

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 un-

dertaking 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

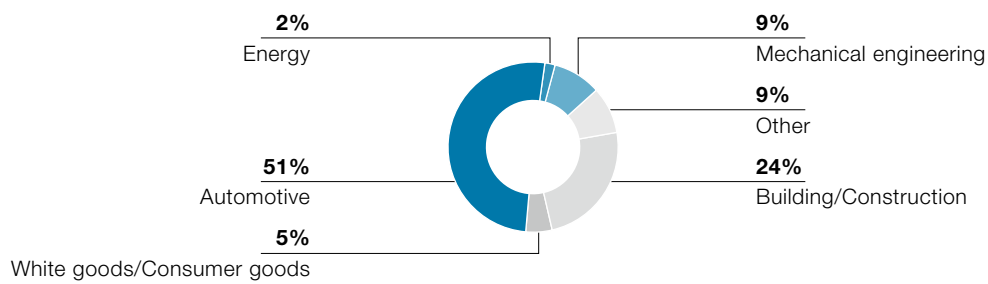
In the business year 2015/16, the Metal Forming Division boosted its adjusted results significantly despite a decline in revenue. Weaker revenues were due to a portfolio streamlining in the Automotive Body Parts business segment in the business year 2014/15 (divestment of the Flamco Group, plastics companies, Rotec AB) on one hand and on the other, they are the result of generally recessive prices resulting from lower pre-material 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-

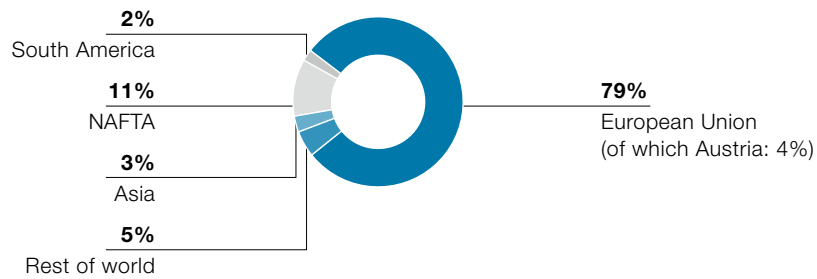
Customers of the Metal Forming Division

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	1 st quarter 2015/16	2 nd quarter 2015/16	3 rd quarter 2015/16	4 th 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.