REPORT FOR
Q1 – Q3 2022/23

voestalpine AG
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voestalpine GROUP
KEY FIGURES

Q 1 – Q 3 2021/22 VS. Q 1 – Q 3 2022/23

In millions of euros

	Q 1 – Q 3 2021/22 04/01–12/31/2021	Q 1 – Q 3 2022/23 04/01–12/31/2022	Change in %
Income statement[1]			
Revenue	10,503.5	13,585.2	29.3
EBITDA	1,523.2	1,879.0	23.4
Depreciation	568.7	739.0	29.9
EBIT	954.5	1,140.0	19.4
Profit before tax	900.6	1,052.6	16.9
Profit after tax from continuing operations	705.5	770.4	9.2
Profit after tax from discontinued operations	–7.9	93.8	
Profit after tax[2]	697.6	864.2	23.9
Statement of financial position			
Investments in tangible and intangible assets and interests	420.0	514.5	22.5
Equity	6,301.0	7,596.8	20.6
Net financial debt	2,898.8	2,667.2	–8.0
Net financial debt in % of equity (gearing)	46.0%	35.1%	
Financial key performance indicators (KPIs)			
EBITDA margin[1]	14.5%	13.8%	
EBIT margin[1]	9.1%	8.4%	
Cash flows from operating activities	393.5	–355.9	
Share information			
Share price, end of period (euros)	32.52	24.78	–23.7
Market capitalization, end of period	5,712.7	4,387.5	–23.2
Number of outstanding shares, end of period	178,520,616	177,057,445	–0.8
EPS – earnings per share from continuing operations (euros)[1]	3.85	3.93	2.1
EPS – earnings per share from discontinued operations (euros)	–0.04	0.53	
EPS – earnings per share (euros)	3.81	4.46	17.1
Personnel			
Employees (full-time equivalent), end of period	49,157[3]	50,018	1.8

[1] Q 1 - Q 3 2021/22 retroactively adjusted. For further details, see Annual Report 2021/22.
[2] Before deduction of non-controlling interests.
[3] Including employees (full-time equivalent) from discontinued operations.

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

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INTERIM REPORT
FOR Q1 – Q3 2022/23

ECONOMIC ENVIRONMENT AND COURSE OF BUSINESS

EUROPE

In the first nine months of the business year 2022/23, the European economy was exposed to a number of negative factors: the war in Ukraine, high energy prices and high inflation as well as logistical obstacles and unresolved supply chain problems. Economic sentiment darkened over the course of the current business year, not least due to these uncertainties and the historically unprecedented interest rate increases by the European Central Bank (ECB). In the Northern fall of 2022, economists believed that a recession was inevitable. While actual economic growth lost momentum during the third quarter of the business year 2022/23, the economy turned out to be more robust than forecast.

Notwithstanding the difficult macroeconomic environment overall, at the start of the 2022/23 business year voestalpine benefited from very good demand from most market segments. Following the customary seasonal weakening over the Northern summer of 2022, demand from both the consumer goods and the construction industry began to decline at the start of the third business quarter. The automotive industry, which continued battling supply chain problems, developed along a dampened, albeit stable trajectory. There was no change in the good demand for components related to rail traffic infrastructure.

Given high energy prices, the energy sector's momentum continued unabated; this applied to both the conventional and the renewable segments.

USA/NORTH AMERICA

While the start of the business year 2022/23 saw strong economic growth along with almost full employment, as the year wore on two factors, in particular, dampened economic sentiment: high inflation and the reaction of the Federal Reserve (Fed).

The Fed's aggressive tightening of monetary policy via steep interest rate increases led to uncertainty across the board. Its resolute rhetoric, specifically, that it would continue raising interest rates irrespective of the impact on the economy until inflation returned to the target corridor, made matters worse. Historically speaking, in most cases monetary policies of this nature have triggered recessions.

The expectation that this approach would adversely affect the economy thus dampened economic sentiment—not just on the part of companies but also among private households, in turn restraining consumption.

Add to that the generally slowing growth of the global economy as well as ongoing supply chain problems that also affected U.S. companies.

voestalpine's North American facilities delivered largely positive performance in the business year 2022/23 to date, even despite the tense economic environment. While weakening trends characterized the consumer goods segment over the course of the current business year, the railway segment continued to develop at a good level. Demand from the oil and natural gas sector remained high during the reporting period.

BRAZIL/SOUTH AMERICA
The Brazilian economy has faced high inflation and high interest rates for quite some time, but its development along a positive trajectory was undiminished throughout the current business year's first three quarters. Both the domestic economy and the export sector did well.

The presidential election campaign during the Southern summer of 2022 boosted consumption yet further thanks to generous allotments of support programs and stimulus packages. The election did not cause the economy to cool off.

All of the voestalpine Group's Brazilian facilities performed well in this environment, thanks especially to strong demand from the oil and natural gas sector as well as the solar industry.

CHINA/ASIA
Economic growth in China slowed considerably during the business year to date. This was largely due to the zero-COVID policy that the Chinese central government upheld throughout most of the reporting period. Strict lockdowns were widely imposed in order to prevent new outbreaks of the pandemic. In some cases, this brought the economy of entire regions to a standstill. These measures adversely affected not just China's own economic development; subsequently, they also hampered global supply chains.

Ongoing problems in the real estate sector put an additional damper on economic growth, and the cooling global economy hammered exports.

China's central government tried to counteract these developments through economic stimulus measures. A 180-degree reversal of the country's COVID policies was not instituted until the end of the reporting period; it was accompanied by an immediate abandonment of all protective COVID measures. The country's sudden opening triggered a massive wave of infections, in turn dramatically limiting regional economic activity.

These measures affected particularly the voestalpine Group's tool steel production plants in China during the reporting period. Projects related to rail technology were also interrupted at one time or another. By contrast, capacity utilization in connection with the production of automotive components was good.

DEVELOPMENT OF THE KEY FIGURES OF THE voestalpine GROUP

The business year 2022/23 to date has been shaped by a gradual weakening of economic sentiment in individual customer segments. Irrespective of this countervailing trend, year over year the voestalpine Group boosted revenue for the current business year's first three quarters by 29.3% to EUR 13,585.2 million (Q1–Q3 2021/22: EUR 10,503.5 million). Given largely moderate growth in delivery volumes, this revenue growth stems from the significant improvement in the Group's own pricing across all product groups. Individually, every business unit in the Group succeeded in translating the rising cost of raw materials and energy into higher product prices.

Despite the high costs—especially of input materials, raw materials, and energy—advantageous pricing enabled the voestalpine Group to expand its gross margin in key product groups. Accordingly, EBITDA for the first three quarters of the business year 2022/23 rose by 23.4% to currently EUR 1,879.0 million with a margin of 13.8% (Q1–Q3 2021/22: EUR 1,523.2 million, margin of 14.5%). With the exception of the Metal Forming Division, which followed a stable trajectory year over year, all other divisions improved their operating result. The increase in the Metal Engineering Division's EBITDA is particularly pronounced thanks to the excellent momentum in the oil and natural gas sector. As regards EBIT, the voestalpine Group posted an increase of 19.4% for the first three business quarters to EUR 1,140.0 million with a margin of 8.4% (Q1–Q3 2021/22: EUR 954.5 million, margin of 9.1%). A total of EUR 173 million in impairment losses in the High Performance Metals Division had a dampening effect on EBIT for the reporting period. Specifically, in the second quarter of the current business year, EUR 54 million in impairment losses were taken on assets of Buderus Edelstahl in Wetzlar, Germany, and EUR 119 million on the goodwill of the HPM Production cash generating unit.

The voestalpine Group boosted its profit before tax for the first three quarters of the business year 2022/23 by 16.9% to EUR 1,052.6 million (Q1–Q3 2021/22: EUR 900.6 million). Based on a tax rate of 26.8% (previous year: 21.7%) and a profit after tax of EUR 93.8 million from discontinued activities resulting from the recognition of the voestalpine Texas Group up to the closing of the transaction at the end of June 2022 (Q1–Q3 2021/22: EUR –7.9 million), consolidated earnings after tax for the reporting period are EUR 864.2 million; which equates to an increase of 23.9% compared with the previous year (Q1–Q3 2021/22: EUR 697.6 million).

Year over year, the Group's net financial debt as of December 31, 2022, decreased by 8.0% to EUR 2,667.2 million (December 31, 2021: EUR 2,898.8 million). Compared with the net financial debt of EUR 2,291.2 million as of the March 31, 2022, reporting date, however, this represents an increase of 16.4%. The increase in the first three quarters of the business year 2022/23 arises from the substantial growth of net working capital. Several factors led to the significant expansion of inventories. Over and above the steep increases in the cost of raw materials, energy, and other input materials, these include greater back-up inventories in a logistically challenging environment and the first-ever stockpile of natural gas. The significant decline in liabilities also had an adverse effect on working capital in the reporting period. By contrast, the proceeds from the sale of 80% of the voestalpine Group's stake in the voestalpine Texas Group had a beneficial impact on net financial debt. At EUR 7,596.8 million, the voestalpine Group's equity has seen substantial growth, as evidenced year over year (+20.6% compared with EUR 6,301.0 million as of December 31, 2021) and relative to the most recent annual reporting date (+7.5% compared with EUR 7,069.3 million as of March 31, 2022). Given the aforementioned developments in the Group's net financial debt and its equity, as of December 31, 2022, the gearing ratio (net financial debt as a percentage of equity) fell year over year to 35.1% (December 31, 2021: 46.0%). Compared with the value as of the March 31, 2022, reporting date (32.4%), however, there has been a slight increase in the gearing ratio.

As of December 31, 2022, the number of employees (FTE, full-time equivalent) in the voestalpine Group rose year over year by 1.8% to 50,018 (December 31, 2021: 49,157). This increase is due primarily to the rebound in individual customer sectors such as the oil and natural gas sector as well as the aerospace industry. Compared with the March 31, 2022, reporting date (50,225), however, the number of employees has remained largely stable.

QUARTERLY DEVELOPMENT AND NINE-MONTH FIGURES OF THE voestalpine GROUP

In millions of euros

				Q 1 – Q 3		
	Q 1 2022/23 04/01– 06/30/2022	Q 2 2022/23 07/01– 09/30/2022	Q 3 2022/23 10/01– 12/31/2022	2022/23 04/01– 12/31/2022	2021/22[1] 04/01– 12/31/2021	Change in %
Revenue	4,645.4	4,649.8	4,290.0	13,585.2	10,503.5	29.3
EBITDA	879.1	566.6	433.3	1,879.0	1,523.2	23.4
EBITDA margin	18.9%	12.2%	10.1%	13.8%	14.5%	
EBIT	692.7	205.4	241.9	1,140.0	954.5	19.4
EBIT margin	14.9%	4.4%	5.6%	8.4%	9.1%	
Profit before tax	670.3	176.0	206.3	1,052.6	900.6	16.9
Profit after tax[2]	614.5	100.6	149.1	864.2	697.6	23.9
Employees (full-time equivalent), end of period	49,900	50,374	50,018	50,018	49,157	1.8

[1] Q 1 - Q 3 2021/22 (excluding employees) retroactively adjusted. For further details, see Annual Report 2021/22.
[2] Before deduction of non-controlling interests.

Net financial debt can be broken down as follows:

NET FINANCIAL DEBT

In millions of euros

	12/31/2021	12/31/2022
Financial liabilities, non-current	2,520.9	2,228.3
Financial liabilities, current	1,082.5	950.7
Cash and cash equivalents	–417.2	–423.9
Other financial assets	–260.8	–70.5
Loans and other receivables from financing	–26.6	–17.4
Net financial debt	**2,898.8**	**2,667.2**

STEEL DIVISION

QUARTERLY DEVELOPMENT OF THE STEEL DIVISION

In millions of euros

	Q 1 2022/23 04/01–06/30/2022	Q 2 2022/23 07/01–09/30/2022	Q 3 2022/23 10/01–12/31/2022	Q 1 – Q 3 2022/23 04/01–12/31/2022	Q 1 – Q 3 2021/22[1] 04/01–12/31/2021	Change in %
Revenue	1,826.2	1,611.3	1,503.7	4,941.2	3,901.1	26.7
EBITDA	526.8	269.5	140.4	936.7	759.7	23.3
EBITDA margin	28.8%	16.7%	9.3%	19.0%	19.5%	
EBIT	461.8	204.4	76.5	742.7	563.2	31.9
EBIT margin	25.3%	12.7%	5.1%	15.0%	14.4%	
Employees (full-time equivalent), end of period	10,366	10,446	10,401	10,401	10,594	–1.8

[1] Q 1 - Q 3 2021/22 (excluding employees) retroactively adjusted. For further details, see Annual Report 2021/22.

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

At the start of the business year 2022/23, the fallout from the Ukraine war gave rise to significant distortions in the European steel market. Given strong demand in Europe, dramatic reductions in the volume of imports from both Ukraine and Russia triggered steep short-term increases in the price of steel, but the price returned to the level prior to the outbreak of the war as early as in the Northern summer of 2022.

As the business year wore on, a negative sentiment began to spread at the macroeconomic level. In conjunction with effects from inventory reductions, this development triggered a downward trend in steel prices in the European spot market by the end of calendar year 2022. The situation finally began to stabilize toward the end of the reporting period.

The Steel Division generally sells its products via long-term contracts. As a result, it was affected only to a very limited degree by the volatilities in the spot market at the start of the reporting period. The division did not have to contend with price declines resulting from the deterioration in the economic environment overall until the third business quarter.

Furthermore, the European steel industry was confronted with difficulties in the raw materials supply chain due to logistics problems and skyrocketing energy costs, especially in the first half of the business year 2022/23. Given rising manufacturing costs and falling demand, many steel producers in Europe sharply curtailed production in the Northern fall of 2022.

The Steel Division, too, was unable in this environment to achieve full capacity utilization, particularly in the third business quarter. In contrast to many spot market suppliers, however, it did not have to shut down core units.

Demand for the Steel Division's products remained satisfactory throughout the first three quarters of the business year 2022/23 despite the weakening economic momentum.

The supply chain bottlenecks in the **automotive industry** have persisted throughout the business year to date. As a result, the sector was unable to fully ramp up production despite strong order levels, at least in Europe. Both the Steel Division's broad customer base and its active working of the markets also helped to ensure that its deliveries to the automotive industry ultimately remained satisfactory overall.

Demand in the **white goods and consumer goods industries** increasingly weakened as the year wore on due to the poor economic sentiment and higher financing costs.

In the **mechanical engineering industry,** by contrast, demand remained stable in the first three quarters of the current business year thanks to strong order levels.

While the Steel Division benefited from an advantageous business environment in the **construction industry** throughout most of the reporting period, the momentum clearly began to weaken in the third business quarter of 2022/23. Over and above the deteriorating economic sentiment overall, this was due particularly to the tightened fiscal policies of the European Central Bank (ECB) and the resulting increase in interest rates.

The **energy sector,** which is the main market of the Steel Division's heavy plate product segment, benefited both from high energy prices worldwide and very good demand throughout the business year to date.

Raw material prices increasingly returned to normal following the abrupt surges at the start of the business year. They followed a largely stable trajectory as time wore on. By contrast, logistics in Europe presented a major challenge: Due to the war in Ukraine, Black Sea shipping routes are no longer available as before. The situation was exacerbated over the Northern summer of 2022 due to the limited navigability of the Rhine-Main-Danube Canal resulting from both droughts and low water levels. Hence shipping had to be switched to a considerable extent to the railways and other sea or river ports.

In the final analysis, the pronounced increases in the price of electricity and especially natural gas created problems for European steel producers. They had a major negative impact on the Steel Division as well. However, fears of natural gas shortages in Europe during the current Northern winter have yet to materialize. As a result, the price of natural gas in Europe declined toward the end of the reporting period, after reaching record highs as recently as in the late Northern summer.

FINANCIAL KEY PERFORMANCE INDICATORS

The Steel Division succeeded in substantially boosting its key performance indicators (KPIs) during the current reporting period. Despite the decline in volumes owing to the dampening of demand for steel, by raising its own prices the division succeeded in boosting revenue for the first three quarters of the business year 2022/23 by 26.7% to EUR 4,941.2 million (Q1–Q3 2021/22: EUR 3,901.1 million). Following the extraordinary first business quarter, earnings gradually weakened over the course of the current reporting period on account of continually rising raw material and energy prices as well as declining sales volumes. On the whole, however, the division even surpassed its excellent performance in the previous year. At EUR 936.7 million, it boosted its operating result (EBITDA) for the first three quarters of the business year 2022/23 by 23.3% (Q1–Q3 2021/22: EUR 759.7 million). Due to the sharp increase in revenue, however, the EBITDA margin fell slightly year over year from 19.5% to 19.0%. EBIT jumped 31.9% to EUR 742.7 million with a margin of 15.0% (Q1–Q3 2021/22: EUR 563.2 million, margin of 14.4%).

The dampening of economic sentiment is reflected in the quarter-on-quarter (QoQ) comparison of the Steel Division's KPIs for the second and third quarter of the current business year. Revenue fell in the third business quarter by 6.7% to EUR 1,503.7 million (down from EUR 1,611.3 million in the second). This was due chiefly to the downward trend in prices as well as the slight decline in delivery volumes. The downturn made itself felt more strongly on the earnings side: EBITDA fell by almost one half in the third business quarter to EUR 140.4 million with a margin of 9.3% (down from EUR 269.5 million (margin of 16.7%) in the second). The gross margin declined because the cost of both raw materials and energy remained high. The Steel Division posted EBIT of EUR 76.5 million with a margin of 5.1% for the third business quarter. This equates to a decline of 62.6% compared with the amount for the second business quarter (EUR 204.4 million, margin of 12.7%).

The number of employees (FTE) in the Steel Division as of December 31, 2022, fell slightly by 1.8% to 10,401 compared with the previous year's reporting date (10,594).

HIGH PERFORMANCE METALS DIVISION

QUARTERLY DEVELOPMENT OF THE HIGH PERFORMANCE METALS DIVISION

In millions of euros

				Q 1 – Q 3		
	Q 1 2022/23 04/01–06/30/2022	Q 2 2022/23 07/01–09/30/2022	Q 3 2022/23 10/01–12/31/2022	2022/23 04/01–12/31/2022	2021/22 04/01–12/31/2021	Change in %
Revenue	958.8	920.8	904.2	2,783.8	2,161.4	28.8
EBITDA	146.0	100.8	77.5	324.3	269.9	20.2
EBITDA margin	15.2%	10.9%	8.6%	11.6%	12.5%	
EBIT	107.7	–111.2	39.3	35.8	151.0	–76.3
EBIT margin	11.2%	–12.1%	4.3%	1.3%	7.0%	
Employees (full-time equivalent), end of period	13,344	13,479	13,390	13,390	13,083	2.3

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

Advantageous economic conditions shaped the first three quarters of the business year 2022/23 for the High Performance Metals Division. The division benefited, especially in the first business quarter, from excellent demand in key customer segments. In the two subsequent business quarters, however, declines in incoming order volumes that were partly due to macroeconomic developments made themselves felt over and above the customary seasonal weakening.

Tool Steel

Demand from the automotive industry—a significant customer segment for tool steel—developed along a largely stable trajectory during the reporting period. Investments in new car models, particularly those powered by electric drives, were key to the satisfactory demand. In Europe, demand did not weaken even a bit until the third business quarter. In North and South America, orders from the automotive industry followed a largely solid trajectory throughout the current business year to date.

The Chinese government's COVID-19 measures in the business year 2022/23 had a considerably adverse effect on the consumer goods market in Asia, which is key to the division's activities. Initially, the lockdowns led to widespread production stoppages; subsequently, they triggered commensurate negative effects in the supply chains. Toward the end of the calendar year, however, the country's sudden opening against the backdrop of the Chinese government's changed COVID policies resulted in massive waves of illness and the resulting limitations on industrial production.

Special Materials

The clearly positive trend in the aerospace industry, which had already made itself felt in the previous business year, continued in the reporting period. This development was fueled by rising build rates of single-aisle aircraft that are used primarily on regional routes. Growing passenger numbers as well as acquisitions aimed at replacing existing planes with new fleets boasting more efficient jet engines supported this segment. Toward the end of calendar year 2022, demand for long-haul, twin-aisle aircraft also began to intensify, but it will still take quite some time for this segment to return to pre-crisis demand levels.

The upturn in the oil and natural gas industry has continued unabated. Demand here was fueled substantially by the build-up of alternative energy infrastructures as well as high energy prices overall. The dynamic situation in the oil and natural gas sector shaped the market in Europe as much as it did the markets in North and South America.

High Performance Metals Production

Significant increases in the cost of energy and alloys affected developments in the first three quarters of the business year 2022/23 for the High Performance Metals Production business unit. Electricity and natural gas prices skyrocketed in the wake of the war in Ukraine, especially in Europe, even though there were stark regional differences here, too. For example, the segment's production facility in Hagfors, Sweden, benefited from substantially lower costs than plants in both Germany and Austria. In the final analysis, the high energy prices at the unit's European production plants led to shifts in the product mix toward products offering greater differentiation potential. The division's largest investment at this time—specifically, the construction of the special steel plant in Kapfenberg, Austria—has entered its final phase: The plant will be started up before the end of the current business year.

Value Added Services

The service centers of the Value Added Services business unit saw satisfactory capacity utilization thanks to their strong focus on the international toolmaking industry. Besides supplying customers with high-quality tool steel grades, demand for services such as mechanical processing, heat treatments, and surface coatings was also solid. In North America, the unit's sales centers benefited from lower protective tariffs as well as changes in foreign exchange rates. In China, by contrast, the Value Added Services unit had to contend with a more difficult business environment owing to the government's COVID-19 measures as well as high European energy costs.

FINANCIAL KEY PERFORMANCE INDICATORS

The key performance indicators (KPIs) for the High Performance Metals Division reflect the solid economic environment in which it operates. Division revenue for the first three quarters of the business year 2022/23 climbed by 28.8% to EUR 2,783.8 million (Q1–Q3 2021/22: EUR 2,161.4 million). The division's ability to pass on most of the energy cost increases to its customers, in particular, was key to this positive result. The implementation of price increases in response to significant increases in the cost of alloys also made an important contribution to the revenue growth. While delivery volumes declined by about 10% during the reporting period, the higher-value product mix had a positive offsetting effect on revenue. The increase in the gross margin over and above the pleasing development of the division's portfolio of products possessing a high level of differentiation in relation to the competition was a key factor in the division's improved earnings performance. As a result, EBITDA rose during the reporting period by 20.2% to EUR 324.3 million with a margin of 11.6% (Q1–Q3 2021/22: EUR 269.9 million, margin of 12.5%). EBIT dropped during the same period by 76.3% to EUR 35.8 million with a margin of 1.3% (Q1–Q3 2021/22: EUR 151.0 million, margin of 7.0%) due to a total of EUR 173 million in impairment losses. Of these impairment losses, EUR 54 million concern assets belonging to Buderus Edelstahl in Wetzlar, Germany, and EUR 119 million arise from impairment losses on the goodwill of HPM Production (a cash generating unit).

The quarter-on-quarter comparison (QoQ) of the current business year's second and third quarter shows a slight decline in revenue by 1.8% to EUR 904.2 million in the third quarter (Q2 2022/23: EUR 920.8 million). While prices in the individual product categories remained stable, the sales volume in Q3 2022/23 fell slightly QoQ. The High Performance Metals Division had to contend with a more substantial decline in EBITDA, which fell by 23.1% in the third business quarter to EUR 77.5 million with a margin of 8.6%, down from EUR 100.8 million with a margin of 10.9% in the second. At EUR 39.3 million (margin of 4.3%) in Q3 2022/23, by contrast, EBIT turned into positive territory yet again, following the division's negative EBIT of EUR –111.2 million (margin of –12.1%) for Q2. However, the aforementioned impairment losses of EUR 173 million adversely affected EBIT for Q2 2022/23.

Against the backdrop of the improved economic environment, as of December 31, 2022, the number of employees (FTE) in the High Performance Metals Division rose by 2.3% to 13,390 (December 31, 2021: 13,083).

METAL ENGINEERING DIVISION

QUARTERLY DEVELOPMENT OF THE METAL ENGINEERING DIVISION

In millions of euros

				Q 1 – Q 3		
	Q 1 2022/23 04/01–06/30/2022	Q 2 2022/23 07/01–09/30/2022	Q 3 2022/23 10/01–12/31/2022	2022/23 04/01–12/31/2022	2021/22 04/01–12/31/2021	Change in %
Revenue	1,042.2	1,076.1	1,076.9	3,195.2	2,473.3	29.2
EBITDA	121.2	120.6	168.0	409.8	286.6	43.0
EBITDA margin	11.6%	11.2%	15.6%	12.8%	11.6%	
EBIT	77.0	76.5	117.3	270.8	153.8	76.1
EBIT margin	7.4%	7.1%	10.9%	8.5%	6.2%	
Employees (full-time equivalent), end of period	13,504	13,619	13,815	13,815	13,146	5.1

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

The Metal Engineering Division posted positive results for the first three quarters of the business year 2022/23. In addition to the customary solid performance of the division's Railway Systems business segment, year over year the performance of the Industrial Systems business unit improved substantially thanks to very good demand from the oil and natural gas sector.

The **Railway Systems** business unit benefited in the reporting period from robust delivery volumes of high quality track grades. Over time, its rails product segment managed to offset the sharp increases in energy costs by raising its prices. The so-called "D-A-CH" region (comprising Germany, Austria, and Switzerland) along with Central and Eastern European countries provided the basis for satisfactory demand during the current business year. But Northern European countries also generated positive momentum. In particular, the fact that a broad range of grooved rails was supplied to the mass transit sector reflected a pleasing trend in key market segments. The satisfactory trend shaping the turnout systems product segment in previous business quarters also continued unabated during the business year to date, thanks particularly to the positive development of business in both Europe and North America. This product segment also registered good, stable demand in Brazil and Australia—important mining regions both—where the unit serves primarily the heavy-haul transport sector.

Throughout the first three quarters of the business year 2022/23, the **Industrial Systems** business unit benefited from an overall positive market environment, even though its individual product segments had to contend with widely differing economic parameters. Component order call-ups for wire products from the automotive industry in the wire technology segment were solid at the start of the current business year, but weakened steadily over time due chiefly to inventory reductions in the downstream value chain. The tubulars product segment, by contrast, followed the opposite trend: Thanks to its comprehensive project activities in the all-important oil and natural gas sector, this segment's pronounced upward trajectory from the previous business year continued unabated. The welding product segment (welding technology) also benefited from the energy sector's strong momentum during the current business year's first three quarters. By contrast, incoming orders from the mechanical engineering industry began to flatten slightly after the Northern summer of 2022. Regionally speaking, demand in Europe, Asia, and South America followed a solid trajectory, whereas developments in the United States fell somewhat short of the volume expected at the start of the business year.

FINANCIAL KEY PERFORMANCE INDICATORS

Year over year, the Metal Engineering Division's key performance indicators (KPIs) paint an exceedingly positive picture. The increase in revenue by 29.2% to EUR 3,195.2 million for the first three quarters of the business year 2022/23 was pronounced (Q1–Q3 2021/22: EUR 2,473.3 million). While delivery volumes rose but slightly year over year, revenue grew substantially because the division raised its prices significantly across all product categories. These price increases are primarily a reflection of the marked increase in the cost of both raw materials and energy. As far as earnings are concerned, the Metal Engineering Division performed very well, not just year over year, but also across business quarters throughout the reporting period. On the whole, the division's EBITDA for the first three quarters of the business year 2022/23 jumped year over year by 43.0% to EUR 409.8 million (Q1–Q3 2021/22: EUR 286.6 million). The EBITDA margin rose accordingly from 11.6% to 12.8%. In addition to the Railway Systems business unit's stable operating result, the Industrial Systems business unit delivered a significant boost in earnings. The improvement in the tubulars product segment (seamless tubes), which focuses on the energy sector, was particularly pronounced. Moreover, the tubulars segment's deliveries of seamless tubes to the United States benefited from the easing of the protective tariffs. The Metal Engineering Division even succeeded in boosting EBIT for the reporting period by 76.1% to EUR 270.8 million with a margin of 8.5% (Q1–Q3 2021/22: EUR 153.8 million, margin of 6.2%).

The quarter-on-quarter comparison (QoQ) of the current business year's second and third quarter confirms the division's positive trend. At EUR 1,076.9 million (Q2 2022/23: EUR 1,076.1 million), revenue in Q3 largely remained stable. As regards EBITDA, by contrast, the division's earnings for the third quarter jumped by almost one third to EUR 168.0 million with a margin of 15.6% (Q2 2022/23: EUR 120.6 million, margin of 11.2%). Given the seasonal decline in the Railway Systems business segment, the increase in the operating result was achieved thanks to the strong performance of the tubulars product segment (Industrial Systems business unit). The Metal Engineering Division sharply boosted EBIT for Q3 2022/23 by 53.3% to EUR 117.3 million with a margin of 10.9% (Q2 2022/23: EUR 76.5 million, margin of 7.1%).

As of December 31, 2022, the Metal Engineering Division had 13,815 employees (FTE). This represents a year-over-year increase (from 13,146 employees) of 5.1%.

METAL FORMING DIVISION

QUARTERLY DEVELOPMENT OF THE METAL FORMING DIVISION

In millions of euros

	Q 1 2022/23	Q 2 2022/23	Q 3 2022/23	Q 1 – Q 3		Change in %
	04/01–06/30/2022	07/01–09/30/2022	10/01–12/31/2022	2022/23 04/01–12/31/2022	2021/22 04/01–12/31/2021	
Revenue	1,038.5	971.4	911.3	2,921.2	2,453.5	19.1
EBITDA	114.0	85.2	79.4	278.6	280.6	–0.7
EBITDA margin	11.0%	8.8%	8.7%	9.5%	11.4%	
EBIT	77.9	48.2	44.2	170.3	170.0	0.2
EBIT margin	7.5%	5.0%	4.9%	5.8%	6.9%	
Employees (full-time equivalent), end of period	11,750	11,892	11,454	11,454	11,405	0.4

MARKET ENVIRONMENT AND BUSINESS DEVELOPMENT

Irrespective of declining demand in individual customer segments and subdued component order call-ups throughout from the automotive industry, the performance of the Metal Forming Division in the first three quarters of the business year 2022/23 was very solid.

The **Automotive Components** business unit, in particular, faced challenging conditions. Semi-conductor supplies have been tight for quite some time, and the adverse effects of these supply chain problems on automakers' production continued unabated in the current business year to date. However, a slight improvement in the situation appeared on the horizon toward the end of calendar year 2022. Against this backdrop, the order call-ups from original equipment manufacturers (OEMs) in Europe remained at a low level overall and extremely volatile. Demand in North America was relatively solid at the start of the current business year, but the momentum began to wane as the year wore on. voestalpine's plants in China experienced largely advantageous conditions, irrespective of a lockdown in Shenyang that lasted several weeks.

In **Tubes & Sections** business unit, the economic environment in individual customer segments softened a bit over the course of the current business year's first three quarters. Thanks to a solid order book, however, the performance of Tubes & Sections in the reporting period was very satisfactory nonetheless. In Europe, the eco-nomic momentum declined dramatically, espe-cially in the construction sector. Orders from the automotive supplier industry also fell slightly short of expectations. By contrast, demand from the solar industry, the commercial vehicle industry as well as the agricultural and construction machinery industry remained good. In Brazil, voestalpine's production facilities also benefited from brisk activity in the solar industry as well as, additionally, in the bus segment. In the United States, the Tubes & Sections business unit relied on satisfactory developments in storage technology.

The **Precision Strip** business unit benefited from an advantageous environment throughout the reporting period. Orders from customers in markets overseas did not begin to decline until the Northern fall of 2022. This was due chiefly to competitive disadvantages arising from the high cost of energy in Europe. Thanks to its strong order book, this business unit succeeded in maintaining a highly satisfactory level of capacity utilization in production throughout the business year to date.

The **Warehouse & Rack Solutions** business unit was faced with a similar situation, in part due to a downward trend in connection with new project orders. However, the unit's extensive orders on hand lead us to expect that capacity utilization will be solid even beyond the end of the business year 2022/23.

FINANCIAL KEY PERFORMANCE INDICATORS

Thanks to the division's ability to impose higher sale prices on its customers owing to the increase in the cost of input materials, the revenue of the Metal Forming Division for the first three quarters of the business year 2022/23 rose by 19.1% to EUR 2,921.2 million (Q1–Q3 2021/22: EUR 2,453.5 million). Earnings for the reporting period also reflect the division's largely stable performance. At EUR 278.6 million with a margin of 9.5%, the operating result (EBITDA) is just slightly lower year over year (Q1–Q3 2021/22: EUR 280.6 million, margin of 11.4%). While the Precision Strip business unit succeeded in raising its operating result a bit year over year, the other three business units had to contend with slightly weakened EBITDA. At EUR 170.3 million with a margin of 5.8% for the reporting period on the whole, the Metal Forming Division's profit from operations (EBIT) also comes close to the previous year's figure (Q1–Q3 2021/22: EUR 170.0 million, margin of 6.9%).

The quarter-on-quarter (QoQ) comparison of the second and third quarters of the current business year shows a slight decline in the division's key performance indicators (KPIs). Revenue fell 6.2% in Q3 2022/23 to EUR 911.3 million (Q2 2022/23: EUR 971.4 million). Division EBITDA for the third business quarter declined 6.8% to EUR 79.4 million (Q2 2022/23: EUR 85.2 million). While earnings in the Group's other three divisions were largely stable, the performance of the Metal Forming Division was affected by the downturn in the Automotive Components business unit. EBIT for the third business quarter fell by 8.3% to EUR 44.2 million with a margin of 4.9% (Q2 2022/23: EUR 48.2 million, margin of 5.0%).

As of December 31, 2022, the Metal Forming Division had 11,454 employees (FTE), an increase of 0.4% over the previous business year (11,405 employees).

OUTLOOK

The economic sentiment was very good at the start of the business year 2022/23, but rapidly weakened as the year wore on. Economic growth then slowed dramatically in the business year's third quarter. Nonetheless, both economic indicators and actual business performance turned out to be more resilient than initially forecast.

Aside from a slight easing of inflationary pressures, the very fact that energy supplies in Europe remained intact contributed to the improvement in economic sentiment. Although economic researchers posit that the economic sentiment reached its lowest point in the third quarter of the business year 2022/23, the forecasts regarding both consumption and investments in the short and medium term remain subdued.

In this generally challenging economic environment, the voestalpine Group relies yet again on its broad positioning in different market segments and economic regions.

While the uncertainties in Europe still outweigh those elsewhere, especially owing to the war in Ukraine, the forecasts for North America now only expect a mild recession, if that. Brazil elected a new president, but the country's future economic policies are still not clear, even though the current environment is very stable. Economic developments in China at this time are being shaped by the complete reversal of the country's COVID policies. A massive wave of COVID-19 infections already engulfed the country toward the end of the reporting period; its economic ramifications are likely to affect the fourth business quarter also.

As far as markets are concerned, the upward trend in the energy and aerospace segments is expected to continue during the remainder of the business year 2022/23. Railway infrastructure is also expected to continue benefiting from very good demand. Developments in the automotive industry, which has still not been able to really solve its supply chain problems, will largely remain stable. This forecast also applies to the mechanical engineering industry, which continues to benefit from very strong order levels. The consumer goods industry already weakened substantially in the course of the reporting period, and demand in this sector is expected to be lower overall in the company's last business quarter. Slowing demand in the construction industry is likely to continue in the fourth business quarter.

At this time, the Management Board of voestalpine AG expects EBITDA of about EUR 2.5 billion for the entire business year 2022/23.

This figure includes around EUR 120 million in positive non-recurring effects from the sale of property in the fourth business quarter. However, the closing of this transaction is still contingent on administrative authorizations.

voestalpine AG

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS AS OF 12/31/2022

The report for the first through third quarters of 2022/23 was prepared in accordance with the International Financial Reporting Standards (IFRS). This report has not been audited or reviewed, nor does it constitute a complete consolidated interim report pursuant to IAS 34.

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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CONSOLIDATED STATEMENT OF FINANCIAL POSITION

ASSETS

	03/31/2022	12/31/2022
A. Non-current assets		
Property, plant and equipment	5,635.9	5,466.5
Goodwill	1,448.6	1,330.1
Other intangible assets	289.9	284.6
Investments in entities consolidated according to the equity method	162.7	297.9
Other financial assets and other equity investments	70.2	72.5
Deferred tax assets	279.3	264.8
	7,886.6	**7,716.4**
B. Current assets		
Inventories	4,935.1	6,083.4
Trade and other receivables	2,293.1	2,084.8
Other financial assets	145.6	70.5
Cash and cash equivalents	842.8	423.9
Current assets excl. IFRS 5 assets	**8,216.6**	**8,662.6**
Assets – held for sale	0.0	21.5
Assets from discontinued operations	921.5	0.0
Current assets incl. IFRS 5 assets	**9,138.1**	**8,684.1**
Total assets	**17,024.7**	**16,400.5**

In millions of euros

EQUITY AND LIABILITIES

	03/31/2022	12/31/2022
A. Equity		
Share capital	324.3	324.3
Capital reserves	664.9	660.2
Retained earnings and other reserves	5,925.5	6,407.8
Equity attributable to equity holders of the parent	**6,914.7**	**7,392.3**
Non-controlling interests	154.6	204.5
	7,069.3	**7,596.8**
B. Non-current liabilities		
Pensions and other employee obligations	1,082.4	935.7
Provisions	117.3	100.2
Deferred tax liabilities	74.9	77.9
Financial liabilities	2,646.2	2,228.3
	3,920.8	**3,342.1**
C. Current liabilities		
Provisions	1,035.9	1,000.6
Tax liabilities	263.9	245.0
Financial liabilities	623.9	950.7
Trade and other payables	2,862.4	2,292.2
Trade payables from bills of exchange and trade payables from reverse factoring agreements	1,153.4	947.8
Current liabilities	**5,939.5**	**5,436.3**
Liabilities from discontinued operations	95.1	25.3
Current liabilities incl. liabilities from discontinued operations	**6,034.6**	**5,461.6**
Total equity and liabilities	**17,024.7**	**16,400.5**

In millions of euros

CONSOLIDATED STATEMENT OF CASH FLOWS

	04/01–12/31/2021[1]	04/01–12/31/2022
Operating activities		
Profit after tax	697.6	864.2
Non-cash expenses and income, deposits and disbursements not recognized in income statement	573.1	637.7
Change in inventories	–1,255.1	–1,165.7
Change in receivables and liabilities	138.7	–628.9
Change in provisions	239.2	–63.2
Changes in working capital	**–877.2**	**–1,857.8**
Cash flows from operating activities[2]	**393.6**	**–355.9**
Thereof from discontinued operations	**–7.7**	**48.1**
Investing activities		
Additions to other intangible assets, property, plant and equipment	–431.5	–485.5
Income from disposals of assets	16.4	6.9
Cash flows from the acquisition of control of subsidiaries	0.0	–2.8
Cash flows from the loss of control of subsidiaries	0.0	748.8
Additions to/divestments of other financial assets	–113.3	82.1
Cash flows from investing activities	**–528.4**	**349.5**
Thereof from discontinued operations	**–44.6**	**744.4**
Financing activities		
Dividends paid	–89.3	–214.2
Dividends paid, non-controlling interests	–18.7	–23.8
Acquisition of non-controlling interests	–1.8	0.0
Acquisitions/disposals of own shares	0.0	–36.9
Increase in non-current financial liabilities	2.8	5.2
Repayment of non-current financial liabilities	–754.1	–298.0
Repayment of lease liabilities	–34.0	–38.6
Change in current financial liabilities and other financial liabilities	279.6	201.2
Cash flows from financing activities	**–615.5**	**–405.1**
Thereof from discontinued operations	**0.0**	**0.0**
Net decrease/increase in cash and cash equivalents	**–750.4**	**–411.5**
Cash and cash equivalents, beginning of reporting period	1,159.7	842.8
Net exchange differences	7.9	–7.4
Cash and cash equivalents, end of reporting period	**417.2**	**423.9**

[1] Thereof from discontinued operations in Q 1 - Q 3 2021/22, retroactively added.
[2] Cash flows from operating activities include:

interest received of	**2.4**	**5.5**
interest paid of	**–67.1**	**–81.8**
taxes paid of	**–44.0**	**–307.0**
and dividend income of	**12.0**	**19.8**
in continuing operations.		

In millions of euros

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED INCOME STATEMENT

	04/01–12/31/2021[1]	04/01–12/31/2022	10/01–12/31/2021[1]	10/01–12/31/2022
Revenue	**10,503.5**	**13,585.2**	**3,697.1**	**4,290.0**
Cost of sales	−8,205.7	−10,733.7	−2,921.3	−3,535.9
Gross profit	**2,297.8**	**2,851.5**	**775.8**	**754.1**
Other operating income	274.1	450.4	108.3	80.3
Distribution costs	−863.0	−995.6	−293.0	−328.9
Administrative expenses	−519.2	−587.8	−183.6	−206.7
Other operating expenses	−250.6	−594.1	−96.8	−52.0
Share of profit of entities consolidated according to the equity method	15.4	15.6	5.5	−4.9
EBIT	**954.5**	**1,140.0**	**316.2**	**241.9**
Finance income	22.6	33.4	9.9	10.2
Finance costs	−76.5	−120.8	−24.8	−45.8
Profit before tax	**900.6**	**1,052.6**	**301.3**	**206.3**
Tax expense	−195.1	−282.2	−69.7	−62.8
Profit after tax from continuing operations	**705.5**	**770.4**	**231.6**	**143.5**
Profit after tax from discontinued operations	−7.9	93.8	−19.7	5.6
Profit after tax	**697.6**	**864.2**	**211.9**	**149.1**
Attributable to:				
Equity holders of the parent	679.7	787.8	205.8	110.3
Non-controlling interests	17.9	76.4	6.1	38.8
Diluted and basic earnings per share (euros) from continuing operations	**3.85**	**3.93**	**1.26**	**0.63**
Diluted and basic earnings per share (euros) from discontinued operations	**−0.04**	**0.53**	**−0.10**	**0.03**
Diluted and basic earnings per share (euros)	**3.81**	**4.46**	**1.16**	**0.66**

[1] Q 1 - Q 3 2021/22 and Q 3 2021/22, retroactively adjusted. For further details, see Annual Report 2021/22.

In millions of euros

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

CONSOLIDATED OTHER COMPREHENSIVE INCOME

	04/01–12/31/2021[1]	04/01–12/31/2022	10/01–12/31/2021[1]	10/01–12/31/2022
Profit after tax	**697.6**	**864.2**	**211.9**	**149.1**
Items of other comprehensive income that will be reclassified subsequently to profit or loss				
Cash flow hedges	–1.5	–53.0	0.0	33.5
Currency translation	15.0	–100.9	4.1	–53.5
Share of result of entities consolidated according to the equity method	2.3	–1.7	1.5	–11.5
Subtotal of items of other comprehensive income that will be reclassified subsequently to profit or loss	**15.8**	**–155.6**	**5.6**	**–31.5**
Items of other comprehensive income that will not be reclassified subsequently to profit or loss				
Actuarial gains/losses[2]	35.8	97.3	1.9	–17.3
Subtotal of items of other comprehensive income that will not be reclassified subsequently to profit or loss	**35.8**	**97.3**	**1.9**	**–17.3**
Other comprehensive income for the period, net of income tax	**51.6**	**–58.3**	**7.5**	**–48.8**
Total comprehensive income for the period	**749.2**	**805.9**	**219.4**	**100.3**
Attributable to:				
Equity holders of the parent	730.5	733.4	214.0	66.6
Non-controlling interests	18.7	72.5	5.4	33.7
Total comprehensive income for the period	**749.2**	**805.9**	**219.4**	**100.3**

[1] Q 1 - Q 3 2021/22 and Q 3 2021/22, retroactively adjusted. For further details, see Annual Report 2021/22.
[2] The valuation of the social capital was based on an interest rate of 3.8% as of December 31, 2022 (1.9% as of March 31, 2022) and 1.0% as of December 31, 2021 (0.8% as of March 31, 2021).

In millions of euros

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Q 1 – Q 3 2021/22			Q 1 – Q 3 2022/23		
	Group	Non-controlling interests	Total equity	Group	Non-controlling interests	Total equity
Equity as of April 1	**5,524.6**	**125.3**	**5,649.9**	**6,914.7**	**154.6**	**7,069.3**
Total comprehensive income for the period	730.5	18.7	749.2	733.4	72.5	805.9
Dividends to shareholders	–89.3	–12.7	–102.0	–214.2	–23.5	–237.7
Acquisition of control of subsidiaries	–	–	–	–	0.7	0.7
Share-based payment	–1.0	–	–1.0	–4.7	–	–4.7
Acquisitions/disposals of own shares	–	–	–	–36.9	–	–36.9
Other changes	–2.7	7.6	4.9	–	0.2	0.2
Equity as of December 31	**6,162.1**	**138.9**	**6,301.0**	**7,392.3**	**204.5**	**7,596.8**

In millions of euros

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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

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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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