

### **voestalpine - heading towards another record year**

- Revenues increased by 47 % to more than EUR 7.5 billion after 3 quarters
- EBIT (profit from operations) before special items at EUR 1.1 billion, (plus 57%).
- Third quarter showed temporarily weakening in single divisions, current quarter already shows a reversed trend.
- Unchanged positive outlook - another record year expected for voestalpine AG.

In the first three quarters of the 2007/08 Financial Year, revenues of voestalpine Group rose by 47.2% from EUR 5.11 billion to more than EUR 7.53 billion, surpassing last year's revenue (EUR 7.05 billion) after 3 quarters already. The profit from operations (EBIT) rose by 22.8 % compared to the previous year. It grew from EUR 707 million to EUR 868,5million. Due to the application of the purchase price allocation (ppa) after the acquisition of a majority in BÖHLER-UDDEHOLM AG, only EUR 7 million of the new Special Steel Division's EBIT (EUR 247 million on a standalone basis) is included. Excluding this special item, voestalpine Group reports an operating result for the first three quarters of the 2007/08 Financial Year of EUR 1.1billion. At an increase of 57% this constitutes a stronger EBIT growth than in the previous year.

Demand – allowing for seasonal fluctuations – remains stable on a high level in all essential customer industries not only in Europe, but also in most other economic regions of the world. The shockwaves from the US sub prime crisis and their possible consequences for the global economy, plus fears of an imminent recession, have led to the severest downward trend of international stock markets since 9/11. The Vienna Stock Exchange and the Austrian Traded Index – and with them the voestalpine share – were also affected by this trend. Consequently the stock markets and the real economy have grown further and further apart over the last few months. “From the current perspective, I have no indications of a recession or even of a decline in economic growth”, said Wolfgang Eder, CEO of voestalpine AG.

#### **Business performance of voestalpine Group**

In the first three quarters of the 2007/08 Financial Year, revenues of voestalpine Group rose by 47% from EUR 5.1 billion to more than EUR 7.5 billion. Apart from the acquisition of a majority stake in BÖHLER-UDDEHOLM Group, growth was strongest in the Automotive Division at 34%, as a result of acquisitions, while the divisions Profilform (+ 20%), Steel (+ 8%) and Railway Systems (+ 7%) increased their revenues largely due to organic growth.

The rise in the Group's profit, driven by the growth in the four divisions, primarily mirrors the higher price level across the industry. Only the rise in the Automotive Division's EBIT of +35% was largely the result of the initial consolidation of newly-acquired companies. The Steel Division boosted its profit by 34% and, after the first three quarters of the Financial Year, recorded an EBIT margin that has risen from 14% to almost 18%, thus making it the most profitable of all of the Group's divisions. With an increase of just under 18% and more than 3% respectively, the divisions Profilform and Railway Systems also exceeded their last year's earning figures.

### **Portfolio optimization in the Automotive Division**

As part of a comprehensive divisional portfolio adjustment, the current Financial Year is seeing a consistent streamlining and optimization of the activities in the Automotive Division. Business sectors who experience insufficiently attractive market conditions or who are unlikely to establish themselves among the top providers with regard to quality, innovation, and profitability will be divested. Within the scope of this portfolio adjustment, the North American press part manufacturer voestalpine Polynorm Inc. was sold to a British Group in October 2007.

Beginning with the 4th quarter of this current Financial Year, a divestment process for the division's plastics sector began. Furthermore, it was decided to take the French company Amstutz Levin & Cie out of the division's portfolio. Therefore in accordance with IFRS, the companies affected will already be recorded as discontinued operations in the next consolidated financial statement of the voestalpine Group. Despite the divestments, the Automotive Division is anticipating a rise in revenues of about EUR 100 million resulting primarily from acquisitions and is also expecting a further significant margin improvement.

### **Investments increased significantly**

In the first nine months of the 2007/08 Financial Year, investment and acquisition costs came to EUR 3.6 billion. This increase to more than seven times the previous year's figure (EUR 484.7million) largely results from the acquisition of the BÖHLER-UDDEHOLM Group. A significant portion, however, is also due to the accelerated expansion and modernization programs undertaken in all five divisions.

From a strategic perspective, the voestalpine Group's activities are currently focused on evaluating the construction of a further steel site on the Black Sea. As a result, more than ten sites in four countries are being examined more closely. The objective is to be in a position to take a decision, based on investment costs and profitability of such a project, by summer 2008.

**Unchanged positive outlook**

“European microeconomic data gives a completely different picture than the capital markets. We are looking at a very positive and stable economy and corresponding financial results in all five Group divisions,” commented Wolfgang Eder. voestalpine Group is thus expected to post a new record result for the Financial Year 2007. For the 1<sup>st</sup> half of the 2008/09 Financial Year a stable economic environment also appears to be likely.

*The **voestalpine Group** generates revenues in excess of EUR 10 billion and employs more than 40,000 staff throughout the world with over half of this number outside Austria. The corporate Group is represented by 300 production and sales companies in more than 60 countries. With its highest-quality flat steel products, voestalpine is one of Europe's leading partners to the automotive, white goods and energy industries. Furthermore, voestalpine is the world market leader in turnout technology and tool steel, and number one in Europe in the production of rails and special sections.*

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