Letter to Shareholders, 1st Half of 2009/10

voestalpine

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voestalpine Group Key Figures[1]

Q 1 2009/10 vs. Q 2 2009/10

In millions of euros	Q 1 2009/10 04/01–06/30/2008	Q 2 2009/10 07/01–09/30/2009	Change in %
Revenue	2,073.6	2,067.6	–0.3
EBITDA	134.9	234.2	73.6
EBITDA margin	6.5%	11.3%	
EBIT	–24.0	70.4	393.3
EBIT margin	–1.2%	3.4%	
Profit before tax	–67.7	29.3	143.3
Profit for the period from continuing operations	–46.3	29.1	162.9
Profit for the period[2]	–48.2	28.3	158.7
Earnings per share (euros)	–0.40	0.05	112.5
Investments	140.2	136.0	–3.0
Depreciation	159.0	163.8	3.0
Capital employed	8,661.6	8,192.3	–5.4
Equity	4,229.9	4,001.7	–5.4
Net financial debt	3,810.0	3,601.8	–5.5
Net financial debt in % of equity	90.1%	90.0%	
Employees (excl. temporary personnel and apprentices)	40,120	39,295	–2.1

H 1 2008/09 vs. H 1 2009/10

In millions of euros	H 1 2008/09 04/01–09/30/2008	H 1 2009/10 04/01–09/30/2009	Change in %
Revenue	6,486.2	4,141.2	–36.2
EBITDA	1,143.4	369.1	–67.7
EBITDA margin	17.6%	8.9%	
EBIT	785.6	46.4	–94.1
EBIT margin	12.1%	1.1%	
Profit before tax	658.9	–38.4	
Profit for the period from continuing operations	522.1	–17.2	
Profit for the period[2]	518.8	–19.9	
Earnings per share (euros)	2.94	–0.35	
Investments	467.2	276.1	–40.9
Depreciation	357.8	322.7	–9.8
Capital employed	8,701.5	8,192.3	–5.9
Equity	4,211.6	4,001.7	–5.0
Net financial debt	3,859.6	3,601.8	–6.7
Net financial debt in % of equity	91.6%	90.0%	
Employees (excl. temporary personnel and apprentices)	42,325	39,295	–7.2

[1] According to IFRS all figures after purchase price allocation (ppa). Please refer to the Annual Report 2007/08 for more details.
[2] Before minority interests and interest on hybrid capital.

Ladies and Gentlemen,

After a negative but manageable result for the voestalpine AG during the first quarter of the 2009/10 business year, which was the consequence of the global economic crisis, with its figures for the second quarter the Group is reporting a clear return to the profit zone: in addition to EBITDA exceeding EUR 230 million, not only is the operating result for the last three months positive at EUR 70 million, but we have engineered a turnaround in all other reporting categories—including profit for the period of almost EUR 30 million. This means that, with EBITDA of just over EUR 370 million and EBIT of more than EUR 45 million, our operational performance in the first half of the current business year has been in the profit zone. While profit before tax and profit for the period figures are still negative for the period under review, the losses in both categories were halved as compared to the first quarter.

The figures for this reporting period attest to the fact that in just the first six months, we have achieved the target for the entire 2009/10 business year, which was outlined in the "Outlook" section of the last Letter to Shareholders: a positive operating result.

These operating results demonstrate once again just how different the strategy and consistent position of the voestalpine Group is compared to "classic" steel companies. The extension of the value chain towards the end customer, which we have been pursuing for over the last 20 years, with technologically sophisticated and top-quality niche products in the high-end steel sector, has made the company much more stable in its long-term development, less subject to cycles, and more crisis-resistant than many other companies.

One should not lose sight of the fact that during the last twelve months the voestalpine Group has taken far-reaching steps toward ensuring its long-term survival—from reducing staff by about 15% to curtailing investments by almost 50%, cutting overhead costs by 30%, and cutting back on working capital by about EUR 1 billion in the past nine months alone. Against this backdrop, the first quarter of the 2009/10 business year should be the first and also the last loss quarter of the voestalpine Group. Despite all the uncertainties and the caution that we are exercising, as of the present second quarter, the signs say that we are again on the path to growth and profit.

Linz, November 13, 2009

The Management Board

Wolfgang Eder | Franz Hirschmanner | Josef Mülner

Robert Ottel | Claus J. Raidl | Wolfgang Spreitzer

Highlights[1]

- **The bottom** of the economic downturn was **reached** during the summer of 2009, however, a **sustainable** economic **upturn** is **not yet assured.**
- **Compared to the same six-month period** in the previous year, the extremely challenging market environment has resulted in a **decline** of **revenue by 36.2%** from EUR 6,486.2 million **to EUR 4,141.2 million.**
- **Measured against** the **preceding quarter** (EUR 2,067.6 million), **stabilization of revenues** at a low level (Q 1 2009/10: EUR 2,073.6 million).
- Compared to the same period in the previous year, **EBITDA in the first half of the year down by 67.7%** from EUR 1,143.4 million to **EUR 369.1 million; Railway Systems Division most resistant to the crisis,** but **all** other **divisions** also reporting **clearly positive figures.**
- Despite stagnation of revenue, successful **crisis management** results in **EBITDA increase by 73.6%** from EUR 134.9 million **to EUR 234.2 million compared to the first quarter of 2009/10.**
- **In the six month period-to-period comparison, EBIT** plunges **by 94.1%** from EUR 785.6 million **to EUR 46.4 million** but continues to be **positive.**
- **Compared to the first quarter (EUR –24.0 million), EBIT surged markedly** in the **second quarter of 2009/10 up to EUR 70.4 million,** with all divisions contributing to this improvement; only the Special Steel Division still in the red in the second quarter of 2009/10, as it is a late-cyclical segment.
- **EBITDA and EBIT margin drop** to **8.9%** in the first six months (previous year: 17.6%) and **1.1%** (previous year: 12.1%), respectively; **however,** EBITDA and EBIT margin **in the second quarter of 2009/10** already **rising again to 11.3% and 3.4%** compared to the first quarter (6.5% and –1.2%).
- **Profit before tax** and **profit for the period** in the first half of the year fall sharply from EUR 658.9 million in the previous year **to EUR –38.4 million** and from EUR 518.8 million **to EUR –19.9 million, respectively;** in the **second quarter 2009/10,** both profit before tax and profit for the period rebound to a **positive** showing at **EUR 29.3 million and EUR 28.3 million, respectively, and are substantially higher than in the first quarter** (EUR –67.7 million and EUR –48.2 million).
- **Earnings per share for the first half of the year negative** at **EUR –0.35** (previous year: EUR 2.94 per share)[2]; return, however, to a **positive** range in the **second quarter at EUR 0.05.**
- Due to consistent management of investment and working capital and **despite dividend payments, gearing ratio at 90%** (including hybrid interest of EUR 65.2 million) **largely unchanged compared to both March 31, 2009** (88.2%) and **June 30, 2009** (90.1%).
- Compared to the all-time high on September 30, 2009, the number of **employees fell by 7.2%** from 42,325 **to 39,295 employees** (excluding temporary staff and apprentices); number of **employees on reduced working hours declined** during the second quarter of 2009/10 **by 57%** or 6,443 employees.

[1] In accordance with IFRS, all figures after application of the purchase price allocation (ppa). For explanatory remarks on the ppa, please refer to the inside cover page of the Annual Report 2007/08.
[2] Basis of the calculation is the profit for the period; in the Letter to Shareholders for the first half of the 2008/09 business year; the basis for calculation was the profit for the period from continuing operations at EUR 2.96 per share.

Interim Management Report

Market environment

Since the end of the summer, there have been growing signs that the global economy has bottomed out. However, it is still premature to interpret this as an indication of a sustained recovery.

On one hand, the recovery is being driven largely by the economic upward trend in Asia, while the fact that demand is picking up in Europe and North America is primarily due to the normalization of both distributors' and end customers' inventories, which had been massively reduced in the course of the year and had reached a very low level. In the industrialized nations, the "uptrend" has thus far been more or less limited to a bottoming out process.

Currently, this development is also being adversely impacted by the fact that during the second quarter of 2009/10 customer segments, which had been mostly stable thus far, were showing signs of a slowdown. With the exception of the alternative energies sectors, this applies to the entire energy production sector, the aviation industry, and—although somewhat delayed—to railway infrastructure in Eastern Europe as well.

The performance of the construction industry is still reasonably satisfactory, at least in the European core segment, as it is being bolstered by extensive state funding programs, while any consolidation that has occurred in the machinery manufacturing and commercial vehicle industries has been at a very low level. The increase in demand in the automobile industry during the course of this year can probably be attributed largely to the scrapping premium in a number of countries, which, however, is set to be discontinued for good. The core question in this segment is the development in 2010 and to what extent it will be possible to replace the artificial demand that was created by these premiums in the sub-compact and compact car categories by increased demand that is more broadly based.

As far as the underlying circumstances are concerned, the weakness of the US dollar vis-à-vis the euro continues to be a challenge for the overall economic situation, as it is hampering exports.

Business performance of the voestalpine Group[1]

In the first six months of the 2009/10 business year, the voestalpine Group experienced a considerable decline compared to the record revenue and result figures of the same period of 2008/09 due to the economic circumstances that continue to be difficult.

During the first half of 2009/10, the Group's revenue fell by EUR 2,345 million (−36.2%) from EUR 6,486.2 million to EUR 4,141.2 million. In absolute figures, the greatest decline was recorded by the Special Steel Division, whose revenue fell by EUR 862.9 million (−43.3%) from EUR 1,994.4 million to EUR 1,131.5 million. Viewed relatively, the Profilform Division was most severely affected, its revenue dropping by 48.8% from EUR 689.7 million to EUR 353 million due to continuing weak demand in the commercial vehicle

[1] In accordance with IFRS, all figures after application of the purchase price allocation (ppa).
For explanatory remarks on the ppa, please refer to the inside cover page of the Annual Report 2007/08.

sector and in the construction and construction supply industries in Western Europe and Russia. In the Steel Division, declines in deliveries and prices also resulted in lower revenue at EUR 1,513.4 million, 36.1% below the comparable figure in the previous year (EUR 2,368.6 million). While government-backed incentive programs to stimulate automobile sales did slow the downward trend, the Automotive Division's figures reflect the performance of European automobile manufacturing, showing a revenue decline by 29.7% from EUR 494.9 million to EUR 347.9 million. The Railway Systems Division has again proven to be the division most resistant to the crisis; with 23.3%, its decline in revenue from EUR 1,264.6 million to EUR 969.5 million is comparatively manageable, as it is due solely to somewhat weaker demand for wire and seamless tubes, two of the smaller segments.

However, the current economic trend can be assessed much more substantively by comparing the second quarter of 2009/10 with the immediately preceding quarter (first quarter of 2009/10) than by comparing a six-month period at an interval of one year. This shows that revenue in the second quarter of 2009/10 stabilized at EUR 2,067.6 million and was only 0.3% below the figure of the preceding quarter (EUR 2,073.6 million). A view across all the divisions confirms the broadly based and consistent trend toward stabilization, as the range of changes in the revenue figures is very narrow with −1.8% (Special Steel Division), −1.7% (Automotive Division), −0.9% (Steel Division), +1.3% (Railway Systems Division), and +3.3% (Profilform Division). In the divisions Steel and Special Steel, it was primarily the initial increases in volumes that contributed to this stability, as the prices in the Steel Division did not bottom out until the second quarter of 2009/10 due to the high proportion of long-term delivery agreements and the Special Steel Division was still being impacted by declining alloy prices. The revenue increase in the Profilform Division is more the result of a restocking of sharply reduced customer inventories and purchases by customers ahead of anticipated price increases rather than an actual growth in demand. While government-backed incentive programs had a stabilizing effect in the Automotive Division in the second quarter of 2009/10, there was a definite recovery in the wire segment.

Earnings before interest, taxes, depreciation and amortization (EBITDA) showed an even more marked slide than revenue. A decline in revenue in the first half of 2009/10 of 36.2% resulted in EBITDA that is down by 67.7% from EUR 1,143.4 million to EUR 369.1 million, when comparing it to the same period in the previous year. With a decrease of "only" 26.7% from EUR 226.1 million to EUR 165.7 million, the Railway Systems Division again demonstrated its stability. With a plunge of 86% from EUR 274.7 million to EUR 38.5 million, the Special Steel Division felt the greatest impact. The Profilform Division's EBITDA figure fell by 84.1% from EUR 115.7 million to EUR 18.4 million, the Steel Division's figure went down 73.4% from EUR 505.7 million to EUR 134.5 million, and Automotive Division EBITDA decreased by 51% from EUR 55.3 million to EUR 27.1 million, with the latter continuing to hold up relatively well in a very challenging market environment. This means that all divisions are reporting positive EBITDA, even in the most difficult phase of the crisis, so that the voestalpine Group still has an EBITDA margin of 8.9% (comparable period of the previous year: 17.6%).

However, it is the direct comparison to EBITDA in the first quarter of 2009/10 that demonstrates the sustained success of the voestalpine Group's comprehensive crisis management during the second quarter of 2009/10. When comparing the two quarters directly, the previously mentioned minimal decline in revenue by 0.3% results in an EBITDA gain of 73.6% from EUR 134.9 million to EUR 234.2 million, corresponding to an EBITDA margin of 11.3% in the second quarter. With growth of 195.6% from EUR 34 million to EUR 100.5 million, the Steel Division reported the highest figure, both in relative and absolute terms. However, the other four divisions also contributed significantly to the increase in EBITDA. Both the Profilform Division and the Special Steel Division more than doubled their EBITDA, with EBITDA increasing in the Profilform Division by 122.8% from EUR 5.7 million to EUR 12.7 million and in the Special Steel Division by 115.6% from EUR 12.2 million to EUR 26.3 million. It was primarily the stable performance in the rail and turnout technology segments and the higher demand in the wire segment that enabled the Railway Systems Division to not only maintain the already "high" EBITDA achieved in the first quarter of 2009/10 but to improve it still further in the second quarter of 2009/10 by 3.6% from EUR 81.4 million to EUR 84.3 million.

In contrast to a record operating result (EBIT) of EUR 785.6 million in the first six months of 2008/09, the voestalpine Group reported a profit from operations for the first half of 2009/10 of EUR 46.4 million, a figure that was lower than the previous year's by 94.1%; however, it is still a positive operating result despite the massive recession. In the first half of 2009/10, the Group recorded an EBIT margin of 1.1% (after 12.1% in the previous year).

While EBIT in the first quarter of 2009/10 was still slightly negative at EUR –24 million, it was clearly positive in the second quarter of 2009/10 at EUR 70.4 million (corresponding to an EBIT margin of 3.4%), and all the divisions contributed to this gratifying development. The divisions Railway Systems and Automotive already reported a positive EBIT in the first quarter, with the divisions Steel and Profilform reversing their negative EBIT in the second quarter of 2009/10 and recording clearly positive figures. Only the Special Steel Division, traditionally a late-cyclical segment, still reported negative figures in the second quarter of 2009/10 at EUR –33.2 million.

In a year-to-year comparison, the first half of 2009/10 showed a profit before tax that fell from EUR 658.9 million to EUR −38.4 million due to lower operating results and to financing costs. The Group's profit for the period (net income)[1] was EUR −19.9 million (compared to EUR 518.8 million in the previous year).

Although, compared to the same six-month period last year, the profit before tax and the profit for the period are negative, the trend

[1] Before minority interests and interest on hybrid capital.

from the first to the second quarter of the current business year is showing a reversal in these categories as well, with profit before tax shifting from EUR −67.7 million in the first three months to a EUR 29.3 million in the second quarter and profit for the period increasing from EUR −48.2 million to EUR 28.3 million.

For the first three months of 2009/10, earnings per share (EPS) were EUR −0.35 per share (previous year: EUR 2.94)[1], rising to EUR 0.05 per share in the second quarter of 2009/10 (previous year: EUR 1.59).

Equity fell during the first half of 2009/10 compared to March 31, 2009 by 6.1% from EUR 4,262.5 million to EUR 4,001.7 million. This decline is primarily due to the dividend payment to shareholders and owners of hybrid capital in the amount of EUR 241.1 million and the profit for the period of EUR −19.9 million. Net financial debt went down due to the fact that, for the first time, investment expenditure was lower than depreciation and working capital declined markedly by 4.2% from EUR 3,761.6 million to EUR 3,601.8 million. Therefore, this results in a gearing ratio (net financial debt as a percentage of equity) for the voestalpine Group of 90% as of the end of the first half of 2009/10. Despite the dividend payment and the continuing difficult economic circumstances, it is only marginally higher than the gearing ratio as of March 31, 2009 (88.2%); once again, this proves the self-financing capability of the Group, even in the midst of a crisis.

The Group's crude steel production in the first half of 2009/10 was 2.73 million tons, 32.8% below the previous year's corresponding figure (4.06 million tons). The Special Steel Division had the greatest reduction in crude steel production at 55.2% (from 460,000 tons to 206,000 tons), with the Steel Division seeing a decrease of 28.8% at 1.98 million tons; the Railway Systems Division's production volume was 545,000 tons, which means a cut by 34.3%.

voestalpine Group quarterly development*

In millions of euros	Q 1		Q 2		H 1		
	2008/09 04/01–06/30/2008	2009/10 04/01–06/30/2009	2008/09 07/01–09/30/2008	2009/10 07/01–09/30/2009	2008/09 04/01–09/30/2008	2009/10 04/01–09/30/2009	Change in %
Revenue	3,255.0	2,073.6	3,231.2	2,067.6	6,486.2	4,141.2	–36.2
EBITDA	542.6	134.9	600.8	234.2	1,143.4	369.1	–67.7
EBITDA margin	16.7%	6.5%	18.6%	11.3%	17.6%	8.9%	
EBIT	357.7	–24.0	427.9	70.4	785.6	46.4	–94.1
EBIT margin	11.0%	–1.2%	13.3%	3.4%	12.1%	1.1%	
Employees (excl. temporary personnel and apprentices)	42,088	40,120	42,325	39,295	42,325	39,295	–7.2

* According to IFRS all figures after purchase price allocation (ppa). Please refer to the Annual Report 2007/08 for more details.

[1] Basis of the calculation is the profit for the period; in the Letter to Shareholders for the first half of the 2008/09 business year; the basis for calculation was the profit for the period from continuing operations at EUR 2.96 per share.

Steel Division

In millions of euros	Q 1		Q 2		H 1		
	2008/09 04/01–06/30/2008	2009/10 04/01–06/30/2009	2008/09 07/01–09/30/2008	2009/10 07/01–09/30/2009	2008/09 04/01–09/30/2008	2009/10 04/01–09/30/2009	Change in %
Revenue	1,174.7	760.1	1,193.9	753.3	2,368.6	1,513.4	–36.1
EBITDA	240.8	34.0	264.9	100.5	505.7	134.5	–73.4
EBITDA margin	20.5%	4.5%	22.2%	13.3%	21.4%	8.9%	
EBIT	188.7	–17.3	210.9	46.5	399.6	29.2	–92.7
EBIT margin	16.1%	–2.3%	17.7%	6.2%	16.9%	1.9%	
Employees (excl. temporary personnel and apprentices)	9,889	9,839	9,937	9,618	9,937	9,618	–3.2

During the first quarter of the 2009/10 business year, the quality flat steel business sector, the *Division Steel's* largest segment, was characterized by very low demand and steeply falling prices. The bottom of the economic downturn was reached during the summer of 2009. The beginning recovery was primarily the result of increased demand from the automobile industry. In the heavy plate segment, there were broadly-based project shutdowns due to the financial crisis and the sharp decline in the oil prices with both demand and prices plunging, especially in the energy sector. Toward the end of the first half of the year, demand became slightly more active, although European manufacturers are at a disadvantage in the global competitive arena due to the strong euro. In the foundry products segment, which had been very stable thus far, new orders—primarily in the field of turbine construction—declined significantly. The 2009/10 business year continues to be difficult for the division's preprocessing activities. Only the Steel Service Center (SSC) has seen demand increasing markedly since the summer months.

Just how profound the economic downturn has been can be seen in the comparison with the first half of 2008/09, when revenue and profits were at a record high. During the first half of 2009/10, revenue fell compared to the same period of the previous year by 36.1% from EUR 2,368.6 million to EUR 1,513.4 million. The decline in profit was even more severe. EBITDA fell by 73.4% in comparison to the first half of the previous year from EUR 505.7 million to EUR 134.5 million, and EBIT declined by 92.7% from EUR 399.6 million to EUR 29.2 million. The EBITDA and EBIT margins decreased from 21.4% to 8.9% and from 16.9% to 1.9%, respectively.

When directly comparing the first and the second quarters of 2009/10, however, the latter showed a trend toward recovery—albeit only a slight one. Deliveries increased by 10.5% compared to the first quarter of 2009/10, while prices did not bottom out (–10%) until the second quarter of 2009/10 due to the high proportion of long-term delivery agreements. As a result of the quick and comprehensive crisis response, the operating result grew despite a decline in revenue by 0.9% from EUR 760.1 million to EUR 753.3 million. EBITDA went up by 195.6% in comparison to the first quarter of 2009/10 from EUR 34 million to EUR 100.5 million, while EBIT rose from EUR –17.3 million to EUR 46.5 million. The EBITDA and EBIT margins edged higher from 4.5% to 13.3% and from –2.3% to 6.2%, respectively.

Special Steel Division[1]

In millions of euros	Q 1		Q 2		H 1		
	2008/09 04/01–06/30/2008	2009/10 04/01–06/30/2009	2008/09 07/01–09/30/2008	2009/10 07/01–09/30/2009	2008/09 04/01–09/30/2008	2009/10 04/01–09/30/2009	Change in %
Revenue	1,017.1	570.8	977.3	560.7	1,994.4	1,131.5	–43.3
EBITDA	122.2	12.2	152.5	26.3	274.7	38.5	–86.0
EBITDA margin	12.0%	2.1%	15.6%	4.7%	13.8%	3.4%	
EBIT	33.8	–47.6	78.5	–33.2	112.3	–80.8	
EBIT margin	3.3%	–8.3%	8.0%	–5.9%	5.6%	–7.1%	
Employees (excl. temporary personnel and apprentices)	15,451	14,250	15,487	13,884	15,487	13,884	–10.4

In the *Special Steel Division,* demand in all major customer industries declined during the first half of 2009/10, including in the sectors of energy generation, chemicals/petrochemicals, and aviation, which had still been reasonably stable in the first quarter of 2009/10; in the automotive and commercial vehicle sectors and in the construction industry, the decline can even be characterized as dramatic.
This development was made even more challenging by a massive reduction of inventory along the entire value chain, which, however, peaked during the summer months. The cautious revival toward the end of the second quarter of 2009/10 is therefore based primarily on the beginning restocking of inventories rather than on a sustained economic recovery, especially since it is limited almost solely to China and India, with the North American and European core markets of the Special Steel Division stabilizing, albeit at an extremely low level.

During the first half of 2009/10, the marked reversals in both orders and volumes in all four business sectors, as well as lower alloy prices, resulted in a significant deterioration of both revenue and profits compared to the first six months of the previous year, which had been outstanding. Revenue decreased by 43.3% from EUR 1,994.4 million to EUR 1,131.5 million. EBITDA fell by 86% from EUR 274.7 million to EUR 38.5 million, while EBIT eroded from a profit of EUR 112.3 million to a loss of EUR 80.8 million. The EBITDA margin in the first half of 2009/10 was at 3.4% (previous year: 13.8%), while the EBIT margin fell to –7.1% (previous year: 5.6%).

The comparison of the second quarter with the preceding quarter signalizes a certain stabilizing trend in the Special Steel Division as well: revenue dropped only slightly by 1.8% from EUR 570.8 million to EUR 560.7 million, with increases in volumes (+4%) almost compensating the still declining earnings (–5.5%). Due to the package of measures initiated as a response to the crisis, EBITDA rose by 115.6% from EUR 12.2 million to EUR 26.3 million, mitigating the extent of the operating losses (EBIT) that fell from EUR –47.6 million to EUR –33.2 million. The EBITDA margin in the second quarter of 2009/10 was at 4.7% (previous year: 15.6%), while the EBIT margin fell to –5.9% (previous year: 8.0%).

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Railway Systems Division

In millions of euros	Q 1		Q 2		H 1		
	2008/09 04/01–06/30/2008	2009/10 04/01–06/30/2009	2008/09 07/01–09/30/2008	2009/10 07/01–09/30/2009	2008/09 04/01–09/30/2008	2009/10 04/01–09/30/2009	Change in %
Revenue	630.7	481.6	633.8	487.9	1,264.6	969.5	–23.3
EBITDA	112.8	81.4	113.3	84.3	226.1	165.7	–26.7
EBITDA margin	17.9%	16.9%	17.9%	17.3%	17.9%	17.1%	
EBIT	90.7	56.5	91.0	56.5	181.7	113.0	–37.8
EBIT margin	14.4%	11.7%	14.3%	11.6%	14.4%	11.7%	
Employees (excl. temporary personnel and apprentices)	8,023	8,035	8,068	8,023	8,068	8,023	–0.6

The market environment of the *Railway Systems Division* continued to be stable in the railway infrastructure segment, with the exception of North America and Eastern Europe. However, both the rail and the switches segments are increasingly coming under price pressure due to sharply intensifying competition. The wire segment has experienced a marked recovery since July of this year due to a normalization of customers' inventories; the price trend has, however, remained cautious, at least until the end of the first half of 2009/10. The market situation of the seamless tube segment, however, remains critical. As of the beginning of the third quarter of 2009/10, its capacity had to be reduced by moving from a three-shift to a two-shift operation and in some areas, reduced working hours are also being considered. Due to declining demand for seamless tubes, the fact that the wire segment is not yet at full capacity, and weak demand for semi-finished products on the external market, capacity utilization in the steel segment still remained below 70%.

Despite its performance, which was excellent compared to all other divisions, the Railway Systems Division's revenue and operating result in the first half of 2009/10 were significantly below the record levels of the same period of the preceding year. The reduction of raw materials costs, as well as the accelerated cost reduction programs were not able to fully compensate the effects of deteriorating prices, particularly for seamless tubes and wire, as well as the specific increases in fixed costs due to lower sales volumes in these segments. Nevertheless, as contrasted with the other divisions, the decline in revenue during the first half of 2009/10 compared to the first six months of the previous year was kept within manageable limits at 23.3%, falling from EUR 1,264.6 million to EUR 969.5 million. Even though EBITDA dropped by 26.7% from EUR 226.1 million to EUR 165.7 million and EBIT shrank by 37.8% from EUR 181.7 million to EUR 113 million, the division was able to retain two-digit margins, with the EBITDA margin even at the previous year's level (17.9%) at 17.1% and the EBIT margin at 11.7% (previous year: 14.4%).

The comparison of the second quarter 2009/10 with the immediately preceding one proves the high degree of stability of the Railway Systems Division, even in an extremely difficult economic environment. Revenue edged up by 1.3% from EUR 481.6 million to EUR 487.9 million, with EBITDA rising slightly by 3.6% from EUR 81.4 million to EUR 84.3 million, while at EUR 56.5 million, EBIT remained at precisely the same level as in the preceding quarter. Compared to the immediately preceding quarter, the EBITDA margin went up from 16.9% to 17.3%, while the EBIT margin remained practically unchanged at 11.6% (previous quarter: 11.7%).

Profilform Division

In millions of euros	Q 1		Q 2		H 1		
	2008/09 04/01–06/30/2008	**2009/10** 04/01–06/30/2009	**2008/09** 07/01–09/30/2008	**2009/10** 07/01–09/30/2009	**2008/09** 04/01–09/30/2008	**2009/10** 04/01–09/30/2009	Change in %
Revenue	341.2	173.6	348.5	179.4	689.7	353.0	–48.8
EBITDA	57.3	5.7	58.4	12.7	115.7	18.4	–84.1
EBITDA margin	16.8%	3.3%	16.8%	7.1%	16.8%	5.2%	
EBIT	49.4	–2.3	50.4	4.7	99.8	2.4	–97.6
EBIT margin	14.5%	–1.3%	14.5%	2.6%	14.5%	0.7%	
Employees (excl. temporary personnel and apprentices)	3,839	3,319	3,859	3,159	3,859	3,159	–18.1

The performance of the *Profilform Division* in the second quarter of 2009/10 was characterized by a moderate improvement in demand in some of its customer industries. The main reason for this upturn was probably the fact that price increases for hot wide strips and galvanized strips had been announced, prompting many customers to place higher-volume orders in the sections segment. A large part of these deliveries was destined to fill customer inventories, which had been sharply reduced during recent quarters. In addition to these surges in demand, which were driven by the anticipated price increases, it was primarily the solar energy segment and the logistics and storage technology segments that generated a satisfactory level of demand. The construction sector, however, which is important to the division, continued to be a challenge, as it has not shown any trends toward recovery. In the sectors of commercial and construction vehicles and agricultural machinery, the low level of demand, which has fallen dramatically since the fall of 2008, continued unchanged; an expansion of business volume is not expected in the foreseeable future.

Although the collapse of demand bottomed out in the first quarter of the business year and there has been a slight recovery in some segments, the situation with regard to capacity utilization has continued to be unsatisfactory at all of the division's production locations during the past six months.
Although this division suffered the sharpest slide in revenue of all the divisions in the first half of 2009/10, falling by 48.8% from EUR 689.7 million to EUR 353 million, comprehensive cost reduction measures, reduced working hours, and a reduction in staff enabled it to generate positive results. For the first half of 2009/10, EBITDA of EUR 18.4 million (previous year: EUR 115.7 million) and EBIT of EUR 2.4 million (previous year: 99.8 million EUR) have been recorded. The EBITDA margin, however, dropped compared to the previous year by 16.8% to 5.2%; the EBIT margin fell from 14.5% to 0.7%.
Although only some minor aspects of the economic environment improved, due to consistent crisis management, the second quarter of 2009/10 saw EBITDA almost double compared to the first quarter despite revenues that remained at almost the same level; furthermore, positive EBIT was again reported after the operating result had showed a slightly negative trend in the first three months. With an increase in revenue by 3.3% from EUR 173.6 million to EUR 179.4 million, EBITDA surged by 122.8% from EUR 5.7 million to EUR 12.7 million, with EBIT rising from EUR –2.3 million to EUR 4.7 million. The EBITDA margin in the second quarter of 2009/10 was at 7.1%, with the EBIT margin at 2.6%.

Automotive Division

In millions of euros	Q 1		Q 2		H 1		
	2008/09 04/01–06/30/2008	2009/10 04/01–06/30/2009	2008/09 07/01–09/30/2008	2009/10 07/01–09/30/2009	2008/09 04/01–09/30/2008	2009/10 04/01–09/30/2009	Change in %
Revenue	259.2	175.4	235.7	172.5	494.9	347.9	–29.7
EBITDA	30.4	13.5	24.9	13.6	55.3	27.1	–51.0
EBITDA margin	11.7%	7.7%	10.6%	7.9%	11.2%	7.8%	
EBIT	17.6	0.2	12.1	0.8	29.7	1.0	–96.6
EBIT margin	6.8%	0.1%	5.2%	0.5%	6.0%	0.3%	
Employees (excl. temporary personnel and apprentices)	4,244	4,015	4,306	3,967	4,306	3,967	–7.9

The positive momentum primarily in the major markets of Germany, France, and Italy resulting from government-backed incentive programs intended to stimulate automobile sales slowed the downward trend of Western European automobile production throughout the summer months. As the same period saw a worsening of the trend in Eastern Europe, automobile production in Europe overall during the 2009 calendar year thus far has remained at about 25% below that of the previous year, with losses in our main customer segment, the premium manufacturers, being disproportionately high.

While currently we are seeing a slight improvement in our customers' call-off orders in almost all business sectors of the *Automotive Division,* this does not indicate a sustained stabilization of the market, considering that a drop in demand can be expected after the government-backed incentive programs have been discontinued. The focus of current efforts remains on the consistent continuation of the initiated measures intended to secure the best possible adjustment of the division's cost structure to the drastically changed situation with regard to capacity utilization and earnings.

The market environment that remains difficult is reflected in the Automotive Division's revenues during the first half of 2009/10, which were EUR 347.9 million or 29.7% below the comparative figure in the previous year (EUR 494.9 million). EBITDA decreased by 51% from EUR 55.3 million to EUR 27.1 million, with the EBITDA margin falling from 11.2% to 7.8%. Profit from operations (EBIT) during the first half of 2009/10 is just slightly positive, although it fell compared to the previous year by 96.6% from EUR 29.7 million to EUR 1 million. This results in an EBIT margin of 0.3% (previous year: 6.0%).

Compared to the directly preceding quarter, revenue and result remained almost unchanged in the second quarter of 2009/10. Revenue fell only slightly by 1.7% from EUR 175.4 million to EUR 172.5 million, with EBITDA and EBIT marginally higher, going up from EUR 13.5 million to EUR 13.6 million and from EUR 0.2 million to EUR 0.8 million. Thus the EBITDA and EBIT margins reported for the second quarter of 2009/10 were at 7.9% and 0.5%, respectively.

Business transactions with associated companies or parties

Within the scope of operational activities, business transactions in the form of deliveries and services are carried out with associated Group companies. These business transactions are implemented exclusively based on normal market terms.

There were no changes in transactions with associated companies and persons as set forth in the last annual financial report, which significantly affected the Company's financial situation or its net operating profit during the first six months of the current business year.

Investments

The Group's investments during the first half of 2009/10 came to EUR 276.1 million. The substantial decline by 40.9% compared to the previous year (EUR 467.2 million) reflects the changed economic circumstances. For the first time in many years, the voestalpine Group's investments were below depreciation. Despite this very restrictive investment policy, it must be stressed that we will continue to consistently pursue those projects that aim to extend our leadership role, both in technology and quality.

The details of the investment activities of the individual divisions during the first quarter of 2009/10 are as follows:

At EUR 149.8 million (–16.5% compared to EUR 179.4 million in the previous year), 54% of all Group investments were accounted for by the *Steel Division*. The focus—albeit with a extended time schedule due to the economic situation—is on the implementation of unfinished parts of the "L6 – Phase 1" project. The completion of the reeling plant in the wide strip mill was on schedule, as was the recommissioning of one of the two smaller blast furnaces after a scheduled major repair so that until the renovation of the second small blast furnace, which is planned for early December 2009, full capacity for pig iron production is available.

The investment expenditures of the *Special Steel Division* during the first half of 2009/10 came to EUR 72.2 million, 27.9% lower than the comparative figure of the previous year (EUR 100.1 million). It was primarily the postponement of expansion and modernization projects in the open die forging segment until the 2011/12 business year that resulted in the sharp decline in investment expenditures. The first phase of the new cold rolling center in Ybbstal (Austria) was begun; start-up of operations will be implemented in progressive steps from mid-2010 onward. The decision on the realization of the second stage (construction of a new strip production facility) will be made in the medium term, depending on how the overall economic situation develops.

At EUR 28.7 million, the *Railway Systems Division* recorded investment expenditures for the first half of 2009/10 that were 66.5% (EUR 85.7 million) lower than those of the first six months of the previous year. This significant reduction was due primarily to the completion of some major projects, but also to investment policies that had been adjusted as a result of the economic crisis. The construction of a third sawing and drilling line in the rail finishing line, as well as investments aimed at increasing the degasification capacity in the steel plant in Donawitz are on schedule.

The investment expenditures of the *Profilform Division* in the first half of 2009/10 showed a steep decline of 56% from EUR 25.7 million to EUR 11.3 million, as investments aimed at expanding capacity, which were begun during the first six months of the previous year, were continued only to a limited extent.

Due to the economic environment, the same applies to the Automotive Division whose investment volume of EUR 11.6 million in the first half of 2009/10 was 60.4% lower than the comparative figure in the previous year (EUR 29.3 million).

Acquisitions and Divestments

The sale as of April 1, 2009 of the Italian company Euroweld S.r.l. (Automotive Division), which produces laser-welded blanks, was already reported in the Letter to Shareholders for the first quarter of 2009/10.
Within the scope of the restructuring of the plastics segment, in late August 2009 the location at St. Helens (Great Britain) was closed; it was part of the voestalpine Polynorm Group, which also belongs to the Automotive Division. During the 2009/10 business year thus far, no acquisitions or further divestments have been made.

Employees

The voestalpine Group had 39,295 (core) employees as of September 30, 2009 (not including apprentices). Vis-à-vis the previous year's comparative figure (42,325), which represented the highest number of employees in the company's history, it showed a drop of 7.2% or 3,030 employees. In addition to a reduction in core staff, 1,559 leased employees were cut back Group-wide.

Additionally, as of September 30, 2009, 4,851 employees were on reduced working hours; compared to June 30, 2009 (11,294 employees), 6,443 employees were able to return to normal working hours due to the improved level of incoming orders. At 3,765 employees, the reduction in employees on reduced working hours was most significant in the Steel Division.
All the measures undertaken both in the core staff and leased employee sectors have resulted in a reduction in personnel Group-wide by about 14.4% compared to September 30, 2008 in order to make adjustments reflecting the changed economic circumstances. The voestalpine Group continues to adhere to the scope of its apprenticeship program even in times of crisis in order to secure the company's know-how in the future. As of September 30, 2009, the company was training 1,717 apprentices worldwide, about one third of whom is at locations outside of Austria. Compared to the previous year (1,801), this is a decline of just 4.7%.

Environment

Despite the economic crisis, during the course of the 2009/10 business year thus far, additional environmentally relevant measures were implemented at a number of Group locations. These measures continue to improve the already very high standards of the voestalpine Group with regard to energy and raw materials efficiency, reductions in air and water emissions, and waste prevention.
For example, a new wastewater storage basin was completed at the Linz location (Steel Division), which will reduce the thermal load of the site's own Danube dock. A new kind of blast-furnace gas lock was put into operation on blast furnace 6; it will reduce dust emissions by about another 25 tons per year. By replacing the previous wet dust removing plant by a dry dedusting system, dust emissions in the foundry will be reduced by more than 90%.

In October 2009, the Railway Systems Division put a new power plant unit into operation at the Donawitz site, which will utilize smelter gases even more efficiently. Additionally, by the end of the 2009 calendar year, a new plan for water supply and wastewater disposal will have been implemented at this location; the investment for this project is approximately EUR 60 million.

Research and Development

In the last few months, the voestalpine Group has examined the global megatrends in the sectors of technology, the environment, and society and has pinpointed those long-term developments that will define the Group's strategy. This creates the parameters for the Group's research and development activities until 2020. The detailed planning, including the time line and the priorities, will be carried out in the course of 2010.
The exchange of knowledge aspect, which is of particular importance in the research sector, was addressed this year by a Group-wide researcher conference "Synergy Platform," which was held for the third time. In accordance with the long-term research priorities, the topics energy, mobility, and sustainability were the focus.

The most important product and process developments, which were realized during the course of the business year thus far, pertained to a measuring system in the Steel Division that determines sheet metal qualities in a non-destructive way; this system was already implemented on a large scale in hot-dip galvanizing plant 1. Also within the purview of the Steel Division, voestalpine Anarbeitung GmbH developed a new, patented technology with the inclusion of "alphas," which enables the manufacture of construction components using high and ultra high-tensile hot-rolled steel strip, which are light and safe but also complex and cost-efficient at the same time. Using this technology, safety-related components for the commercial vehicle industry are already being manufactured.
At Böhler Schweißtechnik (Special Steel Division), a new inline laser welding process was developed within the scope of the Group project "Welding of High Strength Steels" and integrated into the manufacturing process for cored wire.

Assessment of risk pursuant to Section 87 (4) of the Austrian Stock Exchange Act *(Börsegesetz)*

With regard to the risks and uncertainties facing the Group during the remaining six months of the current business year, it can be stated that the voestalpine Group—as is the case for every enterprise doing business in the free market—is exposed to positive and negative economic fluctuations and their corresponding impact on the company's business activities, especially on price and capacity utilization levels. Due to its global activities, specific risks are inherent in the sector of foreign exchange rates (in particular EUR to USD) and raw material prices; in both segments, however, hedging instruments are widely used.

In view of the continuing constriction of the financial markets, particular priority is being given to maintaining the Group's financial leeway. The Group's cash flow and liquidity situation is such that despite the economic crisis, a package of measures has ensured a largely stable ratio between equity capital and net financial debt. With the granting of a credit facility in early November in the amount of EUR 428 million, 70% of which is guaranteed by the State, the company now has a total liquidity of EUR 1.5 billion at its disposal; this amount would already be sufficient to cover all current borrowing obligations (repayments and interest) up to the 2011/12 business year.

With regard to the current discussions associated with intended climate protection measures following the Kyoto Protocol after its expiry in 2012, it should be noted that the voestalpine Group has no additional need for CO_2 certificates up to and including 2012, as it stocked up early on with both free certificates and the required number of additionally purchased certificates. For the period from 2013 to 2020, it seems probable that free certificates will be allocated to the steel industry as a carbon leakage sector, although this allocation will be associated with a benchmark system, meaning that only those companies who can prove that they occupy a leading position with regard to taking measures aimed at protecting the environment can expect to be largely exempt from purchasing additional certificates. As it is well known that the voestalpine Group's steel manufacturing and processing activities are among some of the most environmentally efficient in the industry, one can assume that the risk from future climate protection measures will be manageable for the foreseeable future. More concrete information will not be available prior to the Climate Conference in Copenhagen in December 2009.

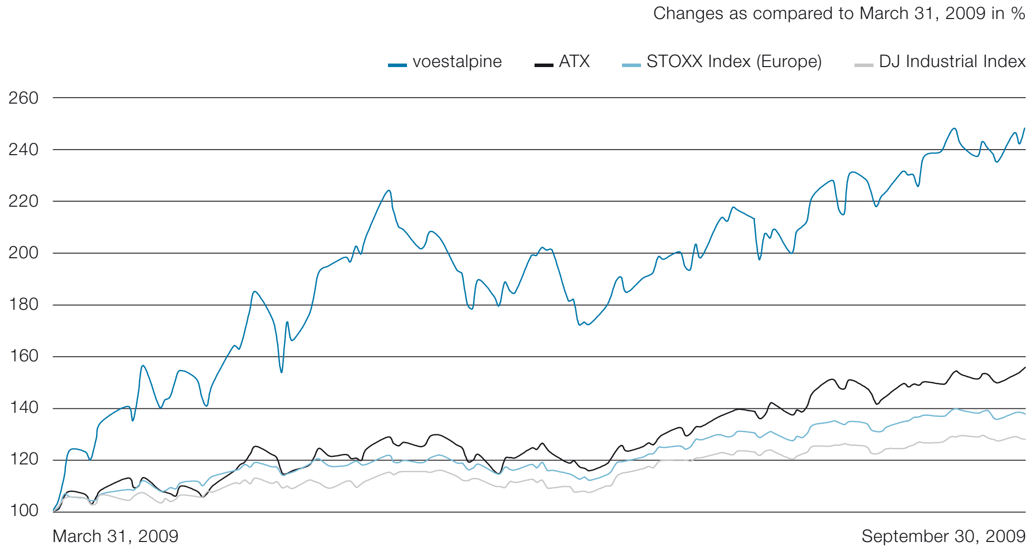
Outlook

As already set forth in the discussion of the current economic environment at the beginning of this Letter to Shareholders, while it seems that the economic downturn has bottomed out, it remains difficult to assess the future economic situation. Based on all the indications available, a broadly-based recovery can be ruled out; on the contrary, we must assume that future developments will be sharply differentiated, depending on the respective sectors of business and industry. While the situation with regard to inventories is largely uniformly favorable across all industries to the extent that there has not been a pronounced build-up of inventories in the last few months, there are significant differences as far as demand and prices are concerned. One can assume that there will be a slight uptick in demand in the automobile and the automotive components supply industries, with prices becoming more and more competitive; the construction and construction supply industries will probably remain more or less stable, both with regard to demand and prices for the foreseeable future (apart from seasonal fluctuations), although there will be sharp regional distinctions. In the railway infrastructure sector, with the exception of North America and Eastern Europe, demand should be largely stable, although increased price pressure is expected. No relief is anticipated in the conventional energy production sector (oil, gas, etc.) in the next few months, either on the demand or the price side; on the other hand, the boom in the alternative energies sector (wind, sun, etc.) appears to be holding steady. The trend in the machinery manufacturing and commercial vehicle industries has stabilized at a very low level; a true recovery is currently not foreseeable. In the past months, demand in the aviation industry has declined most steeply; a trend reversal in the short term can be ruled out.

Based on the economic situation that continues to be extremely challenging in the most significant customer industries and considering the negative seasonal effects, in particular, the extensive Christmas closures of many customer plants, one can assume a similar operating result in the third quarter of the business year as in the second quarter. Individually, performance in the Steel and Automotive Divisions should be largely stable; there are signs of an initial, slight improvement for the divisions Special Steel and Profilform; and in the Railway Systems Division, one must expect a certain degree of pressure on sales volumes and profit (although at a fairly high level) due to seasonal and competitive factors.
From today's vantage point, a clearly positive profit from operations (EBIT) can be expected for the 2009/10 business year. At the same time, it should be possible to attain a profit for the period (net income) that is, at the very least, at the break-even level.

Investor Relations

voestalpine AG vs. international indices



Price development of the voestalpine share

After the dramatic downward plunge of the share price last year due to the economic crisis, the upward trend that began in the early part of the current business year continued in the second quarter 2009/10 so that in the period from March 31 to September 30, 2009 the share price rebounded from EUR 9.85 to EUR 24.39, a gain of 148%. This corresponds to the voestalpine share price level as of March 2006, and is still far from the share's record high of EUR 66.11 (July 2007).

Transfer of own shares

During the first half of 2009/10, voestalpine AG did not purchase any of its own shares. However, during the second quarter, 234,451 shares were transferred to voestalpine Mitarbeiterbeteiligung Privatstiftung so that compared to the end of the last business year, voestalpine's holding of its own shares as of September 30, 2009 has been reduced to 660,875 shares.

Bonds

Convertible bond 2005

With regard to the convertible bonds issued by voestalpine AG in July 2005, no bonds were converted to voestalpine shares during the first two quarters of 2009/10. This means that as of September 30, 2009 the status is unchanged, and 8.6% of the convertible bonds are still outstanding.

Hybrid bond (2007–2014)

The hybrid bond issued by voestalpine AG in October 2007 was able to significantly recover from its downward trend toward the end of the 2008/09 business year, gaining about 18.0% in the first six months of this business year and rising to 90.88 (% of the face value).

Corporate bond (2009–2013)

The corporate bond, which voestalpine AG placed on the market very successfully in March 2009 despite extremely difficult market conditions, continued to perform positively during the first half of 2009/10. In addition to the price increase as of the end of March 2009 to 104 (% of the face value), an additional gain of 5.71 percentage points was achieved. Thus, as of September 30, 2009, the corporate bond was at 109.71 (% of the face value).

Shareholder structure

Compared to the equity interests disclosed (indicated) in the Letter to Shareholders for the first quarter of 2009/10, no significant changes occurred during the second quarter of the business year; therefore please refer to the shareholder structure outlined in the Letter to Shareholders as of June 30, 2009.

The following investment banks/institutes currently prepare analysis reports on voestalpine AG:
■ Berenberg, Hamburg ■ BHF-BANK, Frankfurt ■ Cheuvreux, Vienna/Paris ■ Citigroup, London ■ Credit Suisse, London ■ Deutsche Bank, Frankfurt/London ■ Erste Bank, Vienna ■ Exane BNP Paribas, Paris ■ Goldman Sachs, London ■ HSBC, London ■ JP Morgan, London ■ Merrill Lynch, London ■ Morgan Stanley, London ■ Nomura, London ■ Nord LB, Hanover ■ Raiffeisen Centrobank, Vienna ■ Sal. Oppenheim, Frankfurt ■ Steubing AG, Frankfurt ■ UBS, London ■ UniCredit, Vienna

Share information

Share capital	EUR 305,042,462.76 divided into 167,899,032 no par value shares
	Treasury stock as of September 30, 2009: 660,875 shares
Class of shares	Ordinary bearer shares
Stock identification number	93750 (Vienna Stock Exchange)
ISIN	AT0000937503
Reuters	VOES.VI
Bloomberg	VOE AV

Prices (as of end of day)

Share price high April 2009 to September 2009	EUR 24.39
Share price low April 2009 to September 2009	EUR 10.23
Share price as of September 30, 2009	EUR 24.39
Initial offering price (IPO) October 1995	EUR 5.18
All-time high price (July 12, 2007)	EUR 66.11
Market capitalization as of September 30, 2009*	EUR 4,078,938,649.2

* Based on total number of shares less treasury shares.

Business year 2008/09

Earnings per share	EUR 3.41
Dividend per share	EUR 1.05
Book value per share	EUR 25.06

Financial calendar 2009/10

Letter to Shareholders for the third quarter of 2009/10	February 25, 2010
Annual Report 2009/10	June 1, 2010
Annual General Meeting	July 7, 2010
Ex-dividend date	July 12, 2010
Dividend payment date	July 19, 2010

voestalpine AG

Financial data 09/30/2009

According to International Financial Reporting Standards (IFRS)

Consolidated balance sheet

Assets

	03/31/2009	09/30/2009
A. Non-current assets		
Property, plant and equipment	4,378.3	4,429.9
Goodwill	1,420.9	1,419.1
Other intangible assets	596.7	530.0
Investments in associates	129.1	115.5
Other financial assets	141.5	144.7
Deferred tax assets	409.0	446.9
	7,075.5	**7,086.1**
B. Current assets		
Inventories	2,909.7	2,321.2
Trade and other receivables	1,785.5	1,475.6
Other financial assets	218.0	232.8
Cash and cash equivalents	857.8	567.2
	5,771.0	**4,596.8**
Total assets	**12,846.5**	**11,682.9**

In millions of euros

Equity and liabilities

	03/31/2009	09/30/2009
A. Equity		
Share capital	305.0	305.0
Capital reserves	402.1	394.1
Hybrid capital	992.1	992.1
Retained earnings and other reserves	2,486.7	2,236.5
Equity attributable to equity holders of the parent	**4,185.9**	**3,927.7**
Minority interest	76.6	74.0
	4,262.5	**4,001.7**
B. Non-current liabilities		
Pensions and other employee obligations	854.6	846.4
Provisions	58.2	62.0
Deferred tax liabilities	312.1	288.3
Financial liabilities	3,500.5	3,121.1
	4,725.4	**4,317.8**
C. Current liabilities		
Provisions	396.7	354.3
Tax liabilities	117.5	66.6
Financial liabilities	1,445.0	1,363.4
Trade and other payables	1,899.4	1,579.1
	3,858.6	**3,363.4**
Total equity and liabilities	**12,846.5**	**11,682.9**

In millions of euros

Consolidated cash flow statement

	04/01–09/30/2008	04/01–09/30/2009
Operating activities		
Profit for the period	518.8	–19.9
Adjustments	310.1	243.9
Changes in working capital	–338.4	487.9
Cash flows from operating activities	**490.5**	**711.9**
Cash flows from investing activities	**–460.0**	**–341.2**
Cash flows from financing activities	**318.8**	**–667.2**
Net decrease/increase in cash and cash equivalents	**349.3**	**–296.5**
Cash and cash equivalents, beginning of period	331.9	857.7
Net exchange differences	–21.9	6.0
Cash and cash equivalents, end of period	**659.3**	**567.2**

In millions of euros

Consolidated income statement

	04/01–09/30/2008	04/01–09/30/2009	07/01–09/30/2008	07/01–09/30/2009
Revenue	6,486.2	4,141.2	3,231.2	2,067.6
Cost of sales	–4,857.5	–3,436.8	–2,381.5	–1,672.2
Gross profit	**1,628.7**	**704.4**	**849.7**	**395.4**
Other operating income	175.0	177.4	96.1	93.0
Distribution costs	–524.3	–425.1	–258.7	–211.5
Administrative expenses	–289.7	–238.1	–146.7	–119.4
Other operating expenses	–204.1	–172.2	–112.6	–87.1
Profit from operations (EBIT)	**785.6**	**46.4**	**427.8**	**70.4**
Share of profit of associates	19.9	6.6	13.3	4.6
Finance income	37.8	57.8	18.3	17.1
Finance costs	–184.4	–149.2	–103.3	–62.8
Profit before tax (EBT)	**658.9**	**–38.4**	**356.1**	**29.3**
Income tax expense	–136.8	21.2	–75.2	–0.2
Profit for the period from continuing operations	**522.1**	**–17.2**	**280.9**	**29.1**
Discontinued operations	–3.3	–2.7	–2.4	–0.8
Profit for the period	**518.8**	**–19.9**	**278.5**	**28.3**
Attributable to:				
Equity holders of the parent	475.1	–58.9	257.6	8.4
Minority interest	8.1	3.0	3.1	1.9
Share planned for hybrid capital owners	35.6	36.0	17.8	18.0
Basic earnings per share (euros)	**2.94**	**–0.35**		
Diluted earnings per share (euros)	**2.92**	**–0.35**		

In millions of euros

Statement of comprehensive income

	04/01–09/30/2008			04/01–09/30/2009		
	Group	Minority	Total	Group	Minority	Total
Profit for the period	**511.1**	**7.7**	**518.8**	**–22.4**	**2.5**	**–19.9**
Other comprehensive income						
Hedge accounting	43.4	–	43.4	–20.4	–	–20.4
Deferred tax on hedge accounting	–4.7	–	–4.7	4.4	–	4.4
Translation reserves	16.4	1.7	18.1	26.1	1.6	27.7
Subtotal	**55.1**	**1.7**	**56.8**	**10.1**	**1.6**	**11.7**
Total comprehensive income	**566.2**	**9.4**	**575.6**	**–12.3**	**4.1**	**–8.2**

In millions of euros

Changes in equity

	H 1 2008/09			H 1 2009/10		
	Group	Minority	Total	Group	Minority	Total
Equity as of April 1st	**4,035.4**	**253.9**	**4,289.3**	**4,185.9**	**76.6**	**4,262.5**
Total comprehensive income	566.2	9.4	575.6	–12.3	4.1	–8.2
Dividends to shareholders	–341.5	–3.7	–345.2	–175.9	–7.3	–183.2
Own shares acquired/disposed	85.3	–	85.3	4.1	–	4.1
Purchase of minority interest	–159.3	–176.3	–335.6	–	–	–
Dividends to hybrid capital owners	–65.2	–	–65.2	–65.2	–	–65.2
Stock options	3.0	–	3.0	–	–	–
Other changes	15.3	–10.9	4.4	–8.9	0.6	–8.3
Equity as of September 30th	**4,139.2**	**72.4**	**4,211.6**	**3,927.7**	**74.0**	**4,001.7**

In millions of euros

Notes

These interim consolidated financial statements of voestalpine AG as of September 30, 2009 for the first half of the 2009/10 business year were prepared in accordance with the International Financial Reporting Standards (IFRS), including IAS 34 – Interim Financial Reporting. The accounting policies are unchanged from the annual consolidated financial statements for the 2008/09 business year with two exceptions. The application of amendments to IAS 1 Presentation of Financial Statements and IFRS 8 Operating Segments is new. Further information on the principles of preparation is provided in the consolidated financial statements as of March 31, 2009, on which these interim consolidated financial statements are based.

The interim consolidated financial statements are presented in millions of euros (the functional currency of the parent company). In the totaling of rounded amounts and percentages, calculation differences may occur as a result of using automatic calculation programs.

Unless otherwise stated, comparative information relates to the first half of the 2008/09 business year (balance sheet date: September 30, 2008).

The interim consolidated financial statements have not been audited or reviewed by auditors.

Scope of consolidation/ acquisitions

At the end of 2008/09 business year, a majority stake in Rene Prinsen Spoorwegmaterialen B.V., which had been previously at-equity consolidated, was acquired. This company was fully consolidated as of April 1, 2009.

In the first quarter of the 2009/10 business year, voestalpine Euroweld S.r.l. was sold to the previous minority owner Stola S.p.A. and was therefore withdrawn from the scope of consolidation.

Thus, the changes made in the scope of consolidation during the reporting period were as follows:

	Full consolidation	Proportionate consolidation	Equity method
As of April 1, 2009	**320**	**2**	**15**
Acquisitions			
Change in consolidation method			
Additions	2		
Disposals			–1
Reorganizations	–3		
Divestments or disposals	–1		
As of September 30, 2009	**318**	**2**	**14**
Of which foreign companies	259	0	5

Notes on the balance sheet

In the first half of the 2009/10 business year, depreciations amounting to EUR 322.7 million have exceeded investments amounting to EUR 276.1 million. Non-current assets remain largely constant due to positive effects of exchange rates. Predominantly as a result of quantity, inventories have decreased by EUR 588.5 million in comparison to the March 31, 2009.

As of September 30, 2009, voestalpine AG's share capital amounted to EUR 305,042,462.76 (167,899,032 shares). The company held 660,875 of its own shares on the balance sheet date. In the second quarter of the 2009/10 business year, 234,451 own shares were sold.

Effective October 16, 2007, voestalpine AG issued a hybrid bond subordinated to all other creditors with a total issue volume of EUR 1,000,000,000. The bond has an indefinite term and a 7.125% coupon rate. The Company may defer coupon payments if no dividends are paid. The first call option is after seven years, at which time voestalpine AG (but not the bond holders) may either call the bond at par or extend it at a higher, but variable, coupon rate. This hybrid bond is recognized as a portion of equity under IAS 32.

Equity came to EUR 4,001.7 million at the end of the reporting period. For the 2008/09 business year, a dividend per share of EUR 1.05 was decided at the Annual General Meeting on July 1, 2009. Therefore voestalpine AG distributed dividends amounting to EUR 175.5 million to its shareholders during the current business year. Interest for hybrid capital amounting to EUR 65.2 million was also recognized as a dividend.

Trade payables have decreased from EUR 850.0 million to EUR 765.7 million.

Notes on the income statement

Revenues for the period from April 1 to September 30, 2009 totaled EUR 4,141.2 million, declining vis-à-vis the comparable figure for the preceding year (EUR 6,486.2 million) by 36.2%. Profit from operations (EBIT) reached EUR 46.4 million for the same period compared to EUR 785.6 million for the first six months of the 2008/09 business year. EBIT equaled EUR 70.4 million for the second quarter of 2009/10 or 83.5% less than in the second quarter of 2008/09 (EUR 427.9 million). After consideration of the financial result and taxes, profit for the period amounts to EUR –19.9 million compared to EUR 518.8 million for the first half of the preceding year.

Basic (undiluted) earnings per share are calculated as follows:

	04/01–09/30/2008	04/01–09/30/2009
Profit attributable to equity holders of the parent	475.1	–58.9
Profit from continuing operations attributable to equity holders of the parent	478.4	–56.2
Weighted average number of issued ordinary shares (millions)	161.6	167.1
Basic (undiluted) earnings per share (euros)	**2.94**	**–0.35**
Basic (undiluted) earnings per share of continuing operations (euros)	**2.96**	**–0.34**

Diluted earnings per share are depicted as follows:

	04/01–09/30/2008	04/01–09/30/2009
Diluted earnings per share (euros)	**2.92**	**–0.35**
Diluted earnings per share of continuing operations (euros)	**2.94**	**–0.33**

Segment reporting

The Group's operating segments can be illustrated as follows (condensed segment information):

1st half of 2009/10

	Steel Division 04/01–09/30/2009	**Special Steel Division** 04/01–09/30/2009	**Railway Systems Division** 04/01–09/30/2009
Segment revenue	1,513.4	1,131.5	969.5
EBITDA	134.5	38.5	165.7
Profit from operations	29.2	–80.8	113.0
Capital employed	2,315.9	3,662.8	1,202.2
Employees (excl. temporary personnel and apprentices)	9,618	13,884	8,023

1st half of 2008/09

	Steel Division 04/01–09/30/2008	**Special Steel Division** 04/01–09/30/2008	**Railway Systems Division** 04/01–09/30/2008
Segment revenue	2,368.6	1,994.4	1,264.6
EBITDA	505.7	274.7	226.1
Profit from operations	399.6	112.3	181.7
Capital employed	2,458.4	4,046.0	1,215.6
Employees (excl. temporary personnel and apprentices)	9,937	15,487	8,068

	Profilform Division 04/01–09/30/2009	Automotive Division 04/01–09/30/2009	Other 04/01–09/30/2009	Consolidation 04/01–09/30/2009	Total Group 04/01–09/30/2009
	353.0	347.9	42.9	–217.0	4,141.2
	18.4	27.1	–53.0	37.9	369.1
	2.4	1.0	–56.5	38.1	46.4
	387.9	649.0	–20.0	–5.5	8,192.3
	3,159	3,967	644	0	39,295

In millions of euros

	Profilform Division 04/01–09/30/2008	Automotive Division 04/01–09/30/2008	Other 04/01–09/30/2008	Consolidation 04/01–09/30/2008	Total Group 04/01–09/30/2008
	689.7	494.9	50.0	–376.0	6,486.2
	115.7	55.3	–33.7	–0.4	1,143.4
	99.8	29.7	–37.1	–0.4	785.6
	507.3	758.6	–277.0	–7.4	8,701.5
	3,859	4,306	668	0	42,325

In millions of euros

Notes on the cash flow statement

The change in the economic situation led to a 73.0% decrease in cash flow before capital changes from EUR 828.9 million to EUR 224.0 million. The significant decline in working capital resulted in cash flows from operating activities of EUR 711.9 million; in comparison to the first half of the preceding year (EUR 490.5 million), this represents an increase of 45.1%. After the deduction of EUR 341.2 million in cash flows from investing activities and taking into account the cash flows from financing activities amounting to EUR –667.2 million (mainly loan repayments and dividends), the resulting change in cash and cash equivalents (without net exchange differences) amounts to EUR –296.5 million.

Statement under Section 87 (1) of the Austrian Stock Exchange Act

The Management Board of voestalpine AG confirms to the best of its knowledge that the condensed interim financial statements give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group as required by the applicable accounting standards and that the Group management report gives a true and fair view of important events that have occurred during the first six months of the business year and their impact on the condensed interim financial statements, of the principal risks and uncertainties for the remaining six months of the business year and of the major related party transactions to be disclosed.

Linz, November 13, 2009

The Management Board

Wolfgang Eder | Franz Hirschmanner | Josef Mülner

Robert Ottel | Claus J. Raidl | Wolfgang Spreitzer

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