Media Information

5/31/2011

In the wake of financial crisis—voestalpine achieves second-highest sales figures in history:

Annual Report 2010/11: annual profit triples to around €600 m

- **Net sales heading towards pre-crisis level – increase of 28% to almost 11 billion EUR**
- **All divisions report double digit increases in income – full utilisation of capacities**
- **Net Profit more than triple to 595 million EUR – EBIT 985 million**
- **Position as margin leader in Europe strengthened further – 9% EBIT margin**
- **Gearing below 60% for the first time after the Böhler-Uddeholm acquisition**
- **Permanent staff back up to over 40,000 employees worldwide**
- **Production facilities with record output of 7.7 million tonnes of raw steel**
- **Ten percent increase in capacity in Linz strengthens growth prospects for 2011–2012**
- **4th quarter bringing back double digit EBIT margin (10.8%) for first time after crisis**

The voestalpine Group achieved significant growth in sales and profits in 2010/11 compared to the previous financial year, generating the second-highest sales figures in the company's history. This positive development was the result of consistently strengthening economic dynamics over the course of the year and almost 100% use of all production capacity in the group, and was also boosted by the effects of ongoing efficiency improvements and cost optimisation programs implemented across the entire company.

Net sales heading towards pre-crisis level – increase of 28% to almost 11 billion € [1,2]

voestalpine's sales revenues increased by 2,403.7 million EUR or 28.1% to 10,953.7 million EUR compared to the respective period in the previous business year, the second-highest figure in the company's history – only bettered by 2008/09 (11,725 million EUR).

[1] According to IFRS, all values based on Purchase Price Allocation (PPA).

[2] As of 1st April 2010, a new organisational structure became effective at the voestalpine Group. The business areas *Precision Strip* and *Welding Consumables*, which were previously part of the Special Steel Division, were transferred to the Profilform and Railway Systems Divisions. For better comparability, the divisional figures for the previous year (quarter) were adjusted correspondingly, although the Group figures remain unchanged.

With an increase of 1,076.3 million EUR (+ 34.7%) to 4,175.0 million EUR, the Steel Division showed the most significant overall growth – due to both an increase in volumes and higher prices.

With regards to sales, the Special Steel Division grew the most in relative terms, with a rise of 735,9 million EUR or 38.8% from 1,895.4 million EUR to 2,631.3 million EUR, a sharp upturn also due to the fact that the losses caused by the crisis in the previous year had been particularly severe. In both Steel Divisions, the increase in sales has resulted from a broad rise in demand from almost all main customer sectors.

Increasing demand from the solar energy, bus and commercial vehicle construction sectors and agricultural machines in particular resulted in an increase in sales in the Profilform Division by 268 million EUR or 30.8% to 1,139.3 million EUR.

The high level of demand from emerging economies, in particular for vehicles in the premium segment, and a further rise in demand for commercial vehicles gave rise to sales of 1,040.1 million EUR in the Automotive Division, an increase of 24.5% or 204,7 million EUR. The division was therefore able to exceed the 1 billion EUR mark for the first time since it was founded in 2001.

Good resistance to the crisis and a stable level of sales in comparison to previous years, supported growth in the Railway Systems Division of 18.6% respectively 427,5 million to 2,723.3 million EUR.

All divisions report double digit increases in income – full utilisation of capacities

The development of the individual income categories clearly reflects the improved economic situation and is even more notable than the sales trend. As a result of an increase in turnover of 28.1%, revenue before interest, taxes, depreciation amortisation (EBITDA) rose by 59.9% compared to the 2009/10 financial year, to 1,605.6 million EUR, which is equivalent to an EBITDA margin increase from 11.7% to 14.7%.

With the largest increase in income from an absolute and relative point of view - of 315% to 388 million EUR - the Special Steel Division more than quadrupled its EBITDA compared to last year.

EBITDA in the Profilform Division (+ 92.2% to 159.5 million EUR), Automotive (+ 64.1% to 121.1 million EUR) and Steel (+ 40.6% to 595.1 million EUR) also improved significantly. In contrast to the other divisions and because of the already high level of the previous year, the Railway Systems Division increased by "only" 14.9%, with the EBITDA nevertheless rising significantly from 367.7 million EUR to 422.4 million EUR in this division.

The full utilisation of practically all of the company's production capacities, along with the consistent strategy aimed at product-, quality-, cost- and technology-leadership, once again enabled the company to take a clear lead with its margins when compared to the European peers..

EBIT almost triples to 985 million EUR – annual profit of around 600 million EUR

With an operating result (EBIT) of 984.8 million EUR, voestalpine AG improved its operating result by 180% in comparison to the previous year and more than doubled its EBIT margin from 4.1% to 9.0%.

The earnings before tax (EBT) increased to 781.0 million EUR in the 2010/11 business year due to considerably increased operating results compared to last year. The earnings after tax (annual profit)[3] amounted to 594.6 million EUR, taking a tax rate of 23.9% into account, and is therefore 218.3% higher than last year's value.

The earnings per share (EPS) for the 2010/11 financial year therefore amounted to 3.04 EUR (previous year: 0.65 EUR). The proposal to the Annual General Meeting regarding the dividend will be 0.80 EUR (+60%) following 0.50 EUR in the previous financial year.

Net debt below 60% for the first time since the Böhler-Uddeholm acquisition

Due to the good results and the capex being significantly below amortisation level, it was possible to reduce net financial liabilities by 10.7% compared to 31st March 2010, from 3,037.3 million EUR to 2,713.1 million EUR. At the end of the financial year, voestalpine's net financial debt as a percentage of equity (gearing ration) is therefore 57.8%, compared to 71.3% as of 31st March 2010.

[3] Before non-controlling shares and hybrid capital interest

Permanent staff back up to over 40,000 employees worldwide

As of 31st March 2011, the voestalpine Group employed 40,700 permanent members of staff (not including apprentices and temporary staff) worldwide, which equates to an increase of 1,294 employees or 3.3% compared to the previous year. The number of temporary staff increased by 36.7% to 4,036 across the company. On March 31st 2011 1,330 apprentices were being trained at voestalpine premises around the world.

21,760 permanent members of staff (53.5%) are based at locations outside of Austria, while 18,940 members of staff work in Austrian companies. The total number of employees as of 31st March 2011 was 2,446 persons or 5.2% below the figure at the end of September 2008, right before the start of the global economic crisis. However, different tendencies are evident in each division. The total number of employees in the Railway Systems and Automotive Divisions has already returned to pre-crisis levels, whereas the other divisions show still lower figures.

Steel production facilities with a record output of 7.7 million tonnes of crude steel

The economic upturn of the 2010/11 business year was also reflected in the clear acceleration of the crude steel production. The production volume of 7.72 million tonnes achieved in the 2010/11 business year was 27.2% higher than the previous year's output and is a new production record for the voestalpine Group.

Overall outlook for current business year

Not only voestalpine but also other sectors of the global industry have recovered surprisingly quickly from the effects of the 2008 and 2009 crisis and are returning to the solid development evident before the crisis more quickly than expected.

However, risks representing a permanent potential threat to a sustainable upswing still remain: These include debt problems in various EU countries and particularly in the US, ongoing weakness in the financial markets and banks and the risk of further bubbles in individual sectors and regions.

Overall, however, the positive aspects overrule these issues. Considering this background in the main economic regions, continued positive economic development is expected during the second half of 2011. China, India and the Asian region are likely to continue their disproportionately rapid growth, along with Brazil and other individual countries in South and Central America.

In Europe, it can be assumed that the solid development of demand in the core European countries and Scandinavia will continue and that the recent noticeable upward trend in Central and Eastern Europe (including Russia) is ongoing. In contrast, no noteworthy recovery is anticipated in the south and far west of Europe in 2011.

With regards to individual sectors, the overall scenario for 2011 is a very solid one. A high level of demand is expected in particular in the automobile and commercial vehicle industries, machine construction, consumer goods industry and the energy sector (conventional and alternative). Finally, demand in the aviation industry is also likely to increase.

Against this overall positive economic background, it has already become clear that capacities will be fully utilised for most of the new financial year in all divisions of voestalpine AG, at a price level which will at least remain stable.

Ten percent increase in capacity in Linz strengthens growth prospects for 2011/12

Despite the foreseeable full utilisation of the current capacity, we see potential growth based not just on prices but also volumes during 2011/12: In autumn 2011, the Steel Division will increase its capacity over the entire value-added chain by around 10% to approximately 6 million tonnes per annum, and some further increase in volume in the Special Steel Division should also be possible.

The further implementation of efficiency increases and cost optimisation programmes initiated in 2009 will have an additional positive effect. Despite some planning uncertainties resulting from short-term fluctuations of raw material prices, another significant improvement of voestalpine's results should be possible in 2011/12.

voestalpine Group

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

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.

The voestalpine Group generated revenues of EUR 10,95 billion in the business year 2010/11 and employs around 46,000 staff throughout the world.

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