



# Financial Year 2011/12 2nd Quarter, 1st Half

Investor Relations  
November 2011

# voestalpine group

## Business concept (1)

- **Steel** is – and will always be - the **base of voestalpine group**
- **BUT: Downstream strategy** is strongly driving evolution from a steel maker to a **processing group**
- Focus on **most demanding** customer segments in terms of **innovation, technology and quality**
- **Custom made solutions** based on **most advanced products** and **perfect service** as key credentials of success



**No longer a steel company**

# voestalpine group

## Business concept (2)

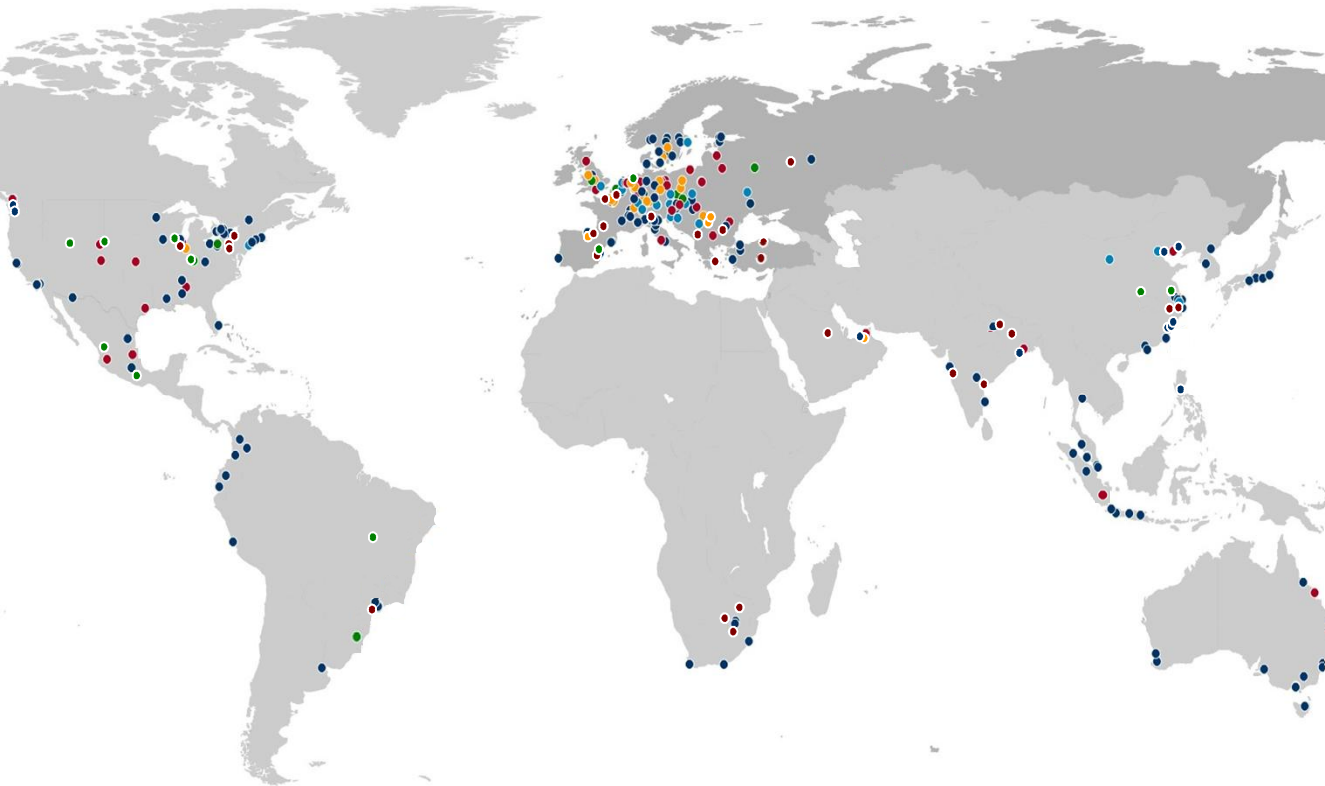
- Strategic markets
  - Focus on market segments with **utmost technological** and **quality requirements**, such as energy, automotive, railway and aircraft industry
  - No spot market business, **commodities no option**
- Long term relationships
  - Long term partnerships with **customers, suppliers** and **R&D-institutions** are key for **innovation** and permanent progression in **technology** and **quality**
  - **Perfect service** is key for long term partnerships



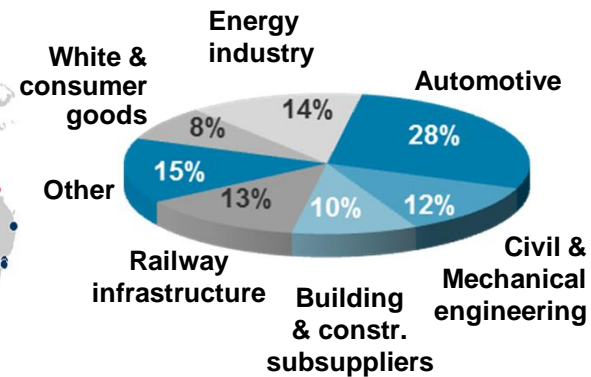
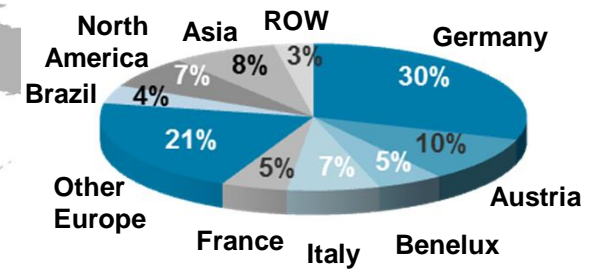
**First choice for high tech steel solutions**

# voestalpine group

## Global footprint



Figures FY 2010/11



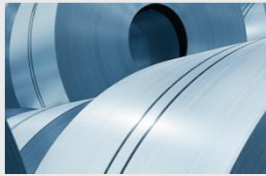
**No significant exposure to ailing countries and industries**

# voestalpine group

## Structure & position

---

Steel



European Top  
Player

Special Steel



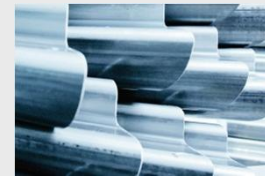
World market  
Leader

Railway Systems



World market  
Leader

Profilform



World market  
Leader

Automotive



European Top  
Player

- Minimum top 3 market position in Europe
- Partial backward integration
- Longest value chain in the industry
- Product portfolio focused on long term growth segments
- Very limited exposure to crisis-regions and -industries
- Resilient in economic downturn
- Full leverage in upturn
- Strong commitment to efficiency improvement and cost cutting

# voestalpine group

## Current situation



- Macro lead-indicators weaker in recent months
- Ongoing discussions about public debt and crisis in banking and financial markets create negative sentiment
- Business environment increasingly varying from sector to sector
- Customers generally cautious, order intake below pre-summer levels
- Q2 FY 2011/12 at voestalpine influenced by summer seasonality in general and 3-weeks technical shutdown for capacity extension in Steel Division

### voestalpine group in figures

	Sales (€m)	EBIT (€m)	EBIT (%)
<b>Q1</b> FY 11/12	3,052	318	10.4
<b>Q2</b> FY 11/12	2,926	214	7.3
<b>1H</b> FY 11/12	<b>5,978</b>	<b>531</b>	<b>8.9</b>
<b>1H</b> FY 10/11	5,192	414	8.0



# voestalpine group

## Reading and reaction



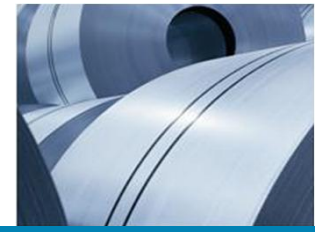
- Internal preparation for higher volatility
  - Cost cutting and efficiency programs further intensified
  - Lean and flexible structures help to adopt cost positions quickly to market environment
  - Unchanged rigid working capital management
- Fast reactions to short term changes in business climate over complete value chain
  - Constant control and adoption of stock levels over whole supply chain
  - Well established communication lines to customers and suppliers
- voestalpine strategy and business model has proven resilience in FY 2008/09
- Management experienced in handling demanding scenarios

### voestalpine group in figures

	Sales (€m)	EBIT (€m)	EBIT (%)
<b>Q1</b> FY 11/12	3,052	318	10.4
<b>Q2</b> FY 11/12	2,926	214	7.3
<b>1H</b> FY 11/12	<b>5,978</b>	<b>531</b>	<b>8.9</b>
<b>1H</b> FY 10/11	5,192	414	8.0

# Division Steel

## Business development



- Demand situation and price levels in high quality segments still significantly better than in spot market
  - Automotive, energy, machine building
- Customers increasingly cautious in shorter term market segments
  - Building, construction and consumer goods, household appliance
- 3-weeks shut down for capacity extension of hot rolling mill in Linz affecting revenues and earnings in Q2 FY 2011/12
- Recent development in steel sector
  - Significant cutback of capacities in European steel industry amid abated economic environment
  - EU launches antidumping measures against Asian producers – imports declining
  - Deterioration of raw material prices in CQ4
  - Challenging environment for steel price negotiations for CY 2012

### Division Steel in figures

	Sales (€m)	EBIT (€m)	EBIT (%)
<b>Q1</b> FY 11/12	1,038	101	9.8
<b>Q2</b> FY 11/12	978	60	6.1
<b>1H</b> FY 11/12	<b>2,016</b>	<b>161</b>	<b>8.0</b>
<b>1H</b> FY 10/11	1,785	166	9.3



# Division Special Steel

## Business development



- Stable business performance after strong rebound in H1 CY 2011
  - Still solid demand for high performance metals
  - Improvement in special forgings segment
- Seasonality over summer on normal levels, no supply chain disruptions
- Stable market situation in automotive, machine building, oil & gas exploration and aircraft segments
- Business activities holding up well in North America, Asia and Western Europe, slow down in South America
- Nevertheless: Customers increasingly concerned about overall sentiment

### Division Special Steel in figures (past ppa)

	Sales (€m)	EBIT (€m)	EBIT (%)
<b>Q1</b> FY 11/12	751	83	11.0
<b>Q2</b> FY 11/12	713	59	8.3
<b>1H</b> FY 11/12	<b>1,464</b>	<b>142</b>	<b>9.7</b>
<b>1H</b> FY 10/11	1,237	75	6.1

# Division Railway Systems

## Business development



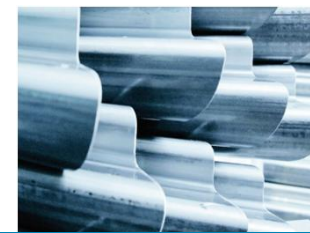
- Railway Systems in Q2 FY 2011/12 again best in class within voestalpine group
- Stable development in rails business
  - On-going brisk demand for premium rails
  - Unchanged difficult situation in standard rails segment
- Turnout systems business benefit from dynamic markets in South Africa, Australia, Brazil and Turkey
  - However China slowing down
- Wire and welding consumables on solid demand level in Q2, Q3 slightly weaker
- Unchanged strong sentiment for seamless tubes in North America and Mid East

### Division Railway Systems in figures

	Sales (€m)	EBIT (€m)	EBIT (%)
<b>Q1</b> FY 11/12	753	92	12.2
<b>Q2</b> FY 11/12	752	80	10.6
<b>1H</b> FY 11/12	<b>1,504</b>	<b>172</b>	<b>11.4</b>
<b>1H</b> FY 10/11	1,336	129	9.7

# Division Profilform

## Business development



- Demand from commercial vehicle and agricultural machinery segments as well as aircraft and solar energy businesses on stable high level
- Volatile order intake in standard tubes and sections segment caused by downward trend of input material prices
- Storage technology with further recovery in H2
- Seasonal softening of precision strip segment in Q2, sentiment for H2 still strong
- Solid further development on Q2–level in next months expected

### Division Profilform in figures

	Sales (€m)	EBIT (€m)	EBIT (%)
<b>Q1</b> FY 11/12	330	41	12.5
<b>Q2</b> FY 11/12	302	23	7.6
<b>1H</b> FY 11/12	<b>632</b>	<b>64</b>	<b>10.2</b>
<b>1H</b> FY 10/11	557	57	10.3

# Division Automotive

## Business development



- Overall still solid market environment and stable utilization rates
- Dynamic growth of European car production in CY 2011 so far
  - Performance of premium car producers in Germany – key customers of Division Automotive – still outstanding
  - Business bolstered by strong demand of Asian markets
- But: Signals of mitigation in (parts of) automotive sector
  - Shorter delivery times and higher discounts for end consumers recently
  - Reduced investments in commercial vehicle segment
- Solid development in non-automotive activities

### Division Automotive in figures

	Sales (€m)	EBIT (€m)	EBIT (%)
<b>Q1</b> FY 11/12	293	19	6.3
<b>Q2</b> FY 11/12	292	11	3.8
<b>1H</b> FY 11/12	<b>585</b>	<b>30</b>	<b>5.1</b>
<b>1H</b> FY 10/11	477	25	5.2



# Financial overview

# voestalpine group

## Consolidated overview

		1H 2010/11	1H 2011/12	YoY in %
<b>Sales</b>	€m	5,192	<b>5,978</b>	15.1
<b>EBITDA</b>	€m	711	<b>824</b>	16.0
<b>% of Sales</b>	%	13.7	<b>13.8</b>	
<b>EBIT</b>	€m	414	<b>531</b>	28.3
<b>% of Sales</b>	%	8.0	<b>8.9</b>	
<b>EBT</b>	€m	317	<b>443</b>	39.7
<b>Net Profit</b>	€m	250	<b>346</b>	38.6
<b>EPS*</b>	€	1.24	<b>1.82</b>	46.8
<b>Investments**</b>	€m	169	<b>227</b>	34.4
<b>Depreciation</b>	€m	296	<b>293</b>	-1.2
<b>Employees***</b>		39,862	<b>41,168</b>	

\* Based on average number of shares

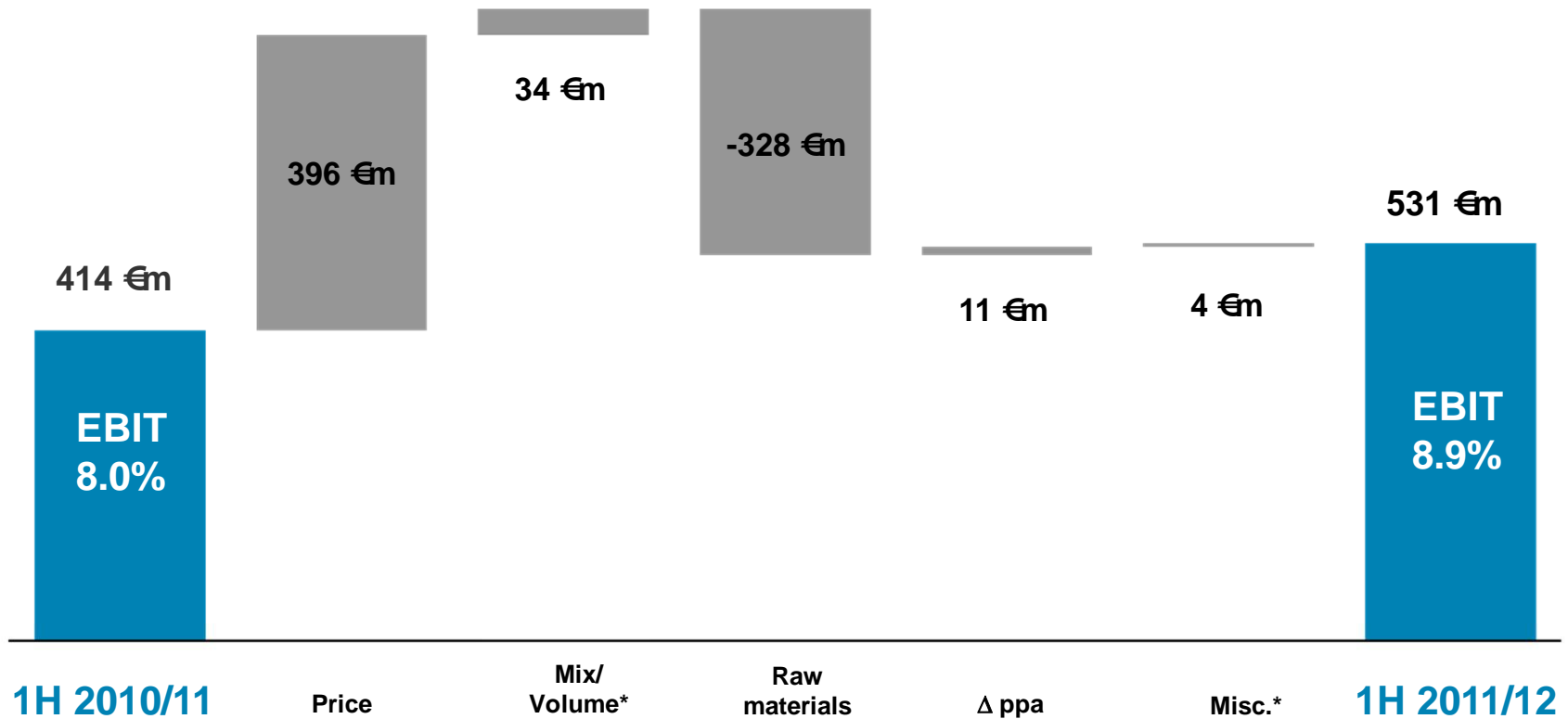
\*\* Fixed assets and acquisitions

\*\*\* Per 30.09., excluding trainees & temps



# EBIT development

## 1H 2010/11 vs. 1H 2011/12



\* Savings are included in these items

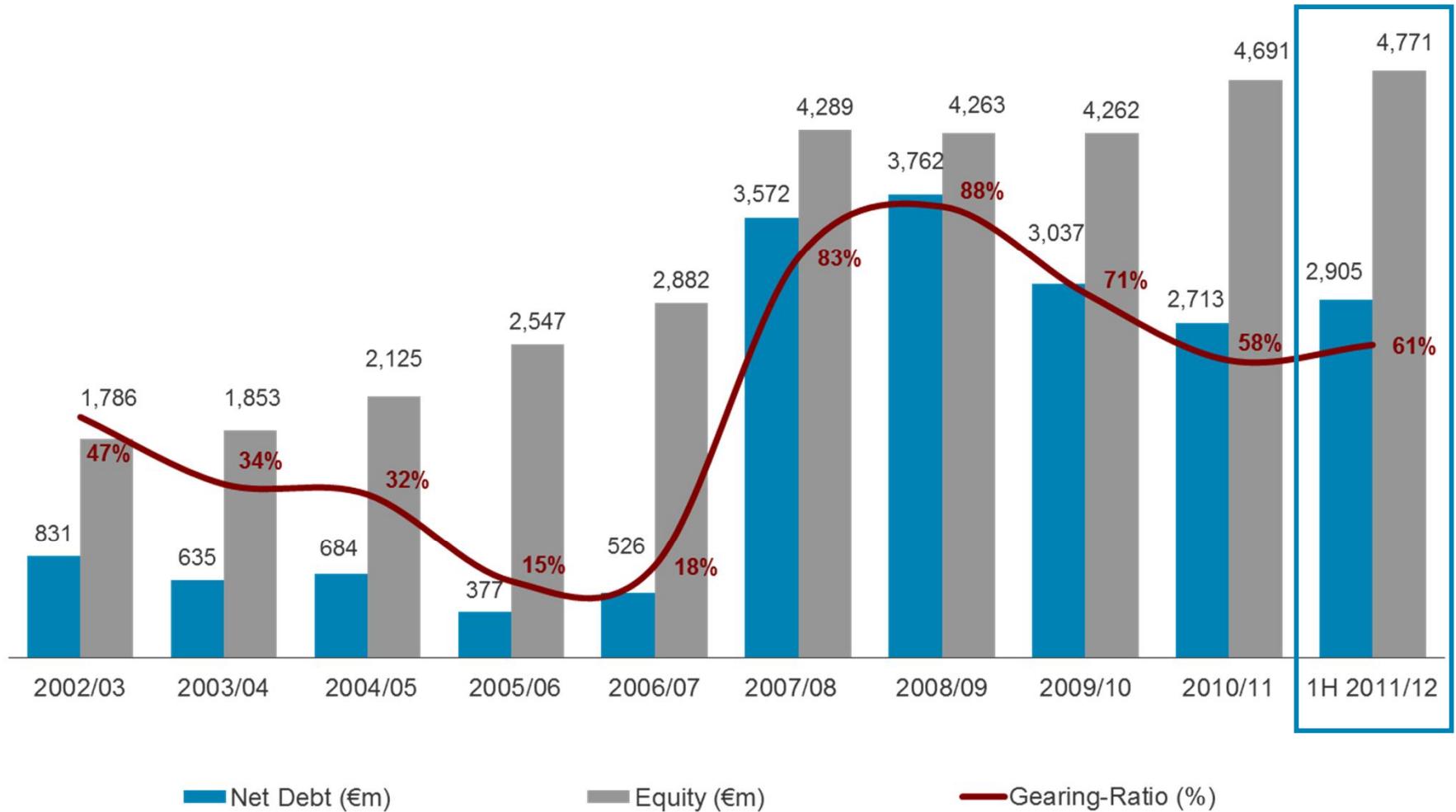
# voestalpine group

## Cash flow 1H 2010/11 vs. 1H 2011/12

		1H 2010/11	1H 2011/12
<b>Cash flow from result</b>	€m	554	<b>618</b>
<b>Changes in working capital</b>	€m	-80	<b>-450</b>
<b>Cash flow from operating activities</b>	€m	474	<b>168</b>
<b>Cash flow from investing activities</b>	€m	-221	<b>-232</b>
<b>Free cash flow</b>	€m	253	<b>-64</b>

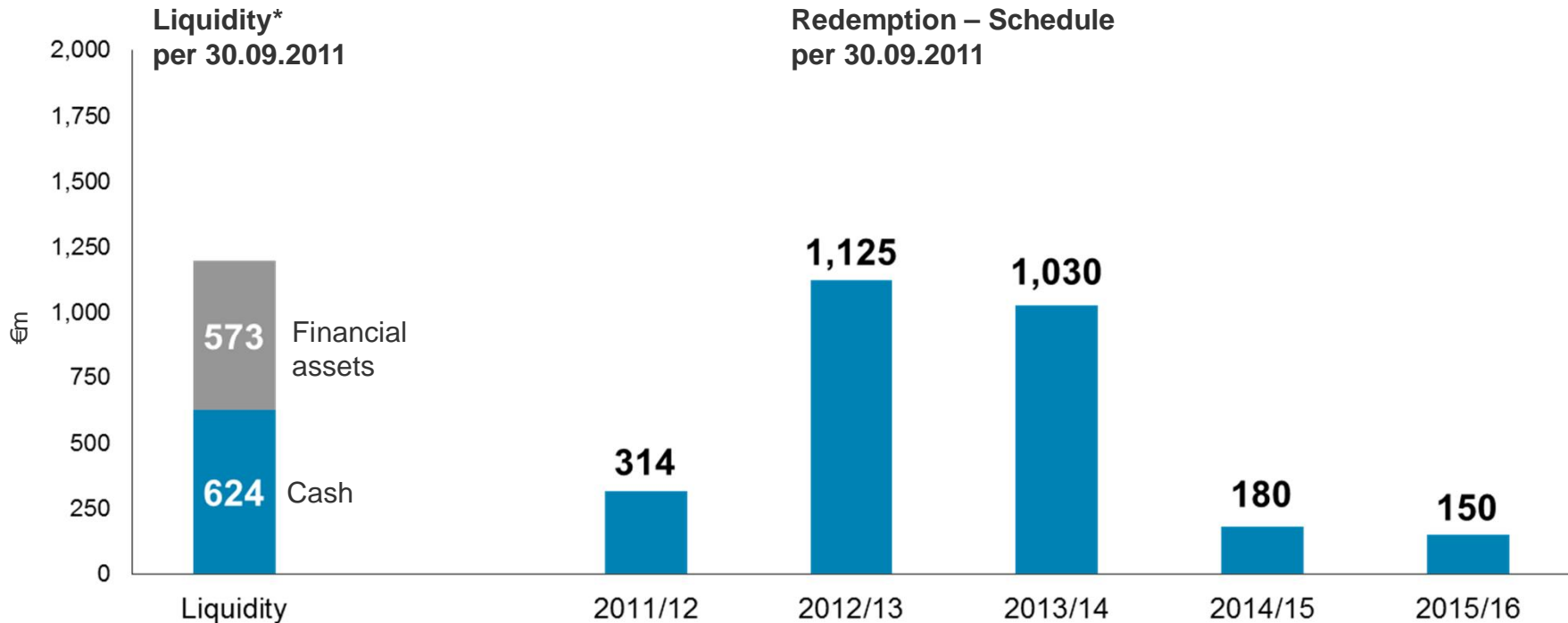
# voestalpine group

## Gearing ratio



# voestalpine group

## Development liquidity



**Comfortable liquidity position and balanced maturity profile**

\*) Not included: undrawn committed lines and other instruments

- Global macro uncertainty driving economic sentiment down
  - Unsolved problems: Public debt in EU and US, weakness in banking and financial markets
  - GDP-growth expectations generally reduced for rest of 2011 and across 2012
- Customers and end-consumers increasingly cautious
- Slowdown in order intake after summer expected to be prolonged
  - Nevertheless should some segments stay on sound levels – oil & gas industry, machine-building industry, (parts of) automotive industry, aircraft industry, railway infrastructure (outside Europe)
- Difficult second half of FY 2011/12 with lower earnings expected
- Full year expectation adapted accordingly to earnings slightly below last year's levels



## IR Contact

Reuters  
VOES.VI

Peter Fleischer

Head of Investor Relations

E-Mail [peter.fleischer@voestalpine.com](mailto:peter.fleischer@voestalpine.com)

Phone +43/50304/15-9949

Bloomberg  
VOE AV

Gerald Resch

Investor Relations Manager

E-Mail [gerald.resch@voestalpine.com](mailto:gerald.resch@voestalpine.com)

Phone +43/50304/15-3152