

# Voestalpine

Steel

04 Jan 2014



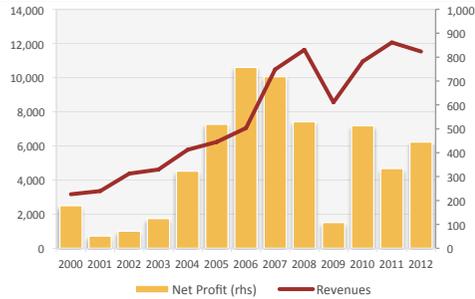
Austria

## COMPANY DESCRIPTION

The voestalpine Group is a steel-based technology and capital goods group focusing on the manufacture, processing, and development of sophisticated steel products. The Company supplies technology-intensive sectors, such as the automotive, railway, aviation, and energy industries. The Company is based in Linz, Austria and employs over 45,000 people. The Linz hot strip mill is a "fully integrated steel works" operated by voestalpine Stahl GmbH, a part of the steel division of voestalpine AG. In addition to Linz the most important plants are in Leoben in Styria and in Krems in Lower Austria. The Company operates in four divisions: Steel, Special Steel, Metal Engineering and Metal Forming Division. Voestalpine's history dates back to 1881, when the Alpine Montangesellschaft was founded as a vehicle of consolidating Austrian iron and steel assets.

**Main Shareholders:** Raiffeisen Oberösterreich Invest (>15%)  
Employees (14.0%)

## REVENUES & PROFITS (EUR mil)



## INCOME STATEMENT

EUR mil	2008	2009	2010	2011	2012
<b>Sales</b>	<b>11,625</b>	<b>8,550</b>	<b>10,954</b>	<b>12,058</b>	<b>11,524</b>
Cost of Goods & Services	6,970	4,881	6,287	7,203	6,745
<b>Gross Profit</b>	<b>4,655</b>	<b>3,669</b>	<b>4,667</b>	<b>4,855</b>	<b>4,780</b>
Staff Cost	2,174	1,999	2,233	2,411	2,472
Other Cost	757	666	828	1,142	866
<b>EBITDA</b>	<b>1,724</b>	<b>1,004</b>	<b>1,606</b>	<b>1,302</b>	<b>1,442</b>
Depreciation	708	652	621	598	588
<b>EBIT</b>	<b>1,016</b>	<b>352</b>	<b>985</b>	<b>704</b>	<b>854</b>
Financing Cost	312	189	234	220	214
Extraordinary Cost	-24.4	-20.4	-30.1	-20.1	-15.4
<b>Pre-Tax Profit</b>	<b>728</b>	<b>183</b>	<b>781</b>	<b>504</b>	<b>655</b>
Tax	92.2	-3.5	168	91.1	133
Minorities	9.7	6.4	9.8	7.8	4.4
<b>Net Profit</b>	<b>530</b>	<b>108</b>	<b>513</b>	<b>334</b>	<b>445</b>
Dividends	175	84	135	135	155

## BALANCE SHEET

EUR mil	2008	2009	2010	2011	2012
<b>Non-Current Assets</b>	<b>7,076</b>	<b>7,072</b>	<b>6,856</b>	<b>6,801</b>	<b>6,981</b>
Property, Plant & Equipment	4,378	4,484	4,371	4,378	4,581
<b>Current Assets</b>	<b>5,771</b>	<b>5,222</b>	<b>6,221</b>	<b>5,811</b>	<b>6,098</b>
Inventories	2,910	2,198	2,824	2,953	2,877
Receivables	1,786	1,458	1,710	1,774	1,656
Cash & Cash Equivalents	858	1,029	1,233	677	1,093
<b>Total Assets</b>	<b>12,847</b>	<b>12,294</b>	<b>13,076</b>	<b>12,612</b>	<b>13,079</b>
<b>Shareholders' Equity</b>	<b>4,263</b>	<b>4,262</b>	<b>4,691</b>	<b>4,836</b>	<b>5,075</b>
<b>Liabilities</b>	<b>8,584</b>	<b>8,032</b>	<b>8,385</b>	<b>7,776</b>	<b>8,004</b>
<b>Non-Current Liabilities</b>	<b>4,725</b>	<b>4,425</b>	<b>4,224</b>	<b>3,159</b>	<b>3,867</b>
Long-Term Debt	3,501	3,268	3,071	1,971	2,559
<b>Current Liabilities</b>	<b>3,859</b>	<b>3,607</b>	<b>4,161</b>	<b>4,617</b>	<b>4,137</b>
Short-Term Debt	1,445	1,448	1,428	1,799	1,325
Trade Payables	1,899	1,726	2,197	2,108	2,140

	2008	2009	2010	2011	2012
<b>EBITDA Margin</b>	<b>14.8%</b>	<b>11.7%</b>	<b>14.7%</b>	<b>10.8%</b>	<b>12.5%</b>
<b>EBIT Margin</b>	<b>8.7%</b>	<b>4.1%</b>	<b>9.0%</b>	<b>5.8%</b>	<b>7.4%</b>
<b>Net Margin</b>	<b>4.6%</b>	<b>1.3%</b>	<b>4.7%</b>	<b>2.8%</b>	<b>3.9%</b>

	2008	2009	2010	2011	2012
<b>ROE</b>	<b>12.9%</b>	<b>2.6%</b>	<b>11.6%</b>	<b>7.1%</b>	<b>9.1%</b>
<b>ROCE</b>	<b>5.4%</b>	<b>1.1%</b>	<b>5.6%</b>	<b>3.6%</b>	<b>4.7%</b>
<b>Net Debt/Equity</b>	<b>95.9%</b>	<b>86.5%</b>	<b>69.6%</b>	<b>63.9%</b>	<b>55.0%</b>

## CASH FLOW

EUR mil	2008	2009	2010	2011	2012
Net Profit	530	108	513	334	445
Depreciation	708	652	621	598	588
Non-Cash Items	-181	-19.9	231	207	62.4
Change in Working Capital	301	865	-407	-282	226
<b>Total Cash From Operations</b>	<b>1,358</b>	<b>1,606</b>	<b>958</b>	<b>857</b>	<b>1,322</b>
Capital Expenditures	-979	-615	-467	-553	-740
Other	-270	-299	100	74.3	-89.5
<b>Total Cash From Investing</b>	<b>-1,249</b>	<b>-914</b>	<b>-367</b>	<b>-479</b>	<b>-830</b>
Dividends Paid	-413	-247	-156	-206	-220
Issuance Of Shares	72.2	4.1	5.2	0.0	78.8
Issuance Of Debt	754	-297	-240	-727	66.5
<b>Total Cash From Financing</b>	<b>413</b>	<b>-540</b>	<b>-390</b>	<b>-934</b>	<b>-74.7</b>
<b>NET CHANGE IN CASH</b>	<b>522</b>	<b>152</b>	<b>200</b>	<b>-556</b>	<b>418</b>

## RATIOS & OTHER

	2008	2009	2010	2011	2012
Gross Margin	40.0%	42.9%	42.6%	40.3%	41.5%
Net Debt/EBITDA	2.4	3.7	2.0	2.4	1.9
Cost of Financing	6.8%	3.9%	5.1%	5.3%	5.6%
Payout Ratio	33%	78%	26%	40%	35%
FX TO USD (Average)	0.68	0.72	0.76	0.72	0.78
FX TO USD (Year-End)	0.72	0.70	0.75	0.77	0.76
Shares Outstanding (Average)	164.8	167.5	168.5	169.0	170.7
Share Price, Year-End	9.9	30.0	33.1	25.2	24.0
Market Capitalisation (USD mil)	2,229	7,189	7,409	5,515	5,394
Enterprise Value (USD mil)	7,919	12,474	11,741	9,524	9,076
EV/EBITDA	3.1	8.9	5.5	5.3	4.9
P/E	2.9	46.1	10.9	12.7	9.2
P/BV	0.4	1.2	1.2	0.9	0.8

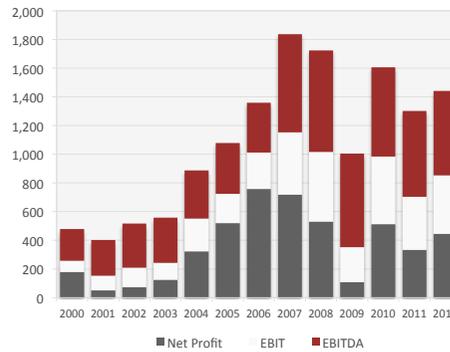
Source: Company data, Helgi Analytics calculation, Valuation multiples are based on share price as of the year-end



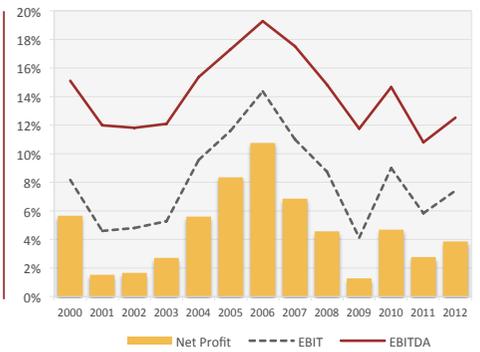
www.HelgiAnalytics.com

## Financials

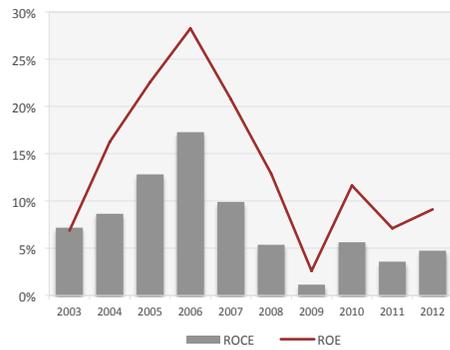
### FROM EBITDA TO NET PROFIT (EUR mil)



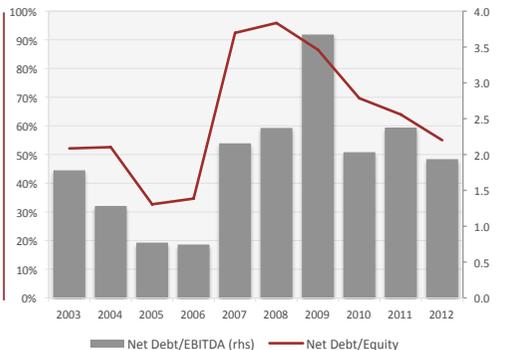
### PROFIT MARGIN



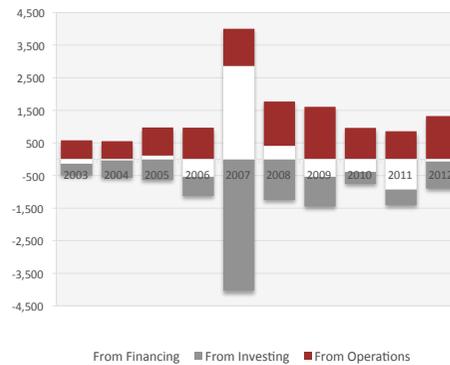
### ROE & ROCE



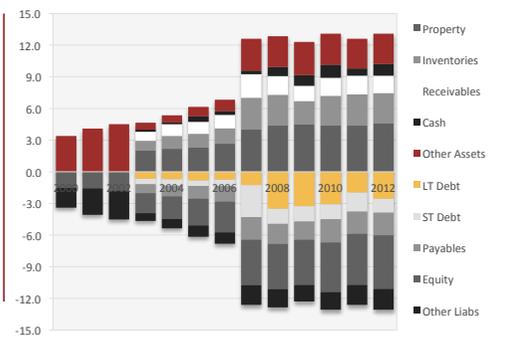
### INDEBTEDNESS



### CASH FLOW SUMMARY (EUR mil)



### BALANCE SHEET STRUCTURE (EUR bil)



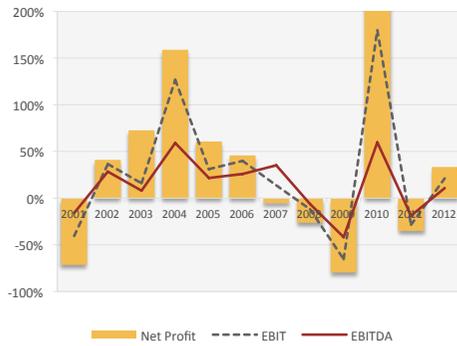
Source: Company data, Helgi Analytics calculation, Valuation multiples are based on share price as of the year-end



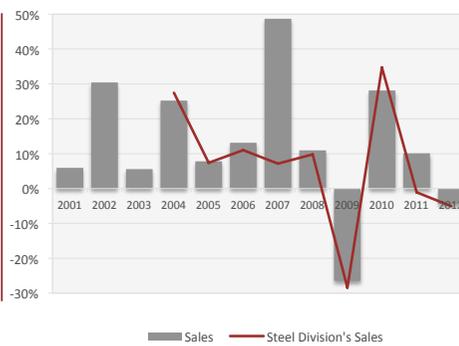
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## Momentum

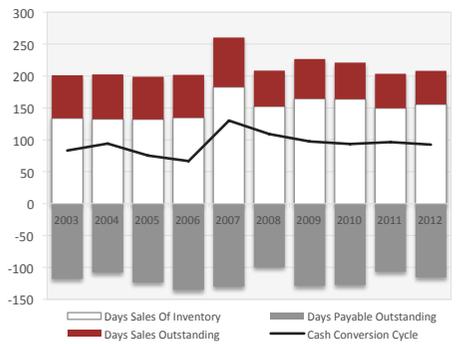
### PROFIT GROWTH



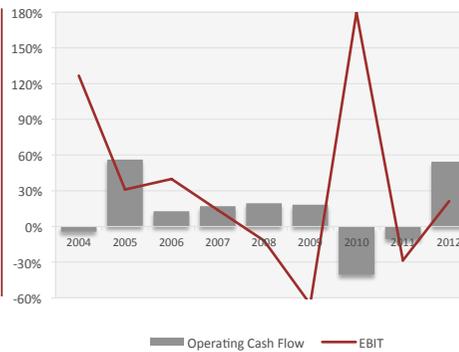
### SALES & PRODUCTION GROWTH



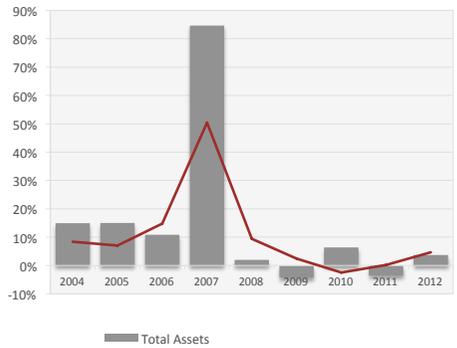
### CASH CONVERSION CYCLE (days)



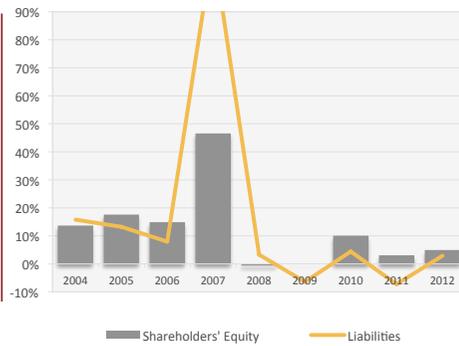
### OPERATING CASH FLOW



### ASSET GROWTH



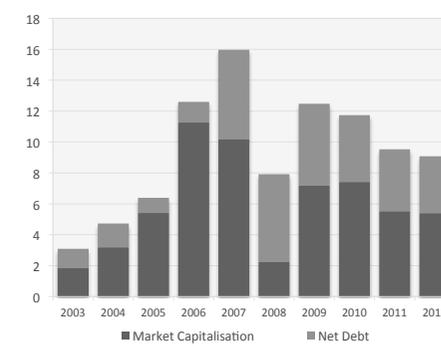
### EQUITY AND LIABILITIES GROWTH



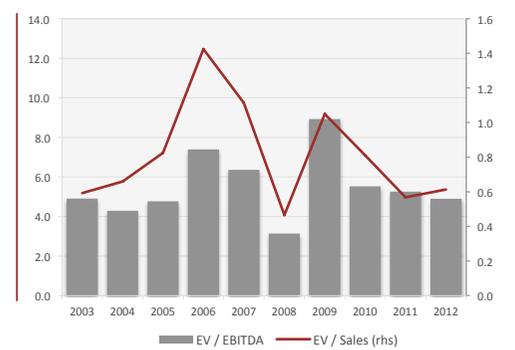
Source: Company data, Helgi Analytics calculation, Valuation multiples are based on share price as of the year-end

## Valuation

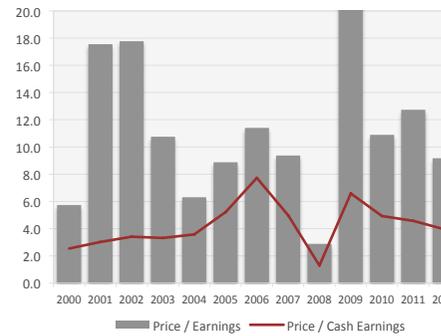
### MARKET CAPITALISATION & NET DEBT (USD bil)



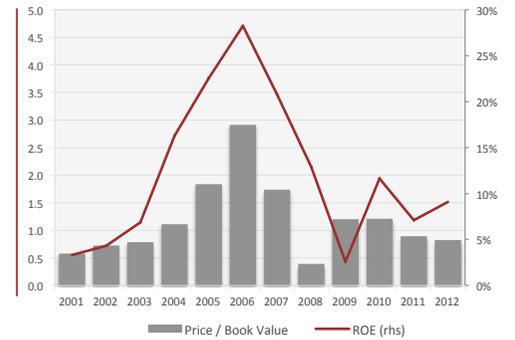
### ENTERPRICE VALUE (EV)



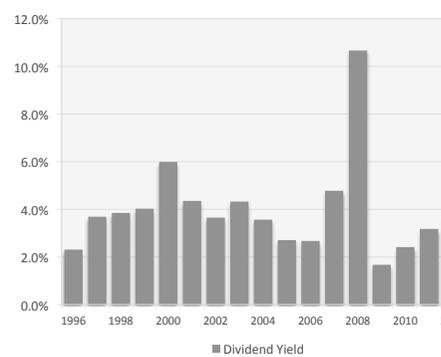
### PRICE TO EARNINGS & CASH EARNINGS



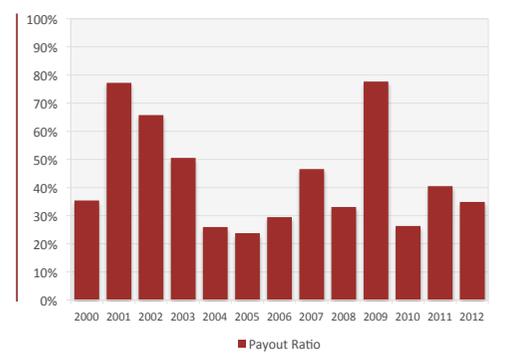
### PRICE TO BOOK VALUE



### DIVIDEND YIELD



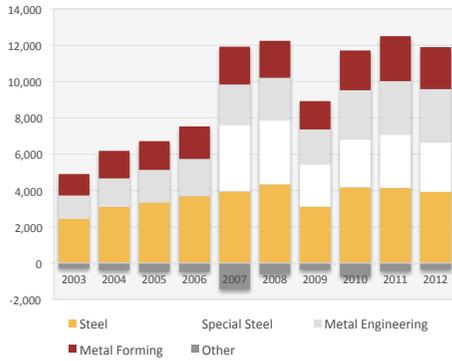
### DIVIDEND PAYOUT



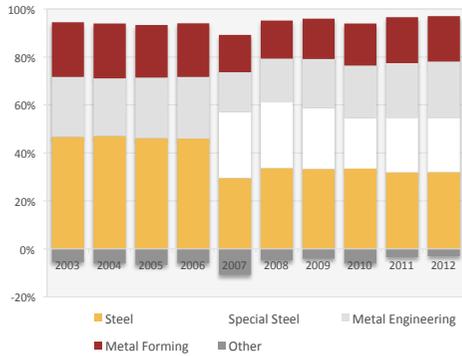
Source: Company data, Helgi Analytics calculation, Valuation multiples are based on share price as of the year-end

## Business Specifics

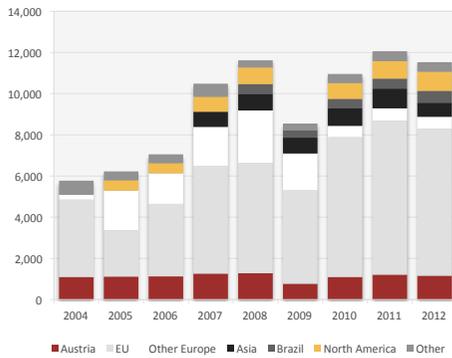
SALES BY SEGMENT (EUR mil)



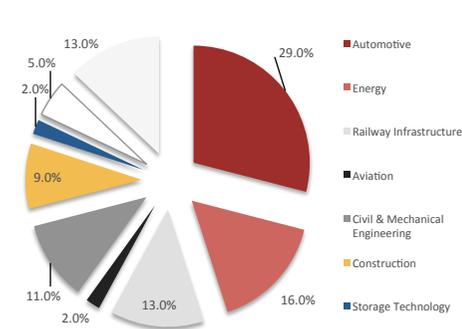
SALES BREAKDOWN



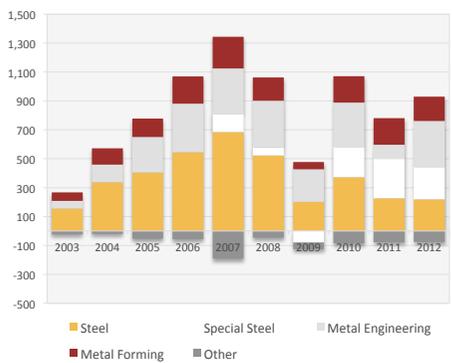
SALES BY REGIONS (EUR mil)



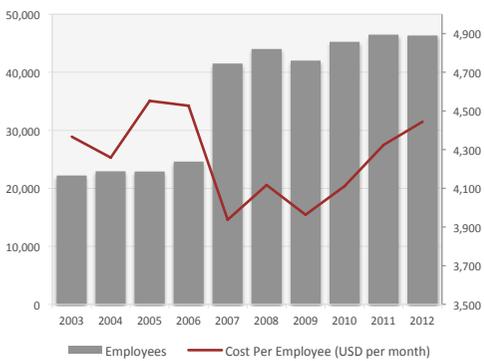
SALES BY CLIENTS, 2012



EBIT BY SEGMENT (EUR mil)



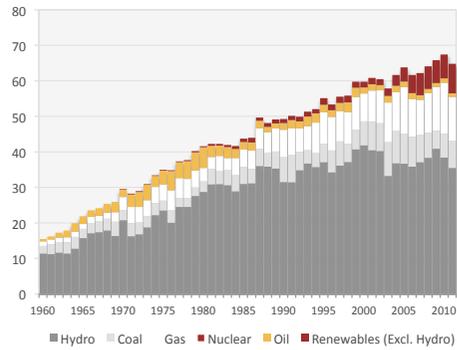
VOESTALPINE'S WORKFORCE



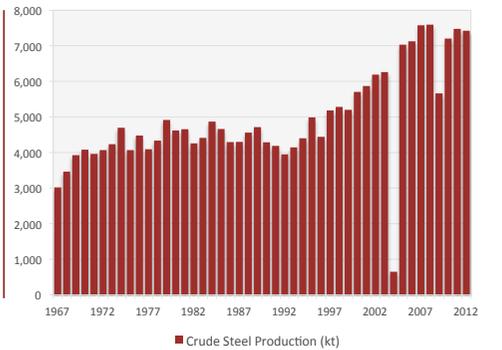
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## Market Specifics

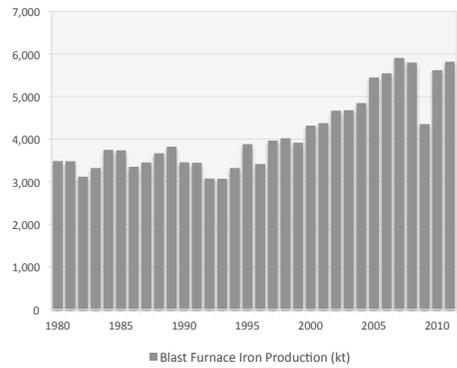
AUSTRIA'S ELECTRICITY POWER PRODUCTION (TWh)



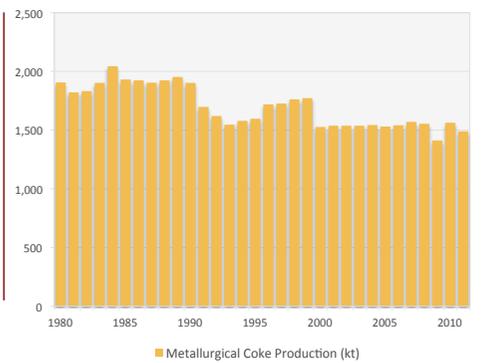
CRUDE STEEL PRODUCTION IN AUSTRIA



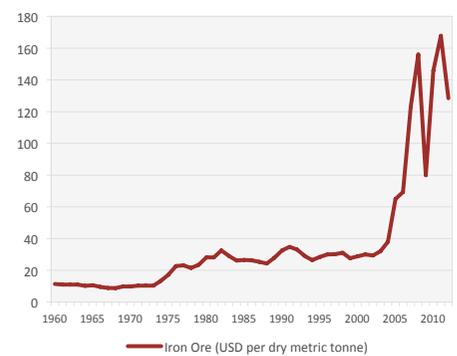
BLAST FURNACE IRON PRODUCTION IN AUSTRIA



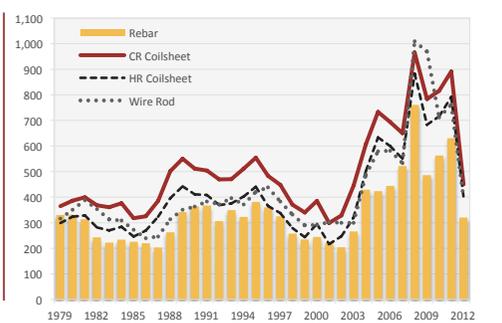
METALLURGICAL COKE PRODUCTION IN AUSTRIA



IRON ORE PRICE



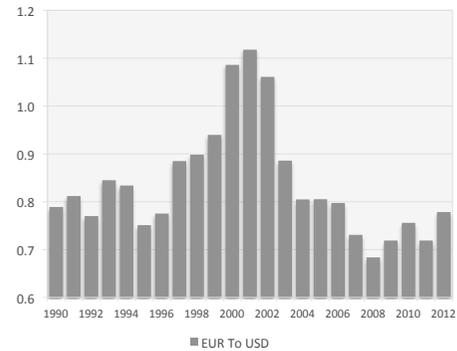
STEEL PRICE (USD per tonne)



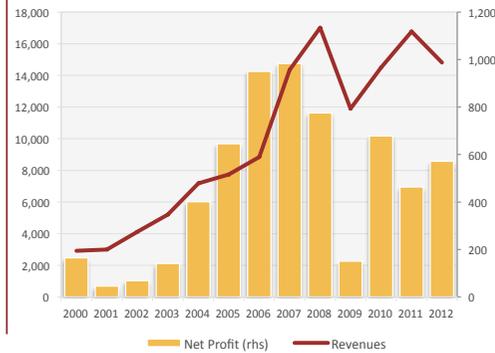
Source: Company data, Helgi Analytics calculation, Valuation multiples are based on share price as of the year-end

## Financials (USD)

### FX TO USD



### REVENUES & PROFIT (USD mil)



### INCOME STATEMENT

USD mil	2008	2009	2010	2011	2012
<b>Sales</b>	<b>17,008</b>	<b>11,892</b>	<b>14,491</b>	<b>16,770</b>	<b>14,811</b>
Cost of Goods & Services	10,198	6,790	8,317	10,017	8,668
<b>Gross Profit</b>	<b>6,811</b>	<b>5,102</b>	<b>6,174</b>	<b>6,753</b>	<b>6,143</b>
Staff Cost	3,181	2,780	2,954	3,354	3,177
Other Cost	1,108	926	1,096	1,589	1,113
<b>EBITDA</b>	<b>2,523</b>	<b>1,397</b>	<b>2,124</b>	<b>1,811</b>	<b>1,853</b>
Depreciation	1,036	907	821	831	756
<b>EBIT</b>	<b>1,486</b>	<b>490</b>	<b>1,303</b>	<b>979</b>	<b>1,097</b>
Financing Cost	456	263	310	306	275
Extraordinary Cost	-35.6	-28.3	-39.8	-27.9	-19.8
<b>Pre-Tax Profit</b>	<b>1,066</b>	<b>255</b>	<b>1,033</b>	<b>701</b>	<b>841</b>
Tax	135	-4.8	223	127	171
Minorities	14.2	8.9	13.0	10.8	5.7
<b>Net Profit</b>	<b>775</b>	<b>151</b>	<b>678</b>	<b>464</b>	<b>572</b>
Dividends	257	117	178	188	199
<b>EBITDA Margin</b>	<b>14.8%</b>	<b>11.7%</b>	<b>14.7%</b>	<b>10.8%</b>	<b>12.5%</b>
<b>EBIT Margin</b>	<b>8.7%</b>	<b>4.1%</b>	<b>9.0%</b>	<b>5.8%</b>	<b>7.4%</b>
<b>Net Margin</b>	<b>4.6%</b>	<b>1.3%</b>	<b>4.7%</b>	<b>2.8%</b>	<b>3.9%</b>

### BALANCE SHEET

USD mil	2008	2009	2010	2011	2012
<b>Non-Current Assets</b>	<b>9,848</b>	<b>10,136</b>	<b>9,097</b>	<b>8,816</b>	<b>9,212</b>
Property, Plant & Equipment	6,094	6,427	5,800	5,675	6,045
<b>Current Assets</b>	<b>8,033</b>	<b>7,484</b>	<b>8,255</b>	<b>7,532</b>	<b>8,048</b>
Inventories	4,050	3,151	3,747	3,827	3,796
Receivables	2,485	2,090	2,269	2,300	2,185
Cash & Cash Equivalents	1,194	1,474	1,637	878	1,442
<b>Total Assets</b>	<b>17,881</b>	<b>17,620</b>	<b>17,351</b>	<b>16,348</b>	<b>17,260</b>
<b>Shareholders' Equity</b>	<b>5,933</b>	<b>6,109</b>	<b>6,225</b>	<b>6,269</b>	<b>6,697</b>
<b>Liabilities</b>	<b>11,948</b>	<b>11,511</b>	<b>11,126</b>	<b>10,079</b>	<b>10,562</b>
<b>Non-Current Liabilities</b>	<b>6,577</b>	<b>6,342</b>	<b>5,605</b>	<b>4,094</b>	<b>5,103</b>
Long-Term Debt	4,872	4,684	4,074	2,554	3,377
<b>Current Liabilities</b>	<b>5,371</b>	<b>5,169</b>	<b>5,522</b>	<b>5,984</b>	<b>5,460</b>
Short-Term Debt	2,011	2,075	1,895	2,332	1,748
Trade Payables	2,644	2,474	2,915	2,732	2,824
<b>ROE</b>	<b>12.9%</b>	<b>2.6%</b>	<b>11.6%</b>	<b>7.1%</b>	<b>9.1%</b>
<b>ROCE</b>	<b>5.4%</b>	<b>1.1%</b>	<b>5.6%</b>	<b>3.6%</b>	<b>4.7%</b>
<b>Net Debt/Equity</b>	<b>95.9%</b>	<b>86.5%</b>	<b>69.6%</b>	<b>63.9%</b>	<b>55.0%</b>

### CASH FLOW

USD mil	2008	2009	2010	2011	2012
<b>Net Profit</b>	<b>775</b>	<b>151</b>	<b>678</b>	<b>464</b>	<b>572</b>
Depreciation	1,036	907	821	831	756
Non-Cash Items	-265	-27.7	305	288	80.2
Change in Working Capital	441	1,204	-538	-392	291
<b>Total Cash From Operations</b>	<b>1,987</b>	<b>2,234</b>	<b>1,267</b>	<b>1,191</b>	<b>1,699</b>
Capital Expenditures	-1,433	-856	-618	-769	-951
Other	-395	-416	133	103	-115
<b>Total Cash From Investing</b>	<b>-1,828</b>	<b>-1,272</b>	<b>-485</b>	<b>-666</b>	<b>-1,066</b>
Dividends Paid	-604	-343	-206	-287	-283
Issuance Of Shares	106	5.7	6.8	0.0	101
Issuance Of Debt	1,103	-413	-318	-1,012	85
<b>Total Cash From Financing</b>	<b>605</b>	<b>-750</b>	<b>-517</b>	<b>-1,299</b>	<b>-96</b>
<b>NET CHANGE IN CASH</b>	<b>764</b>	<b>212</b>	<b>265</b>	<b>-773</b>	<b>537</b>

### RATIOS & OTHER

	2008	2009	2010	2011	2012
Gross Margin	40.0%	42.9%	42.6%	40.3%	41.5%
Net Debt/EBITDA	2.4	3.7	2.0	2.4	1.9
Cost of Financing	6.8%	3.9%	5.1%	5.3%	5.6%
Payout Ratio	33%	78%	26%	40%	35%
FX TO USD (Average)	0.68	0.72	0.76	0.72	0.78
FX TO USD (Year-End)	0.72	0.70	0.75	0.77	0.76
Shares Outstanding (Average)	165	167	169	169	171
Share Price, Year-End EUR	9.9	30.0	33.1	25.2	24.0
Market Capitalisation (USD mil)	2,229	7,189	7,409	5,515	5,394
Enterprise Value (USD mil)	7,919	12,474	11,741	9,524	9,076
EV/EBITDA	3.1	8.9	5.5	5.3	4.9
P/E	2.9	46.1	10.9	12.7	9.2
P/BV	0.39	1.20	1.21	0.89	0.82

Source: Company data, Helgi Analytics calculation, Valuation multiples are based on share price as of the year-end



www.HelgiAnalytics.com

## ABOUT HELGI ANALYTICS

Helgi Analytics is a consulting company based in the Czech Republic. The company mainly provides consultancy in the area of financial services and real estate and focuses primarily on the region of Central and Eastern Europe.

Helgi Analytics also runs a web application called Helgi Library, which is a database/library offering data and analyses on more than 95% of the world's economy and population. The Library aims to bring interesting statistical data and analyses to a wide audience under affordable conditions. If you wish to get more details, please visit [www.helgilibrary.com](http://www.helgilibrary.com) or contact us at [info@helgianalytics.com](mailto:info@helgianalytics.com).

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