Letter to Shareholders
1st Half 2014/15

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voestalpine Group Key Figures

H1 2013/14 vs. H1 2014/15

In millions of euros	**H1 2013/14**[1] 04/01–09/30/2013	**H1 2014/15** 04/01–09/30/2014	Change in %
Revenue	5,643.4	5,561.1	–1.5
EBITDA	680.4	756.9	11.2
EBITDA margin	12.1%	13.6%	
EBIT	396.3	444.7	12.2
EBIT margin	7.0%	8.0%	
Profit before tax (EBT)	312.1	391.7	25.5
Profit for the period[2]	238.4	324.0	35.9
EPS – Earnings per share (euros)	1.15	1.65	43.5
Investments in tangible and intangible assets and interests	429.9	427.1	–0.7
Depreciation	284.0	312.2	9.9
Capital employed	8,325.3	8,747.2[3]	5.1
Equity	5,062.3	4,931.5	–2.6
Net financial debt	2,368.3	2,898.8	22.4
Net financial debt in % of equity (gearing)	46.8%	58.8%	
Employees (full-time equivalent)	47,126	47,379	0.5

[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 “Joint Arrangements” and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under “General information/Accounting policies”.
[2] Before deduction of non-controlling interests and interest on hybrid capital.
[3] Without disposal group.

Q1 2014/15 vs. Q2 2014/15

In millions of euros	**Q1 2014/15** 04/01–06/30/2014	**Q2 2014/15** 07/01–09/30/2014	Change in %
Revenue	2,826.7	2,734.4	–3.3
EBITDA	363.7	393.2	8.1
EBITDA margin	12.9%	14.4%	
EBIT	218.4	226.3	3.6
EBIT margin	7.7%	8.3%	
Profit before tax (EBT)	192.9	198.8	3.1
Profit for the period[1]	154.4	169.6	9.8
EPS – Earnings per share (euros)	0.77	0.88	14.3
Investments in tangible and intangible assets and interests	184.4	242.7	31.6
Depreciation	145.3	166.9	14.9
Capital employed[2]	8,718.7	8,747.2	0.3
Equity	5,416.4	4,931.5	–9.0
Net financial debt	2,422.3	2,898.8	19.7
Net financial debt in % of equity (gearing)	44.7%	58.8%	
Employees (full-time equivalent)	47,463	47,379	–0.2

[1] Before deduction of non-controlling interests and interest on hybrid capital.
[2] Without disposal group.

Ladies and Gentlemen:

In an environment that is difficult from both a political and economic perspective, in recent weeks, the European Union has identified and set fundamental future directions. The appointment of a new Commission for the next five years was followed at the end of October by the definition of the energy and climate policy objectives for the period up to 2030. The expectations for the new Commission are high; after all, on one hand, it has to restore people's confidence, the confidence that was so severely battered during the administration-heavy Barrosa era, and on the other, it must finally—six years post-Lehman—provide new economic prospects that will rescue Europe from its unending crisis. Most of all, this requires the will to act and leadership, something that people believe the Commission to be capable of. However, developing new prospects and goals for the Europe of the future is something it must do, and it will have to undertake measures that will be unpopular—measures that put European interests front and center. And it will probably have to set boundaries to the one-sided nationalistic tendencies more clearly than before.

We must concede that in its most recent decisions, the European Council at least tried to achieve a better balance between its economic and energy/climate policy decisions for the future than had been the case previously. Although there was no significant curtailment of the previous ambitious energy and climate objectives, nevertheless, there were clear indications that economic growth and preserving a European real economy that is globally competitive are a concern of which the European political arena is more aware than before. However, the current decisions by Brussels have only sketched a framework with regard to how to deal with the most energy-intensive and environmentally sensitive industries. A great deal needs to be regulated in detail; only then will we be able to judge what the long-term future prospects of European industry will actually be. After all, the past has taught us that, especially in climate legislation, the devil is in the details. In any case, there will not be a great deal of room for tricky regulations. To quote from our last Letter to Shareholders: "… the decisive factor will ultimately be whether we will be able to provide the manufacturing industries in Europe, which have such long value chains, with long-term, sustainable prospects and to make them the backbone of our economy that can provide jobs and broad-based prosperity." The ball is in the court of the political leadership to create the required framework conditions. As a corporation, we look forward to having the ball in our court.

Linz, November 3, 2014

The Management Board

Wolfgang Eder
Chairman of the Management Board

Herbert Eibensteiner
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

Peter Schwab
Member of the Management Board

Highlights

- After a good start into the business year 2014/15, the EU is facing an increasingly difficult economic environment
- Strong economic development in North America and China at a solid level
- Brazil and Russia have little prospect of a speedy return to growth
- At EUR 5,561.1 million, revenue of the voestalpine Group in the first half of 2014/15 is only marginally below the previous year (EUR 5,643.4 million), a slight decline of –1.5%
- Due to non-recurring effects in the second quarter of 2014/15, EBITDA and EBIT were affected positively at EUR 66.5 million and EUR 45.2 million respectively
- EBITDA up by 11.2% from EUR 680.4 million to EUR 756.9 million in a year-to-year comparison. At EUR 690.4 million, adjusted EBITDA slightly above previous year
- EBIT improves by 12.2% from EUR 396.3 million to EUR 444.7 million, adjusted for non-recurring effects, EBIT also up slightly at EUR 399.5 million
- Even after adjustment for non-recurring effects, substantial increase of both profit before tax (from EUR 312.1 million to EUR 346.5 million) and profit for the period (from EUR 238.4 million to EUR 280.6 million) primarily due to lower financing costs
- At 58.8%, gearing ratio (net financial debt in percent of equity) increases compared to March 31, 2014 (46.0%, retroactively adjusted) because hybrid bond 2007 called as of October 31, 2014
- Beginning of construction of the HBI project in Texas; all permits and approvals obtained on schedule in July 2014

Interim Management Report

Report on the Group's business performance and the economic situation

The current business year 2014/15 began with a quite optimistic economic climate for the mature economies and mixed expectations for the emerging markets. However, in the course of the first six months of the business year, it became increasingly clear that—with the exception of North America and China—the global economic trend does not have sufficient momentum for a broad upswing.

While of the European countries, Great Britain and Poland demonstrated considerable economic strength, as the year continued, the eurozone was characterized by an increasingly difficult economic environment. The satisfactory growth trend in the early part of the year lost much of its impetus over the summer months. Especially the unexpected downturn of the German economy, primarily the perceptible decline of the construction industry, put increasing pressure on the eurozone, especially considering the recessive developments in Italy and France. While these two countries continue to suffer from a low level of business investment and weak exports, due particularly to the marginal progress in implementing structural reforms, the mood in the European economic regions, which have been more robust thus far, has soured, not least as a result of increasing geopolitical crises that have been unfolding.
Only Spain, which has stayed on its course of reform consistently, has been able to avoid the negative trend and accelerate its growth, although starting from an extremely modest level. Viewed overall, the long-term recovery in Europe continues to be inconsistent, slow, and fragile.

In North America, however, the first half of the current business year saw a continuation of robust and broad-based growth, with both private consumption and industrial investments and exports continuing to demonstrate an upward trend with concomitant welcome developments on the labor market and in the market sentiment indicators. At this time, there are no signs that this positive trend is reversing; North America has clearly undertaken the role of global economic locomotive.

Brazil, the most important economic region in South America for the voestalpine Group, on the other hand, slipped into a recession in the spring of 2014; at this time, the prospects for a return to the growth rates of an emerging economy are slim.
The situation in Russia is also increasingly difficult; a resolution of the disputes with the Ukraine is a prerequisite for a return to satisfactory growth.

In Asia, China's economic development got underway slowly in the early part of the year, however, during the spring, it was able to continue the previous year's trend, due mainly to significantly increasing exports. However, the efforts of the central government to entrench private consumption as a stable pillar of sustainable economic growth have not yet produced the desired result. Nevertheless, China is expected to experience economic growth of more than 7% in 2014.

In this very inconsistent macroeconomic environment, during the first half of the business year 2014/15, operational business performance of the voestalpine Group's four divisions was largely stable.
The Steel Division, which is active mainly on the European market, profited from continuing high demand from the automotive sector and a recovery in the sector of oil and natural gas transport (pipeline projects). Demand maintained a mostly stable trajectory in the early part of the year, but it waned somewhat over the course of the summer months.

The Special Steel Division profited from the prospering markets in the USA and Asia, while the European market was generally subdued over the course of the first six months of the current business year.
The Metal Engineering Division continued its positive development. Due to its broad-based positioning and a continuing satisfactory level of demand in practically all business units in the first half of the 2014/15 year, its performance is stable at a high level.
In the Automotive Parts business segment, the Metal Forming Division continued its very good performance, however, since the early part of the business year, it has faced a subdued market in Europe for tubes and sections.

Overall, the performance of the voestalpine Group in the first half of the business year 2014/15 has been at a satisfactory level despite an increasingly challenging economic environment in Europe.

Report on the financial key performance indicators of the voestalpine Group

At −1.5%, from EUR 5,643.4 million in the first half of 2013/14 to EUR 5,561.1 million in the first six months of the business year 2014/15, the voestalpine Group's revenue this year was down slightly. The sole reason for the dip was the closure of the standard rail production in Duisburg as of the end of 2013 and the resulting decrease in the Metal Engineering Division's delivery volume. In contrast, all other divisions in the Group boosted their revenue. The weaker level of prices, which is due to raw materials and pre-material costs that continue to fall, had an overall negative impact on revenue in the first half of 2014/15.
At EUR 756.9 million, the operating result (EBITDA), which was markedly higher in the current business year by 11.2%, includes non-recurring effects in the Metal Forming Division totaling EUR 66.5 million due to the sale of the Flamco Group in August 2014, the agreement executed in late September 2014 to sell the automotive companies voestalpine Polynorm Van Niftrik B.V. and voestalpine Polynorm Plastics B.V., and the structural reorganization of pension obligations in individual companies in the Netherlands, which are part of the Metal Forming Division, also in the second quarter of 2014/15. Adjusted for these non-recurring effects, EBITDA rose by 1.5% from EUR 680.4 million in the previous year to EUR 690.4 million this year; as a result the (adjusted) EBITDA margin went up from 12.1% to 12.4%. The (unadjusted) profit from operations (EBIT) rose by 12.2% from EUR 396.3 million to EUR 444.7 million. Adjusted by the non-recurring effect of EUR 45.2 million due to the one-time effect detailed above and reduced by a write-down of individual assets that are not part of the core business, EBIT came to EUR 399.5 million in the first half of 2014/15, which corresponds to an increase of 0.8%. The adjusted EBIT margin was therefore at 7.2% (previous year: 7.0%). With the exception of the Metal Engineering Division, which, however, still remains the strongest division in terms of margins, all of the divisions reported a gain in both operating result and profit from operations in the first half of 2014/15.
Although gross financial debt increased as of the reporting date of September 30, 2014, due primarily to the reclassification of the hybrid bond 2007 from equity to borrowed capital, interest charges were significantly reduced. Recognition of the entire hybrid bond 2007 as part of borrowed capital became necessary as a result of the resolution adopted by the Management Board of voestalpine AG in September 2014 to call the entire issue of this bond as of the first possible call date, i.e., October 31, 2014. Interest charges declined primarily because interest rates fell considerably in a year-to-year comparison; as a result, the improvement in the profit before tax of 25.5% from EUR 312.1 million to EUR 391.7 million was very substantial. After deduction of the non-recurring effect of EUR 45.2 million, profit before tax in the first six months of the current business year was still EUR 346.5 million or 11.0% above the previous year's figure.
Profit for the period gained 35.9%, going from EUR 238.4 million to EUR 324.0 million. Without taking the non-recurring effects (EUR 43.4 million) into account, the adjusted profit for the period is EUR 280.6 million, also an improvement compared to the previous year of 17.7%. This is a result of the increase in profit before tax and a decrease of the tax rate. Thus, earnings per share were EUR 1.65 in the first six months of the current business year, a sharp rise of +43.5% com-

pared to the previous year's figure of EUR 1.15. The adjusted earnings per share for the first half of 2014/15 were EUR 1.40 or 21.7% higher than last year's figure.

As of September 30, 2014, equity fell year-to-year by 2.6%, going from EUR 5,062.3 million to EUR 4,931.5 million. Compared to the reporting date of March 31, 2014 (EUR 5,261.0 million), equity fell by 6.3%. This decline is largely due to the previously described reclassification of the hybrid bond 2007, which was called in September 2014, from equity to borrowed capital totaling EUR 500 million as of September 30, 2014 as well as dividend payments amounting EUR 170 million in the second quarter of 2014/15. As a result of the early redemption of the hybrid bond 2007, net financial debt went up year-to-year by 22.4% from EUR 2,368.3 million (adjusted retroactively) to EUR 2,898.8 million. Compared to the reporting date of March 31, 2014 (EUR 2,421.4 million, adjusted retroactively), there was an increase of 19.7%. Due to these changes in the Group's financing structure, the gearing ratio (net financial debt in percent of equity) rose in the first six months of the business year 2014/15 from 46.0% to 58.8%.

As of September 30, 2014, the voestalpine Group had 47,379 employees (FTE); this corresponds to an increase of 0.5% compared to the figure of 47,126 employees (FTE) twelve months ago.

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

In millions of euros	Q1		Q2		H1		
	2013/14[1] 04/01–06/30/2013	2014/15 04/01–06/30/2014	2013/14[1] 07/01–09/30/2013	2014/15 07/01–09/30/2014	2013/14[1] 04/01–09/30/2013	2014/15 04/01–09/30/2014	Change in %
Revenue	2,895.3	2,826.7	2,748.1	2,734.4	5,643.4	5,561.1	–1.5
EBITDA	363.5	363.7	316.9	393.2	680.4	756.9	11.2
EBITDA margin	12.6%	12.9%	11.5%	14.4%	12.1%	13.6%	
EBIT	221.6	218.4	174.7	226.3	396.3	444.7	12.2
EBIT margin	7.7%	7.7%	6.4%	8.3%	7.0%	8.0%	
Profit before tax	175.0	192.9	137.1	198.8	312.1	391.7	25.5
Profit for the period[2]	137.6	154.4	100.8	169.6	238.4	324.0	35.9
Employees (full-time equivalent)	46,548	47,463	47,126	47,379	47,126	47,379	0.5

[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 "Joint Arrangements" and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under "General information/Accounting policies".
[2] Before deduction of non-controlling interests and interest on hybrid capital.

Steel Division

In millions of euros	Q1		Q2		H1		
	2013/14[1] 04/01–06/30/2013	2014/15 04/01–06/30/2014	2013/14[1] 07/01–09/30/2013	2014/15 07/01–09/30/2014	2013/14[1] 04/01–09/30/2013	2014/15 04/01–09/30/2014	Change in %
Revenue	989.8	975.0	938.5	928.5	1,928.3	1,903.5	–1.3
EBITDA	113.9	114.1	86.7	96.9	200.6	211.0	5.2
EBITDA margin	11.5%	11.7%	9.2%	10.4%	10.4%	11.1%	
EBIT	57.9	56.8	29.6	38.3	87.5	95.1	8.7
EBIT margin	5.8%	5.8%	3.2%	4.1%	4.5%	5.0%	
Employees (full-time equivalent)	10,805	11,035	11,026	11,216	11,026	11,216	1.7

[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 "Joint Arrangements" and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under "General information/Accounting policies".

Market environment and business development

In the first half of 2014/15, crude steel production in Europe grew by a little over 1% compared to the same period of the previous year. Towards the end of the reporting period, the trend was reversed and in September 2014, for the first time in this business year, less crude steel was produced in Europe than in the same month of the previous year. With the exception of scrap, the downward trend in prices for raw materials relevant to blast furnace-based crude steel production continued in the first half of 2014/15. In September 2014, the price for iron ore fell to USD 78 per ton, its lowest level since the summer of 2009, due largely to a dramatic increase in capacity undertaken by mine operators, who had apparently assumed that global steel production would grow more significantly at the time they made their investment decisions some years ago. Against this backdrop, prices for steel products in Europe also trended downward, although the price level on the spot market did stabilize at a low level in the course of the second quarter of 2014/15.

The automobile industry was once again the economic backbone for full capacity utilization in the Steel Division during the entire first half of 2014/15. The development in the mechanical engineering industry experienced a declining level of incoming orders, not least due to weaker exports by European machinery manufacturers to Russia. Demand in the white goods and consumer goods sectors remained at a stable level. There was little momentum as far as demand is concerned from the electrical industries, however, in part because electro-mobility has not fulfilled expectations thus far. The uptrend in the construction industry, which had made itself felt since the beginning of the 2014 calendar year, leveled off over the summer months; currently, orders are coming in at a sluggish pace. The tough conditions that were prevalent in the market environment of the oil and natural gas transport segment (pipeline construction) in the business year 2013/14 are currently being rolled back. After the South Stream I (Russia) project was awarded in early 2014, two additional pipeline projects, Rota 3 (Brazil) and South Stream II, were contracted during the summer months. This means that solid capacity utilization has been ensured for the Heavy Plate business segment for the entire business year 2014/15.

Financial key performance indicators

Against the backdrop of falling prices due to the downward trend in raw materials prices, revenue declined in the first six months of 2014/15 compared to the same period in the previous year by 1.3%, going from EUR 1,928.3 million to EUR 1,903.5 million. The fact that the decline was moderate is due to the slight year-to-year gain in sales volumes. The profitability of the division rose primarily as a result of an improvement of the product mix, but also due to measures to optimize costs. Thus, EBITDA improved by 5.2% from EUR 200.6 million to EUR 211.0 million, with the EBITDA margin going up from 10.4% in the previous year to 11.1% in the first half of 2014/15. In the same time period, EBIT rose by 8.7% from EUR 87.5 million to EUR 95.1 million, which corresponds to an EBIT margin of 5.0% (previous year: 4.5%).

Compared to the immediately preceding quarter, revenues declined primarily as a result of seasonal effects, but also due to prices that fell by 4.8% from EUR 975.0 million in the first quarter of 2014/15 to EUR 928.5 million in the most recent quarter. In terms of earnings, as the declining average revenue was compensated by lower raw materials costs, the drop in EBITDA and EBIT was mainly due to traditionally less favorable cost ratios in the summer quarter. Against this backdrop, EBITDA fell by 15.1% from EUR 114.1 million (margin of 11.7%) to EUR 96.9 million (margin of 10.4%). EBIT declined more dramatically by almost one third, going from EUR 56.8 million in the first quarter to EUR 38.3 million in the second quarter, resulting in a drop in the EBIT margin from 5.8% to 4.1%.

At 11,216 as of the end of the second quarter, the number of employees (FTE) in the Steel Division was 1.7% higher than the figure in the comparative quarter in the past business year and 0.2% higher than the figure as of the end of the past business year 11,192.

Special Steel Division

In millions of euros	Q1		Q2		H1		
	2013/14 04/01–06/30/2013	2014/15 04/01–06/30/2014	2013/14 07/01–09/30/2013	2014/15 07/01–09/30/2014	2013/14 04/01–09/30/2013	2014/15 04/01–09/30/2014	Change in %
Revenue	682.8	675.9	643.1	674.5	1,325.9	1,350.4	1.8
EBITDA	98.5	96.1	77.8	87.3	176.3	183.4	4.0
EBITDA margin	14.4%	14.2%	12.1%	12.9%	13.3%	13.6%	
EBIT	65.0	61.3	44.8	53.0	109.8	114.3	4.1
EBIT margin	9.5%	9.1%	7.0%	7.9%	8.3%	8.5%	
Employees (full-time equivalent)	12,884	12,958	12,898	13,086	12,898	13,086	1.5

Market environment and business development

In the first half of 2014/15, the economic environment of the Special Steel Division improved slightly compared to the previous year. The summer months saw the customary seasonal effects, which, however, were considerably less pronounced than in the previous year, particularly in North America. Most recently, price pressure has also abated somewhat because the competition's capacity utilization has improved slightly. Rising prices for crucial alloys, such as nickel and chrome, put a stop to the common customer practice of reducing orders to an absolute minimum in expectation of falling prices.

Viewed regionally, the European core markets have not shown any signs of a more broad-based recovery thus far. Particularly in Germany, the most important market for the Special Steel Division, orders from customers remained very volatile, while in Austria, market sentiment recently became somewhat more optimistic. In North America, performance in the tool steel and special materials segments showed a stabilizing trend at a solid level over the summer months; development in the USA was substantially more positive than in Canada. In South America, business investment was cautious, especially in the oil and natural gas exploration sector in Brazil. Nevertheless, the Special Steel Division was able to contract significant orders for complex components for the oil and natural gas industries. Despite the ongoing currency devaluation, there have been no signs of a sustainable Brazilian economic recovery. The economic development in Asia and particularly in China was within the expected parameters, i.e., at a satisfactory level overall.

In the High Performance Metals business segment, customers of the tool steel and high-speed steel segments had low inventories, which had a positive effect on business development in the first half of 2014/15, with premium products experiencing increased demand. Furthermore, the continuing positive order situation in the automotive and consumer goods industries contributed to the satisfactory capacity utilization of this business segment. In contrast, the mechanical engineering segment did not fulfill the economic expectations held in the early part of the year. The situation of the energy engineering industry is unchanged, in other words, it continues to stagnate at a low level. The special materials segment, which has been profiting primarily from a positive level of demand from the aviation industry and oil and natural gas exploration, continues to experience strong growth. The commercial vehicle industry demonstrated a stabilization of demand at a moderate level.

Financial key performance indicators

The development of the key performance indicators of the Special Steel Division in the first half of 2014/15 was very stable in comparison to the previous year. Despite a slight decline in the average revenue by 1.8%, revenues rose from EUR 1,325.9 million in the first half of 2013/14 to EUR 1,350.4 million in the current year. The reason is an improvement in sales volumes in all of the most important product categories. In the individual reporting categories, the Special Steel Division also improved its performance in the first six months of 2014/15. The operating result (EBITDA) rose from EUR 176.3 million to EUR 183.4 million, a gain of 4.0%, resulting in an EBITDA margin of 13.6%. At a plus of 4.1%, going from EUR 109.8 million to EUR 114.3 million, the increase in EBIT was almost identical. The EBIT margin rose slightly from 8.3% to 8.5%.

In a direct quarter-to-quarter comparison, in the second quarter of 2014/15, Special Steel Division revenue, which amounted to EUR 674.5 million, remained at practically the same satisfactory level as in the first quarter of 2014/15 (EUR 675.9 million). With respect to earnings, the division was not quite able to match the figures of the immediately preceding quarter due to seasonal factors: EBITDA fell by 9.2% from EUR 96.1 million (margin of 14.2%) to EUR 87.3 million (margin of 12.9%). At 13.5%, the drop in EBIT from EUR 61.3 million to EUR 53.0 million was somewhat more significant. Therefore, the EBIT margin fell from 9.1% to 7.9%.

As of the reporting date of September 30, 2014, the number of employees (FTE) in the Special Steel Division was 13,086, an increase of 1.5% compared to the end of the second quarter of the business year 2013/14 and 1.6% higher than the comparable figure at the end of the last business year (12,885).

Metal Engineering Division

In millions of euros	Q1		Q2		H1		
	2013/14[1] 04/01–06/30/2013	2014/15 04/01–06/30/2014	2013/14[1] 07/01–09/30/2013	2014/15 07/01–09/30/2014	2013/14[1] 04/01–09/30/2013	2014/15 04/01–09/30/2014	Change in %
Revenue	723.3	679.3	688.7	650.5	1,412.0	1,329.8	–5.8
EBITDA	107.9	106.7	109.8	97.0	217.7	203.7	–6.4
EBITDA margin	14.9%	15.7%	15.9%	14.9%	15.4%	15.3%	
EBIT	80.0	79.6	81.6	69.4	161.6	149.0	–7.8
EBIT margin	11.1%	11.7%	11.8%	10.7%	11.4%	11.2%	
Employees (full-time equivalent)	10,952	11,250	11,216	11,351	11,216	11,351	1.2

[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 "Joint Arrangements" and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under "General information/Accounting policies".

Market environment and business development

The development of the Metal Engineering Division during the first half of the business year 2014/15 was characterized by stable demand at a high level, thus continuing the positive performance of the past quarters.

In the past six months, the Rail Technology business segment maintained its robust performance. The recovery of the European market compensated the weakening of some of the international markets so that the rail production facilities maintained full capacity utilization.

The Turnout Systems business segment continued its excellent performance, a result of very satisfactory demand in practically all global regions. While there has been a slowdown in demand from the mining sector in South America, the mass transit sector showed widespread positive impulses. In Europe, the market for turnout systems performed at a good level, analogously to the rail sector. Overseas markets in North America, Asia, and most recently India were marked by outstanding demand levels.

In the most recent quarter, the Wire Technology business segment profited from continuing strong demand by the automobile industry for special drawn wire, resulting in a very good performance with capacity being almost fully utilized.

Demand in the seamless tube segment was also stable at a high level, as it profited from continuing high output of oil and natural gas in North America. However, should the most recent softening of the oil price continue, it can be expected that the market will cool down.

The Welding Technology business segment performed very well outside of Europe, especially in North America, India, and Southeast Asia. Performance in Europe, however, was impacted by the general economic listlessness.

Financial key performance indicators

The key figures of the Metal Engineering Division in the first half of 2014/15 were again at a very good level, although they were slightly down compared to the same period of the previous year. Revenue dropped by 5.8% from EUR 1,412.0 million in the first half of 2013/14 to EUR 1,329.8 million in the first half of 2014/15, primarily due to a lower volume of deliveries of rails as a result of the closure of standard rail production in Duisburg as of the end of the 2013 calendar year. Revenue in the division's other business segments, however, rose slightly. The picture is similar as far as earnings are concerned. The operating result (EBITDA) went up by 6.4% from EUR 217.7 million to EUR 203.7 million; at 15.3%, the EBITDA margin remained high due to the lower revenue basis and was practically the same as last year's figure of 15.4%. The decline in EBITDA is due to a higher cost basis resulting from the planned interim repair of a blast furnace and because several lucrative individual projects in the Rail business segment

were completed. EBIT fell by 7.8% from EUR 161.6 million (margin: 11.4%) to EUR 149.0 million (margin: 11.2%).
A direct comparison of the second quarter of 2014/15 with the first quarter of 2014/15 shows a similar picture. Revenue decreased by 4.2% from EUR 679.3 million to EUR 650.5 million; the decline affected all business segments about equally, with the exception of the Turnout Systems business segment, which experienced a slight rise in revenue. EBITDA fell by 9.1% from EUR 106.7 million to EUR 97.0 million, which corresponds to an EBITDA margin of 14.9% (immediately preceding quarter: 15.7%). EBIT decreased by 12.8% from EUR 79.6 million (margin: 11.7%) to EUR 69.4 million (margin: 10.7%).
As of the end of the second quarter of 2014/15, the number of employees (FTE) in the Metal Engineering Division was 11,351 or 1.2% higher than last year's figure. Compared to the figure at the end of the last business year (11,217 FTE), headcount rose by 1.2%.

Metal Forming Division

In millions of euros	Q1		Q2		H1		
	2013/14 04/01–06/30/2013	2014/15 04/01–06/30/2014	2013/14 07/01–09/30/2013	2014/15 07/01–09/30/2014	2013/14 04/01–09/30/2013	2014/15 04/01–09/30/2014	Change in %
Revenue	597.9	601.9	567.8	578.9	1,165.7	1,180.8	1.3
EBITDA	68.5	68.9	61.3	129.9	129.8	198.8	53.2
EBITDA margin	11.5%	11.5%	10.8%	22.4%	11.1%	16.8%	
EBIT	46.1	44.8	39.0	85.3	85.1	130.1	52.9
EBIT margin	7.7%	7.4%	6.9%	14.7%	7.3%	11.0%	
Employees (full-time equivalent)	11,117	11,423	11,185	10,921	11,185	10,921	–2.4

Market environment and business development

Business development of the Metal Forming Division in the first half of 2014/15 was characterized by positive sentiment in the European automobile industry but also by a slowdown in other business segments.
The Automotive Body Parts business segment was able to rely on excellent demand from the German premium automobile manufacturers who continue to count on their strong export performance. However, production of sub-compact and compact cars in Europe has also significantly increased compared to the previous year; individual manufacturers are profiting from the successful market launch of new models. The somewhat weaker production figures for the month of August visible in the detailed comparison to last year are mainly due to accelerated reduction of inventory levels by automobile manufacturers in the wake of high production numbers in the previous month and do not indicate a trend reversal.
The development of the Tubes & Sections business segment in the first six months of the business year 2014/15 was somewhat weaker than in the previous year, although this trend differed according to region. Demand momentum from Germany and France was diminished compared to the previous year, while the performance of the British market and the markets in some Central European countries, such as the Czech Republic and Poland, were satisfactory. Business in the USA was characterized by momentum of demand that was broadly based, while the markets in

Brazil have been increasingly facing competitive disadvantages resulting from state overregulation. As far as the most important customer segments in this business area are concerned, recent months saw a decline in sales of trucks that was more significant than expected, due to stepped up purchases in advance of the introduction of the Euro 6 environmental standard at the beginning of the 2014 calendar year. The agricultural machinery segment, which had a solid level of demand in recent years, has also come under increasing pressure due to cautiousness in new investment resulting from the low prices for basic foodstuffs. However, the order situation for precision tube components for the automobile industry, which are sold worldwide, was very favorable; the same applies for special parts for the aviation industry.
The Precision Strip business segment enjoyed a stable development, although price pressure is increasing because production capacity is being built up in the Far East. A weakening of the euro, however, could bring competitive advantages in exports in the future for bimetal and special strip steel, this segment's core products.
In the Warehouse & Rack Solutions business segment, the excellent level of incoming orders continued in the first half of 2014/15 so that full capacity utilization has already been ensured for the entire current business year.

In the Metal Forming Division, the past six months saw a significant streamlining of its portfolio. With the sale of the Flamco Group, which specializes in heating and drinking water installations, which closed in August 2014 ("Closing"), and of the automotive plastic component manufacturers voestalpine Polynorm Van Niftrik B.V. and voestalpine Polynorm Plastics B.V., for which the agreement was executed in September 2014 ("Signing"), the Metal Forming Division has set a course that is keenly focused on its core business. In connection with the streamlining of the portfolio and a separate revaluation of individual assets that do not form a part of the division's core business, as well as a structural reorganization of pension obligations in the divisional companies located in the Netherlands, there was a positive non-recurring effect on EBITDA in the second quarter of 2014/15 of EUR 66.5 million and on EBIT of EUR 45.2 million.

Financial key performance indicators

In the first half of 2014/15, the operational performance of the Metal Forming Division has been stable in comparison to the same period of the previous year. Despite the deconsolidation of the Flamco Group as of the end of July 2014, revenue rose slightly from EUR 1,165.7 million to EUR 1,180.8 million. This was due primarily to the good performance of the Automotive Body Parts business segment, as the Tubes & Sections business segment experienced a decrease in sales volume. The non-recurring effects described in the previous section had a positive impact on the earnings of the Metal Forming Division. Compared to the previous year, the operating result (EBITDA) rose by 53.2% from EUR 129.8 million to EUR 198.8 million. Excluding the non-recurring effects, this means a gain of 1.9% to EUR 132.3 million, resulting in a stable EBITDA margin of 11.2% (previous year: 11.1%). At 52.9%, the increase in profit from operations (EBIT) was in a magnitude similar to the operating result; it went from EUR 85.1 million to EUR 130.1 million. Again after excluding the non-recurring effects that were recognized as profit or loss in the second quarter of 2014/15, EBIT was EUR 84.9 million for the first half of 2014/15, which is practically the identical figure as in the same period of the previous year. The resulting EBIT margin of 7.2% is also practically the same as in the past year (7.3%).
Compared to the immediately preceding quarter, the decline in revenue of the Metal Forming Division in the second quarter of 2014/15 is due primarily to the deconsolidation of the Flamco Group as of the end of July 2014 and also to the decrease in delivery volumes of tubes and sections as a result of seasonal fluctuations. Thus, revenue fell by 3.8% from EUR 601.9 million to EUR 578.9 million. The non-recurring earnings contributions in the second quarter naturally affected the comparison with the immediately preceding quarter. They rose by 88.5% going from EUR 68.9 million to EUR 129.9 million. Adjusted for non-recurring effects, EBITDA in the second quarter of 2014/15 comes to EUR 63.4 million, a decrease (mainly due to seasonal factors) of 8.0%. Therefore, the EBIT margin fell from 11.5% to 11.0%. At the same time, EBIT increased from EUR 44.8 million to EUR 85.3 million, a gain of 90.4%. Excluding the non-recurring effects, in the second quarter of the current business year,

EBIT was at EUR 40.1 million, 10.5% less than the immediately preceding quarter. The EBIT margin went down from 7.4% to 6.9%.
As of September 30, 2014, the Metal Forming Division had 10,921 employees (FTE). This figure is 2.4% lower than the figure on the same date of the previous business year and 4.3% less than as of the end of the last business year (11,416). The decline in headcount is primarily due to the sale of the Flamco Group in August 2014.

Business transactions with associated companies or parties

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

Investments

In order to ensure the leading position of the voestalpine Group both with regard to quality and technology and to implement its growth strategy, its investment activities in the first half of the business year 2014/15 remained at a continuously high level. At EUR 427.1 million, they matched the magnitude of last year's investments (EUR 429.9 million) almost exactly. However, while the Steel and Special Steel Divisions (temporarily) reduced investment volume in the first six months of 2014/15, the other two divisions (Metal Engineering and Metal Forming Divisions) increased their investment expenditure in comparison to the previous year.
Investment activity in the Steel Division declined in the first half of 2014/15 by 16.3% from EUR 226.1 million to EUR 189.3 million. Current projects were focused on increasing efficiency of production processes and on continued improvement of the product portfolio. In accordance with the policy of consistent cost optimization in the liquid phase, installation of coal injection systems in all three blast furnaces in Linz, Austria, will be completed by the spring of 2015. Productivity improvement also includes the construction of the direct reduction plant in the USA, where all necessary permits and approvals have now been obtained; construction began in the early part of the second quarter. In the interest of continuing, accelerated enhancement of product quality, initial measures have been taken to expand the capacity of the secondary metallurgy systems in the steel mill. The new facilities (vacuum system, ladle furnace) are expected to be ready in the fall of 2015. Construction of the new heavy plate rolling stand is already well underway; it is scheduled to start up operation in the 2015 calendar year.
In the first half of 2014/15, the Special Steel Division undertook investments totaling EUR 58.1 million, 22.3% less than in the same period of the previous year. The expertise in the high-tech coating of tools that was acquired by the takeover of the Eifeler Group in the business year 2012/13 is being gradually rolled out globally. As of the beginning of this business year, a new, coating facility that is appropriate for the operation's needs was launched in Shanghai, China. On-site coating has now been added to the production of sophisticated special steel as well as its processing and heat treatment. Similar concepts are currently being realized at other locations (including Poland and Taiwan). In the Value-Added Services business segment, the range of service offerings was expanded during recent months as planned, thus solidifying and reinforcing the Group's position as a global premium service provider in the toolmaking segment. For example, a new heat treatment facility in Düsseldorf, which has one of the largest blast furnaces worldwide, was put into operation. This investment enables voestalpine to provide the automotive industry with tool steel that is used for the forming of press-hardened steel plates. In Turkey, a new service center was opened in September 2014 near Istanbul; it will also provide heat treatment processes for this growth market.
The Metal Engineering Division laid out EUR 87.8 million for investments in the first half of 2014/15, which corresponds to an increase of 58.8% over the previous year's figure of EUR 55.3 million. As far as magnitude is concerned, the largest single project is the construction of a new

wire rod mill in Donawitz, Austria. This investment will enable the Wire business segment to differentiate itself even more significantly from its competition as far as quality is concerned. In the Rail business segment, a new walking beam furnace will be in place starting in the 2016 calendar year; it will enable both an increase of the throughput and a reduction in energy consumption. An interim repair of one of the two blast furnaces at the site in Donawitz, Austria, was performed in the spring of 2014; this work was carried out as scheduled without impacting customers (advance production and external sourcing of materials).
In the Metal Forming Division, at EUR 88.1 million, investments in the first six months of the current business year were 25.3% above the previous year's level (EUR 70.3 million). As was the case in the past business year, focus is on consistent implementation of the internationalization strategy in the segment of automotive components made of press-hardening steel ("phs-ultraform") based on new technology. In the Automotive Body Parts business segment, new production sites in the USA, South Africa, and China have been successfully launched. The production speed of press-hardened components in Germany was optimized by using new approaches to better supply the quantities required by automotive customers. Another project focused on "phs-ultraform" is currently being planned for Shenyang, a new location in China. In the Tubes & Sections business segment, a new plant was also put into operation in China; it is geared to producing special sections for the construction machinery and agricultural machinery industries.

Employees

As of the reporting date of September 30, 2014, worldwide the voestalpine Group had 47,379 employees (full-time equivalent, FTE). This is a slight rise compared to the same quarter of the last business year (47,126) by around 0.5% or 253 employees (FTE).
The number employed as temporary staff was 4,605 employees (FTE), corresponding to an increase of 100 employees (FTE) or 2.3% compared to the end of the second quarter of the business year 2013/14.
As of the reporting date of September 30, 2014, 1,646 apprentices were being trained in the Group, an uptick of 31 young people and 2% more than in the previous year (1,615).

Research and development

In accordance with the Group's decentralized R&D strategy, activities in the Research & Development sector are located at various sites within the Group. Despite the fact that development centers are geographically centered in Europe, employees, particularly those working in the area of process development, are being trained for worldwide deployment in order to be able to handle country-specific customer requirements. For example, as locations in North America are currently being expanded, processing expertise is being transferred there in accordance with local requirements in the interests of further development at the individual sites.
The Group project "KW50+" is currently the subject of particular focus, where know-how and process development for the production of components made of new materials for low-carbon steam power plants are being advanced across multiple divisions. CB2, a highly temperature-resistant casting material, has now been introduced successfully on the market and the appropriate welding process qualification has already been completed. The pilot production of components made of nickel-based alloys as well as development of processes for seam welding of dissimilar metals (nickel-based alloys with steel) have been successful.
The Special Steel Division, which has R&D sites in Austria, Germany, Sweden, and Brazil, is currently focusing on the further development of high-performance tool steel, special materials for the oil and natural gas industries, energy production, and the aviation industry. In addition to pure materials development, the current R&D portfolio also includes development of groundbreaking processing technologies and the development of

new products for the aviation industry as well as innovative hard coatings for tools including the coating facilities needed for these processes.
In the Metal Engineering Division, DOBAIN®, the tear-resistant, bainitic brand of rail steel, is being intensively tested in Europe on various test tracks. Due to its cold resistance, it offers additional safety when used at extremely low temperatures. A newly developed type of rail steel for the tram segment, which has improved welding and wear properties, has been introduced on the market and has already proven to be very successful.

Under "HORIZON 2020," the new EU Framework Program for Innovation and Research, voestalpine is participating in the "SPIRE" and S2R. SPIRE programs (Sustainable Process Industry through Resource and Energy Efficiency), an initiative of energy-intensive industries with the aim of creating new, cross-sector energy- and resource-efficient process solutions. S2R (Shift to Rail) has the objective of increasingly shifting freight transport volume from road to rail. The Metal Engineering Division is participating in this project as part of VVAC (Virtual Vehicle Austria Consortium) with new and improved products.

Environment

Climate and energy policy 2030

On October 23, the European Council in Brussels agreed on the climate and energy policy framework for the period up to 2030: energy savings (indicative) of at least 27% (instead of the originally planned 30%), an increase in the percentage of renewable energies to at least 27%, and a decrease in CO_2 emissions of at least 40%, all compared to 1990 figures. For industries covered by the emissions trading system (i.e., including the steel industry), an emissions reduction of 43% compared to 2005 was set.

The number of certificates available for auction under the emissions trading system will be reduced; an annual linear reduction of 2.2% (rather than the previously defined 1.74%), starting in 2021. In the future, there will be a reserve of pollution rights (2% of the number of certificates) for "poorer" EU nations who face particularly high modernization costs. One method of covering these costs is to auction off such "reserve certificates." Furthermore, existing funding for innovation will be increased from 300 to 400 million certificates; in future, business investments in low-carbon measures will also qualify for funding, rather than only receiving funding for low-carbon research as had previously been the case.

The following measures were defined to protect energy-intensive industries in the emissions trading system: the free allocation of certificates remains in effect, the benchmarks for free allocation will be reviewed periodically, taking "technological progress" into consideration in individual sectors. Taking both direct and indirect costs into account, the most efficient facilities in a sector should not be burdened by undue costs which encourage relocation of industries to other regions ("carbon leakage"). This is positive in principle, but it is questionable how the word "undue," which can mean "excessive, inappropriate, not permitted," will actually be interpreted. The future allocation of free certificates should also guarantee that actual production levels are better taken into account (it is currently based on historical data from 2005–2008). The European Council expressly emphasized that existing measures to protect against carbon leakage (relocation of CO_2-intensive industries) will also remain in effect after 2020, provided that there are no comparable efforts to reduce CO_2 in other significant, global economic regions. It has also explicitly committed itself to ensuring that the affected industries will be protected against loss of competitiveness.

The results of the European Council summit on energy can be summarized as follows: the Council has reiterated its commitment to ensuring "affordable" energy prices and improved pan-European integration of energy policies and infrastructure. The energy efficiency target of at least 27% was "only" indicatively set; it will be reviewed in 2020 and the goal of 30% remains the desirable target. This means that the 2020 target of 27% could be increased to 30%. Implementation is up to the member states which can also define higher targets. The Commission will also determine the sectors to which specific requirements for greater energy efficiency apply. This offers potential for additional discussions and definitely requires more precise definition.

The Council's most recent decisions provide a thoroughly constructive and realistic framework approach, one that defines concrete objectives and specifies measures intended to minimize the risks associated with these objectives. However, only a framework has been established; it is now up to the Commission and the member states to define it in detail and implement it. It will be critical to more closely define the still unfinished provisions which are intended to protect the industry against one-sided burdens in the international marketplace.

In particular, the primary objective must remain to establish a tiered certificate allocation mechanism (based on 100% free allocation for the top 10% "most environmentally friendly" facilities).

voestalpine Environmental Conference 2014

Information, networking, and the definition of concrete steps regarding the latest environmental topics were the focus of the Environmental Conference, where the Environmental Officers from the European voestalpine companies met in Linz in September.

The challenges in the environmental sector are becoming increasingly complex and extend far beyond the individual sites. Once again, this became clear at this conference. With the participation of all environmentally sensitive European locations (Austria, Germany, Sweden, France, and Hungary) for the first time, and with the inclusion of external experts, EU environmental and climate policy, the conference examined the life cycle assessment of steel, intensification of the environmental network and environmental communication.

Life cycle assessment (eco-balance)

The life cycle assessment takes a comprehensive approach to a material's life cycle, beginning with the extraction of raw materials, transport and energy costs, to sustainability effects of the entire production and value chain through to recycling and/or reuse. Steel has undisputed advantages over all competing materials as it can be recycled back into the production process with no loss in quality.

The current challenges primarily include European developments to establish environmental product declarations (EPDs) and create ecological footprints for products and processes. In order to guarantee objective, international comparability, a technically correct, uniform approach to indicators, methods of measurement, and valuation is necessary. The difficulty lies particularly in the need to standardize pre-existing and extremely varied standards, rules and regulations, both in Europe and globally, and formulating an appropriate response to significant life cycle complexity.

voestalpine's cross-divisional and cross-departmental Life Cycle Assessment (LCA) Team is active both in international working groups and advocacy and special interest groups, as well as in appropriate research projects in order to influence and shape the developments surrounding this topic.

Outlook

When the Letter to Shareholders for the first quarter of 2014/15 was published in the summer of this year, the overall economic situation seemed to indicate that a stable or even an upward trajectory could be expected for the remainder of the year, however, in the meantime, the signs of economic growth—at least in Europe—have faded. The continuing political and military destabilization in parts of the Middle East as well as the Russia-Ukraine conflict with its escalating sanction mechanisms are taking an increasing toll on the European economy. Additionally, a lack of confidence in the future as a result of an increasing recessive trend in some EU core nations and a certain leadership vacuum surrounding the changing of the guard at the European Commission have also impacted Europe's economic development. In any case, all of these aspects have not contributed to an improvement of sentiment.

The economic performance of the USA, however, continues to be strong, and China is succeeding in maintaining stable growth of 7% over the course of the year. In clear contrast, the negative economic development in Brazil and Russia has continued.

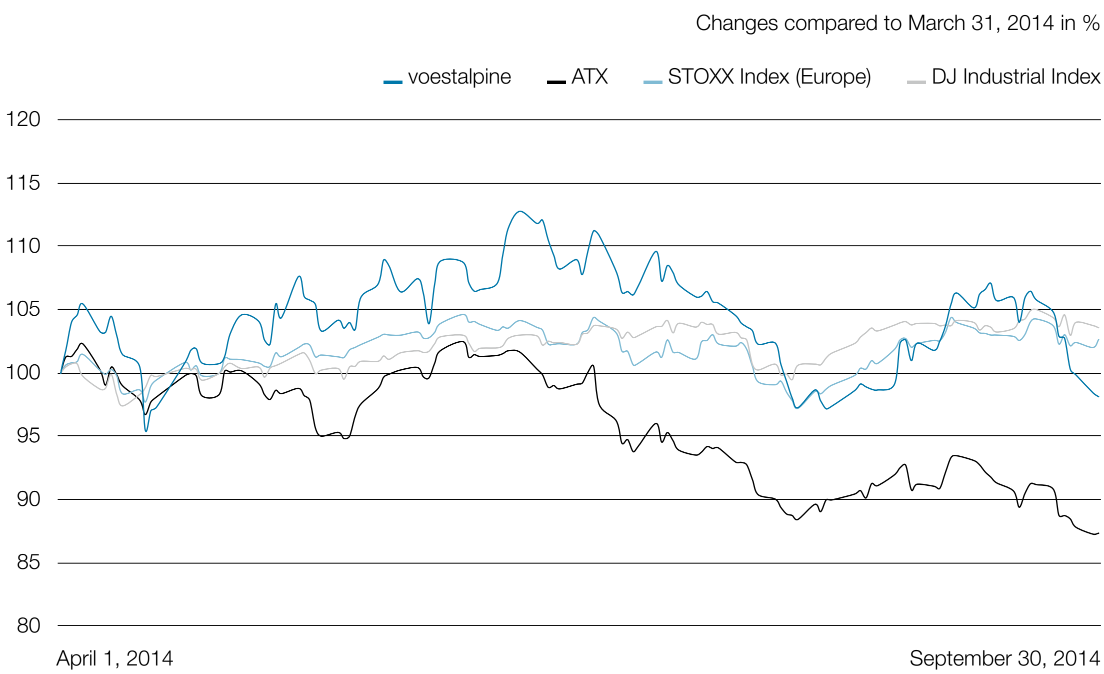
Regarding the current trends in the industrial sectors that are most important for the voestalpine Group, there is increasing differentiation among the various sectors. While the performance of the automobile industry worldwide is marked by continuing demand and the situation in the aviation and railway infrastructure industries is the same or at least similar, the slight uptrend in the construction, mechanical engineering, and electrical industries that persisted until the summer has not continued in the last few months, at least in Europe. The trend in the conventional energy generation industry has remained weak, while the development in the oil and natural gas sectors has continued to be very favorable worldwide despite the fact that the oil price has dropped sharply. As a result of major pipeline projects that have been recently awarded, there is an upward trend in energy transport sector as well. Performance of the consumer goods and white goods industries is stable, albeit not very remarkable and the agricultural machinery industry is trending significantly weaker.

Even though the economic framework conditions in Europe have not improved as had been hoped in the beginning of the year, it can be anticipated that in the second half of the business year 2014/15, all four of the Group's divisions will enjoy practically full capacity utilization. Although most business sectors continue to experience strong price pressure, efficiency improvement and cost optimization programs that are in place in all the divisions and the accelerated development of markets outside of Europe should make it feasible to slightly improve profitability compared to the previous year even without taking any possible extraordinary income into account.

This means that the outlook for the current business year remains unchanged. From the current vantage point, it can be expected that the voestalpine Group will have an operating result (EBITDA) and profit from operations (EBIT) in 2014/15 that are slightly above the level of the past business year.

Investor relations

voestalpine AG vs. the ATX and international indices



Price development of the voestalpine share

The beginning of the business year was characterized by optimistic economic expectations that were initially confirmed and supported the price development of the voestalpine share. However, certain developments, not least the escalating political tensions between the Russian Federation and the Ukraine and the resulting sanctions by the European Union subsequently increasingly curbed the positive economic trend. Over the summer, growing economic fears fueled nervousness that—after the hopes for solid economic growth in Europe had ultimately not been fulfilled in 2012 and 2013—the hoped for economic recovery would not materialize in the 2014 calendar year either. The price development of the voestalpine share reflected these macroeconomic circumstances with a rise of the share price to almost EUR 36 in mid-June 2014, followed by a decline to around EUR 30 by the end of September 2014. While the voestalpine share, with its minus of 1.9% as of September 30th, developed significantly better than the Austrian share index ATX (decline of 12.7%), it nevertheless lagged behind the other benchmark indices, Stoxx (Europe) and the Dow Jones Industrial Index, which rose by about 3 and 4% during the same time period. As of the end of the first half of the business year 2014/15, the price of the voestalpine share was at EUR 31.30, after being traded just above this level at EUR 31.91 at the beginning of the business year.

Bonds

Type of bond	ISIN number	Volume	Interest rate	Price (09/30/2014)
Hybrid bond 2007	AT0000A069T7	EUR 500 million	7.125%[1]	100.5
Corporate bond 2011–2018	AT0000A0MS58	EUR 500 million	4.75%	110.5
Corporate bond 2012–2018	XS0838764685	EUR 500 million	4.0%	109.0
Hybrid bond 2013	AT0000A0ZHF1	EUR 500 million	7.125%[2]	111.5

[1] Interest rate: 7.125% p.a. on the nominal value for the first seven years; then three-month EURIBOR +5.05% p.a.
[2] Interest rate: 7.125% p.a. from issue date to October 31, 2014 (excl.); 6% p.a. from October 31, 2014 to October 31, 2019 (excl.); five-year swap rate (from October 29, 2019) +4.93% p.a. from October 31, 2019 to October 31, 2024 (excl.); then three-month EURIBOR +4.93% p.a. + step-up of 1% p.a. from October 31, 2024.

Current changes

Hybrid bond 2007

On September 9, 2014, the Management Board of voestalpine AG adopted a resolution to call the entire issue of hybrid bond 2007 (ISIN AT0000A069T7, issued by the company in 2007, in accordance with Section 4 (2)(i) of the terms of the bond as of October 31, 2014 (first possible call date). The original volume of the hybrid bond 2007 of EUR 1 billion was reduced due to an exchange of this bond with a hybrid bond (ISIN AT0000A0ZHF1) that was newly issued in 2014 and is currently EUR 500 million.

Corporate bond (2014–2021)

In October 2014, voestalpine AG very successfully placed a corporate bond with a volume of EUR 400 million and a coupon rate of 2.25% on the capital market. The quality of the order book was excellent, with orders in the magnitude of EUR 800 million and about 160 different investors. Issue of the bond (ISIN AT0000A19S18) and the start of official trading was on October 14, 2014. The development of the price on the secondary market in the first days after start of official trading was substantially higher than the issue price.

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

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

Share information

Share capital	EUR 313,309,235.65 divided into 172,449,163 no-par value shares
Shares in proprietary possession as of June 30, 2014	28,597 shares
Class of shares	Ordinary bearer shares
Stock identification number	93750 (Vienna Stock Exchange)
ISIN	AT0000937503
Reuters	VOES.VI
Bloomberg	VOE AV

Prices (as of end of day)	
Share price high April 2014 to September 2014	EUR 35.98
Share price low April 2014 to September 2014	EUR 30.46
Share price as of September 30, 2014	EUR 31.30
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, 2014*	EUR 5,396,763,715.80

* Based on total number of shares minus repurchased shares.

Business year 2013/14	
Earnings per share	EUR 2.60
Dividend per share	EUR 0.95
Book value per share	EUR 30.14

Financial calendar 2014/15	
Letter to shareholders for the third quarter of 2014/15	February 10, 2015
Annual Report 2014/15	June 3, 2015
Annual General Shareholders' Meeting	July 1, 2015
Ex-dividend date	July 6, 2015
Dividend payment date	July 13, 2015
Letter to shareholders for the first quarter of 2015/16	August 5, 2015
Letter to shareholders for the second quarter of 2015/16	November 11, 2015

voestalpine AG

Financial data 09/30/2014

In accordance with International Financial Reporting Standards (IFRS)

Consolidated statement of financial position

Assets

	03/31/2014[1]	09/30/2014
A. Non-current assets		
Property, plant and equipment	4,741.9	4,866.3
Goodwill	1,472.3	1,462.9
Other intangible assets	336.2	328.9
Investments in associates	214.7	193.8
Other financial assets	90.6	86.8
Deferred tax assets	312.3	304.1
	7,168.0	**7,242.8**
B. Current assets		
Inventories	2,883.7	2,873.1
Trade and other receivables	1,620.4	1,624.3
Other financial assets	429.8	394.4
Cash and cash equivalents	532.4	852.7
	5,466.3	**5,744.5**
Assets held for sale	0.0	38.1
Total assets	**12,634.3**	**13,025.4**

[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 "Joint Arrangements" and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under "General information/Accounting policies".

In millions of euros

Equity and liabilities

	03/31/2014[1]	09/30/2014
A. Equity		
Share capital	313.3	313.3
Capital reserves	470.8	470.8
Hybrid capital	993.2	497.2
Retained earnings and other reserves	3,418.8	3,597.9
Equity attributable to equity holders of the parent	**5,196.1**	**4,879.2**
Non-controlling interests	64.9	52.3
	5,261.0	**4,931.5**
B. Non-current liabilities		
Pensions and other employee obligations	1,015.3	993.6
Provisions	99.2	89.6
Deferred tax liabilities	187.4	207.4
Financial liabilities	2,596.8	2,868.6
	3,898.7	**4,159.2**
C. Current liabilities		
Provisions	497.9	451.5
Tax liabilities	58.3	55.7
Financial liabilities	831.8	1,333.4
Trade and other payables	2,086.6	2,065.9
	3,474.6	**3,906.5**
Liabilities associated with assets held for sale	0.0	28.2
Total equity and liabilities	**12,634.3**	**13,025.4**

[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 "Joint Arrangements" and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under "General information/Accounting policies".

In millions of euros

Consolidated statement of cash flows

	04/01 – 09/30/2013[1]	04/01 – 09/30/2014
Operating activities		
Profit for the period	238.4	324.0
Adjustments	332.0	272.0
Changes in working capital		
Changes in inventories	–101.4	–9.1
Changes in receivables and liabilities	64.2	–13.2
Changes in provisions	–62.4	–40.3
	–99.6	**–62.6**
Cash flows from operating activities	**470.8**	**533.4**
Investing activities		
Additions of other intangible assets, property, plant and equipment	–428.7	–473.1
Income from disposals of assets	22.0	27.6
Cash flows from the acquisition of control of subsidiaries	–1.5	0.0
Cash flows from the loss of control of subsidiaries	0.4	111.0
Additions/divestments of other financial assets	51.8	30.5
Cash flows from investing activities	**–356.0**	**–304.0**
Financing activities		
Dividends paid	–155.2	–163.8
Dividends paid non-controlling interests	–7.9	–14.2
Disposals of own shares	1.6	0.0
Change of non-controlling interests	–5.7	–6.0
Change in non-current financial liabilities	162.4	269.7
Change in current financial liabilities	–614.2	–2.2
Cash flows from financing activities	**–619.0**	**83.5**
Net decrease/increase in cash and cash equivalents	**–504.2**	**312.9**
Cash and cash equivalents, beginning of year	1,092.6	532.4
Net exchange differences	–11.7	7.4
Cash and cash equivalents, end of period	**576.7**	**852.7**
thereof cash and cash equivalents within the disposal group	0.0	0.0

[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 "Joint Arrangements" and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under "General information/Accounting policies".

In millions of euros

Consolidated income statement

	04/01–09/30/2013[1]	04/01–09/30/2014	07/01–09/30/2013[1]	07/01–09/30/2014
Revenue	5,643.4	5,561.1	2,748.1	2,734.4
Cost of sales	–4,493.3	–4,442.2	–2,193.6	–2,201.9
Gross profit	**1,150.1**	**1,118.9**	**554.5**	**532.5**
Other operating income	132.7	215.1	64.2	147.9
Distribution costs	–477.5	–487.2	–235.2	–243.1
Administrative expenses	–295.8	–297.5	–145.8	–139.3
Other operating expenses	–137.8	–133.8	–72.6	–82.1
Share of profit of associates	24.6	29.2	9.6	10.4
EBIT	**396.3**	**444.7**	**174.7**	**226.3**
Share of profit of associates	0.0	0.0	0.0	0.0
Finance income	18.1	34.4	6.4	17.9
Finance costs	–102.3	–87.4	–44.0	–45.4
Profit before tax (EBT)	**312.1**	**391.7**	**137.1**	**198.8**
Income tax expense	–73.7	–67.7	–36.3	–29.2
Profit for the period	**238.4**	**324.0**	**100.8**	**169.6**
Attributable to:				
Equity holders of the parent	199.0	284.7	80.9	151.3
Non-controlling interests	3.4	5.6	1.9	2.4
Share planned for hybrid capital owners	36.0	33.8	18.0	15.9
Diluted and basic earnings per share (euros)	**1.15**	**1.65**	**0.47**	**0.88**

[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 “Joint Arrangements” and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under “General information/ Accounting policies”.

In millions of euros

Statement of comprehensive income

	04/01–09/30/2013[1]	04/01–09/30/2014	07/01–09/30/2013[1]	07/01–09/30/2014
Profit for the period	**238.4**	**324.0**	**100.8**	**169.6**
Other comprehensive income				
Hedge accounting	–1.5	5.7	–4.7	6.4
Currency translation	–79.3	47.8	–21.8	32.3
Share of result of associates	1.0	5.9	0.2	6.0
Subtotal of items of other comprehensive income that will be subsequently reclassified to profit or loss	**–79.8**	**59.4**	**–26.3**	**44.7**
Other comprehensive income for the period, net of income tax	**–79.8**	**59.4**	**–26.3**	**44.7**
Total comprehensive income for the period	**158.6**	**383.4**	**74.5**	**214.3**
Attributable to:				
Equity holders of the parent	121.3	342.9	55.1	195.1
Non-controlling interests	1.3	6.7	1.4	3.3
Share planned for hybrid capital owners	36.0	33.8	18.0	15.9
Total comprehensive income for the period	**158.6**	**383.4**	**74.5**	**214.3**

[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 “Joint Arrangements” and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under “General information/Accounting policies”.

In millions of euros

Consolidated statement of changes in equity

	H1 2013/14[1]			H1 2014/15		
	Group	Non-controlling interests	Total	Group	Non-controlling interests	Total
Equity as of April 1	**5,007.9**	**67.3**	**5,075.2**	**5,196.1**	**64.9**	**5,261.0**
Total comprehensive income for the period	157.3	1.3	158.6	376.7	6.7	383.4
Dividends to shareholders	–155.2	–6.3	–161.5	–163.8	–6.3	–170.1
Hybrid capital	–	–	–	–500.0	–	–500.0
Own shares acquired/disposed	1.6	–	1.6	–	–	–
Dividends to hybrid capital owners	–17.8	–	–17.8	–30.5	–	–30.5
Other changes	–1.4	7.6	6.2	0.7	–13.0	–12.3
Equity as of September 30	**4,992.4**	**69.9**	**5,062.3**	**4,879.2**	**52.3**	**4,931.5**

[1] Business year 2013/14 retroactively adjusted due to the application of IFRS 11 "Joint Arrangements" and due to the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of financial result, from April 1, 2014 onward, reported as part of EBIT). Further details are described under "General information/Accounting policies".

In millions of euros

voestalpine AG

Notes

General information/ accounting policies

These interim consolidated financial statements of voestalpine AG as of September 30, 2014 for the first half of the business year 2014/15 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 2013/14 with the following exceptions:

New and revised standards adopted for the first time in the business year 2014/15

Standard	Content	Effective date[1]
IFRS 10	Consolidated Financial Statements	January 1, 2014
IFRS 11	Joint Arrangements	January 1, 2014
IFRS 12	Disclosure of Interests in Other Entities	January 1, 2014
IAS 27, new version	Separate Financial Statements	January 1, 2014
IAS 28, new version	Investments in Associates and Joint Ventures	January 1, 2014
IAS 32, amendments	Financial Instruments: Presentation – Offsetting Financial Assets and Financial Liabilities	January 1, 2014
IAS 36, amendments	Impairment of Assets – Recoverable Amount Disclosures for Non-Financial Assets	January 1, 2014
IAS 39, amendments	Novation of Derivatives and Continuation of Hedge Accounting	January 1, 2014
Various standards, amendments	Amendments to IFRS 10, Consolidated Financial Statements, IFRS 11, Joint Arrangements, and IFRS 12, Disclosure of Interests in Other Entities – Transition Guidance	January 1, 2014
Various standards, amendments	Amendments to IFRS 10, Consolidated Financial Statements, IFRS 12, Disclosure of Interests in Other Entities, and IAS 27, Separate Financial Statements – Investment Entities	January 1, 2014

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

IFRS 10 comprehensively redefines the concept of control. This is intended to create a uniform basis for defining the consolidated group. This standard replaces the provisions of the previous IAS 27 "Consolidated and Separate Financial Statements" for consolidated financial statements.

IFRS 11 governs the accounting of entities that jointly control an arrangement that is classified either as a joint venture or a joint operation. This standard replaces IAS 31 "Interests in Joint Ventures" and eliminates the possibility of proportionate consolidation of joint ventures, whereby these are to be included in the consolidated group in the future using equity method accounting. IAS 28 now includes the provisions for associates and joint ventures that are measured based on the equity method under IFRS 11. Starting with the business year 2014/15, the results of entities consolidated according to the equity method are reported under EBIT in the (interim) consolidated financial statements. Amended disclosure in EBIT reflects the operational nature of investments accounted for using the equity method. voestalpine Tubulars GmbH and voestalpine Tubulars GmbH & Co KG were proportionately consolidated by March 31, 2014, and, beginning with the business year 2014/15, the equity method is being applied. The currently ten associates, which were already previously accounted for using the equity method, are also recognized in EBIT.

IFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates, and unconsolidated structured entities, which will result in additional disclosures in the consolidated annual financial statements of voestalpine AG.

Changes to IFRS 10, IFRS 11, and IFRS 12 were published in June 2012 in order to clarify the content and scope of certain guidelines regarding their first-time application.

Changes to IFRS 10, IFRS 12, and IAS 27 were published in October 2012 in order to create an exception for qualified investment entities from the regulation requiring consolidation of subsidiaries.

The amendments to IAS 32 clarify the requirements for offsetting financial instruments in the statement of financial position; as a result, new provisions governing disclosures have been added to IFRS 7.

The changes to IAS 36 represent a correction of disclosure requirements regarding the recoverable amount for non-financial assets that were changed to a greater extent than intended in connection with IFRS 13.

Due to the change to IAS 39, the novation of a hedging instrument to a central counterparty as a result of statutory requirements does not result in a dissolution of a hedge relationship under certain conditions.

In order to reflect the adjustments due to the application of IFRS 11 and the change in the method of disclosure for results of entities consolidated according to the equity method (formerly reported as part of the financial result; from April 1, 2014 onward, reported as part of EBIT), the relevant line items were retroactively adjusted for the opening statement of financial position as of April 1, 2013, for the consolidated statement of financial position as of March 31, 2014, for the consolidated statement of comprehensive income for the first half and the second quarter of the business year 2013/14 as well as for the consolidated statement of cash flows for the first half of the business year 2013/14:

Change in the consolidated statement of financial position

04/01/2013	Values as originally reported	Adjustment	Values retroactively adjusted
Total assets	**13,079.3**	**13.0**	**13,092.3**
thereof Property, plant and equipment	4,580.6	–26.8	4,553.8
thereof Other intangible assets	320.9	–0.6	320.3
thereof Investments in associates	156.4	77.6	234.0
thereof Other financial assets non-current	109.2	–0.5	108.7
thereof Deferred tax assets	343.6	–1.4	342.2
thereof Inventories	2,876.9	–37.4	2,839.5
thereof Trade and other receivables	1,655.5	2.2	1,657.7
thereof Cash and cash equivalents	1,092.7	–0.1	1,092.6
Total equity and liabilities	**13,079.3**	**13.0**	**13,092.3**
thereof Pensions and other employee obligations	1,004.6	–12.9	991.7
thereof Financial liabilities non-current	2,558.8	–0.2	2,558.6
thereof Provisions current	612.2	–6.5	605.7
thereof Financial liabilities current	1,324.6	47.1	1,371.8
thereof Trade and other payables	2,139.7	–14.5	2,125.2

In millions of euros

Change in the consolidated statement of financial position

03/31/2014	Values as originally reported	Adjustment	Values retroactively adjusted
Total assets	**12,637.5**	**–3.2**	**12,634.3**
thereof Property, plant and equipment	4,772.0	–30.1	4,741.9
thereof Other intangible assets	336.7	–0.5	336.2
thereof Investments in associates	133.4	81.3	214.7
thereof Other financial assets non-current	91.0	–0.4	90.6
thereof Deferred tax assets	313.5	–1.2	312.3
thereof Inventories	2,937.2	–53.5	2,883.7
thereof Trade and other receivables	1,619.1	1.3	1,620.4
thereof Cash and cash equivalents	532.5	–0.1	532.4
Total equity and liabilities	**12,637.5**	**–3.2**	**12,634.3**
thereof Pensions and other employee obligations	1,028.9	–13.6	1,015.3
thereof Financial liabilities non-current	2,596.9	–0.1	2,596.8
thereof Provisions current	504.7	–6.8	497.9
thereof Financial liabilities current	806.2	25.6	831.8
thereof Trade and other payables	2,094.9	–8.3	2,086.6

In millions of euros

Change in the consolidated income statement

04/01–09/30/2013	Values as originally reported	Adjustment	Values retroactively adjusted
Revenue	5,723.6	–80.2	5,643.4
Cost of sales	–4,534.7	41.4	–4,493.3
Gross profit	**1,188.9**	**–38.8**	**1,150.1**
Other operating income	133.2	–0.5	132.7
Distribution costs	–488.3	10.8	–477.5
Administrative expenses	–297.3	1.5	–295.8
Other operating expenses	–136.0	–1.8	–137.8
Share of profit of associates	0.0	24.6	24.6
EBIT	**400.5**	**–4.2**	**396.3**
Share of profit of associates	4.4	–4.4	0.0
Finance income	18.0	0.1	18.1
Finance costs	–102.5	0.2	–102.3
Profit before tax (EBT)	**320.4**	**–8.3**	**312.1**
Income tax expense	–80.4	6.7	–73.7
Profit for the period	**240.0**	**–1.6**	**238.4**

In millions of euros

Change in the consolidated statement of comprehensive income

04/01–09/30/2013	Values as originally reported	Adjustment	Values retroactively adjusted
Profit for the period	**240.0**	**–1.6**	**238.4**
Items of other comprehensive income that will be subsequently reclassified to profit or loss			
Hedge accounting	–1.5	0.0	–1.5
Currency translation	–79.3	0.0	–79.3
Share of result of associates	–0.6	1.6	1.0
Subtotal of items of other comprehensive income that will be subsequently reclassified to profit or loss	**–81.4**	**1.6**	**–79.8**
Other comprehensive income for the period, net of income tax	**–81.4**	**1.6**	**–79.8**
Total comprehensive income for the period	**158.6**	**0.0**	**158.6**

In millions of euros

Change in the consolidated income statement

07/01–09/30/2013	Values as originally reported	Adjustment	Values retroactively adjusted
Revenue	2,787.5	–39.4	2,748.1
Cost of sales	–2,216.9	23.3	–2,193.6
Gross profit	**570.6**	**–16.1**	**554.5**
Other operating income	64.1	0.1	64.2
Distribution costs	–239.3	4.1	–235.2
Administrative expenses	–146.6	0.8	–145.8
Other operating expenses	–71.6	–1.0	–72.6
Share of profit of associates	0.0	9.6	9.6
EBIT	**177.2**	**–2.5**	**174.7**
Share of profit of associates	1.0	–1.0	0.0
Finance income	6.3	0.1	6.4
Finance costs	–44.0	0.0	–44.0
Profit before tax (EBT)	**140.5**	**–3.4**	**137.1**
Income tax expense	–39.1	2.8	–36.3
Profit for the period	**101.4**	**–0.6**	**100.8**

In millions of euros

Change in the consolidated statement of comprehensive income

07/01–09/30/2013	Values as originally reported	Adjustment	Values retroactively adjusted
Profit for the period	**101.4**	**–0.6**	**100.8**
Items of other comprehensive income that will be subsequently reclassified to profit or loss			
Hedge accounting	–4.7	0.0	–4.7
Currency translation	–21.8	0.0	–21.8
Share of result of associates	–0.4	0.6	0.2
Subtotal of items of other comprehensive income that will be subsequently reclassified to profit or loss	**–26.9**	**0.6**	**–26.3**
Other comprehensive income for the period, net of income tax	**–26.9**	**0.6**	**–26.3**
Total comprehensive income for the period	**74.5**	**0.0**	**74.5**

In millions of euros

Change in the consolidated statement of cash flows

04/01–09/30/2013	Values as originally reported	Adjustment	Values retroactively adjusted
Operating activities			
Profit for the period	240.0	–1.6	238.4
Adjustments	310.4	21.6	332.0
Changes in working capital	–111.8	12.2	–99.6
Cash flows from operating activities	**438.6**	**32.2**	**470.8**
Cash flows from investing activities	**–352.2**	**–3.8**	**–356.0**
Cash flows from financing activities	**–590.6**	**–28.4**	**–619.0**
Net decrease/increase in cash and cash equivalents	**–504.2**	**0.0**	**–504.2**
Cash and cash equivalents, beginning of period	1,092.7	–0.1	1,092.6
Net exchange differences	–11.7	0.0	–11.7
Cash and cash equivalents, end of period	**576.8**	**–0.1**	**576.7**

In millions of euros

With the exception of the described effects of IFRS 11, there were no material effects of the new and revised standards on voestalpine AG's interim consolidated financial statements.

The two entities voestalpine Polynorm Van Niftrik B.V and voestalpine Polynorm Plastics B.V. (together voestalpine Plastics Solutions) are shown as "Disposal Group" under IFRS 5 in the interim consolidated financial statements as of September 30, 2014 (see notes on the consolidated statement of financial position). Intragroup financial relationships will continue to be eliminated.

Further information on the other principles of preparation is provided in the consolidated financial statements as of March 31, 2014, on which these interim consolidated financial statements are based.

The interim consolidated financial statements are presented in millions of euros (the functional currency of the parent company). The use of automated calculation systems may result in rounding differences.

Unless otherwise stated, comparative information relates to the first half of the business year 2013/14 (reporting date: September 30, 2013).

The present 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, 2014 as originally reported	**295**	**2**	**11**
Adjustment under IFRS 11		–2	2
As of April 1, 2014 retroactively adjusted	**295**	**0**	**13**
Acquisitions			
Change in consolidation method			
Additions	5		
Disposals	–1		
Reorganizations	–5		
Divestments or disposals	–17		–1
As of September 30, 2014	**277**	**0**	**12**
Of which foreign companies	217	0	5

The following entities were deconsolidated during the first half of the business year 2014/15:

Name of entity
Full consolidation in the business year 2013/14
Eschmann-Stahl Portugal-Acos Finos e Transformacao de Ferramentas, Unipessoal Lda. – em Liquidacao
voestalpine Treasury Holding GmbH
ASSAB Technology (Malaysia) Sdn Bhd
Flamco GmbH
Flamco s.a.r.l.
Flamco Flexcon B.V.
Flamco Flexcon Ltd.
Flamco STAG Behälterbau GmbH
Flamco Heating Accessories (Changshu) Co., Ltd.
Flamco AG
Flamco STAG GmbH
Flamco B.V.
Flamco Ltd.
Flamco Holding B.V.
Flamco Kft.
Flamco IMZ B.V.
Flamco Sp. z o.o.
W E M E F A Horst Christopeit Gesellschaft mit beschränkter Haftung
Reorganization
VA OMV Personalholding GmbH
Advanced Railway Systems GmbH
E B C Eifeler Beschichtungs - Center GmbH
Eifeler Nord Coating GmbH Entwicklungscenter für Dünnschichttechnologien
Eifeler Süd-Coating GmbH
Proportionate consolidation in the business year 2013/14[1]
voestalpine Tubulars GmbH
voestalpine Tubulars GmbH & Co KG
Equity method in the business year 2013/14
Herzog Coilex GmbH

[1] Already retroactively adjusted due to the application of IFRS 11.

On July 4, 2014, the voestalpine Group agreed with the Dutch industrial group Aalberts Industries N.V. that it would sell all of its shares in the Flamco Group (part of the operating segment Metal Forming Division), headquartered in Bunschoten (NL). In the consolidated financial statements of voestalpine, the Flamco Group is recorded as Heating & Installation Components, an independent entity, and it was deconsolidated in the second quarter of 2014/15. The sale closed as of August 13, 2014. The decisive factor behind the divestment was Flamco's increasingly strong divergence from the strategic core business of voestalpine (lack of synergies within the Metal Forming Division and significant differences in its customer portfolio compared to the other division companies). The Flamco Group has been part of the voestalpine Group for over a decade, and it develops, produces, and markets branded quality components for HVAC systems worldwide. Flamco has production facilities in the Netherlands, Germany, UK, and China. With almost 700 employees worldwide, most recently, the company generated annual revenues of around EUR 125 million.

The disposal had the following effect on the consolidated financial statements:

	Recognized values
Non-current assets	33.2
Current assets	51.7
Non-current provisions and liabilities	–5.6
Current provisions and liabilities	–21.9
Net assets	**57.4**
Consideration received	115.4
Cash and cash equivalents disposed of	–4.5
Net cash inflow	**110.9**

In millions of euros

The following entities were included in the interim consolidated financial statements for the first time during the first half of the business year 2014/15:

Name of entity	Interest in %
Full consolidation	
voestalpine Böhler Welding UTP Maintenance GmbH	100.000%
voestalpine Böhler Welding Trading Asia Pacific Singapore	100.000%
voestalpine Automotive Bodyparts Shenyang Co., Ltd.	100.000%
voestalpine Rail Center Königsborn GmbH	100.000%
voestalpine Wire Austria GmbH	100.000%
Equity method[1]	
voestalpine Tubulars GmbH	50.000%
voestalpine Tubulars GmbH & Co KG	49.985%

[1] Already retroactively adjusted due to the application of IFRS 11.

Additions to the scope of consolidated financial statements of fully consolidated entities include four newly established companies and one spin-off. voestalpine Tubulars GmbH and voestalpine Tubulars GmbH & Co KG were proportionately consolidated by March 31, 2014, and, beginning with the business year 2014/15, the equity method is being applied.

No acquisitions took place in the first half of the business year 2014/15.

The increase of majority interests is treated as a transaction between owners. The difference between the costs of acquisition for the additional shares and the pro-rated carrying value of the non-controlling interests is recognized directly in equity. During the first half of the business year 2014/15, EUR 6.0 million (2013/14: EUR 6.2 million) was paid for the acquisition of non-controlling interests or provisions were formed for the payment thereof. Non-controlling interests amounting to EUR 5.1 million (2013/14: EUR 4.1 million) were derecognized, and the remaining amount of EUR 0.9 million (2013/14: EUR 2.1 million) was recognized directly in equity.

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

Outstanding put options, which are offset against equity, had a fair value of EUR 0.6 million (March 31, 2014: EUR 5.7 million) as of September 30, 2014.

Notes on the consolidated statement of financial position

In the first half of the business year 2014/15, investments amounting to EUR 427.1 million exceeded depreciation totaling EUR 312.2 million. This essentially led to an increase of the non-current assets from EUR 7,168.0 million to EUR 7,242.8 million—despite the disposal of assets. Inventories remained almost unchanged compared to March 31, 2014. Cash and cash equivalents increased by EUR 320.3 million to EUR 852.7 million—due, among other things, to the assumption of long-term borrowings.

voestalpine Polynorm Van Niftrik B.V and voestalpine Polynorm Plastics B.V. (together voestalpine Plastics Solutions) are shown as "Disposal Group" under IFRS 5 in the interim consolidated financial statements as of September 30, 2014. These two entities are part of the operating segment Metal Forming Division. On September 30, 2014, the voestalpine Group agreed with the Austrian POLYTEC Group that it would sell all of its shares in these two entities subject to antitrust approval and the formal advice of the Work Councils. The decisive factor behind this sale is the company's rapidly increasing strategic divergence from voestalpine's core business. The sale is scheduled to close by the beginning of November 2014. Last year, the Plastics Solutions business segment generated revenue of around EUR 120 million at the two Dutch sites Putte and Roosendaal and employed a staff of almost 700 persons. Its products include underfloor paneling components, acoustic, and exterior components for commercial vehicles as well as non-automotive products. The major customers are primarily European OEMs (Original Equipment Manufacturers). In the future, these applications will be covered by strategic partnerships with global manufacturers, including for hybrid components.

As of June 30, 2014, voestalpine AG's share capital amounted to EUR 313,309,235.65 (March 31, 2014: EUR 313,309,235.65) and is divided into

172,449,163 shares (March 31, 2014: 172,449,163). The Company held 28,597 of its own shares as of the reporting date. In the first half of the business year 2014/15, the Company neither bought nor sold any 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. As the hybrid bond satisfies the IAS 32 criteria for equity, the proceeds from the bond issues are recognized as part of equity. Accordingly, coupon payments are also reported as part of appropriation of profit. In the fourth quarter of the business year 2012/13, voestalpine AG issued a new subordinated bond with an indefinite term (hybrid bond 2013) with a volume of EUR 500 million following an invitation extended to the holders of the hybrid bond to exchange their existing investment for a new hybrid bond on a 1:1 basis. As a result of this exchange, the outstanding nominal value of the hybrid bond 2007 is therefore EUR 500 million. The nominal value of both the hybrid bond 2007 and the hybrid bond 2013 again totals EUR 1 billion. On September 9, 2014, the Management Board of voestalpine AG adopted a resolution to call the entire issue of hybrid bond 2007 (issued by voestalpine AG in 2007) effective on the first possible call date for this bond, namely October 31, 2014 (redemption date). Accordingly, the hybrid bond 2007 is recognized as part of borrowed capital in the present interim consolidated financial statements. The interest payments for the hybrid bond 2007 from September 10, 2014 on will be recognized in the consolidated statement of comprehensive income. The hybrid bond 2013 is not affected by this call of hybrid bond 2007.

Profit for the period amounting to EUR 324.0 million has contributed to the increase in equity. For the business year 2013/14, a dividend per share of EUR 0.95 was decided upon at the Annual General Meeting on July 2, 2014. Therefore, voestalpine AG distributed dividends amounting to EUR 163.8 million to its shareholders during the current business year. Interest (until September 9, 2014) for the hybrid capital 2007 amounting to EUR 30.5 million (distributed on October 31, 2014) was also deducted from equity in the form of a dividend. The previously described call of the hybrid bond 2007 (EUR 500 million)—and its associated recognition as part of borrowed capital—reduces equity accordingly.

Notes on the consolidated income statement

Revenue for the period from April 1 to September 30, 2014, in the amount of EUR 5,561.1 million decreased by 1.5% compared to the same period of the preceding year (EUR 5,643.4 million). In the first half of the business year 2014/15, EBIT reached EUR 444.7 million compared to EUR 396.3 million for the first six months of the business year 2013/14. EBIT equaled EUR 226.3 million for the second quarter of 2014/15, compared to EUR 174.7 million for the second quarter of 2013/14.

In the second quarter of the business year 2014/15, the proceeds from deconsolidation of the Flamco Group in the amount of EUR 58.0 million, a write-down to the net fair value of the assets recognized under IFRS 5 as well as provisions amounting to a total of EUR 18.0 million and impairment losses on individual assets outside the European Union amounting to EUR 7.3 million were recognized under profit and loss. Furthermore, plan curtailments and settlements of defined benefit pension plans in the Netherlands resulted in non-recurring proceeds amounting to EUR 14.4 million. All of the aforementioned non-recurring effects pertain to the operating segment Metal Forming Division.

After consideration of the financial result and taxes, profit for the period amounted to EUR 324.0 million compared to EUR 238.4 million for the first half of the preceding year.

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

	04/01–09/30/2013	04/01–09/30/2014
Profit attributable to equity holders of the parent (in millions of euros)	199.0	284.7
Weighted average number of issued ordinary shares (millions)	172.4	172.4
Diluted and basic (undiluted) earnings per share (euros)	**1.15**	**1.65**

Operating segments

The following tables contain information on the operating segments of the voestalpine Group for the first half of the business year 2014/15 and business year 2013/14, respectively:

1st half of 2014/15

	Steel Division 04/01–09/30/2014	**Special Steel Division** 04/01–09/30/2014
Segment revenue	1,903.5	1,350.4
of which revenue with third parties	1,754.2	1,323.1
of which revenue with other segments	149.3	27.3
EBITDA	211.0	183.4
EBIT	95.1	114.3
EBIT margin	5.0%	8.5%
Segment assets	3,976.8	3,898.1
Employees (full-time equivalent)	11,216	13,086

1st half of 2013/14

	Steel Division 04/01–09/30/2013	**Special Steel Division** 04/01–09/30/2013
Segment revenue	1,928.3	1,325.9
of which revenue with third parties	1,790.2	1,301.9
of which revenue with other segments	138.1	24.0
EBITDA	200.6	176.3
EBIT	87.5	109.8
EBIT margin	4.5%	8.3%
Segment assets	3,723.9	3,864.6
Employees (full-time equivalent)	11,026	12,898

	Metal Engineering Division 04/01–09/30/2014	Metal Forming Division 04/01–09/30/2014	Other 04/01–09/30/2014	Reconciliation 04/01–09/30/2014	Total Group 04/01–09/30/2014
	1,329.8	1,180.8	592.9	–796.3	5,561.1
	1,316.3	1,164.5	3.0	0.0	5,561.1
	13.5	16.3	589.9	–796.3	0.0
	203.7	198.8	–41.8	1.8	756.9
	149.0	130.1	–45.6	1.8	444.7
	11.2%	11.0%			8.0%
	2,526.4	1,986.1	10,336.0	–9,698.0	13,025.4
	11,351	10,921	805	0	47,379

In millions of euros

	Metal Engineering Division 04/01–09/30/2013	Metal Forming Division 04/01–09/30/2013	Other 04/01–09/30/2013	Reconciliation 04/01–09/30/2013	Total Group 04/01–09/30/2013
	1,412.0	1,165.7	742.9	–931.4	5,643.4
	1,396.4	1,150.7	4.2	0.0	5,643.4
	15.6	15.0	738.7	–931.4	0.0
	217.7	129.8	–39.0	–5.0	680.4
	161.6	85.1	–42.7	–5.0	396.3
	11.4%	7.3%			7.0%
	2,495.2	1,953.1	9,498.9	–9,003.0	12,532.7
	11,216	11,185	801	0	47,126

In millions of euros

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

EBITDA

	04/01–09/30/2013	04/01–09/30/2014
Net exchange differences incl. result from valuation of derivatives	–5.6	1.8
Consolidation	0.6	0.0
Other	0.0	0.0
EBITDA – Total reconciliation	**–5.0**	**1.8**

In millions of euros

EBIT

	04/01–09/30/2013	04/01–09/30/2014
Net exchange differences incl. result from valuation of derivatives	–5.6	1.8
Consolidation	0.6	0.0
Other	0.0	0.0
EBIT – Total reconciliation	**–5.0**	**1.8**

In millions of euros

All other key figures contain solely the effects of consolidation.

Notes on the consolidated statement of cash flows

Cash flow before capital changes in the amount of EUR 596.0 million increased compared to the first half of the business year 2013/14 (EUR 570.4 million). Taking the change in working capital into consideration, cash flows from operating activities amounted to EUR 533.4 million in comparison to EUR 470.8 million in the first half of the preceding year; this represents an improvement of about 13%. After the deduction of EUR 304.0 million in cash flows from investing activities and taking into account cash flows from financing activities amounting to EUR 83.5 million (mainly borrowings and dividends), the resulting change in cash and cash equivalents (without net exchange differences) amounts to EUR 312.9 million.

Notes on financial instruments

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

	09/30/2013		09/30/2014	
	Carrying amount	Fair value	Carrying amount	Fair value
Assets				
Financial assets measured at amortized cost	2,212.8	2,212.8	2,452.7	2,452.7
Financial assets measured at fair value	500.1	500.1	505.5	505.5
	2,712.9	**2,712.9**	**2,958.2**	**2,958.2**
Liabilities				
Financial liabilities measured at amortized cost	5,573.8	5,597.1	6,246.3	6,331.0
Financial liabilities measured at fair value	18.6	18.6	27.7	27.7
	5,592.4	**5,615.7**	**6,274.0**	**6,358.7**

In millions of euros

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

The liabilities measured at amortized cost, whose fair value is stated, fall under Level 2. Valuation is performed according to the mark-to-market method, whereby the input parameters for the calculation of the market values are the foreign exchange rates, interest rates, and credit spreads observable on the market. Based on the input parameters, fair values are calculated by discounting estimated future cash flows at typical market interest rates.

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

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

Level of the fair value hierarchy for recurring fair value measurements

	Level 1	Level 2	Level 3	Total
09/30/2013				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		8.7		8.7
Fair value option (securities)	429.3			429.3
Other			62.1	62.1
	429.3	**8.7**	**62.1**	**500.1**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		18.6		18.6
	0.0	**18.6**	**0.0**	**18.6**
09/30/2014				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		44.0		44.0
Fair value option (securities)	398.9			398.9
Other			62.6	62.6
	398.9	**44.0**	**62.6**	**505.5**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		27.7		27.7
	0.0	**27.7**	**0.0**	**27.7**

In millions of euros

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

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

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

	04/01–09/30/2013	04/01–09/30/2014
Opening balance	**63.4**	**59.0**
Total of gains/losses recognized in the income statement:		
Finance costs/Finance income	0.0	0.5
Total of gains/losses recognized in the other comprehensive income:		
Currency translation	0.0	0.0
Additions	0.3	0.2
Transfers	0.0	2.9
Disposals	–1.6	0.0
Closing balance	62.1	**62.6**

In millions of euros

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

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

Seasonality and cyclicality

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

Business transactions with associated companies or parties

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

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

Antitrust proceedings relative to railway superstructure material

As of September 30, 2014, the provisions recognized in the annual financial statements 2013/14 in the amount of EUR 76.4 million for the antitrust proceedings and associated actions and costs as well as for the closure of TSTG Schienen Technik GmbH & Co KG have been reduced to EUR 62.4 million due to the use of these provisions.

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

Events after the reporting period

voestalpine AG has successfully placed a EUR 400 million corporate bond in the capital market. The bond is intended to partially refinance the hybrid bond 2007, which the company called on September 9, 2014, effective October 31, 2014, and for general funding purposes. The quality of the order book was excellent, with orders in the magnitude of more than EUR 800 million and about 160 different investors. The bond has a term of 7 years and a coupon of 2.25%.

A total of EUR 71.3 million were paid out on October 31, 2014 for interest on the hybrid bond 2007 and the hybrid bond 2013. The hybrid bond 2007 was fully redeemed as of October 31, 2014.

Statement in accordance with Sec. 87 (1) of the Stock Exchange Act (Börsegesetz, BörseG)

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 3, 2014

The Management Board

Wolfgang Eder
Chairman of the Management Board

Herbert Eibensteiner
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

Peter Schwab
Member of the Management Board

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