Annual Report 2013/14

voestalpine
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Development of the Key Figures

In millions of euros	2009/10	2010/11	2011/12	2012/13[1]	2013/14
Revenue	8,550.0	10,953.7	12,058.2	11,524.4	11,228.0
EBITDA	1,004.3	1,605.6	1,301.9	1,431.3	1,382.7
EBITDA margin	11.7%	14.7%	10.8%	12.4%	12.3%
EBIT	352.0	984.8	704.2	843.1	792.3
EBIT margin	4.1%	9.0%	5.8%	7.3%	7.1%
Profit before tax (EBT)	183.3	781.0	504.4	654.7	656.0
Profit for the period[2]	186.8	594.6	413.3	521.9	522.9
EPS – Earnings per share (euros)	0.65	3.04	1.98	2.61	2.60
Total assets	12,294.1	13,076.4	12,612.1	13,079.3	12,637.5
Cash flows from operating activities	1,606.1	957.6	856.5	1,321.9	917.0
Investments in tangible and intangible assets and interests	542.5	422.7	574.6	851.5	943.9
Depreciation	652.3	620.8	597.7	588.2	590.4
Equity	4,262.4	4,691.1	4,836.3	5,075.3	5,261.0
Net financial debt	3,037.3	2,713.1	2,585.7	2,259.2	2,407.1
Net financial debt in % of equity (gearing)	71.3%	57.8%	53.5%	44.5%	45.8%
Return on capital employed (ROCE)	4.4%	12.4%	8.6%	10.4%	9.6%
Market capitalization, end of period	5,043.3	5,585.1	4,255.0	4,128.8	5,501.1
Number of outstanding shares as of March 31	168,390,878	168,581,289	168,749,435	172,358,534	172,420,566
Share price, end of period (euros)	29.95	33.13	25.22	23.96	31.91
Dividend per share (euros)	0.50	0.80	0.80	0.90	0.95[3]
Employees (full-time equivalent), end of period	42,021	45,260	46,473	46,351	48,113

[1] Business year 2012/13 retroactively adjusted in accordance with IAS 19 (revised).
[2] Before deduction of non-controlling interests and interest on hybrid capital.
[3] As proposed to the Annual General Shareholders' Meeting.

Overview of the Key Figures

voestalpine Group

In millions of euros	2012/13[1]	2013/14	Change in %
Revenue	11,524.4	11,228.0	–2.6
EBITDA	1,431.3	1,382.7	–3.4
EBITDA margin	12.4%	12.3%	
EBIT	843.1	792.3	–6.0
EBIT margin	7.3%	7.1%	
Employees (full-time equivalent)	46,351	48,113	3.8

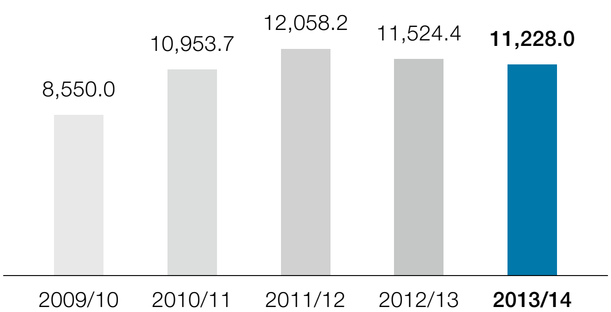
[1] Business year 2012/13 retroactively adjusted in accordance with IAS 19 (revised).

voestalpine Divisions

In millions of euros	Steel	Special Steel	Metal Engineering	Metal Forming
Revenue	3,809.7	2,627.9	2,830.7	2,356.9
EBIT	160.0	224.4	317.2	182.3
EBIT margin	4.2%	8.5%	11.2%	7.7%
Employees (full-time equivalent)	11,192	12,885	11,845	11,416

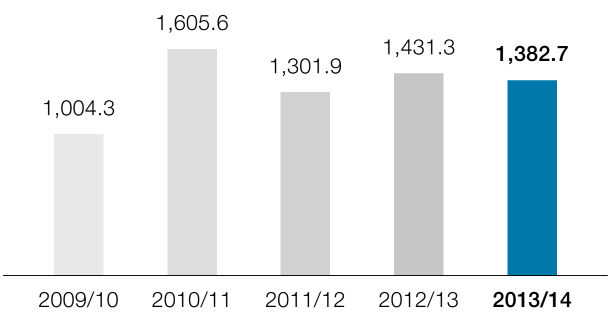
Revenue

In millions of euros



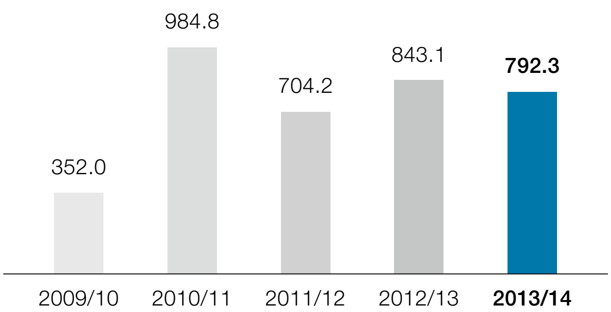
EBITDA

In millions of euros



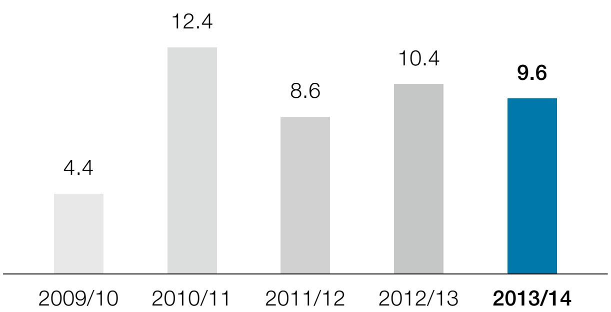
EBIT

In millions of euros



ROCE Return on capital employed

in %



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of our current Annual Report
on our website
www.voestalpine.com

Highlights

- Global economy continues to be challenging throughout most of the business year 2013/14: in Europe, stagnation at a low level in most industrial segments; volatile development in North America; low growth rates in South America; China back on a trajectory of growth after a contraction in the spring of 2013

- Considerably more positive mood since the early part of 2014; increasingly optimistic forecasts for the major economic regions

- In a year-to-year comparison, Group's revenue drops by 2.6% from EUR 11,524.4 million to EUR 11,228.0 million due to falling raw materials prices and somewhat deflationary price trends

- In a year-to-year comparison, Group's operating result (EBITDA) down by 3.4% to EUR 1,382.7 million (previous year: EUR 1,431.3 million); at EUR 792.3 million, profit from operations (EBIT) 6.0% below the previous year's level (EUR 843.1 million)

- Profit before tax (EUR 656.0 million) and profit for the period (EUR 522.9 million) slightly up compared to the previous year

- Structure of statement of financial position stable despite almost EUR 1 billion in investments in an economically difficult environment: at 45.8%, gearing ratio (net financial debt in percent of equity) as of March 31, 2014 largely unchanged in comparison to the previous year (44.5% as of March 31, 2013)

- Launch of Group-wide efficiency improvement and cost optimization program expected to save EUR 900 million over the next three business years

- Financial performance of the Metal Engineering Division stable at a very high level; Special Steel Division improves slightly; two-digit growth rates in the Metal Forming Division confirm that strategic policy of focusing on the combination of materials development and processing was the right step to take

- Due to continuing weakness in the oil and natural gas industries (pipeline construction), results in Steel Division significantly reduced

- Group's largest foreign investment, a EUR 550 million HBI plant in Corpus Christi, Texas, on schedule and precisely within the budget

- Dividend proposed to the Annual General Shareholders' Meeting: EUR 0.95 per share, 5.6% increase compared to the previous year (EUR 0.90 per share)

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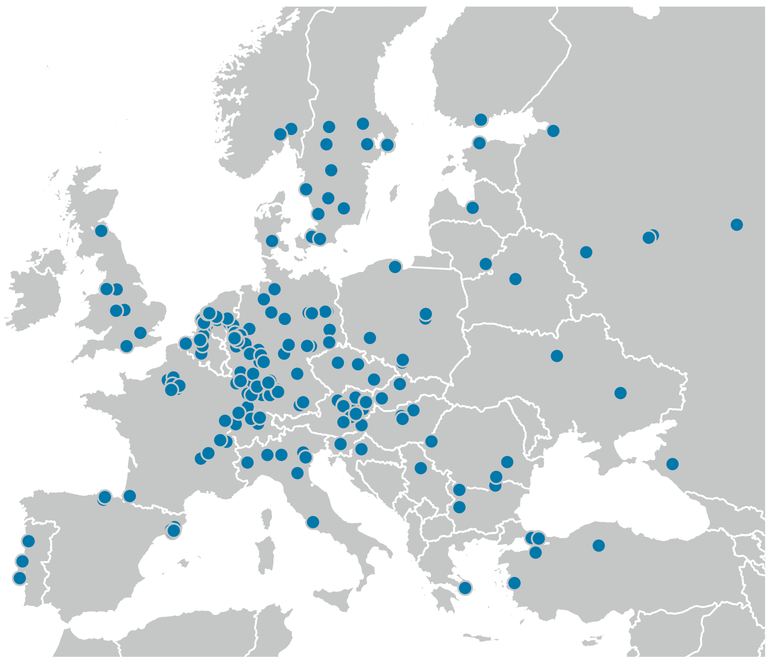
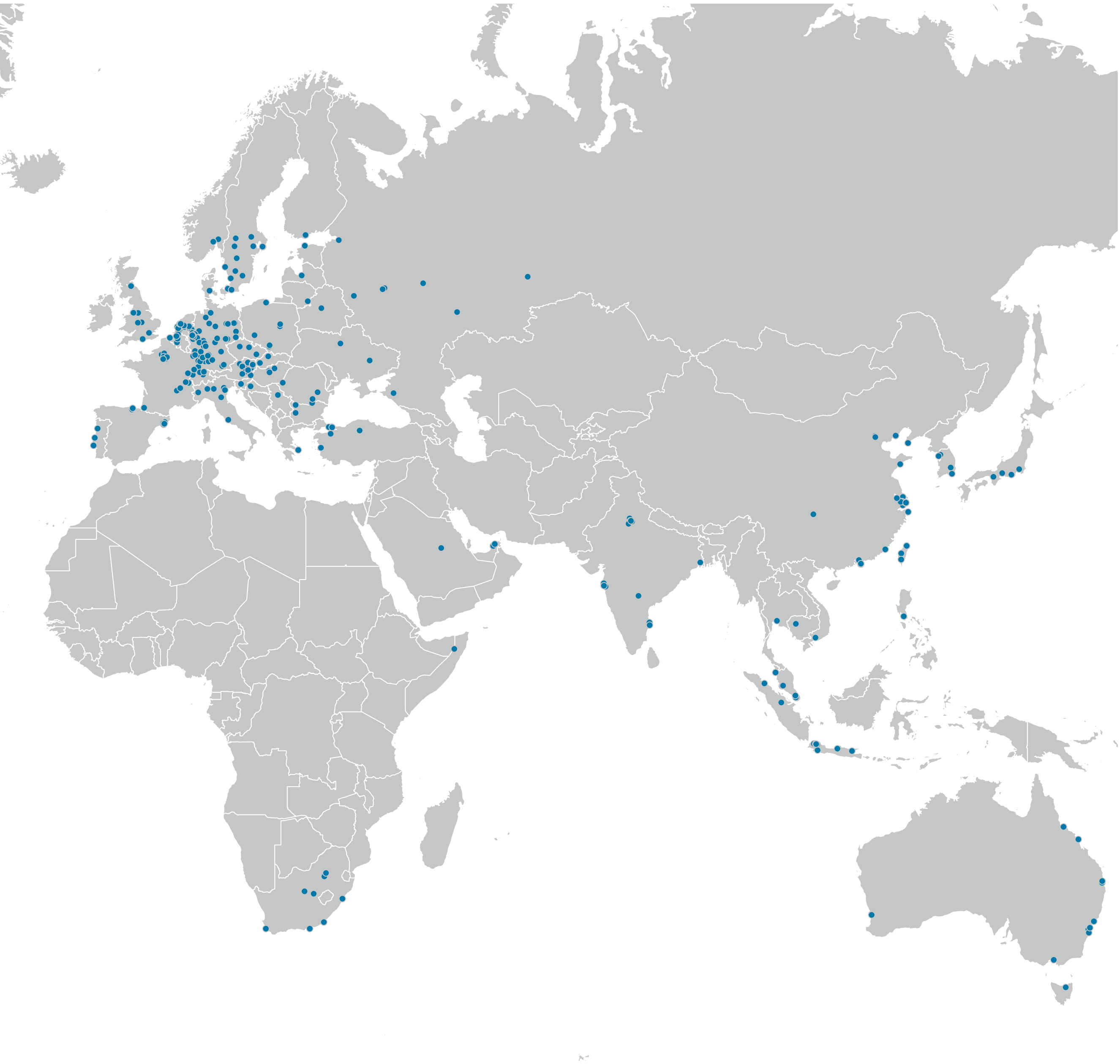
voestalpine Group – Global presence





Present in more than 50 countries as global leader in the manufacturing, processing, and development of sophisticated steel products, particularly for technology-intensive sectors, such as the automotive, railway, aerospace, and energy industries. In 500 Group companies and locations in more than 50 countries and on all 5 continents. With revenue of EUR 11.2 billion in the business year 2013/14 and an operating result (EBITDA) of EUR 1.4 billion.

Overview of the voestalpine Group

The voestalpine Group is divided into four divisions. Their product portfolios make them leading providers in Europe and worldwide.

Steel Division

Worldwide quality leadership
Global quality leadership in highest quality steel strip and global market leader in heavy plate for the most sophisticated applications as well as casings for large turbines.

33%
of Group revenue

Revenue (in millions of euros)	3,809.7
EBIT (in millions of euros)	160.0
EBIT margin	4.2%
Employees (full-time equivalent)	11,192

The voestalpine Steel Division is a strategic partner for Europe's well-known automobile manufacturers and major automotive suppliers. Additionally, it is one of the largest suppliers to the European consumer goods and white goods industries as well as to the mechanical engineering sector. voestalpine produces heavy plate for the energy sector that is used under extreme conditions in the oil and gas industries, for example, for deep-sea pipelines or in the permafrost regions of the world. Furthermore, the division is a global leader in the casting of large turbine casings.

Special Steel Division

Global leadership
Worldwide leadership in tool steel; leading position in high-speed steel and special forgings.

23%
of Group revenue

Revenue (in millions of euros)	2,627.9
EBIT (in millions of euros)	224.4
EBIT margin	8.5%
Employees (full-time equivalent)	12,885

The voestalpine Special Steel Division is the leading global manufacturer of high performance metals, which have specially developed material properties with regard to high resistance to wear, polishability, and toughness. Customers for these materials are the automotive and consumer goods industries in the segment of tool steel applications as well as the power plant construction industry and the oil and gas industries in the segment of special components. The division is also a leading supplier of forgings for the aviation and power generation industries.

Metal Engineering Division

Global leadership
Worldwide market leader in turnout technology; European market leader in rails and specially treated wire; and leading position in seamless tubes for special applications and high quality welding consumables.

24%
of Group revenue

Revenue (in millions of euros)	2,830.7
EBIT (in millions of euros)	317.2
EBIT margin	11.2%
Employees (full-time equivalent)	11,845

The voestalpine Metal Engineering Division has developed a leading position on the global railway market with its ultra long, head-hardened HSH© rails with a length of up to 120 meters. Furthermore, the division is the largest global provider of highly developed turnout systems as well as track-based monitoring systems for all railway applications. The division also has a leading market position in the specially treated wire segment, for sophisticated seamless tubes for the oil and gas industries worldwide, and high quality welding consumables.

Metal Forming Division

Global leadership
Leading global provider of high-quality metal processing solutions in the segments of special sections, precision strip steel, and special components for the automotive and aviation industries.

20%
of Group revenue

Revenue (in millions of euros)	2,356.9
EBIT (in millions of euros)	182.3
EBIT margin	7.7%
Employees (full-time equivalent)	11,416

The voestalpine Metal Forming Division is a leading global provider of customer-specific special and precision sections as well as solutions for section systems in the construction, cab construction for commercial vehicles, and aviation sectors. The division supplies the automobile industry with both sophisticated body skin pressed parts and highly innovative structural parts and safety components. The division also produces cold-rolled, special, and precision thin strips and provides one-stop solutions in the segment of high-bay warehousing systems.

The Supervisory Board of voestalpine AG

Dr. Joachim Lemppenau
Chairman of the Supervisory Board (since July 1, 2004)
Initial appointment: July 7, 1999
Former Chairman of the Management Board of Volksfürsorge Versicherungsgruppe, Hamburg

Dr. Heinrich Schaller (since July 4, 2012)
Deputy Chairman of the Supervisory Board (since July 4, 2012)
Initial appointment: July 4, 2012
CEO of Raiffeisenlandesbank Oberösterreich AG, Linz

KR Dr. Franz Gasselsberger, MBA
Member of the Supervisory Board
Initial appointment: July 1, 2004
CEO of Oberbank AG, Linz

Dr. Hans-Peter Hagen
Member of the Supervisory Board
Initial appointment: July 4, 2007
CEO of VIENNA INSURANCE GROUP AG
Wiener Versicherung Gruppe, Vienna

Dr. Josef Krenner
Member of the Supervisory Board
Initial appointment: July 1, 2004
Head of the Directorate of Finance of the Federal State of Upper Austria, Linz

Dr. Michael Kutschera MCJ. (NYU)
Member of the Supervisory Board
Initial appointment: July 1, 2004
Attorney at law; partner with Binder Grösswang Rechtsanwälte GmbH, Vienna

Mag. Dr. Josef Peischer
Member of the Supervisory Board
Initial appointment: July 1, 2004
Former Director of the Chamber of Workers and Employees for Upper Austria, Linz

Dipl.-Ing. Dr. Michael Schwarzkopf
Member of the Supervisory Board
Initial appointment: July 1, 2004
CEO of Plansee Holding AG, Reutte

Appointed by the Works Council:

Josef Gritz
Member of the Supervisory Board
Initial appointment: January 1, 2000
Chairman of the Works Council for Wage Earners of voestalpine Stahl Donawitz GmbH & Co KG, Donawitz

Brigitta Rabler (as of May 1, 2013)
Member of the Supervisory Board
Initial appointment: May 1, 2013
Chairwoman of the Works Council for Salaried Employees of voestalpine AG, Linz

Johann Heiligenbrunner (until April 30, 2013)
Member of the Supervisory Board
Initial appointment: March 24, 2000
Chairman of the Works Council for Salaried Employees of voestalpine AG, Linz

Gerhard Scheidreiter
Member of the Supervisory Board
Initial appointment: January 1, 2012
Chairman of the Works Council for Wage Earners of BÖHLER Edelstahl GmbH & Co KG, Kapfenberg

Hans-Karl Schaller
Member of the Supervisory Board
Initial appointment: September 1, 2005
Chairman of the Group Works Council of voestalpine AG, Linz
Chairman of the European Works Council of voestalpine AG, Linz

The Management Board of voestalpine AG

Mag. Dipl.-Ing. Robert Ottel, MBA
Born 1967
Member of the Management Board since 2004
CFO
Assigned areas of responsibility:
Corporate Accounting and Reporting; Controlling, including Investment Controlling; Group Treasury; Taxes; Management Information Systems; Risk Management

Dipl.-Ing. Herbert Eibensteiner
Born 1963
Member of the Management Board since 2012
Head of the Metal Forming Division
Assigned area of responsibility:
Information Technology

Dr. Wolfgang Eder
Born 1952
Member of the Management Board since 1995
Chairman of the Management Board since 2004
Head of the Steel Division
Assigned areas of responsibility:
Corporate Development, including Raw Materials Strategy; R&D and Innovation Strategy; Corporate Human Resources; Corporate Communications and Corporate Image; Compliance; Legal Department; M&A; Strategic Environmental Management; Investor Relations; Internal Auditing

Dipl.-Ing. Franz Rotter
Born 1957
Member of the Management Board since 2011
Head of the Special Steel Division
Assigned area of responsibility:
Long-term development of new products and markets

Dipl.-Ing. Dr. Franz Kainersdorfer
Born 1967
Member of the Management Board since 2011
Head of the Metal Engineering Division
Assigned area of responsibility:
Procurement Strategy

Ladies and Gentlemen:

Gradually, the global economy appears to be picking up steam on a broader basis. In recent months, hope has been increasing that the recovery, which had been anticipated for 2012 and 2013 but had never really materialized, will manifest this year, as the global economy is once again showing positive growth rates.
While the USA, and probably China as well, should stay on a trajectory of growth that appears to be quite sound in the near future, there are two important economic regions where the issue is not only a revival of the economy but major political decisions: in Europe, the opening of the newly elected European Parliament and the creation of a new EU commission and in India, the establishment of a new government, whose representatives are apparently striving for a significantly stronger momentum in the nation's politics than was previously the case. But even if these decisions bring a new energy into these two regions, there remain numerous political obstacles to a global recovery.
Despite the Soccer World Championship 2014 and the Olympic Games 2016, Brazil is finding it difficult to utilize these events as signals to embark not only into a new political and economic era, but a new era on an emotional and cultural level in order to breathe new life into the country.
The political and economic dimensions of the conflict between Russia and the Ukraine go far beyond these two countries. It impacts not only the nations that border on these two countries, but other parts of Europe as well. The same applies to the conflicts in Turkey, Syria, Egypt and a number of other North African nations that have been smoldering for some time. Additionally, there is any number of local conflicts with the potential to become a wider threat.
In any case, there is still much to be done on the political level in order to clear the way for a broad-based economic recovery. And what does this mean for Europe? How does the "old" continent have to position itself in order not to lose its ability to define the future and how it will function in this future? The problems have been obvious for years:

- Public administrative institutions, whose zenith was, in some cases, 100 years ago or more, and which have become expensive and bloated in a global comparison and no longer meet the requirements for modern public entities.

- The danger of an insufficient supply of affordable energy necessitates that capabilities be bundled at European level, paired with a long-term, joint master plan that also provides for a future-oriented energy split and a sustainable end-to-end supply network throughout the whole of Europe.

- The absence of true breadth and depth of educational and innovation policies that are appropriate to a modern society so that Europe is in danger of losing touch with today's leading economic regions.

- A climate protection policy that should be ambitious but that should not a priori ignore the necessary technical and economic framework conditions.

- And finally, Europe needs political decision makers who commit themselves to the future and to optimism and not to excessive bureaucracy and over-regulation. What we need are people who believe in Europe's future and in its youth and who act accordingly. We need people who provide a comprehensible and clear common direction, not people who, at the end of the day, no longer know their own position because they spend all their time with tactical maneuvering. There are plenty of countries who are demonstrating to us how this goes. All we need is courage, optimism, and a belief in the future and that Europe is their equal in every way.

As far as our company is concerned, we would like to say that in the past twelve years, we have taken its future into our hands with great consistency and have developed a classic steel company into a future-oriented technology and capital goods group. Regardless of what happens around us politically, at the end of the day, we will consistently continue our successful path and lead the voestalpine Group into a secure future.

Linz, May 26, 2014

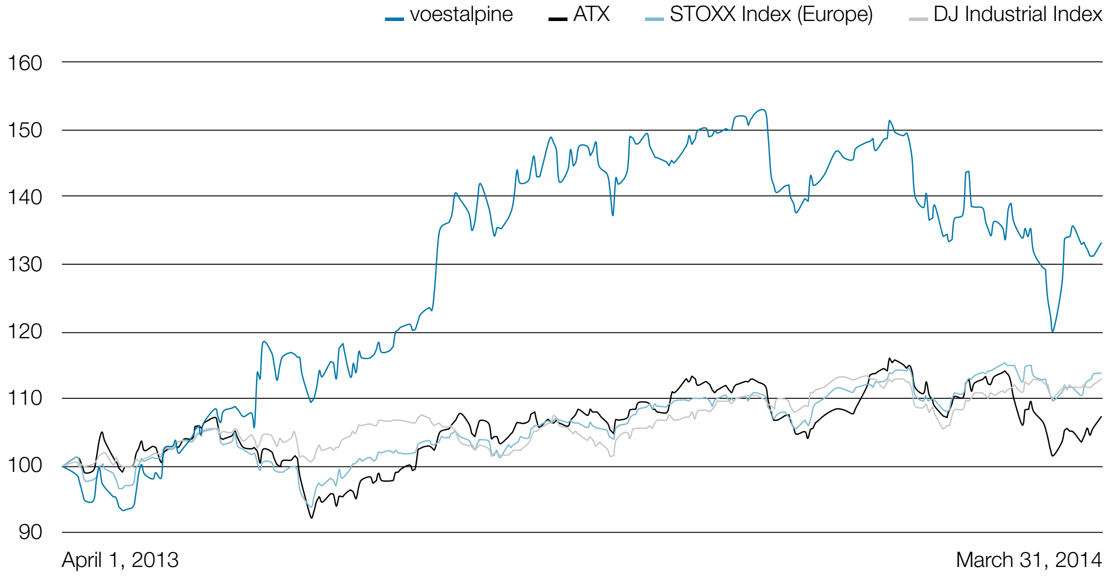
The Management Board

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

Investor relations

voestalpine AG vs. the ATX and international indices

Changes compared to March 31, 2013, in %



Price development of the voestalpine share

In the first six months of the business year 2013/14, the voestalpine share rose steadily in value. As the fundamentals continued to be very good and an upswing of the global economy was expected before long due to the positive economic indicators, market capitalization increased by more than half within just a few months. Due to the sharp rise of the share price, cautious behavior on the part of many investors in the third quarter of the business year initially triggered a trend toward lateral movement. The fourth quarter once again demonstrated how sensitively markets react to external disruptions. The political tension between the Ukraine and Russia was the deciding factor for the decline of both the ATX, the leading index of the Vienna Stock Exchange, and the voestalpine share. It was not until the announcement of the Group's efficiency improvement and cost optimization program, which is planned for a period of three years and is expected to save EUR 900 million, helped the share price to rally. As of the end of the business year 2013/14, the share price was at EUR 31.91, thus achieving an increase in value of almost one third over the course of one year, thus clearly outstripping the Austrian ATX index, the Stoxx Index (Europe), and the DJ Industrial Index.

Investing in the voestalpine share

The voestalpine AG share has been listed on the Vienna Stock Exchange since October 1995; shortly thereafter (December 1995), it was listed on the ATX. After the 1:4 share split in August 2006, the initial offering price of EUR 20.71 corresponds to a share price of EUR 5.18, which equals a total increase in value (without dividends) of 516% as of the end of March 2014. Including the distributed dividends, this period saw a total shareholder return of 743%. Since its IPO, voestalpine AG has therefore created sustainable value not only for its customers and employees, but for its shareholders as well.

As a result of the Group's consistent focus on high-quality niche products for high-end customer segments, it has been successful in considerably limiting its dependence on the "classic" steel cycle. This sound business model with a broad diversification of products according to both regions and industries has contributed to reducing the overall dependence on the economy, i.e., cyclicality, even over the course of a number of years. The Group's leading market position in all of the major business segments is based on innovative product solutions involving steel as the basic material as well as its technology and quality leadership due to its strong focus on research and development.

The long-term growth prospects of the voestalpine Group are primarily directed toward the mobility and energy sectors with a definite growth focus outside of Europe and the objective of increasing revenue to as much as EUR 20 billion by 2020. The investments required to achieve this goal will not adversely affect the dividend policies of voestalpine AG, which project a sustainable, four percent interest rate on the average share price of the respective business year, provided that economic conditions have again returned to normal. Since the IPO in 1995, dividends have been distributed to shareholders continuously without any interruptions, including in turbulent economic times. Despite the past crisis years, the average dividend return for the business years 1996 to 2013/14 is just slightly under this 4 percent mark at 3.8% (note: including the proposed dividend for the business year 2013/14).

Bonds

Hybrid bonds (2007–2014, 2013–2019)

Within the scope of financing the acquisition of BÖHLER-UDDEHOLM AG, voestalpine AG issued a subordinated hybrid bond in October 2007 with an issue volume of EUR 1,000 million 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 under its initial offering price due to the generally difficult financial and economic situation. It reached its lowest price at 75 (% of the face value) in the spring of 2009. Subsequently, the bond's price performed very positively, especially from early 2010 on, closing as of the end of March 2014 at around 103 (% of the face value).

In order to optimize its financing portfolio, in February 2013, voestalpine AG offered all existing holders of the hybrid bond 2007 the opportunity to exchange their holdings for a new hybrid bond 2013 with a volume of up to EUR 500 million on a 1:1 basis. As more than 70% of the investors took advantage of this offer, allocation of the new bonds had to be curtailed accordingly. The coupon rate of the (new) hybrid bond 2013 is fixed at 7.125% until October 31, 2014; then it is set at 6% until October 31, 2019. Demand for this security was so high that the price rose as of the end of March 2014 to around 110 (% of the face value).

Corporate bond 2 (2011–2018)

In early February 2011, voestalpine AG successfully placed a seven-year bond issue on the capital market with a coupon rate of 4.75% and a volume of EUR 500 million. From the very beginning, demand on the part of investors was very strong, and this was manifested by the positive development of the price. Particularly in the 2012 calendar year, the price rose significantly. Subsequently, the bond stabilized at this high level. As of the end of March 2014, the price of this bond was at about 109.5 (% of the face value).

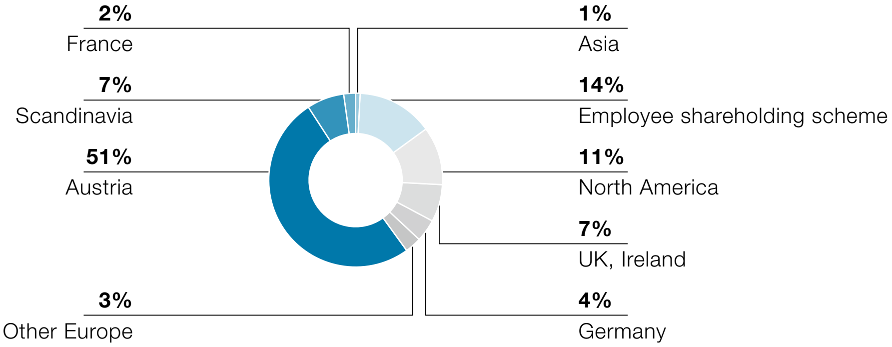
Corporate bond 3 (2012–2018)

At the end of September 2012, voestalpine successfully placed another bond issue on the capital market with a volume of EUR 500 million and an interest rate of 4%. The bond was subscribed primarily by international investors, mainly from Germany, Switzerland, and the UK. Issue of the bond and the start of official trading was on October 5, 2012 on the Luxembourg Stock Exchange. Once again, the development of the price on the secondary market shows that the bondholders have a great deal of confidence in the company; until the end of March 2014, the price of this bond had risen to about 107.5 (% of the face value).

Ownership structure

The (indicative) ownership structure according to regions as of April 1, 2014 is as follows:

Shareholder structure



Largest individual shareholders

Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG	< 15%
voestalpine Mitarbeiterbeteiligung Privatstiftung	14.0%
Oberbank AG	7.8%
Norges Bank	> 4%

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

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

Share information

Share capital	EUR 313,309,235.65, divided into 172,449,163 no-par value shares
Shares in proprietary possession as of March 31, 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 2013 to March 2014	EUR 36.61
Share price low April 2013 to March 2014	EUR 22.34
Share price as of March 31, 2014	EUR 31.91
Initial offering price (IPO) October 1995	EUR 5.18
All-time high price (July 12, 2007)	EUR 66.11
Market capitalization as of March 31, 2014*	EUR 5,501,078,158.23

* 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

* As proposed to the Annual General Shareholders' Meeting.

Financial calendar 2014/15

Annual General Shareholders' Meeting	July 2, 2014
Ex-dividend date	July 7, 2014
Dividend payment date	July 14, 2014
Letter to shareholders for the first quarter of 2014/15	August 5, 2014
Letter to shareholders for the second quarter of 2014/15	November 5, 2014
Letter to shareholders for the third quarter of 2014/15	February 10, 2015
Annual Report 2014/15	June 3, 2015
Annual General Shareholders' Meeting	July 1, 2015

Corporate Governance Report

Commitment to the Austrian Corporate Governance Code

The Austrian Corporate Governance Code provides Austrian stock corporations with a framework for managing and monitoring their company. The Code aims to establish a system of management and control of companies and Groups that is accountable and geared to creating sustainable, long-term value. It is designed to increase the degree of transparency for all stakeholders of a company.

The Code is based on the provisions of Austrian stock corporation, stock exchange, and capital market law, the EU recommendations regarding the responsibilities of members of Supervisory Boards and the compensation of company directors as well as the OECD Principles of Corporate Governance. Since 2002, the Code has undergone a number of revisions. The present Corporate Governance Report is based on the most recent amendment of the Code, which was adopted in July 2012. The Code can be accessed by the public at www.corporate-governance.at.

The Code achieves validity when companies voluntarily undertake to adhere to it. The Management Board and the Supervisory Board of voestalpine AG recognized the Corporate Governance Code in 2003 and have also accepted and implemented the amendments introduced since that date. voestalpine AG has thus committed itself to comply with the most recent version, as amended, of the Austrian Corporate Governance Code.

In addition to the mandatory "L rules," the Company also complies with all of the "C rules" and "R rules" of the Code[1].

With reference to Rule 49 of the Code, it is noted herewith that the law firm of Binder Grösswang Rechtsanwälte GmbH, where Supervisory Board member Dr. Michael Kutschera is a partner, has served as legal counsel to voestalpine AG in the business year 2013/14 in matters concerning stock corporation and capital market law and corporate law issues in respect to an Austrian joint venture company. Fees for these matters are invoiced at the general hourly rates of the law firm of Binder Grösswang Rechtsanwälte GmbH applicable at the time. Total net fees of EUR 102,483.67 were incurred for services provided by the law firm of Binder Grösswang Rechtsanwälte GmbH in the business year 2013/14 (2012/13: EUR 35,420.83).

All Supervisory Board positions held by shareholders' representatives terminate as of the close of the Annual General Shareholders' Meeting of voestalpine AG, which adopts resolutions relative to the business year 2013/14. This Annual General Meeting takes place on July 2, 2014.

One of the members of the Supervisory Board missed more than one meeting of the Supervisory Board meetings during the last business year.

[1] The Corporate Governance Code contains the following rules: "L rules" (= Legal) are measures prescribed by law; "C rules" (= Comply or Explain) must be justified in the event of non-compliance; "R rules" (= Recommendations).

Composition of the Management Board

Dr. Wolfgang Eder Born 1952	Member of the Management Board since 1995; Chairman of the Management Board since 2004; End of the current term of office: March 31, 2019; Member of the Supervisory Board of Oberbank AG, Linz	**Head of the Steel Division** *Assigned areas of responsibility:* Corporate Development, including Raw Materials Strategy; R&D and Innovation Strategy; Corporate Human Resources; Corporate Communications and Corporate Image; Compliance; Legal Department; M&A; Strategic Environmental Management; Investor Relations; Internal Auditing
Dipl.-Ing. Herbert Eibensteiner Born 1963	Member of the Management Board since April 1, 2012; End of the current term of office: March 31, 2019;	**Head of the Metal Forming Division** *Assigned area of responsibility:* Information Technology
Dipl.-Ing. Dr. Franz Kainersdorfer Born 1967	Member of the Management Board since 2011; End of the current term of office: March 31, 2019; Member of the Supervisory Board of VA Erzberg GmbH	**Head of the Metal Engineering Division** *Assigned area of responsibility:* Procurement Strategy
Mag. Dipl.-Ing. Robert Ottel, MBA Born 1967	Member of the Management Board since 2004; End of the current term of office: March 31, 2019; Chairman of the Supervisory Board of VA Intertrading Aktiengesellschaft, Linz; Chairman of the Supervisory Board of APK-Pensionskasse AG, Vienna; Member of the Supervisory Board of Josef Manner & Comp. AG, Vienna	**CFO** *Assigned areas of responsibility:* Corporate Accounting and Reporting; Controlling, including Investment Controlling; Group Treasury; Taxes; Management Information Systems; Risk Management
Dipl.-Ing. Franz Rotter Born 1957	Member of the Management Board since 2011; End of the current term of office: March 31, 2019	**Head of the Special Steel Division** *Assigned area of responsibility:* Long-term development of new products and markets

Composition of the Supervisory Board

Dr. Joachim Lemppenau Born 1942	**Chairman of the Supervisory Board** (since July 1, 2004) Initial appointment: July 7,1999 Former Chairman of the Management Board of Volksfürsorge Versicherungsgruppe, Hamburg
Dr. Heinrich Schaller Born 1959	**Deputy Chairman of the Supervisory Board** Initial appointment: July 4, 2012 CEO of Raiffeisenlandesbank Oberösterreich AG, Linz Member of the Supervisory Board of Raiffeisen Bank International AG, Vienna Member of the Supervisory Board of AMAG Austria Metall AG, Braunau-Ranshofen
KR Dr. Franz Gasselsberger, MBA Born 1959	**Member of the Supervisory Board** Initial appointment: July 1, 2004 CEO of Oberbank AG, Linz Chairman of the Supervisory Board of Bank für Tirol und Vorarlberg Aktiengesellschaft, Innsbruck Deputy Chairman of the Supervisory Board of BKS Bank AG, Klagenfurt Member of the Supervisory Board of AMAG Austria Metall AG, Braunau-Ranshofen Member of the Supervisory Board of Lenzing AG, Lenzing
Dr. Hans-Peter Hagen Born 1959	**Member of the Supervisory Board** Initial appointment: July 4, 2007 CEO of VIENNA INSURANCE GROUP AG Wiener Versicherung Gruppe, Vienna
Dr. Josef Krenner Born 1952	**Member of the Supervisory Board** Initial appointment: July 1, 2004 Head of the Directorate of Finance of the Federal State of Upper Austria, Linz Chairman of the Supervisory Board of AMAG Austria Metall AG, Braunau-Ranshofen Member of the Supervisory Board of Lenzing AG, Lenzing
Dr. Michael Kutschera, MCJ (NYU) Born 1957	**Member of the Supervisory Board** Initial appointment: July 1, 2004 Attorney at law; partner at Binder Grösswang Rechtsanwälte GmbH, Vienna
Mag. Dr. Josef Peischer Born 1946	**Member of the Supervisory Board** Initial appointment: July 1, 2004 Former Director of the Chamber of Workers and Employees for Upper Austria, Linz
Dipl.-Ing. Dr. Michael Schwarzkopf Born 1961	**Member of the Supervisory Board** Initial appointment: July 1, 2004 CEO of Plansee Holding AG, Reutte Member of the Supervisory Board of Mayr-Melnhof Karton AG, Vienna Member of the Board of Directors of Molibdenos y Metales S.A., Santiago, Chile Member of the Board of Directors of Molycorp, Inc., Denver, Colorado/USA

Delegated by the Works Council:

Josef Gritz Born 1959	**Member of the Supervisory Board** Initially delegated: January 1, 2000 Chairman of the Works Council for Wage Earners of voestalpine Stahl Donawitz GmbH & Co KG, Donawitz
Brigitta Rabler Born 1959	**Member of the Supervisory Board** (as of May 1, 2013) Initially delegated: May 1, 2013 Chairwoman of the Works Council for Salaried Employees of voestalpine AG, Linz
Johann Heiligenbrunner Born 1948	**Member of the Supervisory Board** (until April 30, 2013) Initially delegated: March 24, 2000 Chairman of the Works Council for Salaried Employees of voestalpine AG, Linz
Gerhard Scheidreiter Born 1964	**Member of the Supervisory Board** Initially delegated: January 1, 2012 Chairman of the Works Council for Wage Earners of BÖHLER Edelstahl GmbH & Co KG, Kapfenberg
Hans-Karl Schaller Born 1960	**Member of the Supervisory Board** Initially delegated: September 1, 2005 Chairman of the Group Works Council of voestalpine AG, Linz Chairman of the European Works Council of voestalpine AG, Linz

Compensation report for Management Board and Supervisory Board

Regarding the compensation report for Management Board and Supervisory Board, we refer to the notes to the annual financial statements.

Information regarding the independence of the members of the Supervisory Board

All of the members elected to the Supervisory Board by the Annual General Shareholders' Meeting have confirmed that they consider themselves to be independent based on the criteria defined by the Supervisory Board (Corporate Governance Code, Rule 53). The criteria for independence defined by the Supervisory Board may be viewed on the website www.voestalpine.com and correspond largely to Appendix 1 of the Corporate Governance Code. Furthermore, with the exception of Dr. Heinrich Schaller, who represents the shareholder Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG, and Dr. Josef Peischer, who represents the voestalpine Mitarbeiterbeteiligung Privatstiftung, none of the members elected to the Supervisory Board by the Annual General Shareholders' Meeting are shareholders with an investment of more than 10% or represent the interests of such shareholders (Rule 54).

Committees of the Supervisory Board

The Articles of Incorporation authorize the Supervisory Board to appoint committees from among its ranks and to define their rights and responsibilities. The committees can also be given the right to make decisions. In accordance with the ratio defined in Sec. 110 (1) of the Labor Constitution Act (Arbeitsverfassungsgesetz, ArbVG), the employee representatives on the Supervisory Board have the right to nominate members with a seat and a vote for Supervisory Board committees. This does not apply to committees that handle relations between the Company and the members of the Management Board. The following Supervisory Board committees have been established:

General Committee

The General Committee is both the Nomination and Compensation Committee as defined by the Corporate Governance Code.

As the Nomination Committee, the General Committee submits recommendations to the Supervisory Board regarding filling Management Board positions that become vacant and handles issues regarding succession planning. As the Compensation Committee, the General Committee is also responsible for executing, amending, and dissolving employment agreements with members of the Management Board as well as for all matters associated with the management of Management Board members' stock option plans. Furthermore, the General Committee has the right to make decisions in urgent cases. It also makes decisions regarding whether members of the Management Board are permitted to take on ancillary activities.

Members of the General Committee of the Supervisory Board:

- Dr. Joachim Lemppenau (Chairman)
- Dr. Heinrich Schaller (Deputy Chairman)
- Hans-Karl Schaller

Audit Committee

The Audit Committee is responsible for monitoring the financial reporting process, the work undertaken by the auditor, reviewing and preparing approval of the annual financial statements, the recommendation for the appropriation of earnings, and the Management Report. It is also this committee's responsibility to review the Group's Consolidated Financial Statements and to submit a recommendation for the selection of an auditor and to report to the Supervisory Board in this matter. Furthermore, the Audit Committee is responsible for monitoring the effectiveness of the company-wide internal control system, the internal audit system, and the risk management system.

Members of the Audit Committee of the Supervisory Board:

- Dr. Joachim Lemppenau (Chairman)
- Dr. Heinrich Schaller (Deputy Chairman)
- KR Dr. Franz Gasselsberger, MBA
- Dr. Josef Krenner (Financial expert)
- Hans-Karl Schaller
- Josef Gritz

Number of Supervisory Board meetings and significant matters raised during Supervisory Board meetings and meetings of the committees during the business year

During the business year 2013/14, the Supervisory Board fulfilled its responsibilities under the law and the Articles of Incorporation, holding five plenary sessions, three meetings of the Audit Committee, and one meeting of the General Committee. In addition to ongoing reports on the Group's current economic and financial situation, these meetings dealt in particular with matters involving research and development, innovation, future markets, IT and HR strategy as well as efficiency improvement programs. The Audit Committee dealt with the review and preparation of the approval of the Company's consolidated financial statements and the individual financial statements, preparation of the recommendation for the appointment of an auditor as well as topics relative to the internal control system, the risk management system, and Internal Auditing. The General Committee focused on the Group's strategy; furthermore, in its function as Compensation Committee, it dealt with questions concerning the compensation of the members of the Management Board. Moreover, a focal point of its activity was the preparation of the recommendation for the appointment of the members of the Supervisory Board at the Annual General Meeting on July 2, 2014.

In the last meeting of the business year, the Supervisory Board carried out the self-evaluation stipulated under Rule 36 of the Corporate Governance Code and, utilizing a list of questions, dealt with the general cooperation between Management Board and Supervisory Board, quality and scope of the documents made available to the Supervisory Board as well as organizational questions.

External evaluation of compliance with the Corporate Governance Code

The Corporate Governance Code provides for a regular external evaluation of the Company's compliance with the Code. This evaluation was carried out by the Group's auditor during the audit of the 2013/14 financial statements (audit pursuant to Rule 62 of the Corporate Governance Code). The review of compliance with the rules of the Code regarding the audit (Rules 77 to 83) was conducted by the law firm WOLF THEISS Rechtsanwälte GmbH. As a result of this evaluation, the auditors have determined that the declaration given by voestalpine AG with regard to compliance with the July 2012 version of the Corporate Governance Code conforms to the actual conditions and/or facts.

- The external review report may be viewed on the website at www.voestalpine.com.

Measures to advance women on the Management Board, the Supervisory Board, and other leadership positions

In the business year 2013/14, the percentage of female executives (members of the Management Board excepted) was at about 10.6%, thus increasing slightly compared to the previous year. In this business year, a woman was appointed to a divisional management position for the first time. Within the scope of internal leadership development efforts, great importance is being placed on continuing to expand the percentage of female participants. Therefore, the relative resolution by the Management Board stipulates that women must be represented at each level of the Leadership Development Program. In the business year 2013/14, there were 26 women of a total of 168 participants. The percentage of women in the management development system has therefore increased from 15.1% in the previous year to 15.5%.
Overall, the percentage of women in the voestalpine Group in the business year 2013/14 was 13.3%, and thus above the previous year's value (12.6%). This percentage is still low compared to other sectors of the economy, and this has industry-specific, historical, and cultural reasons. In

the consciousness of the public, the image of a steel and industrial goods company is still the image of heavy industry and, therefore, broad-based recruitment of female employees is a challenging undertaking.

None of the Group companies have explicit "female quotas." Rather, the voestalpine Group is striving to implement appropriate measures in order to increase the percentage of women in the Group at all levels. This includes a number of activities, some of which are country-specific, such as participation in Girls' Day, advancement of women in technical professions, and/or increased hiring of female graduates of technical schools and universities. Furthermore, establishment and expansion of in-house child care facilities and collaborations with external facilities is being accelerated. As a result of these efforts, women are now employed in top leadership positions in traditionally male-dominated, technical areas of the Company (e.g., hot-dip galvanizing plants, wire production facilities) and are in executive positions, primarily in financial and human resources departments, in a number of Group companies. The area "Legal and Compliance" in three of the four divisions is headed by women.

In annual human resources reporting, data on the percentage of women in executive positions is collected and analyzed regularly according to their qualifications and their status in the training programs in order to monitor the sustainability of the implemented measures.

Linz, May 19, 2014

The Management Board

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

Compliance

Since its IPO in 1995, the voestalpine Group has continued to expand its compliance activities in order to protect the Company against financial damages and prevent damage to its reputation. Initially, within the scope of the IPO, the focus was on capital market compliance, with additional compliance issues being added subsequently.

In the business year 2011/12, a new, comprehensive compliance management system was established in the voestalpine Group, and compliance efforts were undertaken on a very broad Group-wide basis. In addition to a Group compliance officer, a compliance officer was appointed for each division of the Group. The Group compliance officer reports directly to the Chairman of the Management Board and is not bound by directives. The divisional compliance officers report to the Group compliance officer and to the respective heads of the divisions.

Code of Conduct

The Code of Conduct of voestalpine AG provides the basis for morally, ethically, and legally sound conduct by the management and by all employees of the Group. The Code of Conduct is directed not only to the management and the employees, but also to customers, suppliers, and other business partners.

In the event of a violation of statutory provisions, internal guidelines, regulations, or provisions of the voestalpine Code of Conduct, employees will be subject to disciplinary measures. Furthermore, violations can have consequences under criminal and/or civil law, e.g., recourse claims and claims for compensatory damages.

Compliance guidelines

Additions to the provisions of the Code of Conduct were made in Group guidelines where they were defined more closely:

- **Antitrust law**

This guideline describes the prohibition of agreements restricting competition, provides rules for dealings and interaction with and in associations, professional associations, or other industry organizations, and defines concrete rules of conduct for employees of the voestalpine Group.

- **Business conduct**

This guideline regulates, for example, conduct relative to gifts, invitations, and other benefits, donations, sponsoring, ancillary activities, and the private purchase of goods and services by employees of customers and suppliers.

- **Guideline regarding dealings with business intermediaries/brokers and consultants**

This guideline defines the procedure to be complied with prior to contracting or engaging sales representatives, other sales consultants, consultants, or lobbyists. An objective analysis of the prospective business partner's business environment and scope of activities prior to establishing business relations is required, in order to ensure that the business partner can comply with all applicable laws and the voestalpine Code of Conduct.

The Code of Conduct and the compliance guidelines apply across the entire Group and are available in 14 languages.

Whistleblowing system

In January 2012, a web-based whistleblower system was launched. Reports of compliance violations should primarily be made openly, that is, providing the whistleblower's name. This system, however, provides the additional possibility of reporting misconduct anonymously and communicating with whistleblowers while enabling them to maintain their absolute anonymity. This system will enable systematic use of internal information to effectively uncover compliance risks within the company early on.

Prevention

Preventive measures are the first line of defense of a compliance management system. In this context, comprehensive training programs were again carried out in the business year 2012/13 in all of the Group's divisions. In order to achieve a training effect that is as broad-based as possible, e-learning systems are being increasingly used in addition to face-to-face training. For example, within the scope of a single web-based e-learning course, more than 4,500 of the Group's employees received training specifically on antitrust law and more than 18,000 employees received training on the Code of Conduct; both courses included a final test. After the training initiative 2012/13, the focus in the period under review was, on one hand, to give new employees a better understanding of compliance, particularly through e-learning courses and, on the other, to carry out face-to-face training sessions that were oriented toward specific target groups. Moreover, during the reporting period, general compliance training was provided within the scope of executive training programs. Additionally, compliance issues are brought to the attention of voestalpine employees on a regular basis by way of regular communications, particularly through employee magazines, poster campaigns, or at Group and divisional events.

Information about the subject of compliance in the voestalpine Group is also available on the voestalpine AG website, and employees also have access to information on the Group intranet.

Report of the Management Board

Management Report 2013/14

This Consolidated Management Report refers to the Consolidated Financial Statement, which was prepared in accordance with the International Financial Reporting Standards (IFRS) as mandated by Sec. 245a (1) of the Austrian Commercial Code (UGB). We have made use of the provision under Sec. 267 (4) of the Austrian Commercial Code (UGB), which permits the consolidation of the Management Report and the Group Management Report.

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

Over long stretches of the business year 2013/14, it was affected by the recession in Europe that hung on until the summer of 2013, by the fact that recovery in the USA was endangered by the budget and debt ceiling debates, and the surprisingly cautious development of the emerging markets. All in all, the past twelve months saw a rather challenging market environment. It was also a significant aspect that expectations and actual developments often diverged significantly. While expectations were already positive in the early part of the year, they were not confirmed by actual developments until late in the year. Positive news from individual market segments and economic regions and early indicators of economic growth created a positive momentum in the last quarter of the business year 2013/14 as well as commensurate expectations for the new business year.

Europe

Despite burgeoning optimism, the economy in Europe in 2013 was ultimately characterized by stagnation of the gross national product. In a year-to-year comparison, investment activity was down as was industrial production (−0.5%); it was not until the early part of 2014 that a slightly upward trend became noticeable in this sector.
The key to leaving the recession was once again exports. Here, it was the most important sector for voestalpine, the automobile industry—primarily its premium segment—that continued to perform strongly throughout the entire business year 2013/14. With the "volume segment" also returning to a trajectory of growth during the second half of the year, the automobile industry began to hint at its former strength.
Although the early indicators for EU consumer confidence made it reasonable to expect growth in the past business year, a truly significant revival of demand did not occur. The European construction industry still did not demonstrate any noticeable trend toward recovery in 2013/14.
If one observes the development in the European economic region during the business year 2013/14 in detail, it becomes evident that the extreme differences in economic performance between Central Europe and Europe's periphery have begun to dissipate. The main factor is the gradual beginning of a recovery in the peripheral nations—primarily in Southern Europe—where reforms, many of which have been painful, are slowly being translated into improved competitiveness and are showing a positive effect.

North America

The economic mood in North America had already begun to lighten in the early part of the business year 2013/14, however, it took some months before improving sentiment was translated into increased demand. In the fall of 2013, however, there was a "government shutdown" in the USA due to massive political conflicts associated with the financing of the budget, and this again created uncertainty and volatility in the markets. However, once there was political agreement about the federal budget for the next two years, doubts about further negative implications were dispelled relatively quickly. Subsequently, the upward trend stabilized so that the US Federal

Reserve announced a possible tapering process (reduction of purchases by the Fed of Treasury bonds and mortgage-backed securities, which had been undertaken as an emergency measure during the financial crisis), a step that emphasizes the newly won stability of the economic uptrend in North America. The positive development was somewhat subdued by the extremely severe winter weather so that GDP fell in the first calendar quarter of 2014 (= fourth quarter of the business year 2013/14 of voestalpine AG) to 2.6%. All of the early macro indicators show positive tendencies for the remainder of the year. Among other factors, US consumer confidence rose in March 2014 to a new six-year high.

For voestalpine, this gratifying development in the USA means positive impulses for several of the Group's business segments that are represented in North America, for example, the Rail Technology business segment and particularly, the Turnout Systems business segment. But also the energy sector, and along with it the Seamless Tube and Welding Consumables business segments, show solid demand in North America. While the US automobile market was thus far only of indirect importance for the voestalpine Group via exports by European automobile manufacturers, the opening of a plant in Cartersville, Georgia, in the spring of 2014 has now also established a direct link to the US automobile market, albeit for the time being primarily to German car manufacturers and their North American plants.

Despite the difficulties experienced by Boeing's Dreamliner project, the US aviation industry continued its excellent performance in recent years in the past business year as well.

Demand for tool steel in the United States continued to be stable at a satisfactory level, while the markets in Canada did not demonstrate any appreciable momentum.

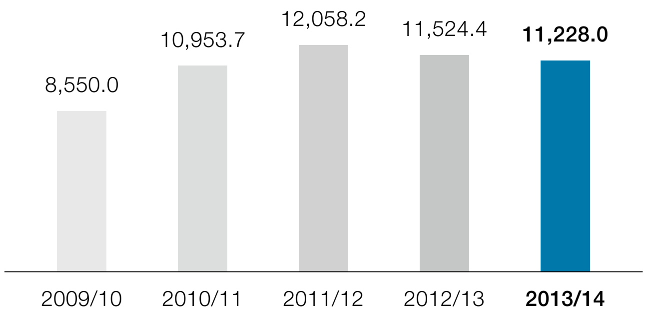
Brazil/South America

In the past business year, Brazil did not return to a phase of above average growth, which has typically characterized emerging markets, even though its GDP growth in 2013 went up to just over 2% from the very disappointing 0.9% in the previous year. The industry showed only marginal growth in 2013 of 1.2%, while at 2%, the service sector grew slightly more robustly. The strongest performance came from the agricultural machinery sector with a plus of more than 8%, a development that benefited the Metal Forming Division's special sections business segment, although other significant sales markets remained weak. In the segment of special materials for the oil and natural gas industries and in the segment of special steels for the consumer goods industry, demand over the entire last business year remained modest.

Structural deficits, triggered by weak spots in infrastructure, rising unit costs, and proliferating bureaucracy are having negative effects on the country's productivity and thus on its international competitiveness. Even a 16% devaluation of the Brazilian real vis-à-vis the US dollar in 2013 was not able to ameliorate the situation. Therefore, a return to being an export nation for this largest economy on the South American continent is not in sight in the medium term. The sole source of any positive economic activity is the domestic market; voestalpine is in an excellent position to take advantage of this factor.

Revenue of the voestalpine Group

In millions of euros



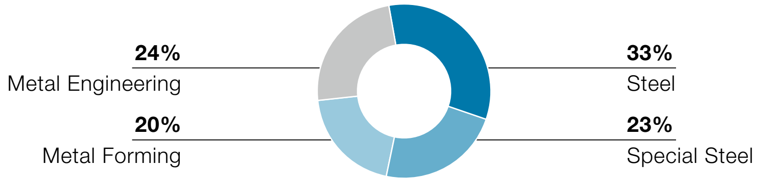
China

The country's goal was to defend its path of economic growth and achieve GDP growth of 7.7% in 2013. The fact that this figure, which is still quite high when compared to European standards, is nevertheless being viewed critically, is due to the quarter-to-quarter performance. Triggered by a statement by the new government that brakes would be applied to "over-invested" or overheated sectors, such as the construction industry, the first half of the business year 2013/14 saw a perceptible cooling of the country's economic development. Once the political reins were somewhat loosened in the summer of 2013 without much fuss, there was a positive turnaround. Toward the end of the business year, approval of a number of major infrastructure projects resulted in additional momentum. These include investments in railway infrastructure both in urban areas and in longer cross-country routes, which especially benefited—and continue to benefit—the Turnout Systems business segment in the Metal Engineering Division. Private consumption as well, especially demand for cars, rose sharply in the country during the last business year. This is a development that affects both European exports and, increasingly, vehicles produced in China by European manufacturers. Against this backdrop, the Metal Forming Division is currently building two new plants for automobile components and special sections in Qinhuangdao and Suzhou.

A major factor in the voestalpine Group's overall very positive performance in China has been a rapidly growing middle class, whose consumer behavior has boosted demand for cars as well as the special steel products produced by the Special Steel Division. In a global comparison, the Asian region has been the most successful market for this segment of the voestalpine Group in the past business year. The expansion of activities resulting from the acquisition of Rieckermann Steeltech Ltd. (Shanghai) and P.M. Technology Ltd. (Shenzhen) as well as the expansion of service offerings through greenfield investments reflect the positive assessment of the long-term economic development of the Chinese economy. As, however, a number of fundamental problems have remained unsolved, such as the speculative real estate bubble, which has long been a topic of discussion, including the associated uncertainties in the Chinese banking and financial sector, and, last but not least, the disastrous pollution of the environment, one should realistically not assume an uninterrupted upwards trend in the future, despite the country's enormous potential.

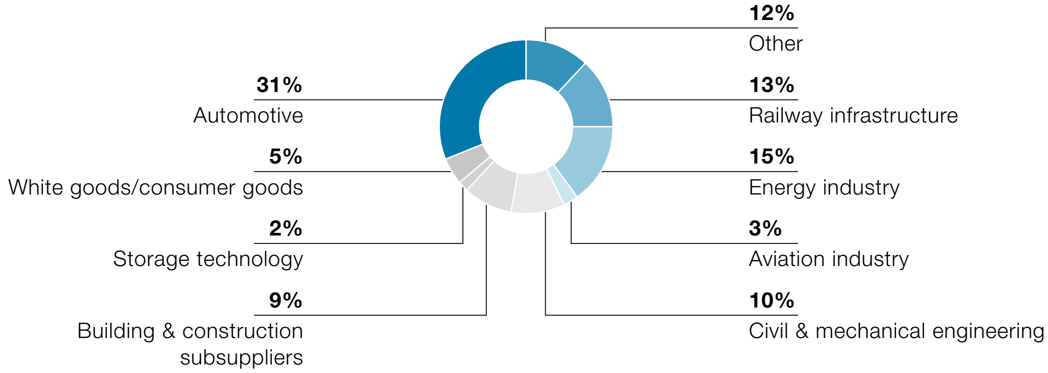
Revenue by divisions

As percentage of total divisional revenue
Business year 2013/14



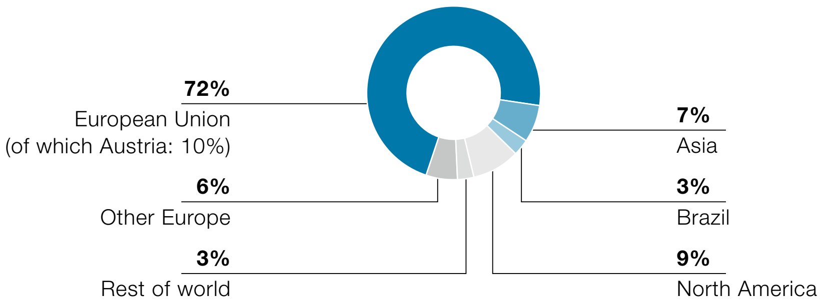
Revenue by industries

As percentage of Group revenue
Business year 2013/14



Revenue by regions

As percentage of Group revenue
Business year 2013/14



Business performance of the divisions

The overall stable development of the voestalpine Group—particularly in comparison to traditional steel companies—in the economic environment of the business year 2013/14, which has remained challenging, is due to the Company's business model. Once again, the Metal Engineering and Metal Forming Divisions, with their portfolio that is oriented toward downstream manufacturing, have ensured a high degree of consistency in business performance. Begun 15 years ago, this strategy of extending the value chain, i.e., production of entire high-tech components for defined core industries, while maintaining the highest degree of expertise in the production of steel itself, has proven its effectiveness.

In the business year 2013/14, the Metal Engineering Division was once again the best division in the Group with regard to the key figures EBITDA and EBIT margin and ROCE, which are relevant for the voestalpine Group internally. The results have already been at a stable and high level for a number of business years and the division's broad-based positioning ensures the continuation of this development. In the past business year, practically all of the division's business segments performed consistently at a high level.

In the period under review, the Metal Forming Division's markets were relatively calm, with a high demand especially for automobile parts and components. In the business year 2013/14, the special sections segment also performed largely stably; however, due to the situation in the European construction and construction supply industry that continues to be subdued, at a generally lower margin level.

The Steel and Special Steel Divisions, which are somewhat more cyclical, were more strongly affected by the intermittently difficult market environment in Europe than the downstream divisions. While the Special Steel Division was partly able to compensate for the weaknesses in Europe by means of its international business activities as a result of its global presence, the Steel Division suffered not only due to its geographic focus on Europe, with its generally difficult macroeconomic environment, but also because of the continuing structural overcapacity in the European steel industry which limits the ability to set prices, even in the top quality segment.

The European steel industry 2013/14

Global crude steel production grew in the 2013 calendar year by 4.5% to 1,578 million tons, a substantial increase after the previous year's modest gain of only 1.4%. The reason for the most recent, strong performance was again growth in the Asian region (+7.3% compared to the previous year), particularly China with a boost of 9.3%, which more than compensated the declining production figures in North America (−2.1%) and Europe (−2.2%) compared to the previous year).

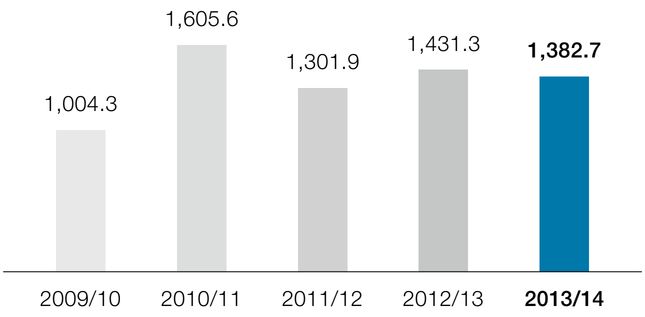
As production figures in North America had already risen in 2012, when they declined in 2013, it was from a relatively solid basis, while the decline in Europe was a continuation of the downward trend that had prevailed since 2011, with its tentative low point in the summer of 2013.

Since September 2013, a twelve-month comparison has been showing an upward trend, also in Europe, with significant acceleration toward the end of the business year 2013/14 (March 2014 +7.0% compared to March 2013). The fact that inventories are at a normal level indicates that manufactured product is being absorbed by higher demand. However, the manufacturers could not translate these positive developments in the latter part of the business year with regard to volumes into higher prices. As a result of the chronic overcapacity in Europe, sharp competition for volume and capacity utilization persists between plants. This is a situation that will hardly be significantly mitigated by another economic recovery in Europe due to the dimension of the problem.

In this environment, the voestalpine Group's previous strategy of investing in an extension of the value chain and of focusing on the most technologically sophisticated market segments in steel production itself has paid off to the extent that the Steel Division's results are the benchmark in the European steel industry and that the Group overall can no longer be compared to traditional

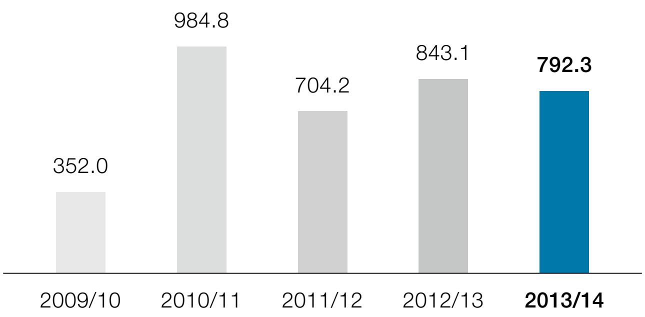
EBITDA

In millions of euros



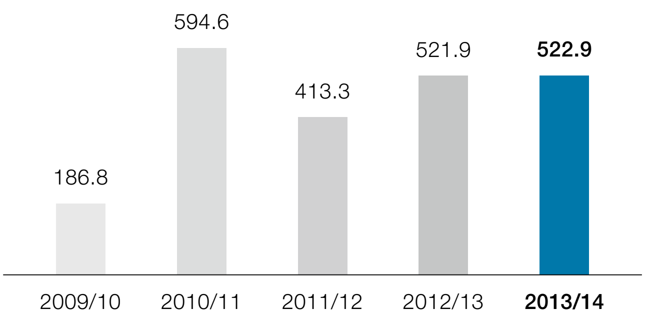
EBIT

In millions of euros



Profit for the period

In millions of euros



steel manufacturers with regard to how its results stack up against its competitors. The growth strategy is the consistent continuation of the course upon which the Group embarked successfully in 2001.

Report on the financial performance indicators of the voestalpine Group

Revenue and operating result

Despite the fact that for much of the business year 2013/14, economic conditions remained challenging, the voestalpine Group again achieved a solid development of the most important key figures. Although delivery volumes in the Steel Division grew compared to the last business year and quantities in the Metal Engineering and Special Steel Divisions fell only slightly, revenue declined by 2.6% from EUR 11,524.4 million in the business year 2012/13 to EUR 11,228.0 million in the current reporting period. The primary reason for this was a declining price level overall, triggered by dropping pre-material costs and continuing intense competition. With the exception of the Metal Forming Division, where revenue increased by 2.0%, this decline affected all other divisions equally.

A highly differentiated picture emerges, when one compares the development in the key reporting categories with that of the previous year. The decline in EBITDA and EBIT is due largely to an economic trend in the energy sector that continues to be critical. This applies, on one hand, mainly to the Special Steel Division, which was faced with sustained weakness in the energy engineering industry, and, on the other, to the heavy plate business segment (Steel Division), which was also negatively affected by the steep decline of awards for pipeline construction projects. Against this backdrop, the Steel Division reports a noticeable decline in results in the period under review (EBITDA −12.0%, EBIT −25.5%), while the results of the Special Steel Division (EBITDA −2.3%, EBIT +1.2%) and the Metal Engineering Division (EBITDA +0.6%, EBIT −0.2%) are largely at the previous year's level. It is satisfactory that the Metal Forming Division made noticeable gains in both EBITDA (+8.2%) and EBIT (+10.2%). As a result of this performance by the individual divisions, the voestalpine Group achieved an operating result (EBITDA) of EUR 1,382.7 million in the business year 2013/14, which is 3.4% below the previous year's figure of EUR 1,431.3 million. With a minus of 6.0%, the decrease of profit from operations (EBIT) from EUR 843.1 million to EUR 792.3 million was somewhat more substantial.

Profit before tax and profit for the period

The fact that at EUR 656.0 million profit before tax in the business year 2013/14 still remained at a stable level (previous year: EUR 654.7 million) is the result of significantly lower financing costs due to the low interest rates in the current reporting period as well as repayment of a corporate bond with a coupon rate of 8.75%, which was issued during the financial crisis in the spring of 2009. The tax rate of 20.3% has remained the same as in the previous year so that profit for the period in the business year 2013/14 was EUR 522.9 million, thus remaining at the same level as in the previous year (EUR 521.9 million). As a result, earnings per share (EPS) of EUR 2.60 likewise remained practically unchanged compared to last year's figure (EUR 2.61).

Proposed dividend

Subject to the approval of the Annual General Shareholders' Meeting of voestalpine AG on July 2, 2014, a dividend of EUR 0.95 per share will be distributed to shareholders. This represents an increase of 5.6% compared to last year's dividend of EUR 0.90 per share. Based on the earnings per share of EUR 2.60, this proposal corresponds to a distribution ratio of 36.5%.

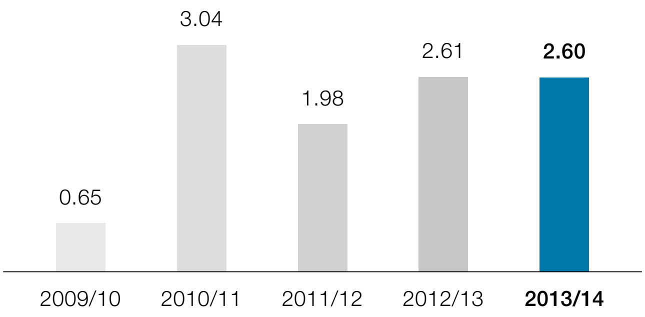
Based on the average price of the voestalpine share of EUR 31.21 in the business year 2013/14, the dividend yield is 3.0%.

Gearing ratio remains almost unchanged against the previous year

Although investment activity in the past business year increased to EUR 943.9 million, it once again became apparent that implementation of the

EPS – Earnings per share

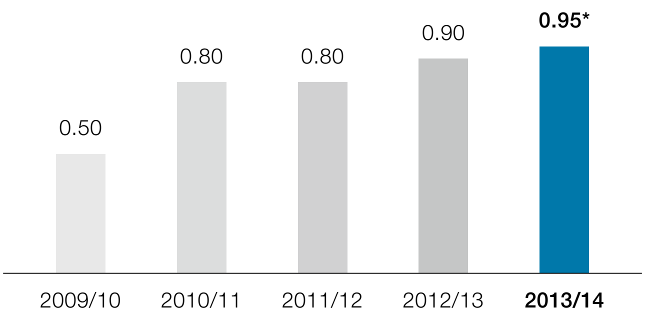
In euros



Dividend per share

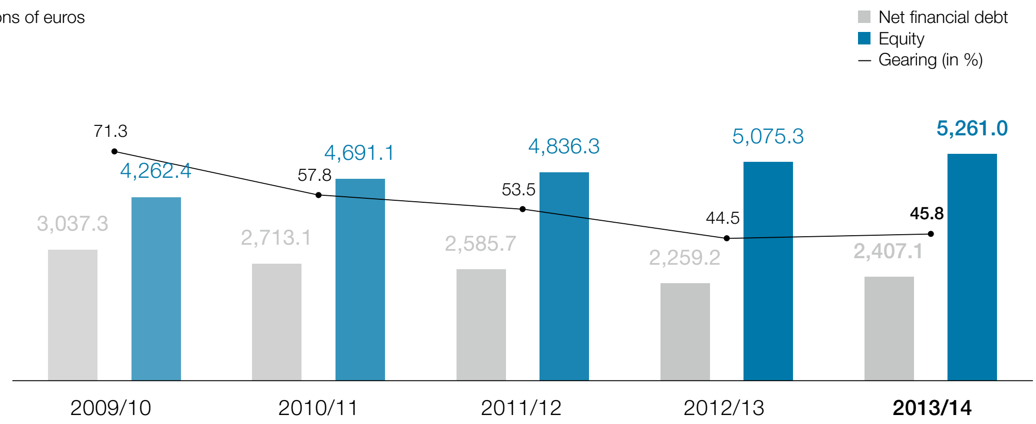
In euros

* As proposed to the Annual General Shareholders' Meeting.



Net financial debt – Equity – Gearing ratio

In millions of euros



Group's growth strategy is not related to a deterioration of key debt figures. As of the end of the business year 2013/14, the gearing ratio (net financial debt in percent of equity) is 45.8%, only slightly below the figure as of March 31, 2013 (44.5%).
In a year-to-year comparison, net financial debt increased by 6.5%, going from EUR 2,259.2 million in the previous year to EUR 2,407.1 million in the current reporting period. This is due, on one hand, to the aforementioned high level of investment activity and, on the other, to an increase in net working capital (increased interim inventories due to forthcoming blast furnace repairs). The solid operating results strengthen the Group's equity base even further. In concrete figures, equity rose by 3.7% from EUR 5,075.3 million as of March 31, 2013 to EUR 5,261.0 million as of March 31, 2014.

Cash flow

Cash flow from operating activities went down significantly in the past business year by almost one third to EUR 917.0 million compared to the previous year's figure of EUR 1,321.9 million. While profit for the period (net income) remained unchanged in a year-to-year comparison, it was primarily the change in working capital that was the decisive factor in this substantial decline.
While funds amounting to EUR 225.0 million were released in the business year 2012/13 by the reduction of net working capital, in the business year 2013/14, EUR 258.4 million had to be invested in an increase of working capital; the Metal Engineering Division was most strongly affected by this rise in working capital as a result of the ramp-up in pre-material inventories in preparation for the blast furnace repair in the summer of 2014 and the partial reversals of provisions associated with the antitrust proceedings relative to railway superstructure material and the closure of TSTG Schienen Technik GmbH & Co KG, Duisburg.
At EUR 786.6 million, cash outflow due to investment activity fell in the business year under review and is 5.2% lower than in the previous year (EUR −829.6 million). Cash flow from financing activities ran counter to this development. While cash and cash equivalents only fell by EUR 74.7 million in the business year 2012/13 due to the voestalpine Group's financing activities, in the business year 2013/14, they were reduced by accounting effects of EUR 674.2 million due to scheduled repayments of loans and dividend payments and especially by the cash outflow following the aforementioned repayment of a corporate bond issue with a volume of EUR 400 million and a coupon rate of 8.75% in the early part of the business year.

Quarterly development of the voestalpine Group

In millions of euros

	1st quarter 2013/14	2nd quarter 2013/14	3rd quarter 2013/14	4th quarter 2013/14	BY 2013/14	BY 2012/13[1]	Change in %
Revenue	2,936.1	2,787.5	2,660.5	2,843.9	11,228.0	11,524.4	–2.6
EBITDA	366.3	320.6	319.9	375.9	1,382.7	1,431.3	–3.4
EBITDA margin	12.5%	11.5%	12.0%	13.2%	12.3%	12.4%	
EBIT	223.3	177.2	172.5	219.3	792.3	843.1	–6.0
EBIT margin	7.6%	6.4%	6.5%	7.7%	7.1%	7.3%	
Profit before tax (EBT)	179.9	140.5	136.1	199.5	656.0	654.7	0.2
Profit for the period[2]	138.6	101.4	111.6	171.3	522.9	521.9	0.2
Employees (full-time equivalent)	47,154	47,744	47,085	48,113	48,113	46,351	3.8

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

Important events in the course of the year

Efficiency and cost optimization program 2014–2016

The overall challenges facing European industrial enterprises, such as continuing uncertainties on the macroeconomic level, volatile customer behavior, multiple uncertain political framework conditions, and continuously rising personnel and energy costs, are being additionally exacerbated in the steel industry by structural overcapacities, which lead to intense competition and resulting severe price pressure.
In this environment, in addition to a clear strategic orientation, lean cost structure is absolutely essential. In order to secure the solid competitive position of the voestalpine Group for the long term, which has been achieved through consistent work over many years—and thus, ultimately, the continued existence of the voestalpine Group—in the spring of 2014, the Management Board resolved the implementation of a Group-wide cost optimization and efficiency improvement program aimed to save EUR 900 million over the course of three years.
The focal points of the program will not only be additional improvements in the areas of logistics, maintenance, and energy efficiency, but will especially encompass the purchasing and procurement process both with regard to raw materials and general procurement, the development of new market regions as well as new organizational models in a number of business segments (including the entire Steel Division), tough and thorough exploitation of Group-wide synergies, and last but not least, the accelerated restructuring of sites whose performance is poor or inadequate.

Closure of TSTG Schienen Technik GmbH & Co KG

In March 2012, the Management Board of voestalpine AG resolved to discontinue rail production by TSTG Schienen Technik GmbH & Co KG in Duisburg. The subsequent negotiations with the Works Council regarding a reconciliation of interests and a social compensation plan for the remaining approximately 350 employees were successfully concluded in May 2013. The closure of the company was completed in the fourth calendar quarter as planned, and as of January 1, 2014, the remaining employees were transferred to an interim employment company. The facilities were dismantled and the remaining inventory of rails was delivered at the beginning of the business year 2014/15, and all activities in connection with the closure of TSTG Schienen Technik GmbH & Co KG have now been concluded.

(Investment in) a direct reduction plant in Texas, USA

The groundbreaking ceremony for the construction of the Group's new direct reduction plant in Texas, USA, took place on April 23, 2014. Once the plant is fully operational after about a two-year construction phase, it will produce two million tons of sponge iron annually, in technical terminology called DRI (direct reduced iron) or HBI (hot briquetted iron). This HBI will be partly used at existing sites in Austria in the classic steel production process using the blast furnace route, where it optimizes the raw materials mix, thus significantly lowering production costs. This will

secure the competitiveness of the Group's existing sites in Europe for the long term. The new plant in Corpus Christi, Texas—representing an investment amount of EUR 550 million, the voestalpine Group's largest foreign investment up to the present—also opens up new growth opportunities in American economic regions. In North America alone the voestalpine Group already has 68 companies staffed by around 2,500 employees, which generate annual revenue of about EUR 1 billion, primarily in the automotive, special steel, energy, and aviation sectors.
The direct reduction plant in Texas will not only create 150 jobs, but it will help the voestalpine Group to further improve its carbon footprint and increase energy efficiency, with the most significant factor being the use of natural gas to reduce the iron from ore or pellets, which causes far fewer CO_2 emissions than the classic blast furnace route using coke as the reducing agent. This will enable the Group to continue to enhance its leading position with regard to environmental and energy efficiency. As of the beginning of the business year 2014/15, the project is on schedule and precisely within budget.

Antitrust proceedings relative to railway superstructure material

After the German Federal Cartel Office (Bundeskartellamt) had imposed fines in July 2012 in the antitrust proceedings relative to railway superstructure material on four manufacturers and suppliers of rails for having entered into anticompetitive agreements to the detriment of Deutsche Bahn AG, the monetary penalty proceedings associated with the so-called rail cartel were concluded in July 2013 with its decision on the portion of the proceedings concerning the "private market". The "private market" portion of the rail cartel case concerns deliveries of rails and railway superstructure material to municipal mass transit agencies as well as industrial customers and construction companies. For this portion of the proceedings, a fine in the amount of EUR 6.4 million was imposed upon the voestalpine Group. Within the scope of the monetary penalty proceedings, fines totaling EUR 14.9 million were imposed on voestalpine companies. Otherwise, voestalpine's status of cooperating witness was confirmed for the major part of both proceedings. As far as claims for compensatory damages by customers for deliveries by the cartel are concerned, corresponding payments were agreed upon that cover both direct and indirect deliveries of rails to Deutsche Bahn, which means that only compensatory damages for deliveries to municipal mass transit agencies and other private market customers are still unresolved. Due to the large number of companies involved, the period of time needed to resolve the matter completely cannot be reliably estimated at present.
The provisions set aside in the annual financial statements 2012/13 in the amount of EUR 204.4 million for the antitrust proceedings and associated actions and costs as well as for the closure of TSTG Schienen Technik GmbH & Co KG were reduced in the business year 2013/14 by the amount of the compensatory damages paid for direct and indirect deliveries of rails to Deutsche Bahn as well as by the amount of payments made in connection with the closure of TSTG Schienen Technik GmbH & Co KG. The total remaining provisions were adjusted in the business year 2013/14 in accordance with the current estimate, resulting in non-recurring income totaling EUR 8.1 million (balance from reversal and appropriation); as of March 31, 2014, the provisions amount to EUR 76.4 million.

Important events after the reporting date

We refer to the information in the notes to the consolidated financial statements under Item 29.

Investments

After a phase of consolidation in the wake of the financial crisis, investment activity by the voestalpine Group has intensified significantly since the business year 2012/13 in order to facilitate the Group's accelerated development. In 2013/14, total investment volume amounted to EUR 943.9 million, 10.9% above last year's figure of EUR 851.5 million.

At EUR 447.4 million, the investment volume of the Steel Division was significantly higher (by 61.3%) than the figure in the last business year (EUR 277.3 million). The division's long-term direction is not based on an expansion of steel production capacity, but rather on the continued increase in the share of top-quality products. The construction of the continuous annealing line II for the production of premium quality electric strip should be viewed with this background in mind. During the run-up phase, which began at the start of the business year 2014/15, the continuous annealing performed excellently so that it was possible to push start-up of operations forward to the end of April 2014. The construction of the new heavy plate rolling stand, which is scheduled for operational launch in the coming fall, was also planned under the aspect of these new, comprehensive dimensions of quality. The objective is to produce completely new qualities with regard to sour gas resistance and high-tensile strength for the energy sector. In addition to the improvement of the product mix, cost efficiency of production is a key operational and strategic issue. New investments are currently focused on coal injection systems in all three blast furnaces in Linz (Austria) as well as the construction of a direct reduction plant in Texas (USA). While the work on the installation of the coal injection systems is well underway and will be completed in the course of the business year 2014/15, construction of the direct reduction plant is still in a very early phase (for details, please see the chapter "Events of significant importance in the course of the year").

The Special Steel Division invested a total of EUR 181.8 million during the business year 2013/14, a drop of 29.3% compared to the previous year's total (EUR 257.2 million). Growth in this division is being driven primarily by the consistent realization of its value-added strategy in defined industrial segments. In this context, measures have been implemented in important sales regions to expand service activities, such as heat treatment, pre-processing, and coating. Moreover, after the acquisition of the Eifeler Group in the business year 2012/13, production of special coating technologies for high-quality tool steel was driven forward in global growth markets (China, Taiwan). The distribution center in Kapfenberg (Austria) was expanded within the scope of optimization of global distribution of tool steel, high-speed steel, and special materials. Investment measures in special steel production are focused primarily on projects dealing with optimization of quality and productivity. In addition to these main focal points, measures to improve occupational safety and environmental protection, mainly at the Wetzlar/Germany site, were implemented within the scope of a four-year investment program. In the second half of 2013, two investment projects that are groundbreaking for the Special Steel Division were finalized—the new dual rolling stand was put into operation at the Mürzzuschlag (Austria) site and the expansion in capacity for producing powder-metallurgical steels at the Kapfenberg (Austria) site was completed.

Investment activity in the Metal Engineering Division increased by 4.4% from EUR 164.9 million in the business year 2012/13 to EUR 172.1 million in the year under review despite the fact that one of the two blast furnaces at the Donawitz (Austria) site was relined last year. The division's most important current investment is the construction of a new wire rod mill at the Donawitz (Austria) site; this investment is facilitating the implementation of long-term objectives. The new wire production line is supposed to begin operation in 2016; the Metal Engineering Division will then have Europe's most modern facility for the production of highest quality wire for the automotive and energy industries. Other investment focal points in the business year 2013/14 were a new walking beam furnace for the rail production facility and several smaller-volume projects in the turnout segment.

The activities of the Metal Forming Division, which reduced its investments from EUR 142.6 million in the business year 2012/13 to EUR 130.6 million in the current reporting period, a decrease of 8.4%, were focused on the implementation of the globalization strategy. The division is ensuring proximity to its strategically important automotive customers as they are expanding by building new plants in the USA, South Africa, and China in order to be able to provide them locally with sophisticated safety-related automobile components that are focused on the new product segment "phs-ultraform" (press-hardened steels based on new technology). The necessary facilities were completed in the past business year and are up and running so that it was possible to begin production for customers as of the start of the business year 2014/15. Other identical or similar plants are in the process of being planned or implemented due to massive customer demand.

Similarly to the Automotive business segment, the Tubes & Sections business segment focused its investment activity on continuing internationalization by customers, particularly in the construction and agricultural machinery industries. With the completion of a new sections plant in China, customers who operate internationally in these industries will be supplied with special sections in this growth market from the beginning of the business year 2014/15. In the Precision Strip business segment, the second phase of expansion was completed at the Kematen (Austria) site in the first half of the business year; it is one of the most modern cold rolling centers worldwide for the production of high-quality strip steel.

Acquisitions

As part of the implementation of the Group's growth strategy, the business year 2013/14 saw several acquisitions that were modest individually but that have considerable importance for the Group's further development. While the acquisitions in the Metal Engineering Division primarily expanded its product portfolio, the acquisitions made by the Special Steel Division were intended to extend the customer-specific value chain and to bolster the accelerated internationalization process.

Specifically, at the beginning of the business year 2013/14, the Metal Engineering Division acquired and fully integrated the Italian company Trafilerie di Cittadella S.p.A. voestalpine Böhler Welding Group GmbH took over 90% of the shares of this company, which specializes in the production of seamless flux cored wire. The Italian company, which has 60 employees, generated annual revenue of EUR 13.7 million in 2012.

The Welding Technology business segment acquired the Indian company Maruti Weld Pvt. Ltd., which is headquartered in Delhi, and which specializes in manufacturing welding electrodes. The acquisition of this company, which has 180 employees and generated annual revenue of EUR 6.7 million in 2012, will enable the Group to accelerate the penetration of the Indian growth market. It has modern facilities and will provide an outstanding, regional production base.

With the takeover in the first quarter of 2013/14 of the assets of Rieckermann Steeltech Ltd. (Shanghai) and P.M. Technology Ltd (Shenzhen) with workforces totaling around 100 employees, the Special Steel Division continued to enhance its position in China, a future-oriented market. These production and service sites were acquired within the scope of an asset deal, enabling further expansion of the distribution and service areas. Moreover, the acquisition supports the division's focus on sophisticated special materials in the growth industries of energy and mobility.

The acquisition of Eifeler France S.a.r.l. in December 2013 is also allocated to the Special Steel Division; this was a follow-up to the acquisition of the Eifeler Group in late March 2013 with a total of nine companies in Germany, Switzerland, and the USA. Most recently, Eifeler France S.a.r.l. reported annual revenue of EUR 1.6 million; it has 15 employees.

Employees

As of March 31, 2014, the voestalpine Group had 43,875 employees (excluding apprentices and temporary staff). This corresponds to an increase of 1,797 persons (+4.3%) compared to the headcount on March 31, 2013 (42,078). The total workforce (including apprentices and temporary personnel based on FTE/full-time equivalent) rose to 48,113 employees, thus increasing by 1,762 employees or 3.8% compared to the previous year (46,351 FTEs)

Due to the Group's increased internationalization activities in the past years, the employee structure of core staff has changed accordingly: today, more than 52.1% of all employees (22,864 persons) are working at the Group's international locations outside of Austria, with 21,011 employees working in Austrian companies.

As of the end of the business year, the voestalpine Group was training 1,405 apprentices (65.6% of whom were being trained at Austrian companies and 34.4% at international sites). Compared to the previous year (1,351 apprentices), the number has risen by 54 young people (+4.0%).

Employee shareholding scheme

The employee shareholding scheme, which has existed since 2001 and has since been gradually expanded, is currently available abroad for Group employees in Great Britain, Germany, the Netherlands, Poland, and Belgium. As a result of the integration of additional companies in the business year 2013/14, more than 10,000 employees in these countries have now been invited to participate. As of March 31, 2014, a total of 23,300 employees are voestalpine AG shareholders by way of the voestalpine Mitarbeiterbeteiligung Privatstiftung and hold a total of around 22.3 million shares. Due to the general bundling of voting rights, these employees, with a holding of 13.0% of share capital (previous year: 13.3%), are one of the two largest core shareholders of voestalpine AG. About 1.8 million private shares owned by current and former employees (this corresponds to about 1.0% of the voting shares) are also managed by the voestalpine Mitarbeiterbeteiligung Privatstiftung. Thus, currently 14.0% of voestalpine AG's share capital (previous year: 14.4%) is owned by employees.

The Stahlstiftung (Steel Foundation) in Austria

The Stahlstiftung, which was established in 1987, provides former employees of voestalpine from almost all of the Austrian Group companies with the opportunity to take up to four years to complete training and continuing education courses to upgrade their skills or to start a new career path. This institution significantly mitigates the social consequences of lay-offs and the participants receive the best possible assistance in their search for a new job. In the business year 2013/14, more than 86% of the participants who were looking for work were able to find a new job with the help of the Stahlstiftung. This high placement rate, which is excellent by international standards as well, even improved slightly compared to the previous year.

As of the end of the business year, a total of 407 persons were being assisted by the Stahlstiftung, of whom 55.0% were participants from companies not belonging to the voestalpine Group. The total number of active participants of the Stahlstiftung in the business year 2013/14 was 777, an increase of 5.1% compared to the previous year (739 persons).

Focus of HR activities

Fairs

The voestalpine Group was represented at a number of career fairs in the past business year. The focus was on recruiting students majoring in technical and scientific subjects. voestalpine teams from technology fields and HR introduced the Group not only at the International Student's Day of Metallurgy in Krakow (Poland) but also at national student fairs throughout Austria and

Germany as an attractive employer for entry-level employees. In order to bolster the overall strategy of the voestalpine Group, international career fairs were not neglected, for example, the German-Chinese career fair SinoJobs Career Days, which gave the Group the opportunity to introduce itself to talented young people from Asia as an international industrial enterprise.

voestalpine AG is Austria's BEST RECRUITER 2013/14

voestalpine AG was the overall Austrian winner in the BEST RECRUITERS Study 2013/14 (as a comparison, when the first study was conducted in 2010/11, voestalpine AG was in 37th place). BEST RECRUITERS annually analyzes the 500 top employers in Austria according to various criteria, such as career website, social web, online job ads, and how test job applications are handled. voestalpine precisely analyzed the findings of the last three studies and implemented numerous improvements. Special attention was paid to the target group-specific online HR channels, which voestalpine successively established in the past few years. In addition to the corporate website, there is a separate apprentice website, a career page on Facebook, and a career section in the corporate blog. These channels were again expanded to extend their reach. Reports about day-to-day work on Facebook and the section "blogging employees" have been generating an enormous response.

voestalpine student evening at the Leoben University of Mining and Metallurgy

In addition to ongoing activities, such as fairs, excursions, etc., a voestalpine student evening was held for the target group encompassing technical students at the Leoben University of Mining and Metallurgy, which is particularly important for the Group. Around 450 students took advantage of the opportunity to collect information about the voestalpine Group. All five members of the Management Board of voestalpine AG, two of whom graduated from the Leoben University of Mining and Metallurgy themselves, personally presented the Group's work environment, its research, and its products. After the lectures, the students utilized the opportunity to gather information about jobs from the various voestalpine companies and to address questions to the members of the Management Board.

Apprentices (focus Austria, Germany)

voestalpine employs 1,405 apprentices worldwide. The majority is trained in Austria and Germany, where the "dual system," the combination of school and practical application, is in use. Currently, training for around 50 vocational occupations is being offered at 38 sites. In the last business year, many schoolchildren and their parents took advantage of the "open house days" at various sites in order to personally gather information about career opportunities. The voestalpine online channels (apprentice website, Facebook, and most recently Instagram as well) are being extensively utilized by young people.
The voestalpine Group invests more than EUR 21,400 in the training of each single apprentice. The apprentices regularly prove that this is an investment well worth it by their results in international competitions but also by the impressive number of young people who complete their apprenticeships: in the last business year, 95.6% passed their final examination. Of the apprentices in Austria, 63.0% passed their final examination with the grade "good" or "excellent" (this system is not applicable for other countries).
In addition to providing specialized knowledge for their future occupation, voestalpine also supports the development of personal and social skills: language study abroad, simulation games, workshops on health, and excursions to other companies are part of the training concept.

Employee survey

An employee survey was again conducted throughout the voestalpine Group in October 2013. Employees worldwide (!) filled out anonymous questionnaires and evaluated aspects, such as working conditions, cooperation, and the leadership situation. The objective of this survey,

which is conducted every three years, is to identify criteria of an attractive work environment that are relevant from the perspective of employees and to improve these criteria on an ongoing basis. The record response rate of 75.2% shows that employees have confidence in the voestalpine employee survey. From the perspective of employees, the pluses of working at voestalpine are the strong work ethic, enjoyment of one's work, and activities regarding occupational safety. Employees' pride that they are working at voestalpine and their identification with the company are also high.
"Feedback" and "professional development opportunities" have been identified as Group-wide topics. At the corporate level, each company will additionally define two to three core improvement measures. A Group-wide monitoring of measures and sharing of experience will support the companies in working through the findings. The employees will be informed about relevant activities on an ongoing basis. The next employee survey is scheduled for 2016.

Development of executives

In the business year 2013/14, 168 participants from 21 countries took part in the "value:program," an internal development program for executives; 40.5% of the participants came from Group companies outside of Austria. The percentage of women was 15.5%. Frequent lectures held recently are further proof that voestalpine is "One step ahead" with its development program for executives. In lectures at four conferences in Austria and Germany, the innovative design of the program and the methods used piqued the interest of the high-profile audience of experts.

Collaboration with universities

Each year, voestalpine enables students from Emory University (Atlanta, Georgia/USA) to participate in a ten-week internship. In exchange, selected students of the Johannes Kepler University in Linz receive a one-year scholarship to Emory University. Students in the international MBA program "ACT – Austria, Canada, Taiwan," a joint study program of the Johannes Kepler University Linz, the University of Victoria in Canada, and National Sun Yat-sen University in Kaohsiung in Taiwan, received a comprehensive tour of the Linz plant and took part in project work lasting several weeks.
There are numerous ongoing collaboration projects with the Leoben University of Mining and Metallurgy (MUL), such as voestalpine's sponsoring of the Montanuni truck for its information tour of Austria and the Metal Days, which are both held to stimulate young people's interest in studying at the University of Mining and Metallurgy, participation in the Contact Forum (student fair at the University of Mining and Metallurgy), company presentations, etc. Moreover, voestalpine companies provide students with the opportunity to undertake internships or work on scientific papers in collaboration with voestalpine.
At the international level, voestalpine was one of the sponsors of the International Student's Day of Metallurgy in Krakow in 2013; an expert from voestalpine held a lecture and voestalpine provided the booth. More than 200 students from about 15 European universities took part in this three-day event.

High mobility pool

After the successful Europe-wide recruitment of participants for the 2011 generation, the internationalization of the program was continued. For the 2013 generation, participants from Brazil, China, Canada, and Mexico were recruited. The high mobility pool provides high potentials, who have a few years of professional experience, with the opportunity to get to know the voestalpine Group through concrete projects in the individual divisions and departments.

Raw materials

The prices for the most important raw materials for blast furnace-based steel production—ore, coal, coke, scrap—have been trending downward in the past business year. At the same time, price fluctuations for iron ore have been less pronounced than in the previous years. While the price of fine ores on the spot market ranged between USD 130 and 140 (CFR China) in the early part of the business year 2013/14, it fell in the following months to USD 110, before returning to its initial level over the summer months. The unexpected rise was largely due to an increase in demand for iron ore by Chinese steel manufacturers. The following lateral shift of the price continued until the end of the calendar year before dropping again to under USD 110. Experts on the raw materials market by and large agree that ore prices will tend to go down further in the coming years, however, the magnitude of this price decline is unknown. Against this backdrop, a number of major iron ore producers announced during the past year that they intend to scale down some of their medium-term investment and expansion plans.

In the second half of the business year 2013/14, there was more demand for lump ore and pellets than for fine ore in China for environmental reasons. As a result, the price difference between these categories and fine ores increased significantly.

Prices for coking coal continued to fall steadily in 2013/14, as has been the case since early 2011. The price for one ton of coking coal on the spot market (FOB Australia) has been moving toward the USD 100 mark since the end of the business year; in the past three years, its price has fallen by about two thirds. The reasons for this are, on one hand, availability of additional coal resources from Mongolia, which are being utilized primarily by Chinese steel manufacturers, thus limiting their import requirements from Australia and Canada, and on the other that coal producers worldwide have not experienced production stoppages due to inclement weather since 2011.

Similarly to coking coal, procurement costs for coke have declined substantially in recent years, with the price dropping from USD 500 to just over USD 200 per ton (FOB Russia, Columbia, Japan) in the past three years. As a result, the price differential between coking coal and coke—and thus the value-added for refining and processing—has gone down to about USD 100.

Prices for iron and steel scrap, which is used as supplementary input material in steel mills in addition to liquid iron smelt, are subject to the regional development of supply and demand, which tends to be less volatile than prices for iron ore, coal, and coke. In the business year 2013/14, the price per ton of scrap fluctuated between EUR 250 and 290.

The long-term raw materials strategy of voestalpine AG continues to aim for a diversified and broad basis of supply sources in order to avoid becoming dependent on individual suppliers. From today's perspective, we are not anticipating any problems regarding the availability of raw materials.

Research and development

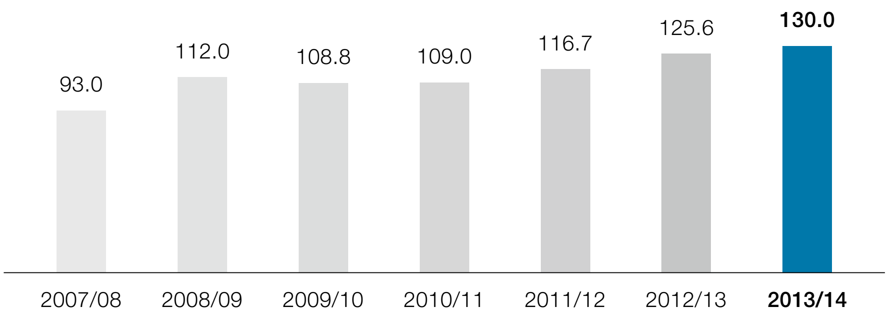
Keeping up with the latest trends over the past few business years, the voestalpine Group continues to remain the most research-intensive corporation in Austria, with a research and development outlay for the business year 2013/14 equaling EUR 130.0 million. This figure represents a rise in R&D expenditures of EUR 4.4 million, or 3.5%, in comparison to the previous business year (EUR 125.6 million); this new record figure once again underscores the significance of this division to the Group as a whole. In a year-over-year comparison, the research ratio (proportion of R&D expenditures in relation to revenue) increased from 1.1% to 1.2%; the R&D coefficient (funds measured in terms of value creation) moved up from 2.87% to 2.90%.
The primary focus of research activity, on the one hand, was placed on those industries with the greatest potential for growth—namely, mobility and energy. On the other hand, the Group also focused on sustainability and environmental compatibility. In the area of process developments, energy efficiency took center stage, together with resource efficiency, CO_2 reduction, zero waste, and steady improvements to quality. All production processes were closely examined with regard to their potential for resource recovery of recyclable materials and energy. In collaboration with various university institutes, the Group is pursuing methods to develop and optimize recycling processes for metalliferous by-products (specifically zinc, lead, and copper). Additional projects are aimed at heat recovery from slag.
Research efforts on resource efficiency concentrate foremost on elevating the flexibility of input materials, such as those obtained from innovative mixtures of ores, and on the accelerating the substitution of coal with natural gas by using HBI/DRI technology; however, these efforts also focus intensely on the optimization of the entire process chain—in other words, improved compatibility and coordination of individual process steps based both on simulations of metallurgical process and forming technologies and on the development of model-based systems management.

Product development for the mobility and energy sectors is concentrated on the following areas: ultra-high strength steels—specifically HD (high ductility) steel; new qualities of electric steel strip for use in electric motors; tools and tool materials for high and ultra-high strength steels; forged aviation components from nickel-based alloys; head check and wear resistance-optimized rail steel; life-cycle optimized turnouts; high tensile cold extrusion wire materials; new kinds of sophisticated sections and tubes based on high-strength coated steels; welding consumables for ultra-high strength and highly heat-resistant applications; and parts and part components for the renewable energies sector.
In the field of aviation, Group companies in the Special Steel Division, working in collaboration with a jet engine manufacturer under the CleanSky Project, were able to apply the findings from computer-based forging and heat treatment simulations to the specific design and optimization of engine disks made from a nickel-based alloy. In doing so, they model the distribution of mechanical processes in the forged component—yield strength, for instance—in advance, and then make them available to the customer. Collectively, the forged component's geometry and process management can be optimized in such a manner that ultimately—and in keeping with the principles of lightweight construction—a turbine disk with custom-tailored distribution of mechanical properties can be forged and delivered.

Research expenses for the voestalpine Group

In millions of euros

R&D gross expenses (without R&D installation investments)



Following intensive research efforts in the materials development of high-tensile sour gas-resistant steels for oil field pipes, the Metal Engineering Division succeeded in completing its initial orders. With regard to thread development, the Connection Testing Center commenced operations in October 2013, so that the division can test gas-tight pipe thread connections under combined loads up to the most rigorous design and performance specifications. A highly innovative type of rail steel for the tram segment that exhibits superior welding and wear properties was engineered in record time and already placed in the market, while DOBAIN®, the tear-resistant bainitic brand of rail steel, is currently being tested on various test tracks throughout Europe, at customer request. The newly developed strip-powder combination for electroslag welding (Alloy 625) now makes it possible to execute contract welding jobs applying only one coat to protect system components from chemical and thermal stresses. Previously, at least two coats were necessary (Welding Consumables business segment).

As previously mentioned, voestalpine is also continuing to pursue the targeted expansion of its successful, long-term collaboration with a number of university institutes, research institutions, and competence centers.

For example, in the COMET research program, the Group is involved with ten different competence centers and projects on various priority issues. The main projects center on the fields of metallurgy (K1-MET for metallurgical and environmental process engineering), materials engineering (MPPE), and mechatronics (ACCM – Austrian Center of Competence in Mechatronics). In addition, there are several other important collaborative efforts in steel processing (AC2T – Austrian Competence Center in Tribology; Join4+; K2Mobility; FFT – Future Farm Technology), materials testing (ZPT – non-destructive test engineering), surface treatment (CEST – Center of Competence in Electrochemical Surface Technology), and in pioneering IT solutions (SCCH – Software Competence Center Hagenberg). These centers of competence serve as interfaces between science and business and industry; they direct their research efforts at the latest issues confronting industry today.

The core area of expertise and research focus of the Leoben University of Mining and Metallurgy-based K2 center, MPPE (Material, Process, and Product Engineering), is the integration and optimization of materials selection, manufacturing processes, and component geometry, with the aim of achieving the highest degree of functionality, process safety, and lightweight quality, while keeping costs as low as possible. The voestalpine Group is collaborating with MPPE on numerous R&D projects. After this center of competence received its positive international evaluation, joint cooperation agreements took effect for Phase Two of the K2-Center.

CEST GmbH, Austria's center of competence for electrochemical surface technology, celebrated its 5th anniversary in June 2013. As co-owner of CEST, voestalpine Stahl GmbH has also been solidly anchored in the joint research program for years. Working together with experts from the Vienna University of Technology, the Graz University of Technology, the Johannes Kepler University Linz, and the Leoben University of Mining and Metallurgy, answers to burning questions about surface engineering—such as substitutes for chromium VI—were reached over the past few years through over 20 projects.

Under "Horizon 2020," the new EU Framework Program for Innovation and Research, voestalpine is participating in the public-private partnership "SPIRE" (Sustainable Process Industry through Resource and Energy Efficiency), an initiative of energy-intensive industries—including the steel industry—with the aim of creating new, cross-sector energy- and resource-efficient solutions.

Environment

Environmental expenditures

In the business year 2013/14, the environmental investments of the voestalpine Group equaled around EUR 23 million (2012/2013: EUR 27 million); ongoing operating expenses for environmental systems totaled roughly EUR 218 million[1] (2012/13: EUR 213 million). Thus, the voestalpine Group's total environmental expenditures of EUR 241 million exceeded the previous year's level by a negligible amount (2012/13: EUR 240 million).

The Group's environmental projects in the last business year

During the last business year, as in prior years, voestalpine concentrated its main efforts in the environmental sector on air purification, water management, energy efficiency, noise abatement, waste disposal, and recycling management.
The focus of the air purification projects was to minimize dust emissions by installing new dust extractor and filtration systems—as well as entire dust extraction systems—primarily at its largest location in Linz, Austria, and at Villares Metals in Brazil. The Metal Engineering Division also substantially improved the occupational environment at one of its plants in China by optimizing the dust extraction systems there.

In regard to water management, the focus was placed on optimizing cooling systems during business year 2013/14. Thus, for example, the Special Steel Division switched some systems from open to closed cooling water systems at the Kapfenberg (Austria) location, while at the Krieglach (Austria) site of voestalpine Rotec GmbH (Metal Forming Division), the cooling system for the hydraulics station was switched to a security system that addresses leakage incidents.
Numerous measures for increasing energy efficiency were implemented within the Group over the course of the past several years. For example, today the production facilities at the Linz steel plant are largely reporting markedly lower specific energy consumption than just five years ago. Indeed, the plant attained an especially significant increase in energy efficiency with its blast furnaces. This can be attributed to generally optimized system configurations, the most robust operation of production systems possible, and comprehensive measures to increase energy efficiency, such as pump programs, state-of-the-art electric motors, optimized thermal processes, and reduction of standby energy consumption.
With regard to energy efficiency, the Special Steel Division successfully implemented the next phase of the fuel conversion from oil to liquid natural gas at the Uddeholm (Sweden) location. Additionally, a series of measures to improve output was established as a further contribution to energy and resource efficiency. In order to raise energy efficiency at other locations within the Division even further, additional measuring equipment was installed to monitor energy use.

Environmental management

As in previous years, over the past business year Group companies within the voestalpine Group

[1] Basis: Austrian Group locations as it is here that the greatest portion of the Group's environmentally sensitive emissions accrue.

were again awarded recognition for their implementation of measures in the environmental sector. Beside successfully obtaining initial ISO 14001 certification of the new voestalpine Steel Service Center in Romania, the efforts in the field of environmental management were also rewarded at the following locations: voestalpine Tubulars GmbH & Co. KG in Kindberg (Austria) received Austria's EMAS award for its 2012 Environmental Declaration; furthermore, its energy efficiency efforts also garnered accolades with the klima:aktiv Award for Excellence in Climate Protection. The klima:aktiv award was likewise awarded to BÖHLER Edelstahl GmbH & Co. KG in Kapfenberg (Austria). Each of the following Group companies based in Zeltweg (Austria)—voestalpine VAE GmbH, voestalpine Weichensysteme GmbH, and voestalpine HYTRONICS GmbH—were honored with the 2014 EMAS Award for their long-term action plans in the area of "holistic life cycle optimization of product portfolios and production processes." voestalpine Böhler Welding Group GmbH received an award as an "Eco-Profit Company" (ÖKO-Profit Betrieb) for its location in Hamm, Germany.

Environmental policy topics

The European Commission's 7th Environment Action Programme (EAP)

The current 7th Environment Action Programme of the European Commission, which took effect at the end of 2013, forms the strategic framework for European environmental policy until 2020. It involves a series of 60 definitive measures of relevance to voestalpine.

The most significant challenge is represented by the ecological valuation of products across their entire life cycle through to their reuse or recycling. voestalpine already incorporates this balance both in the development of materials and then again in production. The ecological advantages of steel and thus, the environmentally sound performance of materials, contribute substantially to the company's economic success. The Group ensures that this subject matter is consistently and continuously developed through the Group's cross-divisional and cross-departmental Life Cycle Assessment (LCA) Team and its active collaboration in work groups and in advocacy and special interest groups on the LCA issue.

Climate and energy policy

In March 2014, the Council of the European Union instructed the Commission to develop proposals for a coherent climate and energy policy for the period from 2020 to 2030 by June 2014. It intends to vote on these proposals in October 2014.

The Council of the European Union determined that, in regard to the year 2030, it will give a binding target value for the EU's CO_2 emissions reductions. However, this "2030 climate goal" is not determined and adopted in isolation; rather, it is part of a political framework that will encompass the aspects of greenhouse gases, renewable energy, and energy efficiency.

In structuring the proposal for such a framework, the Commission must give equal weight to the treatment of the following aspects: affordable energy prices; industrial competitive ability; security of supply; achievement of goals for climate and environment; and, measures that would guarantee the competitive ability of energy-intensive European industries.

The Council of the European Union identified the lowering of the EU's dependence on energy imports as an autonomous goal that—through broad diversification of energy sources—should enable the EU to achieve energy efficiency, network expansion, and the further development of subsidy mechanisms for renewable energies with regard to cost efficiency as well as the convergence of national systems after 2020.

From voestalpine's perspective, these conclusions set the right course, in principle—but one that the Commission, in fact, must also delineate in adequate detail and clarity. Most of all, it requires—within the EU emissions trading system—free allocation by means of benchmarks that are technologically realistic and economically feasible, based on actual production, and without being restricted by additional "corrective factors." In addition, a revision to the energy efficiency guideline is needed that would acknowledge industrial energy recovery as a worthwhile endeavor, rather than penalize such efforts.

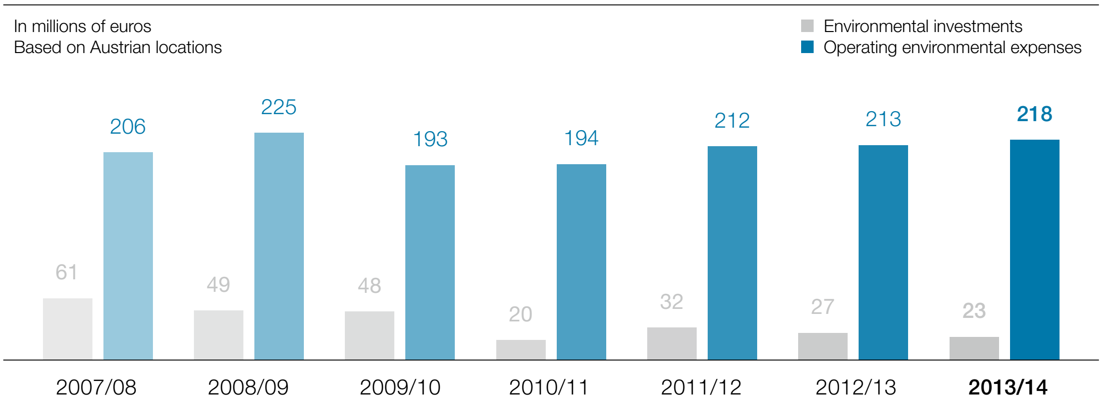
Industrial Emissions Directive (IED); state-of-the-art technology

As previously illustrated in the prior year's Annual Report, the revised version of the Industrial Emissions Directive (IED) 2010/75/EU became effective at the start of 2011, replacing the IPPC Guideline (Integrated Pollution Prevention and Control Directive). It is intended to guarantee the Europe-wide standardization of systems-oriented threshold values and measures for certain industrial activities.

In the interim, the national implementation process within Austria has advanced to the point that the requirements for maintaining state-of-the-art technology to prevent or ameliorate environmental pollution have been implemented, with respect to content, in the respective materials laws. These include, for example, the Waste Management Act, the Industrial Code, and the Water Rights Act.

At the integrated steel mill locations of the Steel Division and the Metal Engineering Division, pig iron and steel production areas underwent evaluation with regard to the need for adaptation or modification, by direct application of the IED and those documents that define the required environmental measures. In the findings, it was determined during the evaluation that as of the present date, configuration of the systems structure already complies with the "latest redefined" state of the art.

Environmental expenditures[1]



[1] Basis: Austrian Group locations as it is here that the greatest portion of the Group's environmentally sensitive emissions accrue.

Report on company risk exposure

Risk management, as it has been understood and practiced in the voestalpine Group, serves to ensure both the continued long-term existence of the Group and an increase in its value, thus representing a key factor in the success of the Group as a whole.

Since the business year 2000/01, the voestalpine Group has had a comprehensive risk management system in place that was established based on a general, Group-wide policy; this policy has been updated and expanded on an ongoing basis.

In accordance with the Austrian Company Law Amendment Act of 2008 (Unternehmensrechts-Änderungsgesetz) and the associated increased importance of an internal control system (ICS) and a risk management system, an Audit Committee has been set up at voestalpine AG, which addresses questions related to risk management and the internal control system (ICS) on an ongoing basis as well as the monitoring thereof. Risk management and the internal control system are integral components of the existing management systems within the voestalpine Group. The Internal Audit department independently monitors operational and business processes and the ICS and, as an independent, in-house department, has full discretion when reporting and assessing audit results.

The systematic risk management process assists management in recognizing potential risks early on and initiating appropriate action to avert or prevent dangers. In order to ensure value-oriented corporate management, risk management is an integral part of the Group's business processes. Risk management covers both the strategic and the operational levels and is therefore a major element in the sustainable success of the Group.

Strategic risk management serves to evaluate and safeguard strategic planning for the future. Strategies are reviewed to ensure conformity with the Group's system of objectives in order to ensure value-adding growth by way of an optimum allocation of resources.

Operational risk management is based on a revolving procedure that is run at least once a year uniformly across the entire Group. The evaluation of identified risks is implemented using an evaluation matrix that assesses possible losses and the probability of occurrence. The main risks being documented are operational, environmental, market, procurement, technological, financial, and IT risks. This process is aided by a special web-based IT system.

The preventive measures for the main risk areas presented in last year's Annual Report are still valid:

- **Availability of raw materials**

Ensuring supply of the required quantity and quality of raw materials and energy in the long term is a permanent challenge. The voestalpine Group has therefore for some years maintained a diversified procurement strategy that reflects these risks. Long-term relationships with suppliers, the expansion of the Group's supplier portfolio, and the development of its self-sufficiency are the core elements of this strategy that is becoming increasingly important in view of the trend toward higher volatility on the raw materials markets (for more details, please refer to the „Raw Materials“ chapter of this Annual Report).

- **Guidelines for hedging raw materials price risk**

Management of raw materials price risk determines the effects that fluctuations on the raw materials market have on EBIT. Based on the acquired information and taking the individual distinctive characteristics of each raw material into consideration, price risks for raw materials are hedged by executing delivery contracts containing fixed price agreements or by utilizing derivative financial instruments. An internal guideline comprehensively defines objectives, principles, and responsibilities, in addition to methodology, processes, and decision-making processes, for how raw materials risks are handled.

■ CO_2 issues

Risks associated with CO_2 are covered separately in the "Environment" chapter of this Annual Report.

■ Failure of IT systems

At the majority of the Group's sites, business and production processes that are largely based on complex IT systems are serviced by voestalpine group-IT GmbH, a company that specializes in IT and that is wholly owned by the Group holding company voestalpine AG. Due to the importance of IT security and in order to minimize possible IT breakdown and security risks, minimum security standards for IT have been developed, and compliance with these standards is reviewed annually by way of an audit. In order to reduce the risk of unauthorized access to IT systems and applications even further, additional periodic penetration tests are carried out. In the past business year, an online campaign was conducted to raise employees' awareness with regard to issues relating to IT security.

■ Failure of production facilities

In order to minimize the risk of breakdowns of critical facilities, ongoing targeted and comprehensive investments have been made in the technical optimization of sensitive units. Other measures being taken are consistent preventive maintenance, risk-oriented stockpiling of spare parts, and comprehensive employee training.

■ Knowledge management

In order to sustainably secure knowledge and especially to prevent the loss of know-how, complex, extensive projects have already been initiated, and they are consistently maintained. Available knowledge is permanently documented on an ongoing basis, while new findings from key projects as well as lessons learned as the result of unplanned events are incorporated accordingly. Detailed process documentation, especially in IT-supported areas, also contributes to secure knowledge management.

■ Risks in the financial sector

Financial risk management is organized centrally with respect to policy-making powers, strategy determination, and target definition. The existing rules and regulations include targets, principles, tasks, and responsibilities for both the Group Treasury and the financial department of each Group company. Financial risks are continuously monitored, quantified and—where this is feasible—hedged. The strategy aims to reduce fluctuations in cash flow and income. Market risks are largely secured through the use of derivative financial instruments that are used exclusively in connection with an underlying transaction.

Financing risks are hedged using the following measures:

■ Liquidity risk

Liquidity risks generally consist of a company being potentially unable to raise the funds necessary to meet its financial obligations. Existing liquidity reserves enable the company to meet its obligations within the prescribed period. The primary instrument for managing liquidity risk is a precise financial plan drawn up quarterly on a revolving basis. Required financing and bank credit lines are determined by the central Group Treasury based on the consolidated operating results.

Credit risk
Credit risk refers to financial losses that may occur through non-fulfillment of contractual obligations by individual business partners. The credit risk of the underlying transactions is minimized to the greatest degree possible through credit insurance and bankable securities (guarantees, letters of credit). The default risk for the Group's own remaining risk is kept manageable by way of monitoring and close contact with customers and—based on prior experience during the crises in recent years—is considered to be low. A high percentage of delivery transactions is covered by credit insurance. As of March 31, 2014, 78% of the Group's trade receivables were covered by credit insurance. Counterparty credit risk in financial contracts is managed by way of daily monitoring of ratings and any changes in the CDS levels (credit default swap) of the Group's counterparties.

Currency risk
The Group implements hedges centrally by means of derivative hedging instruments through the Group Treasury. voestalpine AG hedges budgeted (net) foreign currency payment flows for the next twelve months. Longer-term hedging is only carried out for contracted projects. The hedging ratios are between 50% and 100% of the budgeted payment flows for the next twelve months.

Interest rate risk
voestalpine AG conducts the interest rate risk assessment centrally for the entire Group. This assessment specifically manages cash flow risk (the risk that interest expenses or interest income will undergo an adverse change). As of the reporting date of March 31, 2014, an increase of the interest rate by 1% will result in an increase of the net interest expense amounting to EUR 6.5 million in the next business year. This is, however, an assessment of risk potential on the reporting date, and it can be subject to significant fluctuations over time. As voestalpine AG maintains a liquidity reserve to ensure availability of liquidity, it has interest-bearing investments. In order to avoid interest rate risk stemming from these investments, interest rate exposure on the asset side, expressed by way of the modified duration, is coupled with interest rate exposure on the liability side (asset-liability management).

Price risk
voestalpine AG also assesses price risk, primarily using scenario analyses to quantify interest and currency risk.

Uncertainties related to legislation

Goodwill amortization under Austrian tax law
With its decision of January 30, 2014, the Higher Administrative Court (Verwaltungsgerichtshof) directed a request for a preliminary ruling to the ECJ (Higher Administrative Court 30/1/2014, EU 2014/0001-1 (2013/15/0186)). Among other issues, this request contained the question of whether, when acquiring a domestic equity interest, goodwill amortization constitutes State aid within the framework of group taxation in Austria as defined by Art. 107 (1) 1 of the Treaty on the Functioning of the European Union (TFEU). The result of the ECJ preliminary ruling proceeding is still open. If goodwill amortization qualifies as "State aid," a reversal could become necessary for a period of up to ten years from the date of granting of State aid. A reversal of the prior tax abatement effect amounting to EUR 169.5 million and a reversal of deferred tax assets amounting to EUR 126.4 million depends on the result of the preliminary ruling proceeding. At this time, the risk of a reversal is viewed as unlikely.

EEG surcharge in Germany
The exemption from the EEG surcharge (Renewable Energy Sources Act) in Germany for electricity-intensive companies is being reviewed by

the EU Commission as to whether it conforms to the EU State aid regulations. Therefore, there is the risk that possible repayments must be made or that future exemptions are canceled. This risk affects a company belonging to the Special Steel Division. The exemption from the EEG surcharge for one year amounts to EUR 22 million. At this time, the risk of a reversal is viewed as unlikely.

Economic and financial crisis

Based on the knowledge gained as a result of the recent economic and financial crises and their effect on the voestalpine Group, additional—primarily corporate—measures were taken during the past several years to minimize risk exposure, and these measures are continuing to be consistently implemented and will continue in the coming years. These measures are in particular targeted at

- Minimizing the negative effects that a recessionary economic trend would have on the company by means of relevant planning precautions (scenario planning),
- Maintaining high product quality at a stable level with concurrent continual improvements in efficiency and ongoing cost optimization,
- Having sufficient financial liquidity available even in the event of constricted financial markets, and
- Securing in-house expertise even more efficiently than before with a view to continuing the long-term expansion of the Group's quality and technology leadership.

Concrete measures to eliminate or minimize the risks previously identified within the voestalpine Group have been developed and implemented. These measures are aimed at reducing potential losses and/or minimizing the likelihood of losses occurring.

It can be stated that, from today's perspective, the voestalpine Group is exposed to limited, manageable risks that do not threaten the continuation of the Group as a going concern. There is no indication of any risks that endanger the future survival of the Group.

Report on the key features of the Group's internal control and risk management systems with regard to accounting procedures

In accordance with Sec. 243a (2) of the Austrian Commercial Code (Unternehmensgesetzbuch, UGB) as amended by the Austrian Company Law Amendment Act of 2008 (Unternehmensrechts-Änderungsgesetz, URÄG), companies whose shares are traded on the regulated markets must describe the key features of their internal control and risk management system with regard to accounting procedures in their management reports.

It is the responsibility of the Management Board to establish a suitable internal control and risk management system for accounting procedures pursuant to Sec. 82 of the Austrian Stock Corporation Act (Aktiengesetz, AktG). Therefore, the Management Board has adopted guidelines that are binding for the entire Group.
In line with the decentralized structure of the voestalpine Group, the local management of each Group company is obligated to establish and refine an internal control and risk management system for accounting procedures that meets the requirements of that individual company and ensures compliance with existing Group-wide guidelines and regulations.

The entire process, from procurement to payment, is subject to strict Group guidelines that are designed to avoid the risks associated with the business processes. These Group guidelines set forth measures and rules for avoiding risk, such as, the separation of functions, signature authority rules, and signatory powers for authorizing payments that apply only collectively and are limited to only a few persons (four-eyes principle).

In this context, control measures for IT security constitute a cornerstone of the internal control system. Issuing IT authorizations restrictively supports the separation of sensitive activities. Accounting in the respective Group companies is largely performed using SAP software. Starting in this business year, the reliability of these SAP systems is being guaranteed by automated business process controls that are built into the system as well as by other methods. Furthermore, also starting in this business year, reports about critical authorizations and authorization conflicts will be generated automatically.
In preparing the consolidated financial statements, the data for fully consolidated or proportionately consolidated entities is transferred to the unified Group consolidation and reporting system.
The unified Group accounting policies for recording, posting, and recognition of commercial transactions are regulated in the voestalpine consolidated financial statements handbook and are binding for all Group companies concerned.

Automatic controls built into the reporting and consolidation system, together with numerous manual controls, are implemented in order to avoid material misstatements. These controls extend from management reviews of income and expenses for each period through to the specific reconciliation of accounts.
The form in which the Group reports its accounting processes is summarized in the voestalpine controlling handbook.
The accounting and controlling departments of the individual Group companies submit monthly reports with key performance indicators (KPIs) to their own Management Boards and managing directors, and, after approval, to Corporate Accounting & Reporting to be aggregated, consolidated, and reported to the Group Management Board. Quarterly reports include additional information, such as detailed target-performance comparisons, and follow a similar process. Quarterly reports are submitted to the Supervisory or Advisory Board of each Group company and a consolidated report is submitted to the Supervisory Board of voestalpine AG.

As with operational risks, accounting procedures are also subject to risk management. Potential accounting risks are regularly surveyed and avoidance measures implemented. The focus is placed on those risks that are regarded as fundamental to the activities of that company.
Compliance with the internal control system and its quality is monitored on an ongoing basis in the form of audits at the Group company level. The Internal Audit department works closely with the responsible Management Board members and managing directors. The Internal Audit department reports directly to the CEO and submits reports periodically to the Management Board of voestalpine AG and, subsequently, to the Audit Committee of the Supervisory Board.
The control systems of each company division are also subject to audit procedures by the auditor within the scope of preparation of the annual financial statements to the extent that these control systems are relevant to the preparation of the Group's consolidated financial statements and to a true and fair view of the Group's financial position.

Disclosures on capital, share, voting, and control rights and associated obligations

As of March 31, 2014, the share capital of voestalpine AG amounts to EUR 313,309,235.65 and is divided into 172,449,163 no-par value bearer shares. There are no restrictions on voting rights (1 share = 1 vote). voestalpine AG is unaware of any agreements among its shareholders or between its shareholders and third parties that restrict voting rights or the transfer of shares.

Raiffeisenlandesbank Oberösterreich Invest GmbH & Co OG, Linz, as well as the voestalpine Mitarbeiterbeteiligung Privatstiftung (a private foundation for the Company's employee shareholding scheme), Linz, each hold more than 10% of the Company's share capital. Oberbank AG, Linz, holds more than 5% (and less than 10%) a Norges Bank (Norwegian Central Bank) holds more than 4% (and less than 5%) of the Company's share capital.

The Management Board of voestalpine Mitarbeiterbeteiligung Privatstiftung exercises the voting rights of shares that are held in trust by voestalpine Mitarbeiterbeteiligung Privatstiftung for the employees of the Group companies of voestalpine AG participating in the employee shareholding scheme. However, the way in which the voting rights are exercised requires the approval of the Advisory Board of the voestalpine Mitarbeiterbeteiligung Privatstiftung. The Advisory Board decides on the approval with a simple majority. The Advisory Board is constituted on a basis of parity, with six members representing employees and six members representing the employer. The Chairman of the Advisory Board, who must be appointed by the employee representatives, has the deciding vote in the event of a tie.

With regard to the Management Board's powers that are not derived directly from applicable statutes, such as the purchase of the Company's own shares, authorized or contingent capital, reference is made to item 17 (Equity) of the notes to the consolidated financial statements 2013/14.

The hybrid bond issued in October 2007 with a current volume of EUR 500 million, the hybrid bond issued in March 2013 with a volume of EUR 500 million, EUR 500 million fixed-interest securities 2011–2018, EUR 500 million fixed-interest securities 2012–2018, the promissory note loan that was issued in the fall of 2008 and partly extended in November 2012 in the amount of EUR 169.5 million, the promissory note loan that was issued in May 2012 in the amount of EUR 400 million, OeKB (= Oesterreichische Kontrollbank) equity financing in the amount of EUR 83 million as well as the syndicated loan executed in November 2011 in the amount of EUR 800 million (a EUR 400 million loan to consolidate liquidity requirements for investments and repayments, which was drawn in the business year 2012/13, and EUR 400 million as a revolving credit facility to ensure liquidity), and the EUR 250 million loan granted by the European Investment Bank contain so-called change-of-control clauses. With the exception of the hybrid bond, according to the terms of these financing agreements, the bondholders or the lending banks have the right to demand redemption of their bonds or repayment of their loans if control of the company changes. Under the terms and conditions of the hybrid bond issue, the fixed interest rate (interest rate during the fixed-interest periods) and/or the margin (interest rate during the variable interest periods) go up by 5% 61 days after a change in control occurs. voestalpine AG has the right to call and redeem the bonds no later than 60 days after a change in control. According to the terms and conditions of the aforementioned bonds and financing agreements, control by voestalpine AG changes when a controlling interest within the meaning of the Austrian Takeover Act (Übernahmegesetz) is acquired by another party.

The company has no compensation agreements with the members of the Management Board, Supervisory Board, or employees in the event of a public takeover bid.

Outlook

While the reality of 2013 was significantly weaker than even world-famous experts anticipated at the beginning of the year, for the first time since "the crisis," 2014 is expected to see not only a continued consolidation in those regions that are most important for the global economy, but increasing momentum in economic growth. The main reasons for this heightened optimism are progress in Europe in the economic restructuring of the nations in Southern Europe and, to a lesser degree, Central Europe as well, a sound upwards trend in economic growth in North America, stabilization of Chinese economic growth at a level of around 7% annually, and the possibility that, after the recent parliamentary elections, India will again return to a trajectory of growth, at least in the medium term. Growth prospects in Brazil and Russia, however, are expected to remain limited, at least in the short term. As far as Russia is concerned, uncertainty as to possible additional sanctions is another factor that can impact its prospects. The fact that the global economic forecasts—in contrast to the previous year—have been revised upward numerous times in recent months also points to growing optimism with regard to the development of the global economy.

Despite this improved economic environment, it would be premature to speak of a broad-based global trend reversal. However, it might be possible to create those prerequisites in 2014 to enable a more significant upward trend of the global economy than has been the case in recent years.

Indications of future demand from the most important customer industries point to a development that ranges from stable to moderately positive for the year. For example, signals from the construction and construction supply industries in Europe are conveying the prospect of recovery for the first time in years. In the USA, this area is significantly stronger than in recent years and while China is not showing additional growth, this sector is stable at a solid level.

While the overseas automobile industry reported increasing sales in the past year, the European automotive sector has joined this upward trend in recent months, increasingly across the entire range from high-end cars to sub-compacts.

As was the case in 2013, the energy sector is expected to remain the weakest of the major industrial sectors in 2014 as well. Apart from a largely stable development in the oil and natural gas exploration sectors, the energy transport segment (oil and natural gas pipelines) is expecting only a slight recovery in the form of execution of individual projects, some of which had been postponed multiple times. A more broad-based revival in this sector seems unlikely in 2014 as well. The same applies to the conventional energy generation segment, where—with the exception of China—a noticeable uptrend does not appear to be forthcoming from today's perspective. The main reason for this critical development is, on one hand, continuing uncertainty about the form and impact of the energy transition (particularly in Europe) and, on the other, the weak financing capabilities of individual economies with a high demand for oil and gas. In contrast, the alternative energy sector continues to enjoy a positive development, however, the cutbacks in subsidies in many countries are increasingly impacting investment activity.

The consumer goods, white goods, and electrical industries are not expecting major changes and are anticipating a solid level of demand in 2014 as well. The agricultural machinery sector continues to experience good economic conditions and the mechanical engineering sector has seen an increase in demand in recent months.
The aviation industry and the overseas railway sector continue to enjoy a high level of demand.

Against this backdrop, the following development appears likely for the voestalpine Group in the business year 2014/15:

- **Steel Division**

Full capacity utilization, albeit continuing price pressure in Europe due to continuing overcapacities and raw materials prices that are trending downward.

- **Special Steel Division**

With the exception of seasonal fluctuations, practically full capacity utilization with a price level that is mostly stable both for sales and procurement.

- **Metal Engineering Division**

Full capacity utilization with a steady level of demand and stable or slightly declining prices in some business segments, albeit at a solid level.

- **Metal Forming Division**

Almost full capacity utilization with a mostly positive level of demand; new, international production sites create opportunities for additional revenue and earnings after initial challenges have been overcome.

Due to its special strategic position as a quality and technology leader in the production of high-end steel products, combined with its program to optimize efficiency, costs, and earnings to the tune of EUR 900 million over the next three years, the voestalpine Group anticipates maintaining its earnings leadership in 2014/15 as well.

Against the background of an economic environment that is stabilizing, the Group is anticipating an operating result (EBITDA) and profit from operations (EBIT) in the business year 2014/15 that will be somewhat above the past business year's level.

Steel Division

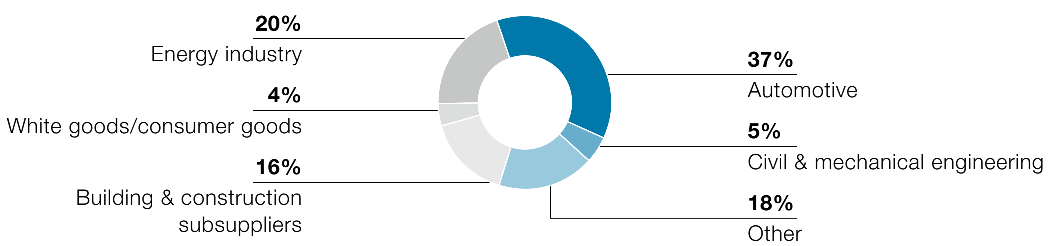
Key figures of the Steel Division

In millions of euros	2012/13[1]	2013/14	Change in %
Revenue	3,921.7	3,809.7	–2.9
EBITDA	446.3	392.9	–12.0
EBITDA margin	11.4%	10.3%	
EBIT	214.9	160.0	–25.5
EBIT margin	5.5%	4.2%	
Employees (full-time equivalent)	10,676	11,192	4.8

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

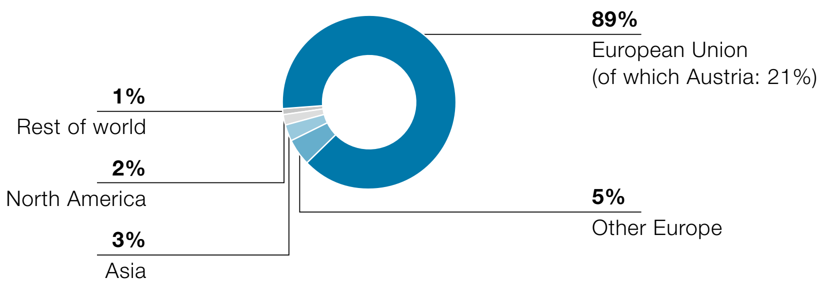
Customers of the Steel Division

As percentage of divisional revenue
Business year 2013/14



Markets of the Steel Division

As percentage of divisional revenue
Business year 2013/14



Market environment and business development

While in the first half of the business year 2013/14 the European steel sector was still very subdued, the situation then gradually improved. In particular the fourth quarter of the business year 2013/14 experienced a market recovery due to low customer inventories as well as a pick-up of actual demand. That prices did not keep pace with the increasing numbers of incoming orders is due to the fact that steel production facilities that had been previously temporarily removed from the market were now put back into operation almost concurrently with increasing customer demand so that prices remained unchanged at a low level. In the last quarter of the business year, the development of prices of the most important raw materials for blast furnace-based steel production, ore, coal, and scrap, which were trending downward, had somewhat positive effects, although the decrease in costs was largely passed on to end customers. As a result of the price level for steel products in Europe, which is stable at a low level, changes in inventories viewed over the entire year did not impact prices to any great extent because the speculative element of maintaining inventory was not brought to bear. Although, viewed globally, prices in the past business year in other world regions, particularly in the USA, were considerably higher than those in Europe, nevertheless imports to Europe rose.
With reference to the Steel Division's most important customer industry, the automobile industry, a differentiated picture emerges over the course of the year. While the export-oriented German premium manufacturers continue to record solid growth rates and record sales, the automobile manufacturers who are focused on the European market still had massive capacity utilization problems, especially, at the beginning of the business year; the latter only experienced a gradual recovery in the course of the year. This positive trend, especially in the compact and subcompact car segments, is expected to continue in the business year 2014/15.
The white goods and electrical industries were largely stable in 2013/14 despite intense competition. While white goods manufacturers expect a stable production level in the current business year, the electrical industry is counting on slightly rising demand, which, however, will be below earlier expectations because electromobility will not penetrate the market as quickly as previously assumed.
In the past twelve months, incoming orders in the mechanical engineering segment have been volatile and slightly below the previous year's level. However, the market environment for the new business year is expected to be more favorable. After years of free fall in the construction industry, especially in Southern and Eastern Europe, there are cautious signals of a trend reversal, which should grow stronger in the coming quarters. However, it is still premature to talk about a real recovery.
The customer segment that manifested the most difficult conditions for the Steel Division in the past business year was the conventional energy sector (oil, natural gas). Due to numerous postponed pipeline projects, there were too few orders for heavy plate; however, in terms of quantity, they were more then compensated by higher sales of strip products; as far as earnings are concerned, however, falling back on less attractive segments brought significant losses. The division's operating result (EBITDA), which was 12% weaker than in the previous year, is due almost completely to this slump in the conventional energy segment.
A slow normalization of the global project business in the line pipe segment is expected to occur over the next business year.

Financial key performance indicators

The intense competition in the European steel industry is reflected in the development of the Steel Division's key performance indicators. Despite continually rising demand during the business year 2013/14, which resulted in a record 5.7 million tons in crude steel production as well as record delivery volumes of 5.1 million tons, the division's key performance indicators were considerably below the previous year's figures. Prices, which were already trending downward in 2012/13, again weakened significantly during the past business year. Similarly, there was no respite as far as the cost situation was concerned. While the largest cost component with regard to raw materials, iron ore, remained at a relatively high level, slightly falling prices for coal, coke, scrap, and alloys curtailed manufacturing costs somewhat. However, since prices were also dropping, this did not result in any positive effects on margins. Against this backdrop, revenue went down by 2.9% from EUR 3,921.7 million in the business year 2012/13 to EUR 3,809.7 million in the business year 2013/14. In addition to tougher pricing conditions, the less favorable product mix in the heavy plate business segment resulting from the absence of major line pipe projects had an additional adverse impact on earnings in the past business year, as did non-recurring effects amounting to EUR 10 million in the second quarter of 2013/14 for early cancellation of an unfavorable, long-term contractual relationship. Consequently, the operating result (EBITDA) shrank by 12.0% from EUR 446.3 million in the business year 2012/13 to EUR 392.9 million in the current reporting period, with the EBITDA margin dipping from 11.4% to 10.3%. Profit from operations (EBIT) dropped off more sharply by 25.5%, going from EUR 214.9 million to EUR 160.0 million. This corresponds to an EBIT margin of 4.2%, compared to an EBIT margin of 5.5% in the previous year.

The comparison of the year's quarters to the immediately preceding quarter ran counter to the year-to-year comparison, with a clear upward trend becoming apparent most recently. Revenue rose by 12.2% from EUR 886.8 million in the third quarter to EUR 994.6 million in the fourth quarter of 2013/14; this is primarily due to increased delivery volumes and a product mix that improved concurrently, with the general price level remaining mostly stable. Even though iron ore prices on the spot market have been falling since the beginning of the fourth quarter of 2013/14, the cost basis went down only marginally as the effect is delayed by two to three months. As a result of this development, EBITDA posted a gain of 22.9%, going from EUR 87.5 million in the third quarter to EUR 107.5 million in the fourth quarter of 2013/14, with the EBITDA margin improving from 9.9% in the immediately preceding quarter to 10.8%. In the same period, EBIT surged by 62.0% from EUR 28.7 million to EUR 46.5 million, with the EBIT margin going from 3.2% to 4.7%.

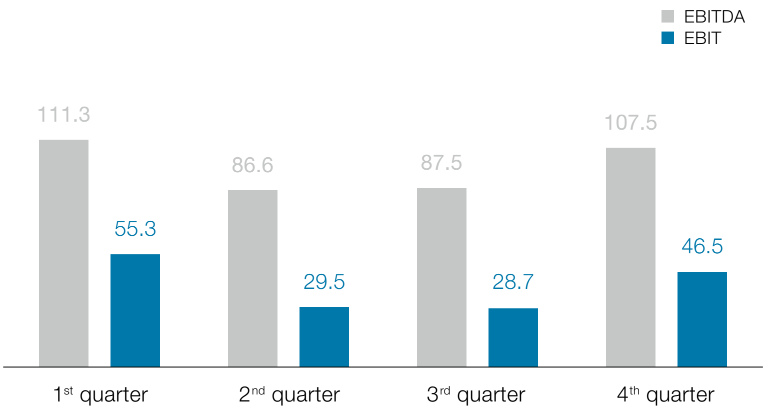
The number of employees (FTE) in the Steel Division as of the end of the fourth quarter of the business year 2013/14 was 11,192, 4.8% higher than as of March 31, 2013 (10,676 FTEs).

Quarterly development of the Steel Division

In millions of euros	1st quarter 2013/14	2nd quarter 2013/14	3rd quarter 2013/14	4th quarter 2013/14	BY 2013/14
Revenue	989.8	938.5	886.8	994.6	3,809.7
EBITDA	111.3	86.6	87.5	107.5	392.9
EBITDA margin	11.2%	9.2%	9.9%	10.8%	10.3%
EBIT	55.3	29.5	28.7	46.5	160.0
EBIT margin	5.6%	3.1%	3.2%	4.7%	4.2%
Employees (full-time equivalent)	10,805	11,026	10,862	11,192	11,192

Quarterly development of the Steel Division

In millions of euros
Business year 2013/14



Special Steel Division

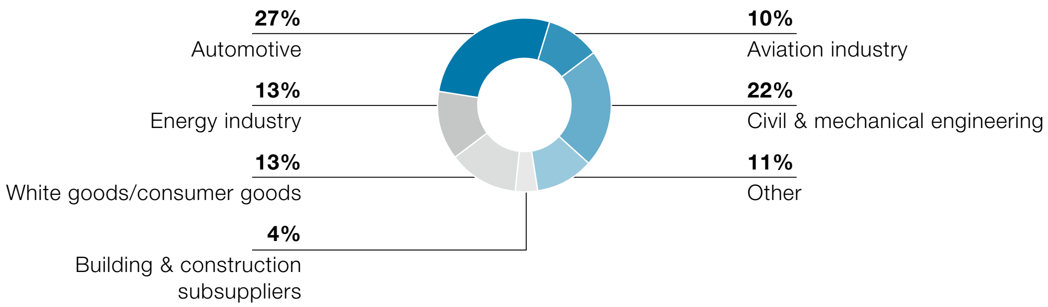
Key figures of the Special Steel Division

In millions of euros	2012/13[1]	2013/14	Change in %
Revenue	2,748.4	2,627.9	–4.4
EBITDA	366.8	358.5	–2.3
EBITDA margin	13.3%	13.6%	
EBIT	221.8	224.4	1.2
EBIT margin	8.1%	8.5%	
Employees (full-time equivalent)	12,721	12,885	1.3

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

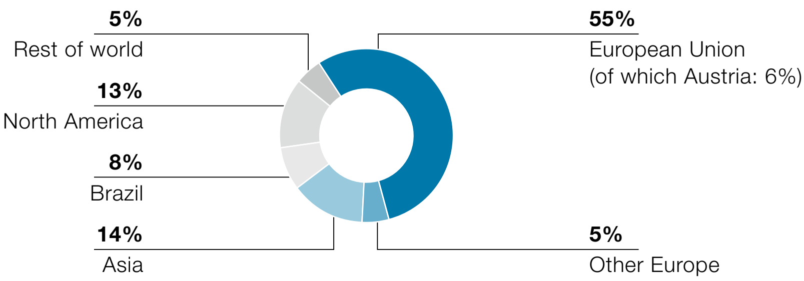
Customers of the Special Steel Division

As percentage of divisional revenue
Business year 2013/14



Markets of the Special Steel Division

As percentage of divisional revenue
Business year 2013/14



Market environment and business development

Over long stretches of the business year 2013/14, the market environment of the Special Steel Division was characterized by a recessive macroeconomic environment in Europe, volatile developments in North America, and overall growth momentum in the emerging markets that was subdued. A stabilization did not occur until the end of the 2013 calendar year, which then had a commensurately positive effect on the development of the last quarter of the business year 2013/14.

After a difficult 2013 calendar year, it has been primarily Europe that has shown a somewhat positive development since the beginning of 2014. While most of the business year was marked by high volatility due to scheduling by customers with extremely short turnaround times and additional price pressure stemming from the poor capacity utilization of voestalpine's competition, most recently, however, demand—especially in the automobile sector—was clearly positive. The demand situation in the mechanical engineering sector was also stable to slightly rising, particularly in Germany and Italy. Both the heavy mechanical engineering industry and the energy engineering industry (power plant construction) remained weak throughout Europe.
The signs of an economic recovery were already visible in the USA by the beginning of the business year and were far more positive than any signals in Europe. Nevertheless, recovery was sluggish and additionally eclipsed by political discussions about raising the debt ceiling. Toward the end of the calendar year, the economy gained momentum and demand, especially in the segment of tool steel, stabilized at a satisfactory level. In contrast, the economic climate in Canada remained cautious throughout the entire business year.
In the first half of the business year, the Brazilian market demonstrated barely any momentum with regard to demand for both general consumer goods and special materials for the oil and natural gas industries. A return to modest growth, driven by the domestic market, was not observed until the end of 2013/14.
At the beginning of the business year, Asia was characterized by increasing uncertainty regarding the speed of China's economic expansion, however, in the course of the year, the economy became more stable. Most recently, political unrest in Thailand and Indonesia had an adverse affect on the region's economic development, however, of all global regions, the Asian region has shown the greatest momentum with regard to demand for the products manufactured by the Special Steel Division.
The High Performance Metals business segment saw a very stable development in the tool steel and high-speed steel product segments, as there was a very good level of demand from the consumer goods sector throughout the business year and increasing momentum from the automobile and mechanical engineering sectors in the latter part of the reporting period. The special materials segment also picked up toward the end of the business year as the oil and natural gas sectors gained some momentum. The Special Forgings business segment profited from the positive trend in the aviation sector, which has been ongoing for the last several years, while demand from the energy engineering industry remained weak with no appreciable uptick expected for the near future.
The Value Added Services business segment received a significant boost due to the on-schedule integration of acquisitions in the areas of special coating, heat treatment, and mechanical processing. The global expansion of this business segment, with start-up of operations of new capacities in China and Europe, has been very successful and represents one of the main drivers of growth in the Special Steel Division under the voestalpine Group's Strategy 2020.

Financial key performance indicators

Even though the framework conditions were largely difficult for the Special Steel Division throughout the business year 2013/14, it was able to maintain last year's solid level for nearly all of its key figures. Although revenue fell slightly in a year-to-year comparison, the division's earning power remained stable. The primary reasons for the 4.4% drop in revenue from EUR 2,748.4 million in the business year 2012/13 to EUR 2,627.9 million in the year under review were, in equal measure, declining prices and lower delivery volumes. The fact that, despite lower revenue, the operating result (EBITDA) and profit from operations (EBIT) remained steady is the result of consistent optimization of production processes and strict cost control mechanisms on one hand, and, on the other, the first positive contributions of acquisitions made in the previous year. EBITDA went down only slightly by 2.3% from EUR 366.8 million in the previous year to EUR 358.5 million in the business year 2013/14. And even though revenue was lower than in the previous year, the division succeeded in increasing its operating profit margin (EBITDA margin) from 13.3% to 13.6%. At EUR 224.4 million, EBIT slightly surpassed the previous year's figure of EUR 221.8 million, thus increasing the EBIT margin from 8.1% to 8.5%.

A direct comparison of the third and fourth quarters of 2013/14 shows progress that is quite impressive with regard to operating performance. Improvement of revenue and earnings stemmed from a significant increase in delivery volume as the improved economic environment had not yet manifested itself in higher prices. Revenue in the fourth quarter of 2013/14 was EUR 680.8 million, 9.6% higher than the figure of EUR 621.2 million in the immediately preceding quarter. In the same period, EBITDA rose by more than one third from EUR 77.5 million to EUR 104.7 million, with the EBITDA margin increasing from 12.5% to 15.4%. The gain in profit from operations (EBIT) was impressive, with the division reporting EUR 69.9 million in the fourth quarter, a record for the business year, that soared past EBIT in the third quarter of 2013/14 (EUR 44.7 million) by 56.4%. At 10.3%, the fourth quarter of 2013/14 saw a two-digit EBIT margin for the first time in quite some time; the third quarter figure had been only 7.2%.

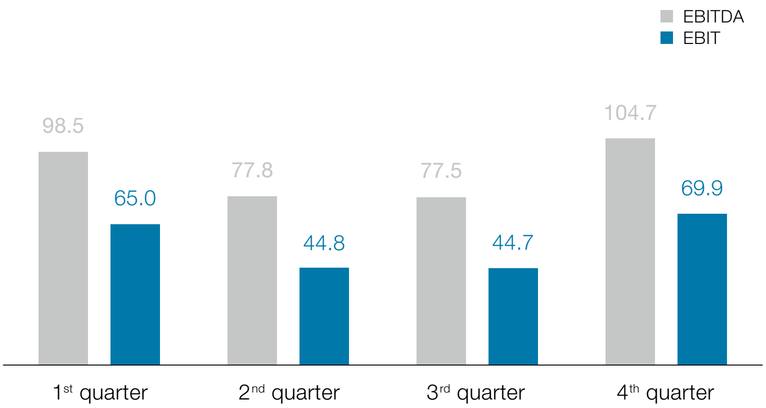
As of March 31, 2014, the Special Steel Division had 12,885 employees (FTE), an increase of 1.3% compared to the same reporting date in the past business year (12,721 FTEs).

Quarterly development of the Special Steel Division

In millions of euros	1st quarter 2013/14	2nd quarter 2013/14	3rd quarter 2013/14	4th quarter 2013/14	BY 2013/14
Revenue	682.8	643.1	621.2	680.8	2,627.9
EBITDA	98.5	77.8	77.5	104.7	358.5
EBITDA margin	14.4%	12.1%	12.5%	15.4%	13.6%
EBIT	65.0	44.8	44.7	69.9	224.4
EBIT margin	9.5%	7.0%	7.2%	10.3%	8.5%
Employees (full-time equivalent)	12,884	12,898	12,884	12,885	12,885

Quarterly development of the Special Steel Division

In millions of euros
Business year 2013/14



Metal Engineering Division

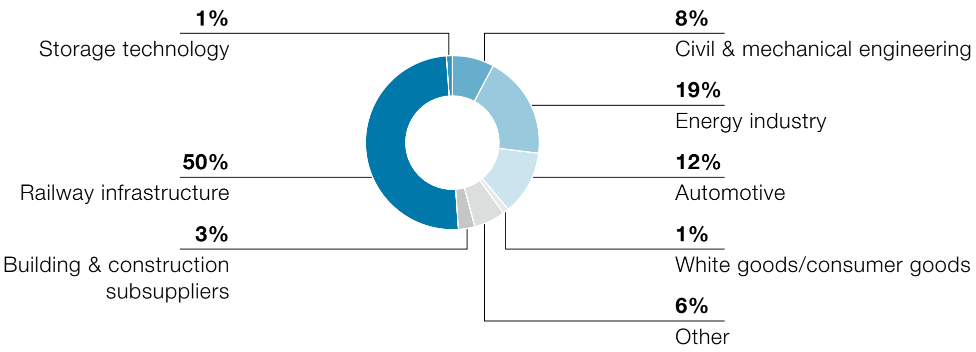
Key figures of the Metal Engineering Division

In millions of euros	2012/13[1]	2013/14	Change in %
Revenue	2,913.6	2,830.7	–2.8
EBITDA	432.8	435.3	0.6
EBITDA margin	14.9%	15.4%	
EBIT	317.9	317.2	–0.2
EBIT margin	10.9%	11.2%	
Employees (full-time equivalent)	11,374	11,845	4.1

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

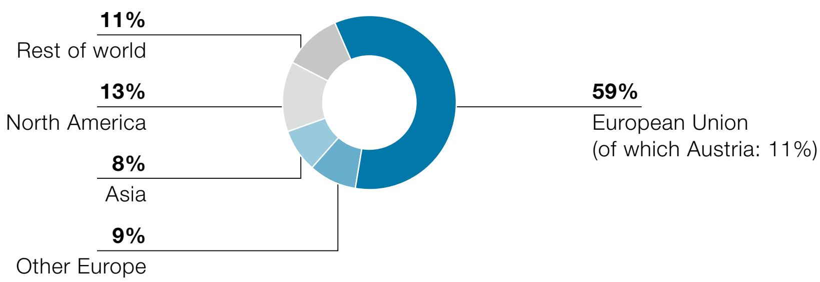
Customers of the Metal Engineering Division

As percentage of divisional revenue
Business year 2013/14



Markets of the Metal Engineering Division

As percentage of divisional revenue
Business year 2013/14



Market environment and business development

In the business year 2013/14, the Metal Engineering Division's performance continued to be outstanding, driven primarily by a very positive development in the Rail Technology, Turnout Systems, and Tubulars business segments.

The Rail Technology business segment profited from a continuing good range of projects for heat treated special rails in Asia, South America, and Russia. It is expected that the cautious investment behavior of European rail operators in recent years will result in pent-up demand with regard to maintenance expenditures in the next few years. The closure of rail production in Duisburg was completed as scheduled in the business year 2013/14. This was the consequence of continuing competitive pressure in Europe in the standard rail segment, which led to ongoing losses.
Development in the Turnout Systems business segment was very satisfactory. South Africa, North America, and China were the main drivers of a high level of demand for turnouts made by the voestalpine Group. This demand compensated the declining activity in Australia, the result of declining investments by mine operators. It is particularly noteworthy that the growth segment Hytronics technology (propulsion, monitoring, and diagnosis systems) continued its trajectory of growth successfully in the past business year and expanded its business volume considerably.
The Tubulars business segment maintained its very good earnings level of recent years. The stable oil price of over USD 100 per barrel guaranteed continuing high investment activity by the oil and natural gas industries in North America and the Middle East, which are important regions for the Tubulars business segment. Even though competition is increasing in intensity in North America, the most significant market for OCTG (oil country tubular goods), voestalpine's specialization in technologically sophisticated products for the oil and natural gas industries should continue to ensure stable, solid business performance. The increasing efforts in North America to become energy independent with a growing focus on more shale gas drilling and production also open up positive future prospects for the Tubulars business segment.
The significant upward trend in production by the European automobile industry, especially in the second half of the 2013 calendar year resulted in an improved order situation for high-quality products in the Wire Technology business segment, which is expected to continue in the business year 2014/15.
In the Welding Consumables business segment, there was no substantial stimulation of demand. Especially the weak market in Europe, particularly in the energy engineering industry, noticeably impacted business, although the fourth quarter of 2013/14 saw an upward trend. In contrast to Europe, the market environment in China, Southeast Asia, and the USA was somewhat more positive. Optimization measures and measures to simplify complex processes have been initiated and should have a beneficial effect on performance.

Financial key performance indicators

In 2013/14, the Metal Engineering Division's development continued to be sound with regard to profitability, both in the course of the year and in comparison to the previous year, and it was again the voestalpine Group's most profitable division. However, the division's revenue in the past business year fell slightly, due to declining prices resulting from decreasing input costs and reduced deliveries of standard rails because of the closure of the Duisburg site as of the end of the 2013 calendar year.

Specifically, revenue in the business year 2013/14 was at EUR 2,830.7 million, 2.8% below the previous year's figure (EUR 2,913.6 million). In terms of earnings, however, the year under review matched the outstanding level of the previous year. At EUR 435.3 million, the operating result (EBITDA) was even slightly above the previous year's figure (EUR 432.8 million). The EBITDA margin rose from 14.9% to 15.4%. Profit from operations (EBIT) shows a similar picture, remaining practically unchanged at EUR 317.2 million in the business year 2013/14 (previous year: EUR 317.9 million). At the same time, the EBIT margin went up from 10.9% to 11.2%.

A comparison of the fourth quarter of 2013/14 with the immediately preceding quarter shows a slight downward trend. The main reason for lower revenue was the significantly reduced delivery volume of standard rails toward the end of the business year due to the Duisburg closure, with revenue declining by 3.3% from EUR 678.4 million in the third quarter to EUR 655.8 million in the fourth quarter of 2013/14. The operating result (EBITDA) fell markedly by 5.5% from EUR 107.9 million to EUR 102.0 million, with the EBITDA margin dipping from 15.9% to 15.6%. From the third to the fourth quarter of 2013/14, profit from operations (EBIT) dropped by 8.7% from EUR 78.5 million to EUR 71.7 million and the EBIT margin went down from 11.6% to 10.9%.

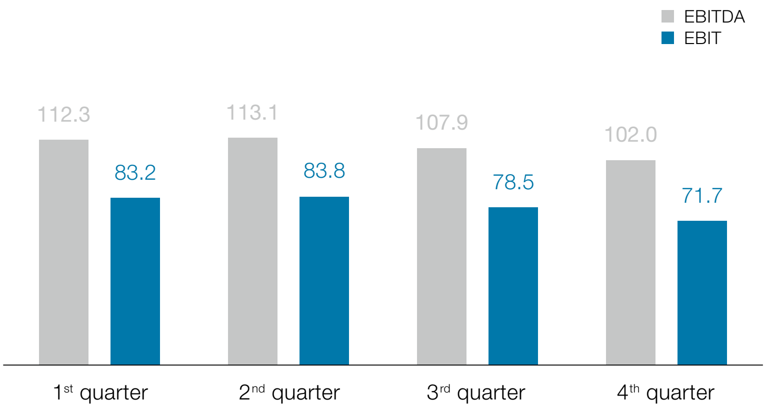
As of March 31, 2014, the Metal Engineering Division had 11,845 employees (FTE); the number rose by 4.1%, primarily due to acquisitions, compared to the same reporting date in the previous year (11,374 employees).

Quarterly development of the Metal Engineering Division

In millions of euros	1st quarter 2013/14	2nd quarter 2013/14	3rd quarter 2013/14	4th quarter 2013/14	BY 2013/14
Revenue	766.9	729.6	678.4	655.8	2,830.7
EBITDA	112.3	113.1	107.9	102.0	435.3
EBITDA margin	14.6%	15.5%	15.9%	15.6%	15.4%
EBIT	83.2	83.8	78.5	71.7	317.2
EBIT margin	10.8%	11.5%	11.6%	10.9%	11.2%
Employees (full-time equivalent)	11,558	11,834	11,760	11,845	11,845

Quarterly development of the Metal Engineering Division

In millions of euros
Business year 2013/14



Metal Forming Division

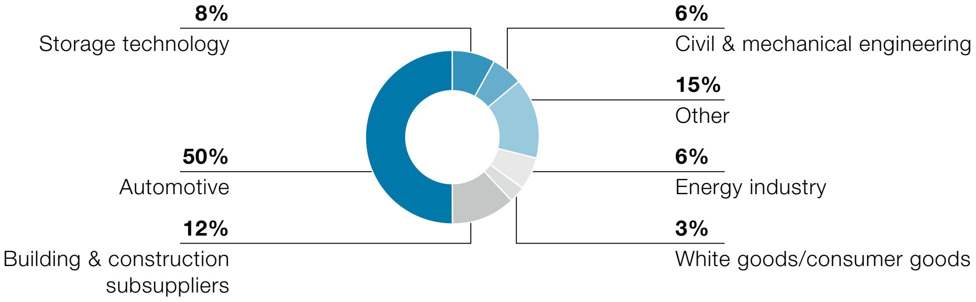
Key figures of the Metal Forming Division

In millions of euros	2012/13[1]	2013/14	Change in %
Revenue	2,310.2	2,356.9	2.0
EBITDA	255.5	276.4	8.2
EBITDA margin	11.1%	11.7%	
EBIT	165.5	182.3	10.2
EBIT margin	7.2%	7.7%	
Employees (full-time equivalent)	10,853	11,416	5.2

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

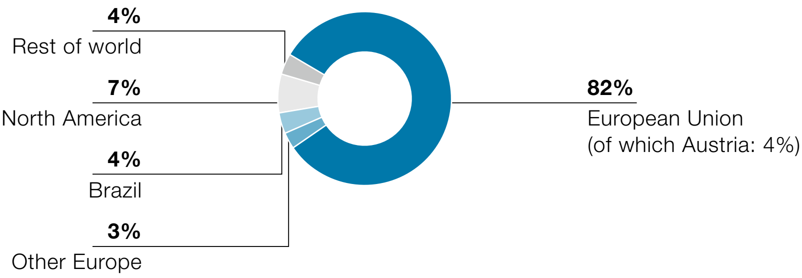
Customers of the Metal Forming Division

As percentage of divisional revenue
Business year 2013/14



Markets of the Metal Forming Division

As percentage of divisional revenue
Business year 2013/14



Market environment and business development

In the business year 2013/14, the Metal Forming Division performed solidly, impressively confirming its upswing particularly in the final quarter, which was only partly the result of the market recovery that was driven by demand. Its positive development is primarily the result of comprehensive process improvements in the production companies as well as broad-based product optimization.

In the Automotive Body Parts business segment, the development of demand in the premium automobile segment—with overseas exports providing a massive boost—clearly demonstrated at first the contrast between it and the compact car segment, which has been depressed for a long time. However, after years of falling sales numbers, the second half of 2013/14 saw a trend reversal in demand for compact and sub-compact cars. At the same time, expansion by the German premium manufacturers in China and the USA continued, providing the Automotive Body Parts business segment with the opportunity to ensure proximity to its longstanding customers worldwide by building new plants for the production of safety-related automobile components; the first deliveries will leave these new sites at the beginning of the business year 2014/15.

The Tubes & Sections business segment was stable at a solid level. The structural weaknesses of the European construction industry have, however, continued unchanged, with only a slight upswing being noted in Eastern Europe. The introduction of the Euro 6 standard as of January 1, 2014, which is binding for all newly registered trucks in the European Union, resulted in increased demand in the third quarter, which, however, was followed promptly by weaker demand in the following quarter. Demand in the construction and agricultural machinery industries was at a very satisfactory level throughout the entire business year 2013/14; record production figures in the aviation sector also resulted in an excellent level of demand. From a regional perspective, development in the USA was very satisfactory, with the exception of seasonal effects due to the extremely cold winter weather. In Brazil, the weak market in the bus and commercial vehicle industries was largely compensated by the good order situation for agricultural machinery. The market in Europe, however, was rather subdued throughout the entire year, not only in the construction sector, but in other sectors as well.

The globally positioned Precision Strip business segment was impacted by increased pressure from Japanese competitors due to changing currency parities in the business year 2013/14. In this segment, demand on the markets picked up, especially in the USA and Germany, while the situation in China remained tense throughout the year. Toward the end of the business year, incoming orders did ultimately increase slightly, so that the cold-rolled special steel product segment posted relatively satisfactory results.

Project activity for high-bay racking systems has continued to be brisk—not least due to the boom in online commerce—which benefited the Warehouse & Rack Solutions business segment. The excellent order situation already guarantees solid capacity utilization over the entire business year 2014/15.

Financial key performance indicators

Revenue in the Metal Forming Division rose in the business year 2013/14 by 2.0% from EUR 2,310.2 million to EUR 2,356.9 million, in part due to a slightly more dynamic market environment. This increase in generated revenue was due not only to improved demand in all business segments but also to an increase in earnings as a result of uncompromising measures with regard to cost optimization. The division's operating result (EBITDA) rose by 8.2% from EUR 255.5 million in 2012/13 to EUR 276.4 million in the business year under review, which corresponds to a margin of 11.7% (previous year: 11.1%). The largest boost percentage-wise in operating result was shown in the Tubes & Sections and Material Handling business segments. Profit from operations (EBIT) increased from EUR 165.5 million to EUR 182.3 million, an improvement of 10.2%; this resulted in an EBIT margin of 7.7% (previous year: 7.2%).
A comparison of the fourth quarter of 2013/14 with the immediately preceding quarter confirms the positive trend, which is manifested in a considerable increase in both revenue and operating result. The solid performance in the Tubes & Sections and Automotive Body Parts business segments resulted in 7.4% higher revenue that went from EUR 574.4 million to EUR 616.8 million. At the same time, earnings improved considerably, with Tubes & Sections making the largest contribution. While EBITDA rose by 26.9% from EUR 64.6 million in the third quarter of 2013/14 to EUR 82.0 million in the last quarter of the reporting year, EBIT surged by one third from EUR 41.7 million to EUR 55.5 million. At 13.3% (EBITDA margin) and 9.0% (EBIT margin), the margins were also substantially higher than the figures in the immediately preceding quarter (EBITDA margin: 11.2% and EBIT margin: 7.3%).

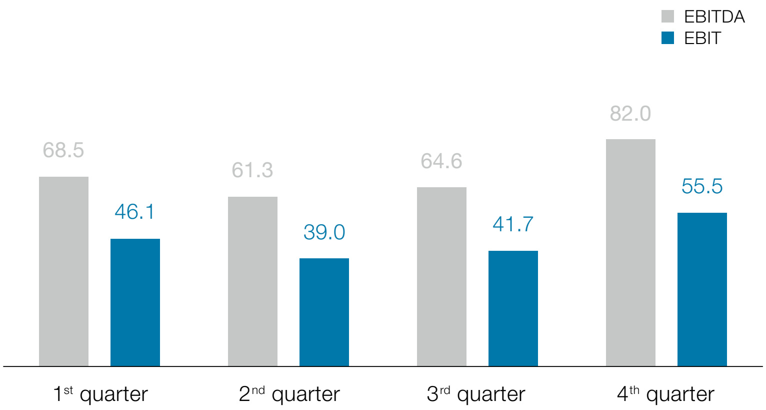
As of the end of the business year 2013/14, the Metal Forming Division had 11,416 employees (FTE); this is a 5.2% increase compared to the previous year's reporting date (10,853 employees), which was largely the result of investments.

Quarterly development of the Metal Forming Division

In millions of euros	1st quarter 2013/14	2nd quarter 2013/14	3rd quarter 2013/14	4th quarter 2013/14	BY 2013/14
Revenue	597.9	567.8	574.4	616.8	2,356.9
EBITDA	68.5	61.3	64.6	82.0	276.4
EBITDA margin	11.5%	10.8%	11.2%	13.3%	11.7%
EBIT	46.1	39.0	41.7	55.5	182.3
EBIT margin	7.7%	6.9%	7.3%	9.0%	7.7%
Employees (full-time equivalent)	11,117	11,185	10,780	11,416	11,416

Quarterly development of the Metal Forming Division

In millions of euros
Business year 2013/14



voestalpine AG
Consolidated Financial Statements 2013/14

Consolidated Financial Statements

Service

Report of the Supervisory Board on the business year 2013/14

During the business year 2013/14, the Supervisory Board fulfilled its responsibilities under the law and the Articles of Incorporation, holding five plenary sessions, three meetings of the Audit Committee, and one meeting of the General Committee. The Management Board provided comprehensive information both orally and in written form regarding the state of business and the situation of the company.
The Annual Financial Statements and the Group's Consolidated Financial Statements as of March 31, 2014 were audited by Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, which was engaged as mandated by Section 270 of the Austrian Commercial Code (Unternehmensgesetzbuch, UGB). The audits did not give rise to any objections and showed that the Annual Financial Statements and the Consolidated Financial Statements, which were prepared in accordance with the International Financial Reporting Standards (IFRS) as mandated by Section 245a of the Austrian Commercial Code, conform to the statutory regulations. The auditor issued an unqualified audit opinion both for the Annual Financial Statements and the Consolidated Financial Statements and confirmed that the Management Report is consistent with the Annual Financial Statements and the Consolidated Management Report is consistent with the Consolidated Financial Statements.
After having been brought to the attention of the Audit Committee, on June 3, 2014, the Supervisory Board reviewed and approved the Annual Financial Statement as of March 31, 2014. The Annual Financial Statements are herewith deemed adopted pursuant to Section 96 (4) of the Austrian Stock Corporation Act (Aktiengesetz). Furthermore, after they had been brought to the attention of the Audit Committee, the Supervisory Board acknowledged and approved the Management Report as well as the Consolidated Financial Statements together with the Consolidated Management Report and the Corporate Governance Report.

The Corporate Governance Report was also audited by Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und Steuerberatungsgesellschaft, Vienna, within the scope of the annual external review of voestalpine AG's compliance with the C and R rules of the Corporate Governance Code, and it was determined that the report is in agreement with actual circumstances. Compliance with the C rules of the Code pertaining to the auditor (Rules 77 to 83) was reviewed by the law firm WOLF THEISS Rechtsanwälte GmbH. This review also confirmed compliance with the rules.
It has been established that the business year 2013/14 has ended with a net profit of EUR 164,000,000.00; it is being recommended that a dividend of EUR 0.95 per dividend-bearing share be paid to the shareholders and that the remaining amount be carried forward.

The Supervisory Board

Dr. Joachim Lemppenau
(Chairman)

Linz, June 3, 2014

voestalpine AG

Consolidated statement of financial position for the year ended March 31, 2014

Assets

	Notes	03/31/2013	03/31/2014
A. Non-current assets			
Property, plant and equipment	9	4,580,658	4,771,962
Goodwill	10	1,470,165	1,472,259
Other intangible assets	11	320,874	336,691
Investments in associates	12	156,387	133,399
Other financial assets	12	109,207	91,061
Deferred tax assets	13	343,621	313,559
		6,980,912	**7,118,931**
B. Current assets			
Inventories	14	2,876,876	2,937,212
Trade and other receivables	15	1,655,559	1,619,156
Other financial assets		473,329	429,718
Cash and cash equivalents	16	1,092,671	532,480
		6,098,435	**5,518,566**
Total assets		**13,079,347**	**12,637,497**

In thousands of euros

Equity and liabilities

	Notes	03/31/2013	03/31/2014
A. Equity			
Share capital		313,309	313,309
Capital reserves		472,533	470,837
Hybrid capital		993,248	993,248
Reserve for own shares		–4,743	–1,497
Other reserves		16,103	–93,618
Retained earnings		3,217,504	3,513,853
Equity attributable to equity holders of the parent		**5,007,954**	**5,196,132**
Non-controlling interests		67,298	64,879
	17	**5,075,252**	**5,261,011**
B. Non-current liabilities			
Pensions and other employee obligations	18	1,004,660	1,028,892
Provisions	19	113,769	99,184
Deferred tax liabilities	13	189,609	187,403
Financial liabilities	20	2,558,804	2,596,892
		3,866,842	**3,912,371**
C. Current liabilities			
Provisions	19	612,237	504,702
Tax liabilities		60,747	58,293
Financial liabilities	20	1,324,609	806,176
Trade and other payables	21	2,139,660	2,094,944
		4,137,253	**3,464,115**
Total equity and liabilities		**13,079,347**	**12,637,497**

In thousands of euros

voestalpine AG

Consolidated statement of cash flows 2013/14

	Notes	2012/13	2013/14
Operating activities			
Profit for the period		521,928	522,892
Adjustments	24	574,989	652,541
Changes in working capital			
Change in inventories		85,801	–118,449
Change in receivables and liabilities		179,817	–33,788
Change in provisions		–40,603	–106,193
		225,015	**–258,430**
Cash flows from operating activities		**1,321,932**	**917,003**
Investing activities			
Additions of other intangible assets, property, plant and equipment		–740,125	–891,176
Income from disposals of assets		9,452	43,671
Cash flows from the acquisition of control of subsidiaries		–86,094	–18,382
Cash flows from the loss of control of subsidiaries		1,527	660
Additions/divestments of other financial assets		–14,403	78,609
Cash flows from investing activities		**–829,643**	**–786,618**
Financing activities			
Dividends paid		–220,036	–212,763
Dividends paid non-controlling interests		–7,968	–10,485
Disposals of own shares		4,886	1,571
Change of non-controlling interests		–39,685	–6,728
Capital increase/shareholder contribution		78,807	0
Change in non-current financial liabilities		585,487	60,652
Change in current financial liabilities		–476,211	–506,413
Cash flows from financing activities		**–74,720**	**–674,166**
Net decrease/increase in cash and cash equivalents		**417,569**	**–543,781**
Cash and cash equivalents, beginning of year		677,229	1,092,671
Net exchange differences		–2,127	–16,410
Cash and cash equivalents, end of year	16	**1,092,671**	**532,480**

In thousands of euros

voestalpine AG

Consolidated income statement 2013/14

	Notes	2012/13[1]	2013/14
Revenue	1, 2	**11,524,401**	**11,227,955**
Cost of sales		–9,221,018	–8,938,379
Gross profit		**2,303,383**	**2,289,576**
Other operating income	3	371,667	360,588
Distribution costs		–964,606	–976,534
Administrative expenses		–570,623	–589,025
Other operating expenses	4	–296,725	–292,266
Profit from operations (EBIT)		**843,096**	**792,339**
Share of profit of associates	5	15,362	11,956
Finance income	6	63,284	40,528
Finance costs	7	–267,083	–188,818
Profit before tax (EBT)		**654,659**	**656,005**
Tax expense	8	–132,731	–133,113
Profit for the period		**521,928**	**522,892**
Attributable to:			
Equity holders of the parent		444,872	448,086
Non-controlling interests		4,436	3,174
Share planned for hybrid capital owners		72,620	71,632
Basic and diluted earnings per share (euros)	30	**2.61**	**2.60**

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

In thousands of euros

voestalpine AG

Consolidated statement of comprehensive income 2013/14

	Notes	2012/13[1]	2013/14
Profit for the period		**521,928**	**522,892**
Items of other comprehensive income that will be reclassified to profit or loss			
Hedge accounting		9,294	–1,254
Currency translation		–2,472	–107,906
Share of result of associates		5,218	–3,772
Subtotal of items of other comprehensive income that will be reclassified to profit or loss		**12,040**	**–112,932**
Items of other comprehensive income that will not be reclassified to profit or loss			
Actuarial gains/losses		–126,553	–28,016
Actuarial gains/losses of associates		–285	–160
Subtotal of items of other comprehensive income that will not be reclassified to profit or loss		**–126,838**	**–28,176**
Other comprehensive income for the period, net of income tax		**–114,798**	**–141,108**
Total comprehensive income for the period		**407,130**	**381,784**
Attributable to:			
Equity holders of the parent		331,147	310,176
Non-controlling interests		3,363	–24
Share planned for hybrid capital owners		72,620	71,632
Total comprehensive income for the period		**407,130**	**381,784**

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

In thousands of euros

voestalpine AG

Consolidated statement of changes in equity 2013/14

	Share capital	Capital reserves	Hybrid capital	Reserve for own shares
Balance as of April 1, 2012	**307,132**	**405,664**	**992,096**	**–15,686**
Profit for the period	**0**	**0**	**0**	**0**
Items of other comprehensive income that will be reclassified to profit or loss				
Hedge accounting	0	0	0	0
Currency translation	0	0	0	0
Share of result of associates	0	0	0	0
Subtotal of items of other comprehensive income that will be reclassified to profit or loss	**0**	**0**	**0**	**0**
Items of other comprehensive income that will not be reclassified to profit or loss				
Actuarial gains/losses	0	0	0	0
Actuarial gains/losses of associates	0	0	0	0
Subtotal of items of other comprehensive income that will not be reclassified to profit or loss	**0**	**0**	**0**	**0**
Other comprehensive income for the period, net of income tax	**0**	**0**	**0**	**0**
Total comprehensive income for the period	**0**	**0**	**0**	**0**
Own shares acquired/disposed	0	–6,057	0	10,943
Dividends	0	0	0	0
Dividends to hybrid capital owners	0	0	0	0
Changes in hybrid capital	0	0	1,152	0
Capital increase	6,177	72,958	0	0
Share-based payment	0	–32	0	0
Other changes	0	0	0	0
	6,177	**66,869**	**1,152**	**10,943**
Balance as of March 31, 2013 = Balance as of April 1, 2013	**313,309**	**472,533**	**993,248**	**–4,743**
Profit for the period	**0**	**0**	**0**	**0**
Items of other comprehensive income that will be reclassified to profit or loss				
Hedge accounting	0	0	0	0
Currency translation	0	0	0	0
Share of result of associates	0	0	0	0
Subtotal of items of other comprehensive income that will be reclassified to profit or loss	**0**	**0**	**0**	**0**
Items of other comprehensive income that will not be reclassified to profit or loss				
Actuarial gains/losses	0	0	0	0
Actuarial gains/losses of associates	0	0	0	0
Subtotal of items of other comprehensive income that will not be reclassified to profit or loss	**0**	**0**	**0**	**0**
Other comprehensive income for the period, net of income tax	**0**	**0**	**0**	**0**
Total comprehensive income for the period	**0**	**0**	**0**	**0**
Own shares acquired/disposed	0	–1,675	0	3,246
Dividends	0	0	0	0
Dividends to hybrid capital owners	0	0	0	0
Share-based payment	0	–21	0	0
Other changes	0	0	0	0
	0	**–1,696**	**0**	**3,246**
Balance as of March 31, 2014	**313,309**	**470,837**	**993,248**	**–1,497**

Other reserves					
Translation reserve	Hedging reserve	Retained earnings	Total attributable to equity holders of the parent	Non-controlling interests	Total equity
18,375	**–16,021**	**3,074,375**	**4,765,935**	**70,356**	**4,836,291**
0	**0**	**517,492**	**517,492**	**4,436**	**521,928**
0	9,294	0	9,294	0	9,294
–1,451	0	0	–1,451	–1,021	–2,472
5,218	0	0	5,218	0	5,218
3,767	**9,294**	**0**	**13,061**	**–1,021**	**12,040**
0	0	–126,501	–126,501	–52	–126,553
0	0	–285	–285	0	–285
0	**0**	**–126,786**	**–126,786**	**–52**	**–126,838**
3,767	**9,294**	**–126,786**	**–113,725**	**–1,073**	**–114,798**
3,767	**9,294**	**390,706**	**403,767**	**3,363**	**407,130**
0	0	0	4,886	0	4,886
0	0	–135,121	–135,121	–8,070	–143,191
0	0	–99,710	–99,710	0	–99,710
0	0	–3,952	–2,800	0	–2,800
0	0	0	79,135	0	79,135
0	0	0	–32	0	–32
688	0	–8,794	–8,106	1,649	–6,457
688	**0**	**–247,577**	**–161,748**	**–6,421**	**–168,169**
22,830	**–6,727**	**3,217,504**	**5,007,954**	**67,298**	**5,075,252**
0	**0**	**519,718**	**519,718**	**3,174**	**522,892**
0	–1,254	0	–1,254	0	–1,254
–104,695	0	0	–104,695	–3,211	–107,906
–3,772	0	0	–3,772	0	–3,772
–108,467	**–1,254**	**0**	**–109,721**	**–3,211**	**–112,932**
0	0	–28,029	–28,029	13	–28,016
0	0	–160	–160	0	–160
0	**0**	**–28,189**	**–28,189**	**13**	**–28,176**
–108,467	**–1,254**	**–28,189**	**–137,910**	**–3,198**	**–141,108**
–108,467	**–1,254**	**491,529**	**381,808**	**–24**	**381,784**
0	0	0	1,571	0	1,571
0	0	–155,178	–155,178	–8,688	–163,866
0	0	–42,790	–42,790	0	–42,790
0	0	0	–21	0	–21
0	0	2,788	2,788	6,293	9,081
0	**0**	**–195,180**	**–193,630**	**–2,395**	**–196,025**
–85,637	**–7,981**	**3,513,853**	**5,196,132**	**64,879**	**5,261,011**

In thousands of euros

voestalpine AG

Notes to the consolidated financial statements 2013/14

A. General information and corporate purpose

voestalpine AG and its Group companies (hereinafter referred to as the "Group") are primarily engaged in the production, processing, and distribution of materials made of steel and in research and development in the areas of metallurgy, metal processing, and materials technology.

voestalpine AG is the Group's ultimate parent company and prepares the consolidated financial statements. It is registered in the commercial register of Linz and has its registered office in voestalpine-Strasse 1, 4020 Linz, Austria. The shares of voestalpine AG are listed on the stock exchange in Vienna, Austria.

The consolidated financial statements for the year ended March 31, 2014, (including comparative figures for the year ended March 31, 2013) have been prepared pursuant to Sec. 245a (1) of the Austrian Commercial Code (Unternehmensgesetzbuch, UGB) in accordance with the International Financial Reporting Standards (IFRS) as published by the International Accounting Standard Board (IASB) and adopted by the European Union.

The consolidated financial statements are presented in euros (= functional currency of the parent company) rounded to the nearest thousand.

The consolidated income statement has been prepared using the cost-of-sales method.

The Management Board of voestalpine AG approved the consolidated financial statements and authorized the consolidated financial statements for submission to the Supervisory Board on May 26, 2014.

B. Summary of accounting policies

General information

With the exception of financial instruments, which are measured at fair value, the consolidated financial statements are prepared on the historical cost basis.

The accounting policies applied to the consolidated financial statements are consistent with those of the previous year with the exceptions listed below.

The following new and revised Standards were adopted for the first time in the business year 2013/14:

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

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

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

As a result of the amendments to IFRS 7, new provisions governing disclosures for offsetting financial instruments have been included in the statement of financial position. This change had no impact on the consolidated financial statements of voestalpine AG as of March 31, 2014.

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

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

The relevant line items were retroactively adjusted for the business year 2012/13 to reflect the following adjustments due to the amendments to IAS 19:

Adjustments to the income statement

	2012/13
Cost of sales	–4.3
Distribution costs	–1.6
Administrative expenses	–4.2
Other operating expenses	–0.4
EBIT	**–10.5**
Net interest cost of employee benefits	10.5
Profit for the period	**0.0**

In millions of euros

The application of the other new standards does not have a significant impact on the consolidated financial statements.

The following Standards have been endorsed by the European Union as of the reporting date, but their application was not yet mandatory for the business year 2013/14:

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 should 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 business year 2014/15, the results of entities consolidated according to the equity method will be reported under EBIT. voestalpine Tubulars GmbH and voestalpine Tubulars GmbH & Co KG shall be proportionately consolidated by March 31, 2014, and, beginning with the business year 2014/15, the equity method shall be applied. The currently eleven associates, which were already previously accounted for using the equity method, shall also be recognized in EBIT. Disclosures regarding proportionately consolidated companies can be found under item C. Scope of consolidated financial statements.

IFRS 12 includes the disclosure requirements for subsidiaries, joint arrangements, associates, and unconsolidated structured entities, which will result in a range of additional disclosures in the consolidated 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.

The Group did not early adopt these Standards. With the exception of the described effects of IFRS 11, material effects of the new and revised Standards on voestalpine AG's consolidated financial statements are not expected.

The use of automated calculation systems may result in rounding differences.

Basis of consolidation

The annual financial statements of fully consolidated or proportionately consolidated entities are prepared using uniform accounting policies. For entities included using the equity method, local accounting policies and different reporting dates are maintained if the relevant amounts are immaterial.

In the case of initial consolidation, assets, liabilities, and contingent liabilities are measured at their fair value at the date of acquisition. Any excess of the cost of acquisition over the net of the assets acquired and liabilities assumed is recognized as goodwill. If the net of the assets acquired and liabilities assumed exceeds the cost of acquisition, the difference is recognized at the time of acquisition in profit or loss. Non-controlling interests in the acquired entity are stated at the non-controlling proportion of the net fair values of the acquired assets, liabilities, and contingent liabilities.

All intra-group profits, receivables and payables, income and expenses are eliminated.

Foreign currency translation

In accordance with IAS 21, annual financial statements in foreign currencies that are included in the consolidated financial statements are translated into euros using the functional currency method. The relevant national currency is the functional currency in all cases since, from a financial, economic, and organizational perspective, these entities all operate independently. Assets and liabilities have been translated using the exchange rate on the reporting date. Income and expenses have been translated using the average exchange rate for the business year.

Equity is translated using the historical exchange rate. Currency translation differences are recognized directly in equity in the currency translation reserve.

In the separate financial statements of consolidated entities, foreign currency transactions are translated into the functional currency of the entity using the exchange rate at the date of the transaction. Foreign exchange gains and losses resulting from translation at the transaction date and reporting date are recognized in the consolidated income statement.

Currency exchange rates (ECB fixing) of key currencies have changed as follows:

Closing exchange rate	**03/31/2013**	**03/31/2014**
USD	1.2805	1.3788
GBP	0.8456	0.8282
BRL	2.5703	3.1276
SEK	8.3553	8.9483
PLN	4.1804	4.1719

Average annual rate	**2012/13**	**2013/14**
USD	1.2869	1.3401
GBP	0.8147	0.8435
BRL	2.5891	3.0162
SEK	8.6150	8.7396
PLN	4.1653	4.2043

Uncertainties in accounting estimates and assumptions

The preparation of the consolidated financial statements in conformity with IFRS requires the management to make accounting estimates and assumptions that may significantly affect the recognition and measurement of assets and liabilities, the recognition of other obligations as of the reporting date, and the recognition of income and expenses during the business year.

The following assumptions bear a significant risk of causing a material adjustment to assets and liabilities within the next business year:

- The assessment of the recoverability of intangible assets, goodwill as well as property, plant and equipment is based on assumptions concerning the future. The determination of the recoverable amount in the course of an impairment test is based on various assumptions, such as future net cash flows and discount rates. The net cash flows correspond to the amounts in the most current business plan at the time of the preparation of financial statements.
- Where the assessment of the recoverability of financial instruments cannot be derived from active markets, it is determined using alternative actuarial models. The underlying parameters used in the determination of the fair values are based partially on assumptions concerning the future.
- The valuation of existing severance payment and pension obligations is based on assumptions regarding interest rate, retirement age, life expectancy, and future salary/wage increases.
- Recognition of deferred tax assets is based on the assumption that sufficient taxable profit will be generated in the future to utilize these tax loss carryforwards.

Estimates and underlying assumptions are reviewed on an ongoing basis. Actual results may differ from these estimates if the determining factors at the reporting date differ from expectations. Revisions to accounting estimates are recognized through profit or loss in the period in which the estimates are revised, and the assumptions are adjusted accordingly.

Recognition of revenue and expenses

Revenue arising from the provision of goods and services is realized when all material risks and rewards arising from the goods or services provided have passed to the buyer. Operating expenses are recognized when goods or services are used or when the expense is incurred.

Investment grants are treated as deferred items and recognized as income over the useful life of the asset. Cost subsidies are recognized on an accrual basis, corresponding to the associated expenses. Government grants of EUR 20.6 million (2012/13: EUR 28.6 million) for capital expenditures, research and development, and promotion of job opportunities were recognized as income during the reporting period. Expenses for research and development amounted to EUR 130.0 million (2012/13: EUR 125.6 million) in the business year 2013/14.

Property, plant and equipment

Property, plant and equipment are measured at cost less accumulated depreciation and any impairment losses.

The cost of self-constructed property, plant and equipment includes direct costs and an appropriate portion of indirect materials and indirect labor.

Depreciation is calculated on a straight-line basis over the expected useful lives. Land is not subject to depreciation. Depreciation is based on the following rates:

Buildings	2.0–20.0%
Plant and equipment	3.3–25.0%
Fixtures and fittings	5.0–20.0%

With regard to borrowing costs relating to qualifying assets, for which the commencement date for capitalization is on or after April 1, 2009, the Group capitalizes borrowing costs directly attributable to the acquisition, construction, or production of a qualifying asset as part of the cost of that asset. The commencement date for capitalization is the date when expenditures for the asset and borrowing costs are incurred as well as activities are undertaken that are necessary to prepare the asset for its intended use or sale. Previously, the Group immediately recognized all borrowing costs as an expense.

Investment property is measured following the cost model. Useful lives and depreciation methods are identical to property, plant and equipment recognized under IAS 16.

Leases

Leased assets are treated as finance leases when they are considered asset purchases subject to long-term financing in economic terms. All other leased assets are classified as operating leases. Lease payments under operating leases are shown as expenses in the consolidated income statement.

Finance leases are initially recognized as Group assets at fair value or the lower present value of the minimum lease payments at the inception of the lease. The corresponding liabilities to the lessors are recorded under financial liabilities in the consolidated statement of financial position.

Finance leases are depreciated over their expected useful lives on the same basis as comparable assets or, where shorter, over the term of the relevant lease. The Group does not act as a lessor.

Goodwill

All corporate acquisitions are accounted for by applying the purchase method. Goodwill arises from the acquisition of subsidiaries and investments in associates.

Goodwill is allocated to cash-generating units and, in accordance with IFRS 3, is not amortized, but tested at least annually for impairment. The carrying amount of investments in associates also includes the carrying amount of goodwill.

Negative goodwill arising from an acquisition is immediately recognized as income.

On disposal of a subsidiary, the goodwill associated with the subsidiary is included in the determination of the profit or loss on disposal based on relative value in accordance with IAS 36.86.

Other intangible assets

Expenses for research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, are recognized as an expense as incurred. In accordance with IAS 38.57, development expenditure is capitalized if the relevant criteria are satisfied. Expenditure on internally generated goodwill and brands is recognized as an expense as incurred.

Other intangible assets that are acquired by the Group are stated at cost less accumulated amortization and impairment charges. Amortization is charged on a straight-line basis over the expected useful life of the asset. The maximum expected useful lives are as follows:

Backlog of orders	1 year
Customer relations	11 years
Technology	8 years

Impairment testing of goodwill, other intangible assets, and property, plant and equipment

Cash-generating units that include goodwill and other intangible assets with indefinite useful lives are tested for impairment at least annually. All other assets and cash-generating units are tested for impairment if there are any indications that impairment may have arisen.

For the purpose of impairment testing, assets are grouped at the lowest levels at which cash flows are independently generated (cash-generating units). Goodwill is allocated to those cash-generating units that are expected to benefit from synergies of the related business combination and represent the lowest level within the Group at which management monitors cash flows.

An impairment loss is recognized for the amount by which the asset's or cash-generating unit's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the fair value less cost to sell and the value in use. Impairment losses recognized with regard to cash-generating units to which goodwill has been allocated are first applied against the carrying amount of goodwill. Any remaining impairment loss reduces the carrying amounts of the assets of the cash-generating unit on a pro-rata basis.

With the exception of goodwill, impairment losses are reversed when previous indications of impairment no longer exist.

Investments in associates

The proportionate results and equity of associates that are not of minor significance are included in the consolidated financial statements using the equity method.

Financial instruments

Derivative financial instruments are used exclusively by voestalpine AG for the purpose of hedging the foreign currency risk, interest rate risk, and raw materials price risk. Derivative financial instruments are carried at fair value. Hedge accounting in accordance with IAS 39 is used for the majority of the Group's derivative financial instruments. Gains or losses resulting from changes in the value of derivative financial instruments are recognized either as profit or loss or directly in equity, depending on whether a fair value hedge or cash flow hedge is involved.

Loans and receivables are carried at amortized cost. Since the Group's securities meet the criteria in accordance with IAS 39.9 for application of the fair value option, securities are recognized at fair value through profit or loss. There are no held-to-maturity financial instruments.

Other investments

Investments in subsidiaries, joint ventures, and associates that are not included in the consolidated financial statements by full consolidation, proportionate consolidation, or the equity method are reported under other investments at the lower of cost or market value.

Securities are carried at market value. The fair value option is applied. Changes in the fair value are recognized through profit or loss in the income statement.

Income taxes

Income tax expense represents the total of current and deferred tax. Current tax is based on taxable income and is calculated using the tax rates currently applicable.

In accordance with IAS 12, all temporary differences between items in the consolidated financial statements and their tax bases are included in deferred taxes. Deferred tax assets on carryforwards of unused tax losses are recognized to the extent that it is probable that future taxable profit will be available against which the tax losses can be utilized.

In accordance with IAS 12.39, deferred taxes on differences resulting from investments in subsidiaries, associates, and joint ventures were not recognized. Deferred tax liabilities are recognized for write-downs on investments claimed as tax deductions in Austria for the event that there are any possible future obligations to reverse the write-downs.

The calculation of deferred taxes is based on the respective local income tax rates that have been enacted or substantively enacted.

Inventories

Inventories are stated at the lower of cost and net realizable value. Net realizable value represents the estimated selling price less estimated costs of completion and estimated costs necessary to make the sale. In exceptional cases, the replacement cost of raw materials and supplies may serve as the basis of measurement in accordance with IAS 2.32.

The cost of inventories of the same type is determined by the weighted average price method or a similar method. Cost includes directly attributable costs and all pro-rated material and production overheads based on normal capacity utilization. Interest costs and general administrative and sales expenses are not recognized in inventory.

Emission certificates

Free certificates are measured at zero cost over the entire holding period, as the rights have been allocated free of charge. Purchased emission certificates are recorded at actual cost under current assets and measured at fair value at the reporting date (limited by the actual cost).

In the case of under-allocation, amounts for CO_2 emission certificates are included in the other provisions. The measurement is based on the rate prevailing on the reporting date (or the carrying amount) of the relevant certificates.

Trade and other receivables

Trade and other receivables are stated at amortized cost. Credit insurance is acquired to cover individually identifiable risks. Non-interest- or low-interest-bearing receivables with a remaining period of more than one year are recognized at their discounted present value. Sold receivables, for which the default risk is transferred to the buyer and for which the seller assumes a contingent liability to the extent of the retained amount from credit insurances, are derecognized because the power of disposition has transferred to the buyer.

When the outcome of a construction contract pursuant to IAS 11 can be estimated reliably, contract revenue and contract costs associated with the construction contract are recognized by reference to the stage of completion of the contract activity at the end of the reporting period ("percentage of completion method"), measured based on the proportion of contract costs incurred for work performed to date relative to the estimated total contract costs. When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract cost incurred that is probably recoverable. Contract costs are recognized as expenses in the period in which they are incurred. When it is probable that total contract costs will exceed total contract revenue, the expected loss is immediately recognized as an expense.

Accruals and deferrals are reported under other receivables and other liabilities.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, cash at banks, and checks and are carried at market value.

Pensions and other employee obligations

Pensions and other employee obligations include provisions for severance payments, pensions, and long-service bonuses and are recognized in accordance with IAS 19 using the projected unit credit method.

Actuarial gains and losses from severance and pension provisions are recognized directly in equity in the year in which they are incurred. Actuarial gains and losses from provisions for long-service bonuses are recognized immediately in profit or loss.

Severance obligations

Employees of Austrian entities who started their employment before January 1, 2003, are entitled to receive a severance payment if their employment is terminated by the employer or if they retire. The amount to be paid depends on the number of years of service and the employee's salary or wage at the time employment ends. For employees who started their employment after December 31, 2002, severance obligations are transferred to a contribution-based system. The contributions to external employee pension funds are recognized as expenses.

Defined contribution plans

Defined contribution plans involve no future obligations after the payment of premiums to the managing pension fund or commercial insurance company.

Defined benefit plans

Defined benefit plans guarantee the employee a specified pension. The payment starts after retirement (or death or disability) and is continued until death of the former employee (or death of spouse). Widow's and widower's pensions (50% to 75% of the old age pension) are paid to the surviving spouse until death or remarriage. Orphans' pensions (10% to 20% of the old age pension) are paid to dependent children until the end of their education but only up to the age of 27.

Longevity is the central (and only) risk within these defined benefit pension obligations. All calculations are made using the most recent mortality tables and even a substantial reduction in mortality would affect the DBO by less than 5% as of the reporting date. Other risks, such as the risk of rising costs of medical services, do not affect the obligations.

Almost all pension obligations within the Group cover vested claims.

Austria

The amount of the pension is either based on a certain percentage of the final salary depending on the years of service or on a valorized fixed amount per year of service. The predominant part of the defined benefit pension obligations is transferred to a pension fund although the obligation for subsequent payments remains within the company.

Germany

The different pension plans in Germany derive the amount of the pension from the following basics:

- A certain percentage of the final salary depending on the years of service
- An increasing percentage of a fixed target pension depending on the years of service
- A fixed pension amount
- A fixed, valorized amount per year of service linked to the average salary within the company
- A fixed, valorized amount per year of service

A small part of the pension rights are financed by insurers although the obligations themselves remain within the companies.

Netherlands

Pension rights of active members and beneficiaries are accommodated by a defined contribution plan. Pension entitlements of former employees and retirees are based upon a percentage of the total salary in any year of service. Benefits are paid through a commercial insurance company and the indexation of benefits is set by the industry's pension fund. The employer may need to make additional payments to the insurer if returns of the funds held by the commercial insurer are insufficient to finance the agreed benefit increases. This scheme with the substantial obligations was closed for future participation of new entrants as of January 1, 2013.

The calculation of employee benefits in all countries where the Group has material operations is based on the following parameters:

	2012/13	2013/14
Interest rate (%)	3.50	3.25
Salary/wage increases (%)[1]	3.00	3.00
Pension benefit increases (%)[1]	2.25	2.25
Retirement age men/women		
Austria	max. 62 years	max. 62 years
Germany	63–67 years	63–67 years
Netherlands	65–67 years	65–67 years
Mortality tables		
Austria	AVÖ 2008-P	AVÖ 2008-P
Germany	Richttafeln 2005 G	Richttafeln 2005 G
Netherlands	AG2012-2062	AG2012-2062

[1] Recognition only for salary-dependent and/or value-guaranteed commitments.

Net interest expenses resulting from employee benefits are included in the consolidated income statement under finance costs.

Obligations from long-service bonuses
In most of the Austrian Group companies, employees are entitled to payment of a long-service bonus, which is based either on a collective agreement or a provision in a works agreement. This is a one-time payment when the anniversary of service has been reached; depending on the length of service, the bonus amounts to between one monthly salary and three monthly salaries.

Other provisions

Other provisions due to present obligations arising from past events, where it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation, are stated at the amount that reflects the most probable value based on a reliable estimate. Provisions are discounted where the effect is material.

The assumptions that underlie the provisions are reviewed on an ongoing basis. The actual figures can deviate from the assumptions if the underlying circumstances as of the reporting date have not developed as expected. As soon as better information is available, changes are recognized through profit and loss and the assumptions are adjusted accordingly.

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

Contingent liabilities

Contingent liabilities are present obligations arising from past events, where it is not probable that an outflow of resources will be required to settle the obligation, or possible obligations arising from past events whose existence or non-existence depends on less certain future events, which are not within the company's full control. When, in extremely rare cases, an existing debt cannot be stated in the statement of financial position as a provision because a reliable estimate of the debt is not possible, a contingent liability shall also be recognized.

With regard to possible obligations, we wish to point out that information about contingent liabilities is not provided if this could seriously and adversely impact the Company's interests.

Liabilities

Liabilities, except liabilities from derivative financial instruments, are stated at amortized cost.

Employee stock ownership plan

The employee stock ownership plan in Austrian Group companies is based on the appropriation of a part of the salary and wage increase due to collective bargaining agreements over several business years. For the first time in the business year 2000/01, employees received voestalpine AG shares in return for a 1% lower salary or wage increase.

In each of the business years 2002/03, 2003/04, 2005/06, 2007/08, and 2008/09, between 0.3% and 0.5% of the total amount of wages and salaries required for the increase were used to provide voestalpine AG shares to employees. The actual amount is calculated from the monthly amount of wages and salaries waived, based on November 1, 2002, 2003, 2005, 2007, and 2008, applying an annual increase of 3.5%. In business years 2012/13 and 2013/14, an additional 0.3% and 0.27%, respectively, of the total amount of wages and salaries needed for the collective agreement pay increase for 2012 and 2013, respectively, were used to provide shares under the participation plan for those Austrian Group companies whose initial participation in the employee stock ownership plan had begun at a later date.

The Works Council and each company shall execute an agreement for implementation of the Austrian employee stock ownership plan. Shares are acquired by the voestalpine Mitarbeiterbeteiligung Privatstiftung (a private foundation for the Company's employee shareholding scheme), which transfers the shares to employees according to the wages and salaries they have waived. The value of the consideration provided is independent of price fluctuations. Therefore, IFRS 2 does not apply to the allocation of shares based on lower collective bargaining agreements.

An international participation model was developed for Group companies outside Austria, which was initially implemented in several companies in Great Britain and Germany in the business year 2009/10. Due to very positive experience gained in these pilot projects, the model was expanded in these two countries and introduced step by step in the Netherlands, in Poland, and in Belgium in the following business years. In the business year 2013/14, a total of 64 companies participated in the international employee stock ownership program in these five countries.

On March 31, 2014, the voestalpine Mitarbeiterbeteiligung Privatstiftung held approximately 14.0% (March 31, 2013: 14.4%) of voestalpine AG's shares in trust for employees.

C. Scope of consolidated financial statements

The consolidated Group (see "Investments" appendix to the notes) is defined in accordance with IFRS. In addition to the annual financial statements of voestalpine AG, the consolidated financial statements also include the financial statements of entities controlled by voestalpine AG (and its subsidiaries). Entities controlled by voestalpine AG which are not included in the financial statements of voestalpine AG, are negligible, both individually and collectively.

Subsidiaries are entities controlled by the Group. Control exists when the Group has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. Joint ventures are included in the consolidated financial statements using proportionate consolidation. The annual financial statements of subsidiaries and joint ventures are included in the consolidated financial statements from the acquisition date until disposal date.

Associates are entities over which the Group has significant influence without having control over the financial and operating policies. The annual financial statements of associates are included in the consolidated financial statements using the equity method from the acquisition date until disposal date. The Group's associates are listed in the "Investments" appendix to the notes.

Proportionately consolidated companies are included in the consolidated financial statements with the following proportionate amounts:

	03/31/2013	**03/31/2014**
Non-current assets	28.6	31.4
Current assets	100.4	93.9
	129.0	**125.3**
Equity	80.0	83.8
Non-current provisions and liabilities	13.1	13.7
Current provisions and liabilities	35.9	27.8
	129.0	**125.3**

	2012/13	**2013/14**
Revenue	295.2	277.2
Cost of sales	213.3	197.9
Profit for the period	53.6	53.6

In millions of euros

The following table shows the values (100%) for entities included in the consolidated financial statements using the equity method:

	03/31/2013	03/31/2014
Non-current assets	354.0	340.7
Current assets	689.3	438.0
	1,043.3	**778.7**
Equity	408.8	349.2
Non-current provisions and liabilities	103.1	147.9
Current provisions and liabilities	531.4	281.6
	1,043.3	**778.7**
	2012/13	**2013/14**
Revenue	2,433.2	1,098.7
Profit for the period	47.9	34.4

In millions of euros

The scope of consolidated financial statements changed as follows during the business year under review:

	Full consolidation	Proportionate consolidation	Equity-Methode
As of April 1, 2013	**291**	**2**	**12**
Acquisitions	5		
Change in consolidation method			
Acquisitions	8		1
Disposals	–1		
Reorganizations	–6		–1
Divestments or disposals	–2		–1
As of March 31, 2014	**295**	**2**	**11**
Of which foreign companies	233	0	6

Additions resulting from the change in the consolidation method include a fund of funds that was fully consolidated as of April 1, 2013. The effect on the consolidated financial statements can be considered immaterial and negligible.

The two proportionately consolidated entities are voestalpine Tubulars GmbH and voestalpine Tubulars GmbH & Co KG that are controlled jointly with NOV Grant Prideco.

The following entities were deconsolidated during the business year 2013/14:

Name of entity	Date of deconsolidation
Full consolidation in the business year 2012/13	
Stratford Joists Limited	June 30, 2013
Digvijay Steels Private Limited	February 18, 2014
ASSAB International Aktiebolag	March 31, 2014
Reorganization	
EIFELER POLITEC GMBH	April 1, 2013
BÖHLER-UDDEHOLM HÄRTEREITECHNIK GmbH	April 1, 2013
voestalpine Profilform Beteiligung GmbH	April 1, 2013
Böhler Uddeholm Precision Steel AB	April 1, 2013
Böhler Uddeholm Service Center AB	April 1, 2013
Böhler Uddeholm Saw Steel AB	April 1, 2013
Equity method in the business year 2012/13	
VA Intertrading Aktiengesellschaft	September 12, 2013
Reorganization	
Industrie-Logistik-Linz GmbH & Co KG	July 3, 2013

D. Acquisitions and other additions to the scope of consolidated financial statements

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

Name of entity	Interest in %	Date of initial consolidation
Full consolidation		
Bohler Pacific Pte. Ltd.	100.000%	April 1, 2013
Caseli GmbH	100.000%	April 1, 2013
Eifeler France S.a.r.l.	100.000%	December 20, 2013
Maruti Weld Pvt Ltd	100.000%	December 20, 2013
Trafilerie di Cittadella S.p.A.	90.000%	June 1, 2013
V 54-Fonds	97.192%	April 1, 2013
VA OMV Personalholding GmbH	100.000%	March 31, 2014
vaps Personalservice GmbH	100.000%	March 31, 2014
voestalpine BWG ltd.	100.000%	April 1, 2013
voestalpine Funding International GmbH	100.000%	April 1, 2013
voestalpine Texas Holding LLC	100.000%	April 2, 2013
voestalpine Texas LLC	100.000%	April 2, 2013
voestalpine Wire Technology GmbH	100.000%	October 22, 2013
Equity method		
Industrie-Logistik-Linz GmbH	37.000%	July 3, 2013

Additions to the scope of consolidated financial statements of fully consolidated entities include five acquisitions, four newly established subsidiaries, and the consolidation of four entities not previously included in the scope of the consolidated financial statements.

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

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 reporting period, EUR 6.2 million (2012/13: EUR 14.9 million) was paid for the acquisition of non-controlling interests or provisions were formed for the payment thereof. Non-controlling interests amounting to EUR 4.1 million (2012/13: EUR 7.7 million) were derecognized, and the remaining amount of EUR 2.1 million (2012/13: EUR 7.2 million) was charged directly in equity.

Put options granted to non-controlling shareholders in exchange for their shares in Group companies are recorded in the statement of financial position as liabilities stated at fair value. If the risks and rewards associated with ownership of a non-controlling interest have already been transferred at the time the majority interest was acquired, an acquisition of 100% of the entity is assumed. If, 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).

Open put options, which are charged against equity, had a fair value of EUR 5.7 million (March 31, 2013: EUR 10.0 million) as of March 31, 2014. Due to possible changes in the shareholder structure, in one case, the multiplicator method and/or the discounted cash flow method applied in the previous year were replaced by valuation using the pro rata carrying amount of equity. In another case, the discounted cash flow method was applied in accordance with the contractual maximum limits. Input factors in the discounted cash flow method include but are not limited to the medium-term business plan and the discount rate.

The Steel Division has increased its share in the VA OMV Personalholding GmbH from 50% to 100% as a result of the discontinuation of a common basis for doing business. After recording an upward revaluation of the former shares amounting to EUR 0.8 million in financial income, negative goodwill amounting to EUR 0.8 million was recognized in EBIT within the scope of first-time consolidation.

The Metal Engineering Division acquired the Italian company Trafilerie di Cittadella S.p.A. in the first quarter of the business year 2013/14. voestalpine Böhler Welding Group GmbH (CGU Welding Consumables) thus holds 90% of the shares of this company that specializes in the manufacture of high-quality seamless flux cored wire, which is especially suited for welding high-strength, cryogenic, and high-temperature steels, whose product characteristics are the result of the unique production process. Trafilerie di Cittadella S.p.A., which has 60 employees, generated annual revenue of EUR 13.7 million in 2012. The acquisition enhances the expertise of the CGU Welding Consumables with regard to flux cored wire. In December 2013, the CGU Welding Consumables of the Metal Engineering Division acquired the Indian company Maruti Weld Pvt Ltd, which is headquartered in Delhi. The 180-employee-strong company, which specializes in manufacturing welding electrodes, generated annual revenue of EUR 6.7 million in 2012 and is among the top ten companies on the Indian welding technology market. For voestalpine, this acquisition represents yet another expansion of its product portfolio in the welding technology segment and provides an outstanding, regional production base for the penetration of the Indian growth market. These are the main reasons for the goodwill paid.

The strategically important acquisition of Eifeler France S.a.r.l. was completed in December 2013 by the Special Steel Division; this is part of the acquisition of a total of nine companies of the Eifeler Group in Germany, Switzerland, and the USA in March 2013. Eifeler France S.a.r.l., which has 15 employees, reports annual revenue of EUR 1.6 million. With the expertise available in the companies acquired from the Eifeler Group, the position of the Special Steel Division as worldwide market and technology leader in tool steel can be enhanced even further. The second acquisition during business year 2013/14 by the Special Steel Division involved Rieckermann Steeltech Ltd. (Shanghai) and P.M. Technology Ltd. (Shenzhen). The division acquired these production and service sites in China, which employ a total of around 100 employees, as part of an asset deal. These acquisitions have expanded the distribution network in China and strengthened the division's local presence in the field of sophisticated special materials for oil and gas production, the energy and fuel sectors as well as the aviation industry.

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

	Recognized values	Fair value adjustments	Carrying amounts
Non-current assets	19.7	5.7	14.0
Current assets	24.7	0.0	24.7
Non-current provisions and liabilities	–3.9	–0.8	3.1
Current provisions and liabilities	–19.6	0.0	–19.6
Net assets	**20.9**	**4.9**	**16.0**
Increase in non-controlling interests	–0.6		
Goodwill/negative goodwill	3.0		
Costs of acquisition	**23.3**		
Cash and cash equivalents acquired	–1.0		
Non-cash items	–0.9		
Net cash outflow	**21.4**		

In millions of euros

Since their initial consolidation, these acquisitions have contributed revenue of EUR 21.8 million to consolidated revenue. Their share of the Group's profit for the period was EUR –0.8 million for the same period. The consolidated revenue would have been EUR 9.8 million higher and the Group's profit for the period would have been EUR 0.6 million higher if the acquisitions had been consolidated as of April 1, 2013.

Fair values were applied for trade receivables in the amount of EUR 2.9 million and other receivables in the amount of EUR 0.3 million as part of the acquisition of Trafilerie di Cittadella S.p.A. For Eifeler France S.a.r.l., trade receivables in the amount of EUR 0.2 million were acquired. The acquisition of Maruti Weld Pvt Ltd transferred trade receivables in the amount of EUR 0.6 million and other receivables in the amount of EUR 0.1 million. Trade receivables in the amount of EUR 4.3 million and other receivables in the amount of EUR 0.5 million of newly consolidated vaps Personalservice GmbH were consolidated for the first time. Any receivables associated with all the acquisitions that are likely to be uncollectible are considered immaterial and negligible.

Acquisition-related costs of EUR 0.5 million were recognized under other operating expenses and EUR 0.1 million under cost of sales for these acquisitions.

With regard to the aforementioned acquisitions, it is not expected that portions of the recognized goodwill are deductible for corporate income tax purposes.

E. Explanations and other disclosures

1. Revenue

The breakdown of the revenue is reported as follows:

	2012/13	2013/14
Revenues from the sale of products (including services)	11,318.1	10,995.9
Revenue from construction contracts	206.3	232.1
Revenue	**11,524.4**	**11,228.0**

In millions of euros

2. Operating segments

The voestalpine Group operates in five reportable segments: Steel Division, Special Steel Division, Metal Engineering Division, Metal Forming Division, and Other. The reporting system, which is based primarily on the nature of the products provided, reflects the internal financial reporting, the management structure of the organization, and the Company's predominant sources of risks and rewards.

The Steel Division focuses on the production and processing of flat steel products for the automotive, white goods, and construction industries. This division is global leader in quality in highest quality strip steel and is global market leader in heavy plate for the most sophisticated applications as well as in casings for large turbines. The division produces and processes hot- and cold-rolled steel as well as electrogalvanized, hot-dip galvanized, and organically coated plate and electrical steel strip. Its other activities include heavy plate production, a foundry, and a number of downstream processes.

The Special Steel Division is the global market leader in the sector of tool steel and high-speed steel. In the segment of special alloys for the oil and natural gas industries, the aerospace industry, and the energy engineering industry, the Special Steel Division holds a leading position on the global market. The companies of the Special Steel Division are leading providers of forging technology, both in the open die forging segment and in the drop forgings segment. The main customer groups for all of the division's most important product segments are primarily the automotive industry, the aerospace industry, the oil and natural gas industries, the energy engineering industry, and the entire tool industry.

The Metal Engineering Division is worldwide market leader in turnout technology; European market leader in rails and specially treated wire; and has a leading position in seamless tubes for special applications and high quality welding consumables. The division manufactures the world's widest range of high-quality rails and turnout products, rod wire, drawn wire, prestressing steel, seamless tubes, welding filler materials, and semi-finished products. Furthermore, the division offers an extensive range of services in the rail and turnout sectors. Moreover, the Metal Engineering Division has access to its own steel production.

The Metal Forming Division is a leading global provider of high-quality metal processing solutions in the segments of special sections, precision strip steel, and special components for the automotive and aviation industries. The Metal Forming Division is a leading global manufacturer of welded tubes and hollow sections, open special sections, and custom-made special tubes as well as precision parts of the highest quality. The division provides the automotive industry and well-respected suppliers with a complete range of pressed parts in the body-in-white segment as well as highly innovative structural components. Additionally, it produces cold-rolled special strip steel with a high degree of dimensional stability, extremely tight tolerances, and excellent surface qualities. The division is also a provider of sophisticated product solutions in the segments of high-bay warehouses, system racks, and road safety as well as for the energy and heating industries.

The holding company, several Group financing and raw materials purchasing companies as well as one personal service company and the group-IT companies are included in the segment Other. These companies are combined in this segment because their focus is on providing coordination services and assistance to the subsidiaries.

Segment revenue, segment expenses, and segment results include transfers between operating segments. Such transfers are accounted for at competitive market prices charged to unaffiliated customers for similar products. These transactions have been eliminated in the consolidated financial statements.

The voestalpine Group uses EBIT as the key figure to measure the performance of the segments. In the voestalpine Group, this figure is a widely accepted indicator for measuring profitability.

The operating segments[1] of the Group are as follows:

Operating segments

	Steel Division		Special Steel Division	
	2012/13	2013/14	2012/13	2013/14
Segment revenue	3,921.7	3,809.7	2,748.4	2,627.9
Of which revenue with third parties	3,655.2	3,520.9	2,704.5	2,576.9
Of which revenue with other segments	266.5	288.8	43.9	51.0
EBITDA	446.3	392.9	366.8	358.5
Depreciation and amortization of property, plant and equipment and intangible assets	231.4	232.9	145.0	134.1
Of which impairment	0.0	0.0	0.2	0.0
Of which reversal of impairment	0.0	0.0	0.4	0.0
EBIT	214.9	160.0	221.8	224.4
EBIT margin	5.5%	4.2%	8.1%	8.5%
Share of profit of associates	11.4	9.1	0.0	0.0
Interest and similar income	1.9	0.8	12.6	7.5
Interest and similar expenses	51.7	34.5	44.5	41.9
Income tax expense	–31.0	–18.2	–57.3	–57.5
Profit for the period	152.1	117.1	134.5	137.1
Segment assets	3,684.8	3,880.4	4,025.8	3,871.1
Of which investments in associates	104.4	102.1	0.0	0.0
Net financial debt	1,011.9	1,210.9	806.3	784.1
Investments in property, plant and equipment and intangible assets	276.9	447.4	256.8	181.5
Employees (full-time equivalent)	10,676	11,192	12,721	12,885

[1] Business year 2012/13 retroactively adjusted in accordance with IAS 19 (revised); see adjustments to the income statement chapter B. Summary of accounting policies – General information.

Metal Engineering Division		Metal Forming Division		Other		Reconciliation		Total Group	
2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
2,913.6	2,830.7	2,310.2	2,356.9	1,380.9	1,492.2	–1,750.4	–1,889.4	11,524.4	11,228.0
2,877.9	2,795.9	2,279.0	2,325.5	7.8	8.8	0.0	0.0	11,524.4	11,228.0
35.7	34.8	31.2	31.4	1,373.1	1,483.4	–1,750.4	–1,889.4	0.0	0.0
432.8	435.3	255.5	276.4	–73.3	–77.9	3.2	–2.5	1,431.3	1,382.7
114.9	118.2	90.0	94.1	6.9	11.1	0.0	0.0	588.2	590.4
0.3	3.5	0.1	2.3	0.0	0.0	0.0	0.0	0.6	5.8
0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.4	0.0
317.9	317.2	165.5	182.3	–80.1	–89.1	3.1	–2.5	843.1	792.3
10.9%	11.2%	7.2%	7.7%					7.3%	7.1%
0.9	1.5	0.0	0.0	2.2	0.6	0.9	0.8	15.4	12.0
2.9	2.3	3.2	3.0	101.0	91.0	–78.8	–75.4	42.8	29.2
33.6	28.8	25.7	23.1	181.2	129.2	–75.5	–77.2	261.2	180.3
–78.4	–77.1	–31.9	–36.1	66.2	55.6	–0.3	0.2	–132.7	–133.1
209.6	215.3	111.6	126.1	290.4	654.4	–376.3	–727.1	521.9	522.9
2,659.3	2,570.5	1,947.1	2,011.2	10,268.5	10,192.4	–9,506.2	–9,888.1	13,079.3	12,637.5
19.0	16.8	0.0	0.0	0.8	1.8	32.2	12.7	156.4	133.4
291.5	405.6	490.2	426.9	–340.4	–448.9	–0.3	28.5	2,259.2	2,407.1
164.9	172.2	142.5	130.6	9.5	12.3	0.0	–0.5	850.6	943.5
11,374	11,845	10,853	11,416	727	775	0	0	46,351	48,113

In millions of euros

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

EBITDA	**2012/13**	**2013/14**
Net exchange differences incl. result from valuation of derivatives	4.4	–3.2
Consolidation	–1.1	–0.8
Other	–0.1	1.5
EBITDA – Total reconciliation	**3.2**	**–2.5**

In millions of euros

EBIT	**2012/13**	**2013/14**
Net exchange differences incl. result from valuation of derivatives	4.4	–3.2
Consolidation	–1.1	–0.8
Other	–0.2	1.5
EBIT – Total reconciliation	**3.1**	**–2.5**

In millions of euros

All other key figures contain solely the effects of consolidation.

Geographical information

The following table provides selected financial information subsumed into the major geographical areas. External revenue is allocated by geographical location of the customers' companies. Non-current assets and investments are reported by the geographical location of the companies.

	Austria		**European Union**		**Other countries**	
	2012/13	**2013/14**	**2012/13**	**2013/14**	**2012/13**	**2013/14**
External revenue	1,161.6	1,121.0	7,111.0	6,989.6	3,251.8	3,117.4
Non-current assets	4,274.7	4,444.5	1,627.7	1,634.4	598.2	620.3
Investments in property, plant and equipment and intangible assets	511.5	607.1	243.4	182.0	95.7	154.4

In millions of euros

The voestalpine Group does not record any revenue from transactions with a single external customer amounting to 10% or more of the entity's revenue.

3. Other operating income

	2012/13	2013/14
Gains on disposal and appreciation of intangible assets, property, plant and equipment	5.6	15.7
Income from reversal of provisions	75.6	75.4
Exchange profits and income from the valuation of derivatives	42.0	27.7
Other operating income	248.5	241.8
	371.7	**360.6**

In millions of euros

In the business year 2013/14, operating income of EUR 81.9 million (2012/13: EUR 98.0 million) from the sale of products not generated in the course of ordinary activities is included in other operating income.

4. Other operating expenses

	2012/13[1]	2013/14
Taxes other than income taxes	16.1	19.5
Losses on disposal of property, plant and equipment	2.9	24.9
Exchange losses and expenses from the valuation of derivatives	35.3	29.0
Other operating expenses	242.4	218.9
	296.7	**292.3**

[1] Business year 2012/13 retroactively adjusted in accordance with IAS 19 (revised); see adjustments to the income statement chapter B. Summary of accounting policies – General information.

In millions of euros

5. Share of profit of associates

	2012/13	2013/14
Income from associates	17.1	13.8
Expenses from associates	–1.7	–1.8
	15.4	**12.0**

In millions of euros

Income from associates is primarily attributable to METALSERVICE S.P.A., Ningxia Kocel Steel Foundry Co. Ltd., and Scholz Austria GmbH.

6. Finance income

	2012/13	2013/14
Income from investments	8.0	8.2
Of which from affiliated companies	6.3	1.5
Income from other long-term securities and loans	1.2	10.0
Of which from affiliated companies	0.0	0.0
Other interest and similar income	41.6	19.2
Of which from affiliated companies	0.2	0.2
Income from disposals and fair value measurements of investment at fair value through profit or loss	12.5	3.1
	63.3	**40.5**

In millions of euros

7. Finance costs

	2012/13[1]	2013/14
Expenses from other financial assets		
Valuation of securities	2.4	4.9
Expenses from affiliated companies	0.0	0.2
Other expenses	3.5	3.4
	5.9	**8.5**
Other interest and similar expenses	261.2	180.3
Of which from affiliated companies	0.2	0.1
	267.1	**188.8**

[1] Business year 2012/13 retroactively adjusted in accordance with IAS 19 (revised); see adjustments to the income statement chapter B. Summary of accounting policies – General information.

In millions of euros

8. Income tax

Income tax includes income taxes paid and owed as well as deferred taxes (+ income tax expense/ – income tax benefit).

	2012/13	2013/14
Current tax expense	**93.5**	**96.7**
Effective tax expense	95.8	97.0
Adjustments of taxes from previous periods	–2.1	0.4
Recognition of tax losses from prior periods	–0.2	–0.7
Deferred tax expense	**39.2**	**36.4**
Origination/reversal of temporary differences	37.3	37.6
Adjustments of taxes from previous periods	2.1	–3.2
Impact of changes in tax rates	–3.3	1.0
Recognition of tax losses from prior periods	3.1	1.0
	132.7	**133.1**

In millions of euros

The changes in tax rates apply solely to foreign taxes.

The following reconciliation shows the difference between the Austrian corporate tax rate of 25% and the effective Group tax rate:

	2012/13		2013/14	
Profit before tax		**654.7**		**656.0**
Income tax using the Austrian corporate tax rate	25.0%	163.7	25.0%	164.0
Difference to foreign tax rates	0.6%	3.7	1.6%	10.8
Non-taxable income and expenses	–3.1%	–20.5	–2.6%	–17.0
Non-taxable income from investments	–0.8%	–5.4	–0.6%	–4.2
Effects of depreciation of investments and utilization of previously unrecognized losses carried forward and non-recognition of losses carried forward, respectively	0.5%	3.5	–1.2%	–7.8
Taxes from previous periods	0.0%	0.1	–0.4%	–2.8
Own shares	0.1%	0.5	0.0%	0.2
Hybrid bond	–2.8%	–18.0	–2.7%	–18.0
Other differences	0.8%	5.1	1.2%	7.9
Effective Group tax rate (%)/income tax expense	**20.3%**	**132.7**	**20.3%**	**133.1**

In millions of euros

In Austria, dividends (interest) on hybrid capital represent a tax-deductible expense. The tax reduction is recognized through profit and loss and results in a decrease of the Group income tax expenses.

9. Property, plant and equipment

	Land, land rights, and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction	Total
Gross carrying amount	2,581.0	8,526.1	958.7	297.7	12,363.5
Accumulated depreciation and impairment	–1,275.1	–5,974.7	–735.4	0.0	–7,985.2
Carrying amount as of April 1, 2012	**1,305.9**	**2,551.4**	**223.3**	**297.7**	**4,378.3**
Gross carrying amount	2,672.0	8,834.5	998.9	464.3	12,969.7
Accumulated depreciation and impairment	–1,329.9	–6,289.1	–769.8	–0.2	–8,389.0
Carrying amount as of March 31, 2013	**1,342.1**	**2,545.4**	**229.1**	**464.1**	**4,580.7**
Gross carrying amount	2,723.8	8,960.8	1,026.4	676.5	13,387.5
Accumulated depreciation and impairment	–1,364.4	–6,472.0	–778.6	–0.5	–8,615.5
Carrying amount as of March 31, 2014	**1,359.4**	**2,488.8**	**247.8**	**676.0**	**4,772.0**

In millions of euros

The following table shows a reconciliation of the carrying amounts of property, plant and equipment for the periods presented in the consolidated financial statements as of March 31, 2014:

	Land, land rights, and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction	Total
Carrying amount as of April 1, 2012	**1,305.9**	**2,551.4**	**223.3**	**297.7**	**4,378.3**
Changes in the scope of consolidated financial statements	1.3	19.1	0.7	3.7	24.8
Additions	47.9	228.4	55.4	391.2	722.9
Transfers	52.7	165.9	9.4	–227.7	0.3
Disposals	–2.5	–2.3	–1.7	–0.3	–6.8
Depreciation	–62.3	–413.9	–58.5	–0.1	–534.8
Impairment	0.0	–0.6	0.0	0.0	–0.6
Reversal of impairment	0.0	0.0	0.4	0.0	0.4
Net exchange differences	–0.9	–2.6	0.1	–0.4	–3.8
Carrying amount as of March 31, 2013	**1,342.1**	**2,545.4**	**229.1**	**464.1**	**4,580.7**
Changes in the scope of consolidated financial statements	7.9	5.3	2.3	0.4	15.9
Additions	67.6	249.9	68.0	488.8	874.3
Transfers	53.1	186.7	17.0	–261.2	–4.4
Disposals	–22.3	–24.8	–3.1	–3.7	–53.9
Depreciation	–64.4	–425.4	–60.5	–0.1	–550.4
Impairment	–2.8	–2.8	–0.2	0.0	–5.8
Reversal of impairment	0.0	0.0	0.0	0.0	0.0
Net exchange differences	–21.8	–45.5	–4.8	–12.3	–84.4
Carrying amount as of March 31, 2014	**1,359.4**	**2,488.8**	**247.8**	**676.0**	**4,772.0**

In millions of euros

As of March 31, 2014, restrictions on the disposal of property, plant and equipment amounted to EUR 19.2 million (March 31, 2013: EUR 26.9 million). Furthermore, as of March 31, 2014, commitments for the purchase of property, plant and equipment amounted to EUR 509.3 million (March 31, 2013: EUR 426.4 million).

Borrowing costs related to qualifying assets in the amount of EUR 9.2 million (2012/13: EUR 3.1 million) were capitalized in the reporting period. The calculation was based on an average borrowing cost rate of 4.0% (2012/13: 4.7%).

As of March 31, 2014, the gross carrying amount and accumulated depreciation of investment properties (IAS 40) are reported as follows:

	03/31/2013	03/31/2014
Gross carrying amount	47.0	25.0
Accumulated depreciation and impairment	–19.6	–9.9
Carrying amount	**27.4**	**15.1**

In millions of euros

The following table shows a reconciliation of the carrying amounts of investment properties for the periods presented in the consolidated financial statements as of March 31, 2014:

	2012/13	2013/14
Carrying amount as of April 1	**25.3**	**27.4**
Additions	10.2	0.5
Disposals	–1.5	–10.9
Depreciation	–6.6	–1.9
Carrying amount as of March 31	**27.4**	**15.1**

In millions of euros

Investment properties are measured at cost. Depreciation is recorded in line with the general accounting policies for property, plant and equipment. Based on comparable sales transactions, the market value of these assets is estimated at EUR 16.8 million (March 31, 2013: EUR 28.1 million). Rental income and expenses for investment properties are immaterial.

The carrying amount for each class of asset under finance leases is reported as follows:

	Property, plant and equipment				Intangible Assets	Total
	Land, land rights, and buildings	Plant and equipment	Fixtures and fittings	Advance payments and plant under construction		
2012/13						
Gross carrying amount	75.5	40.4	1.9	0.0	1.0	118.8
Accumulated depreciation and impairment	–23.2	–22.9	–1.1	0.0	–1.0	–48.2
Carrying amount	**52.3**	**17.5**	**0.8**	**0.0**	**0.0**	**70.6**
2013/14						
Gross carrying amount	69.6	37.8	2.6	1.0	1.0	112.0
Accumulated depreciation and impairment	–27.9	–24.5	–1.2	0.0	–1.0	–54.6
Carrying amount	**41.7**	**13.3**	**1.4**	**1.0**	**0.0**	**57.4**

In millions of euros

The present value of the minimum finance lease payments is due as follows:

	Minimum finance lease payments		Discounts on finance lease payments		Present value of the minimum finance lease payments	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
Less than one year	8.3	7.5	–1.8	–1.7	6.5	5.8
Between one and five years	25.7	21.4	–5.3	–4.9	20.4	16.5
More than five years	21.0	17.1	–1.7	–0.8	19.3	16.3
	55.0	**46.0**	**–8.8**	**–7.4**	**46.2**	**38.6**

In millions of euros

The most significant finance lease agreements for buildings and production plants have a term between five and 22 years. Thereby, the Group has the option to purchase the plants at the end of the contracted period or renew the contract.

In addition to finance leases, obligations also exist under operating leases for property, plant and equipment that are not reported on the statement of financial position. These obligations are due as follows:

	2012/13	2013/14
Less than one year	41.3	45.0
Between one and five years	105.4	104.8
More than five years	46.0	52.9
	192.7	**202.7**

In millions of euros

Payments of EUR 53.9 million (2012/13: EUR 49.2 million) under operating leases have been recognized as expenses.

The most significant operating lease agreements are related to buildings with a lease term of at least 15 years and with a renewal obligation of about ten years in certain cases. At the end of the lease term there are purchase options. There are no restrictions concerning dividends, additional debt, and further leases.

Reconciliation of depreciation and amortization of property, plant and equipment and intangible assets by functional area

	2012/13	2013/14
Cost of sales	521.5	529.5
Distribution costs	27.3	19.4
Administrative expenses	24.0	22.3
Other operating expenses	15.4	19.2
	588.2	**590.4**

In millions of euros

Impairment losses and reversal of impairment losses

In the Metal Engineering Division in the period under review, impairment losses on property, plant and equipment amounting to EUR 3.5 million were recognized for obsolete plant, equipment, and buildings. They are recognized under other operating expenses. In the Metal Forming Division, impairment losses on property, plant and equipment amounting to EUR 2.3 million were recognized as provisions of possible losses on sales. They are recognized under cost of sales and other operating expenses. In the same period of the previous year, impairment losses (primarily due to obsolescence) on property, plant and equipment (relating to plant and machinery in the Metal Engineering Division and the Special Steel Division) amounting to EUR 0.6 million were reported. They are recognized primarily in the cost of sales.

No reversals of impairment losses on property, plant and equipment were recognized during the reporting period. In the same period of the previous year, reversals of impairment losses on property, plant and equipment amounting to EUR 0.4 million were recognized as income due to an increase of fair value in the Special Steel Division. They are recognized in other operating income.

10. Goodwill

	03/31/2012	03/31/2013	03/31/2014
Gross carrying amount	1,436.6	1,485.6	1,487.7
Impairment loss	–15.4	–15.4	–15.4
Carrying amount	**1,421.2**	**1,470.2**	**1,472.3**

In millions of euros

The following table shows a reconciliation of the carrying amounts of goodwill for the periods presented in the consolidated financial statements as of March 31, 2014:

	Goodwill
Carrying amount as of April 1, 2012	**1,421.2**
Changes in the scope of consolidated financial statements	48.3
Disposals	–0.1
Net exchange differences	0.8
Carrying amount as of March 31, 2013	**1,470.2**
Changes in the scope of consolidated financial statements	3.9
Net exchange differences	–1.8
Carrying amount as of March 31, 2014	**1,472.3**

In millions of euros

Impairment tests for cash-generating units containing goodwill

Goodwill is allocated to the following cash-generating units:

	2012/13	2013/14
Total Steel Division	**160.1**	**160.1**
HPM Production	378.8	378.8
Value Added Services	306.9	305.2
Total Special Steel Division	**685.7**	**684.0**
Steel	25.8	25.8
Rail Technology	31.9	31.9
Turnout Systems	123.9	123.9
Welding Consumables	169.4	173.2
Total Metal Engineering Division	**351.0**	**354.8**
Tubes & Sections	63.0	63.0
Automotive Body Parts	84.0	84.0
Precision Strip	103.8	103.8
Warehouse & Rack Solutions	11.2	11.2
Heating & Installation Components	11.4	11.4
Total Metal Forming Division	**273.4**	**273.4**
voestalpine Group	**1,470.2**	**1,472.3**

In millions of euros

With regard to the value in use, goodwill is reviewed for impairment applying the discounted cash flow method. The calculation is performed on the basis of cash flows before tax of a three-year medium-term business plan as of the beginning of March. This medium-term business plan is based on historical data as well as on assumptions regarding the expected future market performance. The Group's planning assumptions are extended to include sectoral planning assumptions. Intra-group evaluations are complemented by external market studies. The capital costs are calculated as the weighted average cost of equity and the weighted average cost of borrowed capital and using the capital asset pricing model (weighted average costs of capital). Cash flows are discounted using a pre-tax WACC of 7.98% (2012/13: 7.96%). Country risk is taken into account through a cash flow premium/discount specific to the CGU.

Estimates and assumptions used to measure the recoverable amounts of cash generating units with a significant share of the voestalpine Group's total goodwill include:

External market and economic forecasts for the sale of flat steel products in Europe were used for the three-year medium-term business plan of the CGU Steel Division. Due to positive feedback from individual customer segments, some quality-related adjustments were made. The production plan reflects the sales forecasts. With respect to procurement, the assumptions regarding raw materials according to global market forecasts were taken as a basis for planning. The three-year medium-term business plan was extended by one year to present a sustainable steady-state status for the calculation of the perpetual annuity. The perpetual annuity is based on an expected growth rate of 1%. The country-specific cash flow premium is 3.49%.

The three-year medium-term business plan for the CGU High Performance Metals (HPM) Production was prepared under consideration of both the CGU's strategic orientation and the regional conditions in the core markets and reflects the general economic environment of the most important industry segments for the companies of this CGU. The internal forecasts and estimates—in particular with regard to the components business that targets sophisticated metallurgical applications in the aerospace, oil and natural gas, energy engineering, and automotive industries—rely on external sources of information and are largely consistent with them. Changes in the cost of input materials due to the price of alloys can mostly be passed on to customers. The last plan year was used to calculate the perpetual annuity based on a growth factor of 1%. The country-specific cash flow discount is 3.23%.

The planning for the CGU Value Added Services was based on both the general economic environment of the relevant industry segments as well as the growth forecasts in the regional sales markets. The optimization of the value creation chain that had already been initiated in the past and the continuation of the oil and natural gas strategy, which is contributing to a significant improvement of the market position, have played a positive role in the planning. Changes in this CGU's material costs due to alloy prices can also be passed on to the market through so-called "alloy surcharges." The perpetual annuity begins with the third plan year and is also based on a growth factor of 1%. The country-specific cash flow discount is 6.88%.

The planning process of the CGU Turnout Systems was based on the three-year detailed budgets and market forecasts of the individual companies belonging to the CGU. The planning also reflects their expectations with respect to the development of their respective general market environment and the volume of their customers' estimated demand. With regard to the most important factor cost developments, general forecasts of the development of personnel expenses and internal assumptions on the development of steel prices were integrated into the budgets. The perpetual annuity begins with the third plan year and is based on a growth factor of 1%. The country-specific cash flow discount is 7.50%.

In addition to the generally applicable forecasts for economic growth in the relevant core markets, in particular the development and potential in the focus industries defined for the segment were taken into account for the three-year medium-term business plan for the CGU Welding Consumables. The discounted cash flow method used in the course of the impairment tests is applied using a perpetual annuity based on the last detailed planning period. A growth factor of 1% was applied for the perpetual annuity. The country-specific cash flow discount is 7.03%.

The cash flow forecasts for the CGU Automotive Body Parts are based on the regional growth forecasts and/or the medium-term production forecasts for the pan-European automobile market, particularly for the European premium brand automakers. External forecasts were adjusted upward based on internal estimates. The last plan year was used to calculate the perpetual annuity based on a growth factor of 1%. The country-specific cash flow premium is 2.34%.

The three-year medium-term business plan for the CGU Precision Strip was prepared under consideration of the general regional conditions in the core markets and reflects the general economic environment of the most important industry segments for the companies of this CGU. The external forecasts were supplemented by internal estimates. For the most part, internal estimates are based on external forecasts and were adjusted downward. The last plan year was used to calculate the perpetual annuity based on a growth factor of 1%. The country-specific cash flow premium is 3.21%.

The value of all goodwill was confirmed by the impairment tests. A sensitivity analysis showed that the carrying amounts of each CGU would still be covered if the interest rate were to rise from 7.98% to 8.98% and there is no need to recognize an impairment loss. Furthermore, the cash flow sensitivity analysis showed that if the cash flows are reduced by 10%, the carrying amounts of each CGU are still covered and there is no need to recognize an impairment loss.

The following cash-generating units and groups of cash-generating units contain intangible assets with indefinite useful lives:

	2012/13	2013/14
Special Steel Division	**155.4**	**155.4**
Welding Consumables	12.6	12.6
Total Metal Engineering Division	**12.6**	**12.6**
Precision Strip	2.6	2.6
Total Metal Forming Division	**2.6**	**2.6**
voestalpine Group	**170.6**	**170.6**

In millions of euros

Intangible assets with indefinite useful lives contain solely trademark rights. The period, during which these trademark rights are expected to generate cash flows is not subject to a foreseeable limit. Therefore, trademark rights do not depreciate and are not amortized.

11. Other intangible assets

	Brands	Other	Advance payments or in progress	Total
Gross carrying amount	227.6	1,053.5	3.5	1,284.6
Accumulated amortization and impairment	–2.3	–960.3	0.0	–962.6
Carrying amount as of April 1, 2012	**225.3**	**93.2**	**3.5**	**322.0**
Gross carrying amount	227.6	1,081.0	14.6	1,323.2
Accumulated amortization and impairment	–8.1	–994.2	0.0	–1,002.3
Carrying amount as of March 31, 2013	**219.5**	**86.8**	**14.6**	**320.9**
Gross carrying amount	227.6	1,087.0	43.1	1,357.7
Accumulated amortization and impairment	–13.8	–1,007.2	0.0	–1,021.0
Carrying amount as of March 31, 2014	**213.8**	**79.8**	**43.1**	**336.7**

In millions of euros

The column "Brands" contains brands with an indefinite useful life amounting to EUR 170.6 million. No impairments have arisen. Moreover, a capital market funding advantage associated with the brand name Böhler-Uddeholm is contained therein. The depreciation period of the capital market funding advantage is ten years.

The following table shows a reconciliation of the carrying amounts of other intangible assets for the periods presented in the consolidated financial statements as of March 31, 2014:

	Brands	Other	Advance payments or in progress	Total
Carrying amount as of April 1, 2012	**225.3**	**93.2**	**3.5**	**322.0**
Changes in the scope of consolidated financial statements	0.0	24.5	0.0	24.5
Additions	0.0	12.4	14.4	26.8
Transfers	0.0	3.3	–3.3	0.0
Disposals	0.0	–0.1	0.0	–0.1
Amortization	–5.8	–46.6	0.0	–52.4
Net exchange differences	0.0	0.1	0.0	0.1
Carrying amount as of March 31, 2013	**219.5**	**86.8**	**14.6**	**320.9**
Changes in the scope of consolidated financial statements	0.0	4.7	0.0	4.7
Additions	0.0	15.4	29.1	44.5
Transfers	0.0	4.2	–0.5	3.7
Disposals	0.0	0.0	0.0	0.0
Amortization	–5.7	–28.5	0.0	–34.2
Net exchange differences	0.0	–2.8	–0.1	–2.9
Carrying amount as of March 31, 2014	**213.8**	**79.8**	**43.1**	**336.7**

In millions of euros

The functional areas of cost of sales, distribution costs, administrative expenses, and other operating expenses may include amortization of intangible assets.

As of March 31, 2014, commitments for the acquisition of intangible assets amounted to EUR 3.3 million (March 31, 2013: EUR 0.2 million). Additions to "Advance payments or in progress" contain EUR 23.0 million (March 31, 2013: EUR 13.2 million) in capitalized development costs for a software project intended to depict cross-company business processes and business processes that have been harmonized within the Steel Division.

12. Investments in associates and other financial assets

	Investments in affiliated companies	Invest-ments in associates	Other invest-ments	Securities	Loans granted	Advance payments	Total
Gross carrying amount	19.2	149.8	57.0	80.0	17.8	0.2	324.0
Accumulated depreciation	–7.1	–0.4	–2.2	–3.0	–1.4	0.0	–14.1
Carrying amount as of April 1, 2012	**12.1**	**149.4**	**54.8**	**77.0**	**16.4**	**0.2**	**309.9**
Gross carrying amount	18.6	158.5	57.1	19.6	28.8	0.0	282.6
Accumulated depreciation	–7.2	–2.1	–4.8	–0.3	–2.6	0.0	–17.0
Carrying amount as of March 31, 2013	**11.4**	**156.4**	**52.3**	**19.3**	**26.2**	**0.0**	**265.6**
Gross carrying amount	17.5	133.8	56.8	6.9	28.0	0.0	243.0
Accumulated depreciation	–7.1	–0.4	–7.9	–0.1	–3.0	0.0	–18.5
Carrying amount as of March 31, 2014	**10.4**	**133.4**	**48.9**	**6.8**	**25.0**	**0.0**	**224.5**

In millions of euros

The following table shows a reconciliation of the carrying amounts of investments in associates and other financial assets for the periods presented in the consolidated financial statements as of March 31, 2014:

	Investments in affiliated companies	Investments in associates	Other investments	Securities	Loans granted	Advance payments	Total
Carrying amount as of April 1, 2012	**12.1**	**149.4**	**54.8**	**77.0**	**16.4**	**0.2**	**309.9**
Changes in the scope of consolidated financial statements	–0.1	0.0	0.0	0.0	0.0	0.0	–0.1
Additions	0.6	3.5	0.0	1.5	12.8	0.0	18.4
Transfers	–0.2	0.0	0.0	–0.1	–0.4	–0.2	–0.9
Disposals	–0.2	0.0	0.0	–59.4	–1.2	0.0	–60.8
Impairment	–0.8	–1.7	–2.5	–0.1	–1.7	0.0	–6.8
Revaluation	0.0	0.0	0.0	0.4	0.4	0.0	0.8
Net exchange differences	0.0	5.2	0.0	0.0	–0.1	0.0	5.1
Carrying amount as of March 31, 2013	**11.4**	**156.4**	**52.3**	**19.3**	**26.2**	**0.0**	**265.6**
Changes in the scope of consolidated financial statements	0.0	0.0	0.0	–12.4	0.0	0.0	–12.4
Additions	0.2	0.0	0.1	0.3	2.7	0.0	3.3
Transfers	–1.2	–16.0	–0.1	–0.1	–0.2	0.0	–17.6
Disposals	0.0	–1.4	–0.3	–0.3	–3.2	0.0	–5.2
Impairment	0.0	–1.8	–3.1	–0.2	–0.5	0.0	–5.6
Revaluation	0.0	0.0	0.0	0.2	0.0	0.0	0.2
Net exchange differences	0.0	–3.8	0.0	0.0	0.0	0.0	–3.8
Carrying amount as of March 31, 2014	**10.4**	**133.4**	**48.9**	**6.8**	**25.0**	**0.0**	**224.5**

In millions of euros

Loans granted comprise the following items:

	03/31/2012	03/31/2013	03/31/2014
Loans to affiliated companies	1.1	0.9	0.9
Loans to associates	0.0	0.0	0.0
Loans to other investments	0.0	0.0	0.0
Other loans	12.5	17.0	14.9
Other receivables from financing	2.8	8.3	9.2
	16.4	**26.2**	**25.0**

In millions of euros

Other current investments include securities of the V54 fund of funds initially consolidated in the business year 2013/14 amounting to EUR 389.5 million (March 31, 2013: shares in the V54 fund EUR 385.1 million), and other securities amounting to EUR 24.2 million (March 31, 2013: EUR 28.2 million). As of March 31, 2013, another liquidity fund was included amounting to EUR 60.0 million.

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

The fund assets of the V54 fund of funds, which represent a carrying amount of current securities amounting to EUR 39.0 million (March 31, 2013: EUR 57.5 million) in the consolidated financial statements, are pledged for investment loans granted by the European Investment Bank.

13. Deferred taxes

The tax effects of temporary differences, tax losses carried forward, and tax credits that result in a recognition of deferred tax assets and liabilities include the following items:

	Deferred tax assets		Deferred tax liabilities	
	03/31/2013	03/31/2014	03/31/2013	03/31/2014
Non-current assets	29.4	27.4	131.9	140.6
Current assets	68.6	66.8	81.0	71.8
Non-current provisions and liabilities	155.9	155.1	28.3	31.7
Current provisions and liabilities	32.3	24.6	14.8	18.0
Losses carried forward	56.4	52.4	0.0	0.0
Netting of deferred taxes to the same tax authority	–169.6	–178.5	–169.6	–178.5
	173.0	**147.8**	**86.4**	**83.6**
Intercompany profit elimination (netted)	19.2	18.7	0.0	0.0
Hidden reserves (netted)	0.0	0.0	102.4	93.4
Acquisition-related tax credit	144.5	126.5	0.0	0.0
Other	6.9	20.6	0.8	10.4
Net deferred taxes	**343.6**	**313.6**	**189.6**	**187.4**

In millions of euros

Pursuant to IAS 12.34, the tax benefit from the acquisition of BÖHLER-UDDEHOLM Aktiengesellschaft is reported as unused tax credit and will be released as deferred tax expense over a period of 14 years with an amount of EUR 18.1 million per year (remaining term 7 years). This is offset by actual tax savings.

With its decision of January 30, 2014, the Higher Administrative Court (Verwaltungsgerichtshof) directed a request for a preliminary ruling to the ECJ (Higher Administrative Court 30/1/2014, EU 2014/0001-1 (2013/15/0186)). Among other issues, this request contained the question of whether, when acquiring a domestic equity interest, goodwill amortization constitutes State aid within the framework of group taxation in Austria as defined by Art. 107 (1) of the Treaty on the Functioning of the European Union (TFEU). The result of the ECJ preliminary ruling proceeding is still open. If goodwill amortization qualifies as "State aid," a reversal could become necessary for a period of up to ten years from the date of granting of State aid. A reversal of the prior tax abatement effect amounting to EUR 169.5 million and a reversal of deferred tax assets amounting to EUR 126.5 million depend on the result of the preliminary ruling proceeding. At this time, the risk of a reversal is viewed as unlikely.

Deferred tax assets on losses carried forward in the amount of EUR 52.4 million (March 31, 2013: EUR 56.4 million) were recognized. As of March 31, 2014, there is a total of unused tax losses of approximately EUR 165.1 million (corporate income tax) (March 31, 2013: total of approximately EUR 158.0 million), for which no deferred tax asset has been recognized. Up to 2024, approximately EUR 44.4 million of tax loss carryforwards (corporate income tax) will expire.

The change in the balance between deferred tax assets and liabilities amounts to EUR 27.9 million. This essentially corresponds to the deferred tax expense of EUR 36.4 million less the deferred tax assets recognized directly in equity in the amount of EUR 9.7 million (March 31, 2013: EUR 39.8 million).

Additional disclosures pursuant to IAS 12.81 (a) and (ab):

	Change 2012/13	03/31/2013	Change 2013/14	03/31/2014
Deferred taxes on actuarial gains/losses	42.9	103.8	9.3	113.1
Deferred taxes on hedge accounting	–3.1	2.2	0.4	2.6
Total of deferred taxes recognized in equity (Other comprehensive income)	**39.8**	**106.0**	**9.7**	**115.7**

In millions of euros

14. Inventories

	03/31/2013	03/31/2014
Raw materials and supplies	870.6	914.3
Work in progress	780.9	847.6
Finished goods	987.2	971.5
Merchandise	218.1	190.8
As yet unbillable services	7.5	7.0
Advance payments	12.6	6.0
	2,876.9	**2,937.2**

In millions of euros

Write-downs to the lower net realizable value amounting to EUR 94.7 million (March 31, 2013: EUR 105.0 million) are recorded in the consolidated financial statements. The carrying amount of the inventories that have been written down to the lower net realizable value amounts to EUR 546.3 million (March 31, 2013: EUR 579.3 million). As of March 31, 2014, no inventories are pledged as security for liabilities (March 31, 2013: EUR 2.4 million). An amount of EUR 6,231.7 million (March 31, 2013: EUR 6,548.0 million) has been recognized as cost of materials.

15. Trade and other receivables

	03/31/2013	Of which over one year	03/31/2014	Of which over one year
Trade receivables	1,313.0	0.9	1,234.6	1.0
Other receivables and other assets	342.6	7.7	384.6	15.8
	1,655.6	**8.6**	**1,619.2**	**16.8**

In millions of euros

Trade receivables include the following receivables from construction contracts:

	03/31/2013	03/31/2014
Aggregate amount of costs incurred up to the reporting date	143.6	135.3
Aggregate amount of accrued profits up to the reporting date	21.5	16.8
Aggregate amount of incurred losses up to the reporting date	–6.6	–8.5
Gross receivables from construction contracts	**158.5**	**143.6**
Less amount of advances received	–92.4	–92.1
Receivables from construction contracts	**66.1**	**51.5**

In millions of euros

Liabilities include the following liabilities from construction contracts:

	03/31/2013	03/31/2014
Aggregate amount of costs incurred up to the reporting date	5.3	13.1
Aggregate amount of accrued profits up to the reporting date	2.5	1.4
Aggregate amount of incurred losses up to the reporting date	0.0	–2.2
Gross liabilities from construction contracts	**7.8**	**12.3**
Less amount of advances received	–13.7	–18.4
Liabilities from construction contracts	**–5.9**	**–6.1**

In millions of euros

Revenue from construction contracts amount to EUR 232.1 million in the business year 2013/14 (2012/13: EUR 206.3 million).

16. Cash and cash equivalents

	03/31/2013	03/31/2014
Cash on hand, cash at banks, checks	1,092.7	532.5

In millions of euros

17. Equity

Share capital (incl. disclosures in accordance with Sec. 240 of the Austrian Commercial Code (Unternehmensgesetzbuch, UGB)

As of March 31, 2014, the share capital amounts to EUR 313,309,235.65 and is divided into 172,449,163 ordinary no-par value shares unchanged compared to the previous year. All shares are fully paid up.

Under Sec. 4 (2) of the Articles of Incorporation, the Management Board of voestalpine AG is authorized up to June 30, 2014 to increase the share capital of the Company by up to EUR 152,521,231.38 by issuing up to 83,949,516 ordinary no-par value bearer shares (about 48.68%), against cash contributions and/or, if necessary, by excluding shareholders' subscription rights in full or in part, (i) against contributions in kind, including but not limited to contributions of equity interests, companies, businesses, or business units, and/or (ii) to be issued to employees, executives, and members of the Management Board of the Company or an affiliated company under an employee stock ownership plan or stock option plan (authorized capital increase). The Management Board of voestalpine AG resolved on September 12, 2012, to exercise this authorization to increase voestalpine AG's share capital by issuing 3,400,000 new, no-par value bearer shares, thus increasing the share capital by approximately 2%. This capital increase was recorded in the Commercial Register effective November 24, 2012. During the reporting period, the Management Board did not exercise this authority.

Under Sec. 4 (6) of the Articles of Incorporation, the Management Board of voestalpine AG is authorized to increase the share capital of the Company by up to EUR 145,345,668.35 by issuing up to 80,000,000 ordinary no-par value bearer shares (= 46.39%) for issuance to creditors of financial instruments within the meaning of Sec. 174 of the Austrian Stock Corporation Act (Aktiengesetz, AktG) (convertible bonds, income bonds, or participation rights); the Management Board was authorized to issue these shares during the Annual General Meeting on July 1, 2009 (contingent capital increase). During the reporting period, the Management Board did not exercise the authority granted on July 1, 2009, to issue financial instruments within the meaning of Sec. 174 AktG.

During the Annual General Meeting on July 3, 2013, the Management Board was authorized to repurchase own shares for a term of validity of 30 months, representing no more than 10% of the respective share capital. The repurchase price may not be more than 20% below or 10% above the average closing price of the shares on the three market trading days prior to the repurchase. The Management Board did not exercise this authority during the reporting period.

Capital reserves mainly include the share premium (net of capital funding costs), gains/losses from the sale of own shares, and share-based compensation.

Reserves for own shares include the deducted cost of acquisition and the increase in equity from disposal of own shares at cost.

Retained earnings include the profit for the period less dividend distributions. When increasing majority interests, the difference between the cost of acquisition for the additional shares and the pro-rated carrying amount of the non-controlling interests is recognized directly in retained earnings. Actuarial gains and losses from severance and pension obligations are recognized directly in the retained earnings in the year in which they are incurred.

The translation reserve comprises all foreign currency differences arising from the translation of the financial statements of foreign subsidiaries.

The hedging reserve comprises gains and losses from the effective portion of the cash flow hedges. The cumulative gains or losses from hedged transactions recognized in the reserves are not recognized in the income statement until the hedged transaction also affects the result.

The number of shares outstanding for the periods presented in the consolidated financial statements as of March 31, 2014, has changed as follows:

	Number of no-par value shares	Number of own shares	Number of shares outstanding
Balance as of April 1, 2012	**169,049,163**	**299,728**	**168,749,435**
Additions	3,400,000		3,400,000
Disposals		–209,099	209,099
Balance as of March 31, 2013	**172,449,163**	**90,629**	**172,358,534**
Disposals		–62,032	62,032
Balance as of March 31, 2014	**172,449,163**	**28,597**	**172,420,566**

Shares

Hybrid capital

On October 16, 2007, voestalpine AG issued a EUR 1 billion subordinated bond with an indefinite term (hybrid bond). The coupon rate of the bond, which can also be suspended if dividends are suspended, is 7.125%. Seven years after issue of the bond, voestalpine AG, but not the creditors, will have its first opportunity to redeem the bond or to continue it at a variable interest rate (3-month EURIBOR plus 5.05%). In the first quarter of 2013, voestalpine AG issued a new subordinate undated bond (hybrid bond 2013) with a volume of EUR 500 million following an invitation extended to the holders of the hybrid bond to exchange the bond for a new hybrid bond at a 1:1 ratio. The outstanding nominal value of the hybrid bond 2007 as a result of this exchange is thus EUR 500 million. The coupon of the hybrid bond 2013 is 7.125% until October 31, 2014, 6% from October 31, 2014, to October 31, 2019, the 5-year swap rate +4.93% from October 31, 2019, to October 31, 2024, and the 3-month EURIBOR +4.93% plus a step-up of 1% starting October 31, 2024. The hybrid bond 2013 can be first called in and redeemed by voestalpine AG, but not the creditors, on October 31, 2019. The bond terms of the hybrid bond 2013 largely correspond to those of the hybrid bond 2007, but differ in some aspects. The detailed features of the hybrid bonds are presented in the respective bond terms.

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 presented as dividend payments.

The issue costs of the new hybrid bond 2013 amounted to EUR 2.8 million. Therefore, equity increased by EUR 497.2 million in the business year 2012/13, resulting in a total stated amount of EUR 993.2 million for the total hybrid capital, taking into account 50% of the amount recognized under hybrid capital in the business year 2011/12 amounting to EUR 496.0 million.

Accrued interest in the amount of EUR 13.7 million was recognized as of the exchange date for that portion of the hybrid bond 2007, which was submitted for exchange (nominal value EUR 500 million). Due to the resulting obligation to pay interest, EUR 14.8 million was recognized as an payable dividend for the remaining portion of the hybrid bond 2007 (nominal value EUR 500 million) and shown as a liability as of the reporting date of March 31, 2013. As of October 31, 2013, EUR 71.3 million was paid out for the two hybrid bonds. Due to the partial payment and recognition as a liability in the previous year, only EUR 42.8 million was deducted from equity in the form of a dividend.

Non-controlling interests

The non-controlling interests as of March 31, 2014, result primarily from non-controlling interests in the V54 Fonds, CGU Turnout Systems, voestalpine CPA Filament GmbH, voestalpine Railpro B.V., ASPAC Group, and Danube Equity AG.

18. Pensions and other employee obligations

	03/31/2013	03/31/2014
Provisions for severance payments	494.6	510.5
Provisions for pensions	394.5	400.0
Provisions for long-service bonuses	115.6	118.4
	1,004.7	**1,028.9**

In millions of euros

Provisions for severance payments

	2012/13	2013/14
Present value of defined benefit obligation (DBO) as of April 1	**441.8**	**494.6**
Service costs for the period	10.0	11.4
Interest costs for the period	20.5	16.9
Changes in the scope of consolidated financial statements	0.0	1.6
Severance payments	–29.1	–29.3
Actuarial gains (–)/losses (+) due to changes in financial assumptions	50.5	13.7
Actuarial gains (–)/losses (+) due to experience-based adjustments	0.9	2.8
Other	0.0	–1.2
Present value of defined benefit obligation (DBO) as of March 31	**494.6**	**510.5**

In millions of euros

Provisions for pensions

	Present value of DBO	Plan Assets	Provisions for Pensions
As of April 1, 2012	**762.9**	**–455.1**	**307.8**
Service costs for the period	8.9	0.0	8.9
Net interest for the period	34.8	–21.1	13.7
Return on plan assets (excluding amounts included in net interest)	0.0	–18.8	–18.8
Gains (–)/Losses (+) on plan settlement/curtailment	–28.3	0.0	–28.3
Changes in the scope of the consolidated financial statements	5.2	–2.0	3.2
Pension payments	–31.2	20.9	–10.3
Net exchange differences	2.4	0.2	2.6
Employer contributions/repayments	0.0	–21.1	–21.1
Contributions by plan participants	0.0	–0.2	–0.2
Actuarial gains (–)/losses (+) due to changes in financial assumptions	135.0	0.0	135.0
Actuarial gains (–)/losses (+) due to experience-based adjustments	2.0	0.0	2.0
As of March 31, 2013	**891.7**	**–497.2**	**394.5**

In millions of euros

Provisions for pensions

	Present value of DBO	Plan Assets	Provisions for Pensions
As of April 1, 2013	**891.7**	**–497.2**	**394.5**
Service costs for the period	10.2	0.0	10.2
Net interest for the period	27.8	–15.2	12.6
Return on plan assets (excluding amounts included in net interest)	0.0	–16.0	–16.0
Gains (–)/Losses (+) on plan settlement/curtailment	–21.5	0.0	–21.5
Changes in the scope of the consolidated financial statements	0.0	0.0	0.0
Pension payments	–41.0	25.9	–15.1
Net exchange differences	–5.7	1.7	–4.0
Employer contributions/repayments	0.0	3.0	3.0
Contributions by plan participants	0.0	–1.6	–1.6
Actuarial gains (–)/losses (+) due to changes in financial assumptions	36.6	0.0	36.6
Actuarial gains (–)/losses (+) due to changes of demographic assumptions	1.3	0.0	1.3
Actuarial gains (–)/losses (+) due to experience-based adjustments	–0.9	0.0	–0.9
Plan settlements	–80.3	80.3	0.0
Other	0.9	0.0	0.9
As of March 31, 2014	**819.1**	**–419.1**	**400.0**

In millions of euros

Since January 1, 2013, all future pension entitlements for some Dutch companies are being funded by the industry-wide pension fund (PME). In the business year 2012/13, this resulted in a plan curtailment of the defined benefit plan.

In the current business year, a settlement of the defined benefit plan was implemented for the same group of Group companies with regard to all already vested rights of all active participants. These pension entitlements were transferred to an industry-wide pension fund (PME) and thus to a defined contribution plan. The decision in this regard took effect as of May 15, 2013, and the transfer was completed as of the effective date of July 1, 2013.

The major categories of plan assets for the periods presented in the consolidated financial statements as of March 31, 2014, are as follows:

2012/13

Category	Assets with quoted market price in an active market	Assets without quoted market price in an active market	Assets Total
Debt instruments	49.2%	2.9%	52.1%
Equity instruments	27.0%	0.7%	27.7%
Property	2.3%	2.0%	4.3%
Cash and cash equivalents	3.7%	0.1%	3.8%
Insurance	0.0%	2.3%	2.3%
Other assets	2.8%	7.0%	9.8%
Total	**85.0%**	**15.0%**	**100.0%**

2013/14

Category	Assets with quoted market price in an active market	Assets without quoted market price in an active market	Assets Total
Debt instruments	46.9%	0.4%	47.3%
Equity instruments	24.7%	0.8%	25.5%
Property	1.7%	1.3%	3.0%
Cash and cash equivalents	4.5%	0.1%	4.6%
Insurance	0.0%	2.7%	2.7%
Other assets	4.8%	12.1%	16.9%
Total	**82.6%**	**17.4%**	**100.0%**

The plan assets include own shares with a fair value of EUR 1.3 million (March 31, 2013: EUR 1.1 million).

The average expected return is determined by the portfolio structure of the plan assets, empirical data, and estimates of future investment returns. The calculation of the provisions for pensions was based on an expected interest rate of 3.25% on plan assets. The actual interest rate was 6.3%.

The amount recognized as an expense in the income statement for defined contribution plans is EUR 27.0 million (2012/13: EUR 22.9 million).

The sensitivity analysis of the key actuarial assumptions used to determine defined benefit obligations is depicted below:

Sensitivities

	Interest rate		Salary/wage increases		Pension increases	
	+1.0%	**–1.0%**	**+0.5%**	**–0.5%**	**+0.25%**	**–0.25%**
Pensions	–12.7%	+16.0%	+0.7%	–0.6%	+2.7%	–2.6%
Severance	–10.0%	+11.8%	+5.6%	–5.2%		

Group-wide figures were determined for the effects associated with the interest rate, wage and salary increases, and pension increases. The sensitivities are not determined by way of estimates or approximations, but by way of comprehensive analyses, which vary the parameters.

For the business year 2014/15, the expected contributions to the defined contribution plans amount to EUR 14.0 million.

The interest-weighted, average duration for pension plans is 14.8 years and 11.2 years for severance payments.

Provisions for long-service bonuses

	2012/13	2013/14
Present value of defined benefit obligation (DBO) as of April 1	**103.3**	**115.6**
Service costs for the period	5.4	6.3
Interest costs for the period	4.7	3.8
Changes in the scope of consolidated financial statements	0.0	0.5
Long-service bonus payments	–7.0	–9.6
Actuarial gains (–)/losses (+) due to changes in financial assumptions	9.7	2.7
Actuarial gains (–)/losses (+) due to experience-based adjustments	–0.5	0.0
Other	0.0	–0.9
Present value of defined benefit obligation (DBO) as of March 31	**115.6**	**118.4**

In millions of euros

Expenses/revenue relative to provisions for severance payments, pensions, and long-service bonuses recognized in the income statement are categorized as follows:

	2012/13	2013/14
Service costs for the period	24.3	27.9
Net interest for the period	38.9	33.3
Gains (–)/Losses (+) on plan settlement/curtailment	–28.3	–21.5
Expenses/revenue recognized in the income statement	**34.9**	**39.7**

In millions of euros

Net interest for the period is recognized in the finance costs.

19. Provisions

	Balance as of 04/01/2013	Changes in the scope of consolidated financial statements	Net exchange differences	Use	Reversals	Transfers	Additions	Balance as of 03/31/2014
Non-current provisions								
Other personnel expenses	60.5	0.0	–0.1	–40.3	0.0	0.6	20.2	40.9
Warranties and other risks	2.8	0.0	0.0	–1.1	–0.1	0.0	3.0	4.6
Other non-current provisions	50.5	0.0	–0.8	–4.3	–4.3	–0.3	12.9	53.7
	113.8	**0.0**	**–0.9**	**–45.7**	**–4.4**	**0.3**	**36.1**	**99.2**
Current provisions								
Unused vacation entitlements	118.2	1.9	–2.8	–72.9	–0.5	–0.1	81.4	125.2
Other personnel expenses	154.2	0.4	–2.0	–136.9	–11.8	–0.3	149.5	153.1
Warranties and other risks	38.4	0.0	–0.2	–7.6	–6.5	0.0	22.6	46.7
Onerous contracts	34.4	0.0	–0.2	–23.7	–6.6	–0.7	19.3	22.5
Other current provisions	267.0	0.7	–1.1	–158.0	–42.0	1.1	89.5	157.2
	612.2	**3.0**	**–6.3**	**–399.1**	**–67.4**	**0.0**	**362.3**	**504.7**
	726.0	**3.0**	**–7.2**	**–444.8**	**–71.8**	**0.3**	**398.4**	**603.9**

In millions of euros

The provisions for personnel expenses mainly include bonuses. Provisions for warranties and other risks as well as onerous contracts apply to current operating activities. The other provisions mainly consist of provisions for commissions, litigation, legal, and consulting fees, and environmental protection obligations.

The amount recognized as a provision for warranties and other risks is calculated as the most reliable estimated value of the amount that would be required to settle these obligations at the reporting date. The statistical measure is the expected value, which is based on the probability of occurrence of an event according to past experience.

Provisions for onerous contracts are recognized when the earnings expected to be derived by the Group from contracts are lower than the unavoidable cost of meeting its obligations under these contracts. Before recognizing a separate provision for onerous contracts, the Group recognizes an impairment loss on the assets associated with such contracts.

The provisions recognized in the annual financial statements 2012/13 in the amount of EUR 204.4 million for the antitrust proceedings and associated actions and costs as well as for the closure of TSTG Schienen Technik GmbH & Co KG were reduced in the business year 2013/14 by the amount of the compensatory damages paid for direct and indirect rail deliveries to Deutsche Bahn and by the costs involved in the closure of TSTG Schienen Technik GmbH & Co KG. All the remaining provisions were adjusted in the business year 2013/14 in accordance with the current estimate, resulting in non-recurring income (balance of reversal and appropriation) of EUR 8.1 million, and therefore amount to EUR 76.4 million as of March 31, 2014.

The provisions for the EU antitrust fine of voestalpine Austria Draht GmbH from the previous year amounting to EUR 17.1 million (with the exception of the provisions for interest) have been continued unchanged. An appeal was filed against the fine before the European General Court.

20. Financial liabilities

	Up to one year		Over one year	
	03/31/2013	**03/31/2014**	**03/31/2013**	**03/31/2014**
Bank loans and bonds	1,244.7	755.1	2,507.2	2,531.2
Liabilities from finance leases	6.5	5.8	39.7	32.8
Liabilities from affiliated companies	17.2	12.0	0.0	0.0
Liabilities from other investments	47.6	25.7	0.0	0.0
Other payables and liabilities	8.6	7.6	11.9	32.9
	1,324.6	**806.2**	**2,558.8**	**2,596.9**

In millions of euros

On March 30, 2009, voestalpine AG issued a fixed-interest bond amounting to EUR 400.0 million. The bond was redeemed on April 2, 2013. The interest rate amounted to 8.75% p.a.

On February 3, 2011, voestalpine AG issued a corporate bond amounting to EUR 500.0 million. The bond will be redeemed on February 5, 2018. The interest rate amounts to 4.75% p.a.

On October 5, 2012, voestalpine AG issued a corporate bond with a volume of EUR 500.0 million. The bond will be redeemed on October 5, 2018. The interest rate amounts to 4.00% p.a.

21. Trade and other payables

	03/31/2013	03/31/2014
Prepayments received on orders	67.9	72.6
Trade payables	1,074.2	1,100.6
Liabilities from bills payable	456.6	444.3
Other liabilities from taxes	87.9	94.2
Other liabilities related to social security	43.9	47.4
Other payables and other liabilities	409.2	335.8
	2,139.7	**2,094.9**

In millions of euros

22. Contingent liabilities

	03/31/2013	03/31/2014
Obligations from bills payable	3.7	3.5
Surety bonds and guarantees	2.9	1.6
	6.6	**5.1**

In millions of euros

The German Federal Cartel Office (Bundeskartellamt) inspected the business premises of the sales company voestalpine Deutschland GmbH in Munich on February 28, 2013, due to an anonymous tip. The building was searched as a result of the charge of participation in systematic, anti-competitive agreements spanning several years with respect to the supply of strip steel and semi-finished goods to the German automobile industry. After the building was searched, an internal inspection of the company was conducted. No evidence has been found at voestalpine that confirms Federal Cartel Office's charges. Therefore, these charges are not taken into account in these annual financial statements.

23. Financial instruments

General information

The principal financial instruments used by the voestalpine Group consist of bank loans and short-term demand notes, bonds, and trade payables. The primary aim of the financial instruments is to finance the business activities of the Group. The Group holds various financial assets, such as trade receivables, short-term deposits, and non-current investments, which result directly from the Group's business activities.

The Group also uses derivative financial instruments. These instruments mainly include interest rate swaps and forward exchange transactions. These derivative financial instruments are used to hedge interest rate and currency risks and risks from fluctuations in raw materials prices, which result from the business activities of the Group and its sources of financing.

Capital management

In addition to ensuring availability of the liquidity necessary to support business activities and maximizing shareholder value, the primary objective of the Group's capital management is to ensure appropriate creditworthiness and a satisfactory equity ratio.

Capital management in the voestalpine Group is performed using the net financial debt to EBITDA ratio and the gearing ratio, i.e., the net financial debt to equity ratio. Net financial debt consists of interest-bearing loans less financing receivables and other loan receivables, securities, cash and cash equivalents. Equity includes non-controlling interests in Group companies and the hybrid capital.

The target amount for the gearing ratio is 50% and may only be exceeded up to a maximum of 75% for a limited period of time. The net financial debt to EBITDA ratio may not exceed 3.0. All growth measures and capital market transactions are based on these ratios.

The following table shows these two ratios for the reporting period:

	03/31/2013	03/31/2014
Gearing ratio in %	44.5%	45.8%
Net financial debt to EBITDA ratio	1.6	1.7

Financial risk management – Corporate finance organization

Financial risk management also includes the area of raw material risk management. Financial risk management is organized centrally with respect to policy-making power, strategy determination, and target definition. The existing policies include targets, principles, duties, and responsibilities for both the Group Treasury and individual Group companies. In addition, they govern the areas of pooling, money market, credit and securities management, currency, interest rate, liquidity, and commodity price risk, and reporting. The Group Treasury, acting as a service center, is responsible for implementation. Three organizationally separate units are responsible for closing, processing, and recording transactions, which guarantees a six-eyes principle. Policies, policy compliance, and all business processes are additionally audited every two years by an external auditor.

It is part of the voestalpine Group's corporate policy to continuously monitor, quantify, and, where reasonable, hedge financial risks. Our willingness to accept risk is relatively low. The strategy aims at reducing fluctuations in cash flows and income. Market risks are largely hedged by means of derivative financial instruments.

To quantify interest rate risk, voestalpine AG uses interest rate exposure and fair value risk as indicators. Interest rate exposure quantifies the impact of a 1% change in the market interest rate on interest income and interest expenses. Fair value risk means the change in the fair value of an interest rate-sensitive item with a 1% parallel shift of the interest yield curve.

voestalpine AG uses the "@risk" concept to quantify currency risk. The maximum loss within one year is determined with 95% certainty. Risk is calculated for the open position, which is defined as the budgeted quantity for the next twelve months less the quantity that has already been hedged. The variance-covariance approach is used to evaluate foreign currency risk.

Liquidity risk – Financing

Liquidity risk refers to the risk of not being able to fulfill the payment commitments due to insufficient means of payment.

The primary instrument for controlling liquidity risk is a precise financial plan that is submitted quarterly by the operating entities directly to the Group Treasury of voestalpine AG. The funding requirements with regard to financing and bank credit lines are determined based on the consolidated results.

Working capital is financed by the Group Treasury. A central clearing system performs intra-group netting daily. Entities with liquidity surpluses indirectly put these funds at the disposal of entities requiring liquidity. The Group Treasury places any residual liquidity with their principal banks. This allows the volume of outside borrowing to be decreased and net interest income to be optimized.

Financing is mostly carried out in the local currency of the borrower in order to avoid exchange rate risk or is currency-hedged using cross-currency swaps.

voestalpine AG holds securities and current investments as a liquidity reserve. As of March 31, 2014, non-restricted securities amounted to EUR 374.7 million (March 31, 2013: EUR 415.8 million). Furthermore, cash and cash equivalents in the amount of EUR 532.5 million (March 31, 2013: EUR 1,092.7 million) are reported in the consolidated financial statements.

Additionally, adequate credit lines that are callable at any time exist with domestic and foreign banks. These credit lines have not been drawn. In addition to the possibility of exhausting these financing arrangements, contractually guaranteed credit lines of EUR 400 million (2012/13: EUR 650 million) are available to bridge any economic downturns.

The sources of financing are managed on the basis of the principle of bank independence. Financing is currently being provided by approximately 20 different domestic and foreign banks. Covenants agreed for a minor part of the total credit volume with a single bank are adhered to. The capital market is also used as a source of financing. No capital market transactions were carried out during the business year 2013/14.

A maturity analysis of all liabilities existing as of the reporting date is presented below:

Liabilities

	Due within one year		Due between one and five years		Due after more than five years	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
Bonds	400.0	0.0	497.1	994.1	495.8	0.0
Bank loans	844.7	755.1	1,412.1	1,457.0	102.2	80.1
Trade payables	1,073.9	1,095.1	0.3	5.5	0.0	0.0
Liabilities from finance leases	6.5	5.8	20.4	16.5	19.3	16.3
Other financial liabilities	8.6	7.6	11.8	32.8	0.1	0.1
Total liabilities	**2,333.7**	**1,863.6**	**1,941.7**	**2,505.9**	**617.4**	**96.5**

In millions of euros

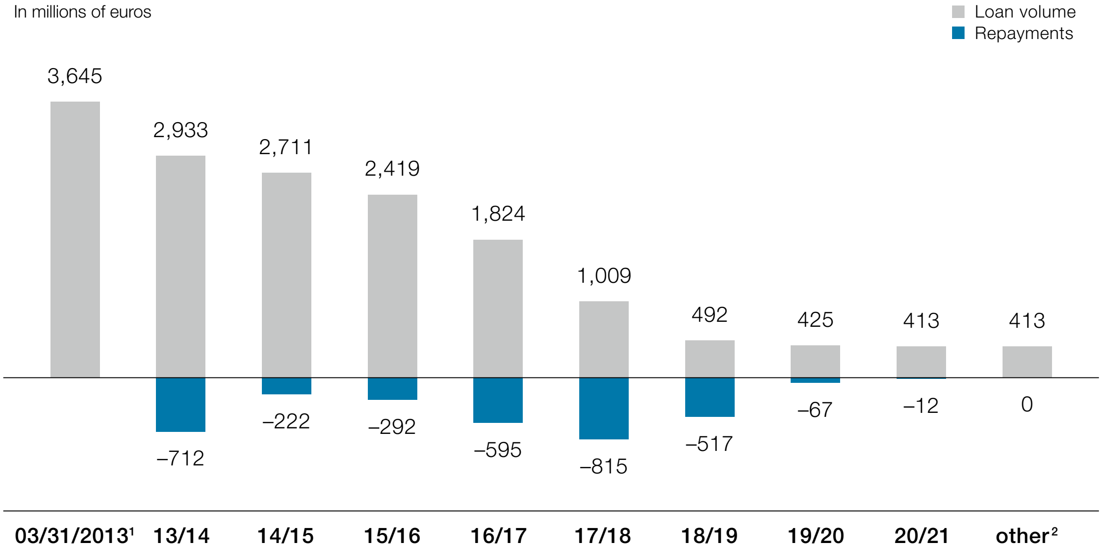
As estimated as of the reporting date, the following (prospective) interest charges correspond to these existing liabilities:

	Due within one year		Due between one and five years		Due after more than five years	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
Interest on bonds	78.8	43.8	175.0	151.3	20.0	0.0
Interest on bank loans	43.6	45.3	86.7	75.3	5.7	4.4
Interest on trade payables	0.0	0.0	0.0	0.0	0.0	0.0
Interest on liabilities from finance leases	1.8	1.7	5.3	4.9	1.7	0.8
Interest on other financial liabilities	0.6	1.1	0.4	0.1	0.0	0.0
Total interest charges	**124.8**	**91.9**	**267.4**	**231.6**	**27.4**	**5.2**

In millions of euros

As of March 31, 2013, the maturity structure of the loan portfolio had the following repayment profile for the next several years:

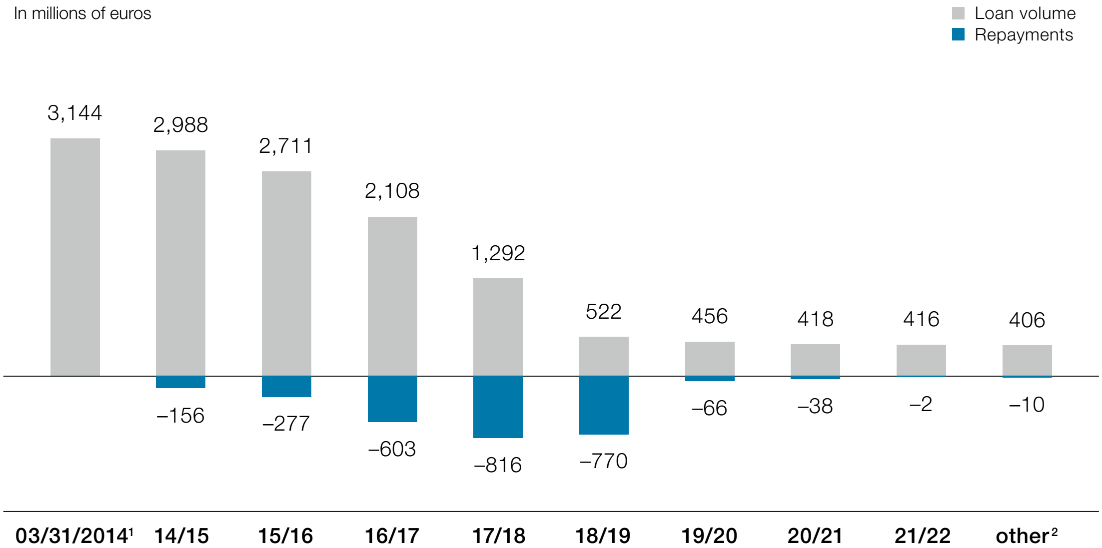
Loan portfolio maturity structure as of March 31, 2013



[1] Debit balances with banks not included [2] Contains EUR 406.1 million of revolving export loans

As of March 31, 2014, the maturity structure of the loan portfolio had the following repayment profile for the next several years:

Loan portfolio maturity structure as of March 31, 2014



[1] Debit balances with banks not included [2] Contains EUR 406.1 million of revolving export loans

Credit risk

Credit risk refers to financial losses that may occur through non-fulfillment of contractual obligations by business partners.

The credit risk of the underlying transactions is kept low by precise management of receivables. A high percentage of delivery transactions is covered by credit insurance. Bankable security is also provided, such as guarantees and letters of credit.

The following receivables, for which no impairment has yet been recorded, were past due as of the reporting date:

Receivables that are past due but not impaired

	03/31/2013	03/31/2014
Up to 30 days past due	176.0	137.6
31 to 60 days past due	42.4	31.9
61 to 90 days past due	14.5	13.7
91 to 120 days past due	11.7	9.6
More than 120 days past due	25.5	24.3
Total	**270.1**	**217.1**

In millions of euros

The following impairment was recorded for receivables of voestalpine AG during the reporting period:

Impairment for receivables

	2012/13	2013/14
Opening balance as of April 1	**41.8**	**41.4**
Additions	9.3	6.2
Net exchange differences	–0.1	–0.9
Changes in the scope of consolidated financial statements	0.2	–0.2
Reversal	–5.2	–5.0
Use	–4.6	–7.8
Closing balance as of March 31	**41.4**	**33.7**

In millions of euros

As most of the receivables are insured, the risk of bad debt losses is limited. The maximum loss, which is theoretically possible, equals the amount at which the receivables are stated in the statement of financial position.

The management of credit risk from investment and derivative transactions is governed by internal guidelines. All investment and derivative transactions are limited for each counterparty, with the size of the limit dependent on the rating of the bank.

The credit risk for derivative financial instruments is limited to transactions with a positive market value and to the replacement cost of such transactions. Therefore, derivative transactions are only valued at their positive market value up to this limit. Derivative transactions are exclusively based on standardized master agreements for financial forward transactions.

Breakdown of investments at financial institutions by rating classes

	AAA	AA	A	BBB	<BBB/NR
Bonds	135.7	135.4	28.6	6.9	5.1
Money market investments excl. account credit balances	0.0	158.0	117.2	2.6	0.0
Derivatives[1]	0.0	0.5	6.5	1.8	0.1

[1] Only positive market value

In millions of euros

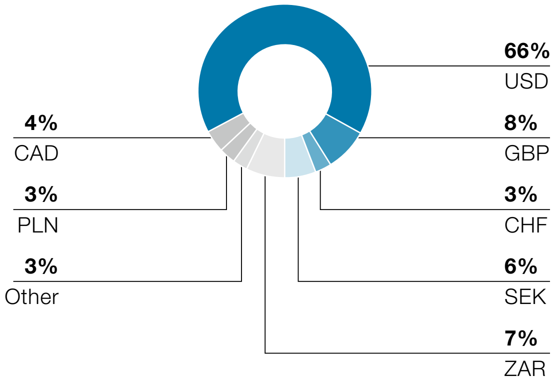
Currency risk

The largest currency position in the Group arises from raw materials purchases in USD and to a lesser degree from exports to the "non-euro area."

An initial hedge is provided by naturally covered items where, for example, trade receivables in USD are offset by liabilities for the purchase of raw materials also in USD (USD netting). The use of derivative hedging instruments is another possibility. voestalpine AG hedges budgeted (net) foreign currency payments over the next twelve months. Longer-term hedging occurs only for contracted projects. The hedging ratio is between 50% and 100%. The further in the future the cash flow lies, the lower the hedging ratio.

The net requirement for USD was USD 936.8 million in the business year 2013/14. The increase compared to the previous year (USD 858.7 million) was due to the increase in quantities of raw materials purchased. The remaining foreign currency exposure, resulting primarily from exports to the "non-euro area" and raw material purchases, is significantly lower than the USD risk.

Foreign currency portfolio 2013/14 (net)



Based on the Value-at-Risk calculation, as of March 31, 2014, the risks for all open positions for the upcoming business year are as follows:

Undiversified	USD	PLN	ZAR	GBP	CAD	CHF	SEK	Other
Position[1]	–271.7	–6.5	58.7	33.7	53.0	11.7	–37.4	1.3
VaR (95%/year)	40.6	1.0	12.0	4.0	7.7	1.6	4.3	2.0

[1] Unhedged planned positions for the business year 2014/15

In millions of euros

Taking into account the correlation between the different currencies, the resulting portfolio risk is EUR 35.6 million (March 31, 2013: EUR 28.0 million).

Interest rate risk

voestalpine AG differentiates between cash flow risk (the risk that interest expenses or interest income will undergo a detrimental change) for variable-interest financial instruments and present value risk for fixed-interest financial instruments. The positions shown include all interest rate-sensitive financial instruments (loans, money market, issued and purchased securities, as well as interest rate derivatives).

The primary objective of interest rate management is to optimize interest expenses while taking the risk into consideration. In order to achieve a natural hedge for interest-bearing positions, the modified duration of assets is closely linked to the modified duration of the liabilities.

The variable-interest positions on the liabilities side significantly exceed the positions on the assets side so that a 1% increase in the money market rate increases the interest expense by EUR 6.5 million (2012/13: EUR 8.2 million decrease).

The weighted average interest rate for asset positions is 1.22% (2012/13: 0.81%) with a duration of 1.31 years (2012/13: 0.89 years)—including money market investments—and 2.86% (2012/13: 4,11%) for liability positions with a duration of 1.96 years (2012/13: 2.07 years).

	Position[1]	Weighted average interest rate	Duration (years)	Average capital commitment (years)[2]	Sensitivity to a 1% change in the interest rate[1]	Cash flow risk[1]
Assets	933.6	1.22	1.31	2.0	–9.1	–6.6
Liabilities	–3,260.9	2.86	1.96	3.8	77.8	13.1
Net	–2,327.3				68.7	6.5

[1] In millions of euros
[2] Excluding revolving export loans of EUR 406.1 million

The present value risk determined using the Value-at-Risk calculation for March 31, 2014, is equal to EUR 99.7 million (2012/13: EUR 37.1 million) for positions on the assets side given a 1% change in the interest rate and EUR 393.6 million (2012/13: EUR 267.1 million) for positions on the liabilities side. Therefore, in the event of a 1% drop in the interest rate, voestalpine AG would have an imputed (unrecognized) net present value loss of EUR 293.9 million (2012/13: EUR 230.0 million).

The asset positions include EUR 406.2 million (previous year: EUR 410.3 million) of investments in the V54 fund of funds. 100% of the fund assets are invested in bonds and money market securities in euros or in cash in the three sub-funds V101, V102, and V103 and in various special funds as follows:

Funds	Investment currency	
Sub-fund V101	EUR 63.2 million	with a duration of 4.49
Sub-fund V102	EUR 142.2 million	with a duration of 3.98
Sub-fund V103	EUR 123.1 million	with a duration of 2.91
Special funds	EUR 77.7 million	(only included in V54)

The fund assets of the V54 fund of funds (and/or of its sub-funds and special funds) have been included in the voestalpine AG consolidated financial statements since April 1, 2013 as part of full consolidation.

In addition to the investment fund, there are also securities exposures in the amount of EUR 7.8 million (March 31, 2013: EUR 69.6 million).

In the business year 2013/14, gains in the amount of 1.88% (2012/13: 4.20%) were recorded in the V54 fund of funds.

Securities are measured at fair value. For the determination of the fair value, quoted prices for identical assets or liabilities in active markets (unadjusted) are used. Net profit amounting to EUR 8.2 million (2012/13: EUR 11.2 million) is recognized at fair value through profit or loss for financial instruments that are measured using the fair value option.

Derivative financial instruments

Portfolio of derivative financial instruments:

	Nominal value (in millions of euros)		Market value (in millions of euros)		Of which accounted for in equity		Maturity	
	03/31/ 2013	03/31/ 2014	03/31/ 2013	03/31/ 2014	03/31/ 2013	03/31/ 2014	03/31/ 2013	03/31/ 2014
Forward exchange transactions (incl. currency swaps)	786.6	842.9	8.7	–2.8	6.2	–2.0	< 2 years	< 2 years
Interest rate derivatives	1,539.3	506.5	–11.4	–5.2	–15.2	–8.7	< 7 years	< 6 years
Commodity swaps	15.6	12.0	–1.6	–0.1	0.0	0.0	< 5 years	< 4 years
Total	**2,341.5**	**1,361.4**	**–4.3**	**–8.1**	**–9.0**	**–10.7**		

The derivative transactions are marked to market daily by determining the value that would be realized if the hedging position were closed out (liquidation method). Input for the calculation of market values are observable currency exchange rates and raw materials prices as well as interest rates. Based on the input, the market value is calculated using generally accepted actuarial formulas.

Unrealized profits or losses from hedged transactions are accounted for as follows:

- If the hedged asset or liability is already recognized in the statement of financial position or an obligation not recorded in the statement of financial position is hedged, the unrealized profits and losses from the hedged transaction are recognized through profit and loss. At the same time, the hedged item is reported at fair value, regardless of its initial valuation method. The resulting unrealized profits and losses are offset with the unrealized results of the hedged transaction in the income statement, so that in total, only the ineffective portion of the hedged transaction is reported in profit or loss for the period (fair value hedges).

- If a future transaction is hedged, the effective portion of the unrealized profits and losses accumulated up to the reporting date is recognized directly in equity. The ineffective portion is recognized through profit and loss. When the transaction that is hedged results in the recognition of an asset or a liability in the statement of financial position, the amount recognized in equity is taken into account when the carrying amount of this item is determined. Otherwise, the amount reported in equity is recognized through profit or loss in accordance with the income effectiveness of the future transaction or the existing obligation (cash flow hedges).

In the business year 2013/14, hedge accounting in accordance with IAS 39 was used for hedging foreign currency cash flows, interest-bearing receivables and liabilities, and raw materials purchase agreements. The interest rate and currency hedges are mainly cash flow hedges, while the raw material hedges are designated almost exclusively as fair value hedges. Hedge accounting is only applied to a part of currency and raw material hedges.

Net losses of foreign currency and interest rate derivatives (cash flow hedges) amounting to EUR 3.6 million (2012/13: net losses amounting to EUR 4.6 million) were recognized through profit and loss in the reporting period.

Losses amounting to EUR 0.1 million (2012/13: losses amounting to EUR 1.5 million) on raw material hedges, which are designated as fair value hedges, were recognized through profit and loss. Gains for the corresponding underlying transactions amounting to EUR 0.1 million (2012/13: gains amounting to EUR 1.5 million) were also recognized through profit and loss.

Positive market values amounting to EUR 6.2 million (2012/13: positive market values amounting to EUR 4.1 million) previously recorded in the reserve for foreign exchange hedges were recognized through profit and loss during the reporting period; negative market values amounting to EUR 2.0 million (2012/13: positive market values amounting to EUR 6.2 million) were allocated to the reserve. In business year 2013/14, the reserve for interest rate hedges was increased by EUR 6.5 million due to changes in the fair values. Due to ineffectiveness, negative market values in the amount EUR 10.3 million were transferred through profit or loss from the reserve for interest rate hedges in business year 2012/13. The market values of the remaining interest rate hedges that were applied for cash flow hedging remained the same.

Derivatives designated as cash flow hedges have the following effects on cash flows and profit or loss for the period:

	Total contractual cash flows		Contractual cash flows					
			< 1 year		> 1 year and < 5 years		> 5 years	
	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14	2012/13	2013/14
Interest derivatives								
Assets	9.5	8.7	4.4	3.3	4.6	5.3	0.5	0.1
Liabilities	–24.7	–17.4	–10.7	–5.4	–13.5	–11.9	–0.5	–0.1
	–15.2	**–8.7**	**–6.3**	**–2.1**	**–8.9**	**–6.6**	**0.0**	**0.0**
Currency derivatives								
Assets	6.6	0.4	6.6	0.4	0.0	0.0	0.0	0.0
Liabilities	–0.4	–2.3	–0.4	–2.3	0.0	0.0	0.0	0.0
	6.2	**–1.9**	**6.2**	**–1.9**	**0.0**	**0.0**	**0.0**	**0.0**

In millions of euros

Categories of financial instruments

Classes	Financial assets measured at amortized cost	Financial assets measured at fair value		
Categories	Loans and receivables	Financial assets measured at fair value through profit or loss		
		Held for trading (derivatives)	Other	Total
Assets 2012/13				
Other financial assets – non-current	26.2		83.0	109.2
Trade and other receivables	1,634.9	20.7		1,655.6
Other financial assets – current			473.3	473.3
Cash and cash equivalents	1,092.7			1,092.7
Carrying amount	**2,753.8**	**20.7**	**556.3**	**3,330.8**
Fair value	**2,753.8**	**20.7**	**556.3**	**3,330.8**
Assets 2013/14				
Other financial assets – non-current	25.0		66.1	91.1
Trade and other receivables	1,610.7	8.4		1,619.1
Other financial assets – current			413.8	413.8
Cash and cash equivalents	532.5			532.5
Carrying amount	**2,168.2**	**8.4**	**479.9**	**2,656.5**
Fair value	**2,168.2**	**8.4**	**479.9**	**2,656.5**

In millions of euros

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

The item "Other" in the category "Financial assets measured at fair value through profit or loss" contains securities measured using the fair value option as well as other non-consolidated investments.

Classes	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value	
Categories	**Financial liabilities measured at amortized cost**	**Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)**	**Total**
Liabilities 2012/13			
Financial liabilities – non-current	2,558.8		2,558.8
Financial liabilities – current	1,324.6		1,324.6
Trade and other payables	2,119.6	25.2	2,144.8
Carrying amount	**6,003.0**	**25.2**	**6,028.2**
Fair value	**6,105.8**	**25.2**	**6,131.0**
Liabilities 2013/14			
Financial liabilities – non-current	2,596.9		2,596.9
Financial liabilities – current	806.2		806.2
Trade and other payables	2,083.6	16.8	2,100.4
Carrying amount	**5,486.7**	**16.8**	**5,503.5**
Fair value	**5,593.0**	**16.8**	**5,609.8**

In millions of euros

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 techniques used to measure fair value into three levels.

The three levels are defined as follows:

Inputs

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

Level of the fair value hierarchy for recurring fair value measurements

	Level 1	Level 2	Level 3	Total
2012/13				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		20.7		20.7
Fair value option (securities)	492.6			492.6
Other			63.7	63.7
	492.6	**20.7**	**63.7**	**577.0**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		25.2		25.2
	0.0	**25.2**	**0.0**	**25.2**
2013/14				
Financial assets				
Financial assets measured at fair value through profit or loss				
Held for trading (derivatives)		8.4		8.4
Fair value option (securities)	420.6			420.6
Other			59.3	59.3
	420.6	**8.4**	**59.3**	**488.3**
Financial liabilities				
Financial liabilities measured at fair value through profit or loss – Held for trading (derivatives)		16.8		16.8
	0.0	**16.8**	**0.0**	**16.8**

In millions of euros

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

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

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

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

	2012/13	2013/14
Opening balance	**66.9**	**63.7**
Total of gains/losses recognized in the income statement:		
Finance costs/Finance income	–2.6	–3.1
Total of gains/losses recognized in the other comprehensive income:		
Currency translation	0.0	0.0
Additions	0.0	0.3
Disposals	–0.6	–1.6
Closing balance	**63.7**	**59.3**

In millions of euros

Level 3 contains other investments that are measured at fair value in accordance with IAS 39. As the fair value is not reliably determinable 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.).

The table below shows net gains and losses on financial instruments, which are shown according to categories:

	2012/13	2013/14
Loans and receivables	38.0	21.3
Held for trading (derivatives)	5.7	–3.8
Other	16.3	5.4
Financial liabilities	–200.3	–126.9

In millions of euros

Total interest income and total interest expense for financial assets and financial liabilities that were not measured at fair value through profit or loss were recorded as follows:

	2012/13	2013/14
Total interest income	40.5	16.4
Total interest expense	–203.8	–128.3

In millions of euros

The impairment loss on financial instruments measured at amortized cost amounts to EUR 12.1 million (2012/13: EUR 14.8 million).

24. Consolidated statement of cash flows

The consolidated statement of cash flows was prepared using the indirect method. Cash and cash equivalents include cash on hand, cash at banks, and checks. The effects of changes in the scope of consolidated financial statements were eliminated and reported in the cash flows from investing activities.

	2012/13	2013/14
Interest received	41.6	19.2
Interest paid	185.5	177.5
Taxes paid	115.2	100.1

In millions of euros

Interest received and paid as well as taxes paid are included in the cash flows from operating activities.

Non-cash expenses and income

	2012/13	2013/14
Depreciation, amortization, and impairment	593.5	595.0
Result from sale of assets	–2.1	9.4
Changes in pensions and other employee obligations, non-current provisions, and deferred taxes	–1.4	11.1
Other non-cash income and expenses	–15.0	37.0
	575.0	**652.5**

In millions of euros

Cash flows from operating activities include dividend income of EUR 16.9 million (2012/13: EUR 21.3 million) from associates and other investments.

Cash flows from investing activities include inflows of cash and cash equivalents in the amount of EUR 3.9 million (2012/13: EUR 20.5 million) from initial consolidation of acquired and/or newly consolidated companies and outflows of the purchase price in the amount of EUR 22.3 million (2012/13: EUR 106.6 million). The sale of subsidiaries resulted in an outflow of cash and cash equivalents from cash flows from investing activities of EUR 0.0 million (2012/13: EUR 0.1 million) and an inflow of the sale price in the amount of EUR 0.7 million (2012/13: EUR 1.6 million).

Long-term loans in the amount of EUR 294.9 million (2012/13: EUR 1,477.9 million) were taken out in the business year 2013/14. Borrowings, bonds, debt obligations, and loans with an original term of more than one year in the amount of EUR 772.3 million (2012/13: EUR 1,347.8 million) were redeemed.

25. Related party disclosures

Business transactions between the Group and non-consolidated subsidiaries and entities consolidated according to the equity method or their subsidiaries as well as proportionately consolidated entities are carried out at arm's length and are included in the following items of the consolidated financial statements:

	2012/13		2013/14	
	With proportionately consolidated entities	With entities consolidated according to the equity method and non-consolidated subsidiaries	With proportionately consolidated entities	With entities consolidated according to the equity method and non-consolidated subsidiaries
Revenue	114.8	370.5	116.8	366.6
Material expenses	10.5	201.0	9.7	186.6
Other operating expenses	0.0	35.3	0.0	24.5
	03/31/2013		03/31/2014	
Trade and other receivables	12.3	93.1	9.7	71.3
Financial liabilities/trade and other payables	50.4	56.5	28.7	46.0

In millions of euros

Receivables and liabilities with entities consolidated according to the equity method and with non-consolidated subsidiaries comprise both direct and indirect relationships.

In addition, there are business transactions with core shareholders that have a significant influence due to consolidation of the voestalpine shares using the equity method. Business transactions are carried out at arm's length and can be depicted as follows:

	03/31/2013	03/31/2014
Cash and cash equivalents	168.0	39.3
Financial liabilities/trade and other payables	207.8	112.2
Guarantees received	4.6	4.8

In millions of euros

The non-inclusion of non-consolidated entities in the consolidated financial statements has no significant impact on the Group's net assets, financial position, and results of operations.

Management Board

The fixed compensation of the Management Board is determined by the General Committee of the Supervisory Board pursuant to the Austrian legal situation and is reviewed periodically.

The award of a bonus is subject to a target agreement to be concluded with the General Committee of the Supervisory Board and consisting of quantitative and qualitative targets. The maximum bonus is limited to 200% of the annual gross salary for members of the Management Board and to 250% of the annual gross salary for the Chairman of the Management Board. If the agreed target values for quantitative targets are achieved exactly, 60% of the maximum bonus applies; if the agreed target values for qualitative targets are achieved, 20% of the maximum bonus applies. The over-achievement of the targets is taken into consideration proportionately until the maximum bonus is reached. The target amounts for the quantitative targets are EBIT and the return on capital employed (ROCE). Specific target amounts are determined periodically (for a period of three years) by the General Committee of the Supervisory Board in consultation with the Management Board. Its basis of calculation is independent of the respective budget and the three-year medium-term business plan, i.e., budget compliance does not mean achieving a bonus. Qualitative targets agreed in the business year 2013/14 were the submission of a CSR report and achievement of savings of EUR 180 million through divisional and Group-wide cost optimization programs.

The amount of the contractually approved company pension depends on the length of service for members of the Management Board Dr. Eder, Dipl.-Ing. Mag. Ottel, and Dipl.-Ing. Eibensteiner. The amount of the annual pension equals 1.2% of the last annual gross salary for each year of service. The pension benefit cannot exceed 40% of the last annual gross salary (without variable compensation). A defined contribution arrangement was made with the members of the Management Board Dipl.-Ing. Rotter and Dipl.-Ing. Dr. Kainersdorfer; whereby 15% of their annual gross salary (without bonuses) is paid by the Company into the pension fund.

The members of the Management Board receive severance benefits at the time of termination of their employment by way of analogous application of the Salaried Employees Act (Angestelltengesetz).

For the members of the Management Board (as well as for executives) and for the members of the Supervisory Board there is a D&O insurance, the costs of which amounting to EUR 0.1 million (2012/13: EUR 0.1 million) are borne by the entity.

The compensation paid to the members of the Management Board of voestalpine AG is comprised as follows for the reporting period:

	Current fixed compensation	Current variable compensation	Total
Dr. Wolfgang Eder	0.87	1.73	**2.60**
Dipl.-Ing. Herbert Eibensteiner	0.64	0.90	**1.54**
Dipl.-Ing. Dr. Franz Kainersdorfer	0.64	0.92	**1.56**
Mag. Dipl.-Ing. Robert Ottel	0.64	0.92	**1.56**
Dipl.-Ing. Franz Rotter	0.64	0.92	**1.56**
2013/14	**3.43**	**5.39**	**8.82**
2012/13	3.16	4.29	7.45

In millions of euros

It should be noted that Dr. Eder's variable compensation for the business year 2013/14 includes a long-service bonus of EUR 0.14 million as he has been with the company for 35 years.

In addition to the remuneration in accordance with the above table, the following service costs (personnel expenses) are recognized in the consolidated financial statements for members of the members of the Management Board with defined benefit pension agreements: Dr. Eder EUR 0.00 million (2012/13: EUR 0.00 million), Mag. Dipl.-Ing. Ottel EUR 0.17 million (2012/13: EUR 0.11 million), and Dipl.-Ing. Eibensteiner EUR 0.11 million (2012/13: EUR 0.05 million). The following additional pension costs are recognized in the consolidated financial statements for members of the Management Board with defined contribution pension agreements: Dipl.-Ing. Rotter EUR 0.09 million (2012/13: EUR 0.09 million) and Dipl.-Ing. Dr. Kainersdorfer EUR 0.09 million (2012/13: EUR 0.08 million). Pension payments amounting to EUR 0.71 million (2012/13: EUR 0.41 million) were paid by the pension fund for former members of the Management Board with defined benefit pension agreements. Due to the more detailed information about the pension costs, the previous year's figures were properly adjusted in the above table.

At the reporting date, the outstanding balance of the variable compensation was EUR 3.90 million (2012/13: EUR 3.46 million). No advances or loans were granted to the members of the Management Board of voestalpine AG.

Directors' dealings notices of the members of the Management Board are published on the website of the Austrian Financial Market Authority at www.fma.gv.at.

Supervisory Board

Under Sec. 15 of the Articles of Incorporation, the members of the Supervisory Board of voestalpine AG receive 0.1% of the profit for the period reported in the approved consolidated financial statements as compensation. The total amount is distributed in accordance with an allocation key as follows: 100% for the Chairman, 75% for the Vice-Chairman, and 50% for all other members, with a minimum compensation of EUR 20,000 for the Chairman, EUR 15,000 for the Vice-Chairman, and EUR 10,000 for all other members of the Supervisory Board. Compensation is limited to a multiple of four times the stated amounts. Additionally, members of the Supervisory Board receive an attendance honorarium amounting to EUR 500 per Supervisory Board meeting.

According to this regulation, the shareholders' representatives on the Supervisory Board received the following compensation for the business year 2013/14: Dr. Joachim Lemppenau (Chairman): EUR 80,000 (2012/13: EUR 80,000); Dr. Heinrich Schaller (Vice-Chairman as of July 5, 2012): EUR 60,000 (2012/13: EUR 45,000); all other shareholders' representatives: EUR 40,000 (2012/13: EUR 40,000). The members of the Supervisory Board nominated by the Works Council do not receive any compensation.

The annual compensation of members of the Supervisory Board and the mode of calculation have been definitively regulated by the Articles of Incorporation since the 2006 Annual General Meeting and do not require a separate resolution by the Annual General Meeting every year.

The compensation of the Supervisory Board (incl. attendance honorarium) totaled EUR 0.4 million (2012/13: EUR 0.4 million) in the business year 2013/14. Payment of the compensation of the Supervisory Board for the business year 2013/14 is carried out at the latest 14 days after the Annual General Meeting on July 2, 2014. No advances or loans were granted to members of the Supervisory Board of voestalpine AG.

Directors' dealings notices of the members of the Supervisory Board are published on the website of the Austrian Financial Market Authority at www.fma.gv.at.

As legal counsel to voestalpine AG, the law firm Binder Grösswang Rechtsanwälte GmbH, of which Dr. Michael Kutschera (member of the Supervisory Board) is a partner, provided legal advisory services relative to matters concerning stock corporation and capital market law and corporate law issues in respect to an Austrian joint venture company in the reporting period 2013/14. Fees for these matters were invoiced at the general hourly rates of the law firm of Binder Grösswang Rechtsanwälte GmbH applicable at the time. For the business year 2013/14, total net fees of EUR 102,483.67 (2012/13: EUR 35,420.83) were incurred for services provided by the law firm of Binder Grösswang Rechtsanwälte GmbH.

26. Employee information

Total number of employees

	Reporting date		Average	
	03/31/2013	03/31/2014	2012/13	2013/14
Workers	26,317	27,436	26,146	26,800
Salaried employees	15,761	16,439	15,515	16,007
Apprentices	1,351	1,405	1,421	1,460
	43,429	**45,280**	**43,082**	**44,267**

The average number of employees includes 596 employees (2012/13: 563 employees) at proportionately consolidated entities. The amounts stated for the proportionately consolidated entities are already presented proportionately (49.995%). The personnel expenses included in these consolidated financial statements amount to EUR 2,579.4 million (2012/13: EUR 2,482.5 million[1]).

27. Expenses for the Group auditor

Expenses for the Group auditor are structured as follows:

	2012/13	2013/14
Expenses for the audit of the financial statements	0.2	0.2
Expenses for other certifications	1.1	1.0
Expenses for tax consulting services	0.0	0.0
Expenses for other services	0.0	0.0
	1.3	**1.2**

In millions of euros

[1] Business year 2012/13 retroactively adjusted in accordance with IAS 19 (revised); see adjustments to the income statement chapter B. Summary of accounting policies – General information.

28. Disclosures of transactions not recorded in the statement of financial position

Trade receivables amounting to EUR 674.2 million (March 31, 2013: EUR 709.4 million) were sold and derecognized. With regard to factoring, credit insured and non-credit insured trade receivables are assigned to banks at 100% of their nominal value, whereby the acquiring banks assume the default risk (del credere risk and political risk); moreover, the power of disposition is transferred to the buyer of the receivables. The seller of credit insured trade receivables generally assumes a contingent liability in the amount of the deductible (range between 10% and 30%) of the credit insurance. Since the likelihood of a liability claim in event of default is extremely low, the fair value of this risk is assessed at zero. At the reporting date, the maximum risk from the contingent liability amounts to EUR 62.2 million (March 31, 2013: EUR 69.3 million).

29. Events after the reporting period

As of September 12, 2013, the voestalpine Group announced that over the next three years it will gradually sell its 38.5% interest in VA Intertrading Aktiengesellschaft to an investor. Due to a lack of synergies, a business relationship between the voestalpine Group and VA Intertrading Aktiengesellschaft has not existed recently. As of September 12, 2013, a purchase agreement was signed with the purchaser, Calexco S.a.r.l., Luxembourg, thereby successfully concluding the sale. A purchase price in the low two-digit millions was agreed for the 38.5% interest. With the approval from antitrust authorities as of April 30, 2014, a 30.57 percent interest in VA Intertrading Aktiengesellschaft was divested immediately, with the remaining 7.93% to follow in the next three years. In accordance with the structure of this transaction, voestalpine AG will remain a non-controlling stakeholder in VA Intertrading Aktiengesellschaft until 2017.

30. Earnings per share

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

	2012/13	2013/14
Profit attributable to equity holders of the parent	**444,872**	**448,086**
Issued ordinary shares (average)	170,749,163	172,449,163
Effect of own shares held (average)	–160,339	–36,683
Weighted average number of outstanding ordinary shares	**170,588,824**	**172,412,480**
Diluted and basic (undiluted) earnings per share (euros)	**2.61**	**2.60**

In thousands of euros

31. Appropriation of net profit

In accordance with the Austrian Stock Corporation Act, the appropriation of net profit is based on the annual financial statements of voestalpine AG as of March 31, 2014. These financial statements show net retained profits of EUR 164.0 million. The Management Board proposes a dividend of EUR 0.95 per share (2012/13: EUR 0.90).

Linz, May 26, 2014

The Management Board

Wolfgang Eder   Herbert Eibensteiner   Franz Kainersdorfer   Robert Ottel   Franz Rotter

The consolidated financial statements of voestalpine AG and associated documents will be filed with the commercial register of the Commercial Court of Linz under company register number FN 66209 t.

Appendix to the notes: Investments

Unqualified auditor's report

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of voestalpine AG, Linz, for the fiscal year from April 1, 2013 to March 31, 2014. These consolidated financial statements comprise the consolidated balance sheet as of March 31, 2014, the consolidated income statement and the consolidated statement of comprehensive income, the consolidated cash flow statement and the consolidated statement of changes in equity for the fiscal year ended March 31, 2014, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements and for the Accounting System

The Company's management is responsible for the group accounting system and for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing, as well as in accordance with International Standards on Auditing (ISAs) issued by the International Auditing and Assurance Standards Board (IAASB) of the International Federation of Accountants (IFAC). Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Group's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the consolidated financial statements comply with legal requirements and give a true and fair view of the financial position of the Group as of March 31, 2014 and of its financial performance and its cash flows for the fiscal year from April 1, 2013 to March 31, 2014 in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU.

Report on the Management Report for the Group

Pursuant to statutory provisions, the management report for the Group is to be audited as to whether it is consistent with the consolidated financial statements and as to whether the other disclosures are not misleading with respect to the Company's position. The auditor's report also has to contain a statement as to whether the management report for the Group is consistent with the consolidated financial statements and whether the disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

In our opinion, the management report for the Group is consistent with the consolidated financial statements. The disclosures pursuant to Section 243a UGB (Austrian Commercial Code) are appropriate.

Vienna, May 26, 2014

Grant Thornton Unitreu GmbH
Wirtschaftsprüfungs- und Steuerberatungsgesellschaft

Mag. Josef Töglhofer m.p.   Mag. Alexandra Winkler-Janovsky m.p.

Austria Chartered Accountants

This report is a translation of the original report in German, which is solely valid.

Management Board statement in accordance with Sec. 82 (4) of the Stock Exchange Act (Börsegesetz, BörseG)

The Management Board of voestalpine AG confirms to the best of its knowledge that the consolidated 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 the development and performance of the business and the position of the Group, together with a description of the principal risks and uncertainties the Group faces.

Linz, May 26, 2014

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

voestalpine AG

Investments

Steel Division

	Domicile of the company	Interest held	Parent company	Type of consolidation
voestalpine Stahl GmbH	AUT	100.000%	voestalpine AG	KV
Cargo Service GmbH	AUT	100.000%	Logistik Service GmbH	KV
Caseli GmbH	AUT	100.000%	voestalpine Stahl GmbH	KV
Logistik Service GmbH	AUT	100.000%	voestalpine Stahl GmbH	KV
VA OMV Personalholding GmbH	AUT	100.000%	voestalpine Stahl GmbH	KV
vaps Personalservice GmbH	AUT	100.000%	VA OMV Personalholding GmbH	KV
voestalpine Anarbeitung GmbH	AUT	100.000%	voestalpine Stahl GmbH	KV
voestalpine Eurostahl GmbH	AUT	100.000%	voestalpine Stahl GmbH	KV
voestalpine Giesserei Linz GmbH	AUT	100.000%	voestalpine Stahl GmbH	KV
voestalpine Giesserei Traisen GmbH	AUT	100.000%	voestalpine Giesserei Linz GmbH	KV
voestalpine Grobblech GmbH	AUT	100.000%	voestalpine Stahl GmbH	KV
voestalpine Stahl Service Center GmbH	AUT	100.000%	voestalpine Stahl GmbH	KV
voestalpine Standortservice GmbH	AUT	100.000%	voestalpine Stahl GmbH	KV
voestalpine Steel Service Center Polska Sp. z o.o.	POL	100.000%	voestalpine Stahl Service Center GmbH	KV
voestalpine Steel Service Center Romania SRL	ROU	100.000%	voestalpine Stahl Service Center GmbH	KV
voestalpine Texas Holding LLC	USA	100.000%	voestalpine Stahl GmbH	KV
voestalpine Texas LLC	USA	100.000%	voestalpine Texas Holding LLC	KV
GEORG FISCHER FITTINGS GmbH[1]	AUT	49.000%	voestalpine Stahl GmbH	KE
Herzog Coilex GmbH[2]	DEU	25.100%	voestalpine Stahl Service Center GmbH	KE
Industrie-Logistik-Linz GmbH[1]	AUT	37.000%	voestalpine Stahl GmbH	KE
Jiaxing NYC Industrial Co., Ltd[1]	CHN	51.000%	voestalpine Giesserei Linz GmbH	KE
Kühne + Nagel Euroshipping GmbH[1]	DEU	49.000%	Logistik Service GmbH	KE
METALSERVICE S.P.A.[1]	ITA	40.000%	voestalpine Stahl Service Center GmbH	KE
Ningxia Kocel Steel Foundry Co. Ltd.[1]	CHN	49.043%	voestalpine Giesserei Linz GmbH	KE
Scholz Austria GmbH[1]	AUT	25.883%	voestalpine Stahl GmbH	KE
Scholz Austria GmbH[1]	AUT	4.727%	voestalpine Stahl Donawitz GmbH	KE
Scholz Austria GmbH[1]	AUT	3.401%	BÖHLER Edelstahl GmbH & Co KG	KE
Wuppermann Austria Gesellschaft m.b.H.[1]	AUT	30.000%	voestalpine Stahl GmbH	KE

[1] For companies consolidated according to the equity method marked [1], the reporting date of December 31 applies.
[2] For the company consolidated according to the equity method marked [2], the reporting date of September 30 applies.

	Domicile of the company	Interest held	Parent company	Type of consolidation
Energie AG Oberösterreich	AUT	2.063%	voestalpine Stahl GmbH	K0
GWL Gebäude- Wohnungs- und Liegenschafts-Verwaltungsgesellschaft m.b.H.	AUT	91.000%	voestalpine Stahl GmbH	K0
GWL Gebäude- Wohnungs- und Liegenschafts-Verwaltungsgesellschaft m.b.H.	AUT	9.000%	vivo Mitarbeiter-Service GmbH	K0
Kontext Druckerei GmbH	AUT	64.800%	voestalpine Stahl GmbH	K0
Linz Center of Mechatronics GmbH	AUT	10.000%	voestalpine Stahl GmbH	K0
Linzer Schlackenaufbereitungs- und vertriebsgesellschaft m.b.H.	AUT	33.333%	voestalpine Stahl GmbH	K0
vivo Mitarbeiter-Service GmbH	AUT	100.000%	voestalpine Stahl GmbH	K0
voestalpine Belgium NV/SA	BEL	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine CR, s.r.o.	CZE	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine d.o.o.	HRV	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine d.o.o.	SRB	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine d.o.o.	SVN	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine Danmark ApS.	DNK	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine Deutschland GmbH	DEU	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine France SAS	FRA	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine Hungaria Kft.	HUN	99.000%	voestalpine Eurostahl GmbH	K0
voestalpine Hungaria Kft.	HUN	1.000%	Donauländische Baugesellschaft m.b.H.	K0
voestalpine Italia S.r.l.	ITA	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine Nederland B.V.	NLD	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine Polska Sp. z o. o.	POL	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine Romania S.R.L	ROU	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine Scandinavia AB	SWE	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine Schweiz GmbH	CHE	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine Slovakia, s.r.o.	SVK	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine Stahlwelt GmbH	AUT	50.000%	voestalpine Stahl GmbH	K0
voestalpine Stahlwelt GmbH	AUT	50.000%	voestalpine AG	K0
voestalpine UK Ltd.	GBR	100.000%	voestalpine Eurostahl GmbH	K0
voestalpine USA Corp.	USA	100.000%	voestalpine Eurostahl GmbH	K0
Werksgärtnerei Gesellschaft m.b.H.	AUT	100.000%	voestalpine Stahl GmbH	K0

Special Steel Division

	Domicile of the company	Interest held	Parent company	Type of consolidation
voestalpine Edelstahl GmbH	AUT	100.000%	voestalpine AG	KV
Aceros Boehler del Ecuador S.A.	ECU	1.753%	BOHLER-UDDEHOLM COLOMBIA S.A.	KV
Aceros Boehler del Ecuador S.A.	ECU	98.247%	voestalpine Edelstahl GmbH	KV
Aceros Boehler del Peru S.A.	PER	2.500%	BÖHLER Edelstahl GmbH & Co KG	KV
Aceros Boehler del Peru S.A.	PER	95.000%	voestalpine Edelstahl GmbH	KV
Aceros Boehler del Peru S.A.	PER	2.500%	BÖHLER Edelstahl GmbH	KV
ACEROS BOEHLER UDDEHOLM S.A.	ARG	94.378%	voestalpine Edelstahl GmbH	KV
ACEROS BOEHLER UDDEHOLM S.A.	ARG	5.622%	BÖHLER Edelstahl GmbH	KV
Aceros Bohler Uddeholm, S.A. de C.V.	MEX	100.000%	voestalpine Edelstahl GmbH	KV
ACOS BÖHLER-UDDEHOLM DO BRASIL LTDA.	BRA	100.000%	voestalpine Edelstahl GmbH	KV
Aktiebolaget Finansa	SWE	100.000%	Uddeholms AB	KV
ASSAB Pacific Pte. Ltd.	SGP	100.000%	voestalpine Edelstahl GmbH	KV
ASSAB Steels (China) Ltd.	CHN	100.000%	ASSAB Steels (HK) Ltd.	KV
ASSAB Steels (HK) Ltd.	CHN	95.000%	ASSAB Pacific Pte. Ltd.	KV
ASSAB Steels (Korea) Co., Ltd.	KOR	100.000%	ASSAB Pacific Pte. Ltd.	KV
ASSAB Steels (Malaysia) Sdn Bhd	MYS	95.000%	ASSAB Pacific Pte. Ltd.	KV
ASSAB Steels (Taiwan) Ltd.	TWN	82.500%	ASSAB Pacific Pte. Ltd.	KV
ASSAB Steels (Thailand) Ltd.	THA	95.000%	ASSAB Pacific Pte. Ltd.	KV
ASSAB Steels Singapore (Pte) Ltd.	SGP	100.000%	ASSAB Pacific Pte. Ltd.	KV
ASSAB Technology (Malaysia) Sdn Bhd	MYS	100.000%	ASSAB Steels (Malaysia) Sdn Bhd	KV
ASSAB Tooling (Beijing) Co., Ltd.	CHN	100.000%	ASSAB Pacific Pte. Ltd.	KV
ASSAB Tooling (Dong Guan) Co., Ltd.	CHN	95.000%	ASSAB Pacific Pte. Ltd.	KV
ASSAB Tooling (Qing Dao) Co., Ltd.	CHN	100.000%	ASSAB Pacific Pte. Ltd.	KV
ASSAB Tooling (Xiamen) Co., Ltd.	CHN	95.000%	ASSAB Pacific Pte. Ltd.	KV
ASSAB Tooling Technology (Chongqing) Co., Ltd.	CHN	95.000%	ASSAB Pacific Pte. Ltd.	KV
ASSAB Tooling Technology (Ningbo) Co., Ltd.	CHN	95.000%	ASSAB Pacific Pte. Ltd.	KV
ASSAB Tooling Technology (Shanghai) Co., Ltd.	CHN	95.000%	ASSAB Pacific Pte. Ltd.	KV
Associated Swedish Steels Aktiebolag	SWE	100.000%	Uddeholms AB	KV
Associated Swedish Steels Phils., Inc.	PHL	92.500%	ASSAB Pacific Pte. Ltd.	KV
BÖHLER Bleche GmbH	AUT	100.000%	voestalpine Edelstahl GmbH	KV
BÖHLER Bleche GmbH & Co. KG	AUT	100.000%	voestalpine Edelstahl GmbH	KV

	Domicile of the company	Interest held	Parent company	Type of consolidation
BÖHLER Edelstahl GmbH	AUT	100.000%	voestalpine Edelstahl GmbH	KV
BÖHLER Edelstahl GmbH & Co KG	AUT	100.000%	voestalpine Edelstahl GmbH	KV
BÖHLER GRUNDSTÜCKS BETEILIGUNGS GMBH	DEU	100.000%	voestalpine Edelstahl Deutschland GmbH	KV
Böhler Grundstücks GmbH & Co. Kommanditgesellschaft[1]	DEU	100.000%	voestalpine Edelstahl Deutschland GmbH	KV
Bohler High Performance Metals Private Limited	IND	100.000%	voestalpine Edelstahl GmbH	KV
Böhler International GmbH	AUT	100.000%	voestalpine Edelstahl GmbH	KV
Bohler Pacific Pte Ltd	SGP	100.000%	ASSAB Pacific Pte. Ltd.	KV
Böhler PROFIL GmbH	AUT	100.000%	voestalpine Edelstahl GmbH	KV
BÖHLER Schmiedetechnik GmbH	AUT	100.000%	voestalpine Edelstahl GmbH	KV
BÖHLER Schmiedetechnik GmbH & Co KG	AUT	99.999%	voestalpine Edelstahl GmbH	KV
BÖHLER Schmiedetechnik GmbH & Co KG	AUT	0.001%	BÖHLER Schmiedetechnik GmbH	KV
Bohler Special Steels (Shanghai) Co., Ltd.	CHN	100.000%	voestalpine Edelstahl GmbH	KV
Bohler Uddeholm (Australia) Pty Ltd	AUS	100.000%	voestalpine Edelstahl GmbH	KV
BOHLER UDDEHOLM AFRICA (PTY) LTD	ZAF	100.000%	voestalpine Edelstahl GmbH	KV
Böhler Uddeholm Celik Sanayi ve Ticaret A.S.	TUR	100.000%	voestalpine Edelstahl GmbH	KV
Böhler Uddeholm CZ s.r.o.	CZE	100.000%	voestalpine Edelstahl GmbH	KV
Böhler Uddeholm Italia S.p.A.	ITA	100.000%	voestalpine Edelstahl GmbH	KV
BOHLER UDDEHOLM POLSKA Sp. z o.o.	POL	100.000%	voestalpine Edelstahl GmbH	KV
BOHLER UDDEHOLM ROMANIA S.R.L.	ROU	100.000%	voestalpine Edelstahl GmbH	KV
BÖHLER Wärmebehandlung GmbH	AUT	100.000%	voestalpine Edelstahl GmbH	KV
BÖHLERSTAHL Vertriebsgesellschaft m.b.H.	AUT	100.000%	voestalpine Edelstahl GmbH	KV
BÖHLER-UDDEHOLM AS	NOR	100.000%	voestalpine Edelstahl GmbH	KV
Böhler-Uddeholm B.V.	NLD	100.000%	voestalpine Edelstahl GmbH	KV
BOHLER-UDDEHOLM COLOMBIA S.A.	COL	0.009%	BÖHLER Bleche GmbH & Co. KG	KV
BOHLER-UDDEHOLM COLOMBIA S.A.	COL	0.009%	BÖHLER Edelstahl GmbH & Co KG	KV
BOHLER-UDDEHOLM COLOMBIA S.A.	COL	90.635%	voestalpine Edelstahl GmbH	KV
BOHLER-UDDEHOLM COLOMBIA S.A.	COL	9.347%	BÖHLER Edelstahl GmbH	KV
Bohler-Uddeholm Corporation	USA	100.000%	voestalpine Edelstahl GmbH	KV
BÖHLER-UDDEHOLM DEUTSCHLAND GMBH	DEU	100.000%	BÖHLER-UDDEHOLM HOLDING GMBH	KV
BÖHLER-UDDEHOLM France S.A.S.	FRA	100.000%	voestalpine Edelstahl GmbH	KV
BÖHLER-UDDEHOLM HOLDING GMBH	DEU	100.000%	voestalpine Edelstahl Deutschland GmbH	KV

	Domicile of the company	Interest held	Parent company	Type of consolidation
Böhler-Uddeholm Hungary Kft.	HUN	100.000%	voestalpine Edelstahl GmbH	KV
Böhler-Uddeholm Iberica S.A.U.	ESP	100.000%	voestalpine Edelstahl GmbH	KV
BOHLER-UDDEHOLM INDIA LIMITED	IND	100.000%	voestalpine Edelstahl GmbH	KV
Bohler-Uddeholm KK	JPN	100.000%	ASSAB Pacific Pte. Ltd.	KV
Böhler-Uddeholm Ltd.	CAN	100.000%	voestalpine Edelstahl GmbH	KV
Böhler-Uddeholm Schweiz AG	CHE	99.833%	voestalpine Edelstahl GmbH	KV
Böhler-Uddeholm SLOVAKIA, s.r.o.	SVK	100.000%	voestalpine Edelstahl GmbH	KV
BOHLER-UDDEHOLM (UK) LIMITED	GBR	100.000%	voestalpine Edelstahl GmbH	KV
BU Beteiligungs-und Vermögensverwaltung GmbH	AUT	100.000%	BÖHLER Edelstahl GmbH	KV
Buderus Edelstahl GmbH	DEU	100.000%	voestalpine Edelstahl GmbH	KV
DIN ACCIAI S.p.A.	ITA	100.000%	Böhler Uddeholm Italia S.p.A.	KV
Densam Industrial Co. Ltd.	TWN	51.000%	ASSAB Pacific Pte. Ltd.	KV
Densam Industrial Co. Ltd.	TWN	49.000%	ASSAB Steels (Taiwan) Ltd.	KV
Deville Rectification S.A.S.	FRA	99.996%	Buderus Edelstahl GmbH	KV
Deville Rectification S.A.S.	FRA	0.004%	Edelstahlwerke Buderus Nederland B.V.	KV
E B C Eifeler Beschichtungs - Center GmbH	DEU	100.000%	Eifeler Werkzeuge GmbH	KV
EDRO Engineering, Inc.	USA	100.000%	Bohler-Uddeholm Corporation	KV
EDRO Specialty Steels GmbH	DEU	100.000%	EDRO Specialty Steels, Inc.	KV
EDRO Specialty Steels, Inc.	USA	100.000%	Bohler-Uddeholm Corporation	KV
Eifeler France S.a.r.l.	FRA	100.000%	BÖHLER-UDDEHOLM France S.A.S.	KV
Eifeler International GmbH	DEU	100.000%	Eifeler Werkzeuge GmbH	KV
Eifeler Lasertechnik GmbH	DEU	100.000%	Eifeler Werkzeuge GmbH	KV
Eifeler Nord Coating GmbH Entwicklungscenter für Dünnschichttechnologien	DEU	100.000%	Eifeler Werkzeuge GmbH	KV
Eifeler Swiss AG	CHE	100.000%	Eifeler Süd-Coating GmbH	KV
Eifeler Süd-Coating GmbH	DEU	100.000%	Eifeler Werkzeuge GmbH	KV
Eifeler Werkzeuge GmbH	DEU	100.000%	voestalpine Edelstahl GmbH	KV
Eifeler-Lafer-Inc.	USA	100.000%	Eifeler International GmbH	KV
ENPAR Sonderwerkstoffe GmbH	DEU	85.000%	voestalpine Edelstahl GmbH	KV
EschmannStahl GmbH & Co. KG[1]	DEU	51.000%	BÖHLER-UDDEHOLM HOLDING GMBH	KV
EschmannStahl GmbH & Co. KG[1]	DEU	49.000%	voestalpine Edelstahl GmbH	KV

[1] These consolidated financial statements represent an exemption for Böhler Grundstücks GmbH & Co. Kommanditgesellschaft and for EschmannStahl GmbH & Co. KG in accordance with Sec. 264b of the German Commercial Code (dHGB).

	Domicile of the company	Interest held	Parent company	Type of consolidation
Eschmann Textura Internacional – Transformacao de Ferramentas, Unipessoal, LDA	PRT	100.000%	Eschmann Textures International GmbH	KV
Eschmann Textures India Private Limited	IND	99.980%	Eschmann Textures International GmbH	KV
Eschmann Textures India Private Limited	IND	0.020%	Eschmann Textura Internacional – Transformacao de Ferramentas, Unipessoal, LDA	KV
Eschmann Textures International GmbH	DEU	100.000%	voestalpine Edelstahl GmbH	KV
Eschmann-Stahl Portugal-Acos Finos e Transformacao de Ferramentas, Unipessoal Lda. – em Liquidacao	PRT	100.000%	voestalpine Edelstahl GmbH	KV
GMV Eschmann International SAS	FRA	100.000%	Eschmann Textures International GmbH	KV
Grabados Eschmann International S.L.	ESP	100.000%	Eschmann Textures International GmbH	KV
Gravutex Eschmann International Limited	GBR	100.000%	Eschmann Textures International GmbH	KV
Grimstows Holdings Inc.	CAN	100.000%	Böhler-Uddeholm Ltd.	KV
IS Intersteel Stahlhandel GmbH	DEU	100.000%	voestalpine Edelstahl GmbH	KV
Jing Ying Industrial Co. Ltd.	TWN	100.000%	Densam Industrial Co. Ltd.	KV
OOO BÖHLER-UDDEHOLM	RUS	100.000%	voestalpine Edelstahl GmbH	KV
PT Assab Steels Indonesia	IDN	100.000%	ASSAB Pacific Pte. Ltd.	KV
Sacma Acciai Speciali S.p.A.	ITA	100.000%	Böhler Uddeholm Italia S.p.A.	KV
Sturdell Holdings, Inc.	USA	100.000%	Grimstows Holdings Inc.	KV
Sturdell Industries Inc.	CAN	100.000%	Grimstows Holdings Inc.	KV
Sturdell Industries, Inc.	USA	100.000%	Sturdell Holdings, Inc.	KV
Uddeholm A/S	DNK	100.000%	voestalpine Edelstahl GmbH	KV
Uddeholm Eiendom AS	NOR	100.000%	voestalpine Edelstahl GmbH	KV
Uddeholm Holding AB	SWE	100.000%	voestalpine Edelstahl GmbH	KV
Uddeholm Oy Ab	FIN	100.000%	voestalpine Edelstahl GmbH	KV
Uddeholm Svenska Aktiebolag	SWE	100.000%	Uddeholms AB	KV
Uddeholms AB	SWE	100.000%	Uddeholm Holding AB	KV
Vacotec S.A.	CHE	100.000%	Eifeler Werkzeuge GmbH	KV

	Domicile of the company	Interest held	Parent company	Type of consolidation
Villares Metals International B.V.	NLD	100.000%	Villares Metals S.A.	KV
Villares Metals S.A.	BRA	100.000%	voestalpine Edelstahl GmbH	KV
voestalpine Edelstahl Deutschland GmbH	DEU	100.000%	voestalpine Edelstahl GmbH	KV
voestalpine Edelstahl Wärmebehandlung GmbH	DEU	100.000%	voestalpine Edelstahl GmbH	KV
voestalpine Treasury Holding GmbH	AUT	100.000%	voestalpine Edelstahl GmbH	KV
ACEROS BOEHLER BOLIVIA S.A.	BOL	98.000%	Aceros Boehler del Peru S.A.	K0
ACEROS BOEHLER BOLIVIA S.A.	BOL	1.000%	voestalpine Edelstahl GmbH	K0
ACEROS BOEHLER BOLIVIA S.A.	BOL	1.000%	BÖHLER Edelstahl GmbH	K0
ASSAB International Aktiebolag	SWE	100.000%	voestalpine Edelstahl GmbH	K0
ASSAB Steels Vietnam Company Limited	VIE	100.000%	ASSAB Pacific Pte. Ltd.	K0
Bohlasia Steels Sdn. Bhd.	MYS	53.333%	voestalpine Edelstahl GmbH	K0
BÖHLER-UDDEHOLM Immobilien GmbH	AUT	100.000%	voestalpine Edelstahl GmbH	K0
Böhler-Uddeholm Solidaritätsfonds Privatstiftung	AUT	100.000%	BÖHLER Edelstahl GmbH & Co KG	K0
BÖHLER-UDDEHOLM UKRAINE LLC	UKR	100.000%	voestalpine Edelstahl GmbH	K0
BÖHLER-UDDEHOLM ZAGREB d.o.o.	HRV	100.000%	voestalpine Edelstahl GmbH	K0
DEGECANDOR Grundstücksverwaltungsgesell-schaft mbH & Co. Immobilien-Vermietungs KG	DEU	95.000%	voestalpine Edelstahl Deutschland GmbH	K0
Edelstahlwerke Buderus Nederland B.V.	NLD	100.000%	Buderus Edelstahl GmbH	K0
EDRO Limited	CHN	100.000%	EDRO Specialty Steels, Inc.	K0
Eschmann Beteiligungsgesellschaft mbH	DEU	50.977%	BÖHLER-UDDEHOLM HOLDING GMBH	K0
Eschmann Beteiligungsgesellschaft mbH	DEU	49.023%	voestalpine Edelstahl Wärmebehandlung GmbH	K0
Grundstück-Verwaltungsgesellschaft Gewerbehof Sendling mbH & Co. KG	DEU	62.916%	voestalpine Edelstahl Deutschland GmbH	K0
HOTEL BÖHLERSTERN Gesellschaft m.b.H.	AUT	99.000%	BÖHLER Edelstahl GmbH & Co KG	K0
HOTEL BÖHLERSTERN Gesellschaft m.b.H.	AUT	1.000%	BÖHLER Schmiedetechnik GmbH & Co KG	K0
Schoeller-Bleckmann (UK) Limited	GBR	100.000%	BOHLER-UDDEHOLM (UK) LIMITED	K0
V.K. Italia S.r.l.	ITA	20.000%	Böhler Uddeholm Italia S.p.A.	K0

Metal Engineering Division

	Domicile of the company	Interest held	Parent company	Type of consolidation
voestalpine Metal Engineering GmbH & Co KG	AUT	100.000%	voestalpine AG	KV
Advanced Railway Systems GmbH	AUT	100.000%	voestalpine HYTRONICS GmbH	KV
Bohler Welding Group Middle East FZE	ARE	100.000%	voestalpine Böhler Welding Group GmbH	KV
Contec GmbH Transportation Systems	DEU	62.376%	voestalpine HYTRONICS GmbH	KV
Control and Display Systems Limited	GBR	100.000%	voestalpine HYTRONICS GmbH	KV
JEZ Sistemas Ferroviarios S.L.	ESP	70.000%	voestalpine VAE GmbH	KV
LASA Schienentechnik GmbH	DEU	100.000%	voestalpine BWG GmbH	KV
Maruti Weld Private Limited	IND	100.000%	voestalpine Böhler Welding Group GmbH	KV
Materiel Ferroviaire d'Arberats SASU	FRA	100.000%	JEZ Sistemas Ferroviarios S.L.	KV
Nortrak-Damy, Cambios de Via, S.A.P.I. de C.V.	MEX	51.007%	voestalpine Nortrak Inc.	KV
OOO voestalpine Bohler Welding Russia	RUS	100.000%	voestalpine Böhler Welding Group GmbH	KV
PT Bohler Welding Group Asia Pacific	IDN	95.000%	voestalpine Böhler Welding Group GmbH	KV
PT Bohler Welding Group Asia Pacific	IDN	5.000%	voestalpine Böhler Welding Austria GmbH	KV
Rene Prinsen Spoorwegmaterialen B.V.	NLD	100.000%	voestalpine Railpro B.V.	KV
SST Signal & System Technik GmbH	DEU	90.000%	voestalpine HYTRONICS GmbH	KV
SST Signal & System Technik GmbH	DEU	10.000%	voestalpine Weichensysteme GmbH	KV
Trafilerie di Cittadella S.p.A.	ITA	90.000%	voestalpine Böhler Welding Group GmbH	KV
TSF-A GmbH	AUT	50.100%	voestalpine Weichensysteme GmbH	KV
TSTG Schienen Technik GmbH & Co KG[1]	DEU	100.000%	voestalpine Bahnsysteme Beteiligungsverwaltung Deutschland GmbH	KV
TSTG Schienen Technik Verwaltungs GmbH	DEU	100.000%	voestalpine Bahnsysteme Beteiligungsverwaltung Deutschland GmbH	KV
VAMAV Vasúti Berendezések Kft.	HUN	50.000%	voestalpine VAE GmbH	KV
voestalpine Austria Draht GmbH	AUT	99.950%	voestalpine Wire Technology GmbH	KV
voestalpine Austria Draht GmbH	AUT	0.050%	voestalpine Metal Engineering GmbH & Co KG	KV
voestalpine Bahnsysteme Beteiligungsverwaltung Deutschland GmbH	DEU	100.000%	voestalpine Metal Engineering GmbH & Co KG	KV
voestalpine Bahnsysteme Vermögensverwaltungs GmbH	AUT	100.000%	voestalpine Metal Engineering GmbH & Co KG	KV
voestalpine Böhler Welding Austria GmbH	AUT	100.000%	voestalpine Böhler Welding Group GmbH	KV
voestalpine Böhler Welding Belgium S.A.	BEL	100.000%	voestalpine Böhler Welding Group GmbH	KV

	Domicile of the company	Interest held	Parent company	Type of consolidation
voestalpine Bohler Welding Canada Ltd.	CAN	100.000%	voestalpine Böhler Welding Group GmbH	KV
voestalpine Böhler Welding CEE GmbH	AUT	100.000%	voestalpine Böhler Welding Group GmbH	KV
voestalpine Böhler Welding (China) Co., Ltd	CHN	100.000%	voestalpine Böhler Welding Group GmbH	KV
voestalpine Böhler Welding Fontargen GmbH	DEU	100.000%	voestalpine Böhler Welding Group GmbH	KV
voestalpine Böhler Welding France SAS	FRA	100.000%	voestalpine Böhler Welding Austria GmbH	KV
voestalpine Böhler Welding Germany GmbH	DEU	100.000%	voestalpine Böhler Welding Group GmbH	KV
voestalpine Böhler Welding GmbH	AUT	100.000%	voestalpine Böhler Welding Group GmbH	KV
voestalpine Böhler Welding Group GmbH	DEU	100.000%	voestalpine Metal Engineering GmbH	KV
voestalpine Böhler Welding Hellas S.A.	GRC	100.000%	voestalpine Böhler Welding Group GmbH	KV
voestalpine Bohler Welding India Private Limited	IND	99.999%	voestalpine Böhler Welding Group GmbH	KV
voestalpine Bohler Welding India Private Limited	IND	0.001%	voestalpine Böhler Welding CEE GmbH	KV
voestalpine Böhler Welding Italia S.p.A.	ITA	100.000%	voestalpine Böhler Welding Group GmbH	KV
voestalpine Bohler Welding Mexico S.A. de C.V	MEX	99.990%	voestalpine Böhler Welding Group GmbH	KV
voestalpine Bohler Welding Mexico S.A. de C.V	MEX	0.010%	voestalpine Böhler Welding CEE GmbH	KV
voestalpine Böhler Welding Nederland B.V.	NLD	100.000%	voestalpine Böhler Welding Group GmbH	KV
voestalpine Böhler Welding Nordic AB	SWE	100.000%	voestalpine Böhler Welding Austria GmbH	KV
voestalpine Bohler Welding Romania SRL	ROU	100.000%	voestalpine Böhler Welding CEE GmbH	KV
voestalpine Böhler Welding Schweiz AG	CHE	100.000%	voestalpine Böhler Welding Group GmbH	KV
voestalpine Böhler Welding Soldas do Brasil Ltda.	BRA	100.000%	voestalpine Böhler Welding Group GmbH	KV
voestalpine Böhler Welding Spain, S.A.	ESP	100.000%	voestalpine Böhler Welding Group GmbH	KV
voestalpine Böhler Welding Trading (Shanghai) Co., Ltd.	CHN	100.000%	voestalpine Böhler Welding Group GmbH	KV
voestalpine Bohler Welding UK Limited	GBR	100.000%	voestalpine Böhler Welding Group GmbH	KV
voestalpine Bohler Welding USA, Inc.	USA	100.000%	voestalpine Böhler Welding Group GmbH	KV
voestalpine BWG GmbH	DEU	100.000%	voestalpine VAE GmbH	KV
voestalpine BWG ltd.	CHN	100.000%	voestalpine BWG GmbH	KV
voestalpine CPA Filament GmbH	AUT	70.000%	voestalpine Austria Draht GmbH	KV
voestalpine Draht Finsterwalde GmbH	DEU	100.000%	voestalpine Wire Technology GmbH	KV
voestalpine HYTRONICS GmbH	AUT	100.000%	voestalpine VAE GmbH	KV
voestalpine Kardemir Demiryolu Sistemleri Sanayi ve Ticaret Anonim Sirketi	TUR	50.956%	voestalpine VAE GmbH	KV

[1] These consolidated financial statements represent an exemption for TSTG Schienen Technik GmbH & Co KG in accordance with Sec. 264b of the German Commercial Code (dHGB).

	Domicile of the company	Interest held	Parent company	Type of consolidation
voestalpine Kardemir Demiryolu Sistemleri Sanayi ve Ticaret Anonim Sirketi	TUR	0.022%	voestalpine Weichensysteme GmbH	KV
voestalpine Kardemir Demiryolu Sistemleri Sanayi ve Ticaret Anonim Sirketi	TUR	0.022%	Weichenwerk Wörth GmbH	KV
voestalpine Klöckner Bahntechnik GmbH	DEU	100.000%	voestalpine Bahnsysteme Beteiligungsverwaltung Deutschland GmbH	KV
voestalpine Metal Engineering GmbH	AUT	100.000%	voestalpine AG	KV
voestalpine Nortrak Inc.	USA	100.000%	voestalpine VAE GmbH	KV
voestalpine Nortrak Ltd.	CAN	100.000%	voestalpine Nortrak Inc.	KV
voestalpine Rail Center Duisburg GmbH	DEU	100.000%	voestalpine Bahnsysteme Beteiligungsverwaltung Deutschland GmbH	KV
voestalpine Railpro B.V.	NLD	70.000%	voestalpine Metal Engineering GmbH & Co KG	KV
voestalpine Schienen GmbH	AUT	100.000%	voestalpine Metal Engineering GmbH & Co KG	KV
voestalpine Stahl Donawitz GmbH	AUT	100.000%	voestalpine Bahnsysteme Vermögensverwaltungs GmbH	KV
voestalpine TENS Sp. z o.o.	POL	100.000%	voestalpine HYTRONICS GmbH	KV
voestalpine Track Solutions Saudi Arabia Limited	SAU	51.000%	voestalpine VAE GmbH	KV
voestalpine VAE GmbH	AUT	100.000%	voestalpine Metal Engineering GmbH & Co KG	KV
voestalpine VAE Africa (Pty) Ltd.	ZAF	100.000%	voestalpine VAE GmbH	KV
voestalpine VAE Apcarom SA	ROU	92.918%	voestalpine VAE GmbH	KV
voestalpine VAE Brasil Produtos Ferroviários Ltda.	BRA	59.000%	voestalpine VAE GmbH	KV
voestalpine VAE Italia S.r.l.	ITA	95.000%	voestalpine VAE GmbH	KV
voestalpine VAE Italia S.r.l.	ITA	5.000%	voestalpine VAE UK Ltd.	KV
voestalpine VAE Legetecha UAB	LTU	66.000%	voestalpine VAE GmbH	KV
voestalpine VAE Polska Sp. z o. o.	POL	100.000%	voestalpine VAE GmbH	KV
voestalpine VAE Railway Systems Pty.Ltd.	AUS	100.000%	voestalpine VAE GmbH	KV
voestalpine VAE Riga SIA	LVA	100.000%	voestalpine VAE GmbH	KV

	Domicile of the company	Interest held	Parent company	Type of consolidation
voestalpine VAE SA (Pty) Ltd.	ZAF	69.000%	voestalpine VAE Africa (Pty) Ltd.	KV
voestalpine VAE Sofia OOD	BGR	51.000%	voestalpine VAE GmbH	KV
voestalpine VAE UK Ltd.	GBR	100.000%	voestalpine VAE GmbH	KV
voestalpine VAE VKN India Private Limited	IND	51.000%	voestalpine VAE GmbH	KV
voestalpine VAE VKN India Private Limited	IND	6.000%	JEZ Sistemas Ferroviarios S.L.	KV
voestalpine WBN B.V.	NLD	100.000%	voestalpine VAE GmbH	KV
voestalpine Weichensysteme GmbH	AUT	100.000%	voestalpine VAE GmbH	KV
voestalpine Wire Technology GmbH	AUT	100.000%	voestalpine Metal Engineering GmbH & Co KG	KV
Weichenwerk Wörth GmbH	AUT	70.000%	voestalpine Weichensysteme GmbH	KV
voestalpine Tubulars GmbH	AUT	50.000%	voestalpine Bahnsysteme Vermögensverwaltungs GmbH	KQ
voestalpine Tubulars GmbH & Co KG	AUT	49.985%	voestalpine Bahnsysteme Vermögensverwaltungs GmbH	KQ
voestalpine Tubulars GmbH & Co KG	AUT	0.010%	voestalpine Tubulars GmbH	KQ
CNTT Chinese New Turnout Technologies Co., Ltd.	CHN	29.070%	voestalpine VAE GmbH	KE
CNTT Chinese New Turnout Technologies Co., Ltd.	CHN	20.930%	voestalpine BWG GmbH	KE
Burbiola S.A.	ESP	50.000%	JEZ Sistemas Ferroviarios S.L.	K0
Liegenschaftsverwaltungs GmbH	AUT	100.000%	voestalpine Bahnsysteme Vermögensverwaltungs GmbH	K0
KW PenzVAEE GmbH	AUT	49.000%	voestalpine Weichensysteme GmbH	K0
VAE Murom LLC	RUS	50.000%	voestalpine VAE GmbH	K0
voestalpine Schienentechnik Beteiligungs GmbH	AUT	100.000%	voestalpine Metal Engineering GmbH & Co KG	K0
voestalpine Tubulars Middle East FZE	ARE	100.000%	voestalpine Tubulars GmbH	K0
VOEST-ALPINE TUBULAR CORP.	USA	100.000%	voestalpine Tubulars GmbH	K0

Metal Forming Division

	Domicile of the company	Interest held	Parent company	Type of consolidation
voestalpine Metal Forming GmbH	AUT	100.000%	voestalpine AG	KV
Böhler Uddeholm Precision Strip Trading (Suzhou) Co., Ltd	CHN	100.000%	BÖHLER-UDDEHOLM Precision Strip GmbH	KV
Böhler-Uddeholm Precision Strip AB	SWE	100.000%	BÖHLER-UDDEHOLM Precision Strip GmbH	KV
BÖHLER-UDDEHOLM Precision Strip GmbH	AUT	100.000%	voestalpine Metal Forming GmbH	KV
BOHLER-UDDEHOLM Precision Strip LLC	USA	100.000%	BÖHLER-UDDEHOLM Precision Strip GmbH	KV
Compania de Industria y Comercio, S.A. de C.V.	MEX	99.999%	BÖHLER-UDDEHOLM Precision Strip GmbH	KV
Compania de Industria y Comercio, S.A. de C.V.	MEX	0.001%	voestalpine Metal Forming GmbH	KV
Flamco AG	CHE	100.000%	Flamco Holding B.V.	KV
Flamco B.V.	NLD	100.000%	Flamco Holding B.V.	KV
Flamco Flexcon B.V.	NLD	100.000%	Flamco Holding B.V.	KV
Flamco Flexcon Ltd.	GBR	100.000%	Flamco Holding B.V.	KV
Flamco GmbH	DEU	100.000%	Flamco STAG Behälterbau GmbH	KV
Flamco Heating Accessories (Changshu) Co., Ltd.	CHN	100.000%	Flamco Holding B.V.	KV
Flamco Holding B.V.	NLD	100.000%	voestalpine Automotive Netherlands Holding B.V.	KV
Flamco IMZ B.V.	NLD	100.000%	Flamco Holding B.V.	KV
Flamco Kft.	HUN	100.000%	Flamco Holding B.V.	KV
Flamco Ltd.	GBR	100.000%	Flamco Flexcon Ltd.	KV
Flamco s.a.r.l.	FRA	100.000%	Flamco Holding B.V.	KV
Flamco Sp. z o.o.	POL	100.000%	Flamco Holding B.V.	KV
Flamco STAG Behälterbau GmbH	DEU	94.000%	Flamco Holding B.V.	KV
Flamco STAG Behälterbau GmbH	DEU	6.000%	Polynorm GmbH	KV
Flamco STAG GmbH	DEU	100.000%	Flamco STAG Behälterbau GmbH	KV
Global Rollforming Corporation	USA	100.000%	voestalpine Metal Forming GmbH	KV
Kadow und Riese Laser- und Umformtechnik GmbH	DEU	100.000%	voestalpine Stamptec Birkenfeld GmbH	KV
Metsec plc	GBR	100.000%	VOEST-ALPINE KREMS U.K. plc	KV
Nedcon Bohemia, s.r.o.	CZE	100.000%	Nedcon Groep N.V.	KV
Nedcon France SASU	FRA	100.000%	Nedcon Groep N.V.	KV

	Domicile of the company	Interest held	Parent company	Type of consolidation
Nedcon Groep N.V.	NLD	100.000%	voestalpine Metal Forming GmbH	KV
Nedcon Lagertechnik GmbH	DEU	100.000%	Nedcon Groep N.V.	KV
Nedcon Magazijninrichting B.V.	NLD	100.000%	Nedcon Groep N.V.	KV
Nedcon USA Inc.	USA	100.000%	Nedcon Groep N.V.	KV
Polynorm GmbH	DEU	100.000%	voestalpine Polynorm B.V.	KV
Polynorm Immobilien GmbH & Co. KG[1]	DEU	100.000%	voestalpine Polynorm B.V.	KV
Roll Forming Corporation	USA	100.000%	Global Rollforming Corporation	KV
SADEF N.V.	BEL	100.000%	voestalpine Metal Forming GmbH	KV
Servitroquel – Notting, S.A. Unipersonal	ESP	100.000%	BÖHLER-UDDEHOLM Precision Strip GmbH	KV
Sharon Custom Metal Forming, Inc.	USA	100.000%	Global Rollforming Corporation	KV
Société Automatique de Profilage (SAP)	FRA	100.000%	voestalpine Metal Forming GmbH	KV
Société Profilafroid	FRA	100.000%	voestalpine Metal Forming GmbH	KV
STAMPTEC France SAS	FRA	100.000%	STAMPTEC-Holding GmbH	KV
STAMPTEC-Holding GmbH	DEU	95.000%	voestalpine Metal Forming GmbH	KV
STAMPTEC-Holding GmbH	DEU	5.000%	voestalpine Polynorm GmbH & Co. KG	KV
voestalpine Automotive Body Parts Inc.	USA	100.000%	voestalpine Polynorm B.V.	KV
voestalpine Automotive Netherlands Holding B.V.	NLD	100.000%	voestalpine Metal Forming GmbH	KV
voestalpine Elmsteel Group Limited	GBR	100.000%	voestalpine Rotec GmbH	KV
voestalpine Europlatinen GmbH	AUT	100.000%	voestalpine Metal Forming GmbH	KV
voestalpine HTI Beteiligungs GmbH	AUT	100.000%	voestalpine Rotec GmbH	KV
voestalpine Krems Finaltechnik GmbH	AUT	100.000%	voestalpine Metal Forming GmbH	KV
voestalpine Krems GmbH	AUT	100.000%	voestalpine Metal Forming GmbH	KV
voestalpine Meincol S.A.	BRA	100.000%	voestalpine Metal Forming GmbH	KV
voestalpine Polynorm B.V.	NLD	100.000%	voestalpine Automotive Netherlands Holding B.V.	KV
voestalpine Polynorm GmbH & Co. KG[1]	DEU	100.000%	Polynorm GmbH	KV
voestalpine Polynorm Plastics B.V.	NLD	100.000%	voestalpine Automotive Netherlands Holding B.V.	KV
voestalpine Polynorm Van Niftrik B.V.	NLD	100.000%	voestalpine Automotive Netherlands Holding B.V.	KV

[1] These consolidated financial statements represent an exemption for Polynorm Immobilien GmbH & Co. KG and for voestalpine Polynorm GmbH & Co. KG in accordance with Sec. 264b of the German Commercial Code (dHGB).

	Domicile of the company	Interest held	Parent company	Type of consolidation
voestalpine Präzisionsprofil GmbH	DEU	100.000%	voestalpine Metal Forming GmbH	KV
voestalpine Profilform (China) Co., Ltd.	CHN	100.000%	voestalpine Metal Forming GmbH	KV
voestalpine PROFILFORM s.r.o.	CZE	100.000%	voestalpine Metal Forming GmbH	KV
voestalpine Rotec AB	SWE	100.000%	voestalpine Rotec GmbH	KV
voestalpine Rotec France S.A.	FRA	100.000%	voestalpine Rotec GmbH	KV
voestalpine Rotec GmbH	AUT	100.000%	voestalpine Metal Forming GmbH	KV
voestalpine Rotec GmbH & Co. KG[1]	DEU	98.996%	voestalpine HTI Beteiligungs GmbH	KV
voestalpine Rotec GmbH & Co. KG[1]	DEU	1.004%	voestalpine Rotec GmbH	KV
voestalpine Rotec Iberica S.A.	ESP	100.000%	voestalpine Rotec GmbH	KV
voestalpine Rotec Incorporated	USA	100.000%	voestalpine Rotec GmbH	KV
voestalpine Rotec Limited	GBR	100.000%	voestalpine Rotec GmbH	KV
voestalpine Rotec Sp. z o. o.	POL	100.000%	voestalpine Rotec GmbH	KV
voestalpine Stamptec Birkenfeld GmbH[2]	DEU	100.000%	STAMPTEC-Holding GmbH	KV
voestalpine Stamptec Böhmenkirch GmbH & Co. KG[1]	DEU	100.000%	voestalpine Metal Forming GmbH	KV
voestalpine Stamptec France	FRA	99.998%	STAMPTEC France SAS	KV
voestalpine Stamptec GmbH[2]	DEU	100.000%	STAMPTEC-Holding GmbH	KV
voestalpine Stamptec Holding GmbH	AUT	100.000%	voestalpine Metal Forming GmbH	KV
voestalpine Stamptec Nagold GmbH & Co. KG[1]	DEU	99.667%	voestalpine Stamptec Holding GmbH	KV
voestalpine Stamptec Nagold GmbH & Co. KG[1]	DEU	0.333%	voestalpine Metal Forming GmbH	KV
voestalpine Stamptec Pfaffenhofen GmbH & Co. KG[1]	DEU	99.933%	voestalpine Stamptec Holding GmbH	KV
voestalpine Stamptec Pfaffenhofen GmbH & Co. KG[1]	DEU	0.067%	voestalpine Metal Forming GmbH	KV
voestalpine Stamptec Qinhuangdao Co., Ltd.	CHN	100.000%	STAMPTEC-Holding GmbH	KV
voestalpine Stamptec Romania S.R.L.	ROU	50.000%	voestalpine Stamptec Böhmenkirch GmbH & Co. KG	KV

	Domicile of the company	Interest held	Parent company	Type of consolidation
voestalpine Stamptec Romania S.R.L.	ROU	50.000%	voestalpine Stamptec Birkenfeld GmbH	KV
voestalpine Stamptec Schmölln GmbH[2]	DEU	100.000%	voestalpine Stamptec GmbH	KV
voestalpine Stamptec South Africa (Pty) Ltd.	ZAF	100.000%	STAMPTEC-Holding GmbH	KV
voestalpine Straßensicherheit GmbH	AUT	100.000%	voestalpine Metal Forming GmbH	KV
VOEST-ALPINE KREMS U.K. plc	GBR	100.000%	voestalpine Metal Forming GmbH	KV
W E M E F A Horst Christopeit Gesellschaft mit beschränkter Haftung	DEU	100.000%	Flamco STAG Behälterbau GmbH	KV
ZAO voestalpine Arkada Profil	RUS	100.000%	voestalpine Metal Forming GmbH	KV
Entwicklungsgesellschaft Gügling Ost GmbH & Co. KG	DEU	6.000%	Polynorm GmbH	K0
Entwicklungsgesellschaft Gügling Verwaltungs GmbH	DEU	100.000%	Polynorm GmbH	K0
EURACIER	FRA	20.000%	BÖHLER-UDDEHOLM Precision Strip GmbH	K0
Martin Miller Blansko, spol. s r. o. (in Liquidation)	CZE	100.000%	BÖHLER-UDDEHOLM Precision Strip GmbH	K0
Martin Miller North America, Inc.	USA	100.000%	BÖHLER-UDDEHOLM Precision Strip GmbH	K0
Metal Sections Limited	GBR	100.000%	Metsec plc	K0
Munkfors Värmeverk Aktiebolag	SWE	40.000%	Böhler-Uddeholm Precision Strip AB	K0
Polynorm Immobilien Beteiligungs-GmbH	DEU	100.000%	voestalpine Polynorm B.V.	K0
SADEF FRANCE S.A.R.L.	FRA	90.000%	SADEF N.V.	K0
SADEF FRANCE S.A.R.L.	FRA	10.000%	voestalpine Krems GmbH	K0
voestalpine Arkada Zapad IP	BLR	100.000%	ZAO voestalpine Arkada Profil	K0
voestalpine Polynorm Beteiligungsgesellschaft m.b.H.	DEU	100.000%	voestalpine Polynorm GmbH & Co. KG	K0
voestalpine Stamptec Beteiligungs GmbH	DEU	100.000%	voestalpine Stamptec Böhmenkirch GmbH & Co. KG	K0

[1] These consolidated financial statements represent an exemption for voestalpine Rotec GmbH & Co. KG, voestalpine Stamptec Böhmenkirch GmbH & Co. KG, voestalpine Stamptec Nagold GmbH & Co. KG, and voestalpine Stamptec Pfaffenhofen GmbH & Co. KG in accordance with Sec. 264b of the German Commercial Code (dHGB).

[2] These consolidated financial statements represent an exemption for voestalpine Stamptec Birkenfeld GmbH, voestalpine Stamptec GmbH, and voestalpine Stamptec Schmölln GmbH in accordance with Sec. 264 (3) of the German Commercial Code (dHGB).

Other

	Domicile of the company	Interest held	Parent company	Type of consolidation
Danube Equity AG	AUT	71.373%	voestalpine AG	KV
Importkohle Gesellschaft m.b.H.	AUT	100.000%	voestalpine Rohstoffbeschaffungs GmbH	KV
RLBV54 Fonds	AUT	97.660%	voestalpine AG	KV
voestalpine Dienstleistungs- und Finanzierungs GmbH	DEU	100.000%	voestalpine Finanzierungs Holding GmbH	KV
voestalpine Finanzierungs GmbH	AUT	100.000%	voestalpine Finanzierungs Holding GmbH	KV
voestalpine Finanzierungs Holding GmbH	AUT	100.000%	voestalpine AG	KV
voestalpine Funding International GmbH	AUT	100.000%	voestalpine Finanzierungs Holding GmbH	KV
voestalpine group-IT AB	SWE	100.000%	voestalpine group-IT GmbH	KV
voestalpine group-IT GmbH	AUT	100.000%	voestalpine AG	KV
voestalpine group-IT GmbH	DEU	100.000%	voestalpine group-IT GmbH	KV
voestalpine group-IT Tecnologia da Informacao Ltda.	BRA	100.000%	voestalpine group-IT GmbH	KV
voestalpine Personal Services GmbH	AUT	100.000%	voestalpine AG	KV
voestalpine Rohstoffbeschaffungs GmbH	AUT	100.000%	voestalpine AG	KV
APK-Pensionskasse Aktiengesellschaft[1]	AUT	19.110%	voestalpine AG	KE
APK-Pensionskasse Aktiengesellschaft[1]	AUT	10.082%	voestalpine Edelstahl GmbH	KE
Donauländische Baugesellschaft m.b.H.	AUT	100.000%	voestalpine AG	K0
VA Intertrading Aktiengesellschaft	AUT	38.500%	voestalpine AG	K0
voestalpine Insurance Services GmbH	AUT	100.000%	voestalpine AG	K0

[1] For the company consolidated according to the equity method marked [1], the reporting date of December 31 applies.

Explanations:
KV Full consolidation
KQ Proportionate consolidation
KE Equity method
K0 No consolidation

Glossary

Acquisition. Takeover or purchase of companies or of interests in companies.

Affiliated companies. Companies that are directly or indirectly under the same management—in this case of voestalpine AG—in which voestalpine AG holds, directly or indirectly, a majority of the voting rights or exercises the controlling influence.

Asset deal. Company takeover, where the buyer purchases individual assets (rather than shares).

ATX. "Austrian Traded Index," the leading index of the Vienna Stock Exchange, which contains the 20 most important stocks in the prime market segment.

Borrowed capital. Inclusive term for provisions, trade and other payables, posted on the liabilities side of the statement of financial position.

Borrowed capital ratio. Ratio of borrowed capital recorded on the statement of financial position to total assets (the higher the ratio, the higher the debt burden).

Capital employed. Total employed interest-bearing capital.

Cash flow.
• From investing activities: outflow/inflow of liquid assets from investments/disinvestments;
• From operating activities: outflow/inflow of liquid assets not affected by investment, disinvestment, or financing activities.
• From financing activities: outflow/inflow of liquid assets from capital expenditures and capital contributions.

Cost of materials. Incorporates all expenditures necessary for the procurement of raw and auxiliary materials required for production.

Current assets. Those assets that are expected to be realized in cash or consumed in the short term, that is, they are not expected to be available for a company's business operations long-term, for example, inventory, trade accounts receivable, or securities.

EBIT (earnings before interest and taxes). Profit before the deduction of taxes, non-controlling interests, and financial result.

EBIT margin. EBIT percentage of revenue.

EBITDA (earnings before interest, taxes, depreciation, and amortization). Profit before the deduction of taxes, non-controlling interests, financial result, and depreciation and amortization expenses.

EBITDA margin. EBITDA percentage of revenue.

EBT (earnings before taxes). Profit before the deduction of taxes and non-controlling interests.

Equity. Assets made available to a corporation by the owners through deposits and/or contributions or from retained profits.

Equity ratio. Equity divided by total assets.

Free float. The portion of the share capital that is actively traded on the stock exchange.

Full-time equivalent (FTE). A full-time employee corresponds to a full-time equivalent of one, part-time employees are taken into account on a pro-rata basis corresponding to their working hours.

Gearing. Ratio of net financial debt to equity.

Gross profit. Revenue less cost of sales.

IFRS (International Financial Reporting Standards). Accounting regulations developed to guarantee comparable accounting and disclosure.

Joint venture. A business partnership between two or more companies, which remain independent but which pool capital to pursue a commercial goal, for example, the penetration of a foreign market.

Market capitalization. Market capitalization reflects the current market price of an exchange-listed company.

Net financial debt. Interest-bearing liabilities less interest-earning assets.

Purchase price allocation (ppa). Within the scope of the acquisition of a company, the purchase price is allocated to the assets and liabilities of the acquired enterprise, which are then assigned fair values and recognized in the Group's consolidated financial statements.

Rating. An evaluation of the credit quality of a company recognized on international capital markets.

Return on equity. ROE is the ratio between profit for the period and equity as recorded in the previous period.

ROCE (return on capital employed). ROCE is the ratio of EBIT to average capital employed (until business year 2008/09, EBIT to capital employed), that is, profit generated by the capital invested.

Share capital. The minimum capital requirement to be contributed by the shareholders for shares when establishing a stock corporation or limited partnership; it is issued in shares and constitutes a part of equity.

Volatility. The degree of fluctuation in stock prices and currency exchange rates or in prices of consumer goods in comparison to the market.

Weighted average cost of capital (WACC). Average capital costs for both borrowed capital and equity.

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ONE STEP AHEAD.