LETTER TO SHAREHOLDERS

1st HALF 2004/05

www.voestalpine.com

KEY FIGURES OF VOESTALPINE GROUP

(according to IFRS; in € m)

	1H 2004/05 1.4. – 30.9.2004	1H 2003/04 1.4. – 30.9.2003	Change in %
Turnover	2,734.5	2,263.2	+20.8
EBITD	333.5	292.1	+14.2
EBITD margin (in %)	12.2	12.9	
EBIT	187.1	146.8	+27.5
EBIT margin (in %)	6.8	6.5	
EBT	166.4	137.5	+21.0
Net income for the period	105.8	87.4	+21.1
Earnings per share (in EUR)	2.7	2.2	+22.7
Investments	301.3	193.6	+55.6
Depreciation	146.5	145.3	+0.8
Equity	1,966.1	1,829.4	+7.5
Net financial debt	789.6	805.0	–2.0
Net financial debt in % of equity	40.2	44.0	
Employees	24,167	22,934	+5.4
Capital Employed	3,498.5	3,235.5	+8.1

ONE STEP AHEAD. voestalpine

LETTER OF THE MANAGEMENT BOARD

Ladies and Gentlemen,

Following the very successful first quarter of the 2004/05 business year, we are now also able to present you with a highly gratifying report on the first half-year. The increase in both the turnover and the operating result (as well as the other result categories) to new all-time record figures is of additional significance given the already very high comparable level for the same period last year when the **voest**alpine Group was able to achieve its best all-time half-year operating result so far.

The outlook for the whole year is looking a great deal more favorable at this stage than was previously assumed following the very gratifying course of the first half-year for the **voest**alpine Group and the positive expectation for the two coming quarters. With all due caution regarding the imponderables linked to the continued economic trend, the situation on the raw materials markets and the relationship between the Euro and the US dollar, we are again assuming that the **voest**alpine Group should finish the 2004/05 financial year with a marked increase in turnover and an even more significant increase in the operating result compared to previous year. Thus, the **voest**alpine Group will exceed the operating result of the exceptional year 2000/01 and achieve new record figures.

According to our expectations, it in the second half-year it should be possible to even surpass the operating result (EBIT) of the first half, thus entering new result dimensions.

It is gratifying for several reasons that this becomes possible in a business year in which the first stage of the “Linz 2010” investment program with a volume of around EUR 1 billion has been realized after the blast furnace A has been rebuilt and put into operation. On one hand the first milestone of a project could be implemented as planned in terms of both costs and time. This is a project which so far in Austria is unique in its magnitude and which is fundamental to the **voest**alpine Group’s long-term strategy. It will enable **voest**alpine Group to further expand its position in the top quality sector of the steel industry in time, particularly with regard to the extended markets in Europe. On the other hand, implementation of this project would not have been possible without the excellent cooperation enjoyed with our customers and suppliers and above all not without the exemplary commitment of all the employees involved in the project. Thus, at this point we would like to cordially thank all those who have contributed in their many different ways to the success of the first investment stage of the “Linz 2010” project.

We also thank our shareholders who have accompanied our Group with great commitment during a very sensible phase of development towards profitable growth. The fact that the price of the **voest**alpine share reached a historic high in November 2004 at more than EUR 50 mirrors their trust in the company and its employees. We will continue to try our best to justify this confidence.

Wolfgang Eder | Werner Haidenthaler | Wolfgang Spreitzer

Josef Mülner | Franz Hirschmanner | Robert Ottel

AN OVERVIEW OF KEY FIGURES

In the first half of the 2003/04 business year the **voest**alpine Group had achieved its highest half-year operating result so far. In the first half of 2004/05 it was possible to clearly exceed this excellent result yet again and also to improve all other key figures compared to the previous year.

In detail the development of the **voest**alpine Group is as follows compared to the first half of the previous business year:

- **Turnover** increased **by 20.8%** from EUR 2,263.2 million **to EUR 2,734.5 million.**
- The **earnings before depreciation** (**EBITD**) improved **by 14.2%** from EUR 292.1 million to EUR 333.5 million. This results in a slight drop in the **EBITD margin** of 12.9% to **12.2%.**
- The **operating result** (**EBIT**) rose from EUR 146.8 million **to EUR 187.1 million** and was 27.5% higher than in the previous year. As a result the **voest**alpine Group achieved the highest half-year operating result by far in the company's history. Thus, the **EBIT margin** increased from 6.5% **to 6.8%.**
- The **result from ordinary activities** (**EBT**) rose **by 21%** from EUR 137.5 million **to EUR 166.4 million** compared to the first half-year 2003/04. *)
- The **net income for the period** *) was also significantly improved compared to the previous year **by 21.1%** from EUR 87.4 million **to EUR 105.8 million.** **)
- As a result, **the earnings per share** increased by 22.7% from EUR 2.2 **to EUR 2.7** compared to the first half of the previous business year. *)
- The **net financial debt** was reduced from EUR 805.0 million **to EUR 789.6 million.** With **equity of EUR 1,966.1 million** (this is an increase of 7.5% against the previous year's figure of 1,829.4), this corresponds to a reduction of the **Gearing Ratio** from 44.0% **to 40.2%.**
- As of 30 September 2004, the **voest**alpine Group had **24,167 employees** (excluding apprentices). This represents an increase **by 5.4%** compared to the equal period of the previous year (22,934).
- All **key Group companies** reported **clearly positive results.**

---

*) Extraordinary income of EUR 17 million resulting from the sale of the interest in VA Technologie AG was included in the comparative figures of the first half-year 2003/04.

**) According to IFRS including minority interest.

BUSINESS PERFORMANCE OF THE VOESTALPINE GROUP

Market environment for steel remained favourable

The first half of the 2004/05 financial year was marked by a very good market environment for steel—although accompanied at the same time by continued sharp increases in the prices for raw materials. Amongst the positive factors of industry development was the steadily high demand, which was mainly driven by the sustained boom in Asia but also by a noticeable economic upturn in Europe and in important customer segments.

This and the strong market position in their most important product segments enabled the Division Steel as well as the processing divisions Railway Systems and Profilform to pass on the massive price rises in raw and pre-materials to the market. However, the development in **voest**alpine's automotive sector, the division motion, was different, because the division was not able to compensate the additional costs by price increases due to the mostly difficult situation of the European and North American car manufacturers.

Significantly increased turnover in all four divisions

The generally rising demand is reflected in the distinctly higher deliveries by the Divisions Steel, Railway Systems and Profilform. Combined with the increased price level this led to an **increase in turnover** of the **voest**alpine Group by nearly 21% from EUR 2,263.2 million to EUR 2,734.5 million. The biggest growth was posted by Division Profilform at around 45%, but sales revenues have also significantly risen in the Divisions Railway Systems and Steel (by around 22% and 21% respectively). The division motion increased its turnover by slightly more than 10% due to good business performance in the segments of tailored blanks and precision parts.

When looking at the business performance in the individual divisions, it must be taken into account that the market environment continued to be difficult in some areas even in the first half of the 2004/05 business year. Besides division motion, this is particularly true for the Division Railway Systems (rails, turnouts and railway infrastructure) which was partly faced with a steadily low demand on the European markets whereas the economic environment for the wire and seamless tubes segments (steel, wire and tubes) developed much more favorable.

The increase in turnover of the **voest**alpine Group in the first half-year 2004/05 is mainly attributable to organic growth; the two Dutch companies Polynorm Van Niftrik B.V. (division motion, contribution to turnover around EUR 18 million) and Nedcon N.V. (Division Profilform, contribution to turnover approximately EUR 12 million) were consolidated for the first time.

Highest half-year result by far in the Group's history

With an increase in the **EBITD** by 14.2% and in the **EBIT** by 27.5%, the operative **result figures** of the **voest**alpine Group have improved significantly yet again compared with the already high level of the previous year. The operating result at EUR 187.1 million reached the highest half-year level by far in the company's history. The EBIT margin rose from 6.5% to 6.8%. This shows that it has been possible to more than just compensate the price increase for raw materials and pre-materials by corresponding measures at the cost and price level.

Thus, also the **EBT, the net income for the period, and the earnings per share** were significantly improved respectively increased to new highs as compared to the previous year. This was achieved despite the extraordinary profit of EUR 17 million from the sale of the stake in VA-Tech, which was reported in the first half of the 2003/04 business year.

RAW MATERIALS

Raw material prices continue to rise

The raw materials situation remained tense even in the first half of 2004/05, especially for ore, coke, coal and scrap. For the overall business year, the **voest**alpine Group is expecting an additional burden on the result of around EUR 300 million due to increased raw materials prices. Contracts with raw materials suppliers are currently being renegotiated although a renewed price increase of around 20% is anticipated for the coming year.

Despite the scarcity of raw materials there is no danger to the **voest**alpine Group's security of supplies according to present judgment since the Group has access to its own resources of scrap and ore and even the requirement for metallurgical grade coke and coke (around one third purchased from outside suppliers) is covered for the coming quarters. In connection with the privatization of the Erzberg, the Styrian iron ore mine, **voest**alpine AG is already involved in highly advanced discussions with the Austrian government holding ÖIAG, in order to secure the availability of this raw material source in the long term. Furthermore, as in other steel companies, consideration is being given to the expansion of and/or a stake in coking plant capacities in order to guarantee long-term security of supply with coke.

ACQUISITIONS

DIVISION RAILWAY SYSTEMS

First step on the Indian growth market

In September 2004 Division Railway Systems acquired a majority holding in an Indian turnouts construction company, thus taking a first step on one of the world's most dynamic growth markets in the railways sector. VAE GmbH, the international market leader in switches and turnout systems, now holds 57% of the shares in the VAE VKN Pvt. Ltd. Company (formerly Veekayan Industries Pvt. Ltd.) in Delhi, the remaining share is held by the entrepreneurial Aggarwal family. **voest**alpine's prime contribution to this joint venture will be technology and knowledge in switches production. Veekayan Industries has already been successful in the Indian railways sector for many years. The company, which has around 220 employees and specializes in the manufacture of manganese steel frogs and railway turnouts, counts Indian Railways as its main client.

Further expansion of market leadership in North America

A further acquisition in the switches sector is currently nearing conclusion in the USA where **voest**alpine has already assumed market leadership at the turn of 2003/04 with the acquisition of the assets of the turnouts construction company Meridian Rail. VAE Nortrak North America Inc., the North American subsidiary of VAE GmbH, won the bid in November 2004 to purchase the assets of Rail Products & Fabrications, a turnouts and track construction company in Seattle, Washington. It is still expected that the transaction will be concluded before the end of 2004. This will give VAE yet another production site in North America and further expand its leading position in this area.

In July 2004, **voest**alpine Schienen GmbH, Europe's largest rail manufacturer, signed a Memorandum of Understanding with the Egyptian Iron & Steel Company with the aim of concluding a licensing contract for local track production in Egypt. The collaboration envisages that the Egyptian partner will develop an existing section mill in such a way that it will also be possible to produce standard-quality rails in lengths of up to 36 m in this factory south of Cairo. **voest**alpine will provide technological and technical support within the framework of the know-how transfer contract. Following the establishment of a joint venture between VAE and Egyptian Federal Railways in 2002, this cooperation would represent another important step forward in this market for Division Railway Systems.

DIVISION PROFILFORM

Acquisition in the Netherlands concludes

Division Profilform concluded the acquisition of the Dutch company Nedcon N.V., a group of companies specializing in storage systems with sites in the Netherlands and the Czech Republic, in the second quarter of the 2004/05 financial year. The storage technology sector of Division Profilform thus continues to expand its strong position in this industry particularly in Eastern Europe. *(This acquisition has already been dealt with in detail in the shareholders' letter to the 1st Quarterly Report 2004/05.)*

DIVISION MOTION

As also already reported in the last shareholders' letter, division motion acquired the Dutch company Polynorm Van Niftrik B.V. at the beginning of the current business year thus expanding materials competence in the plastics sector. The company, which manufactures internal and external components as well as car body components, has around 250 employees and contributed approximately EUR 18 million to the turnover of the **voest**alpine Group in the first half-year of 2004/05.

INVESTMENTS

The investments of the **voest**alpine Group in the first six months of the current business year amounted to EUR 301.3 million. This represents an increase by 55.6% compared to the investments made in the same period of the previous year (EUR 193.6 million). This increase is primarily attributable to the realization of major projects of the “Linz 2010” investment program.

DIVISION STEEL

With new blast furnace the first step of the “Linz 2010“ programme is completed

The first stage of the investment project was completed at the end of October 2004, when the reconditioned and enlarged main blast furnace A successfully started operation. Around EUR 1 billion was invested within this first step of the expansion program on the Linz site. **voest**alpine will thus be in the position to meet the increasing demand mainly of its automobile and white goods customers for high-grade steel qualities—particularly with regard to the new central and eastern European markets—to a larger extent than before and to further expand its quality leadership in this segment.

The new blast furnace A was built in a record period of only 105 days in place of the previous, smaller one and represents the latest technical level. Only a few days after it had been put successfully into operation, the new blast furnace had already reached its nominal capacity of 7,500 metric tons a day and had even exceeded it at times. The investment volume amounted to about EUR 275 million.

The second step of the “Linz 2010” expansion program, which will start in the coming year and largely be completed by 2007, mainly consists of the construction of a cold rolling mill, two hot dip galvanizing plants, and a large number of various smaller investments.

DIVISION RAILWAY SYSTEMS

Construction of the world’s most modern rail rolling mill

In Donawitz work is progressing to schedule on what is currently the world’s technically most advanced rail rolling mill. With this investment, which will amount to approximately EUR 66 million, **voest**alpine will further expand its technology and quality leadership in the field of special rails. The start-up is planned for the beginning of 2006.

In the divisions Profilform and motion, smaller investments in expansion and modernization were made in the course of the previous six months and newly constructed installations were put into operation. For example, in the division motion a second stamping facility started production at the Schwäbisch-Gmünd site in July 2004. The Division Profilform commissioned a prototype plant in Krems in the new business sector of lightweight automotive construction where both prototypes and small series for special body shell profiles can be manufactured.

RESEARCH AND DEVELOPMENT

New research center for optimising of processes and downstream processing

A new research center—consisting of the “Steel Development Center” and the “Steel Processing Center”—was opened on the Linz site in September 2004. The investment amounted to approximately EUR 9 million and enables the customers’ process and processing chains to be simulated in flexible testing equipments. The development centre focuses on the development of products and processes whilst the processing centre focuses on applications engineering, i.e. on simulating the downstream processing of steel products and their usability properties. The experimental facilities include a crash simulator, forming simulators, a welding simulator and a cold rolling simulator.

Important cross-divisional project in the field of high-grade steels

voestalpine’s know-how network—the collaboration on research and development between the individual divisions of the Group and their customers—has made a major breakthrough in the area known as transformation-induced plasticity (TRIP) steels. The steels in question are innovative higher-strength steels used mainly in the automobile industry. Polynorm N.V., a company of the division motion, and **voest**alpine

Stahl GmbH are jointly involved together with an automobile manufacturer in a research and development project in which two series components manufactured from TRIP steel compounds are for the first time ever being tested jointly and combined using experimental welding robots in the voestalpine processing center before finally being subjected to a crash test. This project is particularly significant because the welding of such compounds was previously considered to be the greatest obstacle to the breakthrough of these steel grades.

High-strength steels also form a focus in other areas such as in the Division Profilform, which processes these steels into lightweight profiles for car body shells, and in the Division Railway Systems, which is developing the optimized production of defined steel qualities in joint collaboration with university research establishments.

Moreover, the voestalpine Group plays an active part in the European Steel Technology Platform, a research partnership between leading steel companies initiated by the European Union. This defines concrete short, medium and long-term R&D objectives that are subsequently implemented within the framework of European research programs.

OUTLOOK

The Group result for the first half-year has turned out to be considerably more favorable than originally anticipated given that in Division Steel it has been possible to realize the critical large-scale projects of the 1st stage of the “Linz 2010” investment program (reconditioning and enlargement of main blast furnace A and rebuilding of the cogging stand in the wide strip mill) without problems and according to schedule.

First half-year’s trend will continue

The basic trend from the first half-year turns out to continue also in the second half. This means that, despite further rises in the prices for raw materials, the Division Steel should be in a position to pass the resulting higher costs on to the market by way of corresponding price adjustments. In general further price increases are anticipated for the beginning of 2005 or have already been implemented due to the sustained high level of demand.

In Division Railway Systems, the market situation for rails and switches remains difficult in Germany and some Eastern European countries, although even there it is possible to make up for the higher costs of raw materials by increasing prices. Furthermore, sales overseas could be increased significantly. Further continuance of excellent development can be counted on in the qualitatively demanding wire sector and in seamless tubes.

There is no fundamental change to be expected in the favorable market environment for Division Profilform, although a drop in the overheated boom trends observed in the last few months, partly of seasonal nature, is emerging.

division motion is confronted with the most difficult market environment as on one hand it is under pressure from the customer’s side due to the cost savings programs of the automobile industry and on the other the division faces continuous price increases imposed by the steel manufacturers. Nevertheless, despite the somewhat weaker first half-year, it should still be in a position to increase the result slightly compared with the previous year.

Best result ever in the Group’s history is expected

Assuming that no extraordinary political or economic events will lead to serious changes in global market activities in the next few months, it may be assumed that in the entire business year the voestalpine Group will more than double the operating result achieved in the first half of the business year. As a consequence, for 2004/05 the best result ever by far in the history of voestalpine Group is expected.

BUSINESS PERFORMANCE OF THE DIVISIONS

VOESTALPINE – DIVISION STEEL

(in €m)	1H 2004/05 1.4. – 30.9.2004	1H 2003/04 1.4. – 30.9.2003
Turnover	1,399.8	1,160.4
EBITD	187.7	163.5
EBITD margin (in %)	13.4	14.1
EBIT	111.6	93.7
EBIT margin (in %)	8.0	8.1
Employees (without apprentices)	9,430	9,288

The business performance of Division Steel was defined on one hand by a continuously increasing demand and on the other by a further increase in the price of raw materials. It was possible to push through price increases over the last few months due to economic development in the key markets (noticeable upswing in Western Europe and continued steady growth in Central and Eastern Europe) which meant that the massive increases in raw materials costs could be compensated. Compared with the preceding quarter, the average price level in Division Steel rose by around 13%, and by approximately 14% compared with the equal period of the previous year. The additional burden on the result due to the rise in the costs of raw materials was around EUR 85 million compared to the first half of the previous year.

Burden on the result caused by reconditioning of blast furnace A was compensated

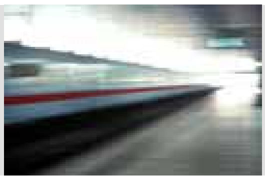
Reconditioning and expansion of the main blast furnace A burdened Division Steel's result in the first half-year 2004/05 with around EUR 50 million, from which the main part became relevant in the second financial quarter. However, it was possible to compensate this one-off effect by efficient cost management and further optimization of the product mix in the direction of highest-quality grades with correspondingly better margins.

Significant increase in sales, EBITD, and EBIT

Due to shipments that were increased by 3% from 2.0 to 2.1 million metric tons and the increased price level, Division Steel was able to increase turnover (by nearly 21%), EBITD (by almost 15%), and EBIT (by around 19%). This is not only a result of the good development of the steel sector itself, but also of substantially improved contributions to the operating result achieved by the sectors heavy plate, steel service center and steel trading.

Crude steel production of the voestalpine Group in the first half-year of 2004/05 amounted to 2.86 million metric tons and was slightly higher than previous year's volume of 2.84 million metric tons. With 2.15 million metric tons, production at the Linz site remained constant compared to the previous year (2.16 million metric tons) despite the production standstill in blast furnace A. Crude steel production of the Donawitz site rose by 4% from 680,000 to 710,000 metric tons.

VOESTALPINE – DIVISION RAILWAY SYSTEMS



(in €m)	1H 2004/05 1.4. – 30.9.2004	1H 2003/04 1.4. – 30.9.2003
Turnover	807.6	664.2
EBITD	80.0	72.1
EBITD margin (in %)	9.9	10.8
EBIT	45.1	33.6
EBIT margin (in %)	5.6	5.1
Employees (without apprentices)	7,266	6,927

Significant increase in turnover and result despite difficult market environment

Division Railway Systems was able to achieve a significant increase in turnover and result compared with the first half-year of 2003/04. However, the environment for the Railway Activities segment (rails/switches/railway infrastructure) continued to be difficult in some European key markets (e.g. in Germany). Demand continued to be weak due to the persistently hesitant investment in railway infrastructure. In addition, higher costs for raw materials and pre-materials further increased the burden on the result. However, it was possible to compensate for this additional burden (which amounted to around EUR 66 million in the first half-year 2004/05) to a large extent.

The business activity of the track and turnouts sector developed far more dynamically in non-European markets particularly in Australia and South Africa. Demand in these regions is driven by the expansion and development of transport capacities for raw materials and leads to corresponding investments in new construction and maintenance of the railway infrastructure. Furthermore, following full integration of the turnouts construction company, Meridian Rail Track Corp., the assets of which were acquired at the turn of 2003/04, Division Railway Systems can now participate more than before in the strong growth experienced by the North American railway market.

Very positive business development in the wire and tubes segment

Very gratifying was the development in the segment of wire and seamless tubes. A substantial improvement compared to the first half of the previous business year was particularly achieved by **voest**alpine Austria Draht GmbH, which had already specialized in high-quality wire a few years ago and is now profiting from the high demand in this segment.

Overall in the first half-year 2004/05, the Division Railway Systems was able to improve its operating result compared with the previous year by around 34% with a slightly increased EBIT margin and to improve the EBITD by approximately 11%. The shipments of Division Railways Systems rose by 14% compared with the previous half-year 2003/04 from 699,000 to 796,000 metric tons. As a result the turnover increased by 21.8% from EUR 664.2 million to EUR 807.6 million.

VOESTALPINE – DIVISION MOTION

(in €m)	1H 2004/05 1.4. – 30.9.2004	1H 2003/04 1.4. – 30.9.2003
Turnover	388.2	352.3
EBITD	29.9	32.7
EBITD margin (in %)	7.7	9.3
EBIT	8.4	10.7
EBIT margin (in %)	2.2	3.0
Employees (without apprentices)	4,480	4,262

Despite an increase in turnover the previous year's result could not be achieved

Despite a rise in sales of 10.2%, the division motion remained significantly below the result figures of the previous year. This is primarily due to the ongoing difficult situation of many car manufacturers, which makes it on one hand largely impossible to pass on the massive price increases for raw materials (steel and plastics), and which continuously leads on the other hand to considerable expenses for restructuring the German Group company **voest**alpine Matzner in the sector of engineering services because of reinforced insourcing in this area, which has taken place for already some time due to overcapacities in the automobile industry. In order to adjust the company's structure to the changes market environment, further consolidation measures were implemented in the first half-year 2004/05, including a further substantial reduction of the workforce.

However, at the same time the increase in division motion's sales also reflects the continued excellent development experienced in the segment of laser-welded blanks and precision parts.

The Dutch company Polynorm Van Niftrik B.V., acquired at the beginning of the business year, was consolidated for the first time in the first half of 2004/05. The company contributed to the turnover with around EUR 18 million and reported a clearly positive result.

From today's point of view, the division's result in the second half-year should be substantially higher than in the first half. For the entire business year, the result should therefore not be below previous year's figure.

VOESTALPINE – DIVISION PROFILFORM

(in €m)	1H 2004/05 1.4. – 30.9.2004	1H 2003/04 1.4. – 30.9.2003
Turnover	319.9	221.2
EBITD	54.0	29.3
EBITD margin (in %)	16.9	13.3
EBIT	42.2	16.8
EBIT margin (in %)	13.2	7.6
Employees (without apprentices)	2,654	2,133

Above-average increase in turnover, EBITD, and EBIT

The first two quarters of the 2004/05 financial year were very gratifying for Division Profilform which was again able to significantly improve its high figures of the previous year. The rise in turnover by 44.6% was the result on one hand of a marked increase in demand due to economic upturn in Europe (including the Eastern European markets) and the USA particularly from the construction and commercial vehicles industry, whilst on the other hand a significantly higher price level was also a decisive factor. Due to the higher price level—which was made possible by the division's strong market position in the special tubes and sections segment—the burden resulting from significantly increased prices for the pre-material steel could be more than compensated.

The higher earnings level and the increase in shipments by 15% resulted in a significant improvement in the EBITD by around 84% and in the EBIT by 52%. With an EBIT margin that has almost doubled from 7.6 % to 13.2 %, Division Profilform is the most profitable sector of the **voest**alpine Group in the first half-year 2004/05.

The Dutch storage technology company, Nedcon N.V. was consolidated for the first time in the second quarter of the financial year. The company made a contribution of around EUR 12 million to the Division's turnover and reported a positive result.

New organizational structure and segmentation in two sectors

In the fall of 2004 Division Profilform gave itself a new organizational structure. The (non-operative) management holding **voest**alpine Profilform GmbH was established as the new man divisional company to ensure the best-possible active management of the division's holdings and of strategic corporate planning. This company is a wholly-owned (100%) subsidiary of **voest**alpine AG and holds the shares in the individual companies of the division.

In the course of the organizational change, the division's activities were segmented into the two sectors "Sections" and "Storage Technology". This relates not to independent legal entities but rather to the documentation of the two key business areas of Division Profilform.

VOESTALPINE SHARE

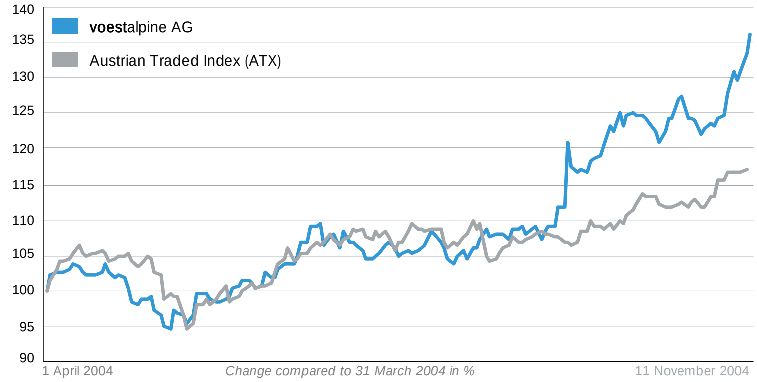
PRICE PERFORMANCE

Share gains two thirds in value and reaches new all-time high

Since the beginning of calendar year 2004 until 11 November 2004, the price of the **voest**alpine share has risen from EUR 32.64 to the all-time high of EUR 50.40. This represents an increase in value by nearly 65% or two and a half times the price at the IPO in 1995 (20.71).

The price development largely corresponded to the Austrian leading index ATX until the beginning of September. Afterwards, the **voest**alpine share increased substantially stronger than the average of the companies listed on the Vienna Stock Exchange. Overall the ATX had been surpassed by 18% until November.

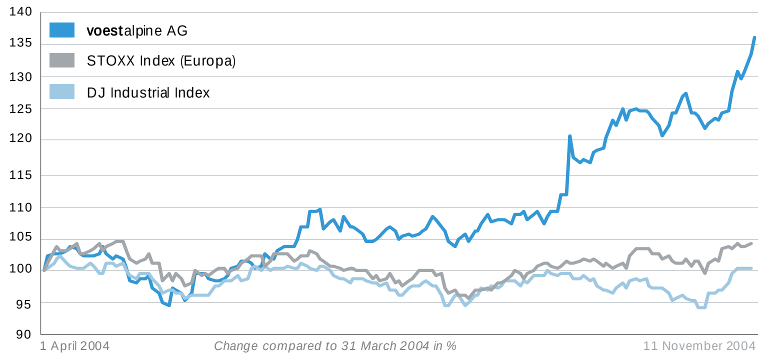
VOESTALPINE AG VS. AUSTRIAN TRADED INDEX (ATX)



Comparable international indices were significantly surpassed

The comparison of the price performance against European and American stock indices provides further confirmation of the share's excellent performance. Thus in the comparable period from April to November 2004, the **voest**alpine share surpassed the STOXX index of the 600 largest European companies by around 30% and the U.S. Dow Jones Index by 35%.

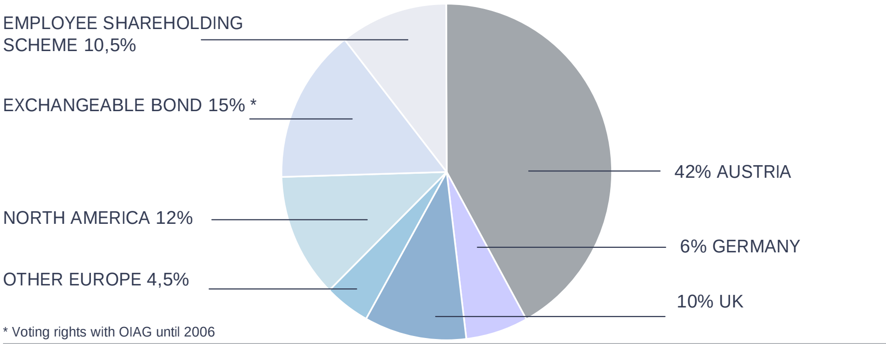
VOESTALPINE AG VS. INTERNATIONAL STOCK INDICES



OWNERSHIP STRUCTURE

The ownership structure of **voest**alpine AG largely remained stable despite the relatively high turnovers in recent times. The next identification of shareholders is scheduled for spring 2005.

OWNERSHIP STRUCTURE



* Voting rights with OIAG until 2006

SHARE INFORMATION

Share capital 287,784,423.30 € divided into 39,600,000 non-par value shares; Status of repurchased shares per 30 September 2004: 67.183 shares

Class of shares		Common bearer shares
Highest market price April through September 2004	€	46.30
Lowest market price April through September 2004	€	35.00
Share price as of 30 September 2004	€	45.64
Market capitalization as of 30 September 2004*	€	1,804,277,768

* Basis: Total number of shares minus repurchased shares

BUSINESS YEAR 2003/04

Earnings per share	€	3.38
Dividend per share	€	1.25+0.35 Bonus
Book value per share	€	47.50
Distribution ratio	%	47

PROJECTED SCHEDULE FOR BUSINESS YEAR 2004/05

14 February 2005	Shareholder's Letter on the 3rd quarter 2004/05
1 June 2005	Presentation of the annual result of 2004/05 business year
30 June 2005	Annual General Shareholders' Meeting
12 July 2005	Ex dividend date
18 July 2005	Dividend payment day

Regular analyses on the development of the voestalpine AG shares as viewed by the capital market are prepared by the following institutions:

Bank Austria Creditanstalt, Vienna / Deutsche Bank, Vienna/Frankfurt / Erste Bank, Vienna / Exane BNP Paribas, Paris / HSBC, Paris / ING BHF-BANK, Frankfurt / JP Morgan, London / Morgan Stanley, London / Raiffeisen Centrobank, Vienna / UBS, London

International Securities Identification Number:
93750 (Vienna Stock Exchange)

ISIN:	AT0000937503
Reuters:	VOES.VI
Bloomberg:	VOE AV

INVESTOR RELATIONS

Wolfgang Lemberger
Tel: +43 (0)732 6585-9949
E-Mail: Wolfgang.Lemberger@voestalpine.com

Fax: +43 (0)732 6980-5581
E-Mail: InvestorRelations@voestalpine.com
Internet: www.voestalpine.com

FINANCIAL DATA AS OF 30/9/2004
ACCORDING TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRS)

BALANCE SHEET AS OF 30 SEPTEMBER 2004

ASSETS

	30.9.2004 (€m)	31.3.2004 (€m)
FIXED ASSETS		
Goodwill	262.6	242.7
Other intangible assets	27.0	27.9
Tangible assets	2,123.9	1,999.8
Financial assets	170.8	161.0
	2,584.3	**2,431.4**
CURRENT ASSETS		
Inventory	1,070.0	933.7
Trade accounts receivable	741.7	588.5
Accounts receivable due from related parties	32.5	43.9
Other receivables	194.1	172.5
	968.3	**805.0**
Marketable securities	172.5	160.5
Cash and cash equivalents	120.0	196.6
	292.5	**357.1**
Deferred taxes	82.1	94.6
Prepaid expenses	51.0	47.2
	133.1	141.8
	2,463.9	**2,237.6**
BALANCE SHEET TOTAL	**5,048.2**	**4,668.9**

LIABILITIES AND EQUITY

	30.9.2004 (€m)	31.3.2004 (€m)
SHAREHOLDER'S EQUITY		
Share capital and Capital reserves	739.6	739.6
Revenue reserves	1,172.5	1,073.3
Balance sheet profit	2.1	63.5
Own shares	-0.9	-3.9
Minority interest*)	52.8	0.0
	1,966.1	**1,872.6**
Minority interest	**0.0**	**52.9**
LIABILITIES (long-term)		
Long-term financial liabilities	728.3	663.0
Deferred taxes	40.8	46.6
Long-term provisions	449.0	426.6
Other long-term liabilities	0.0	0.0
	1,218.0	**1,136.2**
LIABILITIES (short-term)		
Short-term financial liabilities	469.0	440.8
Trade accounts payable	610.9	554.4
Advance payments received on orders	20.6	30.6
Short-term provisions	297.8	255.0
Other short-term liabilities	445.5	310.3
Deferred revenues	20.3	16.0
	1,864.0	**1,607.2**
BALANCE SHEET TOTAL	**5,048.2**	**4,668.9**

*) Since 1 April 2004 reported in Shareholder's equity according to IAS 27.33

INCOME STATEMENT

	1.4.-30.9. 2004 (€m)	1.4.-30.9. 2003 (€m)	1.7.-30.9. 2004 (€m)	1.7.-30.9. 2003 (€m)
TOTAL SALES	2,734.5	2,263.2	1,381.5	1,124.9
Cost of goods sold	-2,193.1	-1,797.9	-1,108.4	-907.0
Gross profit or loss	**541.3**	**465.3**	**273.1**	**217.9**
Other operating income	58.9	77.7	27.0	45.6
Distribution costs	-200.2	-191.8	-94.6	-90.6
Administrative expenses	-138.6	-133.8	-76.0	-65.1
Other operating expenses	-74.3	-70.6	-33.5	-35.8
OPERATING INCOME (EBIT)	187.1	146.8	96.0	72.0
Income from associated companies	9.3	4.4	5.8	2.0
Other income from investments	1.2	0.8	0.7	0.1
Net interest	-34.9	-36.9	-17.6	-18.4
Income of share investments / share expenses	0.5	0.8	0.2	0.0
Other income / expenses	3.3	21.6	3.2	1.7
ORDINARY RESULT	166.4	137.5	88.3	57.4
Taxes on income and earnings	-60.6	-46.5	-32.8	-19.1
Minority interest / Extraordinary result	-	-3.6	0.0	-1.9
NET INCOME FOR THE PERIOD	105.8	87.4	55.5	36.4
Minority interest in net income for the period	-3.9	0.0	-2.2	0.0
Earnings per share (in €)	2.7	2.2	1.4	0.9

CASH FLOW STATEMENT

	1.4-30.9.2004 (€m)	1.4-30.9.2003 (€m)
Cash flow from the result	277.0	226.1
+/-Changes in Working Capital	-54.0	-56.8
= Cash flow from operations	223.0	169.3
+ Cash flow from investment activities	-301.4	-103.4
+ Cash flow from financing activities	1.2	-70.5
= Change in liquidity	-77.3	-4.6
Liquid assets, beginning balance	196.6	114.6
Changes in the scope of consolidation	0.6	-
Liquid assets, closing balance	120.0	110.0

DEVELOPMENT OF EQUITY

Group	1.4-30.9.2004 (€m)	1.4-30.9.2003 (€m)
Own funds at 1.4.	1,872.6	1,785.9
Income for the period (after minority interest)	101.8	87.4
Dividend distribution	-63.2	-47.3
Acquisition of own shares	3.0	2.7
Currency translation	-1.7	-2.0
Other changes	0.8	2.7
Minority interest *)	52.8	0.0
Own funds at 30.9.	**1,966.1**	**1,829.4**

*) Since 1 April 2004 reported in Shareholder's equity according to IAS 27.33

www.voestalpine.com

voestalpine AG
VOEST-ALPINE-Strasse 1, A-4020 Linz, Austria
Tel.: +43 (0)732/65 85-0, Fax: +43 (0)732/69 80-9311
E-mail: info@voestalpine.com
www.voestalpine.com

ONE STEP AHEAD.