

voestalpine improves operating result after nine months despite challenging environment

- Revenue grows to EUR 8,877 million (up 11.9 % compared to 2010/11)
- EBITDA increases EUR 1,107 million to EUR 1,118 million (up 1.0 %)
- EBIT rises by 2.8 % from EUR 658.2 million to EUR 676.4 million
- Profit for the period climbs by 2.8% from EUR 400.3 million to EUR 411.4 million
- Net financial debt further reduced
- Business performance confirms Group strategy
- Steel Division with weak third quarter

Despite an altogether extremely challenging economic environment, in the **first three quarters** of the business year 2011/12 voestalpine Group was able to exceed the previous year's results, **both for revenue and across all reporting categories**. As the result of growth in all the divisions, revenue rose by 11.9%, from EUR 7,936 million to EUR 8,877 million. A comparison of EBITDA and EBIT shows an **increase in profits** in EBITDA by 1%, from EUR 1,107 million to EUR 1,118 million, while **EBIT** climbed by 2.8%, from EUR 658 million to EUR 676 million. This results in an EBITDA margin for the period of 12.6%, and an EBIT margin of 7.6%. Due to the disproportionately large rise in revenues, the margins are thus slightly below the level of the first nine months of the previous business year (EBITDA margin 13.9 %, EBIT margin 8.3 %).

Profit for the period increased by 2.8 %, from EUR 400 million to EUR 411 million. Equity rose by 7 %, from EUR 4,553 million to EUR 4,874 million (31.12.2011). The gearing ratio (net financial debt as a percentage of equity) improved year on year, from 65 % to 61 %, and remained largely unchanged compared to the previous quarter despite the build-up of the winter stock of raw materials.

Business performance confirms Group strategy

The Group has mastered the turbulence resulting from discussions of sovereign debt and the financial markets comparatively well. "This is the result of a clear strategic focus on the latest technologies and sophisticated, quality products as well as on a value chain which is longer and more comprehensive than that of all competitors", states Dr. Wolfgang Eder, Chairman of the Management Board of voestalpine AG. Costs have been reduced further, structures tightened,

efficiency and productivity increased, and competitiveness improved, particularly as the consequence of active globalization. “Despite the challenging environment in the third quarter, the four processing divisions remain largely stable in terms of their development”, says Eder.

Compared to the previous year, the number of core employees (excluding temporary personnel and apprentices) is up by 1,138 to 41,216 (as at December 31, 2011).

The overall workforce (including temporary personnel and apprentices) increased over the same period from 44,963 to 46,468 employees.

Third quarter with significant profits despite cyclical contraction – stable development in the processing divisions

“A slump in demand caused by fears of recession, coupled with significant falls in raw materials prices and massive stock disposal in the last quarter of 2011, lead to capacity utilization problems and sharply falling steel prices in the steel industry throughout Europe”, explains Eder. The nonetheless overriding, positive development was mainly the consequence of the first half year, whereas in the third quarter, with the same level of revenue (EUR 2,899.5 million compared to EUR 2,926.2 million in the previous quarter, down by 0.9 %), profits were significantly lower.

Although stable development in the four processing divisions (Special Steel, Railway Systems, Profilform and Automotive) was unable to compensate for the collapse in profits which stemmed from a cyclical contraction in the Steel Division, it did significantly cushion the effects on the Group’s profits as a whole. Against this backdrop, Group EBITDA fell in the third quarter by 18.7 %, from EUR 361.3 million to EUR 293.8 million, compared to the second quarter, while at the same time EBIT showed a decrease of 32.2 %, from EUR 213.8 million to EUR 145 million. Thus the EBITDA margin for the third quarter amounts to 10.1%, the EBIT margin 5 %.

Steel Division with a weak third quarter

As a direct result of the uncertain macroeconomic environment after summer 2011, the steel segment was affected by massive stock disposal combined with a cautious stance on the part of customers, putting massive pressure first on quantities, and subsequently on steel prices, both in Europe and globally. The European steel industry reacted to this development by throttling back production. voestalpine AG also reduced quantities at its steelmaking site in Linz, by around 90%

of capacity. As raw materials prices also slipped considerably during the same period, particularly for ore and coal, this increased the downward pressure on prices. This spiral of weak ordering activity and price falls only came to a halt at the end of the calendar year 2011, resulting in significantly reduced results for the Steel Division in the third quarter compared to the summer.

As a consequence of reduced production levels in the Steel Division during the third quarter towards the end of the calendar year, voestalpine Group's crude steel production in the first three quarters 2011/12 was slightly less than in the previous year. In detail, the 9-months period as a whole shows a decline of 1.4 % in crude steel volumes over the previous year, from 5.71 million tons to 5.63 million tons.

Continuous investment in innovation and globalization

"Over the coming years we will extend our capacity for research and development more than ever, and position ourselves even more clearly as a global technology leader in high-quality growth segments", declares Eder. "However", he continues, "in future hardly any new capacity will be generated in Europe. Instead it will be created in the world's fastest growing regions, not least because Europe is increasingly questioning its own role as an industrial location."

Outlook: Record revenues, but slightly weaker results anticipated for the year overall

The cyclical contraction in the European steel industry over the past nine months probably reached its low point at the turn of the year. A recovery in demand first became perceptible at the beginning of the first quarter of 2012 and was accompanied by the first price increases during the quarter. This market upturn is certainly expected to continue through to summer 2012, if only due to the effect of storage cycles. In any case, the processing divisions, which are substantially less sensitive to economic cycles and contribute around 65% of the Group's revenue, will continue to ensure results for the voestalpine Group which are highly stable compared to the industry as a whole.

Developments in the first weeks of 2012 compared to the third quarter indicate a reversal in the profits trend for the fourth quarter of the business year, so that, from today's perspective, the outlook for the year 2011/12 as a whole (without taking into consideration any non-recurring effects from the railway supply industry) remains largely unchanged compared to the last quarterly

report. That means that we can anticipate a slightly weaker operating result for 2011/12 compared to the previous year.

The voestalpine Group

voestalpine is a globally active group with a variety of specialized and flexible companies which produce, process, and further develop high-quality steel products. The group is represented by 360 production and sales companies in more than 60 countries on five continents.

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, tool steel, and special sections, as well as number one in Europe in the production of rails. In the business year 2010/11, the voestalpine Group generated revenues of around EUR 11 billion, and achieved an operating result (EBIT) of almost EUR 1 billion; the Group has around 47,000 employees worldwide.

For questions please contact:

voestalpine AG
Press officer

Mag. Peter Felsbach
voestalpine-Straße 1
4020 Linz
T. +43/50304/15-2397
presse@voestalpine.com
www.voestalpine.com