



voestalpine Employee Participation

Johannes Pointner

voestalpine Mitarbeiterbeteiligung Privatstiftung

voestalpine

ONE STEP AHEAD.

voestalpine Group

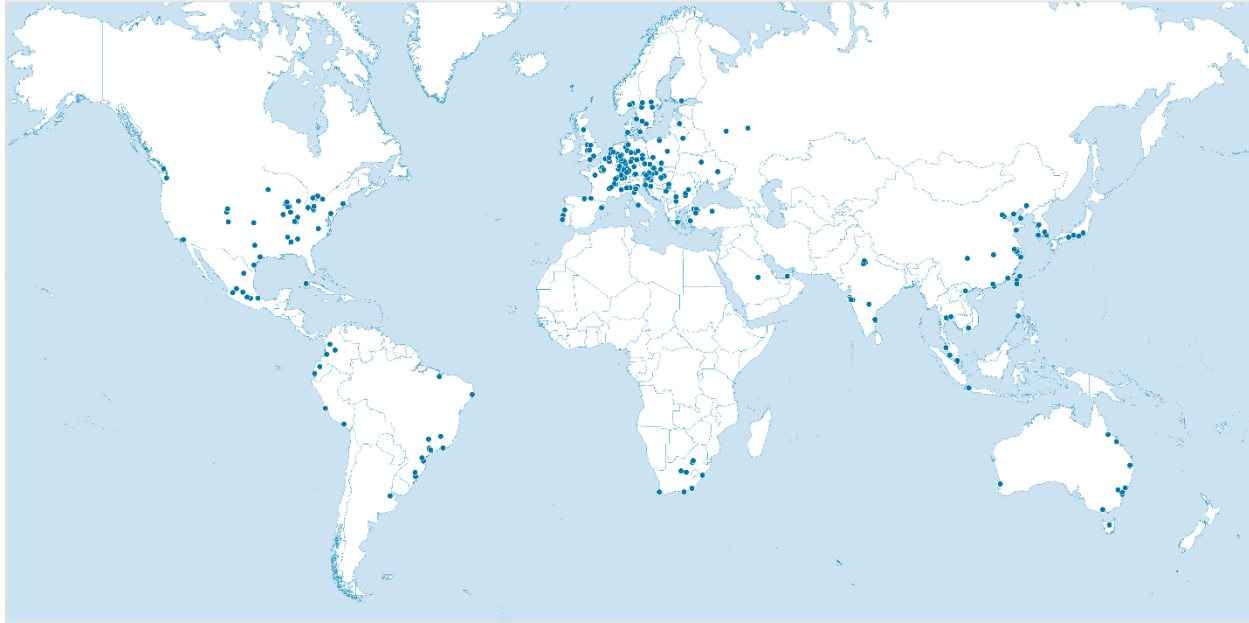
voestalpine Group



Headquartered in Linz, Austria

voestalpine is a leading technology and capital goods group with combined material and processing expertise, holding global top positions in its business units. The Group focuses on product and system solutions based on steel and other metals of the highest quality in technology-intensive industries and niches.

GLOBAL FOOTPRINT

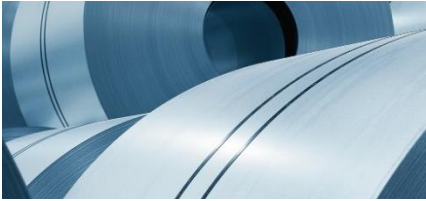


Leading world-
wide technology
and capital
goods company

- » 51,600 Employees
- » 500 locations
- » 50 countries
- » 5 continents

ORGANIZATION

As a publicly listed holding company, voestalpine AG manages four divisions that are each **world market leaders or one of the leading global suppliers.**



STEEL DIVISION

**Worldwide
quality leadership**
36% share of Group
consolidated revenue



HIGH PERFORMANCE METALS DIVISION

**Global
market leader**
22% share of Group
consolidated revenue



METAL ENGINEERING DIVISION

**World
market leader**
22% share of Group
consolidated revenue



METAL FORMING DIVISION

**World's
leading supplier**
20% share of Group
consolidated revenue

EMPLOYEE SHAREHOLDING SCHEME



- » Since the year 2000 **voestalpine employees** have held their own shares in voestalpine AG
- » Bundling of the shares in the **voestalpine Mitarbeiterbeteiligung Privatstiftung**
- » 25,700 active employees virtually hold around 24.4 million shares
- » With 14.8 % of the voting rights, **second-largest core shareholder** in voestalpine AG
- » Attractiveness for **international employees** depends on relevant tax conditions

voestalpine Employee Participation

AIM OF THE EMPLOYEE PARTICIPATION

Contribution to secure the development of the company: “Strategic Ownership“

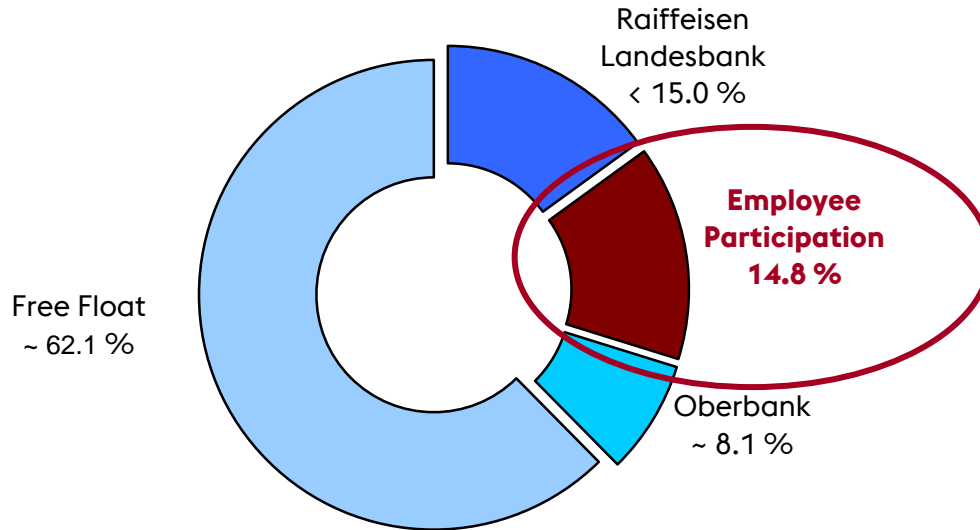
- To defend against unrequested ownership restructuring,
- in this way delivering stability for future development
- More than 10% of shares allow participation in company decision making about fundamental questions due to representation in
 - Annual General Meeting
 - Supervisory Board of the Group

Possibility for individual profit for the employees: “Participation in Group Performance“

- Bonus from the employer
- Use of tax advantages
- Receipt of yearly dividends
- Profit from a (long-run) increase of share-price

voestalpine AG – SHAREHOLDER STRUCTURE

Shareholder Structure voestalpine AG (AGM July 2018 and January 2019)



Through collectively bundling voting rights of 14.8 %*, employees are the second largest core shareholder!

*active employees: 13.6 %
former employees: 1.2 %

AUSTRIAN MODEL – GENERAL PRINCIPLES (I)

■ Financing

- Within the frame of the wage increase through national collective bargaining agreements, Employee Participation has been built up by using agreed fractions of these annual collective wage increases twelve times so far since the year 2000
- All these agreements together have resulted in obligatory participation in the model for all Austrian Employees
 - with a monthly contribution between 3 and 4 percent of gross salaries (firm specific)
 - pieced together from collective bargaining agreement and a bonus from the employer (rounded 3:1)
 - from the beginning till the end of working with voestalpine Group in Austria.
- The employees get continuously allotted shares from his or her contributions and the employer bonus. The principles of the model are regulated by a group internal works agreement.
- Within the frame of the yearly profit related bonus payment, a part is used for allocation of shares.

AUSTRIAN MODEL – GENERAL PRINCIPLES (II)

■ Tax and Social Security Contributions relief on allocation of shares:

- up to a maximum of € 4,500 yearly for Strategic Employee Participation Models constituting a core shareholder by
 - including all employees in the model (or at least all employees of eligible groups)
 - and bundling of voting rights from all allotted shares as precondition
 - for the complete period of employment.
- up to a maximum of € 3,000 yearly for Employee Participation Models
 - where shares are held for at least 5 years
 - without the precondition of bundling voting rights
 - model can be combined with the strategic model above

■ Bundling of voting rights, sustainability

- The employee assigns the voting right of his or her shares through a trust agreement to the foundation during his or her whole employment in the voestalpine Group.

INTERNATIONAL MODEL - GENERAL PRINCIPLES

■ Central, Standardised Design

- Group Management Board offers a **standardised International Model** once every business year
- “**Bonus Shares**“ follow investment by Employees in **fixed relation of 3:1** throughout the model

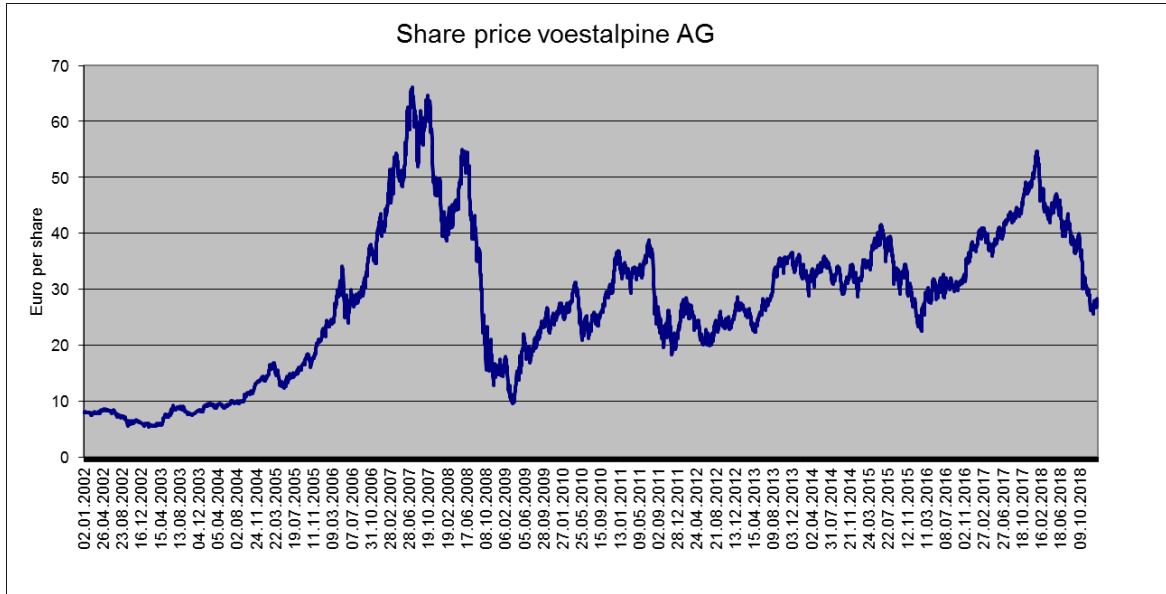
■ Discounted Purchase of Shares

- Yearly contribution by employee may range from € 300 to € 3,000
Contribution for Bonus Shares from € 100 to € 1,000
- Contribution for Bonus Shares are financed **by local employing subsidiaries**
- Available tax and social security contribution allowances are used

■ Voting Rights, Bundling Period

- Transfer of the voting rights to Austrian voestalpine Mitarbeiterbeteiligung Privatstiftung
- Bundling period of 5 years

MANAGING SHARE MARKET VOLATILITY ...



... by:

- using long-run Group performance through long-term orientation of both models
 - whole employment relationship in Austria
 - 5 years minimum in the international model
- Bonus from the Employer
- Tax allowances

BOTH MODELS - RESULTS

▪ **Austrian Model - Status January 2019**

- approx. 24 million shares are held
- by around 23,300 active Austrian employees
- from all 52 Austrian subsidiaries.

▪ **International Model - Status FY 2018/19**

- General international offer introduced in UK and DE (2009), NL and PL (2011), BE (2012), CZ and ITA (2014), CH (2016), RO (2017), SWE and ESP (2018)
- 97 subsidiaries in these 11 countries
- In total 2,400 employees (20% of all invited employees) participate in the model holding around 400,000 shares (status January 2019)
- Participation rate from offer FY 2018/19: 14.7 %

voestalpine Mitarbeiterbeteiligung Privatstiftung

■ **Activity:**

- Administration of the model
- Security and further development of the Employee Participation
- Execution of voting rights at general meeting of shareholders of voestalpine AG

■ **Structure:**

- Management Board and Advisory Board
 - each nominated half by the management and half by the Works Council
 - each chaired by a representative of the Works Council

Supervisory Board voestalpine AG:

Since 2004, as a result of a shareholding of more than 10%, it has been possible for the voestalpine Mitarbeiterbeteiligung Privatstiftung to nominate a person for the Supervisory Board.

WHAT MAKES US UNIQUE

25,700 active and former employees in the voestalpine Group have 26.4 M shares with the voting rights bundled in the voestalpine Mitarbeiterbeteiligung Privatstiftung. With it we are...

in Austria:

- ONE OF THE VERY FEW models with individual acquisition of shares but collective bundling of the voting rights
- the ONLY model which integrates all employees of a group and which uses the possibility of this kind of collective bargaining agreement
- ONE OF THE VERY FEW models which is represented in a Supervisory Board of the Group
- With its volume of voting rights and its value of integrated shares the LARGEST broad based financial employee participation

in Europe:

- ONE OF THE FEW models which operates cross border
- ONE OF THE VERY FEW models which is represented in any kind of board
- the ONLY model with an international systematic bundling of voting rights with individual shareholding at the same time

CONNECTIONS TO EU-POLICY?

- What would support our Employee Participation roll-out through EU?
 - Harmonized treatment of taxes and social securities ...
 - ... maybe by a basic “standard” model available throughout Europe
 - ... with attractive financial incentives for (strategic) Employee Participation
 - in order to properly manage risks from share market volatility
- Gains from a wider distribution of (strategic) EP-Models?
 - Stability in shareholder structure to support economic performance of firms
 - Positive feedback to enterprise culture from success of an important joint project
 - watch our film about EP: <https://www.voestalpine.com/group/en/group/employee-participation/>
 - More Participation in long-run business performance for employees
 - Low barrier access to capital markets via Employee Participation for employees

THANK YOU
