Letter to Shareholders
1st – 3rd Quarter 2013/14

voestalpine
ONE STEP AHEAD.

voestalpine Group Key Figures

Q 1 – Q 3 2012/13 vs. Q 1 – Q 3 2013/14

In millions of euros	Q 1 – Q 3 2012/13[1] 04/01–12/31/2012	Q 1 – Q 3 2013/14 04/01–12/31/2013	Change in %
Revenue	8,652.5	8,384.1	–3.1
EBITDA	1,043.8	1,006.8	–3.5
EBITDA margin	12.1%	12.0%	
EBIT	607.2	573.0	–5.6
EBIT margin	7.0%	6.8%	
Profit before tax (EBT)	473.7	456.5	–3.6
Profit for the period[2]	369.5	351.6	–4.8
EPS – Earnings per share (euros)	1.83	1.71	–6.6
Investments in tangible and intangible assets and interests	498.4	664.3	33.3
Depreciation	436.6	433.9	–0.6
Capital employed	8,200.5	8,460.5	3.2
Equity	5,041.5	5,117.4	1.5
Net financial debt	2,508.5	2,570.3	2.5
Net financial debt in % of equity (gearing)	49.8%	50.2%	
Employees (full-time equivalent)	44,696	47,085	5.3

[1] Business year 2012/13 retroactively adjusted in accordance with IAS 19 (revised).
[2] Before deduction of non-controlling interests and interest on hybrid capital.

Ladies and Gentlemen:

Since the last months of 2013, a growing number of voices have been arguing that 2014 will ultimately see a return to stable global growth, thus finally overcoming the financial crisis of 2008/09 and its consequences. Remembering the years 2012 and 2013, one cannot help but feel a sense of déjà-vu: this is conspicuously similar to what was being said at the beginning of 2012, and then again a year ago but with significantly greater conviction, and now we are hearing it again …

If the economic optimists lose twice in a row in a historic target-performance comparison, then the prospect that they are right the third time around seems a reasonable assumption. Nevertheless, a case can be made that the economic expectations for 2014 should be viewed with some caution. There is no doubt that there are many signs in North America that point to a sustained uptrend; there are many indications that the development in China will be largely stable; and there are signals that suggest a successful continuation of the financial and economic turnaround in Europe. Despite all of these things, one should not lose track of the fact that, at the same time, over significant parts of the global economic system, governments and economies are struggling with economic and even with political problems. This is the case in important countries in South America, in India, Turkey, the Ukraine, and others. As a result, this leads increasingly to short-term—but in some cases far-reaching—international exchange rate volatility with effects on all other economies that can be substantial.
The fact that there still remain many open questions with regard to the sweeping reorganization of the energy supply in major parts of the world is not very reassuring. Such changes naturally result in political, ideological, economic, and social conflicts as well as considerable uncertainty about the future, and this can be simplified and aptly expressed by way of a single word: Energiewende (energy transition or energy paradigm shift).

It's not that we would wish yet another year full of uncertainty and setbacks upon ourselves. Rather, it is about being aware that the hoped for and anticipated uptrend is not a done deal, and that it is very probable that that there will still be obstacles that need to be overcome. In any case, one thing is clear: 2014 offers better conditions to finally leave the crisis-ridden years behind and move toward a more or less "normal" development of the economy than has been the case since it all began with Lehman Brothers.

Linz, February 10, 2014

The Management Board

Wolfgang Eder | Herbert Eibensteiner | Franz Kainersdorfer | Robert Ottel | Franz Rotter

Highlights[1]

- Improved global sentiment in expectation of an economic upturn, but to date uneven development across the individual economic regions
  - Europe with turnaround after summer 2013, but momentum still weak
  - USA back on the path to growth after government shutdown in autumn 2013
  - China on stable course of expansion, Brazil with moderate domestic growth trend, India with comparatively low dynamic
- European automobile industry shows slight improvement, construction only slowly gaining momentum, consumer goods and white goods stable, mechanical engineering volatile, railways and aviation with solid global development
- Conventional energy sector with continued weak demand (with the exception of exploration)
- Profitability of the Group as a whole (EBITDA and EBIT margin) largely stable
- Metal Engineering and Metal Forming Division with newly improved results
- Steel Division with significant decline in results, Special Steel Division only slightly below level of the previous year
- Revenue at –3.1% fell slightly to EUR 8,384.1 million (previous year: EUR 8,652.5 million)
- Operating result (EBITDA) with fundamentally constant margin falls slightly (currently 12.0%, 12.1% in the previous year): EUR 1,006.8 million, after EUR 1,043.8 million in 2012/13
- Gearing ratio (net financial debt in percent of equity) almost stable year-on-year at 50.2% (previous year: 49.8%), somewhat higher compared to reporting date March 31, 2013 (44.5%) due to working capital
- Implementation of the HBI project in Texas on schedule and within budget

[1] All key figures compared to the same nine month period in the business year 2012/13.

Interim Management Report

Market environment

During the first nine months of the current business year, expectations with regard to the development of the global economy have continued to rise; reality, however, has not always been able to keep up with these expectations. Furthermore, the economic trends have differed widely in the most important economic regions.

In the European Union, signs of a recovery have solidified in the course of the year, although up to the summer months the underlying economic trend was still recessionary. Throughout the entire 2013 calendar year, Europe did not report any growth. In a year-to-year comparison, some slight growth was achieved in the third calendar quarter, and this trend gained some momentum toward the end of the year. One of the pivotal factors for this positive development was, for the first time, the lack of negative newsflow relating to the European common currency over the course of several months. In other words, Europe showed, after all, that it is ultimately capable of successfully managing even genuine crises in a politically complex environment. However, this situation went hand-in-hand with an increase in the value of the euro compared to practically all other major global currencies (with the exception of the British pound), which adversely impacted the competitiveness of Europe's export-oriented industries.

The positive development in North America over several quarters was interrupted in the fall of 2013 by the government shutdown, however, the uncertainty that this prompted was overcome relatively quickly due to the successful political agreement on the budget for the next two years. The tapering process announced by the Fed (reduction of purchases by the Fed of Treasury bonds and mortgage-backed securities) did not result in any noticeable setbacks with regard to the lead economic indicators, a factor that suggests that the positive trend is somewhat robust.

While the emerging markets were able to continue their growth pattern in 2013/14, however, the speed of that growth, in some cases, slowed down significantly. After a surprisingly subdued performance in the previous year, most recently, Brazil, the most important South American market for voestalpine, performed better, reporting a growth rate of 2.5%; this development was sustained almost exclusively by private consumption and government spending, while the production output of the country's industry and of large parts of its agricultural economy continues to trend downward.

China was able to continue its growth at about 7.5%, a level that is somewhat weaker than in the past but still solid. Growth was driven primarily by investment in infrastructure and real estate. In comparison to prior years, the economy in India and Russia continues to be subdued, while the economic situation in Turkey is being increasingly adversely impacted by political unrest.

Viewed from the perspective of the real economy, the mood, which has become increasingly optimistic during the course of the year, affected the most important industrial sectors quite differently. The European automobile industry, for example, was able to break its long-term downward trend, reporting slight growth toward the end of the calendar year. The turnaround was noticeable particularly with regard to volume producers; as has been the case for quite some time, the premium manufacturers continued to increase their production figures as a result of their strong exports. The consumer goods sector, including white goods, saw a largely stable year in 2013, ending up with a slight plus at year's end. The mechanical engineering industry was characterized by significantly weaker demand in the business year thus far; toward the end of the year, however, this sector was able to slow the downward trend. The European construction industry remained at a low level throughout 2013.

The exploration segment of the energy sector demonstrated a stable, high level performance in recent quarters, whereas power plant construction has practically come to a standstill, especially in Europe, and with the implementation of major pipeline projects repeatedly being postponed worldwide. While the most recent award of the South Stream project seems to have signaled the turning point in the oil and natural gas transport segment, there does not seem to be any improvement on the horizon for the power plant construction segment.

The global market for railway infrastructure has remained at a solid level in the business year thus far, sustained primarily by markets outside of Europe that have been able to more than compensate the continued weakness of the European market. The aviation sector and the agricultural machinery industry have maintained a strong level of demand.

Business performance of the voestalpine Group

While the current macroeconomic key indicators make an economic recovery seem probable in the coming months, and positive momentum is noticeable in individual market segments, the earnings performance of the voestalpine Group in the first three quarters of the business year 2013/14 still showed a downward trend. However, the turning point seems to have been reached in the third quarter of the business year 2013/14.

In a year-to-year comparison, the Metal Forming Division and the Metal Engineering Division, which are closer to the end product stage of the supply chain, maintained a largely stable level of revenue and were even able to post higher operating results, while the two divisions that are more materials-oriented, Special Steel and particularly Steel, recorded losses in both revenue and operating results. This development again emphasizes the wisdom of the strategy of the voestalpine Group of investing in order to extend the value chain and, under the "Strategy 2020" policy, to steer the company toward becoming a technology and capital goods group without abandoning its own steel-based roots to ensure high standards of quality and technology.

Although it maintained a stable level of profitability (EBITDA and EBIT margin), the Special Steel Division was significantly impacted by continuing weakness in core market segments in Europe with particularly the energy engineering (construction of power plants) and heavy mechanical engineering sectors suffering from weak demand.

Despite an excellent level of incoming orders in the strip segment, the Steel Division experienced losses both with regard to revenue and profitability, which was due largely to the continuing critical market situation in the energy sector (pipeline construction). In general, the award of projects in this segment has been declining and decisions in the global competitive arena are being made primarily based on the rates of exchange, with the continued strengthening of the euro putting European players at an almost unrecoverable disadvantage in 2013.

The voestalpine Group's revenue in the first nine months of the business year 2013/14 decreased compared to the same period of the previous year by 3.1% from EUR 8,652.5 million to EUR 8,384.1 million.

With a stable EBITDA margin of 12.0% (previous year: 12.1%), the operating result (EBITDA) developed largely analogue to the fall in revenue: it amounted to EUR 1,006.8 million, after EUR 1,043.8 million for the same period in the previous year.

The development of profit from operations (EBIT) was similar, declining by 5.6% from EUR 607.2 million in the previous year to currently EUR

573.0 million, with the margin likewise remaining almost the same (6.8% in comparison to 7.0% in the previous year).

At EUR 456.5 million, profit before tax also dipped only slightly by 3.6% compared to the previous year (EUR 473.7 million). Profit for the period is at EUR 351.6 million, 4.8% below last year's figure (EUR 369.5 million).

In a year-to-year comparison, equity rose by 1.5% to EUR 5,117.4 million as of December 31, 2013 (December 31, 2012: EUR 5,041.5 million). This is equivalent to a gain of just over 1% in comparison to the reporting date of March 31, 2013 (EUR 5,075.3 million).

Net financial debt rose by 2.5% in a year-to-year comparison, from EUR 2,508.5 million to EUR 2,570.3 million; the rise was somewhat greater in comparison to the reporting date of March 31, 2013 (EUR 2,259.2 million), caused mainly by the (temporary) build-up of working capital.

At 50.2%, the gearing ratio (net financial debt in percent of equity) remained almost constant in a year-to-year comparison (49.8% as of December 31, 2012); it is expected that the increase since the beginning of the business year (44.5% as of March 31, 2013) will be reduced to a large extent during the remainder of the business year.

Comparison of the quarterly and nine-month figures of the voestalpine Group

In millions of euros				Q 1 – Q 3		
	Q 1 2013/14 04/01– 06/30/2013	Q 2 2013/14 07/01– 09/30/2013	Q 3 2013/14 10/01– 12/31/2013	2013/14 04/01– 12/31/2013	2012/13[1] 04/01– 12/31/2012	Change in %
Revenue	2,936.1	2,787.5	2,660.5	8,384.1	8,652.5	–3.1
EBITDA	366.3	320.6	319.9	1,006.8	1,043.8	–3.5
EBITDA margin	12.5%	11.5%	12.0%	12.0%	12.1%	
EBIT	223.3	177.2	172.5	573.0	607.2	–5.6
EBIT margin	7.6%	6.4%	6.5%	6.8%	7.0%	
Profit before tax	179.9	140.5	136.1	456.5	473.7	–3.6
Profit for the period[2]	138.6	101.4	111.6	351.6	369.5	–4.8
Employees (full-time equivalent)	47,154	47,744	47,085	47,085	44,696	5.3

[1] Business year 2012/13 retroactively adjusted in accordance with IAS 19 (revised).
[2] Before deduction of non-controlling interests and interest on hybrid capital.

Steel Division

In millions of euros	Q 1 2013/14 04/01–06/30/2013	Q 2 2013/14 07/01–09/30/2013	Q 3 2013/14 10/01–12/31/2013	Q 1–Q 3 2013/14 04/01–12/31/2013	Q 1–Q 3 2012/13 04/01–12/31/2012	Change in %
Revenue	989.8	938.5	886.8	2,815.1	2,906.0	–3.1
EBITDA	111.3	86.6	87.5	285.4	336.5	–15.2
EBITDA margin	11.2%	9.2%	9.9%	10.1%	11.6%	
EBIT	55.3	29.5	28.7	113.5	164.8	–31.1
EBIT margin	5.6%	3.1%	3.2%	4.0%	5.7%	
Employees (full-time equivalent)	10,805	11,026	10,862	10,862	10,414	4.3

Market environment and business development

During the last nine months, the general development of the steel industry in Europe was characterized by continued falls in demand. Only toward the end of the 2013 calendar year were there signs of increased demand. Nevertheless, 2013 was the third consecutive year that there was a decrease in steel consumption in Europe. In a market environment characterized by significant structural overcapacity, the manufacturers again did not deviate from traditional, well-established practices of reactivating temporarily idling capacity every time there was a revival of demand. This resulted in permanent price pressure on the spot markets.

This market environment also created a challenging competitive situation for the Steel Division, even though, due to the division's sophisticated product portfolio, stable, full utilization of its facilities was possible throughout the entire business year 2013/14 to date, and at a structurally significantly higher level of revenue. With regard to the most important customer industries, the situation for the division in the first three quarters of 2013/14 was as follows: During this time period, demand in the European automotive and automotive supply industries has recovered somewhat. The premium segment has been demonstrating excellent development for quite some time due to its strong export performance; now, in the second half of 2013, the market for the mass market manufacturers also picked up, albeit starting from a very low level.

After years of existential challenges, the construction and construction supply industries in Southern and Eastern Europe appear to be facing a turnaround, even though initial signs of a recovery are only tentative. The situation is better in the German-speaking countries, where there has been an uptick in investment activity in the construction sector.

The conventional energy sector (oil, natural gas), and above all its pipeline projects, which is of crucial significance for the heavy plate business segment, was the most problematic market segment by far in 2013. Competition for the few still remaining projects resulted in dramatically falling prices in the course of the year and—because the network of suppliers is global—massive changes in the rates of exchange led to distortions of competition and heated up the situation still further. However, the award of the first installment of the South Stream project in late January 2014 seems to have signaled the turning point in this deflationary spiral.

The mechanical engineering industry showed a significantly weaker trend toward the end of the year, while movement in the white goods and electrical industries was more lateral.

Development of the key figures

Although the production figures of the Steel Division have been excellent in 2013/14 thus far—and are on course to reach an all-time production high for the business year as a whole—sales figures dropped in the first three quarters compared to the same period in the previous year due to the overall lower level of prices. Particularly in the heavy plate business segment, fewer orders and price pressure from the oil and natural gas sectors resulted in a substantial decline in revenue and operating results. (For clarification: After nine months, the negative EBIT deviation is around EUR 40 million compared to the original budget). The revenue went down by 3.1% from EUR 2,906.0 million to EUR 2,815.1 million. The losses in the results were much higher because the raw materials prices, which fell only slightly, could not even come close to compensating weak sales prices. Therefore, after three quarters, the Division recorded a reduction in EBITDA of 15.2% from EUR 336.5 million in the previous year to EUR 285.4 million, with the EBITDA margin dropping from 11.6% to 10.1%. At EUR 113.5 million, EBIT was about one third below the previous year's figure (EUR 164.8 million). Accordingly, at 4.0%, the EBIT margin was significantly reduced; it compares to a margin of 5.7% for the first three quarters of 2012/13.

While revenue in the third quarter of 2013/14 went down by 5.5% from EUR 938.5 million to EUR 886.8 million compared to the immediately preceding quarter, due to lower delivery volumes for heavy plate, the operating result (EBITDA) and profit from operations (EBIT) stabilized somewhat, albeit at a moderate level. EBITDA in the third quarter was EUR 87.5 million (second quarter: EUR 86.6 million) and EBIT came to EUR 28.7 million (second quarter: EUR 29.5 million). The EBITDA margin increased from 9.2% to 9.9%, while the EBIT margin remained practically constant at 3.2% (second quarter: 3.1%).

At the end of the third quarter of the current business year, the number of employees (FTE) in the Steel Division was 10,862, 4.3% higher than on December 31 of the previous year (10,414 FTE) or 1.7% above the comparative figure as of the end of the previous business year (10,676 FTE).

Special Steel Division

In millions of euros				Q 1 – Q 3		
	Q 1 2013/14 04/01–06/30/2013	Q 2 2013/14 07/01–09/30/2013	Q 3 2013/14 10/01–12/31/2013	2013/14 04/01–12/31/2013	2012/13 04/01–12/31/2012	Change in %
Revenue	682.8	643.1	621.2	1,947.1	2,064.8	–5.7
EBITDA	98.5	77.8	77.5	253.8	273.8	–7.3
EBITDA margin	14.4%	12.1%	12.5%	13.0%	13.3%	
EBIT	65.0	44.8	44.7	154.5	165.4	–6.6
EBIT margin	9.5%	7.0%	7.2%	7.9%	8.0%	
Employees (full-time equivalent)	12,884	12,898	12,884	12,884	12,144	6.1

Market environment and business development

In the first nine months of the business year 2013/14, the market environment was very challenging for the Special Steel Division, especially due to the dramatic seasonal effects in the summer and toward the end of the calendar year. Furthermore, individual product segments experienced marked price pressure due to competitors' capacity utilization problems.

From a regional perspective, Europe continues to be difficult, especially because there has not been any substantial increase in demand in Germany, the division's most important market. While the automotive and consumer goods segments still tended to remain at a more or less stable level, the situation in the heavy mechanical engineering industry was definitely subdued and the energy engineering industry (power stations) came to a virtual standstill. There was a certain stabilization of the situation in Southern Europe, albeit at a modest level. In the USA, the debate about the debt ceiling in the fall of 2013 slowed down development, but subsequently, the situation became increasingly positive. Brazil was characterized by restrained consumer behavior and a cautious level of investment. However, there have recently been positive signals from the oil and natural gas exploration industries. In Asia, with the exception of India, the economic situation was generally at a solid level during the past calendar year.

The High Performance Metals business segment, especially tool steel and high-speed steel, profited from customers' low inventories. The situation in the heavy mechanical engineering industry and the energy engineering industry with regard to open die forging products remained challenging. In contrast, the oil and natural gas exploration industries as well as the aviation sector developed at a solid level, with a correspondingly positive effect on the demand for special steels. All in all, the European consumer goods industry performed satisfactorily.

The acquisition of Eifeler France (see section "Acquisitions"), which was completed in the third quarter of 2013/14, following the acquisition of a total of nine companies of the Eifeler Group toward the end of the 2012 calendar year, represented another step in the development of sales and service activities. The consistent extension of the customer-specific value chain by expanding activities in processing, coating, and heat treatment contributed to the satisfactory development of the tool steel segment in the course of the business year thus far.

The situation in the Special Forgings business segment remained unchanged during the third quarter of 2013/14 as compared to previous quarters. The momentum in the aviation industry was the primary driver of demand for special steel forgings. Compared to the previous year, there was a certain upward trend in the commercial vehicle industry, however, the energy engineering industry's market has shown no indication of a recovery.

Development of the key figures

Revenue during the first nine months of 2013/14 declined by 5.7% from EUR 2,064.8 million in the previous year to EUR 1,947.1 million in the reporting period. The reasons were several. Prices for scrap and key alloys fell in comparison to the previous business year and, together with not fully utilized capacity by competitors, triggered a downtrend with regard to sales prices. Furthermore, production volumes also fell. Earnings declined at a similar rate, with the operating result (EBITDA) dropping by 7.3% from EUR 273.8 million to EUR 253.8 million and profit from operations (EBIT) going down by 6.6% from EUR 165.4 million to EUR 154.5 million. Because revenue and earnings declined at a similar rate, both the EBITDA margin at 13.0% (previous year: 13.3%) and the EBIT margin at 7.9% (previous year: 8.0%) remained largely at the same level as in the first three quarters of 2012/13.

When comparing the figures to the immediately preceding quarter, the picture is more highly differentiated. While revenue fell by 3.4%, from EUR 643.1 million in the second quarter to EUR 621.2 million in the third quarter, the operating result in the third quarter remained stable despite substantial seasonal effects in December, which in turn resulted in slightly lower delivery volumes. At EUR 77.5 million, EBITDA remained practically identical to the immediately preceding quarter (EUR 77.8 million) and, in the third quarter of 2013/14, EBIT of EUR 44.7 million also matched the figure in the immediately preceding quarter (EUR 44.8 million). The profit margins even rose slightly, with the EBITDA margin increasing from 12.1% to 12.5% and the EBIT margin showing a gain from 7.0% to 7.2%.

As of December 31, 2013, the Special Steel Division had 12,884 employees (FTE), an increase of 6.1% compared to the same date in the previous business year (12,144 FTE) or 1.3% more than as of the end of the previous business year (12,721 FTE), due primarily to acquisitions.

Metal Engineering Division

In millions of euros	Q 1 2013/14 04/01– 06/30/2013	Q 2 2013/14 07/01– 09/30/2013	Q 3 2013/14 10/01– 12/31/2013	Q 1 – Q 3 2013/14 04/01– 12/31/2013	Q 1 – Q 3 2012/13 04/01– 12/31/2012	Change in %
Revenue	766.9	729.6	678.4	2,174.9	2,239.2	–2.9
EBITDA	112.3	113.1	107.9	333.3	309.0	7.9
EBITDA margin	14.6%	15.5%	15.9%	15.3%	13.8%	
EBIT	83.2	83.8	78.5	245.5	224.1	9.5
EBIT margin	10.8%	11.5%	11.6%	11.3%	10.0%	
Employees (full-time equivalent)	11,558	11,834	11,760	11,760	11,137	5.6

Market environment and business development

Sustained by the railway infrastructure, oil and natural gas exploration, and automotive supply customer segments, the economic situation of the Metal Engineering Division in the first nine months of the business year 2013/14 continued to be robust. The business development of the Rail Technology segment remained stable at a high level despite continuing restrained investment activity by the European railway operators. This is primarily due to a number of attractive projects outside of Europe where it was possible to position the division's sophisticated rail program very successfully. Due to the closure of the standard rail production at the Duisburg/Germany site in the fourth calendar quarter of 2013, which had become an economic necessity, this business segment will be oriented almost exclusively toward the premium segment in the future.
Demand in the Turnout Technology business segment during the first nine months of 2013/14 was also stable at a positive level, especially in North and South America and South Africa. The investments undertaken in past years in Saudi Arabia and Turkey have been launched successfully and are already making a contribution to improved earnings. A sustainably high potential for growth in the railway infrastructure sector is expected not only in the Middle East and in Turkey, but also in Asia, primarily Southeast Asia and China. Due not least to the improved general mood in the European automobile industry, the Wire business segment has maintained its solid performance, and this is not expected to change in the coming months. The Seamless Tube business segment experienced demand that was excellent overall, driven by dynamic exploration activity in the traditional oil and natural gas production regions of North America and the Middle East. The Welding Consumables business segment performed quite satisfactorily, although its market environment is somewhat weaker than the other business segments of the Metal Engineering Division. This is due on one hand to the level of demand that continues to be restrained, in particular with regard to power plant projects in Europe and, on the other, by increased negative impact on the competitive situation as a result of changes in monetary parities. The segment's performance in the USA was significantly more positive, driven by oil and natural gas production.

Development of the key figures

In the first nine months of the current business year, the Metal Engineering Division was again the voestalpine Group's most profitable division by far. The division's revenue, however, suffered a slight loss as a result of the closure of the standard rail production at the Duisburg/Germany site in the fourth calendar quarter of 2013. Revenue declined by 2.9% from EUR 2,239.2 million in the first three quarters of 2012/13 to EUR 2,174.9 million in the current business year. However, as far as earnings are concerned, the division again recorded a very appreciable gain on top of what was already a very good level. The Wire business segment made a substantial contribution to this development as it considerably increased both delivery volumes and prices compared to the previous year. The operating result (EBITDA) in the first three quarters of 2013/14 came to EUR 333.3 million, 7.9% above last year's figure of EUR 309.0 million. This corresponds to an EBIT margin of 15.3% (previous year: 13.8%) EBIT rose by just over 10% from EUR 224.1 million to EUR 245.5 million, with the EBIT margin in the first nine months of 2013/14 at 11.3% (previous year: 10.0%).

A direct comparison of the second and third quarters of 2013/14 shows a decline in revenue of 7.0% from EUR 729.6 million to EUR 678.4 million, due on one hand to the aforementioned closure of the Duisburg site and, on the other, to seasonal effects. In the same period, the EBITDA margin improved from 15.5% to 15.9% despite the fact that EBITDA fell by 4.6% from EUR 113.1 million to EUR 107.9 million. EBIT decreased by 6.3% from the second to the third quarter of the business year 2013/14, going from EUR 83.8 million to EUR 78.5 million, with the EBIT margin remaining almost the same at 11.6% (previous quarter: 11.5%).

As of December 31, 2013, the Metal Engineering Division had 11,760 employees (FTE), thus increasing its headcount by 5.6% compared to the same date in 2012 (11,137 FTE) and by 3.4% compared to the end of the previous business year (11,374 FTE).

Metal Forming Division

In millions of euros				Q1–Q3		
	Q1 2013/14 04/01–06/30/2013	Q2 2013/14 07/01–09/30/2013	Q3 2013/14 10/01–12/31/2013	2013/14 04/01–12/31/2013	2012/13 04/01–12/31/2012	Change in %
Revenue	597.9	567.8	574.4	1,740.1	1,726.3	0.8
EBITDA	68.5	61.3	64.6	194.4	179.1	8.5
EBITDA margin	11.5%	10.8%	11.2%	11.2%	10.4%	
EBIT	46.1	39.0	41.7	126.8	112.3	12.9
EBIT margin	7.7%	6.9%	7.3%	7.3%	6.5%	
Employees (full-time equivalent)	11,117	11,185	10,780	10,780	10,283	4.8

Market environment and business development

In the third quarter of 2013/14, the Metal Forming Division continued the stable performance of the previous periods. In the Automotive Body Parts business segment, there was a slight pick-up—albeit beginning at a very depressed level—with more call-offs from customers in the sub-compact and compact car segments. Business development in the premium automobile segment varied depending on the manufacturer and the model policies, however, overall, it remained at a very good level, not least because it was driven by continuing strong demand from China and the USA. The upward trend was enhanced by the fact that the automobile industry had shorter than usual production closures around the turn of the year.

The Tubes and Sections business segment had a steady performance due to the stabilization of the construction industry in the past months. The commercial vehicle industry has been consistently solid. The introduction of the Euro 6 environmental standard, which is binding for all newly registered trucks in the European Union from January 1, 2014, had a positive impact on sales figures. In the construction and agricultural machinery industries, cab construction, in

particular, has been at a consistently good level, and the aerospace industry continues to have high sales volumes.
Apart from Europe, viewed regionally the market situation was satisfactory in the USA, and in Brazil, where it was also favorable, due primarily to high demand for agricultural machinery which compensated for the somewhat weaker level of orders in other sectors.
From a regional perspective, the Precision Strip business segment experienced a somewhat improved order situation in the USA. As far as Europe is concerned, most recently, the development in Germany has been positive, while in Scandinavia, the economic environment has remained subdued. In this segment, the market situation in China has remained difficult. The Material Handling business segment has reported an overall excellent order situation, with order books filled well into the next business year. This is primarily a result of continuing growth in online retail sales, which is expected to prolong this trend.

Development of the key figures

The overall very steady development of the Metal Forming Division can be seen in the comparison of revenue figures in the first nine months of 2013/14 with the corresponding period in the previous year. In the current business year, revenue made only minimal gains of 0.8%, going from EUR 1,726.3 million to EUR 1,740.1 million. The fact that earnings nevertheless grew more significantly is primarily the result of optimization measures within the division, particularly in the Tubes & Sections business segment. In a year-to-year comparison, the operating result (EBITDA) improved by 8.5% from EUR 179.1 million to EUR 194.4 million, while profit from operations (EBIT) rose even more by 12.9% from EUR 112.3 million to EUR 126.8 million. These figures resulted in an EBITDA margin of 11.2% in the current business year (previous year: 10.4%) and an EBIT margin of 7.3% (previous year: 6.5%).
A comparison of the third quarter 2013/14 with the immediately preceding quarter shows a positive trend. All of the division's business segments are showing an equally satisfactory development, and a comparison with the immediately preceding quarter reflects the somewhat improved market environment in the Automotive Body Parts, Precision Strip, and Material Handling business segments. Revenue in the third quarter rose by 1.2% vis-à-vis the second quarter, going from EUR 574.4 million to EUR 567.8 million. As far as earnings are concerned, EBITDA rose from EUR 61.3 million to EUR 64.6 million (a plus of 5.4%), and EBIT went up from EUR 39.0 million to EUR 41.7 million (an increase of 6.9%). Thus, the EBITDA margin in the third quarter of 2013/14 was 11.2% (previous quarter: 10.8%), and the EBIT margin was 7.3% (previous quarter: 6.9%).
As of December 31, 2013, the Metal Forming Division had 10,780 employees (FTE), an increase of 4.8% compared to the same date in the previous business year (10,283 FTE) and 0.7% less than as of the end of the business year 2012/13 (10,853 FTE).

Antitrust proceedings relative to railway superstructure material

As already reported in earlier letters to shareholders, in July 2013, the German Federal Cartel Office (Bundeskartellamt) concluded the monetary penalty proceedings associated with the so-called rail cartel. For agreements violating antitrust laws relating to both the "private market" and to the supply of railway superstructure material, which was detrimental to Deutsche Bahn, a total of EUR 14.9 million in fines was levied against companies belonging to the voestalpine Group. Otherwise, voestalpine's status of cooperating witness was confirmed for the major part of both proceedings.
As far as claims for compensatory damages by customers for deliveries by the cartel are concerned, corresponding payments were agreed upon that cover both direct and indirect deliveries of rails to Deutsche Bahn. Only compensatory damages for deliveries to municipal mass transit agencies and other private market customers are still unresolved.

As of December 31, 2013, the provisions set aside in the annual financial statements 2012/13 in the amount of EUR 204.4 million for the antitrust proceedings and associated actions and costs as well as for the closure of TSTG Schienen Technik GmbH & Co KG were reduced by the amount of the compensatory damages paid for direct and indirect deliveries of rails to Deutsche Bahn and by the costs involved in the closure of TSTG Schienen Technik GmbH & Co KG. All the remaining provisions were adjusted as of December 31, 2013 in accordance with the current estimate, resulting in non-recurring income totaling EUR 7.3 million (reversal/appropriation).

Closure of TSTG Schienen Technik GmbH & Co KG

As already set forth in the Annual Report 2012/13, negotiations with employee representatives regarding reconciliation of interests and a social compensation plan for the remaining approximately 350 employees, which were initiated after the resolution by the Management Board in March 2012 to close the rail production of TSTG Schienen Technik GmbH & Co KG in Duisburg, were successfully completed in May 2013. The final closure took place as scheduled in the fourth calendar quarter of 2013 after all still remaining orders were completed (regarding provisions formed for the closure, please see the chapter "Antitrust proceedings relative to railway superstructure material.")

Business transactions with associated companies or parties

Information regarding business transactions with associated companies and parties is available in the Notes.

Investments

After a phase of consolidation in the wake of the financial crisis, the business year 2012/13 marked intensified investment activity by the Group as it began to implement its "Strategy 2020." These activities continued in the third quarter of 2013/14 as voestalpine seeks to ensure its leading position with regard to high standards of technology and quality on one hand and, on the other, to accelerate its orientation specifically toward growth markets. Against this backdrop, investments in the first nine months of 2013/14 increased in comparison to the previous year by one third, rising from EUR 498.4 million to EUR 664.3 million.
Compared to the previous year, investment expenditure of the Steel Division in the first three quarters of 2013/14 surged by 82.5% from EUR 188.3 million to EUR 343.7 million. The focus of these investments was on measures to optimize maintenance and improve efficiency in the production of crude steel and on measures to increase quality even further and expand the premium quality product portfolio in the rolling segment—all at the Linz/Austria site: renewal of the cowpers on main blast furnace A, construction

of a new coal injection system on all three blast furnaces, preparations for start-up of operations of the continuous annealing line 2 for the production of premium quality electric strip, construction of the new heavy plate/rolling stand for the production of ultra high-strength heavy plate. Construction of the direct reduction plant in Corpus Christi, Texas/USA is on schedule and precisely within the budget. The required construction and environmental permits have either already been issued or are currently in the end phase of the permissions process.
The investment volume of the Special Steel Division in the first nine months of 2013/14 was at EUR 108.7 million, 18.3% higher than the previous year's figure (EUR 91.9 million). The four-year project on optimization of quality and productivity and improvement of occupational safety and environmental protection in the special steel plant in Wetzlar/Germany is currently focused on expansion of facilities for heat treatment of drop forgings. The expansion in capacity for producing powder-metallurgical steels at the Kapfenberg/Austria site was launched in the second half of 2013. Within the scope of optimization of global distribution of tool steel, high-speed steel, and special materials, the distribution center in Kapfenberg was expanded. Furthermore, in important sales regions, measures are currently being implemented to expand services, such as heat treatment, pre-processing, and coating.
In contrast to the other divisions, the Metal Engineering Division scaled down its investments compared to the previous year by 12.4% from EUR 123.0 million to EUR 107.7 million. The single most extensive project as far as volume is concerned is the construction of a new wire rod mill at the Donawitz/Austria site that will replace the existing rolling mill; this mill will be a state-of-the-art facility and the most modern plant of its kind in Europe. Other current investment projects at the same site are a new walking beam furnace for rail production and the (scheduled) major repair of one of the two blast furnaces. At EUR 99.0 million, investments in the Metal Forming Division were 10.9% above those in the same period of the previous year (EUR 89.3 million). The main focus of activity is the internationalization strategy. In the Automotive Body Parts business segment, work is focused on the new "phs-ultraform" product segment (press-hardened steels based on new technology). The necessary buildings and facilities in the USA, South Africa, and China were completed during the past months and are all in the start-up phase at this time. In addition, two similar facilities were already put into operation in Germany in the third quarter of 2013/14. The Tubes and Sections business segment is currently building a new sections plant in China that is scheduled to begin production of special sections for international customers in the early part of the next business year.

Acquisitions

Only relatively small acquisitions were made in the first three quarters of 2013/14, which, however, were consistently directed toward creation of greater added value. In late 2013, the Welding Technology business segment of the Metal Engineering Division purchased Maruti Weld Pvt. Ltd., which is headquartered in Delhi; the company specializes in welding electrodes and represents an expansion of the product portfolio. It has 180 employees and in 2012, it generated annual revenue of EUR 6.7 million.
In the first quarter of the current business year, the Welding Technology business segment also took over the Italian company Trafilerie di Cittadella S.p.A/FILEUR (for details, please refer to the Q1 2013/14 Letter to Shareholders).
The Special Steel Division acquired Eifeler France, another Eifeler Group company. This acquisition, which was completed in December 2013, is part of the acquisition of a total of nine Eifeler Group companies, in Germany, Switzerland, and the USA, in late March 2013. The Group specializes in the development and application of special coating technologies, particularly for the tool industry. Most recently, Eifeler France reported annual revenue of EUR 1.6 million; it has 15 employees.
The Q1 2013/14 Letter to Shareholders contained an already detailed report regarding another

acquisition by the Special Steel Division, the corporate group Rieckermann Steeltech Ltd. (Shanghai) and P.M. Technology Ltd. (Shenzhen), which was completed at the beginning of the business year.

Employees

As of the reporting date of December 31, 2013, the voestalpine Group had 47,085 employees (full-time equivalent, FTE) worldwide. This represents an increase in the number of employees by 5.3% compared to the previous year's reporting date or an increase of the FTE figure by 1.6% compared to March 31, 2013 due to acquisitions and a higher manpower requirement. The total figure includes 3,798 employees (FTE) employed as temporary staff, a plus of 26.9% compared to the same quarter in the last business year. This steep increase is partly due to the relatively low figure in the previous year. As of December 31, 2013, 1,612 young people were being trained, 18 more than in the previous year.

Research and development

Innovation at the voestalpine Group remains focused on those industries with the greatest long-term growth potential, i.e., mobility and energy, as well as sustainability and environmental compatibility. The voestalpine Synergy Platform, which took place, so to speak, as an annual "industry conference on innovation" for the seventh time last October, was likewise concerned with "energy and resource efficiency" this year and provided the voestalpine Group's research staff, as well as external experts, with the chance to have a concentrated exchange and networking opportunity on this topic.

In the area of process developments, focus was placed—beside energy and resource efficiency—primarily on issues such as lowering CO_2 and zero waste, and degree of purity and quality. Thus, for instance, all production processes were investigated for potential resource recovery from recyclable materials and energy. For example, projects in collaboration with Austria's Leoben University of Mining and Metallurgy are currently underway that aim for heat recovery from slag. With regard to resource efficiency, the focus is on increasing the flexibility of input materials, such as through innovative mixtures of ores or the acceleration of the use of natural gas over coal through the utilization of HBI/DRI technology, for example.

The further optimization of the entire process chain through improved compatibility and coordination of individual process steps continues to advance by simulating metallurgical process and forming technology, on the one hand, and by developing model-based systems management on the other.

In the area of product development, the current focus for mobility and energy remains in the field of ultra-high strength steels—specifically HD, or high ductility steel—in the next generation of electric steel strip, tools and tool materials for high and ultra-high strength steels, forged aviation components made from nickel-based and titanium-aluminum alloys, head check and wear-resistance optimized rail steel, life-cycle optimized turnouts, high tensile cold extrusion wire materials, new kinds of section and tube concepts based on high-strength coated steels, welding consumables for ultra-high strength and heat-resistant applications as well as parts and components for the renewable energies sector.

Environment

Climate and energy policy

The environmental sector is currently dominated by two main topics: new developments in European climate and environmental policies and the prioritized engagement with the subject of life cycle assessment.

For the most part, the current legal foundations in the European Union with regard to the reduction of greenhouse gas emissions, renewable energy, and energy efficiency apply until 2020. With the publication of the "2050 Roadmaps" in 2011, the European Commission attempted to achieve a resolution concerning a far-reaching reduction of CO_2 emissions in the European Union by 2050. The European Council, however, refused to approve these roadmaps and, as a result, there is still no proper political mandate today. Against this backdrop, the Commission's statement published in January 2014 regarding a "2030 package" can be understood as the attempt to realize the continuation and deepening of policies to transform the European economy into a low-carbon one, this time as a temporary solution with a shorter time horizon.

As expected, the statement calls for stepping up the achievement of this objective by setting targets for a 43% reduction of CO_2 emissions by industrial facilities, which are subject to the emissions trading system, by 2030, measured against the status in 2005. An increase of the CO_2 prices continues to be the objective.

Surprisingly, the statement also recommends retaining the system of free allocation of allowances until 2030—under current law it is supposed to be discontinued in 2020—and to increase the number of free certificates within the total amount of permitted carbon emissions. In addition to other recommendations, the statement also contains the admission that some process-related emissions cannot be reduced any further as well as a list of measures to keep energy costs as low as possible despite continuing increased efforts to reduce CO_2.

Even though these measures still need to be reinforced and worded more precisely, for the first time, it appears that the Commission has a growing understanding for the fact that real and serious emissions reductions require the existence of affordable low-carbon energy. It also recognizes the role of energy-intensive industries as part of the European value chains that provide the material foundation for the transformation process toward a low-carbon society. voestalpine welcomes this development and advocates that the European Council and then the European Parliament should address this paradigm shift and create a political and legal basis for it.

Life Cycle Assessment

In order to objectively and systematically evaluate the material steel with regard to its effects on the environment, it is necessary to analyze its entire life cycle. This analysis, the life cycle assessment (LCA) and/or eco-balance, is an important tool to analyze the sustainability aspects of products and processes on one hand and, on the other, to optimize material flows with regard to the most economical and efficient use of raw materials.

At the European level, activity associated with the LCA process is currently directed toward creation of product declarations (environmental product declarations or EPDs) for construction products and the calculation of ecological footprints for products and processes. The European Steel Association EUROFER is attempting to develop a uniform approach to producing EPDs for all steel products. The objective is to present the material steel in a way that is technically correct and uniform in order to guarantee an objective means of product comparison for customers.

Furthermore, voestalpine is participating in international working groups and research projects on the subjects of resource efficiency, material comparisons, and optimization of material flows. The top priority is to have an objective, data-based approach to product assessment and to avoid a distorted picture of how the material steel can be and is recycled.

Outlook

As was the case in previous quarters, the third quarter of the business year 2013/14 was characterized by a subdued economic trend that continued in most of the world's economic regions. In the last calendar quarter of 2013, the government shutdown in the USA had an additional dampening effect, as did increasing caution in many parts of the world with regard to new investment in the conventional energy sector and increasing disequilibrium in the rates of exchange between a number of emerging nations and the more developed markets. In the fourth quarter, these factors resulted in an economic slowdown compared to the immediately preceding quarter, which was exacerbated by the seasonal effects typical during this time of the year, and this affected the earnings trend in the Steel and Special Steel Divisions.

The beginning of 2014 was characterized by a noticeable pickup of business activity in most industrial sectors, however, this was to some extent the result of cyclical inventory effects. Nevertheless, irrespective of this development, an economic trend that is positive overall appears to be on the horizon for the first half of the calendar year; the past quarter seems to have been the turning point so that the economy will now be climbing out of the trough. It would, however, be a mistake to expect the economy to revive immediately in the next months; the broad-based and sustainable growth momentum necessary for such a recovery is not yet foreseeable.

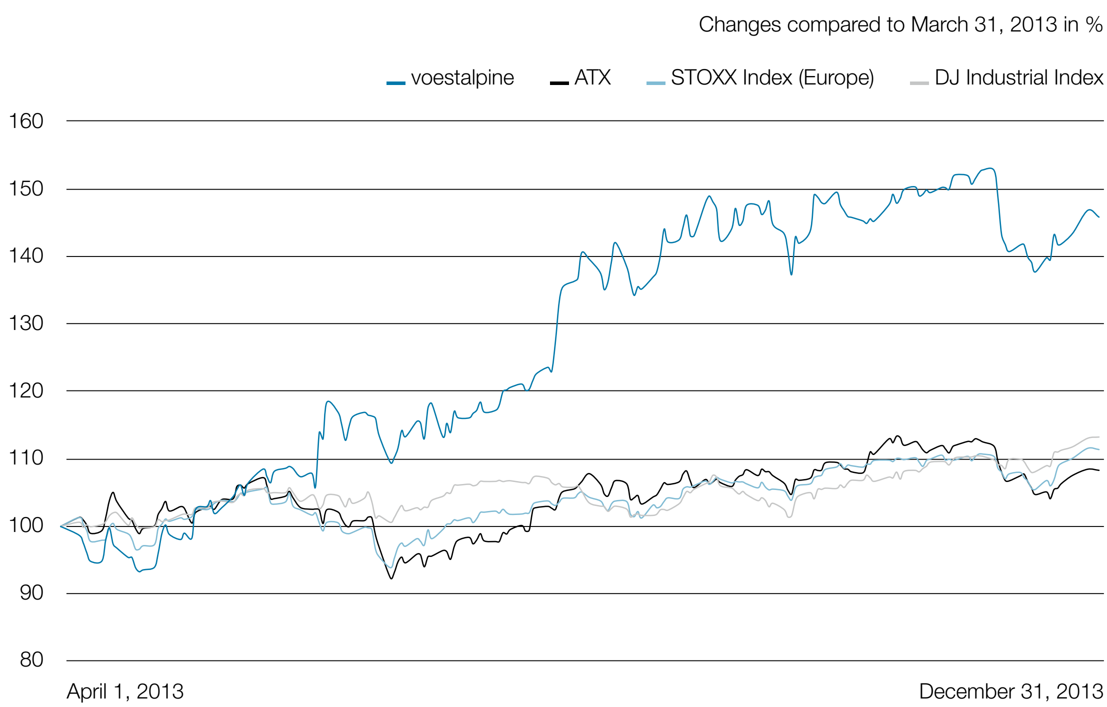
The situation of the European construction industry differs widely from region to region, however, viewed overall, an initial slight upward trend is discernible. The automobile industry should make gains in the course of the year, driven largely by exports in the premium segment, but also by the first, slight improvements in the mass market sector. Now that the contract for the first offshore section of the South Stream pipeline was awarded in late January, the development in the oil and natural gas segments is being viewed more optimistically than in the past year. It should be possible to realize additional major projects in other regions as well. A certain revival of activity is expected in the mechanical engineering segment, while the consumer goods and white goods industries continue to be in a wait-and-see cycle. Demand in the aviation, railway infrastructure, and agricultural machinery sectors continues to be stable at a high level.

Europe should be able to continue its economic consolidation in 2014, however, a real surge in economic growth is impossible because consumer confidence is still weak and the finances of many countries remain limited. The upward trend in North America, especially the USA, should be far more dynamic. From today's perspective, China is expected to continue to experience growth of at least 7%. A growing element of uncertainty for the global economy, however, is the fact that recently pressure to devaluate currencies in a number of important growth markets (e.g., Turkey, India) has grown heavy.

This economic backdrop is—all in all—somewhat more favorable and considering that the current negative deviation compared to the same period of the previous year diminished in the third quarter of 2013/14 as compared to the second quarter, the Group's earnings should continue to improve in the last quarter of the business year. From the current vantage point, earnings (EBITDA, EBIT) are expected to be slightly under the previous year's figures. This negative deviation is due entirely to the continuing, extreme weakness of the market throughout the whole year in large parts of the conventional energy sector (oil and natural gas transport, power plant construction).

Investor relations

voestalpine AG vs. the ATX and international indices



Price development of the voestalpine share

After increasing in value by about 50% in the first half of the business year 2013/14, the voestalpine share's development in the third quarter displayed a lateral trend and entered a phase of consolidation at around a share price of EUR 35. The positive mood on the stock exchange and the Group's solid earnings were responsible for the share's growth in the first nine months of the business year. This positive trend in the voestalpine share also demonstrates that a transparent and consistent pursuit of a strategy is rewarded by investors. Furthermore, in the first nine months of the business year the difference between the development of the voestalpine share and the development of the ATX and the international indices was more pronounced that it has been in years.

Overall, the price of the voestalpine share during the first nine months of 2013/14 rose by more than 45%, moving from EUR 23.96 as of March 31, 2013 to EUR 34.93 as of December 31, 2013, while the benchmark indices Stoxx Index (Europe) and DJ Industrial Index only grew by a little more than 10% and the ATX even experienced less than 10% growth.

Bonds

Hybrid bonds (2007–2014, 2013–2019)

Within the scope of financing the acquisition of the BÖHLER-UDDEHOLM Aktiengesellschaft, voestalpine AG issued a subordinated hybrid bond ("hybrid bond 2007") in October 2007 with an issue volume of EUR 1 billion and a coupon rate of 7.125%. The earliest possible call option by voestalpine AG is in October 2014. During its first two years, the hybrid bond traded consistently under its initial offering price due to the generally difficult financial and economic situation. It reached its lowest price at 75 (% of the face value) in the spring of 2009. Subsequently, the bond's price performed very positively, especially from early 2010 on, closing as of the December 31, 2010 at around 104 (% of the face value).

In order to optimize its financing portfolio, in February 2013, voestalpine AG offered all existing holders of the hybrid bond 2007 the opportunity to exchange their holdings for the new hybrid bond 2013 with a volume of up to EUR 500 million on a 1:1 basis. As more than 70% of the investors took advantage of this offer, allocation of the new bonds had to be curtailed accordingly. The coupon rate of the hybrid bond 2013 is fixed at 7.125% until October 31, 2014; then it is set at 6% until October 31, 2019. Demand for this security was so high that the price rose as of the end of December 2013 to around 109.5 (% of the face value).

Corporate bond 2 (2011–2018)

In early February 2011, voestalpine AG successfully placed a seven-year bond issue on the capital market with a coupon rate of 4.75% and a volume of EUR 500 million. From the very beginning, demand on the part of investors was very strong, and this was manifested by the positive development of the price. Particularly in the 2012 calendar year, the price rose significantly. Subsequently, the bond stabilized at this high level. As of the end of December 2013, the price of this bond was at about 107.5 (% of the face value).

Corporate bond 3 (2012–2018)

At the end of September 2012, voestalpine successfully placed another bond issue on the capital market with a volume of EUR 500 million and an interest rate of 4%. The bond was subscribed primarily by international investors, mainly from Germany, Switzerland, and the UK. Issue of the bond and the start of official trading was on October 5, 2012 on the Luxembourg Stock Exchange. Once again, the development of the price on the secondary market shows that bondholders have a great deal of confidence in the company; by the end of December 2013, the price of this bond had risen to about 105 (% of the face value).

voestalpine AG is currently being analyzed by the following investment banks/institutions:

- Alpha Value, Paris
- Baader Bank AG, Munich
- Banco Espirito Santo de Investimento, Lisbon
- Bank of America/Merrill Lynch, London
- Citigroup, London
- Commerzbank, Frankfurt
- Credit Suisse, London
- Deutsche Bank, London
- Erste Bank, Vienna
- Exane BNP Paribas, Paris
- Goldman Sachs, London
- HSBC, London
- Jefferies, London
- JP Morgan, London
- Kepler Cheuvreux, Frankfurt
- Macquarie, London
- MainFirst, Frankfurt
- Morgan Stanley, London
- Nomura, London
- Raiffeisen Centrobank, Vienna
- Société Générale, Paris
- Steubing, Frankfurt
- UBS, London

Share information

Share capital	EUR 313,309,235.65 divided into 172,449,163 no-par value shares
Shares in proprietary possession as of December 31, 2013	28,597 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 2013 to December 2013	EUR 36.61
Share price low April 2013 to December 2013	EUR 22.34
Share price as of December 31, 2013	EUR 34.93
Initial offering price (IPO) October 1995	EUR 5.18
All-time high price (July 12, 2007)	EUR 66.11
Market capitalization as of December 31, 2013*	EUR 6,022,650,370.38

* Based on total number of shares minus repurchased shares.

Business year 2012/13	
Earnings per share	EUR 2.61
Dividend per share	EUR 0.90
Book value per share	EUR 29.06

Financial calendar 2014/15	
Annual Report 2013/14	June 4, 2014
Annual General Shareholders' Meeting	July 2, 2014
Ex-dividend date	July 7, 2014
Dividend payment date	July 14, 2014
Letter to shareholders for the first quarter of 2014/15	August 5, 2014
Letter to shareholders for the second quarter of 2014/15	November 5, 2014
Letter to shareholders for the third quarter of 2014/15	February 10, 2015

voestalpine AG

Financial data 12/31/2013

In accordance with International Financial Reporting Standards (IFRS)

Consolidated statement of financial position

Assets

	03/31/2013	12/31/2013
A. Non-current assets		
Property, plant and equipment	4,580.6	4,691.2
Goodwill	1,470.2	1,471.2
Other intangible assets	320.9	328.0
Investments in associates	156.4	135.7
Other financial assets	109.2	91.2
Deferred tax assets	343.6	302.4
	6,980.9	**7,019.7**
B. Current assets		
Inventories	2,876.9	3,051.6
Trade and other receivables	1,655.5	1,457.1
Other financial assets	473.3	431.1
Cash and cash equivalents	1,092.7	363.1
	6,098.4	**5,302.9**
Total assets	**13,079.3**	**12,322.6**

In millions of euros

Equity and liabilities

	03/31/2013	12/31/2013
A. Equity		
Share capital	313.3	313.3
Capital reserves	472.5	467.0
Hybrid capital	993.2	993.2
Retained earnings and other reserves	3,228.9	3,276.0
Equity attributable to equity holders of the parent	**5,007.9**	**5,049.5**
Non-controlling interests	67.3	67.9
	5,075.2	**5,117.4**
B. Non-current liabilities		
Pensions and other employee obligations	1,004.6	979.2
Provisions	113.8	118.9
Deferred tax liabilities	189.6	185.7
Financial liabilities	2,558.8	2,613.0
	3,866.8	**3,896.8**
C. Current liabilities		
Provisions	612.2	476.9
Tax liabilities	60.8	62.6
Financial liabilities	1,324.6	780.7
Trade and other payables	2,139.7	1,988.2
	4,137.3	**3,308.4**
Total equity and liabilities	**13,079.3**	**12,322.6**

In millions of euros

Consolidated statement of cash flows

	04/01 – 12/31/2012	04/01 – 12/31/2013
Operating activities		
Profit for the period	369.5	351.6
Adjustments	455.5	471.9
Changes in working capital		
Changes in inventories	–48.9	–236.0
Changes in receivables and liabilities	46.6	49.0
Changes in provisions	–91.5	–127.6
	–93.8	**–314.6**
Cash flows from operating activities	**731.2**	**508.9**
Investing activities		
Additions of other intangible assets, property, plant and equipment	–518.6	–644.4
Income from disposals of assets	5.2	22.8
Cash flows from the acquisition of control of subsidiaries	1.3	–19.7
Cash flows from the loss of control of subsidiaries	1.5	0.5
Additions/divestments of other financial assets	–21.5	77.4
Cash flows from investing activities	**–532.1**	**–563.4**
Financing activities		
Dividends paid	–206.4	–212.8
Dividends paid/capital increase non-controlling interests	–7.6	–8.5
Acquisitions/disposal of own shares	4.9	1.6
Change of non-controlling interests	–39.1	–6.7
Capital increase/shareholder contribution	79.9	–
Change in non-current financial liabilities	42.9	88.1
Change in current financial liabilities	–256.0	–520.9
Cash flows from financing activities	**–381.4**	**–659.2**
Net decrease/increase in cash and cash equivalents	**–182.3**	**–713.7**
Cash and cash equivalents, beginning of year	677.2	1,092.7
Net exchange differences	–4.7	–15.9
Cash and cash equivalents, end of year	**490.2**	**363.1**

In millions of euros

Consolidated income statement

	04/01–12/31/2012[1]	04/01–12/31/2013	10/01–12/31/2012[1]	10/01–12/31/2013
Revenue	8,652.5	8,384.1	2,719.7	2,660.5
Cost of sales	–6,911.1	–6,676.6	–2,178.1	–2,141.9
Gross profit	**1,741.4**	**1,707.5**	**541.6**	**518.6**
Other operating income	235.1	229.5	90.9	96.3
Distribution costs	–729.6	–729.2	–240.3	–240.9
Administrative expenses	–432.7	–446.0	–139.6	–148.7
Other operating expenses	–207.0	–188.8	–80.8	–52.8
Profit from operations (EBIT)	**607.2**	**573.0**	**171.8**	**172.5**
Share of profit of associates	12.0	9.1	3.4	4.7
Finance income	53.1	25.3	17.2	7.3
Finance costs	–198.6	–150.9	–66.5	–48.4
Profit before tax (EBT)	**473.7**	**456.5**	**125.9**	**136.1**
Tax expense	–104.2	–104.9	–25.9	–24.5
Profit for the period	**369.5**	**351.6**	**100.0**	**111.6**
Attributable to:				
Equity holders of the parent	310.4	294.1	80.4	93.5
Non-controlling interests	5.1	3.8	1.6	0.4
Share planned for hybrid capital owners	54.0	53.7	18.0	17.7
Diluted and basic earnings per share (euros)	**1.83**	**1.71**	**0.47**	**0.55**

[1] Business year 2012/13 retroactively adjusted in accordance with IAS 19 (revised).

In millions of euros

Statement of comprehensive income

	04/01–12/31/2012[1]	04/01–12/31/2013	10/01–12/31/2012[1]	10/01–12/31/2013
Profit for the period	**369.5**	**351.6**	**100.0**	**111.6**
Other comprehensive income				
Hedge accounting	–7.8	0.7	0.2	2.2
Currency translation	–23.2	–113.6	–20.7	–34.3
Share of result of associates	2.9	–2.3	2.2	–1.7
Other comprehensive income for the period, net of income tax	**–28.1**	**–115.2**	**–18.3**	**–33.8**
Total comprehensive income for the period	**341.4**	**236.4**	**81.7**	**77.8**
Attributable to:				
Equity holders of the parent	283.1	181.7	62.9	60.4
Non-controlling interests	4.3	1.0	0.8	–0.3
Share planned for hybrid capital owners	54.0	53.7	18.0	17.7
Total comprehensive income for the period	**341.4**	**236.4**	**81.7**	**77.8**

[1] Business year 2012/13 retroactively adjusted in accordance with IAS 19 (revised).

In millions of euros

Consolidated statement of changes in equity

	Q 1 – Q 3 2012/13			Q 1 – Q 3 2013/14		
	Group	Non-controlling interests	Total	Group	Non-controlling interests	Total
Equity as of April 1	**4,765.9**	**70.4**	**4,836.3**	**5,007.9**	**67.3**	**5,075.2**
Total comprehensive income for the period	337.1	4.3	341.4	235.4	1.0	236.4
Dividends to shareholders	–135.0	–7.7	–142.7	–155.2	–8.6	–163.8
Capital increase	79.9	–	79.9	–		–
Own shares acquired/ disposed	4.9	–	4.9	1.6	–	1.6
Purchase of non-controlling interests	–	10.5	10.5	–	–	–
Dividends to hybrid capital owners	–71.3	–	–71.3	–42.8	–	–42.8
Other changes	–9.7	–7.8	–17.5	2.6	8.2	10.8
Equity as of December 31	**4,971.8**	**69.7**	**5,041.5**	**5,049.5**	**67.9**	**5,117.4**

In millions of euros

voestalpine AG

Notes

These interim consolidated financial statements of voestalpine AG as of December 31, 2013 for the first three quarters of the business year 2013/14 were prepared in accordance with IAS 34 – Interim Financial Reporting. The accounting policies are unchanged from the annual consolidated financial statements for the business year 2012/13 with the following exceptions:

New and revised Standards adopted for the first time in the business year 2013/14

Standard	Content	Effective date[1]
IFRS 13	Fair Value Measurement	January 1, 2013
IFRS 7, amendments	Financial Instruments: Disclosures – Offsetting Financial Assets and Financial Liabilities	January 1, 2013
IAS 12, amendments	Income Taxes – Deferred Tax: Recovery of Underlying Assets	January 1, 2013
IAS 1, amendments	Presentation of Financial Statements – Presentation of Items of Other Comprehensive Income	July 1, 2012
IAS 19, amendments	Employee Benefits	January 1, 2013
Various Standards	Annual Improvements to International Financial Reporting Standards, 2009–2011 Cycle (Exception: amendments related to IAS 32 have been early adopted in the business year 2012/13)	January 1, 2013

[1] These Standards are applicable to reporting periods beginning on or after the effective date.

IFRS 13 defines the concept of fair value, provides a framework for measuring fair value in a single Standard, and prescribes the disclosures related to the measurement of fair value. There are additional notes and disclosures in the interim consolidated financial statements of voestalpine AG as a result of the first-time application of IFRS 13.

As a result of the amendments to IFRS 7, new provisions governing disclosures for offsetting financial instruments have been included in the statement of financial position. This change had no impact on the interim consolidated financial statements of voestalpine AG as of December 31, 2013.

The amendments to IAS 1 require that the items of other comprehensive income are grouped according to whether they will be recycled later into the income statement or not. The presentation of the statement of comprehensive income was adjusted accordingly.

As a result of the amendments to IAS 19, the corridor method is being eliminated and finance costs will be determined on a net basis. Furthermore, past service cost must be recognized immediately through profit or loss in the future, and additional disclosures are required with regard to defined benefit plans. In the voestalpine Group, actuarial gains and losses from severance and pension obligations have already been recognized directly in equity in the year in which they are incurred. The amendments to IAS 19 result in a change in the accounting treatment of expected return on plan assets of voestalpine AG. Up to March 31, 2013, in the voestalpine Group the expected return on plan assets was reported based on the underlying contracts with the pension funds in EBIT or in financial income; now it is recognized in full under net financial income. The relevant line items were retroactively adjusted for the first three quarters of the business year 2012/13 to reflect the following adjustments due to the amendments to IAS 19:

Adjustments to the income statement	**04/01–12/31/2012**
Cost of sales	–3.2
Distribution costs	–1.2
Administrative expenses	–3.2
Other operating expenses	–0.3
Total	**–7.9**

In millions of euros

The application of the other new standards does not have a significant impact on the interim consolidated financial statements. Further information on the principles of preparation is provided in the consolidated financial statements as of March 31, 2013, 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). The use of automated calculation systems may result in rounding differences.

Unless otherwise stated, comparative information relates to the first three quarters of the business year 2012/13 (reporting date: December 31, 2012).

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

Scope of consolidated financial statements/acquisitions

The changes made in the scope of consolidated financial statements during the reporting period were as follows:

	Full consolidation	Proportionate consolidation	Equity method
As of April 1, 2013	**291**	**2**	**12**
Acquisitions	3		
Change in consolidation method			
Additions	7		1
Disposals			
Reorganizations	–3		–1
Divestments or disposals	–1		–1
As of December 31, 2013	**297**	**2**	**11**
Of which foreign companies	237	0	6

The following entities were deconsolidated during the first three quarters of the business year 2013/14:

Name of entity
Full consolidation in the business year 2012/13
Stratford Joists Limited
Reorganization
EIFELER POLITEC GMBH
BÖHLER-UDDEHOLM HÄRTEREITECHNIK GmbH
voestalpine Profilform Beteiligung GmbH
Equity method in the business year 2012/13
VA Intertrading Aktiengesellschaft
Reorganization
Industrie-Logistik-Linz GmbH & Co KG

The following entities were included in the interim consolidated financial statements for the first time during the first three quarters of the business year 2013/14:

Name of entity	Interest in %
Full consolidation	
Bohler Pacific Pte. Ltd.	100.000%
Caseli GmbH	100.000%
voestalpine Funding International GmbH	100.000%
voestalpine Texas LLC	100.000%
voestalpine Texas Holding LLC	100.000%
V 54-Fonds	97.181%
Trafilerie di Cittadella S.p.A.	90.000%
Eifeler France S.a.r.l.	100.000%
voestalpine Wire Technology GmbH	100.000%
Maruti Weld Pvt Ltd	100.000%
Equity method	
Industrie-Logistik-Linz GmbH	37.000%

Additions to the scope of consolidated financial statements of fully consolidated entities include three acquisitions, four newly established subsidiaries, and the consolidation of three previously non-consolidated entities, including a fund of funds (additions resulting from the change in the consolidation method) that was fully consolidated as of April 1, 2013. The effect on the interim consolidated financial statements can be considered immaterial.

In accordance with IFRS 3, the acquired companies are included in the interim consolidated financial statements at the fair value of the acquired assets, liabilities, and contingent liabilities determined as of the acquisition date, including depreciation and amortization as appropriate. The carrying amount of the non-controlling interests is determined based on the fair values carried forward for the assets and liabilities acquired. In accordance with IFRS 3, property, plant and equipment, intangible assets, inventories, and provisions shall be considered provisional due to valuation uncertainties.

The increase of majority interests is treated as a transaction between owners. The difference between the costs of acquisition for the additional shares and the pro-rated carrying value of the non-controlling interests is recognized directly in equity. During the first three quarters of the business year 2013/14, EUR 6.2 million (2012/13: EUR 14.9 million) was paid for the acquisition of non-controlling interests or provisions were formed for the payment thereof. Non-controlling interests amounting to EUR 4.1 million (2012/13: EUR 7.7 million) were derecognized, and the remaining amount of EUR 2.1 million (2012/13: EUR 7.2 million) was charged directly in equity.

Put options granted to non-controlling shareholders in exchange for their shares in Group companies are recorded in the statement of financial position as liabilities stated at fair value. If the risks and rewards associated with ownership of a non-controlling interest have already been transferred at the time the majority interest was acquired, an acquisition of 100% of the entity is assumed. If the risks and rewards have not been transferred, the non-controlling interest continues to be shown in equity. The liability is covered by a direct transfer from retained earnings with no effect on profit or loss (double credit approach).

Open put options, which are charged against equity, had a fair value of EUR 0.6 million (March 31, 2013: EUR 10.0 million) as of December 31, 2013.

In the first quarter of the current business year, the Metal Engineering Division acquired the Italian company Trafilerie di Cittadella S.p.A. voestalpine Böhler Welding Group GmbH (Welding Technology business segment) thus holds 90% of the shares of this company that specializes in the manufacture of high-quality seamless flux cored wire, which is especially suited for welding high-strength, cryogenic, and high-temperature steels, whose product characteristics are the result of the unique production process. Trafilerie di Cittadella S.p.A., which has 60 employees, generated annual revenue of EUR 13.7 million in 2012. The acquisition enhances the Welding Technology business segment's expertise with regard to flux cored wire. In December 2013, the Welding Technology business segment of the Metal Engineering Division acquired the Indian company Maruti Weld Pvt Ltd, which is headquartered in Delhi. The 180-employee-strong company, which specializes in manufacturing welding electrodes, generated annual revenue of EUR 6.7 million in 2012 and is among the top 10 companies on the Indian welding technology market. For voestalpine, this acquisition represents yet another expansion of its product portfolio in the welding technology segment and provides an outstanding, regional production base for the penetration of the Indian growth market.

The strategically important acquisition of Eifeler France S.a.r.l. was completed in December 2013 by the Special Steel Division; this is part of the acquisition of a total of nine companies of the Eifeler Group in Germany, Switzerland, and the USA in March 2013. Eifeler France S.a.r.l., which has 15 employees, reports annual revenue of EUR 1.6 million. With the expertise available in the companies acquired from the Eifeler Group, the position of the Special Steel Division as worldwide market and technology leader in tool steel can be enhanced even further. The second acquisition during this business year by the Special Steel Division involved Rieckermann Steeltech Ltd. (Shanghai) and P.M. Technology Ltd. (Shenzhen). The division acquired these production and service sites in China, which employ a total of around 100 employees, as part of an asset deal. These acquisitions have expanded the distribution network in China and strengthened the division's regional presence in the field of sophisticated special materials for oil and gas production, the energy and fuel sectors as well as the aviation industry.

These acquisitions had the following effects on the interim consolidated financial statements:

	Recognized values	Fair value adjustments	Carrying amounts
Non-current assets	18.9	5.1	13.8
Current assets	16.7		16.7
Non-current provisions and liabilities	–3.8	–0.6	-3.2
Current provisions and liabilities	–11.0		–11.0
Net assets	**20.8**	**4.5**	**16.3**
Increase in non-controlling interests	–0.5		
Goodwill/badwill	2.8		
Costs of acquisition	**23.1**		
Cash and cash equivalents acquired	–0.4		
Net cash outflow	**22.7**		

In millions of euros

Since their initial consolidation, these acquisitions have contributed revenue of EUR 13.3 million to consolidated revenue. Their share of the Group's profit for the period was EUR −0.6 million for the same period. The consolidated revenue would have been EUR 7.7 million higher and the Group's profit for the period would have been EUR 0.3 million higher if the acquisitions had been consolidated as of April 1, 2013.

Fair values were applied for trade receivables in the amount of EUR 2.9 million and other receivables in the amount of EUR 0.3 million as part of the acquisition of Trafilerie di Cittadella S.p.A. For Eifeler France S.a.r.l., trade receivables in the amount of EUR 0.3 million and other receivables in the amount of EUR 0.2 million were acquired. The acquisition of Maruti Weld Pvt Ltd transferred trade receivables in the amount of EUR 1.4 million and other receivables in the amount of EUR 0.1 million. Any receivables associated with all the acquisitions that are likely to be uncollectible are considered immaterial.

With regard to the aforementioned acquisitions, it can be assumed that tax deductions can be claimed for portions of the recognized goodwill insofar as they are deductible for corporate income tax purposes under current law. This has not yet been determined. However, the amounts are immaterial for the voestalpine interim consolidated financial statements.

Notes on the consolidated statement of financial position

In the first three quarters of the business year 2013/14, investments amounting to EUR 664.3 million exceeded depreciations of EUR 433.9 million. Nevertheless, non-current assets increased only from EUR 6,980.9 million to EUR 7,091.7 million mainly due to negative exchange rate effects. Despite negative currency translation differences, inventories rose by EUR 174.7 million in comparison to March 31, 2013, due primarily to higher inventory volumes. Furthermore, the decrease of cash and cash equivalents from EUR 1,092.7 million to EUR 363.1 million resulted mainly from repayment of borrowed funds and dividends.

VA Intertrading Aktiengesellschaft has been recognized under other current financial investments (previously recognized according to the equity method) as the prerequisites for the application of IFRS 5 provisions have now been met; however, as these are immaterial it is not appropriate to list them as a separate line item in the consolidated statement of financial position.

As of December 31, 2013, voestalpine AG's share capital amounted to EUR 313,309,235.65 (March 31, 2013: EUR 313,309.235.65) and is divided into 172,449,163 shares (March 31, 2013: 172,449,163). The Company held 28,597 of its own shares as of the reporting date. In the first three quarters of the business year 2013/14, the Company sold 62,032 of its own shares.

Effective October 16, 2007, voestalpine AG issued a hybrid bond subordinated to all other creditors with a total issue volume of EUR 1 billion. The bond has an indefinite term and a 7.125% coupon rate. The Company may defer coupon payments if no dividends are being paid. In the fourth quarter of the business year 2012/13, voestalpine AG issued a new subordinated bond with an indefinite term (hybrid bond 2013) with a volume of EUR 500 million following an invitation extended to the holders of the hybrid bond to exchange their existing investment for a new hybrid bond on a 1:1 basis. As a result of this exchange, the outstanding nominal value of the hybrid bond 2007 is therefore EUR 500 million. The nominal value of both the hybrid bond 2007 and the hybrid bond 2013 again totals EUR 1 billion. As the hybrid bond satisfies the IAS 32 criteria for equity, the proceeds from the bond issues are recognized as part of equity. Accordingly, coupon payments are also reported as dividend payments.

Profit for the period amounting to EUR 351.6 million has contributed to the increase in equity. For the business year 2012/13, a dividend per share of EUR 0.90 was decided upon at the Annual General Meeting on July 3, 2013. Therefore, voestalpine AG distributed dividends amounting to EUR 155.2 million to its shareholders during the current business year. Interest for hybrid capital 2007 and hybrid capital 2013 amounting to EUR 42.8 million was also deducted from equity in the form of a dividend. Therefore, due to negative currency conversion effects amounting to EUR 113.6 million, overall equity remained almost unchanged in comparison to March 31, 2013.

Although non-current loans have been repaid according to our redemption schedule and loans were repaid before maturity, non-current financial liabilities increased to EUR 2,613.0 million due to new borrowings.

Notes on the consolidated income statement

Revenue for the period from April 1 to December 31, 2013, in the amount of EUR 8,384.1 million decreased by 3.1% compared to the same period of the preceding year (EUR 8,652.5 million). EBIT reached EUR 573.0 million for the same period compared to EUR 607.2 million for the first nine months of the business year 2012/13. EBIT equaled EUR 172.5 million for the third quarter of 2013/14, compared to EUR 171.8 million for the third quarter of 2012/13. After consideration of the financial result and taxes, profit for the period amounted to EUR 351.6 million compared to EUR 369.5 million for the first three quarters of the preceding year.

Diluted and basic (undiluted) earnings per share are calculated as follows:

	04/01 – 12/31/2012	04/01 – 12/31/2013
Profit attributable to equity holders of the parent (in millions of euros)	310.4	294.1
Weighted average number of issued ordinary shares (millions)	170.0	172.4
Diluted and basic (undiluted) earnings per share (euros)	**1.83**	**1.71**

Operating segments

The following tables contain information on the operating segments of the voestalpine Group for the first three quarters of the business year 2013/14 and business year 2012/13, respectively[1]:

1st – 3rd quarter of 2013/14

	Steel Division 04/01–12/31/2013	Special Steel Division 04/01–12/31/2013
Segment revenue	2,815.1	1,947.1
of which revenue with third parties	2,603.9	1,909.3
of which revenue with other segments	211.2	37.8
EBITDA	285.4	253.8
EBIT	113.5	154.5
EBIT margin	4.0%	7.9%
Segment assets	3,822.1	3,798.5
Employees (full-time equivalent)	10,862	12,884

1st – 3rd quarter of 2012/13[1]

	Steel Division 04/01–12/31/2012	Special Steel Division 04/01–12/31/2012
Segment revenue	2,906.0	2,064.8
of which revenue with third parties	2,706.5	2,027.9
of which revenue with other segments	199.5	36.9
EBITDA	336.5	273.8
EBIT	164.8	165.4
EBIT margin	5.7%	8.0%
Segment assets	3,668.9	3,847.9
Employees (full-time equivalent)	10,414	12,144

[1] Business year 2012/13 retroactively adjusted in accordance with IAS 19 (revised); see adjustments to the income statement.

	Metal Engineering Division 04/01–12/31/2013	Metal Forming Division 04/01–12/31/2013	Other 04/01–12/31/2013	Reconciliation 04/01–12/31/2013	Total Group 04/01–12/31/2013
	2,174.9	1,740.1	1,138.5	–1,431.6	8,384.1
	2,148.1	1,717.3	5.5	0.0	8,384.1
	26.8	22.8	1,133.0	–1,431.6	0.0
	333.3	194.4	–56.9	–3.2	1,006.8
	245.5	126.8	–64.0	–3.3	573.0
	11.3%	7.3%			6.8%
	2,551.6	1,937.3	9,429.4	–9,216.3	12,322.6
	11,760	10,780	799	0	47,085

In millions of euros

	Metal Engineering Division 04/01–12/31/2012	Metal Forming Division 04/01–12/31/2012	Other 04/01–12/31/2012	Reconciliation 04/01–12/31/2012	Total Group 04/01–12/31/2012
	2,239.2	1,726.3	1,044.7	–1,328.5	8,652.5
	2,212.1	1,703.0	3.0	0.0	8,652.5
	27.1	23.3	1,041.7	–1,328.5	0.0
	309.0	179.1	–57.2	2.6	1,043.8
	224.1	112.3	–62.0	2.6	607.2
	10.0%	6.5%			7.0%
	2,515.4	1,897.2	9,391.9	–9,056.8	12,264.5
	11,137	10,283	718	0	44,696

In millions of euros

The reconciliation of the key ratios EBITDA and EBIT are shown in the following tables:

EBITDA

	04/01 – 12/31/2012	04/01 – 12/31/2013
Net exchange differences incl. result from valuation of derivatives	2.3	–2.7
Consolidation	–0.1	–0.4
Other	0.4	–0.1
EBITDA – Total reconciliation	**2.6**	**–3.2**

In millions of euros

EBIT

	04/01 – 12/31/2012	04/01 – 12/31/2013
Net exchange differences incl. result from valuation of derivatives	2.3	–2.7
Consolidation	–0.1	–0.4
Other	0.4	–0.2
EBIT – Total reconciliation	**2.6**	**–3.3**

In millions of euros

For the most part, all other key ratios contain solely the effects of consolidation.

Notes on the consolidated statement of cash flows

Cash flow before capital changes in the amount of EUR 823.5 million remained approximately constant compared to the first thee quarters of the business year 2012/13 (EUR 825.0 million). Taking the change in working capital into consideration, cash flows from operating activities amounted to EUR 508.9 million in comparison to EUR 731.2 million in the first three quarters of the preceding year; this represents a significant decrease. After the deduction of EUR 563.4 million in cash flows from investing activities and taking into account cash flows from financing activities amounting to EUR −659.2 million (mainly the repayment of borrowed funds and dividends), the resulting change in cash and cash equivalents (without net exchange differences) amounts to EUR −713.7 million.

Notes on financial instruments

The following table compares the carrying amounts to the fair values for each class of financial assets and liabilities:

	12/31/2012		12/31/2013	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Financial assets measured at amortized cost	2,047.5	2,047.5	1,831.1	1,831.1
Financial assets measured at fair value	592.1	592.1	495.5	495.5
	2,639.6	**2,639.6**	**2,326.6**	**2,326.6**
Liabilities				
Financial liabilities measured at amortized cost	5,375.9	5,470.1	5,367.3	5,462.5
Financial liabilities measured at fair value	40.6	40.6	19.1	19.1
	5,416.5	**5,510.7**	**5,386.4**	**5,481.6**

In millions of euros

The carrying amount of the financial assets represents a reasonable approximation of fair value.

The table below analyzes financial assets and financial liabilities that are measured at fair value on a recurring basis. These measurements are based on a fair value hierarchy that categorizes the inputs for the valuation techniques used to measure fair value into three levels. The three levels are defined as follows:

Inputs

Level 1	Comprises quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2	Comprises inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3	Comprises unobservable inputs for the asset or liability.

Level of the fair value hierarchy for recurring fair value measurements

	Level 1	Level 2	Level 3	Total
12/31/2012				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		16.0		16.0
Fair value option (securities)	499.4			499.4
Other			76.7	76.7
	499.4	**16.0**	**76.7**	**592.1**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		40.6		40.6
	0.0	**40.6**	**0.0**	**40.6**
12/31/2013				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		14.0		14.0
Fair value option (securities)	422.1			422.1
Other			59.4	59.4
	422.1	**14.0**	**59.4**	**495.5**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		19.1		19.1
	0.0	**19.1**	**0.0**	**19.1**

In millions of euros

The underlying assets of the fund of funds initially consolidated in the business year 2013/14 are reported as part of the "fair value option."

The derivative transactions (Level 2) are marked to market by determining the value that would be realized if the hedging position were closed out (liquidation method). The observable currency exchange rates and raw materials prices as well as the interest rates are the input for the calculation of fair values. Fair values are calculated based on the inputs by discounting expected future cash flows at typical market interest rates.

There were no transfers between Level 1 and Level 2, nor any reclassifications into or out of Level 3, during the reporting period. The reconciliation of Level 3 financial assets measured at fair value from the opening balance to the closing balance is represented as follows:

Level 3 – Financial assets measured at fair value through profit or loss

	04/01–12/31/2012	04/01–12/31/2013
Opening balance	**66.9**	**63.7**
Total of gains/losses recognized in the income statement:		
Finance costs/Finance income	0.0	–2.9
Total of gains/losses recognized in the other comprehensive income:		
Currency translation	–0.3	0.0
Additions	10.6	0.3
Disposals	–0.5	–1.7
Closing balance	**76.7**	**59.4**

In millions of euros

Level 3 contains other investments that are measured at fair value in accordance with IAS 39. As the fair value cannot be reliably determined for all other investments, amortized costs serve as an approximation. The costs (in the current reporting period as well as in the previous year) either correspond to the fair value, or the deviations are immaterial. The underlying fair value calculation provided for the purpose of comparison is based on valuation methods that are market value- or net present value-oriented, with carrying amount multiples of comparable listed entities and any available budget plans serving as input factors.

Significant sensitivities in the determination of fair values can result from changes in the underlying market data of comparable entities and the input factors used to determine net present value (in particular discount rates, long-term forecasts, plan data, etc.).

Seasonality and cyclicality

We refer to the relevant explanations in the Interim Management Report.

Business transactions with associated companies or parties

Business transactions in the form of deliveries and services are carried out with associated Group companies within the scope of operational activities. 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 nine months of the current business year.

Antitrust proceedings relative to railway superstructure material

As of December 31, 2013, the provisions recognized in the annual financial statements 2012/13 in the amount of EUR 204.4 million for the antitrust proceedings and associated actions and costs as well as for the closure of TSTG Schienen Technik GmbH & Co KG were reduced by the amount of the compensatory damages paid for direct and indirect rail deliveries to Deutsche Bahn and by the costs involved in the closure of TSTG Schienen Technik GmbH & Co KG. All the remaining provisions were adjusted as of December 31, 2013 in accordance with the current estimate, resulting in non-recurring income (balance of reversal and appropriation) of EUR 7.3 million.

Please note that we are invoking the safeguard clause in accordance with IAS 37.92, according to which detailed information about provisions is not provided if this could seriously and adversely impact the Company's interests.

Events after the Reporting Period

No significant events have occurred after the reporting period.

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