

# ANNUAL REPORT 2019/20

# DEVELOPMENT OF THE KEY FIGURES

In millions of euros	2015/16	2016/17	2017/18	2018/19	2019/20
<b>Income statement</b>					
Revenue	11,068.7	11,294.5	12,897.8	13,560.7	12,717.2
EBITDA	1,583.4	1,540.7	1,954.1	1,564.6	1,181.5
Depreciation	694.6	717.4	774.1	785.2	1,270.5
EBIT	888.8	823.3	1,180.0	779.4	-89.0
Profit before tax	751.3	699.9	1,042.5	645.7	-230.3
Profit after tax <sup>1</sup>	602.1	527.0	825.4	458.6	-216.5
<b>Statement of financial position</b>					
Investments in tangible and intangible assets and interests	1,310.9	1,011.4	895.2	1,011.8	776.7
Equity	5,651.6	6,060.3	6,554.3	6,709.8	5,614.9
Net financial debt	3,079.9	3,221.1	2,995.1	3,125.4	3,775.0
Net financial debt in % of equity (gearing)	54.5%	53.2%	45.7%	46.6%	67.2%
<b>Financial key figures</b>					
EBITDA margin	14.3%	13.6%	15.2%	11.5%	9.3%
EBIT margin	8.0%	7.3%	9.1%	5.7%	-0.7%
Return on capital employed (ROCE)	9.2%	8.1%	11.1%	7.0%	-0.8%
Cash flows from operating activities	1,282.2	1,150.4	1,195.1	1,166.6	1,304.0
<b>Share information</b>					
Share price, end of period (euros)	29.41	36.90	42.57	27.07	18.54
Dividend per share (euros)	1.05	1.10	1.40	1.10	0.20 <sup>2</sup>
Market capitalization, end of period	5,143.5	6,506.2	7,506.0	4,832.6	3,308.9
Number of outstanding shares as of March 31	174,920,566	176,320,566	176,320,566	178,520,566	178,520,566
EPS – earnings per share (euros)	3.35	2.84	4.40	2.31	-1.24
<b>Personnel</b>					
Employees (full time equivalent), end of period	48,367	49,703	51,621	51,907	49,682

<sup>1</sup> Before deduction of non-controlling interests and shares of hybrid capital owners.

<sup>2</sup> As proposed to the Annual General Meeting.

# HIGHLIGHTS

## 2019/20

- » Dampening of economic growth worldwide over the course of the business year 2019/20, not least due to escalating trade war.
- » Outbreak of COVID-19 pandemic toward business year's end already impacts operating result for the year.
- » Revenue decreases year over year by 6.2%, from EUR 13,560.7 million to EUR 12,717.2 million.
- » Substantial negative non-recurring effects (about EUR 485 million) from impairment losses and provisions.
- » Operating result (EBITDA) falls by 24.5% to EUR 1,181.5 million (previous year: EUR 1,564.6 million); EBITDA margin of 9.3% (previous year: 11.5%).
- » At EUR –89.0 million, profit from operations (EBIT) is negative (previous year: EUR 779.4 million).
- » Profit before tax: EUR –230.3 million (previous year: EUR 645.7 million).
- » Profit after tax: EUR –216.5 million (previous year: EUR 458.6 million).
- » Cash flow from operating activities rises by 11.8% to EUR 1,304.0 million (previous year: EUR 1,166.6 million).
- » Equity declines by 16.3%, from EUR 6,709.8 million as of March 31, 2019, to EUR 5,614.9 million as of March 31, 2020, due to negative profit after tax, redemption of hybrid bond, and dividend payment in July 2019.
- » At 67.2%, gearing ratio (net financial debt relative to equity) rises 46.6% year over year despite positive cash flow, especially due to redemption of hybrid bond as well as changes in accounting rules (IFRS 16).
- » In light of both reporting period results and uncertain forecast for the business year 2020/21, a reduced dividend of EUR 0.20 per share is proposed for the business year 2019/20 (previous year: EUR 1.10 per share).

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

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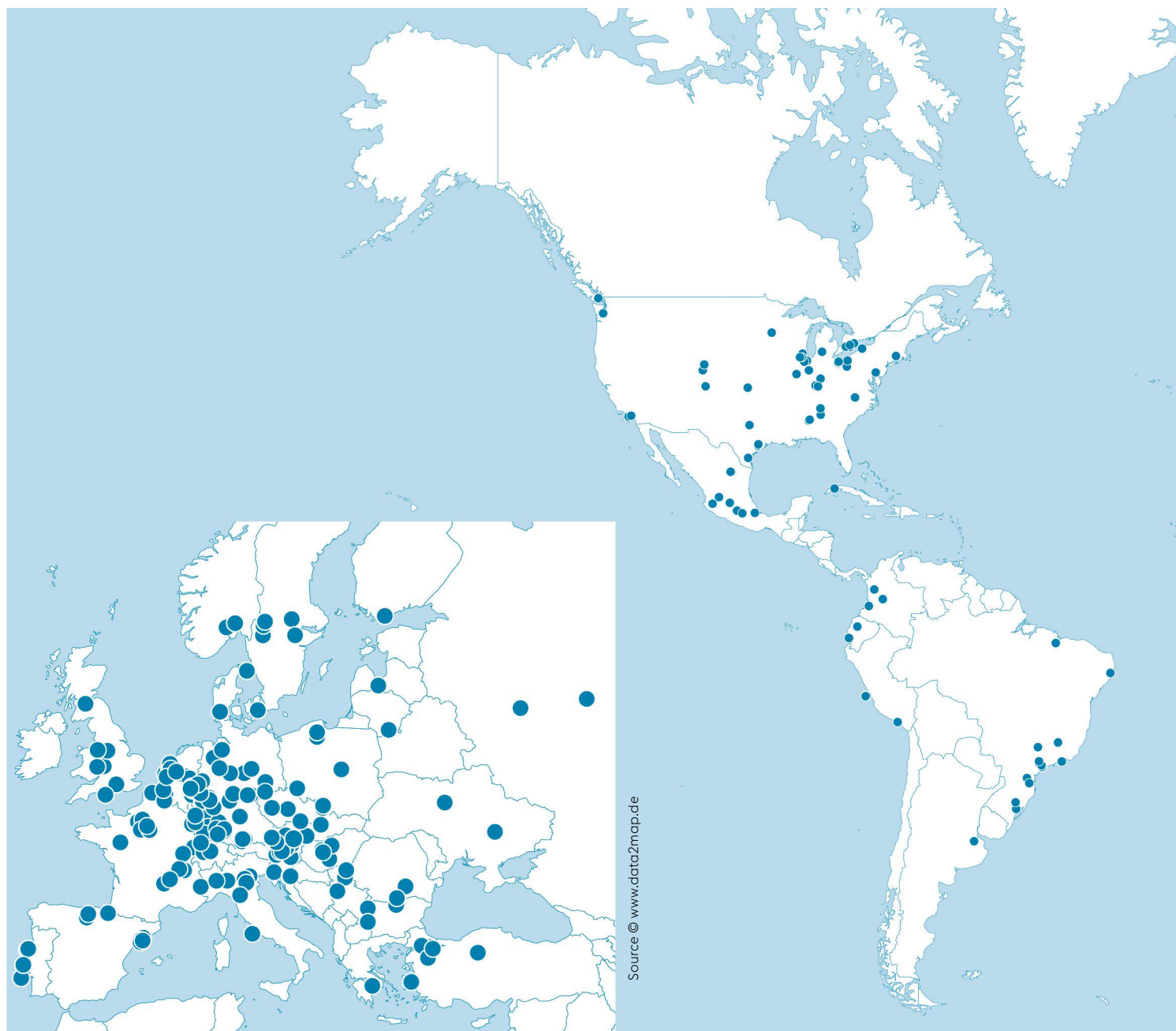
## OTHER

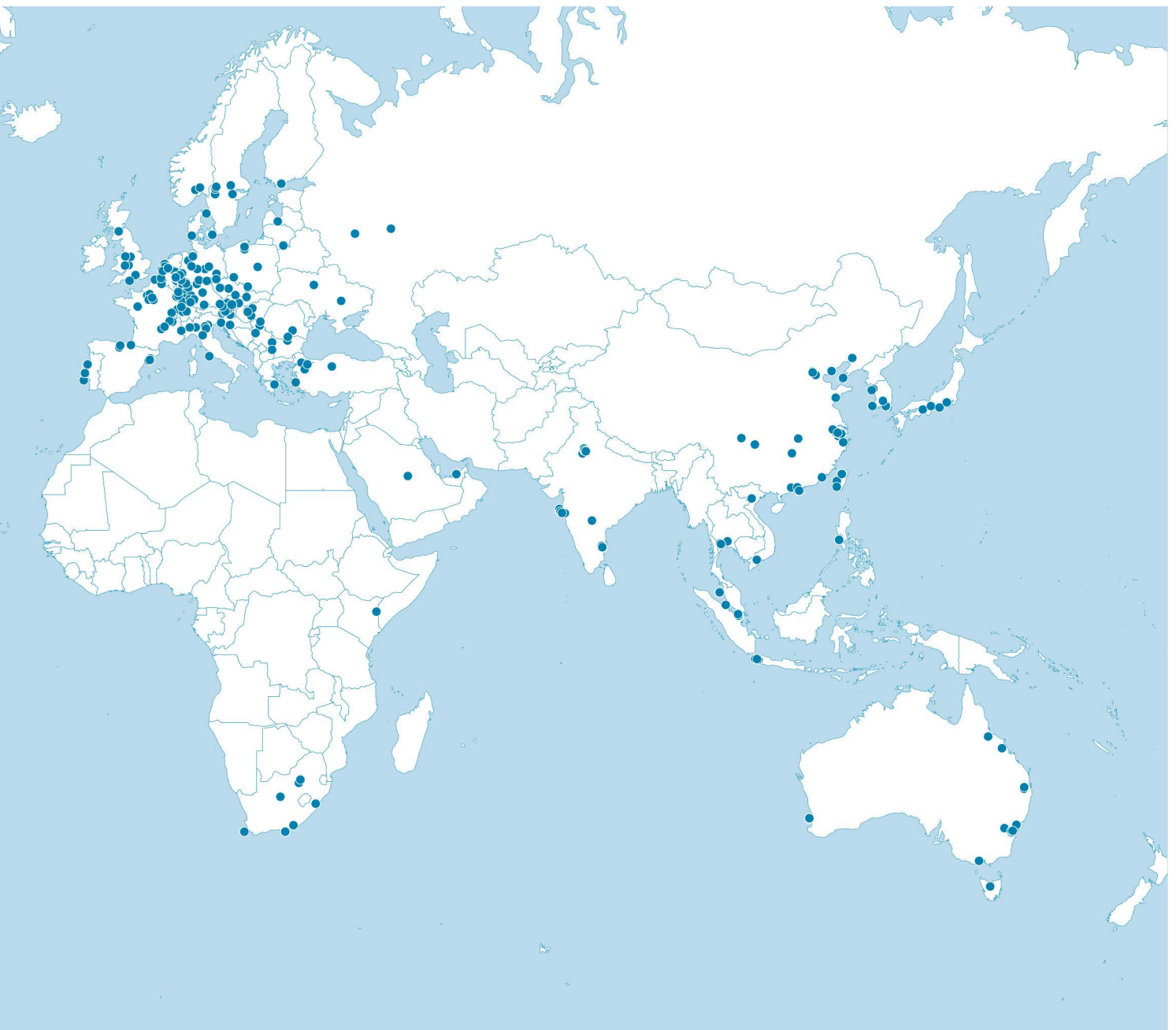
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All quantities expressed as tons in this Annual Report are metric tons (= 1,000 kg/ton).

# 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 12.7 billion in the business year 2019/20 and an operating result (EBITDA) of EUR 1.2 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

### GLOBAL QUALITY LEADERSHIP

in highest quality steel strip and market leader in heavy plate and foundry products for the most sophisticated energy applications.

# 35%

OF GROUP REVENUE

Revenue (in millions of euros)	4,570.5
EBIT (in millions of euros)	-100.6
EBIT margin	-2.2%
Employees (full-time equivalent)	10,419

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

in tool steel; leading position in high speed steel, aircraft, special forgings and powder technology. Innovation leader in additive manufacturing.

# 22%

OF GROUP REVENUE

Revenue (in millions of euros)	2,891.0
EBIT (in millions of euros)	76.6
EBIT margin	2.6%
Employees (full-time equivalent)	13,404

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 aerospace and power generation industries.



## METAL ENGINEERING DIVISION

### GLOBAL LEADERSHIP

in railway infrastructure; European market leader in specially treated wire; leading position in seamless tubes for special applications and high-quality full welding solutions.

# 22%

OF GROUP REVENUE

Revenue (in millions of euros)	2,941.7
EBIT (in millions of euros)	32.9
EBIT margin	1.1%
Employees (full-time equivalent)	13,310

The Metal Engineering Division has developed a leading position in 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, in sophisticated seamless tubes for the oil and gas industries worldwide, and in high quality welding consumables.

## METAL FORMING DIVISION

### GLOBAL LEADERSHIP

in defined high-tech niches with highest quality demands supplying metal processing solutions with a global network for generating maximum customer value.

# 21%

OF GROUP REVENUE

Revenue (in millions of euros)	2,838.3
EBIT (in millions of euros)	8.8
EBIT margin	0.3%
Employees (full-time equivalent)	11,633

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 07/01/2004)

Initial appointment: 07/07/1999

Former Chairman of the Management Board of Volksfürsorge Versicherungsgruppe, Hamburg

### **Dr. Heinrich Schaller**

Deputy Chairman of the Supervisory Board (since 07/04/2012)

Initial appointment: 07/04/2012

CEO of Raiffeisenlandesbank Oberösterreich AG, Linz

### **KR Dr. Franz Gasselsberger, MBA**

Member of the Supervisory Board, Chairman of the Audit Committee (since 07/03/2019)

Initial appointment: 07/01/2004

CEO of Oberbank AG, Linz

### **Dr. Wolfgang Eder**

Member of the Supervisory Board (since 07/03/2019)

Initial appointment: 07/03/2019

Former Chairman of the Management Board of voestalpine AG, Linz

### **Mag. Ingrid Jörg**

Member of the Supervisory Board (since 07/03/2019)

Initial appointment: 07/03/2019

President of Aerospace and Transportation, Constellium Switzerland AG, Zurich

### **Dr. Florian Khol**

Member of the Supervisory Board (since 07/03/2019)

Initial appointment: 07/03/2019

Attorney at law; partner at Binder Grösswang Rechtsanwälte GmbH, Vienna

### **Mag. Maria Kubitschek**

Member of the Supervisory Board (07/03/2019)

Initial appointment: 07/03/2019

Deputy Director of the Federal Chamber of Workers/Vienna Chamber of Workers, Vienna

### **Prof. Elisabeth Stadler**

Member of the Supervisory Board (since 07/03/2019)

Initial appointment: 07/03/2019

Chairwoman of the Management Board of Vienna Insurance Group AG  
(Wiener Versicherung Gruppe), Vienna

### **Dr. Hans-Peter Hagen**

Member of the Supervisory Board (until 07/03/2019)

Initial appointment: 07/04/2007

Managing Director of BALDUS Consulting GmbH, Vienna

**Dr. Michael Kutschera, MCJ. (NYU)**

Member of the Supervisory Board (until 07/03/2019)

Initial appointment: 07/01/2004

Attorney at law; partner at Binder Grösswang Rechtsanwälte GmbH, Vienna (Vorjahr)

**Prof. (emer) Dr. Helga Nowotny, Ph.D.**

Member of the Supervisory Board (until 07/03/2019)

Initial appointment: 07/02/2014

Former President of the European Research Council

**Mag. Dr. Josef Peischer**

Member of the Supervisory Board (until 07/03/2019)

Initial appointment: 07/01/2004

Former Director of the Upper Austria Chamber of Workers and Employees, Linz

*Delegated by the Works Council:*

**Josef Gritz**

Member of the Supervisory Board

Initial appointment: 01/01/2000

Chairman of the Works Council for Workers of voestalpine Stahl

Donawitz GmbH, Donawitz

**Friedrich Hofstätter**

Member of the Supervisory Board (until 06/15/2019)

Initial appointment: 07/01/2017

Chairman of the Works Council for Salaried Employees of voestalpine AG, Linz

**Sandra Fritz**

Member of the Supervisory Board (since 06/15/2019)

Initial appointment: 06/15/2019

Member of the Works Council for Salaried Employees of voestalpine AG, Linz

**Hans-Karl Schaller**

Member of the Supervisory Board

Initial appointment: 09/01/2005

Chairman of the Group Works Council of voestalpine AG, Linz

Chairman of the European Works Council of voestalpine AG, Linz

**Gerhard Scheidreiter**

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

# MANAGEMENT BOARD

## voestalpine AG



From left to right: Franz Kainersdorfer, Karina Pilgerstorfer, Peter Schwab, Herbert Eibensteiner, Johannes Inreiter, Rebecca Weinberger, Selina Pehamberger, Hubert Zajicek, Robert Ottel, Stefan Kastl, Franz Rotter

**Dr. Wolfgang Eder** (until 07/03/2019)

**Chairman of the Management Board (from 2004 to 2019)**

Member of the Management Board (from 1995 to 2019)

Born 1952

**Assigned areas of responsibility within the Group:**

- » 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**

**Chairman of the Management Board (since 07/03/2019)**

Member of the Management Board (since 04/01/2012)

Born 1963

**Assigned areas of responsibility within the Group:**

- » Corporate Development
  - » R&D and Innovation Strategy
  - » Strategic Human Resource Management
  - » Corporate Communications and Corporate Image
  - » Compliance
  - » Legal
  - » M&A
  - » Strategic Environmental Management
  - » Investor Relations
  - » Information Competence Center (Trade & Statistics)
  - » Internal Audit
- 

**Dipl.-Ing. Dr. Franz Kainersdorfer**

**Head of the Metal Engineering Division**

Member of the Management Board (since 07/01/2011)

Born 1967

**Assigned area of responsibility within the Group:**

- » Group's Long-Term Energy Supply

**Mag. Dipl.-Ing. Robert Ottel, MBA**

**Chief Financial Officer (CFO)**

Member of the Management Board (since 04/01/2004)

Born 1967

**Assigned areas of responsibility within the Group:**

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

**Dipl.-Ing. Franz Rotter**

**Head of the High Performance Metals Division**

Member of the Management Board (since 01/01/2011)

Born 1957

**Assigned area of responsibility within the Group:**

- » Health & Safety
- 

**Dipl.-Ing. Dr. Peter Schwab, MBA**

**Head of the Metal Forming Division**

Member of the Management Board (since 10/01/2014)

Born 1964

**Assigned area of responsibility within the Group:**

- » Procurement Strategy
- 

**Dipl.-Ing. Hubert Zajicek, MBA**

**Head of the Steel Division (since 07/04/2019)**

Member of the Management Board (since 07/04/2019)

Born 1968

**Assigned area of responsibility within the Group:**

- » Raw Materials

# LETTER OF THE MANAGEMENT BOARD

Ladies and Gentlemen:

The business year 2019/20 was one of the most challenging in the past decade. Having expanded for years, voestalpine entered a consolidation phase at the start of the reporting period. Toward its end, the Group was confronted with the steepest economic contraction since World War II due to the outbreak of the COVID-19 pandemic.

Changes in the macroeconomic environment worldwide had already flattened the economic momentum early in the business year. The radical change in the trade policies of the United States did more than just question the industrialized world's economic system, which so far has been based on globalization and largely unfettered global trade. Although the U.S. accused practically all of its trading partners of engaging in unfair trade practices, its newly isolationist stance targeted Europe as well as the People's Republic of China. "Protective tariffs" levied on one side soon led to "retaliatory tariffs" on the other.

The global stock markets reacted to these developments rather quickly with substantial drops in share prices, and a dampening of global economic growth at the level of the real economy ensued a short while later.

We analyzed the positioning in the long term of all of the voestalpine Group's key business segments against the backdrop of these changes in the global economic order, some of which are structural and will last. This led to restructuring measures and impairment charges in some areas that have substantial, negative non-recurring effects on earnings for the business year 2019/20.

Comprehensive programs aimed at lowering costs and boosting earnings were implemented to stabilize earnings, with a special focus on generating cash flow and improving the Group's asset and capital structure.

We are able to present a number of partial successes in this annual report 2019/20: A substantial portion of the Group's debt was reduced in the reporting period's final quarter. The reduction in the gearing ratio from 80% to about 67% means that we are coming closer to our target of between 40% and 50%. Total cash flow of EUR 1.3 billion for the year from operating activities was generated especially through the substantial inflow of liquidity in the final quarter. At less than EUR 800 million, investments were reduced to a level below depreciation in the business year 2019/20. At about EUR 600 million, the anticipated investment volume for the new business year 2020/21 is substantially lower yet again.

An extremely disciplined approach to investments is just one of many steps that were absolutely necessary in the face of the lockdowns imposed in connection with the COVID-19 pandemic. COVID-19 had a massive additional negative impact on the already difficult market environment in the reporting period's fourth quarter. Non-recurring effects (mainly additional impairment losses) thus impacted both the final weeks of the business year 2019/20 operationally and the annual report generally.

The actual economic fallout from the pandemic will only become visible in another few months, making it difficult to present a sound assessment of the Group's revenue and earnings performance in the current business year 2020/21. What is certain, however, is that we will have to come to terms with a scenario entailing periods of prolonged volatility. In light of both the results for the business year ended and the uncertain forecast for the business year 2020/21, the Management Board proposes to lower the dividend for the business year 2019/20 to EUR 0.20 per share.

The dramatic current conditions put voestalpine's great strengths on display yet again: for one, its employees who are doing their best to work to overcome this extraordinary situation and, for another, its robust strategic alignment that provides the Group's underpinning. Our portfolio contains business segments that performed very well even under lockdown conditions as, for instance, rail technology and storage technology. This provides a good basis for voestalpine to continue its successful journey in the long term even in a difficult environment.

Linz, May 26, 2020

The Management Board

Herbert Eibensteiner

Franz Kainersdorfer

Robert Ottel

Franz Rotter

Peter Schwab

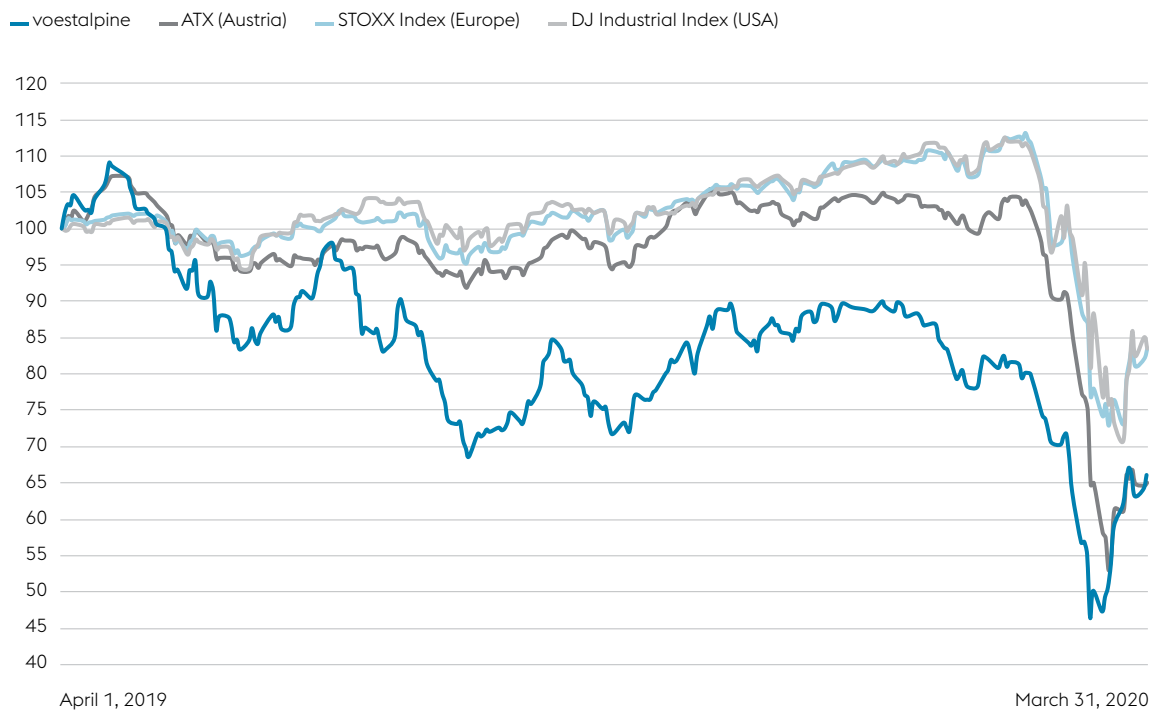
Hubert Zajicek

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# INVESTOR RELATIONS

## voestalpine AG VS. THE ATX AND INTERNATIONAL INDICES

Changes compared to March 31, 2019, in %



## DEVELOPMENT OF THE voestalpine SHARE

Very high volatility characterized the voestalpine share throughout the business year 2019/20. The fallout from the increasingly fierce trade wars dominated business prospects and thus the share's performance. While voestalpine felt the protectionist measures in China first, subsequently the

economic downturn intensified in Europe too. The European steel industry, in particular, was confronted with a difficult environment. While demand in customer segments such as Railway Systems and the aerospace industry was stable, the business climate in the automotive and mechanical engineering industry darkened substantially over time. The price of the voestalpine share in the first half of the business year 2019/20



reflected the changed global environment early on. The fact that the share price developed along a fairly stable trajectory in the business year's third quarter even though the company reported large, negative non-recurring effects in mid-December 2019 must be considered against this backdrop. In addition to impairment losses, provisions for restructuring expenses and other risks also had a negative impact on earnings during this quarter.

For the capital markets, the fourth quarter of the business year 2019/20 was dominated entirely by the COVID-19 pandemic. While the lockdown in China had a merely passing and relatively moderate impact on global stock markets, the global spread of the virus led to massive sell-offs of securities. The fear that the global economy could fall off the cliff put an end to the more than decade-long bull market. The speed of the ensuing crash was without precedent in modern times. In this environment, the voestalpine share lost

about 40% of its value within a mere two weeks. Unemployment quickly skyrocketed in the leading industrialized countries as the global economy came to a sudden standstill. The process of consolidation in the capital markets continued regardless, albeit at a low level. For the time being, support measures that various governments announced to public acclaim in keeping with the watchword, "whatever it costs," have put a stop to investors' panic selling. Toward the end of the reporting period, the voestalpine share also managed to regain some of the ground it had lost. Overall, however, its price had fallen by about one third since the start of the business year 2019/20. It declined from EUR 28.04, the price at which it was traded on April 1, 2019, to EUR 18.54 as of March 31, 2020. While the ATX experienced similar losses in percentage terms during this period, the two benchmark indices, STOXX Index Europe and Dow Jones Industrial, managed to narrow their losses to about 16%.

## BONDS

Type of bond	ISIN number	Issuing volume	Interest rate	Share price (03/31/2020)
Corporate bond 2014 – 2021	AT0000A19S18	EUR 400 million	2.25%	98.88
Corporate bond 2017 – 2024	AT0000A1Y3P7	EUR 500 million	1.375%	90.22
Corporate bond 2019 – 2026	AT0000A27LQ1	EUR 500 million	1.75%	92.00

### 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. The value date and start of official trading of the seven-year bond (ISIN AT0000A27LQ1) was April 10, 2019.

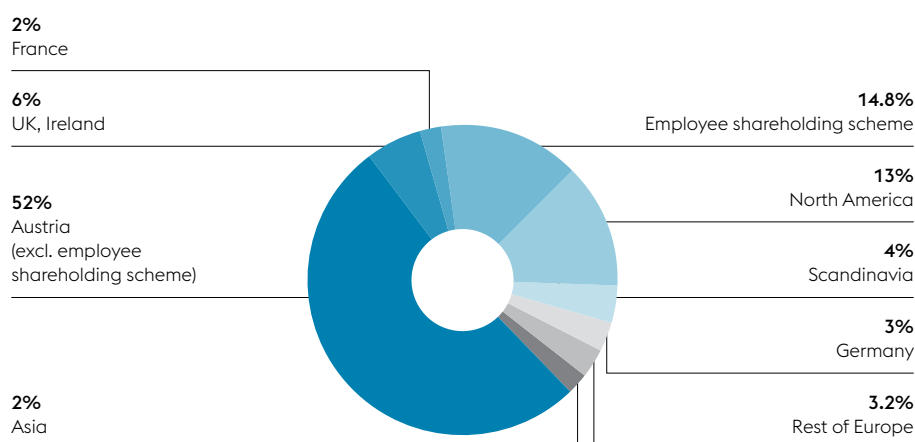
### HYBRID BOND 2013

On September 9, 2019, the Management Board of voestalpine AG resolved to redeem the EUR 500 million hybrid bond issued in 2013 (ISIN AT0000A0ZHF1) in full pursuant to Section 5 (2) of the Bond Conditions effective as of the bond's first possible call date, specifically, October 31, 2019 (redemption date).

## SHAREHOLDER STRUCTURE

The shareholder structure by region as of the end of the business year 2019/20 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
- » Morgan Stanley, London
- » Oddo BHF, Paris
- » Raiffeisen Centrobank, Vienna
- » Wiener Privatbank, Vienna

## SHARE INFORMATION

Share capital	EUR 324,391,840.99 divided into 178,549,163 no-par value shares
Treasury shares as of March 31, 2020	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 2019 to March 2020	EUR 30.58
Share price low April 2019 to March 2020	EUR 13.04
Share price as of March 31, 2020	EUR 18.54
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, 2020 <sup>1</sup>	EUR 3,308,878,690.81

<sup>1</sup> Basis: total number of shares minus repurchased shares.

### BUSINESS YEAR 2019/20

Earnings per share	EUR -1.24
Dividend per share	EUR 0.20 <sup>1</sup>
Carrying amount per share as of March 31, 2020	EUR 30.69

<sup>1</sup> As proposed to the Annual General Meeting.

### FINANCIAL CALENDAR 2020/21

Record date for attendance at the AGM	June 21, 2020
Annual General Meeting (AGM)	July 1, 2020
Ex-dividend date	July 9, 2020
Record date for dividend payment	July 10, 2020
Dividend payment date	July 13, 2020
Publication Q1 2020/21	August 5, 2020
Publication Q2 2020/21	November 10, 2020
Publication Q3 2020/21	February 9, 2021
Business Year 2020/21	June 9, 2021
Annual General Meeting	July 7, 2021

# CONSOLIDATED CORPORATE GOVERNANCE REPORT 2019/20

## 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; as well as the OECD Principles of Corporate Governance. Since 2002, the Code has undergone a

number of revisions. The present Corporate Governance Report is based on the most recent amendment of the Code, which was adopted in January 2018.<sup>1</sup>

» The Code is publicly accessible at [www.corporate-governance.at](http://www.corporate-governance.at)

The Code achieves validity when companies voluntarily undertake to adhere to it. The Management Board and the Supervisory Board of voestalpine AG 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.<sup>2</sup>

<sup>1</sup> Relative to the January 2018 version of the Code, solely rules that apply to business years starting after June 10, 2019, were added to the Code as amended January 2020. These rules are not material to the present Report for 2019/20.

<sup>2</sup> 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 (until 07/03/2019)

Born 1952; Member of the Management Board from 1995 to 2019; Chairman of the Management Board (from 2004 to 2019); Member of the Supervisory Board of Oberbank AG, Linz, Austria (until 05/14/2019); Member of the Supervisory Board of Infineon Technologies AG, Neubiberg/Munich, Germany

#### **Assigned areas of responsibility within the Group:**

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<sup>3</sup>**

##### **of the voestalpine Group up to 07/03/2019:**

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

#### **Chairman of the Management Board (since 07/03/2019)**

Born 1963; Member of the Management Board since 04/01/2012; End of the current term of office: 03/31/2024

#### **Assigned areas of responsibility within the Group:**

Corporate Development; R&D and Innovation Strategy; Strategic Human Resources Management; Corporate Communications and Corporate Image; Compliance; Legal; M&A; Strategic Environmental Management; Investor Relations; Information Competence Center (Trade & Statistics); Internal Audit

#### **Positions at material subsidiaries<sup>3</sup>**

##### **of the voestalpine Group since 07/03/2019:**

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

### » Dipl.-Ing. Dr. Franz Kainersdorfer

#### **Head of the Metal Engineering Division**

Born 1967; Member of the Management Board since 07/01/2011; End of the current term of office: 03/31/2024; Member of the Supervisory Board of VA Erzberg GmbH, Eisenerz, Austria; Member of the Supervisory Board of Virtual Vehicle Research GmbH, Graz, Austria

#### **Assigned area of responsibility within the Group:**

Group's Long-Term Energy Supply

#### **Positions at material subsidiaries<sup>3</sup> of the voestalpine Group:**

voestalpine Metal Engineering 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; voestalpine Wire Rod Austria GmbH, Member of the Advisory Board

<sup>3</sup> 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.

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» **Mag. Dipl.-Ing. Robert Ottel, MBA**

**Chief Financial Officer (CFO)**

Born 1967; Member of the Management Board since 04/01/2004; 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<sup>4</sup>; Member of the Supervisory Board of Vienna Stock Exchange AG, Vienna, Austria<sup>4</sup>

**Assigned areas of responsibility within the Group:**

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

**Positions at material subsidiaries<sup>3</sup> 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

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» **Dipl.-Ing. Franz Rotter**

**Head of the High Performance Metals Division**

Born 1957; Member of the Management Board since 01/01/2011; End of the current term of office: 03/31/2024

**Assigned area of responsibility within the Group:**

Health & Safety

**Positions at material subsidiaries<sup>3</sup> 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, Chairman of the Supervisory Board; Uddeholms AB, Member of the Executive Board; Villares Metals S.A., Member of the Supervisory Board; voestalpine BÖHLER Aerospace GmbH, Member of the Supervisory Board

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» **Dipl.-Ing. Dr. Peter Schwab, MBA**

**Head of the Metal Forming Division**

Born 1964; Member of the Management Board since 10/01/2014; End of the current term of office: 03/31/2024

**Assigned area of responsibility within the Group:**

Procurement Strategy

**Positions at material subsidiaries<sup>3</sup> 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 Automotive Components Dettingen GmbH & Co KG, Chairman of the Advisory Board

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<sup>3</sup> 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.

<sup>4</sup> Effective April 29, 2020, Vienna Stock Exchange AG (Wiener Börse AG) was merged with CEESEG AG, and CEESEG AG was renamed Wiener Börse AG.

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» **Dipl.-Ing. Hubert Zajicek, MBA**  
(since 07/04/2019)

**Head of the Steel Division**

Born 1968; Member of the Management Board since 07/04/2019; End of the current term of office: 03/31/2024

**Assigned area of responsibility within the Group:**

Raw Materials

**Positions at material subsidiaries<sup>3</sup> 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, Chairman of the Advisory Board

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## COMPOSITION OF THE SUPERVISORY BOARD

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» **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

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» **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

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» **KR Dr. Franz Gasselsberger, MBA**

Born 1959

**Member of the Supervisory Board**

**Chairman of the Audit Committee (since 07/03/2019)**

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 Lenzing AG, Lenzing, Austria

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» **Dr. Wolfgang Eder**

Born 1952

**Member of the Supervisory Board (since 07/03/2019)**

Initial appointment: 07/03/2019  
Former Chairman of the Management Board of voestalpine AG, Linz, Austria; Chairman of the Supervisory Board of Infineon Technologies AG, Neubiberg/Munich, Germany

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» **Mag. Ingrid Jörg**

Born 1969

**Member of the Supervisory Board (since 07/03/2019)**

Initial appointment: 07/03/2019  
President of Aerospace and Transportation, Constellium Switzerland AG, Zurich, Switzerland

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» **Dr. Florian Khol**

Born 1971

**Member of the Supervisory Board (since 07/03/2019)**

Initial appointment: 07/03/2019  
Attorney at law; partner at Binder Grösswang Rechtsanwälte GmbH, Vienna, Austria

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<sup>3</sup> 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.

» <b>Mag. Maria Kubitschek</b> Born 1962	<b>Member of the Supervisory Board (since 07/03/2019)</b> Initial appointment: 07/03/2019 Deputy Director of the Federal Chamber of Workers/Vienna Chamber of Workers, Vienna, Austria; Member of the Supervisory Board of Vienna Insurance Group AG (Wiener Versicherung Gruppe), Vienna, Austria
» <b>Prof. Elisabeth Stadler</b> Born 1961	<b>Member of the Supervisory Board (since 07/03/2019)</b> Initial appointment: 07/03/2019 Chairwoman of the Management Board of Vienna Insurance Group AG (Wiener Versicherung Gruppe), Vienna, Austria; Member of the Supervisory Board of OMV Aktiengesellschaft, Vienna, Austria
» <b>Dr. Hans-Peter Hagen</b> Born 1959	<b>Member of the Supervisory Board (until 07/03/2019)</b> Initial appointment: 07/04/2007 Managing Director of BALDUS Consulting GmbH, Vienna, Austria; Member of the Supervisory Board of Telekom Austria AG, Vienna, Austria
» <b>Dr. Michael Kutschera, MCJ. (NYU)</b> Born 1957	<b>Member of the Supervisory Board (until 07/03/2019)</b> Initial appointment: 07/01/2004 Attorney at law; partner at Binder Grösswang Rechtsanwälte GmbH, Vienna, Austria
» <b>Prof. (emer) Dr. Helga Nowotny, Ph.D.</b> Born 1937	<b>Member of the Supervisory Board (until 07/03/2019)</b> Initial appointment: 07/02/2014 Former President of the European Research Council
» <b>Mag. Dr. Josef Peischer</b> Born 1946	<b>Member of the Supervisory Board (until 07/03/2019)</b> Initial appointment: 07/01/2004 Former Director of the Upper Austria Chamber of Workers and Employees, Linz, Austria

*Delegated by the Works Council:*

» <b>Josef Gritz</b> Born 1959	<b>Member of the Supervisory Board</b> Initial appointment: 01/01/2000 Chairman of the Works Council for Workers of voestalpine Stahl Donawitz GmbH, Donawitz, Austria
» <b>Friedrich Hofstätter</b> Born 1965	<b>Member of the Supervisory Board (until 06/15/2019)</b> Initial appointment: 07/01/2017 Chairman of the Works Council for Salaried Employees of voestalpine AG, Linz, Austria
» <b>Sandra Fritz</b> Born 1977	<b>Member of the Supervisory Board (since 06/15/2019)</b> Initial appointment: 06/15/2019 Member of the Works Council for Salaried Employees of voestalpine AG, Linz, Austria
» <b>Hans-Karl Schaller</b> Born 1960	<b>Member of the Supervisory Board</b> 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
» <b>Gerhard Scheidreiter</b> Born 1964	<b>Member of the Supervisory Board</b> 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 shareholder representatives end as of the close of the Annual General Meeting of voestalpine AG, which adopts resolutions relative to the business year 2023/24.

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 200).

## INFORMATION REGARDING THE INDEPENDENCE OF THE MEMBERS OF THE SUPERVISORY BOARD

Under Rule 53 of the Corporate Governance Code, the majority of the members elected to the Supervisory Board by the Annual General Meeting shall be independent of the company and its Management Board. The Supervisory Board shall establish and publish criteria regarding such independence (see [www.voestalpine.com](http://www.voestalpine.com) » Investors » Corporate Governance).

Based on the criteria established by the Supervisory Board, seven of eight members elected to the Supervisory Board by the Annual General Meeting have confirmed that they consider themselves to be independent. The Supervisory Board member, Dr. Wolfgang Eder, pointed out in his confirmation that, given his position as the Management Board Chairman of voestalpine AG until July 3, 2019, he does not fulfill one of the Supervisory Board's criteria of independence.

With the exception of Dr. Heinrich Schaller (who represents the shareholder, Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG) and Ms. Maria Kubitschek (who represents the voestalpine Mitarbeiterbeteiligung Privatstiftung), none of the Supervisory Board members elected by the Annual General Meeting are shareholder members with an investment of more than 10% or represent the interests of shareholders holding stakes in excess of 10% (Rule 54).

As legal counsel to voestalpine AG and its subsidiaries, the law firm of Binder Grösswang Rechtsanwälte GmbH, of which the Supervisory Board member Dr. Florian Khol is a partner, provided legal services in the business year 2019/20 particularly in connection with matters related to corporate, capital market, and real estate law. Fees for these matters were invoiced at customary

market rates. For the business year 2019/20, total net fees of EUR 52,434.33 (2018/19: EUR 13,648.33) were incurred for services provided by Binder Grösswang Rechtsanwälte GmbH. The Supervisory Board member, Prof. Elisabeth Stadler, is the Management Board chairwoman of Vienna Insurance Group AG (Wiener Versicherung Gruppe – VIG). The voestalpine Group has purchased insurance policies from VIG at terms and conditions customary for the market and industry primarily for the following areas: property/business interruptions, corporate liability, and transport. VIG accounted for about 33% (2018/19: about 34%) of the voestalpine Group's premiums for insurance programs in the business year 2019/20.

## COMMITTEES OF THE SUPERVISORY BOARD

The Articles of Association 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 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, in the business year 2019/20, the

General Committee dealt with the preparation of a proposal regarding the Compensation Policy as per Section 78a and Section 98a Austrian Stock Corporation Act (*Aktiengesetz – AktG*). The General Committee is authorized to make decisions in urgent cases.

#### **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 profits, the Management Report, and the Consolidated Corporate Governance Report. It is also this Committee's responsibility to review the Group's Consolidated Financial Statements as well as to submit a recommendation for the selection of an auditor and to report to the Supervisory Board thereon. Furthermore, the Audit Committee is responsible for monitoring the effectiveness of the Group-wide internal control system, the Internal Audit system, and the risk management system.

#### **Members of the Audit Committee of the Supervisory Board:**

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

## **NUMBER OF AND SIGNIFICANT CONTENT OF THE SUPERVISORY BOARD AND COMMITTEE MEETINGS IN THE BUSINESS YEAR 2019/20**

During the business year 2019/20, the Supervisory Board fulfilled its responsibilities under the law and the Articles of Association, holding six plenary sessions, three meetings of the Audit Committee, and five meetings of the General Committee.

In both the plenary sessions and the Audit Committee meetings, the Management Board provided comprehensive oral and written information regarding the development of the company's business as well as its financial management and position. At its final meeting for the reporting period on March 19, 2020, the Supervisory Board dealt intensively with the economic distortions arising from the COVID-19 pandemic, its potential ramifications for voestalpine, and the measures the Management Board has planned.

In addition to discussions of regular reports on the Group's current business and financial position, at its meetings the Supervisory Board dealt particularly with scenarios regarding CO<sub>2</sub>-reduced steelmaking, voestalpine's digitalization strategy, issues related to innovation and information technology as well as the revision of the rules of procedure for the Management Board. Both the General Committee and the Supervisory Board discussed the proposal regarding the candidates for the elections to the Supervisory Board at the Annual General Meeting on July 3, 2019, as well as the 2019 Austrian Corporate Law Amending Act (*Aktienrechts-Änderungsgesetz*), especially the new rules and regulations thereunder regarding both the Compensation Policy and the Compensation Report ("say on pay"). Moreover, the General Committee dealt with the revision of the rules of procedure for the Supervisory Board and

the lawsuit that a shareholder filed against the election of Dr. Wolfgang Eder to the Supervisory Board of voestalpine AG after the Annual General Meeting 2019. This court case was suspended in perpetuity in the first quarter of calendar year 2020 and thus has ended.

The Audit Committee dealt, in particular, with the implementation of a procedure for selecting a new auditor at the Annual General Meeting 2019; the preparation and audit of the company's Consolidated Financial Statements and Annual Financial Statements 2019/20; the auditor's independence; as well as issues related to the internal control system (ICS), the risk management system, and Internal Audit.

The auditor, Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, Austria, attended the meeting of the Audit Committee on June 4, 2019, and was available for questions and discussions. The auditor, Deloitte Audit Wirtschaftsprüfungs GmbH, which had been elected by the Annual General Meeting on July 3, 2019, attended the meetings of the Audit Committee in September and December 2019. All meetings of the Audit Committee in the business year 2019/20 thus were attended by the auditor, and the latter was available for questions and discussions.

The Supervisory Board postponed the self-evaluation under Rule 36 of the Corporate Governance Code, which was planned for the meeting on March 19, 2020, to the meeting on June 2, 2020, because not all members of the Supervisory Board were present in person owing to the COVID-19 pandemic and the associated stay-at-home orders and travel restrictions and because it makes sense to carry out a self-evaluation in a meeting at which all participating members are present in person.

## PRINCIPLES OF THE voestalpine GROUP'S COMPENSATION POLICY

Employees' total compensation takes the form of fixed, market-rate salaries, some of which are supplemented by variable compensation.

The amount of the fixed salaries 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. In the event of supplementary, variable compensation, the amount of the given component of compensation is contingent on the achievement of stipulated targets. Depending on the given employee's role, both qualitative and quantitative targets (in particular, EBIT and ROCE) are agreed. Targets are usually set for one business year at a time.

Group-wide requirements applicable to managing directors and officers concern the amount of the maximum possible variable compensation and the weighting of the 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 in this connection, including non-monetary components:

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

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

## COMPOSITION OF THE MANAGEMENT BOARD AND THE SUPERVISORY BOARD

Professional suitability (i.e., whether the candidate possesses the requisite competence and experience) and personality traits (e.g., personal integrity) are material criteria in the selection and appointment of Management Board members. 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. The members of the Management Board are between 51 and 62 years of age, possess a range of educational credentials primarily in technical fields as well as widely ranging professional and international management experience.

The shareholder representatives on the Supervisory Board are elected by the Annual General Meeting in accordance with the applicable statutory framework. At this time, the Supervisory Board includes four women and one non-Austrian. The members of the Supervisory Board are between 49 and 77 years of age and possess a wide range of professional expertise as well as professional and management experience.

## STEPS FOR PROMOTING WOMEN

In the business year 2019/20, the percentage of female executives was about 12.5%, the same as in the previous year. 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 train-

ing level of the Leadership Development Program (“value program”). Of the total of 198 participants in the business year 2019/20, 16.7% were women. This means that the percentage of women has risen yet again compared with the previous year (14.1%) 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 2019/20 was 14.7% (previous year: 14.4%). 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 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 38.5%; despite all of our efforts, however, women still only account for a mere 7.5% among workers.

None of the Group companies have explicit “female quotas.” Instead, the voestalpine Group strives to raise the percentage of women in the Group at all levels in the long term 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 2019/20 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 company’s website, [www.voestalpine.com](http://www.voestalpine.com)

Linz, Austria, May 18, 2020

The Management Board

Herbert Eibensteiner

Franz Kainersdorfer

Robert Ottel

Franz Rotter

Peter Schwab

Hubert Zajicek

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

# COMPLIANCE

## CODE OF CONDUCT

In its business segments, voestalpine is a global technology Group that boasts combined expertise in materials and processing, focuses on product and system solutions made of steel and other metals in technology-intensive industries and niches, and applies the most demanding quality standards. As a reliable partner, voestalpine 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 and identification/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 have been 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, but is not bound by instructions.

The Compliance organization 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 protection, 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 department.

## 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 relative to gifts, invitations, and other benefits; donations, sponsoring, and secondary employment; as well as private purchases of goods and services by employees from customers and suppliers.

#### » DEALINGS WITH SALES REPRESENTATIVES AND CONSULTANTS

This guideline prescribes the procedure to be followed prior to contracting with 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 is available in 21 languages, and the supplementary Compliance Guidelines in 14. The entire body of Compliance rules and regulations applies Group-wide.

## 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, in particular, 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 12,100 Group employees in antitrust law and some 26,200 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. The system is designed to systematically utilize internal information for the purpose of identifying Compliance risks in the Group early on and effectively.

# CONSOLIDATED MANAGEMENT REPORT 2019/20

**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 2019/20 was published on voestalpine AG's 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

The weakening of economic momentum shaped the business year 2019/20 from the outset. Some of its causes such as trade wars and the Brexit had already been apparent in the business year 2018/19. What had been a very challenging environment over extended stretches of time did not ease until the reporting period's final quarter. The COVID-19 pandemic brought the clearly accelerating momentum at the turn of the year to an abrupt end. Economic developments in the final weeks of the business year 2019/20 are not comparable to past downturns. The fact that the economy came to a sudden standstill was not the result of economic forces but instead served to protect people's health. Worldwide, and even within Europe, measures aimed at mitigating the coronavirus were handled differently at the regional level but the consequences were the same everywhere: Massive restrictions on consumption, followed by sharp curtailments on pro-

duction and, in some areas, complete production stoppages.

This turn of events also affected the voestalpine Group in all its regions. The numbers for the business year 2019/20, however, reflect only a fraction of the impact on operating income still to be expected from the COVID-19 crisis.

## EUROPE

Throughout the first three quarters of the business year ended and thus prior to the outbreak of the pandemic, there was a dichotomy in Europe's economic development. While both consumption and the service sector benefited from good employment levels, rising household incomes, and low interest rates that drove the positive momentum, the manufacturing sector was weak. Besides the slowdown in the global economy, Europe's traditionally export-led industry suffered especially from the international trade wars that dampened investments in Europe. Add to that the reductions in automotive production, which affected Germany's economic performance above all. This development intensified yet further toward the close of calendar year 2019 because many sectors were reducing their inventories. Sentiment did not palpably improve until the turn of the year, which coincides with the start of the business year's fourth quarter, only to be brought to a screeching stop by the onset of the COVID-19 pandemic in Europe toward the end of the quarter.

The weakness of Europe's manufacturing industries even prior to the COVID-19 outbreak posed considerable challenges for voestalpine, which



generates about two thirds of its revenue in Europe. Especially the slowdown in the automotive sector was a drag on earnings. By contrast, the Group benefited from positive developments in the rail technology and aerospace sectors up to the fourth quarter of the reporting period.

The outbreak of COVID-19 led to restrictions on public life that were imposed at different rates and intensities throughout Europe, with far-reaching consequences for both consumption and production. The voestalpine Group already reacted to diminished demand toward the close of the business year 2019/20 by curtailing production in its core facilities. Moreover, large sections of its labor force were registered for the different short time work models that apply in European countries.

#### **NORTH AMERICA / USA**

The growth trend in the United States continued unabated over most of the business year 2019/20. Particularly the service sector and private consumption benefited from people's growing purchasing power thanks to the flourishing labor market, rising household income, and low interest rates. After delivering satisfactory performance at the start of the business year, the production sector increasingly suffered under the escalating trade war with China and the weakening global economy. There was a palpable decline in investments. The Phase 1 Trade Deal with China finally lent some momentum to the country's economic development toward the end of the third quarter, which continued into the start of the fourth quarter. The COVID-19 pandemic reached North America also toward the close of the business year 2019/20. Due to the U.S. administration's hesitant response, the virus quickly spread to a degree that made it imperative to impose extensive shutdowns on public life, especially in New York—just as the world's other regions had done. The COVID-19 pandemic thus interrupted the longest economic growth trend in the history of the United States, producing the sharpest contraction since World War II.

In sum, the voestalpine Group benefited throughout most of the reporting period from the economic momentum that prevailed in North America. The aerospace industry, in particular, saw strong demand up to the third quarter. While the railway sector did slow down in the course of the business year ended, it remained attractive overall nonetheless. The oil and natural gas industry

presented a different picture, however, posing a challenge for voestalpine throughout the reporting period mainly due to both the downturn in exploration activity and the Section 232 protectionist tariffs. Add to that the pronounced worsening of conditions toward the close of the business year 2019/20 independently of the outbreak of the COVID-19 pandemic. The voestalpine Group reacted swiftly in North America, too, taking comprehensive measures to adjust production to lower demand and imposing strict cost management.

#### **SOUTH AMERICA / BRAZIL**

The weakness of macroeconomic momentum in Brazil, voestalpine's most important market on the South American continent, continued unabated in the business year 2019/20.

In addition to anemic investment throughout the country, this was chiefly due to weaker iron ore exports, which still account for a significant portion of the country's gross domestic product (GDP). Following a fatal dam break in a Brazilian mine at the start of calendar year 2019, the authorities closed down several mining operations for safety reasons, allowing them to reopen but gradually over the course of the business year.

While economic growth virtually came to a standstill during the reporting period's second quarter, growing consumption as well as rising investments fed an upswing that started in its third quarter. The devaluation of the real, Brazil's currency, in the fourth quarter intensified this trend because it boosted exports.

Although Brazil, too, was hit by the global COVID-19 pandemic toward the close of the business year ended, the government's reaction was rather lackadaisical. As a result, the pandemic's economic effects in the reporting period are visible only to a limited extent at this time. It is to be expected, however, that the country's inadequate response to the crisis will lead to follow-on effects along with even stronger distortions in the coming months.

On the whole, the voestalpine Group's Brazilian entities delivered very solid performance in this challenging environment.

#### **CHINA**

In the business year 2019/20, China's economic growth suffered increasingly from the trade war, especially with the United States. Aside from the decline in exports, a direct consequence, domestic consumption also slumped. The country's auto-

motive market experienced a meltdown, prompting the central government to enact state-sponsored economic stimulus programs that had a positive effect particularly in the construction and infrastructure industries. This drove China's production of pig iron and thus demand for iron ore on the global market to new highs, in turn triggering iron ore price increases worldwide, given China's dominant position as the world's largest steel producer.

The voestalpine Group benefited from this environment into the third quarter of the business year 2019/20, especially its rail technology segment. The tool segment, by contrast, suffered from the weakness of both the consumer goods industry and the automotive industry.

To keep the spread of the COVID-19 pandemic under control, China reduced public life to a bare minimum. At the start of the fourth quarter of the business year 2019/20, therefore, all work stopped at voestalpine's production sites in China, too. While this lockdown triggered a dramatic downturn in the prevailing growth trend, China already launched a coordinated program in early March to restart its economy. Even the voestalpine Group's sites in the country had returned almost to normal operations by the business year's end.

All told, the economic environment in the business year 2019/20 turned out to be one of the most challenging in recent years.

## REPORT ON THE FINANCIAL KEY PERFORMANCE INDICATORS OF THE voestalpine GROUP

### REVENUE

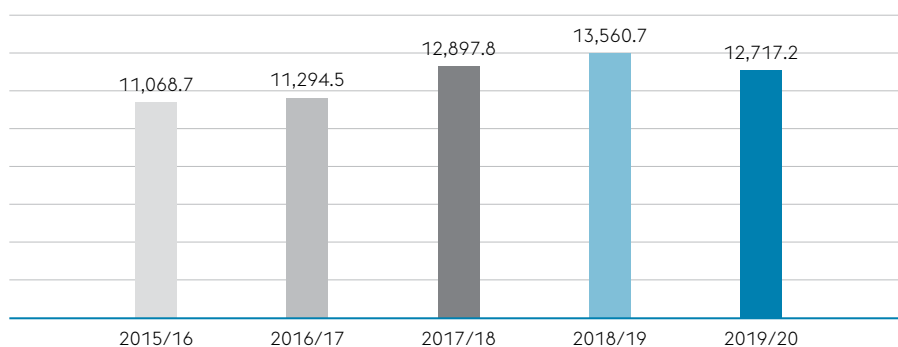
While the voestalpine Group successfully boosted revenue in recent years on account of its growth strategy, in the business year ended revenue fell year over year by 6.2%, from EUR 13,560.7 million to EUR 12,717.2 million. This development is closely linked to the dampening of economic sentiment in both the customer segments and the sales regions critical to the voestalpine Group. Delivery volumes declined across the board as a result. Solely the Steel Division exhibits a stable trend, because the complete overhaul of blast furnace A already reduced the previous year's basis.

### NON-RECURRING EFFECTS

Whereas the decline in revenue was moderate, the weakening in individual earnings categories is much more pronounced. This is due only in part to the Group's operating performance. In the final analysis, non-recurring effects in the reporting period—as announced by way of ad hoc notices dated December 16, 2019, and April 7, 2020—were material to this outcome. They impacted EBITDA in the business year 2019/20 to the tune of EUR 83 million, with the majority affecting its third quarter. Impairment tests led to

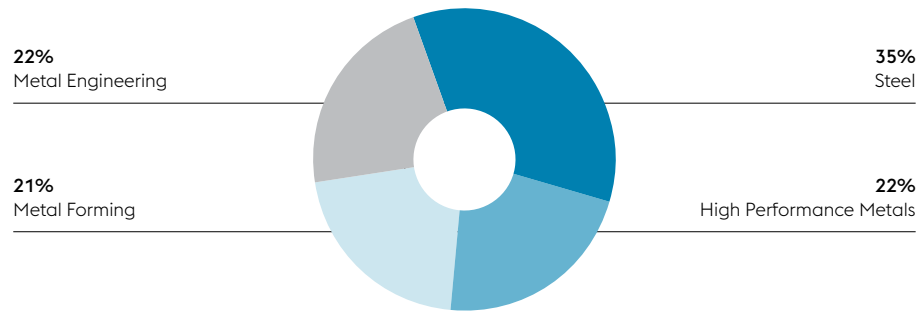
### REVENUE OF THE voestalpine GROUP

In millions of euros



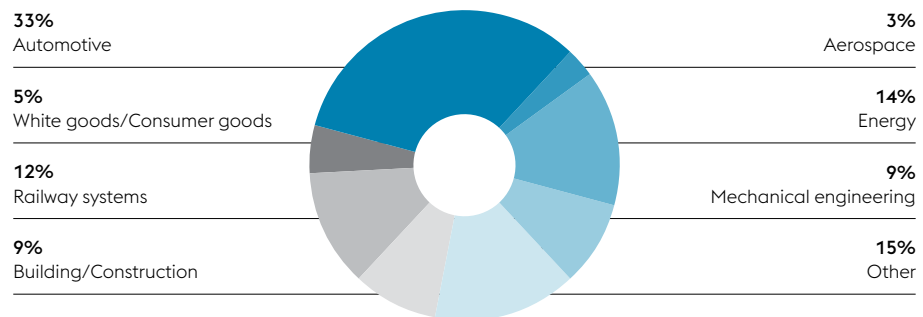
## REVENUE BY DIVISIONS

As percentage of total divisional revenue, business year 2019/20



## REVENUE BY INDUSTRIES

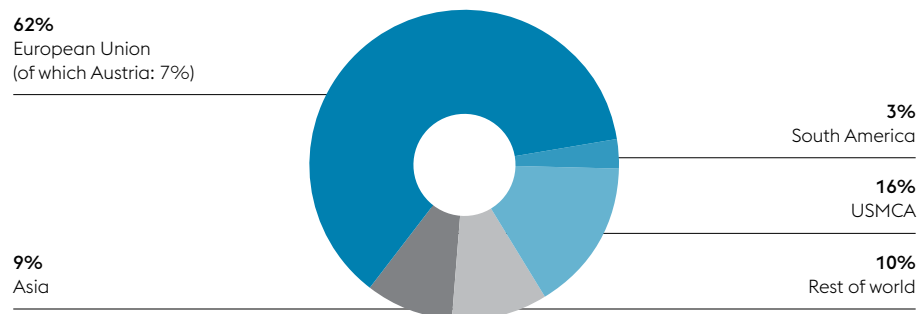
As percentage of Group revenue, business year 2019/20



## REVENUE BY REGIONS

As percentage of Group revenue, business year 2019/20

The revenue figures for Great Britain for both the current and the comparative period were reclassified from "European Union" to "Rest of world."



the recognition of impairment losses in numerous units. Of the total of EUR 402 million in impairment losses for the voestalpine Group in the business year ended, the third quarter accounts for about two thirds and the fourth quarter for about one third. The non-recurring effects thus reduced EBIT (including the EBITDA effects) by EUR 485 million. At EUR 240 million in non-recurring effects, the Steel Division bore the brunt of it. The impact on the Group's other divisions is considerably weaker: High Performance Metals Division: EUR 81 million, Metal Engineering Division: EUR 88 million, and Metal Forming Division: EUR 76 million.

Non-recurring effects impacted the figures for the same period of the business year 2018/19, too. They were attributable to the delayed start-up of the automotive component plant in Cartersville, Georgia, USA, as well as to the need to set up provisions in connection with an investigation by the German Federal Cartel Office (*Bundeskartellamt*) against steel producers on suspicion of past anti-competitive practices in the heavy plate product segment. The scheduled overhaul of the Steel Division's largest blast furnace also affected the Group's performance in the business year 2018/19. Against this backdrop, any comparison of the financial key performance indicators (KPIs) pursuant to IFRS is of limited relevance to descriptions of the company's operating performance.

#### **OPERATING INCOME**

EBITDA decreased year over year by 24.5%, from EUR 1,564.6 million in the business year 2018/19 to EUR 1,181.5 million in the business year 2019/20. While this decline is largely due to the gradual dampening of economic sentiment, all divisions recorded lower EBITDA.

EBIT of the voestalpine Group was substantially affected by large impairment losses in the reporting period, with the result that this earnings category for the business year 2019/20 is negative at EUR -89.0 million. voestalpine had posted EBIT of EUR 779.4 million in the business year 2018/19. The analysis of the development of EBIT over the course of the reporting period underscores the impact of the non-recurring effects: It was clearly positive in the first two quarters, but negative in both subsequent quarters.

#### **PROFIT BEFORE TAX AND PROFIT AFTER TAX**

In keeping with EBIT, the Group's profit before tax for the business year 2019/20 is negative, too. Based on net financial income of EUR -141.3 million for the reporting period (previous year: EUR -133.7 million), the profit before tax is EUR -230.3 million. The previous year's Statement of Comprehensive Income of the voestalpine Group shows profit before tax of EUR 645.7 million. Given the negative earnings performance in the reporting period, at EUR 13.8 million the corporate income tax is positive (previous year: EUR -187.1 million). This results in a profit after tax for the business year 2019/20 of EUR -216.5 million, compared with EUR 458.6 million in the previous year.

#### **PROPOSED DIVIDEND**

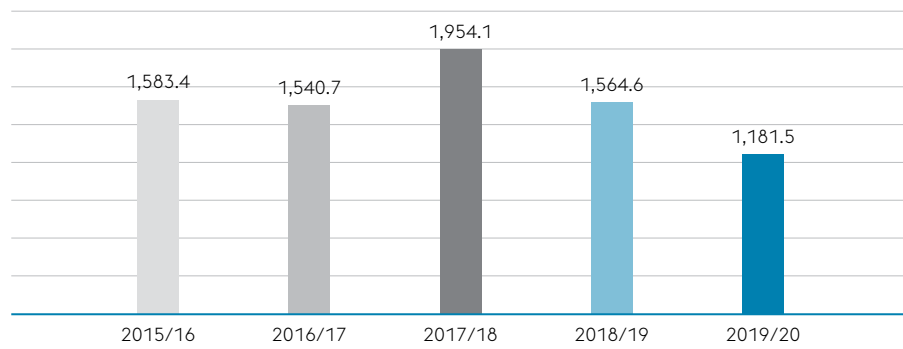
Subject to the approval of the Annual General Meeting of voestalpine AG, which will take place on July 1, 2020, a dividend of EUR 0.20 per share will be paid to the company's shareholders. This represents a decrease of 81.8% compared to the previous year's dividend of EUR 1.10 per share. The reduction in the dividend stems from the voestalpine Group's earnings performance in the business year 2019/20, the tense economic environment in connection with the COVID-19 pandemic as well as the decline in the price of voestalpine's share. Relative to its average price of EUR 23.38 in the reporting period, the dividend yield for the business year is 0.9% (previous year: 3.1%).

#### **GEARING RATIO**

At 67.2%, the gearing ratio (net financial debt as a percentage of equity) as of March 31, 2020, rose significantly from its level of 46.6% as of the previous year's reporting date. In addition to the negative earnings performance, this increase also stems from accounting rules and the redemption of the hybrid bond. The EUR 500 million hybrid bond issued in 2013 was repaid as of October 31, 2019. It was recognized in equity as of September 9, 2019, and refinanced through borrowings. Moreover, in the business year 2019/20 net financial debt increased by EUR 436.4 million due to the initial recognition pursuant to IFRS 16 of both the capitalization of right-of-use assets and the corresponding lease liabilities under rental and leasing contracts. Against this backdrop, the net financial debt rose by 20.8%, from

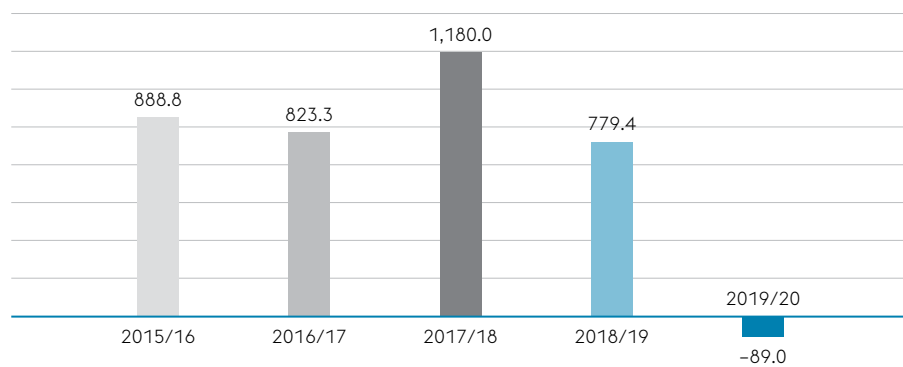
## EBITDA

In millions of euros



## EBIT

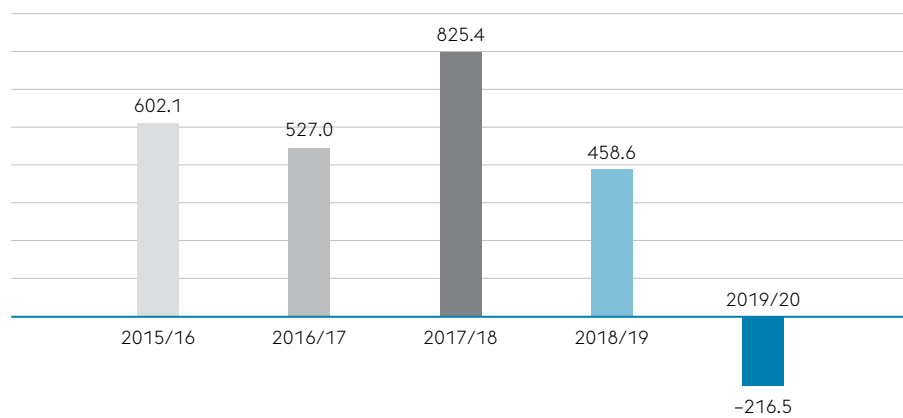
In millions of euros



## PROFIT AFTER TAX

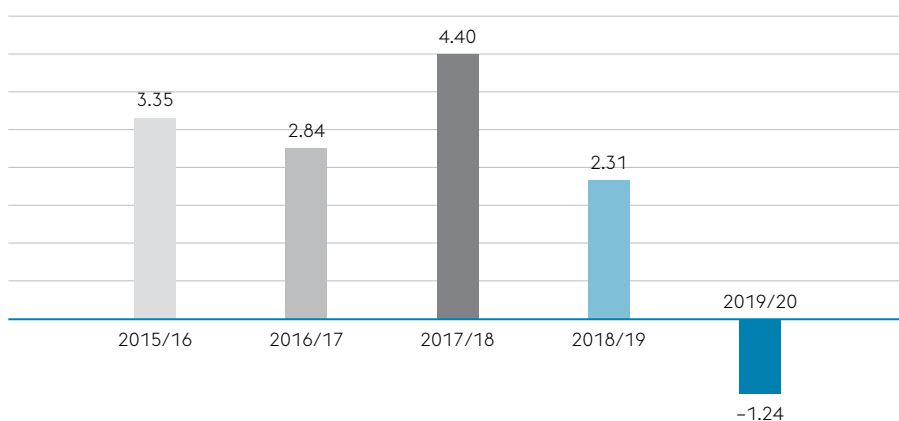
In millions of euros

Before deduction of non-controlling interests and shares of hybrid capital owners.



## EPS – EARNINGS PER SHARE

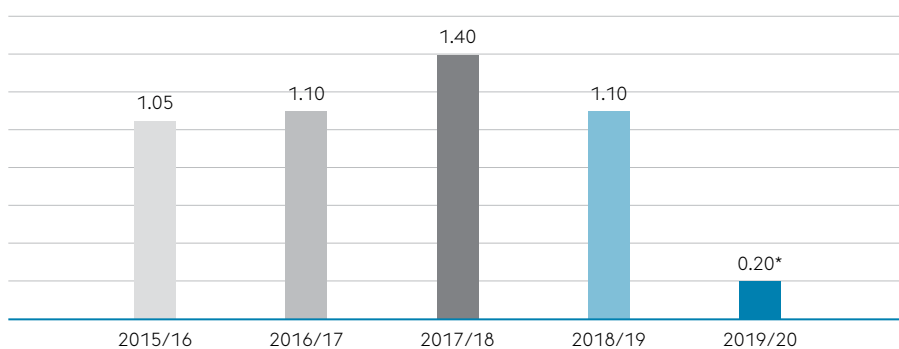
In euros



## DIVIDEND PER SHARE

In euros

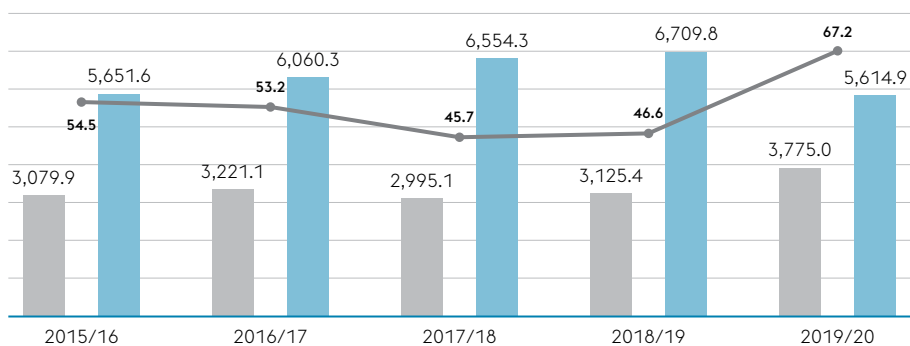
\* As proposed to the Annual General Meeting.



## NET FINANCIAL DEBT – EQUITY – GEARING RATIO

In millions of euros

■ Net financial debt ■ Equity — Gearing (in %)



EUR 3,125.4 million as of March 31, 2019, to EUR 3,775.0 million as of March 31, 2020. Equity fell in the same period by 16.3%, from EUR 6,709.8 million as of March 31, 2019, to EUR 5,614.9 million as of March 31, 2020.

### CASH FLOWS

Cash flows from operating activities rose year over year, specifically, from EUR 1,166.6 million in the business year 2018/19 to EUR 1,304.0 million in the business year 2019/20, an increase of 11.8%. While the profit after tax for the reporting period is negative, the year-over-year change in working capital from EUR -137.1 million in the

previous year to EUR 433.9 million in the business year ended is clearly positive.

The investments of the voestalpine Group in the business year 2019/20 were slightly lower year over year. Cash flows from investing activities are EUR -606.8 million (previous year: EUR -810.0 million). The cash flows from Group financing activities in the business year 2019/20 are EUR -374.3 million (previous year: EUR -579.3 million). This results in an increase of cash and cash equivalents in the business year 2019/20 by EUR 322.9 million (previous year: decrease of EUR 222.7 million).

Net financial debt can be broken down as follows:

### NET FINANCIAL DEBT

In millions of euros	03/31/2019	03/31/2020
Financial liabilities, non-current	2,661.8	3,889.7
Financial liabilities, current	1,142.3	754.1
Cash and cash equivalents	-485.9	-794.7
Other financial assets	-182.3	-55.4
Loans and other receivables from financing	-10.5	-18.5
<b>Net financial debt</b>	<b>3,125.4</b>	<b>3,775.0</b>

### QUARTERLY DEVELOPMENT OF THE voestalpine GROUP

In millions of euros	1 <sup>st</sup> quarter 2019/20	2 <sup>nd</sup> quarter 2019/20	3 <sup>rd</sup> quarter 2019/20	4 <sup>th</sup> quarter 2019/20	BY		Change in %
					2019/20	2018/19	
Revenue	3,336.1	3,205.5	3,033.6	3,142.0	12,717.2	13,560.7	-6.2
EBITDA	370.9	294.6	171.7	344.3	1,181.5	1,564.6	-24.5
EBITDA margin	11.1%	9.2%	5.7%	11.0%	9.3%	11.5%	
EBIT	156.7	72.9	-311.9	-6.7	-89.0	779.4	-111.4
EBIT margin	4.7%	2.3%	-10.3%	-0.2%	-0.7%	5.7%	
Profit before tax	124.4	38.1	-347.7	-45.1	-230.3	645.7	-135.7
Profit after tax <sup>1</sup>	90.4	24.8	-275.2	-56.5	-216.5	458.6	-147.2
Employees (full-time equivalent)	51,670	51,275	49,838	49,682	49,682	51,907	-4.3

<sup>1</sup> Before deduction of non-controlling interests and shares of hybrid capital owners.

# STEEL DIVISION

## MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

While a dampening of sentiment had already begun to make itself felt in the European steel market since the second half of the business year 2018/19, the situation deteriorated dramatically in the business year 2019/20. This extremely challenging development culminated in the fallout from the COVID-19 pandemic toward the close of the reporting period.

Demand for steel products had noticeably cooled off as early as at the start of the business year, due mainly to the slowing of demand in the automotive, the mechanical engineering as well as the white goods and consumer goods industries. Solely the construction industry remained robust throughout.

The decline in demand contrasted starkly with the significant growth of steel imports into Europe. In the final analysis, these imports were the outcome of the United States' Section 232 protectionist tariffs, which practically closed off the country's market from the rest of the world, diverting the global flow of goods elsewhere. Europe's attempt to protect its own (steel) market from this foreseeable development by enacting "Safeguard Measures" was not particularly effective, inevitably causing steel prices in Europe to decline. Unlike similar events in the past, however, this time the prices for the most important raw materials used in steelmaking did not decline also.

China, the world's largest steel producer by far, turned out yet again to be a key factor in the development of the cost of raw materials worldwide.

To stimulate its own economy, China launched an investment program aimed at the infrastructure, construction, and real estate industries, in turn pushing the country's pig iron production to new highs. The demand for iron ore also rose to new highs as a result. Owing to the fatal dam break in a Brazilian iron ore mine, iron ore supplies had already tightened during this period, putting yet more upward pressure on prices.

In the European steel industry, this combination of falling demand, rising imports, and falling steel prices combined with massively increasing raw material costs led to a meltdown in earnings across the board. Thanks to its long-term partnerships with customers, however, the quality-focused Steel Division partly succeeded in cushioning the price pressures but was unable in the end to avoid the devastating impact of the sharp increase in the cost of raw materials (above all iron ore).

Demand in the sales market noticeably slowed throughout calendar year 2019. Toward the close of the year, many customer segments worked to reduce their inventories—especially the automotive industry, which had dramatically cut back production. While this sector showed clear signs of a recovery at the start of calendar year 2020 (which coincided with the start of the fourth quarter of the business year 2019/20), demand from the mechanical engineering sector remained restrained. This upward trend also affected the white goods and consumer goods industries. Developments in the construction industry were solid throughout the business year 2019/20.



There was little demand from the oil and natural gas industry during the same period, and low capacity utilization at all relevant heavy plate manufacturers led to fierce competition for the small number of projects in the pipeline market. voestalpine's focus on the quality segment—for example, technologically sophisticated clad plates that are used in pipeline construction—turned out to be helpful indeed: It gave the Steel Division some room to maneuver despite the difficult market conditions.

The COVID-19 pandemic paralyzed the market at the end of the fourth business quarter, just as the recovery in most customer segments had started to cause noticeable jumps in demand for steel products.

Particularly the automotive industry shut down its production almost completely in mid-March 2020. No new orders were placed with suppliers, nor were any deliveries accepted. While other customer segments' response was not quite as radical, most curtailed production to an extent unparalleled in living memory.

The sharp decline in orders led to a curtailment of production at the voestalpine Group's steel facility in Linz, Austria, and a small furnace was turned off. Such a step had to be taken just once since the company went public in 1995, specifically, in 2009 owing to the global financial crisis that followed the collapse of Lehman Brothers, the U.S. investment bank.

Developments at the direct reduction plant in Corpus Christi, Texas, USA, were highly uneven during the business year 2019/20. While production remained stable throughout the business

year, the deterioration in the market environment continued unabated. The market for hot briquetted iron (HBI) came under a lot of pressure due especially to sharply rising iron ore prices that went hand in hand with falling steel prices in North America.

## FINANCIAL KEY PERFORMANCE INDICATORS

Year over year, the Steel Division's revenue fell by 6.5%, from EUR 4,887.3 million in the business year 2018/19 to EUR 4,570.5 million in the business year 2019/20. Delivery volumes were stable despite the economic downturn. Note that the corresponding figure for the previous year already was some 10% below that for the business year 2017/18 owing to the overhaul of the division's largest blast furnace. The decline in revenue thus stems from falling prices. While prices gradually lost ground throughout the business year ended, the cost of pre-materials—i.e., the price of the division's most important raw material, iron ore—rose sharply from time to time. This means that the Steel Division was confronted with an extremely challenging environment in the reporting period. The declines in the individual earnings categories significantly exceeded those on the revenue side against this backdrop. EBITDA fell by 24.4%, from EUR 653.2 million (margin of 13.4%) in the business year 2018/19 to EUR 494.0 million (margin of 10.8%) in the business year 2019/20. Aside from the overhaul of the blast furnace, the previous year's earnings were

also affected by provisions related to an investigation by the German Federal Cartel Office (*Bundeskartellamt*) in the heavy plate product segment.

At EUR –100.6 million, the Steel Division's EBIT for the reporting period was negative, down from EBIT of EUR 319.0 million in the previous business year. Negative non-recurring effects of EUR 240 million for the business year 2019/20 must also be taken into account in this connection; they comprise impairment losses at the direct reduction plant in Texas, USA, and at the Foundry Group. This caused the EBIT margin to decline from 6.5% in the previous year to –2.2% in the reporting period.

The quarter-on-quarter comparison (QoQ) between the business year's third and fourth quarters shows a considerable uptrend in the Steel Division's performance despite the initial negative fallout from the COVID-19 pandemic. Following the value chain inventory reductions in the third business quarter, customers' order call-ups improved after the X-Mas break. Specifically, revenue

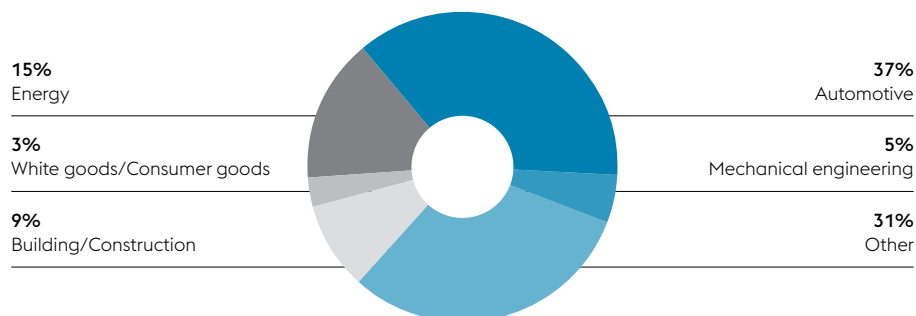
rose by 4.9%, from EUR 1,098.0 million to EUR 1,151.4 million, due to the increase in the QoQ sales volume. In earnings terms, lower raw material costs offset falling product prices. EBITDA jumped by 41.7% in consequence, from EUR 96.6 million (margin of 8.8%) in the third quarter of the business year 2019/20 to EUR 136.9 million (margin of 11.9%) in the fourth quarter.

Impairment losses of EUR 200 million in the third quarter and of EUR 40 million in the fourth quarter at the Texas plant as well as the Foundry Group impacted EBIT. It is against this backdrop that the division's EBIT improved quarter on quarter from EUR –193.1 million (margin of –17.6%) to EUR 11.5 million (margin of 1.0%).

As of March 31, 2020, the Steel Division had 10,419 employees (FTE), a decrease of 4.2% compared with the figure (10,877 employees) as of the previous year's reporting date. This reduction is due to the adjustments in personnel that were made on account of the difficult market environment.

## CUSTOMERS OF THE STEEL DIVISION

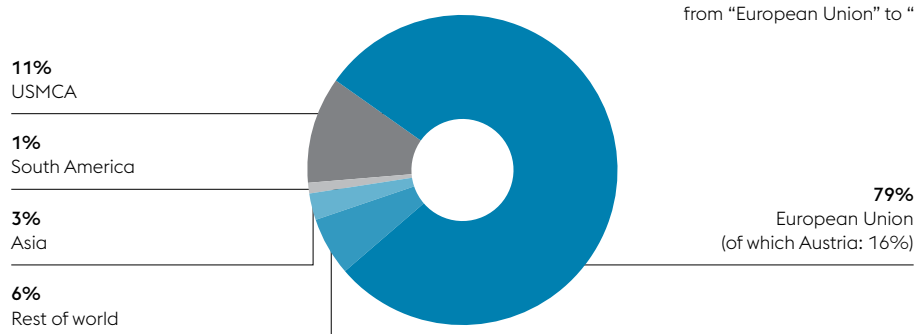
As percentage of divisional revenue, business year 2019/20



## MARKETS OF THE STEEL DIVISION

As percentage of divisional revenue, business year 2019/20

The revenue figures for Great Britain for both the current and the comparative period were reclassified from "European Union" to "Rest of world."



## QUARTERLY DEVELOPMENT OF THE STEEL DIVISION

In millions of euros

	1 <sup>st</sup> quarter 2019/20	2 <sup>nd</sup> quarter 2019/20	3 <sup>rd</sup> quarter 2019/20	4 <sup>th</sup> quarter 2019/20	BY		Change in %
					2019/20	2018/19	
Revenue	1,182.1	1,139.0	1,098.0	1,151.4	4,570.5	4,887.3	-6.5
EBITDA	150.6	109.9	96.6	136.9	494.0	653.2	-24.4
EBITDA margin	12.7%	9.6%	8.8%	11.9%	10.8%	13.4%	
EBIT	60.8	20.2	-193.1	11.5	-100.6	319.0	-131.5
EBIT margin	5.1%	1.8%	-17.6%	1.0%	-2.2%	6.5%	
Employees (full-time equivalent)	10,730	10,682	10,451	10,419	10,419	10,877	-4.2

# HIGH PERFORMANCE METALS DIVISION

## MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The economic environment of the High Performance Metals Division deteriorated substantially in the business year 2019/20. While it improved slightly at a low level early in calendar year 2020, demand fell yet again in the business year's final weeks owing to the COVID-19 pandemic, becoming very serious in certain sectors.

Demand for special materials used in the oil and natural gas industry or the aerospace industry was positive up to the business year's third quarter, but demand in the tool steel product segment was already falling at the start of the business year. This segment was hammered by a number of negative effects acting in concert with each other. The fact that the automotive industry has shifted the focus of its investments to alternative drive train designs led to a reduction in the number of new models and thus in demand for tool steel. Demand also suffered due to the weakening of the consumer goods industry during the reporting period. This gloomy scenario has now reached the premium product segment also, with the result that its sales have fallen year over year. Demand in the oil and natural gas industry was uneven. The High Performance Metals Division continued to generate growth in this area during the business year's first three quarters despite the slowdown in exploration activities. In the fourth quarter, however, tanking oil prices caused the market to fall off the cliff. Anti-dumping activities in the United States are giving rise to further uncertainty going into the current business year.

Sales in the aerospace industry developed along a positive trajectory during the business year's first three quarters, just like in the oil and natural gas sector. In the fourth quarter, however, component part orders for the 737 MAX aircraft were the first to plunge. Order call-ups continued to decline toward the end of the reporting period owing to the global spread of COVID-19.

The business year 2019/20 also presented an uneven picture in regional terms. In **Europe**, slowing demand for tool steel in the automotive sector, especially in Germany, gave rise to a challenging market environment. Sharply intensifying competition also led to strong price pressures. By contrast, orders from the European oil and natural gas industry were higher year over year, and the aerospace industry order book developed well also. But both sectors exhibited weakening trends toward the end of the reporting period in connection with the COVID-19 pandemic. Negative effects attributable to the Brexit have been negligible so far.

In the **United States**, the High Performance Metals Division was confronted with a number of unfavorable parameters. Anti-dumping sanctions as well as the Section 232 protectionist tariffs have increasingly changed procurement in the U.S. market. By contrast to the general market trend, however, slightly positive developments in the market for oil and natural gas continued unabated until it was shattered in early March 2020 due to the COVID-19 pandemic and the plunge in oil prices.

The economic climate in **Brazil**, South America's largest market, has improved. Moreover, the low exchange rate of the Brazilian real to the US dollar has also strengthened the local exporting industry, in turn benefiting the division's Brazilian special steel plant. Argentina's difficulties continued unabated, however, even though the division posted growth there, too.

In **China**, the High Performance Metals Division had to contend with a more complex market environment during the business year ended. The business climate began to brighten a bit after the restraint of the first two quarters, but widespread production shutdowns in February 2020 related to the COVID-19 pandemic led to sharply declining demand. Nonetheless, demand levels returned to normal in March, just a month later. COVID-19 affected numerous other Asian countries a bit later on. The momentum remained positive until February 2020, but orders collapsed in March.

The business year 2019/20 brought dramatically lower capacity utilization for the **High Performance Metals Division**. This development stems from low demand and the reduction in inventories within the value chain. Core facilities for premium products were also affected. While developments in both the aerospace industry and the oil and natural gas industry had a positive effect overall on the utilization of manufacturing capacity, they were unable to offset the decline in demand in both the tool and the high-speed steel segment. The effect on the company's German subsidiary, Buderus, was particularly intense. Apart from the declining momentum in tool steel, this entity was also confronted with declining demand for special forgings used in heavy haul commercial vehicles. Large-scale restructuring measures were initiated at Buderus Edelstahl against this backdrop. Add to that massive capacity adjustments that were undertaken from the middle of March 2020 in connection with the COVID-19 crisis. In particular, this included short time work, reductions in overtime, reductions in leased personnel, and cuts in investments aimed at adjusting costs in light of the changed market environment.

The worldwide weakness of the automotive industry as well as protectionist tendencies on a global scale adversely affected the **Value Added Services** business segment in the business year 2019/20. The strategy of differentiating an entity from its competitors both through a broad services portfolio and by expanding the range of its services continued as planned in the reporting period. Crucial support in this respect came from actions serving to optimize procedures in the sales process and targeted digitalization measures. The drive in Europe, North America, and Asia to expand the use of 3D printing technology in additive component production continued unabated. voestalpine thus is working to claim a leading market position in this cutting-edge technology also. Linking local additive manufacturing centers with the company's own production of powder at its plants in Kapfenberg, Austria, and Hagfors, Sweden, serves to secure its technology leadership across the entire process chain. Besides its printing and development centers in Germany, Taiwan, Singapore, Canada, and the USA, voestalpine now also has two centers in China (specifically, in Dongguan and Shanghai). This segment, too, has seen massive cost-cutting measures and/or capacity cutbacks in all regions since March 2020 against the backdrop of the COVID-19 pandemic. China was the only place where an improvement in the market environment in the direction of a return to normalcy started to gain traction toward the end of the business year 2019/20.

## FINANCIAL KEY PERFORMANCE INDICATORS

The key performance indicators (KPIs) of the High Performance Metals Division deteriorated in the business year 2019/20 compared with the previous year as a result of the substantial dampening of the economic environment. Specifically, revenue fell by 7.8%, from EUR 3,136.3 million in the previous year to EUR 2,891.0 million in the reporting period. This decline was relatively moderate

because rising alloy prices were passed on to the customer in the form of higher prices. Primarily the price of nickel, the division's most important alloying element, shot up in the course of the business year. Delivery volumes, by contrast, dropped substantially year over year. The High Performance Metals Division registered a significant weakening on the earnings side. The decrease in EBITDA from EUR 434.9 million (margin of 13.9%) in the previous year to EUR 276.0 million (margin of 9.5%) in the business year ended signifies a decline of 36.5%, due chiefly to limited capacity utilization at the production plants as well as declining delivery volumes, especially in the tool steel product segment. In addition to the operating performance, restructuring expenses at Buderus Edelstahl in Wetzlar, Germany, as well as provisions also impacted EBITDA for the business year 2019/20 to the tune of EUR 54 million owing to the significant deterioration in the economic environment.

At -72.6%, EBIT dropped dramatically from the previous year's value of EUR 280.0 million to EUR 76.6 million in the reporting period. In addition to the dampened volume trends and the aforementioned expenditures associated with the restructuring of Buderus Edelstahl, EUR 26 million in impairment losses at this German special steel plant had a negative impact on EBIT for the business year ended. The EBIT margin fell accordingly from 8.9% to 2.6%.

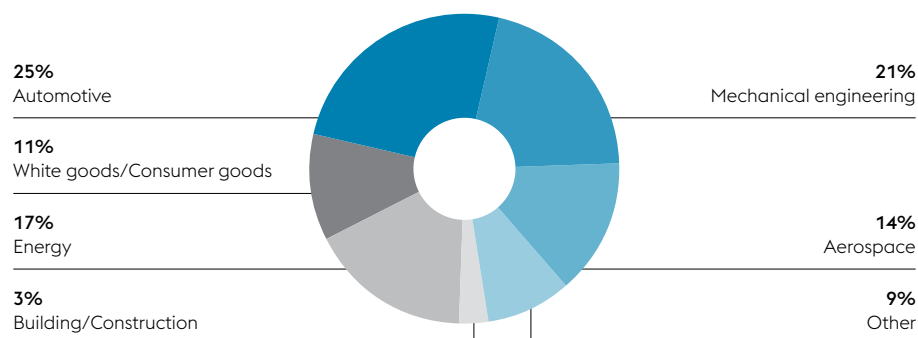
The quarter-on-quarter (QoQ) comparison between the third and fourth quarters of 2019/20 shows a slight uptick in the performance of the

High Performance Metals Division. In revenue terms, the division posted growth of 5.8%, from EUR 675.5 million to EUR 714.6 million, as a result of growing delivery volumes. This development, however, stems only in part from a recovery of demand at the start of calendar year 2020; instead, it is due largely to seasonal declines in the sales volume in the third quarter of the business year 2019/20. In the fourth quarter, finally, the economic consequences of measures designed to mitigate the COVID-19 pandemic put a damper on the division's performance. The division's EBITDA jumped quarter on quarter, from EUR 6.9 million (margin of 1.0%) to EUR 91.7 million (margin of 12.8%). Note, however, that both the aforementioned restructuring expenses at the Buderus special steel plant and the provisions affected primarily the third business quarter. From the third to the fourth quarter, EBIT improved substantially from EUR -48.0 million to EUR 32.2 million, pushing the EBIT margin from -7.1% to 4.5%. EBIT for the third and fourth quarter contains impairment losses of EUR 11 million and EUR 15 million, respectively, both of which are attributable to Buderus Edelstahl.

As of March 31, 2020, the High Performance Metals Division had 13,404 employees (FTE). This corresponds to a decrease of 6.9% over the number (14,398) as of the previous year's reporting date. The reduction stems both from the restructuring of the special steel plant in Wetzlar, Germany, and the adjustment of the labor force to the difficult market environment overall.

## CUSTOMERS OF THE HIGH PERFORMANCE METALS DIVISION

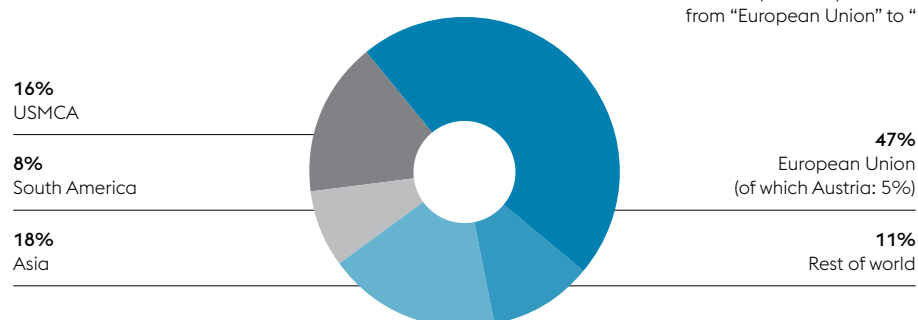
As percentage of divisional revenue, business year 2019/20



## MARKETS OF THE HIGH PERFORMANCE METALS DIVISION

As percentage of divisional revenue, business year 2019/20

The revenue figures for Great Britain for both the current and the comparative period were reclassified from "European Union" to "Rest of world."



## QUARTERLY DEVELOPMENT OF THE HIGH PERFORMANCE METALS DIVISION

In millions of euros

	1 <sup>st</sup> quarter 2019/20	2 <sup>nd</sup> quarter 2019/20	3 <sup>rd</sup> quarter 2019/20	4 <sup>th</sup> quarter 2019/20	BY		Change in %
					2019/20	2018/19	
Revenue	777.6	723.3	675.5	714.6	2,891.0	3,136.3	-7.8
EBITDA	99.2	78.2	6.9	91.7	276.0	434.9	-36.5
EBITDA margin	12.8%	10.8%	1.0%	12.8%	9.5%	13.9%	
EBIT	57.1	35.3	-48.0	32.2	76.6	280.0	-72.6
EBIT margin	7.3%	4.9%	-7.1%	4.5%	2.6%	8.9%	
Employees (full-time equivalent)	14,302	13,837	13,552	13,404	13,404	14,398	-6.9

# METAL ENGINEERING DIVISION

## MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The two business segments of the Metal Engineering Division—Railway Systems and Industrial Systems—faced very different market environments in the business year 2019/20. Order levels in Railways Systems, which has encompassed the division's rail, turnout, and signal technology products since the business year 2018/19, were good throughout. By contrast, there was a clear dampening of conditions in the market environment of two of Industrial Systems' three product segments—mainly wire and seamless tube products. The welding consumables product segment (welding consumables and welding equipment) for its part succeeded in developing along a relatively stable trajectory during the entire business year despite the weakening macroeconomic environment.

Railway Systems and Industrial Systems—downstream processing segments both—lay claim to high product quality. The fact that they guarantee it to their customers is closely bound up with their own steel production in Donawitz, Austria, using blast furnace technology. By contrast, their competitors in individual segments such as wire technology and tubulars (seamless tubes) rely on electric furnace technology for producing pre-materials. Given the significant increase in prices for iron ore used in blast furnace operations compared with prices for scrap used in electric furnace operations, these manufacturers were able to benefit from the significant advantages in raw material costs thus accruing to them from time to time. In part, voestalpine managed to off-

set this disadvantage by using a cost-optimized raw materials mix in pig iron production at its Donawitz steel plant.

Solid order levels in Europe had a positive effect on the **Railway Systems** business segment during the business year 2019/20. Investments in the European rail network create the most important market by far for the rails product segment that relies on Donawitz for production. Outside of Europe, the segment's focus traditionally has been on heavy-haul transports in mining regions. The impetus coming from both Australia and Brazil in this connection was largely positive. Satisfactory demand overall ensured good capacity utilization with respect to rail production in Donawitz. By contrast, the high cost of raw materials put a damper on earnings because the costs could only be passed on to customers after a certain time. With more than 40 production and distribution centers worldwide, the turnout systems product segment is shaped by its pronounced global orientation. This global market leader develops and produces turnout systems based on customers' specifications for heavy haul transportation as well as high speed and mass transit systems. In terms of demand, the turnout systems segment benefited during the business year 2019/20 from China's comprehensive economic stimulus programs. While activities in Europe, Australia, and Brazil were satisfactory overall, there was little momentum in South Africa. The U.S. market, finally, was confronted with a downward trend throughout the business year ended. Because it is largely owned by private companies and is



focused mainly on the freight business, the railway market in the United States is strongly dependent on macroeconomic developments. The signaling technology product segment successfully expanded its operations yet again in the business year ended. Its main focus is on digitalized turnout diagnostic systems and rolling stock alarm systems that enable customers to avoid unnecessary preventive maintenance.

So far, the COVID-19 pandemic has had relatively moderate negative effects on the Railway Systems business segment. Turnout systems production in China was restricted for a few weeks, but orders on hand are high. Europe's railway infrastructure market remained robust as well. Given that railway systems in both the United States and Australia are deemed systemically relevant, production continued in both countries albeit subject to strict security precautions.

The market environment of the **Industrial Systems** business segment continued to deteriorate throughout the business year 2019/20. As a partner of the European automotive supplier industry, the wire technology product segment sells high quality wire products to its customers. Wire, a pre-material, is used among other things for engine fasteners, ball bearings, and shock absorber springs. The challenging conditions that this segment faced in the reporting period resulted from a number of factors. The downturn in Europe's car production is causing markets to shrink at the same time as high raw material costs are putting increased pressure on the margins. Given declining capacity utilization, capacities at the wire production facility in Donawitz were cut from four shifts to three at the beginning of the business year 2019/20.

The economic environment of the tubulars product segment for its part was adversely affected by both weakening market momentum and strong competitive pressures. Tubulars manufactures sour gas-resistant oil country tubular goods (OCTG) for the exploration and extraction of natural gas and crude oil as well as gastight threaded connections. The business year ended saw a decline in demand for equipment required for extracting shale oil and natural gas in the United States. The imposition of Section 232 protectionist tariffs on steel imports had already diminished the attractiveness of the U.S. market for tubulars. The tubulars segment reacted by taking the following targeted measures: For one, its stated objective is

to continue segmenting its sales regions and, for another, it will consistently push innovation to achieve further product differentiation. At the level of operations, manufacturing in Kindberg, Austria, was reduced from four-shift operations to three at the end of the summer 2019. Because oil prices tanked toward the end of the business year 2019/20 and current demand is low, the oil sector is not expected to recover until the start of the next business year.

The welding consumables product segment took comprehensive steps in previous years to lower costs and boost process efficiency. The acquisition of Selco, a North Italian welding machine manufacturer, in the fourth quarter of the business year 2019/20 enabled the segment to develop into a full-service provider in the welding technology market (see the chapter, Acquisitions). In addition to a comprehensive range of welding consumables tailored specifically to the energy and transportation sectors, the segment's product portfolio now also includes welding machinery. A new plant was built in the United States to counteract the negative effects of the country's protectionist policies. However, the U.S. market environment developed poorly due to the decline in the country's industrial activities, whereas activities in Europe were somewhat satisfactory despite the dampening of sentiment. The spread of the COVID-19 pandemic interrupted Asia's relatively positive momentum during the first three quarters of the business year ended.

On the whole, the adverse effects of the crisis in the business year's fourth quarter on the Industrial Systems business segment were manageable. The management of the Metal Engineering Division reacted to declining orders by launching further initiatives aimed at lowering costs. For example, employees at the division's most important locations in Europe were registered for short time work so that it can adjust capacities as best as possible to the development of demand.

## FINANCIAL KEY PERFORMANCE INDICATORS

In the business year 2019/20, the key performance indicators (KPIs) for the Metal Engineering Division were weaker year over year due to the downturn in both the automotive and the energy industry as well as non-recurring effects. The division's revenue fell by 6.5%, from EUR 3,147.1 million in

the previous year to EUR 2,941.7 million in the reporting period. The analysis by business segment presents a bifurcated picture: While Railway Systems even succeeded in boosting its revenue from foreign sales year over year, the scope of Industrial Systems' deliveries and services declined. In the business year 2019/20, the wire technology and tubulars product segments delivered substantially lower quantities of wire and tubular goods, respectively. As a result, the operating performance of both wire technology and tubulars contributed substantially to the year-over-year drop in EBITDA by 18.4%, from EUR 369.0 million (margin of 11.7%) in the previous year to EUR 301.1 million (margin of 10.2%) in the reporting period. Note, however, that the negative non-recurring effects which reduced EBITDA by EUR 5 million in the business year 2019/20 in play as well. In addition, the tubulars and welding consumables segments both recognized impairment losses that additionally affected EBIT to the tune of EUR 83 million. By contrast, the negative effects from the steps taken in the reporting period to mitigate the COVID-19 pandemic stayed within tight limits. On the whole, EBIT plunged by 83.7%, from EUR 202.0 million in the business year 2018/19 to EUR 32.9 million in the business year 2019/20, causing the EBIT margin in turn to drop from 6.4% to 1.1%.

However, the quarter-on-quarter comparison (QoQ) between the business year's third and fourth quarters presents a differentiated picture. Revenue decreased but moderately by 1.6%, from EUR 707.6 million to EUR 696.6 million. A slight decline in Railway Systems was contrasted by the stable performance of Industrial Systems. While the wire technology product segment managed

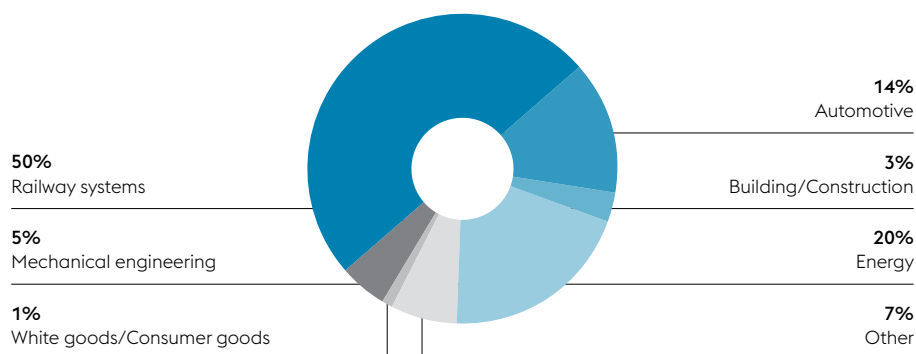
to boost delivery volumes in the fourth quarter, sales prices in this segment were slightly lower. In the tubulars product segment, the extremely unfavorable market conditions led to further declines in delivery volumes. By contrast, the welding consumables product segment posted a slight increase in revenue for the final quarter of the business year 2019/20.

At EUR 72.3 million, the Metal Engineering Division's EBITDA for the fourth quarter improved by 28.0% compared to the immediately preceding quarter (EUR 56.5 million). Note, however, that EUR 5 million in negative non-recurring effects impacted the third quarter. The EBITDA margin rose QoQ from 8.0% to 10.4%. Starting from the low level in the third quarter, there was an uptrend in the performance of the Industrial Systems business segment in the subsequent quarter. At EUR -40.0 million (margin of -5.7%), however, EBIT for the business year's final quarter was substantially negative compared to the slightly negative level of EUR -3.4 million (margin of -0.5%) in the preceding quarter. The collapse in EBIT was chiefly due to fourth-quarter impairment losses of EUR 63 million in the tubulars and welding consumables product segments. The third-quarter impairment losses in the tubulars segment were EUR 20 million.

As of the end of the business year 2019/20, the number of employees (FTE) in the Metal Forming Division was 13,310, or 1.4% below the past year's figure (13,501). This reduction in personnel reflects the division's reaction to the considerable decline in demand in both the tubulars and the wire technology product segments.

## CUSTOMERS OF THE METAL ENGINEERING DIVISION

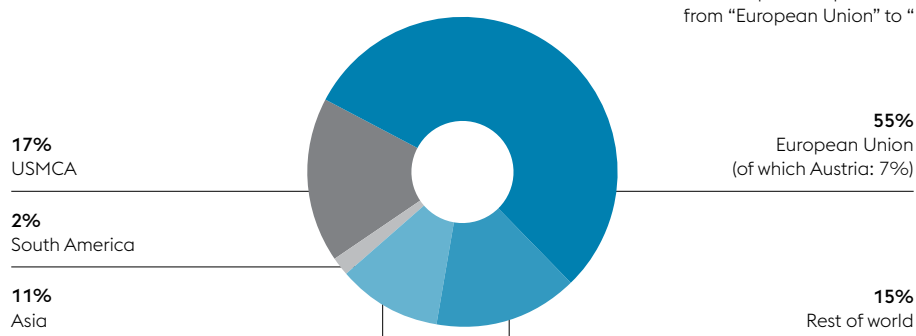
As percentage of divisional revenue, business year 2019/20



## MARKETS OF THE METAL ENGINEERING DIVISION

As percentage of divisional revenue, business year 2019/20

The revenue figures for Great Britain for both the current and the comparative period were reclassified from "European Union" to "Rest of world."



## QUARTERLY DEVELOPMENT OF THE METAL ENGINEERING DIVISION

In millions of euros

	1 <sup>st</sup> quarter 2019/20	2 <sup>nd</sup> quarter 2019/20	3 <sup>rd</sup> quarter 2019/20	4 <sup>th</sup> quarter 2019/20	BY		Change in %
					2019/20	2018/19	
Revenue	778.8	758.7	707.6	696.6	2,941.7	3,147.1	-6.5
EBITDA	90.0	82.3	56.5	72.3	301.1	369.0	-18.4
EBITDA margin	11.6%	10.8%	8.0%	10.4%	10.2%	11.7%	
EBIT	44.9	31.4	-3.4	-40.0	32.9	202.0	-83.7
EBIT margin	5.8%	4.1%	-0.5%	-5.7%	1.1%	6.4%	
Employees (full-time equivalent)	13,371	13,369	13,175	13,310	13,310	13,501	-1.4

# METAL FORMING DIVISION

## MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

Declining momentum in the market environment of the Metal Forming Division already began to make itself felt in the second half of the previous business year and continued in the first two quarters of the business year 2019/20. Demand in the division's two large business segments—Automotive Components and Tubes & Sections—was greatly diminished particularly during the last two months of calendar year 2019. The sentiment did not improve until the business year's fourth quarter thanks to customers replenishing inventories. Toward the close of the business year ended, important customer segments saw curtailments on production, in some cases even complete albeit temporary shutdowns, to mitigate the spread of the COVID-19 pandemic. This led to a sudden interruption of the upward trend. In reaction to weak demand, many European companies registered their employees as being engaged in short time work and further intensified cost-cutting programs. But individual business segments did in fact display stark differences with respect to the reporting period's volatile development.

The **Automotive Components** business segment was confronted with declining production output among its automotive customers in Europe. At about 15 million sold cars, the sales figures in the European Union for calendar year 2019 were stable at a good level. However, in recent years German automotive manufacturers have increasingly moved production to countries outside of

Europe. This shows that the business segment's strategy of establishing production facilities in China, South Africa, the United States, and Mexico was purposeful in that it enabled the segment to supply customers locally with high-quality components (including components from voestalpine's own facilities in Europe). One of these plants, however—specifically, the one in Cartersville, Georgia, USA—incurred sharply higher start-up costs with the associated adverse effects on earnings. Thanks to the measures taken, the company did succeed over the course of the reporting period to boost its efficiency. Toward the close of the business year 2019/20, automotive component production at the Cartersville plant was suspended for a few weeks because the original equipment manufacturers (OEMs) among its customers had shut down their plants owing to the COVID-19 pandemic. In Europe, too, manufacturers in the automotive industry shut down production at about the same time in the face of the pandemic, precisely at the time customers' order call-ups had begun to recover after the X-Mas break. Automotive Components reacted to the sharply lower utilization of capacity at its plants by adjusting capacities and registering employees for short time work. The first country to be affected by COVID-19 and thus also its local automotive industry was China. The country's central government expanded plant closures, which traditionally start with the onset of Chinese New Year, to several weeks. Capacity at plants is being expanded incrementally as demand for cars is recovering since the lockdown was lifted.

The automotive industry is an important customer segment of the **Tubes & Sections** business segment as well. Aside from sections for the commercial vehicle industry, this segment also produces safety components for the global automotive supply industry. Orders from the commercial vehicle industry were weak throughout the business year ended. Demand for safety components had already started to shrink back in the fall of 2018 due to the significant decline in sales among volume manufacturers, especially of Chinese automotive brands, and remained at a low level throughout the business year 2019/20.

The late-cycle construction industry developed along a good trajectory in Europe, while orders from the construction machinery industry were already declining. In the United States, Tubes & Sections met with much better business sentiment thanks to highly satisfactory order levels from the storage technology, agricultural machinery, and aerospace industry. In Brazil, consistent marketing in an economically less than stable environment supported this business segment's recovery in the business year ended. Similarly to Automotive Components, the global spread of COVID-19 interrupted this upward trend at the start of calendar year 2020. So far, however, Tubes & Sections has not been affected as much as Automotive Components by the meltdown in demand.

Despite the decline in demand, the **Precision Strip** business segment developed along a largely satisfactory trajectory in the business year 2019/20 even though its margins and thus its profitability ended up being weaker than during the boom in recent years. Order levels in China leveled off at a slightly lower level during the business year ended. In the U.S., the dampened business climate already affected the band saw steel segment. Compared with other regions, in Europe demand for strip steel products fell the most. Here, the segment's products bimetallic strip, band saw steel, and razor blade steel were the ones that suffered the most.

Just as in previous years, in the business year ended the **Warehouse & Rack Solutions** business segment benefited yet again from robust project activity that continues unabated with respect to high-bay warehouses and storage systems. The growing importance of e-commerce is driving the need for complex storage logistics. Hence this segment was able to implement numerous

e-commerce projects in the business year 2019/20. Aside from the segment's home markets in Europe, North America also offers growing perspectives for automated storage technology. By contrast to the three other business segments of the Metal Forming Division, Warehouse & Rack Solutions did not experience any reduction in capacity utilization owing to COVID-19. On the contrary, the pandemic is expected to boost e-commerce—and thus the need for efficient storage systems—yet further.

## FINANCIAL KEY PERFORMANCE INDICATORS

The revenue of the Metal Forming Division fell slightly by 3.4%, from EUR 2,937.4 million in the previous year to EUR 2,838.3 million in the business year 2019/20. While the downward trend encompassed the division on the whole, a heterogeneous picture emerges when it is broken down by business segment: Warehouse & Rack Solutions saw an increase in revenue, the trend in Automotive Components was stable, but Tubes & Sections and Precision Strip both posted declines. EBITDA fell year over year by 4.7%, from EUR 213.3 million (margin of 7.3%) in the previous business year to EUR 203.3 million (margin of 7.2%) in the reporting period. With two exceptions, EBITDA at the level of the business segments was commensurate with revenue performance: Warehouse & Rack Solutions remained steady at the previous year's level. The Automotive Components business segment posted a slight increase in EBITDA over the previous year during which the site in Cartersville, Georgia, USA, incurred higher start-up expenses as well as non-recurring effects from provisions set up on account of external shifts in order activity. The start-up costs were gradually lowered over the course of the business year ended. Due to the distortions in the automotive sector and their impact on the supplier industry, however, a total of EUR 24 million in provisions as well as write-downs on inventories were recognized for the reporting period. Initial negative effects related to the COVID-19 pandemic were incurred in the fourth quarter of the business year 2019/20 due to automakers' temporary plant closures. The Metal Forming Division was hit by impairment losses of EUR 52 million in the reporting period largely on account of Hot Forming including Cartersville (Automotive Components business

segment). Consequently, EBIT plunged by 90.6% year over year, from EUR 93.8 million (margin of 3.2%) in the business year 2018/19 to EUR 8.8 million (margin of 0.3%) in the business year 2019/20.

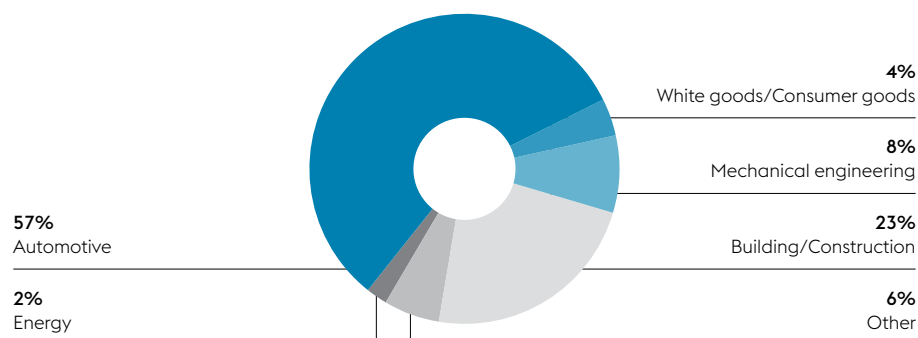
The quarter-on-quarter comparison (QoQ) of the reporting period's third and fourth quarters shows that the Metal Forming Division succeeded in boosting revenue by 7.7%, from EUR 666.7 million to EUR 718.3 million. All business segments with the exception of Warehouse & Rack Solutions contributed to this increase. The recovery was particularly pronounced in both Automotive Components and Tubes & Sections due to the seasonally low level in the third quarter of the business year 2019/20. These two important business segments largely created the conditions for the division's success in more than doubling EBITDA, from EUR 31.8 million in the third quarter to EUR 64.4 million in the fourth, thus also raising the EBITDA margin from 4.8% to 9.0%. Note in this connection that the aforementioned non-recurring effects impacting EBITDA were largely incurred in the third business quarter. Only minor non-recurring effects based on EBITDA were incurred in the fourth quarter.

At EUR 14.6 million, the Metal Forming Division managed to bring EBIT back into positive territory in the fourth quarter of the business year 2019/20, after posting EBIT of EUR -43.9 million in the preceding quarter. This significant increase is due only in part to an improvement at the operating level. In a manner comparable to the non-recurring effects related to the development of EBITDA over the business year, the aforementioned year-over-year impairment losses at Hot Forming including Cartersville largely affect third-quarter EBIT. In the fourth quarter, impairment losses were much lower. As a result, the EBIT margin rose QoQ from -6.6% to 2.0%.

At 11,633, the number of employees (FTE) in the Metal Forming Division as of March 31, 2020, was 5.0% less than the previous year's figure (12,240). This reduction in personnel is due primarily to low capacity utilization in the automotive industry's component plants toward the close of the business year 2019/20 because a growing number of original equipment manufacturers (OEMs) temporarily shut down their plants owing to the COVID-19 pandemic.

## CUSTOMERS OF THE METAL FORMING DIVISION

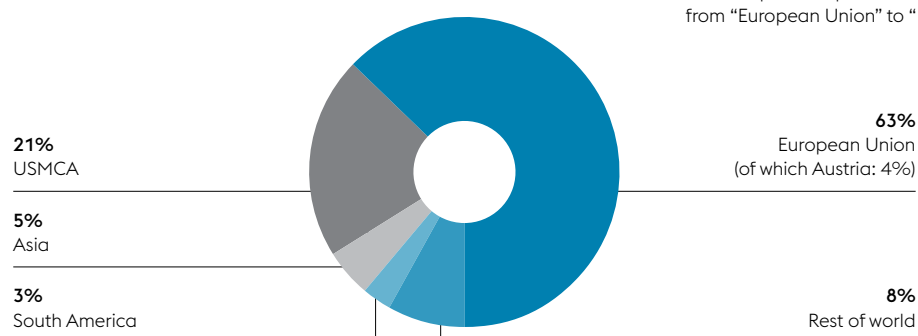
As percentage of divisional revenue, business year 2019/20



## MARKETS OF THE METAL FORMING DIVISION

As percentage of divisional revenue, business year 2019/20

The revenue figures for Great Britain for both the current and the comparative period were reclassified from "European Union" to "Rest of world."



## QUARTERLY DEVELOPMENT OF THE METAL FORMING DIVISION

In millions of euros

	1 <sup>st</sup> quarter 2019/20	2 <sup>nd</sup> quarter 2019/20	3 <sup>rd</sup> quarter 2019/20	4 <sup>th</sup> quarter 2019/20	BY		Change in %
					2019/20	2018/19	
Revenue	737.6	715.7	666.7	718.3	2,838.3	2,937.4	-3.4
EBITDA	58.4	48.7	31.8	64.4	203.3	213.3	-4.7
EBITDA margin	7.9%	6.8%	4.8%	9.0%	7.2%	7.3%	
EBIT	24.3	13.8	-43.9	14.6	8.8	93.8	-90.6
EBIT margin	3.3%	1.9%	-6.6%	2.0%	0.3%	3.2%	
Employees (full-time equivalent)	12,374	12,486	11,748	11,633	11,633	12,240	-5.0

# INVESTMENTS

At EUR 776.7 million, the voestalpine Group's investment volume in the business year 2019/20 was lower than in previous years. This was the first time since the business year 2011/12 that its investments were less than depreciation. Numerous cutting-edge projects were successfully implemented in recent years. As the consolidation phase has already started, the task at hand now is to optimize these state-of-the-art facilities in daily operations, taking technical and economic perspectives into account. The Group's investment activities will be scaled back yet further in the current business year 2020/21 against the backdrop of the tight financial situation related to COVID-19.

The decline in the **Steel Division's** project activity is particularly pronounced. The comprehensive overhaul of Blast Furnace A at the division's facilities in Linz, Austria, over the summer of 2018 marked the successful completion for the time being of its larger projects. As a result, the division's investment volume dropped by 53.0%, from EUR 322.7 million in the previous year to EUR 151.6 million in the reporting period. November 2019 saw the successful start-up of the Linz electrolyzer plant, which serves to explore CO<sub>2</sub>-free production of hydrogen. This pilot plant, which was built with partners such as Verbund AG (Austria's leading utility) and Siemens, conducts research on the production of "green" hydrogen, an input material expected to replace fossil fuels in steelmaking. In the business year 2019/20, the Steel Division invested in a new cold-rolled strip testing center among other things. Developments in innovative, ultra-high strength steel grades give rise to new requirements regarding analyses of mechanical product properties. The construction of a new straightening machine was the most important project in the division's heavy plate product segment. The new facility, which was brought online at the start of the business year 2020/21, will improve the product quality of clad plates for highest requirements.

At EUR 259.1 million, the investment volume of the **High Performance Metals Division** in the business year 2019/20 was 7.4% higher than the volume (EUR 241.2 million) in the previous business year. Construction of the fully digitalized special steel plant, which has a capital spending budget of EUR 350 million, was launched at the start of the reporting period. Preparations at the construction site, including the work on the infrastructure for subcontractors, had already taken place a year earlier. The foundations as well as the steel mill production floor were built in the business year ended, and specialized companies were busy installing the energy delivery system as well as the piping systems. While the construction continued in the fourth quarter of the business year 2019/20 despite the spread of the COVID-19 pandemic, albeit subject to restrictions, delivery bottlenecks delayed the progress of the work by a few weeks. Both the completion of the facility and the initial phase of the start-up are slated for the second half of calendar year 2021. Once the certification processes have been completed, the division will be able to supply high-performance steels to international customers in the aerospace and automotive industries as well as in the oil and natural gas sector.

voestalpine BÖHLER Aerospace GmbH & Co KG invested in a state-of-the-art forging press for the production of structural aircraft components and launched the start-up activities for it at the close of the reporting period. A year earlier, the company had already invested in a high-tech fast forge press for highly stress resistant, rotating aircraft turbine components. These trailblazing projects will enable BÖHLER Aerospace to continue satisfying the high quality standards of aerospace industry customers in the future, too.

At EUR 181.0 million, the investment expenditure of the **Metal Engineering Division** in the business year 2019/20 was 14.1% lower than the amount (EUR 210.8 million) invested in the previous year. The division inaugurated its Metallurgy Center



research facility in Donawitz, Austria, in mid-May 2019. This center is a miniature version of a complete steel plant that supports innovations in the field of high-performance steels. The division's roughly EUR 100 million investment in a new continuous casting plant ("CC4") that has an annual capacity of 950,000 t was largely completed in the business year ended. The highly digital facility will replace the CC2 unit, which has become obsolete. The work to assemble the plant had started at the beginning of the reporting period. Both the construction cranes and the infrastructure—mainly media and power supplies—were put in place at the same time. The launch of this highly automated plant will likely be kicked off in the first quarter of the business year 2020/21.

At EUR 170.0 million, the investment volume of the **Metal Forming Division** in the business year 2019/20 also was substantially lower than the amount (EUR 223.2 million) expended in the business year 2018/19. Much was done in recent years to push the division's internationalization in the Automotive Components business segment. Numerous plants were built in the United States, Mexico, South Africa, and China among other

places using innovative product and process technologies. While the division focused chiefly on optimizing its existing facilities in the reporting period, it also implemented a larger project in Shenyang, Northeast China. The new, third phs-ultraform® line was developed in China in its entirety and implemented using national suppliers. The plant was started up in the fall of 2019. The site, which was inaugurated in 2015, has been producing security-related structural parts for international automotive manufacturers since then.

New process technologies were the focal point of the investments of the Tubes & Sections business segment in the business year 2019/20. For example, a high-performance processing center serving particularly the aerospace industry was inaugurated at the segment's facility in Shelbyville, Kentucky, USA. Further underscoring the emphasis on production technology, a French entity, voestalpine Profilafröid, installed a customized sectioning line during the reporting period's first half. voestalpine Rotec Coating SRL brought a new high-quality coating facility for safety belt tensioner parts online at the start of calendar year 2020.

# ACQUISITIONS

In the business year 2019/20, the Metal Engineering Division completed a strategically significant acquisition for its welding consumables product segment. Specifically, voestalpine Böhler Welding Group GmbH acquired Selco S.r.l., a welding machinery manufacturer in Italy. Selco, which was founded in 1979, possesses 40 years of know-how in the production of equipment and accessories for arc and plasma welding. The company has plants in Onara and Cittadella, both Italy.

This acquisition represents the next step in the development of the Welding business segment into a full-service provider in the welding industry. The addition of welding machinery to the segment's portfolio now enables voestalpine Böhler Welding to offer a fully coordinated combination of welding consumables and welding equipment.

# HUMAN RESOURCES

As of March 31, 2020 (the close of the business year 2019/20), the voestalpine Group had 47,668 employees excluding apprentices and leased personnel, i.e., 1,124 fewer employees or 2.3% less than as of March 31, 2019. When 1,337 apprentices and 2,679 leased employees are included, the total rises to full-time equivalents (FTEs) of 49,682 person years, a year-over-year reduction by 4.3% (2,225 FTE).

Compared with the previous business year, the number of leased personnel (2,679) represents a decrease of 18.8%.

A total of 55.2% of the employees (27,442 FTE) work at Group locations outside of Austria, and 22,241 employees work in Austrian voestalpine companies.

Of the total of 1,337 apprentices, as of the March 31, 2020, reporting date, 62.8% were being trained in Austrian companies and 37.2% at the company's locations abroad. On the whole, the number of apprentices rose year over year by 27 or 2.0%.

## EMPLOYEE SHAREHOLDING SCHEME

voestalpine has had an employee shareholding scheme since 2001, which has been continually expanded since then. Besides all of the company's employees in Austria, its 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 a stable, key shareholder of voestalpine AG. As of March 31, 2020, a total of 25,300 employees have a stake in voestalpine AG through this foundation. They hold about 23.1 million shares which, due to the general bundling of voting rights, represent 12.9% of the company's share capital (previous year: 13.4%). In addition, former and active employees of voestalpine hold approx. 3.3 million "private shares" of voestalpine AG, which equates to 1.9%

of the voting shares. The foundation exercises the voting rights of these shares, too, as long as the given employees do not exercise their right to dispose of the shares. On the whole, therefore, as of March 31, 2020, the voting rights of 14.8% of the share capital of voestalpine AG are bundled in the foundation.

## STAHLSTIFTUNG (STEEL FOUNDATION)

The *Stahlstiftung* (Steel Foundation) was founded in Linz, Austria, in 1987. Its aim was to provide employees of the VOEST-ALPINE Group (as it was called at the time), who had to leave the company due to a crisis, as well as employees of companies outside of the Group with opportunities for reorienting themselves professionally. Up to four years of training and continuing education were funded for this purpose.

In the business year 2019/20, about 87% of the participants looking for work were able to develop a new professional perspective with the help of the Stahlstiftung. As of the March 31, 2020, reporting date, a total of 334 individuals were receiving assistance from the Stahlstiftung, 69.2% of whom were former employees of the voestalpine Group. The total number of active Stahlstiftung participants in the business year 2019/20 was 546, i.e., 2.5% less than in the previous year (560 individuals). In addition to the participants covered by the Stahlstiftung in its capacity as a classic employee fund, the activities of 62 individuals related to educational leave were also supported during the reporting period.

## APPRENTICES AND YOUNG SKILLED WORKERS

The Seventh voestalpine Group Apprentice Day was held at the Linz headquarters of voestalpine AG in November 2019. About 350 apprentices from Austria, Germany, and Switzerland attended the event together with their trainers. The event

serves to introduce the Group's apprentice employees to as many of their young colleagues from other Group sites as possible and, at the same time, to give them something of a first-hand overview of "their" Group. The Management Board picked the winners of the "Vehicle of the Future" apprentice competition. Two apprentices from the Group's Mechatronics unit in Germany won first prize for their "Future Wheels." Numerous apprentices had submitted their vision of the "vehicle of the future," thus shining a light on the innovative potential of voestalpine's next generation of skilled workers.

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, in recent years the company has continually expanded its social media activities on Facebook, Instagram, and YouTube. The Group's excellent numbers in terms of completed apprenticeships create a solid base of skilled workers for the future: 96.5% of the apprentices in Austria, Germany, and Switzerland passed their final apprenticeship exam in the business year 2019/20; of the Austrian graduates, 68.1% even did so with good or excellent grades. voestalpine's skilled workers in training won numerous medals yet again at professional championships, most of which were international or drew international participants. This included the British industry award, "The Metals Industry Apprentice of the Year 2019"; and the Upper Austrian Apprentice Award, "Best Apprentice," which was conferred upon one apprentice from among a total of 777.

As a company focused on innovation, it is of great importance to voestalpine to ensure that its apprentices learn about topics such as digitalization and Industry 4.0 from day one of their training. A variety of digitalization projects as well as a new electrical technology lab at the Group's site in Kapfenberg, Austria, help to boost apprentices' digital skills as part of their training and thus ensure the availability of skilled workers in the future.

For the apprenticeship year that begins in the fall of 2020, voestalpine is offering about 450 new apprenticeship slots at 42 companies in Austria and Germany alone. Trade shows or "open houses," where students and their parents can get information in person on the wide range of vocational training and education (VET) options, serve to introduce future apprentices to the field.

## DEVELOPMENT OF EXECUTIVES

In the business year 2019/20, voestalpine continued to rely on a Group-wide executive development program based on its tried and tested "value:program." A total of 198 employees from 26 countries participated in this multi-level leadership curriculum. It provides training and advancement options tailored to target groups for all executive levels based on a combination of in-person and online courses, including external postgraduates and business school students. What makes this program so valuable aside from the comprehensive skills training imparted by international top experts is the intensive collaboration on the part of individual members of voestalpine's leadership. They engage in their capacity as 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 Group's commitment to 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 relevant employee capabilities and skills in a manner both functional and regional, the voestalpine Group offers a number of additional programs such as the "Purchasing Power Academy"; the "HR Academy"; the "Early Career Program" in North America; and the

“Young Professional Training Program” (YTP) in China. The High Mobility Pool (HMP) executive development program was repeated in the business year 2019/20 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 pursuant to their professional specialization. Following two years of successful international project activity, at the close of the business year ended participants of the HMP program were given the opportunity to continue developing their careers based on long-term employment with the company.

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

## EMPLOYEE SURVEY

In the fall of 2019, the most recent global survey of voestalpine employees was carried out in 229 companies in 50 countries. Of the total of just under 50,500 employees invited to participate, just under 47,000 agreed to do so (a response rate of 77%). The level of commitment as a crucial key indicator rose from 53% in 2016 to 56% in 2019. It describes the emotional and intellectual degree of loyalty to a group or organization and is compiled from several questions. There also were increases in the numbers related to the rate of agreement regarding the strategic fields of action, “Professional Development Options” and “Direct Executive,” which had been defined for the Group as part of the review, aggregation, and analysis of the 2016 survey. To collect additional information, Group companies will be able to conduct interim surveys between now and the next employee survey in 2021. Besides analyzing

the results of the survey, the review and aggregation process also involves developing action steps based on the findings. Every company is expected to report its two most important action steps to the Group. The Management Board of voestalpine AG also resolved to institutionalize the process of reporting survey findings and resulting actions to the participating companies’ supervisory bodies.

## COOPERATION WITH EDUCATIONAL INSTITUTIONS

Many voestalpine companies offer students the option of enrolling in internships. Among other things, this is focused on scientific work in cooperation with the companies. Currently, numerous diploma and masters theses as well as dissertations are being written in cooperation with the Group.

voestalpine uses innovative formats tailored to different target groups to introduce itself to future employees. For example, a “sales challenge” was organized in Linz for future sales personnel from 14 commercial academies; another example is the hackathon that was sponsored for young digitalization experts in Vienna, Austria. At the “Freetopia” event organized as part of the “Children’s City” (*Kinderstadt*) project at the Group’s Kapfenberg site, children between the ages of 6 and 12 were given the opportunity to try out different jobs through play.

The University of Mining and Metallurgy in Leoben, Austria, also participates in numerous collaborative training programs. These range from sponsoring commitments aimed at kindling young people’s interest in technical degrees, to the so-called “voestalpine talks” (a collaborative event with all student representatives), all the way to support for the annual “teconomy” student trade show.

## MEASURES RELATED TO THE COVID-19 PANDEMIC

The final weeks of the business year ended were dominated by the impact of the COVID-19 pandemic on the Group's employees. Starting in China and then spreading globally in most of the Group's companies, the pandemic evolved into one of the biggest economic challenges in recent decades. A Coronavirus Task Force that was established at Group headquarters coordinated all responses with the aim of not only protecting employees' health but also reacting flexibly to the fluctuations in companies' capacities. In addition, the evolving measures taken by the

governments of different countries had to be adequately implemented. The Coronavirus Task Force prepared hand hygiene guidance and rules of conduct to be followed at the workplace. At the start of the crisis, Group-wide guidelines were issued for handling business trips. Subsequently, teleworking recommendations were developed and short time work was coordinated in those countries where related state-sponsored measures were put in place.

In all of this, a great deal of attention was paid to keeping voestalpine's employees informed at all times and as best as possible about all actions being taken.

# RAW MATERIALS

According to the official statistics of the World Steel Association, in calendar year 2019 a total of 1,848.5 million tons of steel were produced worldwide. Of this amount, only a small portion was generated by recycling steel scrap using electric arc furnaces. Most was manufactured based on furnace technology, which requires two key raw materials: iron ore and coke. These two commodities thus also are the key input materials for both the Steel Division and the Metal Engineering Division.

## IRON ORE

In 2019, iron ore prices were very volatile at a high level compared with the previous year. In 2018, the spot market price (cost and freight (CFR) China) had still largely fluctuated between USD 65 and USD 75 per ton. The sharp increase in prices at the start of 2019 to about USD 90 per ton resulted mainly from a dam break in an iron ore mine in the Brazilian state of Minas Gerais. For safety reasons, production in the company's other mines had to be suspended until further notice as well. Highly inclement weather in Australia further reduced global iron ore supplies. But the fact that iron ore prices continued to climb at the start of voestalpine's business year 2019/20 was also due to unexpectedly high demand from China.

At the global level, by contrast, in 2019 steel producers in many countries were confronted with declining demand due to growing protectionism. In China—the most important supplier by far, given the country's market share of more than 50%—steel producers benefited from the tailwinds of the government's economic stimulus programs. At about USD 120 per ton, the spot market price reached a level in July 2019 that had last been seen in 2014. In early August, prices abruptly dropped back down to below USD 100 thanks to mine capacity recoveries as well as the slight slowdown in expectations regarding future demand from China. Australia and Brazil supply most of the world's iron ore. This means that two

countries largely control the world's second-largest commodity market after crude oil and the most important raw material for steelmaking.

For the remainder of the business year 2019/20, iron ore prices were less volatile, roughly fluctuating between USD 80 and USD 95 per ton. Even the spread of COVID-19 in China caused only a temporary drop in iron ore prices at the end of January 2020.

The surcharges that were slapped not only on fine ores (a base product), but also on higher-rated iron ore pellets rose dramatically in the wake of the Brazilian dam break at the start of 2019. As the business year 2019/20 wore on, however, the supply shortages slowly dissolved, in turn pushing down spot market prices.

## COKE

Coke, which is produced from metallurgical coking coal, serves as both a source of energy and a reducing agent by removing oxygen from the iron ore. At just over USD 200 per ton (free on board (FOB) Australia), the price for coking coal at the start of the business year 2019/20 corresponded more or less to the average price in the previous business year. When the price of iron ore peaked in July 2019, the price of coking coal was already trending downward. It gradually declined to USD 135 toward the end of the calendar year. There are several reasons why the price trend for coking coal was in part opposed to that for iron ore. China's position in the international coking coal markets is not as dominant as in the iron ore market. In addition, there were no weather-related losses on the supply side during the business year 2019/20. And, finally, Chinese steel plants were supplied by rising Mongolian exports. It wasn't until the fourth quarter of the business year 2019/20 that the price of coking coal gradually recovered, closing at just over USD 160 per ton as of the end of March 2020.

## STEEL SCRAP

Both the Steel Division and the Metal Engineering Division use high-quality scrap in addition to pig iron. Steel scrap also is the main base material for the production of special steel using electric arc furnaces in the High Performance Metals Division. Prices for steel scrap trended downward during the first half of the business year 2019/20 as well, in part offering a contrast to those for iron ore. While high-quality scrap (type E3, Germany) still cost EUR 285 per ton at the start of the business year, its price fell to less than EUR 210 in October 2019. This was followed by a gradual recovery. Toward the end of the business year, the price for high-value steel scrap was about EUR 235 per ton.

## ALLOYS

Alloys are a key cost factor in the High Performance Metals Division. Moreover, they are used

in steel production alongside pig iron and scrap to manufacture highest-quality steel grades. The price of nickel, the most important alloy for the High Performance Metals Division in cost terms, was highly volatile throughout the business year 2019/20. At its start, nickel still cost about USD 13,000 per ton. The announcement by the government of Indonesia, the world's largest nickel producer, that it would impose an embargo on nickel exports come January 2020 drove the price to about USD 18,300 per ton in September 2019. However, declining demand for stainless steel as well as the expectation that production rates in other countries would grow caused the nickel price to drop overtime. At about USD 11,200 per ton, the nickel price as of the end of March 2020 had fallen substantially below its level at the start of the business year.

Prices for zinc dropped by roughly 40% during the reporting period, from about USD 3,000 per ton to about USD 1,850. Prices for molybdenum, chromium, and vanadium also saw significant declines throughout the business year 2019/20.



# RESEARCH AND DEVELOPMENT

Leadership in innovation, technology, and quality are core elements of any sustainable corporate strategy. This explains the importance given to research and development (R&D) as an integral part of voestalpine Group's business model. The ongoing development of new products and production processes is vital for a technology-driven company such as voestalpine so that it can differentiate itself from the competition and continue to succeed in the market. Innovations thus are the key to the company's viability in the future.

## EXPENDITURES

The voestalpine Group's research expenditures have climbed continually in recent years. Both the actual expenses of EUR 174.4 million in the business year 2019/20 as well as the budget of EUR 186.9 million for the business year 2020/21 reflect the importance of R&D within the Group.

## ORGANIZATION AND FOCUS

Research and development in the voestalpine Group are decentralized. This facilitates proximity to the respective production facilities and experts as well as to the respective customers and markets. Centralized management, in turn, serves to ensure the efficiency of this global network of more than 70 research and development sites. A variety of formats are used to exchange knowledge and exploit synergistic potential. The Research Committee is responsible for comparative work and for facilitating exchanges of information among R&D managers. Group projects link existing expertise across all divisions. R&D expert clusters offer platforms for researchers to discuss particular topics. The "Synergy Platform" in its capacity as an intra-Group annual conference has proved its utility in this respect. It is attended by renowned international experts and offers opportunities for meeting in person and networking above and beyond the sharing of know-how.

The company's R&D activities focus on mobility and energy—two technology-intensive sectors. These are not only voestalpine's biggest earners, they also are the two areas most affected by the Group's evolution toward resource-efficient, sustainable approaches.

It is precisely this change that was at the heart of this year's voestalpine Synergy Platform. Presentations by experts on climate change, sustainability, the transformation of the energy system, and electric mobility offered divergent ideas, food for thought, and room for debate. The multifaceted field of mobility, in particular—which ranges from automotive technology, to railways, all the way to aerospace—is shaping up to be a driver of innovation for the Group on the whole.

## AUTOMOTIVE

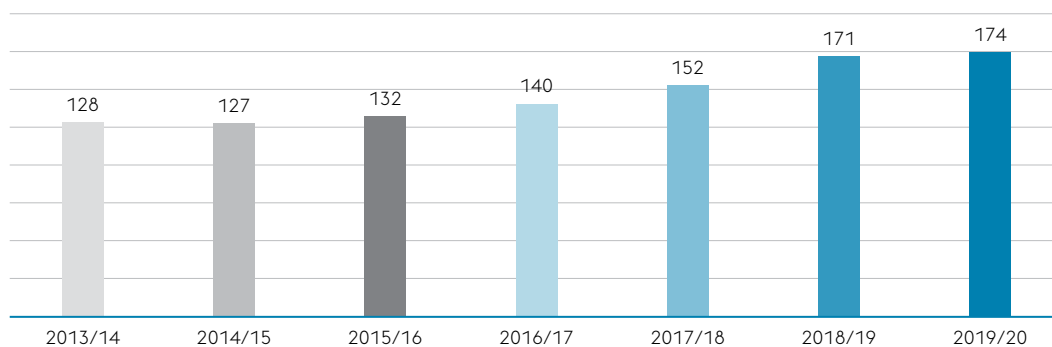
High and highest tensile steels, press-hardened steel as well as ultra-high strength high-ductility steel: Developments such as these open up new dimensions for lightweight construction in both the automotive and the commercial vehicle industry. Perspectives and objectives alike are wide in scope: lower fuel consumption and thus a reduction in the emissions of vehicles powered by combustion engines, fewer trips by commercial vehicles thanks to potentially greater loads as well as the greater reach of vehicles powered by batteries. The development and market launch of innovative products has already made considerable progress in this direction. For example, this includes the special CP1400HD steel for cold forming in automotive engineering that requires ultra-high strengths as well as alform 1300x-treme® for the most demanding requirements in the construction of mobile cranes.

## RAILWAY SYSTEMS

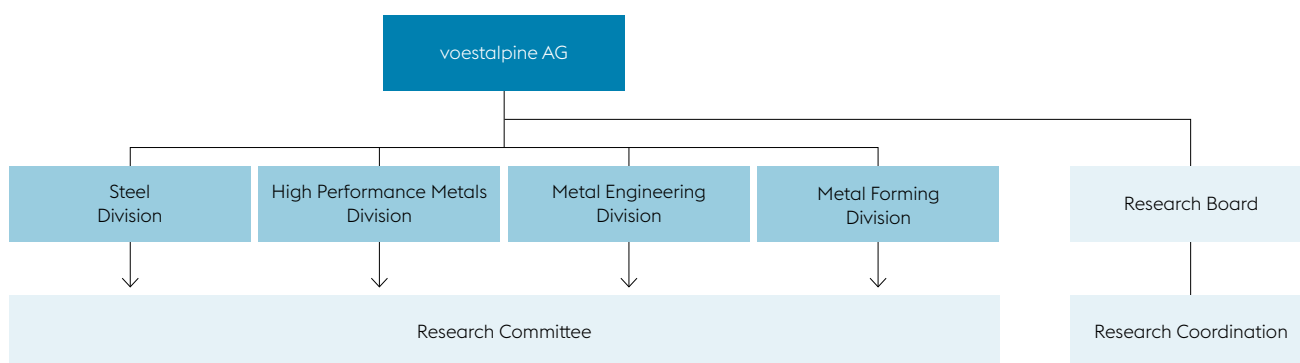
In the Railway Systems segment, R&D focuses on the optimal availability of the track route, on increasing security yet further, and on simultaneous

## RESEARCH EXPENDITURE FOR THE voestalpine GROUP

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



## ORGANIZATIONAL STRUCTURE – RESEARCH AND DEVELOPMENT



reductions in the resources and energy used. A core objective in this regard involves the ongoing development of materials used for tracks into steel grades resistant to wear and tear. The 340 Dobain® HSH® track reduces deformation resulting from surface wear and tear to a minimum. This track grade is already being used to great success in the Eurotunnel.

Besides developing track grades, voestalpine's work in railway technology also focuses on continually refining turnout systems, specifically, systems capable of monitoring and diagnosing rolling stock, fixed infrastructure assets, and environmental conditions. They make it possible to identify changed statuses early on and to boost both security and availability in rail transporta-

tion by means of prospective maintenance. The increased use of digitalization is of great importance to the ongoing development of these systems. voestalpine's participation in the "Virtual Vehicle" Competence Center is part and parcel of these approaches. Here, state-of-the-art modeling and simulation methods are used to accelerate the time required for developing vehicles and to make the work even more economical. The aim is to technologically translate research findings into marketable products rapidly and efficiently.

## INDUSTRIAL SYSTEMS

The Industrial Systems business segment also boasts successful new product launches, among them VATitan-TC®, a threaded pipe connection for extremely high torque capabilities that is used in deflected shale gas drilling. A newly developed, cored wire electrode guarantees non-porous position weldability of nickel plate for use in liquid gas applications. Using the new research infrastructure at the Group's Donawitz facility in Austria made it possible to bring a new wire alloy for set nail applications to market very efficiently and in a way directly tailored to customer needs.

## SPECIAL MATERIALS AND TOOLMAKING

The special materials segment succeeded in developing a new steel alloy for the production of premium watches that are particularly skin friendly and wear resistant.

The still young field of metal additive manufacturing enables the production of tools that are sustainable in several respects. The construction process, which is optimally adapted to the respective application, substantially increases the tools' useful life and decreases the reject rate. voestalpine develops and carries out all process steps—from the production of the metal powder, to design and construction, all the way to actual additive manufacturing and finishing.

## E-MOBILITY AND DECARBONIZATION

As regards parts for electric vehicles (EVs), using a battery case cover the company succeeded in bringing a complex component to mass production. This was preceded by a years-long development alliance with the customer and the voestalpine Group's ability to link existing materials and processing competence.

voestalpine offers a solution for the so-called "second life" of vehicle accumulators, i.e., follow-on uses in energy storage farms, that takes the form of high-quality warehouse structures. They comprehensively fulfil stringent requirements as to connectivity, stable ambient temperature, and fire protection.

voestalpine leads the way in the incremental decarbonization of steel production. In the long term, hydrogen is to be used as a reducing agent using the direct reduction bridge technology based on natural gas. The hydrogen must be sustainably generated, i.e., using water and renewable energies. A hydrogen electrolyzer facility was built and successfully started up at the Group's Linz facility in Austria in order to conduct research on this technological potential in the steel industry. The groundbreaking, so-called "SuSteel" project in Donawitz serves to conduct research on alternative, direct steelmaking technology based on hydrogen plasma.

# ENVIRONMENT

## ENVIRONMENTAL EXPENDITURES

Following the completion in the business year 2018/19 of two major projects in the Steel Division and the High Performance Metals Division, environmental investments fell from EUR 66.2 million back to EUR 35.0 million and thus to the level in years past. By contrast, current environmental expenditures rose from EUR 299.1 million to EUR 314.5 million.

## CO<sub>2</sub> ALLOWANCES

This is chiefly due to the expense of EU emissions trading, which grew in the business year ended from EUR 69.1 million to EUR 90.0 million owing to the increase in allowance prices. The Steel Division alone accounted for fully EUR 62.2 million (previous year: EUR 44.0 million) of this amount. The shortfall (overall need for allowances less allocation of free allowances) in the business year ended was about one third of CO<sub>2</sub> emissions, just as in previous years on average. It is expected

from today's vantage point that the need to purchase additional allowances during the coming emissions trading period that runs from 2021 to 2030 will reach a similar scale.

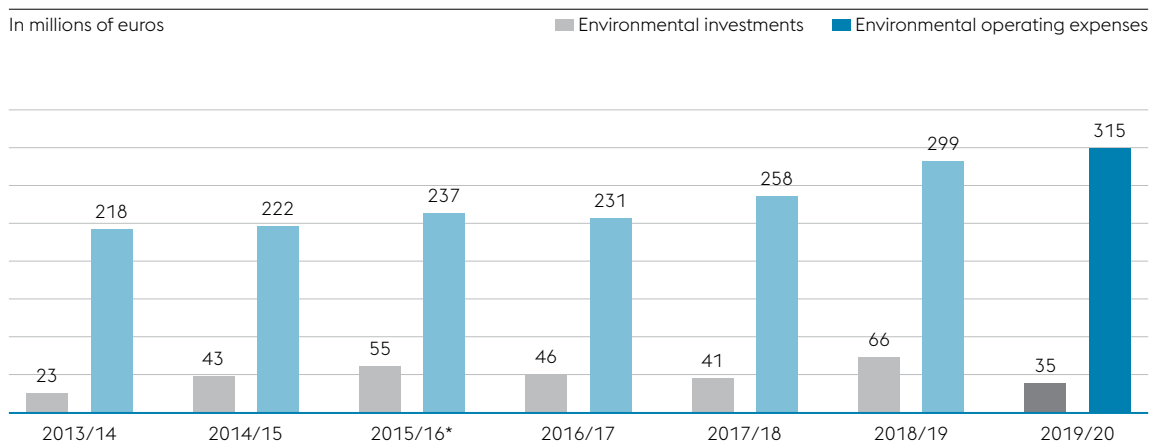
The market remained very volatile following the exorbitant price increases in the past two business years. The general economic downturn—which intensified toward the close of the business year 2019/20 due to the COVID-19 pandemic and the resulting, widespread production shut-downs that led not just to a decline in industrial emissions but also to lower energy generation and consumption—was the main reason for the most recent temporary drop in prices.

## CORPORATE ENVIRONMENTAL FOCUS AND MEASURES

Despite shrinking investments in a difficult economic environment overall, the voestalpine Group brought important environmental and climate protection projects to fruition at its sites around the world.

## ENVIRONMENTAL EXPENDITURES

In millions of euros



\* 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.

The environmental program for the business year 2019/20 at the companies of the **Steel Division** in Linz, Austria, which engage in the production and processing of steel, foregrounded measures aimed at further reducing the use of fossil fuels such as coke and natural gas, process energy such as blast furnace gas (BFG), electricity, and the use of water for cooling the facilities. Steps were also taken to lower dust accumulations.

The work being undertaken at Austria's largest legacy pollution clean-up project on the area of the former coking plant continued apace. Hot spots (i.e., highly contaminated soil) located in the area of the former tank warehouses were removed. The funnel & gate system has made it possible for the past five years already to successfully counteract any removal of pollutants via the groundwater.

As before, the investment activities of the **High Performance Metals Division** are focused primarily on its new special steel plant in Kapfenberg, Austria. It is slated to start up in 2021 and will set highest ecological standards in terms of energy efficiency, heat recovery, and wastewater recycling.

The "environmentally optimized pickling" project with a volume of about EUR 16 million was completed at the same site in the business year ended. The newly built, fully automated salt bath and tunneled pickling system is equipped with a next-generation exhaust air and wastewater treatment unit for chemically treating wire rod and drawn special steel wire. This enables significant improvements in air, wastewater, and waste emissions; in resource efficiency; and, finally, in further reductions of employees' health risks. The pickling shop was redesigned as a tunneled facility. Acid vapor is treated via exhaust air scrubbers, and a regeneration unit lowers the consumption of acid. The cascading structure involving rinse water and acid regeneration reduces the amount of waste classified as hazardous that takes the form of slurry from the wastewater cleaning facility. The new wastewater treatment unit also significantly low-

ers emissions concentrations as well as the volume of wastewater. Finally and not least, the redesigned facility will allow employees in the future to carry out their activities without having to be in the immediate vicinity of the acid baths.

The **Metal Engineering Division** focused on further improvements in resource efficiency and on sustainably effective energy-related measures.

At the Group's largest site (Donawitz, Austria), a comprehensive program aimed at boosting efficiency makes it possible to increase the efficiency of the plant's own generation of energy from by-product gases in the company's own power plant by up to 20 GWh/year. In addition, technical measures help to reduce the amount of energy required to operate the power generation unit by some 6,000 MWh per year. A new waste gas blower at the sintering plant that also consumes a lot less electricity thanks to its greater efficiency was started up in March 2020. Moreover, the division's production companies made comprehensive investments in the optimization of cooling and wastewater systems and, in part, in the modernization of the buildings' heating and cooling systems also.

When it comes to voestalpine's high environmental standards, the company's Zeltweg site in Austria, which is specialized in turnout technology, is a shining example: Its environmental footprint has been CO<sub>2</sub>-neutral for ten years already, thanks to extensive energy saving and efficiency measures, the use of district heating from biomass and waste heat as well as the facility's own hydroelectric power plant. The Zeltweg factory is planning additional projects focused primarily on lowering its consumption of energy. This includes the complete conversion of the factory floor heating systems to CO<sub>2</sub>-neutral district heating and replacing the fork-lifts that are operated using natural gas with electric vehicles. Some 40% of the still remaining direct CO<sub>2</sub> emissions, which so far were more than offset by excess electricity from the facility's own hydroelectric power plant, can be cut via this approach.

The **Metal Forming Division** also took steps at a number of its sites in Austria and internationally aimed at boosting energy efficiency yet further and thus further lowering CO<sub>2</sub> emissions. This includes the widespread conversion to LED in factory floor lighting, improvements in the heat recovery process, and reductions in the consumption of water.

An emblematic project aimed at generating renewable energy in house, which uses innovative voestalpine products for photovoltaics, was implemented in the Netherlands, specifically, the company's Bunschoten plant for automotive components. There, 35,000 solar panels that cover an area of more than eight soccer fields will generate annual peak solar energy of about 10 million kWh in the future. This covers one third of the facility's own energy requirements, with the result that its CO<sub>2</sub> emissions are reduced by close to 6,000 tons a year. voestalpine's special section systems from Belgium are being used to install the solar panels on the roof.

Annually, the division achieves savings of 600 MWh in its consumption of natural gas while, at the same time, raising its production volume at its precision section production plant in Lower Austria. The annealing furnace was converted to so-called recuperative burners for this purpose. The new system consumes less energy to heat fresh air by using partially preheated air from the furnace.

## ENVIRONMENTAL MANAGEMENT SYSTEMS

Worldwide, roughly 130 Group companies (including all larger, environmentally-sensitive operating sites) are part of voestalpine's internal environmental data management system. Approximately two-thirds of these entities possess an environmental management system (EMS) pursuant to ISO 14001 or the Eco-Management and Audit Scheme (EMAS), and another 8% utilize a certified energy management system pursuant to ISO 50001.

## PRODUCT SUSTAINABILITY

Comprehensive analyses of a product regarding its ecological, economic, and social impact over its entire useful life are becoming ever more important, not only from customers' viewpoint. Given the challenges of climate protection, increasingly such analyses are also being required at the political and legislative level. This applies not least to the EU's "Green Deal," which also emphasizes this topic in its long-term industrial greening strategy.

As regards environmental issues, therefore, voestalpine primarily foregrounds comprehensive customer-specific activities such as life cycle assessments (LCAs) and sustainable analyses over the entire delivery and value chain. This includes a number of quantifiable, specific product declarations such as environmental product declarations (EPDs) as well as those pertaining to material compliance and the circular economy.

The voestalpine Group engages in an intensive dialogue with its customers on issues of sustainability, particularly with respect to decarbonization and product assessment. It participates in cross-sectoral initiatives such as "Responsible Steel" and publishes its performance via external assessments such as the Carbon Disclosure Project (CDP) in ways that make it transparent to the public. In the CDP's 2019 Climate Change assessment, voestalpine's standing improved from a "B" status to an "A" (leadership status) as well as from "B" in the organization's supplier engagement rating to "A" (global leaderboard), its highest possible category.

## ENERGY AND CLIMATE POLICY

At the level of the EU, work to flesh out the Green Deal initiated by the new EU Commission is front and center. As far as the steel industry is concerned, in this connection specific steps to support its long-term decarbonization are particularly relevant. Initial guideposts for this project—for

example, tightening the CO<sub>2</sub> reduction targets for 2030; an EU-wide, binding climate act; and a European industrial strategy—are currently going through the political decision-making process. In Austria, for its part, the federal government that took office in January 2020 has presented a very ambitious climate protection program for the legislative period that runs until 2024. Given its goal to achieve climate neutrality by 2040, this program significantly surpasses the targets of the global climate accord and the European Union, which set 2050 as the target. Both at the level of the EU and nationally, voestalpine is in constant talks, directly and via industry associations, with political decision makers, the science community, environmental organizations, and industrial partners.

#### **CLIMATE PROTECTION**

voestalpine has committed to the 2015 Paris Climate Goals of a large community of states to reduce greenhouse gas emissions by more than 80% by the middle of this century. To this end, the company is pursuing a consistent and long-term strategy to avoid direct CO<sub>2</sub> emissions.

In the long term, the Group's extensive research and development programs aim to convert the production of steel from the approach based on coal to one based on hydrogen. The H2FUTURE project, which was successfully started up in the business year ended and will run until 2021, is a flagship project of the European Union that serves to generate green hydrogen on an industrial scale. voestalpine has simultaneously been exploring concrete interim steps. For example, it is currently examining financial and technical aspects of an incremental switch from the coal-based furnace approach to the green electricity-based electric steel approach as a hybrid concept. After 2030, this could lower the CO<sub>2</sub> emissions of steel production at the Group's Austrian plants in Linz and Donawitz by about one third.

However, this transformation presupposes both the availability of renewable energy and its financial feasibility. In the final analysis, the broad-based implementation of CO<sub>2</sub>-minimizing technologies will also depend on the degree to which they can be operated in globally competitive ways.

# REPORT ON THE COMPANY'S RISK EXPOSURE

Proactive risk management, as continuously understood and practiced by the voestalpine Group, serves to ensure the existence of the Group as a going concern in the long term and to 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 fleshed out in a general policy that applies throughout the Group and has been updated and refined repeatedly since then.

An Audit Committee has been in place at voestalpine AG since the coming into force of the Austrian Company Law Amendment Act of 2008 (*Unternehmensrechts-Änderungsgesetz*) and the resulting increase in the importance of both the internal control system (ICS) and the risk management system. Among other things, the Audit Committee is 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 all operational and business processes and the risks associated with them as well as the ICS. As regards both the reporting on and the appraisal of the audit results, it acts as an independent in-house department not bound by instructions.

This systematic risk management process assists management in identifying risks early on and initiating appropriate precautionary measures to avert or prevent dangers. In the sense of responsible corporate management that is oriented toward both sustainability 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 thus is a major element in the Group's sustainable success.

**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 by way of the best possible allocation of resources.

**Operational risk management** is based on a revolving procedure ("identify, analyze, assess, manage, document, and monitor") that is run uniformly across the entire Group several times a year. Operational risk management also includes ensuring conformity with the given strategy.

**Identified risks are appraised** using a nine-field assessment matrix that evaluates 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.

## DESCRIPTION OF MATERIAL FIELDS OF RISK

The global **COVID-19 crisis** and the resulting state of emergency dominated the last few weeks of the business year 2019/20.

### PANDEMIC, COVID-19 CRISIS

In the business year just ended, the novel coronavirus and its direct effects forced the voestalpine Group—as well as many other companies—into crisis mode within a very short time. This worldwide pandemic, as the World Health Organization (WHO) has classified it, has led to an unprecedented (in modern times) medical, economic, and social state of emergency that continues unabated. In order to mitigate the spread of the disease as quickly as possible, many countries have put rigorous measures into place based on national pandemic plans and laws. voestalpine immediately implemented statutory and governmental requirements with the Group's full support. Above and beyond mandatory requirements, numerous measures were put in place as required and/or



feasible, given local needs and capabilities, to protect employees and their families and support them as best as possible. These steps include supplementary safety measures regarding people's health and hygiene in different production areas, working from home (teleworking) to the extent possible, and allowing leaves of absence for caregiving duties.

As part of Group-wide crisis management, crisis teams were established at three decision-making levels (Group, divisions, companies) that are tasked with ensuring rapid and coordinated approaches at all of the Group's sites. This includes implementing emergency and crisis plans, subject to applicable local conditions, that help to protect employees and—where necessary and possible—to maintain operations as best as possible and ensure the organization's stability. For example, the steps taken to manage the crisis encompass measures to secure liquidity; short time work; reduction of time credits; early annual plant/office closings; adjustment and limitation of production activities in keeping with the given supply chains; and/or temporary production shutdowns. This is complemented by the regular sharing of information with our key clients and suppliers. Emergency and crisis plans that have been put into practice as well as other implemented measures are evaluated at regular intervals during the crisis and are adjusted as necessary in the light of new information.

Furthermore, the **material fields of risk** and associated preventive measures presented in last 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, expansion of the supplier portfolio as well

as 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 look-out for alternative energy resources.

On the whole, the pandemic is disrupting global supply chains. This may trigger limitations that are imposed by suppliers and/or customers or arise from disruptions in transportation routes.

#### » GUIDELINE FOR HEDGING RAW MATERIALS PRICE RISK

An internal guideline defines objectives, principles, and responsibilities as well as methodologies, procedures, and decision-making processes in connection with 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 means of delivery contracts containing fixed price agreements or by means of derivative financial instruments. Financial derivatives are deployed to hedge raw materials procurement contracts.

#### » CO<sub>2</sub> ISSUE

Risks associated with CO<sub>2</sub> 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 optimize sensitive units technologically. Supplementary measures encompass consistent preventive maintenance, risk-oriented storage of spare parts as well as appropriate 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 revised and adapted to new circumstances; compliance with these new standards is reviewed annually by way of an audit. Additional periodic penetration tests are carried out 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. A working group collects evidence of potential cyber fraud attacks (such as social engineering, CEO fraud, man-in-the-middle attacks related to payments and deliveries), develops preventive measures, and reviews and adjusts existent measures as necessary. In addition, extensive online campaigns are carried out and initiatives launched with respect to special e-learning programs 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 and continually refined. Besides permanently documenting all available knowledge, new findings from key projects as well as lessons learned as the result of unplanned events are implemented 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 connection with 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 item 19 in the Notes.

#### » RISKS OF NONCOMPLIANCE WITH DATA PROTECTION REQUIREMENTS

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

#### » RISKS FROM THE FINANCIAL SECTOR

Financial risk management is organized centrally with respect to policy-making power, strategy determination, and target definition. The existing policies include targets, principles, duties, and responsibilities for both Group Treasury and the financial departments of the individual Group companies. Financial risks are monitored continuously and hedged where feasible. In particular, this strategy is aimed at natural hedges and at reducing the fluctuations in both cash flow and income. Market risks are largely hedged

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 raise the funds necessary to meet its financial obligations. Existing liquidity reserves enable the company to 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 risk. Group Treasury centrally determines the need for financing and bank credit lines based on the consolidated operating results.

Group Treasury conducted additional reviews in order to take current conditions resulting from the COVID-19 crisis into account. The planned liquidity needs for the next 12 months are to be covered by a liquidity reserve.

» **Credit risk**

Credit risk refers to financial losses that may occur due to non-fulfillment of contractual obligations by individual business partners. The credit risk of the underlying transactions is minimized to a large degree through a large number of credit insurance policies 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. As of March 31, 2020, 81% of the company's trade receivables were covered by credit insurance. The pandemic may trigger both a tightening of credit limits on the part of loan insurers and greater charge-offs of receivables. Counterparty credit risk in financial contracts is managed by way of daily monitoring of the ratings and any changes in the counterparties' credit default swap (CDS) levels.

» **Foreign currency 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 based on derivative hedging instruments. voestalpine AG hedges the budgeted foreign currency payments (net) 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 the interest rate risk assessment 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, 2020, reporting date, any increase in the interest rate by one percentage point would result in an increase of the net interest expense by EUR 10.9 million in the next business year. However, this is a reporting date assessment that may be subject to fluctuations over time.

» **Price risk**

voestalpine AG also assesses price risk, 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*) 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 of whether this restriction, which may be deemed state aid, violated EU law was submitted to the ECJ for a preliminary ruling; the Court responded in the affirmative (ECJ 7/21/2016, docket no. C-493/14, Dilly's Wellnesshotel GmbH). As a result, the restrictions pursued by the BBG 2011 did not enter into force with legal effect and service providers, in particular, thus can retroactively claim the energy tax rebate for periods after February 1, 2011. In its subsequent ruling, the Austrian Federal Finance Court held that the restriction to manufacturing companies did not take effect. The Appeals Division of the Tax Office appealed this decision to the Higher Administrative Court, which in September 2017 (decision dated 9/14/2017, EU 2017/0005 and 0006-1) again sought recourse with the ECJ. The decision of the ECJ dated November 14, 2019 (ECJ 11/14/2019, docket no. C-585/17, Dilly's Wellnesshotel II) thus affirms that the limitation to manufacturing companies imposed by the BBG 2011 was put in place in ways consonant with European Union law. It remains to be seen how the Higher Administrative Court (docket no. Ro 2016/15/0041 dated 9/14/2017) will rule in its final decision. No adverse impact is anticipated for the voestalpine Group.

The **pandemic** may cause individual jurisdictions to take a variety of statutory steps that will affect production parameters and the respective Group companies' ability to act in economic terms.

## ECONOMIC RISKS

Based on the insights gained as a result of past economic and financial crises and their effects on the voestalpine Group, additional measures—primarily of a corporate nature—were taken in recent years to minimize the Group's risk exposure; just as in the business year ended, the coming

years will see consistent implementation and enhancement of these measures. In particular, these measures are targeted at

- » Minimizing the negative effects that even a recessionary economic trend would have on the company by means of relevant planning precautions;
- » 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; and
- » Securing in-house expertise even more efficiently than before with a view to continuing the long-term expansion of the Group's quality and technology leadership.

Given the ongoing difficulties in the economic environment, a working group is tasked as before with continually monitoring any fallout from the Brexit. Consequences arising from (punitive) tariffs and/or global trade wars are subject to continuous monitoring as well. Further developments in the pandemic and the measures that individual countries put in place to fight the disease and stimulate their economy will have a massive impact on economic developments in the world's different regions.

Specific measures to hedge the risks previously identified within the voestalpine Group have been developed and implemented. These steps are aimed at reducing potential losses and/or minimizing the likelihood of losses occurring. It must be stated that, from today's perspective, the risks facing the voestalpine Group above and beyond global crises and their ramifications are limited and manageable. As regards the COVID-19 crisis and its associated global ramifications, which cannot be predicted from today's vantage point, going forward the voestalpine Group will continue to do everything in its power to overcome this situation, which is very difficult for each and every individual and the company on the whole.

## 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 Austrian Stock Corporation Act (*Aktien-gesetz – AktG*) requires the Management Board to establish a suitable internal control and risk management system for accounting procedures. The Management Board of voestalpine AG has adopted relevant guidelines that are binding on the entire Group. In line with the voestalpine Group's decentralized structure, the local management of each Group company is obliged to establish and shape an internal control and risk management system for accounting procedures that meets the requirements of that individual company and ensures compliance with the relevant, existing Group-wide guidelines and regulations.

The entire process, from procurement to payment, is subject to strict and unified Group-wide guidelines that are designed to reduce the risks associated with the business processes to a minimum. These Group guidelines set forth measures and rules for avoiding risk, such as the strict 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 in-

dividual Group companies is largely carried out using SAP software. The reliability of these SAP systems is guaranteed by automated business process controls that are built directly into the system as well as by other methods. Reports on critical authorizations and authorization conflicts are generated in an automated process.

To prepare the consolidated financial statements, the data pertaining to fully consolidated entities is transferred to the unified Group consolidation and reporting system. Group-wide accounting and valuation policies applicable to the recording, posting, and recognition of business transactions are governed by the voestalpine Consolidated Financial Statements Manual and are binding on all Group companies.

Automatic controls that are built into the consolidation and reporting system, for one, and numerous manual reviews, for another, have been put in place 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. voestalpine AG's Controlling Manual contains a summarizing presentation of how the accounting system is organized.

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 respective divisions and, after approval, to the holding company's Corporate Accounting & Reporting department to be aggregated, consolidated, and reported to the Group Management Board. Additional information, such as detailed target/performance comparisons, is prepared in a similar process as part of quarterly reporting. Quarterly reports are submitted to the supervisory board, board, or advisory board of the given Group company, and a consolidated report is submitted to the Supervisory Board of voestalpine AG.

Besides operational risks, the accounting system is also subject to Group risk management. In this context, possible accounting risks are analyzed on a regular basis, and measures to avoid them are taken. The focus is on those risks that are regarded as fundamental to the given company's activities. 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 appropriate Management Board members and managing directors. It reports directly to the Chairman of the Management Board 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

existing employee shareholding scheme as of March 31, 2020, are as follows:

	Treasury shares in thousands of shares	Percentage of share capital in %	Percentage of share capital in thousands of euros
<b>As of 03/31/2019</b>	<b>28.6</b>	<b>0.0</b>	<b>52.0</b>
Additions in 2019/20	0.0	0.0	0.0
Disposals in 2019/20	0.0	0.0	0.0
<b>As of 03/31/2020</b>	<b>28.6</b>	<b>0.0</b>	<b>52.0</b>

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, 2020, the share capital of voestalpine AG is EUR 324,391,840.99 (March 31, 2019: EUR 324,391,840.99) and is divided into 178,549,163 (March 31, 2019: 178,549,163) ordinary no-par value 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 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 voestalpine AG's Group companies who 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 resolves such approval with a simple majority. It is constituted on the basis of parity, with six members each representing the employees and the employer. 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 and/or authorized or contingent capital, reference is made to item 17 (Equity) of the Notes to the consolidated financial statements 2019/20.

The EUR 400 million fixed-interest bond 2014–2021; the EUR 500 million fixed-interest bond 2017–2024; the EUR 500 million fixed-interest bond 2019–2026; the EUR 50 million privately placed, fixed-interest bond 2019–2031; a total of EUR 401 million and USD 320 million, respectively, in promissory note loans; the EUR 1,000 million syndicated loan obtained in 2019 (revolving credit facility, of which EUR 300 million have been drawn); and bilateral loans for a total of EUR 477.8 million and USD 477.1 million, respectively, contain change-of-control clauses. Under the terms of these financing agreements, the bondholders or lenders have the right, respectively, to demand redemption of their bonds or repayment of their loans if control of the company changes hands. The terms of the aforementioned financing agreements specify that a change of control at voestalpine AG is triggered when a party acquires a controlling interest in the company as defined in the Austrian Takeover Act (*Übernahmegesetz*).

There are no indemnity agreements between the company and the members of its Management Board, the members of its Supervisory Board, or its employees in the event of a public takeover bid.



# OUTLOOK

The outbreak of the COVID-19 pandemic did not affect the voestalpine Group's operating result until the final quarter of the business year 2019/20 and only to a relatively modest degree at that.

The steps taken to mitigate the pandemic that are generally known as a "lockdown" are still in force in parts of Europe as well as in North and South America, and even in parts of Asia. While the resulting economic consequences cannot be definitively assessed at this time, it is already becoming apparent that a dramatic economic downturn across the board will define the first quarter of the business year 2020/21.

Absent any knowledge as to the full extent of the economic meltdown, we can only provide very rough estimates of the current business year's subsequent trajectory. From today's vantage point, a scenario that posits an improvement in the economy on the whole after the summer of 2020 is likely. However, this assessment is made in an extremely volatile economic environment and thus is fraught with considerable uncertainty.

Hence voestalpine's focus in the business year 2020/21 will be on measures aimed at stabilizing earnings, such as consistent cost and working capital management as well as cash flow generation. Accordingly, the plans for investments in the current business year call for an expenditure of about EUR 600 million, which is substantially

less than the investment volume in recent years and falls short of depreciation.

The diversification of the voestalpine Group at the level of both product and market is a stabilizing element that displays its effectiveness even in an economic state of emergency such as this one. voestalpine's facilities in China now are almost back to producing at the capacity prevailing prior to the outbreak of the COVID-19 pandemic. Demand in the railway infrastructure sector, which in many regions is deemed systemically relevant, is good in most of the world. Driven as it is by online commerce, the high-bay warehouse system segment got an additional boost from the lockdown, and current segment order levels are very good.

Nonetheless, the uncertainties confronting the entire voestalpine Group in the next few months are very high, which is why an assessment of future earnings can only be a rough estimate. Given the continued volatility of the economic environment, we expect the voestalpine Group to generate EBITDA of between EUR 600 million and EUR one billion in the business year 2020/21.

Linz, May 26, 2020

The Management Board

Herbert Eibensteiner

Franz Kainersdorfer

Robert Ottel

Franz Rotter

Peter Schwab

Hubert Zajicek

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

# REPORT OF THE SUPERVISORY BOARD ON THE BUSINESS YEAR 2019/20

The Supervisory Board's shareholder representatives were newly elected at the Annual General Meeting of voestalpine AG on July 3, 2019, and the Supervisory Board thus was established anew.

Supervisory Board until 07/03/2019	Supervisory Board since 07/03/2019
<b>Shareholder Representatives</b>	
» Dr. Joachim Lemppenau (Chairman)	» Dr. Joachim Lemppenau (Chairman)
» Dr. Heinrich Schaller (Deputy Chairman)	» Dr. Heinrich Schaller (Deputy Chairman)
» Dr. Franz Gasselsberger, MBA	» Dr. Franz Gasselsberger, MBA (Chairman of the Audit Committee)
» Dr. Hans-Peter Hagen	» Dr. Wolfgang Eder
» Dr. Michael Kutschera, MCJ (NYU)	» Mag. Ingrid Jörg
» Prof. emer. Dr. Helga Nowotny, Ph.D.	» Dr. Florian Khol
» Dr. Josef Peischer	» Mag. Maria Kubitschek » Prof. Elisabeth Stadler
<b>Employee Representatives</b>	
» Josef Gritz	» Josef Gritz
» Friedrich Hofstätter (until 06/15/2019)	» Sandra Fritz (from 06/15/2019)
» Hans-Karl Schaller	» Hans-Karl Schaller
» Gerhard Scheidreiter	» Gerhard Scheidreiter

During the business year 2019/20, the Supervisory Board fulfilled its responsibilities under the law and the Articles of Incorporation, holding six plenary sessions, three meetings of the Audit Committee, and five meetings of the General Committee. 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 as well as its financial management and position. At its final meeting for the reporting period on March 19, 2020, the Supervisory Board dealt intensively with the economic distortions arising from the

COVID-19 pandemic, its potential ramifications for voestalpine, and the measures the Management Board has planned.

In addition to discussions of regular reports on the Group's current business and financial position, at its meetings the Supervisory Board dealt particularly with scenarios regarding CO<sub>2</sub>-reduced steelmaking, voestalpine's digitalization strategy, issues related to innovation and information technology as well as the revision of the rules of procedure for the Management Board. Both the General Committee and the Supervisory Board discussed the proposal regarding the candidates for the elections to

the Supervisory Board at the Annual General Meeting on July 3, 2019, as well as the 2019 Austrian Corporate Law Amending Act (*Aktienrechts-Änderungsgesetz*), especially the new rules and regulations thereunder regarding both the compensation policy and the Compensation Report (“say on pay”). Moreover, the General Committee dealt with the revision of the rules of procedure for the Supervisory Board and the lawsuit that a shareholder filed against the election of Dr. Wolfgang Eder to the Supervisory Board of voestalpine AG after the Annual General Meeting 2019. This court case was suspended in perpetuity in the first quarter of calendar year 2020 and thus has ended.

The Audit Committee dealt, in particular, with the implementation of a procedure for selecting a new auditor at the Annual General Meeting 2019; the preparation and audit of the company’s Consolidated Financial Statements and Annual Financial Statements 2019/20; the auditor’s independence; as well as issues related to the internal control system (ICS), the risk management system, and Internal Audit.

For details regarding the composition and procedures of the Supervisory Board and its committees, see the Consolidated Corporate Governance Report 2019/20.

Both the Annual Financial Statements and the Consolidated Financial Statements as of March 31, 2020, were audited by the auditor elected at the Annual General Meeting on July 3, 2019, specifically, Deloitte Audit Wirtschaftsprüfungs-GmbH, Vienna, Austria. The auditor attended two meetings of the Audit Committee that were held after the election on July 3, 2019, and was available for questions and discussions.

The audit did not give rise to any objections, and it showed that the Annual Financial Statements as well as the Consolidated Financial Statements, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as mandated by Section 245a Austrian Commercial Code (*Unternehmensgesetzbuch – UGB*), conform to statutory requirements. The auditor issued an unqualified audit opinion both for the Annual Financial Statements and the Consolidated Financial Statements; they confirmed as well 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 2, 2020, the Supervisory Board reviewed and approved the Annual Financial Statements as of March 31, 2020. 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 2019/20. At its meeting on September 25, 2019, the Supervisory Board reviewed and approved the consolidated non-financial report—i.e., the Corporate Responsibility Report—for the business year 2018/19.

The Consolidated Corporate Governance Report was audited by Deloitte Audit Wirtschaftsprüfungs-GmbH 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, Vienna. This review, too, confirmed compliance with the rules. The Corporate Responsibility Report 2018/19 was audited by Grant Thornton Unitreu GmbH Wirtschaftsprüfungs und Steuerberatungsgesellschaft, Vienna. The audit procedures did not bring to light any facts and circumstances that would cause us to assume that this Report of voestalpine AG does not comply with material aspects of the legal requirements and the Global Reporting Initiative (GRI) standards.

It is established hereby that the company closed the business year 2019/20 with a net profit of EUR 100.00 million. We propose paying a dividend of EUR 0.20 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 2, 2020

# CONSOLIDATED STATEMENT OF FINANCIAL POSITION

FOR THE YEAR ENDED MARCH 31, 2020

## ASSETS

	Notes	03/31/2019	03/31/2020
<b>A. Non-current assets</b>			
Property, plant and equipment	9	6,580.2	6,558.8
Goodwill	10	1,548.3	1,494.9
Other intangible assets	10	395.1	338.6
Investments in entities consolidated according to the equity method	12	124.3	127.6
Other financial assets and other equity investments	12	50.6	65.9
Deferred tax assets	13	197.3	283.9
		<b>8,895.8</b>	<b>8,869.7</b>
<b>B. Current assets</b>			
Inventories	14	4,053.0	3,598.2
Trade and other receivables	15	2,021.3	1,650.1
Other financial assets	23	182.3	55.4
Cash and cash equivalents	16	485.9	794.7
Assets – held for sale	9	13.3	0.0
		<b>6,755.8</b>	<b>6,098.4</b>
<b>Total assets</b>		<b>15,651.6</b>	<b>14,968.1</b>

In millions of euros

## EQUITY AND LIABILITIES

	Notes	03/31/2019	03/31/2020
<b>A. Equity</b>			
Share capital		324.3	324.3
Capital reserves		667.0	660.3
Hybrid capital		497.9	0.0
Treasury shares		-1.5	-1.5
Other reserves		-69.1	-165.8
Retained earnings		5,125.4	4,660.9
<b>Equity attributable to equity holders of the parent</b>		<b>6,544.0</b>	<b>5,478.2</b>
Non-controlling interests		165.8	136.7
	17	<b>6,709.8</b>	<b>5,614.9</b>
<b>B. Non-current liabilities</b>			
Pensions and other employee obligations	18	1,276.9	1,277.9
Provisions	19	167.3	92.4
Deferred tax liabilities	13	110.5	92.5
Financial liabilities	20	2,661.8	3,889.7
		<b>4,216.5</b>	<b>5,352.5</b>
<b>C. Current liabilities</b>			
Provisions	19	642.9	646.9
Tax liabilities		101.6	38.8
Financial liabilities	20	1,142.3	754.1
Trade and other payables	21	2,838.5	2,560.9
		<b>4,725.3</b>	<b>4,000.7</b>
<b>Total equity and liabilities</b>		<b>15,651.6</b>	<b>14,968.1</b>

In millions of euros

# CONSOLIDATED STATEMENT OF CASH FLOWS 2019/20

	Notes	2018/19	2019/20
<b>Operating activities</b>			
Profit after tax		458.6	-216.5
Non-cash expenses and income	24	845.1	1,086.6
Change in inventories		-124.1	408.6
Change in receivables and liabilities		44.4	80.1
Change in provisions		-57.4	-54.8
<b>Changes in working capital</b>		<b>-137.1</b>	<b>433.9</b>
<b>Cash flows from operating activities</b>		<b>1,166.6</b>	<b>1,304.0</b>
<b>Investing activities</b>			
Additions to other intangible assets, property, plant and equipment		-1,045.7	-747.9
Income from disposals of assets		21.1	43.7
Cash flows from the acquisition of control of subsidiaries	24	4.5	-11.2
Cash flows from the loss of control of subsidiaries	24	0.0	-0.2
Additions to/divestments of other financial assets		210.1	108.8
<b>Cash flows from investing activities</b>		<b>-810.0</b>	<b>-606.8</b>
<b>Financing activities</b>			
Dividends paid		-276.8	-222.0
Dividends paid, non-controlling interests	24	-18.1	-21.0
Acquisition of non-controlling interests		-2.4	-4.8
Capital increase		64.3	0.0
Repayment hybrid capital		0.0	-500.0
Increase in non-current financial liabilities		789.2	1,157.8
Repayment of non-current financial liabilities		-1,170.6	-786.4
Repayment of lease liabilities		-7.5	-53.5
Change in current financial liabilities and other financial liabilities		42.6	55.6
<b>Cash flows from financing activities</b>		<b>-579.3</b>	<b>-374.3</b>
<b>Net decrease/increase in cash and cash equivalents</b>		<b>-222.7</b>	<b>322.9</b>
Cash and cash equivalents, beginning of year		705.8	485.9
Net exchange differences		2.8	-14.1
<b>Cash and cash equivalents, end of year</b>	16	<b>485.9</b>	<b>794.7</b>

In millions of euros

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME 2019/20

## CONSOLIDATED INCOME STATEMENT

	Notes	2018/19	2019/20
<b>Revenue</b>	1, 2	<b>13,560.7</b>	<b>12,717.2</b>
Cost of sales		-10,777.6	-10,559.2
<b>Gross profit</b>		<b>2,783.1</b>	<b>2,158.0</b>
Other operating income	3	399.4	443.4
Distribution costs		-1,211.3	-1,174.5
Administrative expenses		-695.5	-674.0
Other operating expenses	4	-510.2	-852.8
Share of profit of entities consolidated according to the equity method	5	13.9	10.9
<b>EBIT</b>		<b>779.4</b>	<b>-89.0</b>
Finance income	6	36.3	36.8
Finance costs	7	-170.0	-178.1
<b>Profit before tax</b>		<b>645.7</b>	<b>-230.3</b>
Tax expense	8	-187.1	13.8
<b>Profit after tax</b>		<b>458.6</b>	<b>-216.5</b>
Attributable to:			
Equity holders of the parent		408.5	-222.0
Non-controlling interests		20.1	-7.7
Share (planned) for hybrid capital owners		30.0	13.2
<b>Diluted and basic earnings per share (euros)</b>	30	<b>2.31</b>	<b>-1.24</b>

## CONSOLIDATED OTHER COMPREHENSIVE INCOME

	2018/19	2019/20
<b>Profit after tax</b>	<b>458.6</b>	<b>-216.5</b>
<b>Items of other comprehensive income that will be reclassified subsequently to profit or loss</b>		
Cash flow hedges	-3.1	-37.8
Currency translation	25.4	-61.3
Share of result of entities consolidated according to the equity method	1.1	-1.1
<b>Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss</b>	<b>23.4</b>	<b>-100.2</b>
<b>Items of other comprehensive income that will not be reclassified subsequently to profit or loss</b>		
Actuarial gains/losses	-78.5	-22.0
<b>Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss</b>	<b>-78.5</b>	<b>-22.0</b>
<b>Other comprehensive income for the period, net of income tax</b>	<b>-55.1</b>	<b>-122.2</b>
<b>Total comprehensive income for the period</b>	<b>403.5</b>	<b>-338.7</b>
Attributable to:		
Equity holders of the parent	353.5	-341.1
Non-controlling interests	20.0	-10.8
Share (planned) for hybrid capital owners	30.0	13.2
<b>Total comprehensive income for the period</b>	<b>403.5</b>	<b>-338.7</b>

In millions of euros

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY 2019/20

	Share capital	Capital reserves	Hybrid capital	Treasury share reserve
<b>Balance as of April 1, 2018</b>	<b>320.3</b>	<b>609.6</b>	<b>497.9</b>	<b>-1.5</b>
<b>Profit after tax</b>	-	-	-	-
<b>Items of other comprehensive income that will be reclassified subsequently to profit or loss</b>				
Cash flow hedges	-	-	-	-
Currency translation	-	-	-	-
Share of result of entities consolidated according to the equity method	-	-	-	-
<b>Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss</b>	-	-	-	-
<b>Items of other comprehensive income that will not be reclassified subsequently to profit or loss</b>				
Actuarial gains/losses	-	-	-	-
<b>Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss</b>	-	-	-	-
<b>Other comprehensive income for the period, net of income tax</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-
Dividends	-	-	-	-
Dividends to hybrid capital owners	-	-	-	-
Capital increase	4.0	60.3	-	-
Share-based payment	-	-2.9	-	-
Acquisition of control of subsidiaries	-	-	-	-
Other changes	-	-	-	-
	<b>4.0</b>	<b>57.4</b>	-	-
<b>Balance as of March 31, 2019 = Balance as of April 1, 2019</b>	<b>324.3</b>	<b>667.0</b>	<b>497.9</b>	<b>-1.5</b>
<b>Profit after tax</b>	-	-	-	-
<b>Items of other comprehensive income that will be reclassified subsequently to profit or loss</b>				
Cash flow hedges	-	-	-	-
Currency translation	-	-	-	-
Share of result of entities consolidated according to the equity method	-	-	-	-
<b>Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss</b>	-	-	-	-
<b>Items of other comprehensive income that will not be reclassified subsequently to profit or loss</b>				
Actuarial gains/losses	-	-	-	-
<b>Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss</b>	-	-	-	-
<b>Other comprehensive income for the period, net of income tax</b>	-	-	-	-
<b>Total comprehensive income for the period</b>	-	-	-	-
Dividends	-	-	-	-
Repayment hybrid capital	-	-	-500.0	-
Dividends to hybrid capital owners	-	-	-	-
Share-based payment	-	-1.1	-	-
Other changes	-	-5.6	2.1	-
	-	<b>-6.7</b>	<b>-497.9</b>	-
<b>Balance as of March 31, 2020</b>	<b>324.3</b>	<b>660.3</b>	<b>0.0</b>	<b>-1.5</b>



Other reserves		Retained earnings	Total attributable to equity holders of the parent	Non-controlling interests	Total equity
Translation reserve	Cash flow hedge reserve				
-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
-	-	-208.8	-208.8	-7.7	-216.5
-	-37.8	-	-37.8	-	-37.8
-57.8	-	-	-57.8	-3.5	-61.3
-1.1	-	-	-1.1	-	-1.1
-58.9	-37.8	-	-96.7	-3.5	-100.2
-	-	-22.4	-22.4	0.4	-22.0
-	-	-22.4	-22.4	0.4	-22.0
-58.9	-37.8	-22.4	-119.1	-3.1	-122.2
-58.9	-37.8	-231.2	-327.9	-10.8	-338.7
-	-	-196.4	-196.4	-20.3	-216.7
-	-	-	-500.0	-	-500.0
-	-	-25.6	-25.6	-	-25.6
-	-	-	-1.1	-	-1.1
-	-0.0	-11.3	-14.8	2.0	-12.8
-	-0.0	-233.3	-737.9	-18.3	-756.2
-133.6	-32.2	4,660.9	5,478.2	136.7	5,614.9

In millions of euros

voestalpine AG

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 2019/20

## 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 voestalpine-Strasse 1, 4020 Linz, Austria. The shares of voestalpine AG are listed on the Vienna stock exchange.

The Consolidated Financial Statements for the year ended March 31, 2020 (including comparative figures for the year ended March 31, 2019) 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 26, 2020, 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 2019/20:

Standard	Content	Effective date <sup>1</sup>
IFRS 16	Leases	January 1, 2019
IFRS 9, amendments	Prepayment Features with Negative Compensation	January 1, 2019
IAS 28, amendments	Long-Term Interests in Associates and Joint Ventures	January 1, 2019
IFRIC 23	Uncertainty over Income Tax Treatments	January 1, 2019
IAS 19, amendments	Plan Amendment, Curtailment or Settlement	January 1, 2019

<sup>1</sup> In accordance with EU endorsements, these Standards are applicable to reporting periods beginning on or after the effective date.

The effects of the initial application of the new Standard, IFRS 16 Leases, are explained below. The application of the other aforementioned revisions did not have any material effects on the Consolidated Financial Statements.

**IFRS 16 Leases** has been applied in the voestalpine Group since April 1, 2019, using the modified retrospective method of initial application. Hence there was no need to adjust the previous year's figures. The new Standard combines the guidance on lease accounting and replaces IAS 17 as well as the associated Interpretations.

The new rules eliminate the prior distinction on the part of the lessee between finance and operating leases. Previous operating leases thus must be treated similarly to previous finance leases.

The application of IFRS 16 thus had an impact on the net assets, financial position, and results of operations of those voestalpine Group companies that were considered lessees under operating leases as of the first-time adoption date.

The voestalpine Group identified the capitalization of right-of-use assets and the corresponding lease 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 leads 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 applies the following measurement choices and exemptions in connection with the initial application:

- » The option to waive a reassessment of whether or not a contract is a lease as defined in IFRS 16 was exercised, provided the lease existed as of the initial application date; as a result, the definition of a lease pursuant to IAS 17 and IFRIC 4 continues to apply to leases that existed prior to April 1, 2019.
- » Upon first-time adoption, given lease liabilities were recognized at the present value of the remaining lease payments, discounted using the respective incremental borrowing rate at the time of initial application; right-of-use assets were recognized in the same amount.
- » A discount rate was applied to each lease portfolio.
- » Upon first-time adoption, the measurement of provisions for onerous contracts was applied in lieu of a separate impairment test pursuant to IAS 36.
- » At the transition date, leases with a residual term of up to 12 months were classified as short-term leases.

The changes did not have significant effects on existent finance leases.

The table below presents the effects of the initial application of **IFRS 16 Leases** on the opening statement of financial position as of April 1, 2019:

#### CHANGE IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	03/31/2019	Continuation of existing finance lease	Adjustments according to IFRS 16	04/01/2019
<b>Assets</b>				
Land, land rights and buildings	1,809.5			2,181.5
Thereof right-of-use assets	0.0	21.9	372.0	393.9
Plant and equipment	3,891.9			3,910.2
Thereof right-of-use assets	0.0	1.3	18.3	19.6
Fixtures and fittings	361.6			407.7
Thereof right-of-use assets	0.0	1.6	46.1	47.7
<b>Total property, plant and equipment</b>	<b>6,580.2</b>	<b>24.8</b>	<b>436.4</b>	<b>7,016.6</b>
<b>Total assets</b>	<b>15,651.6</b>			<b>16,088.0</b>
<b>Equity and liabilities</b>				
Financial liabilities – non-current	2,661.8			3,054.8
Thereof non-current lease liabilities	7.4		393.0	400.4
Financial liabilities – current	1,142.3			1,185.7
Thereof current lease liabilities	7.9		43.4	51.3
<b>Total equity and liabilities</b>	<b>15,651.6</b>		<b>436.4</b>	<b>16,088.0</b>

In millions of euros

The table below presents the reconciliation of the non-cancelable obligations under operating leases as of March 31, 2019, with the lease liabilities recognized in the opening statement of financial position as of April 1, 2019:

<b>As of March 31, 2019, obligations from non-cancelable operating leases</b>	<b>207.0</b>
Less short-term leases	-12.3
Less small-ticket leases	-7.7
Plus adjustments due to extension, purchase, and termination options, and Other	362.2
<b>Gross lease liabilities before discounting</b>	<b>549.1</b>
Discounting using the incremental borrowing rate	-112.8
<b>Net lease liabilities as of April 1, 2019</b>	<b>436.4</b>
Liabilities from finance leases as of March 31, 2019	15.3
<b>Lease liabilities as of April 1, 2019</b>	<b>451.7</b>

In millions of euros

Lease payments of EUR 549.1 million on leases previously classified as operating leases were discounted using the incremental borrowing rate and recognized as lease liabilities at the resulting current value as of April 1, 2019. The average incremental borrowing rate used to this end as of the initial application date was 2.16%.

Many leases involving the voestalpine Group contain renewal and termination options, especially property leases. Accounting for these leases requires making material assessments as to the term of a given lease, because IFRS 16 also requires considering certain options during the lease term where it may be assumed with a reasonable degree of certainty that a renewal option will be exercised or that the termination option will not be exercised. In turn, this makes it necessary to weigh all circumstances arising from the potential lease term as they affect voestalpine, such as, in particular, financial incentives for entering into a longer lease term due to assets or large investments associated with the given lease, the operational significance of the leased property, or the cost of any alternatives.

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 2019/20 or they have not yet been adopted by the European Union:

<b>Standard</b>	<b>Content</b>	<b>Effective date according to IASB<sup>1</sup></b>
Framework, amendments	Amendments to References to the Conceptual Framework	January 1, 2020
IFRS 3, amendments	Definition of a Business	January 1, 2020 <sup>2</sup>
IAS 1 and IAS 8, amendments	Definition of Material	January 1, 2020
IAS 1, amendments	Classification of Liabilities as Current or Non-current	January 1, 2020 <sup>2</sup>
IFRS 9, IAS 39 and IFRS 7, amendments	Interest Rate Benchmark Reform	January 1, 2020
IFRS 17	Insurance Contracts	January 1, 2021 <sup>2</sup>
IFRS 10 and IAS 28, amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Postponed by the IASB

<sup>1</sup> These Standards are applicable to reporting periods beginning on or after the effective date.

<sup>2</sup> 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 are not expected to have any material effects on the voestalpine Group’s net assets, financial position, and results of operations.

#### **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 for time reasons and 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

Pursuant to 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
<b>Closing exchange rate</b>					
03/31/2019	1.1235	0.8583	4.3865	10.3980	4.3006
03/31/2020	1.0956	0.8864	5.7001	11.0613	4.5506
<b>Average annual rate</b>					
2018/19	1.1579	0.8820	4.3799	10.3688	4.2917
2019/20	1.1113	0.8752	4.5727	10.6510	4.3033

## UNCERTAINTIES IN ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Consolidated Financial Statements in accordance with IFRS requires 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 global COVID-19 crisis and the resulting state of emergency dominated the last few weeks of the business year 2019/20.

In the business year just ended, the novel coronavirus and its direct effects forced the voestalpine Group into crisis mode within a very short time. This worldwide pandemic, as the World Health Organization (WHO) has classified it, has led to a social, medical, and economic state of emergency that is without precedent in modern times and continues unabated.



In terms of both accounting and assessment, COVID-19 may impact many areas of the Consolidated Financial Statements of voestalpine AG and/or increase uncertainties in accounting estimates and make assumptions more difficult.

- » For example, the current economic situation might trigger reviews of the need to recognize impairment losses and conduct impairment tests, especially in connection with units to which goodwill is allocated, cash-generating units to which no goodwill is allocated, and assets. See also Note 11. Impairment losses and reversal of impairment losses.
- » The COVID-19 crisis may trigger greater bad debt losses. As of March 31, 2020, however, no material risks were identified in this connection. In this respect, see also chapter 23. Financial instruments.
- » COVID-19 may affect revenue recognition. However, no facts have been identified for the business year just ended that could lead to adjustments in revenue recognition or to writedowns of existing contract assets. No financial difficulties were reported for the aerospace segment as of March 31, 2020, despite the challenging situation, nor any order cancellations on the part of aircraft manufacturers.
- » No idle capacity costs resulting from shortfalls in capacity utilization, production shutdowns, and supply chain interruptions will be recognized in connection with the measurement of inventories. See also Note B. Summary of Accounting Policies, section entitled "Inventories."
- » IFRS 16: voestalpine has reviewed whether the COVID-19 pandemic will affect the assessment of leases' terms. As of March 31, 2020, this did not result in any major changes.
- » As regards the setting-up of provisions, no material obligations or facts requiring the recognition of provisions have been identified on account of COVID-19.
- » Given the current situation, a more detailed review of the capitalization of deferred tax assets from temporary differences or loss carryforwards was conducted as to the probability of income to be taxed in the future.

The following assumptions entail 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 (the 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 other intangible assets; and Note 11. Impairment losses and reversal of impairment losses.

» **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 (the section entitled “Financial instruments”) as well as Note 23. Financial instruments.

» **Determining lease terms and discount rates**

An assessment of the term of each and every lease and the discount rate to be applied is made to determine lease liabilities. The estimated term of a lease is based on the lease’s non-cancelable term. Lease periods comprising options to terminate or renew are included in the assessment if the non-exercise of termination options or the exercise of renewal options is deemed to be reasonably certain. This requires management to make a judgment. All facts and circumstances that represent an economic incentive to exercise or not to exercise a given option must be considered. Following initial recognition, the lease term shall be reassessed if there is a significant event or a significant change in circumstances that the company can control and that has an effect on its decision whether to exercise or not to exercise the given option.

The incremental borrowing rate in its capacity as a maturity-dependent, risk-free interest rate is used as the discount rate for measuring the lease liabilities, taking into account the respective currency and the company’s credit rating. This requires making an assessment when no observable interest rates are available (e.g., subsidiaries that do not engage in financial transactions) or when the interest rates must be adjusted to reflect the terms and conditions of the given lease (e.g., consideration of the repayment structure).

» **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. The 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

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. The payment terms typically are between 30 and 90 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, in keeping with the associated expenses. Government grants of EUR 27.3 million (2018/19: EUR 28.6 million) for capital expenditures, research and development, and promotion of job opportunities were recognized as income in the reporting period.

## RECOGNITION OF EXPENSES

Operating expenses are recognized when goods or services are used or when the expense is incurred. In the business year 2019/20, expenses for research and development were EUR 174.4 million (2018/19: EUR 170.5 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%

## LEASES

The Group determines at lease inception whether a given lease satisfies the definition of a lease as per IFRS 16. This definition is applied to leases that are entered into on or after April 1, 2019.

As of the commencement date, the Group recognizes an asset for the right of use granted as well as a lease liability. The right of use is depreciated over the lease term on a straight-line basis. However, the right of use is depreciated over the asset's economic life if a transfer of title is stipulated or if it is reasonably certain that a purchase option will be exercised. The right of use must also be tested for impairment.

For the most part, the following depreciation/amortization periods are applied to right-of-use assets:

Right-of-use assets related to land, land rights, and buildings	13 – 600 months
Right-of-use assets related to plant and equipment	13 – 72 months
Right-of-use assets related to fixtures and fittings	13 – 96 months

The lease liability is measured using the incremental borrowing rate, provided the interest rate underlying the lease cannot be readily determined.

In subsequent measurements, the lease liability is measured using the effective interest method and adjusted. The lease liability is remeasured if, for example, future lease payments will change due to changes in an index or interest rate, or if there is a change in the assessment regarding the exercise of a purchase, renewal, or termination option. The carrying amount of the right-of-use asset is generally adjusted directly in equity subsequent to such remeasurement.

In the statement of financial position, the Group recognizes right-of-use assets, which do not satisfy the definition of investment property, in property, plant and equipment, and lease liabilities in financial liabilities.

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, leased assets whose cost does not exceed EUR 5,000 are considered low-value assets.

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

IFRS 16 is not applied to intangible asset leases.

The Group does not act as a lessor.

#### **LEASES – APPROACH PRIOR TO APRIL 1, 2019**

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 equity investments in associates and joint ventures.

Goodwill is allocated to cash generating units (CGUs) or groups of cash generating units and, pursuant to 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 pursuant to 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. Pursuant to 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 useful life based on previous transactions is as follows:

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

#### **IMPAIRMENT TESTING OF CASH GENERATING UNITS WITH AND WITHOUT GOODWILL AND OF OTHER ASSETS**

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 generally based on the value in use approach.

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 or groups of CGUs 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). In this respect, see Note 11. Impairment losses and reversal of impairment losses.

#### **FINANCIAL INSTRUMENTS**

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 investments) are measured at FVTPL, because the option to elect measurement at FVOCI was not utilized.

All other current and non-current financial assets (particularly securities) 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 de-recognized 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. Differences between the economic conditions at the time the historical data were collected, the current conditions, and the Group’s view of the economic conditions over the expected maturities of the receivables must be considered. 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**

The 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 (FVTPL). 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 fair values. The fair 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 keeping with the effectiveness of the future transaction or existent obligation (cash flow hedges).

### **Liabilities**

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

### **OTHER EQUITY 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 financial assets and other equity investments. These other assets are measured 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.

Pursuant to 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 to the extent that on the basis of the planning sufficient taxable profit will be available against which the tax loss carryforwards can 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<sub>2</sub> 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 +4.0% or -3.6% 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 benefit 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;
- » A fixed, valorized amount per year of service.

A small part 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:

	2018/19	2019/20
Interest rate (%)	1.50	1.50
Salary/wage increases (%) <sup>1</sup>	3.00	3.00
Pension benefit increases (%) <sup>1</sup>	2.25	2.25
<b>Retirement age men/women</b>		
Austria	max. 62 years	max. 62 years
Germany	63 – 67 years	63 – 67 years
<b>Mortality tables</b>		
Austria	AVÖ 2018-P	AVÖ 2018-P
Germany	Heubeck-Richttafeln 2018 G	Heubeck-Richttafeln 2018 G

<sup>1</sup> Only salary-dependent and/or value-guaranteed commitments are recognized.

Net interest expenses resulting from employee benefits are included under 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 equates 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, pursuant 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 recognized 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 pursuant to 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 2019/20, a total of 97 companies in these 11 countries participated in the international employee shareholding scheme.

As of March 31, 2020, the voestalpine Mitarbeiterbeteiligung Privatstiftung held approximately 12.9% (March 31, 2019: 13.4%) of voestalpine AG's shares for employees. In addition, active and former employees of voestalpine hold approximately 1.9% (March 31, 2019: 1.4%) of the shares of voestalpine AG, the voting rights of which are exercised by the foundation. On the whole, therefore, as of March 31, 2020, the voting rights of 14.8% (March 31, 2019: 14.8%) 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 investment, 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
<b>As of April 1, 2019</b>	<b>281</b>	<b>9</b>
Additions from acquisitions	2	1
Change in the consolidation method and incorporation		
Additions	2	
Disposals		
Reorganizations	-4	
Divestments or disposals	-2	
<b>As of March 31, 2020</b>	<b>279</b>	<b>10</b>
Of which foreign companies	225	4



The following entities were deconsolidated during the business year 2019/20:

Name of entity	Date of deconsolidation
<b>Full consolidation in the business year 2018/19</b>	
Compania de Industria y Comercio, S.A. de C.V.	February 12, 2020
V54 Fonds	March 31, 2020
<b>Reorganizations</b>	
IS Intersteel Stahlhandel GmbH	April 1, 2019
voestalpine ME Beteiligung GmbH	April 1, 2019
voestalpine Metal Engineering Verwaltung GmbH	April 1, 2019
voestalpine Wire Technology GmbH	April 1, 2019

All shares were sold and deconsolidated as of the close of the past business year in connection with the dissolution of the securities fund of funds, V54. Its effects on the Consolidated Financial Statements are deemed immaterial.

The sale of the Mexican subsidiary of voestalpine Precision Strip, Compania de Industria y Comercio, S.A. de C.V., was completed on February 12, 2020. Sales of special steel for special applications in the Mexican market are the company's core business. The sale is rooted in the voestalpine Group's consistent pursuit of its strategic orientation on processed products. The aforementioned Mexican company generated revenue of around EUR 3.6 million in the business year 2018/19 and has 19 employees.

The disposal had the following effect on the Consolidated Financial Statements:

	Recognized values
Non-current assets	0.0
Current assets	1.7
Non-current liabilities	0.0
Current liabilities	-0.8
<b>Net assets</b>	<b>0.9</b>
Result from the loss of control	-0.4
<b>Consideration received</b>	<b>0.5</b>
Portion of selling price not yet paid	-0.5
Cash and cash equivalents disposed of	-0.1
<b>Net cash outflow</b>	<b>-0.1</b>

In millions of euros

## 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 2019/20:

Name of entity	Interest in %	Date of initial consolidation
<b>Full consolidation</b>		
Bohlasia Steels Sdn. Bhd.	80.000%	April 01, 2019
voestalpine Böhler Welding Selco Invest S.R.L.	90.000%	June 18, 2019
voestalpine Railway Systems France SAS	100.000%	December 18, 2019
voestalpine Böhler Welding Selco S.r.l.	100.000%	February 28, 2020
<b>At-equity consolidation</b>		
SBI GmbH	24.900%	August 24, 2019

The additions of fully consolidated entities to the scope of consolidation include two acquisitions, one newly established entity, and the consolidation of one entity 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, amortization, and impairment 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 pursuant to 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 4.8 million (2018/19: EUR 2.4 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 1.1 million (2018/19: EUR 2.4 million) were derecognized and the remaining amount of EUR 5.9 million (2018/19: EUR 0.0 million) was recognized directly in equity.

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, in individual cases, the risks and rewards associated with ownership of a non-controlling interest had 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, 2020, are EUR 9.5 million (March 31, 2019: EUR 6.4 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 December 18, 2019, voestalpine Railway Systems GmbH acquired 100% of the shares of Société d'Équipement Industriel.Lietaert, SASU, from a French company, La Ferroviaire de la Brie SAS, Rozay-en-Brie, France. The acquisition serves to enable voestalpine to penetrate the railway market in the Paris metropolitan area, where its footprint so far has been limited to minor and niche activities. From now on, the acquired company will be known as voestalpine Railway Systems France SAS.

On February 28, 2020, voestalpine Böhler Welding Group GmbH acquired 88.9% of the shares of Selco S.r.l., an Italian company, and the remaining 11.1% by way of a firmly agreed put option. This expansion of voestalpine Böhler Welding's portfolio by welding machinery will enable the company to offer not only comprehensive solutions in the welding industry, but also a perfectly coordinated combination of welding consumables and welding equipment. From now on, the acquired company will be known as voestalpine Böhler Welding Selco S.r.l.

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

	<b>Recognized values</b>
Non-current assets	8.7
Current assets	11.2
Non-current liabilities	-7.0
Current liabilities	-6.7
<b>Net assets</b>	<b>6.2</b>
Goodwill and negative goodwill	2.3
<b>Acquisition costs</b>	<b>8.5</b>
Cash and cash equivalents acquired	-1.5
Put option	-0.9
Loan acquired	4.5
<b>Net cash outflow</b>	<b>10.6</b>

In millions of euros

The above table contains negative goodwill of EUR 0.3 million from the acquisition of voestalpine Böhler Welding Selco S.r.l., which was recognized in total in other operating income. The acquisition of voestalpine Railway Systems France SAS gives rise to goodwill of EUR 2.6 million resulting from the company's earnings potential (which, according to IFRS rules, may not be allocated to items that can

be capitalized individually), in particular, improved access for the Group to the railway market in France and Francophone territories (especially in North Africa). This goodwill is allocated to the goodwill-carrying Railway Systems business unit. It is not expected that portions of the recognized goodwill are deductible for corporate tax purposes.

Since their initial consolidation, the acquisitions have contributed revenue of EUR 1.1 million to consolidated revenue. Their share in the Group's profit after tax for the same period was EUR –0.3 million. The reported consolidated revenue would have been EUR 13.2 million higher and the reported Group's profit after tax would have been EUR –0.1 million higher if the acquisitions had been consolidated as of April 1, 2019.

As part of the first-time full consolidation of voestalpine Böhler Welding Selco S.r.l. and voestalpine Railway Systems France SAS, fair values for trade receivables of EUR 3.2 million (gross carrying amount: EUR 3.2 million), tax assets of EUR 0.1 million, and for other receivables of EUR 0.5 million (gross carrying amount: EUR 0.5 million) were taken over. Receivables that are probably uncollectible are considered immaterial.

In the current reporting period, EUR 1.4 million were paid for earlier acquisitions made in accordance with IFRS 3.

## E. SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Name of the subsidiary	Domicile	03/31/2019	03/31/2020
<b>voestalpine Tubulars GmbH &amp; Co KG</b>	Kindberg, Austria		
Proportion of equity interests		49.8875%	49.8875%
Proportion of equity interests held by non-controlling interests		50.1125%	50.1125%
<b>CNTT Chinese New Turnout Technologies Co., Ltd.</b>	Qinhuangdao, China		
Proportion of equity interests		50.0000%	50.0000%
Proportion of equity interests held by non-controlling interests		50.0000%	50.0000%

In the reporting period, the total of all non-controlling interests is EUR 136.7 million (March 31, 2019: EUR 165.8 million), of which EUR 63.6 million (March 31, 2019: EUR 87.7 million) is attributable to voestalpine Tubulars GmbH & Co KG and EUR 29.9 million (March 31, 2019: EUR 32.5 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.	
	03/31/2019	03/31/2020	03/31/2019	03/31/2020
Non-current assets	122.9	120.2	13.1	14.8
Current assets	173.0	134.1	102.3	97.6
Non-current liabilities	32.6	29.7	3.0	1.9
Current liabilities	134.8	116.4	47.8	50.7
<b>Net assets (100%)</b>	<b>128.5</b>	<b>108.2</b>	<b>64.6</b>	<b>59.8</b>

In millions of euros

## SUMMARIZED INCOME STATEMENT

	voestalpine Tubulars GmbH & Co KG		CNTT Chinese New Turnout Technologies Co., Ltd.	
	2018/19	2019/20	2018/19	2019/20
Revenue	534.3	380.5	71.7	53.2
EBIT	13.6	-15.9	25.6	17.4
Profit after tax	10.8	-17.9	21.0	15.2
Attributable to:				
Equity holders of the parent	5.4	-8.9	10.5	7.6
Non-controlling interests	5.4	-9.0	10.5	7.6
Dividends paid to non-controlling interests	0.0	1.7	14.2	9.0

In millions of euros

## SUMMARIZED STATEMENT OF CASH FLOWS

	voestalpine Tubulars GmbH & Co KG		CNTT Chinese New Turnout Technologies Co., Ltd.	
	2018/19	2019/20	2018/19	2019/20
Cash flows from operating activities	21.9	9.6	23.8	21.5
Cash flows from investing activities	-16.5	-12.6	-1.9	-2.4
Thereof additions to/divestments of other financial assets	0.1	0.0	0.0	0.0
Cash flows from financing activities	-5.4	2.8	-17.2	-19.4
<b>Net decrease/increase in cash and cash equivalents</b>	<b>0.0</b>	<b>-0.1</b>	<b>4.7</b>	<b>-0.3</b>

In millions of euros

## F. INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

### SHARES IN IMMATERIAL JOINT VENTURES

Profits from the joint ventures, which are individually immaterial 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:

	2018/19	2019/20
<b>Group share of</b>		
Profit after tax	0.7	0.8
Other comprehensive income	0.1	-0.1
<b>Comprehensive income</b>	<b>0.8</b>	<b>0.7</b>
<b>Carrying amount immaterial joint ventures</b>	<b>4.5</b>	<b>4.5</b>

In millions of euros

voestalpine Giesserei Linz GmbH holds an interest of 51.0% in Jiaxing NYC Industrial Co., Ltd. The entity's Articles of Incorporation require at least one vote from the other 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:

	2018/19	2019/20
<b>Group share of</b>		
Profit after tax	13.2	10.1
Other comprehensive income	1.0	-1.0
<b>Comprehensive income</b>	<b>14.2</b>	<b>9.1</b>
<b>Carrying amount immaterial associates</b>	<b>119.8</b>	<b>123.1</b>

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.

In keeping with IFRS 15.121, no disclosures are made with respect to the remaining performance obligations as of March 31, 2020, 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 industry for the business years 2019/20 and 2018/19:

## REVENUE BY REGION

	Steel Division		High Performance Metals Division	
	2018/19	2019/20	2018/19	2019/20
European Union (without Austria) <sup>1</sup>	2,866.6	2,755.6	1,409.4	1,213.5
Austria	495.1	464.6	136.4	110.2
USMCA	518.2	484.3	472.6	449.9
Asia	146.2	118.7	546.2	517.6
South America	91.9	28.6	200.9	230.1
Rest of world <sup>1</sup>	346.8	294.2	317.2	334.8
<b>Total revenue by region</b>	<b>4,464.8</b>	<b>4,146.0</b>	<b>3,082.7</b>	<b>2,856.0</b>

<sup>1</sup> The revenue figures for Great Britain for both the current period and the comparative period were reclassified from "European Union (without Austria)" to "Rest of world".

## REVENUE BY INDUSTRY

	Steel Division		High Performance Metals Division	
	2018/19	2019/20	2018/19	2019/20
Automotive	1,645.1	1,548.7	879.8	705.6
Energy	843.9	602.3	394.8	479.5
Railway systems	9.0	9.3	9.8	14.0
Building/Construction	385.1	390.5	111.4	93.0
Mechanical engineering	235.5	226.5	599.1	593.2
White goods/Consumer goods	144.0	129.0	372.8	322.1
Aerospace	0.0	0.0	368.1	391.5
Other	1,202.2	1,239.7	346.9	257.0
<b>Total revenue by industry</b>	<b>4,464.8</b>	<b>4,146.0</b>	<b>3,082.7</b>	<b>2,856.0</b>

	Metal Engineering Division		Metal Forming Division		Other		Total Group	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
	1,454.9	1,372.1	1,806.8	1,658.3	7.6	2.6	7,545.2	7,002.1
	208.1	201.0	120.8	104.2	3.6	3.6	964.0	883.7
	642.8	494.3	548.5	593.9	0.2	0.1	2,182.3	2,022.5
	345.0	329.3	79.5	126.7	0.1	0.6	1,117.0	1,092.9
	64.6	56.7	76.7	75.4	0.1	0.0	434.2	390.7
	389.3	450.3	264.7	246.1	0.0	0.0	1,318.0	1,325.4
	<b>3,104.6</b>	<b>2,903.8</b>	<b>2,897.0</b>	<b>2,804.6</b>	<b>11.6</b>	<b>6.8</b>	<b>13,560.7</b>	<b>12,717.2</b>

In millions of euros

	Metal Engineering Division		Metal Forming Division		Other		Total Group	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
	487.5	392.9	1,575.1	1,587.2	0.0	0.0	4,587.5	4,234.4
	707.6	593.7	40.4	46.5	0.0	0.0	1,986.7	1,722.0
	1,415.9	1,458.3	3.9	1.9	0.0	0.0	1,438.6	1,483.5
	92.1	77.6	639.7	634.2	0.0	0.0	1,228.3	1,195.4
	143.4	143.0	255.2	220.9	0.0	0.0	1,233.2	1,183.6
	41.9	30.1	115.2	110.7	0.0	0.0	673.9	591.9
	0.0	0.0	20.7	25.2	0.0	0.0	388.8	416.7
	216.2	208.3	246.8	177.9	11.6	6.8	2,023.7	1,889.7
	<b>3,104.6</b>	<b>2,903.8</b>	<b>2,897.0</b>	<b>2,804.6</b>	<b>11.6</b>	<b>6.8</b>	<b>13,560.7</b>	<b>12,717.2</b>

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.

As a global manufacturer of high-quality steel products, the Steel Division of the voestalpine Group plays a key role in shaping a clean future worth living. In its steelmaking operations, the Steel Division sets benchmarks for the current production route and, at the same time, works on future options based on hydrogen that are aimed at bringing about the low-carbon production of steel. 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 applications in the energy sector under the most difficult conditions. Besides serving the traditional oil and natural gas segment, it also provides customized solutions to renewable energy operations.

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 and welding machinery. 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 production 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	
	2018/19	2019/20	2018/19	2019/20
Segment revenue	4,887.3	4,570.5	3,136.3	2,891.0
Of which revenue with third parties	4,464.8	4,146.0	3,082.7	2,856.0
Of which revenue with other segments	422.5	424.5	53.6	35.0
EBITDA	653.2	494.0	434.9	276.0
Depreciation and amortization of property, plant and equipment and intangible assets	334.2	594.6	154.9	199.5
Of which impairment	0.0	-239.8	0.0	-27.2
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	8.8	9.4	0.0	0.0
EBIT	319.0	-100.6	280.0	76.6
EBIT margin	6.5%	-2.2%	8.9%	2.6%
Interest and similar income	2.0	1.4	13.1	17.2
Interest and similar expenses	67.5	70.1	67.9	63.0
Income tax expense	-76.1	24.7	-74.6	-38.2
Profit after tax	180.0	-139.0	151.0	-8.1
Segment assets	5,373.5	4,777.2	4,326.6	4,244.7
Of which investments in entities consolidated according to the equity method	98.8	101.0	0.0	0.0
Net financial debt	1,810.2	1,941.1	1,308.6	1,472.2
Investments in property, plant and equipment and intangible assets	322.5	151.6	241.2	258.9
Employees (full-time equivalent)	10,877	10,419	14,398	13,404

	Metal Engineering Division		Metal Forming Division		Other		Reconciliation		Total Group	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
	3,147.1	2,941.7	2,937.4	2,838.3	1,603.4	1,640.4	-2,150.8	-2,164.7	13,560.7	12,717.2
	3,104.6	2,903.8	2,897.0	2,804.6	11.6	6.8	0.0	-0.0	13,560.7	12,717.2
	42.5	37.9	40.4	33.7	1,591.8	1,633.6	-2,150.8	-2,164.7	0.0	0.0
	369.0	301.1	213.3	203.3	-99.9	-87.0	-5.9	-5.9	1,564.6	1,181.5
	167.0	268.2	119.5	194.5	9.6	13.7	0.0	0.0	785.2	1,270.5
	0.0	-82.9	0.0	-51.8	0.0	0.0	0.0	0.0	0.0	-401.7
	6.9	0.0	0.0	0.0	0.0	0.0	0.0	0.0	6.9	0.0
	0.2	0.1	0.0	0.0	0.0	0.0	4.9	1.4	13.9	10.9
	202.0	32.9	93.8	8.8	-109.5	-100.8	-5.9	-5.9	779.4	-89.0
	6.4%	1.1%	3.2%	0.3%					5.7%	-0.7%
	3.4	3.5	3.4	2.7	179.4	198.3	-177.6	-197.7	23.7	25.4
	37.6	38.5	36.3	37.2	140.7	161.7	-183.3	-204.3	166.7	166.2
	-35.2	-14.1	-11.5	29.2	10.1	12.0	0.2	0.2	-187.1	13.8
	133.0	-16.4	52.2	3.6	368.0	-429.9	-425.6	373.3	458.6	-216.5
	3,485.3	3,428.2	2,686.2	2,557.3	11,517.2	10,698.3	-11,737.2	-10,737.6	15,651.6	14,968.1
	5.0	5.2	0.0	0.0	0.0	0.0	20.5	21.4	124.3	127.6
	1,028.7	1,182.6	1,027.4	1,042.0	-2,057.7	-1,861.8	8.2	-1.1	3,125.4	3,775.0
	210.7	180.1	223.2	170.0	13.8	15.1	0.0	0.0	1,011.4	775.7
	13,501	13,310	12,240	11,633	891	916	0	0	51,907	49,682

In millions of euros

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

#### EBITDA

	2018/19	2019/20
Net exchange differences and result from valuation of derivatives	-7.4	-7.4
Consolidation	1.5	1.5
<b>EBITDA – Total reconciliation</b>	<b>-5.9</b>	<b>-5.9</b>

In millions of euros

#### EBIT

	2018/19	2019/20
Net exchange differences and result from valuation of derivatives	-7.4	-7.4
Consolidation	1.5	1.5
<b>EBIT – Total reconciliation</b>	<b>-5.9</b>	<b>-5.9</b>

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 segment 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 <sup>1</sup>		Other Countries <sup>1</sup>	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
External revenue	964.0	883.7	7,545.2	7,002.1	5,051.5	4,831.4
Non-current assets	5,314.0	5,376.1	1,599.1	1,622.7	1,734.6	1,520.9
Investments in property, plant and equipment and intangible assets	613.0	486.4	209.9	166.5	188.5	122.8

<sup>1</sup> Values concerning Great Britain have been reclassified from "European Union" to "Other Countries" for the current and the comparative period.

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

	2018/19	2019/20
Gains on disposal and revaluation of intangible assets, property, plant and equipment	15.6	19.2
Income from the reversal of provisions	32.4	54.9
Currency gains	124.1	82.0
Income from the valuation of derivatives	17.4	49.7
Gains from deconsolidation	0.6	0.0
Other operating income	209.3	237.6
	<b>399.4</b>	<b>443.4</b>

In millions of euros

In the business year 2019/20, operating income of EUR 98.6 million (2018/19: EUR 88.3 million) from the sale of products not generated in the course of the Group's ordinary activities (by-products) is included in other operating income.

### 4. OTHER OPERATING EXPENSES

	2018/19	2019/20
Taxes other than income taxes	16.3	15.8
Losses on disposal of property, plant and equipment	4.0	3.1
Currency losses	146.2	136.3
Expenses from the valuation of derivatives	7.8	6.2
Losses from deconsolidation	0.1	0.5
Other operating expenses	335.8	690.9
	<b>510.2</b>	<b>852.8</b>

In millions of euros

Other operating expenses for the business year 2019/20 contain EUR 401.7 million (2018/19: EUR 0.0 million) in impairment losses on property, plant and equipment, other intangible assets, and goodwill. They also contain EUR 121.1 million (2018/19: EUR 121.2 million) in expenses attributable to the other functional area. In the main, these concern expenses related to the by-products specified in other operating income. Furthermore, provisions for legal disputes are included in the other operating expenses.

## 5. INCOME FROM ENTITIES CONSOLIDATED ACCORDING TO THE EQUITY METHOD

	2018/19	2019/20
Income from associates	13.2	10.2
Expenses from associates	0.0	-0.1
Income from joint ventures	0.7	0.8
	<b>13.9</b>	<b>10.9</b>

In millions of euros

Income from associates is primarily attributable to METALSERVICE S.P.A., APK-Pensionskasse Aktiengesellschaft, Industrie-Logistik-Linz GmbH, and Kocel Steel Foundry Co., Ltd. All income from entities consolidated according to the equity method concerns the pro-rated annual profit.

## 6. FINANCE INCOME

	2018/19	2019/20
Income from equity investments	3.5	5.1
Income from other securities and loans	4.0	1.2
Other interest and similar income	19.7	24.2
Income from the disposal and revaluation of financial assets and securities classified as current assets	9.1	6.3
	<b>36.3</b>	<b>36.8</b>

In millions of euros

## 7. FINANCE COSTS

	2018/19	2019/20
Expenses from the disposal and valuation of securities	3.3	10.5
Other expenses	0.0	1.4
Other interest and similar expenses	166.7	166.2
	<b>170.0</b>	<b>178.1</b>

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).

	2018/19	2019/20
<b>Current tax expense</b>	<b>153.8</b>	<b>74.2</b>
Effective tax expense	168.6	82.0
Adjustments of taxes from previous periods	-14.1	-6.3
Recognition of tax losses from previous periods	-0.7	-1.5
<b>Deferred tax expense</b>	<b>33.3</b>	<b>-88.0</b>
Origination/reversal of temporary differences	29.9	-92.1
Adjustments of taxes from previous periods	8.6	4.4
Impact of changes in tax rates	2.2	1.9
Recognition of tax losses from previous periods	-7.4	-2.2
	<b>187.1</b>	<b>-13.8</b>

In millions of euros

The effects of the changes in tax rates in the amount of EUR 1.9 million (2018/19: EUR 2.2 million) concern solely foreign taxes. The actual tax expense was reduced by the income tax effect of EUR -6.4 million from hybrid capital payments (2018/19: EUR -7.5 million).

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

	2018/19		2019/20	
<b>Profit before tax</b>		<b>645.7</b>		<b>-230.3</b>
Income tax expense (+)/benefit (-) using the Austrian corporate tax rate	25.0%	161.4	25.0%	-57.6
Difference to foreign tax rates	-0.5%	-3.6	-2.6%	6.1
Non-taxable income	-3.8%	-24.5	13.1%	-30.3
Non-taxable income from equity investments	-0.7%	-4.4	1.6%	-3.7
Effects of depreciation of equity investments and utilization of previously unincorporated loss carryforwards and non-recognition of loss carryforwards	1.5%	9.6	-11.7%	26.9
Taxes from previous periods	-0.9%	-5.5	0.8%	-1.9
Hybrid capital	-1.2%	-7.5	2.8%	-6.4
Non-tax-effective impairment on goodwill	0.0%	0.0	-7.3%	16.9
Non-deductible expenses and other differences	9.6%	61.6	-15.7%	36.2
<b>Effective Group tax rate (%) / income tax expense (+) / income tax benefit (-)</b>	<b>29.0%</b>	<b>187.1</b>	<b>6.0%</b>	<b>-13.8</b>

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	3,385.8	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
<b>Carrying amount as of April 1, 2018</b>	<b>1,740.6</b>	<b>3,627.9</b>	<b>323.6</b>	<b>590.0</b>	<b>6,282.1</b>
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
<b>Carrying amount as of March 31, 2019</b>	<b>1,809.5</b>	<b>3,891.9</b>	<b>361.6</b>	<b>517.2</b>	<b>6,580.2</b>
Gross carrying amount	3,995.9	12,692.9	1,416.4	609.9	18,715.1
Accumulated depreciation and impairment	-1,918.0	-9,223.6	-1,012.1	-2.6	-12,156.3
<b>Carrying amount as of March 31, 2020</b>	<b>2,077.9</b>	<b>3,469.3</b>	<b>404.3</b>	<b>607.3</b>	<b>6,558.8</b>

In millions of euros

The year-over-year increase in costs as well as in depreciation, amortization, or impairment losses on property, plant and equipment largely arises from the initial application of IFRS 16 using the modified retrospective method as of April 1, 2019.

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, 2020, is as follows:

	Land, land rights, and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction	Total
<b>Carrying amount as of April 1, 2018</b>	<b>1,740.6</b>	<b>3,627.9</b>	<b>323.6</b>	<b>590.0</b>	<b>6,282.1</b>
Changes in the scope of consolidation	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
<b>Carrying amount as of March 31, 2019</b>	<b>1,809.5</b>	<b>3,891.9</b>	<b>361.6</b>	<b>517.2</b>	<b>6,580.2</b>
<b>Carrying amount as of March 31, 2019</b>	<b>1,809.5</b>	<b>3,891.9</b>	<b>361.6</b>	<b>517.2</b>	<b>6,580.2</b>
Adjustments IFRS 16	372.0	18.3	46.1	0.0	436.4
<b>Carrying amount as of April 1, 2019</b>	<b>2,181.5</b>	<b>3,910.2</b>	<b>407.7</b>	<b>517.2</b>	<b>7,016.6</b>
Changes in the scope of consolidation	6.0	0.5	0.3	0.9	7.7
Additions	83.4	204.3	84.4	369.5	741.6
Transfers	28.3	208.6	30.8	-272.5	-4.8
Disposals	-14.8	-7.1	-5.3	-1.7	-28.9
Depreciation	-120.4	-590.1	-103.6	0.0	-814.1
Impairment losses	-72.8	-238.7	-5.2	-0.2	-316.9
Net exchange differences	-13.3	-18.4	-4.8	-5.9	-42.4
<b>Carrying amount as of March 31, 2020</b>	<b>2,077.9</b>	<b>3,469.3</b>	<b>404.3</b>	<b>607.3</b>	<b>6,558.8</b>

In millions of euros

As of March 31, 2020, restrictions on the disposal of property, plant and equipment were EUR 0.6 million (March 31, 2019: EUR 0.6 million). Furthermore, as of March 31, 2020, commitments for the purchase of property, plant and equipment were EUR 389.4 million (March 31, 2019: EUR 439.3 million).

Borrowing costs related to qualifying assets in the amount of EUR 3.5 million (2018/19: EUR 3.8 million) were capitalized in the reporting period. The calculation was based on an average borrowing rate of 1.8% (2018/19: 2.0%).

In the business year 2018/19, the Management Board resolved and the Supervisory Board approved the sale of undeveloped properties in Meerbusch, Germany, with a carrying amount of EUR 13.3 million, 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 were sold in the past financial year with sales proceeds of EUR 25.8 million. The properties were allocable to the High Performance Metals Division and were shown separately in the statement of financial position.

### Right-of-use assets as per IFRS 16

The Group leases mainly land, buildings, and manufacturing facilities as well as vehicle fleets including locomotives. Most of the leases contain renewal options and rights to terminate, some of which are also stipulated in conjunction with non-cancelable lease terms.

In some cases, the Group has the option to purchase the assets at the end of the contractually agreed period.

The lease payments typically are either fixed or based on market interest rates or indices (e.g., the consumer price index (CPI)). A few leases provide for variable lease payments (e.g., usage-based leases).

The carrying amount of each class of right-of-use assets pursuant to IFRS 16, which are shown in property, plant and equipment, is as follows:

	Property, plant and equipment			Total
	Land, land rights, and buildings	Plant and equipment	Fixtures and fittings	
<b>Carrying amount as of April 1, 2019</b>	<b>393.9</b>	<b>19.6</b>	<b>47.6</b>	<b>461.1</b>
Changes in the scope of consolidation	0.1	0.0	0.1	0.2
Additions	24.2	3.5	5.1	32.8
Transfers	-16.3	-1.6	1.3	-16.6
Disposals	-13.5	0.0	-1.5	-15.0
Depreciation	-33.3	-4.7	-11.1	-49.1
Impairment	-0.3	0.0	0.0	-0.3
Reversal of impairment losses	0.0	0.0	0.0	0.0
Net exchange differences	-2.6	-0.1	-0.1	-2.8
<b>Carrying amount as of March 31, 2020</b>	<b>352.2</b>	<b>16.7</b>	<b>41.4</b>	<b>410.3</b>

In millions of euros

## Lease expenses in the consolidated income statement

	2019/20
Interest expenses for lease liabilities	9.5
Expenses for short-term leases	14.7
Expenses for small-ticket leases	5.2
Expenses for variable lease payments	0.9

In millions of euros

The total cash outflows for leases are EUR 74.2 million. This includes cash outflows related to short-term leases, low-value asset leases, and variable lease payments.

The Group expects variable lease payments to remain largely unchanged in the coming years.

As of March 31, 2020, there were no material leases that had not yet been made available and thus had not yet been recognized.

The effect of the measurement of residual value guarantees and purchase options on the carrying amount is deemed negligible.

### Effect of renewal and termination options

Renewal and termination options can be exercised without the lessor's approval. The fact that leases contain termination and renewal options gives the operating units of the voestalpine Group, which are responsible for utilizing the assets, a high degree of operational flexibility. The resulting flexibility and thus the range of potential future lease payments that have not yet been recognized in the statement of financial position is high. voestalpine generally assumes that renewal options will be exercised.

As regards the maturity analysis of lease liabilities, see Note 20. Financial liabilities.



### Prior-year comparative information pursuant to IAS 17

The carrying amount for each asset class under finance leases included in property, plant and equipment is as follows:

	Property, plant and equipment			Total
	Land, land rights, and buildings	Plant and equipment	Fixtures and fittings	
<b>2018/19</b>				
Gross carrying amount	39.5	13.2	6.9	59.6
Accumulated depreciation and impairment	-17.7	-11.9	-5.3	-34.9
<b>Carrying amount</b>	<b>21.8</b>	<b>1.3</b>	<b>1.6</b>	<b>24.7</b>

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
<b>2018/19</b>			
Less than one year	8.5	-0.6	7.9
Between one and five years	7.6	-0.7	6.9
More than five years	0.5	0.0	0.5
	<b>16.6</b>	<b>-1.3</b>	<b>15.3</b>

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:

	<b>2018/19</b>
Less than one year	47.3
Between one and five years	116.8
More than five years	42.9
	<b>207.0</b>

In millions of euros

In the business year 2018/19, payments of EUR 64.3 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.

## 10. GOODWILL AND OTHER INTANGIBLE ASSETS

### GOODWILL

	<b>03/31/2018</b>	<b>03/31/2019</b>	<b>03/31/2020</b>
Gross carrying amount	1,558.2	1,560.6	1,563.6
Impairment losses	-12.3	-12.3	-68.7
<b>Carrying amount</b>	<b>1,545.9</b>	<b>1,548.3</b>	<b>1,494.9</b>

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, 2020:

	Goodwill
<b>Carrying amount as of April 1, 2018</b>	<b>1,545.9</b>
Additions	0.0
Disposals	0.0
Net exchange differences	2.4
<b>Carrying amount as of March 31, 2019</b>	<b>1,548.3</b>
Additions	2.6
Disposals	0.0
Impairment losses	-56.5
Net exchange differences	0.4
<b>Carrying amount as of March 31, 2020</b>	<b>1,494.9</b>

In millions of euros

Details on the impairment of goodwill are explained in Chapter 11. Impairment losses and reversal of impairment losses.

#### OTHER INTANGIBLE ASSETS

	Brands	Other	Advance payments or payments in progress	Total
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
<b>Carrying amount as of April 1, 2018</b>	<b>191.0</b>	<b>170.1</b>	<b>34.9</b>	<b>396.0</b>
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
<b>Carrying amount as of March 31, 2019</b>	<b>185.3</b>	<b>160.6</b>	<b>49.2</b>	<b>395.1</b>
Gross carrying amount	227.6	1,437.3	3.3	1,668.2
Accumulated amortization and impairment	-48.0	-1,281.6	0.0	-1,329.6
<b>Carrying amount as of March 31, 2020</b>	<b>179.6</b>	<b>155.7</b>	<b>3.3</b>	<b>338.6</b>

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:

	2018/19	2019/20
<b>High Performance Metals Division</b>	<b>155.4</b>	<b>155.4</b>
Welding Consumables	12.6	12.6
<b>Total Metal Engineering Division</b>	<b>12.6</b>	<b>12.6</b>
Precision Strip	2.6	2.6
<b>Total Metal Forming Division</b>	<b>2.6</b>	<b>2.6</b>
<b>voestalpine Group</b>	<b>170.6</b>	<b>170.6</b>

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, 2020:

	Brands	Other	Advance payments or payments in progress	Total
<b>Carrying amount as of April 1, 2018</b>	<b>191.0</b>	<b>170.1</b>	<b>34.9</b>	<b>396.0</b>
Changes in the scope of consolidation	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
<b>Carrying amount as of March 31, 2019</b>	<b>185.3</b>	<b>160.6</b>	<b>49.2</b>	<b>395.1</b>
Changes in the scope of consolidation	0.0	0.9	0.0	0.9
Additions	0.0	19.2	3.6	22.8
Transfers	0.0	54.3	-49.5	4.8
Disposals	0.0	-1.2	0.0	-1.2
Amortization	-5.7	-49.1	0.0	-54.8
Impairment losses	0.0	-28.3	0.0	-28.3
Reversal of impairment losses	0.0	0.0	0.0	0.0
Net exchange differences	0.0	-0.7	0.0	-0.7
<b>Carrying amount as of March 31, 2020</b>	<b>179.6</b>	<b>155.7</b>	<b>3.3</b>	<b>338.6</b>

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, 2020, commitments for the acquisition of intangible assets were EUR 0.1 million (March 31, 2019: EUR 0.1 million). Additions to “Advance payments or payments in progress” contain EUR 0.0 million (March 31, 2019: EUR 13.8 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, 2020, is EUR 74.2 million (March 31, 2019: EUR 89.0 million), and the remaining useful life is five years.

## 11. IMPAIRMENT LOSSES AND REVERSAL OF IMPAIRMENT LOSSES

### Impairment tests of cash generating units (CGUs) or groups of cash generating units containing goodwill

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

	2018/19	2019/20
<b>Total Steel Division</b>	<b>160.1</b>	<b>160.1</b>
HPM Production	378.8	378.8
Value Added Services	313.5	313.9
<b>Total High Performance Metals Division</b>	<b>692.3</b>	<b>692.7</b>
Steel	25.8	25.8
Wire Technology	7.1	7.1
Railway Systems	154.4	157.0
Tubulars	67.1	50.3
Welding Consumables	172.5	132.9
<b>Total Metal Engineering Division</b>	<b>426.9</b>	<b>373.1</b>
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
<b>Total Metal Forming Division</b>	<b>269.0</b>	<b>269.0</b>
<b>voestalpine Group</b>	<b>1,548.3</b>	<b>1,494.9</b>

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 Management. 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 budget year was adjusted in response to the economic uncertainties arising from the COVID-19 crisis. 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 distortions in the capital markets resulting from the COVID-19 crisis that were identified by the reporting date were considered in the determination.

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. It also manufactures high-quality input material (hot briquetted iron (HBI)) in Texas, USA, for the production of steel. 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)<sup>1</sup> and, for another, taking into account expected steel consumption.<sup>2</sup>

The CRU Index was also considered in the revenue planning for the flat products. Positive, quality-related adjustments were made in 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<sup>3</sup>).

Based on these assumptions, it is expected as per the medium-term business plan that the gross margin will once again develop along a steady trajectory following the business year 2020/21, which will be defined by the COVID-19 crisis.

The fifth plan year was used to calculate the perpetual annuity based on an expected growth rate of 1.33% (2018/19: 1.40%). The after-tax WACC is 6.08% (2018/19: 6.35%); the pre-tax WACC is 7.76% (2018/19: 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,<sup>4</sup> oil and gas, and aerospace industries) as well as on the growth forecasts<sup>5</sup> for the regional sales markets of its core markets, in particular, the eurozone, the USA, China, and Brazil.

**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.

<sup>1</sup> World Economic Outlook, International Monetary Fund (IMF)

<sup>2</sup> The European Steel Association (EUROFER) regarding steel consumption in Europe; outside of Europe, World Steel Association

<sup>3</sup> S&P Global Platts

<sup>4</sup> Future Automotive Industry Structure 2030, Report by Oliver Wyman and the German Association of the Automotive Industry (Verband der Automobilindustrie – VDA), Statista, Automotive Powertrain Forecast 2020-2030 by Ultimate Media, October 2019.

<sup>5</sup> Ifo World Economic Survey (WES), III/2019, CESIFO Group Munich, August 2019;

International Monetary Fund (IMF), World Economic Outlook, October 2018; OECD, 2019; IWF, 2019; PMI Data from ICC Linz

The internal forecasts and estimates for HPM Production—particularly with regard to the 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 consistent with them. A moderate trend is forecast for the automotive segment. The oil and gas segment is a strategic growth market for the division. The planning for the aerospace segment posits that an initial decline in the market will be followed by growth. Overall, this will lead to higher revenue and a positive gross margin trend in the planning period, not least due to the new special steel plant in Kapfenberg, Austria.

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 an expected growth rate of 1.61% (2018/19: 1.78%). The after-tax WACC is 6.97% (2018/19: 7.21%); the pre-tax WACC is 9.10% (2018/19: 9.75%).

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. Pre-processing, 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 input materials due to alloy prices can be passed on to customers in part.

The fifth plan year was used to calculate the perpetual annuity based on an expected growth rate of 1.65% (2018/19: 1.79%). The after-tax WACC is 7.19% (2018/19: 7.45%); the pre-tax WACC is 9.23% (2018/19: 9.98%).

The Group's expertise as the leading provider of high-quality rails, high-tech turnouts, and digital monitoring systems as well as all associated services was combined in the **Railway Systems** business segment to further expand the Group's global presence as a provider of complete railway infrastructure systems. The medium-term business plan for Railway Systems for the next five years is based on market forecasts<sup>1</sup> 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.<sup>2</sup> 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.

<sup>1</sup> UNIFE Annual Report

<sup>2</sup> World Economic Outlook, International Monetary Fund (IMF)



The fifth plan year was used to calculate the perpetual annuity based on an expected growth rate of 1.53% (2018/19: 1.60%). The after-tax WACC is 6.73% (2018/19: 6.23%); the pre-tax WACC is 8.46% (2018/19: 8.24%).

The five-year, medium-term business plan for **Welding Consumables**, which engages in the production and sale of welding and joining technology products, takes into account macroeconomic trends<sup>1</sup> 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. Given pertinent market forecasts as well as the organizational measures and optimization programs that have been initiated, are being implemented, and will be pushed systematically during the planning period, too, both volume growth and a slight increase in the gross margin (which, among other things, also reflects positive effects from the company's development into a full-service provider) are anticipated for the planning period.

The fifth plan year was used to calculate the perpetual annuity based on an expected growth rate of 1.37% (2018/19: 1.52%). The after-tax WACC is 6.54% (2018/19: 6.11%); the pre-tax WACC is 8.35% (2018/19: 8.11%).

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,<sup>2</sup> in this case particularly for the most important markets of Automotive Components in Europe, the USMCA region, and Asia, as well as for the most important customers of Automotive Components—the European premium manufacturers. Internal estimates reflect the business segment's internationalization and growth strategy. External indicators and market dynamics were adjusted in line with the current model portfolio of Automotive Components customers. 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 five-year, medium-term business plan.

The planning of the Automotive Components business segment for the business year 2020/21 was revised in light of the COVID-19 crisis. The adjustments in both revenue and EBIT were estimated based on various external market studies and our customers' current forecasts as to order call-ups that they have provided to us.

The fifth plan year was used to calculate the perpetual annuity based on an expected growth rate of 1.41% (2018/19: 1.52%). The after-tax WACC is 7.24% (2018/19: 6.84%); the pre-tax WACC is 9.35% (2018/19: 9.19%).

<sup>1</sup> World Economic Outlook, International Monetary Fund (IMF)

<sup>2</sup> LMCA GAPF Data

**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)<sup>1</sup> that were supplemented by industry-specific experience in the relevant markets for the respective product segments. Customer-specific information regarding medium-term outlooks and sales projections also served as sources for sales planning at Precision Strip. As a result, revenue is expected to increase and the gross margin should be stable in the planning period.

The fifth plan year was used to calculate the perpetual annuity based on an expected growth rate of 1.33% (2018/19: 1.38%). The after-tax WACC is 7.13% (2018/19: 6.80%); the pre-tax WACC is 9.02% (2018/19: 9.01%).

#### **Impairment losses**

The **Welding Consumables** unit of the Metal Engineering Division is one to which goodwill was allocated. In the business year 2019/20, an impairment loss of EUR 39.6 million on the goodwill of Welding Consumables was recognized in other operating expenses due to the current economic environment arising from the COVID-19 crisis and the resulting declines in sales as well as due to the challenging development of margins. The recoverable amount (value in use) for this unit is EUR 460.3 million.

The **Tubulars** unit of the Metal Engineering Division is one to which goodwill had been allocated. In the business year 2019/20, an impairment loss of EUR 16.8 million on the goodwill of the Tubulars unit was recognized in other operating expenses due to negative developments in the selling environment, which is affected particularly by the sharp drop in oil prices and the concomitant reduction in extraction rates, due to the considerable financial fallout from the Section 232 punitive tariffs that the US administration imposed on steel imports as well as due to the current economic environment arising from the COVID-19 crisis. The Tubulars unit engages mainly in the production of high quality seamless tubes. The recoverable amount (value in use) for the entire unit is EUR 341.1 million.

The fifth plan year was used to calculate the perpetual annuity based on an expected growth rate of 1.36%. The after-tax WACC is 6.19%; the pre-tax WACC is 7.68%.

<sup>1</sup> World Economic Outlook, International Monetary Fund (IMF)

The discount rate and the cash flows are the most important forward-looking assumptions. There is the risk that any change in these assumptions will necessitate a material adjustment of the carrying amounts within the next business year. Any increase in the after-tax discount rate by one percentage point or any decrease in the cash flows by 10% would trigger the following reductions in the carrying amounts:

	<b>Excess of carrying amount over recoverable amount</b>	<b>Increase in discount rate by 1% point</b>	<b>Decrease in cash flows by 10%</b>
<b>03/31/2020</b>			
Welding Consumables	0.0	-79.5	-46.0
Tubulars	0.0	-32.8	-17.0

In millions of euros

The impairment tests confirmed the carrying amount of all other 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 Precision Strip) 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 the carrying amount recognized for High Performance Metals Production) are still covered and that there is no need to recognize an impairment loss. If the discount rate is raised by one percentage point and the cash flows are lowered by 10% as part of a combined sensitivity analysis, with the exception of the goodwill-bearing units High Performance Metals Production, Value Added Services, Automotive Components, and Precision Strip, the carrying amounts of the goodwill-bearing units described above are still covered.

The following table shows the excess of the carrying amount over the recoverable amount 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 as well as the reduction in the carrying amount in connection with an increase in the after-tax discount rate by one percentage point or a decrease in the cash flows by 10%:

	<b>Break-even analysis</b>			<b>General sensitivity analysis</b>	
	<b>Excess of carrying amount over recoverable amount</b>	<b>Discount rate in percentage points</b>	<b>Cash flow in %</b>	<b>Increase in discount rate by 1% point</b>	<b>Decrease in cash flows by 10%</b>
<b>03/31/2020</b>					
HPM Production	58.6	0.1	-2.8	-302.1	-154.3
Value Added Services	351.0	1.6	-23.1	0.0	0.0
Automotive Components	201.8	1.3	-18.5	0.0	0.0
Precision Strip	45.1	0.8	-12.0	-11.5	0.0

In millions of euros

	Break-even analysis			General sensitivity analysis	
	Excess of carrying amount over recoverable amount	Discount rate in percentage points	Cash flow in %	Increase in discount rate by 1% point	Decrease in cash flows by 10%
<b>03/31/2019</b>					
HPM Production	240.2	0.6	-10.5	-137.8	0.0
Welding Consumables	46.3	0.4	-9.3	-48.5	-3.7

In millions of euros

#### Impairment test of cash generating units that have no goodwill and of other assets

In the business year 2019/20, a total of EUR 45.8 million in impairment losses on “Land, land rights, and buildings”; “Plant and equipment”; and “Fixtures and fittings” were recognized in other operating expenses for the **Hot Forming** cash generating unit of the Metal Forming Division due to changes in the selling environment, due to changes in personnel that deviate from the previous year’s business plan, and due to the current economic environment arising from the COVID-19 crisis. The Hot Forming unit comprises two plants in Germany and the United States and uses hot forming to develop metal pressed parts for the automotive industry. Of the aforementioned amount, EUR 37.5 million were already recognized as of December 31, 2019.

The planning of Hot Forming for the budget year 2020/21 was revised in light of the COVID-19 crisis. The adjustments in both revenue and EBIT were estimated based on various external market studies as well as our customers’ current forecasts as to order call-ups that they have provided to us. The recoverable amount (value in use) for this unit is EUR 232.7 million. An after-tax discount rate of 7.19% was applied; the pre-tax WACC is 9.26%.

In the business year 2019/20, a total of EUR 209.1 million in impairment losses on “Land, land rights, and buildings” and “Plant and equipment” were recognized in other operating expenses for the **Texas** cash generating unit of the Steel Division; this unit comprises a single plant and engages in the production of hot briquetted iron (HBI). Of the aforementioned amount, EUR 177.3 million were already recognized as of December 31, 2019. Initially, this impairment loss was rooted in the HBI market’s increasingly certain dependence on general scrap prices starting in the summer of 2019, particularly because spot market customers in the lower and middle quality segment use HBI as a carrier of ore and substitute for rather low-quality scrap. The price of scrap dropped dramatically while iron ore prices remained high. The HBI spot market price disintegrated to a much greater degree than anticipated due to the deteriorating scrap/iron ore price ratio. The strong price sensitivity of the HBI spot market prices as well as the expectation that volatilities in the raw materials markets would continue unabated prompted the company in December 2019 to revise its earnings forecasts (reduction in the long-term sales volume) for the Texas unit. Furthermore, current economic developments shaped by the COVID-19 crisis subsequently led to another, albeit

greater adjustment of the short-term earnings forecasts, thus completing the assessments underlying the impairment loss described. The recoverable amount (value in use) for this unit is EUR 666.2 million. An after-tax discount rate of 6.34% was applied; the pre-tax WACC is 7.85%.

In the business year 2019/20, a total of EUR 30.7 million in impairment losses on “Land, land rights, and buildings” and “Plant and equipment” were recognized in other operating expenses for the **Foundry** cash generating unit of the Steel Division due to negative developments in the selling environment and the resulting reduction in expected earnings as well as due to the current economic environment arising from the COVID-19 crisis. The Foundry unit comprises three facilities and focuses on the production of cast steel. Of the aforementioned amount, a total of EUR 22.5 million was already recognized as of December 31, 2019. The recoverable amount (value in use) for this unit is EUR 77.2 million. An after-tax discount rate of 5.98% was applied; the pre-tax WACC is 7.30%.

In the business year 2019/20, impairment losses of EUR 15.0 million on “Plant and equipment” and “Fixtures and fittings” were recognized in other operating expenses for the **Buderus Edelstahl ohne Schmiede** cash generating unit of the High Performance Metals Division. This unit which comprises a steel plant, rolling mills, and a drop forge; it focuses on the production of drop forge parts, semi-finished goods as well as hot and cold rolled steel. The impairment stems from negative developments in the selling environment particularly of the automotive and mechanical engineering segments, the resulting adjustment in the unit's strategic alignment, and lower earnings forecasts due to the current economic developments arising from the COVID-19 crisis. The recoverable amount (value in use) for this unit is EUR 156.2 million. An after-tax discount rate of 6.44% was applied; the pre-tax WACC is 8.38%.

The discount rate and the cash flows are the most important forward-looking assumptions. There is the risk that any change in these assumptions will necessitate a material adjustment of the carrying amounts within the next business year. An increase in the after-tax discount rate by one percentage point and/or a decrease in the cash flows by 10% would trigger the following reductions in the carrying amounts:

	Excess of carrying amount over recoverable amount	Increase in discount rate by 1% point	Decrease in cash flows by 10%
<b>03/31/2020</b>			
Hot Forming	0.0	-33.0	-23.3
Texas	0.0	-85.1	-65.7
Foundry	0.0	-14.9	-7.7
Buderus Edelstahl ohne Schmiede	0.0	-33.9	-15.6

In millions of euros

In the business year 2019/20, an impairment loss of EUR 26.4 million on intangible assets was recognized in other operating expenses for a cash generating unit of the Metal Engineering Division that engages in the production of seamless tubes. A change in the delivery contract underlying the company's relationship with Green Pipes during the business year ended led to a complete write-off. The write-off of the customer relationships allocated to the Oil Country Tubular Goods (OCTG) segment arises from the negative developments in the oil and natural gas sector as well as from the ramifications of the Section 232 tariffs. The recoverable amount of these assets is EUR 0.0 million. After-tax discount rates of between 4.73% and 4.93% were applied; the pre-tax WACC is between 6.30% and 6.58%.

In the previous year, the Metal Engineering Division recognized EUR 6.9 million in reversals of impairment losses on intangible assets in other operating income for a cash generating unit that engages in the production of seamless tubes. The reversal of the impairment loss taken on the Green Pipes customer relationship that was recognized in the previous year resulted from a previously announced and subsequently implemented increase in the purchase commitments. The recoverable amount of these assets was EUR 32.5 million. The after-tax discount rates applied were between 4.61% and 5.53%, and the pre-tax WACC was between 6.15 % and 7.38 %.

A decision was taken in the business year 2019/20 to outsource the hot rolling production step (cash generating unit Buderus Edelstahl ohne Schmiede). This led to the discontinuation of the hot rolling line and EUR 11.0 million in write-downs on assets. An additional impairment loss of EUR 7.2 million was taken on individual facilities belonging to three other voestalpine entities due to a lack of adaptive reuse.

#### RECONCILIATION OF DEPRECIATION, AMORTIZATION, AND IMPAIRMENT OF PROPERTY, PLANT AND EQUIPMENT AND INTANGIBLE ASSETS BY FUNCTIONAL CLASSIFICATION

	2018/19	2019/20
Cost of sales	702.4	751.3
Distribution costs	32.9	45.3
Administrative expenses	29.1	46.4
Other operating expenses	20.7	427.5
	<b>785.1</b>	<b>1,270.5</b>

In millions of euros

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

	Investments in affiliates	Investments in associates	Investments in joint ventures	Other investments	Securities	Loans	Advance payments	Total
Gross carrying amount	14.1	114.4	4.6	47.9	1.1	6.7	0.2	189.0
Accumulated depreciation/ revaluation	-6.5	-0.5	0.0	-12.0	0.3	-0.7	0.0	-19.4
<b>Carrying amount as of April 1, 2018</b>	<b>7.6</b>	<b>113.9</b>	<b>4.6</b>	<b>35.9</b>	<b>1.4</b>	<b>6.0</b>	<b>0.2</b>	<b>169.6</b>
Gross carrying amount	23.4	120.5	4.5	47.9	0.9	2.7	0.2	200.1
Accumulated depreciation/ revaluation	-12.4	-0.7	0.0	-11.9	0.3	-0.5	0.0	-25.2
<b>Carrying amount as of March 31, 2019</b>	<b>11.0</b>	<b>119.8</b>	<b>4.5</b>	<b>36.0</b>	<b>1.2</b>	<b>2.2</b>	<b>0.2</b>	<b>174.9</b>
Gross carrying amount	23.4	123.8	4.5	47.9	13.5	4.4	0.2	217.7
Accumulated depreciation/ revaluation	-13.9	-0.7	0.0	-7.7	-1.4	-0.6	0.0	-24.3
<b>Carrying amount as of March 31, 2020</b>	<b>9.5</b>	<b>123.1</b>	<b>4.5</b>	<b>40.2</b>	<b>12.1</b>	<b>3.8</b>	<b>0.2</b>	<b>193.4</b>

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 investments for the periods presented in the Consolidated Financial Statements as of March 31, 2020:

	Investments in affiliates	Investments in associates	Investments in joint ventures	Other investments	Securities	Loans	Advance payments	Total
<b>Carrying amount as of April 1, 2018</b>	<b>7.6</b>	<b>113.9</b>	<b>4.6</b>	<b>35.9</b>	<b>1.4</b>	<b>6.0</b>	<b>0.2</b>	<b>169.6</b>
Changes in the scope of consolidation	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
<b>Carrying amount as of March 31, 2019</b>	<b>11.0</b>	<b>119.8</b>	<b>4.5</b>	<b>36.0</b>	<b>1.2</b>	<b>2.2</b>	<b>0.2</b>	<b>174.9</b>
Changes in the scope of consolidation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additions	0.2	10.6	0.8	0.0	12.7	2.0	0.0	26.3
Transfers	-0.3	0.0	0.0	0.0	0.0	0.0	0.0	-0.3
Disposals	0.0	-6.3	-0.7	0.0	-0.1	-0.3	0.0	-7.4
Depreciation/ impairment	-1.4	0.0	0.0	0.0	-1.7	0.0	0.0	-3.1
Revaluation	0.0	0.0	0.0	4.2	0.0	0.0	0.0	4.2
Net exchange differences	0.0	-1.0	-0.1	0.0	0.0	-0.1	0.0	-1.2
<b>Carrying amount as of March 31, 2020</b>	<b>9.5</b>	<b>123.1</b>	<b>4.5</b>	<b>40.2</b>	<b>12.1</b>	<b>3.8</b>	<b>0.2</b>	<b>193.4</b>

In millions of euros



Loans granted comprise the following items:

	03/31/2018	03/31/2019	03/31/2020
Loans to affiliates	0.3	0.1	0.0
Other loans	5.3	2.0	1.9
Other receivables from financing	0.4	0.1	1.9
	<b>6.0</b>	<b>2.2</b>	<b>3.8</b>

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	
	03/31/2019	03/31/2020	03/31/2019	03/31/2020
Non-current assets	52.5	166.9	304.3	310.0
Current assets	104.8	101.1	154.7	151.7
Non-current liabilities	231.5	295.3	42.8	49.4
Current liabilities	51.8	83.0	31.7	51.8
Losses carried forward	192.9	126.5	0.0	0.0
	<b>633.5</b>	<b>772.8</b>	<b>533.5</b>	<b>562.9</b>
Intercompany profit elimination (netted)	24.8	14.2	0.0	0.0
Hidden reserves (netted)	0.0	0.0	91.0	73.3
Acquisition-related tax credit	36.1	18.1	0.0	0.0
Other	18.5	28.3	1.6	5.8
Netting of deferred taxes owed to the same tax authority	-515.6	-549.5	-515.6	-549.5
<b>Net deferred taxes</b>	<b>197.3</b>	<b>283.9</b>	<b>110.5</b>	<b>92.5</b>

In millions of euros

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: one year). This is offset by actual tax savings.

Deferred tax assets on losses carried forward in the amount of EUR 126.5 million (March 31, 2019: EUR 192.9 million) were recognized. As of March 31, 2020, unused tax losses of approximately EUR 1,187.0 million (corporate income tax) (March 31, 2019: approximately EUR 507.6 million), for which no deferred tax asset has been recognized, are available. Approximately EUR 283.3 million in tax loss carryforwards (corporate income tax) can only be used for a limited time.

Deferred tax assets of EUR 197.1 million (previous year: EUR 86.9 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 planning for the respective company or tax group.

No deferred tax liabilities are shown for EUR 2,334.5 million (March 31, 2019: EUR 2,349.3 million) in taxable temporary differences from equity 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 104.5 million (March 31, 2019: EUR -3.6 million). This basically corresponds to the deferred tax income of EUR 88.0 million (March 31, 2019: deferred tax expense of EUR -33.3 million); to the change in deferred tax assets recognized in other comprehensive income in the amount of EUR 20.8 million (March 31, 2019: EUR 27.6 million); to the change in deferred taxes due to differences from foreign currency translation in the amount of EUR -4.1 million (March 31, 2019: EUR 2.4 million); and to the change in deferred taxes from initial consolidation and deconsolidation in the amount of EUR -0.2 million (March 31, 2019: EUR -0.3 million).

Additional disclosures pursuant to IAS 12.81 (ab):

	Change 2018/19	03/31/2019	Change 2019/20	03/31/2020
Deferred taxes on actuarial gains/losses	26.6	177.0	8.2	185.2
Deferred taxes on cash flow hedges	1.0	-1.9	12.6	10.7
<b>Total of deferred taxes recognized in other comprehensive income</b>	<b>27.6</b>	<b>175.1</b>	<b>20.8</b>	<b>195.9</b>

In millions of euros

## 14. INVENTORIES

	03/31/2019	03/31/2020
Raw materials and supplies	1,403.7	1,293.2
Work in progress	1,127.4	914.0
Finished goods	1,267.3	1,205.2
Merchandise	194.8	137.3
As yet unbillable services	9.2	4.4
Advance payments	50.6	44.1
	<b>4,053.0</b>	<b>3,598.2</b>

In millions of euros

The Consolidated Financial Statements contain write-downs to the lower net realizable value in the amount of EUR 187.6 million (March 31, 2019: EUR 155.7 million). The carrying amount of the inventories that have been written down to the lower net realizable value is EUR 865.0 million (March 31, 2019: EUR 605.2 million). As in the previous year, no inventories are pledged as security for liabilities as of March 31, 2020. An amount of EUR 6,846.4 million (March 31, 2019: EUR 7,195.4 million) has been recognized as cost of materials.

## 15. TRADE AND OTHER RECEIVABLES

	03/31/2019	Of which remaining term of more than 1 year	03/31/2020	Of which remaining term of more than 1 year
Trade receivables	1,249.2	1.2	928.4	6.1
Contract assets	266.0	3.7	240.3	10.6
Other receivables and other assets	506.1	44.2	481.4	43.9
Of which receivables from income taxes	38.7	0.0	39.7	0.0
Of which other tax assets	209.8	9.8	186.0	12.0
Of which acquired emission certificates	67.9	0.0	61.8	0.0
	<b>2,021.3</b>	<b>49.1</b>	<b>1,650.1</b>	<b>60.6</b>

In millions of euros

Note 1. Revenue contains further information on the contract assets and liabilities.

## 16. CASH AND CASH EQUIVALENTS

	03/31/2019	03/31/2020
<b>Cash on hand, cash at banks, checks</b>	<b>485.9</b>	<b>794.7</b>

In millions of euros

## 17. EQUITY

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

As of March 31, 2020, the share capital is EUR 324,391,840.99 (March 31, 2019: EUR 324,391,840.99) and is divided into 178,549,163 (March 31, 2019: 178,549,163) 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, 2024, to increase the company's share capital with the approval of the Supervisory Board by up to EUR 64,878,368.92 by issuing up to 35,709,833 shares (= 20%) in return for cash contributions—if necessary in several tranches (Authorized Capital 2019/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, 2024, to increase the company's share capital by up to EUR 32,439,183.55 with the approval of the Supervisory Board by issuing up to 17,854,916 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. that shares are issued for the purpose of acquiring companies, operations, or partial operations, or that 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 shareholding scheme (Authorized Capital 2019/II). The Management Board has not exercised this authorization up until now.

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 31,330,922.84 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 3, 2019 (Contingent Capital Increase). To date, the Management Board has not exercised the authorization to issue financial instruments as defined in Section 174 Austrian Stock Corporation Act.

At the Annual General Meeting on July 3, 2019, 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, 2020, has changed as follows:

	Number of no-par value shares	Number of treasury shares	Number of shares outstanding
<b>Balance as of April 1, 2018</b>	<b>176,349,163</b>	<b>28,597</b>	<b>176,320,566</b>
Additions	2,200,000		2,200,000
<b>Balance as of March 31, 2019</b>	<b>178,549,163</b>	<b>28,597</b>	<b>178,520,566</b>
<b>Balance as of March 31, 2020</b>	<b>178,549,163</b>	<b>28,597</b>	<b>178,520,566</b>

### **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 was 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 could be called and redeemed by voestalpine AG, but not the creditors, for the first time on October 31, 2019. On September 9, 2019, the Management Board of voestalpine AG resolved to redeem the hybrid bond issued in 2013 in full pursuant to the Bond Conditions effective as of the bond's first possible call date, specifically, October 31, 2019. The redemption amount was EUR 1,060 (including accrued interest) per bearer bond with a nominal value of EUR 1,000. A total of EUR 30.0 million in interest payments on the Hybrid Bond 2013 was disbursed on October 31, 2019 (October 31, 2018: EUR 30.0 million).

As this instrument satisfied the equity criteria of IAS 32, the proceeds from the bond issues were recognized as part of equity. Accordingly, coupon payments were also presented as part of the appropriation of profit.

### **Share-based compensation**

As part of the practice of granting employees voestalpine shares in connection with the annual performance bonus, 47.1 thousand shares with a fair value of EUR 1.2 million (2018/19: EUR 4.0 million) were removed from equity for this purpose, and 4.2 thousand shares with a value of EUR 0.1 million (2018/19: EUR 1.1 million) were added to equity.

## 18. PENSIONS AND OTHER EMPLOYEE OBLIGATIONS

	03/31/2019	03/31/2020
Provisions for severance payments	603.8	577.0
Provisions for pensions	513.6	540.3
Provisions for long-service bonuses	159.5	160.6
	<b>1,276.9</b>	<b>1,277.9</b>

In millions of euros

### PROVISIONS FOR SEVERANCE PAYMENTS

	2018/19	2019/20
<b>Present value of the defined benefit obligations (DBO) as of April 1</b>	<b>588.8</b>	<b>603.8</b>
Service costs for the period	12.0	11.9
Past service costs	0.3	0.0
Interest costs for the period	10.1	8.7
Gains (-)/losses (+) on plan settlements	0.0	0.0
Changes in the scope of consolidation	0.0	1.0
Severance payments	-37.6	-44.5
Actuarial gains (-)/losses (+) due to changes in financial assumptions	18.9	0.2
Actuarial gains (-)/losses (+) due to changes in demographic assumptions	7.1	0.0
Actuarial gains (-)/losses (+) due to experience-based adjustments	4.2	-4.8
Plan settlements	0.0	0.0
Other	0.0	0.7
<b>Present value of the defined benefit obligations (DBO) as of March 31</b>	<b>603.8</b>	<b>577.0</b>

In millions of euros

EUR 13.4 million (2018/19: EUR 12.8 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
<b>Balance as of April 1, 2018</b>	<b>743.5</b>	<b>-303.6</b>	<b>439.9</b>
Service costs for the period	9.5	0.0	9.5
Past service costs	-0.9	0.0	-0.9
Net interest for the period	15.1	-6.0	9.1
Return on plan assets (excluding amounts included in net interest)	0.0	5.9	5.9
Gains (-)/losses (+) on plan settlements/curtailments	0.0	0.0	0.0
Changes in the scope of consolidation	0.0	0.0	0.0
Pension payments	-32.8	17.8	-15.0
Net exchange differences	2.5	-2.9	-0.4
Employer contributions/repayments	0.0	-2.0	-2.0
Employee contributions	0.0	-1.4	-1.4
Actuarial gains (-)/losses (+) due to changes in financial assumptions	33.6	0.0	33.6
Actuarial gains (-)/losses (+) due to changes in demographic assumptions	32.4	0.0	32.4
Actuarial gains (-)/losses (+) due to experience-based adjustments	3.0	0.0	3.0
Plan settlements	0.0	0.0	0.0
Other	-2.9	2.8	-0.1
<b>Balance as of March 31, 2019</b>	<b>803.0</b>	<b>-289.4</b>	<b>513.6</b>

In millions of euros



## PROVISIONS FOR PENSIONS

	Present value of the DBO	Plan assets	Provisions for pensions
<b>Balance as of April 1, 2019</b>	<b>803.0</b>	<b>-289.4</b>	<b>513.6</b>
Service costs for the period	9.1	0.0	9.1
Past service costs	-0.5	0.0	-0.5
Net interest for the period	14.0	-5.0	9.0
Return on plan assets (excluding amounts included in net interest)	0.0	24.9	24.9
Gains (-)/losses (+) on plan settlements/curtailments	-0.5	0.0	-0.5
Changes in the scope of consolidation	0.0	0.0	0.0
Pension payments	-34.8	19.9	-14.9
Net exchange differences	-8.4	1.2	-7.2
Employer contributions/repayments	0.0	-2.2	-2.2
Employee contributions	0.0	-0.9	-0.9
Actuarial gains (-)/losses (+) due to changes in financial assumptions	7.2	0.0	7.2
Actuarial gains (-)/losses (+) due to changes in demographic assumptions	0.2	0.0	0.2
Actuarial gains (-)/losses (+) due to experience-based adjustments	2.2	0.0	2.2
Plan settlements	0.0	0.0	0.0
Other	0.4	-0.1	0.3
<b>Balance as of March 31, 2020</b>	<b>791.9</b>	<b>-251.6</b>	<b>540.3</b>

In millions of euros

The major plan asset categories for the periods presented in the Consolidated Financial Statements as of March 31, 2020, are as follows:

#### 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%
<b>Total</b>	<b>85.9%</b>	<b>14.1%</b>	<b>100.0%</b>

#### 2019/20

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	43.6%	0.0%	43.6%
Equity instruments	27.4%	0.0%	27.4%
Property	0.0%	3.1%	3.1%
Cash and cash equivalents	5.9%	0.1%	6.0%
Insurance contracts	0.4%	11.3%	11.7%
Other assets	8.2%	0.0%	8.2%
<b>Total</b>	<b>85.5%</b>	<b>14.5%</b>	<b>100.0%</b>

The plan assets include treasury shares with a fair value of EUR 0.6 million (March 31, 2019: EUR 0.9 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 1.7% on plan assets. The actual interest rate was -6.9%.

Pension obligations from Group's Austrian companies are transferred to APK-Pensionskasse Aktiengesellschaft.

The investment policies aim to ensure that the plan assets have the best possible structure and that existing entitlements are covered at all times.

Investment of the plan assets in Austria is governed by Section 25 Austrian Pension Fund Act (*Pensionskassengesetz – PKG*) and the Austrian Investment Fund Act (*Investmentfondsgesetz – InvFG*). Above and beyond these statutory requirements, investment guidelines of APK-Pensionskasse Aktiengesellschaft regulate issues such as the range of asset allocation, the use of umbrella funds, and the selection of fund managers. New investment instruments or the use of a broader range of funds require the approval of APK-Pensionskasse Aktiengesellschaft's management board. Both equity and debt securities are diversified globally, but most of the debt securities are denominated or hedged in euros.

The assets of the investment and risk association (Veranlagungs- und Risikogemeinschaft, VRG 15) are invested in international equity and bond funds, alternative investment strategies (e.g., properties and private equity) as well as money market funds. The association's long-term investment goal is to outperform the benchmark—30% global equities, 55% global bonds, 5% cash, 5% alternatives, and 5% properties—and to cover its current and future payment obligations. In accordance with Section 25 PKG, the assets of VRG 15 are invested in ways that guarantee the security, quality, liquidity, and profitability of the assets allocated to the association on the whole.

Asset allocation or regional allocation that deviate from the benchmark allocation are permitted if APK-Pensionskasse Aktiengesellschaft believes that current asset prices and/or future expected returns warrant such an approach. Active asset management strategies may be utilized for all asset classes if market characteristics and/or cost/benefit considerations justify doing so.

Most of VRG 15's assets are invested in liquid markets where prices are regularly quoted. Assets for which no active market price is quoted (e.g., certain property assets and private equity strategies) may be subject to conservative approaches as long as the return/risk profile of such assets is deemed advantageous.

Risk is managed actively, and it is generally expected that volatility and especially drawdown risks will be lower than the benchmark risk.

EUR 34.9 million (2018/19: EUR 37.4 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	-13.2%	+16.7%	+0.8%	-0.7%	+2.9%	-2.7%
Severance payments	-9.8%	+11.5%	+5.4%	-5.0%	0.0%	0.0%

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 2020/21, the expected contributions to the defined benefit plans are EUR 49.0 million.

The average interest-weighted term of pension plans is 14.9 years, and 10.7 years for severance payments.

## PROVISIONS FOR LONG-SERVICE BONUSES

	2018/19	2019/20
<b>Present value of the long-service bonus obligations (DBO) as of April 1</b>	<b>143.0</b>	<b>159.5</b>
Service costs for the period	9.3	10.7
Interest costs for the period	2.5	2.3
Changes in the scope of consolidation	0.0	0.0
Long-service bonus payments	-10.3	-9.9
Actuarial gains (-)/losses (+) due to changes in assumptions	13.7	0.0
Actuarial gains (-)/losses (+) due to experience-based adjustments	0.9	-2.4
Other	0.4	0.4
<b>Present value of the long-service bonus obligations (DBO) as of March 31</b>	<b>159.5</b>	<b>160.6</b>

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:

	2018/19	2019/20
Service costs for the period and past service costs	30.2	31.2
Net interest for the period	21.7	20.0
Gains (-)/losses (+) on plan settlements/curtailments	0.0	-0.5
Actuarial gains (-)/losses (+) from long-service bonus obligations	14.6	-2.4
<b>Expenses/revenue recognized in the income statement</b>	<b>66.5</b>	<b>48.3</b>

In millions of euros

Net interest for the period is recognized in finance costs.

## 19. PROVISIONS

	Balance as of 04/01/2019	Changes in the scope of consolidation	Net exchange differences	Use	Reversals	Transfers	Additions	Balance as of 03/31/2020
<b>Non-current provisions</b>								
Other personnel expenses	14.0	0.1	-0.1	-4.5	0.0	-0.1	3.4	12.8
Warranties and other risks	6.1	0.0	0.0	-0.4	-1.5	-0.7	0.5	4.0
Other non-current provisions	147.2	0.0	-5.1	-88.2	-25.3	-4.3	51.3	75.6
	<b>167.3</b>	<b>0.1</b>	<b>-5.2</b>	<b>-93.1</b>	<b>-26.8</b>	<b>-5.1</b>	<b>55.2</b>	<b>92.4</b>
<b>Current provisions</b>								
Unused vacation entitlements	154.2	0.1	-2.2	-108.6	-0.1	0.0	93.3	136.7
Other personnel expenses	194.9	0.1	-1.5	-167.1	-5.2	0.1	136.6	157.9
Warranties and other risks	45.5	0.2	-0.3	-11.5	-6.0	1.6	37.1	66.6
Onerous contracts	37.5	0.0	0.0	-22.0	-8.8	0.0	48.7	55.4
Other current provisions	210.8	0.0	-0.3	-138.8	-7.1	3.4	162.3	230.3
	<b>642.9</b>	<b>0.4</b>	<b>-4.3</b>	<b>-448.0</b>	<b>-27.2</b>	<b>5.1</b>	<b>478.0</b>	<b>646.9</b>
	<b>810.2</b>	<b>0.5</b>	<b>-9.5</b>	<b>-541.1</b>	<b>-54.0</b>	<b>0.0</b>	<b>533.2</b>	<b>739.3</b>

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 antitrust investigations of the German Federal Cartel Office (*Bundeskartellamt*) regarding railway superstructure material that were triggered in 2011 by an application under the Leniency Notice were completed against voestalpine in 2013. A total of EUR 14.9 million in fines were issued against voestalpine in this connection. Another application under the Leniency Notice by voestalpine triggered the *Bundeskartellamt*'s investigation against special steel companies; it was completed in July 2018 as far as voestalpine is concerned. As the principal witness, no fines were imposed on voestalpine. In connection with the proceedings that the *Bundeskartellamt* launched in September 2017 pursuant to a search warrant on suspicion of anti-competitive practices under German competition law in the heavy plate segment, voestalpine agreed in December 2019 to settle the matter by paying a fine of EUR 65.5 million. These proceedings, too, have thus been brought to an end.

To the extent relevant, voestalpine set up provisions as of the March 31, 2020, reporting date for any negative effects from these anti-trust investigations.

Increases in provisions totaling EUR 0.6 million (2018/19: EUR 0.6 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	
	03/31/2019	03/31/2020	03/31/2019	03/31/2020
Bonds and liabilities to banks	1,009.9	642.5	2,594.3	3,484.9
Liabilities from leases <sup>1</sup>	7.9	44.1	7.4	369.0
Liabilities to affiliates	11.0	9.1	0.0	0.0
Liabilities to other investments	0.4	0.0	0.0	0.0
Other financial liabilities	113.1	58.4	60.1	35.8
	<b>1,142.3</b>	<b>754.1</b>	<b>2,661.8</b>	<b>3,889.7</b>

<sup>1</sup> The increase in lease liabilities results from the first-time application of IFRS 16 using the modified retrospective method pursuant to IFRS 16 as of April 1, 2019.

In millions of euros

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%.

On September 27, 2017, voestalpine AG issued a fixed interest bond of EUR 500.0 million. The bond will be redeemed in September 2024 and carries an annual interest rate of 1.375%.

On April 10, 2019, voestalpine AG issued a fixed interest bond of EUR 500.0 million. The bond will be redeemed in April 2026 and carries an annual interest rate of 1.75%.

In the business year 2019/20 (as in the previous year), there were no buybacks of corporate bonds.



## 21. TRADE AND OTHER PAYABLES

	03/31/2019	03/31/2020
Trade payables	1,487.8	1,261.5
Contract liabilities	114.5	141.4
Trade payables with reverse factoring agreements	5.7	6.9
Liabilities from bills of exchange accepted and drawn	702.6	600.5
Other liabilities from taxes	92.3	91.5
Other liabilities related to social security	51.9	60.4
Other liabilities	383.7	398.7
	<b>2,838.5</b>	<b>2,560.9</b>

In millions of euros

Note 1. Revenue contains further information on contract assets and liabilities.

The liabilities from bills of exchange stem from obligations under supply and service relationships that provide for payment via bill of exchange. In this connection, payment terms of up to 120 days have been stipulated, and interest payments in the amount of EUR 3.2 million (2018/19: EUR 3.2 million) have been incurred.

## 22. CONTINGENT LIABILITIES

	03/31/2019	03/31/2020
Liabilities from the issue and transfer of bills of exchange	2.1	0.8
Surety bonds and guarantees	0.6	0.5
	<b>2.7</b>	<b>1.3</b>

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 – BBG 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 decision of the ECJ dated November 14, 2019 (ECJ 11/14/2019, docket no. C-585/17, Dilly's Wellnesshotel II) confirms that the limitation to manufacturing companies imposed by the BBG 2011 was put in place in ways consonant with European Union law. It remains to be seen how the Austrian Higher Administrative Court (docket no. Ro 2016/15/0041 dated 9/14/2017) will rule in its final decision. 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, current 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 any 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 shall not exceed 3.0 and, if it does, only for a limited time. All growth measures and capital market transactions are aligned with these ratios.

These two ratios developed as follows in the reporting period:

	03/31/2019	03/31/2020
Gearing ratio in %	46.6%	67.2%
Net financial debt to EBITDA ratio	2.0	3.2

#### 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 the business processes with the internal control system (ICS) are additionally reviewed 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 also hedged by means of derivative financial instruments.

To quantify interest rate risks, voestalpine AG uses the interest rate exposure as an indicator. The interest rate exposure quantifies the impact of a one percentage point change in the market rate on interest income and/or interest expense.

Putting in place a netting process aggregates and balances the Group's foreign currency cash flows. This creates a natural hedge.

A sensitivity analysis is carried out to quantify the currency risk based on a potential strengthening (weakening) of the euro relative to the other currencies by 10% as of March 31. The analysis posits that all other influencing factors are constant.

### 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. Group Treasury conducted additional reviews in order to take current conditions resulting from the COVID-19 crisis into account. The need for funds and bank credit lines are determined based on the consolidated results. The planned liquidity needs for the next 12 months are to be covered by a liquidity reserve.

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 either carried out in the given borrower's local currency in order to avoid exchange rate risks or is currency hedged using currency swaps.

voestalpine AG carries contractually guaranteed credit lines of EUR 780.0 million (2018/19: EUR 700.0 million) as a capitalized liquidity reserve. In addition, an item in current assets comprises securities and short-term investments that are used to cover any unexpected need for liquidity. As of March 31, 2020, freely disposable securities were EUR 55.4 million (March 31, 2019: EUR 182.2 million). Furthermore, cash and cash equivalents in the amount of EUR 794.7 million (March 31, 2019: EUR 485.9 million) are reported in the Consolidated Financial Statements.

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 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

The following capital market transactions were effected in the business year 2019/20:

Issuance of Senior Bond 2026	EUR 500.0 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 (maturity date: 2026). April 10, 2019, was the value date and start of official trading of the seven-year bond (ISIN AT0000A27LQ1).

A maturity analysis of all financial 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	
	03/31/2019	03/31/2020	03/31/2019	03/31/2020	03/31/2019	03/31/2020
Bonds	0.0	121.3	396.7	895.7	497.2	547.8
Bank loans	1,009.9	521.2	1,293.7	1,763.4	406.7	278.0
Trade payables	1,487.5	1,261.5	0.3	0.0	0.0	0.0
Liabilities from leases <sup>1</sup>	7.9	44.1	6.9	154.1	0.5	214.9
Liabilities from foreign currency hedges and commodity hedges	15.4	41.3	2.7	14.6	0.0	0.0
Thereof designated as hedge accounting	2.6	30.1	2.3	14.2	0.0	0.0
Liabilities from interest hedges (incl. cross currency swaps)	2.0	0.0	0.9	0.0	0.0	0.0
Thereof designated as hedge accounting	0.0	0.0	0.0	0.0	0.0	0.0
Other financial liabilities	124.5	67.5	35.1	35.8	25.0	0.0
Other liabilities	848.4	740.2	24.0	25.1	0.0	0.0
<b>Total liabilities</b>	<b>3,495.6</b>	<b>2,797.1</b>	<b>1,760.3</b>	<b>2,888.7</b>	<b>929.4</b>	<b>1,040.7</b>

<sup>1</sup> The increase in lease liabilities results from the first-time application of IFRS 16 using the modified retrospective method pursuant to IFRS 16 as of April 1, 2019.

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	
	2018/19	2019/20	2018/19	2019/20	2018/19	2019/20
Interest on bonds	15.9	25.5	45.5	75.1	6.9	23.8
Interest on bank loans	54.1	38.4	113.4	78.8	24.7	13.5
Interest on liabilities from leases	0.6	8.3	0.7	25.9	0.0	74.0
Interest on interest hedges (incl. cross currency swaps)	13.0	2.3	10.3	0.1	0.0	0.0
Interest on other financial liabilities	1.9	1.8	3.9	3.0	0.8	0.0
<b>Total interest expense</b>	<b>85.5</b>	<b>76.4</b>	<b>173.8</b>	<b>183.0</b>	<b>32.4</b>	<b>111.4</b>

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
Money market investments excl. account credit balances	0.0	188.0	150.5	0.0	0.0
Derivatives <sup>1</sup>	0.0	42.5	5.6	0.5	3.8

<sup>1</sup> Only positive fair values

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 regular 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	2019/20
Gross carrying amount of trade receivables and contract assets	1,545.7	1,194.4
Less gross carrying amount of trade receivables and contract assets that are credit-impaired	-62.4	-44.6
<b>Gross carrying amount of trade receivables and contract assets that are not credit-impaired</b>	<b>1,483.3</b>	<b>1,149.8</b>
Less portfolio value adjustments	-0.7	-0.6
<b>Net carrying amount of trade receivables and contract assets that are not credit-impaired</b>	<b>1,482.6</b>	<b>1,149.2</b>

In millions of euros

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

	2018/19	2019/20
Up to 30 days past due	165.0	163.7
31 to 60 days past due	47.9	45.6
61 to 90 days past due	21.8	16.9
91 to 120 days past due	11.0	8.1
More than 120 days past due	47.0	57.2
<b>Total</b>	<b>292.7</b>	<b>291.5</b>

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	2019/20
<b>Opening balance as of April 1</b>	<b>24.6</b>	<b>29.7</b>
Additions	11.4	7.1
Net exchange differences	-0.2	-1.1
Changes in the scope of consolidation	-0.4	0.1
Reversal	-3.7	-5.4
Use	-2.0	-5.2
<b>Closing balance as of March 31</b>	<b>29.7</b>	<b>25.2</b>

In millions of euros

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

	2018/19	2019/20
<b>Opening balance as of April 1</b>	<b>1.2</b>	<b>0.7</b>
Change	-0.5	-0.1
<b>Closing balance as of March 31</b>	<b>0.7</b>	<b>0.6</b>

In millions of euros

In the business year 2019/20, the portfolio value adjustments were not affected by any significant individual loss allowances.

voestalpine has analyzed the effects of the COVID-19 pandemic on expected credit losses as of the reporting date using information external and internal to the Group and has assessed based thereon whether its prior estimates of credit losses must be adjusted. In particular, currently available information regarding changes in probabilities of default (PDs) owing to the pandemic as well as internal assessments of counterparties' payment history and related non-payment risks served as the basis for these assessments. Given that non-payment risks are deemed very low at this time, voestalpine expects any increase in default risks due to the COVID-19 pandemic to have a negligible impact on the Group's earnings.

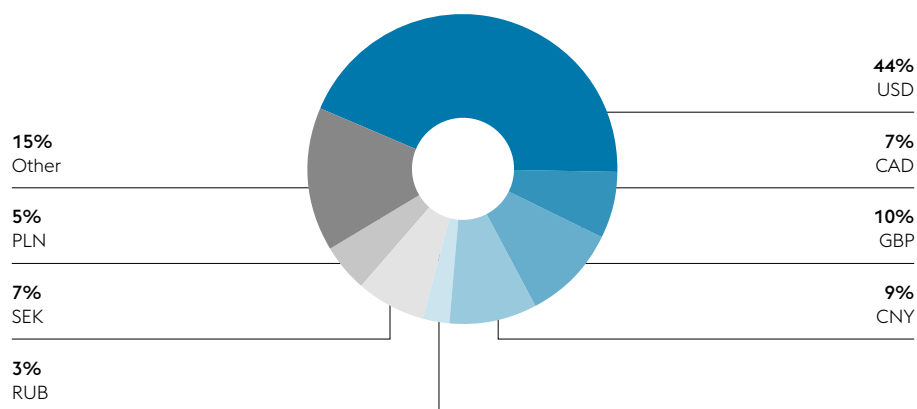
### **Currency risk**

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 option. voestalpine AG hedges budgeted foreign currency payments at most 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 flows, the lower the hedging ratio.

The net requirement for USD in the voestalpine Group was EUR 492.5 million in the business year 2019/20. The decrease compared to the previous year (EUR 615.3 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.

## FOREIGN CURRENCY PORTFOLIO 2019/20



Based on the sensitivity analysis, as of March 31, 2020, the risks of all open positions relative to the Group currency for the upcoming business year are as follows:

## FOREIGN CURRENCY PORTFOLIO 2019/20

	Planned position	Rate 03/31/2020	Planned position (EUR)	Planned position (EUR) +10%	Delta (EUR) +10%	Planned position (EUR) -10%	Delta (EUR) -10%
USD	-404.8	1.0956	-369.5	-335.9	33.6	-410.5	-41.1
CAD	62.1	1.5617	39.7	36.1	-3.6	44.1	4.4
GBP	34.9	0.8864	39.3	35.8	-3.6	43.7	4.4
SEK	-356.8	11.0613	-32.3	-29.3	2.9	-35.8	-3.6
PLN	122.7	4.5506	27.0	24.5	-2.5	30.0	3.0
RON	91.5	4.8283	19.0	17.2	-1.7	21.1	2.1
CNY	143.2	7.7901	18.4	16.7	-1.7	20.4	2.0
Other			28.6	26.0	-2.6	31.7	3.2
<b>Total</b>					<b>20.9</b>		<b>-25.5</b>

In millions of euros

### Interest rate risks

voestalpine AG is primarily subject to cash flow risks (the risk that interest expenses or interest income will undergo a detrimental change) in connection with variable-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.

The variable-interest positions on the liabilities side significantly exceed the positions on the asset side, so that a one percentage point increase in the money market rate increases the interest expense by EUR 10.9 million (2018/19: EUR 13.9 million). A decrease in the interest rate by one percentage point lowers interest income by EUR -7.0 million (2018/19: EUR -11.6 million).

The weighted average interest rate for asset positions is -0.07% (2018/19: 0.61%) with a duration of 0.00 years (2018/19: EUR 0.40 years)—including money market investments—and 1.42% (2018/19: 1.78%) for liability positions with a duration of 2.40 years (2018/19: 2.01 years).

	Position <sup>1</sup>	Weighted average interest rate	Duration (years)	Average capital commitment (years) <sup>2</sup>	Cash flow risk +1% point <sup>1</sup>	Cash flow risk -1% point <sup>1</sup>
Assets	791.8	-0.07%	0.00	0.00	-7.8	7.8
Liabilities	4,227.3	1.42%	2.40	4.11	18.7	-14.8
Net	-3,435.5				10.9	-7.0

<sup>1</sup> In millions of euros

<sup>2</sup> Excluding revolving export loans of EUR 241.0 million

In the previous year, the asset positions included EUR 129.6 million in investments in the V54 fund of funds. One hundred percent of the fund assets were invested in euro or cash bonds and money market securities of the two sub-funds, V101 (2018/19: EUR 54.4 million) and V103 (2018/19: EUR 25.0 million), as well as in various special funds (2018/19: EUR 50.0 million). In the business year 2019/20, the V54 fund of funds posted gains of 2.01% (2018/19: 0.47%). This fund of funds was closed in the current business year.

In addition to the investment fund, there also were securities exposures in the amount of EUR 64.3 million in the business year 2018/19.

#### **Derivative financial instruments**

In the business year 2019/20, hedge accounting in accordance with IFRS 9 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 total. 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 <sup>1</sup>		Fair value			
	03/31/ 2019	03/31/ 2020	Assets		Liabilities	
			03/31/ 2019	03/31/ 2020	03/31/ 2019	03/31/ 2020
<b>Cash flow hedge</b>						
Foreign currency hedges	389.3	545.9	3.3	0.5	4.5	21.3
Commodity hedges	88.5	207.4	9.2	1.0	0.4	23.0
<b>Total</b>	<b>477.8</b>	<b>753.3</b>	<b>12.5</b>	<b>1.5</b>	<b>4.9</b>	<b>44.3</b>

<sup>1</sup> A total of EUR 508.8 million of the derivative financial instruments classified as cash flow hedges have short-term maturities. The remaining portion largely has maturities of two to three years.

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	
	2018/19	2019/20	2018/19	2019/20
Trade and other receivables (assets)	-1.2	-20.8	0.0	0.0
Trade and other payables (liabilities)				
Trade and other receivables (assets)	8.8	-22.1	0.0	0.0
Trade and other payables (liabilities)				
	<b>7.6</b>	<b>-42.9</b>	<b>0.0</b>	<b>0.0</b>

In millions of euros

The hedging volume of key foreign currency hedges is as follows:

	Nominal amount (in millions of euros) 03/31/2019	Nominal amount (in millions of euros) 03/31/2020	Average rate 03/31/2019	Average rate 03/31/2020
<b>Cash flow hedge</b>				
Foreign currency hedges				
USD	389.3	412.6	1.1674	1.1660

The following underlying transactions were hedged:

	Change in the value of the hedged item used as the basis for recognizing any ineffectiveness		Cash flow hedge reserve	
	03/31/2019	03/31/2020	03/31/2019	03/31/2020
<b>Cash flow hedge</b>				
Currency risk (future purchase and sale transactions)	1.2	20.8	-1.2	-20.8
Commodity price risk (future purchase and sale transactions)	-8.8	22.1	8.8	-22.1
<b>Total</b>	<b>-7.6</b>	<b>42.9</b>	<b>7.6</b>	<b>-42.9</b>

In millions of euros



The cash flow hedge reserve developed as follows:

#### CASH FLOW HEDGE

	2018/19	2019/20
<b>Opening balance as of April 1</b>	<b>8.7</b>	<b>5.6</b>
Hedging gains and losses recognized in other comprehensive income	-2.1	-40.5
Foreign currency hedges	-10.9	-18.5
Commodity hedges	8.8	-22.0
Reclassification from other comprehensive income to profit or loss (revenue)	-4.0	1.7
Foreign currency hedges	-4.0	1.7
Reclassification from other comprehensive income to profit or loss (financial result)	0.5	0.0
Interest rate hedges	0.5	0.0
Reclassification from other comprehensive income to non-financial assets	1.5	-11.6
Foreign currency hedges	0.6	-2.8
Commodity hedges	0.9	-8.8
Deferred taxes on changes in the cash flow hedge reserve	1.0	12.6
<b>Closing balance as of March 31</b>	<b>5.6</b>	<b>-32.2</b>

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			
	03/31/ 2019	03/31/ 2020	Assets		Liabilities	
			03/31/ 2019	03/31/ 2020	03/31/ 2019	03/31/ 2020
Foreign currency hedges	849.0	970.9	2.3	9.7	13.1	10.9
Cross currency swaps	191.0	153.6	14.1	41.2	2.9	0.0
Commodity hedges	11.3	3.1	1.2	-0.0	0.1	0.7
<b>Total</b>	<b>1,051.3</b>	<b>1,127.6</b>	<b>17.6</b>	<b>50.9</b>	<b>16.1</b>	<b>11.6</b>

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	
	03/31/2019	03/31/2020	03/31/2019	03/31/2020	03/31/2019	03/31/2020	03/31/2019	03/31/2020
<b>Foreign currency hedges</b>								
Assets	3.3	0.5	3.3	0.5	0.0	0.0	0.0	0.0
Liabilities	-4.5	-21.2	-2.2	-7.1	-2.3	-14.1	0.0	0.0
	<b>-1.2</b>	<b>-20.7</b>	<b>1.1</b>	<b>-6.6</b>	<b>-2.3</b>	<b>-14.1</b>	<b>0.0</b>	<b>0.0</b>
<b>Commodity hedges</b>								
Assets	9.2	0.9	9.2	0.9	0.0	0.0	0.0	0.0
Liabilities	-0.4	-23.0	-0.4	-22.9	0.0	-0.1	0.0	0.0
	<b>8.8</b>	<b>-22.1</b>	<b>8.8</b>	<b>-22.0</b>	<b>0.0</b>	<b>-0.1</b>	<b>0.0</b>	<b>0.0</b>

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	
	03/31/2019	03/31/2020	03/31/2019	03/31/2020	03/31/2019	03/31/2020	03/31/2019	03/31/2020
<b>Foreign currency hedges</b>								
Assets	246.7	39.3	246.7	38.0	0.0	1.3	0.0	0.0
Liabilities	142.6	506.6	66.9	265.0	75.7	241.6	0.0	0.0
	<b>389.3</b>	<b>545.9</b>	<b>313.6</b>	<b>303.0</b>	<b>75.7</b>	<b>242.9</b>	<b>0.0</b>	<b>0.0</b>
<b>Commodity hedges</b>								
Assets	73.5	21.9	73.2	21.1	0.3	0.8	0.0	0.0
Liabilities	15.0	185.6	15.0	184.7	0.0	0.9	0.0	0.0
	<b>88.5</b>	<b>207.5</b>	<b>88.2</b>	<b>205.8</b>	<b>0.3</b>	<b>1.7</b>	<b>0.0</b>	<b>0.0</b>

In millions of euros

## Categories of financial instruments

Categories	Financial assets measured at AC <sup>1</sup>	Hedge accounting	Financial assets measured at FVTPL	Total
<b>Assets 03/31/2019</b>				
Other financial assets, non-current	2.4	-	33.4	35.8
Trade and other receivables	1,209.6 <sup>2</sup>	12.4	160.9	1,382.9
Other financial assets, current	-	-	182.3	182.3
Cash and cash equivalents	485.9	-	-	485.9
<b>Carrying amount</b>	<b>1,697.9</b>	<b>12.4</b>	<b>376.6</b>	<b>2,086.9</b>

<sup>1</sup> The carrying amount of the financial assets measured at AC represents an adequate approximation of the fair value.

<sup>2</sup> The receivables of EUR 1,582.0 million reported as of March 31, 2019, were adjusted by EUR 372.4 million (mainly receivables from tax authorities).

In millions of euros

Categories	Financial assets measured at AC <sup>1</sup>	Hedge accounting	Financial assets measured at FVTPL	Total
<b>Assets 03/31/2020</b>				
Other financial assets, non-current	4.1	-	48.4	52.5
Trade and other receivables	901.4	1.5	162.6	1,065.5
Other financial assets, current	-	-	55.5	55.5
Cash and cash equivalents	794.7	-	-	794.7
<b>Carrying amount</b>	<b>1,700.2</b>	<b>1.5</b>	<b>266.5</b>	<b>1,968.2</b>

<sup>1</sup> The carrying amount of the financial assets measured at AC represents an adequate approximation of the fair value.

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	
<b>Liabilities 03/31/2019</b>							
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 <sup>1</sup>	2,360.2	2,360.2 <sup>2</sup>	4.9	16.1	2,381.2	2,381.2	
<b>Total</b>	<b>6,164.3</b>	<b>6,189.2</b>	<b>4.9</b>	<b>16.1</b>	<b>6,185.3</b>	<b>6,210.2</b>	

<sup>1</sup> The carrying amount of the trade and other payables represents an adequate approximation of the fair value.

<sup>2</sup> Liabilities of EUR 2,710.9 million reported as of March 31, 2019, were adjusted by EUR 350.7 million (mainly liabilities to tax authorities and employees).

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	
<b>Liabilities 03/31/2020</b>							
Financial liabilities, non-current	3,889.6	3,707.1	-	-	3,889.6	3,707.1	
Financial liabilities, current	754.1	752.2	-	-	754.1	752.2	
Trade and other payables <sup>1</sup>	2,026.8	2,026.8	44.3	11.7	2,082.8	2,082.8	
<b>Total</b>	<b>6,670.5</b>	<b>6,486.1</b>	<b>44.3</b>	<b>11.7</b>	<b>6,726.5</b>	<b>6,542.1</b>	

<sup>1</sup> The carrying amount of the trade and other payables represents an adequate approximation of the fair value.

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 fair 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 prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Comprises inputs other than 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
<b>03/31/2019</b>				
<b>Financial assets</b>				
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
	<b>183.6</b>	<b>30.0</b>	<b>175.4</b>	<b>389.0</b>
<b>Financial liabilities</b>				
Liabilities from derivatives – hedge accounting	-	4.9	-	4.9
Trade and other payables	-	16.1	-	16.1
	<b>0.0</b>	<b>21.0</b>	<b>0.0</b>	<b>21.0</b>
<b>03/31/2020</b>				
<b>Financial assets</b>				
Other financial assets, non-current	12.0	-	36.4	48.4
Receivables from derivatives – hedge accounting	-	1.5	-	1.5
Trade and other receivables	-	50.9	111.7	162.6
Other financial assets, current	55.5	-	-	55.5
	<b>67.5</b>	<b>52.4</b>	<b>148.1</b>	<b>268.0</b>
<b>Financial liabilities</b>				
Liabilities from derivatives – hedge accounting	-	44.3	-	44.3
Trade and other payables	-	11.7	-	11.7
	-	<b>56.0</b>	-	<b>56.0</b>

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 2018/19 or 2019/20.

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

	2018/19	2019/20
<b>Opening balance</b>	<b>32.1</b>	<b>32.1</b>
Total of gains/losses recognized in the income statement:		
Finance costs/Finance income	0.0	4.3
<b>Closing balance</b>	<b>32.1</b>	<b>36.4</b>

In millions of euros

Level 3 includes the equity 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, non-current forecasts, plan data, etc.).



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

	2018/19	2019/20
<b>Opening balance as of April 1</b>	<b>144.1</b>	<b>143.3</b>
Disposals	-144.1	-143.3
Additions	143.3	111.7
<b>Closing balance as of March 31</b>	<b>143.3</b>	<b>111.7</b>

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:

	2018/19	2019/20
Financial assets at AC	4.5	10.5
Financial liabilities at AC	-114.8	-118.0
Financial assets at FVTPL	11.4	-2.3
Derivatives at FVTPL	-5.5	35.6

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:

	2018/19	2019/20
Total interest income	11.2	16.4
Total interest expense	-114.8	-118.0

In millions of euros

The impairment loss on financial instruments measured at AC is EUR 8.8 million (2018/19: EUR 13.4 million), and the reversals of loss allowances are EUR 5.4 million (2018/19: EUR 3.7 million).

#### 24. CONSOLIDATED STATEMENT OF CASH FLOWS

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

	2018/19	2019/20
Interest received	6.0	6.1
Interest paid	120.7	129.3
Taxes paid	232.2	137.9

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

	2018/19	2019/20
Depreciation, amortization, impairment / reversal	771.7	1,278.8
Result from the sale of assets	-4.6	-15.9
Changes in pensions and other employee obligations, non-current provisions, and deferred taxes	124.8	-181.0
Other non-cash income and expenses	-46.8	4.7
	<b>845.1</b>	<b>1,086.6</b>

In millions of euros

Cash flows from operating activities include dividend income of EUR 11.9 million (2018/19: EUR 16.5 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 2.3 million (2018/19: EUR 6.5 million) and outflows of acquisition costs in the amount of EUR 13.4 million (2018/19: EUR 2.0 million); for details, see chapter D. Acquisitions and other additions to the scope of consolidation. The disposal of subsidiaries resulted in an outflow of cash and cash equivalents from cash flows from investing activities of EUR 0.2 million (2018/19: EUR 0.0 million).

Cash flows from financing activities include dividends for non-controlling interests in the amount of EUR 21.0 million (2018/19: EUR 18.1 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 (including current maturities of long-term debt)	Repayment of lease liabilities
<b>Financial liabilities 2018/19</b>				
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 lease liabilities	8.6	0.0	0.0	-0.7
Current lease liabilities	13.3	0.0	0.0	-6.8
<b>Total financial liabilities</b>	<b>4,099.1</b>	<b>789.2</b>	<b>-1,170.6</b>	<b>-7.5</b>
<b>Financial liabilities 2019/20</b>				
Non-current financial liabilities	2,654.3	1,157.8	-150.7	0.0
Current financial liabilities	1,134.4	0.0	-635.7	0.0
Non-current lease liabilities	400.4	0.0	0.0	-0.9
Current lease liabilities	51.3	0.0	0.0	-52.6
<b>Total financial liabilities</b>	<b>4,240.4</b>	<b>1,157.8</b>	<b>-786.4</b>	<b>-53.5</b>

The additions to assets due to finance lease activities contain non-cash investments in the amount of EUR 32.8 million (2018/19: EUR 0.4 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 consolidation	Foreign exchange effects	Reclassifications	Other changes	
	-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
	<b>42.6</b>	<b>0.8</b>	<b>44.6</b>	<b>0.0</b>	<b>5.9</b>	<b>3,804.1</b>
	-0.6	0.0	16.6	-159.7	3.0	3,520.7
	56.4	4.3	-9.2	159.7	0.0	709.9
	1.2	0.2	-2.2	-45.4	15.7	369.1
	-1.4	0.0	-0.7	45.4	2.1	44.1
	<b>55.6</b>	<b>4.5</b>	<b>4.5</b>	<b>0.0</b>	<b>20.8</b>	<b>4,643.8</b>

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:

	2018/19		2019/20	
	With joint ventures	With associates and non-consolidated subsidiaries	With joint ventures	With associates and non-consolidated subsidiaries
Revenue	0.0	216.5	0.5	164.9
Cost of materials	4.4	146.1	3.7	121.6
Other operating income	0.6	4.1	0.6	5.0
Other operating expenses	0.0	4.0	0.0	21.8
	03/31/2019		03/31/2020	
Trade and other receivables	0.0	49.2	0.1	40.0
Financial liabilities/ trade and other payables	0.0	47.8	0.0	32.8

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.

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:

	03/31/2019	03/31/2020
Cash and cash equivalents	13.1	53.1
Financial liabilities/trade and other payables	176.5	181.7
Guarantees received	2.2	0.8

In millions of euros

Interest expense of EUR 1.8 million (2018/19: EUR 1.5 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 were sold to core shareholders at arm's length as of the business year 2019/20. As of March 31, 2020, these receivables were recognized at a total of EUR 244.1 million (2018/19: EUR 218.1 million). Interest expense of EUR 1.0 million (2018/19: EUR 0.6 million) was recognized for the business year 2019/20 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 over-achievement of the targets is taken into consideration proportionately until the maximum bonus is reached. The quantitative targets are “earnings before interest and taxes” (EBIT), the “return on capital employed” (ROCE), and working capital as a percentage of revenue; for the time being, the latter applies only to the business year 2019/20. 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 2019/20 were, first, presentation of a report to the Supervisory Board regarding a long-term digitalization strategy and, second, presentation of an initial, indicative profitability analysis of a current technological scenario regarding CO<sub>2</sub>-reduced steel production.

The amount of the contractually stipulated company pension payable to the members of the Management Board, Dipl.-Ing. Herbert Eibensteiner, Dr. Wolfgang Eder (until July 3, 2019), and Mag. Dipl.-Ing. Robert Ottel 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 following members of the Management Board: Dipl.-Ing. Franz Rotter; Dipl.-Ing. Dr. Franz Kainersdorfer; Dipl.-Ing. Dr. Peter Schwab; and Dipl.-Ing. Hubert Zajicek; pursuant to the agreement, the company pays 15% of their annual gross salary (excluding bonuses) into the pension fund.

An extraordinary supplementary payment to the defined contribution system was resolved in the business year 2018/19 for the Management Board members, Dipl.-Ing. Franz Rotter, Dipl.-Ing. Dr. Franz Kainersdorfer, and Dipl.-Ing. Dr. Peter Schwab. The payment to the pension fund shall be made in five equal annual instalments starting on March 31, 2020.

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 (*Angestellten-gesetz – AngG*), pursuant to which 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 0.3 million (2018/19: EUR 0.2 million) that is borne by the company.



The compensation paid to the members of the Management Board of voestalpine AG for the business year 2019/20 comprises the following:

	Current compensation fixed	Current compensation variable	Total
Dipl.-Ing. Herbert Eibensteiner	0.98	0.47	1.45
Dr. Wolfgang Eder (until 07/03/2019)	0.45	0.62	1.07
Dipl.-Ing. Dr. Franz Kainersdorfer	0.87	0.35	1.22
Mag. Dipl.-Ing. Robert Ottel, MBA	0.87	0.35	1.22
Dipl.-Ing. Franz Rotter	0.87	0.35	1.22
Dipl.-Ing. Dr. Peter Schwab, MBA	0.87	0.35	1.22
Dipl.-Ing. Hubert Zajicek, MBA (since 07/04/2019)	0.44	0.18	0.62
<b>2019/20</b>	<b>5.35</b>	<b>2.67</b>	<b>8.02</b>
2018/19	5.55	7.76	13.31

In millions of euros

The variable compensation specified in the foregoing table for the previous year includes EUR 0.42 million in long-service bonuses. No long-service bonuses were paid in the business year 2019/20. In addition to the compensation contained in the above table, a total of EUR 3.41 million in severance payments were made to Dr. Wolfgang Eder in the business year 2019/20. Furthermore, the following service costs (personnel expenses) are recognized in the Consolidated Financial Statements for members of the Management Board with defined benefit pension agreements: Dr. Wolfgang Eder (until July 3, 2019) EUR 0.00 million (2018/19: EUR 0.00 million); Mag. Dipl.-Ing. Robert Ottel EUR 0.42 million (2018/19: EUR 0.32 million); and Dipl.-Ing. Herbert Eibensteiner EUR 0.40 million (2018/19: EUR 0.29 million). In the business year 2019/20, expenses for ongoing pension fund contributions as well as expenses—to the extent relevant—for the aforementioned supplementary defined contribution payment were recognized in the Consolidated Financial Statements as follows for the Management Board members with defined contribution pension agreements: Dipl.-Ing. Franz Rotter EUR 0.59 million (2018/19: EUR 1.14 million); Dipl.-Ing. Dr. Franz Kainersdorfer EUR 0.52 million (2018/19: EUR 0.37 million); Dipl.-Ing. Dr. Peter Schwab EUR 0.69 million (2018/19: EUR 1.15 million); and Dipl.-Ing. Hubert Zajicek EUR 0.06 million. Pension payments in the amount of EUR 1.52 million (2018/19: EUR 1.02 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 1.57 million (2018/19: EUR 5.87 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](http://www.voestalpine.com) » Investors » Corporate Governance).

### **Supervisory Board**

Under Article 15 of the Articles of Association, 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 Association 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 2019/20: Dr. Joachim Lemppenau (Chairman): EUR 27,000 (2018/19: EUR 96,000); Dr. Heinrich Schaller (Deputy Chairman): EUR 20,000 (2018/19: EUR 72,000); and all other shareholder representatives: EUR 13,000 (2018/19: EUR 48,000) each.

The Articles of Association 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 total compensation paid to the members of the Supervisory Board (including attendance fees) for the business year 2019/20 is EUR 0.19 million (2018/19: EUR 0.50 million). The compensation of the Supervisory Board for the business year 2019/20 will be paid at the latest 14 days after the Annual General Meeting on July 1, 2020. 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](http://www.voestalpine.com) » Investors » Corporate Governance).

## 26. EMPLOYEE INFORMATION

### TOTAL NUMBER OF EMPLOYEES

	Reporting date		Average	
	03/31/2019	03/31/2020	2018/19	2019/20
Waged employees	30,564	29,476	30,292	30,050
Salaried employees	18,228	18,192	18,088	18,207
Apprentices	1,310	1,337	1,403	1,443
	<b>50,102</b>	<b>49,005</b>	<b>49,783</b>	<b>49,700</b>

The personnel expenses included in these Consolidated Financial Statements are EUR 3,086.6 million (2018/19: EUR 3,124.1 million).

### 27. EXPENSES FOR THE GROUP AUDITOR

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

	2018/19 <sup>1</sup>	2019/20
Expenses for the audit of the Consolidated Financial Statements and the separate financial statements of voestalpine AG	0.26	0.25
Expenses for the audit of the subsidiaries of voestalpine AG	1.06	0.96
Expenses for other certifications	0.03	0.02
Expenses for tax consulting services	0.00	0.00
Expenses for other services	0.26	0.18
	<b>1.61</b>	<b>1.41</b>

<sup>1</sup> Audited by Grant Thornton Unitreu GmbH.

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 832.1 million (March 31, 2019: EUR 803.6 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 83.2 million (March 31, 2019: EUR 80.4 million). The liability for default corresponds to the theoretical maximum loss. The probability of needing to fall back on this liability is extremely low. The fair value of this risk is assessed at EUR 0.0 million (March 31, 2019: EUR 0.3 million). 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 second type of factoring agreement, uninsured trade receivables of EUR 248.3 million (March 31, 2019: EUR 226.4 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 108.4 million (March 31, 2019: EUR 141.8 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 1.7 million (March 31, 2019: EUR 2.3 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 1.0 million (March 31, 2019: EUR 1.3 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 28.6 million (March 31, 2019: EUR 31.3 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 0.3 million for 12 months by the selling Group company. The first loss reserve account was EUR 0.3 million (March 31, 2019: EUR 0.3 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, 2020, a total service fee of 0.15% of the sold receivables of EUR 1.8 million (March 31, 2019: EUR 1.8 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

In accordance with IAS 33, the diluted and basic earnings per share are calculated as follows:

	2018/19	2019/20
<b>Profit attributable to equity holders of the parent (in millions of euros)</b>	<b>408.5</b>	<b>-222.0</b>
Issued ordinary shares (average)	176,715,830	178,549,163
Effect of treasury shares held (average)	-28,597	-28,597
<b>Weighted average number of outstanding ordinary shares</b>	<b>176,687,233</b>	<b>178,520,566</b>
<b>Diluted and basic earnings per share (euros)</b>	<b>2.31</b>	<b>-1.24</b>

### 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, 2020. They show net retained profits of EUR 100.0 million. The Management Board proposes a dividend of EUR 0.20 per share (2018/19: EUR 1.10).

Linz, May 26, 2020

The Management Board

Herbert Eibensteiner

Franz Kainersdorfer

Robert Ottel

Franz Rotter

Peter Schwab

Hubert Zajicek

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

### OPINION

We have audited the consolidated financial statements of **voestalpine AG, Linz** and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at March 31, 2020, and the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements.

In our opinion, the accompanying consolidated financial statements comply with legal requirements and give a true and fair view of the consolidated financial position of the Group as at March 31, 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and the additional requirements under section 245a UGB.

### BASIS FOR OPINION

We conducted our audit in accordance with Regulation (EU) No. 537/2014 and with the Austrian Generally Accepted Auditing Standards. Those standards require the application of the International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated 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 professional 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 judgement, were of most significance in our audit of the consolidated financial statements of the current period. 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.

## **Impairment of goodwill, other intangible assets and property plant and equipment**

### **» Description and Issue**

In the consolidated financial statements of voestalpine AG as at March 31, 2020, goodwill, other intangible assets and property plant and equipment are presented in the amounts EUR 1,494.9 million, EUR 338.6 million and EUR 6,558.8 million. Impairment losses of EUR 401.7 million were recognized within the business year 2019/20. The recoverable amount is defined as the value in use. An impairment loss is recognized at the amount by which the carrying amount of an asset or cash generating unit exceeds the recoverable amount.

For further information, please refer to Section B. Summary of Accounting Policies, “Uncertainties in Accounting Estimates and Assumptions”, “Impairment Testing of Goodwill, Other Intangible Assets, and Property, Plant and Equipment” as well as “9. Property, Plant and Equipment”, “10. Goodwill and Other Intangible Assets” and “11. Impairment Losses and Reversal of Impairment Losses” in the notes to the consolidated financial statements.

The assessment of the recoverability 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. Estimates of future cash flows are subject to uncertainties, which have increased due to the global COVID-19-crisis. The determination of the discount rate is complex and depends on management’s estimates and market data. Small changes of the assumptions applied can significantly influence the impairment losses recognized. Due to these facts and also given the significance of goodwill, other intangible assets, property, plants and equipment and impairment accounted for in the consolidated financial statements we identified this position as a key audit matter.

### **» Our Response**

We assessed the appropriateness of the assumptions underlying the planning of future cash flows and compared these to the five-year mid-term planning approved by the Management. We compared the parameters of the impairment tests with internal information and validated them based on historical data and discussed them with management. We assessed adjustments of the budget year as a response to the COVID-19 crisis with regard to timing and quantitative impacts by discussions with the Management and compared those to internal information and available industry-specific market expectations derived from external sources.

Furthermore we verified the appropriateness of the valuation model by involvement of internal experts. We assessed the applied discount rates by determining a range for plausible discount rates.



## **Recoverability of deferred tax assets on tax losses carried forward**

### **» Description and Issue**

In the consolidated financial statements of voestalpine AG, deferred tax assets on tax losses carried forward amounting to EUR 126.5 million are recognized. A deferred tax asset shall be recognized for the carryforward of unused tax losses to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilized. Moreover convincing other evidence needs to be available in case of a history of recent losses.

For further information, please refer to Section B. Summary of Accounting Policies, “Uncertainties in Accounting Estimates and Assumptions” and “Income Taxes” as well as “8. Income Taxes” and “13. Deferred Taxes”.

The assessment of recoverability of deferred tax assets on tax losses carried forward is based on estimates of future taxable profit and is therefore subject to uncertainties. In particular for Group companies with a history of recent losses convincing other evidence needs to be available and probability of sufficient future taxable profit has to be high. Therefore, we have identified this position as a key audit matter.

### **» Our Response**

We examined the appropriateness of the assumptions underlying the planning of future taxable profit with regard to deferred tax assets on tax losses carried forward. This also included analyzing whether these were determined consistently among the Group companies. Concerning Group companies that show a history of recent losses we assessed the appropriateness of deferred tax assets recorded based on convincing other evidence for future taxable profit.

## **OTHER MATTER –**

### **AUDIT OF THE CONSOLIDATED FINANCIAL STATEMENTS OF THE PREVIOUS YEAR**

The consolidated financial statements of the Group for the year ended March 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on May 28, 2019.

## **OTHER INFORMATION**

Management is responsible for the other information. The other information comprises the information in the annual report, excluding the consolidated financial statements, the consolidated management report and the audit opinion as well as the separate consolidated report on non-financial information (Corporate Responsibility Report). We received the annual report (not including the report of the Supervisory Board) prior to the date of our independent auditor’s report; the report of the Supervisory Board and the report on non-financial information (Corporate Responsibility Report) will be provided to us after this date.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon. With respect to the information in the consolidated management report beyond the consolidated non-financial statement we refer to the section "Report on the Audit of the Consolidated Management Report".

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

*If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.*

#### **RESPONSIBILITIES OF MANAGEMENT AND AUDIT COMMITTEE FOR THE CONSOLIDATED FINANCIAL STATEMENTS**

Management is responsible for the preparation of the consolidated financial statements that give a true and fair view in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, the additional requirements under section 245a UGB and for such internal control as management determines is 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 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 Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, 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 Regulation (EU) No 537/2014 and with Austrian Generally Accepted Auditing Standards, which require the application of the ISAs, we exercise professional judgement and maintain professional skepticism 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 the directors' 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 auditors' 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 gives a true and fair view.
- » We 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 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 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 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 THE AUDIT OF THE CONSOLIDATED MANAGEMENT REPORT**

Pursuant to statutory provisions, the consolidated management report is to be audited as to whether it is consistent with the consolidated financial statements and whether it has been prepared in accordance with the applicable legal requirements.

Management is responsible for the preparation of the consolidated management report in accordance with the Austrian Commercial Code.

We conducted our audit in accordance with laws and regulations applicable with respect to the consolidated management report.

### **OPINION**

In our opinion, the consolidated management report is prepared in accordance with the applicable legal requirements, includes appropriate disclosures according to section 243a UGB and is consistent with the consolidated financial statements.

### **STATEMENT**

In the light of the knowledge and understanding of the Group and its environment obtained in the course of our audit of the consolidated financial statements, we have not identified material misstatements in the consolidated management report.

**Other Matters which we are required to address according to Article 10 of Regulation (EU) No 537/2014**

We were appointed as auditors by the annual general meeting on July 3, 2019 and commissioned by the supervisory board on August 1, 2019 to audit the consolidated financial statements for the financial year ending March 31, 2020. We have been auditing the Group since the financial year ending March 31, 2020.

We confirm that our opinion expressed in the section "Report on the Audit of the Consolidated Financial Statements" is consistent with the additional report to the audit committee referred to in Article 11 of Regulation (EU) No 537/2014.

We declare that we did not provide any prohibited non-audit services referred to in Article 5(1) of Regulation (EU) No 537/2014 and that we remained independent of Group in conducting the audit.

**Engagement Partner**

The engagement partner responsible for the audit is Marieluise Krimmel.

Vienna, May 26, 2020

Deloitte Audit Wirtschaftsprüfungs GmbH

Marieluise Krimmel  
Certified Public Accountant (Austria)

pp. Monika Viertlmayer  
Certified Public Accountant (Austria)

This English translation of the audit report was prepared for the client's convenience only. It is not a legally binding translation of the German audit report.

The consolidated financial statements and our auditor's report may be published or transmitted together only if the consolidated financial statements and the consolidated management report are identical with the confirmed version. Section 281 para 2 Austrian Commercial Code applies to versions that differ.

# MANAGEMENT BOARD STATEMENT

## IN ACCORDANCE WITH SECTION 124 (1) OF THE 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 26, 2020

The Management Board

Herbert Eibensteiner  
Chairman 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

Hubert Zajicek  
Member of the Management Board

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

# INVESTMENTS

## Explanations:

- KV Full consolidation
- KEA Equity method associates
- KEG Equity method joint ventures
- K0 No consolidation

Company names reflect the status as of May 6, 2020.

## STEEL DIVISION

	Domicile of the company	03/31/2020		03/31/2019	
		Interest held	Type of consolidation	Interest held	Type of consolidation
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 <sup>1</sup>	AUT	49.000%	KEA	49.000%	KEA
Industrie-Logistik-Linz GmbH <sup>1</sup>	AUT	49.000%	KEA	49.000%	KEA
Jiaxing NYC Industrial Co., Ltd <sup>1</sup>	CHN	51.000%	KEG	51.000%	KEG
Kocel Steel Foundry Co., Ltd. <sup>1</sup>	CHN	49.000%	KEA	49.000%	KEA
Kühne + Nagel Euroshipping GmbH <sup>1</sup>	DEU	49.000%	KEA	49.000%	KEA
METALSERVICE S.P.A. <sup>1</sup>	ITA	40.000%	KEA	40.000%	KEA
Scholz Austria GmbH <sup>1</sup>	AUT	34.011%	KEA	34.011%	KEA
Energie AG Oberösterreich	AUT	2.061%	K0	2.061%	K0

<sup>1</sup> For companies consolidated according to the equity method marked<sup>1</sup>, the reporting date of December 31 applies.



## STEEL DIVISION

	Domicile of the company	03/31/2020		03/31/2019	
		Interest held	Type of consolidation	Interest held	Type of consolidation
K1-MET GmbH	AUT	35.000%	K0	35.000%	K0
Linzer Schlackenaufbereitungs- und vertriebsgesellschaft m.b.H.	AUT	33.333%	K0	33.333%	K0
vivo Mitarbeiter-Service GmbH	AUT	100.000%	K0	100.000%	K0
voestalpine Belgium NV/SA	BEL	100.000%	K0	100.000%	K0
voestalpine Camtec Corp.	CAN	100.000%	K0	100.000%	K0
voestalpine CR, s.r.o.	CZE	100.000%	K0	100.000%	K0
voestalpine d.o.o.	HRV	100.000%	K0	100.000%	K0
voestalpine d.o.o.	SRB	100.000%	K0	100.000%	K0
voestalpine d.o.o.	SVN	100.000%	K0	100.000%	K0
voestalpine Deutschland GmbH	DEU	100.000%	K0	100.000%	K0
voestalpine France SAS	FRA	100.000%	K0	100.000%	K0
voestalpine Hungaria Kft.	HUN	100.000%	K0	100.000%	K0
voestalpine Iberia S.L.	ESP	100.000%	K0		
voestalpine Italia S.r.l.	ITA	100.000%	K0	100.000%	K0
voestalpine Nederland B.V.	NLD	100.000%	K0	100.000%	K0
voestalpine Polska Sp. z o. o.	POL	100.000%	K0	100.000%	K0
voestalpine Romania S.R.L.	ROU	100.000%	K0	100.000%	K0
voestalpine Scandinavia AB	SWE	100.000%	K0	100.000%	K0
voestalpine Schweiz GmbH	CHE	100.000%	K0	100.000%	K0
voestalpine Slovakia, s.r.o.	SVK	100.000%	K0	100.000%	K0
voestalpine Stahlwelt GmbH	AUT	100.000%	K0	100.000%	K0
voestalpine UK Ltd.	GBR	100.000%	K0	100.000%	K0
voestalpine USA Corp.	USA	100.000%	K0	100.000%	K0
Werksgärtnerei Gesellschaft m.b.H.	AUT	100.000%	K0	100.000%	K0

## HIGH PERFORMANCE METALS DIVISION

	Domicile of the company	03/31/2020		03/31/2019	
		Interest held	Type of consolidation	Interest held	Type of consolidation
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	100.000%	KV	95.000%	KV
ASSAB Steels (Taiwan) Ltd.	TWN	94.500%	KV	94.500%	KV
ASSAB Steels (Thailand) Ltd.	THA	100.000%	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
Bohlasia Steels Sdn. Bhd.	MYS	80.000%	KV	53.333%	K0
BÖHLER GRUNDSTÜCKS BETEILIGUNGS GMBH	DEU	100.000%	KV	100.000%	KV
Bohler Special Steels (Shanghai) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
Böhler Grundstücks GmbH & Co. Kommanditgesellschaft <sup>1</sup>	DEU	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
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 Textures India Private Limited	IND	100.000%	KV	100.000%	KV
Eschmann Textura Internacional - Transformacao de Ferramentas, Unipessoal, LDA	PRT	100.000%	KV	100.000%	KV
Eschmann Textures International GmbH	DEU	100.000%	KV	100.000%	KV
EschmannStahl GmbH	DEU	100.000%	KV	100.000%	KV
GMV Eschmann International SAS	FRA	100.000%	KV	100.000%	KV

<sup>1</sup> These consolidated financial statements represent an exemption for Böhler Grundstücks GmbH & Co. Kommanditgesellschaft in accordance with Section 264b of the German Commercial Code (*dHGB*).

## HIGH PERFORMANCE METALS DIVISION

	Domicile of the company	03/31/2020		03/31/2019	
		Interest held	Type of consolidation	Interest held	Type of consolidation
Gravutex Eschmann International Limited	GBR	100.000%	KV	100.000%	KV
IS Intersteel Stahlhandel GmbH	DEU			100.000%	KV
Jing Ying Industrial Co. Ltd.	TWN	100.000%	KV	100.000%	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
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 Center Singapore Pte. Ltd.	SGP	100.000%	KV	100.000%	KV
voestalpine Additive Manufacturing Centre Ltd.	CAN	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 Metal Anonim Sirketi	TUR	100.000%	KV	100.000%	KV
voestalpine High Performance Metals (Australia) Pty Ltd	AUS	100.000%	KV	100.000%	KV
voestalpine High Performance Metals Africa (Pty) Ltd	ZAF	100.000%	KV	100.000%	KV

## HIGH PERFORMANCE METALS DIVISION

	Domicile of the company	03/31/2020		03/31/2019	
		Interest held	Type of consolidation	Interest held	Type of consolidation
voestalpine High Performance Metals Argentina S.A.	ARG	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

## HIGH PERFORMANCE METALS DIVISION

	Domicile of the company	03/31/2020		03/31/2019	
		Interest held	Type of consolidation	Interest held	Type of consolidation
voestalpine High Performance Metals Slovakia, s.r.o.	SVK	100.000%	KV	100.000%	KV
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 Special Steels China Limited	CHN	100.000%	KV	100.000%	KV
voestalpine Specialty Metals Pte. Ltd.	SGP	100.000%	KV	100.000%	KV
voestalpine Technology Institute (Asia) Co. Ltd.	TWN	100.000%	KV	100.000%	KV
BÖHLER-UDDEHOLM Immobilien GmbH	AUT	100.000%	K0	100.000%	K0
BÖHLER-UDDEHOLM UKRAINE LLC	UKR	100.000%	K0	100.000%	K0
EDRO Limited	CHN	100.000%	K0	100.000%	K0
Eschmann Beteiligungsgesellschaft mbH	DEU	100.000%	K0	100.000%	K0
Grundstück-Verwaltungsgesellschaft Gewerbehof Sendling mbH & Co. KG	DEU	62.916%	K0	62.916%	K0
HOTEL BÖHLERSTERN Gesellschaft m.b.H.	AUT	100.000%	K0	100.000%	K0
voestalpine HPM Zagreb d.o.o.	HRV	100.000%	K0	100.000%	K0

## METAL ENGINEERING DIVISION

	Domicile of the company	03/31/2020		03/31/2019	
		Interest held	Type of consolidation	Interest held	Type of consolidation
voestalpine Metal Engineering GmbH	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	100.000%	KV	70.000%	KV
Materiel Ferroviaire d'Arberats SASU	FRA	100.000%	KV	100.000%	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	60.000%	KV
TSF-A GmbH	AUT	50.100%	KV	50.100%	KV
TSTG Schienen Technik GmbH & Co KG <sup>1</sup>	DEU	100.000%	KV	100.000%	KV
TSTG Schienen Technik Verwaltungs GmbH	DEU	100.000%	KV	100.000%	KV
VAMAV Vasúti Berendezések Kft.	HUN	50.000%	KV	50.000%	KV
voestalpine Bahnsysteme Vermögensverwaltungs GmbH	AUT	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 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 GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Group GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Hellas S.A.	GRC	100.000%	KV	100.000%	KV
voestalpine Bohler Welding India Private Limited	IND	100.000%	KV	100.000%	KV
voestalpine 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 Selco Invest S.R.L.	ITA	90.000%	KV		

<sup>1</sup> 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	03/31/2020		03/31/2019	
		Interest held	Type of consolidation	Interest held	Type of consolidation
voestalpine Böhler Welding Selco S.r.l.	ITA	90.000%	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 USA Technology LLC	USA	100.000%	KV	100.000%	KV
voestalpine Bohler Welding USA, Inc.	USA	100.000%	KV	100.000%	KV
voestalpine Böhler Welding UTP Maintenance GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Austria GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Germany Vertriebs-GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Böhler weldCare AB	SWE	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Schweiz AG	CHE	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Germany GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Bohler Welding UK Limited	GBR	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
voestalpine Metal Engineering Verwaltung GmbH	AUT			100.000%	KV
voestalpine Rail Center Duisburg GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Railpro B.V.	NLD	70.000%	KV	70.000%	KV
voestalpine Railway Systems (Thailand) Co., Ltd.	THA	100.000%	KV	100.000%	KV
voestalpine Railway Systems Australia Pty Ltd	AUS	100.000%	KV	100.000%	KV
voestalpine Railway Systems Beijing Co. Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Railway Systems Bulgaria OOD	BGR	51.000%	KV	51.000%	KV
voestalpine Railway Systems France SAS	FRA	100.000%	KV		
voestalpine Railway Systems GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Railway Systems Lietuva, UAB	LTU	66.000%	KV	66.000%	KV
voestalpine Railway Systems Nortrak Inc.	USA	100.000%	KV	100.000%	KV
voestalpine Railway Systems Nortrak Ltd.	CAN	100.000%	KV	100.000%	KV
voestalpine Railway Systems Polska Sp. z o. o.	POL	100.000%	KV	100.000%	KV
voestalpine Railway Systems Romania SA	ROU	100.000%	KV	100.000%	KV
voestalpine Schienen GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Signaling Austria GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Signaling Poland Sp. z o.o.	POL	100.000%	KV	100.000%	KV
voestalpine SIGNALING Sainerholz GmbH	DEU	100.000%	KV	100.000%	KV

## METAL ENGINEERING DIVISION

	Domicile of the company	03/31/2020		03/31/2019	
		Interest held	Type of consolidation	Interest held	Type of consolidation
voestalpine SIGNALING Siershahn GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Signaling UK Ltd.	GBR	100.000%	KV	100.000%	KV
voestalpine Signaling USA Inc.	USA	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 Germany GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Track Solutions Königsborn GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Track Solutions Saudi Arabia Limited	SAU	51.000%	KV	51.000%	KV
VOEST-ALPINE TUBULAR CORP.	USA	100.000%	KV	100.000%	KV
voestalpine Tubulars GmbH & Co KG	AUT	49.888%	KV	49.888%	KV
voestalpine Tubulars Al Bassam Company Limited	SAU	57.500%	KV	51.000%	KV
voestalpine Tubulars GmbH	AUT	57.500%	KV	57.500%	KV
voestalpine Turnout Technology Germany GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Turnout Technology Netherlands B.V.	NLD	100.000%	KV	100.000%	KV
voestalpine Turnout Technology UK Limited	GBR	100.000%	KV	100.000%	KV
voestalpine Turnout Technology Zeltweg GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine VAE Africa (Pty) Ltd.	ZAF	100.000%	KV	100.000%	KV
voestalpine VAE Brasil Produtos Ferroviários Ltda.	BRA	100.000%	KV	100.000%	KV
voestalpine VAE Italia S.r.l.	ITA	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 VKN India Private Limited	IND	57.000%	KV	55.200%	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
Weichenwerk Wörth GmbH	AUT	56.950%	KV	56.950%	KV
SBI GmbH <sup>1</sup>	AUT	24.900%	KEA		
WS Service GmbH <sup>1</sup>	AUT	49.000%	KEA	49.000%	KEA
Burbiola S.A.	ESP	50.000%	K0	50.000%	K0
Casedo GmbH	AUT	100.000%	K0	100.000%	K0
KW PenzVAEE GmbH	AUT	49.000%	K0	49.000%	K0
Liegenschaftsverwaltungs GmbH	AUT	100.000%	K0	100.000%	K0
Parkwood Way Holdings Ltd.	CAN	40.000%	K0	40.000%	K0
Sistemas Ferroviarios Argentinos S.R.L.	ARG	40.000%	K0		
Virtual Vehicle Research GmbH	AUT	8.000%	K0		
voestalpine Tubulars Middle East DMCC	ARE	57.500%	K0	57.500%	K0

<sup>1</sup> For the companies consolidated according to the equity method marked<sup>1</sup>, the reporting date of December 31 applies.



## METAL FORMING DIVISION

	Domicile of the company	03/31/2020		03/31/2019	
		Interest held	Type of consolidation	Interest held	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
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
Roll Forming Corporation - Sharon	USA	100.000%	KV	100.000%	KV
STAMPTEC France SAS	FRA	100.000%	KV	100.000%	KV
voestalpine Automotive Components (Tianjin) Co., Ltd.	CHN	100.000%	KV	100.000%	K0
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	100.000%	KV
voestalpine Automotive Components Arad SRL	ROU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Birkenfeld GmbH & Co. KG <sup>1</sup>	DEU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Böhmenkirch GmbH & Co. KG <sup>1</sup>	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	100.000%	KV
voestalpine Automotive Components Cartersville Inc.	USA	100.000%	KV	100.000%	KV
voestalpine Automotive Components Dettingen GmbH & Co. KG <sup>1</sup>	DEU	100.000%	KV	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	100.000%	KV
voestalpine Automotive Components Linz GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Automotive Components Nagold GmbH & Co. KG <sup>1</sup>	DEU	100.000%	KV	100.000%	KV

<sup>1</sup> These consolidated financial statements represent an exemption for voestalpine Automotive Components Birkenfeld GmbH & Co. KG, 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	03/31/2020		03/31/2019	
		Interest held	Type of consolidation	Interest held	Type of consolidation
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 <sup>1</sup>	DEU	100.000%	KV	100.000%	KV
voestalpine Automotive Components Shenyang 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 GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Precision Strip LLC	USA	100.000%	KV	100.000%	KV
voestalpine Precision Strip, S.A.U.	ESP	100.000%	KV	100.000%	KV
voestalpine Profilafröid	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 <sup>1</sup>	DEU	100.000%	KV	100.000%	KV
voestalpine Rotec Iberica S.A.	ESP	100.000%	KV	100.000%	KV
voestalpine Rotec Incorporated	USA	100.000%	KV	100.000%	KV
voestalpine Rotec Limited	GBR	100.000%	KV	100.000%	KV
voestalpine Rotec Sp. z o. o.	POL	100.000%	KV	100.000%	KV
voestalpine Rotec Summo Corp.	CAN	100.000%	KV	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 Sadev nv	BEL	100.000%	KV	100.000%	KV
voestalpine Stampotec Holding GmbH	AUT	100.000%	KV	100.000%	KV

<sup>1</sup> 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	03/31/2020		03/31/2019	
		Interest held	Type of consolidation	Interest held	Type of consolidation
voestalpine Precision Strip Trading (Suzhou) Co., Ltd	CHN	100.000%	KV	100.000%	KV
voestalpine Precision Strip AB	SWE	100.000%	KV	100.000%	KV
Entwicklungsgesellschaft Gügling Ost GmbH & Co. KG	DEU	6.000%	K0	6.000%	K0
Entwicklungsgesellschaft Gügling Verwaltungs GmbH	DEU	100.000%	K0	100.000%	K0
EURACIER	FRA	20.000%	K0	20.000%	K0
Hinckley Precision Tubes Limited	GBR	100.000%	K0	100.000%	K0
Martin Miller Blansko, spol. s r. o. (in Liquidation)	CZE			100.000%	K0
Martin Miller North America, Inc.	USA			100.000%	K0
Metal Sections Limited	GBR	100.000%	K0	100.000%	K0
Munkfors Energi AB	SWE	40.000%	K0	40.000%	K0
SADEF FRANCE S.A.R.L.	FRA	100.000%	K0	100.000%	K0
voestalpine Automotive Components Dettingen Verwaltungs GmbH	DEU	100.000%	K0	100.000%	K0
voestalpine Beteiligungsgesellschaft Schwäbisch Gmünd mbH	DEU	100.000%	K0	100.000%	K0
voestalpine Stampotec Beteiligungs GmbH	DEU	100.000%	K0	100.000%	K0

## OTHER

	Domicile of the company	03/31/2020		03/31/2019	
		Interest held	Type of consolidation	Interest held	Type of consolidation
Importkohle Gesellschaft m.b.H.	AUT	100.000%	KV	100.000%	KV
V54 Fonds	AUT			99.864%	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%	KV
voestalpine Personal Services GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Rohstoffbeschaffungs GmbH	AUT	100.000%	KV	100.000%	KV
APK-Pensionskasse Aktiengesellschaft <sup>1</sup>	AUT	29.192%	KEA	29.192%	KEA
AC styria Mobilitätscluster GmbH	AUT	12.333%	K0	12.333%	K0
Danube Equity GmbH	AUT	100.000%	K0	100.000%	KV
Donauländische Baugesellschaft m.b.H.	AUT	100.000%	K0	100.000%	K0
VA Intertrading Aktiengesellschaft	AUT			3.397%	K0
voestalpine group-IT (Suzhou) Co., Ltd.	CHN	100.000%	K0	100.000%	K0
voestalpine Insurance Services GmbH	AUT	100.000%	K0	100.000%	K0

<sup>1</sup> For the company consolidated according to the equity method marked<sup>1</sup>, 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

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