

Q & A voestalpine Group results Q2 BY 2022/23

Q.) Are there any one-offs in the results?

A.) A total of 173 million EUR in impairment losses in Q2 had a negative impact on the High-Performance Metals Division. Specifically, impairment losses of 54 million EUR were taken on the assets of Buderus Edelstahl (Wetzlar, Germany) and of 119 million EUR on the goodwill of HPM Production.

Q.) Why is the tax rate in Q2 2022/23 so high?

A.) The 119 million EUR impairment loss on the goodwill of HPM Production is not tax deductible. For that reason, the tax rate in Q2 is 42%. On an adjusted basis, thus before the goodwill impairment, the tax rate would be 25%.

Q.) How is HBI-plant in Texas shown in P&L?

A.) The income of the HBI-plant in Texas in Q1 2022/23 is recognized under "Profit after tax from discontinued operations". In Q2 2022/23 the 20% share of the result from the ArcelorMittal Texas HBI Group is shown in the item "Share of profit of entities consolidated according to the equity method."

Q.) Is the transaction closed?

A.) The "closing" of the sale of 80% on the HBI-plant to ArcelorMittal took place end of June 2022.

Q.) Why was the Free cash flow so poor in H1 2022/23 despite cash inflow from Texas?

A.) The poor Free cash flow development results from the substantial rise in net working capital during H1 2022/23, which occurred primarily in response to the rising cost of raw materials, energy, and other input materials. Net working capital was also expanded on account of the significant increase in back-up inventories of raw materials due to current logistics challenges as well as the Group's first-ever storage of natural gas.

Q.) Why did working capital continue to increase in Q2?

A.) Inventories went up again in Q2. Next to price effects from natural gas and electricity costs, the slowdown of the economy in cyclical segments including the consumer goods, construction, and mechanical engineering industries led to a rise in inventories of finished goods. In addition, bottlenecks on the logistics side and the storage of natural gas in July also contributed to the build-up of inventories.

Q.) How has the energy expenditure developed?

A.) Expenditure for energy (mainly electrical energy and natural gas) at voestalpine-Group rose in Q2 in comparison to Q1 in a magnitude of roughly 30%.

Q.) What is included in the balance sheet item “assets held for sale” of 19.7 million EUR?

A. This position involves the book value of the land which we expect to sale in the 2nd half of BY 2022/23. As mentioned in our adhoc news from October 24th, 2022, we expect a positive one-off effect of approximately 120 million EUR from this land sale.