brazil started along a cautious growth trajectory.

Not much has changed with respect to this picture in the first few months of the business year 2019/20. However, the OECD has lowered its growth forecasts for most of the world's regions yet again, even though it does not foresee recessionary scenarios—at least not across the board. Trade barriers that continue to go up between the major economic blocks as well as tit-for-tat sanctions between a number of countries and thus protectionist tendencies that continue unabated in global economic relationships do not necessarily provide a promising basis for a rapid economic turnaround. Following an extended boom, the European economy is experiencing a cyclical trend reversal, which is being accelerated by the ongoing Brexit debates and country-specific economic weaknesses, especially in the continent's southern and eastern areas. After decades of massive, continuous growth, the Chinese economy is confronted with rising saturation in individual sectors for the very first time. This, in turn, leads to the continual intensification of global expansionary pressures which, in its turn, triggers increasingly critical effects in other economies. So far, the United States, but also North America (i.e. the USMCA region on the whole), have benefited from the strong protectionist beliefs of the US Administration and the tax cuts initiated by President Trump. Increasingly, however, this momentum seems to be losing steam.

Notwithstanding such geopolitical and regional considerations, the performance of the industrial sectors that are key to economic development continues to display uneven and restrained trends overall. For example, the ongoing stable development of the construction industry is contrasted particularly, but not only, by the automotive industry that is under considerable pressure in Europe. The oil and natural gas industry as well as the mechanical engineering sector, whose segments follow highly divergent trends (just like the consumer goods industry), are located somewhere between these antipodes.

What intensifies the lack of economic transparency are in part erratic, i.e. unforeseeable, developments regarding raw materials such as iron ore (where prices were recently jumping by up to ten percent every month) in tandem with (at least in Europe) CO_2 costs that more than doubled year over year. The fact that steel producers have announced against this backdrop that they will cut their capacities by several million tons should not come as a surprise and should be seen as a clear sign of the seriousness of the situation in individual industries.

The Management Board of voestalpine AG is working hard to put the operating result (EBITDA) in the 2019/20 business year on a stable footing—compared with the previous year—despite growing economic uncertainties that continue unabated. The biggest internal challenge in this connection is the work to fix operational issues at the Group's US plants so that the ambitious volume targets can be met.

What is key to macroeconomic developments, however, is

- the extent to which trade policies will continue to artificially affect the global trade flows in the next 12 months;
- the extent to which the performance of the global raw materials sector will continue to be affected less by supply and demand and more by other criteria that are difficult to comprehend;
- the extent to which the new emissions tests and the political debates about new visions for the future of automotive technology will affect consumers' spending patterns in Europe and beyond; and,
- last but not least, the direction the European economy will take in connection with the question whether the Brexit will follow an orderly or disorderly process.

voestalpine cannot influence or decide any of these factors, meaning that any guidance issued for the business year 2019/20 above and beyond the general direction expressed above would not have any basis in fact.

Linz, May 28, 2019

The Management Board

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

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

STEEL DIVISION

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The European steel industry experienced contradictory developments in the calendar year 2018. While the year's first half was characterized by excellent demand across practically all key customer segments, the year's second half saw dramatic signs of a weakening in a number of industrial sectors. In turn, two distinct effects characterized the steel industry's positive trajectory during the first half of the year. For one, the steel production output of the European manufacturers rose slightly yet again compared with the already very good level in the previous year despite continued high imports. For another, steel prices stabilized in the spot market at a high level despite the decline in spot buying prices for iron ore. Increasingly, however, the sentiment darkened over the summer. This development was driven mainly by the sharp decline in the momentum of the automotive sector, which plays an important role particularly with respect to high-quality steel products. In the early fall, the auto manufacturers lowered their order call-ups, on short notice and in part substantially, owing to the new Worldwide Harmonized Light Vehicle Test Procedure (WLTP). The stricter requirements that went into effect as of September 2018 had a massive effect on the German automakers, in particular, which traditionally offer a broad range of both models and options. Aside from the automotive industry, orders from the white goods and consumer goods industry also declined—in part substantially—over the course of the business year. However, the mechanical engineering and construction industries, both of which are equally relevant to the Steel Division, developed along a satisfactory trajectory throughout the business year 2018/19, even though individual segments of the mechanical engineering industry began to display the first signs of weakness toward the end of the year.
In addition to the fact that the economic environment was becoming more challenging overall as the year wore on, the steel industry in Europe was also affected by critical trade policy decisions. The international flow of goods changed the moment the Section 232 import tariffs, which were imposed to protect the US steel industry, went into effect. Absent sufficient capacity in their respective domestic markets to soak up the excess, Turkish and Russian producers, for example, switched their focus increasingly on the European Single Market. As follows from the resulting high level of imports up to the end of the business year, neither the temporary protective mechanisms ("Safeguard Measures") that the European Commission enacted in mid-July 2018 nor the final ones had any effect.
The fourth quarter of the business year 2018/19 saw a significant price increase in iron ore with the resulting pressure on margins. This was due to the shortage of supply following a dam break in a Brazilian mine, for one, and a tropical cyclone in Western Australia, for another. Consequently, in the first few months of the calendar year 2019 orders remained slightly below the very good level during the same period the previous year.
The delivery volumes in the Steel Division during the business year 2018/19 fell somewhat short

KEY FIGURES OF THE STEEL DIVISION

In millions of euros	2017/18	2018/19	Change in %
Revenue	4,772.7	4,887.3	2.4
EBITDA	908.2	653.2	–28.1
EBITDA margin	19.0%	13.4%	
EBIT	592.9	319.0	–46.2
EBIT margin	12.4%	6.5%	
Employees (full-time equivalent)	11,020	10,877	–1.3

year over year due to the complete overhaul (relining) of the Group's largest blast furnace, which is located at its Linz site in Austria. The repairs, which took more than three months, reduced the production of crude steel by around one million tons. Good capacity utilization was maintained at the downstream rolling facilities thanks to pre-materials inventories that had been built up in the preceding periods as well as purchases of pre-materials despite the considerably greater complexity of the operating processes.

Owing to its strong position in the demanding deep-sea pipeline segment, the Heavy Plate business segment delivered excellent performance in the business year 2018/19 even though the markets remained hesitant overall. In the business year's third quarter, however, provisions had to be set up in view of potentially adverse financial effects from a pending investigation by the German Federal Cartel Office *(Bundeskartellamt)*.

The direct reduction plant in Corpus Christi, Texas, USA, succeeded in leveraging largely good market conditions in the business year 2018/19 only in part, because its production volume had fallen below normal capacity on account of non-recurring effects. These arose from planned production stoppages (a scheduled three-week maintenance shutdown in June) as well as unplanned plant shutdowns such as the two-week production stoppage resulting from heavy rains and floods in September 2018 as well as a gas pipe break that occurred a short while later. Subsequently, the plant's production capacity stabilized over the course of the business year's second half.

FINANCIAL KEY PERFORMANCE INDICATORS

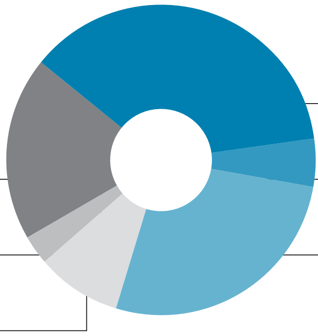
While the Steel Division did see a slight year-over-year increase in revenue in the business year 2018/19, it had to contend with significant losses in earnings. At EUR 4,887.3 million, the division generated revenue growth of 2.4% compared

with the previous year's figure of EUR 4,772.7 million. Hence it succeeded in offsetting the negative effects of the complete overhaul (relining) of its most important blast furnace with the help of the very good product mix of the Heavy Plate business segment. While the division's production of crude steel fell by about 20% year over year due to the blast furnace repairs, the delivery volumes declined by less than 10% thanks to both pre-production and purchases of semi-finished goods (slabs).
But the overhaul of the blast furnace had a greater impact on earnings. Together with the provisions related to the pending investigation by the German Bundeskartellamt of the Heavy Plate business segment, the repairs are the main cause of the division's lower profitability year over year. In the second half of the business year 2018/19, moreover, the division was confronted with declining momentum in individual customer segments, as described in the section on the Group's business performance. As already explained above too, the HBI plant in Texas, USA, was unable to live up to its earnings potential, especially in the business year's first half, due to non-recurring effects. Against this backdrop, the operating result (EBITDA) of the Steel Division in the business year 2018/19 fell by 28.1% to EUR 653.2 million (margin of 13.4%), down from the excellent level of EUR 908.2 million in the previous year (margin of 19.0%). The profit from operations (EBIT) dropped by 46.2% in the same period, from EUR 592.9 million (margin of 12.4%) to EUR 319.0 million (margin of 6.5%).
The quarter-on-quarter (QoQ) comparison between the fourth and the third quarter of 2018/19 shows that the Steel Division delivered not just a surge in income, but also an increase in revenue. In the business year's fourth quarter, the division succeeded in boosting its revenue by 10.4% compared to the preceding quarter, from 1,174.5 million to EUR 1,297.2 million. This was due above all to the seasonal expansion of the delivery volumes whereas short-term price levels were slightly weaker.
As the individual earnings categories were significantly affected in the business year's third quarter by the provisions for the antitrust investigation of the Heavy Plate segment, the Steel Division's EBITDA soared from EUR 105.5 million to EUR 205.3 million quarter on quarter, causing the EBITDA margin to jump from 9.0% to 15.8%. The EBIT multiplied several times over during the same period, from EUR 19.3 million to EUR 118.0 million, boosting the EBIT margin from 1.6% to 9.1%.

As of March 31, 2019, the Steel Division had 10,877 employees (FTE), a decrease of 1.3% compared with the figure (11,020 employees) as of the previous year's reporting date.

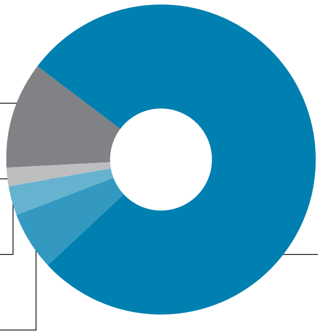
CUSTOMERS OF THE STEEL DIVISION

As percentage of divisional revenue, business year 2018/19



MARKETS OF THE STEEL DIVISION

As percentage of divisional revenue, business year 2018/19



QUARTERLY DEVELOPMENT OF THE STEEL DIVISION

In millions of euros	1st quarter 2018/19	2nd quarter 2018/19	3rd quarter 2018/19	4th quarter 2018/19	BY 2018/19
Revenue	1,276.4	1,139.2	1,174.5	1,297.2	4,887.3
EBITDA	223.9	118.5	105.5	205.3	653.2
EBITDA margin	17.5%	10.4%	9.0%	15.8%	13.4%
EBIT	145.0	36.7	19.3	118.0	319.0
EBIT margin	11.4%	3.2%	1.6%	9.1%	6.5%
Employees (full-time equivalent)	11,111	10,972	10,788	10,877	10,877

HIGH PERFORMANCE METALS DIVISION

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

While highly positive customer order levels in all important sales regions and/or industrial segments still characterized the market environment of the High Performance Metals Division at the start of the business year 2018/19, weakening trends began to emerge after the summer of 2018. Considered in regional terms, particularly Europe and China increasingly saw a dampening of economic sentiment; considered in sectoral terms, primarily the automotive and the consumer goods industry were affected by the declining momentum. Given the division's global alignment, the fact that protectionist policies intensified worldwide throughout the year—especially the trade war of the United States against China—tended to have a negative effect on its performance. By contrast, the market environment of the aerospace as well as the oil and natural gas industry remained stable at a positive level throughout the business year 2018/19.

In the aerospace industry—for which the High Performance Metals Division produces special steel parts based on titanium alloys, high-alloyed steels, and nickel-based alloys—the acquisition by Airbus of Bombardier's C-Series and the acquisition by Boeing of Embraer's civilian aircraft segment enabled these two major aircraft manufacturers to further expand their dominating market positions. Although Boeing has announced in the wake of the turbulence caused by its 737 MAX aircraft family that it will lower its monthly construction rates and Airbus, for its part, has announced that it will cease production of the world's largest passenger aircraft (the A380) starting in the calendar year 2021, the division does not expect any weakening of the sector in the foreseeable future. The product segment that is focused on special materials for the oil and natural gas industry also succeeded in boosting sales year over year. In addition, this customer segment developed and produced first sophisticated components using the additive 3D manufacturing process in the business year 2018/19. The oil and natural gas sector offers the division a market with a highly promising future in the realm of 3D printing, because batch sizes are relatively small, materials are expensive, and product designs are complex.

In the tool steel product segment of the High Performance Metals Division, where the automotive and the consumer goods industry are its main customers, the distortions in Europe's automotive sector in the second half of the calendar year 2018 caused order levels to shrink. The meltdown of automotive sales in Europe resulting from the new emissions testing procedure (the Worldwide Harmonized Light Vehicle Test Procedure – WLTP) has greatly diminished the automotive industry's need for investments. The new test cycle also had potentially adverse effects on the broad range of auto models and options—an important driver of demand for tool steel. Even the European mechanical engineering industry, with its traditionally high export rate, had to contend with a potential dampening of economic sentiment due to the globally growing protectionism. In addition, the isolationist stance of the United States increas-

KEY FIGURES OF THE HIGH PERFORMANCE METALS DIVISION

In millions of euros	2017/18	2018/19	Change in %
Revenue	2,918.0	3,136.3	7.5
EBITDA	453.9	434.9	–4.2
EBITDA margin	15.6%	13.9%	
EBIT	297.6	280.0	–5.9
EBIT margin	10.2%	8.9%	
Employees (full-time equivalent)	14,274	14,398	0.9

ingly caused international providers to shift to the European tool steel market. As a result, it was no longer possible to offset rising pre-materials, energy, and electrode prices in full by raising sale prices in the standard product segment.
In China, the dampening of economic sentiment in the automotive industry was due primarily to the country's growing trade war with the United States, which had an impact not least on consumers' reluctance to make new vehicle purchases. But tool exports from China to the US also declined in the wake of the latter's growing protectionism—with correspondingly negative effects on demand for tool steel, the division's main product segment in China. While the consumer goods industry remains a key economic sector in Asia's largest economy, individual labor-intensive sectors such as the electrical or toy industry have already shifted their operations to countries in Southeast Asia, where unit labor costs are lower.
Brazil's economic development in the calendar year 2018 saw a slight recovery. A corruption scandal had brought activities in the country's oil exploration industry practically to a standstill for years, but the sector experienced a slight upturn in 2018. Both the licensing of private oil producers and the enactment of programs aimed at kick-starting investments launched a new oil exploration investment cycle in the country. In North America, the High Performance Metals Division benefited from stable developments in this sector, not least because most of its applications for exemption from the US's punitive tariffs were granted.
Regarding capacity utilization, particularly the division's production facility in Wetzlar, Germany, was greatly affected by the weakening of economic sentiment in Europe due to customers' caution in purchasing plastic mold steel. Moreover, the weakness in energy engineering, which has continued unabated for years, as well as competitors' resulting shift to large-mold toolmaking have intensified competitive pressures, in turn

triggering comprehensive cost control measures. The pressure on volumes in China due to ever-shortening order cycles had a negative impact on capacity utilization at the High Performance Metals Division's facility in Hagfors, Sweden, which has traditionally been strongly aligned with Southeast Asia and China in sales terms. Capacity utilization at the production facilities in Kapfenberg, Austria, by contrast, remained solid throughout thanks to their focus on the oil and natural gas industry as well as aerospace customer segments. In the business year 2018/19, the division's production plant in Sumaré, Brazil, substantially improved its performance year over year.

Although the given market shows weaknesses in some regions, the Value Added Services business segment is focused on expanding its one-stop shop (OSS) strategy with the aim of continuing to push its technical consulting expertise—the key to success. Due to slowing momentum in China's tool steel market, the division's local service centers are delivering declining yet still satisfactory performance.

FINANCIAL KEY PERFORMANCE INDICATORS

Rising alloy costs and the associated price increase overall boosted the revenue of the High Performance Metals Division by 7.5% to EUR 3,136.3 million (previous year: EUR 2,918.0 million). Year-over-year developments in delivery volumes were generally stable subject, however, to a declining trend in the business year's second half.

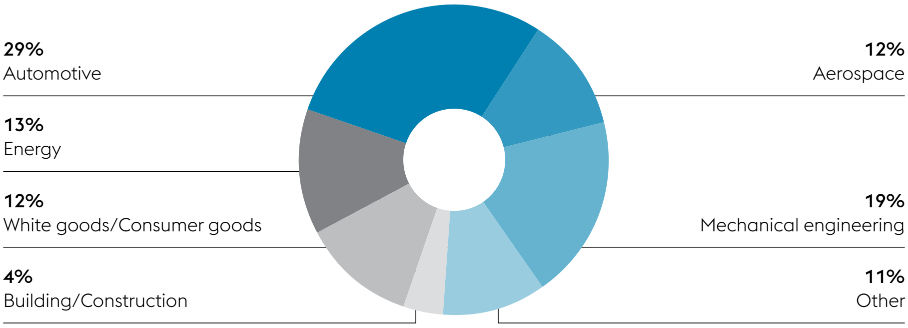
In earnings terms, the division's performance in the business year 2018/19 was slightly weaker year over year. In the business year's first six months, earnings growth remained at the same level as in the previous year. In the business year's second half, stiffening competition made it impossible to translate the raw materials and energy price increases for standard grades in both Europe and China into higher prices which, in turn, led to production cuts. On the whole, therefore, the operating result (EBITDA) fell by 4.2% from EUR 453.9 million (margin of 15.6%) in the previous business year to EUR 434.9 million (margin of 13.9%) in the business year 2018/19. The profit from operations (EBIT) fell accordingly by 5.9%, from EUR 297.6 million (margin of 10.2%) to EUR 280.0 million (margin of 8.9%).

The quarter-on-quarter (QoQ) comparison of the third and fourth quarters of 2018/19 shows an improvement in the key performance indicators. Due to a roughly 10% increase in delivery volumes as well as higher pre-materials prices, the division's revenue rose QoQ by 11.7%, from EUR 751.4 million to EUR 839.0 million. Against the backdrop of the growing delivery volume, EBITDA improved by 28.9%, from EUR 89.6 million in the third quarter to EUR 115.5 million in the fourth quarter, thus also raising the EBITDA margin from 11.9% to 13.8%. The division even succeeded in boosting EBIT by 40.0%, specifically, from EUR 51.8 million (margin of 6.9%) to EUR 72.5 million (margin of 8.6%).

As of March 31, 2019, the High Performance Metals Division had 14,398 employees (FTE). This corresponds to an increase of 0.9% over the number (14,274 FTE) as of the previous year's reporting date.

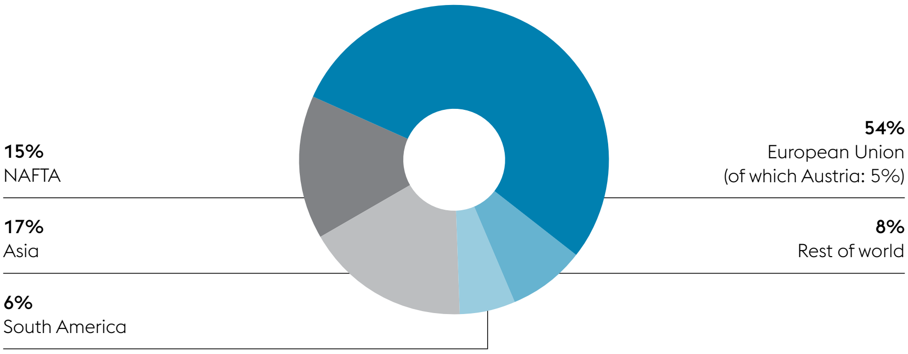
CUSTOMERS OF THE HIGH PERFORMANCE METALS DIVISION

As percentage of divisional revenue, business year 2018/19



MARKETS OF THE HIGH PERFORMANCE METALS DIVISION

As percentage of divisional revenue, business year 2018/19



QUARTERLY DEVELOPMENT OF THE HIGH PERFORMANCE METALS DIVISION

In millions of euros	1st quarter 2018/19	2nd quarter 2018/19	3rd quarter 2018/19	4th quarter 2018/19	BY 2018/19
Revenue	780.3	765.6	751.4	839.0	3,136.3
EBITDA	129.2	100.6	89.6	115.5	434.9
EBITDA margin	16.6%	13.1%	11.9%	13.8%	13.9%
EBIT	91.9	63.8	51.8	72.5	280.0
EBIT margin	11.8%	8.3%	6.9%	8.6%	8.9%
Employees (full-time equivalent)	14,344	14,528	14,443	14,398	14,398

METAL ENGINEERING DIVISION

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The Metal Engineering Division was organizationally realigned in the business year 2018/19 so that it can continue to push intra-Group collaboration, for one, and present itself to customers as a provider of complete, demanding systems solutions, for another. As a result, those areas that provide innovative rails, turnout, and signaling technology products and systems solutions for international rail infrastructure projects were brought together in the new "Railway Systems" business segment. Following the same basic approach, the division's expertise in the formerly separate segments—Wire Technology, Tubulars, and Welding Consumables—was combined in the new "Industrial Systems" business segment.

In the Railway Systems business segment, the rail technology product segment recently lost some of its momentum after experiencing a slight uptick at the start of the business year, because it was unable in the short term to fully offset higher pre-material costs by way of pricing. While demand was solid overall in Europe's core markets—particularly due to catch-up effects related to maintenance investments, less so due to new railway tracks—the overseas markets that are key to the rail technology segment were faced with difficult market conditions that continued unabated, especially with respect to competition. Nonetheless, analyzed over the entire business year capacity utilization at the division's plants was pleasing. The introduction (already under way) of a new generation of heat-treated high-performance tracks enables the Railway Systems business segment to once again aim for greater differentiation vis-à-vis the competition so that it can use the resulting innovation advantage to circumvent the price pressures that have grown in recent years as much as possible.

The turnout systems product segment, by contrast, was able to carry over its excellent performance in recent years into the business year 2018/19 as well. Thanks to its strong market position, this segment is not only exposed to less competitive pressure, it can also leverage its comprehensive global presence to better offset market weaknesses in individual regions. Because materials account for a relatively small share of the division's total costs, increases in the cost of raw materials associated with turnout production are a much smaller challenge than is the case in rail production. In market terms, the segment enjoyed largely stable demand in Europe's core markets. Following project postponements at the start of the business year, market conditions in China were attractive, especially in the high-speed sector. In order to benefit from the extensive mass transit infrastructure projects, currently the division is working on establishing a second turnout production facility in China in collaboration with a renowned joint-venture partner. In North America, the market environment in the heavy haul and transit traffic segments was good. Activities in Australia's and Brazil's mining regions also continued to be successful, whereas project activity in South Africa was as volatile as before.

The relatively new signaling product segment, which is positioning itself in the market as a pro-

KEY FIGURES OF THE METAL ENGINEERING DIVISION

In millions of euros	2017/18	2018/19	Change in %
Revenue	2,989.7	3,147.1	5.3
EBITDA	372.0	369.0	–0.8
EBITDA margin	12.4%	11.7%	
EBIT	191.0	202.0	5.8
EBIT margin	6.4%	6.4%	
Employees (full-time equivalent)	13,481	13,501	0.1

vider of complete solutions and delivers digital sensor technology to railway operators, is in the process of rolling out its business model selectively from Europe to the rest of the world.

Declining momentum in the European automotive market characterized the economic environment of the Industrial Systems business segment over the course of the business year 2018/19; this had a dramatic effect on the wire technology product segment, which is strongly aligned with the automotive sector. While the sentiment in the European automotive industry was still positive in the first quarter of the business year 2018/19, orders began to decline as the year wore on due to the introduction of the new emissions rules under the WLTP. Although the auto manufacturers' production figures subsequently stabilized at the start of the calendar year—albeit at a slightly lower level year over year—the recovery of the wire technology segment remained sluggish, because large inventories within the delivery chain had to be reduced first.

The challenging conditions in the tubulars product segment, by contrast, did not stem from any weakening in the economic environment, but instead from the imposition of protectionist Section 232 tariffs on imports of steel products into the United States. In market terms, the US rig count (active/inactive drilling operations), which serves as an indicator of the development of demand in the important US oil and natural gas market, remained stable during the business year 2018/19. Before the Section 232 tariffs took effect, however, the oil and gas field equipment suppliers sharply built up their inventories in the expectation that prices would rise significantly on account of the import duty of 25% that would be collected as of June 1, 2018; subsequently, these inventories were once again cut back to average levels by the end of the calendar year 2018.

The measures taken in years past with respect to cost-cutting and efficiency enhancement programs in the welding consumables product segment delivered significantly positive effects in the business year 2018/19. In market terms, however, the performance of this product segment, which is strongly aligned with the energy sector, was just average. As a result, demand for welding consumables in China remained at a solid level, while the dampened economic sentiment in Europe continued unabated. As any upturn is expected to be restrained in the medium term, too, this product segment is focused on expanding niche segments, for one, and on pushing its collaboration with other voestalpine companies with the aim of developing new business opportunities.

FINANCIAL KEY PERFORMANCE INDICATORS

The performance of the Metal Engineering Division in the business year 2018/19 with respect to its key performance indicators was more or less stable. Its revenue rose slightly by 5.3%, from EUR 2,989.7 million to EUR 3,147.1 million. This increase largely stems from higher prices in consequence of higher raw material costs. The tubulars product segment, for its part, succeeded in expanding its sales volume in the important US market in spite of the import tariffs that were imposed.

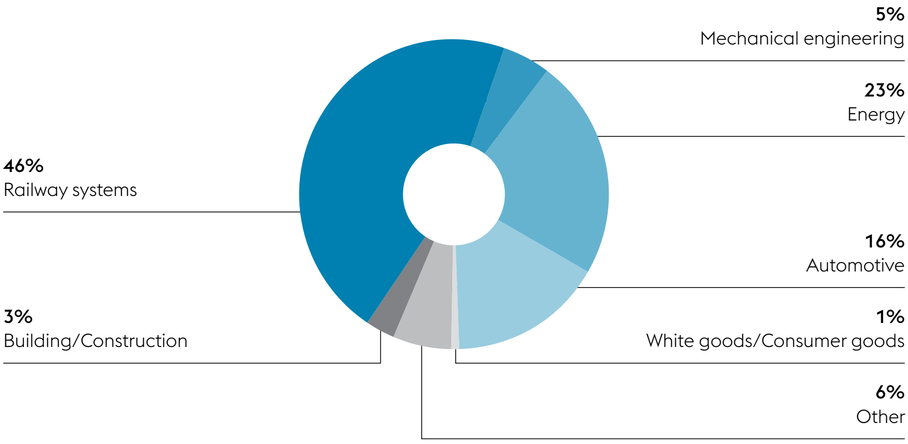
At EUR 369.0 million, the operating result (EBITDA) in the business year 2018/19 was at the previous year's level (EUR 372.0 million), but the EBITDA margin of at 11.7% was slightly lower year over year (12.4%) on account of the higher revenue. While the operating performance of the Railway Systems business segment weakened somewhat, the Industrial Systems business segment succeeded in improving its performance. Given that the results for the business year 2017/18 included EUR 15 million in negative one-time effects from impairment losses on property, plant and equipment in the ultra-high-strength fine wire segment (wire technology product segment), the profit from operations (EBIT) improved by 5.8% from EUR 191.0 million to EUR 202.0 million, in turn keeping the EBIT margin steady at 6.4%.

The quarter-on-quarter (QoQ) comparison of the fourth quarter of the business year 2018/19 with the third quarter clearly shows that while revenue grew moderately, earnings improved significantly. As in the year-over-year comparison, the Industrial Systems business segment was responsible for the growth in revenue here too, because it benefited from rising delivery volumes of wire and seamless tube products, whereas the Railway Systems business segment delivered stable performance. As a result, revenue climbed by 7.4% from EUR 771.3 million to EUR 828.4 million. However, thanks to the convincing performance of its turnout systems product segment, the Railway Systems business segment posted the strongest increase in earnings. The Industrial Systems business segment, for its part, succeeded in improving the operating results of all of its product segments. In sum, therefore, the division's EBITDA rose by more than one third between the third and the fourth quarter of the business year 2018/19, from EUR 78.4 million (margin of 10.2%) to EUR 106.8 million (margin of 12.9%). The EBIT even skyrocketed by 76.0%, from EUR 36.7 million (margin of 4.8%) to EUR 64.6 million (margin of 7.8%).

At 13,501, the number of employees (FTE) in the Metal Engineering Division at the end of the business year 2018/19 was at the same level as in the previous year (13,481).

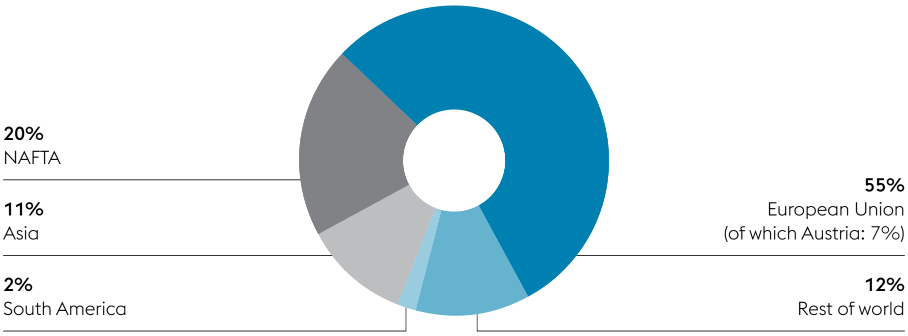
CUSTOMERS OF THE METAL ENGINEERING DIVISION

As percentage of divisional revenue, business year 2018/19



MARKETS OF THE METAL ENGINEERING DIVISION

As percentage of divisional revenue, business year 2018/19



QUARTERLY DEVELOPMENT OF THE METAL ENGINEERING DIVISION

In millions of euros	1st quarter 2018/19	2nd quarter 2018/19	3rd quarter 2018/19	4th quarter 2018/19	BY 2018/19
Revenue	799.8	747.6	771.3	828.4	3,147.1
EBITDA	98.5	85.3	78.4	106.8	369.0
EBITDA margin	12.3%	11.4%	10.2%	12.9%	11.7%
EBIT	56.3	44.4	36.7	64.6	202.0
EBIT margin	7.0%	5.9%	4.8%	7.8%	6.4%
Employees (full-time equivalent)	13,577	13,512	13,377	13,501	13,501

METAL FORMING DIVISION

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The market environment of the Metal Forming Division's two highest-grossing business segments, Automotive Components and Tubes & Sections, was characterized by declining momentum in the business year 2018/19, whereas the performance of the two smaller business segments, Precision Strip and Warehouse & Rack Solutions, was highly satisfactory throughout the business year. The fact that the division fell short of its performance in recent years stems not only from the dampening of economic sentiment, but also from the massive increase in the start-up costs of a new automotive component plant in the United States. Following a solid start into the business year, demand from automotive manufacturers in Europe dropped sharply in the fall of 2018. The new Worldwide Harmonized Light Vehicle Test Procedure (WLTP) led to extensive cancellations of order call-ups after the previously announced summer plant closures, some of which were extended. This testing procedure, which has been binding on all newly licensed passenger car models since September 1, 2018, triggered a massive decline in sales in the European automotive industry. In contrast to the testing procedure that was replaced, compliance with emission standards now applies not just to series models, but also to models containing optional component packages that affect fuel consumption. The new test cycle posed a massive challenge particularly for those auto manufacturers that offer a wide range of models and options, with the result that models that had not yet been licensed were simply removed from the market. Against this backdrop, customers delayed their car purchases, thus bringing the upward trend in new vehicle registrations that Europe had experienced for many years to a grinding halt. In Germany, Europe's largest automotive market, discussions concerning bans on older diesel-powered vehicles in major German cities also contributed to consumers' uncertainty. The mood did not improve until the start of the calendar year 2019, but sales volumes in Europe continued to fall short of the excellent results achieved in the same period the previous year. While the automotive market in the United States stagnated at a good level in 2018, China experienced a sharp downturn in sales figures after the summer particularly with respect to domestic models. There, curtailed spending is due, for one, to the United States' ongoing trade war against China and, for another, to driving bans in China's metropolitan areas. The German premium producers, by contrast, were able to continue their growth trajectory in China in the calendar year 2018, too, despite the increase in tariffs on vehicles imported from their plants in the US.
While the distortions in the automotive sector of the single EU market at the European sites of the Automotive Components business segment clearly led to lower capacity utilization, especially in the second and third quarter of the business year 2018/19, the level of capacity utilization improved again in the business year's last quarter. Thanks to the focus on the German premium segment, demand at the division's sites beyond Europe—i.e. in China, South Africa, and North

KEY FIGURES OF THE METAL FORMING DIVISION

In millions of euros	2017/18	2018/19	Change in %
Revenue	2,743.4	2,937.4	7.1
EBITDA	325.2	213.3	–34.4
EBITDA margin	11.9%	7.3%	
EBIT	212.8	93.8	–55.9
EBIT margin	7.8%	3.2%	
Employees (full-time equivalent)	12,003	12,240	2.0

America—was very good throughout the business year. But the Cartersville, Georgia, USA, site, which was established in recent years, had to contend with massive start-up cost increases in the past business year in connection with series production. Difficulties in the plant's complex production and logistics processes made it impossible to support the challenging production launch of new car models as planned. Aside from higher operating expenses during the start-up phase, the resulting significant start-up cost overruns were also due to the fact that orders were shifted to voestalpine's Automotive Components companies in Europe as well as to international automotive suppliers. Intensive work was undertaken with the comprehensive help of internal support as well as external sources to address the areas in which problems had occurred and thus to boost productivity on an ongoing basis. Yet the fallout from these developments will affect the business year 2019/20 as well.

In the business year 2018/19, the Tubes & Sections business segment operated in an altogether average market environment. In Continental Europe, the segment benefited from the solid sentiment in the commercial vehicle, construction machinery, and agricultural machinery sector. Good market conditions in the construction industry also continued unabated. In Great Britain, however, the negative effects of the country's impending withdrawal from the single European market have intensified. Although the Tubes & Sections business segment succeeded in gaining market share in the business year 2018/19 in the EU's second-largest economy, the segment's performance fell slightly short of that in the previous year. The passive safety components product segment, which manufactures high-tech tube components for safety belt tensioners as well as airbags among other things, clearly felt the consequences of the declining momentum in both Europe's and China's automotive sector. In Brazil, the slight economic recovery that had started in the previous year carried over into the business year 2018/19, with a focus on the implementation of solar and photovoltaics projects which, thanks to new and more economical technologies, have become increasingly independent of official support programs. In the United States, customer orders in the key customer segments—the aerospace and the construction industry—were positive throughout.

In the Precision Strip business segment, the overheating trends of the previous business year gave way in the business year 2018/19 to solid customer order levels. The extraordinarily long delivery schedules for special strip steel, bi-metal as well as saw steel have again returned to normal. Market conditions in both Europe and China were characterized by growing competition from Chinese producers. It has become increasingly difficult, furthermore, to pass the sharply rising alloy surcharges on to the customers. Based on its excellent international market position, the Precision Strip segment delivered highly satisfactory performance in the past business year as well.

The Warehouse & Rack Solutions business segment, which is specialized in the production and assembly of high-bay warehouses and system racks, succeeded in carrying the excellent sentiment of previous years over into the past business year. A multitude of industrial sectors have demand for this segment's comprehensive expertise that ranges from the production of sections all the way to turnkey solutions. In particular, however, both the unbroken trend toward online sales and the associated investments in efficient warehousing systems are having a continued positive effect on this business segment's project activity, which benefited particularly in North America from growing automation in high-bay warehouses.

FINANCIAL KEY PERFORMANCE INDICATORS

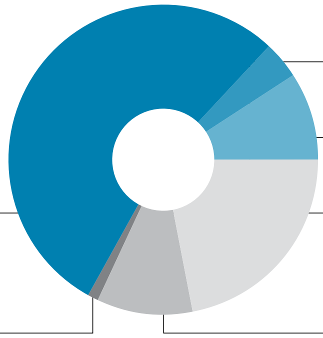
While the Metal Forming Division did see a year-over-year increase in revenue in the business year 2018/19, it had to contend with significant losses in earnings. Specifically, revenue rose by 7.1% from EUR 2,743.4 million to EUR 2,937.4 million. This revenue growth was driven by the biggest revenue-generating business segments, Automotive Components and Tubes & Sections, whereas the revenue of the two smaller business segments, Precision Strip and Warehouse & Rack Solutions, dropped slightly. While the sales volume in Automotive Components rose sharply owing to the expansion of the segment's business activity at sites outside of Europe, this segment also was the main driver of the massive decline in the operating result in the business year 2018/19. In North America, the expansion activities in the automotive segment led in the business year to significant start-up cost overruns relative to the initial planning. Yet the Tubes & Sections business segment also delivered slightly weaker performance. While the overheating trends of the previous business year in Precision Strip led to weaker but still very solid results, the Warehouse & Rack Solutions segment succeeded in improving its performance yet again compared to its very good performance in the previous business year. Nevertheless, the division's operating result (EBITDA) declined year over year by more than one third, from EUR 325.2 million (margin of 11.9%) in the previous year to EUR 213.3 million (margin of 7.3%) in the business year 2018/19. The profit from operations (EBIT) even dropped by more than one half, from EUR 212.8 million (margin of 7.8%) to EUR 93.8 million (margin of 3.2%).

The quarter-on-quarter (QoQ) comparison between the third and fourth quarters of 2018/19 shows an improvement in the division's key performance indicators. Its revenue rose by 13.7% from EUR 698.3 million to EUR 794.0 million, with all four business segments contributing to this outcome. As the increase in start-up costs related to the division's automotive activities in North America were largely incurred in the third quarter and only to a minor extent in the fourth, the QoQ comparison shows that while the Metal Forming Division succeeded in significantly boosting its results, its performance overall fell short of the expectations at the start of the business year 2018/19, even in the year's final quarter. Aside from the Automotive Components business segment, the Tubes & Sections business segment also improved its fourth-quarter results over those in the preceding quarter, but the Precision Strip and Warehouse & Rack Solutions business segments delivered stable performance. Against this backdrop, the division's EBITDA improved between the third and the fourth quarter from EUR 1.2 million (margin of 0.2%) to EUR 59.5 million (margin of 7.5%) and its EBIT from EUR –28.8 million (margin of –4.1%) to EUR 28.2 million (margin of 3.5%).

At 12,240, the number of employees (FTE) in the Metal Forming Division as of March 31, 2019, surpassed the previous year's figure (12,003) by 2.0%. This increase is largely due to the expansion of activities in the automotive segment.

CUSTOMERS OF THE METAL FORMING DIVISION

As percentage of divisional revenue, business year 2018/19



54% Automotive

1% Energy

4% White goods/Consumer goods

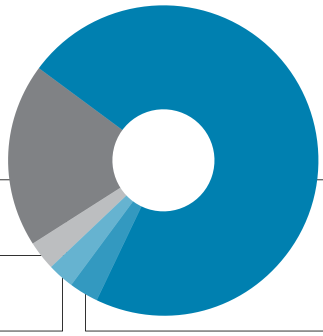
9% Mechanical engineering

22% Building/Construction

10% Other

MARKETS OF THE METAL FORMING DIVISION

As percentage of divisional revenue, business year 2018/19



19% NAFTA

3% Asia

3% South America

72% European Union (of which Austria: 5%)

3% Rest of world

QUARTERLY DEVELOPMENT OF THE METAL FORMING DIVISION

In millions of euros	1st quarter 2018/19	2nd quarter 2018/19	3rd quarter 2018/19	4th quarter 2018/19	BY 2018/19
Revenue	748.0	697.1	698.3	794.0	2,937.4
EBITDA	84.4	68.2	1.2	59.5	213.3
EBITDA margin	11.3%	9.8%	0.2%	7.5%	7.3%
EBIT	55.7	38.7	–28.8	28.2	93.8
EBIT margin	7.5%	5.6%	–4.1%	3.5%	3.2%
Employees (full-time equivalent)	11,938	12,052	11,983	12,240	12,240

REPORT OF THE SUPERVISORY BOARD ON THE BUSINESS YEAR 2018/19

During the business year 2018/19, the Supervisory Board fulfilled its responsibilities under the law and the Articles of Incorporation, holding seven plenary sessions, four Audit Committee meetings, and eight General Committee meetings. In both the General Committee and the Audit Committee meetings, the Management Board provided comprehensive oral and written information regarding the development of the company's business and its financial position.
In addition to these regular reports on the Group's current business and financial position—in particular, its Strategy 2025—the meetings of the Supervisory Board dealt with the core elements of the voestalpine Group's digital transformation, matters involving innovation and IT as well as issues related to human resources in the long term. Moreover, both the General Committee and the Supervisory Board dealt intensively during the reporting period with the succession of the current Chairman of the Management Board, Dr. Wolfgang Eder. This process led to the appointment at the Supervisory Board meeting on June 5, 2018, of Dipl.-Ing. Herbert Eibensteiner as the new chairman of the Management Board effective July 3, 2019. Until now, Mr. Eibensteiner has been the member of the Management Board responsible for the Steel Division. At the Supervisory Board meeting on December 18, 2018, Dipl.-Ing. Hubert Zajicek was appointed his successor as the member of the Management Board responsible for the Steel Division. Hence the Management Board of voestalpine AG will be constituted as follows after the Annual General Meeting of voestalpine AG on July 3, 2019:

» **Herbert Eibensteiner**
  Chairman of the Management Board
» **Robert Ottel**
  Chief Financial Officer (CFO)
» **Franz Rotter**
  Head of the High Performance Metals Division
» **Franz Kainersdorfer**
  Head of the Metal Engineering Division
» **Peter Schwab**
  Head of the Metal Forming Division
» **Hubert Zajicek**
  Head of the Steel Division

In particular, the Audit Committee dealt with the preparation and review of the approval of the company's consolidated financial statements and the individual financial statements; the review of the auditor's independence; the selection process for a new auditor as well as topics related to the internal control system, the risk management system, and Internal Audit.
Please refer to the Consolidated Corporate Governance Report 2018/19 for further information on the composition and workings of the Supervisory Board and its committees.
The Annual Financial Statements and the Consolidated Financial Statements as of March 31, 2019, were audited by Grant Thornton Unitreu GmbH Wirtschaftsprüfungs und Steuerberatungsgesellschaft, Vienna, Austria, which was elected in accordance with Section 270 Austrian Commercial Code *(Unternehmensgesetzbuch – UGB)*. The auditor attended three of the four 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 Austrian Commercial Code, conform to statutory requirements. 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 that the Consolidated Management Report is consistent with the Consolidated Financial Statements.

Following the Audit Committee's prior review of the financials, on June 4, 2019, the Supervisory Board reviewed and approved the Annual Financial Statements as of March 31, 2019. The Annual Financial Statements are herewith deemed adopted pursuant to Section 96 (4) Austrian Stock Corporation Act *(Aktiengesetz – AktG)*. Furthermore, following the Audit Committee's prior review, the Supervisory Board reviewed and approved the Management Report as well as the Consolidated Financial Statements including the Consolidated Management Report and the Consolidated Corporate Governance Report for the business year 2018/19. At its meeting on September 26, 2018, the Supervisory Board reviewed and approved the Corporate Responsibility Report for the business year 2017/18.

The Consolidated Corporate Governance Report was audited by Grant Thornton Unitreu GmbH Wirtschaftsprüfungs und Steuerberatungsgesellschaft as part of the annual external review of voestalpine AG's compliance with the Corporate Governance Code; it was determined that the Report is consistent with the facts on the ground and that the rules are being 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, too, confirmed compliance with the rules. The Corporate Responsibility Report was also audited by Grant Thornton Unitreu GmbH Wirtschaftsprüfungs und Steuerberatungsgesellschaft. The audit procedures did not bring to light any facts and circumstances that would cause us to assume that the Report of voestalpine AG does not comply with the legal requirements as well as the Global Reporting Initiative (GRI) standards.

It is established hereby that the company ended the business year 2018/19 with a net profit of EUR 197,000,000.00. We propose paying a dividend of EUR 1.10 per share entitled to a dividend to the shareholders and to carry forward the remaining amount.

The Supervisory Board

Dr. Joachim Lemppenau
(Chairman)

Linz, June 4, 2019

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

voestalpine AG

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31, 2019

ASSETS

	Notes	03/31/2018[1]	03/31/2019
A. Non-current assets			
Property, plant and equipment	9	6,282.1	6,580.2
Goodwill	10	1,545.9	1,548.3
Other intangible assets	11	396.0	395.1
Investments in entities consolidated according to the equity method	12	118.5	124.3
Other financial assets and other shares in companies	12	51.1	50.6
Deferred tax assets	13	196.1	197.3
		8,589.7	**8,895.8**
B. Current assets			
Inventories	14	3,998.4	4,053.0
Trade and other receivables	15	1,773.0	2,021.3
Other financial assets	23	388.1	182.3
Cash and cash equivalents	16	705.8	485.9
Assets – held for sale	9	–	13.3
		6,865.3	**6,755.8**
Total assets		**15,455.0**	**15,651.6**

[1] Business year 2017/18, retroactively adjusted. For details see the Notes to the Consolidated Financial Statements under B. Summary of Accounting Policies.

In millions of euros

EQUITY AND LIABILITIES

	Notes	03/31/2018[1]	03/31/2019
A. Equity			
Share capital		320.3	324.3
Capital reserves		609.6	667.0
Hybrid capital		497.9	497.9
Treasury share reserve		–1.5	–1.5
Other reserves		–91.9	–69.1
Retained earnings		5,051.3	5,125.4
Equity attributable to equity holders of the parent		**6,385.7**	**6,544.0**
Non-controlling interests		168.6	165.8
	17	**6,554.3**	**6,709.8**
B. Non-current liabilities			
Pensions and other employee obligations	18	1,171.7	1,276.9
Provisions	19	76.6	167.3
Deferred tax liabilities	13	107.6	110.5
Financial liabilities	20	2,783.6	2,661.8
		4,139.5	**4,216.5**
C. Current liabilities			
Provisions	19	615.2	642.9
Tax liabilities		183.4	101.6
Financial liabilities	20	1,315.5	1,142.3
Trade and other payables	21	2,647.1	2,838.5
		4,761.2	**4,725.3**
Total equity and liabilities		**15,455.0**	**15,651.6**

[1] Business year 2017/18, retroactively adjusted. For details see the Notes to the Consolidated Financial Statements under B. Summary of Accounting Policies.

In millions of euros

voestalpine AG

CONSOLIDATED STATEMENT OF CASH FLOWS 2018/19

	Notes	2017/18[1]	2018/19
Operating activities			
Profit after tax		825.4	458.6
Non-cash expenses and income	24	796.6	845.1
Change in inventories		–689.3	–124.1
Change in receivables and liabilities		114.4	44.4
Change in provisions		148.0	–57.4
Changes in working capital		**–426.9**	**–137.1**
Cash flows from operating activities		**1,195.1**	**1,166.6**
Investing activities			
Additions to other intangible assets, property, plant and equipment		–850.2	–1,045.7
Income from disposals of assets		30.1	21.1
Cash flows from the acquisition of control of subsidiaries	24	–6.8	4.5
Additions to/divestments of other financial assets		–20.8	210.1
Cash flows from investing activities		**–847.7**	**–810.0**
Financing activities			
Dividends paid		–223.9	–276.8
Dividends paid non-controlling interests	24	–12.9	–18.1
Acquisition of non-controlling interests		–	–2.4
Capital increase		–	64.3
Increase in non-current financial liabilities		758.1	789.2
Repayment of non-current financial liabilities		–785.8	–1,170.6
Repayment of non-current finance lease liabilities		–4.2	–7.5
Change in current financial liabilities and other financial liabilities		139.0	42.6
Cash flows from financing activities		**–129.7**	**–579.3**
Net decrease/increase in cash and cash equivalents		**217.7**	**–222.7**
Cash and cash equivalents, beginning of year		503.3	705.8
Net exchange differences		–15.2	2.8
Cash and cash equivalents, end of year	16	**705.8**	**485.9**

[1] Business year 2017/18, retroactively adjusted. For details see the Notes to the Consolidated Financial Statements under B. Summary of Accounting Policies.

In millions of euros

voestalpine AG

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 2018/19

CONSOLIDATED INCOME STATEMENT

	Notes	2017/18[1]	2018/19
Revenue	1, 2	**12,897.8**	**13,560.7**
Cost of sales		–9,923.3	–10,777.6
Gross profit		**2,974.5**	**2,783.1**
Other operating income	3	415.7	399.4
Distribution costs		–1,149.6	–1,211.3
Administrative expenses		–662.2	–695.5
Other operating expenses	4	–413.6	–510.2
Share of profit of entities consolidated according to the equity method	5	15.2	13.9
EBIT		**1,180.0**	**779.4**
Finance income	6	44.5	36.3
Finance costs	7	–182.0	–170.0
Profit before tax		**1,042.5**	**645.7**
Tax expense	8	–217.1	–187.1
Profit after tax		**825.4**	**458.6**
Attributable to:			
Equity holders of the parent		775.2	408.5
Non-controlling interests		20.2	20.1
Share planned for hybrid capital owners		30.0	30.0
Basic and diluted earnings per share (euros)	30	**4.40**	**2.31**

CONSOLIDATED OTHER COMPREHENSIVE INCOME

	2017/18[1]	2018/19
Profit after tax	**825.4**	**458.6**
Items of other comprehensive income that will be reclassified subsequently to profit or loss		
Cash flow hedges	7.1	–3.1
Currency translation	–123.0	25.4
Share of result of entities consolidated according to the equity method	–1.6	1.1
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss	**–117.5**	**23.4**
Items of other comprehensive income that will not be reclassified subsequently to profit or loss		
Actuarial gains/losses	22.9	–78.5
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	**22.9**	**–78.5**
Other comprehensive income for the period, net of income tax	**–94.6**	**–55.1**
Total comprehensive income for the period	**730.8**	**403.5**
Attributable to:		
Equity holders of the parent	684.8	353.5
Non-controlling interests	16.0	20.0
Share planned for hybrid capital owners	30.0	30.0
Total comprehensive income for the period	**730.8**	**403.5**

[1] Business year 2017/18, retroactively adjusted. For details see the Notes to the Consolidated Financial Statements under B. Summary of Accounting Policies.

In millions of euros

voestalpine AG

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2018/19

	Share capital	Capital reserves	Hybrid capital	Treasury share reserve
Balance as of April 1, 2017[1]	**320.3**	**607.1**	**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	–	–	–	–
Share-based payment	–	–	–	–
Other changes	–	–	–	–
	–	**–2.5**	**–**	**–**
Balance as of March 31, 2018	**320.3**	**609.6**	**497.9**	**–1.5**
Adjustment – initial application IFRS 15	**–**	**–**	**–**	**–**
Balance as of April 1, 2018, adjusted	**320.3**	**609.6**	**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	–	–	–	–
Capital increase	4.0	60.3	–	–
Share-based payment	–	–2.9	–	–
Acquisition of control of subsidiaries	–	–	–	–
Other changes	–	–	–	–
	4.0	**57.4**	**–**	**–**
Balance as of March 31, 2019	**324.3**	**667.0**	**497.9**	**–1.5**

[1] Business year 2017/18, retroactively adjusted. For details see the Notes to the Consolidated Financial Statements under B. Summary of Accounting Policies.

Other reserves: Translation reserve	Other reserves: Cash flow hedge reserve	Retained earnings	Total attributable to equity holders of the parent	Non-controlling interests	Total equity
20.1	1.6	4,446.6	5,892.1	168.2	6,060.3
–	–	805.2	805.2	20.2	825.4
–	7.1	–	7.1	–	7.1
–119.1	–	–	–119.1	–3.9	–123.0
–1.6	–	–	–1.6	–	–1.6
–120.7	7.1	–	–113.6	–3.9	–117.5
–	–	23.2	23.2	–0.3	22.9
–	–	23.2	23.2	–0.3	22.9
–120.7	7.1	23.2	–90.4	–4.2	–94.6
–120.7	7.1	828.4	714.8	16.0	730.8
–	–	–194.0	–194.0	–12.8	–206.8
–	–	–30.0	–30.0	–	–30.0
–	–	–	2.5	–	2.5
–	–	0.3	0.3	–2.8	–2.5
–	–	–223.7	–221.2	–15.6	–236.8
–100.6	8.7	5,051.3	6,385.7	168.6	6,554.3
–	–	–7.4	–7.4	–	–7.4
–100.6	8.7	5,043.9	6,378.3	168.6	6,546.9
–	–	438.5	438.5	20.1	458.6
–	–3.1	–	–3.1	–	–3.1
24.8	–	–	24.8	0.6	25.4
1.1	–	–	1.1	–	1.1
25.9	–3.1	–	22.8	0.6	23.4
–	–	–77.8	–77.8	–0.7	–78.5
–	–	–77.8	–77.8	–0.7	–78.5
25.9	–3.1	–77.8	–55.0	–0.1	–55.1
25.9	–3.1	360.7	383.5	20.0	403.5
–	–	–246.8	–246.8	–23.9	–270.7
–	–	–30.0	–30.0	–	–30.0
–	–	–	64.3	–	64.3
–	–	–	–2.9	–	–2.9
–	–	–	–	1.3	1.3
–	–	–2.4	–2.4	–0.2	–2.6
–	–	–279.2	–217.8	–22.8	–240.6
–74.7	5.6	5,125.4	6,544.0	165.8	6,709.8

In millions of euros

voestalpine AG

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2018/19

A. GENERAL INFORMATION AND CORPORATE PURPOSE

The voestalpine Group is a global, steel-based technology and capital goods Group. 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 industry 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 voest-alpine-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, 2019 (including comparative figures for the year ended March 31, 2018) 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 Standards 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 that affect amounts and percentages.

On May 28, 2019, the Management Board of voestalpine AG approved the Consolidated Financial Statements and authorized the submission thereof to the Supervisory Board.

B. SUMMARY OF ACCOUNTING POLICIES

EFFECTS OF NEW AND REVISED IFRS

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 and Interpretations were adopted for the first time in the business year 2018/19:

Standard	Content	Effective date[1]
IFRS 15, incl. clarifications	Revenue from Contracts with Customers	January 1, 2018
IFRS 9	Financial Instruments	January 1, 2018
IAS 40, amendments	Transfers of Investment Property	January 1, 2018
IFRS 2, amendments	Classification and Measurement of Share-Based Payment Transactions	January 1, 2018
IFRS 4, amendments	Applying IFRS 9 with IFRS 4	January 1, 2018
IFRS 1 and IAS 28, amendments	Annual Improvements to International Financial Reporting Standards, 2014–2016 Cycle	January 1, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
Various standards, amendments	Annual Improvements to International Financial Reporting Standards, 2015–2017 Cycle	January 1, 2019[2]

[1] In accordance with EU endorsements, these standards are applicable to reporting periods beginning on or after the effective date.
[2] Early application in the voestalpine Group from the business year 2018/19.

IFRS 15 Revenue from Contracts with Customers combines all revenue recognition rules and replaces both IAS 18 and IAS 11 as well as the related Interpretations. Under IFRS 15, the focus has shifted from the transfer of material risks and opportunities to the moment in time at which control over the goods and services is transferred, thus making it possible to realize related benefits. The newly introduced five-step model serves to determine both the scope and the timing of revenue recognition.

The voestalpine Group applied the new standard for the first time as of April 1, 2018, using the modified retrospective method. It was applied to all open contracts. The comparative information for 2017/18 was not adjusted; instead, as previously, it is presented in accordance with IAS 18, IAS 11, and the corresponding Interpretations. In addition, the disclosure obligations pursuant to IFRS 15 were not applied to the comparative information.

The revisions regarding customer-specific series production trigger early recognition of revenue in contrast to IAS 11 if the requirements of IFRS 15.35c apply. As regards these customer-specific products for which there are no alternative uses, revenue must be recognized over time, because voestalpine has an enforceable claim to payment against the customer. The resulting effect on equity after taxes is about EUR 7.0 million, mainly from the automotive and aerospace segments.

Another effect on equity after taxes in the amount of approximately EUR –15.0 million stems from the reversal of previously capitalized pre-series losses in the automotive segment; under the rules of IFRS 15, they must now be recognized as income in the period in which they are incurred.

Aside from the initial application effect on equity after taxes of approximately EUR –7.4 million, these changes result in reclassifications of inventories, PoC receivables according to IAS 11, and payments received on contract assets and contract liabilities.

The Group's remaining segments are not affected by the changes in IFRS 15 at all or only to an immaterial extent.

The table below presents the effects of the initial application of **IFRS 15 Revenue from Contracts with Customers** on the opening statement of financial position as of April 1, 2018:

CHANGE IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	03/31/2018	Adjustments according to IFRS 15	04/01/2018
Assets			
Deferred tax assets	196.1	4.7	200.8
Inventories	3,998.4	–99.3	3,899.1
Trade and other receivables	1,773.0	104.4	1,877.4
Total assets	**15,455.0**	**9.8**	**15,464.8**
Equity and liabilities			
Retained earnings and other reserves	4,957.9	–7.4	4,950.5
Deferred tax liabilities	107.6	2.7	110.3
Current provisions	615.2	–0.5	614.7
Trade and other payables	2,647.1	15.0	2,662.1
Total equity and liabilities	**15,455.0**	**9.8**	**15,464.8**

In millions of euros

The tables below present the effects of the application of IFRS 15 on the respective items in the consolidated statement of financial position as of March 31, 2019, and in the consolidated income statement for the business year 2018/19. There are no material effects on the consolidated statement of cash flows for the business year 2018/19.

CHANGE IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION

03/31/2019	As reported	Adjustments according to IFRS 15	Without application of IFRS 15
Assets			
Deferred tax assets	197.3	1.1	198.4
Inventories	4,053.0	116.2	4,169.2
Trade and other receivables	2,021.3	–145.2	1,876.1
Total assets	15,651.6	–27.9	15,623.7
Equity and liabilities			
Retained earnings and other reserves	5,054.8	–10.5	5,044.3
Deferred tax liabilities	110.5	–3.1	107.4
Current provisions	642.9	0.5	643.4
Trade and other payables	2,838.5	–14.8	2,823.7
Total equity and liabilities	**15,651.6**	**–27.9**	**15,623.7**

In millions of euros

CHANGE IN CONSOLIDATED INCOME STATEMENT

2018/19	As reported	Adjustments according to IFRS 15	Without application of IFRS 15
Revenue	**13,560.7**	**–50.8**	**13,509.9**
Cost of sales	–10,777.6	27.1	–10,750.5
Gross profit	**2,783.1**	**–23.7**	**2,759.4**
EBIT	**779.4**	**–23.7**	**755.7**
Profit before tax	**645.7**	**–23.7**	**622.0**
Tax expense	–187.1	6.1	–181.0
Profit after tax	**458.6**	**–17.6**	**441.0**

In millions of euros

See Note 1. Revenue for further information on the recognition of revenue.

Except for the requirements regarding portfolio fair value hedges for interest rate risks, **IFRS 9 Financial Instruments** results in revisions and changes regarding financial instruments and replaces IAS 39. Henceforth, the classification rules are contingent on the characteristics of the business model as well as on the contractual cash flows from financial assets. As regards financial liabilities, the existent requirements were largely incorporated into IFRS 9. Depending on the characteristics, there are also changes with respect to subsequent measurements of financial assets.

IFRS 9 contains three measurement categories which—with the exception of a few measurement choices—must always be considered mandatory:

» measured at amortized cost (Amortized Cost, AC);

» measured at fair value through other comprehensive income (Fair Value through Other Comprehensive Income, FVOCI);

» measured at fair value through profit or loss (Fair Value through Profit or Loss, FVTPL).

Another fundamental change arises in connection with impairment losses that are based on an expected loss model rather than on incurred losses as has been the case to date. In addition, IFRS 9 contains new general hedge accounting requirements, yet retains the existent provisions of IAS 39 regarding the recognition and derecognition of financial instruments. The new requirements of IFRS 9 expand the options for applying hedge accounting by shifting the focus to the goals and strategies of risk management as the basis of measurement. Accordingly, IFRS 9 applies a largely qualitative and forward-looking approach to the measurement of the effectiveness of hedging relationships.

The voestalpine Group applied the revisions to IFRS 9 for the first time as of April 1, 2018. As regards both classification and measurement, the retrospective application option was applied. Comparative periods were not adjusted. The requirements for hedge accounting must be applied prospectively.

The reclassification and measurement of financial instruments from IAS 39 to IFRS 9 may be presented as follows:

Classes	Measurement category IAS 39		Measurement category IFRS 9	Carrying amount IAS 39 March 31, 2018	Valuation adjustments acc. to IFRS 9	Carrying amount IFRS 9 April 1, 2018
Other financial assets – non-current	At amortized cost	Loans and receivables	AC	6.1	0.0	6.1
	Available for sale at cost		–	11.4	–	–[1]
	Available for sale at fair value		FVTPL	32.1	0.0	32.1
	At fair value through profit or loss	Fair value option	FVTPL	1.4	0.0	1.4
Trade and other receivables	At amortized cost	Loans and receivables	AC	1,599.5	0.0	1,599.5
			FVTPL	144.1	0.0	144.1
	At fair value through profit or loss	Derivatives (held for trading)	FVTPL	13.5	0.0	13.5
		Derivatives (hedge accounting)	no IFRS 9 measurement category	15.9	0.0	15.9
Other financial assets – current	At fair value through profit or loss	Fair value option	FVTPL	388.1	0.0	388.1
Cash and cash equivalents	At amortized cost	Loans and receivables	AC	705.8	0.0	705.8
Assets				**2,917.9**	**0.0**	**2,906.5**[1]
Financial liabilities – non-current	At amortized cost		AC	2,783.6	0.0	2,783.6
Financial liabilities – current	At amortized cost		AC	1,315.6	0.0	1,315.6
Trade and other payables	At amortized cost		AC	2,633.8	0.0	2,633.8
	At fair value through profit or loss	Derivatives (held for trading)	FVTPL	17.8	0.0	17.8
		Derivatives (hedge accounting)	no IFRS 9 measurement category	4.4	0.0	4.4
Liabilities				**6,755.2**	**0.0**	**6,755.2**

[1] Reclassification of other equity investments in affiliated companies and of other investments from the valuation category AfS at cost to “Other shares in companies” as of April 1, 2018.

In millions of euros

The initial application of IFRS 9 in the voestalpine Group does not have any material effects on the classification of financial assets and liabilities.

A reclassification from the previous measurement categories under IAS 39 to the new measurement categories under IFRS 9 concerns a portfolio of trade receivables that is slated for sale as of the next sales date in the context of factoring programs. While these receivables were measured at cost in the loans and receivables category until now, as of April 1, 2018, they have been measured at FVTPL due to their allocation to the "sale" business model, which has not led to any valuation adjustments, however.

To date, under IAS 39 short-term financial assets were designated voluntarily as FVTPL, because they were managed on a fair value (FV) basis. This group of financial assets is managed pursuant to the documented risk management and investment strategy based on their fair value, and their performance is observed and reported using the fair value. Pursuant to IFRS 9, they must be measured at FVTPL.

As of March 31, 2018, the voestalpine Group held an equity instrument valued at EUR 32.1 million, which had been classified as available for sale at fair value. Under IFRS 9, it is measured at FVTPL as of April 1, 2018. The option to recognize gains/losses in other comprehensive income (OCI) was not elected.

Until now, other equity investments in affiliated companies and other investments not included in the Consolidated Financial Statements on account of their secondary significance to the Group were recognized as available for sale at cost. Since April 1, 2018, however, they have been presented in "Other shares in companies." They were reclassified at the carrying amount of EUR 11.4 million.

The label of the item "Other financial assets" shown in the non-current assets was changed for clarification purposes to "Other financial assets and other shares in companies" in connection with the first-time adoption of IFRS 9 as of April 1, 2018, in order to reflect that the item comprises both financial assets and other shares in companies.

The classification of financial liabilities remains unchanged; here, solely the measurement categories were updated to reflect the wording of IFRS 9.

A measurement model was set up in the voestalpine Group to take into account the requirements of IFRS 9 with respect to the impairment model. Historical data derived from actual historical credit losses in the past five years were used as the basis for the estimated expected credit losses. Given the existent credit insurances and a diversified customer portfolio dominated by very good to good credit ratings, there is no significant concentration of default risks. Because both historical and expected credit losses are low, the application of the new impairment method does not result in any adjustments of the allowances for trade receivables. Note 23. Financial Instruments contains additional information on impairment.

With respect to hedge accounting, there are additional options particularly for raw materials hedges which expand the hedging relationships that qualify for hedge accounting. The hedges existent as of the transition date meet the requirements of IFRS 9 and agree with the risk management strategies and goals of the voestalpine Group; as a result, the initial application did not require any adjustments.

Under IAS 39, the amounts used to hedge cash flows shown in the reserve for cash flow hedges (hedging reserve) were reclassified to profit or loss as reclassification adjustments in the period in which the expected, hedged cash flows affected profit or loss. Under IFRS 9, amounts recognized in the hedging reserve (for cash flow hedges in connection with the foreign currency risks related to expected purchases of inventories) are included directly in the acquisition cost of the inventories at the time of recognition.

Given the aforementioned disclosures, the initial application of IFRS 9 did not have any material effects on the voestalpine Group.

See B. Summary of Accounting Policies (section entitled "Financial Instruments") for additional information on the accounting for financial instruments.

Improvements to IAS 12 Income Taxes were issued as part of the Annual Improvements to IFRS Standards, 2015–2017 Cycle. All income tax effects of dividend payments must be recognized in the same way as the income on which the dividends are based. As a result, they must be recognized in profit or loss unless the dividends are derived from income recognized directly in other comprehensive income or in equity.

These changes must be applied to business years starting on or after January 1, 2019. The voestalpine Group has opted for early application of these changes. The first-time adoption of the standard concerns all income tax effects of dividend payments that were recognized as of or after the start of the earliest comparative period.

The positive income tax effect on hybrid capital interest of EUR 7.5 million in the business year 2017/18 was recognized retroactively in the item, tax expense, of the statement of comprehensive income instead of directly in equity.

The tables below present the effects of the application of IAS 12 on the respective items in the consolidated statement of cash flows and the consolidated income statement for the business year 2017/18. There are no material effects on the consolidated statement of financial position as of March 31, 2018.

CHANGE IN CONSOLIDATED STATEMENT OF CASH FLOWS

2017/18	Values as originally reported	Adjustments according to IAS 12	Values retroactively adjusted
Operating activities			
Profit after tax	817.9	7.5	825.4
Non-cash expenses and income	804.1	–7.5	796.6
Changes in working capital	**–426.9**	**–**	**–426.9**
Cash flows from operating activities	**1,195.1**	**–**	**1,195.1**
Cash flows from investing activities	**–847.7**	**–**	**–847.7**
Cash flows from financing activities	**–129.7**	**–**	**–129.7**
Net decrease/increase in cash and cash equivalents	**217.7**	**–**	**217.7**
Cash and cash equivalents, beginning of year	503.3	–	503.3
Net exchange differences	–15.2	–	–15.2
Cash and cash equivalents, end of year	**705.8**	**–**	**705.8**

In millions of euros

CHANGE IN CONSOLIDATED INCOME STATEMENT

2017/18	Values as originally reported	Adjustments according to IAS 12	Values retroactively adjusted
Revenue	**12,897.8**	**–**	**12,897.8**
Cost of sales	–9,923.3	–	–9,923.3
Gross profit	**2,974.5**	**–**	**2,974.5**
EBIT	**1,180.0**	**–**	**1,180.0**
Profit before tax	**1,042.5**	**–**	**1,042.5**
Tax expense	–224.6	7.5	–217.1
Profit after tax	**817.9**	**7.5**	**825.4**

In millions of euros

The application of the other aforementioned revisions did not have any material effects on the Consolidated Financial Statements.

The following new and revised Standards and Interpretations had already been published as of the reporting date, but their application was not yet mandatory for the business year 2018/19 or they have not yet been adopted by the European Union:

Standard	Content	Effective date according to IASB[1]
IFRS 16	Leases	January 1, 2019
IFRS 9, amendments	Prepayment Features with Negative Compensation	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019
IAS 28, amendments	Long-Term Interests in Associates and Joint Ventures	January 1, 2019
IAS 19, amendments	Plan Amendment, Curtailment or Settlement	January 1, 2019
Framework, amendments	Amendments to References to the Conceptual Framework	January 1, 2020[2]
IFRS 3, amendments	Definition of a Business	January 1, 2020[2]
IAS 1 and IAS 8, amendments	Definition of Material	January 1, 2020[2]
IFRS 17	Insurance Contracts	January 1, 2021[2]
IFRS 10 and IAS 28, amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed by the IASB

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

These Standards—to the extent they have been adopted by the European Union—will not be adopted early by the Group. From today's perspective, the new and revised Standards and Interpretations (except for IFRS 16) 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 IFRS 16:

IFRS 16 Leases governs the accounting for leases and will replace IAS 17 as well as previous Interpretations. The new rules eliminate the prior distinction on the part of the lessee between finance and operating leases. In the future, operating leases must generally be treated in the same way as finance leases.

The voestalpine Group plans to apply the new Standard using the modified retrospective method for the first time as of April 1, 2019. Accordingly, the resulting cumulative initial application effect will be recognized in retained earnings as of April 1, 2019, but no adjustment of the comparative data is made at the same time. As voestalpine Group companies currently are lessees under operating leases, the application of IFRS 16 is expected to have an impact on the Group's net assets, financial position, and results of operations.

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 to a shift between cash flows from operating activities and financing activities.

The voestalpine Group intends to apply the following measurement choices and exemptions:

» Right-of-use assets and lease liabilities are not recognized separately in the statement of financial position but instead are presented in the Notes.

» Upon first-time adoption, a given lease liability is recognized at the present value of the remaining lease payments, discounted using the incremental borrowing rate at the time of initial application; the right-of-use asset is recognized in the same amount.

» The Group has elected the option not to determine a right-of-use asset or lease liability for leases with terms up to 12 months (short-term leases) and for leases where the underlying asset is of low value. In the voestalpine Group, low-value assets concern leased assets whose cost does not exceed EUR 5,000. At the transition date, leases with a residual term of up to 12 months are classified as short-term leases.

» No separation is made with respect to contracts containing both non-lease components and lease components; this does not apply to land and buildings.

» IFRS 16 is not applied to intangible asset leases.

Based on the currently available information, the voestalpine Group estimates that additional lease liabilities of about EUR 437 million and the corresponding right-of-use assets in the same amount will be recognized as of April 1, 2019.

No significant effects are expected for existent finance leases.

BASIS OF CONSOLIDATION

The annual financial statements of all fully consolidated entities are prepared based on 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) were maintained due to cost/benefit considerations if the relevant amounts were immaterial.

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

All intra-Group profits, receivables and payables as well as 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 because—in financial, economic, and organizational terms—these entities all run their businesses 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 individual financial statements of consolidated entities, foreign currency transactions are translated into the functional currency of the given entity using the exchange rate on the transaction date. Foreign exchange gains and losses resulting from translation as of 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					
03/31/2018	1.2321	0.8749	4.0938	10.2843	4.2106
03/31/2019	1.1235	0.8583	4.3865	10.3980	4.3006
Average annual rate					
2017/18	1.1711	0.8826	3.7673	9.7519	4.2213
2018/19	1.1579	0.8820	4.3799	10.3688	4.2917

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 significant risks of triggering material adjustments of assets and liabilities in future 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 several assumptions such as future net cash flows and discount rates. The net cash flows correspond to the figures in the most current business plan at the time the Consolidated Financial Statements are prepared. See B. Summary of Accounting Policies (section entitled “Impairment testing of goodwill, other intangible assets, and property, plant and equipment”); as well as Note 9. Property, plant and equipment; Note 10. Goodwill; and Note 11. Other intangible assets.

» **Recoverability of financial instruments**
Alternative actuarial models are used to measure the recoverability of financial instruments for which there is no active market. The parameters used to determine the fair values are based partially on assumptions concerning the future. See B. Summary of Accounting Policies (section entitled “Financial instruments”) as well as Note 23. Financial instruments.

» **Pensions and other employee obligations**
The measurement of existent severance payment and pension obligations is based on assumptions regarding interest rates, the retirement age, life expectancy, and future salary/wage increases. See B. Summary of Accounting Policies (section entitled "Pensions and other employee obligations") as well as Note 18. Pensions and other employee obligations.

» **Assets and liabilities associated with acquisitions**
Acquisitions require making estimates in connection with the determination of the fair value of identified assets, liabilities, and contingent consideration. All available information on the circumstances as of the acquisition date is applied. The fair values of buildings and land are typically determined by external experts or intra-Group experts. Intangible assets are measured using appropriate valuation methods depending on the type of asset and the availability of information. These measurements are closely connected to assumptions about the future development of the estimated cash flows as well as the applied discount rates.

Information on acquisitions made during the reporting period is reported under D. Acquisitions and other additions to the scope of consolidation.

» **Other provisions**
Other provisions for 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 reliable estimates. Provisions are discounted if the effect is material. Details concerning provisions follow from B. Summary of Accounting Policies (section entitled "Other provisions") as well as Note 19. Provisions.

» **Income taxes**
Income tax expense represents the total of current tax expenses and deferred taxes. The current tax expense is determined based on the taxable income using the currently applicable tax rates. Deferred taxes are determined based on the respective local income tax rates. Future fixed tax rates are also considered in the deferral. The recognition and measurement of actual and deferred taxes is subject to numerous uncertainties.

Given its international activities, the voestalpine Group is subject to different tax regulations in the respective tax jurisdictions. The tax items presented in the Consolidated Financial Statements are determined based on the relevant tax regulations and, because of their complexity, may be subject to different interpretations by taxpayers, for one, and local finance authorities, for another. Because varying interpretations of tax laws may lead to additional tax payments for past years as a result of comprehensive tax audits, they are included in the analysis based on management's assessment.

Deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which deductible differences and/or tax losses carried forward but not yet applied may be utilized. This assessment requires making assumptions regarding future taxable income and thus is subject to uncertainties. It is made on the basis of the planning for a five-year period. Changes in future taxable income may result in lower or higher deferred tax assets.

Further information follows from B. Summary of Accounting Policies (section entitled "Income taxes") as well as Note 8. Income taxes and Note 13. Deferred taxes.

» **Legal risks**

As an internationally active company, the voestalpine Group is exposed to legal risks. The outcome of present or future legal disputes is 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, management continually reviews the underlying information and assumptions; both internal and external legal counsel is used for further evaluation. Provisions are recognized to cover probable present obligations, including a reliable estimate of legal costs. The option to record a contingent liability is considered if the future outflow of resources is not probable or if the company has no control over the confirmation of actual events.

Both the estimates and the underlying assumptions are reviewed on an ongoing basis. The actual figures may differ from these assumptions and estimates if the stated parameters differ from reporting date expectations. Revisions are recognized through profit or loss in the period in which the estimates are revised, and the assumptions are adjusted accordingly.

REVENUE RECOGNITION – APPROACH FROM APRIL 1, 2018

In the voestalpine Group, revenue is realized when a customer obtains control over goods or services. See the disclosures in Note 2. Operating Segments regarding the type of goods and services offered by the individual business segments.

As a rule, revenue is recognized at the time the goods or services are delivered, taking into account the stipulated terms and conditions. This is generally the time at which risks and opportunities are transferred in accordance with the stipulated Incoterms, typically subject to payment terms of between 30 and 60 days.

The transaction price corresponds to the contractually stipulated consideration, taking into account any variable components. Variable consideration is recognized only if it is highly probable that there will be no material revenue reversals in the future.

Revenue from series products that satisfy the revenue recognition criteria of IFRS 15.35 (c) is recognized over time. This mainly concerns products of the automotive and aerospace segments for which there are no alternative uses, because they are developed and produced specifically for a customer based on the latter's specific requirements and thus may generally not be used for any other purpose, or where any alternative use would result in significant losses. Furthermore, a legally or contractually enforceable claim to payment of consideration, including a reasonable margin, applies to any components under construction as well as to finished goods, provided the company is not responsible for any termination of the contract.

Where revenue is recognized over time, such recognition must be pro rated based on the ratio of the costs incurred to the estimated total costs. This method is the most reliable way to reflect progress in performance. Expected losses under a contract are recognized immediately. The cash flows are obtained in accordance with the contractual arrangements. The payment terms typically are between 30 and 90 days.

The claims of the voestalpine Group to consideration for completed performance not yet billed as of the reporting date are recognized as contract assets in trade and other receivables. The contract liabilities presented in trade and other payables concern primarily consideration received from customers in advance for performance not yet delivered.

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 28.6 million (2017/18: EUR 21.4 million) for capital expenditures, research and development, and promotion of job opportunities were recognized as income in the reporting period.

REVENUE RECOGNITION – APPROACH PRIOR TO APRIL 1, 2018

Revenue from deliveries is recognized when all material risks and rewards arising from the delivered good or service have passed to the buyer. 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.

RECOGNITION OF EXPENSES

Operating expenses are recognized when goods or services are used or when the expense is incurred. In the business year 2018/19, expenses for research and development were EUR 170.5 million (2017/18: EUR 152.1 million).

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 appropriate portions of materials and indirect labor costs required for production as well as borrowing costs in case of qualifying assets. The capitalization date is the date from which expenditures for the asset and borrowing costs are incurred and activities necessary to prepare the asset for its intended use or sale are undertaken.

Depreciation is recognized on a straight-line basis over the expected useful life. 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 at amortized cost. Both the depreciation method and the useful life are identical to those applicable 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 upon inception of the lease. The corresponding liabilities to the lessors are recognized in financial liabilities in the consolidated statement of financial position.

Assets from finance leases are depreciated over their expected useful life on the same basis as own assets or over the term of the relevant lease, whichever is shorter. The Group does not act as a lessor.

GOODWILL

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

Goodwill is allocated to cash generating units (CGUs) or groups of cash generating units and, in accordance with IFRS 3, is not amortized, but tested for impairment at least annually as well as additionally if circumstances 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 the relative value in accordance with IAS 36.86.

OTHER INTANGIBLE ASSETS

Expenses for research activities that are undertaken with the prospect of gaining new scientific or technical insights are immediately recognized as an expense. In accordance with IAS 38.57, development expenditure is capitalized from the date on which the relevant criteria are satisfied. This means that the expenses incurred are not capitalized subsequently if all of the above conditions are met only at a later date. Expenditures for internally generated goodwill and brands are immediately recognized as an expense.

Other intangible assets are stated at cost less accumulated amortization and impairment losses. In the case of a business combination, the fair value as of the acquisition date is the acquisition cost. Amortization is recognized 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

CGUs or groups of CGUs to which goodwill has been allocated and other intangible assets with an indefinite useful life are tested for impairment at least annually as well as additionally if circumstances indicate possible impairment. All other assets and CGUs are tested for impairment if there are any indications of impairment. Impairment testing is based on the value in use approach; accordingly, the recoverable amount is determined based on the value in use.

For the purpose of impairment testing, assets are grouped at the lowest levels at which cash flows are independently generated (CGUs). Goodwill is allocated to those CGUs or groups of CGUs that are expected to benefit from synergies of the related acquisition, 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 at the amount by which the carrying amount of the asset or cash generating unit (CGU) exceeds the recoverable amount. The recoverable amount is the higher of the fair value less cost to sell and the value in use. Impairment losses recognized for CGUs or groups of CGUs to which goodwill has been allocated are applied first against the carrying amount of the goodwill. Any remaining impairment loss reduces the carrying amounts of the assets of the CGU on a pro rata basis. If the goodwill impairment test is carried out for a group of CGUs and if this results in an impairment, the individual CGUs included in this group are also tested for impairment and any resulting impairment of assets is recognized at this level first. Subsequently, this is followed by another impairment test for the CGUs at the Group level.

If there is any indication that an impairment loss recognized for an asset, a CGU, or a group of CGUs (excluding goodwill) in earlier periods no longer exists or may have declined, the recoverable amount must be estimated and then recognized (reversal of impairment).

FINANCIAL INSTRUMENTS – APPROACH FROM APRIL 1, 2018

IFRS 9 contains three measurement categories which—with the exception of a few measurement choices—must always be considered mandatory:

» measured at amortized cost (Amortized Cost, AC);

» measured at fair value through other comprehensive income (Fair Value through Other Comprehensive Income, FVOCI); and

» measured at fair value through profit or loss (Fair Value through Profit or Loss, FVTPL).

At this time, measurement at FVOCI is not applied in the voestalpine Group.

Other financial assets

The other financial assets include non-current receivables and loans that are measured at amortized cost. Equity instruments held (especially equity interests) are measured at FVTPL, because the option to elect measurement at FVOCI was not utilized.

All other current and non-current financial assets (particularly stock) must be measured at FVTPL, because they are either allocated to a business model oriented toward active purchases and sales or do not satisfy the cash flow requirement (cash flows at specified dates comprising solely payments of interest and principal).

Trade and other receivables

Trade and other receivables are always recognized at amortized cost. Identifiable risks are mainly covered by buying credit insurance. Interest-free or low-interest receivables with a remaining term of more than one year are recognized at their discounted present value. Sold receivables are derecognized in accordance with the provisions of IFRS 9 (see Note 28. Disclosures of transactions not recognized in the statement of financial position).

Trade receivables held for sale under an existent factoring agreement are measured at FVTPL, because they are allocated to the “sale” business model.

Accruals and deferrals, respectively, 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 amortized cost.

Loss allowance

The voestalpine Group recognizes loss allowances for expected credit losses on financial assets measured at amortized cost and on contract assets (portfolio loss allowance, stage 1 and stage 2). The Group applies the simplified approach to trade receivables and contract assets, pursuant to which any impairment determined with respect to such financial assets must, under certain conditions, equal the lifetime expected credit losses.

Historical data derived from actual historical credit losses in the past five years are used as the basis for the estimated expected credit losses. There is no significant concentration of default risks, given the existent credit insurances and a diversified customer portfolio that is dominated by very good to good credit ratings. Loss allowances on an individual basis are recognized for receivables with impaired credit ratings (stage 3). Note 23. Financial instruments contains additional information on impairment.

Derivative financial instruments

voestalpine Group uses derivative financial instruments exclusively for the purpose of hedging the interest rate, foreign currency, and raw materials price risks. Derivative financial instruments are carried at fair value through profit or loss. Hedge accounting as defined in IFRS 9 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 in profit or loss or in other comprehensive income (for the effective portion of a cash flow hedge). Positive fair values from derivative financial instruments are shown in trade and other receivables. Negative fair values from derivative financial instruments are shown in trade and other payables.

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). Observable currency exchange rates and raw materials prices as well as interest rates are the inputs for determining the market values. The market values are calculated based on the inputs using generally accepted actuarial formulas.

Unrealized profits or losses from hedged transactions are treated as follows:

» If the hedged asset or liability has already been recognized in the statement of financial position or if an obligation not recognized in the statement of financial position is hedged, the unrealized profits and losses from the hedged transaction are recognized through profit or loss. At the same time, the hedged item is also measured at fair value, regardless of the initial valuation method used. Any resulting unrealized profits and losses are offset against the unrealized results of the hedged transaction in the income statement so that, in sum, only the ineffective portion of the hedged transaction is recognized 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. Ineffective portions are recognized through profit or loss. If the transaction 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 considered in the determination of the carrying amount of this item. 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).

Liabilities
Liabilities (except liabilities from derivative financial instruments) are recognized at amortized cost.

OTHER SHARES IN COMPANIES – APPROACH FROM APRIL 1, 2018

Subsidiaries, joint ventures, and associates that are not included in these Consolidated Financial Statements by way of full consolidation or the equity method are recognized in other financial assets and other shares in companies. These other assets are measured at amortized cost.

FINANCIAL INSTRUMENTS – APPROACH PRIOR TO APRIL 1, 2018

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

Derivative financial instruments
voestalpine Group uses derivative financial instruments exclusively for the purpose of hedging foreign currency, interest rate, and raw materials price risks. Derivative financial instruments are generally carried at fair value and recognized through profit or loss; hedge accounting as defined in IAS 39 is

applied to some of them. Consequently, gains or losses resulting from changes in the value of derivative financial instruments are recognized either in profit or loss or in other comprehensive income, depending on whether a fair value hedge or the effective portion of a cash flow hedge is involved.

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). Observable currency exchange rates and raw materials prices as well as interest rates are the inputs for determining the market values. The market values are calculated based on the inputs using generally accepted actuarial formulas.

Unrealized profits or losses from hedged transactions are treated as follows:

» If the hedged asset or liability has already been recognized in the statement of financial position or if an obligation not recognized in the statement of financial position is hedged, the unrealized profits and losses from the hedged transaction are recognized through profit or loss. At the same time, the hedged item is also measured at fair value, regardless of the initial valuation method. Any resulting unrealized profits and losses are offset against the unrealized results of the hedged transaction in the income statement so that, in sum, only the ineffective portion of the hedged transaction is recognized 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. Ineffective portions are recognized through profit or loss. If the transaction 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 considered in the determination of the carrying amount of this item. 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 existent obligation (cash flow hedges).

Other investments

Subsidiaries, joint ventures, and associates that are not included in these Consolidated Financial Statements by way of full consolidation or the equity method are recognized in other investments. They are held as “available for sale at cost” and measured at cost, because no price is quoted for these investments 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 entity can be reliably determined based on the valuation report prepared once a year for Energie AG Oberösterreich as a whole.

Trade and other receivables
Trade and other receivables are stated at amortized cost. Identifiable risks are mainly covered by buying credit insurance. Interest-free or low-interest receivables with a remaining term of more than one year are recognized at their discounted present value. Sold receivables are derecognized in accordance with the provisions of IAS 39 (see Note 28. Disclosures of transactions not recognized 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 given construction contract must be recognized by reference to the stage of completion of the contract activity as of the reporting period ("percentage of completion method"), in each case based on the proportion of the contract costs incurred for the work performed relative to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue may be recognized only in an amount that corresponds to the probably recoverable contract costs incurred. Contract costs are recognized as expenses in the period in which they are incurred. When it is probable that the total contract costs will exceed the total contract revenue, the expected loss is immediately recognized as an expense.

Accruals and deferrals, respectively, 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 amortized cost.

Liabilities
Liabilities (except liabilities from derivative financial instruments) are stated at amortized cost.

INCOME TAXES
Income tax expense represents the total of current tax expenses and deferred taxes. The current tax expense is determined based on the taxable income using the currently applicable tax rates.

In accordance with IAS 12, all temporary differences between the income tax base and the Consolidated Financial Statements are included in deferred taxes. Deferred tax assets on unused tax loss carryforwards are recognized to the extent that sufficient taxable (deferred) temporary differences between carrying amounts are available or that budgetary accounting will make sufficient taxable income available against which the tax losses may be offset.

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

Deferred tax liabilities are recognized for planned dividend payments subject to withholding tax.

Deferred taxes are determined based on the respective local income tax rates. Future fixed tax rates are also considered in the deferral. Deferred tax assets and deferred tax liabilities are offset when they relate to the same tax authority and when there is a claim to offsetting.

INVENTORIES

Inventories are measured at the lower of cost and the net realizable value. The net realizable value is the estimated selling price less estimated costs of completion and 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 using the weighted average price method or a similar method. The cost includes directly attributable costs and all pro-rated material and production overheads based on normal capacity utilization. Borrowing costs, general administrative expenses, and distribution costs are not capitalized.

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 recognized in current assets at their actual cost and measured at fair value as of the reporting date (limited by the actual cost).

In case of any 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.

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 recognized directly in 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 whose employment started before January 1, 2003, are entitled to severance payment if their employment contract 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. A contribution-based system is provided for employees whose employment started after December 31, 2002. The contributions to external employee pension funds are recognized as expenses.

Defined contribution plans

Defined contribution plans do not entail further obligations on the company's part once the premiums have been paid to the managing pension fund or insurance company.

Defined benefit plans

Under defined benefit plans, the company promises a given employee that they will be paid a pension in a specified amount. The pension payments begin upon retirement (or disability or death) and end upon the death of the former employee (or that of their survivors). Widow's and widower's pensions (equivalent to between 50% and 75% of the old age pension) are paid to the surviving spouse until their death or remarriage. Orphan's pensions (equivalent to between 10% and 20% of the old age pension) are paid to dependent children until the completion of their education, but at most up to the age of 27.

Longevity thus is the central risk to the Group under the defined benefit pension plans. All measurements are based on the most recent mortality tables. Given a relative decrease or increase of 10% in mortality, the defined benefit obligation (DBO) of pensions changes by +3.9% or –3.5% as of the reporting date. Other risks such as the risk of rising medical costs do not materially affect the scope of the obligation.

Almost all of the Group's pension obligations concern claims that have already vested.

Austria

The amount of the pension is based either on a certain percentage of the final salary depending on the years of service or on a fixed, valorized amount per year of service. The majority of the obligations under defined benefit plans is transferred to a pension fund, but the liability for any shortfalls rests with the company.

Germany

There are different pension schemes in Germany, whose benefits rules may be described as follows:

» A certain percentage of the final salary depending on the years of service;
» A rising percentage of a fixed target pension depending on the years of service;
» A stipulated, fixed pension amount;
» A fixed, valorized amount per year of service that is linked to the average salary in the company; and
» A fixed, valorized amount per year of service.

A small portion of the pensions are financed by insurance companies, but liability for the obligations themselves rests with the given companies.

In all countries with significant defined benefit plan obligations, the employee benefits are determined based on the following parameters:

	2017/18	2018/19
Interest rate (%)	1.80	1.50
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 2018-P
Germany	Richttafeln 2005 G	Heubeck-Richttafeln 2018 G

[1] Only salary-dependent and/or value-guaranteed commitments are recognized.

In August 2018, the Austrian Association of Actuaries (AVÖ) published the new mortality tables, "AVÖ 2018-P – Calculations for Pensions," which reflect particularly the increases in life expectancy in recent years. The resulting changes are reflected in the actuarial gains and losses arising from the change in demographic assumptions related to provisions for severance pay, pensions, and long-service bonuses.

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

Long-service bonus obligations

In most of the Group's Austrian 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 that is made when the respective service anniversary has been reached; depending on the length of service, the bonus generally amounts to between one and three monthly salaries.

OTHER PROVISIONS

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

Note that we are invoking the safeguard clause under IAS 37.92, according to which information on provisions is not disclosed if doing so 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 that the company cannot control in full). A contingent liability must also be stated if, in extremely rare cases, an existent liability cannot be recognized in the statement of financial position as a provision, because the liability cannot be reliably estimated.

As regards possible obligations, note that in accordance with IAS 37.92 information on contingent liabilities is not disclosed if doing so could seriously and adversely impact the company's interests.

EMPLOYEE SHAREHOLDING SCHEME

The employee shareholding scheme of the Group's Austrian companies is based on the appropriation of a portion of employees' salary and wage increases under collective bargaining agreements over several business years. The business year 2000/01 was the first time employees were granted voestalpine AG shares in return for a reduction by 1% of their salary or wage increase.

In each of the business years 2002/03, 2003/04, 2005/06, 2007/08, 2008/09, 2014/15, and 2018/19, between 0.3 percentage points and 0.5 percentage points of the increases under collective agreements were used to provide voestalpine AG shares to employees. The actual amount follows from the monthly contributions as of November 1 in each of 2002, 2003, 2005, 2007, 2008, 2014, and 2018, applying an annual increase of 3.5%. In the business years 2012/13, 2013/14, 2016/17, and 2017/18, additional contributions of between 0.27 percentage points and 0.43 percentage points of the pay increases for 2012, 2013, 2016, and 2017, respectively, under collective agreements were used for the shareholding scheme for those Austrian Group companies that did not participate in the employee shareholding scheme until a later date.

The Works Council and each company enter into an agreement to implement the Austrian employee shareholding scheme. Shares are acquired by voestalpine Mitarbeiterbeteiligung Privatstiftung (a private foundation that manages 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 share price fluctuations. Therefore, IFRS 2 does not apply to the allocation of shares based on collective bargaining agreements that stipulate lower salary or wage increases.

An international participation model that was developed for Group companies outside Austria was initially implemented in the business year 2009/10 in several companies in Great Britain and Germany. Due to the highly 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, in Switzerland, in Romania, in Sweden, and in Spain in the subsequent business years. In the business year 2018/19, a total of 97 companies in these 11 countries participated in the international employee shareholding scheme.

As of March 31, 2019, the voestalpine Mitarbeiterbeteiligung Privatstiftung held approximately 13.4% (March 31, 2018: 12.9%) of voestalpine AG's shares for employees. In addition, active and former employees of voestalpine hold approx. 1.4% (March 31, 2018: 1.1%) of the shares of voestalpine AG, the voting rights of which are exercised by the foundation. On the whole, therefore, as of March 31, 2019, the voting rights of 14.8% (March 31, 2018: 14.0%) of the share capital of voestalpine AG are bundled in the foundation.

C. SCOPE OF CONSOLIDATION

The consolidated Group (see the "Investments" appendix to the Notes) is defined in accordance with IFRS requirements. 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 Consolidated 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 power over the investee, is exposed to fluctuating returns on its investments, 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 up 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, because it participates in the entities' financial and operating policy decisions, but the decision-making processes are not controlled nor jointly managed. 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 entity'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 the disposal date. The Group's associates and joint ventures are listed in the "Investments" appendix to the Notes.

CHANGES IN THE SCOPE OF CONSOLIDATION

The scope of consolidation changed as follows during the past business year:

	Full consolidation	Equity method
As of April 1, 2018	**280**	**9**
Additions from acquisitions	3	
Change in the consolidation method		
Additions	4	
Disposals	–1	
Reorganizations	–4	
Divestments or disposals	–1	
As of March 31, 2019	**281**	**9**
Of which foreign companies	223	4

The following entities were deconsolidated during the business year 2018/19:

Name of entity	Date of deconsolidation
Full consolidation in the business year 2017/18	
Danube Equity GmbH	March 31, 2019
voestalpine Stamptec Pfaffenhofen GmbH & Co. KG	February 2, 2019
Reorganizations	
Sacma Acciai Speciali S.p.A.	April 1, 2018
DIN ACCIAI S.p.A.	April 1, 2018
voestalpine Bahnsysteme Beteiligungsverwaltung Deutschland GmbH	April 1, 2018
voestalpine Automotive Components Deutschland GmbH	April 1, 2018

voestalpine Stamptec Pfaffenhofen GmbH & Co. KG was liquidated effective February 2, 2019.

Due to the discontinuation of its business activities, Danube Equity GmbH was deconsolidated as of the close of the business year.

D. ACQUISITIONS AND OTHER ADDITIONS TO THE SCOPE OF CONSOLIDATION

The following entities were included in the Consolidated Financial Statements for the first time in the business year 2018/19:

Name of entity	Interest in %	Date of initial consolidation
Full consolidation		
voestalpine HR Services GmbH	100.000%	April 1, 2018
VOEST-ALPINE TUBULAR CORP.	100.000%	April 1, 2018
voestalpine Metal Engineering Verwaltung GmbH	100.000%	April 1, 2018
voestalpine Automotive Components Hungaria Kft.	100.000%	August 14, 2018
Travertec S.R.L.	60.000%	November 1, 2018
voestalpine Automotive Components Arad Beteiligung GmbH	100.000%	February 25, 2019
voestalpine Automotive Components Cartersville Beteiligung GmbH	100.000%	February 25, 2019

The additions of fully consolidated entities to the scope of consolidation include three acquisitions, one newly established entity, and the consolidation of three entities not previously included in the Consolidated Financial Statements.

In accordance with IFRS 3, 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, taking into account 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. As regards the first-time full consolidations in accordance with IFRS 3, note that due to time constraints and/or the fact that not all valuations have been completed, the following items shall be considered provisional: property, plant and equipment; intangible assets; as well as inventories and provisions—and consequently goodwill as well.

The increase in majority interests is treated as a transaction between owners. The difference between the acquisition costs of additional shares and the pro-rated carrying amount of the non-controlling interests is recognized directly in equity. In the reporting period, EUR 2.4 million (2017/18: EUR 0.0 million) was paid for the acquisition of non-controlling interests or provisions were formed for the payment thereof. Non-controlling interests in the amount of EUR 2.4 million (2017/18: EUR 0.0 million) were derecognized.

Put options granted to non-controlling shareholders in exchange for their shares in Group companies are recognized 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, the assumption is that 100% of the entity was acquired. 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). The subsequent fair value measurement is recognized through profit or loss.

The liabilities for outstanding put options as of March 31, 2019 are EUR 6.4 million (March 31, 2018: EUR 0.4 million). The discounted cash flow method is applied for valuation purposes, taking the contractual maximum limits into account. The medium-term business plan and the discount rate, in particular, are some of the input factors in the discounted cash flow method.

On November 1, 2018, voestalpine VAE Apcarom SA (Metal Engineering Division) acquired a 60% stake in Travertec S.R.L. (the Romanian manufacturer of concrete sleepers) from PCM Rail.One AG (a German entity). The acquisition was made with the aim of broadening the Group's existent local product portfolio, which includes the production of turnouts and track sleepers, by key components as well as expanding and securing its market position in Romania and adjacent export markets.

As of February 25, 2019, voestalpine Metal Forming GmbH acquired 100% of the shares of both voestalpine Automotive Components Arad Beteiligung GmbH and voestalpine Automotive Components Cartersville Beteiligung GmbH.

These acquisitions have the following impact on the Consolidated Financial Statements:

	Recognized values
Non-current assets	1.0
Current assets	2.8
Non-current provisions and liabilities	–0.2
Current provisions and liabilities	–0.3
Net assets	**3.3**
Addition of non-controlling interests	–1.3
Acquisition costs	**2.0**
Cash and cash equivalents acquired	–0.6
Net cash outflow	**1.4**

In millions of euros

Since their initial consolidation, the acquisitions have contributed revenue of EUR 0.2 million to consolidated revenue. Their share in the Group's profit after tax for the same period was EUR 0.1 million. The reported consolidated revenue would have been EUR 0.8 million higher and the reported Group's profit after tax would have been EUR 0.4 million higher if the acquisitions had been consolidated as of April 1, 2018.

As part of the first-time full consolidation of Travertec S.R.L., fair values for trade receivables of EUR 0.4 million (gross carrying amount: EUR 0.4 million) and for other receivables of EUR 0.2 million (gross carrying amount: EUR 0.2 million) were taken over. Receivables that are probably uncollectible are considered immaterial.

E. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Name of the subsidiary	Domicile	03/31/2018	03/31/2019
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 is EUR 165.8 million (March 31, 2018: EUR 168.6 million), of which EUR 87.7 million (March 31, 2018: EUR 84.4 million) is attributable to voestalpine Tubulars GmbH & Co KG and EUR 32.5 million (March 31, 2018: EUR 35.5 million) is attributable to CNTT Chinese New Turnout Technologies Co., Ltd. The remaining non-controlling interests, considered individually, may be considered immaterial to the Group.

Summarized financial information for each subsidiary with non-controlling interests that are material to the Group is shown below. The figures correspond to the amounts prior to the elimination of intra-Group transactions.

SUMMARIZED STATEMENT OF FINANCIAL POSITION

	voestalpine Tubulars GmbH & Co KG		CNTT Chinese New Turnout Technologies Co., Ltd.	
	03/31/2018	03/31/2019	03/31/2018	03/31/2019
Non-current assets	122.3	122.9	15.1	13.1
Current assets	165.0	173.0	95.7	102.3
Non-current provisions and liabilities	30.2	32.6	2.9	3.0
Current provisions and liabilities	137.0	134.8	37.8	47.8
Net assets (100%)	**120.1**	**128.5**	**70.1**	**64.6**

In millions of euros

SUMMARIZED INCOME STATEMENT

	voestalpine Tubulars GmbH & Co KG		CNTT Chinese New Turnout Technologies Co., Ltd.	
	2017/18	2018/19	2017/18	2018/19
Revenue	456.1	534.3	76.1	71.7
EBIT	20.0	13.6	28.7	25.6
Profit after tax	16.8	10.8	21.7	21.0
Attributable to:				
Equity holders of the parent	8.4	5.4	10.8	10.5
Non-controlling interests	8.4	5.4	10.8	10.5
Dividends paid to non-controlling interests	0.0	0.0	6.5	14.2

In millions of euros

SUMMARIZED STATEMENT OF CASH FLOWS

	voestalpine Tubulars GmbH & Co KG		CNTT Chinese New Turnout Technologies Co., Ltd.	
	2017/18	2018/19	2017/18	2018/19
Cash flows from operating activities	2.4	21.9	13.0	23.8
Cash flows from investing activities	–24.6	–16.5	–1.0	–1.9
Thereof additions to/divestments of other financial assets	0.1	0.1	0.0	0.0
Cash flows from financing activities	21.7	–5.4	–12.9	–17.2
Net decrease/increase in cash and cash equivalents	**–0.5**	**0.0**	**–0.9**	**4.7**

In millions of euros

F. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES SHARES IN IMMATERIAL JOINT VENTURES

SHARES IN IMMATERIAL JOINT VENTURES

Profits from the joint ventures, which are individually immaterial to voestalpine's Consolidated Financial Statements, are included using the equity method. Interests held are presented in the "Investments" appendix to the Notes. In each case, this information relates to the interests of the voestalpine Group in immaterial joint ventures and is broken down as follows:

	2017/18	2018/19
Group share of		
Profit after tax	0.9	0.7
Other comprehensive income	–0.2	0.1
Comprehensive income	**0.7**	**0.8**
Carrying amount immaterial joint ventures	**4.6**	**4.5**

In millions of euros

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

SHARES IN IMMATERIAL ASSOCIATES

Profits from associates that are individually immaterial to the voestalpine Consolidated Financial Statements are included using the equity method. This information relates to the interests of the voestalpine Group in associates and is broken down as follows:

	2017/18	2018/19
Group share of		
Profit after tax	14.3	13.2
Other comprehensive income	–1.4	1.0
Comprehensive income	**12.9**	**14.2**
Carrying amount immaterial associates	**113.9**	**119.8**

In millions of euros

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

G. EXPLANATIONS AND OTHER DISCLOSURES

1. REVENUE

The revenue stems solely from contracts with customers as defined in IFRS 15 (Revenue from Contracts with Customers) and includes all revenue generated through the voestalpine Group's ordinary business.

The amount of EUR 92.3 million recognized in contract liabilities as of April 1, 2018, was recognized as revenue in the business year 2018/19.

In keeping with IFRS 15.121, no disclosures are made with respect to the remaining performance obligations as of March 31, 2019, because all performance obligations have an expected initial term of one year or less.

The table below contains information on the breakdown of the external revenue of the voestalpine Group by region and sector for the business years 2018/19 and 2017/18[1]:

REVENUE BY REGION

	Steel Division		High Performance Metals Division	
	2017/18	2018/19	2017/18	2018/19
European Union (without Austria)	2,827.8	2,917.7	1,378.8	1,497.9
Austria	490.6	495.1	106.9	136.4
NAFTA	421.0	518.2	429.7	472.6
Asia	108.6	146.2	534.1	546.2
South America	179.4	91.9	189.0	200.9
Rest of World	341.5	295.7	222.0	228.7
Total revenue by region	**4,368.9**	**4,464.8**	**2,860.5**	**3,082.7**

REVENUE BY INDUSTRY

	Steel Division		High Performance Metals Division	
	2017/18	2018/19	2017/18	2018/19
Automotive	1,620.6	1,645.1	842.5	879.8
Energy	934.9	843.9	345.3	394.8
Railway systems	9.0	9.0	9.8	9.8
Building/Construction	346.0	385.1	105.7	111.4
Mechanical engineering	191.4	235.5	548.3	599.1
White goods/Consumer goods	163.6	144.0	356.4	372.8
Aerospace	0.0	0.0	324.7	368.1
Other	1,103.4	1,202.2	327.8	346.9
Total revenue by industry	**4,368.9**	**4,464.8**	**2,860.5**	**3,082.7**

[1] IFRS 15 was applied in the voestalpine Group for the first time as of April 1, 2018. As a result of using the modified retrospective application method, the previous year values have not been adjusted.

	Metal Engineering Division		Metal Forming Division		Other		Total Group	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
	1,472.7	1,498.3	1,969.3	1,970.6	11.3	7.6	7,659.9	7,892.1
	203.4	208.1	95.7	120.8	4.3	3.6	900.9	964.0
	521.3	642.8	390.3	548.5	0.0	0.2	1,762.3	2,182.3
	325.4	345.0	95.4	79.5	0.2	0.1	1,063.7	1,117.0
	93.8	64.6	74.5	76.7	0.0	0.1	536.7	434.2
	330.5	345.8	80.3	100.9	0.0	0.0	974.3	971.1
	2,947.1	**3,104.6**	**2,705.5**	**2,897.0**	**15.8**	**11.6**	**12,897.8**	**13,560.7**

In millions of euros

	Metal Engineering Division		Metal Forming Division		Other		Total Group	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
	475.9	487.5	1,477.7	1,575.1	0.0	0.0	4,416.7	4,587.5
	595.6	707.6	38.7	40.4	0.0	0.0	1,914.5	1,986.7
	1,400.7	1,415.9	1.5	3.9	0.0	0.0	1,421.0	1,438.6
	91.1	92.1	608.2	639.7	0.0	0.0	1,151.0	1,228.3
	137.7	143.4	244.1	255.2	0.0	0.0	1,121.5	1,233.2
	40.1	41.9	117.6	115.2	0.0	0.0	677.7	673.9
	0.0	0.0	19.9	20.7	0.0	0.0	344.6	388.8
	206.0	216.2	197.8	246.8	15.8	11.6	1,850.8	2,023.7
	2,947.1	**3,104.6**	**2,705.5**	**2,897.0**	**15.8**	**11.6**	**12,897.8**	**13,560.7**

In millions of euros

2. OPERATING SEGMENTS

The voestalpine Group has 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 system, the management structure, and the company's main sources of risks and rewards.

The Steel Division of the voestalpine Group is the global quality leader for highest quality strip steel and the global market leader in both heavy plate used in the most sophisticated applications and complex casings for large turbines. Its activities include the production of sophisticated hot and cold-rolled strip steel as well as electrogalvanized, hot-dip galvanized, and organically coated strip steel. This is augmented by electrical steel strip, heavy plate, and foundry activities as well as the downstream Steel & Service Center and Logistics Services. The division operates the world's most modern direct reduction plant in Corpus Christi, Texas, USA, which manufactures highest quality pre-materials (HBI) for both own and third-party steel production. It is the first point of contact for renowned automotive manufacturers and suppliers with respect to strategic product development and supports its customers globally. Moreover, it also is a key partner of the European white goods and mechanical engineering industries. The Steel Division produces heavy plate for the energy sector (which is used in the oil and natural gas industry as well as in connection with renewable energies) and for applications under extreme conditions (for example, deep-sea pipelines or in the world's permafrost regions).

The High Performance Metals Division is the global market leader in tool steel and high-speed steel. The division holds a leading position in the global market in special alloys for the oil and natural gas industry, the aerospace industry, and the energy engineering industry. It operates a global network of service centers with a focus on tool manufacturing, offering heat treatment and coating services besides warehousing and preprocessing of special steels. In Houston, Texas, USA, Singapore, and Birmingham, Great Britain, the division offers a broad range of services including logistics, distribution, and processing especially for the oil and natural gas industry, thus underscoring its position as a technology leader in this field by virtue of the one-stop-shop solutions it offers to its customers. With facilities in Düsseldorf, Germany, Toronto, Canada, Houston, Texas, USA, Singapore and Taiwan, additive manufacturing, a segment that will be hugely important in the future, is being established along the entire value chain—from powders to the finished "printed" part.

The Group’s expertise as the world market leader in turnout technology and as the leading provider of high-quality rails and digital monitoring systems as well as services related to rail infrastructure are brought together in the Metal Engineering Division. In addition, this division offers a broad range of high-quality wire rod and drawn wire, premium seamless tubes for special applications as well as high-quality welding consumables. The Metal Engineering Division also possesses its own expertise in steel, which ensures ultra high-quality supplies of pre-materials throughout the division.

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

The holding company, several financing and raw materials purchasing companies as well as two personal services companies and the group-IT companies are included in the “Other” business segment. These companies were combined, because their focus is on providing coordination services and support to the subsidiaries.

Segment revenue, segment expenses, and segment results include transfers between the operating segments. Such transfers are accounted for at transfer prices that correspond to competitive market prices charged to unaffiliated customers for similar products. These transactions are eliminated in the Consolidated Financial Statements.

The voestalpine Group uses earnings before interest and taxes (EBIT) as the key figure to measure the performance of the segments. This figure is a widely accepted indicator for measuring profitability in the Group.

The figures for the Group's operating segments are as follows:

OPERATING SEGMENTS

	Steel Division		High Performance Metals Division	
	2017/18	**2018/19**	**2017/18**	**2018/19**
Segment revenue	4,772.7	4,887.3	2,918.0	3,136.3
Of which revenue with third parties	4,368.9	4,464.8	2,860.5	3,082.7
Of which revenue with other segments	403.8	422.5	57.5	53.6
EBITDA	908.2	653.2	453.9	434.9
Depreciation and amortization of property, plant and equipment and intangible assets	315.3	334.2	156.3	154.9
Of which impairment	0.0	0.0	10.1	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	11.7	8.8	0.0	0.0
EBIT	592.9	319.0	297.6	280.0
EBIT margin	12.4%	6.5%	10.2%	8.9%
Interest and similar income	1.0	2.0	12.7	13.1
Interest and similar expenses	60.8	67.5	66.1	67.9
Income tax expense	–124.8	–76.1	–65.6	–74.6
Profit after tax	410.1	180.0	178.2	151.0
Segment assets	5,292.3	5,373.5	4,128.4	4,326.6
Of which investments in entities consolidated according to the equity method	96.8	98.8	0.0	0.0
Net financial debt	1,623.5	1,810.2	1,002.7	1,308.6
Investments in property, plant and equipment and intangible assets	229.5	322.5	226.4	241.2
Employees (full-time equivalent)	11,020	10,877	14,274	14,398

	Metal Engineering Division		Metal Forming Division		Other		Reconciliation		Total Group	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
	2,989.7	3,147.1	2,743.4	2,937.4	1,629.4	1,603.4	−2,155.4	−2,150.8	12,897.8	13,560.7
	2,947.1	3,104.6	2,705.5	2,897.0	15.8	11.6	0.0	0.0	12,897.8	13,560.7
	42.6	42.5	37.9	40.4	1,613.6	1,591.8	−2,155.4	−2,150.8	0.0	0.0
	372.0	369.0	325.2	213.3	−102.5	−99.9	−2.7	−5.9	1,954.1	1,564.6
	181.0	167.0	112.4	119.5	9.1	9.6	0.0	0.0	774.1	785.2
	15.6	0.0	0.0	0.0	0.0	0.0	0.0	0.0	25.7	0.0
	0.0	6.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.9
	0.4	0.2	0.0	0.0	1.6	3.2	1.5	1.7	15.2	13.9
	191.0	202.0	212.8	93.8	−111.6	−109.5	−2.7	−5.9	1,180.0	779.4
	6.4%	6.4%	7.8%	3.2%					9.1%	5.7%
	2.4	3.4	1.5	3.4	170.5	179.4	−165.8	−177.6	22.3	23.7
	40.0	37.6	31.7	36.3	148.7	140.7	−169.9	−183.3	177.4	166.7
	−40.1	−35.2	−41.4	−11.5	54.8	10.1	0.0	0.2	−217.1	−187.1
	114.3	133.0	141.1	52.2	805.7	368.0	−824.0	−425.6	825.4	458.6
	3,357.9	3,485.3	2,442.8	2,686.2	11,656.5	11,517.2	−11,422.9	−11,737.2	15,455.0	15,651.6
	5.2	5.0	0.0	0.0	8.0	11.0	8.5	9.5	118.5	124.3
	972.0	1,028.7	757.9	1,027.4	−1,396.7	−2,057.7	35.7	8.2	2,995.1	3,125.4
	207.5	210.7	218.6	223.2	13.1	13.8	0.0	0.0	895.1	1,011.4
	13,481	13,501	12,003	12,240	843	891	0	0	51,621	51,907

In millions of euros

The reconciliation of the key performance indicators, EBITDA and EBIT, is shown in the following tables:

EBITDA

	2017/18	2018/19
Net exchange differences and result from valuation of derivatives	–3.2	–7.4
Consolidation	0.5	1.5
EBITDA – Total reconciliation	**–2.7**	**–5.9**

In millions of euros

EBIT

	2017/18	2018/19
Net exchange differences and result from valuation of derivatives	–3.2	–7.4
Consolidation	0.5	1.5
EBIT – Total reconciliation	**–2.7**	**–5.9**

In millions of euros

All other key performance indicators contain solely the effects of consolidation.

GEOGRAPHICAL INFORMATION

The following table provides select financial information summarized according to the major geographical areas. External revenue is broken down by the customers' geographical location.

Non-current assets and investments are reported based on the entities' geographical location.

	Austria		European Union		Other countries	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
External revenue	900.9	964.0	7,659.9	7,892.1	4,337.0	4,704.6
Non-current assets	5,126.4	5,314.0	1,664.8	1,663.2	1,537.7	1,670.5
Investments in property, plant and equipment and intangible assets	492.4	613.0	209.4	213.9	193.3	184.5

In millions of euros

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

3. OTHER OPERATING INCOME

	2017/18	2018/19
Gains on disposal and revaluation of intangible assets, property, plant and equipment	7.4	15.6
Income from the reversal of provisions	32.5	32.4
Currency gains	138.6	124.1
Income from the valuation of derivatives	21.2	17.4
Gains from deconsolidation	0.0	0.6
Other operating income	216.0	209.3
	415.7	**399.4**

In millions of euros

In the business year 2018/19, operating income of EUR 88.3 million (2017/18: EUR 89.2 million) from the sale of products not generated in the course of the Group's ordinary activities is included in other operating income.

4. OTHER OPERATING EXPENSES

	2017/18	2018/19
Taxes other than income taxes	17.6	16.3
Losses on disposal of property, plant and equipment	3.4	4.0
Currency losses	184.2	146.2
Expenses from the valuation of derivatives	10.0	7.8
Losses from deconsolidation	0.0	0.1
Other operating expenses	198.4	335.8
	413.6	**510.2**

In millions of euros

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

	2017/18	2018/19
Income from associates	14.3	13.2
Expenses from associates	0.0	0.0
Income from joint ventures	0.9	0.7
Expenses from joint ventures	0.0	0.0
	15.2	**13.9**

In millions of euros

Income from associates is primarily attributable to METALSERVICE S.P.A., APK-Pensionskasse AG, and Kocel Steel Foundry Co., Ltd. All income from entities consolidated according to the equity method in the business year 2018/19 concerns the pro-rated annual profit.

6. FINANCE INCOME

	2017/18	2018/19
Income from investments	14.0	3.5
Income from other securities and loans	6.1	4.0
Other interest and similar income	16.2	19.7
Income from the disposal and revaluation of financial assets and securities classified as current assets	8.3	9.1
	44.5	**36.3**

In millions of euros

7. FINANCE COSTS

	2017/18	2018/19
Expenses from the disposal and valuation of securities	4.1	3.4
Other expenses	0.5	0.0
Other interest and similar expenses	177.4	166.7
	182.0	**170.1**

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).

	2017/18	2018/19
Current tax expense	**227.5**	**153.8**
Effective tax expense	234.4	168.6
Adjustments of taxes from previous periods	–8.7	–14.1
Recognition of tax losses from previous periods	1.8	–0.7
Deferred tax expense	**–10.4**	**33.3**
Origination/reversal of temporary differences	–20.6	29.9
Adjustments of taxes from previous periods	7.2	8.6
Impact of changes in tax rates	10.2	2.2
Recognition of tax losses from previous periods	–7.2	–7.4
	217.1	**187.1**

In millions of euros

The effects of the changes in tax rates in the amount of EUR 2.2 million (2017/18: EUR 10.2 million) concern solely foreign taxes. The actual tax expense was reduced by the income tax effect of EUR –7.5 million from hybrid capital payments (2017/18: EUR –7.5 million).

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

	2017/18		2018/19	
Profit before tax		**1,042.5**		**645.7**
Income tax expense using the Austrian corporate tax rate	25.0%	260.6	25.0%	161.4
Difference to foreign tax rates	0.1%	1.4	–0.5%	–3.6
Non-taxable income and expenses	–1.8%	–19.2	–3.8%	–24.5
Non-taxable income from investments	–0.5%	–4.8	–0.7%	–4.4
Effects of depreciation of investments and utilization of previously unincluded loss carryforwards and non-recognition of loss carryforwards	–4.1%	–43.0	1.5%	9.6
Taxes from previous periods	–0.1%	–1.5	–0.9%	–5.5
Hybrid capital	–0.7%	–7.5	–1.2%	–7.5
Other differences	3.0%	31.1	9.6%	61.6
Effective Group tax rate (%)/income tax expense	**20.8%**	**217.1**	**29.0%**	**187.1**

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	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 April 1, 2017	**1,856.1**	**3,718.6**	**312.2**	**485.0**	**6,371.9**
Gross carrying amount	3,385.8	11,650.4	1,224.9	591.5	16,852.6
Accumulated depreciation and impairment	−1,645.2	−8,022.5	−901.3	−1.5	−10,570.5
Carrying amount as of March 31, 2018	**1,740.6**	**3,627.9**	**323.6**	**590.0**	**6,282.1**
Gross carrying amount	3,531.9	12,396.8	1,310.8	519.7	17,759.2
Accumulated depreciation and impairment	−1,722.4	−8,504.9	−949.2	−2.5	−11,179.0
Carrying amount as of March 31, 2019	**1,809.5**	**3,891.9**	**361.6**	**517.2**	**6,580.2**

In millions of euros

The reconciliation of the carrying amounts of the property, plant and equipment for the periods presented in the Consolidated Financial Statements as of March 31, 2019, is as follows:

	Land, land rights, and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction	Total
Carrying amount as of April 1, 2017	**1,856.1**	**3,718.6**	**312.2**	**485.0**	**6,371.9**
Changes in the scope of Consolidated Financial Statements	2.0	1.6	0.1	0.0	3.7
Additions	61.9	259.3	80.0	460.4	861.6
Transfers	–30.0	345.2	16.9	–335.6	–3.5
Disposals	–5.1	–4.5	–1.6	–2.0	–13.2
Depreciation	–84.5	–538.1	–77.9	0.0	–700.5
Impairment losses	–6.4	–15.1	–0.7	0.0	–22.2
Reversal of impairment losses	0.1	0.0	0.0	0.0	0.1
Net exchange differences	–53.5	–139.1	–5.4	–17.8	–215.8
Carrying amount as of March 31, 2018	**1,740.6**	**3,627.9**	**323.6**	**590.0**	**6,282.1**
Changes in the scope of Consolidated Financial Statements	0.0	0.1	0.0	0.0	0.1
Additions	67.0	447.1	92.4	373.1	979.6
Transfers	82.7	326.3	31.3	–446.5	–6.2
Disposals	–14.4	–4.5	–2.1	–7.1	–28.1
Depreciation	–84.8	–568.1	–84.2	–0.9	–738.0
Net exchange differences	18.4	63.1	0.6	8.6	90.7
Carrying amount as of March 31, 2019	**1,809.5**	**3,891.9**	**361.6**	**517.2**	**6,580.2**

In millions of euros

As of March 31, 2019, restrictions on the disposal of property, plant and equipment were EUR 0.6 million (March 31, 2018: EUR 4.0 million). Furthermore, as of March 31, 2019, commitments for the purchase of property, plant and equipment were EUR 439.3 million (March 31, 2018: EUR 398.1 million).

Borrowing costs related to qualifying assets in the amount of EUR 3.8 million (2017/18: EUR 6.2 million) were capitalized in the reporting period. The calculation was based on an average borrowing rate of 2.0% (2017/18: 2.4%).

The disposals of land, land rights, and buildings include EUR 13.3 million in assets held for sale.

As of March 31, 2019, the gross carrying amount and accumulated depreciation of investment properties (IAS 40) included afore are as follows:

	03/31/2018	03/31/2019
Gross carrying amount	22.1	2.6
Accumulated depreciation and impairment	–8.5	–2.3
Carrying amount	**13.6**	**0.3**

In millions of euros

The following table shows the reconciliation of the carrying amounts of investment properties for the periods presented in the Consolidated Financial Statements as of March 31, 2019:

	2017/18	2018/19
Carrying amount as of April 1	**14.7**	**13.6**
Transfers	–1.1	0.0
Disposals	0.0	–13.3
Net exchange differences	0.0	0.0
Carrying amount as of March 31	**13.6**	**0.3**

In millions of euros

Investment properties are measured at cost. Depreciation is recognized in line with the general accounting policies for property, plant and equipment. Based on comparable sales transactions, the fair value of these assets is estimated at EUR 0.3 million (March 31, 2018: EUR 24.8 million). Rental income and expenses for investment properties are immaterial.

In the business year 2018/19, the Management Board resolved and the Supervisory Board approved the sale of undeveloped properties in Meerbusch, Germany, not required for operating purposes. This led to negotiations with several interested parties. The sale is in line with the strategy of selling assets not required for operating purposes. These properties will probably be sold within 12 months. The sale proceeds are expected to substantially exceed the carrying amounts of the properties, with the result that no impairment losses were recognized on these properties at the time they were classified as held for sale. The properties are allocable to the High Performance Metals Division and are shown separately in the statement of financial position.

The carrying amount for each asset class under finance leases included in property, plant and equipment is 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		
2017/18						
Gross carrying amount	49.9	31.1	6.3	0.0	1.0	88.3
Accumulated depreciation and impairment	−22.0	−25.1	−4.3	0.0	−1.0	−52.4
Carrying amount	**27.9**	**6.0**	**2.0**	**0.0**	**0.0**	**35.9**
2018/19						
Gross carrying amount	39.5	13.2	6.9	0.0	0.0	59.6
Accumulated depreciation and impairment	−17.7	−11.9	−5.3	0.0	0.0	−34.9
Carrying amount	**21.8**	**1.3**	**1.6**	**0.0**	**0.0**	**24.7**

In millions of euros

The terms and present value of the minimum finance lease payments are as follows:

	Minimum finance lease payments		Discounts on finance lease payments		Present value of the minimum finance lease payments	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Less than one year	14.2	8.5	−0.8	−0.6	13.3	7.9
Between one and five years	4.3	7.6	−1.0	−0.7	3.3	6.9
More than five years	5.4	0.5	−0.1	0.0	5.3	0.5
	23.9	**16.6**	**−1.9**	**−1.3**	**21.9**	**15.3**

In millions of euros

The most significant finance leases for buildings and production plants have a remaining term of five years. The Group has the option in this connection to purchase the plants at the end of a contractually agreed period or to exercise the given contract renewal option.

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 have the following terms:

	2017/18	2018/19
Less than one year	47.9	47.3
Between one and five years	113.8	116.8
More than five years	60.3	42.9
	222.0	**207.0**

In millions of euros

Payments of EUR 64.3 million (2017/18: EUR 62.7 million) under operating leases have been recognized as expenses.

The most significant operating leases concern land and buildings with minimum lease terms of up to 50 years subject, in some cases, to termination options on the part of voestalpine companies and, in certain cases, to renewal options. Purchase options at fair value are available at the end of the lease term. 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 classification

	2017/18	2018/19
Cost of sales	672.2	702.4
Distribution costs	29.1	32.9
Administrative expenses	28.0	29.1
Other operating expenses	44.8	20.7
	774.1	**785.1**

In millions of euros

Impairment losses and reversal of impairment losses
In the previous year, the cash generating unit of the Metal Engineering Division that produces special drawn wire (ultrafine wire) recognized impairment losses of EUR 12.2 million on property, plant and equipment as well as of EUR 3.5 million on intangible assets, for a total of EUR 15.7 million, in other operating expenses due to negative sales-related developments, the resulting adjustment of the division's strategic alignment, and lowered earnings forecasts. These impairment losses contrast with reversals of investment grants in the amount of EUR 0.8 million. The recoverable amount (value in use) of these assets was EUR 31.5 million. A pre-tax discount rate of 7.88% was applied.

Also in the previous year, write-downs of EUR 10.1 million were taken on property, plant and equipment in other operating expenses for the Brazilian CGU of the High Performance Metals Division—whose largest export market is the United States—due to the Section 232 restrictions that the US has placed on exports and the ensuing uncertainties. The recoverable amount (value in use) for this CGU was EUR 197.9 million (translated at the end of period exchange rate). The discount rates applied were between 8.19% and 16.95% before tax.

10. GOODWILL

	03/31/2017	03/31/2018	03/31/2019
Gross carrying amount	1,561.8	1,558.2	1,560.6
Impairment	−12.3	−12.3	−12.3
Carrying amount	**1,549.5**	**1,545.9**	**1,548.3**

In millions of euros

The following table shows the reconciliation of the carrying amounts of goodwill for the periods presented in the Consolidated Financial Statements as of March 31, 2019:

	Goodwill
Carrying amount as of April 1, 2017	**1,549.5**
Additions	0.3
Disposals	0.0
Net exchange differences	–3.9
Carrying amount as of March 31, 2018	**1,545.9**
Additions	0.0
Net exchange differences	2.4
Carrying amount as of March 31, 2019	**1,548.3**

In millions of euros

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

Goodwill is allocated to the following CGUs or groups of CGUs:

	2017/18	2018/19
Total Steel Division	**160.1**	**160.1**
HPM Production	378.8	378.8
Value Added Services	311.2	313.5
Total High Performance Metals Division	**690.0**	**692.3**
Steel	25.8	25.8
Wire Technology	7.1	7.1
Railway Systems	154.3	154.4
Tubulars	67.1	67.1
Welding Consumables	172.5	172.5
Total Metal Engineering Division	**426.8**	**426.9**
Tubes & Sections	70.0	70.0
Automotive Components	84.0	84.0
Precision Strip	103.8	103.8
Warehouse & Rack Solutions	11.2	11.2
Total Metal Forming Division	**269.0**	**269.0**
voestalpine Group	**1,545.9**	**1,548.3**

In millions of euros

As regards 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 of each year 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 expanded by sectoral planning assumptions. Intra-Group evaluations are supplemented by external market studies. The determination of the perpetual annuity is based on country-specific growth figures derived from external sources. The capital costs are calculated as the weighted average cost of equity and borrowings using the capital asset pricing model (weighted average cost of capital – WACC). The parameters used for determining WACC are established on an objective basis.

The following estimates and assumptions were used to measure the recoverable amounts of CGUs or groups of CGUs that account for a significant portion of the voestalpine Group's total goodwill:

The **Steel Division** focuses on the production and processing of steel products for the automotive, white goods, electrical, processing as well as energy and engineering industries. The five-year, medium-term business plan for the Steel Division was prepared, for one, 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, for another, taking into account expected steel consumption.[2] EUROFER anticipates slight growth in the demand for steel, especially in the construction industry. The CRU index is also taken into account in the planning for flat steel products.

Some quality-related adjustments were made in response to positive feedback from individual customer segments. The production plan reflects the sales forecasts. As regards procurement, the planning was based on assumptions concerning raw materials derived from global market forecasts (e.g. Platts price assessments). Based on these assumptions, the gross margin is expected to hold steady in the medium term.

The fifth plan year was used to calculate the perpetual annuity based on an expected growth rate of 1.40% (2017/18: 1.43%). The pre-tax WACC is 8.35% (2017/18: 8.35%).

The five-year, medium-term business plan for the **High Performance Metals Division** and its two units to which goodwill has been allocated—High Performance Metals (HPM) Production and Value Added Services—was based on 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 on the growth forecasts for the regional sales markets of its core markets, in particular, the eurozone, the USA, China, and Brazil (based on the voestalpine Macroeconomic Report[6] and Eurostat[7]).

HPM Production bundles seven production locations around the world. Its production activities cover a highly complex and highly demanding range of production: tool steel, high-speed steel, valve steel, high-grade engineering steel, powder-metallurgical steel, powder for additive manufacturing, special steels, and nickel-based alloys. Product manufacturing ranges from smelting to transforming (rolling, forging, hot-rolled, and cold-rolled strips) all the way to heat treatment and processing; add to that the fulfilment of the properties and specifications required by customers. The processing companies produce plate, profiles, and forged parts made of titanium alloys, nickel-based alloys as well as high, medium, and low-grade alloyed steels.

[1] World Economic Outlook, IMF
[2] EUROFER—the European Steel Association
[3] LMC Automotive Q3 2018, HIS Automotive—global light vehicle production forecast
[4] IEA Energy Statistics & Wood Mackenzie
[5] Oxford Economics
[6] voestalpine Macroeconomic Report
[7] Eurostat

The internal forecasts and estimates for HPM Production—particularly with regard to the components business that targets sophisticated metallurgical applications in the aerospace, oil and gas, energy engineering, and automotive industries—rely on external sources of information and are largely consistent with them. A moderate trend is forecast for the automotive segment. The recovery of the oil and gas segment has been incremental. The aerospace industry should again see a positive trend, with market momentum 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 alloy prices can be passed on to customers in part. The final plan year was used to calculate the perpetual annuity based on a growth factor of 1.78% (2017/18: 1.78%). The pre-tax WACC is 9.75% (2017/18: 10.19%).

In the **Value Added Services** business segment, the continued systematic expansion of services in the planning period will lead to greater customer loyalty and deeper value creation. Further emphases were already 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. Moreover, an all-out effort is being undertaken in coordination with the powder strategy of the HPM Production unit to turn additive manufacturing into the division's core competence. Ongoing activities will additionally focus on the systematic continuation of tried and tested cost-savings and optimization programs as well as on new initiatives, especially in the area of process digitalization. This will lead to higher revenue and a positive gross margin trend in the planning period. Changes in the cost of materials due to alloy prices can also be passed on to the market in part by way of so-called "alloy surcharges." The perpetual annuity begins with the fifth plan year and is based on a growth factor of 1.79% (2017/18: 1.71%). The pre-tax WACC is 9.98% (2017/18: 10.21%).

The Rail Technology and Turnout Systems business segments were combined in the **Railway Systems** business segment as of April 1, 2018. The Group's expertise as the leading provider of high-quality rails, high-tech turnouts, and digital monitoring systems as well as related services were brought together under this roof to help further expand its global presence as a provider of complete railway infrastructure systems. The medium-term planning for Railway 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 individual regions.[2] As regards the development of material factor costs, 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 will be kept relatively constant over the planning period and that potential fluctuations in individual markets will balance each other out due to the business segment's global reach. The perpetual annuity begins with the fifth plan year. The growth rate extrapolated in the cash flows is 1.60%. The pre-tax WACC is 8.24%. A growth rate of 1.72% and a pre-tax WACC of 9.05% were posited for the Turnout Systems business segment reported in the previous year.

[1] UNIFE Annual Report 2016
[2] World Economic Outlook, IMF

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, particularly alloys, are derived from current quoted market prices as well as available forecasts. Both volume growth and a slight increase in the gross margin are anticipated for the planning period, given the organizational measures and optimization programs—which have been initiated, are being implemented, and will be pushed systematically during the planning period too—as well as pertinent market forecasts. The discounted cash flow method used in the impairment tests is applied using a perpetual annuity based on the last planning period. A growth factor of 1.52% (2017/18: 1.51%) was applied to calculate the perpetual annuity. The pre-tax WACC is 8.11% (2017/18: 8.46%).

The cash flow forecasts for **Automotive Components** are based on the medium-term market growth and production forecasts for the global automotive market based on 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—the European premium manufacturers. Internal estimates reflect the business segment's internationalization and growth strategy of the Automotive Components segment. External indicators and market dynamics were adjusted in line with the current model portfolio of Automotive Components customers. Furthermore, customer-specific information regarding medium-term outlooks and sales projections served as sources for the sales planning of 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 1.52% (2017/18: 1.37%). The pre-tax WACC is 9.19% (2017/18: 9.37%).

Precision Strip specializes in the production of globally available, technologically complex cold-rolled strip steel products with precise dimensional accuracy, excellent 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 taking into account the general regional parameters in the core markets and reflects the general economic environment of the industry segments that are key to the given entities. Current market conditions are characterized by stiff competition and strong 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 generally adjusted very slightly downward. These external forecasts are country-specific figures for expected economic growth (GDP forecasts)[3] that were supplemented by industry-specific experience in the relevant markets for the perspective product segments. Customer-specific information regarding 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 1.38% (2017/18: 1.40%). The pre-tax WACC is 9.01% (2017/18: 9.17%).

[1] World Economic Outlook, IMF
[2] LMCA GAPF Data
[3] World Economic Outlook, IMF

The impairment tests confirmed the value of all goodwill. A sensitivity analysis of the aforementioned units to which goodwill has been allocated shows that all carrying amounts with two exceptions (High Performance Metals Production and Welding Consumables) would still be covered if the interest rate were to rise by one percentage point and thus that there is no need to recognize an impairment loss. Furthermore, the cash flow sensitivity analysis has shown that, if the cash flows are reduced by 10%, all carrying amounts (with the exception of Welding Consumables) are still covered and that there is no need to recognize an impairment loss. A combined sensitivity analysis of the aforementioned units to which goodwill has been allocated has shown that, if the discount rate is raised by one percentage point and the cash flow reduced by 10%, the carrying amounts (with the exception of High Performance Metals Production and Welding Consumables) are still covered.

The following table shows the excess of the carrying amount over the recoverable value as well as the amount by which both major assumptions would have to change for the estimated recoverable amount to be equal to the carrying amount:

HIGH PERFORMANCE METALS PRODUCTION

	2017/18	2018/19
Excess of carrying amount over recoverable amount in millions of euros	380.3	240.2
Discount rate in %	1.4	0.8
Cash flow in %	–16.3	–10.5

WELDING CONSUMABLES

	2017/18	2018/19
Excess of carrying amount over recoverable amount in millions of euros	25.9	46.3
Discount rate in %	0.3	0.6
Cash flow in %	–5.5	–9.3

11. OTHER INTANGIBLE ASSETS

	Brands	Other	Advance payments or payments in progress	Total
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 April 1, 2017	**196.7**	**172.7**	**50.0**	**419.4**
Gross carrying amount	227.6	1,349.3	34.9	1,611.8
Accumulated amortization and impairment	–36.6	–1,179.2	0.0	–1,215.8
Carrying amount as of March 31, 2018	**191.0**	**170.1**	**34.9**	**396.0**
Gross carrying amount	227.6	1,362.6	49.2	1,639.4
Accumulated amortization and impairment	–42.3	–1,202.0	0.0	–1,244.3
Carrying amount as of March 31, 2019	**185.3**	**160.6**	**49.2**	**395.1**

In millions of euros

The “Brands” column contains brands with an indefinite useful life in the amount of 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 an unlimited useful life

The following CGUs and groups of CGUs contain brands with an indefinite useful life:

	2017/18	2018/19
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 trademarks are expected to generate cash flows is not subject to a foreseeable limit. Hence trademarks are not subject to wear and tear and are not amortized. No impairments have arisen.

The following table shows the reconciliation of the carrying amounts of the other intangible assets for the periods presented in the Consolidated Financial Statements as of March 31, 2019:

	Brands	Other	Advance payments or payments in progress	Total
Carrying amount as of April 1, 2017	**196.7**	**172.7**	**50.0**	**419.4**
Changes in the scope of Consolidated Financial Statements	0.0	0.2	0.0	0.2
Additions	0.0	18.3	10.8	29.1
Transfers	0.0	29.3	–25.9	3.4
Disposals	0.0	–0.1	0.0	–0.1
Amortization	–5.7	–42.1	0.0	–47.8
Impairment losses	0.0	–3.5	0.0	–3.5
Net exchange differences	0.0	–4.7	0.0	–4.7
Carrying amount as of March 31, 2018	**191.0**	**170.1**	**34.9**	**396.0**
Changes in the scope of Consolidated Financial Statements	0.0	0.9	0.0	0.9
Additions	0.0	13.8	17.0	30.8
Transfers	0.0	8.5	–2.5	6.0
Disposals	0.0	0.0	–0.2	–0.2
Amortization	–5.7	–41.4	0.0	–47.1
Impairment losses	0.0	0.0	0.0	0.0
Reversal of impairment losses	0.0	6.9	0.0	6.9
Net exchange differences	0.0	1.8	0.0	1.8
Carrying amount as of March 31, 2019	**185.3**	**160.6**	**49.2**	**395.1**

In millions of euros

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

As of March 31, 2019, commitments for the acquisition of intangible assets were EUR 0.1 million (March 31, 2018: EUR 0.2 million). Additions to “Advance payments or payments in progress” contain EUR 13.8 million (March 31, 2018: EUR 8.0 million) in capitalized development costs for a software project intended to map cross-company business processes and business processes that have been harmonized across the Steel Division. The carrying amount in the other intangible assets as of March 31, 2019, is EUR 89.0 million (March 31, 2018: EUR 82.3 million), and the expected useful life is ten years.

Impairment losses and reversal of impairment losses
In the business year 2018/19, the Metal Engineering Division recognized EUR 6.9 million in reversals of impairment losses (2017/18: EUR 0.0 million) on intangible assets in other operating income for a CGU that engages in the production of seamless tubes. The recoverable amount of these assets is EUR 32.5 million. The discount rates applied are between 6.15% and 7.38% before tax.

In the previous year, the CGU of the Metal Engineering Division that produces special drawn wire (ultra-fine wire) recognized impairment losses of EUR 3.5 million on intangible assets in other operating expenses. Detailed information on this impairment is contained in Note 9. Property, plant and equipment.

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

	Investments in affiliates	Investments in associates	Investments in joint ventures	Other investments and shares in companies	Securities	Loans	Advance payments	Total
Gross carrying amount	14.3	109.6	3.8	55.0	2.1	17.9	0.1	202.8
Accumulated depre-ciation/revaluation	–6.0	–0.4	0.0	–17.0	0.3	–0.7	0.0	–23.8
Carrying amount as of April 1, 2017	8.3	109.2	3.8	38.0	2.4	17.2	0.1	179.0
Gross carrying amount	14.1	114.4	4.6	47.9	1.1	6.7	0.2	189.0
Accumulated depre-ciation/revaluation	–6.5	–0.5	0.0	–12.0	0.3	–0.7	0.0	–19.4
Carrying amount as of March 31, 2018	7.6	113.9	4.6	35.9	1.4	6.0	0.2	169.6
Gross carrying amount	23.4	120.5	4.5	47.9	0.9	2.7	0.2	200.1
Accumulated depre-ciation/revaluation	–12.4	–0.7	0.0	–11.9	0.3	–0.5	0.0	–25.2
Carrying amount as of March 31, 2019	**11.0**	**119.8**	**4.5**	**36.0**	**1.2**	**2.2**	**0.2**	**174.9**

In millions of euros

The following table shows the reconciliation of the carrying amounts of investments in entities consolidated according to the equity method, other financial assets, and other shares in companies for the periods presented in the Consolidated Financial Statements as of March 31, 2019:

	Investments in affiliates	Investments in associates	Investments in joint ventures	Other investments and shares in companies	Securities	Loans	Advance payments	Total
Carrying amount as of April 1, 2017	**8.3**	**109.2**	**3.8**	**38.0**	**2.4**	**17.2**	**0.1**	**179.0**
Changes in the scope of Consolidated Financial Statements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additions	0.1	14.3	0.9	0.0	0.0	0.1	0.1	15.5
Transfers	0.0	0.0	0.0	0.0	0.0	–0.1	0.0	–0.1
Disposals	–0.3	–8.1	0.0	–2.1	–1.1	–11.1	0.0	–22.7
Depreciation/ impairment	–0.5	–0.1	0.0	0.0	0.0	0.0	0.0	–0.6
Revaluation	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1
Net exchange differences	0.0	–1.4	–0.2	0.0	0.0	–0.1	0.0	–1.7
Carrying amount as of March 31, 2018	**7.6**	**113.9**	**4.6**	**35.9**	**1.4**	**6.0**	**0.2**	**169.6**
Changes in the scope of Consolidated Financial Statements	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additions	0.4	13.3	0.8	0.0	0.0	0.5	0.0	15.0
Transfers	3.3	0.0	0.0	0.0	0.0	–0.1	0.0	3.2
Disposals	–0.3	–8.3	–1.0	0.0	–0.2	–4.2	0.0	–14.0
Depreciation/ impairment	0.0	–0.1	0.0	0.0	0.0	0.0	0.0	–0.1
Revaluation	0.0	0.0	0.0	0.1	0.0	0.0	0.0	0.1
Net exchange differences	0.0	1.0	0.1	0.0	0.0	0.0	0.0	1.1
Carrying amount as of March 31, 2019	**11.0**	**119.8**	**4.5**	**36.0**	**1.2**	**2.2**	**0.2**	**174.9**

In millions of euros

Loans granted comprise the following items:

	03/31/2017	03/31/2018	03/31/2019
Loans to affiliates	0.5	0.3	0.1
Other loans	10.9	5.3	2.0
Other receivables from financing	5.8	0.4	0.1
	17.2	**6.0**	**2.2**

In millions of euros

13. DEFERRED TAXES

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

	Deferred tax assets		Deferred tax liabilities	
	03/31/2018	03/31/2019	03/31/2018	03/31/2019
Non-current assets	37.4	52.5	250.3	304.3
Current assets	66.5	104.8	91.9	154.7
Non-current provisions and liabilities	205.2	231.5	48.8	42.8
Current provisions and liabilities	32.2	51.8	22.0	31.7
Losses carried forward	154.8	192.9	0.0	0.0
	496.1	**633.5**	**413.0**	**533.5**
Intercompany profit elimination (netted)	28.1	24.8	0.0	0.0
Hidden reserves (netted)	0.0	0.0	97.3	91.0
Acquisition-related tax credit	54.2	36.1	0.0	0.0
Other	20.4	18.6	0.0	1.6
Netting of deferred taxes owed to the same tax authority	–402.7	–515.6	–402.7	–515.6
Net deferred taxes	**196.1**	**197.4**	**107.6**	**110.5**

In millions of euros

As of April 1, 2018, the tax effects of the initial application of IFRS 15 (Revenue from Contracts with Customers) increased the deferred tax assets by EUR 4.7 million (non-current assets) and the deferred tax liabilities by EUR 2.7 million (non-current assets).

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

Deferred tax assets on losses carried forward in the amount of EUR 192.9 million (March 31, 2018: EUR 154.8 million) were recognized. As of March 31, 2019, unused tax losses of approximately EUR 507.6 million (corporate income tax) (March 31, 2018: approximately EUR 303.3 million), for which no deferred tax asset has been recognized, are available. Approximately EUR 67.9 million in tax loss carryforwards (corporate income tax) will expire by 2029.

Deferred tax assets of EUR 86.9 million (previous year: EUR 84.5 million)—which are instrumental to the recognition of future taxable income in excess of the effects on earnings from the reversal of taxable temporary differences—were recognized for Group companies that incurred a tax loss in the reporting or previous business year. The recognized amount is based on the tax-related budgetary accounting for the respective company or tax group.

No deferred tax liabilities are shown for EUR 2,349.3 million (March 31, 2018: EUR 2,315.0 million) in taxable temporary differences from investments in subsidiaries, joint ventures, and associates, because the parent company can control the timing of the reversal of the temporary differences and because no reversal of the temporary differences is expected for the foreseeable future.

The change in the difference between deferred tax assets and deferred tax liabilities is EUR –3.6 million (March 31, 2018: EUR –5.8 million). This basically corresponds to the deferred tax expense of EUR –33.3 million (March 31, 2018: deferred tax income of EUR 10.4 million); to the change in deferred tax assets recognized in other comprehensive income in the amount of EUR 27.6 million (March 31, 2018: EUR –9.5 million); to the change in deferred taxes due to differences from foreign currency translation in the amount of EUR 2.4 million (March 31, 2018: EUR –5.3 million); and to the change in deferred taxes from initial consolidation and deconsolidation in the amount of EUR –0.3 million (March 31, 2018: EUR 0.0 million).

Additional disclosures pursuant to IAS 12.81 (ab):

	Change 2017/18	**03/31/2018**	**Change 2018/19**	**03/31/2019**
Deferred taxes on actuarial gains/losses	–7.2	150.4	26.6	177.0
Deferred taxes on cash flow hedges	–2.3	–2.9	1.0	–1.9
Total of deferred taxes recognized in other comprehensive income	**–9.5**	**147.5**	**27.6**	**175.1**

In millions of euros

14. INVENTORIES

	03/31/2018	03/31/2019
Raw materials and supplies	1,337.0	1,403.7
Work in progress	1,213.7	1,127.4
Finished goods	1,185.5	1,267.3
Merchandise	194.2	194.8
As yet unbillable services	16.9	9.2
Advance payments	51.1	50.6
	3,998.4	**4,053.0**

In millions of euros

The Consolidated Financial Statements contain write-downs to the lower net realizable value of EUR 155.7 million (March 31, 2018: EUR 135.5 million). The carrying amount of the inventories that have been written down to the lower net realizable value is EUR 605.2 million (March 31, 2018: EUR 458.3 million). As in the previous year, no inventories are pledged as security for liabilities as of March 31, 2019. An amount of EUR 7,195.4 million (March 31, 2018: EUR 6,935.7 million) has been recognized as cost of materials.

15. TRADE AND OTHER RECEIVABLES

	03/31/2018	Of which remaining term of more than 1 year	03/31/2019	Of which remaining term of more than 1 year
Trade receivables	1,330.2	0.4	1,249.2	1.2
Contract assets	0.0	0.0	266.0	3.7
Other receivables and other assets	442.8	18.7	506.1	44.2
Of which current tax assets	42.2		38.7	
	1,773.0	**19.1**	**2,021.3**	**49.1**

In millions of euros

As of April 1, 2018, contract assets are valued at EUR 214.5 million. Note 1. Revenue contains further information on the contract assets and liabilities.

16. CASH AND CASH EQUIVALENTS

	03/31/2018	03/31/2019
Cash on hand, cash at banks, checks	705.8	485.9

In millions of euros

17. EQUITY

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

As of March 31, 2019, the share capital is EUR 324,391,840.99 (March 31, 2018: EUR 320,394,836.99) and is divided into 178,549,163 (March 31, 2018: 176,349,163) no-par value bearer shares. All shares are fully paid in.

Under Article 4 (2a) of the Articles of Incorporation, the Management Board of voestalpine AG is authorized until June 30, 2019, to increase the company's share capital with the approval of the Supervisory Board by up to EUR 125,323,693.90 by issuing up to 68,979,665 shares (= 40%) in return for cash contributions—if necessary in several tranches (Authorized Capital 2014/I). The Management Board has not exercised this authorization up until now.

Under Article 4 (2b) of the Articles of Incorporation, the Management Board of voestalpine AG is authorized until June 30, 2019, to increase the company's share capital by up to EUR 31,330,923.02 with the approval of the Supervisory Board by issuing up to 17,244,916 shares (= 10%) in return for contributions in kind and/or in cash for the purpose of issuing 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 to exclude the shareholders' subscription right (i) if the capital increase is made in return for contributions in kind, i.e. if shares are issued for the purpose of acquiring companies, operations, or partial operations, or if shares are issued for one or more companies located in Austria or abroad; or (ii) if the capital increase is carried out 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 has utilized this authorization for the purpose of issuing shares to employees and executives of the company and of affiliated companies under the existent employee shareholding scheme three times:

» **Resolution dated March 9, 2015:** Increase of the share capital of voestalpine AG by issuing 2,500,000 new no-par value bearer shares and thus by 1.45%. This capital increase was recorded in the Commercial Register on April 25, 2015.

» **Resolution dated March 6, 2017:** Increase of the share capital of voestalpine AG by issuing 1,400,000 new no-par value bearer shares and thus by 0.8%. This capital increase was recorded in the Commercial Register on March 30, 2017.

» **Resolution dated December 3, 2018:** Increase of the share capital of voestalpine AG by issuing 2,200,000 new no-par value bearer shares and thus by approx. 1.25%. This capital increase was recorded in the Commercial Register on January 26, 2019.

Under Article 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%) to be issued to creditors of financial instruments as defined in Section 174 Austrian Stock Corporation Act *(Aktiengesetz – AktG)* (convertible bonds, income bonds, or participation rights); the Management Board was authorized to issue these shares at the Annual General Meeting on July 2, 2014 (Contingent Capital Increase). To date, the Management Board has not exercised the authorization granted on July 2, 2014, to issue financial instruments as defined in Section 174 Austrian Stock Corporation Act.

At the Annual General Meeting on July 5, 2017, the Management Board was authorized for a period of 30 months to repurchase treasury shares representing up to 10% of the respective share capital. The buyback price may not be more than 20% less than or 10% higher than the average closing price of the shares on the three market trading days prior to the buyback. 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 treasury shares, and share-based compensation.

Reserves for treasury shares include the deducted acquisition cost and/or the increase in equity from disposals of treasury shares at cost.

Retained earnings include the profit after tax less dividend distributions. When majority interests are increased or decreased, the difference between the acquisition cost of 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 provisions for severance payments and pension obligations are recognized directly and in full in retained earnings in the year in which they are incurred.

The translation reserve serves to cover 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, 2019, has changed as follows:

	Number of no-par value shares	Number of treasury shares	Number of shares outstanding
Balance as of April 1, 2017	**176,349,163**	**28,597**	**176,320,566**
Balance as of March 31, 2018	**176,349,163**	**28,597**	**176,320,566**
Additions	2,200,000		2,200,000
Balance as of March 31, 2019	**178,549,163**	**28,597**	**178,520,566**

Shares

Hybrid capital

In the fourth quarter of the business year 2012/13, voestalpine AG issued a new subordinate, undated EUR 500.0 million bond (Hybrid Bond 2013) 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 EUR 500.0 million; the bond was subsequently terminated and redeemed in full 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 is +4.93% from October 31, 2019, to October 31, 2024; and the 3-month EURIBOR is +4.93% plus a step-up of 1% starting from October 31, 2024. The Hybrid Bond 2013 may be called and redeemed by voestalpine AG, but not the creditors, for the first time on October 31, 2019. A total of EUR 30.0 million in interest payments on the Hybrid Bond 2013 was disbursed on October 31, 2018 (October 31, 2017: EUR 30.0 million).

As this instrument satisfies the equity criteria of IAS 32, 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 were EUR 2.8 million, less a tax effect of EUR 0.7 million. This results in the recognition of hybrid capital in the amount of EUR 497.9 million in equity.

Share-based compensation

As part of the practice of granting employees voestalpine shares in connection with the annual performance bonus, 83.7 thousand shares with a market value of EUR 4.0 million (2017/18: EUR 1.6 million) were removed from equity for this purpose, and 43.5 thousand shares with a value of EUR 1.1 million (2017/18: EUR 4.1 million) were added to equity.

18. PENSIONS AND OTHER EMPLOYEE OBLIGATIONS

	03/31/2018	03/31/2019
Provisions for severance payments	588.8	603.8
Provisions for pensions	439.9	513.6
Provisions for long-service bonuses	143.0	159.5
	1,171.7	**1,276.9**

In millions of euros

PROVISIONS FOR SEVERANCE PAYMENTS

	2017/18	2018/19
Present value of the defined benefit obligations (DBO) as of April 1	**605.7**	**588.8**
Service costs for the period	12.8	12.0
Past service costs	0.0	0.3
Interest costs for the period	9.3	10.1
Gains (–)/losses (+) on plan settlements	0.0	0.0
Changes in the scope of Consolidated Financial Statements	0.0	0.0
Severance payments	–33.7	–37.6
Actuarial gains (–)/losses (+) due to changes in financial assumptions	–12.5	18.9
Actuarial gains (–)/losses (+) due to changes in demographic assumptions	0.0	7.1
Actuarial gains (–)/losses (+) due to experience-based adjustments	7.2	4.2
Plan settlements	0.0	0.0
Other	0.0	0.0
Present value of the defined benefit obligations (DBO) as of March 31	**588.8**	**603.8**

In millions of euros

EUR 12.8 million (2017/18: EUR 9.7 million) in expenses were recognized in the income statement for defined contribution severance payments to external employee pension funds.

PROVISIONS FOR PENSIONS

	Present value of the DBO	Plan assets	Provisions for pensions
As of April 1, 2017	**783.7**	**–306.8**	**476.9**
Service costs for the period	9.7		9.7
Past service costs	–2.8		–2.8
Net interest for the period	14.7	–5.6	9.1
Return on plan assets (excluding amounts included in net interest)		–8.3	–8.3
Gains (–)/losses (+) on plan settlements/curtailments	–1.4		–1.4
Changes in the scope of Consolidated Financial Statements	0.0		0.0
Pension payments	–33.5	18.6	–14.9
Net exchange differences	–12.1	4.9	–7.2
Employer contributions/repayments		–1.9	–1.9
Employee contributions		–1.7	–1.7
Actuarial gains (–)/losses (+) due to changes in financial assumptions	–16.4		–16.4
Actuarial gains (–)/losses (+) due to changes in demographic assumptions	0.0		0.0
Actuarial gains (–)/losses (+) due to experience-based adjustments	–1.4		–1.4
Plan settlements	–0.1		–0.1
Other	3.1	–2.8	0.3
As of March 31, 2018	**743.5**	**–303.6**	**439.9**

In millions of euros

PROVISIONS FOR PENSIONS

	Present value of the DBO	Plan assets	Provisions for pensions
As of April 1, 2018	**743.5**	**–303.6**	**439.9**
Service costs for the period	9.5		9.5
Past service costs	–0.9		–0.9
Net interest for the period	15.1	–6.0	9.1
Return on plan assets (excluding amounts included in net interest)		5.9	5.9
Gains (–)/losses (+) on plan settlements/curtailments	0.0		0.0
Changes in the scope of Consolidated Financial Statements	0.0		0.0
Pension payments	–32.8	17.8	–15.0
Net exchange differences	2.5	–2.9	–0.4
Employer contributions/repayments		–2.0	–2.0
Employee contributions		–1.4	–1.4
Actuarial gains (–)/losses (+) due to changes in financial assumptions	33.6		33.6
Actuarial gains (–)/losses (+) due to changes in demographic assumptions	32.4		32.4
Actuarial gains (–)/losses (+) due to experience-based adjustments	3.0		3.0
Plan settlements	0.0		0.0
Other	–2.9	2.8	–0.1
As of March 31, 2019	**803.0**	**–289.4**	**513.6**

In millions of euros

The major plan asset categories for the periods presented in the Consolidated Financial Statements as of March 31, 2019, are as follows:

2017/18

Category	Assets with a quoted market price in an active market	Assets without a quoted market price in an active market	Total assets
Debt instruments	48.4%	0.3%	48.7%
Equity instruments	30.0%	0.0%	30.0%
Property	0.0%	2.4%	2.4%
Cash and cash equivalents	5.3%	0.1%	5.4%
Insurance contracts	0.0%	8.6%	8.6%
Other assets	4.8%	0.1%	4.9%
Total	**88.5%**	**11.5%**	**100.0%**

2018/19

Category	Assets with a quoted market price in an active market	Assets without a quoted market price in an active market	Total assets
Debt instruments	42.9%	1.4%	44.3%
Equity instruments	29.2%	0.0%	29.2%
Property	0.0%	3.0%	3.0%
Cash and cash equivalents	5.6%	0.1%	5.7%
Insurance contracts	0.0%	9.6%	9.6%
Other assets	8.2%	0.0%	8.2%
Total	**85.9%**	**14.1%**	**100.0%**

The plan assets include treasury shares with a fair value of EUR 0.9 million (March 31, 2018: EUR 1.8 million).

The average expected return is determined by the portfolio structure of the plan assets, empirical data, and estimates of future returns. The calculation of the provisions for pensions was based on an expected (average) interest rate of 2.0% on plan assets. The actual interest rate was 0.0%.

EUR 37.4 million (2017/18: EUR 28.6 million) in expenses were recognized in the income statement for defined contribution plans.

The sensitivity analysis of the key actuarial assumptions used to determine defined benefit obligations affects the DBO as follows:

SENSITIVITIES

	Interest rate		Salary/wage increases		Pension increases	
	+1.0%	**–1.0%**	**+0.5%**	**–0.5%**	**+0.25%**	**–0.25%**
Pensions	–13.3%	+16.8%	+0.8%	–0.7%	+2.9%	–2.8%
Severance payments	–9.9%	+11.8%	+5.5%	–5.1%		

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 instead by way of comprehensive analyses subject to variation of the parameters.

For the business year 2019/20, the expected contributions to the defined benefit plans are EUR 1.9 million.

The average, interest-weighted term of pension plans is 14.8 years, and 11.0 years for severance payments.

PROVISIONS FOR LONG-SERVICE BONUSES

	2017/18	2018/19
Present value of the long-service bonus obligations as of April 1	**143.8**	**143.0**
Service costs for the period	9.4	9.3
Interest costs for the period	2.2	2.5
Changes in the scope of Consolidated Financial Statements	0.0	0.0
Long-service bonus payments	–7.9	–10.3
Actuarial gains (–)/losses (+) due to changes in assumptions	–3.4	13.7
Actuarial gains (–)/losses (+) due to experience-based adjustments	–0.7	0.9
Other	–0.4	0.4
Present value of the long-service bonus obligations as of March 31	**143.0**	**159.5**

In millions of euros

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

	2017/18	2018/19
Service costs for the period and past service costs	29.1	30.2
Net interest for the period	20.6	21.7
Gains (–)/losses (+) on plan settlements/curtailments	–1.4	0.0
Actuarial gains (–)/losses (+) from long-service bonus obligations	–4.1	14.6
Expenses/revenue recognized in the income statement	**44.2**	**66.5**

In millions of euros

Net interest for the period is recognized in finance costs.

19. PROVISIONS

	Balance as of 04/01/2018	Changes in the scope of Consolidated Financial Statements	Net exchange differences	Use	Reversals	Transfers	Additions	Balance as of 03/31/2019
Non-current provisions								
Other personnel expenses	21.6	0.0	0.1	–2.8	–0.2	–7.9	3.2	14.0
Warranties and other risks	10.3	0.0	0.0	–1.8	–4.6	–0.3	2.5	6.1
Other non-current provisions	44.7	0.0	–0.3	–0.8	–1.4	7.0	98.0	147.2
	76.6	**0.0**	**–0.2**	**–5.4**	**–6.2**	**–1.2**	**103.7**	**167.3**
Current provisions								
Unused vacation entitlements	145.2	0.0	–0.1	–88.0	–0.1	0.2	97.0	154.2
Other personnel expenses	212.3	0.0	1.3	–184.8	–5.7	0.1	171.7	194.9
Warranties and other risks	49.4	0.0	0.6	–10.6	–10.9	0.4	16.6	45.5
Onerous contracts	31.1	0.0	0.0	–23.5	–1.1	0.0	31.0	37.5
Other current provisions	176.7	0.2	1.1	–96.8	–9.0	0.4	138.2	210.8
	614.7	**0.2**	**2.9**	**–403.7**	**–26.8**	**1.1**	**454.5**	**642.9**
	691.3	**0.2**	**2.7**	**–409.1**	**–33.0**	**–0.1**	**558.2**	**810.2**

In millions of euros

The provisions for personnel expenses mainly include incentive payments and bonuses. Provisions for warranties and other risks as well as for onerous contracts concern current operating activities. The other provisions mainly consist of provisions for sales commission; 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 amount that would be required to settle these obligations at the reporting date. The statistical measure is the expected value. In turn, this is based on the probability of an event occurring in the light of past experience.

Provisions for onerous contracts are recognized when the unavoidable cost of meeting the given contractual obligations exceed the expected revenue. Before recognizing separate provisions for an onerous contract, an entity recognizes an impairment loss on the assets associated with the given contract.

The provisions recognized in the annual financial statements 2017/18 in the amount of EUR 30.2 million for the matters in connection with the anti-trust proceedings relating to railway superstructure material as well as for the discontinuation of TSTG Schienen Technik GmbH & Co KG were reduced to EUR 26.3 million due to the use of these provisions in the business year 2018/19.

Entities of the High Performance Metals Division of the voestalpine Group were affected by proceedings of the German Federal Cartel Office *(Bundeskartellamt)* against companies that produce, process, or sell special steel products. These proceedings had already become public back in November 2015, following searches conducted at voestalpine's competitors. The proceedings of the German Federal Cartel Office were triggered by an application under the Leniency Notice submitted by voestalpine AG. As the principal witness, no fines were imposed on the voestalpine Group. No provisions were recognized in this regard in the current reporting period.

In the course of the current investigations of the German Federal Cartel Office against steel producers, a search was conducted in the offices of voestalpine in Linz, Austria, from September 12 to 14, 2017, at the behest of the German Federal Cartel Office. The search took place with the cooperation of Austrian authorities on suspicion of anti-competitive practices in the Heavy Plate segment. voestalpine AG is taking these allegations very seriously and is cooperating with the authorities. Provisions were set up in the reporting period for any potentially adverse financial effects.

Increases in provisions totaling EUR 0.6 million (2017/18: EUR 0.7 million) are included in the reporting period due to both accrued interest and changes in the discount rate.

20. FINANCIAL LIABILITIES

	Remaining term of up to 1 year		Remaining term of more than 1 year	
	03/31/2018	03/31/2019	03/31/2018	03/31/2019
Bonds and bank loans	1,189.4	1,009.9	2,714.0	2,594.3
Liabilities from finance leases	13.3	7.9	8.6	7.4
Liabilities to affiliates	12.0	11.0	0.0	0.0
Liabilities to other investments	1.2	0.4	0.0	0.0
Other financial liabilities	99.6	113.1	61.0	60.1
	1,315.5	**1,142.3**	**2,783.6**	**2,661.8**

In millions of euros

On October 5, 2012, voestalpine AG issued a corporate bond of EUR 500.0 million. The bond was redeemed on October 5, 2018. The outstanding principal of the bond accrued 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%.

In the business year 2018/19 (as in the previous year), there were no buybacks of corporate bonds.

21. TRADE AND OTHER PAYABLES

	03/31/2018	03/31/2019
Prepayments received on orders	76.5	0.0
Trade payables	1,412.5	1,487.8
Contract liabilities	0.0	114.5
Trade payables with reverse factoring agreements	43.6	5.7
Liabilities from bills of exchange accepted and drawn	620.3	702.6
Other liabilities from taxes	95.9	92.3
Other liabilities related to social security	49.9	51.9
Other liabilities	348.4	383.7
	2,647.1	**2,838.5**

In millions of euros

As of April 1, 2018, contract liabilities were EUR 92.3 million. Note 1. Revenue contains further information on contract assets and liabilities.

22. CONTINGENT LIABILITIES

	03/31/2018	03/31/2019
Liabilities from the issue and transfer of bills of exchange	1.4	2.1
Surety bonds and guarantees	0.5	0.6
	1.9	**2.7**

In millions of euros

The Austrian Federal Finance Court has directed a request for a preliminary ruling to the European Court of Justice (ECJ) with regard to the Austrian energy tax rebate (BFG 10/31/2014, RE/5100001/2014). The amendment of the Austrian Energy Tax Rebate Act in the Budget Accompanying Act 2011 *(Energieabgabenvergütungsgesetz mit dem Budgetbegleitgesetz 2011)*, applicable to periods after December 31, 2010, restricted the energy tax rebate to production companies. Subsequently, the question of whether this restriction, which may be deemed state aid, violated EU law was submitted to the ECJ for a preliminary ruling; this has actually been affirmed by the court (ECJ 7/21/2016, docket no. C-493/14, Dilly's Wellnesshotel GmbH). As a result, the restrictions pursued by the Budget Accompanying Act 2011 did not enter into force with legal effect and, therefore, service providers, in particular, can retroactively claim 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 this decision to the Higher Administrative Court, which forwarded the case anew to the ECJ in September 2017 (Resolution of September 14, 2017, EU 2017/0005 and 0006-1). The final applications of the advocate general were filed on February 14, 2019. To date, it is not known when the decision on the matter pending before the ECJ (C-585/17) will be handed down. 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 fund the business activities of the Group. The Group holds various financial assets, such as trade receivables, short-term deposits, and non-current investments, which arise directly from its business activities.

The Group also uses derivative financial instruments. They mainly include interest rate swaps, forward exchange transactions, and commodity swaps. These derivative financial instruments serve to hedge interest rate and currency risks as well as 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 the availability of the liquidity necessary for supporting the Group's business activities and maximizing shareholder value, the primary objective of its capital management is to ensure an adequate credit rating and a satisfactory equity ratio.

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

The target 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/EBITDA ratio may not exceed 3.0. All growth measures and capital market transactions are aligned with these ratios.

These two ratios developed as follows in the reporting period:

	03/31/2018	03/31/2019
Gearing ratio in %	45.7%	46.6%
Net financial debt to EBITDA ratio	1.5	2.0

Financial risk management – Corporate finance organization
Financial risk management also includes raw material risk management. Financial risk management is organized centrally with respect to policy-making power, strategy determination, and target definition. The existent policies include targets, principles, duties, and responsibilities for both Group Treasury and individual Group companies. In addition, they govern matters related to pooling; money markets; credit and securities management; currency, interest rate, liquidity, and commodity price risks; and the reporting system. Group Treasury, acting as a service center, is responsible for implementation. Three organizationally separate units are responsible for closing, processing, and recording transactions, which makes sure that a six-eyes principle is followed. Policies, policy compliance, and the conformity of business processes with the internal control system (ICS) 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 risk appetite is more on the low side. The strategy is aimed at achieving natural hedges and reducing fluctuations in cash flows and earnings. Market risks are largely hedged by means of derivative financial instruments.

To quantify interest rate risks, voestalpine AG uses both the interest rate exposure and the fair value risk as indicators. The interest rate exposure quantifies the impact of a 1% change in the market interest rate on interest income and/or interest expense. The fair value risk refers to the change in the fair values of interest-rate-sensitive items if the interest yield curve shifts simultaneously by 1%.

voestalpine AG uses the "@risk" approach to quantify currency risk. The maximum loss within one year is determined with a certainty of 95%. Risk is determined for the open position, which is defined as the budgeted quantity for the next 12 months less the quantity that has already been hedged. The variance/covariance approach is used to evaluate foreign currency risks.

Liquidity risk – Financing

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

The primary instrument for controlling liquidity risks is a precise financial plan that is submitted quarterly on a revolving basis by the operating entities directly to Group Treasury of voestalpine AG. The need for funds and bank credit lines are determined based on the consolidated results.

Working capital is financed by 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. Group Treasury deposits any residual liquidity with its principal banks. This makes it possible to lower the borrowing volume and optimize net interest income.

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

voestalpine AG carries securities and current investments as a capitalized liquidity reserve. As of March 31, 2019, freely disposable securities were EUR 182.2 million (March 31, 2018: EUR 388.1 million). Furthermore, cash and cash equivalents in the amount of EUR 485.9 million (March 31, 2018: EUR 705.8 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 700.0 million (2017/18: EUR 700.0 million) are available to bridge any economic downturns.

The sources of financing are managed pursuant to the principle that the Group must remain independent of banks. Hence financing is currently provided by approximately 20 different domestic and foreign banks. The capital market is also used as a source of financing. The following capital market transaction was effected in the business year 2017/18:

Issuance of a new Senior Bond 2017–2024	EUR 500.0 million

The following capital market transactions were effected in the business year 2018/19:

Issuance of new borrower's notes	EUR 300.0 million
Issuance of new borrower's notes	USD 320.0 million

In April 2019, voestalpine AG successfully placed a new EUR 500.0 million corporate bond issue with a coupon of 1.75% in the capital market for general corporate funding purposes. April 10, 2019, was the value date and start of official trading of the seven-year bond (ISIN AT0000A27LQ1).

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

LIABILITIES

	Due within 1 year		Due between 1 and 5 years		Due after more than 5 years	
	03/31/2018	**03/31/2019**	**03/31/2018**	**03/31/2019**	**03/31/2018**	**03/31/2019**
Bonds	459.0	0.0	395.4	396.7	496.8	497.2
Bank loans	730.4	1,009.9	1,640.2	1,293.7	181.6	406.7
Trade payables	1,455.6	1,487.5	0.4	0.3	0.0	0.0
Liabilities from finance leases	13.3	7.9	3.3	6.9	5.3	0.5
Liabilities from foreign currency hedges and commodity hedges	17.0	15.4	0.0	2.7	0.0	0.0
Thereof designated as hedge accounting	3.9	2.6	0.0	2.3	0.0	0.0
Liabilities from interest hedges (incl. cross currency swaps)	4.2	2.0	0.4	0.9	0.0	0.0
Thereof designated as hedge accounting	0.5	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	112.8	124.5	35.9	35.1	25.0	25.0
Total liabilities	**2,792.3**	**2,647.2**	**2,075.6**	**1,736.3**	**708.7**	**929.4**

In millions of euros

As estimated as of the reporting date, the following (prospective) interest expense corresponds to these existent liabilities:

	Due within 1 year		Due between 1 and 5 years		Due after more than 5 years	
	2017/18	2018/19	2017/18	2018/19	2017/18	2018/19
Interest on bonds	34.3	15.9	54.5	45.5	13.8	6.9
Interest on bank loans	42.2	54.1	61.0	113.4	11.4	24.7
Interest on liabilities from finance leases	0.8	0.6	1.0	0.7	0.1	0.0
Interest on interest hedges (incl. cross currency swaps)	7.8	13.0	8.8	10.3	0.0	0.0
Interest on other financial liabilities	1.8	1.9	4.6	3.9	1.5	0.8
Total interest expense	**86.9**	**85.5**	**129.9**	**173.8**	**26.8**	**32.4**

In millions of euros

Credit risk

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

The management of credit risks 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 being contingent on the bank's rating.

For the most part, cash and cash equivalents are deposited with banks whose credit ratings are good. They are generally invested for the short term. The associated credit risk thus is secondary.

BREAKDOWN OF INVESTMENTS AT FINANCIAL INSTITUTIONS BY RATING CLASS

	AAA	AA	A	BBB	<BBB/NR
Bonds	21.6	43.7	0.0	2.6	0.0
Money market investments excl. account credit balances	0.0	45.4	54.5	11.7	0.0
Derivatives[1]	0.0	8.4	15.9	2.3	1.8

[1] Only positive market value

In millions of euros

The credit risk associated with derivative financial instruments is limited to transactions with a positive fair value and, in this case, to the amount of the fair value. As a result, solely the positive fair value of the derivative transactions is counted against the limit. Derivatives are closed exclusively based on standardized master agreements for financial futures transactions.

The credit risk of the underlying transactions is minimized to a large degree through a large number of credit insurances and bankable securities (guarantees, letters of credit). The default risk related to the Group's remaining own risk is managed by way of defined credit assessment, risk evaluation, risk classification, and credit monitoring processes. The credit risk of the counterparties to financial contracts is managed by monitoring the given counterparties' credit ratings and changes in their credit default swap (CDS) levels on a daily basis.

Depending on both the customer structure and the line of business, financial assets are deemed to have been defaulted when they are more than 180 days past due or when it is no longer certain that they will be paid in full absent collateral sales.

Receivables are classified as financial assets with impaired credit ratings when specific indicators of impairment are present (in particular, substantial financial difficulties on the part of the debtor, default or late payments, heightened risk of insolvency). Receivables are written off (derecognized) when they become uncollectible (especially when the counterparty becomes insolvent). A write-up to the amortized cost is made if the reasons for the write-down no longer exist.

The maximum theoretical default risk equals the amount at which the receivables are recognized in the statement of financial position.

The expected loss rates are determined based on historical default rates in the past five years.

As most of the receivables are insured, the risk of bad debt losses may be considered minor. There is no concentration of default risks, because the customer portfolio is well diversified.

The gross carrying amounts and allowances for trade receivables and contract assets are as follows:

	2018/19
Gross carrying amount of trade receivables and contract assets	1,545.7
Less gross carrying amount of trade receivables and contract assets that are credit impaired	–62.4
Gross carrying amount of trade receivables and contract assets that are not credit impaired	**1,483.3**
Less portfolio value adjustments	–0.7
Net carrying amount of trade receivables and contract assets that are not credit impaired	**1,482.6**

In millions of euros

TRADE RECEIVABLES AND CONTRACT ASSETS THAT ARE PAST DUE BUT NOT CREDIT-IMPAIRED

	2018/19
Up to 30 days past due	165.0
31 to 60 days past due	47.9
61 to 90 days past due	21.8
91 to 120 days past due	11.0
More than 120 days past due	47.0
Total	**292.7**

In millions of euros

The loss allowances for trade receivables and contract assets that are credit impaired have developed as follows:

LOSS ALLOWANCE FOR RECEIVABLES THAT ARE CREDIT-IMPAIRED (INDIVIDUAL VALUE ADJUSTMENTS)

	2018/19
Opening balance as of April 1	**24.6**
Additions	11.4
Net exchange differences	–0.2
Changes in the scope of Consolidated Financial Statements	–0.4
Reversal	–3.7
Use	–2.0
Closing balance as of March 31	**29.7**

In millions of euros

LOSS ALLOWANCE FOR RECEIVABLES THAT ARE NOT CREDIT-IMPAIRED (PORTFOLIO VALUE ADJUSTMENTS)

	2018/19
Opening balance as of April 1	**1.2**
Change	–0.5
Closing balance as of March 31	**0.7**

In millions of euros

In the business year 2018/19, the portfolio value adjustments were not affected by any significant individual loss allowances.

Prior-year comparative information pursuant to IAS 39:

As of the reporting date, receivables of EUR 1,480.3 million were neither past due nor impaired.

The age structure of receivables that are past due but not yet impaired is presented below:

RECEIVABLES THAT ARE PAST DUE BUT NOT IMPAIRED

	2017/18
Up to 30 days past due	157.8
31 to 60 days past due	45.4
61 to 90 days past due	14.8
91 to 120 days past due	10.0
More than 120 days past due	31.8
Total	**259.8**

In millions of euros

The following individual loss allowances were recognized for the voestalpine Group's receivables during the reporting period:

INDIVIDUAL LOSS ALLOWANCES FOR RECEIVABLES

	2017/18
Gross value of impaired receivables	57.5
Opening balance as of April 1	**32.8**
Additions	5.8
Net exchange differences	–1.4
Changes in the scope of Consolidated Financial Statements	–0.1
Reversal	–8.2
Use	–4.3
Closing balance as of March 31	**24.6**
Net value of impaired receivables	32.9

In millions of euros

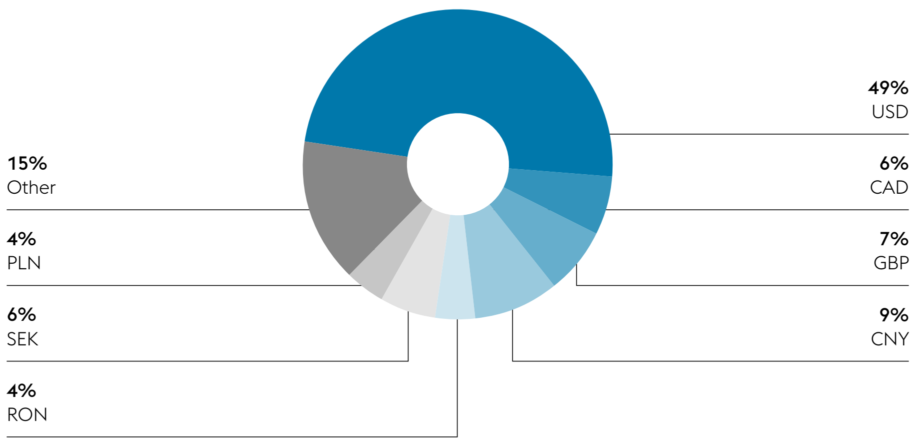
Currency risk
The largest currency position in the Group arises from raw materials purchases in USD; however, the global business activities of the voestalpine Group also give rise to currency exposures in various other currencies.

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 12 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 615.3 million in the business year 2018/19. The decrease compared to the previous year (USD 933.8 million) was due primarily to a reduction in the volume of raw materials purchases. The remaining foreign currency exposure, resulting primarily from exports to the "non-eurozone" and raw material purchases, is significantly lower than the USD risk.

Based on the Value-at-Risk (VaR) calculation, as of March 31, 2019, the risks for all open positions for the upcoming business year are as follows:

FOREIGN CURRENCY PORTFOLIO 2018/19



Undiversified	USD	GBP	SEK	RON	CNY	CAD	PLN	Other
Position[1]	–484.9	55.8	–49.0	41.6	40.1	37.4	30.1	67.4
VaR (95%/year)	67.8	7.2	5.2	2.7	5.6	5.4	3.6	20.0

[1] Unhedged planned positions for the business year 2019/20

In millions of euros

Taking into account the correlations between the different currencies, the resulting portfolio risk for the voestalpine Group is EUR 70.2 million (March 31, 2018: EUR 57.7 million).

Interest rate risks

voestalpine AG differentiates between cash flow risks (the risk that interest expenses or interest income will undergo a detrimental change) for variable-interest financial instruments and the 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 the interest expense subject to risk considerations. In order to achieve a natural hedge for interest-bearing positions, the modified duration of assets is closely linked to the modified duration of 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 14.2 million (2017/18: EUR 8.8 million).

The weighted average interest rate for asset positions is 0.61% (2017/18: 0.42%) with a duration of 0.40 years (2017/18: 0.70 years)—including money market investments—and 1.78% (2017/18: 1.82%) for liability positions with a duration of 2.01 years (2017/18: 1.77 years).

	Position[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	659.7	0.61%	0.40	0.57	–0.4	–5.7
Liabilities	3,768.1	1.78%	2.01	3.27	80.8	20.0
Net	–3,108.4				80.4	14.3

[1] In millions of euros
[2] Excluding revolving export loans of EUR 391.0 million

The net present value (NPV) risk determined using the Value-at-Risk calculation for March 31, 2019, is equal to EUR 0.0 million (March 31, 2018: EUR 0.3 million) for positions on the assets side, given a 1% change in the interest rate, and EUR 88.7 million (March 31, 2018: EUR 30.5 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 88.7 million (March 31, 2018: EUR 30.2 million).

The asset positions include EUR 129.6 million (March 31, 2018: EUR 337.0 million) in investments in the V54 fund of funds. One hundred percent of the fund assets are invested in euro or cash bonds and money market securities of the two sub-funds (V101 and V103) as well as in various special funds, as follows:

Funds

Sub-fund V101	EUR 54.4 million	with a duration of 1.11
Sub-fund V103	EUR 25.0 million	with a duration of 0.75
Special funds	EUR 50.0 million	(only included in V54)

In addition to the investment fund, there are also securities exposures in the amount of EUR 64.3 million (March 31, 2018: EUR 55.6 million).

In the business year 2018/19, the V54 fund of funds posted gains of 0.47% (2017/18: 0.44%).

Derivative financial instruments

In the business year 2018/19, hedge accounting in accordance with IFRS 9 (2017/18: in accordance with IAS 39) was used to hedge foreign currency cash flows, interest-bearing receivables and liabilities, and raw materials purchase agreements. In this connection, all transactions related to foreign currency and interest rate hedges are hedged in toto. Solely the commodity index component is hedged in connection with raw materials procurement contracts. A hedging ratio of 100% is stipulated in this connection. The hedges are cash flow hedges. Hedge accounting is only applied to a portion of the completed hedge transactions.

The following derivative financial instruments are classified as cash flow hedges:

	Nominal amount		Fair value			
			Assets		Liabilities	
	03/31/ 2018	03/31/ 2019	03/31/ 2018	03/31/ 2019	03/31/ 2018	03/31/ 2019
Cash flow hedge						
Foreign currency hedges	436.2	389.3	15.6	3.3	2.6	4.5
Interest rate hedges	253.7	0.0	0.0	0.0	0.5	0.0
Commodity hedges	23.6	88.5	0.3	9.2	1.4	0.4
Total	**713.5**	**477.8**	**15.9**	**12.5**	**4.5**	**4.9**

Line item in the statement of financial position that includes the hedging instrument	Change in the fair value used as the basis for recognizing hedge ineffectiveness	Ineffectiveness		Line item in the statement of comprehensive income that includes the ineffectiveness	Maturity	
	2018/19	2017/18	2018/19		03/31/ 2018	03/31/ 2019
Trade and other receivables (assets) Trade and other payables (liabilities)	−1.2	0.0	0.0		up to 4 years	up to 3 years
Trade and other payables (liabilities)	0.0	0.0	0.0		up to 1 year	
Trade and other receivables (assets) Trade and other payables (liabilities)	8.8	−0.1	0.0	Other operating expenses	up to 3 years	up to 2 years
	7.6	**−0.1**	**0.0**			

In millions of euros

The hedging volume is as follows:

	Nominal amount (in millions of euros) 03/31/2019	Quantity (ton) 03/31/2019	Average rate 03/31/2019
Cash flow hedge			
Foreign currency hedges			
USD	389.3		1.1674
Interest rate hedges			
Fixed interest rate	0.0		0.00
Commodity hedges	88.5	652,303	
Iron ore	28.9	454,961	63.57
Coking coal	31.5	185,012	170.03
Zinc	28.1	12,330	2,277.52
Total	**477.8**	**652,303**	

The following underlying transactions were hedged:

	Change in the value of the hedged item used as the basis for recognizing any ineffectiveness 03/31/2019	Cash flow hedge reserve 03/31/2019
Cash flow hedge		
Currency risk (future purchase and sale transactions)	1.2	–1.2
Interest rate risk (future interest payments)	0.0	0.0
Commodity price risk (future purchase and sale transactions)	–8.8	8.8
Total	**–7.6**	**7.6**

In millions of euros

The cash flow hedge reserve developed as follows:

CASH FLOW HEDGE

	2017/18	2018/19
Opening balance as of April 1	**1.6**	**8.7**
Hedging gains and losses recognized in other comprehensive income	14.2	–2.1
Foreign currency hedges	13.0	–10.9
Interest rate hedges	2.0	0.0
Commodity hedges	–0.8	8.8
Reclassification from other comprehensive income to profit or loss (financial result)	0.0	0.5
Interest rate hedges	0.0	0.5
Reclassification from other comprehensive income to non-financial assets	–4.8	–2.5
Foreign currency hedges	0.9	–3.4
Commodity hedges	–5.7	0.9
Deferred taxes on changes in the cash flow hedge reserve	–2.3	1.0
Closing balance as of March 31	**8.7**	**5.6**

In millions of euros

The following derivative financial instruments are measured at fair value. The associated gains/losses are posted in the income statement:

	Nominal amount		Fair value			
			Assets		Liabilities	
	31/03/2018	31/03/2019	31/03/2018	31/03/2019	31/03/2018	31/03/2019
Foreign currency hedges	1,027.6	849.0	3.9	2.3	11.9	13.1
Cross currency swaps	186.9	191.0	9.0	14.1	4.2	2.9
Commodity hedges	31.8	11.3	0.6	1.2	1.7	0.1
Total	**1,246.3**	**1,051.3**	**13.5**	**17.6**	**17.8**	**16.1**

In millions of euros

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

	Total contractual cash flows		Contractual cash flows					
			up to 1 year		between 1 and 5 years		more than 5 years	
	31/03/ 2018	31/03/ 2019	31/03/ 2018	31/03/ 2019	31/03/ 2018	31/03/ 2019	31/03/ 2018	31/03/ 2019
Interest rate hedges								
Assets	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Liabilities	–0.5	0.0	–0.5	0.0	0.0	0.0	0.0	0.0
	–0.5	**0.0**	**–0.5**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Foreign currency hedges								
Assets	15.6	3.3	6.0	3.3	9.6	0.0	0.0	0.0
Liabilities	–2.6	–4.5	–2.6	–2.2	0.0	–2.3	0.0	0.0
	13.0	**–1.2**	**3.4**	**1.1**	**9.6**	**–2.3**	**0.0**	**0.0**
Commodity hedges								
Assets	0.3	9.2	0.3	9.2	0.0	0.0	0.0	0.0
Liabilities	–1.4	–0.4	–1.4	–0.4	0.0	0.0	0.0	0.0
	–1.1	**8.8**	**–1.1**	**8.8**	**0.0**	**0.0**	**0.0**	**0.0**

In millions of euros

The nominal amounts are allocated to the aforementioned maturity buckets as follows:

	Total nominal amount	Nominal amount		
		up to 1 year	between 1 and 5 years	more than 5 years
	31/03/2019	31/03/2019	31/03/2019	31/03/2019
Foreign currency hedges				
Assets	246.7	246.7	0.0	0.0
Liabilities	142.6	66.9	75.7	0.0
	389.3	**313.6**	**75.7**	**0.0**
Commodity hedges				
Assets	73.5	73.2	0.3	0.0
Liabilities	15.0	15.0	0.0	0.0
	88.5	**88.2**	**0.3**	**0.0**

In millions of euros

Categories of financial instruments

Categories	Financial assets measured at amortized cost			Financial assets measured at fair value		Total
	Loans and receivables	Available for sale at cost	Available for sale at fair value	Financial assets measured at fair value through profit or loss		
				Derivatives (held for trading, hedge accounting)	Other	
Assets 03/31/2018						
Other financial assets – non-current	6.1	11.4	32.1		1.4	51.0
Trade and other receivables	1,743.6			29.4		1,773.0
Other financial assets – current					388.1	388.1
Cash and cash equivalents	705.8					705.8
Carrying amount (= fair value)	**2,455.5**	**11.4**	**32.1**	**29.4**	**389.5**	**2,917.9**

In millions of euros

The item “Other” in the category “Financial assets measured at fair value through profit or loss” contains securities measured using the fair value option. The carrying amount of the financial assets represents a reasonable approximation of the fair value.

Categories	Financial assets measured at AC	Hedge accounting	Financial assets measured at FVTPL	Total
Assets 03/31/2019				
Other financial assets – non-current	2.4		33.4	35.8
Trade and other receivables	1,582.0	12.4	160.9	1,755.3
Other financial assets – current			182.3	182.3
Cash and cash equivalents	485.9			485.9
Carrying amount	**2,070.3**	**12.4**	**376.6**	**2,459.3**

In millions of euros

	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 – derivatives (held for trading, hedge accounting)**		
	Carrying amount	**Fair value**	**Carrying amount (= fair value)**	**Carrying amount**	**Fair value**
Liabilities 03/31/2018					
Financial liabilities – non-current	2,783.6	2,804.6		2,783.6	2,804.6
Financial liabilities – current	1,315.6	1,324.4		1,315.6	1,324.4
Trade and other payables	2,633.8	2,633.8	22.2	2,656.0	2,656.0
Total	**6,733.0**	**6,762.8**	**22.2**	**6,755.2**	**6,785.0**

In millions of euros

Categories	Financial liabilities measured at AC		Hedge accounting	Financial liabilities measured at FVTPL	Total	
	Carrying amount	Fair value	Carrying amount (= fair value)	Carrying amount (= fair value)	Carrying amount	Fair value
Liabilities 03/31/2019						
Financial liabilities – non-current	2,661.8	2,688.7			2,661.8	2,688.7
Financial liabilities – current	1,142.3	1,140.3			1,142.3	1,140.3
Trade and other payables	2,710.9	2,710.9	4.9	16.1	2,731.9	2,731.9
Total	**6,515.0**	**6,539.9**	**4.9**	**16.1**	**6,536.0**	**6,560.9**

In millions of euros

The financial liabilities measured at amortized cost, excluding bonds issued, fall under Level 2. Valuation is performed according to the discounted cash flow 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. Using the input parameters, the fair values are calculated by discounting estimated future cash flows at market interest rates.

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

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

The table below analyzes regular fair value measurements of financial assets and financial liabilities. These measurements are based on a fair value hierarchy that categorizes the inputs included in the valuation methods used to measure fair value into three levels. The three levels are defined as follows:

INPUTS

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

FAIR VALUE HIERARCHY LEVELS USED FOR RECURRING FAIR VALUE MEASUREMENTS

	Level 1	Level 2	Level 3	Total
03/31/2018				
Financial assets				
Financial assets measured at fair value through profit or loss				
Derivatives (Held for trading, hedge accounting)		29.4		29.4
Fair value option (securities)	389.5			389.5
Available for sale at fair value			32.1	32.1
	389.5	**29.4**	**32.1**	**451.0**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – derivatives (held for trading, hedge accounting)		22.2		22.2
	0.0	**22.2**	**0.0**	**22.2**
03/31/2019				
Financial assets				
Other financial assets – non-current	1.3		32.1	33.4
Receivables from derivatives – hedge accounting		12.4		12.4
Trade and other receivables		17.6	143.3	160.9
Other financial assets – current	182.3			182.3
	183.6	**30.0**	**175.4**	**389.0**
Financial liabilities				
Liabilities from derivatives – hedge accounting		4.9		4.9
Trade and other payables		16.1		16.1
	0.0	**21.0**	**0.0**	**21.0**

In millions of euros

The derivative transactions (Level 2) are measured using the discounted cash flow method 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 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 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. There were no reclassifications in the business years 2017/18 or 2018/19.

The table below presents the reconciliation of Level 3 financial assets measured at fair value between the opening balance and the closing balance, as follows:

LEVEL 3 – FVTPL – OTHER FINANCIAL ASSETS – NON-CURRENT

	2017/18	2018/19
Opening balance	**32.1**	**32.1**
Total of gains/losses recognized in the income statement:		
Finance costs/Finance income	0.0	0.0
Closing balance	**32.1**	**32.1**

In millions of euros

Level 3 includes the investment in Energie AG Oberösterreich that is measured at fair value. The fair value of this entity can be reliably determined based on the valuation report that is prepared once a year for Energie AG Oberösterreich as a whole, taking into account all relevant information.

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

LEVEL 3 – FVTPL – TRADE RECEIVABLES (SALE BUSINESS MODEL)

	2018/19
Opening balance as of April 1	**144.1**
Disposals	–144.1
Additions	143.3
Closing balance as of March 31	**143.3**

In millions of euros

The receivables in this portfolio are sold monthly on a rolling basis as part of the Group's factoring programs. The measurement gains or losses allocable to this portfolio are of secondary significance.

The credit risk associated with a particular debtor is the most important factor in the fair value determination of the portfolio entitled, "Trade and other receivables held for factoring." Any increase/ decrease by 1% in the established default rates thus would change the fair value of this portfolio at most in the same amount; as a rule, however, the fair value change is disproportionately low, because credit insurance has been purchased for significant portions of the portfolio.

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

	2017/18
Loans and receivables	17.6
Available for sale at cost	13.4
Held for trading (derivatives)	11.4
Available for sale at fair value	0.0
Other financial assets	8.1
Financial liabilities	–135.2

In millions of euros

In the business year 2017/18, net profit in the amount of EUR 10.3 million was recognized through profit or loss for financial instruments that are measured using the fair value option.

	2018/19
Financial assets at AC	4.5
Financial liabilities at AC	–114.8
Financial assets at FVTPL	11.4
Derivatives at FVTPL	–5.5

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 are as follows:

	2017/18	2018/19
Total interest income	10.4	11.2
Total interest expense	–135.2	–114.8

In millions of euros

The impairment loss on financial instruments measured at AC is EUR 13.4 million (2017/18: EUR 7.4 million), and the reversals of loss allowances are EUR 3.7 million (2017/18: EUR 8.2 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.

	2017/18	2018/19
Interest received	6.4	6.0
Interest paid	141.1	120.7
Taxes paid	123.5	232.2

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

	2017/18	2018/19
Depreciation, amortization, impairment / reversals	770.1	771.7
Result from the sale of assets	–14.2	–4.6
Changes in pensions and other employee obligations, non-current provisions, and deferred taxes	–25.4	124.8
Other non-cash income and expenses	66.1	–46.8
	796.6	**845.1**

In millions of euros

Cash flows from operating activities include dividend income of EUR 16.5 million (2017/18: EUR 15.5 million) from associates and joint ventures as well as other investments.

Cash flows from investing activities include inflows of cash and cash equivalents from acquisitions in the amount of EUR 6.5 million (2017/18: EUR 0.0 million) and outflows of acquisition costs in the amount of EUR 2.0 million (2017/18: EUR 6.8 million); for details, see chapter D. Acquisitions and other additions to the scope of consolidation.

Cash flows from financing activities include dividends for non-controlling interests in the amount of EUR 18.1 million (2017/18: EUR 12.9 million).

The cash flows and non-cash changes in financial liabilities are presented below:

	Balance as of April 1	Increase in non-current financial liabilities	Repayment of non-current financial liabilities	Repayment of non-current finance lease liabilities
Financial liabilities 2017/18				
Non-current financial liabilities	2,743.2	758.1	–136.5	0.0
Current financial liabilities	1,328.4	0.0	–649.3	0.0
Non-current finance lease liabilities	21.5	0.0	0.0	–0.3
Current finance lease liabilities	4.5	0.0	0.0	–3.9
Total financial liabilities	**4,097.6**	**758.1**	**–785.8**	**–4.2**
Financial liabilities 2018/19				
Non-current financial liabilities	2,775.0	789.2	–315.1	0.0
Current financial liabilities	1,302.2	0.0	–855.5	0.0
Non-current finance lease liabilities	8.6	0.0	0.0	–0.7
Current finance lease liabilities	13.3	0.0	0.0	–6.8
Total financial liabilities	**4,099.1**	**789.2**	**–1,170.6**	**–7.5**

Repayments of non-current financial liabilities include EUR 855.5 million (2017/18: EUR 649.3 million), which were reclassified from initially non-current to current financial liabilities.

The additions to assets due to finance lease activities contain non-cash investments in the amount of EUR 0.4 million (2017/18: EUR 0.7 million).

	Cash flows			Non-cash changes		Balance as of March 31
	Change in current financial liabilities and other financial liabilities	Changes in the scope of Consolidated Financial Statements	Foreign exchange effects	Reclassi-fications	Other changes	
	0.7	0.0	–87.5	–502.1	–0.9	2,775.0
	138.6	0.5	–18.2	502.1	0.1	1,302.2
	–0.1	0.0	–0.1	–13.0	0.6	8.6
	–0.2	0.0	–0.2	13.0	0.1	13.3
	139.0	**0.5**	**–106.0**	**0.0**	**–0.1**	**4,099.1**
	–0.5	0.0	40.1	–636.1	1.8	2,654.4
	42.6	0.8	4.5	636.1	3.7	1,134.4
	0.5	0.0	0.0	–1.4	0.4	7.4
	0.0	0.0	0.0	1.4	0.0	7.9
	42.6	**0.8**	**44.6**	**0.0**	**5.9**	**3,804.1**

In millions of euros

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:

	2017/18		2018/19	
	With joint ventures	With associates and non-consolidated subsidiaries	With joint ventures	With associates and non-consolidated subsidiaries
Revenue	0.7	434.3	0.0	216.5
Cost of materials	4.0	136.4	4.4	146.1
Other operating income	0.7	5.1	0.6	4.1
Other operating expenses	0.0	5.7	0.0	4.0
	03/31/2018		03/31/2019	
Trade and other receivables	0.1	79.8	0.0	49.2
Financial liabilities/trade and other payables	0.2	39.0	0.0	47.8

In millions of euros

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

The first-time full consolidation of a subsidiary that had not been consolidated to date resulted in a decrease in both the revenue and the receivables to be disclosed in connection with related parties. In the business year 2017/18, revenue of EUR 181.1 million and trade receivables of EUR 25.2 million were included in the numbers shown for this entity.

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

	03/31/2018	03/31/2019
Cash and cash equivalents	63.1	13.1
Financial liabilities/trade and other payables	121.1	176.5
Guarantees received	1.4	2.2

In millions of euros

Interest expense of EUR 1.5 million (2017/18: EUR 1.2 million) was recognized in connection with the aforementioned financial liabilities as well as trade and other payables.

Under the first type of factoring agreement (see Note 28. Disclosures of transactions not recorded in the statement of financial position), receivables are sold to core shareholders at arm's length as of the business year 2018/19. As of March 31, 2019, these receivables were recognized at a total of EUR 218.1 million. Interest expense of EUR 0.5 million was recognized for the business year 2018/19 in this connection.

The non-inclusion of non-consolidated entities in the Consolidated Financial Statements has no material impact on the Group's net assets, financial position, and results of operations.

Management Board

The fixed compensation of the Management Board is determined by the General Committee of the Supervisory Board pursuant to Austrian legal requirements 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 targets regarding quantitative targets are achieved exactly, 60% of the maximum bonus applies; if the agreed targets regarding qualitative targets are achieved, 20% of the maximum bonus applies. Any overachievement of the targets is taken into consideration proportionately until the maximum bonus is reached. The quantitative targets are "earnings before interest and taxes" (EBIT) and "return on capital employed" (ROCE). Specific target amounts are determined periodically (in each case for a period of three years) by the General Committee of the Supervisory Board in consultation with the Management Board. They are computed independently of the respective budget and/or the medium-term business plan, i.e. budget compliance does not mean that a bonus is granted. The stipulated qualitative targets for the business year 2018/19 were, first, presentation of a report to the Supervisory Board regarding the "voestalpine 2030" long-term strategy and, second, presentation of the long-term personnel planning in both quantitative and qualitative terms.

The amount of the contractually promised company pension payable to the members of the Management Board, Dr. Eder, Mag. Dipl.-Ing. Ottel, and Dipl.-Ing. Eibensteiner, depends on the length of their service. The amount of the annual pension equals 1.2% of the most recent annual gross salary for each year of service. However, the pension benefit cannot exceed 40% of the most recent annual gross salary (excluding variable compensation). A defined contribution arrangement was put in place for the members of the Management Board, Dipl.-Ing. Rotter, Dipl.-Ing. Dr. Kainersdorfer, and Dipl.-Ing. Dr. Schwab, pursuant to which the company pays 15% of their annual gross salary (excluding bonuses) into the pension fund. The de facto defined benefit obligation recognized in the previous business year in the event of repeat appointments to the Management Board was reversed, because an additional payment on the defined contribution agreement was resolved in the business year 2018/19. The additional defined contribution payment shall be made in five annual instalments starting on March 31, 2020. The expense allocation begins the first time an individual is appointed to the Management Board.

Upon termination of their director's contracts, Management Board members are granted severance pay that is modeled on the approach set forth in the Austrian Employment Act *(Angestelltengesetz – AngG)*; the maximum allowable under the law may not be surpassed.

D&O insurance has been purchased for the members of the Management Board (as well as for the Group's executives) and for the members of the Supervisory Board at a cost of EUR 0.2 million (2017/18: EUR 0.2 million) that is borne by the company.

The compensation paid to the members of the Management Board of voestalpine AG is structured as follows for the business year 2018/19:

	Current compensation fixed	**Current compensation variable**	**Total**
Dr. Wolfgang Eder	1.20	2.19	3.39
Dipl.-Ing. Herbert Eibensteiner	0.87	1.09	1.96
Dipl.-Ing. Dr. Franz Kainersdorfer	0.87	1.09	1.96
Mag. Dipl.-Ing. Robert Ottel, MBA	0.87	1.16	2.03
Dipl.-Ing. Franz Rotter	0.87	1.09	1.96
Dipl.-Ing. Dr. Peter Schwab, MBA	0.87	1.14	2.01
2018/19	**5.55**	**7.76**	**13.31**
2017/18	5.10	10.31	15.41

In millions of euros

Long-service bonuses have been included in the variable compensation that was paid in the business year 2018/19 in connection with 40 and 25 years of service, respectively, as follows: Dr. Wolfgang Eder EUR 0.30 million, Mag. Dipl.-Ing. Robert Ottel EUR 0.07 million, and Dipl.-Ing. Dr. Peter Schwab EUR 0.05 million.

In addition to the compensation contained in the above table, the following service costs (personnel expenses) were recognized in the Consolidated Financial Statements for members of the Management Board with defined benefit pension agreements: Dr. Eder EUR 0.00 million (2017/18: EUR 0.00 million), Mag. Dipl.-Ing. Ottel EUR 0.32 million (2017/18: EUR 0.35 million), and Dipl.-Ing. Eibensteiner EUR 0.29 million (2017/18: EUR 0.31 million). Past service costs of EUR 0.85 million were recognized additionally for Mag. Dipl.-Ing. Ottel. In the business year 2018/19, expenses for ongoing pension fund contributions as well as expenses for the aforementioned additional defined contribution payment were recognized in the Consolidated Financial Statements as follows for the Management Board members with defined contribution pension agreements (net upon reversal of the de facto defined benefit provision set up in the previous business year): Dipl.-Ing. Rotter EUR 1.14 million (2017/18: EUR 0.49 million), Dipl.-Ing. Dr. Kainersdorfer EUR 0.37 million (2017/18: EUR 1.00 million), and Dipl.-Ing. Dr. Schwab EUR 1.15 million (2017/18: EUR 0.36 million). Pension payments in the amount of EUR 1.02 million (2017/18: EUR 1.00 million) were paid by the pension fund for former members of the Management Board with defined benefit pension agreements.

As of the reporting date, the outstanding balance of the variable compensation was EUR 5.87 million (2017/18: EUR 8.22 million). No advances or loans were granted to the members of the Management Board of voestalpine AG.

Directors' dealings notices of the members of the Management Board are published on the company's website (www.voestalpine.com » Investors » Corporate Governance).

Supervisory Board

Under Article 15 of the Articles of Incorporation, the shareholder representatives on the Supervisory Board of voestalpine AG are paid compensation of 0.1% of the profit after tax pursuant to the adopted Consolidated Financial Statements. The total amount is distributed as follows based on an allocation key: 100% for the Chairman, 75% for the Deputy Chairman, and 50% for each of the other members, with a minimum compensation of EUR 27,000 for the Chairman, EUR 20,000 for the Deputy Chairman, and EUR 13,000 for each of the other members of the Supervisory Board pursuant to the amendment of Article 15 of the Articles of Incorporation resolved by the Annual General Meeting 2016. The compensation of the Supervisory Board is limited to four times the stated amounts. The members of the Supervisory Board nominated by the Works Council do not receive any compensation. All members of the Supervisory Board are paid an attendance fee of EUR 500 per meeting. No separate compensation is paid for meetings of the committees of the Supervisory Board, but an attendance fee of EUR 500 per meeting is paid nonetheless.

According to this arrangement, the shareholder representatives on the Supervisory Board were paid the following compensation for the business year 2018/19: Dr. Joachim Lemppenau (Chairman): EUR 96,000 (2017/18: EUR 108,000); Dr. Heinrich Schaller (Deputy Chairman): EUR 72,000 (2017/18: EUR 80,000); Dipl.-Ing. Dr. Michael Schwarzkopf: EUR 16,000 (2017/18: EUR 52,000); all other shareholder representatives: EUR 48,000 each (2017/18: EUR 52,000 each).

The Articles of Incorporation have contained finalized rules as to the annual compensation of the members of the Supervisory Board and the method of calculating it since the Annual General Meeting 2006. As a result, the Annual General Meeting need not adopt a separate resolution every year.

The compensation of the Supervisory Board (including attendance fees) for the business year 2018/19 totaled EUR 0.50 million (2017/18: EUR 0.54 million). The compensation of the Supervisory Board for the business year 2018/19 will be paid at the latest 14 days after the Annual General Meeting on July 3, 2019. No advances or loans were granted to members of the Supervisory Board of voestalpine AG.

Directors' dealings notices of the members of the Supervisory Board 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 of Binder Grösswang Rechtsanwälte GmbH, of which the Supervisory Board member Dr. Michael Kutschera is a partner, provided legal services in the business year 2018/19 particularly in connection with real estate and corporate law as well as state aid law. 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 2018/19, total net fees of EUR 13,648.33 (2017/18: EUR 15,808.00) were incurred for services provided by Binder Grösswang Rechtsanwälte GmbH.

26. EMPLOYEE INFORMATION

TOTAL NUMBER OF EMPLOYEES

	Reporting date		Average	
	03/31/2018	03/31/2019	2017/18	2018/19
Waged employees	29,887	30,564	29,207	30,292
Salaried employees	17,716	18,228	17,458	18,088
Apprentices	1,301	1,310	1,403	1,403
	48,904	**50,102**	**48,068**	**49,783**

The personnel expenses included in these Consolidated Financial Statements are EUR 3,124.1 million (2017/18: EUR 3,000.0 million).

27. EXPENSES FOR THE GROUP AUDITOR

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

	2017/18	2018/19
Expenses for the audit of the Consolidated Financial Statements	0.26	0.26
Expenses for other certifications	1.19	1.09
Expenses for tax consulting services	0.00	0.00
Expenses for other services	0.06	0.26
	1.51	**1.61**

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.

Under the first type of factoring agreement, trade receivables totaling EUR 867.5 million (March 31, 2018: EUR 799.0 million) were sold to various banks. Receivables covered by credit insurance were assigned to banks in an amount corresponding to 100% of the nominal value, with the acquiring banks assuming the risk of default. Any claims arising under the credit insurance are assigned to the acquiring bank. The selling Group company only assumes liability for default up to—generally—10% of the retention level under the credit insurance. As of the reporting date, the maximum risk associated with the liability for default was EUR 86.8 million (March 31, 2018: EUR 79.9 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 0.3 million (March 31, 2018: EUR 0.3 million). The receivables are derecognized in full in accordance with the provisions of IFRS 9 due to the transfers of the material risks and opportunities as well as control to the acquiring party.

Under the second type of factoring agreement, uninsured trade receivables of EUR 162.5 million (March 31, 2018: EUR 163.6 million) were sold. The acquiring bank assumes 100% of the default risk. All of the receivables are fully derecognized. With the exception of the capitalized service fee mentioned below for the administration of the receivables, there is no ongoing commitment.

Under the third type of factoring agreement—introduced in October 2014—both insured and uninsured trade receivables of EUR 141.8 million (March 31, 2018: EUR 131.7 million) were sold. Any claims arising under the credit insurance were assigned to the acquiring bank. At the time the receivables were sold, loss reserves of 0.9% and dilution reserves of 1.6% (with reference to the sold receivables) were deducted from the purchase price. The dilution reserves totaling EUR 2.3 million (March 31, 2018: EUR 2.1 million) for receivables sold as of the reporting date concern claims to discounts, bonuses, etc. and are posted as other receivables. The carrying amount corresponds to the fair value. A loss reserve to cover any defaults in the amount of EUR 1.3 million (March 31, 2018: EUR 1.2 million) for receivables sold as of 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 derecognized in full in accordance with the provisions of IFRS 9 due to the transfer of the material risks and opportunities as well as control to the acquiring party.

Under the fourth type of factoring agreement, both insured and uninsured trade receivables of EUR 31.3 million (March 31, 2018: EUR 33.4 million) were sold. Any claims under the credit insurance were assigned to the acquiring bank. For bad debts, a “first loss reserve account” was funded in 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 (March 31, 2018: EUR 0.2 million) as of 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 of the first loss reserve account. Due to the transfer of the material risks and opportunities as well as control to the acquiring party, the receivables were derecognized in full in accordance with the provisions of IFRS 9.

Under 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 in other current financial liabilities.

The administration of receivables for all types of factoring contracts remains with the respective Group companies. For the receivables sold, as of March 31, 2019, a total service fee of 0.15% of the sold receivables of EUR 1.8 million (March 31, 2018: EUR 1.7 million) was recognized in other provisions. 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:

	2017/18	2018/19
Profit attributable to equity holders of the parent (in millions of euros)	**775.2**	**408.5**
Issued ordinary shares (average)	176,349,163	176,715,830
Effect of treasury shares held (average)	–28,597	–28,597
Weighted average number of outstanding ordinary shares	**176,320,566**	**176,687,233**
Diluted and basic (undiluted) earnings per share (euros)	**4.40**	**2.31**

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, 2019. They show net retained profits of EUR 197.0 million. The Management Board proposes a dividend of EUR 1.10 per share (2017/18: EUR 1.40).

Linz, May 28, 2019

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 German-language report, 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, 2019, 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, 2019, and its financial performance for the year then ended in accordance with IFRS as endorsed in the European Union and the additional requirements of Section 245a Companies Act.

BASIS FOR OPINION

We conducted our audit in accordance with the regulation (EU) no. 537/2014 (in the following "EU regulation") and 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, 2019, an amount of EUR 1,548.3 million (9.9% of total assets) is presented under the item “Goodwill” (previous year EUR 1,545.9 million, 10.0% of total assets). Goodwill is 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 method. The book value of 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. In the financial year 2018/19, no impairments of goodwill were reported (previous year: EUR 0.0 million).

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 on 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 9.9% (previous year 10.0%) 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 6,580.2 million (42.0% of total assets) is disclosed under the item “property, plant and equipment” (previous year EUR 6,282.1 million, 40.6% 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.

The determination whether triggering events exist is based on the assessment of external and internal information sources. Therefore (especially declined market capitalization) and 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 previous fiscal year (2017/18), the Metal Engineering Division had accounted for impairments of property, plant and equipment amounting to EUR 12.2 million and for impairments of intangible assets amounting to EUR 3.5 million in the cash generating unit dealing with the production of special wires (fine wires) which are due to negative sales development, the resulting adjustment of the strategic set-up and reduced profit expectations. Also in the previous fiscal year, the High Performance Metals Division had accounted for impairments of property, plant and equipment in the amount of EUR 10.1 million for the cash generating unit in Brazil which are due to the economic environment in Brazil, the imminent import duties on steel in the USA as well as the resulting uncertainties.

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 2018/19.

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, 2019, deferred tax assets on tax losses brought forward amounting to EUR 192.9 million (previous year: EUR 154.8 million) are recognized. Moreover, the group has unused tax losses amounting to EUR 507.6 million (previous year: EUR 303.3 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. Finally, we have audited the impact of changes in tax rates.

The Group's disclosures concerning deferred taxes are included in Sections B., G.8 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 the EU regulation and 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 the EU regulation and 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.

Additional information in accordance with article 10 of the EU regulation
We were elected as auditor by the annual shareholders' meeting on July 4, 2018. We were engaged by the Supervisory Board on December 18, 2018. We are auditors without cease since the company's initial public offering in October 1995.

We confirm that the audit opinion in the section "Report on the consolidated financial statements" is consistent with the additional report to the audit committee referred to in article 11 of the EU regulation.

We declare that no prohibited non-audit services (article 5 par. 1 of the EU regulation) were provided by us and that we remained independent of the audited company in conducting the audit.

We provided no further services, in addition to the statutory audit, to the audited company and its controlled undertakings, which have not been disclosed in the group's management report or in the consolidated financial statements.

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 28, 2019

Grant Thornton Unitreu GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Univ. Doz. Dr. Walter Platzer

This report is a translation of the original German-language report, 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 124 (1) AUSTRIAN STOCK EXCHANGE ACT 2018 *(BÖRSEGESETZ 2018 – BÖRSEG 2018)*

The Management Board of voestalpine AG confirms to the best of its knowledge that the Consolidated Financial Statements, which have been prepared in accordance with the applicable accounting standards, give a true and fair view of the Group's net assets, financial position, and results of operations; that the Group Management Report describes the Group's development, business performance, and position such that it gives a true and fair view of the Group's net assets, financial position, and results of operations; and that the Group Management Report describes the material risks and uncertainties to which the Group is exposed.

Linz, May 28, 2019

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 German-language report, which is solely valid.

voestalpine AG

INVESTMENTS

Explanations:

KV Full consolidation
KEA Equity method associates
KEG Equity method joint ventures
K0 No consolidation

Company names reflect the status as of April 10, 2019.

STEEL DIVISION

		03/31/2019		03/31/2018	
	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 Camtec 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	100.000%	KV
voestalpine Texas Holding LLC	USA	100.000%	KV	100.000%	KV
voestalpine Texas LLC	USA	100.000%	KV	100.000%	KV
GEORG FISCHER FITTINGS GmbH[1]	AUT	49.000%	KEA	49.000%	KEA
Industrie-Logistik-Linz GmbH[1]	AUT	49.000%	KEA	49.000%	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	2.061%	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	03/31/2019 Interest held	03/31/2019 Type of consol-idation	03/31/2018 Interest held	03/31/2018 Type of consol-idation
K1-MET GmbH	AUT	35.000%	KO	35.000%	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	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 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

	Domicile of the company	03/31/2019 Interest held	03/31/2019 Type of consol-idation	03/31/2018 Interest held	03/31/2018 Type of consol-idation
voestalpine High Performance Metals GmbH	AUT	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 Japan KK	JPN	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	94.500%	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%	KV
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 GRUNDSTÜCKS BETEILIGUNGS GMBH	DEU	100.000%	KV	100.000%	KV
Böhler Grundstücks GmbH & Co. Kommanditgesellschaft[1]	DEU	100.000%	KV	100.000%	KV
Bohler Special Steels (Shanghai) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
Buderus Edelstahl GmbH	DEU	100.000%	KV	100.000%	KV
Densam Industrial Co. Ltd.	TWN	97.305%	KV	97.305%	KV
Deville Rectification S.A.S.U.	FRA	100.000%	KV	100.000%	KV
DIN ACCIAI S.p.A.	ITA			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
ENPAR Sonderwerkstoffe GmbH	DEU	100.000%	KV	100.000%	KV
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

[1] These consolidated financial statements represent an exemption for Böhler Grundstücks GmbH & Co. Kommanditgesellschaft and EschmannStahl GmbH & Co. KG in accordance with Section 264b of the German Commercial Code *(dHGB)*.

HIGH PERFORMANCE METALS DIVISION

	Domicile of the company	03/31/2019		03/31/2018	
		Interest held	Type of consol-idation	Interest held	Type of consol-idation
Gravutex Eschmann International Limited	GBR	100.000%	KV	100.000%	KV
IS Intersteel Stahlhandel GmbH	DEU	100.000%	KV	100.000%	KV
Jing Ying Industrial Co. Ltd.	TWN	97.305%	KV	97.305%	KV
OOO voestalpine High Performance Metals RUS	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
Sermetal Barcelona, S.L.	ESP	100.000%	KV	100.000%	KV
Sermetal, Unipessoal Lda	PRT	100.000%	KV	100.000%	KV
Sturdell Industries Inc.	CAN	100.000%	KV	100.000%	KV
Sturdell Industries, Inc.	USA	100.000%	KV	100.000%	KV
Uddeholm Eiendom AS	NOR	100.000%	KV	100.000%	KV
Uddeholms AB	SWE	100.000%	KV	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 Centre Ltd.	CAN	100.000%	KV	100.000%	KV
voestalpine Additive Manufacturing Center Singapore Pte. Ltd.	SGP	100.000%	KV	100.000%	KV
voestalpine BÖHLER Aerospace GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine BÖHLER Aerospace GmbH & Co KG	AUT	100.000%	KV	100.000%	KV
voestalpine BÖHLER Bleche GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine BÖHLER Bleche GmbH & Co KG	AUT	100.000%	KV	100.000%	KV
voestalpine BÖHLER Edelstahl GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine BÖHLER Edelstahl GmbH & Co KG	AUT	100.000%	KV	100.000%	KV
voestalpine BÖHLER Profil GmbH	AUT	100.000%	KV	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 eifeler Coating GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine eifeler Coatings, Inc.	USA	100.000%	KV	100.000%	KV
voestalpine eifeler Lasertechnik GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine eifeler Vacotec GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Africa (Pty) Ltd	ZAF	100.000%	KV	100.000%	KV
voestalpine High Performance Metal Anonim Sirketi	TUR	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Argentina S.A.	ARG	100.000%	KV	100.000%	KV

HIGH PERFORMANCE METALS DIVISION

		03/31/2019		03/31/2018	
	Domicile of the company	Interest held	Type of consol-idation	Interest held	Type of consol-idation
voestalpine High Performance Metals (Australia) Pty Ltd	AUS	100.000%	KV	100.000%	KV
voestalpine High Performance Metals B.V.	NLD	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Colombia S.A.	COL	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Corporation	USA	100.000%	KV	100.000%	KV
voestalpine High Performance Metals CZ s.r.o.	CZE	100.000%	KV	100.000%	KV
voestalpine High Performance Metals del Ecuador S.A.	ECU	100.000%	KV	100.000%	KV
voestalpine High Performance Metals del Peru S.A.	PER	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Deutschland GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Deutschland Holding GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Finland Oy Ab	FIN	100.000%	KV	100.000%	KV
voestalpine High Performance Metals France S.A.S.	FRA	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Hungary Kft.	HUN	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Iberica, S.A.U.	ESP	100.000%	KV	100.000%	KV
VOESTALPINE HIGH PERFORMANCE METALS INDIA PRIVATE LIMITED	IND	100.000%	KV	100.000%	KV
voestalpine High Performance Metals International GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Italia S.p.A.	ITA	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Ltd.	CAN	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Norway AS	NOR	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Pacific Pte. Ltd.	SGP	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Polska Sp. z o. o.	POL	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Romania S.R.L.	ROU	100.000%	KV	100.000%	KV
voestalpine High Performance Metals S.A. de C.V.	MEX	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Schweiz AG	CHE	99.833%	KV	99.833%	KV
voestalpine High Performance Metals Slovakia, s.r.o.	SVK	100.000%	KV	100.000%	KV

HIGH PERFORMANCE METALS DIVISION

	Domicile of the company	03/31/2019 Interest held	03/31/2019 Type of consol-idation	03/31/2018 Interest held	03/31/2018 Type of consol-idation
voestalpine High Performance Metals Sweden AB	SWE	100.000%	KV	100.000%	KV
voestalpine High Performance Metals UK Limited	GBR	100.000%	KV	100.000%	KV
voestalpine HPM Denmark A/S	DNK	100.000%	KV	100.000%	KV
voestalpine Specialty Metals Pte. Ltd.	SGP	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	100.000%	KV
Bohlasia Steels Sdn. Bhd.	MYS	53.333%	KO	53.333%	KO
BÖHLER-UDDEHOLM Immobilien GmbH	AUT	100.000%	KO	100.000%	KO
BÖHLER-UDDEHOLM UKRAINE LLC	UKR	100.000%	KO	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
voestalpine HPM Zagreb d.o.o.	HRV	100.000%	KO	100.000%	KO

METAL ENGINEERING DIVISION

	Domicile of the company	03/31/2019 Interest held	03/31/2019 Type of consol-idation	03/31/2018 Interest held	03/31/2018 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
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
Travertec S.R.L.	ROU	60.000%	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
VOEST-ALPINE TUBULAR CORP.	USA	57.500%	KV	57.500%	KO
voestalpine Bahnsysteme Beteiligungsverwaltung Deutschland GmbH	DEU			100.000%	KV
voestalpine Bahnsysteme Vermögensverwaltungs GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Böhler weldCare AB	SWE	100.000%	KV	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 Austria Vertriebs-GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Automation GmbH	DEU	70.040%	KV	70.040%	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 Germany Vertriebs-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

[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	03/31/2019 Interest held	Type of consol-idation	03/31/2018 Interest held	Type of consol-idation
voestalpine Bohler Welding India Technology 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
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 Bohler Welding USA Technology LLC	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 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 ME Beteiligung GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Metal Engineering Verwaltung GmbH	AUT	100.000%	KV	100.000%	KO
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	DEU	100.000%	KV	100.000%	KV
voestalpine Rail Center Königsborn GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Railpro B.V.	NLD	70.000%	KV	70.000%	KV
voestalpine Railway Systems (Beijing) Co. Ltd.	CHN	100.000%	KV	100.000%	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

METAL ENGINEERING DIVISION

		03/31/2019		03/31/2018	
	Domicile of the company	Interest held	Type of consol-idation	Interest held	Type of consol-idation
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	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
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	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
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	03/31/2019 Interest held	03/31/2019 Type of consolidation	03/31/2018 Interest held	03/31/2018 Type of consolidation
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
Nedcon B.V.	NLD	100.000%	KV	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 Lagertechnik GmbH	DEU	100.000%	KV	100.000%	KV
Nedcon USA Inc.	USA	100.000%	KV	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 Components Aguascalientes S. de R.L. de C.V.	MEX	100.000%	KV	100.000%	KV
voestalpine Automotive Components Arad Beteiligung GmbH	DEU	100.000%	KV		
voestalpine Automotive Components Arad SRL	ROU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Birkenfeld GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Böhmenkirch GmbH & Co. KG[1]	DEU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Bunschoten B.V.	NLD	100.000%	KV	100.000%	KV
voestalpine Automotive Components Cartersville Beteiligung GmbH	DEU	100.000%	KV		
voestalpine Automotive Components Cartersville Inc.	USA	100.000%	KV	100.000%	KV
voestalpine Automotive Components Dettingen GmbH & Co. KG[1]	DEU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Deutschland GmbH	DEU			100.000%	KV
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 Hungaria Kft.	HUN	100.000%	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

[1] These consolidated financial statements represent an exemption for voestalpine Automotive Components Böhmenkirch GmbH & Co. KG, voestalpine Automotive Components Dettingen GmbH & Co. KG and voestalpine Automotive Components Nagold GmbH & Co. KG in accordance with Section 264b of the German Commercial Code *(dHGB)*.

METAL FORMING DIVISION

	Domicile of the company	03/31/2019 Interest held	Type of consol-idation	03/31/2018 Interest held	Type of consol-idation
voestalpine Automotive Components Schmölln GmbH	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 Automotive Components Shenyang Co., Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Automotive Components (Tianjin) Co., Ltd.	CHN	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, 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 Coating SRL	ROU	100.000%	KV	100.000%	KV
voestalpine Rotec GmbH	AUT	100.000%	KV	100.000%	KV
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

[1] These consolidated financial statements represent an exemption for voestalpine Automotive Components Schwäbisch Gmünd GmbH & Co. KG and voestalpine Rotec GmbH & Co. KG in accordance with Section 264b of the German Commercial Code *(dHGB)*.

METAL FORMING DIVISION

	Domicile of the company	03/31/2019 Interest held	03/31/2019 Type of consol-idation	03/31/2018 Interest held	03/31/2018 Type of consol-idation
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	100.000%	KV
voestalpine Rotec Summo de Mexico S. de R.L. de C.V.	MEX	100.000%	KV	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	DEU			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
SADEF FRANCE S.A.R.L.	FRA	100.000%	KO	100.000%	KO
voestalpine Automotive Components Dettingen Verwaltungs GmbH	DEU	100.000%	KO	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

OTHER

	Domicile of the company	03/31/2019 Interest held	Type of consol-idation	03/31/2018 Interest held	Type of consol-idation
Importkohle Gesellschaft m.b.H.	AUT	100.000%	KV	100.000%	KV
RLBV54 Fonds	AUT	99.864%	KV	99.554%	KV
voestalpine Dienstleistungs- und Finanzierungs GmbH	DEU	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 HR Services GmbH	DEU	100.000%	KV	100.000%	KO
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 Mobilitätscluster GmbH	AUT	12.333%	KO	12.333%	KO
Danube Equity GmbH	AUT	100.000%	KO	71.373%	KV
Donauländische Baugesellschaft m.b.H.	AUT	100.000%	KO	100.000%	KO
VA Intertrading Aktiengesellschaft	AUT	3.397%	KO	3.397%	KO
voestalpine group-IT (Suzhou) Co., Ltd.	CHN	100.000%	KO	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.

CONTACT
& IMPRINT

CONTACT

voestalpine AG, Group Communications
T. +43/50304/15-2090, F. +43/50304/55-8981
mediarelations@voestalpine.com

voestalpine AG, Investor Relations
T. +43/50304/15-9949, F. +43/50304/55-5581
IR@voestalpine.com

www.voestalpine.com

Imprint
Owner and media proprietor: voestalpine AG, voestalpine-Strasse 1,
4020 Linz. Senior editor and editorial staff: voestalpine AG,
Investor Relations, T. +43/50304/15-9949, F. +43/50304/55-5581,
IR@voestalpine.com, www.voestalpine.com
Design and implementation: gugler* brand & digital, 3100 St. Pölten

voestalpine AG
voestalpine-Strasse 1
4020 Linz, Austria
T. +43/50304/15-0
F. +43/50304/55-Ext.
www.voestalpine.com

ONE STEP AHEAD.