Letter to Shareholders
1st Half 2011/12

voestalpine
ONE STEP AHEAD.

www.voestalpine.com

voestalpine Group Key Figures

H 1 2010/11 vs. H 1 2011/12

In millions of euros	**H 1 2010/11** 04/01– 09/30/2010	**H 1 2011/12** 04/01– 09/30/2011	Change in %
Revenue	5,191.8	5,977.7	15.1
EBITDA	710.5	824.2	16.0
EBITDA margin	13.7%	13.8%	
EBIT	414.2	531.4	28.3
EBIT margin	8.0%	8.9%	
Profit before tax	317.4	443.3	39.7
Profit for the period[1]	249.7	346.1	38.6
Earnings per share (euros)	1.24	1.82	46.8
Investments	169.2	227.4	34.4
Depreciation	296.3	292.8	–1.2
Capital employed	7,841.7	8,253.5	5.3
Equity	4,370.0	4,771.2	9.2
Net financial debt	2,873.5	2,905.1	1.1
Net financial debt in % of equity	65.8%	60.9%	
Employees (excl. temporary personnel and apprentices)	39,862	41,168	3.3

Q 1 2011/12 vs. Q 2 2011/12

In millions of euros	**Q 1 2011/12** 04/01– 06/30/2011	**Q 2 2011/12** 07/01– 09/30/2011	Change in %
Revenue	3,051.5	2,926.2	–4.1
EBITDA	462.9	361.3	–21.9
EBITDA margin	15.2%	12.3%	
EBIT	317.6	213.8	–32.7
EBIT margin	10.4%	7.3%	
Profit before tax	271.8	171.5	–36.9
Profit for the period[1]	209.6	136.5	–34.9
Earnings per share (euros)	1.13	0.69	–36.4
Investments	117.0	110.4	–5.6
Depreciation	145.3	147.5	1.5
Capital employed	8,245.6	8,253.5	0.1
Equity	4,878.3	4,771.2	–2.2
Net financial debt	2,779.6	2,905.1	4.5
Net financial debt in % of equity	57.0%	60.9%	
Employees (excl. temporary personnel and apprentices)	40,939	41,168	0.6

[1] Before non-controlling interests and interest on hybrid capital.

Ladies and Gentlemen:

Once again, the European real economy has done remarkably well this year despite an economic environment that was anything but congenial. Despite out-of-control debt in more and more countries, despite enormous impairment losses and increasing anxiety about the future in the financial sector, despite the disorientation on the capital markets, and despite the growing helplessness of the political decision makers about the right road into the future, in the more than three years after "Lehman," the "real" companies have ensured a return to growth and employment for most of Europe's population.

In the wake of the crisis years 2007 and 2008, the real economy has apparently done its homework more conscientiously and probably with greater vigor than other business sectors It has reduced costs, streamlined its structures, increased efficiency and productivity—thus improving its global competitiveness—reduced its dependence on the banking sector, which many companies no longer view as the reliable partner it had been prior to the 2008 financial crisis, and accelerated globalization in order to diminish its reliance on Europe, which has been recklessly slow in addressing vital issues affecting the future.

Europe and its political leaders would be well advised to engage more intensively with that sector of the economy that is the only one able to ensure Europe's future in the long term, namely the real economy—in other words, industry—even though it is apparently viewed as not "relevant to the system" as opposed to parts of the financial sector.

The real economy wants only one thing—clarity about the long-term economic parameters in Europe in order to be able to make decisions about sustainable investment activities on the old continent. This means reliable, calculable business and competition policies, fundamental principles for taxation and employment policy, reasonable regulations for the financial markets, a long-term policy with regard to research including transparent subsidy systems, clear rules for budgetary management of the individual countries, and energy, environmental, and climate policies that are oriented toward concrete needs, but also toward concrete possibilities. There are many other issues, but it always revolves around the question of transparent and calculable conditions for a long-term commitment to the real economy in Europe—conditions that do not change on a yearly basis.

Should Europe keep neglecting the necessity of creating such prerequisites, the focus of corporate activities will inevitably turn toward other regions that offer better conditions for sustainable and successful development—if only in order to maintain global competitiveness.

It is late, but not yet too late, to make the necessary decisions for a competitive European future. However, we need to be very clear about one thing: in the future, it will not be sufficient to merely provide each other with loans or give each other haircuts to maintain our standard of living.

Linz, November 16, 2011

The Management Board

Wolfgang Eder

Franz Hirschmanner

Franz Kainersdorfer

Robert Ottel

Franz Rotter

Wolfgang Spreitzer

Highlights[1]

- Solid business performance in the first half of 2011/12 with revenue growth and substantial improvement in all reporting categories compared to the first half of the previous business year.
- Continuing sovereign debt crisis, turbulence on the financial and capital markets, and too tentative decision-making processes at the political level create an increasingly volatile economic environment in Europe.
- Lower growth expectations for 2011 and 2012 as well as early indicators for the global economic trend that are pointing downward are causing uncertainty among customers and consumers.
- Against this backdrop, continuing economic weakness in the construction and construction supply industry, but also a decline in demand in the consumer goods and white goods industries.
- In contrast, apart from seasonal fluctuations, the automobile, commercial vehicle, mechanical engineering, and oil and gas industries as well as the railway and aviation sectors have been stable at a high level.
- voestalpine Group boosts revenue in the first half of 2011/12 by 15.1% to EUR 5,977.7 million compared to the first half of 2010/11 (EUR 5,191.8 million).
- EBIT and EBITDA rise even more significantly, with EBIT going up by 28.3% from EUR 414.2 million to EUR 531.4 million and EBITDA growing by 16.0% from EUR 710.5 million to EUR 824.2 million.

- The EBIT margin improves from 8.0% to 8.9% in the first six months of 2010/11, with the EBITDA margin increasing from 13.7% to 13.8%.

- Profit before and profit after tax climb substantially compared to the previous year's figures, with EBT up by 39.7%, from EUR 317.4 million to EUR 443.3 million and profit after tax[2] growing from EUR 249.7 million to EUR 346.1 million or 38.6%.

- In the second quarter of 2011/12, payment of a dividend in the amount of EUR 135.0 million and the creation of reserves to service hybrid capital in the amount of EUR 65.2 million affects equity.

- Dividend payment and servicing of hybrid capital as well as adverse working capital effects result in a temporary increase of the gearing ratio from 57.8% to 60.9% compared to the beginning of the year.

- At EUR 1.82, earnings per share surpass the 2010/11 comparative figure by 46.8%.

- Compared to the beginning of the business year as of September 30, 2011, the number of core employees (excluding temporary personnel and apprentices) up by 468 employees to 41,168. In the same period, the total workforce (core staff, temporary personnel, apprentices) increases from 46,066 to 47,109 employees.

[1] To the extent that no other time period is explicitly referred to, all comparative figures refer to the first half of the 2010/11 business year.
[2] Before non-controlling interests and interest on hybrid capital.

Interim Management Report

Market environment

From a macroeconomic standpoint, the first six months of the business year 2011/12 were characterized by variable development. The first quarter started off by almost seamlessly continuing the upswing which began more than a year ago and acted as a stimulus to growth across all the market segments and sales regions important to the voestalpine Group. The results also developed correspondingly positively.

Early in the summer the focus of public interest shifted to discussions of the debt crisis in southern Europe and the increase in public-sector debt in the USA. Despite political agreement having been reached on extending national debt levels in the USA, during the summer months the international financial and capital markets became increasingly unsettled. This was heightened further by the critical developments in Greece and Italy as well as the resulting discussions over the future of both the EU and the euro.

As a result of these developments, towards the end of the summer customers became more cautious in making orders in parts of the real economy. As a consequence, development in the voestalpine Group's key industries became increasingly differentiated.

Throughout the entire first half of 2011/12, demand in the automobile and commercial vehicles industries, the mechanical engineering, railway and aerospace technologies industries, as well as the energy sector (oil and gas), remained robustly unaffected and at a high level.

The situation in the construction and construction supply industries was significantly more difficult. With the exception of private residential construction, throughout most of Europe these industries have, to date, failed to recover since the start of the crisis in 2008. Since the spring of 2011, the electrical, white goods and consumer goods industries have also lacked dynamism, an indicator that this uncertainty is beginning to include end consumers.

These developments are having a varied impact on the voestalpine Group's individual divisions. To date there has been no appreciable effect on the Railway Systems Division and, apart from some customer uncertainty, only minimal effects in the Special Steel, Profilform and Automotive Divisions are evident. In contrast, growing constraint is noticeable across a series of customer segments in the Steel Division.

Since September, most European steel companies have reacted by significantly reducing production in order to recover a balance between demand and supply in Europe. For the first time since the boom in the raw materials market which began around seven years ago, the raw materials markets have also reacted to these developments, with significant falls in ore and coal prices.

Viewed regionally, it is the emerging markets, above all China, India and Brazil, who continue to drive global economic growth. In the mature economies, particularly in Europe but also the USA, economic development is suffering from both the high debt levels in many regions as well as the uncertainty surrounding the future of the capital and financial markets.

Business performance of the voestalpine Group

Compared to the same period of the previous year, the voestalpine Group achieved significant increases during the first half of the current business year, both in revenue and in all reporting categories. Revenue grew by 15.1% from EUR 5,191.8 million in the previous year to EUR 5,977.7 million. Compared to the immediately preceding quarter (Q1 BY 2011/12), revenue showed a slightly downward trend at −4.1%. This is due largely to the customary seasonal effects in the summer, whereby this time, the Steel Division also had to deal with a three-week shutdown in August to complete updating and expansion work.

A comparison of EBITDA and EBIT at the Group level in the first half of the previous year shows an increase in profits in EBITDA by 16.0%, from EUR 710.5 million to EUR 824.2 million, while EBIT climbed by 28.3% from EUR 414.2 million to EUR 531.4 million. With the exception of the Steel Division (shutdown during the second quarter to complete investments), all divisions contributed to this positive trend, whereby the Special Steel Division, with its EBIT increase of 88.7% compared to last year's figure, deserves special mention. But the other divisions also reported two-digit growth rates in EBIT.

The effects of the August shutdown in the Steel Division made themselves felt in the comparison of the second quarter with the immediately preceding quarter, and the customary seasonal fluctuations, which were amplified by increasingly cautious customer behavior, affected the other divisions as well. Against this backdrop, Group EBITDA fell by 21.9% from EUR 462.9 million to EUR 361.3 million when compared to the immediately preceding quarter, while EBIT showed a decrease of 32.7% from EUR 317.6 million to EUR 213.8 million.
At EUR 443.3 million, profit before tax was 39.7% higher for the first six months of the business year 2011/12 than in the comparative period of the previous year (EUR 317.4 million). Profit for the period (net income[1]) rose analogously by 38.6% from EUR 249.7 million to EUR 346.1 million. For the first half of 2011/12, earnings per share (EPS) were EUR 1.82 per share (previous year: EUR 1.24).

Equity rose in the first six months of the business year 2011/12 by EUR 80.1 million or 1.7% to EUR 4,771.2 million. The increase is due to the very positive profit for the period of EUR 346.1 million, whereby the payment of a dividend in the amount of EUR 135.0 million in the second quarter of the business year as well as the proportionate share of reserves for interest on hybrid capital of EUR 65.2 million had the customary subduing effect on the trend in equity. The most significant factors for the build-up of working capital and the resulting increase of net financial debt by 7.1% from EUR 2,713.1 million as of March 31, 2011 to EUR 2,905.1 million as of September 30, 2011 were rooted in the seasonal effects and the economy in general, but also in operational effects result-

[1] Before non-controlling interests and interest on hybrid capital.

ing from the three-week shutdown in the Steel Division. Against this background, as of the end of the first half year 2011/12 , there was a gearing ratio (net financial debt as a percentage of equity) of 60.9%. Thus, it was 3.1 percentage points above the figure as of March 31, 2011 (57.8%), however, it will decrease substantially in the course of the year.

The voestalpine Group was able to increase its crude steel production in the first half of 2011/12 compared to the same figure in the previous year by 5.4% from 3.75 million tons to 3.95 million tons. The Railway Systems Division reported the largest relative growth at 25.9% and 810,000 tons. However, the previous year's figure had been reduced by the major blast furnace repair in the second quarter of 2010/11. While crude steel production in the Special Steel Division went up to 430,000 tons or 6.3%, the figure remained practically unchanged in the Steel Division at 2.71 million tons (+0.4%).

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

In millions of euros	Q 1		Q 2		H 1		
	2010/11 04/01–06/30/2010	2011/12 04/01–06/30/2011	2010/11 07/01–09/30/2010	2011/12 07/01–09/30/2011	2010/11 04/01–09/30/2010	2011/12 04/01–09/30/2011	Change in %
Revenue	2,556.1	3,051.5	2,635.7	2,926.2	5,191.8	5,977.7	15.1
EBITDA	350.9	462.9	359.6	361.3	710.5	824.2	16.0
EBITDA margin	13.7%	15.2%	13.6%	12.3%	13.7%	13.8%	
EBIT	203.3	317.6	210.9	213.8	414.2	531.4	28.3
EBIT margin	8.0%	10.4%	8.0%	7.3%	8.0%	8.9%	
Employees (excl. temporary personnel and apprentices)	39,595	40,939	39,862	41,168	39,862	41,168	3.3

Steel Division[1]

In millions of euros	Q 1		Q 2		H 1		
	2010/11 04/01–06/30/2010	2011/12 04/01–06/30/2011	2010/11 07/01–09/30/2010	2011/12 07/01–09/30/2011	2010/11 04/01–09/30/2010	2011/12 04/01–09/30/2011	Change in %
Revenue	856.2	1,038.3	928.3	978.1	1,784.5	2,016.4	13.0
EBITDA	134.1	155.9	139.8	116.1	273.9	272.0	–0.7
EBITDA margin	15.7%	15.0%	15.1%	11.9%	15.4%	13.5%	
EBIT	80.7	101.3	85.1	59.8	165.8	161.1	–2.8
EBIT margin	9.4%	9.8%	9.2%	6.1%	9.3%	8.0%	
Employees (excl. temporary personnel and apprentices)	9,497	9,544	9,470	9,499	9,470	9,499	0.3

Market environment and business development

Viewed apart from the market environment, the Steel Division was under the impact of the last phase of the L6 expansion program for first six months of the business year 2011/12. The objective of this program was to increase the capacity at the steelmaking site Linz from 5.5 to 6 million tons of crude steel and, at the same time, to appropriately adjust the capacity of the downstream facilities so that both are optimally coordinated with each other. The last major undertaking of this project was the replacement of the last two (of a total of seven) roll stands in the hot rolling mill (which increased the capacity from 4.6 to 4.9 million tons throughput annually) and the construction of a new continuous casting facility in the steel mill. In order to replace the roll stands, the hot wide strip assembly line had to be completely shut down for three weeks in August, which resulted in significantly lower production and sales volumes in the second quarter of the current business year, which, in turn, had corresponding effects on profits.

During the first half of 2011/12, the market trends affecting the Steel Division produced an overall stable situation that was sustained primarily by the automobile and energy sectors, but also by the mechanical engineering industry. However, even in these sectors, a decline in demand from individual customers—albeit one of manageable proportions thus far—has been noticeable since late summer.

This applies particularly to the largest business segment revenue-wise of high quality flat steel, where, in contrast to these core customer segments, demand from the consumer goods and white goods industries has remained significantly lower throughout the course of the current business year thus far than in the previous year. Considering the discussions surrounding sovereign debt in many countries, it is not surprising that the construction and construction supply industries are still not showing any signs of recovery, as had been the case in recent reporting periods.

Analogously to the general economic trend, raw materials prices were at a high but still stable level during the first half of 2011/12 and could be largely passed on to the market due to the all in all good order situation.

The heavy plate business segment reported continuing good demand from both the oil and gas

[1] Since April 1, 2011, the two subsidiaries voestalpine Rohstoffbeschaffungs GmbH and Importkohle Gesellschaft m.b.H are no longer being managed and reported within the Steel Division. In these interim consolidated financial statements, the two entities were allocated to the operating segment "Other". The preceding year's comparative figures were adjusted accordingly.

industries and from the alternative energy sector, although the wind energy industry weakened somewhat in the first half year due to the roll-back of state subsidies. This decline, however, was easily compensated by orders from other sectors. Regional demand drivers are mainly projects in Australia, Brazil, and the Middle East; Europe, however, has been showing a slight slowdown in demand. All in all, however, the capacity of the heavy plate segment is already fully committed into the first quarter of the next business year.
In the foundry business segment, all production sites are also currently operating at the limits of their capacity, with the trend of incoming orders ensuring full capacity utilization at least until the end of the current business year. Here, demand—mainly for gas turbines—is being driven primarily by the energy sector. The business year thus far has been substantially more challenging for the pre-processing business segment as hopes for a noticeable economic recovery after the summer months have remained unrealized. As a result, the market as a whole is burdened by excess supply. Nevertheless, delivery volumes have been at a good level overall, primarily due to the stable economic situation of the automobile and automotive supply industries.
Continuing cautious order patterns on the part of customers and falling market prices have led to lukewarm business performance thus far in the Steel Service Center business segment.
Despite the challenging environment, however, the pre-processing and Steel Service Center segments continue to report positive operating results.

Development of the key figures

In the first half of 2011/12, the Steel Division was able to increase its revenues to slightly above EUR 2 billion and to keep EBITDA and EBIT in absolute figures at last year's positive level.
Revenue went up by 13.0% from EUR 1,784.5 million to EUR 2,016.4 million.
Despite the shutdown in August to complete the expansion program, the Steel Division's profits were able to maintain the previous year's trend. In the first half of 2011/12, the division reported EBITDA of EUR 272.0 million, which at 0.7% was only negligibly lower than the comparative figure in the previous business year (EUR 273.9 million). EBIT came to EUR 161.1 million compared to EUR 165.8 million in the previous year, corresponding to a decline of 2.8%.
Due to the fact that revenues rose significantly in comparison, primarily due to raw materials, the operating profit margins declined slightly compared to the previous year; the EBITDA margin is currently at 13.5% (first half of 2010/11: 15.4%), while the EBIT margin is at 8.0% (9.3%).

In its quarter-to-quarter performance, the Steel Division reported a decline in revenue from the first to the second quarter of 2011/12 by 5.8%, going from EUR 1,038.3 million to EUR 978.1 million, which was largely due to seasonal effects and temporarily lower delivery volumes due to the upgrades that were being carried out. These factors are, however, reflected more clearly in the operating result, with a decrease of EBITDA in the second quarter by 25.5% from EUR 155.9 million to EUR 116.1 million and EBIT dropping by 41.0% from EUR 101.3 million to EUR 59.8 million compared to the immediately preceding quarter, Thus, the margins in the second quarter of the business year went down from 15.0% to 11.9% for EBITDA and from 9.8% to 6.1% for EBIT.

At 9,499 employees as of the end of the first half of 2011/12, the number of core staff of the Steel Division remained practically unchanged compared to the previous year (9,470).

Special Steel Division

In millions of euros	Q 1		Q 2		H 1		
	2010/11 04/01–06/30/2010	2011/12 04/01–06/30/2011	2010/11 07/01–09/30/2010	2011/12 07/01–09/30/2011	2010/11 04/01–09/30/2010	2011/12 04/01–09/30/2011	Change in %
Revenue	613.8	750.7	623.1	713.0	1,236.9	1,463.7	18.3
EBITDA	77.1	120.6	78.3	97.1	155.4	217.7	40.1
EBITDA margin	12.6%	16.1%	12.6%	13.6%	12.6%	14.9%	
EBIT	36.6	82.7	38.5	59.0	75.1	141.7	88.7
EBIT margin	6.0%	11.0%	6.2%	8.3%	6.1%	9.7%	
Employees (excl. temporary personnel and apprentices)	11,097	11,443	11,135	11,502	11,135	11,502	3.3

Market environment and business development

In the first half of 2011/12, the Special Steel Division saw a trend that was very positive overall, although its momentum slowed down somewhat in the second quarter. In addition to the customary seasonal declines during the summer months, the slight slowdown is due to the more cautious order patterns in some customer industries because the economic uncertainty in the financial markets is spilling over into the real economy.
Nevertheless, demand from the automobile, mechanical engineering, oil and gas exploration, consumer goods, and aviation industries was at a positive level throughout the first half of the business year; only the demand from energy equipment industry was below expectations. Viewed regionally, the markets in North America and Asia, but also those in Western Europe were particularly solid, while in South America, there was a slight cooling in the processing industry, although overall, domestic demand was still robust.

All told, both the level of incoming orders and the backlog of orders were higher than the previous year's comparative figures, thus enabling full capacity utilization in all production companies.

A detailed examination of the division's individual business segments shows high and stable demand for high-speed, special engineering, valve, and special steels in the high performance metals business segment as well as continuing strong demand from the aviation, oil/gas, and chemical industry sectors. A slight decline in incoming orders was visible only for tool steel in some customer segments, notably in the automobile and energy technology industries.
The trend in the first six months of the business year 2011/12 in the special forgings segment was considerably more positive than in the previous year, which had been challenging. It is important to note that this positive momentum continued in the second quarter, with the most important drivers being the aviation industry and, to a slightly lesser extent, the commercial vehicle sector. Demand from the energy equipment sector remains under expectations and there are still no signs of a trend reversal in this segment. Profits in this business area continue to be adversely affected by the unfavorable US dollar/euro rate of exchange.

Development of the key figures

In the first half of 2011/12, the Special Steel Division experienced the most significant increase in revenue and operating results of all the divisions of the voestalpine Group.
Due to a higher price level and increased sales volumes, revenue rose compared to the same period of the previous year by 18.3% from EUR 1,236.9 million to EUR 1,463.7 million. EBITDA and EBIT went up commensurately, with the former climbing by 40.1% from EUR 155.4 million to EUR 217.7 million and the latter surging by 88.7% from EUR 75.1 million to EUR 141.7 million. Accordingly, the EBITDA margin in the first

half of 2011/12 rose from 12.6% to 14.9%, while the EBIT margin increased from 6.1% to 9.7%, with both figures conspicuously higher than last year's figures.

Compared to the immediately preceding quarter, however, the development in revenue and operating result in the second quarter of the current business year shows a downward trend that reflects customers' more cautious order patterns due to the prevailing economic uncertainty.
Thus, revenue fell in the second quarter by 5.0% (from EUR 750.7 million to EUR 713.0 million). As far as profits are concerned, the division's figures stayed below those of the immediately preceding quarter, with EBITDA at −19.5% down from EUR 120.6 million to EUR 97.1 million and EBIT at −28.7% dropping from EUR 82.7 million to EUR 59.0 million. Compared to the first quarter, the EBITDA margin decreased from 16.1% to 13.6% and the EBIT margin went down from 11.0% to 8.3%.

As of September 30, 2011, the Special Steel Division had 11,502 employees. Compared to the previous year (11,135), this corresponds to an increase in core staff by 3.3% or 367 employees.

Railway Systems Division

In millions of euros	Q 1		Q 2		H 1		
	2010/11 04/01–06/30/2010	2011/12 04/01–06/30/2011	2010/11 07/01–09/30/2010	2011/12 07/01–09/30/2011	2010/11 04/01–09/30/2010	2011/12 04/01–09/30/2011	Change in %
Revenue	667.9	752.8	668.4	751.6	1,336.3	1,504.4	12.6
EBITDA	91.0	120.7	93.6	108.2	184.6	228.9	24.0
EBITDA margin	13.6%	16.0%	14.0%	14.4%	13.8%	15.2%	
EBIT	63.0	92.2	66.2	79.7	129.2	171.9	33.0
EBIT margin	9.4%	12.2%	9.9%	10.6%	9.7%	11.4%	
Employees (excl. temporary personnel and apprentices)	9,743	10,197	9,833	10,267	9,833	10,267	4.4

Market environment and business development

In the first half of 2011/12, the economic environment of the Railway Systems Division was characterized by an overall positive trend, although different dynamics naturally exist in the individual, highly specialized segments.
The trend that has prevailed in railway infrastructure for the last several quarters continued unabated in the most important product groups and market regions. In the rail technology business segment, a stable level of demand for premium grades in Europe was in contrast to continuing falling prices for standard qualities. This price decline was exacerbated even further by an increasingly aggressive competitive environment; as a result the German production site in Duisburg has already experienced a significant drop in capacity utilization. In the turnout technology business segment, the very good level of demand continues to be driven by the South African, Australian, Brazilian, and Turkish markets, which are demonstrating above average momentum, as well as by increasing investments in North America.
Demand in the wire business segment—primarily from the automobile and the automotive supply industry as well as from the commercial vehicle segment—remained at a high level during the first half of the business year. However, in the course of the second quarter, demand for the more simple qualities began to flag slightly. The seam-

less tube business segment saw continuing strong demand from North America during the first half of the business year in the OCTG segment (oil and gas) and experienced a stable trend in Europe. Additionally, new contracts were signed with customers in the Near/Middle East. Sales in the industrial tubes segment were positive and stable, although the prices are trending downward. For the most part, capacity in the steel business segment of the Railway Systems Division is being fully utilized until the end of the business year.

The welding consumables business segment, which had been shifted from the Special Steel Division, reported a very good trend in both sales volumes and prices during the first half of the business year.

Development of the key figures

Although the comparative figures from the previous year had already been high, the Railway Systems Division was nevertheless able to improve them again during the first six months of the business year 2011/12 both with regard to revenue and operating result.

Revenue rose by 12.6% from EUR 1,336.3 million to EUR 1,504.4 million. This gratifying development is due to the fact that the significant decline in sales volume for standard rails was more than compensated by higher prices across all product groups compared to the previous year as well as by higher sales volumes for seamless tubes.

The excellent earnings trend is reflected in the profits, with EBITDA increasing further by 24.0% from EUR 184.6 million to EUR 228.9 million and EBIT gaining 33.0%, going from EUR 129.2 million to EUR 171.9 million. Therefore, the Railway Systems Division saw its EBITDA margin for the first half of 2011/12 increase from 13.8% to 15.2% and the EBIT margin go up from 9.7% to 11.4%.

In a quarter-to-quarter comparison, revenues in the second quarter of 2011/12 remained stable at EUR 751.6 million compared to the immediately preceding quarter (EUR 752.8 million). This was due primarily to increases in revenue in the turnout technology segment, while in the rail and wire business areas, slight price increases counterbalanced a concurrent minor decline in sales volumes. In the second quarter, the seamless tube business segment experienced an upward trend both with regard to sales volumes and prices, while the welding consumables segment remained stable.

The profit decline from the first to the second quarter is largely due to the seasonal decrease in sales volumes for rails and wire rod as well as the adverse impact of raw materials prices, which have again risen, and this could not be fully compensated by the slightly higher level of earnings. Therefore, in the second quarter of the business year 2011/12, the Railway Systems Division experienced a drop in EBITDA compared to the immediately preceding quarter of 10.4% from EUR 120.7 million to EUR 108.2 million, with EBIT falling by 13.6% from EUR 92.2 million to EUR 79.7 million. This resulted in a slightly lower EBITDA margin (from 16.0% to 14.4%) and of the EBIT margin (from 12.2% to 10.6%) in the second quarter.

As of September 30, 2011, the Railway Systems Division had 10,267 employees. Compared to the previous year (9,833 employees), this corresponds to an increase in core staff by 434 employees or 4.4%.

Profilform Division

In millions of euros	Q 1		Q 2		H 1		
	2010/11 04/01–06/30/2010	2011/12 04/01–06/30/2011	2010/11 07/01–09/30/2010	2011/12 07/01–09/30/2011	2010/11 04/01–09/30/2010	2011/12 04/01–09/30/2011	Change in %
Revenue	273.5	329.6	283.0	302.4	556.5	632.0	13.6
EBITDA	39.1	51.2	39.5	33.2	78.6	84.4	7.4
EBITDA margin	14.3%	15.5%	14.0%	11.0%	14.1%	13.4%	
EBIT	28.4	41.1	28.9	23.1	57.3	64.2	12.0
EBIT margin	10.4%	12.5%	10.2%	7.6%	10.3%	10.2%	
Employees (excl. temporary personnel and apprentices)	4,032	4,232	4,113	4,260	4,113	4,260	3.6

Market environment and business development

After the positive market trend in the first quarter of the business year, the economic situation in late summer was marked by a cautious stance on the part of customers.

The tubes and sections business segment saw a slight downturn in sales that was also seasonal as the summer months are traditionally weaker. Due to the falling prices for pre-material, in the standard grade retail business, customers have been quite cautious in their order planning. On the other hand, demand from the commercial vehicle and agricultural machinery sectors has continued to be positive, while the construction and construction supply industries have remained stable, albeit at a low level.
Business performance of the precision strip business segment continued to be robust throughout the entire first half of 2011/12 due to consistently high demand for its main products bimetal and special strip steel. The storage technology business segment reported a very satisfactory level of incoming orders, particularly in the second quarter, due to the contracting of a number of major projects.

From a regional perspective, business performance in the USA (solar industry, aviation, cab construction) remains robust, while performance in Europe is satisfactory, although it slowed slightly due to seasonal effects.

Development of the key figures

In the first half of 2011/12, the Profilform Division was able to increase both its revenue and its results compared to the first six months of the previous year. Revenue increased by 13.6% from EUR 556.5 million to EUR 632.0 million, primarily the result of higher average revenues and increased delivery volumes in the tubes and sections segment. The profit from operations before depreciation (EBITDA) rose by 7.4% from EUR 78.6 million to EUR 84.4 million; due to the higher than average increase in revenue, however, there was a slight decline in the EBITDA margin compared to the previous year from 14.1% to 13.4%. In the first six months of the business year 2011/12, the Profilform Division achieved an operating result (EBIT) of EUR 64.2 million, which was 12.0% above last year's EBIT of EUR 57.3 million. The EBIT margin remained almost unchanged at 10.2% (previous year: 10.3%)
Compared to the very strong figures in the immediately preceding quarter, revenue and results went down in the second quarter. While revenue fell only slightly by 8.3% from EUR 329.6 million to EUR 302.4 million, losses at the EBITDA (–35.2% from EUR 51.2 million to EUR 33.2 million) and EBIT levels (–43.8% from EUR 41.1 million to EUR 23.1 million) were more significant. Thus, compared to the first quarter of the business year 2011/12, the second quarter shows a decline in the EBITDA margin from 15.5% to 11.0% and of the EBIT margin from 12.5% to 7.6%. This trend was primarily the result of the fact that the price

increases for pre-material from the previous period developed their full effect in the second quarter, with lower delivery volumes due to seasonal fluctuations in the summer quarter causing an additional adverse impact.

As of September 30, 2011, the Profilform Division had 4,260 employees. Compared to the previous year (4,113), this figure corresponds to an increase in core staff by 147 employees or 3.6%.

Automotive Division

In millions of euros	Q 1		Q 2		H 1		
	2010/11 04/01–06/30/2010	2011/12 04/01–06/30/2011	2010/11 07/01–09/30/2010	2011/12 07/01–09/30/2011	2010/11 04/01–09/30/2010	2011/12 04/01–09/30/2011	Change in %
Revenue	242.6	293.1	234.1	291.7	476.7	584.8	22.7
EBITDA	26.4	31.1	26.6	24.1	53.0	55.2	4.2
EBITDA margin	10.9%	10.6%	11.4%	8.3%	11.1%	9.4%	
EBIT	12.8	18.5	12.1	11.1	24.9	29.6	18.9
EBIT margin	5.3%	6.3%	5.2%	3.8%	5.2%	5.1%	
Employees (excl. temporary personnel and apprentices)	4,555	4,863	4,638	4,978	4,638	4,978	7.3

Market environment and business development

In the Automotive Division, the first half of 2011/12 was characterized by an overall positive market development (apart from seasonal effects) with stable capacity utilization.

The production figures of the European automobile manufacturers, which continue to be high, were the most significant drivers of this trend. From January to September 2011, European automobile production (including Russia) rose by 7% compared to the same period of the previous year. Thus, it is now only slightly lower than the 2008 pre-crisis benchmark.

The German manufacturers in particular reported a substantial increase in production figures, whereby the premium car segment, which has such crucial importance for the voestalpine Group, continues to show above average growth due to the dynamic momentum of sales on the Asian markets.

In the first half year, demand continued to recover in the commercial vehicle sector as well, especially in the heavy truck segment.

However, signs of a weakening of the market situation in both the passenger car and the commercial vehicle sectors, for example, higher discounts and shorter delivery times by some manufacturers, have increased in recent months.

The non-automotive activities, in particular, in the solar energy/photovoltaics segment, have been largely positive during the business year thus far, however, their momentum has been regionally highly differentiated because they depend on the subsidy landscape in the individual countries.

Development of the key figures

Compared to the previous year, the Automotive Division was able to improve both its revenue and its profit in the first half of the 2011/12 business year. Revenue went up by 22.7% from EUR 476.7 million to EUR 584.8 million. EBITDA increased by 4.2% from EUR 53.0 million to EUR 55.2 million, with EBIT going up sharply compared to the previous year by 18.9% from EUR 24.9 million to EUR 29.6 million. As pre-materials prices continued to rise in the course of the year, there was a slight decline in the EBITDA margin from 11.1% to 9.4%, while at 5.1%, the EBIT margin remained at the same level as the previous year (5.2%).

It should be highlighted, however, that in a direct comparison to the preceding quarter, revenue in the second quarter remained largely stable at EUR 291.7 million despite the seasonal effects (vacation shutdowns at customers' plants) compared to the first quarter (EUR 293.1 million). The decline in the operating results reflects the pre-materials prices that rose in a period-to-period comparison, with EBITDA falling in the second quarter by 22.5% from EUR 31.1 million to EUR 24.1 million and EBIT dropping more substantially compared to the previous quarter with a decline of 40.0% from EUR 18.5 million to EUR 11.1 million. These figures resulted in an EBITDA margin of 8.3% (first quarter: 10.6%) and an EBIT margin of 3.8% (first quarter: 6.3%) for the second quarter of the 2011/12 business year.

As of September 30, 2011, the Automotive Division had 4,978 employees. This corresponds to an increase in core personnel compared to the previous year (4,638) by 340 employees or 7.3%.

Antitrust proceedings relative to railway superstructure material

After initiation of antitrust proceedings by the German Federal Cartel Office in connection with the suspicion of conduct in violation of antitrust law on the market for railway superstructure material, a total of six executives in the Railway Systems Division were discharged. Currently, the associated circumstances are being clarified in full cooperation with the appropriate authorities. Furthermore, as a consequence of these proceedings, the Railway Systems Division was comprehensively reorganized both with regard to its organization and its leadership.

Business transactions with associated companies or parties

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

Investments

In the first half of 2011/12, the investments of the voestalpine Group came to EUR 227.4 million. While they were 34.4% higher than the low comparative figure in the previous year (EUR 169.2 million), which was due to the economic crisis, the figure was still substantially below the level of depreciation (EUR 292.8 million).

In addition to numerous environmentally relevant measures (in this regard, also see the "Environment" section on page 19 and 20 of this letter to shareholders), the focus during the business year thus far has been on investments that promote continuing sustainable expansion of voestalpine's leadership role in both technology and quality.

More than 40% of the Group's investments were attributable to the Steel Division whose expenditures increased compared to the previous year by 47.5% from EUR 64.0 million to EUR 94.4 million. The completion of the major project "L6" is currently the focus of voestalpine's investment activities. The most significant measure during the first half of 2011/12 was the final commissioning of the renovated hot rolling mill, which has been expanded both with regard to its capacity and spectrum, and the new continuous casting facility 7. These two state-of-the-art facilities that were commissioned in the summer of 2011, even earlier than scheduled, enable the company's long-term development of new product types and qualities. Furthermore, a new melting pot gas holder is currently being built in the Steel Division and planning is now underway for an additional modern pusher-type furnace in the heavy plate production. Both projects should be completed by the end of the current business year.

In the first six months of the business year 2011/12, the investments of the Special Steel Division came to EUR 33.6 million and were thus 4.0% below last year's figure (EUR 35.0 million). The substantial decline in investments is due to the fact that extensive capacity expansions in the forging segment were completed in the previous business year. The focus of currently ongoing investment activities is on removing production capacity bottlenecks and shortening throughput times in production. This will improve the efficiency of voestalpine working capital management even further, while also shortening delivery times for customers. A particular focus is on an expansion of capacity of facilities in the area of powder-metallurgical steels and electro-slag remelted (ESR) grades. Investments in the sales sector are focused on the expansion of customer service, primarily the pre-processing of special steels and heat treatment.

The Railway Systems Division increased its investments compared to the previous year by 39.1% from EUR 30.7 million to EUR 42.7 million. Once the major investments that have been described in detail in recent publications have been successfully completed, there are no other major projects scheduled.

In the Profilform Division, the second phase of the investment project in Kematen, Lower Austria, is on schedule; the objective of this project is a sustainable increase of production capacity for strip steel. Due to this major, long-term project in the precision strip business segment, the investments of the Profilform Division came to EUR 23.7 million (last year's figure was also at EUR 23.7 million).

The Automotive Division tripled its investment volume in the first half of 2011/12 from EUR 8.9 million to EUR 27.4 million. In addition to minor updates to machines for the manufacture of precision tube components, the focus was mainly on developing the production of stamped components at the existing divisional site in Linz and making the necessary investments in press facilities and infrastructure.

Acquisitions

As previously reported in detail in the Letter to Shareholders for the first quarter of 2011/12, in the early part of the business year, there were two small, but strategically important acquisitions in the turnout technology segment of the Railway Systems Division.
One was the acquisition of a 71.0% share of the German company Lasa Schienentechnik GmbH, which is headquartered in Bremen, by voestalpine BWG GmbH; this company specializes in the maintenance and welding of tram turnouts and rails, thus enabling voestalpine to expand the segment that services mass transit. The other acquisition was the purchase of all assets and know-how of the Dutch company Baas B.V. for the development and production of wheel diagnostic and axle recognition systems based on fiber optic technology. Integration of both activities into the turnout technology unit is on track.

No other acquisitions or divestments have been made during the 2011/12 business year thus far.

Employees

As of September 30, 2011, the voestalpine Group had 41,168 employees (excl. temporary employees and apprentices). This represents an increase compared to the previous year (39,862) of 3.3% or 1,306 employees.
As of the end of the first half of 2011/12, there were an additional 4,343 employees employed as temporary staff; this represents an increase of 21.2% or 759 employees compared to the previous year.
As of September 30, 2011, the voestalpine Group was training 1,598 apprentices worldwide, only 70 (or 4.2%) fewer than in the previous year (1,668).
Therefore, the workforce (core personnel, temporary personnel, apprentices) totaled 47,109 employees as of September 30, 2011. This corresponds to an increase of 4.4% vis-à-vis the comparative figure in the previous year.

Research and development

The "Synergy Platform," the Group-wide researcher meeting, was held in early fall 2011 for the fifth time. This time, the event, which is directed primarily toward an exchange of information and experience and includes experts from outside the Group, addressed the topic of "numeric simulation," a vital topic for both materials and process development. The event provided information on the current standard of knowledge with regard to software development, but the focus was on reports about ongoing collaborations in this field within the Group and with external scientific partners.

Fundamental research that is relevant for materials development has been conducted among others for some time in collaboration with the Institute of Materials Science Technology at the Technical University Vienna. In order to deepen the intensive collaboration that is reflected in numerous joint research projects and dissertations, voestalpine has undertaken to finance an endowed professorship at this institute.

In the fall of 2011, the evaluation of the "Competence Center for Excellent Technologies in Advanced Metallurgical and Environmental Process Development" (K1MET) from the Austrian "COMET" program, which is conducted every four years, was carried out. The objective of this competence center is the optimization of metallurgical processes with regard to the best possible product quality and achievement of zero waste with a minimal use of energy and raw materials, and it brings together science and industry in joint research and development projects. The experts of the evaluation team have rated the work done thus far very highly so that the competence center has now been qualified for the second funding period.

Environment

During the first half of 2011/12, the focus continued to be on those topics that have priority for the European steel industry—the CO_2/post-Kyoto regime, the EU Regulation REACH (registration, evaluation, authorization, and restriction of chemicals), and the revision of the IPPC Directive (Integrated Pollution Prevention and Control Directive) aimed at standardizing emission threshold values for industrial facilities in all EU member states. Regarding the details, we refer to the comprehensive explanatory remarks in the two previous publications (Annual Report 2010/11 and Letter to Shareholders for the first quarter of 2011/12).

In the course of the business year 2011/12 thus far, a number of environmentally relevant measures have been implemented at individual Group locations that continue the sustainable improvement of the standards of the voestalpine Group—which are already higher than average in an international comparative analysis—in the areas of energy and raw materials efficiency, reduction of air and water emissions as well as recycling and the reduction of the amount of waste generated.

For example, the Steel Division at the Linz site has taken additional steps to reduce waste, including in the foundry segment, and has installed a second separation stage in the existing chromite sand separation system, thus decreasing the amount of new sand that has to be purchased in the future by up to 10%. In the dry offgas cleaning system "MEROS," hydrated lime has been replaced in the offgas cleaning process in the sintering plant by sodium hydrogen carbonate, which has reduced the amount of hazardous waste in this segment by about a third. Major steps to continue to sustainably reduce dust emissions were implemented in the heavy plate production, and measures were taken to improve the use of waste heat in the pre-processing segment.

By switching from oil and liquid gas to the more environmentally friendly natural gas at Hagfors, its production site in Sweden, the Special Steel Division will henceforth achieve a substantial reduction of specific emissions (nitrogen oxide, sulfur dioxide, and dust) during the electro slag remelting process; additionally, a number of other measures to maintain good air quality were implemented, including the optimization of dust filters. A regenerative burner system has been installed at the division's site in Kapfenberg, Austria, to improve energy efficiency; it reduces energy consumption by up to 50% compared to traditional burners.

Transformers for electric drives were replaced by systems that reduce the dissipation of power in Duisburg at the Railway Systems Division's production site for rails. This measure will result in energy savings of 360,000 kWh annually. Efficiency improvement measures to minimize electricity and gas consumption were also made at other German locations where wire and turnouts are manufactured.

In the Profilform Division, the focus was on two environmentally relevant projects: one to achieve a significant reduction of energy consumption at the Belgian production site and the other in the area of waste management and recycling at the French manufacturing site for sections, where wood used in packaging was replaced with steel. The important advantage of this step was in the considerably improved ability to recycle and the higher quality of steel packaging.

At its precision tube manufacturing location in Krieglach, Austria, the Automotive Division implemented energy saving measures that will enable savings of about 22,000 Nm^3 of natural gas per year and a commensurate reduction of the CO_2 output.

In the past months, the high standards of the voestalpine Group with regard to the environment and safety were honored by various national and international awards. Most recently, voestalpine Stahl Service Center GmbH was given the "klima:aktiv mobil project partner" award by the Austrian Federal Ministry for Land and Forest Management, Environmental and Water Management in September 2011. The company received the award for its step-by-step transition from diesel-powered to electric forklifts and for its new inventory management system.

Outlook

"While the development of the real economy is largely solid, it is facing a highly volatile financial sector whose trend is being determined to a high degree by how quickly the major mature economies on both sides of the Atlantic, some of which have incurred a great deal of debt, are able to get their state finances in order." This statement in the August letter to shareholders about the first quarter of the current business year is just as relevant today as it was then—perhaps even more so. A further escalation of the problems resulting from excessive sovereign debt in Greece and Italy and the associated necessity of significantly expanding the EU "rescue parachute" and implementing additional measures to maintain the solvency of these two countries have exacerbated the macroeconomic conditions in Europe. Additionally, in the last several months, the hoped for stabilization of the financial and capital markets has not occurred so that, as a result, from late summer on, global economic sentiment with regard to the real economy also began to cloud. Nevertheless, it is expected that the most recent decisions made by the European Union and/or the countries in the eurozone, respectively, in conjunction with government changes in the two crisis-stricken countries in the next few months will lead to a stabilization of both the political and economic development in Europe.

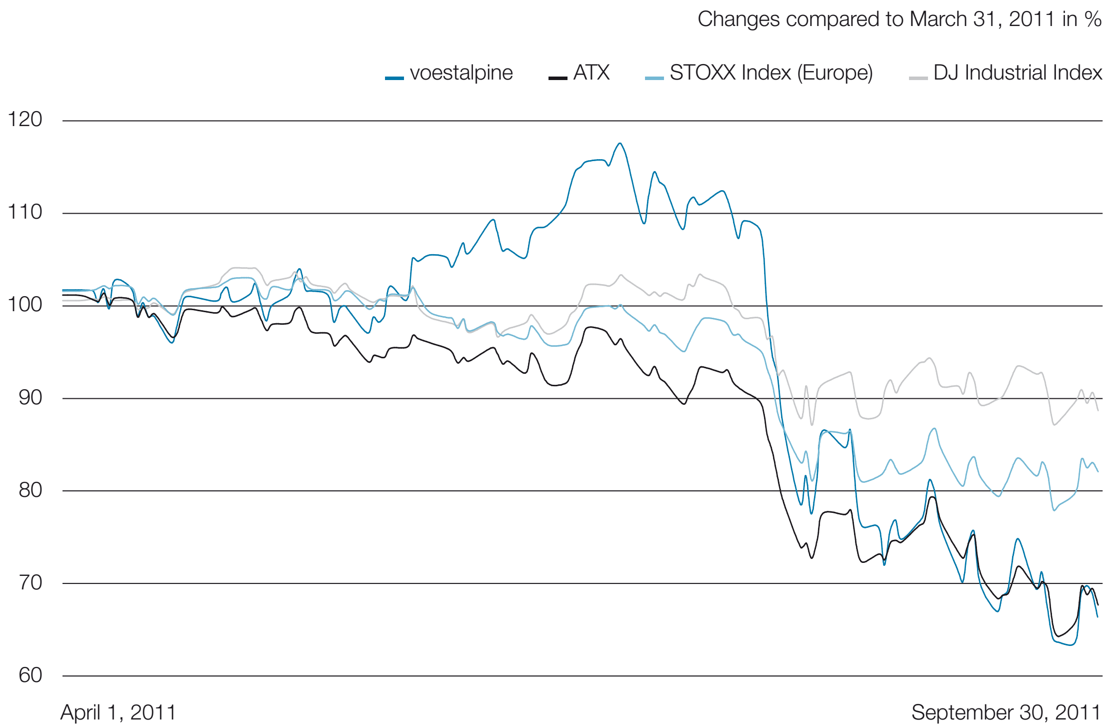
Assuming that the development in the other significant global economic regions remains stable and that thus demand in the most important European export markets stays constant, we do not see the current economic situation as a return of the crisis, in other words, a double-dip recession. On the contrary, we are assuming that this is a cyclical cooling down period following the broad-based economic recovery in the period from the fall of 2009 to the spring of this year. Provided that there is no new flare-up of the debt crisis that would lead to additional uncertainty, a return to stronger growth in the real economy—in Europe as well—in the course of the first half of 2012 is quite realistic.

Until then, however, we must assume that both our customers and consumers will exercise caution in their order planning and spending. In the wake of the broad-based discussion about sovereign debt, numerous industry sectors are still affected by significant uncertainty regarding the future development of the market, and consumers are also restrained in their personal spending.

Against this backdrop, it is anticipated that the trend toward levels of incoming orders that are differentiated according to industry, which had already made itself felt in the second quarter of the business year, will continue in the next months in the voestalpine Group's customer segments. We expect that the energy, mechanical engineering, aviation, and non-European railway sectors as well as parts of the automobile industry including the commercial vehicle sector will maintain a stable development. All in all, it appears likely that after the successful first half year, the second half of the year will be more challenging for the voestalpine Group. While, in the first six months of the business year, voestalpine was able to achieve the significant increase in the operating result that it was aiming for, the more volatile economic situation in the second half of the year will make this impossible. From today's perspective, we anticipate that the results for the 2011/12 year overall (without taking any possible non-recurring effects resulting from the antitrust proceedings in the rails segment) will be slightly weaker compared to the previous year.

Investor relations

voestalpine AG vs. the ATX and international indices



Price development of the voestalpine share

The expectation that the voestalpine share would surpass the price of EUR 40, which had seemed justified after the positive developments in the first quarter, was not met due to the increasingly turbulent macroeconomic environment and the forecasts for the global economic trend that were continuously being revised downward. Although the development of the real economy continued to be largely stable—a fact that was reflected by the robust level of incoming orders in the voestalpine Group up to late summer 2011—early indicators and the growing overall negative economic sentiment increasingly gave rise to doubts that this stable development would continue. The problem of sovereign debt in parts of the eurozone and in the USA has become more and more critical and the extended lack of clarity about concrete political solutions has additionally aggravated the already substantial uncertainty on the capital and financial markets.

Against this backdrop, Austria's leading share index ATX lost more than 30% of its value in the third calendar quarter of 2011; as an early cyclical mover, the voestalpine share experienced a price drop of 42% (from EUR 38.07 to EUR 21.95), however, it was still in a better position that the average shares of the European steel industry in the same period.

Bonds

Hybrid bond (2007–2014)

The hybrid bond was issued in October 2007 with a volume of EUR 1,000 million in order to partially refinance the acquisition of BÖHLER-UDDEHOLM AG. After the turbulence on the financial markets in the period since the fall of 2008, the bond price went down to 75 (% of the face value) by the end of the business year 2008/09. Since April 2009, the price of the bond has gradually recovered, so that by January 2010, it was again trading over 100 (% of the face value) for the first time; as of the end of the first half of 2011/12, it had reached 102 (% of the face value).

Corporate bond 1 (2009–2013)

The corporate bond, which was issued in March 2009 at the height of the credit crisis in order to ensure liquidity (volume EUR 400 million, coupon rate 8.75%), has registered substantial price gains since being issued. Compared to the highest price of over 114 (% of the face value) in March 2010, toward the end of the first half of 2011/12, however, the bond price had fallen slightly and was trading at just over 108 (% 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. Interest in this bond was unusually high so that the order book (for the transaction that had been originally planned for EUR 300 to 400 million) attained a volume of more than EUR 700 million. Trading of the bond began on February 3, 2011 in the regulated over-the-counter market of the Vienna Stock Exchange. While the bond price at the beginning of April was still just under the issue price, there were slight gains up to the end of September 2011. The closing price of the security on September 30, 2011 was at 101 (% of the face value)

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

- Bank of America/Merrill Lynch, London
- BHF-BANK, Frankfurt
- Cheuvreux, Frankfurt/Paris
- Citigroup, London
- Commerzbank, Frankfurt
- Credit Suisse, London
- Deutsche Bank, London
- Erste Bank, Vienna
- Exane BNP Paribas, Paris
- HSBC, London
- JP Morgan, London
- Main First, Frankfurt
- Morgan Stanley, London
- Nomura, London
- Raiffeisen Centrobank, Vienna
- Steubing AG, Frankfurt
- UBS, London
- UniCredit, Munich.

Share Information

Share capital	EUR 307,132,044.75 divided into 169,049,163 no-par value shares
	Shares in proprietary possession as of September 30, 2011: 301,219 shares
Class of shares	Ordinary bearer shares
Stock identification no.	93750 (Vienna Stock Exchange)
ISIN	AT0000937503
Reuters	VOES.VI
Bloomberg	VOE AV

Prices (as of end of day)	
Share price high April 2011 to September 2011	EUR 38.90
Share price low April 2011 to September 2011	EUR 21.04
Share price as of September 30, 2011	EUR 21.95
Initial offering price (IPO) October 1995	EUR 5.18
All-time high price (July 12, 2007)	EUR 66.11
Market capitalization as of September 30, 2011*	EUR 3,703,173,631.08

* Based on total number of shares minus repurchased shares.

Business year 2010/11	
Earnings per share	EUR 3.04
Dividend per share	EUR 0.80
Book value per share	EUR 27.39

Financial calendar 2011/12	
Letter to shareholders for the third quarter of 2011/12	February 15, 2012
Annual Report 2011/12	May 30, 2012
Annual General Meeting	July 4, 2012
Ex-dividend date	July 9, 2012
Dividend payment date	July 16, 2012
Letter to shareholders for the first quarter of 2012/13	August 7, 2012
Letter to shareholders for the second quarter of 2012/13	November 7, 2012

voestalpine AG

Financial data 09/30/2011

In accordance with International Financial Reporting Standards (IFRS)

Consolidated statement of financial position

Assets

	03/31/2011	09/30/2011
A. Non-current assets		
Property, plant and equipment	4,371.4	4,297.4
Goodwill	1,419.5	1,420.9
Other intangible assets	379.9	352.1
Investments in associates	142.8	143.0
Other financial assets	158.7	163.0
Deferred tax assets	383.2	363.4
	6,855.5	**6,739.8**
B. Current assets		
Inventories	2,824.1	3,292.9
Trade and other receivables	1,709.8	1,747.8
Other financial assets	453.6	409.9
Cash and cash equivalents	1,233.4	624.1
	6,220.9	**6,074.7**
Total assets	**13,076.4**	**12,814.5**

In millions of euros

Equity and liabilities

	03/31/2011	09/30/2011
A. Equity		
Share capital	307.1	307.1
Capital reserves	421.1	403.4
Hybrid capital	992.1	992.1
Retained earnings and other reserves	2,897.5	2,998.6
Equity attributable to equity holders of the parent	**4,617.8**	**4,701.2**
Non-controlling interests	73.3	70.0
	4,691.1	**4,771.2**
B. Non-current liabilities		
Pensions and other employee obligations	833.2	827.1
Provisions	83.3	78.2
Deferred tax liabilities	237.0	242.1
Financial liabilities	3,070.5	2,631.4
	4,224.0	**3,778.8**
C. Current liabilities		
Provisions	402.1	406.5
Tax liabilities	134.7	103.9
Financial liabilities	1,427.9	1,446.4
Trade and other payables	2,196.6	2,307.7
	4,161.3	**4,264.5**
Total equity and liabilities	**13,076.4**	**12,814.5**

In millions of euros

Consolidated statement of cash flows

	04/01–09/30/2010	04/01–09/30/2011
Operating activities		
Profit for the period	249,7	346,1
Adjustments	304,8	271,8
Changes in working capital	–80,4	–450,2
Cash flows from operating activities	**474,1**	**167,7**
Cash flows from investing activities	**–221,3**	**–231,5**
Cash flows from financing activities	**–525,0**	**–537,8**
Net decrease/increase in cash and cash equivalents	**–272,2**	**–601,6**
Cash and cash equivalents, beginning of period	1.028,6	1.233,4
Net exchange differences	5,1	–7,7
Cash and cash equivalents, end of period	**761,5**	**624,1**

In millions of euros

Consolidated income statement

	04/01–09/30/2010	04/01–09/30/2011	07/01–09/30/2010	07/01–09/30/2011
Revenue	5,191.8	5,977.7	2,635.7	2,926.2
Cost of sales	–4,064.2	–4,697.6	–2,066.6	–2,334.5
Gross profit	**1,127.6**	**1,280.1**	**569.1**	**591.7**
Other operating income	166.3	168.0	54.8	86.3
Distribution costs	–467.9	–475.6	–234.6	–230.2
Administrative expenses	–265.1	–293.4	–123.2	–145.2
Other operating expenses	–146.7	–147.7	–55.2	–88.8
Profit from operations (EBIT)	**414.2**	**531.4**	**210.9**	**213.8**
Share of profit of associates	16.0	10.9	10.1	5.4
Finance income	28.7	50.2	13.0	26.9
Finance costs	–141.5	–149.2	–73.1	–74.6
Profit before tax (EBT)	**317.4**	**443.3**	**160.9**	**171.5**
Income tax expense	–67.7	–97.2	–32.3	–35.0
Profit for the period	**249.7**	**346.1**	**128.6**	**136.5**
Attributable to:				
Equity holders of the parent	209.1	306.5	108.4	116.6
Non-controlling interests	4.6	3.6	2.2	1.9
Share planned for hybrid capital owners	36.0	36.0	18.0	18.0
Diluted and basic earnings per share (euros)	**1.24**	**1.82**	**0.64**	**0.69**
Statement of comprehensive income:				
Profit for the period	**249.7**	**346.1**	**128.6**	**136.5**
Other comprehensive income				
Hedge accounting	–12.3	17.7	–16.6	19.9
Deferred tax hedge accounting	3.6	–4.4	4.1	–4.9
Currency translation	18.2	–24.0	–34.6	–22.0
Other comprehensive income for the period, net of income tax	**9.5**	**–10.7**	**–47.1**	**–7.0**
Total comprehensive income for the period	**259.2**	**335.4**	**81.5**	**129.5**
Attributable to:				
Equity holders of the parent	218.6	295.8	61.8	109.2
Non-controlling interests	4.6	3.6	1.7	2.3
Share planned for hybrid capital owners	36.0	36.0	18.0	18.0
Total comprehensive income for the period	**259.2**	**335.4**	**81.5**	**129.5**

In millions of euros

Consolidated statement of changes in equity

	H 1 2010/11			H 1 2011/12		
	Group	Non-controlling interests	Total	Group	Non-controlling interests	Total
Equity as of April 1	**4,189.6**	**72.8**	**4,262.4**	**4,617.8**	**73.3**	**4,691.1**
Total comprehensive income for the period	254.6	4.6	259.2	331.8	3.6	335.4
Dividends to shareholders	–84.3	–6.4	–90.7	–135.0	–9.4	–144.4
Own shares acquired/disposed	5.0	–	5.0	5.6	–	5.6
Dividends to hybrid capital owners	–65.2	–	–65.2	–65.2	–	–65.2
Stock options	–	–	–	–15.5	–0.2	–15.7
Other changes	–4.0	3.3	–0.7	–38.3	2.7	–35.6
Equity as of September 30	**4,295.7**	**74.3**	**4,370.0**	**4,701.2**	**70.0**	**4,771.2**

In millions of euros

Notes

These interim consolidated financial statements of voestalpine AG as of September 30, 2011 for the first half of the business year 2011/12 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 2010/11 with the following exception: the revised version of the IAS 24 (2009) Related Party Disclosures is being applied for the first time. The amendments do 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, 2011, on which these interim consolidated financial statements are based.

Since April 1, 2011, the two subsidiaries voestalpine Rohstoffbeschaffungs GmbH and Importkohle Gesellschaft m.b.H are no longer being managed and reported within the Steel Division. In these interim consolidated financial statements, the two entities were allocated to the operating segment Other. The preceding year's comparative figures were adjusted accordingly.

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 half of the business year 2010/11 (reporting date: September 30, 2010).

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, 2011	**288**	**2**	**12**
Acquisitions			
Change in consolidation method			
Additions	3		
Disposals			
Reorganizations	–2		
Divestments or disposals	–2		
As of September 30, 2011	**287**	**2**	**12**
Of which foreign companies	228	0	5

Notes on the consolidated statement of financial position

The decrease in non-current assets mainly resulted from lower investment activity in the first half of the business year 2011/12. Depreciations amounting to EUR 292.8 million exceeded investments that amounted to EUR 227.4 million. Inventories have increased by EUR 468.8 million in comparison to March 31, 2011 due largely to increasing volumes. Cash and cash equivalents accrued from current operating activities on the one hand, and on the other hand, they have decreased to EUR 624.1 million due mainly to loan repayments, capital commitment in working capital, and dividend distribution to shareholders.

As of September 30, 2011, voestalpine AG's share capital amounted to EUR 307,132,044.75 (169,049,163 shares). The Company held 301,219 of its own shares as of the reporting date. In the first half of the business year 2011/12, the Company sold 166,655 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. The first call option is after seven years, at which time voestalpine AG (but not the bond holders) may either call the bond at par or extend it at a higher, but variable, coupon rate. This hybrid bond is recognized as a component of equity under IAS 32.

Profit for the period amounting to EUR 346.1 million has contributed to the increase in equity.

For the business year 2010/11, a dividend per share of EUR 0.80 was decided upon at the Annual General Meeting on July 6, 2011. Therefore, voestalpine AG distributed dividends amounting to EUR 135.0 million to its shareholders during the current business year. Interest for hybrid capital amounting to EUR 65.2 million (distributed on October 31, 2011) was also deducted from equity in the form of a dividend.

The other changes in equity mainly include expenses for the increase of majority interests that were charged directly in equity.

Non-current loans developed according to our redemption schedule and non-current financial liabilities therefore declined to EUR 2,631.4 million.

Notes on the consolidated income statement

Revenue for the period from April 1 to September 30, 2011 totaled EUR 5,977.7 million, exceeding the comparable figure for the preceding year (EUR 5,191.8 million) by 15.1%. Profit from operations (EBIT) reached EUR 531.4 million for the same period compared to EUR 414.2 million for the first six months of the business year 2010/11. EBIT equaled EUR 213.8 million for the second quarter of 2011/12, compared to EUR 210.9 million for the second quarter of 2010/11. After consideration of the financial result and taxes, profit for the period amounted to EUR 346.1 million compared to EUR 249.7 million for the first half of the preceding year.

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

	04/01–09/30/2010	04/01–09/30/2011
Profit attributable to equity holders of the parent (in millions of euros)	209.1	306.5
Weighted average number of issued ordinary shares (millions)	168.5	168.7
Diluted and basic (undiluted) earnings per share (euros)	**1.24**	**1.82**

Operating segments

The following tables contain information on the operating segments of the voestalpine Group for the first half of the business year 2011/12 and business year 2010/11, respectively[1]:

1st half 2011/12

	Steel Division 04/01–09/30/2011	Special Steel Division 04/01–09/30/2011	Railway Systems Division 04/01–09/30/2011
Segment revenue	2,016.4	1,463.7	1,504.4
of which revenue with third parties	1,862.6	1,429.8	1,483.7
of which revenue with other segments	153.8	33.9	20.7
EBITDA	272.0	217.7	228.9
Profit from operations (EBIT)	161.1	141.7	171.9
EBIT margin	8.0%	9.7%	11.4%
Segment assets	3,803.2	4,043.9	2,543.3
Employees (excl. temporary personnel and apprentices)	9,499	11,502	10,267

1st half 2010/11

	Steel Division 04/01–09/30/2010	Special Steel Division 04/01–09/30/2010	Railway Systems Division 04/01–09/30/2010
Segment revenue	1,784.5	1,236.9	1,336.3
of which revenue with third parties	1,646.7	1,206.5	1,318.0
of which revenue with other segments	137.8	30.4	18.3
EBITDA	273.9	155.4	184.6
Profit from operations (EBIT)	165.8	75.1	129.2
EBIT margin	9.3%	6.1%	9.7%
Segment assets	3,620.3	3,963.2	2,291.4
Employees (excl. temporary personnel and apprentices)	9,470	11,135	9,833

[1] Since April 1, 2011, the two subsidiaries voestalpine Rohstoffbeschaffungs GmbH and Importkohle Gesellschaft m.b.H are no longer being managed and reported within the Steel Division. In these interim consolidated financial statements, the two entities were allocated to the operating segment Other. The preceding year's comparative figures were adjusted accordingly.

	Profilform Division 04/01–09/30/2011	Automotive Division 04/01–09/30/2011	Other 04/01–09/30/2011	Reconciliation 04/01–09/30/2011	Total Group 04/01–09/30/2011
	632.0	584.8	937.4	–1,161.0	5,977.7
	615.8	583.4	2.4	0.0	5,977.7
	16.2	1.4	935.0	–1,161.0	0.0
	84.4	55.2	–35.2	1.2	824.2
	64.2	29.6	–38.3	1.2	531.4
	10.2%	5.1%			8.9%
	1,060.4	888.7	9,097.4	–8,622.4	12,814.5
	4,260	4,978	662	0	41,168

In millions of euros

	Profilform Division 04/01–09/30/2010	Automotive Division 04/01–09/30/2010	Other 04/01–09/30/2010	Reconciliation 04/01–09/30/2010	Total Group 04/01–09/30/2010
	556.5	476.7	803.2	–1,002.3	5,191.8
	542.5	475.5	2.6	0.0	5,191.8
	14.0	1.2	800.6	–1,002.3	0.0
	78.6	53.0	–26.8	–8.2	710.5
	57.3	24.9	–29.7	–8.4	414.2
	10.3%	5.2%			8.0%
	1,054.2	867.0	8,622.5	–7,879.5	12,539.1
	4,113	4,638	673	0	39,862

In millions of euros

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

EBITDA

	04/01–09/30/2010	04/01–09/30/2011
Net exchange differences incl. result from valuation of derivatives	0.1	–0.9
Value adjustments for receivables/debt waiver	–1.7	0.2
Consolidation	–6.7	1.8
Other	0.1	0.1
EBITDA – Total reconciliation	**–8.2**	**1.2**

In millions of euros

EBIT

	04/01–09/30/2010	04/01–09/30/2011
Net exchange differences incl. result from valuation of derivatives	0.1	–0.9
Value adjustments for receivables/debt waiver	–1.7	0.2
Consolidation	–6.7	1.8
Other	–0.1	0.1
EBIT – Total reconciliation	**–8.4**	**1.2**

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

The improved operating result led to an increase in cash flow before capital changes from EUR 554.5 million to EUR 617.9 million. Taking the change in working capital into consideration (mainly the build-up of inventories), cash flows from operating activities amounted to EUR 167.7 million in comparison to the first half of the preceding year (EUR 474.1 million); this represents a decrease of 64.6%. After the deduction of EUR 231.5 million in cash flows from investing activities and taking into account cash flows from financing activities amounting to EUR −537.8 million (mainly loan repayments and dividends), the resulting change in cash and cash equivalents (without net exchange differences) amounts to EUR −601.6 million.

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 six months of the current business year.

Antitrust proceedings relative to railway superstructure material

In May 2011, searches were carried out by the German Federal Cartel Office (Bundeskartellamt) (see Annual Report 2010/11) on the business premises of voestalpine Klöckner Bahntechnik GmbH and TSTG Schienen Technik GmbH & Co KG. The reason for the searches was the suspicion of conduct in violation of antitrust law on the German rails market. Based on its leniency application, the Company is assuming that it will be granted immunity from any monetary fines.

On July 12, 2011, another search by the German Federal Cartel Office took place at voestalpine BWG GmbH & Co. KG in Butzbach, Germany.

More detailed information is not available at this time, nor is it possible to assess the consequences. With regard to possible obligations, we are invoking the safeguard clause according to which information about contingent liabilities is not provided if this could seriously and adversely impact the Company's interests.

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

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

Linz, November 16, 2011

The Management Board

Wolfgang Eder Chairman of the Management Board	Franz Hirschmanner Member of the Management Board	Franz Kainersdorfer Member of the Management Board
Robert Ottel Member of the Management Board	Franz Rotter Member of the Management Board	Wolfgang Spreitzer Member of the Management Board

Imprint
Owner and media proprietor: voestalpine AG, voestalpine Strasse 1, 4020 Linz
Senior editor and editorial staff: voestalpine AG, Corporate Communications
T. +43/50304/15-2090, F. +43/50304/55-8981, presse@voestalpine.com, www.voestalpine.com
Design and implementation: Living Office Kommunikationsberatung GmbH, St. Pölten

voestalpine AG
voestalpine Strasse 1
4020 Linz, Austria
T. +43/50304/15-0
F. +43/50304/55+Ext.
www.voestalpine.com

voestalpine
ONE STEP AHEAD.