

Most successful half year in the history of voestalpine Group

- Increase in revenue by 38% to EUR 6.5 billion
- Profit from operations (EBIT) on a new record level of EUR 918 million (pre ppa)
- Best result in a single quarter ever
- BÖHLER-UDDEHOLM AG is now 100% owned by voestalpine AG
- Outlook unchanged despite of an incomparably more difficult economic climate

In the first six months of the 2008/09 business year, the voestalpine Group was able to achieving further increases over the previous year relative to revenue, profit and employees and reaching a new record high in spite of a worsening economic environment. During the 1st six months of 2008/09, the revenue of the Group rose by +38.2% from EUR 4,694.9 million to EUR 6,486.2 million. The undistorted profit from operations (EBIT) improved by 24.7% from EUR 736.5 million to EUR 918.4 million. With purchase-price allocation (ppa) adjustment, an EBIT increase by 27.4% from EUR 616.5 million to EUR 785.6 million is obtained. The clear improvement of the Group's EBIT results from consistently new record figures in all divisions. The profit for the period³ saw a similarly positive development, rising before ppa by 19.4% from EUR 520.9 million to EUR 622.2 million (EUR 518.8 million after ppa). As of September 30, 2008, the voestalpine Group had 42,325 employees. This corresponds to an increase compared to the previous year (40,301) of 5.0% or 2,024 employees. In the first half of 2008/09, the voestalpine Group produced 4.06 million tons of crude steel – a 11.2% increase compared with the previous year. The second quarter of the 2008/09 business year is the best single quarter ever with profit from operations (EBIT) reaching EUR 470,4 million, EUR 427,8 million (after ppa) respectively.

During the first half of the 2008/09 business year, in general the demand of all industries for the products and services of the voestalpine Group continued to be stable and remained on a high level. However, following a very positive development during the first three months, towards the end of the second quarter some segments started to feel the first effects of a clear slowdown of the economy: In the 1st six months of the year, the dynamic development of the energy sector, the oil and gas industry, the mechanical engineering industry and the white goods industry continued unchanged. In most European countries, i.e. with the exception of France, the United Kingdom and the countries of Southern Europe, the economic situation in the construction industry was still satisfactory, mainly because of construction activities in Germany as well as Northern and Central European countries. With the exception of the USA, the demand in the railway infrastructure seg-

ment and in the logistics and warehousing segment remained very stable worldwide; by contrast, in the aviation industry a certain degree of restraint was noticeable, especially after the summer. Finally, in the 1st six months of 2008 the European automotive industry was still an accrued 4.7% above the production values of the previous year before a market weakness, quickly turning into a sharp decline, caused most manufacturers to reduce or suspend production at the end of the summer. The economic development in the commercial vehicle segment was similar, but lately the trend there has even been more negative.

Financial crisis spreading to the real economy

To summarize the development of the economy in the 1st six months of the 2008/09 business year, it is apparent that the spreading of the global financial and capital market crisis to the real economy was beginning to be felt dramatically at the end of the period, i.e. from the late summer of 2008. The sheer speed and intensity of the economic slump led several important industries to reduce production, in some cases drastically. This in turn brought down the spot market prices of raw materials and pre-materials, without however affecting the prices of long-term raw material contracts.

The economic slump and banking crisis also had the effect of paralyzing major areas of the debt capital market. Against this background, the timely fulfillment of the financial obligations associated with the BÖHLER-UDDEHOLM acquisition on medium-term to long-term basis is a distinct advantage. Because of the critical situation of the financial markets and the resulting insecurity about the global development of the real economy, the decision about the construction of a new steel mill on the Black Sea was postponed. Quite apart from the current economic environment, in any event it would be unreasonable to rush into a short-term decision in this matter because of the total lack of clarity concerning the future European climate protection rules.

Business development in the 1st half

During the 1st six months of 2008/09, the revenue of the Group rose by EUR 1,791.3 million (+38.2%) from EUR 4,694.9 million to EUR 6,486.2 million. EUR 926.0 million of this growth was attributable to the Special Steel Division, consolidated since July 1, 2007, of which only one quarter had been considered in the comparative figure of the previous year. However, in addition to this consolidation-related revenue increase, all divisions also reported revenue increases from operating activities compared with the previous year.

At EUR 1,176.4 million, the undistorted profit from operations before depreciation (EBITDA) reached a new all-time high. This is an improvement by 23.5% over the previous year (EUR 952.2 million). After ppa adjustment, an increase by 26.2% to EUR 1,143.4 million is obtained. It is noted

that the purchase price allocation impacted EBITDA for the last time in the 1st quarter of the current business year (at a rate of EUR 33 million). Compared with the previous year, the undistorted profit from operations (EBIT) improved by 24.7% from EUR 736.5 million to EUR 918.4 million. With ppa adjustment, an EBIT increase by 27.4% from EUR 616.5 million to EUR 785.6 million is obtained. The clear improvement of the Group's EBIT results from consistently new record figures in all divisions.

The profit for the period saw a similarly positive development, rising before ppa by 19.4% from EUR 520.9 million to EUR 622.2 million. After the application of the ppa, a rise by 19.5% from EUR 434.3 million to EUR 518.8 million is obtained. Undistorted earnings per share (EPS) for the first half of 2008/09 amount to EUR 3.6 per share (after ppa: EUR 2.96 per share), thus exceeding the reference figure of the previous year (before ppa: EUR 3.31 per share, after ppa: EUR 2.76 per share) by 8.8% (respectively after ppa by 7.2%)..

Compared with the first half 2007/08, the equity increased by 21.5% from EUR 3,465.5 million to EUR 4,211.6 million. This increase is largely the consequence of the hybrid bond with a volume of EUR 1 billion issued in October 2007 to refinance the BÖHLER-UDDEHOLM acquisition. The net financial debt could be reduced from EUR 4,220.3 million to EUR 3,859.6 million. The positive effects of the hybrid bond are opposed by the costs of the remaining 19.71% shares of BÖHLER-UDDEHOLM AG, acquired since October 1, 2007. Against this background, the gearing ratio (net financial debt in percent of equity) at the end of the first half of 2008/09 is calculated as 91.6% – approximately thirty percentage points below the comparative figure of the previous year (121.8%). The increase compared with the quarter immediately predating it (77.0%) is essentially due to the payout of the dividend for the previous business year (EUR 341.5 million) in July 2008.

During the first six months of the current business year the investments of the voestalpine Group came to EUR 467.2 million. Last year's comparative figure (EUR 3,318.7 million) is of limited substance to the extent that it contains the expenditures for the majority acquisition of BÖHLER-UDDEHOLM AG.

Outlook for the business year 2008/09

By the end of summer 2008, the crisis in the financial and capital markets had finally spread across the board and to the real economy, both globally and across all business sectors. As a result of rapidly sinking investment and consumption quotas, the massive economic slump which has now occurred is set to deteriorate further. However, its further progression may not be uniform: According to all the current available indicators, a further slowing down in the automotive and commercial vehicles industries, as well as the machinery construction and tool manufacturing

industries, appears likely during the 1st half of 2009. In the European construction industry we must anticipate that the negative developments in the Western and Southern European economies will spread to Northern, Central and Eastern Europe, if possibly in a slightly milder form. The situation in the aerospace and household appliance industries is less dramatic although also subdued in comparison with the previous three years. In contrast, in spite of weak tendencies in several regions, sustained high levels of demand from the rest of the world ought to ensure that, for the time being, the energy sector remains largely unaffected by further downturns in the market. The situation is similar for the railway infrastructure sector, where both the global demand for maintenance and repairs as well as the need for significant expansion in many parts of the world ensures stable levels of demand.

In view of the fact that the voestalpine Group product portfolio is far more comprehensive than that of “traditional” steel companies, and with the Group being established worldwide and a market leader in all its sectors, the risks associated with the current economic downturn ought to remain clear and controllable – all the more so considering that cost saving programs and synergy projects carried out this year have allowed EUR 300 million in improvement potential to be realized. In spite of an incomparably more difficult economic climate compared to one year ago, as well as the largely unpredictable nature of economic development in the coming months and the significantly weaker results this had led to for the second half of the current business year, the management board still intends to achieve results for the current business year which match those of the business year 2007/08.

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voestalpine Group Key Figures

	after ppa			pre ppa ¹		
	1 H 2007/08 ² 04/01- 09/30/2007	1 H 2008/09 04/01- 09/30/2008	Change in %	1 H 2007/08 ² 04/01- 09/30/2007	1 H 2008/09 04/01- 09/30/2008	Change in %
Revenue	4,694.9	6,486.2	38.2	4,694.9	6,486.2	38.2
EBITDA	906.0	1,143.4	26.2	952.2	1,176.4	23.5
EBITDA margin (in %)	19.3	17.6		20.3	18.1	
EBIT	616.5	785.6	27.4	736.5	918.4	24.7
EBIT margin (in %)	13.1	12.1		15.7	14.2	
Profit before tax	560.5	658.9	17.6	680.5	791.7	16.3
Profit for the period from continuing operations	437.0	522.1	19.5	523.6	625.5	19.5
Profit for the period ³	434.3	518.8	19.5	520.9	622.2	19.4
Earnings per share from continuing operations (in euros)	2.76	2.96	7.2	3.31	3.60	8.8
Investments	3,318.7	467.2	-85.9			
Depreciation	289.5	357.8	23.6	216.1	258.0	19.4
Equity	3,465.5	4,211.6	21.5			
Net financial debt	4,220.3	3,859.6	-8.5			
Net financial debt in % of equity	121.8	91.6				
Employees excl. apprentices	40,301	42,325	5.0			
Capital Employed	8,455.8	8,701.5	2.9			

¹ Explanatory remarks on the purchase price allocation (ppa): The BÖHLER-UDDEHOLM Group has been consolidated since July 1, 2007 as the Special Steel Division of voestalpine AG. In the course of the initial consolidation a purchase price allocation was performed in accordance with the provisions of IFRS 3 (in this regard, please refer to the explanatory remarks on the inside cover page of the 2007/08 Annual Report).

As the ppa distorts the picture regarding actual developments, the above key figures table also includes pro forma figures for the voestalpine Group excluding the ppa and effects that are shown solely for accounting purposes.

² Last year's figures were retrospectively adjusted.

³ Before minority interests and hybrid capital interest.