



# Financial Year 2009/10 2nd Quarter, 1st Half

Investor Relations  
November 2009

voestalpine AG  
[www.voestalpine.com](http://www.voestalpine.com)

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# Back on track after successful crisis management

no typical steel company

<p><b>Steel</b></p>  <p>Top European player</p>	<p><b>Special Steel</b></p>  <p>Global leadership</p>	<p><b>Railway Systems</b></p>  <p>Global leadership</p>	<p><b>Profilform</b></p>  <p>Global leadership</p>	<p><b>Automotive</b></p>  <p>Top European player</p>
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	1Q 2009/10	2Q 2009/10	Delta 1Q – 2Q
<b>Sales</b>	2,074 €m	2,068 €m	0 %
<b>EBITDA</b>	135 €m	234 €m	+73 %
<b>EBIT</b>	-24 €m	70 €m	<b>turnaround</b>
<b>EPS</b>	-0.40 €	0.05 €	<b>turnaround</b>
<b>Savings</b>	88 €m	142 €m	+61 %
<b>Working Capital</b>	2,425 €m	1,918 €m	-21 %
<b>Gearing</b>	90 %	90 %	

	1H 2008/09	1H 2009/10	YoY in %
	6,486 €m	4,141 €m	-36 %
	1,143 €m	369 €m	-68 %
	786 €m	46 €m	-94 %
	2.94 €	-0.35 €	
		230 €m	
	2,583 €m	1,918 €m	-26 %
	92 %	90 %	

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## Overview economic situation

- n Economic downturn bottomed out in 1Q FY 2009/10
  - n State of shock overcome
  - n Stabilization in major business segments during summer
  - n Energy business deteriorated with time lag effect
- n Stabilization and improved expectations for 2H FY 2009/10
  - n Utilization rates up in nearly all business areas in 3Q FY 2009/10
  - n Economic upward trend driven by Asia
  - n Increased demand in Europe and U.S. mainly from end of destocking
  - n Cost base significantly improved due to lower raw material cost and implementation of cost cutting measures
- n Sustainability of upturn still to be questioned

# Division Steel – Business development 1st Half FY 09/10



- n Stabilization of business environment starting before summer
- n Average utilization rate Jan.-Aug. 2009 ~75%, Sept.-Nov. 100%
  - n Stocks on normal / low levels
  - n Increasing demand in particular from automotive sector
  - n Heavy plate demand, shipments and prices deteriorated since spring 2009
- n Steel prices hit bottom in 1Q FY 2009/10
  - n Price increases for sheet in 3Q FY 2009/10
  - n Tough negotiations for 4Q FY 2009/10 and annual contracts for 2010
  - n Heavy plate lagging behind, prices and volumes low in 3Q FY 2009/10
- n Cost savings and long term contracts stabilising earnings
  - n Short term cost reductions mainly in personnel, maintenance and overheads
  - n Positive effects from lower raw materials offsetting 2009 price settlements of automotive contracts

## Division Steel in figures

	Sales (€m)	EBIT (€m)	EBIT (%)
<b>1Q</b> FY 09/10	760	-17	-2.3
<b>2Q</b> FY 09/10	753	46	6.2
<b>1H</b> FY 09/10	<b>1,513</b>	<b>29</b>	<b>1.9</b>
<b>1H</b> FY 08/09	2,369	400	16.9
<b>yoy in %</b>	<b>-36.1</b>	<b>-92.7</b>	

# Division Special Steel – Business development 1st Half FY 09/10



- n Weak business environment in all major customer segments till September
  - n High Performance Metals, Precision Strip and Forging units under pressure
  - n Welding subdivision doing well
- n Negative effects from destocking fading out in 3Q FY 2009/10
  - n Slight improvement of demand, sustainability still to be questioned
  - n Capacity utilization currently ~ 70%
- n Positive effects from alloys price development
- n USA stabilizing on low level, slight recovery in Europe
- n China picking up, Brazil & India optimistic

**Division Special Steel in figures\***

	<b>Sales</b> (€m)	<b>EBIT</b> (€m)	<b>EBIT</b> (%)
<b>1Q</b> FY 09/10	571	-48	-8.3
<b>2Q</b> FY 09/10	561	-33	-5.9
<b>1H</b> FY 09/10	<b>1,132</b>	<b>-81</b>	<b>-7.1</b>
<b>1H</b> FY 08/09	1,994	112	5.6
<b>yoy in %</b>	<b>-43.3</b>		

\* After PPA

# Division Railway Systems – Business development 1st Half FY 09/10



- n Solid business development for rails and switches
  - n Only limited effects (North America and CEE) from economic downturn due to extended infrastructure projects
  - n Utilization rate 90 - 100%
  - n Fierce price competition effecting 2H FY 2009/10
- n Wire business recovering
  - n Improving environment from June 2009. Capacity adjusted to a full 2 shift operation after summer
  - n Pick up in demand since July, prices improved in 3Q FY 2009/10, price reductions in 4Q expected (scrap price related)
- n Seamless tubes business very weak
  - n Volumes 50 % below last year's level. Capacity adjusted to a 2 shift operation
  - n Upturn not before summer 2010 expected

Division Railway Systems in figures			
	Sales (€m)	EBIT (€m)	EBIT (%)
<b>1Q</b> FY 09/10	482	56	11.7
<b>2Q</b> FY 09/10	482	57	11.6
<b>1H</b> FY 09/10	<b>970</b>	<b>113</b>	<b>11.7</b>
<b>1H</b> FY 08/09	1,265	182	14.4
<b>yoy in %</b>	<b>-23.3</b>	<b>-37.8</b>	

# Division Profilform – Business development 1st Half FY 09/10



- n Moderately improved business environment
  - n Slightly enhanced demand from restocking
  - n Ongoing general difficult situation in building, machine building and commercial vehicle sector industries
- n Logistic solutions (high bay warehousing) & solar energy stable on solid level so far
- n Capacity utilization ~ 60 %
- n Margin improvement due to cost cutting measures, short time work and reduction of temporary staff

## Division Profilform in figures

	Sales (€m)	EBIT (€m)	EBIT (%)
<b>1Q</b> FY 09/10	174	-2	-1.3
<b>2Q</b> FY 09/10	179	5	2.6
<b>1H</b> FY 09/10	<b>353</b>	<b>2</b>	<b>0.7</b>
<b>1H</b> FY 08/09	690	100	14.5
<b>yoy in %</b>	<b>-48.8</b>	<b>-97.6</b>	

# Division Automotive – Business development 1st Half FY 09/10



- n Negative trend in European Automotive industry slowing down
- n European car production down 25 % (YTD) compared to last year. Some positive effects from “Scrapping premium” - in particular for small cars
- n Encouraging signals from order intake
- n Positive operational performance for remaining CY 2009
  - n Successful cost cutting programs will be further intensified
- n European car production 2010 expected to be on similar level as 2009, upper/premium segments should benefit, decrease of small/medium car sales due to lack of incentive measures expected

## Division Automotive in figures

	Sales (€m)	EBIT (€m)	EBIT (%)
<b>1Q</b> FY 09/10	175	0.2	0.1
<b>2Q</b> FY 09/10	173	0.8	0.5
<b>1H</b> FY 09/10	<b>348</b>	<b>1.0</b>	<b>0.3</b>
<b>1H</b> FY 08/09	495	30	6.0
<b>yoy in %</b>	<b>-29.7</b>	<b>-96.6</b>	





# Financial overview

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## Financial highlights

### n **Cost**

- n Fast cost cutting measures resulted in ca. 230 €m cost reductions in 1H FY 2009/10
- n 400 €m target for full FY 2009/10, ca. 65% sustainable

### n **Capex**

- n Capex cut down from ~ 1,030 €m (original plan) to 600 €m for FY 2009/10
- n Depreciation level of ~ 550 €m target for CAPEX in next business years

### n **Liquidity**

- n Cash release of 488 €m from working capital reductions in 1H FY 2009/10
- n (ca. 1,000 €m since beginning of CY 2009)
- n 428 €m of additional cash inflow from recently signed term loan (yet undrawn)

### n **Gearing**

- n Stable Gearing ratio despite worst economic slump since decades

**Continuous cash inflow despite difficult economic situation**

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## Consolidated overview

		1H 2008/09	1H 2009/010	YoY in %
<b>Sales</b>	€m	6,486	4,141	-36.2 %
<b>EBITDA</b>	€m	1,143	369	-67.7 %
<b>% of Sales</b>	%	17.6	8.9	
<b>EBIT</b>	€m	786	46	-94.1 %
<b>% of Sales</b>	%	12.1	1.1	
<b>EBT</b>	€m	659	-38	
<b>Net Profit</b>	€m	519	-20	
<b>EPS*</b>	€	2.94	-0.35	
<b>Investments**</b>	€m	467	276	-41 %
<b>Depreciation</b>	€m	358	323	-10 %
<b>Employees***</b>	%	42,325	39,295	-7 %

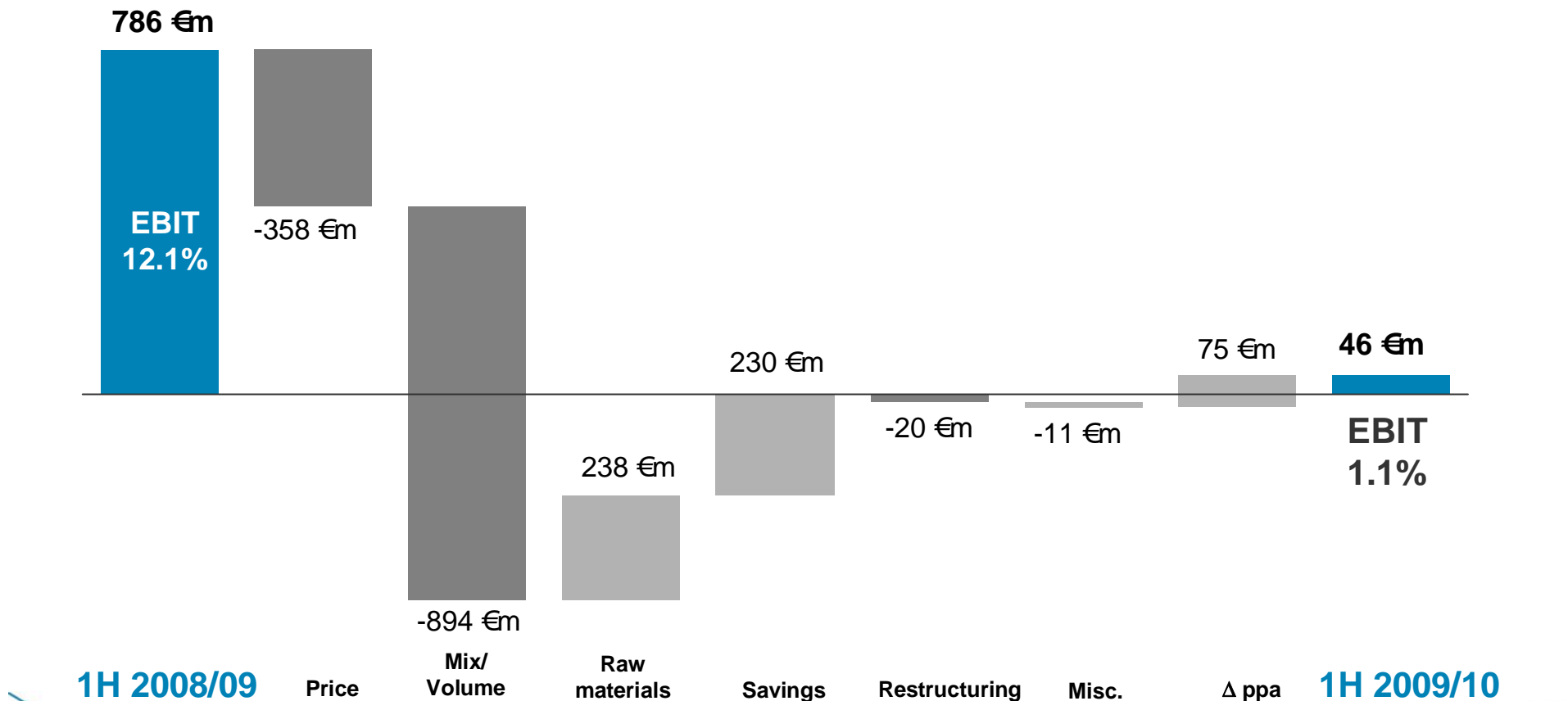
\* Undiluted EPS, based on average number of shares FY 2009/10

\*\* Fixed assets and acquisitions

\*\*\* Per 30.09.2009, excluding trainees & temps

# voestalpine group - EBIT Development

## 1H 2008/09 vs. 1H 2009/10



1H 2008/09

Price

Mix/  
Volume

Raw  
materials

Savings

Restructuring

Misc.

Δ ppa

1H 2009/10

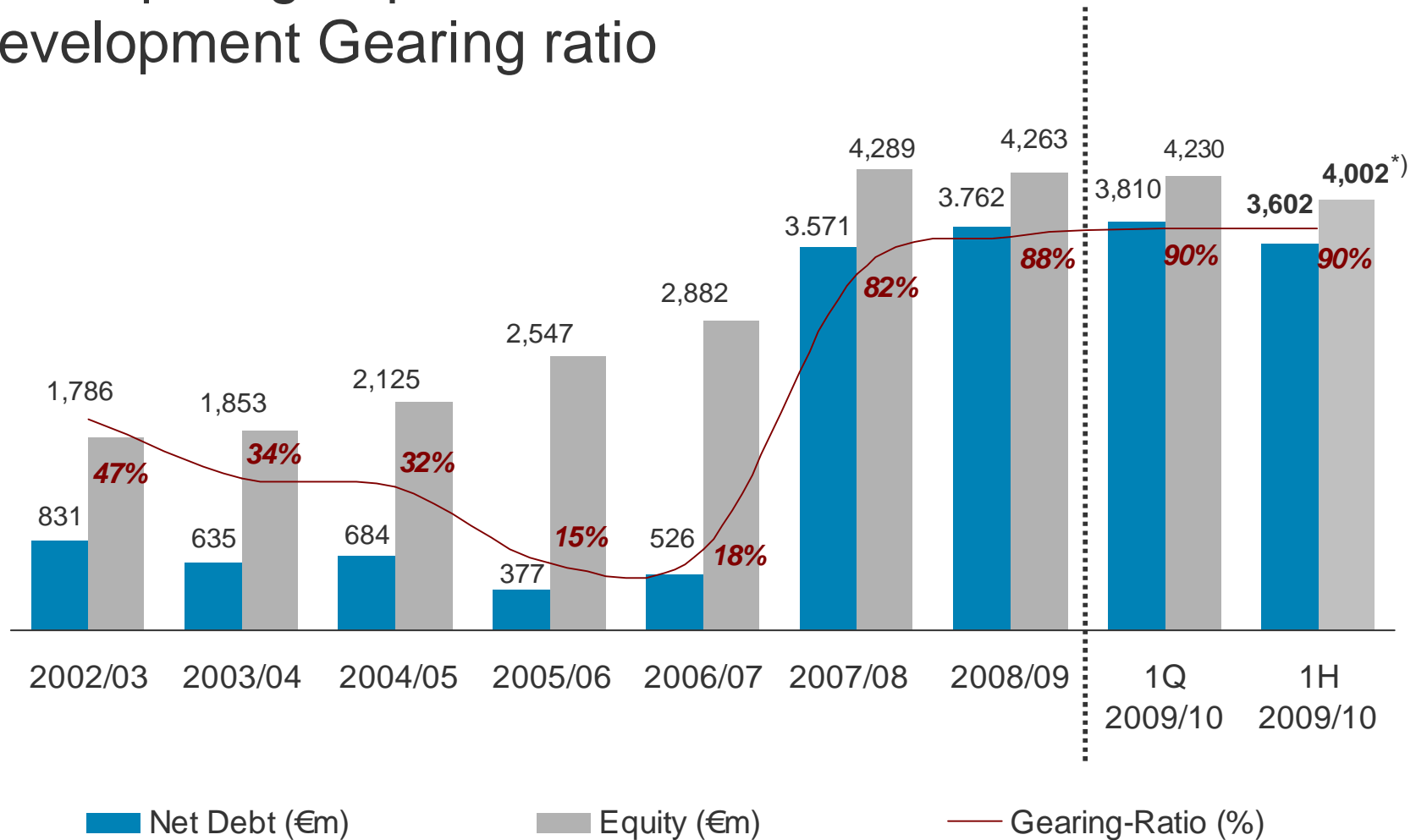
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## Cash flow 1H 2008/09 vs 1H 2009/10

		1H 2008/09	1H 2009/10
<b>Cash flow from result</b>	€m	829	224
<b>Changes in working capital</b>	€m	-338	488
<b>Cash flow from operating activities</b>	€m	491	712
<b>Cash flow from investing activities</b>	€m	-460	-356
<b>Free Cash flow</b>	€m	31	356

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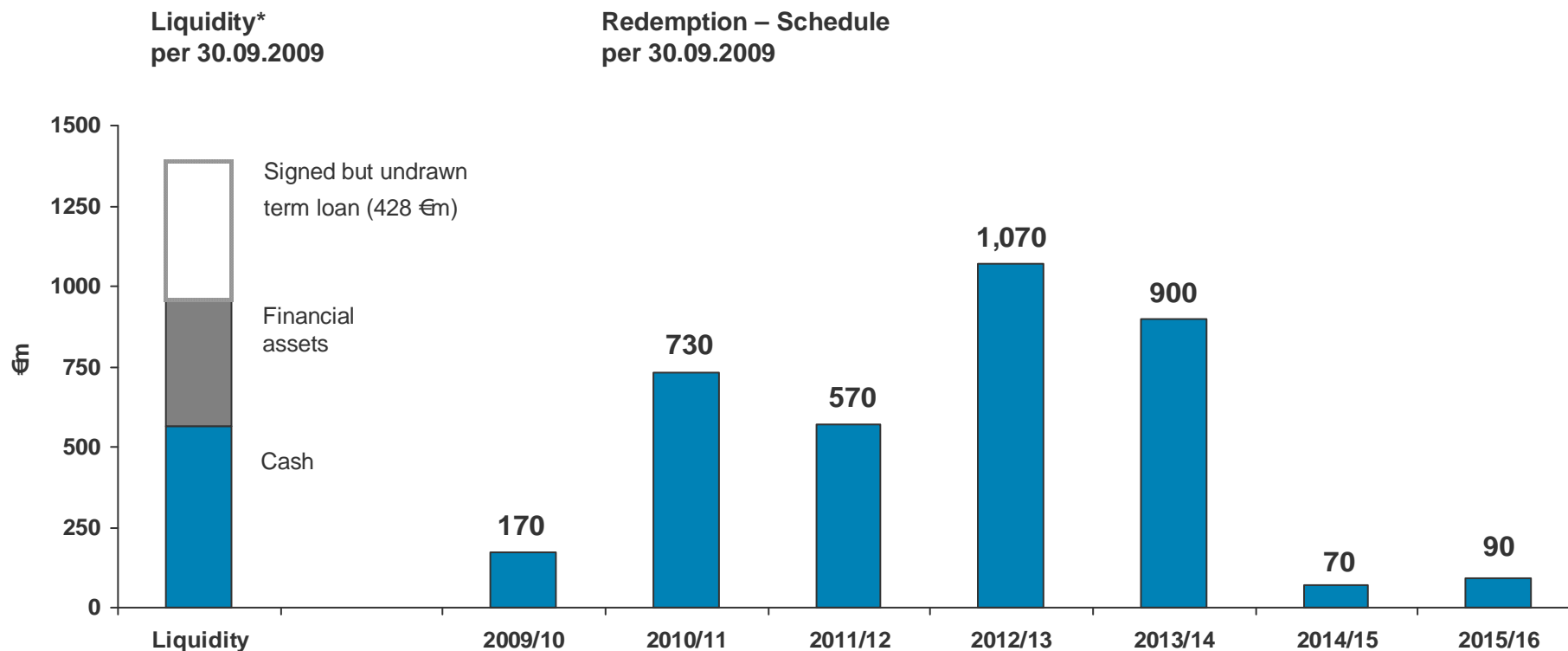
## Development Gearing ratio



<sup>\*)</sup> 248 m€ reduction of Equity due to dividend & hybrid coupon

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## Development liquidity



**Comfortable liquidity position and balanced maturity profile**

\*not included: undrawn committed lines & other instruments of ca. 300 €m

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## Outlook FY 2009/10

- n Stabilization of volumes and prices in 2H FY 2009/10
  - n Inventories on normal / low levels (relative to demand) in all divisions in 4Q CY 2009
  - n No significant imports into Europe in Steel Division (till Nov 2009)
  - n Further indications of pick up in demand in particular market segments and regions  
BUT: Sustainability still to be questioned  
Pricing environment staying volatile in all divisions
- n Overall further gradual improvement in 2H FY 2009/10 expected
  - n Lower raw material cost (vs. 1H FY 2009/10) affecting earnings positively
  - n Benefits from ongoing cost cutting programs
- n Target of clearly positive EBIT and net profit at break even level for FY 2009/10 confirmed
- n Group wide efficiency programs for further sustainable cost improvement launched





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