Annual Report 2015/16

voestalpine
ONE STEP AHEAD.

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Development of the Key Figures

In millions of euros	2011/12	2012/13	2013/14	2014/15[1]	2015/16
Revenue	12,058.2	11,524.4	11,077.2	11,189.5	11,068.7
EBITDA	1,301.9	1,431.3	1,374.0	1,530.1	1,583.4
EBITDA margin	10.8%	12.4%	12.4%	13.7%	14.3%
EBIT	704.2	843.1	788.4	886.2	888.8
EBIT margin	5.8%	7.3%	7.1%	7.9%	8.0%
Profit before tax (EBT)	504.4	654.7	640.8	739.0	751.3
Profit after tax[2]	413.3	521.9	503.4	595.0	602.1
EPS – Earnings per share (euros)	1.98	2.61	2.59	3.18	3.35
Total assets	12,612.1	13,079.3	12,634.9	13,204.7	14,006.6
Cash flows from operating activities	856.5	1,321.9	934.6	1,119.9	1,282.2
Investments in tangible and intangible assets and interests	574.6	851.5	936.0	1,177.8	1,310.9
Depreciation	597.7	588.2	585.6	643.9	694.6
Equity	4,836.3	5,075.3	5,261.6	5,115.0	5,651.6
Net financial debt	2,585.7	2,259.2	2,421.4	2,978.1	3,079.9
Net financial debt in % of equity (gearing)	53.5%	44.5%	46.0%	58.2%	54.5%
Return on capital employed (ROCE)	8.6%	10.4%	9.3%	10.0%	9.2%
Market capitalization, end of period	4,255.0	4,128.8	5,501.1	5,878.7	5,143.5
Number of outstanding shares as of March 31	168,749,435	172,358,534	172,420,566	172,420,566	174,920,566
Share price, end of period (euros)	25.22	23.96	31.91	34.10	29.41
Dividend per share (euros)	0.80	0.90	0.95	1.00	1.05[3]
Employees (full-time equivalent), end of period	46,473	46,351	47,485	47,418	48,367

[1] Business year 2014/15 retroactively adjusted. Further details are given in the Notes to the consolidated financial statements 2015/16 under "B. Summary of accounting policies."
[2] Before deduction of non-controlling interests and interest on hybrid capital.
[3] As proposed to the Annual General Shareholders' Meeting.

Overview of the Key Figures

voestalpine Group

In millions of euros	2014/15[1]	2015/16	Change in %
Revenue	11,189.5	11,068.7	–1.1
EBITDA	1,530.1	1,583.4	3.5
EBITDA margin	13.7%	14.3%	
EBIT	886.2	888.8	0.3
EBIT margin	7.9%	8.0%	
Employees (full-time equivalent)	47,418	48,367	2.0

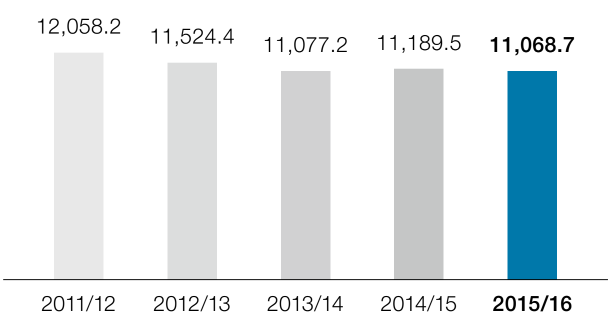
[1] Business year 2014/15 retroactively adjusted.
Further details are given in the Notes to the consolidated financial statements 2015/16 under "B. Summary of accounting policies."

voestalpine Divisions

In millions of euros	Steel	Special Steel	Metal Engineering	Metal Forming
Revenue	3,753.7	2,650.9	2,850.4	2,224.9
EBIT	220.0	227.2	314.9	194.5
EBIT margin	5.9%	8.6%	11.0%	8.7%
Employees (full-time equivalent)	10,891	13,470	12,675	10,470

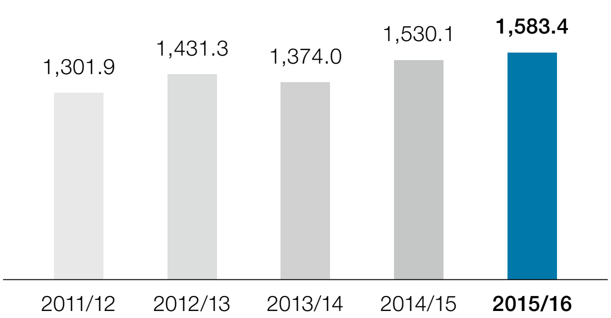
Revenue

In millions of euros



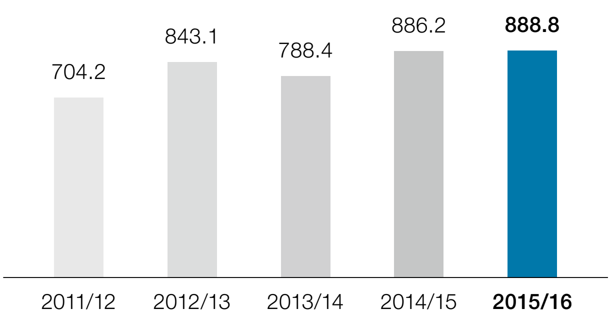
EBITDA

In millions of euros



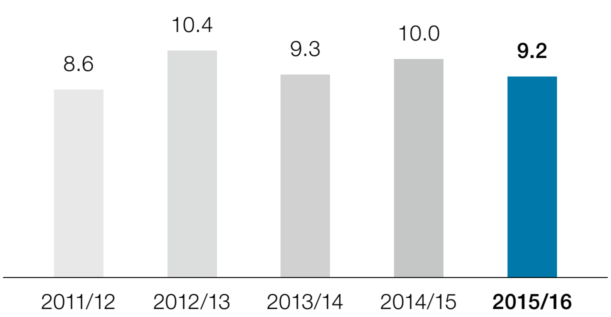
EBIT

In millions of euros



ROCE Return on capital employed

in %



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

Highlights 2015/16

- Global economic environment very challenging: Europe in a moderate upward trend, but with major regional differences; dwindling momentum in North America; Brazil and Russia in a deep recession; lower growth in China due to massive structural changes; India begins economic catch-up process
- Cooling of economy and overcapacity in commodities (especially steel) in China results in a glut of cheap exports, which, in turn, causes global price pressure
- Deterioration of raw materials prices (including crude oil and iron ore) continues
- By concentrating on technologically sophisticated market segments, voestalpine experiences largely stable performance despite the precarious environment
- Positive non-recurring effects in annual results for 2015/16 due to first-time consolidation of companies belonging to the Metal Engineering Division, which had previously been consolidated at equity, as of the beginning of the business year 2015/16 (comparative period of the previous year also positively affected by non-recurring divestment proceeds)
- voestalpine Group posts relatively stable revenue with increases in all reporting categories; adjusted for non-recurring effects, figures slightly down in a year-to-year comparison
- At EUR 11,069 million, Group's revenue virtually unchanged compared to the previous year's figure of EUR 11,190 million (–1.1%)
- In a year-over-year comparison, EBITDA up by 3.5% from EUR 1,530 million to EUR 1,583 million; excluding non-recurring effects at EUR 1,446 million, just below the previous year's figure of 1,468 million (–1.5%)
- EBIT improves marginally by 0.3% from EUR 886 million to EUR 889 million (excluding non-recurring effects, slight decline of 3.2% from EUR 841 million to EUR 814 million)
- EBITDA and EBIT margins (excluding non-recurring effects) virtually stable (EBITDA margin unchanged at 13.1%, EBIT margin decreases minimally from 7.5% to 7.4%)
- Profit before tax improves by 1.7% from EUR 739 million to EUR 751 million (excluding non-recurring effects, decline of 2.5% from EUR 694 million to EUR 677 million)
- Profit after tax up by 1.2%, going from EUR 595 million in the previous year to EUR 602 million (excluding non-recurring effects, a decrease of 7.7% from EUR 553 million to EUR 510 million)
- Positive free cash flow (before dividend) despite record investment expenditure of EUR 1.3 billion
- Equity up by 10.5% to EUR 5.7 billion with an increase of net financial debt of only 3.4% to EUR 3.1 billion; gearing ratio (net financial debt in percent of equity) down in a year-to-year comparison from 58.2% to 54.5%
- Dividend proposed to the Annual General Shareholders' Meeting: EUR 1.05 per share, increase of EUR 0.05 compared to previous year (EUR 1.00 per share)
- Construction of the direct reduction plant in Corpus Christi, Texas, USA, for the production of high-quality HBI (hot briquetted iron/sponge iron) in its final phase

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

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

voestalpine Group – Global presence

Source © www.data2map.de

Present in more than 50 countries as global leader in the manufacturing, processing, and development of sophisticated steel products, particularly for technology-intensive sectors, such as the automotive, railway, aerospace, and energy industries. In 500 Group companies and locations in more than 50 countries and on all 5 continents. With revenue of EUR 11.1 billion in the business year 2015/16 and an operating result (EBITDA) of EUR 1.6 billion.

Overview of the voestalpine Group

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

Steel Division

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

33%
of Group revenue

Revenue (in millions of euros)	3,753.7
EBIT (in millions of euros)	220.0
EBIT margin	5.9%
Employees (full-time equivalent)	10,891

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

Special Steel Division

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

23%
of Group revenue

Revenue (in millions of euros)	2,650.9
EBIT (in millions of euros)	227.2
EBIT margin	8.6%
Employees (full-time equivalent)	13,470

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

Metal Engineering Division

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

25%
of Group revenue

Revenue (in millions of euros)	2,850.4
EBIT (in millions of euros)	314.9
EBIT margin	11.0%
Employees (full-time equivalent)	12,675

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

Metal Forming Division

Global leadership
Leading global provider of high-quality metal processing solutions in the segments of special sections, precision strip steel, and special components for the automotive and aviation industries.

19%
of Group revenue

Revenue (in millions of euros)	2,224.9
EBIT (in millions of euros)	194.5
EBIT margin	8.7%
Employees (full-time equivalent)	10,470

The voestalpine Metal Forming Division is a leading global provider of customer-specific special and precision sections as well as solutions for section systems in the construction, cab construction for commercial vehicles, and aviation sectors. The division supplies the automobile industry with both sophisticated body skin pressed parts and highly innovative structural parts and safety components. The division also produces cold-rolled, special, precision thin strips and provides one-stop solutions in the segment of high-bay warehousing systems.

The Supervisory Board of voestalpine AG

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

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

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

Dr. Hans-Peter Hagen
Member of the Supervisory Board
Initial appointment: July 4, 2007
CEO of VIENNA INSURANCE GROUP AG
Wiener Versicherung Gruppe, Vienna (until December 31, 2015)

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

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

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

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

Appointed by the Works Council:

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

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

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

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

The Management Board of voestalpine AG


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

Dr. Wolfgang Eder

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

Dipl.-Ing. Herbert Eibensteiner

born 1963, Member of the Management Board since 2012, Head of the Steel Division
Assigned area of responsibility: Information Technology

Dipl.-Ing. Dr. Franz Kainersdorfer

born 1967, Member of the Management Board since 2011, Head of the Metal Engineering Division
Assigned area of responsibility: Long-term energy supply of the Group

Mag. Dipl.-Ing. Robert Ottel, MBA

born 1967, Member of the Management Board since 2004, CFO
Assigned areas of responsibility: Corporate Accounting and Reporting; Controlling including Investment Controlling; Group Treasury; Taxes; Management Information Systems; Risk Management

Dipl.-Ing. Franz Rotter

born 1957, Member of the Management Board since 2011, Head of the Special Steel Division
Assigned areas of responsibility: Procurement Strategy; Health & Safety

Dipl.-Ing. Dr. Peter Schwab, MBA

born 1964, Member of the Management Board since 2014, Head of the Metal Forming Division

Ladies and Gentlemen:

The business year 2015/16 was not a year like so many others for the voestalpine Group; instead, the main trends were even more oriented toward the future—or rather more crucial for the future—than in previous years. This was not the case because our company again did better than many of its competitors in an market environment that continues to be difficult or because our financial structure and our bottom line improved yet again despite record investment expenditure. Rather, 2015/16 was a special year for voestalpine because it became even more manifest than ever before where the future of our Group lies. Validated by the challenging framework conditions during the past twelve months, the high-tech/high-quality strategy that has been practiced for 15 years proved itself once again to be the most effective instrument in countering the "new economic normal," which has emerged from the financial and economic crisis. This realization was reflected in the comprehensive 2015 update of "Strategy 2020," which had been originally adopted in 2012, and it is firmly based on an explicit commitment to sustainable value-added growth—with value appreciation as the top priority.

The strategic foundation of the Group is a combination of leading materials expertise in the metallurgical sector combined with cutting-edge technological expertise in the processing of these materials to create high-quality products in the industrial goods sector. Building on the decisions made in the past business year, this is where the presence of our Group will be even more significant in the future, whether as a partner of the automotive industry, aerospace and railway companies, the mechanical engineering sector, or the energy sector. In 2015/16, the requirements for this future were developed even more consistently than ever before. With investment in state-of-the-art technology of more than EUR 1.3 billion, a global record, with the highest ever expenditure for research and innovation, but also for the training and continuing education of our employees, with the construction of a direct reduction plant, which will provide new options for strategic and cost optimization of future-directed, high-tech steel production, and with the construction of numerous new plants for sophisticated products and services that will be deployed in diverse industrial applications, the path forward has been clearly defined.

A strategy that is so pro-active requires stability and openness in customer relationships, knowledge and commitment on the part of employees, and—not least—the confidence of our shareholders. Working continuously on all of these issues is the core

responsibility not just of the management of a company but of all of its employees. After all, it is ultimately up to all of us together to convince our stakeholders that we are serious about our claims.
What is outside of our sphere of influence are, however, the framework conditions for our actions, the regulatory environment in its widest sense, and the question of the conditions at our sites, both on a national and a European level. This is where business and industry and everyone who bears responsibility in these areas is dependent on the understanding and the cooperativeness of the political arena and of all major social groups. And this is where there is a need for action—action we have called for repeatedly in recent years. The need for action is urgent if Europe wants to retain its industry in the future, which is ultimately the backbone of jobs and prosperity. We, for our part, are doing our utmost for this to succeed.

Linz, May 31, 2016

The Management Board

Wolfgang Eder | Herbert Eibensteiner | Franz Kainersdorfer

Robert Ottel | Franz Rotter | Peter Schwab

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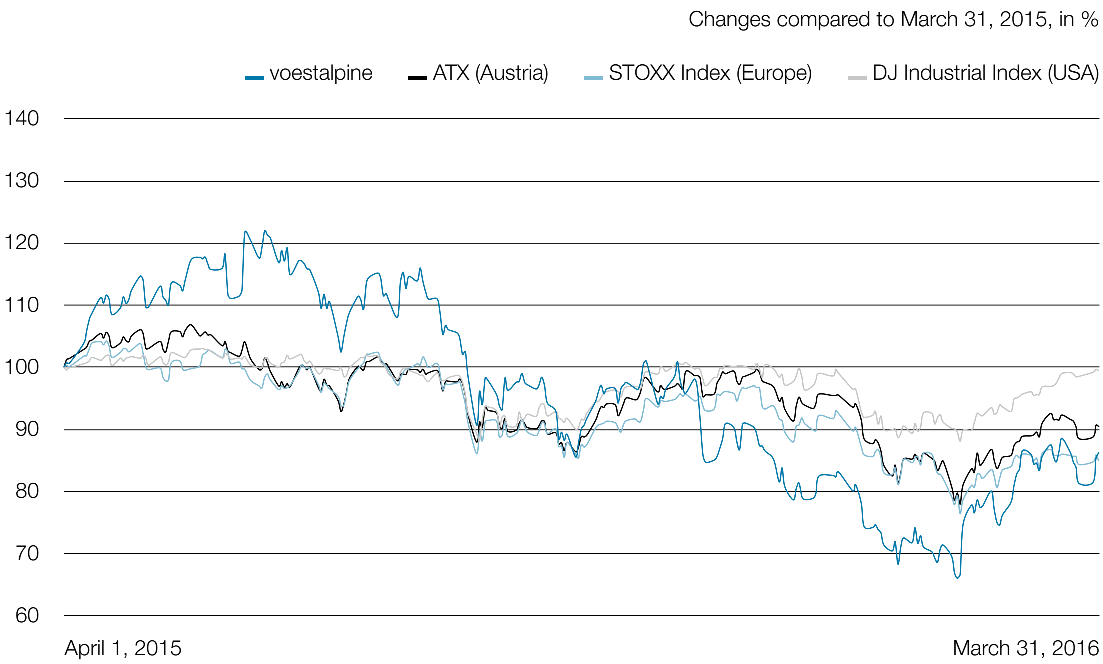
Investor relations

voestalpine AG vs. the ATX and international indices



Price development of the voestalpine share

In the business year 2015/16, the voestalpine share experienced a significantly more volatile development than in the previous year, an indication that macroeconomic uncertainties have again gained in intensity. The early part of the business year was characterized by an optimistic mood that relied on positive economic indicators. With the solid annual key figures, which were published in early June 2015, providing an additional tailwind, the share price gained more than 20% over two and one half months. Subsequently, within a period of exactly eight months—between June 10, 2015, when the highest share price of the year was reached at EUR 41.58 and February 10, 2016, which saw the lowest price in the past business year at EUR 22.52—the price of the voestalpine share plummeted by more than 45%. The sharp fall of the share price was caused, first of all, by external factors, such as the increasing doubts in the course of 2015 regarding the health of the Chinese economy and the international ramifications of Brazil and Russia sliding deeper and deeper into a recession. Additionally, the intensifying political situation in the troublespots in the Middle East and Africa had an increasingly adverse impact on the mood of the international capital markets. Following customary patterns, the increasingly uncertain market conditions primarily affected the development of equities sensitive to fluctuations in the economy. The trend on the capital markets finally slipped into the negative zone during late fall of 2015 as a result of the rapid decline of the oil and natural gas prices on one hand and the dramatically increasing trade conflicts between China and the rest of the world on the other, triggered, among other things, by the global glut of artificially cheap Chinese mass market steel products.

It was not until around mid-February 2016 that international stock markets settled down somewhat. Overall, the value of the voestalpine share declined in the course of the business year 2015/16 by 14.4%, falling to EUR 29.41 by March 31, 2016 from EUR 34.34 at the beginning of the business year. Therefore, the voestalpine share trended slightly better than the STOXX Index Europe, but somewhat below the ATX, the leading Austrian share index. As of March 31, 2016, the US benchmark index Dow Jones Industrial closed at practically the same level as twelve months before.

Bonds

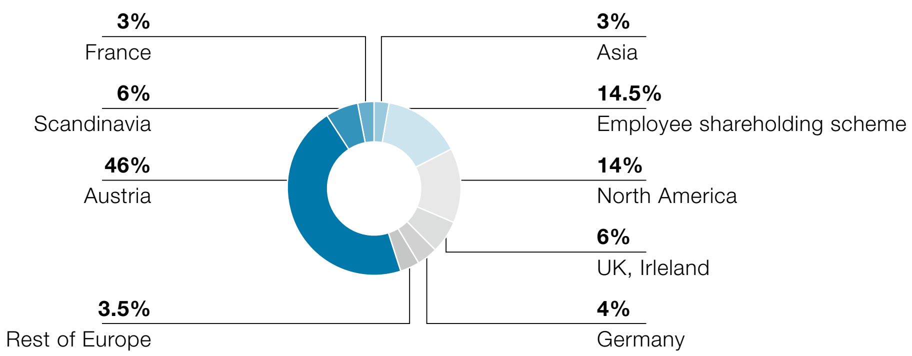
Type of bond	ISIN number	Volume	Interest rate	Share price (03/31/2016)
Corporate bond 2011–2018	AT0000A0MS58	EUR 500 million	4.75%	106.5
Corporate bond 2012–2018	XS0838764685	EUR 500 million	4.0%	107.0
Hybrid bond 2013	AT0000A0ZHF1	EUR 500 million	7.125%[1]	110.0
Corporate bond 2014–2021	AT0000A19S18	EUR 400 million	2.25%	105.0

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

Shareholder structure

The (indicative) shareholder structure according to regions as of the end of the business year 2015/16 is as follows:

Shareholder structure



Major individual shareholders

Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG	< 15%
voestalpine employee shareholding scheme	14.5%
Oberbank AG	7.6%
Norges Bank	> 4%

voestalpine AG is currently being analyzed by the following investment banks/institutions:
■ Alpha Value, Paris ■ Baader Bank AG, Munich ■ Bank of America/Merrill Lynch, London ■ Barclays, London ■ Berenberg, London ■ Citigroup, London ■ Commerzbank, Frankfurt ■ Credit Suisse, London ■ Deutsche Bank, London ■ Erste Bank, Vienna ■ Exane BNP Paribas, Paris ■ Goldman Sachs, London ■ Jefferies, London ■ J.P. Morgan, London ■ Kepler Cheuvreux, Frankfurt ■ Macquarie, London ■ Morgan Stanley, London ■ Raiffeisen Centrobank, Vienna ■ Redburn, London ■ Royal Bank of Canada Europe Ltd., London ■ Société Générale, Paris ■ Steubing, Frankfurt ■ UBS, London.

Share information

Share capital	EUR 317,851,287.79 divided into 174,949,163 no-par value shares
Shares in proprietary possession as of March 31, 2016	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 2015 to March 2016	EUR 41.58
Share price low April 2015 to March 2016	EUR 22.52
Share price as of March 31, 2016	EUR 29.41
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, 2016*	EUR 5,143,539,243.23

* Based on total number of shares minus repurchased shares.

Business year 2014/15

Earnings per share	EUR 3.35
Dividend per share	EUR 1.05*
Book value per share	EUR 31.28

* As proposed to the Annual General Shareholders' Meeting.

Financial calendar 2016/17

Record date for participation in the AGM	June 26, 2016
Annual General Shareholders' Meeting	July 6, 2016
Ex-dividend date	July 14, 2016
Record date for dividend payment	July 15, 2016
Dividend payment date	July 18, 2016
Letter to Shareholders for the first quarter of 2016/17	August 9, 2016
Letter to Shareholders for the second quarter of 2016/17	November 9, 2016
Letter to Shareholders for the third quarter of 2016/17	February 9, 2017
Annual Report 2016/17	June 1, 2017
Annual General Shareholders' Meeting	July 5, 2017

Corporate Governance Report

Commitment to the Austrian Corporate Governance Code

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

The Code is based on the provisions of Austrian stock corporation, stock exchange, and capital market law, the EU recommendations regarding the responsibilities of members of Supervisory Boards and the compensation of company directors as well as the OECD Principles of Corporate Governance. Since 2002, the Code has undergone a number of revisions.

- The present Corporate Governance Report is based on the most recent amendment of the Code, which was adopted in January 2015. The Code can be accessed by the public at www.corporate-governance.at

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

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

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

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

Composition of the Management Board

Dr. Wolfgang Eder Born 1952	Member of the Management Board since 1995; Chairman of the Management Board since 2004; End of the current term of office: March 31, 2019; Member of the Supervisory Board of Oberbank AG, Linz	*Assigned areas of responsibility:* Corporate Development, including Raw Materials Strategy; R&D and Innovation Strategy; Corporate Human Resources; Corporate Communications and Corporate Image; Compliance; Legal Department; M&A; Strategic Environmental Management; Investor Relations; Internal Auditing
Dipl.-Ing. Herbert Eibensteiner Born 1963	Member of the Management Board since 2012; End of the current term of office: March 31, 2019	**Head of the Steel Division** *Assigned area of responsibility:* Information Technology
Dipl.-Ing. Dr. Franz Kainersdorfer Born 1967	Member of the Management Board since 2011; End of the current term of office: March 31, 2019; Member of the Supervisory Board of VA Erzberg GmbH	**Head of the Metal Engineering Division** *Assigned area of responsibility:* Long-term energy supply of the Group
Mag. Dipl.-Ing. Robert Ottel, MBA Born 1967	Member of the Management Board since 2004; End of the current term of office: March 31, 2019; Chairman of the Supervisory Board of APK-Pensionskasse AG, Vienna; Member of the Supervisory Board of Josef Manner & Comp. AG, Vienna; Member of the Supervisory Board of CEESEG AG; Member of the Supervisory Board of Wiener Börse AG	**CFO** *Assigned areas of responsibility:* Corporate Accounting and Reporting; Controlling, including Investment Controlling; Group Treasury; Taxes; Management Information Systems; Risk Management
Dipl.-Ing. Franz Rotter Born 1957	Member of the Management Board since 2011; End of the current term of office: March 31, 2019	**Head of the Special Steel Division** *Assigned areas of responsibility:* Procurement Strategy; Health & Safety
Dipl.-Ing. Dr. Peter Schwab, MBA Born 1964	Member of the Management Board since October 2014; End of the current term of office: March 31, 2019	**Head of the Metal Forming Division**

Composition of the Supervisory Board

Dr. Joachim Lemppenau Born 1942	**Chairman of the Supervisory Board** (since July 1, 2004) Initial appointment: July 7,1999 Former Chairman of the Management Board of Volksfürsorge Versicherungsgruppe, Hamburg
Dr. Heinrich Schaller Born 1959	**Deputy Chairman of the Supervisory Board** (since July 4, 2012) Initial appointment: July 4, 2012 CEO of Raiffeisenlandesbank Oberösterreich AG, Linz Second Deputy Chairman of the Supervisory Board of Raiffeisen Bank International AG, Vienna Member of the Supervisory Board of AMAG Austria Metall AG, Braunau-Ranshofen
KR Dr. Franz Gasselsberger, MBA Born 1959	**Member of the Supervisory Board** Initial appointment: July 1, 2004 Managing Director of Oberbank AG, Linz Chairman of the Supervisory Board of Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck Deputy Chairman of the Supervisory Board of BKS Bank AG, Klagenfurt Member of the Supervisory Board of AMAG Austria Metall AG, Braunau-Ranshofen Member of the Supervisory Board of Lenzing AG, Lenzing
Dr. Hans-Peter Hagen Born 1959	**Member of the Supervisory Board** Initial appointment: July 4, 2007 CEO of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna (until December 31, 2015)
Dr. Michael Kutschera, MCJ. (NYU) Born 1957	**Member of the Supervisory Board** Initial appointment: July 1, 2004 Attorney at law; partner at Binder Grösswang Rechtsanwälte GmbH, Vienna
Prof. (em) Dr. Helga Nowotny, Ph.D. Born 1937	**Member of the Supervisory Board** Initial appointment: July 2, 2014 Former President of the European Research Council
Mag. Dr. Josef Peischer Born 1946	**Member of the Supervisory Board** Initial appointment: July 1, 2004 Former Director of the Chamber of Workers and Employees for Upper Austria, Linz
Dipl.-Ing. Dr. Michael Schwarzkopf Born 1961	**Member of the Supervisory Board** Initial appointment: July 1, 2004 CEO of Plansee Holding AG, Reutte Member of the Supervisory Board of Mayr-Melnhof Karton AG, Vienna Member of the Board of Directors of Molibdenos y Metales S.A., Santiago, Chile

Delegated by the Works Council:

Josef Gritz Born 1959	**Member of the Supervisory Board** Initially delegated: January 1, 2000 Chairman of the Works Council for Wage Earners of voestalpine Stahl Donawitz GmbH & Co KG, Donawitz
Brigitta Rabler Born 1959	**Member of the Supervisory Board** Initially delegated: May 1, 2013 Chairwoman of the Works Council for Salaried Employees of voestalpine AG, Linz
Hans-Karl Schaller Born 1960	**Member of the Supervisory Board** Initially delegated: September 1, 2005 Chairman of the Group Works Council of voestalpine AG, Linz Chairman of the European Works Council of voestalpine AG, Linz
Gerhard Scheidreiter Born 1964	**Member of the Supervisory Board** Initially delegated: January 1, 2012 Chairman of the Works Council for Wage Earners of BÖHLER Edelstahl GmbH & Co KG, Kapfenberg

Compensation report for Management Board and Supervisory Board

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

Information regarding the independence of the members of the Supervisory Board

All of the members elected to the Supervisory Board by the Annual General Shareholders' Meeting have confirmed that they consider themselves to be independent based on the criteria defined by the Supervisory Board (Corporate Governance Code, Rule 53). The criteria for independence defined by the Supervisory Board may be viewed on the website www.voestalpine.com and correspond largely to Appendix 1 of the Corporate Governance Code.

Furthermore, with the exception of Dr. Heinrich Schaller, who represents the shareholder Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG, and Mag. Dr. Josef Peischer, who represents the voestalpine Mitarbeiterbeteiligung Privatstiftung, none of the members elected to the Supervisory Board by the Annual General Shareholders' Meeting are shareholders with an investment of more than 10% or represent the interests of such shareholders (Rule 54).

Committees of the Supervisory Board

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

General Committee

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

Members of the General Committee
of the Supervisory Board:

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

Audit Committee

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

Members of the Audit Committee
of the Supervisory Board:

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

Number of Supervisory Board meetings and significant matters raised during Supervisory Board meetings and meetings of the committees during the business year

During the business year 2015/16, the Supervisory Board fulfilled its responsibilities under the law and the Articles of Incorporation, holding five plenary sessions, three meetings of the Audit Committee, and one meeting of the General Committee. In addition to ongoing reports on the Group's current economic and financial situation, these meetings dealt in particular with matters involving Strategy 2020, regional strategy for China, health and safety, supply of raw materials, innovation, and IT. The Audit Committee dealt with the review and preparation of the approval of the Company's consolidated financial statements and the individual financial statements, preparation of the recommendation for the appointment of an auditor as well as topics relative to the internal control system, the risk management system, and Internal Auditing. In its function as Compensation Committee, the Executive Committee dealt with questions concerning the compensation of the members of the Management Board.

In the last meeting of the business year, the Supervisory Board carried out the self-evaluation stipulated under Rule 36 of the Corporate Governance Code and, utilizing a list of questions, dealt with the general cooperation between Management Board and Supervisory Board, quality and scope of the documents made available to the Supervisory Board as well as organizational questions.

Measures to advance women on the Management Board, the Supervisory Board, and other leadership positions

In the business year 2015/16, the percentage of female executives was at about 12.0%, thus increasing slightly compared to the previous year (11.0%). Since the business year 2013/14, a woman has been in a divisional management position; and since the last election in July 2014, two women have been on the Supervisory Board of voestalpine AG, which consists of twelve members.

Within the scope of internal leadership development efforts, great importance is being placed on continuing to expand the percentage of female participants. Therefore, voestalpine is making every effort to ensure that women are represented at each training level of the Leadership Development Program ("value:program"). In the business year 2015/16, of the total of 228 participants, 15.4% were women. This means that the percentage of women has fallen compared to the previous year (18%), however, it is still above the Group average.

Overall, the percentage of women in the voestalpine Group in the business year 2015/16 was 13.1% (previous year: 13.3%). This percentage is still low compared to other sectors of the economy, and this has industry-specific, historical, and cultural reasons. In the consciousness of the public, the image of a steel, technology, and industrial goods company is still the image of heavy industry and, therefore, broad-based recruitment of female employees is a challenging undertaking.

None of the Group companies have explicit "female quotas." Rather, the voestalpine Group is striving to implement appropriate measures in order to increase the percentage of women in the Group at all levels. This includes a number of activities, some of which are country-specific, such as participation in Girls' Day, advancement of women in technical professions, and/or increased hiring of female graduates of technical schools and universities. Furthermore, establishment and expansion of in-house child care facilities and collaborations with external facilities is being accelerated. As a result of these efforts, women are now employed in top leadership positions in traditionally male-dominated, technical areas of the Company (e.g., hot-dip galvanizing plants, wire production facilities) and are in executive positions, primarily in the financial, legal, and human resources departments, in a number of Group companies. For example, the area "Legal and Compliance" in three of the four divisions is headed by women.

In annual human resources reporting, data on the percentage of women in executive positions is collected and analyzed regularly according to their qualifications and their status in the training programs in order to monitor the sustainability of the implemented measures.

External evaluation of compliance with the Corporate Governance Code

The Corporate Governance Code provides for a regular external evaluation of compliance with the Code. This evaluation was carried out by the Group's auditor during the audit of the 2015/16 financial statements. The review of compliance with the C rules of the Code regarding the audit (Rules 77 to 83) was conducted by the law firm WOLF THEISS Rechtsanwälte GmbH & Co KG. As a result of this evaluation, the auditors have determined that the declaration given by voestalpine AG with regard to compliance with the January 2015 version of the Corporate Governance Code conforms to the actual conditions and/or facts.

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

Linz, May 18, 2016

The Management Board

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

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

Compliance

Since its IPO in 1995, the voestalpine Group has continued to expand its compliance activities in order to protect the Company against financial damages and prevent damage to its reputation. Initially, within the scope of the IPO, the focus was on capital market compliance, with additional compliance issues being added subsequently.

In the business year 2011/12, a new, comprehensive compliance management system was established, and compliance efforts were undertaken on a very broad Group-wide basis. In addition to a Group compliance officer, a compliance officer was appointed for each division and for some business units of the Group. The Group compliance officer reports directly to the Chairman of the Management Board and is independent and not bound by directives.

Code of Conduct of voestalpine AG

The Code of Conduct of voestalpine AG provides the basis for morally, ethically, and legally sound conduct by the management and by all employees of the Group. The Code of Conduct is directed not only to the management and the employees, but also to customers, suppliers, and other business partners.

In the event of a violation of statutory provisions, internal guidelines, or provisions of the voestalpine Code of Conduct, employees will be subject to disciplinary measures. Furthermore, violations can have consequences under criminal and/or civil law, e.g., recourse claims and claims for compensatory damages.

Compliance guidelines

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

- **Antitrust law**

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

- **Business conduct**

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

- **Guideline regarding dealings with business intermediaries/brokers and consultants**

This guideline defines the procedure to be complied with prior to contracting or engaging sales representatives, other sales consultants, consultants, or lobbyists. An objective analysis of the prospective business partner's business environment and scope of activities prior to establishing business relations is required, in order to ensure that the business partner can comply with all applicable laws and the voestalpine Code of Conduct.

The Code of Conduct and the compliance guidelines apply across the entire Group and are available in 15 languages.

Whistleblowing system

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

Prevention

Preventive measures are the first line of defense of a compliance management system. In this context, comprehensive training programs were carried out in recent years in all of the Group's divisions. In order to achieve a training effect that is as broad-based as possible, e-learning systems are being increasingly used in addition to face-to-face training. For example, within the scope of a single web-based e-learning course, more than 7,500 of the Group's employees received training on antitrust law and about 20,000 employees received training on the Code of Conduct; both courses included a final test. Face-to-face training is target-group oriented and is generally carried out during executive training programs and specific training programs for employees in sales and procurement. Additionally, compliance issues are brought to the attention of voestalpine employees on a regular basis by way of regular communications, particularly through employee magazines, poster campaigns, or at Group and divisional events.

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

Report of the Management Board

Management Report 2015/16

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 of the Austrian Commercial Code *(UGB).* We have made use of the provision under Section 267 (4) of the Austrian Commercial Code, which permits the consolidation of the Management Report and the Group Management Report.

Report on the Group's business performance and the economic situation

The business year 2015/16 was characterized by very specific challenges, both relative to economic and geopolitical factors. While at the beginning of the business year, the uncertainty regarding the further development of the Chinese economy with all of its global effects on both the raw materials and the end consumer markets was at the center of attention, subsequently, the focus turned to the political and military situation in the Middle East that resulted in an unexpectedly rapid migration movement to Europe on a scale that had never been seen before. During the course of the year, economic challenges grew globally due to the dramatic deterioration of the oil price, which is also a first in recent history, and negative interest on bank savings in Europe for the first time ever. When the early indicators for manufacturing in North America signalized a downward trend toward the end of the business year, the international capital markets came under increasing pressure.
As a result of these developments, the exchange rates between the major global currencies shifted—in some cases dramatically—with corresponding consequences for global trade flows, which were additionally impacted by the erection of trade barriers (primarily as anti-dumping measures) as a reaction to artificial (state) interference in pricing mechanisms in a number of countries. After decades of globalization and increasingly opening markets, this could mean a certain trend reversal toward isolationism—at least in individual economic areas—with a return to greater regionalization.
Considering all of these developments, the fact that the once promising markets Brazil and Russia slid even further into recession during the business year 2015/16 is merely a side note.
Despite this very challenging environment, by concentrating on the technologically sophisticated market segments, the voestalpine Group was able to enjoy a very stable development overall.

Europe

In Europe, the moderate recovery trend that began last year continued in 2015/16. Despite the resumption of discussions about the situation in Greece in the early part of the business year, which were then displaced in the awareness of the public by the mass flows of people fleeing from the crisis zones in the Middle East, consumer behavior remained largely stable and thus the main driving force behind economic development that was still somewhat positive. The voestalpine Group benefited from this in all segments of the consumer goods and white goods industries and especially from the strong performance of the European automotive industry. The Group units aerospace and railway systems that also belong to the mobility segment, which is a strategic focal point, also showed a quite positive trend in demand throughout the entire business year.
All in all, while Europe saw a service sector that performed solidly in many areas, investment

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activities remained below average. Besides the fact that, in many countries, the public sector continues to be cautious in contracting new projects, it was particularly the weakness in a significant part of emerging market economies that resulted in exports remaining at a subdued level despite the devaluation of the common EU currency, the euro. The new reduction of interest rates and another acceleration of the bond-purchase program of the European Central Bank toward the end of the business year generated a brief positive reaction on the capital market, however, this did not have a substantial impact on the real economy.

Accordingly, the construction sector remained mostly weak and the mechanical and plant engineering sectors remained more or less subdued throughout the entire year.

Despite the European steel industry's quite satisfactory situation relative to demand in the first half of the business year, beginning in the fall of 2015, there was a dramatic decline in the steel prices on the spot market, triggered by the surge in imports primarily but not exclusively from China at prices that were, to some degree, not feasible economically. While the voestalpine Steel Division was not directly affected by this development due to its focus on the range of steel industry products that are technologically and qualitatively sophisticated, it could not hold out entirely against this massively negative price sentiment. Nevertheless, it ultimately achieved an improvement in its operating result in a comparison to the same period in the previous year.

USA / North America

The business year saw the first signs of weakening economic momentum in the USA after a continuing upward trend over the course of several years. This was triggered by the drastic decline of the oil price, which had increasingly negative collateral effects on the supply industry and the service segment. Although the effects on the voestalpine Group were not immediate, this has been felt particularly by the Metal Engineering Division (seamless tubes/OCTG) and the Special Steel Division (special materials for oil and natural gas exploration).

Momentum in the private consumption and service sectors largely compensated this weakness so that the economic trend in the USA was ultimately marked by a dynamic pace throughout most of the past business year. This benefited the Special Steel Division in the production of tool steel for the consumer goods industry and the Metal Forming Division in the automotive sector, which maintained its positive trend in North America throughout the past business year. Demand in the railway systems sector was also stable, benefiting from increased investments in the mass transit sector. The aerospace sector has seen its high level of momentum continue, which benefited the Special Steel and Metal Forming Divisions especially.

Toward the end of the business year, disappointing early indicators in manufacturing created broad-based uncertainty with regard to the USA's economic development, and this immediately generated a negative reaction on the stock markets. This, however, did not impact the private consumption and service sectors, which maintained the economy as a whole on a growth trajectory. Not least due to solid labor market data, the Fed (Federal Reserve) took a first step away from its low-interest-rate policy and increased the interest rate for the first time since 2006 by a quarter of one percent from 0.25 to 0.50 percent. This step, which had been discussed extensively and put off many times is viewed mainly as a signal that the US economy is finally "out of intensive care" and is back on the road to normal conditions.

Except for the USA, which dominates the NAFTA region, the economic development in North America has been largely unspectacular. In the past business year, Mexico has been characterized by a continuing upward economic trend, while Canada's economy remained subdued.

Brazil / South America

Contrary to original expectations, which had been based more on hope than facts, Brazil, the most important South American economic region, was not able to stabilize its economy in the past business year, but instead the country slid even further into recession. Added to its economic problems that have been festering for some time, with massive inflation and corresponding cost implications, as well as a high interest rate and negative economic growth, there are corruption scandals and serious political crises that have peaked, at least temporarily, with the recent impeachment of President Dilma Rousseff.

The general cooling of the global economy, driven by a negative growth trend in most of the emerging markets, China in particular, has been accompanied by falling demand for raw materials, which has had an especially profound impact, as Brazil's economic output is disproportionately dependent on the exports of these goods. Even the substantial devaluation of the real, the Brazilian currency, had limited effect.

Even though this situation has benefited the voestalpine Group and the export performance of the Special Steel Division, which operates a special steel plant in Brazil that produces high-quality tool steel and special materials, this plant and the other voestalpine sites in the country have kept their operating results stable and positive only by implementing strict cost-cutting and efficiency improvement measures.

The political and economic situation in Venezuela is, however, far more difficult than that of Brazil, while Argentina has undertaken a series of measures recently to shore up its economic stability. Overall, South America—with the exception of Brazil—cannot be viewed as a core market for the voestalpine Group for the foreseeable future.

China / Asia

After a decade of extremely strong growth that was centrally managed by the Chinese government, largely through development of infrastructure and state-sponsored construction, the country saw a significant weakening of growth as it reorients itself toward a free market economy whose structure is increasingly driven by consumerism. This process is accompanied by a broad-based uncertainty, and this was demonstrated by greater volatility on the international, and especially on the Chinese, capital market. The government reacted with extremely unorthodox methods (e.g., circuit-breaker mechanism) that resulted in a short-term easing of the situation, but then subsequently created even greater uncertainty.

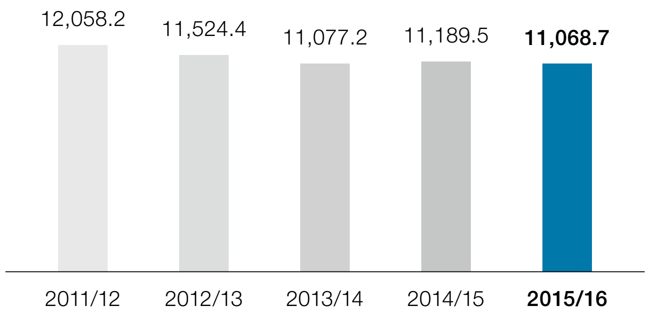
In the second half of 2015, a downtrend in the construction industry and particularly, the trend in new car registration statistics led to fears that a broad-based weakening of the Chinese economy could be in the offing. While automobile sales were stimulated in the short term by way of tax benefits, in the course of the year, there were growing indications of a more serious softening of the economy as a whole. The Chinese central bank reacted to this with expansive monetary policies and a devaluation of the currency. While this stabilized the economy for the moment, it nevertheless raised the international level of anxiety regarding the condition of the Chinese economy.

voestalpine's activities in China were largely unaffected by these developments, as the Group is not involved in the Chinese construction industry with the exception of railway infrastructure, which continues on a course of accelerated expansion. The premium segments of the automotive industry and the manufacturing of consumer goods, segments that have great importance for the Group, have not been significantly affected by the slowdown.

Very significant effects of the development in China became noticeable in Europe during the second half of the calendar year. The decline in infrastructure investment and construction activities in China resulted in a substantial slowdown in demand for commodity steel grades. The Chinese steel manufacturers, which are continuing to expand despite their enormous overcapacity, reacted to this by cutting prices to an extent that cannot be matched by other steel producers as well as massive exports to markets outside of China. As a result, prices for steel commodities deteriorated drastically worldwide, and many economies, such as the USA, Mexico, Brazil,

Revenue of the voestalpine Group

In millions of euros



India, and Australia reacted with import restrictions as part of their anti-dumping measures. In Europe, the EU Commission was not able to rouse itself to adopt comparable sanctions so that the borders remained open for Chinese steel being sold at artificially low prices. The effect was that European spot prices fell to a level that was even lower than anything seen at the height of the financial crisis. Therefore, a number of European steel manufacturers ran into serious economic difficulties as a result. The culmination of this development thus far was the announcement by the Indian Tata Group that they planned to sell off their steel business, which is plagued by high deficits.

In China itself, economic sentiment at the beginning of the Chinese New Year was comparatively positive, driven by encouraging remarks by the central government on the subject of economic recovery. Nevertheless, the development of the Chinese steel industry, including the main raw materials, continues to be highly volatile, in other words, without any clear direction. The effects of this environment on the steel business of the voestalpine Group have remained relatively moderate, as the activities of the Steel Division are all on a directly contractual basis with long-term customers and not on the spot market on one hand and on the other, are of a completely different quality than commodity products.

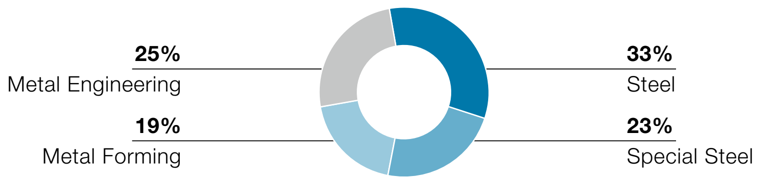
Business performance of the divisions

From voestalpine's perspective, demand for high-quality steel products remained at a solid level during the course of the year. Steel prices on the European spot market did come under increasing pressure due to the growing import volume of cheaper products, especially from China and Russia, and the decline of raw materials prices. Despite its orientation toward quality across the board and its focus on customer partnerships underpinned by long-term agreements, the Steel Division was not able to remain completely immune to the resulting extremely negative sentiment. Nevertheless, the division increased its earnings somewhat in 2015/16 compared to the previous year, due to the ongoing improvement of the product mix and the positive effects of the continuation of efficiency improvement and cost-cutting projects.

In a year-to-year comparison, the economic environment of the Special Steel Division in the business year 2015/16 lost momentum in some

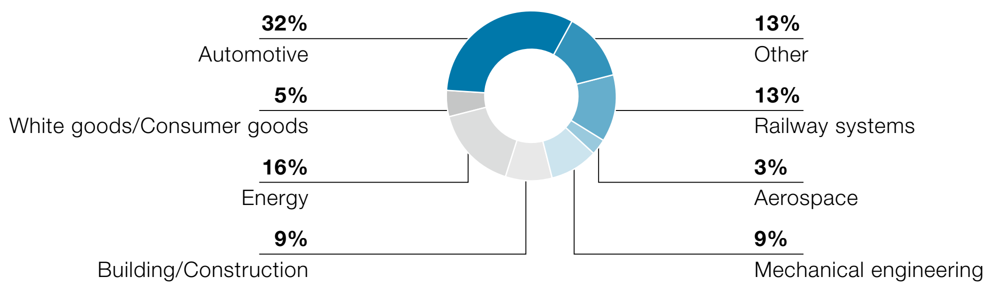
Revenue by divisions

As percentage of total divisional revenue
Business year 2015/16



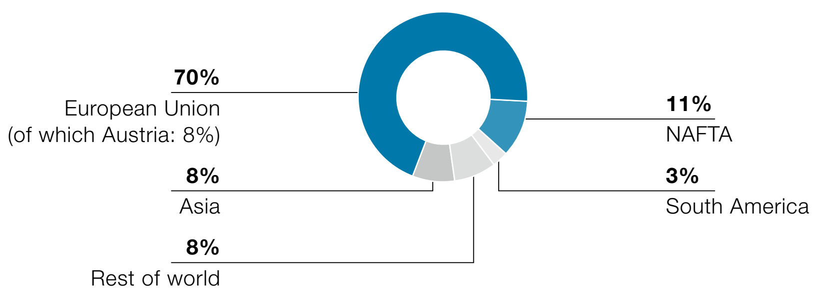
Revenue by industries

As percentage of Group revenue
Business year 2015/16



Revenue by regions

As percentage of Group revenue
Business year 2015/16



customer segments. Besides the power plant construction segment, which has been weak for years, there was a very considerable softening of demand from the oil and natural gas exploration and production sectors due to the oil price that has remained low. Incoming orders from the mechanical engineering industry were also marked by lower demand. However, there were positive impulses from the automotive and aerospace industries. Viewed regionally, economic momentum in Europe was modest, while business in Asia and North America in the most important customer segments continued at a satisfactory level in contrast to Brazil, where an end to the economic crisis is not foreseeable. Overall, the Special Steel Division reached an earnings level that was slightly below that of the previous year but reflects a very solid performance considering the difficult market environment.

The performance of the Metal Engineering Division in 2015/16 was characterized by outstanding progress in the railway systems sector, continuing momentum as far as demand from the automotive industry is concerned, but very diminished investment activity in the oil and natural gas industries due to the decline of the oil price. The negative trend was countered by comprehensive cost-cutting measures and adjustments in the personnel sector in the Seamless Tubes business segment as well as far-reaching restructuring measures in the Welding Consumables business segment. Due to the very steep drop in the energy sector, the adjusted earnings of the Metal Engineering Division in 2015/16 were somewhat below last year's figures.

The performance of the Metal Forming Division was very solid, characterized by continuing strong demand from the automotive industry (Automotive Body Parts), both in Europe and in the new locations in the USA, China, and South Africa. Global demand for high-bay and other racking systems (Warehouse & Rack Solutions business segment) was similarly gratifying. The picture for special sections (Tubes & Sections business segment) was somewhat more differentiated. In the past business year, this segment enjoyed moderate momentum in its core European markets and strong tailwinds from the British and North American markets, but the market environment in Russia, Brazil, and China remained challenging. The economic conditions with respect to precision strip (Precision Strip business segment) continued to be satisfactory despite increasing competition from emerging markets. Against this backdrop, the Metal Forming Division significantly surpassed the earnings figures (adjusted for non-recurring effects) in the previous year.

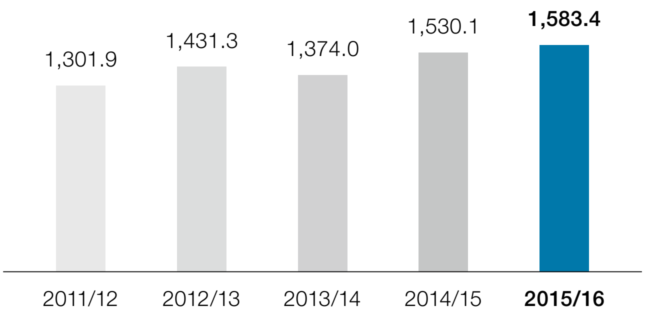
Report on the financial key performance indicators of the voestalpine Group

Revenue and operating result

In 2015/16, the revenue generated by the voestalpine Group was EUR 11,068.7 million, exactly 1.1% below the previous year's figure of EUR 11,189.5 million. The main reasons are the generally lower price level due to declining raw materials and pre-material costs in all four divisions as well as the streamlining in the Metal Forming Division in the business year 2014/15, which resulted in a drop in revenue of around EUR 100 million due to the sale of companies that were no longer relevant to the Group's core activities (Flamco Group and plastics companies, both in the Netherlands, and Rotec AB, Sweden).
Furthermore, the volume delivered was slightly below the previous year's level due to the (scheduled) major repair of blast furnace 5 in the Steel Division and in the Special Steel Division as a result of the substantial softening in the oil and natural gas sector. Expansion of investment, particularly in the Special Steel Division, supported revenue generation, as did the continuing development of internationalization activity in the Metal Forming Division. In the Metal Engineering Division, the companies acquired in the business year 2014/15 in the special wire

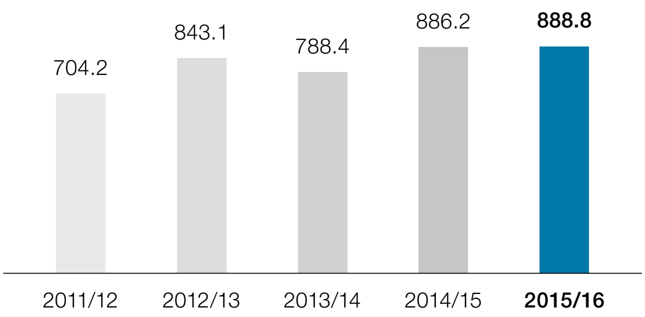
EBITDA

In millions of euros



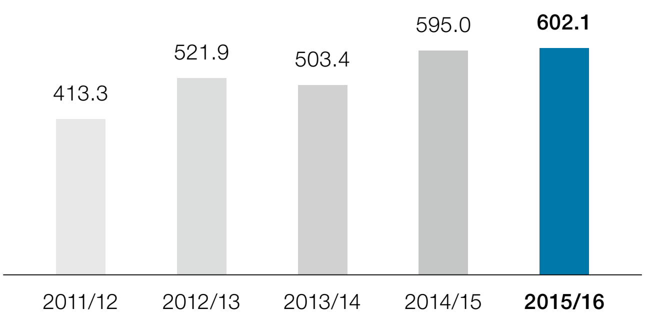
EBIT

In millions of euros



Profit after tax

In millions of euros



segment (Trafilerie Industriali S.p.A., now voestalpine Wire Italy s.r.l., Italy) and the turnout systems segment (Bathurst Rail Fabrication Center, BRFC, Australia), contributed to an increase in revenue in the past business year. The greatest contribution to a boost in revenue in this division in absolute figures, however, resulted from positive effects of the first-time consolidation of companies previously consolidated at equity (voestalpine Tubulars GmbH & Co KG, voestalpine Tubulars GmbH, both in Austria, and CNTT Chinese New Turnout Technologies Co., Ltd., China). This means that the Metal Engineering Division was the only division in the voestalpine Group that saw an increase in revenue in 2015/16.

The consolidated operating result (EBITDA) in the past business year rose by 3.5% to EUR 1,583.4 million (previous year: EUR 1,530.1 million), which corresponds to a reported EBITDA margin of 14.3% (previous year: 13.7%). However, the reported results contained substantial non-recurring effects both in the previous year and in the business year 2015/16. In 2014/15, the non-recurring effects resulting from divestments and other structural measures in the Metal Forming Division amounted to a total of EUR 61.9 million reported in EBITDA and EUR 45.2 million reported in EBIT. The current figures for the business year 2015/16 published in accordance with IFRS contain non-recurring income in connection with the change in the method of consolidation relative to the previously mentioned companies in the Metal Engineering Division amounting to EUR 137.6 million reported in EBITDA and EUR 74.4 million reported in EBIT (due in both cases to the required fair value measurement and the depreciation of the disclosed hidden reserves). This also includes the depreciation of intangible fixed assets relative to the hidden reserves disclosed when the method of consolidation was changed for voestalpine Tubulars GmbH & Co KG in the fourth quarter of 2015/16. This need to record an impairment adjustment was caused by the negative situation during the year, especially the prices for oil and natural gas, which have fallen significantly. Adjusted for all of these non-recurring effects (clean EBITDA), EBITDA declined slightly in a year-over-year comparison by 1.5% from EUR 1,468.2 million to EUR 1,445.8 million. The adjusted EBITDA margin remained unchanged at 13.1%. As far as earnings are concerned, the Steel Division and the Metal Forming Division both increased the (adjusted) earnings reported in EBITDA from 2014/15 to 2015/16. In both divisions, they are primarily the result of the broadly implemented cost optimization measures, as there was no substantial upward trend in their most important customer segments with the exception of the automotive industry. In the Metal Forming Division, contributions from internationalization activity also had a positive effect on earnings. The main reason for the decline in the operating result (EBITDA) in the Special Steel and Metal Engineering Divisions is the slump in the oil and natural gas sector, which affected both divisions with equal intensity.

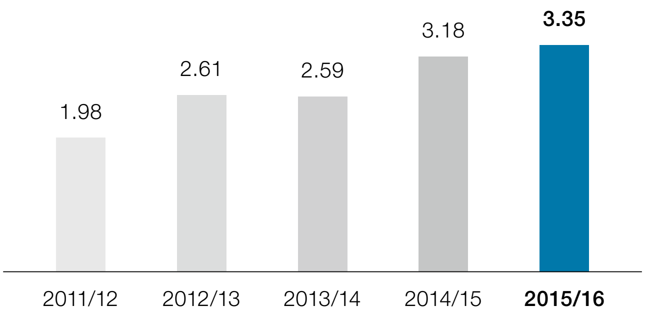
Based on the reported figures (i.e., including the non-recurring effects), at EUR 888.8 million, profit from operations (EBIT) in the business year 2015/16 was slightly higher than in the previous year (EUR 886.2 million), with the EBIT margin going from 7.9% in 2014/15 to 8.0% in 2015/16. After deducting the non-recurring effects, EBIT fell by 3.2% from EUR 841.0 million to EUR 814.4 million, resulting in a virtually stable EBIT margin of 7.4% (previous year: 7.5%).

Profit before tax and profit after tax

Based on the reported figures, profit before tax and profit after tax (net income) rose slightly in the past business year. Profit before tax, published in accordance with IFRS, increased by 1.7% from EUR 739.0 million in the business year 2014/15 to EUR 751.3 million in the business year 2015/16. Excluding non-recurring effects, which totaled EUR 45.2 million in 2014/15 and EUR 74.4 million in 2015/16, profit before tax dropped by 2.5% from EUR 693.8 million to EUR 676.8 million. In a year-to-year comparison, net interest charges fell by 6.6% from EUR 147.2 million to EUR 137.5 million due to the continuing decline of interest

EPS – Earnings per share

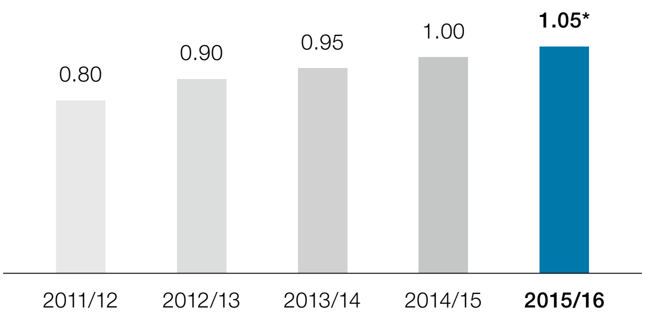
In euros



Dividend per share

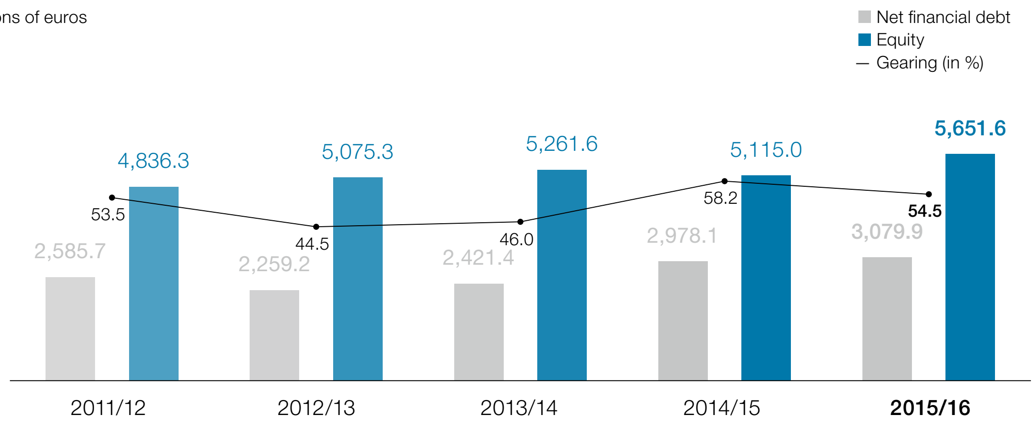
In euros

* As proposed to the Annual General Shareholders' Meeting.



Net financial debt – Equity – Gearing ratio

In millions of euros



rates. Profit after tax (net income) gained 1.2%, going from EUR 595.0 million to EUR 602.1 million. Adjusted for non-recurring effects, profit after tax decreased by 7.7%, going from EUR 552.6 million in 2014/15 to EUR 509.8 million in 2015/16. As most of the non-recurring effects in the previous year and all of the non-recurring effects in the current business year were not subject to taxes on earnings, the unadjusted tax rate was just under 20%. Adjusted for the non-recurring effects, the tax rate rose from 20.4% to 24.7% in a year-to-year comparison.

Proposed dividend

Subject to the approval of the Annual General Shareholders' Meeting of voestalpine AG on July 6, 2016, a dividend of EUR 1.05 per share will be paid to shareholders, an increase of 5.0% compared to the previous year's dividend of EUR 1.00 per share. Based on the earnings per share of EUR 3.35, this recommendation corresponds to a distribution ratio of 31.4%. Based on the average price of the voestalpine share of EUR 32.76 in the business year 2015/16, the dividend yield is 3.2%.

Gearing ratio

Despite record investment of more than EUR 1.3 billion in the business year 2015/16—due to largely finalizing important future-oriented projects—which resulted in a commensurate cash outflow, the gearing ratio (net financial debt in percent of equity) of 58.2% as of March 31, 2015 was reduced to 54.5% as of March 31, 2016. This trend shows that the high-tech/high-quality growth strategy that the voestalpine Group has been pursuing for many years is not mutually exclusive with sound financial management despite its high level of investment. The most significant factor was stable and solid development of earnings that made an increase of the equity base by a healthy 10.5% from EUR 5,115.0 million at the end of the business year 2014/15 to EUR 5,651.6 million as of the end of the business year 2015/16 possible. Despite the massive expansion in investment activity in the past twelve months, net financial debt rose only slightly by 3.4% from EUR 2,978.1 million as of March 31, 2015 to EUR 3,079.9 million as of March 31, 2016.

Cash flow

In the past business year, cash flow from operating activities was boosted substantially by 14.5% from EUR 1,119.9 million to EUR 1,282.2 million. While profit after tax remained virtually unchanged in comparison with the previous year, and net working capital was also maintained at a largely stable level, it was the non-cash items that were most significant in the increase of cash flows from operating activities. As a result of the considerable outflow of capital due to the previously mentioned high level of investment, cash flow from investing activities went up compared with the previous year to EUR −1,230.0 million (previous year: EUR −928.0 million); cash flow from consolidated financing activities came to EUR 261.1 million (previous year: EUR −289.6 million).

Based on the consolidated financial statements 2015/16, the voestalpine Group's key financial performance indicators again show a company that is on a solid footing and is actively tackling future challenges.

Quarterly development of the voestalpine Group

In millions of euros	1st quarter 2015/16[1]	2nd quarter 2015/16[1]	3rd quarter 2015/16	4th quarter 2015/16	BY 2015/16	BY 2014/15[1]	Change in %
Revenue	3,001.7	2,785.0	2,593.7	2,688.3	11,068.7	11,189.5	–1.1
EBITDA	526.6	365.5	315.2	376.1	1,583.4	1,530.1	3.5
EBITDA margin	17.5%	13.1%	12.2%	14.0%	14.3%	13.7%	
EBIT	368.4	206.7	151.9	161.8	888.8	886.2	0.3
EBIT margin	12.3%	7.4%	5.9%	6.0%	8.0%	7.9%	
Profit before tax (EBT)	328.2	176.4	123.9	122.8	751.3	739.0	1.7
Profit after tax[2]	289.5	131.3	87.7	93.6	602.1	595.0	1.2
Employees (full-time equivalent)	48,653	48,719	47,900	48,367	48,367	47,418	2.0

[1] Business year 2014/15, Q1 2015/16 and Q2 2015/16 retroactively adjusted.
Further details are given in the Notes to the consolidated financial statements 2015/16 under "B. Summary of accounting policies."
[2] Before deduction of non-controlling interests and interest on hybrid capital.

Quarterly development of the voestalpine Group adjusted

In millions of euros	1st quarter 2015/16[1]	2nd quarter 2015/16[1]	3rd quarter 2015/16	4th quarter 2015/16	BY 2015/16	BY 2014/15[1]	Change in %
Revenue	3,001.7	2,785.0	2,593.7	2,688.3	11,068.7	11,189.5	–1.1
EBITDA adjusted	389.0	365.5	315.2	376.1	1,445.8	1,468.2	–1.5
EBITDA margin adjusted	13.0%	13.1%	12.2%	14.0%	13.1%	13.1%	
EBIT adjusted	236.9	212.9	158.2	206.4	814.4	841.0	–3.2
EBIT margin adjusted	7.9%	7.6%	6.1%	7.7%	7.4%	7.5%	
Profit before tax (EBT) adjusted	196.7	182.6	130.1	167.4	676.8	693.8	–2.5
Profit after tax[2] adjusted	151.7	138.7	92.3	127.1	509.8	552.6	–7.7
Employees (full-time equivalent)	48,653	48,719	47,900	48,367	48,367	47,418	2.0

[1] Business year 2014/15, Q1 2015/16 and Q2 2015/16 retroactively adjusted.
Further details are given in the Notes to the consolidated financial statements 2015/16 under "B. Summary of accounting policies."
[2] Before deduction of non-controlling interests and interest on hybrid capital.

Significant events in the course of the year

Capital increase to expand the employee participation plan

On March 9, 2015, the Management Board of voestalpine AG resolved to exercise its authorization to increase the Company's share capital pursuant to Section 4 (2b) of the Articles of Incorporation and increase the share capital of voestalpine AG by around 1.45% by issuing 2.5 million new, no-par value bearer shares. The newly issued shares will ensure expansion and consolidation of the employee participation plan of voestalpine AG. The capital increase was approved by the Supervisory Board on March 26, 2015 and recorded in the Commercial Register on April 25, 2015 and is therefore effective as of this date. With this entry into the Commercial Register, the share capital of voestalpine AG rose to EUR 317,851,287.79 and is divided into 174,949,163 shares.

Changes in the scope of consolidation

Up to March 31, 2015, the companies voestalpine Tubulars GmbH, voestalpine Tubulars GmbH & Co KG, and CNTT Chinese New Turnout Technologies Co., Ltd. were included in the consolidated financial statements of voestalpine AG using the equity method; as the Group obtained control over these companies as of April 1, 2015, with the present consolidated financial statements, full consolidation is being applied.
For detailed information about these changes, please refer to the Notes, Chapter D. Acquisitions and other additions to the scope of consolidated financial statements.

Direct reduction plant in Texas, USA

The construction of the direct reduction plant in Corpus Christi, Texas, USA, is in the final stage. It will produce high quality HBI (hot briquetted iron/sponge iron) and will be the largest and most modern plant of its kind. HBI is created by reducing iron ore pellets (pre-concentrated ore) using natural gas. The use of natural gas, which is more environmentally friendly, instead of coke and state-of-the-art technologies for dust prevention and water treatment make the facility an international environmental benchmark.
The port facility was already completed in the first half of 2015/16. The 300-meter-long loading pier also has two unloading cranes, a ship-loading crane, and a conveyor system for ore and/or pellets and HBI. The (enclosed) pellet storage facility, which is the size of five soccer fields, was also completed on schedule. After the roof of the reduction tower, which is the core piece of the facility, was completed in January 2016, the current focus of activities has been the final installation of electrical systems, electronics, piping, and conveyor technology. The first parts of the facility have already been successfully tested. The new plant is scheduled to be commissioned in the summer of 2016.
In preparation for the launch of operations, a freighter carrying iron ore pellets arrived from Brazil in late April and was unloaded without any

complications. Once operation is fully up and running, around three million tons of pellets will be required to produce two million tons of high-quality HBI annually.
As far as sales are concerned, including voestalpine's own demand of around 800,000 tons annually, around 90% of the HBI production volume has already been reserved. The Austrian steel sites in Linz and Donawitz expect to be supplied with the high-quality pre-material from Texas, USA, beginning in the fall of 2016. From that point on, the new facility and its positive cost effects will make an important contribution to ensure the long-term viability of voestalpine's steel base in Austria.

Closure of voestalpine Arkada Profil

The process of closing voestalpine Arkada Profil, which is headquartered in Yartsevo, Russia, commenced as of the beginning of the 2016 calendar year. Even very rigorous operational and financial restructuring measures were ultimately not able to reestablish long-term prospects for the company. The original objective of this acquisition was to supply the Russian market with premium products in the special sections segment. However, as a result of the negative economic development in 2014 and 2015, there was ultimately no alternative to closure. In the meantime, the sale of machines, equipment, and inventory was successfully completed in the fourth quarter of 2015/16, and business activities were definitively discontinued. The company, which is part of the Tubes & Sections business segment, and its most recent staff of 193 employees generated revenue of EUR 13.1 million in the business year 2014/15.

Corporate Governance Report

The Corporate Governance Report for the business year 2015/16 was published on the voestalpine AG website under the heading "Investors."

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

Investments

Investment volume in the voestalpine Group in the past business year reached a new peak, as in 2015/16 a number of major future-oriented projects were either completed or were in the final implementation phase. In a year-to-year comparison, investments in 2015/16 were at EUR 1,310.9 million, 11.3% higher than in 2014/15 (EUR 1,177.8 million). The highest allocation of capital was to the Steel Division due to the construction of the direct reduction plant in Texas (USA), which is about to be commissioned. It is the largest-ever foreign investment made by the Group.

In addition to the investment in Texas, USA (see Chapter "Direct reduction plant in Texas, USA"), the Steel Division carried out a number of important projects during the business year 2015/16 at its production site in Linz, Austria. As a result, its investment expenditure rose compared with the previous year by 22.9% from EUR 570.6 million to EUR 701.1 million. The individual projects comprise both necessary maintenance and investment to optimize the division's technology leadership position as well as its product portfolio.

The focus of maintenance activities was the scheduled major repair of blast furnace 5. The four-and-one-half-month reconditioning process began in mid-June 2015. The blast furnace was put back into operation by the end of October 2015. A major repair of the second of the two smaller blast furnaces (blast furnace 6) is planned for the business year 2016/17. The scope and duration of the repair will be similar to the one just completed in the past business year. As part of the investment project involving secondary metallurgy system 4, a new ladle furnace was put into operation in the fall of 2015 as well as an additional vacuum system. The entire facility has been fully available since January 2016.

Technology expansion at the steel plant in Linz is being finalized with the new continuous casting facility (CC8), for which ground was broken last July. As of the end of the past business year, masonry construction work had been largely completed. Once the new facility is put into operation, which is planned for the fall of 2017, combined with secondary metallurgy system 4, the capacity for vacuum-treated steel will be more than 4.5 million tons or more than 80% of the entire steel production capacity. In the Heavy Plate business segment, the replacement of the entire quarto rolling stand was undertaken between mid-October and mid-November 2015; this was a future-oriented investment, particularly since the new rolling stand was largely developed by voestalpine itself.

In the business year 2015/16, the Special Steel Division increased its investment in a year-to-year comparison by 14.1% from EUR 159.3 million to EUR 181.7 million. In the early part of the business year, an additional electro slag remelting (ESR) system was put into operation at the Hagfors location in Sweden in order to satisfy increasing demand for premium tool steel primarily from Asia. The majority of the division's investment projects, however, were directed toward implementing the Special Steel Division's key strategy of dramatically expanding its service offerings. For example, in the Value-Added Services business segment, the sites in Kattowitz, Poland, Shanghai, China, and Cleveland, Ohio, USA, were substantially expanded; the investment focus was on expansion of heat treatment and processing capacity.

An additional focus was the roll-out of the high-tech Eifeler coating technology, with new coating centers being built in both Cleveland and Pune, India. In Singapore, a new branch was opened in the past business year that will focus on the oil and natural gas industries. The establishment of a center for additive manufacturing of components (3-D printing) in Düsseldorf was new territory from a technology standpoint. While the concept of this technology has already become familiar, the technology itself is still at the very beginning of its broad-based market entry phase. An important pillar is the division's metallurgical expertise in the production of high-quality powdered metal.

The investment expenditure of the Metal Engineering Division declined in a year-to-year comparison by 5.8% from EUR 269.0 million in the previous year to EUR 253.3 million. All of the division's recent major investment projects were either already successfully completed in the past business year or are currently in the run-up phase. For example, in January 2016, the new walking beam furnace, the core piece of the rail rolling mill, was already put into operation after a construction period of only 19 months. This high-tech facility, which is unique worldwide, makes it possible to not only considerably lower energy consumption but to produce products with narrower profile tolerances. In March 2016, a new manufacturing facility was opened in Suzhou, China, which will offer high-quality wire solutions for sophisticated customer applications; this plant has two drawing units for cold extrusion wire.

The division's current most significant project, both as far as investment volume and strategic importance are concerned, is the construction of a new, technologically extremely sophisticated wire rolling mill (including walking beam furnace) in Donawitz, Austria. The facility, which is currently in the run-up phase, will replace the current wire rolling mill, which was built in the 1980s, as soon as it has successfully completed the approval process. In the Seamless Tubes business segment, considerable investments were undertaken to expand and improve the quality of the product portfolio.

Investment activity in the Metal Forming Division in the business year 2015/16 showed a slight downward trend, with a decline by 1.4% from EUR 169.8 million to EUR 167.5 million. Investments, which were part of the comprehensive expansion and internationalization strategy, were focused primarily on the press-hardened steel segment ("phs-ultraform"), which is based on new technology. In the fall of 2015, the first such manufacturing facility outside of Europe was opened in Shenyang, China. In Cartersville, Georgia, USA, a facility of this type is currently in the start-up phase. This means that the Automotive Body Parts business segment has a total of eight "phs" lines for indirect hot forming of press-hardened steel in Europe, the USA, and China. In the past business year, direct hot forming of press-hardened steel based on "phs" technology also saw another future-oriented milestone with the construction of a pilot facility in Schwäbisch Gmünd, Germany. This first "phs" line for the direct process will begin operations in July 2016. On July 2, 2015, ground was broken for the second plant of voestalpine Europlatinen GmbH in Linz, Austria, as the existing plant has been close to reaching its capacity limits for some time. Construction took less than one year so that the new plant was able to recently begin operations earlier than scheduled. It produces laser-welded blanks that are used in the production of lightweight body components by the automotive industry.

Acquisitions

In the business year 2015/16, the voestalpine Group made a total of three acquisitions. Two of them were undertaken by the Special Steel Division in order to increase customer-specific value creation. With the acquisition of the companies Advanced Tooling Tek (ATT) in Shanghai, China, and the Sermetal Group, which is headquartered in Barcelona, Spain, the division further expanded its market leadership as a provider of special steel products for toolmaking and mold construction. The new sales and service centers will provide not only local production of special steel, but also the processing required by customers (sawing, milling, heat treatment). The main customers of these two companies are the automotive and electronics industries. With ATT, which has around 100 employees and which generated revenue of EUR 16 million in 2015, the Special Steel Division has taken over its long-standing local sales partner, thus taking its next step toward expansion on the Chinese market. Sermetal, a market leader on the Iberian Peninsula in the plastic mold steel segment, achieved revenue of around EUR 27 million in 2015 with its staff of 60.

With the acquisition of the US company Wickeder Steel Company, headquartered in Pleasant Prairie, Wisconsin, the Metal Forming Division has expanded its market presence in the USA in the segment of hardened special steel strip for high-quality applications (e.g., band saw blades for the food industry). The company specializes in the heat treatment and hardening of carbon steel for the production of saws, hand tools, and flap valves. The enterprise has a staff of 50 employees and generated revenue of around EUR 12 million in 2015.

Employees

As of March 31, 2016, the voestalpine Group had 45,046 employees (excl. apprentices and temporary employees). This corresponds to an increase of 1,882 persons (+4.4%) compared to the headcount on March 31, 2015. In addition, there are 1,377 apprentices and 3,389 leased employees, which adds up to a total of 48,367 FTEs. This represents a rise in headcount of 2.0% (or 949 FTEs) compared to the previous year.
The number of temporary employees rose in a year-to-year comparison by 12.6% (from 3,879 to 3,389 FTEs).
Due to the increasing internationalization of the Group in recent years, 51.7% of voestalpine's employees (23,286 persons) are now employed at international Group sites, i.e., outside of Austria in Europe and overseas, while 21,760 employees are working at Group companies in Austria.
As of the end of the business year, the voestalpine Group was training 1,377 apprentices (62.4% of whom were being trained at Austrian companies and 37.6% at international sites). Compared to the previous year, the number of apprentices has decreased by 30 persons or 2.2%.

Employee participation plan

Currently, all employees in Austria and Group employees in Great Britain, Germany, the Netherlands, Poland, Belgium, the Czech Republic, and Italy are integrated into the employee participation plan, which has been gradually expanded ever since its launch in 2001. The circle of employees from the Group's international locations participating in this model was again widened in the business year 2015/16.

As of March 31, 2016, roughly 24,100 employees have a stake in voestalpine AG through the voestalpine Mitarbeiterbeteiligung Privatstiftung; they hold about 23.3 million shares, which represent 13.4% of the company's share capital due to the general bundling of voting rights (previous year: 12.5% Therefore, the voestalpine Mitarbeiterbeteiligung Privatstiftung is one of the largest shareholders of voestalpine AG. About 1.9 million "private shares" owned by current and former employees (this corresponds to an additional 1.1% of the voting shares) are also managed by the voestalpine Mitarbeiterbeteiligung Privatstiftung. Thus, as of March 31, 2016, 14.5% of voestalpine AG's share capital (previous year: 13.6%) is owned by employees.

The Stahlstiftung (Steel Foundation) in Austria

The Stahlstiftung, which was established in 1987, provides former employees of voestalpine from almost all of the Austrian Group companies as well as employees from a number of companies outside the Group with the opportunity to take up to four years to complete training and continuing education courses to upgrade their skills or to start a new career path. This institution significantly mitigates the social consequences of lay-offs and the participants receive the best possible assistance in their search for a new job. In the business year 2015/16, more than 83% of the participants who were looking for work were able to find a new job with the help of the Stahlstiftung despite the difficult situation on the Austrian labor market.

As of the end of the business year, a total of 462 persons were being assisted by the Stahlstiftung, of whom 51.1% were participants from companies not belonging to the voestalpine Group. The total number of Stahlstiftung active members in the business year 2015/16 was 784, 7.4% above the previous year's figure (730 persons).

Focus of HR activities

Fairs

The voestalpine Group was represented at a number of career fairs in the past business year. The focus was on recruiting graduates of technical and scientific programs. voestalpine staff from technology fields and HR presented the Group at national student fairs as an attractive employer for entry-level employees. In accordance with the Group's globalization strategy, voestalpine's presence at career fairs, especially international ones, was expanded; furthermore, voestalpine was a sponsor at International Student's Day of Metallurgy in Aachen, Germany, in 2015. More than 200 students from 15 European universities took part in this three-day event. voestalpine also took advantage of the German-Chinese career fair Chinese Talent Days in Cologne and the GT Career Fair in Atlanta to present itself to Asian and American young talent as an international technology and capital goods Group with attractive career opportunities. At the same time, the international roll-out of the voestalpine job application management system continued, and, besides Austria and Germany, Sweden, the Netherlands, England, the USA and Canada, India, Brazil, South Africa, and Australia are now also using the system. A number of other countries will shortly be implementing this Group-wide instrument.

Awards for being an attractive employer

For the sixth consecutive time, voestalpine AG won the Austrian BEST RECRUITER prize in the category iron/metal industry and received the "Golden Seal" award. More than 500 Austrian companies were tested according to various criteria, such as career website, social media, online job ads, and how job applications are handled. In the trendence Graduate Barometer 2016, the largest employer study among Austrian students, voestalpine was ranked number 1 (2015: number 4) among budding engineers and computer scientists. In the area of business administration, the Group was ranked at an excellent number 6 (2015: number 7). In this study, more than 7,700 Austrian students majoring in business administration, IT, and engineering at 32 institutions of higher learning were questioned about their career plans and their employers of choice.

Apprentices and young skilled workers

At the WorldSkills 2015 competition in Sao Paolo, Brazil, the world championship of young skilled workers, the three participants from the voestalpine Steel Divison came home without one of the top prizes, however, because of their outstanding performance, they received a "Medaillon for Excellence."

The company invests about EUR 70,000 in the comprehensive three- or four-year training per apprentice. In order to communicate with this important target group even more efficiently and directly than before, the voestalpine website for apprentices was redesigned, and social media activities on Facebook, YouTube, Twitter, LinkedIn, Watchado, and Instagram were intensified.

In 2015, the Group company Böhler Edelstahl GmbH received the State prize "Best training companies – Fit for Future" as one of the three best training companies in Austria in the category "large-scale enterprises."

In October 2015, around 380 apprentices from Austria and Germany came together at the third voestalpine Group Apprentice Day in Linz, which provided the skilled workers of tomorrow and their trainers with a diverse program that enabled them to get to know each other and the company better.

The video contest for apprentices, which was conducted in the fall of 2014, was nominated for the

German Award for Online Communication in the category "Recruiting Campaign and Employer Branding" and achieved a placement among the top five.

The impressive number of young people who complete their apprenticeships confirms that the training costs are a worthwhile investment: 96.6% of the apprentices who took their final examination in the last business year passed. Of the Austrian graduates, 67.6% passed their final examination with the grade "good" or "excellent." For the apprenticeship year beginning in 2016/17, around 400 new apprenticeship positions are available in Austria and Germany alone. Currently, training for 50 vocational occupations is being offered at 39 sites. In the last business year, many schoolchildren and their parents took advantage of the "open house days" at a number of sites in order to personally gather information about training opportunities.

Development of executives

In the business year 2015/16, 228 participants from 31 countries took part in various training courses for executives (value:program) organized by the Group. The percentage of women was 15.4%. The value:program provides target group-specific training and continuing education programs for all management levels from junior management to mid-management and senior and top management. In addition to internal issues, focal points include topics such as strategy, change management, and leadership. In the business year 2015/16 alone, three new development programs were created. The requirements are met with a combination of face-to-face training and online course units.

Other development programs

Specific development programs were created or refined at the Group level for selected functions and regions to enhance competency as needed; some examples are the Purchasing Power Academy, the HR Academy, and the China Young Professional Training Program.

The further development portfolio for employees contains numerous other programs and training offerings at the divisional and business unit level.

Educational collaborations with universities

Each year, voestalpine enables students from Emory University (Atlanta, Georgia/USA) to participate in a ten-week internship. In exchange, students of the Johannes Kepler University in Linz, Austria, receive a one-year scholarship to Emory University.

On another educational track, students in the international MBA program "ACT – Austria, Canada, Taiwan," a joint study program of the Johannes Kepler University in Linz, the University of Victoria, Canada, and the National Sun Yat-sen University in Kaohsiung in Taiwan, take part in project work lasting several weeks at the Group's Linz location.

There are numerous ongoing collaboration projects with the University of Mining and Metallurgy in Leoben, Austria. They range from sponsoring commitments to create enthusiasm in young people about studying at the University of Mining and Metallurgy to voestalpine talks, a cooperative event with all student representatives, and participation in the student fair "teconomy."

Moreover, numerous voestalpine companies provide students with the opportunity to undertake internships or work on scientific papers in collaboration with the company. Currently, university students are working on around 115 theses and 90 dissertations in the voestalpine Group.

Raw materials

In the business year 2015/16, the price trend for the raw materials that are of primary importance for steel production was largely recessive, albeit not quite intensely as had been the case in the business year 2014/15, with the exception of prices for scrap and alloys. Iron ore, the most important raw material as far as volume is concerned, experienced a dramatic price decline in 2014 that was triggered by an extreme expansion of capacity by mine operators, who anticipated far too optimistic growth prospects in the global—and especially the Chinese—steel industry when making their projections.

The downtrend in the 2015 calendar year is, however, also the result of the fact that global steel production is down for the first time in many years. Two years ago, the price on the spot market for a ton of fine ore (CFR China) had still been at around USD 130, while in December 2015 it was under USD 40. Although the market dominance in the mining sector is concentrated among only a few companies—more so than in virtually any other sector—the price of iron ore fell by roughly 70% between January 2014 and December 2015. The major mining companies in Australia and Brazil reacted to this with massive cost-cutting programs and this—together with changes in currency parities and the drastic drop in the oil price—contributed to the reduction of the cost basis relating to mining and transport of iron ore. Operators of smaller and less profitable mines could not withstand the cost pressure and were forced to close their mines, at least temporarily. Notwithstanding these developments, in the first calendar quarter of 2016, the iron ore markets remained highly volatile. A combination of factors—a weakening of the US dollar, (assumed) improved growth prospects for the Chinese steel industry, and at the same time, unusually low inventories of steel—resulted in an increase of the iron ore price during the quarter by around 50% so that by the end of March 2016, it was at around USD 60, about the same level as at the beginning of the business year 2015/16.

In contrast to iron ore, the price decline of coking coal had begun by the early part of the 2011 calendar year and continued until the end of the business year 2013/14. The most significant factors were the additional supply of coal, especially from Mongolia, and the fact that there have not been any major production losses since the flooding in the coal mining areas in Australia in early 2011. After a phase of stability in the business year 2014/15, during which the spot market price for a ton of coking coal (FOB Australia) remained at around USD 110, in the past business year, it again weakened, fluctuating within the range of USD 80 to 90 per ton. The decline in the business year 2015/16 is due to the fact that China has largely become self-sufficient as far as coking coal is concerned and has drastically reduced imports. In this environment, it has become impossible for some US manufacturers to remain competitive so that, as a result, capacity has been removed from the market.

Price deterioration of coke has been similar both as far as volume is concerned and the time trajectory. In early 2011, the price of a ton of coke (FOB China) was still at USD 500. In the subsequent year, not only did the coke price drop dramatically, but also the difference to the price of coking coal. As a result, by the end of the last business year, the price of a ton of coke had plummeted to USD 115.

The price of scrap fell to a similar extent as iron ore, although the decline began somewhat later; by the summer and fall of 2015, it had plunged to EUR 165 (type E3, Germany) per ton, from USD 240 per ton at the beginning of the business year.
Procurement costs for the most important alloys, which are a significant cost factor particularly in the Special Steel Division, also went down substantially in the business year 2015/16. Declines in price, especially for molybdenum, vanadium, and chromium, have ranged between 20% and 30% within the course of a single year. The price of nickel, the cost of which is the most expensive item in the alloy portfolio, has dropped in the same period of time by almost one third.

Research and development

With research and development expenditure amounting to EUR 131.8 million in the business year 2015/16, the voestalpine Group continues to be the most research-intensive Austrian company. The focus in the past business year was on the industries with the largest growth potential, namely mobility and energy, and on sustainability and environmental compatibility. This figure represents a rise in R&D expenditures of EUR 5.1 million, or 4.0%, in comparison to the previous business year (EUR 126.7 million); this new record figure once again underscores the significance of this sector for the future of the Group as a whole. In a year-over-year comparison, the research ratio (proportion of R&D expenditures in relation to revenue) rose from 1.1% to 1.2%; the R&D coefficient (funds measured in terms of value creation) went down from 2.8% to 2.7%.

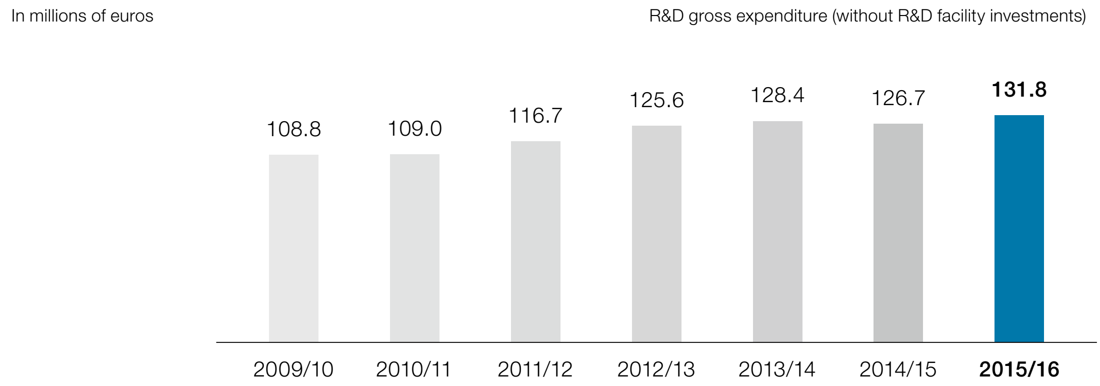
Modern high-tech steel products, such as those manufactured by the voestalpine Group, are based on intensive application-oriented research and the close connection and collaboration between science and business. Long-term R&D partnerships with both university and non-university research institutions are key for modern innovation and are therefore an essential component of the voestalpine business model. The voestalpine Group is cooperating on an ongoing basis with around 80 scientific partners worldwide. Of course a number of important partners are located in Austria, primarily the Johannes Kepler University in Linz, the University of Mining and Metallurgy in Leoben, and K1-MET GmbH, which is one of voestalpine's more recent partners.

The main fields of research of the competence center K1-MET are new steel manufacturing technologies, optimization of existing product processes, raw materials efficiency in metallurgy, and the minimization of energy consumption and emissions. The fields of research, in which voestalpine is collaborating intensively and successfully with the Johannes Kepler University Linz comprise the broad area of mechatronics, various issues connected to process modeling, particularly in the areas of continuous casting and rolling, interface chemistry, and surface and interface analytics. The focus of the decades-long collaboration with the University of Mining and Metallurgy in Leoben is process development and application-oriented basic research. voestalpine is also supporting two relatively newly endowed professorships at the Technical University Graz, one on the subject of data science, which focuses on Big Data management and integration oriented toward smart production applications, while the other is on the subject of aerospace, with a focus on innovative materials and manufacturing technologies.

The voestalpine Steel Research Prize, which was endowed for the first time in 2015 in collaboration with the University of Mining and Metallurgy in Leoben and ASMET, was awarded to a voestalpine employee, Ronald Schnitzer, for his excellent dissertation. He also applied for the position of Chair for Steel Design endowed by voestalpine at the University of Mining and Metallurgy in Leoben and received the appointment. The voestalpine Steel Research Prize is awarded to young researchers from academia or business for outstanding research work relative to metallurgy, materials science, processing technology, and their application.

Mobility is not only a core growth field but also a central driver of innovation within the Group. Based on its combination of materials and processing expertise, the breadth of which is unique, the voestalpine Group, with its high-quality products, is seen as a premium partner by exacting customers in the mobility segment. In the railway infrastructure segment, it is the global market and technology leader in all high-tech applications.

Research expenditure for the voestalpine Group



In order to not only maintain this position in the future but to expand it, innovation and the collaboration with external research partners is absolutely essential. An example is the European research initiative Shift2Rail, where cooperation is being stepped up. In preparation for this initiative, leading Austrian companies in the area of railway technology have come together and formed the Virtual Vehicle Austria Consortium+. In late 2015, the consortium was selected to participate in the research project Shift2Rail, the first and only European initiative for focused research and development of market-oriented railway solutions, with the objective of integrating new technologies into innovative products for rail transport more quickly than before.
The field of aerospace is another important and research-intensive market segment of the future for the voestalpine Group. Engine components, engine mounts, fuselage sections, and landing gear of aircraft have to withstand enormous stresses. Additionally, manufacturers seek to reduce the empty weight of the aircraft of each new airplane model for both ecological and economic reasons. Only selected materials can meet these requirements. Therefore, companies of the Special Steel Division are using increasingly sophisticated titanium alloys and new solutions for high-alloy steel and nickel-based alloys and are developing and optimizing the forging processes that are necessary to achieve this.
In the automotive sector, where requirements for lightweight construction are becoming more and more stringent, the future requires an optimum mix of various metallic materials. While aluminum has an advantage vis-à-vis steel purely on the basis of weight, decreased formability, higher cost, and higher energy consumption in primary production represent significant disadvantages. Therefore, the Metal Forming Division, which is focused on automotive components, is pursuing a differentiated approach: in the hang-on area of automotive production, i.e., where doors and hatches are attached, aluminum is increasingly

used, especially by premium manufacturers, while in the structural area, steel clearly offers better prerequisites. Increasingly stronger AHSS-HD steel (advanced high strength steel with improved forming qualities) and phs-ultraform®, both developed by voestalpine, are being used here. Today, the Metal Forming Division has become a technological pioneer in the complex area of aluminum forming. At one of its German sites, the very sophisticated process of cold forming aluminum has become a standard technique.

Electrical steel strip with special coating that can be processed into electrical steel strip packages was developed in recent years in a joint Group project by the Steel and Metal Forming Divisions. The complex and technologically very sophisticated component for highly efficient electric motors has already been introduced on the market. This enables high performance density of motors and generators, exactly what will be required in the future for the comprehensive optimization in the field of energy efficiency.

Extracting oil and gas from great depths and aggressive environments requires high quality pipes. With this perspective in mind, the Metal Engineering Division is constantly working on new ultra-high-strength and sour gas-resistant steel for seamless tubes. Furthermore, threads with ever greater torque and improved density are being developed and increasingly also threads that do not need coatings that harm the environment.

Offshore operations of the oil and natural gas industries, such as platforms, jack-up rigs, and underwater pipeline systems are exposed to low temperatures, high pressure and a very corrosive environment. This is precisely where voestalpine high-strength heavy plate is used. In order to connect individual parts, special welding consumables are needed to enable connections that hold under the most extreme conditions. In a cross-divisional project involving the Steel and the Metal Engineering Divisions, knowledge and experience are shared with regard to materials development and processing in order to provide unique added value for customers—coordinated steel and welding expertise from a one-stop provider. With the assistance of voestalpine Grobblech GmbH, voestalpine Böhler Welding Group has been developing welding consumables that fully satisfy the constantly growing requirements with respect to higher strength and increasingly extreme temperature stress.

The important topic of further development of steel production processes toward even greater efficiency, flexibility, and cost optimization is increasingly represented by the concept of Industry 4.0. This means that seeing the production of steel and finished steel products to an ever greater extent as a complete, controlled process across the entire value chain, where the individual process steps are connected, combined, and coordinated with one another to the highest degree possible. Process simulations of metallurgical process engineering and forming technology as well as the development of model-based systems management have created the foundation for this. Building on that, the new Group-wide Industry 4.0 platform was defined during this year's "Synergy Platform," the Group-wide researcher conference, in Linz. Its objective is to make all of voestalpine's activities on the topic of smart production evident for all potential users within the Group, to make connections, to identify synergies, to learn from one another, and ultimately to broadly implement these ideas in advance of the competition in accordance with our motto "one step ahead."

Environment

Environmental expenditures

In the business year 2015/16, environmental data management was significantly expanded. In addition to the previously reported emission-intensive Austrian Group sites, a number of other, primarily international, production companies and their facilities and systems were included for the first time. Environmental investment therefore increased compared with the previous year from EUR 43 million to EUR 55 million. There was also a slight increase in investment relative to previously included Austrian sites of EUR 5 million to EUR 47 million. Due to the expansion of the group of companies covered in the reporting, the ongoing costs of operation for environmental systems also rose from EUR 222 million to EUR 237 million, with the Austrian sites remaining at the previous year's high level.

Environmental projects: highlights

Now that the Austrian Energy Efficiency Act, EEA *(Bundes-Energieeffizienzgesetz, EEffG)* came into effect at the beginning of 2016, utility companies must substantiate their energy savings by committing to appropriate efficiency measures at the consumer end. The voestalpine Group has complied with these requirements at all of its Austrian Group locations fully and on time. Simplified administrative procedures in connection with the implementation of the law will, however, be taken into consideration in the amendment that is currently under discussion.

The EU Industrial Emissions Directive, which is currently being implemented, affects a number of Group locations. For example, IPCC (Integrated Pollution Prevention and Control) facilities are subject to periodic environmental inspections. In the inspections carried out thus far of the facilities in question, no defects of a material nature were found. Furthermore, the directive regulates the prevailing state of the art of processes, facilities, and methods of operation, which is periodically defined in the BREFs (Best Reference Documents) and/or BAT (Best Available Techniques) conclusions. Today, voestalpine already meets the new standards that will not apply until the 2017 calendar year so that no material adaptations will be necessary.

A central focal point relating to sustainability, which will be significant in the long term, is a number of activities across the entire Group with regard to Life Cycle Assessment (LCA). This is understood as the comprehensive ecological product and process assessment of materials over their entire life cycle, from production through use to recycling. In addition to participation in the concrete definition of measurable and practice-oriented regulations, norms, and standards, both at the European and the international level, currently, a number of concrete LCA projects are being carried out with selected customers, for example, from the automotive and construction industries.

In the Steel Division, numerous additional systems were optimized in the past business year as part of a sophisticated environmental program to

further lower emissions (for example, by using fewer reducing agents) and to further improve energy efficiency (including sharply focused measures in the areas of transport and logistics).
In order to consistently implement the Group's high ecological standards outside of Europe as well, an environmental management system in accordance with ISO 14001 is currently being established at the new location in Corpus Christi, Texas, USA. The new direct reduction plant is considered an environmental benchmark as far as the facility's technology is concerned. In addition to the use of the best available technologies to minimize air and water emissions, a briquetting plant processes filter dust and any ferrous production residue and recycles it back into the process (zero waste production with maximum raw materials efficiency).

Numerous environmental measures with similar objectives were also implemented in other divisions. For example, besides ongoing process optimization, the Special Steel Division completed a number of projects to improve energy efficiency (for instance, to curtail natural gas consumption) and to reduce air emissions, such as the new combustion facility at the site in Kapfenberg, Austria; a new dust removal system was installed at the electric-furnace steel plant in Wetzlar, Germany.

During its planning process for the new wire rolling mill in Donawitz, Austria, the Metal Engineering Division took comprehensive measures to lower energy consumption. For example, a new cooling system for the electrical buildings and transformer compartments was installed for the new rolling mill, with an even more energy-efficient combination of cooling water, a free-cooling system, and compression cooling. At the steel production plant in Donawitz, there will be substantial energy savings due to the newly developed cooling system for the walking beam furnace in the future; an integrated heat exchanger concept has been implemented that will also heat workshops and office space by way of a secondary circuit.

In the Metal Forming Division, three briquetting presses were installed at the site in the Austrian town of Kematen; they will make it possible to recycle the grinding dust, which is a valuable raw material due to its high iron content.

Current environmental topics

Global climate protection

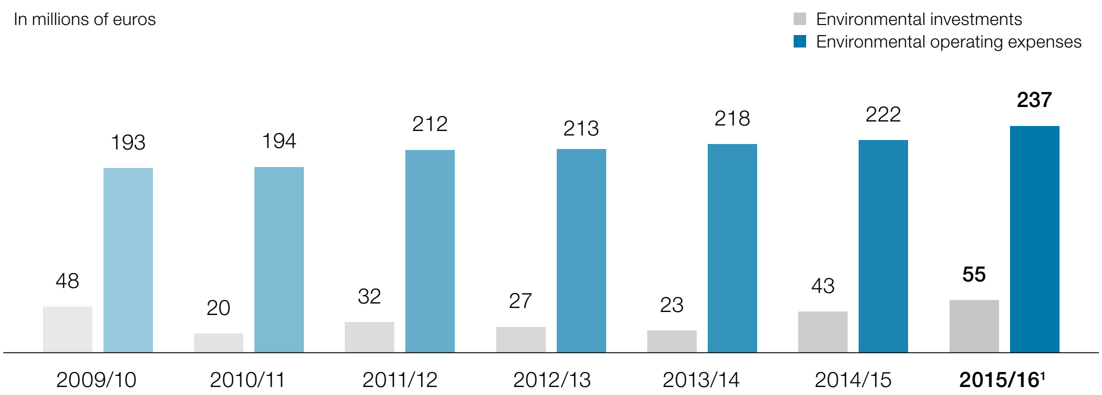
In late 2015 in Paris, the international community agreed on a new UN global climate accord that will replace the previous Kyoto Protocol. A final assessment, however, to what degree this will actually be the case cannot be made as yet. This was an initial step toward the creation of a global climate protection framework that includes all emitters of greenhouse gases; whether or not, however, this will be an agreement that will be binding and comparable for all nations with fair competitive conditions for all market participants, as—not only—European industry hopes, is still uncertain because the most significant pillars of the agreement have not yet been concretely defined and the accord itself has not yet been ratified.

European level

In the European Union, the process to ratify the global climate accord (which must take place both in accordance with the laws of the European

Union and at the national level of the member states) began formally in March 2016. The EU's commitments related to climate change are identical with the well-known "2030 goals" (CO_2 reduction by 40% compared with 1990).
The framework strategy for the concrete implementation of this ambitious program is the European Energy Union, which will connect and coordinate the main aspects of energy, climate, competition, and innovation policies. The EU Commission is planning to submit concrete recommendations for the legal implementation of this package by the spring of 2017.
The commission's first draft for the planned EU emissions trading system for the trading period 2021 to 2030 has been available since the summer of 2015. From voestalpine's perspective, however, the draft is problematic insofar as it stipulates yet another cutback of the overall number of certificates as well as another substantial reduction of the benchmark figures for the free allocation of certificates. Broadly based political negotiations regarding reform and the position of Austria in the EU Council are currently taking place. voestalpine's view is unchanged that the key demands of 100% free allocation for the best performers based on real production benchmark figures, which are technically realistic, as well as adequate protection measures against carbon leakage be taken into consideration.

Environmental expenditures



[1] In the business year 2015/16, in addition to the emission-intensive Austrian Group sites, a number of other, primarily international, production companies was included. Based on the previously included Austrian sites, environmental investment rose by EUR 5 million from EUR 43 million in 2014/15 to EUR 47 million in 2015/16.

Report on company risk exposure

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

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

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

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

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

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

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

Availability of raw materials

In order to ensure the supply of the required quantity and quality of raw materials and energy, the voestalpine Group has for some years maintained an appropriately diversified procurement strategy that is required due to the increased risks encountered in the recent past (mine closures, capacity adjustments, uncertainties associated with the energy transition or energy paradigm shift). Long-term relationships with suppliers, the expansion of the Group's supplier portfolio, and the development of its self-sufficiency are the core elements of this strategy, which is becoming increasingly important in view of the trend toward higher volatility on the raw materials and energy markets, and will continue to determine the company's actions. (For more details, please refer to the "Raw Materials" chapter of this Annual Report).

Guidelines for hedging raw materials price risk

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

CO_2 issues

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

Failure of IT systems

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

Failure of production facilities

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

Knowledge management

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

Risks in the financial sector

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

Financing risks are hedged using the following measures:

Liquidity risk

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

Credit risk

Credit risk refers to financial losses that may occur through non-fulfillment of contractual obligations by individual business partners. The credit risk of the underlying transactions is minimized to a large degree through credit insurance and bankable securities (guarantees, letters of credit). The default risk for the Group's own remaining risk is managed by way of defined processes of credit assessment, risk evaluation, risk classification, and credit monitoring. As of March 31, 2016, 78% of voestalpine's trade receivables were covered by credit insurance. Counterparty credit risk in financial contracts is managed by way of daily monitoring of ratings and any changes in the CDS levels (credit default swap) of the Group's counterparties.

Currency risk

The primary objective of foreign currency risk management is to create a natural hedge (cross-currency netting) within the Group by bundling cash flows. The Group implements hedges centrally by means of derivative hedging instruments through the Group Treasury. voestalpine AG hedges budgeted (net) foreign currency payment flows for the next twelve months. Longer-term hedging is only carried out for contracted projects. The hedging ratios are between 50% and 100% of the budgeted payment flows for the next twelve months.

Interest rate risk

voestalpine AG conducts the interest rate risk assessment centrally for the entire Group. This assessment specifically manages cash flow risk (the risk that interest expenses or interest income will undergo an adverse change). As of the reporting date of March 31, 2016, a hike of the interest rate by one percentage point will result in an increase of the net interest expense by EUR 8.6 million in the next business year. This is, however, an assessment of risk potential on the reporting date, and it can be subject to significant fluctuations over time. As voestalpine AG maintains a liquidity reserve to ensure availability of liquidity, it has interest-bearing investments. In order to avoid interest rate risk stemming from these investments, interest rate exposure on the asset side—expressed by way of the modified duration—is coupled with interest rate exposure on the liability side (asset-liability management).

■ Price risk

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

■ Compliance risks

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

■ Uncertainties stemming from legislation

Goodwill amortization under Austrian tax law

With its decision of January 30, 2014, the (Austrian) Higher Administrative Court *(Verwaltungsgerichtshof)* directed a request for a preliminary ruling to the Higher Administrative Court of the European Court of Justice (EUGH – VwGH) 30/1/2014, EU 2014/0001-1 (2013/15/0186). Among other issues, this request contained the question of whether, when acquiring a domestic equity interest, goodwill amortization constitutes State aid within the framework of group taxation in Austria as defined by Art. 107 (1) 1 of the Treaty on the Functioning of the European Union (TFEU). Pursuant to the decision of the ECJ dated October 6, 2015, C-66/14, the question of whether this constitutes State aid is not connected in any way to the subject of the original dispute and is therefore inadmissible. Subsequently, with its ruling dated February 10, 2016, 2015/15/0001, the Higher Administrative Court decided that this did not constitute prohibited State aid. Thus, the risk of a reversal no longer exists.

Energy tax rebate in Austria

With regard to the Austrian energy tax rebate, the Austrian Federal Tax Court *(Bundesfinanzgericht)* has submitted a request for a preliminary ruling to the ECJ (Federal Tax Court 10/31/2014, RE/5100001/2014). As a result of the amendment of the Energy Tax Rebate Act *(Energieabgabenvergütungsgesetz)* with the Budget Accompanying Act 2011 *(Budgetbegleitgesetz),* which applies to periods after December 31, 2010, the energy tax rebate was restricted to manufacturing companies. The questions submitted concern the violation of obligations under the General Block Exemption Regulation *(Allgemeine Gruppenfreistellungsverordnung, AGVO),* absent environmental protection measures in the rebate regulation, and the absent temporal restriction of the exemption. According to the statement of the European Commission and the concluding motions of the Advocate General, the stipulated law does not meet the formal requirements of European law in order to be exempted from the State aid notification requirement. If the ECJ adheres to this legal opinion, the required approval of the European Commission would not be granted and the energy tax rebate would have to again be extended to service providers. According to the current status of this proceeding, no negative consequences are anticipated for voestalpine AG.

Economic and financial crisis

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

These measures are in particular targeted at

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

Concrete measures to eliminate or minimize the risks previously identified within the voestalpine Group have been developed and implemented. These measures are aimed at reducing potential losses and/or minimizing the likelihood of losses occurring.
It can be stated that, from today's perspective, the voestalpine Group is exposed to limited, manageable risks that do not threaten the continuation of the Group as a going concern. There is no indication of any risks that endanger the future survival of the Group.

Report on the key features of the Group's internal control and risk management systems with regard to accounting procedures

In accordance with Section 243a (2) of the Austrian Commercial Code *(Unternehmensgesetzbuch, UGB)* as amended by the Austrian Company Law Amendment Act of 2008 *(Unternehmensrechts-Änderungsgesetz, URÄG)*, companies whose shares are traded on the regulated markets must describe the key features of their internal control and risk management system with regard to accounting procedures in their management reports.

It is the responsibility of the Management Board to establish a suitable internal control and risk management system for accounting procedures pursuant to Section 82 of the Austrian Stock Corporation Act *(Aktiengesetz, AktG)*. Therefore, the Management Board of voestalpine AG has adopted guidelines that are binding for the entire Group.
In line with the decentralized structure of the voestalpine Group, the local management of each Group company is obligated to establish and refine an internal control and risk management system for accounting procedures that meets the requirements of that individual company and ensures compliance with existing Group-wide guidelines and regulations.

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

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

In preparing the consolidated financial statements, the data for fully consolidated entities is transferred to the unified Group consolidation and reporting system.
The unified Group accounting policies for recording, posting, and recognition of commercial transactions are regulated in the voestalpine consolidated financial statements handbook and are binding for all Group companies.

On one hand, automatic controls built into the reporting and consolidation system, together with numerous manual reviews on the other, are implemented in order to avoid material misstatements to the greatest extent possible. These controls extend from management reviews and discussions of income and expenses for each period through to the specific reconciliation of accounts. The summarizing presentation of how the Group reports its accounting processes is provided in the voestalpine AG controlling handbook.
The accounting and controlling departments of the individual Group companies submit monthly reports with key performance indicators (KPIs) to their own managing directors and heads of the divisions, and, after approval, to the holding division Corporate Accounting & Reporting to be aggregated, consolidated, and reported to the Group Management Board. Quarterly reports include additional information, such as detailed target-performance comparisons, and follow a similar process. Quarterly reports are submitted to the Supervisory Board, Board, or Advisory Board of each Group company and a consolidated report is submitted to the Supervisory Board of voestalpine AG.
As with operational risks, accounting procedures are also subject to Group risk management. In this context, possible risks regarding accounting are analyzed on a regular basis, and measures to avoid them are taken. The focus is placed on those risks that are regarded as fundamental to the activities of that company.

Compliance with the internal control system, including the required quality standards, is monitored on an ongoing basis in the form of audits at the Group company level. The Internal Audit department works closely with the responsible Management Board members and managing directors. The Internal Audit department reports directly to the CEO and submits reports periodically to the Management Board and, subsequently, to the Audit Committee of the Supervisory Board of voestalpine AG.
The control systems and their Group-wide implementation are also subject to audit procedures by the auditor within the scope of preparation of the annual financial statements to the extent that these control systems are relevant to the preparation of the Group's consolidated financial statements and to a true and fair view of the Group's financial position.

Disclosures on capital, share, voting, and control rights and associated obligations

As of March 31, 2016, the share capital of voestalpine AG amounted to EUR 317,851,287.79 and is divided into 174,949,163 no-par value bearer shares. There are no restrictions on voting rights (1 share = 1 vote). voestalpine AG is unaware of any agreements among its shareholders or between its shareholders and third parties that restrict voting rights or the transfer of shares.
Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG, Linz, as well as the voestalpine Mitarbeiterbeteiligung Privatstiftung (a private foundation for the Company's employee participation plan), Linz, each hold more than 10% of the Company's share capital. Oberbank AG, Linz, holds more than 5% (and less than 10%) and Norges Bank (Norwegian Central Bank) holds more than 4% (and less than 5%) of the Company's share capital.

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

With regard to the Management Board's powers that are not derived directly from applicable statutes, such as the purchase of the Company's own shares, authorized or contingent capital, reference is made to item 17 (Equity) of the notes to the consolidated financial statements 2015/16.

The hybrid bond issued in March 2013 with a volume of EUR 500 million, EUR 500 million fixed-interest securities 2011–2018, EUR 500 million fixed-interest securities 2012–2018, EUR 400 million fixed-interest securities 2014–2021, the promissory note loans in the amount of a total of EUR 687.5 million and USD 100 million, and the syndicated loan executed in March 2015 in the amount of EUR 900 million (used for general corporate purposes and to refinance the syndicated loan 2011; of which EUR 600 million is being used as a revolving credit facility to ensure liquidity) and bilateral loan agreements amounting to EUR 526 million and USD 399.5 million contain so-called change-of-control clauses. With the exception of the hybrid bonds, according to the terms of these financing agreements, the bondholders or the lending banks have the right to demand redemption of their bonds or repayment of their loans if control of the company changes. Under the terms and conditions of the hybrid bond issue, the fixed interest rate (interest rate during the fixed-interest periods) and/or the margin (interest rate during the variable interest periods) go up by 5% 61 days after a change in control occurs. voestalpine AG has the right to call and redeem the bonds no later than 60 days after a change in control. According to the terms and conditions of the aforementioned bond and financing agreements, control by voestalpine AG changes when a controlling interest within the meaning of the Austrian Takeover Act *(Übernahmegesetz)* is acquired by another party.

The Company has no compensation agreements with the members of the Management Board, Supervisory Board, or employees in the event of a public tender offer.

Outlook

"Looking back at the past business year 2014/15, it must be stated that the expectations at the beginning of the year, namely, a transition of the global economic trend from its crisis mode, which has now lasted for five years, to a broad-based upwards trend have once again not been fulfilled. Apart from the USA and Mexico, a few countries in Southeast Asia, and individual European countries, reality ultimately fell far short of the original hopeful predictions, just as it had in previous years."

One would be hard put to find a better description for the past business year if this were not already the description of the previous year in the Annual Report, as one can see from the year mentioned—2014/15. Once again, it is all too clear how far removed not just the European economy, but the entire global economy is from what used to be seen as "normal" economic development—even seven years after Lehman.

The economic conditions at the beginning of the business year 2016/17 make an improvement of the global economic situation in the short term unlikely. This is also reflected in the most recent economic forecasts by a number of economic institutions, such as the International Monetary Fund and the OECD. Apart from the economic factors, a sustainable economic recovery would require a deescalation of the political troublespots throughout the world, particularly those in the Middle East and Africa. However, there are very few indications that this will indeed occur. The fact that those regions that drove the growth of the global economy in recent years have lost some of their momentum has more direct economic effects. This applies particularly to China, but also to the USA, whose weaker growth cannot realistically be compensated by increasing economic momentum in India and a certain recovery in parts of Europe. No economic growth can be expected in the course of this year from Brazil and Russia, which are both in economic crisis.

Despite this overall difficult environment, since the beginning of 2016, there have been indications that the economic situation will ease up somewhat in the course of the year. This includes a certain stabilization of raw materials prices, primarily the oil price, as well as a significantly more stable global foreign exchange system and continued strong development of the automotive industry. In the second half of the year, the first positive effects of the new Chinese five-year plan and the corresponding economic stimulus measures by the Chinese central bank could take effect. In Europe, the measures initiated by the EU Commission to stimulate the economy and the measures to promote growth by the European Central Bank are already making themselves felt more strongly in 2016 than had been the case in the previous year.

What kind of trend to expect as far as demand is concerned in the course of the business year is very different for the individual industrial segments. In the automotive industry, the most important revenue segment of the voestalpine Group by far, a stable trend with regard to demand is expected to continue at a high level worldwide. The situation in the railway infrastructure sector is more highly differentiated, although it is fundamentally positive as it is driven by satisfactory demand in Europe and China. However, there are regional segments with weaker demand, for example, the heavy-haul railways in the raw materials sector. The aerospace industry continues to demonstrate a strong, positive trend. While it is the smallest sector in the Group with regard to revenue and sales volume, it is also the sector showing the greatest level of growth in the mobility sector whose customer portfolio generates almost 50% of the Group's revenue.

The energy sector, which accounts for about 15% of voestalpine's revenue, is far more challenging. The direction this sector will take as the business year continues is very difficult to foresee. Conventional energy generation (construction of power plants and energy engineering) in Europe finds itself in a permanent restructuring process as a result of the severe drop in demand associated with the so-called energy transition; rising demand is limited to emerging markets, particularly China and India, which have now become largely autonomous as far as plant engineering is concerned. The oil and natural gas market, which had come apart at the seams in 2015 as a result of a massive global glut, has most recently showed some cautious consolidation tendencies with regard to prices. If and to what extent there will be an actual revival of facility and equipment investment during the new business year is still up in the air.

Economic development in the consumer goods, white goods, and electrical industries is stable at a solid level overall, albeit not particularly spectacular, while demand in the mechanical engineering sector is significantly more volatile, although a positive trend—not only in Europe—has been noticeable most recently. The performance of the construction industry, which is important for the overall development of the economy but is only marginally relevant for the voestalpine Group, differed widely not only from a global perspective but also when viewed from a narrower European viewpoint. Currently, attempts are being made especially in Europe, but most recently in China as well, to undertake government stimulus measures to step up growth momentum in this sector.

Since the summer of 2015, the specific problems of the steel industry resulting from a general weakness in the economy and massive overcapacity in the industry itself are being dramatically exacerbated—not only in Europe but in other regions as well—by sharply increased exports at dumping prices from a number of countries, notably China. The voestalpine Group has remained comparatively unscathed by this development due to its high-tech/high-quality strategy, which it has practiced for more than 15 years and its downstream strategy that builds on that, which it has also implemented over the same period. This special position, which comes into play especially in challenging times, is the result of the fact that today, around 70% of voestalpine's revenue comes from the advanced capital goods sector, such as complete turnout systems for high-speed railway lines, complex automotive components, and sophisticated aerospace parts. But the remaining 30% of revenue is also generated by high-quality steel products, which differ dramatically from the commodities sold on the spot market and which are sold exclusively through direct and long-term contractual relationships with end customers. The Group's positioning, which is markedly differentiated from the competition, is clearly focused on the technology and capital goods sectors and is supported by ongoing efficiency improvement and cost optimization programs; for instance, in 2016/17 the most recent program, which had a duration of three years and included improvements totaling EUR 1 billion, will be entering its final phase.

Against the backdrop of this very specific global positioning, the voestalpine Group should be able to achieve an (adjusted) operating result (EBITDA) and (adjusted) profit from operations (EBIT) in the business year 2016/17 that will at least come close to the (adjusted) figures in the past business year even if the economic environment remains challenging. Due to the extreme political and economic uncertainties in the current environment, making any additional forecast would contradict the requirements of responsible corporate and capital market communication.

Linz, May 25, 2016

The Management Board

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

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

Steel Division

Market environment and business development

After years of continuing growth in global steel production, 2015 brought a trend reversal. The primary factor behind this development was a structural change in the Chinese economy, from an extremely State-interventionist, investment-driven economic structure to a structure increasingly oriented toward consumerism and services. The Chinese steel industry, which currently makes up around half of all production worldwide, faced declining demand in 2015 for the first time in many years. As it had built up enormous production capacity in the steel sector in the past, it found itself with a huge structural overcapacity. Initially, the reduction in demand had a negative impact on steel prices locally due to increased competition. Subsequently, Chinese steel manufacturers dramatically expanded their export activity with the result that global steel prices came under pressure very quickly. The situation was exacerbated by the rapid plunge in prices for the primary raw materials used in steel production, caused, in turn, by declining raw materials consumption in China.
Many of the countries affected by the imports from China reacted to the glut of commodity products by imposing punitive import duties. In the spring of 2015, the European Commission initiated an investigation into dumping allegations regarding cold-rolled steel strip from China and Russia, which ultimately resulted in the imposition of provisional punitive import duties in February 2016. Also in February 2016, the Commission began a dumping investigation regarding the much more important product groups of hot-rolled steel strip and heavy plate from China, however, the decision regarding provisional import duties is not expected prior to the fall.
The development of steel prices in Europe in the past business year must be viewed against this backdrop. Despite that fact that the demand situation in those customer segments, which are significant for the steel industry, was solid—with the exception of the construction industry—toward the end of 2015, prices for hot-rolled strip on the spot market in Southern Europe fell to below EUR 300 per ton. Prices had not fallen that low even during the height of the financial and economic crisis. Although the Steel Division is firmly oriented toward high-end grades and is focused on contracted transactions with longstanding customers, it was not able to remain entirely immune to the negative sentiment. However, price cuts were considerably lower than was the case on the commodity-focused spot market. Toward the end of the business year 2015/16, steel prices on the spot market recovered slightly, however, this was due mostly to an increase in raw materials prices than to a change in the general mood.
The Steel Division benefited from its orientation toward the most sophisticated market segment, the automotive industry, which drove full capacity utilization in all of the division's major plants. Registrations of new cars in the European Union in the 2015 calendar year were again almost 10% above the previous year's level, which had already been very good. In addition to the premium producers, the manufacturers of compact and sub-compact cars were able to raise their production numbers to solid levels for the first time in quite a while. Leading European automobile manufacturers, who have high growth rates in China and the USA, are now supplied with high-quality steel grades and/or components manufactured from these grades by the Steel Division not only at their European production sites but increasingly at their international sites as well.

Key figures of the Steel Division

In millions of euros	2014/15	2015/16	Change in %
Revenue	3,873.9	3,753.7	–3.1
EBITDA	450.3	478.3	6.2
EBITDA margin	11.6%	12.7%	
EBIT	208.0	220.0	5.8
EBIT margin	5.4%	5.9%	
Employees (full-time equivalent)	11,103	10,891	–1.9

Due to subdued global growth in its most important industrial sectors, demand from the European mechanical engineering industry in the business year 2015/16 was volatile and, viewed overall, moderate at best. In contrast, the production numbers in the consumer goods industry, particularly the white goods industry, remained at a healthy level. The construction industry, which—measured against steel demand in all of Europe—has lesser importance for the Steel Division, again did not succeed in returning to a somewhat normal level of demand in the past business year with the exception of a few individual markets.

After construction of a deep-sea pipeline through the Black Sea was definitively scrapped, the focus in the energy segment in 2015/16 was on pipe supply contracts for the Baltic Sea pipeline from Russia to the European Union. In mid-April 2015, the Heavy Plate business segment was awarded a major contract for high-strength, top quality tube plates for the "Nord Stream 2" project. Delivery of several hundred thousand tons of special plate will be carried out between August 2016 and February 2018 to voestalpine's strategic partner OMK, Russia. Capacity utilization of the new heavy plate rolling stand in the business year 2015/16 was satisfactory, due especially to an order for 95,000 tons of high-quality tube plates for a natural gas project in the United Arab Emirates.

Financial key performance indicators

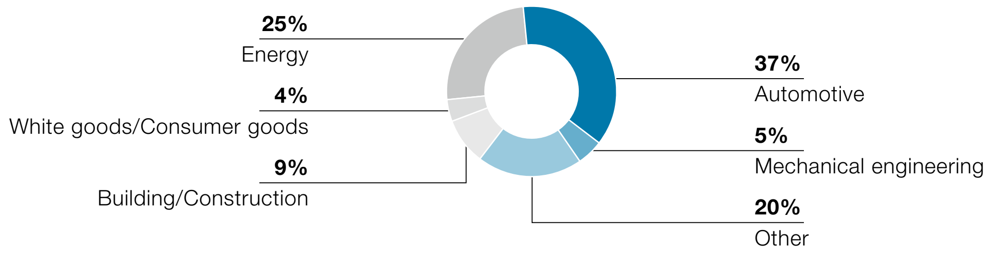
Despite increasingly fierce competition, the Steel Division boosted its earnings-based key performance indicators in the business year 2015/16 in a year-over-year comparison. In contrast, revenue fell slightly, as both the price level and the delivery volumes in 2015/16 were under the previous year's figures. In a year-to-year comparison, revenue went down by 3.1% from EUR 3,873.9 million to EUR 3,753.7 million. While the decline in sales revenue was more than fully compensated by lower input costs for raw materials, the four-and-one-half-month, scheduled major repair of blast furnace 5 resulted in smaller delivery volumes and thus a lower result as well. The fact that in the business year just ended the previous year's operating result (EBITDA) and profit from operations (EBIT) have been surpassed is due to the positive effects of the ongoing efficiency and cost optimization program. Consequently, the operating result (EBITDA) rose by 6.2% from EUR 450.3 million in the business year 2014/15 to EUR 478.3 million in 2015/16, with the EBITDA margin increasing from 11.6% to 12.7%. EBIT improved by 5.8% from EUR 208.0 million (margin: 5.4%) to EUR 220.0 million (margin: 5.9%).

In a direct quarter-to-quarter comparison between the third and the fourth quarter of 2015/16, the figures were also positive. Due to a significant increase in delivery volume, revenue showed a gain of 8.8% from EUR 844.3 million to EUR 918.6 million. Greater volumes also resulted in a boost of the operating result (EBITDA) by 11.2% from EUR 106.6 million in the third quarter to EUR 118.5 million in the fourth quarter of 2015/16. The EBITDA margin rose slightly from 12.6% to 12.9%. EBIT improved in the same period by 10.9% from EUR 41.4 million (margin: 4.9%) to EUR 45.9 million (margin: 5.0%).

As of March 31, 2016, the Steel Division had 10,891 employees (FTE); in comparison to the figure on the reporting date in the previous year (11,103 employees), this corresponds to a slight decrease of 1.9%.

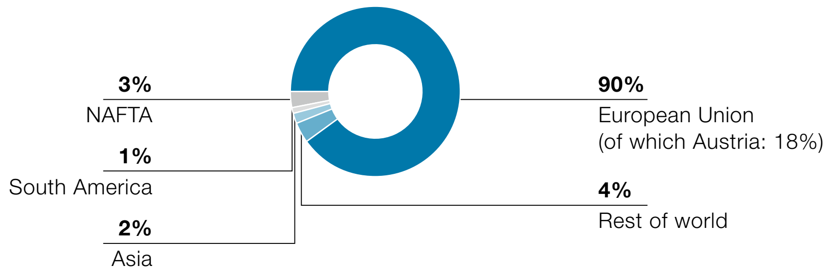
Customers of the Steel Division

As percentage of divisional revenue
Business year 2015/16



Markets of the Steel Division

As percentage of divisional revenue
Business year 2015/16



Quarterly development of the Steel Division

In millions of euros	1st quarter 2015/16	2nd quarter 2015/16	3rd quarter 2015/16	4th quarter 2015/16	BY 2015/16
Revenue	1,060.9	929.9	844.3	918.6	3,753.7
EBITDA	134.2	119.0	106.6	118.5	478.3
EBITDA margin	12.6%	12.8%	12.6%	12.9%	12.7%
EBIT	74.7	58.0	41.4	45.9	220.0
EBIT margin	7.0%	6.2%	4.9%	5.0%	5.9%
Employees (full-time equivalent)	11,036	11,054	10,858	10,891	10,891

Special Steel Division

Market environment and business development

As was the case throughout the entire Group, growing regional political instability, economic embargos, often drastic declines in raw materials prices, and significant currency fluctuations dampened the Special Steel Division's economic environment in the past business year. The oil price that remained low reduced oil and natural gas exploration and the associated use of special steel in this important customer industry, leading to a substantial decrease in incoming orders from this sector. The division's sales in the mechanical engineering sector were adversely impacted by diminished demand, particularly from China, while in contrast, the trend in the aerospace sector continued to be positive. Demand in the tool steel segment also remained healthy, primarily due to a high level of incoming orders from the automotive industry.

Viewed regionally, the picture during the business year just ended varied widely from region to region. Despite a stable trend in the automotive and consumer goods industries and the continuing positive outlook in the aerospace sector, Europe otherwise remained a market with little growth momentum. Energy engineering (power plants), a sector which has been weak for years, did not demonstrate any noticeable trend toward recovery, and the mechanical engineering sector also remained below expectations. The low level of investment activity in the oil and natural gas industries worldwide has also had a considerable negative effect on the European suppliers of global oil field equipment manufacturers. The direct impact of the political conflict between Russia and Ukraine remained minimal, however, certain indirect effects, primarily in the mechanical engineering sector and in the agricultural industry were noticeable.

In the USA, business volume with Europe grew substantially in 2015/16, especially after the devaluation of the euro vis-à-vis the dollar. This applies particularly to the competitive position of the Special Steel Division vis-à-vis its North American competitors in the aerospace sector. Although business with the oil and natural gas industries has been marked by a dramatic slump since the summer of 2015, the oil and natural gas service center in Houston, Texas, USA, which was opened last year, demonstrated its competence as a flexible partner to cover requirements that arise on short notice, showing that a business expansion is possible even in times of crisis. Furthermore, as production capacity in the automotive sector, particularly in Mexico, was expanded, demand for tool steel was on a positive trajectory.

In South America, especially in Brazil, the economic climate in the past business year has continued to worsen. Industry, especially the entire automotive sector, again faced declining sales. Rising unemployment, falling income, and, not least, corruption scandals have depressed investment activity in all major industrial segments. The sole positive aspect of the economic trend in Brazil was the significantly lower rate of exchange of the Brazilian real, which improved its international competitiveness, especially with regard to exports to North America. In Asia, particularly in India and China, the division benefited from the favorable economic trend in the customer industries important for its products so that business activities in this region were expanded compared to previous years.

In the business year 2015/16, the High Performance Metals (production) business segment

Key figures of the Special Steel Division[1]

In millions of euros	2014/15	2015/16	Change in %
Revenue	2,777.4	2,650.9	–4.6
EBITDA	406.9	364.1	–10.5
EBITDA margin	14.6%	13.7%	
EBIT	253.6	227.2	–10.4
EBIT margin	9.1%	8.6%	
Employees (full-time equivalent)	13,490	13,470	–0.2

[1] Business year 2014/15, Q1 2015/16 and Q2 2015/16 retroactively adjusted.
Further details are given in the Notes to the consolidated financial statements 2015/16 "B. Summary of accounting policies".

faced not only less demand but also had to contend with customers' high inventory levels. As a result, temporary capacity adjustments had to be made at individual locations. Nevertheless, sales of premium products, e.g., remelted and powder-metallurgical steel, increased even further. The market situation for products for the heavy mechanical engineering industry and the energy engineering industry remained challenging. In contrast, demand for special steel for the aerospace industry continued to be very satisfactory. The restructuring process at the Buderus Edelstahl production site in Wetzlar, Germany, continued systematically. The focus remains on a drastic reduction in costs and a partial strategic reorientation toward tool steel products.

In the Value-Added Services business segment, service offerings were increased on a broad basis in the past business year by expanding existing sites and establishing and acquiring new ones (see Chapters "Investments" and "Acquisitions"). By investing in this business segment with its already existing 160 service centers, the division is continuing to expand its leading position as a premium service provider for toolmaking worldwide. Despite challenging market conditions, this resulted in an increase of delivery volume with relatively minor price fluctuation.

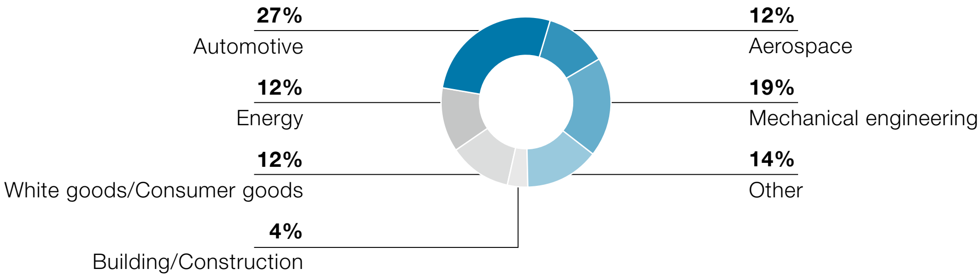
Financial key performance indicators

Low demand from the oil and natural gas industries in the business year 2015/16 resulted largely in a reduction of the division's delivery volume. Premium steel, however, was the exception, with deliveries increasing. At the same time, passing on declining costs for alloy metals to customers resulted in falling prices, although the weaker euro vis-à-vis the US dollar had positive revenue and earnings effects for deliveries to US dollar regions. Nevertheless, revenue fell by 4.6% overall from EUR 2,777.4 million in 2014/15 to EUR 2,650.9 million in 2015/16. The declining raw materials prices affected not only the price level but also required value adjustments of inventory that had commensurate negative effects on earnings. The continuation of comprehensive cost optimization programs compensated this trend in part, however, the operating result (EBITDA) dropped by 10.5% from EUR 406.9 million to EUR 364.1 million. As a result, at 13.7%, the EBITDA margin in the business year 2015/16 was also lower than the previous year's figure of 14.6%. In the same time period, EBIT fell by 10.4% from EUR 253.6 million to EUR 227.2 million, while the EBIT margin went down from 9.1% to 8.6%.

A direct quarter-to-quarter comparison between the third and the fourth quarter of 2015/16 showed a significant increase of the key figures, primarily a result of seasonal effects. Overall, revenue increased due to a higher delivery volume in the fourth quarter by 8.1% from EUR 616.0 million to EUR 666.1 million. Concurrently, EBITDA rose by 41.2% from EUR 73.8 million (margin: 12.0%) to EUR 104.2 million (margin: 15.6%). EBIT escalated sharply by 70.4%, going from EUR 40.5 million in the third quarter of 2015/16 to EUR 69.0 million in the fourth quarter of 2015/16, with the EBIT margin increasing in a direct quarter-to-quarter comparison from 6.6% to 10.4%.
As of March 31, 2016, the Special Steel Division had 13,470 employees (FTE). This is 0.2% less than on the previous year's reporting date (13,490 FTE), although the division made acquisitions in the business year 2015/16.

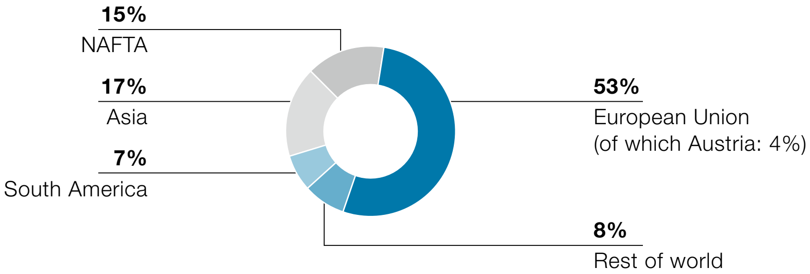
Customers of the Special Steel Division

As percentage of divisional revenue
Business year 2015/16



Markets of the Special Steel Division

As percentage of divisional revenue
Business year 2015/16



Quarterly development of the Special Steel Division[1]

In millions of euros	1st quarter 2015/16	2nd quarter 2015/16	3rd quarter 2015/16	4th quarter 2015/16	BY 2015/16
Revenue	709.0	659.8	616.0	666.1	2,650.9
EBITDA	99.9	86.2	73.8	104.2	364.1
EBITDA margin	14.1%	13.1%	12.0%	15.6%	13.7%
EBIT	65.2	52.5	40.5	69.0	227.2
EBIT margin	9.2%	8.0%	6.6%	10.4%	8.6%
Employees (full-time equivalent)	13,411	13,434	13,301	13,470	13,470

[1] Business year 2014/15, Q 1 2015/16 and Q2 2015/16 retroactively adjusted.
Further details are given in the Notes to the consolidated financial statements 2015/16 "B. Summary of accounting policies".

Metal Engineering Division

Market environment and business development

The performance of the Metal Engineering Division in 2015/16 was characterized by a sustained favorable environment in its most important market segment, railway infrastructure. The fact that the (adjusted) earnings figures were ultimately lower than those of previous years is largely due to the dramatic deterioration of the market environment for oil and natural gas in the course of the year. As a result of both market- and cost-based measures that were taken promptly, the decline of the operating result was kept at a manageable level and steel capacity at the site in Donawitz, Austria, was largely fully utilized throughout the entire business year 2015/16.
In the Rail Technology business segment, the trend on the European market was particularly gratifying. As a result both production and delivery volume of high quality rail grades reached a new record level in the business year 2015/16. In contrast, the overseas railway projects, especially in the heavy-haul transport market, experienced comparatively weak demand, especially from the mining sector, for the first time in years. The commissioning of a new walking beam furnace in the fourth quarter of the business year 2015/16 was another step toward an additional increase in productivity and quality in the Rail Technology business segment.

The Turnout Systems business segment can look back the most successful business year in its history. This enabled the division to not only compensate for the weakness in demand from the mining sector but to emphasize its position as the global leading provider of turnout systems due to further growth in both the high-speed and mass transit segments. Viewed regionally, the Turnout Systems business segment benefited from continuing demand from the USA for turnouts for urban use, while demand from the heavy-haul transport segment softened noticeably in the course of the year. On one hand, this decline has structural reasons (reduction of the transport volume of coal for power plants due to the shift to natural gas-powered power plants) and economic reasons on the other (reduced transports of raw materials, e.g., oil, ore, coal, equipment). Declining raw materials transports due to economic listlessness are also the reason for reduced investment in railway infrastructure in Australia, Brazil, and South Africa. In China, extensive investments in the expansion of the high-speed network continued, resulting in a sustained solid trend, while in India, bureaucratic obstacles led to project delays. As far as Europe is concerned, the Turnout Systems business segment benefited from extensive investments in the maintenance and expansion of the railway network.
In the Wire Technology business segment, the cornerstone was the momentum in demand from the automotive industry in the business year 2015/16. In contrast, incoming orders from the construction and mechanical engineering segments were subdued. The run-up phase for production of ultra-high-tensile fine wire at a new plant in Fürstenfeld, Austria, is going well, especially due to increasing customer demand from the revitalized photovoltaics industry. The Italian wire processing company Trafilerie Industriali S.p.A., which was acquired in the previous year, has been successfully integrated into the Wire Technology business segment. In 2016/17, the focus of the business segment will be on the completion of the commissioning process of the new wire rolling mill in Donawitz, Austria.
In the business year just ended, Seamless Tubes, the business segment in the voestalpine Group

Key figures of the Metal Engineering Division

In millions of euros	2014/15	2015/16	Change in %
Revenue	2,593.0	2,850.4	9.9
EBITDA	419.8	510.9	21.7
EBITDA margin	16.2%	17.9%	
EBIT	292.1	314.9	7.8
EBIT margin	11.3%	11.0%	
Employees (full-time equivalent)	11,685	12,675	8.5

Key figures of the Metal Engineering Division adjusted

In millions of euros	2014/15	2015/16	Change in %
Revenue	2,593.0	2,850.4	9.9
EBITDA adjusted	419.8	384.4	–8.4
EBITDA margin adjusted	16.2%	13.5%	
EBIT adjusted	292.1	251.5	–13.9
EBIT margin adjusted	11.3%	8.8%	
Employees (full-time equivalent)	11,685	12,675	8.5

that has most exposure to the current weakness of the oil and natural gas industries, faced a significant decline in incoming orders, especially due to the deterioration of its most important market North America. While oil exploration activities in the USA were at a historically low level, demand from the Middle East remained relatively satisfactory, although price competition was fierce. Comprehensive cost reduction measures, including personnel adjustments, but also new, innovative product solutions to increase productivity in oil and natural gas production were the most important countermeasures taken to cushion the precarious market trend.

The Welding Consumables business segment faced a continuing weak market in 2015/16—as had been the case in previous years, especially in the European energy engineering and power plant construction market. Viewed regionally, market conditions remained very challenging in Europe and particularly in China and Brazil. The optimization measures launched in the business year 2013/14 should produce a substantial operational improvement in this business segment by 2016/17, despite continuing weak demand in its core markets.

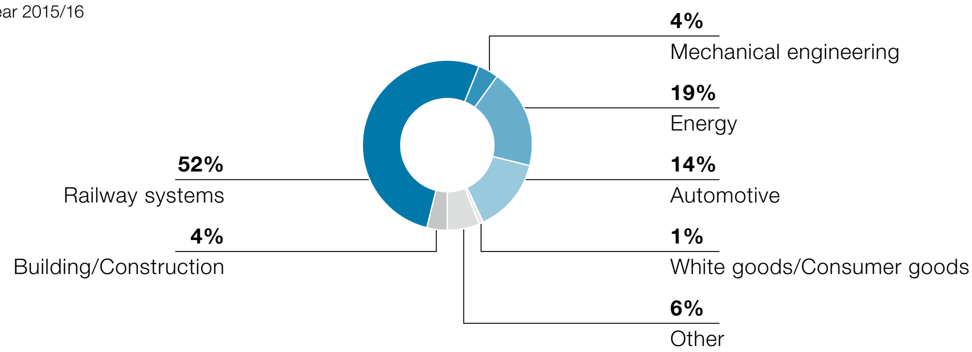
Financial key performance indicators

The Metal Engineering Division's key figures in the business year 2015/16 were quite solid considering the challenging market conditions in the energy sector. The division increased its revenue by 9.9% from EUR 2,593.0 million in the previous year to EUR 2,850.4 million in the reporting period; this gain is primarily the result of the first-time full consolidation of the revenue generated by voestalpine Tubulars GmbH & Co KG, voestalpine Tubulars GmbH (both Seamless Tubes business segment) and CNTT Chinese New Turnout Technologies Co., Ltd. (Turnout Systems business segment). The equity method had been used by the companies to report financial results up to and including the business year 2014/15 so that their earnings were not included in the voestalpine consolidated financial statements. The increase in earnings is due to non-recurring effects in connection with the acquisition of the controlling interest in the two companies, which were fully consolidated for the first time. In the business year 2015/16, the division reported positive non-recurring effects from reassessments of these two companies based on fair value less depreciation of hidden reserves totaling EUR 126.5 million reported in the operating result (EBITDA) and EUR 63.4 million reported in profit from operations (EBIT).

This also includes the depreciation of intangible fixed assets relative to the hidden reserves disclosed when the method of consolidation was changed for voestalpine Tubulars GmbH & Co KG in the fourth quarter of 2015/16. This need to record an impairment adjustment was caused by the negative market trend, in particular, the prices for oil and natural gas, which have fallen considerably.
Overall, the operating result (EBITDA) improved by 21.7% compared with the previous year, going from EUR 419.8 million to EUR 510.9 million, while profit from operations (EBIT) rose by 7.8% from EUR 292.1 million to EUR 314.9 million. Disregarding any non-recurring effects, EBITDA declined by 8.4% to EUR 384.4 million and EBIT fell by 13.9% to EUR 251.5 million. The adjusted EBITDA margin in the business year 2015/16 is 13.5% (previous year: 16.2%), while the EBIT

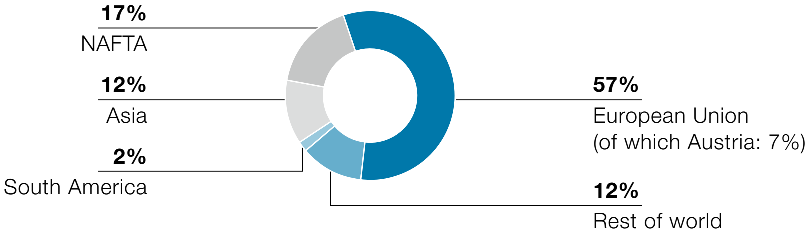
Customers of the Metal Engineering Division

As percentage of divisional revenue
Business year 2015/16



Markets of the Metal Engineering Division

As percentage of divisional revenue
Business year 2015/16



margin adjusted for non-recurring effects dropped from 11.3% to 8.8%. The outstanding performance in the Railway Systems business segment and the concurrent cost reduction measures in the wake of the challenging conditions in the oil and natural gas sector were not sufficient to fully compensate the extremely weak market in the energy sector.

A quarter-to-quarter comparison of the fourth quarter of 2015/16 with the immediately preceding quarter shows a decrease in revenue of 7.3% from EUR 687.7 million in the third quarter to EUR 637.4 million in the following quarter. Due to project- and accounting-related reasons, business volume for rails and turnout systems in the first calendar quarter was slightly below the level of the fall quarter. EBITDA declined in a quarter-to-quarter comparison by 6.6% from EUR 90.4 million to EUR 84.4 million, while the margin remained stable at 13.2% (margin in the third quarter: 13.1%). EBIT was affected by negative non-recurring effects in both quarters: EUR −6.2 million in the third quarter and EUR −44.5 million in the fourth quarter. Adjusted for the non-recurring effects, EBIT in the fourth quarter was EUR 49.0 million, 15.8% under the figure in the third quarter (EUR 58.2 million) due to seasonal effects. The adjusted EBIT margin declined commensurately from 8.5% to 7.7%.

As of March 31, 2016, the Metal Engineering Division had 12,675 employees (FTE), almost 1,000 persons or 8.5% more than on the same reporting date in the past business year (11,685). This rise is largely due to the fact that the staff of voestalpine Tubulars GmbH & Co KG, voestalpine Tubulars GmbH, and CNTT Chinese New Turnout Technologies Co., Ltd. were included in the overall number of employees as these companies were fully consolidated for the first time.

Quarterly development of the Metal Engineering Division

In millions of euros	1st quarter 2015/16	2nd quarter 2015/16	3rd quarter 2015/16	4th quarter 2015/16	BY 2015/16
Revenue	774.0	751.3	687.7	637.4	2,850.4
EBITDA	236.1	100.0	90.4	84.4	510.9
EBITDA margin	30.5%	13.3%	13.1%	13.2%	17.9%
EBIT	197.2	61.2	52.0	4.5	314.9
EBIT margin	25.5%	8.1%	7.6%	0.7%	11.0%
Employees (full-time equivalent)	13,097	13,080	12,652	12,675	12,675

Quarterly development of the Metal Engineering Division adjusted

In millions of euros	1st quarter 2015/16	2nd quarter 2015/16	3rd quarter 2015/16	4th quarter 2015/16	BY 2015/16
Revenue	774.0	751.3	687.7	637.4	2,850.4
EBITDA adjusted	109.6	100.0	90.4	84.4	384.4
EBITDA margin adjusted	14.2%	13.3%	13.1%	13.2%	13.5%
EBIT adjusted	76.8	67.5	58.2	49.0	251.5
EBIT margin adjusted	9.9%	9.0%	8.5%	7.7%	8.8%
Employees (full-time equivalent)	13,097	13,080	12,652	12,675	12,675

Metal Forming Division

Market environment and business development

Considering the fact that the market environment for the Tubes & Sections business segment, as well as the Automotive Body Parts business segment, which is the largest one in the Group, was challenging over long stretches of the year, the performance of the Metal Forming Division in the business year 2015/16 was very solid. From a purely operational perspective, i.e., ignoring any non-recurring effects, the previous year's results were surpassed to a significant degree. The Automotive Body Parts business segment, in particular, experienced excellent demand, which came from German premium manufacturers but from elsewhere as well. As the leading European automobile manufacturers are increasingly establishing local production facilities in the ever more important markets of North America and China, the business segment benefits from this development because it has local plants as well. Generally, global launch phase of these facilities, especially the newest generation of hot forming facilities, is right on schedule. The implementation of this internationalization strategy also means an additional extension of the value chain as an established systems supplier primarily for the sophisticated automobile sector.

The demand situation in the Tubes & Sections business segment in the business year 2015/16 did not have much momentum, especially in its European core markets. The situation did not improve until the end of the business year. It was possible to largely compensate the decline of both revenue and operating result on the Brazilian market, which has completely collapsed, by undertaking market- and cost-related countermeasures. On the Russian market, which is also currently weak, even rigorous restructuring measures were ultimately not able to reestablish long-term prospects for the divisional company voestalpine Arkada Profil. Continuing to operate this company no longer made sense, either economically or strategically. The only option that remained was closing the company as of the end of the business year. In China, incoming orders from international customers for automotive tube components for safety-related parts in the construction machinery segment increased in the course of the year. Performance was also positive in the UK and North America. While customer-specific product solutions for the construction industry were very much in demand in the UK, in the USA, it was primarily storage logistics and the aerospace industry that drove demand. As the prices for basic foodstuff have remained low worldwide, deliveries of tube and section components for the agricultural machinery segment were generally very modest in the past business year.

In the Precision Strip business segment, 2015/16 saw solid performance in the consumer goods segment on one hand, but on the other, it was affected by more intense competition in the segment of bimetallic strip for the mill industry. This business segment benefited because in the consumer goods industry the trend toward mail order continues to be strong so that there is an increasing demand for cutting tools for the packaging industry. Viewed regionally, the market in Europe remained cautious, however, as the number of suppliers has decreased, new customers have been acquired in both Europe and China. The

Key figures of the Metal Forming Division

In millions of euros	2014/15	2015/16	Change in %
Revenue	2,335.2	2,224.9	–4.7
EBITDA	331.3	290.5	–12.3
EBITDA margin	14.2%	13.1%	
EBIT	220.7	194.5	–11.9
EBIT margin	9.5%	8.7%	
Employees (full-time equivalent)	10,328	10,470	1.4

Key figures of the Metal Forming Division adjusted

In millions of euros	2014/15	2015/16	Change in %
Revenue	2,335.2	2,224.9	–4.7
EBITDA adjusted	269.4	290.5	7.8
EBITDA margin adjusted	11.5%	13.1%	
EBIT adjusted	175.5	194.5	10.8
EBIT margin adjusted	7.5%	8.7%	
Employees (full-time equivalent)	10,328	10,470	1.4

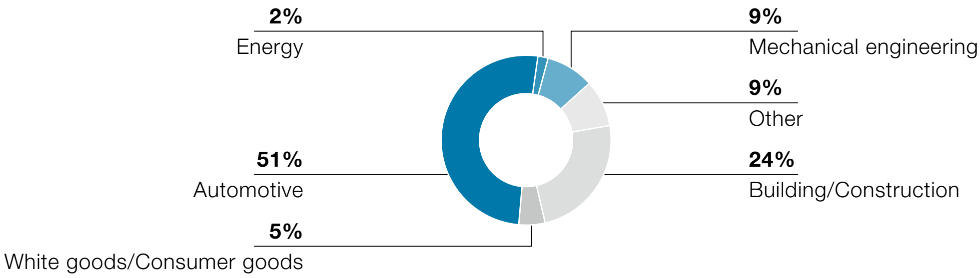
market environment in North America has continued to be healthy in 2015/16. By acquiring the US company Wickeder Steel Company, which is headquartered in Pleasant Prairie, Wisconsin, the Group's market presence in the segment of hardened special steel strip, for example, for the food sector, was expanded.
In the Warehouse & Rack Solutions business segment, the improved market environment in recent years is inseparably linked to the increasing importance of online retail sales as the main driver of demand for high-bay racking solutions. Against this backdrop, roof and wall-supported high-bay systems and fully automatic in-house storage racks have been more firmly established on the market. All in all, incoming orders were very strong in 2015/16. In the future, the focus in this business segment will be primarily on North America and Asia.

Financial key performance indicators

In the business year 2015/16, the Metal Forming Division boosted its adjusted results significantly despite a decline in revenue. Weaker revenues were due to a portfolio streamlining in the Automotive Body Parts business segment in the business year 2014/15 (divestment of the Flamco Group, plastics companies, Rotec AB) on one hand and on the other, they are the result of generally recessive prices resulting from lower prematerial costs. A solid level of demand from the automotive industry and the division's consistent expansion of its global presence had positive effects. Overall, revenue decreased in a year-over-year comparison by 4.7% from EUR 2,335.2 million to EUR 2,224.9 million. As far as earnings are concerned, the reported key figures in the year under review were lower than in the business year 2014/15, however, after deducting the positive non-recurring effects in the previous year (EUR 61.9 million reported in the operating result (EBITDA) and EUR 45.2 million reported in profit from operations (EBIT)) in connection with the aforementioned divestments, there is a marked operational improvement in a year-to-year comparison. All four business segments of the Metal Forming Division contributed equally to this result. It should be emphasized that it is due primarily to comprehensive cost optimization measures and contributions from expansion of business activities in China and the USA. The reported operating result (EBITDA) decreased in a year-over-year comparison by 12.3% from EUR 331.3 million (margin: 14.2%) to EUR 290.5 million (margin: 13.1%). The decline in the profit from operations (EBIT) was similar, falling by 11.9% from EUR 220.7 million (margin: 9.5%) to EUR 194.5 million (margin: 8.7%). Disregarding any non-recurring effects from the previous year, the operating result (EBITDA) improved by 7.8% compared with the previous year, going from EUR 269.4 million to EUR 290.5 million, while profit from operations (EBIT) rose by 10.8% from EUR 175.5 million to EUR 194.5 million. The adjusted EBITDA margin went up from 11.5% to 13.1%, while the adjusted EBIT margin increased from 7.5% to 8.7%.
The quarter-to-quarter comparison of the fourth quarter of 2015/16 with the immediately preced-

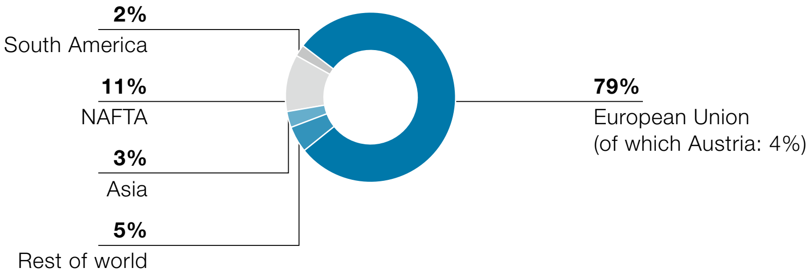
Customers of the Metal Forming Division

As percentage of divisional revenue
Business year 2015/16



Markets of the Metal Forming Division

As percentage of divisional revenue
Business year 2015/16



Quarterly development of the Metal Forming Division

In millions of euros	1st quarter 2015/16	2nd quarter 2015/16	3rd quarter 2015/16	4th quarter 2015/16	BY 2015/16
Revenue	565.5	540.9	543.4	575.1	2,224.9
EBITDA	69.3	69.0	67.2	85.0	290.5
EBITDA margin	12.3%	12.8%	12.4%	14.8%	13.1%
EBIT	46.1	45.4	42.9	60.1	194.5
EBIT margin	8.1%	8.4%	7.9%	10.5%	8.7%
Employees (full-time equivalent)	10,282	10,314	10,212	10,470	10,470

ing quarter showed a very positive trend. The Metal Forming Division increased its revenue by 5.8% from EUR 543.4 million to EUR 575.1 million. The highest gain percentage-wise was achieved by the Tubes & Sections business segment, with an improvement of both prices and volumes. As far as earnings are concerned, the division reported an even more substantial upward trend; the excellent performance in the fourth quarter of 2015/16 is the result of contributions by all four business segments, which has created a strong foundation for the division. The main reasons for the boost were an improvement in the gross margin and an increase in delivery volumes. Against this backdrop, the operating result (EBITDA) grew by 26.5% from EUR 67.2 million in the third quarter of 2015/16 to EUR 85.0 million in the following quarter, with the EBITDA margin rising from 12.4% to 14.8%. In the same period, EBIT surged by 40.1% from EUR 42.9 million to EUR 60.1 million, with the EBIT margin growing commensurately from 7.9% to 10.5%.

As of the end of the business year 2015/16, the number of employees (FTE) in the Metal Forming Division was 10,470 or 1.4% above last year's figure (10,328). The increase in headcount is the result of the acquisition of the Wickeder Steel Company in the USA and the expansion of project activities in the Warehouse & Rack Solutions business segment in the business year just ended.

voestalpine AG
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Consolidated Financial Statements

Service

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

Report of the Supervisory Board on the business year 2015/16

During the business year 2015/16, the Supervisory Board fulfilled its responsibilities under the law and the Articles of Incorporation, holding five plenary sessions, three meetings of the Audit Committee, and one meeting of the General Committee. The Management Board provided comprehensive information both orally and in written form regarding the state of business and the situation of the company.

The Annual Financial Statements and the Group's Consolidated Financial Statements as of March 31, 2016 were audited by Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, which was engaged as mandated by Section 270 of the Austrian Commercial Code *(Unternehmensgesetzbuch, UGB)*.

The audits did not give rise to any objections and showed that the Annual Financial Statement and the Consolidated Financial Statement, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as mandated by Section 245a of the Austrian Commercial Code, conform to the statutory regulations. The auditor issued an unqualified audit opinion both for the Annual Financial Statements and the Consolidated Financial Statements and confirmed that the Management Report is consistent with the Annual Financial Statements and the Consolidated Management Report is consistent with the Consolidated Financial Statements. After they had been considered by the Audit Committee, on June 1, 2016, the Supervisory Board reviewed and approved the Annual Financial Statement as of March 31, 2016. The Annual Financial Statements are herewith deemed adopted pursuant to Section 96 (4) of the Austrian Stock Corporation Act *(Aktiengesetz)*. Furthermore, after they had been considered by the Audit Committee, the Supervisory Board acknowledged and approved the management report as well as the Consolidated Financial Statements together with the consolidated management report and the Corporate Governance Report.

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

It has been established that the business year 2015/16 has ended with a net profit of EUR 184,000,000.00; it is being recommended that a dividend of EUR 1.05 per dividend-bearing share be paid to the shareholders and that the remaining amount be carried forward.

The Supervisory Board

Dr. Joachim Lemppenau
(Chairman)

Linz, June 1, 2016

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

voestalpine AG

Consolidated statement of financial position for the year ended March 31, 2016

Assets

	Notes	04/01/2014[1]	03/31/2015[1]	03/31/2016
A. Non-current assets				
Property, plant and equipment	9	4,741.8	5,328.4	6,006.5
Goodwill	10	1,472.3	1,472.9	1,544.4
Other intangible assets	11	336.2	345.3	414.1
Investments in entities consolidated according to the equity method	12	214.7	219.1	112.4
Other financial assets	12	90.7	77.6	69.8
Deferred tax assets	13	211.5	238.7	242.4
		7,067.2	**7,682.0**	**8,389.6**
B. Current assets				
Inventories	14	2,883.7	2,977.5	2,973.1
Trade and other receivables	15	1,621.0	1,667.9	1,513.3
Other financial assets	12	429.7	412.8	355.8
Cash and cash equivalents	16	532.4	464.5	774.8
		5,466.8	**5,522.7**	**5,617.0**
Total assets		**12,534.0**	**13,204.7**	**14,006.6**

[1] Business year 2014/15 retroactively adjusted. Further details are given in the Notes to the consolidated financial statements 2015/16 under "B. Summary of accounting policies."

In millions of euros

Equity and liabilities

	Notes	04/01/2014[1]	03/31/2015[1]	03/31/2016
A. Equity				
Share capital		313.3	313.3	317.8
Capital reserves		470.8	471.9	553.7
Hybrid capital		993.9	497.9	497.9
Reserve for own shares		–1.5	–1.5	–1.5
Other reserves		–91.7	75.6	–46.7
Retained earnings		3,523.1	3,693.4	4,150.2
Equity attributable to equity holders of the parent		**5,207.9**	**5,050.6**	**5,471.4**
Non-controlling interests		64.9	64.4	180.2
	17	**5,272.8**	**5,115.0**	**5,651.6**
B. Non-current liabilities				
Pensions and other employee obligations	18	1,029.3	1,267.3	1,229.1
Provisions	19	99.2	70.4	71.6
Deferred tax liabilities	13	61.4	63.1	122.0
Financial liabilities	20	2,596.7	3,004.6	3,342.8
		3,786.6	**4,405.4**	**4,765.5**
C. Current liabilities				
Provisions	19	497.9	513.6	567.2
Tax liabilities		58.3	77.2	98.3
Financial liabilities	20	831.8	890.2	898.2
Trade and other payables	21	2,086.6	2,203.3	2,025.8
		3,474.6	**3,684.3**	**3,589.5**
Total equity and liabilities		**12,534.0**	**13,204.7**	**14,006.6**

[1] Business year 2014/15 retroactively adjusted. Further details are given in the Notes to the consolidated financial statements 2015/16 under "B. Summary of accounting policies."

In millions of euros

voestalpine AG

Consolidated statement of cash flows 2015/16

	Notes	2014/15[1]	2015/16
Operating activities			
Profit after tax		595.0	602.1
Non-cash expenses and income	24	580.7	566.2
Changes in working capital			
Change in inventories		–65.2	91.7
Change in receivables and liabilities		–30.5	–38.7
Change in provisions		39.9	60.9
		–55.8	**113.9**
Cash flows from operating activities		**1,119.9**	**1,282.2**
Investing activities			
Additions of other intangible assets, property, plant and equipment		–1,061.3	–1,284.3
Income from disposals of assets		33.5	17.1
Cash flows from the acquisition of control of subsidiaries		–52.1	–13.1
Cash flows from the loss of control of subsidiaries		124.8	0.1
Additions/divestments of other financial assets		27.1	50.2
Cash flows from investing activities		**–928.0**	**–1,230.0**
Financing activities			
Dividends paid		–230.0	–204.8
Dividends paid non-controlling interests		–14.0	–46.3
Acquisition of non-controlling interests		–9.9	–2.4
Redemption hybrid bond	17	–500.0	0
Capital increase		0	85.6
Increase in long-term financial liabilities		1,210.2	642.9
Repayment of long-term financial liabilities		–841.2	–180.7
Repayment of long-term finance lease liabilities		–4.8	–8.7
Change in current financial liabilities and other financial liabilities		100.1	–24.5
Cash flows from financing activities		**–289.6**	**261.1**
Net decrease/increase in cash and cash equivalents		**–97.7**	**313.3**
Cash and cash equivalents, beginning of year		532.4	464.5
Net exchange differences		29.8	–3.0
Cash and cash equivalents, end of year	16	**464.5**	**774.8**

[1] Business year 2014/15 retroactively adjusted. Further details are given in the Notes to the consolidated financial statements 2015/16 under "B. Summary of accounting policies."

In millions of euros

voestalpine AG

Consolidated statement of comprehensive income 2015/16

Consolidated income statement

	Notes	2014/15[1]	2015/16
Revenue	1, 2	**11,189.5**	**11,068.7**
Cost of sales		–8,917.5	–8,631.7
Gross profit		**2,272.0**	**2,437.0**
Other operating income	3	454.4	362.0
Distribution costs		–975.5	–1,028.1
Administrative expenses		–603.1	–610.6
Other operating expenses	4	–321.8	–424.5
Share of profit of entities consolidated according to the equity method	5	60.2	153.0
EBIT		**886.2**	**888.8**
Finance income	6	44.0	32.1
Finance costs	7	–191.2	–169.6
Profit before tax (EBT)		**739.0**	**751.3**
Tax expense	8	–144.0	–149.2
Profit after tax		**595.0**	**602.1**
Attributable to:			
Owners of the parent		549.1	585.3
Non-controlling interests		8.8	–5.7
Share planned for hybrid capital owners		37.1	22.5
Basic and diluted earnings per share (euros)	30	**3.18**	**3.35**

Consolidated other comprehensive income

	Notes	2014/15	2015/16
Profit after tax		**595.0**	**602.1**
Items of other comprehensive income that will be reclassified to profit or loss			
Cash flow hedges		22.4	–19.8
Net investment hedges		10.3	–10.3
Currency translation		128.6	–88.9
Share of result of entities consolidated according to the equity method		9.8	–8.5
Subtotal of items of other comprehensive income that will be reclassified to profit or loss		**171.1**	**–127.5**
Items of other comprehensive income that will not be reclassified to profit or loss			
Actuarial gains/losses		–184.9	43.6
Actuarial gains/losses of entities consolidated according to the equity method		–2.3	0
Subtotal of items of other comprehensive income that will not be reclassified to profit or loss		**–187.2**	**43.6**
Other comprehensive income for the period, net of income tax		**–16.1**	**–83.9**
Total comprehensive income for the period		**578.9**	**518.2**
Attributable to:			
Owners of the parent		529.1	506.7
Non-controlling interests		12.7	–11.0
Share planned for hybrid capital owners		37.1	22.5
Total comprehensive income for the period		**578.9**	**518.2**

[1] Business year 2014/15 retroactively adjusted. Further details are given in the Notes to the consolidated financial statements 2015/16 under “B. Summary of accounting policies.”

In millions of euros

voestalpine AG

Consolidated statement of changes in equity 2015/16

	Share capital	Capital reserves	Hybrid capital	Reserve for own shares
Balance as of April 1, 2014[1]	**313.3**	**470.8**	**993.9**	**–1.5**
Profit after tax	**0**	**0**	**0**	**0**
Items of other comprehensive income that will be reclassified to profit or loss				
Cash flow hedges	0	0	0	0
Net investment hedges	0	0	0	0
Currency translation	0	0	0	0
Share of result of entities consolidated according to the equity method	0	0	0	0
Subtotal of items of other comprehensive income that will be reclassified to profit or loss	**0**	**0**	**0**	**0**
Items of other comprehensive income that will not be reclassified to profit or loss				
Actuarial gains/losses	0	0	0	0
Actuarial gains/losses of entities consolidated according to the equity method	0	0	0	0
Subtotal of items of other comprehensive income that will not be reclassified to profit or loss	**0**	**0**	**0**	**0**
Other comprehensive income for the period, net of income tax	**0**	**0**	**0**	**0**
Total comprehensive income for the period	**0**	**0**	**0**	**0**
Dividends	0	0	0	0
Redemption hybrid bond	0	0	–500.0	0
Dividends to hybrid capital owners	0	0	0	0
Tax effect from transactions with hybrid capital owners	0	0	0	0
Share-based payment	0	1.0	0	0
Other changes	0	0.1	4.0	0
	0	**1.1**	**–496.0**	**0**
Balance as of March 31, 2015 = Balance as of April 1, 2015	**313.3**	**471.9**	**497.9**	**–1.5**
Profit after tax	**0**	**0**	**0**	**0**
Items of other comprehensive income that will be reclassified to profit or loss				
Cash flow hedges	0	0	0	0
Net investment hedges	0	0	0	0
Currency translation	0	0	0	0
Share of result of entities consolidated according to the equity method	0	0	0	0
Subtotal of items of other comprehensive income that will be reclassified to profit or loss	**0**	**0**	**0**	**0**
Items of other comprehensive income that will not be reclassified to profit or loss				
Actuarial gains/losses	0	0	0	0
Subtotal of items of other comprehensive income that will not be reclassified to profit or loss	**0**	**0**	**0**	**0**
Other comprehensive income for the period, net of income tax	**0**	**0**	**0**	**0**
Total comprehensive income for the period	**0**	**0**	**0**	**0**
Dividends	0	0	0	0
Dividends to hybrid capital owners	0	0	0	0
Tax effect from transactions with hybrid capital owners	0	0	0	0
Capital increase	4.5	81.7	0	0
Share-based payment	0	0.7	0	0
Acquisition of control of subsidiaries	0	0	0	0
Other changes	0	–0.6	0	0
	4.5	**81.8**	**0**	**0**
Balance as of March 31, 2016	**317.8**	**553.7**	**497.9**	**–1.5**

[1] Business year 2014/15 retroactively adjusted. Further details are given in the Notes to the consolidated financial statements 2015/16 under "B. Summary of accounting policies."

Other reserves					
Translation reserve	Hedging reserve	Retained earnings	Total attributable to equity holders of the parent	Non-controlling interests	Total equity
–85.3	**–6.4**	**3,523.1**	**5,207.9**	**64.9**	**5,272.8**
0	**0**	**586.2**	**586.2**	**8.8**	**595.0**
0	22.4	0	22.4	0	22.4
0	10.3	0	10.3	0	10.3
124.8	0	–0.2	124.6	4.0	128.6
14.8	–5.0	0	9.8	0	9.8
139.6	**27.7**	**–0.2**	**167.1**	**4.0**	**171.1**
0	0	–184.8	–184.8	–0.1	–184.9
0	0	–2.3	–2.3	0	–2.3
0	**0**	**–187.1**	**–187.1**	**–0.1**	**–187.2**
139.6	**27.7**	**–187.3**	**–20.0**	**3.9**	**–16.1**
139.6	**27.7**	**398.9**	**566.2**	**12.7**	**578.9**
0	0	–163.8	–163.8	–8.4	–172.2
0	0	0	–500.0	0	–500.0
0	0	–66.2	–66.2	0	–66.2
0	0	12.3	12.3	0	12.3
0	0	0	1.0	0	1.0
0	0.0	–10.9	–6.8	–4.8	–11.6
0	**0.0**	**–228.6**	**–723.5**	**–13.2**	**–736.7**
54.3	**21.3**	**3,693.4**	**5,050.6**	**64.4**	**5,115.0**
0	**0**	**607.8**	**607.8**	**–5.7**	**602.1**
0	–19.8	0	–19.8	0	–19.8
0	–10.3	0	–10.3	0	–10.3
–82.4	0	0	–82.4	–6.5	–88.9
–13.0	4.5	0	–8.5	0	–8.5
–95.4	**–25.6**	**0**	**–121.0**	**–6.5**	**–127.5**
0	0	42.4	42.4	1.2	43.6
0	**0**	**42.4**	**42.4**	**1.2**	**43.6**
–95.4	**–25.6**	**42.4**	**–78.6**	**–5.3**	**–83.9**
–95.4	**–25.6**	**650.2**	**529.2**	**–11.0**	**518.2**
0	0	–174.8	–174.8	–47.8	–222.6
0	0	–30.0	–30.0	0	–30.0
0	0	7.5	7.5	0	7.5
0	0	0	86.2	0	86.2
0	0	0	0.7	0	0.7
0	0	0	0	173.2	173.2
–0.2	–1.1	3.9	2.0	1.4	3.4
–0.2	**–1.1**	**–193.4**	**–108.4**	**126.8**	**18.4**
–41.3	**–5.4**	**4,150.2**	**5,471.4**	**180.2**	**5,651.6**

In millions of euros

voestalpine AG

Notes to the consolidated financial statements 2015/16

A. General information and corporate purpose

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

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

The consolidated financial statements for the year ended March 31, 2016 (including comparative figures for the year ended March 31, 2015) have been prepared pursuant to Sec. 245a (1) of the Austrian Commercial Code *(Unternehmensgesetzbuch, UGB)* in accordance with the International Financial Reporting Standards (IFRS) as published by the International Accounting Standard Board (IASB) and adopted by the European Union.

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

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

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

The Management Board of voestalpine AG approved the consolidated financial statements and authorized the consolidated financial statements for submission to the Supervisory Board on May 25, 2016.

B. Summary of accounting policies

General information

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

The following new and revised standards were adopted for the first time in the business year 2015/16:

The following new and revised standards and interpretations were adopted for the first time in the business year 2015/16

Standard	Content	Effective date[1]
IAS 19, amendments	Defined Benefit Plans: Employee Contributions	February 1, 2015
Various standards, amendments	Annual Improvements to International Financial Reporting Standards, 2010–2012 Cycle	February 1, 2015
Various standards, amendments	Annual Improvements to International Financial Reporting Standards, 2011–2013 Cycle	January 1, 2015
IFRIC 21	Levies	June 17, 2014

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

There were no material effects of the mentioned standards on the consolidated financial statements.

The following three issues were adjusted retroactively in these consolidated financial statements according to IAS 8:

- As a result of changes to the Austrian AFRAC Opinion *"Auswirkungen der steuerlichen Teilwertabschreibung nach § 12 Abs. 3 Z 2 KStG auf die Bilanzierung von Ertragsteuern nach IAS 12 in einem Konzern- oder separaten Einzelabschluss nach IFRS"* (Impact of the write-down to current value for tax purposes in accordance with Section 12 (3) (2) of the Austrian Corporation Tax Act *(KStG)* on accounting for income taxes in accordance with IAS 12 in consolidated or single entity financial statements in accordance with IFRS) no provisions have to be considered for anticipated write-ups.
- In addition, deferred taxes are also netted for all companies per tax group.
- Provisions were formed for the first time for obligations similar to pension payments for a South American subsidiary.

Change in the consolidated statement of financial position

04/01/2014 = 03/31/2014	**Values without restatement**	**Adjustments**	**Values retroactively adjusted**
Total assets	**12,634.9**	**–100.9**	**12,534.0**
thereof Deferred tax assets	312.4	–100.9	211.5
Total equity and liabilities	**12,634.9**	**–100.9**	**12,534.0**
thereof Equity	5,261.6	11.2	5,272.8
thereof Pensions and other employee obligations	1,015.3	14.0	1,029.3
thereof Deferred tax liabilities	187.5	–126.1	61.4

In millions of euros

Change in the consolidated statement of financial position

03/31/2015	Values without restatement	Adjustments	Values retroactively adjusted
Total assets	**13,294.9**	**–90.2**	**13,204.7**
thereof Deferred tax assets	328.9	–90.2	238.7
Total equity and liabilities	**13,294.9**	**–90.2**	**13,204.7**
thereof Equity	5,102.5	12.5	5,115.0
thereof Pensions and other employee obligations	1,252.2	15.1	1,267.3
thereof Deferred tax liabilities	180.9	–117.8	63.1

In millions of euros

Change in the consolidated statement of cash flows

2014/15	Values without restatement	Adjustments	Values retroactively adjusted
Operating activities			
Profit after tax	594.2	0.8	595.0
Non-cash expenses and income	581.5	–0.8	580.7
Changes in working capital	–55.8	0.0	–55.8
Cash flows from operating activities	**1,119.9**	**0.0**	**1,119.9**
Cash flows from investing activities	**–928.0**	**0.0**	**–928.0**
Cash flows from financing activities	**–289.6**	**0.0**	**–289.6**
Net decrease/increase in cash and cash equivalents	**–97.7**	**0.0**	**–97.7**
Cash and cash equivalents, beginning of year	532.4	0.0	532.4
Net exchange differences	29.8	0.0	29.8
Cash and cash equivalents, end of year	**464.5**	**0.0**	**464.5**

In millions of euros

Change in the consolidated income statement

2014/15	Values without restatement	Adjustments	Values retroactively adjusted
Revenue	**11,189.5**	**0.0**	**11,189.5**
Cost of sales	–8,917.4	–0.1	–8,917.5
Gross profit	**2,272.1**	**–0.1**	**2,272.0**
Other operating income	454.4	0.0	454.4
Distribution costs	–975.4	–0.1	–975.5
Administrative expenses	–603.1	0.0	–603.1
Other operating expenses	–321.8	0.0	–321.8
Share of profit of entities consolidated according to the equity method	60.1	0.1	60.2
Profit from operations (EBIT)	**886.3**	**–0.1**	**886.2**
Finance income	44.0	0.0	44.0
Finance costs	–189.4	–1.8	–191.2
Profit before tax (EBT)	**740.9**	**–1.9**	**739.0**
Tax expense	–146.7	2.7	–144.0
Profit after tax	**594.2**	**0.8**	**595.0**
Attributable to:			
Owners of the parent	548.3	0.8	549.1
Non-controlling interests	8.8	0.0	8.8
Share planned for hybrid capital owners	37.1	0.0	37.1
Basic and diluted earnings per share (euros)	**3.18**[1]	**0.0**	**3.18**

[1] A minor error in the allocation of profit to equity holders of the parent and owners of hybrid capital that occurred in the previous year was adjusted. This meant that last year earnings per share (EPS) were recorded amounting to EUR 3.11 instead of EUR 3.18.

In millions of euros

Change in the consolidated other comprehensive income

2014/15	Values without restatement	Adjustments	Values retroactively adjusted
Profit after tax	**594.2**	**0.8**	**595.0**
Items of other comprehensive income that will be reclassified to profit or loss			
Cash flow hedges	22.4	0.0	22.4
Net investment hedges	10.3	0.0	10.3
Currency translation	127.4	1.2	128.6
Share of result of entities consolidated according to the equity method	9.8	0.0	9.8
Subtotal of items of other comprehensive income that will be reclassified to profit or loss	**169.9**	**1.2**	**171.1**
Items of other comprehensive income that will not be reclassified to profit or loss			
Actuarial gains/losses	–184.2	–0.7	–184.9
Actuarial gains/losses of entities consolidated according to the equity method	–2.3	0.0	–2.3
Subtotal of items of other comprehensive income that will not be reclassified to profit or loss	**–186.5**	**–0.7**	**–187.2**
Other comprehensive income for the period, net of income tax	**–16.6**	**0.5**	**–16.1**
Total comprehensive income for the period	**577.6**	**1.3**	**578.9**
Attributable to:			
Owners of the parent	527.8	1.3	529.1
Non-controlling interests	12.7	0.0	12.7
Share planned for hybrid capital owners	37.1	0.0	37.1
Total comprehensive income for the period	**577.6**	**1.3**	**578.9**

In millions of euros

The following standards are already published as of the reporting date, but their application was not yet mandatory for the business year 2015/16 or they have not been adopted by the European Union:

Published by IASB but not adopted by the European Union or their application was not yet mandatory as of the reporting date

Standard	Content	Effective date according to IASB[1]
IAS 1, amendments	Disclosure Initiative	January 1, 2016
IAS 16 and IAS 38, amendments	Clarification of Acceptable Methods of Depreciation and Amortization	January 1, 2016
IAS 16 and IAS 41, amendments	Agriculture: Bearer Plants	January 1, 2016
IAS 27, amendments	Equity Method in Separate Financial Statements	January 1, 2016
Various standards, amendments	Annual Improvements to International Financial Reporting Standards, 2012–2014 Cycle	January 1, 2016
IFRS 10, IFRS 12 and IAS 28, amendments	Investment Entities: Applying the Consolidation Exception	January 1, 2016[2]
IFRS 11, amendments	Accounting for Acquisitions of Interests in Joint Operations	January 1, 2016
IAS 12, amendments	Recognition of Deferred Tax Assets for Unrealised Losses	January 1, 2017
IAS 7, amendments	Disclosure Initiative	January 1, 2017
IFRS 9	Financial Instruments	January 1, 2018
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
IFRS 10 and IAS 28, amendments	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	postponed
IFRS 14	Regulatory Deferral Accounts	January 1, 2016[3]

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

These standards – in so far as they have been adopted by the European Union – are not being adopted early by the Group. From today's perspective, material effects of the revised standards on the voestalpine Group's financial situation and profitability are not expected. The following effects are expected from the new standards:

IFRS 9 Financial Instruments results in amendments and revisions in the area of financial instruments and will replace IAS 39 (except portfolio fair value hedge). Going forward, the classification rules vary according to the characteristics of the business model and the contractual cash flows of financial assets. Another fundamental innovation arises in connection with impairment, which in the future will be based on an expected loss model rather than, as has been the case, on incurred loss. In addition, IFRS 9 contains new general accounting requirements for hedge accounting. From the present vantage point, no significant effects are expected from the changes brought about by IFRS 9.

IFRS 15 Revenue from Contracts with Customers embraces the rules for revenue recognition and replaces IAS 18 and IAS 11 as well as the interpretations relating to revenues. In the future, it is no longer the conferring of significant opportunities and risks that is decisive but rather the point in time when the transfer of control over the goods and services occurs and thus the benefits to be derived through it. Currently, an analysis of the revenue groups is being conducted within the Group in order to evaluate the impact of the initial application of IFRS 15.

IFRS 16 Leases governs accounting for leasing arrangements and will replace IAS 17 as well as previous interpretations. The new rules eliminate the prior distinction between finance and operating leasing arrangements. In this respect, operating leases will in the future be treated in the same way as finance leases. The voestalpine Group companies currently operate as lessees in operating leases, which is why it can be expected that the application of IFRS 16 will have effects on assets and on financial and earning positions. However, it is not possible to quantify these effects at the moment – for a list of existing operating leases as of the reporting date, see chapter 9 Fixed Assets.

Basis of consolidation

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

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

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

Foreign currency translation

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

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

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

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

	USD	GBP	BRL	SEK	PLN
Closing exchange rate					
03/31/2015	1.0759	0.7273	3.4958	9.2901	4.0854
03/31/2016	1.1385	0.7916	4.1174	9.2253	4.2576
Average annual rate					
2014/15	1.2683	0.7852	3.1171	9.2278	4.1863
2015/16	1.1036	0.7323	3.9650	9.3404	4.2260

Uncertainties in accounting estimates and assumptions

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

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

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

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

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

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

  Information concerning acquisitions that take place during the reporting period is reported under Chapter D. Acquisitions and other additions to the scope of consolidated financial statements.

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

■ **Income taxes**

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

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

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

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

■ **Legal risks**

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

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

Recognition of revenue and expenses

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

Investment grants are treated as deferred items and recognized as income over the useful life of the asset. Cost subsidies are recognized on an accrual basis, corresponding to the associated expenses. Government grants of EUR 25.2 million (2014/15: EUR 26.1 million) for capital expenditures, research and development, and promotion of job opportunities were recognized as income during the reporting period. Expenses for research and development amounted to EUR 131.8 million (2014/15: EUR 126.7 million) in the business year 2015/16.

Property, plant and equipment

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

The cost of self-constructed property, plant and equipment includes direct costs and an appropriate portion of indirect materials and indirect labor.

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

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

With regard to borrowing costs relating to qualifying assets, for which the commencement date for capitalization is on or after April 1, 2009, the Group capitalizes borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset as part of the cost of that asset. The commencement date for capitalization is the date when expenditures for the asset and borrowing costs are incurred as well as activities are undertaken that are necessary to prepare the asset for its intended use or sale. Previously, the Group immediately recognized all borrowing costs as an expense.

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

Leases

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

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

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

Goodwill

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

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

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

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

Other intangible assets

Expenses for research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized as an expense as incurred. In accordance with IAS 38.57, development expenditure is capitalized if the relevant criteria are satisfied. Expenditure on internally generated goodwill and brands is recognized as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization and impairment charges. Amortization is charged on a straight-line basis over the expected useful life of the asset. The maximum expected useful lives are as follows:

Backlog of orders	1 year
Customer relations	11 years
Technology	8 years
Software	10 years

Impairment testing of goodwill, other intangible assets, and property, plant and equipment

Cash-generating units or groups of cash-generating units that include goodwill and other intangible assets with indefinite useful lives are tested for impairment at least annually. All other assets and cash-generating units are tested for impairment if there are any indications that impairment may have arisen. Impairment testing is based on the value-in-use concept; accordingly, the recoverable amount is determined based on value in use.

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

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

With the exception of goodwill, impairment losses are reversed when previous indications of impairment no longer exist.

Financial Instruments

Derivative financial instruments are used exclusively by voestalpine AG for the purpose of hedging the foreign currency risk, interest rate risk, and raw materials price risk. Derivative financial instruments are carried at fair value and recognized as profit or loss. Hedge accounting in accordance with IAS 39 is used for some of the Group's derivative financial instruments. Consequently gains or losses resulting from changes in the value of derivative financial instruments are recognized either as profit or loss or under other comprehensive income, depending on whether a fair value hedge or the effective portion of a cash flow hedge is involved. In the case of hedges of net investments in foreign operations the share of gain or loss from a hedging instrument that is reported as an effective hedge is included in other comprehensive income; the ineffective part is to be included through profit and loss.

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

Other investments

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

Income taxes

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

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

In accordance with IAS 12.39 and IAS 12.44, deferred taxes on differences resulting from investments in subsidiaries, associates, and joint ventures were not recognized. Deferred tax assets are put in place for planned dividends subject to withholding tax.

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

Inventories

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

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

Emission certificates

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

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

Trade and other receivables

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

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

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

Cash and cash equivalents

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

Pensions and other employee obligations

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

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

Severance obligations

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

Defined contribution plans

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

Defined benefit plans

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

Longevity is the central risk within these defined benefit pension obligations. All calculations are made using the most recent mortality tables. Given a 10% relative decrease or increase in mortality, the DBO of pensions changes by +3.7% or respectively –3.3% on the reporting date. Other risks, such as the risk of rising costs of medical services, do not have any significant impact on the obligations.

Almost all pension obligations within the Group cover vested claims.

Austria

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

Germany

The different pension plans in Germany derive the amount of the pension from the following basics:

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

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

Netherlands

In the 2015/16 business year all significant obligations were converted to defined contribution pension plans.

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

	2014/15	2015/16
Interest rate (%)	1.50	1.90
Salary/wage increases (%)[1]	3.00	3.00
Pension benefit increases (%)[1]	2.25	2.25
Retirement age men/women		
Austria	max. 62 years	max. 62 years
Germany	63–67 years	63–67 years
Mortality tables		
Austria	AVÖ 2008-P	AVÖ 2008-P
Germany	Richttafeln 2005 G	Richttafeln 2005 G

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

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

Obligations from long-service bonuses

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

Other provisions

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

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

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

Contingent liabilities

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

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

Liabilities

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

Employee stock ownership plan

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

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

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

An international participation model was developed for Group companies outside Austria, which was initially implemented in several companies in Great Britain and Germany in the business year 2009/10. Due to very positive experience gained in these pilot projects, the model was expanded in these two countries and introduced step by step in the Netherlands, in Poland, in Belgium, in the Czech Republic and in Italy, in the following business years. In the business year 2015/16, a total of 70 companies participated in the international employee stock ownership program in these seven countries.

On March 31, 2016, the voestalpine Mitarbeiterbeteiligung Privatstiftung held approximately 14.5% (March 31, 2015: 13.6%) of voestalpine AG's shares in trust for employees.

C. Scope of consolidated financial statements

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

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

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

Changes in scope of consolidated financial statements

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

	Full consolidation	Equity method
As of April 1, 2015	**274**	**11**
Acquisitions	5	1
Change in consolidation method		
Acquisitions	7	
Disposals	–1	–3
Merger	–3	
Divested or disposals	–4	
As of March 31, 2016	**278**	**9**
Of which foreign companies	218	4

The following entities were deconsolidated during the business year 2014/15:

Name of entity	Date of deconsolidation
Full consolidation in business year 2014/15	
Aktiebolaget Finansa	September 4, 2015
Associated Swedish Steels Aktiebolag	September 4, 2015
Grabados Eschmann International S.L.	January 19, 2016
Rene Prinsen Spoorwegmaterialen B.V.	March 31, 2016
Associated Swedish Steels Phils., Inc.	March 31, 2016
Reorganization	
Bohler High Performance Metals Private Limited	April 1, 2015
BÖHLERSTAHL Vertriebsgesellschaft m.b.H.	April 1, 2015
voestalpine Stahl Service Center GmbH	April 1, 2015
Equity method in business year 2014/15	
CNTT Chinese New Turnout Technologies Co., Ltd.	April 1, 2015
voestalpine Tubulars GmbH & Co KG	April 1, 2015
voestalpine Tubulars GmbH	April 1, 2015

On September 4, 2015, the voestalpine Group sold all its shares of Aktiebolaget Finansa and Associated Swedish Steels Aktiebolag at the book value of EUR 0.0 million.

D. Acquisitions and other additions to the scope of consolidated financial statements

The following entities were included in the consolidated financial statements for the first time during the business year 2015/16:

Name of entity	Interest in %	Date of initial consolidation
Full consolidation		
voestalpine Tubulars GmbH	57.500%	April 1, 2015
voestalpine Tubulars GmbH & Co KG	49.600%	April 1, 2015
CNTT Chinese New Turnout Technologies Co., Ltd.	50.000%	April 1, 2015
voestalpine Forschungsservicegesellschaft Donawitz GmbH	100.000%	June 2, 2015
Eschmann Steels Trading (Shanghai) Co., Ltd.	100.000%	August 17, 2015
voestalpine Precision Strip WI, Inc.	100.000%	November 2, 2015
voestalpine Additive Manufacturing Center GmbH	100.000%	November 30, 2015
Polynorm Leasing B.V.	100.000%	January 15, 2016
Sermetal Barcelona, S.L.	100.000%	February 29, 2016
Grandacos – Servicos Maquinados Portugal, Unipessoal, Lda	100.000%	February 29, 2016
Advanced Tooling Tek (Shanghai) Co., Ltd.	100.000%	March 31, 2016
Microcosmic Metal Co., Ltd.	100.000%	March 31, 2016
Equity method		
WS Service GmbH	49.000%	June 10, 2015

Taking into consideration the shares in voestalpine Tubulars GmbH & Co KG held by voestalpine Tubulars GmbH, this results in an interest held by the Group in voestalpine Tubulars GmbH & Co KG that has been calculated to be 49.8875%.

Up to March 31, 2015, the equity method was used for the former joint ventures voestalpine Tubulars GmbH, voestalpine Tubulars GmbH & Co KG, and CNTT Chinese New Turnout Technologies Co., Ltd. and, beginning with the business year 2015/16, full consolidation is being applied as the Group has obtained control over these companies. The other additions to the scope of consolidated financial statements of fully consolidated entities include five acquisition and four newly established subsidiaries.

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

The increase in majority interests is treated as a transaction between owners. The difference between the costs of acquisition of additional shares and the pro-rated carrying value of the non-controlling interests is recognized directly in equity. During the reporting period, EUR 2.4 million (2014/15: EUR 9.9 million) was paid for the acquisition of non-controlling interests or provisions were formed for the payment thereof. Non-controlling interests amounting to EUR 0.0 million (2014/15: EUR 7.6 million) were derecognized, and the remaining amount of EUR 2.4 million (2014/15: EUR 2.3 million) was recognized directly in equity.

The decrease in majority interests is treated as a transaction between owners. The difference between the fair value and the non-controlling interests is recognized directly in equity. During the reporting period, non-controlling interests were exchanged at the fair value of EUR 4.9 million (2014/15: EUR 0.0 million) (see Chapter F. Investments in associates and joint ventures, section shares in immaterial associates). Non-controlling interests amounting to EUR 1.0 million (2014/15: EUR 0.0 million) were recognized, and the remaining amount of EUR 3.9 million (2014/15: 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 recorded in the statement of financial position as liabilities stated at fair value. If the risks and rewards associated with ownership of a non-controlling interest have already been transferred at the time the majority interest was acquired, an acquisition of 100% of the entity is assumed. If, however, the risks and rewards are not transferred, the non-controlling interests continue to be shown in equity. The liability is covered by a direct transfer from retained earnings with no effect on profit or loss (double credit approach).

Outstanding put options, which are offset against equity, had a fair value of EUR 0.2 million (March 31, 2015: EUR 0.2 million) as of March 31, 2016. For the purposes of the valuation, the discounted cash flow method was applied, taking the contractual maximum limits into account. Input factors in the discounted cash flow method include but are not limited to the medium-term business plan and the discount rate.

The company valuations of voestalpine Tubulars GmbH & Co KG, voestalpine Tubulars GmbH, and CNTT Chinese New Turnout Technologies Co., Ltd. were conducted by an independent expert. The valuation of non-controlling interests is determined in accordance with the fair values of the acquired assets and liabilities. Significant fair value adjustments were recorded for customer relationships, technology, property, plant and equipment, and inventories in accordance with IFRS 3. Non-controlling interests are reported in accordance with the partial goodwill method so that no goodwill is realized for non-controlling interests.

On April 8, 2015, effective as of April 1, 2015, voestalpine Bahnsysteme Vermögensverwaltungs GmbH and Grant Prideco European Holding LLC revised almost every existing contractual agreement relating to the control and management structure of voestalpine Tubulars GmbH & Co KG. At the same time, it was agreed to increase the interest of the voestalpine Bahnsysteme Vermögensverwaltungs GmbH in the managing "Komplementär-GmbH" (close corporation general partner) from 50.0% to 57.5%.

The company was presented in the business year 2014/15 as a joint venture between Grant Prideco European Holding LLC (subsidiary of the US-based group National Oilwell Varco, Inc. with expertise in the segments of drill pipes and premium pipe couplings) and voestalpine Bahnsysteme Vermögensverwaltungs GmbH, which, through its subsidiary voestalpine Stahl Donawitz GmbH, has applicable steel expertise and can furnish the pre-materials that meet the exacting quality requirements. The headquarters and production location of voestalpine Tubulars GmbH & Co KG are located in Kindberg, Austria. The company has sales offices in the USA and in the Middle East.

As a result of the fundamental revision of the key contractual agreements associated with the clear-cut change in the close corporation general partner's shareholding, the criterion of control in accordance with IFRS 10.6 is fulfilled from April 2015 onward, since this enables operational management that is consistent with the interests of voestalpine.

This includes control over the budget (in the sense of setting the controlling operating conditions for management), including the supply of pre-materials, tax and financial policy, and fundamental marketing activities. With the amendments in the contractual agreements, voestalpine Bahnsysteme Vermögensverwaltungs GmbH will in the future be able to implement all essential operating matters in accordance with its interests, both on the Management Board and on the Supervisory Board (in connection with the decisive vote cast by the Chairman).

voestalpine Tubulars GmbH & Co KG and voestalpine Tubulars GmbH were initially consolidated as of April 1, 2015. The fair values of the identifiable assets and liabilities of voestalpine Tubulars GmbH & Co KG and voestalpine Tubulars GmbH are as follows once control has been achieved:

	Recognized values
Non-current assets	232.5
Current assets	212.9
Non-current provisions and liabilities	–80.4
Current provisions and liabilities	–77.8
Net assets	**287.2**
Addition of non-controlling interests	–143.8
Goodwill	67.1
Costs of acquisition	**210.5**
Cash and cash equivalents acquired	0.4
Non-cash compensation	–210.5
Net cash inflow	**0.4**

In millions of euros

Goodwill of EUR 67.1 million results from the profit potential of the company, which cannot be allocated to individual capitalizable items according to IFRS, in particular, the extensive technical expertise and the excellent sales expertise of the employees. Goodwill is assigned completely to the "Tubulars" unit, which carries the goodwill. It is not expected that any part of included goodwill will be eligible for corporate tax deductions.

Prior shares were included as a joint venture using the equity method. Directly before control was achieved, the prior shares were reassessed at fair value. This resulted in proceeds of EUR 133.6 million (thereof recycling of cash flow hedges of EUR 4.5 million), which are recognized in the business year 2015/16 in the share of profit of entities consolidated according to the equity method. Depreciation of disclosed hidden reserves resulted in an expense of EUR 79.5 million in the business year 2015/16.

Since its initial consolidation, voestalpine Tubulars GmbH & Co KG and voestalpine Tubulars GmbH have contributed revenue of EUR 343.3 million to consolidated revenue. Their share of the Group's profit after tax was EUR –35.6 million (after depreciation of the hidden reserves recognized within the scope of purchase price allocation) for the same period.

As part of the first-time full consolidation of voestalpine Tubulars GmbH & Co KG and voestalpine Tubulars GmbH, the following are being taken over at fair value: trade receivables of EUR 46.3 million (gross carrying amount: EUR 46.3 million); receivables from finance and clearing of EUR 56.9 million (gross carrying amount: EUR 56.9 million); and other receivables of EUR 8.0 million (gross carrying amount: EUR 8.0 million). Receivables expected to be uncollectible are considered immaterial and negligible.

Effective April 1, 2015, the fundamental revision of the key contractual agreements constitutes the criterion of control for CNTT Chinese New Turnout Technologies Co., Ltd. in accordance with IFRS 10.6. Two voestalpine companies hold 50% of CNTT Chinese New Turnout Technologies Co., Ltd. Because of the prior alternating nomination right for the CEO (between the joint venture partner and voestalpine), who has the decision-making powers for essential matters, CNTT Chinese New Turnout Technologies Co., Ltd. was previously treated as a company under joint control and, until March 31, 2015, included in the voestalpine consolidated financial statements using the equity method. Because of a change in the articles of association, from now on the Board of Directors will have decision-making powers; the majority of representatives on this Board are from voestalpine. Consequently, starting April 1, 2015, CNTT Chinese New Turnout Technologies Co., Ltd. has been fully consolidated. The company produces turnouts and expansion joints for the continuing development of the high-speed railway network in China.

CNTT Chinese New Turnout Technologies Co., Ltd. was initially consolidated as of April 1, 2015. The fair value of the identifiable assets and liabilities of CNTT Chinese New Turnout Technologies Co., Ltd. is as follows once control has been achieved:

	Recognized values
Non-current assets	27.2
Current assets	79.2
Non-current provisions and liabilities	–1.5
Current provisions and liabilities	–46.1
Net assets	**58.8**
Addition of non-controlling interests	–29.4
Goodwill	0.2
Costs of acquisition	**29.6**
Cash and cash equivalents acquired	23.9
Non-cash compensation	–29.6
Net cash inflow	**23.9**

In millions of euros

Goodwill of EUR 0.2 million results from the profit potential of the company, which according to IFRS cannot be allocated to individual capitalizable items. Goodwill is assigned completely to the "Turnout Systems" unit, which carries the goodwill. It is not expected that any part of recognized goodwill will be eligible for corporate tax deductions.

Prior shares were included as a joint venture using the equity method. Directly before control was achieved, the prior shares were reassessed at fair value. This resulted in proceeds of EUR 12.2 million (thereof recycling of currency translation differences of EUR 8.8 million), which are recognized in the business year 2015/16 in the share of profit of entities consolidated according to the equity method. Depreciation of disclosed hidden reserves resulted in an expense of EUR 2.5 million in the business year 2015/16.

Since its initial consolidation, CNTT Chinese New Turnout Technologies Co., Ltd. has contributed revenue of EUR 69.4 million to consolidated revenue. Its share of the Group's profit after tax was EUR 13.7 million for the same period.

As part of the first-time full consolidation of CNTT Chinese New Turnout Technologies Co., Ltd., the following were taken over at fair value: trade receivables of EUR 23.3 million (gross carrying amount: EUR 28.5 million); and other receivables of EUR 0.1 million (gross carrying amount: EUR 0.1 million). Receivables expected to be uncollectible amounted to EUR 5.2 million.

At the end of February 2016, the Special Steel Division acquired Sermetal Barcelona, SL and Grandacos – Servicos Maquinados Portugal, Unipessoal, Lda, which involved acquisition of the four sales and service locations in Spain and Portugal. Sermetal is considered the market leader on the Iberian Peninsula in the segment for plastic mold steel used by the automotive industry and with its 60 employees generated revenue of around EUR 27 million in 2015. Along with stainless steel products, the new sales and service centers offer on-site processing (sawing, milling, heat treatment) customized to customer specifications.

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

	Recognized values
Non-current assets	2.0
Current assets	19.5
Non-current provisions and liabilities	–0.2
Current provisions and liabilities	–9.6
Net assets	**11.7**
Goodwill	0.3
Costs of acquisition	**12.0**
Cash and cash equivalents acquired	–0.8
Net cash outflow	**11.2**

In millions of euros

Goodwill of EUR 0.3 million results from the profit potential of the company, which according to IFRS, cannot be allocated to individual capitalizable items. Goodwill is assigned completely to the "Value Added Services" unit, which carries the goodwill. It is not expected that any part of recognized goodwill will be eligible for corporate tax deductions.

Since the initial consolidation, this acquisition has contributed revenue of EUR 0.0 million to consolidated revenue. Its share of the Group's profit after tax was EUR 0.0 million for the same period. The acquisition would have contributed EUR 28.2 million to the consolidated revenue and EUR 0.8 million to the Group's profit after tax if the acquisition had been consolidated as of April 1, 2015.

As part of the first-time full consolidation of the Sermetal Group, fair values for trade receivables of EUR 9.9 million (gross carrying amount: EUR 10.3 million) and other receivables of EUR 0.1 million (gross carrying amount: EUR 0.1 million) were taken over. Receivables that are expected to be uncollectible are considered immaterial and negligible. Acquisition-related costs of EUR 0.3 million were recognized in other operating expenses for this acquisition.

On March 31, 2016 the Special Steel Division took control over its long-standing distribution partner, Advanced Tooling Tek (ATT), based in Shanghai, China, as well as ATT's subsidiary, Microcosmic Metal Co., Ltd., thereby beginning the Group's next phase of expansion in the Chinese market. With its acquisition of the company, which employs about 100 people and generated revenue equivalent to EUR 16 million in 2015, the Special Steel Division was able to expand its market leadership position as a supplier of stainless steel products for tool and mold making. Large injection molds used for the production of plastic products for the automotive industry, as well as in the electronics industry, constitute an important product segment for the company, which specializes in stainless steel processing and distribution.

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

	Recognized values
Non-current assets	8.1
Current assets	14.2
Non-current provisions and liabilities	–1.0
Current provisions and liabilities	–4.4
Net assets	**16.9**
Goodwill	5.2
Costs of acquisition	**22.1**
Cash and cash equivalents acquired	–1.4
Purchase price not yet paid	–3.3
Net cash outflow	**17.4**

In millions of euros

Goodwill of EUR 5.2 million results from the profit potential of the company, which according to IFRS, cannot be allocated to individual capitalizable items. Goodwill is assigned completely to the "Value Added Services" unit, which carries the goodwill. It is not expected that any part of recognized goodwill will be eligible for corporate tax deductions.

Since the initial consolidation, this acquisition has contributed revenue of EUR 0.0 million to consolidated revenue. Its share of the Group's profit after tax profit for the period was EUR 0.0 million for the same period. The acquisition would have contributed EUR 16.5 million to the consolidated revenue and EUR 1.4 million to the Group's profit after tax if the acquisition had been consolidated as of April 1, 2015.

As part of the first-time full consolidation of Advanced Tooling Tek and their subsidiary Microcosmic Metal Co., Ltd., fair values for trade receivables of EUR 5.5 million (gross carrying amount: EUR 5.8 million) and other receivables of EUR 0.1 million (gross carrying amount: EUR 0.1 million) were taken over. Receivables that are expected to be uncollectible are considered immaterial and negligible. Acquisition-related costs of EUR 0.6 million were recognized in other operating expenses for this acquisition.

The acquisitions that, in and of themselves, are of less significance for voestalpine's consolidated financial statement are as follows.

voestalpine Precision Strip GmbH, a company in the Metal Forming Division, acquired the US company Wickeder Steel Company (now voestalpine Precision Strip WI, Inc.) in Wisconsin at the start of November 2015. This company specializes in heat treating and hardening carbon steel to produce saws, hand tools, and flap valves and ranks among the top five on the US market. This company has 50 employees, and in 2015, it recorded revenue of around EUR 13 million. Wickeder Steel Company's product and technology range is in line with the Precision Strip business segment's US growth strategy and its core competences. Wickeder Steel Company has a long history of heat treating and hardening special strip steel for the highest customer requirements. This acquisition will additionally reinforce voestalpine's product range for hardened special strip steel for high-quality applications such as band saw blades for the food sector. voestalpine Precision Strip WI, Inc. was initially consolidated as of November 2, 2015.

voestalpine WBN B.V. Netherlands, which is part of the Metal Engineering Division of the voestalpine Group, acquired Rail Service Netherlands (RSN), which is headquartered in Alkmaar, on September 1, 2015 as part of an asset deal. This company, which has around ten employees, manufactures turnout drives and corresponding mechanical interfaces (drive and detection rods) for the Dutch market. The most important strategic considerations of the asset deal are to strengthen and ensure the market position of voestalpine WBN B.V. by integrating drive, locking, and detection technology (system turnouts for the Netherlands), creation of a competence center for signaling technology for the Netherlands as well as the expansion of the existing service business, the acceleration of the market entry of other signaling products by leveraging the excellent reputation of RSN, and the more rapid market expansion of RSN turnout drives due to the excellent market position of voestalpine on the Dutch railway market.

On September 2, 2015, voestalpine Wire Technology GmbH, Bruck an der Mur, Austria, acquired a company in the Metal Engineering Division as part of an asset deal with ArcelorMittal Bissen & Bettembourg SA, Bissen, Luxembourg involving both tangible assets, mainly machinery and technical equipment, as well as intangible assets, in the form of licenses, technology know-how and commercial information for the production of fine wires and technical cords. The key strategic considerations behind the asset deal involved supplementing existing know-how as well as adding production technology, including the corresponding customer base, in order to further expand business in fine wires.

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

	Recognized values
Non-current assets	10.4
Current assets	4.7
Non-current provisions and liabilities	–2.3
Current provisions and liabilities	–2.9
Net assets	**9.9**
Badwill	–0.6
Costs of acquisition	**9.3**
Cash and cash equivalents acquired	–0.1
Agreement on contingent consideration	–0.3
Net cash outflow	**8.9**

In millions of euros

Since their initial consolidation, these acquisitions have contributed revenue of EUR 5.2 million to consolidated revenue. Its share of the Group's profit after tax profit for the period was EUR –0.1 million for the same period. The acquisition would have contributed EUR 20.9 million to the consolidated revenue and EUR –0.2 million to the Group's profit after tax if the acquisition had been consolidated as of April 1, 2015.

As part of the first-time full consolidation of voestalpine Precision Strip WI, Inc., fair values for trade receivables of EUR 1.4 million (gross carrying amount: EUR 1.4 million) and other receivables of EUR 0.1 million (gross carrying amount: EUR 0.1 million) were taken over. Receivables that are expected to be uncollectible are considered immaterial and negligible. Acquisition-related costs of EUR 0.1 million were recognized in other operating expenses. The badwill is recorded under other operating income.

The earn out clause "Inventory Pay-Out" agreed during the acquisition of voestalpine Precision Strip WI, Inc. stipulates that of the "inventories at risk" identified in the agreement, 50% of the proceeds generated from the sale of "inventories at risk" (capped at USD 0.5 million and for a limited period through to June 30, 2017) will be remunerated in addition to the agreed purchase price.

E. Subsidiaries with material non-controlling interests

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

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

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

Summarized statement of financial position

	voestalpine Tubulars GmbH & Co KG	CNTT Chinese New Turnout Technologies Co., Ltd.
	03/31/2016	03/31/2016
Non-current assets	91.5	20.1
Current assets	120.5	94.5
Non-current provisions and liabilities	30.9	0.9
Current provisions and liabilities	58.7	63.5
Net assets (100%)	**122.4**	**50.2**

In millions of euros

Summarized income statement

	voestalpine Tubulars GmbH & Co KG	CNTT Chinese New Turnout Technologies Co., Ltd.
	2015/16	**2015/16**
Revenue	354.8	69.8
EBIT	20.1	20.3
Profit after tax	24.1	15.5
Attributable to:		
Owners of the parent	12.0	7.8
Non-controlling interests	12.1	7.8
Dividends paid to non-controlling interests	31.0	7.4

In millions of euros

Summarized statement of cash flows

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

In millions of euros

F. Investments in associates and joint ventures

Shares in immaterial joint ventures

As of March 31, 2016 only Jiaxing NYC Industrial Co., Ltd is reported as a joint venture. Up to March 31, 2015, the equity method was used for the former joint ventures voestalpine Tubulars GmbH & Co KG (up to now classified as material joint venture), voestalpine Tubulars GmbH, and CNTT Chinese New Turnout Technologies Co., Ltd. (up to now classified as immaterial joint ventures) and, beginning with the business year 2015/16, full consolidation is being applied as the Group has obtained control over these companies. For the resulting effects on the consolidated financial statements, see Chapter D. Acquisitions and other additions to the scope of consolidated financial statements.

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

	2014/15	2015/16
Group share of		
Profit after tax	7.8	0.2
Other comprehensive income	6.8	–0.3
Comprehensive income	**14.6**	**–0.1**
Carrying amount immaterial joint ventures	**30.3**	**3.2**

In millions of euros

voestalpine Giesserei Linz GmbH holds 51.0% of shares in Jiaxing NYC Industrial Co., Ltd. The articles of association require at least one vote from another partner for all significant decisions (budget, investments). From this is deduced that despite a 51.0% interest, control is not exercised in the interest.

Shares in immaterial associates

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

	2014/15	2015/16
Group share of		
Profit after tax	12.5	7.0
Other comprehensive income	7.9	–3.8
Comprehensive income	**20.4**	**3.2**
Carrying amount immaterial associates	**117.1**	**109.2**

In millions of euros

In the first half the business year 2015/16, WS Service GmbH, which specializes in the inspection, service, and corrective maintenance of turnouts, was included in the consolidated financial statements for the first time as an associate. By way of a share deal (share exchange), voestalpine Weichensysteme GmbH (Metal Engineering Division) now holds 49.0% of WS Service GmbH (reporting date: December 31). As part of this share deal, 13.05% of the shares of Weichenwerk Wörth GmbH were divested and 49.0% of the WS Service GmbH shares were added.

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

G. Explanations and other disclosures

1. Revenue

The breakdown of the revenue is reported as follows:

	2014/15	2015/16
Revenue from the sale of products (including services)	11,009.2	10,851.4
Revenue from construction contracts	180.3	217.3
Revenue	**11,189.5**	**11,068.7**

In millions of euros

2. Operating segments

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

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

The Special Steel Division is the global market leader in the sector of tool steel and high-speed steel. In the segment of special alloys for the oil and natural gas industries, the aerospace industry, and the energy engineering industry, the Special Steel Division holds a leading position on the global market. The companies of the Special Steel Division are leading providers of forging technology, both in the open die forging segment and in the drop forgings segment. The main customer groups for all of the division's most important product segments are primarily the automotive industry, the aerospace industry, the oil and natural gas industries, the energy engineering industry, and the entire tool industry.

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

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

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

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

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

The operating segments of the Group are as follows:

Operating segments

	Steel Division		Special Steel Division	
	2014/15	2015/16	2014/15	2015/16
Segment revenue	3,873.9	3,753.7	2,777.4	2,650.9
Of which revenue with third parties	3,578.9	3,450.8	2,723.8	2,596.2
Of which revenue with other segments	295.0	302.9	53.6	54.7
EBITDA	450.3	478.3	406.9	364.1
Depreciation and amortization of property, plant and equipment and intangible assets	242.3	258.3	153.3	136.9
Of which impairment	0.0	0.2	16.3	0.0
Reversal of impairment of property, plant and equipment and intangible assets	0.0	0.0	0.6	0.0
Share of profit of entities consolidated according to the equity method	11.8	6.1	0.0	0.0
EBIT	208.0	220.0	253.6	227.2
EBIT margin	5.4%	5.9%	9.1%	8.6%
Interest and similar income	0.4	0.7	5.6	8.7
Interest and similar expenses	42.3	40.7	56.0	56.0
Income tax expense	–24.9	–28.4	–58.4	–68.0
Profit after tax	140.1	149.9	145.4	112.3
Segment assets	4,405.3	4,671.9	4,007.5	3,881.9
Of which investments in entities consolidated according to the equity method	105.3	92.1	0.0	0.0
Net financial debt	1,465.2	1,785.3	822.9	815.0
Investments in property, plant and equipment and intangible assets	570.6	701.0	159.3	181.7
Employees (full-time equivalent)	11,103	10,891	13,490	13,470

	Metal Engineering Division		Metal Forming Division		Other		Reconciliation		Total Group	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
	2,593.0	2,850.4	2,335.2	2,224.9	1,201.0	934.4	–1,591.0	–1,345.6	11,189.5	11,068.7
	2,567.1	2,812.8	2,302.4	2,195.5	17.3	13.4	0.0	0.0	11,189.5	11,068.7
	25.9	37.6	32.8	29.4	1,183.7	921.0	–1,591.0	–1,345.6	0.0	0.0
	419.8	510.9	331.3	290.5	–80.3	–73.9	2.1	13.5	1,530.1	1,583.4
	127.8	196.0	112.9	96.0	7.6	7.4	0.0	0.0	643.9	694.6
	15.9	38.8	19.1	0.2	0.0	0.0	0.0	0.0	51.3	39.2
	0.0	0.2	2.3	0.0	0.0	0.0	0.0	0.0	2.9	0.2
	47.1	145.5	0.0	0.0	0.6	0.8	0.7	0.6	60.2	153.0
	292.1	314.9	220.7	194.5	–88.0	–81.3	–0.2	13.5	886.2	888.8
	11.3%	11.0%	9.5%	8.7%					7.9%	8.0%
	2.0	3.5	1.7	3.5	191.3	198.9	–176.5	–188.2	24.5	27.1
	33.9	36.5	29.1	26.5	242.5	187.5	–220.2	–189.5	183.6	157.7
	–62.9	–53.2	–24.7	–25.6	35.1	28.1	–8.2	–2.1	–144.0	–149.2
	197.5	228.7	168.7	145.9	297.7	48.3	–354.4	–83.0	595.0	602.1
	2,770.2	3,140.9	2,021.5	2,028.2	10,390.6	10,483.5	–10,390.4	–10,199.8	13,204.7	14,006.6
	99.1	5.0	0.0	0.0	5.5	6.1	9.2	9.2	219.1	112.4
	654.2	700.9	400.6	413.1	–397.5	–661.0	32.7	26.6	2,978.1	3,079.9
	267.8	248.2	169.8	167.5	8.8	7.1	0.1	0.2	1,176.4	1,305.7
	11,685	12,675	10,328	10,470	812	861	0	0	47,418	48,367

In millions of euros

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

EBITDA	2014/15	2015/16
Net exchange differences and result from valuation of derivatives	–1.4	12.6
Consolidation	3.5	0.9
EBITDA – Total reconciliation	**2.1**	**13.5**

In millions of euros

EBIT	2014/15	2015/16
Net exchange differences and result from valuation of derivatives	–1.4	12.6
Consolidation	1.2	0.9
EBIT – Total reconciliation	**–0.2**	**13.5**

In millions of euros

All other key figures contain solely the effects of consolidation.

Geographical information

The following table provides selected financial information subsumed into the major geographical areas. External revenue is allocated by geographical location of the customers' companies. Non-current assets and investments are reported by the geographical location of the companies.

	Austria		European Union		Other countries	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
External revenue	1,154.2	829.0	6,982.2	6,949.4	3,053.1	3,290.3
Non-current assets	4,793.2	5,088.8	1,542.2	1,572.0	1,015.1	1,401.8
Investments in property, plant and equipment and intangible assets	599.8	601.3	230.9	180.3	345.7	524.1

In millions of euros

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

3. Other operating income

	2014/15	2015/16
Gains on disposal and appreciation of intangible assets, property, plant and equipment	7.2	8.9
Income from reversal of provisions	49.9	51.8
Exchange profits	98.8	85.4
Income from the valuation of derivatives	16.0	14.7
Other operating income	282.5	201.2
	454.4	**362.0**

In millions of euros

In the business year 2015/16, operating income of EUR 83.3 million (2014/15: EUR 88.6 million) from the sale of products not generated in the course of ordinary activities is included in other operating income. In the business year 2014/15, gains from deconsolidation amounting to EUR 59.9 million are included in the other operating income.

4. Other operating expenses

	2014/15	2015/16
Taxes other than income taxes	21.6	20.7
Losses on disposal of property, plant and equipment	6.9	6.3
Exchange losses	73.8	91.2
Expenses from the valuation of derivatives	1.2	0.6
Other operating expenses	218.3	305.7
	321.8	**424.5**

In millions of euros

Other operating expenses include EUR 0.9 million (2014/15: EUR 2.2 million) losses from deconsolidation.

5. Share of profit of entities consolidated according to the equity method

	2014/15	2015/16
Income from associates	12.5	7.0
Expenses from associates	0.0	0.0
Income from joint ventures	47.7	146.0
Expenses from joint ventures	0.0	0.0
	60.2	**153.0**

In millions of euros

Income from associates is primarily attributable to METALSERVICE S.P.A., GEORG FISCHER FITTINGS GmbH and Industrie-Logistik-Linz GmbH. Income from joint venture include EUR 145.8 million (including a recycling of cash flow hedges and of currency translation differences) from the transitional consolidation of voestalpine Tubulars GmbH & Co KG, voestalpine Tubulars GmbH and CNTT Chinese New Turnout Technologies Co., Ltd. – see also Chapter D. Acquisitions and other additions to the scope of consolidated financial statements. All other income from entities consolidated according to the equity method are the pro rata profits for the period– see also Chapter B. Summary of accounting policies, section general information.

6. Finance income

	2014/15	2015/16
Income from investments	3.6	3.8
Of which from affiliates	*1.8*	*2.0*
Income from other long-term securities and loans	8.1	7.2
Of which from affiliates	*0.0*	*0.0*
Other interest and similar income	16.4	19.9
Of which from affiliates	*0.2*	*0.4*
Income from disposals and fair value measurements of investment at fair value through profit or loss	15.9	1.2
	44.0	**32.1**

In millions of euros

7. Finance costs

	2014/15	2015/16
Expenses from other financial assets		
Valuation of securities	3.2	7.0
Expenses from affiliates	0.0	0.0
Other expenses	4.4	4.9
	7.6	**11.9**
Other interest and similar expenses	183.6	157.7
Of which from affiliates	*0.0*	*0.0*
	191.2	**169.6**

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).

	2014/15	2015/16
Current tax expense	**126.1**	**145.2**
Effective tax expense	123.6	146.3
Adjustments of taxes from previous periods	2.5	–0.9
Recognition of tax losses from prior periods	0.0	–0.2
Deferred tax expense	**17.9**	**4.0**
Origination/reversal of temporary differences	16.1	13.1
Adjustments of taxes from previous periods	3.7	–4.2
Impact of changes in tax rates	2.6	0.6
Recognition of tax losses from prior periods	–4.5	–5.5
	144.0	**149.2**

In millions of euros

The changes in tax rates apply solely to foreign taxes.

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

	2014/15		2015/16	
Profit before tax		**739.0**		**751.3**
Income tax using the Austrian corporate tax rate	25.0%	184.8	25.0%	187.8
Difference to foreign tax rates	1.1%	8.4	0.4%	2.7
Non-taxable income and expenses	–5.8%	–42.7	–3.0%	–22.7
Non-taxable income from investments	–2.0%	–14.9	–0.4%	–2.7
Effects of depreciation of investments and utilization of previously unrecognized losses carried forward and non-recognition of losses carried forward, respectively	–0.6%	–4.3	0.1%	0.3
Taxes from previous periods	0.9%	6.2	–0.7%	–5.1
Own shares	0.0%	0.0	0.0%	0.0
Other differences	0.9%	6.5	–1.5%	–11.1
Effective Group tax rate (%)/income tax expense	**19.5%**	**144.0**	**19.9%**	**149.2**

In millions of euros

9. Property, plant and equipment

	Land, land rights, and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction	Total
Gross carrying amount	2,694.2	8,846.8	1,009.0	675.4	13,225.4
Accumulated depreciation and impairment	–1,339.5	–6,378.8	–764.7	–0.6	–8,483.6
Carrying amount as of April 1, 2014	**1,354.7**	**2,468.0**	**244.3**	**674.8**	**4,741.8**
Gross carrying amount	2,851.5	9,361.1	1,022.3	939.9	14,174.8
Accumulated depreciation and impairment	–1,390.7	–6,692.1	–762.8	–0.8	–8,846.4
Carrying amount as of March 31, 2015	**1,460.8**	**2,669.0**	**259.5**	**939.1**	**5,328.4**
Gross carrying amount	3,187.7	10,082.9	1,113.6	1,150.2	15,534.4
Accumulated depreciation and impairment	–1,499.3	–7,202.8	–823.7	–2.1	–9,527.9
Carrying amount as of March 31, 2016	**1,688.4**	**2,880.1**	**289.9**	**1,148.1**	**6,006.5**

In millions of euros

The following table shows a reconciliation of the carrying amounts of property, plant and equipment for the periods presented in the consolidated financial statements as of March 31, 2016:

	Land, land rights, and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction	Total
Carrying amount as of April 1, 2014	**1,354.7**	**2,468.0**	**244.3**	**674.8**	**4,741.8**
Changes in the scope of consolidated financial statements	8.7	1.8	0.3	–1.9	8.9
Additions	65.1	275.7	65.0	693.0	1,098.8
Transfers	83.5	393.2	12.9	–492.8	–3.2
Disposals	–0.3	–7.0	–1.0	–2.3	–10.6
Depreciation	–67.3	–430.9	–62.5	–0.2	–560.9
Impairment	–6.2	–43.0	–1.2	0.0	–50.4
Reversal of impairment	1.4	1.3	0.2	0.0	2.9
Net exchange differences	21.2	9.9	1.5	68.5	101.1
Carrying amount as of March 31, 2015	**1,460.8**	**2,669.0**	**259.5**	**939.1**	**5,328.4**
Changes in the scope of consolidated financial statements	61.3	73.6	8.1	6.6	149.6
Additions	192.2	325.7	78.2	646.0	1,242.1
Transfers	78.7	308.5	18.8	–407.4	–1.4
Disposals	–4.2	–4.5	–3.0	–1.1	–12.8
Depreciation	–76.6	–457.6	–67.9	0.0	–602.1
Impairment	–0.2	0.0	0.0	–0.2	–0.4
Reversal of impairment	0.2	0.0	0.0	0.0	0.2
Net exchange differences	–23.8	–34.6	–3.8	–34.9	–97.1
Carrying amount as of March 31, 2016	**1,688.4**	**2,880.1**	**289.9**	**1,148.1**	**6,006.5**

In millions of euros

As of March 31, 2016, restrictions on the disposal of property, plant and equipment amounted to EUR 10.9 million (March 31, 2015: EUR 13.9 million). Furthermore, as of March 31, 2016, commitments for the purchase of property, plant and equipment amounted to EUR 324.2 million (March 31, 2015: EUR 698.1 million).

Borrowing costs related to qualifying assets in the amount of EUR 16.7 million (2014/15: EUR 13.9 million) were capitalized in the reporting period. The calculation was based on an average borrowing cost rate of 2.5% (2014/15: 3.5%).

As of March 31, 2016, the gross carrying amount and accumulated depreciation of investment properties (IAS 40) are reported as follows:

	03/31/2015	03/31/2016
Gross carrying amount	25.2	23.4
Accumulated depreciation and impairment	–10.0	–8.6
Carrying amount	**15.2**	**14.8**

In millions of euros

The following table shows a reconciliation of the carrying amounts of investment properties for the periods presented in the consolidated financial statements as of March 31, 2016:

	2014/15	2015/16
Carrying amount as of April 1	**15.1**	**15.2**
Transfers	0.0	0.1
Disposals	0.0	–0.6
Reversal of impairment	0.0	0.2
Net exchange differences	0.1	–0.1
Carrying amount as of March 31	**15.2**	**14.8**

In millions of euros

Investment properties are measured at cost. Depreciation is recorded in line with the general accounting policies for property, plant and equipment. Based on comparable sales transactions, the market value of these assets is estimated at EUR 15.8 million (March 31, 2015: EUR 16.6 million). Rental income and expenses for investment properties are immaterial.

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

	Property, plant and equipment				Intangible Assets	Total
	Land, land rights, and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction		
2014/15						
Gross carrying amount	70.3	37.8	3.1	0.0	1.0	112.2
Accumulated depreciation and impairment	–27.3	–25.2	–1.7	0.0	–1.0	–55.2
Carrying amount	**43.0**	**12.6**	**1.4**	**0.0**	**0.0**	**57.0**
2015/16						
Gross carrying amount	62.8	38.2	5.8	0.0	1.0	107.8
Accumulated depreciation and impairment	–24.1	–27.2	–2.4	0.0	–1.0	–54.7
Carrying amount	**38.7**	**11.0**	**3.4**	**0.0**	**0.0**	**53.1**

In millions of euros

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

	Minimum finance lease payments		Discounts on finance lease payments		Present value of the minimum finance lease payments	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Less than one year	7.6	8.8	–1.6	–1.7	6.0	7.1
Between one and five years	27.2	21.7	–2.9	–1.8	24.3	19.9
More than five years	7.3	5.7	–0.8	–0.6	6.5	5.1
	42.1	**36.2**	**–5.3**	**–4.1**	**36.8**	**32.1**

In millions of euros

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

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

	2014/15	2015/16
Less than one year	50.5	51.8
Between one and five years	110.0	117.1
More than five years	49.0	72.0
	209.5	**240.9**

In millions of euros

Payments of EUR 62.8 million (2014/15: EUR 61.0 million) under operating leases have been recognized as expenses.

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

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

	2014/15	2015/16
Cost of sales	565.9	588.2
Distribution costs	20.7	24.8
Administrative expenses	21.1	21.4
Other operating expenses	36.2	60.2
	643.9	**694.6**

In millions of euros

Impairment losses and reversal of impairment losses

In the previous year, a write-down to the net fair value as part of the deconsolidation of voestalpine Plastics Solutions amounting to a total of EUR 13.9 million and impairment losses on a cash generating unit in Russia that is engaged in the production of profiles amounting to EUR 5.2 million were recognized under profit and loss in the Metal Forming Division. They are recognized under other operating expenses. Impairment losses were recognized on the activities in Russia due to the weak market environment. The recoverable amount from this cash generating unit is EUR 4.4 million. A pre-tax discount rate of 11.75% was applied.

Also in the previous year, in the Special Steel Division, impairment losses of EUR 16.3 million were recognized in one forging line (= cash generating unit) under property, plant and equipment due to negative trends in the German energy engineering industry. They are recognized under cost of sales. The recoverable amount from this cash generating unit is EUR 73.1 million. A pre-tax discount rate of 7.20% was applied.

In the previous year, for one cash generating unit in the Metal Engineering Division that works with the production of ultrafine wires, impairment losses of EUR 15.0 million were recognized under property, plant and equipment as a consequence of negative market trends due to the German energy transition. They are recognized under cost of sales. The recoverable amount from this cash generating unit is EUR 28.9 million. A pre-tax discount rate of 7.20% was applied.

In the previous year, the recoverable amount is equal to the value in use with the exception of voestalpine Plastics Solutions, which has been sold.

10. Goodwill and intangible assets with unlimited useful life

	03/31/2014	03/31/2015	03/31/2016
Gross carrying amount	1,487.7	1,485.2	1,556.7
Impairment loss	–15.4	–12.3	–12.3
Carrying amount	**1,472.3**	**1,472.9**	**1,544.4**

In millions of euros

The following table shows a reconciliation of the carrying amounts of goodwill for the periods presented in the consolidated financial statements as of March 31, 2016:

	Goodwill
Carrying amount as of April 1, 2014	**1,472.3**
Additions	6.2
Disposals	–11.4
Net exchange differences	5.8
Carrying amount as of March 31, 2015	**1,472.9**
Additions	73.0
Net exchange differences	–1.5
Carrying amount as of March 31, 2016	**1,544.4**

In millions of euros

The additions to goodwill of EUR 73.0 million include EUR 72.8 million from company acquisitions in the business year 2015/16. They also include an adjustment to the provisional purchase price allocation of Bathurst Rail Centre, Australia, from the previous year, due to an adaptation of pension obligations amounting to EUR 0.2 million.

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

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

	2014/15	2015/16
Total Steel Division	**160.1**	**160.1**
HPM Production	378.8	378.8
Value Added Services	310.9	314.9
Total Special Steel Division	**689.7**	**693.7**
Steel	25.8	25.8
Rail Technology	38.9	38.9
Tubulars	0.0	67.1
Turnout Systems	124.2	124.6
Welding Consumables	172.2	172.2
Total Metal Engineering Division	**361.1**	**428.6**
Tubes & Sections	63.0	63.0
Automotive Body Parts	84.0	84.0
Precision Strip	103.8	103.8
Warehouse & Rack Solutions	11.2	11.2
Total Metal Forming Division	**262.0**	**262.0**
voestalpine Group	**1,472.9**	**1,544.4**

In millions of euros

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

For the purpose of comparability, the country risk premiums that were taken into account last year with a cash flow premium/discount have been included in the previous WACC values shown below.

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

External market and economic forecasts for the sale of flat steel products in Europe were used for the five-year medium-term business plan of the Steel Division. Due to positive feedback from individual customer segments, some quality-related adjustments were made. The production plan reflects the sales forecasts. With respect to procurement, the assumptions regarding raw materials according to global market forecasts were taken as a basis for planning. The perpetual annuity is based on an expected growth rate of 1.25%. The pre-tax WACC is 7.56% (2014/15: 7.23%).

The five-year medium-term business plan for High Performance Metals (HPM) Production was prepared under consideration of both the strategic orientation and the regional conditions in the core markets and reflects the general economic environment of the most important industry segments for the companies. The internal forecasts and estimates – in particular with regard to the components business that targets sophisticated metallurgical applications in the aerospace, oil and natural gas, energy engineering, and automotive industries – rely on external sources of information and are largely consistent with them. Planning included the assumption that the demand in the oil and natural gas industries will remain at a low level, with a slight increase starting in 2017/18. In the aerospace industry, a trend of uninterrupted growth was assumed. Changes in the cost of input materials due to the price of alloys can mostly be passed on to customers. The last plan year was used to calculate the perpetual annuity based on a growth factor of 1.74%. The pre-tax WACC is 9.72% (2014/15: 7.79%).

The planning for Value Added Services was based on both the general economic environment of the relevant industry segments as well as the growth forecasts in the regional sales markets. The different levels of economic development in the different regions will be counteracted using the appropriately formulated strategies and measures. The consolidation of the value creation chain that had already been initiated in the past, the consistent continuation of tried and tested cost-cutting and optimization programs, as well as new initiatives such as the further tightening of administrative workflows throughout the entire supply chain have played a positive role in the planning. Changes in material costs due to alloy prices can also be passed on to the market through so-called "alloy surcharges." The perpetual annuity begins with the fifth plan year and is based on a growth factor of 1.51%. The pre-tax WACC is 10.02% (2014/15: 8.26%).

The planning process of Turnout Systems was based on the five-year medium-term business plan and market forecasts of the individual companies. The planning also reflects their expectations with respect to the development of their respective general market environment and the volume of their customers' estimated demand. With regard to the most important factor cost developments, general forecasts of the development of personnel expenses and internal assumptions on the development of steel prices were integrated into the budgets. The perpetual annuity begins with the fifth plan year and is based on a growth factor of 1.51%. The pre-tax WACC is 8.94% (2014/15: 8.20%).

In addition to the generally applicable forecasts for economic growth in the relevant core markets, in particular the development and potential in the focus industries defined for the segment were taken into account for the five-year medium-term business plan for Welding Consumables. The discounted cash flow method used in the course of the impairment tests is applied using a perpetual annuity based on the last planning period. A growth factor of 1.36% was applied for the perpetual annuity. The pre-tax WACC is 8.70% (2014/15: 8.20%).

The cash flow forecasts for Automotive Body Parts are based on the regional growth forecasts and/or the medium-term production forecasts for the pan-European automobile market, particularly for the European premium brand automakers. Internal estimates correspond approximately to forecasts from outside the Group, as well as market dynamics, and was adjusted corresponding to the model portfolio for Automotive Body Parts. The fifth plan year was used to calculate the perpetual annuity based on a growth factor of 1.15%. The pre-tax WACC is 9.19% (2014/15: 7.42%).

The five-year medium-term business plan for Precision Strip was prepared under consideration of the general regional conditions in the core markets and reflects the general economic environment of the most important industry segments for the companies. For the most part, internal estimates are based on external forecasts and were adjusted very slightly downward. The last plan year was used to calculate the perpetual annuity based on a growth factor of 1.24%. The pre-tax WACC is 9.00% (2014/15: 7.28%).

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

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

High Performance Metals Production

	2014/15	2015/16
Carrying amount coverage in millions of euros	559.6	336.5
Discount rate in %	1.8	1.2
Cash flow in %	–22.0	–15.1

Automotive Body Parts

	2014/15	2015/16
Carrying amount coverage in millions of euros	219.1	159.8
Discount rate in %	2.5	1.7
Cash flow in %	–28.8	–21.0

Precision Strip

	2014/15	2015/16
Carrying amount coverage in millions of euros	130.6	76.7
Discount rate in %	2.7	1.7
Cash flow in %	–29.4	–19.5

Intangible assets with unlimited useful life

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

	2014/15	2015/16
Special Steel Division	**155.4**	**155.4**
Welding Consumables	12.6	12.6
Total Metal Engineering Division	**12.6**	**12.6**
Precision Strip	2.6	2.6
Total Metal Forming Division	**2.6**	**2.6**
voestalpine Group	**170.6**	**170.6**

In millions of euros

Intangible assets with indefinite useful lives contain solely trademark rights. The period, during which these trademark rights are expected to generate cash flows is not subject to a foreseeable limit. Therefore, trademark rights do not depreciate and are not amortized.

11. Other intangible assets

	Brands	Other	Advance payments or payments in progress	Total
Gross carrying amount	227.6	1,082.2	43.1	1,352.9
Accumulated amortization and impairment	–13.8	–1,002.9	0.0	–1,016.7
Carrying amount as of April 1, 2014	**213.8**	**79.3**	**43.1**	**336.2**
Gross carrying amount	227.6	1,093.6	57.0	1,378.2
Accumulated amortization and impairment	–19.5	–1,013.3	–0.1	–1,032.9
Carrying amount as of March 31, 2015	**208.1**	**80.3**	**56.9**	**345.3**
Gross carrying amount	227.6	1,263.9	56.3	1,547.8
Accumulated amortization and impairment	–25.2	–1,108.5	0.0	–1,133.7
Carrying amount as of March 31, 2016	**202.4**	**155.4**	**56.3**	**414.1**

In millions of euros

The column "Brands" contains brands with an indefinite useful life amounting to EUR 170.6 million. No impairments have arisen. Moreover, a capital market funding advantage associated with the brand name Böhler-Uddeholm is contained therein. The depreciation period of the capital market funding advantage is ten years.

The following table shows a reconciliation of the carrying amounts of other intangible assets for the periods presented in the consolidated financial statements as of March 31, 2016:

	Brands	Other	Advance payments or payments in progress	Total
Carrying amount as of April 1, 2014	**213.8**	**79.3**	**43.1**	**336.2**
Changes in the scope of consolidated financial statements	0.0	2.2	0.0	2.2
Additions	0.0	15.7	20.9	36.6
Transfers	0.0	7.8	–2.9	4.9
Disposals	0.0	0.0	–4.9	–4.9
Amortization	–5.7	–26.0	0.0	–31.7
Impairment	0.0	–0.9	0.0	–0.9
Net exchange differences	0.0	2.2	0.7	2.9
Carrying amount as of March 31, 2015	**208.1**	**80.3**	**56.9**	**345.3**
Changes in the scope of consolidated financial statements	0.0	124.0	0.0	124.0
Additions	0.0	20.1	17.8	37.9
Transfers	0.0	19.3	–18.2	1.1
Disposals	0.0	–0.1	0.0	–0.1
Amortization	–5.7	–47.4	0.0	–53.1
Impairment	0.0	–38.8	0.0	–38.8
Net exchange differences	0.0	–2.0	–0.2	–2.2
Carrying amount as of March 31, 2016	**202.4**	**155.4**	**56.3**	**414.1**

In millions of euros

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

As of March 31, 2016, commitments for the acquisition of intangible assets amounted to EUR 5.0 million (March 31, 2015: EUR 3.7 million). Additions to "Advance payments or payments in progress" contain EUR 13.7 million (March 31, 2015: EUR 15.7 million) in capitalized development costs for a software project intended to depict cross-company business processes and business processes that have been harmonized within the Steel Division. The carrying amount as of March 31, 2016 is EUR 60.2 million (March 31, 2015: EUR 47.8 million).

Impairment losses and reversal of impairment losses
In the Metal Engineering Division, impairment losses of EUR 38.8 million were reported under intangible assets for a cash-generating unit that deals with the production of seamless tubes, as a consequence of negative market trends, in particular the considerable reduction in the prices of oil and gas. These are recognized under other operating expenses. The recoverable amount from these assets is EUR 48.2 million. The pre-tax discount rates applied are between 6.01% and 6.99%.

12. Investments in entities consolidated according to the equity method and other financial assets

	Investments in affiliates	Investments in associates	Investments in joint ventures	Other investments	Securities	Loans granted	Advance payments	Total
Gross carrying amount	17.2	114.4	100.3	56.8	6.9	27.9	0.0	323.5
Accumulated depreciation	–7.1	0.0	0.0	–7.9	–0.1	–3.0	0.0	–18.1
Carrying amount as of April 1, 2014	**10.1**	**114.4**	**100.3**	**48.9**	**6.8**	**24.9**	**0.0**	**305.4**
Gross carrying amount	16.6	117.1	102.0	55.3	3.8	19.8	0.0	314.6
Accumulated depreciation	–6.3	0.0	0.0	–10.9	0.2	–0.9	0.0	–17.9
Carrying amount as of March 31, 2015	**10.3**	**117.1**	**102.0**	**44.4**	**4.0**	**18.9**	**0.0**	**296.7**
Gross carrying amount	17.5	109.4	3.2	54.9	3.3	18.2	0.2	206.7
Accumulated depreciation	–6.8	–0.2	0.0	–16.8	0.1	–0.8	0.0	–24.5
Carrying amount as of March 31, 2016	**10.7**	**109.2**	**3.2**	**38.1**	**3.4**	**17.4**	**0.2**	**182.2**

In millions of euros

The following table shows a reconciliation of the carrying amounts of investments in entities consolidated according to the equity method and other financial assets for the periods presented in the consolidated financial statements as of March 31, 2016:

	Invest-ments in affiliates	Invest-ments in associates	Invest-ments in joint ventures	Other invest-ments	Securities	Loans granted	Advance payments	Total
Carrying amount as of April 1, 2014	**10.1**	**114.4**	**100.3**	**48.9**	**6.8**	**24.9**	**0.0**	**305.4**
Changes in the scope of consoli-dated financial statements	0.0	–2.5	0.0	0.0	0.0	–3.0	0.0	–5.5
Additions	0.2	1.0	0.0	0.6	0.6	–0.6	0.0	1.8
Transfers	0.0	–3.8	0.0	0.0	–1.1	–0.1	0.0	–5.0
Disposals	0.0	0.0	–5.1	0.0	–2.4	–1.0	0.0	–8.5
Impairment	0.0	0.0	0.0	–5.1	0.0	–1.5	0.0	–6.6
Revaluation	0.0	0.0	0.0	0.0	0.1	0.0	0.0	0.1
Net exchange differences	0.0	8.0	6.8	0.0	0.0	0.2	0.0	15.0
Carrying amount as of March 31, 2015	**10.3**	**117.1**	**102.0**	**44.4**	**4.0**	**18.9**	**0.0**	**296.7**
Changes in the scope of consoli-dated financial statements	0.9	0.0	–98.6	0.0	0.0	0.2	0.0	–97.5
Additions	0.0	0.0	0.1	0.0	0.0	0.6	0.2	0.9
Transfers	0.0	0.0	0.0	–0.4	0.0	–0.3	0.0	–0.7
Disposals	0.0	–3.9	0.0	0.0	–0.6	–1.7	0.0	–6.2
Impairment	–0.5	–0.2	0.0	–5.9	0.0	0.0	0.0	–6.6
Revaluation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net exchange differences	0.0	–3.8	–0.3	0.0	0.0	–0.3	0.0	–4.4
Carrying amount as of March 31, 2016	**10.7**	**109.2**	**3.2**	**38.1**	**3.4**	**17.4**	**0.2**	**182.2**

In millions of euros

Loans granted comprise the following items:

	03/31/2014	03/31/2015	03/31/2016
Loans to affiliates	0.9	0.7	0.6
Other loans	14.8	10.6	9.3
Other receivables from financing	9.2	7.6	7.5
	24.9	**18.9**	**17.4**

In millions of euros

Other current investments include securities of the V54 fund of funds amounting to EUR 325.2 million (March 31, 2015: EUR 381.2 million), and other securities amounting to EUR 30.6 million (March 31, 2015: EUR 24.4 million).

The fund assets of the V54 fund of funds, which represent a carrying amount of current securities amounting to EUR 21.5 million (March 31, 2015: EUR 21.9 million) in the consolidated financial statements, are pledged for investment loans granted by the European Investment Bank.

Following the disposal of Wuppermann Austria Gesellschaft m.b.H. (part of the operating segment Steel Division) in the business year 2014/15, only VA Intertrading Aktiengesellschaft was recognized – as in the previous year –under other current financial investments, as the prerequisites for the application of IFRS 5 provisions have now been met; however, as these are immaterial and negligible, it is not appropriate to list them as a separate line item in the consolidated statement of financial position. VA Intertrading Aktiengesellschaft is part of the operating segment Other.

13. Deferred taxes

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

	Deferred tax assets		Deferred tax liabilities	
	03/31/2015	03/31/2016	03/31/2015	03/31/2016
Non-current assets	23.5	45.8	140.3	156.6
Current assets	95.9	67.7	122.6	73.5
Non-current provisions and liabilities	228.1	212.4	28.9	35.1
Current provisions and liabilities	54.4	34.2	37.0	30.9
Losses carried forward	51.8	49.2	0.0	0.0
	453.7	**409.3**	**328.8**	**296.1**
Intercompany profit elimination (netted)	26.4	21.8	0.0	0.0
Hidden reserves (netted)	0.0	0.0	91.2	113.5
Acquisition-related tax credit	108.4	90.3	0.0	0.0
Other	16.3	17.0	9.2	8.4
Netting of deferred taxes to the same tax authority	–366.1	–296.0	–366.1	–296.0
Net deferred taxes	**238.7**	**242.4**	**63.1**	**122.0**

In millions of euros

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

With its decision of January 30, 2014, the Higher Administrative Court *(Verwaltungsgerichtshof)* directed a request for a preliminary ruling to the ECJ (Higher Administrative Court 30/1/2014, EU 2014/0001-1 (2013/15/0186)). Among other issues, this request contained the question of whether, when acquiring a domestic equity interest, goodwill amortization constitutes state aid within the framework of group taxation in Austria, as defined by Art 107 (1) of the Treaty on the Functioning of the European Union (TFEU). Following ruling C-166/14 of the ECJ in October 6, 2015, the question of whether this constitutes state aid has no connection with the main proceedings, so the question was inadmissible. In a decision dated February 10, 2016, the Higher Administrative Court subsequently ruled that this does not constitute prohibited state aid. Thus, the risk of rescission that was previously declared no longer exists.

Deferred tax assets on losses carried forward in the amount of EUR 49.2 million (March 31, 2015: EUR 51.8 million) were recognized. As of March 31, 2016, there is a total of unused tax losses of approximately EUR 251.9 million (corporate income tax) (March 31, 2015: total of approximately EUR 217.4 million), for which no deferred tax asset has been recognized. Up to 2026, approximately EUR 48.0 million of tax loss carryforwards (corporate income tax) will expire.

No deferred tax liabilities are shown for the taxable temporary differences due on investments in subsidiaries, joint ventures, and associates of EUR 2,529.5 million (March 31, 2015: EUR 2,269.4 million) because the parent company is able to control the timing of the reversal of the temporary differences and no reversal of the temporary differences is expected in the foreseeable future.

The change in the balance between deferred tax assets and liabilities amounts to EUR –55.2 million (March 31, 2015: EUR 25.5 million). This essentially corresponds to the deferred tax expense of EUR 4.0 million (March 31, 2015: EUR 17.9 million) less the deferred tax assets recognized in the other comprehensive income in the amount of EUR –4.4 million (March 31, 2015: EUR 42.4 million) and less the deferred taxes of initial consolidation in the amount of EUR –43.6 million.

Additional disclosures pursuant to IAS 12.81 (ab):

	Change 2014/15	03/31/2015	Change 2015/16	03/31/2016
Deferred taxes on actuarial gains/losses	53.3	165.2	–12.6	152.6
Deferred taxes on cash flow hedges	–7.4	–4.8	6.5	1.7
Deferred taxes on net investment hedges	–3.5	–3.5	3.5	0.0
Total of deferred taxes recognized in other comprehensive income	**42.4**	**156.9**	**–2.6**	**154.3**

In millions of euros

14. Inventories

	03/31/2015	03/31/2016
Raw materials and supplies	940.3	912.2
Work in progress	861.7	850.3
Finished goods	955.9	997.1
Merchandise	204.7	188.8
As yet unbillable services	5.5	7.1
Advance payments	9.4	17.6
	2,977.5	**2,973.1**

In millions of euros

Write-downs to the lower net realizable value amounting to EUR 121.3 million (March 31, 2015: EUR 110.4 million) are recorded in the consolidated financial statements. The carrying amount of the inventories that have been written down to the lower net realizable value amounts to EUR 567.6 million (March 31, 2015: EUR 572.2 million). As of March 31, 2016, no inventories (March 31, 2015: EUR 2.9 million) are pledged as security for liabilities. An amount of EUR 5,547.6 million (March 31, 2015: EUR 6,011.5 million) has been recognized as cost of materials.

15. Trade and other receivables

	03/31/2015	*Remaining term over one year*	03/31/2016	*Remaining term over one year*
Trade receivables	1,220.4	*1.2*	1,134.3	*1.0*
Other receivables and other assets	447.5	*15.4*	379.0	*8.7*
	1,667.9	***16.6***	**1,513.3**	***9.7***

In millions of euros

Trade receivables include the following receivables from construction contracts:

	03/31/2015	03/31/2016
Aggregate amount of costs incurred up to the reporting date	168.4	172.8
Aggregate amount of accrued profits up to the reporting date	30.2	22.9
Aggregate amount of incurred losses up to the reporting date	–10.3	–10.8
Gross receivables from construction contracts	**188.3**	**184.9**
Less amount of advances received	–127.0	–121.5
Receivables from construction contracts	**61.3**	**63.4**

In millions of euros

Liabilities include the following liabilities from construction contracts:

	03/31/2015	03/31/2016
Aggregate amount of costs incurred up to the reporting date	5.6	12.0
Aggregate amount of accrued profits up to the reporting date	1.0	6.0
Aggregate amount of incurred losses up to the reporting date	0.0	0.0
Gross liabilities from construction contracts	**6.6**	**18.0**
Less amount of advances received	–9.0	–22.2
Liabilities from construction contracts	**–2.4**	**–4.2**

In millions of euros

Revenue from construction contracts amount to EUR 217.3 million in the business year 2015/16 (2014/15: EUR 180.3 million).

16. Cash and cash equivalents

	03/31/2015	03/31/2016
Cash on hand, cash at banks, checks	464.5	774.8

In millions of euros

17. Equity

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

As of March 31, 2016, the share capital amounts to EUR 317,851,287.79 (March 31, 2015: EUR 313,309,235.65) and is divided into 174,949,163 (March 31, 2015: 172,449,163) ordinary no-par value shares unchanged compared to the previous year. All shares are fully paid up.

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

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

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

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

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

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

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

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

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

The number of shares outstanding for the periods presented in the consolidated financial statements as of March 31, 2016, has changed as follows:

	Number of no-par value shares	Number of own shares	Number of shares outstanding
Balance as of April 1, 2014	**172,449,163**	**28,597**	**172,420,566**
Balance as of March 31, 2015	**172,449,163**	**28,597**	**172,420,566**
Additions	2,500,000		2,500,000
Balance as of March 31, 2016	**174,949,163**	**28,597**	**174,920,566**

Shares

Hybrid capital

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

The hybrid bond 2007 was completely terminated and redeemed on the first possible call date for this bond, namely October 31, 2014 (redemption date). The hybrid bond 2013 was not affected by this call of hybrid bond 2007. A total of EUR 71.3 million was paid out on October 31, 2014 for interest on the hybrid bond 2007 and the hybrid bond 2013. A total of EUR 30.0 million was paid out on October 31, 2015 for interest on the hybrid bond 2013.

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

The issue costs of the hybrid bond 2013 amounted to EUR 2.8 million, less EUR 0.7 million tax effect. Therefore hybrid capital amounts to EUR 497.9 million in equity – see therefore Chapter B. Summary of accounting policies, section general information.

Share-based compensation

Due to the practice of granting employees voestalpine shares as part of the annual profit bonus, 29,000 shares with a market value of EUR 1.0 million (2014/15: EUR 0.0 million) were taken from equity to pay for this, and 69,000 shares with a value of EUR 1.7 million (2014/15: EUR 1.0) were added to equity.

18. Pensions and other employee obligations

	03/31/2015	03/31/2016
Provisions for severance payments	606.0	598.0
Provisions for pensions	526.0	491.4
Provisions for long-service bonuses	135.3	139.7
	1,267.3	**1,229.1**

In millions of euros

Provisions for severance payments

	2014/15	2015/16
Present value of defined benefit obligation (DBO) as of April 1	**499.9**	**606.0**
Service costs for the period	10.7	14.6
Past service costs	0.0	0.3
Interest costs for the period	16.5	9.3
Gains (–)/Losses (+) on plan settlement	0.0	–0.6
Changes in the scope of consolidated financial statements	0.1	26.1
Severance payments	–25.6	–27.8
Actuarial gains (–)/losses (+) due to changes in financial assumptions	106.8	–27.4
Actuarial gains (–)/losses (+) due to experience-based adjustments	–2.7	0.5
Plan settlements	0.0	–2.9
Other	0.3	–0.1
Present value of defined benefit obligation (DBO) as of March 31	**606.0**	**598.0**

In millions of euros

Provisions for pensions

	Present value of DBO	Plan Assets	Provisions for pensions
As of April 1, 2014	**830.9**	**–417.6**	**413.3**
Service costs for the period	9.1	0.0	9.1
Past service costs	0.3	0.0	0.3
Net interest for the period	26.4	–12.2	14.2
Return on plan assets (excluding amounts included in net interest)	0.0	–40.3	–40.3
Gains (–)/Losses (+) on plan settlement/curtailment	–23.8	0.0	–23.8
Changes in the scope of consolidated financial statements	–62.4	54.1	–8.3
Pension payments	–38.4	23.2	–15.2
Net exchange differences	9.5	–10.7	–1.2
Employer contributions/repayments	0.0	–5.6	–5.6
Contributions by plan participants	0.0	–1.6	–1.6
Actuarial gains (–)/losses (+) due to changes in financial assumptions	190.3	0.0	190.3
Actuarial gains (–)/losses (+) due to changes of demographic assumptions	–2.7	0.0	–2.7
Actuarial gains (–)/losses (+) due to experience-based adjustments	–3.2	0.0	–3.2
Plan settlements	–31.4	31.1	–0.3
Other	0.9	0.1	1.0
As of March 31, 2015	**905.5**	**–379.5**	**526.0**

In millions of euros

Provisions for pensions

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

In millions of euros

The conversion of pension obligations from defined benefit pension plans to defined contribution plans for a number of Dutch companies was completed in the 2015/16 business year. The process of converting all future pension entitlements began in January 2013; from this time on they were built up in the industry-wide pension fund (PME). In the business years 2013/14 and 2014/15, existing pension obligations for current and previous employees were outsourced to the pension fund. In one last step during the 2015/16 business year, a collective agreement was made with all participants in the benefit plan that were already retired concerning future indexing obligations. This resulted in a final settlement of the defined benefit plan, and means that additional payment liabilities on the part of the Group companies are now excluded.

The major categories of plan assets for the periods presented in the consolidated financial statements as of March 31, 2016, are as follows:

2014/15

Category	Assets with quoted market price in an active market	Assets without quoted market price in an active market	Assets Total
Debt instruments	53.3%	0.1%	53.4%
Equity instruments	27.0%	0.0%	27.0%
Property	1.4%	1.3%	2.7%
Cash and cash equivalents	4.0%	0.1%	4.1%
Insurance	0.0%	3.8%	3.8%
Other assets	4.7%	4.3%	9.0%
Total	**90.4%**	**9.6%**	**100.0%**

2015/16

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

The plan assets include own shares with a fair value of EUR 0.9 million (March 31, 2015: EUR 1.4 million).

The average expected return is determined by the portfolio structure of the plan assets, empirical data, and estimates of future investment returns. The calculation of the provisions for pensions was based on an expected interest rate of 1.5% on plan assets. The actual interest rate was –2.5%.

The amount recognized as an expense in the income statement for defined contribution plans is EUR 26.9 million (2014/15: EUR 30.4 million).

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

Sensitivities

	Interest rate		Salary/wage increases		Pension increases	
	+1.0%	**–1.0%**	**+0.5%**	**–0.5%**	**+0.25%**	**–0.25%**
Pensions	–13.3%	+17.0%	+0.8%	–0.7%	+3.0%	–2.8%
Severance	–10.2%	+12.2%	+5.6%	–5.2%		

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

For the business year 2016/17, the expected contributions to the defined benefit plans amount to EUR 15.6 million.

The interest-weighted, average duration for pension plans is 15.2 years and 11.3 years for severance payments.

Provisions for long-service bonuses

	2014/15	2015/16
Present value of long-service bonus obligations (DBO) as of April 1	**116.1**	**135.3**
Service costs for the period	6.2	8.8
Interest costs for the period	3.7	2.0
Changes in the scope of consolidated financial statements	–1.0	5.8
Long-service bonus payments	–11.5	–9.0
Actuarial gains (–)/losses (+) due to changes in assumptions	22.8	–6.6
Actuarial gains (–)/losses (+) due to experience-based adjustments	–1.4	3.6
Other	0.4	–0.2
Present value of long-service bonus obligations (DBO) as of March 31	**135.3**	**139.7**

In millions of euros

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

	2014/15	2015/16
Service costs for the period	26.3	33.5
Net interest for the period	34.4	20.9
Gains (–)/Losses (+) on plan settlement/curtailment	–23.8	–8.2
Actuarial gains (–)/losses (+) from long-service bonus obligations	21.4	–3.0
Expenses/revenue recognized in the income statement	**58.3**	**43.2**

In millions of euros

Net interest for the period is recognized in the finance costs.

19. Provisions

	Balance as of 04/01/2015	Changes in the scope of consolidated financial statements	Net exchange differences	Use	Reversals	Transfers	Additions	Balance as of 03/31/2016
Non-current provisions								
Other personnel expenses	26.0	0.0	–0.1	–7.9	–0.1	1.0	4.5	23.4
Warranties and other risks	6.8	0.0	0.0	–2.5	–0.2	2.8	3.9	10.8
Other non-current provisions	37.6	0.1	–0.8	–3.3	–0.3	–6.0	10.1	37.4
	70.4	**0.1**	**–0.9**	**–13.7**	**–0.6**	**–2.2**	**18.5**	**71.6**
Current provisions								
Unused vacation entitlements	126.1	4.3	–1.3	–77.2	–0.2	–0.1	79.7	131.3
Other personnel expenses	156.2	7.5	–2.5	–142.3	–15.1	–1.1	166.8	169.5
Warranties and other risks	46.6	5.0	–1.1	–11.5	–8.4	–1.8	25.2	54.0
Onerous contracts	19.7	3.7	–0.5	–12.1	–2.4	1.7	52.4	62.5
Other current provisions	165.0	0.9	–1.3	–78.8	–25.0	3.1	86.0	149.9
	513.6	**21.4**	**–6.7**	**–321.9**	**–51.1**	**1.8**	**410.1**	**567.2**
	584.0	**21.5**	**–7.6**	**–335.6**	**–51.7**	**–0.4**	**428.6**	**638.8**

In millions of euros

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

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

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

The provisions recognized in the annual financial statements 2014/15 in the amount of EUR 53.6 million for the antitrust proceedings and associated actions and costs relative to railway superstructure material as well as for the closure of TSTG Schienen Technik GmbH & Co KG have been reduced to EUR 43.1 million due to the use of these provisions in the business year 2015/16.

The European Court of Justice (ECJ) has now reduced the fines handed down by the EU Commission (in October 2010) in connection with the European prestressing steel cartel. voestalpine also profits from this decision; its fine was reduced from the original amount of EUR 22 million to EUR 7.5 million. The provisions from the previous year of EUR 19.0 million (including provisions for interest) were reduced by the amount of the fine, which was EUR 8.4 million (including interest). The remaining provisions amounting to EUR 10.6 million were released to income.

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

Increases in provisions totaling EUR 6.4 million (2014/15: EUR 3.5 million) are included in the reporting period, based on accrued interest and on changes in the discount rate.

20. Financial liabilities

	Up to one year		Over one year	
	03/31/2015	03/31/2016	03/31/2015	03/31/2016
Bank loans and bonds	742.6	851.9	2,913.8	3,256.5
Liabilities from finance leases	6.0	7.1	30.8	25.0
Liabilities from affiliates	12.5	14.5	0.0	0.0
Liabilities from other investments	71.9	0.0	0.0	0.0
Other payables and liabilities	57.2	24.7	60.0	61.3
	890.2	**898.2**	**3,004.6**	**3,342.8**

In millions of euros

On February 3, 2011, voestalpine AG issued a corporate bond amounting to EUR 500.0 million. The bond will be redeemed on February 5, 2018. The interest rate amounts to 4.75% p.a.

On October 5, 2012, voestalpine AG issued a corporate bond with a volume of EUR 500.0 million. The bond will be redeemed on October 5, 2018. The interest rate amounts to 4.00% p.a.

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

In the business year 2015/16 there were ongoing buybacks of corporate bonds from 2012–2018 and 2011-2018. EUR 24.4 million were repurchased from the total nominal amount of the 2012–2018 corporate bond and EUR 25.0 million from the total nominal amount of the 2011–2018 corporate bond.

21. Trade and other payables

	03/31/2015	03/31/2016
Prepayments received on orders	70.3	102.3
Trade payables	1,209.7	1,101.1
Trade payables with reverse factoring agreements	50.8	37.4
Liabilities from bills of exchange accepted and drawn	394.6	299.4
Other liabilities from taxes	88.4	88.8
Other liabilities related to social security	45.1	47.8
Other payables and liabilities	344.4	349.0
	2,203.3	**2,025.8**

In millions of euros

22. Contingent liabilities

	03/31/2015	03/31/2016
Liabilities from the issue and transfer of bills of exchange	2.5	1.9
Surety bonds and guarantees	3.0	1.5
	5.5	**3.4**

In millions of euros

The federal finance court has directed a request for a preliminary ruling to the ECJ with regard to the Austrian energy fee compensation (BFG 10/31/2014, RE/5100001/2014). The energy fee compensation was restricted to production companies through the amendment to the Energy Fee Compensation Act in the budget act of 2011, applicable to the periods after December 31, 2010. The questions are concerned with a violation of obligations of the General Group Approval Ordinance *(AGVO)*, absent environmental protection measures in the compensation ruling, and the lack of a time limit of the approval. The classification of the energy fee compensation as "financial assistance" raised the possibility of retroactive activity for the time periods after December 31, 2010. At this time, the occurrence of the risk of a reversal is considered unlikely.

23. Financial instruments

General information

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

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

Capital management

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

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

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

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

	03/31/2015	03/31/2016
Gearing ratio in %	58.2%	54.5%
Net financial debt to EBITDA ratio	1.9	1.9

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

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

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

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

Liquidity risk – Financing
Liquidity risk refers to the risk of not being able to fulfill the payment commitments due to insufficient means of payment.

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

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

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

voestalpine AG holds securities and current investments as a liquidity reserve. As of March 31, 2016, non-restricted securities amounted to EUR 334.3 million (March 31, 2015: EUR 383.8 million). Furthermore, cash and cash equivalents in the amount of EUR 774.8 million (March 31, 2015: EUR 464.5 million) are reported in the consolidated financial statements.

Additionally, adequate credit lines that are callable at any time exist with domestic and foreign banks. These credit lines have not been drawn. In addition to the possibility of exhausting these financing arrangements, contractually guaranteed credit lines of EUR 711 million (2014/15: EUR 896 million) are available to bridge any economic downturns.

The sources of financing are managed on the basis of the principle of bank independence. Financing is currently being provided by approximately 20 different domestic and foreign banks. Covenants agreed for a minor part of the total credit volume with a single bank are adhered to. The capital market is also used as a source of financing. The following capital market transactions were performed in the business year 2014/15:

Issue of new borrower's notes	EUR 221.0 million
Issue of new borrower's notes	USD 100.0 million
Restructuring of existing borrower's notes	
Early extensions	EUR 250.0 million
Early repayment	EUR 337.5 million
Issue of a new senior bond	EUR 400.0 million

The capital increase decided by the Management Board on March 9, 2015, and approved by the Supervisory Board on March 26, 2015, was entered on April 25, 2015 in the amount of 2.5 million shares and is therefore effective as of this date.

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

Liabilities

	Due within one year		Due between one and five years		Due after more than five years	
	2014/15	**2015/16**	**2014/15**	**2015/16**	**2014/15**	**2015/16**
Bonds	0.0	0.0	995.4	947.6	391.8	392.9
Bank loans	742.6	851.9	1,349.9	1,545.5	176.7	370.5
Trade payables	1,260.4	1,136.2	0.1	2.3	0.0	0.0
Liabilities from finance leases	6.0	7.1	24.3	19.9	6.5	5.1
Liabilities from foreign currency hedges and commodity hedges	13.0	7.6	0.0	0.0	0.0	0.0
thereof designated as hedge accounting	1.4	3.1	0.0	0.0	0.0	0.0
Liabilities from interest hedges (incl. Cross-Currency-Swaps)	0.0	5.1	15.8	7.5	0.0	0.0
thereof designated as hedge accounting	0.0	0.0	4.4	4.5	0.0	0.0
Other financial liabilities	141.6	39.1	9.9	36.2	50.1	25.1
Total liabilities	**2,163.6**	**2,047.0**	**2,395.4**	**2,559.0**	**625.1**	**793.6**

In millions of euros

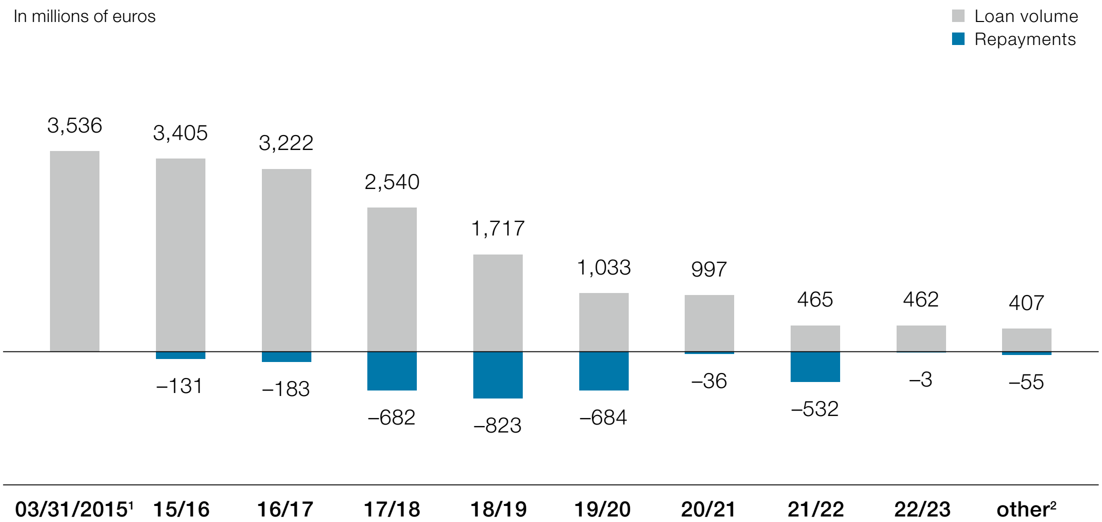
As estimated as of the reporting date, the following (prospective) interest charges correspond to these existing liabilities:

	Due within one year		Due between one and five years		Due after more than five years	
	2014/15	**2015/16**	**2014/15**	**2015/16**	**2014/15**	**2015/16**
Interest on bonds	52.8	50.6	143.5	96.6	18.0	9.0
Interest on bank loans	38.3	40.5	95.3	78.1	13.7	14.5
Interest on liabilities from finance leases	1.6	1.7	2.9	1.8	0.8	0.6
Interest on interest hedges (incl. Cross-Currency-Swaps)	7.6	13.4	13.6	8.5	0.0	0.0
Interest on other financial liabilities	1.4	1.6	0.0	6.2	0.0	3.0
Total interest charges	**101.7**	**107.8**	**255.3**	**191.2**	**32.5**	**27.1**

In millions of euros

As of March 31, 2015, the maturity structure of the loan portfolio has the following repayment profile for the next several years:

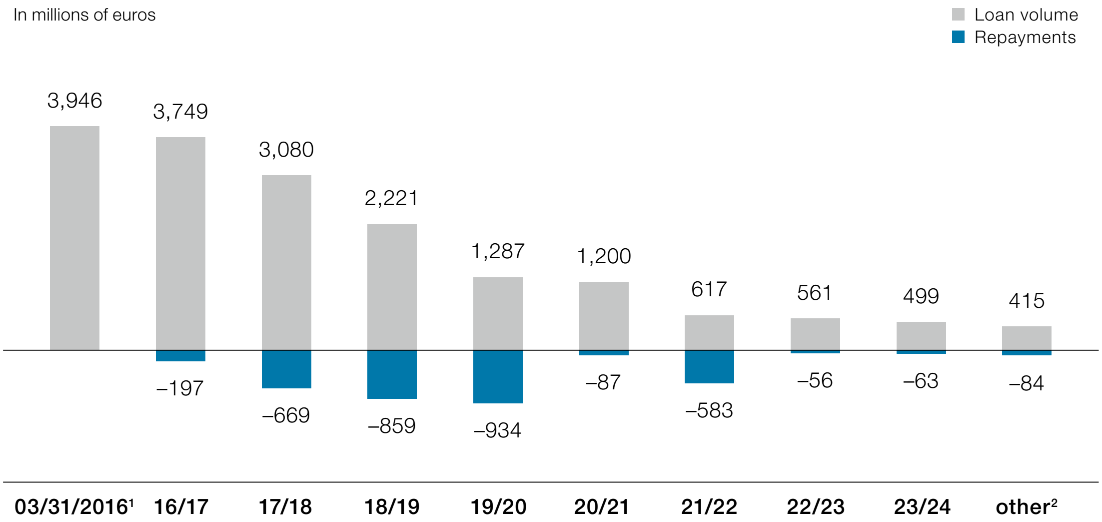
Loan portfolio maturity structure as of March 31, 2015



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

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

Loan portfolio maturity structure as of March 31, 2016



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

Credit risk

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

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

The following receivables, for which no impairment has yet been recorded, were past due as of the reporting date:

Receivables that are past due but not impaired

	2014/15	2015/16
Up to 30 days past due	149.8	137.2
31 to 60 days past due	35.1	33.4
61 to 90 days past due	12.7	12.9
91 to 120 days past due	10.0	8.3
More than 120 days past due	23.3	37.9
Total	**230.9**	**229.7**

In millions of euros

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

Impairment for receivables

	2014/15	2015/16
Opening balance as of April 1	**33.7**	**34.8**
Additions	8.6	10.6
Net exchange differences	0.2	–1.4
Changes in the scope of consolidated financial statements	–0.2	4.4
Reversal	–2.5	–10.4
Use	–5.0	–7.0
Closing balance as of March 31	**34.8**	**31.0**

In millions of euros

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

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

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

Breakdown of investments at financial institutions by rating classes

	AAA	AA	A	BBB	<BBB/NR
Bonds	76.8	155.0	5.2	6.6	2.0
Money market investments excl. account credit balances	0.0	147.0	235.0	56.1	0.0
Derivatives[1]	0.0	1.6	3.2	6.7	13.1

[1] Only positive market value

In millions of euros

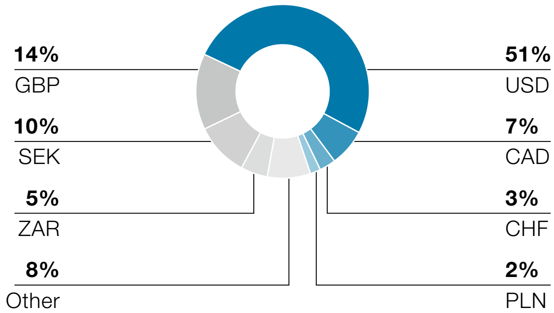
Currency risk

The largest currency position in the Group arises from raw materials purchases in USD and to a lesser degree from exports to the "non-euro area."

An initial hedge is provided by naturally covered items where, for example, trade receivables in USD are offset by liabilities for the purchase of raw materials also in USD (USD netting). The use of derivative hedging instruments is another possibility. voestalpine AG hedges budgeted foreign currency payments over the next twelve months. Longer-term hedging occurs only for contracted projects. The hedging ratio is between 50% and 100%. The further in the future the cash flow lies, the lower the hedging ratio.

The net requirement for USD in the voestalpine Group was USD 530.9 million in the business year 2015/16. The decrease compared to the previous year (USD 716.8 million – including the joint venture voestalpine Tubulars GmbH & Co KG, which processes foreign currency transactions through the Group Treasury,) was due primarily to the decrease in prices of raw materials purchased. The remaining foreign currency exposure, resulting primarily from exports to the "non-euro area" and raw material purchases, is significantly lower than the USD risk.

Foreign currency portfolio 2015/16 (net)



Based on the Value-at-Risk calculation, as of March 31, 2016, the risks for all open positions for the upcoming business year are as follows:

Undiversified	USD	PLN	ZAR	GBP	CAD	CHF	SEK	Other
Position[1]	–148.7	–4.1	30.4	58.9	33.2	18.5	–27.9	18.9
VaR (95%/year)	22.6	0.5	6.6	7.3	5.1	3.1	3.2	3.8

[1] Unhedged planned positions for the business year 2016/17

In millions of euros

Taking into account the correlation between the different currencies, the resulting portfolio risk is EUR 17.5 million (March 31, 2015: EUR 42.1 million) for the voestalpine Group (as of March 31, 2015 including the joint venture voestalpine Tubulars GmbH & Co KG, which processes foreign currency transactions through the Group Treasury).

Interest rate risk

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

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

The variable-interest positions on the liabilities side significantly exceed the positions on the assets side so that a 1% increase in the money market rate increases the interest expense by EUR 8.6 million (2014/15: EUR 2.9 million increase).

The weighted average interest rate for asset positions is 0.66% (2014/15: 0.89%) with a duration of 0.98 years (2014/15: 1.25 years) – including money market investments – and 2.26% (2014/15: 2.48%) for liability positions with a duration of 1.95 years (2014/15: 2.52 years).

	Position[1]	Weighted average interest rate	Duration (years)	Average capital commitment (years)[2]	Sensitivity to a 1% change in the interest rate[1]	Cash flow risk[1]
Assets	1,087.2	0.66%	0.98	1.33	–4.5	–8.7
Liabilities	–4,155.0	2.26%	1.95	2.91	86.0	17.3
Net	–3,067.8				81.5	8.6

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

The present value risk determined using the Value-at-Risk calculation for March 31, 2016, is equal to EUR 8.6 million (March 31, 2015: EUR 15.6 million) for positions on the assets side given a 1% change in the interest rate and EUR 130.8 million (March 31, 2015: EUR 181.5 million) for positions on the liabilities side. Therefore, in the event of a 1% drop in the interest rate, voestalpine AG would have an imputed (unrecognized) net present value loss of EUR 122.2 million (March 31, 2015: EUR 165.9 million).

The asset positions include EUR 409.0 million (previous year: EUR 417.9 million) of investments in the V54 fund of funds. 100% of the fund assets are invested in bonds and money market securities in euros or in cash in the three sub-funds V101, V102, V103 and in various special funds as follows:

Funds		
Sub-fund V101	EUR 68.2 million	with a duration of 3.1
Sub-fund V102	EUR 139.5 million	with a duration of 3.3
Sub-fund V103	EUR 120.1 million	with a duration of 2.4
Special funds	EUR 79.5 million	(only included in V54)

In addition to the investment fund, there are also securities exposures in the amount of EUR 7.4 million (March 31, 2015: EUR 6.4 million).

In the business year 2015/16, gains in the amount of 0.47% (2014/15: 4.9%) were recorded in the V54 fund of funds.

Securities are measured at fair value. For the determination of the fair value, quoted prices for identical assets or liabilities in active markets (unadjusted) are used. Net profit amounting to EUR 1.3 million (2014/15: EUR 20.7 million) is recognized at fair value through profit or loss for financial instruments that are measured using the fair value option.

Derivative financial instruments

Portfolio of derivative financial instruments:

	Nominal value (in millions of euros)		Market value (in millions of euros)		Of which accounted for in equity		Maturity	
	03/31/ 2015	03/31/ 2016	03/31/ 2015	03/31/ 2016	03/31/ 2015	03/31/ 2016	03/31/ 2015	03/31/ 2016
Foreign currency hedges	900.9	826.4	47.8	2.3	37.4	–2.7	< 1 year	< 1 year
thereof designated as hedge accounting	323.0	164.9	37.4	–2.7				
Interest hedges	455.5	456.2	–10.4	–7.0	–4.4	–4.5	< 4 years	< 3 years
thereof designated as hedge accounting	255.6	255.0	–4.4	–4.5				
Cross-Currency-Swaps	69.9	139.9	–3.9	8.4	0.0	0.0	≤ 5 years	≤ 4 years
thereof designated as hedge accounting	0.0	0.0	0.0	0.0				
Commodity hedges	24.8	19.1	–1.6	0.6	0.0	0.0	< 3 years	< 2 years
thereof designated as hedge accounting	23.0	16.6	–1.4	1.1				
Total	**1,451.1**	**1,441.6**	**31.9**	**4.3**	**33.0**	**–7.2**		
thereof designated as hedge accounting	601.6	436.5	31.6	–6.1				

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

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

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

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

In the business year 2015/16, hedge accounting in accordance with IAS 39 was used for hedging foreign currency cash flows, interest-bearing receivables and liabilities, and raw materials purchase agreements. The interest rate and currency hedges are mainly cash flow hedges, while the raw material hedges are designated almost exclusively as fair value hedges. Hedge accounting is only applied to a part of any completed hedge transactions.

In the case of hedges of net investments in foreign operations the share of gain or loss from a hedging instrument that is reported as an effective hedge is included in other comprehensive income; the ineffective part is to be included through profit and loss. As of March 31, 2016 there were no hedged investments in a foreign operation of the Group, the hedged book value as of March 31, 2015 amounted to USD 110 million (fair value: EUR 13.8 million). EUR 13.8 million were taken from reserves.

In the business year 2015/16, no ineffective hedging was recorded in profit or loss in respect of the cash flow hedging mentioned.

Net gains of foreign currency and interest rate derivatives amounting to EUR 10.3 million (2014/15: net losses amounting to EUR 1.1 million) were recognized through profit and loss in the reporting period.

Gains amounting to EUR 2.3 million (2014/15: losses amounting to EUR 1.4 million) on raw material hedges, which are designated as fair value hedges, were recognized through profit and loss. Losses for the corresponding underlying transactions amounting to EUR 2.3 million (2014/15: gains amounting to EUR 1.4 million) were also recognized through profit and loss.

Positive market values amounting to EUR 37.4 million (2014/15: negative market values amounting to EUR 2.0 million) previously recorded in the reserve for foreign exchange hedges were recognized through profit and loss in cost of materials during the reporting period; negative market values amounting to EUR 2.7 million (2014/15: positive market values amounting to EUR 37.4 million) were allocated to the reserve. In business year 2015/16, the reserve for interest rate hedges was decreased by EUR 0.1 million (2014/15: EUR 4.3 million) due to changes in the fair values. There were no additional changes and no amounts were withdrawn or reclassified

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

	Total contractual cash flows		Contractual cash flows					
			< 1 year		> 1 year and < 5 years		> 5 years	
	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16	2014/15	2015/16
Interest hedges								
Assets	1.6	0.0	0.8	0.0	0.8	0.0	0.0	0.0
Liabilities	–6.0	–4.5	–1.7	–1.2	–4.3	–3.3	0.0	0.0
	–4.4	**–4.5**	**–0.9**	**–1.2**	**–3.5**	**–3.3**	**0.0**	**0.0**
Foreign Currency Hedges								
Assets	38.1	0.4	38.1	0.4	0.0	0.0	0.0	0.0
Liabilities	–0.7	–3.1	–0.7	–3.1	0.0	0.0	0.0	0.0
	37.4	**–2.7**	**37.4**	**–2.7**	**0.0**	**0.0**	**0.0**	**0.0**

In millions of euros

Categories of financial instruments

Classes	Financial assets measured at amortized cost			Financial assets measured at fair value		
Categories	Loans and receivables	Available for sale at cost	Available for sale at fair value	Financial assets measured at fair value through profit or loss		
				Held for trading (derivatives)	Other	Total
Assets 2014/15						
Other financial assets – non-current	19.0	18.0	36.7		4.0	77.7
Trade and other receivables	1,607.2			60.7		1,667.9
Other financial assets – current					405.7	405.7
Cash and cash equivalents	464.5					464.5
Carrying amount	**2,090.7**	**18.0**	**36.7**	**60.7**	**409.7**	**2,615.8**
Fair value	**2,090.7**	**18.0**	**36.7**	**60.7**	**409.7**	**2,615.8**
Assets 2015/16						
Other financial assets – non-current	17.6	16.7	32.1		3.4	69.8
Trade and other receivables	1,488.8			24.5		1,513.3
Other financial assets – current					355.7	355.7
Cash and cash equivalents	774.8					774.8
Carrying amount	**2,281.2**	**16.7**	**32.1**	**24.5**	**359.1**	**2,713.6**
Fair value	**2,281.2**	**16.7**	**32.1**	**24.5**	**359.1**	**2,713.6**

In millions of euros

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

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

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

Classes	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value	
Categories	**Financial liabilities measured at amortized cost**	**Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)**	**Total**
Liabilities 2014/15			
Financial liabilities – non-current	3,004.6		3,004.6
Financial liabilities – current	890.2		890.2
Trade and other payables	2,180.7	28.8	2,209.5
Carrying amount	**6,075.5**	**28.8**	**6,104.3**
Fair value	**6,213.8**	**28.8**	**6,242.6**
Liabilities 2015/16			
Financial liabilities – non-current	3,342.8		3,342.8
Financial liabilities – current	898.2		898.2
Trade and other payables	2,012.1	20.2	2,032.3
Carrying amount	**6,253.1**	**20.2**	**6,273.3**
Fair value	**6,356.5**	**20.2**	**6,376.7**

In millions of euros

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

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

The three levels are defined as follows:

Inputs

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

Level of the fair value hierarchy for recurring fair value measurements

	Level 1	Level 2	Level 3	Total
2014/15				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		60.7		60.7
Fair value option (securities)	409.7			409.7
Available for sale at fair value			36.7	36.7
	409.7	**60.7**	**36.7**	**507.1**
Financial liabilities				
Financial assets measured at fair value through profit or loss – Held for trading (derivatives)		28.8		28.8
	0.0	**28.8**	**0.0**	**28.8**
2015/16				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		24.5		24.5
Fair value option (securities)	359.1			359.1
Available for sale at fair value			32.1	32.1
	359.1	**24.5**	**32.1**	**415.7**
Financial liabilities				
Financial assets measured at fair value through profit or loss – Held for trading (derivatives)		20.2		20.2
	0.0	**20.2**	**0.0**	**20.2**

In millions of euros

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

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

There were no transfers between Level 1 and Level 2, nor any reclassifications into or out of Level 3, during the reporting period. The reconciliation of Level 3 financial assets measured at fair value from the opening balance to the closing balance is depicted as follows:

Level 3 – Available for sale at fair value

	2014/15	2015/16
Opening balance	**41.1**	**36.7**
Total of gains/losses recognized in the income statement:		
Finance costs/Finance income (impairment)	–4.4	–4.6
Closing balance	**36.7**	**32.1**

In millions of euros

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

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

The table below shows net gains and losses on financial instruments, which are shown according to categories:

	2014/15	2015/16
Loans and receivables	9.3	13.9
Available for sale at cost	3.6	3.4
Held for trading (derivatives)	–2.6	12.4
Available for sale at fair value	–4.4	–4.6
Other	20.7	1.3
Financial liabilities	–127.8	–115.7

In millions of euros

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

	2014/15	2015/16
Total interest income	13.4	11.2
Total interest expense	–127.8	–115.7

In millions of euros

The impairment loss on financial instruments measured at amortized cost amounts to EUR 16.7 million (2014/15: EUR 16.0 million).

24. Consolidated statement of cash flows

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

	2014/15	2015/16
Interest received	8.6	7.7
Interest paid	155.8	132.8
Taxes paid	115.2	118.8

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

	2014/15	2015/16
Depreciation, amortization, and impairment	636.6	705.2
Result from sale of assets	2.5	–2.3
Changes in pensions and other employee obligations, non-current provisions, and deferred taxes	4.0	–5.2
Other non-cash income and expenses	–62.4	–131.5
	580.7	**566.2**

In millions of euros

Cash flows from operating activities include dividend income of EUR 19.9 million (2014/15: EUR 69.1 million) from associates and joint ventures as well as other investments. In the previous year 2014/15 EUR 53.0 million accounted for voestalpine Tubulars GmbH & Co KG.

Cash flows from investing activities include inflows of cash and cash equivalents in the amount of EUR 26.5 million (2014/15: EUR 0.1 million) from initial consolidation of acquired and/or newly consolidated companies and outflows of the purchase price in the amount of EUR 39.7 million (2014/15: EUR 52.2 million). The sale of subsidiaries resulted in an outflow of cash and cash equivalents from cash flows from investing activities of EUR 0.0 million (2014/15: EUR 12.6 million) and an inflow of the sale price in the amount of EUR 0.1 million (2014/15: EUR 137.4 million).

The additions to assets contain non-cash investments amounting to EUR 4.2 million.

25. Related party disclosures

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

	2014/15		2015/16	
	With joint ventures	With associates and non-consolidated subsidiaries	With joint ventures	With associates and non-consolidated subsidiaries
Revenue	206.0	291.6	1.3	243.7
Material expenses	20.0	186.2	3.3	127.1
Other operating expenses	0.0	33.8	0.0	1.7
	03/31/2015		03/31/2016	
Trade and other receivables	14.4	47.0	0.0	32.7
Financial liabilities/ trade and other payables	75.4	46.9	0.1	26.3

In millions of euros

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

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

	03/31/2015	03/31/2016
Cash and cash equivalents	73.0	110.7
Financial liabilities/trade and other payables	100.5	110.3
Guarantees received	5.4	1.0

In millions of euros

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

Management Board

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

The award of a bonus is subject to a target agreement to be concluded with the General Committee of the Supervisory Board and consisting of quantitative and qualitative targets. The maximum bonus is limited to 200% of the annual gross salary for members of the Management Board and to 250% of the annual gross salary for the Chairman of the Management Board. If the agreed target values for quantitative targets are achieved exactly, 60% of the maximum bonus applies; if the agreed target values for qualitative targets are achieved, 20% of the maximum bonus applies. The over-achievement of the targets is taken into consideration proportionately until the maximum bonus is reached. The target amounts for the quantitative targets are EBIT and the return on capital employed (ROCE). Specific target amounts are determined periodically (for a period of three years) by the General Committee of the Supervisory Board in consultation with the Management Board. Its basis of calculation is independent of the respective budget and the medium-term business plan, i.e., budget compliance does not mean achieving a bonus. The qualitative targets for the business year 2015/16 were first of all the presentation of a long-term voestalpine Group strategy for China and, secondly, the update of the voestalpine Group's "Strategy 2020," which was adopted in 2012.

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

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

For the members of the Management Board (as well as for executives) and for the members of the Supervisory Board there is a D&O insurance, the costs of which amounting to EUR 0.1 million (2014/15: EUR 0.1 million) are borne by the entity.

The compensation paid to the members of the Management Board of voestalpine AG is comprised as follows for the business year 2015/16:

	Current fixed compensation	Current variable compensation	Total
Dr. Wolfgang Eder	0.97	1.56	**2.53**
Dipl.-Ing. Herbert Eibensteiner	0.72	0.92	**1.64**
Dipl.-Ing. Dr. Franz Kainersdorfer	0.72	0.92	**1.64**
Mag. Dipl.-Ing. Robert Ottel	0.72	0.92	**1.64**
Dipl.-Ing. Franz Rotter	0.72	0.92	**1.64**
Dipl.-Ing. Dr. Peter Schwab	0.59	0.74	**1.33**
2015/16	**4.44**	**5.98**	**10.42**
2014/15	4.07	6.00	10.07

In millions of euros

In addition to the remuneration in accordance with the above table, the following service costs (personnel expenses) are recognized in the consolidated financial statements for members of the Management Board with defined benefit pension agreements: Dr. Eder EUR 0.00 million (2014/15: EUR 0.00 million), Mag. Dipl.-Ing. Ottel EUR 0.35 million (2014/15: EUR 0.19 million), and Dipl.-Ing. Eibensteiner EUR 0.31 million (2014/15: EUR 0.17 million). The following additional pension costs are recognized in the consolidated financial statements for members of the Management Board with defined contribution pension agreements: Dipl.-Ing. Rotter EUR 0.11 million (2014/15: EUR 0.11 million), Dipl.-Ing. Dr. Kainersdorfer EUR 0.11 million (2014/15: EUR 0.11 million), and Dipl.-Ing. Dr. Schwab EUR 0.09 million (2014/15: EUR 0.03 million; as of October 1, 2014 member of the Management Board). Pension payments amounting to EUR 0.93 million (2014/15: EUR 0.74 million) were paid by the pension fund for former members of the Management Board with defined benefit pension agreements.

At the reporting date, the outstanding balance of the variable compensation was EUR 4.92 million (2014/15: EUR 4.91 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 website of the Austrian Financial Market Authority at www.fma.gv.at.

Supervisory Board

Under Sec. 15 of the Articles of Incorporation, the members of the Supervisory Board of voestalpine AG receive 0.1% of the profit after tax reported in the approved consolidated financial statements as compensation. The total amount is distributed in accordance with an allocation key as follows: 100% for the Chairman, 75% for the Vice-Chairman, and 50% for all other members, with a minimum compensation of EUR 20,000 for the Chairman, EUR 15,000 for the Vice-Chairman, and EUR 10,000 for all other members of the Supervisory Board. Compensation is limited to a multiple of four times the stated amounts. Additionally, members of the Supervisory Board receive an attendance honorarium amounting to EUR 500 per Supervisory Board meeting. There is no separate compensation for meetings of the committees of the Supervisory Board, but they receive an attendance honorarium of EUR 500 per meeting.

According to this regulation, the shareholders' representatives on the Supervisory Board received the following compensation for the business year 2015/16: Dr. Joachim Lemppenau (Chairman): EUR 80,000 (2014/15: EUR 80,000); Dr. Heinrich Schaller (Vice-Chairman): EUR 60,000 (2014/15: EUR 60,000); Dr. Josef Krenner (member until July 2, 2014): EUR 0 (2014/15: EUR 10,000), Univ.-Prof. (em) Dr. Helga Nowotny (member as of July 2, 2014): EUR 40,000 (2014/15: EUR 30,000); all other shareholders' representatives: EUR 40,000 (2014/15: EUR 40,000). The members of the Supervisory Board nominated by the Works Council do not receive any compensation.

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

The compensation of the Supervisory Board (incl. attendance honorarium) totaled EUR 0.4 million (2014/15: EUR 0.4 million) in the business year 2015/16. Payment of the compensation of the Supervisory Board for the business year 2015/16 is carried out at the latest 14 days after the Annual General Meeting on July 6, 2016. 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 website of the Austrian Financial Market Authority at www.fma.gv.at.

As legal counsel to voestalpine AG and its subsidiaries, the law firm Binder Grösswang Rechtsanwälte GmbH, of which Dr. Michael Kutschera (member of the Supervisory Board) is a partner, provided legal advisory services relative to matters concerning corporate law issues in the reporting period 2015/16. Fees for these matters were invoiced at the general hourly rates of the law firm of Binder Grösswang Rechtsanwälte GmbH applicable at the time. For the business year 2015/16, total net fees of EUR 36,994.00 (2014/15: EUR 55,480.00) were incurred for services provided by the law firm of Binder Grösswang Rechtsanwälte GmbH.

26. Employee information

Total number of employees

	Reporting date		Average	
	03/31/2015	03/31/2016	2014/15	2015/16
Workers	26,932	28,155	26,859	28,080
Salaried employees	16,232	16,891	16,298	16,710
Apprentices	1,407	1,377	1,495	1,482
	44,571	**46,423**	**44,652**	**46,272**

The personnel expenses included in these consolidated financial statements amount to EUR 2,785.3 million (2014/15: EUR 2,656.7 million).

27. Expenses for the Group auditor

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

	2014/15	2015/16
Expenses for the audit of the financial statements	0.24	0.25
Expenses for other certifications	1.12	1.07
Expenses for tax consulting services	0.00	0.00
Expenses for other services	0.00	0.02
	1.36	**1.34**

In millions of euros

28. Disclosures of transactions not recorded in the statement of financial position

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

In the first type of factoring agreement, trade receivables totaling EUR 507.1 million (March 31, 2015: EUR 518.3 million) were sold to various banks. Receivables covered by credit insurance were assigned to banks to the amount 100% of the nominal value, with the acquiring banks assuming the risk of default. Any claims arising from credit insurance are assigned to the acquiring bank. The Group company that is selling only assumes a liability for default to the amount of – generally – 10% of the retention level from the credit insurance. On the reporting date, the maximum risk associated with liability for default was EUR 51.3 million (March 31, 2015: EUR 54.7 million).The liability for default corresponds to the theoretical maximum loss. The probability of needing to fall back on this liability is extremely low. The fair value of this risk is assessed at EUR 0.3 million. The receivables are fully derecognized in accordance with the regulations of IAS 39 on the basis of the cessions of the essential opportunities and risks and on the basis of the transfer of the right of use to the acquiring party.

In the second type of factoring agreement, uninsured trade receivables of EUR 107.9 million (March 31, 2015: EUR 109.6 million) are sold. 100% of the risk of default is assumed by the purchasing bank. All of the receivables are fully derecognized. With the exception of the capitalized service fee mentioned below for administration of receivables, there is no ongoing commitment.

In the third type of factoring agreement (introduced in October 2014), both insured and uninsured trade receivables of EUR 123.7 million (March 31, 2015: EUR 126.1 million) are sold. Any claims arising from credit insurance are assigned to the acquiring bank. At the time of the sale of the receivable, loss reserves of 0.9% and dilution reserves of 1.6% (with reference to the sold receivables) are deducted from the purchase price. The dilution reserves totaling EUR 2.0 million for receivables sold on the reporting date are for payment of discounts, bonuses, etc. and are posted as other receivables. The carrying amount corresponds to the fair value. A loss reserve to cover any defaults to the amount of EUR 1.1 million for receivables sold on the reporting date was posted as an expenditure which is reversed in the absence of any defaults. The theoretical maximum loss is limited to the loss reserve. The receivables are fully derecognized in accordance with the regulations of IAS 39 on the basis of the cessions of the essential opportunities and risks and on the basis of the transfer of the right of use to the acquiring party.

In the fourth type of factoring agreement, both insured and uninsured trade receivables of EUR 23.6 million (March 31, 2015: EUR 26.0 million) are sold. Any claims arising from credit insurance are assigned to the acquiring bank. For any bad debts, a "first loss reserve account" was funded to the amount of EUR 0.2 million for 12 months by the selling Group company. The first loss reserve account was EUR 0.2 million on the reporting date and was reported as cash. The carrying amount corresponds to the fair value. The theoretical maximum loss is limited to the amount within the "first loss reserve account." Because of the transfer of significant rewards and risks and the transition of control to the purchaser, the receivables were fully derecognized pursuant to the provisions of IAS 39.

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

Administration of receivables for all types of factoring contracts remains with the particular companies of the Group. For the receivables that were sold, as of March 31, 2016, a total service fee of 0.15% of the sold amount of receivables of EUR 1.1 million was recorded as other provision. The carrying amount corresponds to the fair value of the ongoing commitment.

29. Events after the reporting period

No significant events have occurred after the reporting period.

30. Earnings per share

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

	2014/15	2015/16
Profit attributable to equity holders of the parent (in millions of euros)	**549.1**	**585.3**
Issued ordinary shares (average)	172,449,163	174,949,163
Effect of own shares held (average)	–28,597	–28,597
Weighted average number of outstanding ordinary shares	**172,420,566**	**174,920,566**
Diluted and basic (undiluted) earnings per share (euros)	**3.18**	**3.35**

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, 2016. These financial statements show net retained profits of EUR 184.0 million. The Management Board proposes a dividend of EUR 1.05 per share (2014/15: EUR 1.0).

Linz, May 25, 2016

The Management Board

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

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

Appendix to the notes: Investments

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

Unqualified auditor's report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of voestalpine AG, Linz, for the fiscal year from April 1, 2015 to March 31, 2016. These consolidated financial statements comprise the consolidated balance sheet as of March 31, 2016, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended March 31, 2016, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of March 31, 2016 and of its financial performance and its cash flows for the fiscal year from April 1, 2015 to March 31, 2016 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Report on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, May 25, 2016

Grant Thornton Unitreu GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Univ.-Doz. Dr. Walter Platzer m.p.   Mag. Josef Töglhofer m.p.

Austrian Chartered Accountants

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

Management Board statement in accordance with Sec. 82 (4) of the Stock Exchange Act *(Börsegesetz, BörseG)*

The Management Board of voestalpine AG confirms to the best of its knowledge that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group Management Report gives a true and fair view of the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Linz, May 25, 2016

The Management Board

Wolfgang Eder Chairman of the Management Board	Herbert Eibensteiner Member of the Management Board	Franz Kainersdorfer Member of the Management Board
Robert Ottel Member of the Management Board	Franz Rotter Member of the Management Board	Peter Schwab Member of the Management Board

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

voestalpine AG

Investments

Steel Division

	Domicile of the company	03/31/2016 Interest held	03/31/2016 Type of consolidation	03/31/2015 Interest held	03/31/2015 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 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 Stahl Service Center GmbH	AUT			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 Texas Holding LLC	USA	100.000%	KV	100.000%	KV
voestalpine Texas LLC	USA	100.000%	KV	100.000%	KV
GEORG FISCHER FITTINGS GmbH[1]	AUT	49.000%	KEA	49.000%	KEA
Industrie-Logistik-Linz GmbH[1]	AUT	37.000%	KEA	37.000%	KEA
Jiaxing NYC Industrial Co., Ltd[1]	CHN	51.000%	KEG	51.000%	KEG
Kocel Steel Foundry Co. Ltd.[1]	CHN	49.000%	KEA	49.043%	KEA
Kühne + Nagel Euroshipping GmbH[1]	DEU	49.000%	KEA	49.000%	KEA
METALSERVICE S.P.A.[1]	ITA	40.000%	KEA	40.000%	KEA
Scholz Austria GmbH[1]	AUT	34.011%	KEA	34.011%	KEA
Energie AG Oberösterreich	AUT	2.063%	K0	2.063%	K0
K1-Met GmbH	AUT	35.000%	K0		
Kontext Druckerei GmbH	AUT	64.800%	K0	64.800%	K0
Linzer Schlackenaufbereitungs- und vertriebsgesellschaft m.b.H.	AUT	33.333%	K0	33.333%	K0

[1] For companies consolidated according to the equity method marked[1], the reporting date of December 31 applies.

Steel Division

	Domicile of the company	03/31/2016 Interest held	03/31/2016 Type of consolidation	03/31/2015 Interest held	03/31/2015 Type of consolidation
vivo Mitarbeiter-Service GmbH	AUT	100.000%	K0	100.000%	K0
voestalpine Belgium NV/SA	BEL	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 Danmark ApS.	DNK	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	99.000%	K0	99.000%	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
Wuppermann Austria Gesellschaft m.b.H.	AUT			30.000%	K0

Special Steel Division

	Domicile of the company	03/31/2016 Interest held	Type of consolidation	03/31/2015 Interest held	Type of consolidation
voestalpine Edelstahl GmbH	AUT	100.000%	KV	100.000%	KV
Aceros Boehler del Ecuador S.A.	ECU	100.000%	KV	100.000%	KV
Aceros Boehler del Peru S.A.	PER	100.000%	KV	100.000%	KV
ACEROS BOEHLER UDDEHOLM S.A.	ARG	100.000%	KV	100.000%	KV
Aceros Bohler Uddeholm, S.A. de C.V.	MEX	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		
Aktiebolaget Finansa	SWE			100.000%	KV
ASSAB Pacific Pte. Ltd.	SGP	100.000%	KV	100.000%	KV
ASSAB Steels (HK) Ltd.	CHN	95.000%	KV	95.000%	KV
ASSAB Steels (Malaysia) Sdn Bhd	MYS	95.000%	KV	95.000%	KV
ASSAB Steels (Taiwan) Ltd.	TWN	82.500%	KV	82.500%	KV
ASSAB Steels (Thailand) Ltd.	THA	95.000%	KV	95.000%	KV
ASSAB Steels Korea Co., Ltd	KOR	100.000%	KV	100.000%	KV
ASSAB Steels Singapore (Pte) Ltd.	SGP	100.000%	KV	100.000%	KV
ASSAB 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
Associated Swedish Steels Aktiebolag	SWE			100.000%	KV
BÖHLER Bleche GmbH	AUT	100.000%	KV	100.000%	KV
BÖHLER Bleche GmbH & Co. KG	AUT	100.000%	KV	100.000%	KV
BÖHLER Edelstahl GmbH	AUT	100.000%	KV	100.000%	KV
BÖHLER Edelstahl GmbH & Co KG	AUT	100.000%	KV	100.000%	KV
BÖHLER GRUNDSTÜCKS BETEILIGUNGS GMBH	DEU	100.000%	KV	100.000%	KV
Böhler Grundstücks GmbH & Co. Kommanditgesellschaft[1]	DEU	100.000%	KV	100.000%	KV
Bohler High Performance Metals Private Limited	IND			100.000%	KV

[1] These consolidated financial statements represent an exemption for Böhler Grundstücks GmbH & Co. Kommanditgesellschaft in accordance with Sec. 264b of the German Commercial Code *(dHGB).*

Special Steel Division

	Domicile of the company	03/31/2016 Interest held	03/31/2016 Type of consolidation	03/31/2015 Interest held	03/31/2015 Type of consolidation
Böhler International GmbH	AUT	100.000%	KV	100.000%	KV
Bohler Pacific Pte. Ltd.	SGP	100.000%	KV	100.000%	KV
Böhler PROFIL GmbH	AUT	100.000%	KV	100.000%	KV
BÖHLER Schmiedetechnik GmbH	AUT	100.000%	KV	100.000%	KV
BÖHLER Schmiedetechnik GmbH & Co KG	AUT	100.000%	KV	100.000%	KV
Bohler Special Steels (Shanghai) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
Bohler Uddeholm (Australia) Pty Ltd	AUS	100.000%	KV	100.000%	KV
BOHLER UDDEHOLM AFRICA (PTY) LTD	ZAF	100.000%	KV	100.000%	KV
Böhler Uddeholm Celik Sanayi ve Ticaret A.S.	TUR	100.000%	KV	100.000%	KV
Böhler Uddeholm CZ s.r.o.	CZE	100.000%	KV	100.000%	KV
Böhler Uddeholm Italia S.p.A.	ITA	100.000%	KV	100.000%	KV
BOHLER UDDEHOLM POLSKA Sp. z o. o.	POL	100.000%	KV	100.000%	KV
BOHLER UDDEHOLM ROMANIA S.R.L.	ROU	100.000%	KV	100.000%	KV
BÖHLER Wärmebehandlung GmbH	AUT	100.000%	KV	100.000%	KV
BÖHLERSTAHL Vertriebsgesellschaft m.b.H.	AUT			100.000%	KV
BOHLER-UDDEHOLM (UK) LIMITED	GBR	100.000%	KV	100.000%	KV
BÖHLER-UDDEHOLM AS	NOR	100.000%	KV	100.000%	KV
Böhler-Uddeholm B.V.	NLD	100.000%	KV	100.000%	KV
BOHLER-UDDEHOLM COLOMBIA S.A.	COL	100.000%	KV	100.000%	KV
Bohler-Uddeholm Corporation	USA	100.000%	KV	100.000%	KV
BÖHLER-UDDEHOLM DEUTSCHLAND GMBH	DEU	100.000%	KV	100.000%	KV
BÖHLER-UDDEHOLM France S.A.S.	FRA	100.000%	KV	100.000%	KV
BÖHLER-UDDEHOLM HOLDING GMBH	DEU	100.000%	KV	100.000%	KV
Böhler-Uddeholm Hungary Kft.	HUN	100.000%	KV	100.000%	KV
Böhler-Uddeholm Iberica S.A.U.	ESP	100.000%	KV	100.000%	KV
BOHLER-UDDEHOLM INDIA LIMITED	IND	100.000%	KV	100.000%	KV
Bohler-Uddeholm KK	JPN	100.000%	KV	100.000%	KV
Böhler-Uddeholm Ltd.	CAN	100.000%	KV	100.000%	KV
Böhler-Uddeholm Schweiz AG	CHE	99.833%	KV	99.833%	KV
Böhler-Uddeholm SLOVAKIA, s.r.o.	SVK	100.000%	KV	100.000%	KV
BU Beteiligungs-und Vermögensverwaltung GmbH	AUT	100.000%	KV	100.000%	KV
Buderus Edelstahl GmbH	DEU	100.000%	KV	100.000%	KV

Special Steel Division

	Domicile of the company	03/31/2016 Interest held	03/31/2016 Type of consolidation	03/31/2015 Interest held	03/31/2015 Type of consolidation
Densam Industrial Co. Ltd.	TWN	91.425%	KV	91.425%	KV
Deville Rectification S.A.S.U.	FRA	100.000%	KV	99.996%	KV
DIN ACCIAI S.p.A.	ITA	100.000%	KV	100.000%	KV
EDRO Engineering, Inc.	USA	100.000%	KV	100.000%	KV
EDRO Specialty Steels GmbH	DEU	100.000%	KV	100.000%	KV
EDRO Specialty Steels, Inc.	USA	100.000%	KV	100.000%	KV
Eifeler Coatings Technology, Inc.	USA	100.000%	KV	100.000%	KV
Eifeler Lasertechnik GmbH	DEU	100.000%	KV	100.000%	KV
Eifeler Swiss AG	CHE	100.000%	KV	100.000%	KV
Eifeler Werkzeuge GmbH	DEU	100.000%	KV	100.000%	KV
eifeler-Vacotec GmbH	DEU	100.000%	KV	100.000%	KV
ENPAR Sonderwerkstoffe GmbH	DEU	85.000%	KV	85.000%	KV
Eschmann Steels Trading (Shanghai) Co., Ltd.	CHN	100.000%	KV		
Eschmann Textura Internacional – Transformacao de Ferramentas, Unipessoal, LDA	PRT	100.000%	KV	100.000%	KV
Eschmann Textures India Private Limited	IND	100.000%	KV	100.000%	KV
Eschmann Textures International GmbH	DEU	100.000%	KV	100.000%	KV
EschmannStahl GmbH & Co. KG[1]	DEU	100.000%	KV	100.000%	KV
GMV Eschmann International SAS	FRA	100.000%	KV	100.000%	KV
Grabados Eschmann International S.L.	ESP			100.000%	KV
Grandacos – Servicos Maquinados Portugal, Unipessoal, Lda	PRT	100.000%	KV		
Gravutex Eschmann International Limited	GBR	100.000%	KV	100.000%	KV
Grimstows Holdings Inc.	CAN	100.000%	KV	100.000%	KV
IS Intersteel Stahlhandel GmbH	DEU	100.000%	KV	100.000%	KV
Jing Ying Industrial Co. Ltd.	TWN	91.425%	KV	91.425%	KV
Microcosmic Metal Co., Ltd.	CHN	100.000%	KV		
OOO BÖHLER-UDDEHOLM	RUS	100.000%	KV	100.000%	KV
PT Assab Steels Indonesia	IDN	100.000%	KV	100.000%	KV
Sacma Acciai Speciali S.p.A.	ITA	100.000%	KV	100.000%	KV
Sermetal Barcelona, S.L.	ESP	100.000%	KV		
Sturdell Holdings, Inc.	USA	100.000%	KV	100.000%	KV

[1] These consolidated financial statements represent an exemption for EschmannStahl GmbH & Co. KG in accordance with Sec. 264b of the German Commercial Code *(dHGB).*

Special Steel Division

	Domicile of the company	03/31/2016 Interest held	03/31/2016 Type of consolidation	03/31/2015 Interest held	03/31/2015 Type of consolidation
Sturdell Industries Inc.	CAN	100.000%	KV	100.000%	KV
Sturdell Industries, Inc.	USA	100.000%	KV	100.000%	KV
Uddeholm A/S	DNK	100.000%	KV	100.000%	KV
Uddeholm Eiendom AS	NOR	100.000%	KV	100.000%	KV
Uddeholm Oy Ab	FIN	100.000%	KV	100.000%	KV
Uddeholm Svenska Aktiebolag	SWE	100.000%	KV	100.000%	KV
Uddeholms AB	SWE	100.000%	KV	100.000%	KV
Vacotec S.A.	CHE	100.000%	KV	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		
voestalpine Edelstahl Deutschland GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Edelstahl Wärmebehandlung GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Special Steels China Limited	CHN	100.000%	KV	100.000%	KV
ASSAB International Aktiebolag	SWE			100.000%	K0
ASSAB Steels Vietnam Company Limited	VNM	100.000%	K0	100.000%	K0
Associated Swedish Steels Phils., Inc.	PHL	92.500%	K0	92.500%	KV
Bohlasia Steels Sdn. Bhd.	MYS	53.333%	K0	53.333%	K0
BÖHLER-UDDEHOLM Immobilien GmbH	AUT	100.000%	K0	100.000%	K0
Böhler-Uddeholm Solidaritätsfonds Privatstiftung	AUT	100.000%	K0	100.000%	K0
BÖHLER-UDDEHOLM UKRAINE LLC	UKR	100.000%	K0	100.000%	K0
BÖHLER-UDDEHOLM ZAGREB d.o.o.	HRV	100.000%	K0	100.000%	K0
DEGECANDOR Grundstücksverwaltungsgesellschaft mbH & Co. Immobilien-Vermietungs KG	DEU			95.000%	K0
Edelstahlwerke Buderus Nederland B.V.	NLD	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
V.K. Italia S.r.l.	ITA	20.000%	K0	20.000%	K0
voestalpine Treasury Holding GmbH	AUT	100.000%	K0	100.000%	K0

Metal Engineering Division

	Domicile of the company	03/31/2016 Interest held	Type of consolidation	03/31/2015 Interest held	Type of consolidation
voestalpine Metal Engineering GmbH & Co KG	AUT	100.000%	KV	100.000%	KV
CNTT Chinese New Turnout Technologies Co., Ltd.	CHN	50.000%	KV	50.000%	KEG
JEZ Sistemas Ferroviarios S.L.	ESP	70.000%	KV	70.000%	KV
LASA Schienentechnik GmbH	DEU	100.000%	KV	100.000%	KV
Maruti Weld Private Limited	IND	100.000%	KV	100.000%	KV
Materiel Ferroviaire d'Arberats SASU	FRA	70.000%	KV	70.000%	KV
Nortrak-Damy, Cambios de Via, S.A.P.I. de C.V.	MEX	51.007%	KV	51.007%	KV
OOO voestalpine Bohler Welding Russia	RUS	100.000%	KV	100.000%	KV
PT Bohler Welding Group Asia Pacific	IDN	100.000%	KV	100.000%	KV
Rene Prinsen Spoorwegmaterialen B.V.	NLD			100.000%	KV
TSF-A GmbH	AUT	50.100%	KV	50.100%	KV
TSTG Schienen Technik GmbH & Co KG[1]	DEU	100.000%	KV	100.000%	KV
TSTG Schienen Technik Verwaltungs GmbH	DEU	100.000%	KV	100.000%	KV
VAMAV Vasúti Berendezések Kft.	HUN	50.000%	KV	50.000%	KV
voestalpine Bahnsysteme Beteiligungsverwaltung Deutschland GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Bahnsysteme Vermögensverwaltungs GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Böhler Welding (China) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Bohler Welding Asia Pacific Pte. Ltd.	SGP	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Austria GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Belgium S.A.	BEL	100.000%	KV	100.000%	KV
voestalpine Bohler Welding Canada Ltd.	CAN	100.000%	KV	100.000%	KV
voestalpine Böhler Welding CEE GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Fileur S.p.A.	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

[1] These consolidated financial statements represent an exemption for TSTG Schienen Technik GmbH & Co KG in accordance with Sec. 264b of the German Commercial Code *(dHGB).*

Metal Engineering Division

	Domicile of the company	03/31/2016 Interest held	03/31/2016 Type of consolidation	03/31/2015 Interest held	03/31/2015 Type of consolidation
voestalpine Böhler Welding Germany GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Böhler Welding GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Group GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Hellas S.A.	GRC	100.000%	KV	100.000%	KV
voestalpine Bohler Welding India Private Limited	IND	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Italia S.p.A.	ITA	100.000%	KV	100.000%	KV
voestalpine Bohler Welding Mexico S.A. de C.V.	MEX	100.000%	KV	100.000%	KV
voestalpine Bohler Welding Middle East FZE	ARE	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Nederland B.V.	NLD	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Nordic AB	SWE	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Northeast Asia Ltd.	KOR	100.000%	KV	100.000%	KV
voestalpine Bohler Welding Romania SRL	ROU	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Schweiz AG	CHE	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Soldas do Brasil Ltda.	BRA	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Spain, S.A.	ESP	100.000%	KV	100.000%	KV
voestalpine Böhler Welding Trading (Shanghai) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Bohler Welding UK Limited	GBR	100.000%	KV	100.000%	KV
voestalpine Bohler Welding USA, Inc.	USA	100.000%	KV	100.000%	KV
voestalpine Böhler Welding UTP Maintenance GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine BWG GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine BWG Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Forschungsservicegesellschaft Donawitz GmbH	AUT	93.986%	KV		
voestalpine Kardemir Demiryolu Sistemleri Sanayi ve Ticaret Anonim Sirketi	TUR	59.935%	KV	59.937%	KV
voestalpine Klöckner Bahntechnik GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Metal Engineering GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Nortrak Inc.	USA	100.000%	KV	100.000%	KV

Metal Engineering Division

	Domicile of the company	03/31/2016 Interest held	03/31/2016 Type of consolidation	03/31/2015 Interest held	03/31/2015 Type of consolidation
voestalpine Nortrak Ltd.	CAN	100.000%	KV	100.000%	KV
voestalpine Rail Center Duisburg GmbH[1]	DEU	100.000%	KV	100.000%	KV
voestalpine Rail Center Königsborn GmbH[1]	DEU	100.000%	KV	100.000%	KV
voestalpine Railpro B.V.	NLD	70.000%	KV	70.000%	KV
voestalpine Railway Systems (Thailand) Co., Ltd.	THA	100.000%	KV	100.000%	KV
voestalpine Railway Systems Polska Sp. z o. o.	POL	100.000%	KV	100.000%	KV
voestalpine Schienen GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine SIGNALING Fareham Ltd.	GBR	100.000%	KV	100.000%	KV
voestalpine SIGNALING Sainerholz GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine SIGNALING Siershahn GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine SIGNALING Sopot Sp. z o.o.	POL	100.000%	KV	100.000%	KV
voestalpine SIGNALING Zeltweg GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Special Wire GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Stahl Donawitz GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Track Solutions Saudi Arabia Limited	SAU	51.000%	KV	51.000%	KV
voestalpine Tubulars GmbH	AUT	57.500%	KV	50.000%	KEG
voestalpine Tubulars GmbH & Co KG	AUT	49.888%	KV	49.990%	KEG
voestalpine VAE Africa (Pty) Ltd.	ZAF	100.000%	KV	100.000%	KV
voestalpine VAE Apcarom SA	ROU	100.000%	KV	95.970%	KV
voestalpine VAE Brasil Produtos Ferroviários Ltda.	BRA	100.000%	KV	59.000%	KV
voestalpine VAE GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine VAE Italia S.r.l.	ITA	100.000%	KV	100.000%	KV
voestalpine VAE Legetecha UAB	LTU	66.000%	KV	66.000%	KV
voestalpine VAE Railway Systems Pty.Ltd.	AUS	100.000%	KV	100.000%	KV
voestalpine VAE Riga SIA	LVA	100.000%	KV	100.000%	KV
voestalpine VAE SA (Pty) Ltd.	ZAF	69.000%	KV	69.000%	KV
voestalpine VAE Sofia OOD	BGR	51.000%	KV	51.000%	KV

[1] These consolidated financial statements represent an exemption for voestalpine Rail Center Duisburg GmbH and voestalpine Rail Center Königsborn GmbH in accordance with Sec. 264 (3) of the German Commercial Code *(dHGB).*

Metal Engineering Division

	Domicile of the company	03/31/2016 Interest held	03/31/2016 Type of consolidation	03/31/2015 Interest held	03/31/2015 Type of consolidation
voestalpine VAE UK Ltd.	GBR	100.000%	KV	100.000%	KV
voestalpine VAE VKN India Private Limited	IND	55.200%	KV	55.200%	KV
voestalpine WBN B.V.	NLD	100.000%	KV	100.000%	KV
voestalpine Weichensysteme GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Wire (Suzhou) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Wire Austria GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Wire Germany GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Wire Italy s.r.l.	ITA	100.000%	KV	100.000%	KV
voestalpine Wire Rod Austria GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Wire Technology GmbH	AUT	100.000%	KV	100.000%	KV
Weichenwerk Wörth GmbH	AUT	56.950%	KV	70.000%	KV
WS Service GmbH	AUT	49.000%	KEA		
Burbiola S.A.	ESP	35.000%	K0	35.000%	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
voestalpine Schienentechnik Beteiligungs GmbH	AUT	100.000%	K0	100.000%	K0
VOEST-ALPINE TUBULAR CORP.	USA	57.500%	K0	57.500%	K0
voestalpine Tubulars Middle East FZE	ARE	57.500%	K0	57.500%	K0

Metal Forming Division

	Domicile of the company	03/31/2016 Interest held	03/31/2016 Type of consolidation	03/31/2015 Interest held	03/31/2015 Type of consolidation
voestalpine Metal Forming GmbH	AUT	100.000%	KV	100.000%	KV
Compania de Industria y Comercio, S.A. de C.V.	MEX	100.000%	KV	100.000%	KV
Global Rollforming Corporation	USA	100.000%	KV	100.000%	KV
Kadow und Riese Laser- und Umformtechnik GmbH	DEU	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 Groep N.V.	NLD	100.000%	KV	100.000%	KV
Nedcon Lagertechnik GmbH	DEU	100.000%	KV	100.000%	KV
Nedcon Magazijninrichting B.V.	NLD	100.000%	KV	100.000%	KV
Nedcon USA Inc.	USA	100.000%	KV	100.000%	KV
OOO voestalpine Arkada Profil	RUS	100.000%	KV	100.000%	KV
Polynorm GmbH	DEU	100.000%	KV	100.000%	KV
Polynorm Immobilien GmbH & Co. KG[1]	DEU	100.000%	KV	100.000%	KV
Polynorm Leasing B.V.	NLD	100.000%	KV		
Roll Forming Corporation	USA	100.000%	KV	100.000%	KV
Sharon Custom Metal Forming, Inc.	USA	100.000%	KV	100.000%	KV
STAMPTEC France SAS	FRA	100.000%	KV	100.000%	KV
STAMPTEC-Holding GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Automotive Body Parts Inc.	USA	100.000%	KV	100.000%	KV
voestalpine Automotive Bodyparts Shenyang Co., Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Elmsteel Group Limited	GBR	100.000%	KV	100.000%	KV
voestalpine Europlatinen GmbH	AUT	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

[1] These consolidated financial statements represent an exemption for Polynorm Immobilien GmbH & Co. KG in accordance with Sec. 264b of the German Commercial Code *(dHGB)*.

Metal Forming Division

	Domicile of the company	03/31/2016 Interest held	03/31/2016 Type of consolidation	03/31/2015 Interest held	03/31/2015 Type of consolidation
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 Polynorm B.V.	NLD	100.000%	KV	100.000%	KV
voestalpine Polynorm GmbH & Co. KG[1]	DEU	100.000%	KV	100.000%	KV
voestalpine Präzisionsprofil GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Precision Strip AB	SWE	100.000%	KV	100.000%	KV
voestalpine Precision Strip GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Precision Strip LLC	USA	100.000%	KV	100.000%	KV
voestalpine Precision Strip Trading (Suzhou) Co., Ltd	CHN	100.000%	KV	100.000%	KV
voestalpine Precision Strip WI, Inc.	USA	100.000%	KV		
voestalpine Precision Strip, S.A.U.	ESP	100.000%	KV	100.000%	KV
voestalpine Profilafroid	FRA	99.925%	KV	99.925%	KV
voestalpine Profilform (China) Co., Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine PROFILFORM s.r.o.	CZE	100.000%	KV	100.000%	KV
voestalpine Rotec GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Rotec GmbH & Co. KG[1]	DEU	100.000%	KV	100.000%	KV
voestalpine Rotec Iberica S.A.	ESP	100.000%	KV	100.000%	KV
voestalpine Rotec Incorporated	USA	100.000%	KV	100.000%	KV
voestalpine Rotec Limited	GBR	100.000%	KV	100.000%	KV
voestalpine Rotec Sp. z o. o.	POL	100.000%	KV	100.000%	KV
voestalpine S.A.P.	FRA	100.000%	KV	100.000%	KV
voestalpine Sadef nv	BEL	100.000%	KV	100.000%	KV

[1] These consolidated financial statements represent an exemption for voestalpine Polynorm GmbH and voestalpine Rotec GmbH & Co. KG in accordance with Sec. 264b of the German Commercial Code *(dHGB).*

Metal Forming Division

	Domicile of the company	03/31/2016 Interest held	03/31/2016 Type of consolidation	03/31/2015 Interest held	03/31/2015 Type of consolidation
voestalpine Stamptec Birkenfeld GmbH[1]	DEU	100.000%	KV	100.000%	KV
voestalpine Stamptec Böhmenkirch GmbH & Co. KG[2]	DEU	100.000%	KV	100.000%	KV
voestalpine Stamptec France	FRA	99.998%	KV	99.998%	KV
voestalpine Stamptec GmbH[1]	DEU	100.000%	KV	100.000%	KV
voestalpine Stamptec Holding GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Stamptec Nagold GmbH & Co. KG[2]	DEU	100.000%	KV	100.000%	KV
voestalpine Stamptec Pfaffenhofen GmbH & Co. KG[2]	DEU	100.000%	KV	100.000%	KV
voestalpine Stamptec Qinhuangdao Co., Ltd.	CHN	100.000%	KV	100.000%	KV
voestalpine Stamptec Romania S.R.L.	ROU	100.000%	KV	100.000%	KV
voestalpine Stamptec Schmölln GmbH[1]	DEU	100.000%	KV	100.000%	KV
voestalpine Stamptec South Africa (Pty) Ltd.	ZAF	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	100.000%	K0
Martin Miller North America, Inc.	USA	100.000%	K0	100.000%	K0
Metal Sections Limited	GBR	100.000%	K0	100.000%	K0
Munkfors Energi AB	SWE	40.000%	K0	40.000%	K0
Polynorm Immobilien Beteiligungs-GmbH	DEU	100.000%	K0	100.000%	K0
SADEF FRANCE S.A.R.L.	FRA	100.000%	K0	100.000%	K0
voestalpine Arkada Zapad ITUP	BLR	100.000%	K0	100.000%	K0
voestalpine Polynorm Beteiligungsgesellschaft m.b.H.	DEU	100.000%	K0	100.000%	K0
voestalpine Stamptec Beteiligungs GmbH	DEU	100.000%	K0	100.000%	K0

[1] These consolidated financial statements represent an exemption for voestalpine Stamptec Birkenfeld GmbH, voestalpine Stamptec GmbH and voestalpine Stamptec Schmölln GmbH in accordance with Sec. 264 (3) of the German Commercial Code *(dHGB).*
[2] These consolidated financial statements represent an exemption for voestalpine Stamptec Böhmenkirch GmbH & Co. KG, voestalpine Stamptec Nagold GmbH & Co. KG and voestalpine Stamptec Pfaffenhofen GmbH & Co. KG in accordance with Sec. 264b of the German Commercial Code *(dHGB).*

Other

	Domicile of the company	03/31/2016 Interest held	03/31/2016 Type of consolidation	03/31/2015 Interest held	03/31/2015 Type of consolidation
Danube Equity AG	AUT	71.373%	KV	71.373%	KV
Importkohle Gesellschaft m.b.H.	AUT	100.000%	KV	100.000%	KV
RLBV54 Fonds	AUT	99.624%	KV	99.599%	KV
voestalpine Dienstleistungs- und Finanzierungs GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine Finanzierungs GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Finanzierungs Holding GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Funding International GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine group-IT AB	SWE	100.000%	KV	100.000%	KV
voestalpine group-IT GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine group-IT GmbH	DEU	100.000%	KV	100.000%	KV
voestalpine group-IT Tecnologia da Informacao Ltda.	BRA	100.000%	KV	100.000%	KV
voestalpine Personal Services GmbH	AUT	100.000%	KV	100.000%	KV
voestalpine Rohstoffbeschaffungs GmbH	AUT	100.000%	KV	100.000%	KV
APK-Pensionskasse Aktiengesellschaft[1]	AUT	29.192%	KEA	29.192%	KEA
AC styria Autocluster GmbH	AUT	12.333%	K0	14.800%	K0
Donauländische Baugesellschaft m.b.H.	AUT	100.000%	K0	100.000%	K0
VA Intertrading Aktiengesellschaft	AUT	5.662%	K0	7.930%	K0
voestalpine Insurance Services GmbH	AUT	100.000%	K0	100.000%	K0

[1] For the company consolidated according to the equity method marked[1], the reporting date of December 31 applies.

Explanations:
KV Full consolidation
KEA Equity method associates
KEG Equity method joint ventures
K0 No consolidation

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 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 percentage of revenue.

EBT (earnings before taxes). Profit before the deduction of taxes and non-controlling interests.

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 between profit for the period and equity as recorded in the previous period.

ROCE (return on capital employed). ROCE is the ratio of EBIT to average capital employed, that is, profit generated by the capital invested.

Volatility. The degree of fluctuation in stock prices and currency exchange rates or in prices of consumer goods in comparison to the market.

Weighted average cost of capital (WACC). Average capital costs for both borrowed capital and equity.

Contact & Imprint

Contact
voestalpine AG, Corporate Communications
T. +43/50304/15-2090, F. +43/50304/55-8981
mediarelations@voestalpine.com

voestalpine AG, Investor Relations
T. +43/50304/15-9949, F. +43/50304/55-5581
IR@voestalpine.com

www.voestalpine.com

Imprint
Owner and media proprietor: voestalpine AG, voestalpine Strasse 1, 4020 Linz. **Senior editor and editorial staff:** voestalpine AG, Investor Relations, T. +43/50304/15-9949, F. +43/50304/55-5581, IR@voestalpine.com, www.voestalpine.com. **Design and implementation:** gugler* brand & digital, 3100 St. Pölten

voestalpine AG
voestalpine Strasse 1
4020 Linz, Austria
T. +43/50304/15-0
F. +43/50304/55+Ext.
www.voestalpine.com

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