



# Financial Year 2007/08

## 1st Half

Investor Relations  
November 2007

# Leading market position – Record figures

## Steel



Top European player

## Special Steel



Worldwide leadership

## Railway Systems



Worldwide leadership

## Automotive



Top European player

## Profilform



European leadership

### Sales

### EBITDA

### EBIT

|                                |                 |               |               |
|--------------------------------|-----------------|---------------|---------------|
| 1Q 2007/08                     | 1,961 m€        | 408 m€        | 313 m€        |
| 2Q 2007/08 excl. ppa*          | 2,788 m€        | 543 m€        | 419 m€        |
| 1H 2007/08 excl. ppa*          | 4,749m€         | 951 m€        | 732 m€        |
| <b>ppa* Implications in Q2</b> | -               | - 46 m€       | - 120 m€      |
| <b>2Q 2007/08 incl. ppa*</b>   | <b>2,788 m€</b> | <b>497 m€</b> | <b>299 m€</b> |
| <b>1H 2007/08 incl. ppa*</b>   | <b>4,749 m€</b> | <b>905 m€</b> | <b>612 m€</b> |

\*) preliminary purchase price allocation

# Highlights

- Successful acquisition of Böhler-Uddeholm
  - 80.3% stake as of September 30, 2007
  - Integration well on track
  - 81 m€ Synergies defined – new target 100 m€
  
- Successful launch of € 1 bn hybrid bond
  
- Earnings on new record level – significant implications from purchase price allocation
  - Profits of all 5 divisions on record level

|                  |              |                         |
|------------------|--------------|-------------------------|
| ■ EBITDA-margin: | <b>19.1%</b> | <b>20.0% excl. ppa*</b> |
| ■ EBIT-margin:   | <b>12.9%</b> | <b>15.4% excl. ppa*</b> |
  
- Growth strategy & Portfolio optimization continued
  - €2 bn capex program Linz 2010 implemented
  - Acquisitions in Railway Systems and Profilform Division

\*) purchase price allocation



Division Steel



Division Railway Systems



Division Automotive

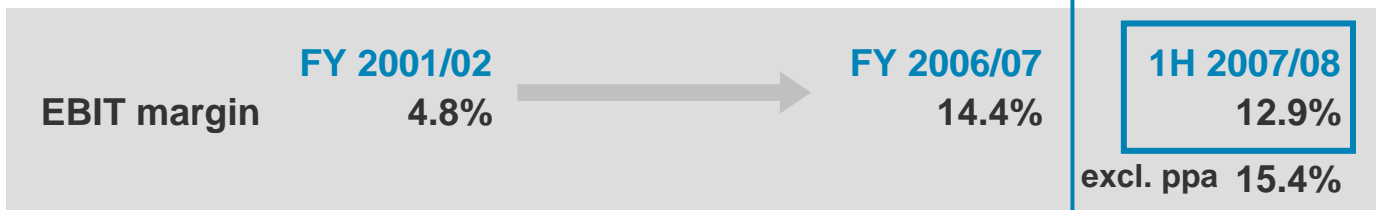
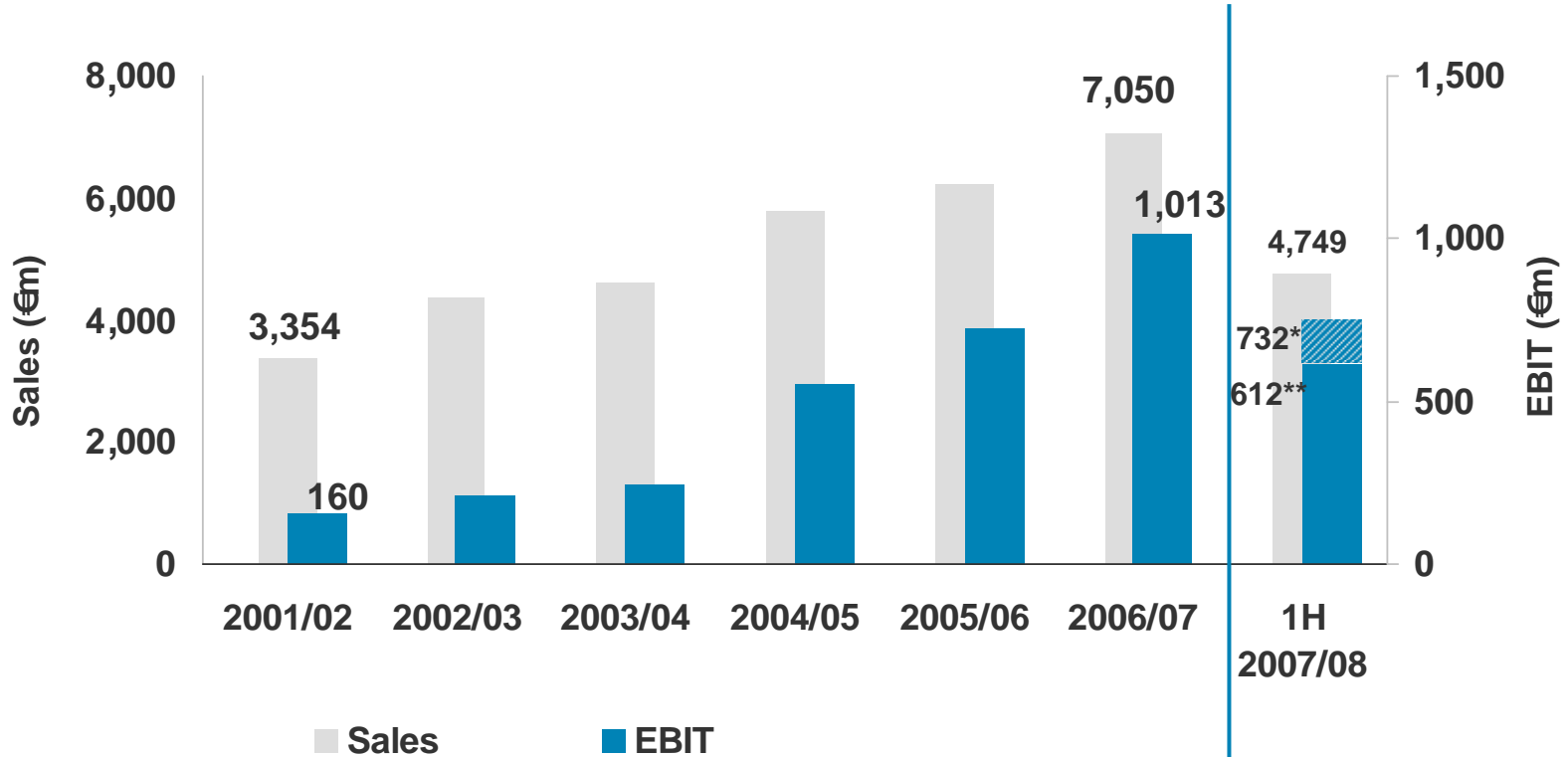


Division Profilform



Division Special Steel

# Growth track record



\*) excl. ppa Böhler-Uddeholm

\*\*\*) incl. ppa Böhler-Uddeholm

# Division Steel – business development 1st Half 07/08



- Favourable pricing environment in all business segments, solid high demand
  - Price increases realized
- Outstanding demand and price level in high quality heavy plate due to energy business boom
- “Linz 2010” capex program implemented (€2 bn 2002-2007)
  - New plants (Cold rolling mill 3, Hot dip galvanizing line 4 and Walking beam furnace) on stream
- “L6” capex program launched (€1 bn 2008-2010)
- New Steel Service Center in Poland in full operation, ground breaking in Romania in December

## Division Steel in figures

|                       | Sales<br>(€m) | EBIT<br>(€m) | EBIT<br>(%) |
|-----------------------|---------------|--------------|-------------|
| <b>1Q</b><br>FY 07/08 | 965           | 187          | 19.4        |
| <b>2Q</b><br>FY 07/08 | 949           | 182          | 19.2        |
| <b>1H</b><br>FY 07/08 | <b>1,914</b>  | <b>369</b>   | <b>19.3</b> |
| <b>1H</b><br>FY 06/07 | 1,775         | 244          | 13.8        |
| <b>yoy in %</b>       | <b>+7.9</b>   | <b>+51.2</b> |             |

# Division Special Steel – business development 1st Half 07/08



- Start of consolidation July 1<sup>st</sup> (3 months)
- Significant increase in sales and earnings
- Sustainable high demand and favourable pricing environment in all Böhler-Uddeholm business segments
  - No seasonal summer effects
  - Increased volumes in all business units
  - Currency exchange rates hedged
- Successful start ups of new production facilities
  - Rolling mill at Villares / Brazil, screw press in Kapfenberg
  - Further investment program for capacity extensions, especially forging and remelting facilities

**Division Special Steel in figures**

**Pre purchase price allocation**

|                       | Sales<br>(€m) | EBIT<br>(€m) | EBIT<br>(%) |
|-----------------------|---------------|--------------|-------------|
| <b>2Q</b><br>FY 07/08 | <b>908</b>    | <b>123</b>   | <b>13.5</b> |
| <b>2Q</b><br>FY 06/07 | 752           | 102          | 13.6        |
| <b>yoy in %</b>       | <b>+20.7</b>  | <b>+20.6</b> |             |

**According to published CQ3 figures of Böhler-Uddeholm**



# Division Special Steel – Implications from preliminary purchase price allocation (PPA)

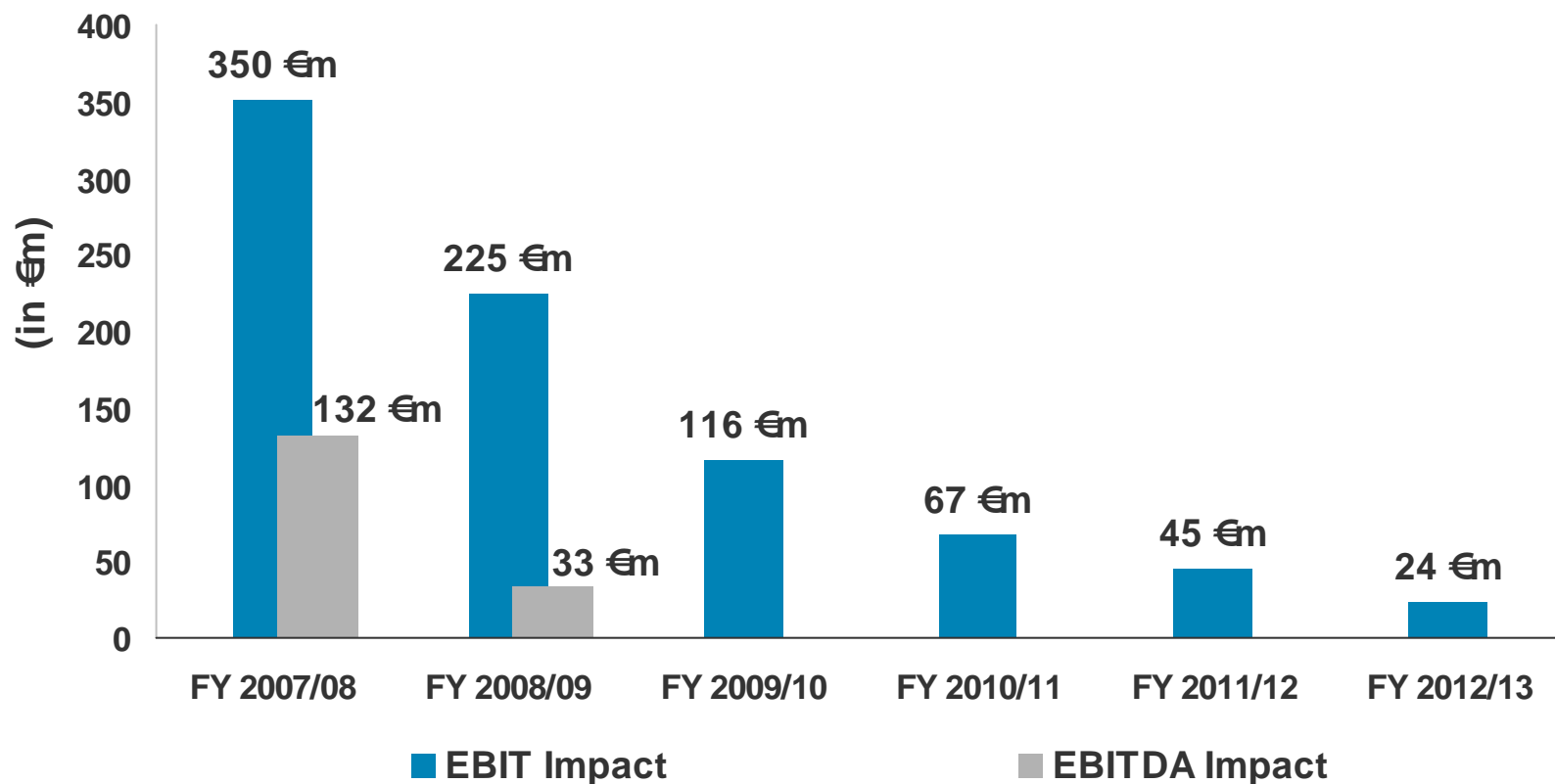


- PPA is an obligatory measure due to IFRS 3
- Reduction of goodwill and impairment risk on balance sheet
- Valuation of all assets and liabilities of Böhler-Uddeholm at fair value by independent expert
- Identified Assets: Inventories, order backlog, customer relations, technology, fixed assets, land, brands
- EBIT and EBITDA impact from depreciation and short term effects (inventories)
- Annual effects are decreasing rapidly over time
  - EBITDA impact only until 1Q 08/09

## Division Special Steel in figures

|                | Sales<br>(€m) | EBIT<br>(€m) | EBIT<br>(%) |
|----------------|---------------|--------------|-------------|
| 2Q<br>FY 07/08 | 908           | 123          | 13.5        |
| <b>ppa</b>     |               | <b>-120</b>  |             |
| 2Q<br>FY 07/08 | 908           | 3            | 0.3         |

# Preliminary Purchase Price Allocation yearly impact on EBIT and EBITDA going forward



(Short term effects from inventory step up)



# Division Railway Systems – business development 1st Half 07/08



## Rails and switches

- Strong demand in Europe and overseas markets
- Reduced order placing from Deutsche Bahn, booming other markets absorb volumes easily
- favourable pricing environment for rails in Europe

## Wire

- Still strong demand but prices slightly weaker

## Seamless tubes

- Calming phase after overheated market situation in OCTG business
- Still sound demand, particularly in Mid East region, but new production capacities lead to price reductions and battle for volumes
- Blast furnace relining executed according to schedules

### Division Railway Systems in figures

|                       | Sales<br>(€m) | EBIT<br>(€m) | EBIT<br>(%) |
|-----------------------|---------------|--------------|-------------|
| <b>1Q</b><br>FY 07/08 | 586           | 94           | 16.0        |
| <b>2Q</b><br>FY 07/08 | 544           | 83           | 15.4        |
| <b>1H</b><br>FY 07/08 | 1,129         | 177          | 15.7        |
| <b>1H</b><br>FY 06/07 | 1,015         | 152          | 15.0        |
| <b>yoy in %</b>       | <b>+11.2</b>  | <b>+16.6</b> |             |

# Division Automotive – business development 1st Half 07/08



## Body parts

- Improving market situation
- Positive development in spare parts business
- Cost cutting program in selected companies implemented (Mc Kinsey)

## Laser welded blanks

- Well performing, stable business

## Safety & Precision parts

- Solid demand, sound profitability
- Increase of OEM production in Europe (+6% YTD)
- Portfolio optimization and cost cutting programs intensified

### Division Automotive in figures

|                       | Sales<br>(€m) | EBIT<br>(€m) | EBIT<br>(%) |
|-----------------------|---------------|--------------|-------------|
| <b>1Q</b><br>FY 07/08 | 260           | 12           | 4.7         |
| <b>2Q</b><br>FY 07/08 | 244           | 13           | 5.0         |
| <b>1H</b><br>FY 07/08 | <b>504</b>    | <b>25</b>    | <b>4.9</b>  |
| <b>1H</b><br>FY 06/07 | 377           | 18           | 4.8         |
| <b>yoy in %</b>       | <b>+33.6</b>  | <b>+36.2</b> |             |

# Division Profilform – business development 1st Half 07/08



## Special sections

- Strong demand all over Europe driven by building-, commercial vehicle- & warehousing industry
- Recent acquisitions well on track
  - Growth strategy at voestalpine Arkada in Russia
- Latest acquisition Meicol market entry into South America
  - Consolidation as of January 2008 intended

## Storage systems

- Solid demand in Western Europe and North America
- Growing demand in Eastern Europe, particularly in Russia

### Division Profilform in figures

|                       | Sales<br>(€m) | EBIT<br>(€m) | EBIT<br>(%) |
|-----------------------|---------------|--------------|-------------|
| <b>1Q</b><br>FY 07/08 | 280           | 38           | 13,6        |
| <b>2Q</b><br>FY 07/08 | 274           | 39           | 14,4        |
| <b>1H</b><br>FY 07/08 | <b>554</b>    | <b>78</b>    | <b>14.0</b> |
| <b>1H</b><br>FY 06/07 | 430           | 61           | 14.1        |
| <b>yoy in %</b>       | <b>+28.9</b>  | <b>+28.1</b> |             |



# Financial overview

# Consolidated overview

|                     |    | 1H<br>2006/07 | 1H<br>2007/08 | YoY<br>in % | 1H***<br>2007/08<br>(excl. ppa) |
|---------------------|----|---------------|---------------|-------------|---------------------------------|
| <b>Sales</b>        | €m | 3,368         | 4,749         | 41.0 %      | 4,749                           |
| <b>EBITDA</b>       | €m | 617           | 905           | 46.5 %      | 951                             |
| <b>% of Sales</b>   | %  | 18.3          | 19.1          |             | 20.0                            |
| <b>EBIT</b>         | €m | 447           | 612           | 37.1 %      | 732                             |
| <b>% of Sales</b>   | %  | 13.3          | 12.9          |             | 15.4                            |
| <b>EBT</b>          | €m | 428           | 556           | 29.9 %      | 676                             |
| <b>Net Profit</b>   | €m | 323           | 434           | 34.6 %      | 521                             |
| <b>EPS**</b>        | €  | 2.0           | 2.7           |             | 3.3                             |
| <b>Investments*</b> | €m | 258           | 3,319         |             | 3,319                           |
| <b>Depreciation</b> | €m | 171           | 292           | 71.2 %      | 219                             |
| <b>Tax Rate</b>     | %  | 24.6          | 21.9          |             | 23.0                            |

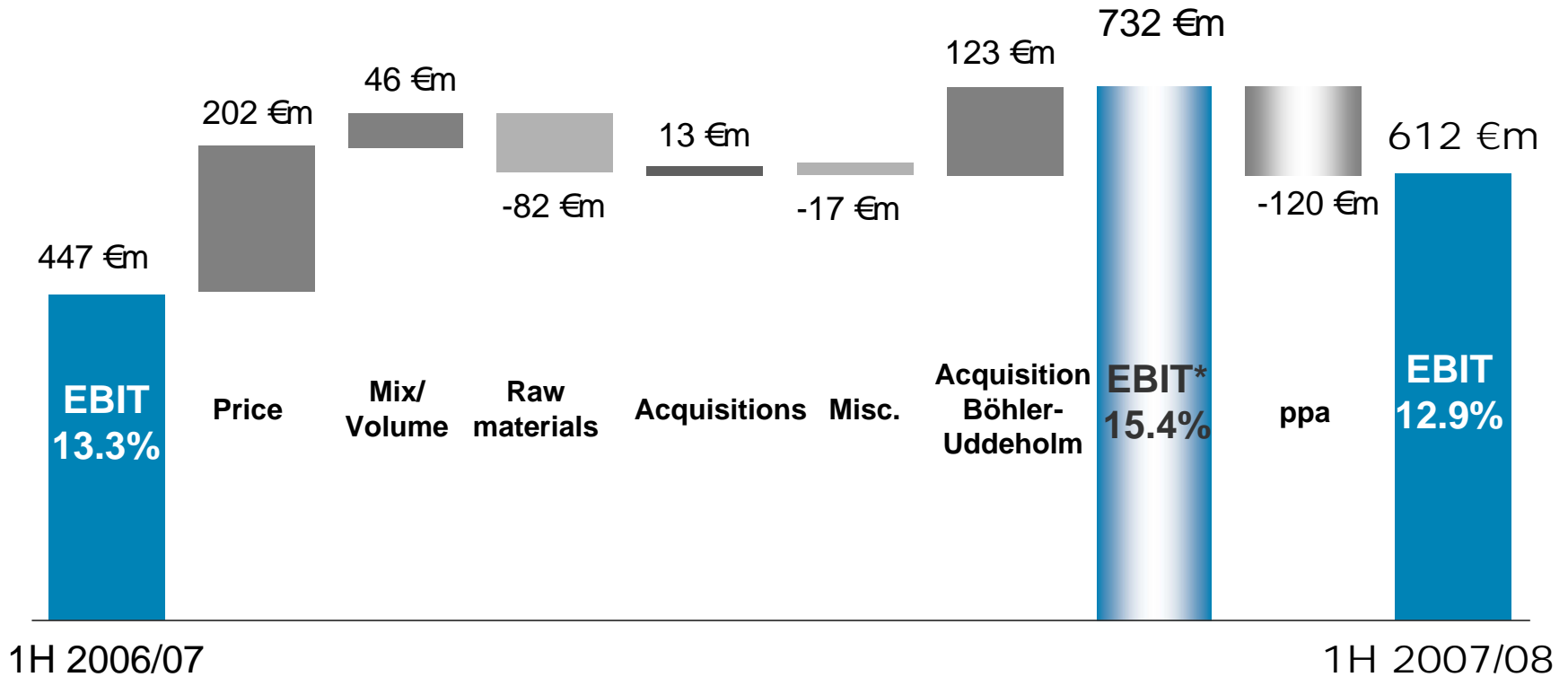
\* Fixed assets and acquisitions

\*\* Undiluted EPS, based on average number of shares FY 2007/08

\*\*\* pro forma figures

# EBIT Development

## 1H 2007/08 vs 1H 2006/07



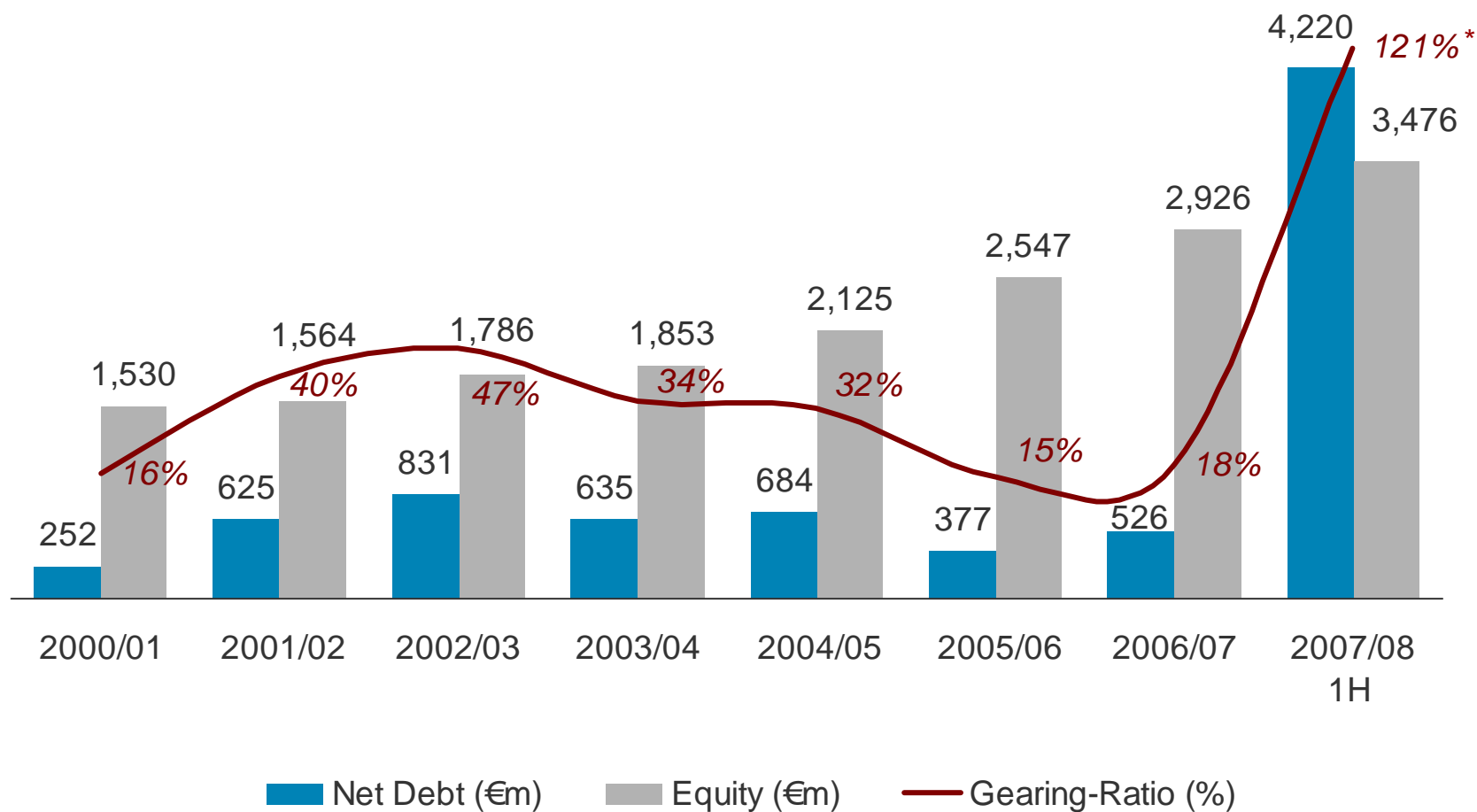
\*) pro forma figures excl. ppa

# Cash flow 1H 2007/08 vs 1H 2006/07

|  |    | 1H 2006/07 | 1H 2007/08    |
|--|----|------------|---------------|
| <b>Cash flow from result</b>               | €m | 509        | <b>724</b>    |
| <b>Changes in working capital</b>          | €m | -87        | <b>-77</b>    |
| <b>Cash flow from operating activities</b> | €m | 422        | <b>647</b>    |
| <b>Cash flow from investing activities</b> | €m | -266       | <b>-3,428</b> |
| <b>Free Cash flow</b>                      | €m | 156        | <b>-2,781</b> |



# Gearing ratio



\*) €1 bn hybrid bond (equity) not included (valuta October 31, 2007)

# Summary voestalpine hybrid bond

- € 1 bn hybrid bond successfully launched October 2007
- Largest hybrid transaction of an unrated company globally
- 100% equity on voestalpine balance sheet

|                                       |   |
|---------------------------------------|---|
| <b>Coupon</b>                         | Years 1–7: 7.125 % p.a. fixed,<br>thereafter: 3M Euribor+ 5.05 % p.a. (250bp step-up) |
| <b>Maturity / Optional Redemption</b> | Perpetual note (Call at year 7)   |
| <b>Use of proceeds</b>                | Financing of acquisition of Böhler-Uddeholm   |
| <b>Optional interest deferral</b>     | Yes, with “dividend pusher” (cash cumulative)   |
| <b>Change of control clause</b>       | Yes, coupon step-up by 500bp and issuer call right                                    |
| <b>Listing</b>                        | Vienna  |

# voestalpine Group Outlook (FY 2007/08)

- Business environment in general less favourable in 2H – increasing uncertainty
- Still solid overall demand
  - Seamless tubes capacities globally increasing
  - Boom in high quality heavy plate
  - Steel inventories above average after summer
- Steel prices stable on high level
  - Short term prices slightly weaker
  - Long term prices higher
- No significant changes of pricing environment in the processing divisions
- Further increase of raw material cost driven by iron ore and coal
- Sound business outlook
  - Sales – all time high in all divisions expected
  - EBIT – new record figures in Steel, Special Steel, Profilform and Automotive Divisions
  - Railway Systems Division slightly below FY 2006/07 (due to planned relining of core assets)

**voestalpine Group: Sales and EBIT on new all time high level expected\***

\*) Böhler-Uddeholm EBIT – contribution will be neutralized by purchase price allocation

# voestalpine

ONE STEP AHEAD.

Reuters  
VOES.VI

Bloomberg  
VOE AV

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