voestalpine AG

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 09/30/2018

In accordance with International Financial Reporting Standards (IFRS).
This report is a translation of the original report in German, which is solely valid.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

	03/31/2018	09/30/2018
A. Non-current assets		
Property, plant and equipment	6,282.1	6,421.8
Goodwill	1,545.9	1,547.7
Other intangible assets	396.0	387.8
Investments in entities consolidated according to the equity method	118.5	121.7
Other financial assets and other shares in companies	51.1	49.9
Deferred tax assets	196.1	207.8
	8,589.7	**8,736.7**
B. Current assets		
Inventories	3,998.4	4,030.0
Trade and other receivables	1,773.0	1,884.3
Other financial assets	388.1	256.0
Cash and cash equivalents	705.8	264.0
	6,865.3	**6,434.3**
Total assets	**15,455.0**	**15,171.0**

In millions of euros

EQUITY AND LIABILITIES

	03/31/2018	09/30/2018
A. Equity		
Share capital	320.3	320.3
Capital reserves	609.6	605.6
Hybrid capital	497.9	497.9
Retained earnings and other reserves	4,957.9	4,971.7
Equity attributable to equity holders of the parent	**6,385.7**	**6,395.5**
Non-controlling interests	168.6	155.4
	6,554.3	**6,550.9**
B. Non-current liabilities		
Pensions and other employee obligations	1,171.7	1,217.1
Provisions	76.6	75.0
Deferred tax liabilities	107.6	106.6
Financial liabilities	2,783.6	2,376.3
	4,139.5	**3,775.0**
C. Current liabilities		
Provisions	615.2	574.0
Tax liabilities	183.4	200.6
Financial liabilities	1,315.5	1,756.7
Trade and other payables	2,647.1	2,313.8
	4,761.2	**4,845.1**
Total equity and liabilities	**15,455.0**	**15,171.0**

In millions of euros

CONSOLIDATED STATEMENT OF CASH FLOWS

	04/01–09/30/2017	04/01–09/30/2018
Operating activities		
Profit after tax	388.9	316.2
Non-cash expenses and income	366.2	340.8
Change in inventories	–355.5	–134.7
Change in receivables and liabilities	–62.7	–333.8
Change in provisions	45.0	–23.5
Changes in working capital	**–373.2**	**–492.0**
Cash flow from operating activities	**381.9**	**165.0**
Investing activities		
Additions to other intangible assets, property, plant and equipment	–389.2	–498.0
Income from disposals of assets	9.6	5.0
Cash flow from the acquisition of control of subsidiaries	–0.2	5.9
Additions to/divestments of other financial assets	–226.5	129.7
Cash flow from investing activities	**–606.3**	**–357.4**
Financing activities		
Dividends paid	–194.0	–246.8
Dividends paid/capital increase non-controlling interests	–10.3	–16.8
Acquisition of non-controlling interests	0.0	–1.1
Increase in long-term financial liabilities	752.7	74.0
Repayment of long-term financial liabilities	–89.2	–449.5
Repayment of long-term finance lease liabilities	–1.2	–2.1
Change in current financial liabilities and other financial liabilities	–33.1	397.0
Cash flow from financing activities	**424.9**	**–245.3**
Net decrease/increase in cash and cash equivalents	**200.5**	**–437.7**
Cash and cash equivalents, beginning of year	503.3	705.8
Net exchange differences	27.8	–4.1
Cash and cash equivalents, end of year	**731.6**	**264.0**

In millions of euros

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED INCOME STATEMENT

	04/01–09/30/2017	04/01–09/30/2018	07/01–09/30/2017	07/01–09/30/2018
Revenue	**6,302.3**	**6,674.0**	**3,050.8**	**3,205.0**
Cost of sales	–4,823.4	–5,268.4	–2,355.9	–2,591.7
Gross profit	**1,478.9**	**1,405.6**	**694.9**	**613.3**
Other operating income	198.7	207.6	69.9	67.8
Distribution costs	–572.3	–584.4	–281.0	–282.5
Administrative expenses	–310.5	–333.9	–152.1	–163.1
Other operating expenses	–221.0	–224.9	–80.3	–81.7
Share of profit of entities consolidated according to the equity method	10.4	9.5	4.0	1.9
EBIT	**584.2**	**479.5**	**255.4**	**155.7**
Finance income	20.5	23.7	10.3	10.4
Finance costs	–91.1	–81.7	–44.5	–38.9
Profit before tax	**513.6**	**421.5**	**221.2**	**127.2**
Tax expense	–124.7	–105.3	–50.7	–35.4
Profit after tax	**388.9**	**316.2**	**170.5**	**91.8**
Attributable to:				
Equity holders of the parent	368.8	297.9	161.4	84.0
Non-controlling interests	8.8	7.0	3.4	2.1
Share planned for hybrid capital owners	11.3	11.3	5.7	5.7
Basic and diluted earnings per share (euros)	**2.09**	**1.69**	**0.91**	**0.48**

In millions of euros

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED OTHER COMPREHENSIVE INCOME

	04/01–09/30/2017	04/01–09/30/2018	07/01–09/30/2017	07/01–09/30/2018
Profit after tax	**388.9**	**316.2**	**170.5**	**91.8**
Items of other comprehensive income that will be reclassified subsequently to profit or loss				
Cash flow hedges	–1.2	–6.8	9.8	–4.8
Currency translation	–86.0	–2.5	–23.0	–6.6
Share of result of entities consolidated according to the equity method	–2.1	–0.9	–0.5	–1.0
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss	**–89.3**	**–10.2**	**–13.7**	**–12.4**
Items of other comprehensive income that will not be reclassified subsequently to profit or loss				
Actuarial gains/losses	29.3	–34.1	1.5	–31.8
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	**29.3**	**–34.1**	**1.5**	**–31.8**
Other comprehensive income for the period, net of income tax	**–60.0**	**–44.3**	**–12.2**	**–44.2**
Total comprehensive income for the period	**328.9**	**271.9**	**158.3**	**47.6**
Attributable to:				
Equity holders of the parent	313.0	255.4	150.7	40.9
Non-controlling interests	4.6	5.2	1.9	1.0
Share planned for hybrid capital owners	11.3	11.3	5.7	5.7
Total comprehensive income for the period	**328.9**	**271.9**	**158.3**	**47.6**

In millions of euros

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	H 1 2017/18			H 1 2018/19		
	Group	Non-controlling interests	Total	Group	Non-controlling interests	Total
Equity as of April 1	**5,892.1**	**168.2**	**6,060.3**	**6,385.7**	**168.6**	**6,554.3**
Adjustment – initial application IFRS 15				**–7.4**		**–7.4**
Equity as of April 1, adjusted				**6,378.3**	**168.6**	**6,546.9**
Total comprehensive income for the period	324.3	4.6	328.9	266.7	5.2	271.9
Dividends to shareholders	–194.0	–12.9	–206.9	–246.8	–18.1	–264.9
Tax effect from transactions with hybrid capital owners	3.8	–	3.8	3.8	–	3.8
Share-based payment	–1.5	–	–1.5	–4.0	–	–4.0
Other changes	–0.9	0.1	–0.8	–2.5	–0.3	–2.8
Equity as of September 30	**6,023.8**	**160.0**	**6,183.8**	**6,395.5**	**155.4**	**6,550.9**

In millions of euros

GENERAL INFORMATION / ACCOUNTING POLICIES

These Interim Consolidated Financial Statements of voestalpine AG as of September 30, 2018, for the first half of the business year 2018/19 were prepared in accordance with IAS 34 – Interim Financial Reporting. The accounting policies are unchanged from the Consolidated Financial Statements for the business year 2017/18.

THE FOLLOWING NEW AND REVISED STANDARDS AND INTERPRETATIONS WERE IN EFFECT BUT HAD NOT YET BEEN ADOPTED FOR THE FIRST TIME IN THE BUSINESS YEAR 2018/19

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

[1] These standards are applicable to reporting periods beginning on or after the effective date.

From today's perspective, the amendments and new versions of standards and interpretations are not expected to have any material effects on the voestalpine Group's net assets, financial position, and results of operations. The disclosures resulting from the initial application of IFRS 9 and IFRS 15 follow below from the section entitled **Changes in Accounting Policies**.

Please see the financial statements as of March 31, 2018, for the expected effects from the initial application of **IFRS 16 Leases.** The implementation project has progressed on schedule; currently, the IT system is being put in place. So far, nothing has changed with respect to the estimates as of March 31, 2018, because the detailed analysis of the existent leases has not yet been completed.

Further information on the other principles of preparation is provided in the Consolidated Financial Statements as of March 31, 2018, on which these Interim Consolidated Financial Statements are based.

The Interim Consolidated Financial Statements are presented in millions of euros (the functional currency of the parent company). The use of automated calculation systems may result in rounding differences that affect amounts and percentages.

Unless otherwise stated, comparative information relates to the first half of the business year 2017/18 (reporting date: September 30, 2017).

The present Interim Consolidated Financial Statements have not been audited or reviewed by auditors.

CHANGES IN ACCOUNTING POLICIES

IFRS 15 Revenue from Contracts with Customers has been applied in the voestalpine Group since April 1, 2018, using the modified retrospective method of initial application. Hence there was no need to adjust the previous year's figures. This Standard combines the guidance on revenue recognition and replaces both IAS 18 and IAS 11 as well as the associated Interpretations. IFRS 15 has shifted the focus from the transfer of material opportunities and risks to the time at which control over the goods and services is transferred, thus making it possible to obtain related benefits. The newly introduced five-step model serves to determine both the scope and the timing of the recognition of revenue.

In contrast to IAS 11, the new rules under IFRS 15.35c regarding customer-specific series production lead to early revenue recognition, because control is already transferred during production. As regards these customer-specific products for which there are no alternative uses, revenue must be recognized in the given period, because voestalpine has an enforceable claim to payment against the customer at the given time. The resulting effect on equity after taxes mainly in the Aerospace and Automotive segments is about EUR 7.0 million.

The second material effect on equity after taxes in the amount of approx. EUR –15.0 million stems from the reversal of previously activated pre-series losses in the Automotive segment which, in the future, must be recognized as income pursuant to the rules of IFRS 15 in the period in which they are incurred.

Aside from the initial application effect after taxes in the amount of EUR –7.4 million, these changes also result in reclassifications, among other things, of inventories and existing PoC receivables into contract assets.

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

IFRS 9 Financial Instruments has been applied in the voestalpine Group since April 1, 2018, based on the option to elect simplified initial application. Hence there was no need to adjust the previous year's figures. As regards both classification and measurement, the initial application did not give rise to any changes in the carrying amounts. The accounting requirements for hedging transactions are applied prospectively. The Standard leads to changes in connection with financial instruments and largely replaces IAS 39.

A valuation model has been put in place in the voestalpine Group for the purpose of taking the requirements under IFRS 9 regarding the impairment model into account. Historical data derived from actual historical credit losses in the past five years were used as the basis for the estimated expected credit losses. There is no significant concentration of default risks, given the existing credit default swaps and a diversified customer portfolio that is dominated by very good to good credit ratings. Due to the low historical and expected loss of receivables, application of the new impairment method will not lead to material effects in loss allowances.

For further information on the first-time adoption of IFRS 9, please see the disclosures in the **Notes on financial instruments.** In keeping with these disclosures, the initial application of IFRS 9 in the voestalpine Group has not led to any effects.

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

CHANGE IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	03/31/2018	Adjustment according to IFRS 15	04/01/2018
Assets			
Deferred tax assets	196.1	4.7	200.8
Inventories	3,998.4	–99.3	3,899.1
Trade and other receivables	1,773.1	104.4	1,877.5
Total assets	**15,455.0**	**9.8**	**15,464.8**
Equity and liabilities			
Retained earnings and other reserves	4,957.9	–7.4	4,950.5
Deferred tax liabilities	107.6	2.7	110.3
Provisions	615.2	–0.5	614.7
Trade and other payables	2,647.1	15.0	2,662.1
Total equity and liabilities	**15,455.0**	**9.8**	**15,464.8**

In millions of euros

The following tables present the effects of the application of IFRS 15 on the Interim Financial Statements as of September 30, 2018. The effects of the Consolidated Statement of Cash Flows are immaterial as of September 30, 2018.

CHANGE IN CONSOLIDATED STATEMENT OF FINANCIAL POSITION

09/30/2018	Values as reported	Adjustment according to IFRS 15	Without application of IFRS 15
Assets			
Deferred tax assets	207.8	–4.0	203.8
Inventories	4,030.0	107.4	4,137.4
Trade and other receivables	1,884.3	–117.5	1,766.8
Total assets	**15,171.0**	**–14.1**	**15,156.9**
Equity and liabilities			
Retained earnings and other reserves	4,971.7	5.1[1]	4,976.8
Deferred tax liabilities	106.6	–3.1	103.5
Provisions	574.0	0.5	574.5
Trade and other payables	2,313.8	–16.6	2,297.2
Total equity and liabilities	**15,171.0**	**–14.1**	**15,156.9**

[1] Incl. currency translation amounting to EUR 1.0 million.

In millions of euros

CHANGE IN CONSOLIDATED INCOME STATEMENT

04/01–09/30/2018	Values as reported	Adjustment according to IFRS 15	Without application of IFRS 15
Revenue	**6,674.0**	**–28.6**	**6,645.4**
Cost of sales	–5,268.4	23.6	–5,244.8
Gross profit	**1,405.6**	**–5.0**	**1,400.6**
EBIT	**479.5**	**–5.0**	**474.5**
Profit before tax	**421.5**	**–5.0**	**416.5**
Tax expense	–105.3	1.7	–103.6
Profit after tax	**316.2**	**–3.3**	**312.9**

In millions of euros

CHANGES IN THE SCOPE OF CONSOLIDATED FINANCIAL STATEMENTS

The changes made in the scope of Consolidated Financial Statements during the first half of the business year 2018/19 were as follows:

	Full consolidation	Equity method
As of April 1, 2018	**280**	**9**
Acquisitions		
Change in consolidation method		
Additions	3	
Disposals		
Reorganizations	–1	
Divestments or disposals		
As of September 30, 2018	**282**	**9**
Of which foreign companies	224	4

The following entities were deconsolidated in the Interim Consolidated Financial Statements in the first half of the business year 2018/19:

Name of entity
Reorganizations
Sacma Acciai Speciali S.p.A.

The following entities are being included in the Interim Consolidated Financial Statements for the first time in the first half of the business year 2018/19:

Name of entity	Interest in %
Full consolidation	
voestalpine HR Services GmbH	100.000%
VOEST-ALPINE TUBULAR CORP.	100.000%
voestalpine Automotive Components Hungaria Kft.	100.000%

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

SUBSIDIARIES WITH MATERIAL NON-CONTROLLING INTERESTS

Name of the subsidiary	Domicile	09/30/2017	09/30/2018
voestalpine Tubulars GmbH & Co KG	Kindberg, Austria		
Proportion of ownership		49.8875%	49.8875%
Proportion of ownership interests held by non-controlling interests		50.1125%	50.1125%
CNTT Chinese New Turnout Technologies Co., Ltd.	Qinhuangdao, China		
Proportion of ownership		50.0000%	50.0000%
Proportion of ownership interests held by non-controlling interests		50.0000%	50.0000%

In the reporting period, the total of all non-controlling interests amounts to EUR 155.4 million (September 30, 2017: EUR 160.0 million), of which EUR 84.7 million (September 30, 2017: EUR 80.5 million) is attributable to voestalpine Tubulars GmbH & Co KG and EUR 30.5 million (September 30, 2017: EUR 30.2 million) is attributable to CNTT Chinese New Turnout Technologies Co., Ltd. The remaining non-controlling interests, seen individually, can be considered immaterial for the Group.

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

SUMMARIZED STATEMENT OF FINANCIAL POSITION

	voestalpine Tubulars GmbH & Co KG		CNTT Chinese New Turnout Technologies Co., Ltd.	
	09/30/2017	09/30/2018	09/30/2017	09/30/2018
Non-current assets	119.9	123.1	16.3	14.0
Current assets	140.5	145.6	90.4	96.5
Non-current provisions and liabilities	29.2	30.3	2.9	2.8
Current provisions and liabilities	123.1	114.4	44.3	47.4
Net assets (100%)	**108.1**	**124.0**	**59.5**	**60.3**

In millions of euros

SUMMARIZED INCOME STATEMENT

	voestalpine Tubulars GmbH & Co KG		CNTT Chinese New Turnout Technologies Co., Ltd.	
	04/01–09/30/2017	04/01–09/30/2018	04/01–09/30/2017	04/01–09/30/2018
Revenue	221.4	266.3	43.4	27.5
EBIT	5.7	5.5	16.2	11.4
Profit after tax	3.9	4.7	12.0	8.6
Attributable to:				
Equity holders of the parent	1.9	2.3	6.0	4.3
Non-controlling interests	1.9	2.4	6.0	4.3
Dividends paid to non-controlling interests	0.0	0.0	6.5	8.4

In millions of euros

SUMMARIZED STATEMENT OF CASH FLOWS

	voestalpine Tubulars GmbH & Co KG		CNTT Chinese New Turnout Technologies Co., Ltd.	
	04/01-09/30/2017	04/01-09/30/2018	04/01-09/30/2017	04/01-09/30/2018
Cash flow from operating activities	–8.4	19.3	5.9	20.3
Cash flow from investing activities	–8.5	–9.0	–0.3	–0.9
thereof additions to/divestments of other financial assets	0.0	0.0	0.0	0.0
Cash flow from financing activities	16.6	–10.2	–8.1	–14.3
Net decrease/increase in cash and cash equivalents	**–0.3**	**0.1**	**–2.5**	**5.1**

In millions of euros

INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

SHARES IN IMMATERIAL JOINT VENTURES

Profits from the joint ventures, which are individually immaterial for the voestalpine Interim Consolidated Financial Statements, are included using the equity method. This information relates to the interests held by the voestalpine Group in immaterial joint ventures and is broken down as follows:

	04/01–09/30/2017	04/01–09/30/2018
Group share of		
Profit after tax	0.7	0.2
Other comprehensive income	–0.3	–0.1
Comprehensive income	**0.4**	**0.1**
Carrying amount immaterial joint ventures	**4.3**	**3.8**

In millions of euros

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 relates to the interests held by the voestalpine Group in associates and is broken down as follows:

	04/01–09/30/2017	04/01–09/30/2018
Group share of		
Profit after tax	9.8	9.3
Other comprehensive income	–1.8	–0.8
Comprehensive income	**8.0**	**8.5**
Carrying amount immaterial associates	**112.7**	**117.9**

In millions of euros

NOTES ON THE CONSOLIDATED STATEMENT OF FINANCIAL POSITION

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

In the first half of the business year 2018/19, depreciation totaling EUR 380.6 million was less than actual investments in the amount of EUR 474.4 million. This and positive currency translation effects amounting to EUR 41.6 million essentially led to an increase in non-current assets from EUR 8,589.7 million to EUR 8,736.7 million. Due primarily to an operational increase in inventories (see Consolidated Cash Flow Statement), compared to March 31, 2018, the carrying amount of the inventories on the reporting date rose by EUR 31.7 million despite the negative transition effect resulting from the adoption of IFRS 15 in the amount of EUR 99.3 million.

As of September 30, 2018, voestalpine AG's share capital amounted to EUR 320,394,836.99 (March 31, 2018: EUR 320,394,836.99) and was divided into 176,349,163 shares (March 31, 2018: 176,349,163). The Company held 28,597 of its own shares as of the reporting date. In the first half of the business year 2018/19, the Company neither bought nor sold any own shares.

In the business year 2012/13, voestalpine AG issued a new subordinate undated bond (hybrid bond 2013) with a volume of EUR 500.0 million. As the hybrid bond satisfies the IAS 32 criteria for equity, the proceeds from the bond issue 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 in tax effects. Therefore, equity increased by EUR 497.9 million in the business year 2012/13.

Due primarily to changes in the actuarial result (negative), the profit after tax of EUR 316.2 million was reduced to total comprehensive income of EUR 271.9 million. This decreased equity to EUR 6,550.9 million including the dividend distribution (and including the effect from adoption of IFRS 15). For the business year 2017/18, a dividend per share of EUR 1.40 was decided upon at the Annual General Meeting on July 4, 2018. Therefore, voestalpine AG has distributed dividends amounting to EUR 246.8 million to its shareholders in the current business year.

Provisions for pensions, severance, and long-service bonus obligations are taken into account in the Interim Consolidated Financial Statements based on an expert opinion on the forecast for the entire current business year 2018/19. If significant changes of the parameters occur during the year, a re-assessment of the net debt is carried out.

An adjustment of the mortality tables in both Austria and Germany as well as a slightly negative performance of the pension fund during the current business year resulted in an increase overall in the provisions for pension and severance obligations and consequently in an actuarial loss of EUR 34.1 million (after deferred taxes) recognized in the other comprehensive income. This also resulted in an (expensed) increase in the provisions for long-service bonus obligations amounting to EUR 7.7 million and, in sum, a total loss (after deferred taxes) of EUR 5.8 million that is recognized in the income statement.

NOTES ON THE CONSOLIDATED INCOME STATEMENT

Revenue for the period from April 1 to September 30, 2018 in the amount of EUR 6,674.0 million increased by 5.9% compared to the same period of the preceding year (EUR 6,302.3 million). In the first half of the business year 2018/19, EBIT reached EUR 479.5 million compared to EUR 584.2 million for the same period of the preceding year. EBIT was EUR 155.7 million for the second quarter of 2018/19, compared to EUR 255.4 million for the second quarter of 2017/18. After consideration of the financial result and taxes, profit after tax amounted to EUR 316.2 million compared to EUR 388.9 million for the same period of the preceding year.

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

	04/01–09/30/2017	04/01–09/30/2018
Profit attributable to equity holders of the parent (in millions of euros)	368.8	297.9
Weighted average number of outstanding ordinary shares (millions)	176.3	176.3
Diluted and basic (undiluted) earnings per share (euros)	**2.09**	**1.69**

CLASSIFICATION OF REVENUES[1]

The following table contains information on the classification of external revenues by region and industry of the voestalpine Group for the first half of the business year 2018/19 and the business year 2017/18, respectively:

REVENUE BY REGIONS

	Steel Division		High Performance Metals Division	
	04/01–09/30/2017	04/01–09/30/2018	04/01–09/30/2017	04/01–09/30/2018
European Union (without Austria)	1,356.9	1,445.1	653.2	737.1
Austria	232.7	238.5	49.7	68.1
NAFTA	182.4	236.6	220.6	224.4
Asia	57.0	62.0	274.6	277.7
South America	107.5	82.8	95.1	100.8
Rest of world	162.7	129.0	110.2	113.3
Total revenue by regions	**2,099.2**	**2,194.0**	**1,403.4**	**1,521.4**

REVENUE BY INDUSTRIES

	Steel Division		High Performance Metals Division	
	04/01–09/30/2017	04/01–09/30/2018	04/01–09/30/2017	04/01–09/30/2018
Automotive	787.6	813.2	412.3	443.4
Energy	449.4	469.8	171.3	188.5
Railway systems	4.7	4.1	3.7	4.3
Building/Construction	190.5	186.9	53.7	56.8
Mechanical engineering	86.6	113.5	258.1	295.8
White goods/Consumer goods	80.8	67.0	176.6	182.5
Aerospace	0.0	0.0	159.5	168.7
Other	499.6	539.5	168.2	181.4
Total revenue by industries	**2,099.2**	**2,194.0**	**1,403.4**	**1,521.4**

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

	Metal Engineering Division		Metal Forming Division		Other		Total Group	
	04/01–09/30/2017	04/01–09/30/2018	04/01–09/30/2017	04/01–09/30/2018	04/01–09/30/2017	04/01–09/30/2018	04/01–09/30/2017	04/01–09/30/2018
	734.8	748.3	967.7	990.4	4.4	6.5	3,717.0	3,927.4
	108.1	108.9	49.1	54.0	1.5	2.1	441.1	471.6
	267.9	312.9	169.5	252.0	0.0	0.0	840.4	1,025.9
	167.8	154.7	39.9	49.0	0.0	0.1	539.3	543.5
	37.6	26.2	34.8	39.9	0.0	0.0	275.0	249.7
	173.9	174.7	42.7	38.9	0.0	0.0	489.5	455.9
	1,490.1	**1,525.7**	**1,303.7**	**1,424.2**	**5.9**	**8.7**	**6,302.3**	**6,674.0**

In millions of euros

	Metal Engineering Division		Metal Forming Division		Other		Total Group	
	04/01–09/30/2017	04/01–09/30/2018	04/01–09/30/2017	04/01–09/30/2018	04/01–09/30/2017	04/01–09/30/2018	04/01–09/30/2017	04/01–09/30/2018
	226.9	252.4	690.7	787.5	0.0	0.0	2,117.5	2,296.5
	294.9	346.4	12.8	26.1	0.0	0.0	928.4	1,030.8
	737.9	680.0	0.5	1.6	0.0	0.0	746.8	690.0
	47.8	46.7	313.8	316.7	0.0	0.0	605.8	607.1
	68.1	74.8	120.2	126.0	0.0	0.0	533.0	610.1
	19.7	21.5	59.5	56.7	0.0	0.0	336.6	327.7
	0.0	0.0	10.5	9.4	0.0	0.0	170.0	178.1
	94.8	103.9	95.7	100.2	5.9	8.7	864.2	933.7
	1,490.1	**1,525.7**	**1,303.7**	**1,424.2**	**5.9**	**8.7**	**6,302.3**	**6,674.0**

In millions of euros

OPERATING SEGMENTS

The following table contains information on the operating segments of the voestalpine Group for the first half of the business year 2018/19 and the business year 2017/18, respectively:

OPERATING SEGMENTS

	Steel Division		High Performance Metals Division	
	04/01–09/30/2017	04/01–09/30/2018	04/01–09/30/2017	04/01–09/30/2018
Segment revenue	2,298.8	2,415.6	1,431.4	1,545.9
of which revenue with third parties	2,099.2	2,194.0	1,403.4	1,521.4
of which revenue with other segments	199.6	221.6	28.0	24.5
EBITDA	442.7	342.4	226.5	229.8
EBIT	287.9	181.7	152.2	155.7
EBIT margin	12.5%	7.5%	10.6%	10.1%
Segment assets	5,165.9	5,167.9	3,987.9	4,271.2
Employees (full-time equivalent)	10,905	10,972	13,950	14,528

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

EBITDA

	04/01–09/30/2017	04/01–09/30/2018
Net exchange differences incl. result from valuation of derivatives	–0.8	–1.7
Consolidation	3.5	0.6
EBITDA – Total reconciliation	**2.7**	**–1.1**

In millions of euros

	Metal Engineering Division		Metal Forming Division		Other		Reconciliation		Total Group	
	04/01–09/30/2017	04/01–09/30/2018	04/01–09/30/2017	04/01–09/30/2018	04/01–09/30/2017	04/01–09/30/2018	04/01–09/30/2017	04/01–09/30/2018	04/01–09/30/2017	04/01–09/30/2018
	1,511.2	1,547.4	1,321.6	1,445.1	753.9	623.2	–1,014.6	–903.2	6,302.3	6,674.0
	1,490.1	1,525.7	1,303.7	1,424.2	5.9	8.7	0.0	0.0	6,302.3	6,674.0
	21.1	21.7	17.9	20.9	748.0	614.5	–1,014.6	–903.2	0.0	0.0
	177.7	183.8	163.7	152.6	–44.4	–47.4	2.7	–1.1	968.9	860.1
	81.4	100.7	108.7	94.4	–48.7	–51.9	2.7	–1.1	584.2	479.5
	5.4%	6.5%	8.2%	6.5%					9.3%	7.2%
	3,196.9	3,350.0	2,306.1	2,504.2	11,226.9	11,032.3	–10,747.3	–11,154.6	15,136.4	15,171.0
	13,450	13,512	11,498	12,052	835	866	0	0	50,638	51,931

In millions of euros

EBIT

	04/01–09/30/2017	04/01–09/30/2018
Net exchange differences incl. result from valuation of derivatives	–0.8	–1.7
Consolidation	3.5	0.6
EBIT – Total reconciliation	**2.7**	**–1.1**

In millions of euros

All other key figures contain solely the effects of consolidation.

NOTES ON THE CONSOLIDATED STATEMENT OF CASH FLOWS

Non-cash expenses and income include depreciation/revaluation (including financial assets) in the amount of EUR 377.7 million. Taking the change in working capital into consideration, the cash flow from operating activities amounted to EUR 165.0 million compared to EUR 381.9 million in the first half of the preceding year; this represents a decrease of about 57%. After consideration of EUR –357.4 million in cash flow from investing activities that include EUR 129.7 million in divestments of other financial assets (mainly proceeds from the sale of bonds) and taking into account the cash flow from financing activities in the amount of EUR –245.3 million, the resulting change in cash and cash equivalents (without net exchange differences) amounts to EUR –437.7 million.

NOTES ON FINANCIAL INSTRUMENTS

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

Classes		**Measurement category IAS 39**	
Other financial assets – non-current	At amortized cost	Loans and receivables	
		Available for sale at cost	
	At fair value through profit or loss	Available for sale at fair value	
		Fair value option	
Trade and other receivables	At amortized cost	Loans and receivables	
	At fair value through profit or loss	Derivatives (Held for Trading)	
	At fair value through profit or loss	Derivatives (Hedge Accounting)	
Other financial assets – current	At fair value through profit or loss	Fair value option	
Cash and cash equivalents	At amortized cost	Loans and receivables	
Assets 2017/18			
Financial liabilities – non-current		At amortized cost	
Financial liabilities – current		At amortized cost	
Trade and other payables		At amortized cost	
	At fair value through profit or loss	Derivatives (Held for Trading)	
	At fair value through profit or loss	Derivate (Hedge Accounting)	
Liabilities 2017/18			

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

	Measurement category IFRS 9	Carrying amount IAS 39 03/31/2018	Valuation adjustments acc. to IFRS 9	Carrying amount IFRS 9 04/01/2018
	At amortized cost	6.1	0.0	6.1
	–	11.4	–	–[1]
	At fair value through profit or loss	32.1	0.0	32.1
	At fair value through profit or loss	1.4	0.0	1.4
	At amortized cost	1,599.5	0.0	1,599.5
	At fair value through profit or loss	144.1	0.0	144.1
	At fair value through profit or loss	13.5	0.0	13.5
	No IFRS 9 category	15.9	0.0	15.9
	At fair value through profit or loss	388.1	0.0	388.1
	At amortized cost	705.8	0.0	705.8
		2,917.9	**0.0**	**2,906.5**[1]
	At amortized cost	2,783.6	0.0	2,783.6
	At amortized cost	1,315.6	0.0	1,315.6
	At amortized cost	2,633.8	0.0	2,633.8
	At fair value through profit or loss	17.8	0.0	17.8
	No IFRS 9 category	4.4	0.0	4.4
		6,755.2	**0.0**	**6,755.2**

In millions of euros

The initial application of IFRS 9 in the voestalpine Group does not materially affect the classification of financial assets and liabilities.

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

The voestalpine Group has been holding an equity instrument in the amount of EUR 32.1 million as of March 31, 2018, which had been classified as available for sale at fair value. Pursuant to IFRS 9, it has been classified as FVTPL since April 1, 2018.

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

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

Categories of financial instruments

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

In millions of euros

Categories	Financial assets measured at amortized cost	Financial assets measured at fair value		Total
		Hedge Accounting	Other financial assets measured at fair value through profit or loss	
Assets 09/30/2018				
Other financial assets – non-current	5.6		33.7	39.3
Trade and other receivables	1,473.5	3.6	157.2	1,634.3
Other financial assets – current			256.0	256.0
Cash and cash equivalents	264.0			264.0
Carrying amount (= Fair value)	**1,743.1**	**3.6**	**446.9**	**2,193.6**

In millions of euros

Classes	Financial liabilities measured at amortized cost		Financial liabilities measured at fair value		Total
Categories	Financial liabilities measured at amortized cost		Financial liabilities measured at fair value through profit or loss – derivatives (Held for trading and hedge accounting)		
	Carrying amount	Fair value	Carrying amount (= Fair value)	Carrying amount	Fair value
Liabilities 03/31/2018					
Financial liabilities – non-current	2,783.6	2,804.6		2,783.6	2,804.6
Financial liabilities – current	1,315.6	1,324.5		1,315.6	1,324.5
Trade and other payables	2,633.8	2,633.8	22.2	2,656.0	2,656.0
Total	**6,733.0**	**6,762.8**	**22.2**	**6,755.2**	**6,785.0**

In millions of euros

Categories	Financial liabilities measured at amortized cost		Financial liabilities measured at fair value		Total	
			Hedge Accounting	Other financial liabilities measured at fair value through profit or loss		
	Carrying amount	Fair value	Carrying amount (= Fair value)	Carrying amount (= Fair value)	Carrying amount	Fair value
Liabilities 09/30/2018						
Financial liabilities – non-current	2,376.3	2,376.4			2,376.3	2,376.4
Financial liabilities – current	1,756.7	1,758.1			1,756.7	1,758.1
Trade and other payables	2,309.4	2,309.4	1.6	15.5	2,326.5	2,326.5
Total	**6,442.4**	**6,443.9**	**1.6**	**15.5**	**6,459.5**	**6,461.0**

In millions of euros

The carrying amount of the financial assets and liabilities represents an adequate approximation of the fair value if there is no difference between the fair value and the carrying amount.

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

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

The 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
03/31/2018				
Financial assets				
Derivatives (Held for trading and hedge accounting)		29.4		29.4
Fair value option (securities)	389.5			389.5
Available for sale at fair value			32.1	32.1
	389.5	**29.4**	**32.1**	**451.0**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – derivatives (Held for trading and hedge accounting)		22.2		22.2
	0.0	**22.2**	**0.0**	**22.2**
09/30/2018				
Financial assets				
Other financial assets – non-current	1.6		32.1	33.7
Liabilities from derivatives – hedge accounting		3.6		3.6
Trade and other receivables		34.3	122.9	157.2
Other financial assets – current	256.0			256.0
	257.6	**37.9**	**155.0**	**450.5**
Financial liabilities				
Liabilities from derivatives – hedge accounting		1.6		1.6
Trade and other payables		15.5		15.5
	0.0	**17.1**	**0.0**	**17.1**

In millions of euros

The securities valued at EUR 257.6 million are shown as FVTPL in financial assets and are allocated to the "sale" business model. This group of financial assets is managed pursuant to the documented risk management and investment strategy based on their fair value, and their performance is observed and reported based on the fair value as well.

Derivative transactions (Level 2) are measured using the discounted cash flow method. This entails determining the value that would be realized if the hedging position were sold. The observable currency exchange rates and raw materials prices as well as the interest rates are the input for the calculation of fair values. The fair values are calculated based on the inputs by discounting expected future cash flows at typical market interest rates.

voestalpine recognizes reclassifications between different levels of the fair value hierarchy as of the end of the reporting period in which the change occurred. No reclassifications were made in the business year 2017/18 and from April 1, 2018, through September 30, 2018.

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 – FVTPL – OTHER FINANCIAL ASSETS – NON-CURRENT

	04/01–09/30/2017	04/01–09/30/2018
Opening balance	**32.1**	**32.1**
Total of gains/losses recognized in the income statement:	0.0	0.0
Finance costs/Finance income	0.0	0.0
Closing balance	**32.1**	**32.1**

In millions of euros

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

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

LEVEL 3 – FVTPL – TRADE AND OTHER RECEIVABLES

Opening balance as of 04/01/2018	**144.1**
Disposals	–144.1
Additions	122.9
Closing balance as of 09/30/2018	**122.9**

In millions of euros

The receivables in this portfolio are sold monthly on a rolling basis as part of the Group's factoring programs. The results attributable to this portfolio are immaterial.

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

SEASONALITY AND CYCLICALITY

We refer to the relevant explanations in the Interim Management Report.

BUSINESS TRANSACTIONS WITH ASSOCIATED COMPANIES OR PARTIES

Business transactions in the form of deliveries and services are carried out with non-consolidated subsidiaries, joint ventures and associated Group companies within the scope of operational activities. These business transactions are carried out exclusively based on normal market terms.

With two exceptions, there were no changes in transactions with associated companies and persons as set forth in the last annual financial report, which significantly affected the Company's financial position or its net operating profit during the first six months of the current business year.

As part of the first type of factoring agreement (see chapter **28. Disclosures of transactions not recorded in the statement of financial position** in the Consolidated Financial Statements for the business year 2017/18), receivables are sold to core shareholders at arm's length as of the current business year. As of September 30, 2018, these receivables were recognized at a total of EUR 125.5 million.

The first-time full consolidation of a subsidiary that had not been consolidated to date results in a decrease in both the revenue and the receivables to be disclosed in connection with related parties (effect on the values shown in the business year 2017/18: Revenue EUR –181.1 million, trade receivables EUR –25.2 million).

ANTITRUST PROCEEDINGS

As of September 30, 2018, the provisions recognized in the annual financial statements 2017/18 in the amount of EUR 30.2 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 28.7 million due to the use of these provisions.

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

In the course of the current investigations of the German Federal Cartel Office against steel producers, a search was conducted in the offices of voestalpine in Linz, Austria, from September 12 to 14, 2017, for the German Federal Cartel Office. The search took place on suspicion of anti-competitive practices in the market for heavy plates. Austrian authorities took part in accordance with European legal requirements. voestalpine AG is taking these allegations very seriously and is cooperating with the authorities. No provisions were formed in this regard in the current interim reporting period.

PROVISIONS AND CONTINGENT LIABILITIES

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

EVENTS AFTER THE REPORTING PERIOD

No significant events have occurred after the reporting period.

MANAGEMENT BOARD STATEMENT
IN ACCORDANCE WITH SECTION 125 (1) OF THE AUSTRIAN STOCK EXCHANGE ACT 2018 *(BÖRSEGESETZ 2018 – BÖRSEG 2018)*

The Management Board of voestalpine AG confirms to the best of its knowledge that the Condensed Interim 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 important events that have occurred during the first six months of the business year and their impact on the Condensed Interim Financial Statements, of the principal risks and uncertainties for the remaining six months of the business year, and of the major related party transactions to be disclosed.

Linz, November 5, 2018

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.

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All quantities expressed as tons in this Letter to Shareholders for the first half of the business year 2018/19 are metric tons (1,000 kg). The use of automated calculation systems may result in rounding differences.