Letter to Shareholders
1st – 3rd Quarter 2012/13

ONE STEP AHEAD.

voestalpine Group Key Figures

Q 1 – Q 3 2011/12 vs. Q 1 – Q 3 2012/13

In millions of euros	**Q 1 – Q 3 2011/12** 04/01–12/31/2011	**Q 1 – Q 3 2012/13** 04/01–12/31/2012	Change in %
Revenue	8,877.2	8,652.5	–2.5
EBITDA	1,118.0	1,051.7	–5.9
EBITDA margin	12.6%	12.2%	
EBIT	676.4	615.1	–9.1
EBIT margin	7.6%	7.1%	
Profit before tax (EBT)	533.8	473.7	–11.3
Profit for the period[1]	411.4	369.5	–10.2
EPS – Earnings per share (euros)	2.09	1.83	–12.4
Investments in tangible and intangible assets and interests	353.8	498.4	40.9
Depreciation	441.5	436.6	–1.1
Capital employed	8,456.9	8,200.5	–3.0
Equity	4,873.9	5,041.5	3.4
Net financial debt	2,989.4	2,508.5	–16.1
Net financial debt in % of equity (gearing)	61.3%	49.8%	
Employees (full-time equivalent)	45,144	44,696	–1.0

[1] Before deduction of non-controlling interests and interest on hybrid capital.

Ladies and Gentlemen:

It was a long road for the voestalpine Group to transform itself from a typical steel company to a technology and industrial goods group. The first steps were taken 15 years ago by beginning to specialize in sophisticated steels and steel products. We shifted away from mass-produced goods and commodities, the production of which did not have a future in the long term in an economic region such as Europe, where overall costs are less and less competitive, population is shrinking, and the social and political arenas are taking an increasingly critical stance toward industry.

Then, more than ten years ago within the scope of the strategy process 2001/02, came the final break with the goals of the steel industry: the departure from the steel industry's propensity of thinking in terms of tons and the Group's clear focus on high-tech products in the most advanced industry segments. For product decisions of the future, it was not the volume but the margin that was deemed to be the crucial factor. A new organizational structure was implemented for the Group: the two traditional divisions (steel) "Flat Products" and (steel) "Long Products" were replaced by the Railway Systems, Profilform, Automotive, and Steel Divisions—with the latter being just one of four divisions. The Group's focus shifted quickly toward the customers and products targeted by the new divisions. With a host of acquisitions, the largest of which was the acquisition of BÖHLER-UDDEHOLM in 2007, the transformation of the company to a technology and industrial goods group became irrevocable reality.

In the consistent continuation of this strategy, the decision was made during the business year 2012/13, which is nearing its end, to again significantly expand the Group's structure to encompass the Metal Engineering, Metal Forming, Special Steel, and Steel Divisions and to orient the Group even more consistently toward the megatrends of the future during the next ten years with products that are largely at the end of a very long value chain in order to enable a continuation of value-adding growth even in challenging times.

Even today, only around 30% of our Group's revenue is generated by classic steel products, but they are the best available in this industry and we need them as a foundation upon which to build and maintain our top position in the industrial goods sector. Even more than in the past, this is where the focus of our strategic direction will be in the next ten years. Mobility and energy are the key segments of our strategy—not only in Europe but worldwide.

More information about the strategy of the voestalpine Group will be provided in our Annual Report that will be published on June 5, 2013.

Linz, February 7, 2013

The Management Board

Wolfgang Eder | Herbert Eibensteiner | Franz Kainersdorfer | Robert Ottel | Franz Rotter

Highlights

- Macroeconomic environment marked by negative development throughout the course of the year.
- Toward the end of the year, economic stabilization at a low level in the wake of measures to reduce debt in Europe and the USA as well as a recovery trend in China.
- Subdued demand in the most important industry segments (construction and construction supply industries, automobile industry, energy sector); stable, positive development only in aerospace sector and railway infrastructure.
- In December, long-term Group strategy of continued value-added growth until 2020 resolved; revenue target EUR 20 billion.
- Despite continuing difficult economic environment, ongoing solid performance in all business segments of the Group; almost full utilization of capacity in all major production facilities.
- In a year-to-year comparison, largely stable revenue performance: currently EUR 8,652.5 million compared to EUR 8,877.2 million in the first nine months of the previous year (decrease of 2.5%).
- Results decline slightly due to overall difficult economic trend: operating result (EBITDA) dropped by 5.9% to EUR 1,051.7 million from EUR 1,118.0 million in the previous year, profit from operations (EBIT) at EUR 615.1 million, 9.1% below previous year's figure (EUR 676.4 million), and net income (profit for the period) at EUR 369.5 million, 10.2% weaker than in the previous year (EUR 411.4 million).
- Compared to the beginning of the business year (EUR 4,836.3 million), equity as of December 31, 2012 rose by 4.2% to EUR 5,041.5 million; during the same period, net financial debt was reduced by 3.0% from EUR 2,585.7 million to EUR 2,508.5 million due to very positive cash flow development.
- Therefore, gearing ratio (net financial debt in percent of equity) fell by 3.7 percentage points from 53.5% at the beginning of the business year (March 31, 2012) to currently 49.8% (December 31, 2012).
- Number of employees (full-time equivalent) declined since the beginning of the business year (46,473 FTE) due to the economic situation by 3.8% to 44,696 FTE as of December 31, 2012.

Interim Management Report

Market environment

The first nine months of the business year 2012/13 were characterized by an overall economic situation that was challenging both in Europe and in overseas markets, and the situation became even more dire in some industrial segments in the fall of 2012. Especially in the European automobile industry, the situation was affected by lower sales figures toward the end of the calendar year. Viewed globally, the energy sector emerged as increasingly inconsistent. While energy exploration demonstrated continuing high momentum, both pipeline construction and the energy engineering industry (power plant construction) were increasingly characterized by weak demand.

The mechanical engineering sector was at a solid level throughout the first three quarters of 2012/13, while the construction industry continued to suffer from a weak market and prospects for an improvement in the short term are bleak.

With the exception of the automobile industry, developments in Europe in those customer industries that are less dependent on the investment cycles of industry and/or the public sector but depend rather on the buying behavior of end consumers were more positive and comparatively stable. This applies particularly to the white goods and consumer goods segments, which recently even showed indications of a revival. Industries that depend on these sectors indirectly, such as storage technology, were also able to profit from the buying behavior of private households.

After trending down significantly in the course of the year, the European automobile industry began to stabilize toward the end of the calendar year 2012 at a low level.

The aerospace market continued to show satisfactory growth as did the railway infrastructure market, especially overseas.

Viewed regionally, Europe is still clearly the most important market for the voestalpine Group, although the future development of the Group that is focused on overseas growth markets will gradually reduce this dependence. As far as economic policy is concerned, the most important event for Europe in the business year 2012/13 thus far was the clear statement made by ECB head Mario Draghi regarding the European common currency; in two short sentences, he declared the "euro crisis" to be over. Since then, the media are "only" concerned with the sovereign debt crisis; the euro itself is no longer being viewed as in danger of collapse. The capital markets reacted very positively to this statement, although the spark has not yet ignited the real economy. Southern Europe is still not showing any signs of recovery and the economy there has remained at a weak level. After a brief period of recovery in early 2012, Western, Northern, and Central Europe was also affected by a downward economic trend. In particular Germany, previously the economic engine, slowed significantly in some areas of the economy.

In North America, the US economy is facing similar challenges as Europe with the difference that the intervals between the temporary fixes to avoid the "fiscal cliff" are becoming shorter and shorter without ever getting closer to a permanent solution. Across broad stretches of the business year 2012/13, the real economy in the USA demonstrated positive momentum and it was only the impending debt ceiling toward the end of the calendar year that brought renewed uncertainty into the markets.

In 2012, South America fell short of the momentum exhibited in previous years. Brazil, the most important economic region in South America for the voestalpine Group, was plagued by economic uncertainties and falling demand in most customer industries.

In China, the most important emerging market, the last quarter of 2012 brought a long-planned, orderly transfer of power; in the run-up to the changeover, the country was dominated by a latent uncertainty and economic restraint, especially in business investments. In the meantime, the Chinese economy has once again returned to a positive trend. Overall, however, in a global comparison, the economies in Asia remained at a satisfactory level in the fall of 2012.

Business performance of the voestalpine Group

In this challenging economic environment, the voestalpine Group has been able to keep revenue largely constant in the business year 2012/13 thus far; operating results, however, have declined, albeit only moderately. Because profit for the period was markedly positive and free cash flow performed solidly, equity was further increased and net debt reduced. This made it possible to reduce the gearing ratio even more to under 50%.

In the first nine months of the current business year, the Group's revenue came to EUR 8,652.5 million; in a year-to-year comparison (EUR 8,877.2 million), this is a moderate decline of 2.5%. Looking at the individual divisions, however, a differentiated picture emerges. Due to its broad business portfolio, parts of which are less sensitive to economic trends, the Metal Engineering Division was able to increase its revenue slightly by 0.5% from EUR 2,228.5 million to EUR 2,239.2 million, while the other divisions faced declines in revenue of 4% to 5%.

A downward trend that began after the summer months, i.e., in the third quarter of the business year, affected all the divisions equally and was the reason for the mostly weaker performance compared to the previous year. This trend was evident in all of the major market segments of the voestalpine Group and resulted in declining sales volumes and/or revenues.

The operating result (EBITDA) for the first three quarters of the current business year again surpassed the billion mark, however, at EUR 1,051.7 million it was 5.9% below the previous year's figure of EUR 1,118.0 million. This resulted in an EBITDA margin of 12.2%, compared to 12.6% in the previous year.

Profit from operations (EBIT) followed a mostly analogous course with a drop of 9.1% in a year-to-year comparison to EUR 615.1 million (previous year: EUR 676.4 million). In relation to revenue, this results in a margin of 7.1% compared to 7.6% in the previous year.

While the Steel Division reported an operating result (EBITDA) that was stable compared to the same period in the previous year and the Metal Engineering Division recorded only a marginal decrease, the declines of 11.5% in the Special Steel Division and 10.8% in the Metal Forming Division were more substantial. Like the revenue decline, this trend was the result of the economic situation in the third quarter of the business year that failed to generate a noticeable recovery after the summer quarter that had been weaker due to seasonal effects.

When comparing the last quarter to the immediately preceding quarter, the progressive decline of the figures becomes evident. The Group's revenue fell by 5.6% from EUR 2,882.2 million in the second quarter to EUR 2,719.9 million in the past quarter, with the performance of all four divisions being about equally affected. As far as profitability is concerned, the comparatively moderate decline in revenue from one quarter to the next translated into a reduction of the operating result (EBITDA) by 9.3% and a decrease in profit from operations (EBIT) by 17.0%. While the Metal Engineering Division made substantial gains compared to the immediately preceding quarter (EBITDA +9.5%, EBIT +10.9%), the Steel Division especially suffered declines of the operating result (EBITDA) by 22.2% and of profit from operations (EBIT) by 41.5% in comparison to the summer quarter. The reasons for this trend can be found in the previously mentioned weakening of the economic environment on one hand and, on the other, in an unusually strong second quarter that saw falling raw material prices, while revenues still remained at a stable level.

The Special Steel Division and the Metal Forming Division also faced declines in all reporting categories in the third quarter compared to the immediately preceding quarter. While in the Special Steel Division it was the generally more challenging macroeconomic environment that depressed sales, the Metal Forming Division primarily had to contend with the consequences of the downward trend in the European automobile industry.

Both financial and tax result remained largely stable and the profit before tax and profit for the period figures developed analogously to profit from operations, falling compared to the first three quarters of the previous year by 11.3% (profit before tax: EUR 473.7 million as of December 31, 2012) and 10.2% (profit for the period: EUR 369.5 million as of December 31, 2012).
Equity went up as of December 31, 2012 to EUR 5,041.5 million, an increase of 3.4%, compared to the previous year (EUR 4,873.9 million as of December 31, 2011) and by 4.2% compared to the beginning of the business year 2012/13 (EUR 4,836.3 million as of March 31, 2012).

At EUR 2,508.5 million as of December 31, 2012, net financial debt was lowered over the twelve-month period by 16.1% (EUR 2,989.4 million as of December 31, 2011) and by 3.0% compared to the beginning of the business year 2012/13 (EUR 2,585.7 million as of March 31, 2012).
Thus, the gearing ratio (net financial debt in percent of equity) dropped to 49.8%. This corresponds to a reduction by 3.7 percentage points compared to the beginning of the business year (53.5% as of March 31, 2012) and by 11.5 percentage points in a year-to-year comparison (61.3% as of December 31, 2011).

Comparison of the quarterly and nine-month figures of the voestalpine Group

In millions of euros				Q 1 – Q 3		
	Q 1 2012/13 04/01–06/30/2012	Q 2 2012/13 07/01–09/30/2012	Q 3 2012/13 10/01–12/31/2012	2012/13 04/01–12/31/2012	2011/12 04/01–12/31/2011	Change in %
Revenue	3,050.6	2,882.2	2,719.7	8,652.5	8,877.2	–2.5
EBITDA	375.0	354.8	321.9	1,051.7	1,118.0	–5.9
EBITDA margin	12.3%	12.3%	11.8%	12.2%	12.6%	
EBIT	230.7	210.0	174.4	615.1	676.4	–9.1
EBIT margin	7.6%	7.3%	6.4%	7.1%	7.6%	
Employees (full-time equivalent)	46,075	46,115	44,696	44,696	45,144	–1.0

Steel Division

In millions of euros	Q1 2012/13 04/01–06/30/2012	Q2 2012/13 07/01–09/30/2012	Q3 2012/13 10/01–12/31/2012	Q1–Q3 2012/13 04/01–12/31/2012	Q1–Q3 2011/12 04/01–12/31/2011	Change in %
Revenue	999.8	979.8	926.4	2,906.0	3,011.6	–3.5
EBITDA	108.7	129.6	100.8	339.1	340.2	–0.3
EBITDA margin	10.9%	13.2%	10.9%	11.7%	11.3%	
EBIT	52.2	72.7	42.5	167.4	171.0	–2.1
EBIT margin	5.2%	7.4%	4.6%	5.8%	5.7%	
Employees (full-time equivalent)	10,459	10,591	10,414	10,414	10,408	0.1

Market environment and business development

The general market conditions for the European steel industry have been difficult since the fall of 2011 and they deteriorated even further after the summer months of 2012, reaching a low point around mid-November. Toward the end of the 2012 calendar year, there was a slight uptick in demand on the spot market due to inventory cycle effects with some isolated price increases, although visibility continues to be low. Due to the long-term contracts that dominate in the Steel Division, there will be a time lag before price increases take effect in the voestalpine Group.
The market environment in the last quarters was strongly affected by the ore prices, which have been characterized by a hitherto unprecedented short-term volatility that has increasingly resulted in erratic order patterns on the part of customers. Orders coming from the European automobile industry, the division's most important customer sector, did stabilize to some degree in the second half of the year. Overall, the market briefly became more dynamic in the spring of 2012, but it quickly lost its momentum in the course of the business year 2012/13. This applies not only to the automobile and automotive supply industries, but especially to the energy sector as well. Delays in major linepipe projects, both in Europe and overseas, resulted in a decline of order volumes in the heavy plate segment. The alternative energy segment also experienced continued weak demand. The European, particularly the German, mechanical engineering industry, however, performed solidly throughout the entire 2012 calendar year, albeit incoming orders, especially in the second half of the year, were characterized by significant volatility. In the past months, the tubes and sections industries tended to exhibit a lateral movement, while demand in the white goods, consumer goods, and electrical industries revived somewhat.
Due to its longstanding customer relationships on one hand and its focus on high-quality products on the other, the Steel Division still was able to continue to utilize 100% of its capacity during the first three quarters of the current business year despite the market environment that continued to be challenging overall.

Development of the key figures

Despite higher delivery volumes, in the first nine months of the business year 2012/13, the Steel Division's revenue decreased compared to the first three quarters of the previous year by 3.5% from EUR 3,011.6 million to EUR 2,906.0 million. The primary reason for the decline was the fact that—due to the drop in raw materials costs that was, in some cases, significant—the level of prices fell, especially in the third calendar quarter of

2012. At EUR 340.2 million, the operating result (EBITDA) is identical as in the previous year (EUR 339.1 million), whereby the individual quarters show a more stable earnings level than in the previous year, a result of an even faster adjustment of internal processes to changed market conditions. In a market environment that was difficult overall, the Steel Division was able to raise the EBITDA margin from 11.3% to 11.7%. Even though the profit from operations (EBIT) in the first three quarters of the current business year dropped slightly compared to the previous year, going from EUR 171.0 million to EUR 167.4 million, the EBIT margin went up slightly from 5.7% to 5.8%.
In a comparison with the immediately preceding quarter, revenue fell from EUR 979.8 million in the second quarter of 2012/13 to EUR 926.4 million in the third quarter of 2012/13, i.e., by 5.5%. Diminished delivery volumes due to seasonal fluctuations and a regressive level of prices in the quarterly contracts, together with a delayed effect of lower raw materials costs, resulted in a drop in EBITDA in the third quarter by 22.2% from EUR 129.6 million to EUR 100.8 million. At EUR 42.5 million, profit from operations (EBIT) was 41.5% lower than in the previous quarter (EUR 72.7 million) due primarily to seasonal effects. As a result, the EBIT margin for the third quarter was 4.6%, compared to 7.4% in the preceding quarter.
As of December 31, 2012, the Steel Division had 10,414 employees (FTE), almost precisely the same figure as in the previous year (10,408 employees).

Special Steel Division

In millions of euros	Q 1 2012/13 04/01–06/30/2012	Q 2 2012/13 07/01–09/30/2012	Q 3 2012/13 10/01–12/31/2012	Q 1 – Q 3 2012/13 04/01–12/31/2012	Q 1 – Q 3 2011/12 04/01–12/31/2011	Change in %
Revenue	735.7	686.4	642.7	2,064.8	2,165.6	–4.7
EBITDA	104.9	90.6	79.7	275.2	311.1	–11.5
EBITDA margin	14.3%	13.2%	12.4%	13.3%	14.4%	
EBIT	68.8	54.2	43.8	166.8	196.8	–15.2
EBIT margin	9.3%	7.9%	6.8%	8.1%	9.1%	
Employees (full-time equivalent)	12,348	12,322	12,144	12,144	12,060	0.7

Market environment and business development

In the third quarter of 2012/13, the core markets of the Special Steel Division also showed strong signs of cooling off. While demand from the energy engineering segment has already been modest for several quarters and no recovery is on the horizon, in the course of the business year thus far, demand from the automobile, mechanical engineering, and consumer goods industries also fell somewhat. Demand from the commercial vehicle industry has also gone down considerably since the beginning of the business year, and this made it necessary in the last few months to make capacity adjustments at the production site in Wetzlar, Germany.

On the other hand, the aerospace industry and the oil and gas exploration sectors have demonstrated a stable performance at a satisfactory level so that demand for special steels has remained quite robust in the business year thus far.

In the tool steel and special engineering steel segments, the overall weak economy and the accelerated reduction of inventory by customers had a negative effect on the business performance. Generally speaking, customers' order patterns are becoming increasingly cautious and characterized by short-term decision-making.

The Special Forgings business segment has shown a stable performance at a good level, due primarily to continuing solid demand from the aviation industry.

Viewed from a regional level, the picture is quite varied. The situation has been trending downward in the major European export markets since the summer of 2012. Particularly in Germany, the division's most important market, consumer reticence has most recently increased in a number of industrial sectors. While the political wrangling in the USA surrounding the "fiscal cliff" has temporarily quieted down, the overall economic situation is still not showing a clear upwards trend. Additionally, growth momentum in the markets of the threshold countries has been slowing down significantly. For example, declining automobile production, generally falling consumer spending, and delays in the oil and gas industry's major projects are typical for the current trend in Brazil. In Asia, especially in China, the economic environment is still more robust overall, however, growth slowed considerably in the course of 2012.

Development of the key figures

Similarly to the Steel Division, the Special Steel Division also experienced declining revenues in the first nine months of 2012/13 compared to the same period of the previous year. Compared to the Steel Division, however, prices actually rose somewhat due to a change in the product mix but were unable to fully compensate the 10% decrease in delivery volumes. Revenue fell by 4.7% from EUR 2,165.6 million to EUR 2,064.8 million, with the operating result (EBITDA) dropping by 11.5% compared to the previous year's figure. While it was still at EUR 311.1 million (EBITDA margin 14.4%) in the first three quarters of 2011/12, in the period under review it was at EUR 275.2 million (EBITDA margin 13.3%). Accordingly, profit from operations (EBIT) showed a similar trend, declining by 15.2% from EUR 196.8 million to EUR 166.8 million. This corresponds to an EBIT margin of 8.1% (previous year: 9.1%).

Compared to the immediately preceding quarter, the picture is similar. While the Special Steel Division was able to raise prices slightly in the last quarter, production and delivery volumes were around 10% below the figure in the immediately preceding quarter, in part due to seasonal fluctuations. Thus, revenue fell by 6.4% from EUR 686.4 million to EUR 642.7 million. The decline of the operating result was somewhat more substantial. In the third quarter, the division reported an operating result (EBITDA) of EUR 79.7 million; this corresponds to a drop of 12.0% compared to the figure in the immediately preceding quarter (EUR 90.6 million). This results in an EBITDA margin of 12.4% compared to 13.2% in the immediately preceding quarter. In the third quarter of 2012/13, profit from operations (EBIT) was EUR 43.8 million, a decrease of 19.2% compared to the immediately preceding quarter (EUR 54.2 million), with the EBIT margin going down from 7.9% to 6.8%.

As of December 31, 2012, the Special Steel Division had 12,144 employees (FTE); in comparison to the figure on the reporting date in the previous year (12,060 employees), this corresponds to a slight increase of 0.7%.

Metal Engineering Division

In millions of euros				Q 1 – Q 3		
	Q 1 2012/13 04/01– 06/30/2012	Q 2 2012/13 07/01– 09/30/2012	Q 3 2012/13 10/01– 12/31/2012	2012/13 04/01– 12/31/2012	2011/12 04/01– 12/31/2011	Change in %
Revenue	805.6	740.3	693.3	2,239.2	2,228.5	0.5
EBITDA	111.4	95.0	104.0	310.4	320.1	–3.0
EBITDA margin	13.8%	12.8%	15.0%	13.9%	14.4%	
EBIT	83.8	67.2	74.5	225.5	235.2	–4.1
EBIT margin	10.4%	9.1%	10.7%	10.1%	10.6%	
Employees (full-time equivalent)	11,291	11,426	11,137	11,137	11,080	0.5

Market environment and business development

The global nature of its business and its diversified portfolio that contains customer segments that are comparatively independent of the economic situation were the most significant factors for the continued positive development of the Metal Engineering Division.

In the Rail Technology business segment, the somewhat decreased investment activity in European railway infrastructure was compensated by exports to countries with a wealth of raw materials and to countries with high-speed projects, such as Russia, South Africa, Australia, and Brazil. The heat-treated, premium rails that are manufactured at the Donawitz site continue to be successfully utilized for heavy, high-speed, and mixed traffic. On the other hand, production of standard grades at the Duisburg site has been facing intensive competition for some time due to serious overcapacities in this segment overall. Therefore, as previously announced, operations will be discontinued toward the end of the 2013 calendar year.

The division's worldwide presence in the Turnout Technology business segment has sustained its stable performance and compensated the downward trend in some parts of Europe. Viewed regionally, demand in Southern Europe was at a minimum, and activities in Germany also declined, due primarily to a decrease in export sales. Demand in North America and Brazil continues to be high and business with countries in the Middle East is developing satisfactorily. More projects were contracted in China in the 2012 calendar year, albeit shifting somewhat from high-speed tracks to mass transit.

Demand in the Wire business segment was affected by the weakened European automobile industry and reduction of inventory levels by customers as they await lower prices. Toward the end of the third quarter of 2012/13, however, the situation stabilized.

Although exploration in North America, an important market for the Seamless Tube business segment, has been decreasing, business performance for this segment has remained at a high level. Due to the division's strengths in product development and ability to move to other markets, such as Russia, the MENA region, or Australia, it was able to compensate for the decline in North America. Furthermore, the fact that the division is less dependent than the competition on standard industrial tubes, which are more vulnerable to the performance of the economy, aided its solid performance.

In the first three quarters of 2012/13, the Welding Consumables business segment was characterized by a rather cautious market environment in

Europe. Demand in North America is in significantly better shape. In Asia, particularly in China, the economic environment remained subdued due to the sluggish progress of power plant projects. Nevertheless, business performance was satisfactory in this segment as well.

Development of the key figures

The Metal Engineering Division was the only division that was able to increase its revenue in the first nine months of 2012/13 compared to the previous year. This is primarily the result of an expansion of business in the railway infrastructure customer segment. The overall price level, however, trended slightly downward. Overall, revenue increased marginally compared to the previous year by 0.5% from EUR 2,228.5 million to EUR 2,239.2 million. In the first three quarters of 2012/13, the operating result (EBITDA) was only slightly below that of the previous year and therefore very satisfactory; at EUR 310.4 million (EBITDA margin 13.9%), it was 3.0% below the previous year's figure of EUR 320.1 million (EBITDA margin 14.4%). Profit from operations (EBIT) fell by 4.1% to EUR 225.5 million (previous year EUR 235.2 million). This means that the EBIT margin of 10.1% is still in the double digits (10.6% in the business year 2011/12).

An uneven picture emerges in the quarterly comparison. While it was not possible in the quarter under review to match the high delivery volumes of rails in the preceding quarter and sales of wire lagged due to the economic situation, delivery volumes of seamless tubes went up substantially. In the third quarter of 2012/13, the average prices across all product groups—with the exception of seamless tubes—were below the prices recorded in the second quarter, and prematerial costs were also lower. As a result, revenue declined by 6.3% from EUR 740.3 million to EUR 693.3 million. The operating result (EBITDA), on the other hand, rose by 9.5% from EUR 95.0 million to EUR 104.0 million, thus also raising the EBITDA margin from 12.8% to 15.0%. Profit from operations (EBIT) increased by a similar range (10.9%), going from EUR 67.2 million to EUR 74.5 million. Therefore, the EBIT margin in the third quarter of 2012/13 was 10.7% (second quarter: 9.1%).

As of December 31, 2012, the Metal Engineering Division had 11,137 employees (FTE). In comparison to December 31, 2011 (11,080 employees), this was an increase of 0.5% or 57 employees.

Metal Forming Division

In millions of euros				Q 1 – Q 3		
	Q 1 2012/13 04/01–06/30/2012	Q 2 2012/13 07/01–09/30/2012	Q 3 2012/13 10/01–12/31/2012	2012/13 04/01–12/31/2012	2011/12 04/01–12/31/2011	Change in %
Revenue	611.1	567.0	548.2	1,726.3	1,813.5	–4.8
EBITDA	68.5	57.7	54.4	180.6	202.5	–10.8
EBITDA margin	11.2%	10.2%	9.9%	10.5%	11.2%	
EBIT	46.1	35.4	32.4	113.9	134.0	–15.0
EBIT margin	7.5%	6.2%	5.9%	6.6%	7.4%	
Employees (full-time equivalent)	11,272	11,068	10,283	10,283	10,912	–5.8

Market environment and business development

During the first three quarters of the business year 2012/13, the economic environment of the Metal Forming Division was marked by a level of demand that was increasingly strained in the major customer segments. Particularly in the second half of the 2012 calendar year, incoming orders remained below expectations.

In the third quarter of 2012/13, the Automotive Body Parts business segment saw lower production volumes due to seasonal effects (Christmas closures of customer plants) and furthermore, the market, particularly the market for premium class automobiles, deteriorated. In the volume segment, however, there was a stabilization at a low level during the past few months. In any case, the declining sales figures for the automobile industry in Europe that are being predicted for the next several years confirm the strategy of the Metal Forming Division to guide customers in their internationalization process in order to reduce dependence on the stagnating European market.

In the course of the business year 2012/13, the Tubes & Sections business segment faced a downward trend in the construction machinery segment, which was in part caused by seasonal fluctuations, while the agricultural machinery segment performed consistently at a positive level. A differentiated view is necessary when looking at the commercial vehicle industry. While manufacturers with a regional focus are suffering from the low level of investment in Europe, export-oriented companies are profiting from the higher rates of economic growth in the threshold countries. The focus of the Metal Forming Division toward export-oriented companies has contributed to an overall satisfactory performance in this industrial sector.

In the Precision Strip business segment, a differentiated picture emerges at the customer end. While demand from the capital goods sector has come under some pressure, sales figures for the consumer goods industry are stable at a positive level.

Satisfactory incoming orders in the Material Handling business segment resulted primarily from consumer-oriented industries, where orders of high-bay storage systems by the food and beverage industries, the clothing industry, and the mail-order retail industry dominated.

From a regional perspective, demand from Europe was mostly quite moderate. This applies particularly to Southern Europe and most recently to France as well. Consumer behavior in England, on the other hand, was significantly more positive. Overseas, business development in North America is at quite a good level; the Brazilian market, however, was characterized by economic uncertainty.

Development of the key figures

In the first nine months of the business year 2012/13, the Metal Forming Division's revenue fell by 4.8% from EUR 1,813.5 million in the previous year to EUR 1,726.3 million, a result of the fact that in the course of the year, the market environment has weakened. Accordingly, the operating result (EBITDA) fell by 10.8% compared to the previous business year, going from EUR 202.5 million to EUR 180.6 million. The EBITDA margin declined from 11.2% to 10.5%. Profit from operations (EBIT) dropped by 15.0% from EUR 134.0 million (with a margin of 7.4%) to EUR 113.9 million (with a margin of 6.6%).

Compared to the immediately preceding quarter, revenue went down due primarily to declining production volumes because of seasonal effects—particularly in the Tubes & Sections business segment—by 3.3% from EUR 567.0 million in the second quarter to EUR 548.2 million in the third quarter of 2012/13. The operating result (EBITDA) dipped by 5.7% from EUR 57.7 million to EUR 54.4 million, while the EBITDA margin slipped from 10.2% to 9.9%. Profit from operations (EBIT) decreased by 8.5% from EUR 35.4 million to EUR 32.4 million, while the EBIT margin dropped slightly from 6.2% to 5.9%.

As of the end of the third quarter of 2012/13, the Metal Forming Division had 10,283 employees (FTE), which equals a decline of around 6% compared to the same reporting date in the business year 2011/12 (10,912 employees).

Antitrust proceedings relative to railway superstructure material

In the antitrust proceedings relative to railway superstructure material, in early July 2012, the German Federal Cartel Office (Bundeskartellamt) imposed fines totaling EUR 124.5 million on four manufacturers and suppliers of rails for having entered into anti-competitive agreements to the detriment of Deutsche Bahn AG. EUR 8.5 million of these fines were levied against companies belonging to the voestalpine Group. This result confirms voestalpine's status of cooperating witness for the major part of the proceedings and the comparatively small fine concerns marginal segments only. Therefore, the antitrust proceedings involving for the most part Deutsche Bahn have now been resolved. At a later date, the German Federal Cartel Office will examine the deliveries of railway superstructure material to regional and local customers. From today's perspective, it is still too early to estimate when a final decision regarding these additional issues can be expected. The provision created for the antitrust proceedings and associated actions and costs as well as for the closure of TSTG Schienen Technik GmbH & Co KG in the annual financial statements 2011/12 in the amount of EUR 205.0 million was reduced essentially by the amount of the fine of EUR 8.5 million. The remaining provisions are still considered to be appropriate.

Closure of TSTG Schienen Technik GmbH & Co KG

After the decision in March 2012 to close the rail production of TSTG Schienen Technik GmbH & Co KG in Duisburg, on February 4, 2013, the negotiations to reach a reconciliation of interests that had been in progress with the Works Council since that point in time were declared to have failed. Now the statutory steps will be taken and the arbitration committee called upon to take over negotiations. Irrespective of this development, a parallel process of discussions regarding a social plan will be held. The final closure will take place toward the end of the 2013 calendar year, depends on the execution of still remaining orders (regarding provisions formed for the closure, please see the chapter "Antitrust proceedings relative to railway superstructure material.").

Business transactions with associated companies or parties

Information regarding business transactions with associated companies and parties is available in the Notes.

Investments

After a phase of consolidation in the wake of the major BÖHLER-UDDEHOLM acquisition and the 2008/09 financial crisis, the Group's investment activities were again significantly increased during the first three quarters of the business year 2012/13. The stepped up investments affected all four divisions, with the Metal Engineering Division reporting the largest boost percentage-wise due to the long-planned major blast furnace repair. Overall, during the first nine months of 2012/13, investments in the voestalpine Group rose by 40.9% compared to the previous year, going from EUR 353.8 million to EUR 498.4 million.

In the Steel Division, investment expenditure in the first three quarters of 2012/13 went up by more than a third in comparison to the previous year, going from EUR 140.4 million to EUR 188.3 million. In addition to a number of investments that concentrated on replacements and retrofitting, the focus was on the last projects of the "L6" investment program. After the on-schedule commissioning of the $DeNO_X$ system at the sintering band in late 2012, "L6" will be finalized in the coming business year with the completion of continuous annealing line 2 that is focused on electrical steel strip (investment volume EUR 150 million).
The investment program "Linz 2020," which is replacing the "L6" project, does not comprise another increase in volume at the Linz site; in-

stead, it is concentrating on ensuring the Group's technology and quality leadership and working on an improvement of the product mix. Furthermore, in addition to major repairs on all three blast furnaces scheduled for the next several years, "Linz 2020" sets forth comprehensive measures intended to further optimize cost-effectiveness, including in the raw material supply segment. A project from this program that is already being implemented is the new construction of the roll stand in the heavy plate segment that is utilized primarily in the development of new product qualities; completion is slated for the business year 2014/15.

The Special Steel Division invested a total of EUR 91.9 million in the first nine months of 2012/13, 44.7% more than in the previous year (EUR 63.5 million). One of the most important investments in the production area during the business year thus far was the expansion of capacity for the production of powder-metallurgical steels at the site in Kapfenberg/Austria. Another focus is currently the development of a new concept for the steel plant in Wetzlar/Germany; within the scope of a four-year program, the plant will be designed so as to achieve greater productivity and quality, be environmentally friendly, and ensure occupational safety. Additionally, ongoing investments are being carried out in the sales companies, primarily expansions and additions in the areas of preprocessing and processing, not only in order to extend the value chain but to improve the effectiveness of their customer service across the board.

In the course of the business year thus far, the Metal Engineering Division has spent EUR 123.0 million on investments, almost double the previous year's figure of EUR 67.0 million. The focus was on the major repair of the blast furnace (relining) at the site in Donawitz/Austria. By producing billets and blooms in advance, it was possible to ensure that downstream operations would be sufficiently supplied even while the blast furnace was being relined. The work took three months and the reconditioned blast furnace resumed operation in early October. In the Wire business segment, construction of a production facility for ultra-high-tensile fine wire was continued at CPA Filament GmbH; voestalpine had acquired a majority stake in this company around eight months ago (see also the chapter "Acquisitions").

The increase in investment expenditure by the Metal Forming Division of 17.3% to EUR 89.3 million is proportionally the lowest figure of all the four divisions, however, it began at a level of expenditure that was already very high (EUR 76.1 million in the previous year). In mid-November 2012, a groundbreaking ceremony was held in Cartersville, Georgia/USA for the construction of a plant that will produce automobile components. Production is slated to begin in the first half of the business year 2013/14. As part of voestalpine's globalization strategy, similar investments are being implemented concurrently in China and South Africa as well.
China is also the site of a new production hall and machine park for the production of special sections; the contract for their construction was awarded in the third quarter of the current business year. In the Precision Strip business segment, the new rolling and strip processing center in Kematen/Austria has almost been completed.

Acquisitions

In the first quarter of the business year 2012/13, there was an acquisition of moderate size by the Metal Engineering Division, which, however, was strategically important. voestalpine Austria Draht GmbH expanded its activities in wire processing by acquiring 54% of CPA Filament GmbH from the Austrian Steinklauber Group. A new facility for the production of ultra-high-tensile fine wire (up to 0.08 mm) was erected jointly with our partner.

Further expansion is planned in stages for the next several years. Both partners are contributing their special expertise to the collaboration: voestalpine has extensive materials technology expertise, experience in metallurgical technology, and can take advantage of synergy benefits from the proximity of its own steel plant in Donawitz and broad-based collaboration opportunities within the Group. The expertise of the Steinklauber Group as a plant manufacturer and technology leader is in the production of high-tensile fine wire and cord. By the time all expansion plans have been completed, the new company is expected to generate a revenue of about EUR 70 to 80 million.

In the third quarter of 2012/13, the Special Steel Division took over Sturdell Industries Inc. through Böhler-Uddeholm Canada Ltd., thus expanding its service activities in the segment of mechanical processing of mold steel in Canada and the Northeast of the USA. These pre-processing activities in the tool steel segment, particularly sawing, milling, grinding, and drilling, and the high level of service orientation of Sturdell Industries, will enable the Special Steel Division to expand its market position in North America in this segment. This acquisition is aligned exactly with the voestalpine Group's long-term strategy directed toward an ongoing extension of the value chain. The scope of this acquisition included two sites, which are both in the proximity of existing Special Steel Division sales offices; this makes it possible to leverage market synergies and optimize the cost structure. Most recently, Sturdell Industries generated annual revenues of EUR 19 million and reported a positive operating result.

Employees

As of December 31, 2012, the voestalpine Group had 44,696 employees (full-time equivalent or FTE). Compared to the previous year's reporting date, this corresponds to a slight decrease of 1.0% or 448 employees (FTE); compared to the beginning of the business year (46,473), this is a decline of 3.8% or 1,777 employees.
2,993 employees (FTE) were employed as temporary staff as of the end of the third quarter of 2012/13; compared to the beginning of the business year, this corresponds to a minus of 1,312 employees (FTE) or 30.5%. As of the reporting date December 31, 2012, 1,594 apprentices are being trained in the voestalpine Group, almost the same figure as in the previous year (1,603).

Research and development

One of the main research focal points in the voestalpine Group is the further development of innovative steel grades and material qualities, which are used primarily in automotive engineering in order to achieve a lower weight that will enable improved fuel economy on one hand and the development of alternative drive concepts on the other.
Once the ALIVE (Advanced High Volume Affordable Lightweighting for Future Electric Vehicles) project of the Green Car Initiative, which was submitted under the Seventh Framework Program of the European Union, was approved, it was possible to sign the relevant agreement in early 2013 to get the project underway. A consortium consisting of 23 partners—major automobile manufacturers, important automotive suppliers, scientific partners as well as voestalpine as the sole materials company—has set itself the goal to develop an extremely lightweight electric vehicle that is suitable to volume production that uses multimaterial construction techniques.
In accordance with the specific requirements of lightweight automotive construction, our production of tailored profiles has succeeded in manufacturing special sections for the automotive engineering segment that are optimally adapted to the respective operating conditions. In this process, different steel grades and plate thicknesses are laser-welded together, dimensionally accurate recesses are pre-punched, and the components are then roll-formed. These tailored profiles enable the most advantageous material utilization while, at the same time, making a maximum weight reduction possible. They are already being used as longitudinal chassis beams on buses.
Among manufacturers of hybrid and electric vehicles, there is an increasing demand for high-strength electrical steel strip with very good magnetic properties that enable higher rotational

frequencies without the centrifugal forces causing the rotor to fail. Due to new concepts in the production of engines, the resulting savings in material enable the engine to be operated more efficiently than in the past. This prevents a failure of the rotors due to the greater diameter of the rotors and high centrifugal forces not only in vehicle construction but also in the use of large generators, for example, for pumped storage hydro power plants. After undertaking small-scale test series on simulators and a subsequent large-scale test on production facilities, the first sample deliveries to customers have already been carried out.

Flexible pipes for corrosion-resistant high-pressure pipelines are being used both offshore and onshore in the oil and natural gas exploration segment as well as for the transport of water and gases.
These flexible pipes consist of several metal layers that are wound from high-quality flat and shaped wire, which can withstand high tensile and high pressure loads and must customarily also be sour gas resistant. A new generation of this wire provides a significant improvement of sour gas resistance; additionally, its cold-forming capabilities were optimized.
The Special Steel Division has developed a new material, the Böhler MC90 INTERMET, that is optimally suited for cutting materials that are difficult to process, such as titanium alloys, stainless steel, or nickel alloys. It is an ideal alternative to cemented carbides, which had been previously used. The MC90 INTERMET is manufactured in a powder-metallurgical process and its thermal properties are superior to the traditional high-speed steel grades, resulting in a far longer service life for the tool.

Environment

Once again, the topic of CO_2 certificates is the focal point of the environment agenda. In accordance with the EU Emissions Trading Directive (EU-Emissionshandelsrichtlinie) and the Austrian Emissions Certificate Act (Emissionszertifikategesetz), the allocation of free emission certificates takes place on February 28 of each year. Therefore, the annual allocation 2013 will take place no later than February 28, 2013. This procedure will repeat itself until 2020 (third trading period 2013 to 2020). The draft of the allocation allowances, the Austrian NIM list (National Implementation Measures) was already published nationally on March 5, 2012 and delivered to the EU Commission. Other member states, however, did not submit their documentation until later so that the review of these lists is still ongoing. As the cross-sectoral correction factor (CSCF) used to reconcile the allocations with the EU-wide cap can be defined by the EU Commission only after all of the analyses have been completed, the NIM lists and the individual allocation allowances can also be finalized only after the review of all EU-wide data has been completed. Therefore, no statements can yet be made at this time regarding the concrete CO_2 cost burden during the next several years.

"Roadmaps 2050" set forth by the European Union represent the central element of the overall EU strategy for the development of a low-carbon economy. These roadmaps are, in particular, aiming for a reduction of CO_2 emissions within the EU by 80% to 95% by 2050, measured against the level in 1990. It is planned to achieve this primarily by moving to CO_2-free production of electricity, drastically improving energy and resource efficiency, and a radical overhaul of infrastructure and transport fleets. In order to discuss the contribution to be made by the material-producing industry, the Commission has called upon the individual industrial sectors to develop sectoral roadmaps. In 2012, the European steel association EUROFER began work on its own roadmap for the steel industry, which will show the importance of the material steel for European society as well as its contribution to climate protection.
In this context, it basically seems to be more sensible to chart a path toward the achievement of the EU's climate goals not by way of the current practice of pricing and/or penalizing CO_2, but to pursue a political course that enables a technology-oriented climate policy for the material-

producing industry after 2020. This kind of policy would regulate the industry as far as emissions are concerned by way of technology-related emission levels, support the development of technology and investment, make the needed raw materials and energy sources available, and spur the use of recyclable materials as well as recycling-friendly construction in all areas of life.

The new version of the Industrial Emissions Directive (IED) 2010/75/EU became effective in early 2011; it replaced the IPPC Guideline (Integrated Pollution Prevention and Control Directive). This is a regulation that guarantees a Europe-wide standardization of threshold values for industrial facilities and measures for certain industrial activities. They are currently being implemented in national law as well as in individual laws and regulations governing resources and issues subject to specification requirements (Materienrechte), such as the Austrian Waste Management Act (Abfallwirtschaftsgesetz, AWG), Trade and Commercial Regulations (Gewerbeordnung, GewO), and the Austrian Water Rights Act (Wasserrechtsgesetz, WRG). In the voestalpine Group, the relevant plants and facilities are currently being reviewed with regard to any need for adjustments in order to be able to plan and realize implementation of the necessary measures and modifications under these European regulations in a timely manner. The voestalpine Group is actively involved in the ongoing implementation process in order to ensure the eco-efficient implementation of the Industrial Emissions Directive (IED) at the national level.

Outlook

After a year and a half of negative economic impacts—interrupted only by a brief alleviation of the situation in early 2012—an increasing number of experts are voicing the opinion that an economic trend reversal is on the horizon. While the fourth quarter of 2012 was still dominated by cautious anticipation, most recently, there have been optimistic comments, particularly from the political arena and economic think tanks, regarding China's economic recovery and progress in overcoming the European debt crisis. It remains a fact, however, that the sustainability of both the uptrend in China and the beginning of an easing of the European debt dilemma can only be assessed in the further course of the year. Furthermore, it should not be overlooked that substantial growth impulses cannot be expected from other important economic regions, such as India and South America, and—even more importantly—the "fiscal cliff" problem in the USA has still not been permanently solved.

Against this backdrop, a real step in the direction of a global improvement of the economic situation seems to be quite improbable prior to the second half of 2013. In the short term, however, individual industry segments could see an uptick in demand as a result of inventory cycle effects.

In the most important customer industries, a largely cautious development of demand is being expected for the next several months, although from a regional perspective, considerable differences can occur. The construction and construction supply industries in Europe and in the USA will continue to suffer from the effects of budget restrictions that have been confronting the public sector, while state funding programs initiated by the new Chinese government can be expected to fuel an economic upswing. The situation of the automobile industry is similar, where expectations for Europe have been scaled back substantially; China and the USA should, however, continue to remain cyclically robust in this sector in 2013. In the energy sector, a revival of project activity in the oil and gas sectors worldwide appears to be forthcoming in the course of the year, although other conventional energy segments will probably perform only at an unexceptional level. The same applies to the alternative energy sector that is still languishing due to the reduction of subsidies in a number of countries. In the consumer and white goods industries, as well as in the electrical industry, there should be a pick-up in the course of 2013. The relatively solid performance in the mechanical engineering and aerospace segments is expected to continue. The same applies to the railway infrastructure sector, which is important for the voestalpine Group, where weaknesses in

Europe are being compensated by the continuing good performance in all other parts of the world. In light of this uneven performance and differing expectations in the individual industries and regions, it seems to still be too early to speak of a beginning recovery of the global economy. However, there are numerous indications that the broad-based economic downtrend that we experienced in the last quarters has come to a stop as of the turn of the year 2012/13.

For the voestalpine Group, expectations for the last quarter of the business year are similar to what we saw in the immediately preceding quarter, whereby both quarters are traditionally affected by significant seasonal effects. The situation in the individual four divisions is as follows:

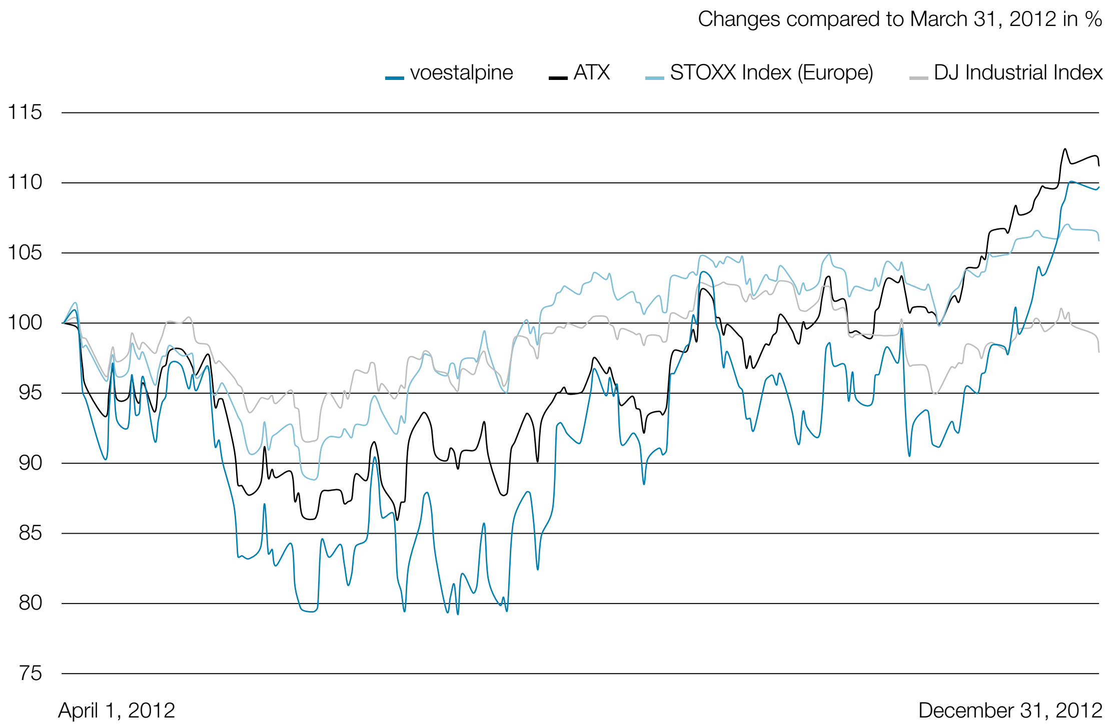
- **Metal Engineering Division:** Continuing very good performance and a solid level of demand, full capacity utilization, and a largely stable price level in all business segments
- **Metal Forming Division:** Since the summer of 2012, demand and prices have been under increasing pressure; nevertheless, good capacity utilization in both the Tubes and Sections and Automotive Body Parts business segments
- **Special Steel Division:** A somewhat weaker level of demand, especially from the EU countries, however a largely stable price level in both the Tool Steel and Special Forgings business segments
- **Steel Division:** Full capacity utilization in the crude steel and strip products segments; at the same time, rising raw materials prices and continuing price pressure in Europe

The current performance of the voestalpine Group compared to the competition confirms very clearly yet again how right our fundamental strategic policy of the past ten years has been. With the strategy of guiding the Group away from being a "classic" steel company to becoming a specialized technology and industrial goods group with a long value chain and sophisticated niche products differentiates the Group—particularly in difficult economic times—from the competition by its relatively stable profitability that continues to be at a attractive level.

Despite the fact that the economic environment continues to be challenging, from today's perspective, the Management Board is still anticipating the results for the business year 2012/13 that were predicted in the letter to shareholders for the second quarter, i.e., an operating result (EBITDA) in the range of EUR 1.4 billion and profit from operations (EBIT) of around EUR 800 million, although the conditions for achieving these target figures have become significantly more adverse in recent months.

Investor relations

voestalpine AG vs. the ATX and international indices



Price development of the voestalpine share

In the first nine months of the business year 2012/13, the trend on the European capital markets continued to be closely associated with the sovereign debt crisis and the global economic expectations. Especially in the first third of the business year, substantial uncertainty became noticeable on the part of investors who, as a result, tended to avoid cyclical sectors. The (moderate) revision of the earnings outlook for the current business year shortly prior to the publication of the half-yearly results affected the share price only briefly. Due to the Group's operating results for the second quarter of 2012/13, which were above the expectations of the analysts, and an increasingly positive mood of the capital market, within just a few weeks, the voestalpine share subsequently rose by more than 20%.

Over the entire period from April 1, 2012 to December 31, 2012, both the price of the voest-

alpine AG share and the ATX, the leading index of the Vienna Stock Exchange, went up by about 10%. During the same time period, the performance of the Stoxx Index Europe, the index of the most important European shares, was slightly weaker, while the U.S. Dow Jones Industrial Index performed significantly worse. As of the end of December 2012, the share price of voestalpine AG was EUR 27.66, just slightly lower than the highest price during the period under review (EUR 27.76).
Around 20 analysts report regularly about the performance of the voestalpine Group. Their current recommendations are largely positive, with none of them giving a sell recommendation.

Capital increase by 2% for the purpose of continued expansion of the employee shareholding scheme

On September 12, 2012, the Management Board of voestalpine AG resolved to exercise its authorization to increase the Company's share capital pursuant to Section 4 (2) of the Articles of Incorporation and increase the share capital of voestalpine AG by around 2% by issuing 3,400,000 new, no-par value bearer shares. The issue price per no-par value share was fixed at EUR 23.51. The issue price corresponds to the average closing price of the voestalpine share on the stock exchange during the last ten trading days immediately preceding the resolution by the Management Board on September 12, 2012.
The new shares will ensure continued expansion and consolidation of the employee shareholding scheme of voestalpine AG. An employee shareholding scheme was put in place in 2000 and has been continuously expanded since then. The capital increase from the authorized capital was recorded in the Commercial Register on November 24, 2012. Therefore, the share capital of voestalpine AG now amounts to EUR 313,309,235.65 and is divided into 172,449,163 shares. Each share carries the right to one vote.

Bonds

Hybrid bond (2007–2014)

Within the scope of financing the acquisition of Böhler-Uddeholm AG, voestalpine AG issued a subordinated hybrid bond in October 2007 with an issue volume of EUR 1 billion and a coupon rate of 7.125%. The earliest possible call option by voestalpine AG is in October 2014. During its first two years, the hybrid bond traded consistently under its initial offering price due to the generally difficult financial and economic situation, reaching its lowest price at 75 (% of the face value) in the spring of 2009. Subsequently, the bond's price started to rise in early 2010. Since then it has continued its very positive development, closing at the end of the third quarter of 2012/13 at about 105.5 (% of the face value).

Corporate bond 1 (2009–2013)

In order to secure the Group's liquidity, in March 2009, voestalpine AG issued a corporate bond with a volume of EUR 400 million and a coupon rate of 8.75%. The bond will be redeemed in the spring of 2013. Demand for the bond was very strong right from the beginning and about one year after being issued, it reached a high of more than 114 (% of the face value). The price of the bond is trending downward as the time of repayment is approaching. At the end of December 2012, the price was at about 101.5 (% of the face value).

Corporate bond 2 (2011–2018)

In early February 2011, voestalpine AG successfully placed a seven-year bond issue on the capital market with a coupon rate of 4.75% and a volume of EUR 500 million. From the very beginning, demand on the part of investors was very strong, and this was manifested by the positive development of the price. Particularly in the 2012 calendar year, the price rose significantly. As of the end of the third quarter of 2012/13, the price of this corporate bond was at more than 108.5 (% of the face value).

Corporate bond 3 (2012–2018)

At the end of September 2012, voestalpine successfully placed another bond issue on the capital market with a volume of EUR 500 million and an interest rate of 4%. The bond was subscribed primarily by international investors, mainly from Germany, Switzerland, and the UK. The order book totaled EUR 1.7 billion and included 270 different investors. Issue of the bond and the start of official trading was on October 5, 2012 on the Luxembourg Stock Exchange. The development of the price on the secondary market shows that the bondholders have a great deal of confidence in the company. By the end of December 2012, the price of this bond had risen to about 105 (% of the face value).

voestalpine AG is currently being analyzed by the following investment banks/institutions:

- Baader Bank AG, Munich
- Bank of America/Merrill Lynch, London
- Citigroup, London
- Commerzbank, Frankfurt
- Credit Suisse, London
- Davy, Dublin
- Deutsche Bank, London
- Erste Bank, Vienna
- Exane BNP Paribas, Paris
- Goldman Sachs, London
- HSBC, London
- Jefferies, London
- JP Morgan, London
- Kepler, Frankfurt
- MainFirst, Frankfurt
- Morgan Stanley, London
- Raiffeisen Centrobank, Vienna
- Steubing, Frankfurt
- UBS, London

Share information

Share capital	EUR 313,309,235.65 divided into 172,449,163 no-par value shares
Shares in proprietary possession as of December 31, 2012	90,629 shares
Class of shares	Ordinary bearer shares
Stock identification number	93750 (Vienna Stock Exchange)
ISIN	AT0000937503
Reuters	VOES.VI
Bloomberg	VOE AV

Prices (as of end of day)	
Share price high April 2012 to December 2012	EUR 27.76
Share price low April 2012 to December 2012	EUR 19.98
Share price as of December 31, 2010	EUR 27.66
Initial offering price (IPO) October 1995	EUR 5.18
All-time high price (July 12, 2007)	EUR 66.11
Market capitalization as of December 31, 2011*	EUR 4,767,437,050.44

* Based on total number of shares minus repurchased shares.

Business year 2011/12	
Earnings per share	EUR 1.98
Dividend per share	EUR 0.80
Book value per share	EUR 28.24

Financial calendar 2013	
Annual Report 2012/13	June 5, 2013
Annual General Shareholders' Meeting	July 3, 2013
Ex-dividend date	July 8, 2013
Dividend payment date	July 15, 2013
Letter to shareholders for the first quarter of 2013/14	August 7, 2013
Letter to shareholders for the second quarter of 2013/14	November 6, 2013
Letter to shareholders for the third quarter of 2013/14	February 11, 2014

voestalpine AG

Financial data 12/31/2012

In accordance with International Financial Reporting Standards (IFRS)

Consolidated statement of financial position

Assets

	03/31/2012	12/31/2012
A. Non-current assets		
Property, plant and equipment	4,378.3	4,421.8
Goodwill	1,421.2	1,421.5
Other intangible assets	322.0	298.9
Investments in associates	149.4	151.4
Other financial assets	160.5	124.8
Deferred tax assets	369.8	339.3
	6,801.2	**6,757.7**
B. Current assets		
Inventories	2,952.7	2,992.0
Trade and other receivables	1,774.4	1,544.7
Other financial assets	406.6	479.9
Cash and cash equivalents	677.2	490.2
	5,810.9	**5,506.8**
Total assets	**12,612.1**	**12,264.5**

In millions of euros

Equity and liabilities

	03/31/2012	12/31/2012
A. Equity		
Share capital	307.1	313.3
Capital reserves	405.7	473.3
Hybrid capital	992.1	990.6
Retained earnings and other reserves	3,061.0	3,194.6
Equity attributable to equity holders of the parent	**4,765.9**	**4,971.8**
Non-controlling interests	70.4	69.7
	4,836.3	**5,041.5**
B. Non-current liabilities		
Pensions and other employee obligations	852.9	848.8
Provisions	131.3	126.1
Deferred tax liabilities	204.0	216.5
Financial liabilities	1,970.6	2,007.8
	3,158.8	**3,199.2**
C. Current liabilities		
Provisions	631.1	560.7
Tax liabilities	78.8	57.5
Financial liabilities	1,799.2	1,531.6
Trade and other payables	2,107.9	1,874.0
	4,617.0	**4,023.8**
Total equity and liabilities	**12,612.1**	**12,264.5**

In millions of euros

Consolidated statement of cash flows

	04/01–12/31/2011	04/01–12/31/2012
Operating activities		
Profit for the period	411.4	369.5
Adjustments	445.8	455.5
Changes in working capital	–563.7	–93.8
Cash flows from operating activities	**293.5**	**731.2**
Cash flows from investing activities	**–321.3**	**–532.1**
Cash flows from financing activities	**–777.4**	**–381.4**
Net decrease/increase in cash and cash equivalents	**–805.2**	**–182.3**
Cash and cash equivalents, beginning of period	1,233.4	677.2
Net exchange differences	–1.3	–4.7
Cash and cash equivalents, end of period	**426.9**	**490.2**

In millions of euros

Consolidated income statement

	04/01–12/31/2011	04/01–12/31/2012	10/01–12/31/2011	10/01–12/31/2012
Revenue	8,877.2	8,652.5	2,899.5	2,719.7
Cost of sales	–7,065.1	–6,907.9	–2,367.5	–2,177.1
Gross profit	**1,812.1**	**1,744.6**	**532.0**	**542.6**
Other operating income	260.7	235.1	92.7	90.9
Distribution costs	–713.0	–728.4	–237.4	–239.9
Administrative expenses	–444.4	–429.5	–151.0	–138.5
Other operating expenses	–239.0	–206.7	–91.3	–80.7
Profit from operations (EBIT)	**676.4**	**615.1**	**145.0**	**174.4**
Share of profit of associates	14.8	12.0	3.9	3.4
Finance income	68.0	51.9	17.8	16.0
Finance costs	–225.4	–205.3	–76.2	–67.9
Profit before tax (EBT)	**533.8**	**473.7**	**90.5**	**125.9**
Tax expense	–122.4	–104.2	–25.2	–25.9
Profit for the period	**411.4**	**369.5**	**65.3**	**100.0**
Attributable to:				
Equity holders of the parent	352.9	310.4	46.4	80.4
Non-controlling interests	4.5	5.1	0.9	1.6
Share planned for hybrid capital owners	54.0	54.0	18.0	18.0
Diluted and basic earnings per share (euros)	**2.09**	**1.83**	**0.27**	**0.47**

In millions of euros

Statement of comprehensive income

	04/01–12/31/2011	04/01–12/31/2012	10/01–12/31/2011	10/01–12/31/2012
Profit for the period	**411.4**	**369.5**	**65.3**	**100.0**
Other comprehensive income				
Hedge accounting	21.4	–7.8	8.1	0.2
Currency translation	11.2	–20.3	35.2	–18.5
Other comprehensive income for the period, net of income tax	**32.6**	**–28.1**	**43.3**	**–18.3**
Total comprehensive income for the period	**444.0**	**341.4**	**108.6**	**81.7**
Attributable to:				
Equity holders of the parent	387.0	283.1	91.2	62.9
Non-controlling interests	3.0	4.3	–0.6	0.8
Share planned for hybrid capital owners	54.0	54.0	18.0	18.0
Total comprehensive income for the period	**444.0**	**341.4**	**108.6**	**81.7**

In millions of euros

Consolidated statement of changes in equity

	Q 1 – Q 3 2011/12			Q 1 – Q 3 2012/13		
	Group	Non-controlling interests	Total	Group	Non-controlling interests	Total
Equity as of April 1	**4,617.8**	**73.3**	**4,691.1**	**4,765.9**	**70.4**	**4,836.3**
Total comprehensive income for the period	441.0	3.0	444.0	337.1	4.3	341.4
Dividends to shareholders	–135.0	–8.7	–143.7	–135.0	–7.7	–142.7
Capital increase	–	–	–	79.9	–	79.9
Own shares acquired/ disposed	5.6	–	5.6	4.9	–	4.9
Purchase of non-controlling interests	–	–	–	–	10.5	10.5
Dividends to hybrid capital owners	–71.3	–	–71.3	–71.3	–	–71.3
Stock options	–15.5	–0.1	–15.6	–	–	–
Other changes	–38.2	2.0	–36.2	–9.7	–7.8	–17.5
Equity as of December 31	**4,804.4**	**69.5**	**4,873.9**	**4,971.8**	**69.7**	**5,041.5**

In millions of euros

Notes

These interim consolidated financial statements of voestalpine AG as of December 31, 2012 for the first three quarters of the business year 2012/13 were prepared in accordance with IAS 34 – Interim Financial Reporting. The accounting policies are unchanged from the annual consolidated financial statements for the business year 2011/12 with the following exception: the revised version of the IFRS 7 (2010) "Financial Instruments: Disclosures – Transfers of Financial Assets" is being applied for the first time. The amendments do not have a significant impact on the interim consolidated financial statements. Further information on the principles of preparation is provided in the consolidated financial statements as of March 31, 2012, on which these interim consolidated financial statements are based.

As of April 1, 2012, the Automotive Division and Profilform Division were merged to create the Metal Forming Division. The preceding year's comparative figures were adjusted accordingly.

The interim consolidated financial statements are presented in millions of euros (the functional currency of the parent company). The use of automated calculation systems may result in rounding differences.

Unless otherwise stated, comparative information relates to the first three quarters of the business year 2011/12 (reporting date: December 31, 2011).

The interim consolidated financial statements have not been audited or reviewed by auditors.

Scope of consolidated financial statements/acqusitions

The changes made in the scope of consolidated financial statements during the reporting period were as follows:

	Full consolidation	Proportionate consolidation	Equity method
As of April 1, 2012	**278**	**2**	**12**
Acquisitions	1		
Change in consolidation method			
Additions	6		
Disposals			
Reorganizations	–6		
Divestments or disposals	–1		
As of December 31, 2012	**278**	**2**	**12**
Of which foreign companies	222	0	5

Notes on the consolidated statement of financial position

Investments amounting to EUR 498.4 million exceeded depreciations that amounted to EUR 436.6 million in the first three quarters of the business year 2012/13. Non-current assets have decreased from EUR 6,801.2 million to EUR 6,757.7 million mainly caused by a decline in non-current financial assets. Inventories have increased by EUR 39.3 million in comparison to March 31, 2012 due primarily to higher inventory volumes. Cash and cash equivalents accrued from current operating activities and through new loans on the one hand, and on the other hand, they have decreased from EUR 677.2 million to EUR 490.2 million due to loan repayments and dividend distribution to shareholders.

The Management Board of voestalpine AG resolved on September 12, 2012 to exercise its authorization to increase voestalpine AG's share capital pursuant to Section 4 (2) of the Articles of Incorporation by issuing 3,400,000 new, no-par value bearer shares, thus increasing the share capital by approximately 2%. This capital increase from authorized capital was recorded in the Commercial Register effective November 24, 2012. Therefore, as of December 31, 2012, voestalpine AG's share capital amounted to EUR 313,309,235.65 and is divided into 172,449,163 shares. The Company held 90,629 of its own shares as of the reporting date. In the first three quarters of the business year 2012/13, the Company sold 209,099 of its own shares.

Effective October 16, 2007, voestalpine AG issued a hybrid bond subordinated to all other creditors with a total issue volume of EUR 1 billion. The bond has an indefinite term and a 7.125% coupon rate. The Company may defer coupon payments if no dividends are being paid. The first call option is after seven years, at which time voestalpine AG (but not the bond holders) may either call the bond at par or extend it at a higher, but variable, coupon rate. This hybrid bond is recognized as a component of equity under IAS 32.

Profit for the period amounting to EUR 369.5 million has contributed to the increase in equity. For the business year 2011/12, a dividend per share of EUR 0.80 was decided upon at the Annual General Meeting on July 4, 2012. Therefore, voestalpine AG distributed dividends amounting to EUR 135.0 million to its shareholders during the current business year. Interest for hybrid capital amounting to EUR 71.3 million was also distributed and recognized in the form of a dividend.

Despite non-current loans developed according to our redemption schedule and loan repayments before maturity, non-current financial liabilities increased slightly to EUR 2,007.8 million due to new loans and capital market borrowings.

Notes on the consolidated income statement

Revenue for the period from April 1 to December 31, 2012 totaled EUR 8,652.5 million, remaining approximately constant compared to the same period of the preceding year (EUR 8,877.2 million). EBIT reached EUR 615.1 million for the same period compared to EUR 676.4 million for the first nine months of the business year 2011/12. EBIT equaled EUR 174.4 million for the third quarter of 2012/13, compared to EUR 145.0 million for the third quarter of 2011/12. After consideration of the financial result and taxes, profit for the period amounted to EUR 369.5 million compared to EUR 411.4 million for the first three quarters of the preceding year.

Diluted and basic (undiluted) earnings per share are calculated as follows:

	04/01–12/31/2011	04/01–12/31/2012
Profit attributable to equity holders of the parent (in millions of euros)	352.9	310.4
Weighted average number of issued ordinary shares (millions)	168.7	170.0
Diluted and basic (undiluted) earnings per share (euros)	**2.09**	**1.83**

Operating segments

The following tables contain information on the operating segments of the voestalpine Group for the first three quarters of the business year 2012/13 and business year 2011/12, respectively[1]:

1st – 3rd quarter of 2012/13

	Steel Division 04/01–12/31/2012	**Special Steel Division** 04/01–12/31/2012
Segment revenue	2,906.0	2,064.8
of which revenue with third parties	2,706.5	2,027.9
of which revenue with other segments	199.5	36.9
EBITDA	339.1	275.2
EBIT	167.4	166.8
EBIT margin	5.8%	8.1%
Segment assets	3,668.9	3,847.9
Employees (full-time equivalent)	10,414	12,144

1st – 3rd quarter of 2011/12

	Steel Division 04/01–12/31/2011	**Special Steel Division** 04/01–12/31/2011
Segment revenue	3,011.6	2,165.6
of which revenue with third parties	2,774.0	2,114.2
of which revenue with other segments	237.6	51.4
EBITDA	340.2	311.1
EBIT	171.0	196.8
EBIT margin	5.7%	9.1%
Segment assets	3,783.5	4,011.4
Employees (full-time equivalent)	10,408	12,060

[1] As of April 1, 2012, the Automotive Division and Profilform Division were merged to create the Metal Forming Division. The preceding year's comparative figures were adjusted accordingly. Furthermore, the Railway Systems Division was renamed Metal Engineering Division as of April 1, 2012.

	Metal Engineering Division 04/01–12/31/2012	**Metal Forming Division** 04/01–12/31/2012	**Other** 04/01–12/31/2012	**Reconciliation** 04/01–12/31/2012	**Total Group** 04/01–12/31/2012
	2,239.2	1,726.3	1,044.7	–1,328.5	8,652.5
	2,212.1	1,703.0	3.0	0.0	8,652.5
	27.1	23.3	1,041.7	–1,328.5	0.0
	310.4	180.6	–56.2	2.6	1,051.7
	225.5	113.9	–61.0	2.5	615.1
	10.1%	6.6%			7.1%
	2,515.4	1,897.2	9,391.9	–9,056.8	12,264.5
	11,137	10,283	718	0	44,696

In millions of euros

	Metal Engineering Division 04/01–12/31/2011	**Metal Forming Division** 04/01–12/31/2011	**Other** 04/01–12/31/2011	**Reconciliation** 04/01–12/31/2011	**Total Group** 04/01–12/31/2011
	2,228.5	1,813.5	1,377.6	–1,719.6	8,877.2
	2,196.2	1,789.0	3.8	0.0	8,877.2
	32.3	24.5	1,373.8	–1,719.6	0.0
	320.1	202.5	–54.5	–1.4	1,118.0
	235.2	134.0	–59.1	–1.5	676.4
	10.6%	7.4%			7.6%
	2,450.2	1,938.4	8,859.6	–8,603.5	12,439.6
	11,080	10,912	684	0	45,144

In millions of euros

The reconciliation of the key ratios EBITDA and EBIT are shown in the following tables:

EBITDA

	04/01 – 12/31/2011	04/01 – 12/31/2012
Net exchange differences incl. result from valuation of derivatives	–4.5	2.3
Consolidation	3.7	–0.1
Other	–0.6	0.4
EBITDA – Total reconciliation	**–1.4**	**2.6**

In millions of euros

EBIT

	04/01 – 12/31/2011	04/01 – 12/31/2012
Net exchange differences incl. result from valuation of derivatives	–4.5	2.3
Consolidation	3.7	–0.1
Other	–0.7	0.3
EBIT – Total reconciliation	**–1.5**	**2.5**

In millions of euros

For the most part, all other key ratios contain solely the effects of consolidation.

Notes on the consolidated statement of cash flows

The lower operating result led to a decrease in cash flow before capital changes from EUR 857.2 million to EUR 825.0 million. Taking the change in working capital into consideration, cash flows from operating activities amounted to EUR 731.2 million in comparison to EUR 293.5 million in the first three quarters of the preceding year; this represents a significant increase. After the deduction of EUR 532.1 million in cash flows from investing activities and taking into account cash flows from financing activities amounting to EUR –381.4 million (mainly loan repayments and dividends), the resulting change in cash and cash equivalents (without net exchange differences) amounts to EUR –182.3 million.

Seasonality and cyclicality

We refer to the relevant explanations in the Interim Management Report.

Business transactions with associated companies or parties

Business transactions in the form of deliveries and services are carried out with associated Group companies within the scope of operational activities. These business transactions are implemented exclusively based on normal market terms.

There were no changes in transactions with associated companies and persons as set forth in the last annual financial report, which significantly affected the Company's financial situation or its net operating profit during the first nine months of the current business year.

Antitrust proceedings relative to railway superstructure material

In the antitrust proceedings relative to railway superstructure material, in early July 2012, the German Federal Cartel Office (Bundeskartellamt) imposed fines totaling EUR 124.5 million on four manufacturers and suppliers of rails for having entered into anti-competitive agreements to the detriment of Deutsche Bahn AG. EUR 8.5 million of these fines were levied against companies belonging to the voestalpine Group. This means that the German Federal Cartel Office has thus confirmed the status of cooperating witness for the major part of the proceedings and the comparatively small fine concerns marginal segments only. Thus, these proceedings involving for the most part Deutsche Bahn have been resolved. At a later date, the German Federal Cartel Office will examine the deliveries of railway superstructure material to regional and local customers. From today's perspective, it is still too early to estimate when we can count on a final decision regarding these additional issues. The provisions created for the antitrust proceedings and associated actions and costs as well as for the closure of TSTG Schienen Technik GmbH & Co KG (see also explanatory remarks in the Interim Management Report) in the annual financial statements 2011/12 in the amount of EUR 205.0 million were mainly reduced by the amount of EUR 8.5 million, the amount of the fine paid. The remaining provisions are still considered to be appropriate.

Please note that we are invoking the safeguard clause according to which detailed information about provisions is not provided if this could seriously and adversely impact the Company's interests.

Events after the reporting period

No significant events after the reporting period have occurred.

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