Letter to Shareholders
1st Half 2012/13

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ONE STEP AHEAD.

voestalpine Group Key Figures

H 1 2011/12 vs. H 1 2012/13

In millions of euros	**H 1 2011/12** 04/01–09/30/2011	**H 1 2012/13** 04/01–09/30/2012	Change in %
Revenue	5,977.7	5,932.8	–0.8
EBITDA	824.2	729.8	–11.5
EBITDA margin	13.8%	12.3%	
EBIT	531.4	440.7	–17.1
EBIT margin	8.9%	7.4%	
Profit before tax (EBT)	443.3	347.8	–21.5
Profit for the period[1]	346.1	269.5	–22.1
EPS – Earnings per share (euros)	1.82	1.36	–25.3
Investments in tangible and intangible assets and interests	227.4	301.1	32.4
Depreciation	292.8	289.1	–1.3
Capital employed	8,253.5	8,036.6	–2.6
Equity	4,771.2	4,885.2	2.4
Net financial debt	2,905.1	2,492.9	–14.2
Net financial debt in % of equity (gearing)	60,9%	51.0%	
Employees (full-time equivalent)	45,944	46,115	0.4

Q 1 2012/13 vs. Q 2 2012/13

In millions of euros	**Q 1 2012/13** 04/01–06/30/2012	**Q 2 2012/13** 07/01–09/30/2012	Change in %
Revenue	3,050.6	2,882.2	–5.5
EBITDA	375.0	354.8	–5.4
EBITDA margin	12.3%	12.3%	
EBIT	230.7	210.0	–9.0
EBIT margin	7.6%	7.3%	
Profit before tax (EBT)	185.1	162.7	–12.1
Profit for the period[1]	144.9	124.6	–14.0
EPS – Earnings per share (euros)	0.74	0.62	–16.2
Investments in tangible and intangible assets and interests	134.6	166.5	23.7
Depreciation	144.3	144.8	0.3
Capital employed	8,098.0	8,036.6	–0.8
Equity	4,980.8	4,885.2	–1.9
Net financial debt	2,484.2	2,492.9	0.4
Net financial debt in % of equity (gearing)	49.9%	51.0%	
Employees (full-time equivalent)	46,075	46,115	0.1

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

Ladies and Gentlemen:

"These days, our room to maneuver with regard to describing our economic expectations is becoming more and more narrow from quarter to quarter. It is becoming increasingly difficult to find something new in the outlook for the coming months because both the political and economic mood, which is colored by the same negative issues, has created a heavy burden—both factually and emotionally—for the development of the economy. This now applies not only to Europe but increasingly to the situation in other global economic regions."

From today's perspective, we can add nothing to these words that prefaced our last quarterly report, except that, since August 7, when this report was published, the economic situation has worsened and the outlook for the last weeks of this year and the first part of 2013 does not bode well for the development of the global economy.

In an economic environment that has been extremely challenging, the voestalpine Group continues to be comparatively successful thanks to its technology and quality orientation and a position that is becoming more and more global. It is especially in these difficult times that we can uphold our claim of being a benchmark with regard to earnings—at least in Europe—based on our technology, quality, and cost leadership. Nevertheless, despite the fact that the first half of 2012/13 corresponded to previous earnings expectations, in view of the increased uncertainty, we feel compelled—for reasons of commercial prudence—to reduce the expectations for the entire business year with regard to EBITDA and EBIT by a range of EUR 100 million each to an EBITDA of EUR 1.4 billion and an EBIT of EUR 800 million respectively. Against the backdrop of the momentum of the downturn in recent months, we are assuming that volatility will escalate in the short term, thus also increasing planning uncertainty.

Finally, some information about the presentation of our operating result. After long, internal discussions about the informative value of the individual reporting categories, starting immediately, we have decided—especially in view of the current economic trend—to put EBITDA (operating result) instead of EBIT in the center of our financial reporting, as the figure with the greatest informative value. By adopting this method of presentation, we are also following a more and more common international trend.

Linz, November 6, 2012

The Management Board

Wolfgang Eder   Herbert Eibensteiner   Franz Kainersdorfer   Robert Ottel   Franz Rotter

Highlights

- Increasing uncertainties at the macroeconomic level due to ever more signs of a broad-based cooling of the economy determined the market environment in the first half of 2012/13.
- Continuing discussions about the sovereign debt situation in the mature economies and a significant weakening of the economic momentum in the emerging markets heightened global fears of a renewed crisis.
- Declining growth in industry segments (automobile industry, mechanical engineering, energy sector) and regions (Western and Northern Europe) that had been strong thus far are eroding the economic environment in Europe.
- Nevertheless, the voestalpine Group continues to perform solidly in all business sectors with almost full capacity utilization in all of the major production facilities.
- The revenue trend has remained practically constant compared to the previous year despite an economic environment that is much more challenging (EUR 5,932.8 million in the first half of 2012/13 compared to EUR 5,977.7 million in the first half of 2011/12).
- Due to the economic situation, the operating result has declined slightly: EBITDA has dropped by 11.5% from EUR 824.2 million (first half of 2011/12) to EUR 729.8 million (first half of 2012/13), with the EBITDA margin decreasing from 13.8% to 12.3%.
- Profit from operations (EBIT) declined by 17.1% from EUR 531.4 million (first half of 2011/12) to EUR 440.7 million (first half of 2012/13). The EBIT margin is 7.4% compared to 8.9% in the same period of the previous year.
- At EUR 269.5 million, net income was 22.1% lower than in the previous year (EUR 346.1 million).
- As a result of a significantly more positive free cash flow, the net financial debt has been reduced by 3.6% compared to March 31, 2012 to EUR 2,492.9 million.
- Despite the payment of a dividend in July 2012, equity has risen by 1.0% to EUR 4,885.2 million compared to March 31, 2012.
- Gearing ratio (net financial debt in percent of equity) has declined by 2.5 percentage points to 51.0% compared to the end of the previous business year (53.5%).
- At 46,115, the number of employees (full-time equivalent) is slightly lower than at the beginning of the business year (46,473).

Interim Management Report

Market environment

Since the summer of 2011, the global economy has been trending downward, and in recent months, the situation has progressively deteriorated. This applies to both the situation in most industrial segments and in the most important economic regions worldwide.
With the exception of the automobile manufacturers in the USA, the automobile industry has been facing massive and broad-based cutbacks in demand since the summer of this year. The same applies to investments both in the conventional energy segment (oil, gas) and in the renewable energy sector (wind, solar) where projects in many parts of the world are being increasingly delayed or even postponed for the long term.
The cautious recovery in the white goods and consumer goods industries that seemed to be gaining ground in the spring of 2012 did not maintain its hold over the summer and the order volumes in the mechanical engineering industry have also declined substantially compared to the previous year's strong figures. The European construction sector continues to experience a weak market environment.
During the first half of 2012/13, the economic environment was positive in only a few sectors, such as the aerospace industry, the agricultural machinery sector, and parts of the railway infrastructure sector.
Viewed regionally, the economy in Europe continues to be affected by the sovereign debt situation and the resulting limitations that this places on the investment capabilities of government budgets. Additionally, the weakening of purchasing power is increasingly affecting general consumer behavior negatively in many European countries. While it was the countries in Southern Europe that were dealing with a recession thus far, economic conditions have worsened in the previously robust economic regions of Western and Northern Europe as a result of the close economic ties within Europe. It is especially serious that Germany, a particularly important market for the voestalpine Group, has lowered its growth expectations for the next several quarters.
The economic data from the USA is rather ambivalent, as there is a significant risk that after the election, spending cuts may become necessary in order to avoid raising the debt ceiling, which would lead to a deterioration of the macroeconomic environment. Viewed globally, however, in the first half of 2012/13, the North American economic region still was one of the more dynamic industrial regions worldwide.
In contrast to recent years, industrial growth in China has cooled significantly in the course of 2012. In the third calendar quarter of 2012, China had a growth rate of 7.4%, the lowest figure in three years. The economies of Brazil and India have also lost momentum, while the Russian economy has proved to be relatively robust.
In the raw materials sector (iron ore, coal), there has been a substantial price decline during the past twelve months. In the past several weeks, the prices have stabilized, albeit at a level that is about one third below that of the previous year.

Business performance of the voestalpine Group

As a result of the negative trend of the economy overall, the voestalpine Group experienced a decline of its operating result in the first half of 2012/13 of slightly more than 10%, while revenue remained largely stable. Despite the ongoing deterioration of the market environment, equity, net financial debt, and the gearing ratio showed a sustained positive development.
At EUR 5,932.8 million, the Group's revenue in the first two quarters of 2012/13 was almost identical with the previous year's revenue (EUR 5,977.7 million). While the Metal Engineering Division was even able to increase its revenue due to the excellent level of demand, especially in the railway infrastructure sector, the other three divisions reported slight revenue losses as a result of lower raw materials prices (Steel Division) and lower delivery volumes (Special Steel and Metal Forming Division). As far as the Group's earnings are concerned, the comparison of the first half of the business year with the same period of the

previous year showed a decline of the operating result (EBITDA) by 11.5% from EUR 824.2 million to EUR 729.8 million and of the profit from operations (EBIT) by 17.1% from EUR 531.4 million to EUR 440.7 million. Therefore, the EBITDA margin fell from 13.8% in the previous year to 12.3% for the first half of 2012/13, and the EBIT margin decreased from 8.9% to 7.4%. As far as the decline in earnings was concerned, all four divisions were affected approximately to the same degree.

When comparing the second quarter with the immediately preceding quarter, the picture is somewhat more differentiated. Due to the lower raw material and material input costs, revenue fell in all four divisions during the second quarter so that, at EUR 2,882.2 million, consolidated revenue was 5.5% below the figure for the first quarter of 2012/13 (EUR 3,050.6 million). As far as earnings are concerned, an operating result of EUR 354.8 million was reported for the current quarter, compared to EBITDA of EUR 375.0 million in the immediately preceding quarter, a decline of 5.4%. Thus, the EBITDA margin has remained at 12.3% in both the first and second quarter. EBIT fell more significantly by 9.0% when directly comparing the second quarter with the immediately preceding quarter, going down from EUR 230.7 million to EUR 210.0 million. While the three processing divisions posted lower EBITDA and EBIT figures due to the fact that economic circumstances have become more challenging, the Steel Division's EBIT achieved a significant increase due to full capacity utilization while retaining a relatively stable level of prices. The EBIT margin for the Group declined slightly from 7.6% in the first quarter of 2012/13 to 7.3% in the quarter under review.

Compared to the same six-month period in the previous year, both the profit before tax (EBT) (–21.5% from EUR 443.3 million to EUR 347.8 million) and the profit for the period (net income) were somewhat weaker with the latter dropping by –14.0% from EUR 346.1 million to EUR 269.5 million.

Equity rose during the two first quarters of 2012/13 to EUR 4,885.2 million, a plus of 2.4% compared to the same period of the previous year at EUR 4,771.2 million. Compared to the figure at the beginning of the business year (EUR 4,836.3 million), the current figure corresponds to a gain of 1.0%. As a result of the positive generation of cash flow during the last four quarters, the Group's net financial debt has been very substantially reduced. While the net financial debt was still at EUR 2,905.1 million at the end of September 2011, within one year it has been reduced by 14.2% to EUR 2,492.9 million; compared to the figure at the beginning of the business year (EUR 2,585.7 million), it has decreased by 3.6%. The gearing ratio (net financial debt in percent of equity) has dropped in the past twelve months from 60.9% to 51.0%; at the beginning of the business year, it was still at 53.5%.

As of September 30, 2012, the voestalpine Group had 46,115 employees on a full-time equivalent basis. Compared to the previous year's figure of 45,944 employees, this is a marginal increase of 0.4%; compared to the figure of 46,473 for the beginning of the business year, this corresponds to a reduction of 0.8%.

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

In millions of euros	Q 1		Q 2		H 1		
	2011/12 04/01–06/30/2011	**2012/13** 04/01–06/30/2012	**2011/12** 07/01–09/30/2011	**2012/13** 07/01–09/30/2012	**2011/12** 04/01–09/30/2011	**2012/13** 04/01–09/30/2012	Change in %
Revenue	3,051.5	3,050.6	2,926.2	2,882.2	5,977.7	5,932.8	–0.8
EBITDA	462.9	375.0	361.3	354.8	824.2	729.8	–11.5
EBITDA margin	15.2%	12.3%	12.3%	12.3%	13.8%	12.3%	
EBIT	317.6	230.7	213.8	210.0	531.4	440.7	–17.1
EBIT margin	10.4%	7.6%	7.3%	7.3%	8.9%	7.4%	
Employees (full-time equivalent)	45,161	46,075	45,944	46,115	45,944	46,115	0.4

Steel Division

In millions of euros	Q 1		Q 2		H 1		
	2011/12 04/01– 06/30/2011	2012/13 04/01– 06/30/2012	2011/12 07/01– 09/30/2011	2012/13 07/01– 09/30/2012	2011/12 04/01– 09/30/2011	2012/13 04/01– 09/30/2012	Change in %
Revenue	1,038.3	999.8	978.1	979.8	2,016.4	1,979.6	–1.8
EBITDA	155.9	108.7	116.1	129.6	272.0	238.3	–12.4
EBITDA margin	15.0%	10.9%	11.9%	13.2%	13.5%	12.0%	
EBIT	101.3	52.2	59.8	72.7	161.1	124.9	–22.5
EBIT margin	9.8%	5.2%	6.1%	7.4%	8.0%	6.3%	
Employees (full-time equivalent)	10,382	10,459	10,571	10,591	10,571	10,591	0.2

Market environment and business development

The economic circumstances relevant for steel production in Europe, which were still more or less stable at the beginning of the calendar year 2012, have deteriorated dramatically over the course of the summer. It is especially the continuing weakness of the construction sector in recent years but also a certain—at least temporary—saturation in other industrial sectors (automobile production, white goods, and consumer goods industries) that are responsible for the fact that today, the EU steel industry shows clear signs of significant structural overcapacity. Weak demand and sinking capacity utilization are currently also governing the pricing of many steel products.
The Steel Division is attempting to evade this pressure as much as possible by focusing on customer segments, which have high demands with regard to innovation, technology, and quality. The trend in results and capacity utilization in the first six months of the business year 2012/13, and particularly in the second quarter, versus the industry competition shows that this strategy has been successful to some degree.
A look at the trend in the relevant customer industries makes the challenging competitive conditions in the first half of 2012/13 visible. While the European automobile and automotive supply industries have had to face declining production and sales figures in the volume segment and commercial vehicle sectors for several quarters, in the course of this past summer, the premium segment, which had hitherto been robust, was also forced to deal with a plunge in orders that was, at times, dramatic. The order backlog for the mechanical engineering industry, which was still significant at the beginning of the year, has meanwhile also been reduced. The white goods and electrical industries moved sideways rather than up and the construction and construction supply industries were still affected by the low levels of investment of the previous years due to the budget restrictions in the public sector.
Delays in the implementation of major projects in the line pipe segment, especially in Europe, Brazil, and in the Gulf of Mexico, are resulting in more intense competition, including the (high-quality) heavy plate segment. The situation is additionally complicated by the fact that, in this product segment, alternative energy projects are being increasingly postponed due to financing problems. In the past months, orders from the tube and section industries were also subdued, as is the case with incoming orders in the pre-processing segment and the Steel Service Center.

Development of the key figures

In comparison to the same period in the previous year, the first half of 2012/13 trended downward due to declining raw materials prices resulting in somewhat smaller average revenues. In contrast, as far as volumes are concerned, deliveries went up slightly. Revenue fell by 1.8% from EUR 2,016.4 million to EUR 1,979.6 million. Due to the economic situation, the operating result (EBITDA) dropped in the first six months of 2012/13 by 12.4%, from EUR 272.0 million to EUR 238.3 million, over the same period in the previous year, with the EBITDA margin decreasing from 13.5% in the previous year to 12.0%. Profit from operations (EBIT) declined somewhat more considerably by 22.5%, going from EUR 161.1 million in the first half of 2011/12 to EUR 124.9 million in the current reporting period. Considering the very challenging economic environment, an EBIT margin of 6.3% in the first half of 2012/13 (previous year: 8.0%) for the Steel Division is, however, a very satisfactory figure.

In a comparison of the figures during the business year, after revenue of EUR 999.8 million in the first quarter of 2012/13, revenue in the second quarter of 2012/13 decreased by 2.0% to EUR 979.8 million. Seasonal effects were responsible for this trend, while average revenues remained stable. The levels of EBITDA and EBIT showed a contrasting picture. An increase of the gross margin, underpinned by falling raw material costs, resulted in a significant increase in the operating results. While EBITDA went up by 19.2% from EUR 108.7 million to EUR 129.6 million, EBIT rose by 39.3% from EUR 52.2 million to EUR 72.7 million. This, in turn, resulted in an increase of the EBITDA margin from 10.9% to 13.2% and of the EBIT margin from 5.2% to 7.4%, when comparing the previous quarter with the quarter under review.

As of September 30, 2012, the Steel Division had 10,591 employees (full-time equivalent). Compared to the previous year (10,571), this corresponds to a slight increase in staff by 0.2%; compared to the beginning of the business year (10,702), this represents a reduction of 1.0%.

Special Steel Division

In millions of euros	Q 1		Q 2		H 1		
	2011/12 04/01–06/30/2011	2012/13 04/01–06/30/2012	2011/12 07/01–09/30/2011	2012/13 07/01–09/30/2012	2011/12 04/01–09/30/2011	2012/13 04/01–09/30/2012	Change in %
Revenue	750.7	735.7	713.0	686.4	1,463.7	1,422.1	–2.8
EBITDA	120.6	104.9	97.1	90.6	217.7	195.5	–10.2
EBITDA margin	16.1%	14.3%	13.6%	13.2%	14.9%	13.7%	
EBIT	82.7	68.8	59.0	54.2	141.7	123.0	–13.2
EBIT margin	11.0%	9.3%	8.3%	7.9%	9.7%	8.6%	
Employees (full-time equivalent)	12,032	12,348	12,222	12,322	12,222	12,322	0.8

Market environment and business development

In the first six months of the business year, the performance of the Special Steel Division was satisfactory, even though in comparison with the first half of 2011/12, the level of demand was lower overall. On one hand, this was due to the strong momentum of a sustained inventory-building cycle during the previous year and on the other, to a weaker economic trend. In the early part of the current business year, demand in the most important sectors and—with the exception of Southern Europe—the major sales regions was still at a satisfactory level. During the second quarter, momentum slowed due to the customary seasonal fluctuations during the summer months. However, even after the summer, there was no economic uptick that normally occurs during the last months of the year. There was a sustained cooling of demand, especially from the European and South American automobile industry. This trend was even more noticeable in the commercial vehicle sector so that, as a result, capacity adjustments had to be made in selected production areas in Germany for the first time since 2008/09. Especially in Europe, the field of toolmaking, which is important for the High Performance Metals (tool steel) business unit, was weaker over the summer; more recently the order situation became more stable, albeit at a somewhat subdued level. Demand from the oil and gas segments and from the aerospace industry retained its strong momentum.

Viewed overall, up to the summer months, Europe's economic environment was at a relatively stable level, however, since July, unmistakable signs of an economic downturn have been apparent and, most recently, they have become even more evident. Now, for the first time, voestalpine's core market of Germany, which had defied the problems other European countries were having, has been showing declining momentum. Brazil has not been able to maintain the high growth of recent years and has been showing a broadly-based cooling of demand for some time. In the first six months of the business year 2012/13, North America, especially the USA, experienced comparatively solid demand in practically all market segments. However, it is difficult to make any reliable prognoses for the economy after the presidential election due to the extremely high levels of sovereign debt. Markets in Asia continue to grow, although the growth rate is lower than in recent years. Despite growing economic fears in China, we are still anticipating annual growth of 5% to 6% in the special steel and special alloy segments, although competition in these areas is expected to intensify.

Development of the key figures

In a year-to-year comparison, the Special Steel Division was not quite able to match the very good earnings of the previous year, although at EUR 1,422.1 million, the revenue was only slightly below last year's figure (EUR 1,463.7 million). Considering the loss of global economic momentum, the decline of 2.8% is relatively marginal. The operating result was not able to match the stability of the previous year, with EBITDA falling by 10.2% to EUR 195.5 million compared to EUR 217.7 million in the previous year. As a result, the EBITDA margin declined from 14.9% for the first six months of the previous business year to 13.7% for the first half of 2012/13.
The profit from operations (EBIT) dropped from EUR 141.7 million to EUR 123.0 million, a decrease of 13.2%. The EBIT margin came down accordingly from 9.7% in the first half of the business year 2011/12 to 8.6% in the first two quarters of the business year 2012/13.
The first half of the business year 2012/13 was marked by seasonal fluctuations during the summer months and the subsequent slowdown of the global economic momentum. As a result, the second quarter saw a downtrend in comparison to the first quarter both with regard to revenue and the individual reporting categories. Quarterly revenue declined by 6.7% going from EUR 735.7 million to EUR 686.4 million, which, in turn, resulted in a reduction in EBITDA from EUR 104.9 million in the first quarter to EUR 90.6 million in the second quarter of the current business year, a drop of 13.6%. The EBITDA margin experienced a dip from 14.3% in the first quarter to 13.2% in the second quarter of 2012/13.
Similarly, EBIT fell from EUR 68.8 million in the first quarter to EUR 54.2 million in the second quarter of 2012/13, a drop of 21.2%, thus resulting in a corresponding EBIT margin that went down from 9.3% to 7.9% in the quarter under review.
As of September 30, 2012, the Special Steel Division had 12,322 employees (full-time equivalent), a slight increase compared to the previous year (12,222 employees). This represents a marginal drop of 0.3% compared to the beginning of the business year (12,363).

Metal Engineering Division

In millions of euros	Q 1		Q 2		H 1		
	2011/12 04/01–06/30/2011	2012/13 04/01–06/30/2012	2011/12 07/01–09/30/2011	2012/13 07/01–09/30/2012	2011/12 04/01–09/30/2011	2012/13 04/01–09/30/2012	Change in %
Revenue	752.8	805.6	751.6	740.3	1,504.4	1,545.9	2.8
EBITDA	120.7	111.4	108.2	95.0	228.9	206.4	–9.8
EBITDA margin	16.0%	13.8%	14.4%	12.8%	15.2%	13.4%	
EBIT	92.2	83.8	79.7	67.2	171.9	151.0	–12.2
EBIT margin	12.2%	10.4%	10.6%	9.1%	11.4%	9.8%	
Employees (full-time equivalent)	11,165	11,291	11,289	11,426	11,289	11,426	1.2

Market environment and business development

In the Metal Engineering Division, business in the first six months of the current business year was marked by a favorable level of demand, albeit the individual business fields of this highly diversified division reported quite different trends. In addition to the market trends, the second quarter was impacted by a major blast furnace repair at the Donawitz location, which was completed on schedule.

The first half of the business year saw very satisfactory demand from the railway infrastructure sector, whereby the decline in rail and turnout investments in Europe was compensated by increased project activity in the emerging economies. The Rail Technology segment profited from the continuing strong demand for special rails, while the market for standard rails remained under a great deal of pressure.

The Turnout Technology business segment experienced brisk demand from mine operators in Brazil, South Africa, and Australia. In North America, the market trend also continued to be quite satisfactory, and in China, after a long phase of reduced investment activity, construction in the railway infrastructure segment picked up slightly. Construction of new turnout plants in Turkey (commissioning is currently underway) and Saudi Arabia (construction ongoing) is on schedule.

The trend in the Seamless Tube business segment continued to be marked by strong momentum in oil and gas exploration activity worldwide during the first half of the current business year as well. Even if activities in the second quarter of 2012/13 most recently slowed somewhat due to the low price of gas in North America, overall, the level of incoming orders continues to be very satisfactory. Since the spring of 2012, the trend in the Wire business segment has been somewhat more moderate than in the previous quarters. Particularly in the second quarter of 2012/13, demand dropped off not only for seasonal reasons, but also due to the downturn in the automobile industry. In the Welding Consumables segment, the trend was regionally differentiated. While demand in the growth regions of China and India tended to be subdued, primarily due to a lack of ongoing power plant projects, the market trend in Europe and North and South America was quite satisfactory.

Development of the key figures

The Metal Engineering Division is the only division in the voestalpine Group that increased its revenue in the first half of 2012/13 compared to the previous year. The increase by 2.8% from EUR 1,504.4 million to EUR 1,545.9 million is due primarily to the excellent performance of premium rails, which posted record sales figures; this increase is all the more remarkable as the input costs were significantly reduced during this period. As far as earnings are concerned, however, the division suffered declines as a result of the price level that is trending downward overall.

EBITDA fell by 9.8% from EUR 228.9 million in the first two quarters of the business year 2011/12 to EUR 206.4 million in the reporting period. The EBITDA margin remained at 13.4%, still an

excellent level although it could not match the previous year's EBITDA margin, which was 15.2%.
EBIT developed similarly at EUR 151.0 million for the first half of the business year, 12.2% below the previous year's figure of EUR 171.9 million, thus bringing the EBIT margin down from 11.4% in the previous year to 9.8% in the reporting period.
Comparing the quarter to the immediately preceding one, both revenue and earnings declined, primarily due to seasonal effects. Except for the Turnout Technology segment, the individual segments were not able to match the previous quarter's exceptional figures, with revenue dropping by 8.1% from EUR 805.6 million in the first quarter of 2012/13 to EUR 740.3 million in the quarter under review. The somewhat lower delivery volumes for rails, wire, and seamless tubes compared to the immediately preceding quarter—to some degree due to seasonal fluctuations—were the main reason why EBITDA declined from EUR 111.4 million to EUR 95.0 million, a drop of 14.7%. Therefore, at 12.8%, the EBITDA margin was slightly lower than the immediately preceding quarter's figure of 13.8%.
In a comparison with the immediately preceding quarter, EBIT fell by 19.8% from EUR 83.8 million in the first quarter to EUR 67.2 million in the second quarter of the current business year. This resulted in a decrease of the EBIT margin from 10.4% in the first quarter of the business year to 9.1% in the second quarter.
As of the end of September, 11,426 employees (full-time equivalent) were working in the Metal Engineering Division. This is an increase of 1.2% compared to the previous year's reporting date (11,289 employees), and 0.7% more than at the beginning of the business year (11,344 employees).

Metal Forming Division

In millions of euros	Q 1		Q 2		H 1		
	2011/12 04/01–06/30/2011	2012/13 04/01–06/30/2012	2011/12 07/01–09/30/2011	2012/13 07/01–09/30/2012	2011/12 04/01–09/30/2011	2012/13 04/01–09/30/2012	Change in %
Revenue	622.5	611.1	594.0	567.0	1,216.5	1,178.1	–3.2
EBITDA	82.3	68.5	57.3	57.7	139.6	126.2	–9.6
EBITDA margin	13.2%	11.2%	9.6%	10.2%	11.5%	10.7%	
EBIT	59.6	46.1	34.3	35.4	93.9	81.5	–13.2
EBIT margin	9.6%	7.5%	5.8%	6.2%	7.7%	6.9%	
Employees (full-time equivalent)	10,915	11,272	11,189	11,068	11,189	11,068	–1.1

Market environment and business development

The positive trend throughout the first half of 2012/13 in the Metal Forming Division, which was newly formed as of April 1, 2012 by merging the previous Profilform and Automotive Divisions, lost some momentum in the course of this period, with the Automotive Body Parts business unit being affected in the second quarter by the customary shutdowns by the European automobile manufacturers during the summer months. Overall, however, the trend after the summer months was not quite able to attain the exceptional momentum in demand experienced in the early part of the business year. Nevertheless, the level of incoming orders is enabling full capacity utilization at all the major facilities. The highly successful market development in the new production area of "phs-ultraform" (press-hardened steel based on a new technology) has been helpful in ensuring full capacity utilization. Therefore, despite the forecasts for declining automobile sales, the globalization of this product-process combination is being vigorously pursued. Fluctuations in the economy, no matter how long they last, will not change the powerful trend to increasingly high demands with respect to safety and environmental friendliness in modern automobile engineering, even in the long term.

In the Tubes & Sections business unit, the momentum varied according to the individual markets, however, overall, demand has slowed down considerably. While satisfactory demand continued in the aerospace industry and the agricultural machinery sector, the construction industry is still suffering from too few growth opportunities, primarily caused by the rollback in public sector investment spending throughout Europe. Orders from the commercial vehicle industry have also been adjusted downward. The energy segment, which in the Metal Forming Division is primarily the alternative energy segment, was also marked by a downward trend, not least because of declining government subsidies in a number of European countries.

The Precision Strip business unit received fewer incoming orders, especially in the important area of bimetal strip for the sawmill industry, and experienced a subdued business performance overall. The market environment in the Material Handling unit continues to be positive. The source of the stable level of demand in the high-bay warehouse systems segment is primarily the consumer goods sector (food and beverage industries, clothing, and mail-order businesses).

Viewed regionally, the European markets have demonstrated the most significant economic downturn, while the growth regions, especially China and Brazil, have shown stable trends in all of the business segments of the Metal Forming Division. All of the important market segments in North America report continuing satisfactory demand.

Development of the key figures

In the first six months of the current business year, the decrease in revenue compared to the same period of the previous year was relatively small, however, the decline of the operating result (EBITDA) was somewhat more substantial. Revenue amounting to EUR 1,178.1 million in the period under review equaled a drop of 3.2% compared to the previous year's figure of EUR 1,216.5 million. EBITDA fell by 9.6%, going from EUR 139.6 million to EUR 126.2 million, due to the deterioration of the market environment. Accordingly, the EBITDA margin also went down to 10.7% compared to 11.5% ín the previous year.

The profit from operations (EBIT) declined from EUR 93.9 million in the previous year to EUR 81.5 million, a decrease of 13.2%. The EBIT margin dropped accordingly, from 7.7% to 6.9%.

Comparing the second quarter 2012/13 with the immediately preceding quarter also shows a similar regressive trend. Revenue amounted to EUR 567.0 million in the second quarter, a decline by 7.2% compared to the figure of EUR 611.1 million in the first quarter of 2012/13. The comparison of the second quarter with the immediately preceding one reflects the seasonal fluctuations and the less favorable economic environment so that the decline in revenue during the first half-year is not surprising. EBITDA fell by 15.8%, going from EUR 68.5 million to EUR 57.7 million, with practically all of the business segments of the Metal Forming Division being affected. At 10.2%, the EBITDA margin is slightly below that of the immediately preceding quarter (11.2%).

EBIT dropped by EUR 46.1 million to EUR 35.4 million, a decline of 23.2%. Accordingly, the EBIT margin went from 7.5% in the first quarter to 6.2% in the second quarter of the first half-year.

As of September 30, 2012, the Metal Forming Division had 11,068 employees. Compared to the previous year, this corresponds to a slight reduction in staff by 1.1%. This represents a reduction of 2.6% over the beginning of the current business year.

Antitrust proceedings relative to railway superstructure material

In the antitrust proceedings relative to railway superstructure material, in early July, the German Federal Cartel Office (Bundeskartellamt) imposed fines totaling EUR 124.5 million on four manufacturers and suppliers of rails for having entered into anti-competitive agreements to the detriment of Deutsche Bahn AG. EUR 8.5 million of these fines were levied against companies belonging to the voestalpine Group. This means that the German Federal Cartel Office has thus confirmed voestalpine's status of cooperating witness for the major part of the proceedings and the comparatively small fine concerns marginal segments only. Therefore, the antitrust proceedings involving for the most part Deutsche Bahn have now been resolved. At a later date, the German Federal Cartel Office will examine the deliveries of railway superstructure material to regional and local customers. From today's perspective, it is still too early to estimate when a final decision regarding these additional issues can be expected.
The provisions created for the antitrust proceedings and associated actions and costs as well as for the closure of TSTG Schienen Technik GmbH & Co KG in the annual financial statements 2011/12 in the amount of EUR 205.0 million were reduced by the amount of EUR 8.5 million, the amount of the fine paid. The remaining provisions are still considered to be appropriate.

Closure of TSTG Schienen Technik GmbH & Co KG

After the decision to close the rail production of TSTG Schienen Technik GmbH & Co KG in Duisburg, management is involved in ongoing informational and advisory discussions with the Works Council. The final closure, which will take place in the course of the 2013 calendar year, depends on the execution of still remaining orders (regarding provisions formed for the closure, please see the chapter "Antitrust proceedings relative to railway superstructure material.").

Business transactions with associated companies or parties

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

Investments

After a phase of reduced investment activity that spanned several years following the major acquisition of BÖHLER-UDDEHOLM and the global financial and debt crisis, the voestalpine Group is planning to again significantly expand its investment activity, particularly in view of the fact that it has been increasingly regaining its former financial strength. Therefore, all four divisions have consistently increased their investment activity compared to the same period of the previous year, whereby the Metal Engineering Division reported the largest uptick, due in particular to a long-scheduled, major blast furnace repair. Overall, the investments in the first half of 2012/13 rose in comparison to the previous year's figure (EUR 227.4 million) by 32.4% to EUR 301.1 million.

At EUR 111.4 million, the investments of the Steel Division were 18.0% higher than the previous year's figure of EUR 94.4 million. A number of investments to replace legacy equipment were made in the first half of 2012/13. At the Linz site, the cranes both in the steel mill and in the hot rolling mill are being replaced, the pickling tandem link in the cold-rolling mill is being updated, and the electrolytic galvanizing line is getting a major overhaul. Major projects in connection with the blast furnaces are the replacement of the cowpers and the installation of a new coal injection system. In the Heavy Plate segment, the step-by-step construction of a new roll stand is on schedule.
While the "L6" investment program is in its end phase with the construction of the $DeNO_X$ system at the sintering band (start-up of operation in late 2012) and the completion of continuous annealing line 2, which is a EUR 150 million investment (start-up of operation in the business year

2013/14), the preparations for the follow-up project "Linz 2020" are in full swing. This project is focused on measures that are distinguished by outstanding cost-effectiveness on one hand, and on the other, by investments that serve to further our technology and quality leadership. In contrast to the "L6" program, the concept of the "Linz 2020" program is not based on the premise of another increase in volume at the Linz site.

In the first six months of the business year 2012/13, the investments of the Special Steel Division came to EUR 43.2 million and were thus 28.6% above last year's figure (EUR 33.6 million). In the current business year, the main focus is on an expansion of production capacity for powder-metallurgical steels at the Kapfenberg (Austria) site. Another focal point is on the comprehensive new concept for the steel plant in Wetzlar (Germany). Within the scope of a far-reaching four-year program, the steel plant will be calibrated step by step so that it is focused even more intensely on productivity and quality as well as environmental protection and occupational safety. Furthermore, the sales companies of the Special Steel Division will invest heavily in expansions and additions in the areas of pre-processing and processing. Thus, the sales organization will not only extend its value chain, but this will also enhance the effectiveness of its customer service.

With an increase of 92.0% from EUR 42.7 million to EUR 82.0 million, the Metal Engineering Division recorded the most marked increase of investment activity compared to the previous year. This is due primarily to the major blast furnace repair at the Donawitz site in Austria, which was completed on schedule in early October 2012 after renovation that lasted around three months. This means that the Metal Engineering Division's entire capacity for the production of pig iron is now available.

In the first six months of the business year 2012/13, the Metal Forming Division spent EUR 61.0 million for investments, an increase of 19.4% compared to the figure for the same period of the previous year (EUR 51.1 million). The Precision Strip segment's major investment in a new rolling and strip processing center in Kematen (Austria) is already in its second phase and is on schedule and within budget. In the Tubes & Sections segment, the construction of a facility for the production of special sections was begun near Shanghai (China); the start-up of production is scheduled for sometime in 2013/14. Internationalization is continuing in the Automotive Body Parts segment with the establishment of companies in the USA, China, and South Africa. In the first half of the business year, decisions were made with regard to sites and the initial investments are now being implemented.

Acquisitions

In the course of the business year 2012/13 thus far, there was only one moderately-sized acquisition by the Metal Engineering Division, which, however, was strategically important. voestalpine Austria Draht GmbH expanded its activities in wire processing by acquiring 54% of CPA Filament GmbH from the Austrian Steinklauber Group. A new facility for the production of ultra-high-tensile fine wire (up to 0.08 mm) will be erected jointly with the partner; it is scheduled to go into operation around the end of 2012.

Further expansion is planned in stages for the next several years. Both partners are contributing their special expertise to the collaboration: voestalpine has extensive materials technology expertise, experience in metallurgical technology, and can take advantage of synergy benefits from the proximity of its own steel plant in Donawitz and broad-based collaboration opportunities within the Group. The expertise of the Steinklauber Group as a plant manufacturer and technology leader is in the production of high-tensile fine wire and cord. By the time all expansion plans have been completed, the new company is expected to generate a revenue of about EUR 70 to 80 million.

Employees

Since the end of the business year 2011/12, employee numbers are expressed in terms of full-time equivalents (FTEs) in order to enable better comparisons within the respective time frame and/or with other companies.
As of September 30, 2012, the voestalpine Group had 46,115 employees (FTEs including apprentices, part-time employees, and temporary employees), an increase of 171 employees compared

to the previous year's reporting date (45,944) and a decrease of 358 employees compared to the beginning of the business year (46,473).
4,111 employees were employed as temporary staff, which corresponds to a slight decline compared to the same reporting date of the business year 2011/12 (4,343).
The number of apprentices being trained in the voestalpine Group worldwide was 1,590 as of September 30, 2012, which is practically unchanged compared to the previous year's reporting date (1,598).

Research and development

The sixth annual voestalpine Synergy Platform—a Group-wide conference for voestalpine employees from the research, development and innovation division that took place just a few weeks ago—examined the general topic "From Concept to Innovation." In addition to presentations about the latest developments and projects from the Group's innovation management, both in-house and external experts also took the opportunity to use the conference as a platform for discussion. Ultimately, this form of knowledge-transfer and the steady work on innovations, as well as the consistent accumulation of know-how engendered by this event, solidified and reinforced the Group's position as technology and quality leader.
Increasing investments in in-house research are facilitating the development of innovative products in an array of segments, such as the lightweight construction of automobiles, railway infrastructure, the energy sector, and environmental technology. The development of the "alform welding system"—a welding system for high tensile-strength steel—was recently unveiled to the general public as a project involving the entire Group. The system has already been successfully deployed for a range of customers in the mechanical engineering sector.
In the materials sector, the company is intensively advancing the development of multi-phase steels. AHSS HD steel (advanced high-strength steel/high ductility), used in automotive engineering, is able to achieve much greater strength over conventional steels, thanks to the markedly improved forming properties, even in cold forming processes. It is intended for use both in the phs-ultraform process (the future-oriented project in the area of hot stamped steel) and in the future, in strength-relevant zones on doors and hatches, especially in visible exterior skin panels and side-walls.
Through the continuing development of the production process for the EASI materials system (EASI = Energy Absorption, Safety, and Integrity) under the Metal Forming Division, the Group was able to bolster the crash performance properties of synthetic components used in automotive construction. EASI II components will no longer be manufactured in the press process on a polypropylene basis; rather, polyamides, which exhibit a higher level of temperature resistance, will be applied in the injection molding process. In a cross-comparison, these components displayed substantially improved performance in terms of energy absorption.
Another current focus of innovation in the Metal Forming Division is being placed on the development of renewable energy sources. Above all, the bundling of the corresponding R&D expertise from the former Profilform and Automotive Divisions is making a powerful contribution to a new focal point of innovation: "Photovoltaics and Solar Thermal Energy."

Environment

During the first half of 2012/13—as in the previous reporting periods—there were various issues that continued to be of key significance, from the viewpoint of the European steel industry, in the area of environmental reporting: the CO_2/post-Kyoto regime, LCA (Life Cycle Assessment), the EU REACH regulation (Registration, Evaluation, Authorization and Restriction of Chemicals), and the revision to the IPPC Directive (Integrated Pollution Prevention and Control Directive). For further information on these matters, please refer to the detailed discussion of these issues in prior publications (specifically the Annual Report 2011/12 and the Letter to Shareholders for the first quarter of 2012/13). Internally, the focus over the last half-year was placed on the areas of energy and raw materials efficiency, on the abatement of air and water emissions, and on waste prevention and recycling.
On June 20, 2012, voestalpine Schienen GmbH was bestowed the EMAS Award for the best Austrian environmental team, based on the unique commitment minimizing the environmental

impact of business operations as demonstrated by the employees and executive management. In the fall of 2012, the Steel Division initiated its comprehensive remediation of contaminated soils at the coking plant in Linz (Environmental Contamination Site Remediation Project 076, "Linz Coking Plant"), necessary due to the contamination caused by destruction of the coking plant during World War II. Due to the spatial expansion of the area, this remediation effort is being conducted in gradual steps and will extend over a period of at least ten years. The goal is to comprehensively clean up the last contaminated site at the Linz location without disruption to plant operations, and once the remediation work is complete, to use some of the decontaminated areas of the coking plant for future development projects. These plans deal with the largest contaminated soil remediation project in Austria. The total costs may run up to EUR 154 million and will be covered by the public sector for the most part.

In the Special Steel Division, the Kapfenberg site in Austria was able to achieve a substantial increase in energy efficiency and reduction of natural gas consumption—resulting in a marked abatement of CO_2 emissions—thanks to the installation of the new bogie hearth furnace with regenerative burner system. Process optimizations—such as shortened annealing times and higher annealing temperatures and the use of a regenerative burner—led to a considerable decline in power consumption at the Hagfors production site in Sweden. A new extraction system that also minimizes diffuse dust emissions was installed at Buderus Edelstahl in Wetzlar, Germany, in order to optimize air purification of the incineration area in the scrap yard at the steel plant.

In the Metal Engineering Division, the extensive structural renovation measures at the main site for turnout production in Zeltweg, Austria, not only led to improvements in energy technology, but also critical improvements in acoustic, fire safety, and heating technologies. At Böhler Schweißtechnik Deutschland GmbH, the use of an automated wire cleaning system for hard-drawn wires helped minimize both acid consumption as well as wastewater output, while it simultaneously enhanced quality. A new press control system at voestalpine Schweißtechnik Austria GmbH facilitates a reduction in scrap and waste quantities and thus represents a significant contribution to waste prevention. In the area of product development, when it comes to welding high-tensile strength steel, the Sweden-based Böhler Welding Group Nordic AB is turning to a new generation of electrodes that reduces the need for surface protection and thus minimizes environmental impact.

Current environmental projects in the Metal Forming Division are dealing with minimizing energy requirements at voestalpine Polynorm B.V. in the Netherlands by automating the lighting system and investing in a new, efficient injection molding system for voestalpine Polynorm Van Niftrik B.V. at its site in Putte, Netherlands, as well as new model calculations for the life cycle assessment of materials, focusing on recyclability.

Outlook

Apart from a short interruption in early 2012, for more than twelve months, the global economic expectations have known only one direction—downward. This situation did not change during the past summer months, and, as we stated in the last quarterly report, there is only one sobering conclusion: "… from the current perspective the economic expectations remain under pressure across the board." The probability of a trend reversal in the short term seems to be even less likely today than in the first half of the year, as the broad-based economic downward spiral has solidified.

The European economic situation continues to be dominated by the sovereign debt crisis in Southern Europe, whose effects are being increasingly felt by the economies in Western and Northern Europe, which had been relatively stable thus far. The expectations for 2013 with respect to China are swinging between a soft landing and—best-case scenario—a slight upturn. In the short term, no significant growth impulses can be expected from India and Brazil, and in the USA, the continued growth of sovereign debt is threatening to increasingly impair the economic recovery.

Nor can major growth impulses be expected in the next several months from the most important industries. The construction and construction supply industries are suffering from a sustained lack of incoming orders, not only in Europe, but also in countries such as China and Russia. The automobile industry's production expectations for 2013—with the exception of the USA—have been extensively scaled back. In the energy sector, many regions are increasingly seeing delays and postponements of projects both in the conventional and the alternative energy sectors. The white goods and electrical industries have also not seen any noticeable growth momentum, and, most recently, the mechanical engineering sector has also experienced dwindling orders.

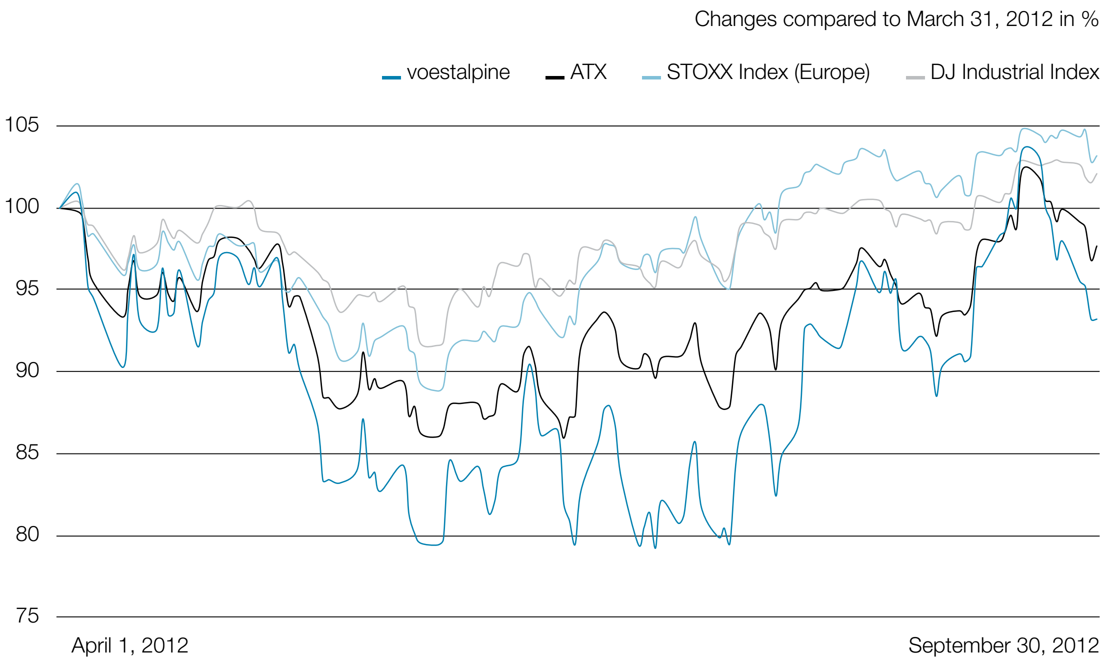
Against this backdrop, since the early part of the year, massive structural overcapacities, especially in the European flat steel sector, have been having more of an impact than in recent years. Capacity utilization in this sector is only at slightly above 70%, with the result that sustained, destructive price wars are having a devastating effect on the earnings of the individual companies. The way that the Steel Division of the voestalpine Group has consistently differentiated itself from the competition, both with regard to technology and quality, is enabling it to attain satisfactory earnings even in this environment. Due to its largely stable and full capacity utilization, this trend is not expected to change, apart from the seasonal effects in December and January.

The development of the voestalpine Group away from being a "classic" steel company to a leading European processing and technology corporation means consistently shifting the value chain to sophisticated niche sectors all the way through to our end customers; and this makes a comparatively stable and non-cyclical earnings situation possible, even in very difficult economic times. In the current business year thus far, two thirds of the Group's business volume is attributable to the Special Steel, Metal Engineering, and Metal Forming Divisions. This is not expected to change in the course of this business year.

With EBITDA of EUR 730 million and EBIT of EUR 441 million, the voestalpine Group is precisely within the scope of the *original* expectations for 2012/13 in this business year thus far, namely an operating result (EBITDA) of around EUR 1.5 billion and a profit from operations (EBIT) of about EUR 900 million. Considering the dramatically growing uncertainty in recent months with regard to a further deterioration of the economic environment, the Management Board—having alerted stakeholders in this respect in the last quarterly report—feels compelled to reduce the expectations for both EBITDA and EBIT by EUR 100 million each. Thus, from a present-day perspective, an EBITDA of approximately EUR 1.4 billion and an EBIT of around EUR 800 million can be assumed.

Investor relations

voestalpine AG vs. the ATX and international indices



Price development of the voestalpine share

The volatility on the international stock markets that has been typical for the "post-Lehman period" continued in 2012. This affects primarily the shares of those companies that are particularly sensitive to economic cycles. Even though processing activities now represent around two thirds of the revenue of the voestalpine Group and thus, short-term dependence on the economy has been dramatically reduced in the last ten years, the company is still perceived on the capital market as a "classic," cyclical steel producer.

Although the voestalpine share lost around 20% of its value in the first three months of the current business year as a result of the negative overall mood on the stock markets, subsequently, despite a deterioration of the global economic situation, the share performed significantly better, apparently due to the expectation of an economic trend reversal in the coming year. Around mid-September, the share even rose slightly above its price at the beginning of the business year, before the trend reversed again toward the end of the period under review.

The development of the ATX, STOXX Index (Europe), and DJ Industrial Index, but also the price of the voestalpine share, reflects the fears and hopes with regard to the general economic situation. Development of individual companies has long been eclipsed by macroeconomic trends. In this respect, the up-and-down movement on the capital markets continues to be determined by the still unsolved sovereign debt crisis in Europe which keeps the real economy on tenterhooks, particularly in Southern Europe, but increasingly in the other EU countries as well. Increasingly, economic data from China is being critically discussed and interpreted with regard to its global effects.

Against this backdrop, the price decline of the voestalpine share in the first half of 2012/13 from EUR 25.22 to EUR 23.29 represents a comparatively moderate loss of value of 7.7%.

Bonds

Hybrid bond (2007–2014)

Within the scope of financing the acquisition of the BÖHLER-UDDEHOLM Aktiengesellschaft, voestalpine AG issued a subordinated hybrid bond in October 2007 with an issue volume of EUR 1 billion and a coupon rate of 7.125%. The earliest possible call option by voestalpine AG is in October 2014. During its first two years, the hybrid bond traded consistently under its initial offering price due to the generally difficult financial and economic situation, reaching its lowest price at 75 (% of the face value) in the spring of 2009. Subsequently, the bond's price started to rise in early 2010. Since then it has continued its very positive development, closing at the end of the first half of 2012/13 at about 104 (% of the face value).

Corporate bond 1 (2009–2013)

In order to secure the Group's liquidity, in March 2009, voestalpine AG issued a corporate bond with a volume of EUR 400 million and a coupon rate of 8.75%. The bond will be redeemed in the spring of 2013. Demand for the bond was very strong right from the beginning and about one year after being issued, it reached a high of more than 114 (% of the face value). The price of the bond is trending downward as the time of repayment is approaching. At the end of September 2012, the price was at about 103 (% of the face value).

Corporate bond 2 (2011–2018)

In early February 2011, voestalpine AG successfully placed a seven-year bond issue on the capital market with a coupon rate of 4.75% and a volume of EUR 500 million. From the very beginning, demand on the part of investors was very strong, and this was manifested by the positive development of the price. Particularly in the 2012 calendar year, the price rose significantly. As of the end of the second quarter of 2012/13, the price of this corporate bond was at more than 108 (% of the face value).

Corporate bond 3 (2012–2018)

At the end of September 2012, voestalpine successfully placed another bond issue on the capital market with a volume of EUR 500 million and an interest rate of 4%. The bond was subscribed primarily by international investors, mainly from Germany, Switzerland, and the UK. The order book totaled EUR 1.7 billion and included 270 investors. Issue of the bond and the start of official trading was on October 2012 on the Luxembourg Stock Exchange.

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

- Baader Bank AG, Munich
- Bank of America/Merrill Lynch, London
- Barclays Capital, London
- BHF-BANK, Frankfurt
- Citigroup, London
- Commerzbank, Frankfurt
- Credit Suisse, London
- Davy, Dublin
- Deutsche Bank, London
- Erste Bank, Vienna
- Exane BNP Paribas, Paris
- Goldman Sachs, London
- HSBC, London
- Jefferies, London
- JP Morgan, London
- Kepler, Frankfurt
- MainFirst, Frankfurt
- Morgan Stanley, London
- Nomura, London
- Raiffeisen Centrobank, Vienna
- Steubing, Frankfurt
- UBS, London.

Share information

Share capital as of September 30, 2012	EUR 307,132,044.75 divided into 169,049,163 no-par value shares
Shares in proprietary possession as of September 30, 2012	146,368 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 2012 to September 2012	EUR 26.10
Share price low April 2012 to September 2012	EUR 19.98
Share price as of September 30, 2012	EUR 23.29
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, 2012*	EUR 3,933,746,095.55

* Based on total number of shares minus repurchased shares.

Business year 2011/12

Earnings per share	EUR 1.98
Dividend per share	EUR 0.80
Book value per share	EUR 28.24

Financial calendar 2013

Letter to shareholders for the third quarter of 2012/13	February 7, 2013
Annual Report 2012/13	June 5, 2013
Annual General Shareholders' Meeting	July 3, 2013
Ex-dividend date	July 8, 2013
Dividend payment date	July 15, 2013
Letter to shareholders for the first quarter of 2013/14	August 7, 2013
Letter to shareholders for the second quarter of 2013/14	November 6, 2013

voestalpine AG

Financial data as of 09/30/2012

In accordance with International Financial Reporting Standards (IFRS)

Consolidated statement of financial position

Assets

	03/31/2012	09/30/2012
A. Non-current assets		
Property, plant and equipment	4,378.3	4,394.1
Goodwill	1,421.2	1,422.0
Other intangible assets	322.0	303.9
Investments in associates	149.4	146.5
Other financial assets	160.5	171.4
Deferred tax assets	369.8	353.2
	6,801.2	**6,791.1**
B. Current assets		
Inventories	2,952.7	3,052.0
Trade and other receivables	1,774.4	1,710.2
Other financial assets	406.6	415.0
Cash and cash equivalents	677.2	616.7
	5,810.9	**5,793.9**
Total assets	**12,612.1**	**12,585.0**

In millions of euros

Equity and liabilities

	03/31/2012	09/30/2012
A. Equity		
Share capital	307.1	307.1
Capital reserves	405.7	401.4
Hybrid capital	992.1	992.1
Retained earnings and other reserves	3,061.0	3,112.9
Equity attributable to equity holders of the parent	**4,765.9**	**4,813.5**
Non-controlling interests	70.4	71.7
	4,836.3	**4,885.2**
B. Non-current liabilities		
Pensions and other employee obligations	852.9	856.4
Provisions	131.3	128.4
Deferred tax liabilities	204.0	213.5
Financial liabilities	1,970.6	1,607.8
	3,158.8	**2,806.1**
C. Current liabilities		
Provisions	631.1	566.8
Tax liabilities	78.8	63.2
Financial liabilities	1,799.2	2,137.5
Trade and other payables	2,107.9	2,126.2
	4,617.0	**4,893.7**
Total equity and liabilities	**12,612.1**	**12,585.0**

In millions of euros

Consolidated statement of cash flows

	04/01–09/30/2011	04/01–09/30/2012
Operating activities		
Profit for the period	346.1	269.5
Adjustments	271.8	311.9
Changes in working capital	–450.2	22.8
Cash flows from operating activities	**167.7**	**604.2**
Cash flows from investing activities	**–231.5**	**–470.9**
Cash flows from financing activities	**–537.8**	**–192.7**
Net decrease/increase in cash and cash equivalents	**–601.6**	**–59.4**
Cash and cash equivalents, beginning of period	1,233.4	677.2
Net exchange differences	–7.7	–1.1
Cash and cash equivalents, end of period	**624.1**	**616.7**

In millions of euros

Consolidated income statement

	04/01–09/30/2011	04/01–09/30/2012	07/01–09/30/2011	07/01–09/30/2012
Revenue	5,977.7	5,932.8	2,926.2	2,882.2
Cost of sales	–4,697.6	-4,730.8	–2,334.5	–2,298.6
Gross profit	**1,280.1**	**1,202.0**	**591.7**	**583.6**
Other operating income	168.0	144.2	86.3	60.6
Distribution costs	–475.6	–488.5	–230.2	–238.8
Administrative expenses	–293.4	–291.0	–145.2	–140.5
Other operating expenses	–147.7	–126.0	–88.8	–54.9
EBIT	**531.4**	**440.7**	**213.8**	**210.0**
Share of profit of associates	10.9	8.6	5.4	3.5
Finance income	50.2	35.9	26.9	15.5
Finance costs	–149.2	–137.4	–74.6	–66.4
Profit before tax (EBT)	**443.3**	**347.8**	**171.5**	**162.7**
Income tax expense	–97.2	–78.3	–35.0	–38.1
Profit for the period	**346.1**	**269.5**	**136.5**	**124.6**
Attributable to:				
Equity holders of the parent	306.5	230.0	116.6	104.8
Non-controlling interests	3.6	3.5	1.9	1.8
Share planned for hybrid capital owners	36.0	36.0	18.0	18.0
Diluted and basic earnings per share (euros)	**1.82**	**1.36**	**0.69**	**0.62**

In millions of euros

Statement of comprehensive income

	04/01–09/30/2011	04/01–09/30/2012	07/01–09/30/2011	07/01–09/30/2012
Profit for the period	**346.1**	**269.5**	**136.5**	**124.6**
Other comprehensive income				
Hedge accounting	13.3	–8.0	15.0	–7.9
Currency translation	–24.0	–1.8	–22.0	–5.5
Other comprehensive income for the period, net of income tax	**–10.7**	**–9.8**	**–7.0**	**–13.4**
Total comprehensive income for the period	**335.4**	**259.7**	**129.5**	**111.2**
Attributable to:				
Equity holders of the parent	295.8	220.2	109.2	91.8
Non-controlling interests	3.6	3.5	2.3	1.4
Share planned for hybrid capital owners	36.0	36.0	18.0	18.0
Total comprehensive income for the period	**335.4**	**259.7**	**129.5**	**111.2**

In millions of euros

Consolidated statement of changes in equity

	H 1 2011/12			H 1 2012/13		
	Group	**Non-controlling interests**	**Total**	**Group**	**Non-controlling interests**	**Total**
Equity as of April 1	**4,617.8**	**73.3**	**4,691.1**	**4,765.9**	**70.4**	**4,836.3**
Total comprehensive income for the period	331.8	3.6	335.4	256.2	3.5	259.7
Dividends to shareholders	–135.0	–9.4	–144.4	–135.1	–7.3	–142.4
Own shares acquired/disposed	5.6	–	5.6	3.7	–	3.7
Dividends to hybrid capital owners	–65.2	–	–65.2	–65.2	–	–65.2
Stock options	–15.5	–0.2	–15.7	–	–	–
Other changes	–38.3	2.7	–35.6	–12.0	5.1	–6.9
Equity as of September 30	**4,701.2**	**70.0**	**4,771.2**	**4,813.5**	**71.7**	**4,885.2**

In millions of euros

Notes

These interim consolidated financial statements of voestalpine AG as of September 30, 2012 for the first half of the business year 2012/13 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 2011/12 with the following exception: the revised version of the IFRS 7 (2010) "Financial Instruments: Disclosures – Transfers of Financial Assets" is being applied for the first time. The amendments do not have a significant impact on the interim consolidated financial statements. Further information on the principles of preparation is provided in the consolidated financial statements as of March 31, 2012, on which these interim consolidated financial statements are based.

As of April 1, 2012, the Automotive Division and Profilform Division were merged to create the Metal Forming Division. The preceding year's comparative figures were adjusted accordingly.

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

Unless otherwise stated, comparative information relates to the first half of the business year 2011/12 (reporting date: September 30, 2011).

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

Scope of consolidated financial statements/acquisitions

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

	Full consolidation	Proportionate consolidation	Equity method
As of April 1, 2012	**278**	**2**	**12**
Acquisitions	1		
Change in consolidation method			
Additions	2		
Disposals			
Reorganizations	–3		
Divestments or disposals	–1		
As of September 30, 2012	**277**	**2**	**12**
Of which foreign companies	220	0	5

Notes on the consolidated statement of financial position

Investments amounting to EUR 301.1 million exceeded depreciations that amounted to EUR 289.1 million in the first half of the business year 2012/13. Non-current assets have decreased from EUR 6,801.2 million to EUR 6,791.1 million mainly caused by a decline in deferred tax assets in the first half of the business year 2012/13. Inventories have increased by EUR 99.3 million in comparison to March 31, 2012 due primarily to increasing volumes. Cash and cash equivalents accrued from current operating activities and through new loans on the one hand, and on the other hand, they have decreased from EUR 677.2 million to EUR 616.7 million due to loan repayments and dividend distribution to shareholders.

As of September 30, 2012, voestalpine AG's share capital amounted to EUR 307,132,044.75 (169,049,163 shares). The Company held 146,368 of its own shares as of the reporting date. In the first half of the business year 2012/13, the Company sold 153,360 of its own shares.

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

Profit for the period amounting to EUR 269.5 million has contributed to the increase in equity. For the business year 2011/12, a dividend per share of EUR 0.80 was decided upon at the Annual General Meeting on July 4, 2012. Therefore, voestalpine AG distributed dividends amounting to EUR 135.1 million to its shareholders during the current business year. Interest for hybrid capital amounting to EUR 65.2 million (distributed on October 31, 2012) was also deducted from equity in the form of a dividend.

Non-current loans developed according to our redemption schedule and non-current financial liabilities therefore declined to EUR 1,607.8 million.

Notes on the consolidated income statement

Revenue for the period from April 1 to September 30, 2012 totaled EUR 5,932.8 million, remaining approximately constant compared to the same period of the preceding year (EUR 5,977.7 million). EBIT reached EUR 440.7 million for the same period compared to EUR 531.4 million for the first six months of the business year 2011/12. EBIT equaled EUR 210.0 million for the second quarter of 2012/13, compared to EUR 213.8 million for the second quarter of 2011/12. After consideration of the financial result and taxes, profit for the period amounted to EUR 269.5 million compared to EUR 346.1 million for the first half of the preceding year.

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

	04/01–09/30/2011	04/01–09/30/2012
Profit attributable to equity holders of the parent (in millions of euros)	306.5	230.0
Weighted average number of issued ordinary shares (millions)	168.7	168.8
Diluted and basic (undiluted) earnings per share (euros)	**1.82**	**1.36**

Operating segments

The following tables contain information on the operating segments of the voestalpine Group for the first half of the business year 2012/13 and business year 2011/12, respectively[1]:

First half of 2012/13

	Steel Division 04/01–09/30/2012	**Special Steel Division** 04/01–09/30/2012
Segment revenue	1,979.6	1,422.1
of which revenue with third parties	1,846.5	1,395.0
of which revenue with other segments	133.1	27.1
EBITDA	238.3	195.5
EBIT	124.9	123.0
EBIT margin	6.3%	8.6%
Segment assets	3,719.0	3,919.3
Employees (full-time equivalent)	10,591	12,322

First half of 2011/12

	Steel Division 04/01–09/30/2011	**Special Steel Division** 04/01–09/30/2011
Segment revenue	2,016.4	1,463.7
of which revenue with third parties	1,862.6	1,429.8
of which revenue with other segments	153.8	33.9
EBITDA	272.0	217.7
EBIT	161.1	141.7
EBIT margin	8.0%	9.7%
Segment assets	3,803.2	4,043.9
Employees (full-time equivalent)	10,571	12,222

[1] As of April 1, 2012, the Automotive Division and Profilform Division were merged to create the Metal Forming Division. The preceding year's comparative figures were adjusted accordingly. Furthermore, the Railway Systems Division was renamed Metal Engineering Division as of April 1, 2012.

	Metal Engineering Division 04/01–09/30/2012	Metal Forming Division 04/01–09/30/2012	Other 04/01–09/30/2012	Reconciliation 04/01–09/30/2012	Total Goup 04/01–09/30/2012
	1,545.9	1,178.1	785.5	–978.4	5,932.8
	1,527.2	1,162.1	2.0	0.0	5,932.8
	18.7	16.0	783.5	–978.4	0.0
	206.4	126.2	–37.1	0.5	729.8
	151.0	81.5	–40.3	0.6	440.7
	9.8%	6.9%			7.4%
	2,525.7	1,906.1	9,508.9	–8,994.0	12,585.0
	11,426	11,068	708	0	46,115

In millions of euros

	Metal Engineering Division 04/01–09/30/2011	Metal Forming Division 04/01–09/30/2011	Other 04/01–09/30/2011	Reconciliation 04/01–09/30/2011	Total Goup 04/01–09/30/2011
	1,504.4	1,216.5	937.4	–1,160.7	5,977.7
	1,483.7	1,199.2	2.4	0.0	5,977.7
	20.7	17.3	935.0	–1,160.7	0.0
	228.9	139.6	–35.2	1.2	824.2
	171.9	93.9	–38.3	1.1	531.4
	11.4%	7.7%			8.9%
	2,543.3	1,949.1	9,097.4	–8,622.4	12,814.5
	11,289	11,189	673	0	45,944

In millions of euros

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

EBITDA

	04/01–09/30/2011	04/01–09/30/2012
Net exchange differences incl. result from valuation of derivatives	–0.9	1.6
Value adjustments for receivables/debt waiver	0.2	0.1
Consolidation	1.8	–1.5
Other	0.1	0.3
EBITDA – Total reconciliation	**1.2**	**0.5**

In millions of euros

EBIT

	04/01–09/30/2011	04/01–09/30/2012
Net exchange differences incl. result from valuation of derivatives	–0.9	1.6
Value adjustments for receivables/debt waiver	0.2	0.1
Consolidation	1.8	–1.5
Other	0.0	0.4
EBIT – Total reconciliation	**1.1**	**0.6**

In millions of euros

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

Notes on the consolidated statement of cash flows

The lower operating result led to a decrease in cash flow before capital changes from EUR 617.9 million to EUR 581.4 million. Taking the change in working capital into consideration, cash flows from operating activities amounted to EUR 604.2 million in comparison to EUR 167.7 million in the first half of the preceding year; this represents a significant increase. After the deduction of EUR 470.9 million in cash flows from investing activities and taking into account cash flows from financing activities amounting to EUR –192.7 million (mainly dividends), the resulting change in cash and cash equivalents (without net exchange differences) amounts to EUR –59.4 million.

Seasonality and cyclicality

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

Business transactions with associated companies or parties

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

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

Antitrust proceedings relative to railway superstructure material

In the antitrust proceedings relative to railway superstructure material, in early July, the German Federal Cartel Office (Bundeskartellamt) imposed fines totaling EUR 124.5 million on four manufacturers and suppliers of rails for having entered into anti-competitive agreements to the detriment of Deutsche Bahn AG. EUR 8.5 million of these fines were levied against companies belonging to the voestalpine Group. This means that the German Federal Cartel Office has thus confirmed voestalpine's status of cooperating witness for the major part of the proceedings and the comparatively small fine concerns marginal segments only. Thus, these proceedings involving for the most part Deutsche Bahn have been resolved. At a later date, the German Federal Cartel Office will examine the deliveries of railway superstructure material to regional and local customers. From today's perspective, it is still too early to estimate when we can count on a final decision regarding these additional issues. The provisions created for the antitrust proceedings and associated actions and costs as well as for the closure of TSTG Schienen Technik GmbH & Co KG (see also explanatory remarks in the Interim Management Report) in the annual financial statements 2011/12 in the amount of EUR 205.0 million were reduced by the amount of EUR 8.5 million, the amount of the fine paid. The remaining provisions are still considered to be appropriate.

Please note that we are invoking the safeguard clause 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

As of the end of September 2012, voestalpine successfully placed a bond issue on the capital market with a volume of EUR 500.0 million and an interest rate of 4.0%. The bond was subscribed primarily by international investors, mainly from Germany, Switzerland, and the UK. The order book totaled EUR 1.7 billion and included 270 different investors. Issue of the bond and the start of official trading was on October 5, 2012 on the Luxembourg Stock Exchange.

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

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

Linz, November 6, 2012

The Management Board

Wolfgang Eder	Herbert Eibensteiner	Franz Kainersdorfer	Robert Ottel	Franz Rotter
Chairman of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board	Member of the Management Board

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