

INTERIM MANAGEMENT REPORT

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

ECONOMIC ENVIRONMENT AND COURSE OF BUSINESS

While strong catch-up effects associated with the recovery from the COVID-19 pandemic still predominated at the start of the first half of the business year 2021/22, the macroeconomic climate stabilized at a high level over the remainder of the reporting period. Despite good economic growth that continued unabated, the regional differences in vaccination rates as well as the appearance during the Northern summer of ever new variants and mutations of the novel coronavirus triggered yet more uncertainty. Supply chain distortions, which continue to impact particularly the European automotive industry, have delayed deliveries of new cars. To top it off, energy prices rose worldwide toward the end of the business year's first half.

EUROPE

Two sectors, in particular—personal consumption and the service industry—benefited from the easing of COVID-19 restrictions in numerous European Union member states at the start of the current business year. The momentum in industrial sectors continued unabated although the shortages of pre-material, especially of semiconductors for electronic components, substantially undermined the performance of the automotive industry. The anticipated improvement in conditions during the Northern summer failed to materialize, with the result that conditions toward the end of the reporting period were as critical as before. Hence the European automotive industry was

unable to fully satisfy the strong demand for automobiles.

In this environment, the voestalpine Group succeeded in continuing the upward trajectory that had already begun in the previous business year. Moreover, orders from the aerospace industry started to come in again for the first time since the outbreak of the COVID-19 pandemic. The automotive industry was the only one whose performance remained subdued on account of the component supply chain difficulties.

NORTH AMERICA

In North America, the strong upturn at the end of the previous business year continued unabated in the first half of the business year 2021/22. But the strong momentum at the start of the business year began to wane over the Northern summer. The appearance of new variants of the novel coronavirus dampened economic activity in some areas of the service sector. On the whole, however, developments in manufacturing, personal consumption, and the labor market remained positive. In contrast to the European Central Bank (ECB), the Federal Reserve (Fed) has indicated in the light of rising inflation that it will slow down (“taper”) its expansive monetary policy (“quantitative easing”) and begin to raise interest rates.

The voestalpine Group benefited in many areas from the positive market momentum in North America. This was helped along by the fact that, up to the end of the business year's second quarter, voestalpine's North American facilities were affected to a significantly lesser degree by the

lack of semiconductors than their European counterparts. Rising energy prices fueled the demand from the oil & natural gas industry for both materials and equipment. In turn, this also benefited the company's European production plants even though high protectionist Section 232 tariffs continue to impact the market.

SOUTH AMERICA / BRAZIL

Brazil, the most important economic region for voestalpine on the South American continent, succeeded in maintaining its economic momentum overall throughout the first half of the business year 2021/22. Besides good domestic demand, changes in the country's currency exchange rate also support the country's economy.

The Brazilian facilities of the voestalpine Group continued to deliver positive performance in this environment.

ASIA / CHINA

China already overcame the first wave of the COVID-19 pandemic to a significant degree in calendar year 2020. The Chinese authorities imposed strict lockdowns in response to new, yet locally limited outbreaks during the current business year. These measures constrained consumer spending, especially in the leisure and service sectors. The fact that China started, in the first half of the business year 2020/21, to cut back the economic stimulus measures that it had put in place during the first COVID-19 wave also had a pronounced effect on its economic momentum. Problems in the Chinese real estate industry came to the fore in the reporting period's second half. They affected not just the construction industry, but also sectors such as the Chinese steel industry associated with it. Steel production in the country reached new highs despite announcements of production curbs for environmental reasons. Subsequently, however, the authorities did begin to enforce such curtailments. Toward the end of the reporting period, Chinese statistics showed declining crude steel production rates for the first time in a long while. This should support the global steel market in the medium term. It is to be ex-

pected that these developments will have a greater impact on the performance of voestalpine's European steel facilities than on its processing plants in China itself.

Energy shortages as well as the resulting temporary and locally limited power cuts had an impact on China's economy toward the end of the reporting period. In turn, this temporarily affected customers as well as some of voestalpine's automotive and welding facilities.

Yet China recorded positive economic growth even for the first half of the business year 2021/22 despite the slowing economic momentum. In turn, this enabled the voestalpine Group's Chinese facilities to deliver satisfactory performance as well.

REPORT ON THE FINANCIAL KEY PERFORMANCE INDICATORS OF THE voestalpine GROUP

In the first half of the business year 2021/22, the voestalpine Group saw a marked year-over-year increase in its key performance indicators (KPIs). While the KPIs for the first half of the business year 2020/21 were affected by the fallout from the COVID-19 lockdowns, in the reporting period the Group benefited from the very solid development of demand in its key customer segments. Solely the volatile order call-ups of the automotive industry had a potentially dampening effect on the delivery volumes of both the Steel Division and the Metal Forming Division. Prices developed dynamically across all product groups, also on account of the sharp increases in the cost of raw materials. On this basis, the revenue of the voestalpine Group jumped by 37.8% to EUR 7,042.9 million in the first half of the business year 2021/22, up from EUR 5,110.1 million in the first half of the business year 2020/21.

The results for the reporting period shed light not only on the positive economic environment but also on voestalpine's clear focus on actions aimed at both lowering costs and boosting efficiency.

Consequently, EBITDA skyrocketed by 165.8%, from EUR 395.0 million a year earlier to EUR 1,049.8 million in the reporting period. The jump in earnings was particularly pronounced in the Steel Division, which benefited from the positive economic environment in the steel sector. Consolidated EBIT, which at EUR -215.0 million was still substantially negative in the previous business year, soared to EUR 650.6 million in the first half of the business year 2021/22. Note, however, that the prior-year figure includes EUR -198.5 million in non-recurring effects (i.e., impairment losses) at voestalpine Texas, voestalpine Tubulars as well as voestalpine Special Wire. Given highly satisfactory financial results, which came in at EUR -39.5 million (previous year: EUR -52.5 million) thanks to the Group's push to extinguish liabilities, the profit before tax for the first half of the business year 2021/22 is EUR 611.1 million (previous year: EUR -267.5 million). Based on a tax rate of 20.5%, the profit after tax is EUR 485.7 million (previous year: EUR -275.8 million).

Highly positive cash flow generation in the previous business year's second half, had a particularly strong impact on net financial debt. While it

was still EUR 3,491.0 million as of September 30, 2020, it fell within 12 months to EUR 2,743.5 million as of September 30, 2021. This is more or less unchanged from the level (EUR 2,742.8 million) shown as of the March 31, 2021, annual reporting date. By contrast, the voestalpine Group substantially boosted its equity base year over year: Equity increased from EUR 5,270.6 million as of September 30, 2020, to EUR 6,077.5 million as of September 30, 2021. As of March 31, 2021, equity was EUR 5,649.9 million. The gearing ratio (net financial debt as a percentage of equity) fell accordingly from 66.2% as of September 30, 2020 (or 48.5% as of March 31, 2021) to 45.1% as of September 30, 2021.

The number of employees (FTE, full-time equivalents) in the voestalpine Group rose by 2.4%, from 47,917 as of September 30, 2020, to 49,068 as of September 30, 2021. This increase is due to the dramatic improvement in the capacity utilization of the company's key production plants. Compared with the March 31, 2021, reporting date (48,654), this equates to a 0.9% increase in the number of employees.

COMPARISON OF THE QUARTERLY AND SIX-MONTH FIGURES OF THE voestalpine GROUP

In millions of euros	Q 1		Q 2		H 1		Change in %
	2020/21	2021/22	2020/21	2021/22	2020/21	2021/22	
	04/01- 06/30/2020	04/01- 06/30/2021	07/01- 09/30/2020	07/01- 09/30/2021	04/01- 09/30/2020	04/01- 09/30/2021	
Revenue	2,397.3	3,490.0	2,712.8	3,552.9	5,110.1	7,042.9	37.8
EBITDA	157.8	539.6	237.2	510.2	395.0	1,049.8	165.8
EBITDA margin	6.6%	15.5%	8.7%	14.4%	7.7%	14.9%	
EBIT	-48.7	339.6	-166.3	311.0	-215.0	650.6	
EBIT margin	-2.0%	9.7%	-6.1%	8.8%	-4.2%	9.2%	
Profit before tax	-74.4	318.8	-193.1	292.3	-267.5	611.1	
Profit after tax ¹	-69.7	259.2	-206.1	226.5	-275.8	485.7	
Employees (full-time equivalent), end of period	47,894	48,880	47,917	49,068	47,917	49,068	2.4

¹ Before deduction of non-controlling interests.

Net financial debt can be broken down as follows:

NET FINANCIAL DEBT

In millions of euros	09/30/2020	09/30/2021
Financial liabilities, non-current	3,810.2	2,724.9
Financial liabilities, current	824.2	1,010.0
Cash and cash equivalents	-1,060.0	-563.8
Other financial assets	-62.6	-408.0
Loans and other receivables from financing	-20.8	-19.6
Net financial debt	3,491.0	2,743.5

INVESTMENTS

Against the backdrop of the COVID-19 pandemic, the investment volume of the voestalpine Group in the previous business year fell substantially short of depreciation for the first time in roughly a decade. Investing activity in the first half of the business year 2021/22 was moderate. On the whole, capitalization of tangible and intangible assets and interests even fell slightly in the reporting period by 2.3% year over year, from EUR 244.9 million to EUR 239.2 million.

The **Steel Division** entered a consolidation phase in recent years after implementing a number of major projects. During the current business year, however, the division will once again trend toward expanding its investment volume. Accordingly, its investments grew by 28.4%, from EUR 59.5 million in the first half of the business year 2020/21 to EUR 76.4 million in the business year 2021/22. The groundbreaking ceremony for the construction of a new pickling line (BETA3) at the production plant in Linz, Austria, already took place in early October 2021. Once it has been integrated into the existing cold rolling mill, BETA3 (investment budget: EUR 188 million) will enable further quality enhancements in the production of high and highest tensile steels for the automotive, consumer goods, and construction industries as well as of electrical steel strip for e-mobility applications. This investment establishes new sustainability standards, moreover: Instead of using sulfuric acid for pickling, in the future these operations will be accomplished using hydrochloric acid.

At EUR 76.8 million, investments in the **High Performance Metals** Division during the first half of the business year 2021/22 were lower year over year (EUR 97.9 million). The voestalpine Group continues to push its currently single largest construction project, specifically, the new special steel plant in Kapfenberg, Austria. For example, the cold tests in the smelting area were launched at

the start of the current business year. The detail engineering for the supply of media and power to the casting facility was also carried out during the reporting period. The scheduled plant function tests are planned for the end of calendar year 2021, so that the first smelting tests can be effected in the Northern spring of calendar year 2022. The start-up of the new special steel plant, finally, is slated for the Northern summer of 2022. During the reporting period, Villares Metals in Sumaré, Brazil, commissioned an electroslag remelting (ESR) unit. This investment was made in response to rising demand for high quality tool steel grades and nickel-base alloys. Villares Metals also invested in the expansion of service centers at several of its facilities in Brazil.

At EUR 37.7 million, the investment volume of the **Metal Engineering Division** in the first half of the business year 2021/22 was moderate (H1 2020/21: EUR 42.1 million). The start-up in the previous business year of the continuous casting facility (CC4) at the plant in Donawitz, Austria, successfully completed the series of larger projects that the division undertook in recent years. In the current business year, the focus is on modest replacement investments and/or projects serving to boost efficiency and productivity.

At EUR 42.7 million, the investment expenditure of the **Metal Forming Division** in the first half of the business year 2021/22 more or less matched the previous year's level (EUR 42.0 million). The investments of the Automotive Components business segment in the current business year are lower and are focused on optimizing existing plant, but they do constitute necessary and forward-looking investments. This year, the fifteenth phs unit will be started up in Shenyang, China, based on the company's global, patented steel innovation—phs-ultraform®—that establishes new benchmarks for the lightweight construction of autobody parts.

RELATED PARTY DISCLOSURES

Information regarding related party disclosures is available in the Notes.

RISK MANAGEMENT

Proactive risk management—as it has been understood by and regularly practiced in the voestalpine Group for many years—serves to ensure the Group's existence as a going concern in the long term and to boost its value; it is thus key to the success of the voestalpine Group on the whole. Material risks are systematically recorded, analyzed, assessed, and subjected to permanent monitoring early on as part of the systematic risk management process, which is undertaken Group-wide in uniform fashion several times a year, and as part of internal control systems (ICS), which are also integral elements of the Group's structural and workflow organization; appropriate measures to minimize risks are taken as necessary.

The global COVID-19 crisis and its ramifications continued to dominate the first half of the business year 2021/22. The crisis teams—which voestalpine established as part of its crisis management and which have been active since the onset of the pandemic on three decision-making levels (Group, divisions, companies)—continue to ensure rapid and coordinated action at all voestalpine Group facilities during these still difficult times, thus contributing to the organization's stability. The voestalpine Group successfully adapted to the completely new environment in the past one and a half years. Emergency and crisis plans as well as the measures that have been put into practice are evaluated at regular intervals and are adjusted as necessary in the light of new information.

The **operating risk environment** of the voestalpine Group in the first six months of the current business year as well as compared with previous years has remained largely unchanged. Material fields of risk—such as the availability of raw materials and

energy supplies; the loss of critical production facilities; the loss of critical IT systems; the CO₂ issue; knowledge management; or financial risks—and the respective precautionary measures thus have remained largely the same. These fields of risk and the associated measures to minimize risk, which were presented and described in detail in the Annual Report 2020/21 of the voestalpine Group (Annual Report 2020/21, "Report on the Company's Risk Exposure"), thus remain valid for this semi-annual management report.

Based on the insights gained from **economic and financial crises** in the past and their effects on the voestalpine Group, particularly those gained from the COVID-19 crisis, additional steps primarily of a corporate nature were taken to minimize the Group's risk exposure. These measures, too, are described in detail in the Annual Report 2020/21, and they have been and are being consistently pursued in the current business year. Any fallout from global trade disputes such as (punitive) tariffs is monitored on a continual basis. The disruptions in the semiconductor supply chain that started at the turn of the year and their potential impact on the voestalpine Group are also subject to continuous monitoring in close coordination with our customers. The COVID-19 pandemic and/or its future course may cause individual jurisdictions to take a variety of statutory steps that may affect production parameters and the respective Group companies' economic capacity to act.

Specific measures to hedge the risks previously identified within the voestalpine Group have been developed and implemented. These steps are aimed at reducing potential losses and/or minimizing the likelihood of losses occurring. It must be stated that, even as of the present semi-annual management report, voestalpine believes that its operating risks over and above global crises and their ramifications are limited and manageable. As regards the COVID-19 crisis and its associated global ramifications, the voestalpine Group will continue to do everything in its power to deal with

the situation—which is very difficult for each and every individual and for the company on the whole—to the best of its ability.

OUTLOOK

The economic recovery from the COVID-19 crisis, which at the beginning was partially accompanied by overheating tendencies, continued overall in the first half of 2021/22.

However, given the recent developments that have come into focus, the further positive growth expectations appear somewhat more uncertain. Toward the end of the reporting period, the continued high volatility on the raw materials side was accompanied by sharp increases in energy costs. From today's perspective, no change in this situation on the purchasing side can be expected at least until the end of the current business year.

As far as sales are concerned, our expectations going forward differ depending on the market and region.

The automotive industry continues to suffer from semiconductor supply chain difficulties. This situation is unlikely to ease before the middle of the next business year. It is important to note in this regard that the decrease in automotive production does not stem from a weakness in demand. Absent microchips, end consumers' high demand, which continues unabated, cannot be fully satisfied. It is to be expected, therefore, that some areas will see a time lag in order call-ups for voestalpine's products.

Demand from the construction, mechanical engineering, and consumer goods industries for the voestalpine Group's products remains high. At this point in time, we expect the railways segment—a stabilizing earnings factor—to continue delivering good performance despite the usual seasonal weakening. The energy sector (oil & natural gas) has rebounded substantially of late, and this trend should continue throughout the second half of the business year 2021/22.

Aerospace, too, is showing signs of a recovery. Recently, the major aircraft manufacturers issued more optimistic forecasts for short and medium-haul jets, a trend that is already reflected in rising order levels.

Regionally speaking, the positive development of the U.S. economy continues unabated, whereas some economic indicators for China point to a slowing down of that country's momentum. Nonetheless, the economic forecasts for China on the whole remain substantially positive. The current forecasts for Europe also point to positive economic growth, both for the current calendar year and the next one.

Based on the Group's results for the first half of the business year 2021/22 and the assumption that there will be no unexpected economic distortions, at this time the Management Board of voestalpine AG thus continues to expect EBITDA of between EUR 1,900 million and EUR 2,200 million for the business year 2021/22.